

Half year results presentation

Half year ended
30 September 2020

5 November 2020



Disclaimer

Not for publication, transmission, distribution or release, directly or indirectly, in or into any jurisdiction in which the publication, transmission, distribution or release of this document would be unlawful. By attending the meeting where this presentation is made (including via electronic means) or by reading this document, you agree to be bound by the limitations set out below and acknowledge that you understand the legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of the presentation.

For the purposes of this notice, the presentation shall mean and include this document, the oral presentation of the document by Auto Trader Group plc (the "Company") or any person on behalf of the Company, any audio-visual materials, its contents or any part of it, any question-and-answer session that follows the oral presentation, and any materials distributed at, or in connection with the presentation.

This presentation is being communicated only to and is only directed at those persons (i) in the United Kingdom that are (a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), or (b) high net worth entities or other persons falling within Articles 49(2)(a) to (d) of the Order, or (ii) to whom it would otherwise be lawful to distribute it, and should not be relied upon by any other person. The information contained herein is for those persons attending this meeting (including via electronic means), and to whom this presentation is directed, only, and is solely for their information and may not be reproduced, further distributed or passed on, directly or indirectly, to any other person or published in whole or in part for any purpose.

This presentation does not constitute or form part of and should not be construed as an offer of securities for sale or subscription of or a solicitation of any offer to purchase securities in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended (the "US Securities Act") or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Company does not intend to register any securities under the US Securities Act or with any state or other jurisdiction of the United States, and it does not intend to offer any securities to the public in the United States.

This presentation is for informational purposes only. This presentation does not constitute or form part of and should not be construed as an offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities of the Company in any jurisdiction nor is it an inducement to enter into investment activity nor should it form the basis of or be relied on in connection with any contract or commitment or investment decision whatsoever. It does not constitute a recommendation regarding any securities and does not purport to contain all the information that may be required by the recipient to make an evaluation of the Company. Past performance, including the price at which the Company's securities have been bought or sold in the past and the past yield on the Company's securities, cannot be relied on as a guide to future performance. Nothing herein should be construed as financial, legal, tax, accounting, actuarial or other specialist advice and the recipient is strongly advised to consult its own independent advisors on any financial, legal, tax, accounting, actuarial or other issue relating to the information contained in this presentation.

The information and opinions provided in this presentation are provided as of the date of this presentation. Certain statements in this presentation constitute forward looking statements (including beliefs or opinions). "Forward looking statements" are sometimes identified by the use of forward-looking terminology, including the terms "believes", "estimates", "aims", "anticipates", "expects", "intends", "plans", "predicts", "may", "will", "could", "shall", "risk", "targets", "forecasts", "should", "guidance", "continues", "assumes" or "positioned" or, in each case, their negative or other variations or comparable terminology. Any statement in this presentation 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 from those expressed or implied by such forward looking statements. 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 presentation. As a result you are cautioned not to place reliance on such forward looking statements. Nothing in this presentation should be construed as a profit forecast.

No reliance may be placed for any purposes whatsoever on the information contained in this presentation, or on its completeness, accuracy or fairness. No representation, warranty or undertaking, express or implied, is or will be made or given by or on behalf of the Company or any of its subsidiary undertakings or affiliates or any of such person's respective directors, officers, advisers, agents or employees or any other person, as to the accuracy, fairness or completeness of the information or opinions contained in this presentation and, to the extent permitted by law, no liability whatsoever (in negligence or otherwise) is accepted by the Company, its subsidiary undertakings or affiliates or any of such person's respective directors, officers, advisers, agents or employees, or any other person, for any loss, howsoever arising, directly or indirectly, from any use of such information or opinions or otherwise arising in connection therewith. In particular, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, targets, estimates or forecasts contained in this presentation and nothing in this presentation is or should be relied on as a promise or representation as to future events. Any reliance you place on the information contained in this presentation will be at your sole risk. The information set out herein may be subject to updating, completion, revision, verification and amendment and may change materially. None of the Company, its directors, officers, advisers, agents or employees or any other person undertakes to or is under any obligation to update or keep current the information in the presentation or to provide recipients with any additional information.

Our response to the latest lockdown restrictions



Looking after our **people**



Supporting our **customers**



Protecting our **business**

- Tighter restrictions in England from 5 November until 2 December that will force car retailers to close. Restrictions in other parts of the UK are similar
- Home delivery and click & collect services are allowed. We believe that consumer activity seen through October and into November will sustain some sales through these channels
- Despite this we are more cautious beyond the month of November, particularly as December typically sees a lower volume of sales
- Our advertising packages will be free for the month of December for all retailer customers in the UK
- Payment terms for November advertising will be extended by a month

The variation in our results between how we started the period and how we ended are in such contrast that we have split the summary into two quarters

April – June 2020 (Q1 2021)

	Q1 2021	YoY %
Monthly cross platform visits (m)	49.5	(3%)
Live car stock ('000)	520	7%
Average retailers	13,005	(2%)
ARPR (£pcm)	477	(76%)
Revenue (£m)	26.4	(72%)
Operating profit (£m)	1.7	(97%)

- We supported our retailer customers by providing free advertising during April and May when they were closed followed by a 25% discount in June
- We also extended payment terms and provided increased stock allowances
- We have continually prioritised the physical and mental wellbeing of our people
- On 1 April 2020, we announced an equity raise which strengthened our balance sheet and liquidity position

July – September 2020 (Q2 2021)

	Vs Q1	Q2 2021	YoY %
Monthly cross platform visits (m)	+15.5	65.0	27%
Live car stock ('000)	(84)	436	(8%)
Average retailers	+102	13,107	(2%)
ARPR (£pcm)	+1,453	1,930	(1%)
Revenue (£m)	+65.4	91.8	(1%)
Operating profit (£m)	+65.1	66.8	0%

- We returned to fully charging from July onwards, at new rates following our pricing event
- We have seen consistently high levels of site traffic and audience
- We voluntarily repaid all amounts claimed under the furlough scheme
- We have launched Instant Offer as well as a trial guaranteed part-exchange product and we have acquired AutoConvert, a finance platform

Financial performance

£118m **Revenue: down 37%** to £118.2 million (H1 2020: £186.7 million). Trade revenue down 38% to £100.2 million (H1 2020: £161.8 million)

£69m **Operating profit: down 48%** to £68.5 million (H1 2020: £131.4 million)

58% **Operating profit margin: down 12% points** to 58% (H1 2020: 70%). Operating cost reduction of 11%

5.6p **Earnings and distribution: Basic EPS down 50%** to 5.6p (H1 2020: 11.1p). No interim dividend declared (H1 2020: 2.4p)

£66m **Cash generated from operations: down 50%** to £66.1 million (H1 2020: £132.7 million)

£58m **Net bank debt at September 2020: down £217.3m to £58.1 million** (March 2020: £275.4 million). **Leverage at September 2020 down to 0.3x** (March 2020: 1.1x). On 1 April 2020, we announced the placing of approximately 46m shares, raising proceeds net of all fees of £183m, which strengthened our balance sheet and liquidity position

Operational performance

57m **Cross platform visits: up 12%** to 57.3 million per month on average (H1 2020: 51.2 million)

557m **Cross platform minutes: up 12%** to 556.6 million per month on average (H1 2020: 496.4 million). Our share of cross platform minutes remains strong at over 75% (2020 H1: over 75%) which was 7x larger than our nearest competitor

13,056 **Retailer forecourts:** the average number of forecourts in the period **decreased by 2% to 13,056** (H1 2020: 13,316)

£1,206 **ARPR: down £745** to £1,206 on average per month (H1 2020: £1,951); Discounts offered relating to COVID-19 through the first quarter had a £695 impact on ARPR in the period

478,000 **Physical car stock on site: down 1%** to 478,000 cars (H1 2020: 481,000) on average. Our listings product for new cars contributed over 46,000 to that average (H1 2020: 33,000)

893 **Number of employees and contractors (FTEs): increased to 893** on average during the year (H1 2020: 798) mostly due to the acquisition of Kee Resources (October 2019) and AutoConvert (July 2020)

Financials

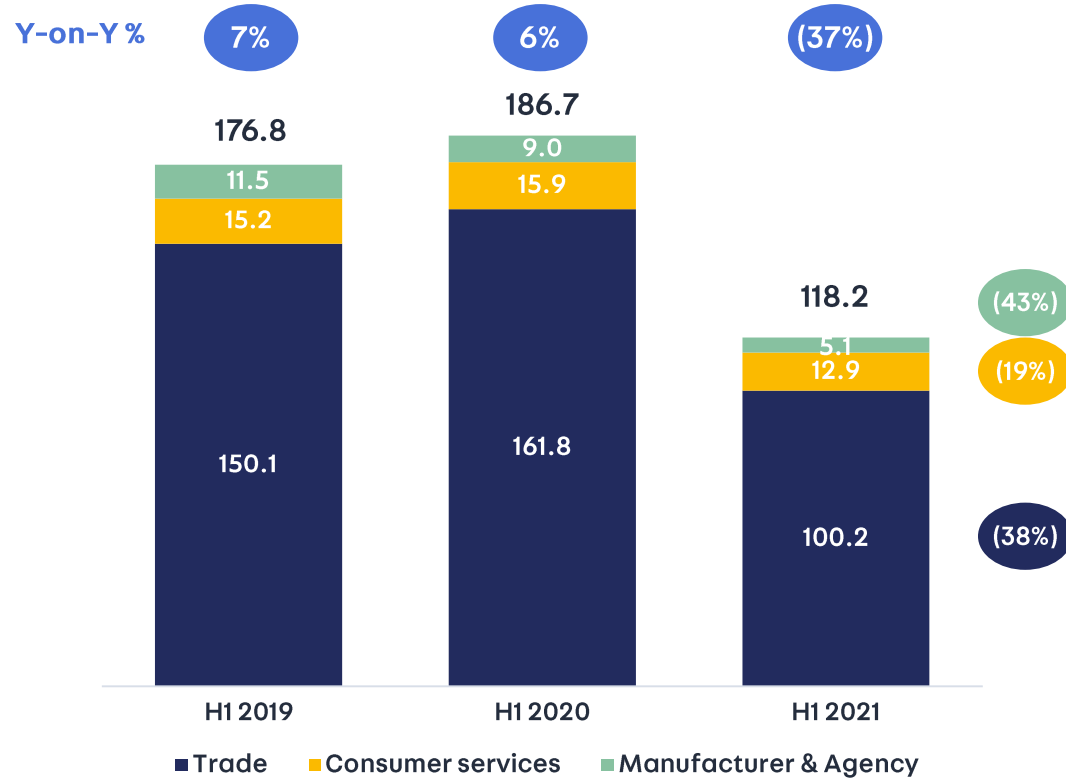
 AutoTrader



Revenue

Revenue (£m)

Six months ended 30 September 2020 is shown as H1 2021

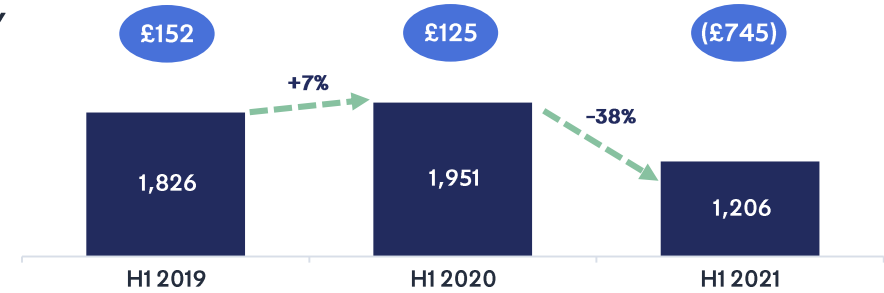


Trade revenue comprises:
 H1 2021: Retailer (£94.5m); Home Trader (£2.7m); Other (£3.0m)
 H1 2020: Retailer (£155.9m); Home Trader (£4.9m); Other (£1.0m)
 H1 2019: Retailer (£144.1m); Home Trader (£5.4m); Other (£0.6m)

Consumer services revenue comprises:
 H1 2021: Private (£8.3m); Motoring Services (£4.6m)
 H1 2020: Private (£11.8m); Motoring Services (£4.1m)
 H1 2019: Private (£11.0m); Motoring Services (£4.2m)

