



Half Year Results

Six months ended 25th September 2016

10th November 2016



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Financial highlights

+11%

Revenue: up 11% to £153.9 million (H1 2016: £138.2 million)

+23%

Underlying operating profit: up 23% to £102.3 million (H1 2016: £83.0 million)

66%

Underlying operating profit margin: up 6% points to 66% (H1 2016: 60%)

+17%

Operating cash flow: up 17% to £100.8 million (H1 2016: £86.0 million) representing cash conversion of 95% (H1 2016: 97%) of Adjusted underlying EBITDA

1.8x

Net external debt: down £33.1 million to £359.5 million with leverage falling to 1.8x from 2.2x at March 2016

1.7p

Capital allocation: interim dividend 1.7p per share (H1 2016: 0.5p); Share buy-backs: 12.8 million shares bought back at an average price of 380p for a total cost (including expenses) of £48.9 million in addition to debt repayments of £25.0 million

+28%

Earnings: basic EPS up 28% to 7.65p (H1 2016: 5.98p)

Key drivers

+36% Cross platform visits: up 36% to 58.5 million per month, **4 times larger** than our nearest competitor

+59_m Advert views: up 4% to 250.2 million per calendar month (H1 2016: 240.4 million), generating extra response for our customers with **59 million more views** over the period

-1% Customers: retailer forecourts **broadly flat** at **13,374** (H1 2016: 13,503)

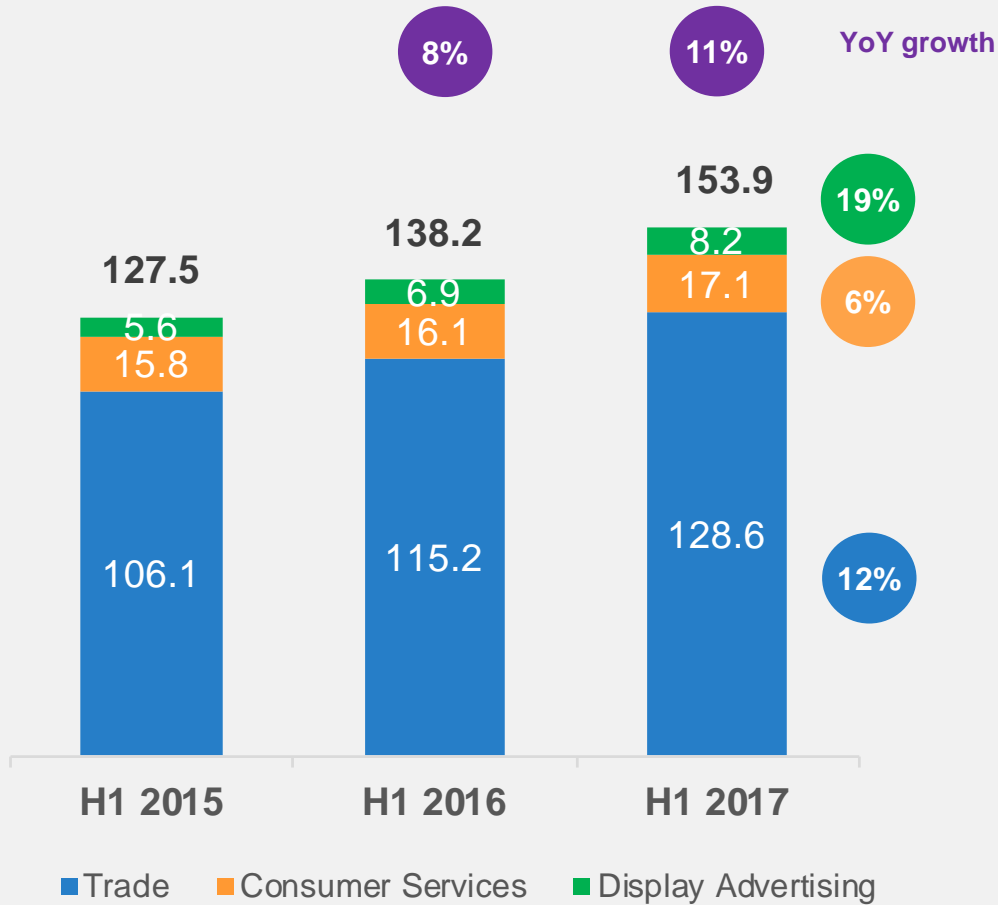
+£179 ARPR: up £179 to £1,526 on average per month (H1 2016: £1,347) a rise of **13.3%** (H1 2016: 8.9%)

-4% Average employees & contractors (FTEs): down 4% to 830 on average during the period (H1 2016: 863)

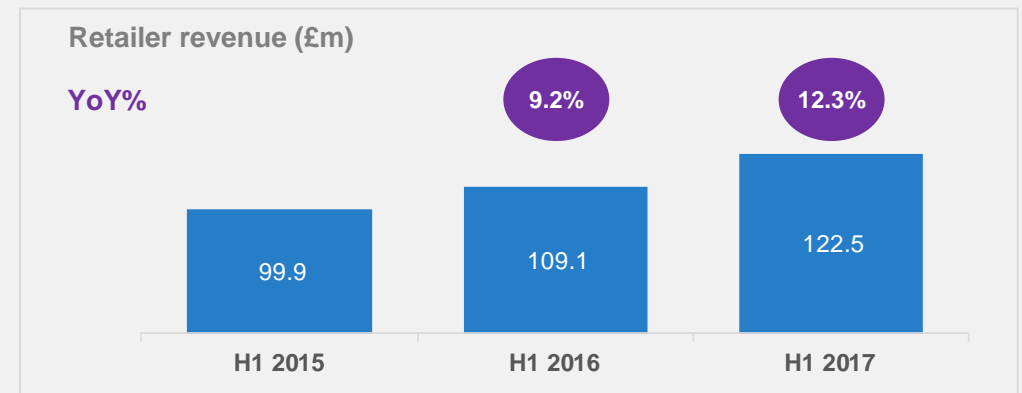
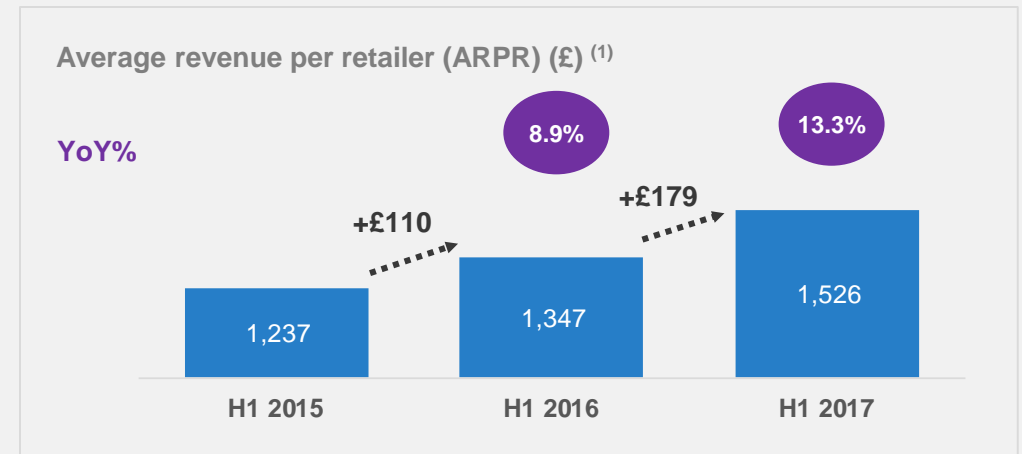
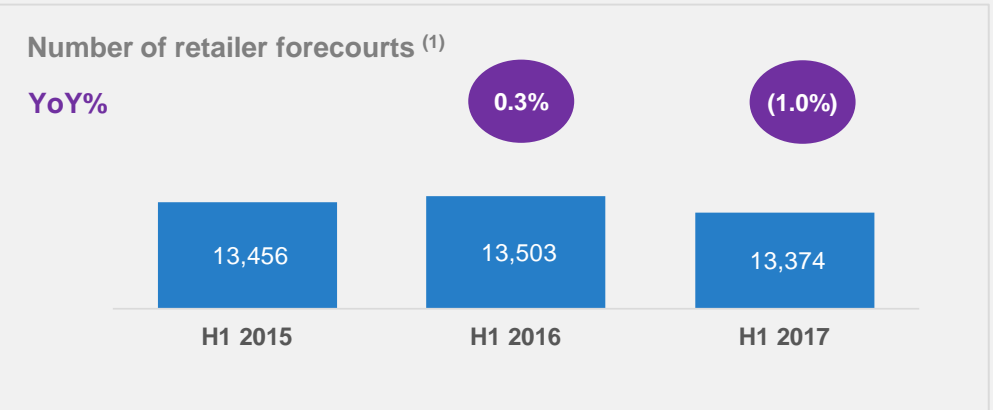
Revenue

Revenue (£m)

Six months ended September 2016 is shown as H1 2017



Trade revenue comprises:
 H1 2017: Retailer (£122.5m), Home Trader (£6.1m) and Other (£nil)
 H1 2016: Retailer (£109.1m), Home Trader (£5.7m) and Other (£0.4m)
 H1 2015: Retailer (£99.9m), Home Trader (£5.1m) and Other (£1.1m)

