



carsales  com Ltd

# 2018 AGM PRESENTATION

26 OCTOBER 2018



# 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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An aerial photograph of a yellow car driving on a two-lane asphalt road that curves through a dense forest. The road is bordered by a low stone wall on the right side. The surrounding landscape is a mix of green evergreen trees and dry, brownish shrubs. The text "KEY HIGHLIGHTS" is overlaid in large white letters on the left side of the image.

# KEY HIGHLIGHTS

TO 30 JUNE 2018



# FY18 HIGHLIGHTS

## Reported revenue



to  
\$444m

## Reported EBITDA



to  
\$205m

## Adjusted NPAT\*



to  
\$131m

### Financial summary

Solid full year result with the Group delivering pleasing growth against last year across all three key financial metrics with revenue up 19%, EBITDA up 16% and Adjusted NPAT\* up 10% whilst continuing to invest in future growth priorities. Revenue and EBITDA growth of 12% and 8% respectively, excluding the impact of the acquisition of SK Encar. Reported NPAT\*\* up 69% on pcp.

### Domestic highlights

- Solid growth in Online Advertising and Data, Research and Services segments with revenue up 10% and 7% on pcp respectively.
- Continued solid revenue growth across our core leads, listing and promote products in Dealer reflecting sustained investment in product initiatives.
- The adjacent market strategy continues to be a key driver of growth in the domestic market, with Stratton, tyresales and RedBook Inspect all contributing good revenue growth in FY18.
- Solid growth in yield in private listings from tiered pricing and an increased take up of premium products reflecting a strong consumer value proposition.

### International highlights

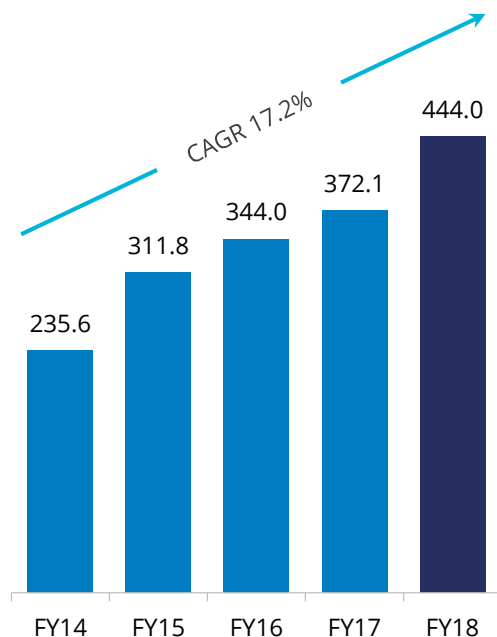
- Continued evolution of our international growth strategy with the acquisition of the remaining stakes in both our South Korean and Mexican businesses in FY18.
- The integration of the SK Encar business into the carsales Group has progressed smoothly, with the business starting to benefit from the IP that the broader carsales Group offers. Local currency revenue and EBITDA were up 17% and 10% on pcp respectively in H2.
- Webmotors in Brazil continued its strong recent trajectory, delivering an outstanding result with local currency revenue and EBITDA being up 28% and 81% respectively. The business is providing a strong precedent for our other Latin American businesses.
- Our Chilean business continues to perform well with very good revenue and EBITDA growth, being up 40% and 33% respectively on pcp.
- We made good progress in Mexico and Argentina on our stated goal of achieving clear leadership in these markets.

# STRONG TRACK RECORD OF FINANCIAL PERFORMANCE

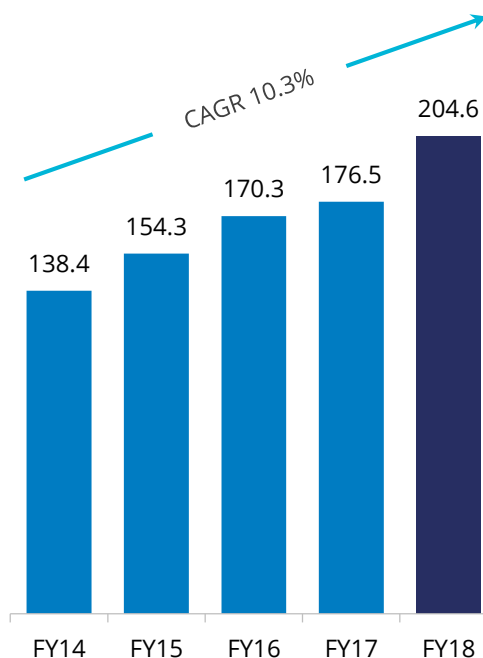
carsales continues to demonstrate consistent solid returns to its shareholders.

FY18 Adjusted NPAT growth rate is the highest in the last four years.

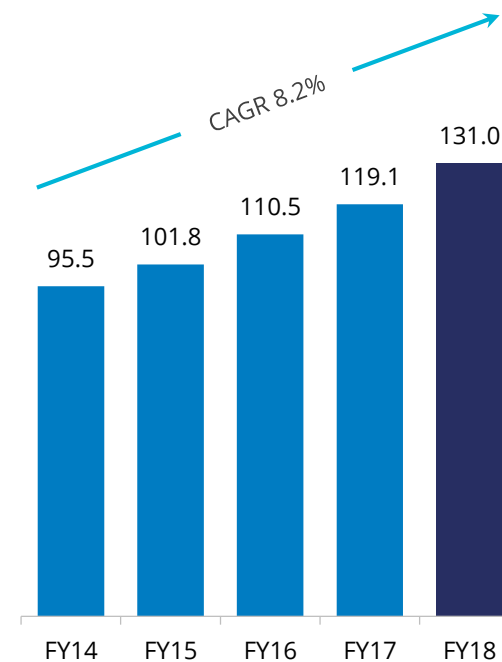
Revenue (\$m)



EBITDA (\$m)



Adjusted NPAT\* (\$m)





An aerial photograph of a winding asphalt road through lush green hills. A silver car is visible on the road in the lower left. The hills are covered in vibrant green grass, and the road curves through the landscape. In the top right corner, there is a small horizontal bar with segments of red, yellow, blue, and green.

# REPORTED GROUP FINANCIAL PERFORMANCE

**TO 30 JUNE 2018**



# SUMMARY REVENUE & EBITDA PERFORMANCE

## Revenue

- Very good full year revenue performance of \$444.0m, up 19% on pcp.
- Revenue growth of 12% excluding the acquisition of SK Encar.
- Solid underlying growth in both the Domestic segments of Online Advertising and Data, Research and Services driven by continued investment in new and enhanced product initiatives.
- Improved revenue performance from the Finance and Related Services segment in FY18, with revenue up 24% overall and core finance revenue being up 10% on pcp.
- From an international perspective, Asia segment benefited from the consolidation of SK Encar whilst Latin America exhibited strong growth reflecting our significant and continued investment in this region.

## EBITDA

- Pleasing overall EBITDA performance of \$204.6m up 16% on pcp.
- EBITDA growth of 8% excluding the acquisition of SK Encar.
- Consistent with the revenue performance, solid underlying EBITDA growth in Online Advertising and Data, Research and Services, as core business margins continue to expand.
- EBITDA margin performance of the Finance segment impacted by higher sales of lower margin products, lower average volume bonuses, additional sales commissions on higher volumes and investment in people and technology.
- carsales Asia growth largely SK Encar acquisition related whilst carsales Latin America reflects a combination of good EBITDA growth in Chile, offset by losses in Mexico and Argentina as the businesses are investing to achieve a clear no.1 market leadership position in these markets.

