Embargoed until 07.00, June 9 2016
AUTO TRADER GROUP PLC
FULL YEAR RESULTS FOR THE YEAR ENDED 27 MARCH 2016

Auto Trader Group plc ('Auto Trader', 'the Group'), the UK's largest digital automotive marketplace, announces full year results for the year ended 27 March 2016.

Financial highlights

- Revenue up 10% to £281.6 million (2015[1]: £255.9 million)
- Underlying operating profit[2] up 19% to £171.3 million (2015: £144.1 million)
- Reported operating profit up 27% to £169.6 million (2015: £133.1 million)
- Basic EPS from continuing operations of 12.67p per share (2015: 0.85p)
- Operating cash flow[3] up 30% to £177.0 million (2015: £135.8 million)
- Net external debt[4] down £135.3 million to £392.6 million (2015: £527.9 million), representing a reduction in leverage[9] to 2.2x (2015: 3.4x)
- Proposed final dividend of 1p per share, totalling 1.5p per share for the year
- Rolling programme of share buy-backs to commence imminently, with the majority of surplus cash after dividends being returned to shareholders

Operational highlights

- Consumer audience six times larger than that of the nearest competitor, as measured by cross platform visits[5,10]
- Advert Views[6,10] per month increased by 7.5% to 243 million (2015: 226 million)
- Number of retailer forecourts[10] advertising on the Auto Trader marketplace up 0.5% at 13,514 (2015: 13,452)
- Average Revenue Per Retailer Forecourt[10] (ARPR) per month up 10.5% to £1,384 (2015: £1,252)

Trevor Mather, Chief Executive of Auto Trader Group plc, said:

"We are delighted with the progress that the Group has made in its first full year as a public company. We have continued to enhance the value that we deliver to our vehicle retailer and manufacturer customers, not only by providing them with the largest and most engaged marketplace in which to market their vehicles, but also by giving them the tools to help them run their own businesses more effectively.

"Auto Trader remains the number one choice for consumers when they are looking to buy their next car. We are focused on making the whole car buying process easier and less stressful for consumers. We do this by using our own data and market insight to enhance our existing products and create innovative new solutions that help our customers win in the marketplace.

"The new financial year has started well, and the Board is confident of delivering continuous improvement in both our consumer and retailer solutions, as well as our overall performance in the coming year."

For media enquiries:

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About Auto Trader
Auto Trader Group plc is the UK and Ireland's largest digital automotive marketplace. Auto Trader sits at the heart of the UK's vehicle buying process and its primary activity is to help vehicle retailers compete effectively on the marketplace in order to sell more vehicles, faster. Auto Trader listed on the London Stock Exchange in March 2015 and is now a member of the FTSE 250 Index.

The marketplace brings together the largest and most engaged consumer audience. Auto Trader has over 90% prompted brand awareness and attracts circa 48 million cross platform visits each month, with circa 70% of visits coming through mobile devices. More than 80% of all time spent on automotive classified sites is spent on Auto Trader.

The marketplace also has the largest pool of vehicle sellers (listing more than 437,000 cars each day). Over 80% of UK automotive retailers advertise on autotrader.co.uk and around 80% of all used cars sold through the motor trade appear on the site. For more information, please visit http://about-us.autotrader.co.uk

Summary Financial Performance

Continuing operations	Units	2016	2015[1]	Change
Income Statement				
Trade	£m	236.4	214.8	10%
Consumer services	£m	30.3	29.0	4%
Display advertising	£m	14.9	12.1	23%
Revenue	£m	281.6	255.9	10%
Underlying operating profit[2]	£m	171.3	144.1	19%
Underlying operating profit margin	%	61%	56%	5%pt
Operating profit	£m	169.6	133.1	27%
Earnings per share				
Basic earnings per share	pence	12.67	0.85	n/a
Adjusted earnings per share[7]	pence	12.86	4.12	n/a
Cash flow				
Operating cash flow[3]	£m	177.0	135.8	30%
Operating cash conversion[8]	%	97%	87%	10%pt
Net external debt[3] at year end	£m	392.6	527.9	(26%)
Leverage[9]	times	2.2x	3.4x	(1.2x)
Key Performance Indicators				
Cross platform visits[5,10]	million per month	47.3	40.3	17.4%
Advert Views[6,10]	million per month	243	226	7.5%
Number of Retailer forecourts[10]	number	13,514	13,452	0.5%
Average Revenue Per Retailer forecourt[10]	£ per month	1,384	1,252	10.5%
Number of full-time equivalent employees and contractors [10] (FTEs)		859	915	(6.1%)

1. The comparative '2015' references the period ended 29 March 2015 unless otherwise stated.
2. Operating profit before share-based payments and associated national insurance (NI), management incentive plans and exceptional items.
3. Cash generated from continuing operations less capital expenditure in respect of continuing operations.
4. Net external debt is gross external indebtedness, less cash.
5. Audience measured by cross platform visits to the marketplace by comScore.
6. Company measure of the number of inspections of individual vehicle advertisements on the UK marketplace.
7. Adjusted earnings per share is calculated before the charge for share-based payments and associated NI, management incentive plans and exceptional items, and net of the tax effect in respect of these items.
8. Operating cash flow as a percentage of Adjusted underlying EBITDA (earnings before interest, taxation, depreciation and amortisation, share-based payments and associated NI, management incentive plans and exceptional items, less capitalised development spend (excluding expenditure incurred on building the SingleView order-to-cash billing system)).
9. Net external debt as a multiple of Adjusted underlying EBITDA.
10. Average number during the year.

Cautionary statement

This announcement of annual results does not constitute an invitation to underwrite, subscribe for, or otherwise acquire, dispose of any Auto Trader Group plc shares or other securities nor should it form the basis of or be relied on in connection with any contract or commitment whatsoever. It does not constitute a recommendation regarding any securities. Past performance, including the price at which the Company's securities have been bought or sold in the past, is no guide to future performance and persons needing advice should consult an independent financial advisor.

Certain statements in this announcement constitute forward looking statements (including beliefs or opinions). Any statement in this announcement 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. 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 results announcement. As a result you are cautioned not to place reliance on such forward looking statements. Except as is required by the Listing Rules, Disclosure and Transparency Rules and applicable laws, no undertaking is given to update the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.

Nothing in this announcement should be construed as a profit forecast. This announcement has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Auto Trader Group plc and its subsidiary undertakings when viewed as a whole.

Operating Review

Even in a culture that welcomes change like Auto Trader's, this has been a truly landmark year. In our first year as a listed company, we have significantly increased both the consumer audience that visits our marketplace and their engagement on our sites. We have substantially increased the value we deliver to vehicle retailers and continued the transformation of the way in which we manage our customer relationships. Whilst doing this, we have delivered an outstanding performance, improving our revenue and underlying operating profit to levels that exceeded initial expectations.

Summary of operating performance

Our operating results reflect an excellent year for the business. Revenue growth of 10% was achieved through the positive contribution of all three of our revenue streams (trade, consumer services and display advertising).