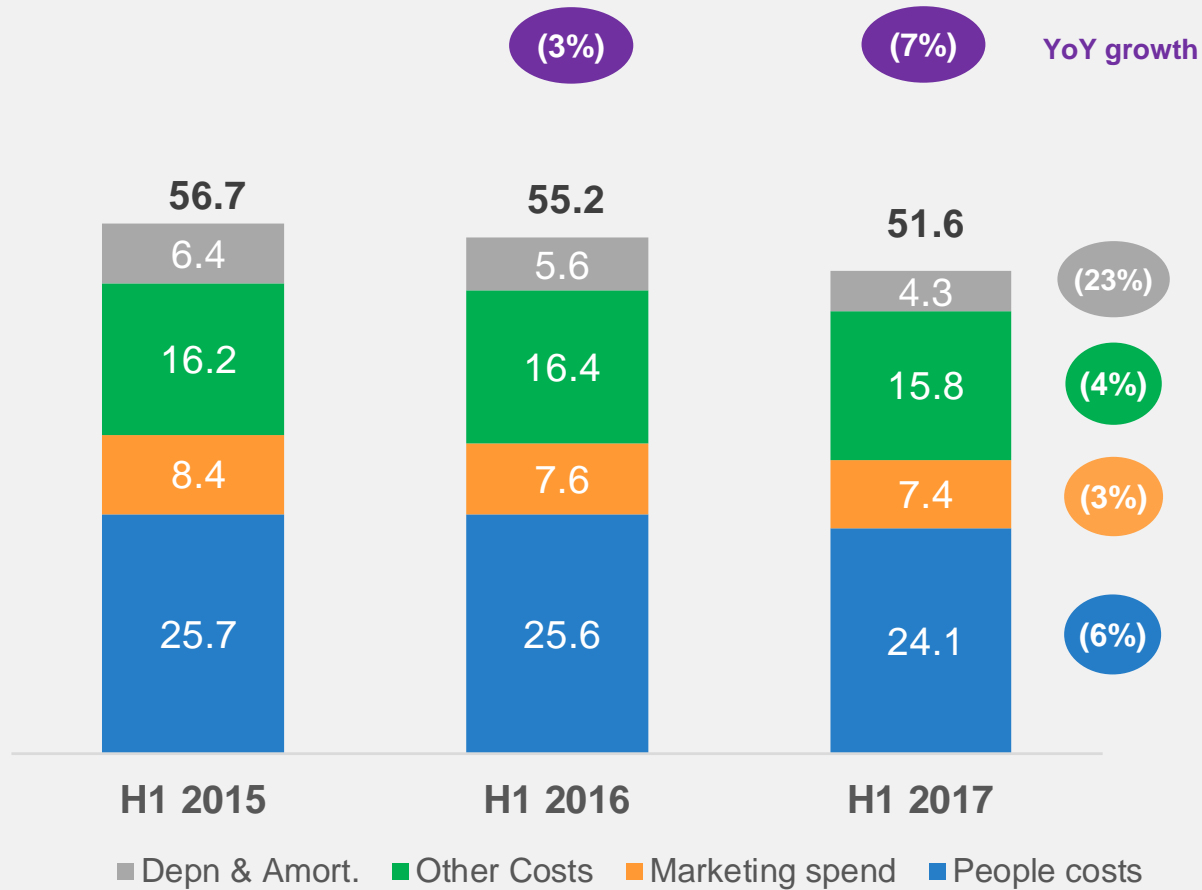


(1) Average monthly metric

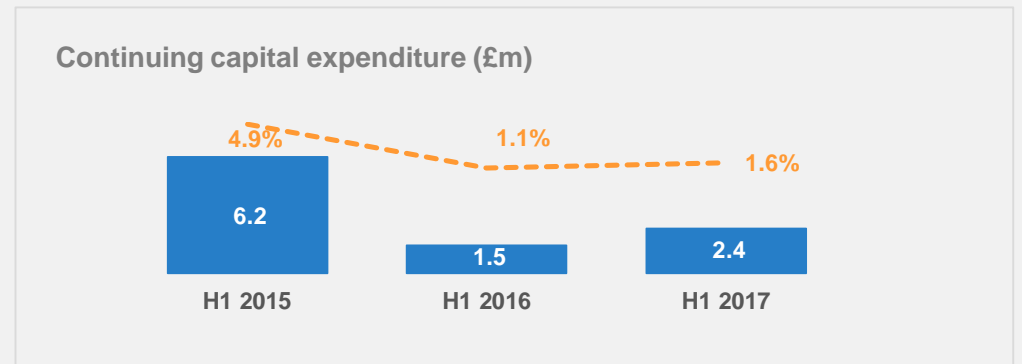
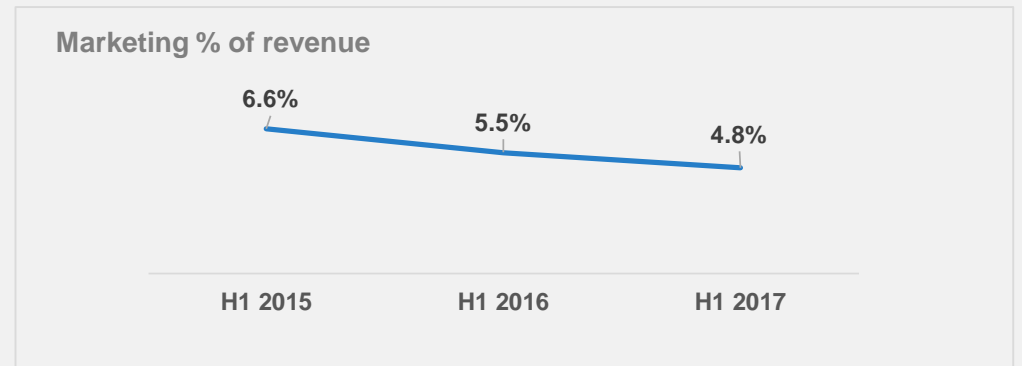
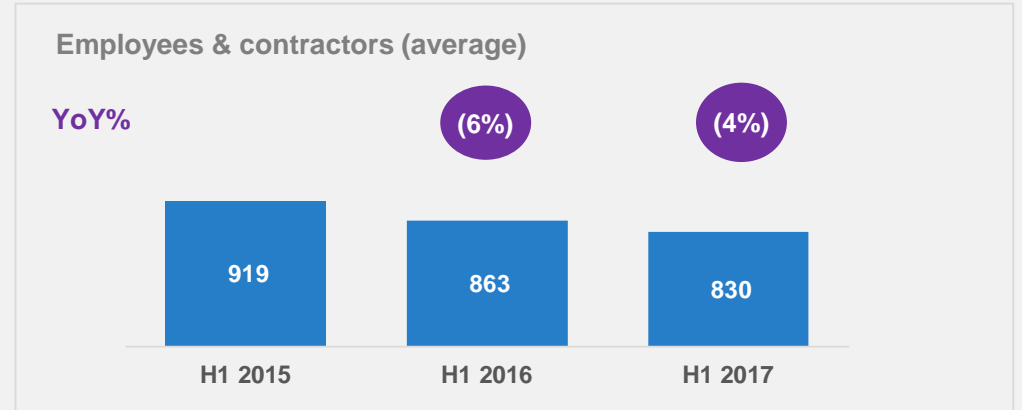
Costs

Costs⁽¹⁾ (£m)

Six months ended September 2016 is shown as H1 2017



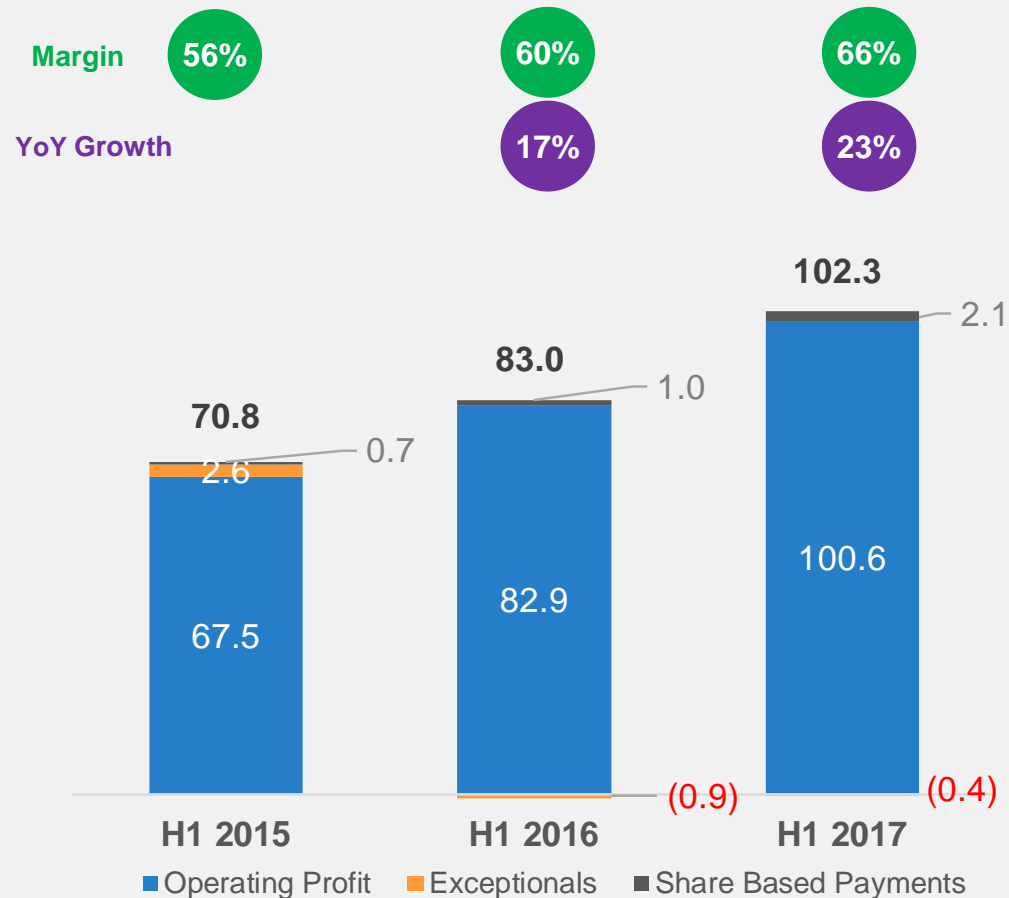
(1) H1 2017: Administrative Expenses (£53.3m) before SBP & associated NI (£2.1m) and exceptional items (£0.4m credit)
 H1 2016: Administrative Expenses (£55.3m) before SBP & associated NI (£1.0m) and exceptional items (£0.9m credit)
 H1 2015: Administrative Expenses (£60.0m) before SBP & associated NI (£0.6m), ownership related MIP (£0.1m) and exceptional items (£2.6m)



Profit & cash flow

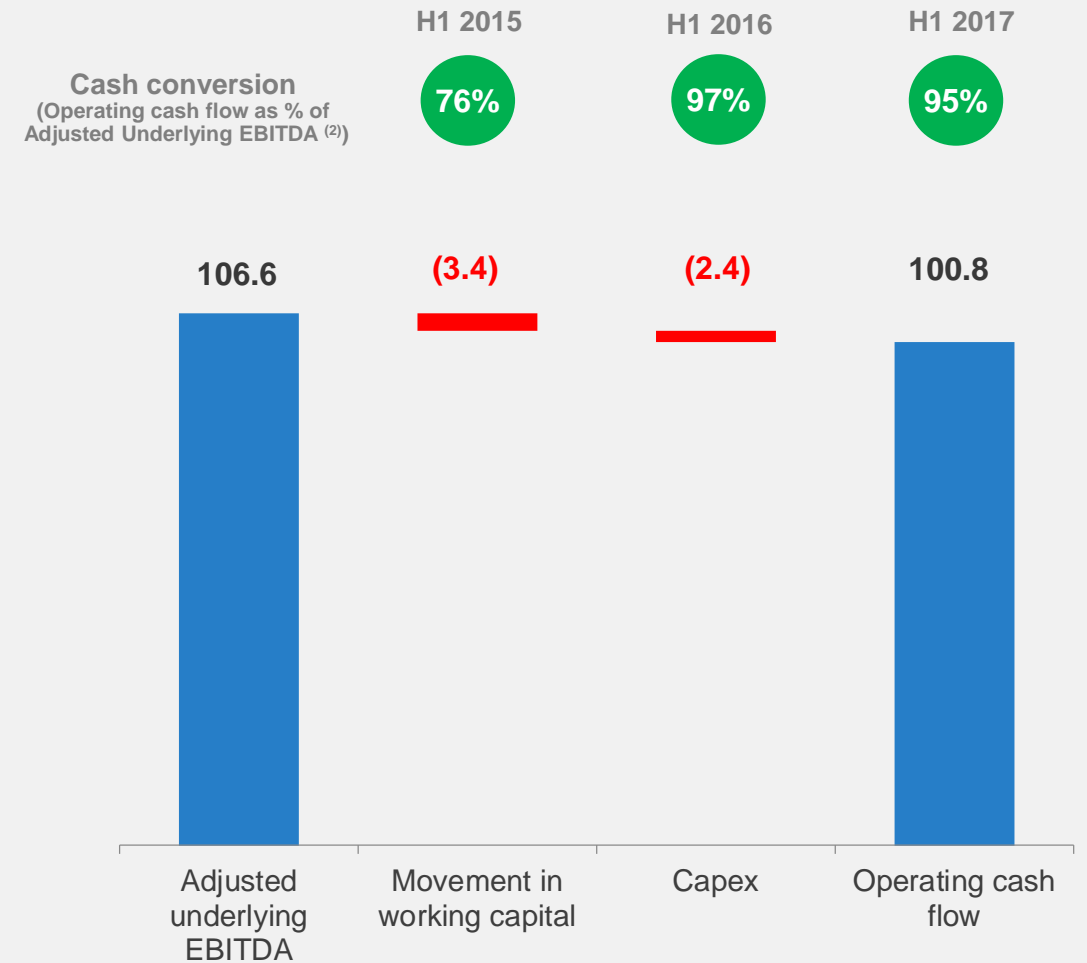
Underlying operating profit ⁽¹⁾ (£m)

