



Half year results presentation

Half year ended
30 September 2022

10 November 2022

 AutoTrader

Disclaimer

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The performance of our core Auto Trader marketplace has strengthened over the last six months, **achieving double digit revenue and operating profit growth year-on-year**. Our customer numbers and product uptake have exceeded expectations, and **our competitive position continues to be strong**



We successfully executed our annual pricing event in April 2022, which included the launch of Retail Essentials, part of our Auto Trader Connect platform. Retail Essentials gives customers access to our most fundamental and powerful data, including our taxonomy, which improves advert quality, pricing decisions and enables stock to be updated on Auto Trader in real-time



We saw **strong levels of product growth** driven by further uptake of our prominence products. Prominence includes upsell to our new higher-level advertising packages, our Market Extension product (allowing customers to sell vehicles outside their local area) and our pay-per-click product which appears at the top of the search listings. More customers bought our data products in the period, making use of our real-time pricing data



We launched a small-scale trial for our Deal Builder journey on Auto Trader which combines the component parts of part-exchange, reservations and finance applications, forming an end-to-end transaction journey. **Initial feedback to date has been positive**



In June 2022, we **completed the acquisition of Autorama (UK) Limited**, one of the UK's largest marketplaces for leasing new vehicles. Autorama's online marketplace and fulfilment capabilities will transform Auto Trader's existing leasing proposition

Group financial results

£m (unless otherwise specified)	H1 2023	H1 2022	Change
Auto Trader	238.2	215.4	11%
Autorama	11.6	-	-
Group revenue	249.8	215.4	16%
Auto Trader	168.8	151.7	11%
Autorama	(4.0)	-	-
Group central costs	(15.7)	-	-
Group operating profit/(loss)	149.1	151.7	(2%)
Auto Trader	71%	70%	1%
Group operating profit margin	60%	70%	(10%)
Basic earnings per share	12.23p	12.63p	(3%)
Interim dividend per share	2.8p	2.7p	4%
Cash generated from operations	164.6	169.9	(3%)

Excluding the Autorama deferred consideration charge for the period of £13.8 million, which was included in Group central costs, Group operating profit was up 7% and basic EPS was up 8% on H1 2022

£82.3 million returned to shareholders (H1 2022: £148.4 million) through £30.6 million of share buy-backs and dividends paid of £51.7 million

Operational results

68m

Cross platform visits: down 10% to 67.7 million per month (H1 2022: 74.9 million). Cross platform minutes were down 14% to 498 million minutes per month on average (H1 2022: 579 million minutes). However, both visits and minutes were up significantly versus pre-pandemic levels (57.5 million and 447 million minutes respectively in H1 2020)

>75%

Our share of cross platform minutes remained strong at **over 75%** (H1 2022: over 75%)

14,161

Retailer forecourts: the average number of forecourts in the period was **up 2%** to 14,161 (H1 2022: 13,892)

£2,404

ARPR: up £205 to £2,404 on average per month (H1 2022: £2,199), driven by both price and product levers, with the stock lever broadly flat

440,000

Physical car stock on site: up 1% to 440,000 cars (H1 2022: 436,000) on average, within which our listings product for new cars declined to 22,000 on average (H1 2022: 39,000)

1,112

Number of employees (FTEs): increased to 1,112 on average during the period (H1 2022: 941), with the acquisition of Autorama contributing 122 of the increase

- 93%** Employees that are proud to work at Auto Trader remained high at **93%** (March 2022: 95%)
- 40%** Percentage of our employees who are women was **40%** in September 2022 (March 2022: 40%). The percentage of women in leadership positions was 40% (March 2022: 38%)
- 15%** Percentage of our employees who are ethnically diverse was **15%** in September 2022 (March 2022: 14%). The percentage of ethnically diverse leaders was 5% (March 2022: 6%)
- 56%** We have more women than men on our Board (March 2022: five women and four men) and one ethnically diverse Board member
- 3.8k** The total amount of **CO₂ emissions for the six month period was 3.8k tonnes of carbon dioxide equivalent** (FY22 11.7k tonnes). We are aiming to achieve net zero across our entire value chain (Scopes 1, 2 and 3) before 2040, having halved our carbon emissions before the end of 2030

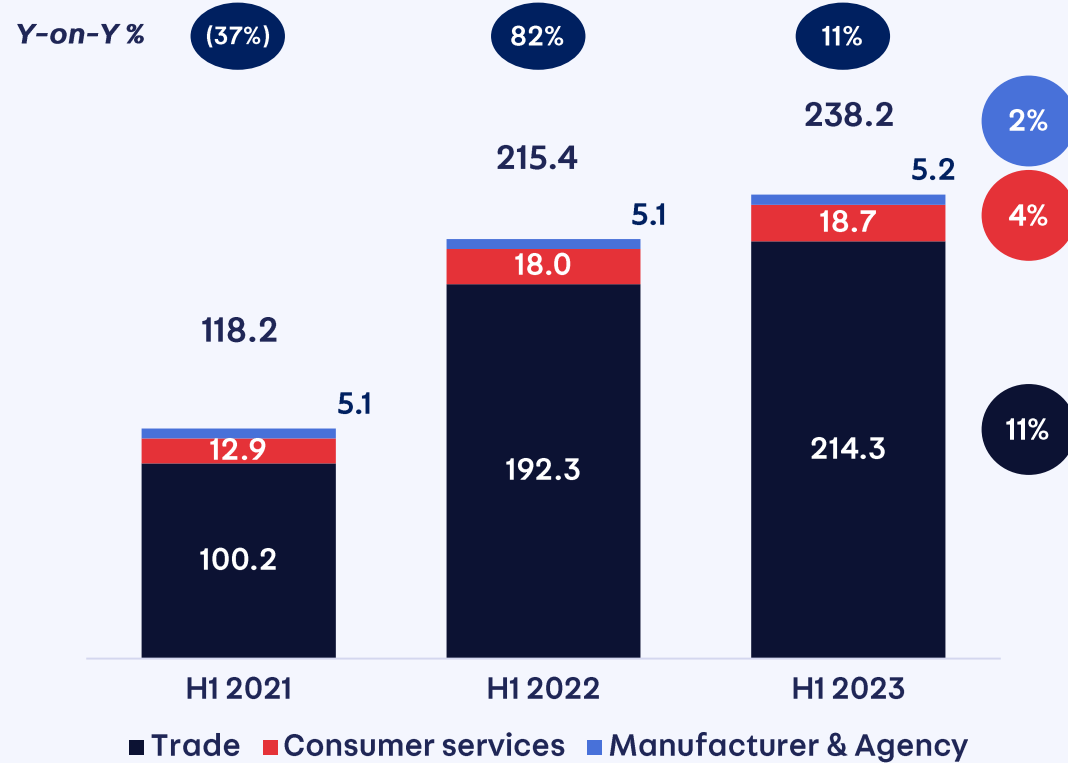
Financials



Auto Trader revenue

Revenue (£m)

Six months ended 30 September 2022 is shown as H1 2023

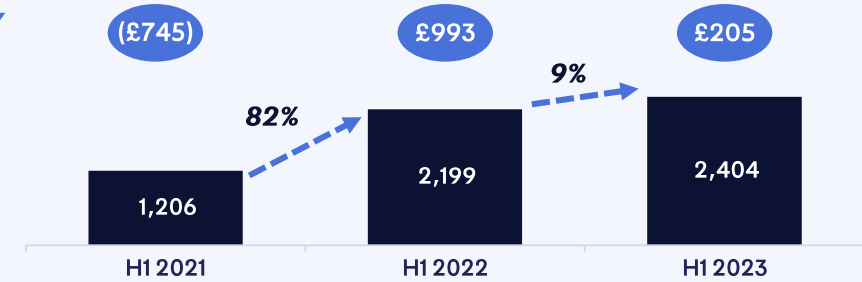


Trade revenue comprises:
 H1 2023: Retailer (£204.2m); Home Trader (£5.2m); Other (£4.9m)
 H1 2022: Retailer (£183.3m); Home Trader (£4.5m); Other (£4.5m)
 H1 2021: Retailer (£94.5m); Home Trader (£2.7m); Other (£3.0m)

Consumer services revenue comprises:
 H1 2023: Private (£12.3m); Motoring Services (£6.4m)
 H1 2022: Private (£11.0m); Motoring Services (£7.0m)
 H1 2021: Private (£8.3m); Motoring Services (£4.6m)

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

Y-on-Y
 £pcm



Number of retailer forecourts ⁽¹⁾

Y-on-Y %



Retailer revenue (£m)

