

carsales  com ltd

Half year results presentation

HALF YEAR ENDED 31 DECEMBER 2017



Disclaimer and non-IFRS information

Disclaimer

The material in this presentation has been prepared by carsales.com Limited (ASX: CAR) ABN 91 074 444 018 ("carsales") and is general background information about carsales' activities current as at the date of this presentation. The information is given in summary form and does not purport to be complete. In particular you are cautioned not to place undue reliance on any forward looking statements regarding our belief, intent or expectations with respect to carsales' businesses, market conditions and/or results of operations, as although due care has been used in the preparation of such statements, actual results may vary in a material manner. Information in this presentation, including forecast financial information, should not be considered advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice.

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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A photograph of a man and a woman sitting in the front seats of a car. The man is driving, wearing a red plaid shirt and sunglasses, with his right hand on the steering wheel. The woman is in the passenger seat, wearing a white sleeveless top and sunglasses, looking out the window with a smile. She is holding a large map that the man is also looking at. The background shows a scenic landscape with hills and a body of water, visible through the car's windows. The overall tone is bright and positive, suggesting a road trip or vacation.

Key Highlights

TO 31 DECEMBER 2017

H1 FY18 highlights



REPORTED REVENUE

Up 12% to \$200m



REPORTED EBITDA

Up 9% to \$91m



ADJUSTED NPAT*

Up 11% to \$61m
Reported NPAT**
up 27% to \$60m

FINANCIAL SUMMARY

- Solid first half with the Group delivering pleasing growth against pcp across all three key financial metrics with revenue up 12%, EBITDA up 9% and Adjusted NPAT* up 11% whilst continuing to invest in future growth priorities.

DOMESTIC HIGHLIGHTS

- Solid growth in Online Advertising and Data, Research and Services segments with revenue up 9% and 7% on pcp respectively.
- The adjacent market strategy continues to be a strong contributor to revenue growth in the domestic market, with Stratton, tyresales and Redbook Inspect all reporting good revenue and profit growth in the first half.
- Continued solid revenue growth across our core leads, listing and depth products in dealer.
- Solid growth in yield in private from tiered pricing and increase in take up of premium products.

INTERNATIONAL HIGHLIGHTS

- Continued evolution of our international growth strategy with the acquisition of the remaining stakes in both our South Korean and Mexican businesses.
- Webmotors in Brazil delivered a strong result with local currency revenue and EBITDA being up 30% and 122% respectively as the business continues to scale.
- Solid local currency revenue growth up 13% in South Korea with SK Encar earnings growth impacted by the timing of marketing spend.
- Our Chilean business continues to perform well with good growth in revenue of 47% and EBITDA up 21% in the half.
- Pleasing growth in key operational metrics in Mexico and Argentina with paying dealer numbers up 47% and 46% respectively compared with 30 June 2017.

* Adjusted NPAT stated above is post non-controlling interests and excludes, one-off gains and losses on associate dilution and fair value re-measurement, one-off tax gains and acquired intangible amortisation. See slide 38 regarding the disclosure of non-IFRS Information and slide 39 for a reconciliation of Adjusted NPAT to Reported NPAT.

** Reported NPAT stated above is post non-controlling interests.



Reported Group Financial Performance

TO 31 DECEMBER 2017

Financial overview

- Pleasing revenue performance for the first half of \$200.1m, up by 12% on pcp.
- Solid growth in EBITDA up 9% on pcp.
- Operating expenses (before interest and D&A) up 15%. Expense growth rate reflects increasing contribution of lower margin adjacent and international businesses. Core business margins continue to expand.
- D&A increased by \$1.0m reflecting increased depreciation of capitalised labour and other growth capex. This supports group wide integration and globalisation projects.
- Reported profits from associates flat on pcp. Underlying profits from associates up 25%, which excludes the one-off tax gain from SK Encar in H1 FY17.
- Solid Adjusted NPAT* growth of 11% on pcp. One-off non-cash \$6.8m iCar fair value adjustment in H1 FY17 the principal contributor to higher reported net profit growth of 27% on pcp.
- Adjusted EPS up 2.4 cents per share to 25.2 cents, 11% higher than pcp.
- Interim H1 FY18 dividend of 20.5 cents per share declared, up 10% on pcp (FY17 interim dividend of 18.7 cents per share).

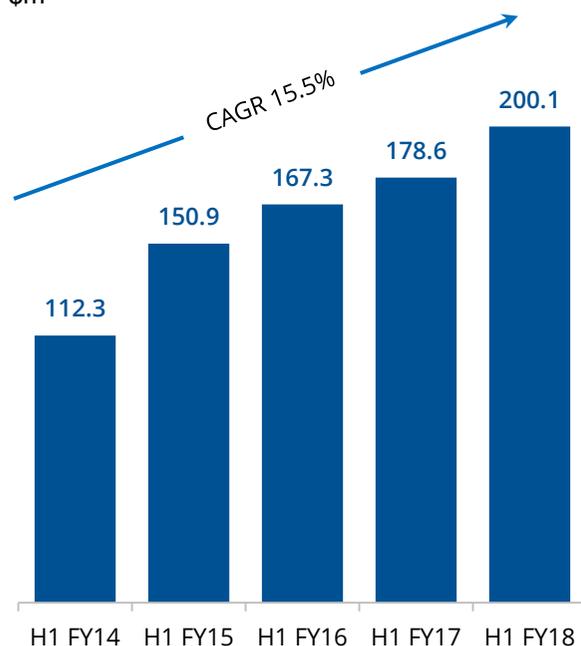
Half Year Ending 31 December 2017	\$A Millions		Growth	
	H1 FY17	H1 FY18	\$'s	%
Revenue				
Online Advertising	129.8	141.6	11.8	9%
Data, Research and Services	19.2	20.6	1.4	7%
International	3.5	5.8	2.3	66%
Finance and Related Services	26.1	32.1	6.0	23%
Total revenue	178.6	200.1	21.5	12%
Total operating expenses (before Interest, depreciation and amortisation)	95.4	109.5	(14.1)	(15%)
EBITDA	83.2	90.6	7.4	9%
<i>EBITDA margin</i>	47%	45%		
Depreciation & amortisation	4.6	5.6	(1.0)	(21%)
EBIT	78.6	85.0	6.4	8%
Net interest expense	3.7	3.0	0.7	18%
Profit Before Tax	74.9	82.0	7.1	9%
Income Tax Expense	23.0	24.6	(1.6)	(7%)
Profits from associates	3.6	3.5	(0.1)	(3%)
Gain/(loss) on associates fair value adjustment and investment dilution	(6.8)	1.3	8.1	(119%)
Non-controlling interest (NCI)	(1.5)	(2.0)	(0.5)	(36%)
Reported net profit after tax	47.2	60.2	13.0	27%
Adjusted net profit after tax*	54.9	60.9	6.0	11%
Adjusted earnings per share (cents)*	22.8	25.2	2.4	11%

* Adjusted NPAT stated above is post non-controlling interests, excludes one-off gains and losses on associate dilution and fair value re-measurement, one-off tax gains and acquired intangible amortisation. See slide 38 regarding the disclosure of non-IFRS Information and slide 39 for a reconciliation of Adjusted NPAT to Reported NPAT

Strong track record of financial performance

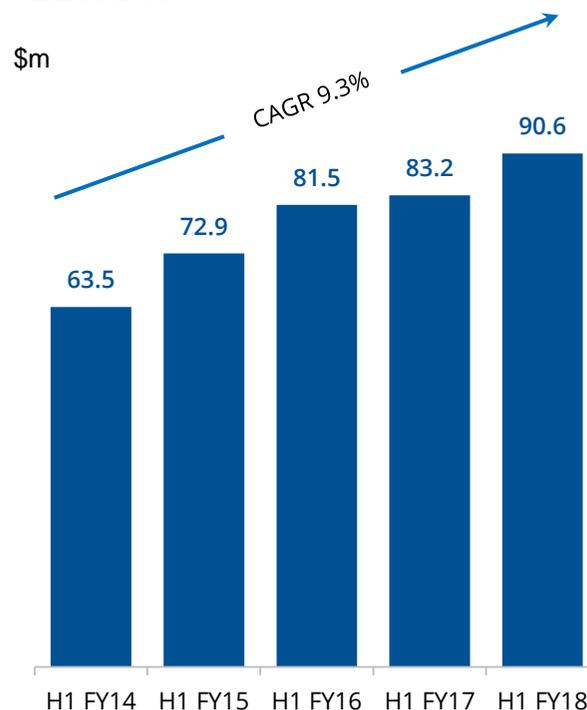
Revenue

\$m



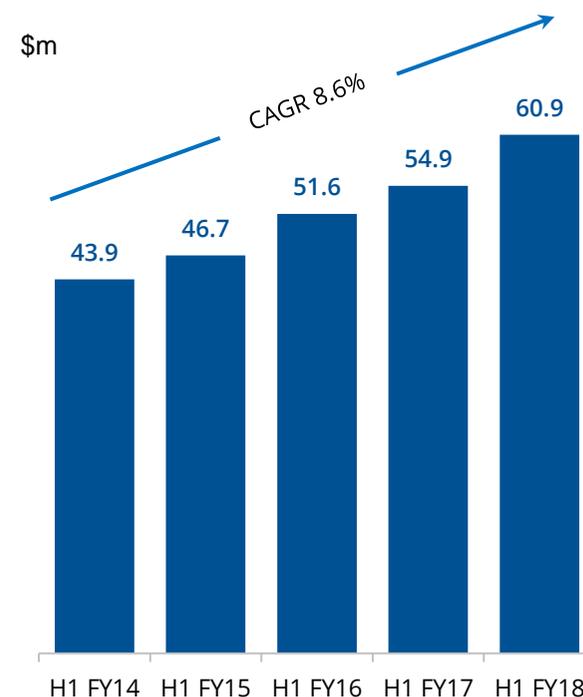
EBITDA

\$m



Adjusted NPAT*

\$m

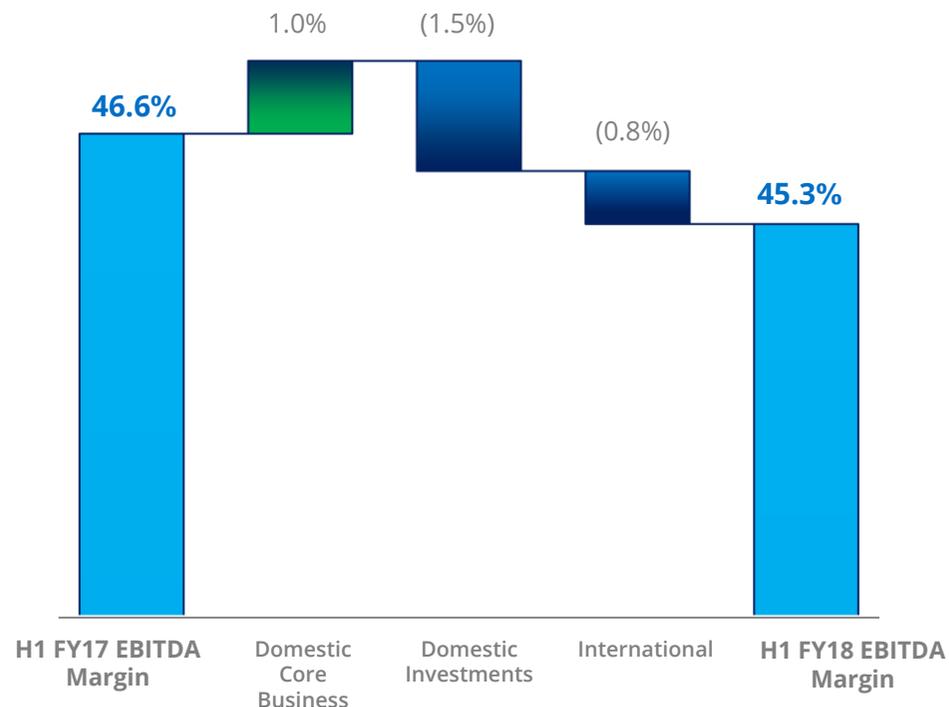


- Once again carsales continues to demonstrate consistent solid returns to its shareholders.
- Delivered the highest adjusted NPAT growth this half in the last 4 years demonstrating strength of carsales' strategy.