Six months ended September 2016 is shown as H1 2017



Operating cash flow (£m)

Six months ended September 2016 is shown as H1 2017



(1) Underlying operating profit represents operating profit before exceptional items, share-based payments and associated NI

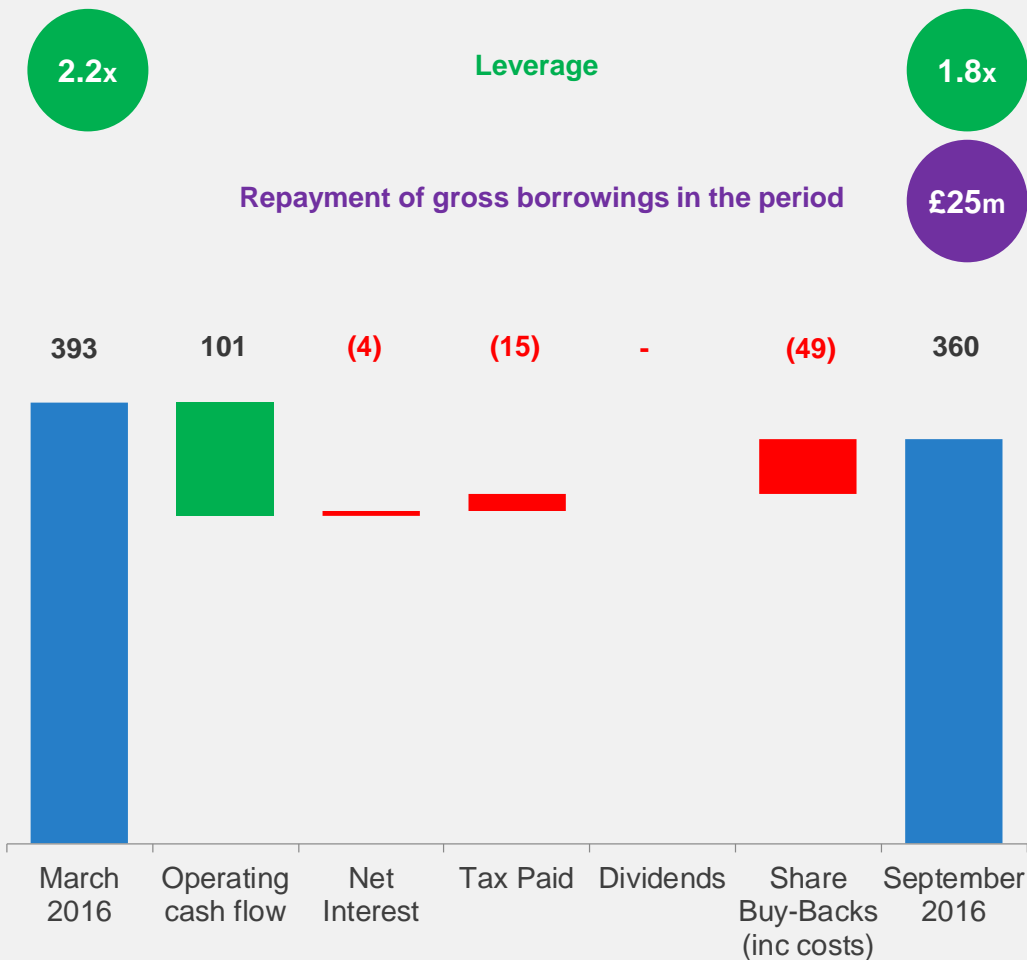
(2) Adjusted underlying EBITDA represents Underlying operating profit before depreciation and amortisation

Income statement

	Six months ended September 2016	Six months ended September 2015
	£m	£m
Revenue	153.9	138.2
Administrative expenses	(53.3)	(55.3)
Operating profit before share-based payments, associated NI and exceptional items	102.3	83.0
Share-based payments	(2.1)	(1.0)
Exceptional items	0.4	0.9
Operating profit	100.6	82.9
Finance costs - net	(5.1)	(8.2)
Profit before taxation	95.5	74.7
Taxation	(19.3)	(14.9)
Profit for the period attributable to equity holders of the parent	76.2	59.8
Earnings per share	pence	pence
Basic	7.65	5.98
Diluted	7.63	5.98
Dividend per share	1.70	0.50

Net external debt & capital allocation

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

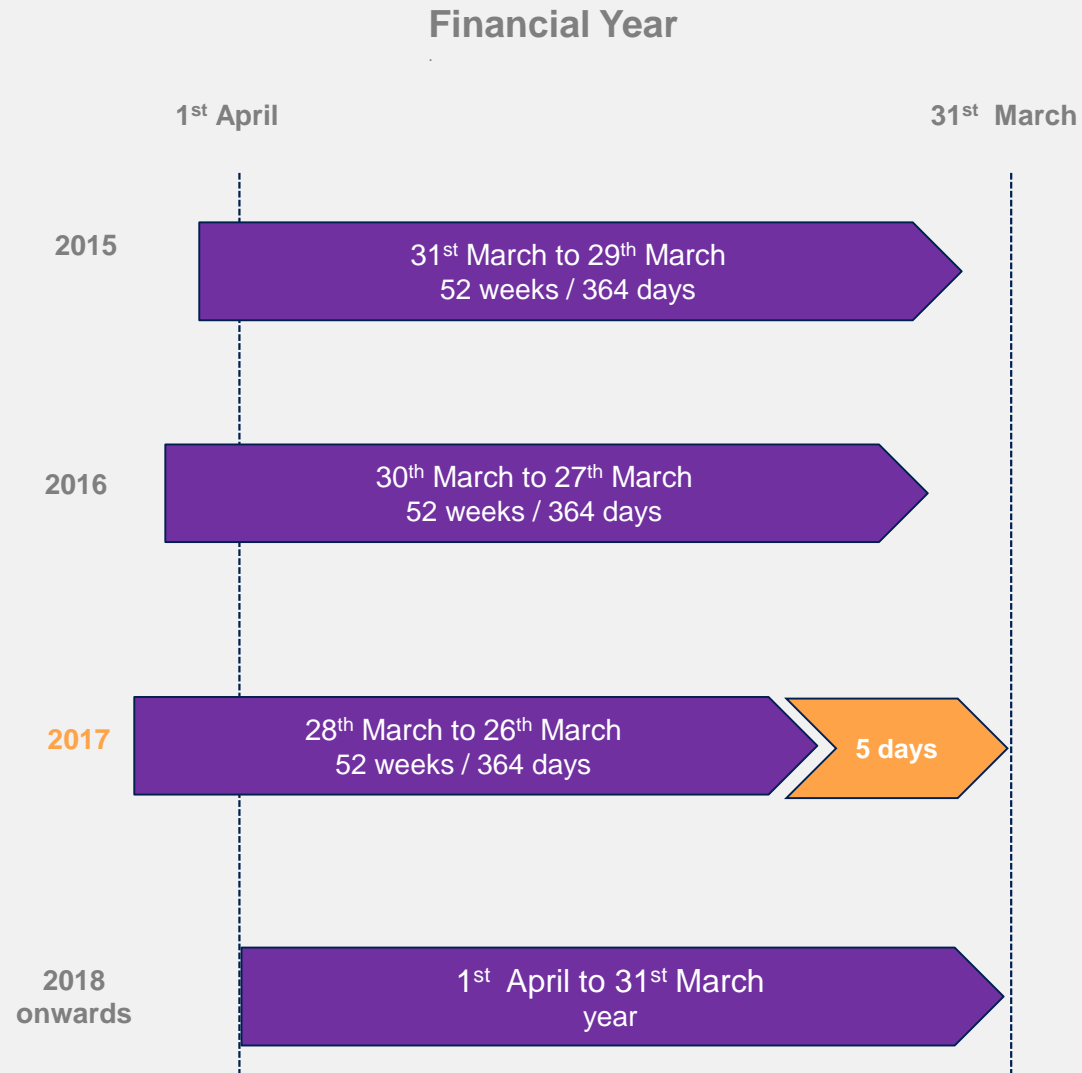


Capital allocation

- The policy outlined in the 2016 full year results announcement remains unchanged.
- The Group will **continue to invest in the business** but ability to grow organically means **significant levels of surplus cash** (i.e. cash after dividends) will be generated
- An annual dividend **c.1/3 of net income** is targeted and for the interim period a dividend of **1.7p has been declared**
- The majority of surplus cash will be used to buy back shares with the balance used to steadily reduce gross indebtedness. A rolling share buy-back programme commenced on 15th June and during the period **£25.0 million** of term loan was **repaid**
- In the six months to September 2016 **12.8 million shares were repurchased** at an average price of 380p for consideration (including costs) of £48.9 million
- Of the acquired shares, **4.2 million have been held in treasury** to satisfy potential future share scheme awards for both the employee Save As You Earn (SAYE) and Performance Share Plan (PSP) schemes. The balance of **8.6 million have been cancelled**

(1) Net External Debt represents gross external borrowings before amortised debt issue costs less cash

