

2019 in summary

Purpose

To lead the future of the UK's digital automotive marketplace

Strategy

We continue to think about our strategy in terms of three strategic pillars, which address UK car buying, the wider automotive ecosystem and our culture as a business.

Each of these is critical in helping to meet our purpose to lead the future of the UK's digital automotive marketplace and we have made progress against each pillar in 2019.

➤ [Read more page 18](#)

Our culture and values

Our culture is built around our digital, data-driven approach, our values, our commitment to diversity, our rapid response to change and our continued success and growth.

Critical to our culture are our values, from being community-minded to determined, they are at the heart of our company. They are fundamental to our recruitment process, induction, training, the way we behave and underpin our company's approach to everything that we do.

Strategic pillars



Improve car buying in the UK



Evolve the automotive ecosystem in the UK



Become the most admired UK digital business

Our values

Be determined

We are passionate about our customers, showing stamina and resilience, and have the conviction to do the right thing. We will roll up our sleeves to get the job done.

Be reliable

We are outcome-oriented and we do what we say we will do. We perform under pressure and have a strong work ethic.

Be courageous

We are bold in our thinking, overcoming fears, challenging convention and embracing change.

Be humble

We are open, honest, approachable and we treat each other fairly. We recognise success in ourselves and others but admit and learn from mistakes.

Be curious

We are always learning. We question why, we search for better ways, ask questions and actively listen.

Be community-minded

We look after each other, respect diversity and advocate inclusion. We are committed to making a difference to the communities around us and think of others before ourselves.

2019 selected highlights¹

Financial

Revenue

£m

£355.1m

+8%

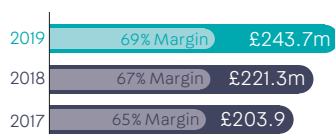


Operating profit²

£m

£243.7m

+10%

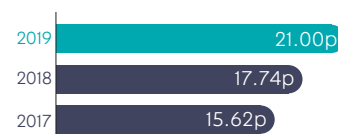


Basic EPS²

pence per share

21.00p

+18%



Operational

Cross platform visits

Monthly average visits spent across all platforms (millions)

49.1m

+1%



Advert views

Average number per month (millions)

239m

-3%

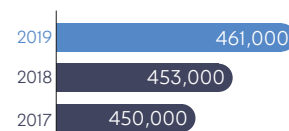


Live car stock

Average number per month

461,000

+2%



¹ The full list of KPIs is available on pages 20 to 23.

² 2018 and 2017 have been restated following the adoption of IFRS 16.

Key achievements

- We successfully monetised our dealer finance proposition, allowing retailers to advertise their finance pricing to consumers earlier in their buying journey.
- We launched a new car proposition which saw us close the year with over 30,000 physical new cars on autotrader.co.uk.
- We successfully maintained our leadership position in both visits and minutes, as measured by comScore, despite increased competition in the market.
- We completed a joint venture with Cox Automotive UK aimed at developing a more efficient way for retailers to source vehicles.
- We met the Hampton Alexander Review recommendation of having over a third of our leadership team and their direct reports as women.
- With community-minded a core company value, we're pleased to report that our employees completed 467 volunteering days within the reported financial year.
- We were the first company to be accredited by the National Autistic Society as an autism friendly employer.



We returned £151m to shareholders through dividends and share buybacks, and reduced debt by £30m."

Ed Williams
Chairman



Overview

The last year saw Auto Trader make major steps towards many of our strategic goals which lie beyond simply being the best place for car buyers and sellers to advertise their cars in the UK and Ireland. The next paragraph highlights three of these.

First, we started to charge our customers for our Dealer Finance service. This allows car finance and monthly payments against vehicles advertised on Auto Trader. By the end of the year 67% of all cars displayed car finance quotes whether via the retailer or using our own service, via a third party. Second, we introduced the ability for manufacturers and retailers to advertise their new car stock, including vehicles manufactured but not yet allocated to a specific retailer. Third, we announced and received Competition and Markets Authority clearance for a joint venture with Cox Automotive, the UK's second largest car auction business, to provide retailers with a fully integrated online solution to sourcing used cars, including virtual auctions.

Healthy progress was made in our core business of advertising used cars for sale, despite a tough new car market and stable but slightly declining used car market. Indeed, the tougher trading conditions experienced by many of our customers have led to a re-evaluation of their marketing approach and greater appreciation of the efficiency gains to be made by making their business more digital.

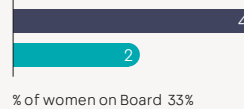
Culture, diversity and inclusion

This Annual Report includes extensive coverage of our approach, initiatives and outcomes with regard to culture, diversity and inclusion. I wanted to highlight here one specific achievement. In April 2019 Auto Trader became the first company in the world to be accredited by the National Autistic Society as an autism friendly employer.

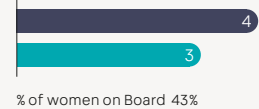
Gender diversity

● Men ● Women

As at 31 March 2019



As at 6 June 2019



My personal thanks goes out to those people in the organisation that identified and took on the challenge of changing Auto Trader to make us worthy of this award. It emphasises that at Auto Trader efforts are not, and should not be, confined only to areas receiving corporate governance attention.

Dividend, financing and capital strategy

We are recommending to shareholders a final dividend of 4.6 pence per share, bringing the total dividend for the year to 6.7 pence per share. This 14% increase on the previous year is underpinned by our EPS growth.

Our capital strategy policy remains unchanged. We aim to distribute around a third of net income as dividends, and use the majority of surplus cash, after dividends, to buy back shares while also reducing debt. In 2019, we returned £151m to shareholders through dividends and share buybacks, and reduced debt by £30m. As we reported last year, on 6 June 2018 we entered into a new five-year £400m revolving credit facility, the majority of which has subsequently been extended for a further year. £313m was drawn at the end of the year.

Board changes and governance

Following the end of the financial year, we announced the intention of our CEO, Trevor Mather, to retire from the Company and step down from the Board on 31 March 2020. Trevor has made a huge contribution to the business. The Board would like to thank him and wish him all the best in retirement.

We will talk about Trevor's contributions and achievements in next year's Annual Report, when we can reflect on the complete period of his tenure.

We were delighted to be able to announce that Nathan Coe, previously COO and CFO, will replace Trevor on his retirement and that Jamie Warner, previously Deputy CFO, will become CFO. We were also delighted to announce the promotion of Catherine Faiers to the role of COO and her appointment to the Board from May 2019.

There were no changes to the Board, nor material matters relating to corporate governance, during the year under review in this Annual Report. We have reviewed the impact of the 2018 Corporate Governance Code. We were already in line with the new requirements in most respects. Where changes are needed, these are already underway and we are committed to taking the necessary steps to comply with the new Code within 12 months. Further details are included within the Corporate Governance report.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10.00am on Thursday 19 September 2019 at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN and we expect that all Directors will be in attendance.

Ed Williams
Chairman
6 June 2019

Chief Executive Officer's statement

“

We continue to operate the UK's largest digital automotive marketplace and have maintained our market leading position. A large proportion of our audience is unique to Auto Trader, and consumers spend more time on our platforms than any other automotive site.”

Trevor Mather
Chief Executive Officer



Our strategic focus

We are focused on our purpose to lead the future of the UK digital automotive marketplace. Our strategy is centred on improving car buying and selling in the UK, evolving the wider automotive ecosystem and maintaining a continued focus on building a culture that enables us to realise this opportunity.

Summary of operating performance

Despite continued tough wider market conditions, we have had a great year. Revenue grew by 8% to £355.1m as retailers and manufacturers recognise the value in our core marketplace and our products. Operating profit grew by 10% with our Operating profit margin increasing to 69%.

Our key deliverables

We continue to operate the UK's largest digital automotive marketplace and have maintained our market leading audience position by a significant margin. A large proportion of our audience is unique to Auto Trader, and consumers are more engaged with our platforms compared to any other automotive site.

In April 2018 we successfully executed our annual retailer pricing event, introducing new products and features to better enable retailers and manufacturers to compete more effectively on our marketplace. As part of this, we effectively monetised our Dealer Finance product, and through the year increased penetration of our Advanced and Premium advertising packages.

The market

Both the new and used car markets declined in the financial year, although the size of the overall UK car parc continues to grow which benefits our stock-based business model. Predictions suggest that both markets will continue to decline for the calendar year 2019, albeit at a slower rate than in 2018. Economic and political uncertainty plus factors unique to the new car market, for example the continued impact of the Worldwide Harmonised Light Vehicle Test Procedure, continue to impact both new and used car sales.

People and culture

People are our greatest asset, so fostering a culture that is truly values-led, principles-driven and agile and responsive to change, is a fundamental part of our strategy. We work hard to ensure our people are proud to work for the business, and brilliantly 92% said that they were proud to work at Auto Trader in this year's annual employee engagement survey.

Our ambition to become the most admired digital business can only be fulfilled by having a diverse workforce, as well as a deep rooted desire to make a difference to wider society. We are making progress on our diversity and inclusion strategy and continue to develop initiatives to drive greater gender balance across all levels in the organisation. Our Gender Pay Gap Report showed an improvement this year, but there is still more work to be done.

Trevor Mather
Chief Executive Officer
6 June 2019

Another year of growth

- 1 – Innovation driving our operational and financial results
Operating and financial review
pages 24-29
- 2 – Our strategy and strategic pillars
Our strategy pages 18-19
- 3 – A commitment to our people and culture
Corporate social responsibility
pages 35-45
- 4 – The automotive market today
Market overview **pages 8-11**

Our approach

Creating value for our stakeholders

Market overview

The automotive market comprises over 10 million new and used car transactions each year, but is complex and often inefficient.

We believe that by continually improving transparency in the marketplace around pricing, specifications of the car, history checks and dealer reviews we can improve trust held within the industry. Greater trust, as well as a much improved buying journey, should help many consumers overcome the perception that changing their car is an onerous process and, ultimately, encourage more transactions.

Focus areas

Consumers

Owners of the 34.9 million cars within the UK car parc. Consumers involved in transactions as buyers, sometimes also as sellers and providers of stock via part-exchange.

New and used cars sold

10.2m

Trade

Retailers are involved in the sale of new cars, as part of a manufacturers' distribution network, and sellers of used cars. Much of that used car stock is sourced via part-exchange or through auction.

Used cars sold from trade to consumers

5.0m

Manufacturers

New cars are built and distributed either to fleet and lease companies or sold to companies and private buyers, usually via a franchise network.

Total new car registrations

2.3m

Our business model

Auto Trader is the UK's largest digital automotive marketplace.

Our trusted brand has been established for over 40 years, and in that time, we have built a network of highly engaged consumers searching over 450,000 cars from a diverse retailer base. These cars are largely supplied by retailers, as well as a small proportion from other consumers, and are then advertised on our marketplace, the most effective automotive sales platform. This creates a network effect model – a self-perpetuating cycle with each element further fuelling the next.

Our model

Inputs

- Trusted brand
- Data at scale
- Scalable technology platform
- People and culture
- Cash generation

Activities

- Ensuring the best choice of vehicles
- Connecting new and used buyers and sellers
- Providing insights and products that enable retailers and manufacturers to compete more effectively
- Risk management and strong corporate governance

Outputs

- Making car buying easier
- Improving retailer and manufacturer businesses
- Delivering sustainable revenue and profit growth
- Investing in our people, culture and community

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Growth horizons

Our position as the leading digital automotive marketplace provides multiple horizons for growth with our customers over time.

We have identified three horizons of growth to help achieve our strategy. These horizons are in our core marketplace, adjacent markets and long-term future opportunities.

Our growth horizons



Growth horizon 1 Core

Our core marketplace continues to offer a strong runway for growth, underpinned by continuous improvement of the car buying experience.



Growth horizon 2 Adjacent

Identification of adjacent opportunities in new car sales and the way in which our customers source vehicles.



Growth horizon 3 Future

The evolution of both our products and consumer experience aims to keep consumers online for longer throughout the buying journey.

Our strategy

We have continued to make progress against all three of our strategic pillars in 2019.

We have made improvements to our core car buying journey, our company values and the way in which we work as an organisation. We have also entered other parts of the automotive ecosystem, around new car sales and the way in which our customers source vehicles.

Our strategic pillars



Improve car buying in the UK



Evolve the automotive ecosystem in the UK



Become the most admired UK digital business

Key performance indicators

We have identified the following key performance indicators to track performance.

We have adopted the new accounting standard for Leases ('IFRS 16') from 1 April 2018, using the fully retrospective approach, and have restated all prior year periods. We have also replaced cross platform minutes as measured by comScore with our own internal tracking for cross platform visits.

Financial

Revenue

£355.1m

Average Revenue Per Retailer ('ARPR')

£1,844
per month

Operating profit

£243.7m

Basic EPS

21.00p
pence per share

Cash generated from operations

£258.5m

Operational

Cross platform visits

49.1m

monthly average across all our platforms

Advert views

239m

average per month

Number of retailer forecourts

13,240

average per month

Number of full-time equivalent employees ('FTEs')

804

average number (including contractors)

Live car stock

461,000

average per month

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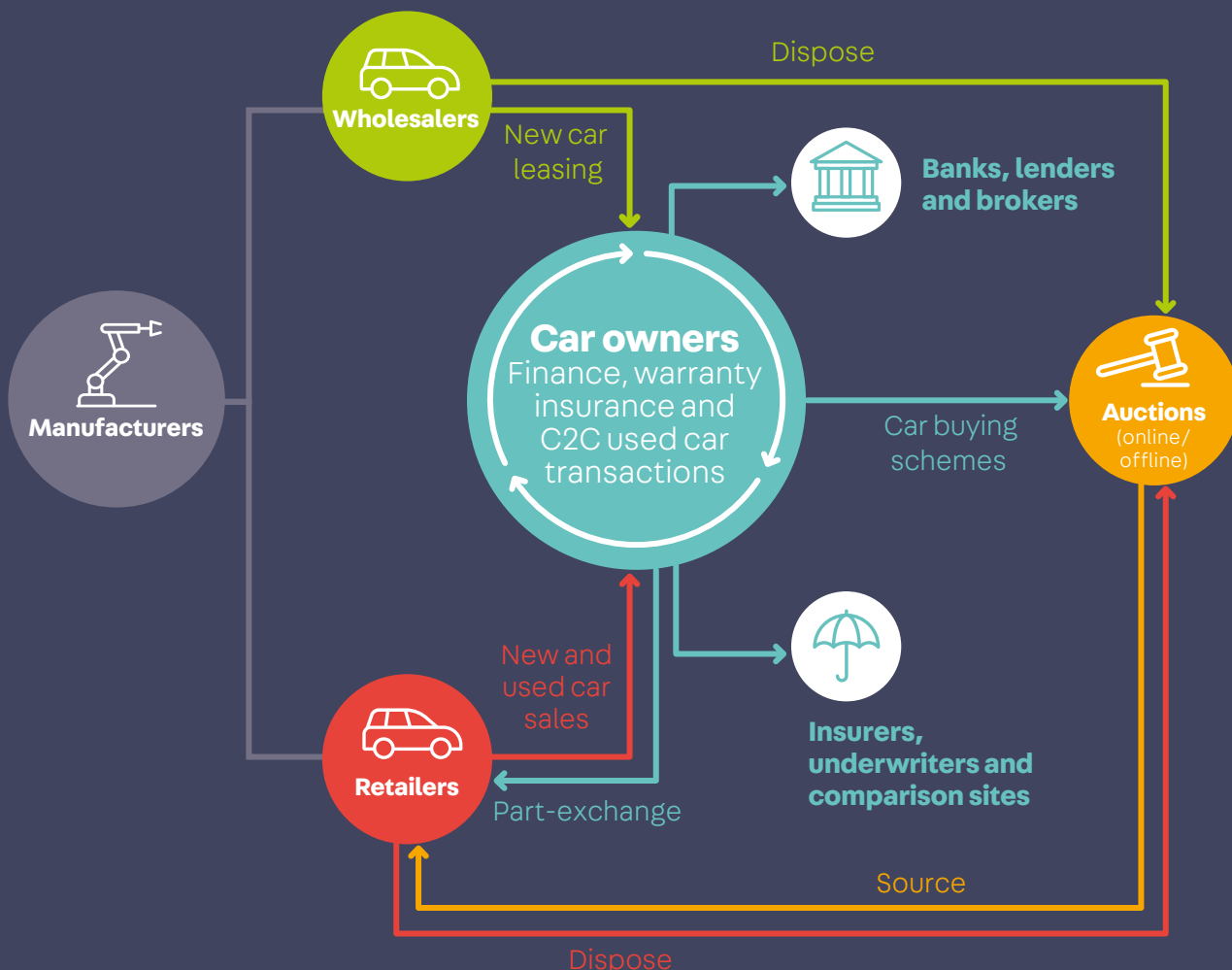
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pages 20-23

The ecosystem we operate in

The automotive ecosystem

The automotive market is complex and often inefficient. There are multiple participants and unsurprisingly consumers can find the process of buying or selling a car overwhelming.