Trade

In trade, we increased the value delivered to our customers through a greater number of cross platform visits and higher levels of consumer engagement resulting in 7.5% growth in advert views - the equivalent of an extra six vehicles being viewed every second on the marketplace. Consumers spent over 676 million minutes a month on our site (March 2016) compared to 458 million a year previously. Our share of minutes spent on automotive digital classifieds rose to 85% (2015: 76%)[1]. Beyond the increased levels of response, we have further embedded the use of data driven products which aim to improve the day-to-day operational efficiency within our retailers' businesses. Market conditions were buoyant, resulting in an increased number of transactions. This helped to increase the number of cars listed on our site as did a modest growth in average retailer forecourts to 13,514. Those contributing factors helped drive Average Revenue per Retailer (ARPR) 10.5% higher to £1,384 per month.

Consumer services

Growth in consumer services of 4% was pleasing in light of the increasingly competitive nature of this sector aided by our motoring services products (offered to consumers at the point of purchase), which saw growth similar to the previous year.

Display advertising

A strong display advertising performance continued the momentum from the previous year, with revenue up 23%. Improved relationships with agencies combined with new, improved advertising formats, in particular homepage takeovers, were the main drivers of this growth.

Operating efficiencies

We seek to be as lean as possible and to enable our teams to be as productive as they can be, which generally requires fewer, but better paid people. This year we reduced our headcount (including contractors) from 915 to 859.

Our marketing spend grew to £15.7m – an increase of 2% above last year, well below our revenue growth of 10%. This moderate increase enabled us to drive all of our brand and audience initiatives, including the continuance of our 2015 brand-led campaign on TV, video on demand and online, and the introduction of a new marketing campaign focused on our online valuation tool, new part-exchange product and discovery search functionality. Other costs and capital expenditure were in line with expectations.

Revenue growth, coupled with lower costs, delivered a 5 percentage points improvement in Underlying operating profit margin to 61%.

Our strategy

Our strategy is to provide the UK and Ireland's leading digital automotive marketplace and help improve the process of buying and selling vehicles for consumers and retailers alike. Critical to this are a smooth online experience for consumers and the provision of data driven intelligence for vehicle retailers.

Our market

Worth approximately £90 billion, the new and used car markets are a substantial part of the UK economy. In 2015 it was estimated that there were 34 million cars in the UK and 10 million car transactions. New car registrations have increased over the last four years, growing year-on-year in 50 of the last 51 months according to the Society of Motor Manufacturers and Traders (SMMT). They reached 2.67 million in the 12 month period to March 2016, exceeding pre-recession levels.

New car transaction growth is translating into used car transaction volumes, with total used car transactions up 6% in the year to March 2016. We expect used car transactions to continue to grow on the back of recent new car registration strength.

But it's not just consumer confidence and economic recovery that are responsible for growth in both new and used car markets. The availability of competitive and diverse finance options (often heavily incentivised) has made it easier than ever to secure bespoke and affordable funding arrangements for new or used cars. Personal Contract Purchase (PCP) agreements grew again as predicted, accounting for over three quarters of consumer new car deals and over a third of used car deals in 2016[2], as financing used cars becomes increasingly popular amongst UK car buyers.

Investing in innovation

Over the past year we have continued to innovate, in particular through exposing the key insights from our massive data sources.

There are over 80,000 variations of make and model of cars available to buy in the UK. Even for confident buyers, this is a bewildering choice. To help consumers decide which car they want to buy, this year we introduced a new way of searching for vehicles – 'discovery search', which allows a buyer to search for cars if they don't know the make or model they want, e.g. by the number of seats, fuel type or on price alone. Additionally, we now have over 700 expert reviews of vehicles (an increase of 20%), which have received over eight million page views this year, and over 45,000 owner reviews on site, helping consumers compare and choose. These innovations have improved the value we provide to consumers.

Part-exchange is the most efficient way for retailers to acquire stock. Our research shows that 81% of consumers[3] said they would be more likely to consider part-exchange if they could get a trusted price online for their car before turning up at the dealership. In order for us to help our retailers win in the marketplace and ultimately make the industry more transparent and more efficient, we launched a new part-exchange tool last year. Over 60% of all classified retailer adverts now feature the part-exchange tool.

Consumers conducted 13.7 million valuations on Auto Trader during the year, an increase of 38% from the previous year, receiving a real time retail value for their car. There were also 30.1 million trade valuations conducted (2015: 23.8 million) as we focus on embedding the insight we have into valuations across the marketplace, so they become the benchmark for both consumers and retailers.

Putting data at the core

We have continued to develop our data driven products to help retailers manage their forecourts effectively in order to optimise their margin and stock turn, with over 1,900 forecourts now using them. We continue to develop these tools and believe more retailers will take advantage of these products.

Findings from Auto Trader's Annual Car Buying Report found that of those consumers looking at classified sites in the new car buying process, 85% used Auto Trader and 48% said Auto Trader was the most influential source - twice as much as the nearest website[3]. To capitalise on this opportunity, we launched new bespoke branded content solutions so that manufacturers could use new formats and editorial partnerships to reach these car buyers. We have also innovated the format of the advertising we offer, including native adverts on mobile platforms, and have combined these with a data driven targeting solution powered by a new data management platform, allowing vehicle manufacturers to put their brand in front of the most relevant consumers at every stage in the car buying journey. This, coupled with our new branded content solutions and advertising formats, provides a compelling proposition for manufacturers.

We focus on assisting media agencies to drive better return on investment for their clients from their marketing and on helping to improve the effectiveness of their retailer relationships.

Enhancing our organisational structure

With the transition from print to digital complete, the last year has been one of greater organisational continuity than in previous years. However, we continue to make significant changes to improve our relevance to our market. First, we brought together our audience acquisition and brand marketing functions, to ensure that those who were responsible for growing our audience were also responsible for ensuring that that audience was engaged. Secondly, we have merged together our retailer and consumer product teams who now follow an end-to-end, test and learn product development approach. Across the business, we release over 50 software updates every week. Thirdly, we transformed our sales and service function, integrating them together, and implemented a new 'Challenger' sales model across the organisation, which we believe will help us deliver the strategic consultancy relationship we strive for with our retailer customers.

The commitment and enthusiasm of our people are vital to our continued success, and 97% of employees have said that they would recommend Auto Trader as an employer[4].

Our Board

Since our IPO in March 2015, we have appointed three new Independent Non-Executive Directors to our Board, following the departure of Tom Hall, Nick Hartman and Chip Perry. David Keens, formerly Group Finance Director of NEXT plc has taken on the roles of Senior Independent Director and Audit Committee Chairman. Jill Easterbrook, until recently a senior executive at Tesco Plc, has taken on the role of Remuneration Committee Chairman and Jeni Mundy, a senior executive at Vodafone Group Plc, brings a huge depth of knowledge of the fast changing mobile data environment. All three serve on our Audit, Remuneration and Nomination committees.

The composition of the Board is now fully compliant with the UK Corporate Governance Code.

Outlook

The new financial year has started well. Based upon having the largest consumer audience, healthy relationships with our retailers, a robust car buying market and a modest cost base decrease, the Board is confident of further growth in the coming year.

Footnotes:

1. comScore MMX MP March 2016 data
2. According to the Finance and Leasing Association
3. Auto Trader's Market Report research surveyed 5,000 consumers in December 2015
4. According to Glassdoor, the UK's fastest growing jobs and recruiting site

Financial review

Revenue

In 2016, revenue grew by 10% to £281.6m (2015: £255.9m). Growth in Retailer revenue was the main contributor to overall growth aided by continued improvement in Display advertising revenue.

