

# Half year results presentation

Half year ended 30 September 2021

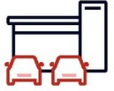
11 NOVEMBER 2021



# Disclaimer

The information and opinions provided in this presentation are provided as of the date of this presentation. Certain statements in this presentation constitute forward looking statements (including beliefs or opinions). Any statement in this presentation that is not a statement of historical fact including, without limitation, those regarding Auto Trader Group plc's future expectations, operations, financial performance, financial condition and business is a forward looking statement. Such forward looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this presentation. As a result you are cautioned not to place reliance on such forward looking statements. Nothing in this presentation should be construed as a profit forecast.

# Strategic overview



We have achieved our **highest ever six-monthly revenue and profits**



**Consumer engagement and retailer numbers are at record levels**, our competitive position has strengthened and product uptake by customers has been strong



In April 2021, we launched our Retailer Stores product as part of our **successful annual pricing event**, these have seen strong traffic volumes throughout H1



We implemented a new higher-level advertising package and a product that allows our retailers to reach car buyers outside their local area (Market Extension). Both have seen **good levels of adoption, contributing to a record level of spending by our retailer customers**



Our strategic focus on supporting an increasingly online car buying journey continues to gather pace:

- **Vehicles can be advertised nationally for local delivery** (Market Extension and Motor Trade Delivery)
- Car owners can **get a guaranteed trade-in price** (through Guaranteed Part-exchange and Instant Offer)
- **Online reservations are being trialled** with a small number of customers
- Our online finance solution, **offering finance collaboratively with car retailers** (Retailer Finance), is scheduled for trial later this financial year

# Financial results

**£215.4m** **Revenue:** up 82% to £215.4 million (H1 2021: £118.2 million) and **up 15% on H1 2020** (£186.7 million). Trade revenue of £192.3 million up 92% (H1 2021: £100.2 million) and up 19% on H1 2020 (£161.8 million)

**£151.7m** **Operating profit:** up 121% to £151.7 million (H1 2021: £68.5 million) and **up 15% on H1 2020** (£131.4 million). Operating profit margin increased to 70%, up from 58% in H1 2021, and was consistent with H1 2020

**12.63p** **Basic EPS:** up 126% to 12.63p (H1 2021: 5.58p) and **up 13% on H1 2020** (11.13p)

**£169.9m** **Cash generated from operations:** up 157% to £169.9 million (H1 2021: £66.1 million) and **up 28% on H1 2020** (£132.7 million)

**£148.4m** **Cash returned to shareholders: £148.4 million** cash returned to shareholders (H1 2021: Nil) through **£100.4 million of share buy-backs** (H1 2021: Nil) plus **dividends paid of £48.0 million** (H1 2021: Nil)

**2.7p** **Interim dividend declared of 2.7p** (H1 2021: no interim dividend declared)

# Operational results

**69m** **Cross platform visits: up 20%** to 68.7 million per month on average (H1 2021: 57.3 million)

**633m** **Cross platform minutes: up 14%** to 633 million per month on average (H1 2021: 557 million). Our share of cross platform minutes remains strong at over 75% (H1 2021: over 75%) and we grew to be almost 9x larger than our nearest competitor (H1 2021: 7x larger)

**13,892** **Retailer forecourts:** the average number of forecourts in the period was **up by 6%** to 13,892 (H1 2021: 13,056)

**£2,199** **ARPR:** up £993 to £2,199 on average per month (H1 2021: £1,206) and **up 13% on H1 2020**; Excluding COVID-19 discounts in the prior year, underlying ARPR increased by £353 per month, with good growth from all three ARPR levers

**436,000** **Physical car stock on site: down 9%** to 436,000 cars (H1 2021: 478,000) on average. Our listings product for new cars declined to 39,000 on average (H1 2021: 46,000). The remaining decline was due to stock offers in the prior year

**941** **Number of employees (FTEs): increased** to 941 on average during the period (H1 2021: 893) partly due to the acquisition of AutoConvert in July 2020

# Cultural KPIs

- 92%** Employees that are proud to work at Auto Trader remained high at **92%** (March 2021: 93%)
- 50%** **The percentage of the board who are women remained at 50%** (March 2021: 50%). We announced the appointment of Jasvinder Gakhal as an Independent Non-Executive Director to the Board, with effect from 1 January 2022
- 39%** **Percentage of our employees who are women was 39%** in September 2021 (March 2021: 39%). The percentage of women in leadership positions was 36% (March 2021: 34%)
- 12%** **Percentage of our employees who are BAME was 12%** in September 2021 (March 2021: 11%). The percentage of BAME leaders was 5% (March 2021: 6%)
- 2030** **In June 2021, we signed up to the Science Based Target Initiative Business Ambition for 1.5°C.** By doing so we have committed to achieving net zero before 2050 and to reduce emissions in line with the Paris Agreement goals. Our near term targets, which have been validated, are to **halve carbon emissions before the end of 2030**

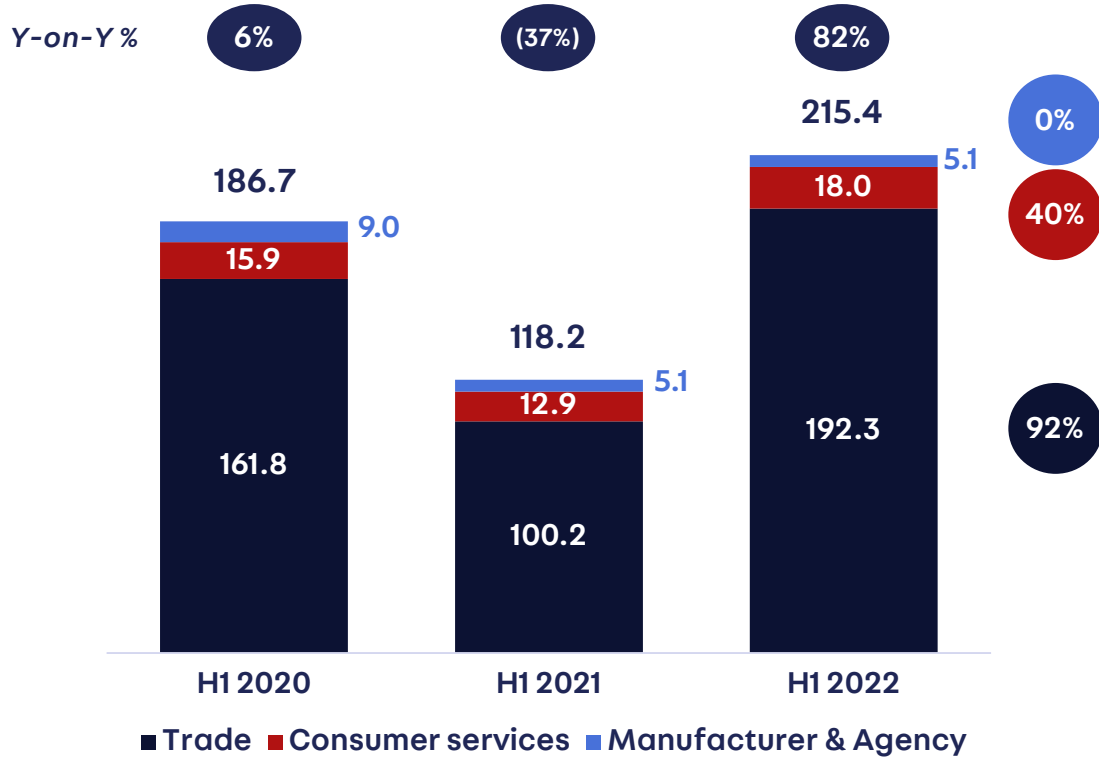
# Financials



# Revenue

## Revenue (£m)

Six months ended 30 September 2021 is shown as H1 2022



Trade revenue comprises:  
 H1 2022: Retailer (£183.3m); Home Trader (£4.5m); Other (£4.5m)  
 H1 2021: Retailer (£94.5m); Home Trader (£2.7m); Other (£3.0m)  
 H1 2020: Retailer (£155.9m); Home Trader (£4.9m); Other (£1.0m)

Consumer services revenue comprises:  
 H1 2022: Private (£11.0m); Motoring Services (£7.0m)  
 H1 2021: Private (£8.3m); Motoring Services (£4.6m)  
 H1 2020: Private (£11.8m); Motoring Services (£4.1m)

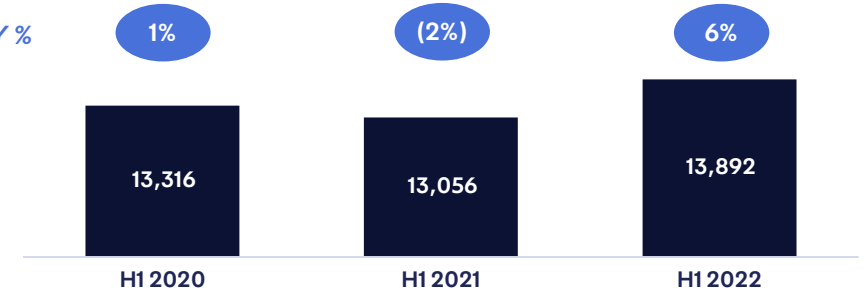
## Average Revenue Per Retailer (ARPR) (£) <sup>(1)</sup>

Y-on-Y  
 £pcm



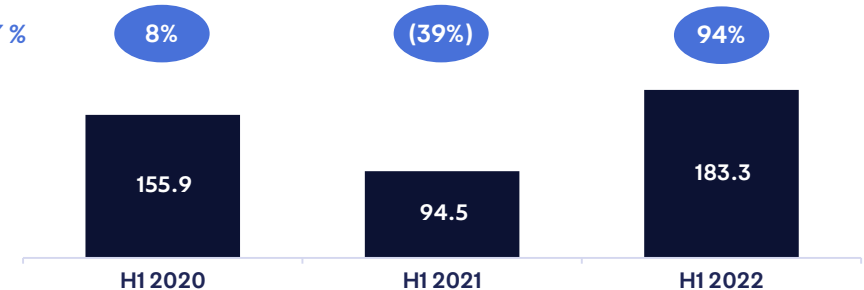
## Number of retailer forecourts <sup>(1)</sup>