Through Auto Trader products, services and partnerships, we aim to significantly improve the car buying experience, as well as leverage our existing relationships to improve further parts of the value chain.



3.3m

part-exchanges estimated between retailers and consumers each year

3.3m

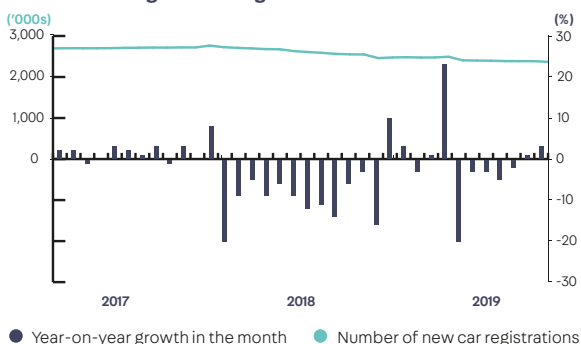
cars auctioned through both physical and online channels each year

300k

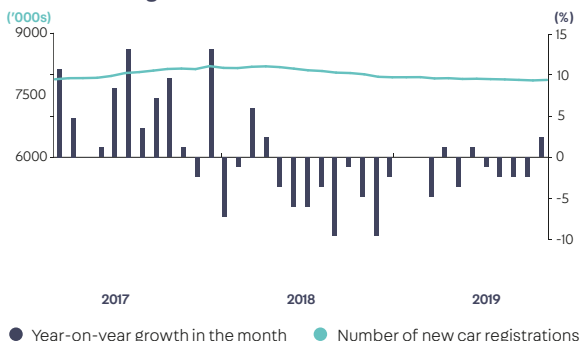
cars bought directly from consumers by car buying schemes each year

Transactions declined in both the new and used car markets in 2019. Despite this decline, prices were buoyant and finance penetration continued to grow.

12-month rolling new car registrations



12-month rolling used car transactions



Auto Trader Retail Price Index



New and used car market

10.2 million car transactions took place in the 12 months to March 2019, according to the Society of Motor Manufacturers and Traders (SMMT), driven by a growing number of vehicles in the UK and car owners changing their car on average every 3.4 years. The total UK car parc continues to grow, increasing by just under 1% to 34.9 million cars¹.

The SMMT reported new car sales declined in the 12 months to March 2019 by 3.7%, giving a total number of 2.3 million registrations during the period. Used car transactions also declined over the 12-month period, albeit at a lesser rate of 0.9%, as 7.9 million transactions were made.

Particularly impacting the number of new car registrations, the new Worldwide Harmonised Light Vehicle Test Procedure (WLTP) came into effect in September 2018, and was felt across the market as manufacturers struggled to maintain the supply of compliant vehicles into their retailer networks.

The Auto Trader Retail Price Index, which tracks the average trade retail price of a used car on a like-for-like basis, stripping out the impact of changes in the mix of cars being sold, shows that prices remain buoyant across the market increasing over the 12-month period to March 2019 by 3.5%. Petrol and alternatively fuelled vehicles increased by 4.9% and 3.6% respectively, and diesel increased by 2.5%. The average price of a used car throughout the period was £12,520.

Looking ahead, industry predictions suggest that new car transactions will decline again in 2019, although at a slower rate than was seen in 2018. The used car market typically sees less volatility and therefore similarly we anticipate only a small decline in the number of used car sales in 2019.

UK economy and Brexit implications

The UK economy continues to perform resiliently despite the path of Brexit remaining unclear. It grew by 0.5% in the three months to March 2019, following a rise of 0.2% during the final quarter of 2018. GDP growth across 2018 was 1.4%, whilst UK inflation was 1.9% in March 2019, unchanged from February 2019. This remains close to January's two-year low, which is helping consumers to maintain their spending power.

In addition, wages were 3.3% higher in the three months to the end of March and UK unemployment has fallen to a 45-year low, reducing by 65,000 in the three months to March to 1.3 million. The continuing low level of interest rates has provided consumers with attractive car finance deals and given some support to the new car market.

Nevertheless, the Bank of England has in recent months downgraded its outlook for UK real GDP growth to its weakest since the financial crisis, largely as a result of heightened uncertainty related to Brexit. There were, however, some upgrades in the Bank's forecasts with expectations for 2021 nudged higher from 1.7% to 1.9%.

We do not foresee any issues with Brexit affecting our ability to provide our services, and we do not anticipate that it will materially change our cost base. As we have said previously, the form of any Brexit deal is likely to affect Auto Trader only as much as it impacts on both general levels of consumer confidence and the supply of new cars into the UK market. If the average price of a car increases and consumer confidence levels decrease, there is a potential impact on the number of car transactions. This would likely impact our retailers' profitability and their ability to spend on our marketplace.

Not new, not used but next car

As car buyers become more open to either a new or used car and indeed between a traditional combustion engine versus an alternatively fuelled one, one thing remains: they want to search for their next car online. Recent research conducted by Acacia Avenue suggests that consumers want to do at least 14 different tasks online. These tasks vary from the start of the journey where consumers are considering the general types of car to focus on, choosing to buy new or used, choosing the brand(s) of car, and subsequently slimming this choice down to find a specific dealer to visit.

Consumers are often open to a new car when starting their buying journey, but the majority don't know what new cars are for sale, how much they cost, whether they're in budget, or how soon they'll be available. It's estimated that there are over 120,000 physical new cars already manufactured and delivered to the UK, but that are effectively hidden from consumers. The current consumer buying journey for a new car ignores these readily available vehicles and sends the consumer down a configuration journey, which often results in a wait of several months to take delivery of the vehicle. At this point the consumer may be offered the alternative option of a car that is available in the UK for sale immediately, but there is usually a compromise on the specification, which can lead to dissatisfaction. Our proposition for new cars aims to surface these brand-new physical vehicles, available to buy and take delivery of now, to in market car-buyers.

Auto Trader is, by some distance, the UK's largest and most influential website for new car purchases. In fact, 70% of consumers would use Auto Trader to search for their next new car. Therefore, we have recently updated our search experience on Auto Trader so car buyers can now choose from new or used in one place, without the need to make a trade-off on their ideal next car. Our marketplace, as at 31 March 2019, featured over 30,000 physical brand new cars for sale.

Finance fuelling car ownership

The ubiquity of car finance options in the form of Personal Contract Plans (PCP), Hire Purchase (HP) and Personal Contract Hire (PCH) has been a key catalyst in shifting car buyers away from traditional car ownership to more of an 'access' or 'subscription' model of owning a car. In the 12 months to March, over 91% of new cars were purchased on finance, with the corresponding number of just over 30% for used cars, according to the Finance and Leasing Association (FLA)². The growing number of these models will shape the future relationship between consumer and car; and therefore will have ownership implications for both retailers and manufacturers. Whilst the traditional concept of 'ownership', i.e. buying a car outright in cash, is indeed losing popularity, research we conducted for a recent Market Report³ revealed that 80% of consumers still want to own their car or at least have exclusive access to it. 52% said they wouldn't consider sharing services; the primary reasons were an unwillingness to share (51%), inconvenience (48%) and it not fitting into lifestyles (43%).

New business models that allow consumers to access a car in a variety of ways and for varying time periods have the potential to grow demand for cars in the short term. They'll also open up car accessibility to those consumers who have not previously been able to afford a car or who don't want the commitment of owning one in the traditional sense. That's why we believe the evolution in ownership towards access models will complement, rather than cannibalise, the market. Understanding the type of access consumers want from their cars is perhaps the key to predicting how this evolutionary step will shape our industry.

We are the most visited automotive website with

76%

share of minutes spent across automotive classified sites

49.1m

cross platform visits, we remain the primary source for consumers on their car buying journey

Last year we introduced the ability for consumers to search by monthly payment, as 71% of car buyers said paying monthly for a car was the key factor influencing their finance choice⁴. The move enabled retailers to advertise their monthly finance prices on each vehicle advert, alongside the purchase price. This benefits both retailers and consumers. Retailers can promote their own finance prices more effectively and buyers can see exactly what a car will cost on a monthly basis, enabling better comparison of cost earlier in the buying journey. In the year ended March 2019, we had over 5,000 retailers paying to display their own finance, and an additional 3,500 deciding to use our partner to display monthly pricing. At the end of the year, this meant that over 320,000 vehicles appeared with a monthly price on Autotrader.co.uk.

Maintaining our competitive position

We continue to evolve and adapt alongside changing market conditions which means we remain the UK's largest digital automotive marketplace for new and used cars. With 49.1 million cross platform visits, we remain the primary source for consumers on their car buying journey. The audience is not only large but highly engaged with a 76% share of minutes spent across automotive classified sites, five times more than our nearest competitor, a measure that has grown from four times in the previous year. What's more, we are also the most trusted automotive classified brand in the UK. We enjoy 83% and 70% prompted awareness when consumers think about which brand can help them with the process of buying or selling a used or new car respectively.⁶

1 Society of Manufacturers and Traders (SMMT)

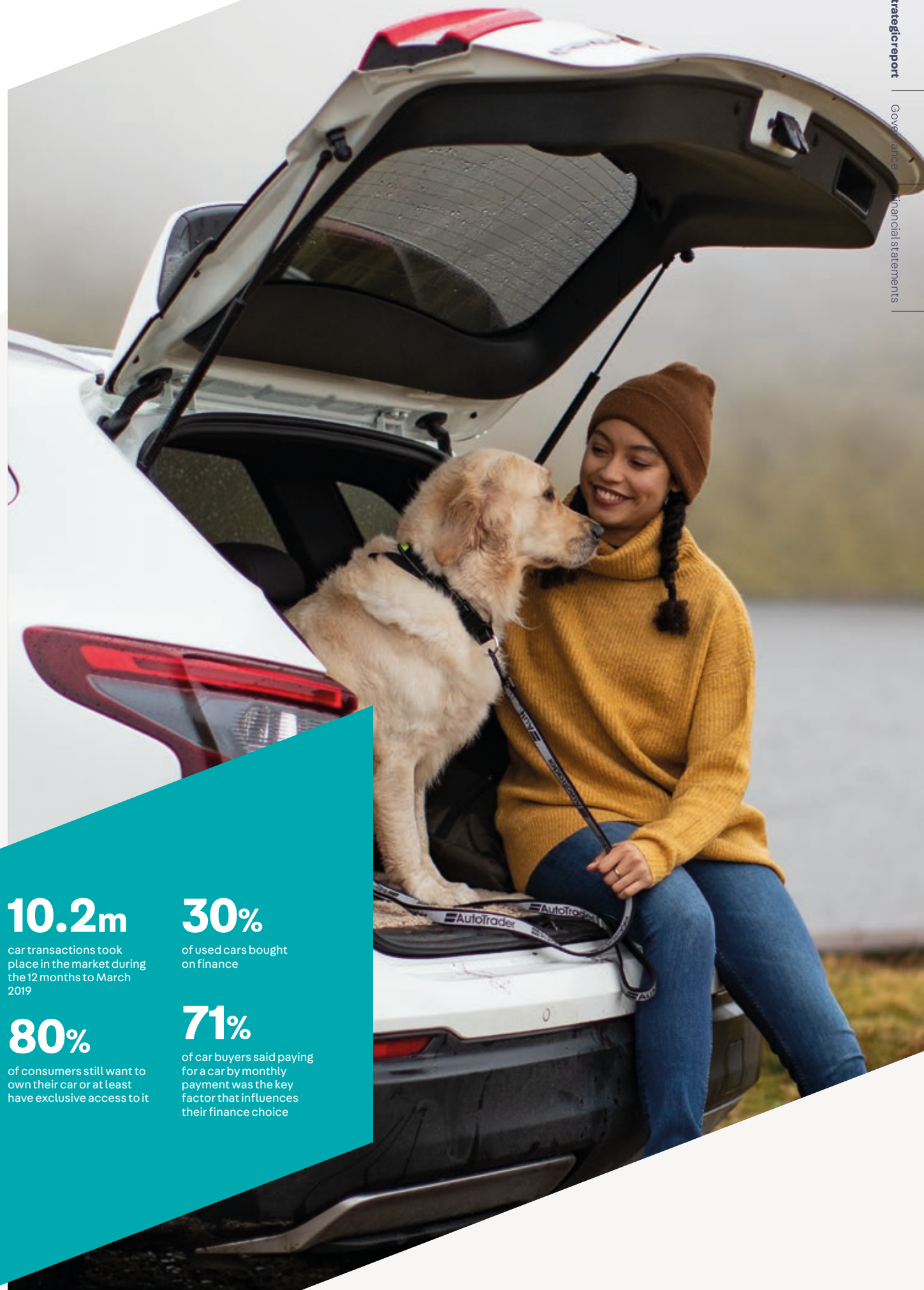
2 Based on data from Finance & Leasing Association (FLA), March 2019

3 Auto Trader Market Report, September 2018

4 Auto Trader Market Report, March 2018

5 Auto Trader Brand Tracking conducted by Acacia Avenue average Brand tracking

6 Auto Trader Brand Tracker conducted by Acacia Avenue, monthly data



10.2m

car transactions took place in the market during the 12 months to March 2019

30%

of used cars bought on finance

80%

of consumers still want to own their car or at least have exclusive access to it

71%

of car buyers said paying for a car by monthly payment was the key factor that influences their finance choice

Auto Trader is the UK's largest digital automotive marketplace

Inputs

Trusted brand

Auto Trader has operated as a trusted source for UK car buyers and sellers for over 40 years.

Auto Trader prompted awareness

90%

of consumers were aware of Auto Trader for any mention of new or used car

Data at scale

Auto Trader's volume of vehicle listings and consumer interactions generate significant quantities of quality data.

