carsales.com ltd

HALF YEAR RESULTS PRESENTATION

HALF YEAR ENDED 31 DECEMBER 2018

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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KEY HIGHLIGHTS

TO 31 DECEMBER 2018

H1 FY19 HIGHLIGHTS

Reported revenue

Up 17% to $235.0m

Reported EBITDA

Up 8% to $98.0m

Adjusted NPAT*

Down 2% to $60.2m

Financial summary

Revenue up 17%, EBITDA up 8% and Adjusted NPAT* down 2% when compared with pcp. Excluding the impact of the SK Encar acquisition, revenue was up 3% and EBITDA was down 7%. Reported NPAT** down 82% on pcp primarily due to impairment of the Group's investment in Stratton.

Domestic highlights

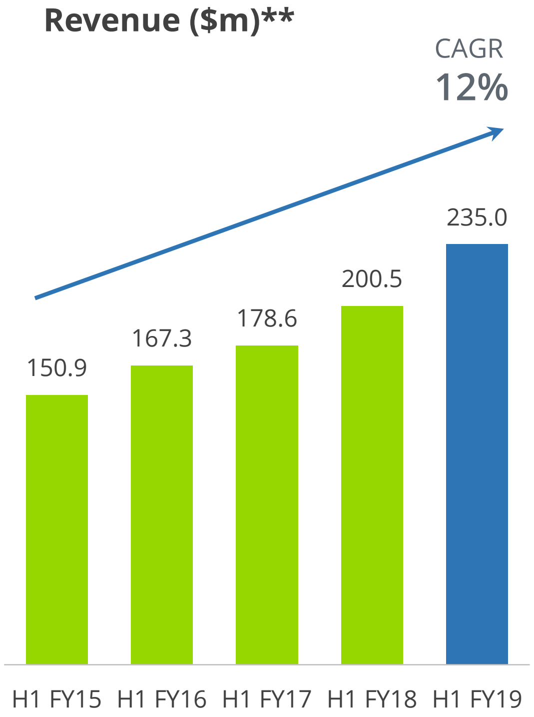
- Solid revenue growth in Dealer and Private advertising segments up 8% and 12% respectively.
- Ongoing investment in key product initiatives for dealer generating solid revenue growth across core leads, listing and promote products.
- Delivering great outcomes for our private customers with time to sell down considerably on pcp and solid growth in advertising yield.
- The adjacent market strategy continues to be a key driver of growth, with tyresales in particular displaying good revenue growth.

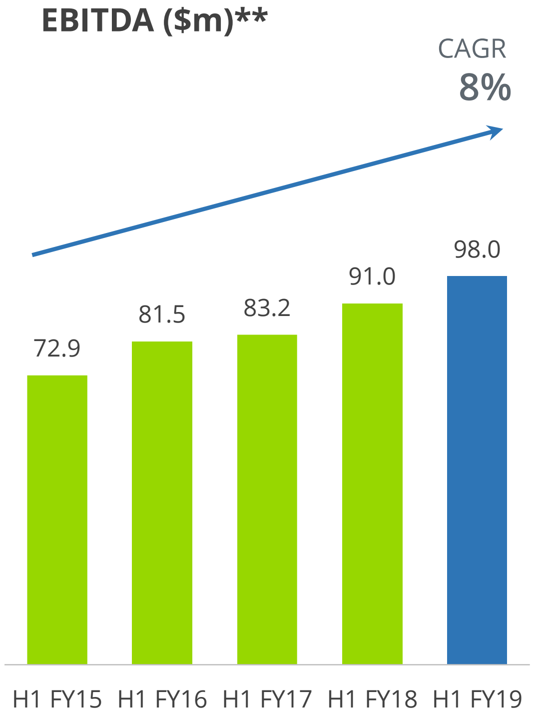
International highlights

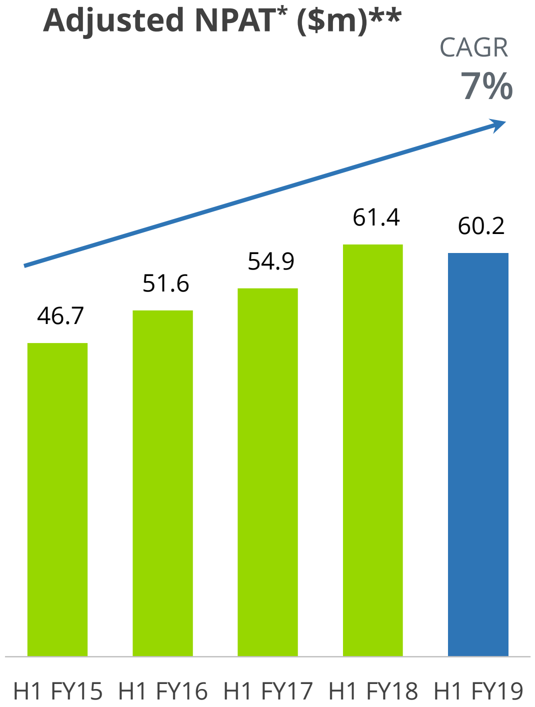
- Delivering on the international strategy with look through revenue growth of 79% and EBITDA growth of 83% on pcp.
- In Korea, good performance from Encar with local currency revenue and EBITDA up 20% and 22% on pcp respectively.
- In Brazil, the Webmotors business continued its strong recent trajectory, delivering underlying revenue growth of 31% and EBITDA growth of 54% on pcp.
- Acquired the remaining 16.7% of Chileautos and saw local currency revenue growth of 28% on pcp.

* Adjusted NPAT stated above is post non-controlling interests and excludes certain non-recurring or non-cash items relating to financing, investments and acquired intangible amortization. See slide 34 regarding the disclosure of non-IFRS Information and slide 35-36 for a reconciliation of Adjusted NPAT to Reported NPAT. ** Reported net profit after tax stated above is post non controlling interest.

STRONG TRACK RECORD OF FINANCIAL PERFORMANCE







* Adjusted NPAT stated above is post non-controlling interests and excludes certain non-recurring or non-cash items relating to financing, investments and acquired intangible amortization. See slide 34 regarding the disclosure of non-IFRS Information and slide 35-36 for a reconciliation of Adjusted NPAT to Reported NPAT.
** H1 FY18 revenue, EBITDA and Adjusted NPAT have been restated to reflect the adoption of AASB15. FY15-FY17 figures have not been restated as the impact would not be material.

REPORTED GROUP FINANCIAL PERFORMANCE

TO 31 DECEMBER 2018

SUMMARY REVENUE & EBITDA PERFORMANCE

Half Year Ending 31 December 2018	$A Millions H1 FY18*	$A Millions H1 FY19	Growth $'s	Growth %
Revenue				
Online Advertising	142.0	146.4	4.4	3%
Dealer	*69.2*	*75.0*	*5.8*	*8%*
Private	*37.0*	*41.5*	*4.5*	*12%*
Display	*35.8*	*29.9*	*(5.9)*	*(16%)*
Data, Research and Services	20.6	21.8	1.2	6%
Finance and Related Services	32.1	30.9	(1.2)	(4%)
carsales Asia	1.8	31.3	29.5	1605%
carsales Latin America	4.0	4.6	0.6	16%
Total Revenue	**200.5**	**235.0**	**34.5**	**17%**

	H1 FY18*	H1 FY19	Growth $'s	Growth %
EBITDA				
Online Advertising	74.2	73.0	(1.2)	(2%)
Data, Research and Services	11.8	12.6	0.8	6%
Finance and Related Services	5.0	1.4	(3.6)	(72%)
carsales Asia	1.0	14.0	13.0	1345%
carsales Latin America	(1.0)	(3.1)	(2.1)	n/a
Total EBITDA	**91.0**	**98.0**	**6.9**	**8%**

Revenue

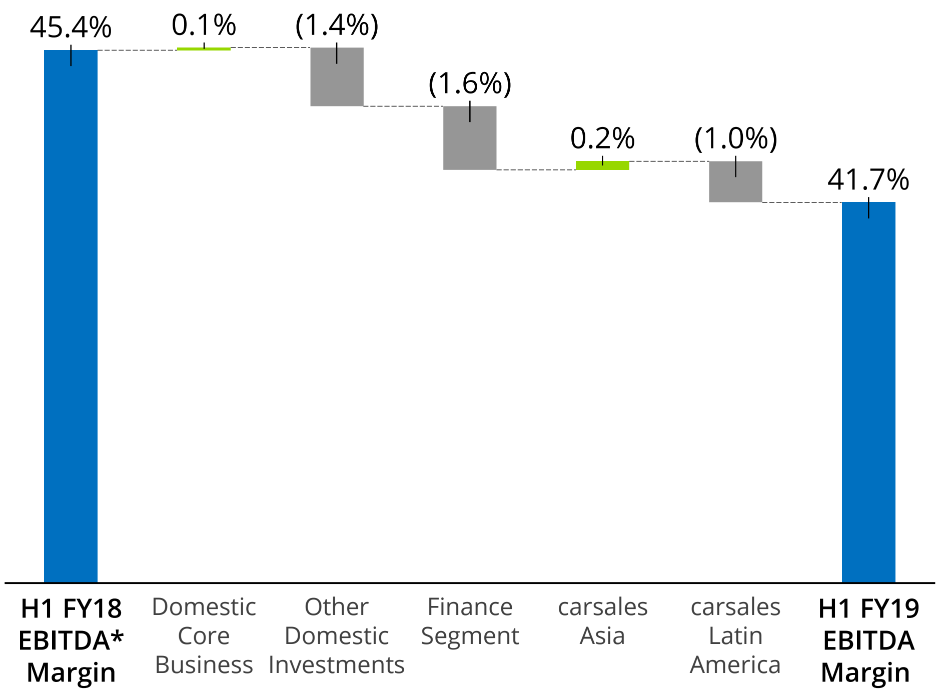
- Half year revenue of $235.0m, up 17% on pcp. Revenue growth of 3% excluding the acquisition of SK Encar.
- Continued solid performance in the Dealer, Private and Data, Research & Services segments reflecting sustained investment in product initiatives.
- Weaker revenue performance in the Display and Finance segments in a large part reflecting challenging market conditions.
- Excellent result from an international perspective, with international look through revenue growth of 79%. Reported carsales Asia growth in the table adjacent reflects consolidation of the SK Encar acquisition from January 2018.

