



Full year results presentation

Year ended 31 March 2022

26 May 2022

 AutoTrader

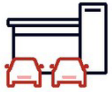
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Strategic overview



Our financial performance, customer numbers, consumer engagement and product uptake are at **record levels**. Throughout the year we have also further **strengthened our competitive position**. Paid stock was up year-on-year for the first time in four years, despite the challenging market conditions



We successfully executed our annual pricing event in April 2021, including the launch of Retailer Stores, which provide retailers their own dedicated, customisable location on Auto Trader



We saw **strong levels of product uptake** which was partly driven by our new higher-level advertising packages, which now give a consistent cross platform search experience and our newly launched Market Extension product, which allows our retailers to reach car buyers outside their local area



We **launched Auto Trader Connect** as part of our April 2022 pricing event, which has gone well. This gives customers access to our most fundamental and powerful data, including our taxonomy, which improves advert quality, pricing decisions and enables stock to be updated on Auto Trader in real-time



We continue to focus on supporting an **increasingly online car buying journey** and have made excellent progress in the year developing the component parts which will form our end-to-end deal builder journey and scaling some of the key enablers to support digital retailing. There has been **no erosion in our Operating profit margin** as we continue to invest in future revenue streams



In March 2022, we announced that we have agreed to **acquire Autorama (UK) Limited**, subject to regulatory approvals. The acquisition will **transform Auto Trader's existing leasing proposition**

Financial results

- £432.7m** **Revenue:** up 65% to £432.7 million (2021: £262.8 million), and **up 17% on 2020** (£368.9 million). Trade revenue up 72% to £388.3 million (2021: £225.2 million) and up 20% on 2020 (£324.3 million)
- £303.6m** **Operating profit:** up 88% to £303.6 million (2021: £161.2 million) and **up 17% on 2020** (£258.9 million). Operating profit margin increased to 70% (2021: 61%) and was more consistent with 2020
- 25.61p** **Basic EPS:** up 93% to 25.61p per share (2021: 13.24p) and **up 15% on 2020** (22.19p)
- £328.1m** **Cash generated from operations:** up 115% to £328.1 million (2021: £152.9 million), and **up 24% on 2020** (£265.5 million)
- £237.1m** **Cash returned to shareholders: £237.1 million** cash returned to shareholders (2021: Nil) through **£163.5 million of share buy-backs** (2021: Nil) plus **dividends paid of £73.6 million** (2021: Nil)
- 5.5p** **Final dividend declared of 5.5 pence per share** (2021: 5.0p), giving total dividends of 8.2 pence per share for the year (2021: 5.0p)

Operational results

64m **Cross platform visits: up 9%** to 63.8 million per month on average (2021: 58.3 million)

588m **Cross platform minutes: up 5%** to 588 million per month on average (2021: 561 million). Our share of cross platform minutes remains strong at over 75% (2021: over 75%) and we grew to be 8x larger than our nearest competitor (2021: 7x)

13,964 **Retailer forecourts:** the average number of forecourts in the period was **up 5%** to 13,964 (2021: 13,336)

£2,210 **ARPR:** up £886 to £2,210 on average per month (2021: £1,324). Excluding COVID-19 discounts in the prior year, **underlying ARPR increased by £247 per month**, with growth from all three ARPR levers

430,000 **Physical car stock on site: down 11%** to 430,000 (2021: 485,000) on average, of which our listings product for new cars declined to 29,000 on average (2021: 47,000)

960 **Number of employees (FTEs): increased** to 960 on average during the period (2021: 909)

Cultural KPIs

95% Employees that are proud to work at Auto Trader remained high at **95%** (March 2021: 93%)

40% Percentage of our employees who are women was **40%** in March 2022 (March 2021: 39%). The percentage of women in leadership positions was 38% (March 2021: 34%)

14% Percentage of our employees who are ethnically diverse was **14%** in March 2022 (March 2021: 11%). The percentage of ethnically diverse leaders was 6% (March 2021: 6%)

56% Our Board currently has a greater percentage of women than men (March 2021: 50:50) following the appointment of Jasvinder Gakhal as an Independent Non-Executive Director to the Board, with effect from 1 January 2022

11.7k The total amount of **CO₂ emissions increased in the year by 16% to 11.7k tonnes of carbon dioxide equivalent** versus our benchmark of 2020 (10.1k tonnes), which was due to an increase in our cost base and higher capital expenditure. We offset these emissions, making us carbon neutral in the year and for the first time the reduction in emissions will form part of our remuneration policy

Financials



Revenue

Revenue (£m)

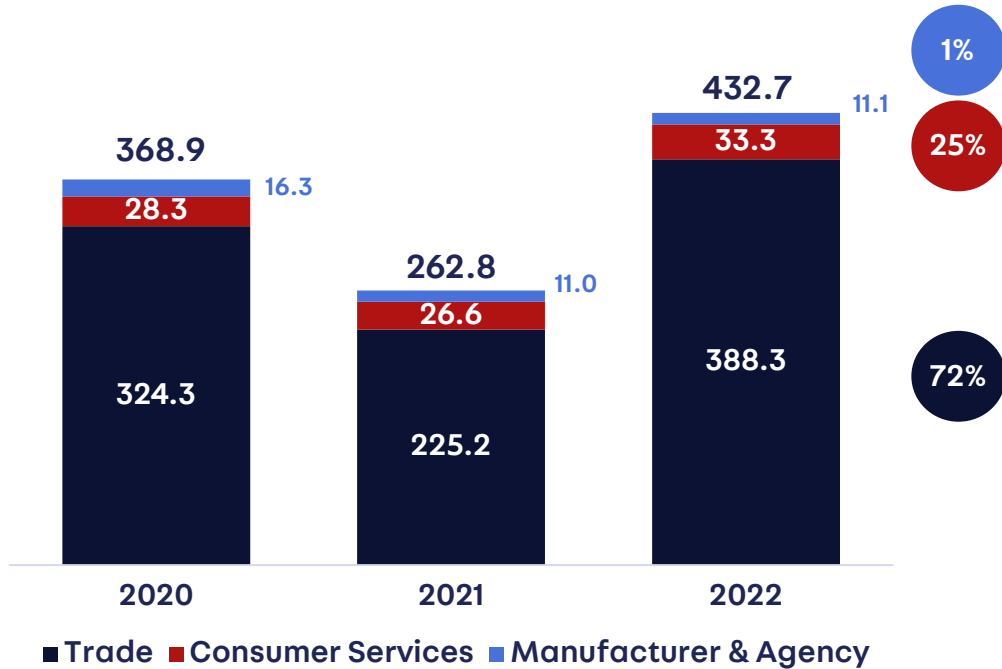
Year ended 31 March 2022 is shown as 2022

Y-on-Y %

4%

(29%)

65%



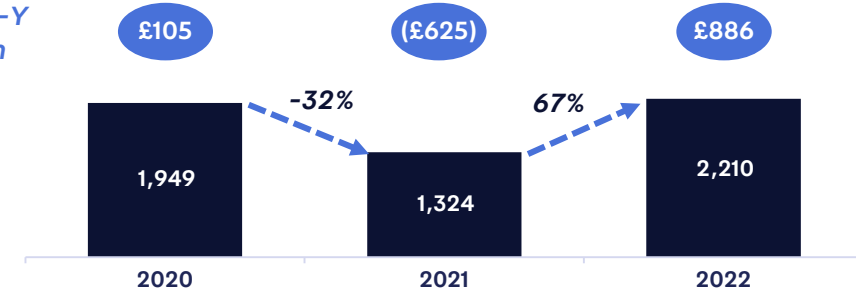
Trade revenue comprises:
 2022: Retailer (£370.4m); Home Trader (£8.8m); Other (£9.1m)
 2021: Retailer (£211.9m); Home Trader (£6.3m); Other (£7.0m)
 2020: Retailer (£312.1m); Home Trader (£8.3m); Other (£8.9m)

Consumer Services revenue comprises
 2022: Private (£20.2m); Motoring Services (£13.1m)
 2021: Private (£16.7m); Motoring Services (£9.9m)
 2020: Private (£20.1m); Motoring Services (£8.2m)

Note: Private includes Instant Offer revenue

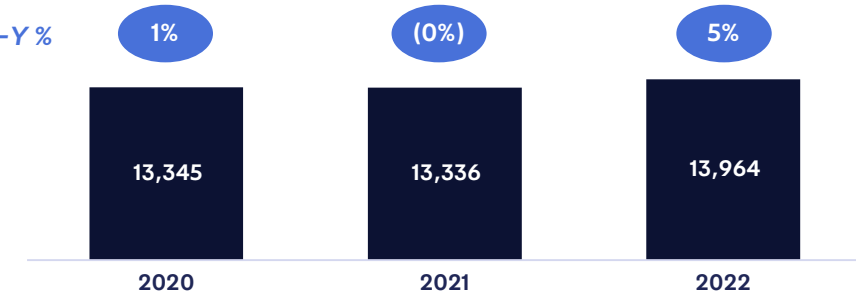
Average Revenue Per Retailer (ARPR) (£) ⁽¹⁾

Y-on-Y
 £pcm



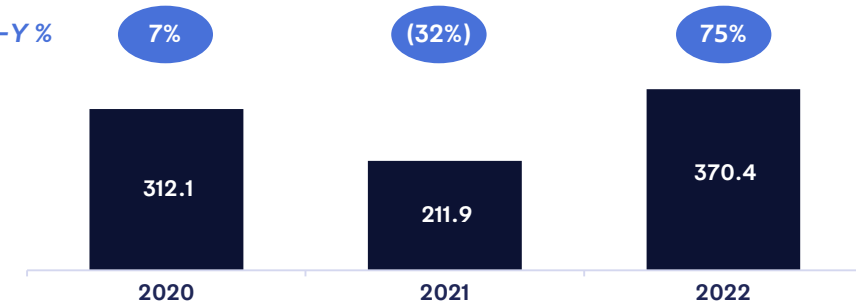
Number of retailer forecourts ⁽¹⁾

Y-on-Y %



Retailer revenue (£m)