Volume of searches on Auto Trader

139m

average volume of searches per month on Auto Trader by consumers

Scalable technology platform

We operate a technology platform that serves our core classified marketplace and is capable of supporting new growth opportunities and third parties.

Software releases

15,000

in 2019

People and culture

Our values-led culture has created a fast-moving, collaborative and community-minded company which can quickly respond to market changes and opportunities.

Number of full-time equivalent employees (including contractors)

804

on average in 2019

Cash generation

The highly cash generative nature of the business allows us to invest in long-term growth drivers of the business.

Cash generated from operations

£258.5m

Activities generating value

Ensuring the best choice of vehicles

A key component of our network effect model is having the most comprehensive selection of both new and used stock for consumers to consider when shopping for a vehicle.

Connecting new and used buyers and sellers

Auto Trader has the largest consumer audience and is consistently investing in the online experience. This is achieved through an agile product development and delivery approach.

Providing insights and products that enable retailers and manufacturers to compete more effectively

Our customer-operation teams of over 350 employees provide proactive support and insight to retailer and manufacturer customers, helping them target the largest consumer audience in the most impactful way.

Risk management and strong corporate governance

Behind the Company's strong network effect model is a framework that ensures consumers, customers, employees and shareholder interests are upheld.



Our trusted brand has been established for over 40 years, and in that time we have built a network of highly engaged consumers searching over 450,000 used cars from a diverse retailer base. These cars are largely supplied by retailers, as well as a small proportion from consumers, which are then advertised on our marketplace, the most effective automotive sales platform.

This creates a network effect model – a self-perpetuating cycle where greater volumes of stock attract a larger, more engaged audience, generating a greater volume of sales, which in turn fuels more stock. Underpinning this network effect model is large amounts of data we collect, as well as continual investment in our platform, marketing, insight and customer relationships.

Outputs

Make car buying easier

Consumer visits

49.1m

average per month

Through the introduction of our new dealer finance product, and the evolution of our full page advert view, where we have brought together more aspects of “the deal”. As well as this we have seen greater usage of our valuation products and increased the number of dealer and expert reviews, which gives greater transparency to the UK car buying experience.

Improving retailer and manufacturer businesses

Package penetration

19%

of retailer car stock is advertised using our two highest level packages as of March 2019

With the continued evolution of our data-driven Managing products, we’ve provided retailers with the necessary tools to manage their forecourts more efficiently, focusing particularly on price position and speed of sale.

Our prominence products, which include higher level advertising packages and our InSearch product, give manufacturers and retailers the opportunity to gain greater standout on our marketplace.

Delivering sustainable revenue and profit growth

Operating profit

£243.7m

Through a combination of new product initiatives, pricing and strong cost control we look to consistently deliver long-term growth of both revenue and profit. We’re committed to our proactive approach of returning capital to shareholders.

Investing in our people, culture and community

Donated to charity

£212k

We have a strong purpose-driven culture, with a bold approach to societal issues, such as diversity and inclusion. Our company values see us make continued investment in both our employees and the community in which we operate.

Growth horizons

Our position as the leading digital automotive marketplace provides multiple horizons for growth with our customers over time.



Our strategic pillars

Our three strategic pillars are the foundations with which we build towards our overall purpose; these are:



Improve car buying in the UK



Evolve the automotive ecosystem in the UK



Become the most admired UK digital business

[Read more page 18](#)

Growth horizons

We look to execute on our purpose and strategic pillars by thinking about growth opportunities in three horizons:



**Growth horizon 1
Core**

Our core marketplace continues to offer a strong runway for growth, underpinned by continuous improvement of the car buying experience and helping retailers improve their profitability.



**Growth horizon 2
Adjacent**

We've identified adjacent opportunities to our core marketplace in new car sales and the way in which our retailers source vehicles. We believe the scale of our consumer audience and our relationships with retailers and manufacturers help create these opportunities.



**Growth horizon 3
Future**

The evolution of both our products and our consumer experience aims to keep consumers online for longer throughout the buying journey.



Core

Our core marketplace continues to offer a strong runway for growth, underpinned by continuous improvement of the car buying experience and helping retailers improve their profitability.

Continually enhance our core

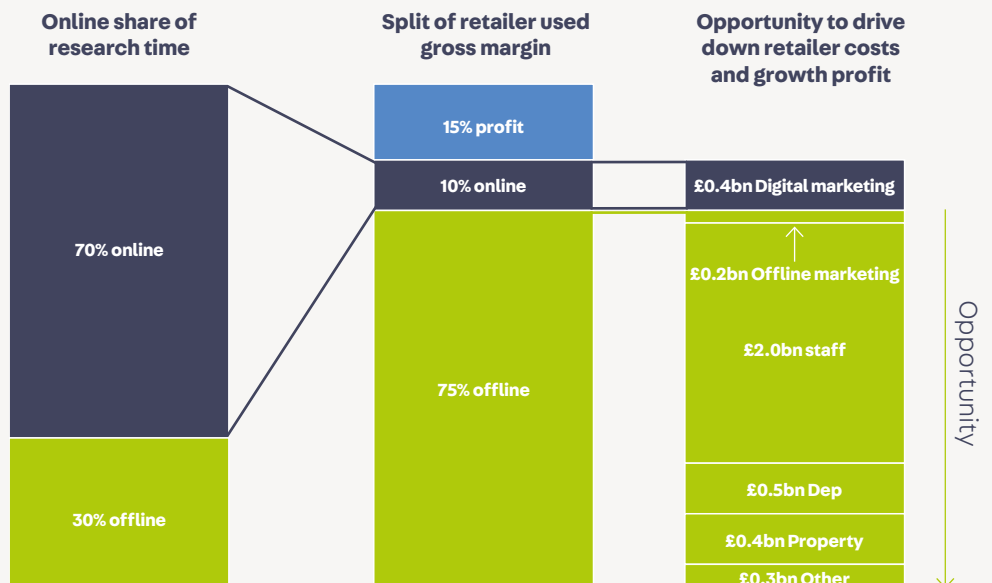
There remains a mismatch between used car retailing costs and the way in which consumers are shopping for their next vehicle. Throughout financial year 2019 we have introduced products to help retailer customers better target in-market car buyers. We have grown penetration of our higher-level advertising packages, which attract greater levels of response from consumers. We monetised our Dealer Finance product, which surfaces a retailers' finance pricing earlier in the buying journey. This product helps consumers arrive at the forecourt better informed on what their next vehicle purchase is likely to be, helping make the actual forecourt experience more efficient.

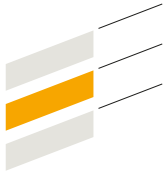
We have also overhauled and relaunched our data-driven Managing products to help retailers improve their price position and speed of sale, thereby lowering the impact of depreciation and discounting.

Strategy

The industry will become more digital and offline costs will reduce. Auto Trader will be fundamental to this change through:

- maintaining leadership with car buyers
- moving the car buying process online
- providing products, data and services that deliver a higher ROI to our retailers than the offline alternatives they use today

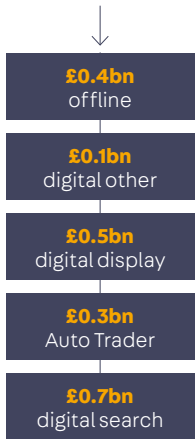




Adjacent

We've identified adjacent opportunities to our core marketplace in new car sales and the way in which our retailers source vehicles to sell on their forecourts. We believe the scale of our consumer audience and our relationship with retailers and manufacturers help create these opportunities.

£2.0bn
2018 UK Automotive
Digital Advertising



Become to new cars what we are in used

We estimate there was c.£2.0bn spent on automotive advertising in the UK in 2018 and of that c.£800m-£1bn was spent by manufacturers promoting new cars.

Financial year 2019 has seen investment in both a new native display product for manufacturers, called InSearch, and also giving franchise retailers the ability to advertise physical new cars on Auto Trader. Consumers currently shop for a new car using a new car configurator. This often leads to frustration as consumers will have to wait a number of months to take delivery of the vehicle. Our proposition informs consumers which new cars are immediately available to buy, including their associated discounts.

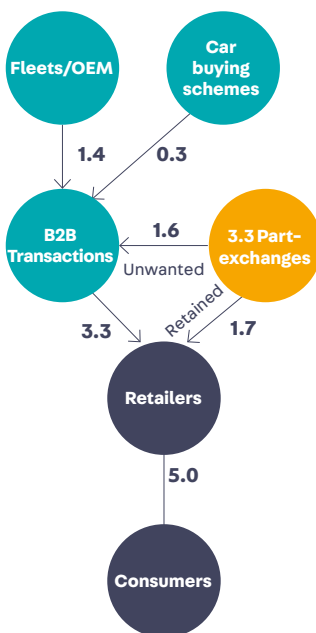
Strategy

Leveraging Auto Trader's large in-market consumer audience, we believe we have a big role in helping manufacturers and their franchises sell new cars.

Today we generate just over £20 million from manufacturers and their agencies, but we believe we can take a more meaningful share of new car advertising, by doing the following things well and consistently:

- delivering the best UK new car buying experience
- continue to grow the choice and quality of physical new car inventory
- mobile-led advertising products with greater scale and targeting
- deepening relationships and perceptions with manufacturers and their agencies

Source of stock for used car transactions sold by trade customers in 2018 (m)



Develop a more efficient way for retailers to source, dispose and move vehicles

There are c.3.3 million B2B transactions per year, fuelled in part by the c.3.3 million part-exchanges that occur when a consumer purchases a vehicle.

In 2019, Auto Trader entered into a joint venture with Cox Automotive UK, to provide a leading digital marketplace for wholesale vehicles in the UK, under the brand Dealer Auction.

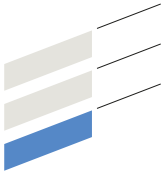
Cox Automotive UK has transferred both Dealer-Auction.com, which offers an online auction of trade-in vehicles from UK franchise dealers, and Manheim Online, the online remarketing services division of Cox Automotive UK, to the joint venture, while Auto Trader has transferred its Smart Buying business (formally known as Autotrader-mail), its retailer-to-retailer platform.

The new Dealer Auction platform will provide a digital led low cost B2B platform that is data-driven to improve profitability for vendors and retailers in a single marketplace with easy access to additional services, such as logistics and wholesale funding provided by partners. Since formation, Dealer Auction has transacted over 30,000 vehicles and advertised an additional 58,000 vehicles through the Smart Buying platform.

Strategy

Sourcing vehicles is one of our customers' biggest challenges and the costs can be significant. Through our joint venture we are looking to grow the online auction market in several ways:

- Our online marketplace will be national, whereas the existing physical auction market revolves around regional centres
- Using Auto Trader's digital relationship with retailers we're able to target potential auction buyers and, following purchase, create a process where a vehicle can be advertised quicker to consumers using **Autotrader.co.uk**
- We will power the search experience using Auto Trader's unique metrics that inform retailers the vehicles that are in demand in their area and provide specification adjusted valuations to guide their buying decisions
- The pricing of Dealer Auction, particularly for buyers' fees, will be cheaper than those currently paid at physical auctions
- We will continue to grow our logistics marketplace, Motor Trade Delivery



Future

The evolution of both our products and our consumer experience aim to keep consumers online for longer throughout the buying journey.

Help consumers transact online

Recent research suggests there is growing appetite for a greater online journey from consumers when it comes to car buying.

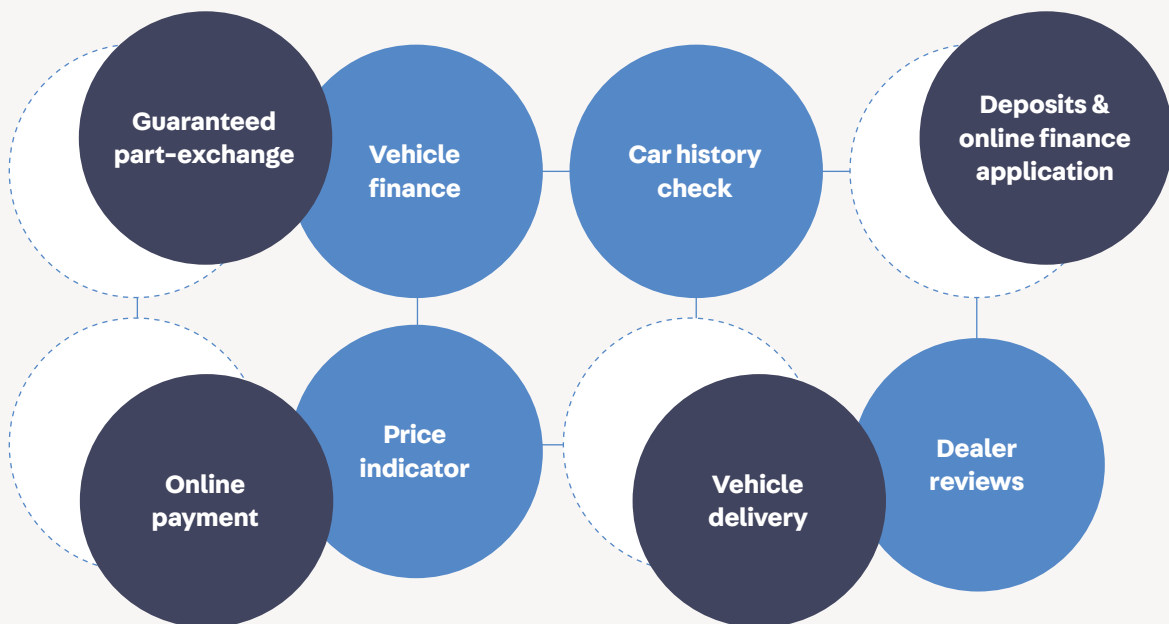
In 2019, Auto Trader has shown monthly prices on its adverts, increased the volume of dealer reviews and in the last few months launched a more comprehensive vehicle check product, all giving greater confidence to car buyers. In the next three years, much of our product development is focused around a deeper online journey. We have the experience, resources and technology to continue leading innovation in the UK automotive marketplace.