EBITDA

- Overall EBITDA result of $98.0m up 8% on pcp. Excluding SK Encar, EBITDA was 7% lower than pcp.
- EBITDA performance in the Online Advertising and Finance Segments reflected the weaker revenue outcomes in Display and Stratton, offset by continued cost discipline in the core business.
- Solid performance in the Data, Research and Services segment.
- Strong result from an international perspective overall with international look through EBITDA growth of 83%. This has been driven by excellent performances in Korea and Brazil. Reported carsales Asia growth largely SK Encar acquisition related whilst losses in carsales Latin America reflects the continuing investment in Mexico and Argentina.

* H1 FY18 revenue, EBITDA and Adjusted NPAT have been restated to reflect the adoption of AASB15. FY15-FY17 figures have not been restated as the impact would not be material.

EBITDA MARGIN PERFORMANCE



Core EBITDA margins expanded but were offset by Stratton's performance and our lower margin / high growth domestic and international investments.

- Reported Group margins moved from 45.4% in H1 FY18 to 41.7% in H1 FY19, 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 with core business margins remaining strong at over 58% in the half.
- Domestic investments reduced reported Group margins by 1.4% 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 strong profit margins being achieved in Korea.
- carsales Latin America impacted Group margins by -1.0%, reflecting the impact of losses in Argentina and Mexico.

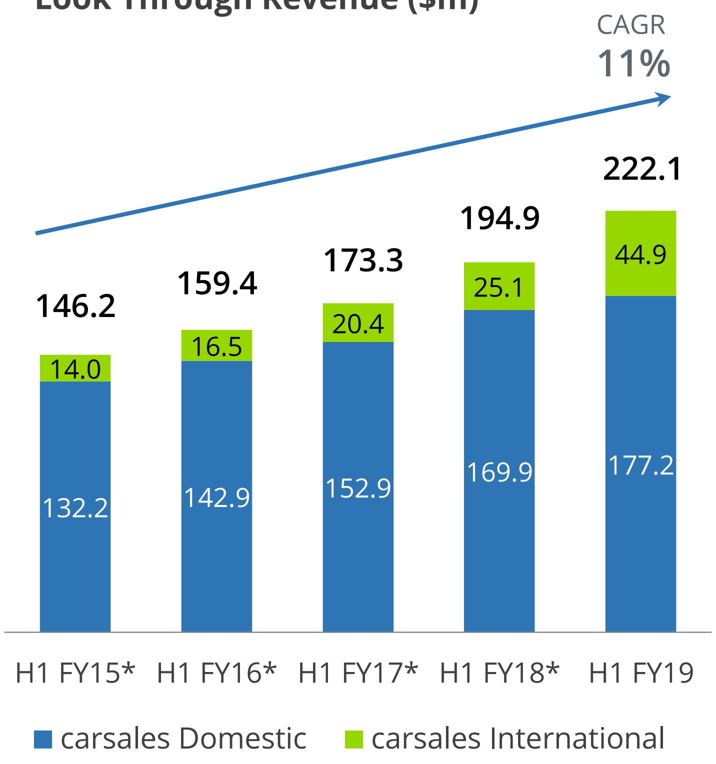
* H1 FY18 revenue, EBITDA and Adjusted NPAT have been restated to reflect the adoption of AASB15. FY15-FY17 figures have not been restated as the impact would not be material.

LOOK THROUGH SUMMARY

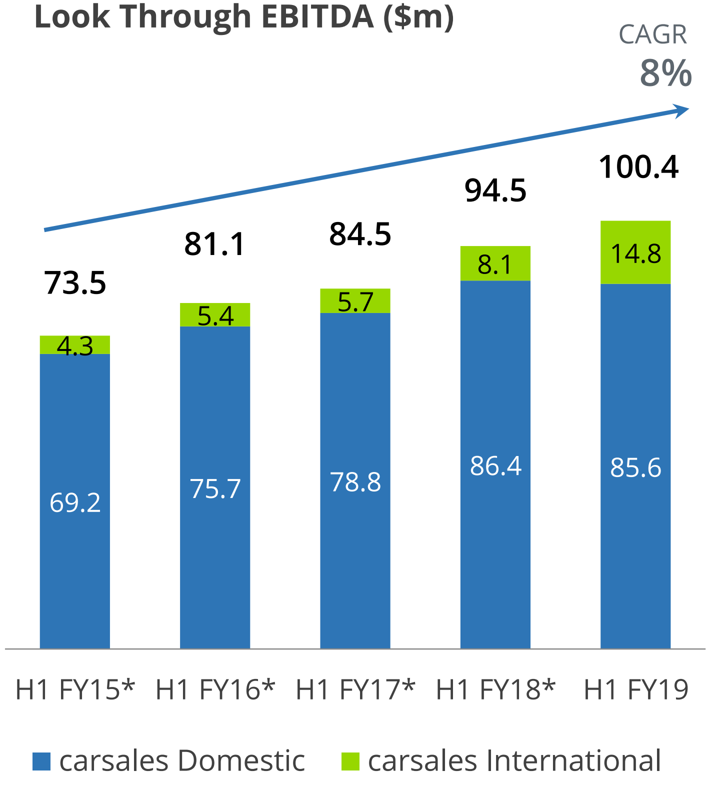
International businesses now contribute more than 20% of look through revenue and 15% of look through EBITDA which will continue to strengthen despite ongoing investment in Argentina and Mexico.

International look through revenue and EBITDA grew 79% and 83% respectively in H1 FY19.

Look Through Revenue ($m)



Look Through EBITDA ($m)



* H1 FY18 revenue, EBITDA and Adjusted NPAT have been restated to reflect the adoption of AASB15. FY15-FY17 figures have not been restated as the impact would not be material.

NOTE: Refer to slide 37 for carsales "Look Through" methodology

ADJUSTED NET PROFIT AFTER TAX SUMMARY

Half Year Ending 31 December 2018	$A Millions H1 FY18**	H1 FY19	Growth %
Total revenue	**200.5**	**235.0**	**17%**
Total operating expenses	109.5	137.0	(25%)
EBITDA	**91.0**	**98.0**	**8%**
EBITDA margin	*45.4%*	*41.7%*	
Depreciation & amortisation	5.1	8.2	(61%)
EBIT	**85.9**	**89.8**	**4%**
Net finance costs	3.0	7.0	(131%)
Profit Before Tax	**82.9**	**82.8**	**(0%)**
Income Tax Expense	24.5	24.5	0%
Profits from associates	4.7	1.8	(62%)
Non-controlling interests (NCI)	(1.7)	0.1	n/a
Adjusted NPAT*	**61.4**	**60.2**	**(2%)**
Adjustments	(0.8)	(49.1)	n/a
Reported net profit after tax	**60.6**	**11.1**	**(82%)**

- The analysis adjacent reflects the Adjusted net profit after tax results of the business for H1 FY19. Details of the reconciliation between Adjusted and Reported results are shown on slides 35-36. The proceeding analysis focuses on results below EBITDA after adjustments to better reflect the underlying trading performance of the Group.

- D&A increased by $3.1m reflecting acquired underlying D&A from SK Encar ($1.1m) 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 finance costs growth reflects additional interest incurred on funding the SK Encar acquisition from January 2018.

- Reported profits from associates down on pcp reflecting the reclassification of SK Encar from an associate to a consolidated subsidiary from January 2018. Strong underlying local currency NPAT growth of 48% from Webmotors.

- Non-controlling interests lower than pcp reflecting lower profit contribution from Stratton.