Y-on-Y %



## Retailer revenue (£m)

Y-on-Y %



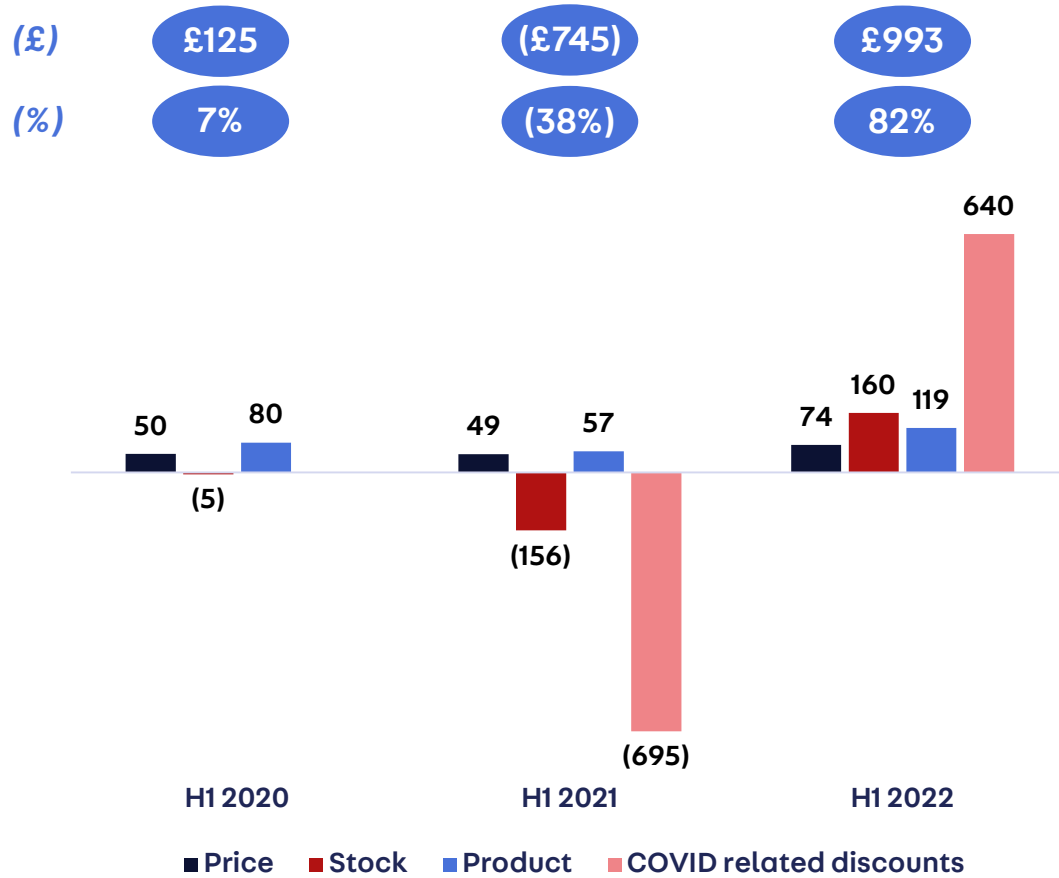
(1) Average monthly metric



# ARPR, stock and retailers

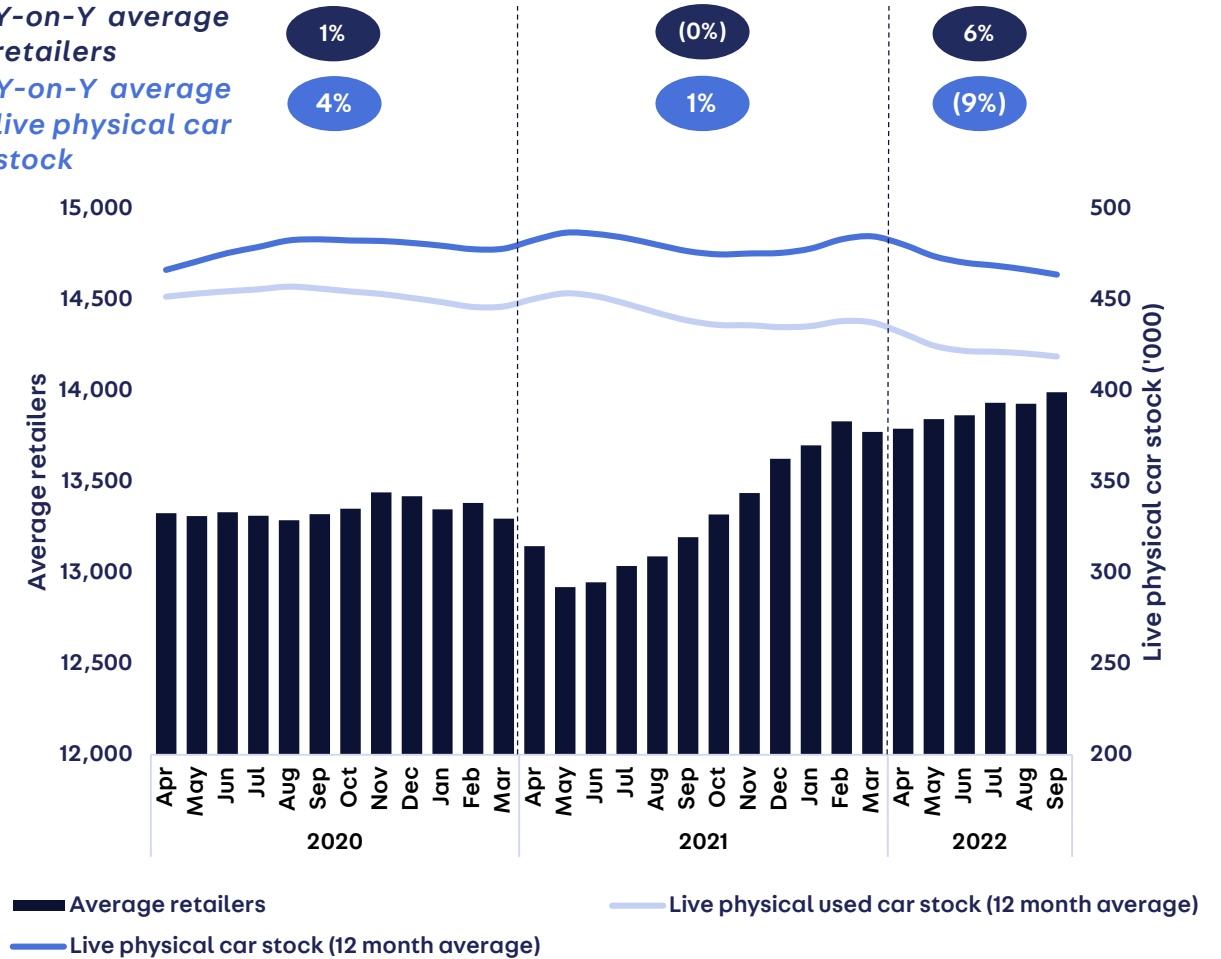
## ARPR levers

Growth in Average Revenue Per Retailer per month (£)



## Physical car stock and retailer forecourts

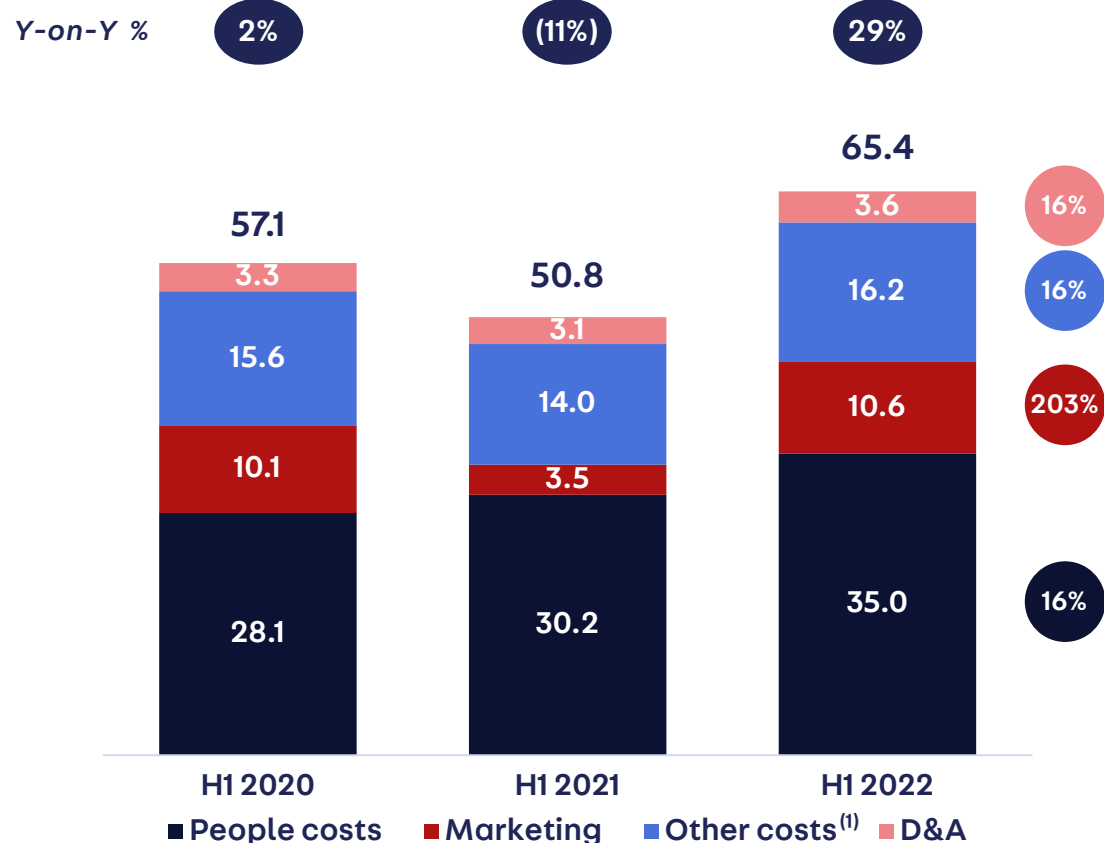
Y-on-Y average retailers  
Y-on-Y average live physical car stock



