

carsales  com Ltd

# FULL YEAR RESULTS PRESENTATION

**YEAR ENDED 30 JUNE 2020**

# 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**

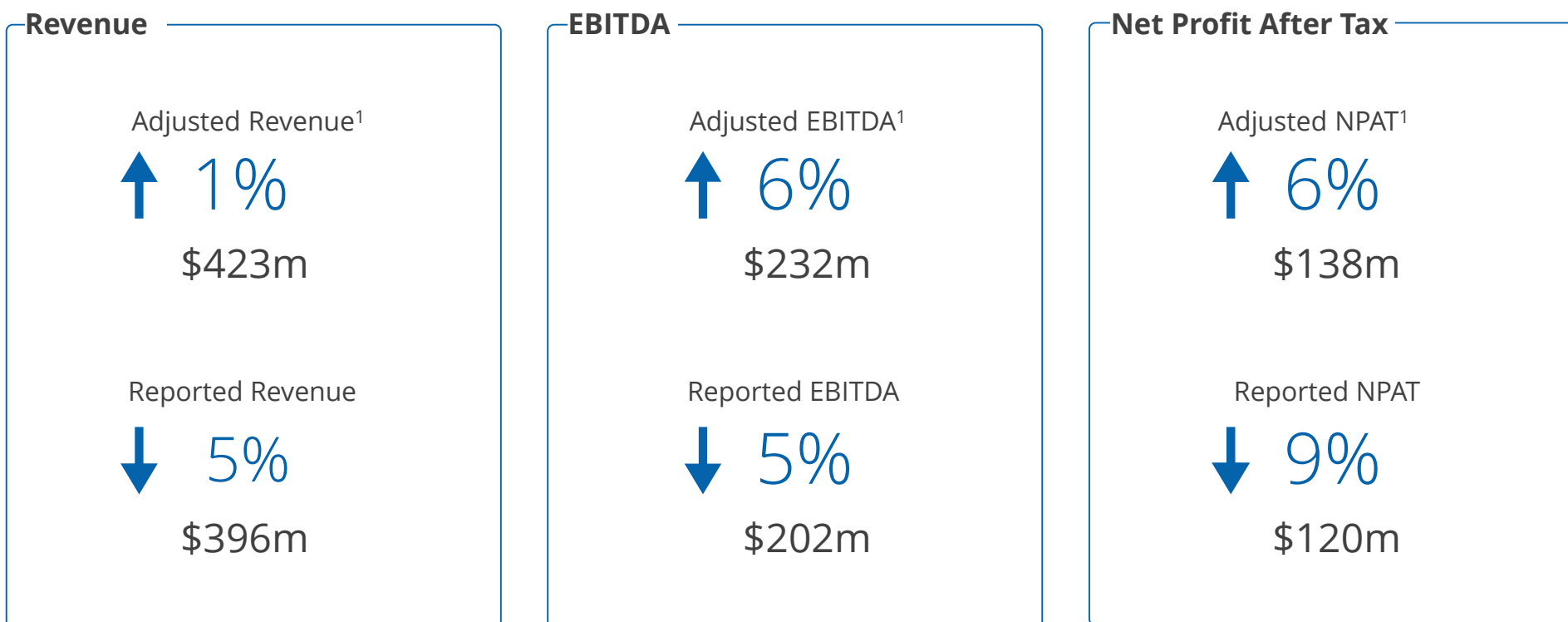
carsales' results are reported under International Financial Reporting Standards (IFRS). This presentation also includes certain non-IFRS measures including "adjusted", "underlying" "proforma" and "look-through". These measures are used internally by management to assess the performance of our business 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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# FY20 HIGHLIGHTS

- Delivered growth across Domestic and International businesses despite the impact of COVID-19 in H2
- Reported financial metrics lower than pcp<sup>2</sup> primarily due to COVID-19 dealer support package
- Expanded Group Adjusted EBITDA<sup>1</sup> margin to 55%, whilst continuing to invest for the future
- Final dividend of 25.0 cents per share, flat on pcp. Supported by strong free cash flow generation, prudent gearing and debt re-finance
- Effective diversification in products and geographies with International now representing 24% of look-through<sup>3</sup> revenue
- Performance shows resilience of Australian business and significant growth potential in International, with South Korean EBITDA up 18%<sup>4</sup>



1. Adjusted Revenue excludes COVID-19 support rebate provided to dealers, Adjusted EBITDA and Adjusted NPAT stated above is on a continuing basis, post non-controlling interests and excludes certain non-recurring or non-cash items. See slide 41 regarding the disclosure of non-IFRS information and slides 42-43 for a reconciliation of Reported to Adjusted Financials.

2. pcp refers to prior corresponding period | 3. For look-through definition refer slide 12 | 4. Refers to local currency growth.

Note: Growth rate from 'AASB 16 - Leases' restated FY19 results. Refer to slide 45 for AASB16 adjustments.

# MARKET-LEADING OPERATIONAL METRICS

carsales is one of the largest digital automotive advertising businesses in the world



~ 760,000 cars  
for sale

around the world at any point  
in time down 11% on pcp<sup>1</sup>



time to sell  
reduced by 34%

In Australia compared to  
same period last year<sup>2</sup>



~ 31 million  
leads

on all carsales sites around  
the world up 30% on pcp<sup>3</sup>



~ 1 billion  
sessions

on all carsales sites around  
the world up 7% on pcp<sup>4</sup>



> 484,000  
cars

Australian Member cars in  
our Virtual Garage up 45% on  
pcp<sup>5</sup>



> 177,000  
guarantee inspections

cars up 49% In South Korea  
on pcp<sup>6</sup>



Most trusted  
place

for buying and selling cars in  
Australia (+118% vs nearest  
competitor)<sup>7</sup>



2x  
more time

spent on carsales.com.au  
than nearest auto competitor  
in Australia<sup>8</sup>

1. Stock published for websites in Australia, South Korea, Brazil, Mexico, Argentina and Chile on 30 Jun 2020 v 30 Jun 2019. 2. Median time to sell 30 June 2020 v 30 June 2019. 3. Leads from websites in Australia, South Korea, Brazil, Mexico, Argentina and Chile Jul-19 – Jun-20 v Jul-18 – Jun-19. 4. Google Analytics, sessions for websites in Australia, South Korea, Brazil, Mexico, Argentina and Chile Jul-19 – Jun-20 v Jul-18 – Jun-19. 5. carsales internal data. 6. carsales internal data, cars inspected Jul-19 – Jun-20 v Jul-18 – Jun-19. 7. Study conducted by independent research agency Nature Pty Ltd Market brand health tracker. Jun-20. Reputation - Is Trustworthy (Rated 7-10). 8. Nielsen DCR, Monthly average Jul-19 – Jun-20.

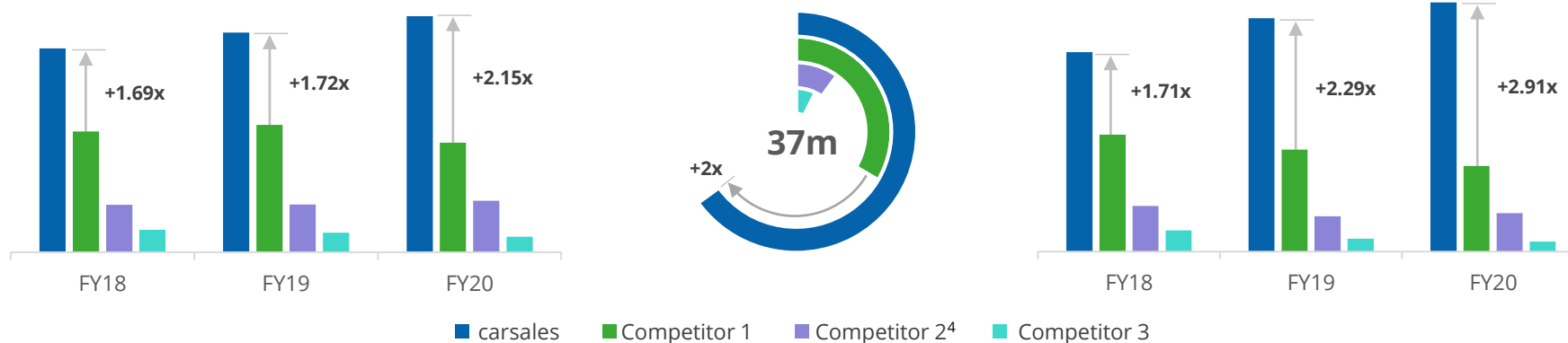
# EXTENDING OUR AUSTRALIAN MARKET LEADERSHIP

carsales is consolidating its market leadership position in Australia

## 1. Daily Unique Audience<sup>1</sup>

## 2. Monthly Avg. time on site<sup>2</sup>

## 3. Total sessions<sup>3</sup>



The largest quantity and highest quality of leads helps dealers sell more cars

1. Nielsen Ratings average daily unique audience. | 2. Nielsen DCR, Monthly average Jul-19 – Jun-20. | 3. Google Analytics total sessions. 4. Competitor 2: May and June 2020 - SimilarWeb.

A hand holding a white spray bottle with a blue nozzle, pouring liquid into a clear glass pitcher. In the background, there are sunglasses and a tissue box on a wooden surface.

# RESPONSE TO COVID-19 AND EMERGING TRENDS



# CARSALES' RESPONSE TO COVID-19

Our Australian customers and people have endured an extremely difficult FY20, first through the severe bushfire season and later the global pandemic. Throughout the pandemic, the business has been focused on three priorities:

## 1. Protecting our people

The health and wellbeing of our people has been paramount throughout this crisis.

Key company support measures include:

- Seamless transition to remote working from mid-March;
- Increased communication, including weekly virtual catch ups and Q&A sessions;
- Successfully completed our first "Virtual Hackathon" to preserve innovation and collaboration;
- Encouraged flexible working arrangements and focus on physical and mental health; and
- Delivered on our commitment to keep everyone employed during this challenging time. The JobKeeper support package was an important contributor to this and minimised impact on our people.

## 2. Supporting our customers and industry

We are also proud of the support we have provided our customers during this year.

Key support measures include:

- **Financial:** The total financial support of \$28m and deferred payment terms.
- **Educational:** Hosted multiple virtual catch ups and Q&A sessions to provide market insights and information about government support.
- **Product innovation:** Implemented 'Dealer Badges', which highlight key information around a dealer's services, capabilities and sanitisation during COVID-19. This includes home test drives, Video in listings, virtual tours and buy from home functionality. Also held the first ever caravancampingsales.com Online Expo.

## 3. Bolstering our business

### Cost savings

- 20% decrease in board and executive salaries, other discretionary cost savings and the JobKeeper support program in the last quarter;
- c.250 employees in Australia were stood down temporarily, most on a partial basis; and
- Reduction of other variable costs.

### Balance Sheet & Cash Flow

- Refinanced, extended and increased our debt facilities in June 2020 and rolled out in July 2020; and
- Strong free cash flow generation and reduced leverage ratio from 1.8 to 1.6.



# TRENDS EMERGING FROM COVID-19

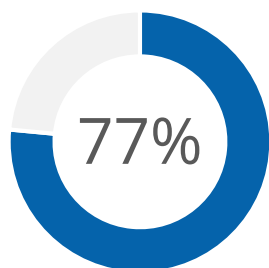
Strong growth in car ownership demand and traffic to our platform through COVID-19 is attributable to three broad factors

## 1. Online migration has accelerated

### Key observations from a recent carsales survey on online automotive shopping:

- COVID-19 has materially increased preference toward online shopping, away from traditional retail.
- carsales conducted a survey to understand how shopping habits have changed during covid.

How has COVID-19 changed how you are shopping for your car?