EBITDA margin performance

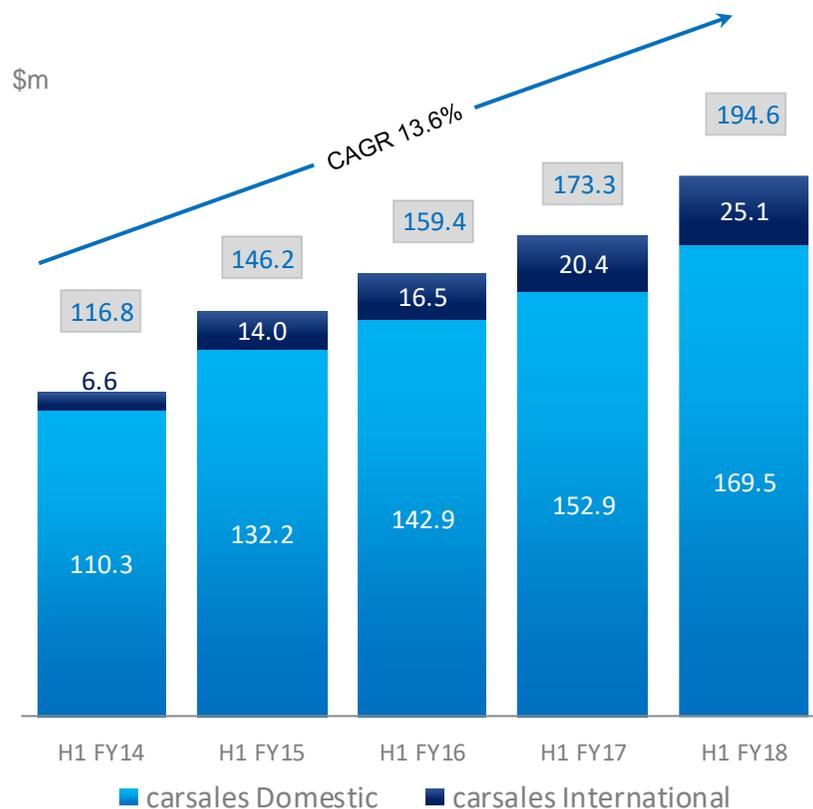
Core EBITDA margin continues to expand offset by high revenue growth domestic and international investments

- Reported Group margins moved from 46.6% in H1 FY17 to 45.3% in H1 FY18, with domestic core business margin increases offset primarily by growth in earlier stage lower margin businesses.
- Domestic core business margin expansion continues as operating leverage is being achieved. Costs have been well controlled, whilst we continue to invest in future growth opportunities.
- Domestic investments margin reduced reported group margins by 1.5% on pcp. Lower margins in Stratton have been a key contributor to this and reflects higher sales commissions and investments to support future profitable growth in the medium term. Increasing revenue contribution from tyresales has also had a negative mix impact on reported group margins.
- International reduced reported group margin by 0.8% on pcp. This reflects the impact of losses from soloautos and Demotores (acquired in H2 FY17) as investments are being made into these businesses to scale for future growth.

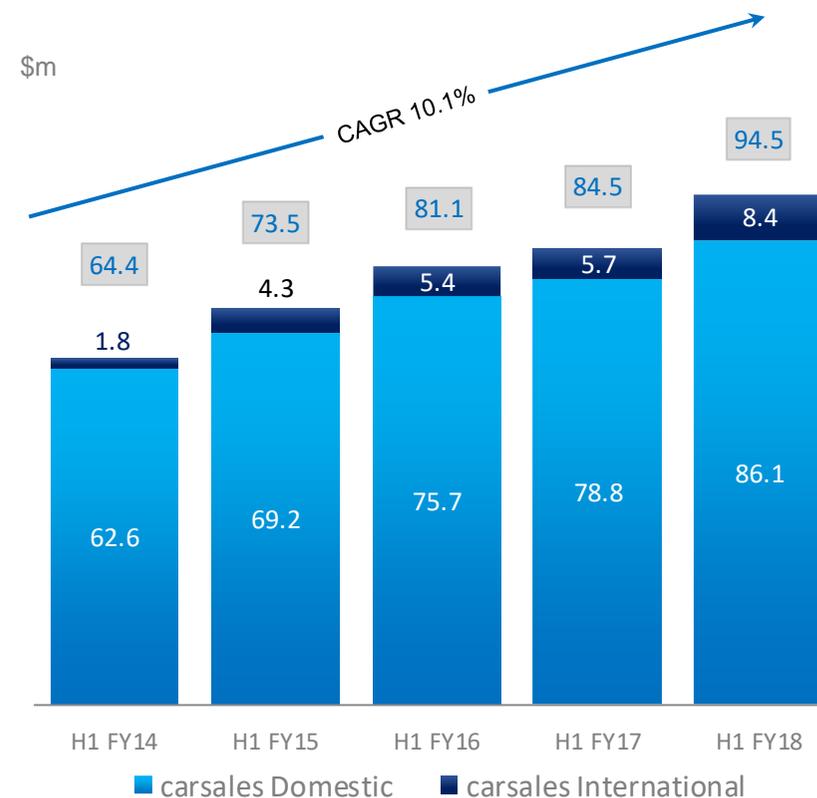


Look through revenue and EBITDA performance

Look Through Revenue



Look Through EBITDA

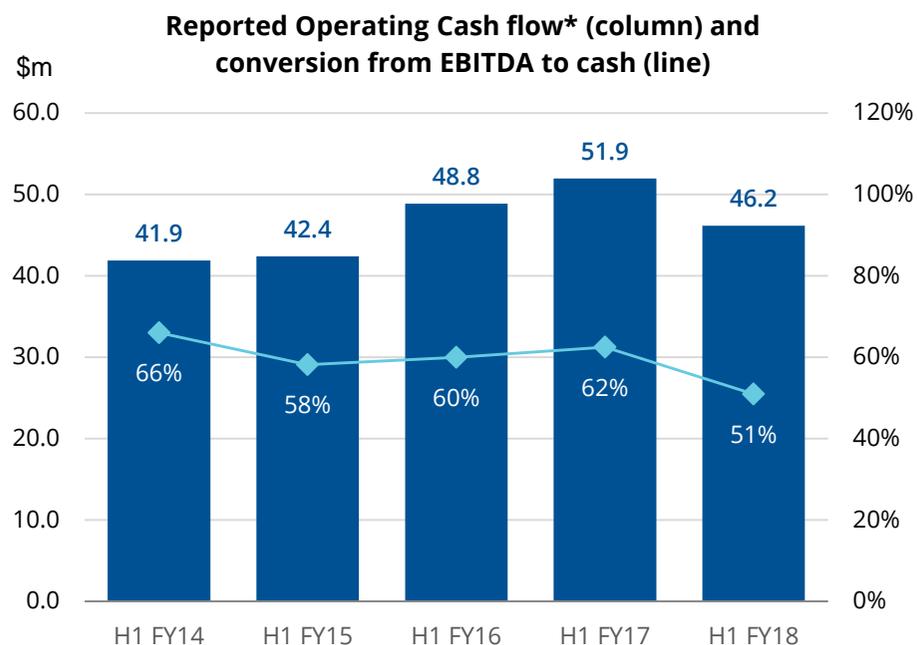


- Look through revenue and EBITDA has grown faster than reported revenue and EBITDA in H1 FY18, with strong performances across both core, adjacent and international businesses showing the potential of the carsales strategy.

NOTE: Refer to slide 40 for carsales "Look Through" methodology

Reported debt and cash flow

Solid operating cash flows



Half Year Ending 31 December 2017	\$A Millions		Growth	
	H1 FY17	H1 FY18	\$'s	%
Cash capital expenditure	2.1	3.2	1.1	51%
Capitalised labour costs	4.4	5.6	1.2	28%
Total capital expenditure	6.5	8.8	2.3	35%

See slide 38 regarding the disclosure of non-IFRS Information

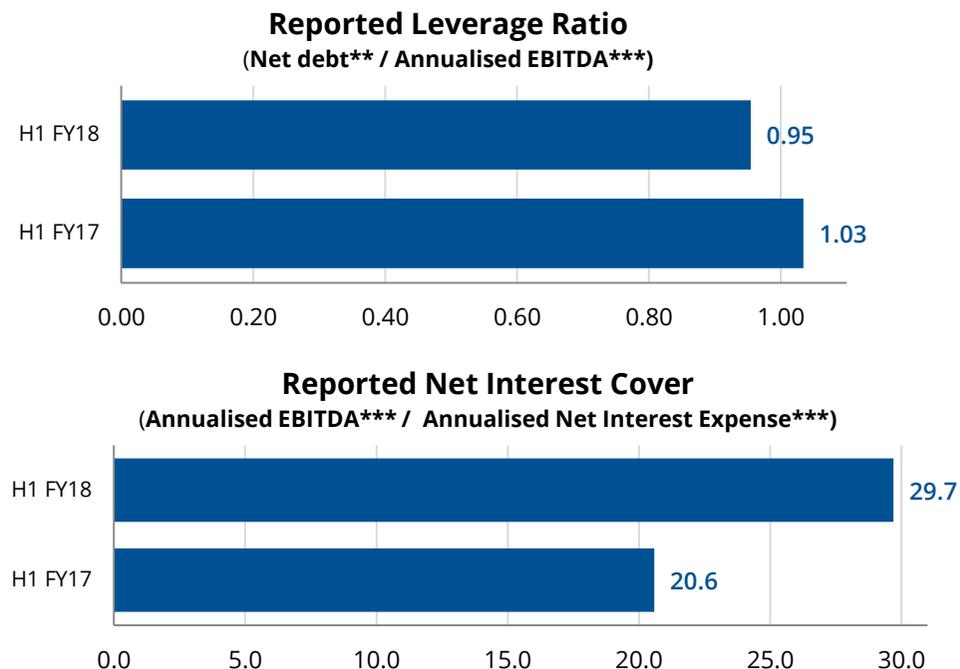
*H1 FY14 to H1 FY17 Operating Cash Flow re-classified to separately present the effect of foreign exchange rate changes on the cash and cash equivalents balance.