Y-on-Y %

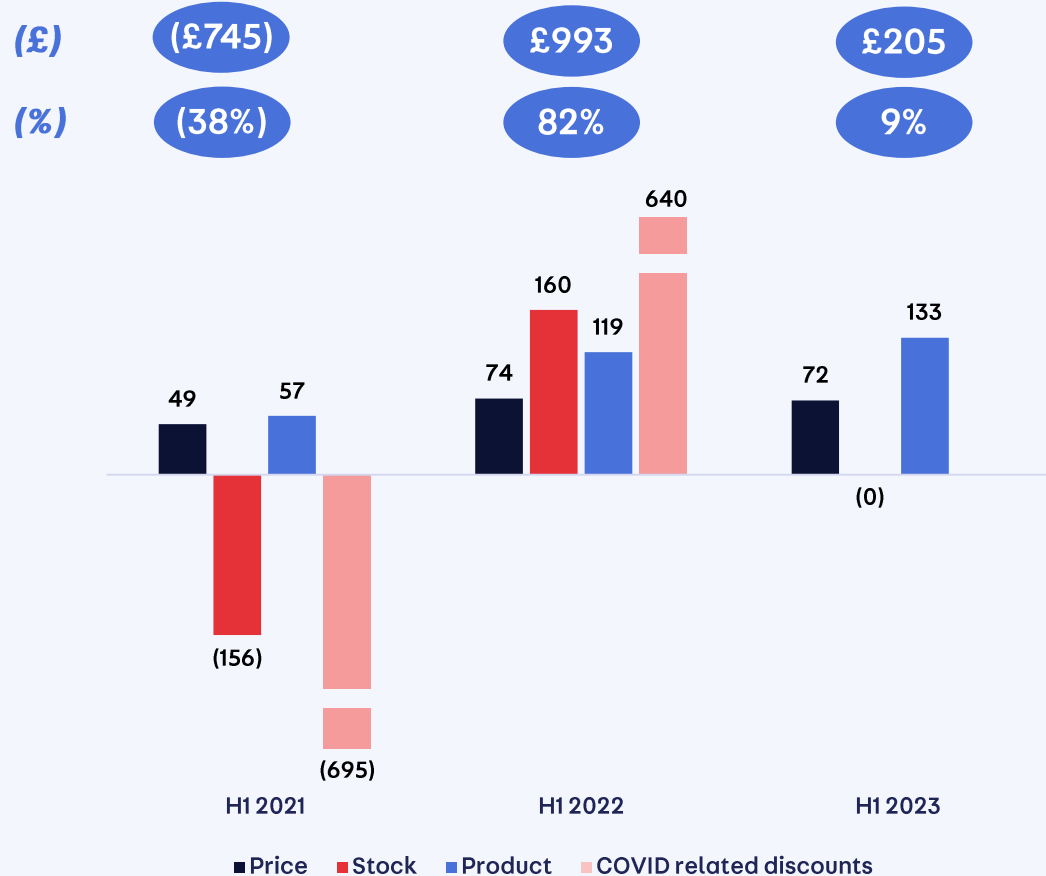


(1) Average monthly metric

Auto Trader ARPR, stock and retailers

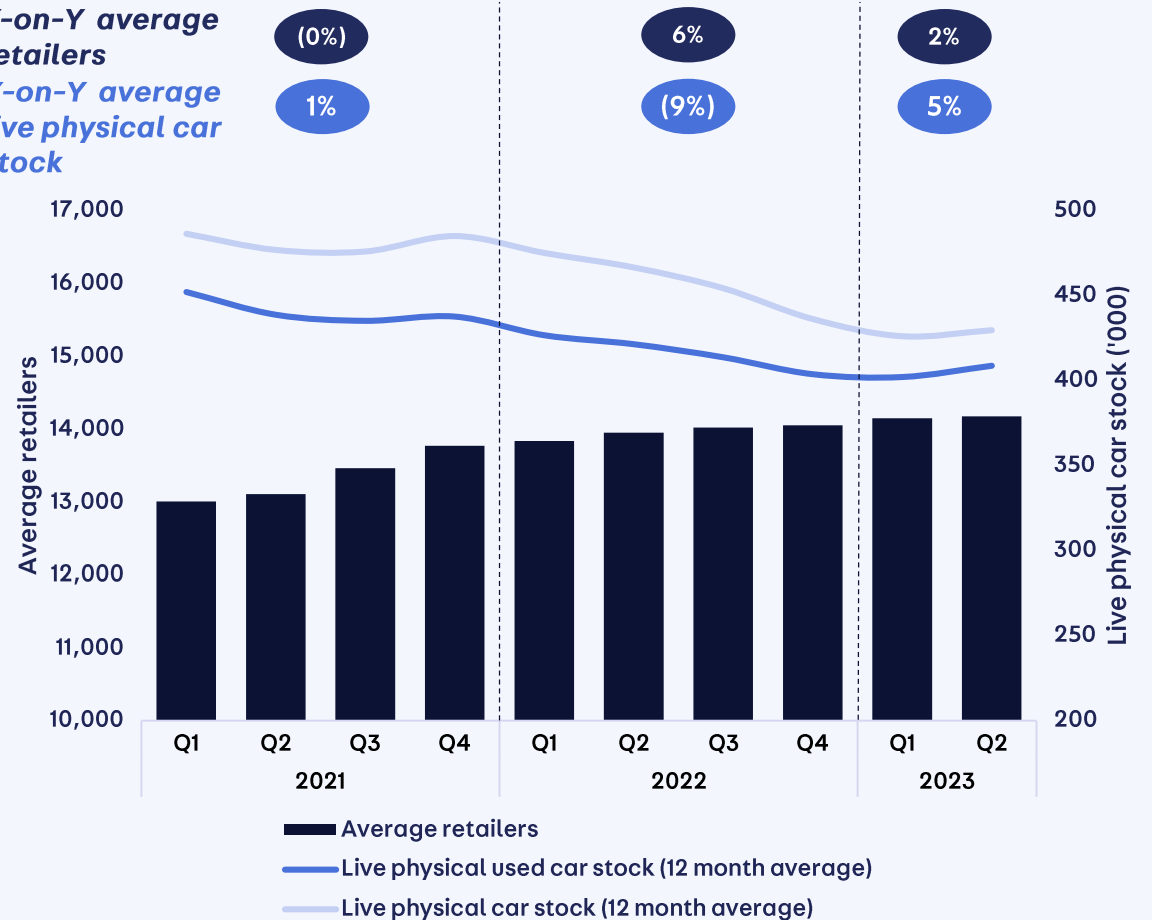
ARPR levers

Growth in Average Revenue Per Retailer per month (£)



Physical car stock and retailer forecourts

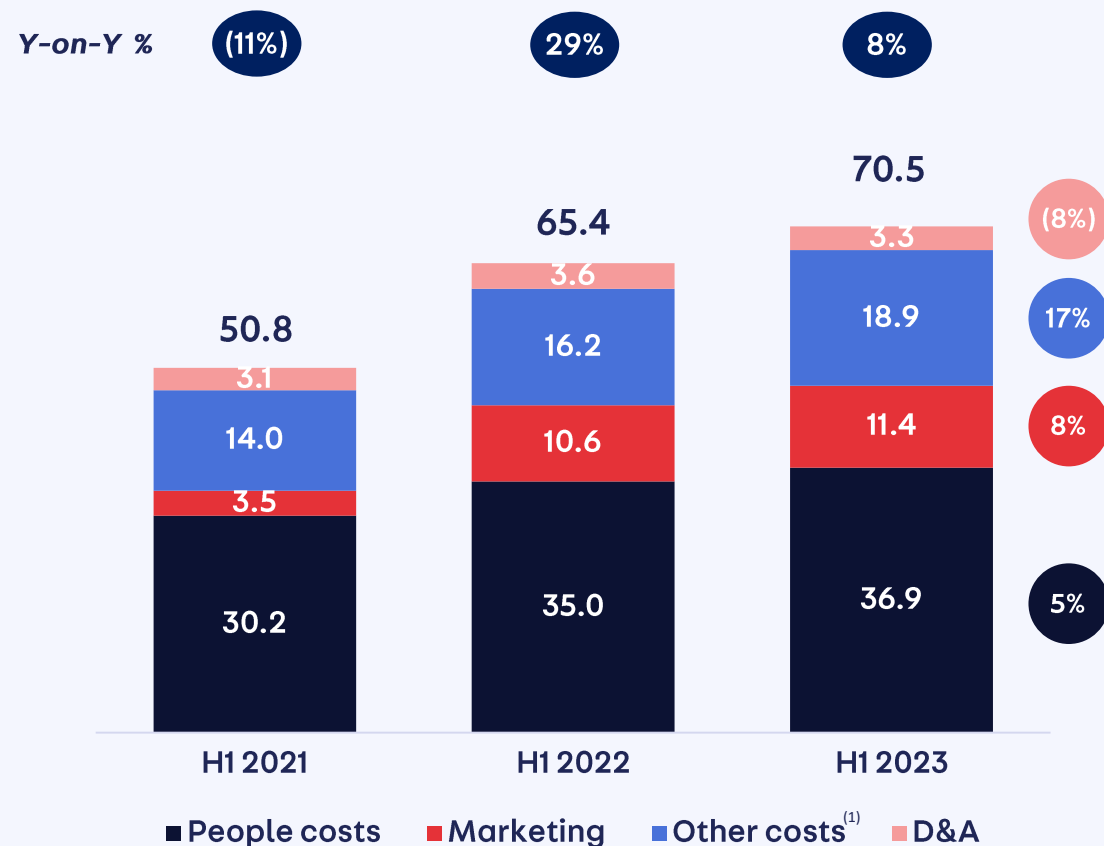
Y-on-Y average retailers
Y-on-Y average live physical car stock



Auto Trader costs and Operating profit

Costs (£m)

