
Full year results presentation

Year ended 31 March 2019

6 June 2019



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Financial highlights*

+8% Revenue: **up 8%** to £355.1 million (2018: £330.1 million)

+10% Operating profit:*** up 10%** to £243.7 million (2018: £221.3 million)

69% Operating profit margin:*** up 2% points** to 69% (2018: 67%). Operating cost growth of 3%

+18% Earnings and distribution:*** Basic EPS up 18%** to 21.00p (2018: 17.74p); impacted by the £8.7 million profit recognised on disposal of Smart Buying to our joint venture. The proposed final dividend of 4.6p per share plus interim of 2.1p means total dividend of 6.7p (2018: 5.9p)

+13% Cash generated from operations:*** up 13%** to £258.5 million (2018: £228.4 million)

£151m Cash returned to shareholders: **£151.1 million** cash returned to shareholders (2018: £148.4 million) through **£93.5 million of share buy-backs** (2018: £96.2 million) (20.2 million shares at an average price of 461p) plus **dividends paid of £57.6 million** (2018: £52.2 million)

£30m Gross external bank debt reduced by **£30.0 million:** (2018: £20.0 million) to £313.0 million (2018: £343.0million) with leverage at 1.2x (2018: 1.5x)

Operational highlights

+£149

ARPR: up £149 to £1,844 on average per month (2018: £1,695), with growth from product and price offsetting an expected reduction from stock

+2%

Physical car stock on site: up 2% to 461,000 cars (2018: 453,000) on average. Our new car listings product contributed 12,000 to that average since the launch in August

+0%

Retailer forecourts: the average number of forecourts in the year was **13,240** (2018: 13,213)

239m

Advert views: down 3% at 239 million per month on average (2018: 246 million)

49.1m

Cross platform visits: up 1% to 49.1 million per month on average (2018: 48.7 million). Cross platform minutes were almost 5x larger than our nearest competitor (2018: 4x larger)

804

Number of employees and contractors (FTEs): reduced to 804 on average during the year (2018: 824)

Our position as the leading digital player in the automotive market provides multiple horizons of growth with our customers over time



Strategic highlights



Stock penetration of our **Advanced and Premium packages has reached 19%** from 12% in March 2018 and 15% in September 2018, as retailers continue to see the benefits of paying more to appear with a greater level of prominence on site



We successfully monetised our **Dealer Finance product and achieved 70% penetration amongst eligible retailers which we have held over the year.** Over 5,000 retailers are paying to advertise their own finance offers with another 3,500 opting to show finance deals from our finance partner on their adverts



Physical new car stock on site reached 30,000 by the year end and we are increasingly gaining engagement from consumers looking to acquire a new car at a competitive price



We have **launched new versions of our Managing products,** enhancing the new mobile friendly products with improved data, analytics, design and reporting



We have **completed our joint venture with Cox Automotive** to form Dealer Auction, which will disrupt the B2B marketplace through lower prices and rich retail driven supply, demand and valuation analytics

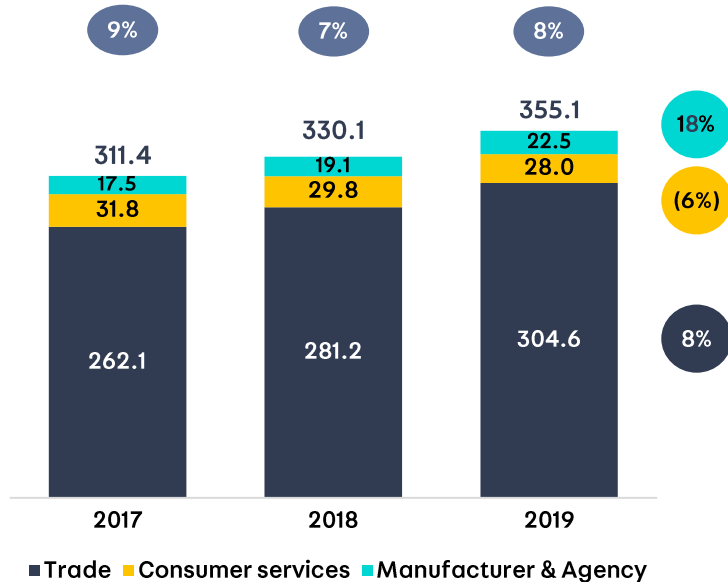
Financials



Revenue

Revenue (£m)

Year ended 31 March 2019 is shown as 2019



Trade revenue comprises:
 2019: Retailer (£293.0m); Home Trader (£10.2m); Other (£1.4m)
 2018: Retailer (£268.7m); Home Trader (£11.4m); Other (£1.1m)
 2017: Retailer (£250.1m); Home Trader (£12.0m); Other (£nil)

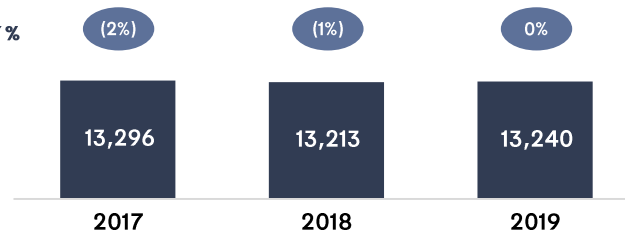
Consumer services revenue comprises
 2019: Private (£20.1m); Motoring Services (£7.9m)
 2018: Private (£21.6m); Motoring Services (£8.2m)
 2017: Private (£24.4m); Motoring Services (£7.4m)



Note: Year-on-year percentages have been adjusted to give like-for-like growth rates irrespective of the number of trading days in the year.
 (2017: 369 days; 2018: 365 days; 2019: 365 days)

Number of retailer forecourts ⁽¹⁾

Y-on-Y %



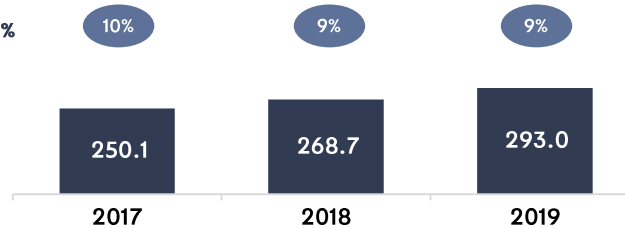
Average Revenue Per Retailer (ARPR) (£) ^(1, 2)