Additional trading days in financial year 2017



Change to calendar reporting

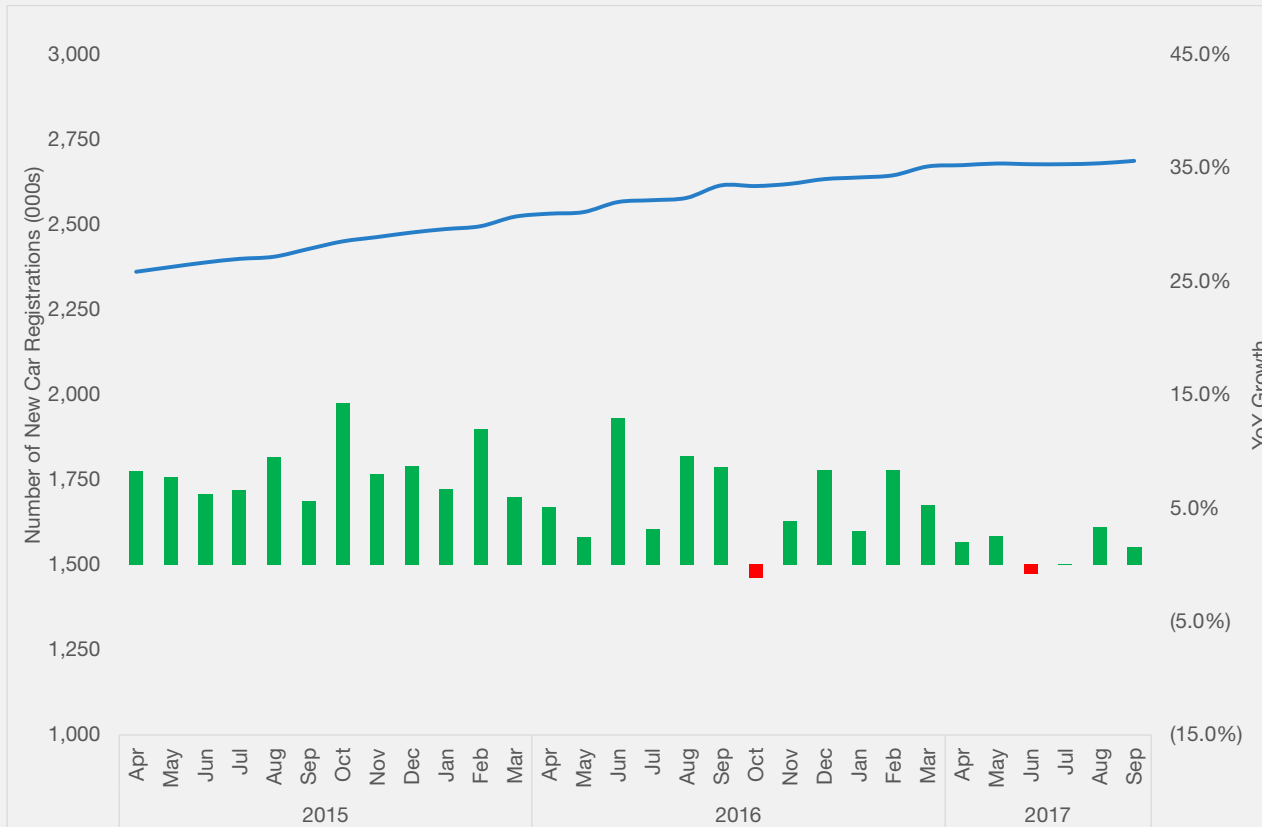
- Due to our publishing heritage, the business has always reported on a **52 week** (364 day) basis to the closest **Sunday to 31st March**
- Now shifting to **calendar reporting** such that the year end will always be on 31st March, so as to better align our products and services to our customers
- **One time impact in financial year 2017** which will be 5 days longer than the past two financial years
- **No impact to these interim 2017 figures** but the H2 trading period will be longer and hence revenues, costs and earnings greater
- **Growth percentages** for financial years 2017 and 2018 will be **days adjusted** i.e. an adjustment co-efficient of 364 days / 369 days will be applied to the 2017 results
- **No adjustment will be made to 2018 interim results** as the difference in days is negligible but the reverse adjustment co-efficient of 369 days / 364 days will be applied to the 2018 results

Key drivers & outlook



Market

New car registrations (1)



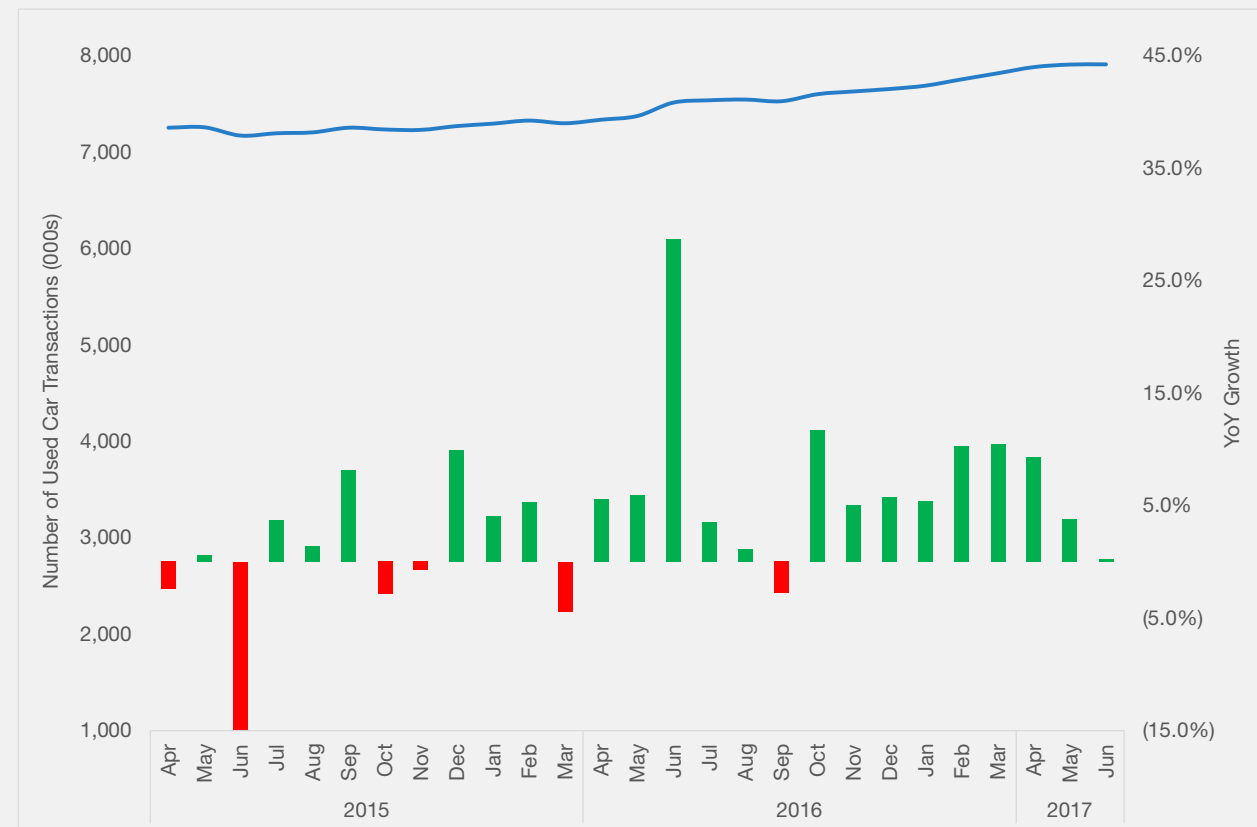
7.5%

5.9%

1.0%

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

Used car transactions (2)



0.4%

7.1%

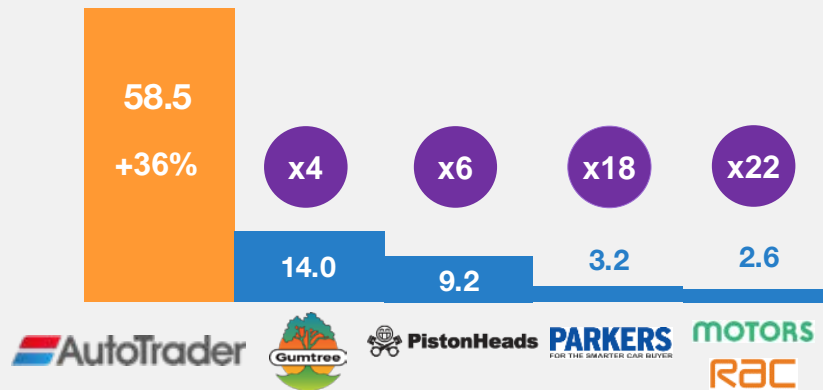
4.6%

(2) Source: DVLA transaction data - 12 month rolling total
Historic 2015 and 2016 figures restated for revised methodology

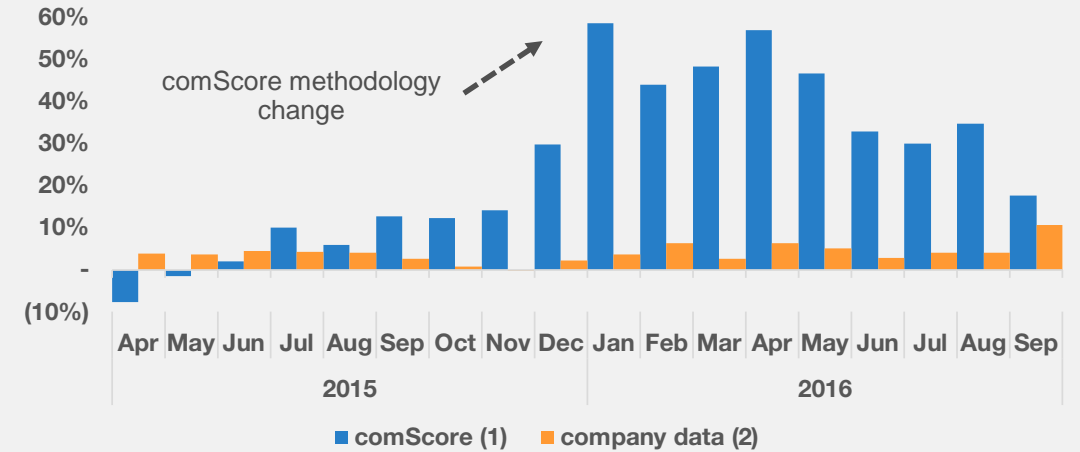
Audience & engagement

Visits to automotive classified sites (1)

(6 month average to September - million)

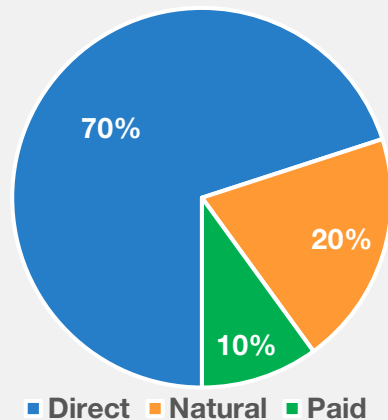


Y-o-Y growth in visits (1) (2)