Six months ended 30 September 2022 is shown as H1 2023

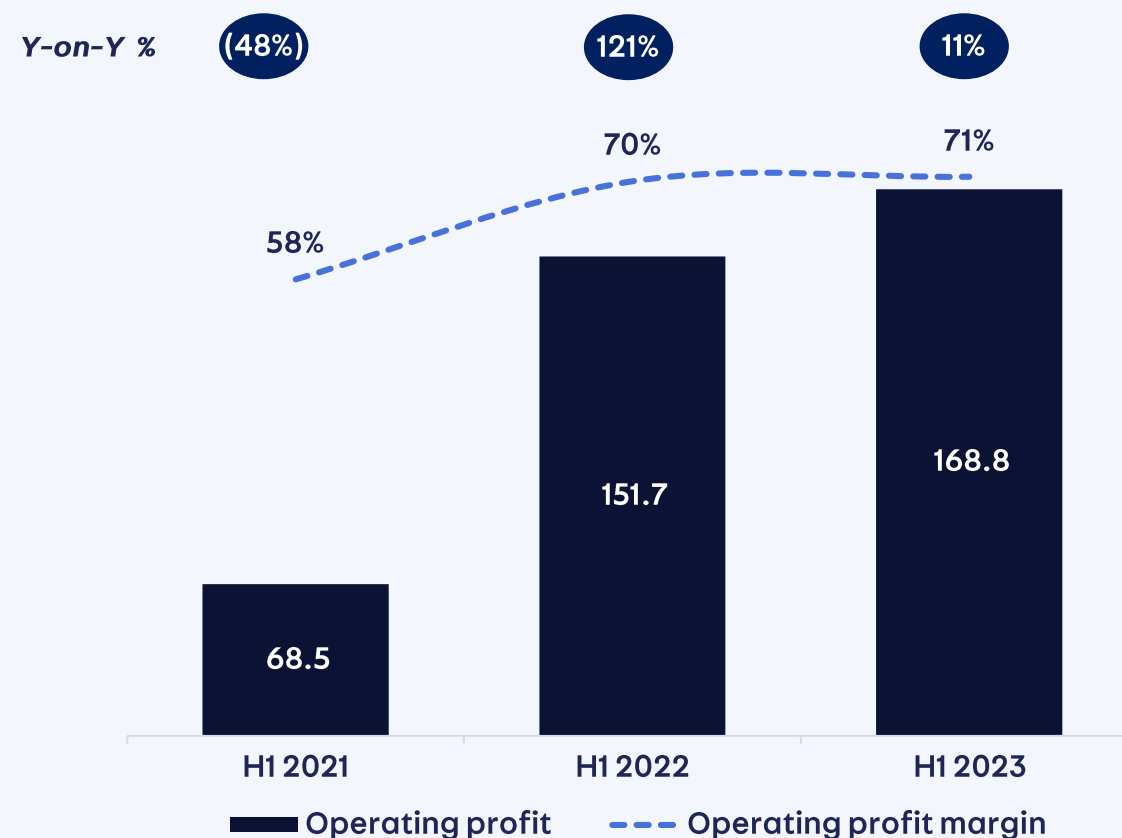


People costs include share-based payments and associated national insurance costs of £3.6m in H1 2023 (H1 2022: £3.9m; H1 2021: £2.6m)

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

Operating profit (£m)

Six months ended 30 September 2022 is shown as H1 2023

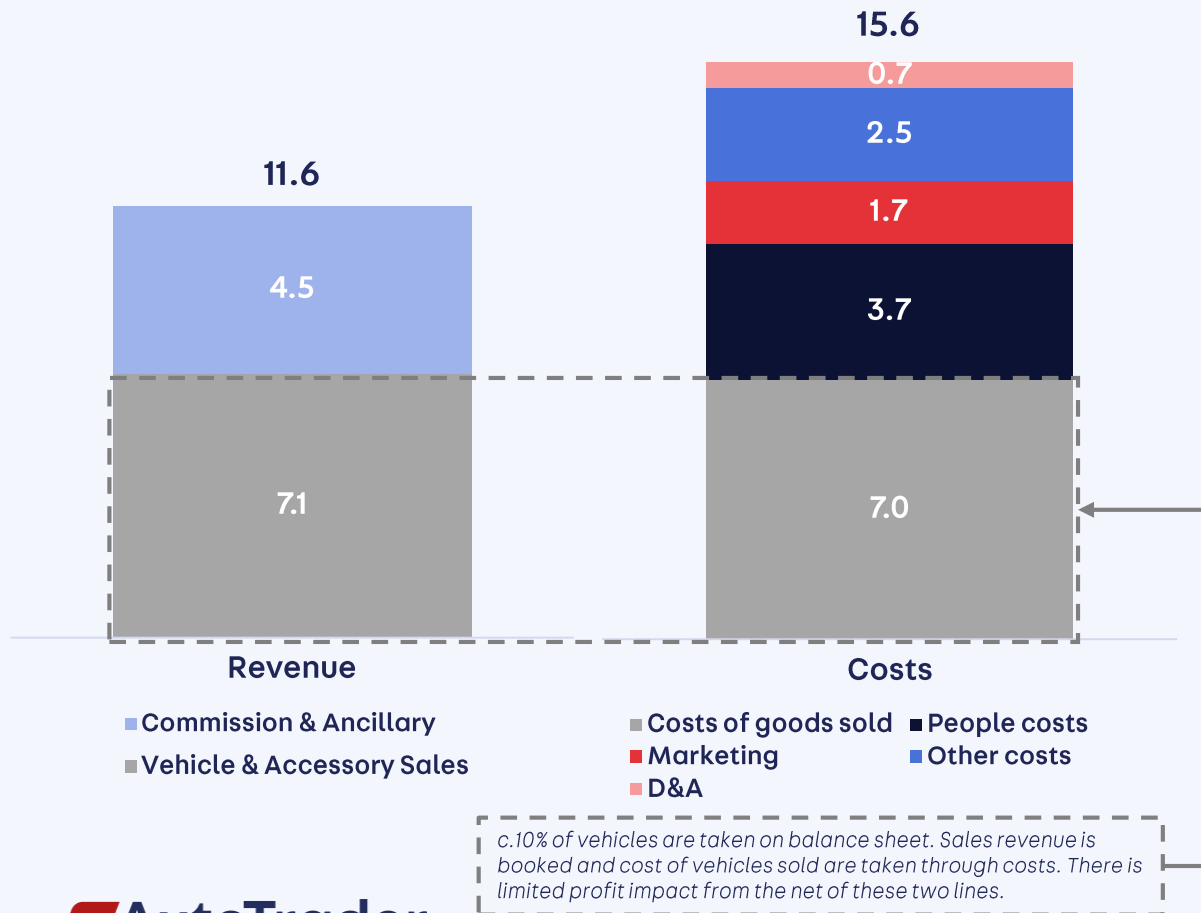


Operating profit includes the Group's share of profit from joint ventures: H1 2023: £1.1m; H1 2022: £1.7m; H1 2021: £1.1m

Autorama results

Revenue and costs⁽¹⁾ (£m)