	2016 £m	2015 £m	**Change**
Retailer	**224.5**	202.1	11%
Home Trader	**11.5**	10.3	12%
Other	**0.4**	2.4	(83%)
Trade	**236.4**	214.8	10%
Consumer services	**30.3**	29.0	4%
Display advertising	**14.9**	12.1	23%
Total	**281.6**	255.9	10%

Trade revenue increased by 10% to £236.4m (2015: £214.8m) with Retailer revenue growing by 11% year-on-year to £224.5m (2015: £202.1m). Revenue generated from the Selling Pillar of classified advertising products increased 11% to £200.0m (2015: £180.1m), representing 89% of total retailer revenue (2015: 89%).

The majority of revenue growth was achieved through an improvement in monthly ARPR which rose 10.5% to £1,384 (2015: £1,252). Next year high single digit growth in ARPR is expected.

Whilst the average number of retailer forecourts per month was similar to last year at 13,514 (2015: 13,452), we have strengthened our position with franchise groups whilst consolidating the gains made in the previous year in our independent retailer customer base. This has been achieved against a backdrop of consolidation of ownership in the industry and therefore we expect retailer forecourts to remain stable again next year.

The £132 increase in monthly ARPR was achieved from all four of Auto Trader's growth drivers: stock, price, cross sell and up-sell. Across all vehicle segments the increase in paid-for stock listings accounted for 44% of the ARPR increase, with the average number of listings of vehicles on autotrader.co.uk increasing year-on-year due to continued buoyancy in the automotive market, retailers increasingly recognising the value of advertising all of their vehicles on our marketplace, and operational improvements to help retailers list their stock of vehicles more easily. The implementation of a new billing system and a focus on rate harmonisation also helped to remove past allowances and discounts between paid for and listed units of stock. Price increases accounted for 31% of the growth in ARPR as we implemented rate changes linked to the value provided, as well as continued harmonisation of rates to address legacy arrangements and anomalies.

Cross sell of retailing solutions products contributed £15 to ARPR growth, diluted slightly by the decision to terminate a number of low margin products where we acted as a reseller. Cross sell growth of 11% was mainly driven by continued increases in the number of retailer forecourts that are using our data products, now around 1,900 retailer forecourts (2015: around 1,100).

Home trader revenue increased 12% to £11.5m (2015: £10.3m) underpinned by a buoyant market and launches of a number of new, higher yielding, packages which resulted in both increased volumes and yield. Other revenue fell £2.0m with the closure of our manufacturer website business, 2nd Byte, in June 2015.

Consumer services revenues increased 4% to £30.3m (2015: £29.0m). Private revenue grew faster than in previous years despite an increasingly competitive market, growing 4% to £23.3m (2015: £22.5m). Whilst we benefited from a greater proportion of our customers opting to take higher yielding premium packages to increase the prominence of their advert, we also saw strong volumes, particularly in the second half of the year. Increased audience growth enabled us to deliver more leads to our partners resulting in an 8% growth in motoring services revenue to £7.0m (2015: £6.5m). Overall we anticipate consumer services revenue will continue to grow moderately.

Display advertising revenue increased by 23% to £14.9m (2015: £12.1m). An increase in average yield resulted from a greater demand for premium and bespoke products, with manufacturers and their agencies recognising the value in reaching our audience. Homepage takeovers increased in volume by over 75% in the year. Premium products accounted for 69% of revenue, up 3 percentage points on the previous year. Looking ahead to the opportunities the Group has in this area, the expectation is for continued revenue growth at recent levels.

Underlying operating profit

Underlying operating profit increased by 19% to £171.3m (2015: £144.1m) with Underlying operating profit margin improving by 5 percentage points to 61% (2015: 56%).

The Group reports non-underlying items in the Income Statement to highlight the impact of one-off and other discrete items and to allow better interpretation of the underlying performance of the business. These include exceptional items, IFRS 2 charges in respect of share-based payments (and associated NI) and costs related to management incentive schemes linked to the previous private ownership of the Group.

In order to provide comparability of results from period to period, and with listed peer companies, the Directors consider Underlying operating profit to be the most appropriate indicator of the performance of the business.

Adjusted underlying EBITDA was previously used to reflect the underlying performance of the business as it reflected both the impact of non-underlying items and the change in approach to technology development implemented in September 2013. This resulted in less of the Group's expenditure on internal development salaries meeting the requirements for capitalisation. As this approach to technology development has been consistent in both the current and prior periods, there is no need to make an adjustment for the change in approach to technology development. Adjusted underlying EBITDA continues to be used to calculate two of the Group's key performance indicators: cash conversion and leverage; the former in order to be consistent with past reporting and the latter to match the definition of leverage in the Group's Senior Facilities Agreement.

In its first full year as a listed company, the Group has implemented a Share Incentive Plan ('SIP'), its first Sharesave plan ('SAYE') and a Performance Share Plan ('PSP'). As the Directors intend to implement additional PSP schemes in the future, the share-based payment charge is likely to increase year-on-year until a steady state of three PSP schemes is reached. Therefore, the Directors consider it appropriate to make an adjustment for IFRS 2 charges and the associated national insurance costs until the steady state is reached, most likely in 2018.

Management incentive plans and share-based payment schemes implemented under the previous private ownership have been disclosed as non-underlying in the prior year.

The table below provides a reconciliation from operating profit to Underlying operating profit and to Adjusted underlying EBITDA.

	2016 £m	2015 £m
Operating profit	**169.6**	133.1
Share-based payments and associated NI	**2.5**	3.7
Management incentive plans	**–**	1.9
Exceptional items	**(0.8)**	5.4
Underlying operating profit	**171.3**	144.1
Depreciation and amortisation	**10.6**	12.5
Adjusted underlying EBITDA	**181.9**	156.6

Underlying administrative expenses (defined as administrative expenses before share-based payments and associated national insurance, management incentive plans and exceptional items) reduced by 1% to £110.3m (2015: £111.8m) as the business continues to realise operating efficiencies.

People costs comprise staff costs of £51.1m (2015 £50.3m) and third party contractor costs of £0.4m (2015 £1.4m). Redundancy and staff related restructuring costs are also included in people costs, other than those classified as exceptional items. Overall, people costs decreased by £0.2m to £51.5m (2015: £51.7m) with the full year effect of the office centralisation project leading to a 6% decrease in average FTEs (including contractors) to 859. Further large scale restructuring is not expected in the foreseeable future so changes in FTE levels will be more organic and steady rather than the step changes we have seen in the past. The decrease in people costs resulting from reduced FTE levels was offset in part by an increase in the average cost per FTE as we continue to recognise the importance of attracting and retaining high calibre employees who are fluent in digital.

Targeted marketing campaigns together with a shift towards product advertising contributed to audience growth in the year with cross platform visits up 3% to 47.9m, supported by marketing spend 2% higher. However, spend as a proportion of revenue fell in the year to 5.6% (2015: 6.0%). Depreciation and amortisation decreased by 15% to £10.6m (2015: £12.5m) as past development costs became fully amortised in the year.

With our cost base well under control and further reduction in depreciation and amortisation, we expect underlying administrative expenses to continue to decline modestly next year and our Underlying operating profit margin to improve further.

