## carsales() com lid

## Full Year Results Presentation

Year Ended 30 June 2021


## Disclaimer and Non-IFRS Information

## Disclaimer

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## Non-IFRS Financial Information

carsales' results are reported under International Financial Reporting Standards (IFRS). This presentation also includes certain non-IFRS measures including "adjusted", "underlying" "proforma" and "look-through". These measures are used internally by management to assess the performance of our business and our associates, make decisions on the allocation of resources and assess operational management. Non-IFRS measures have not been subject to audit or review. All numbers listed as reported comply with IFRS.

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## FY21 Highlights



## Operating Metrics

Metrics reflect the value we create for our customers and our leading position in key markets


## CARS ONLINE ${ }^{1}$


$28 \%$

TIME TO SELL²

$\underset{\text { cars inspected }}{280 \mathrm{~N}_{3}}$

GUARANTEED ${ }^{6}$


SESSIONS ${ }^{3}$


88\%
More than no. 2

$\operatorname{WWorldwide~}^{42 \mathrm{~m}} \uparrow_{35 \%}$

LEADS ${ }^{4}$


10x
More than no. 2


## Strong Track Record of Growth

Well positioned to continue delivering long-term shareholder value through world-class capability, exposure to international growth markets and investment in new products and services


## ADJUSTED REVENUE ${ }^{1}$

CAGR 8\%


## ADJUSTED EBITDA¹

CAGR 11\%


## ADJUSTED NPAT ${ }^{1}$



## Look-through' Results

International look-through ${ }^{1}$ revenue and EBITDA grew 18\% and 20\% respectively

LOOK-THROUGH ${ }^{1}$ ADJUSTED REVENUE ${ }^{2}$

$\square$ carsales Domestic ■ carsales International

LOOK-THROUGH ${ }^{1}$ ADJUSTED EBITDA ${ }^{2}$


## Summary Revenue \& EBITDA

| Year Ending | \$A Millions |  | Growth |  | Constant |
| :--- | :---: | :---: | :---: | :---: | :---: |
| 30 June 2021 | FY20¹ | FY21 | \$'s | $\%$ |  |
| Currency |  |  |  |  |  |

## Revenue

- Delivered $4 \%$ growth in Adjusted Revenue ${ }^{2}$
- Solid results from Dealer segment reflecting continued market leadership
- Growth in Core Private ${ }^{3}$ revenue of $26 \%$ driven by strong private ad and instant offer volumes
- Strong H2 media performance reflected improving market conditions and a lower prior period comparative result
- Data, Research and Services grew $2 \%$ excluding intentional exit of low margin warranty product
- Excellent Asia result driven by strong growth in South Korea
- Latin America returned to revenue growth in H2 despite a challenging COVID backdrop


## EBITDA

- Adjusted EBITDA ${ }^{1}$ growth of $10 \%$ reflecting strong margin performance
- Growth in Online Advertising \& DR\&S reflects resilient revenue performance augmented by strong cost discipline and operating leverage
- Strong Asia result reflects excellent growth in South Korea whilst investing in future growth
- Reduction in losses in Latin America reflects strong operating cost discipline in a challenging environment


## Good domestic \& international margin performance

Strong margin performance across Domestic and LATAM segments, Asia impacted by one-off marketing investment


## Domestic

- Domestic core margin expansion by good growth in high incremental margin products and strong operating cost discipline
- Improved margins in Other Domestic Investments primarily reflects significantly improved profitability in tyresales due to better purchasing from OEM suppliers and less aggressive discounting


## International

- Asia decline reflects additional marketing investment in South Korea to increase market share of the high growth Dealer Direct product. Excluding this investment margin in Asia expanded to 56\% in FY21 from 55\% in FY20
- Reduced the losses in Latin America through good cost management in a challenging COVID environment


