19 June 2015

AUTO TRADER GROUP PLC

FULL YEAR RESULTS FOR THE YEAR ENDED 29 MARCH 2015

Auto Trader continues to lead the digital automotive marketplace with strong maiden results

Auto Trader Group plc (LSE: AUTO; "Auto Trader" or the "Group"), the operator of www.autotrader.co.uk, the UK's largest digital automotive marketplace, today announces its audited financial results for the year ended 29 March 2015.

Financial highlights

- Revenue up 8% to £255.9 million (2014: £237.7 million)
- Retailer revenue increased by 9% to £202.1 million (2014: £186.0 million)
- Adjusted underlying EBITDA[1] up 15% to £156.6 million (2014: £136.1 million)
- Adjusted underlying EBITDA margin[2] increased by 4% pts to 61% (2014: 57%)
- Operating profit 35% higher at £133.1 million (2014: £98.7 million)
- Net external debt[3] at year end of £527.9 million (2014: £977.8 million), representing a reduction in leverage[4] to 3.4x (2014: 7.2x)

Operational highlights

- Retailer forecourts up 2.5% to 13,452 (2014: 13,129)
- Average Revenue Per Retailer forecourt (ARPR) per month up 6% to £1,252 (2014: £1,181)
- Full Page Ad Views[5] (FPAVs) per month increased by 7% to 226.2 million (2014: 212.2 million)
- Completion of UK rationalisation into two office locations in Manchester and London
- Listed on London Stock Exchange in March 2015

Trevor Mather, Chief Executive of Auto Trader Group plc, said:

"The market is moving increasingly online and every year more consumers spend more time researching using the internet. As the UK's largest digital automotive marketplace, we work hard to continually develop our site so consumers get a great experience when they are looking to buy or sell a vehicle.

"We are equally focused on developing innovative products that add value to our retailer customers, to help them win in the digital marketplace. It is this dual focus that has enabled us to grow both our consumer audience and our retailer customer base, which in turn has helped us to achieve overall revenue growth.

"The new financial year has started well and in line with the Board's expectations. Based upon healthy customer numbers; further revenue improvement from increased product penetration; combined with only modest cost base increases, the Board is confident of growth in the coming year."

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Cautionary statement

This announcement of annual results does not constitute an invitation to underwrite, subscribe for, or otherwise acquire, dispose of any Auto Trader Group plc shares or other securities nor should it form the basis of or be relied on in connection with any contract or commitment whatsoever. It does not constitute a recommendation regarding any securities. Past performance, including the price at which the Company's securities have been bought or sold in the past, is no guide to future performance and persons needing advice should consult an independent financial advisor.

Certain statements in this announcement constitute forward looking statements (including beliefs or opinions). Any statement in this announcement that is not a statement of historical fact including, without limitation those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward looking statement. Such forward looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this results announcement. As a result you are cautioned not to place reliance on such forward looking statements. Except as is required by the Listing Rules, Disclosure and Transparency Rules and applicable laws, no undertaking is given to update the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.

Nothing in this announcement should be construed as a profit forecast. This announcement has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Auto Trader Group plc and its subsidiary undertakings when viewed as a whole.

Summary performance

	Units	2015	2014	Change
Income Statement				
Trade	£m	214.8	198.4	8%
Consumer services	£m	29.0	29.1	(0%)
Display advertising	£m	12.1	10.2	19%
Revenue	£m	255.9	237.7	8%
Adjusted underlying EBITDA[1]	£m	156.6	136.1	15%
Adjusted underlying EBITDA margin[2]		61%	57%	4% pts
Operating profit	£m	133.1	98.7	35%
Earnings/(Loss) per share				
Basic earnings/(loss) per share[6]	pence	0.85	(0.28)	n/a
Adjusted earnings per share[6]	pence	4.12	2.59	59%
Cash flow				
Operating cash flow[7]	£m	135.8	106.9	27%
Operating cash conversion[8]		87%	79%	8% pts
Net external debt[3] at year end	£m	527.9	977.8	(46%)
Leverage[4]		3.4x	7.2x	3.8x
Key Performance Indicators				
Average number of Full Page Ad Views[5]	million per month	226	212	7%
Retailer revenue	£m	202.1	186.0	9%
Average number of retailer forecourts		13,452	13,129	2%
Average Revenue Per Retailer forecourt	£ per month	1,252	1,181	6%
Average number of full-time equivalent employees during the year (FTEs)		898	979	(8%)

Notes
1. Adjusted underlying EBITDA is earnings before interest, taxation, depreciation and amortisation, management incentive plans (MIP), share-based payments (SBP) exceptional items and impairment charges, less capitalised internal development spend (excluding expenditure incurred on building the SingleView order-to-cash billing system).
2. Adjusted underlying EBITDA margin is Adjusted underlying EBITDA as a percentage of revenue.
3. Net external debt is gross external indebtedness (not including shareholder loan notes), less cash.
4. Leverage is net external debt as a percentage of Adjusted underlying EBITDA.
5. Company measure of the number of inspections of individual vehicle advertisements on the UK marketplace.
6. Basic earnings per share from continuing operations. Adjusted earnings per share is basic earnings per share from continuing operations, excluding exceptional items, impairment charges, MIP, SBP, capitalised internal development spend and their associated tax impact.
7. Operating cash flow is defined as cash generated from continuing operations less capital expenditure in respect of continuing operations.
8. Cash conversion means operating cash flow as a percentage of Adjusted underlying EBITDA.
9. The financial information presented is at and for the 52 week financial years ended 30 March 2014 and 29 March 2015. Financial year ends have been referred to as 31 March throughout the announcement and financial statements as per the Group's accounting reference date. Financial years are referred to as 2014 and 2015.
10. Certain financial data may have been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Chairman's Statement

The 2015 financial year has been a very successful one for Auto Trader. These results are the Group's strongest ever, with Adjusted underlying EBITDA of £156.6 million. This represents an increase of £20.5 million over the previous year (+15%).

The year ended with Auto Trader's Admission to the London Stock Exchange on 24 March 2015. The primary proceeds raised through the Initial Public Offering (IPO) were predominately used to reduce the Group's net external debt to a level more appropriate for a publicly listed company. The opportunity was also taken to refinance and enter into a new term loan facility at a significantly lower rate of interest.

Consistent with the guidance given during the IPO process, a dividend has not been declared for the 2015 financial year. The Group intends to commence payment of dividends in the 2016 financial year with an interim dividend expected to be declared with the half-year results in November.

Becoming a public company

The first observation is that the process has been immensely time-consuming for Auto Trader's employees, especially the senior executives and finance team. Therefore, to deliver such outstanding operational performance at the same time is a tribute to everyone in the business and to the quality of the business itself.

The second observation relates to the benefits of different ownerships. Auto Trader has been owned by an individual entrepreneur, by a corporate entity ultimately owned by a charitable trust and by private equity. All have invested prudently and responsibly in the growth and success of the business over its 38-year history. The Group's strategy does not envisage the need for access to capital markets to fund future growth. However, the Group does envisage a similar prudence in terms of investing in the future and a similar focus on returning cash to its owners.

Our Board

During the year Auto Trader welcomed Chip Perry to the Board as an independent Non-Executive Director. The Group has benefited from the wealth of experience that Chip has brought from his many years in the US as CEO of Autotrader.com. Since the end of the financial year the Board has also appointed David Keens, formerly Group Finance Director of NEXT plc. David has taken on the roles of Senior Independent Director and Audit Committee Chairman.

The Board continues to benefit from the involvement of two Directors nominated by funds advised by Apax. A word of thanks is particularly appropriate to Tom Hall, former Chairman and the Board's longest serving Director. Tom has represented shareholders while at all times acting in the interests of the Group, performing his dual role with huge integrity, enthusiasm, humour and constructive engagement throughout.

The Board is committed to upholding the highest level of corporate governance and David Keens' appointment on 1 May 2015 represents a major and early step forward in this regard. With the appointment of one further independent Non-Executive Director we will be able to bring all our committees into full compliance with the UK Corporate Governance Code. While the overall balance of the Board would then still fail to meet the requirement in relation to the balance between Independent and Non-Independent Directors, either a sale of a small percentage of the Group's shares by Apax-advised shareholders and the appointment of one further Independent Non-Executive Director or the appointment of two further Independent Non-Executive Directors will address this remaining aspect of compliance.

