



Annual General Meeting presentation 23 October 2015

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 as 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, “proforma” and “underlying”. 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.



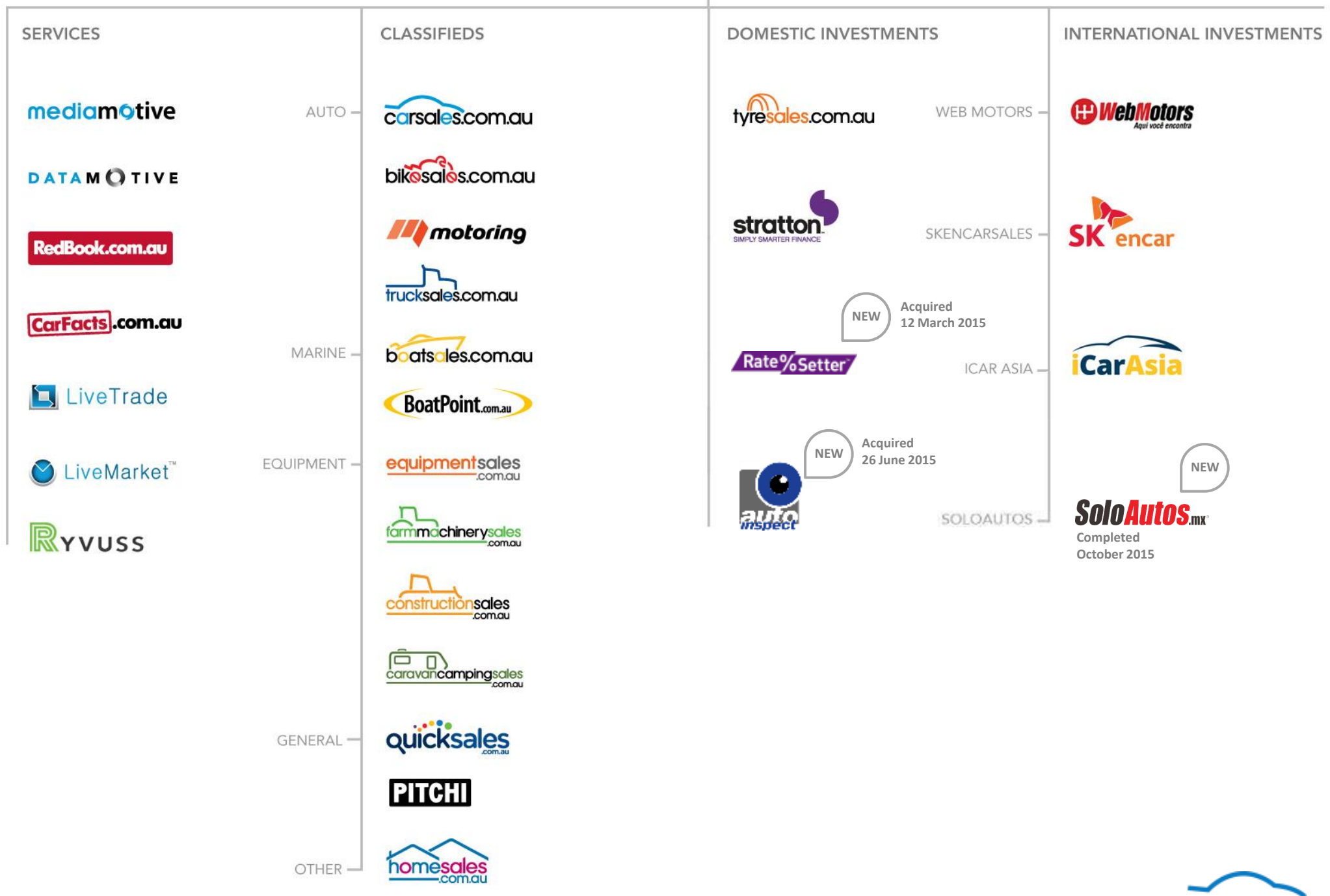
Key Messages

to 30 June 2015



Organisational Structure

carsales.com Ltd



Overview of FY15



**REPORTED
REVENUE up
32% to \$312m**



**REPORTED
EBITDA up
12% to \$154m**



**REPORTED NPAT
(post NCI) up 8%
to \$103m**

FINANCIAL OVERVIEW

- Another record full year result.
- FY15 pcp growth in revenue of 32%, EBITDA of 12% and NPAT (before one-off gains and post NCI) of 4%. Reported NPAT post NCI up 8% to \$103m.

DOMESTIC OVERVIEW

- Continued strong domestic revenue growth well supported by new business initiatives.
- Finance and Related Services performed very strongly.
- Solid growth across a number of core business lines, including dealer and data, research and services.

INTERNATIONAL OVERVIEW

- SKENCARSALES continues its rapid evolution with underlying revenue for the period up 31% pcp and margins continuing to expand to 64%.
- Webmotors on track with underlying revenue up 21% on pcp. Continued to invest in building market position and business capability throughout the year.



