

ASX RELEASE 17 JUNE 2020

Business update and FY20 results estimate

The Company today provides a further update to its 22 April 2020 announcement. Given the proximity to financial year-end, carsales has also taken the opportunity to provide a range of estimated financial outcomes for FY20.

FY20 results update

Ahead of carsales' announcement of its FY20 results in August 2020, we provide the following estimate of the FY20 results on a continuing operations basis (excluding Stratton). All numbers referenced are unaudited and will be subject to review as part of our year-end audit process. The result ranges are an estimate only to keep the market as well informed as possible and we note significant volatility and uncertainty remains given the impact of COVID-19.

A\$m	FY19 Actual	FY20 Estimate	Growth
Adjusted Revenue¹	418	419-423	0-1%
Adjusted EBITDA²	218	228-232	5-6%
Adjusted Net Profit After Tax²	130	134-138	3-6%
Adjusted EBITDA Margin %	52%	54-55%	2-3%
Reported Revenue¹	418	393-397	(5%)-(6%)
Reported EBITDA²	213	199-203	(5%)-(7%)
Reported Net Profit After Tax²	132	120-124	(6%)-(9%)

All numbers are presented on a continuing operations basis (excluding Stratton) and include the impact of changes to AASB16

1. Adjusted Revenue includes c.\$26m of revenue billed but not charged pursuant to the COVID-19 support package as it better reflects the underlying activity of the business

2. There is a full reconciliation between Adjusted and Reported metrics in the appendix

Trading observations

Australia

- Lead volumes and traffic
 - Since our last update, overall lead and traffic volumes have continued to improve as social distancing measures have been eased. Between 22 April 2020 and 16 June 2020 lead volumes have grown very strongly on the prior corresponding period (pcp) of 2019.

- Inventory
 - Total inventory on carsales.com.au has decreased over the last six weeks likely driven by factors including:
 - A significant reduction in time to sell due to increased demand from car buyers following the easing of social distancing restrictions;
 - dealers facing challenges obtaining used and new car stock in the current environment; and
 - carsales research indicating an increase in first-time car buyers and people adding an additional car to their household as consumers look to avoid public transport.

International

The trends in Brazil and Korea are similar to those provided in our last update to the market. The Encar business continues to perform well. Key operating metrics of inventory, listing volumes and traffic are all growing impressively reinforcing continued good growth in revenue and EBITDA on pcp. There has been a steady escalation in the impact of COVID-19 in Brazil, which is now impacting Webmotors' key financial and non-financial operating metrics.

A more comprehensive update of all our business units will be provided with our FY20 results release in August 2020.

Debt refinance and dividends

carsales confirms it has refinanced its debt facilities as follows:

- Extension of Tranche A maturity from July 2021 to July 2024;
- Upsize in the Tranche A facility size from \$335m to \$440m; and
- No change to its Tranche B debt facility of \$210m expiring in July 2023, which means the business has a total debt facility size of \$650m.

The refinancing and extension was oversubscribed by our syndicate of lenders, reflecting the resilience and strength of our business. The business has a strong balance sheet and prudent gearing levels, which positions us well in the current operating environment. Based on current market conditions, we do not anticipate any change to our dividend policy, which targets a dividend payment equal to approximately 80% of Adjusted Net Profit After Tax ('Adjusted NPAT').

Finance Segment

Consistent with the guidance provided in our half year investor presentation, carsales has now completed the sale of its 50.1% interest in Stratton Finance Pty Ltd ("Stratton"), which will enable carsales to focus on other core business growth opportunities going forward. The net impact of the Stratton sale process, which included the revaluation of Ratesetter, resulted in a \$1.7m gain for carsales shareholders.

Actions to support our Australian dealer customers

We have reverted to normal charging for our dealer customers in June, with the exception of new cars which continue to attract a 100% discount. We estimate the total support package provided to dealers in FY20 will be approximately \$26m, reflecting our strong commitment to our industries during this challenging period.

ENDS

Release authorised by the carsales.com Ltd Board.

For media enquiries please contact:

Cameron McIntyre
Managing Director and CEO
cameron.mcintyre@carsales.com.au
(03) 9093 8667

For shareholder enquiries please contact:

William Elliott
CFO
william.elliott@carsales.com.au
(03) 9093 4672

Appendix**Reconciliation of Adjusted and Reported Financial Metrics**

A\$m	FY20		
	Revenue	EBITDA	NPAT
Reported	393-397	199-203	120-124
Dealer COVID-19 Support Package	26	26	18
Restructuring and M&A transaction costs	n/a	3	2
Investment Adjustments ¹	n/a	n/a	(14)
Total acquired intangible amortisation	n/a	n/a	7
Adjusted	419-423	228-232	134-138

1. includes non-cash fair value movements of put option liabilities and financial assets and gains/losses on disposal of businesses

All numbers are presented on a continuing operations basis (excluding Stratton) and include the impact of changes to AASB16