I would like to take this opportunity to express my thanks to all the employees of Auto Trader, and particularly to the senior executives for what has been an extremely busy, as well as successful, year.

Ed Williams
Chairman

Chief Executive's Report

Summary of Operating Performance
Auto Trader has had a strong year, achieving revenue growth of 8%, taking total revenue to £255.9 million. Growth has mainly come from providing greater value to retailers in a marketplace where consumers are increasingly researching their next vehicle purchase online. A healthy automotive market has supported the penetration of Auto Trader's retailing solutions. These complement the core classified advertising offering and help retailers to: buy the right vehicle, at the right price; market their business more effectively and manage their forecourts, to improve stock turn and therefore return on investment. Growth has also come from display advertising, where in particular manufacturers have increased their advertising spend on the marketplace in recognition of a growing and, relevant audience for their brands.

On average circa 13,450 automotive retailer forecourts chose to advertise on the Auto Trader marketplace in the year, which is an increase of 2.5% on 2014. The marketplace also had a record number of cars being advertised through the year, averaging 423,000. Retailers increased average spend with Auto Trader by an additional 6% per forecourt on the back of the increased value delivered to them.

Auto Trader's display advertising service revenue grew by 19%, reflecting a successful focus on working with manufacturers and their agencies. The Group's ability to attract other types of advertisers and business partners into its marketplace was also effective, with revenue from the motoring services increasing by 11%. Private advertising held up well despite the presence of free-to-list alternatives.

Adjusted underlying EBITDA grew by 15% and margin grew by 4 percentage points, reflecting not only the inherent attractiveness of the business model but also the benefits of the continued simplification of the business and cost-conscious culture.

High and growing margins (61%, up from 57%), coupled with high and increasing rates of cash conversion (87%, up from 79%), offer the prospects of significant returns to shareholders in future years once debt levels are reduced.

The Strategy
Auto Trader is a 100% digital business and has a clear focus on maintaining its market position as the UK and Ireland's leading digital automotive marketplace for buying and selling new and used vehicles. Accordingly, the Group relentlessly focuses on improving the process of buying and selling vehicles through the application of digital technologies with a keen eye on ensuring the consumer experience is as smooth as possible.

The Group believes there is substantial opportunity to grow the business underpinned by the continued increase in the importance of the internet for automotive advertising and the increasing use of data to improve the efficiency and effectiveness of the industry for the benefit of consumers and retailers alike.

The Group's goals are to:

1. continuously improve the vehicle buying experience for consumers, retailers and manufacturers;
2. take every opportunity to simplify the business to ensure it continues to develop and deliver high value adding products to its customers; and
3. continue to build a more customer oriented, digital and values driven culture for its people.

The Market
Auto Trader is at the heart of the UK vehicle ecosystem. It is the single place where car buyers are most likely to first see the vehicle they go on to buy. Though Auto Trader serves the new car market, the majority of revenue today is associated with the used car market. Conditions in the used car market are not necessarily dictated by or tightly coupled to the state of the new car market. However, a prerequisite for the long-term health of the used car market is a healthy flow of one to three year old cars. Hence the sustained strengthening of the new car market seen recently is a helpful forward indicator.

In 2014 it is estimated there were almost 32 million cars in the UK and 9.3 million car transactions. While it was reported that used car transaction volumes remained similar to previous years at approximately 6.8 million cars, new car registrations experienced year-on-year growth of 9% to approximately 2.5 million vehicles. In June 2015 the Society of Motor Manufacturers and Traders reported the 39th month of consecutive growth for the new car market. Improving macroeconomic conditions and attractive finance packages underpinned by low interest rates helped the new car market to record the highest monthly registrations since twice-yearly number plates were introduced in 1999.

Over the last year there has been a continuing trend in the way UK consumers research the purchase of their next vehicle. The internet now powers the majority of research, as opposed to physical forecourt visits. In fact research conducted by Auto Trader found that, for the first time, over 50% of consumers only visited one forecourt before they bought their next vehicle. Auto Trader, as the UK's largest digital automotive marketplace, is the place that most consumers come to do that research.

The Business Model

Consumers visit Auto Trader's marketplace to research vehicles they may be interested in and search for the exact vehicles they would like to buy. It is the place where they can see the most vehicles on the market and can search on whatever device they would like to, at whatever time they would like to.

Over 17 visits and 75 searches occur on Auto Trader platforms every second with nearly two thirds of site visits (65%) now conducted using mobile devices (including tablets), and over 30% now through Auto Trader's market-leading apps. Inspections of individual vehicle advertisements expressed as full page advert views (FPAVs) increased by 7% to 2.7 billion in the year. FPAVs are click-throughs from initial search result pages and are the consumer activity measure most correlated to vehicle transactions between consumers and retailers. This means that more than 85 vehicles are being virtually inspected by potential buyers every second of every day on the Auto Trader marketplace.

Auto Trader's customers are primarily vehicle retailers. Retailers advertise on Auto Trader because it has the largest and most engaged audience and therefore gives them the best chance to sell their vehicle. Retailers are able to achieve better prominence of their adverts by taking higher level products, which leads to greater conversion of advert views. Auto Trader also offers value adding products to retailers to enable them to use its data services to buy cars that are most suitable for their forecourts, at the right prices, and manage their inventory in an optimal way. Together, the Group's products address retailer needs through four product Pillars: Buying, Selling, Marketing, and Managing.

The principal sources of revenue for Auto Trader are the subscriptions paid by retailers to advertise their vehicles and to utilise Auto Trader's products. This is supplemented by advertising revenue from home traders and private sellers, who can place an advert for a fee on the marketplace, as well as by manufacturers and advertising agencies who see the marketplace as an effective place to advertise their products and services.

The business model benefits from the strong network effect that advantages the number one player in all classified advertising marketplaces across the world, such that the largest number of vehicles, attracts the largest and most engaged audience, which provides the most value to retailers who therefore advertise more stock - making the marketplace even more valuable to consumers. In this way a virtuous circle ensues.

Investing in the Business

The last year has seen significant investment by Auto Trader in the future of the business.

From a consumer perspective, the Group has launched a new look and feel to the marketplace across all its channels as well as a new way to search for cars. Consumers who do not know the make and model of the car they want can discover the right car for them through a new way of searching.

Importantly, the Group started the journey of unleashing the power of its data to allow consumers and retailers to gain better value from the marketplace. Consumers can now access free valuations for their car that allow them to see what their car would be worth if they sold it privately or if they traded-in the vehicle to a retailer. Valuations have been a resounding success with consumers, with over one million being conducted in just a month (March 2015). Auto Trader surfaced the data it holds enabling retailers to understand which vehicles are most desirable in their area and what margin they can expect to gain from such vehicles. By the end of the year, over 1,100 forecourts were using products in the Managing Pillar indicating that retailers really see the value that Auto Trader's data can offer.

Over the last 12 months, Auto Trader has also focused on improving the opportunity for manufacturers to advertise on the marketplace, with improved formats and more effective use of its data to ensure that their brands can be placed in the most relevant spots on the marketplace. This has allowed Auto Trader to work much more closely with its agencies and has resulted in over 20,000 campaigns this year with a 50% increase in yield.

From an internal business perspective, Auto Trader moved from eight different offices across the country into two new offices in Manchester and London. As part of this relocation the Group has been able to consolidate its five call centres into one contact centre, based in Manchester. The consolidation to two UK offices has had huge benefit in terms of reinforcing the Group's culture and promoting the right customer-centric focus amongst employees.

Growth potential
The growth potential of the business comes primarily from continuing to provide an expanding array of products to retailers that in turn provides them more value that they are therefore willing to pay more for. There is also significant opportunity in providing the audience for manufacturers to spend more of their advertising budgets as they transition their marketing spend online.

In order for Auto Trader to achieve this growth, recruiting and retaining the right talent will be integral to the Group's continued success. The culture is focused on constantly seeking to improve everything it does for both consumers and its retailer customers to ensure it remains the leading digital automotive marketplace for generations to come.

Trevor Mather
Chief Executive

Financial review

Revenue
In 2015, revenue grew by 8% to £255.9 million (2014: £237.7 million). This increase was primarily attributable to a strong retailer revenue performance within the trade area of the business.