Reported Group Financial Performance

to 30 June 2015

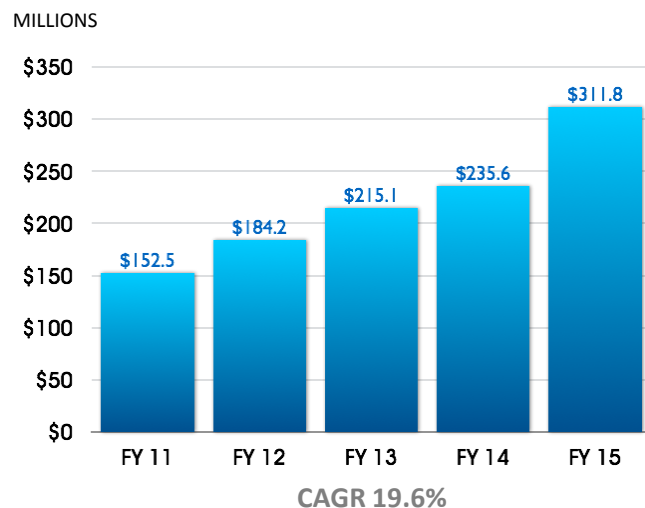


Financial Overview

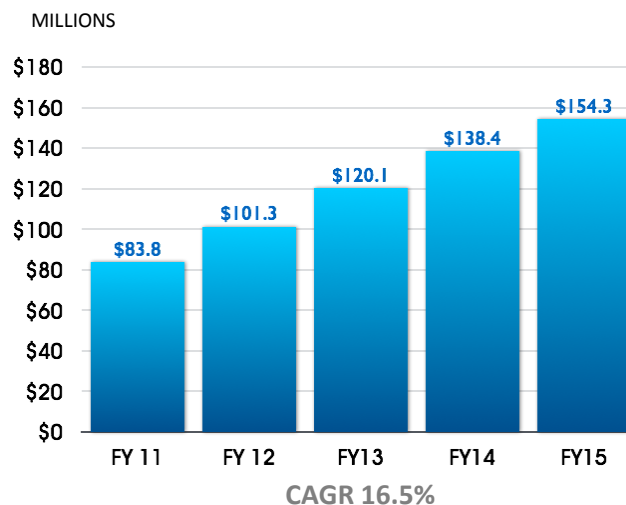
- Strong growth in revenue rising to \$311.8m, up by 32% on pcp.
- Operating expenses (before interest and D&A) up 62% on pcp predominantly due to Stratton acquisition (see slide 9 for further details).
- EBITDA up 12% on pcp to \$154.3m.
- One-off non-cash gain of \$3.5m on associate dilution reflects accounting treatment for dilution of iCar stake to 20.2%.
- EPS before one-off gains of 41.7 cents per share, up 1.5 cents (4%) on the prior year. Reported EPS up 3.0 cents per share to 43.2.
- Due to sufficient cash and confidence in future earnings the Directors have declared a total FY15 final dividend of 19.1 cents per share (final 17.7 plus special 1.4 cents per share) up 10% on pcp (FY14 final dividend of 17.4 cents per share). Full year dividends of 35.3 cents per share up 10% on pcp.

Year Ending 30 June 2015	\$A Millions		Growth	
	FY14	FY15	\$'s	%
Revenue				
Online Advertising	203.9	216.5	12.6	6%
Data & Research	29.1	33.0	3.9	14%
International	2.6	2.9	0.3	11%
Finance and Related Services	-	59.4	59.4	n/a
Total Revenue	235.6	311.8	76.2	32%
Operating Expenses (Before Interest and D&A)	97.2	157.5	60.3	62%
EBITDA	138.4	154.3	15.9	12%
EBITDA Margin	59%	50%		
D&A	3.3	4.7	1.4	42%
EBIT	135.1	149.6	14.5	11%
Net Interest Expense	2.9	8.5	5.7	(199%)
Profit Before Tax	132.3	141.1	8.8	7%
Income Tax Expense	39.4	42.3	2.9	7%
Profits from Associates	3.4	4.9	1.5	45%
Gain on associate dilution	-	3.5	3.5	n/a
Outside Equity Interests	(0.8)	(4.0)	(3.2)	400%
Net Profit After Tax	95.5	103.2	7.7	8%
Earnings Per Share (cents)	40.2	43.2	3.0	7%

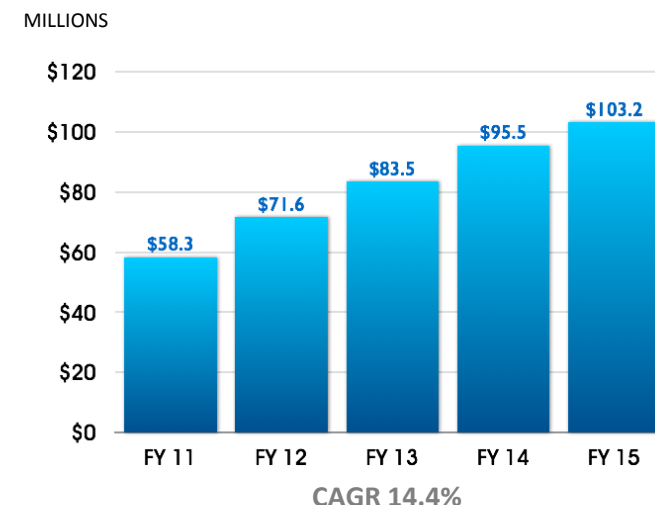
REPORTED OPERATING REVENUE



REPORTED EBITDA



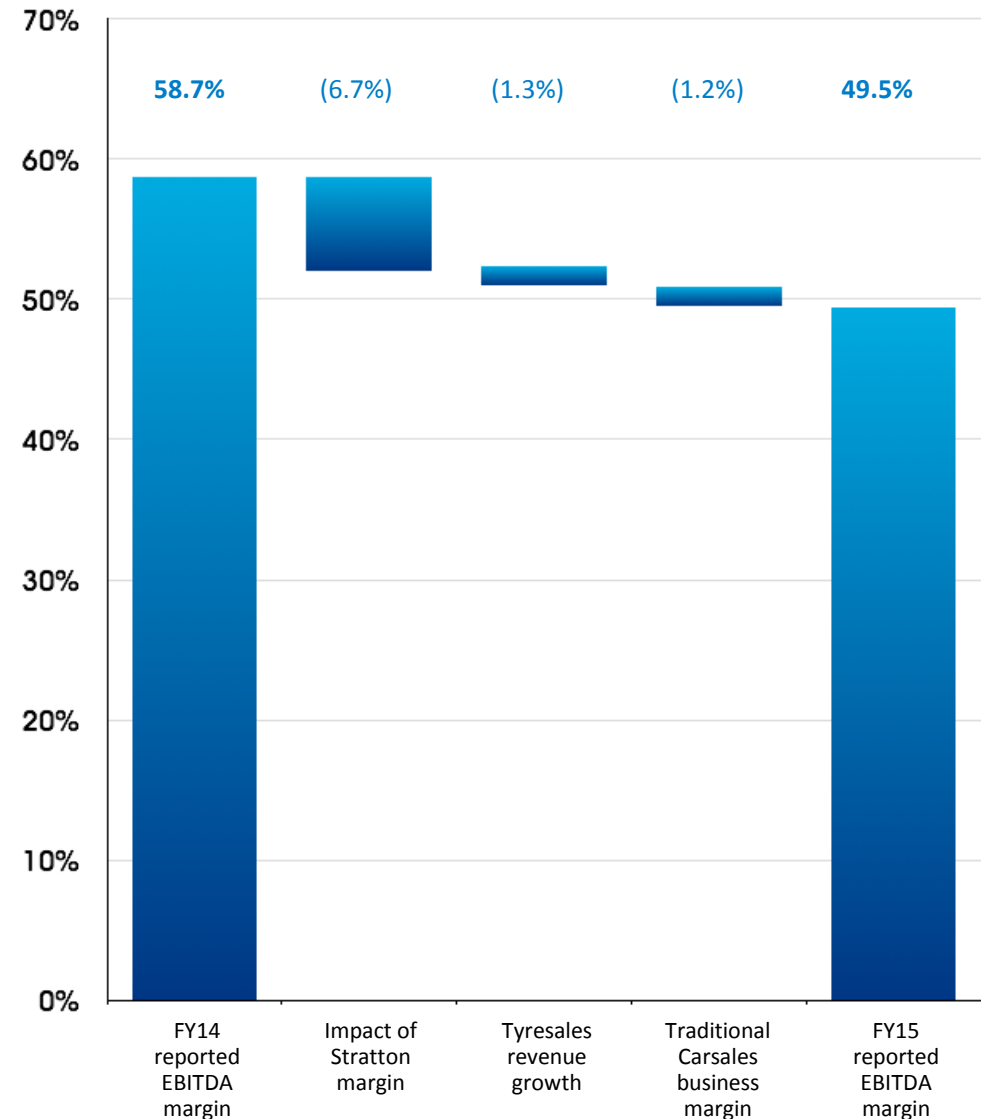
REPORTED NPAT (post NCI)