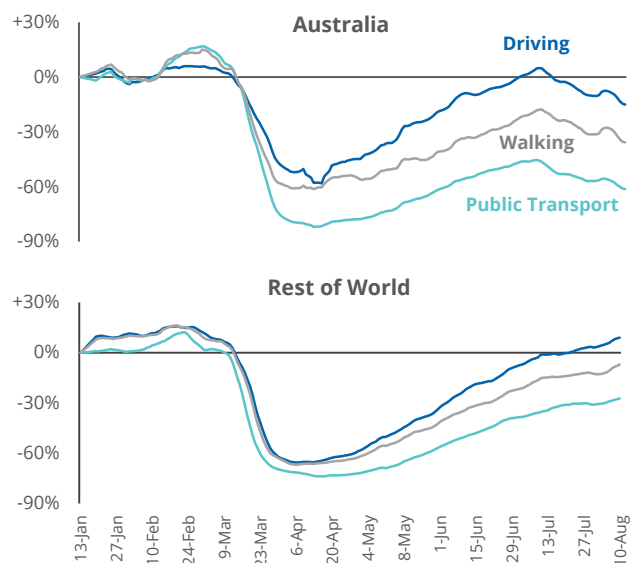


77% of answers indicated they would conduct more research and purchases online and visit fewer dealerships.<sup>1</sup>

## 2. Alternative transport options

### Key observations:

- Recent carsales survey indicated concerns about taking public transport or using rideshare due to hygiene concerns in connection with COVID-19 with 81% of respondents more likely to use their car now than before COVID-19.<sup>2</sup>
- Limited air travel also driving car ownership.
- Apple mobility data shows that car driving has emerged as a more preferred mode of transport during COVID-19.<sup>3</sup>



## 3. Government initiatives

Stimulus initiatives deployed by the Federal Government have driven increased demand for vehicles:

### Instant Asset Tax Write-off

The Instant Asset Tax Write-off Program for assets up to \$150k has stimulated demand for cars in the commercial sector. This program has been extended to 31 December 2020.

### Early Superannuation Access

Individuals affected by COVID-19 have been granted early access to two \$10,000 parcels of their superannuation in FY20 and FY21. This has also stimulated demand for vehicles, particularly in the lower value segment.

1. carsales post COVID transportation survey, April 18–27, 2020. Q21 "How has COVID-19 changed how you are shopping for your car?" n=2,983 | 2. carsales post COVID transportation follow up survey, "Q: How has the COVID-19 climate impacted how you feel about future use of these forms of transport?" July 16–21, 2020. n= 1,755, filtered by car owners who take public transport options, n=332. | 3. <https://www.apple.com/covid19/mobility>. Data is generated by counting the number of requests made to Apple Maps for directions in select countries/regions indexed at 100 on 13 January 2020. Charts shown are a trailing 7-day average of the daily index.

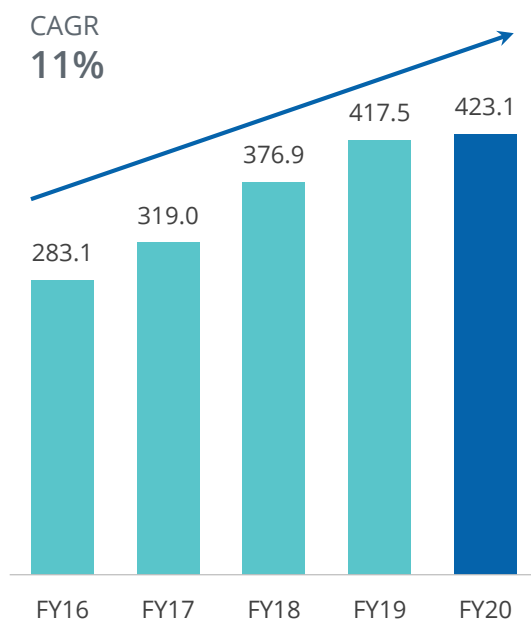
# GROUP FINANCIAL REVIEW



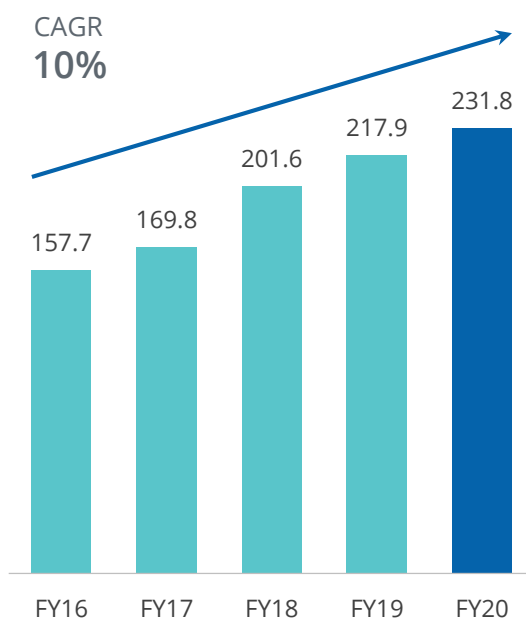
# STRONG TRACK RECORD OF SUSTAINED GROWTH

Well positioned to continue delivering long-term shareholder value through world-class capability, exposure to international growth markets and investment in new products and services.

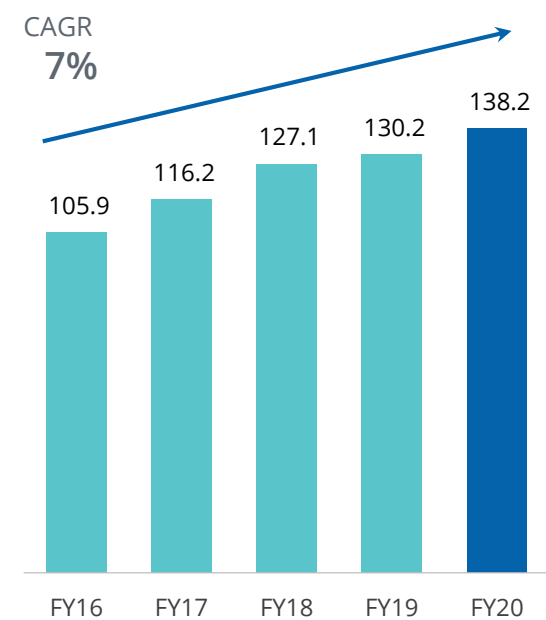
### Adjusted Revenue<sup>1</sup> (\$m)



### Adjusted EBITDA<sup>1</sup> (\$m)



### Adjusted NPAT<sup>1</sup> (\$m)



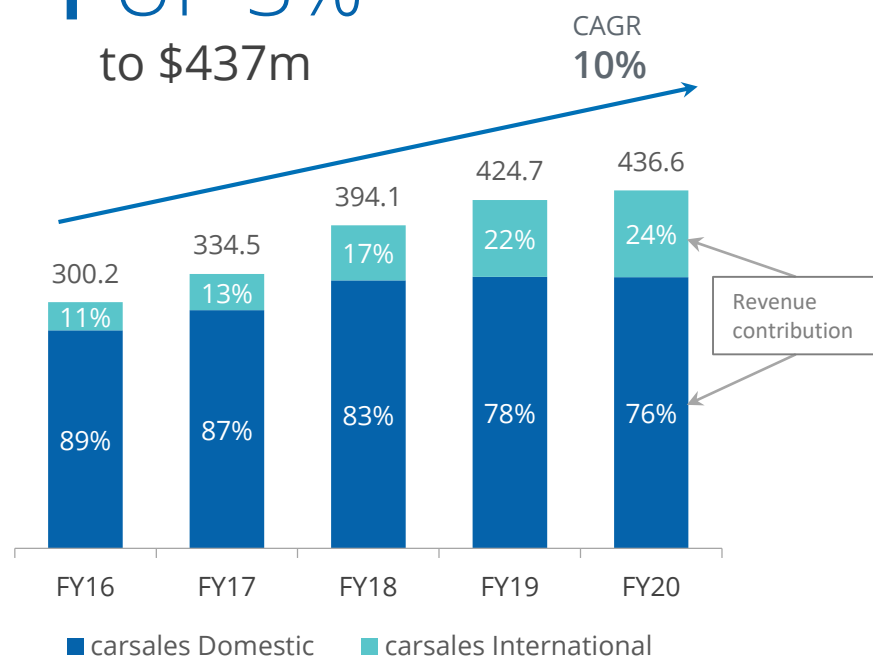
1. Adjusted Revenue, Adjusted EBITDA and Adjusted NPAT is on a continuing basis, post non-controlling interests and excludes certain non-recurring or non-cash items. See slide 41 regarding the disclosure of non-IFRS Information and slides 42-43 for a reconciliation of Reported to Adjusted Financials  
Note: FY16 - FY19 financials have been restated to reflect the adoption of AASB16. Refer to slide 45 for AASB16 adjustments.

# INCREASING INTERNATIONAL CONTRIBUTION DRIVING GROWTH

- International now contributes more than 24% of look-through<sup>1</sup> revenue and 19% of look-through<sup>1</sup> EBITDA.
- International look-through<sup>1</sup> revenue and EBITDA grew 13% and 20% respectively in FY20 despite the impact of COVID-19 in H2.

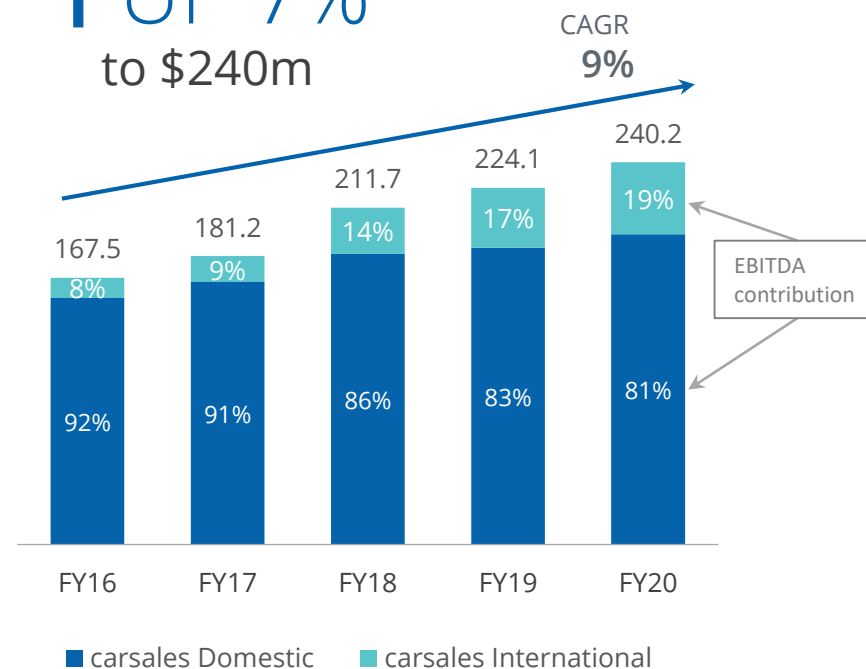
**Look-through<sup>1</sup> Adjusted Revenue<sup>2</sup> (\$m)**

↑ UP 3%  
to \$437m



**Look-through<sup>1</sup> Adjusted EBITDA<sup>2</sup> (\$m)**

↑ UP 7%  
to \$240m



1. 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 information on slide 41 for further details.

2. Adjusted Revenue and Adjusted EBITDA stated above is on a continuing basis, excludes certain non-recurring or non-cash items relating to restructuring and M&A transaction cost. See slide 41 regarding the disclosure of non-IFRS information and slides 42-43 for a reconciliation of Adjusted EBITDA to Reported EBITDA. FY19 results have been restated to reflect the adoption of AASB16. Refer to slide 45 for AASB16 adjustments.