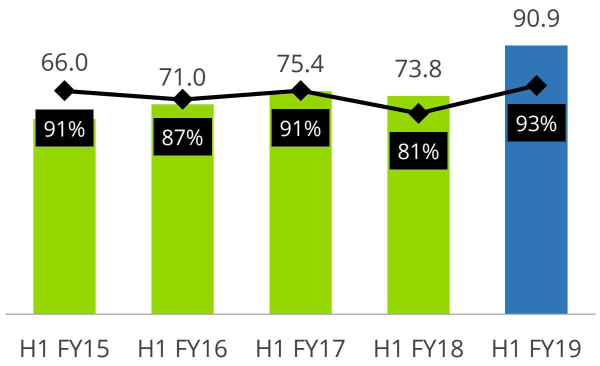
- Interim dividend of 20.5 cents per share declared.

* Adjusted NPAT stated above is post non-controlling interests and excludes certain non-recurring or non-cash items relating to financing, investments and acquired intangible amortization. See slide 34 regarding the disclosure of non-IFRS Information and slide 35-36 for a reconciliation of Adjusted NPAT to Reported NPAT.
** H1 FY18 revenue, EBITDA and Adjusted NPAT have been restated to reflect the adoption of AASB15. FY15-FY17 figures have not been restated as the impact would not be material.

REPORTED DEBT AND CASH FLOW

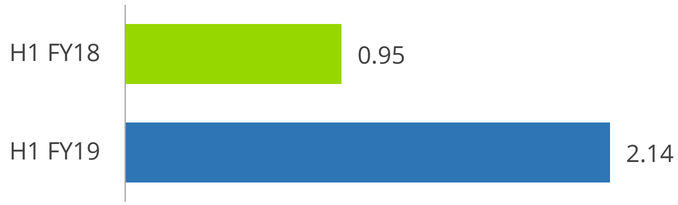
Robust balance sheet and credit metrics

Pre-tax Operating Cash Flow** (column) **and conversion from EBITDA to cash** (line)



Half Year Ending 31 December 2018	$A Millions H1 FY18	H1 FY19	Growth $'s	%
Cash Capital expenditure	3.2	5.9	2.7	84%
Capitalised labour costs	5.6	8.0	2.4	42%
Total capital expenditure	**8.8**	**13.9**	**5.1**	**57%**

Reported Leverage Ratio*
(Net Debt/Annualised EBITDA *)**



Net debt*

$A Millions	Dec-17	Dec-18	%
Borrowings	207.9	504.2	143%
Swaps	-	22.9	n/a
Cash	(32.4)	(108.1)	233%
Net Debt	**175.5**	**419.0**	**139%**

- Cash flow conversion returned to typical levels in H1 FY19 reflecting improved debtor collection results following some ERP implementation issues experienced in FY18.
- Cash capex increase principally reflects incremental capex from including SK Encar (c.$2.0m). Capitalised labour costs up 42% on pcp reflecting both the inclusion of SK Encar as well as the continued investment in technology platforms supporting international and adjacent market expansion.
- Leverage ratio increased due to incremental debt from the SK Encar acquisition but still remains prudent at just above 2x EBITDA.

See slide 34 regarding the disclosure of non-IFRS Information | *Net debt includes total borrowings and cross currency interest swaps less total cash as at 31 December 2018 and 31 December 2017 per published balance sheet. Ratios above are based on reported financial outcomes and may vary with bank covenant definitions. | **Pre-tax operating cash flow is Reported Operating Cash Flow excluding tax. | *** H1 FY18 revenue, EBITDA and Adjusted NPAT have been restated to reflect the adoption of AASB15. FY15-FY17 figures have not been restated as the impact would not be material.

CARSALES DOMESTIC (AUSTRALIA)

TO 31 DECEMBER 2018

OUR DOMESTIC BUSINESS STRATEGY

OUR DOMESTIC STRATEGY

Grow our core advertising solutions, expand into adjacent markets and develop value driven opportunities for 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, adjacencies)
Continuing our focus on creating a frictionless buying, selling and ownership experience for our consumers.

STRATEGIC OPPORTUNITIES

Core Digital Advertising Solutions
Leveraging our sizeable data footprint to drive new products that meet the needs of both consumer & commercial advertisers.

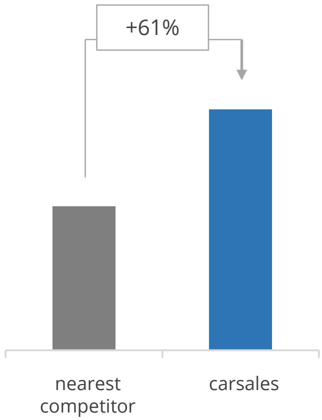
Adjacent Markets
Expanding our range of services across the consumer auto cycle to provide buyers and sellers with confidence to transact and enhance our connection with owners.

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

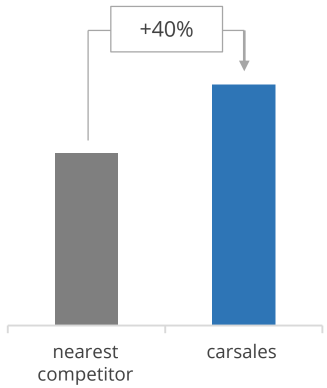
Our strategy is focussed on delivering value for our commercial and consumer customers. To better align our reporting segments to this strategy, we anticipate changing our reporting segments from a product view to a customer view in H2 FY19.

CLEAR LEADER ACROSS ALL METRICS OF REPUTATION, SITE ENGAGEMENT AND INVENTORY

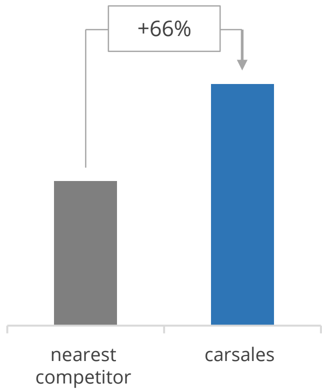
Average Daily Monthly Audience[1]



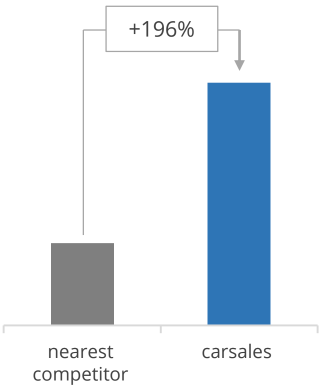
Inventory[2]



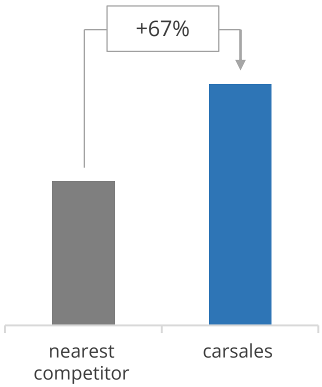
Average Time Spent on Site[3]



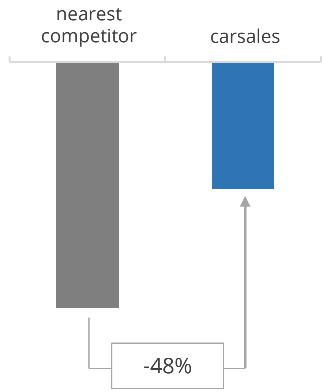
Most Preferred Place to Buy & Sell[4]



Most Trusted Place to Buy & Sell[5]

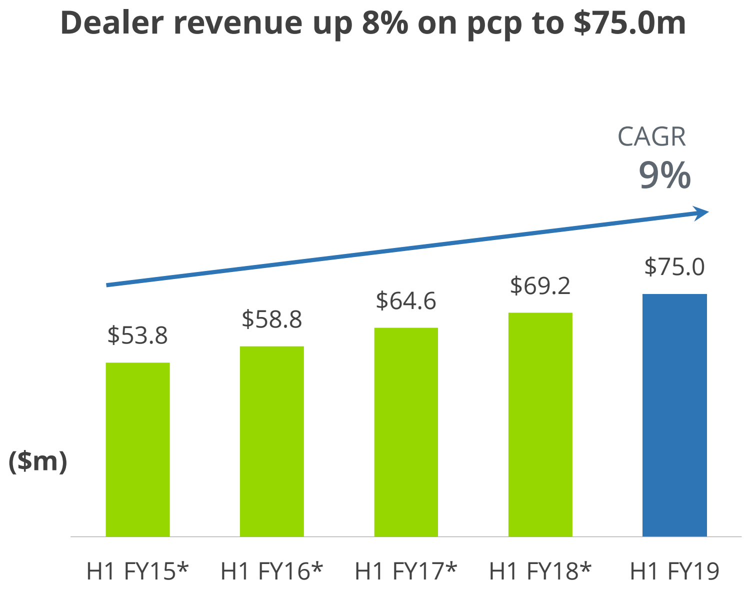


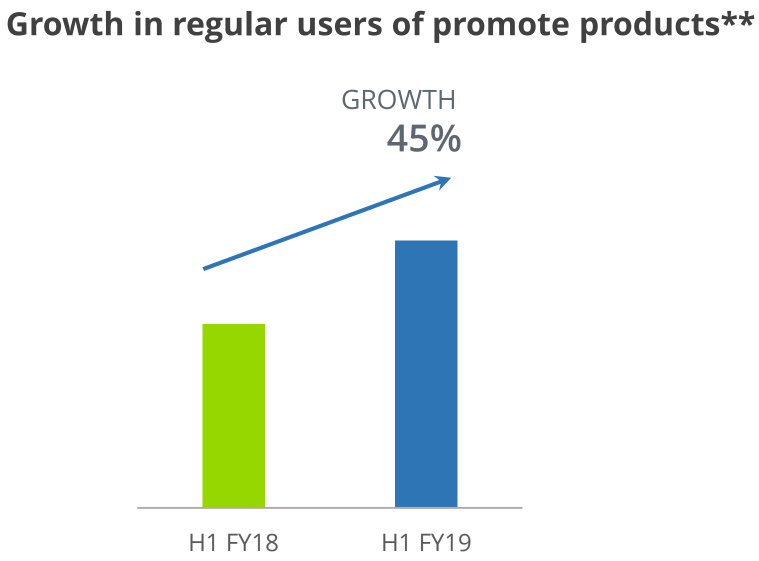
Bounce Rate[6]