# Costs

## Costs (£m)

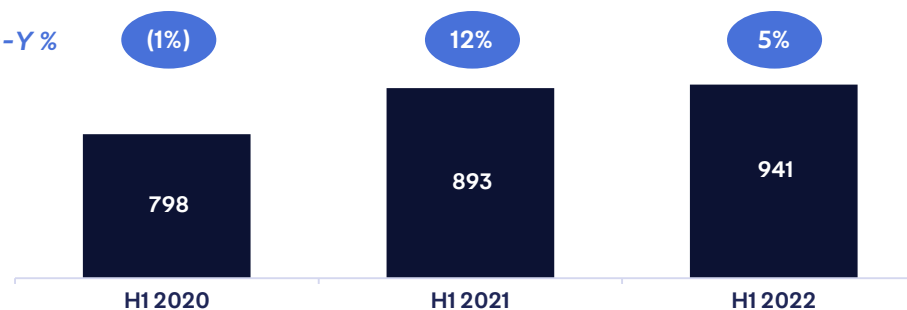
Six months ended 30 September 2021 is shown as H1 2022



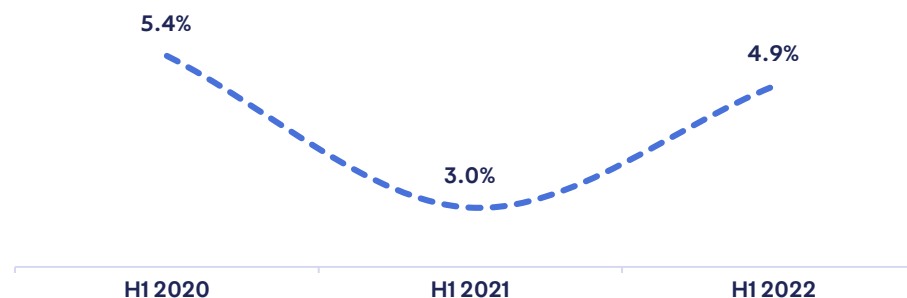
People costs include share-based payments and associated national insurance costs of £3.9m in H1 2022 (H1 2021: £2.6m; H1 2020: £3.0m)

## FTEs (including contractors)<sup>(2)</sup>

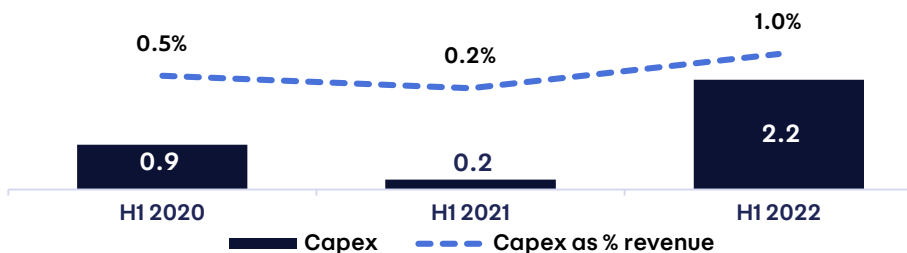
Y-on-Y %



## Marketing as a % of revenue



## Capital expenditure (excluding acquisitions) (£m)



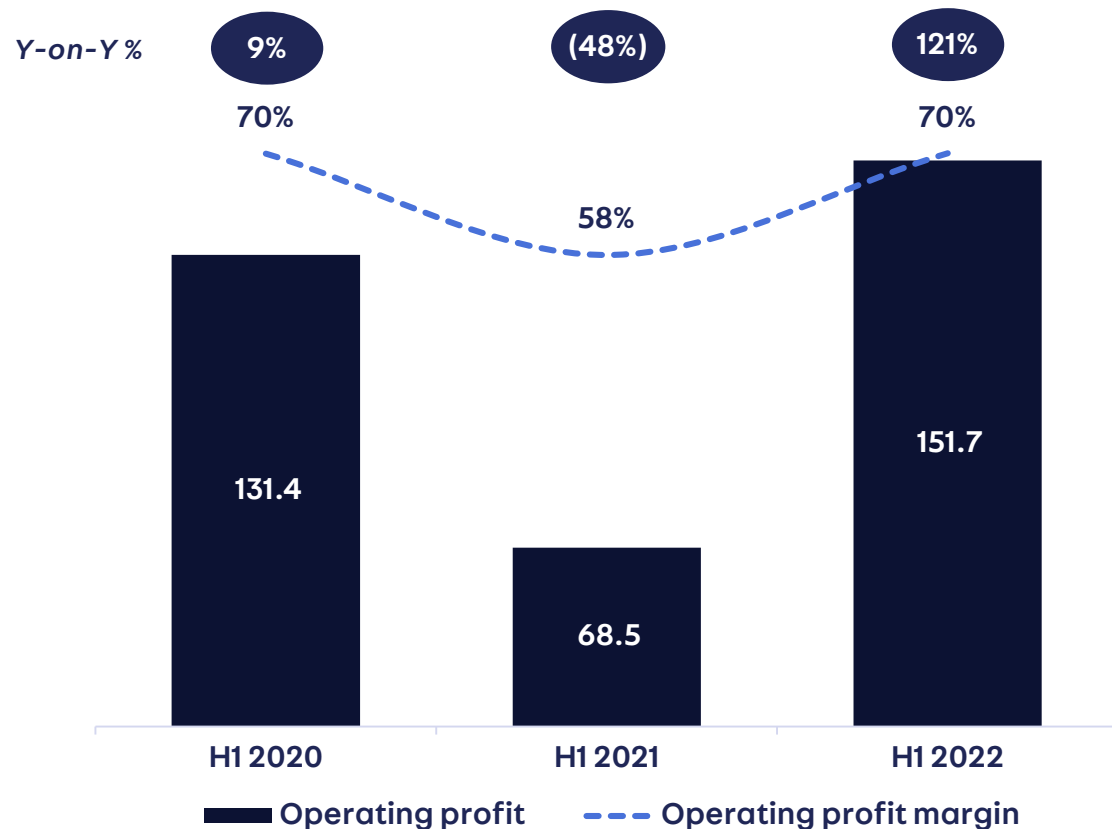
(1) Other costs include: property, IT & comms, data services and other corporate overheads

(2) Average monthly metric

# Profit and cash flow

## Operating profit (£m)

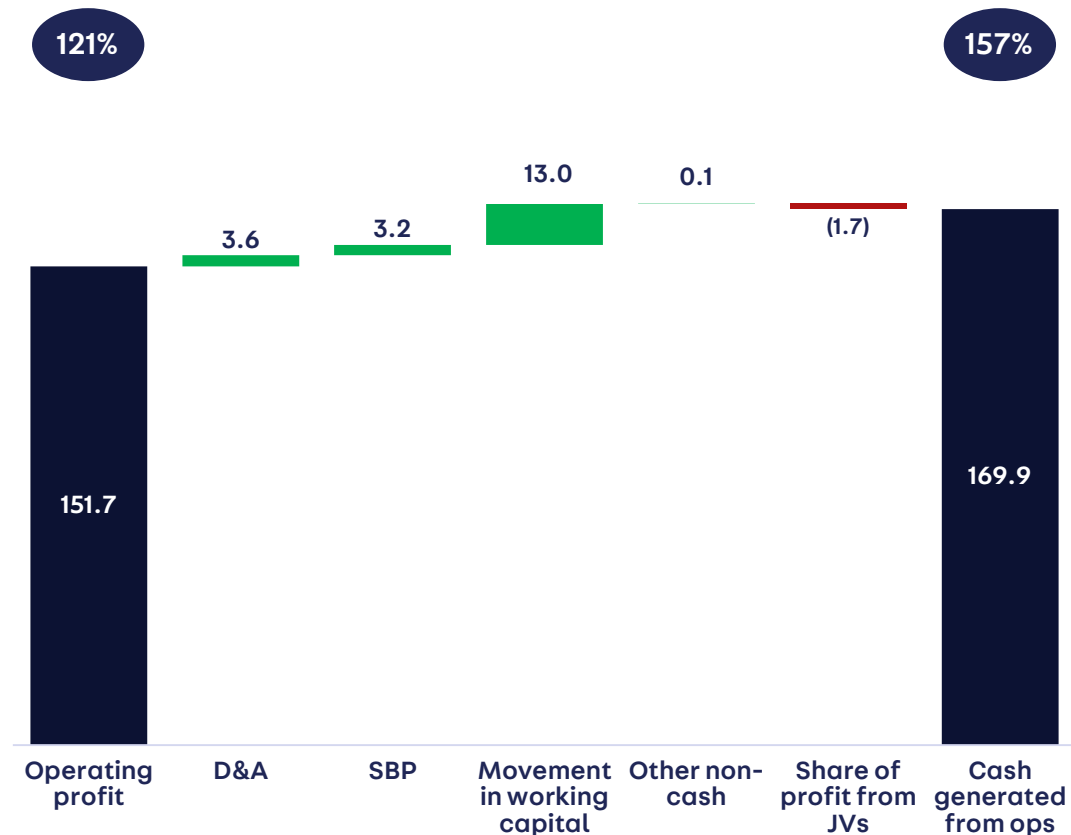
Six months ended 30 September 2021 is shown as H1 2022



*Operating profit includes the Group's share of profit from joint ventures: H1 2022: £1.7m, H1 2021: £1.1m; H1 2020: £1.8m*