Strategy

There are several elements to an online journey and we have made good progress in 2019, with the next areas of focus being:

- We currently show a recommended part-exchange guide price for consumers, but believe we need a way to guarantee this price for consumers
- Our finance product is currently an advertisement of the monthly price, however there is a need to develop the application process and help consumers understand eligibility
- Auto Trader owns a logistics marketplace, however the concept of home delivery is not well established
- The ability to take a full online payment or deposit, including the finance approval, would be required

The elements to deliver an end-to-end online transaction



To be the UK's leading digital automotive marketplace

Strategic pillars

	Horizon	Focus areas	
<p> Improve car buying in the UK</p> <p> Evolve the automotive ecosystem in the UK</p> <p> Become the most admired UK digital business</p>		<p>1 Maintain the best consumer experience for buying and selling vehicles</p>	<p>The largest and most engaged consumer audience, shopping for their next vehicle, underpins our network effect marketplace model. We continue to invest in the onsite experience and the tools available to consumers to help them make the most informed decisions.</p>
		<p>2 Create and maintain high-performing, data-orientated teams</p>	<p>The successful development and scale of our products and services comes down to our people, our most important asset. We consistently invest in our people's development and work hard to ensure we have a diverse and inclusive workforce. Data is fundamental to decision making within the organisation and we constantly strive to improve our capability in this area.</p>
		<p>3 Grow ARPR in a balanced and sustainable way, by creating value for our customers</p>	<p>Average Revenue Per Retailer ('ARPR') is a key determinant of revenue, with 83% of Group revenue coming from retailer customers. Growth in ARPR is split into three levers: price, stock and product.</p>
		<p>4 Improve stock choice, volumes, accuracy and transparency in both new and used vehicles</p>	<p>Stock is a key part of our network effect model. It is vitally important we maintain our leadership position across different profiles, including: age, price, make/model and region, across both new and used vehicles. We aim to replicate in new cars the success we have achieved in used cars. All our stock is underpinned by our extensive vehicle taxonomy.</p>
		<p>5 Develop a more efficient way for retailers to source, dispose and move vehicles</p>	<p>A consistent painpoint for retailers is how they currently source vehicles outside of consumer part-exchanges. Through market research it shows a challenge exists to find quality stock, within a specific stocking policy, at competitive prices whilst also maintaining margin. Disposing of and moving vehicles in a cost effective manner can also be challenging, with many retailers wedded to one supplier.</p>
		<p>6 Extend our product offering further down the buying funnel, towards online transactions</p>	<p>Our research suggests there is a growing desire to complete more aspects of the car buying journey online. We continue to look at the various component parts which might make up that transaction journey and how we might offer those on Auto Trader, extending the time consumers currently spend online shopping for new and used vehicles.</p>



2019 progress

Improvements made to search listings and the full page advert view have helped improve the onsite experience. We have maintained share of minutes spent on automotive classified sites and grown cross platform visits as measured by Google Analytics.

The number of employees has marginally declined year-on-year, although this was partly impacted through the transfer of 15 employees to our new joint venture in Q4. We have improved our data capabilities, resulting in the launch of new iterations of our data-driven Managing products.

ARPR saw growth of £149 in 2019. The main contributor to this was the successful execution of our annual pricing event and the monetisation of our new Dealer Finance product. Upsell to our advanced and premium advertising packages also contributed to our product lever growth. Our paid stock lever was marginally negative, due to H1 pressure on supply.

Live stock on Auto Trader grew 2% in 2019, with the growth coming through the introduction of our physical new car product. Underlying used car stock saw a small decline year-on-year, in line with used car transaction volumes.

In December 2018 we completed a joint venture with Cox Automotive UK to provide a digital online auction marketplace. Auto Trader contributed a business called Smart Buying to complement the Cox owned Dealer Auction, the brand under which the JV will operate, and a business called Manheim Online.

In 2019 we monetised our dealer finance product which allows consumers to consider their finance pricing earlier in the buying journey. We also evolved our full page advert to bring the part-exchange guide pricing and finance quote into a more integrated journey.

Relevant risks

- 4 Failure to innovate: disruptive technologies and changing consumer behaviours: If we fail to adapt to changing consumer behaviour, we could be surpassed in offering the best consumer experience by competitors.
- 5 IT systems and cyber security: Significant downtime or a data breach, resulting in reputational damage, could result in a loss of consumer trust in our marketplace.
- 7 Reliance on third parties: Disruption or downtime from a supplier could result in a poor consumer experience.

- 5 IT systems and cyber security: The data we hold on our employees must be stored securely. Compliance training must also be completed annually by all employees.
- 6 Employees: All our office locations are seeing increased levels of competition for talent.

- 1 Economy, market and business environment: Reduced transactions and lower dealer profitability could lower the propensity for dealers to buy our products.
- 4 Failure to innovate: disruptive technologies and changing consumer behaviours: Inability to react to market disruption could limit our ability to grow our product lever revenue.
- 5 IT systems and cyber security: Significant downtime or a data breach, resulting in reputational damage, could result in a loss of customer confidence.
- 7 Reliance on third parties: Significant downtime or disruption due to a third party could lead to loss of value to customers, potentially resulting in lower product uptake.

- 1 Economy, market and business environment: Reduced new and used car transactions could lead to lower volumes of stock for sale in the market.

- 4 Failure to innovate: disruptive technologies and changing consumer behaviours: The way in which retailers source, dispose and move their vehicles is currently inefficient and requires innovation to significantly improve the existing processes.
- 7 Reliance on third parties: The delivery of improvements in how retailers source, dispose and move vehicles is likely to rely on a greater number of partnerships with third parties.

- 4 Failure to innovate: disruptive technologies and changing consumer behaviours: If we fail to innovate in this area, it is likely that we will miss the significant opportunity in bringing more of the buying journey online and potentially have our existing model undermined.
- 7 Reliance on third parties: The delivery of more components of an online transaction journey is likely to rely on a greater number of partnerships with third parties.

How we measure progress

- Full page advert views
- Cross platform visits

- Operating profit
- Operating profit margin
- Number of full-time equivalent employees ('FTEs')

- Revenue
- Operating profit
- Operating profit margin
- Number of retailer forecourts
- Average Revenue Per Retailer ('ARPR')
- Live stock

- Live stock
- Number of retailer forecourts

- Operating profit
- Operating profit margin

- Revenue
- Operating profit
- Operating profit margin
- Number of retailer forecourts
- Average Revenue Per Retailer ('ARPR')



Risk that applies to all focus areas

- 2 Brand: Failure to protect our brand could result in a reduction in audience, which would limit our ability to execute on all focus areas.
- 3 Increased competition: It's possible that audience, customers, employees and innovation could all be impacted by improvements from our competitors.



Measures that apply to all focus areas

- Basic EPS
- Cash generated from operations

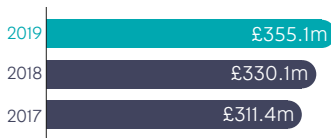
Financial

Revenue

£m

£355.1m

+8%



Relevant focus areas

1 2 3 4 5 6

Definition

The Group generates revenue from three different streams: Trade, Consumer Services and Manufacturer and Agency. Trade is broken down into three categories: Retailer, Home Trader and Other, with Consumer Services similarly split into Private and Motoring Services.

Progress

Revenue increased 8% year-on-year, with the main driver of growth being our Retailer line, supported by Manufacturer and Agency. This growth was slightly offset by a decrease in Consumer Services, largely as a result of declining private listings.

Relevant risks

1 2 3 4 5 6 7

Average Revenue Per Retailer ('ARPR')

£ per month

£1,844

+£149



Relevant focus areas

1 2 3 4 5 6

Definition

Average Revenue Per Retailer ('ARPR') is calculated by taking the average monthly revenue generated from retailer customers and dividing by the average monthly number of retailer forecourts who subscribe to an Auto Trader advertising package.

Progress

ARPR grew £149 in the year. Growth was largely a function of the product lever through: further upsell to our higher-level packages; the monetisation of our new Dealer Finance product; expanding the products included within our packages to include stock exports and improved dealer landing pages; and small growth in the volume of customers paying for a data-driven Managing product. Growth was further bolstered by an underlying price increase, which was slightly offset by a year-on-year decline in our stock lever.

Relevant risks

1 2 3 4 5 6 7

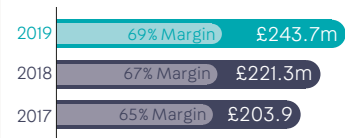
Operating profit

£m

£

£243.7m

+10%



Relevant focus areas

1 2 3 4 5 6

Definition

Operating profit is as reported in the Consolidated income statement on page 83. This is defined as revenue less administrative expenses, plus share of profit from joint ventures. Operating profit margin is Operating profit as a percentage of revenue. Comparative periods have been restated to reflect the Group's adoption of the new accounting standard for Leases ('IFRS 16') from 1 April 2018 using the fully retrospective approach.

Progress

Operating profit increased by 10% reflecting top line revenue growth of 8% and well managed costs. Operating profit also benefitted from one quarter of profit, contributed through our new joint venture, Dealer Auction. Operating profit margin saw improvement, growing by a further 2 percentage points to 69%.

Relevant risks

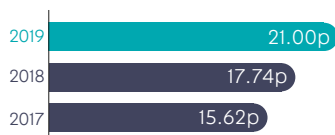
1 2 3 4 5 6 7

Basic EPS

pence per share

21.00p

+18%



Relevant focus areas

1 2 3 4 5 6

Definition

Basic earnings per share is defined as profit for the year attributable to equity holders of the parent divided by the weighted average number of shares in issue during the year. Comparative periods have been restated to reflect the Group's adoption of the new accounting standard for Leases ('IFRS 16') from 1 April 2018 using the fully retrospective approach.

Progress

Basic EPS growth was 18%, demonstrating the Group's high operational gearing. Much of the growth drops through from growth in net income, which benefitted from a one-off profit on disposal as we entered a joint venture with Cox Automotive UK. Basic EPS was also supported by a reduction in the weighted average number of shares in issue during the year as a consequence of our share buyback programme.

Relevant risks

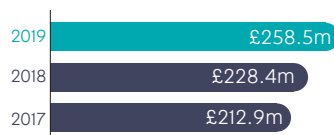
1 2 3 4 5 6 7

Cash generated from operations

£m

£258.5m

+13%



Relevant focus areas

1 2 3 4 5 6

Definition

Cash generated from operations is as reported in the Consolidated statement of cash flows on page 87. This is defined as cash generated from operating activities, before corporation tax paid. This is considered to be a more meaningful measure of performance than the statutory measure of cash generated from operating activities, which can be distorted by changes in funding structure and the time lag that applies to the payment of corporation tax. Comparative periods have been restated to reflect the Group's adoption of the new accounting standard for Leases ('IFRS 16') from 1 April 2018 using the fully retrospective approach.

Progress

Cash generated from operations increased to £258.5 million in the year, giving growth of £30.1 million or 13%. This represented a high proportion of profit converted into cash, which was largely returned to shareholders through dividends and share buybacks.

Relevant risks

1 2 3 4 5 6 7

Linked to remuneration £

➤ Directors' remuneration report page 64

Focus areas relevant to our KPIs

- 1 Maintain the best consumer experience for buying and selling vehicles
- 2 Create and maintain high-performing, data-orientated teams
- 3 Grow ARPR in a balanced and sustainable way, by creating value for our customers
- 4 Improve stock choice, volumes, accuracy and transparency in both new and used vehicles
- 5 Develop a more efficient way for retailers to source, dispose and move vehicles
- 6 Extend our product offering further down the buying funnel, towards online transactions

➤ Our strategy pages 18-19

Risks relevant to our KPIs

- 1 Economy, market and business environment
 - 2 Brand
 - 3 Increased competition
 - 4 Failure to innovate: disruptive technologies and changing consumer behaviours
 - 5 IT systems and cyber security
 - 6 Employee retention
 - 7 Reliance on third parties
- Principal risks and uncertainties pages 30-34

Operational

Cross platform visits

Monthly average visits spent across all platforms (millions)

49.1m

+1%



Relevant focus areas

- 1
- 2
- 3
- 4
- 5
- 6

Definition

Monthly average visits made across all our platforms, as measured by Google Analytics.

Progress

Cross platform visits, as measured by Google Analytics, increased 1% year-on-year and have been largely flat over the last two years. We have changed from the measure of absolute comScore minutes due to volatility in the number which does not correlate with internal measures. The value in comScore lies in the comparison to competitors where we retained our 54% share of visits and over 70% share of minutes across automotive classified sites.

Relevant risks

- 1
- 2
- 3
- 4
- 5
- 6
- 7

Advert views

Average number per month (millions)

£

239m

-3%



Relevant focus areas

- 1
- 2
- 3
- 4
- 5
- 6

Definition

When a consumer conducts a search on Auto Trader, they are presented with a list of search results meeting their search criteria. The consumer can then click into an advert to see the detailed specification of the vehicle, images, videos and how to contact the dealer. This click-through classifies as an advert view.

Progress

2019 has seen a slight decline in advert views, at a slightly higher rate than the reduction in transaction volumes, which were down 0.9%. Throughout the year we have made improvements to our search experience, presenting more parts of the deal on the advert view, which has made finding the right car easier.

Relevant risks

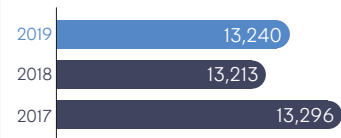
- 1
- 2
- 3
- 4
- 5
- 6
- 7

Number of retailer forecourts

Average number per month

13,240

+0%



Relevant focus areas

- 1
- 2
- 3
- 4
- 5
- 6

Definition

The average number of retailer forecourts per month that subscribe to an Auto Trader advertising package.

Progress

The average number of retailer forecourts in the year was broadly flat. Previously we reported two years of modest decline in retailer numbers, as the overall market for retailers consolidates each year. We believe this consolidation is continuing, implying a marginal increase in our share of retailer forecourts in the year.

Relevant risks

- 1
- 2
- 3
- 4
- 5
- 6
- 7

Number of full-time equivalent employees ('FTEs')

Average number (including contractors)

804

-2%



Relevant focus areas

1 2 3 4 5 6

Definition

Full-time equivalent employees are measured on the basis of the number of hours worked by full-time employees, with part-time employees included on a pro-rata basis. Number of FTEs (which includes contractors) is reported internally each calendar month, with the full-year number being generated from an average of those 12 time periods.

Progress

FTEs have decreased by 2% year-on-year. The decline was driven by continued efficiency in the organisation and the completion of our joint venture with Cox Automotive UK, where employees were transferred into the JV.

Relevant risks

1 2 3 4 5 6 7

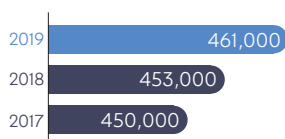
Live car stock

Average number per month

£

461,000

+2%



Relevant focus areas

1 2 3 4 5 6

Definition

The average number of physical cars (either new or used) that are advertised on autotrader.co.uk per month. Live stock is an important component of our network effect business model and we charge our retailer customers on a cost per advertised slot basis for their advertising package, making the stock on our website a key dependency of retailer revenue.

Progress

Live car stock on site increased by 2%. This growth was driven by our new physical stock product, where Franchise retailers can list their physical new cars, currently for free. Underlying used car stock was marginally down, despite a stronger second half, following tight used car supply at the beginning of the year.

Relevant risks

1 2 3 4 5 6 7

Linked to remuneration

➤ Directors' remuneration report page 64

Focus areas relevant to our KPIs

- 1 Maintain the best consumer experience for buying and selling vehicles
- 2 Create and maintain high-performing, data-orientated teams
- 3 Grow ARPR in a balanced and sustainable way, by creating value for our customers
- 4 Improve stock choice, volumes, accuracy and transparency in both new and used vehicles
- 5 Develop a more efficient way for retailers to source, dispose and move vehicles
- 6 Extend our product offering further down the buying funnel, towards online transactions

➤ Our strategy pages 18-19

Risks relevant to our KPIs

- 1 Economy, market and business environment
- 2 Brand
- 3 Increased competition
- 4 Failure to innovate: disruptive technologies and changing consumer behaviours
- 5 IT systems and cyber security
- 6 Employee retention
- 7 Reliance on third parties

➤ Principal risks and uncertainties pages 30-34



Against a backdrop of general market uncertainty, I am pleased to report on another excellent year for the business."

Nathan Coe

Chief Financial Officer and
Chief Executive Officer-designate



Operational review

70%

of consumers would use Auto Trader to help them buy a brand-new car

78%

of consumers would use Auto Trader to help them buy a used car

Introduction

Against a backdrop of general market uncertainty, I am pleased to report on another excellent year for the business, both from an operational and financial perspective. We continue to invest in both our products and experience, ensuring that we're continually adding value to our consumers, retailers and manufacturers, as well as being focused on driving efficiencies across our business and delivering returns to shareholders.