Y-on-Y
 £pcm



Retailer revenue (£m) ⁽²⁾

Y-on-Y %



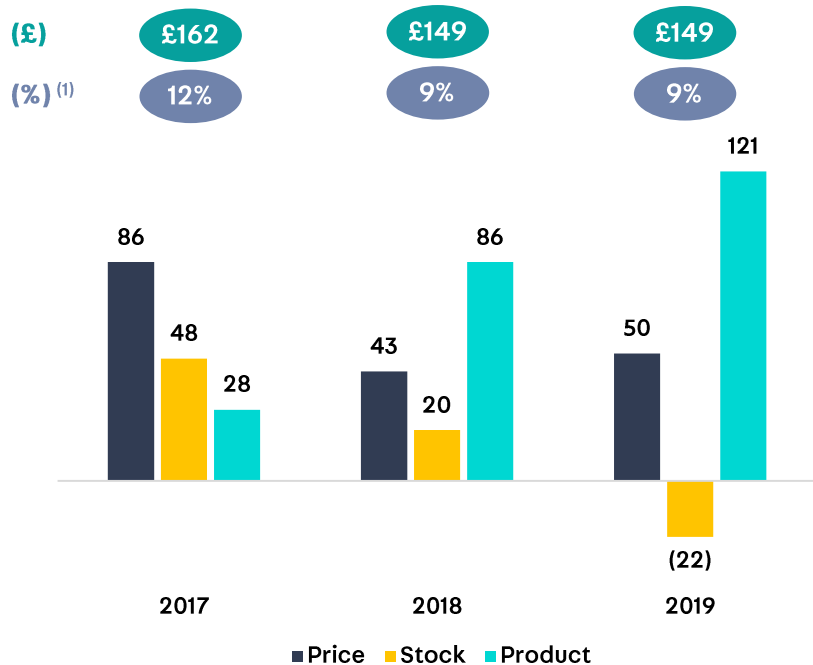
(1) Average monthly metric

(2) 2017/18 % growth adjusted for the number of days in the year

ARPR increase driven by product growth has offset the anticipated stock headwind

ARPR levers

Growth in Average Revenue Per Retailer per month (£)



Physical car stock and retailer forecourts

Y-on-Y average retailers

(2%)

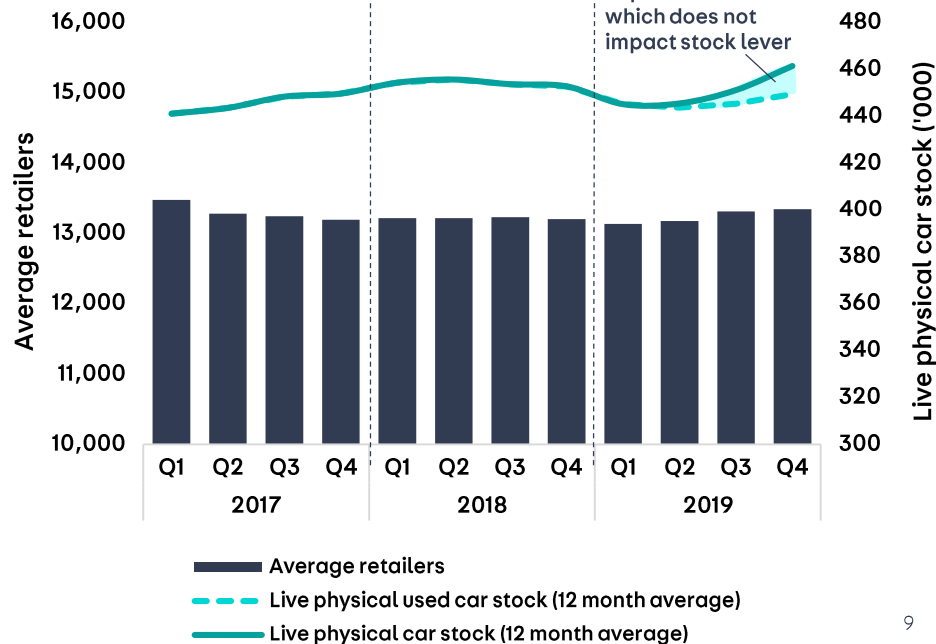
Y-on-Y average live physical car stock

3%

(1%)

0%

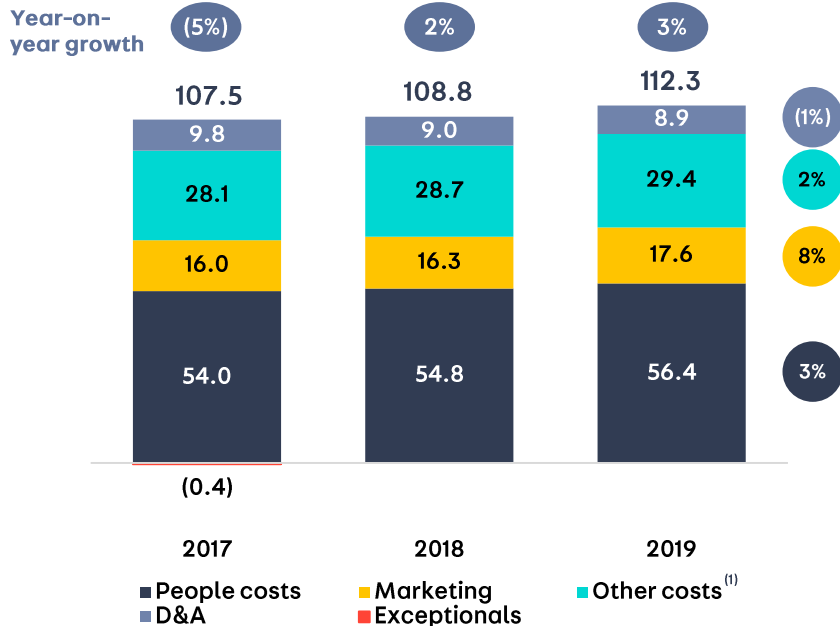
2%



Costs

Costs (£m)*

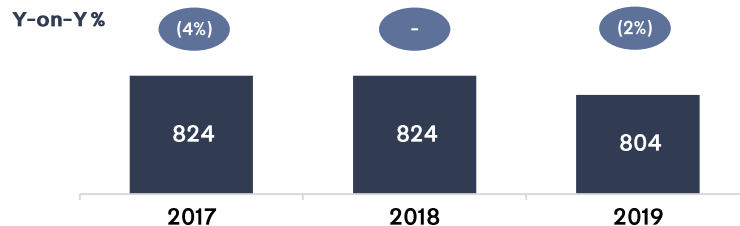
Year ending 31 March 2019 is shown as 2019



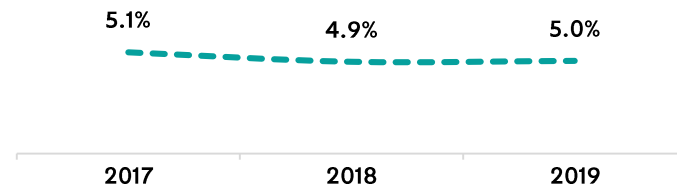
People costs include share-based payments and associated of £5.9m in 2019 (2017: £4.5m; 2018:£3.7m)

*Note: Costs for 2017 and 2018 have been restated following the implementation of IFRS 16. In addition, year-on-year percentages have been adjusted to give like-for-like growth rates irrespective of the number of trading days in the year (2017: 369 days; 2018: 365 days; 2019: 365 days)

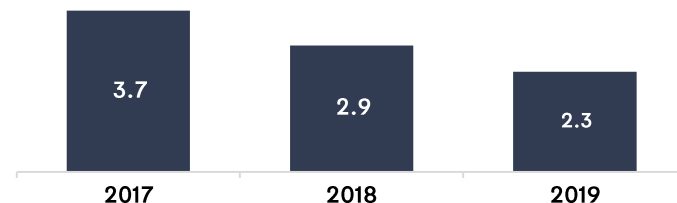
FTEs (including contractors)⁽²⁾



Marketing as a % of revenue



Capital expenditure (excluding acquisitions) (£m)



