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# Capital Markets Day

15 March 2018

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 AutoTrader

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# Agenda

1.00pm-2.15pm

 HAVAS OFFICES

Introduction  
Overview: 3 Years On  
Q&A Session

*Jamie Warner*  
*Trevor Mather & Nathan Coe*

**Break – 15 mins**

2.30pm-3.50pm

 HAVAS OFFICES

Improving the car buying journey  
from search to transaction  
  
How we help improve a retailers business  
  
Delivering value for car manufacturers  
  
Q&A Session

*Jason Biffin & Karolina Edwards-Smajda*  
  
*Le Etta Pearce & Darren Moon*  
  
*Ian Plummer & Naomi Hahn*

**Break and move offices – 25 mins**

4.15pm-5.20pm

 AUTO TRADER OFFICES

Demonstration on Customer Performance Dashboard  
Demonstration on i-Control

*Darren Moon & Mike Bongiorno*  
*Karolina Edwards-Smajda & Stuart Leatherbarrow*

5.20pm-6.30pm

**Drinks**



Capital Markets Day

# Overview: 3 years on

Presented by  
Trevor Mather, CEO &  
Nathan Coe, COO & CFO



# In the past 3 years we have strengthened and delivered on the key investment highlights outlined to analysts and investors at the IPO

Key Investment Highlights

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- 1 We are the **UK'S LARGEST AUTOMOTIVE MARKETPLACE**; we have **CONSUMER TRUST**, **37 YEARS** of brand heritage and a **HIGHLY DEFENSIBLE** position
- 2 We have a **FAST DIGITAL CULTURE**, driven by **INNOVATION**
- 3 We are the **LEADING DIGITAL PARTNER** for vehicle retailers in the UK
- 4 We have **STRONG GROWTH PROSPECTS**,
- 5 ... and **HIGH** and **INCREASING MARGINS**
- 6 Our **HIGH CASH CONVERSION**, **WELL-INVESTED INFRASTRUCTURE** and **FOCUSED STRATEGY** should position us with flexibility regarding dividend opportunities and other uses of excess cash

AutoTrader

# We also delivered on financial commitments

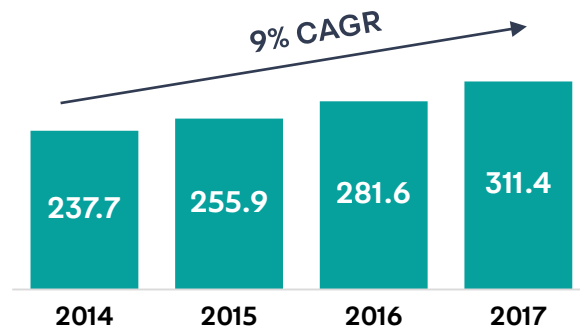
## Revenue

### We said:

High single digit revenue growth

### We delivered:

CAGR of 9% since March 2014



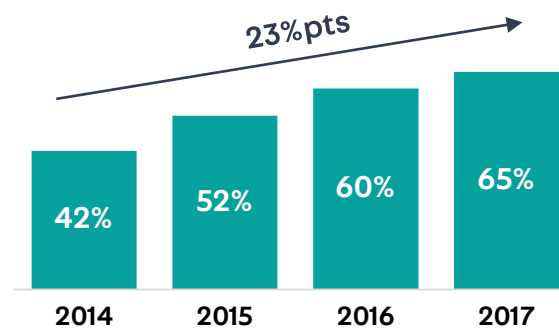
## Profit margins

### We said:

We would continue to increase profit margin

### We delivered:

Increased OP margin by 23%pts



## Capital policy

### We said:

We would leverage to under 2x, increase dividends to 1/3 of net income and start a share buy-back programme

### We delivered:

- Reduced leverage to 1.55x through profit growth and repaying £197m of debt
- Increased dividend every year to 1/3 of net income
- Returned just over £260m of cash to shareholders to date

# Whilst continuing to invest in building a multi-generational business

## For car buyers

On average 93 advert views every second of every day

Added pricing indicators to signal the best priced vehicles

Providing ~1.5 million consumer valuations a month

~ 450k Reviews on Auto Trader at January 2018

## For retailers & manufacturers

Added Premium level for retailers wanting to grow faster

Harmonizing retailer pricing and packaging across the marketplace

Providing ~3.5million trade valuations a month

Moved retailers to flat monthly bills from 4,4,5 weekly billing

## and for Auto Trader

Released 11,000+ product changes since March 15

Completely automated continuous product releases

Moved to our own core vehicle taxonomy

Migrated to our own integrated CRM from Salesforce.com



# Underpinned by our people, culture and environment



Principle and values-led culture, promoting diversity



Passionate and talented people



Working in leading environments and being community-minded




Recommend to a friend







# Overview: 3 Years On



How we think about our long-term opportunity



How we think about current market



How we think about our competitive position

**Auto Trader exists to:**

**'lead the digital future of the UK automotive marketplace'**



# Auto Trader is the largest digital player in a huge ecosystem ripe for digital disruption to improve the consumer experience and industry efficiency

Total UK Automotive Turnover **£78bn**

Mobility Services **>£22bn**

Service & Maintenance **£22bn**

Car Insurance **£12bn**

## OUR CURRENT FOCUS IS THE BUYING AND SELLING OF NEW AND USED CARS

New and Used Car Gross Margin **£6.0bn**

Sourcing, Disposing &  
Moving Vehicles  
**>£0.5bn**

Used Finance Commission **£1.0bn**

Total Automotive Advertising **£1.9bn**

Digital Automotive Advertising **£1.5bn**

Classified  
Advertising **£0.4bn**



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

## Horizon 3

Enable **transactions online**

## Horizon 2

Become to **new cars** what we are in used

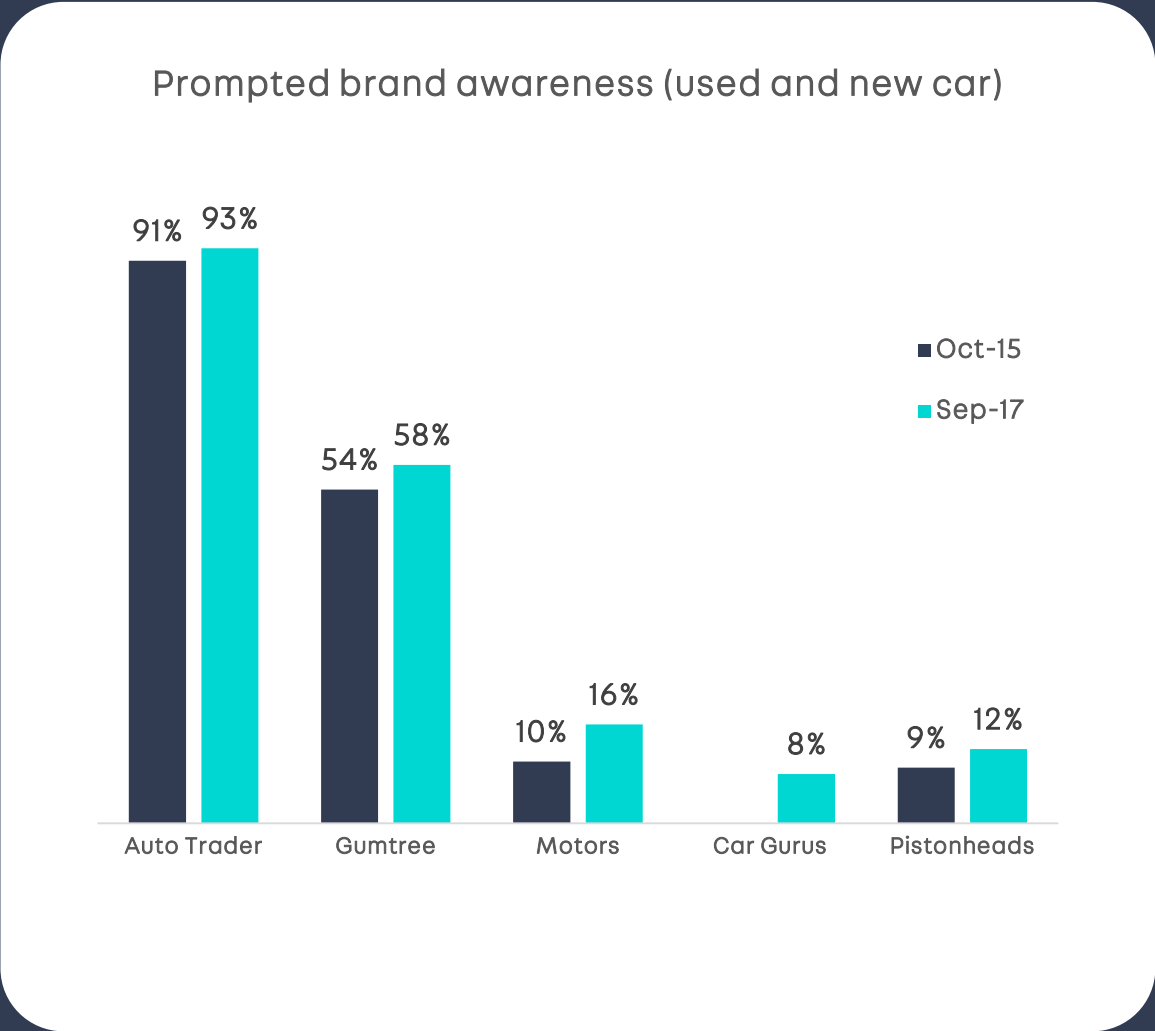
Helping retailers **source, dispose and move vehicles**

## Horizon 1

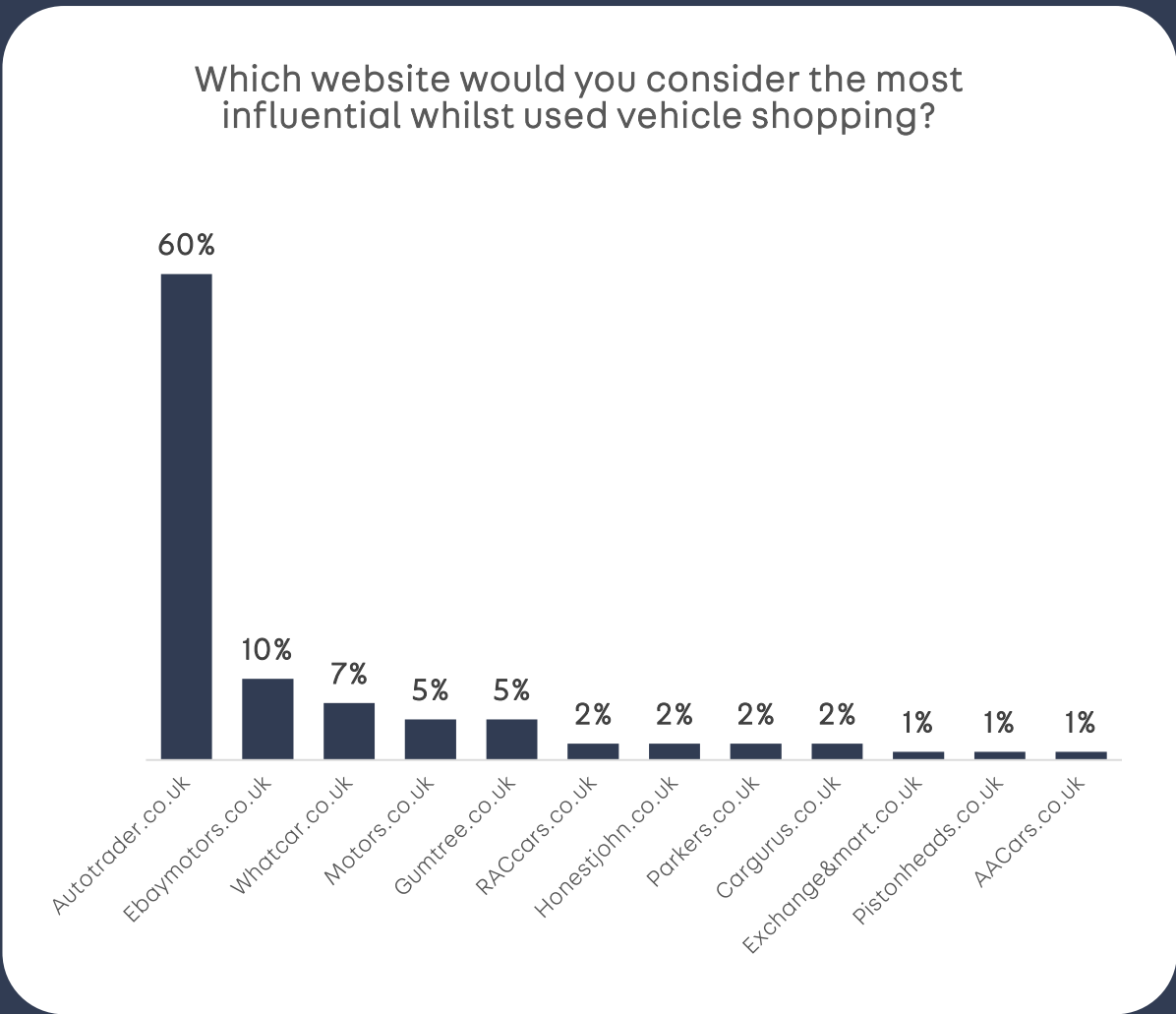
Enhance the **core**

- Core listing products
- Data tools
- Finance

# As car buyers have moved their research online, Auto Trader has become the largest, most influential destination



Source: Auto Trader Brand Tracker Study, 2015/ 2017



Source: Auto Trader Market Tracker Study, 2017

# Which has radically changed the world of the retailer...

## THE OLD WORLD

- Power sits with the retailer
- Low tech, people-centric
- Focus on local area
- Opaque pricing
- Finance not key to success

## TODAYS WORLD

- Power sits with the consumer
- High -tech, internet centric
- The market is UK wide
- Finance is key to success
- Car knowledge less necessary



# Which has radically changed the world of the retailer...

## LESS SUCCESSFUL

- Were good when they started
- Don't adapt
- See new things as a threat
- Resent consumer empowerment
- Margins squeezed
- Rely on old model relationship management

## SUCCESSFUL

- Open minded
- Borrow from other sectors
- See data as an opportunity
- Meet consumer on their terms
- Optimise margin through speed of sale and PPU
- Spend less time "selling"

**This provides Auto Trader, progressive  
retailers and manufacturers the  
opportunity to dramatically improve car  
buying and retailing**

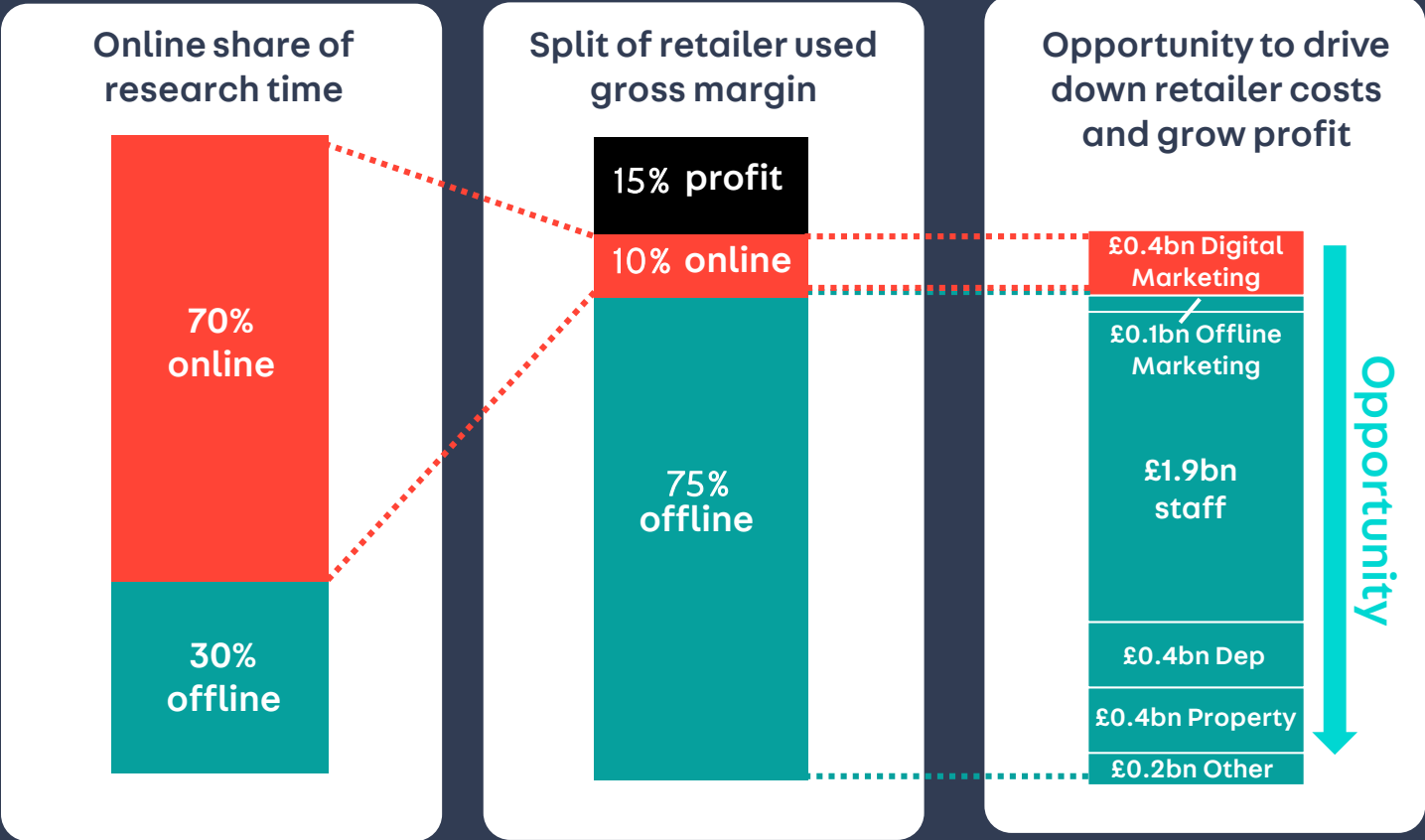
# By moving more of the car buying and selling experience online we can improve the consumer experience, dealer profitability and Auto Trader's influence





# Core growth is underpinned by continuous improvement of the car buying experience and helping retailers improve profitability

There is a mismatch between used car retailing costs and the buying process



## Strategy

The industry will become more digital and offline costs will reduce

Auto Trader will be fundamental to this change through:

- maintaining leadership with car buyers
- moving the car buying process online
- providing products, data and services that deliver a higher ROI to our retailers than the offline alternatives they use today

# This is validated by our own data that shows retailers who spend more (ARPR), generate more sales and gross profit

More spend = More cars sold

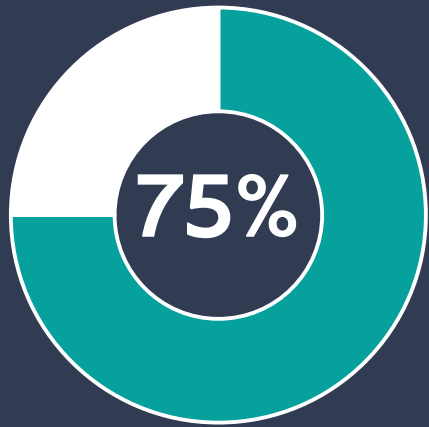


More cars sold = More gross profit



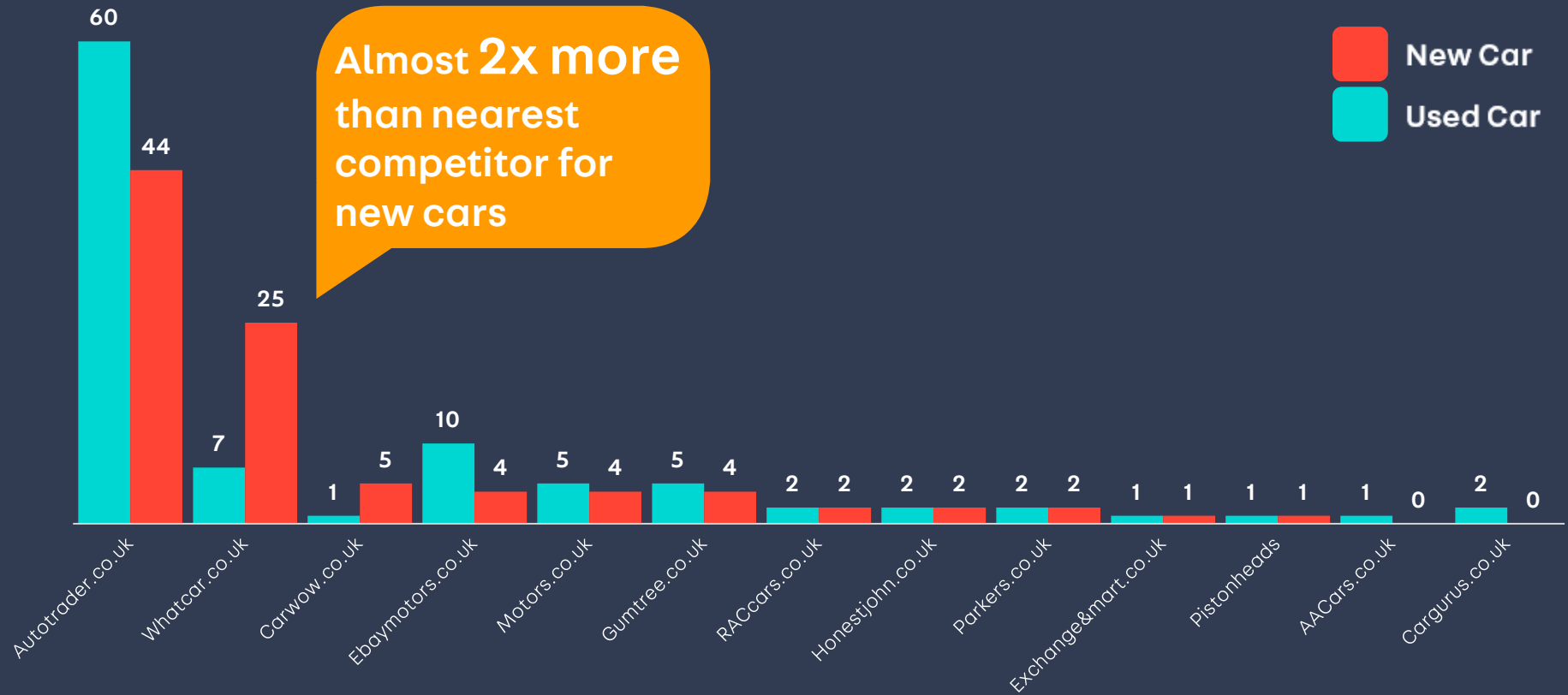
# New car is critical to unlocking the full £1.9bn in automotive advert spend. We have the audience and the influence

3/4 of car buyers consider new cars



6.8m uniques open to new car every month vs. only 90k new cars sold to consumers

Which website do you find the most influential whilst vehicle shopping?



Source: Auto Trader Market Tracker Study 2017 (percentage of respondents) and Car Buyers Report 2017

# However we're only at the early stages of developing our new car buying experience, manufacturer relationships and products

## £1.9bn 2017 UK Automotive Digital Advertising



We estimate that manufacturers spend £900m-£1bn of this on new cars and we know in 2017 they spent almost half on digital media

## Strategy

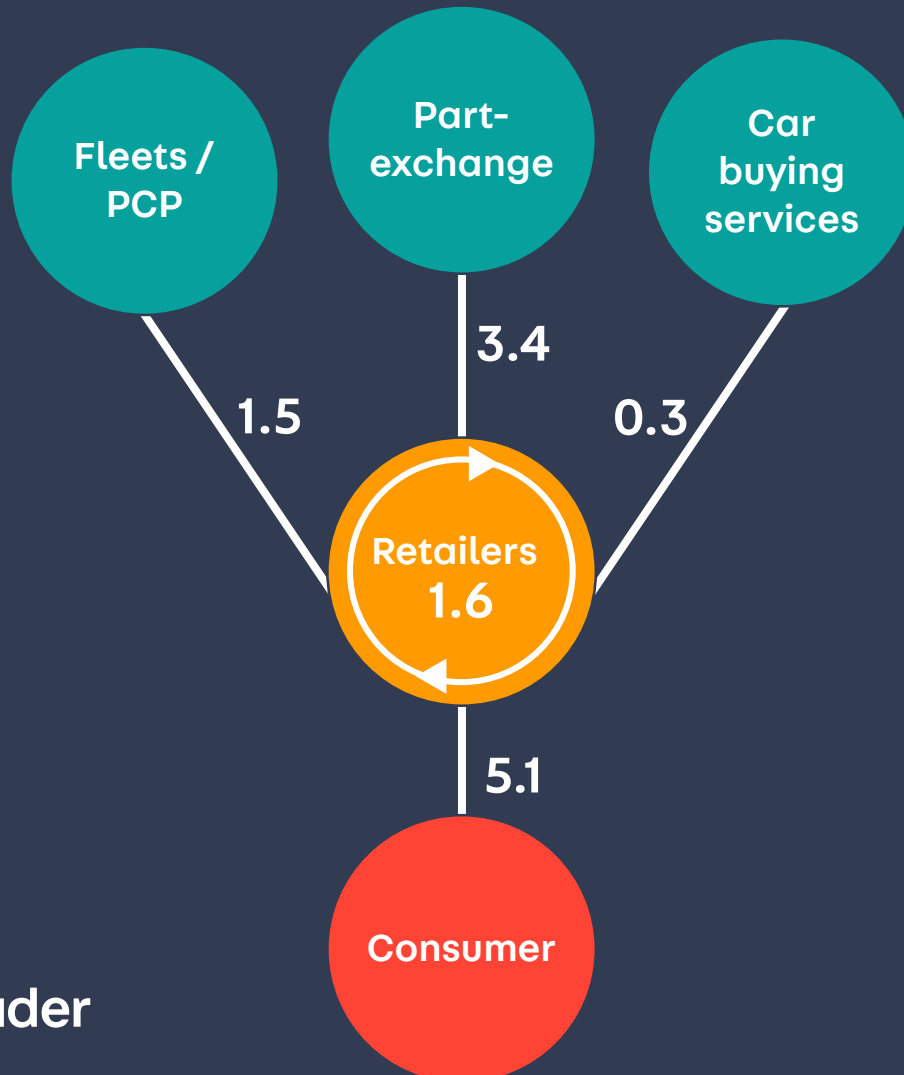
With 7 million people on Auto Trader every month potentially considering a new car versus 2.5m new car registrations in the entire year, we believe we have a big role in helping manufacturers sell new cars

Today we generate <£20 million from manufacturers & agencies, but we believe we can take a meaningful share of new car advertising, by doing the following things well and consistently:

- delivering the best UK new car buying experience
- mobile-led ad products with greater scale and targeting than Facebook or Google
- deepening relationship and perceptions with manufacturers and their agencies

In addition to our B2C position, there are c.3.4 million B2B transactions, fueled in part by the c.3.4million part-exchanges, where we are yet to play a material role

### Retailers source of vehicles (m)



### Strategy

Sourcing vehicles is our customers' number one challenge and one of their biggest costs including buyer fees (£250-300 per car), logistics costs and depreciation.