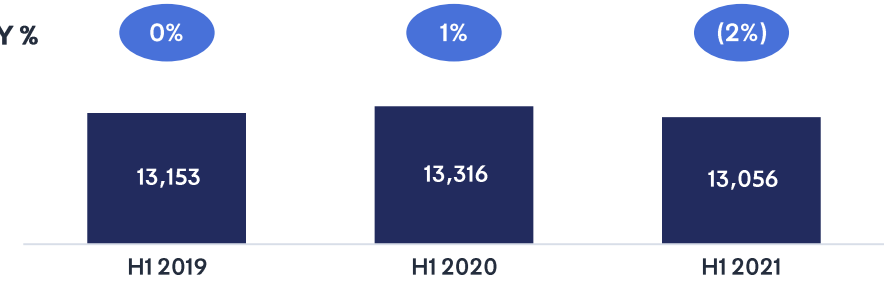
Average Revenue Per Retailer (ARPR) (£) ⁽¹⁾

Y-on-Y
£pcm



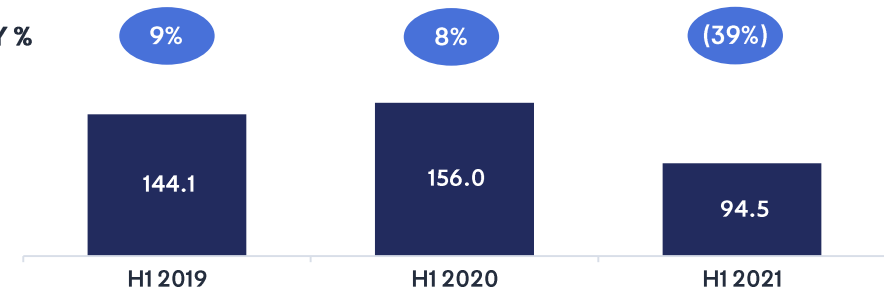
Number of retailer forecourts ⁽¹⁾

Y-on-Y %



Retailer revenue (£m)

Y-on-Y %

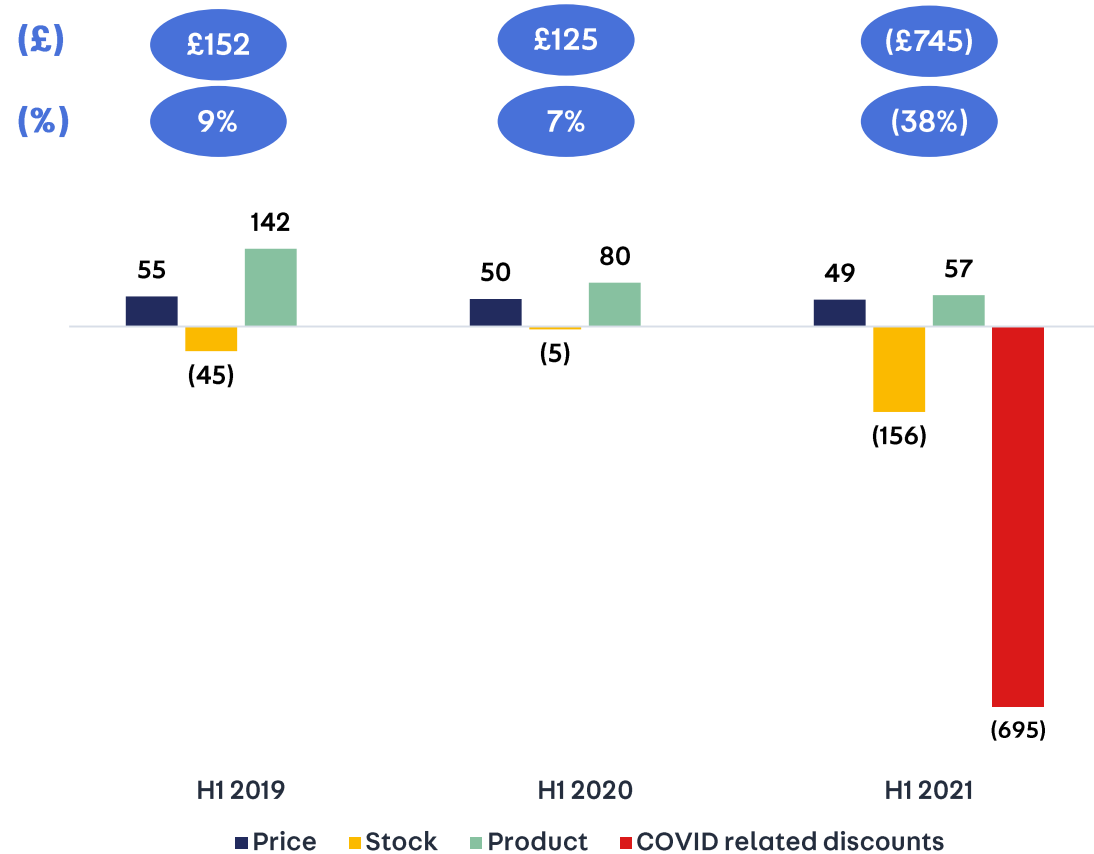


(1) Average monthly metric

ARPR, live physical car stock and retailers

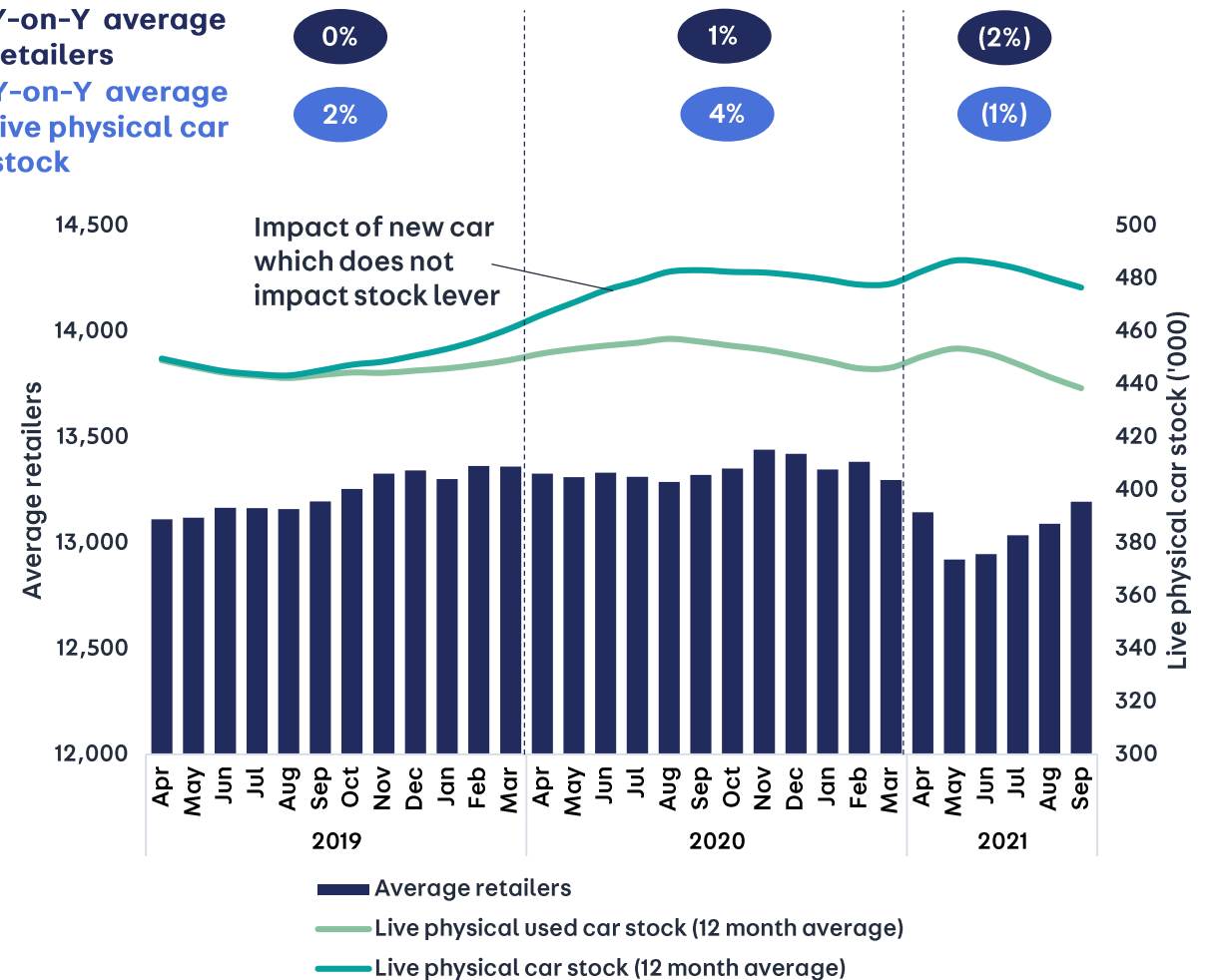
ARPR levers

Growth in Average Revenue Per Retailer per month (£)



Physical car stock and retailer forecourts

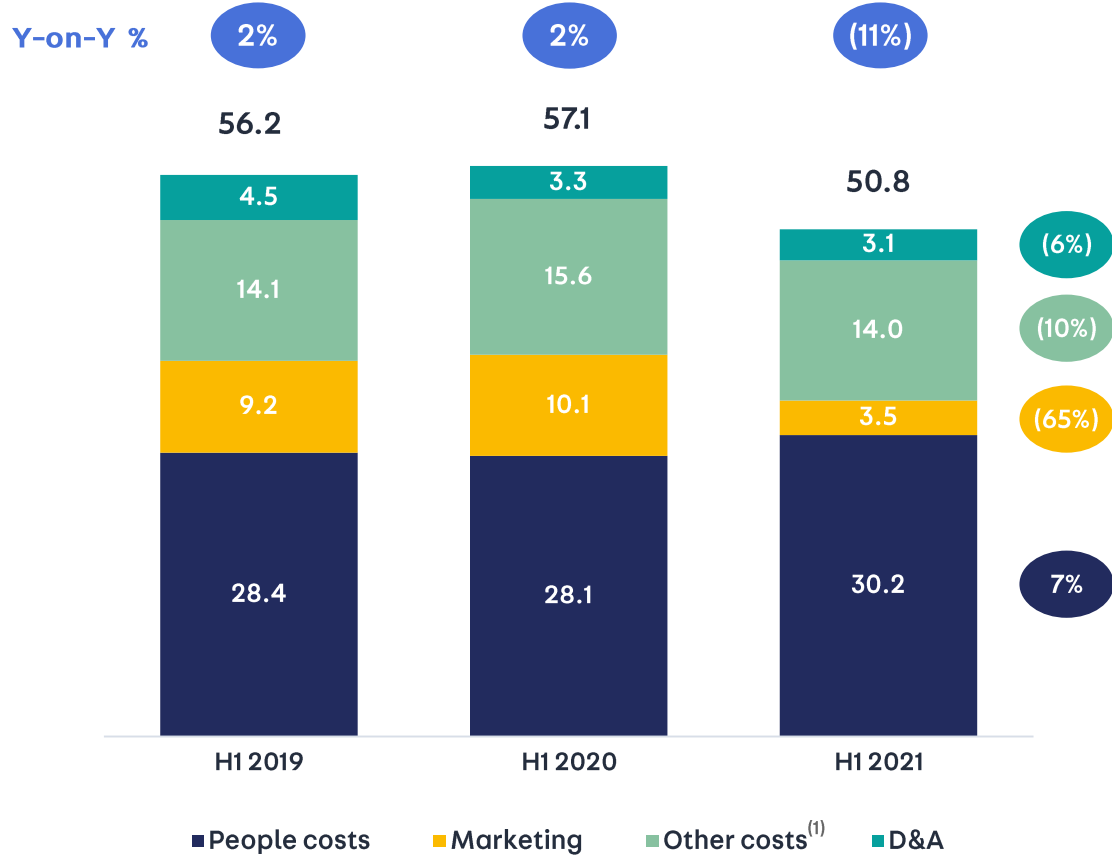
Y-on-Y average retailers
Y-on-Y average live physical car stock