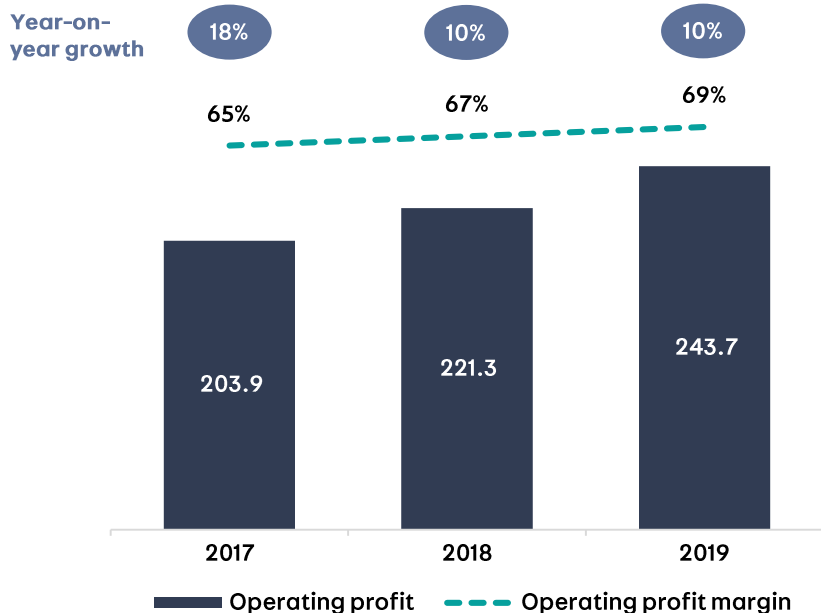
(1) Other costs include: property, IT & comms, data services and other corporate overheads
 (2) Average monthly metric

Profit and cash flow

Operating profit (£m)*

Year ended 31 March 2019 is shown as 2019

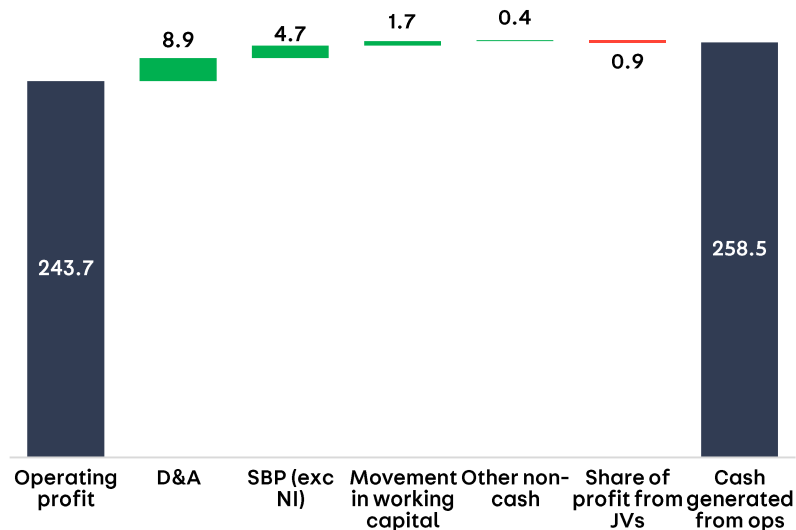
* Note: Operating profit for 2017 and 2018 has been restated following the implementation of IFRS 16



Operating profit includes the Group's share of profit from joint ventures: 2019: £0.9m; 2018: £nil, 2017: £nil

Cash generated from operations (£m)

Year ended 31 March 2019



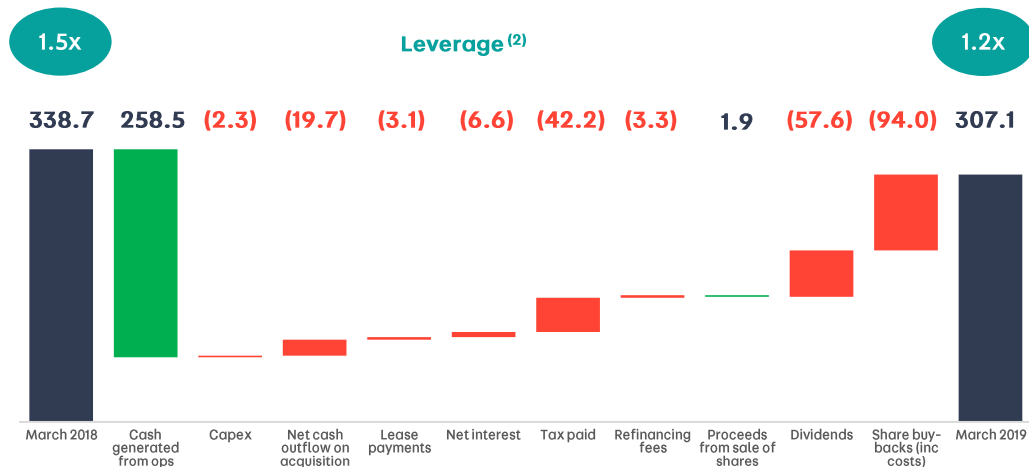
Income statement

	2019	2018* (restated)	Year-on-year %
Revenue	355.1	330.1	8%
Administrative expenses	(112.3)	(108.8)	(3%)
Share of results of joint ventures	0.9	-	-
Operating profit	243.7	221.3	10%
Finance costs – net	(10.2)	(10.6)	4%
Profit on disposal of subsidiary	8.7	-	-
Profit before taxation	242.2	210.7	15%
Taxation	(44.5)	(39.6)	(12%)
Profit for the year attributable to equity owners of the parent	197.7	171.1	16%
Earnings per share (pence)			
Basic	21.00	17.74	18%
Diluted	20.94	17.68	18%
Dividend per share (pence)			
	6.7	5.9	14%

* Note: prior year comparatives have been restated following the implementation of IFRS 16 'Leases' from 1 April 2018.

Net external debt and capital allocation

Reconciliation of net external debt ⁽¹⁾ (£m)



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

(2) Leverage is net external debt as a multiple of Adjusted underlying EBITDA (AUEBITDA). AUEBITDA is earnings before interest, tax, depreciation, amortisation, share-based payments and associated NI and exceptional items