# SUMMARY REVENUE & EBITDA PERFORMANCE

Full Year Ending 30 June 2020	\$A Millions		Growth	
	FY19 <sup>1</sup>	FY20	\$'s	%
<b>Adjusted Revenue<sup>2</sup></b>				
Online Advertising	300.1	296.7	(3.4)	(1%)
Dealer	153.9	168.7	14.8	10%
Private	82.1	77.8	(4.3)	(5%)
Media	64.1	50.2	(13.9)	(22%)
Data, Research and Services	43.2	43.3	0.1	0%
Asia	65.1	75.5	10.4	16%
Latin America	9.1	7.6	(1.5)	(16%)
<b>Adjusted Revenue<sup>2</sup></b>	<b>417.5</b>	<b>423.1</b>	<b>5.6</b>	<b>1%</b>

<b>Adjusted EBITDA<sup>2</sup></b>				
Online Advertising	162.6	168.3	5.7	4%
Data, Research and Services	26.2	27.5	1.3	5%
Asia	34.5	40.7	6.3	18%
Latin America	(5.4)	(4.7)	0.7	13%
<b>Adjusted EBITDA<sup>2</sup></b>	<b>217.9</b>	<b>231.8</b>	<b>13.9</b>	<b>6%</b>
EBITDA Margin	52%	55%		3%

## Revenue

- Full year Adjusted Revenue<sup>2</sup> up 1% on pcp.
- Solid results from our Dealer segment reflecting the resilience of the used car market.
- Private revenue was lower due to the impact of COVID-19 in H2.
- Reduction in media revenue due to challenging new car market and advertising conditions.
- Solid underlying Data, Research and Services result excluding exit of some low margin contracts, RedBook data business a resilient source of growth.
- Excellent international result, with look-through<sup>3</sup> revenue up 13%, driven by good growth in South Korea and Brazil.

## EBITDA

- Adjusted EBITDA<sup>2</sup> up 6% to \$232m.
- Adjusted EBITDA growth in Online Advertising & DR&S reflects continued cost savings in core business and operating leverage.
- Strong international result with look-through<sup>3</sup> Adjusted EBITDA<sup>2</sup> up 20% underpinned by excellent results in South Korea and Brazil, albeit Brazil growth rate was negatively impacted in H2 by COVID-19.
- Expanding Asia margin reflects operating cost leverage in South Korea.
- Reduction in EBITDA losses in Latin America reflects cost control measures.

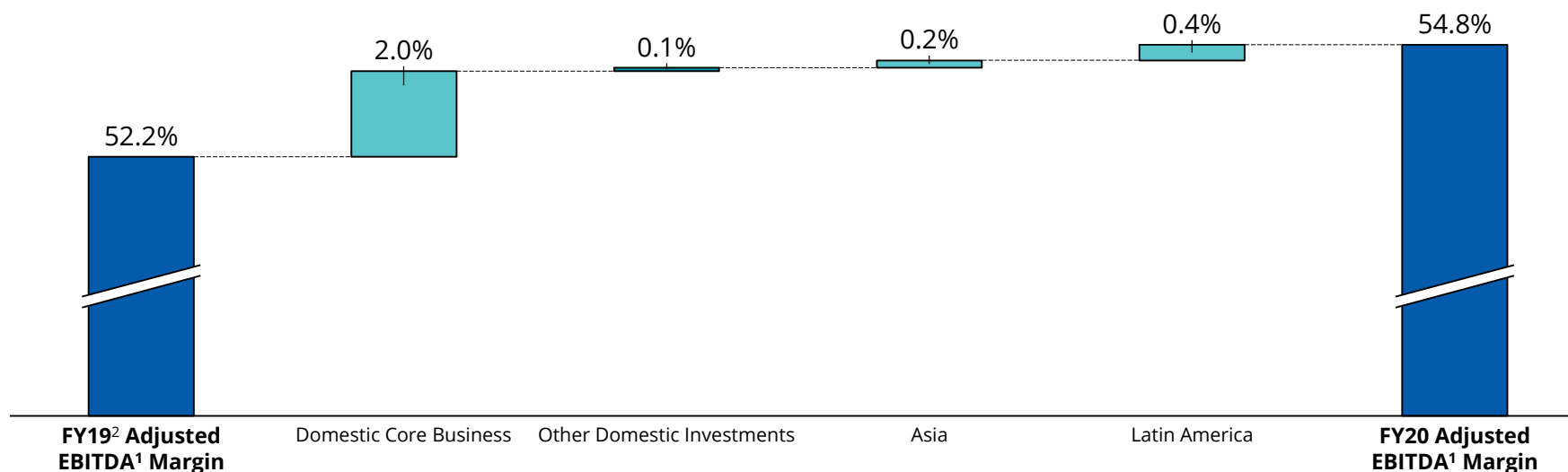
1. FY19 EBITDA has been restated to reflect the adoption of AASB16. Refer to slide 45 for AASB16 adjustments.

2. Adjusted Revenue and Adjusted EBITDA stated above is on a continuing basis, excludes certain non-recurring items. See slide 41 regarding the disclosure of non-IFRS Information and slides 42-43 for a reconciliation of Adjusted EBITDA to Reported EBITDA.

3. For look-through definition refer slide 12

# GOOD EXPANSION IN DOMESTIC AND INTERNATIONAL MARGINS

Good growth in overall margin from 52% to 55%, driven by expansion across all segments, particularly in the Domestic core business.



## Domestic highlights

- Domestic core business margin expanded from 62.4% to 65.2% in FY20, reflecting a range of cost control measures including reduced marketing spend, wages and other discretionary costs.
- Domestic investments of tyresales and RedBook Inspect improved EBITDA margin by 0.1%.

## International highlights

- Asia growth reflects margin expansion in South Korea.
- Reduced losses in Latin America had a positive impact on overall margins.

1. Adjusted EBITDA stated above is on a continuing basis, excludes certain non-recurring or non-cash items relating to restructuring and M&A transaction cost. See slide 41 regarding the disclosure of non-IFRS information and slides 42-43 for a reconciliation of Reported to Adjusted Financials.

2. FY19 results have been restated to reflect the adoption of AASB16. Refer to slide 45 for AASB16 adjustments.

# ADJUSTED NET PROFIT AFTER TAX SUMMARY

Full Year Ending 30 June 2020	\$A Millions		Growth	
	FY19 <sup>1</sup>	FY20	\$'s	%
<b>Adjusted Revenue<sup>2</sup></b>	<b>417.5</b>	<b>423.1</b>	<b>5.6</b>	<b>1%</b>
Total operating expenses	199.6	191.3	8.3	4%
<b>Adjusted EBITDA<sup>2</sup></b>	<b>217.9</b>	<b>231.8</b>	<b>13.9</b>	<b>6%</b>
<i>EBITDA margin</i>	<i>52.2%</i>	<i>54.8%</i>		
Depreciation & amortisation	23.4	28.2	(4.8)	(21%)
<b>EBIT</b>	<b>194.5</b>	<b>203.6</b>	<b>9.1</b>	<b>5%</b>
Net finance costs	15.5	14.3	1.2	8%
<b>Profit Before Tax</b>	<b>179.0</b>	<b>189.3</b>	<b>10.3</b>	<b>6%</b>
Income tax expense	52.9	56.5	(3.6)	(7%)
Profits from associates	3.7	4.7	1.0	27%
Non-controlling interests (NCI)	0.4	0.7	0.3	75%
<b>Adjusted NPAT<sup>2</sup> (continuing operations)</b>	<b>130.2</b>	<b>138.2</b>	<b>8.0</b>	<b>6%</b>
Adjusted Earnings per share (cents)	53.4	56.4	3.0	6%
Final Dividend per share (cents)	25.0	25.0	-	-

## Summary of Reported Results

Reported Revenue	417.5	395.6	(21.9)	(5%)
Reported EBITDA	212.9	202.0	(10.9)	(5%)
Reported NPAT (continuing operations)	132.1	119.9	(12.2)	(9%)
Reported Earnings per share (cents)	54.2	48.9	(5.3)	(10%)

The analysis above shows the Adjusted net profit after tax results of the business for FY20. Details of the reconciliation between Adjusted and Reported results are shown on slides 42-43. This analysis better reflect the underlying trading performance of the Group.

- D&A increased by \$4.8m due to increased depreciation of building fit outs, software assets and other growth capex - this investment supports Group wide growth and global platform projects.
- Net finance cost reduction reflects lower average interest rates.
- Profits from associates largely reflects NPAT contribution from webmotors.
- Refer to slides 42-43 for breakdown of adjustments.
- Final dividend of 25.0 cents per share declared, flat on pcp.
- Reported results impacted by COVID-19 dealer support package.

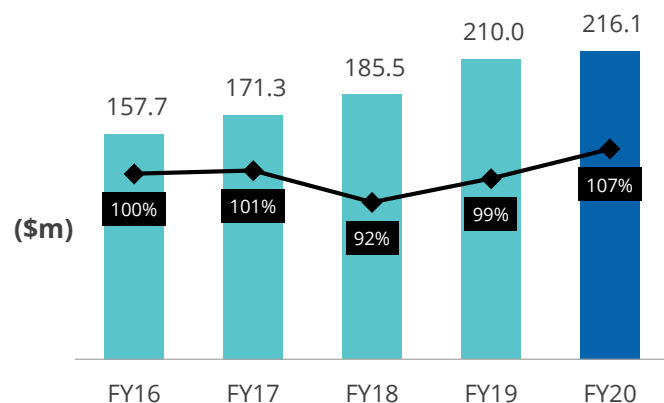
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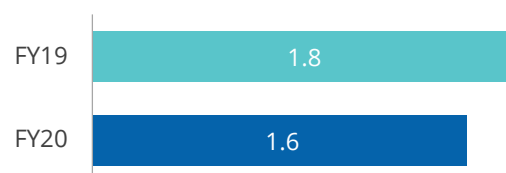


# STRONG CASH FLOW FROM OPERATIONS AND ROBUST BALANCE SHEET

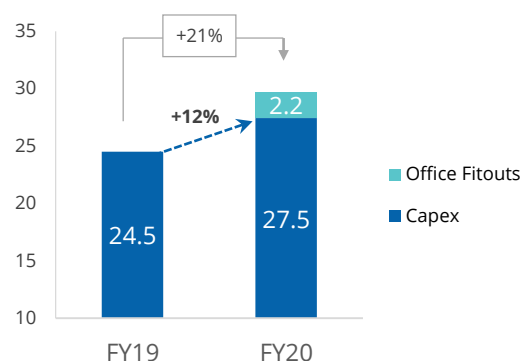
## Cash Flow<sup>2</sup> (column) and conversion from Reported EBITDA to cash (line)



## Leverage Ratio<sup>1</sup> (Net Debt/Adjusted EBITDA<sup>3</sup>)



## Capital expenditure (\$'m)



- Excellent conversion of EBITDA to cash flow demonstrates attractive working capital profile of the business, good cash collections and timing benefit on payables.
- Capex up 21% reflecting continued investment in technology platforms supporting international and adjacent market expansion and the office fit out in Melbourne.
- Leverage ratio remains prudent at well under 2x Adjusted EBITDA<sup>3</sup>.
- Refinanced, extended and increased our debt facilities in June 2020.

## Net debt<sup>1</sup>

\$A Millions	Jun-19	Jun-20
Borrowings	474.6	544.2
Swaps	17.4	14.2
Cash	(94.4)	(179.9)
<b>Net Debt</b>	<b>397.6</b>	<b>378.5</b>

1. Net debt includes total borrowings and cross currency interest swaps less total cash as at 30 June 2020 as per published balance sheet, excluding Stratton and lease liabilities. Ratios above are based on reported financial outcomes and may vary with bank covenant definitions.

2. Operating cash flow less tax (excluding Stratton).

3. Adjusted EBITDA stated above is on a continuing basis, excludes certain non-recurring items. See slide 41 regarding the disclosure of non-IFRS Information and slides 42-43 for a reconciliation of Adjusted EBITDA to Reported EBITDA. FY16 - FY19 results have been restated to reflect the adoption of AASB16. Refer to slide 45 for AASB16 adjustments.