** Net debt includes total borrowings less total cash as at 31 December 2017 per published balance sheet.

Ratios above are based on reported financial outcomes and may vary with bank covenant definitions.

*** Annualised EBITDA is reported EBITDA for the 12 month period ended 31 December 2017. Annualised Net Interest Expense is reported net interest expense for the 12 month period ended 31 December 2017.

Improved credit metrics



- Key causes of the reduction in EBITDA to operating cash flow conversion have been unfavourable timing of tax payments, incremental investment in new ERP/CRM systems, incremental spend on labour capitalisation and an unfavourable timing impact on collections due to the implementation of the new ERP system near half-year end. The majority of this unfavourable movement is timing only and is expected to reverse over the coming half.
- Reported Net Debt** of ~\$175m at 31 December 2017, up from ~\$153m at 30 June 2017. Increase principally reflects timing of working capital outflows above and ~\$15m outflows on acquisitions of subsidiaries and minority interests in H1 FY18.
- Cash capex increased 51% on pcp principally reflecting incremental costs for implementation of new ERP & CRM systems. Capitalised labour costs up 28% on pcp reflecting continued investment in technology platforms supporting international and adjacent market expansion.

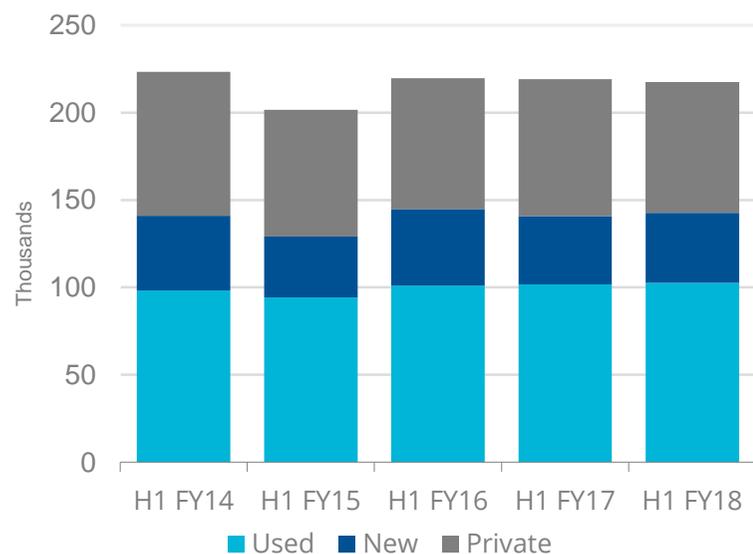
carsales Domestic (Australia)

TO 31 DECEMBER 2017

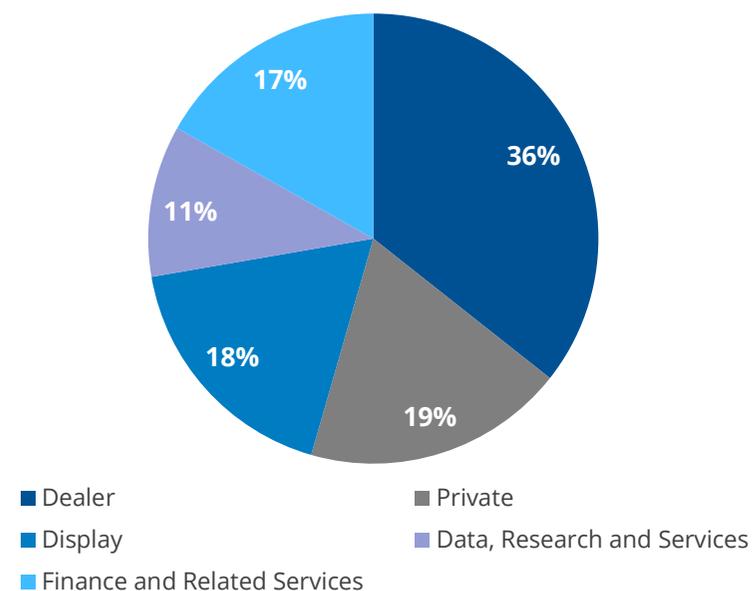
Domestic revenue performance - Summary

Half Year Ending 31 December 2017	\$A Millions		Growth	
	H1 FY17	H1 FY18	\$'s	%
Revenue				
Dealer	64.6	69.0	4.4	7%
Private	30.7	36.8	6.1	20%
Display	34.5	35.8	1.3	4%
Total Online Advertising	129.8	141.6	11.8	9%
Data, Research and Services	19.2	20.6	1.4	7%
Finance and Related Services	26.1	32.1	6.0	23%
Total Domestic Revenue	175.1	194.3	19.2	11%

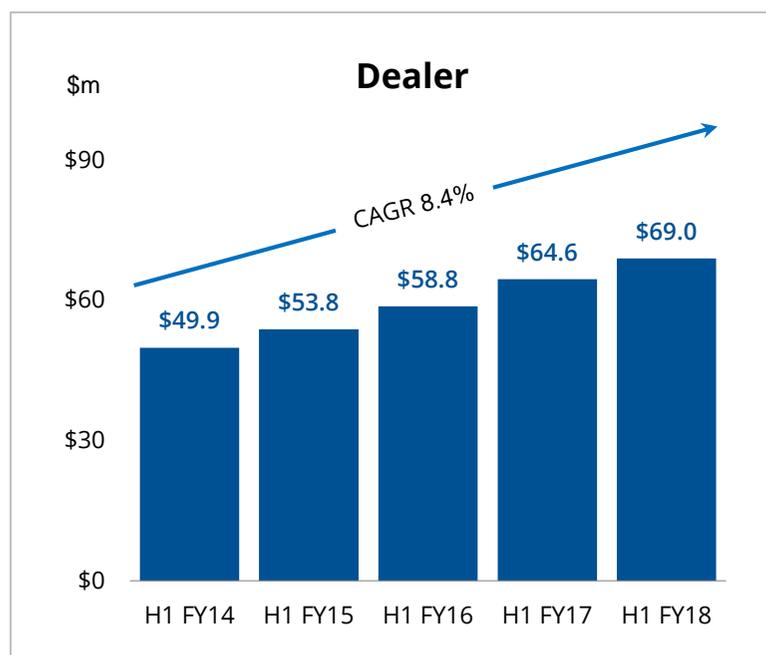
Automotive Inventory at 31 December 2017



H1 FY18 Category Revenue



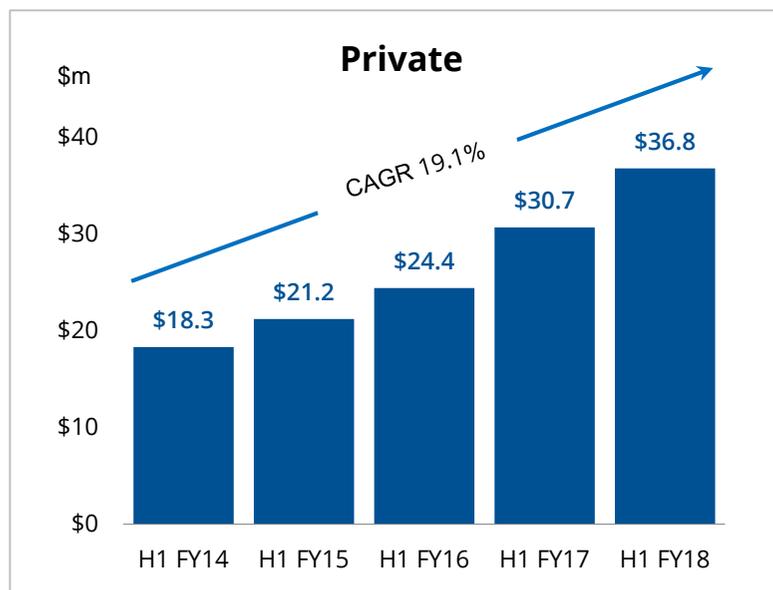
Domestic revenue performance by category



Dealer revenue up 7% on pcp to \$69.0m

Solid growth in core dealer advertising products mainly driven by yield improvements. Low single digit percentage lead volume growth recorded for H1 with improved run rates in Q2. This mirrors improvements in broader macroeconomic conditions with increasing consumer sentiment and new car sales growth.

The demand for premium listing and depth products continued in H1 FY18 with strong growth in both the volume and yield from depth products. This continues to be an area of potential for future growth in the short to medium term as the product evolves.

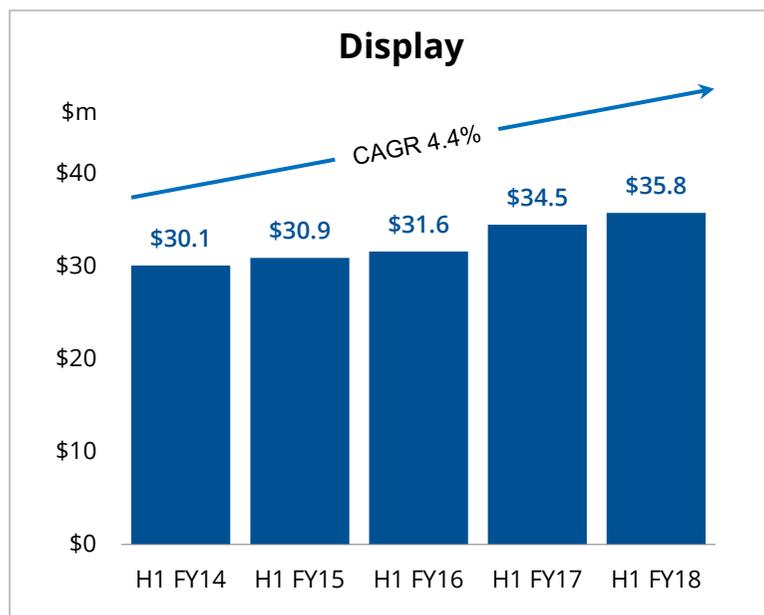


Private revenue up 20% on pcp to \$36.8m

Good revenue growth observed in traditional private listing products with the introduction of tiered pricing and an increase in the take up of private premium listing products, which reflects carsales' strong consumer value proposition. Private advertising volumes remained consistent on pcp with time to sell continuing to improve over the half. Our Instant Offer product also continues to grow well which has a positive impact on overall yield.

Strong revenue growth in our adjacent market businesses of tyresales and Redbook Inspect have also had a positive impact on the overall private revenue growth against pcp.