Costs

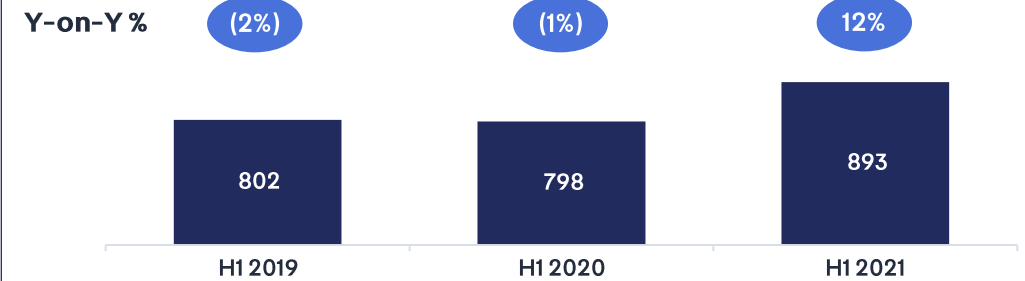
Costs (£m)

Six months ended 30 September 2020 is shown as H1 2021

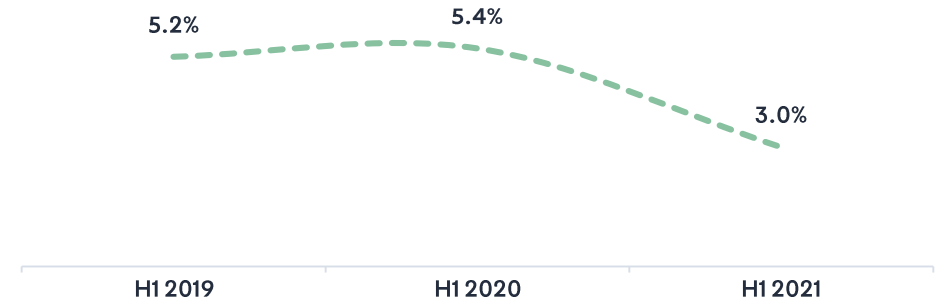


People costs include share-based payments and associated national insurance costs of £2.6m in H1 2021 (H1 2019: £3.2m; H1 2020: £3.0m)

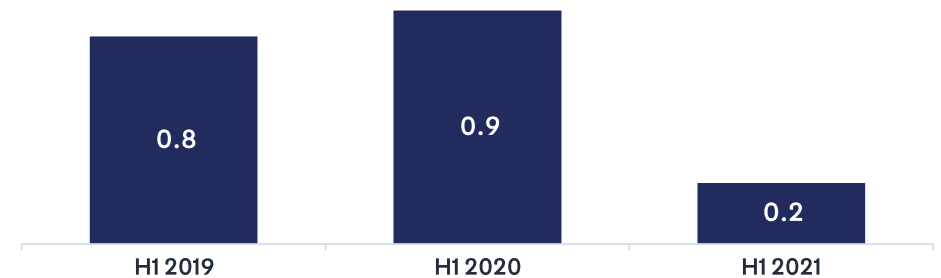
FTEs (including contractors)⁽²⁾



Marketing as a % of revenue



Capital expenditure (excluding acquisitions) (£m)



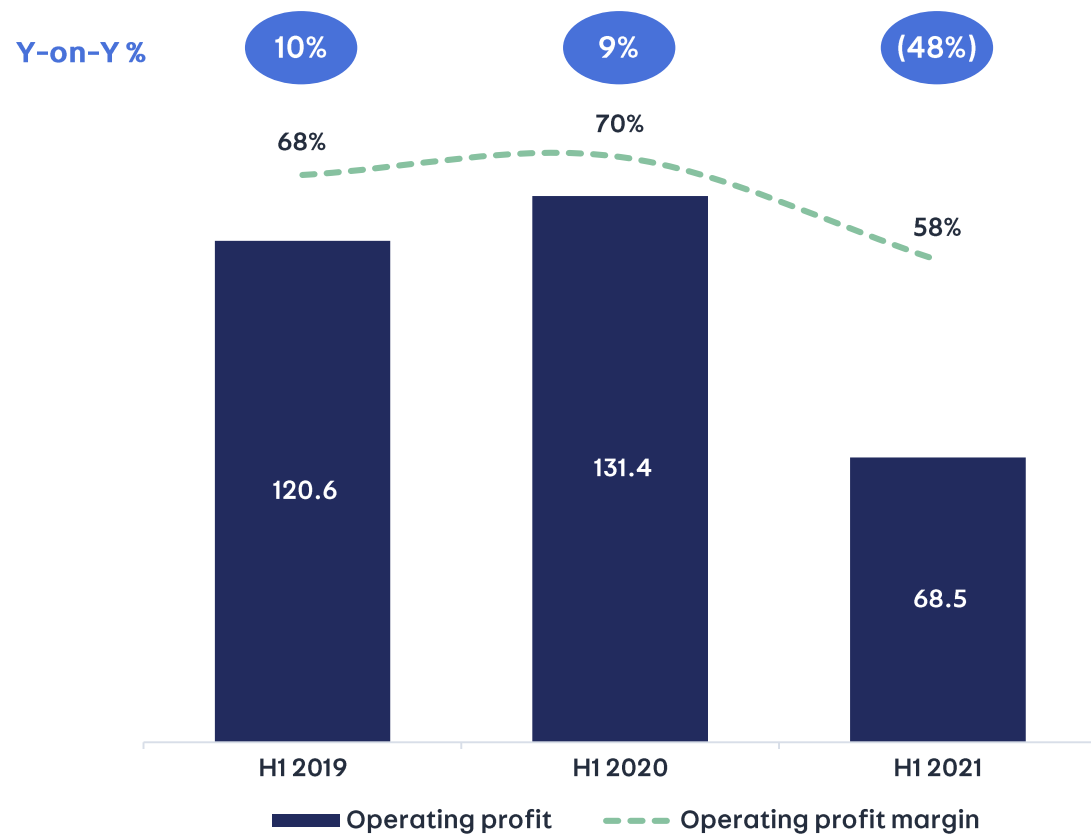
(1) Other costs include: property, IT & comms, data services and other corporate overheads

(2) Average monthly metric

Profit and cash flow

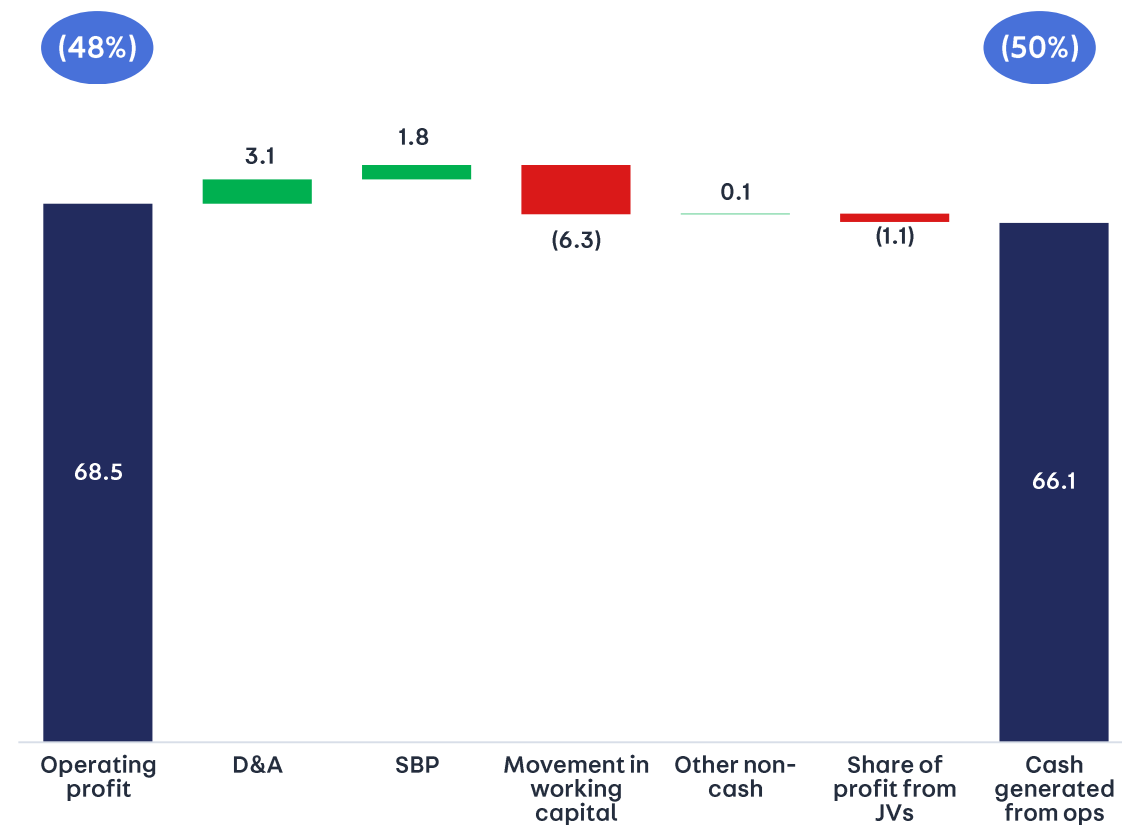
Operating profit (£m)

Six months ended 30 September 2020 is shown as H1 2021



Cash generated from operations (£m)

Six months ended 30 September 2020

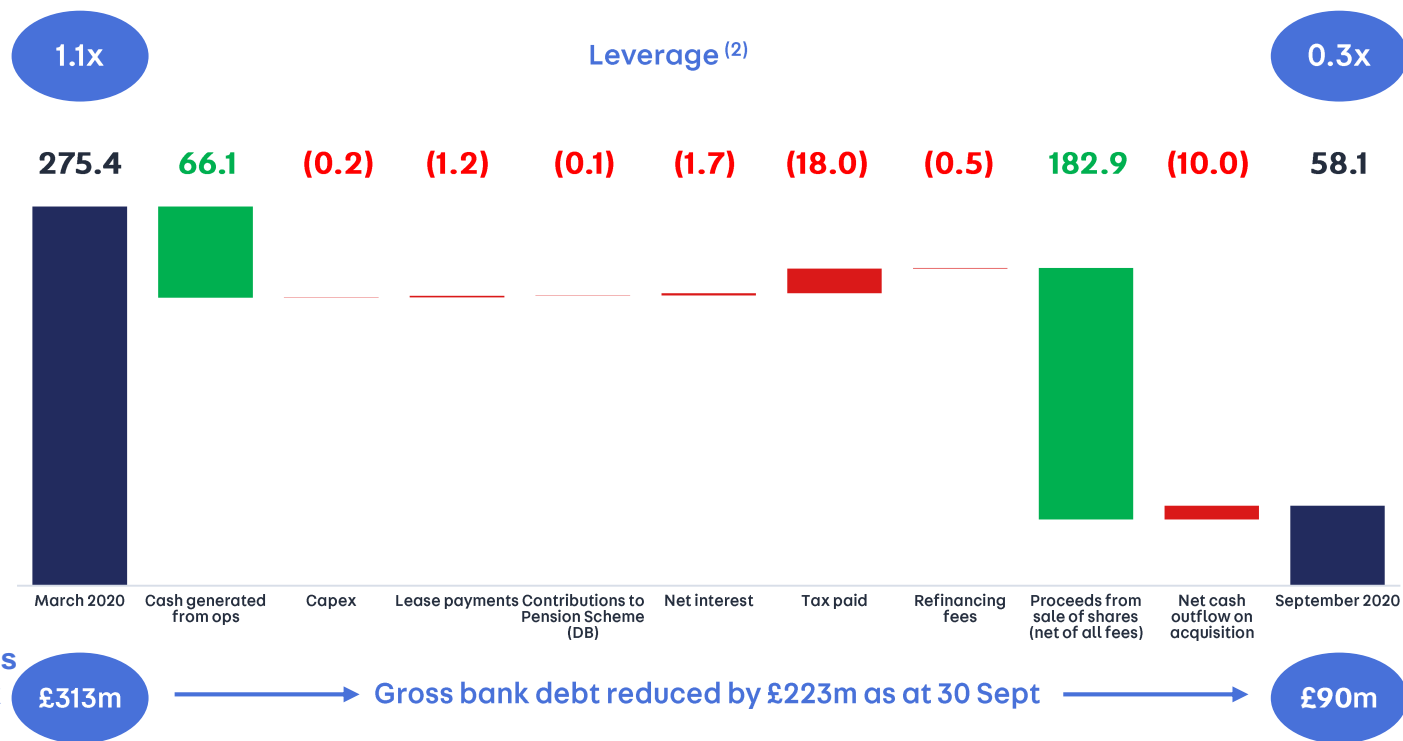


Income statement

	H1 2021 £ million	H1 2020 £ million	Year-on-year %
Revenue	118.2	186.7	(37%)
Administrative expenses	(50.8)	(57.1)	(11%)
Share of profit from joint ventures	1.1	1.8	(39%)
Operating profit	68.5	131.4	(48%)
Net finance costs	(2.3)	(3.7)	(38%)
Profit before taxation	66.2	127.7	(48%)
Income tax expense	(12.4)	(24.5)	(49%)
Profit for the period attributable to equity owners of the parent	53.8	103.2	(48%)
Earnings per share (pence)			
Basic	5.58	11.13	(50%)
Diluted	5.55	11.08	(50%)
Dividend per share (pence)	-	2.4	(100%)