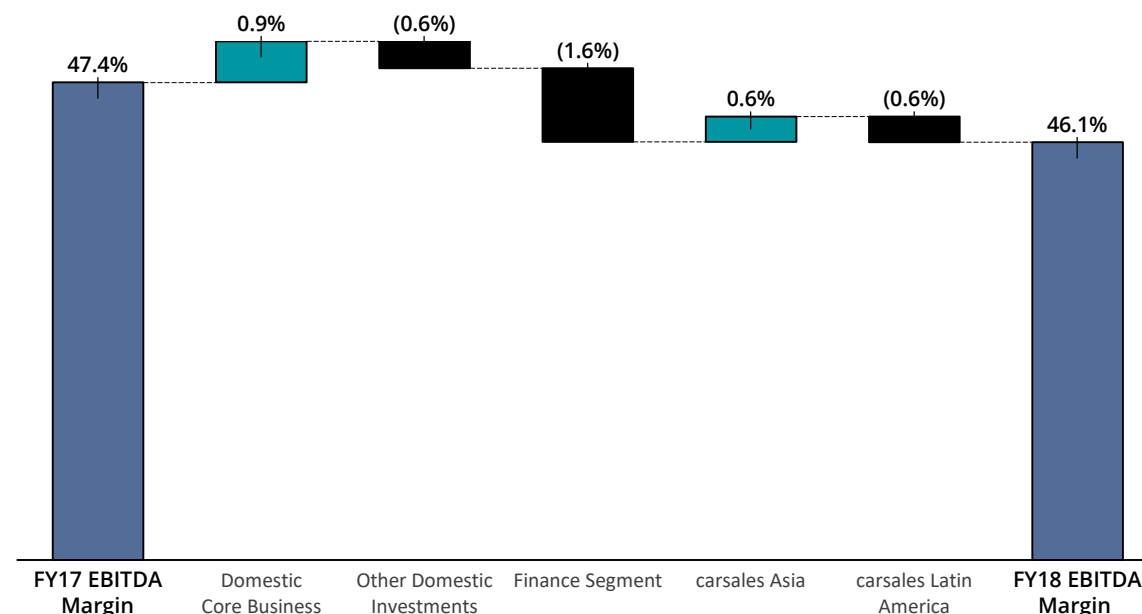
Year Ending 30 June 2018	\$A Millions		Growth	
	FY17	FY18	\$'s	%
<b>Revenue</b>				
Online Advertising	269.1	295.6	26.5	10%
<i>Dealer</i>	133.5	143.9	10.4	8%
<i>Private</i>	65.0	78.9	13.9	21%
<i>Display</i>	70.6	72.8	2.2	3%
Data, Research and Services	39.3	41.9	2.6	7%
Finance and Related Services	55.4	68.4	13.0	24%
carsales Asia	3.4	29.9	26.5	778%
carsales Latin America	4.9	8.2	3.3	68%
<b>Total Revenue</b>	<b>372.1</b>	<b>444.0</b>	<b>71.9</b>	<b>19%</b>
<b>EBITDA</b>				
Online Advertising	142.7	156.1	13.4	9%
Data, Research and Services	23.4	25.1	1.7	7%
Finance and Related Services	10.5	10.1	(0.4)	(3%)
carsales Asia	1.5	15.8	14.3	953%
carsales Latin America	(1.6)	(2.5)	(0.9)	(54%)
<b>Total EBITDA</b>	<b>176.5</b>	<b>204.6</b>	<b>28.1</b>	<b>16%</b>



# EBITDA MARGIN PERFORMANCE

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

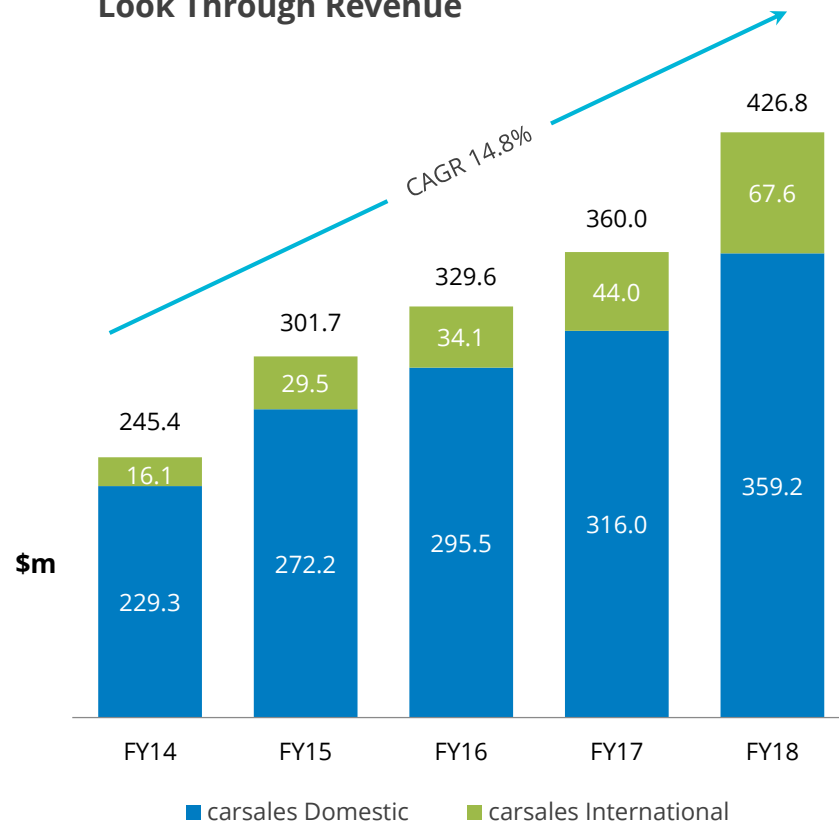
- Reported Group margins moved from 47.4% in FY17 to 46.1% in FY18, with domestic core business margin increases offset by a decline in Stratton margins and an increasing contribution from early stage lower margin businesses.
- Domestic core business margin expansion continues as operating leverage is being achieved. Costs have been well controlled, whilst we continue to invest in future growth opportunities and supporting the group through centralised technology and corporate functions.
- Domestic investments margin reduced reported Group margins by 0.6% on pcp, primarily reflecting an increasing revenue contribution from the lower margin tyresales business.
- Lower margins in Stratton within the finance segment have also been a key contributor to the decrease in overall margins.
- carsales Asia had a positive impact on overall margins, reflecting the consolidation of SK Encar.
- carsales Latin America impacted Group margins by -0.6%, reflecting the impact of losses from soloautos and demotores as investments are being made into these businesses to scale for future growth.



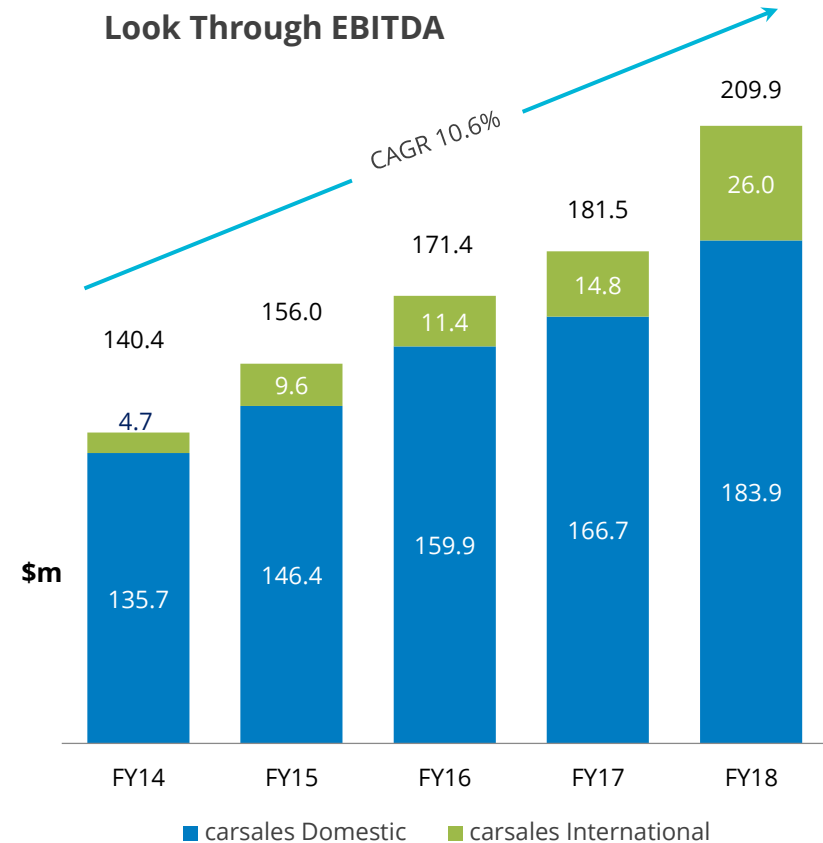
# LOOK THROUGH SUMMARY

Growing contribution from carsales International reflecting the strength of the international growth strategy.  
International look through revenue and EBITDA grew 54% and 76% respectively in FY19.