1. Nielsen Digital Content Ratings, Average Unique Audience, Average July - December 2018. 2. carsales internal data, December 2018. 3. Nielsen Digital Content Ratings, Average Time on Site, Average July - December 2018.
4. Study conducted by independent research agency, Nature Pty Ltd, "market brand health tracker 2018" from July 2018 – December 2018. You said you would go to the following for buying a new / used / selling car.
If you had to choose one tomorrow, which one would you most prefer? 5. Study conducted by independent research agency, Nature Pty Ltd, "market brand health tracker 2018" from July 2018 – December 2018. Thinking about how you see the following place/websites/apps, to what extent do you associate each place /website/app with the following statement? 6. Similarweb, Bounce Rate, Average July - December 2018.

DEALER PERFORMANCE SUMMARY





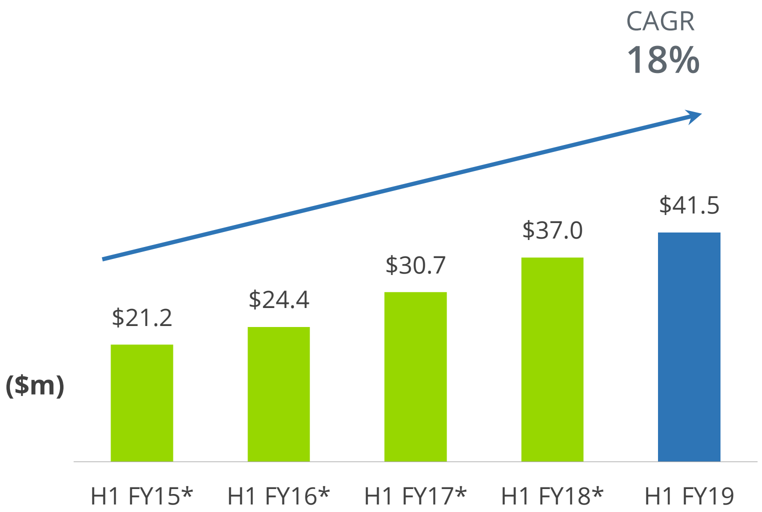
Solid growth in core dealer advertising revenue driven by an uplift in used car leads volumes, which reflected the ongoing strength of the used car market. In addition, yield improvements and continued increases in depth penetration also had a positive impact on revenue growth in the half.

Continued to demonstrate growth in the penetration of our suite of promote products. As shown above, the number of regular users of promote products continues to grow well. This is testament to both our continued investment in new product initiatives to drive better outcomes for dealers as well as our continued focus on educating dealers about the ROI of our products.

* H1 FY18 revenue, EBITDA and Adjusted NPAT have been restated to reflect the adoption of AASB15. FY15-FY17 figures have not been restated as the impact would not be material.
** Source: internal carsales data, reflects increase in regular users of promote products – regular defined as a customer that has made > 20 self service purchases within 6 months.

PRIVATE PERFORMANCE SUMMARY

Private revenue up 12% on pcp to $41.5m

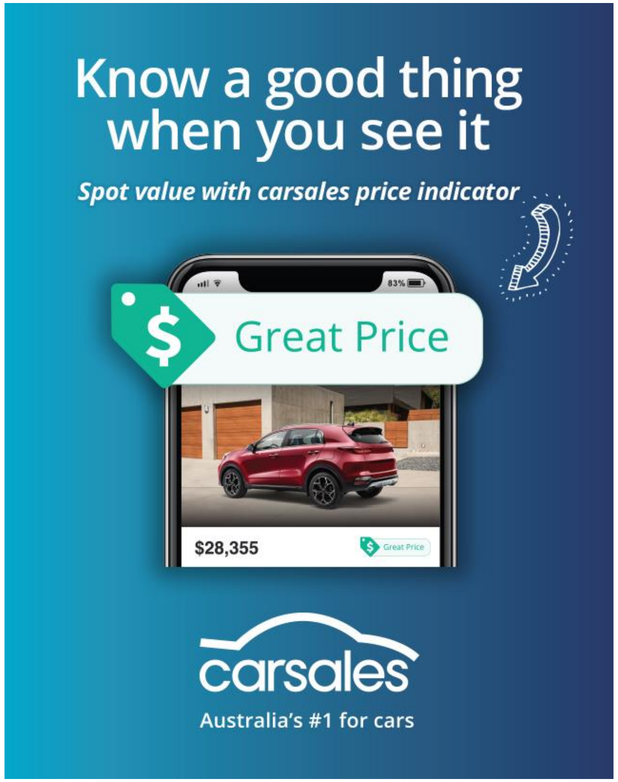


Solid growth in core private advertising product reflecting the continued optimisation of tiered pricing and an increased take up of premium listing solutions for customers.

Strong growth in Carfacts as consumers look for opportunities to differentiate their vehicle and provide potential buyers with greater assurance relating to their vehicle's history.

Products such as Instant Offer and Redbook Inspect continue to evolve with these businesses being positioned for further growth. Redbook Inspect has continued to reduce the reliance on lower margin rideshare inspections and invest in capability for future contracts.

Good growth from tyresales which continues to validate the opportunity that exists with this adjacent market over time.



The Price Indicator product feature provides consumers with more information and transparency on the price of cars on our site. It was launched in September with a marketing campaign on radio, outdoor and digital channels.

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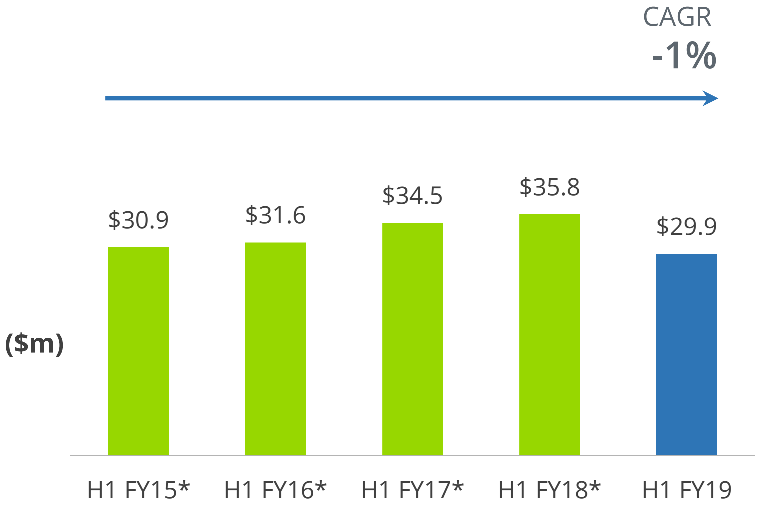
DISPLAY PERFORMANCE SUMMARY

Display revenue down 16% to $29.9m



Display advertising revenue down 16% on pcp. The performance was impacted by some execution challenges as well as a more difficult advertising environment, given the current subdued new car market.

Automotive brand and F&I advertising remains an attractive market in which to operate. There remains significant opportunities to grow with the right investments being made in product and capability to leverage the continued growth in Australia's largest and most engaged car buying audience.

2019 Key Display Opportunities

NEW CAR

Refreshed new car offerings that support the needs of both customers & consumers in their new car buying experience.

NATIVE & VIDEO

Focus on native, audience and video products delivering new opportunities to connect with our engaged audience.

OEM

Stronger OEM relationships with solutions tailored to deliver value through brand engagement, enquiries & sales.