Share-based payments

The Group has implemented a number of share schemes during the year and, in accordance with IFRS 2, has recognised a non-cash charge of £2.3m. National insurance costs of £0.2m have been accrued, where applicable, on the potential employee gains on share-based incentives granted.

In April 2015, all eligible employees were offered free shares under the SIP, valued at £3,600 each at the time of the award and the Company also implemented a SAYE scheme for the benefit of Group employees with the grant made in September 2015. In June 2015, the Executive Directors and a number of senior management were granted nil cost options under the PSP.

The implementation of additional PSP schemes in the future, combined with implementation of the SAYE scheme only part way through 2016, means that the charge for share-based payments is likely to at least double in financial year 2017.

Exceptional items

In the previous year, the Group centralised into two offices and made provisions for future lease and dilapidation costs for a number of offices which were vacated. Following an initiative to exit these properties early, and to secure cash discounts where possible, the Group has successfully ended its commitment on seven properties in the period at a cost below that originally anticipated. As a result, an exceptional credit of £0.8 million has been recognised in the Income Statement following the release of provisions no longer required.

Profit before tax

Profit before tax increased to £155.0m (2015: £10.9m) reflecting the reported Operating profit performance whilst net finance costs decreased by £107.6m to £14.6m (2015: £122.2m). The substantial reduction in finance costs was the result of non-recurrence of a significant exceptional item and the change in capital structure in the previous year that allowed the Group to operate with a lower level of less expensive debt.

Taxation

The Group tax charge of £28.3m represents an effective tax rate of 18% (2015: 22%) which is lower than the average standard UK rate of 20% (2015: 21%). The principal reason for the difference was the release of a £2.0m historic current tax provision that is no longer required.

Earnings per share

Basic earnings per share from continuing operations was 12.67 pence (2015: 0.85 pence).

Adjusted basic earnings per share from continuing operations increased to 12.86 pence (2015: 4.12 pence). The table below shows the effect on the Group's earnings from continuing operations of share-based payments and associated NI, management incentive plans and exceptional items.

Continuing operations	2016 £m	2015 £m
Profit from continuing operations	**126.7**	8.5
Share-based payments and associated NI	**2.5**	3.7
Management incentive plans	**–**	1.9
Exceptional items	**(0.8)**	5.4
Exceptional finance cost	**–**	29.4
Tax effect	**0.2**	(7.7)
Total adjusted profit from continuing operations	**128.6**	41.2
Weighted average number of ordinary shares in issue (assumed to be shares in issue at 29 March 2015 year end for the comparative period) (millions)	**1,000**	1,000
Adjusted earnings per share from continuing operations	**12.86p**	4.12p

Cash flow and net external debt

2016 saw another year of growth in cash generation with operating cash flows from continuing operations 30% higher at £177.0m (2015: £135.8m), resulting in cash conversion of 97% (2015: 87%).

	2016 £m	2015 £m
Underlying operating profit	**171.3**	144.1
Depreciation and amortisation	**10.6**	12.5
Adjusted underlying EBITDA	**181.9**	156.6
Movement in working capital	**2.5**	(1.9)
Exceptional items (excluding IPO costs)	**(4.3)**	(9.8)
Continuing capital expenditure	**(3.1)**	(9.1)
Operating cash flow from continuing operations	**177.0**	135.8
Operating cash conversion	**97%**	87%

Exceptional cash outflows (excluding IPO costs) decreased by £5.5m to £4.3m (2015: £9.8m) as the restructuring and office centralisation project started in prior years were concluded. Investment in capital expenditure decreased by £6.0m to £3.1m (2015: £9.1m), as 2015 required £6.1m of fit-out costs for the new properties in Manchester and London.

Net external debt decreased in the year to £392.6m (2015: £527.9m) whilst our leverage ratio of net external debt to Adjusted underlying EBITDA decreased significantly to 2.2x, due to operating performance, improvement in cash conversion and reduced interest costs, offset by higher tax payable. During the year £147m of debt repayments were made using excess cash in order to reduce indebtedness and the cost of servicing debt.

Capital structure and dividends

On 29 July 2015, the Company completed a reduction of capital, whereby the entire amount outstanding on the Company's share premium account was cancelled and the nominal value of each issued ordinary share in the capital of the Company was reduced from £1.50 to £0.01 each. The capital reduction created significant distributable reserves that are available for future dividends and returns to shareholders.

In line with the previously stated policy, the Directors are recommending a final dividend for the year of 1.0 pence per ordinary share which, together with the interim dividend, makes a total dividend of 1.5 pence per share, amounting to £15.0m. Subject to shareholders' approval at the Annual General Meeting (AGM) on 22 September 2016, the final dividend will be paid on 30 September 2016 to shareholders on the register of members at the close of business on 2 September 2016.

Since the end of the year, the Group has achieved net external debt leverage of circa 2.0x and so, in line with previous guidance, we expect to increase the future total annual dividend to circa 1/3 of net income. The Group will continue to invest in the business but given that our strategy is focused on organic growth, the Board's intention is to use the majority of surplus cash, after taking account of dividends, to fund a rolling programme of share buy-backs, starting imminently. The expectation is that some surplus cash will be used to further reduce indebtedness.

At the 2015 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 100,105,169 of its ordinary shares, subject to minimum and maximum price restrictions. This authority will expire at the conclusion of the 2016 AGM and the Directors intend to seek a similar general authority from shareholders at the 2016 AGM. The programme will be ongoing and any purchases of its shares made by the Company under the programme will be effected in accordance with the Company's general authority to repurchase shares and Chapter 12 of the UKLA Listing Rules.

Trevor Mather
Chief Executive
9 June 2016

Sean Glithero
Finance Director
9 June 2016

Consolidated income statement
For the year ended 27 March 2016

Continuing operations	**Note**	**2016 £m**	**2015 £m**
Revenue	2	**281.6**	255.9
Administrative expenses	3	**(112.0)**	(122.8)
Operating profit before share-based payments and associated NI, management incentive plans and exceptional items		**171.3**	144.1
Share-based payments and associated NI		**(2.5)**	(3.7)
Management incentive plans		–	(1.9)
Exceptional items	3	**0.8**	(5.4)
Operating profit	3	**169.6**	133.1
Finance income	4	–	0.1
Finance costs	4	**(14.6)**	(122.3)
Profit before taxation		**155.0**	10.9
Taxation	5	**(28.3)**	(2.4)
Profit for the year from continuing operations attributable to equity holders of the parent		**126.7**	8.5
Discontinued operations			
Profit for the year from discontinued operations attributable to equity holders of the parent		–	1.9
Profit for the year attributable to equity holders of the parent		**126.7**	10.4
Basic earnings per share	6		
From continuing operations (pence per share)		**12.67**	0.85
From discontinued operations (pence per share)		–	0.19
From profit for the year (pence per share)		**12.67**	1.04
Diluted earnings per share	6		
From continuing operations (pence per share)		**12.65**	0.85
From discontinued operations (pence per share)		–	0.19
From profit for the year (pence per share)		**12.65**	1.04