## Look Through Revenue



## Look Through EBITDA





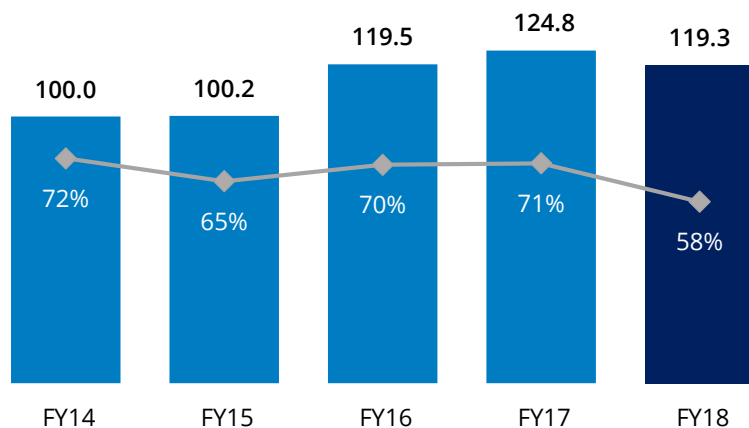
# ADJUSTED NET PROFIT AFTER TAX SUMMARY

- The analysis adjacent reflects the Adjusted net profit after tax results of the business for FY18. Details of the reconciliation between Adjusted and Reported results are shown on slides 36-37. The proceeding analysis focuses on results below EBITDA after adjustments to better reflect the underlying trading performance of the Group.
- D&A increased by \$3.9m reflecting acquired underlying D&A from SK Encar as well as the impact of increased depreciation of capitalised labour, other growth capex and intangibles. This investment supports Group wide integration and globalisation projects.
- Net interest expense growth reflects additional interest incurred in H2 from funding the SK Encar acquisition.
- Reported profits from associates down on pcp reflecting the reclassification of SK Encar from an associate to a consolidated subsidiary in H2. Strong underlying NPAT growth of 21% from Webmotors.
- Non-controlling interest slightly lower than pcp reflecting lower profit contribution from Stratton.
- Solid Adjusted NPAT\* growth of 10% on pcp. Adjusted EPS up 4.6 cents per share to 54.0 cents, also 10% higher than pcp.
- Final FY18 dividend of 23.7 cents per share declared, up 10% on pcp reflecting confidence in the business with an 82% dividend payout ratio (FY17 dividend of 21.5 cents per share).
- Reported NPAT up 69% on pcp principally reflecting non-cash SK Encar step acquisition net gain of \$57m. Reported EPS up 68% on pcp to 76.3 cents per share.

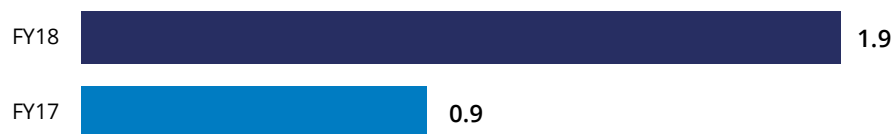
Year Ending 30 June 2018	\$A Millions		Growth
	FY17	FY18	%
<b>Total revenue</b>	<b>372.1</b>	<b>444.0</b>	<b>19%</b>
Total operating expenses (before Interest, depreciation and amortisation)	195.6	239.4	(22%)
<b>EBITDA</b>	<b>176.5</b>	<b>204.6</b>	<b>16%</b>
<i>EBITDA margin</i>	47%	46%	
Depreciation & amortisation	8.8	12.7	(44%)
<b>EBIT</b>	<b>167.7</b>	<b>191.9</b>	<b>14%</b>
Net financing cost	6.9	9.8	(43%)
<b>Profit Before Tax</b>	<b>160.8</b>	<b>182.1</b>	<b>13%</b>
Income Tax Expense	48.3	54.6	(13%)
Profits from associates	10.1	6.9	(31%)
Non-controlling interest (NCI)	(3.5)	(3.4)	5%
<b>Adjusted NPAT*</b>	<b>119.1</b>	<b>131.0</b>	<b>10%</b>
Adjustments	(9.6)	53.8	n/a
<b>Reported net profit after tax</b>	<b>109.5</b>	<b>184.8</b>	<b>69%</b>
<b>Adjusted earnings per share (cents)</b>	<b>49.4</b>	<b>54.0</b>	<b>10%</b>

# REPORTED DEBT AND CASH FLOW

Reported Operating Cash flow (column)  
and conversion from EBITDA to cash (line)



Reported Leverage Ratio  
(Net debt\*\* / EBITDA)



Reported Net Interest Cover  
(EBITDA / Adjusted Net Interest Expense\*\*)



Year Ending 30 June 2018	\$A Millions		Growth	
	FY17	FY18	\$'s	%
Cash Capital expenditure	2.9	8.6	5.7	200%
Capitalised labour costs	9.2	11.7	2.5	27%
<b>Total capital expenditure</b>	<b>12.1</b>	<b>20.3</b>	<b>8.2</b>	<b>68%</b>

## Robust balance sheet and credit metrics

- Key causes of the reduction in EBITDA to operating cash flow conversion have been the adverse working capital phasing of including SK Encar, 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. A significant portion of this unfavourable movement is timing only and is expected to reverse over FY19.
- Cash capex principally reflects incremental costs for implementation of new ERP & CRM systems. Capitalised labour costs up 27% on pcip reflecting continued investment in technology platforms supporting international and adjacent market expansion.
- Reported Net Debt\* of ~\$390m at 30 June 2018, up from ~\$153m at 30 June 2017, principally reflects incremental debt to fund the SK Encar acquisition in FY18. Leverage ratio remains prudent at 1.9x.
- Reduction in net interest cover ratio due to funding SK Encar acquisition via debt, albeit overall interest cover is still at very strong levels.



# CAPITAL MANAGEMENT

- The Group continues to review its capital structure to maximise shareholder returns.
- SK Encar acquisition completed in January 2018 with short term bridging facility.
- The company entered into a competitive new 5 year floating rate funding facility for \$545m in July 2018 supported by a syndicate of six banks.
- Simultaneously entered into AUD \$335m notional Korean Won fixed interest rate swaps over the same term to access attractive KRW fixed interest rates and provide a partial hedge of the ~A\$450m carrying value of SK Encar.
- Headroom provides flexibility for future M&A and investment into strategic growth priorities, both domestic and international.

	Commitment	Drawn at 3 July 2018	Maturity
Tranche A	\$335m	\$335m	3 years
Tranche B	\$210m	\$115m	5 years
<b>Total</b>	<b>\$545m</b>	<b>\$450m</b>	





An aerial photograph of a coastal highway. A red car is driving on the road, which curves along a rocky shore. The ocean is visible on the left, with white foam from the waves. The right side of the road is a steep, rocky cliff with some green vegetation. The text "CARSALES DOMESTIC (AUSTRALIA)" is overlaid on the left side of the image.

# CARSALES DOMESTIC (AUSTRALIA)

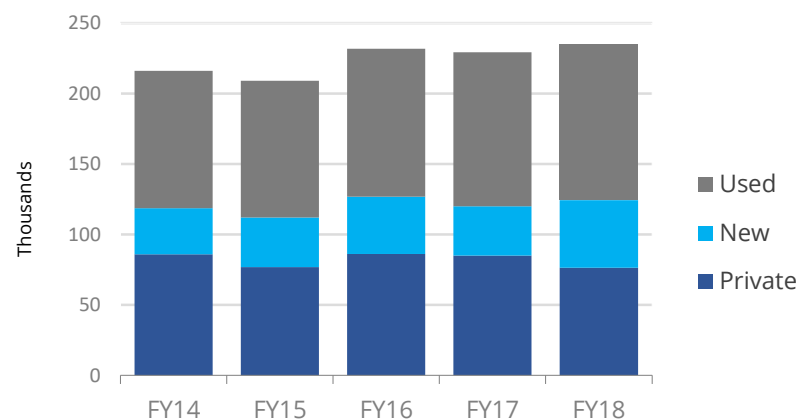
TO 30 JUNE 2018



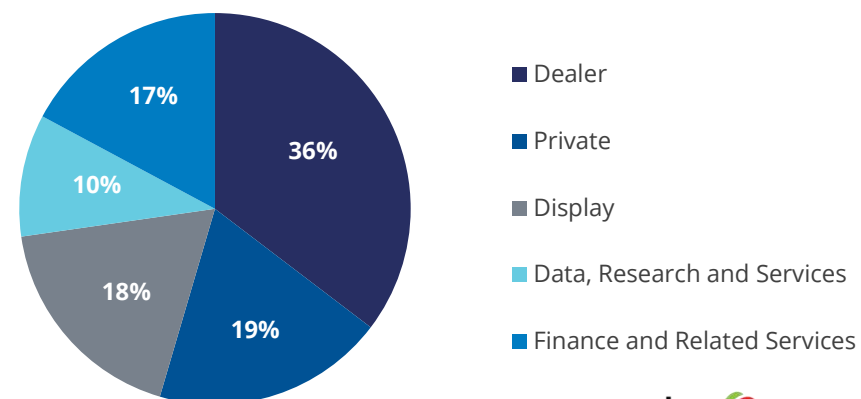
# DOMESTIC REVENUE PERFORMANCE - SUMMARY