Enhancing the car buying experience

Consumers are carrying out more of their car buying research online. We commissioned some independent research which found that 52% of consumers who had already started their car buying process claimed to consider the cost of a car as a monthly price, rather than the full retail price. We therefore offer functionality so that consumers can search by monthly payment whilst allowing retailers the option to display their finance pricing to the UK's largest car buying audience earlier in their car buying journey. This Dealer Finance product was monetised with retailers as part of our annual pricing event with over 5,000 retailers now paying to advertise their finance offers. In addition to this, over 3,500 retailers chose to appear in monthly search by advertising finance rates provided by our third-party partner.

This year we have also made a significant step forward in new cars, launching a stock-based product allowing retailers to upload physically available new cars at current retail prices, much the same way as they have been doing for decades with their used car stock. We had over 30,000 of these physical new cars onsite at the end of the financial year, and there's still room for growth as we estimate that there are an additional 90,000 of these cars that exist today but are not actively being advertised anywhere. Both consumers and retailers are showing strong appetite for the new car offering, however the technical and operational challenges to get these cars online have proven to be high. At present we are offering this product on a free trial basis. We intend to commence charging for the product during the course of the coming financial year.

Our highest two levels of advertising packages, Advanced and Premium, continue to gain recognition from retailers. These higher yielding packages allow retailers to pay for greater prominence on our marketplace, which drives a higher volume of advert views which in turn enables those cars to sell faster.

Despite a tougher new car market, manufacturers and agencies continue to see the value in our marketplace to advertise their new cars to consumers, with spend up by 18%. However the short-term challenges faced by both of these customer types did impact our growth in the second half of the year. Our fastest growing product is InSearch which allows manufacturers to reach and influence car buyers in a highly targeted fashion.

We continue to invest in our data products and during the year we completely relaunched new 'Managing' products, Retail Check and Retail Accelerator (formerly known as i-Control). The new products represent a significant enhancement with new and improved data, analytics, design, reporting and goal setting. The number of retailer forecourts using one of these products at the end of the year was 3,200 (2018: 3,000). Over 39% of trade stock is managed using one of these data intelligence solutions, which are now hosted on mobile-friendly platforms. We now provide richer valuation data and a proprietary Retail Rating which takes account of supply and demand, enabling retailers to get a more accurate view of how their stock will perform on the live retail market. Building on the success of its predecessor, i-Control, Retail Accelerator takes a retailer's business goals and creates a daily action plan aligned to their desired stock turn and margin. It enables them to manage their inventory more effectively by constantly tracking changing market conditions and delivering alerts on valuation changes, incorrect pricing and ageing stock, as well as dynamic performance reporting to improve retailers' competitive position.

As a technology business we are constantly improving our core platform and infrastructure which are key enablers of our approach to software and product development. This year we have invested in new public cloud-based solutions enabling security, resilience and importantly speed when it comes to releasing software. Over the last year we have released three times as many software updates, achieving 15,000 in the year. Using the public cloud has also enabled us to increase the visibility of application performance enabling us to highlight and rectify issues in applications quickly to avoid customer impacts.

We continue to invest in marketing to keep our brand front of mind with consumers, ensuring they are fully aware of all our available products to help make their purchase of a new or used car easier and a more enjoyable experience.

An independent brand tracker currently suggests that 78% of consumers would use Auto Trader to help them buy a used car and 70% would use Auto Trader to help them buy a brand-new car. One of this year's campaign highlights was a social campaign called ATGoals which ran during the Football World Cup and gave fans a chance to win a car every time England scored a goal in the tournament. The award-winning campaign culminated in a live TV screening of the semi-final game in our home city of Manchester and was viewed by over 27 million people.

The largest automotive marketplace

We continue to operate the UK's largest digital automotive marketplace and we have maintained our market leading audience position by a significant margin. A large proportion of our audience is unique to Auto Trader, and consumers are more engaged with our platforms compared to any other automotive site.

Average monthly cross platform visits increased by 1% to 49.1 million (2018: 48.7 million). We will now report, where possible, our own internal data as measured by Google Analytics to ensure an accurate picture of the cross platform traffic driven to our marketplace. We have grown our market share of time spent on automotive portals as measured by Comscore to 76% (2018: 75%), which is more than five times that of our nearest competitor. Advert views saw modest decline in line with broader market trends.

The level of live stock on our site has increased by 2% in the year, as the average number of cars on the marketplace rose to 461,000 (2018: 453,000). The growth was driven by new cars, through our newly launched product, with a small decline in used car volumes which were impacted by supply side tightening at the beginning of the financial year. The average number of retailer forecourts using our marketplace remained stable, increasing slightly to 13,240 (2018: 13,213).



Financial review

Revenue

£355.1m

+8%

(2018: £330.1m)

Operating profit

£243.7m

+10%

(2018 restated: £221.3m)

Cash generated from operations

£258.5m

+13%

(2018 restated: £228.4m)

Cash returned to shareholders

£151.1m

(2018: £148.4m)

Revenue	2019 £m	2018 £m	Change
Retailer	293.0	268.7	9%
Home trader	10.2	11.4	(11%)
Other	1.4	1.1	27%
Trade	304.6	281.2	8%
Consumer Services	28.0	29.8	(6%)
Manufacturer and Agency	22.5	19.1	18%
Total	355.1	330.1	8%

Revenue

In 2019, we saw another strong year of revenue growth at 8%, climbing to £355.1m (2018: £330.1m), predominantly through Trade revenue, and more specifically Retailer revenue, as our core business continued to grow.

Trade revenue - comprising Retailers, Home Traders and other revenue - increased by 8% to £304.6m (2018: £281.2m). Retailer revenue grew 9% to £293.0m (2018: £268.7m), driven by the launch of new products, our annual pricing event and further penetration of higher yielding advertising packages. Average Revenue Per Retailer ('ARPR') improved by £149 to £1,844 per month (2018: £1,695). Average retailer forecourts were stable, with a marginal increase in the year to 13,240 (2018: 13,213).

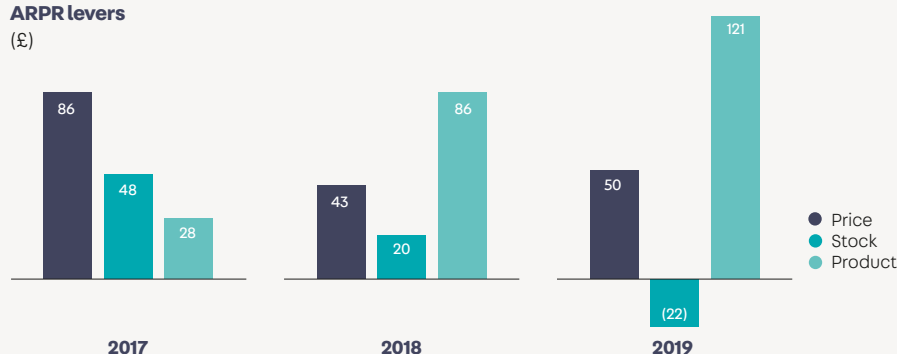
ARPR growth of £149 per month was broken down as follows into our three levers: price, stock and product.

- **Price:** Our price lever contributed £50 (2018: £43) and 34% (2018: 29%) of total ARPR growth. We executed our annual event for the vast majority of customers on 1 April 2018 which included a like-for-like price increase.
- **Stock:** A small contraction in stock had a negative effect on ARPR growth of £22 (2018: positive effect of £20) and was -15% (2018: +13%) of total ARPR growth.

A reduction in the number of new cars registered, lower volumes of pre-registration and some consumer uncertainty led to a lack of used car supply in the market during the first half of the year. Retailer stock has seen some level of recovery through the second half of the year although the market is still challenging.

- **Product:** Our product lever contributed £121 (2018: £86) and 81% (2018: 58%) of total ARPR growth. Our annual event allowed us to introduce two new products, stock exports and profile pages, into all package levels and we also monetised our Dealer Finance product following a trial period. Since 1 April 2018, over 5,000 retailers have opted to pay for the opportunity to advertise their finance offers against their cars, representing 70% of all eligible retailers. In addition, the penetration of our higher yielding Advanced and Premium advertising packages has continued to grow as retailers recognise the value of receiving greater prominence within our search listings. At the end of March, 19% of retailer cars advertised were on one of these levels (March 2018: 12%). There was also a small contribution from our Managing products, which despite re-platforming and continued development in the year, still saw growth to 3,200 customers (2018: 3,000).

ARPR levers (£)



Home Trader had a challenging year, declining 11% to £10.2m (2018: £11.4m), as volumes were impacted by supply constraints, particularly in older, less expensive vehicles which are often traded in this segment and we saw some of these customers move to take up subscription packages. Other revenue increased 27% to £1.4m (2018: £1.1m).

Consumer Services revenue decreased 6% in the year to £28.0m (2018: £29.8m). Private revenue, generated from individual sellers who pay to advertise their vehicle on the Group's website, declined 7% to £20.1m (2018: £21.6m), impacted by a lack of supply in older vehicles, a greater propensity to part-exchange (influenced by the transparency we have enabled for part-exchange values), and increased competition. Motoring services revenue decreased 4% to £7.9m (2018: £8.2m), as we discontinued a low yielding display product, the impact of which outweighed growth from our finance and insurance third-party partners.

Manufacturer and Agency revenue grew 18% to £22.5m (2018: £19.1m). The level of growth, which was skewed towards the first half of the year, was largely driven by InSearch; our native performance product which allows manufacturers to advertise new cars directly within our main search, providing a highly targeted way to influence in-market car buyers. In the second half of the year we have seen what we believe to be a transient impact as a result of the well documented uncertainties resulting from Brexit and cost pressures facing both car manufacturers and their advertising agencies.

Administrative expenses

The Group has adopted IFRS 16 'Leases' in the period, which impacts Other costs and Depreciation & amortisation within Operating profit. Property and vehicle rental charges are no longer included in other costs, and depreciation now includes depreciation on leased assets. Prior period comparatives have been restated to reflect these changes as the fully retrospective approach has been used.

Costs	2019 £m	2018' £m	Change
People costs	56.4	54.8	3%
Marketing	17.6	16.3	8%
Other costs	29.4	28.7	2%
Depreciation and amortisation	8.9	9.0	(1%)
Total administrative expenses	112.3	108.8	3%

1 2018 has been restated for the impact of IFRS 16.

Operating costs continue to be well controlled, with administrative expenses increasing by 3% to £112.3m (2018 restated: £108.8m).

People costs, which comprise all staff costs including third-party contractor costs, increased by 3% in the year to £56.4m (2018: £54.8m). The increase in people costs was driven primarily by underlying salary costs which increased due to strong competition for digital talent, however this has been partially offset by a reduction in average full-time equivalent employees ('FTEs') (including contractors) to 804 (2018: 824). The number of FTEs was particularly impacted in the fourth quarter by the transfer of 15 staff to Dealer Auction, our joint venture with Cox Automotive UK. Share-based payments, including applicable national insurance costs of £5.9m (2018: £3.7m), have been included within people costs. The year-on-year increase in the share-based payment charge was due to leavers under the Performance Share Plan in 2018 for which a credit was recognised in the prior year, and a change in the way senior management are remunerated. The Group now settles a greater proportion of the senior management incentive scheme in shares which increases the share-based payment charge with an offset realised within cash bonuses.

Marketing spend increased in line with revenue by 8% to £17.6m (2018: £16.3m), as we look to maintain and enhance our audience position and educate consumers on new products such as new car offerings and search by monthly payment.

Other costs, which include data services, property related costs and other overheads, remain well controlled and increased by 2% on a like-for-like basis to £29.4m (2018 restated: £28.7m).

Depreciation & amortisation remained broadly flat at £8.9m (2018 restated: £9.0m). Within this was depreciation of £2.0m in relation to lease assets (2018 restated: £1.9m).

Operating profit

In the year, Operating profit grew 10% to £243.7m (2018 restated: £221.3m). Operating profit margin increased by two percentage points to 69% (2018 restated: 67%).

On 31 December 2018, following clearance from the Competition and Markets Authority, the Group completed its joint venture agreement with Cox Automotive UK Limited. The new combined business, called Dealer Auction, provides a leading digital marketplace for B2B transactions in the UK. The Group transferred Smart Buying (formally known as Autotrader-mail), its retailer-to-retailer platform, to the joint venture and paid Cox Automotive UK Limited £19.7m to hold 49% of the new entity. The transfer of the business, combined with the recognition of profits generated by Dealer Auction from the point of completion, had the following impact on Operating profit:

- a reduction in Average Revenue Per Retailer ('ARPR') of £3;
- no effect on costs overall. People costs reduced by £0.4 million, but were offset by increased overheads resulting from amounts payable to the joint venture for continued access to Smart Buying for Auto Trader i-Control customers; and
- the share of the profit from the joint venture at £0.9 million.

Operating profit	2019 £m	2018' £m	Change
Revenue	355.1	330.1	8%
Costs	(112.3)	(108.8)	(3%)
Share of profits from joint ventures	0.9	-	n.m
Operating profit	243.7	221.3	10%

1 2018 has been restated for the impact of IFRS 16.

Profit before taxation

Profit before taxation increased by 15% to £242.2m (2018 restated: £210.7m) following the Operating profit performance, a small reduction in net finance costs at £10.2m (2018 restated: £10.6m) and a one-off profit on disposal of subsidiary of £8.7m created by the transfer of our Smart Buying business to the joint venture, Dealer Auction.

In June 2018, the Group signed into a five-year £400m Syndicated revolving credit facility (the 'Syndicated RCF') to replace the Syndicated Term Loan and the former revolving credit facility. The new facility allows the Group greater flexibility to manage cash flows and allows for further reduction on margin payable as the Group's leverage decreases further. Following the year end the majority of the facility has been extended for an additional year.

Interest costs on the new Syndicated RCF, the Syndicated Term Loan and the former revolving credit facility were £6.5m (2018: £6.8m) reflecting a lower level of drawn debt offset by a small increase in both LIBOR and the margin payable given the increased level of debt flexibility. Amortisation of debt issue costs of £2.8m (2018: £3.0m) included £2.2m of accelerated costs relating to the previous facility following the decision to refinance before the termination date of March 2020. Following the adoption of IFRS 16, finance costs relating to leases were £0.9m (2018 restated: £0.8m).

As part of the joint venture entered into with Cox Automotive UK, the Group disposed of its Smart Buying business, Auto Trader Auto Stock Limited, for which it recognised a profit on disposal of £8.7m. The profit recognised on the disposal has no cash impact as consideration was in the form of shares in the newly formed Dealer Auction business.

Taxation

The Group tax charge of £44.5m (2018 restated: £39.6m) represents an effective tax rate of 18% (2018: 19%) which, when allowing for the profit on disposal above which was non-taxable, is in line with the average standard UK rate and a reflection of our taxation policy to act in a responsible and transparent manner in all tax matters.

Earnings per share

Basic earnings per share rose by 18% to 21.00 pence (2018 restated: 17.74 pence) based on a weighted average number of ordinary shares in issue of 941,506,424 (2018: 964,516,212). Diluted earnings per share of 20.94 pence (2018 restated: 17.68 pence) increased by 18%, based on 944,254,998 shares (2018: 967,912,689) which takes into account the dilutive impact of outstanding share awards.