## Adjusted Net Profit After Tax Summary

| Year Ending | \$A Millions |  | Growth |  |
| :---: | :---: | :---: | :---: | :---: |
| 30 june 2021 | FY20 ${ }^{1}$ | FY21 | \$'s | \% |
| Adjusted Revenue ${ }^{2}$ | 421.6 | 437.8 | 16.2 | 4\% |
| Operating expense | 189.8 | 183.6 | 6.2 | 3\% |
| Adjusted EBITDA ${ }^{2}$ | 231.8 | 254.2 | 22.4 | 10\% |
| EBITDA Margin \% | 55.0\% | 58.1\% | - | - |
| Depreciation \& amortisation | 28.2 | 31.9 | (3.7) | (13\%) |
| Net finance cost | 14.3 | 13.9 | 0.4 | 3\% |
| ( Income tax expense | 56.4 | 59.4 | (3.0) | (5\%) |
| Profits from associates | 4.7 | 4.3 | (0.3) | (7\%) |
| Non-controlling interests ( NCl ) | 0.7 | (0.5) | (1.2) | (171\%) |
| Adjusted NPAT ${ }^{2}$ | 138.2 | 152.8 | 14.6 | 11\% |
| (Adjusted Earnings per share (cents) | 56.4 | 61.5 | 5.1 | 9\% |
| Final Dividend per share (cents) | 25.0 | 22.5 | (2.5) | (10\%) |
| Summary of Reported Results |  |  |  |  |
| Reported Revenue | 394.1 | 427.2 | 33.1 | 8\% |
| Reported EBITDA | 202.0 | 241.5 | 39.5 | 20\% |
| Reported NPAT | 119.9 | 130.7 | 10.8 | 9\% |
| Reported Earnings per share (cents) | 48.9 | 52.6 | 3.7 | 8\% |

- D\&A increased by $\$ 3.7 \mathrm{~m}$ due to increased depreciation of building fit outs and software assets. The software investment continues to support ongoing growth and development of our global technology platform
- Net finance cost decrease reflects lower interest rates and Net Debt balance
- Profits from associates largely reflects contribution from webmotors and is lower than pcp due to unfavourable exchange rate. webmotors EBITDA grew by 25\% in local currency
- Negative impact of non-controlling interest reflects distributing profits to non-controlling shareholders
- Final dividend of 22.5 cents per share declared, down $10 \%$ on pcp, reflecting the increase in the number of shares from the recent entitlement offer in relation to the Trader Interactive acquisition
- Reported results impacted by \$11m COVID-19 dealer support package. Reported growth on pcp positively impacted due to providing higher rebates last year. Refer to slides 41-42 for a reconciliation between reported and adjusted results


## Strong Cash Flow and Robust Balance Sheet <br> (Excludes Trader Interactive Acquisition Impact and Capital Raise)



Excellent conversion of EBITDA to cash flow reflects the attractive working capital profile of the business and good cash collections

- Capex up $11 \%$ reflecting continued investment in technology platforms and new products to drive future growth
- Leverage ratio decreased to $1.4 x$ at year end due to continued strong free cash flow generation
- Anticipate carsales' pro forma net debt / adjusted EBITDA leverage to be $\sim 2.1 \mathrm{x}$ post settlement of the transaction in September. Trader Interactive successfully refinanced in July. The business has executed a new 7 -year debt arrangement in the Term Loan market in the US. Loan size of $\$ 410 \mathrm{~m}$ with an interest rate of 4.6\%



## Domestic Revenue - Dealer \& Media

## DEALER ADJUSTED REVENUE ${ }^{1}$ UP 6\% TO \$178.1m



- Solid dealer performance supported by a buoyant automotive market, with strong demand for new and used cars. New car sales were up $28 \%$ in $\mathrm{H}^{2}$. Lead growth weighted to H 1 given a very strong comparative period in H 2 FY 20 , where dealer revenue was up $13 \%$ on pcp
- carsales extended its market leadership position, reflected in record traffic and enquiry volumes being generated for our dealer customers
- Depth revenue was in line with pcp which was a resilient result given the heightened level of demand and reduced time to sell


## MEDIA ADJUSTED REVENUE ${ }^{1}$ DOWN 5\% TO \$47.5m



- Reduction in revenue reflects a challenging OEM advertising environment due to the significant reduction in new car sales in H 1 and OEM supply constraints
- Revenue growth of 13\% in the second half of FY21 driven by improved market conditions, which positions the business well heading in to FY22
- Our strategy of diversifying into non-automotive segments is paying dividends with an increased contribution from our finance, insurance and non-automotive vehicle markets (bikes, boats, motorcycles and trucks)


## Domestic Revenue - Private \& DR\&S

## PRIVATE REVENUE UP $1 \%$ TO \$78.5m



- Core Private ${ }^{2}$ revenue growth of $26 \%$, driven by strong growth in private advertisement and Instant Offer volumes. This reflects the strength of carsales' value proposition as the most effective sales channel for consumers
- Private ad yield also improved through pricing optimisations and increased premium ad uptake
- Reduction in tyresales volumes reflects increased focus on profitable channels and less aggressive discounting


## DR\&S³ ADJUSTED REVENUE ${ }^{1}$ DOWN $1 \%$ TO \$42.8m



- Revenue growth impacted by intentional exit of our lower margin warranty product. Underlying revenue growth of $2 \%$ excluding this impact, reflecting resilience of the segment
- Data, Research \& Services segment continues to deliver revenue growth despite difficult macroeconomic conditions, demonstrating strong value proposition as a market leading source of vehicle specification, valuation and pricing data