Year Ending 30 June 2018	\$A Millions		Growth	
	FY17	FY18	\$'s	%
<b>Revenue</b>				
Dealer	133.5	143.9	10.4	8%
Private	65.0	78.9	13.9	21%
Display	70.6	72.8	2.2	3%
Online Advertising	269.1	295.6	26.5	10%
Data, Research and Services	39.3	41.9	2.6	7%
Finance and Related Services	55.4	68.4	13.0	24%
<b>Total Domestic Revenue</b>	<b>363.8</b>	<b>405.9</b>	<b>42.1</b>	<b>12%</b>

**Automotive Inventory at 30 June 2018**

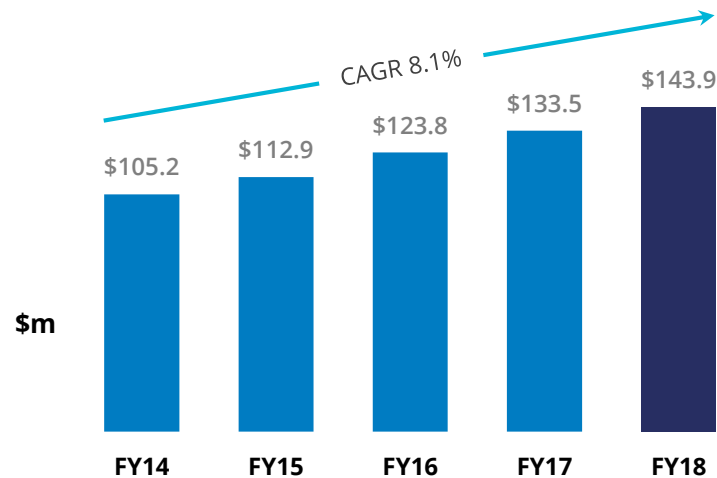


**FY18 Category Revenue**



# DEALER PERFORMANCE SUMMARY

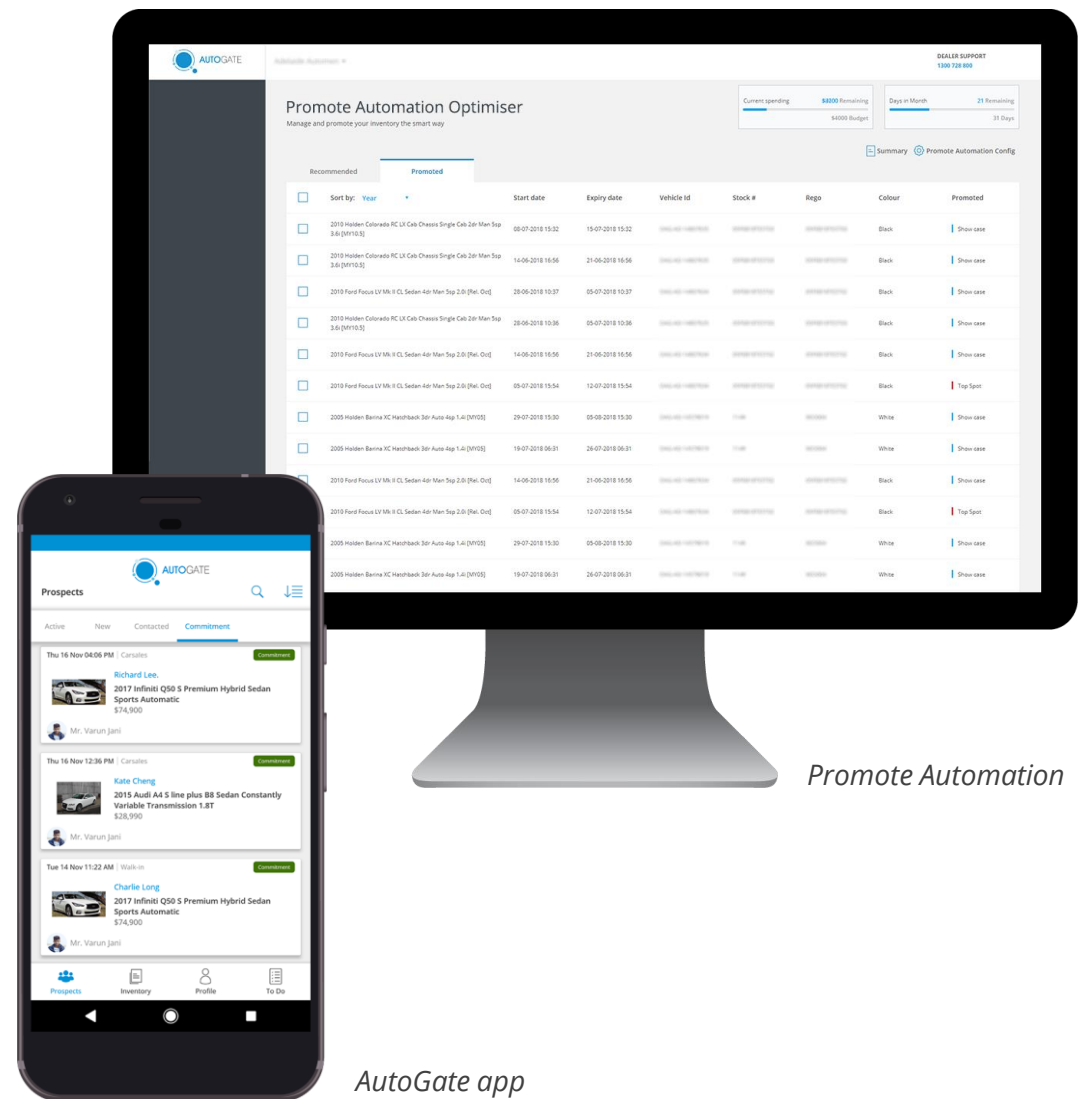
Dealer revenue up 8% on pcp to \$143.9m



Solid growth in core dealer advertising products driven by both low single digit lead volume growth and yield improvements.

Our ability to deliver growth in this area of the business reflects our continued investment in new product initiatives to drive better outcomes for dealers. In FY18, these initiatives included the relaunch of our AutoGate app, the introduction of SMS lead delivery and the implementation of codeless calls alongside our relentless focus on improving conversion for our dealer customers.

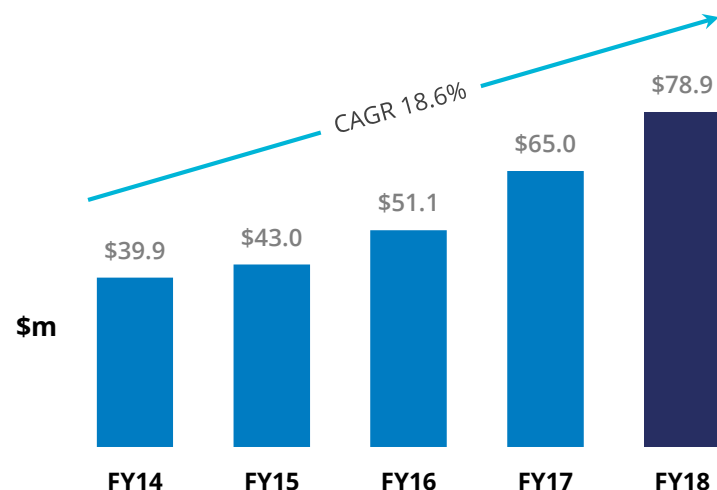
The demand for premium listing and promote products continued to grow strongly in FY18, which is testament to the strong engagement our dealer field team is building with our customers. This promote product area remains a significant future growth priority as we continue to evolve and automate our products to provide the best return on investment for dealers.





# PRIVATE PERFORMANCE SUMMARY

Private revenue up 21% on pcp to \$78.9m



Pleasingly, the good revenue growth observed in core private listing products in H1 was maintained in H2. This largely reflected the positive yield from tiered pricing and an increase in the take up of private premium listing products. This result reinforces the strong consumer value proposition that carsales delivers. Time to sell continues to reduce which is a positive for consumers looking to sell their car.

Our Instant Offer product also continues to grow well up over 50% on pcp, which has a positive impact on overall yield.

Strong revenue growth in tyresales and RedBook Inspect continues to validate our adjacent market strategy, enhancing our overall private revenue growth against pcp.