Capital allocation

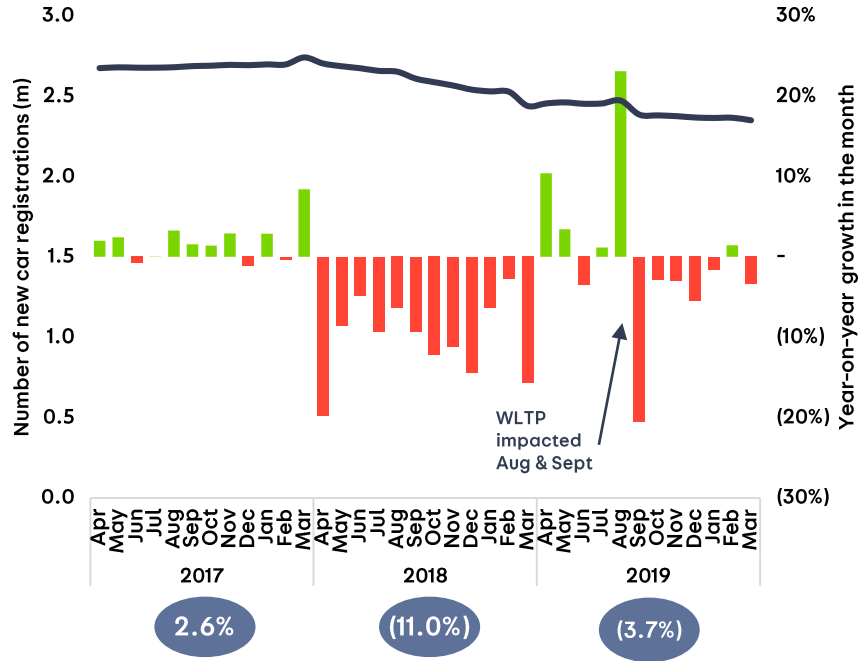
- On 6 June 2018, the Group's Syndicated Term Loan, which was due to mature in March 2020, was refinanced as the Group signed into a new five year £400 million revolving credit facility.
- The Group's capital allocation policy remains unchanged. The Group will continue to invest in the business enabling it to grow but high levels of cash conversion mean significant levels of surplus cash will be generated.
- We will continue to reduce the level of gross debt drawn by modest amounts, and so we repaid £30 million in the year ended 31 March 2019.
- The majority of surplus cash will however be used to continue the Group's share buy-back programme. During the period, 20.2m shares were repurchased at an average price of 461p for consideration of £93.5m plus costs of £0.5m.
- Our current policy is to distribute around one third of total net income for the year in the form of dividend; a final dividend of 4.6p has been recommended which together with the interim dividend of 2.1p per share will give a total dividend of 6.7p per share.

UK car market



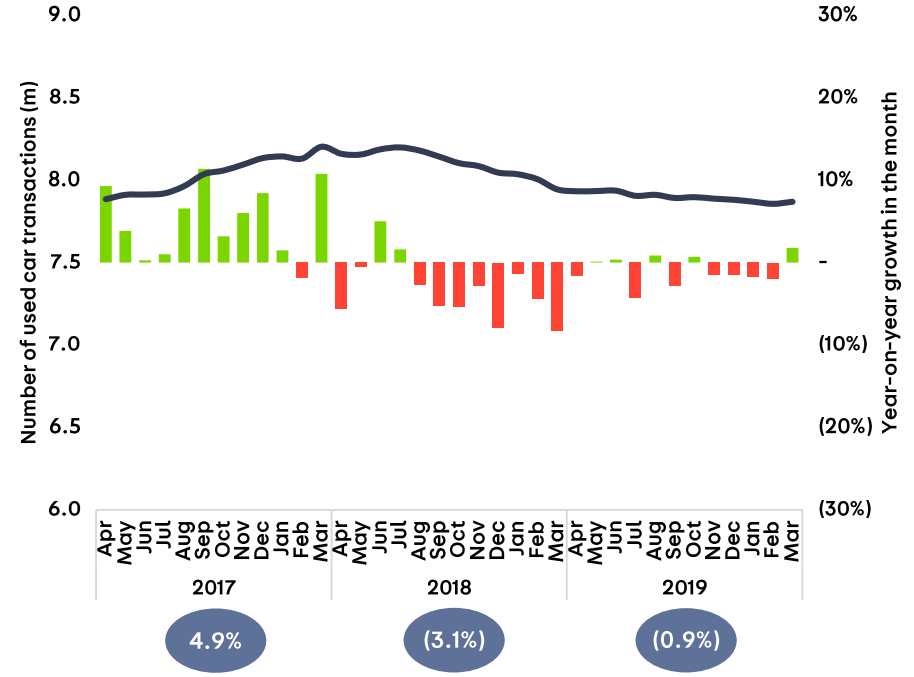
The new and used car markets both look to be stabilising after a period of decline

New car registrations (1)



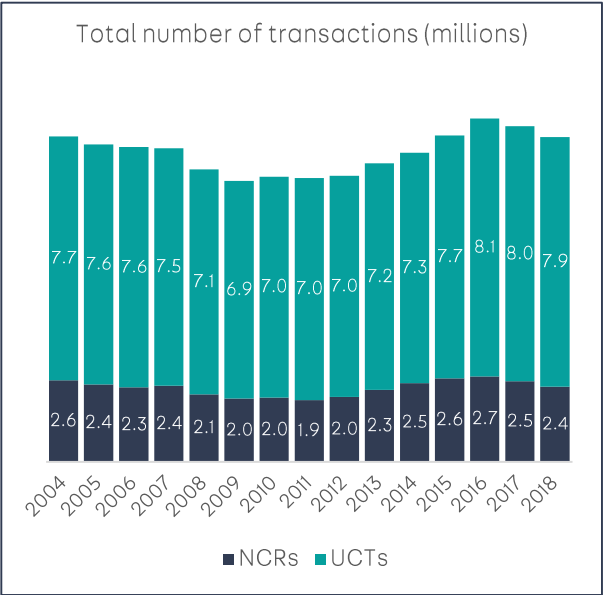
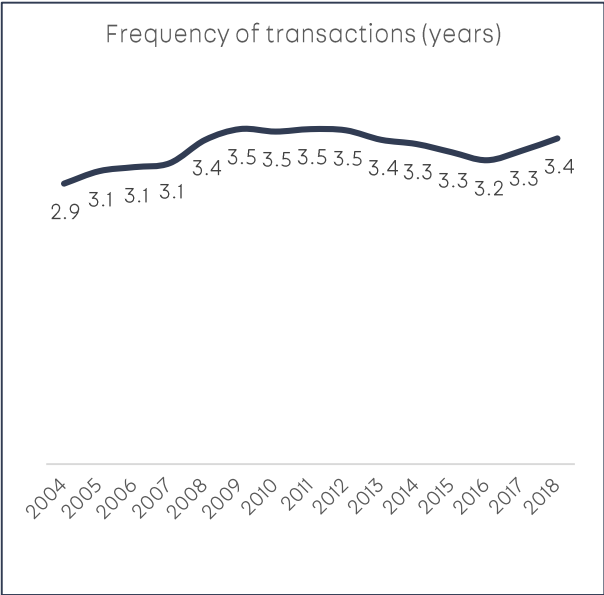
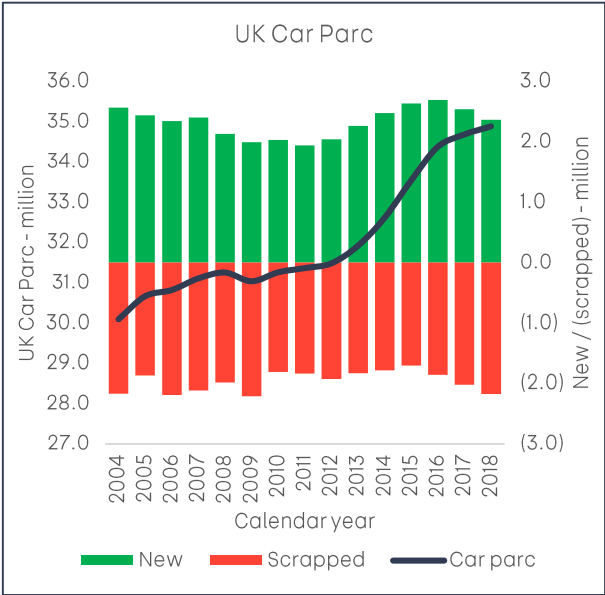
(1) Society of Motor Manufacturers & Traders (SMMT) - 12 month rolling total