Consolidated statement of comprehensive income

For the year ended 27 March 2016

	2016 £m	2015 £m
Profit for the year	**126.7**	10.4
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
IFRS 2 – share-based payments credit	–	0.5
	–	0.5
Items that may be subsequently reclassified to profit or loss		
Cash flow hedges, net of tax	–	0.5
Currency translation differences	**0.5**	(0.7)
	0.5	(0.2)
Other comprehensive income for the year, net of tax	**0.5**	0.3
Total comprehensive income for the year attributable to equity holders of the parent	**127.2**	10.7

Consolidated balance sheet
At 27 March 2016

	Note	2016 £m	2015 £m
Assets			
Non-current assets			
Intangible assets		**323.4**	330.0
Property, plant and equipment		**7.4**	8.5
Deferred taxation assets		**4.3**	4.6
		335.1	343.1
Current assets			
Trade and other receivables		**51.7**	49.0
Cash and cash equivalents		**10.4**	22.1
		62.1	71.1
Assets of disposal group classified as held for sale		**0.3**	0.3
		62.4	71.4
Total assets		**397.5**	414.5
Equity and liabilities			
Equity attributable to equity holders of the parent			
Ordinary shares		**10.0**	1,500.0
Share premium account		–	144.4
Retained earnings		**970.9**	(789.1)
Capital reorganisation reserve		**(1,060.8)**	(1,060.8)
ESOT reserve		**(1.5)**	–
Other reserves		**29.9**	29.4
Total equity		**(51.5)**	(176.1)
Liabilities			
Non-current liabilities			
Borrowings	7	**395.6**	540.7
Deferred taxation liabilities		**0.3**	0.6
Retirement benefit obligations		–	–
Provisions for other liabilities and charges		**1.1**	2.3
		397.0	543.6
Current liabilities			
Trade and other payables		**36.6**	40.4
Current income tax liabilities		**14.9**	2.7
Provisions for other liabilities and charges		**0.5**	3.9
		52.0	47.0
Total liabilities		**449.0**	590.6
Total equity and liabilities		**397.5**	414.5

Consolidated statement of changes in equity

For the year ended 27 March 2016

	Note	Share capital £m	Share premium account £m	Retained earnings £m	ESOT reserve £m	Capital reorganisation reserve £m	Other reserves £m	Total equity £m
Balance at March 2014		**175.8**	**1.5**	**(1,023.2)**	**–**	**–**	**95.3**	**(750.6)**
Profit for the year		–	–	10.4	–	–	–	10.4
Other comprehensive income:								
Cash flow hedges, net of tax		–	–	0.5	–	–	–	0.5
IFRS 2 – share-based payments credit		–	–	0.5	–	–	–	0.5
Currency translation differences		–	–	–	–	–	(0.7)	(0.7)
Total comprehensive income/(loss), net of tax		–	–	11.4	–	–	(0.7)	10.7
Transactions with owners:								
IFRS 2 – share-based payments credit		–	–	3.7	–	–	–	3.7
Roll-up of preference share dividend prior to Group restructure		0.2	–	(0.2)	–	–	–	–
Repurchase and cancellation of ordinary share capital		(0.1)	–	(20.9)	–	–	0.1	(20.9)
Premium on ordinary share capital issued prior to Group restructure		–	1.1	–	–	–	–	1.1
Preference share capital issued prior to Group restructure		1.8	–	–	–	–	0.7	2.5
Dividends paid prior to Group restructure		–	–	(3.6)	–	–	–	(3.6)
Capital transaction – Group restructure, share-for-share exchange and issue of Auto Trader Group plc shares		1,322.3	141.8	243.7	–	(1,060.8)	(66.0)	581.0
Total transactions with owners, recognised directly in equity		**1,324.2**	**142.9**	**222.7**	–	**(1,060.8)**	**(65.2)**	**563.8**
Balance at March 2015		**1,500.0**	**144.4**	**(789.1)**	–	**(1,060.8)**	**29.4**	**(176.1)**
Profit for the year		–	–	126.7	–	–	–	126.7
Other comprehensive income:								
Currency translation differences		–	–	–	–	–	0.5	0.5
Total comprehensive income, net of tax		–	–	126.7	–	–	0.5	127.2
Transactions with owners								
IFRS 2 – share-based payments		–	–	2.3	–	–	–	2.3
Deferred tax on share-based payments		–	–	0.1	–	–	–	0.1
Issue of share capital		1.6	–	(1.6)	–	–	–	–
Capital reduction		(1,491.6)	(144.4)	1,636.0	–	–	–	–
Interim dividend		–	–	(5.0)	–	–	–	(5.0)
Acquisition of shares by ESOT		–	–	1.6	(1.6)	–	–	–
Transfer of shares from ESOT		–	–	(0.1)	0.1	–	–	–
Total transactions with owners, recognised directly in equity		**(1,490.0)**	**(144.4)**	**1,633.3**	(1.5)	**-**	**-**	**(2.6)**
Balance at March 2016		**10.0**	–	**970.9**	(1.5)	**(1,060.8)**	**29.9**	**(51.5)**

Consolidated statement of cash flows

For the year ended 27 March 2016

	Note	2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operations before exceptional operating items		184.4	154.8
Cash flows from exceptional operating items (excluding IPO fees) – continuing		(4.3)	(9.8)
Cash flows from exceptional operating items – discontinued		–	(0.2)
Cash generated from operations	8	**180.1**	144.8
Tax paid		**(16.0)**	(4.7)
Net cash generated from operating activities		**164.1**	140.1
Cash flows from investing activities			
Purchases of intangible assets – financial systems		**(0.5)**	(1.9)
Purchases of intangible assets – other		**(0.3)**	(0.4)
Purchases of property, plant and equipment – continuing		**(2.3)**	(6.8)
Proceeds from sale of property, plant and equipment		**0.1**	–
Proceeds from sale of assets held for sale – discontinued		–	3.5
Bank deposit and other interest received		**0.1**	0.1
Net cash used in investing activities		**(2.9)**	(5.5)
Cash flows from financing activities			
Proceeds from issue of ordinary shares following the Group restructure		–	460.3
Proceeds from issue of ordinary shares prior to the Group restructure		–	3.7
Dividends paid to Company's shareholders		**(5.0)**	–
Loan to Company's shareholders prior to the Group restructure		–	(19.3)
Repayment of former Senior and Junior Debt		–	(990.4)
Drawdown of Syndicated Term Loan		–	550.0
Repayment of Syndicated Term Loan		**(147.0)**	–
Payment of IPO costs		**(8.3)**	(15.3)
Payment of Syndicated Term Loan arrangement fees		–	(9.4)
Early repayment fees		–	(29.4)
Payment of former Senior and Junior Debt refinancing fees		–	(2.1)
Payment of interest on borrowings and hedging instruments		**(12.6)**	(73.2)
Net cash used in financing activities		**(172.9)**	(125.1)
Net (decrease)/increase in cash and cash equivalents		**(11.7)**	9.5
Cash and cash equivalents at beginning of year		**22.1**	12.6
Cash and cash equivalents at end of year		**10.4**	22.1

Notes to the consolidated financial statements

1. Accounting policies

Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRS Interpretation Committee (IFRS IC), certain interpretations as adopted by the EU, and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Except as described below, the accounting policies applied in the preparation of the consolidated financial statements are consistent with those of the annual financial statements for the year ended 29 March 2015, as described in those financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial information presented is at and for the 52-week financial years ended 29 March 2015 and 27 March 2016. Financial year ends have been referred to as 31 March throughout the consolidated financial statements as per the Company's accounting reference date. Financial years are referred to as 2015 and 2016 in these consolidated financial statements.