	2015 £m	2014 £m	Change
Retailer	202.1	186.0	9%
Home trader	10.3	9.8	5%
Other	2.4	2.6	(8%)
Trade	**214.8**	**198.4**	**8%**
Consumer services	**29.0**	**29.1**	**(0%)**
Display advertising	**12.1**	**10.2**	**19%**
Total	**255.9**	**237.7**	**8%**

Trade revenue increased by 8% to £214.8 million (2014: £198.4 million) with a £16.1 million increase in retailer revenue underpinning most of the £16.4 million improvement. This reflected a 2.5% growth in the average number of retailer forecourts to 13,452 (2014: 13,129), but the main driver was increased ARPR which rose 6% to £1,252 (2014: £1,181).

The £71 rise in ARPR was achieved through balancing growth from the Group's Selling and retailing solutions' products (encompassing the Buying, Marketing and Managing Pillars). Revenue from the Selling Pillar increased 7% to £180.1 million (2014: £167.8 million) as a result of price increases together with retailers both increasing the number of vehicle advertisements on the marketplace and selecting additional products. In March 2015, 67% of Selling Pillar customers purchased packages above the entry level (2014: 58%).

In addition, retailing solutions' revenues increased by 21% to £22.0 million (2014: £18.2 million) as retailer customers looked to compete more effectively in the digital automotive marketplace. By purchasing additional product packages which allow them to promote themselves more effectively and make better buying and pricing decisions, retailers can increase their speed of stock turn and improve their return on investment.

Consumer services revenues were broadly consistent with the previous year, with increases in revenue from motoring services partners offsetting a decrease in private revenue. Whilst the number of private advertisements fell in the year as demand from retailers for stock improved part-exchange prices, private advert yields improved through enhancements to the product offering and a greater proportion of premium packages being taken.

Following the focus on closer, value based relationships with key agency customers, display revenues increased by 19%. Revenues benefited from shift in mix, reducing impressions served on low yielding programmatic platforms and improving the volume of higher yielding creative and bespoke advertising solutions for manufacturers. Of the £1.9 million increase in display advertising revenue to £12.1 million (2014: £10.2 million), 66% was from improved overall yield.

Adjusted underlying EBITDA
The Group reports non-underlying items in the Income Statement to show one-off items and to allow better interpretation of the underlying performance of the business. In relation to the 2015 financial year, these included exceptional items, IFRS 2 charges in respect of share awards and costs related to management incentive plans.

In addition, since September 2013 the Group has changed its approach to technology development. In keeping with the agile "squad" based methodology, the Group now develops its core infrastructure through small scale maintenance-like incremental improvements. Accordingly, less of the Group's expenditure on internal development salaries meets the requirements for capitalisation. The only current project that meets the capitalisation criteria relates to the development of the Group's order-to-cash billing system, SingleView, which is capitalised and reflected in the line item "Intangible assets: financial systems".

Following the change in operating approach, together with the shift away from incentive schemes linked to the Group's previous private ownership, Adjusted underlying EBITDA is a more accurate reflection of the underlying business performance of the Group and allows for comparability of the Group's results from period to period and with peer companies. The table below provides a reconciliation from operating profit to Adjusted underlying EBITDA.

	2015 **£m**	**2014** **£m**
Operating profit	**133.1**	**98.7**
Share-based payments	3.7	-
Management incentive plans	1.9	0.6
Exceptional items	5.4	11.1
Impairment charges	-	15.8
Capitalised development spend[1]	-	(4.9)
Depreciation	2.5	2.2
Amortisation	10.0	12.6
Adjusted underlying EBITDA	**156.6**	**136.1**

Adjusted underlying EBITDA increased by 15% to £156.6 million (2014: £136.1 million) with Adjusted underlying EBITDA margin improving by 4% pts to 61% (2014: 57%). This greater operational leverage was achieved through a combination of predominately yield derived revenue gains, at low marginal cost, combined with cost reduction throughout the business.

Underlying administration expenses [2] including adding back capitalised development costs[1], decreased by £4.6 million to £111.8 million (2014: £116.4 million) driven by a £3.4 million decrease in people costs[3] to £51.7 million (2014: £55.1 million). This decrease was as a result of an 8% reduction in full-time equivalent employees and reduced spend on contractors following restructuring of the business in the current and prior years and centralisation into two main office locations in Manchester and London.

1. Excluding costs capitalised in respect of SingleView.
2. Before share-based payment charges of £3.7m (2014: £Nil), exceptional costs of £5.4m (2014: £11.1m) impairment charges of £Nil (2014: £15.8m) and charges in respect of management incentive plans of £1.9m (2014: £0.6m).
3. People costs are staff costs of £58.4m (2014: £52.5m), capitalised development costs of Nil (2014: £4.9m) and third party contractor costs of £1.4m (2014: £2.8m), less share-based payment charges of £3.7m (2014: £Nil) management incentive plans of £1.9m (2014: £0.6m) and redundancy costs as a result of reorganisation classified as exceptional items of £2.5m (2014: £4.5m).

Exceptional items
Total fees incurred in relation to the IPO were £23.7 million, of which £1.5 million has been expensed through the Income Statement as an exceptional item with the balance of £22.2 million being charged to the share premium account.

In addition, costs of £3.9 million (2014: £11.1 million) were associated with the reorganisation of the Group's operations and include redundancy and severance costs plus relocation expenses.

Share-based payments and management incentive plans
In accordance with IFRS 2, a non-cash charge of £3.7 million (2014: £Nil) is included in the Group's consolidated income statement in respect of the shares awarded to management in connection with the recapitalisation of the Group in July 2014. These shares became fully vested on the IPO. In addition, £1.9 million (2014: £0.6 million) was charged in respect of a long-term incentive plan which became payable on the change of ownership.

Finance expense
The finance expense for the year was £122.3 million (2014: £95.7 million) and included amortisation costs of £12.0 million (2014: £0.7 million) in respect of the junior bank facility which was repaid during the year. The finance expense also includes exceptional finance expenses of £26.2 million that arose as a result of the early repayment of the Group's junior debt facility and a further £3.2 million incurred following the early termination and associated mark-to-market of the Group's interest rate hedges.

Taxation
The Group tax charge of £2.4 million represents an effective tax rate of 22% (2014: 176%) which is above the average standard UK rate of 21% (2014: 23%) as a result of items which are non-deductible for corporation tax purposes, including non-deductible share-based payment charges. Following further decreases in UK standard tax rates it is expected that the effective tax rate will decrease in the current year although due to the impact of non-deductible items it is expected that the Group's effective rate will continue to be marginally higher than standard UK tax rates.

The total tax contribution in respect of the year was £62.5 million (2014: £65.9 million). Of this, £9.1 million (2014: £16.6 million) related to corporation tax and employer's national insurance borne by the Group, while the remaining £53.4 million (2014: £49.3 million) was collected in respect of payroll taxes and VAT.

Earnings per share
Basic earnings per share from continuing operations, calculated for both the current and comparative year is based on the weighted average number of shares in issue immediately following the IPO, was 0.85p, a 1.13p increase from the loss of 0.28p in the previous year. The adjusted basic earnings per share from continuing operations increased 59% to 4.12p (2014: 2.59p).

The table shows the effect on the Group's basic earnings per share from continuing operations of the exceptional items, share-based payments, management incentive plans, impairment charges and capitalised development spend. However, no adjustment has been made for the significant anticipated benefit of both a reduced level of borrowings and margin payable.

	2015 £m	2014 £m
Profit/(loss) from continuing operations	**8.5**	**(2.8)**
Share-based payments	3.7	-
Management incentive plans	1.9	0.6
Exceptional items	5.4	11.1
Impairment charges	-	15.8
Capitalised development spend	-	(4.9)
Exceptional finance cost	29.4	10.8
Tax effect	(7.7)	(4.7)
Total adjusted profit from continuing operations	**41.2**	**25.9**
Number of ordinary shares in issue at 2015 year end; assumed to be outstanding for full year and comparative period (millions)	1,000	1,000
Adjusted earnings per share from continuing operations	**4.12p**	**2.59p**

Cash flow and net external debt
Auto Trader continues to see strong cash generation with operating cash flows from continuing operations 27% higher at £135.8 million (2014: £106.9 million), resulting in cash conversion of 87% (2014: 79%).