Used car transactions (2)



(2) DVLA transaction data - 12 month rolling total

The UK car parc continues to grow with 34.9 million cars on UK roads. New and used transactions have moderated but owners still transact every 3.4 years

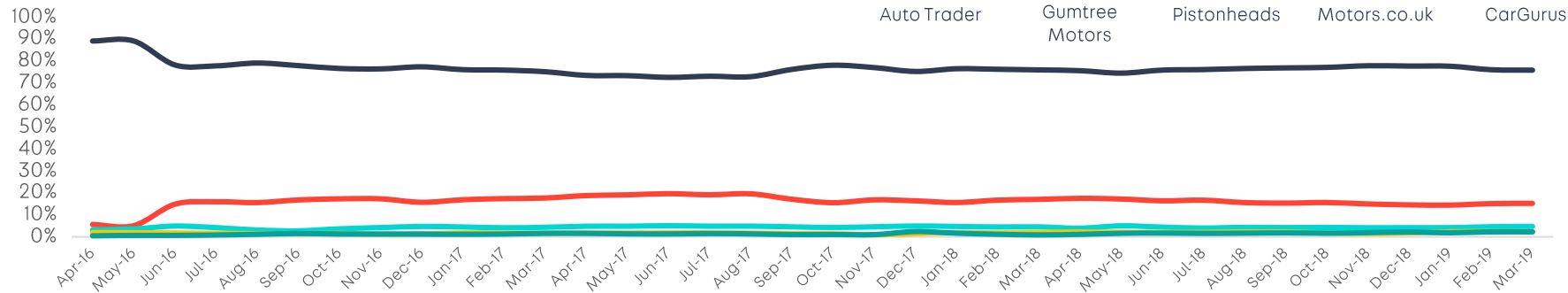


Total number of cars ÷ **Frequency cars are changed** = **Number of transactions**

Our position as market leader is unchanged with over 75% of total time spent on our platforms

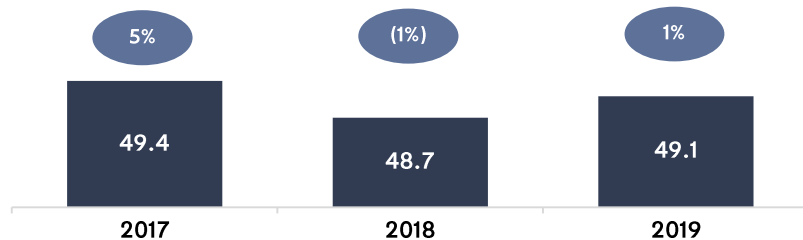
Share of minutes vs. main competitor set ⁽¹⁾

(Average pcm)



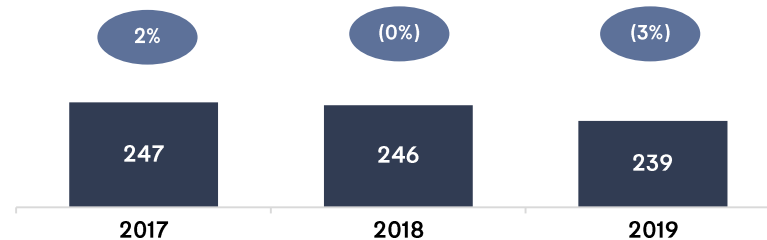
Cross platform visits - Autotrader.co.uk ⁽²⁾

(Average pcm - million)



Advert views on Autotrader.co.uk ⁽³⁾

(Average pcm - million)



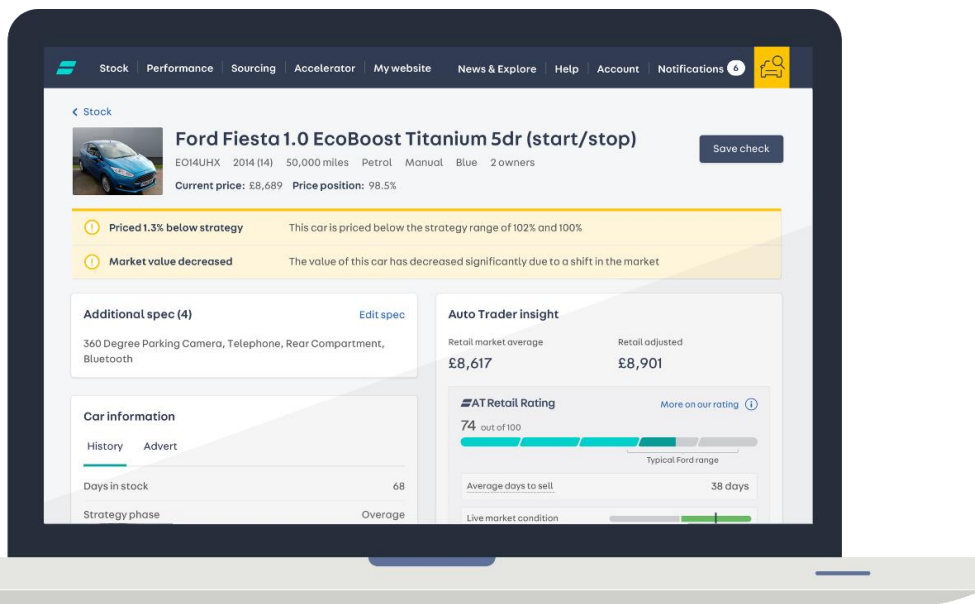
(1) Share of minutes is a custom metric based on Comscore minutes (MM) and is calculated by dividing Auto Trader's total minutes volume by the entire custom-defined competitive set's total minutes volume. Comscore MMX® Multi-Platform, Total Audience, Custom-defined list includes: Auto Trader, Gumtree.com - Motors, Pistonheads sites, Motors.co.uk & CarGurus, April 2016 through March 2019, UK
 (2) As measured through Google analytics
 (3) Company measure of the number of inspections of individual vehicle advertisements on the UK marketplace (includes physical and virtual stock)

Product update



During the year both of our data analytics 'Managing' products were totally redesigned and replatformed with the underlying analytics dramatically improved, enabling further growth opportunity

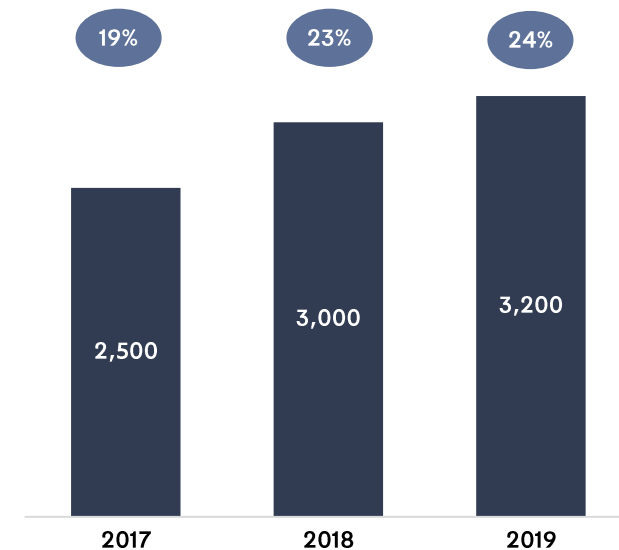
Retail Accelerator (formerly i-Control)