Six months ended 30 September 2022 is shown as H1 2023



Vehicle deliveries⁽¹⁾



Commission and ancillary revenue per delivery (£)⁽¹⁾



Average FTEs and Group FTE contribution⁽¹⁾

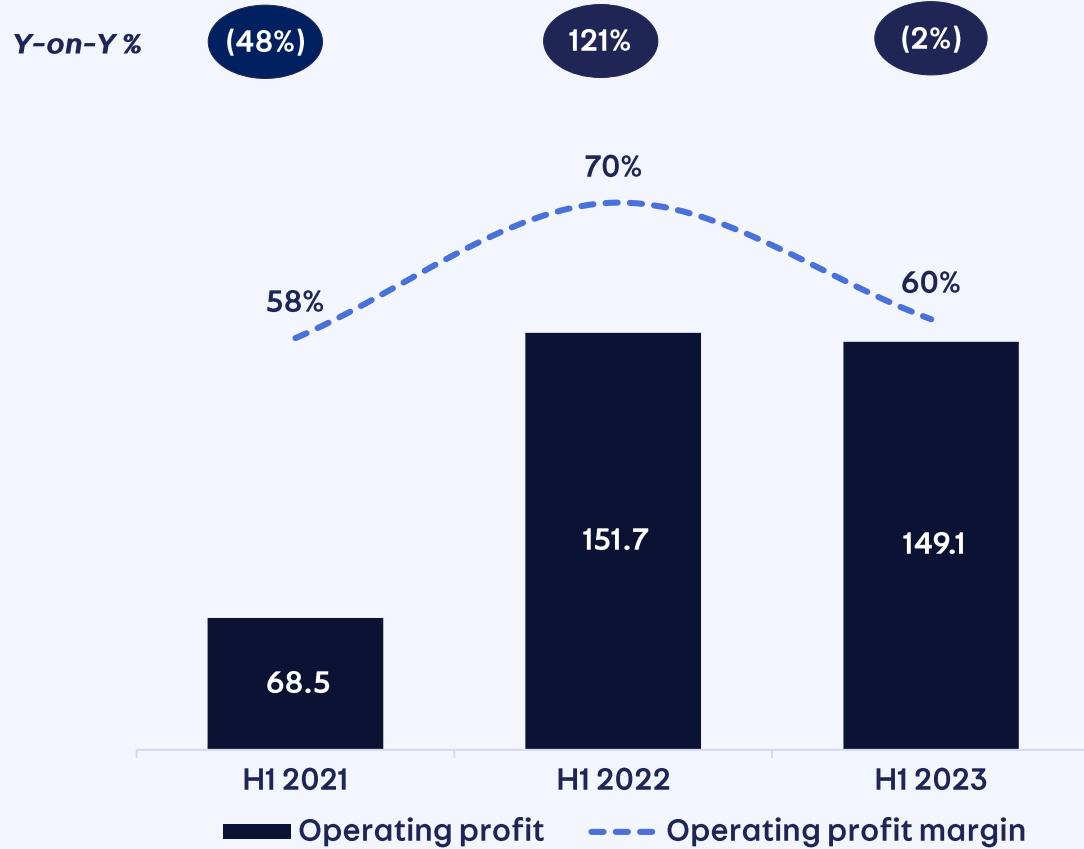


(1) For the period from acquisition to 30 September 2022

Group profit and cash flow

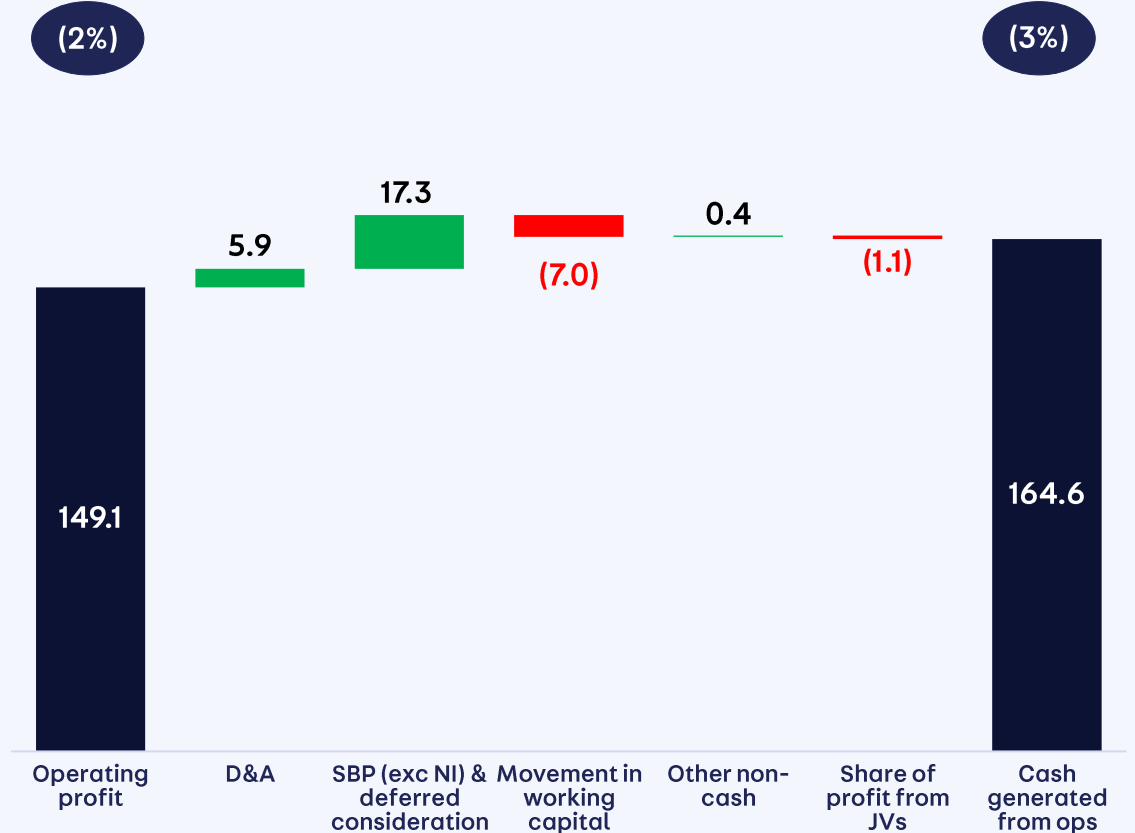
Operating profit (£m)

Six months ended 30 September 2022 is shown as H1 2023



Cash generated from operations (£m)

Six months ended 30 September 2022



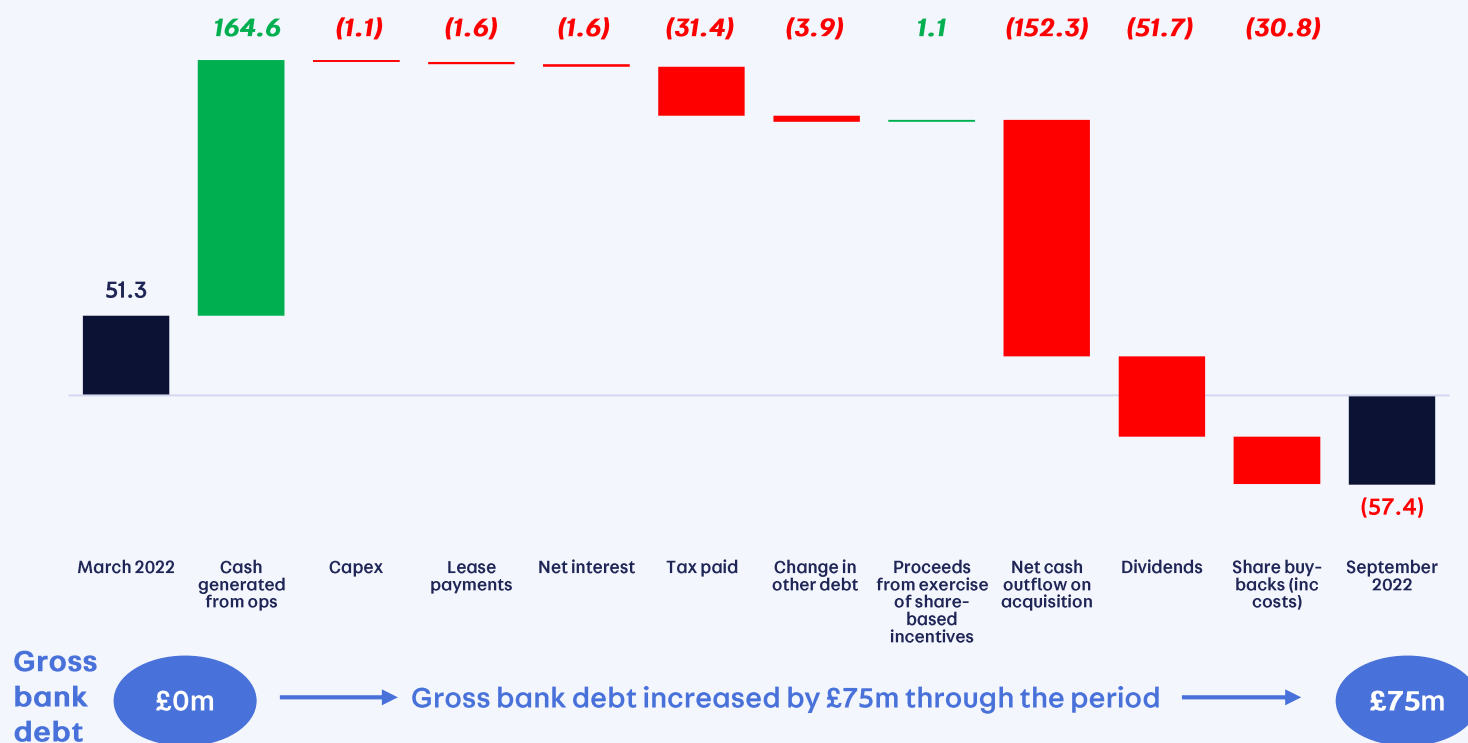
Group income statement

	H1 2023	H1 2022	Year-on-year
	£ million	£ million	%
Revenue	249.8	215.4	16%
Operating costs ¹	(101.8)	(65.4)	56%
Share of profit from joint ventures	1.1	1.7	(35%)
Operating profit	149.1	151.7	(2%)
Finance costs - net	(1.1)	(1.7)	(35%)
Profit before taxation	148.0	150.0	(1%)
Taxation	(32.8)	(28.3)	16%
Profit for the year attributable to equity owners of the parent	115.2	121.7	(5%)
Earnings per share (pence)			
Basic	12.23	12.63	(3%)
Diluted	12.17	12.61	(3%)
Dividend per share (pence)	2.8	2.7	4%

¹Included within operating costs is the Autorama deferred consideration charge for the period of £13.8 million

Net bank debt and capital allocation policy

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



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

Capital allocation policy

In the period, the Group has drawn on its revolving credit facility to fund part of the initial consideration relating to the Autorama acquisition.

The Group's long-term capital allocation policy remains broadly unchanged: continuing to invest in the business enabling it to grow while returning around one third of net income to shareholders in the form of dividends. Following these activities any surplus cash, such as that received from the disposal of Webzone, will be used to continue our share buy-back programme and steadily reduce gross indebtedness. It is the Board's long-term intention the Group will return to a net cash position.