	2015 £m	2014 £m
Adjusted underlying EBITDA	**156.6**	136.1
Capitalised development spend	-	4.9
Movement in working capital	(1.9)	(7.4)
Exceptional items (excluding the IPO costs)	(9.8)	(11.1)
Continuing capital expenditure	(9.1)	(15.6)
Operating cash flow from continuing operations	**135.8**	106.9
Cash conversion	**87%**	79%

The IPO refinancing

On 24 March 2015, in connection with the IPO, the Group entered into a new banking facility consisting of a £550 million five year term loan and a revolving credit facility (RCF) of £30 million. Interest on the term loan is charged at LIBOR plus a margin of between 1.5% and 3.25% based upon the leverage of the Group. The RCF was undrawn at March 2015. Based on the year end leverage of 3.4 times Adjusted underlying EBITDA, the initial margin payable was 2.25%. The primary maintenance covenant on the facility is that leverage should not exceed 5.5 times prior to March 2017, reducing to 5.0 times beyond that date. Total arrangement fees of £9.4 million were incurred and will be amortised over the term of the facility.

Net proceeds from the new term loan of £540.6 million together with the primary proceeds of £460.3 million from the IPO were mainly used to repay £990.4 million of borrowings under the Group's Senior and Junior loan facilities. Principal amounts outstanding under shareholder loans of £128.8 million together with £12.7 million of interest payable were converted into ordinary shares as part of the IPO.

	£m
Net external debt at 30 March 2014	**977.8**
Net interest payable	73.1
Taxation	4.7
Primary proceeds from the IPO	(460.3)
IPO expenses	15.3
Refinancing fees	38.8
Operating cash flow	(135.8)
Other non-operating cash flow	14.3
Net external debt at 29 March 2015	**527.9**

Incorporation and capital reduction

On 13 February 2015, Auto Trader Group plc was incorporated and registered in England and Wales under the Companies Act 2006 as a public limited company. On 18 June 2015 the accounting reference date was changed to be 31 March.

The Company intends to reduce its share capital by means of a court-sanctioned reduction in capital in order to provide it with the distributable reserves required to support the intended dividend policy. The capital reduction was approved by a special resolution passed at the general meeting of the Company on 18 March 2015 and will require court approval. It is envisaged that the final court hearing to formally approve the proposed reduction of capital will take place before September 2015.

Dividend

The current intention of the Board is to pay a dividend in relation to the financial year ending 27 March 2016 in the form of an interim and final dividend. The current focus is on reducing the amount of debt outstanding until net debt is at or below two times Adjusted underlying EBITDA. During this time, it is the Board's intention to adopt an initial pay-out ratio of between 10% and 20% of net income, with a view to increasing this to approximately one third of net income once the two times leverage target is achieved.

Sean Glithero
Finance Director

Consolidated Income Statement

For the year ended 29 March 2015

Continuing operations	Note	2015 £m	2014 £m
Revenue	2	255.9	237.7
Administrative expenses	3	(122.8)	(139.0)
Operating profit before share-based payments, management incentive plans, exceptional items and impairment charges		**144.1**	**126.2**
Share-based payments		(3.7)	-
Management incentive plans		(1.9)	(0.6)
Exceptional items	3	(5.4)	(11.1)
Impairment charges	3	-	(15.8)
Operating profit	3	**133.1**	**98.7**
Finance income	4	0.1	0.7
Finance costs	4	(122.3)	(95.7)
Finance costs – net		**(122.2)**	**(95.0)**
Profit before taxation		**10.9**	**3.7**
Taxation	5	(2.4)	(6.5)
Profit/(loss) for the year from continuing operations		**8.5**	**(2.8)**
Discontinued operations:			
Profit for the year from discontinued operations attributable to equity holders of the parent		1.9	13.3
Profit for the year attributable to equity holders of the parent		**10.4**	**10.5**
Adjusted Profit Measure:			
Adjusted underlying EBITDA	2	156.6	136.1
Basic and diluted earnings/(loss) per share from continuing and discontinued operations	6		
From continuing operations (pence per share)		0.85	(0.28)
From discontinued operations (pence per share)		0.19	1.33
From profit for the year (pence per share)		**1.04**	**1.05**

Consolidated Statement of Comprehensive Income

For the year ended 29 March 2015

	2015 £m	2014 £m
Profit for the year	10.4	10.5
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
IFRS 2 – share-based payments credit	0.5	0.7
	0.5	0.7
Items that may be subsequently reclassified to profit or loss		
Cash flow hedges, net of tax	0.5	1.1
Currency translation differences	(0.7)	(0.4)
	(0.2)	0.7
Other comprehensive income for the year, net of tax	0.3	1.4
Total comprehensive income for the year attributable to the equity holders of the parent	**10.7**	**11.9**

Consolidated Balance Sheet

At 29 March 2015

	Notes	2015 £m	2014 £m
Assets			
Non-current assets			
Intangible assets		330.0	338.4
Property, plant and equipment		8.5	4.3
Deferred taxation assets		4.6	4.8
		343.1	**347.5**
Current assets			
Trade and other receivables		49.0	52.9
Cash and cash equivalents	7	22.1	12.6
		71.1	65.5
Assets of disposal group classified as held for sale		0.3	2.2
		71.4	67.7
Total assets		**414.5**	**415.2**
Equity and liabilities			
Equity attributable to equity holders of the parent			
Ordinary shares		1,500.0	0.1
Preference shares		–	175.7
Share premium account		144.4	1.5
Accumulated loss		(789.1)	(1,023.2)
Capital reorganisation reserve		(1,060.8)	-
Other reserves		29.4	95.3
Total equity		**(176.1)**	**(750.6)**
Liabilities			
Non-current liabilities			
Borrowings	8	540.7	1,107.2
Deferred taxation liabilities		0.6	0.8
Retirement benefit obligations		–	–
Provisions for other liabilities and charges		2.3	4.6
		543.6	**1,112.6**
Current liabilities			
Trade and other payables		40.4	38.3
Current income tax liabilities		2.7	5.0
Derivative financial instruments		–	0.6
Provisions for other liabilities and charges		3.9	9.3
		47.0	**53.2**
Total liabilities		**590.6**	**1,165.8**
Total equity and liabilities		**414.5**	**415.2**

Consolidated Statement of Changes in Equity

For the year ended 29 March 2015

	Share capital £m	Share premium account £m	Accumulated loss £m	Capital reorg reserve £m	Other reserves £m	Total equity £m
Balance at March 2013	**177.5**	**1.5**	**(1,033.6)**	**–**	**94.6**	**(760.0)**
Comprehensive income:						
Profit for the year	–	–	10.5	–	–	10.5
Other comprehensive income:						
Cash flow hedges, net of tax	–	–	1.1	–	–	1.1
IFRS 2 – share-based payments credit	–	–	0.7	–	–	0.7
Currency translation differences	–	–	–	–	(0.4)	(0.4)
Total other comprehensive gain/(loss), net of tax	–	–	1.8	–	(0.4)	1.4
Total comprehensive income/(loss), net of tax	–	–	12.3	–	(0.4)	11.9
Transactions with owners:						
Roll up of preference share dividend	0.1	–	(0.1)	–	–	–
Payment of principal and dividend on preference shares	(1.8)	–	(1.8)	–	1.1	(2.5)
Balance at March 2014	**175.8**	**1.5**	**(1,023.2)**	**–**	**95.3**	**(750.6)**
Comprehensive income:						
Profit for the year	–	–	10.4	–	–	10.4
Other comprehensive income:						
Cash flow hedges, net of tax	–	–	0.5	–	–	0.5
IFRS 2 – share-based payments credit	–	–	0.5	–	–	0.5
Currency translation differences	–	–	–	–	(0.7)	(0.7)
Total other comprehensive gain/(loss), net of tax	–	–	1.0	–	(0.7)	0.3
Total comprehensive income/(loss), net of tax	–	–	11.4	–	(0.7)	10.7
Transactions with owners:						
IFRS 2 – share-based payments credit	–	–	3.7	–	–	3.7
Roll up of preference share dividend prior to Group restructure	0.2	–	(0.2)	–	–	–
Repurchase and cancellation of ordinary share capital	(0.1)	–	(20.9)	–	0.1	(20.9)
Premium on ordinary share capital issued prior to Group restructure	–	1.1	–	–	–	1.1
Preference share capital issued prior to Group restructure	1.8	–	–	–	0.7	2.5
Dividends paid prior to Group restructure	–	–	(3.6)	–	–	(3.6)