Financial Overview continued...

- Reported EBITDA margin has increased from 48.3% in H1 FY15 to 49.5% for the FY15 financial year. The acquisition of Stratton is the principle reason for the decrease in margin from 58.7% in FY14 to 49.5% in FY15 (see chart).
- As a result of one-off costs associated with business development, along with increases in headcount in sales and technology, traditional business EBITDA margin has decreased slightly by approximately 1.2%.
- Strong tyresales growth at lower EBITDA margins impacts (~1.3%) on pcp (improved on H1 FY15 at (~2.0%)) as we continue to invest and build market share.
- Stratton margin impact slightly improved from H1 FY15 due to strong revenue growth.
- FY15 margin is the baseline for the company to grow from going forward.
- Including Stratton carsales now has 650 employees.

Reported EBITDA Margin Bridge



carsales Domestic

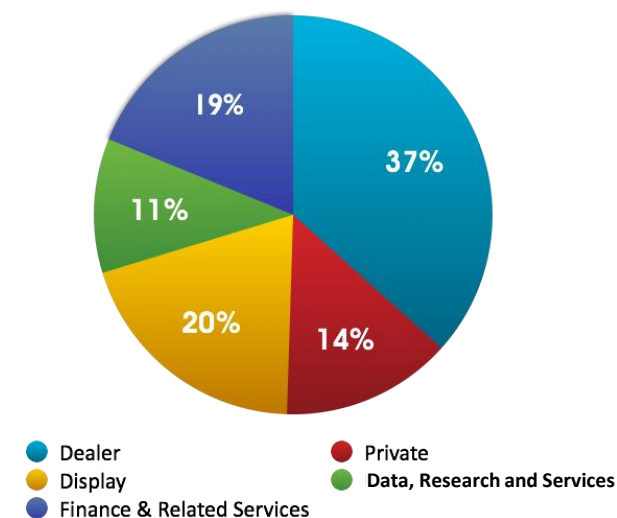
to 30 June 2015



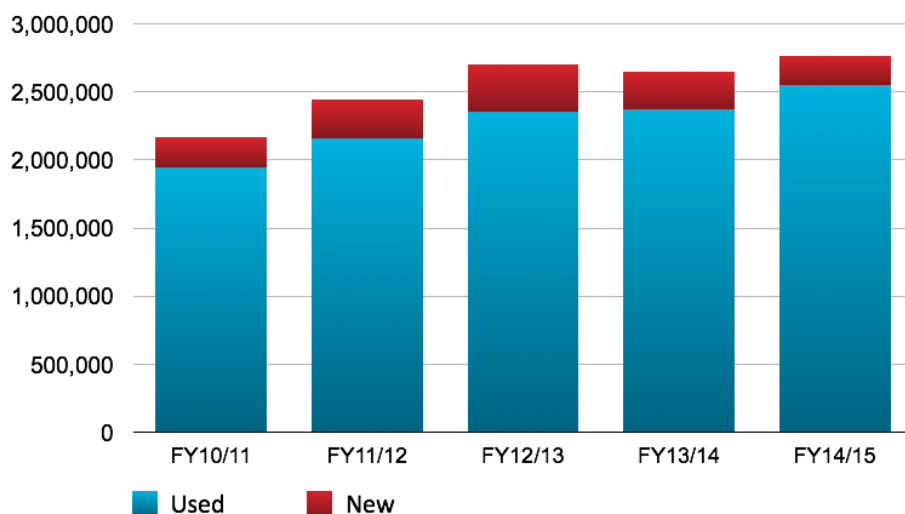
Domestic Revenue Performance - Summary

Year Ending 30 June 2015	\$A Millions		Growth	
	FY14	FY15	\$'s	%
Operating Revenue				
Dealer	105.2	112.9	7.7	7%
Private	39.9	43.0	3.1	8%
Display	58.8	60.6	1.8	3%
Data, Research and Services*	29.1	33.0	3.9	14%
Finance and Related Services	-	59.4	59.4	n/a
Total Revenue	233.0	308.9	75.9	33%