# CARSALES AUSTRALIA



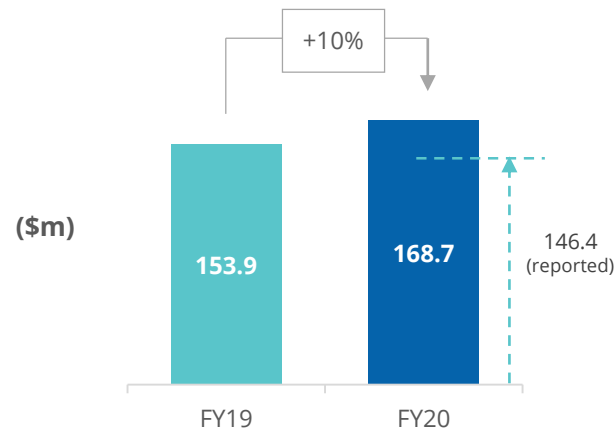
# AUSTRALIA FY20 KEY FOCUS AREAS

	Key Strategic Objectives	FY20 Focus Areas
<b>Dealer</b>	<ul style="list-style-type: none"> <li>• Grow ROI for dealers on core transaction products</li> <li>• Increase penetration and usage of listing depth products</li> <li>• Create new revenue streams</li> </ul>	<ul style="list-style-type: none"> <li>✓ Marketing and site optimisation to drive increase in traffic, leads and yield</li> <li>✓ Increased adoption of Promote Automation and education of dealers on depth ROI</li> <li>✓ Enable dealers to integrate finance offerings with their car listings</li> </ul>
<b>Private</b>	<ul style="list-style-type: none"> <li>• Yield optimisation on core private revenue</li> <li>• Diversify revenue through value added services</li> </ul>	<ul style="list-style-type: none"> <li>● Explore dynamic pricing options</li> <li>✓ Add new wholesale Instant Offer partners and increase brand awareness</li> <li>● Expand inspection and tyresales breadth and scale</li> <li>✓ Increased take up of buyer products such as CarFacts</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Reinvigorate new car offering for consumers</li> <li>• Diversify traditional display revenues with new products</li> <li>• Introduce targeted programmatic offering</li> </ul>	<ul style="list-style-type: none"> <li>● Increase new car listings with OEMs and launch redeveloped New Car Showroom</li> <li>✓ Grow penetration of new video products through in-house content solutions agency</li> <li>✓ Monetise long tail inventory through in-house programmatic capability</li> </ul>
<b>Data, Research &amp; Services</b>	<ul style="list-style-type: none"> <li>• Expand dealer product portfolio to address gaps in the market</li> <li>• Grow penetration of trust and safety products</li> <li>• Build and enhance engagement with members</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expand CarFacts and RedBook Warranty penetration</li> <li>✓ Execute fuel program with Shell to drive member engagement with carsales</li> <li>✓ Drive yield and volume for RedBook</li> </ul>

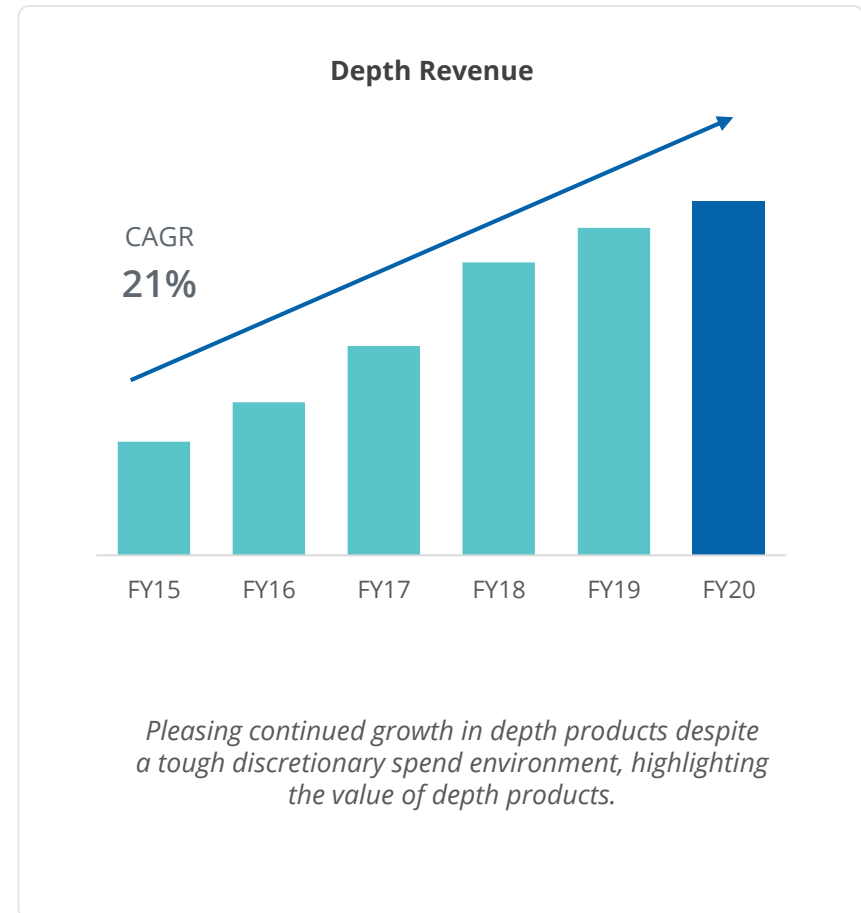


# DEALER

## Dealer Adjusted Revenue<sup>1</sup> up 10% to \$168.7m

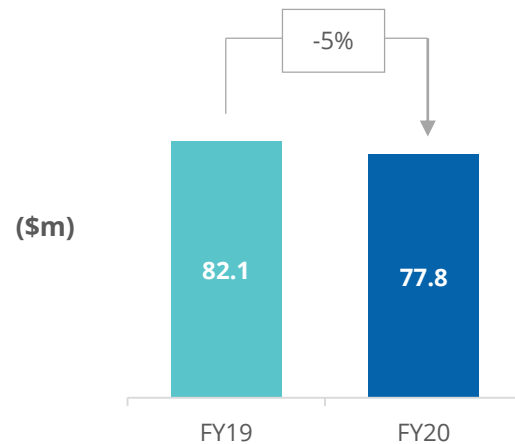


- Breadth of product offering and resilience of used car business underpinned solid Dealer performance.
- The used car lead volumes a key growth driver, reflecting continued market leadership and strength of used car market. Demand positively impacted in H2 by the car ownership trends emerging from COVID-19 (refer slide 9 for further detail).
- Also observed pleasing growth in depth products, reflecting the strong return on investment these products provide – refer graph adjacent.



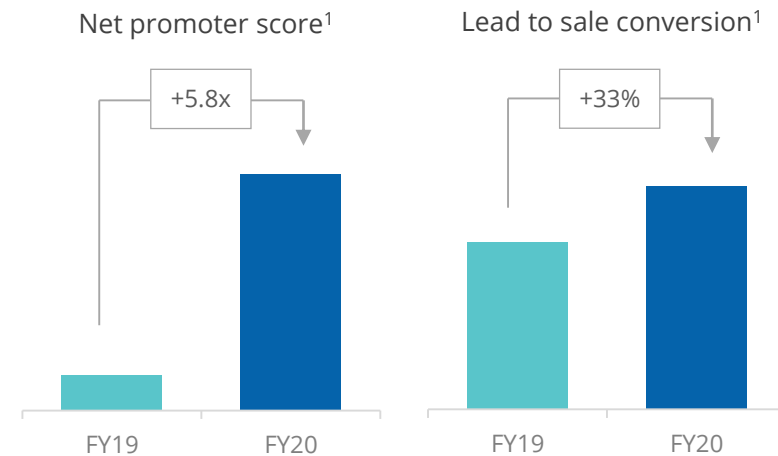
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## Private revenue down 5% to \$77.8m



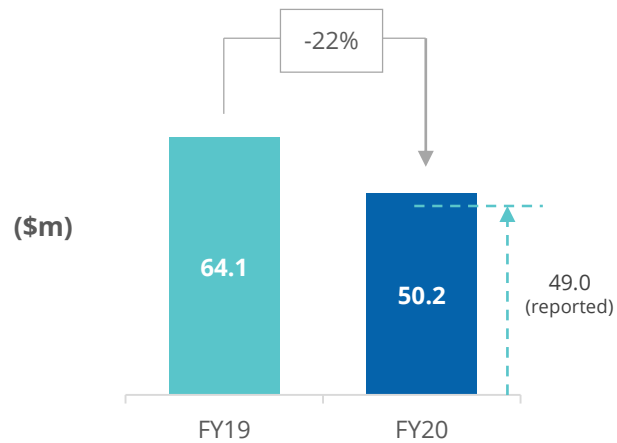
- Solid growth of 7% in H1 and a decline of 17% in H2. Growth in H1 reflective of growth in core private business, Instant Offer and tyresales.
- Decline in H2 largely reflects the negative impact from social distancing measures. Pleasing to see good recovery in core private business in the last quarter of the financial year as social distancing measures were eased.

## Instant Offer optimisation



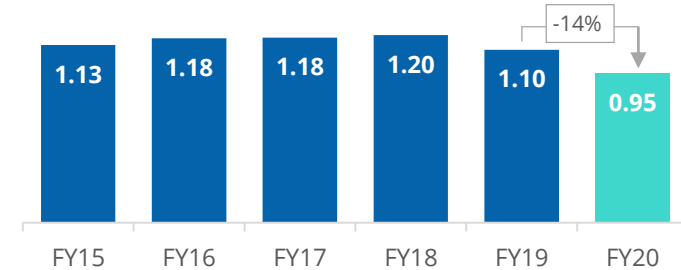
*Enhanced user experience and continued expansion of our supplier network resulted in a significant uplift in conversion from offer to sale and customer satisfaction.*

## Media Adjusted Revenue<sup>2</sup> down 22% to \$50.2m



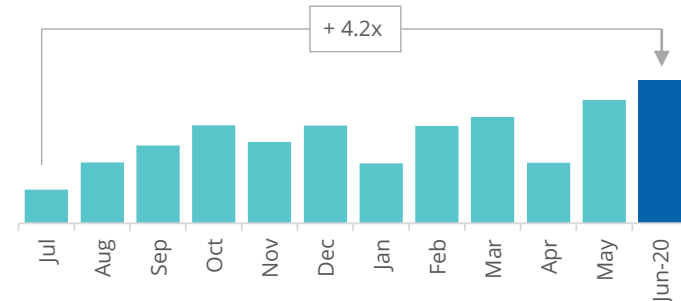
- Very challenging advertising environment due to significant reduction in new car sales and associated reduction in OEM advertising budgets. Declines accelerated in H2 due to the impact of COVID-19 with new car sales down 20%.
- The media business increased its share of a contracted market. This is testament to the continued attractiveness of our site as a digital marketing channel, the strong growth in our audience metrics and the benefits of our enhanced native and video product offering.

## VFACTS reported new car sales<sup>1</sup>



New car sales in FY20 declined 14% on pcp.

## Programmatic inventory sales volume<sup>2</sup>

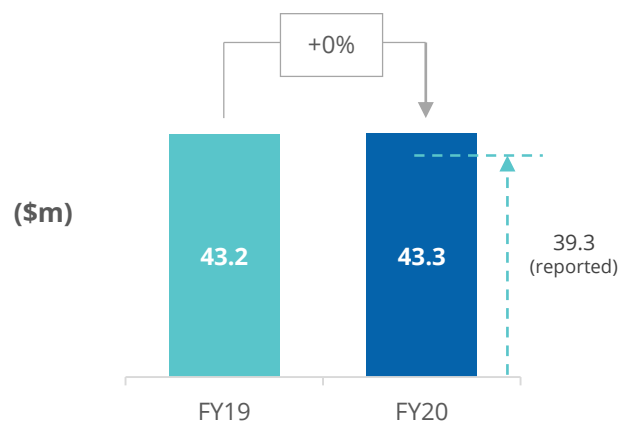


In FY20, we increased our programmatic selling capability. This enables us to monetise a higher proportion of our site traffic in an environment in which we are strongly growing our audience and site visits.

