

Monday 14 August 2023

## **carsales delivers strong FY23 results in a transformational year**

carsales.com Limited (ASX: CAR) today announced its results for the full year ended 30 June 2023. carsales delivered a very strong set of results, with double-digit revenue and earnings growth in all key markets, whilst continuing to make great progress in the execution of its long-term growth strategy.

The company's achievements this year included completing two transformational acquisitions in the US and Brazil, delivering many new products and features as well as generating strong outcomes for shareholders. The FY23 results once again demonstrate the strength and resilience of the group's business model and the significant long term growth opportunity in its large and under penetrated markets.

### **Key Highlights**

- Extended market leadership positions in all key regions, delivering a global unique audience of over 42m people per month
- Completed the acquisition of the remaining 51% interest in non-automotive digital marketplace business, Trader Interactive in September 2022
- Completed the acquisition of a further 40% of Brazilian automotive digital marketplace, webmotors, in May 2023 taking our ownership to 70%
- Successfully executed a AUD\$0.5b renounceable entitlement offer to fund the webmotors transaction which was very well supported by retail and institutional shareholders
- Made excellent progress in delivery of acquisition synergies for Trader Interactive, including release of new products, acquiring more customers and investing in technology to drive future growth
- Strong Australian operational performance driven by extending market leadership position, record private seller ad volumes, increasing depth penetration, scaling instant offer selling option and continuing momentum in the media business
- Increased market share in Brazil, through a focus on growing audience in large areas outside São Paulo and Rio de Janeiro, resulting in the acquisition of new dealers, increasing lead volume and adding more private sellers
- Excellent performance in Korea driven by the continued expansion of the Guarantee product
- Continued development of global digital retailing capability, reflected in new finance and trade-in integrations in Australia, 43% growth in Encar Home deliveries in Korea and good early product development progress in Powersports vertical in the US

## Financial Results

- **Proforma results.** Proforma<sup>1</sup> revenue of \$942m up 18% on pcp. Proforma EBITDA of \$496m up 19% on pcp. 53% EBITDA margin, up 1% on pcp. Proforma results are the best reflection of the underlying performance of the business as they normalise for recent acquisitions and for one-off transactions
- **Adjusted results.** Revenue<sup>2</sup> of \$781m up 53% on pcp. Adjusted EBITDA<sup>2</sup> of \$425m up 57% on pcp. Adjusted NPAT<sup>2</sup> of 278m up 43% on pcp. Results reflect consolidation of Trader Interactive and webmotors for the first time in FY23. Adjusted EPS of 78.1<sup>3</sup>, up 17% on pcp
- **Reported results.** Reported EBITDA of \$400m up 49% on pcp, Reported NPAT of \$646m up 301% on pcp
- Good cash flow with Reported EBITDA to operating cash flow conversion of 99%
- 50% franked final dividend declared of 32.5 cents per share, up 33% on pcp

AUD millions	FY22	FY23	Growth %
Proforma revenue <sup>1</sup>	798.1	942.2	18%
Proforma EBITDA <sup>1</sup>	415.8	495.7	19%
Revenue	509.5	781.0	53%
Adjusted EBITDA <sup>2</sup>	271.2	424.9	57%
Adjusted NPAT <sup>2</sup>	194.8	278.2	43%
Reported revenue	509.1	781.2	53%
Reported EBITDA	268.9	400.4	49%
Reported NPAT	160.8	645.6	301%
Adjusted earnings per share (cents) <sup>3</sup>	66.5	78.1	17%
Final dividend per share (cents)	24.5	32.5	33%

### Group CEO of carsales, Cameron McIntyre, commented:

“It’s been a fantastic year for carsales and we are incredibly proud of what our teams across the group have accomplished. We have delivered excellent financial results, made good progress executing our long-term growth strategy, delivered new products and capabilities to our customers and completed transformational acquisitions. With the acquisitions of Trader Interactive and webmotors, we reached a key milestone for the business with more than 50% of our revenue now coming from sources outside

1. Proforma financial information assumes consolidation of Trader Interactive and webmotors in prior and current periods.

2. Adjusted financials excludes certain non-recurring or non-cash items. See slide 36 regarding the disclosure of non-IFRS Information and slides 38-39 for a reconciliation of Adjusted to Reported Financials in the accompanying investor presentation on the ASX. FY22 EBITDA has been restated for consistent presentation of Finance cost.

3. In accordance with AASB 133, FY22 EPS has been restated based on an adjustment factor to take into account the New Shares issued in connection with the Trader Interactive and webmotors acquisitions.

of Australia. We see a substantial growth opportunity in these large addressable markets continuing over many years to come.

The excellent financial performance outcomes we have delivered in a higher interest rate environment underscores the strength of our global brands and the resilience of our business model. Growth came from a number of sources including adding more customers, introducing new products to market and increasing the adoption rates of existing premium products. It was pleasing to see double-digit revenue and earnings growth in all our key markets.

From a Trader Interactive perspective, we are ahead of our own expectations in terms of executing on our investment thesis and delivering the synergies we identified as part of the transaction. We are also making great progress at webmotors since taking a controlling ownership stake, and the business is further benefiting from leveraging carsales' intellectual property and product portfolio.