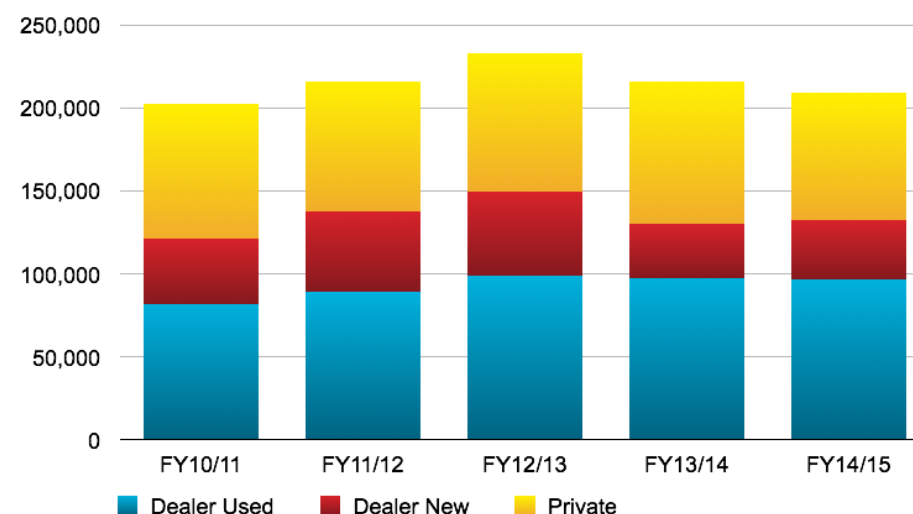
FY15 SEGMENT REVENUE



Automotive Enquiry Volumes for the financial year



Automotive Inventory at 30 June



* Dealer and Data Services has been renamed to Data, Research and Services.

Domestic Revenue Performance by Segment

Dealer revenue up 7% on pcp to \$112.9m

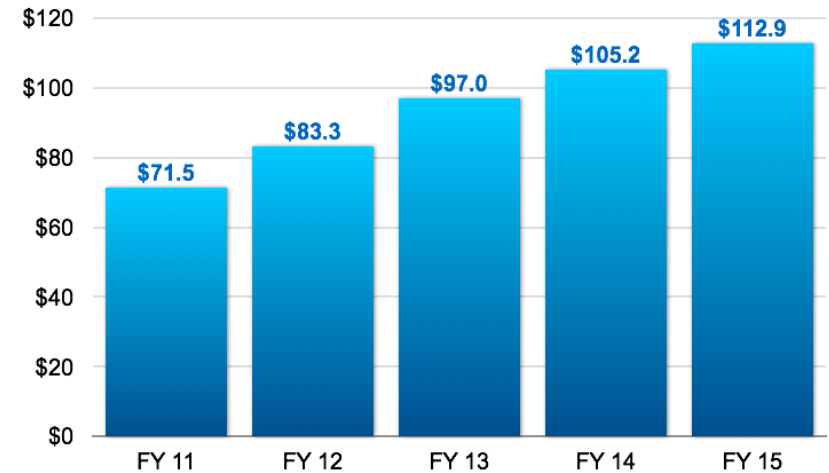
Pleasing dealer automotive enquiry volume up 4.4% on pcp. Beginning to see positive signs on new car inventory and enquiry volumes.

Growth from increased yield across the board. Solid growth in premium advertising products such as Guaranteed Top Spot and Top Deals.

Dealer used vehicle inventory similar to prior year. New car inventory up 8% on pcp to around 35,000 cars as a result of some manufacturers returning inventory to carsales.

Dealer

Millions



CAGR 12.1%

Private revenue up 8% on pcp to \$43.0m

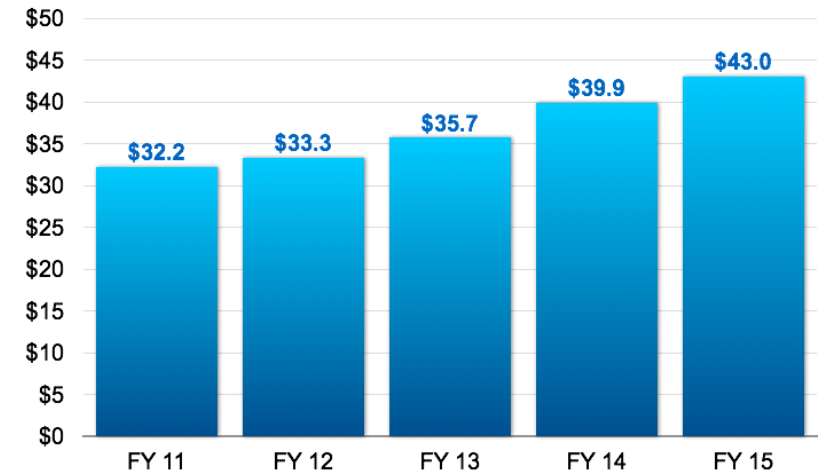
Domestic investment in tyresales is continuing to demonstrate strong growth in the B2C segment.

Private time to sell was quicker on average by ~11% throughout the year which led to private inventory reducing by ~11% on pcp to around 77,000 cars at 30 June 2015. This is a very positive consumer metric.

Yield positive on private sales, with premium products continuing to outperform. Non-auto vertical sites yield also improved. Private revenue benefited from the standard automotive price rise in December 2013 that cycled through in the first half.

Private

Millions



CAGR 7.5%

Domestic Revenue Performance by Segment

Data, Research and Services revenue up 14% to \$33.0m

Solid continued growth in Livemarket and Livetrade products.

Redbook Australia continued to perform well and maintained its double digit growth.

Dealer services performed well across the board. The recently acquired Auto Inspect anticipated to be a solid contributor in FY16.

Finance and Related Services Revenue of \$59.4m

Very pleased with the performance of our financial services investments.