## Cash generated from operations (£m)

Six months ended 30 September 2021



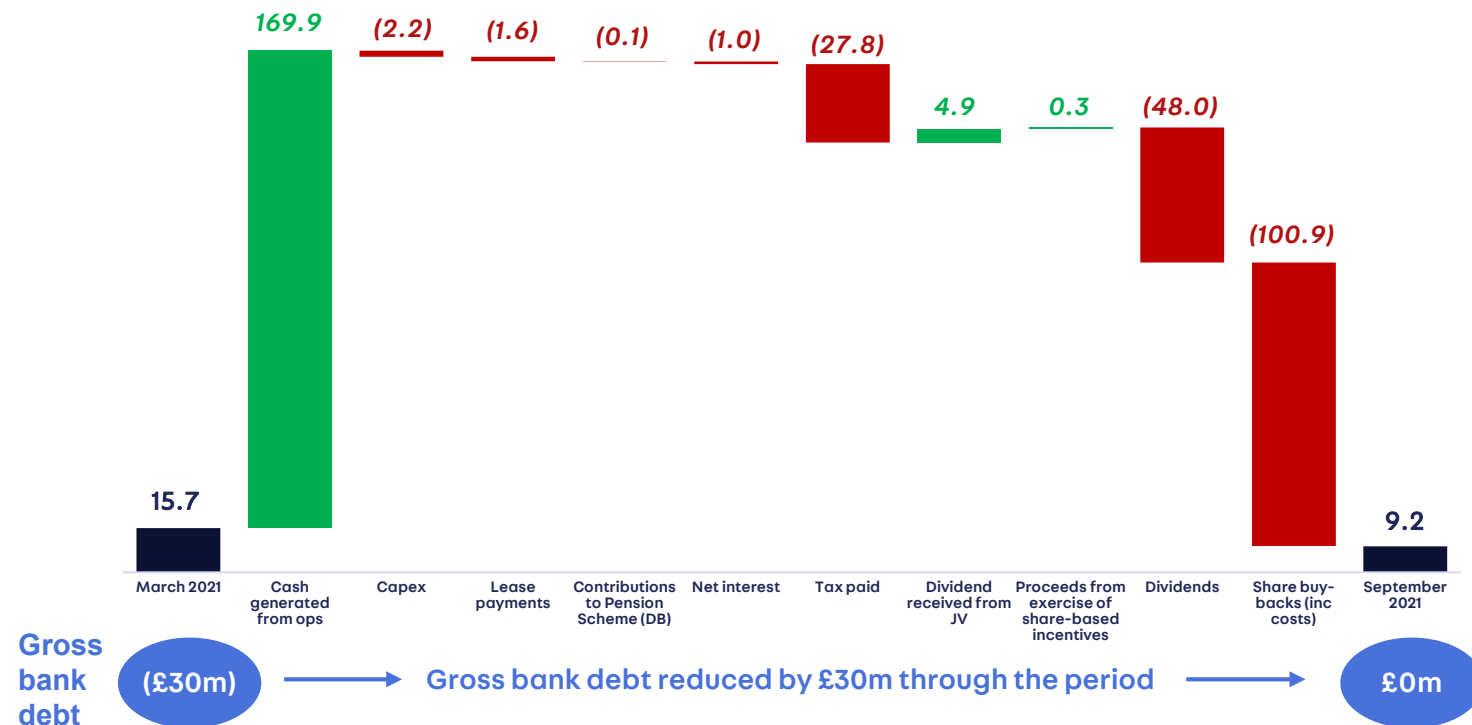


# Income statement

	<i>H1 2022</i> <i>£ million</i>	<i>H1 2021</i> <i>£ million</i>	<i>Year-on-year</i> <i>%</i>
<b>Revenue</b>	<b>215.4</b>	<b>118.2</b>	<b>82%</b>
Administrative expenses	(65.4)	(50.8)	29%
Share of profit from joint ventures	1.7	1.1	55%
<b>Operating profit</b>	<b>151.7</b>	<b>68.5</b>	<b>121%</b>
Finance costs - net	(1.7)	(2.3)	(26%)
<b>Profit before taxation</b>	<b>150.0</b>	<b>66.2</b>	<b>127%</b>
Taxation	(28.3)	(12.4)	128%
<b>Profit for the year attributable to equity owners of the parent</b>	<b>121.7</b>	<b>53.8</b>	<b>126%</b>
<b>Earnings per share (pence)</b>			
Basic	12.63	5.58	126%
Diluted	12.61	5.55	127%
<b>Dividend per share (pence)</b>	<b>2.7</b>	<b>-</b>	<b>-</b>

# Net cash and capital allocation policy

## Reconciliation of net cash position <sup>(1)</sup> (£m)



(1) Net cash/bank (debt) represents gross bank debt before amortised debt costs less cash and does not include amounts relating to leases

## Capital allocation policy

The Group's capital allocation policy remains broadly unchanged: continuing to invest in the business enabling it to grow whilst returning around one third of net income to shareholders in the form of dividends. Surplus cash following these activities will be used to continue our share buyback programme

During the period, 15.8m shares were repurchased at an average price of 636.1p for consideration of £100.4m plus costs of £0.5m

With effect from 24 September 2021, the Company reduced the total commitments of its Syndicated Revolving Credit Facility ('RCF') by £150m from £400m to £250m. The facility will terminate in two tranches: £52.2m will mature in June 2023 with the remaining £197.8m maturing in June 2025

An interim dividend of 2.7p has been declared

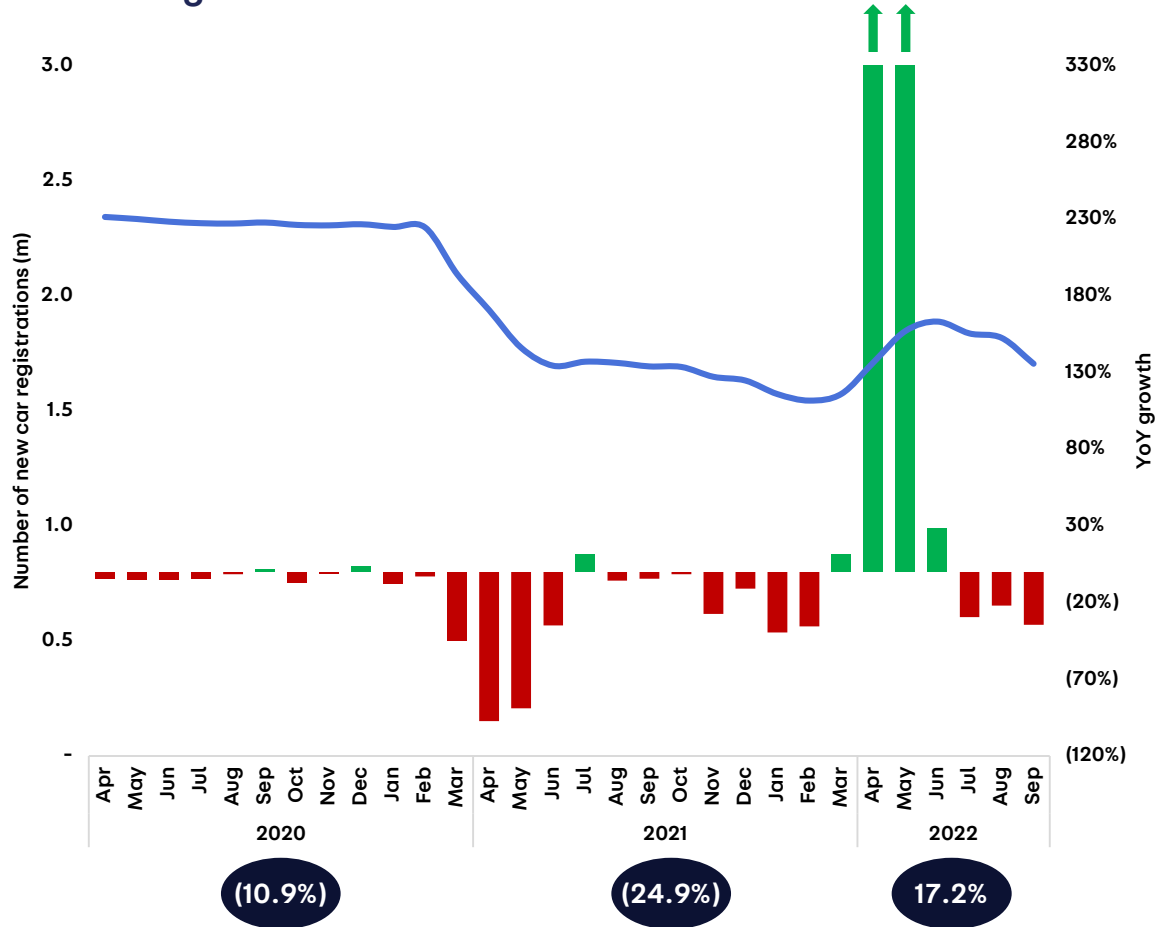
# UK Car Market





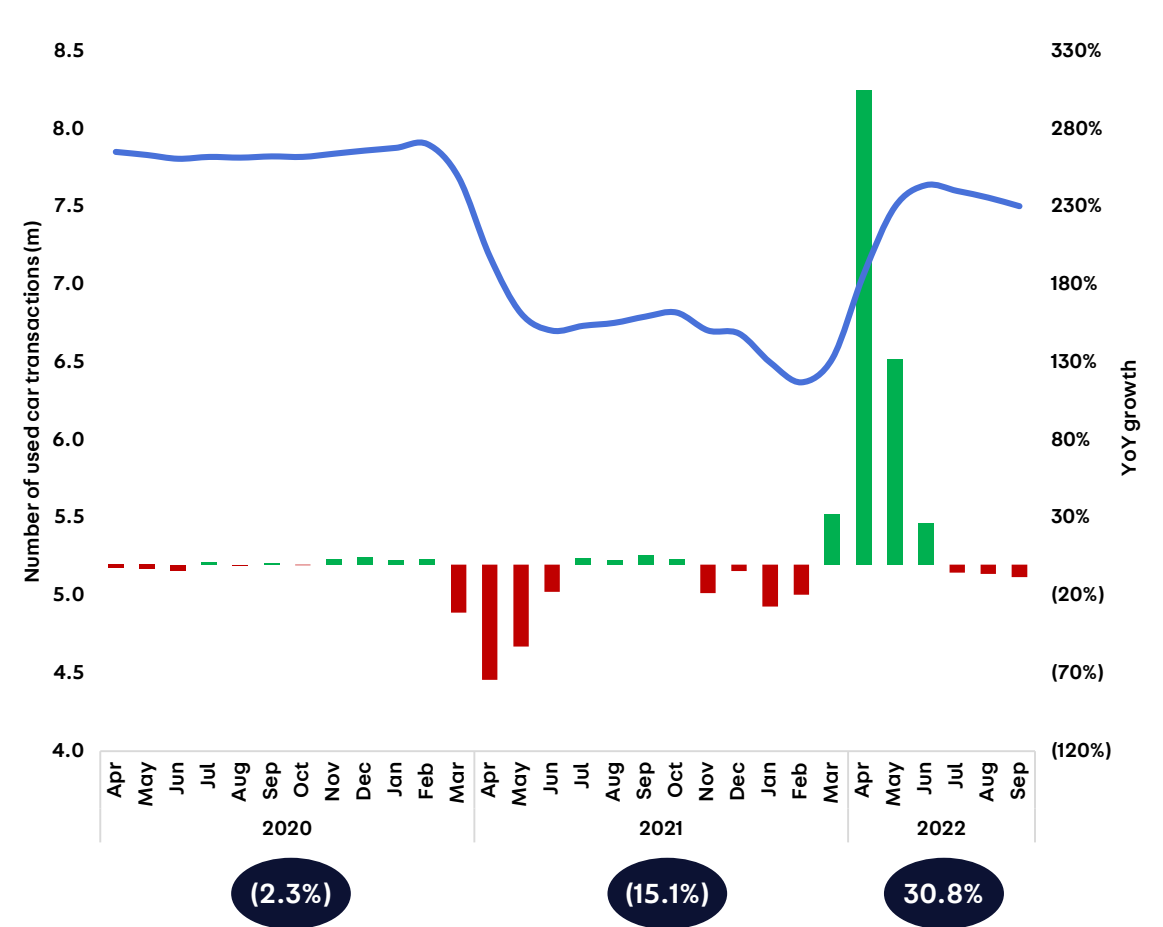
There were significant increases in both new and used car sales in Q1 however new car registrations declined in Q2 as supply tightened

