

MEDIA RELEASE FOR IMMEDIATE RELEASE

Carsales Delivers Yet Another Record Half Year Result

February 9, 2016

carsales.com Limited (ASX: CAR) today announced its financial results for the first half of the 2016 financial year (H1 FY16).

For the period, the company reported total operating revenue of \$167.3 million, up 11 per cent compared to the same period in FY15 (pcp). Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$81.5 million which represents an increase of 12 per cent compared to the pcp.

carsales.com Ltd's Board of Directors has declared a fully franked interim dividend of 17.8 cents per share (interim H1 FY15, 16.2 cents per share) to be paid on 15 April 2016. The record date for the dividend payment is 24 March 2016.

carsales.com Ltd CEO and Managing Director, Greg Roebuck said carsales' strategy to drive sustainable growth with a portfolio of classified advertising and adjacent market businesses, both in Australia and increasingly internationally, is delivering and that H1 FY16 revenue (up 11% on pcp) and EBITDA (up 12% on pcp) reflects this.

"To once again deliver record half year results to our shareholders whilst growing our market leading position through expansion of the breadth and depth of carsales services to all our customers is testament to the strength of the domestic business and the growth potential of our international strategy," Mr Roebuck commented.

According to Mr Roebuck, carsales.com Ltd's **Operational and Strategic Highlights** during H1 FY16 included:

- Strong earnings performance – EBITDA up 12% year on year and reported NPAT after non-controlling interests (NCI) up 10% year on year
- Domestic business continuing to perform solidly with dealer revenue up 9% year on year
- Good private seller revenue performance – up 15% year on year
- Finance and related services showing strong organic growth with revenue up 17% year on year
- Brazilian and South Korean international investments delivering strong local currency revenue growth
- Completion of the acquisition of 65% of SoloAutos in Mexico during the half year.

Mr Roebuck stated "carsales.com Ltd continues to be the No 1 destination to buy or sell a new or used car in Australia and through growth in our service offerings and capitalising on our expertise, our investments in international markets will continue to deliver revenue and earnings growth resulting in long term value creation to shareholders."

"Our domestic core business revenue and EBITDA have continued to perform strongly throughout the first half. Similar to this time last year, consumer buying activity on the carsales.com.au site was particularly strong through the second quarter and into the new calendar year, which is reflected in dealer used and private seller vehicle inventory and enquiry volumes as well as increases in the new car market," said Roebuck.

"Our adjacent market businesses, particularly Stratton, tyresales and the newly acquired Redbook Inspect business have performed well over the half year and provide a platform for further growth in the future" commented Roebuck.

Mr Roebuck also stated that “Market leading product innovation continues as a key focus for the group and over the past 6 months we have launched significant new services across our network of sites and platforms. New products are successfully targeting areas where we have had some competitive challenges and these new products are performing strongly, taking market share away from competitors and delivering new customers to the carsales experience.”

“In international markets we continue to progress the business models in both our Brazilian and Korean businesses with growth in key metrics such as inventory, customer numbers and enquiry volumes, each performing ahead of expectations. This development has taken place whilst delivering local currency revenue growth of 22% and 14% for SK ENCARSALES in South Korea and Webmotors in Brazil respectively with both businesses showing significant potential for future earnings growth” said Roebuck.

“The acquisition of 65% of SoloAutos in Mexico was completed in October 2015. Although in the early stages, our collaboration is progressing well and we are confident about being able to develop this business over the coming months and years to address the exciting market opportunity it represents”.

“As well as closely looking at organic growth opportunities, we will continue to look at acquisitive growth initiatives. Our focus on emerging or under-served markets has proved strategically sound and we have capacity under existing debt facilities to increase stakes in our current investments and/or acquire attractive vertical and complementary businesses where the business case is compelling” said Roebuck.

Mr Roebuck also commented that “we continue to closely monitor our performance and market conditions. Assuming these are stable, we anticipate revenue and EBITDA to remain solid throughout H2 FY16, while NPAT will grow more moderately.”

RESULTS OVERVIEW

Half Year Ending 31 December 2015	\$A Millions		Growth	
	H1 FY15	H1 FY16	\$'s	%
Revenue				
Online Advertising	105.9	115.8	9.9	9%
Data & Research	15.2	16.4	1.2	8%
International	1.4	1.7	0.3	24%
Finance and Related Services	28.4	33.4	5.0	17%
Total Operating Revenue	150.9	167.3	16.4	11%
Operating Expenses (Before Interest and D&A)	78.0	85.8	7.8	10%
EBITDA	72.9	81.5	8.6	12%
<i>EBITDA Margin</i>	<i>48%</i>	<i>49%</i>		
D&A	2.1	4.1	2.0	95%
EBIT	70.8	77.4	6.6	9%
Net Interest Expense	4.1	4.2	0.1	3%
Profit Before Tax	66.7	73.2	6.5	10%
Income Tax Expense	20.6	22.9	2.3	11%
Profits from associates	2.5	2.8	0.3	12%
Gain on associate dilution	-	0.9	0.9	n/a
Non-controlling interest (NCI)	(1.9)	(2.7)	(0.8)	43%
Net Profit After Tax (post NCI)	46.7	51.3	4.6	10%
Earnings Per Share (cents)	19.6	21.4	1.8	9%
Dividend Per Share (cents)	16.2	17.8	1.6	10%

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