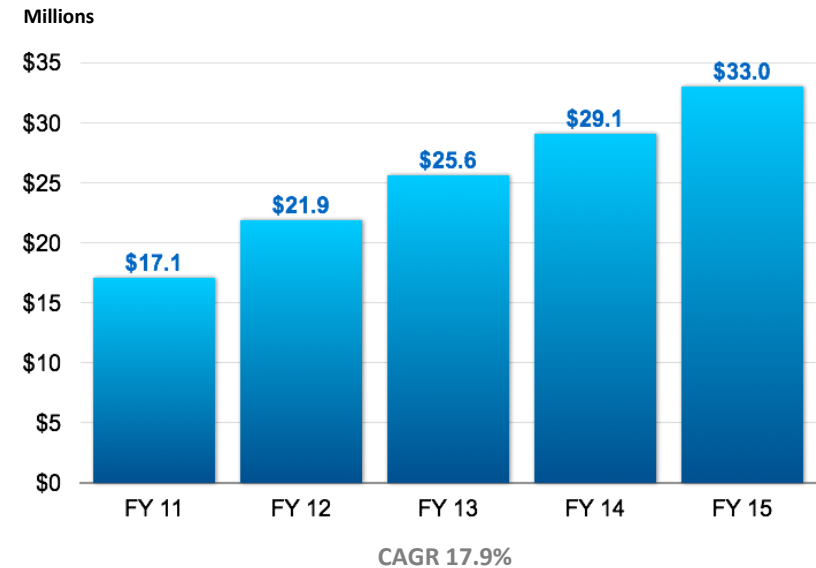
Strong growth expected to continue into FY16.

Display revenue up 3% to \$60.6m

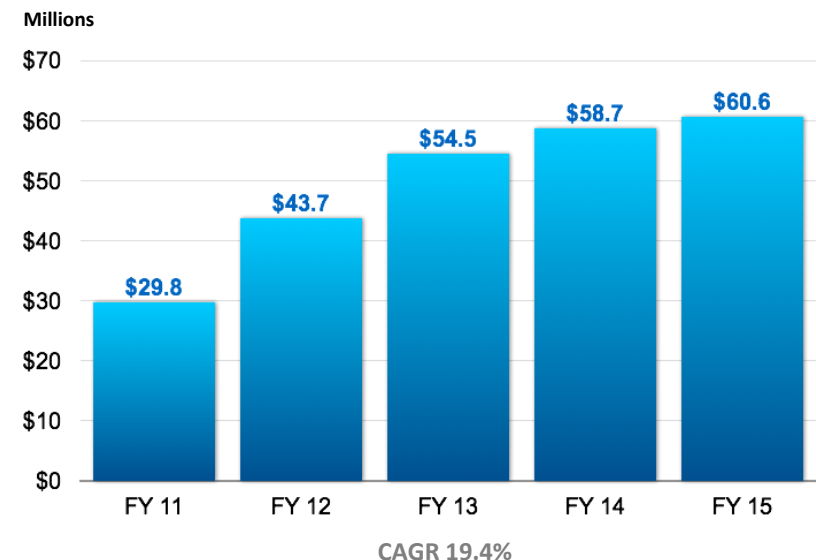
Initiatives to improve direct relationships with advertisers and OEMs are tracking well. High levels of engagement are being driven by proprietary data, analytics and insights and we continue to invest in this area.

Continuing to reinvigorate our display products to focus on where we are strongest – influencing consumer intent. Transition from ‘spots and dots’ banner ads to scalable ‘native’ and integrated ads accelerating and showing encouraging signs for future growth.

Data, Research and Services



Display



New Domestic Investments

Ratesetter

Stratton and carsales acquired 20% of the Ratesetter business during the year for approximately \$10m.

Ratesetter is an innovative *peer-to-peer* financier that provides excellent synergies for short term or low priced vehicle finance.

Will be equity accounted by CAR.

The screenshot shows the Rate%Setter website. The header includes the company name, navigation links (Borrowing, Lending, About Us, Help Centre, Contact), and contact information (1300 768 710). The main banner features the tagline 'Helping Australians do better, together' and highlights a 'Borrowing' rate of 8.4% Annual rate compared to a 10.3% Comparison rate. It also mentions '\$10,000 unsecured for 3 years from' and lists loan terms from \$2,001 to \$35,000 for 6 months to 5 years. Below the banner, there are sections for 'What is RateSetter?', 'Provision Fund', and a quote from 'THE AUSTRALIAN FINANCIAL REVIEW'.

Auto Inspect

Acquired a 50.1% stake in Auto Inspect on 26th June 2015.

Auto Inspect is a national provider of mobile vehicle inspection and verification services.

Anticipate solid contribution in FY16 as consumers look for more surety around vehicle quality.

Rapidly growing business, with many potential integration points across the carsales network.