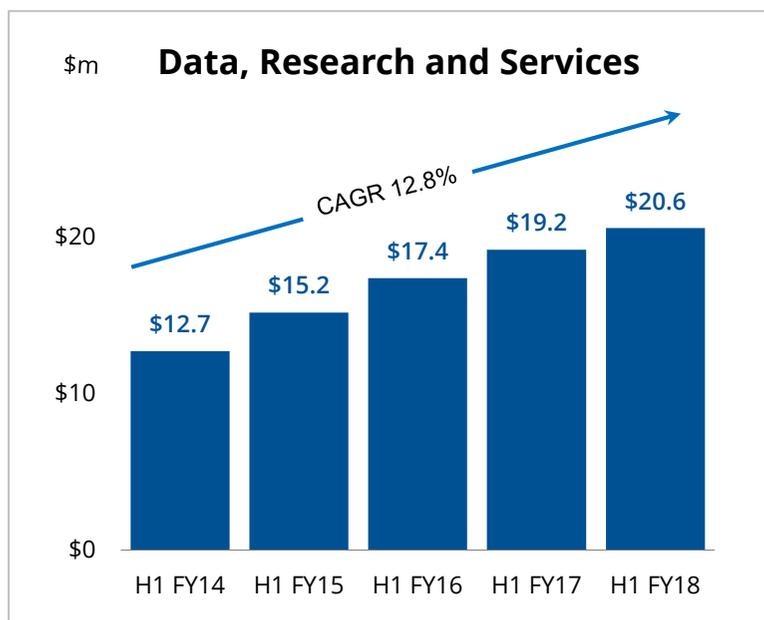
Domestic revenue performance by category



Display revenue up 4% to \$35.8m

Recorded revenue growth of 4% on pcp, which was a respectable result in a competitive market. Our insights and analytics capability as well as sponsored content initiatives are being integrated with the core display product set, differentiating our products and generating more targeted outcomes for audiences and advertisers.

Our relationships with OEMs continue to improve across the board with refreshed products such as clearance centres, certified pre-owned programmes and 'main events' continuing to deliver significant value for customers.



Data, Research and Services revenue up 7% to \$20.6m

Solid pcp revenue growth reflecting continued demand for Data, Research and Services from OEMs, with the business continuing to draw on its investments in data and analytics to address changing customer needs in an increasingly data driven market place.

Livemarket continues to be an attractive product for dealers recording double digit revenue growth on pcp, driven by both volume and yield improvements. The Redbook business continues to record solid financial outcomes, reflecting increasing demand from OEMs, car insurers and finance companies for data services.

Domestic revenue performance by category

Half Year Ending 31 December 2017	\$A Millions		Growth	
	H1 FY17	H1 FY18	\$'s	%
Core Finance	19.6	23.2	3.6	19%
Other products	6.5	8.9	2.4	36%
Total Revenue	26.1	32.1	6.0	23%
Cost of sales	5.4	7.3	(1.9)	(35%)
Gross Profit	20.7	24.8	4.1	20%
Operating Expenses (Before Interest and D&A)	16.2	19.8	(3.6)	(22%)
EBITDA	4.5	5.0	0.5	11%

Finance and Related Services Revenue up 23% to \$32.1m

Positive momentum from Q4 FY17 carried through into this half with a much improved performance from Stratton which was pleasing given the challenging conditions experienced in FY17.

Core finance broking revenue was up 19% on pcp reflecting both increased volumes and higher average net amount financed. Volume bonuses remain below historic average rates which impacts EBITDA margins achieved.

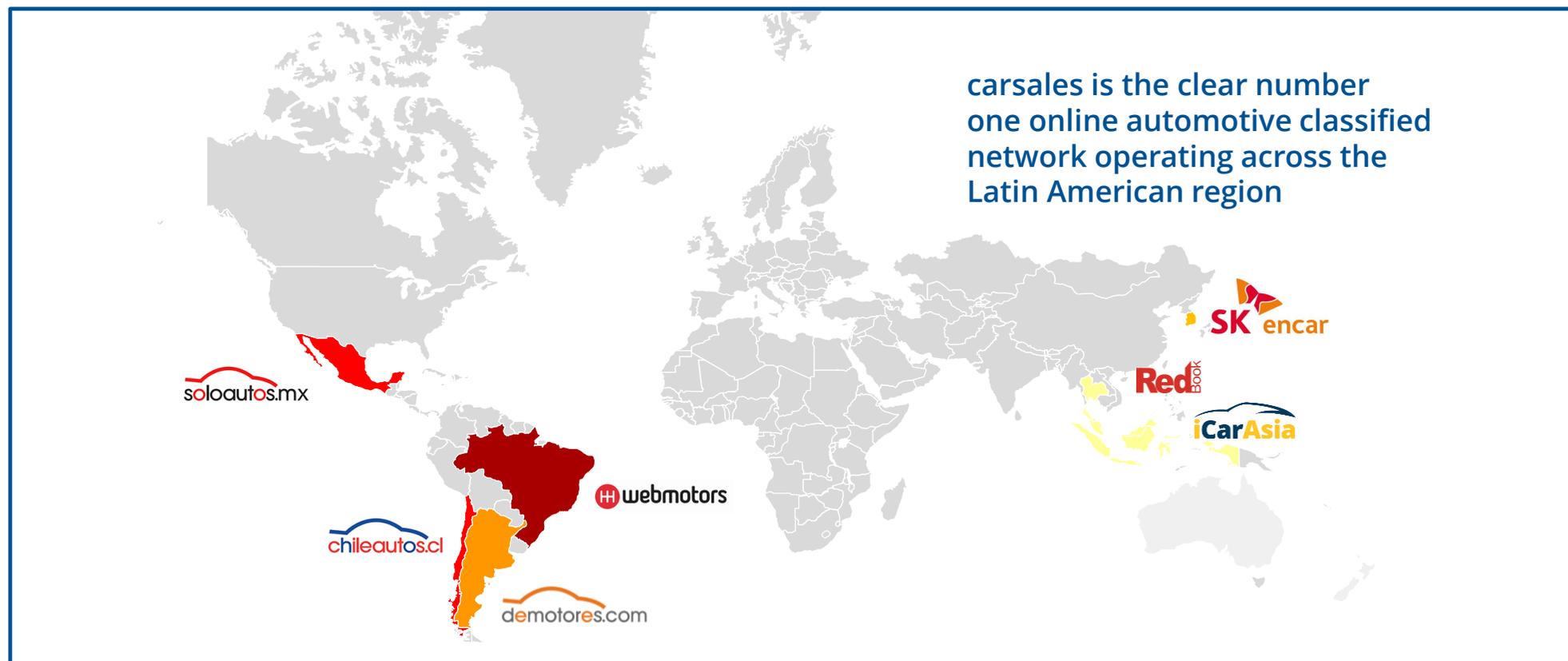
Growth in operating expenses is a reflection of additional sales commissions on improved volumes and investment in people and technology to provide a platform for a more efficient loan arrangement process which is expected to yield better EBITDA margins over the medium term.



carsales International

TO 31 DECEMBER 2017

International Portfolio



International Highlights

- Acquisition of remaining 50.1% of SK Encar completed in January 2018, and investment in Soloautos increased to 100% in December 2017.
- Very strong growth in Webmotors with underlying revenue and EBITDA up 30% and 122% respectively.
- Pleasing growth in key operational metrics for Demotores and Soloautos, with strong growth in dealer acquisition numbers.

Half Year Ending 31 December 2017	\$A Millions		Growth	
	H1 FY17	H1 FY18	\$'s	%
Revenue	3.5	5.8	2.3	66%
EBITDA	0.5	-	(0.5)	N/A
Reported NPAT (including associates) after NCI	(2.3)	4.1	6.4	N/A
Adjusted NPAT* (including associates) after NCI	5.5	5.6	-	-

* Adjusted NPAT stated above is post non-controlling interests, excludes one-off gains and losses on associate dilution and fair value re-measurement, one-off tax gains and acquired intangible amortisation. See slide 38 regarding the disclosure of non-IFRS Information and slide 39 for a reconciliation of Adjusted NPAT to Reported NPAT iCar - The group holds a 13.2% stake in iCar Asia Ltd. This was equity accounted up until 9 December 2016 and after this date is classified as an Available-for-sale financial asset meaning the Group no longer accounts for its proportional share of profits of iCar from that date. SK Encar acquired intangible amortisation for H1 FY17 has been re-stated to reflect the full amount of intangible amortisation including amounts recorded locally to be consistent with H1 FY18.

Asia – Underlying Results

SK Encar Financials (49.9% Owned - Equity Accounted by CAR)

Pro-Forma (100%)	6 months to 31 Dec 2016 KRWb	6 months to 31 Dec 2017 KRWb	PCP %
Underlying revenue*	17.9	20.2	13%
Underlying EBITDA*	8.6	9.0	6%
Underlying EBITDA(%)*	47.9%	44.8%	N/A
Underlying Adjusted NPAT*	6.8	6.8	-

carsales Share of Earnings

	AUDm	AUDm	%
Reported NPAT (share of associate earnings)*	3.9	3.0	(23%)
Adjusted NPAT (share of associate earnings)*	3.9	3.8	(2%)

Key Drivers

	31-Dec-16 000's	31-Dec-17 000's	PCP %
Inventory	65.4	60.5	(7%)
Unique visitors	13,670	14,629	7%



Solid underlying revenue performance in local currency being 13% higher than pcp. EBITDA up 6% compared with prior year, impacted by the timing of higher marketing spend in the half.

Solid growth across all key revenue channels of Dealer, Private and Display. This revenue growth is pleasing given there has been no price increase on dealer subscriptions between the comparative periods. A key driver of growth continues to be the increased uptake of premium listing dealer products with significant further growth potential.

EBITDA margin for the period was impacted by the timing of marketing spend. The business is also continuing to invest in personnel and technology to support future growth. Reported NPAT benefited last year from a one-time \$0.8m tax benefit in the first half.

On 19 January 2018 we completed the purchase of the remaining 50.1% of the business for initial purchase consideration of KRW 205bn.

*Revenue and EBITDA stated is 100% of the revenue and EBITDA for the business. The carsales share of earnings is based on owning the percentage set out above. Adjusted NPAT stated above excludes intangible amortization and one-off tax gains. See slide 38 regarding the disclosure of non-IFRS Information and slide 39 for a reconciliation of Adjusted NPAT to Reported NPAT. SK Encar acquired intangible amortisation for H1 FY17 has been re-stated to reflect the full amount of intangible amortisation including amounts recorded locally to be consistent with H1 FY18.

Latin America – Underlying Results

WebMotors Financials (30% owned - Equity Accounted by CAR)

Pro-Forma (100%)	6 months to	6 months to	PCP
	31 Dec 2016	31 Dec 2017	
	BRLm	BRLm	%
Underlying revenue*	51.8	67.5	30%
Underlying EBITDA*	10.8	24.1	122%
Underlying EBITDA* (%)	20.9%	35.6%	N/A
Underlying Adjusted NPAT*	16.6	16.1	(2%)

carsales Share of Earnings

	AUDm	AUDm	%
Reported NPAT* (share of associate earnings)	1.7	1.6	(4%)
Adjusted NPAT (share of associate earnings)*	2.0	1.9	(4%)

Key Drivers

	31-Dec-16	31-Dec-17	PCP
	000's	000's	%
Inventory	249.3	315.8	27%
Unique visitors	8,469	9,056	7%

Demotores Argentina Financials (100% owned - Consolidated by CAR)

	6 months to	6 months to	PCP
	31 Dec 2016	31 Dec 2017	
	ARSm	ARSm	%
Reported revenue	N/A	16.3	N/A
Reported EBITDA	N/A	(10.5)	N/A
Reported EBITDA (%)	N/A	N/A	N/A
Adjusted NPAT*	N/A	(13.6)	N/A

Key Drivers

	31-Dec-16	31-Dec-17	PCP
	000's	000's	%
Inventory	N/A	22.6	N/A
Unique visitors	N/A	811.0	N/A



The improvements in Brazil's economic conditions identified at the end of FY17 have continued into H1 of FY18. This has resulted in a return to positive GDP growth and a significant reduction in central bank interest rates.