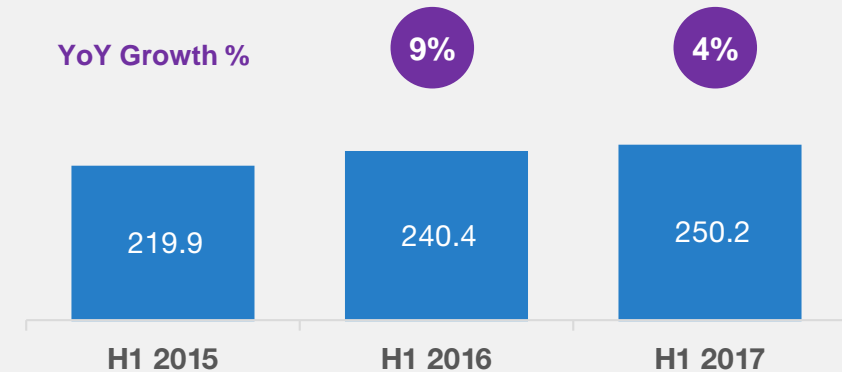
Source of traffic (2)

(to autotrader.co.uk)



Advert views (3)

(average pcm – million)



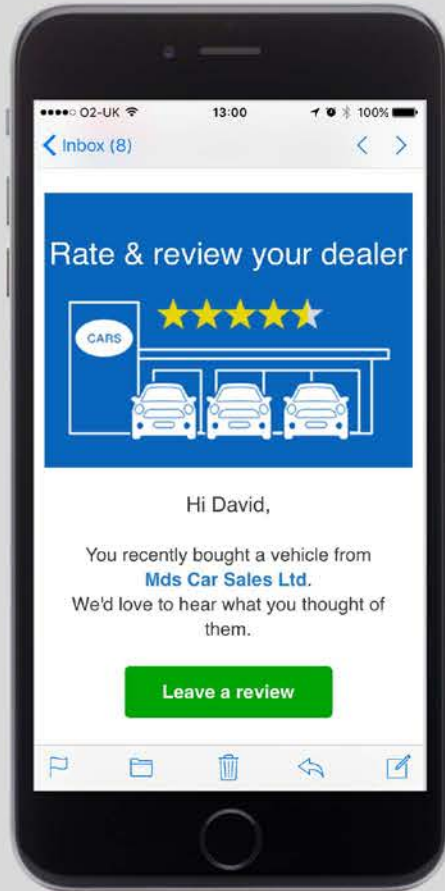
(1) comScore MMX®, Media Trend April 2015 to September 2016

(2) Google Analytics

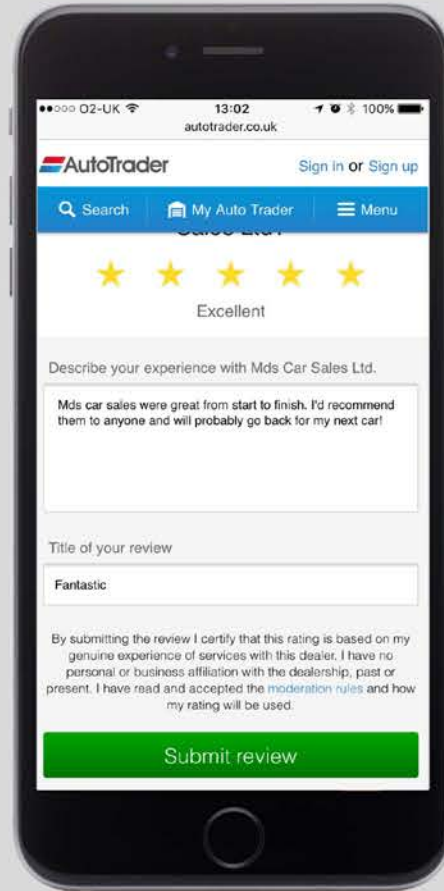
(3) Company measure of the number of inspections of individual vehicle advertisements on the UK marketplace and externally by 3rd parties