Capital transaction - Group restructure, share for share exchange and issue of Auto Trader Group plc shares	1,322.3	141.8	243.7	(1,060.8)	(66.0)	581.0
Balance at March 2015	**1,500.0**	**144.4**	**(789.1)**	**(1,060.8)**	**29.4**	**(176.1)**

Consolidated Statement of Cash Flows
For the year ended 29 March 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from operations before exceptional operating items		154.8	134.0
Cash flows from exceptional operating items (excluding the IPO fees) – continuing		(9.8)	(4.4)
Cash flows from exceptional operating items – discontinued		(0.2)	(2.2)
Cash generated from operations	10	144.8	127.4
Tax paid		(4.7)	(10.9)
Net cash generated from operating activities		**140.1**	**116.5**
Cash flows from investing activities			
Proceeds from disposal of subsidiary, net of cash disposed		-	32.3
Receipt of deferred consideration		-	0.1
Purchases of intangible assets – financial systems		(1.9)	(6.1)
Purchases of intangible assets – capitalised development spend		-	(4.9)
Purchases of intangible assets – other		(0.4)	(1.7)
Purchases of intangible assets – discontinued		-	(0.3)
Purchases of property, plant and equipment – continuing		(6.8)	(2.9)
Purchases of property, plant and equipment – discontinued		-	(0.4)
Proceeds from sale of property, plant and equipment		-	0.1
Proceeds from sale of assets held for sale – discontinued		3.5	-
Bank deposit and other interest received		0.1	0.7
Net cash (used in)/generated from investing activities		**(5.5)**	**16.9**
Cash flows from financing activities			
Proceeds from issue of ordinary shares following the Group restructure		460.3	-
Proceeds from issue of ordinary shares prior to the Group restructure		3.7	-
Redemption of Shareholder Loan Notes		-	(490.9)
Preference dividend and capital paid to Company’s shareholders		-	(2.5)
Loan to Company’s shareholder prior to the Group restructure		(19.3)	(5.2)
Drawdown of former Senior and Junior Debt		-	990.4
Repayment of former Senior and Junior Debt		(990.4)	(664.7)
Drawdown of Syndicated Term Loan		550.0	-
Payment of the IPO costs		(15.3)	-
Payment of Syndicated Term Loan arrangement fees		(9.4)	-
Early repayment fees		(29.4)	-
Payment former Senior and Junior Debt refinancing fees		(2.1)	(21.8)
Purchase of former Senior Debt		-	(7.6)
Payment of interest on borrowings and hedging instruments		(73.2)	(28.3)
Payment of other interest		-	(0.1)
Net cash used in financing activities		**(125.1)**	**(230.7)**
Net increase/ (decrease) in cash and cash equivalents		**9.5**	**(97.3)**
Cash and cash equivalents at beginning of year		12.6	110.3
Exchange losses on cash		-	(0.4)
Cash and cash equivalents at end of year		**22.1**	**12.6**

Notes to the financial information

1. Basis of preparation

The financial information presented is at and for the 52 week financial years ended 30 March 2014 and 29 March 2015. Financial year ends have been referred to as 31 March throughout the consolidated financial statements as per the Group's accounting reference date. Financial years are referred to as 2014 and 2015 in these consolidated financial statements.

On 24 March 2015, the Company obtained control of the entire share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited) via a share for share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction. Although the share for share exchange resulted in a change of legal ownership this was a common control transaction and therefore outside the scope of IFRS 3. In substance these financial statements reflect the continuation of the pre-existing Group, headed by Auto Trader Holding Limited (formerly Auto Trader Group Limited) and the financial statements have been prepared applying the principles of predecessor accounting ownership. This was a common control transaction and therefore outside the scope of IFRS3.

As a result, the comparatives presented in these financial statements are the consolidated results of Auto Trader Holding Limited (formerly Auto Trader Group Limited). The prior year balance sheet reflects the share capital structure of Auto Trader Holding Limited (formerly Auto Trader Group Limited). The current period balance sheet presents the legal change in ownership of the Group, including the share capital of Auto Trader Group plc and the capital reorganisation reserve arising as a result of the share for share exchange transaction.

Whilst the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS's), this announcement does not itself contain sufficient information to comply with IFRS's.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2015 or 2014, but is derived from those accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts; the report was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498(2) or (3) Companies Act 2006.

Certain financial data have been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Going concern

The Directors, after making enquiries and on the basis of current financial projections and facilities available, believe that the Group has adequate financial resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2. Segmental Information

IFRS 8, 'Operating Segments', requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there is only one operating segment, being the Group, as the information reported includes operating results at a consolidated group level only. This reflects the nature of the business whereby the major cost is to support the IT platforms upon which all of the Group's customers are serviced. These costs are borne centrally and not attributable to any specific customer type or revenue stream. There is also considered to be only one reporting segment, which is the Group, the results of which are shown in these consolidated statements of comprehensive income.

Revenue

To assist in the analysis of the Group's revenue generating trends, management reviews revenue from three customer types as detailed below:

- Trade – revenue from retailer customers and revenue from other products and services provided to retailers and home dealers to support their online activities;

- Consumer services – revenue from individuals for vehicle advertisements on the Group’s websites. This category also includes revenue derived from third-party services directed at consumers relating to their motoring needs, such as insurance and loan finance; and

- Display advertising – revenue from customers, advertising agencies and retailers for placing display advertising on the Group’s websites.

The reporting information provided to management, which presents revenue by customer type, has been voluntarily disclosed below:

	2015 £m	2014 £m
Trade	214.8	198.4
Consumer services	29.0	29.1
Display advertising	12.1	10.2
Total revenue from continuing operations	**255.9**	**237.7**

Adjusted underlying EBITDA

Operating costs, comprising administrative expenses, are managed on a group basis. Management measure the overall performance of the Group by reference to the following non-GAAP measure:

- Adjusted underlying EBITDA which is underlying operating profit (operating profit before impairment, exceptional items and non-trading items such as IFRS 2 charges in respect of share-based payments and the costs of management incentive plans) less capitalised development expenditure, excluding expenditure incurred on building the Group’s financial systems and before depreciation and amortisation.

This adjusted profit measure is applied by management to understand the earnings trend of the Group and is considered the most meaningful measure under which to assess the true operating performance of the Group.

In addition to annual bonuses which are linked to the Group’s financial performance, the Group had a number of longer term cash management incentive plans and non-cash share-based payments incentives linked to changes in ownership of the Group (and linked to the valuation achieved) rather than the achievement of individual or Company specific financial performance targets. In addition, since 31 December 2013, the Group has changed its approach to technology development such that the Group now develops its core infrastructure through small-scale, maintenance-like incremental improvements and as a result where the Group’s expenditure on development salaries no longer meets the criteria for capitalisation it has been expensed as incurred.

The Directors believe that these items and adjusted measures of performance should be separately disclosed in order to assist in the understanding of financial performance achieved by the Group and for consistency with prior years.

	2015 £m	2014 £m
Operating profit	**133.1**	**98.7**
Share-based payments	3.7	-
Management incentive plans	1.9	0.6
Exceptional items	5.4	11.1
Impairment charges	-	15.8
Underlying operating profit	**144.1**	**126.2**
Capitalised development spend	-	(4.9)
Depreciation	2.5	2.2
Amortisation	10.0	12.6
Adjusted underlying EBITDA	**156.6**	**136.1**

A reconciliation of the total segment operating profit to the profit before tax and discontinued operations is provided as follows:

	2015 £m	2014 £m
Total segment operating profit	133.1	98.7
Finance costs – net	(122.2)	(95.0)
Profit before tax and discontinued operations	**10.9**	**3.7**

Management reviews the balance sheet information for the one operating segment. The segment's assets and liabilities are presented in a manner consistent with that of the financial statements.

3. Operating profit

Expenses by nature including exceptional items and impairment charges:

	2015 £m	2014 £m
Staff costs	58.4	52.5
Contractor costs	1.4	2.8
Depreciation of property, plant and equipment	2.5	2.2
Impairment of property, plant and equipment	-	0.7
Amortisation of intangibles	10.0	12.6
Impairment of intangibles	-	11.9
Impairment of investments	-	3.2
Operating lease payments	3.3	3.3
Net foreign exchange losses	0.1	-
IT and communication costs	7.8	7.1
Other expenses	39.3	42.7
Total administrative expenses	**122.8**	**139.0**
Included within share-based payments, management incentive plans, exceptional items and impairment charges	(11.0)	(27.5)
Total administrative expenses before share-based payments, management incentive plans, exceptional items, and impairment charges	**111.8**	**111.5**

Exceptional items and impairment charges:

	2015 £m	2014 £m
Restructuring of Group operations	3.9	11.1
IPO costs	1.5	-
Impairment of property, plant and equipment	-	0.7
Impairment of intangibles	-	11.9
Impairment of investments	-	3.2
Total exceptional items and impairment charges	**5.4**	**26.9**

Restructuring of Group operations relates to redundancy, property and other costs for the relocation of offices in the UK and other reorganisation costs.