Whilst plans are only embryonic at this stage, we have a number of key assets that we can bring to bare:

- >85k part-exchange leads every month
- logistics capability in Motor Trade Delivery that transports >10k cars every month
- Auto Trade Mail which offers approximately >220k retailer –to-retailer cars for sale every year
- data-driven products inform retailers what stock to source, ensuring an obtainable margin



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

## Horizon 3

Enable **transactions online**

## Horizon 2

Become to **new cars** what we are in used

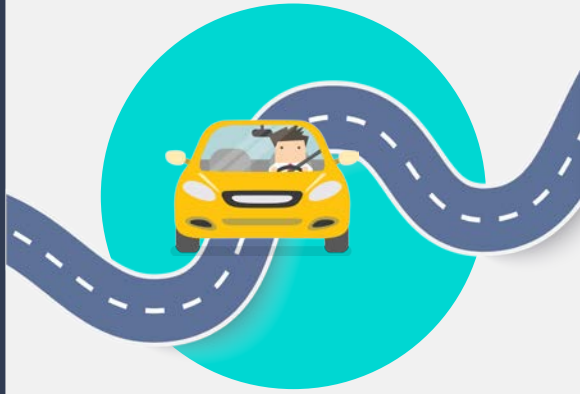
Helping retailers **source, dispose and move vehicles**

## Horizon 1

Enhance the **core**

- Core listing products
- Data tools
- Finance

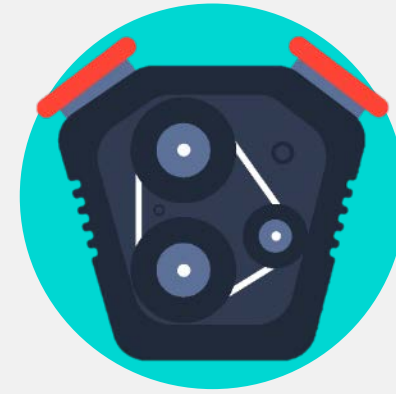
## Overview: 3 Years On



How we think  
about our long-  
term opportunity

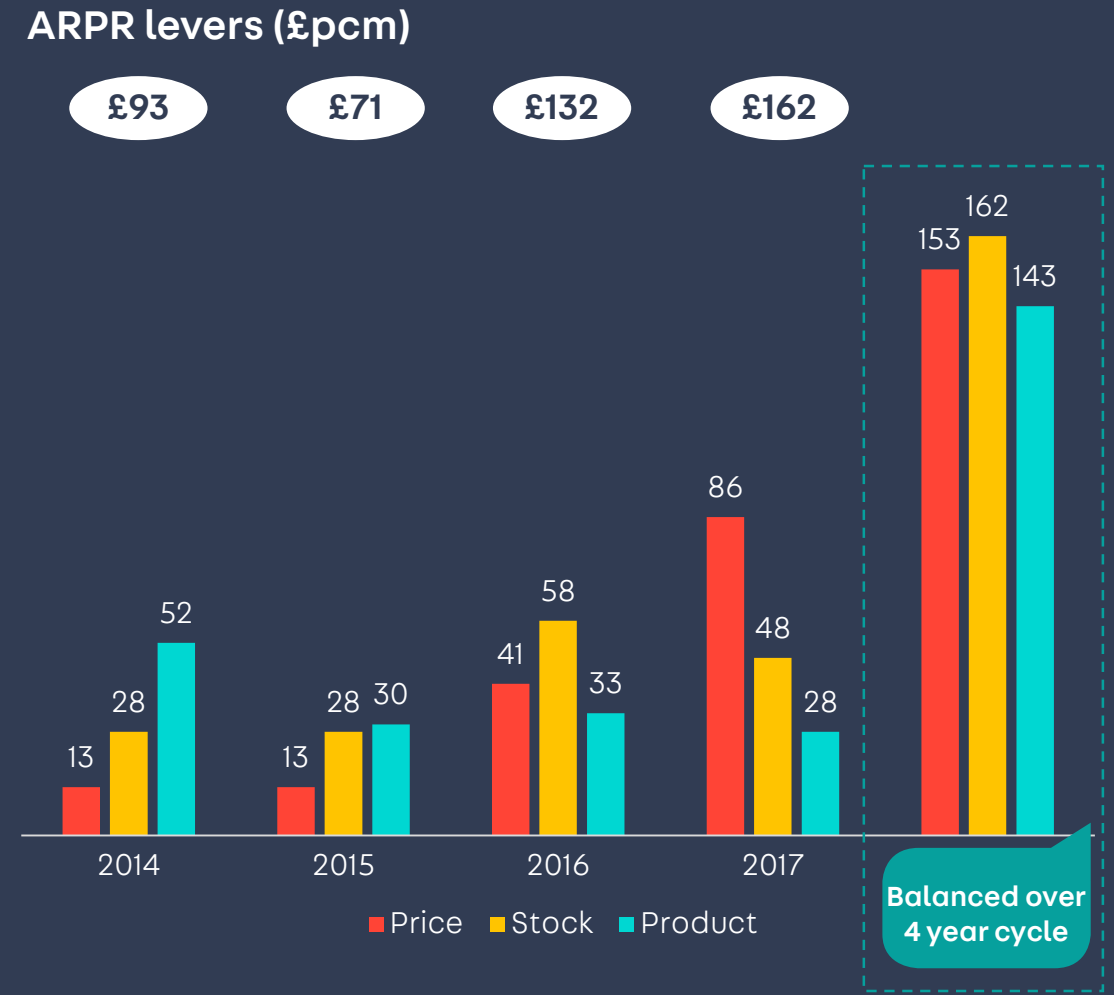
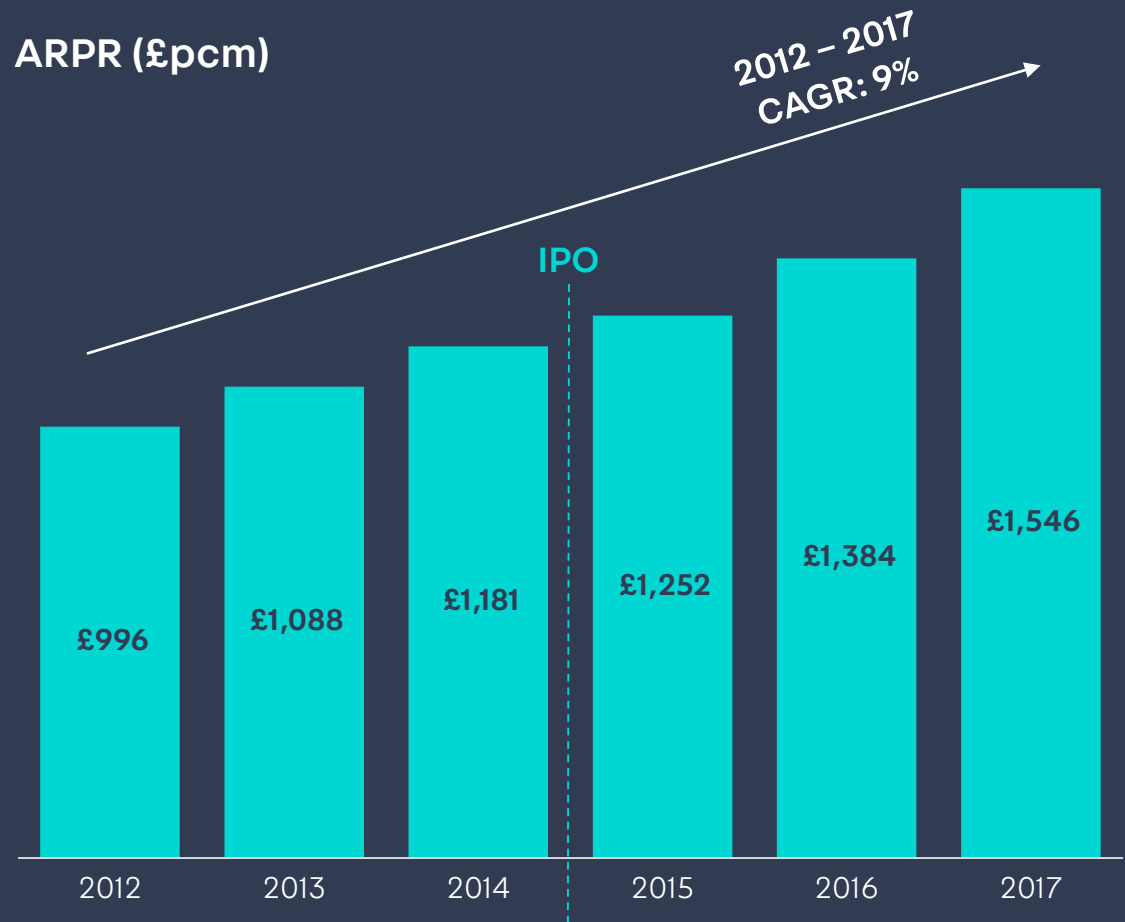


How we think  
about current  
market



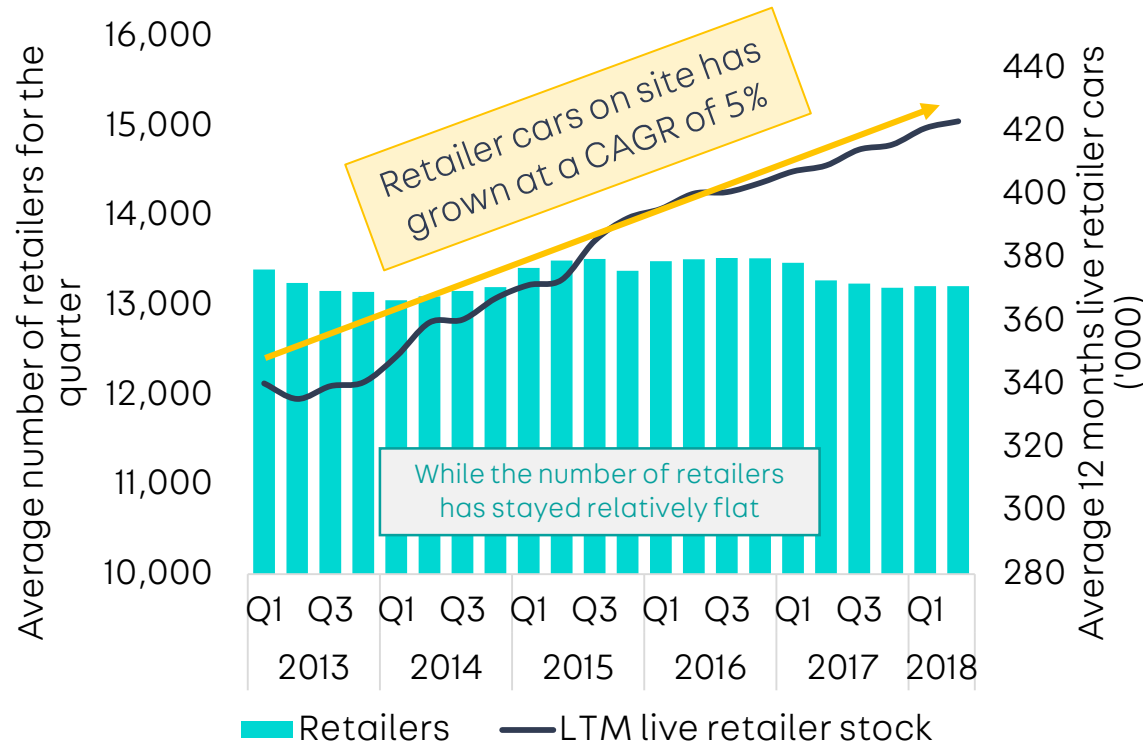
How we think  
about our  
competitive  
position

# The value we give to retailers has allowed us to grow ARPR through price, stock and product upsell

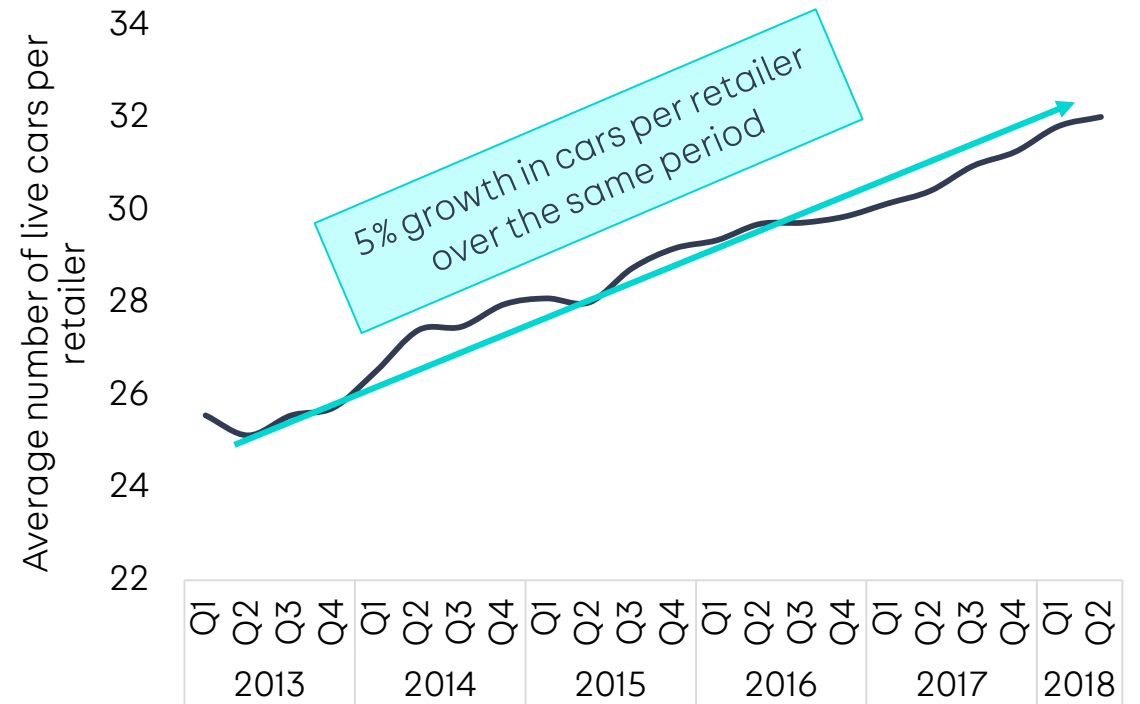


Combined with a continued investment in retailer relationships this has meant we have continued to provide the largest choice of trusted car stock

### Retailers and live cars on site



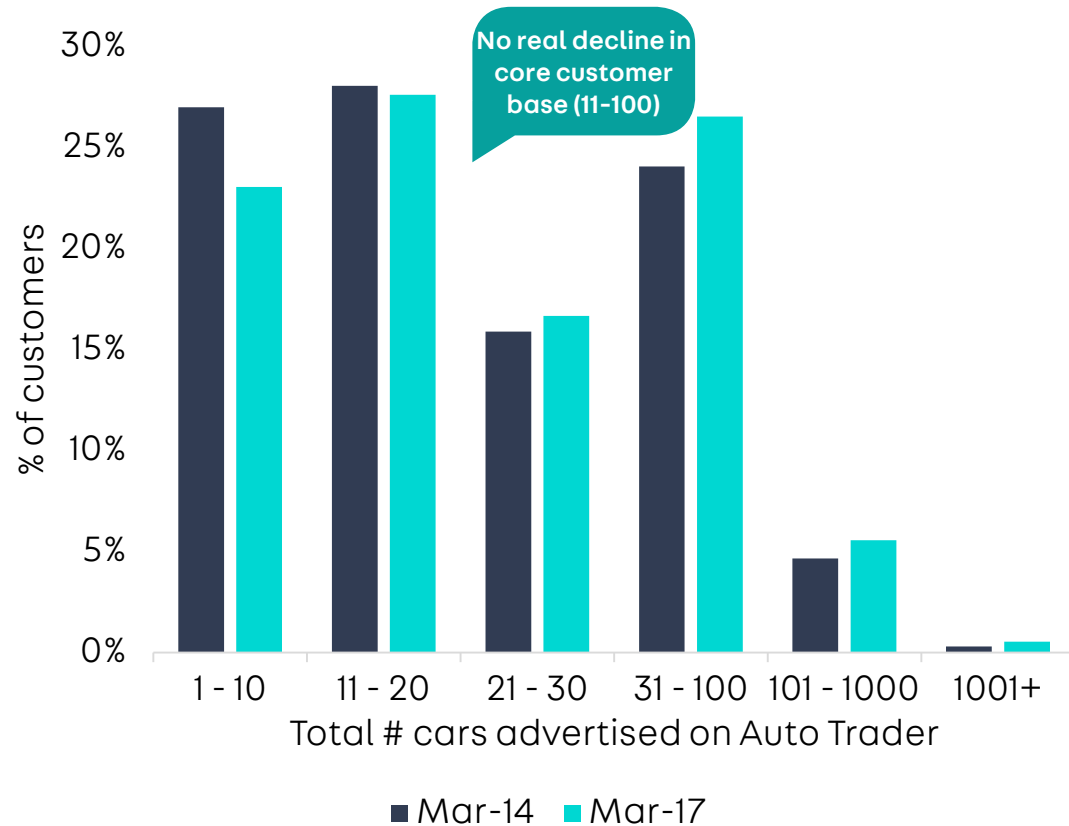
### Live cars per car retailer <sup>(1)</sup>



(1) Car retailers make up 85% - 87% of total retailers in each quarter in the period shown

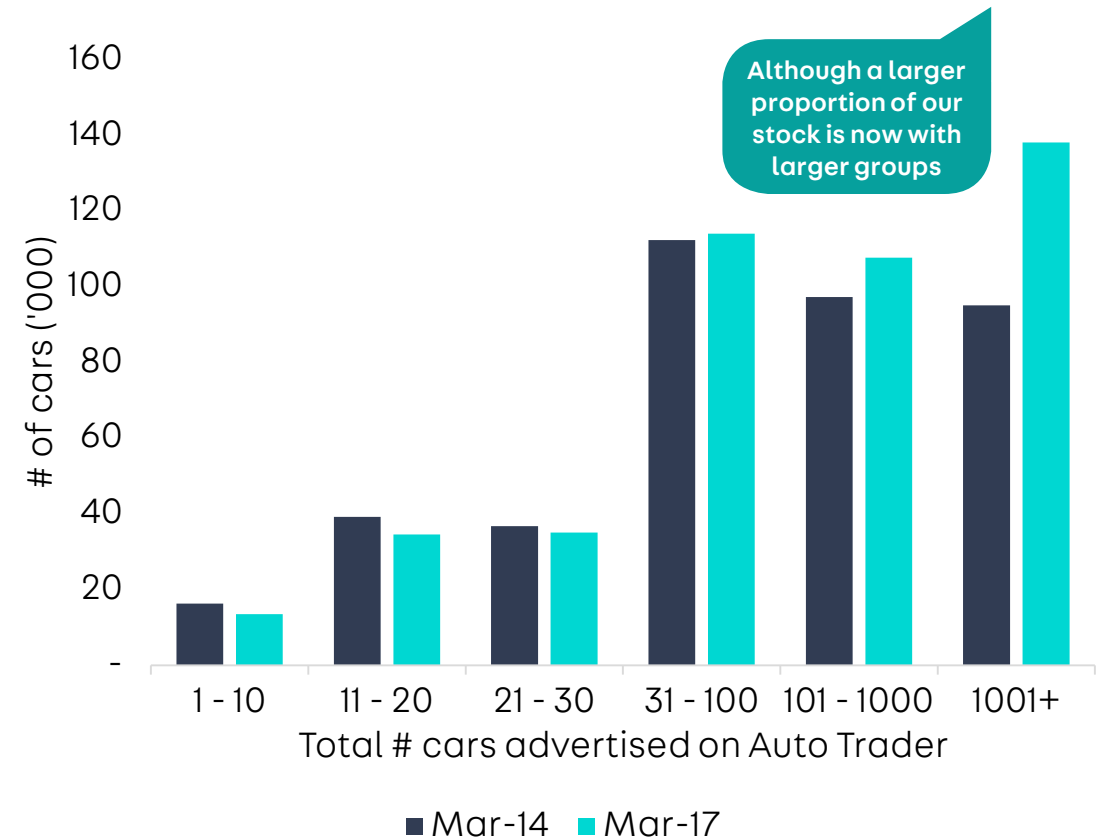
# We are seeing limited levels of consolidation within our core customer base, however large customers have grown

## Distribution of customers by stock bands



Car only customers included

## Distribution of live stock by bands



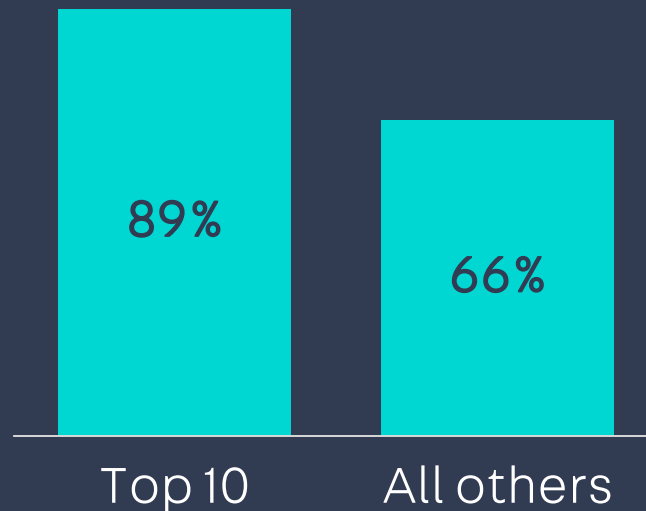
Car only customers included



# However the larger, consolidating retailers invest more on Auto Trader

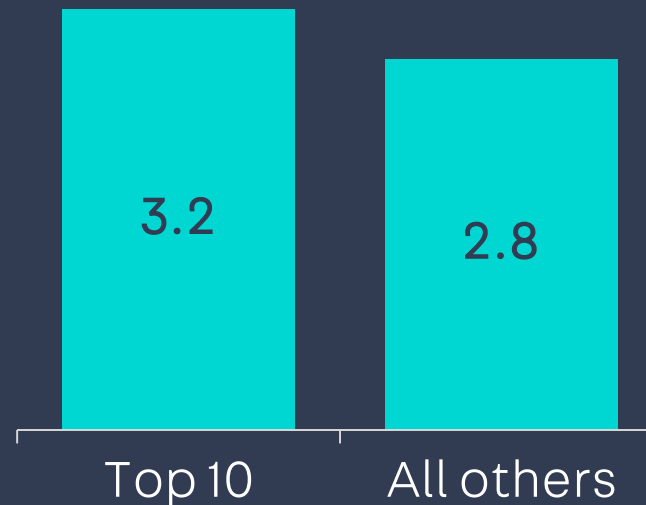
## Stock

% of forecourt stock advertised with Auto Trader



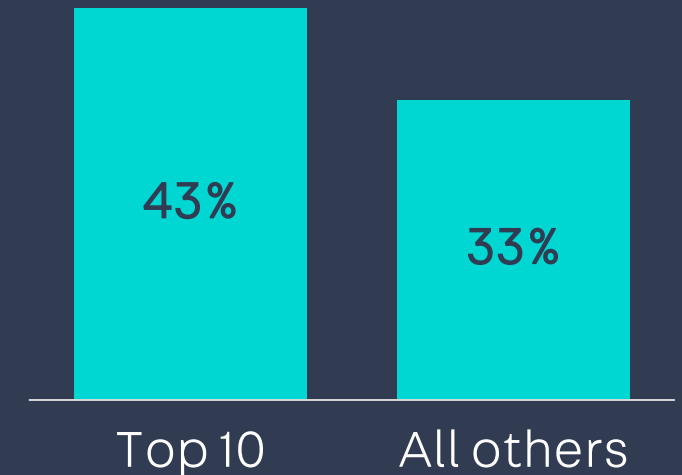
## Package level

Average package level (1=Starter, 2= Basic, 3=Standard, 4=Advanced, 5=Premium)



## Managing products

% of retailers with a managing product

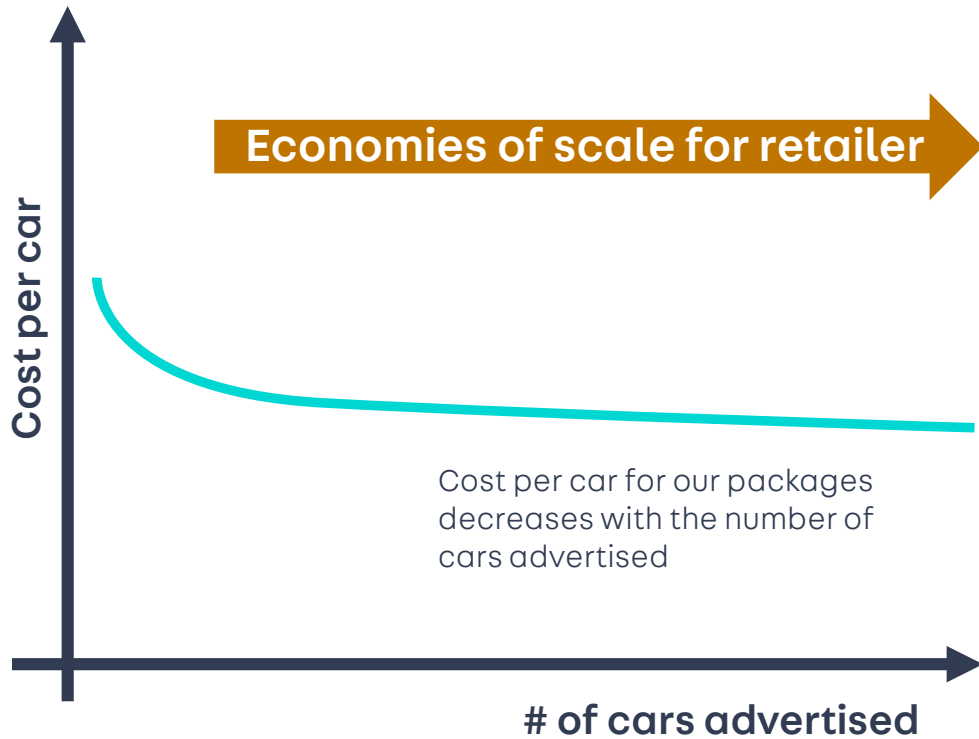


Source: Auto Trader. Data restricted to Franchise customers for which forecourt stock is known on their website. Sample of 894 customer groups - January 2018.

# Which partly offsets their volume discount leading to continued growth in revenue per car

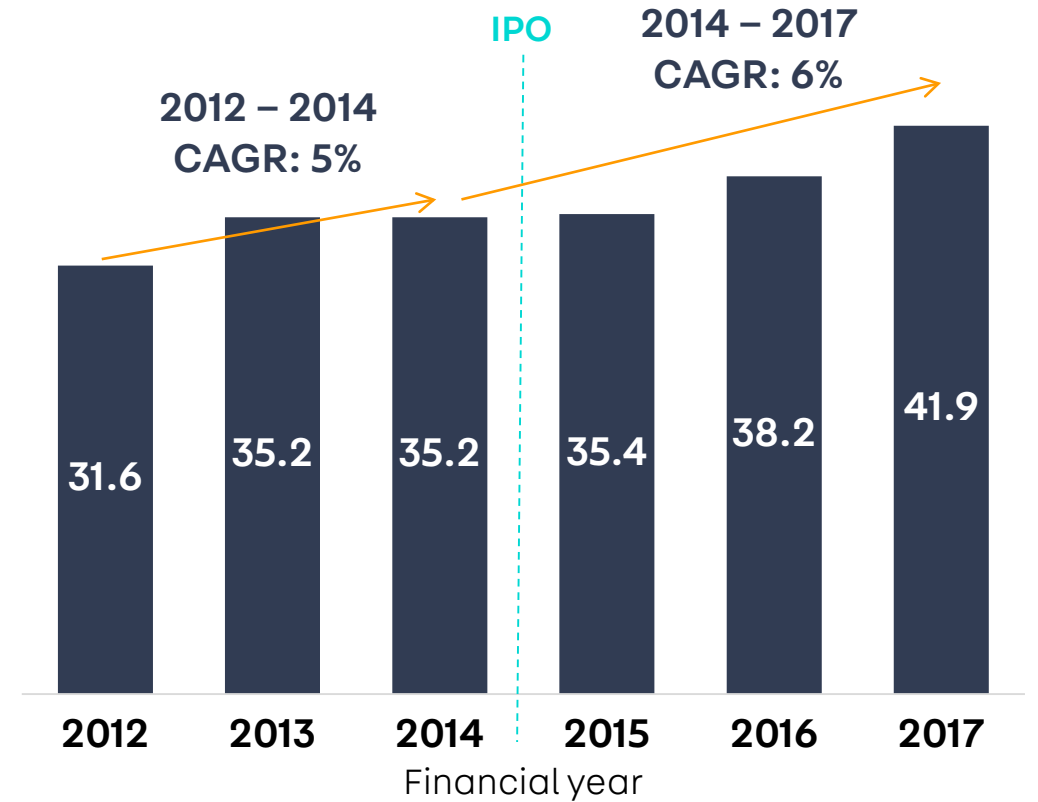
## Advertising rate card <sup>(1)</sup>

Average rate card



<sup>(1)</sup> For car retailers only

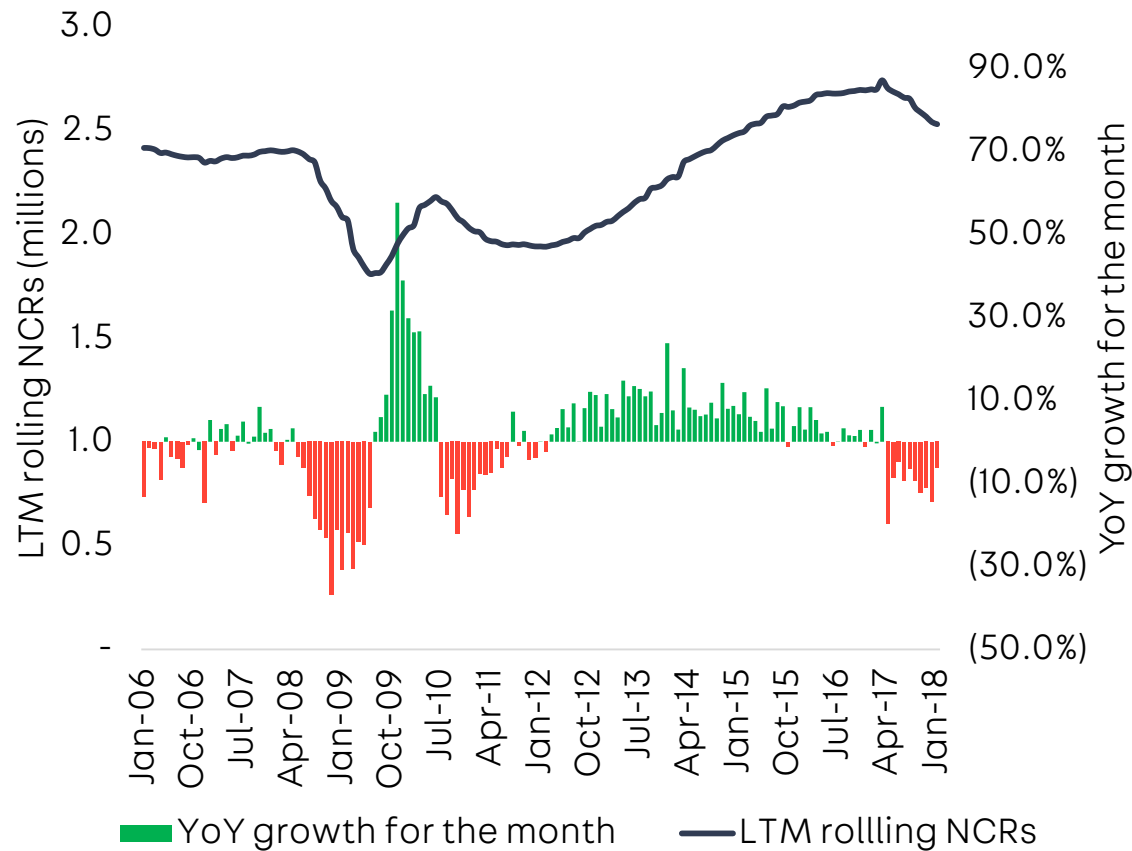
## Total advertising revenue (£) per live car per month