Managing forecourts

Average number in the month of March
Year ended 31 March 2019 is shown as 2019

Penetration



Over 30,000 physical new cars are available on our site for consumers to search

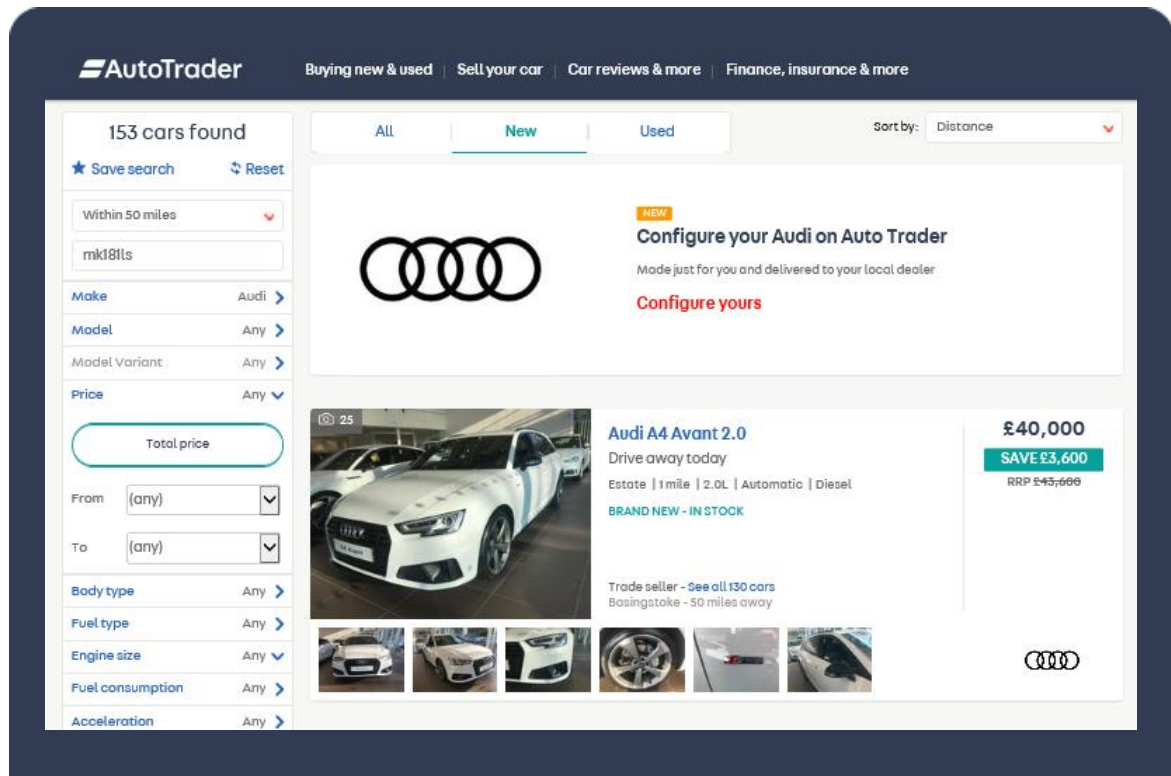
9 out of 10

car buyers would like a site where they could **compare brand new cars available at local retailers**

Over 30,000

new cars on autotrader.co.uk that were previously unadvertised by retailers

New cars that are **available now** are shown based on distance to travel and have a **discount applied**



Dealer Auction has got off to a good start in disrupting the B2B marketplace



Sell faster. Buy smarter.



Smart Buying
(formerly Autotrader-mail)

58,000 vehicles advertised between
January and March 2019



Manheim
online



Dealer-Auction.com

>30,000 vehicles transacted
between January and March 2019

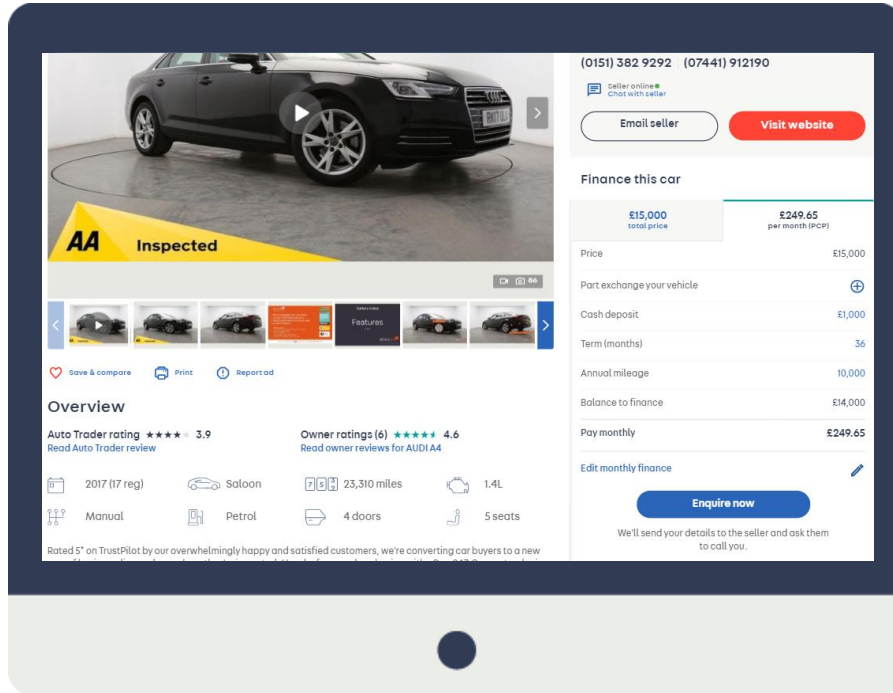


Auto Trader Group plc is the UK's largest
digital automotive marketplace

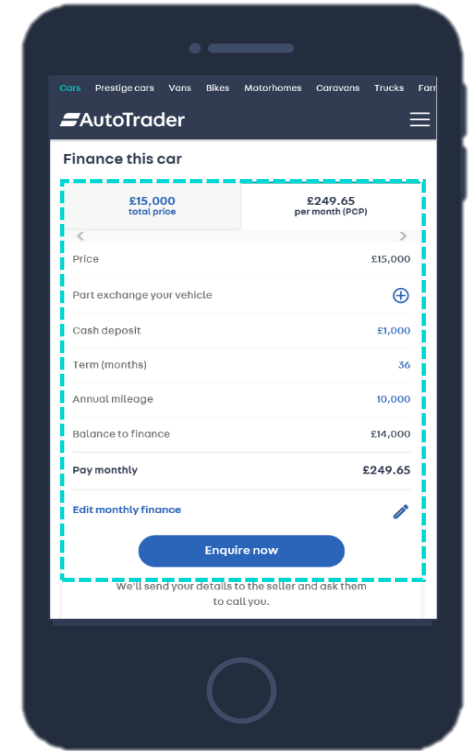


Cox Automotive is the world's largest
automotive service organisation

We are making our first steps towards facilitating an online transaction



Find your next car and then build your deal to obtain a monthly price



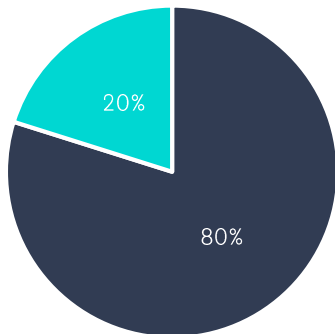
Outlook



The year is off to a good start with the April event introducing our Vehicle Check proposition as a package option, offering an attractive feature for consumers and a valuable one for retailers