Y-on-Y %

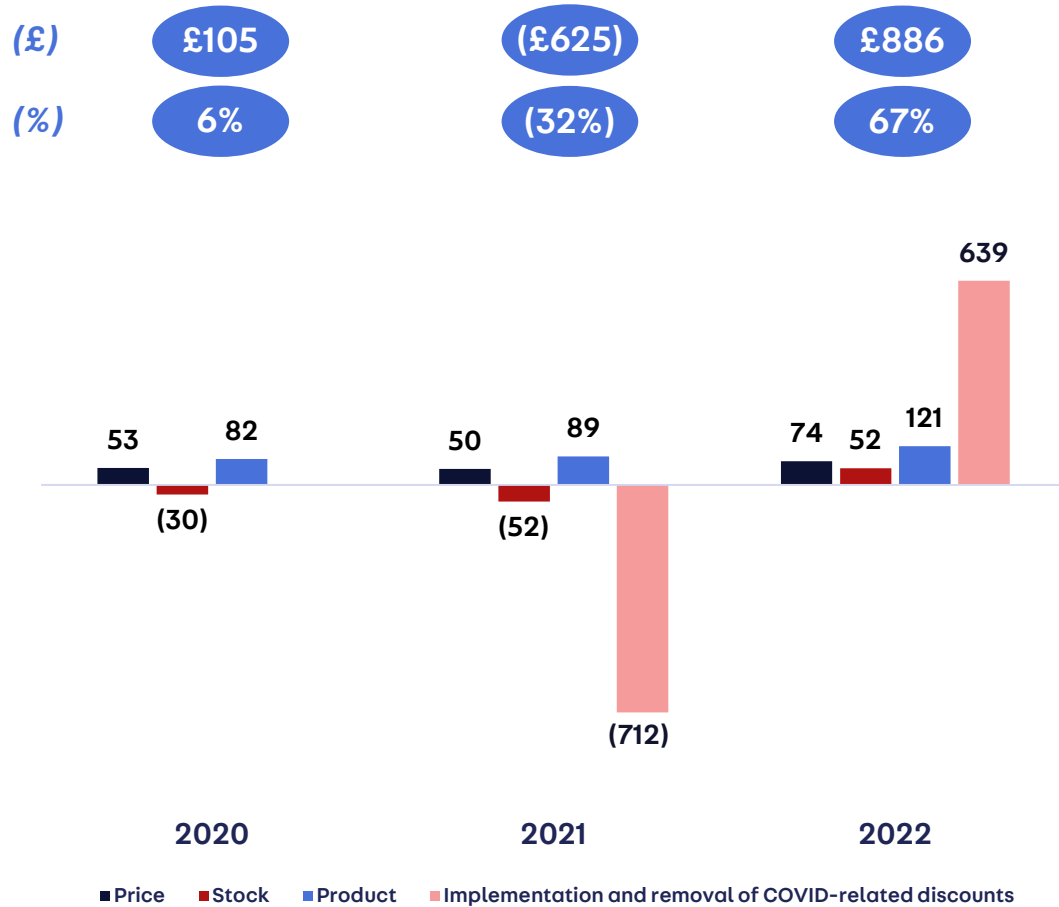


(1) Average monthly metric

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

1%

(0%)

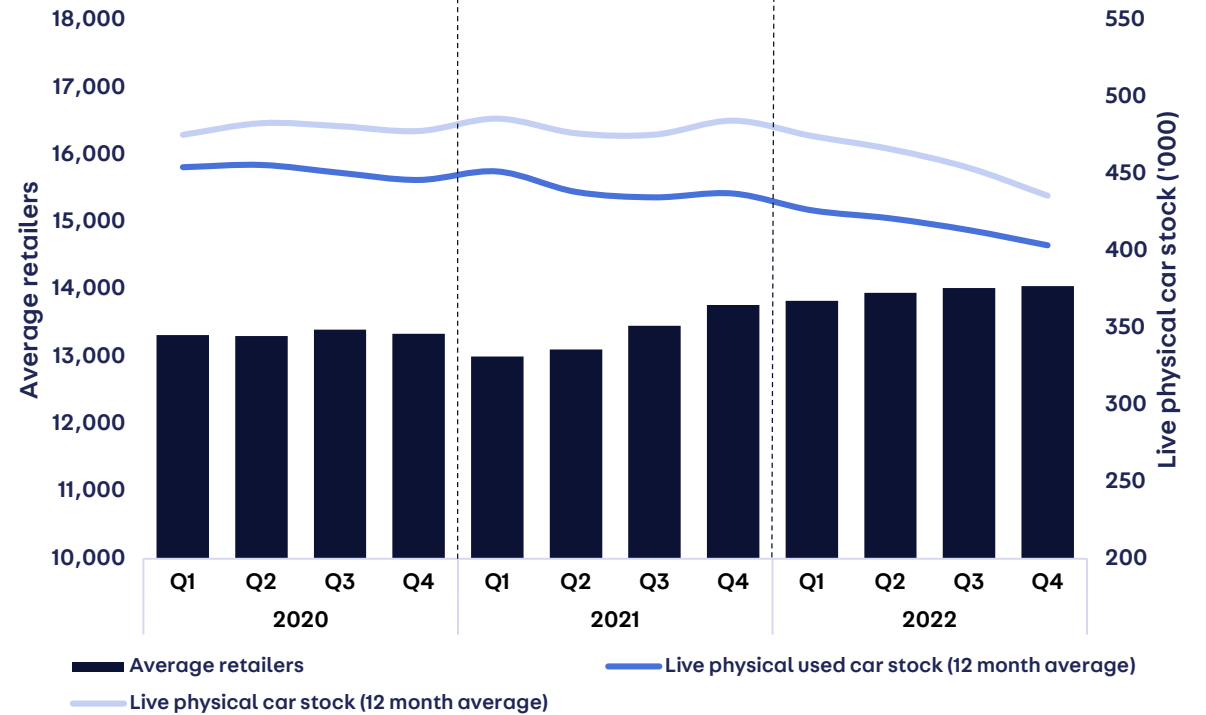
5%

Y-on-Y average live physical car stock

4%

1%

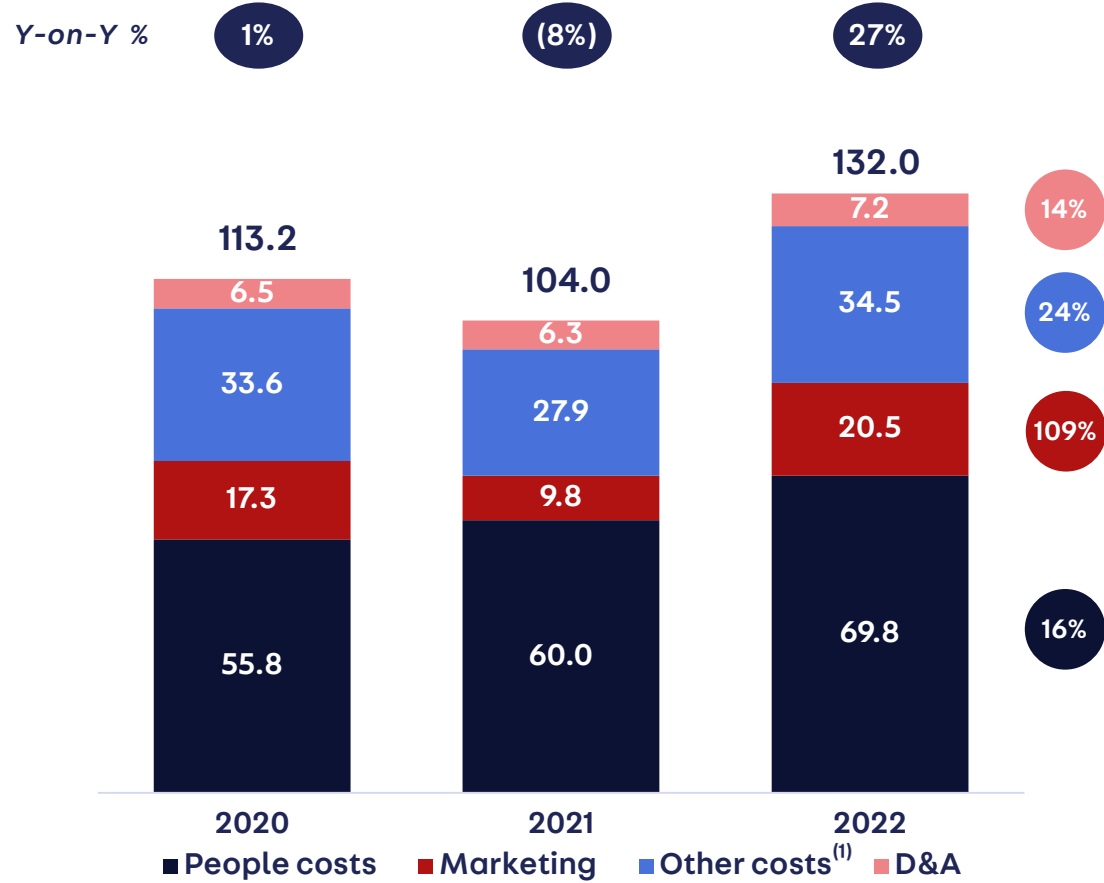
(11%)



Costs

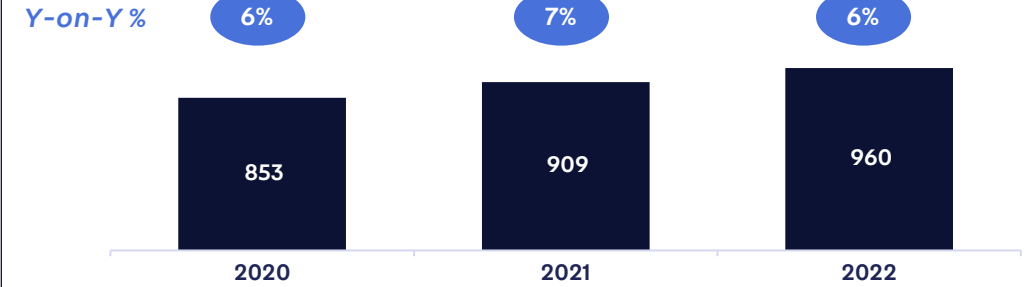
Costs (£m)

Year ended 31 March 2022 is shown as 2022

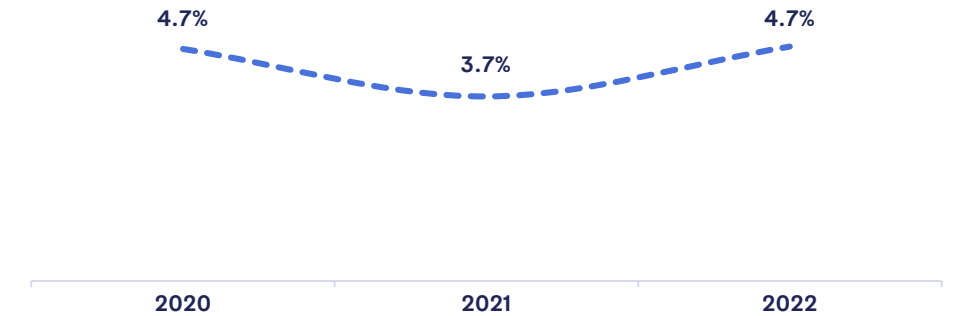


People costs include share-based payments and associated national insurance costs of £6.1m in 2022 (2021: £4.3m; 2020: £3.7m)