New car registrations <sup>(1)</sup>



(1) Society of Motor Manufacturers & Traders (SMMT) - 12 month rolling total

Used car transactions <sup>(2)</sup>



(2) DVLA transaction data - 12 month rolling total

# Exceptional levels of demand and restricted supply has led to record levels of price growth for used cars

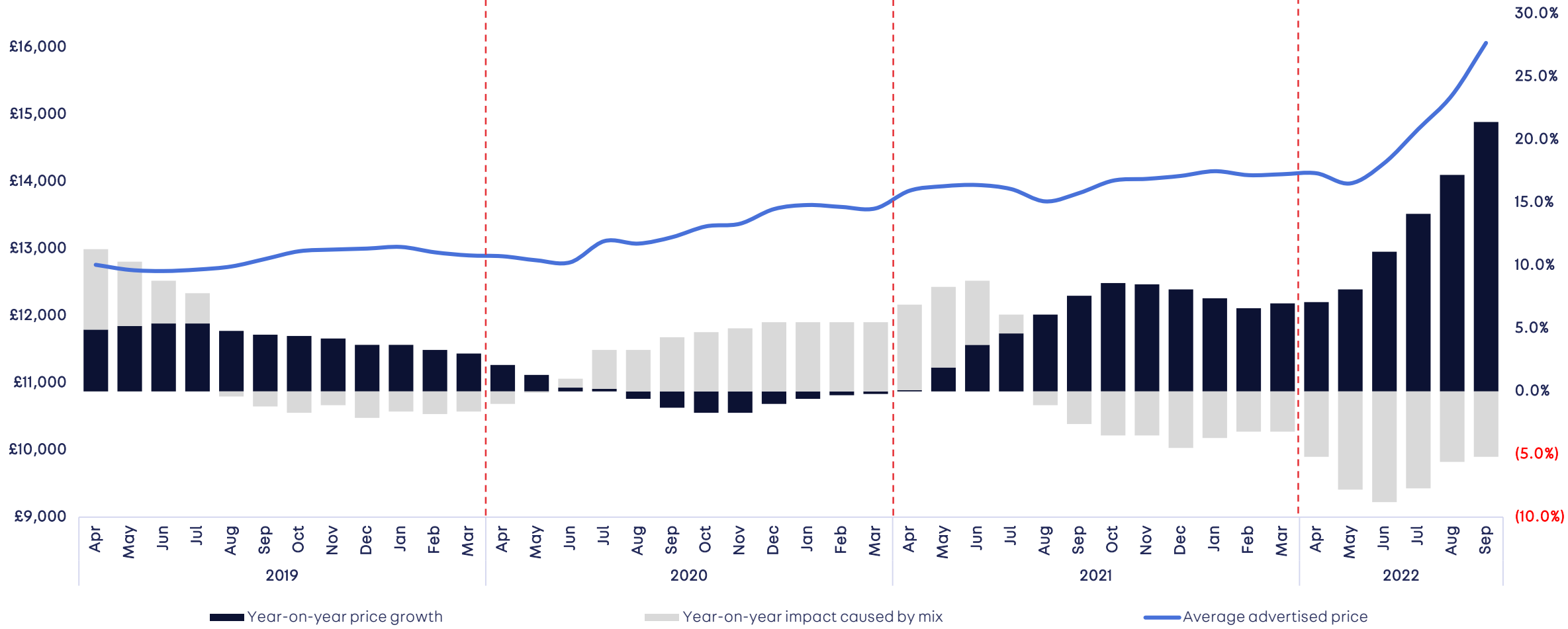
Like-for-like price increase

4.4%

(0.5%)

6.3%

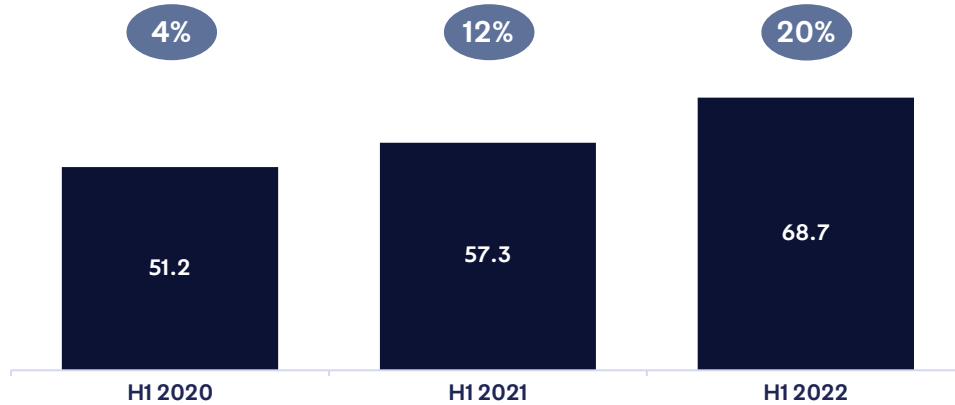
10.8%



# Continued strength in our audience position has been supported by increased overall demand

## Cross platform visits <sup>(1)</sup>

(Average pcm - million)

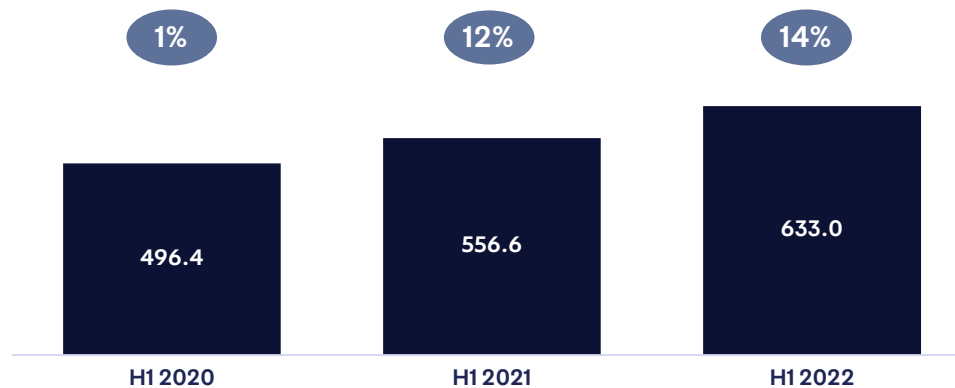


## Source of traffic <sup>(1)</sup>



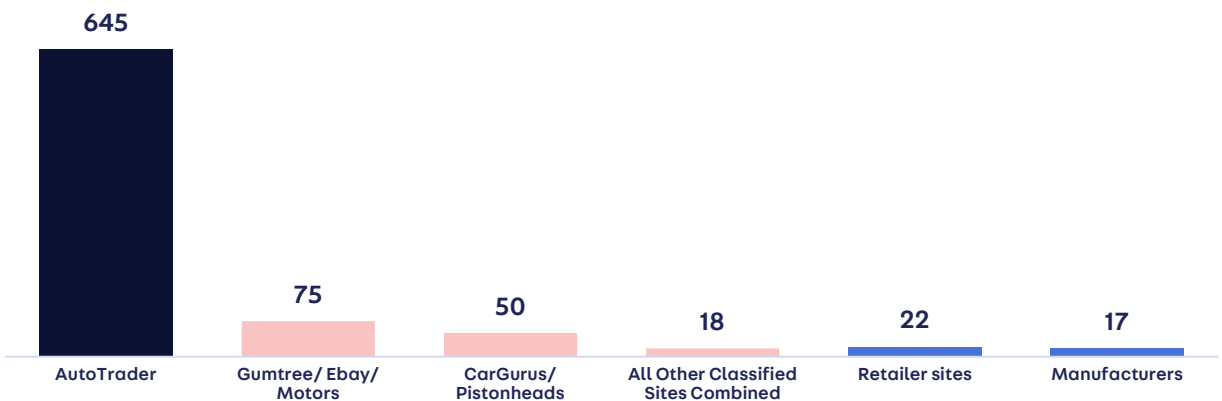
## Cross platform minutes <sup>(1)</sup>

(Average pcm - million)



## Average minutes spent H1 2022 <sup>(2)</sup>

(Average pcm - million)



<sup>(1)</sup> As measured through Google analytics

<sup>(2)</sup> Source: Comscore MMX® Multi-Platform, Total Audience, March 2021 through September 2021, UK. 'Retailer sites' Custom-defined list including - Arnold Clark, Evans Halshaw, Carshop, Lookers, Motorpoint, Availablecar.com, Stoneacre, Marshall, Motordepot, Cargiant, Big Motoring World, Pentagon, Sytner, Peter Vardy, Jardine Motors Group, JCT600, TrustFord, Robins and Day, Carcraft, Listers, Bristol Street Motors, Cazoo. 'All Other Classified Sites Combined' Custom-defined list including - Parkers, Whatcar, Carwow, Exchange and Mart, RAC Cars, Carsnip, Cinch, Heycar. 'Manufacturers' Custom-defined list including - Ford, Vauxhall, Volkswagen, Toyota, Mercedes-Benz, Audi, Landrover, Nissan, Renault, Peugeot, Honda, Volvo (.com), BMW, Hyundai, Dacia, Citroen, Skoda, Seat, Lexus, Jaguar, Fiat, Suzuki, Ssangyong GB, Mazda, Mini