Underlying revenue and EBITDA up 30% and 122% on pcp respectively. Dealer revenue has been positively impacted by the continued education of dealers regarding the value Webmotors delivers as a premium classified service. Display revenue was also up significantly reflecting improved OEM confidence and increasing new car sales in Brazil.

Very good growth in key operational metrics with inventory being up 27% on pcp and unique visitors up 7% on pcp. This reflects Webmotors' strong market position as it remains a clear no.1 in the Brazilian market. Underlying Adjusted NPAT declined by 2% reflecting reduced financial income on reduced cash balance after the return of capital in H1 FY17.



Pleasing signs of growth in key operational metrics in H1, particularly in dealer acquisitions up 46% from June 2017, as the business is starting to benefit from the implementation of carsales' IP and technology. The business will continue to invest in people and technology to scale for future growth and to establish market leadership. The Chilean segment of the business has been efficiently integrated with the chileautos business. These results are shown within the Chile section of this presentation.

Latin America – Underlying Results

soloautos Financials (100% owned – Consolidated by CAR)

Pro-Forma (100%)	6 months to	6 months to	PCP
	31 Dec 2016	31 Dec 2017	
	MXPm	MXPm	%
Reported revenue	4.3	7.4	71%
Reported EBITDA	(11.9)	(12.0)	(1%)
Reported EBITDA (%)	N/A	N/A	N/A
Adjusted NPAT*	(12.8)	(13.7)	(7%)

Key Drivers

	31-Dec-16	31-Dec-17	PCP
	000's	000's	
Inventory	35.9	36.1	1%
Unique visitors	506	936	85%

carsales Chile** Financials

	6 months to	6 months to	PCP
	31 Dec 2016	31 Dec 2017	
	CLPm	CLPm	%
Reported revenue	760.5	1,121.2	47%
Reported EBITDA	323.4	391.3	21%
Reported EBITDA (%)	49%	35%	N/A
Adjusted NPAT*	233.0	272.1	17%

Key Drivers

	31-Dec-16	31-Dec-17	PCP
	000's	000's	
Inventory	70.0	91.5	31%
Unique visitors	1,780	1,887	6%



Given the size of the market opportunity in Mexico our strategy is to invest in the business to establish market leadership, enhance the product offering through implementation of carsales' IP and technology as well as grow sales capabilities to increase the dealer customer base.

This strategy is beginning to realise benefits with pleasing growth in dealer acquisition and product enhancements being delivered in H2. Dealer numbers increased by 47% in the half which is a strong operational result reflecting the improving value proposition delivered in the Mexican market.

The 35% minority interest in the Soloautos business was acquired in December 2017.



Strong performance compared with pcp reflecting in part the integration of Demotores Chile which has had a positive impact on revenue. The benefits of implementing carsales' technology and IP is beginning to materialise with strong underlying revenue growth.

Improved relationships with dealers and manufacturers is beginning to materialise higher yields and the display revenue performance was more than double the H2 FY17 result. EBITDA margins were impacted by investment in personnel costs to support growth in FY18 and beyond as well as by the inclusion of the lower margin Demotores business.

Outlook



carsales Domestic Outlook

H2 FY18 has commenced well with January once again proving to be an attractive month for car buyers in the domestic business. We expect our domestic adjacent businesses to continue to build scale and breadth consistent with H1 FY18 and our premium listing and depth products to continue their growth.

We continue to monitor our performance and market conditions. Assuming these are stable we anticipate revenue, EBITDA and NPAT growth will remain solid in the domestic core business. Our Finance and Related Services business has returned to growth in H1 FY18 which we anticipate will continue into the second half.

carsales International Outlook

Assuming market conditions remain stable in Brazil, we anticipate continued strong local currency revenue and earnings growth in H2 FY18. In South Korea, we are expecting solid revenue growth and moderate earnings growth in H2, with revenue and earnings impacted by the Winter Olympics and incremental investment in the business as part of the transition to 100% ownership.

Integration of core carsales IP and technology into Chilean, Mexican and Argentinian businesses will continue. This should provide an uplift in their underlying revenue and earnings in FY18, somewhat offset by further investments into these businesses to achieve scale.

The remaining 50.1% of SK Encar was acquired on 19 January 2018, and so will be fully consolidated into the carsales Group results from that date.

Delivering on our strategy H1 FY18

Our domestic business strategy

Our domestic strategy: Growing our core advertising solutions, expanding into adjacent markets and addressing future opportunities across our two key customer divisions of Commercial and Consumer.

Our Customers

Commercial

(Dealer, agency and manufacturer)

Addressing the demand for data driven advertising solutions for our commercial customers to sell more cars (or bikes, boats...).

Consumer

(Membership, consumer classifieds, agencies)

Continuing our focus on creating a frictionless buying, selling and ownership experience for our consumers.

Strategic Opportunities

Core Digital Advertising Solutions

Leveraging the sizeable data footprint to drive new products that meet the needs of both consumer & commercial advertisers.

Adjacent Markets

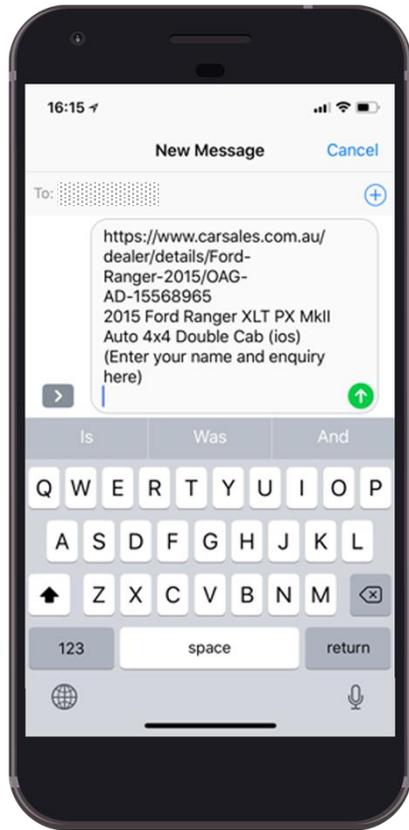
Expanding our range of services across the consumer auto cycle to provide buyers and sellers with confidence to transact and enhance our connection with owners.

Future horizons

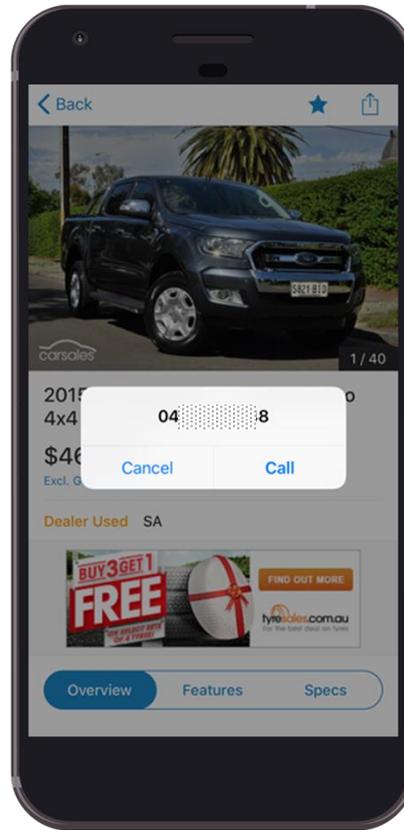
Leveraging consumer insights & industry trends to explore new opportunities in core and adjacent markets & beyond.

Expanding our core services – Mobile

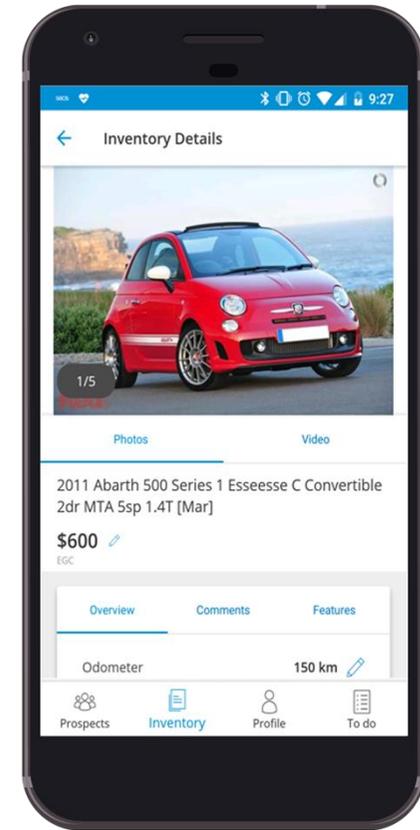
With over two thirds of our traffic now being from mobile devices, carsales is intensely focused on delivering an optimised mobile capability for its consumer and commercial customers to enhance their experience and make communication easier.