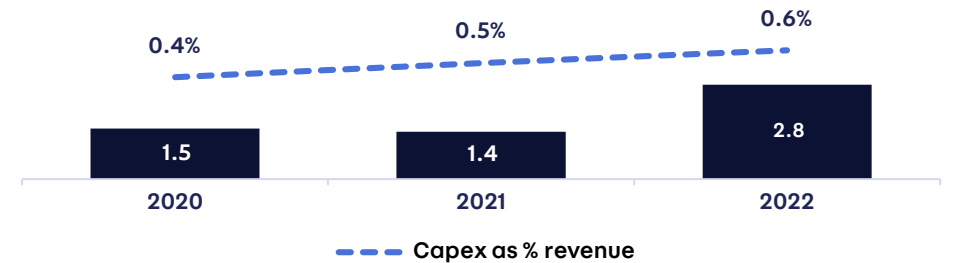
FTEs (including contractors)⁽²⁾



Marketing as a % of revenue



Capital expenditure (excluding acquisitions) (£m)



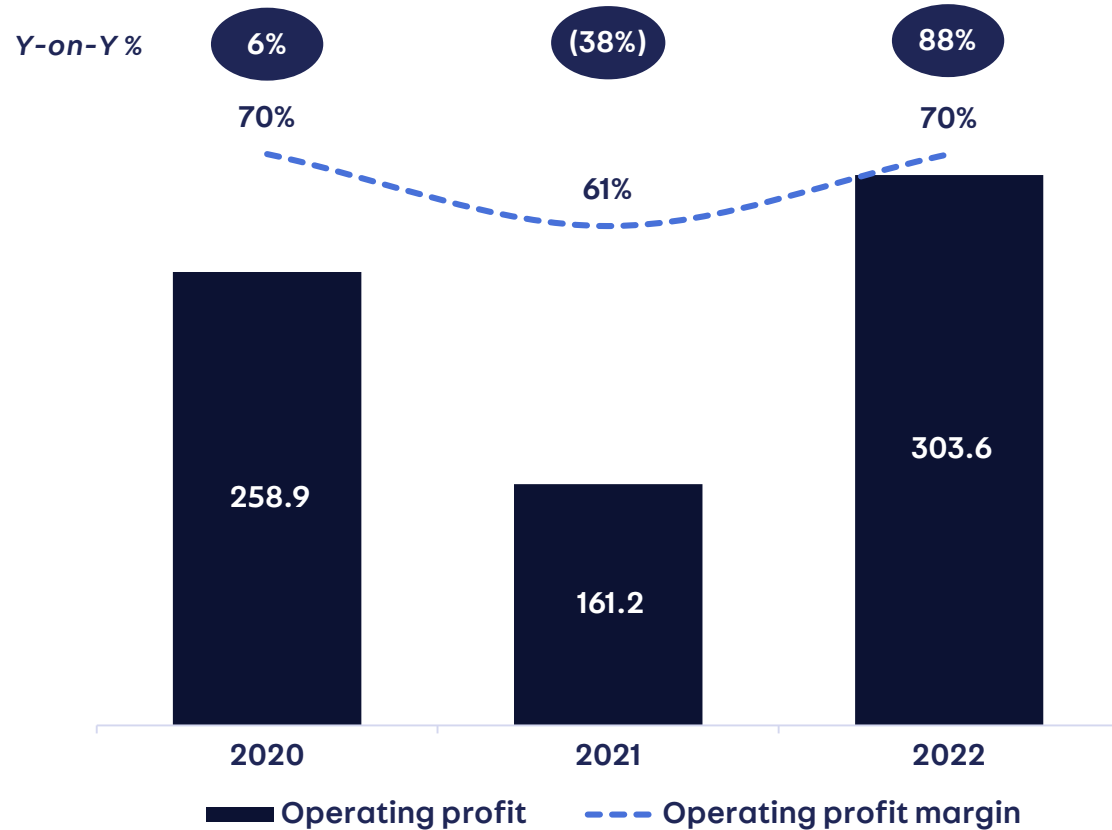
(1) Other costs include: property, IT & comms, data services and other corporate overheads

(2) Average monthly metric

Profit and cash flow

Operating profit (£m)

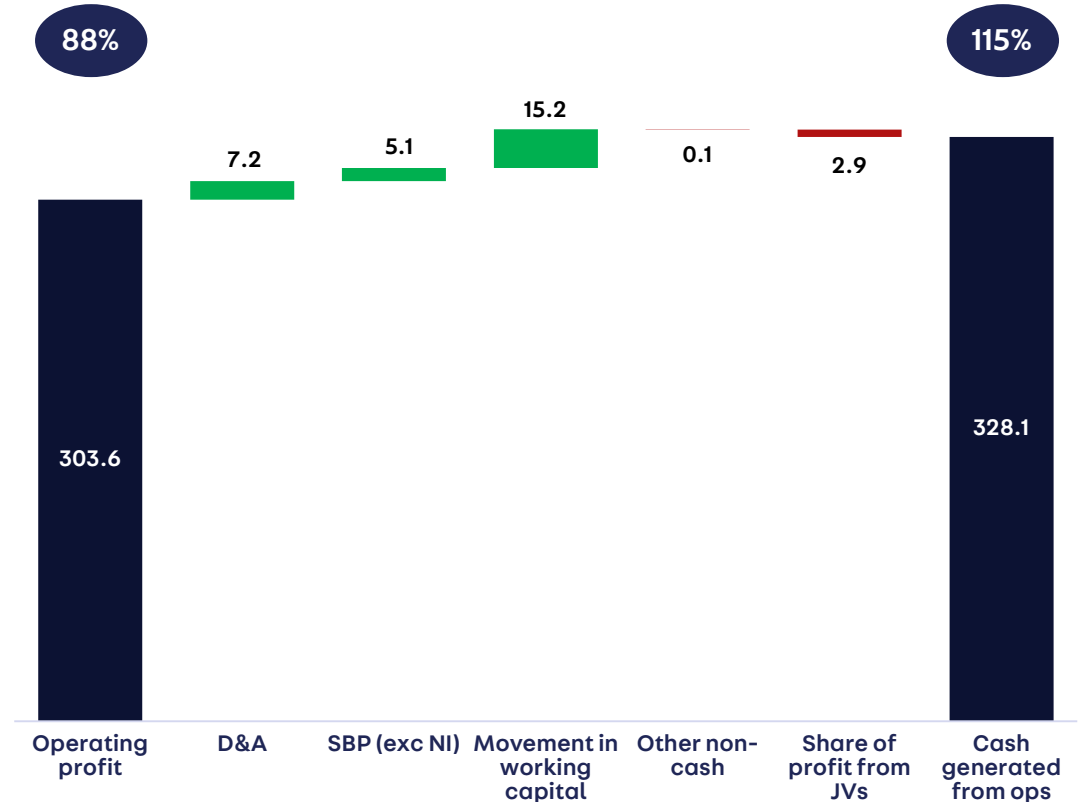
Year ended 31 March 2022 is shown as 2022



Operating profit includes the Group's share of profit from joint ventures: 2022: £2.9m; 2021: £2.4m; 2020: £3.2m

Cash generated from operations (£m)

Year ended 31 March 2022

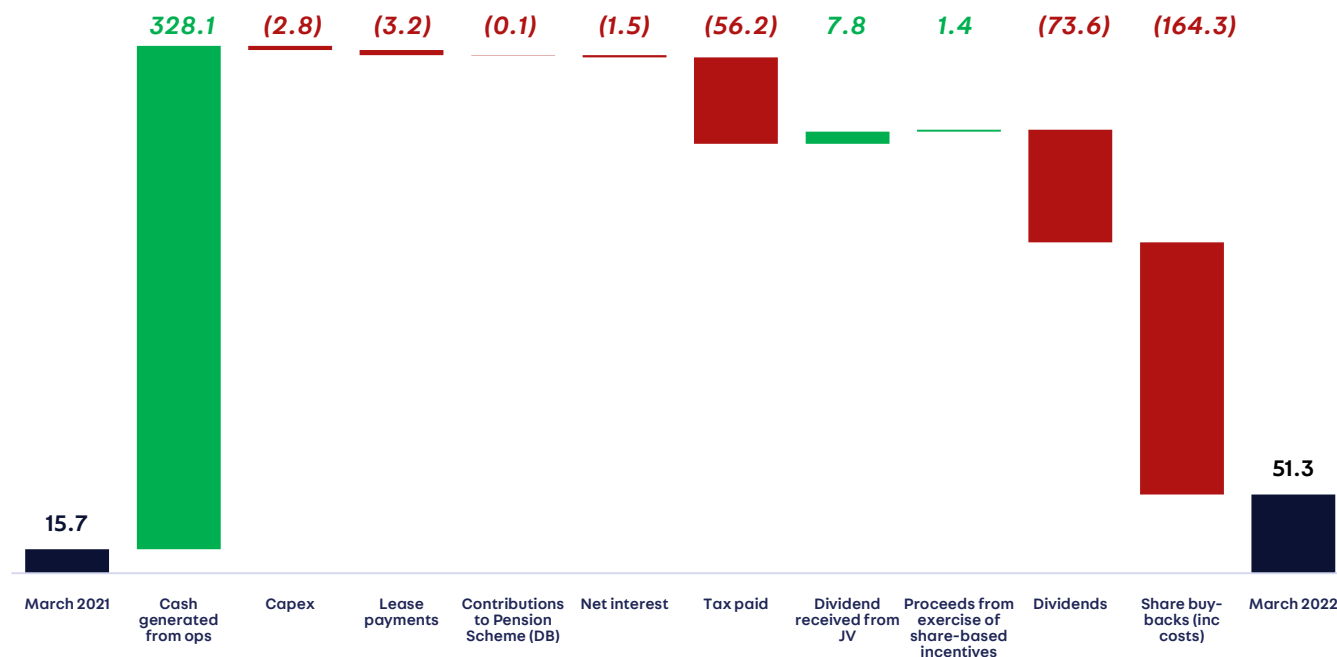


Income statement

	2022 £ million	2021 £ million	Year-on-year %
<i>Revenue</i>	432.7	262.8	65%
<i>Administrative expenses</i>	(132.0)	(104.0)	(27%)
<i>Share of profit from joint ventures</i>	2.9	2.4	21%
<i>Operating profit</i>	303.6	161.2	88%
<i>Finance costs - net</i>	(2.6)	(3.8)	32%
<i>Profit before taxation</i>	301.0	157.4	91%
<i>Taxation</i>	(56.3)	(29.6)	(90%)
<i>Profit for the year attributable to equity owners of the parent</i>	244.7	127.8	91%
<i>Earnings per share (pence)</i>			
<i>Basic</i>	25.61	13.24	93%
<i>Diluted</i>	25.56	13.21	93%
<i>Dividend per share (pence)</i>	8.2	5.0	64%

Net cash and capital allocation policy

Reconciliation of net cash position ⁽¹⁾ (£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

In the coming year, it is expected that the Group will draw on its revolving credit facility to fund part of the initial consideration relating to the Autorama acquisition.

