

carsales  com Ltd

# ACQUISITION OF SIGNIFICANT STAKE IN TRADER INTERACTIVE AND EQUITY RAISING

*12 May 2021*

# DISCLAIMER

**This disclaimer applies to this Presentation and the information contained in it.**

This presentation ("**Presentation**") has been prepared by, and is the sole responsibility of, carsales.com Limited ACN 074 444 018 ("**carsales**") (ASX:CAR). This Presentation has been prepared in connection with carsales' proposed pro-rata accelerated renounceable entitlement offer (with retail entitlements trading) ("**Entitlement Offer**") to partially fund its acquisition of a 49% interest in Trader Interactive ("**Acquisition**").

The Entitlement Offer comprises:

- an offer of new fully paid ordinary shares in carsales ("**New Shares**") to eligible institutional shareholders ("**Institutional Entitlement Offer**") with an associated bookbuild offer; and
- an offer of New Shares to eligible retail shareholders (with retail entitlements trading) ("**Retail Entitlement Offer**") with an associated bookbuild offer, in accordance with section 708AA of the *Corporations Act 2001* (Cth) ("**Corporations Act**") as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*.

**Summary information only:** This Presentation does not purport to be complete and is to be read in conjunction with the most recent financial report and other periodic and continuous disclosure announcements lodged by carsales with the Australian Securities Exchange ("**ASX**"). This Presentation does not purport to contain all the information which a prospective investor may require in evaluating a possible investment in carsales, or that would be required in a prospectus or other disclosure document prepared in accordance with the requirements of the Corporations Act. Information in this Presentation is current as at the date of this Presentation (being, 12 May 2021 unless otherwise indicated) and remains subject to change without notice. This Presentation includes unaudited financial information. carsales does not warrant the accuracy, adequacy or reliability of the information in this Presentation and, to the maximum extent permitted by law, disclaims all liability and responsibility flowing from the use of or reliance on such information by any person. Furthermore, carsales undertakes no obligation to correct or update this Presentation.

**Not financial product advice:** This Presentation is not investment or financial product advice or any recommendation (nor tax, accounting or legal advice) and is not intended to be used as the basis for making an investment decision. In providing this document, carsales has not considered the objectives, financial position or needs of any particular recipient. Each recipient should consult with its professional advisers, conduct its own investigation and perform its own analysis in order to satisfy themselves of the accuracy and completeness of the information, statements and opinions contained in this document. An investment in securities is subject to known and unknown risks, some of which are beyond the control of carsales and its directors, including, possible loss of income and principal invested. Prospective investors should have regard to the "Key Risks" section of this Presentation when making their investment decision. Cooling off rights do not apply to the acquisition of New Shares.

**Not a prospectus or an offer of securities:** This Presentation is not a prospectus or disclosure document or product disclosure statement under Australian law (or under the law of any other jurisdiction in which an offer of New Shares may be received) and will not be lodged with the Australian Securities and Investments Commission ("**ASIC**"). This Presentation is not an invitation nor an offer of New Shares for subscription, purchase or sale in any jurisdiction and does not and will not form any part of any contract for the acquisition of New Shares. The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. Please refer to Appendix C of this Presentation ("**International Offer Restrictions**") for more information. By accepting this Presentation, you represent and warrant that you are entitled to receive such a presentation in accordance with such restrictions and agree to be bound by the limitations contained therein. The retail offer booklet for the Retail Entitlement Offer ("**Retail Offer Booklet**") will be made available following its lodgement with ASX. Eligible retail shareholders who wish to acquire the shares the subject of the Retail Entitlement Offer should consider the Retail Offer Booklet in deciding whether to apply for New Shares under the Retail Entitlement Offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the Retail Offer Booklet their personalised entitlement and acceptance form.

# DISCLAIMER

**This disclaimer applies to this Presentation and the information contained in it.**

**United States:** This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended ("**US Securities Act**") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold to, directly or indirectly, persons in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. Please see the "International Offer Restrictions" section of this Presentation.

**Financial data:** All financial amounts contained in this Presentation are expressed in Australian currency, unless otherwise stated.

**Forward looking statements:** This Presentation contains forward looking statements and comments about future events, which reflect carsales' intent, belief or expectation as at the date of this Presentation. Such forward looking statements may include forecast financial and operating information about carsales and Trader Interactive, their projects and strategies and statements about the industries, locations in which they operate as well as statements about carsales following completion of the Acquisition. Forward looking statements can be identified by forward-looking terminology including, without limitation, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "due to" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Forward looking statements involve inherent known and unknown risks, uncertainties and contingencies, both general and specific, many of which are beyond carsales' control, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. Actual results may be materially different from those expressed or implied in forward-looking statements and any projections and assumptions upon which these statements are based. Forward looking statements are provided as a general guide only, are based on the information available to carsales as at the date of this Presentation and should not be relied on as an indication, representation or guarantee of future performance. You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by COVID-19. Subject to any legal obligation to do so, carsales does not undertake to update or review any forward looking statements.

**Past performance:** Past performance (including past performance of carsales' share price) should not be relied upon as (and is not) an indication or guarantee of carsales' future performance or condition. The historical information in this Presentation is, or is based upon, information contained in previous announcements made by carsales to the market, which are available at <https://shareholder.carsales.com.au/>.