## Market Observations

## Strong profit environment for dealers despite fluctuating inventory



## 1. LOW BUT GROWING INVENTORY

- Automotive supply conditions improved in the second half with inventory volumes steadily increasing
- Supported by returning private sellers into the market, a gradual increase in time to sell and good trade-in volume from new car sales



## 2. IMPROVING NEW CAR SALES VOLUMES

- New car sales remain below historical levels due to supply chain challenges and semi-conductor chip shortages
- Nevertheless there was strong growth in new car sales in $\mathrm{H} 2(+28 \%)^{2}$
- This has positively impacted both media advertising and private inventory volumes

New Car Sales Volume (m) ${ }^{3}$


## 3. INCREASING DEALER PROFITABILITY

- Strong demand for new and used cars and supply challenges have positively impacted dealer gross margins
- This has translated into improved dealer profitability outcomes in FY21

Gross Profit per Used Car (\$) ${ }^{4}$


## Extending Our Market Leadership



Quarterly Lead Over Competitor B1


Full Year Lead Over Competition ${ }^{2}$

carsales had a record traffic year recording the following metrics

## 375m

Total sessions in FY21

$$
\text { up } 21 \% \text { on pcp¹ }
$$

$$
4.4 \mathrm{~m}
$$

Average monthly unique audience up $15 \%$ on pcp $^{5}$

## 5bn

Total page views in FY21
up $16 \%$ on $\mathrm{pcp}^{3}$
32 m
Total Editorial sessions in FY21 up $36 \%$ on pcp $^{6}$

## Australia FY21 Key Focus Areas

## Continuing to deliver on our strategic objectives

## Key Strategic Objectives

- Grow ROI for dealers on core transaction products
- Increase penetration and usage of listing depth products
- Monetise dealer finance
- Facilitate an increasingly digital car buying process
- Grow penetration of trust and safety products
- Yield optimisation on core private revenue
- Drive growth in inspection volumes through new service offerings
- Diversify customer base
- Increase programmatic capability
- Expand dealer product portfolio to address gaps in the market
- Build and enhance engagement with members


## FY21 Focus Areas

Launch dealer ratings on details pages to improve lead conversion- Expand usage of recurring, no-touch promote productsCommence monetisation of dealer financeHelp our dealers deliver an online car selling experienceLaunch enhanced buyer insights productsIncrease yield through dynamic pricing modelsCommence inspection and certifications of non-auto brandsGrow share of non-automotive media spend through broader industry targeting and a tailored product set
- Upgrade ad server tech functionality to increase programmatic capability and monetisation of unsold inventory
- Release new value-added products for dealersIncrease feature experience for logged-in members
- Execute Owner Accelerate membership program to drive better engagement with our Virtual Garage



## USA - Trader Interactive

Anticipated completion in early September 2021

TI is a leading platform of non-automotive marketplaces, providing digital marketing solutions and services across RV, powersports, truck and equipment industries in the United States

H1 CY21 FINANCIAL SUMMARY (UNAUDITED)

|  | USD Millions |  | Growth |  |
| :--- | :---: | :---: | :---: | :---: |
|  | H1 CY20 | H1 CY21 | \$'s | $\%$ |
| Adjusted Revenue | 59.1 | 66.1 | 7.0 | $12 \%$ |
| Adjusted EBITDA | 29.0 | 36.3 | 7.3 | $25 \%$ |
| Adjusted EBITDA margin | $49 \%$ | $55 \%$ |  | $6 \%$ |

LAST QUARTER ANNUALISED ${ }^{1}$ (UNAUDItED, usDm)

EBITDA


## FY21 PERFORMANCE COMMENTARY

- Strong financial performance in the first half of the calendar year, with revenue and EBITDA growth of $12 \%$ and $25 \%$ and an EBITDA margin increase of 6 percentage points
- A price rise for all markets was successfully executed in the last quarter which resulted in minimal churn, indicating that the platform continues to deliver excellent value for dealers
- Outstanding website performance and dealer acquisition metrics