The Group's long-term 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. Any surplus cash following these activities will be used to continue our share buy-back programme and steadily reduce gross indebtedness. It is the Board's long-term intention that over time the Group will return to a net cash position

During the period, 24.9m shares were repurchased at an average price of 656.3p for consideration of £163.5m plus costs of £0.8m

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

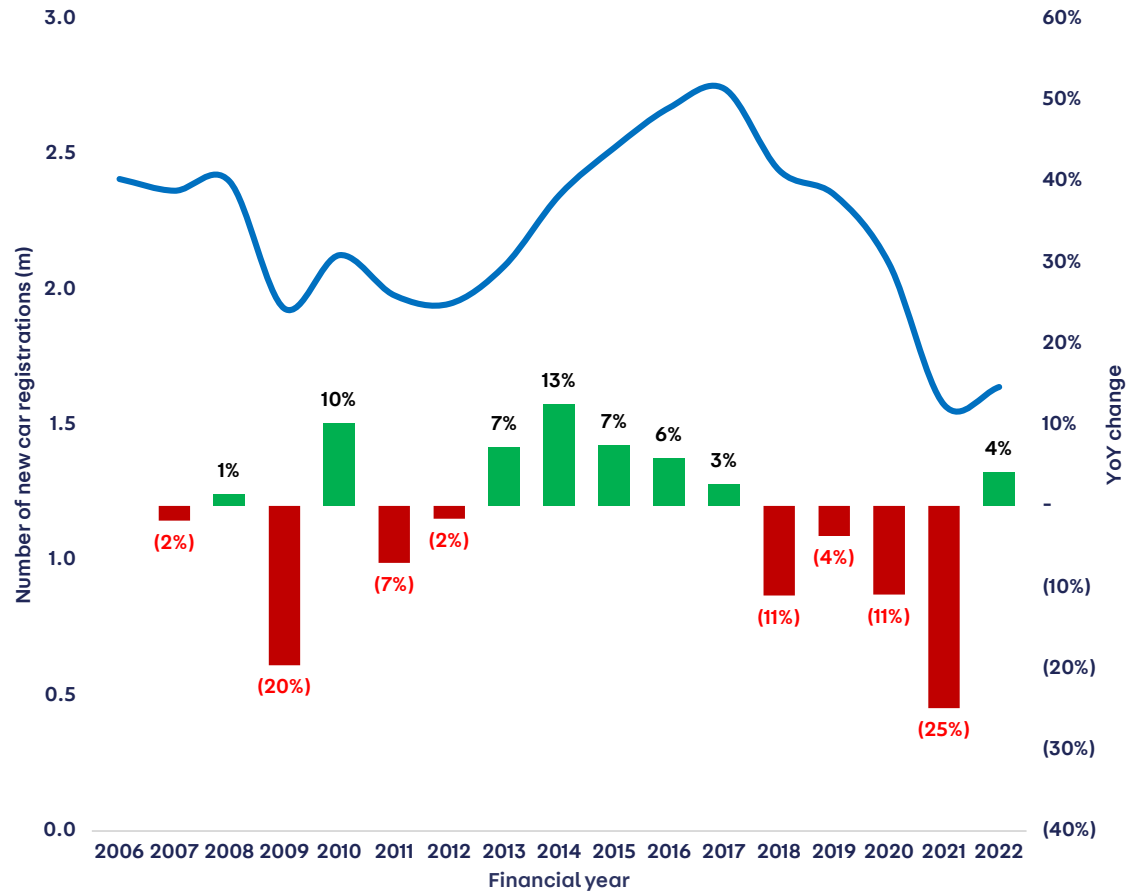
A final dividend of 5.5p has been declared

UK car market



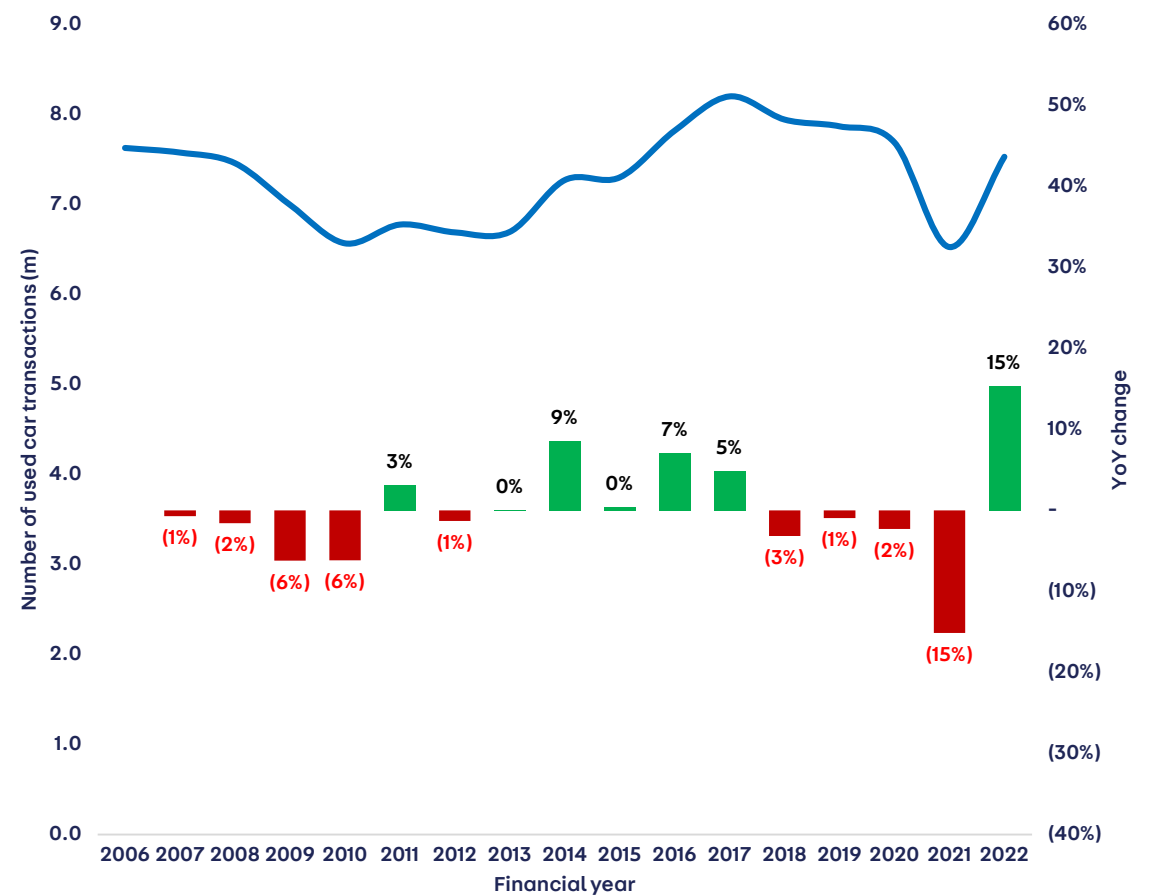
Used car transactions see much lower levels of cyclical volatility than new car registrations and have recovered relatively well post pandemic

New car registrations ⁽¹⁾



(1) Society of Motor Manufacturers & Traders (SMMT)

Used car transactions ⁽²⁾



(2) DVLA transaction data

High levels of demand combined with constrained supply have led to significant levels of price growth

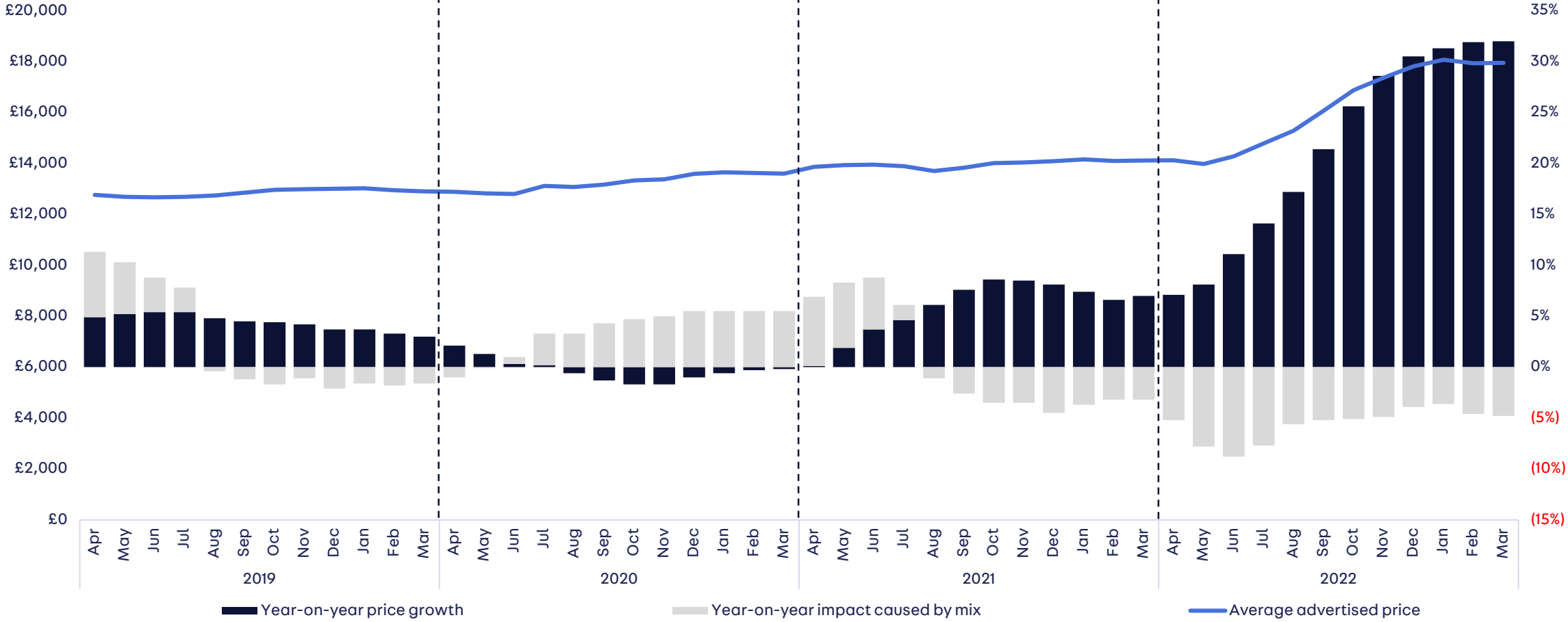
Like-for-like price increase

4.4%

(0.5%)