Net bank debt and capital allocation policy

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



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

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

- On 31 July 2020, the Group acquired AutoConvert (legal name BlueOwl Network Limited) for the consideration of £18.2m, of which £8.1m will be deferred until 31 July 2022
- It is the Group's intention to return to our long-term capital allocation policy at the appropriate time
- Following the recent government announcement, we are not declaring an interim dividend

Market

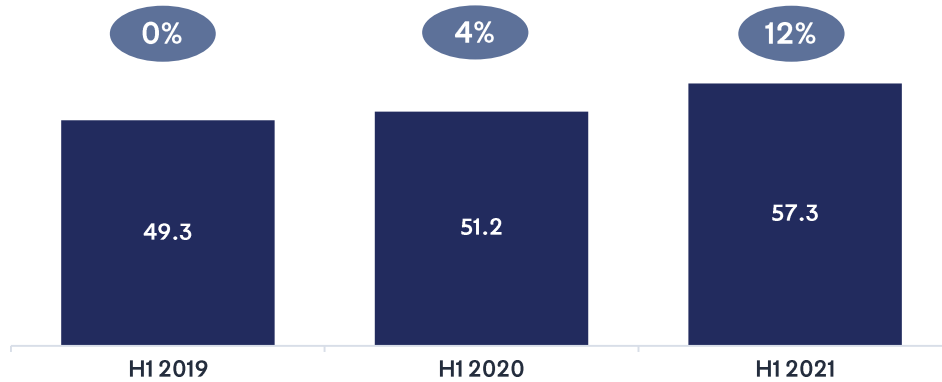
 AutoTrader



Audience growth has been strong as a result of heightened demand for vehicles

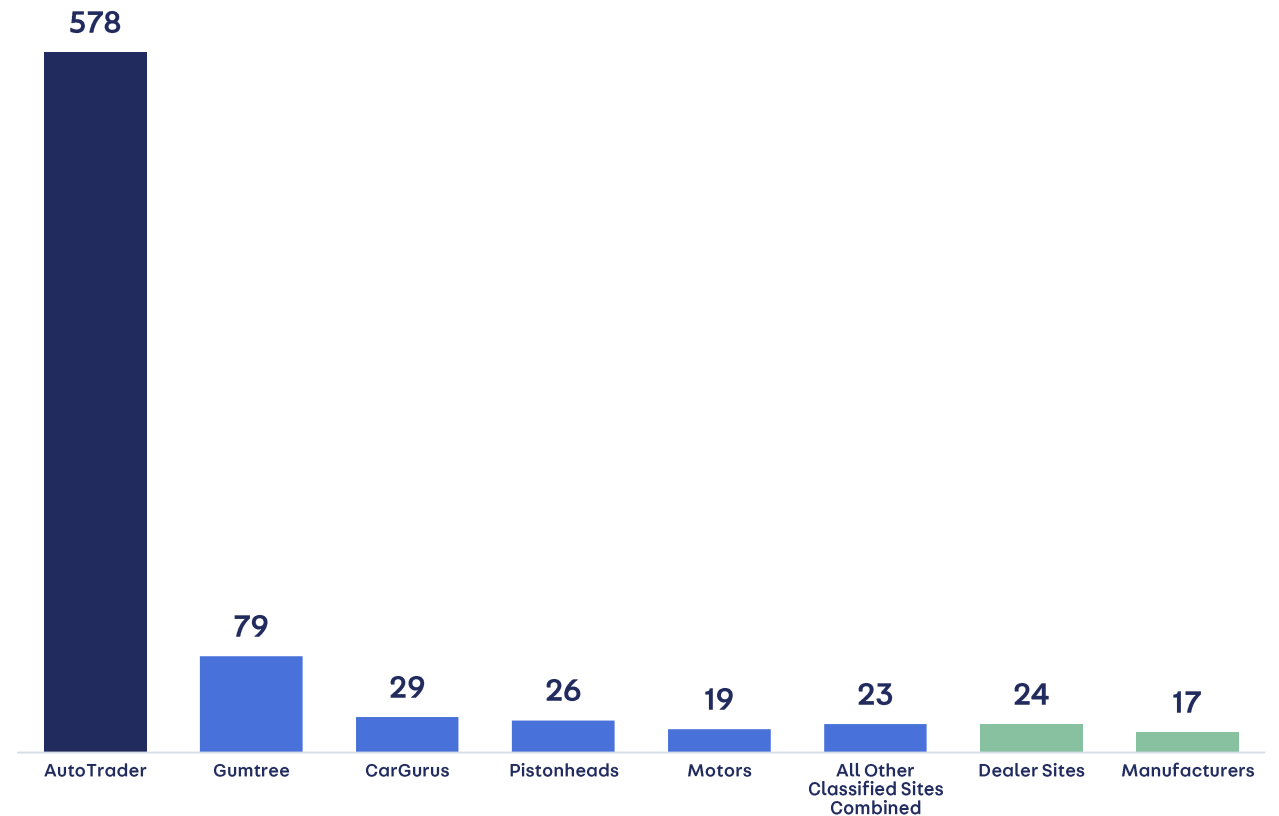
Cross platform visits Autotrader.co.uk ⁽¹⁾

(Average pcm - million)



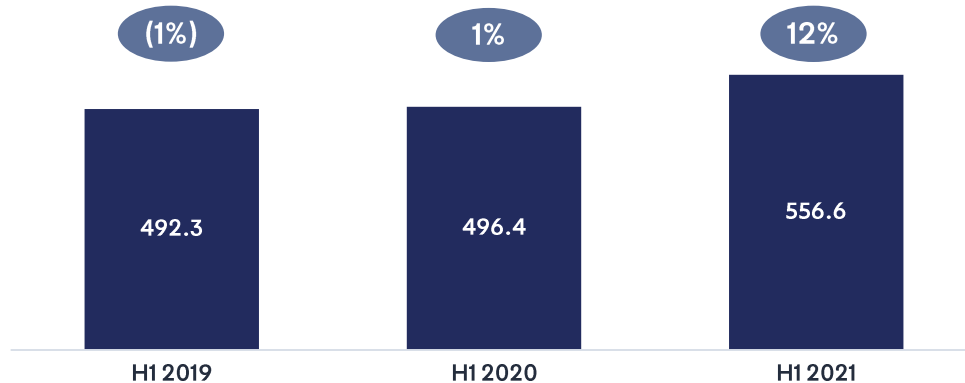
Total minutes spent H1 2021 ⁽²⁾

(Average pcm - million)



Cross platform minutes Autotrader.co.uk ⁽¹⁾

(Average pcm - million)

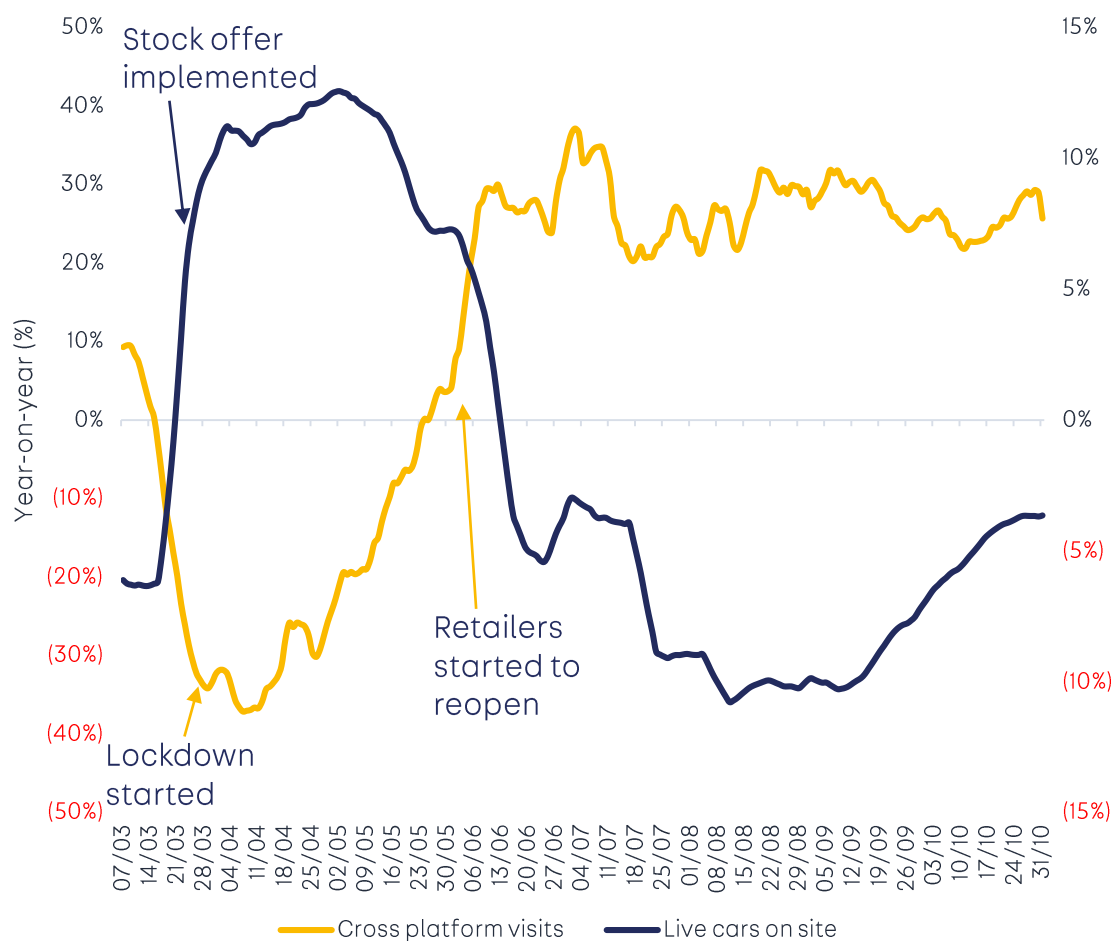


⁽¹⁾ As measured through Google analytics

⁽²⁾ Source: Comscore MMX® Multi-Platform, Total Audience, April 2020 through September 2020, UK. 'Dealer sites' Custom-defined list including - Arnold Clark, Evans Halshaw, Carshop, Lookers, Motorpoint, Availablecar.com, Stoneacre, Marshall, Motordepot, Cargiant, Big Motoring World, Pentagon, Pendragon, Sytner, Peter Vardy, JCT600, TrustFord, Robins and Day, Carcraft, Listers, Cazoo. 'All Other Classified Sites Combined' Custom-defined list including - Parkers, Whatcar, Carwow, Exchange and Mart, eBay Motors UK, RAC Cars, Carsnip, Cinch, Heycar. 'Manufacturers' Custom-defined list including - Ford, Vauxhall, Volkswagen, Toyota, Mercedes-Benz, Audi, Landrover, Nissan, Renault, Peugeot, Honda, Volvo (.com), BMW, Hyundai, Dacia, Citroen, Skoda, Seat, Lexus, Jaguar, Fiat, Suzuki, Ssangyong GB, Mazda, Mini

Strong demand saw stock on site fall, as vehicles sold far quicker than they could be replenished

Cross platform visits and live cars on site (rolling 7 day average)



Auto Trader Retail Price Index



Product

 AutoTrader



Through our annual pricing event we embedded our data and insight into the automotive ecosystem, with three products made available through our packages