Supported by a growing audience as well as investment in capability, talent and a strengthened go-to-market proposition

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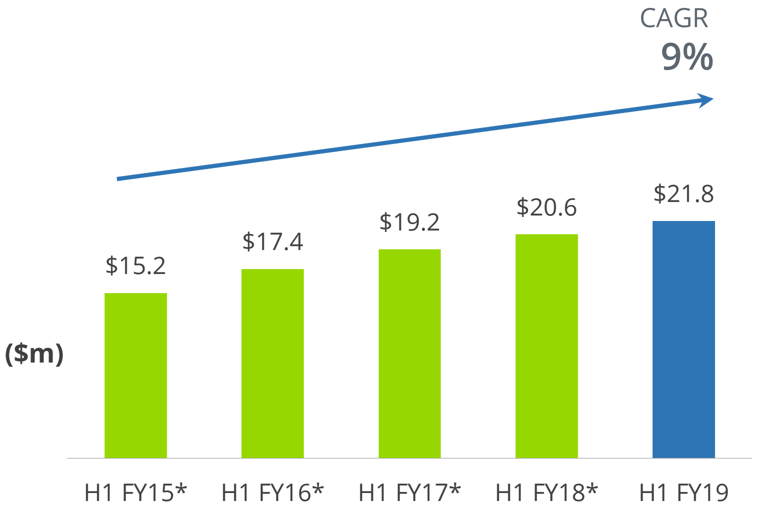
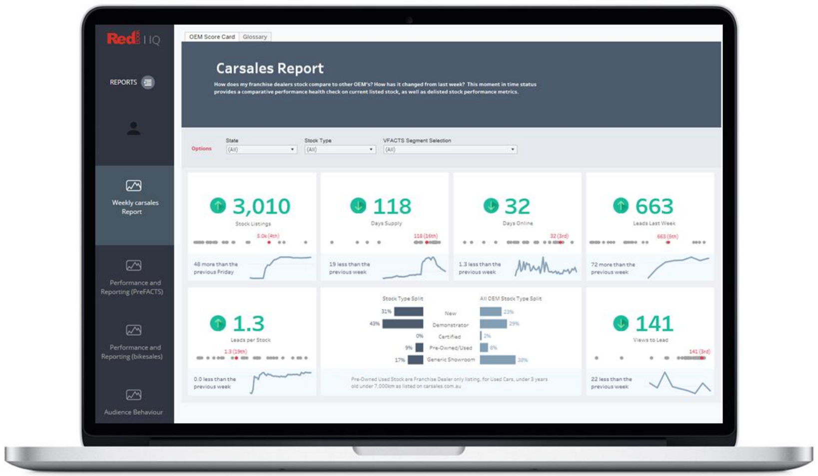
DATA, RESEARCH AND SERVICES PERFORMANCE SUMMARY

Data, Research and Services revenue up 6% to $21.8m





RedBook IQ provides our automotive clients with a cloud-based set of interactive tools, market intelligence and insights data about the online performance of their vehicles.

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. Our extended warranty product has attracted strong interest since its introduction into the market.

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FINANCE AND RELATED SERVICES PERFORMANCE SUMMARY

Half Year Ending 31 December 2018	$A Millions H1 FY18	 H1 FY19	Growth $'s	 %
Core Finance	23.2	19.6	(3.6)	(16%)
Other products	8.9	11.3	2.4	28%
Total Revenue	**32.1**	**30.9**	**(1.2)**	**(4%)**
Cost of sales	7.3	9.9	(2.6)	(36%)
Gross Profit	**24.8**	**21.0**	**(3.8)**	**(15%)**
Operating Expenses	19.8	19.6	0.2	1%
EBITDA	**5.0**	**1.4**	**(3.6)**	**(72%)**
Depreciation & Amortisation	0.5	0.6	(0.1)	(17%)
Net Interest expense	0.1	0.1	0.0	-
Income Tax expense	1.2	0.0	(1.2)	n/a
Non controlling interest (NCI)*	(1.9)	(1.5)	0.4	(23%)
carsales share of Net Profit	**1.4**	**(0.8)**	**(2.2)**	**n/a**

KPI				
Gross Margin	*77%*	*68%*		
EBITDA / Gross Profit	*20%*	*7%*		
EBITDA Margin	*16%*	*5%*		

Finance and related services revenue down 4% to $30.9m

Overall core finance contract loan volumes were consistent on a pcp basis.

Challenges included a tightening of consumer lending conditions, the impact of regulatory changes and a reduction in yield per contract. Lower yield is largely a result of lower average amount financed and changes to financier rate plans.

Operating costs have been well controlled to mitigate the core finance revenue performance with several cost and automation initiatives in place moving into H2.

* Non controlling interest (NCI) includes the impact of intercompany trading between reporting segments.

CARSALES INTERNATIONAL

TO 31 DECEMBER 2018

INTERNATIONAL SUMMARY

Consolidated Entities

International - reported results	$A Millions		Growth		Constant Currency (%)**
	H1 FY18	H1 FY19	$'s	%	
Revenue					
SK Encar	n/a	29.3	29.3	-	-
RedBook Asia and New Zealand	1.8	2.0	0.2	9%	8%
carsales Asia	**1.8**	**31.3**	**29.5**	**1605%**	**1605%**
soloautos	0.5	0.9	0.4	93%	73%
Carsales Chile	2.3	3.0	0.6	26%	28%
Demotores Argentina	1.2	0.8	(0.4)	(37%)	15%
carsales Latin America	**4.0**	**4.6**	**0.6**	**16%**	**n/a**
Total International revenue	**5.8**	**35.9**	**30.1**	**518%**	**n/a**
EBITDA					
SK Encar	n/a	13.0	13.0	-	-
RedBook Asia and New Zealand	1.0	1.0	-	5%	5%
carsales Asia	**1.0**	**14.0**	**13.0**	**1345%**	**1345%**
soloautos	(0.9)	(2.6)	(1.7)	n/a	n/a
Carsales Chile	0.7	0.8	0.1	20%	2%
Demotores Argentina	(0.8)	(1.3)	(0.5)	n/a	n/a
carsales Latin America	**(1.0)**	**(3.1)**	**(2.1)**	**n/a**	**n/a**
Total International EBITDA	**0.0**	**10.9**	**10.9**	**n/a**	**n/a**

Associate Entity

Webmotors - underlying results*	$A Millions		Growth		Constant Currency
	FY18	FY19	$'s	%	
Revenue	27.0	31.7	4.7	17%	31%
EBITDA	9.6	13.2	3.6	38%	54%

Summary

- Excellent progress in our international expansion strategy with a significant increase to 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 reported revenue growth, largely reflecting the acquisition of SK Encar. Excellent international look through revenue growth of 79%, with good organic growth in all international businesses on a constant currency basis.

EBITDA

- Excellent international look through EBITDA growth of 83%, reflecting growth in our three largest businesses in Korea, Brazil and Chile.
- Highlights were the performances of SK Encar and Webmotors, our two largest international businesses: SK Encar's EBITDA grew 22% on an underlying local currency basis, whilst Webmotors' EBITDA grew 54% on an underlying local currency basis.
- Losses incurred in Argentina and Mexico in our aggressive pursuit of clear market leadership.

*Revenue and EBITDA stated is 100% of the revenue and EBITDA for the business.
** Reflects growth in local currency, excluding the impact of FX

OUR INTERNATIONAL STRATEGY

Investments are optimised via carsales deploying its strategic, product and technology capabilities

1. ESTABLISH CLEAR MARKET-LEADING POSITION

soloautos.mx demotores.com

1. Increase sustainable quality audience and traffic through SEO optimisation and brand marketing
2. Deploy key technology programs to drive optimal consumer and dealer user experience
3. Aggressive customer acquisition resulting in increased listing volumes
4. Pursue local complementary partner integrations e.g. finance, insurance

2. MONETISE AND EXTEND CLEAR MARKET-LEADING POSITION

chileautos.cl webmotors SK encar

1. Educate and articulate value to dealers and drive focus on conversion from lead to sale
2. Increase in penetration of key dealer and OEM products
3. Regional expansion
4. Expand profitability via scalable and sustainable revenue growth

3. LEVERAGE CLEAR MARKET-LEADING POSITION

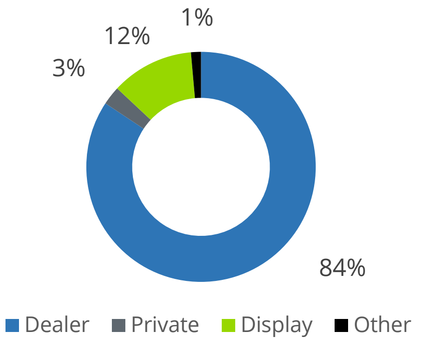
carsales

1. Yield growth through premium products that drive ROI for dealers and consumers
2. Optimise adjacency strategy to drive additional growth
3. Achieve 55%+ core EBITDA margins via scalable and sustainable growth

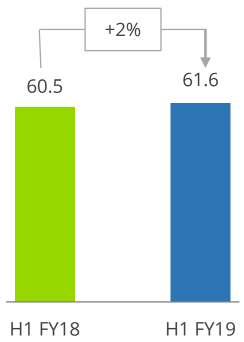
CARSALES ASIA – SK ENCAR

Pro-Forma (100%)*	H1 FY18 KRWb	H1 FY19 KRWb	PCP %
Reported revenue	19.9	23.8	20%
Reported EBITDA	8.7	10.6	22%

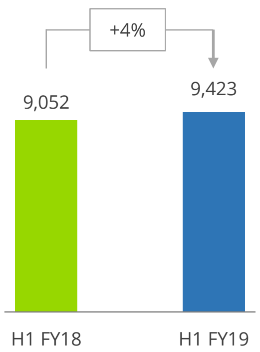
H1 FY19 Revenue by Category



Inventory (000s)



