

MEDIA RELEASE – FOR IMMEDIATE RELEASE

carsales Delivers Another Record Full Year Result

Globalisation of business continues on back of solid domestic growth

August 8, 2016

carsales.com Limited (ASX: CAR) today announced its financial results for the 2016 financial year (FY16). The company reported total operating revenue of \$344.0 million, up 10 per cent compared to FY15. Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$170.3 million which represents an increase of 10 per cent compared to the prior comparative period (pcp).

carsales.com Ltd's Board of Directors has declared a fully franked final dividend of 19.5 cents per share, up 10% on pcp (final FY15 dividend, 17.7 cents per share) to be paid on October 17, 2016. The record date for the dividend payment is September 22, 2016.

carsales.com Ltd CEO and Managing Director, Greg Roebuck said carsales' strategy to drive sustainable growth with a global portfolio of classified advertising and complementary market businesses is delivering and that the growth in FY16 revenue (up 10% on pcp) and EBITDA (up 10% on pcp) reflects this.

"We are building a dynamic global business; the economies of scale that come with this, along with our world leading technology, are helping us evolve our business. Dealers and consumers have the same high expectations in all of our markets. As we continue to transfer our world class technology and know-how into these markets we see improved performance.

"To once again deliver record full year results to our shareholders whilst consolidating our domestic market leading position is testament to the strength of the carsales team and its ability to drive our domestic and international growth strategy forward," Mr Roebuck commented.

According to Mr Roebuck, carsales.com Ltd's operational and strategic highlights during FY16 included:

- EBITDA up 10% year on year and adjusted NPAT after non-controlling interests (NCI) up 9% year on year
- Domestic business continuing to perform solidly with dealer revenue up 10% year on year
- Good private seller revenue performance – up 19% year on year
- Display revenue showing solid growth – up 9% year on year
- Finance and related services showing strong growth with gross profit up 29% year on year
- Brazilian and South Korean international investments delivering strong local currency revenue growth
- Acquisition of 83% of Chileautos in Chile during the second half
- Acquisition of 65% of SoloAutos during the first half

"Our domestic core business revenue and EBITDA have continued to perform well throughout the year and have been very well supported by significant new business initiatives and the very strong performance of our Finance and Related Services division", said Roebuck.

"We continually seek to expand our breadth and depth of services to provide an unmatched and frictionless experience to our customers. Integration of vehicle inspection services via our Redbook Inspect business and our (soon to be released) payment service via PromisePay (a business we recently invested in), are great examples of how we're making the buying, selling and purchasing of cars easier and safer. Along with instant offer, products such as our New Car Showroom (released in June) will all contribute to growth in the future" he said.

"SK Encar, the clear leader in the Korean market, delivered a strong 21% underlying revenue growth year on year. This growth was across all categories including dealer, private and display, with monthly dealer leads trebling. EBITDA margins remained strong at 51% and we remain excited about the opportunity for further business expansion in the coming year," said Roebuck.

"Our investment in Brazil delivered solid revenue growth with Webmotors' underlying revenue up by 13% year on year" said Roebuck. "Operational improvements have delivered over 70% growth in lead volumes year on year and a significant growth in finance leads and the trial of a chargeable lead model from July 2016 should be a good contributor to growth going forward."

"Our acquisition of a controlling shareholding in Chileautos (www.chileautos.cl), the No 1 automotive classifieds website in Chile, is another milestone in our international growth strategy. The Chileautos team has built a market leading and profitable business and we anticipate deploying carsales' expertise, experience and Spanish language technology into Chileautos and SoloAutos, our Mexican business, to rapidly grow our Latin American businesses", said Roebuck.

"We continue to closely monitor our performance and market conditions. Domestic core business performance in the first month of FY17 has remained solid. Domestic adjacencies continue to build scale and breadth with a number of promising opportunities. Assuming these conditions continue to be stable we anticipate FY17 revenue and EBITDA growth will remain solid."

"Assuming no further deterioration in market conditions, we anticipate the trialling of the lead model in Brazil to be a good growth contributor to local currency revenue and earnings over the full year. Korea is expected to see continued solid local currency revenue and earnings growth. We expect ongoing integration of core carsales IP and technology into our Chilean and Mexican businesses to provide a solid uplift in revenue and earnings in the coming year. A more detailed trading update will be provided at the October AGM" commented Roebuck.

RESULTS OVERVIEW

Year Ending 30 June 2016	\$A Millions		Growth	
	FY15	FY16	\$'s	%
Revenue				
Online Advertising	216.5	240.7	24.2	11%
Data & Research	33.0	35.9	2.9	9%
Finance and Related Services	59.4	63.0	3.6	6%
International	2.9	4.4	1.5	54%
Total Revenue	311.8	344.0	32.2	10%
Operating Expenses (Before Interest and D&A)	157.5	173.7	16.2	10%
EBITDA	154.3	170.3	16.0	10%
<i>EBITDA Margin</i>	<i>50%</i>	<i>50%</i>		
D&A	4.7	7.5	2.8	61%
EBIT	149.6	162.8	13.2	9%
Net Interest Expense	8.5	8.4	0.1	1%
Profit Before Tax	141.1	154.4	13.3	9%
Income Tax Expense	42.3	47.4	5.1	12%
Profits from Associates	4.9	5.3	0.4	8%
Gain on business disposal	-	0.9	0.9	N/A
Gain on associate dilution	3.5	0.9	(2.6)	(74%)
Outside Equity Interests	(4.0)	(4.8)	(0.8)	(21%)
Reported Net Profit After Tax	103.2	109.3	6.1	6%
Reported Earnings Per Share (cents)	43.2	45.4	2.2	5%
Final Dividend Per Share (cents)	17.7	19.5	1.8	10%
Adjusted Net profit After Tax*	101.8	110.5	8.7	9%
Adjusted Earnings Per Share (cents)*	42.6	45.9	3.3	8%

* Adjusted NPAT and earnings per share stated above is post non-controlling interests and excludes one-off gains on subsidiary disposal, gains on associate dilution and acquired intangible amortisation.

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