We have excellent momentum heading into FY24 as market conditions continue to normalise and this gives us confidence in our ability to deliver another great set of results for shareholders once again in FY24."

## Key Segment Results

- **Australia** – strong revenue growth of 13% overall
  - **Dealer:** 10% revenue growth driven by resilient demand for used cars and increasing adoption of higher value products, particularly depth
  - **Private:** Outstanding revenue growth of 30% due to increasing our share of the private ad market. Dynamic pricing supported further yield uplifts. Instant Offer selling option continues to grow strongly
  - **Media:** Further diversification into non-auto markets drove good double-digit revenue growth, supported by continued development of new advertising technology and formats
- **North America:** Excellent financial performance with revenue up 14% and EBITDA up 17% on pcp. Growth driven by adding more customers, increased adoption of premium products and private ad yield upside from dynamic pricing
- **Asia:** Good double-digit financial performance delivered as market conditions began improving in the second half. Key drivers were continuing growth of Guarantee listing penetration to 46% and very strong growth in Encar Home with transactions up 43% on pcp
- **Latin America:** Excellent financial performance in Brazil reflecting strong execution of the national expansion plan driving lead volume and dealer subscription growth

## FY24 Outlook<sup>4</sup>

**Proforma Basis<sup>5</sup>:** We expect to deliver good growth in Revenue and EBITDA in FY24

**Actual Basis:** We expect to deliver very strong growth in Revenue and Adjusted EBITDA<sup>6</sup> and strong growth in Adjusted NPAT<sup>6</sup> in FY24

**Margin:** We expect to see expansion in the carsales Group EBITDA margin on a proforma<sup>4</sup> basis in FY24

### **Australia Observations**

- **Dealer:** We expect to deliver solid growth in dealer revenue in FY24 supported by increased penetration of premium products including depth and dealer finance along with yield increases
- **Private:** Anticipate good revenue growth supported by private ad volume growth, private ad yield and Instant Offer
- **Media:** Expect good revenue growth supported by continued expansion of our native ad products, programmatic capability and non-automotive diversification

### **carsales investments**

- Expecting good growth in revenue and similar EBITDA versus FY23

### **International Observations**

- **United States:** We expect good growth in revenue and strong growth in EBITDA in FY24
- **Brazil:** We expect strong growth in revenue and strong growth in EBITDA in FY24
- **Korea:** We expect good growth in revenue and solid growth in EBITDA in FY24

**-ENDS-**

*Release authorised by the carsales.com Ltd Board*

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

5. Refer to footnote 1 for proforma definition.

6. Refer to footnote 2 for adjusted financials definition.

## Financial Results

AUD Millions	FY22	FY23	Growth%
Australia	351.7	399.1	13%
Asia	95.4	103.9	9%
North America	-	182.8	n.a.
Latin America	6.0	34.4	n.m.
CAR Investments	56.5	60.9	8%
<b>Revenue</b>	<b>509.5</b>	<b>781.0</b>	<b>53%</b>
Operating expense	238.4	356.1	49%
<b>Adjusted EBITDA<sup>7</sup></b>	<b>271.2</b>	<b>424.9</b>	<b>57%</b>
Depreciation & amortisation	38.6	50.7	31%
Net finance cost	13.1	48.9	275%
Income tax expense	64.1	61.8	(4%)
Profits from associates & NCI	39.4	14.7	(63%)
<b>Adjusted NPAT<sup>7</sup></b>	<b>194.8</b>	<b>278.2</b>	<b>43%</b>
Adjusted Earnings per share (cents) <sup>8</sup>	66.5	78.1	17%
Interim Dividend per share (cents)	24.5	32.5	33%
<b>Summary of Reported Results</b>			
Reported Revenue	509.1	781.2	53%
Reported EBITDA	268.9	400.4	49%
Reported NPAT	160.8	645.6	301%
Reported Earnings per share (cents)	54.9	181.3	230%

### About carsales.com Ltd

carsales.com Ltd (ASX:CAR) is one of the largest digital marketplace business in the world. In Australia it has market-leading positions in automotive, motorcycle, caravan, marine, truck and equipment industries. The carsales network extends across the United States, South Korea and Latin America, employing more than 1,800 people, developing world class technology and advertising solutions that drive its businesses. In the US, Trader Interactive is a leading integrated platform of non-automotive marketplaces across the RV, powersports, truck and equipment industries. Encar.com in Korea is the leading automotive digital marketplace and carsales' Latin American businesses are the leading automotive digital marketplaces in Brazil and Chile.

<sup>7</sup>. Adjusted financials excludes certain non-recurring or non-cash items. See slide 36 regarding the disclosure of non-IFRS Information and slides 38-39 for a reconciliation of Adjusted to Reported Financials in the accompanying investor presentation on the ASX. FY22 EBITDA has been restated for consistent presentation of Finance cost.

<sup>8</sup>. In accordance with AASB 133, FY22 EPS has been restated based on an adjustment factor to take into account the New Shares issued in connection with the Trader Interactive and webmotors acquisitions.