Cash flow and net external debt

Cash generated from operations increased by 13% to £258.5m (2018 restated: £228.4m) and was achieved as a result of strong Operating profit with low working capital requirements and a high level of cash conversion driven by a particularly strong performance in terms of customer payments and collections.

Corporation tax payments totalled £42.2m (2018: £39.4m). Net cash generated from operating activities was £216.3m (2018 restated: £189.0m).

At 31 March 2019 the Group had £313.0m of the Syndicated revolving credit facility drawn (31 March 2018: £343.0m borrowed under the former Syndicated Term Loan), representing a net repayment of £30.0m (2018: £20.0m repayment). Leverage, defined as the ratio of gross borrowings less cash to Adjusted underlying EBITDA, decreased to 1.19x (2018: 1.46x). Interest paid on these financing arrangements was £6.6m (2018: £6.7m).

Post balance sheet event

On 5 June 2019, the Group extended the term for £316.5m of the Syndicated revolving credit facility for one year. The facility will now terminate in two tranches: £316.5m will mature in June 2024; and £83.5m will mature at the original termination date of June 2023.

There is no change to the interest rate payable and there is no requirement to settle all, or part, of the debt earlier than the termination dates stated.

Capital structure and dividends

During the year, a total of 20.2m shares (2018: 26.8m) were repurchased for a total consideration of £93.5m (2018: £96.2m) before transaction costs of £0.5m (2018: £0.5m). A further £57.6m (2018: £52.2m) was paid in dividends, giving a total of £151.1m (2018: £148.4m) in cash returned to shareholders.

The Directors are recommending a final dividend for the year of 4.6 pence per share, which together with the interim dividend makes a total dividend of 6.7 pence per share, amounting to £62.5m, in line with our policy of distributing approximately one third of net income. Subject to shareholders'

Operating profit**£243.7m****+10%***(2018 restated: £221.3m)***Profit before taxation****£242.2m****+15%***(2018 restated: £210.7m)***Earnings per share****21.00p****+18%***(2018 restated: 17.74p)*

approval at the Annual General Meeting ('AGM') on 19 September 2019, the final dividend will be paid on 27 September 2019 to shareholders on the register of members at the close of business on 30 August 2019.

The Group's capital allocation policy remains 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 buyback programme and to steadily reduce gross indebtedness.

At the 2018 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 94,802,631 of its ordinary shares, subject to minimum and maximum price restrictions.

This authority will expire at the conclusion of the 2019 AGM and the Directors intend to seek a similar general authority from shareholders at the 2019 AGM. The programme will be ongoing, and any purchases of its shares made by the Company under the programme will be affected in accordance with the Company's general authority to repurchase shares, Chapter 12 of the UKLA Listing Rules and relevant conditions for trading restrictions regarding time and volume, disclosure and reporting obligations and price conditions.

Contingent liability

The Group previously reported a contingent liability in respect of the rate of VAT applicable to our insurance intermediary revenue within Consumer services, dating back from 2013 onwards. As reported at the half year, in July 2018 HMRC confirmed the Group's treatment of insurance intermediary revenue for VAT purposes was appropriate. The Group did not incur any liability and the enquiry in respect of this matter is now closed.

Nathan Coe

**Chief Financial Officer and
Chief Executive Officer-designate**

6 June 2019



Principal risks and uncertainties

Identify, evaluate and manage the Group's risks

Identify, evaluate and manage the Group's risks

The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

This included an assessment of the likelihood and impact of each risk identified, and the mitigating actions being taken. Risk levels were modified to reflect the current view of the relative significance of each risk.

The principal risks and uncertainties identified are detailed in this section. Additional risks and uncertainties to the Group, including those that are not currently known or that the Group currently deems immaterial, may individually or cumulatively also have a material effect on the Group's business, results of operations and/or financial condition.

Focus areas that are impacted by our risks

- 1 Maintain the best consumer experience for buying and selling vehicles
- 2 Create and maintain high-performing, data-orientated teams
- 3 Grow ARPR in a balanced and sustainable way, by creating value for our customers
- 4 Improve stock choice, volumes, accuracy and transparency in both new and used vehicles
- 5 Develop a more efficient way for retailers to source, dispose and move vehicles
- 6 Extend our product offering further down the buying funnel, towards online transactions

1. Economy, market and business environment

Impact

A contraction in the number of new or used car transactions could lead to reduced retailer profitability, leading to a fall in advertising spend or a contraction in the number of retailers. It could also lead to a reduction in manufacturers' spend on digital display advertising.

There continues to be concerns about the implications surrounding the UK's departure from the EU. Economic conditions, currency volatility and consumer confidence levels could all be adversely affected, with the impact likely to be greater in a no-deal scenario. If the prices of cars increase, as tariffs are introduced, and consumer confidence levels decrease, manufacturers' appetite to supply cars to the UK market reduces, this could have an adverse impact on our business.

Changes in the year

New car sales have fallen by 3.7% during this financial year, compared to an 11% decline last financial year. The used car market, which tends to lag new car sales, has also seen a decline of 0.9%. However, the overall UK car parc has continued to grow as the number of cars registered still outweighs the number of cars that are scrapped each year.

We are not currently seeing evidence that consolidation by retailers is accelerating. The number of retailer forecourts has remained flat year-on-year. Advertising spend by retailers has also continued to grow with ARPR rising by 9%, mostly driven by adoption of our product innovations.

There continues to be significant uncertainty around ongoing Brexit negotiations and the timing of the UK's departure from the EU.

Overall, this risk has slightly increased.

Key mitigations

We monitor new and used car transactions closely, using data from SMMT and directly from the DVLA.

We use our own Auto Trader Retail Price Index to monitor the pricing trends of used cars by trade sellers.

We continue to diversify into related and adjacent activities to reduce our reliance on stock and to improve the resilience of our business model.

We closely manage our cost base and operate on a lean basis. We should be able to respond swiftly in the event of a downturn.

The Board has considered the potential implications of the UK's departure from the EU, taking into account the factors above, as well as the time lag between the registration of new cars and the entry of cars into the used car marketplace and the strength of our value proposition.

Relevant focus areas

1 2 3 4 5 6

Change

⬇️ Slight increase

2. Brand

Impact

Our brand is one of our biggest assets. Our research shows that we are the most trusted automotive classified brand in the UK.

Failure to maintain and protect our brand, or negative publicity that affects our reputation (for example, a data breach), could diminish the confidence that retailers, consumers and advertisers have in our products and services, and result in a reduction in audience and revenue.

Changes in the year

Our research shows that Auto Trader has 90% prompted brand awareness with consumers for new and used cars and is consistently voted as the most influential automotive website by consumers in the car buying process.

We continue to see very low levels of fraudulent and misleading adverts, due to additional measures and monitoring techniques used by our security team.

Key mitigations

We have a clear and open culture with a focus on trust and transparency.

We have a dedicated customer security team, who closely monitor our site to identify and quickly remove fraudulent or misleading adverts.

We invest in new and innovative marketing campaigns and new ways of engaging car buyers to continue to maintain brand awareness, and to change perceptions of Auto Trader to be a destination for new cars as well as used.

Our approach to cyber security and data protection, as described on page 32, helps to protect us from the adverse impact of a significant data breach or cyber attack.

Relevant focus areas

1 2 3 4 5 6

Change

— No change

3. Increased competition

Impact

There are several online competitors in the automotive classified market, and alternative routes for consumers to sell cars, such as car buying services or part-exchange.

Competitors could develop superior consumer experiences or retailer products that we are unable to replicate; or change focus to try to expand their range of stock and disrupt our market position.

This could impact our ability to grow revenue due to the loss of audience or customers, or erosion of our paid-for business model.

Changes in the year

The competitive landscape continues to develop, with new business models emerging. Big media players, such as Schibsted and Facebook, are also entering the marketplace, mostly competing for lower-value private sales. There has been some competitor consolidation during the year, and retailers and manufacturers are also evolving their online offerings.

During the year we diversified our offerings which widens our competitive set.

We have maintained share of minutes spent on automotive classified sites, grown cross platform visits as measured by Google Analytics, and continue to increase the level of stock onsite, however as we widen our activities into new areas, we increase the number of other companies that could be considered to be competitors. On this basis we judge competition to have increased slightly during the year.

Key mitigations

We have the largest and most engaged audience of any UK automotive site. Our investment in our brand helps us to protect and grow our audience, to ensure that we remain the most influential website for consumers when purchasing a vehicle.

We have a dedicated competitors' working group to closely monitor competitor activity and regularly review this at OLT and Board level.

We continue to invest in and develop our product offering to improve the value we offer to consumers, retailers and manufacturers.

We work in an agile way and to date have responded quickly to emerging competitive threats.

Relevant focus areas

1 2 3 4 5 6

Change

⬆️ Slight increase

Identify, evaluate and manage the Group's risks

4. Failure to innovate: disruptive technologies and changing consumer behaviours

Impact

Failure to develop and execute new products or technologies, or to adapt to changing consumer behaviour towards car buying, or ownership, could have an adverse impact. For example, this could lead to missed opportunities should we fail to be at the forefront of industry developments.

Changes in the year

During 2019, we introduced "deal builder", which brings part-exchange guide pricing and the finance quote into a more integrated journey for consumers. We also launched AT Vehicle Check which enables dealers to check the provenance of the vehicles they are sourcing, and to display this to consumers thereby improving transparency. We have re-platformed our Managing products to provide more powerful data to retailers, helping them to manage and price stock more effectively. We have introduced a service by which car retailers can advertise new cars including those built but yet to be delivered to their physical premises.

We also launched a joint venture with Cox Automotive UK to provide a digital online auction model to disrupt the auction marketplace.

Overall, we are at the forefront of innovation that is happening in the digital automotive marketplace and therefore the risk has decreased.

Key mitigations

Continuous research into changing consumer behaviour, regular horizon scanning and monitoring of emerging trends, use of external resources where needed, and regular contact with similar businesses around the world.

Formal reviews of opportunities to disrupt the marketplace.

Ability to innovate and respond quickly due to our agile and collaborative way of working, and continuous investment in technology.

Relevant focus areas



Change



5. IT systems and cyber security

Impact

As a digital business, we are reliant on our IT infrastructure to continue to operate.

Any significant downtime of our systems would result in an interruption to the services we provide.

A significant data breach, whether as a result of our own failures or a malicious cyber-attack, would lead to a loss in confidence by the public, car retailers and advertisers.

This could result in reputational damage, loss of audience, loss of revenue and potential financial losses in the form of penalties.

Changes in the year

The enactment of GDPR in May 2018 significantly increased the financial impact of a data breach. We have reviewed all processes that involve data collection, storage or processing, and updated and amended policies and processes to ensure that they meet the enhanced GDPR requirements.

During 2019, we have made significant progress in migrating our applications to the cloud, which increases the resilience of our systems and the security of our data. Our aim is to get all applications migrated to the cloud in the next two years.

The constantly evolving threat of a cyber attack means that overall the risk level is unchanged.

Key mitigations

We have a disaster recovery and business continuity plan in place which is regularly reviewed and tested. This includes the use of two data centres and regular back ups of data. We are in the process of migrating to the public cloud.

We continuously monitor the availability and resilience of processing systems and services. If required, we can restore the availability of and access to systems and data in a timely manner in the event of a physical or technical incident.

We have dedicated security teams, including white hat hackers, and carry out regular penetration testing and review of threats and vulnerabilities. We invest in IT and security infrastructure to ensure our systems remain robust.

All of our employees are required to undertake annual compliance training which includes Information Security and GDPR.

We have two-factor verification for all our car retailers and employees, to access our network.

We have been PCI DSS (payment card industry data security standard) compliant since 2013 and use an external Quality Security Assessor to maintain best practice.

Relevant focus areas



Change



6. Employees

Impact

Our continued success requires us to attract, recruit, motivate and retain our highly skilled workforce, with a particular focus on specialist technological and data skills. Failure to do so could result in the loss of key talent.

Changes in the year

Employee engagement remains high, with 92% of employees completing our engagement survey saying they are proud to work at Auto Trader. Our Glassdoor rating based on anonymous reviews is 4.5 out of 5.

The Remuneration Committee carried out a review of our long-term incentive plans, and introduced a new Single Incentive Plan for senior executive and key staff.

In preparation for the changes to the 2018 Corporate Governance Code, we have established a new employee engagement forum which will liaise with the Board to ensure we understand the views of our workforce.

Overall, this risk remains unchanged.

Key mitigations

We use long-term incentive plans for our senior and key staff, which are currently of material value to those in the schemes.

We carry out active succession planning and career development plans to retain and develop our executives. Talent development is now part of the Terms of Reference of the Nomination Committee.

We have a strong, values-led culture which is embedded through recruitment, induction, training and appraisal processes.

We carry out employee engagement surveys and closely monitor Glassdoor ratings. We have regular business updates, networks, guilds and an all-employee annual conference.

Relevant focus areas

1 2 3 4 5 6

Change

— No change

7. Reliance on third parties

Impact

We rely on third parties particularly with regard to supply of data about vehicles and their financing, so it is important that we manage relationships with, and performance of, key suppliers. If these suppliers were to suffer significant downtime or fail, this could lead to a loss of revenue from dealer customers and a loss of audience due to impaired consumer experience.

Changes in the year

This is not a new risk for the business but has been added as a principal risk during 2019 as a result of an increasing number of our products and services depending on data from suppliers.

Key mitigations

Where possible, we limit reliance on a single supplier to reduce potential single points of failure.

Contracts and service level agreements are in place with all key suppliers. New relationships go through a robust procurement and legal review process, and are subject to regular review.

We carry out due diligence on our key suppliers and partners at the onset of the relationship and throughout the life of these relationships. This includes financial viability, resilience and alignment with our values and culture.

We seek to develop strong commercial relationships with our partners and regularly explore ways of working together even more effectively. We monitor the performance of partners and suppliers to ensure continued quality and uptime.

Relevant focus areas

1 2 3 4 5 6

Change

▲ Increase

Viability statement

In accordance with Provision C.2.2 of the 2016 UK Corporate Governance Code, the Directors have assessed the prospects and viability of the Group over a period significantly longer than 12 months from the approval of these financial statements.

Assessment of prospects

The Board has determined that a period of three years to March 2022 is the most appropriate period to provide its viability statement due to:

- it being consistent with the Group's rolling three-year strategic planning process;
- it reflects reasonable expectations in terms of the reliability and accuracy of operational forecasts; and
- projections looking out further than three years become significantly less meaningful given the pace of change in the digital automotive market.

The Group's overall strategy and business model, as set out on pages 12 to 19, are central to assessing its future prospects.

As such, key factors likely to affect the future development, performance and position of the Group are:

- **Data and technology:** continuous investment is made in developing platform technologies which leads to improvements for consumers, retailers and manufacturers;
- **Market position:** the Group has the largest and most engaged audience of any UK automotive site and is the most influential website a consumer visits when purchasing a vehicle; and
- **People:** continued success and growth are dependent on the ability to attract, retain and motivate a highly skilled workforce, with a particular focus on specialist technological and data skills.

The Group's prospects are assessed primarily through its strategic planning process. This process includes an annual review of the ongoing plan, led by the Group CEO and CFO/CEO-designate through the Operational Leadership Team and in conjunction with relevant functions. The Board participates fully in the annual process and has the task of considering whether the plan continues to take appropriate account of the external environment including technological, social and macroeconomic changes.