Exceptional IPO costs relate to costs associated with the Initial Public Offering (IPO) of Auto Trader Group plc shares on the London Stock Exchange on 24 March 2015.

Exceptional finance costs of £29.4 million (2014: £10.8 million) have been included separately within finance costs (note 4).

4. Finance income and finance costs

	2015 £m	2014 £m
Finance income		
On bank balances	0.1	0.7
Total	**0.1**	**0.7**
Finance costs		
On bank loans and overdrafts	65.3	29.5
On shareholders' loans	12.9	53.2
Net losses on derivative financial instruments	2.7	1.4
Other interest payable	-	0.1
Amortised debt issue costs	12.0	0.7
Exceptional: early repayment premium	26.2	-
Exceptional: settlement of derivatives	3.2	-
Exceptional: refinancing costs	-	10.8
Total	**122.3**	**95.7**

The exceptional early repayment premium was incurred in relation to the settlement of the former Goldman Sachs Mezzanine Partners ("GSMP") Junior Debt. The former GSMP Junior Debt was settled in full as part of the Group restructure on 24 March 2015.

The Group opted to settle its interest rate swap agreements as part of the Group restructure. The Group incurred a charge as a result of the transaction which was expensed in full in the year ended 31 March 2015 and classified as exceptional.

Exceptional refinancing costs were incurred in relation to the refinancing of the former Senior Debt in the year ended 31 March 2014. These costs were expensed in full, as the Directors believe the refinancing represented an extinguishment of the previous debt facility.

5. Taxation

	2015 £m	2014 £m
Current taxation		
UK corporation taxation	2.2	7.1
Foreign taxation	0.1	0.1
Adjustments in respect of prior years	0.1	(0.6)
Total current taxation	**2.4**	**6.6**
Deferred taxation		
Origination and reversal of temporary differences	-	(1.4)
Adjustments in respect of prior years	-	0.7
Effect of rate changes on deferred taxation	-	0.6
Total deferred taxation	**-**	**(0.1)**
Total taxation charge	**2.4**	**6.5**

The differences between the total taxation shown above and the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation on continuing operations are as follows. The Group earns its profits primarily in the UK, therefore the rate used for taxation is the standard rate for UK corporation tax.

	2015 £m	2014 £m
Profit before taxation	**10.9**	**3.7**
Tax on profit on ordinary activities at the standard UK corporation tax rate of 21% (2014: 23%)	2.3	0.9
Non taxable income	(0.5)	-
Expenses not deductible for taxation purposes	1.8	5.0
Adjustments in respect of foreign tax rates	(0.1)	(0.1)
Other temporary differences	(1.2)	-
Effect of rate changes on deferred taxation	-	0.6
Adjustments in respect of prior years	0.1	0.1
Total taxation charge	**2.4**	**6.5**

Taxation on items taken directly to equity was a credit of £0.4 million (2014: £0.4 million credit) and relates to financial derivatives and the IPO costs recognised in share premium.

The tax charge for the year is based on the effective rate of UK Corporation Tax for the period of 21% (2014: 23%). The statutory rate of Corporation Tax reduced from 23% to 21% on 1st April 2014 and to 20% on 1st April 2015. These changes were substantively enacted on 2 July 2013 and hence the impact was reflected in the opening tax balances. There was therefore no impact on the current year financial statements.

6. Earnings per share

Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of Auto Trader Group plc by the weighted average number of ordinary shares in issue from the date of the IPO to 29 March 2015.

	2015 £m	2014 £m
Profit/(loss) from continuing operations attributable to equity holders of the parent	8.5	(2.8)
Profit from discontinued operations attributable to equity holders of the parent	1.9	13.3
Total profit attributable to equity holders of the parent	10.4	10.5
Weighted average number of ordinary shares in issue (millions)	1,000	1,000
Basic earnings per share (in pence) from continuing operations	0.85	(0.28)
Basic earnings per share (in pence) from discontinued operations	0.19	1.33
Basic earnings per share (in pence)	**1.04**	**1.05**

Basic and diluted earnings per share are the same as there is no difference between the basic and the diluted number of shares. The weighted average number of shares for both the current and preceding years has been stated as if the Group reorganisation had occurred at the beginning of the comparative year.

Adjusted earnings per share
Adjusted basic and diluted earnings per share figures are calculated by dividing adjusted profit after tax for the year by the weighted average number of shares in issue (as above). Adjusted earnings per share are presented for continuing operations.

Continuing operations	2015 £m	2014 £m
Profit/(loss) from continuing operations	**8.5**	**(2.8)**
Share-based payments	3.7	-
Management incentive plans	1.9	0.6
Exceptional items	5.4	11.1
Impairment charges	-	15.8
Exceptional finance cost	29.4	10.8
Capitalised development spend	-	(4.9)
Tax effect	(7.7)	(4.7)
Total adjusted profit from continuing operations	41.2	25.9
Weighted average number of ordinary shares in issue from the IPO to 29 March 2015 (millions)	1,000	1,000
Adjusted earnings per share from continuing operations	4.12p	2.59p

7. Cash and cash equivalents

	2015 £m	2014 £m
Cash at bank and in hand	22.1	12.6

The Group’s credit risk on cash and cash equivalents is limited as the counterparties are well established banks with high credit ratings. At 31 March 2015 and 31 March 2014, the cash and cash equivalents are primarily denominated in the UK pounds.

8. Borrowings

Non-current	2015 £m	2014 £m
Syndicated Term Loan gross of unamortised debt issue costs	550.0	-
Unamortised debt issue costs	(9.3)	-
Syndicated Term Loan net of unamortised debt issue costs	540.7	-
Former Junior Debt gross of unamortised debt issue costs	-	358.4
Debt issue costs	-	(12.0)
Former Junior Debt net of unamortised debt issue costs	-	346.4
Former Senior Debt	-	632.0
Series A, B and C Shareholder Loan Notes	-	128.8
Total	**540.7**	**1,107.2**

The Syndicated Term Loan, the Former Senior Debt, Former Junior Debt and Shareholder Loan Notes are repayable as follows:

	2015 £m	2014 £m
Two to five years	550.0	632.0
Over five years	-	487.2
Total	**550.0**	**1,119.2**

The carrying amounts of borrowings approximate their fair values.

Syndicated Term Loan (the debt under the terms of the new Senior Facilities Agreement)

On 24 March 2015, the Company and a subsidiary undertaking, Auto Trader Holding Limited (formerly Auto Trader Group Limited), entered into a £550.0 million Senior Facilities Agreement as part of the Group restructure. The first utilisation was made on 24 March 2015 when £550.0 million was drawn.

Interest on the Syndicated Term Loan is charged at LIBOR plus a margin of between 1.5% and 3.25% depending on the consolidated leverage ratio of Auto Trader Group plc. There is no requirement to settle all or part of the debt earlier than the termination date in March 2020.

Under the Senior Facilities Agreement, the lenders also made available to the Company and Auto Trader Holding Limited a £30.0 million revolving credit facility (the "RCF"). Other than an ancillary facility of £0.6 million, the RCF was undrawn at 31 March 2015 (2014: £35.0 million). Cash drawings under the RCF would incur interest at LIBOR, or in the case of loans in Euro, EURIBOR plus a margin of between 1.25% and 3.0% depending on the consolidated leverage of Auto Trader Group plc (31 March 2014: 3.75%). A commitment fee of 35% of the margin applicable to the RCF from time to time is payable quarterly in arrears on the unutilised amounts of the RCF.

Senior Bank Debt ("former Senior Debt") (the debt under the terms of the former Senior Facilities Agreement)

On 28 February 2014 the Group refinanced the former Senior Debt as part of an overall refinancing of the Group. £267.0 million of the former Senior Debt was transferred to a new tranche B4 which was due to expire in December 2017. All of the remaining former Senior Debt was transferred to the existing tranche B2X with a maturity of June 2017. In addition to the refinancing transactions in 2014 the Group repaid £32.7 million of the former Senior Debt.