Best in Show



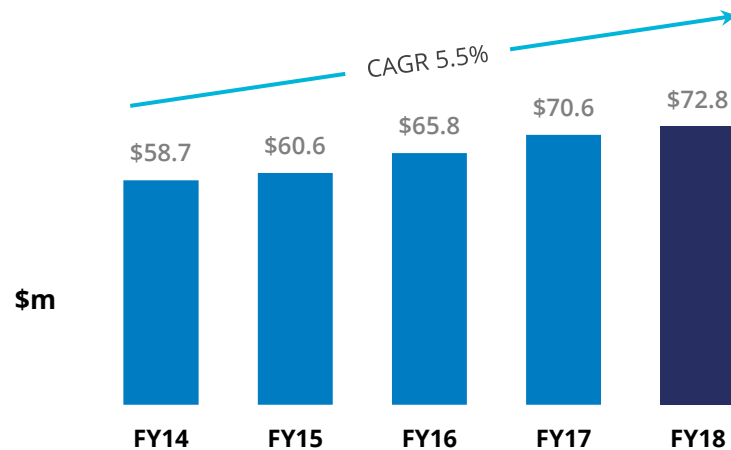
Silver - Creative Data



Bronze - Media

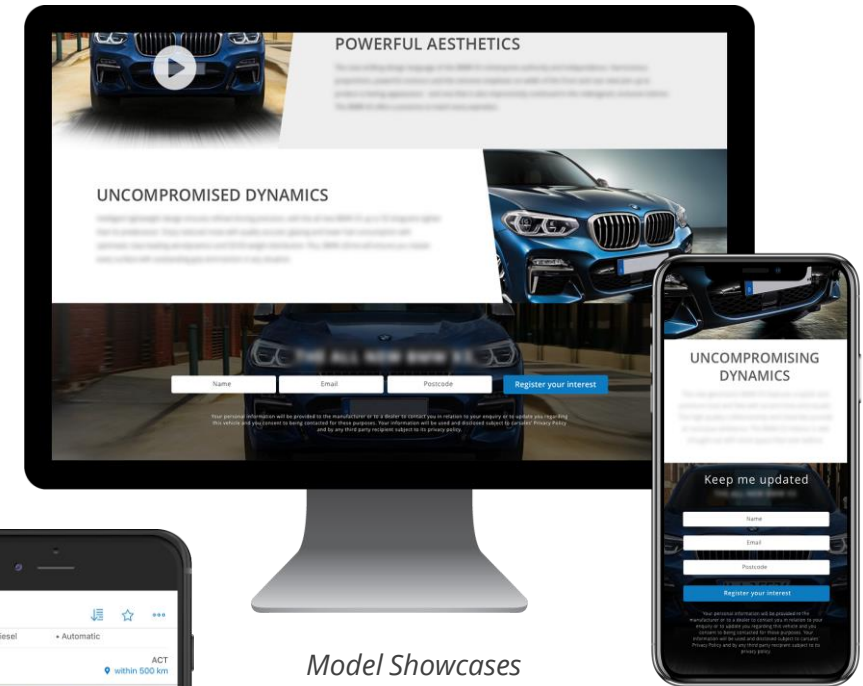
# DISPLAY PERFORMANCE SUMMARY

Display revenue up 3% to \$72.8m

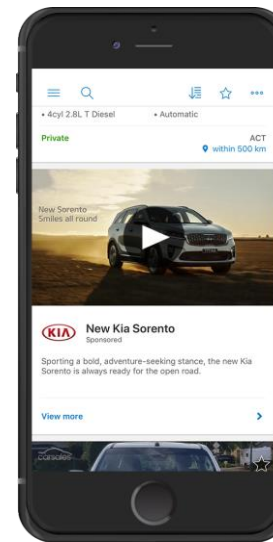


Recorded display revenue growth of 3% on pcp, which was a resilient result in a competitive market. Our insights and analytics capability as well as sponsored content initiatives are being integrated with the core display product set, differentiating our products and generating more targeted outcomes for audiences and advertisers.

Our relationships with OEMs continue to strengthen across the board with refreshed products such as enhanced mobile video display ads (see adjacent), certified pre-owned programmes and 'main events' delivering value and positioning us well for the future.



Model Showcases

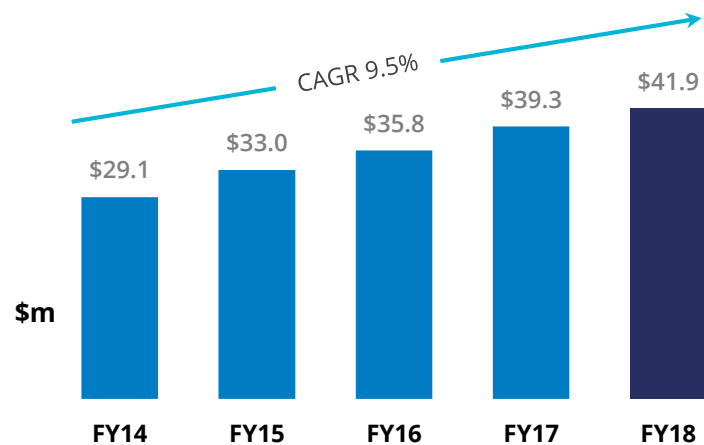


Native Video product



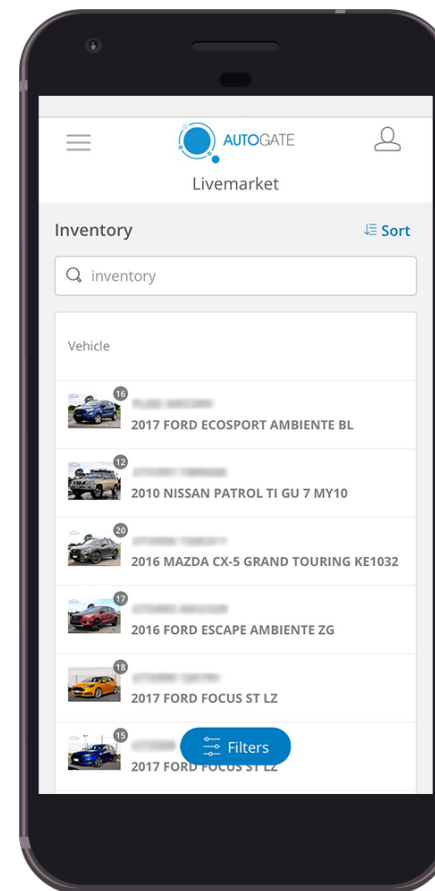
# DOMESTIC REVENUE PERFORMANCE BY CATEGORY

Data, Research and Services revenue up 7% to \$41.9m



Solid pcg 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 high single digit revenue growth on pcg, 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 as well as the introduction of a new warranty product.



LiveMarket in app

# FINANCE AND RELATED SERVICES

Year Ending 30 June 2018	\$A Millions		Variance	
	FY17	FY18	\$'s	%
Core Finance	42.2	46.5	4.3	10%
Other products	13.2	21.9	8.7	66%
<b>Total Revenue</b>	<b>55.4</b>	<b>68.4</b>	<b>13.0</b>	<b>24%</b>
Cost of sales	10.6	18.4	(7.8)	(74%)
<b>Gross Profit</b>	<b>44.8</b>	<b>50.0</b>	<b>5.2</b>	<b>12%</b>
Operating Expenses (Before Interest and D&A)	34.3	39.9	(5.6)	(16%)
<b>EBITDA</b>	<b>10.5</b>	<b>10.1</b>	<b>(0.4)</b>	<b>(3%)</b>
Depreciation & Amortisation	0.7	1.1	(0.4)	(61%)
Net Interest expense	0.2	0.2	-	-
Income Tax expense	2.1	2.2	(0.1)	(6%)
Non controlling interest (NCI)*	(5.2)	(4.6)	0.6	12%
<b>carsales share of Net Profit</b>	<b>2.3</b>	<b>2.0</b>	<b>(0.3)</b>	<b>(13%)</b>
<b>KPI</b>				
Gross Margin	81%	73%		(8%)
EBITDA / Gross Profit	23%	20%		(3%)
EBITDA Margin	19%	15%		(4%)

## Finance and related services revenue up 24% to \$68.4m

Core finance broking revenue was up 10% on pcp reflecting both increased volumes and higher average net amount financed, which was pleasing given the issues experienced in FY17. H2 core finance revenue growth was not as strong as H1, reflecting both credit tightening as a result of the Financial Services Royal Commission and some internal changes as the company evolves its business model ahead of the ASIC Finance regulation changes in November.