6.3%

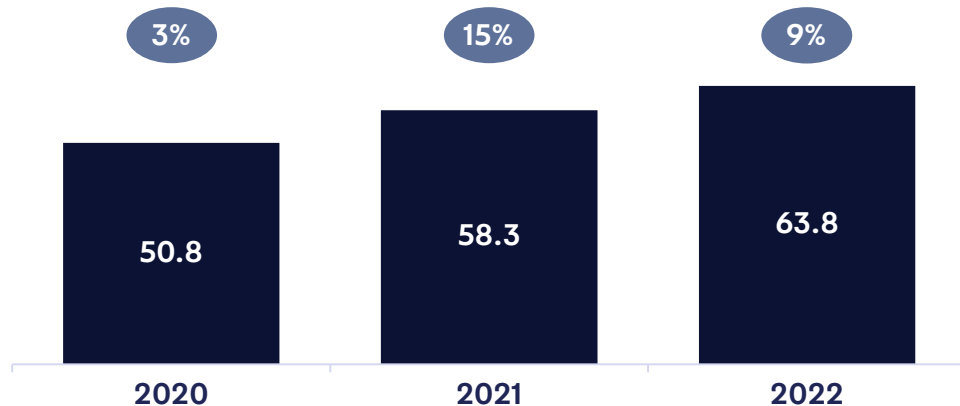
21.8%



Continued strength in both the volume of consumers on Auto Trader and our competitive position

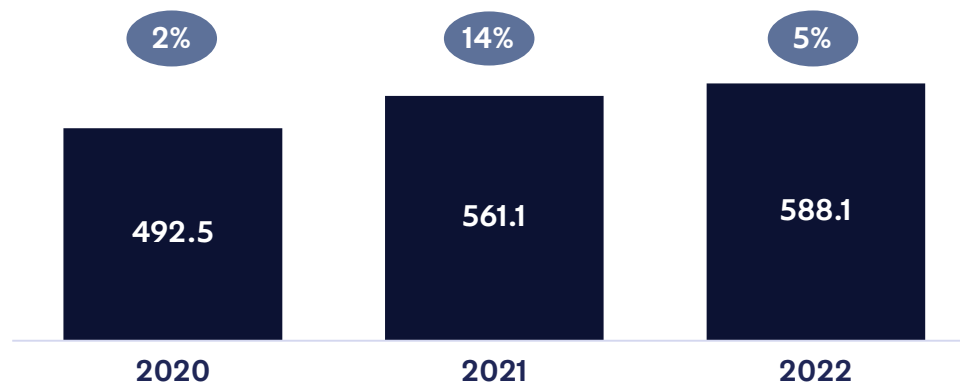
Cross platform visits ⁽¹⁾

(Average pcm - million)



Cross platform minutes ⁽¹⁾

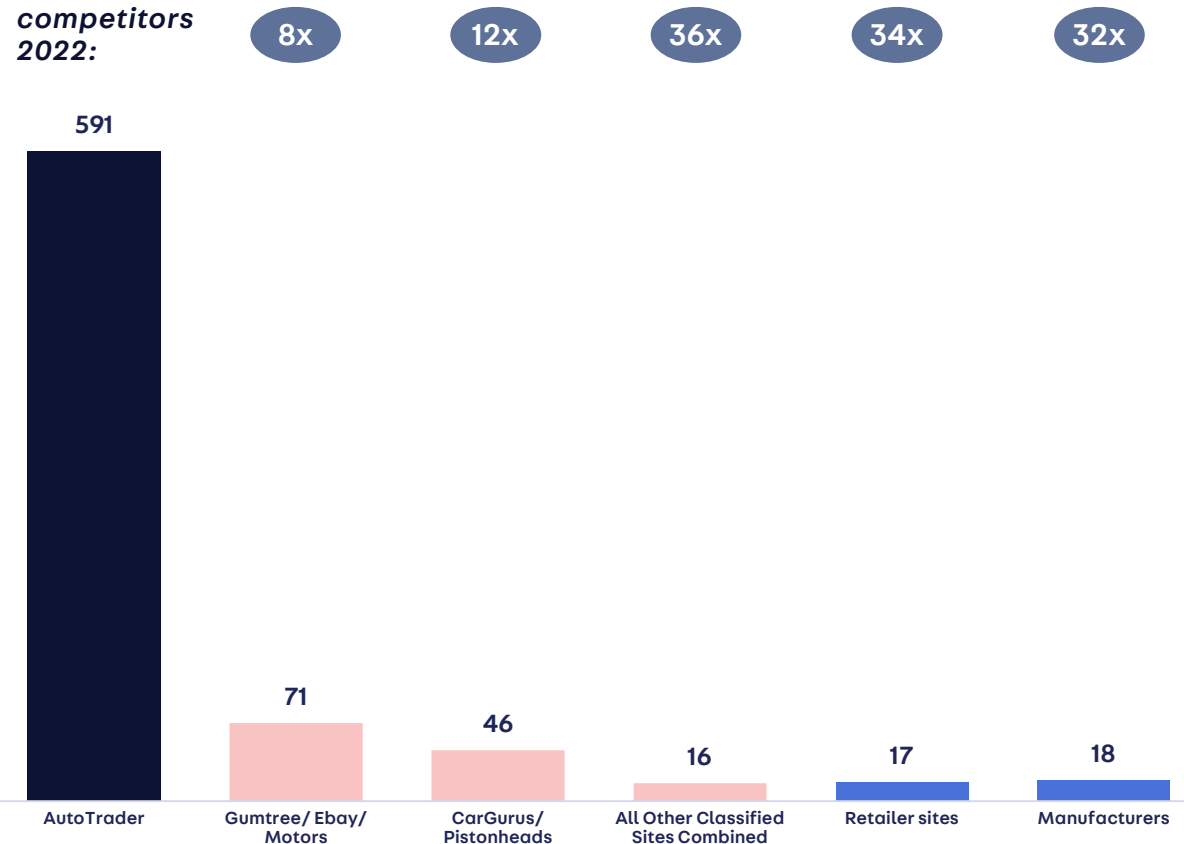
(Average pcm - million)



Average minutes spent 2022 ⁽²⁾

(Average pcm - million)

Auto Trader vs. competitors 2022:



⁽¹⁾ As measured through Google analytics

⁽²⁾ Source: Comscore MMX® Multi-Platform, Total Audience, April 2021 through March 2022, 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, Carsnp, 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



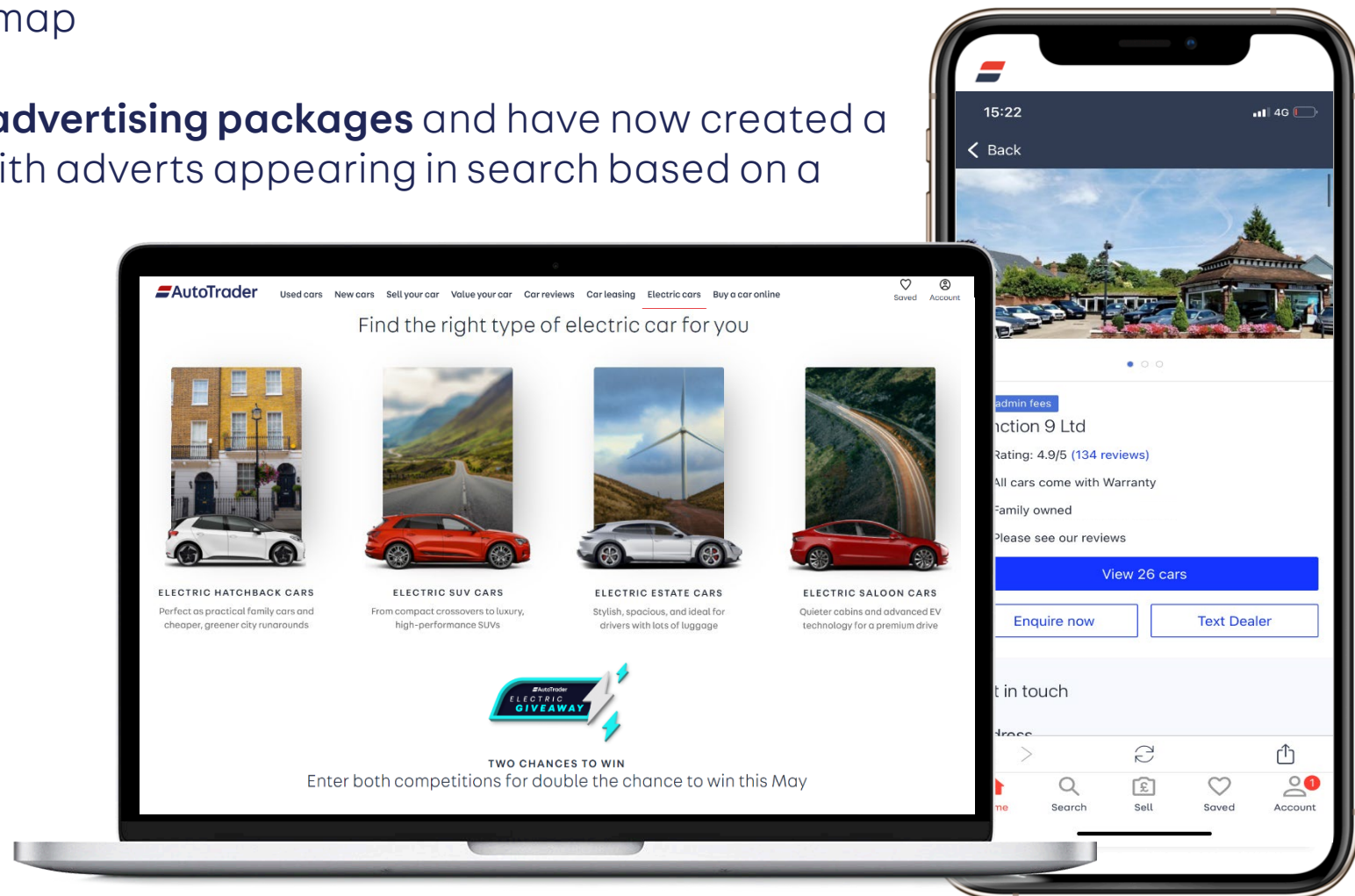
We continue to invest in our core advertising journey, creating the best search experience for buyers, with increasing levels of electric content

We **created an electric car hub** on Auto Trader, increasing the volume of electric content which includes an interactive charging map

At the start of the year, we **evolved our advertising packages** and have now created a consistent cross platform experience with adverts appearing in search based on a relevancy algorithm

As part of our 2021 pricing event, we **launched Retailer Stores**, which offers retailers their own dedicated customisable location on Auto Trader

Despite severe new car shortages, we **maintained over 1,800 retailers paying for our new car product**, giving us the largest marketplace for physical new cars