Unique Visitors (000s)



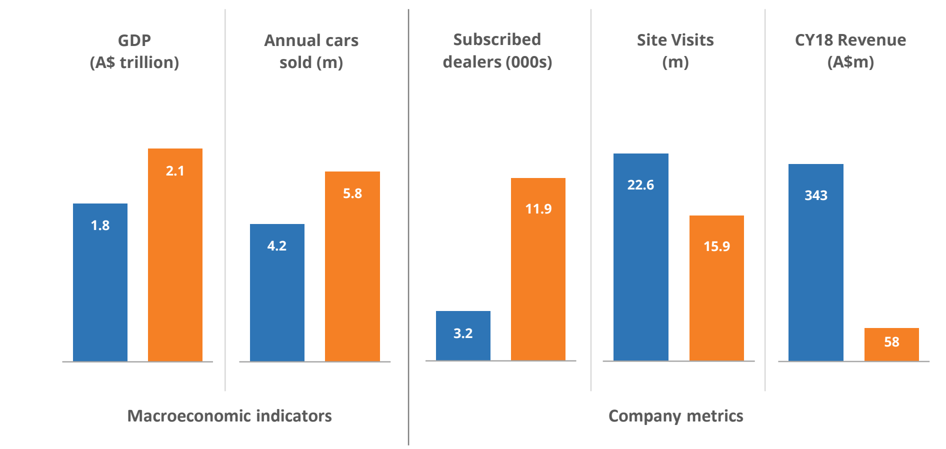
Financial commentary:

- Pleasing EBITDA growth of 22% as operating leverage is being achieved.
- Good 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.
- Key revenue growth drivers include the following:
  - Increased uptake of premium listing dealer products, particularly the "SK Encar guarantee" vehicle inspection service, which has been fuelled by geographic expansion into new branches outside of the key major cities.
  - Attaining additional share of media spend from key OEM and finance and insurance clients through a more targeted sales approach, as well as pleasing adoption of the new native display mobile advertising product.
- Significant upside remains from selling additional value added services, particularly the ' SK Encar Guarantee' service into H2 and beyond.

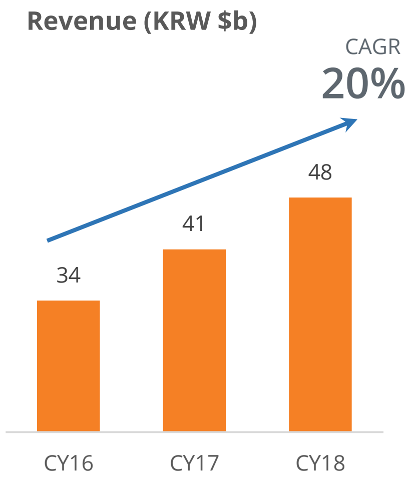
* Revenue and EBITDA is 100% of the revenue and EBITDA of the business

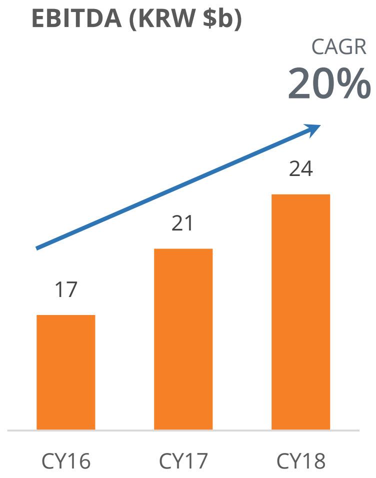
SK ENCAR'S GROWTH OPPORTUNITY

Large Market Opportunity



Delivering excellent financial returns





Growth Opportunities

- **Economic / structural.** South Korea is the 12th largest economy in the world, has a high GDP per capita, a strong automotive market and good growth prospects over the next 10 years. The automotive dealer market is relatively immature from a digital adoption perspective when compared with Australia, so the business should benefit from the general migration of advertising expenditure towards online sources over the next 2-3 years.
- **Yield growth:** potential for material yield growth over the next 2-3 years from a combination of price rises and volume growth in promote and inspection services. The revenue and EBITDA growth shown adjacent has been achieved without a price rise in the last two calendar years.
- **Volume growth:** good potential to grow listing volumes through regional expansion and a maturing online automotive sector.
- **Display/OEM revenue.** Currently only a relatively small revenue contributor, but the fastest growing area with significant medium to long term upside potential. New mobile and native product releases to drive this growth.
- **Dealer and consumer services:** significant opportunity to grow the suite of dealer and consumer services being offered, including pricing analysis and appraisal tools, finance products and extended warranty services.

Source: GDP: World Bank, Annual car sales: Korea – Korea Automobile Manufacturers Association, Australia – VFACTS and road transport Authority. Site visits internal data

Note: CY refers to calendar year January to December

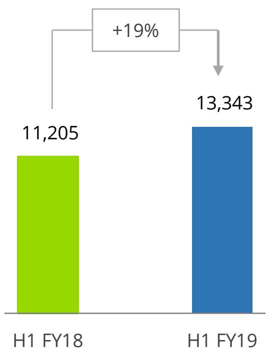
CARSALES LATIN AMERICA – WEBMOTORS

Pro-Forma (100%)	H1 FY18 BRLm	H1 FY19 BRLm	PCP %
Underlying revenue*	67.5	88.7	31%
Underlying EBITDA*	24.1	37.0	54%

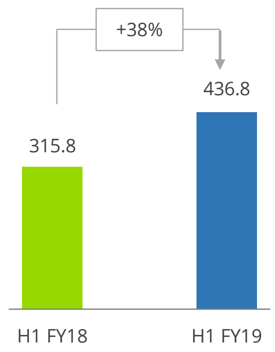
carsales Share of Earnings (30% owned – equity accounted)

	AUDm	AUDm	%
Reported NPAT	1.6	2.3	40%
Adjusted NPAT*	1.9	2.6	32%

Dealer numbers



Inventory Volume (000s)



Financial commentary:

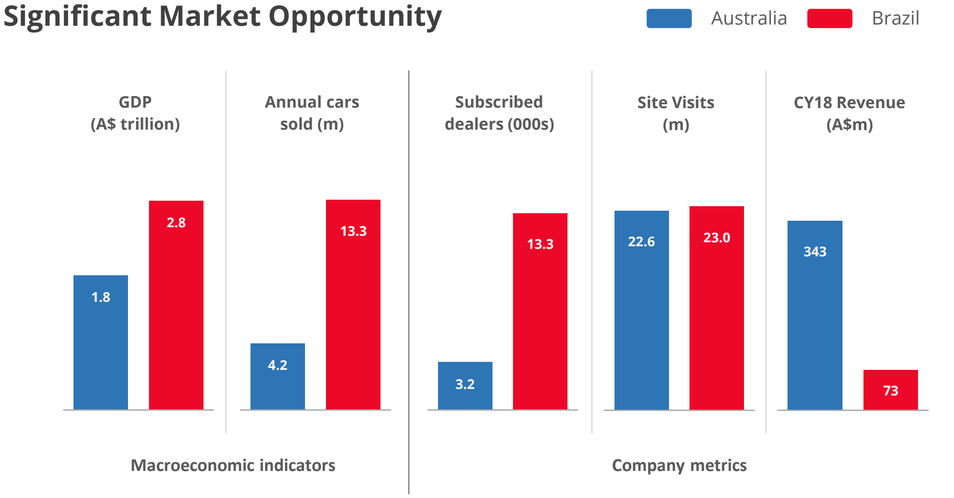
- Another outstanding financial performance in H1 FY19 as Webmotors continues to consolidate its position as the clear no.1 automotive vertical classified site in Brazil.
- The key driver of the result was a 26% growth in dealer revenue, which was supported by both a large increase in dealer numbers as well as improved yield per dealership. The new 'Cockpit' platform for dealers has been well received and is a critical component driving this growth.
- There has also been significant growth in finance and insurance revenue, primarily driven by the integration with Santander bank, which allows seamless credit assessment, including approval into Cockpit.
- The business continues to generate good operating leverage, expanding EBITDA margins from 36% in H1 FY18 to 42% in H1 FY19.
- Outstanding growth in key operational metrics of inventory and dealer numbers being up 19% and 38% respectively on pcp.

*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 amortisation. See slide 34 regarding the disclosure of non-IFRS Information and slides 35-36 for a reconciliation of Adjusted NPAT to Reported NPAT.