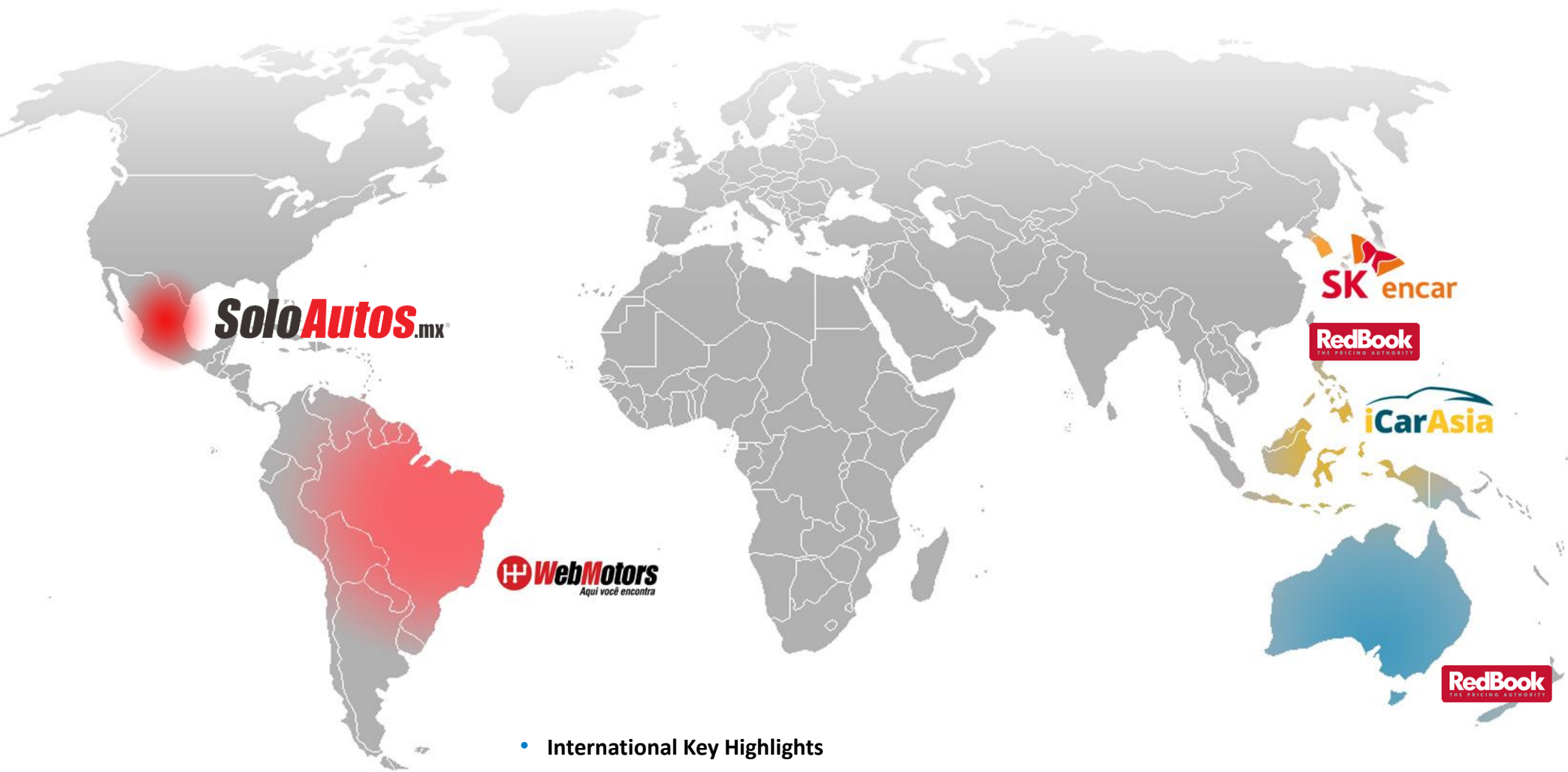
The screenshot shows the Auto Inspect website. The header includes the tagline 'buying a used car? get it checked with auto inspect!', contact information (australia wide ph: 1300 373 992), and the Auto Inspect logo. The main banner features the text 'use our specialist mechanics to buy your next car with confidence' and a video player. Below the banner, there is a section for 'australia wide mobile vehicle inspections for:' with icons for Cars, Trucks, Caravans, and Motorbikes. A 'quick enquiry form' is located on the right side, with fields for Name, Phone, Email, and Location, and a 'send' button.

carsales International

to 30 June 2015



International Portfolio



- **International Key Highlights**
- International now accounts for around 10% of our business.
- Double digit revenue growth rates maintained across International.
- Investment continuing to position for future growth.
- SoloAutos acquisition completed October 2015.



Asia – Underlying Results

SKENCARSALES Financials (49.9% Owned - Equity Accounted by CAR)

Pro-Forma (100%)	12 months to June 30, 2014 KRWb	12 months to June 30, 2015 KRWb	PCP %
Underlying Revenue*	19.0	24.9	31%
Reported EBITDA	N/A	15.9	N/A
Reported EBITDA(%)*	51.0	63.7	N/A
Cash Balance	11.4	15.8	31%

carsales Reported Earnings

	AUDm	AUDm	%
Reported NPAT (Share of Associate Earnings)*	0.8	4.7	488%

Key Drivers

	Jun 30, 2014 000's	Jun 30, 2015 000's	%
Inventory	60.6	64.6	7%
Unique Visitors (Desktop)	5,745	4,584	(20%)
Unique Visitors (Mobile)	6,322	7,122	13%

RedBook Asia and New Zealand (100% owned / Consolidated by CAR)

Pro-Forma	12 Months to June 30, 2014 AUDm	12 Months to June 30, 2015 AUDm	PCP %
Reported Revenue	2.6	2.9	11%
Reported EBITDA	1.4	1.6	12%

iCar Asia Financials (20.2% Owned - Equity Accounted by CAR)

Pro-Forma	12 Months to June 30, 2014 AUDm	12 Months to June 30, 2015 AUDm	PCP %
Reported NPAT (Share of Associate Earnings excl. one-off acctg gains)	(2.0)	(3.3)	(65%)

* SKENCARSALES stake was acquired on 15 April 2014. Underlying revenue growth is based on the management accounts for the 12 month period to 30 June 2014; reported EBITDA(%) and NPAT is based on the reported ownership period from 15 April 2014 to 30 June 2014 in the pcp.

Revenue and EBITDA stated is 100% of the revenue and EBITDA for the business over the carsales ownership period. The carsales share of NPAT is based on owning the percentage set out above for the relevant ownership period.



Strong Financial Results.

Underlying full year revenue growth up 31% on pcp and reported growth up 424%. Significant growth in dealer through customer acquisition and yield growth through a September dealer price rise. Display revenue also continues to be strong supporting new OEM market entrants.

Private ads charged for from April 2015 onwards with minimal inventory impact. EBITDA margins expand from 51% for pcp to 63.7%.



Solid performances across Asian countries, reflecting solid cost control. New Zealand pcp performance stable.



CAR equity % diluted from 22.9% to 20.2% due to a capital raise by iCar to fund the acquisition of one2Car in Thailand. One-off accounting gain of \$3.5m recorded as a result.

Latin America – Underlying Results

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

Pro-Forma (100%)	12 Months to June 30, 2014	12 Months to June 30, 2015	PCP
	BRLm	BRLm	%
Reported Revenue	72.8	87.7	20.5%
Reported EBITDA	28.1	23.5	(16.3%)
Reported EBITDA (%)	38.6	26.9	-
Reported NPAT	32.4	25.5	(21.3%)
Underlying Cash Balance	194.2	202.5	8.3%

carsales Reported Earnings

	AUDm	AUDm	%
Reported NPAT (Share of Associate Earnings)	4.6	3.5	(24%)

Key Drivers

	April 30, 2014** 000's	April 30, 2015** 000's	%
Inventory*	250.7	289.8	16%
Unique Visitors (Desktop)	5,579	7,094	27%
Unique Visitors (Mobile)	1,685	2,833	68%

* Inventory and Unique Visitors is the combined inventory of Webmotors, Compreauto and meucarango and has not been de aggregated.