EBITDA was also impacted by growth in operating expenses, which 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 30 JUNE 2018



# INTERNATIONAL SUMMARY

## Consolidated Entities

International - reported results	\$A Millions		Growth		Constant Currency (%)
	FY17	FY18	\$'s	%	
<b>Revenue</b>					
SK Encar	N/A	26.1	26.1	-	-
RedBook Asia and New Zealand	3.4	3.8	0.4	11%	10%
<b>carsales Asia</b>	<b>3.4</b>	<b>29.9</b>	<b>26.5</b>	<b>778%</b>	<b>n/a</b>
soloautos	0.6	1.1	0.5	76%	82%
Carsales Chile	3.5	5.0	1.5	44%	40%
Demotores Argentina	0.8	2.1	1.3	163%	232%
<b>carsales Latin America</b>	<b>4.9</b>	<b>8.2</b>	<b>3.3</b>	<b>68%</b>	<b>n/a</b>
<b>Total International revenue</b>	<b>8.3</b>	<b>38.1</b>	<b>29.8</b>	<b>360%</b>	<b>368%</b>
<b>EBITDA</b>					
SK Encar	N/A	13.8	13.8	-	-
RedBook Asia and New Zealand	1.5	2.0	0.5	31%	35%
<b>carsales Asia</b>	<b>1.5</b>	<b>15.8</b>	<b>14.3</b>	<b>953%</b>	<b>n/a</b>
soloautos	(2.4)	(2.3)	0.1	n/a	n/a
Carsales Chile	1.3	1.8	0.5	43%	33%
Demotores Argentina	(0.5)	(2.0)	(1.6)	n/a	n/a
<b>carsales Latin America</b>	<b>(1.6)</b>	<b>(2.5)</b>	<b>(0.9)</b>	<b>n/a</b>	<b>n/a</b>
<b>Total International EBITDA</b>	<b>(0.1)</b>	<b>13.3</b>	<b>13.4</b>	<b>n/a</b>	<b>n/a</b>

## Associate Entity

Webmotors - underlying results*	\$A Millions		Growth		Constant Currency (%)
	FY17	FY18	\$'s	%	
Revenue	44.6	53.8	9.2	21%	28%
EBITDA	12.0	20.4	8.4	70%	81%

## Summary

- Pleasing progress in our international expansion strategy with a significant increase in our revenue and EBITDA contribution from our international businesses.
- Continued development of our global technology platform which will generate significant revenue growth over the coming years, particularly in our earlier stage investments in Argentina and Mexico.

## Revenue

- Strong revenue growth of 44% excluding SK Encar, with good organic growth in all international businesses.
- Strong momentum in Chile and Webmotors in particular.

## EBITDA

- Positive EBITDA contributions from SK Encar, Chile and Webmotors with Webmotors being the standout performer.
- Losses incurred in Argentina and Mexico in our aggressive pursuit of clear market leadership.

The acquisition of SK Encar was completed in January 2018.

## Financial commentary:

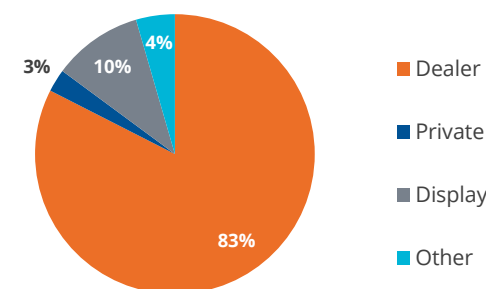
- Solid underlying revenue and EBITDA growth for the financial year. H2 revenue growth of 17% and EBITDA growth of 10% provides a good platform heading into FY19.
- Solid growth across all key revenue channels of Dealer, Private and Display. This revenue growth is pleasing given there has been no price increase on dealer subscriptions between the comparative periods. A key driver of growth continues to be the increased uptake of premium listing dealer products, particularly the “SK Encar guarantee” vehicle certification service, which has grown 30% on pcp and has significant further growth potential.
- EBITDA margin for the period was impacted by the timing of marketing spend as the business has been traditionally run on a calendar financial year basis. The business is also continuing to invest in personnel and technology to support future growth.

## Operational highlights:

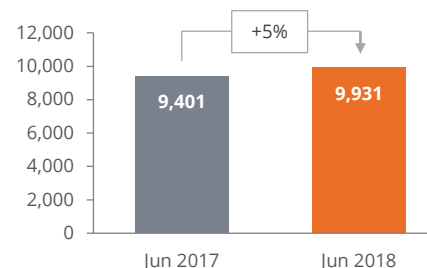
- Consolidated its clear no.1 market position with solid growth in unique visitors and inventory. SK Encar has 100% more inventory than its nearest competitor.
- Retained and strengthened key management personnel post acquisition.
- Five new branches added to the SK Encar network, which facilitates growth in inventory and inspection/certification revenues.
- Key growth opportunities:
  - Dealer yield growth from a combination of price rises and volume growth in promote and guarantee services;
  - Display revenue given its relatively low contribution compared with carsales;
  - Extended warranty vehicle services;
  - Dealer finance products and services; and
  - Instant offer trade ins for dealers.

Pro-Forma (100%)	FY17 KRWb	FY18 KRWb	PCP %
Underlying revenue*	38.0	43.8	15%
Underlying EBITDA*	19.8	21.4	8%

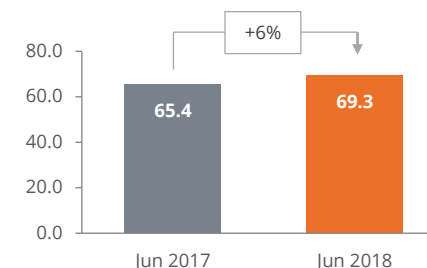
Revenue by category



Unique visitors



Inventory volume





## Financial commentary:

- Outstanding financial performance in FY18.
- The key driver of the result was a 43% growth in dealer revenue, which was supported 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.
- carsales' share of NPAT impacted by a reduction in interest income in FY18, reflecting the impact of the FY17 capital return and a reduction in interest rates.

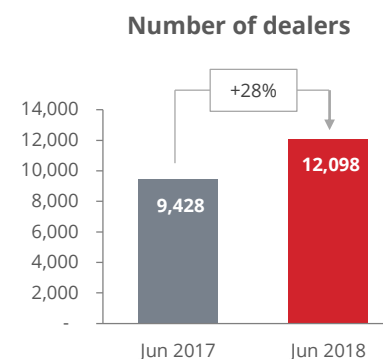
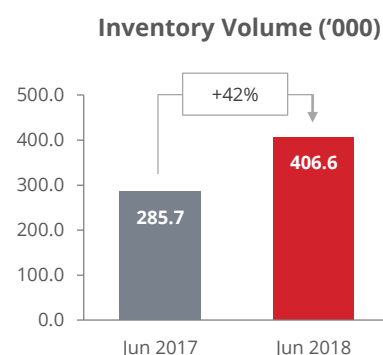
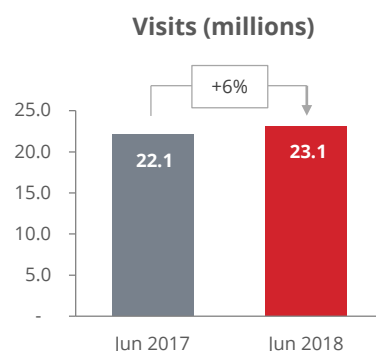
## Operational highlights:

- Webmotors strengthened its position as the clear no.1 automotive vertical classified site in Brazil in FY18 and completed the transition to the leads model.
- Outstanding growth in key operational metrics of inventory and dealer numbers being up 42% and 28% respectively on pcp.
- Launched the new 'Cockpit' platform for dealers, which provides a comprehensive suite of dealer services, including lead management, CRM, 3rd party lead management, training and advertising support.
- Launched Webmotors University, an online education program for dealers which is critical in educating dealers about the return on investment from leads.
- Completed its finance integration with Santander which allows seamless credit assessment, including approval into Cockpit (AutoGate equivalent).

Pro-Forma (100%)	FY17 BRLm	FY18 BRLm	PCP %
Underlying revenue*	108.3	138.5	28%
Underlying EBITDA*	29.1	52.6	81%
Underlying EBITDA* (%)	26.9%	38.0%	N/A

## carsales Share of Earnings (30% owned – equity accounted)

	AUDm	AUDm	%
Reported NPAT* (share of associate earnings)	3.0	3.6	21%
Adjusted NPAT* (share of associate earnings)	3.6	4.2	17%



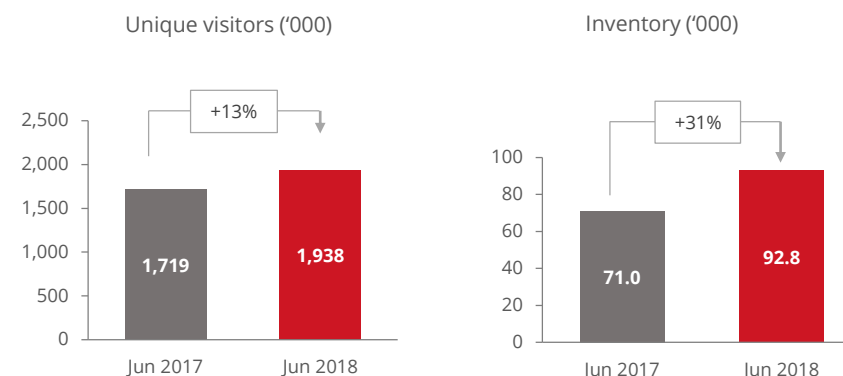
## Financial commentary:

- Excellent financial performance in FY18 as the business further strengthened its market leadership position. The revenue result was positively impacted by the integration of the demotores Chile business.
- There was excellent growth across all key revenue channels of Dealer, Private and Display with a focus on expanding the dealer business into regional areas outside of Santiago generating a positive outcome.