1. Reported new car sales, Federal Chamber of Automotive Industries. 2. carsales internal data  
 2. Adjusted Revenue stated above excludes COVID-19 support discount provided to dealers. See slide 41 regarding the disclosure of non-IFRS information and slides 42-43 for a reconciliation of Reported to Adjusted Financials.

# DATA RESEARCH & SERVICES

## DR&S Adjusted Revenue<sup>1</sup> flat on pcp to \$43.3

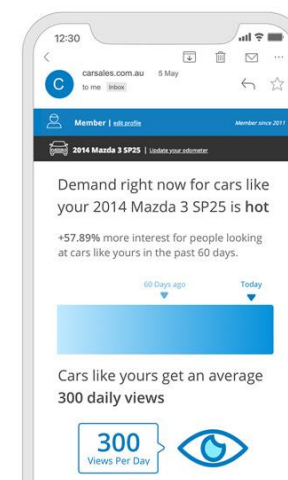


- Revenue growth impacted by intentional exit of low margin products and contracts. Underlying revenue growth of 5% in FY20 excluding this impact reflects the resilience of this segment.
- Our vehicle appraisals product continues to be a key growth driver, as dealers have focused on growing their used car inventory supply given challenges in other areas of their businesses.
- RedBook business continues to record pleasing revenue growth, consolidating its position as a market leading source of vehicle specification, valuation and pricing data.

## It's Odometer Day!

Update the odometer reading for your Mazda in your carsales garage to find out how much it's worth and more

We'll keep you updated on your car's demand...



*Increasing the accuracy of the odometer readings of cars improves our personalisation capability. Over 16,000 odometers were updated<sup>2</sup> and total cars in the virtual garage increased to over 484,000.<sup>2</sup>*

1. Adjusted Revenue stated above excludes COVID support discount provided to dealers. See slide 41 regarding the disclosure of non-IFRS information and slides 42-43 for a reconciliation of Reported to Adjusted Financials.  
2. carsales internal data





CARSALES  
INTERNATIONAL

# INTERNATIONAL FY20 KEY FOCUS AREAS

## Key Strategic Objectives

## FY20 Focus Areas

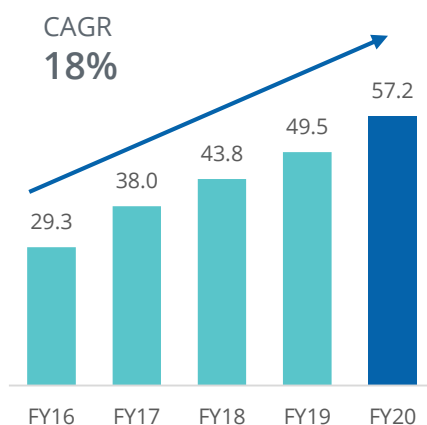
	Key Strategic Objectives	FY20 Focus Areas
<b>South Korea</b>	<ul style="list-style-type: none"> <li>• Increase dealer penetration and yield</li> <li>• Increase penetration and usage of depth products</li> <li>• Diversify revenue through new products and services</li> </ul>	<ul style="list-style-type: none"> <li>✓ Grow dealer penetration and expand Guarantee product volume through launch of 8 new branch complexes</li> <li>✓ Execute price rise on Guarantee products</li> <li>✓ Launch new native products to drive growth in display revenue</li> </ul>
<b>Brazil</b>	<ul style="list-style-type: none"> <li>• Increase dealer penetration</li> <li>• Increase dealer yield</li> <li>• Expand display offering</li> </ul>	<ul style="list-style-type: none"> <li>✓ Grow dealer penetration by leveraging Santander's existing and growing customer base and finance products</li> <li>✓ Increase dealer leads through optimised mobile site and improved take up of CRM tool Cockpit</li> <li>✓ New site optimised for display advertising</li> </ul>
<b>Other LATAM</b>	<ul style="list-style-type: none"> <li>• Overall – invest in global platform and marketing to drive #1 positions in all markets</li> <li>• Chile – execute multiple dealer growth opportunities</li> <li>• Mexico and Argentina – grow key customers, audience and inventory metrics to achieve #1 market positions</li> </ul>	<ul style="list-style-type: none"> <li>✓ Chile – roll out new dealer packages with additional products and increased yield</li> <li>● Mexico – expedite growth in dealer numbers through improved product offering</li> <li>✓ Argentina – roll out inventory and lead management tools to drive dealer engagement and growth</li> </ul>

## Impressive performance given challenging macroeconomic conditions

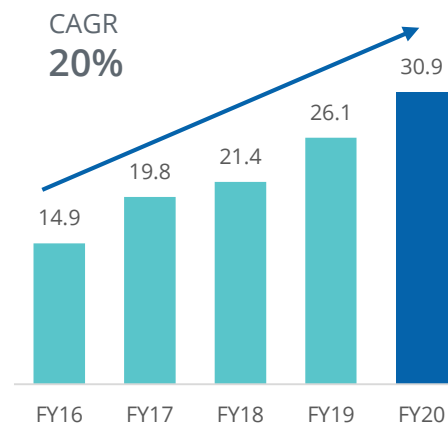
	\$A Millions		Growth		Constant Currency (%)
	FY19 <sup>1</sup>	FY20	\$'s	%	
Revenue	61.0	71.2	10.1	17%	16%
EBITDA	32.2	38.5	6.3	20%	18%

- While South Korea has clearly been impacted by COVID-19, economic activity to date has been significantly less impacted than most other countries.
- Recorded growth in all its key operating metrics of inventory, listing volumes and traffic. The business has benefited from the accelerated migration of the car buying process towards online sources driven by COVID-19.
- The business also made a seamless transition away from the SK brand, with strong traffic growth demonstrating the underlying strength of the Encar brand.
- Key revenue growth drivers were:
  - Guarantee vehicle inspection service, with the opening of 9 new branches and continued improvements in utilisation of existing branches.
  - Standard dealer listing volume growth of 8% on pcp.
  - Strong growth in the redesigned Dealer Direct product, which is similar to carsales' Instant Offer product.
- Very good growth in key operational metrics of traffic and leads reflecting continued market leadership:
  - 15% increase in visits<sup>2</sup>;
  - 14% increase in leads<sup>2</sup>;
- Continuing to grow margins through operating leverage.

### Revenue (KRW bn)



### EBITDA (KRW bn)



1. FY19 results have been restated to reflect the adoption of AASB16. Refer to slide 45 for AASB16 adjustments.  
 2. Visits and leads generated for the period Jul-19 to Jun-20 compared with Jul-18 to Jun-19.

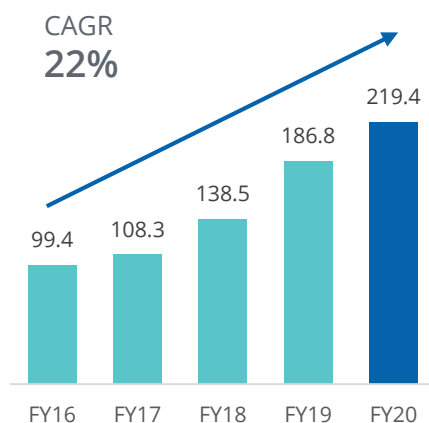


Pro-forma 100%	\$A Millions		Growth		Constant Currency (%)
	FY19	FY20	\$'s	%	
Revenue <sup>1</sup>	67.8	74.6	6.8	10%	17%
EBITDA <sup>1</sup>	29.3	30.4	1.1	4%	10%

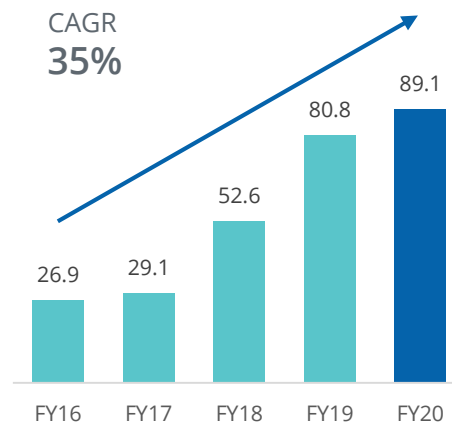
### carsales Share of Earnings (30% owned – equity accounted)

	\$A Millions		Growth		Constant Currency (%)
	FY19	FY20	\$'s	%	
Reported NPAT	5.1	5.1	(0.0)	(1%)	4%
Adjusted NPAT <sup>2</sup>	5.7	5.6	(0.1)	(2%)	4%

### Revenue<sup>4</sup> (BRLm)



### EBITDA<sup>4</sup> (BRLm)



Strong underlying growth rates as webmotors consolidates its no.1 market position. H2 impacted by COVID-19.

- Finance revenue now a material contributor to the business, comprising more than 15% of revenue and growing rapidly. Growth driven by Santander bank integration, which allows seamless credit integration into Cockpit (webmotors CRM).
- The business commenced its large scale regional expansion plan at the start of H2 that was showing very positive signs with a material uplift in dealer numbers, traffic and leads. Unfortunately, the onset of COVID-19 has delayed further rollout of this plan. Nevertheless, this highlights the opportunity for webmotors to continue growing organically as Brazil emerges from lockdown.
- The business adopted strong cost control measures in Q4 to mitigate the impact of revenue declines during the height of the lockdown in April.
- Key financial and non-financial operating metrics showed strong signs of recovery in June, albeit still lower than Q3 run rate.
- Outstanding growth in Leads<sup>3</sup> up 57% on pcp in FY20. Dealer customer<sup>4</sup> numbers up 7%.

1. Revenue and EBITDA stated is 100% of the revenue and EBITDA for the business.

2. Adjusted NPAT stated above excludes intangible amortisation. The carsales share of earnings is based on owning the percentage set out above. See slide 41 regarding the disclosure of non-IFRS information and slides 42-43 for a reconciliation of Reported to Adjusted Financials.

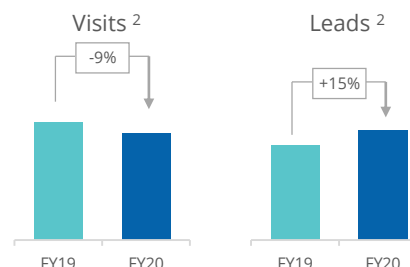
3. Lead volume generated for the period Jul-19 to Jun-20 compared with Jul-18 to Jun-19

4. Dealer customer volume counts as at 30 June 2020 compared with 30 June 2019

## Strong growth in Mexico, performance in Chile and Argentina impacted by macro conditions

### CHILE

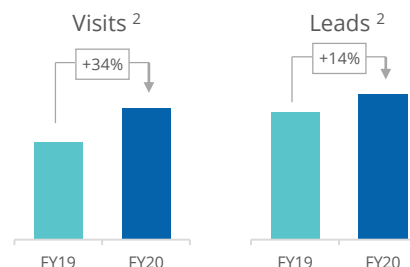
	\$A Millions		Growth		Constant Currency (%)
	FY19 <sup>1</sup>	FY20	\$'s	%	
Revenue	5.9	4.8	(1.1)	(19%)	(13%)
EBITDA	2.0	1.6	(0.4)	(20%)	(15%)



- Weaker results in Chile driven by macroeconomic challenges posed by the pandemic and civil unrest. Lead volumes were resilient, up 15% on pcp.
- EBITDA result managed through cost control.