** Inventory and Unique visitors measured at 30, April 2014 and 2015 due to the impact of the World Cup in May and June 2014.

Revenue and EBITDA stated is 100% of the revenue and EBITDA for the business over the carsales ownership period. The carsales share of NPAT is based on owning the percentage set out above for the relevant ownership period.



WebMotors solid top line growth

Revenue growth of 20.5% on pcpc, with dealer, private and display all achieving strong double digit growth, despite ongoing economic challenges.

WebMotors' leadership position in Brazil is maintained with combined (Meucarango, Compreauto and WebMotors) inventory almost double closest competitor. Solid traffic growth ahead of the market.

Continued investment in people, marketing and technology, in addition to one off head office relocation costs and associated fixtures and fittings write off and a one off adjustment for the acquisition of Meucarango has led to a reduction in EBITDA margins in the current year.

Integration of vMotors (acquired December 2014) dealer and data services across Webmotors platforms progressing well.

Profitability and margins expected to improve in FY16 as investments in headcount begin to normalise, assuming no changes to economic conditions.



Investment in Mexico

Mexico presents an attractive market for investment

Second largest economy in Latin America (behind Brazil).

Population of over 120 million people; internet usage at around 59 million.

Mexico's 2015 first quarter new car sales volumes increased 22% year on year, spurred by solid employment gains, rising real wages strengthening consumer confidence and improved vehicle affordability.

Immature online auto classifieds market with no clear winner.

SoloAutos (www.soloautos.mx)

One of the leading automotive websites in Mexico with a scalable, premium model.

Traffic characterises a strong brand with 100% organic search and low bounce rate.

Currently predominantly focused in the state of Jalisco (Mexico's second most populous state); significant upside to grow outside this region.

Tangible upside identified using carsales' IP, technology and expertise, especially in digital marketing.

Key deal points

Announced agreement to acquire 7 August 2015 – completed this month.

Proven local partner with current owner to retain 35% stake and remain CEO.

Purchase price includes significant component of working capital to fund identified growth projects – total investment will be up to US \$9m. carsales retains the right to increase its ownership in around 3 years.

Don't anticipate a material impact to earnings in the first year of acquisition.

SoloAutos.mx®



Outlook

to 30 June 2016



Performance Outlook

carsales Domestic Outlook

- **Affirms:** - Domestic trading performance in the first quarter was solid and we expect this to continue throughout the first half assuming market conditions remain unchanged.
- **Affirms:** - We remain well positioned for continued growth through the medium to long term.
- **Affirms:** - A further update on market conditions and performance to be provided at the H1 FY16 results (Feb 2016).

carsales International Outlook

- **Affirms:** - Solid progress made in the development of Brazil and South Korea. Continue to be well positioned for medium and long term growth in these markets.



New Product Releases

to 30 June 2015








Apple Watch



Location Search

2013 Mazda 3 SP25 GT Manual

4cyl 2.5L
Manual
Sedan
0 km

\$34,195
Drive Away






New Car: In Stock

Less than 10kms

All new Mazda 3! Come in and experience the next level of driving enjoyment. A totally new generation of vehicle, it delivers sophisticated design an...

★ Save Enquire

2014 Mazda 2 Neo Manual

4cyl 1.5L
Manual
Hatch
0 km

\$17,390
Drive Away

Special Offer *

New Car: In Stock

Less than 25kms

The biggest and best Mazda dealer in Australia, we have the full range on display including all colours and models on display 7 days per week. All in ...


★ Save Enquire

VIC **View**

Dealer Premium Products

216,658 Cars For Sale Page 1 of 1805

2014 Ford EcoSport BK Titanium PowerShift




4cyl 1.5L
Automatic
SUV
19 km
Less than 25kms

\$23,990
Drive Away
CarFacts REPORT VIEW INFO

Dealer: Used Car
VIC [View](#)

2008 Holden Ute VE SV6




6cyl 3.6L
Manual
Ute
68,652 km
More than 100kms

\$25,500*
CarFacts REPORT VIEW INFO

Private Seller Car
QLD [View](#)

2015 Ford Falcon FG X GSE Turbo Sports Automatic




6cyl 4.0L
Automatic
Sedan
985 km
Less than 25kms

\$44,990
Drive Away
CarFacts REPORT VIEW INFO

Dealer: New Now
VIC [View](#)

2005 Subaru Liberty 4GEN Sports Automatic All Wheel Drive MY05




4cyl 2.0L
Automatic
Sedan
190,000 km
More than 100kms

\$7,900*
CarFacts REPORT VIEW INFO

Private Seller Car
QLD [View](#)

"New to driving? This 2005 Subaru Liberty is the ideal fit. It has air conditioning, turning the scorching summer into a mild winter with..."

2011 Renault Koleos Dynamique Sports Automatic




4cyl 2.0L
Automatic
SUV
85,922 km

\$19,990
Drive Away
CarFacts REPORT VIEW INFO

Excl. Govt. Charges
Dealer: Used Car
VIC [View](#)

2007 BMW M6 E64 Seq. Manual Auto-Single Clutch MY07



10cyl 5.0L
Automatic
Convertible
75,600 km


\$69,000*
CarFacts REPORT VIEW INFO

Private Seller Car
SA [View](#)

The best value genuine convertible sports car you can buy. The BMW M6 comes with all the accessories as standard, including heads-up display, full leather...

Unique

2007 Chrysler PT Cruiser Touring MY07




4cyl 2.4L
Manual
Convertible
153,517 km

\$9,950*
Excl. Govt. Charges
CarFacts REPORT VIEW INFO

Dealer: Used Car
NSW [View](#)

Quality cars at unbeatable prices. Immediate delivery. Trade-ins welcome. Same day finance T.A.P. Interstate Delivery Available.

2008 Audi A4 multitronic




4cyl 1.8L
Automatic
Wagon
82,745 km

\$19,000*
CarFacts REPORT VIEW INFO

Private Seller Car
VIC [View](#)

A beautiful and immaculate car - extremely well maintained. Owner with meticulous attention to cleanliness and maintenance. I LOVE this car - so drive...

1990 Nissan Pulsar N13 S2 GL Vector



4cyl 1.6L
Automatic
Sedan
178,260 km

\$230*
Private Seller Car
QLD [View](#)

LiveConnect



Call the dealer for free!