Trust & transparency

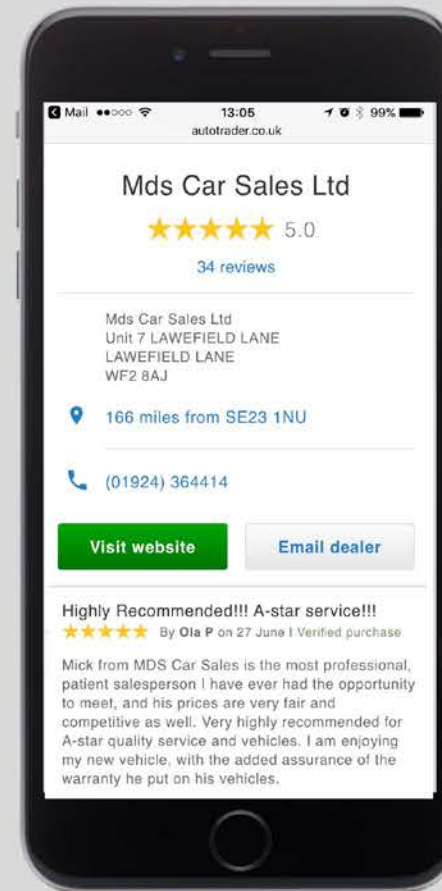
Dealer Reviews



Retailer invites a buyer to leave a review by email



Consumers can write their review on any device

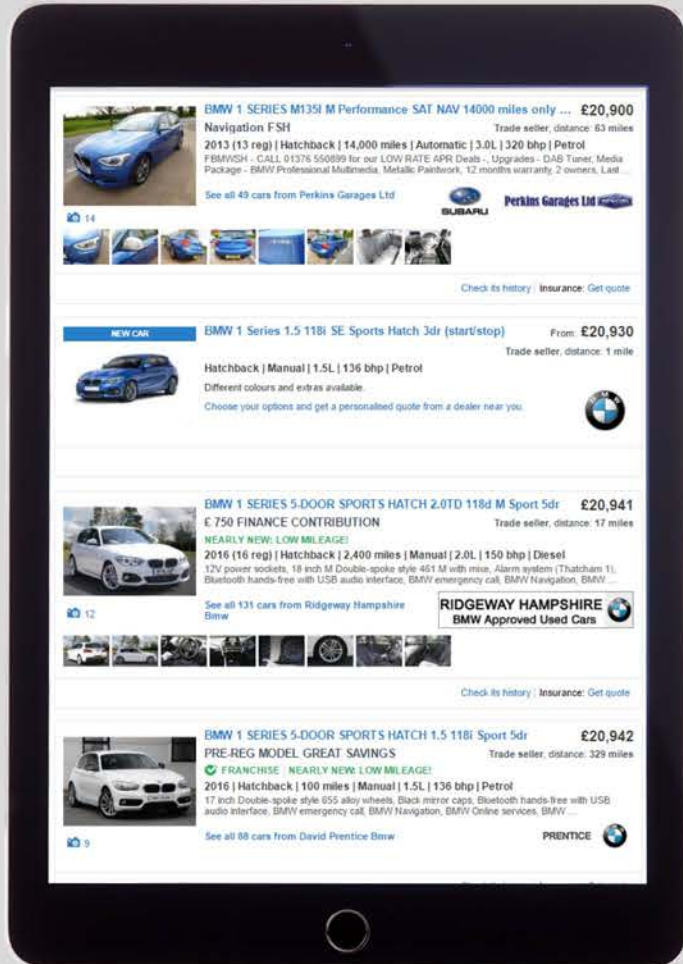


Reviews are displayed on the dealerships advertising across all devices

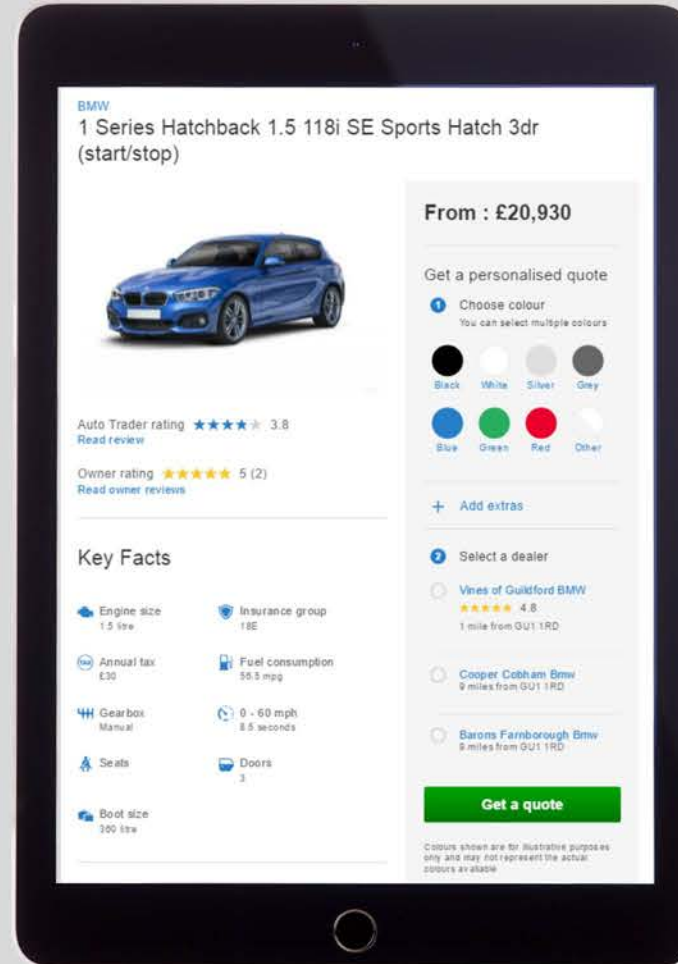


3rd party reviews add content

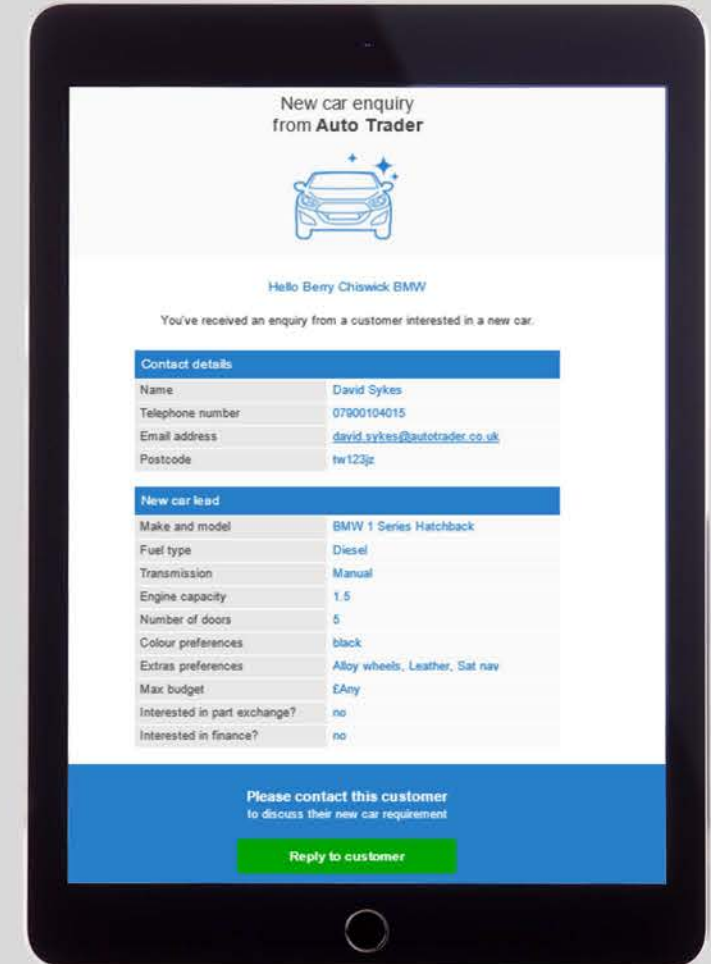
New car in discovery



New cars available to order listed in search



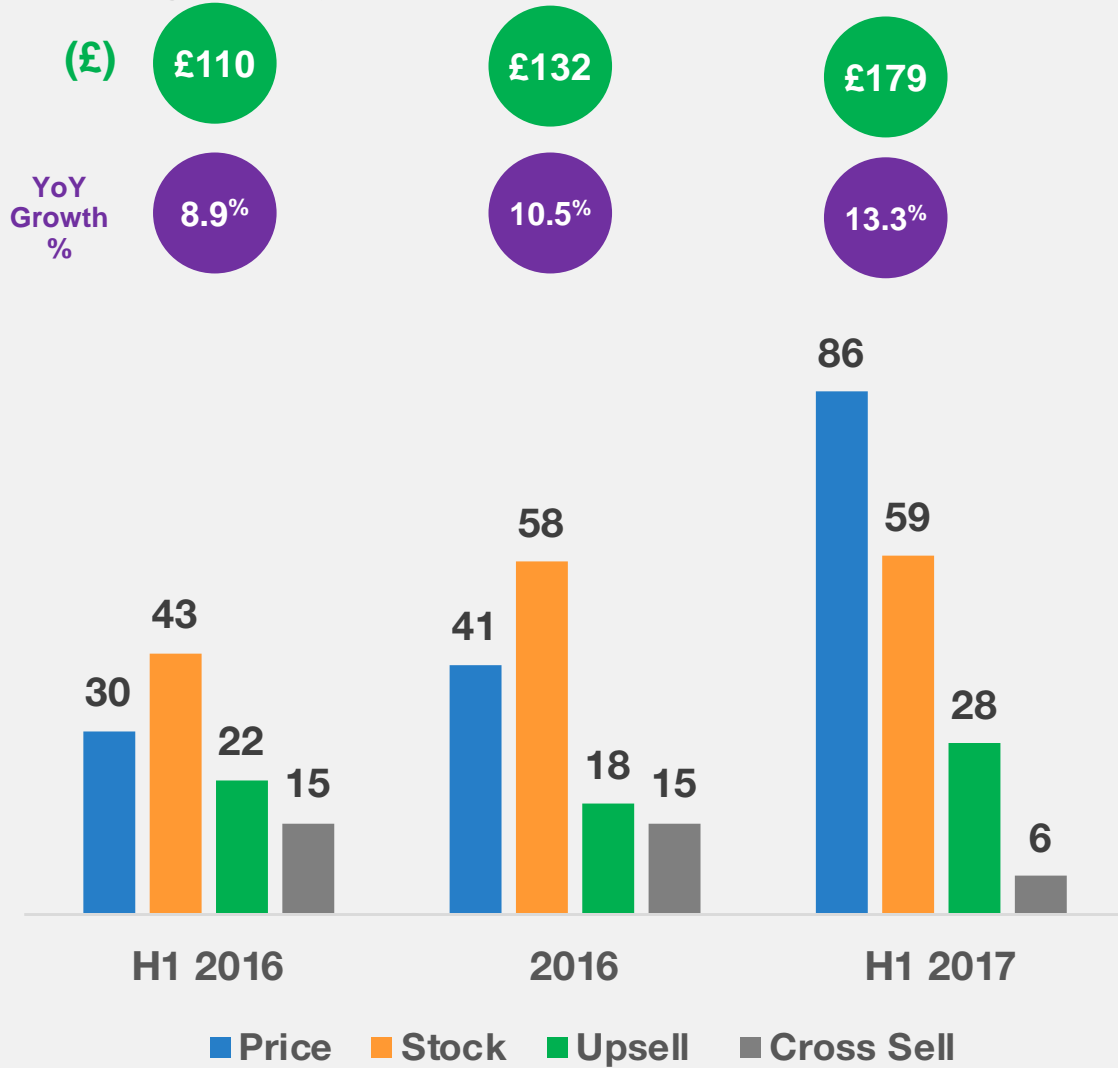
“Virtual” advert allows consumers to set preferences



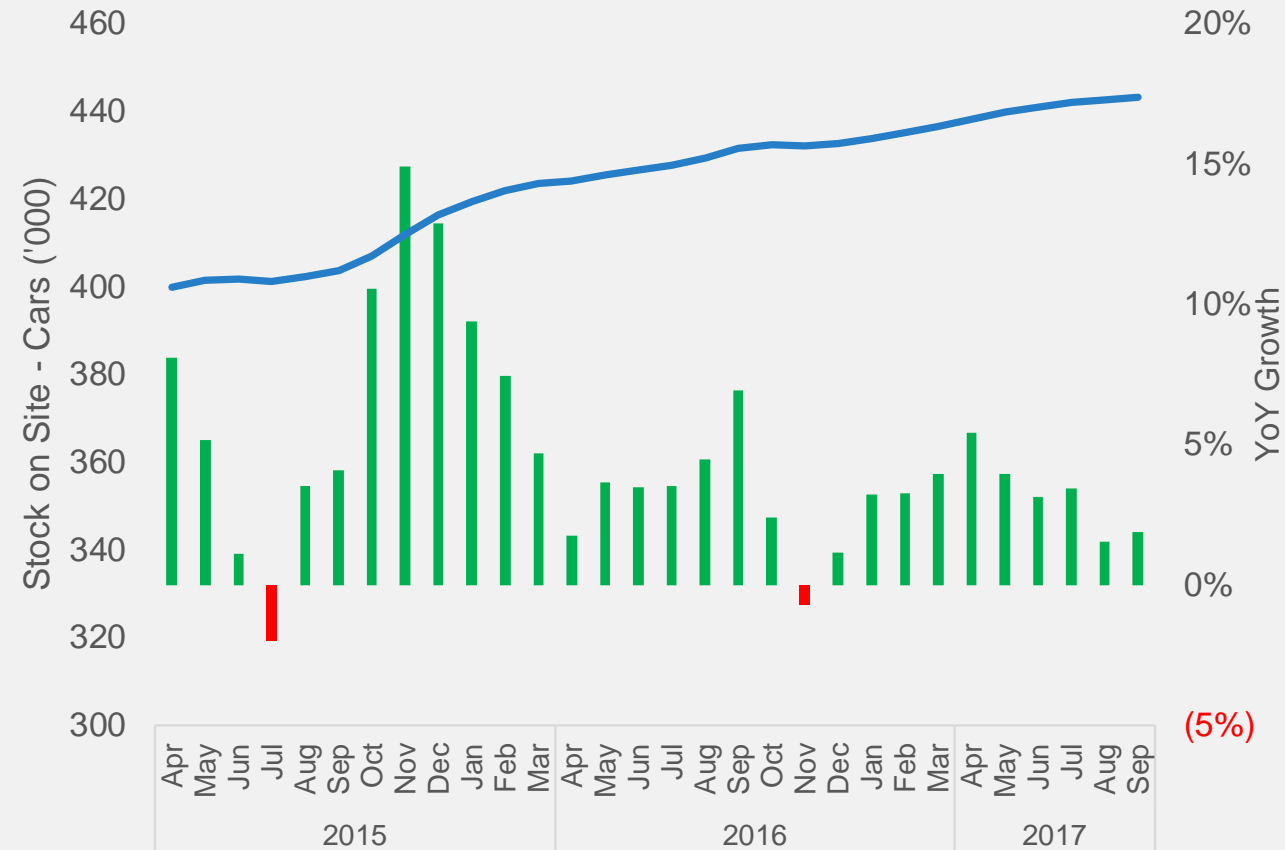
Consumers choose which retailer to send their details to

Retailer

ARPR growth by lever



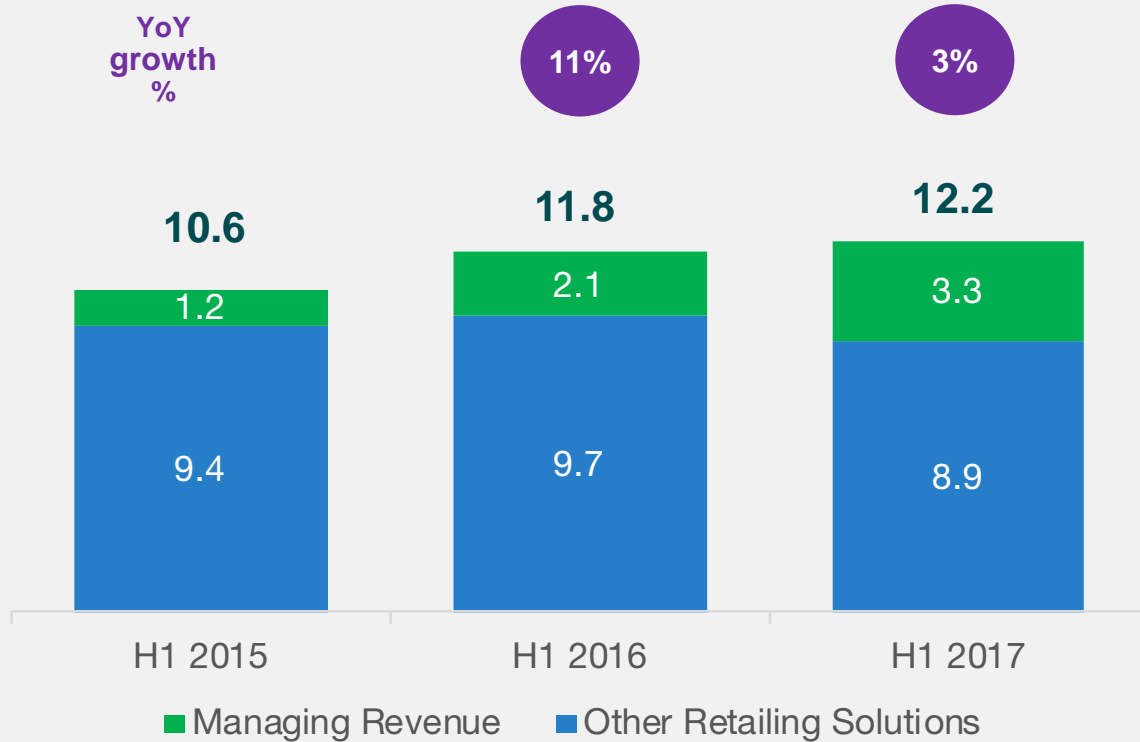
Car stock on site (12 month rolling total)