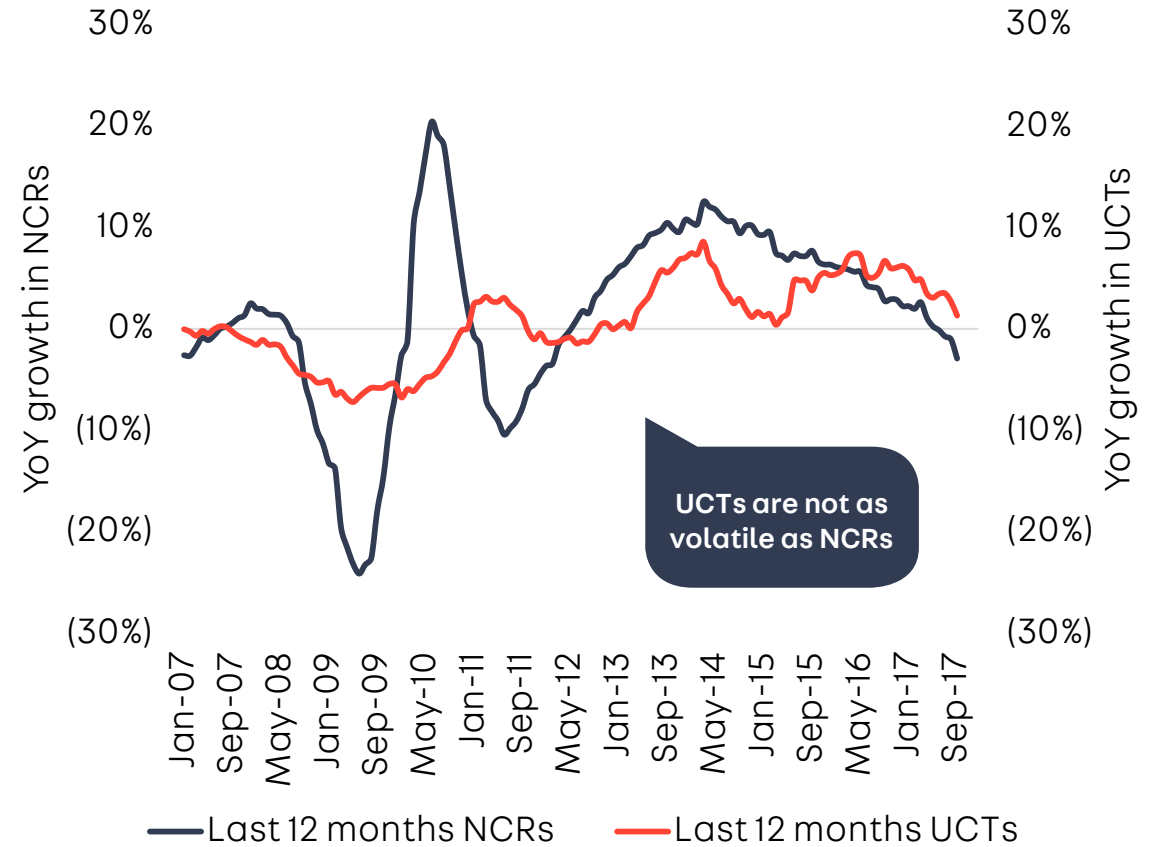
# We saw a drop in the number of new car registrations in 2017 and early signs of a downturn in used car transactions

## New car registrations

Last 12 month rolling total

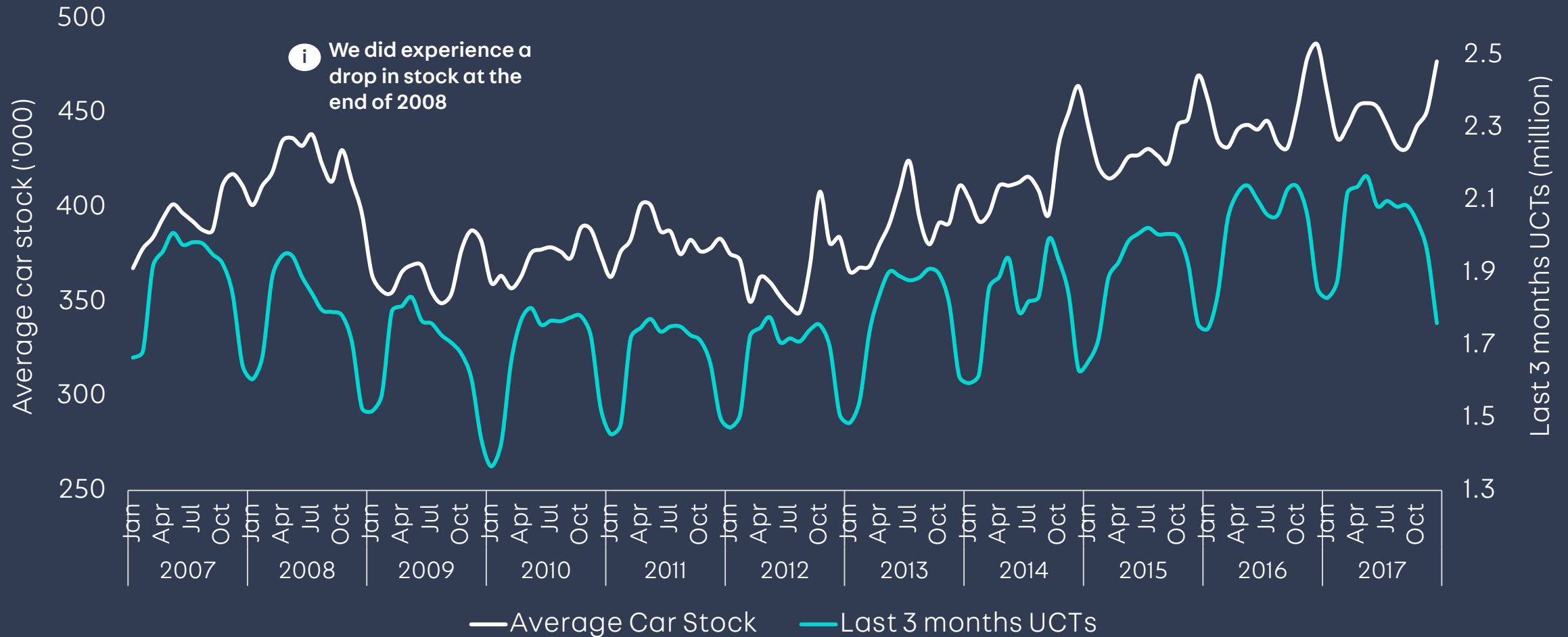


## YoY growth of NCRs vs UCTs



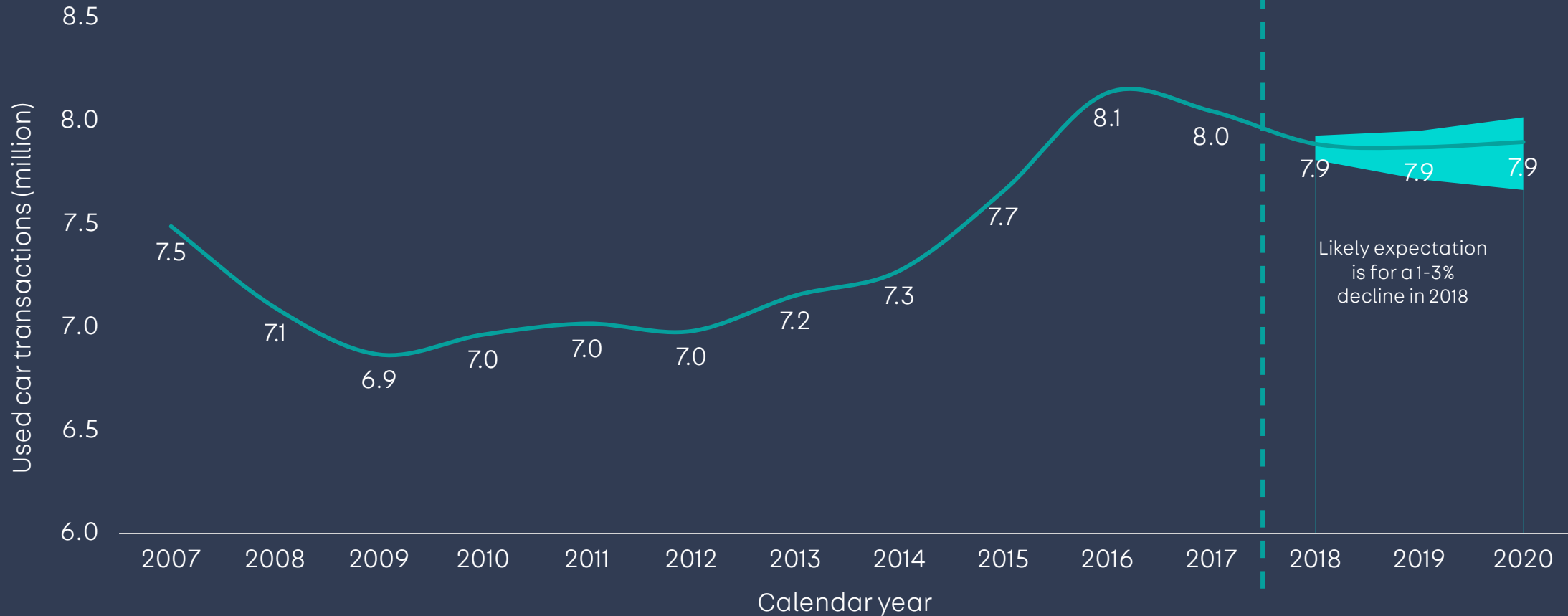
# A growing used car market has helped ARPR growth through stock

Average car stock <sup>(1)</sup> vs. last 3 months UCTs



# However we expect marginal declines in used car volumes for 2018 and 2019

## Used car transactions

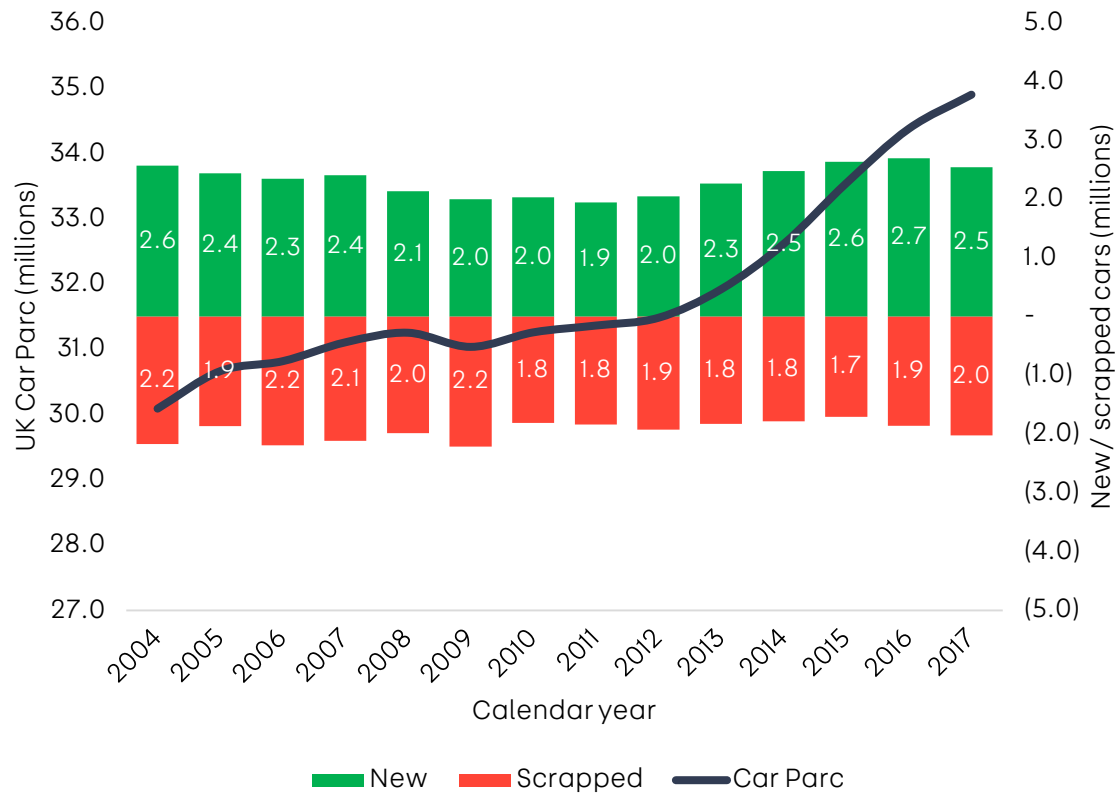


Sources: DVLA, Auto Trader analysis

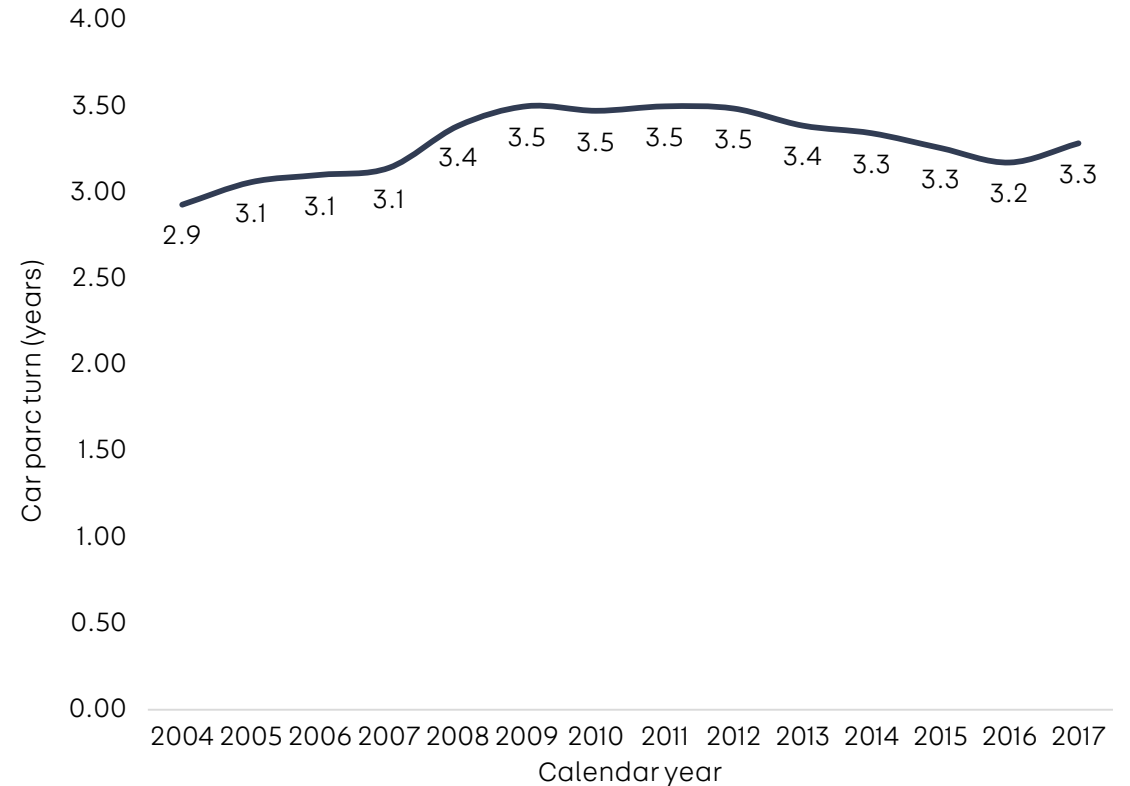


# However the UK car parc will continue to grow, making used car transaction volumes less volatile than new

## UK Car Parc



## Average turn



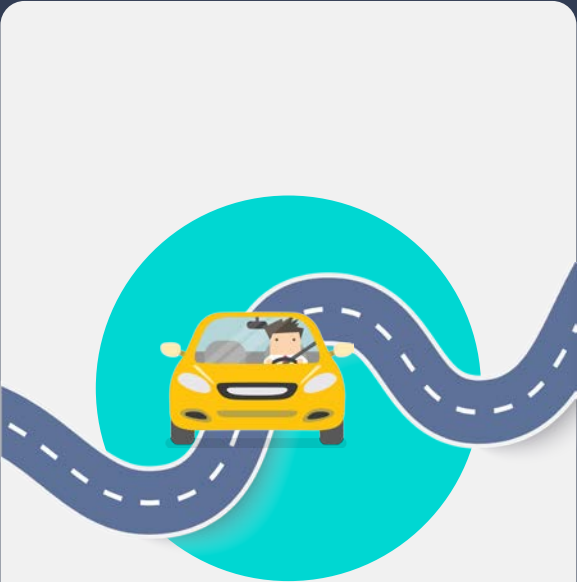
Sources used: SMMT (car parc excluding 2017 and new car registrations); Auto Trader analysis (2017 car parc, scrappage and average turn)

## In summary

- **Consolidation** is happening slowly, continuing the trend of the last 10 years
- **Large customers have grown** and tend to be more engaged
- We expect **used car transactions to fall**, similar or slightly more than last year



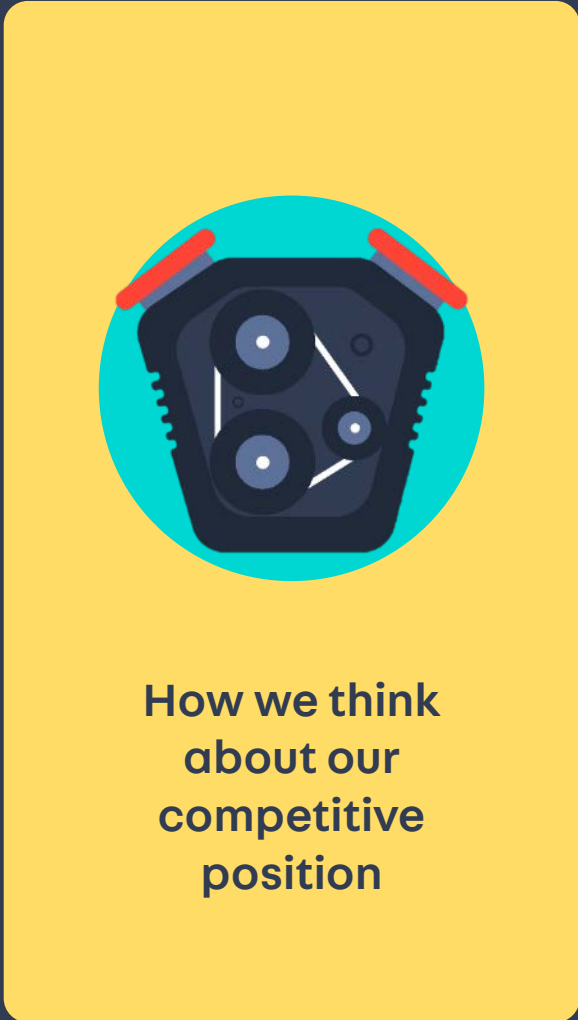
# Overview: 3 Years On



How we think about our long-term opportunity



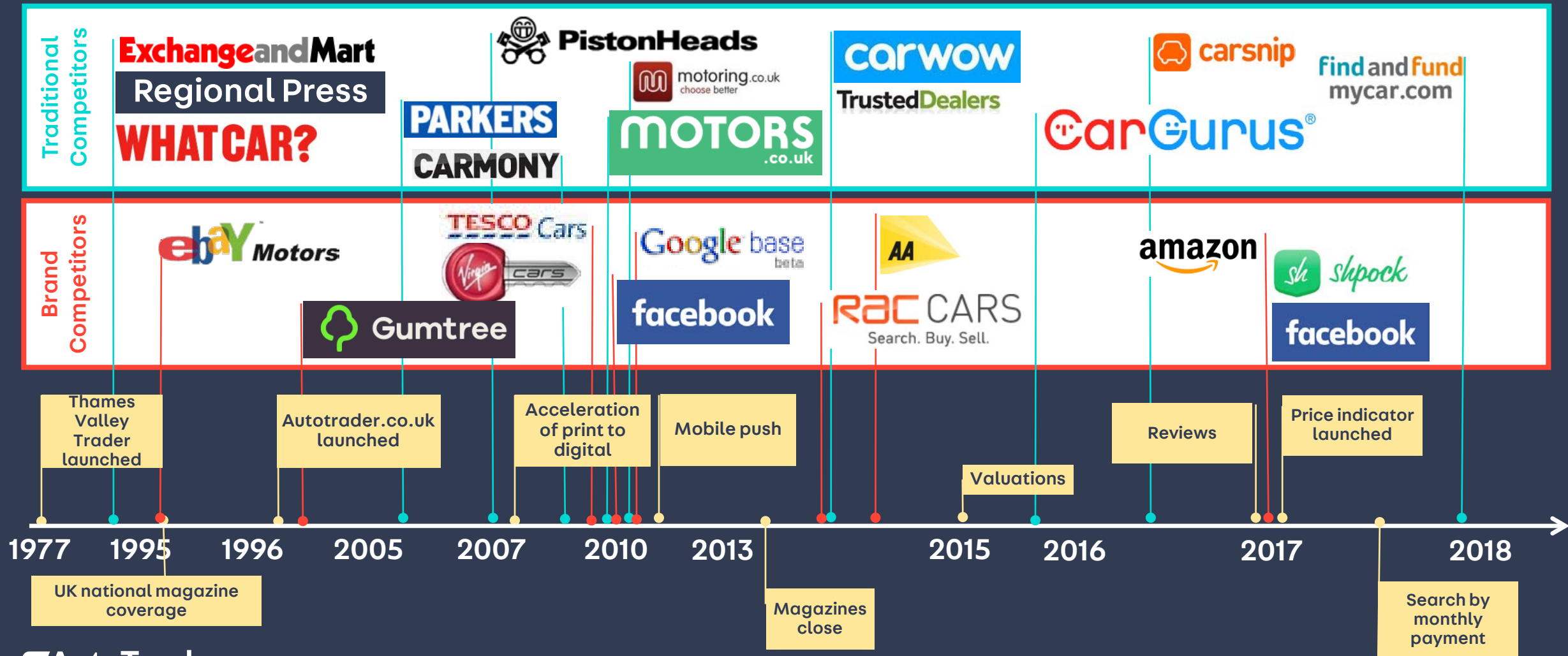
How we think about current market



How we think about our competitive position

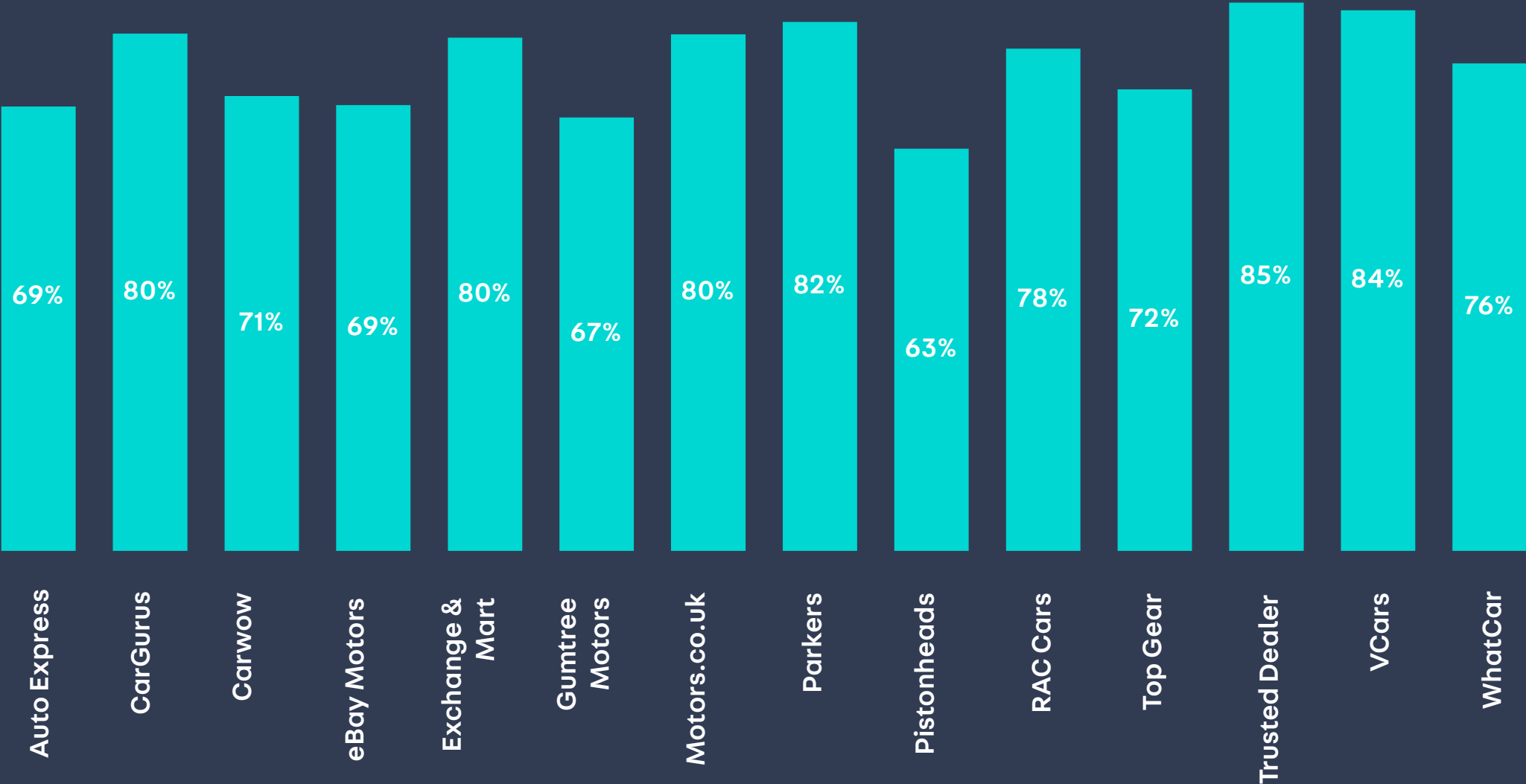
# In terms of competition, the landscape remains active, but this is no different to every year of our 40+ year history

## Main competitors throughout history



# With the majority of competitor audiences already on Auto Trader, it limits their ability to offer incremental car buyers

Percentage of competitor audience visiting Auto Trader

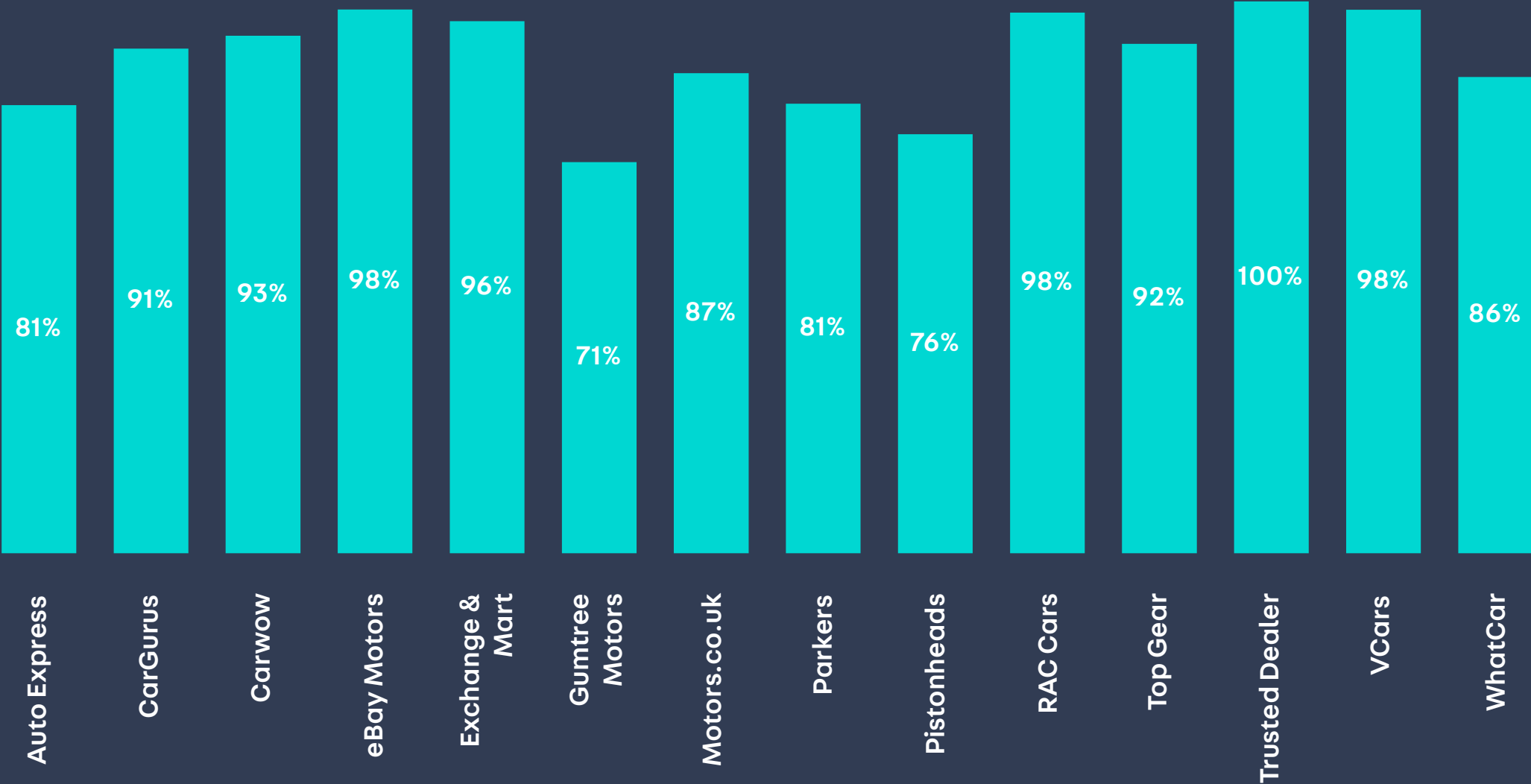


Source: comScore MMX Multi-Platform, Cross Visiting, January 2018, U.K.