# Product Update

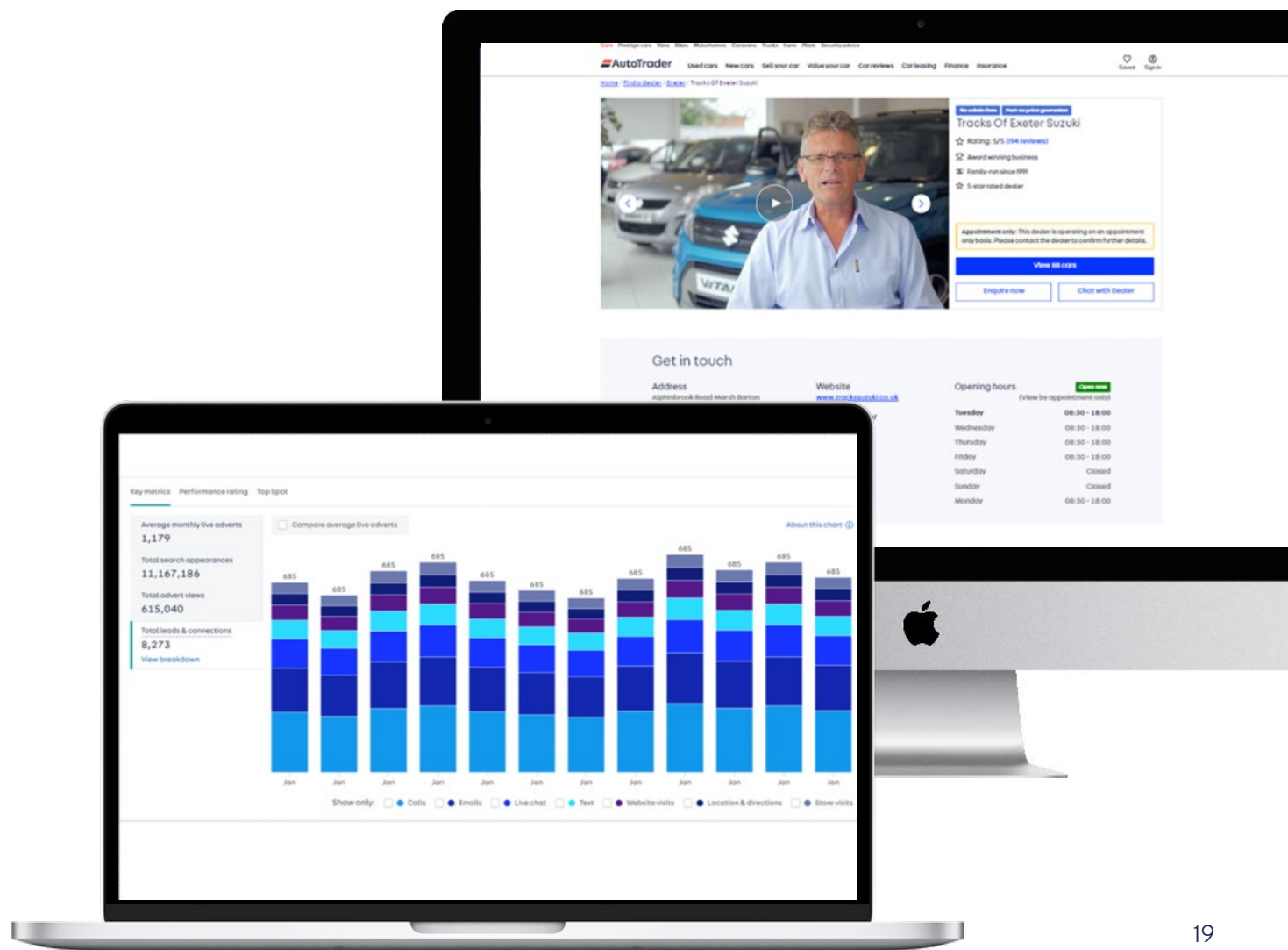


# We executed our annual pricing event in April 2021, introducing Retailer Stores, creating a digital forecourt experience on Auto Trader

**Retailer Stores** offer retailers their own dedicated, customisable location on Auto Trader and we have **seen over 28m visits to these pages** in H1 2022

Provides a **digital forecourt** for retailers to showcase their business, brand and stock

Over time, **we envisage these pages will become an area that customers can use as part of their own ecommerce journey**



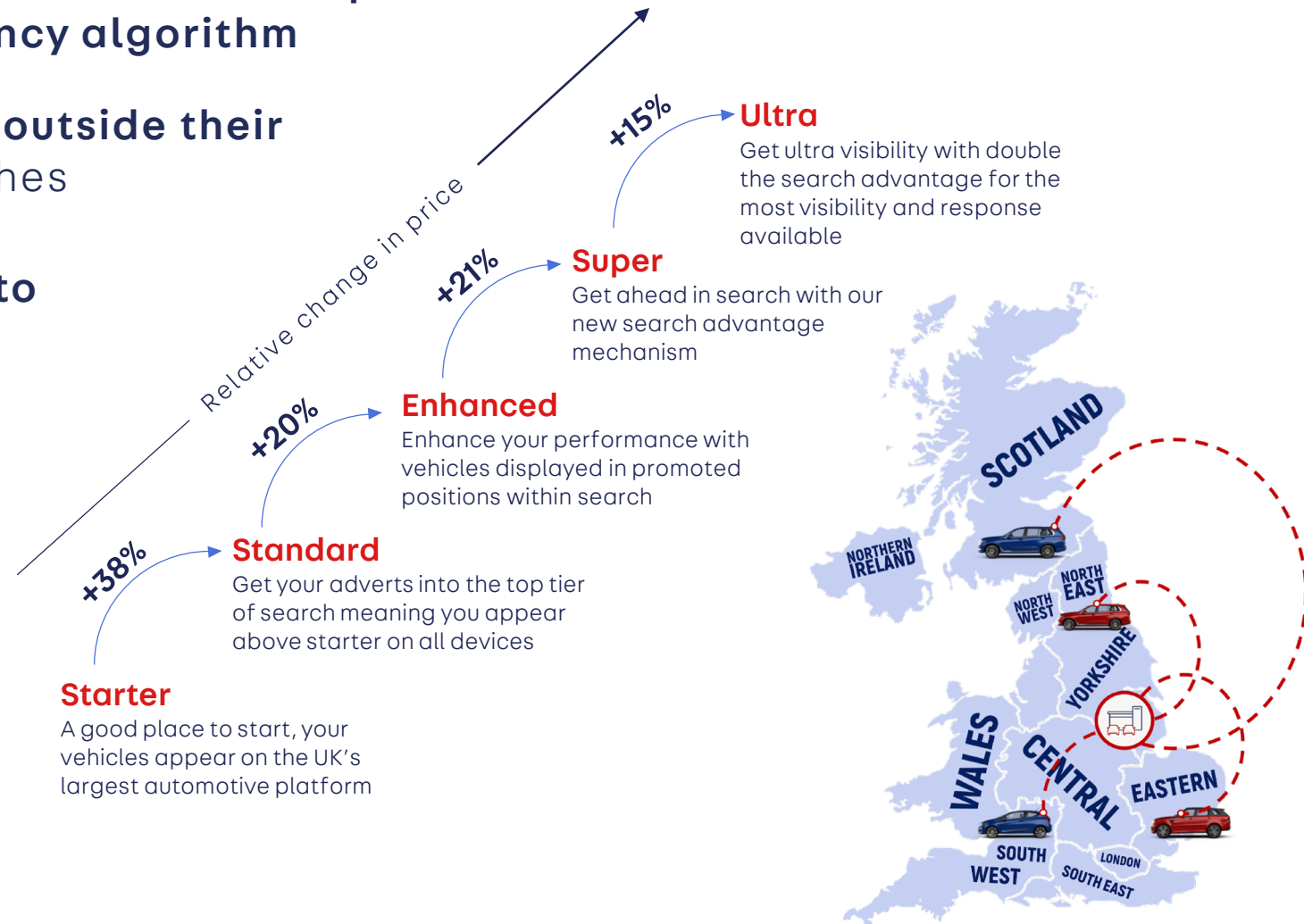
# We have evolved our advertising package structure and launched a new product, Market Extension

The package structure change gives a **consistent cross-platform search experience powered by a relevancy algorithm**

Market Extension allows retailers to **sell outside their local area** and appear in regional searches

**Both products give retailers the choice to capture a greater share of consumer engagement on Auto Trader**

We have **increased the penetration of our higher yielding packages with 25% of retailer stock on a package above Standard** in September 2021 (September 2020: 22%) and **over 4% of retailer stock on Market Extension** in September 2021