We'll call you on 0477 550 [redacted]
and connect you to the dealer.

[Edit my number](#)

Call me now

OR

Call the dealer on

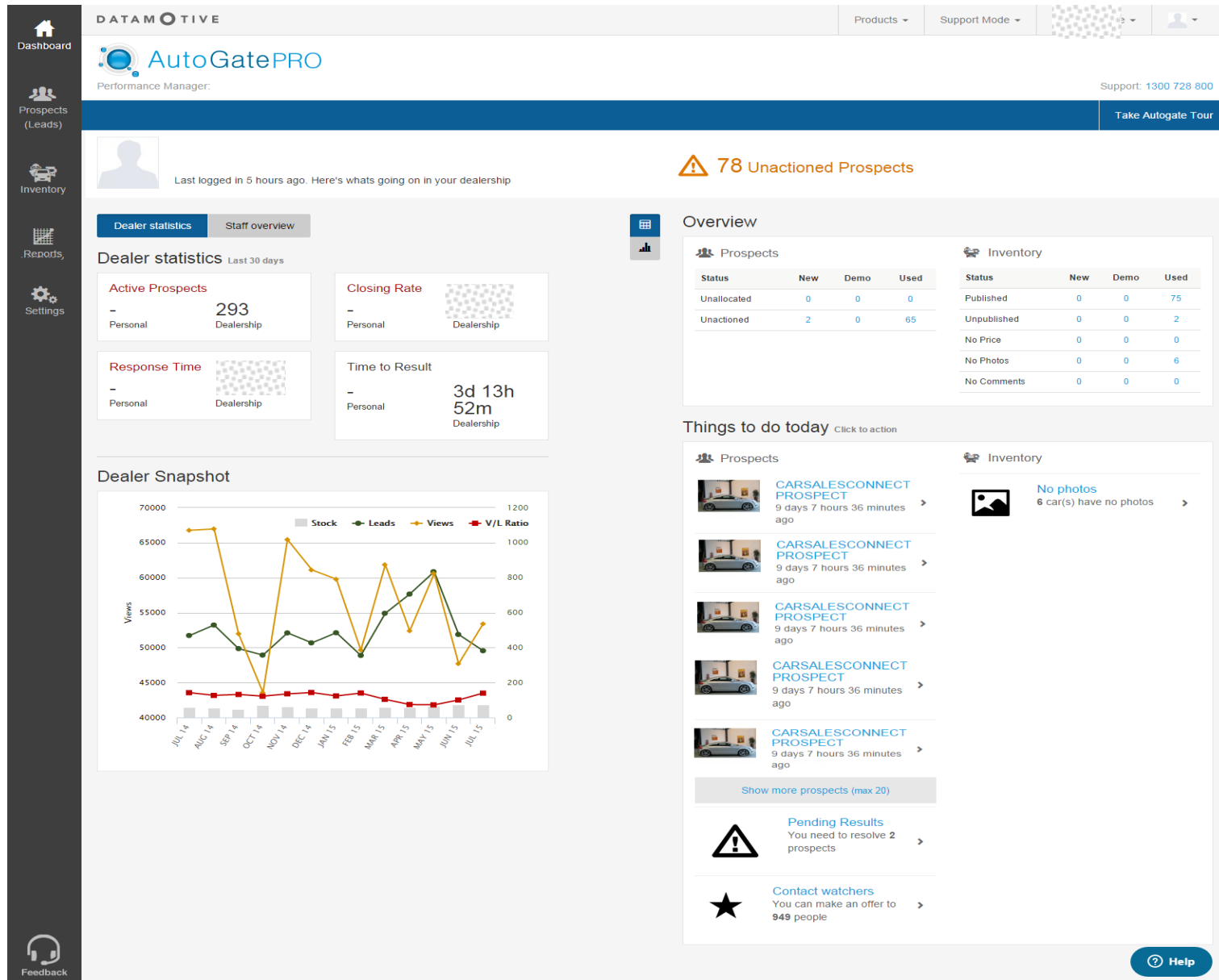
Standard call costs apply

03 9188 [redacted] 

Car Code: 1013



One Autogate for cars



Dealer Self Service

Dashboard
 Prospects (Leads)
 Inventory
 Reports
 Settings
 Feedback

DATAMOTIVE

 Performance Manager:

Products ▾ Support Mode ▾ ▾

Support: 1300 728 800

Products ▾ Cart Print

Promote

Promote your items within Carsales, purchase upgrades for your inventory to increase exposure.

20 of 102 item(s) returned

Item	Price	Status		Age	Health	CarFacts Select all	Showcase Select all
		CS					
2014 Jeep Cherokee KL Sport Wagon 5dr Spts Auto 9sp 2.4i [MY15] 31977149 1C4PJLEB1FW549266	\$35,500.00 DAP		19	217 days	98% <div></div>		 Available: 2
2015 Jeep Cherokee KL Sport Wagon 5dr Spts Auto 9sp 2.4i [MY15] 32434299 1C4PJLEB7FW592512	\$35,000.00 DAP		20	163 days	97% <div></div>		 Available: 2
2015 Jeep Grand Cherokee WK Limited Wagon 5dr Spts Auto 8sp 4x4 3.0DT [MY15] 32981267 1C4RJFFM5FC781378	\$68,841.00 DAP		20	40 days	97% <div></div>		 Available: 2
2015 Jeep Grand Cherokee WK Limited Wagon 5dr Spts Auto 8sp 4x4 3.0DT [MY15] 32435446 1C4RJFFM5FC701335	\$69,541.00 DAP		20	156 days	97% <div></div>		 Available: 2
2014 Jeep Grand Cherokee WK Overland Wagon 5dr Spts Auto 8sp 4x4 3.0DT [MY15] 31949054 1C4RJFGM0FC642015	\$79,361.00 DAP		20	177 days	97% <div></div>		 Available: 2
2015 Jeep Cherokee KL Sport Wagon 5dr Spts Auto 9sp 2.4i [MY15] 32178151 1C4PJLEB4FW568104	\$35,500.00 DAP		20	178 days	97% <div></div>		 Available: 2

Help