# And the vast majority of our audience is unique to Auto Trader

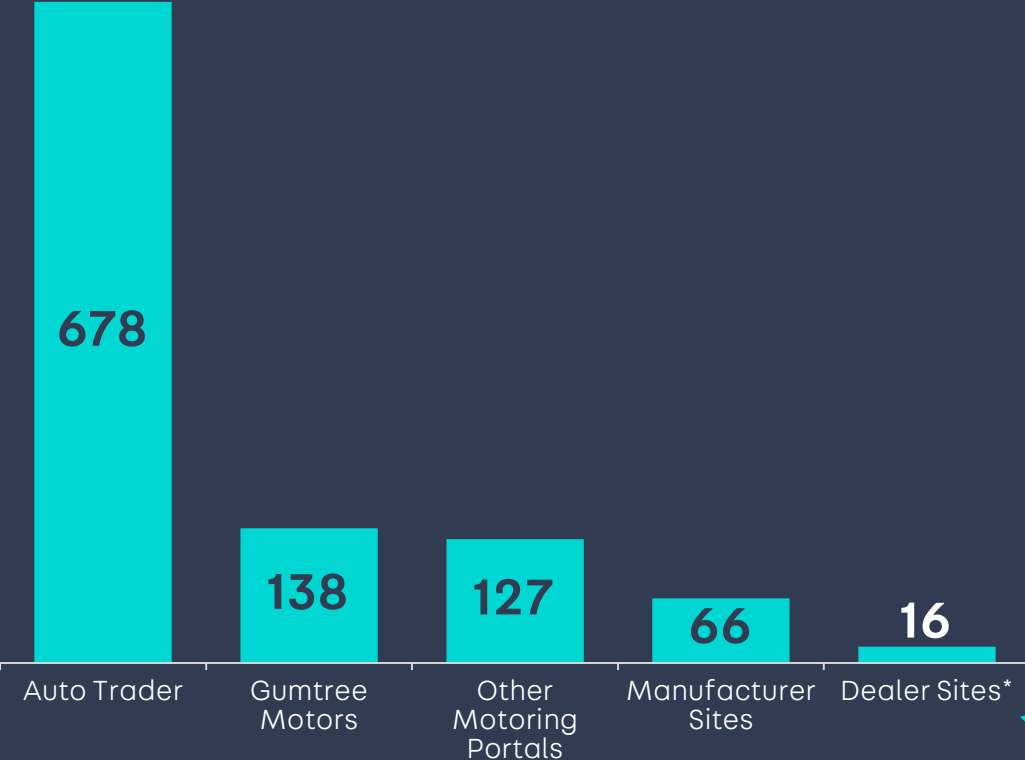
## Percentage of Auto Trader audience not visiting competitor site



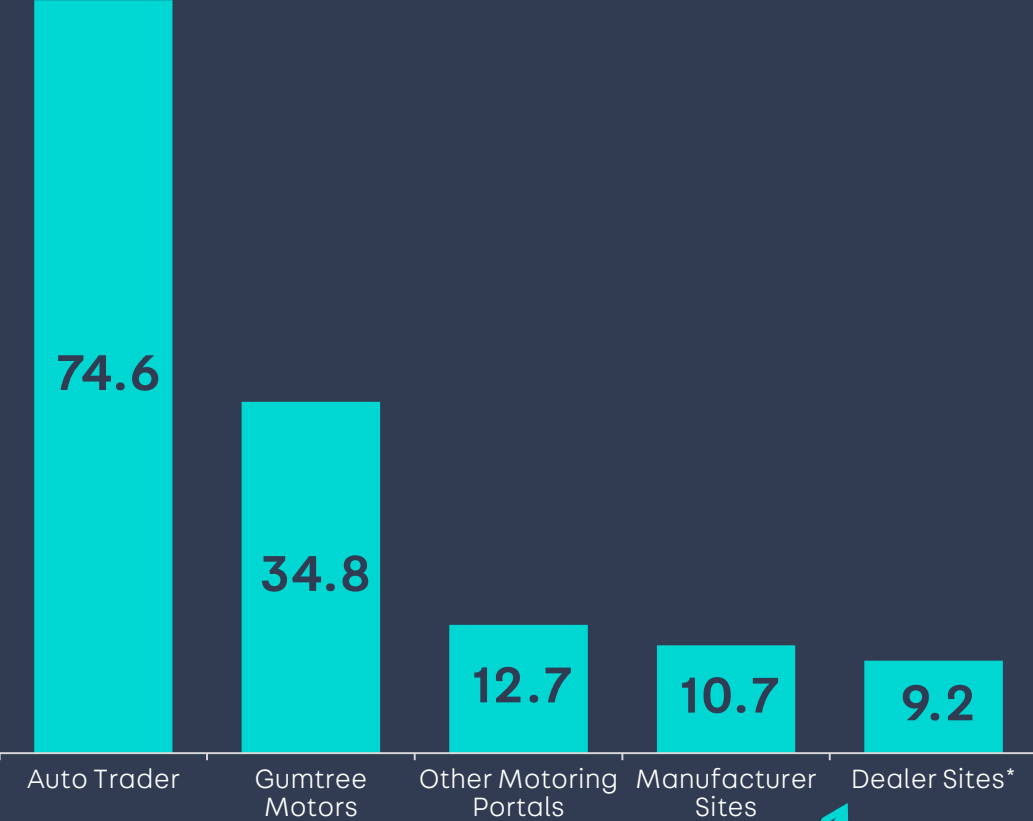
Source: comScore MMX Multi-Platform, Cross Visiting, January 2018, U.K.

# As a result we have maintained our position and trust with car buyers

### Total minutes spent in Jan 2018 (millions)



### Minutes spent per visitor in Jan 2018

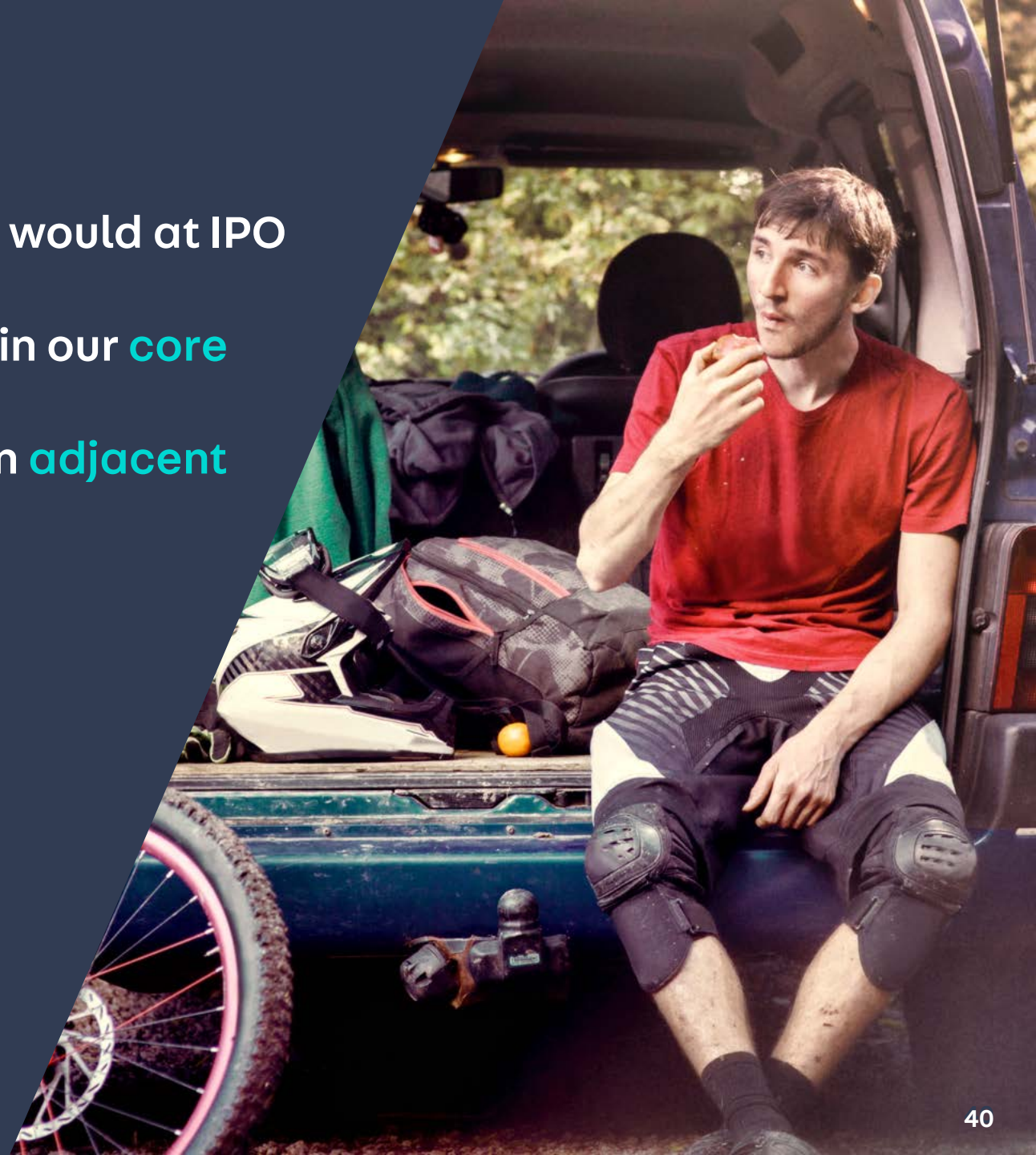


\* Based on the largest tracked sites on Comscore (approx. 15 due to availability)

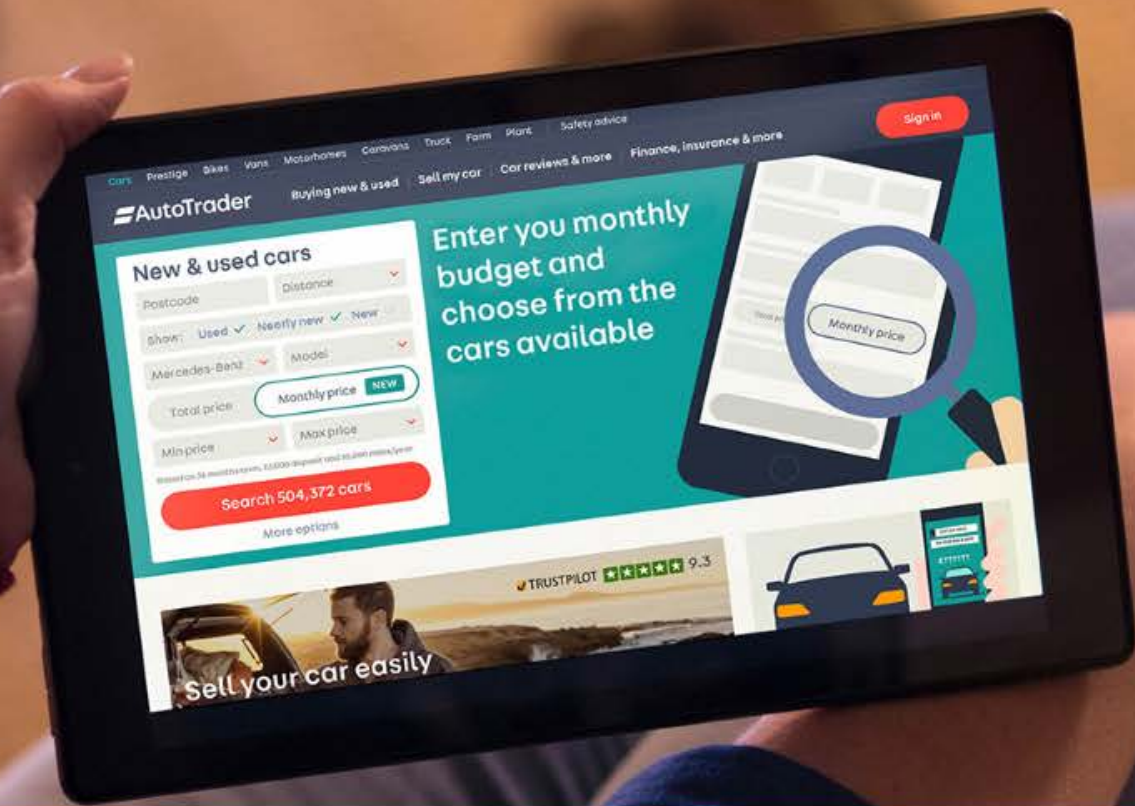


## Conclusion

- We have **delivered** on what we said we would at IPO
- There is still plenty of opportunity within our **core**
- And there is a significant opportunity in **adjacent markets** which we are yet to address
- There are **industry headwinds** ahead
- But we will continue to leverage our very **strong competitive position**



# Questions?



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# Capital Markets Day

15 March 2018

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 AutoTrader



# Capital Markets Day

Improving the car buying journey from search to transaction



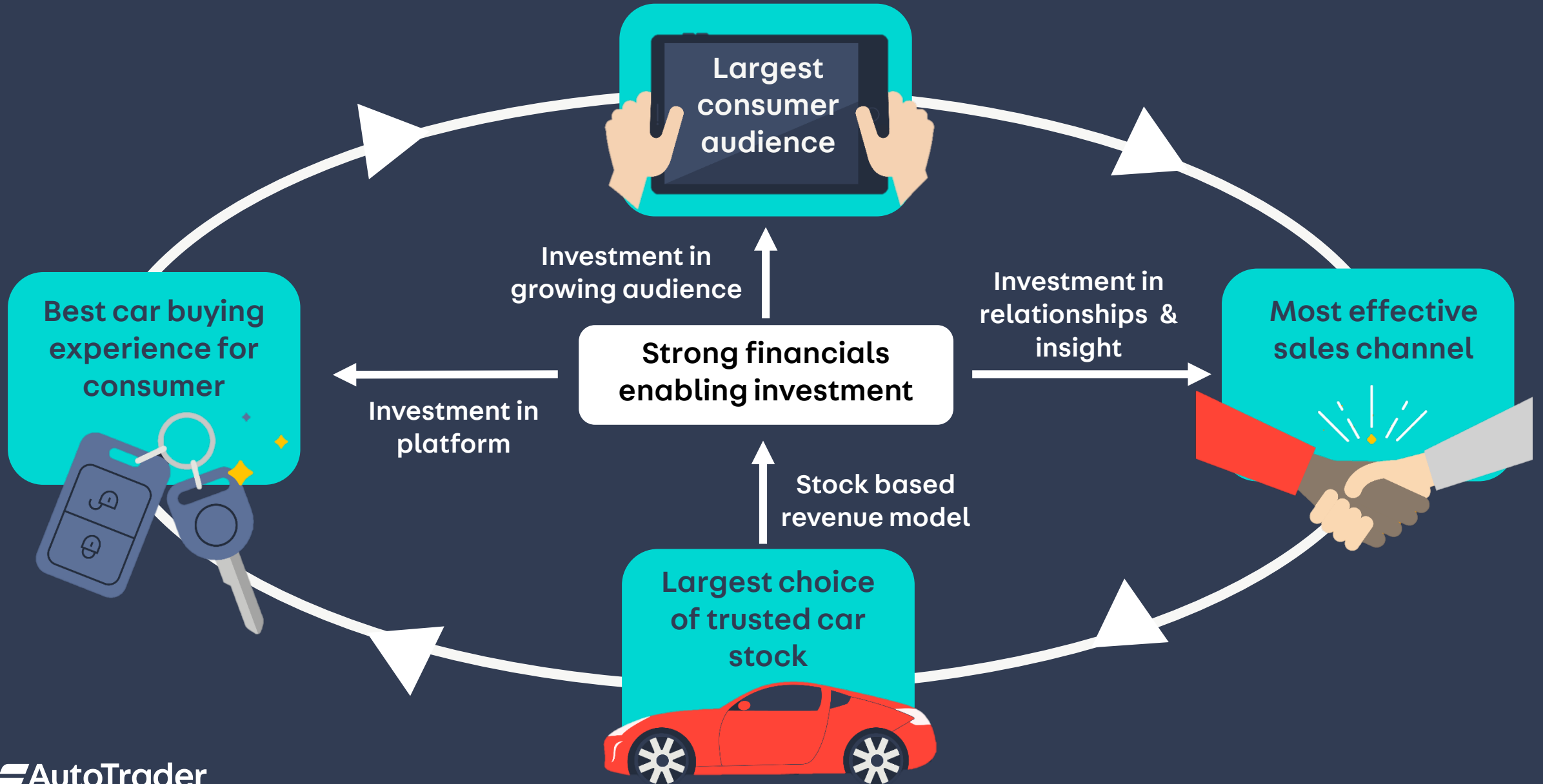
How we help improve a retailer's business



Delivering value for car manufacturers



# The Auto Trader model

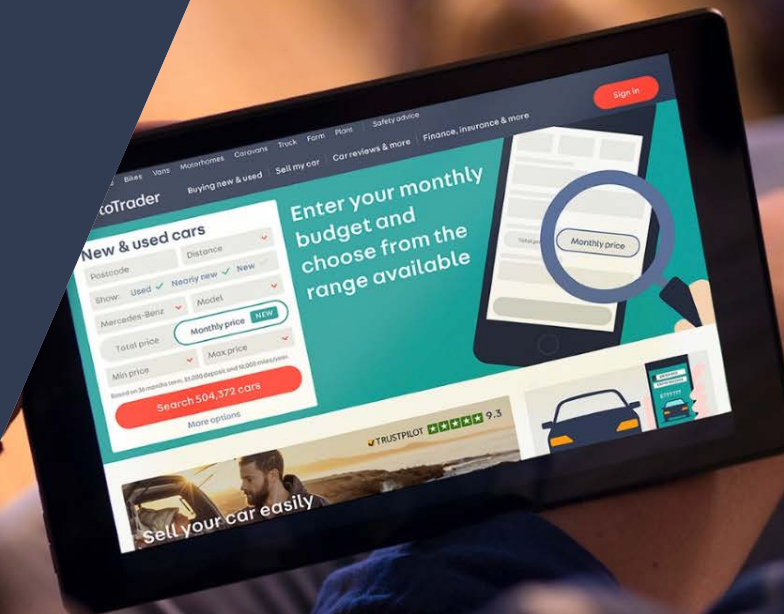




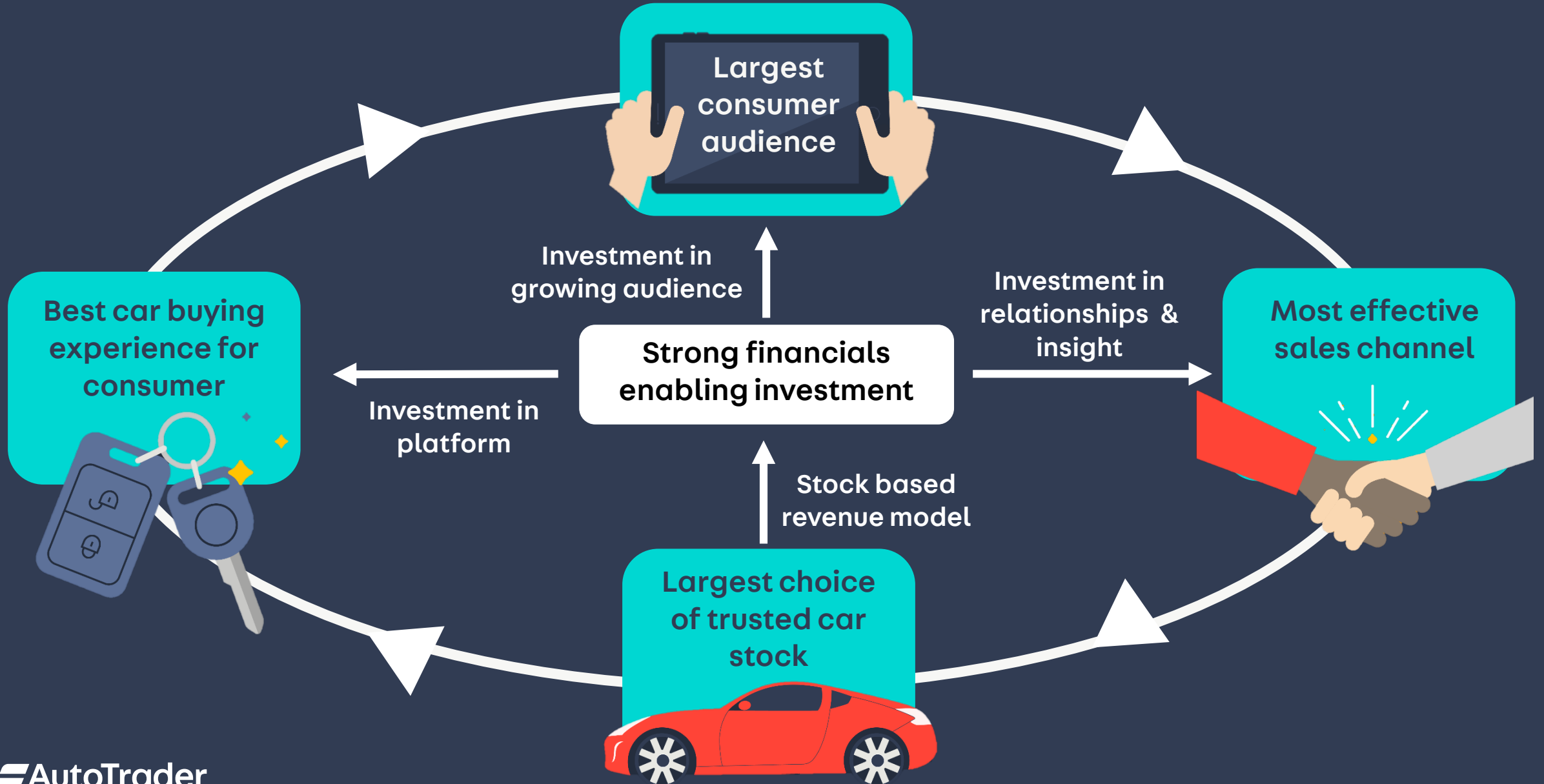
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# Improving the car buying journey from search to transaction

Presented by  
Jason Biffin & Karolina Edwards-Smajda



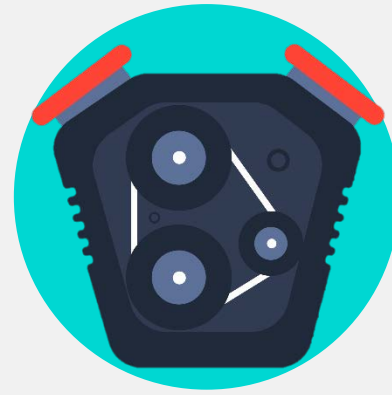
# The Auto Trader model



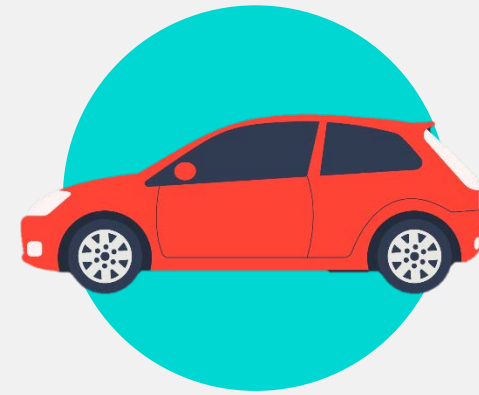
# Improving the car buying journey from search to transaction



Why are we doing it?  
**Consumer trend  
around trust and  
transparency**



How are we responding?  
**Building trust into  
the consumer  
experience**



What's next?  
**The journey  
towards online  
transactions**

# Why is trust & transparency so important?

## Travellers' Choice: Top hotels



Mandapa, A Ritz-Carlton Reserve  
704 Reviews  
Ubud, Indonesia

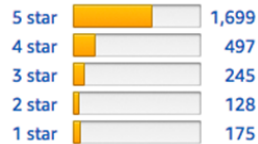


Aria Hotel  
Budapest



## Customer reviews

★★★★☆ 2,744  
4.2 out of 5 stars



See all 2,744 customer reviews

## Top customer reviews

★★★★★ My single most favorite  
By Adam on 29 September 2017  
Color: Black | Offer Type: With S

amazon

Scores based on 91 reviews



Invoice history based on 66 reviews.

Invoice History

Charged as per quote / estimate

Payments reported as misse

Checkatrade

+ **94%** of consumers conduct their car buying research online

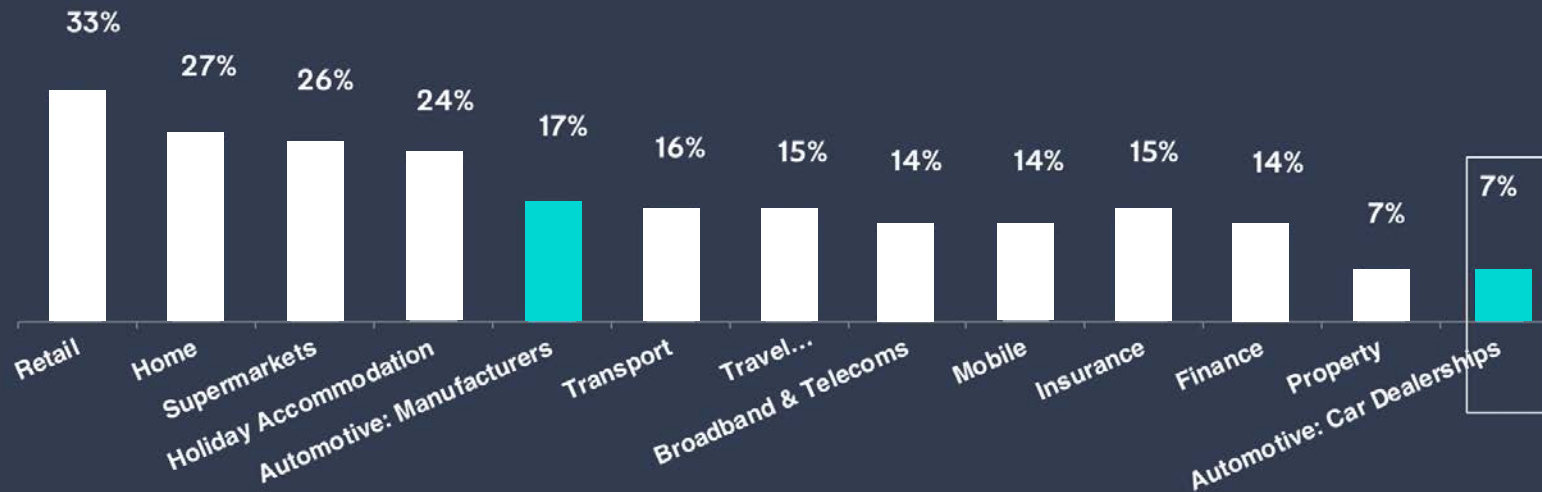
+ **13 hours** spent researching online on average by car buyers

+ **23%** of car buyers find visiting a dealership daunting

+ **22%** of consumers see car dealership websites as being untrustworthy

# Consumers don't trust car dealerships

## Levels of trust



Q8 Please rate each of the following types of companies on the extent to which you trust them when doing business with them.  
Base: All respondents (3224); Bought a new car in the past six months (240); Bought a used car in the past six months (459)



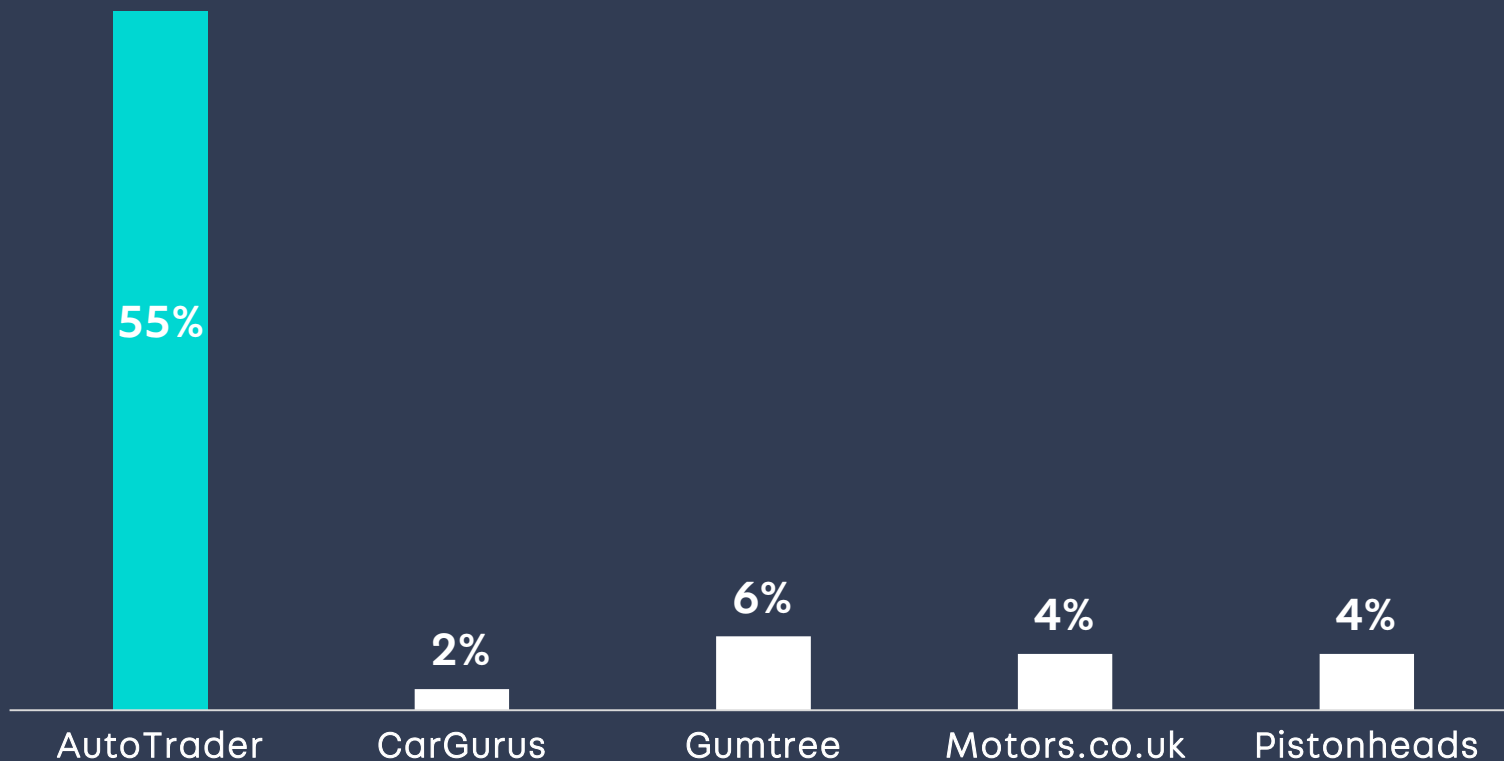
The perception amongst consumers is that they don't trust car dealerships, with only **7%** claiming to trust them