During the period, 4.9m shares were repurchased at an average price of 619.5p for consideration of £30.6m plus costs of £0.2m.

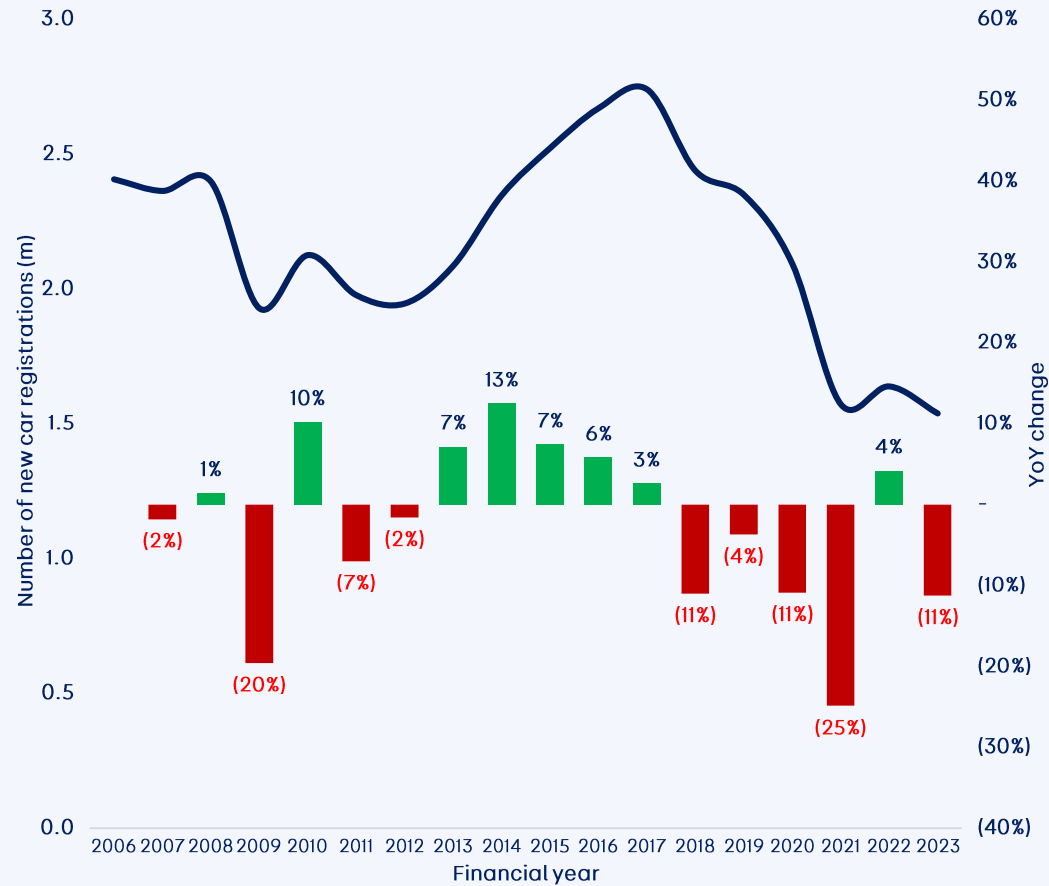
An interim dividend of 2.8p has been declared.

UK car market



New car registrations declined in the period due to continued levels of supply shortages

New car registrations⁽¹⁾



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

Used car transactions⁽²⁾

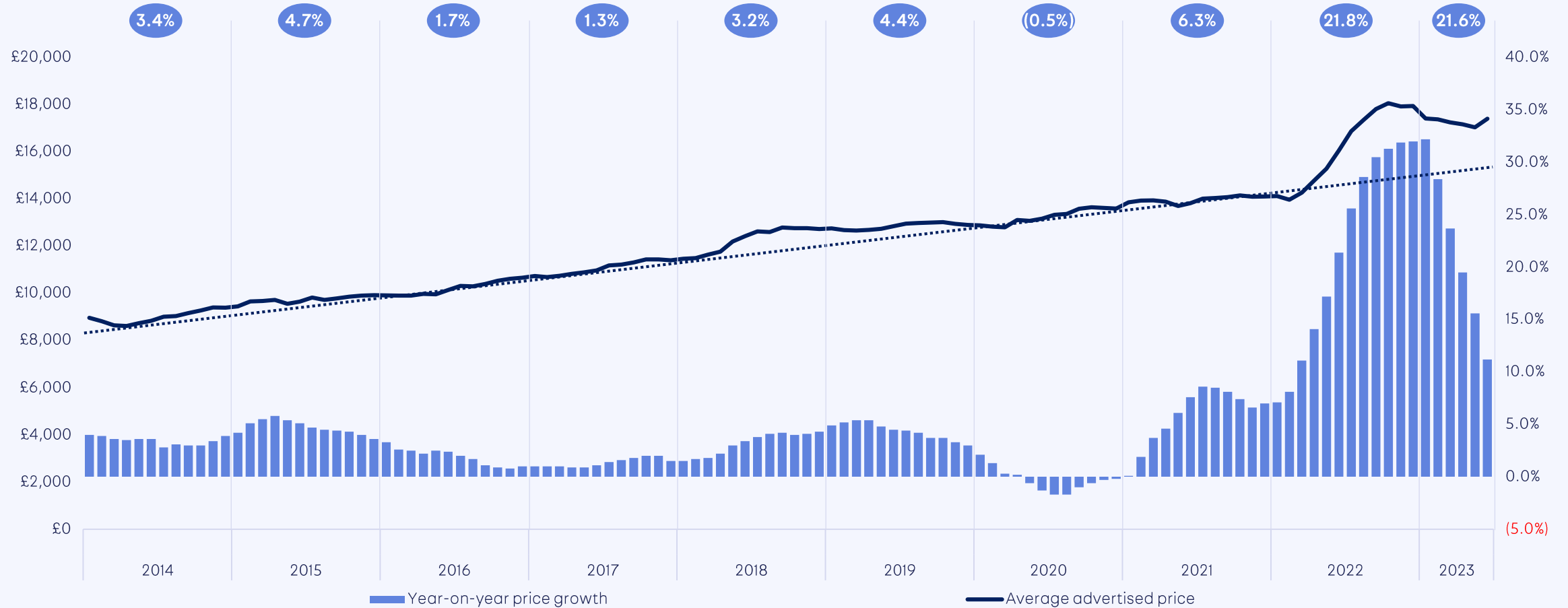


(2) DVLA transaction data - 12 month rolling total

Used car prices remain strong, with prices materially above where they would have been in 'normal' market conditions

Average price of used car, 2014-2022

Actual vs. projection based on historical trend



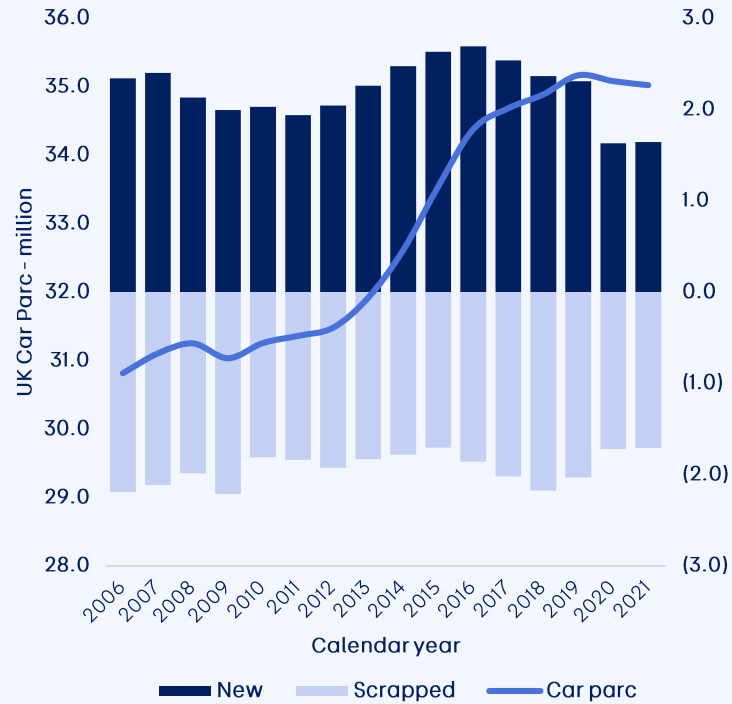
(1) Source: Auto Trader Retail Price Index

(2) This data comes from over 1.9 million vehicles each day, including 90,000 vehicle updates and an average of 19,000 vehicles added or removed from Auto Trader. The data is from circa 450,000 trade car listings every day, as well as additional retailer forecourts and website data (OEM, fleet and leasing disposal prices and pricing data from over 3,000 car dealership websites and data from major auction houses across the UK), ensuring the Index is an accurate reflection of the live retail market