We have developed the key enablers and individual components to support our end-to-end deal builder journey

We continue to focus on supporting an **increasingly online car buying journey** and are working to create an **online end-to-end journey** bringing together the component parts and scaling the key enablers which we have delivered to date

Vehicles can be advertised nationally for local delivery (Market Extension and Auto Trader Moves)

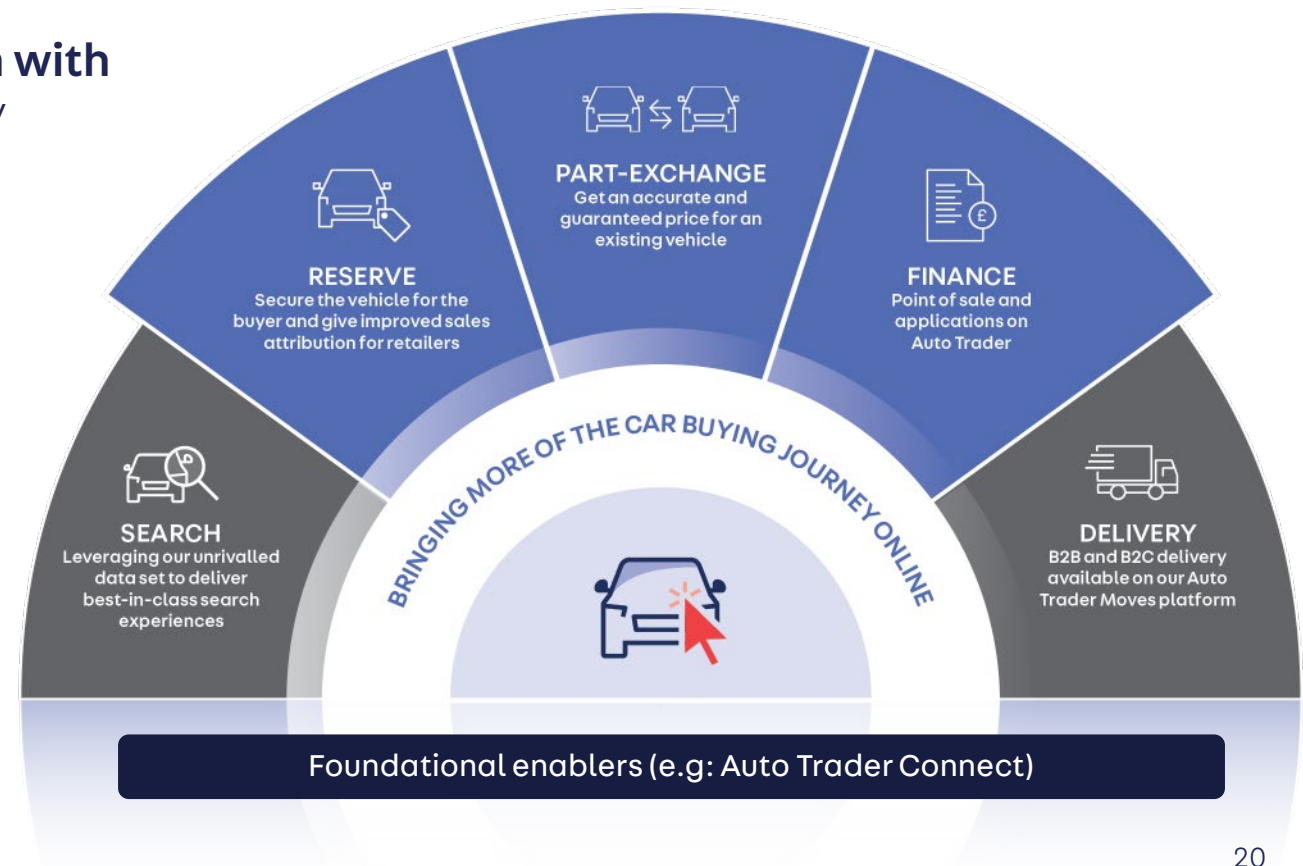
Auto Trader Connect creates **real time integration with our customers'** systems and improves data quality

Online reservations and buyer assurances are available (Reservations and Seller Promise)

Car owners can **get a guaranteed trade-in price** (via guaranteed part-exchange and Instant Offer)

Buyers can **apply for finance** (Retailer Finance)

Focus is now on **optimising the component parts and scaling the foundations in place** so we can launch our full deal building proposition

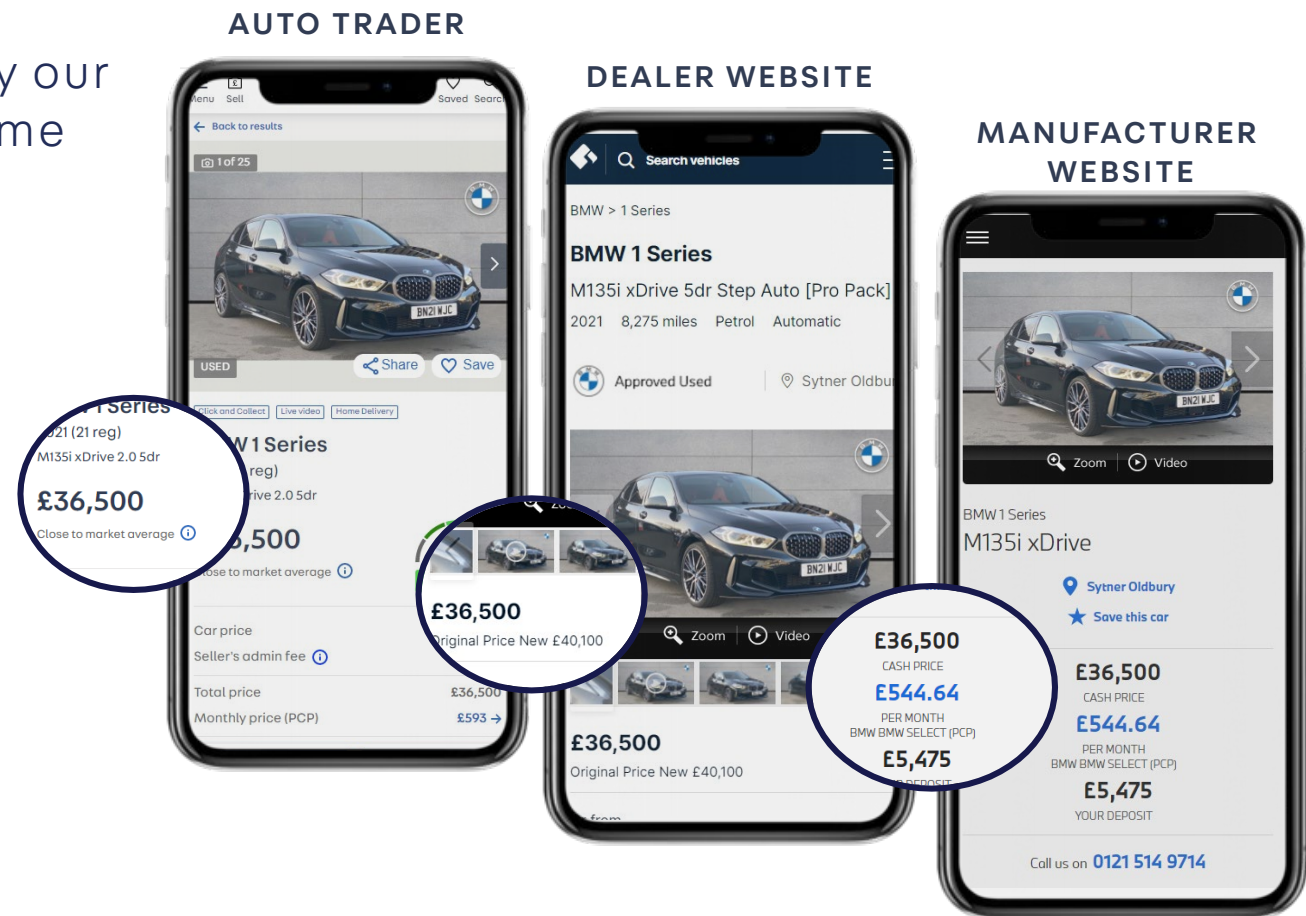


We have launched Auto Trader Connect, which enables improved data, better advert quality and real time updates

Auto Trader Connect gives our customers the **ability to create and manage adverts from their existing stock management system**, powered by our advanced vehicle data and shared in real-time across their network

Removes the inefficiencies of daily data feeds, maximises margin and **ensures consistency and accuracy of advert information** improving the customer experience

Auto Trader Connect is currently **integrated with c.40% of third-party software providers**



Outlook



2023 Outlook

The new financial year has started well. In April this year, we successfully executed our annual pricing event which included the launch of our Auto Trader Connect product.

We are anticipating another good year of ARPR growth, underpinned by our product lever. We expect growth in the product lever to be greater than 2021, but less than the exceptional performance achieved in 2022. We expect the price lever to be broadly consistent with last year, and the stock lever to be flat. We anticipate average retailer forecourts to be marginally down year-on-year, as market conditions start to toughen.

Consumer Services is expected to increase at a rate of low-mid single digits year-on-year, while Manufacturer and Agency remains unclear due to well documented supply chain issues. These two areas only represent c.10% of total Group revenue.

Despite pressure on costs, we anticipate Operating profit margins to be consistent year-on-year at 70%.

This outlook does not include the acquisition of Autorama, which will be provided upon completion. The completion date is not yet known as not all regulatory approvals have been received.

Despite growing economic uncertainty, the Board is confident of meeting its growth expectations for the year.