## Operational highlights:

- Rollout of adjacent service strategy with the completion of a finance partnership and integration with ScotiaBank as well as an inspection partnership with CarInspect, who provide pre-purchase vehicle inspections.
- Released a new dealer product called 'BlueBook' which is a pricing analysis and appraisal tool for dealers, similar to the popular 'LiveMarket' product in Australia.
- Successful migration of the private seller business model from post-paid to pre-paid.
- Key growth opportunities:
  - Dealer yield growth from price rises and the introduction of dealer promote products;
  - Dealer volume growth from the continuation of the advancement into regional areas outside of Santiago;
  - Display revenue growth as OEMs continue to migrate their spend from offline to online, substantiated by our proprietary insights and analytics; and
  - Private yield growth from the introduction of promote products including a concierge selling service.

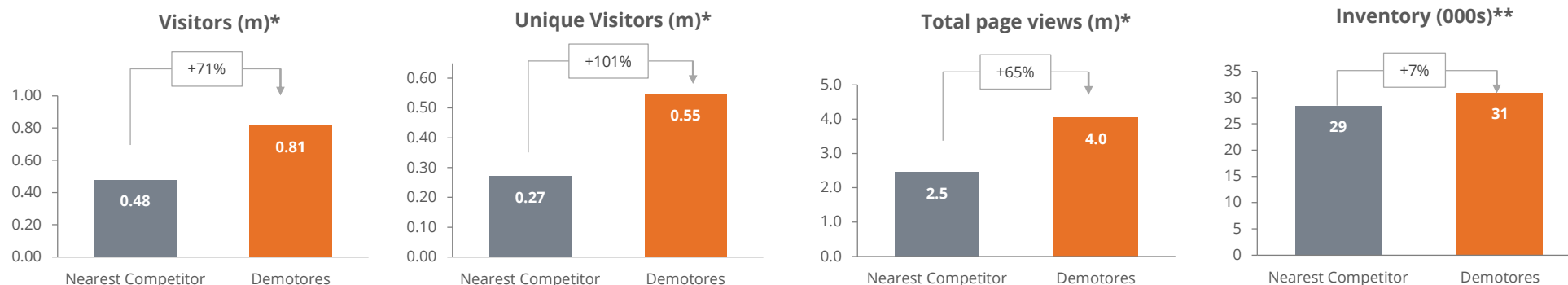
	FY17 CLPm	FY18 CLPm	PCP %
Reported revenue	1,731.4	2,424.2	40%
Reported EBITDA	648.5	864.6	33%



- Strategy in Argentina is to focus on establishing demotores as the clear and dominant market leader from a vertical auto classifieds perspective.
- There has been significant progress made on this goal during the year across all the key KPI metrics of traffic, leads and inventory.
- Revenue and EBITDA growth metrics impacted by timing of the acquisition in FY17, albeit revenue growth was still strong on an underlying growth basis.
- Key operational highlights for the year were:
  - Implementation of carsales' technology including our internally developed and renowned search engine, Ryvuss.
  - Significant focus on dealer and inventory acquisition resulting in a 71% increase in inventory levels.
  - Optimisation of SEO via insourcing and leveraging skills of our local Australian team.
  - Completion of finance integration with Banco Santander.

	FY17 ARS '000	FY18 ARS '000	PCP %
Reported revenue	9,269.3	30,735.9	232%
Reported EBITDA	(5,567)	(28,189)	n/a

## Key metric comparison with our closest competitor\*\*\*

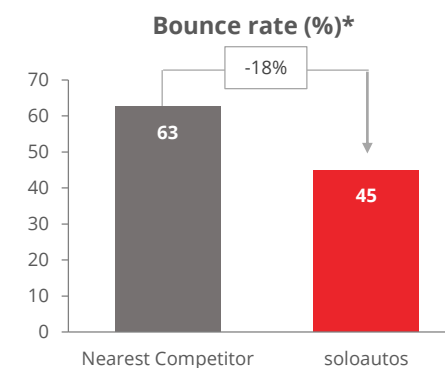
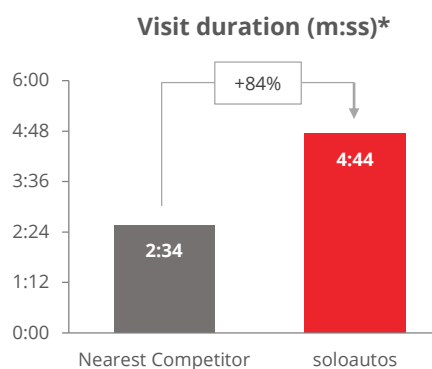
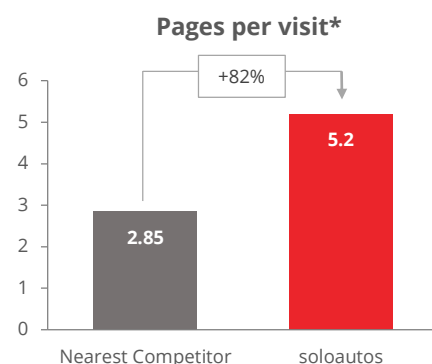
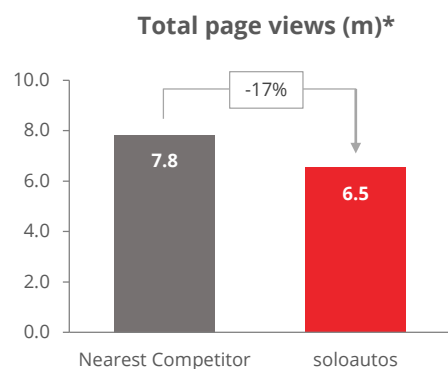




- Completed the acquisition of the remaining 35% of soloautos in FY18.
- Significant progress made on our goal to become the clear and dominant market leader in Mexico.
- There was excellent growth across all key revenue channels of Dealer, Private and Display with our focus on dealer acquisition continuing to reap rewards.
- Excellent results across the key KPI metrics of traffic and leads, as we continue to focus on acquiring the highest quality traffic and audience.
- Key operational highlights for the year were:
  - 140% increase in unique visitors on pcp.
  - 31% increase in leads on pcp.
  - Introduction of a number of new products including new dealer software which the business rolled out to its network of dealers.
  - Rollout of our adjacent services strategy with completion of a finance and insurance partnership with Santander.
  - 100% increase in the number of paying display media customers.

Pro-Forma (100%)	FY17 MXPm	FY18 MXPm	PCP %
Reported revenue	9.1	16.5	82%
Reported EBITDA	(35.4)	(33.0)	n/a

### Key metric comparison with our closest competitor\*\*





# OUTLOOK

TO 30 JUNE 2019

# PERFORMANCE OUTLOOK

## **carsales Domestic Outlook**

Domestic core business performance in the first quarter of FY19 has remained solid, with the exception of display advertising which has experienced disappointing trading to date. Our domestic adjacent businesses of tyresales and Redbook Inspect continue to build scale consistent with FY18 and our premium listing and promote products continue to grow well.

Assuming market conditions are stable, we anticipate revenue, EBITDA and NPAT growth will be moderate overall in the domestic core business, with earnings growth weighted towards the second half as display advertising performance is expected to improve.

Our Finance and Related Services business has continued to be impacted by credit tightening as a result of the Financial Services Royal Commission and we expect moderate growth weighted towards the second half as operational improvements are delivered.

## **carsales International Outlook**

Overall performance in the first quarter in the International portfolio has been good. Assuming market conditions remain stable in Brazil, we expect to see continued strong local currency revenue and earnings growth in FY19 for Webmotors. In South Korea, we are expecting solid local currency revenue and earnings growth in FY19 for SK Encar to continue.

Integration of core carsales IP and technology into our Chilean, Mexican and Argentine businesses will continue. In Chile we expect this to drive a good uplift in local currency revenue and earnings in FY19. In Mexico and Argentina, we expect this to drive good growth in local currency revenue and key performance metrics in FY19. We continue to execute on our planned investment in technology, marketing and innovation in these businesses to aggressively pursue clear market leadership.