Introduction of SMS enquiry technology for dealer inventory brings an instant messaging experience to consumers



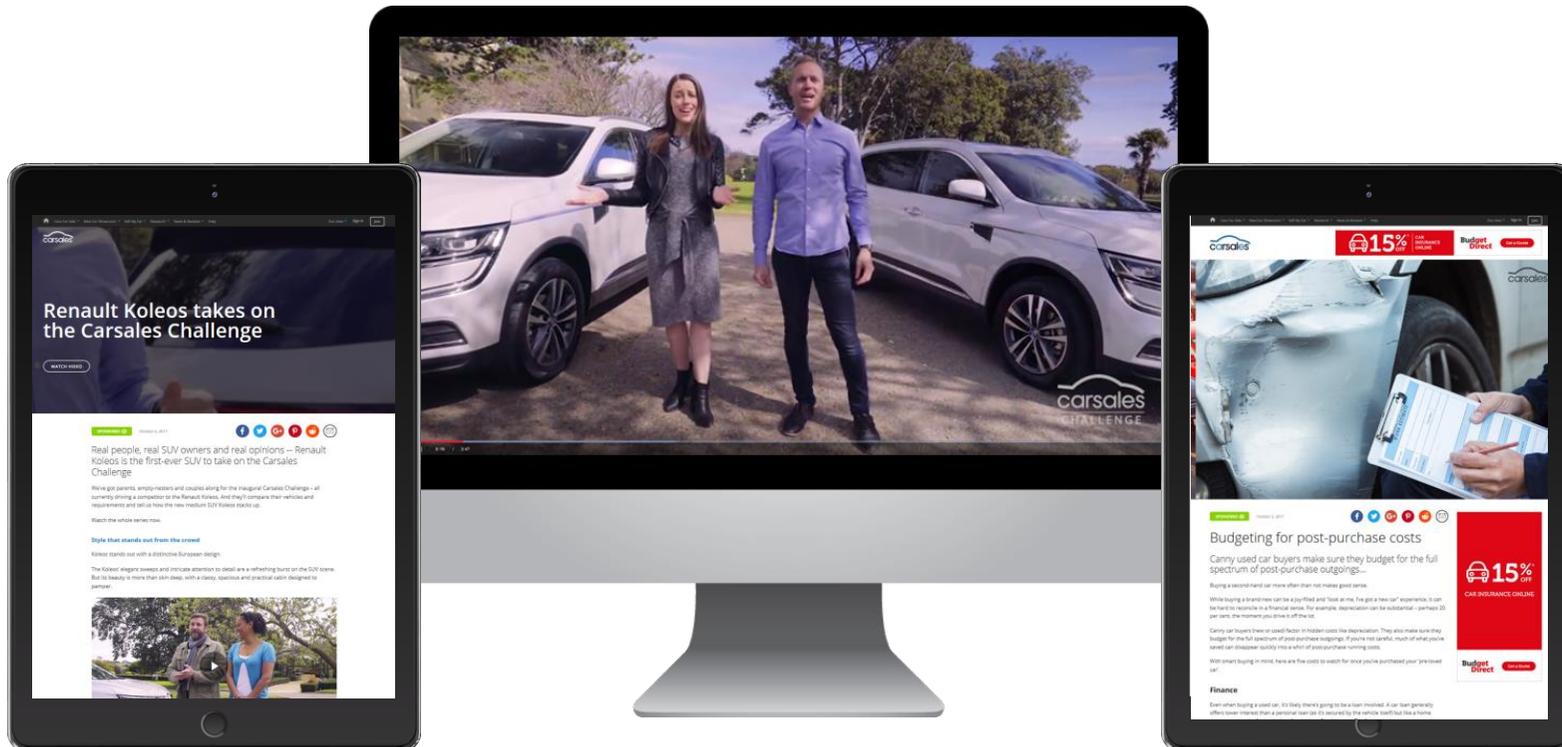
New codeless mobile phone calls makes enquiring more seamless for consumers



Autogate app for dealers enables seamless and instant consumer communication from anywhere at anytime

Expanding our core services – Sponsored content

carsales is deepening its relationships with OEMs and evolving the display product set through new sponsored content programs. These programs leverage carsales' significant content production expertise to deliver engaging consumer content and with tailored outcomes for advertisers across the carsales network.



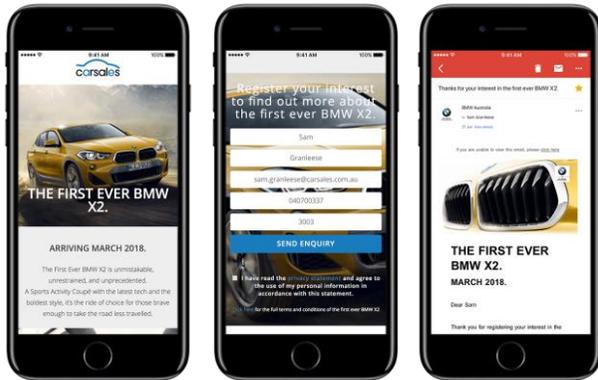
Sponsored content uses our existing editorial publishing capabilities supported by social and on/off network amplification

carsales Challenge – bespoke and engaging new car content uniquely leveraging carsales members and OEM relationships

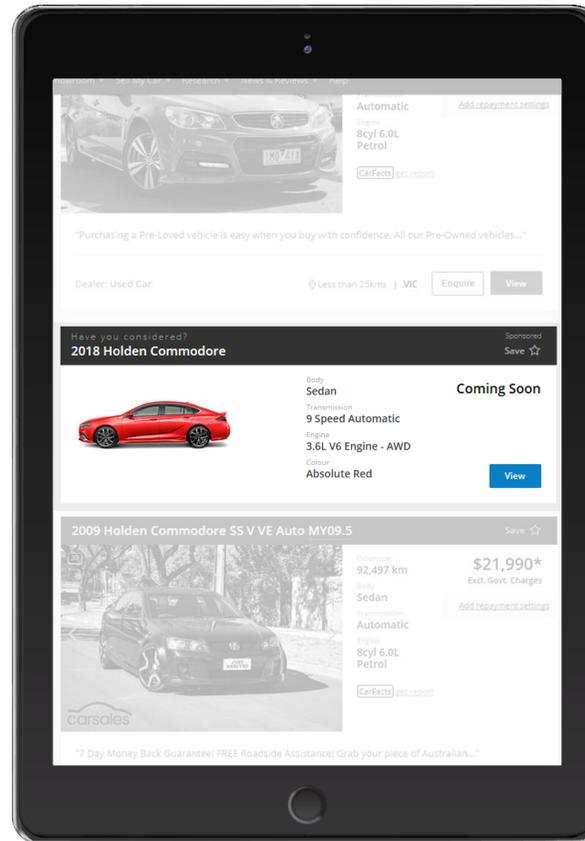
Tailored content solutions for customers which provide informative content for consumers

Expanding our core services - Commercial

carsales continues to enhance our suite of solutions for advertisers, with new opportunities to engage consumers across the buying cycle and using our data and analytics capabilities to better segment, target and measure campaign effectiveness.



New Pre-Launch Registration platform driving engagement with qualified buyers cost effectively



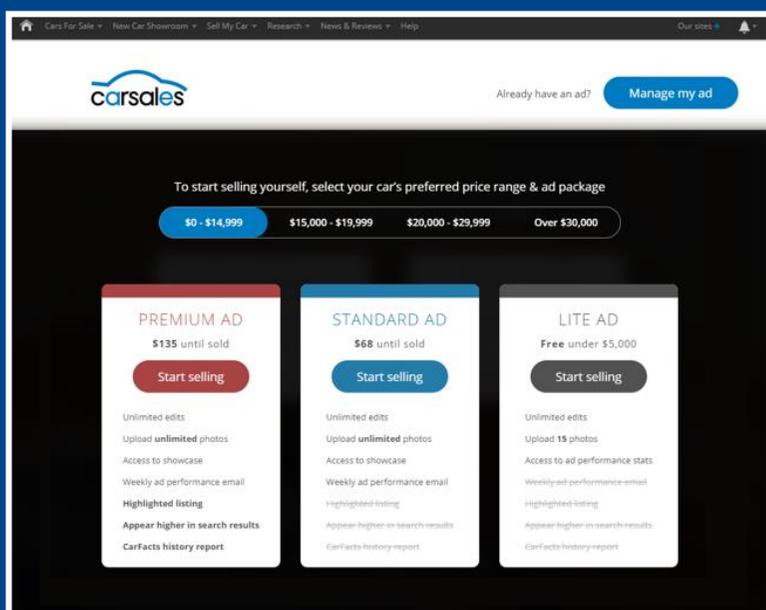
New native placements allow a wider range of sponsored content for manufacturers to integrate into the marketplace



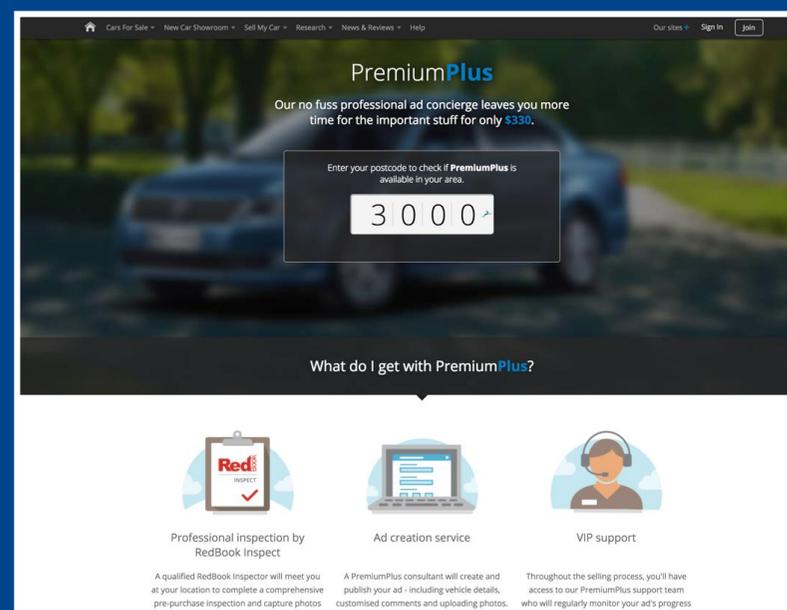
'carsales Communities' analytics and segmentation framework launched which leverages our consumer data and analytics capabilities to allow better targeting of campaigns by advertisers and enhanced analytics on campaign performance

Expanding our core services – Tiered pricing and premium products

carsales continues to evolve the private seller value proposition. Price tiering, depth product optimisation and bundling of adjacent services have driven improved yields, with plenty of potential for further growth through continued innovation.



Introduction of tiered pricing based on vehicle price and optimised user interface driving increased premium uptake



New Premium Plus product incorporating adjacent services such as inspections to provide more meaningful value to consumers, at a higher overall yield

Increasing our brand's leadership position

carsales is continuing to innovate its marketing strategy with a focus on our premium offering and personalisation. A current initiative sees everyone who advertises a car on carsales offered a one-of-a-kind car commercial.