And with physical retailer forecourt visits declining, it's imperative that retailers start to build trust online first

# But Auto Trader operates as a trusted intermediary

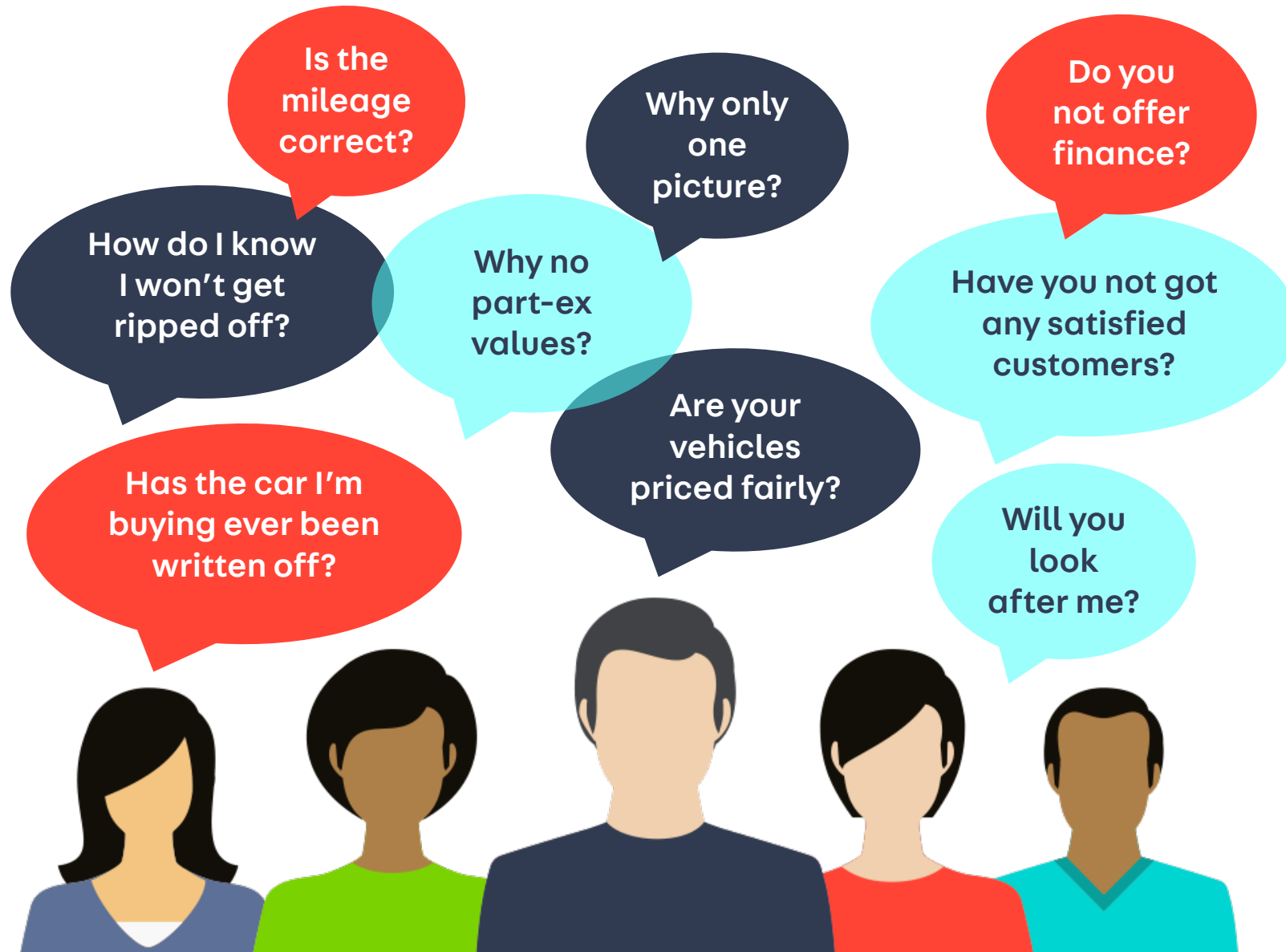
How trusted are each of the following brands?



Source: Auto Trader Brand Tracker Study, 2017

- + #1 trusted brand**  
Auto Trader is the most trusted automotive classified brand in the UK
- + 59 million visits**  
...and is the most visited automotive website - 3x larger audience than our nearest competitor
- + 678 million minutes**  
...and we have the most engaged audience

## What Auto Trader users said about car retailers...



**Trust** in the **car** they want to buy

**Trust** in the **seller**

**Trust** in the price of the car they are **selling**

**Trust** in the price of the car they are **buying**



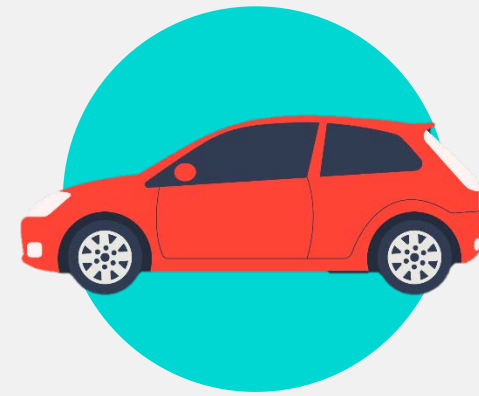
# Improving the car buying journey from search to transaction



Why are we doing it?  
**Consumer trend  
around trust and  
transparency**

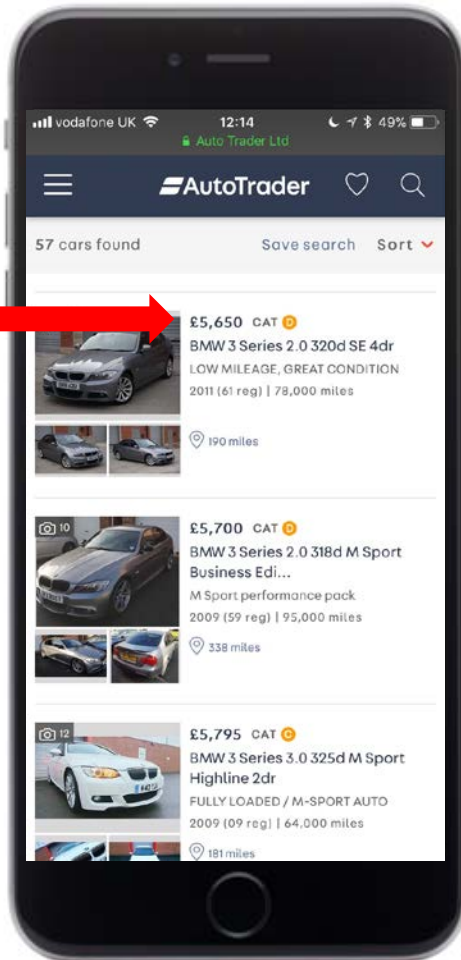


How are we responding?  
**Building trust into  
the consumer  
experience**

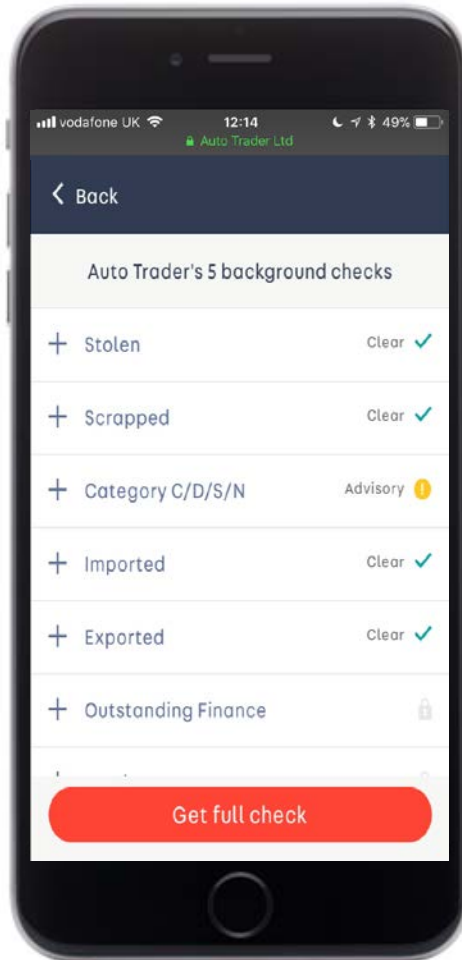


What's next?  
**The journey  
towards online  
transactions**

# Trust in the car they want to buy



£5,650 CAT D



BASIC CHECK

## The problems we are trying to solve

- + **20%** of car buyers found information to be vague, hard to find or misleading when researching cars
- + Of those, **36%** of consumers claim to delay or put off buying altogether

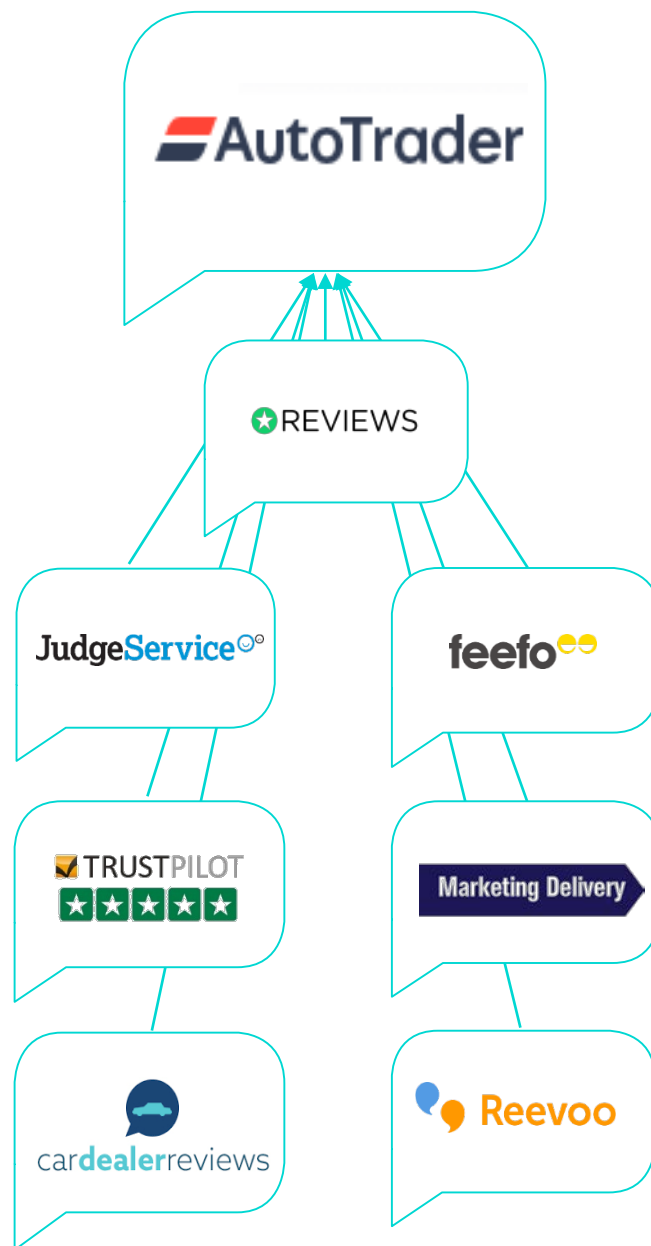
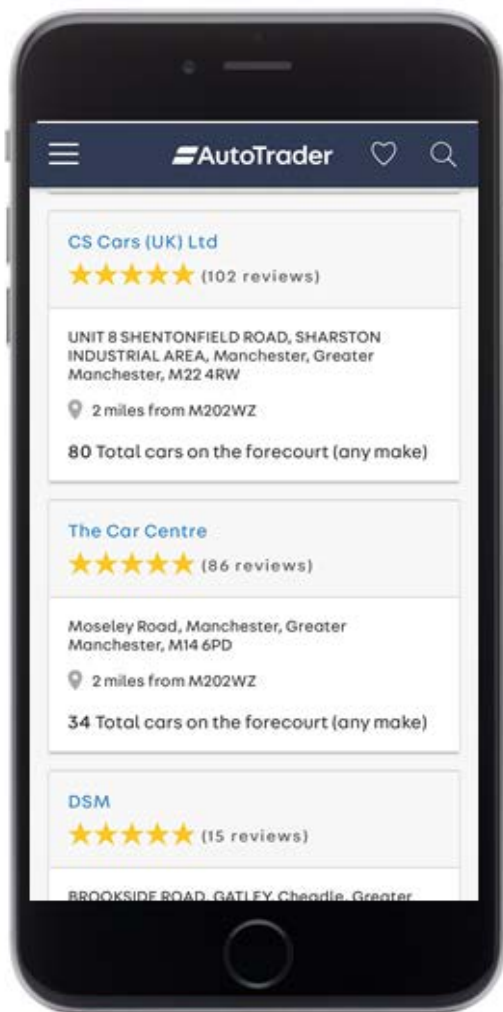
## What have we done?

- + Exposed cars which have been involved in write-offs so it is obvious to the consumer
- + Provided free history checks on every car on site

## The results

- + **20,000** vehicles checked every day
- + **550** misleading adverts removed from site every week

# Trust in the seller



Source: Internal Auto Trader data.

## The problems we are trying to solve

- + The lack of trust consumers have with retailers
- + Provide retailers the opportunity to differentiate themselves on the marketplace

## What have we done?

- + Built relationships with the leading 3<sup>rd</sup> party review sites and aggregated over **450,000** reviews
- + Developed our own "open" review platform

## The results

- + The **#1** dealer review site in the UK
- + Over **7,000** retailers providing reviews on Auto Trader
- + **22%** more time spent on full page adverts that carry reviews vs. those that don't

Source: Internal Auto Trader data.

# Trust in the price of the car they are selling

## Part-exchange your car

Start a conversation with this dealer about part-exchanging your car using an Auto Trader guide valuation [Read more](#).

### Reg plate

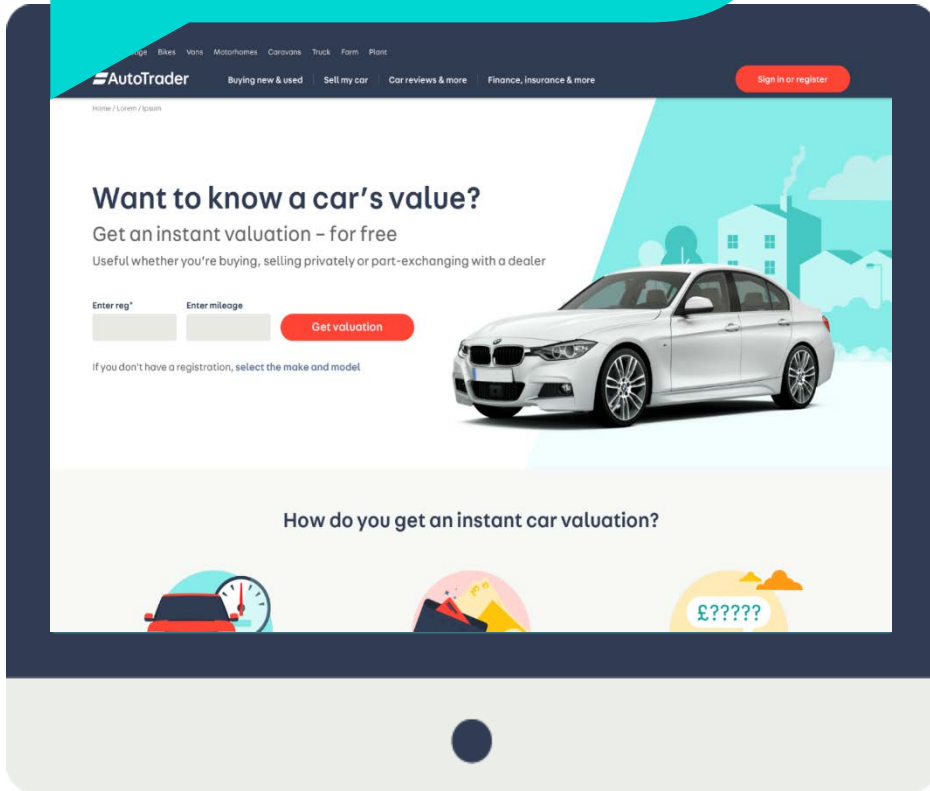
### Mileage

Find car

I just want a valuation.

*"We use the part exchange system in the interests of transparency. We are finding people would prefer to know what they are going to achieve in part exchange before arriving"*

Retailer in Stoke



## The problems we are trying to solve

- + **33%** of buyers walk away from a negotiation due to a disagreement on the part-ex valuation
- + Agreeing the value of their current car cited as being one of the most challenging aspects of the buying journey

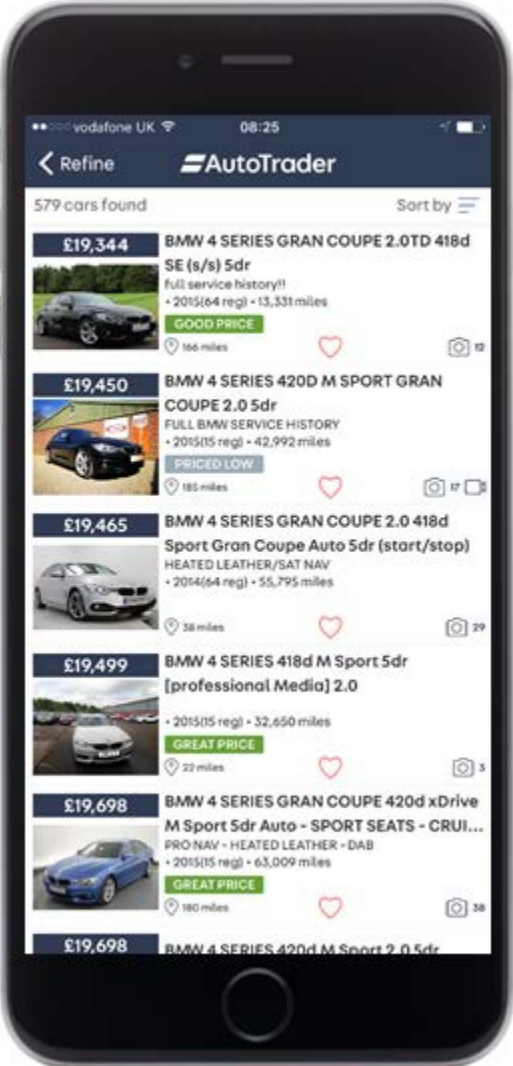
## What have we done?

- + Provided functionality for consumers to receive an instant valuation of their car based on the live market

## The results

- + Circa **9,000** retailers choose to promote our part-ex guide tool on their full page advert
- + **1.5M** valuations carried out by consumers each month
- + Over **85,000** part-ex enquiries sent to retailers each month

# Trust in the price of the car they are buying



## The problems we are trying to solve

- + Over **75%** of car buyers believe that transparent pricing is the most important factor when buying a car
- + Buyers consider it more important than history checks and the interaction with salespeople when looking to purchase a car

## What have we done?

- + Launched price indicators to help consumers validate the price of a car versus other similar cars on the Auto Trader marketplace
- + Developed valuations adjusted for vehicle optional extras that power price indicators

## The results

- + Advert with price indicator are viewed over **4m** times everyday



# Trust in the price of the car they are buying

## Retailer finance and monthly price search



### The problems we are trying to solve

- + Consumers are keen to see monthly finance prices especially when many of the finance deals being offered are seen as confusing or not easily found
- + With retailer used car finance penetration at **30%** there is a significant opportunity to raise awareness and subsequently increase profit for retailers

### What have we done?

- + Integrated with over **6,000** retailers who provide us with their finance options
- + Partnered with Zuto to provide finance options where retailers are not authorised by the FCA

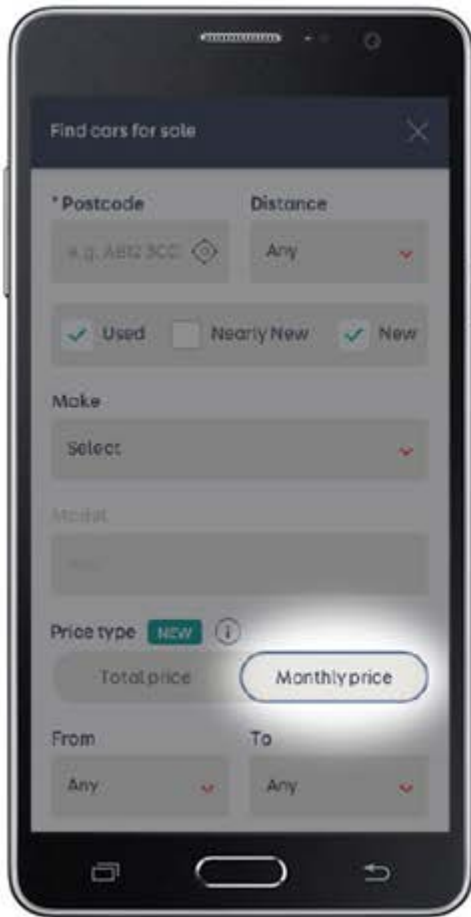
### The results

- + Over **300,000** cars live with a monthly price
- + **1m** interactions with our new finance calculator in January

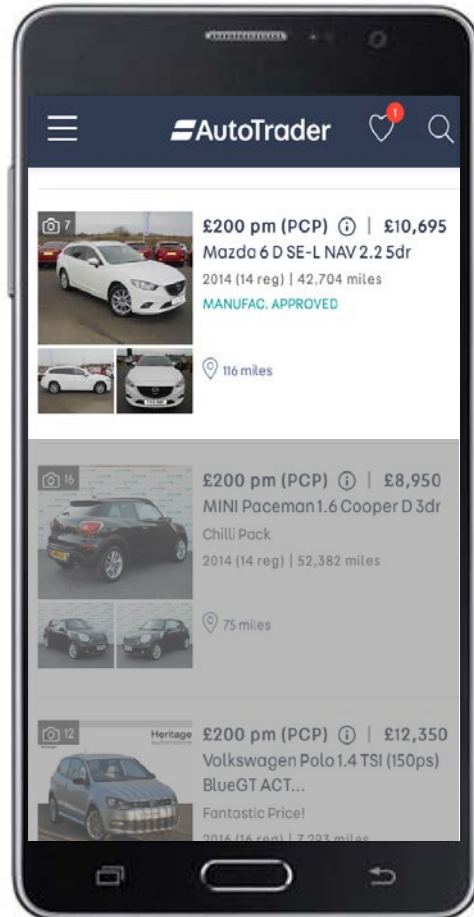


# Trust in the price of the car they are buying

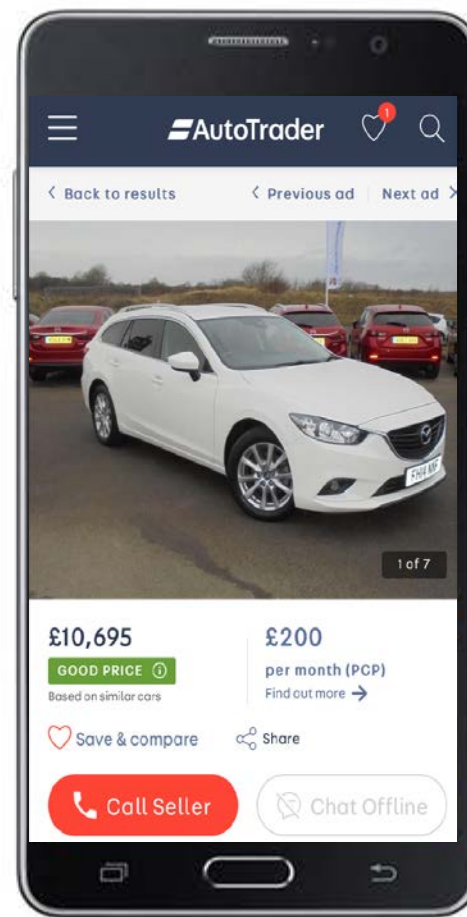
## Retailer finance and monthly price search



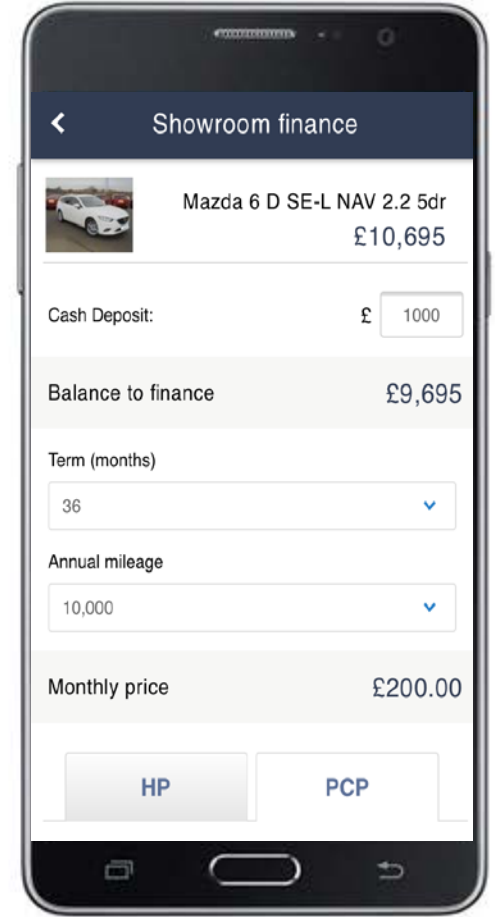
Buyers have the ability to search on the basis of a monthly price



Buyers can then compare affordability between a total retail price and a monthly price



Buyers can then choose between a PCP and HP option depending on the retailer's finance and the consumer's preference

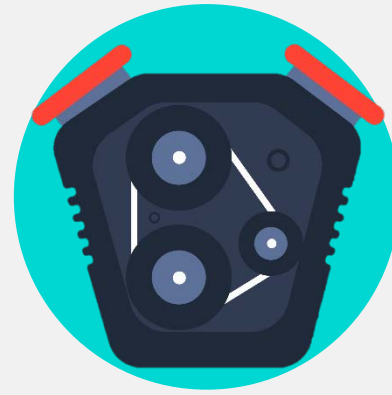


And finally tailor their deposit and monthly payment options to suit their circumstances

# Improving the car buying journey from search to transaction



Why are we doing it?  
**Consumer trend  
around trust and  
transparency**



How are we responding?  
**Building trust into  
the consumer  
experience**



What's next?  
**The journey  
towards online  
transactions**

# The appetite for transacting online

## McKinsey & Company

33%

Research conducted by global consulting firm McKinsey found that a decade ago, consumers in America would visit five dealers before making a purchase but today they visit just 1.6 on average. They also discovered that while 85% of customers still visit dealers, 25% are not happy with the dealer experience. In addition, more than 33% would consider buying a car online.

## Capgemini Consulting

42%

### The appetite for online sales continues to grow.

Overall, 42% of consumers say they are "likely" or "very likely" to buy a car online in the future (compared to 35% in 2015). The interest is especially high in emerging markets, with 58% saying the same, compared to 31% in mature markets. In the past, online sales were significantly higher for premium cars, since these OEMs were the first to pilot the new channel. This year, volume brands are in the mix, and customers are welcoming this expansion of online choices (figure 7).

## YouGov

36%

**MORE than a third of Millennials (36 per cent) would buy a car online according to new research.**

The study of 2064 adults, of which 1,525 were licence holders, was carried out by YouGov for TrustPilot. It showed that on average 25 per cent of adults would be open to buying a car online.