### MEXICO<sup>3</sup>

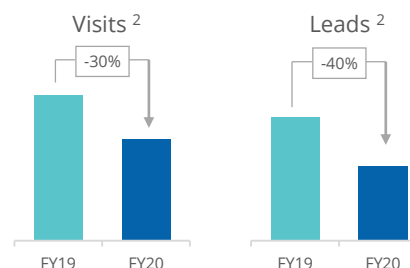
	\$A Millions		Growth		Constant Currency (%)
	FY19 <sup>1</sup>	FY20	\$'s	%	
Revenue	1.5	1.8	0.3	22%	25%
EBITDA	(4.3)	(4.3)	0.0	1%	1%



- Good revenue growth despite the challenging trading environment. Revenue growth was driven by increases in dealer yield and Media revenue as the business is benefiting from carsales' IP and technology.
- Continue to make excellent progress towards achieving clear vertical market leadership in Mexico due to continued investment in product, marketing and technology.

### ARGENTINA

	\$A Millions		Growth		Constant Currency (%)
	FY19 <sup>1</sup>	FY20	\$'s	%	
Revenue	1.3	0.7	(0.6)	(46%)	(24%)
EBITDA	(2.4)	(1.6)	0.8	33%	(0%)



- Continued challenging market conditions given ongoing high inflation and the impacts of the pandemic.
- Strong cost discipline helped mitigate this impact.

1. FY19 results have been restated to reflect the adoption of AASB16. Refer to slide 45 for AASB16 adjustments.

2. Visits and leads generated for the period Jul-19 to Jun-20 compared with Jul-18 to Jun-19.

3. Mexico represents soloautos entity and excludes the Mexican inventory management business.





# STRATEGY UPDATE

# CARSALES STRATEGY

OUR PURPOSE: *We empower people to move freely through our world-leading marketplaces*

*We are focused on three strategic priorities...*

## Digital marketplaces

To grow our global leadership in digital automotive classified solutions for consumer and commercial customers

## Value added services

To build a compelling ecosystem of services that support dealers, OEMs, corporate and private consumers through the buying, selling and ownership of vehicles

## Future horizons

Leveraging consumer insights and industry trends to explore new opportunities in core and adjacent markets, and beyond

*... supported by three enablers...*

**Data** | To become a 'best-in-class' data-driven company, with unrivalled data and analytics to help customers understand their audience and commercial clients to grow their businesses

**People** | To be an employer of choice and destination for talent by continuously evolving our culture of inclusion, learning, leadership, performance and passion

**Technology** | To build 'best-in-class' global platform-based software services that exceed the expectations of our customers and drive continued growth in the carsales business

*... and underpinned by our unique culture*

## Our DNA

Innovation | Simplicity | Customer focus

## Our Values

Enjoyment | Respect | Integrity | Communication | Honesty



# AUSTRALIA FY21 KEY FOCUS AREAS

	Key Strategic Objectives	FY21 Focus Areas
<b>Dealer</b>	<ul style="list-style-type: none"> <li>• Grow ROI for dealers on core transaction products</li> <li>• Increase penetration and usage of listing depth products</li> <li>• Monetise dealer finance</li> </ul>	<ul style="list-style-type: none"> <li>• Launch dealer ratings on details pages to improve lead conversion</li> <li>• Expand usage of recurring, no-touch promote products</li> <li>• Commence monetisation of dealer finance <b>(update on following slides)</b></li> </ul>
<b>Private</b>	<ul style="list-style-type: none"> <li>• Grow penetration of trust and safety products</li> <li>• Yield optimisation on core private revenue</li> <li>• Drive growth in inspection volumes through new service offerings</li> </ul>	<ul style="list-style-type: none"> <li>• Launch enhanced buyer insights products <b>(update on following slides)</b></li> <li>• Increase yield through dynamic pricing models</li> <li>• Commence inspection and certifications of non-auto brands</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Diversify customer base</li> <li>• Increase programmatic capability</li> </ul>	<ul style="list-style-type: none"> <li>• Grow share of non-automotive media spend through broader industry targeting and a tailored product set</li> <li>• Upgrade ad server tech functionality to increase programmatic capability and monetisation of inventory</li> </ul>
<b>Data, Research &amp; Services</b>	<ul style="list-style-type: none"> <li>• Expand dealer product portfolio to address gaps in the market</li> <li>• Build and enhance engagement with members</li> </ul>	<ul style="list-style-type: none"> <li>• Release new value added products for dealers</li> <li>• Increase feature experience for logged-in members</li> <li>• Execute Owner Accelerate membership program to drive better engagement with our Virtual Garage <b>(update on following slides)</b></li> </ul>

# DEALER KEY FOCUS AREAS

## Dealer Finance Integration

- Significant focus area given the annual value of the automotive finance market in Australia is c.\$35b.
- Integrated finance listings on carsales to increase awareness of a dealer's finance offering.
- Successfully executed multiple partnerships with Financial Service Providers and third parties in the last 12 months.
- We are also developing a more sophisticated integration with a third party, which enables carsales' consumers to access a finance score that includes an Equifax credit rating, determines their borrowing power, and shows a variety of repayment options.
- Currently all finance advertisements are being conducted under trial conditions, with optimisations being made to the product and functionality.
- In FY21 we expect to commence monetisation. carsales currently has approximately 2,500 with finance available and expect this to grow materially across FY21.

**\$78,990\***  
Excl. Govt. Charges

Finance

Finance Estimate

**\$334<sup>^</sup>** Per Week      **9.5% p.a.<sup>#</sup>** Comparison Rate

5 Year Term, 0.0% Deposit, 15.0% Final Payment

[Enquire about finance](#)    [^#View disclaimer](#)

**Enquire on this car**


Full Name

Email

Phone No.      Postcode

Comment or Message

**Send Enquiry**



**Volkswagen**  
Financial Services

**ŠKODA**  
Financial Services

**Audi**  
Financial Services

**LAND ROVER**  
FINANCIAL SERVICES

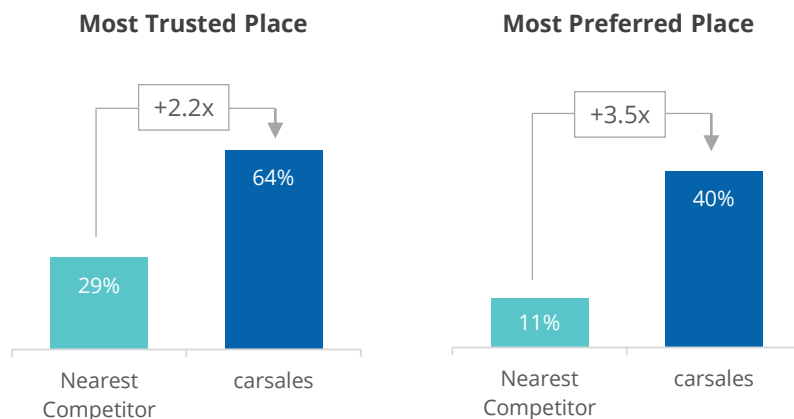
**JAGUAR**  
FINANCIAL SERVICES

**Porsche**  
Financial Services

# PRIVATE KEY FOCUS AREAS

Providing our car buyers with better insights and greater confidence is a key focus area for FY21

- carsales has a **2.2x** lead over our nearest competitor when measuring trust<sup>1</sup> and a **3.5x** lead over our nearest competitor when measuring preference for buying and selling cars<sup>2</sup>
- Maintaining this lead requires ensuring our trust and safety products continually improve and provide users with confidence that the car they are buying is safe and reliable. We are transitioning our existing CarFacts product to an interactive experience that will provide smarter insights in an enhanced environment
- Buyers will have access to various insights including car history, market insights and pricing guides, detailed information on competitive sets as well as expert reviews and ratings



## Trust & Safety Insights



6% are recorded as a write-off<sup>3</sup>



1% have an odometer discrepancy<sup>3</sup>



Every 9 minutes a car is stolen<sup>4</sup>



6% of recalled airbags need replacement<sup>5</sup>

*With over 19 million cars on the road in Australia, we help give buyers confidence that the car they are buying is the right one*

## Market Intelligence Insights



Market pricing comparisons



Competitive set comparisons



Market interest levels



Expert reviews and ratings

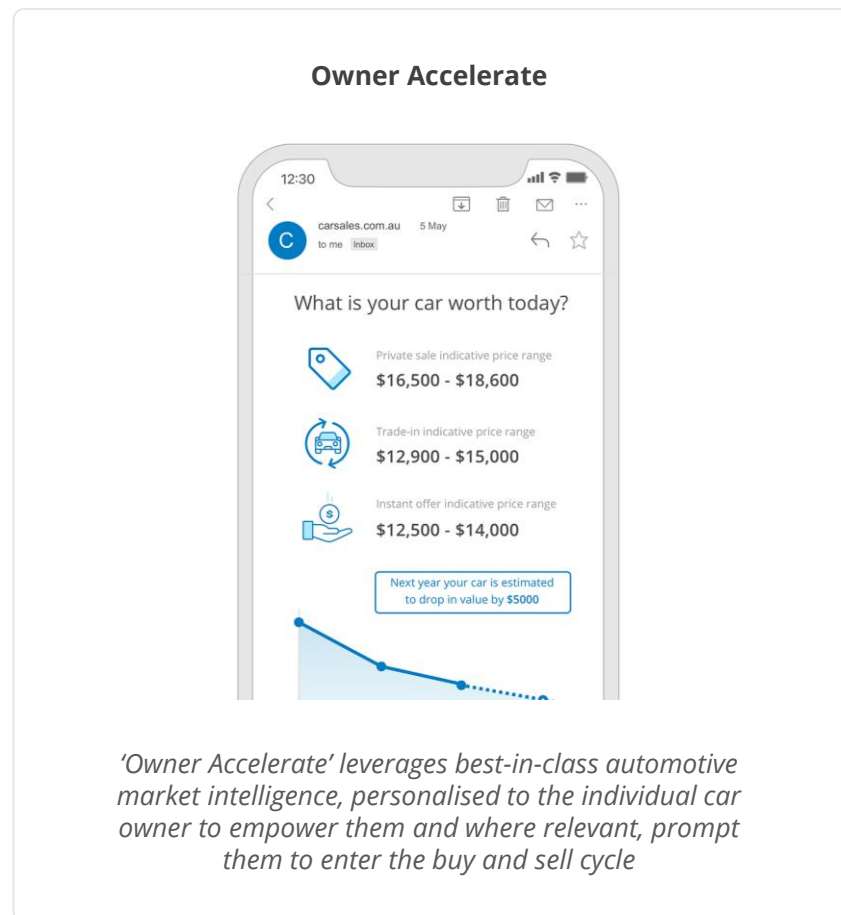
*By leveraging our vast data and insights we can improve buyer confidence to get the right deal*

1. Study conducted by independent research agency Nature Pty Ltd Market brand health tracker. June 2020 2. Nielsen DCR, Monthly average Jul-19 – Jun-20. 3 carsales internal data. 4 carsafe.com.au theft Watch Mar-19 - Mar-20. 5 <https://www.accc.gov.au/media-release/motorists-urged-to-check-for-deadly-takata-airbags-during-covid-19> ACCC 5 May 2020 'There remains 228,764 airbag inflators (5.6%) in 196,299 vehicles outstanding for replacement.'