## South Korea - Encar

## Another excellent year for Encar, supported by expansion of new products and services



Revenue (KRWbn)
CAGR 16\%


EBITDA (KRWbn)
CAGR 15\%


## FY21 PERFORMANCE COMMENTARY

- Strong financial performance with revenue growth of $21 \%^{2}$ and EBITDA growth of $12 \%^{2}$
- Encar invested 3.2b KRW in H2 FY21 to increase penetration and drive future growth of the Dealer Direct product. Excluding this investment EBITDA up $22 \%^{2}$ vs pcp
- Strong operational metrics despite continued challenges with COVID-19
- Performance has been driven by strong execution on key growth products:
- Dealer Direct: product enhancements, sales process improvements and Increased marketing activity underpinned growth of $>100 \%$ in sales volumes
- Guaranteed inspections: Strong growth in volumes driven by increased utilisation of branches including 5 new branches opened in FY21. We now have 36 branches and Guaranteed penetration also increased to 32\% in Jun-21 from 23\% in Jun-20
- Home Delivery: Expanded the number of cars being offered for home delivery to $>10,000$ which has resulted in material uplift in volumes. Important part of the future ecommerce strategy for Encar


## Brazil - webmotors

webmotors continues clear no. 1 position by accelerating core volume and expanding services


Revenue (BRLm)
CAGR 24\%


EBITDA (BRLm)
CAGR 40\%


## FY21 PERFORMANCE COMMENTARY

- Excellent financial performance in local currency with unfavourable exchange rates impacting AUD growth
- Strong cost discipline helping to deliver EBITDA margin expansion from $41 \%$ to $44 \%$
- Excellent key operating metrics through challenging market conditions:
- Site visits up $15 \%{ }^{1}$
- Leads delivered up $45 \%^{2}$
- Subscribed dealer volume up $13 \%^{3}$
- Excellent outcomes from FY21 Focus areas:
- CRM +smart FY21 revenue nearly doubled, with more than 1,500 new dealers subscribed
- The contribution of finance revenue increased, with $21 \%$ growth on pcp
- Display revenue from OEMs grew 70\% on pcp
- Regional Expansion plan whilst reduced still added $\sim 2 k$ dealers in south, south east and north east regions
- Use of our Home Delivery Product also accelerated, as demand for safe inspections increased


## Latin America

Strong operating metrics and cost control help improve profitability in our Latin American markets


## Market Observations

## US (TRADER INTERACTIVE)

BRAZIL (WEBMOTORS)

- Strong pandemic response has resulted in minimal disruption to the trading environment, with new car sales improving upon pre-COVID levels
- Encar's operating metrics were positive, with visits up $11 \%^{1}$ and inventory has been stable throughout COVID

New Car Sales Volume (m) ${ }^{2}$


- With the number of new COVID cases easing, trading conditions improved for Tl in H 2


## Recreational

- US outbound international air travel reduced by $74 \%^{3}$ in 2020 which increased domestic tourism spending. This positively impacted demand in the RV and Powersports verticals
- Whilst there have been supply chain issues impacting inventory levels, dealers have been generating strong gross margins due to heightened demand. Pricing and margins likely to remain favourable for the rest of CY21


## Commercial

- Truck and equipment markets have also experienced significant inventory challenges but are expected to improve over the next 6-9 months. Similar to recreation this has created strong pricing conditions in the market
- Despite difficult COVID conditions throughout the year, the automotive sales environment recovered strongly with vehicle sales being up 32\% in H2 FY21 on pcp ${ }^{4}$
- webmotors delivered strong operating metrics with traffic up 15\% on $\mathrm{pcp}^{5}$ and finance contracts up $22 \%$

New Car Sales Volume (m) ${ }^{6}$


## Strong International Market Leadership

Key industry metrics are positive during challenging trading conditions

## SOUTH KOREA (ENCAR)

- More than $24 \%$ of the Korean population visited Encar in an average month in FY21 showing excellent brand strength and awareness

Total Visits (m) ${ }^{1}$


Full year market share v competition ${ }^{2}$


US (TRADER INTERACTIVE)

- TI is the clear market leader in recreational categories with a contestable position in trucks where TI holds more inventory than the market leader

Recreational market share ${ }^{3}$


Commercial market share ${ }^{3}$


## BRAZIL (WEBMOTORS)

- webmotors extended its lead over the no. 2 vertical auto player

Quarterly market share v competitor A $^{4}$


Full year market share $v$ competition ${ }^{4}$




## International FY21 Key Focus Areas



## Key Strategic Objectives

- Increase penetration and usage of Guarantee product
- Expand our Dealer Direct product offering
- Expand our Home Service product offering
- Increase monetisation of Cockpit products
- Increase contribution of finance revenue
- Increase traffic and lead volumes to dealers
- Expand Webmotors regional brand presence (conditions permitting)
- Continue to invest in global platform and product optimisations to drive key operating metrics and consolidate market leading positions
- Optimise finance opportunity
- Deploy new inventory and lead management platform