Appendix



Cashflow statement

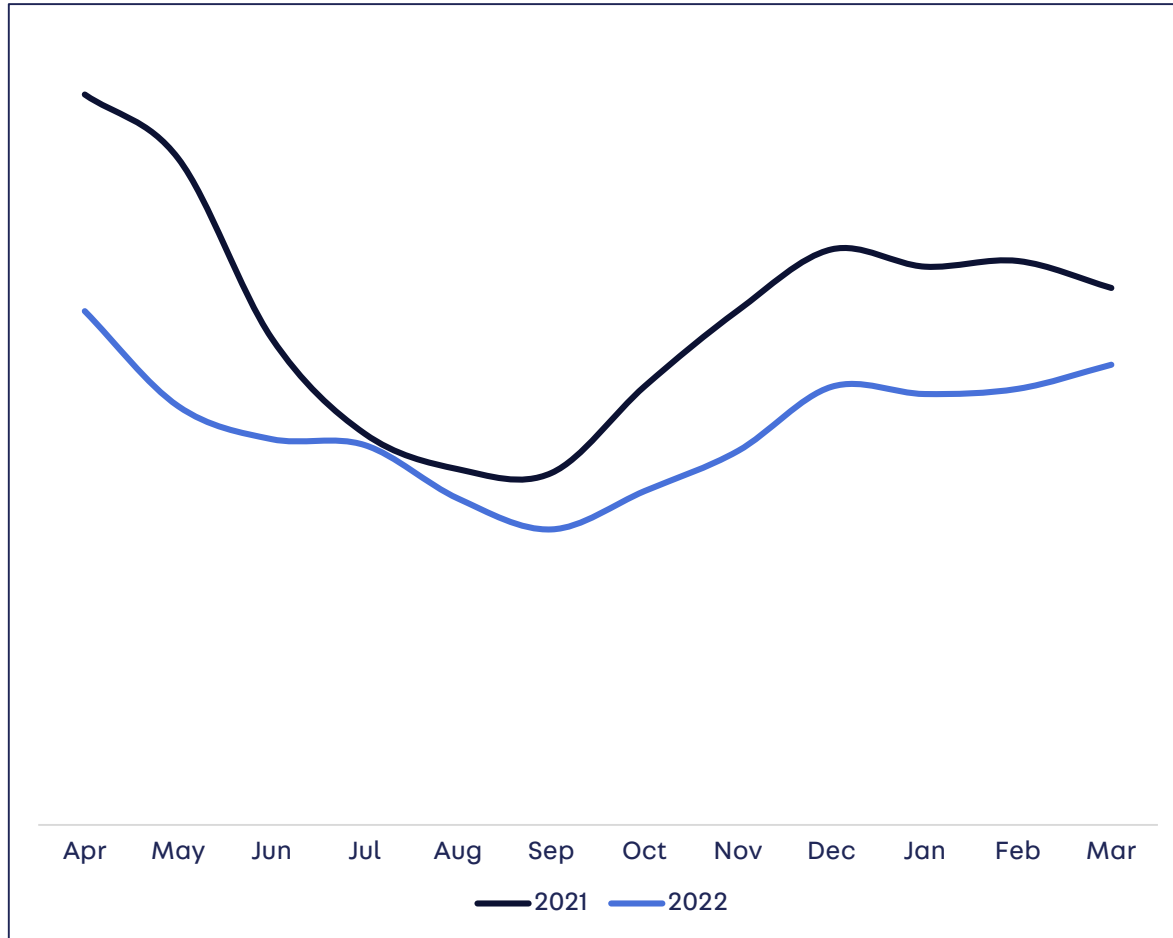
	2022 £ million	2021 £ million
Profit before tax	301.0	157.4
Depreciation & amortisation	7.2	6.3
Share-based payments charge (excl. associated NI)	5.1	3.3
Share of profit from joint ventures	(2.9)	(2.4)
Finance costs - net	2.6	3.8
Other non-cash items	(0.1)	0.3
Changes in working capital	15.2	(15.8)
<i>Cash generated from operations</i>	328.1	152.9
Tax paid	(56.2)	(28.2)
Capital expenditure	(2.8)	(1.4)
Payment of lease liabilities	(3.2)	(2.5)
Contributions to defined benefit pension scheme	(0.1)	(0.1)
Acquisition of shares in subsidiary	-	(10.0)
Dividend received from joint ventures	7.8	-
Drawdown/(repayment) of revolving credit facility	(30.0)	(283.0)
Payment of interest on borrowings	(1.5)	(3.0)
Payment of refinancing fees	-	(0.5)
Dividends paid	(73.6)	-
Proceeds from issue of shares (net of bookrunner fees)	-	182.9
Purchase of own shares	(163.5)	-
Payment of fees on repurchase of own shares	(0.8)	-
Payment of fees on issue of own shares	-	-
Proceeds from exercise of share-based payments	1.4	1.0
<i>Net increase/ (decrease) in cash</i>	5.6	8.1

Five year record

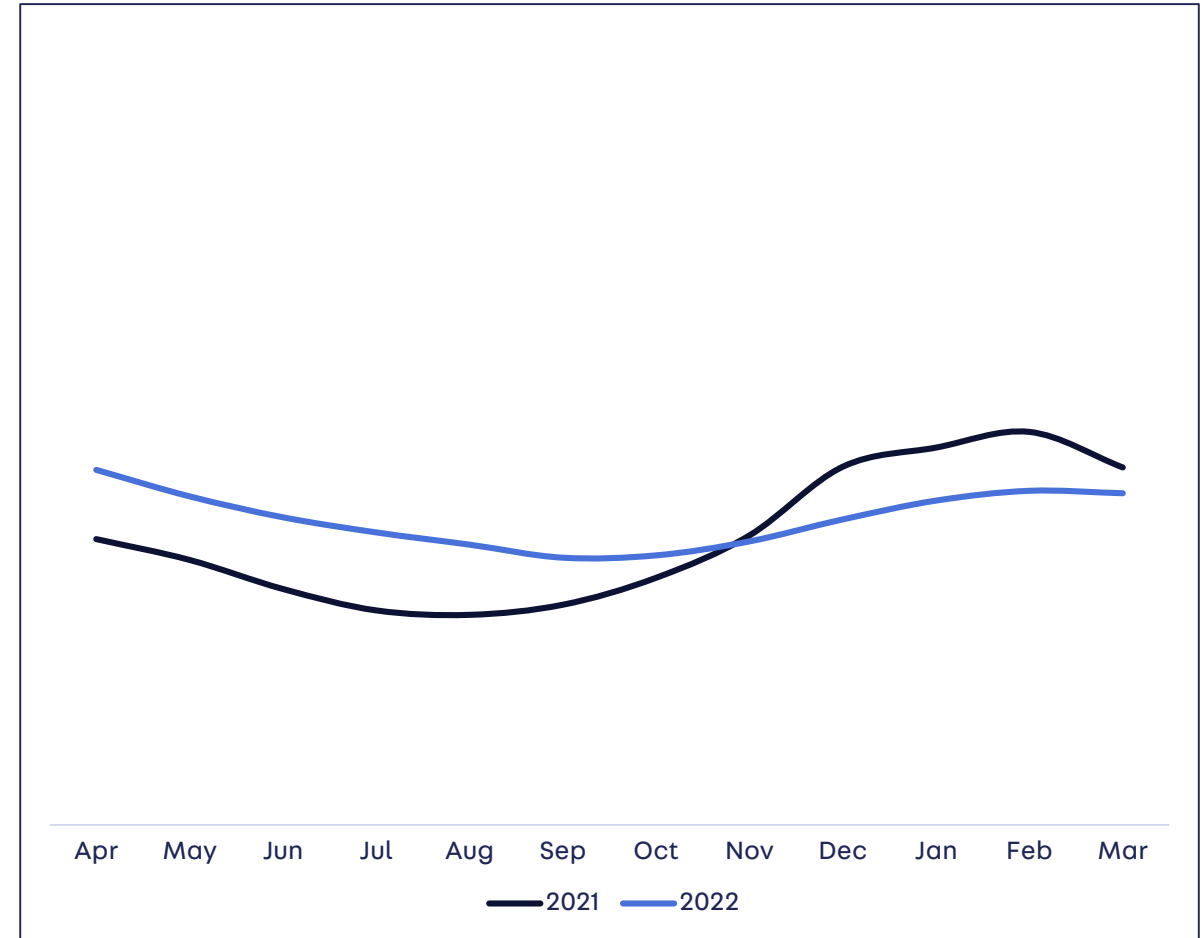
	2022 £ million	2021 £ million	2020 £ million	2019 £ million	2018 £ million
Trade	388.3	225.2	324.3	304.6	281.2
Consumer Services	33.3	26.6	28.3	28.0	29.8
Manufacturer & Agency	11.1	11.0	16.3	22.5	19.1
Revenue	432.7	262.8	368.9	355.1	330.1
Costs	(132.0)	(104.0)	(113.2)	(112.3)	(108.8)
Share of profit from joint ventures	2.9	2.4	3.2	0.9	-
Operating profit	303.6	161.2	258.9	243.7	221.3
Net interest expense	(2.6)	(3.8)	(7.4)	(10.2)	(10.6)
Profit on disposal of subsidiary	-	-	-	8.7	-
Profit before taxation	301.0	157.4	251.5	242.2	210.7
Taxation	(56.3)	(29.6)	(46.4)	(44.5)	(39.6)
Profit after taxation	244.7	127.8	205.1	197.7	171.1
Net assets/ (liabilities)	472.5	458.7	141.6	59.0	5.6
Net bank (cash) debt/ (gross bank debt less cash)	(51.3)	(15.7)	275.4	307.1	338.7
Cash generated from operations	328.1	152.9	265.5	258.5	228.4
Basic EPS (pence)	25.6	13.2	22.2	21.0	17.7
Diluted EPS (pence)	25.6	13.2	22.1	20.9	17.7
Dividend per share (pence)	8.2	5.0	2.4	6.7	5.9

Paid stock was less cyclical than live stock, although the prior year was impacted by both a stock offer and free periods of advertising

Live physical car stock (excluding new cars)



Paid stock (driving stock lever)