# DATA, RESEARCH & SERVICES KEY FOCUS AREAS

Providing a personalised experience for our members during each stage of the ownership journey will be key to driving long-term loyalty

- There is a significant opportunity for us to expand the scope of our engagement with our 6M members throughout the entire car ownership lifecycle
- In 2020, we launched a program to celebrate 'Odometer Day' which encouraged existing members to add their car to the 'Virtual Garage' within their account – as a value exchange, these members will now receive regular market insights about their vehicle including its demand, current and future resale value and how it compares to similar cars for sale
- This program (Owner Accelerate) drove a significant increase in the number of cars added to our 'Virtual Garage' and is key to creating ongoing engagement with our audience, enabling us to provide contextual offers and increase customer lifetime value



*'Owner Accelerate' leverages best-in-class automotive market intelligence, personalised to the individual car owner to empower them and where relevant, prompt them to enter the buy and sell cycle*

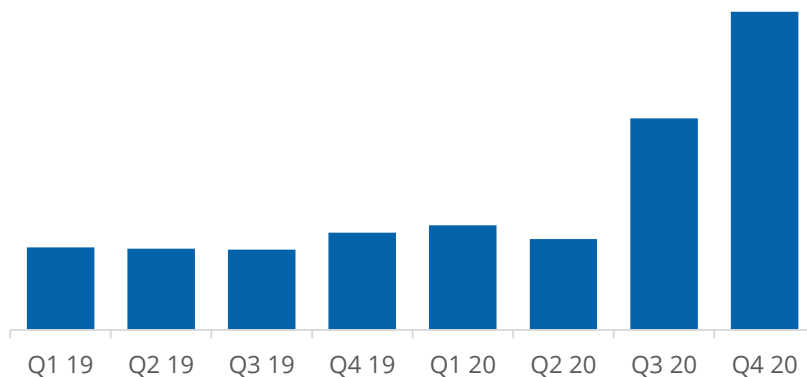
# INTERNATIONAL FY21 KEY FOCUS AREAS

	Key Strategic Objectives	FY21 Focus Areas
<b>South Korea</b>	<ul style="list-style-type: none"> <li>• Increase penetration and usage of Guarantee product</li> <li>• Increase contribution of private and media products through improved product offering</li> </ul>	<ul style="list-style-type: none"> <li>• Open new Guarantee sites in strategic locations and continue increasing utilisation by enhancing efficiency at sites to allow inspection of more vehicles.</li> <li>• Expand the supply of participating Dealer Direct dealers</li> <li>• Optimise existing native/mobile ad products and develop new media products including new model launches</li> </ul>
<b>Brazil</b>	<ul style="list-style-type: none"> <li>• Increase monetisation of Cockpit products</li> <li>• Increase contribution of finance revenue</li> <li>• Increase traffic and lead volumes to dealers</li> <li>• Expand webmotors regional brand presence (conditions permitting)</li> </ul>	<ul style="list-style-type: none"> <li>• Commence monetisation of <i>CRM +smart</i> subscription</li> <li>• Expand volume of eligible home delivery cars</li> <li>• Broaden customer base of OEMs using display products</li> <li>• Restart regional brand marketing and expansion campaign if conditions allow</li> </ul>
<b>Other LATAM</b>	<ul style="list-style-type: none"> <li>• Continue to invest in global platform and product optimisations to drive key operating metrics and consolidate market leading positions</li> <li>• Optimise finance opportunity</li> <li>• Deploy new inventory and lead management platform</li> </ul>	<ul style="list-style-type: none"> <li>• Deploy new inventory and lead management platform, which will complement improved dealer monetisation.</li> <li>• Drive enhanced data and analytics capabilities across the region</li> <li>• Chile and Argentina – execute finance partnerships with local banks.</li> </ul>

## Dealer Direct

- Dealer Direct is a similar product to carsales' Instant Offer. The consumer lists their car and multiple dealers participate in a 24-hour auction. The three highest bidders win the right to interact with the consumer and if the car's condition is as described the bid is honoured.
- Due to the competitive nature of the process, the consumer accepts a price that is only 5-15% lower than what they would ordinarily receive in a private sale process, but sells the car immediately.
- The successful dealer pays a success fee of 1% on cars over ~AUD12k as well as a recurring flat monthly fee to participate in auctions. Changes to the commercial model and COVID-19 effects have accelerated the product's usage in H2, with revenue up 199% in H2 on pcp.

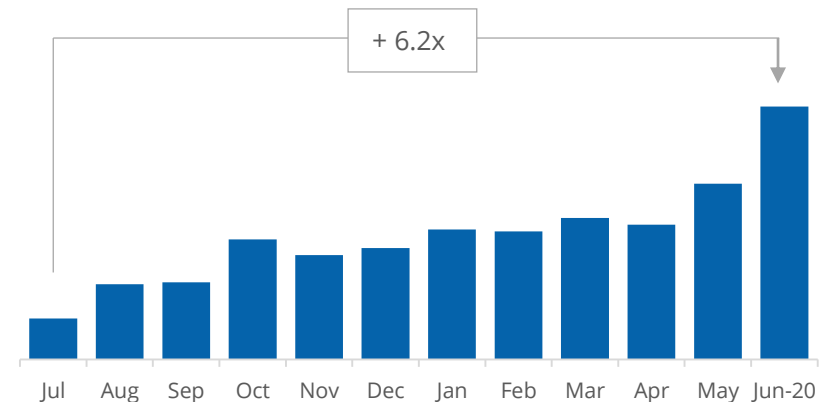
Dealer Direct Revenue (KRW, millions)



## Home Delivery

- The Home Delivery product was launched in July 2019, which brings the entire searching, inspection and buying process online.
- The product steps are as outlined below:
  1. The consumer chooses a vehicle that is part of the Home Delivery service;
  2. Encar consultants inspect the vehicle and guarantee the car is correctly advertised and has not been in any accidents;<sup>1</sup>
  3. The consumer makes full payment to an escrow service;
  4. Delivery takes place and payment is released to the dealer. The consumer has a 7 day cooling off period, where they can access a refund less fees.
- Encar then make a commission fee once the consumer has taken delivery of the vehicle.

Home Delivery Fulfilled Order Volume<sup>2</sup>



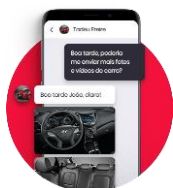
1. No damage to the mainframe of the car. | 2. carsales internal data

## Support & Innovation Through COVID-19

- In support of Brazilian automotive dealers, webmotors helped reduce short term operating costs and allowed extended credit terms for dealers.
- In addition, other services have been extended to dealers at no charge:
  - All webmotors University courses have been extended to dealers;
  - A series of free webinars of have been conducted;
  - From March through to June, dealers had free access to webmotors' CRM +smart subscription which includes: an in-app video conferencing feature, and the recently launched car delivery service.
- The dealer is responsible for the digital contract generation, signing and delivery of the vehicle. Access to the advanced will be monetised from July onward as take-up during the free trial period has been strong, with 85% of dealer cars eligible.
- The steps involved in the buying process are outlined below:



Find cars with the delivery badge



Request photos & negotiate with the dealer



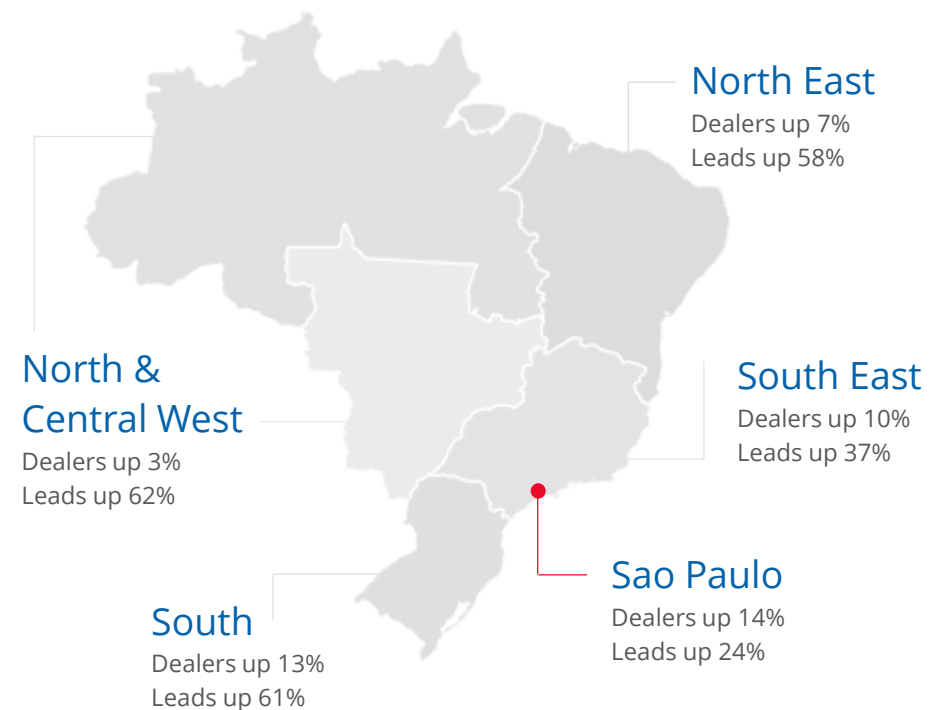
The contract is arranged by the dealer



The dealer delivers the car to the consumer

## Regional Expansion Plan

- Throughout the year webmotors pushed into regional locations outside of the Sao Paulo area and acquired new dealers and website traffic volume.
- webmotors acquired over 1,000 new dealers at March-20 v PCP, before reducing marketing costs during COVID-19.
- Leads generated from the incremental activity increased significantly also.<sup>1</sup>



1. carsales internal data, leads Jul-19 – Jun-20 v Jul-18 – Jun-19.





# FY21 TRADING OBSERVATIONS

# FY21 TRADING OBSERVATIONS

## Overall Summary

- COVID-19 continues to create uncertainty in our operating environment
- While lockdowns in most regions have been lifted, Metro Melbourne and Regional Victoria are currently in stage 4 and 3 lockdowns and localised lockdowns in other jurisdictions remain a real possibility
- We will continue to focus on managing costs
- Remain committed to investing in product and market leading positions
- Business is well diversified across geography and product – international now represents 19% of total look-through<sup>1</sup> EBITDA, significant diversification in Australia across states and territories
- Used car market has proven very resilient with volumes rebounding quickly after lockdowns have been lifted, business has limited exposure to new car market
- Trends coming out of COVID-19 very positive for carsales – continued digital adoption, increased propensity for car ownership
- Business is well funded with low gearing, strong liquidity and strong cash generation to fund growth capital and dividends

1. For look-through definition refer to slide 13.

# SPECIFIC TRADING OBSERVATIONS

Given the continuing uncertainty due to COVID-19, we are not providing specific guidance on our financial expectations for FY21. We do, however provide the following current trading observations.

## Australia

- Dealer:
  - In July 2020, overall lead volumes grew strongly on the prior corresponding period (pcp).
  - Lead volumes in Victoria are now being impacted by the metro Melbourne restrictions. Other states still showing strong growth on pcp.
  - Implemented Dealer support package for metro Melbourne dealers – 100% rebate on all fees from 6th of August 2020 until stage 4 restrictions are lifted.
- Private:
  - Private listing volumes had largely recovered to pre-COVID levels in July 2020.
  - Listing volumes now being impacted by stage 4 metro Melbourne restrictions. Other states still performing well, recording pre-COVID listing volumes.
  - Lower volumes in tyresales expected in FY21 reflecting Q4 run rate and metro Melbourne restrictions.
- Media and new car market:
  - Improving signs in new car activity in June and July, with some recovery in media revenue run rate against pcp. Stage 4 restrictions in Melbourne could impact this recovery. Expecting media revenue to be lower than pcp in the first half.

## International

- South Korea:
  - At the start of FY21, key operating metrics of inventory, listing volumes and traffic are all growing well reinforcing continued good growth in revenue and EBITDA on pcp.
- Brazil:
  - Despite high continuing infection rates, we have observed a good rebound in key metrics since June as Brazil emerges from lockdown. Traffic, leads and revenue are now showing growth on pcp in early FY21.
- LATAM
  - Key operating metrics still impacted by continuing restrictions in Chile, Mexico and Argentina. Profitability being well managed through strong cost control. In a good position to leverage unserved consumer demand and recent product development investment as countries emerge from COVID19 restrictions.