A world first in personalised marketing
– launching in February 2018



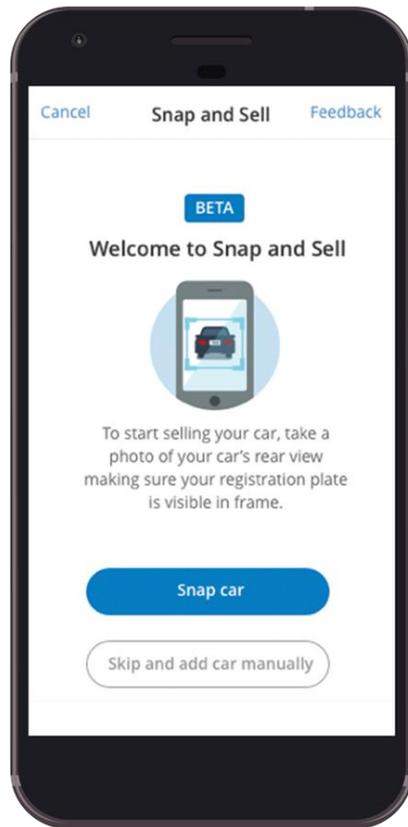
Shareable on social media to
drive brand engagement



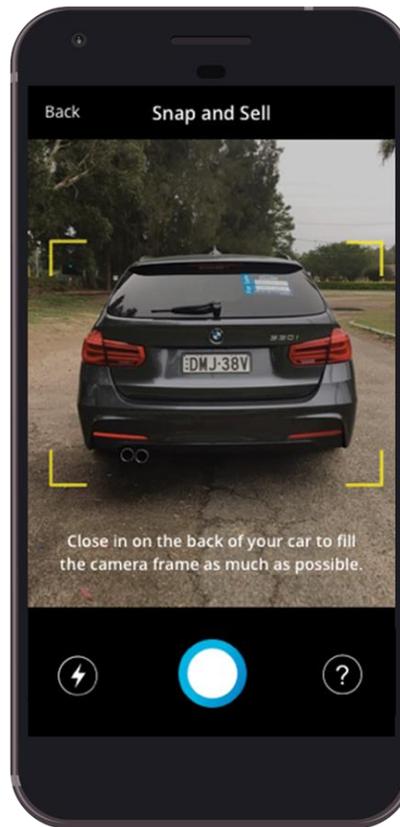
Themed commercials tailored to
the seller and their own car

Expanding our core services – Technology innovation

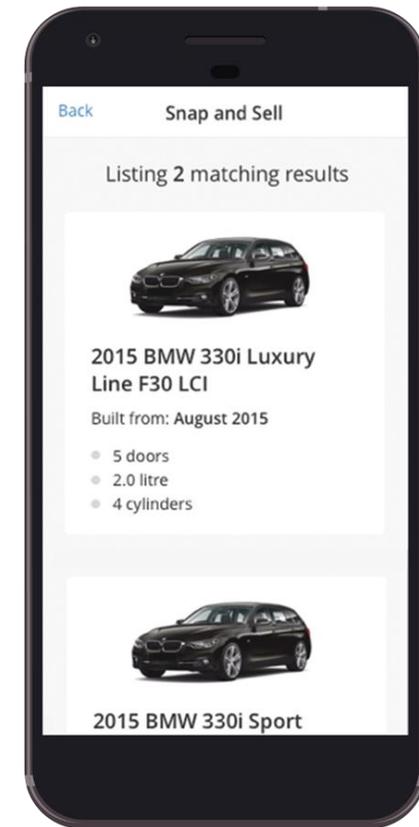
carsales is ramping up investment in 'Cyclops' (our artificial intelligence platform) to provide compelling, personalised and efficient experiences for our consumers and customers.



Advanced **Snap 'n' Sell** world first consumer feature to be launched this year driven by vehicle image recognition



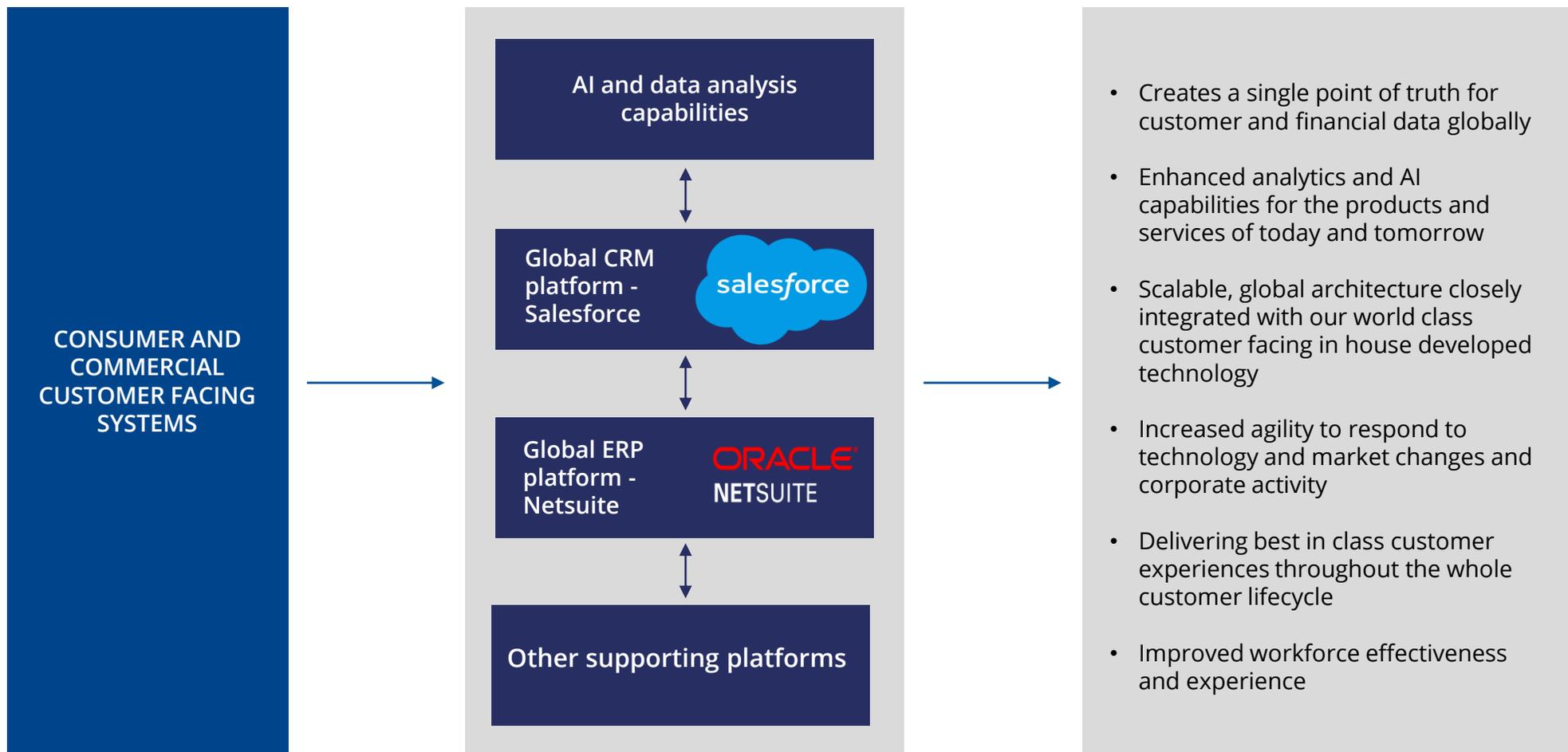
User simply take photos of their car to initiate the recognition process



The AI platform identifies the vehicle, simplifying the listing process and increasing accuracy

Continuing Global Platform Development

Supporting our global expansion strategy the business rolled out new ERP and CRM platform in H1 FY18 to the core carsales business. This, along with our AI and data analytics capability positions the group well to quickly scale and adapt to technology and market changes, as well as facilitating world class customer and employee experiences. The rollout will continue to other adjacent and international businesses over the coming months.



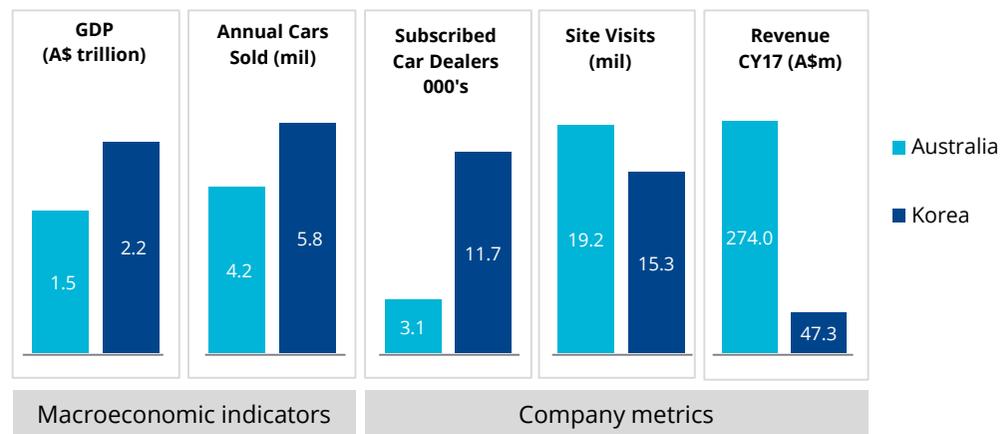
carsales' acquisition of the remainder of SK Encar represents a significant advancement in our international growth strategy.

Deal Summary and Valuation

- Acquisition of remaining 50.1% stake.
- Purchase price KRW205bn (c.A\$240m) excluding working capital.
- Attractive valuation of 19x CY17 EBITDA given the growth potential of the business.
- carsales to retain the current management team who will work closely with the carsales Australia team to leverage IP.
- 170 employees in the business.

Market overview and key metrics

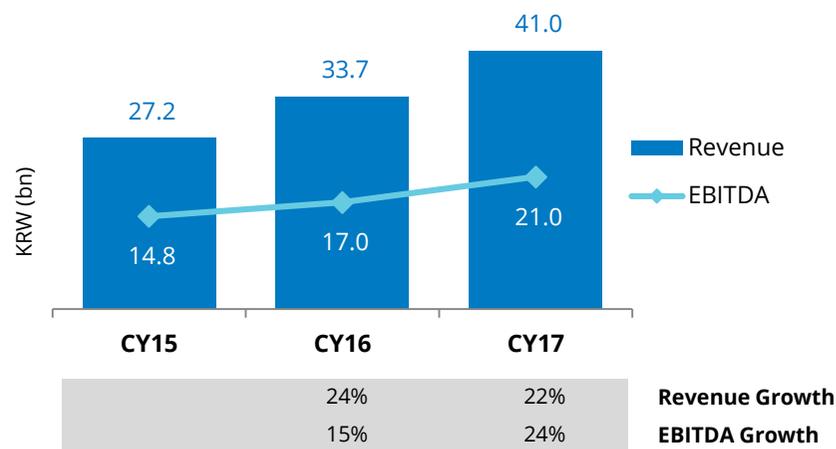
- Clear market leader in South Korea.
- Attractive key indicator metrics.
- Significant revenue upside based on macro comparisons with Australian market.



Source: GDP: World Bank, Annual car sales: Korea – Korea Automobile Manufacturers Association, Australia – VFACTS and road transport Authority
 Note: CY refers to calendar year January to December

Financial summary

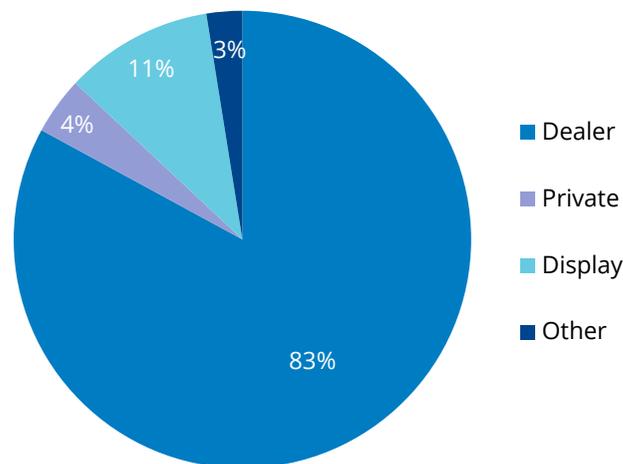
- Impressive recent financial performance.
- Strong growth in underlying revenue and EBITDA in CY16 and CY17 (calendar year).
- Growth in premium dealer products a key contributor.