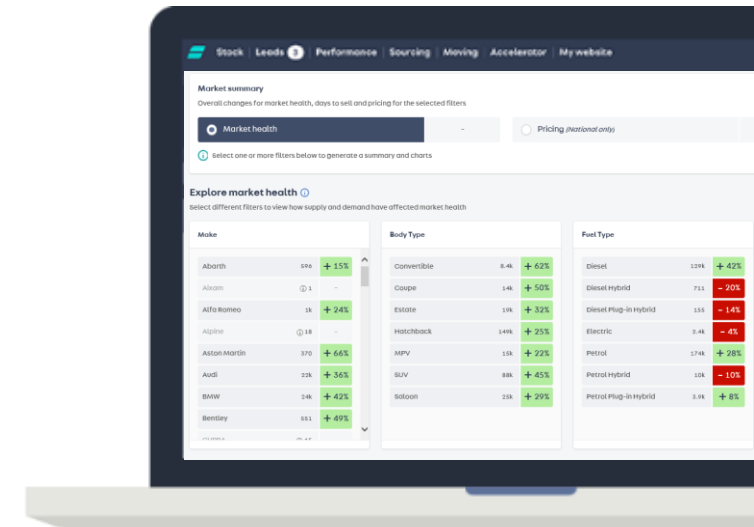


Performance dashboard

Allows retailers to measure, track and improve their advert performance to optimise the car buying journey

Retail Check

Gives retailers the broadest, most accurate view of the market, helping them make better and faster pricing decisions on cars they are considering buying and for stock that's already on their forecourt



Market Insight

Helps retailers to understand the market, their performance against the market, and how the market trends are affecting their business

Our new car marketplace continues to grow delivering more value for retailers

1,500

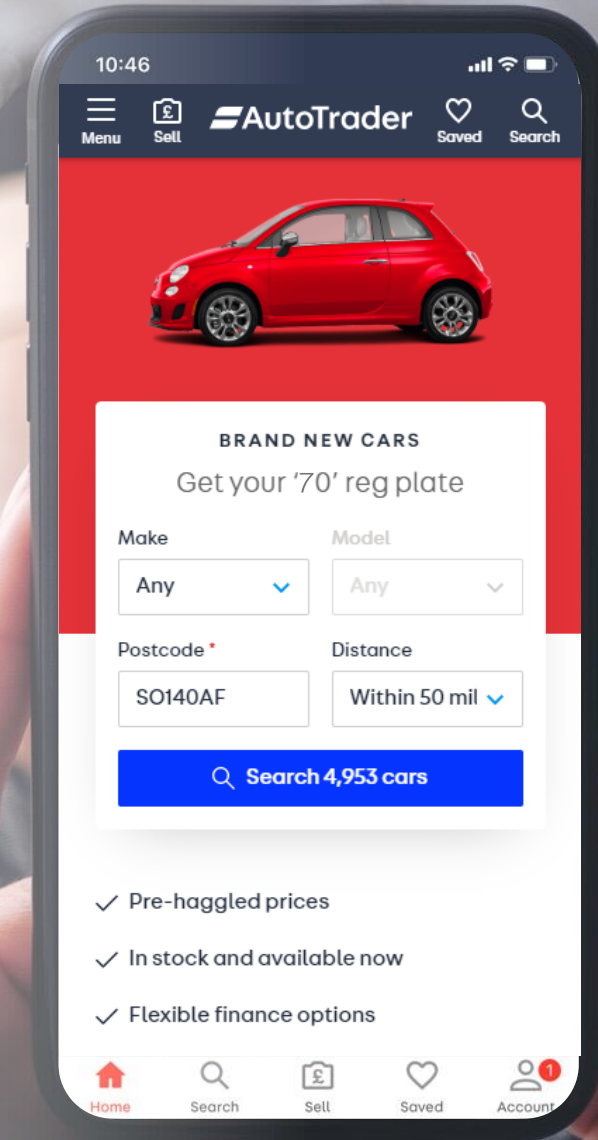
Retailers paying for the product in September 2020. (March 2020: 1,000)

46,000

Physical new cars were advertised on site per month

1.3m

Unique visitors on average each month in the period

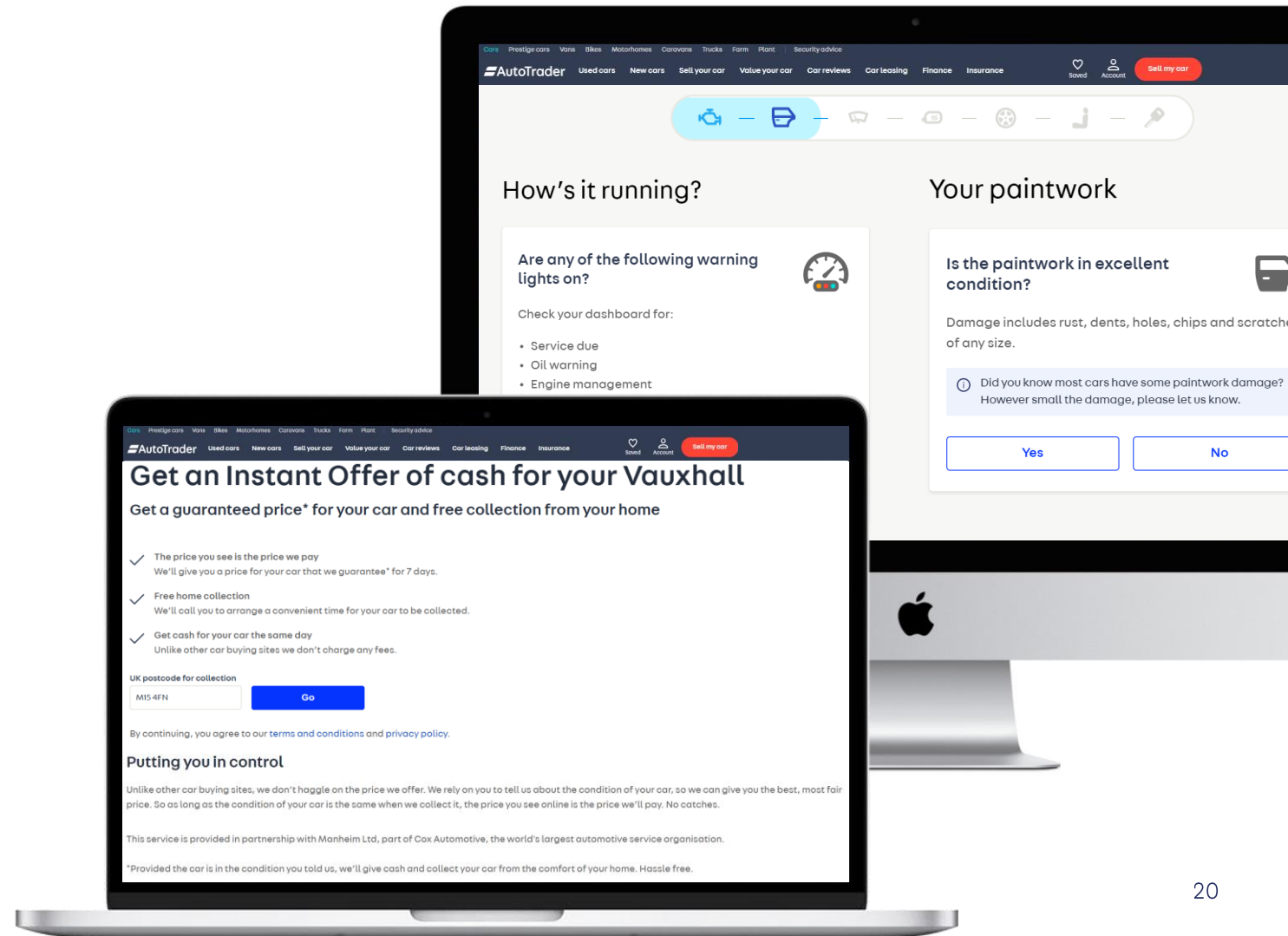


Instant offer launched in July, providing a guaranteed and trusted way for consumers to dispose their car

Instant Offer **enables private sellers to sell their car at a guaranteed price**, powered by Cox Automotive

No fees to the seller, price guaranteed for 7 days

Instant Offer is a key first step into **enabling our Guaranteed Part-Exchange product** for retailers



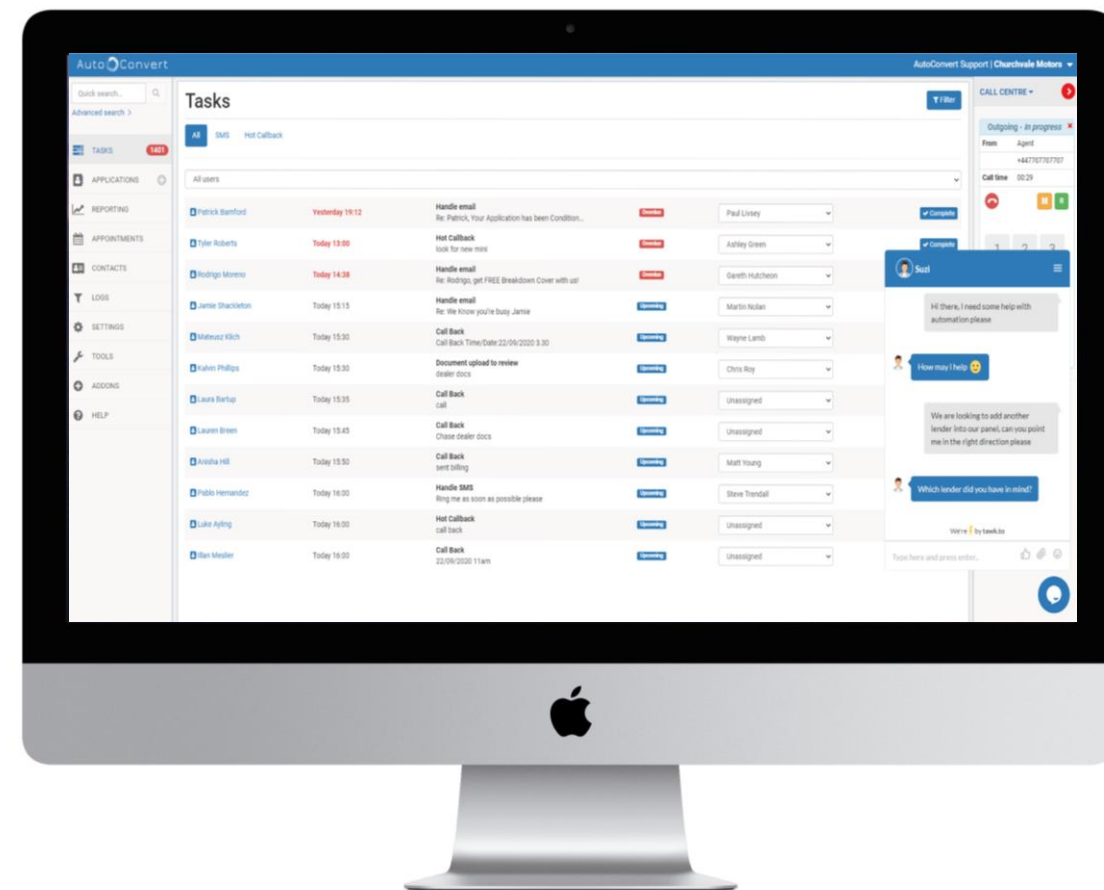
We have acquired AutoConvert, a finance platform connecting retailers and brokers with lenders



Integrated with over 50 lenders via API to enable information to flow between AutoConvert and lenders