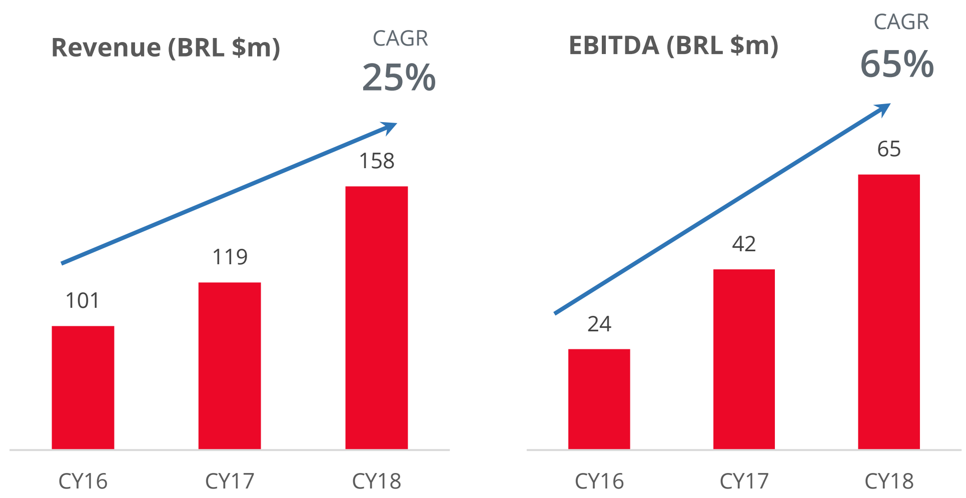
WEBMOTORS' GROWTH OPPORTUNITY

webmotors

Significant Market Opportunity



Delivering outstanding financial returns



Growth Opportunities

- **Economic.** Brazil, the 8th largest economy in the world, is a huge market which is expected to grow strongly over the next decade. The growing purchasing power of an emerging middle class should have a positive impact on the automotive market.
- **Competitive position.** Webmotors is now the clear number 1 automotive vertical classified site in Brazil, having successfully transitioned to the lead charging model over the last 2 years.
- **Dealer acquisition.** Considerable upside remains as Webmotors currently only has c.50% dealer penetration, with a total addressable market of c.26k dealers in Brazil.
- **Commercialising 'Cockpit'.** Cockpit is a comprehensive automotive CRM product recently deployed which has strong customer adoption and use, however it is not yet monetised.
- **Diversifying revenue streams.** The business currently generates a relatively low proportion of its revenue from private consumers and OEMs, which is a significant growth opportunity over the next 5 years.

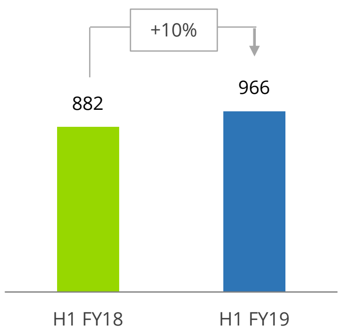
Source: GDP: World Bank, Annual car sales: Brazil – Based on new cars legal registration volume and used selling volume . Source: FENABRAVE (National Vehicle Distribution Association), Australia – VFACTS and road transport Authority. Site visits internal data

Note: CY refers to calendar year January to December

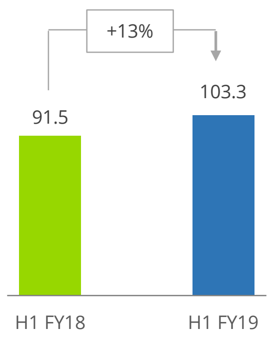
CARSALES LATIN AMERICA – CARSALES CHILE

	H1 FY18 CLPm	H1 FY19 CLPm	PCP %
Reported revenue	1,121	1,434	28%
Reported EBITDA	391	401	2%

Dealer numbers



Inventory (000s)



Financial commentary:

- Completed the acquisition of the remaining 16.7% of the chileautos business in December 2018.
- Good financial performance in H1 FY19 as the business further strengthened its market leadership position in a buoyant market with new car sales up c.20% on pcp. The Dealer and Private business segments were the key drivers of revenue growth.
- In Dealer, the business continues to benefit from expansion into regional areas outside of Santiago generating additional inventory on site. There was also a price rise implemented in May, which has positively impacted yield when compared with H1 FY18.
- From a private segment perspective, the business continues the migration from a post-paid to a pre-paid private seller model, which is positively impacting overall yield.
- There have been two key recent product releases for dealers: a pricing analysis and appraisal tool as well as a call tracking product. These new products position the business for continued growth in H2 and beyond.
- EBITDA margin for the period was impacted by the timing of a significant brand marketing campaign in H1, which was not incurred in the corresponding period last year.

CARSALES LATIN AMERICA – DEMOTORES ARGENTINA

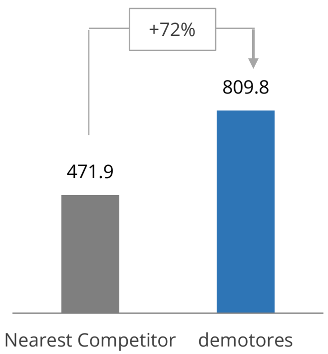
	H1 FY18 ARS $'000	H1 FY19 ARS $'000	PCP %
Reported revenue	16,257	18,645	15%
Reported EBITDA	(10,547)	(32,940)	n/a

Commentary

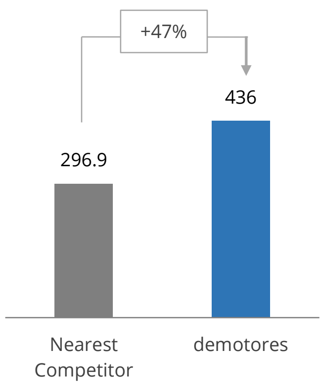
- Strategy in Argentina is to focus on establishing demotores as the clear and dominant market leader from a vertical auto classifieds perspective.
- The progress made in pursuit of this goal in FY18 has continued in the first half of FY19.
- The current macroeconomic environment in Argentina is challenging, with high inflation and a reduction in new cars sold of c.45% in H1 on pcp.
- Achieving 15% revenue growth was a creditable result in a challenging market, given that manufacturers have reduced marketing spend given the decline in new car sales.
- Key highlights
  - Significant focus on dealer and inventory acquisition resulting in a 38% increase in inventory levels in the last 12 months.
  - 58% growth in lead volumes.

Key metric comparison with our nearest competitor***

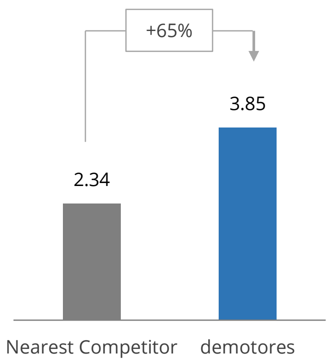
Monthly Visitors (000's)*



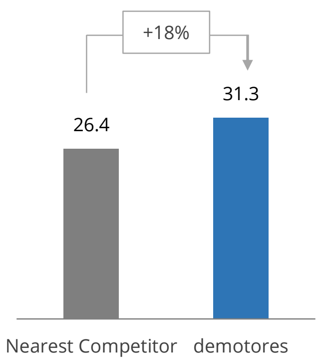
Unique Visitors (000's)*



Total page views (m)*

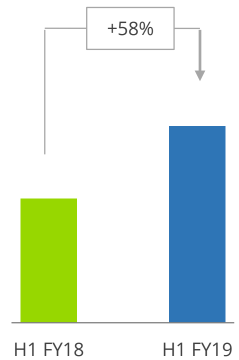


Inventory**



Internal KPI metric comparison

Leads****



*Traffic information sourced from Similarweb for December 2018. Total page views equals total visits multiplied by pages per visit.
**Inventory information as published on competitor site.
***Nearest competitor reflects the nearest vertical automotive classified competitor.
**** Leads reflects dealer, private and finance leads and includes email, calls and clicks to reveal contact details.

CARSALES LATIN AMERICA – MEXICO

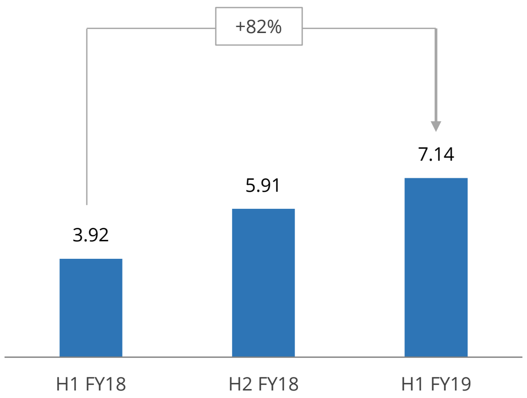
Pro-Forma (100%)	H1 FY18 MXN $'000	H1 FY19 MXN $'000	PCP %
Reported revenue	7,378	12,788	73%
Reported EBITDA	(12,035)	(28,446)	n/a

Commentary

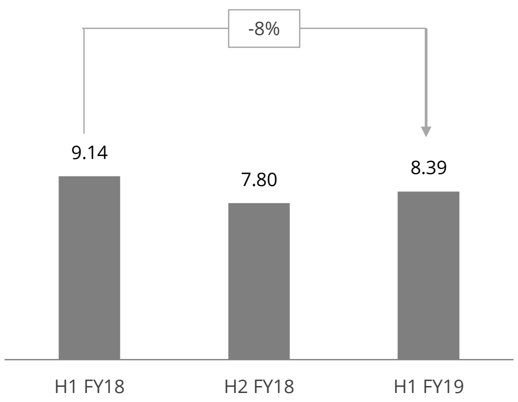
- Significant progress made on our goal to become the clear and dominant market leader in Mexico.
- Revenue growth of 73% on pcp driven by strong growth in display and dealer products. Display growth reflects improved relationships with OEMs as well as growth in key website traffic metrics, with a continued focus on growing high quality sustainable traffic.
- Successfully launched finance and insurance integrations with commercial partners. This has also been a key driver of revenue growth in H1.
- Other key highlights included:
  - 92% growth in monthly visitors
  - 97% increase in leads on pcp.