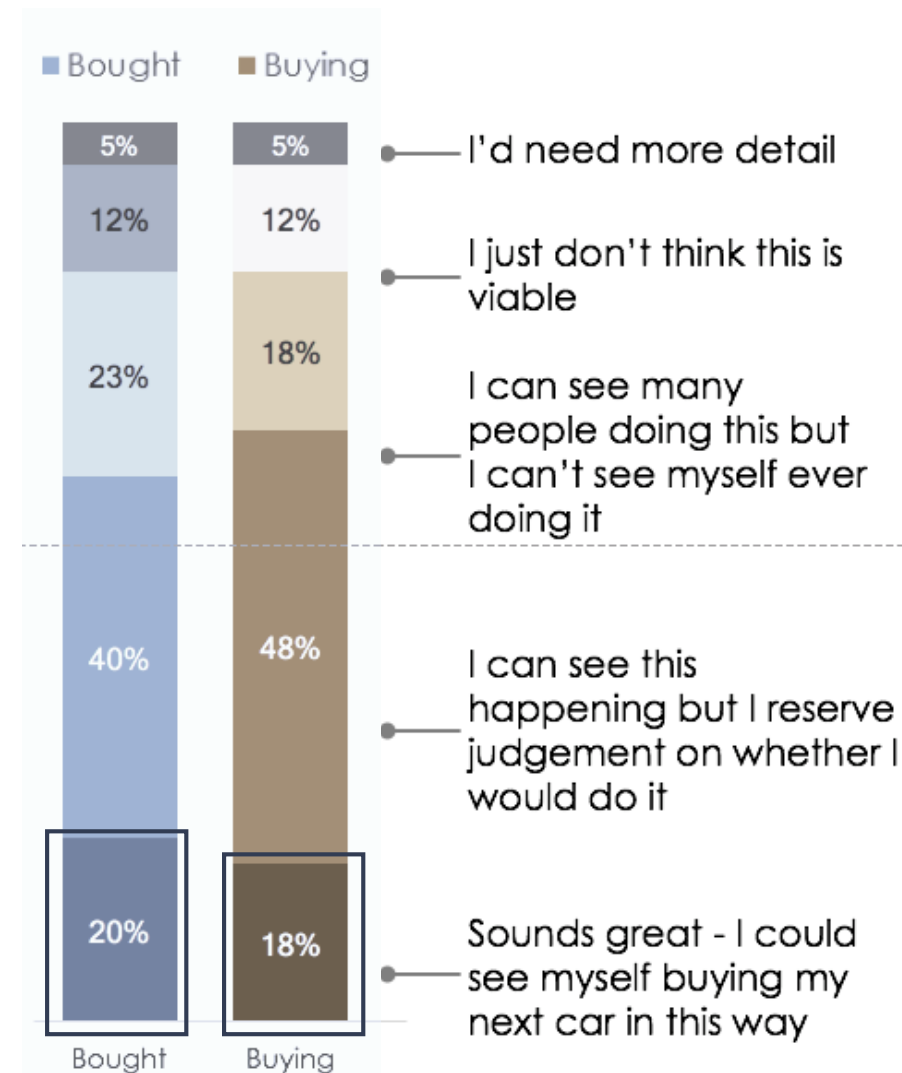
## accenture

75%

### Buying online only? Most say yes

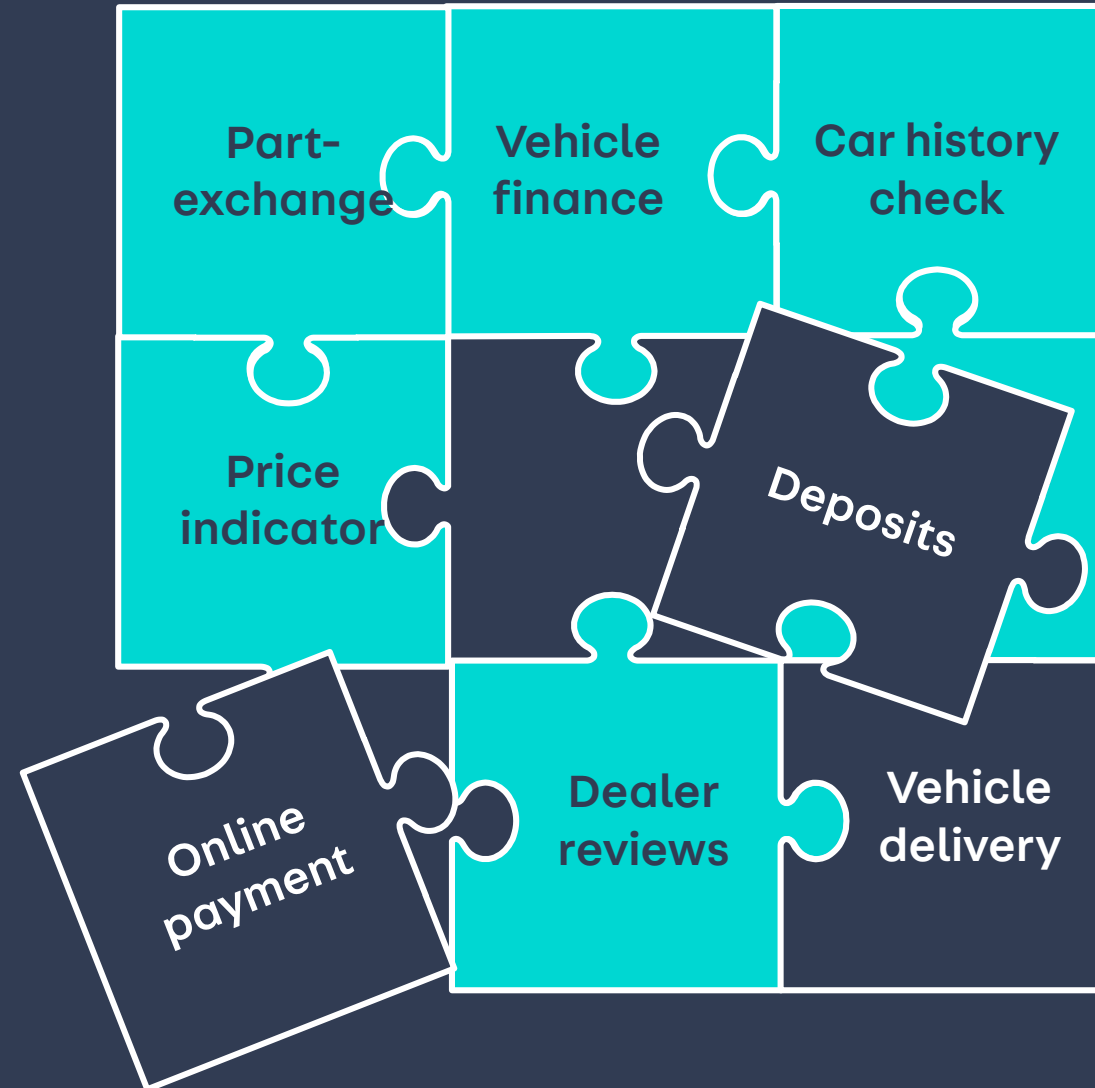
As with many other industries, like online auto insurance, the internet has revolutionized the car shopping experience. With with a few button clicks and random keystrokes, reams of information are at consumers' fingertips. In a poll done two years ago, three-quarters of respondents said they wouldn't have any problems with conducting their entire car-buying process online, based on the findings from an Accenture survey. Indeed, of the 10,000 car-seeking individuals who took part in the poll, 80% said they would be using the internet in one capacity or another before they came to a final decision.

## Response to buying online Auto Trader Research July 2017



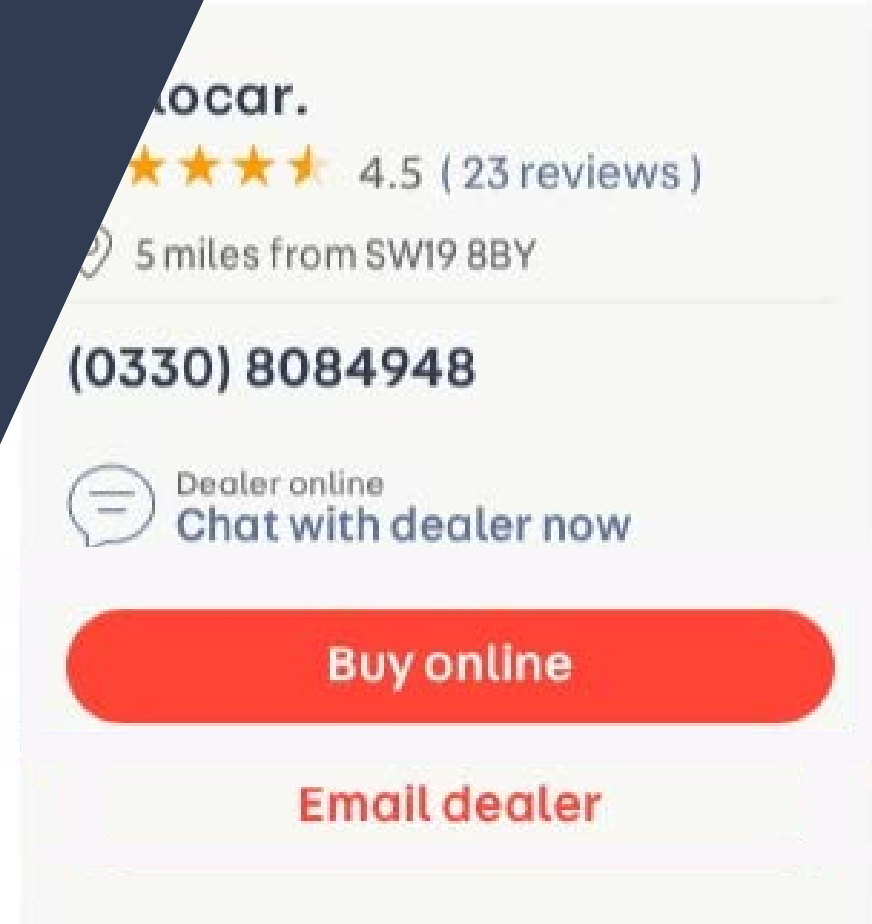
Source: Auto Trader online transactions research 2017

# It's about bringing all components into one online journey



# Conclusion

- We have the experience, resources and technology to continue **leading innovation** in the UK marketplace
- We win with consumers because we are the most **trusted** and we have a clear vision that responds to car buyers' demand for **transparency**
- We improve complex buying experiences at **scale** which makes it hard to replicate
- We will extend this position by leading the industry's transition to **transacting online** like most other retail categories



locar.  
★★★★★ 4.5 ( 23 reviews )  
5 miles from SW19 8BY  
**(0330) 8084948**  
Dealer online  
Chat with dealer now  
**Buy online**  
**Email dealer**



**Part-exchange for this car**  
My awesome golf: LL12EOX  
This car £15,395      Your car £ - - - -

Capital Markets Day

# How we help improve a retailer's business

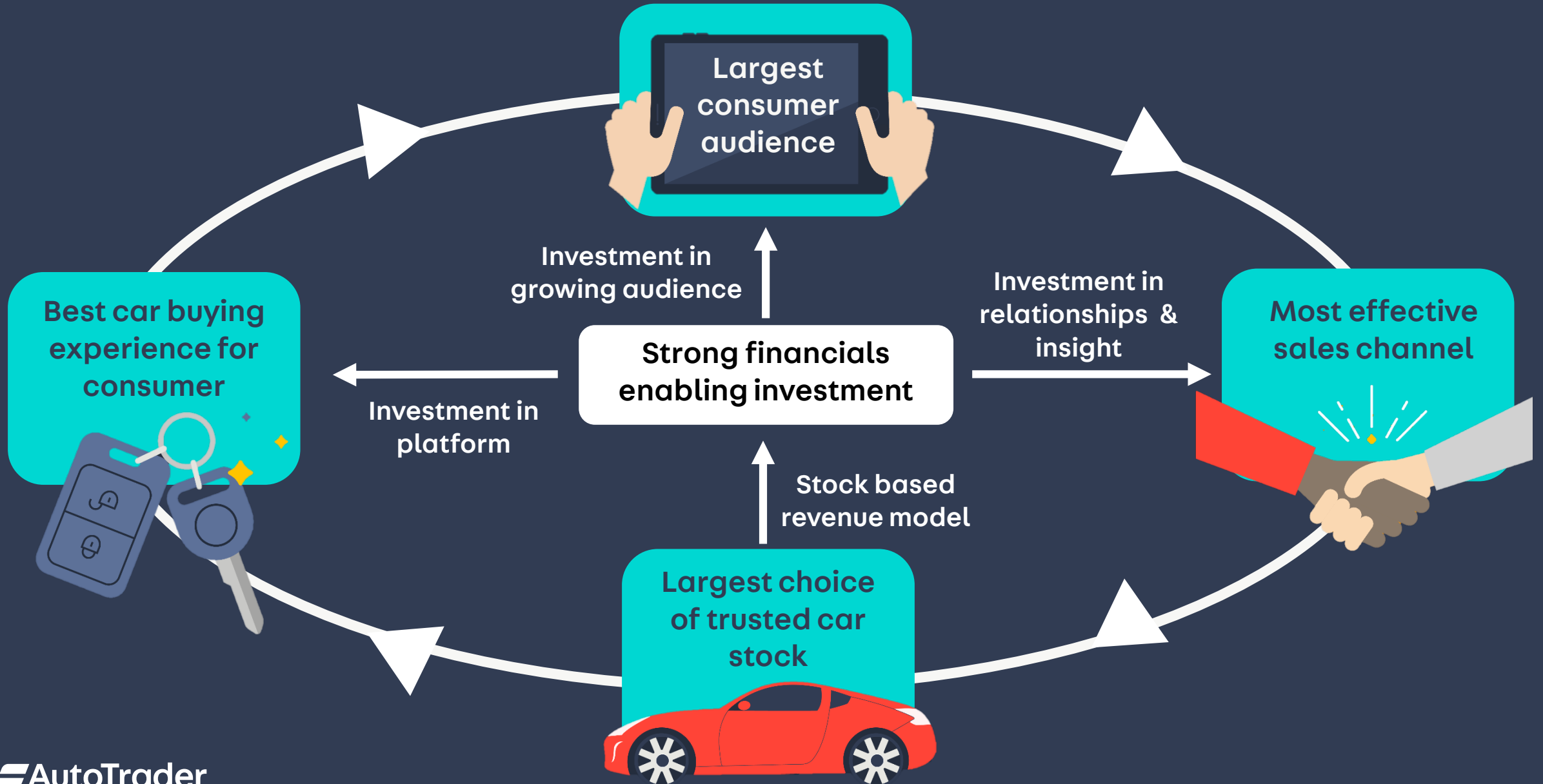
Presented by

Le Etta Pearce & Darren Moon





# The Auto Trader Model



# Our key themes



**Data to improve a  
retailer's  
performance**



**Products to help  
retailers appeal to  
consumers**



**Partnering with  
our retailers**

# Our key themes



**Data to improve a  
retailer's  
performance**



**Products to help  
retailers appeal to  
consumers**



**Partnering with  
our retailers**

For the past 20 years we've helped retailers **leverage our data** about their business **to manage performance**, in a digitally evolving marketplace



## Fragmented marketplace

- 13,200 retailers
- On average 420k adverts per day



## Engaged consumers

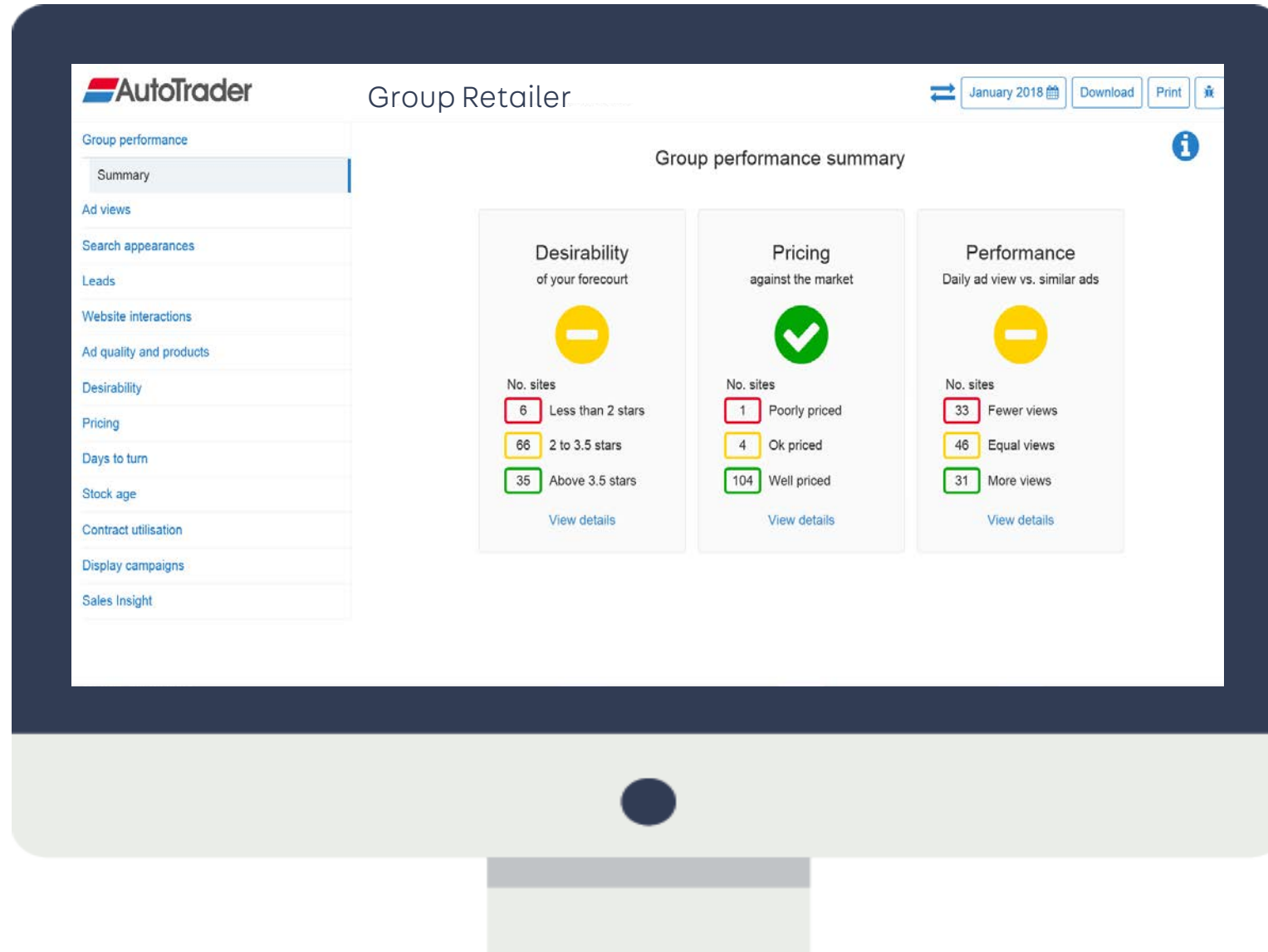
- c.1.5bn searches, generating c.53bn advert search appearances and c.3bn Full Page Advert Views per year



## Generating transactions

- Part of the 5.1m used car B2C transactions

# We offer tools to manage performance within every retailer package





**70,000**  
logged in users  
each month

**700,000**  
sessions each  
month

**3m**  
page views each  
month

**88%**  
of retailers  
log-in each month

## As well as a stock management system...

Group view > Luscombe Mitsubishi Leeds

You have 1 new lead

Hello John. Yesterday, your **Toyota AYGO** was your most popular vehicle in total price search.

Great result.  
Your car ads got the most views in the last 7 days, better than similar ads.

— Your views — Similar ads

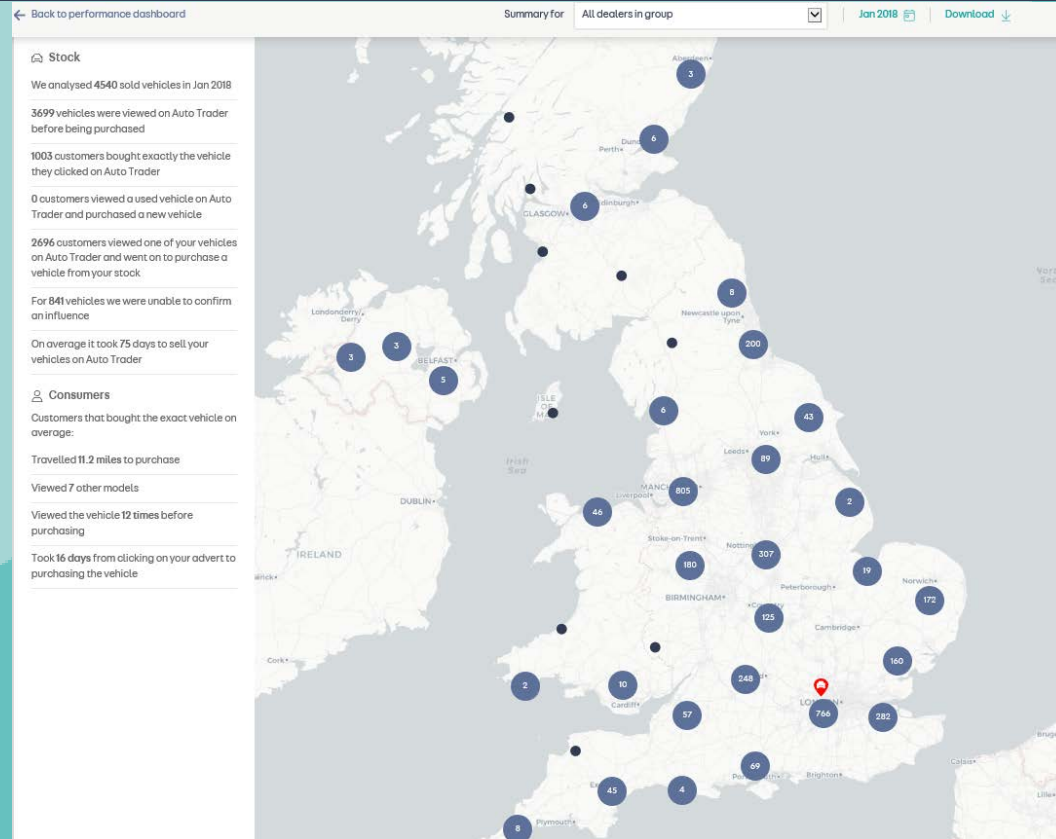
See your recent ads

+314 % Daily ad views vs similar ads	63 Days in stock	378 Total ad views
-----------------------------------------	---------------------	-----------------------

Go to [Toyota AYGO NUI3FJN £4,474](#)

Advertised stock <b>28</b> View your ads →	Unadvertised stock <b>7</b> Advertise your stock →	Low quality ads <b>0</b> Your ads are looking good →	Stock over 45 days <b>10</b> Advertise to trade, it's free! →
--------------------------------------------------	----------------------------------------------------------	------------------------------------------------------------	---------------------------------------------------------------------

And data on:  
"where do I sell my cars?"



# Our key themes



**Data to improve a  
retailer's  
performance**



**Products to help  
retailers appeal to  
consumers**



**Partnering with  
our retailers**

# Products have been created to meet a number of different needs

1

## Attract and interact with consumers

- Images
- Video
- Chat
- Reviews
- Part-ex guide
- Websites

2

## Compete with other retailers

- Prominence products (packaged & unpackaged)
- Retailer display
- Lead generation
- Finance products

3

## Manage their forecourt efficiently

- i-Control
- Auto Trade Mail

# Retailers can increase vehicle views not only by being in the right place online, but through products that increase their prominence

## Advert quality

### Starter

Engage your buyers through the essentials of modern online retailing

### Basic

Stand out and encourage engagement through trust and transparency

## Advert exposure

### Standard

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

### Advanced

Boost your ad views with our bonus slot in search

### Premium

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



Live Chat



100 Images



Test the Trade



Part-Ex Guide



Dealer Reviews



Enhanced Listings



Vehicle Video



Gallery Branding



Live Chat



100 Images



Test the Trade



Part-Ex Guide



Dealer Reviews



Priority Listing Mobile



Enhanced Listings



Vehicle Video



Gallery Branding



Live Chat



100 Images



Test the Trade



Part-Ex Guide



Dealer Reviews



Promoted



Priority Listing Mobile



Enhanced Listings



Vehicle Video



Gallery Branding



Live Chat



100 Images



Test the Trade



Part-Ex Guide



Dealer Reviews



Priority Listing Desktop



Promoted



Priority Listing Mobile



Enhanced Listings



Vehicle Video



Gallery Branding



Live Chat



100 Images



Test the Trade



Part-Ex Guide

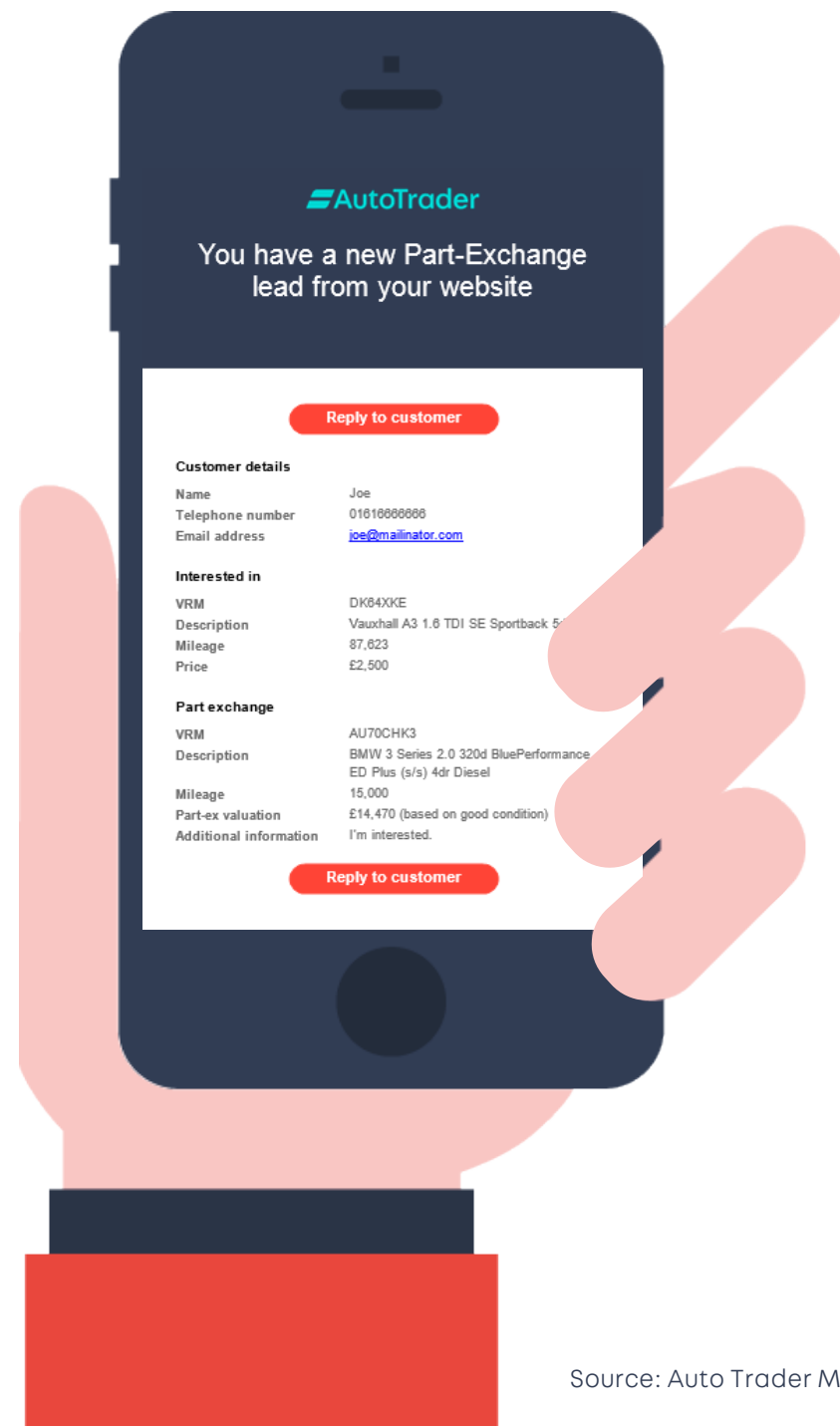


Dealer Reviews

# Delivering better informed consumers and better quality enquiries to retailers through a number of channels

52%

Just walk in without making prior contact





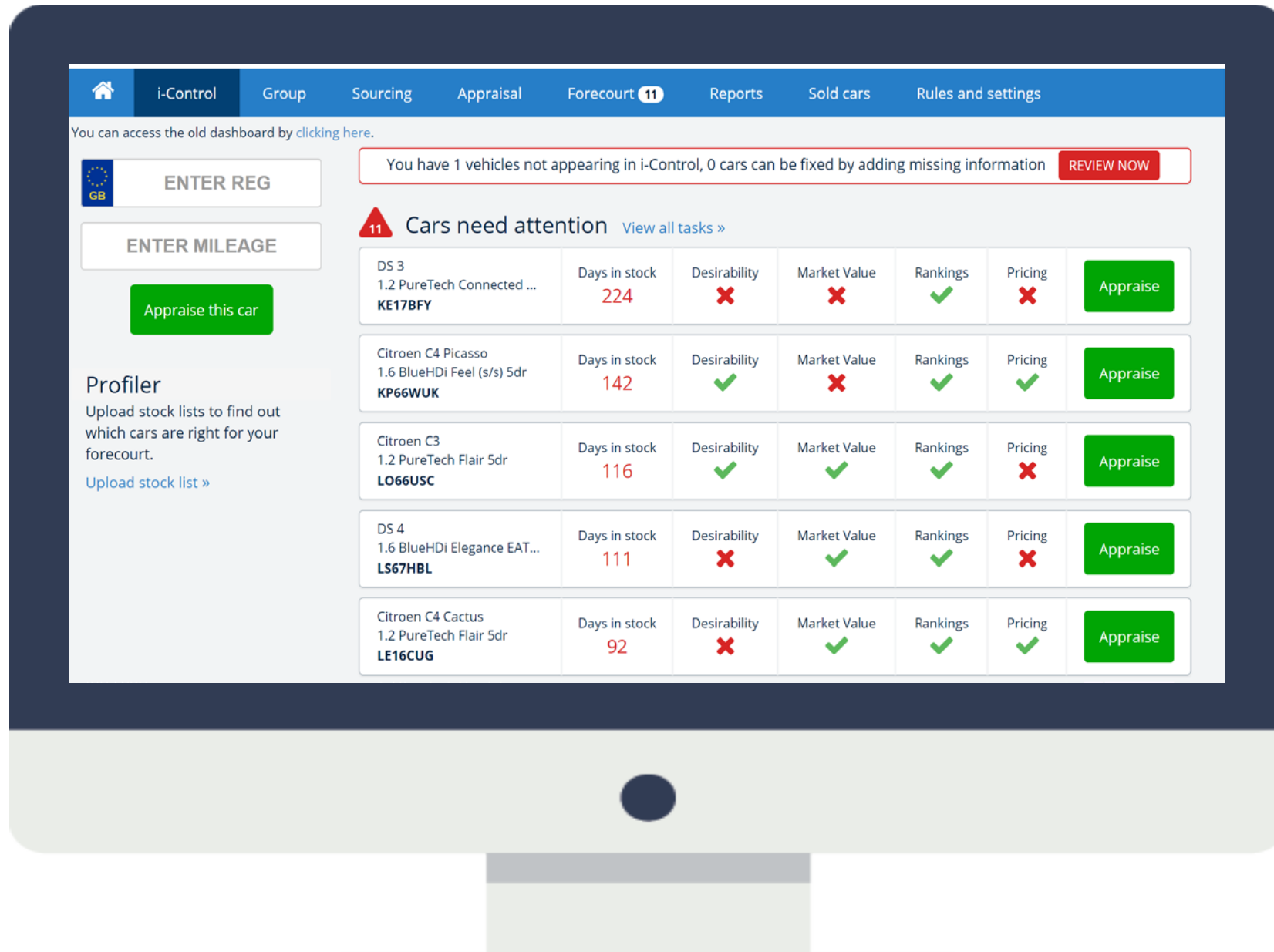
Dealer finance has been brought higher up the buying funnel, making conversion at the forecourt easier

