

15 August 2022

carsales delivers excellent FY22 results

carsales.com Limited (ASX: CAR) today announced its results for the full year ended 30 June 2022. carsales delivered an excellent set of results, demonstrating the strength and resilience of its diversified international business, the continued execution of its strategy and the growth potential from new products and services.

Key Highlights

- Strong financial performance across Australian and International portfolio.
- Announced acquisition of remaining 51% interest in Trader Interactive for USD\$809m¹, or approximately AUD\$1,172m² equivalent, highly strategic acquisition with low double-digit EPS accretion expected in the first full year of ownership and further upside expected thereafter.
- Strengthened competitive position in all key markets, with consumer engagement elevated against pre-pandemic levels and good new product growth.
- Strong progress in Australia, Korea, the US and Brazil in supporting an increasingly online buying and selling journey positioning the businesses for continued growth.
- In Australia, good momentum in online buying service carsales select following launch in August 2021 and new dynamic pricing model in private seller advertising segment, contributed to 26% revenue growth in that segment.
- Trader Interactive delivered strong financial performance, customer numbers, consumer engagement and product uptake and inventory levels have improved significantly and were up year on year for the first time in three years.
- Significant increase in the uptake of key growth products in inspections and digital trade-ins in Korea through user experience improvements and increased awareness.

Financial results

- Look-through³ revenue of \$609m, up 36% on the prior corresponding period ("pcp"). Look-through³ EBITDA of \$324m, up 25% on pcp. Reflects strong results and inclusion of Trader Interactive from September 2021.
- Adjusted Revenue⁴ of \$510m, up 16% on pcp, reflecting strong domestic results in the Private and Media segments, excellent growth in our Encar business in Korea and inclusion of revenue from the

1. Acquisition price calculated as 100% EV less net debt and other adjustments of US\$358m expected at completion, multiplied by 51% being the interest in Trader Interactive not owned by carsales and adjusted for payout of the management equity plan. The final Acquisition Price is subject to completion adjustments and may differ from the number reported in this announcement.

2. Assumes an AUD / USD exchange rate of 0.69.

3. Look-through methodology: reflects economic ownership view which includes <50% owned entities. 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.

4. Adjusted Revenue, Adjusted EBITDA and Adjusted NPAT is post non-controlling interests and excludes certain non-recurring or non-cash items. Refer to Results Presentation documents regarding the disclosure of non-IFRS information and reconciliation from Reported to Adjusted Financials.

tyreconnect acquisition in July 2021. Adjusted EBITDA⁵ of \$272m, up 7% on pcp. Excluding the impact of wage subsidies from last year, Adjusted EBITDA⁵ up 10% on pcp.

- Adjusted NPAT⁵ of \$195m, up 27% on pcp, with strong contribution from Trader Interactive. Adjusted EPS of 69.0 cents, up 12% on pcp. EPS growth is lower than NPAT growth due to the issue of new shares from the equity raising to fund the Trader Interactive acquisition.
- Reported Revenue of \$509m, up 19% on pcp, Reported EBITDA of \$270m, up 12% on pcp and Reported NPAT of \$161m, up 23% on pcp. Reported EPS of 56.9c, up 8% on pcp.
- Good cash flow with Reported EBITDA to operating cash flow conversion of 99%.
- Excellent free cash flow generation, and a strong balance sheet supports a fully franked final dividend of 24.5 cents per share, up 9% on pcp.

\$A Millions	FY21	FY22	Growth %
Look-through Revenue⁶	449	609	36%
Look-through EBITDA⁶	260	324	25%
Adjusted Revenue⁵	438	510	16%
Adjusted EBITDA⁵	254	272	7%
Adjusted NPAT⁵	153	195	27%
Reported Revenue	427	509	19%
Reported EBITDA	241	270	12%
Reported NPAT	131	161	23%
Adjusted Earnings Per Share (Cents)	61.5	69.0	12%
Reported Earnings Per Share (Cents)	52.6	56.9	8%
Final Dividend per share (cents)	22.5	24.5	9%

Group CEO of carsales, Cameron McIntyre, commented:

“Our team have worked hard to deliver an excellent operational and financial performance while continuing to deliver our strategy and invest in future growth opportunities including progressing the acquisition of the remaining 51% of Trader Interactive in the US. The acquisition is a natural evolution of our international growth strategy into large, attractive markets and brings further growth opportunities as well as increasing the diversification of our business across geography and customer segment. We have an excellent track record of delivering strong shareholder value through investment in international markets and moving to 100% ownership of Trader Interactive will enable carsales shareholders to capture the significant upside potential of that business.

We are continuing to drive more of the vehicle buying and selling process online across all our markets. We launched our end-to-end online digital buying experiences in Australia and the US, with great progress made in both markets. We have significantly increased the adoption of our online instant trade in products in Australia and Korea, which are now material contributors to our growth.