## FY21 Focus Areas

- Open new Guarantee sites in strategic locations and continue increasing utilisation by enhancing efficiency at sites to allow inspection of more vehicles
- Strengthening consumer awareness and improving user experience for Dealer Direct
- Expanding the supply of participating Home Service dealers and strengthening operational processes including payment
- Commence monetisation of CRM +smart subscription
- Expand volume of eligible home delivery cars
- Broaden customer base of OEMs using display products
- Restart regional brand marketing and expansion campaign if conditions allow
- Deploy new inventory and lead management platform, which will complement improved dealer monetisationDrive enhanced data and analytics capabilities across the region
Chile and Argentina - execute finance partnerships with local banks



## carsales' Strategy

## Our purpose: Making buying and selling a great experience



## Digital Marketplaces

To grow our leadership in digital classified advertising markets


## Value-added Services

To build a compelling ecosystem of services that support our customers through the buying, selling and ownership of vehicles


## Future Horizons

Leveraging consumer insights and industry trends to explore new opportunities

## Drivers

## Data

To be a data-driven company, with unrivalled data and analytics to help customers understand their audience and commercial clients to grow their businesses

## People

To be an employer of choice and destination for talent by continuously evolving our culture of inclusion, learning, leadership, performance and passion

## Technology

To build global platform-based software services that exceed the expectations of our customers and drive continued growth in the carsales business

## Australia FY22 Key Focus Areas

## Investing in improved customer experience and value-based outcomes to underpin future growth

## Key Strategic Objectives



- Grow ROI for dealers on core transaction products
- Increase penetration and usage of listing depth products
- Increase dealer finance penetration
- Facilitate an increasingly digital car buying process
- Increase Instant Offer usage
- Yield optimisation on core private revenue
- Enhance scale and profitability of tyresales
- Diversify customer base
- Increase programmatic capability
- Grow value proposition through unified customer profiles and self-serve capability
- Expand dealer product portfolio to address gaps in the market
- Build and enhance engagement with members
- Enhance vehicle valuation accuracy and coverage

FY22 Focus Areas

- Depth product enhancements, and expand usage of recurring, notouch promote products
- Increase number of dealer listings with finance available
- Launch digital buying experience
- Increase Instant Offer brand awareness through above the line marketing campaigns and optimise conversion funnel
- Introduce more sophisticated dynamic pricing tools
- Expand depth and quality of OEM supplier relationships
- Grow share of non-automotive media spend through broader industry targeting and a tailored product set
- Increase sell-through rates utilising real-time-bidding service
- Implement Customer Data Platform and self-serve capability
- Release new value-added products for dealers
- Enrich feature experience for logged-in members
- Refine pricing systems, processes \& algorithms


## Private - Dynamic Pricing

## Our dynamic pricing strategy aims to better align the price charged with value delivered

## DYNAMIC PRICING PHASE 1

## DYNAMIC PRICING PHASE 2

- carsales has delivered strong yield growth from tiered pricing of its private listings over the last 5 years
- Prior to 2016 we charged the same ad price for all items irrespective of the value of the vehicle
- Since then we have transitioned to a tiered pricing model that adjusts to the value of the item being advertised
- This has enabled us to charge a higher price in higher value inventory tiers where the value we deliver is very strong


## Price Bracket History

| Price <br> of car | 2016 | 2021 |
| :---: | :---: | :---: |
| \$0-\$5k |  | $\$ 39$ |
| \$5k-15k |  | $\$ 69$ |
| \$15-\$20k | $\$ 68$ | $\$ 79$ |
| $\$ 20-\$ 30 k$ |  | $\$ 109$ |
| $\$ 30-\$ 70 k$ |  | $\$ 139$ |
|  |  | $\$ 239$ |

Average Yield Per Car


- Change the ad creation process to ask for the consumer's location and car type prior to providing a price
- This will enable us to more dynamically adjust prices based on:
- Location
- Value of the car (enables micro bracketing)
- Type of car
- Demand for the car
- Time of year


Location pricing has gone live

- We have been testing location-based dynamic pricing and trialed in selected states
- Initial impact on yield and volume has been positive


## Digital Car Retailing

## COVID-19 has accelerated the willingness of consumers to buy and sell used cars online

Demand for a full digital retail experience is growing
$37 \%$ of consumers are willing to purchase a used car online, however only $1 \%$ of used car sales take place completely online ${ }^{1}$

- Demand for an entirely digital experience has been accelerated by COVID-19
- Internationally, new 'digital dealer' models are gaining market share where they have migrated offline elements of the sale to online

Used Car Digital Dealers

| Buy online Company | Operating <br> Market(s) | Annualised Sales ${ }^{2}$ |
| :---: | :---: | :---: |
| E carvana |  | 431k |
| WTOOM | 苳 | 73k |
| (-6) AUTOHERO |  | 34k |
| CAZOO | En | 43k |