The output of the annual review process is a set of objectives which the Group determines to be its focus areas, an analysis of the risks that could prevent the plan being delivered, and the annual financial budget. The latest updates to the plan were finalised in March 2019, which considered the Group's current position and its prospects over the forthcoming years.

Detailed financial forecasts that consider customer numbers, stock levels, ARPR, revenue, profit, cash flow and key financial ratios have been prepared for the three-year period to March 2022. Funding requirements have also been considered, with particular focus on the ongoing compliance with the covenants attached to the Group's Syndicated RCF.

The first year of the financial forecasts forms the Group's 2020 annual budget and is subject to ongoing review through the year. The second and third years are prepared in detail and are flexed based on the actual results in year one. Progress against financial budgets and focus areas are reviewed monthly by both the Operational Leadership Team and the Board.

This control measure is in place to prevent and mitigate the impact of factors that may affect the Group's prospects.

Assessment of viability

The output of the Group's strategic and financial planning process detailed previously reflects the Board's best estimate of the future prospects of the business. To make the assessment of viability, however, additional scenarios have been modelled over and above those in the ongoing plan, based upon a number of the Group's principal risks and uncertainties which are documented on pages 30 to 33. These scenarios were overlaid into the plan to quantify the potential impact of one or more of these crystallising over the assessment period.

While each of the Group's principal risks has a potential impact and has therefore been considered as part of the assessment, only those that represent severe but plausible scenarios have been modelled through the plan. These were:

Scenario 1: Reduction of stock on the Auto Trader marketplace

Link to risk – Economy, market and business environment, Increased competition, Failure to innovate: disruptive technologies and changing consumer behaviour. Macroeconomic factors such as consumer confidence have an impact on the number of new and used car transactions that occur in the UK and therefore may impact retailer and manufacturer profitability. A contraction in the number of new and used car transactions when coupled with failure to innovate new products in order to grow ARPR in a sustainable way, could lead to retailers reducing their advertising spend in favour of competitors.

This scenario assumes a shock reduction in live car stock around a pricing event. The number of retailers advertising stock with the Group was assumed to reduce in a short space of time with further reductions in the year after the shock event. No cost savings were assumed.

Scenario 2: Data breaches

Link to risk – IT systems and cyber security, Brand.

The impact of any regulatory fines has been considered. The biggest of these is the General Data Protection Regulation ('GDPR') fine for data breaches, which was enacted in May 2018. This scenario assumes a data breach resulting in the maximum fine, coupled with a significant level of reputational damage to the Group's brand. A severe reduction in revenue was modelled through each of the Trade, Consumer Services and Manufacturer and Agency areas. Marketing costs were increased to model a potential need to increase traffic.

The scenarios above are hypothetical and severe for the purpose of creating outcomes that have the ability to threaten the viability of the Group; however, multiple control measures are in place to prevent and mitigate any such occurrences from taking place.

The results of the stress testing demonstrated that due to the Group's significant free cash flow, access to the Syndicated RCF and the Board's ability to adjust the discretionary share buyback programme, it would be able to withstand the impact and remain cash generative.

Viability statement

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending March 2022.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of preparation paragraph in note 1 to the financial statements.

Corporate social responsibility

We take our corporate social responsibilities seriously and are constantly looking at what we can implement to continue to make a difference.

A key business strategic focus is to become the UK's most admired digital business and we all agree that to achieve this we must make a difference to our colleagues, to our customers, to consumers and to wider society. We have built a digital culture, that is values-orientated, customer-centric, data-driven, and also underpinned by creating a diverse and inclusive workforce.

Our CSR strategy is focused on 'Making a Difference' and comprises three key strands: making a difference to our people and culture; making a difference to our communities; and making a difference to the industries in which we operate.

Our values reflect our culture and commitment to make a difference

Our values

Be determined

We are passionate about our customers, showing stamina and resilience, and have the conviction to do the right thing. We will roll up our sleeves to get the job done.

Be reliable

We are outcome-oriented and we do what we say we will do. We perform under pressure and have a strong work ethic.

Be courageous

We are bold in our thinking, overcoming fears, challenging convention and embracing change.

Be humble

We are open, honest, approachable and we treat each other fairly. We recognise success in ourselves and others but admit and learn from mistakes.

Be curious

We are always learning. We question why, we search for better ways, ask questions and actively listen.

Be community-minded

We look after each other, respect diversity and advocate inclusion. We are committed to making a difference to the communities around us and think of others before ourselves.



Making a difference to our people and culture

Our employees

People are the Group's most valuable resource, so we have built a business that puts people at the heart of everything we do. Our success at Auto Trader is down to the diverse talent of innovative, courageous, talented and determined people.

We value our people and their opinions. Therefore, we organise an annual employee conference where all colleagues get the chance to get together to celebrate our achievements but also to hear the latest strategic thinking and priorities. We also hold regular business and financial updates throughout the year to keep employees informed of the Group's performance and priorities as well as giving them the opportunity to contribute with questions and ideas.



92%

of our people feel proud to work for Auto Trader



Employee engagement and recognition

We conducted another employee experience survey and achieved a response rate of 91% of our total workforce. Overall engagement remains positive with 92% (2018: 90%) of our people feeling proud to work for Auto Trader and 89% (2018: 88%) saying they would recommend us as a great place to work. Our Glassdoor rating based on 250 anonymous reviews is 4.5 out of 5. There were also areas to improve across our different Tribes and our senior leaders have taken actions to enhance the employee experience based on the results of the survey which have resulted in workshops to produce action plans. We also hold regular checks throughout the year that allow our teams to spend time together in an open and secure environment to discuss how they feel in the workplace and how we are doing against our key areas of improvement as well as a six-month pulse survey.

For the third year running, we participated in and joined the "Sunday Times Top 100 Best Companies to Work for" and we achieved a two-star "outstanding" rating.

Every year we host an annual benefits roadshow, bringing together all of our benefit providers, to really showcase the great benefits we have to offer. Our "Incredible Benefits" platform allows employees to access all the benefits offered at Auto Trader in one place, enabling them to tailor their benefits package to meet their own specific needs. It is evident that our employees place a lot of value in the benefits on offer with 98% of employees having one or more benefits in place. This year, our company funded healthcare benefit of either Private Medical Insurance (employee level) or Health Cashplan (up to family level) remained very popular. We also have a wide range of voluntary benefits that our employees have the flexibility to choose from including: critical illness, dental insurance and any time benefits such as travel loans and cycle to work schemes.

Our 2015 Save as You Earn (SAYE) scheme reached maturity at the end of 2018 and the introduction of the SAYE 2018 scheme saw over 50% of employees join the scheme. This year we have also introduced employee friends and family manufacturer discounts from the likes of BMW and Nissan and now offer independent mortgage advice for all employees.



Investing heavily in the development of our people remains a key focus for our business."

Training and development

Investing heavily in the development of our people remains a key focus for our business. All new starters are given a great start to their careers with us through a comprehensive onboarding programme which includes a three-day induction that allows them to understand the core values of our business and help achieve a one-team culture.

Everyone is responsible for their own career and personal development at Auto Trader. We aim to have quarterly development conversations and personal development plans with people leaders that provide an opportunity to reflect and ensure we remain successful in the future.

Our people managers take part in the Practical People Leadership Programme (PPLP) and our senior leaders take part in the Leadership Development Programme (LDP), both aimed at developing well rounded leaders that will drive the future of Auto Trader.

We are all unique and have different needs as well as learning styles, so we offer a variety of learning initiatives that are a mixture of workshops, bitesize sessions, on-the-job solutions, the chance to attend and participate in conferences, coaching and mentoring, online learning and professional qualifications. Our Learning & Development team has experts specialising in various fields including: personal; career; leadership; systems; business-related training; and coaching and mentoring. We also utilise external experts to bring insight and knowledge into our organisation when required.



Employee wellbeing

Our objective is to retain and maintain a healthy and happy workforce, so we need to constantly have a culture that energises, motivates and promotes resilience.

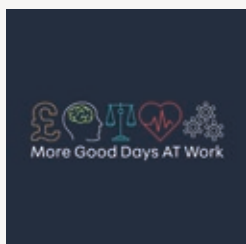
We've always been committed to making Auto Trader a great place to work and we continuously strive to provide the best support, guidance and benefits to make this a great environment for everyone to thrive.

We treat our people as individuals and appreciate that everyone has their own unique set of circumstances and challenges around wellbeing. Consequently, we have consciously built our wellbeing strategy around three core pillars: mental; physical; and financial wellbeing. Approaching health from a holistic perspective helped us derive the concept of having "more good days at work".

We want to provide the tools, support and guidance for each individual to have more good days whether that be utilising our incredible benefits such as private medical insurance, or a discounted gym membership through our Auto Trader discount site, to requesting to speak to one of our 20 newly qualified Mental Health First Aiders.

In addition to these supportive services, we recently focused on developing our People Leads, specifically in the challenges around mental ill health. We wanted to equip our managers with the knowledge to spot the signs and symptoms of mental health issues and give them the confidence to guide their people towards appropriate support. The Mental Health First Aiders act as a support to the wider business in this area.

To support our financial wellbeing strand, we partnered with a mortgage broker who offered free, no obligation one-to-one mortgage advice sessions to anyone looking to get on the property ladder. To make this advice even more accessible, the service is offered either face to face, via online video call, or telephone appointments, meaning getting an appointment is really easy no matter where you are. We also launched the incredibly popular Virgin Pulse 100 Day Global Challenge to motivate people to get moving through monitoring their daily step count via a fitness tracker. The challenge sees teams of seven work together to 'walk' around the virtual globe and encourage healthy competition on an organisational leader board, whilst offering practical tips and advice on a range of topics from nutrition and sleep, to mindfulness.



Making a difference to diversity and inclusion

Striving to make Auto Trader an inclusive employer where diverse people can enjoy fulfilling careers, while making a positive contribution to the communities we operate in, remains a strategic priority for our business. Our dedicated Diversity & Inclusion working group has been committed for the past three years to design and deliver a comprehensive strategy concentrating on all diversity strands with a focus on: LGBT+; gender equality; disability and neurodiversity; and BAME.

Diversity for everyone at Auto Trader means respect for and appreciation of differences in: gender identity and expression, age, sexual orientation, disability, race and ethnic origin, religion and faith, marital status, social, educational background and way of thinking. We believe that inclusion is a state of being valued, respected and supported for who you are. Diversity is the mix, inclusion is getting the mix to work well together.

Colleagues from across the business and our employee working groups have continued to achieve positive results against their commitments.

All new starters participated in one-day workshops focusing on creating a common understanding of D&I as well as exploring participants' unconscious biases and how they can impact their own behaviour and relationships with other people inside and outside of work. They also met all of our employee working groups and got an update on how they can actively get involved in delivering our strategy. We again extended the invite to customers and partners who participated in the workshop and took some of the learnings back to their own organisations.

Our employee groups and networks (Family Network, Women's Network; photography, book, board game, running and film clubs) continue to bring our colleagues together in line with our philosophy that inclusion will be achieved by respecting each other's differences but concentrating on finding common ground.

“

Diversity is the mix, inclusion is getting the mix to work well together.”

90%

of our women are proud to work for Auto Trader

55%

of graduates who joined us last year were women

LGBT+

We took part in the Stonewall Index benchmarking and moved up the rankings by more than 100 places compared to last year after making significant progress including reviewing our policies and processes while improving the employee experience of LGBT+ colleagues.

In August, more than a hundred of our employees took part in the Manchester Pride Festival parade and we were awarded “Best Corporate Entry” for the third consecutive year, recognising our passion for creativity. We also sponsored the film “Invisible Women” as part of the Superbia culture festival; a short documentary charting the last 50 years of Manchester LGBT+ history through the personal story of two incredible women. As part of our commitment to make a difference to the community we have sponsored community groups and charities, including Manchester Frontrunners and the George House Trust, who aim to support LGBT+ people across the region.

Disability & Neurodiversity

This year we have launched our Disability & Neurodiversity Employee Network led by disabled and neurodiverse colleagues, as well as allies. The network is working towards creating a more accessible and inclusive environment and supporting the work we are doing with various charities including Action on Hearing Loss and the Leonard Cheshire Disability. We continue being part of the Department of Work and Pension Disability Confident Employer Scheme and are progressing towards achieving the Disability Leader level in 2019 following the completion of an external audit by the Clear Company.

We remain committed to supporting disabled and neurodiverse employees, and those who become disabled during their employment with us. Recognising that everyone is unique, we provide the right support to ensure they continue to realise their full potential at work and develop their careers with us. This year we have also added more support and education for managers of disabled and neurodiverse colleagues.

An example of this are workshops on autism, dyslexia and hearing loss that we have run throughout the year.

Our dedicated resourcing team is actively reaching out to disabled and neurodiverse candidates and welcomes their applications for employment. They take great care in making reasonable adjustments during the assessment process according to the needs of each individual, to ensure that they can perform at their best.

BAME

A year ago, a working group comprising both BAME (Black, Asian, and Minority Ethnic) and non-BAME representatives was established in order to celebrate multi-culturalism, encourage inclusivity, and not exclusivity. The group committed to raising awareness of BAME within the business, supporting the BAME community and helping with the recruitment and retention of BAME individuals. As well as running a series of internal events for employees, the group also held an external event in conjunction with Inclusive Companies during Black History Month which was open to local businesses in the Manchester area. This event coupled with a social media takeover for the month really began to highlight the importance of BAME to both Auto Trader employees and the wider community.

We are pleased to report that the number of those who identify themselves as BAME has increased slightly from 13% to 14% in the year. However, although this is encouraging, the numbers don't represent wider society and so we will continue to focus on driving initiatives to continue to positively influence an upward trend of BAME individuals at Auto Trader.

Gender

People can experience barriers based on their gender as well as other diversity characteristics simultaneously, so we have changed our approach to address this. Our Auto Trader Women's Network is a working group of men and women hosting events focusing on supporting gender balance. Within this, we have focused on helping women to be resilient in the workplace, building their own personal brand, as well as launching a book group and support network.

We have established an internal mentoring and coaching community, launched earlier this year as part of the Auto Trader Women's Network. We have sponsored three of our women colleagues to become qualified coaches so that they can support our people with their personal and professional career development.

Our annual Employee Engagement Survey answered by 91% of our workforce has provided positive evidence about the experience of our women colleagues in Auto Trader. 96% of our women are proud to work for Auto Trader, 90% of our women would recommend Auto Trader as a great place to work, and 85% of our women said they received support from people at work when they need it.

In the 12 months to December 2018 women have successfully secured 44% of all internal vacancies. Our external recruitment efforts remain successful and 46% of all external job offers have been accepted by women who have joined us. 55% of our graduates and 60% of our apprentices who joined us last year were women. We also introduced a "re-training" programme for people who want to change their career to digital and 60% of participants are women.

Gender pay gap

When it comes to our gender pay gap we have followed the government's legislation in terms of reporting on those who identify as men or women, which in itself is a shame as those gender definitions don't include those who identify as non-binary. We have made progress and improved in all areas since last year, and although a gap still exists, we are working hard to address it. The mean hourly gender pay gap for Auto Trader Group was 12% (2018: 15%) while the median gap was 13% (2018: 18%). This gap is not about inequality of pay. We are confident that men and women are paid equally across the business for comparable roles. Our gender pay gap arises from under-representation of women in certain highly paid functions, including technology and other STEM related roles, as well as under-representation of women in leadership roles.