During the year to 31 March 2015 a subsidiary undertaking purchased £nil (31 March 2014: £16.9 million) of the former Senior Debt.

Interest on the Former Senior Debt was charged at LIBOR plus a margin of between 2% and 4.5% depending on the consolidated leverage ratio of Trader Media Corporation (2003) Limited up to 28 February 2014. Following the renegotiation of the facility the interest was charged at LIBOR plus a margin of between 4.25% and 4.5% (31 March 2014: 4.25% and 4.5%) based on the consolidated leverage ratio of Trader Media Group Holdings Limited. This calculation encompasses the former GSMP Junior Debt of £358.4 million described below.

On 24 March 2015 the Group repaid the full £632.0 million of the former Senior Debt (together with accrued interest, break costs and other costs payable under the terms of the former Senior Facilities Agreement) as part of the overall restructuring of the Group.

GSMP Junior Debt ("former Junior Debt") (the debt under the terms of the former GSMP Junior Debt Agreement)

On 21 January 2014 The Group entered into a £412.4 million facilities agreement with Goldman Sachs Mezzanine Partners ("GSMP") and £358.4 million of former Junior Debt was drawn on 28 February 2014. The associated debt transaction costs were £12.7 million. The interest payable on the former Junior Debt was charged at LIBOR with a floor of 1% plus a fixed margin of 8.75%. There was no requirement to settle all or part of the debt earlier than the termination date in February 2021.

On 24 March 2015 the Group repaid the full £358.4 million of the former Junior Debt (together with accrued interest, break costs and other costs payable under the terms of the former GSMP Junior Debt Agreement) as part of the overall restructuring of the Group. A premium of £26.2 million has been recognised in finance costs in the year to 31 March 2015 (note 8).

Series A, B and C Shareholder Loan Notes

On 24 March 2015 as part of the overall Group restructure, the Group settled the full £128.8 million of the Shareholder Loan Notes in exchange for ordinary shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited).

Interest was charged at LIBOR plus a margin of 9% on the Series A, B and C shareholder loan notes. Interest was payable annually in arrears in June on the anniversary of the issue date, however the interest was rolled up into the principal every year since issue. On the 28 February 2014 as part of the Former Senior Debt refinancing transaction, accrued interest on all Shareholder Loan Notes was rolled into the principal.

In 2014, £490.7 million of Series A Shareholder Loan Notes and £0.2 million of Series C Shareholder Loan Notes were repaid.

The exposure of the Group's borrowings (excluding debt issue costs) to interest rate changes and the contractual re-pricing dates at the balance sheet date are as follows:

	2015 £m	2014 £m
1 month or less	550.0	990.4
1 to 3 months	-	128.8
6 to 12 months	-	-
Total	**550.0**	**1,119.2**

9. Share capital

	2015 £m	2014 £m
Allotted, called up and fully paid		
1,000,000,000 Ordinary shares of £1.50 each (2014: nil)	1,500	-
Nil cumulative irredeemable preference shares of £1 each (2014: 175,458,245)	-	175.7
Nil A Ordinary shares of 10p each (2014: 50,100)	-	-
Nil B Ordinary shares of 10p each (2014: 38,655)	-	-
Nil C Ordinary shares of 10p each (2014: 9,949)	-	-
Nil D Ordinary shares of 10p each (2014: 1,296)	-	-
Nil deferred B Ordinary shares of 10p each (2014: 911,245)	-	0.1
Nil deferred shares of £0.0001 each (prior years: 430,000,000)	-	-
Total	**1,500**	**175.8**

The share capital of the Group is represented by the share capital of the parent company, Auto Trader Group plc. This company was incorporated on 13 February 2015 to act as the holding company of the Group. Prior to this the share capital of the Group was represented by the share capital of the previous parent, Auto Trader Holding Limited (formerly Auto Trader Group Limited).

The table below summarises the movements in share capital during the year ended 31 March 2015.

	£m
Balance at 1 April 2014	175.8
Repurchase and cancellation of Auto Trader Holding Limited ordinary share capital	(0.1)
Roll up of Auto Trader Holding Limited preference share dividend	0.2
Auto Trader Holding Limited preference share capital issued	1.8
Group restructuring	1,322.3
Total	**1,500.0**

Auto Trader Group plc was incorporated on 13 February 2015 and issued one ordinary share of £1 at par and one redeemable preference share of £49,999 at par.

On 24 March 2015 the company issued 14 ordinary shares of £1 at par.

On 24 March 2015 as part of the Group restructuring the following steps took place:

- The 15 ordinary £1 shares were sub-divided into 10 £1.50 shares.
- The company issued 804,106,797 ordinary shares of £1.50 in exchange for the entire share capital of Auto Trader Holding Limited (Auto Trader Group Limited). The company issued 195,893,193 ordinary shares of £1.50 for cash consideration of £460.3 million.
- The company repurchased and cancelled the redeemable preference share of £49,999 for cash consideration of £49,999.

10. Cash generated from operations

	2015	**2014**
	£m	**£m**
Profit before taxation including discontinued operations	12.8	18.0
Adjustments for:		
Depreciation	2.5	2.3
Amortisation	10.0	12.8
Profit on disposal of property, plant and equipment	(1.2)	-
Goodwill and other impairment charges	-	15.8
Profit on disposal of discontinued operations	-	(9.2)
Foreign exchange gain on disposal of discontinued operations	-	(0.8)
Fair value loss on customer list asset	-	0.6
Share-based payments charge	3.7	-
Finance costs	122.3	84.9
Finance income	(0.1)	(0.7)
IPO costs	1.5	-
Refinancing fees	-	10.8
Changes in working capital (excluding the effects of disposals and exchange differences on consolidation):		
Trade and other receivables	(1.5)	(13.8)
Trade and other payables	2.3	1.6
Provisions	(7.5)	5.1
Cash generated from operations	**144.8**	**127.4**

The cash flows of discontinued operations are as follows:

	2015	**2014**
	£m	**£m**
Cash generated from operations	(0.1)	4.9
Taxation	(0.1)	(1.4)
Operating cash flows	(0.2)	3.5
Investing cash flows	3.4	(0.3)
Financing cash flows	-	-
Total cash flows	**3.2**	**3.2**

During the year ended 31 March 2014, the Group disposed of its 100% equity interest in the South African subsidiary, The Car Trader (Pty) Limited. The fair values of assets and liabilities over which control was lost were as follows:

	The Car Trader (Pty) Ltd
	£m

Net assets disposed of:	
Intangibles assets	22.0
Property, plant and equipment	0.6
Trade and other receivables	0.7
Trade and other payables	(1.3)
Currency translation differences and foreign exchange gain	1.1
Gain on disposal	9.2
	32.3
Satisfied by:	
Cash and cash equivalents received as consideration	36.3
Cash and cash equivalents sold	(4.0)
Total net cash consideration	32.3

11. Subsequent events

Since the balance sheet date the following events have taken place:

On 21 April 2015 the Company issued 1,051,699 Ordinary Shares of £1.50 each, at par, with each share carrying the right to one vote. These shares have been issued and allotted in connection with the Auto Trader Group plc Share Incentive Plan. The shares rank pari passu with the existing ordinary shares of the company.

On 13 May 2015 the Company repaid £20 million of the Syndicated Term Loan.

12. Related party transactions

Prior to 24 March 2015 a subsidiary company Auto Trader Holding Limited (formerly Auto Trader Group Limited) was jointly controlled by Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l.. Prior to 1 March 2014 Auto Trader Holding Limited (formerly Auto Trader Group Limited) was jointly controlled by Crystal A Holdco S.à r.l, Crystal B Holdco S.à r.l and GMG (TMG) Limited. GMG (TMG) Limited sold its entire holding of 50.1% in Auto Trader Holding Limited (formerly Auto Trader Group Limited) to Crystal A Holdco S.à.r.l., Crystal B Holdco S.à r.l. and Ed Williams.

Prior to 24 March 2015 the shareholder companies had made loans to and held preference shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited). Ed Williams and Chip Perry, Directors of Auto Trader Holding Limited (formerly Auto Trader Group Limited), had also issued Shareholder Loan Notes to and held preference shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited).