## We have conducted research to understand the drivers

- Our consumer research has determined the key factors that will drive increased adoption of online purchasing:

1. Two-thirds of consumers say they are most concerned about the car having hidden issues;
2. Accessing a competitive, guaranteed price without the requirement for negotiation;
3. Being able to test drive the vehicle before making payment;
4. Having the car home delivered

Critical Factors in Buying Online
\% of respondents
63\%


We are creating carsales Select a new digital used car offering


## Digital Car Retailing

In FY22, carsales will launch a differentiated digital product experience called carsales Select.
We are focused on helping dealers to bring more of the car buying process online

Certified

Using carsales pricing algorithm to ensure pricing is competitive


Car accompanied by Inspection \& Facts+ Report and high quality photos with and high quality photos with
imperfections highlighted


Dealer inspection report Date completed $05 / 03 / 2021$
2020 Ford Ranger Raptor PX MkIII Auto 4×4 MY20.75 Double Cab

carsales holds refundable reservation deposit in escrow



Instils confidence by replicating test drive experience


3-month limited warranty

Showcase dealer statutory warranties


## Phase 2

## Digital Car Retailing

## Encar's home delivery service builds on inspection services, moving more of the buying process online



Encar Home Delivery Service

- Encar's home delivery service brings together the offline elements of used car buying onto a digital platform and is a significant growth opportunity
- Every car is delivered with Encar inspection and certification and is provided with a 7-day money back guarantee. This means consumers can buy with confidence in the quality of the vehicle and know they can access a full refund within 7 days of delivery
- The value of these benefits allow the dealer to maintain strong gross margins, often higher than if sold using the marketplace section of the website, which incentivises further listing volume
- This has resulted in total listings available for delivery exceeding 10,000 cars during the year and FY21 transaction volume growth of over 2.5x times compared with pcp

Quarterly Home Delivery Volume


Launched in 2019, the quarterly run-rate has increased 8x indicating strong consumer appetite for a fully digital car buying experience

## International FY22 Key Focus Areas

## Investing in products and leveraging global technology platform to underpin the growth

## Key Strategic Objectives



FY22 Focus Areas

- Increase the number of Guarantee sites and optimise the portfolio, formats and in-store operations
- Deepen consumer awareness and refine customer experience for Dealer Direct and Home Service
- Continue to grow penetration of CRM +smart subscription
- Focus on increasing penetration of B2B and C2C finance loan contribution
- Increase media product sophistication
- Accelerate regional brand marketing and expansion campaign
- Best in class search experience
- Scale our communication tools to enhance buyer-seller interaction
- Enhance content across sites to drive increased consumer engagement
- Deploy valuation guidance
- Integrate finance, insurance and other services into buyer/ seller flow


## Our Focus on Sustainability

We are committed to driving continuous improvement across our six sustainability pillars

## FY21 Highlights

## Our People

- $95 \%$ of our people have confidence in carsales' response to the COVID-19 pandemic
- Certified as an Australian Great Place to Work for the $4^{\text {th }}$ consecutive year
- WGEA Employer of Choice for Gender Equality for the $6^{\text {th }}$ consecutive year
- $40 \%$ female representation at the Senior Leadership Team level


## Customers

- Provided c.\$39m of financial support to our customers through COVID (\$11m in FY21).
- Maintained platform uptime of $>99.99 \%$
- Our dealer customer net promoter score (NPS) improved by $16 \%$


## Community

- Mentored post graduate students from Monash University's IT Faculty
- We partnered with CareerSeekers to provide internship opportunities to refugees and people seeking asylum
>300 hours of volunteering time committed from our people for the CS in Schools program, helping increase technology participation in schools


## Environment

- We embarked on attaining Climate Active certification, with the goal to be carbon neutral in our Australian operations by FY22
- Our head office building in Richmond, Victoria, has been Climate Active certified, and has achieved a 4.5 star NABERS rating
- Launched electric vehicle technology content hub on carsales,
www.carsales.com.au/newcars/hub/electric/


## Innovation

- Launched Placie, mobility-as-aservice (MaaS) aggregator
- Developed carsales select, a new digital car purchasing solution


## Governance

- Achieved on-time completion rate for all employee compliances course of 96\%
- Released our inaugural Modern Slavery Statement




## FY22 Outlook

The outlook statement provided below excludes the impact of the acquisition of Trader Interactive.