The percentage of independent retailers paying for Vehicle Check as part of their package (average April 2019)

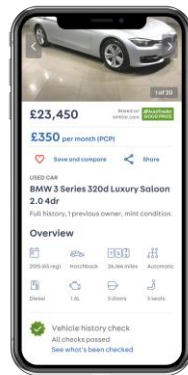
- Vehicle Check package penetration
- Not currently taking product



80%
of independent retailers are now paying to utilise the Auto Trader vehicle check product as a part of their package

Nearly **1 million** checks performed by retailers since launch

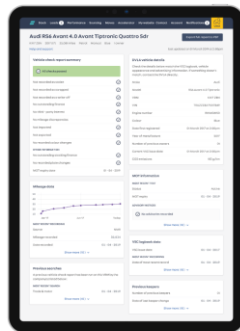
For consumers



Vehicle check shown on the retailers FPAs

Not exported	✓
No third-party interest	✓
No mileage discrepancies	✓
No colour changes	✓
No plate changes	✓
Not recorded as stolen	✓
Not recorded as scrapped	✓
Not an insurance write off	✓
No outstanding finance	✓
Not imported	✓

For retailers



Retailers can check vehicles before they purchase

Full vehicle check report is provided including information on:

- vehicle information;
- MOT;
- mileage; and
- outstanding finance.

2020 outlook

- The financial year has started well with the success of our annual pricing event and the launch of a new Vehicle Check product for independent retailers.
- We expect another strong year of ARPR growth. This will be underpinned by our product lever, albeit the growth in product is not likely to reach the exceptional levels seen in 2019. The price lever will be broadly consistent and the stock lever is likely to be slightly down in line with market trends.
- We anticipate average retailer forecourts to be flat year on year.
- Consumer services improved in the second half of last year which we expect to continue.
- Due to the challenges facing manufacturers and their agencies, we expect revenue from these customers to decline in the first half of the year.
- We anticipate total operating costs for the year to increase at a rate of low to mid-single digit.
- The Board is confident of meeting its growth expectations for the year.

Q & A

Appendix



Cashflow statement

	2019	2018 ⁺ (restated)
Profit before tax	242.2	210.7
Depreciation & amortisation	8.9	9.0
Share-based payments charge (exc NI)	4.7	3.3
Profit on sale of subsidiary	(8.7)	-
Share of profit from joint ventures	(0.9)	-
Finance costs - net	10.2	10.6
Other non-cash items	0.4	0.0
Changes in working capital	1.7	(5.2)
Cash generated from operations	258.5	228.4
Tax paid	(42.2)	(39.4)
Capital expenditure	(2.3)	(2.9)
Payment of lease liabilities	(3.1)	(2.3)
Acquisition of shares in JV/ subsidiary	(19.7)	(11.9)
Repayment of borrowings	(30.0)	(20.0)
Interest paid	(6.6)	(6.7)
Payment of refinancing fees	(3.3)	-
Dividends paid	(57.6)	(52.2)
Purchase of own shares	(93.5)	(96.2)
Fees on purchase of shares	(0.5)	(0.5)
Proceeds from exercise of share-based payments	1.9	-
Net increase/ (decrease) in cash	1.6	(3.7)