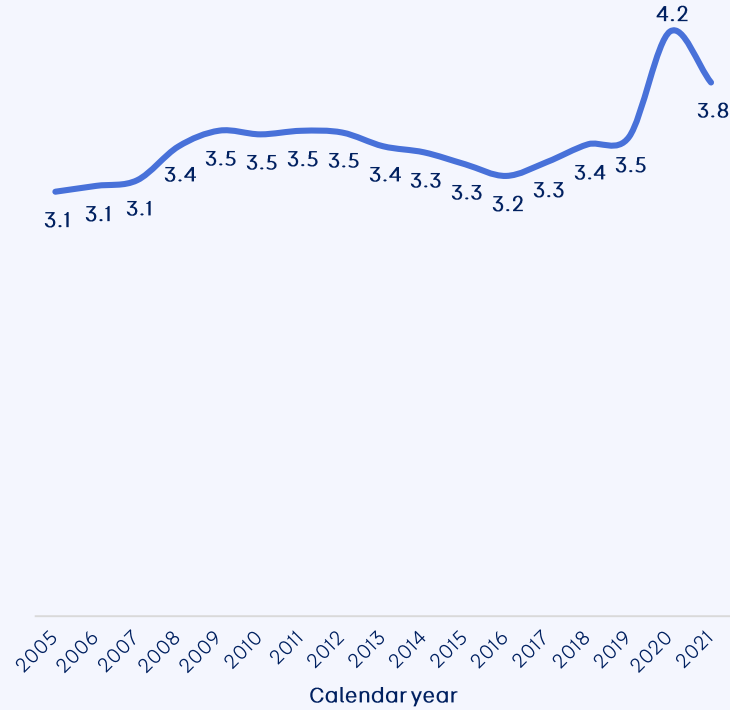
(3) In 2019 we made a change to the price index to further identify changes in price due to mix of stock compared to the underlying price increase. As a result 2017 and 2018 were restated so all figures are on a like-for-like basis

The UK car parc remained broadly flat through calendar year 2021, with the average time people hold their car decreasing to 3.8 years

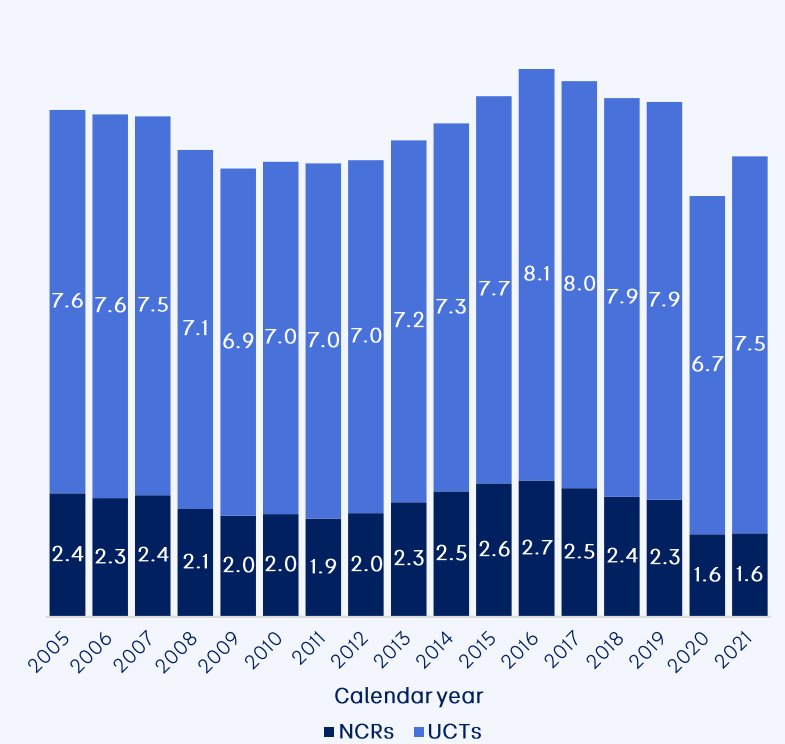
UK car parc



Frequency of transactions (years)



Total number of transactions (millions)



Total number of cars

÷

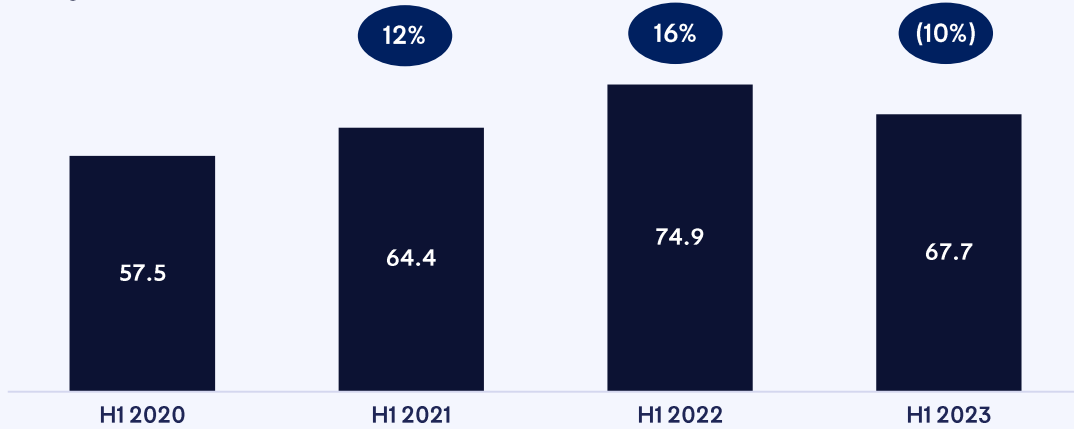
Frequency cars are changed

=

Number of transactions

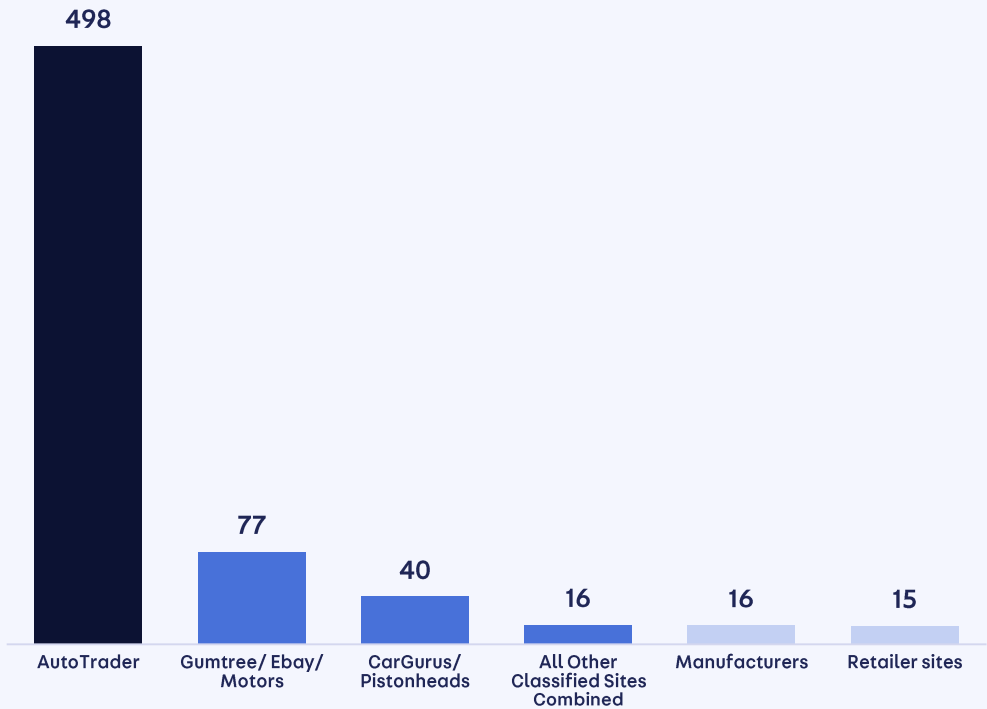
Auto Trader has maintained its position as the UK's largest and most engaged automotive marketplace for new and used cars

Cross platform visits⁽¹⁾
(Average pcm - million)

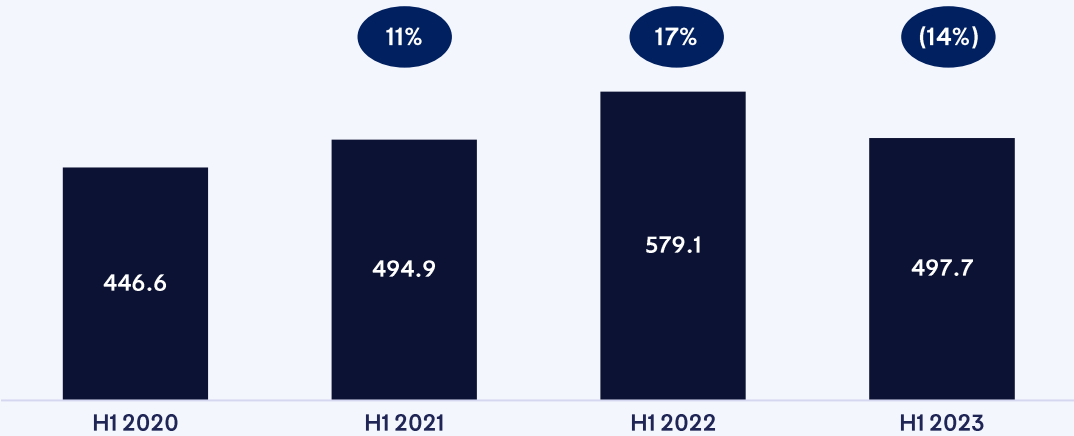


Average minutes spent H1 2023⁽²⁾
(Average pcm - million)