In FY21, the carsales Domestic business recovered the declines in leads and private ad volumes following prolonged lockdowns and retail closures in the first half of the year. While current lockdowns and retail closures are having an impact on leads and private ad volumes, if our experience is consistent with prior lockdowns, the business is well placed to recover all or most of the declines once retail re-opens. On this basis we would expect to deliver solid growth in Group Adjusted revenue, Adjusted EBITDA and Adjusted NPAT1 in FY22. Depending on the duration and frequency of lockdowns in the first half, financial performance is likely to be more heavily weighted to the second half than usual.

## carsales Domestic Observations

- Dealer:
- Outside the states impacted by lockdowns, underlying market conditions remain solid.
- Private
- Private listing volumes are growing strongly on pcp excluding NSW
- tyresales has operated at lower volume levels in July 2021 due to the lockdowns in NSW and Victoria
- Media and new car market:
- The new car market continues to demonstrate signs of improvement as evidenced by the solid performance in new car sales volumes over the last six months. This has resulted in an improvement in media revenue run rate, providing confidence that we can deliver growth in this segment in FY22.
- Domestic Core expenses
- Anticipating core expenses to be higher in FY22 compared to FY21 largely reflecting the absence of wage subsidies.


## carsales International Observations ${ }^{2}$

- Korea:
- In FY22 we expect strong growth in revenue ${ }^{2}$ and strong growth in EBITDA ${ }^{2}$ excluding the potential for continued marketing investment in Dealer Direct
- Brazil:
- We expect strong growth in revenue ${ }^{2}$ and EBITDA ${ }^{2}$ in FY22
- United States:
- In July 2021, financial performance continues to be strong. We will provide guidance on Trader Interactive at the AGM in October-21.



## Overview Of Carsales Non-IFRS Financial Information

## What is IFRS and non-IFRS financial information?

- IFRS financial information is financial information that is presented in accordance with all relevant accounting standards.
- Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards. For example:
- Revenue or profit information calculated on a basis other than under accounting standard definitions or calculated with accounting standards and then adjusted e.g. "adjusted", "underlying" or "lookthrough".


## What non-IFRS financial information does carsales disclose in its half year and year end results presentations?

- carsales presents reported financial information for its business segments, associates and investments where applicable IFRS financial information exists. The financial
information presented is sourced directly from financial information prepared in accordance with all relevant accounting standards and has been subject to either review or audit by carsales' external auditors (PwC).
- In carsales' investor presentations the company aims to provide equal or greater prominence to IFRS financial information. However, we also present or refer to non-IFRS financial information. Please note, all information labelled "Reported" in this presentation complies with IFRS.
- Non-IFRS financial information is calculated based on statutory IFRS financial information and adjusted to show either a position excluding significant items which have been removed OR presented based on carsales' effective equity ownership interest of an entity's underlying revenue, EBITDA or NPAT.
- Any non-IFRS financial information is clearly labelled as "underlying", "Adjusted" or "lookthrough" to differentiate it from reported/IFRS financial information.
- carsales provides reconciliations on the face of slides, appendices and in footnotes of
presentations in order to allow the reader to clearly reconcile between the IFRS and nonIFRS financial information.

Why does carsales disclose non-IFRS financial information in its half year and full year results presentations?

- carsales has invested in businesses in Malaysia, Thailand, Indonesia, South Korea, Mexico, Chile, Brazil and Argentina and has become a global portfolio of online automotive assets. Accordingly carsales management believes that the presentation of additional non-IFRS information in its half year and full year results presentations provides readers of these documents with a greater understanding into the way in which management analyses the business as well as meaningful insights into the financial conditions of carsales overall performance.
- The Australian Securities and Investment Commission ("ASIC") acknowledges the relevance of non-IFRS financial information in providing "meaningful insight" as long as it does not mislead the reader.


## Reconciliation Of Reported To Adjusted

|  | \$A Millions | FY20 ${ }^{1}$ |  |  | FY21 |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Reported | Adjustments | Adjusted | Reported | Adjustments | Adjusted |
|  | Revenue | 394.1 | 27.5 | 421.6 | 427.2 | 10.7 | 437.8 |
|  | Operating expense | 192.1 | (2.3) | 189.8 | 185.7 | (2.0) | 183.6 |
|  | EBITDA | 202.0 | 29.8 | 231.8 | 241.5 | 12.7 | 254.2 |
|  | EBITDA margin | 51.3\% |  | 55.0\% | 56.5\% |  | 58.1\% |
|  | Depreciation \& amortisation | 36.4 | (8.1) | 28.2 | 39.8 | (7.9) | 31.9 |
|  | Net financing cost | 7.1 | 7.2 | 14.3 | 18.7 | (4.8) | 13.9 |
|  | Income tax expense | 50.3 | 6.2 | 56.4 | 55.3 | 4.1 | 59.4 |
| - | Profits from associates | 4.2 | 0.5 | 4.7 | 3.9 | 0.4 | 4.3 |
|  | Fair value revaluation | 9.8 | (9.8) | - | (0.4) | 0.4 | - |
|  | Gain / (Loss) on business disposal | (0.5) | 0.5 | - | - | - | - |
|  | Non-controlling interest (NCI) | (1.9) | 2.6 | 0.7 | (0.5) | - | (0.5) |
|  | Net profit after tax | 119.9 | 18.3 | 138.2 | 130.7 | 22.1 | 152.8 |