Unlocking these horizons opens up long-term market opportunities

The core business and the future

Automotive finance commissions
£1.0bn

Total used car retailer
operating costs
£3.8bn

Used car marketing
£0.5bn

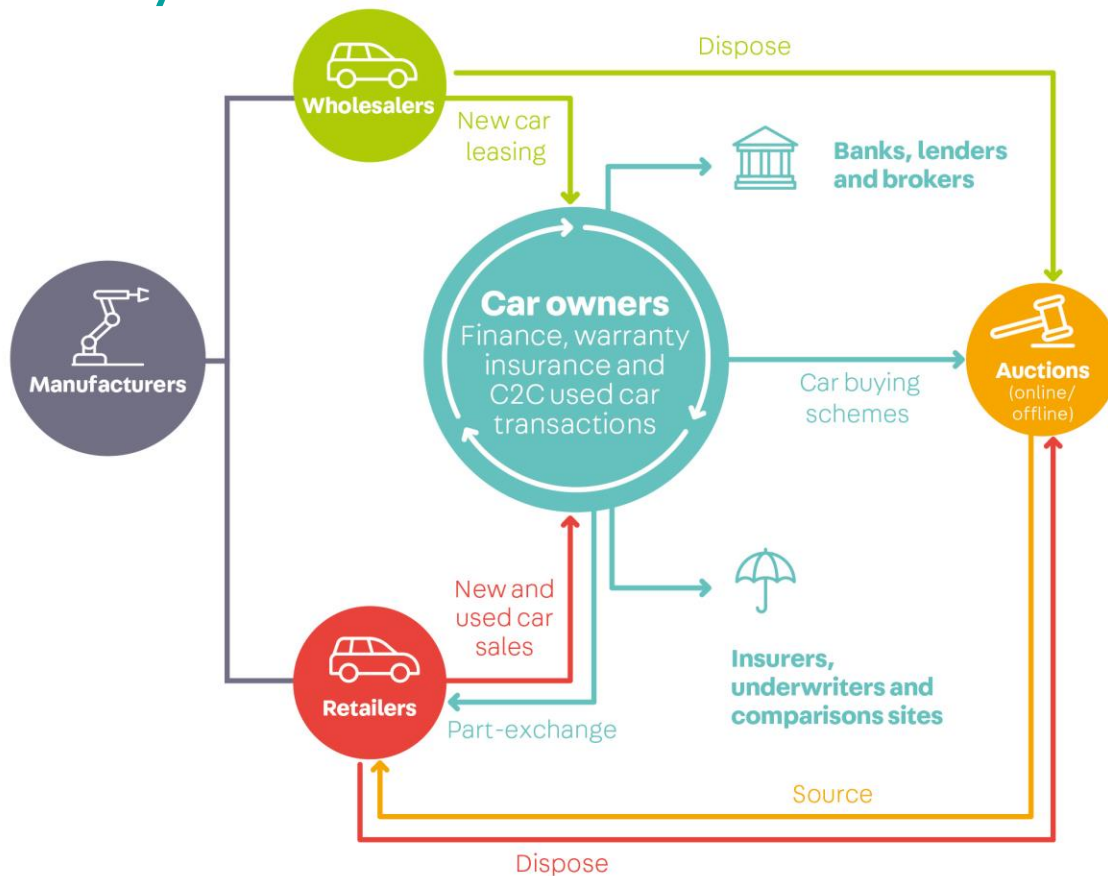
Auto Trader
£0.3bn

Adjacent

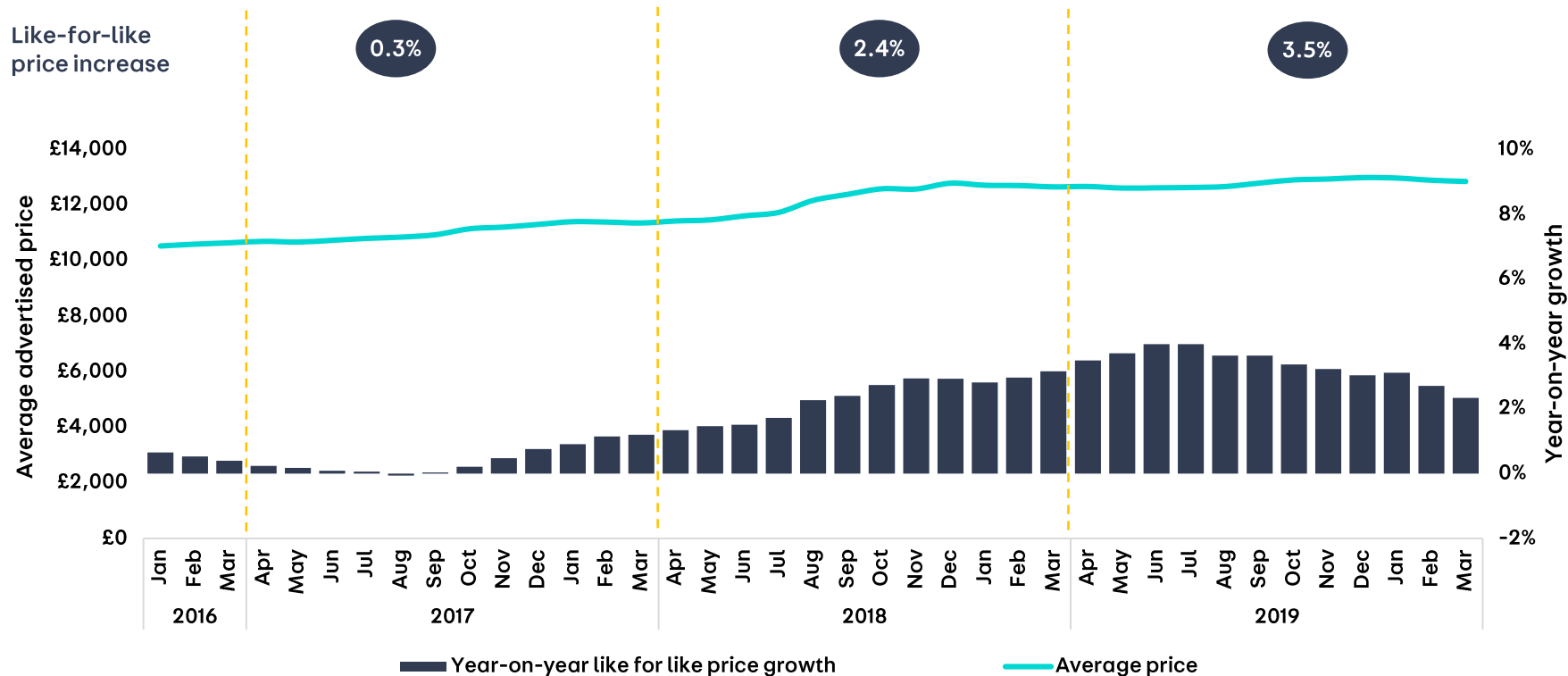
New car marketing
£900m

B2B auction fees
£600m

The automotive ecosystem



Underlying prices of used cars advertised by retailers continue to increase



Auto Trader advertising package structure

Starter

Engage your buyers through the essentials of modern online retailing

- Text chat
- Live Chat
- 100 Images
- Part-Ex Guide
- ★★★★★ Dealer Reviews

Basic

Stand out and encourage engagement through trust and transparency

- Enhanced Listings
- Vehicle Video
- Gallery Branding
- Text chat
- Live Chat
- 100 Images
- Part-Ex Guide
- ★★★★★ Dealer Reviews

Starter
+ 16%

Standard

Improve visibility of your stock on mobile and drive more ad views

- Priority Listing Mobile
- Enhanced Listings
- Vehicle Video
- Gallery Branding
- Text chat
- Live Chat
- 100 Images
- Part-Ex Guide
- ★★★★★ Dealer Reviews

Basic
+ 19%

Advanced

Boost your ad views with our bonus slot in search

- Promoted
- Priority Listing Mobile
- Enhanced Listings
- Vehicle Video
- Gallery Branding
- Text chat
- Live Chat
- 100 Images
- Part-Ex Guide
- ★★★★★ Dealer Reviews

Standard
+ 20%

Premium

Enjoy the greatest share of desktop ad views through priority stock placement

- Priority Listing Desktop
- Promoted
- Priority Listing Mobile
- Enhanced Listings
- Vehicle Video
- Gallery Branding
- Text chat
- Live Chat
- 100 Images
- Part-Ex Guide
- ★★★★★ Dealer Reviews

Advanced
+ 27%

Relative prices between package levels:

Impact of IFRS 16 on the income statement

Income statement	Year ended 31 March 2019			Year ended 31 March 2018		
	Before adoption of IFRS 16 (£m)	Impact of IFRS 16 (£m)	2019 (£m)	Before adoption of IFRS 16 (£m)	Impact of IFRS 16 (£m)	2018 restated (£m)
Revenue	355.1	-	355.1	330.1	-	330.1
People costs	(56.4)	-	(56.4)	(54.8)	-	(54.8)
Marketing costs	(17.6)	-	(17.6)	(16.3)	-	(16.3)
Other costs	(32.1)	2.7	(29.4)	(31.3)	2.6	(28.7)
Depreciation and amortisation	(6.9)	(2.0)	(8.9)	(7.1)	(1.9)	(9.0)
Total costs	(113.0)	0.7	(112.3)	(109.5)	0.7	(108.8)
Share of profit from joint ventures	0.9	-	0.9	-	-	-
Operating profit	243.0	0.7	243.7	220.6	0.7	221.3
Finance costs – net	(9.3)	(0.9)	(10.2)	(9.8)	(0.8)	(10.6)
Profit on sale of subsidiary	8.7	-	8.7	-	-	-
Profit before tax	242.4	(0.2)	242.3	210.8	(0.1)	210.7
Taxation	(44.5)	-	(44.5)	(39.5)	(0.1)	(39.6)
Profit after tax	197.9	(0.2)	197.7	171.3	(0.2)	171.1
<i>Earnings per share</i>	<i>21.02</i>	<i>(0.02)</i>	<i>21.00</i>	<i>17.76</i>	<i>(0.02)</i>	<i>17.74</i>

Notes

Notes

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

AutoTrader