The Group has adopted the following new and amended IFRSs in 2016 in the consolidated financial statements. There has not been a material impact to the Group when adopting these new and amended IFRSs:

- Annual improvements 2010-2012 (effective 1 July 2014) (endorsed for 1 February 2015)
- Amendment to IAS 19, 'Employee benefits', on defined benefit plans (effective 1 July 2014) (endorsed for 1 February 2015)
- Annual improvements 2011-2013 (effective 1 July 2014) (endorsed for 1 January 2015)
- IFRIC 21, 'Levies' (effective 1 January 2014) (endorsed 17 June 2014)

On 24 March 2015, the Company obtained control of the entire share capital of Auto Trader Holding Limited via a share-for-share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction. Although the share-for-share exchange resulted in a change of legal ownership, this was a common control transaction and therefore outside the scope of IFRS 3. The comparative year disclosed in these consolidated financial statements reflects the continuation of the pre-existing Group, headed by Auto Trader Holding Limited and have been prepared applying the principles of predecessor accounting ownership.

The financial information set out in this document does not constitute the statutory accounts of the Group for the financial years ended 27 March 2016 or 29 March 2015 but is derived from the 2016 Annual Report and Financial Statements. The Annual Report and Financial Statements for 2016 will be delivered to the Registrar of Companies in due course. The auditors have reported on those accounts and have given an unqualified report, which does not contain a statement under Section 498 of the Companies Act 2006.

2. Segmental information

IFRS 8 Operating segments requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there is only one operating segment, being the Group, as the information reported includes operating results at a consolidated Group level only. This reflects the nature of the business, where the major cost is to support the IT platforms upon which all of the Group's customers are serviced. These costs are borne centrally and are not attributable to any specific customer type or revenue stream. There is also considered to be only one reporting segment, which is the Group, the results of which are shown in the consolidated income statement.

Management has determined that there is one operating and reporting segment based on the reports reviewed by the Operational Leadership Team ('OLT') who is the chief operating decision-maker ('CODM'). The OLT is made up of the two Executive Directors and key management and is responsible for the strategic decision-making of the Group.

To assist in the analysis of the Group's revenue-generating trends, the OLT reviews revenue from three customer types as detailed below:

- **Trade:** revenue from retailer customers and revenue from other products and services provided to retailers and home traders to support their online activities;
- **Consumer services:** revenue from individuals for vehicle advertisements on the Group's websites. This category also includes revenue derived from third-party services directed at consumers relating to their motoring needs, such as insurance and loan finance; and
- **Display advertising:** revenue from customers and advertising agencies for placing display advertising on the Group's websites.

The reporting information provided to the OLT, which presents revenue by customer type, has been voluntarily disclosed below:

Revenue	2016 £m	2015 £m
Trade	**236.4**	214.8
Consumer services	**30.3**	29.0
Display advertising	**14.9**	12.1
Total revenue from continuing operations	**281.6**	255.9

The revenue from external parties reported to the OLT is measured in a manner consistent with that in the Income Statement.

Underlying operating profit

Operating costs, comprising administrative expenses, are managed on a group basis. The OLT measures the overall performance of the Group by reference to the following non-GAAP measure:

- Underlying operating profit which is operating profit before share-based payments and associated NI, management incentive plans and exceptional items.

This adjusted profit measure is applied by the OLT to understand the earnings trend of the Group and is considered the most meaningful measure by which to assess the true operating performance of the Group.

Adjusted underlying EBITDA was previously used to reflect the underlying performance of the business as it reflected both the impact of non-underlying items and the change in approach to technology development that was implemented in September 2013 and which resulted in less of the Group's expenditure on internal development salaries meeting the requirements for capitalisation. As this approach to technology development has been consistent in both the current and prior periods, there is no requirement to make such an adjustment.

In addition, in order to provide comparability of results from period to period and with listed peer companies the Directors now consider Underlying operating profit to be a more appropriate indicator of the underlying performance of the business during the period.

	2016 £m	2015 £m
Operating profit	**169.6**	133.1
– Share-based payments	**2.5**	3.7
– Management incentive plans	**–**	1.9
– Exceptional items	**(0.8)**	5.4
Underlying operating profit	**171.3**	144.1
– Depreciation	**2.8**	2.5
– Amortisation	**7.8**	10.0
Adjusted underlying EBITDA	**181.9**	156.6

A reconciliation of the total segment operating profit to the profit before tax and discontinued operations is provided as follows:

	2016 £m	2015 £m
Total segment operating profit	**169.6**	133.1
Finance costs – net	**(14.6)**	(122.2)
Profit before tax and discontinued operations	**155.0**	10.9

The OLT reviews the balance sheet information for the one operating segment. The segment's assets and liabilities are presented in a manner consistent with that of these financial statements.

3. Operating profit

Expenses by nature including exceptional items:

	2016 £m	2015 £m
Staff costs	**53.6**	58.4
Contractor costs	**0.4**	1.4
Depreciation of property, plant and equipment	**2.8**	2.5
Amortisation of intangibles	**7.8**	10.0
Operating lease payments	**2.8**	3.3
Net foreign exchange losses	**–**	0.1
Marketing costs	**15.7**	15.4
IT and communication costs	**7.9**	7.8
Other expenses	**21.0**	23.9
Total administrative expenses	**112.0**	122.8
Share-based payments and associated NI, management incentive plans and exceptional items	**(1.7)**	(11.0)
Total administrative expenses before share-based payments and associated NI, management incentive plans and exceptional items	**110.3**	111.8

Exceptional items:

	2016 £m	2015 £m
Restructuring of Group operations	**(0.8)**	3.9
IPO costs	**–**	1.5
Total exceptional items	**(0.8)**	5.4

Restructuring of Group operations relates to redundancy, property and other costs for the relocation of offices in the UK and other reorganisation costs. Exceptional income for the year ended 31 March 2016 relates to the reversal of provisions previously made for such restructuring costs that are no longer required.

Exceptional IPO costs relate to costs associated with the Initial Public Offering (IPO) of Auto Trader Group plc shares on the London Stock Exchange on 24 March 2015.

4. Finance income and finance costs

	2016 £m	2015 £m
Finance income		
On bank balances	**–**	0.1
Total	**–**	0.1
Finance costs		
On bank loans and overdrafts	**12.7**	65.3
On shareholders' loans	**–**	12.9
Net losses on derivative financial instruments	**–**	2.7
Amortised debt issue costs	**1.9**	12.0
Exceptional: early repayment premium	**–**	26.2
Exceptional: settlement of derivatives	**–**	3.2
Total	**14.6**	122.3

The exceptional early repayment premium incurred in 2015 related to the settlement of the former Goldman Sachs Mezzanine Partners (GSMP) Junior Debt. The former GSMP Junior Debt was settled in full as part of the Group restructure on 24 March 2015.

The Group opted to settle its interest rate swap agreements as part of the Group restructure. The Group incurred a charge as a result of the transaction which was expensed in full in the year ended 31 March 2015 and classified as an exceptional item.