## Reconciliation Of Reported To Adjusted NPAT

| \$A Millions | FY20 ${ }^{1}$ |  |  | FY21 |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Revenue | EBITDA | NPAT | Revenue | EBITDA | NPAT |
| Reported Financials | 394.1 | 202.0 | 119.9 | 427.2 | 241.5 | 130.7 |
| Dealer Support Package | 27.5 | 27.5 | 19.3 | 10.7 | 10.7 | 7.5 |
| Restructuring and M\&A transaction costs | - | 2.3 | 2.0 | - | 2.0 | 1.5 |
| Hedge Close out | - | - | - | - | - | 4.8 |
| Option Movement in Fair Value | - | - | (7.2) | - | - | - |
| Loss / (Gain) on disposal of business | - | - | 0.5 | - | - | - |
| One-off tax adjustment | - | - | 3.7 | - | - | 1.3 |
| Fair value revaluation post NCl | - | - | (7.1) | - | - | 0.4 |
| Total acquired intangible amortisation | - | - | 7.1 | - | - | 6.7 |
| Adjusted Financials | 421.6 | 231.8 | 138.2 | 437.8 | 254.2 | 152.8 |

## "Look-through ${ }^{4 \prime \prime}$ P\&L (AUD)



## "Look-through" P\&L (Constant Currency)

| \$A Millions | FY20 |  | FY21 |  | Growth \% |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Consolidated | Look-through | Consolidated | Look-through | Consolidated | Look-through |
| Domestic Core | 299.9 | 299.9 | 313.3 | 313.3 | 4\% | 4\% |
| Domestic Investments ${ }^{3}$ | 40.2 | 31.3 | 33.6 | 27.0 | (16\%) | (14\%) |
| Total Domestic | 340.1 | 331.2 | 346.9 | 340.3 | 2\% | 3\% |
| Brazil | n/a | 16.3 | n/a | 18.8 | n/a | 16\% |
| South Korea | 65.9 | 65.9 | 80.1 | 80.1 | 21\% | 21\% |
| Chile | 4.3 | 4.3 | 4.6 | 4.6 | 6\% | 6\% |
| Mexico | 1.7 | 1.6 | 1.7 | 1.7 | 1\% | 1\% |
| Argentina | 0.5 | 0.4 | 0.4 | 0.4 | (14\%) | (14\%) |
| Other Asia and NZ | 4.3 | 4.3 | 4.2 | 4.2 | (3\%) | (3\%) |
| Total International | 76.8 | 93.0 | 91.0 | 109.7 | 19\% | 18\% |
| Adjusted Revenue ${ }^{2}$ | 416.9 | 424.2 | 437.8 | 450.0 | 5\% | 6\% |
| Domestic Core | 195.5 | 195.5 | 206.5 | 206.5 | 6\% | 6\% |
| Domestic Investments ${ }^{3}$ | 0.3 | (0.4) | 5.5 | 3.9 | 1519\% | 1002\% |
| Total Domestic | 195.9 | 195.1 | 212.0 | 210.4 | 8\% | 8\% |
| Brazil | n/a | 6.7 | n/a | 8.3 | n/a | 25\% |
| South Korea | 36.4 | 36.4 | 40.7 | 40.7 | 12\% | 12\% |
| Chile | 1.5 | 1.5 | 2.0 | 2.0 | 39\% | 39\% |
| Mexico | (3.8) | (3.8) | (2.0) | (2.0) | 47\% | 47\% |
| Argentina | (1.0) | (1.0) | (0.9) | (0.9) | 14\% | 14\% |
| Other Asia and NZ | 2.2 | 2.2 | 2.3 | 2.3 | 6\% | 6\% |
| Total International | 35.3 | 42.0 | 42.2 | 50.5 | 20\% | 20\% |
| Adjusted EBITDA ${ }^{2}$ | 231.2 | 237.1 | 254.2 | 260.9 | 10\% | 10\% |
| Reported Revenue | 389.4 | 396.7 | 427.2 | 439.4 | 10\% | 11\% |
| Reported EBITDA | 201.4 | 207.3 | 241.5 | 248.2 | 20\% | 20\% |



