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FDV urges push at Asian frontiers



Shaun Di Gregorio, co-founder and CEO of Frontier Digital Ventures.

The Australian | 12:00AM January 10, 2017

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DAMON KITNEY
Victorian Business Editor | Melbourne | @DamonKitney

From his office tower in Kuala Lumpur, the Australian-born Shaun Di Gregorio and chief executive of fledgling online classifieds company Frontier Digital Ventures is proud of his heritage but equally frustrated by it.

"One of the great frustrations of being in Southeast Asia looking at Australian firms going abroad is that the first stop is London, second is the US," he says.

"I always marvel at why companies go to the most competitive markets in the world and wonder why it is so hard.

"The latent opportunity in Asia is huge. Some of the things Australia does really well they are crying out for in Asia."

Today Di Gregorio is piloting the strategy of FDV, a business backed by *BRW* Rich Lister Patrick Grove's Catcha Group, focused on investing in and providing support to companies operating in the online classified advertising sector in developing markets.



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It has stakes in 15 operating companies across 19 markets ranging from Pakistan and Myanmar, to Nigeria, Ghana and Morocco and was listed on the Australian Securities Exchange last year after raising \$30 million.

But before joining FDV Di Gregorio spent 4½ years running the ASX-listed iProperty Group, the operator of one of Asia's biggest networks of property portals.

It was bought last year by the News Corporation-backed REA Group, after Gregorio grew iProperty's market value from \$US15 million to more than \$US600m.

And he wishes more Australian businesses and fund managers would follow REA's lead by investing in Asia. "We (at FDV) carry the burden of wanting this to do well — we would love more Australian funds backing Australian companies to do things in different parts of the world. There are some really good industries in Australia that should be doing more and should be doing better globally," he says.

His comments come after Australian Competition & Consumer Commission chairman Rod Sims claimed that too many Australian companies were taking the "easy route" of buying out domestic competitors rather than chasing "dynamic" growth in new markets.

It has not been plain sailing for FDV. The company, 40.76 per cent owned by the Catcha Group, is still loss-making (its losses widened in 2015) and the shares that were issued at 50c are now trading at 43c, their lowest level since listing. They touched a high of 55c in early September.

Still, Di Gregorio says he was "really blown away" by the level of interest some Australian investors "to back us and their appetite for riskier opportunities".

"They have watched the REA and iProperty stories and they are willing to back entrepreneurs that have a track record in industries they understand," he says.

FDV is also using a partnership model with local entrepreneurs. "We would previously go into a country and buy 100 per cent and believe running a business in one jurisdiction could translate directly into a new market. In nine (out of) 10 cases, it never went as well as the Powerpoint or Excel spreadsheet said it would. Local businesses are best run by local people," he says.

"We look for local entrepreneurs. Keeping the local operator well vested, giving them control and having us in an advisory role: we have found has worked really well."

Frontier is looking at three new investments: Hatla2ee, an automotive classifieds business operating in Egypt, Nigeria Property Centre, a property classifieds business, and MerkatoDirect, a general classifieds business dealing in cars, real estate, jobs and electronics operating in Ethiopia.

"Our due diligence is pretty extensive so we are still in discussions with those parties," he says.

"We continue to look at more opportunities in more markets around the world.

"We are quite focused, deliberate and methodical."



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