5. Taxation

	2016 £m	2015 £m
Current taxation		
UK corporation taxation	**28.6**	2.2
Foreign taxation	**0.3**	0.1
Adjustments in respect of prior years	**(0.7)**	0.1
Total current taxation	**28.2**	2.4
Deferred taxation		
Origination and reversal of temporary differences	**(0.3)**	–
Effect of rate changes on deferred taxation	**0.4**	–
Total deferred taxation	**0.1**	–
Total taxation charge	**28.3**	2.4

The differences between the total taxation shown above and the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation on continuing operations are set out below. The Group earns its profits primarily in the UK, therefore the rate used for taxation is the standard rate for UK corporation tax.

	2016 £m	2015 £m
Profit before taxation	**155.0**	10.9
Tax on profit on ordinary activities at the standard UK corporation tax rate of 20% (2015: 21%)	**31.0**	2.3
Non-taxable income	**–**	(0.5)
Expenses not deductible for taxation purposes	**0.3**	0.6
Adjustments in respect of foreign tax rates	**(0.1)**	(0.1)
Other permanent differences	**(2.6)**	–
Effect of rate changes on deferred taxation	**0.4**	–
Adjustments in respect of prior years	**(0.7)**	0.1
Total taxation charge	**28.3**	2.4

Taxation on items taken directly to equity was a credit of £0.1m relating to deferred tax on share-based payments. Taxation on items taken directly to equity in 2015 was a credit of £0.4m relating to financial derivatives and IPO costs recognised in share premium.

The tax charge for the year is based on the effective rate of UK corporation tax for the period of 20% (2015: 21%). Changes to the UK corporation tax rates were announced on 8 July 2015. These changes were substantively enacted as part the Finance Bill 2015 on 26 October 2015 and include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. On 16 March 2016 further changes to the UK corporation tax rate were announced including a further reduction in the UK corporation tax rate to 17% from 2020, which supersedes the change enacted on 26 October 2015. However, this further change was not substantively enacted as at 31 March 2016 and has not therefore been reflected in these financial statements.

6. Earnings per share

a) Basic and diluted earnings per share

Basic earnings per share and diluted earnings per share are calculated by dividing profit for the year attributable to equity holders of the parent by the weighted average number of shares in issue.

Continuing operations	Weighted average number of ordinary shares	Total Earnings £m	Pence per share
Year ended 31 March 2016			
Basic EPS	**1,000,002,803**	**126.7**	**12.67**
Diluted EPS	**1,001,394,111**	**126.7**	**12.65**
Adjusted basic EPS	**1,000,002,803**	**128.6**	**12.86**
Adjusted diluted EPS	**1,001,394,111**	**128.6**	**12.84**
Year ended 31 March 2015			
Basic and diluted EPS	**1,000,000,000**	**8.5**	**0.85**
Adjusted basic and diluted EPS	**1,000,000,000**	**41.2**	**4.12**

Basic and diluted earnings per share for the year ended March 2015 are the same as there was no difference between the basic and the diluted number of shares. The weighted average number of shares for the year to March 2015 has been stated as if the Group reorganisation completed on 24 March 2015 had occurred at the beginning of the 2015 financial year. The weighted average number of shares in issue in the period from 24 March 2015 to the year end was 1,000 million.

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the Share Incentive Plan, Performance Share Plan and the Sharesave scheme. Shares issued to satisfy the Share Incentive Plan were subsequently purchased by the Employee Share Option Trust ('ESOT') and are entitled to dividends under the scheme rules. The number of shares in issue at the start of the year is reconciled to the basic and diluted weighted average number of shares below:

Year ended 31 March 2016	Weighted average number of shares
Issued ordinary shares at 30 March 2015	**1,000,000,000**
Weighted effect of issued ordinary shares	**991,024**
Less weighted effect of shares held by the ESOT	**(988,221)**
Weighted average number of shares for basic EPS	**1,000,002,803**
Dilutive impact of share options outstanding	**1,391,308**
Weighted average number of shares for diluted EPS	**1,001,394,111**

The average market value of the Group's shares for the purposes of calculating the dilutive effect of share-based incentives was based on quoted market prices for the period during which the share-based incentives were outstanding.

b) Adjusted earnings per share

Adjusted EPS is calculated before the charge for share-based payments and associated NI, management incentive plans and exceptional items and net of the tax effect in respect of these items. A reconciliation of the basic earnings for the period to the underlying earnings is presented below:

Continuing operations	2016 £m	2015 £m
Earnings for the period	**126.7**	8.5
Share-based payments	**2.5**	3.7
Management incentive plans	**–**	1.9
Exceptional items	**(0.8)**	5.4
Exceptional finance cost	**–**	29.4
Tax effect	**0.2**	(7.7)
Adjusted earnings for the period	**128.6**	41.2

7. Borrowings

Non-current	2016 £m	2015 £m
Syndicated Term Loan gross of unamortised debt issue costs	**403.0**	550.0
Unamortised debt issue costs	**(7.4)**	(9.3)
Total	**395.6**	540.7

The Syndicated Term Loan is repayable as follows:

	2016 £m	2015 £m
Within two to five years	**403.0**	550.0
Total	**403.0**	550.0

The carrying amounts of borrowings approximate their fair values.

Syndicated Term Loan (the debt under the terms of the new Senior Facilities Agreement)
On 24 March 2015, the Company and a subsidiary undertaking, Auto Trader Holding Limited, entered into a £550.0m Senior Facilities Agreement as part of the Group restructure. The associated debt transaction costs were £9.4m. The first utilisation was made on 24 March 2015 when £550.0m was drawn.

Interest on the Syndicated Term Loan is charged at LIBOR plus a margin of between 1.5% and 3.25% depending on the consolidated leverage ratio of the Group. There is no requirement to settle all or part of the debt earlier than the termination date in March 2020.

Under the Senior Facilities Agreement, the lenders also made available to the Company and Auto Trader Holding Limited a £30.0m revolving credit facility (the 'RCF'). Other than an ancillary facility of £0.6m, the RCF was undrawn at 31 March 2016 (2015: undrawn). Cash drawings under the RCF would incur interest at LIBOR, plus a margin of between 1.25% and 3.0% depending on the consolidated leverage of the Group (31 March 2015: 1.25% and 3.0%). A commitment fee of 35% of the margin applicable to the RCF from time to time is payable quarterly in arrears on the unutilised amounts of the RCF.

During the year to 31 March 2016 the Group repaid £147.0m of the Syndicated Term Loan (2015: £Nil).

Senior Bank Debt ('former Senior Debt') (the debt under the terms of the former Senior Facilities Agreement)
On 24 March 2015 the Group repaid the full £632.0m of the former Senior Debt (together with accrued interest, break costs and other costs payable under the terms of the former Senior Facilities Agreement) as part of the overall restructuring of the Group. Interest on the former Senior Debt was charged at LIBOR plus a margin of between 4.25% and 4.5% based on the consolidated leverage ratio of Trader Media Group Holdings Limited, a subsidiary company. This calculation encompasses the former GSMP Junior Debt of £358.4m described below.

GSMP Junior Debt ('former Junior Debt') (the debt under the terms of the former GSMP Junior Debt Agreement)
On 24 March 2015 the Group repaid the full £358.4m of the former Junior Debt (together with accrued interest, break costs and other costs payable under the terms of the GSMP Junior Debt Agreement) as part of the overall restructuring of the Group. A premium of £26.2m was recognised in finance costs in the year to 31 March 2015. Interest on the former Junior Debt was charged at LIBOR with a floor of 1% plus a fixed margin of 8.75%.