Operational insights

- Dealer is the predominant revenue contributor.
- Identified upside opportunities based on carsales Australia:
 - Display advertising
 - Dealer volume and yield growth; and
 - Adjacent markets and data services.
- Additional value to be gained by sharing of IP and technology.

CY17 Revenue by Category



Note: CY refers to calendar year January to December.

International – investing in the Latin American region

Carsales' network of sites is the number one dedicated car classifieds network in Latin America. carsales is committed to a long term investment in this region.

International strategy	<ol style="list-style-type: none">I. Exposure to attractive macro environments and technological advancements;II. Creating premium websites focused on core classified advertising services; andIII. Optimising business through deployment of carsales strategic, product and technology capabilities.																														
Markets	<ul style="list-style-type: none">• carsales operates in the majority of the largest economies in the Latin American region (Brazil, Mexico, Argentina and Chile).• Impressive performance from Webmotors in Brazil verifies the proposition that premium classifieds businesses can thrive in emerging markets. <p style="text-align: right;"><u>Ranking of Latin American economies*</u></p> <table border="1" data-bbox="1108 850 1942 1238"><thead><tr><th>Rank</th><th>Country</th><th>GDP in billions US\$</th><th>GDP per capita in US\$</th><th>carsales</th></tr></thead><tbody><tr><td>1</td><td>Brazil</td><td>2,080.9</td><td>10,019.8</td><td>✓</td></tr><tr><td>2</td><td>Mexico</td><td>1,142.5</td><td>9,249.3</td><td>✓</td></tr><tr><td>3</td><td>Argentina</td><td>619.9</td><td>14,061.8</td><td>✓</td></tr><tr><td>4</td><td>Colombia</td><td>307.5</td><td>6,237.6</td><td></td></tr><tr><td>5</td><td>Chile</td><td>263.2</td><td>14,314.8</td><td>✓</td></tr></tbody></table>	Rank	Country	GDP in billions US\$	GDP per capita in US\$	carsales	1	Brazil	2,080.9	10,019.8	✓	2	Mexico	1,142.5	9,249.3	✓	3	Argentina	619.9	14,061.8	✓	4	Colombia	307.5	6,237.6		5	Chile	263.2	14,314.8	✓
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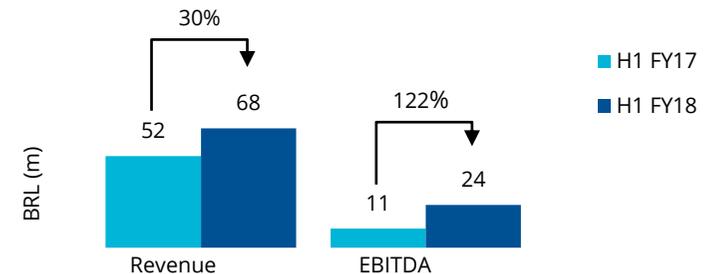
*Source: GDP: IMF

International – investing in the Latin American region

Highlights

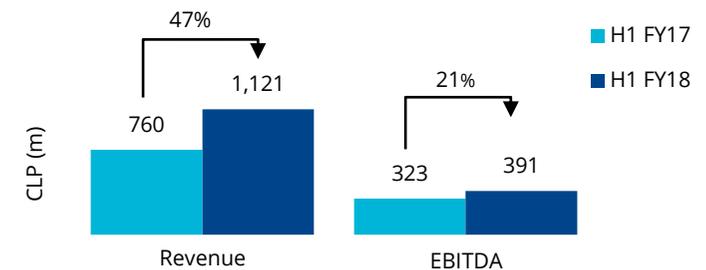
Brazil - 168 employees*

- Excellent financial performance in H1 FY18 with revenue and EBITDA growth of 30% and 122% respectively.
- Strong KPI metrics, in particular an increase in inventory of 27% on pcp.



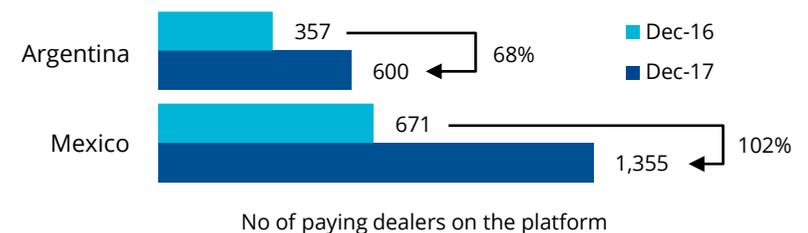
Chile - 46 employees*

- Chile – revenue and EBITDA growth of 47% and 21% in H1 FY18 respectively.
- Solidified its number 1 market position with the integration of Demotores Chile.



Mexico (59 employees*) and Argentina (33 employees*)

- Impressive growth in dealer numbers and value proposition.
- Significant value continuing to be derived from carsales' IP and technology.



Key learnings from Brazil

- Our experience in Brazil proves that the dedicated premium classifieds business model works in emerging markets and can effectively compete against large horizontal players.
- These markets require significant time and investments in technology, people, and dealer education.
- Each market in the region has its own intricacies and requires a unique go to market proposition. However, the common basis is a premium core classified advertising service.

* Employee numbers at 31 December 2017



Appendix

TO 31 DECEMBER 2017

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 eg; “adjusted”, “underlying” or “look through”.

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” or “look-through” 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 non-IFRS 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 NPAT

Half Year Ending 31 December 2017	\$A Millions		Growth	
	H1 FY17	H1 FY18	\$'s	%
Reported NPAT	47.2	60.2	13.0	27%
Gain on associate dilution**	(0.3)	(0.9)		
Associate fair value revaluation loss	7.1	-		
SK Encar one-off tax gain	(0.8)	-		
NPAT before one-off items	53.2	59.2	6.0	11%
Acquired intangible amortisation				
Stratton	0.3	0.3		
Webmotors	0.3	0.3		
SK Encar*	0.9	0.9		
Chileautos	0.2	0.2		
Total acquired intangible amortisation	1.7	1.7		
Adjusted NPAT before one-off gains/(losses) and acquired intangible amortisation	54.9	60.9	6.0	11%
Weighted Average Number of Shares	241,175,102	242,072,591		
Adjusted Earnings per Share (cents)	22.8	25.2	2.4	11%

* SK Encar acquired intangible amortisation for H1 FY17 has been re-stated to reflect the full amount of intangible amortisation including amounts recorded locally to be consistent with H1 FY18. The FY17 full year results have been reported on a consistent basis to show the full amount of amortisation.

** Gain on associate dilution adjustment number is net of non controlling interest contribution.

carsales "Look Through" P&L analysis

	HY16					HY17					HY18				
	% Owned	Days Owned	Reported	Underlying	Look Through	% Owned	Days Owned	Reported	Underlying	Look Through	% Owned	Days Owned	Reported	Underlying	Look Through
Revenue															
carsales International															
iCar Asia	22.9%, 20.3%	183	Equity Acc'ted	3.6	0.7	20.1%, 16.5%, 15.6%*	183	Financial Asset*	3.0	0.5	13.20%	183	Financial Asset*	-	-
SK Encar	49.90%	183	Equity Acc'ted	16.9	8.4	49.90%	183	Equity Acc'ted	20.8	10.4	49.90%	183	Equity Acc'ted	23.2	11.6
WebMotors	30%	183	Equity Acc'ted	18.9	5.7	30%	183	Equity Acc'ted	21.0	6.3	30%	183	Equity Acc'ted	27.0	8.1
RedBook Asia and New Zealand	100%	183	1.6	1.6	1.6	100%	183	1.7	1.7	1.7	100%	183	1.8	1.8	1.8
soloautos	65%	91	0.2	0.2	0.1	65%	183	0.3	0.3	0.2	65%	183	0.5	0.5	0.3
chileAutos	N/A	N/A	N/A	N/A	N/A	83%	183	1.5	1.5	1.3	83%	183	2.4	2.4	2.0
Demotores	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%	183	1.3	1.3	1.3
Total International			1.7	41.1	16.5			3.5	48.3	20.4			6.0	56.2	25.1
carsales Domestic															
Domestic Core Business	Various *		124.1	124.1	122.2	Various *		135.0	135.0	132.6	100%		143.7	143.7	143.7
Domestic Investments *	Various *		41.4	41.7	20.8	Various *		40.1	42.0	20.4	Various *		50.4	54.0	25.9
Total Revenue			167.3	207.0	159.4			178.6	225.2	173.3			200.1	253.9	194.6
EBITDA															
carsales International															
iCar Asia	22.9%, 20.3%	183	Equity Acc'ted	(5.3)	(1.1)	20.1%, 16.5%, 15.6%*	183	Financial Asset	(6.8)	(1.2)	13.20%	183	Financial Asset	-	-
SK Encar	49.90%	183	Equity Acc'ted	8.6	4.3	49.90%	183	Equity Acc'ted	10.0	5.0	49.90%	183	Equity Acc'ted	10.3	5.1
WebMotors	30%	183	Equity Acc'ted	5.3	1.6	30%	183	Equity Acc'ted	4.4	1.3	30%	183	Equity Acc'ted	9.6	2.9
RedBook Asia and New Zealand	100%	183	0.7	0.7	0.7	100%	183	0.7	0.7	0.7	100%	183	1.0	1.0	1.0
soloautos	65%	91	(0.1)	(0.1)	(0.1)	65%	183	(0.9)	(0.9)	(0.6)	65%	183	(0.6)	(0.6)	(0.4)
chileAutos	N/A	N/A	N/A	N/A	N/A	83.0%	183	0.6	0.6	0.5	83%	183	0.9	0.9	0.7
Demotores	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%	183	(0.9)	(0.9)	(0.9)
Total International			0.6	9.2	5.4			0.4	8.0	5.7			0.3	20.3	8.4
carsales Domestic															
Domestic Core Business	Various *	183	71.7	71.7	71.5	Various *	183	78.6	78.6	77.8	100%	183	84.2	84.2	84.2
Domestic Investments *	Various *	183	9.1	6.1	4.1	Various *	183	4.1	(2.3)	1.1	Various *	183	6.1	(2.3)	1.9
Total EBITDA			81.5	87.0	81.1			83.1	84.3	84.5			90.6	102.2	94.5

Domestic Investments comprises Stratton Finance, RedBook Inspect, tyresales, Ratesetter and Promisepay.

Auto Exchange - remaining 50% of Auto Exchange purchased in August 2018. Restated to show this within Core Business rather than Domestic Investments for all periods.

*iCar - The Group holds a 13.2% stake in iCar Asia Ltd. This was equity accounted up until 9 December 2016 and after this date is classified as an Available-for-sale financial asset meaning the Group no longer accounts for its proportional share of profits of iCar from that date. All numbers for iCar Asia are carsales' management estimates.

carsales "Look Through" methodology: For equity accounted associates and consolidated subsidiaries, add the total revenue or EBITDA for the period of ownership within the reporting period multiplied by the % ownership over the period. Some "Look Through" numbers involve the disclosure of non IFRS information - Refer to carsales' Disclosure of Non IFRS slide 38 for further details.

carsales  com ltd