We won't be satisfied until we reach parity, and therefore remain dedicated to eliminating the gender pay gap completely. Our commitment that everyone has equal opportunities to reach their full potential remains in line with our focus to welcome more women into our business and to offer them exciting careers.

Gender diversity

We are committed to more women at senior management level and throughout the organisation. This is particularly prevalent in parts of the business where women are currently under-represented, such as technology. Throughout most of the year, 50% of our Operational Leadership Team ('OLT') were women, and we were delighted to be able to promote Le Etta Pearce to Chief Executive Officer of our new joint venture with Cox Automotive UK, which meant that she leaves our OLT to take up this opportunity. At the end of our financial year, 42% of our OLT were women, and 36% of the OLT's direct reports were women.

	Men	Women	Men as % of total	Women as % of total
Board	4	2	67%	33%
OLT ¹	7	5	58%	42%
OLT direct reports	69	38	64%	36%
Total Company	488	311	61%	39%

¹ Senior managers for the purpose of s.414C of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.



Making a difference to our communities

We have a dedicated team of colleagues from across our business who are committed to driving our Make a Difference strategy, which aims to maximise the support and impact we provide to the communities in which we operate.

The Auto Trader Community Fund powered by charity Forever Manchester considers applications and awards up to £1,000 to community groups and grassroots projects across Greater Manchester. The Community Fund also supports projects with the Kings Cross Saint Pancras Community Association. This year, the Fund has donated £75,000 to various local groups, in both cities, that bring people together and empower them to create sustainable changes in their lives.

Donations from Auto Trader directly to other charities totalled an additional £100K through our "AT Sponsorships" initiative which provides match-funding to employees, customers and partners who were fundraising for charities that are close to their hearts.

Also, this year we decided to replace corporate Christmas gifts to customers with donations to charities of their choice. Our Give as You Earn scheme participation has reached 16% of our total workforce and £90,000 was donated to various charities by our colleagues.

But making a difference extends to more than donating money. 45% of our colleagues have utilised one of our Incredible Benefits, two optional volunteering days, to support worthy causes across the UK. They have collectively offered 467 volunteering days to try and battle food poverty, renovate green spaces and provided coaching and mentoring. The participants of our Leadership Development Programme took part in Ideathon; joining a mix of leaders from some of the most exciting organisations worldwide, collaborating to solve a live strategic challenge for the CEO of a leading charity.

Our offices and colleagues

As a digital business, with offices in Manchester, London and Dublin, we believe our environmental footprint is small. Nevertheless, we actively encourage our colleagues to consider their individual and our collective environmental impact. We therefore operate recycling systems in the offices, established with local authorities, and we have no waste bins by desks which encourages the amount of recycling we do. As an online business, we naturally work in a near paperless environment. During the year we reduced the number of printers in all our offices from seven to four. However, we recognise that our responsibilities do not stop with how we operate internally, and we encourage all our customers, business partners and suppliers to use online records and reduce printing, especially emails.

We continue to develop our marketplace to ensure we provide consumers with as much information about different cars as possible, to reduce the need for them to physically view multiple cars, therefore reducing the need to travel.

Last year, we started a sustainability working group, set up by our employees to educate and encourage sustainability. The group held a week-long sustainability and climate change project to showcase the need to be more environmentally minded. The group has implemented several initiatives across the year, such as: reducing single-use drink items including giving away re-usable bottles and coffee cups to our employees; offering a 10p discount on reusable coffee cups in our Manchester staff canteen; offering plastic bag reusing points in all locations; and removing plastic milk containers in the London office (so far saving 501 containers from going to landfill). The group's achievements were recognised when one of the group was selected to be part of the Edie 30 under 30, which highlights the next generation of sustainability leaders.

Our UK offices are both graded highly by the BREEAM standard; Kings Cross in London achieved an "outstanding" rating and our Manchester office an "Excellent" rating. We decided to re-fit our London office in the last year and it now features more video conferencing rooms, which facilitates cross-office collaboration as well as reducing the need for employees to travel between offices as frequently.

We continue to use Fruitful Office to deliver fruit to our offices each week. Fruitful Office plants one tree in Malawi for every order of breakfast fruit they receive. Last year 1,966 trees were planted on behalf of Auto Trader, helping the organisation to mitigate the effects of global warming and deforestation and providing incomes to local communities.

Health and safety

Maintaining a safe working environment for our employees, customers and visitors and anyone affected by our business's activities is very important to us. It is therefore our policy that all of the Group's facilities, products and services comply with applicable laws and regulations governing safety and quality. During the year, there were no major injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

£212,000

donated to charity in 2019



Total CO₂ emissions FY19

	FY19	FY18	FY17	FY16
Scope 1	263	390	491	565
Manchester	213	281	361	357
London	44	60	76	88
Scope 2	258	340	437	445
Total	521	731	928	1,010
Revenue	355.1	330.1	311.5	281.6
Carbon intensity	1.47	2.21	2.98	3.59
Year-on-year change	-34%	-26%	-17%	

1 Tonnes of carbon dioxide equivalent.

2 Absolute carbon emissions divided by revenue in millions.

Auto Trader is required to measure and report its direct and indirect greenhouse gas ('GHG') emissions by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The greenhouse gas reporting period is aligned to the financial reporting year. The methodology used to calculate our emissions is based on the financial consolidation approach, as defined in the Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition). Emission factors used are from UK government ('BEIS') conversion factor guidance for the year reported.

The report includes the 'Scope 1' (combustion of fuel) in relation to company cars and 'Scope 2' (purchased electricity and gas) emissions associated with our offices. We have chosen to include the emissions associated with leased company cars in Scope 1, as we are responsible for these emissions.

We have chosen to present a revenue intensity ratio as this is a relevant indicator of our growth and is aligned with our business strategy. The reduction in our GHG emissions is due to a reduction in the fuel emissions from our company car fleet, as the fleet has reduced. We have also reduced the amount of electricity we use, and this coupled with a decrease in BEIS conversion factors has also contributed to our Scope 2 reduction.



Making a difference to our industries

Our Make a Difference strategy extends to ensuring we support the wider technology, automotive, advertising and creative industries.

We are customer-centric and consumer-orientated which means we are relentlessly focused on developing new products that will add value to our retailer and manufacturer customers, as well as constantly developing our marketplace to ensure consumers get a great experience whether they are looking to buy or sell a car.

We take pride in our collaborative work with partners from across the automotive and media industries as well as with recruitment businesses who share our commitment in driving greater diversity across industry.

We continue to promote Science, Technology, Engineering, and Maths (STEM) careers, through our education outreach activities.

The automotive industry

Last year we worked with recruitment specialists, Ennis & Co., to co-host a diversity and inclusion event at our London offices, where circa. 80 HR Directors and senior executives from some of the industry's largest retailers, manufacturers and trade bodies came together to share ideas, experiences and best practice. The event was followed by an in-depth whitepaper developed by our Auto Trader colleagues which explored the cultural and economic benefits of attracting and retaining a diverse workforce.

We formed a new partnership with the UK Automotive 30% Club, which was created with the ambition of filling at least 30% of key leadership positions in automotive with women by 2030. We are sponsoring a series of events and thought leadership discussions throughout 2019, helping the Club drive its '30 by 30' strategy.

We believe that supporting our industry shouldn't be limited to the board room and conferences.

30%

Our ambition is to fill at least 30% of key leadership positions in automotive with women by 2030

That's why last year we once again took part in the annual Bangers 4 Ben charity drive, which saw some of our colleagues race across Europe in an old 'banger' alongside other industry partners, colleagues and friends. The race raised funds for the automotive industry's official charity organisation, Ben.

With over 40 years' heritage and with a privileged position at the very heart of the UK automotive industry, we take our position seriously. We actively celebrate and recognise the best performing retailers each year, at our annual Auto Trader Retailer Awards event. Now in its 11th year, we hosted 130 of the best performing retailers to share the latest insights and to award their successes. The awards are used by retailers to promote their businesses to consumers on our marketplace.

Leading the industry, sharing ideas, and inspiring change and action are at the heart of our work with our retailer customers. Through our masterclasses, conferences, webinars, in-house discovery days and award events we share the latest consumer trends, best practice advice and insights gleaned from our data to help shape the future of the industry.

5,000

Retailers attended one of our best practice events, masterclasses or webinars





Over 5,000 retailer customers or industry figures joined us for one of these sessions.

The technology industry

We have 26 STEM Ambassadors and volunteers throughout the business who provide talks and workshops to schools and colleges, including running “Code Clubs” to teach younger students how to code. Over the past year we have also: hosted digital insight days for students and teachers; hosted Continuous Professional Development activities; brought the curriculum to life with guest lessons/ talks; and delivered digital career insight events for careers advisors. We’re proudly sponsoring the Digital Her Roadshow which aims to showcase digital careers and inspire Year 8 girls into STEM subjects. We have also partnered with Hey Girls, a social enterprise focused on eradicating period poverty. We’re gifting each school we meet through the Digital Her programme with boxes of sanitary protection as we believe that no girl should miss out on education due to lack of sanitary protection.

We’ve also joined the Enterprise Advisor Network and have an Enterprise Advisor partnered with a local school. We are supporting them by using our professional network and industry knowledge to help develop and implement an effective strategy that puts opportunities with local employers at the heart of a young person’s education.

Following the success of the past three years we continue to participate in the “Change 100” programme organised by the Leonard Cheshire Disability and offered four summer placements to disabled students in our Manchester and London offices.

We’ve hosted and supported many conferences and events over the past year. From Tomorrow’s Tech Leaders, an event designed to encourage young women into the technology industry, to Upfront and UX in the City, major technical conferences in Manchester. As part of our ongoing commitment to the surrounding communities, we purchase ‘diversity tickets’ where possible. This gives underrepresented groups the opportunity to attend conferences and events they otherwise wouldn’t have the chance to go to.

To support the arts and design in Manchester we continue our partnership with HOME arts centre. We supported various initiatives including the PUSH festival of fresh creative experiences from the North West showcasing some of the most exciting film, theatre and visual arts from the region.

“
We’re proudly sponsoring the Digital Her Roadshow which aims to showcase digital careers and inspire Year 8 girls into STEM subjects.”

Being a responsible business

Auto Trader believes in promoting trust and fairness in our marketplace and this has become part of the way we work across the organisation. We aspire to be the UK's most admired digital business and we want that admiration to come from employees, suppliers, partners and customers alike.

The only way to deliver the best experience for our consumers and the best services for our customers – and do the right things by our people – is to approach things in the right way. We have established policies, procedures and training to ensure that everyone at Auto Trader knows that they must behave professionally, ethically and legally; treating people with decency and respect.

We promote a culture of compliance and shared responsibility by providing advice and information to keep our employees, consumers and customers smart, safe and secure.



Maintaining a trusted marketplace

Buying or selling a car should be a pleasant and hassle-free experience, and should be transparent and fair. At Auto Trader we do everything we can to make sure that's the case.

We put the consumer at the heart of everything we do. By introducing tools such as Price Indicator, Dealer Reviews and Monthly price search, we improve the transparency of the consumer's car buying journey and of the whole marketplace.

Consumers trust Auto Trader to show genuine, accurate adverts when they search for vehicles. We have a dedicated customer security team working seven days a week, who monitor our site to identify adverts that are potentially fraudulent or misleading, whether that be a misleading price or inaccurate mileage in their advert. We also have functionality to enable users of our site to report a misleading advert whilst they are searching, which we then investigate and, if necessary, remove from the site. Our online Safety and Security area offers tips, checklists and advice to help car buyers and car owners stay safe when using our platform. Over 10 years ago, we founded the Vehicle Safe Trading Advisory Group (VSTAG), an industry forum created to reduce online vehicle crime and help protect buyers and sellers of pre-owned vehicles from fraud. VSTAG brings the UK's leading online car sales companies together with advisors from the Metropolitan Police, Get Safe Online and Action Fraud.

Customers and consumers trust our platform, and we invest to keep it secure. We continuously monitor the availability and resilience of our platform and systems, as well as investing in security infrastructure to ensure they remain robust.

We employ dedicated security teams and carry out regular penetration testing and reviews of threats and vulnerabilities. We have two-factor verification in place to access our network, providing enhanced authentication. We have been PCI DSS (payment card industry data security standard) compliant since 2013 and use an external Quality Security Assessor to maintain best practice.

Protecting consumer and customer data

Protecting the data of our consumers and our retailer customers is also an important focus for us. We have completed a comprehensive programme of work to ensure the organisation (both in the UK and Ireland) complies with the new General Data Protection Regulation.

We are a data-led business, and when it comes to collecting and storing personal data we abide by a clear set of principles.

We are committed to ensuring that personal information we collect and use is appropriate for the purpose, and does not constitute an invasion of privacy. Where appropriate Auto Trader obtains consent from consumers to gather personal data to service their enquiries for products, services or vehicles advertised on the site. Explicit consent is also obtained to contact consumers for marketing purposes. We may pass personal data to third-party service providers contracted to Auto Trader in the course of dealing with customers or employees. We carefully vet any third parties that we share data with, and they are obliged to keep it securely, and to use it only to fulfil the service they provide on our behalf.



We put the consumer at the heart of everything we do. By introducing tools such as Price Indicator, Dealer Reviews and Monthly price search, we improve the transparency of the consumer's car buying journey and of the whole marketplace."



Operating ethically and responsibly

We are committed to carrying out all business activities in an honest, open and ethical manner.

We take a holistic view when deciding which suppliers and partners we should work with, and alignment with our values and culture is as important as commercial considerations. We carefully vet new and existing relationships to ensure that our standards will be adhered to. We have a formal procurement policy that ensures that selection of suppliers and partners is carried out in a consistent and fair manner.

We work closely with our key suppliers and partners and engage regularly to further strengthen relationships. As with all large businesses, we publish information about our supplier payment practices and performance.

We treat all our customers fairly and consistently, with transparent and standardised pricing and business practices.

We have zero tolerance to any aspect of bribery and corruption, both within our business and in respect of any third parties with whom we have dealings. We have an established anti-bribery and corruption policy and procedures in place including reporting of gifts and hospitality, standard contractual clauses with suppliers and annual online compliance training for all employees.

Each year, our employees complete compliance training that covers fraud, bribery, anti-money laundering, information security and GDPR.

We have a culture of transparency and openness and encourage our employees to speak up whenever they have any concerns or experience any serious malpractice or wrongdoing in our business. We provide a whistleblowing helpline through an independent organisation, which is anonymous and confidential. Reports are directed to the Audit Committee chairman and the Company Secretary.

Protecting human rights and equal opportunity

We are committed to promoting diversity and inclusion and treating all our employees and job applicants fairly and equally. It is our policy not to discriminate based on gender or gender identity, sexual orientation, marital or civil partner status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy, or trade union membership or the fact that they are a part-time worker or a fixed-term employee. The equal opportunities policy operated by the Group ensures all workers have a duty to act in accordance with this.

We have a zero-tolerance approach to modern slavery and are committed to acting ethically and with integrity in all our business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains. We expect the same high standards from all our contractors, suppliers and other business partners.

The Company's Strategic Report is set out on pages 1 to 45. Approved by the Board on 6 June 2019 and signed on its behalf by:

Nathan Coe
Chief Financial Officer
and Chief Executive Officer-designate
6 June 2019