Series A, B and C Shareholder Loan Notes
On 24 March 2015, as part of the overall Group restructure, the Group settled the full £128.8m of Shareholder Loan Notes in exchange for ordinary shares in Auto Trader Holding Limited. Interest was charged at LIBOR plus a margin of 9% on the Series A, B and C Shareholder Loan Notes. Interest was payable annually in arrears in June on the anniversary of the issue date, however the interest was rolled up into the principal every year since issue.

The exposure of the Group's borrowings (excluding debt issue costs) to LIBOR rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2016 £m	2015 £m
One month or less	**403.0**	550.0
Total	**403.0**	550.0

8. Cash generated from operations

	2016 £m	2015 £m
Profit before taxation including discontinued operations	**155.0**	12.8
Adjustments for:		
Depreciation	**2.8**	2.5
Amortisation	**7.8**	10.0
Profit on disposal of property, plant and equipment	–	(1.2)
Share-based payments charge (excluding associated NI)	**2.3**	3.7
Finance costs	**14.6**	122.3
Finance income	–	(0.1)
IPO costs	–	1.5
Changes in working capital (excluding the effects of disposals and exchange differences on consolidation):		
Trade and other receivables	**(2.6)**	(1.5)
Trade and other payables	**5.3**	2.3
Provisions	**(5.1)**	(7.5)
Cash generated from operations	**180.1**	144.8

The cash flows of discontinued operations are as follows:

	2016 £m	2015 £m
Cash generated from operations	–	(0.1)
Taxation	–	(0.1)
Operating cash flows	–	(0.2)
Investing cash flows	–	3.4
Total cash flows	–	3.2

9. Related party transactions

Prior to 24 March 2015 a subsidiary company Auto Trader Holding Limited was jointly controlled by Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. The shareholder companies had made loans to and held preference shares in Auto Trader Holding Limited. Ed Williams and Chip Perry, Directors of Auto Trader Holding Limited, had also issued Shareholder Loan Notes to and held preference shares in Auto Trader Holding Limited.

On 24 March 2015, as part of the overall restructuring of the Group, the Shareholder Loan Notes and related accrued interest, preference shares, preference share premium and accrued dividends were converted into share capital of Auto Trader Holding Limited. On 24 March 2015 all shares in Auto Trader Holding Limited were exchanged for shares in Auto Trader Group plc via a share-for-share exchange.

The balances at the end of the period including accrued interest, dividends payable on these debt and equity instruments and the premium on the preference shares are disclosed below:

	2016 £m	2015 £m
Shareholder loans and accrued interest		
Crystal A Holdco S.à r.l.	–	–
Crystal B Holdco S.à r.l.	–	–
Ed Williams	–	–
Chip Perry	–	–
Preference shares, premium and accrued dividends		
Crystal A Holdco S.à r.l.	–	–
Crystal B Holdco S.à r.l.	–	–
Ed Williams	–	–
Chip Perry	–	–
Interest charged to the Income Statement		
Crystal A Holdco S.à r.l.	–	(4.9)
Crystal B Holdco S.à r.l.	–	(8.0)
Ed Williams	–	–
Chip Perry	–	–

The annual interest accrued on the Shareholder Loan Notes has been rolled into the principal each year since issue. Interest accrued on Shareholder Loan Notes was rolled up into the principal on 24 March 2015 prior to the Group restructure.

During the year ended 31 March 2015 additional loans of £15.7m were made to Crystal B Holdco S.à r.l. These loans were unsecured, non-interest bearing and repayable on demand. The total loan balance of £20.9 million was waived and released as payment for the repurchase of A ordinary shares during the year ended 31 March 2015.

During the year ended 31 March 2015 a subsidiary undertaking, Auto Trader Holding Limited, made loans of £1.4m and £2.2m to Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. respectively. These loans were unsecured, non-interest bearing and repayable on demand. On 6 March 2015 the loans were settled through the issue of a dividend in kind.

Apax Europe VIII GP Co. Limited, a fund advised by Apax Partners LLP, received £Nil for the provision of Directors' services to the Group during the year (31 March 2015: £0.1m). The balance outstanding at the end of the year was £Nil (31 March 2015: £Nil).

Prior to 24 March 2015 funds advised by Apax Partners LLP held £15.0m of the former Junior Debt. The fund received interest and was subject to the same terms of the GSMP Junior Debt Agreement as all other former syndicate members.

In the year ended 31 March 2015 certain Group companies traded with companies in which the funds advised by Apax Partners LLP have an interest. Trading was in the normal course of operations and on an arm's length basis. During the year to 31 March 2015 funds advised by Apax recharged £0.1m of costs to the Group. A balance of £Nil was outstanding at 31 March 2015.

Transactions with Directors and key management

Loans made on an arm's length basis in a previous year to certain members of key management were fully repaid in the year ended 31 March 2015.

On 4 July 2014 Auto Trader Holding Limited gifted 19,838 E Ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid up in cash by a third party individual.

On the same day the following shares were issued to certain Directors and members of key management for aggregate cash consideration of:

	Number of shares	Aggregate cash consideration £
E ordinary shares of £0.001 each	11,073	465,665
A2 ordinary shares of £0.001 each	191	8,032
A2 Preferred ordinary shares of £0.001 each	15,891	668,282
F ordinary shares of £700 each	5	3,500

On 25 February 2015 Auto Trader Holding Limited gifted 196 E Ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £0.20 was fully paid up in cash.

On 25 February 2015 Auto Trader Holding Limited issued 398 E Ordinary shares of £0.001 each to certain Directors and members of key management for cash consideration of £16,738. The nominal value of these shares of £0.40 was fully paid up in cash.

On 24 March 2015 all Directors and key management exchanged their shareholding in Auto Trader Holding Limited for shares in Auto Trader Group plc.

10. Principal risks and uncertainties

The Board has carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. A summary of the nature of the risks currently faced by the Group is as follows:

- Economy, market and business environment: If the UK car market contracts this could result in a reduction in new and used car transactions which could result in a reduction in the number of retailers or reduce retailers' desire to advertise their vehicles in the marketplace. In addition, a contraction in the UK car market could reduce manufacturers' spend on advertising on the marketplace.

- Increased competition: Increased competition could impact the Group's ability to grow revenue due to the potential loss of audience, trade and consumer advertisers, or demand for additional services.

- Brand: Failure to maintain and protect the brand or negative publicity surrounding the Group's products or services could impede the Group's ability to retain or expand its base of retailers, consumers and advertisers or could diminish confidence in and the use of the Group's services.

- New or disruptive technologies and changing consumer behaviours: Failure to innovate and develop new technologies or products; to execute product launches and improvements, or to adapt to changing consumer behaviour towards car buying or ownership could lead to the Group's business being adversely impacted.

- IT systems: Failure in one system as a result of malicious attack, our own failures or those of third party suppliers, could disrupt others and could impact the availability or performance of Group platforms and could cause reputational damage with consumers and/or customers.

- Employee retention: Our continued success and growth is dependent on our ability to attract, recruit, retain and motivate our highly skilled workforce. Failure to do so could result in the loss of key talent.