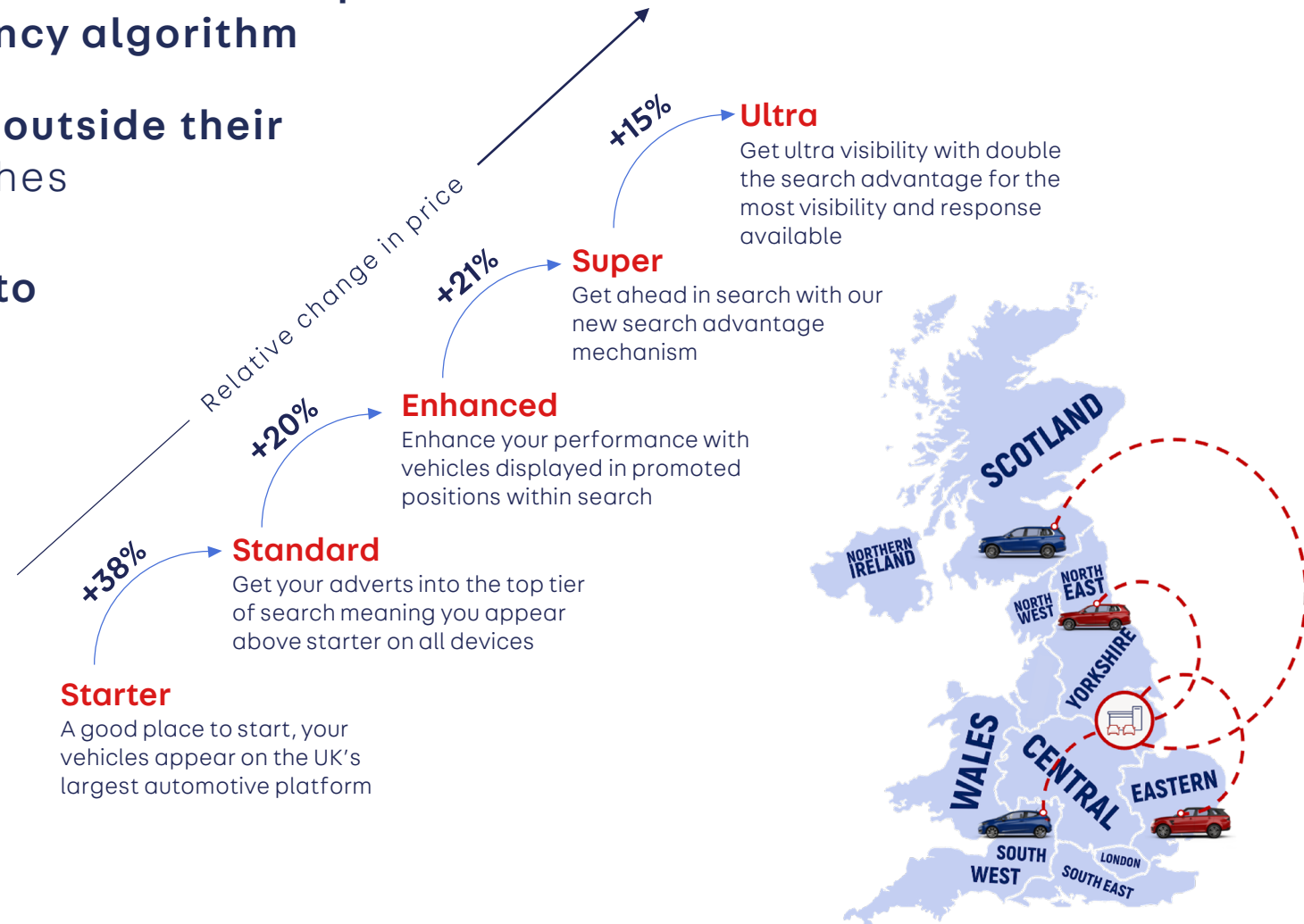
We have evolved our advertising package structure and launched a new product, Market Extension

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

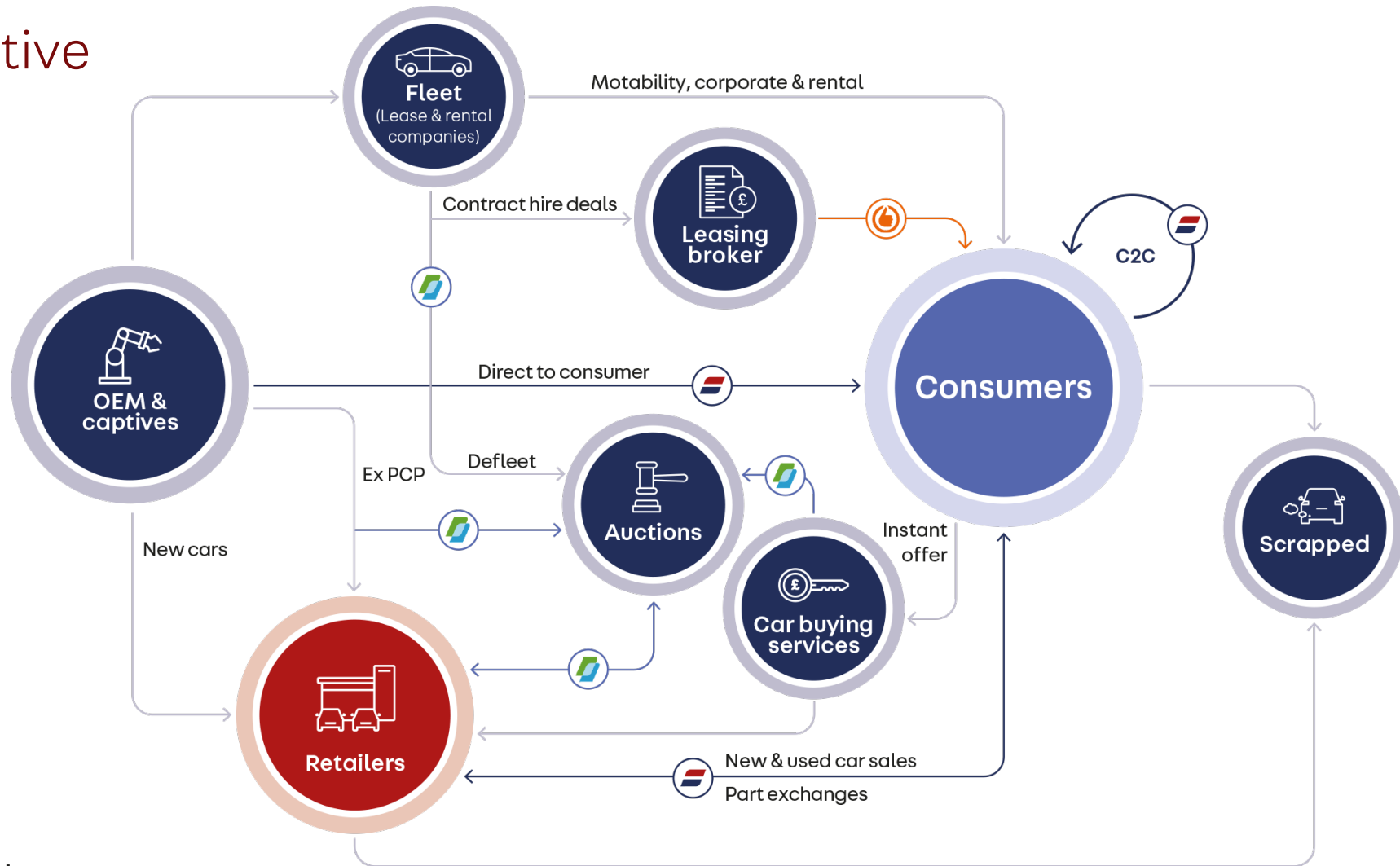
Market Extension allows retailers to **sell outside their local area** and appear in regional searches

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 31% of retailer stock on a package above Standard** in March 2022 (March 2021: 26%) and **over 6% of retailer stock on Market Extension** in March 2022



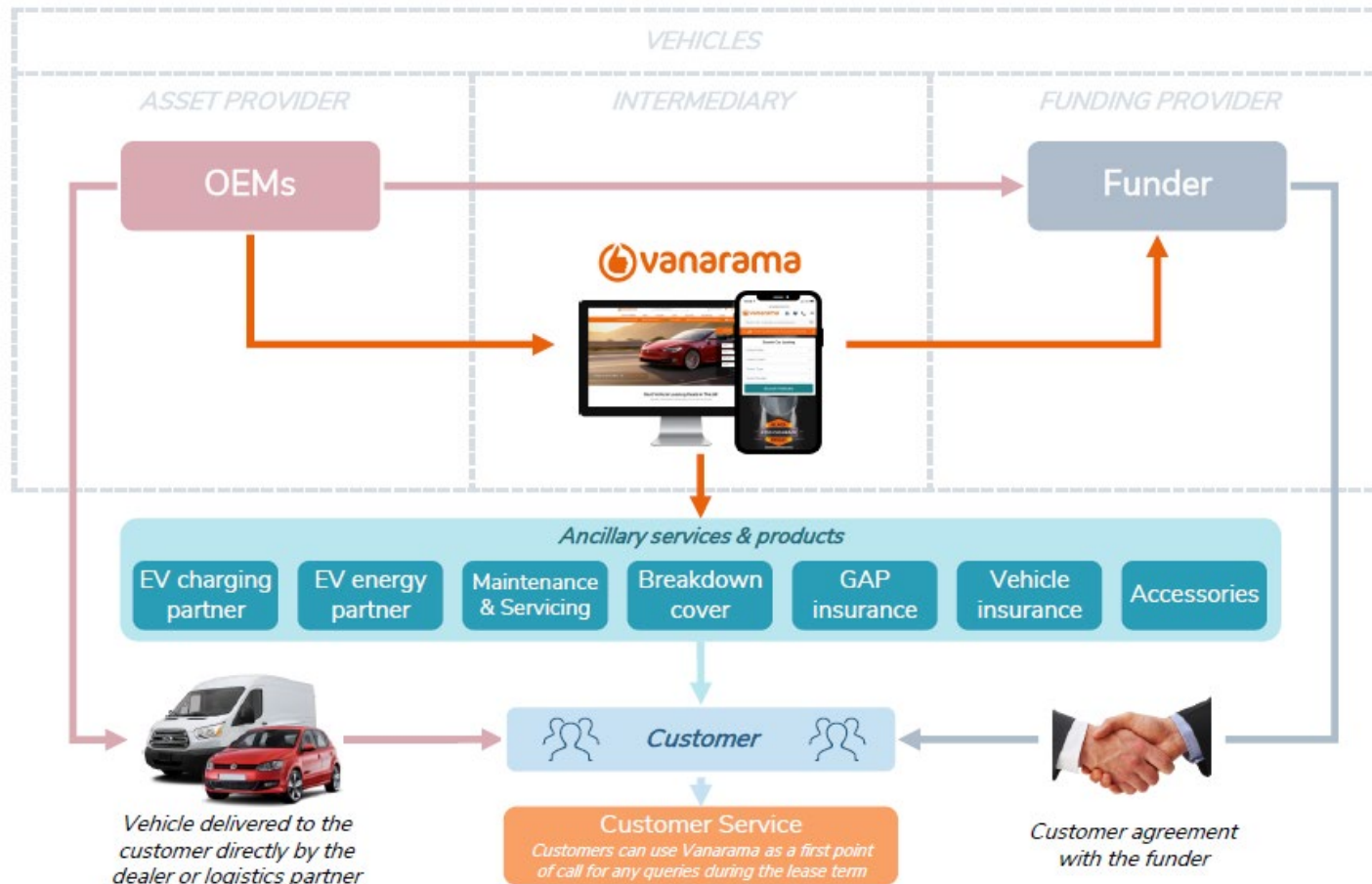
The automotive ecosystem



Supported by:

Car buying services Instant Offer	Data providers AutoTrader	Digital auction marketplace dealerauction	Finance & insurance Auto Convert	Finance / leasing brokers vanarama	Market places AutoTrader	Tech providers Connect	Vehicle logistics Moves
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Subject to regulatory approval, we have agreed to acquire the share capital of Autorama, one of the UK's largest transactional marketplaces for leasing new vehicles



Autorama's platform offers consumers a wide choice of vehicles from multiple OEMs, vehicle finance providers, insurance providers and other auto service providers

The customer agreement exists between the buyer and the funder, with the transaction being fulfilled by a franchise retailer

The business puts customer experience at the heart of all its activities



Reviews 4,681 • Excellent



4.4

✓ VERIFIED COMPANY

Notes

 **AutoTrader**