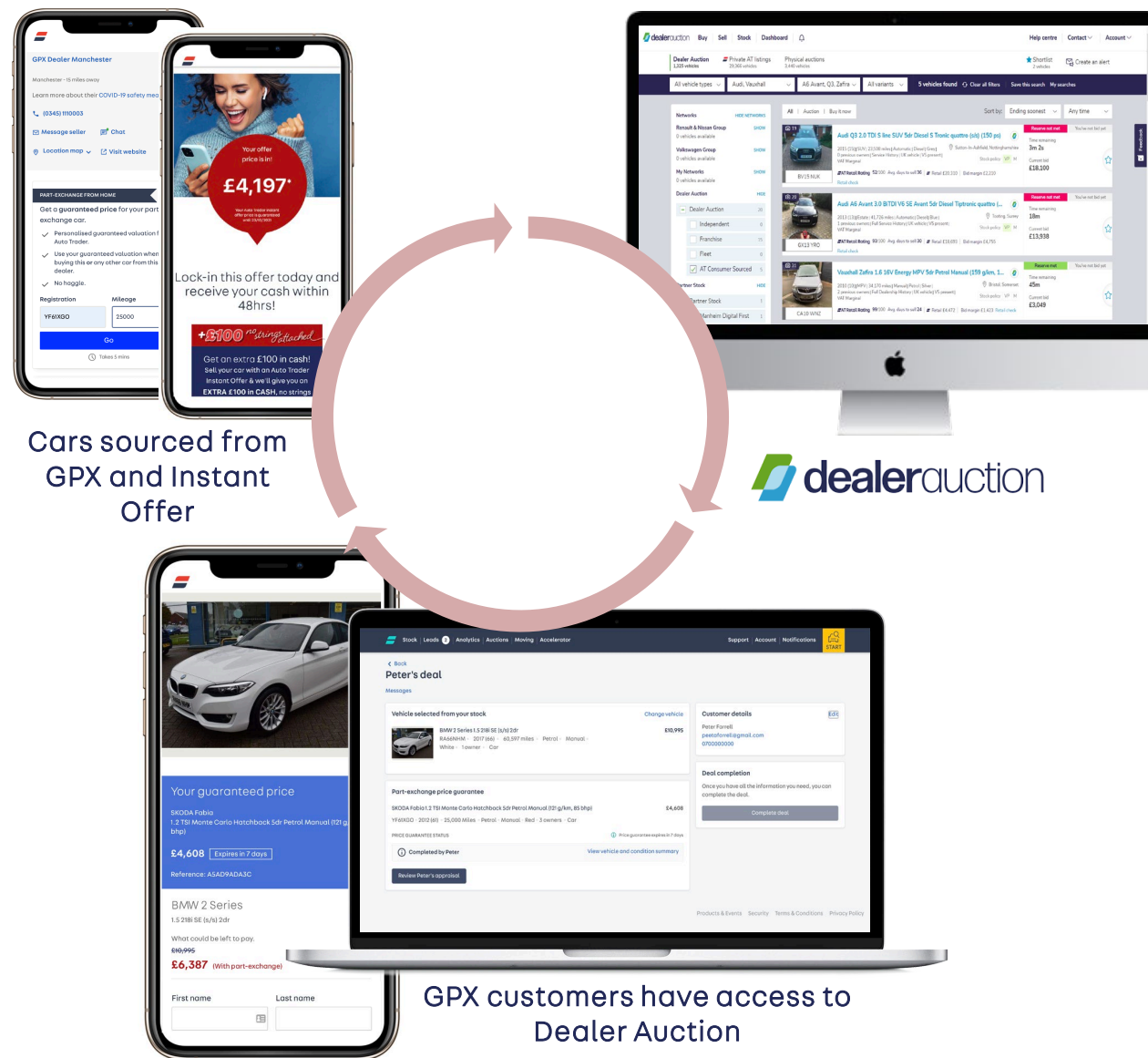


# We have connected our Instant Offer product with Guaranteed Part-exchange ('GPX'), creating an additional source of stock for retailers via Dealer Auction

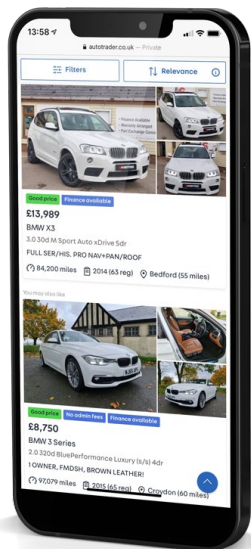
Customers who subscribe to GPX, have **access to our B2B auction platform, Dealer Auction**, where the vehicles acquired through Instant Offer are auctioned

These products **enable consumers to get an accurate and guaranteed price for their existing vehicle** whilst shopping on Auto Trader, eliminating either the need to haggle over a part-exchange or look for other disposal routes for their current vehicle

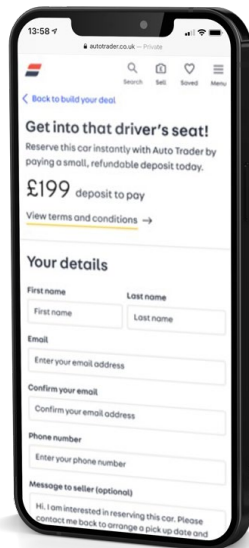
Over the past six months, we have **provided c.520,000 guaranteed valuations and purchased c.5,000 cars** on Instant Offer. At the reporting date we had c.500 customers using the GPX product, with 20% of them paying



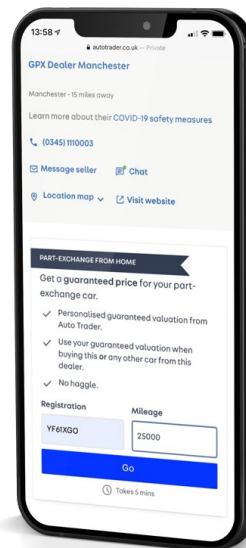
# We continue to make progress on our products and platform to enable consumers and retailers to buy and sell online



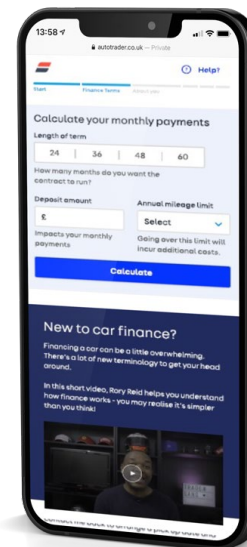
Market Extension launched and over 4% of retailer stock on the product



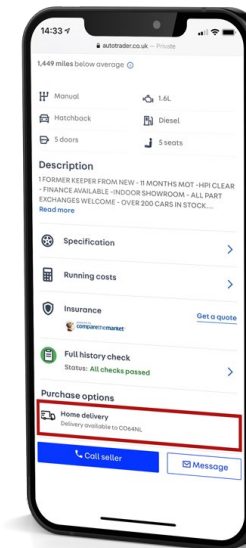
Early trials with c.100 successful transactions



Instant offer and GPX launched with c.5,000 cars purchased and c.520,000 valuations



Point of sale and applications on Auto Trader to be in trial in H2



B2B and B2C delivery available on our Motor Trade Delivery (AT Moves) platform

*Our focus is now on optimising these products, adapting them for larger customers and bringing them together into an end to end journey on Auto Trader that compliments the forecourt experience*

# Outlook



# Outlook

The Board is confident for the second half of the year. The majority of revenues are recurring in nature and most of the significant growth events for the year have been successfully delivered in the first half. Notable events were our annual pricing event, the launch and initial uptake of new products, which have occurred alongside low levels of retailer churn.

For the full year, we now expect modest year on year growth in retailer forecourt numbers and low double-digit ARPR growth on FY20 levels. The stock lever, which shows the year on year movement, is likely to represent a small headwind for the full year, as we lap a strong second half last year.

Operating profit margins for the full year are expected to be in line with FY20 levels.



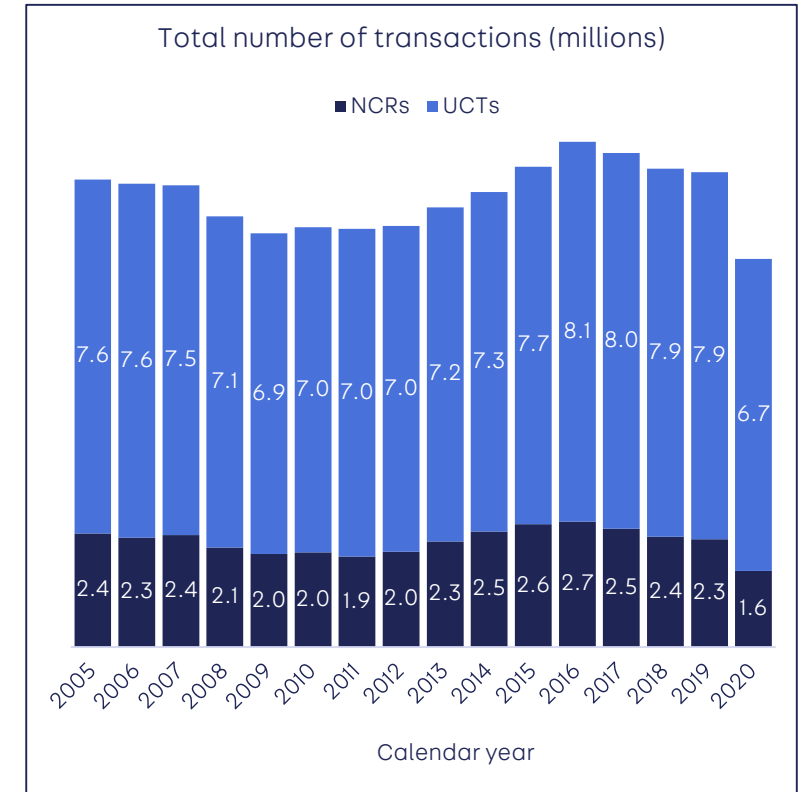
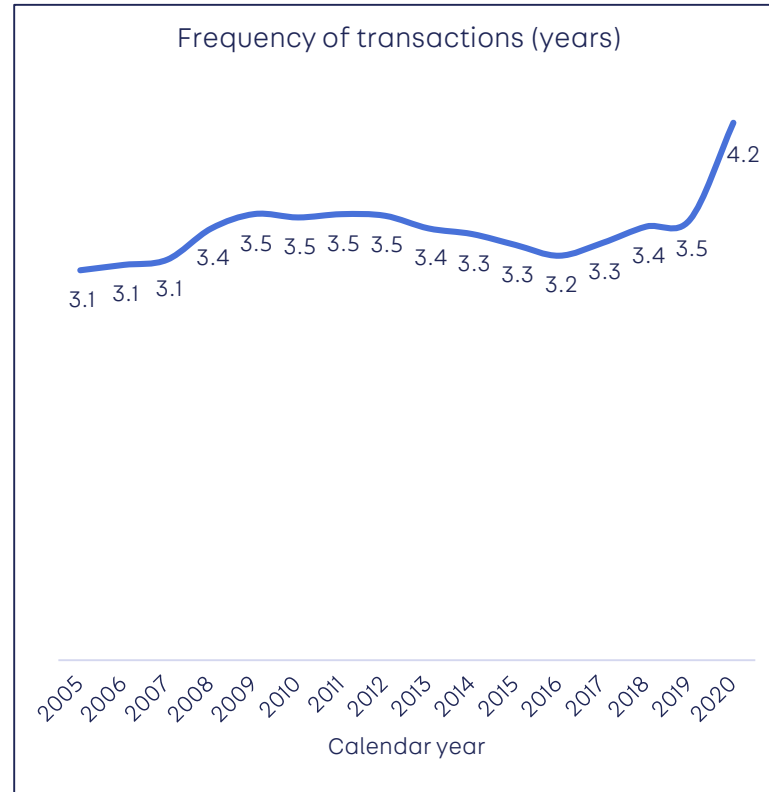
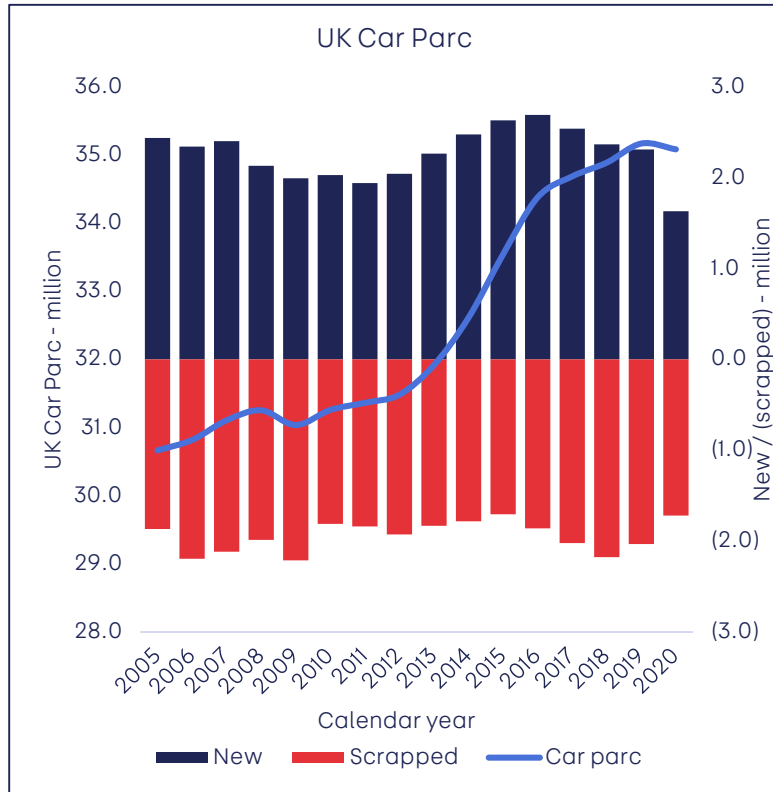
# Q&A