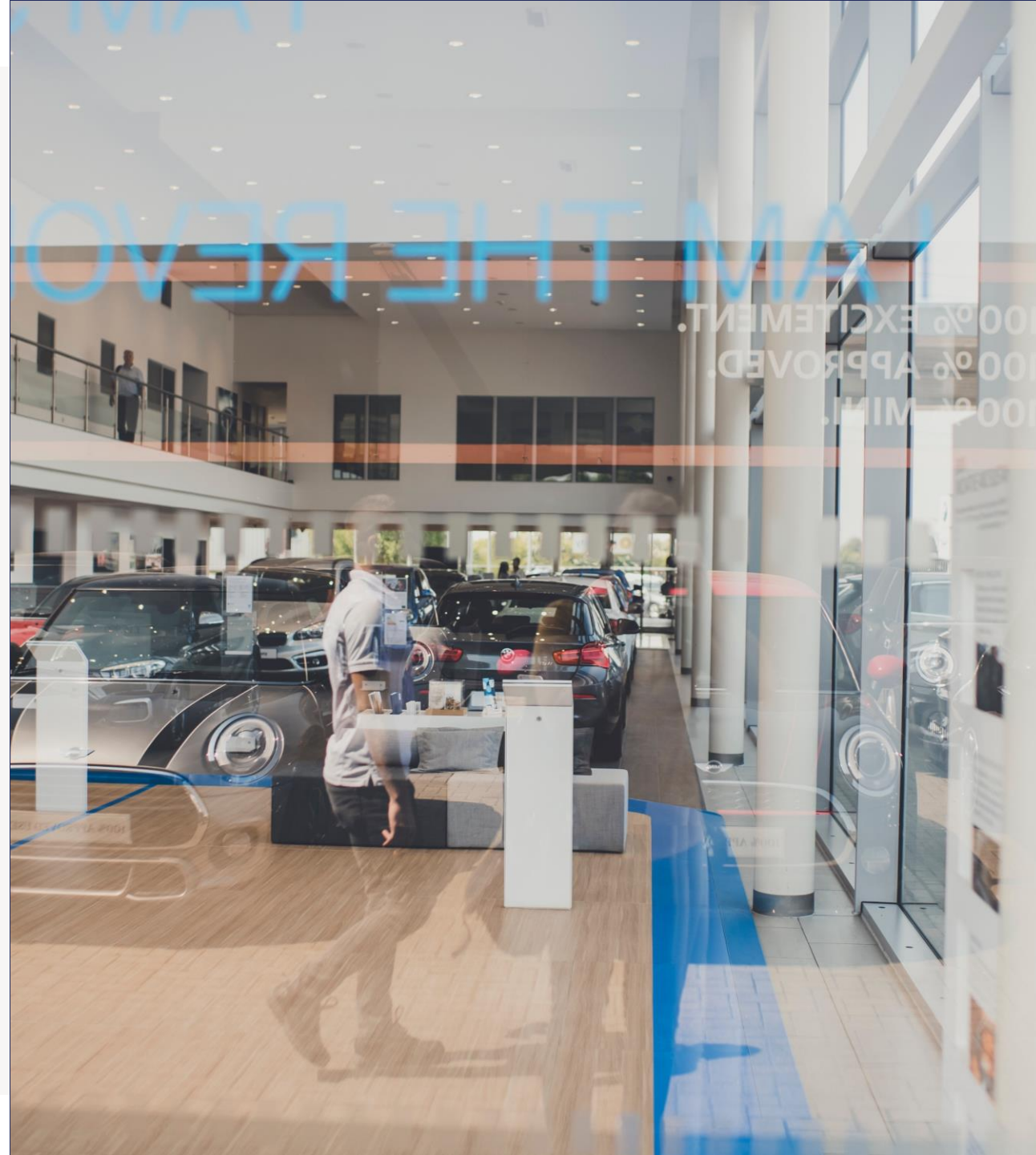
Enables automation to increase efficiency

Increases efficiency of customer management and compliance tracking capabilities, **managing every application via one platform**



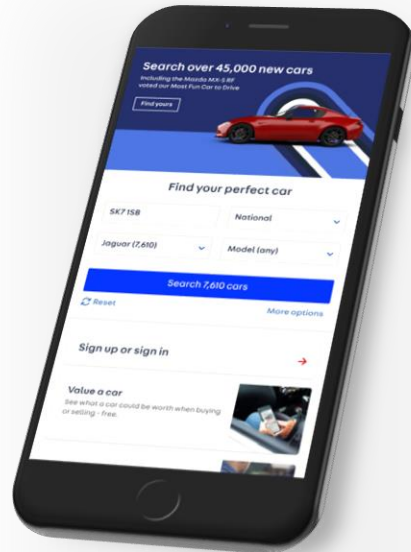
Strategy & Outlook

 AutoTrader

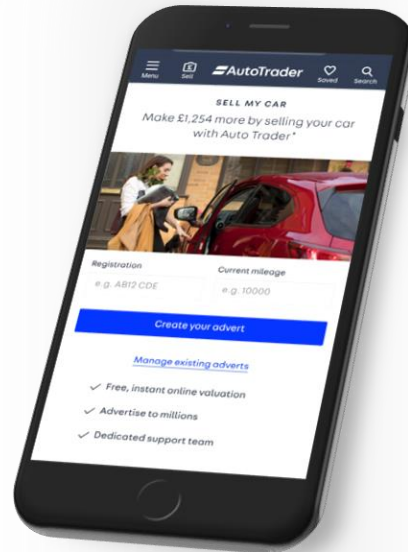


We are making progress on our strategy by assembling the component parts of the online car buying journey

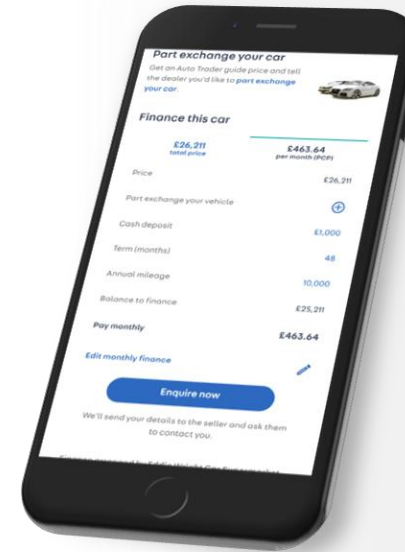
Find the right car for you



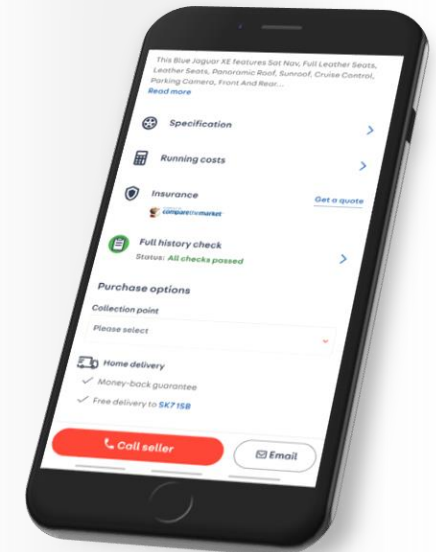
Dispose of your current car



Finance and pay for your car



Collect your car or have it delivered



- Largest and most trusted choice: **AutoTrader**
- Accurate data: **KeeResources**

- Trade-in through 'Guaranteed Part-Exchange'
- Use our 'Instant offer' service provided alongside Cox Automotive

- Online applications using: **AutoConvert**
- Option for consumers to use our finance partner

- Our logistics marketplace: **Motor Trade Delivery**

Outlook for the remainder of the year

- Given the continued uncertainty surrounding COVID-19 and further customer support in December, it is difficult to provide sensible revenue guidance for the balance of the year. Looking at the past month, we have started the second half well:
 - Audience volumes remain substantially above prior year levels
 - Live stock numbers have improved through October
 - Both retailer forecourts and average revenue per retailer (ARPR) were consistent with the prior year level
- Total Group costs for the full year are likely to decline at a rate of low-mid single digits as cost saving measures are taken in response to COVID-19. During December, we will again reduce marketing spend and we have no intention of using the government's furlough programme.
- Following the recent government announcement, we have decided not to re-instate our long term capital allocation policy, however we have every intention of doing so at the appropriate time.
- The Board believes the actions taken by the Company have strengthened its foundations and positioned it well to enable car buying to shift online which has been accelerated by the COVID-19 pandemic. The Board therefore remains confident in Auto Trader's long-term growth prospects.

Appendix

 AutoTrader



Quarterly trading

Key performance indicators

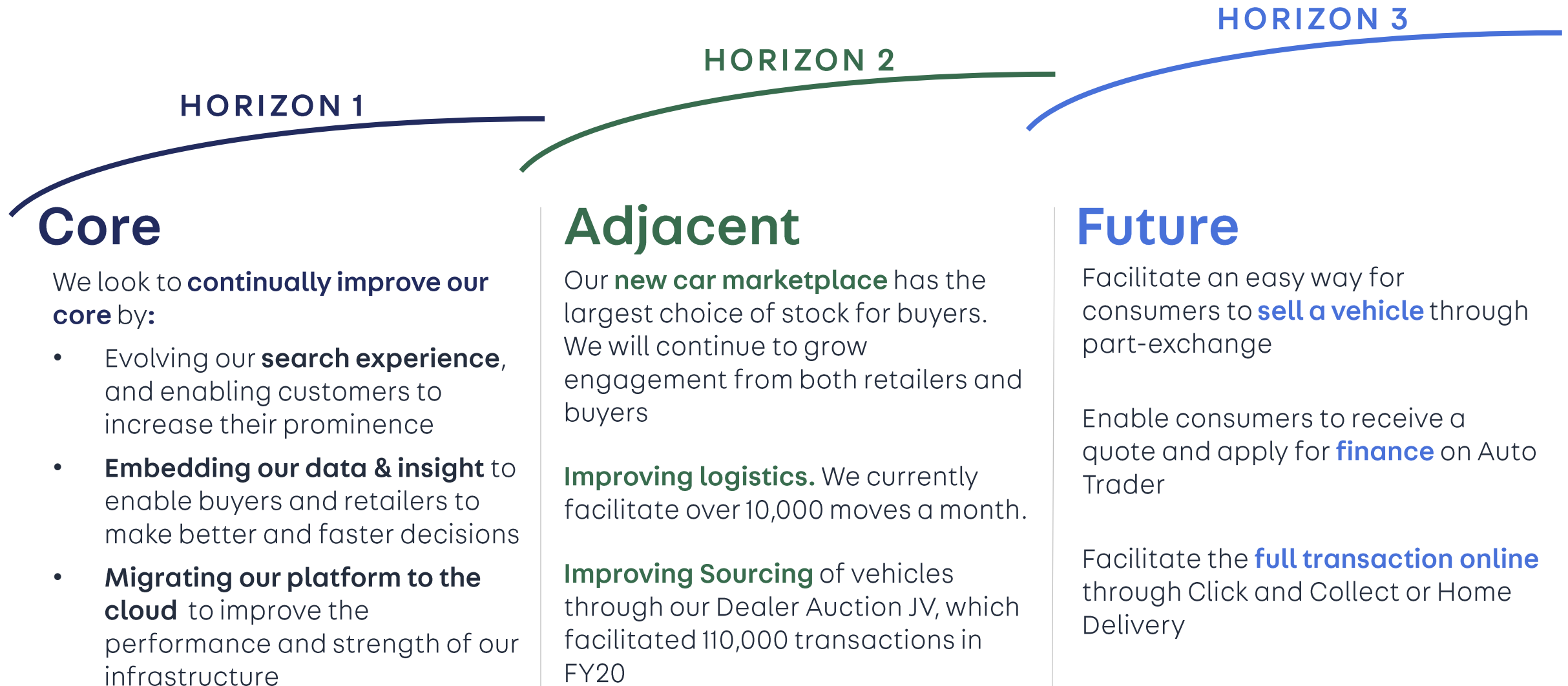
	Q1 2021	YoY %	Q2 2021	YoY %	H1 2021	H1 2020	YoY %
Average retailers	13,005	(2%)	13,107	(2%)	13,056	13,316	(2%)
Live car stock ('000)	520	7%	436	(8%)	478	481	(1%)
Monthly cross platform visits (m)	49.5	(3%)	65.0	27%	57.3	51.2	12%
Average Revenue Per Retailer forecourt (£)	477	(76%)	1,930	(1%)	1,206	1,951	(38%)

Revenue and Operating profit

£m	Q1 2021	YoY %	Q2 2021	YoY %	H1 2021	H1 2020	YoY %
Retailer	18.6	(76%)	75.9	(3%)	94.5	155.9	(39%)
Home trader	0.9	(64%)	1.8	(22%)	2.7	4.9	(45%)
Other trade	1.1	120%	1.9	280%	3.0	1.0	200%
Trade	20.6	(75%)	79.6	(1%)	100.2	161.8	(38%)
Consumer Services	4.3	(46%)	8.6	9%	12.9	15.9	(19%)
Manufacturer & agency	1.5	(67%)	3.6	(18%)	5.1	9.0	(43%)
Revenue	26.4	(72%)	91.8	(1%)	118.2	186.7	(37%)
Costs	(24.8)	(17%)	(26.0)	(4%)	(50.8)	(57.1)	(11%)
Share of profit from JVs	0.1	(89%)	1.0	11%	1.1	1.8	(39%)
Operating profit	1.7	(97%)	66.8	0%	68.5	131.4	(48%)