**13 hours**  
of online research



**Introduce the  
concept of finance  
earlier in the process**

# Data-driven forecourt management products (eg. i-Control)



# Our key themes



**Data to improve a  
retailer's  
performance**



**Products to help  
retailers appeal to  
consumers**



**Partnering with  
our retailers**

# We develop and support our customers through c.300 people in sales, and support delivering wider added value initiatives

**1,347**

retailers have attended our Masterclasses and Discovery Days

**400**

Regional and bespoke conferences

**>23,000**

Face-to-face meetings

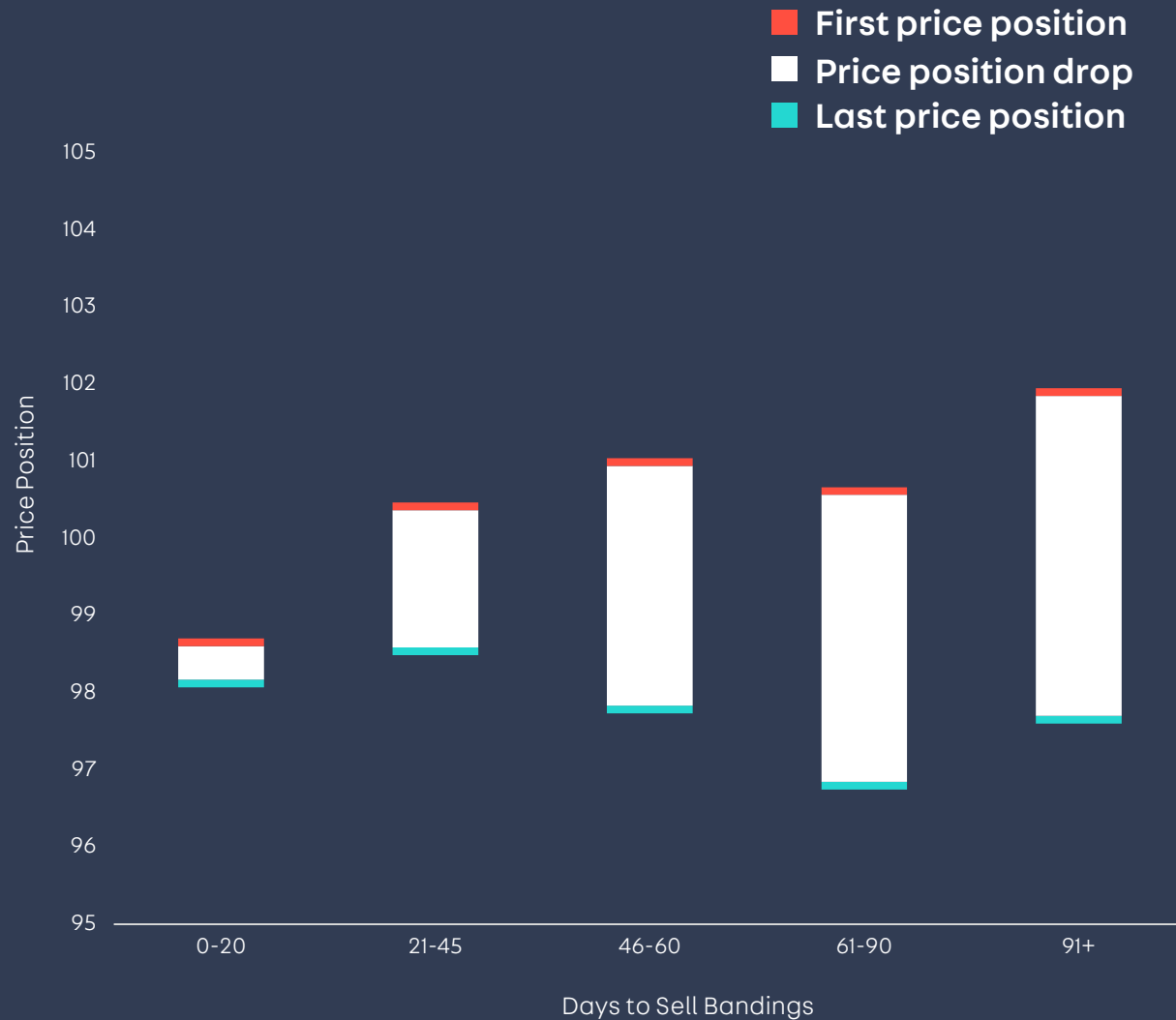
**c.260,000**

inbound and outbound calls handled

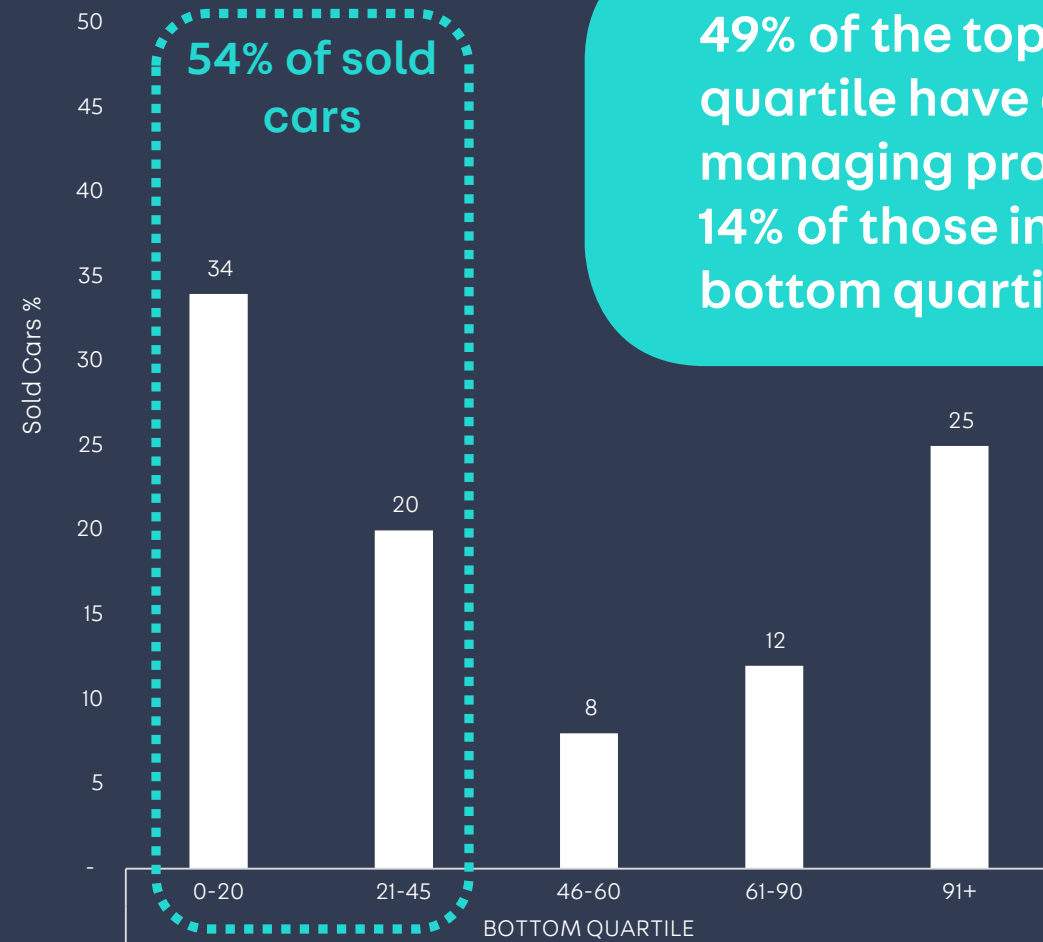
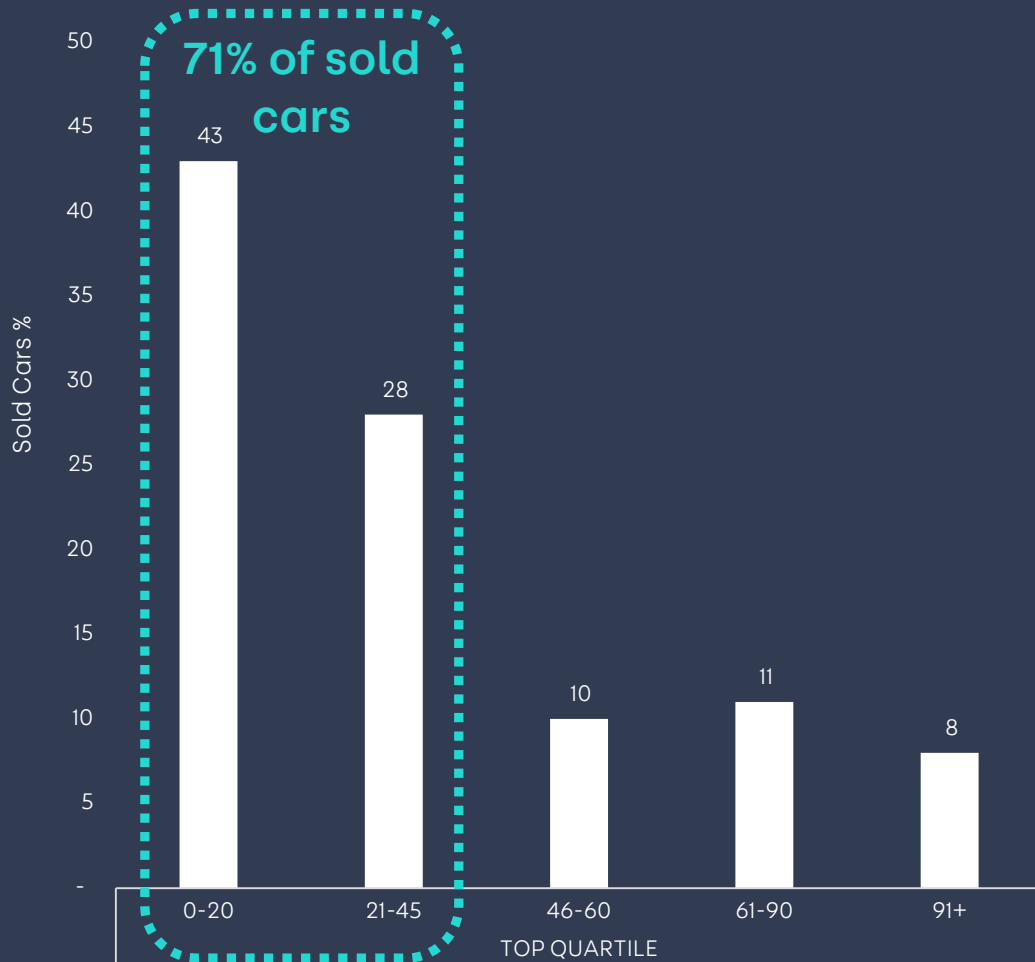
**1,415**

Retailers subscribed to our webinars

The variation in customer performance is significant, so we utilise our teams internally to embed our products and improve our customer performance



# The opportunity to bridge the gap between the top and bottom quartiles is significant





# Conclusion

- Retailers have had to digitally evolve with consumers, however we give **unrivalled insight** on their performance
- Auto Trader has **developed products** to generate leads, compete for prominence and manage forecourts efficiently
- All delivered by a **digitally skilled sales team**, partnering retailers with Auto Trader



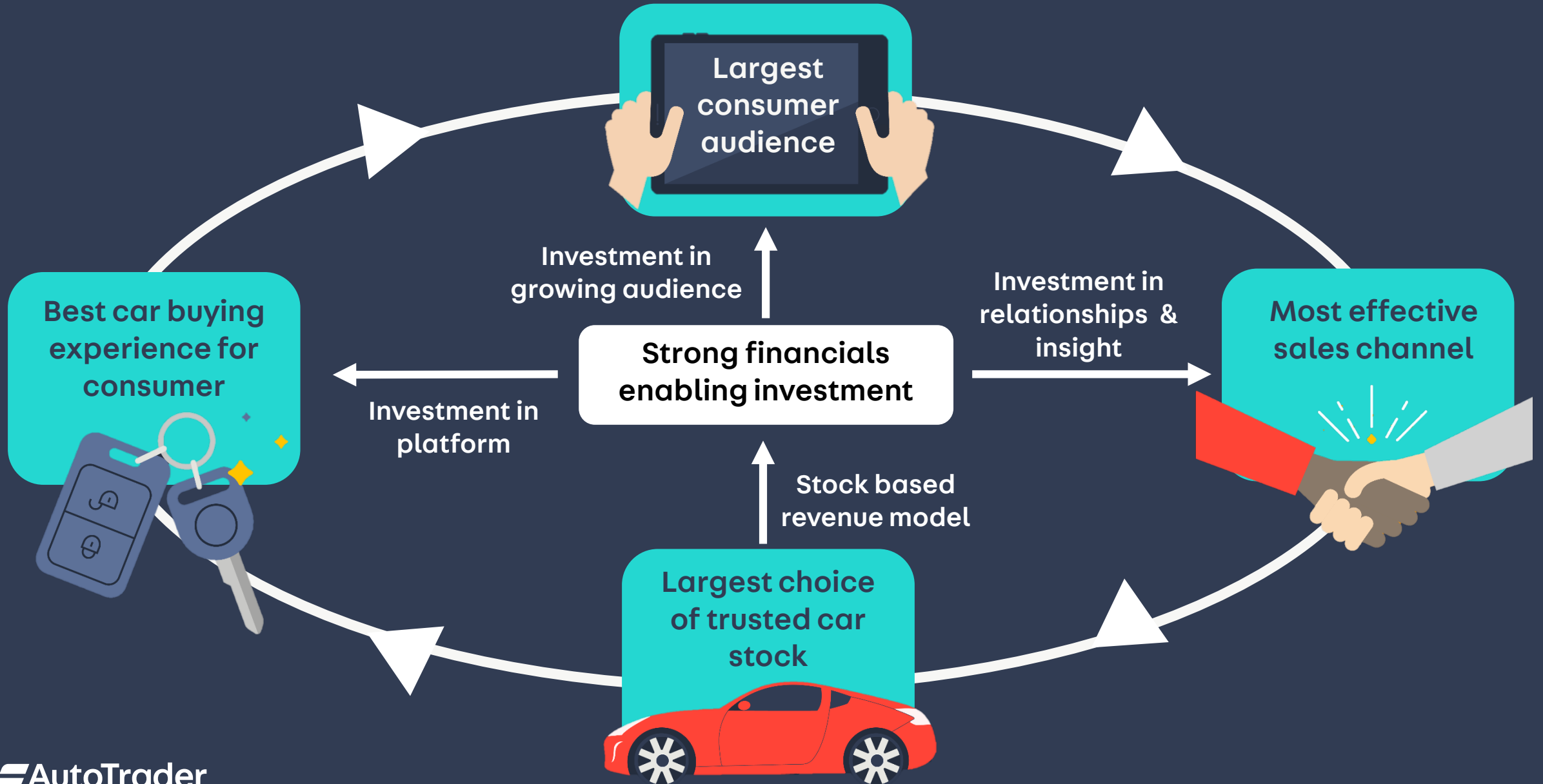
Capital Markets Day

# Delivering value for car manufacturers

Presented by  
Ian Plummer & Naomi Hahn



# The Auto Trader Model



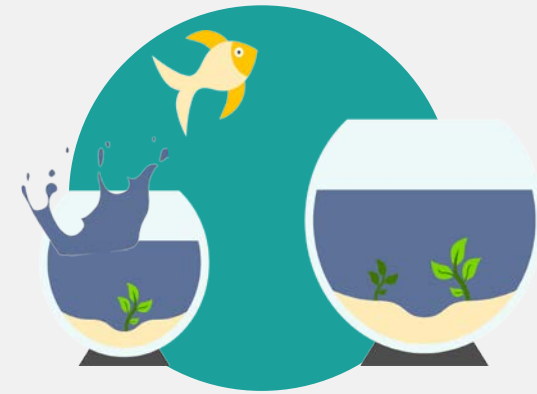
# Delivering value for car manufacturers



**Realising the new  
car opportunity**



**Building valuable  
relationships using  
our data, insight and  
expertise**



**Evolving our  
product set and  
ways of working**



# Delivering value for car manufacturers



**Realising the new  
car opportunity**



**Building valuable  
relationships using  
our data, insight and  
expertise**



**Evolving our  
product set and  
ways of working**

The automotive industry spends a huge amount on advertising every year...



£1.9bn

total auto advertising spend

Source: eMarketer & Ebiquity 2017



£950m

spent by manufacturers

...and the addressable digital market continues to grow

Manufacturers spend on digital

c.50%

=

£475m

Source: IAB H1 2017 Report



+13pp

Digital advertising market share growth  
H1 2014 vs. H1 2017

Source: IAB H1 2017 Report



To increase our share, we need to challenge manufacturer perceptions

40 year heritage as a printed magazine for used cars

"It's good that you are coming to us with a new car story, which you haven't done before; that surprised us as **we didn't see you in that way**, it **sounds compelling** and is starting to **make us think differently.**"

Marketing Director  
UK Car Brand

To do this we've built a team with industry expertise to strengthen our relationships with car manufacturers



# Auto Trader is ideally placed to help brands reconnect with consumers



Every month we see **9 million users** who spend **75 minutes** on average looking for their next car

**94%**

car buyers use **online research** to make their purchase decision

Source: Google Gearshift 2017

They spend **13hours** researching their next car online

Source: Auto Trader Market Report 2017

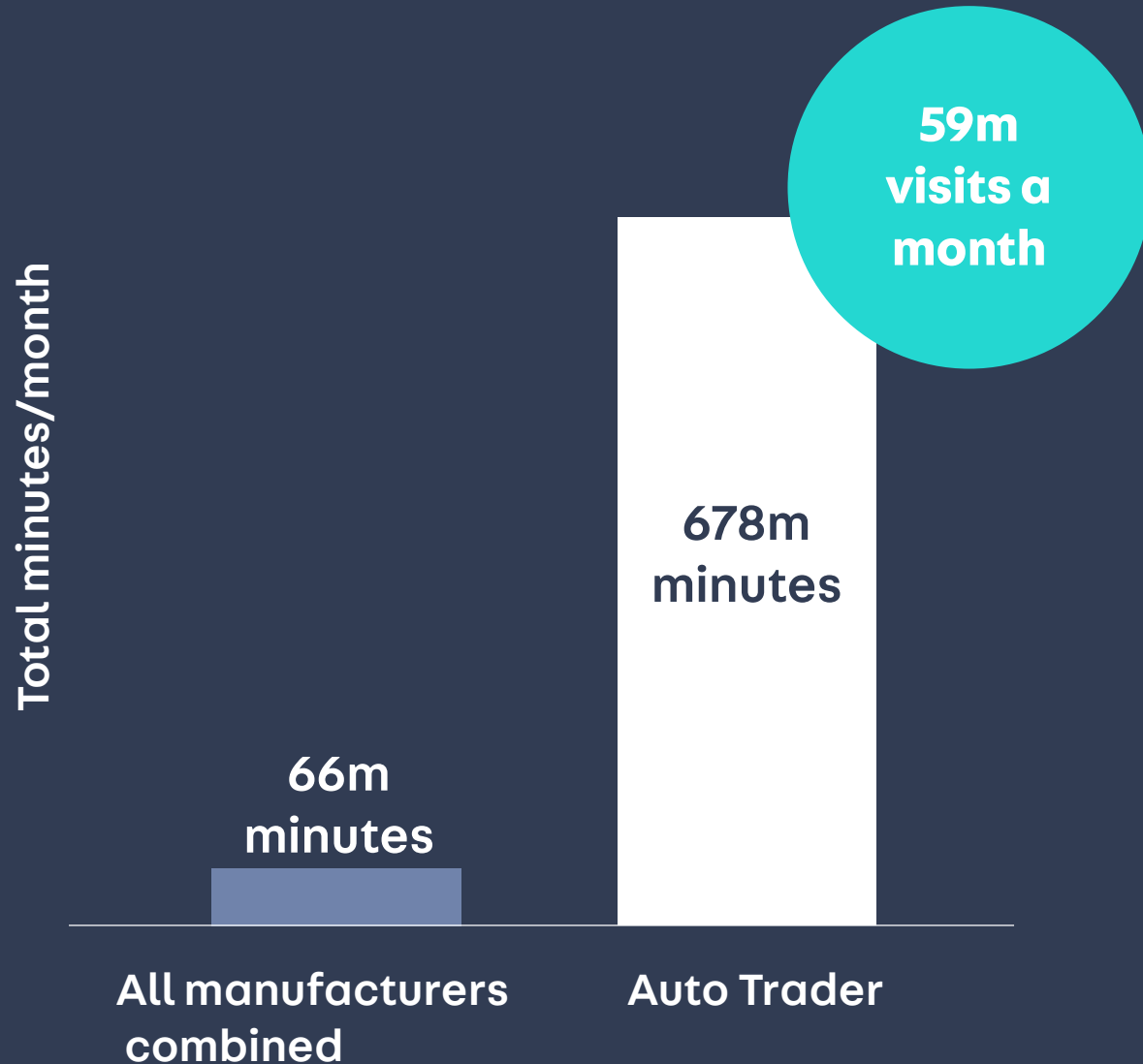
Over **60%** won't visit the manufacturer website

Source: Google Gearshift 2017

If they do visit the site, they'll spend just **10.7min** on average there

Source: comScore MMX Multi-Platform, Cross Visiting, January 2018, U.K

Our audience scale is unparalleled...



Source: comScore MMX Multi-Platform, Cross Visiting, January 2018, U.K

10x

More minutes on site than all manufacturers combined

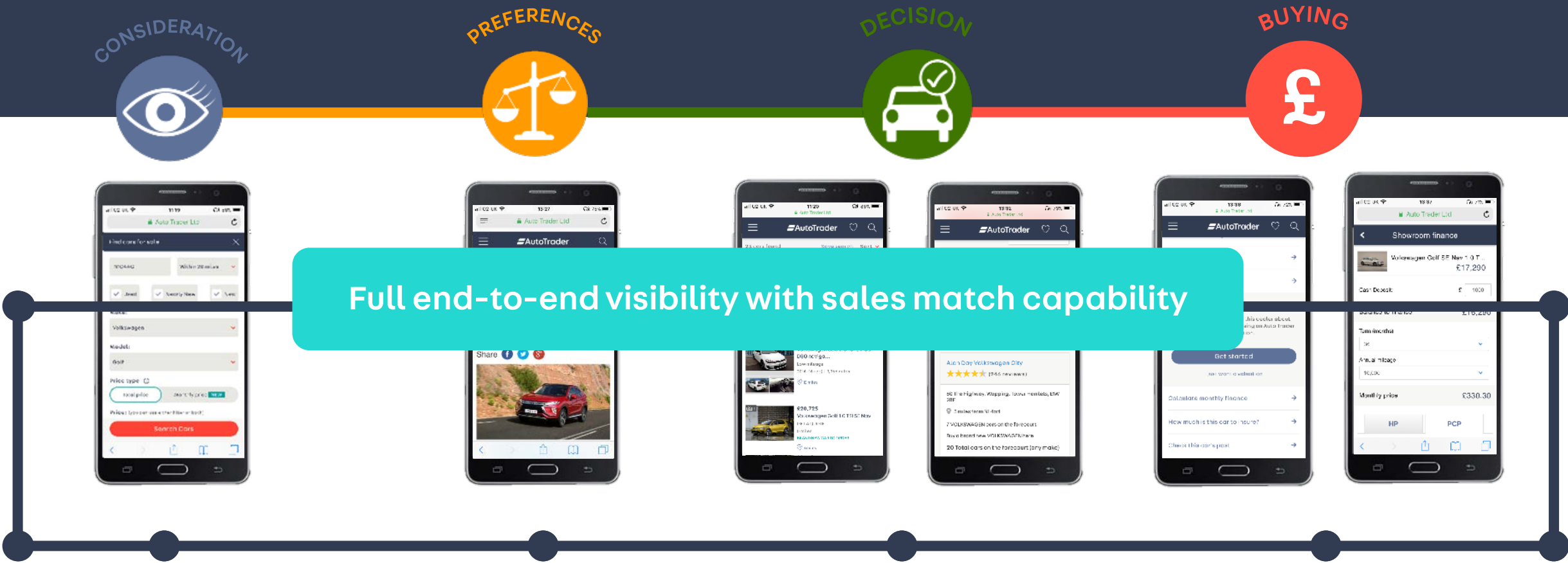
Source: comScore MMX Multi-Platform, Cross Visiting, January 2018, U.K

4x

More automotive searches than Google

Source: Auto Trader Internal Analysis 2017

# And our users' onsite journeys generate high quality data



Car buyers don't see themselves as a new or used buyer...

3/4

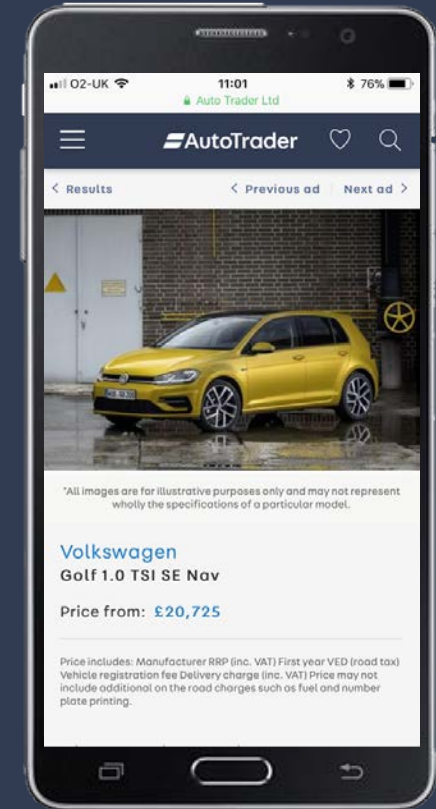
of buyers are open to new cars

Auto Trader is seen as the best source for new cars...

2x

more influential than the next nearest competitor

...and our "next car" user journey now reflects this



Source: Auto Trader Car Buying Journey Report 2017

AutoTrader

Which website do you find the most influential when vehicle shopping?