Auto Trader vs. competitors H1 2023:



Cross platform minutes⁽¹⁾
(Average pcm - million)



(1) As measured internally through Snowplow

(2) Source: Comscore MMX® Multi-Platform, Total Audience, April 2022 through September 2022, UK. 'Retailer sites' Custom-defined list including - Arnold Clark, Evans Halshaw, Carshop, Lookers, Motorpoint, Availablecar.com, Stoneacre, Marshall, Motordepot, Cargiant, Big Motoring World, Pentagon, Sytner, Peter Vardy, Jardine Motors Group, JCT600, TrustFord, Robins and Day, Carcraft, Listers, Bristol Street Motors, Cazoo. 'All Other Classified Sites Combined' Custom-defined list including - Parkers, Whatcar, Carwow, Exchange and Mart, 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

Product update



In H1 2023, we made progress against our three strategic focus areas



H1 2023 ACHIEVEMENTS

- **Classified marketplace:**
 - Enhanced our electric vehicle content and proposition, focussing on the advert view
 - Launched research hubs, a different way for consumers to search and discover on Auto Trader
- **Platform:**
 - Embedded the first module of Auto Trader Connect: Retail Essentials
 - Continued to grow our software provider integrations to over 90
- **Digital retailing:**
 - Integrated key products into our 'deal builder' journey and launched small trial
 - Acquired Autorama to enable consumers to buy a new vehicle online

We continue to improve our electric vehicle experience

CLASSIFIED MARKETPLACE: ELECTRIC VEHICLE CHARGING INFORMATION

Launched in September 2022

CONSUMER BENEFITS

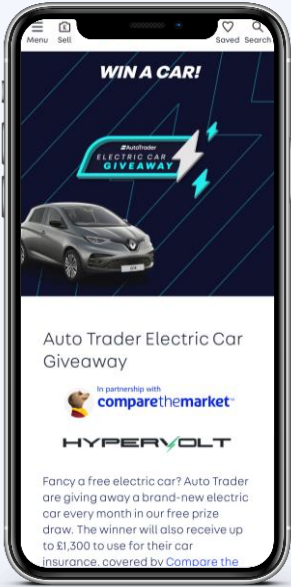
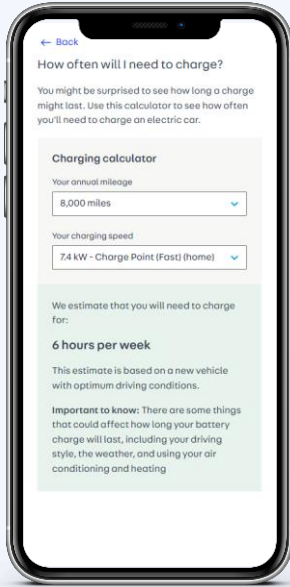
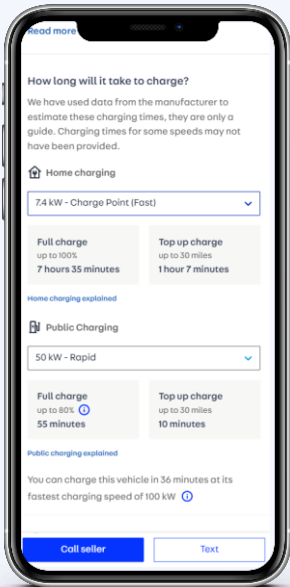
- Charging information on EVs is complex - each manufacturer presents the data differently
- We have standardised it across makes and models to enable easy comparison for car buyers

RETAILER BENEFITS

- Reduction of time spent explaining charging information to car buyers

AUTO TRADER BENEFITS

- Increasing mix of our stock that is EV
- Help improve conversion to lead



We have surfaced used car valuations data to retailers as part of Auto Trader Connect

PLATFORM: AUTO TRADER CONNECT - VALUATIONS MODULE

Launched in October 2022

CONSUMER BENEFITS

- Able to compare similar vehicles based on optional specification
- Price confidence and transparency

RETAILER BENEFITS

- Significant time saving
- More accurate specification and pricing data enables better quality vehicle adverts

MANUFACTURER BENEFITS

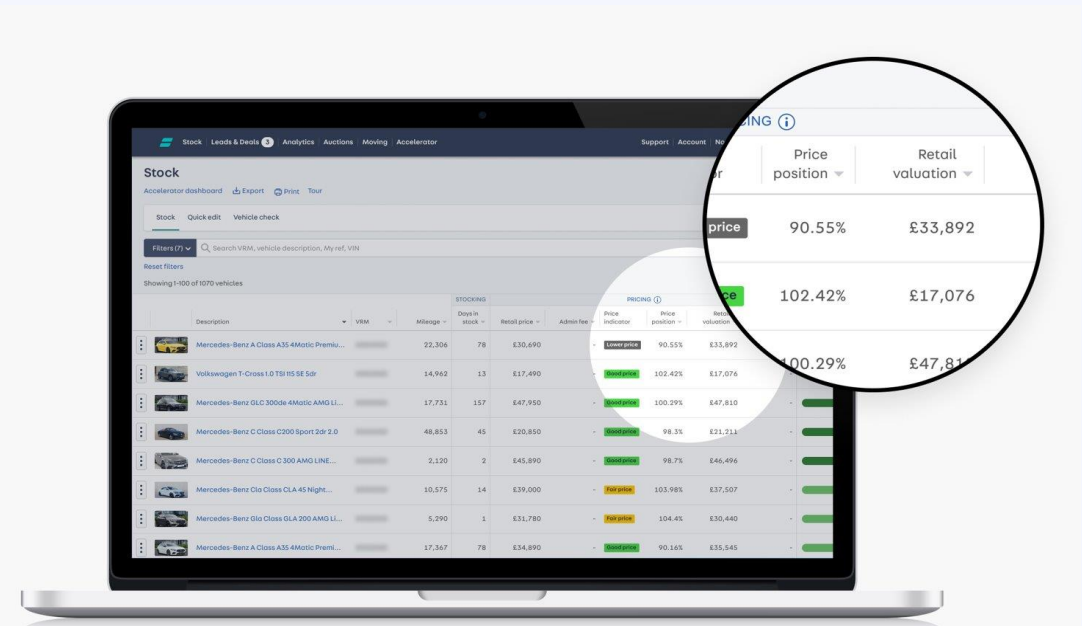
- Accurately described vehicles
- Improved residual values

SOFTWARE PROVIDER BENEFITS

- Auto Trader valuations included in proposition
- Can inform customers on optional data

AUTO TRADER BENEFITS

- More accurate vehicle pricing
- Embedding our data set across the industry



The Auto Trader Connect Valuations module includes more accurate retail valuations (including optional extras)

'Deal Builder' is now live on Auto Trader with a handful of customers

DIGITAL RETAILING: DEAL BUILDER

Launched in August 2022

CONSUMER BENEFITS

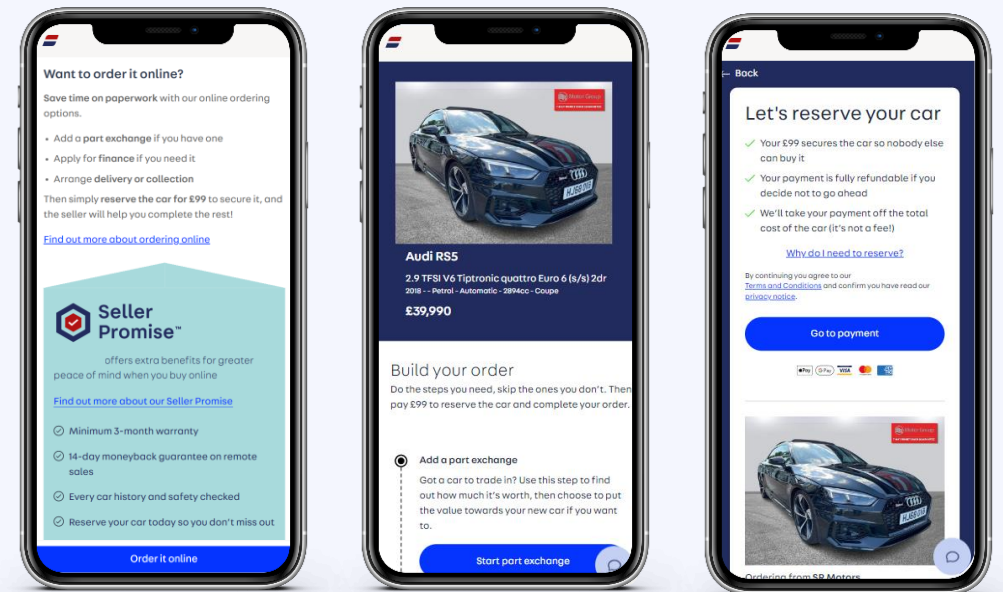
- Addresses multiple consumer pain points
- Easier buying journey with greater transparency
- Increased control, do as much of the process online as they wish

RETAILER BENEFITS

- Much more highly qualified buyers
- Time and cost efficiency savings
- Opportunity to support retailers' own finance sales online
- Available to all retailers (in time)

AUTO TRADER BENEFITS

- Increased yield (in time)
- Better attribution to sale
- Shift from marketing to strategic sales channel
- Greatest choice of vehicles available



Deal Builder enables consumers to get a **part-exchange** valuation, apply for **finance** online, **reserve** their car – and complete their transaction either over the phone or at the retailer

Outlook



Our H2 2023 priorities reflect our strategic focus areas



H2 2023 PRIORITIES

- **Classified marketplace:**
 - Data led conversations to support retailer performance and stock
 - Continued upsell of prominence products
- **Platform:**
 - Integrate the next phase of Auto Trader Connect, the valuations module, to surface the most accurate valuations data into retailers' processes and systems to maximise profit potential on every sale
- **Digital retailing:**
 - Scale our Deal Builder pilot with different customer types
 - Integrate the Autorama buy online journey

Outlook

The Board has confidence for the second half of the year due to:

- consistent trading throughout October;
- the recurring nature of our revenue and delivering our main growth initiatives in the first half of the year;
- the fact that our financial performance in the first half was achieved despite changing economic circumstances, resulting in lower audience, continued low live stock volumes and weak used car transactions; and
- a belief that Auto Trader margins can be maintained at 70%, despite high inflation, particularly given we have delivered the core components of digital retailing.