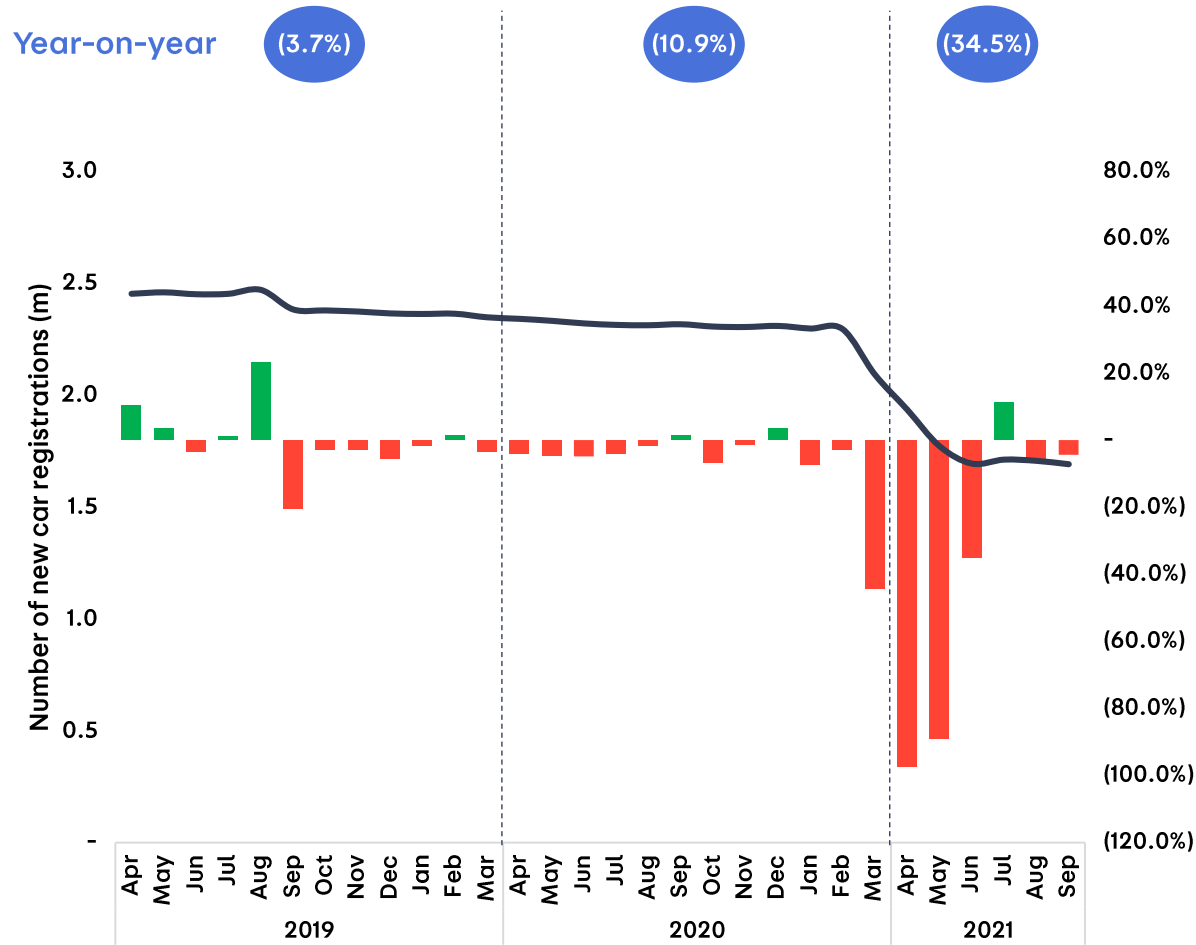
* Q1 2021 revenue was impacted by a 100% discount for retailers in April and May followed by 25% discount for customers in England and a combination of discounts (100% and 25%) for other UK countries according to when restrictions were lifted in June. These discounts were applied to 2021 rates which took effect from 1 April 2020

Our strategy with reference to three growth horizons



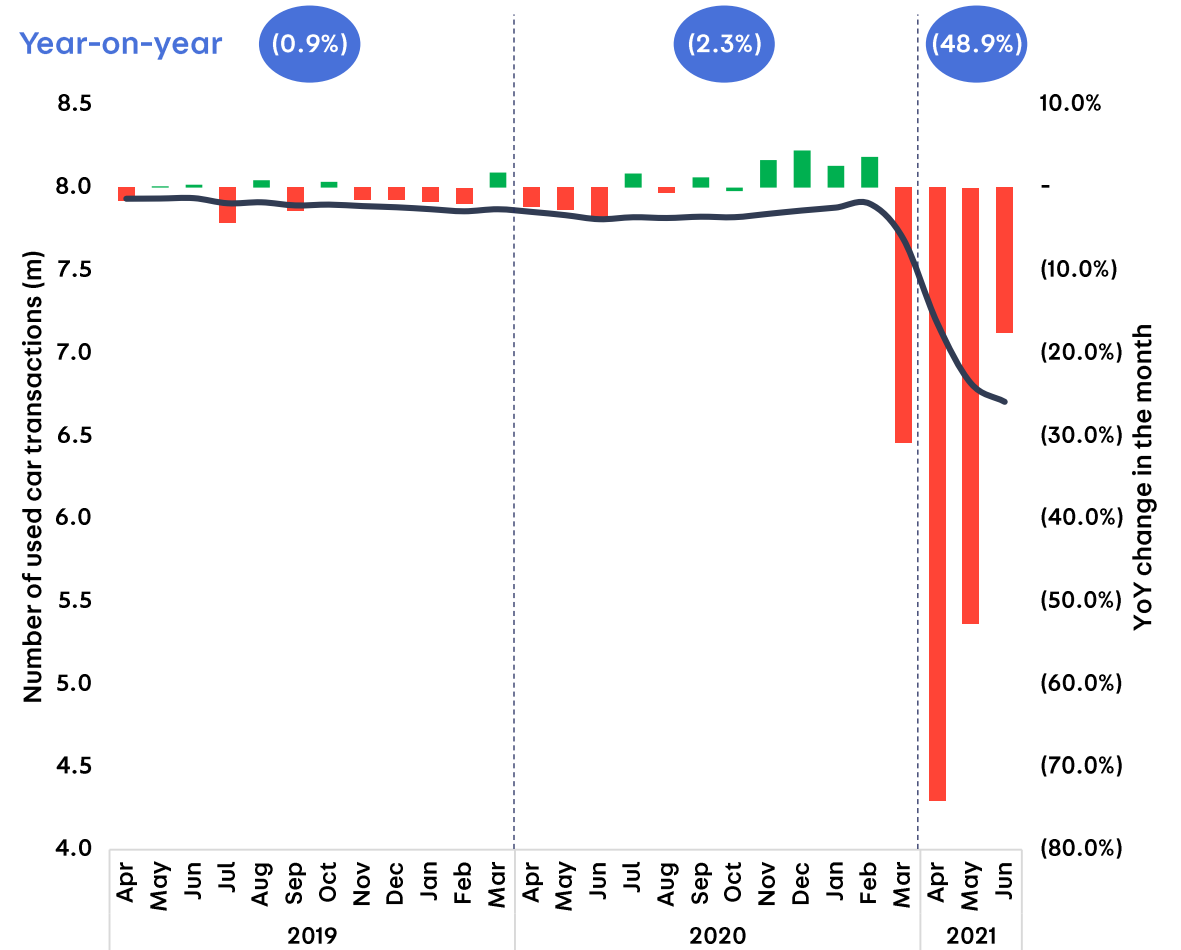
New and used car transactions

New car registrations (1)



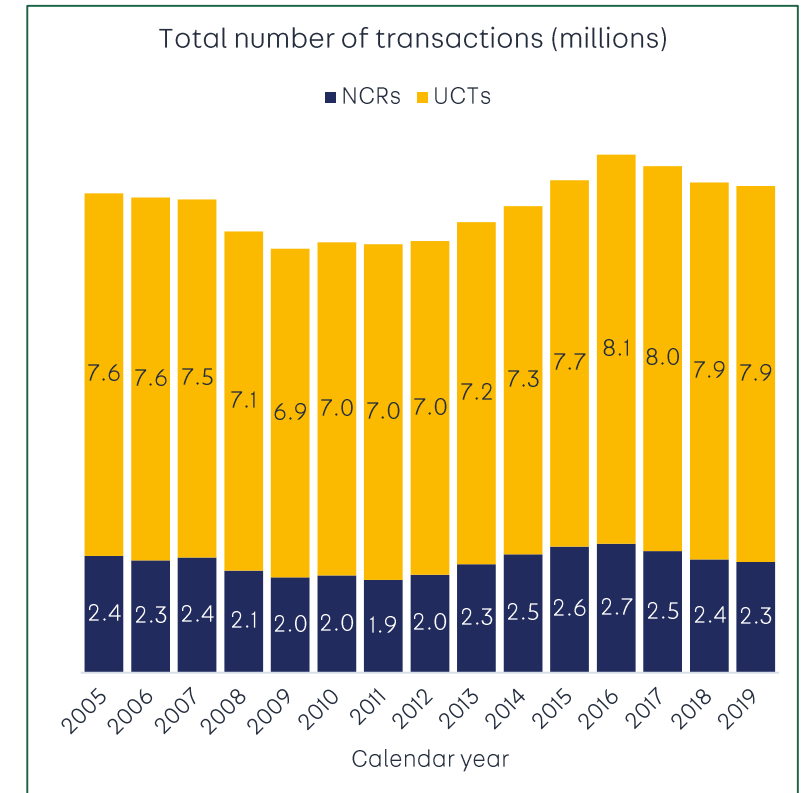
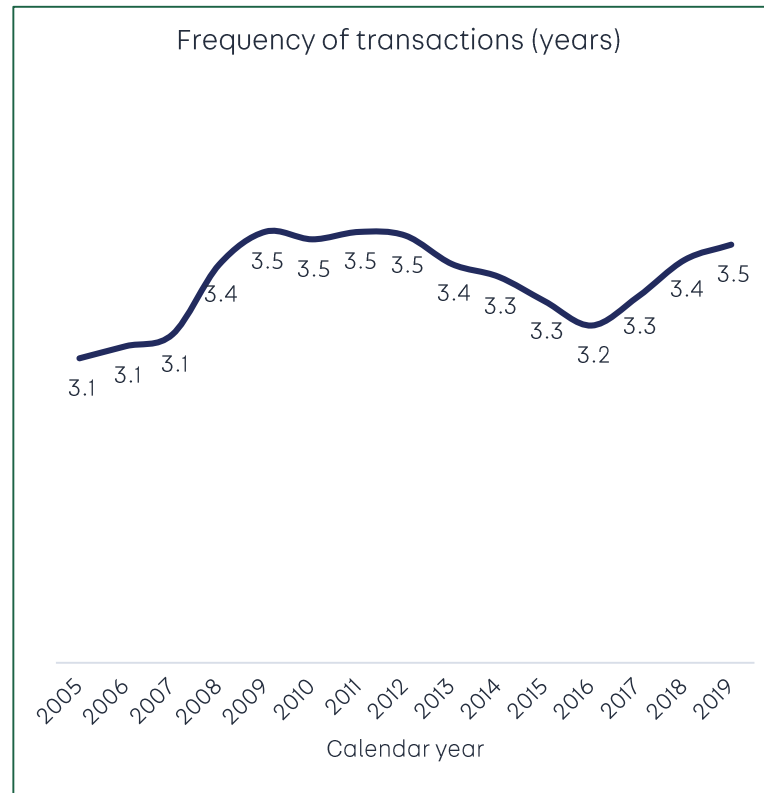
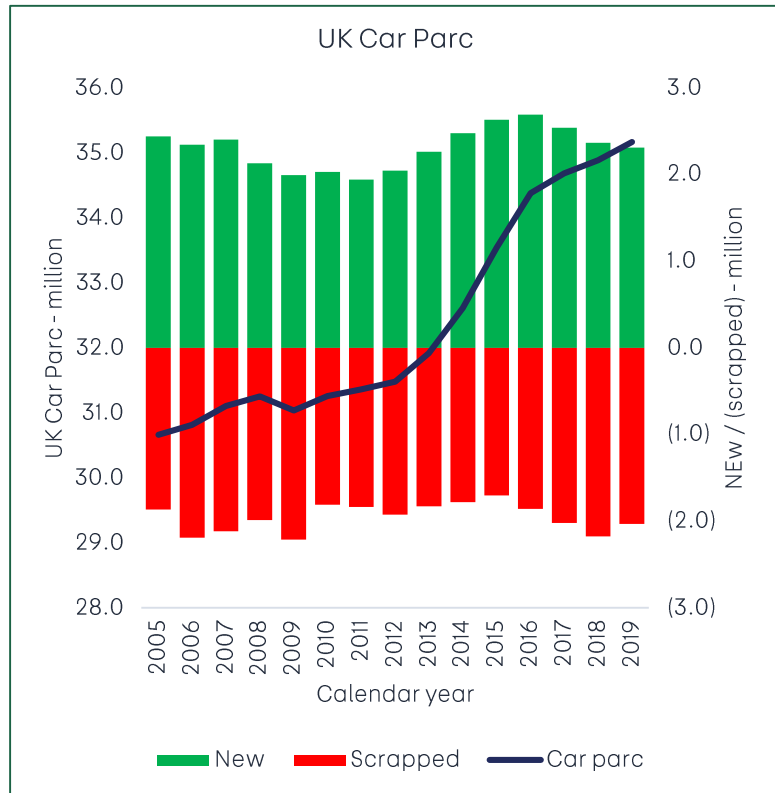
(1) Society of Motor Manufacturers & Traders (SMMT) - 12 month rolling total