Cross sell

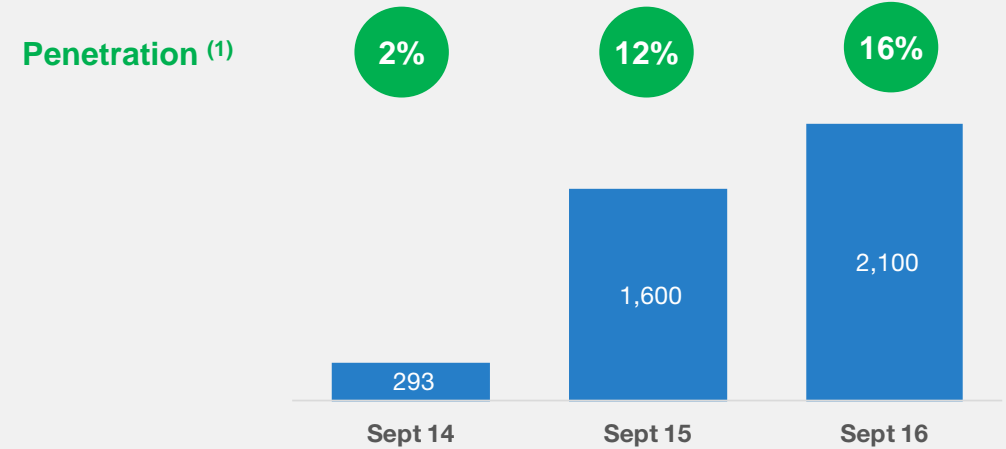
Retailing Solutions revenue (£m)

Six months ended September 2016 is shown as H1 2017.



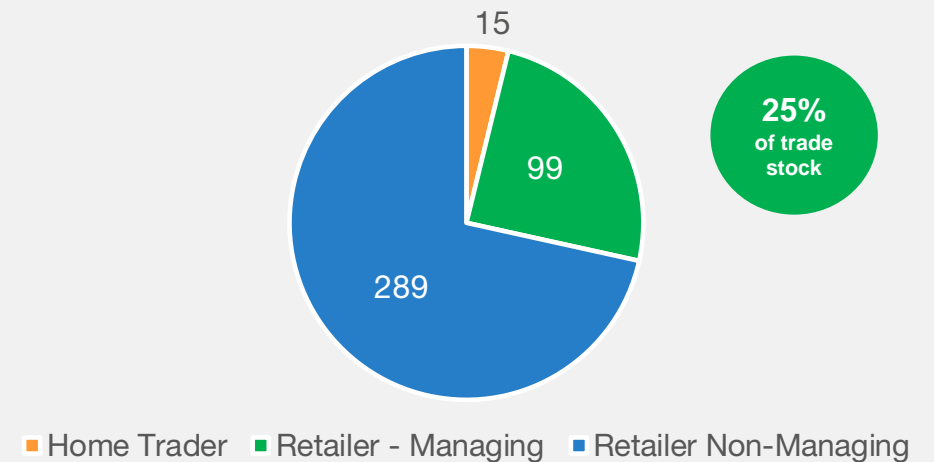
Managing pillar forecourts (#)

Average number in the month of September



Car stock on site from Managing pillar forecourts (000s)

Average number in the month of September 2016



FY17 outlook ⁽¹⁾

- Automotive trends showing little noticeable impact from the Brexit vote
- Retailer forecourt numbers set to be flat to marginally down year-on-year
- ARPR growth for the year expected to be low double-digit and similar to the previous year
- Consumer Services revenue growth to remain in line with the first half
- Display Advertising momentum to continue subject to Brexit sentiment
- Underlying costs well under control and will reduce year-on-year
- FY17 full year dividend of c.1/3 of net income remains the target with the majority of surplus cash to be used to buy back shares. Gross indebtedness to fall steadily through debt repayments.
- The first half slightly exceeded expectations and the Board is confident of delivering its growth expectations for the second half of the year

(1) extra 5 trading days in second half and full year

Questions

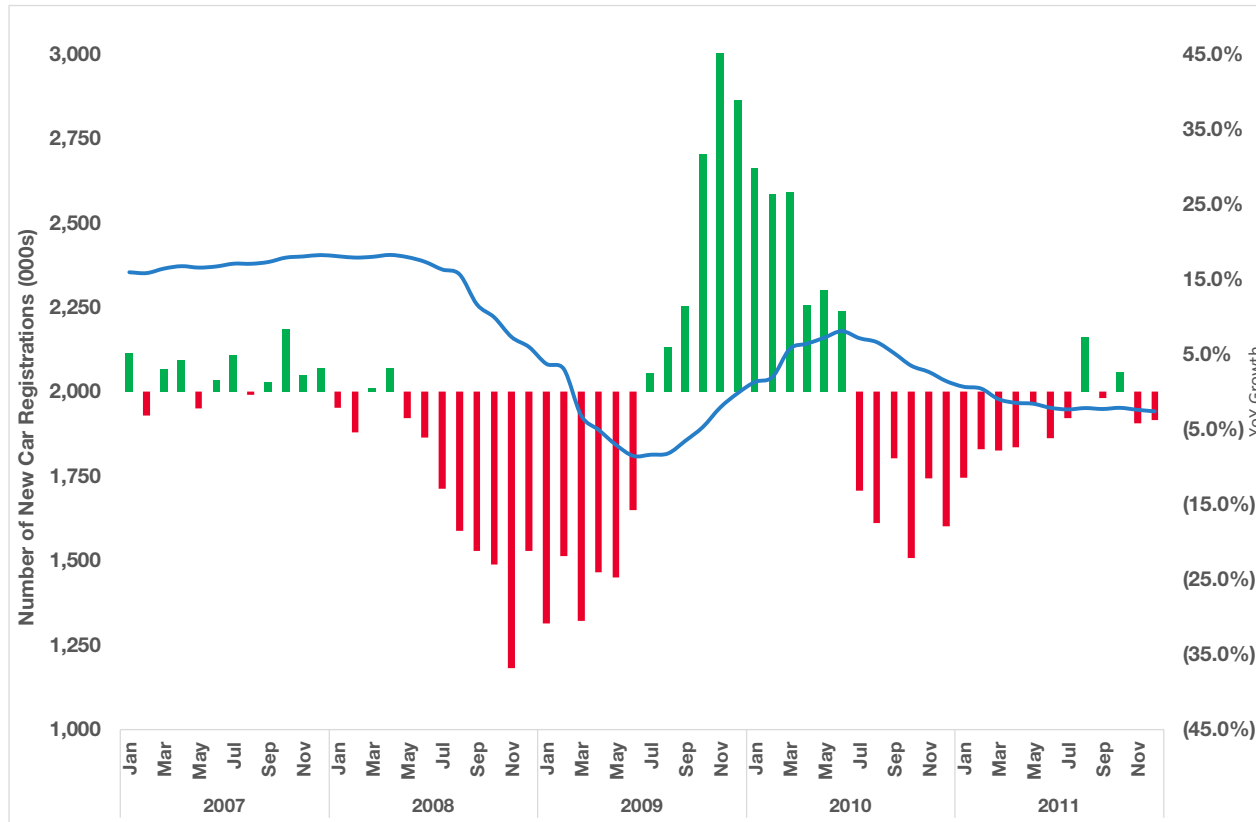




Appendices

Car market - 2007 to 2011

New car registrations (1)



3%

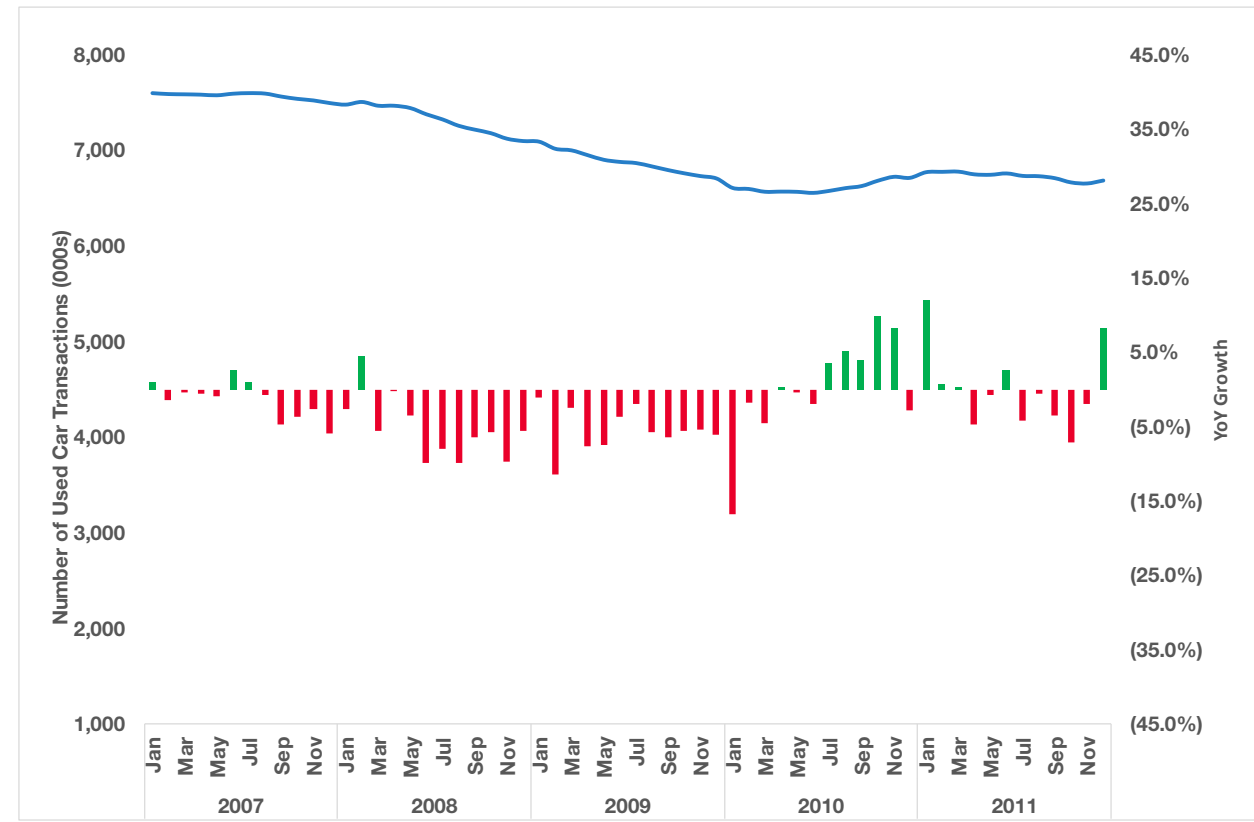
(11%)

(6%)

2%

(4%)

Used car transactions (2)



(1%)

(5%)