An aerial photograph of a cable-stayed bridge. The bridge deck is a multi-lane highway with white lane markings. A small red car is driving on the right side of the road. The bridge is supported by a central concrete pier and numerous dark cables that fan out to the deck. The surrounding landscape is a dense green forest. The text 'APPENDIX' is overlaid in large white capital letters on the left side of the image.

# APPENDIX

TO 30 JUNE 2018



# 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 “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

Year Ending 30 June 2018	\$A Millions		Growth	
	FY17	FY18	\$'s	%
<b>Reported NPAT</b>	<b>109.5</b>	<b>184.8</b>	<b>75.3</b>	<b>69%</b>
<b>Interest Adjustments</b>				
Option Discounting Unwind	-	0.3		
Option Movement in Fair Value	-	(4.0)		
Finance Cost Write-off	-	0.4		
<b>Investment Adjustments</b>				
SK Encar one-off tax adjustment	(0.8)			
SK Encar dividend withholding tax	-	2.1		
Gain on associate dilution	(0.3)	(0.9)		
Associate fair value revaluation	7.1	(57.0)		
<b>NPAT before one-off items</b>	<b>115.5</b>	<b>125.7</b>	<b>10.1</b>	<b>9%</b>
<b>Acquired intangible amortisation</b>				
Stratton	0.7	0.7		
Webmotors	0.6	0.6		
SK Encar	1.8	3.4		
Soloautos	0.1	0.1		
Chileautos	0.4	0.5		
Demotores	0.0	0.1		
<b>Total acquired intangible amortisation</b>	<b>3.6</b>	<b>5.3</b>	<b>1.8</b>	<b>50%</b>
<b>Adjusted NPAT before one-off gains/(losses) and acquired intangible amortisation</b>	<b>119.1</b>	<b>131.0</b>	<b>11.9</b>	<b>10%</b>
Weighted Average Number of Shares	241,383,158	242,371,937		
<b>Adjusted Earnings per Share (cents)</b>	<b>49.4</b>	<b>54.0</b>	<b>4.6</b>	<b>10%</b>



# ADJUSTED FINANCIALS

\$A Millions	FY17			FY18			Growth %	
Year Ending 30 June 2018	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted	Reported	Adjusted
Revenue								
Online Advertising	269.1		269.1	295.6		295.6	10%	10%
Data, Research and Services	39.3		39.3	41.9		41.9	7%	7%
carsales Asia	3.4		3.4	29.9		29.9	778%	778%
carsales Latin America	4.9		4.9	8.2		8.2	68%	68%
Finance and Related Services	55.4		55.4	68.4		68.4	24%	24%
<b>Total revenue</b>	<b>372.1</b>	<b>-</b>	<b>372.1</b>	<b>444.0</b>	<b>-</b>	<b>444.0</b>	<b>19%</b>	<b>19%</b>
Total operating expenses (before Interest, depreciation and amortisation)	195.6		195.6	239.4		239.4	(22%)	(22%)
<b>EBITDA</b>	<b>176.5</b>	<b>-</b>	<b>176.5</b>	<b>204.6</b>	<b>-</b>	<b>204.6</b>	<b>16%</b>	<b>16%</b>
<i>EBITDA margin</i>	47%		47%	46%		46%		
Depreciation & amortisation	10.0	(1.2)	8.8	17.4	(4.7)	12.7	(74%)	(44%)
<b>EBIT</b>	<b>166.5</b>	<b>1.2</b>	<b>167.7</b>	<b>187.2</b>	<b>4.7</b>	<b>191.9</b>	<b>12%</b>	<b>14%</b>
Net financing cost	6.9	-	6.9	6.5	3.3	9.8	5%	(43%)
<b>Profit Before Tax</b>	<b>159.6</b>	<b>1.2</b>	<b>160.8</b>	<b>180.7</b>	<b>1.4</b>	<b>182.1</b>	<b>13%</b>	<b>13%</b>
Income Tax Expense	48.3		48.3	55.9	(1.3)	54.6	(16%)	(13%)
Profits from associates	8.5	1.6	10.1	5.1	1.8	6.9	(39%)	(31%)
Gain/(loss) on associates fair value adjustment and investment dilution	(6.8)	6.8	-	58.3	(58.3)	(0.0)	(951%)	-
Non-controlling interest (NCI)	(3.5)	-	(3.5)	(3.4)	-	(3.4)	5%	5%
<b>Net profit after tax</b>	<b>109.5</b>	<b>9.6</b>	<b>119.1</b>	<b>184.8</b>	<b>(53.8)</b>	<b>131.0</b>	<b>69%</b>	<b>10%</b>

# CARSALES "LOOK THROUGH" P&L ANALYSIS

	FY17					FY18					Growth		
	% Owned	Days Owned	Reported	Underlying	Look Through	% Owned	Days Owned	Reported	Underlying	Look Through	Reported %	Underlying %	Look Through %
<b>Revenue</b>													
carsales International													
iCar Asia	20.1%,16.5%,15.6%*	365	Financial Asset*	3.0	0.5	13.10%	365	Financial Asset*	N/A	N/A	n/a	n/a	n/a
SK Encar	49.90%	365	Equity Acc'ted	45.0	22.5	49.9%, 100%	365	26.1	52.0	40.4	n/a	16%	80%
WebMotors	30%	365	Equity Acc'ted	44.6	13.4	30%	365	Equity Acc'ted	53.8	16.1	n/a	21%	21%
RedBook Asia and New Zealand	100%	365	3.4	3.4	3.4	100%	365	3.8	3.8	3.8	11%	12%	11%
soloautos	65%	365	0.6	0.6	0.4	65%, 100%	365	1.1	1.1	1.0	76%	83%	135%
chileAutos	83%	365	3.3	3.3	2.8	83.3%	365	4.9	4.9	4.1	48%	48%	49%
Demotores	100%	126	1.0	1.0	1.0	100%	126	2.2	2.2	2.2	127%	120%	127%
<b>Total International</b>			<b>8.3</b>	<b>100.9</b>	<b>44.0</b>			<b>38.1</b>	<b>117.8</b>	<b>67.6</b>	358%	17%	54%
<b>carsales Domestic</b>													
Domestic Core Business	100%	365	277.2	277.2	271.9	100%	365	296.3	296.3	296.3	7%	7%	9%
Domestic Investments *	Various *	365	86.6	91.4	44.1	Various *	365	109.5	111.3	62.9	26%	22%	43%
<b>Total Revenue</b>			<b>372.1</b>	<b>469.5</b>	<b>360.0</b>			<b>443.9</b>	<b>525.4</b>	<b>426.8</b>	19%	12%	19%
<b>EBITDA</b>													
carsales International													
iCar Asia	20.1%,16.5%,15.6%	365	Equity Acc'ted	(6.8)	(1.2)	13.10%	365	Financial Asset*	N/A	N/A	n/a	n/a	n/a
SK Encar	49.90%	365	Equity Acc'ted	23.9	11.9	49.90%	365	13.8	25.7	20.5	n/a	8%	72%
WebMotors	30%	365	Equity Acc'ted	12.0	3.6	30%	365	Equity Acc'ted	20.4	6.1	n/a	70%	69%
RedBook Asia and New Zealand	100%	365	1.5	1.5	1.5	100%	365	2.0	2.0	2.0	31%	33%	33%
soloautos	65%	365	(2.4)	(2.4)	(1.6)	65%, 100%	365	(2.3)	(2.3)	(2.1)	-5%	-4%	31%
chileAutos	83.3%	365	1.3	1.3	1.1	83.3%	365	1.8	1.8	1.5	39%	38%	36%
Demotores	100%	126	(0.5)	(0.5)	(0.5)	100%	126	(2.0)	(2.0)	(2.0)	310%	300%	300%
<b>Total International</b>			<b>(0.1)</b>	<b>29.0</b>	<b>14.8</b>			<b>13.3</b>	<b>45.6</b>	<b>26.0</b>	n/a	57%	76%
<b>carsales Domestic</b>													
Domestic Core Business	100%	365	163.8	163.8	161.7	100%	365	176.6	176.6	176.6	8%	8%	9%
Domestic Investments *	Various *	Various *	12.8	3.2	5.0	Various *	Various *	14.6	13.1	7.3	14%	310%	48%
<b>Total EBITDA</b>			<b>176.5</b>	<b>196.0</b>	<b>181.5</b>			<b>204.5</b>	<b>235.3</b>	<b>209.9</b>	16%	20%	16%

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 13.1% 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 35 for further details.

A scenic view of a coastal highway bridge, likely the Bix Creek Creek Bridge in Australia, featuring a winding road over a blue ocean and a rocky cliffside under a clear blue sky. The carsales.com logo is overlaid in the center.

carsales  com Ltd