# Appendix



# The UK car parc declined through calendar year 2020, with the average time people hold their car increasing to 4.2 years

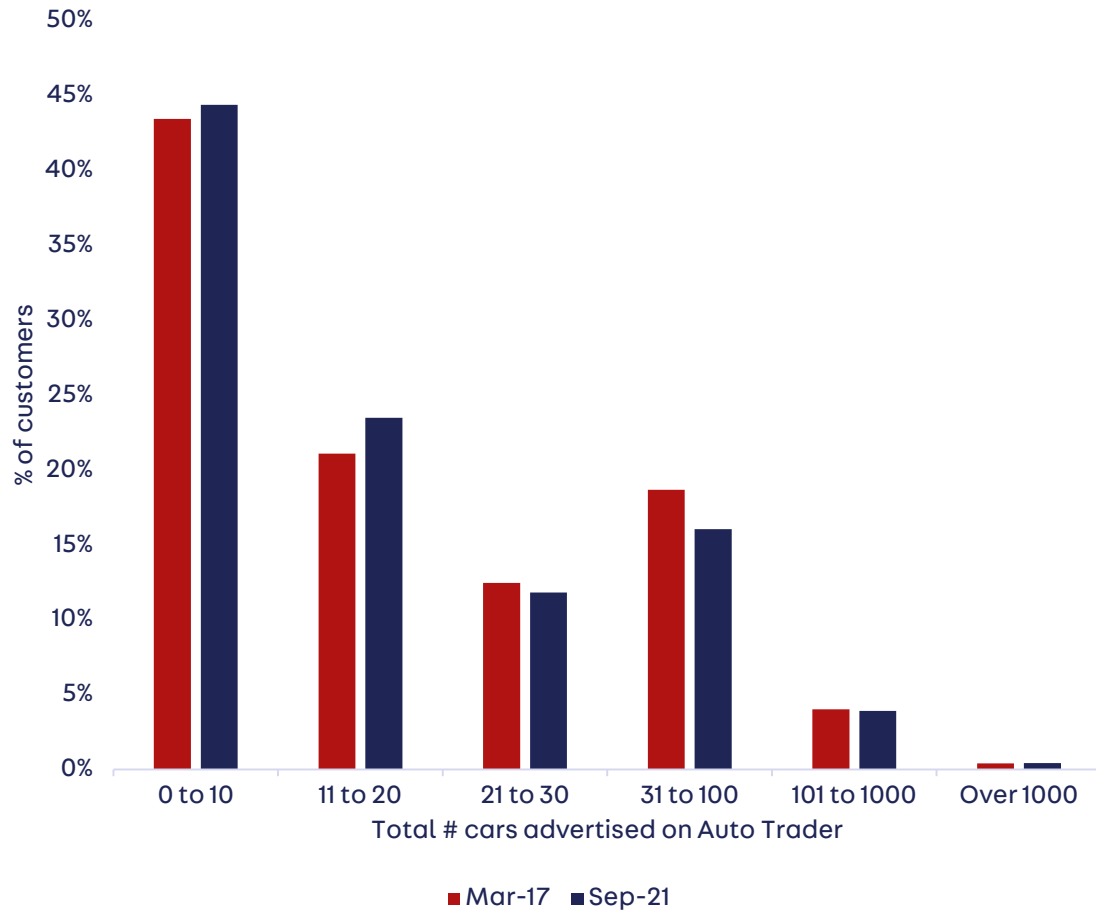


Total number of cars     ÷     Frequency cars are changed     =     Number of transactions

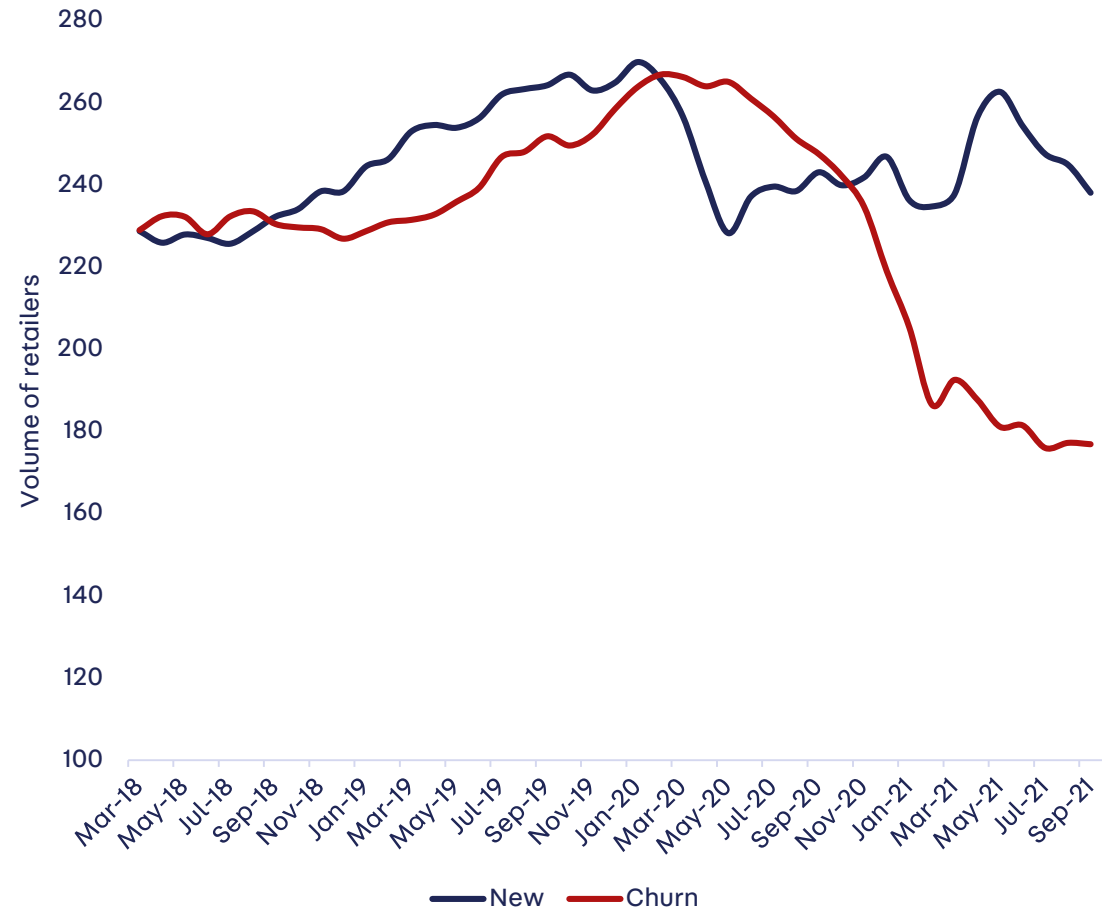
Source: Society of Motor Manufacturers & Traders (SMMT) and Auto Trader analysis

We saw reduced levels of retailer churn in the last 12 months, leading to a higher percentage of smaller sized forecourts in our customer base

Distribution of customers by stock bands <sup>(1)</sup>



12-month rolling average: New & churn retailers <sup>(1)</sup>



1. Independent and Franchise customers only

# Cashflow statement

	H1 2022 £ million	H1 2021 £ million
Profit before tax	150.0	66.2
Depreciation & amortisation	3.6	3.1
Share-based payments charge (excl. associated NI)	3.2	1.8
Share of profit from joint ventures	(1.7)	(1.1)
Finance costs - net	1.7	2.3
Other non-cash items	0.1	0.1
Changes in working capital	13.0	(6.3)
<b>Cash generated from operations</b>	<b>169.9</b>	<b>66.1</b>
Tax paid	(27.8)	(18.0)
Capital expenditure	(2.2)	(0.2)
Acquisition of subsidiary	-	(10.0)
Payment of lease liabilities	(1.6)	(1.2)
Contributions to defined benefit pension scheme	(0.1)	(0.1)
Proceeds from interest on cash and cash equivalents	-	0.1
Dividend received from joint ventures	4.9	-
Drawdown/(repayment) of revolving credit facility	(30.0)	(223.5)
Payment of interest on borrowings	(1.0)	(1.8)
Payment of refinancing fees	-	(0.5)
Dividends paid	(48.0)	-
Proceeds from issue of shares (net of bookrunner fees)	-	183.2
Purchase of own shares	(100.4)	-
Payment of fees on repurchase of own shares	(0.5)	-
Payment of fees on issue of own shares	-	(0.3)
Proceeds from exercise of share-based payments	0.3	-
<b>Net increase/ (decrease) in cash</b>	<b>(36.5)</b>	<b>(6.2)</b>



# Notes

# Notes

The logo for AutoTrader, featuring a stylized icon of a red and blue parallelogram to the left of the text "AutoTrader" in a bold, dark blue sans-serif font.

**AutoTrader**