(6%)

0%

0%

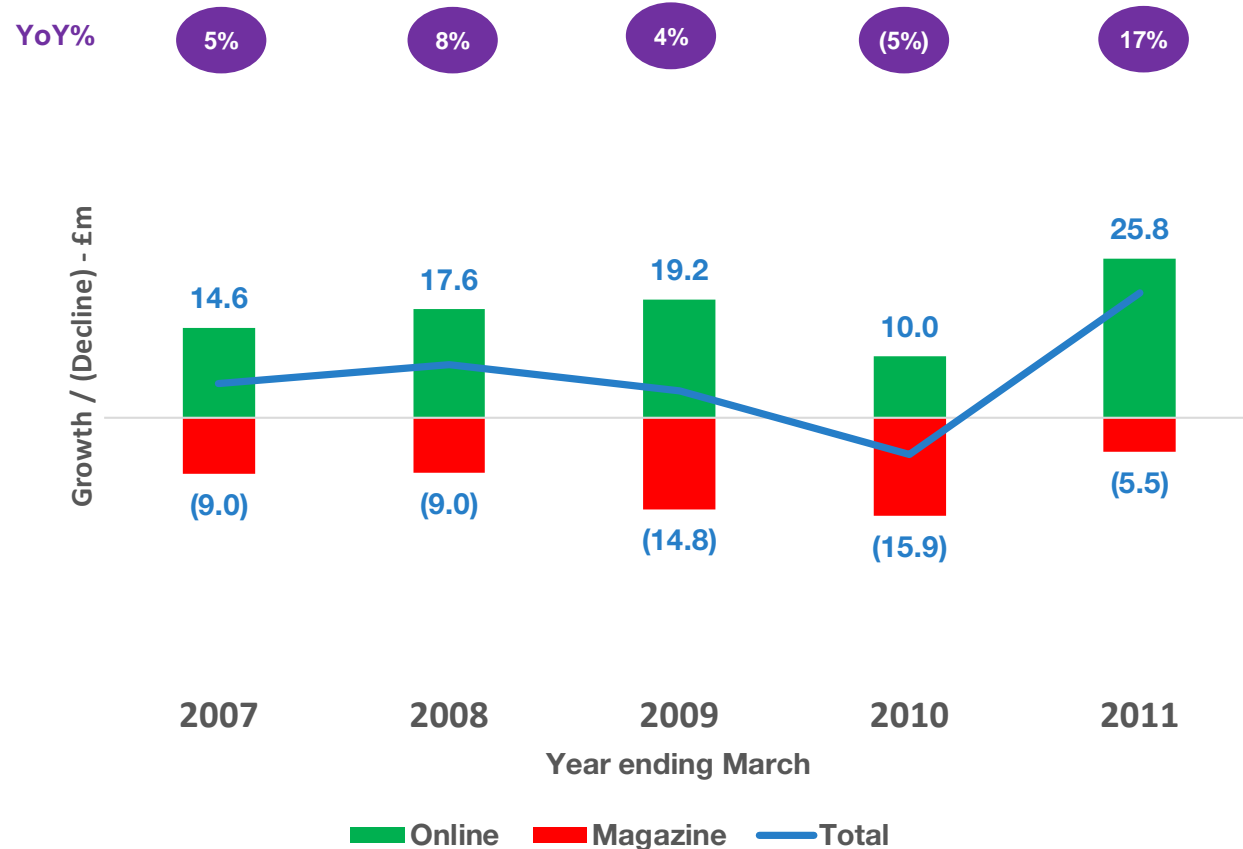
(1) Source: Society of Motor Manufacturers & Traders (SMMT) - 12 month rolling total

(2) Source: DVLA transaction data - 12 month rolling total

Trading – 2007 to 2011

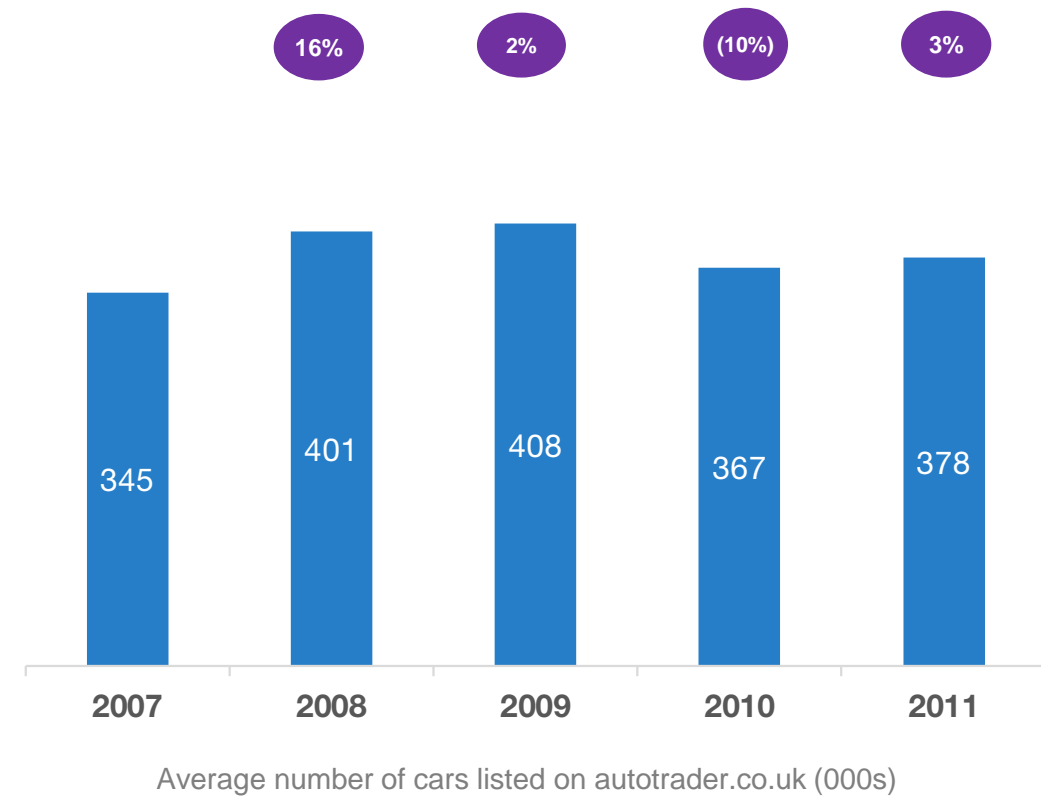
Online & Magazine selling revenue (GB) ⁽¹⁾ (£m)

Year ended March 2011 is shown as 2011



Cars stock ⁽¹⁾

Year ended March 2011 is shown as 2011



(1) Source: Company data

(1) Source: Company data

Cash flow statement

	Six months ended September 2016	Six months ended September 2015
	£m	£m
Adjusted underlying EBITDA	106.6	88.6
Movement in working capital	(3.4)	2.7
Exceptional items (excluding IPO costs)	-	(3.8)
Continuing capital expenditure	(2.4)	(1.5)
Operating cash flow	100.8	86.0
Cash conversion	95%	97%
Net repayment of borrowings	(25.0)	(80.5)
Fees and expenses of the Offer	-	(8.3)
Share buy-backs (including costs)	(48.9)	-
Sale of property	-	0.1
Net interest payable	(4.2)	(7.3)
Tax paid	(14.6)	-
Net increase / (decrease) in cash	8.1	(10.0)

- **Movement in working capital:** represents c.2% of revenue
- **Capital expenditure** totalled £2.4m with the majority of the spend relating to continuing hardware and telephony upgrades (Singleview spend amounted to £0.4m)
- **Cash conversion** fell to 95% as the prior year period included actions to minimise leverage and maximise cash
- **Net repayment of borrowings:** a total of £25.0m of the Group's term loan was repaid during the period in order to decrease interest costs and reduce indebtedness
- **Share buy-backs:** 12.8 million shares at an average cost of 380p were purchased in the period for a total cost (including expenses) of £48.9m
- **Net interest payable:** decreased to £4.2m due to a combination of a lower effective interest rate and lower gross indebtedness following debt repayments totaling £91.5m since September 2015

Five year record

	Six months to September			Year to March				
	2016 £m	2015 £m	2014 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Revenue	153.9	138.2	127.5	281.6	255.9	237.7	218.9	209.1
Administrative expenses	(53.3)	(55.3)	(60.0)	(112.0)	(122.8)	(139.0)	(109.8)	(101.4)
Operating profit before share-based payments and associated NI, management incentive plans, exceptional items and impairment charges	102.3	83.0	70.8	171.3	144.1	126.2	116.1	111.6
Share-based payments and associated NI	(2.1)	(1.0)	(0.6)	(2.5)	(3.7)	-	-	-
Management incentive plans	-	-	(0.1)	-	(1.9)	(0.6)	(0.6)	(0.5)
Exceptional items	0.4	0.9	(2.6)	0.8	(5.4)	(11.1)	(6.4)	(3.4)
Impairment charges	-	-	-	-	-	(15.8)	-	-
Operating profit	100.6	82.9	67.5	169.6	133.1	98.7	109.1	107.7
Finance costs - net	(5.1)	(8.2)	(54.4)	(14.6)	(122.2)	(95.0)	(86.3)	(84.3)
Profit before taxation	95.5	74.7	13.1	155.0	10.9	3.7	22.8	23.4
Taxation	(19.3)	(14.9)	(3.6)	(28.3)	(2.4)	(6.5)	(9.3)	(11.4)
Profit / (loss) for the period from continuing operations	76.2	59.8	9.5	126.7	8.5	(2.8)	13.5	12.0
Profit / (loss) for the period from discontinued operations	-	-	0.4	-	1.9	13.3	6.8	(4.5)
Profit for the period attributable to equity holders of the parent	76.2	59.8	9.9	126.7	10.4	10.5	20.3	7.5
Operating profit before share-based payments and associated NI, management incentive plans, exceptional items and impairment charges	102.3	83.0	70.8	171.3	144.1	126.2	116.1	111.6
Capitalised development spend	-	-	-	-	-	(4.9)	(10.6)	(9.9)
Depreciation	1.5	1.4	1.3	2.8	2.5	2.2	1.8	1.6
Amortisation	2.8	4.2	5.1	7.8	10.0	12.6	13.4	11.4
Adjusted underlying EBITDA	106.6	88.6	77.2	181.9	156.6	136.1	120.7	114.7
Adjusted underlying EBITDA margin	69%	64%	61%	65%	61%	57%	55%	55%
Net assets attributable to equity owners of the parent	(23.1)	(115.4)	(757.6)	(51.5)	(176.1)	(750.6)	(760.0)	(780.5)
Net external debt	359.5	457.4	969.7	392.6	527.9	977.8	562.0	637.1
ARPR (£/pcm)	1,526	1,347	1,237	1,384	1,252	1,181	1,088	996
Retailer forecourt (average pcm)	13,374	13,503	13,456	13,514	13,452	13,129	12,919	12,996

Notes

Notes