Source: Auto Trader Car Buying Report 2017

NextCar

# But our vision is to partner with manufacturers more closely, and move together towards online transactions





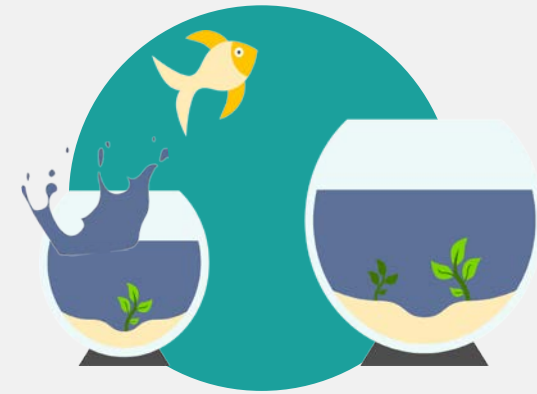
# Delivering value for car manufacturers



**Realising the new  
car opportunity**

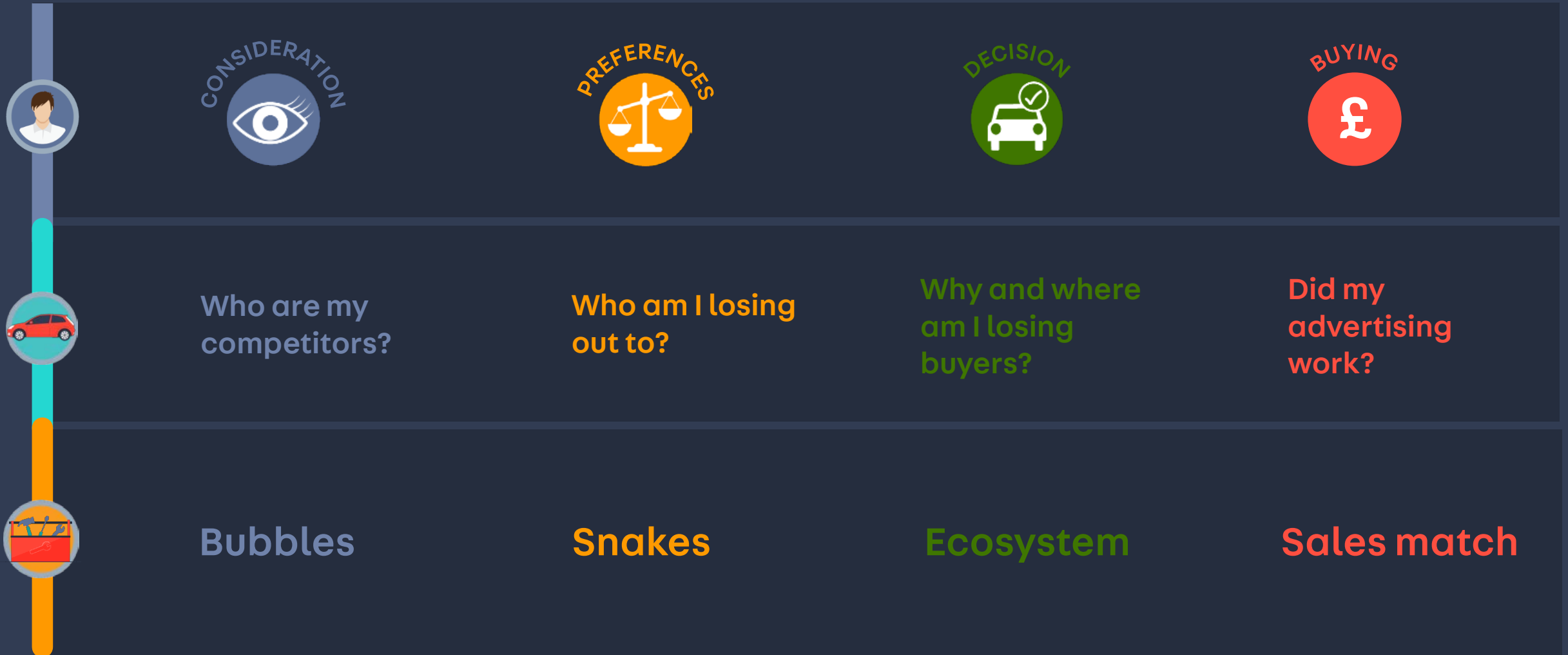


**Building valuable  
relationships using  
our data, insight and  
expertise**



**Evolving our  
product set and  
ways of working**

# Our tools help brands understand their consumers at each stage of the journey





Car buying stage

Active consideration

Brand's question

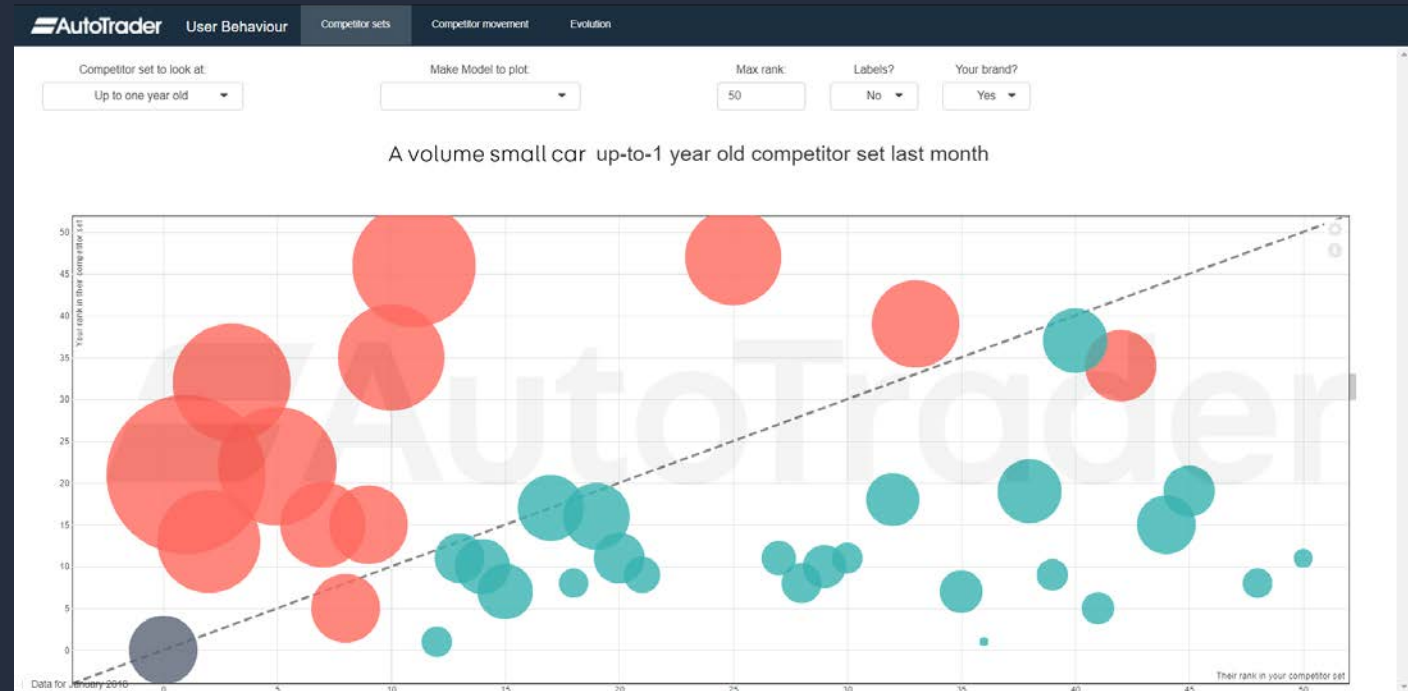
Who are my competitor set?

Insight tool  
Bubbles

Our answer

Real world competitor set (not segments) informed by big data

## Bubbles tool



**Bubble size:** percentage share of the competitor set advert views

**Bubble colour:**

Higher percentage of ad views than my car

Lower percentage of ad views than my car

**Bubble positions:** compares the ranking of your car in competitor lists versus theirs in your list



Car buying stage

Deciding preferences

Brand's question

Who am I losing out to?

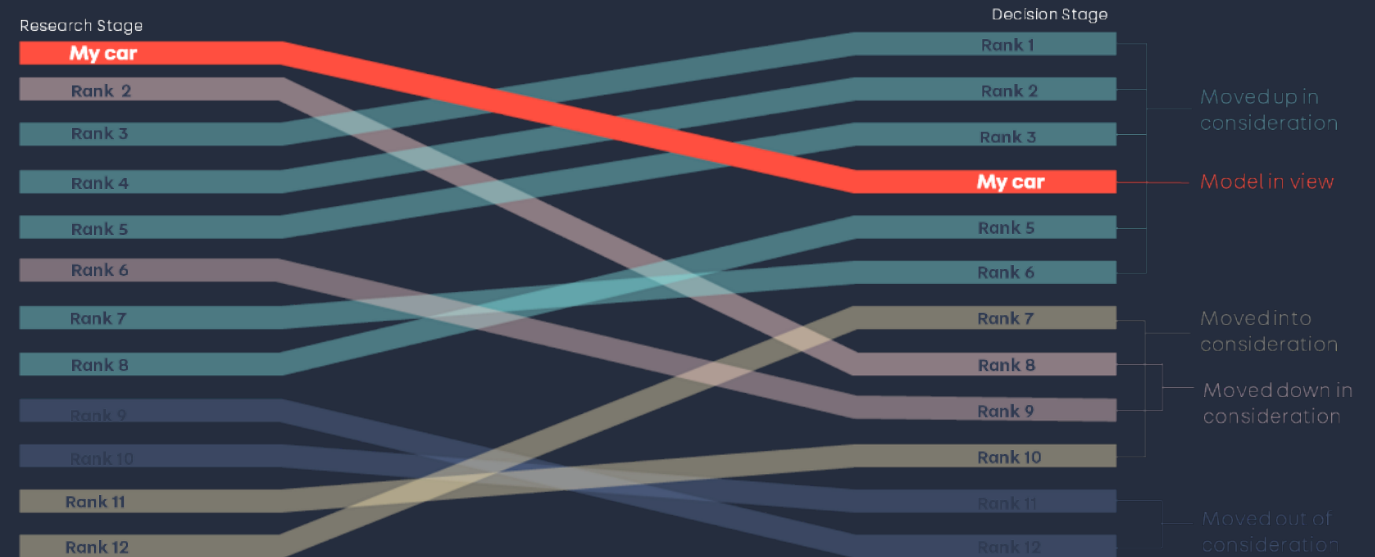
Insight tool

Snakes

Our answer

Visualise competitor model evolution from research to decision phase

## Snakes tool



Our data shows competitor models and how they change through the journey

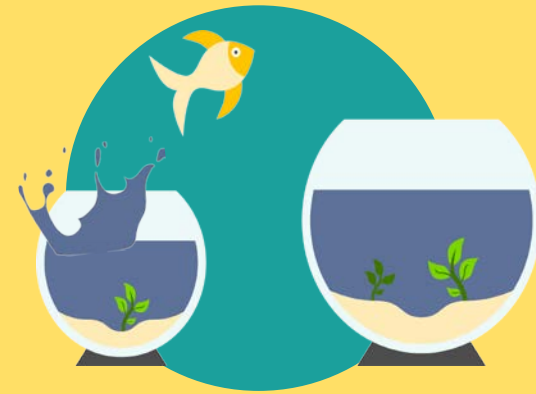
# Delivering value for car manufacturers



**Realising the new  
car opportunity**



**Building valuable  
relationships using  
our data, insight and  
expertise**



**Evolving our  
product set and  
ways of working**

# Our products have been designed to achieve manufacturer objectives



## And in parallel, reflect digital advertising market trends



Shift to **truly cross-platform** native advert formats (such as in-feed) over standard advertising formats

Continued market investment in **video**

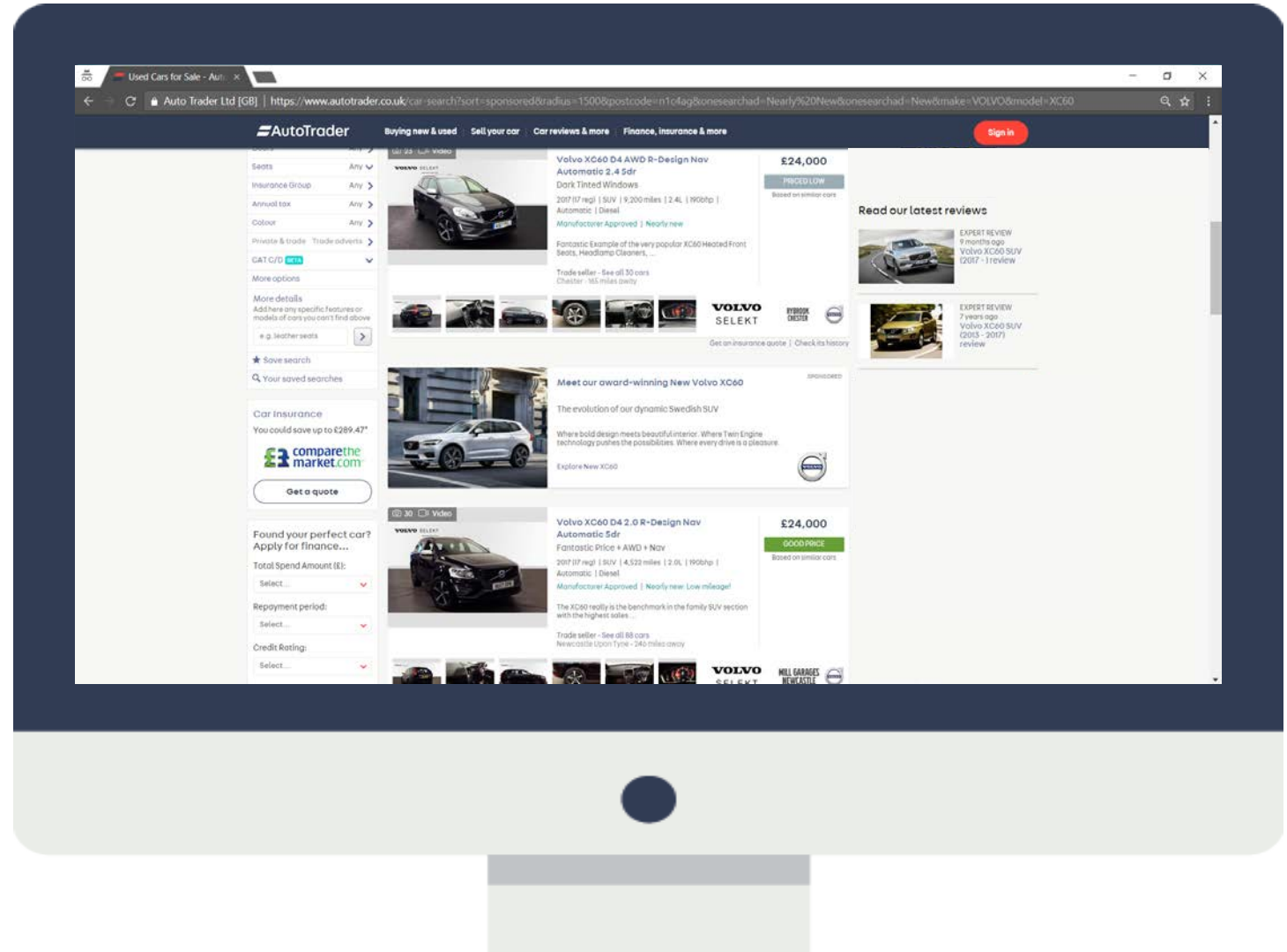
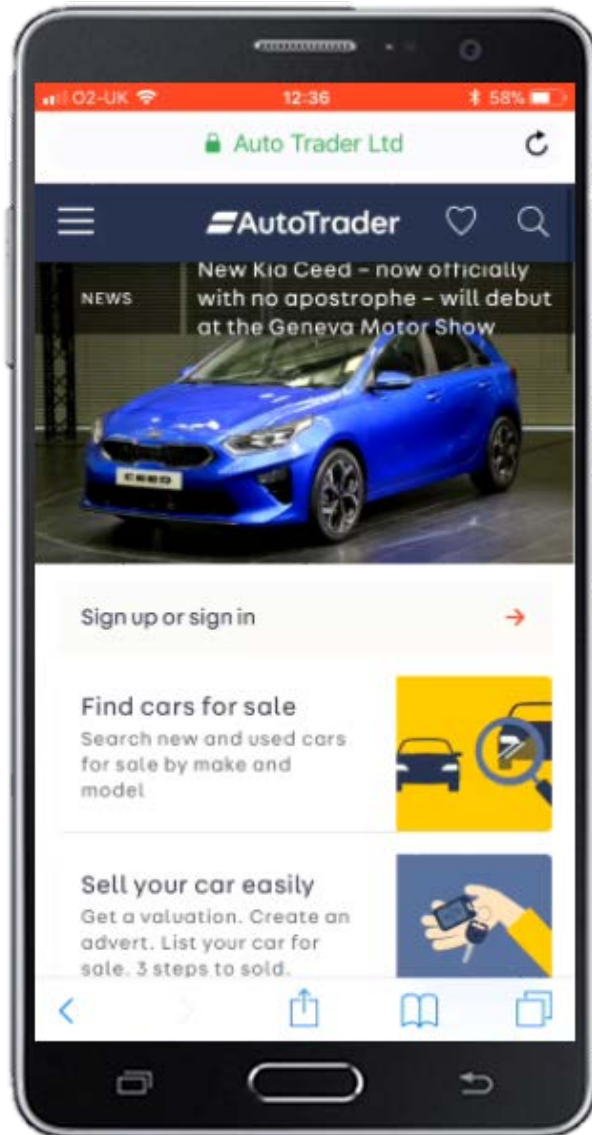
Continued **usage of data** to target campaigns more effectively

Concerns over **brand safety** and viewability

Shift towards the **automated purchase** of media, often in an auction environment

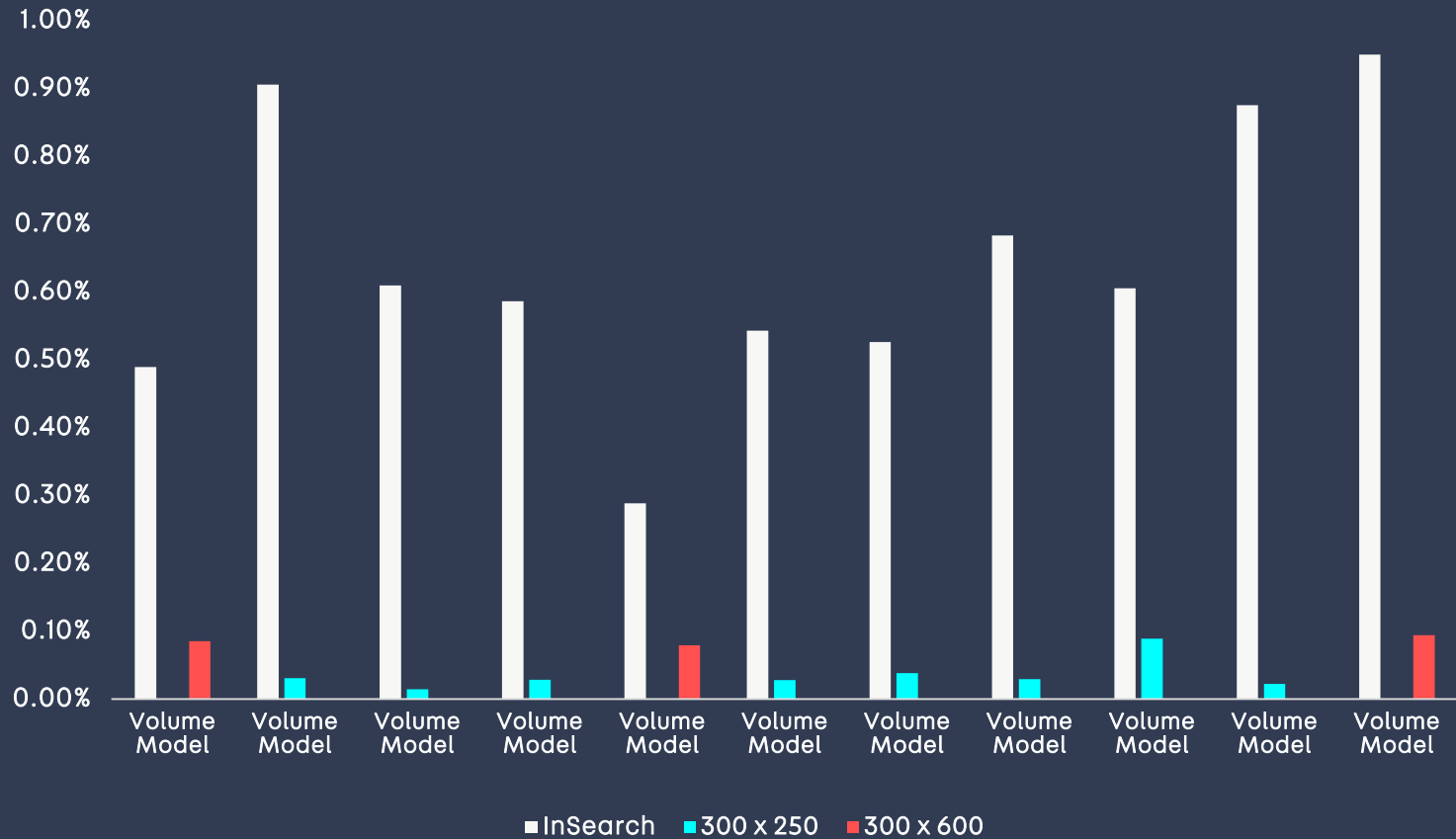


# InSearch is our native performance product



# InSearch delivers high performance

## Defence campaign – volume brand Click Through Rate (CTR)



Average CTR performance is **up to 10x times better** than standard formats



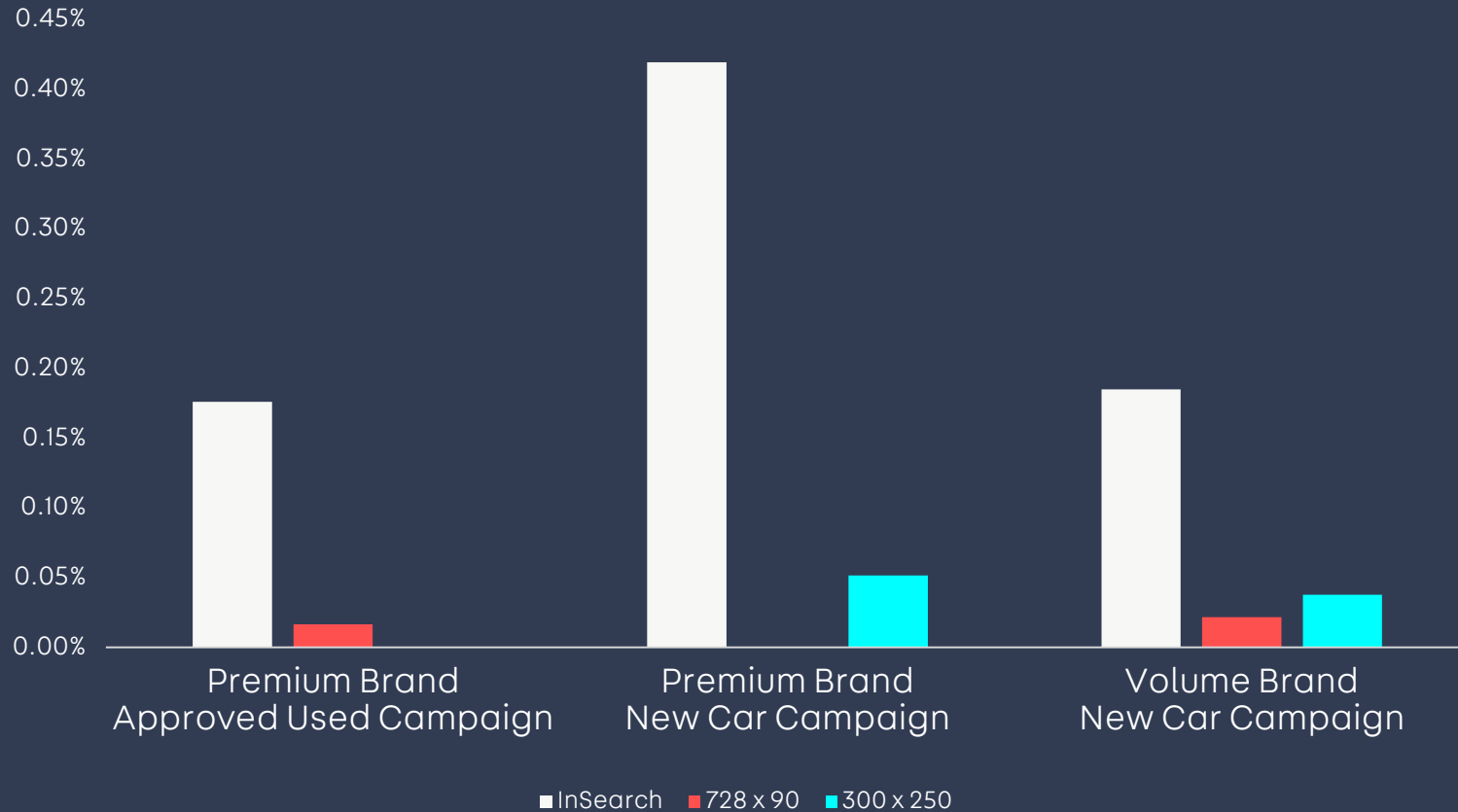
**Accurate targeting** meets brand marketing strategies e.g. defend / conquest



**Brand safe inventory** - IAB gold standard accredited environment

# InSearch delivers high performance

## Competitor conquest campaigns – multiple brands Click Through Rate (CTR)



Average CTR performance is **up to 10x times better** than standard formats



**Accurate targeting** meets brand marketing strategies e.g. defend / conquest



**Brand safe inventory** - IAB gold standard accredited environment



**NISSAN**



**ŠKODA**



**Jeep**



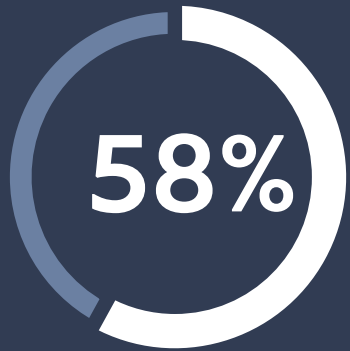
DS AUTOMOBILES



**AutoTrader**

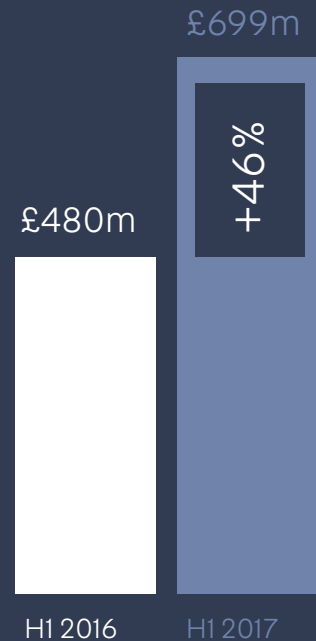
# Video will mean access to new budgets

Video is becoming an increasingly important factor in many purchase decisions



of car buyers now state they used video to help inform their next car purchase.

Source: Google Gearshift 2017



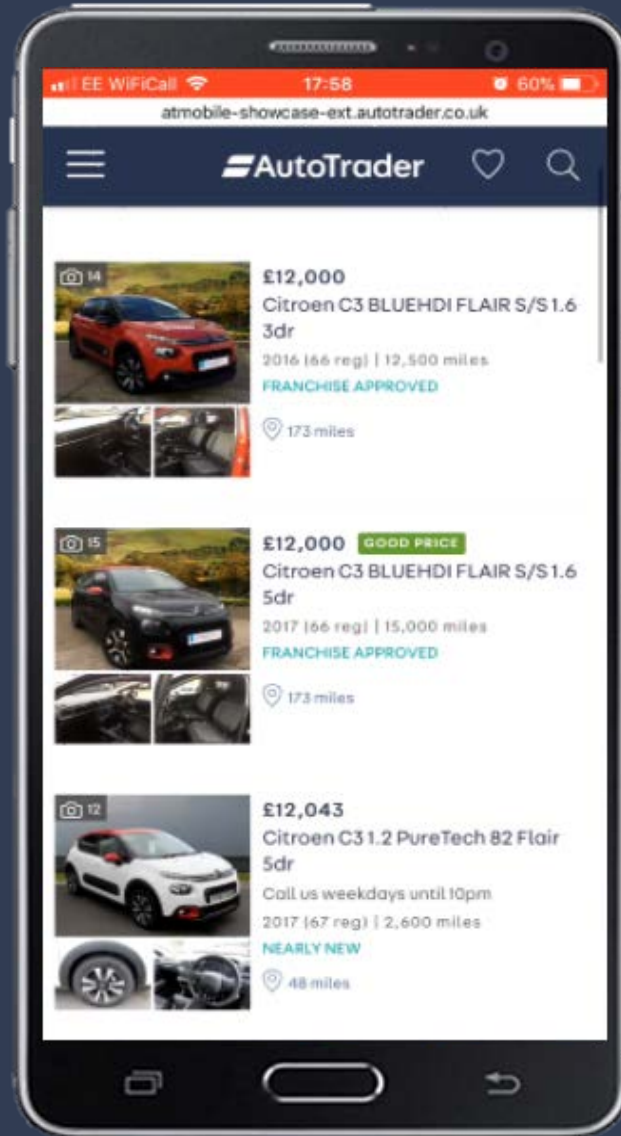
Online video is driving display advertising growth, with revenue from video products growing **+46% YoY**

Source: IAB H1 2017 Report

Brands are increasingly looking for brand safe environments to surface video content



# Introducing our new video product



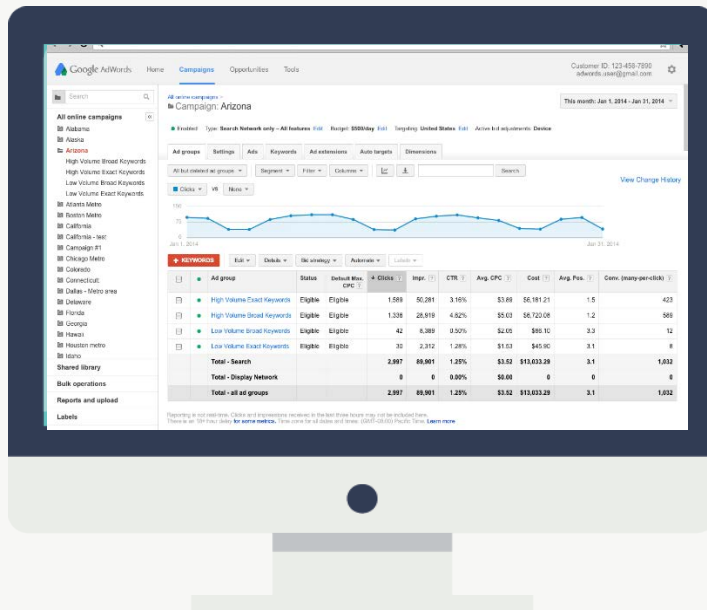


of the UK's digital display advertising will be traded programmatically by 2019

Source: Zenith Programmatic Marketing Forecast

## Enabling easy trading through programmatic & self serve

- **c.50%** of our inventory is already traded programmatically
- Automated purchase of media continues to grow, with Facebook and Google creating bespoke interfaces
- We will continue to evolve this strategy increasing programmatic trading on InSearch and video





# Conclusion

- There is a huge opportunity to help manufacturers **sell more new cars** to consumers
- Our manufacturer relationships are strengthening – we have the team, audience and insights to become a **valued partner**
- We have a **high performance** product suite that meets manufacturer and industry needs – with more to come
- We're targeting a **substantial increase** in our share of the £475m addressable market opportunity in the years to come



ŠKODA



Mercedes-Benz

NISSAN

# Questions?

 AutoTrader