A close-up, low-angle shot of a motorcycle's front wheel and brake disc. The wheel features a multi-spoke alloy rim. The brake disc is a perforated metal plate with a series of small circular holes around its circumference. The lighting is warm and directional, creating strong highlights and deep shadows that emphasize the metallic textures and mechanical details. The background is a blurred, sandy or dusty ground.

# 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", "Adjusted" 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

\$A Millions	FY19 <sup>1</sup>			FY20		
	Revenue	EBITDA	NPAT	Revenue	EBITDA	NPAT
<b>Reported Financials (continuing operations)</b>	<b>417.5</b>	<b>212.9</b>	<b>132.1</b>	<b>395.6</b>	<b>202.0</b>	<b>119.9</b>
Dealer Support Package <sup>2</sup>	-	-	-	27.5	27.5	19.3
Restructuring and M&A transaction costs <sup>2</sup>	-	1.8	1.3	-	2.3	2.0
Bad Debt Write-off <sup>2</sup>	-	3.1	2.2	-	-	-
Option Discounting Unwind	-	-	0.4	-	-	-
Option Movement in Fair Value	-	-	(11.3)	-	-	(7.2)
Loss / (Gain) on disposal of business	-	-	-	-	-	0.5
One-off tax adjustment	-	-	-	-	-	3.7
Gain on associate dilution	-	-	(1.6)	-	-	-
Fair value revaluation post NCI	-	-	-	-	-	(7.1)
Total acquired intangible amortisation <sup>2</sup>	-	-	7.0	-	-	7.1
<b>Adjusted Financials (continuing operations)</b>	<b>417.5</b>	<b>217.9</b>	<b>130.2</b>	<b>423.1</b>	<b>231.8</b>	<b>138.2</b>

1. FY19 results have been restated to reflect the adoption of AASB16. Refer to slide 45 for AASB16 adjustments.

2. Tax effected

# ADJUSTED FINANCIALS - CONTINUING OPERATIONS

\$A Millions	FY19 <sup>1</sup>			FY20			Growth %	
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted	Reported	Adjusted
<b>Revenue</b>	<b>417.5</b>	-	<b>417.5</b>	<b>395.6</b>	<b>27.5</b>	<b>423.1</b>	<b>(5.2%)</b>	<b>1.3%</b>
Total operating expenses	204.6	(5.0)	199.6	193.6	(2.3)	191.3	5.4%	4.2%
<b>EBITDA</b>	<b>212.9</b>	<b>5.0</b>	<b>217.9</b>	<b>202.0</b>	<b>29.8</b>	<b>231.8</b>	<b>(5.1%)</b>	<b>6.4%</b>
<i>EBITDA margin</i>	<i>51.0%</i>		<i>52.2%</i>	<i>51.1%</i>		<i>54.8%</i>		
Depreciation & amortisation	31.4	(8.0)	23.4	36.3	(8.1)	28.2	(15.6%)	(20.5%)
<b>EBIT</b>	<b>181.5</b>	<b>13.0</b>	<b>194.5</b>	<b>165.7</b>	<b>37.9</b>	<b>203.6</b>	<b>(8.7%)</b>	<b>4.7%</b>
Net financing cost	4.7	10.8	15.5	7.1	7.2	14.3	(51.1%)	7.7%
<b>Profit Before Tax</b>	<b>176.8</b>	<b>2.2</b>	<b>179.0</b>	<b>158.6</b>	<b>30.7</b>	<b>189.3</b>	<b>(10.3%)</b>	<b>5.8%</b>
Income Tax Expense	49.8	3.1	52.9	50.3	6.2	56.5	(1.0%)	(6.5%)
Profits from associates	3.1	0.6	3.7	4.2	0.5	4.7	35.5%	27.0%
Fair value revaluation	-	-	-	9.8	(9.8)	-	-	-
Gain on associate investment dilution	2.1	(2.1)	-	-	-	-	(100.0%)	-
Gain / (Loss) on business disposal	-	-	-	(0.5)	0.5	-	-	-
Non-controlling interest (NCI)	(0.1)	0.5	0.4	(1.9)	2.6	0.7	(1800.0%)	57.3%
<b>Net profit after tax (continuing)</b>	<b>132.1</b>	<b>(1.9)</b>	<b>130.2</b>	<b>119.9</b>	<b>18.3</b>	<b>138.2</b>	<b>(9.2%)</b>	<b>6.1%</b>

1. FY19 results have been restated to reflect the adoption of AASB16. Refer to slide 45 for AASB16 adjustments.

# CARSALES "LOOK-THROUGH"<sup>4</sup> P&L ANALYSIS

\$A Millions	FY19 <sup>1</sup>				FY20				Growth %		
	% Owned	Reported	Underlying <sup>5</sup>	Look Through <sup>4</sup>	% Owned	Reported	Underlying <sup>5</sup>	Look Through <sup>4</sup>	Reported	Underlying <sup>5</sup>	Look Through <sup>4</sup>
<b>Adjusted Revenue<sup>2</sup></b>											
carsales International											
Brazil	30%	Equity Acc'ted	67.8	20.3	30%	Equity Acc'ted	74.6	22.4	n/a	10%	10%
South Korea	100%	61.0	61.0	61.0	100%	71.2	71.2	71.2	17%	17%	17%
Other Asia and NZ	100%	4.1	4.1	4.1	100%	4.3	4.3	4.3	6%	6%	6%
Mexico	100%	2.0	2.0	2.0	100%	2.1	2.1	2.1	9%	9%	9%
Chile	83%	5.9	5.9	4.9	100%	4.8	4.8	4.8	-19%	-19%	-2%
Argentina	100%	1.3	1.3	1.3	100%	0.7	0.7	0.7	-46%	-46%	-46%
<b>Total International</b>		<b>74.2</b>	<b>142.1</b>	<b>93.6</b>		<b>83.1</b>	<b>157.7</b>	<b>105.5</b>	<b>12%</b>	<b>11%</b>	<b>13%</b>
carsales Domestic											
Domestic Core	100%	300.3	300.3	300.3	100%	299.8	299.8	299.8	0%	0%	0%
Domestic Investments <sup>3</sup>	Various <sup>3</sup>	43.0	53.2	30.8	Various <sup>3</sup>	40.2	47.5	31.3	-6%	-11%	1%
<b>Total Domestic</b>		<b>343.3</b>	<b>353.5</b>	<b>331.2</b>		<b>340.0</b>	<b>347.3</b>	<b>331.1</b>	<b>-1%</b>	<b>-2%</b>	<b>0%</b>
<b>Adjusted Revenue<sup>2</sup></b>		<b>417.5</b>	<b>495.6</b>	<b>424.7</b>		<b>423.1</b>	<b>505.0</b>	<b>436.6</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>
<b>Adjusted EBITDA<sup>2</sup></b>											
carsales International											
Brazil	30%	Equity Acc'ted	29.3	8.8	30%	Equity Acc'ted	30.4	9.1	n/a	4%	3%
South Korea	100%	32.2	32.2	32.2	100%	38.5	38.5	38.5	20%	20%	20%
Other Asia and NZ	100%	2.3	2.3	2.3	100%	2.2	2.2	2.2	-3%	-3%	-4%
Mexico	100%	(5.0)	(5.0)	(5.0)	100%	(4.7)	(4.7)	(4.7)	7%	7%	7%
Chile	83%	2.0	2.0	1.7	100%	1.6	1.6	1.6	-20%	-20%	-4%
Argentina	100%	(2.4)	(2.4)	(2.4)	100%	(1.6)	(1.6)	(1.6)	33%	33%	33%
<b>Total International</b>		<b>29.1</b>	<b>58.4</b>	<b>37.6</b>		<b>36.0</b>	<b>66.4</b>	<b>45.1</b>	<b>24%</b>	<b>14%</b>	<b>20%</b>
carsales Domestic											
Domestic Core	100%	187.4	187.4	187.4	100%	195.5	195.5	195.5	4%	4%	4%
Domestic Investments <sup>3</sup>	Various <sup>3</sup>	1.4	(9.9)	(0.9)	Various <sup>3</sup>	0.3	(5.0)	(0.4)	-79%	49%	56%
<b>Total Domestic</b>		<b>188.8</b>	<b>177.5</b>	<b>186.5</b>		<b>195.8</b>	<b>190.5</b>	<b>195.1</b>	<b>4%</b>	<b>7%</b>	<b>5%</b>
<b>Adjusted EBITDA<sup>2</sup></b>		<b>217.9</b>	<b>235.9</b>	<b>224.1</b>		<b>231.8</b>	<b>256.9</b>	<b>240.2</b>	<b>6%</b>	<b>9%</b>	<b>7%</b>

1. FY19 results have been restated to reflect the adoption of AASB16. Refer to slide 45 for AASB16 adjustments.

2. Adjusted Revenue and Adjusted EBITDA stated above is on a continuing basis, excludes certain non-recurring or non-cash items. see slides 42-43 for a reconciliation of Adjusted EBITDA to Reported EBITDA

3. Domestic Investments comprises RedBook Inspect, Appraisal solutions, Ratesetter and tyresales

4. 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 information on slide 41 for further details.

5. Underlying reflects results assuming 100% ownership of all assets

# IMPACT OF AASB 16 LEASES ADOPTION

\$A Millions	FY19			FY20		
	Excluding AASB16	AASB16 Adjustment	Including AASB16	Excluding AASB16	AASB16 Adjustment	Including AASB16
<b>Adjusted Revenue<sup>1</sup></b>	<b>417.5</b>	<b>-</b>	<b>417.5</b>	<b>423.1</b>	<b>-</b>	<b>423.1</b>
<i>Adjusted EBITDA<sup>1</sup></i>						
Online Advertising	158.4	4.1	162.6	164.0	4.2	168.3
Data, Research and Services	25.5	0.7	26.2	26.8	0.7	27.5
Asia	32.1	2.4	34.5	37.8	3.0	40.7
Latin America	(5.9)	0.5	(5.4)	(5.0)	0.4	(4.7)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>210.1</b>	<b>7.7</b>	<b>217.9</b>	<b>223.5</b>	<b>8.3</b>	<b>231.8</b>
Depreciation & amortisation	16.2	7.2	23.4	20.6	7.6	28.2
<b>EBIT</b>	<b>193.9</b>	<b>0.5</b>	<b>194.5</b>	<b>202.9</b>	<b>0.7</b>	<b>203.6</b>
Net finance costs	13.4	2.1	15.5	12.5	1.8	14.3
<b>Profit Before Tax</b>	<b>180.5</b>	<b>(1.6)</b>	<b>179.0</b>	<b>190.5</b>	<b>(1.2)</b>	<b>189.3</b>
Income tax expense	53.2	(0.3)	52.9	56.8	(0.3)	56.5
Profits from associates	3.7	-	3.7	4.7	-	4.7
Non-controlling interests (NCI)	0.4	-	0.4	0.7	-	0.7
<b>Adjusted NPAT<sup>1</sup> (continuing operations)</b>	<b>131.3</b>	<b>(1.2)</b>	<b>130.2</b>	<b>139.1</b>	<b>(0.9)</b>	<b>138.2</b>
<b>Summary of Reported Results</b>						
Reported Revenue	417.5	-	417.5	395.6	-	395.6
Reported EBITDA	205.2	7.7	212.9	193.7	8.3	202.0
Reported NPAT (continuing operations)	133.3	(1.2)	132.1	120.8	(0.9)	119.9

1. Adjusted Revenue and Adjusted EBITDA stated above is on a continuing basis, excludes certain non-recurring items. See slide 41 regarding the disclosure of non-IFRS Information and slides 42-43 for a reconciliation of Adjusted Financials to Reported Financials.



carsales  com Ltd