5. Refer to footnote 4.

6. Refer to footnote 3.

We continue to see robust levels of demand in all our key markets, reflecting the strength of our market position and the resilience of marketplace businesses through economic cycles. This gives us confidence we can continue to deliver great results for our shareholders in FY23.”

carsales Australia

- **Excellent financial performance** – delivered Adjusted Revenue⁷ growth of 18% on pcp and Adjusted EBITDA⁷ growth of 10% on pcp, excluding wage subsidies.
- **Domestic market leadership position** – reinforced our market leadership across all metrics including traffic, inventory, customer engagement and reputation. Traffic remains elevated versus pre-pandemic levels on carsales.com.au up 8%⁸, which is reflective of sustained investment in our platform and user experience.
- **Dealer** – Adjusted revenue growth of 6% which is a pleasing result given lock downs in NSW and VIC in the first half of the year. Revenue growth was 10% in H2. Strong momentum with our online buying service, carsales Select and Dealer Finance product heading into FY23.
- **Private** – outstanding revenue growth of 26% reflecting strong increases in private ad volume, private ad yield and Instant Offer penetration. Our dynamic pricing model is delivering significant value upside.
- **Media** – revenue growth of 15%, supported by our strategy of diversifying into more native ad placements and non-automotive customer segments.
- **Data, Research & Services** – Adjusted Revenue⁷ up 3% which is a resilient result given the impact of lock downs and continued inventory challenges for dealers.

carsales International

- **Strong revenue and earnings performance** with double digit revenue and EBITDA growth in the US, South Korea and Brazil.
- **United States** – excellent revenue (+11%⁹) and EBITDA (+16%⁹) results reflecting good growth across RVs, powersports and equipment. This is supported by the business continuing to provide exceptional value for both dealer and private customers, with further upside as inventory levels continue to improve, particularly in trucks and powersports.
- **South Korea** – strong financial performance with revenue up 17%⁹ and EBITDA up 16%⁹. This has been driven by strong product penetration growth across Guarantee, Dealer Direct and Encar Home. These products are expected to continue driving growth over the medium term.
- **Brazil** – delivered outstanding financial performance with revenue growth of 26%⁹ and EBITDA growth of 23%⁹. The results are underpinned by continued dealer subscription growth, improving inventory levels and increasing dealer yield. Pleasing results from the resumption of the regional expansion campaign in H2 which positions the business well heading into FY23.

7. Refer to footnote 4.

8. Google Analytics, sessions for carsales.com for the period of FY22 compared to FY19.

9. Represents local currency growth.

FY23 Outlook¹⁰

Pro-Forma Basis¹¹

We expect to deliver good growth in Adjusted Revenue and Adjusted EBITDA in FY23 on a Pro-forma Basis.

Actual Basis¹²

We expect to deliver very strong growth in Adjusted Revenue, Adjusted EBITDA and Adjusted NPAT in FY23.

Margin

We expect to see expansion in the carsales Group Adjusted EBITDA margin on both a pro-forma and actual basis in FY23.

carsales Australia observations

- Dealer
 - Underlying automotive market conditions are buoyant. We expect to deliver solid growth in dealer revenue in FY23 supported by increased penetration of premium products including depth and dealer finance along with yield increases
- Private
 - Anticipate good revenue growth supported by continued strength in private ad volume, private ad yield and Instant Offer
- Media and new car market
 - Expect good revenue growth supported by continued expansion of our native ad products, programmatic capability and non-automotive diversification
- carsales investments
 - Expecting strong growth in revenue in FY23 and a marginal improvement in EBITDA

carsales International observations

- Korea
 - We expect strong growth in revenue and good growth in EBITDA in FY23
- Brazil
 - We expect strong growth in revenue and EBITDA in FY23
- United States
 - We expect good growth in revenue and strong growth in Adjusted EBITDA in FY23.
 - Continued positive momentum in inventory and customer volumes since the acquisition announcement in June

ENDS

Release authorised by the carsales.com Ltd Board

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Notes to Editors:

Financial Reports and Investor Presentations can be downloaded from

<https://shareholder.carsales.com.au>

¹⁰. All financial references are on a constant currency basis.

¹¹. Assumes 100% ownership of Trader Interactive in FY22 and FY23. FY22 Pro-forma Adjusted Revenue and Adjusted EBITDA were \$705mil and \$383mil respectively.

¹². FY23 growth assumes completion of 100% acquisition of Trader Interactive on 1 October 2022.

FINANCIAL RESULTS

Year Ending 30 June 2022	\$A Millions		Growth	
	FY21	FY22	\$'s	%
Adjusted Revenue¹³	437.8	509.5	71.8	16%
Total operating expenses	183.6	237.8	(54.2)	(30%)
Adjusted EBITDA¹³	254.2	271.7	17.5	7%
<i>EBITDA margin</i>	<i>58%</i>	<i>53%</i>		
Depreciation & amortisation	31.9	38.6	(6.7)	(21%)
EBIT	222.3	233.1	10.8	5%
Net financing cost	13.9	13.6	0.3	2%
Profit Before Tax	208.4	219.5	11.2	5%
Income Tax Expense	59.4	64.1	(4.7)	(8%)
Profits from associates	4.3	40.0	35.7	826%
Non-controlling interest (NCI)	(0.5)	(0.6)	(0.1)	(26%)
Adjusted NPAT¹³	152.8	194.8	42.0	27%
Adjusted earnings per share (cents)	61.5	69.0	7.5	12%
Final Dividend per share (cents)	22.5	24.5	2.0	9%
Summary of Reported Results				
Reported Revenue	427.2	509.1	81.9	19%
Reported EBITDA	241.5	269.9	28.4	12%
Reported NPAT	130.7	160.8	30.1	23%
Reported Earnings per share (cents)	52.6	56.9	4.3	8%

About carsales.com Ltd

carsales.com Ltd (ASX: CAR) is the largest online automotive, motorcycle and marine classifieds business in Australia. Attracting more Australians interested in buying or selling cars, motorcycles, trucks, caravans and boats than any other classified group of websites. Together with its subsidiaries employing more than 670 people in Australia, carsales.com Ltd develops world leading technology and advertising solutions that drive its business around the world. The carsales.com Ltd network has operations across the Asia Pacific region and has interests in leading classified businesses in Brazil, the United States, South Korea, Mexico and Chile. Find out more at www.carsales.com.au

13. Refer to footnote 4.