As per our previous outlook statement, we still anticipate average retailer forecourts to be marginally down year-on-year. However, we now expect stronger ARPR, with the full year growth rate likely to be slightly above that achieved in H1, with the stock lever flat for the full year. Auto Trader's operating profit margin for the full year is expected to be in line with financial year 2022. This outlook takes account of the Webzone disposal (see post balance sheet events). Autorama is likely to make an operating loss of c.£11m for the full year, with continued supply challenges across all vehicle types resulting in lower delivery volumes. Group central costs will be c.£45m, largely made up of the Autorama deferred consideration.

The outlook for future years is necessarily more uncertain, however the used car market is far less cyclical than the new car market and new car registrations are expected to recover, currently being at their lowest level in 30 years. We believe that there are significant opportunities for Auto Trader to grow revenue at high margins through our price and product levers and will continue to bring more of the car buying journey online through Deal Builder and Autorama. We will be disciplined on priorities, costs and capital allocation ensuring we continue to manage the business responsibly.

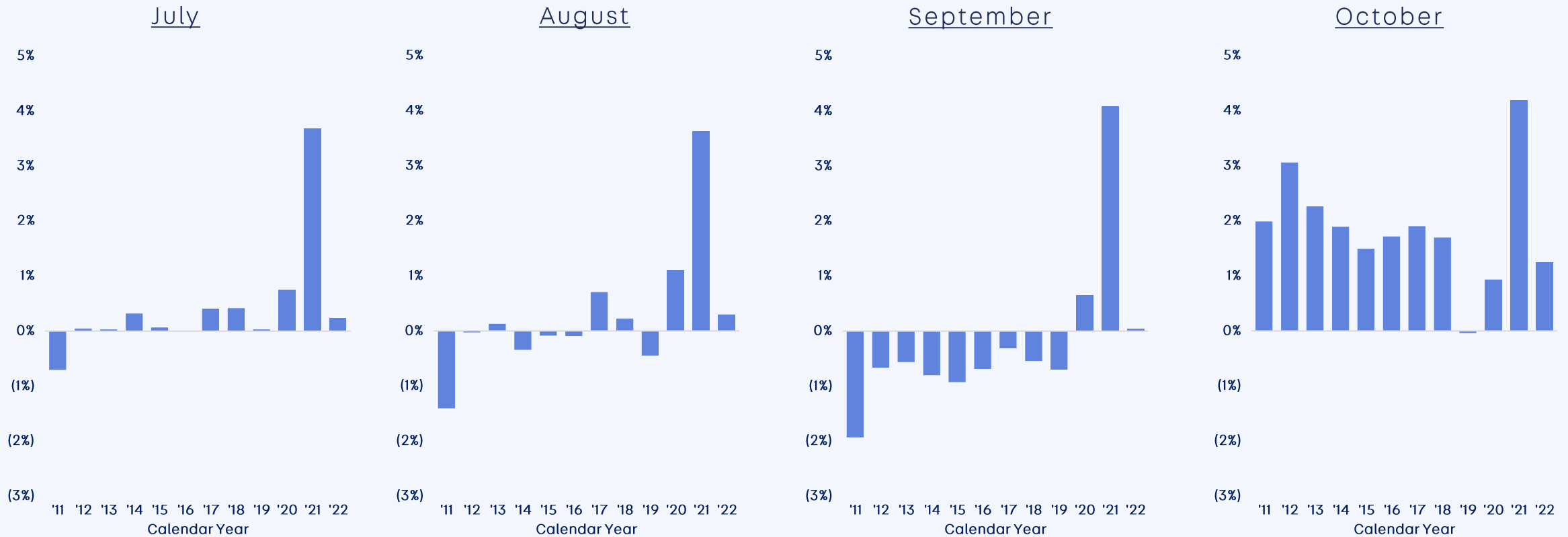
Appendix



Used car pricing has been following, if not ahead, of seasonal patterns throughout 2022

USED CAR MONTH-ON-MONTH RETAIL PRICE MOVEMENTS

Like for like, removes impact of stock mix shift to reflect true value adjustments



Source: Auto Trader Retail Price Index

Cashflow statement

	H1 2023 £ million	H1 2022 £ million
Profit before tax	148.0	150.0
Depreciation & amortisation	5.9	3.6
Share-based payments charge (excl. associated NI)	17.3	3.2
Share of profit from joint ventures	(1.1)	(1.7)
Finance costs - net	1.1	1.7
Other non-cash items	0.4	0.1
Changes in working capital	(7.0)	13.0
Cash generated from operations	164.6	169.9
Tax paid	(31.4)	(27.8)
Capital expenditure	(1.1)	(2.2)
Net cash outflow on acquisition of subsidiary	(152.3)	-
Payment of lease liabilities	(1.6)	(1.6)
Contributions to defined benefit pension scheme	-	(0.1)
Dividend received from joint ventures	-	4.9
Drawdown/(repayment) of revolving credit facility	75.0	(30.0)
Drawdown/(repayment) of other debt	(3.9)	-
Payment of interest on borrowings	(1.6)	(1.0)
Dividends paid	(51.7)	(48.0)
Purchase of own shares	(30.6)	(100.4)
Payment of fees on repurchase of own shares	(0.2)	(0.5)
Proceeds from exercise of share-based payments	1.1	0.3
Net increase/ (decrease) in cash	(33.7)	(36.5)

Sale of Webzone Limited

On 24 October 2022, Auto Trader Group plc sold one of its subsidiaries, Webzone Limited, which trades in the Republic of Ireland under the Carzone brand. The business has been sold to Mediahuis Ireland, Ireland's leading print and digital media publisher which also owns CarsIreland.ie and Cartell.ie, for consideration of €30 million.

At 31 March 2022, Webzone Limited had £451k of net assets. The table below shows the P&L, which consolidates into the Group results for the last two reporting periods:

<i>£m (unless otherwise specified)</i>	<i>FY 2022</i>	<i>H1 2023</i>
Average Retailer Forecourts (#)	551	543
ARPR (£pcm)	£605	£645
Retailer Revenue	4.1	2.1
Average FTEs (#)	36	36
Trade	4.1	2.1
Consumer Services	0.1	0.1
Manufacturer & Agency	0.7	0.3
<i>Revenue</i>	<i>4.9</i>	<i>2.5</i>
<i>Operating profit</i>	<i>1.3</i>	<i>0.7</i>

The estimated profit on disposal of Webzone Limited for the Group is c.£19m.

Five year record

<i>£m (unless otherwise specified)</i>	2022	2021	2020	2019	2018
Trade	388.3	225.2	324.3	304.6	281.2
Consumer Services	33.3	26.6	28.3	28.0	29.8
Manufacturer & Agency	11.1	11.0	16.3	22.5	19.1
Revenue	432.7	262.8	368.9	355.1	330.1
Costs	(132.0)	(104.0)	(113.2)	(112.3)	(108.8)
Share of profit from joint ventures	2.9	2.4	3.2	0.9	-
Operating profit	303.6	161.2	258.9	243.7	221.3
Net interest expense	(2.6)	(3.8)	(7.4)	(10.2)	(10.6)
Profit on disposal of subsidiary	-	-	-	8.7	-
Profit before taxation	301.0	157.4	251.5	242.2	210.7
Taxation	(56.3)	(29.6)	(46.4)	(44.5)	(39.6)
Profit after taxation	244.7	127.8	205.1	197.7	171.1
Net assets/ (liabilities)	472.5	458.7	141.6	59.0	5.6
Net bank (cash) debt/ (gross bank debt less cash)	(51.3)	(15.7)	275.4	307.1	338.7
Cash generated from operations	328.1	152.9	265.5	258.5	228.4
Basic EPS (pence)	25.6	13.2	22.2	21.0	17.7
Diluted EPS (pence)	25.6	13.2	22.1	20.9	17.7
Dividend per share (pence)	8.2	5.0	2.4	6.7	5.9

Notes

Notes