Key metric comparison with our closest competitor**

Soloautos Page Views (m)*

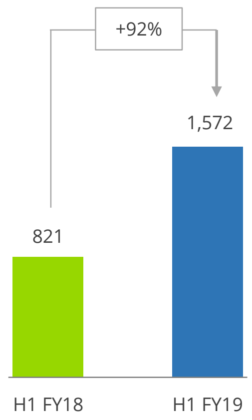


Nearest Competitor Page Views (m)*

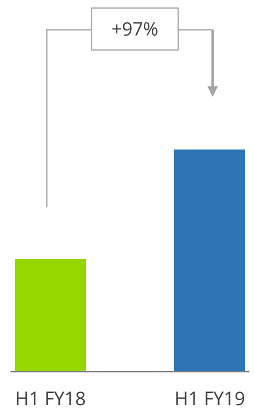


Internal KPI metric comparison

Monthly traffic * ('000)



Leads***



*Traffic information sourced from Similarweb. Total page views equals total visits multiplied by pages per visit. Monthly traffic growth from Dec-18.
**Nearest competitor reflects the nearest vertical automotive classified competitor.
*** Leads reflects dealer, private and finance leads and includes email, calls and clicks to reveal contact details.

FY19 OUTLOOK

PERFORMANCE OUTLOOK

We continue to monitor our performance and market conditions in each market in which we operate. Assuming these remain consistent, we anticipate revenue, EBITDA and Adjusted NPAT growth will be moderate in the second half of FY19.

carsales Domestic Outlook

Domestic core business performance in January has remained solid, with the exception of display advertising. Whilst the display segment remains challenging, we are anticipating an improving performance in the second half. We anticipate our domestic adjacent businesses of tyresales and Redbook Inspect will continue to build scale.

As detailed in our market announcement in December, our Finance and Related Services business continues to be impacted by credit tightening as a result of the Financial Services Royal Commission and the recent ASIC legislative changes.

carsales International Outlook

In Brazil, we anticipate continued strong local currency revenue and earnings growth in the second half of FY19. In South Korea, we are expecting continued good local currency revenue and earnings growth in the second half.

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

APPENDIX

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

Half Year Ending 31 December 2018	$A Millions H1 FY18	 H1 FY19	Growth $'s	 %
Reported NPAT	**60.6**	**11.1**	**(49.5)**	**(82%)**
Interest Adjustments				
Option Discounting Unwind	-	0.2		
Option Movement in Fair Value	-	(1.2)		
Investment Adjustments				
Gain on associate dilution	(0.9)	(1.5)		
Goodwill Impairment	-	47.8		
NPAT before one-off items	**59.7**	**56.4**	**(3.3)**	**(5%)**
Acquired intangible amortisation				
Stratton	0.3	0.3		
Webmotors	0.3	0.3		
SK Encar	0.9	2.9		
Chileautos	0.2	0.2		
Demotores	-	0.1		
Total acquired intangible amortisation	**1.7**	**3.8**	**2.1**	**122%**
Adjusted NPAT*	**61.4**	**60.2**	**(1.2)**	**(2%)**
Adjusted Earnings per Share (cents)	25.4	24.7	(0.7)	(2%)

ADJUSTED FINANCIALS

$A Millions	H1 FY18			H1 FY19			Growth %	
Year Ending 31 December 2018	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted	Reported	Adjusted
Revenue								
Online Advertising	142.0		142.0	146.4		146.4	3%	3%
Data, Research and Services	20.6		20.6	21.8		21.8	6%	6%
carsales Asia	1.8		1.8	31.3		31.3	1605%	1605%
carsales Latin America	4.0		4.0	4.6		4.6	16%	16%
Finance and Related Services	32.1		32.1	30.9		30.9	(4%)	(4%)
Total revenue	**200.5**	**-**	**200.5**	**235.0**	**-**	**235.0**	**17%**	**17%**
Total operating expenses	109.5		109.5	137.0		137.0	(25%)	(25%)
EBITDA	**91.0**	**-**	**91.0**	**98.0**	**-**	**98.0**	**8%**	**8%**
EBITDA margin	*45%*		*45%*	*42%*		*42%*		
Depreciation & amortisation	5.6	(0.5)	5.1	12.5	(4.3)	8.2	(125%)	(61%)
EBIT	**85.4**	**0.5**	**85.9**	**85.5**	**4.3**	**89.8**	**0%**	**4%**
Net financing cost	3.0	-	3.0	6.0	1.0	7.0	(98%)	(131%)
Profit Before Tax	**82.4**	**0.5**	**82.9**	**79.5**	**3.3**	**82.8**	**(4%)**	**(0%)**
Income Tax Expense	24.5		24.5	23.7	0.8	24.5	4%	0%
Profits from associates	3.5	1.2	4.7	1.5	0.3	1.8	(58%)	(62%)
Goodwil Impairment		-	-	(47.8)	47.8	-	-	-
Gain on associate investment dilution	1.2	(1.2)	-	2.0	(2.0)	-	59%	-
Non-controlling interest (NCI)	(2.0)	0.3	(1.7)	(0.4)	0.5	0.1	79%	108%
Net profit after tax	**60.6**	**0.8**	**61.4**	**11.1**	**49.1**	**60.2**	**(82%)**	**(2%)**

CARSALES "LOOK THROUGH" P&L ANALYSIS

	H1 FY18					H1 FY19					Growth		
	% Owned	Days Owned	Reported	Underlying	Look Through	% Owned	Days Owned	Reported	Underlying	Look Through	Reported %	Underlying %	Look Through %
Revenue													
carsales International													
iCar Asia	13.3%	184	Financial Asset*	-	-	13.1%	184	Financial Asset*	N/A	N/A	n/a	n/a	n/a
SK Encar	49.9%	184	Equity Acc'ted	23.2	11.6	100%	184	29.3	29.3	29.3	n/a	26%	153%
WebMotors	30%	184	Equity Acc'ted	27.0	8.1	30%	184	Equity Acc'ted	31.7	9.5	n/a	17%	17%
RedBook Asia and NZ	100%	184	1.8	1.8	1.8	100%	184	2.0	2.0	2.0	10%	11%	10%
soloautos	65%	184	0.5	0.5	0.3	100%	184	0.9	0.9	0.9	74%	80%	171%
chileAutos**	83.3%	184	2.3	2.3	2.0	100%	184	2.9	2.9	2.5	28%	26%	25%
Demotores	100%	184	1.2	1.2	1.2	100%	184	0.8	0.8	0.8	-34%	-33%	-37%
Total International			**5.8**	**56.0**	**25.1**			**35.9**	**67.6**	**44.9**	518%	21%	79%
carsales Domestic													
Domestic Core Business	100%	184	143.9	143.9	143.9	100%	184	146.3	146.3	146.3	2%	2%	2%
Domestic Investments *	Various *	184	50.8	54.2	25.9	Various *	184	52.8	54.6	30.9	4%	1%	19%
Total Revenue			**200.5**	**254.1**	**194.9**			**235.0**	**268.5**	**222.1**	17%	6%	14%
EBITDA													
carsales International													
iCar Asia	13.3%	184	Financial Asset*	-	-	13.1%	184	Financial Asset*	N/A	N/A	n/a	n/a	n/a
SK Encar	49.9%	184	Equity Acc'ted	10.3	5.1	100%	184	13.0	13.0	13.0	n/a	26%	155%
WebMotors	30%	184	Equity Acc'ted	9.6	2.9	30%	184	Equity Acc'ted	13.2	4.0	n/a	38%	38%
RedBook Asia and NZ	100%	184	1.0	1.0	1.0	100%	184	1.0	1.0	1.0	5%	0%	0%
soloautos	65%	184	(0.9)	(0.9)	(0.6)	100%	184	(2.6)	(2.6)	(2.6)	200%	189%	333%
chileAutos**	83.3%	184	0.8	0.8	0.6	100%	184	0.8	0.8	0.7	4%	0%	17%
Demotores	100%	184	(0.9)	(0.9)	(0.9)	100%	184	(1.3)	(1.3)	(1.3)	46%	44%	44%
Total International			**(0.0)**	**19.9**	**8.1**			**10.9**	**24.1**	**14.8**	n/a	21%	83%
carsales Domestic													
Domestic Core Business	100%	184	83.9	83.9	83.9	100%	184	85.1	85.1	85.1	1%	1%	1%
Domestic Investments *	Various *	184	7.1	(1.2)	2.5	Various *	184	2.0	0.5	0.5	-72%	-139%	-80%
Total EBITDA			**91.0**	**102.6**	**94.5**			**98.0**	**109.7**	**100.4**	8%	7%	6%

* 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. | ** chileautos was 100% owned for 1 month from Dec-18. Previously 83.3% owned | 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 34 for further details.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