Used car transactions (2)



(2) DVLA transaction data - 12 month rolling total

The UK car parc continued to grow through calendar year 2019. The average time people hold their car for has increased to 3.5 years



Total number of cars

÷

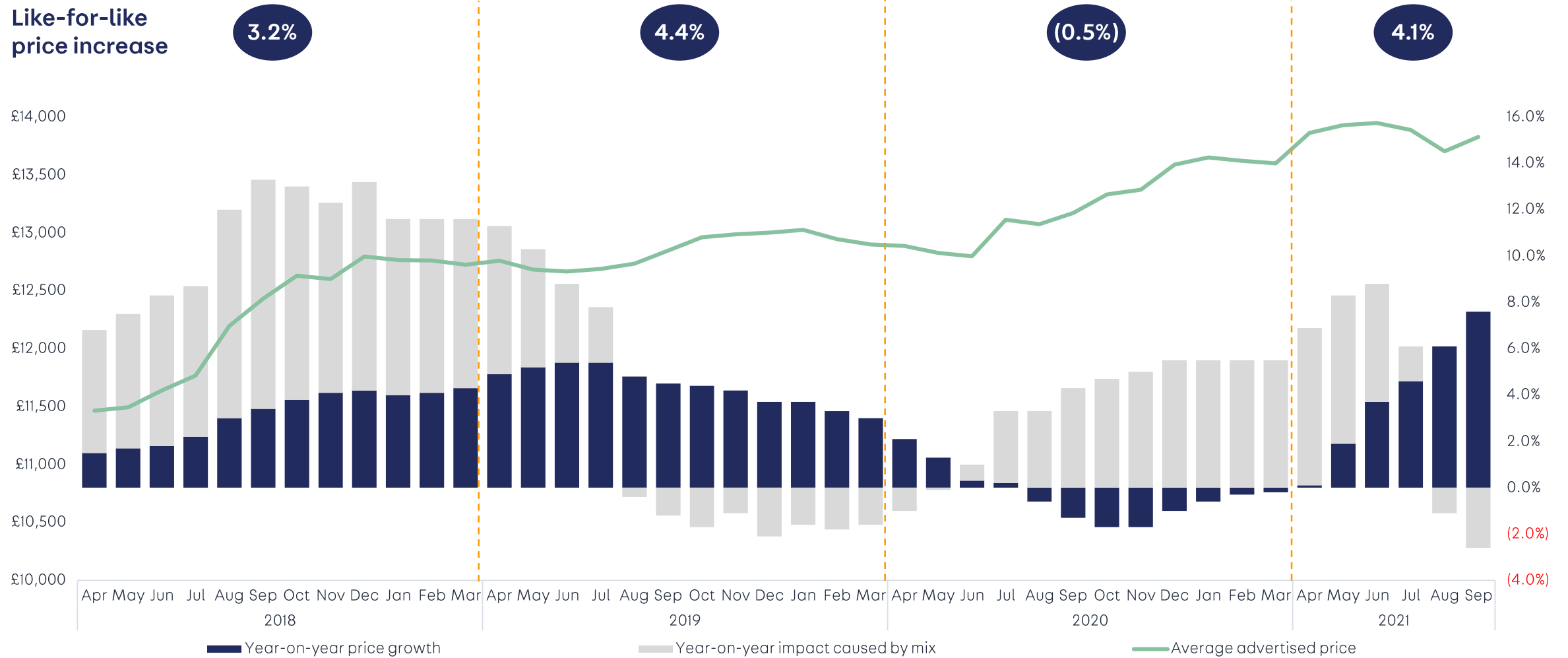
Frequency cars are changed

=

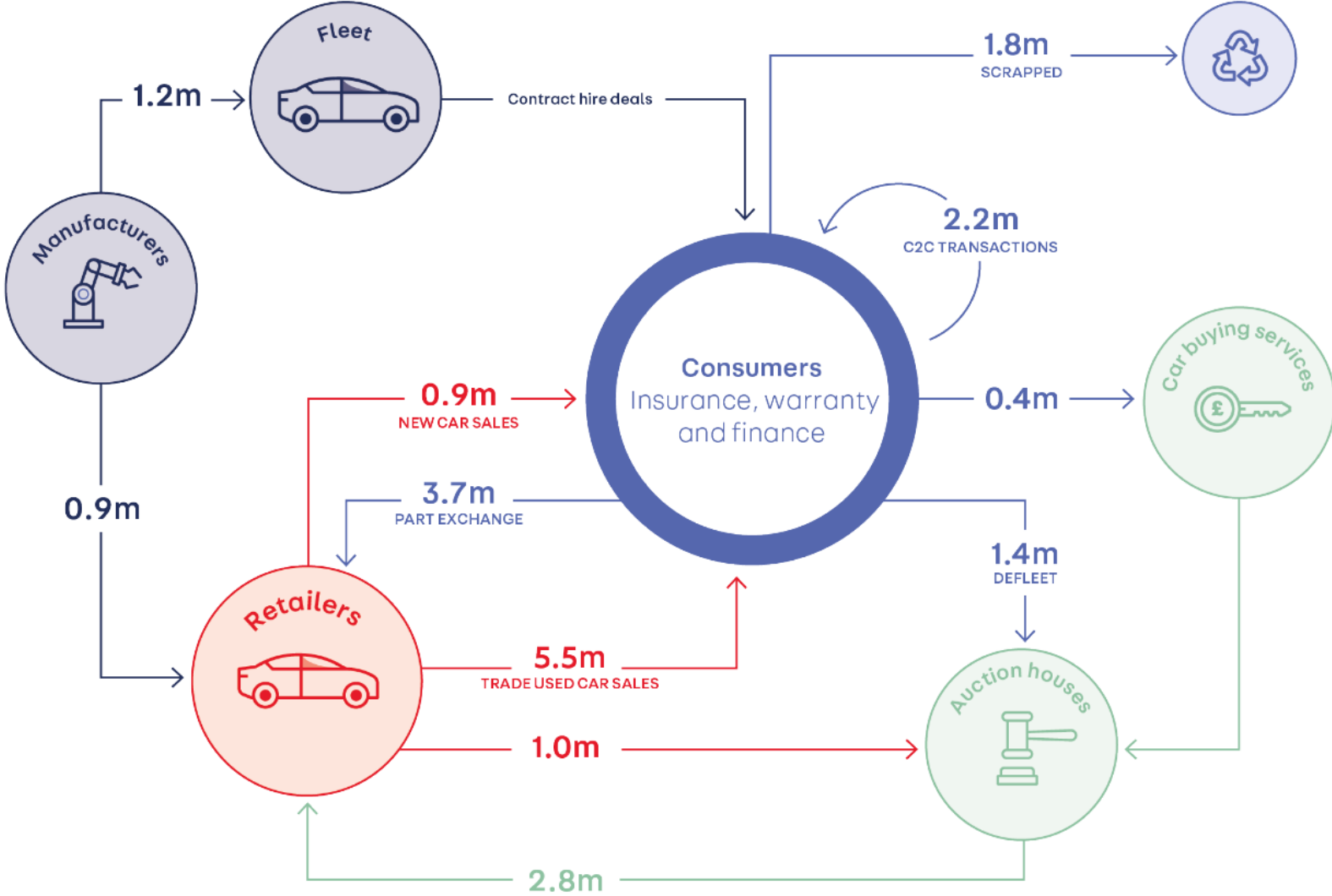
Number of transactions

Auto Trader Retail Price Index: used car pricing

Like-for-like price increase



The automotive ecosystem



Independent advertising package structure

Starter

Engage your buyers through the essentials of modern online retailing

- Market Insight
- Performance analytics
- Text chat
- Live Chat
- Stock export
- 100 Images
- Part-Ex Guide
- ★★★★★ Dealer Reviews

Basic

Stand out and encourage engagement through trust and transparency

- Retail check
- Enhanced Listings
- Vehicle Video
- Market Insight
- Performance analytics
- Text chat
- Live Chat
- Stock export
- 100 Images
- Part-Ex Guide
- ★★★★★ Dealer Reviews

Standard

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

- Priority Listing Mobile
- Retail check
- Enhanced Listings
- Vehicle Video
- Market Insight
- Performance analytics
- Text chat
- Live Chat
- Stock export
- 100 Images
- Part-Ex Guide
- ★★★★★ Dealer Reviews

Advanced

Boost your ad views with our bonus slot in search

- Promoted
- Priority Listing Mobile
- Retail check
- Enhanced Listings
- Vehicle Video
- Market Insight
- Performance analytics
- Text chat
- Live Chat
- Stock export
- 100 Images
- Part-Ex Guide
- ★★★★★ Dealer Reviews

Premium

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

- Priority Listing Desktop
- Promoted
- Priority Listing Mobile
- Retail check
- Enhanced Listings
- Vehicle Video
- Market Insight
- Performance analytics
- Text chat
- Live Chat
- Stock export
- 100 Images
- Part-Ex Guide
- ★★★★★ Dealer Reviews

Relative prices between package levels:

Starter
+10%

Basic
+16%

Standard
+20%

Advanced
+32%

Cashflow statement

	H1 2021 £ million	H1 2020 £ million
Profit before tax	66.2	127.7
Depreciation & amortisation	3.1	3.3
Share-based payments charge (excl. associated NI)	1.8	2.7
Share of profit from joint ventures	(1.1)	(1.8)
Finance costs - net	2.3	3.7
Other non-cash items	0.1	(0.3)
Changes in working capital	(6.3)	(2.6)
Cash generated from operations	66.1	132.7
Tax paid	(18.0)	(47.3)
Capital expenditure	(0.2)	(0.9)
Acquisition of subsidiary	(10.0)	-
Payment of lease liabilities	(1.2)	(1.3)
Contributions to defined benefit pension scheme	(0.1)	(0.1)
Proceeds from interest on cash and cash equivalents	0.1	0.0
Drawdown/(repayment) of revolving credit facility	(223.5)	15.5
Payment of interest on borrowings	(1.8)	(3.1)
Payment of refinancing fees	(0.5)	(0.5)
Dividends paid	-	(42.6)
Proceeds from issue of shares (net of bookrunner fees)	183.2	-
Purchase of own shares	-	(27.2)
Payment of fees on repurchase of own shares	-	(0.1)
Payment of fees on issue of own shares	(0.3)	-
Proceeds from exercise of share-based payments	-	0.1
Net increase/ (decrease) in cash	(6.2)	25.2

Notes

The logo for AutoTrader features a stylized icon on the left consisting of two overlapping, slanted rectangular shapes. The top shape is red and the bottom shape is dark blue. To the right of this icon, the text "AutoTrader" is written in a bold, dark blue, sans-serif typeface.

AutoTrader