On 24 March 2015, as part of the overall restructuring of the Group, the shareholder loans and related accrued interest, preference shares, preference share premium and accrued dividends were converted into share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited). On 24 March 2015 all shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited) were exchanged for shares in Auto Trader Group plc via a share for share exchange.

The balances at the end of the period including accrued interest, dividends payable on these debt and equity instruments and the premium on the preference shares are disclosed below:

	2015 £m	2014 £m
Shareholder loans and accrued interest		
Crystal A Holdco S.à r.l.	-	(49.2)
Crystal B Holdco S.à r.l.	-	(80.3)
Ed Williams	-	(0.4)
Chip Perry	-	-
Preference shares, premium and accrued dividends		
Crystal A Holdco S.à r.l.	-	(92.3)
Crystal B Holdco S.à r.l.	-	(148.0)

Ed Williams	-	(0.7)
Chip Perry	-	-
Interest charged to the Income Statement		
GMG (TMG) Limited	-	(26.1)
Crystal A Holdco S.à r.l.	(4.9)	(10.3)
Crystal B Holdco S.à r.l.	(8.0)	(16.7)
Ed Williams	-	(0.1)
Chip Perry	-	-

The annual interest accrued on the Shareholder Loan Notes has been rolled into the principal each year since issue (note 8). Interest accrued on Shareholder Loan Notes was rolled up into the principal on 24 March 2015 prior to the Group restructure.

On 28 February 2014, repayments of Shareholder Loan Notes and accrued interest were made to the value of £186.5 million to Crystal A Holdco S.à r.l., £304.2 million to Crystal B Holdco S.à r.l. and £0.2 million to Ed Williams.

During the year ended 31 March 2015 additional loans of £15.7 million (31 March 2014: £5.2 million) were made to Crystal B Holdco S.à r.l. These loans are unsecured, non-interest bearing and repayable on demand. The total loan balance of £20.9 million was waived and released as payment for the repurchase of A ordinary shares during the period.

During the year ended 31 March 2015 a subsidiary undertaking, Auto Trader Holding Limited (formerly Auto Trader Group Limited), made loans of £1.4 million and £2.2 million to Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. respectively. These loans are unsecured, non-interest bearing and repayable on demand. On 6 March 2015 the loans were settled through the issue of a dividend in kind.

Apax Europe VIII GP Co. Limited, a fund advised by Apax Partners LLP, received £0.1 million for the provision of Directors' services to the Group during the year (31 March 2014: £0.1 million). The balance outstanding at the end of the year was £nil (31 March 2014: £nil).

Prior 24 March 2015 funds advised by Apax Partners LLP held £15.0 million of the Former Junior Debt. The fund receives interest and is subject to the same terms of the existing GSMP Junior Debt Agreement as all other syndicate members (note 8).

In the year ended 31 March 2015 certain Group companies have traded with companies in which the funds advised by Apax Partners LLP have an interest. Trading was in the normal course of operations and on an arm's length basis. Transactions during the year and balances outstanding at each year end are as follows:

	2015 £m	2014 £m
Funds advised by Apax		
Recharges of costs	(0.1)	(0.1)
Net balance outstanding at the year end	-	-

Transactions with Directors and key management

Loans made on an arm's length basis in a previous year to certain members of key management were fully repaid in the period. The balance outstanding at 31 March 2015 was £nil (2014: £13,551).

At 31 March 2015 Directors and key management of Auto Trader Group plc control 6.94% of the voting shares of the Company. At 31 March 2014, Directors and key management of Auto Trader Holding Limited (formerly Auto Trader Group Limited) controlled 14.52% of that company's voting shares.

On 4 July 2014 Auto Trader Holding Limited (formerly Auto Trader Group Limited) gifted 19,838 E Ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid up in cash by a third party individual.

On the same day the following shares were issued to certain Directors and members of key management for aggregate cash consideration of:

	Number of shares	Aggregate cash consideration (£)
E Ordinary shares of £0.001 each	11,073	465,665
A2 Ordinary shares of £0.001 each	191	8,032
A2 Preferred Ordinary shares of £0.001 each	15,891	668,282
F Ordinary shares of £700 each	5	3,500

On 25 February 2015 Auto Trader Holding Limited (formerly Auto Trader Group Limited) gifted 196 E Ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £0.20 was fully paid up in cash.

On 25 February 2015 Auto Trader Holding Limited (formerly Auto Trader Group Limited) issued 398 E Ordinary shares of £0.001 each to certain Directors and members of key management for cash consideration of £16,738. The nominal value of these shares of £0.40 was fully paid up in cash.

On 24 March 2015 all Directors and key management exchanged their shareholding in Auto Trader Holding Limited (formerly Auto Trader Group Limited) for shares in Auto Trader Group plc.

13. Principal risks and uncertainties

The Group has identified certain principal risks and uncertainties which could impact on our future development, performance or position which could have an impact on the business model, and strategy. The risk factors described below are not an exhaustive list or an explanation of all risks. Additional risks and uncertainties relating to the Group, including those that are not currently known to the Group or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations and/or financial condition.

A summary of the nature of the risks currently faced by the Group is as follows:

- Macroeconomic conditions; The Group derives the majority of its revenues from the UK automotive market and is thus dependent on the market and macroeconomic conditions in the UK. If the UK economy contracts or if interest rates increase, the volume of transactions in the UK automotive market could decrease and/or there could be closure of a number of automotive retailers, both of which could reduce the Group's revenue from vehicle advertising services or other services. The Group regularly reviews market conditions and indicators to assess whether any action is required to reduce costs or vary the products and services.

- Competition; The Group's share of total advertising spend in the UK digital automotive market is under constant threat from new and incumbent competitors as barriers to entry are low. Increased competition could impact the Group's ability to grow revenue due to the potential loss of audience, trade and consumer advertisers, or demand for additional services. These risks are mitigated by continual monitoring of market conditions and investment in products and marketing to ensure the Group not only delivers the best response to advertisers, but better value for money than its competitors. This allows the Group to maximise its return and maintain a strong market share.

- Brand; The protection and enhancement of the Auto Trader brand is critical to the Group's future success. Expanding the Group's business will depend largely on the ability to maintain the trust that retailers, consumers, and display advertisers place in its services and the quality and integrity of the vehicle advertisements and other content found on the marketplace. Failure to maintain and protect the brand, or negative publicity surrounding the Group's ability to retain or expand its base of retailers, consumers and advertisers, or could diminish confidence in and the use of the Group's services. The Group seeks to maintain and enhance trust through proactively monitoring for, and removing, misleading or fraudulent adverts. Brand heritage and relevance is supported through investment in marketing spend and an open dialogue with all consumer segments is maintained regarding the quality of service provided.

- New or disruptive technologies and changing consumer behaviours; The Group is exposed to the rapid pace of change in the online market, and to major changes in the way vehicles are bought and sold or owned. Failure to innovate or adopt new technologies, or a failure to adapt to changing consumer behaviour towards car buying or ownership could lead to the Group's business being adversely impacted. To mitigate this, the Group has a policy of continuous improvement and development of online services and products and continues to monitor its own and competitor performance closely.

- IT Systems and Cyber-attack; The Group's IT systems are interdependent and a failure in one system may disrupt the availability and performance of its customer platforms, and the efficiency and functioning of the Group's operations. The Group is exposed to risks of Cyber-attack to its brand, websites and services. Failure in one system could disrupt others and could impact the availability or performance of Group platforms. Security breaches as a result of malicious cyber-attacks could lead to the unavailability of services, loss of data or confidential information. Through effective use of technology solutions and strict adherence to industry standards the Group deploys tools and processes that automatically intercept, identify and effectively mitigate the vast majority of the security threats. In addition, a team of security experts continually monitor developments outside the Group to help mitigate new known threats in anticipation of an attempt on the Group's infrastructure.

RESPONSIBILITY STATEMENT

The responsibility statement below has been prepared in connection with the Company's Annual Report & Accounts for the year ended 29 March 2015. Certain parts thereof are not included within this announcement.

We confirm that to the best of our knowledge and belief:

- The consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted in the European Union, give a true and fair view of the assets, liabilities, financial position, cash flows and loss of the Company and Group; and

- The management report, which is incorporated into the strategic report, includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties it faces.

This responsibility statement was approved by the Board on 19 June 2015 and is signed on its behalf by:

Sean Glithero

19 June 2015