**Non-IFRS/non-GAAP measures:** Investors should be aware that throughout this Presentation, carsales has included certain financial information that are "non-GAAP financial measures" within the meaning of Regulation G of the US Securities Exchange Act of 1934, as amended, and "non-IFRS financial information" under ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information). This presentation includes certain non-IFRS measures including "Adjusted", "pro forma" and "look-through". carsales believes that these non-IFRS/non-GAAP financial and operating measures provide useful information to recipients for measuring the underlying operating performance of carsales' business. Non-IFRS/non-GAAP measures have not been subject to audit. The disclosure of such non-IFRS/non-GAAP financial measures in the manner included in the Presentation may not be permissible in a registration statement under the US Securities Act. These non-IFRS /non-GAAP financial measures do not have a standardised meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with IFRS. Although carsales believes that these non-IFRS /non-GAAP financial measures provide useful information to users in measuring the financial position of its business, investors are cautioned not to place undue reliance on any non-IFRS /non-GAAP financial measures included in this Presentation.

# DISCLAIMER

**This disclaimer applies to this Presentation and the information contained in it.**

**Rounding:** Certain figures, percentages, estimates, calculations of value and fractions provided in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in the Presentation.

**Pro forma financial information:** This Presentation also includes pro forma financial information in relation to Trader Interactive and the impact of the Entitlement Offer. The pro forma financial and other information relating to the impact of the acquisition of Trader Interactive has been prepared by carsales in reliance on information that was provided to carsales in connection with the acquisition. Investors should note that carsales has not been able to verify the accuracy, reliability or completeness of, and accordingly, carsales does not take responsibility for such information. The pro forma financial information has not been subject to audit or review in accordance with the Australian Accounting Standards. The pro forma financial information included in this Presentation is for illustrative purposes only and is not represented as being indicative of carsales views on, nor anyone else's, future financial position and/or performance or any scale benefits, synergies or opportunities that may be realised as a result of the acquisition. In addition, the pro forma financial information in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

**Trader Interactive information:** Certain information in this Presentation has been sourced from Trader Interactive or its representatives or associates. While steps have been taken to confirm that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, completeness, reliability or adequacy. carsales undertook a due diligence process in respect of the Acquisition, which relied in part on the review of financial, technical, operational and other information provided by Trader Interactive. Despite making reasonable efforts, carsales has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it. If any such information provided to, and relied upon by, carsales in its due diligence and in its preparation of this Presentation proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of Trader Interactive (and the financial position of carsales following the Acquisition) may be materially different to the expectations reflected in this Presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive, and that all material issues and risks in respect of the Acquisition have been identified or managed appropriately. Therefore, there is a risk that issues may arise which also have a material impact on carsales (for example, carsales may later discover liabilities or defects which were not identified through due diligence or for which there is no contractual protection for carsales). This could also affect the operations, financial performance and/or financial position of carsales.

**Disclaimer:** Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, reliability or correctness of the information, opinions and conclusions, or as to the reasonableness of any assumption contained in this Presentation. None of carsales' advisers, the Underwriters (as defined below) or their respective affiliates, related bodies corporate, directors, employees, officers, partners, employees and agents (Beneficiaries) has authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Presentation and there is no statement in this Presentation which is based on any statement made by any of them. By receiving this Presentation and to the extent permitted by law, you release carsales and the Beneficiaries from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising as a result of the reliance by you or any other person on anything contained in or omitted from this Presentation. To the maximum extent permitted by law, carsales and the Beneficiaries exclude and disclaim all liability, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in or failure to participate in the Entitlement Offer and the information in the Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

# DISCLAIMER

**This disclaimer applies to this Presentation and the information contained in it.**

**Underwriting arrangements:** To the maximum extent permitted by law, Morgan Stanley Australia Securities Limited (ABN 55 078 652 276) and Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897) who are acting as managers and underwriters to the Entitlement Offer ("**Underwriters**") and their Advisers (together, the "**Underwriter Group**") do not accept any fiduciary obligations to or relationship with you, any investor or potential investor in connection with the Entitlement Offer or otherwise. The Underwriter Group has not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Presentation and, for the avoidance of doubt, and except for references to their name, no Underwriter Group member makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. The Underwriter Group make no recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer. You undertake that you will not seek to sue or hold any member of the Underwriter Group liable in any respect in connection with this presentation or the Entitlement Offer (to the maximum extent permitted by law).

You acknowledge and agree that determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of carsales and the Underwriters. To the maximum extent permitted by law, carsales and the Underwriter Group disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion. carsales reserves the right to withdraw the Entitlement Offer or vary the timetable for the Entitlement Offer without notice (in the latter case, subject to the Underwriters' prior written consent).

**Disclosure:** The Underwriters and their respective affiliates and related bodies corporate are full service financial institutions engaged in various activities, which may include trading, financial advisory, investment management, investment research, principal investment, hedging, market making, market lending, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses. The Underwriter Group may have interests in the shares of carsales, including by providing investment banking services to carsales. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Underwriters will receive fees for acting in its capacity as joint lead managers, bookrunners and underwriters to the Entitlement Offer. In addition, one or more entities within one or more Underwriters' respective groups may act as a corporate adviser to carsales or its affiliates and may now or in the future provide financial accommodation or services to carsales or its affiliates. Goldman Sachs Australia Pty Ltd ("**GSA**") and the other Underwriter are acting as lead managers, bookrunners and underwriters to the Entitlement Offer and will receive underwriting and other fees, as well as the reimbursement of expenses, for acting in that capacity. In addition, West Street Capital Partners VII, a fund managed by the Goldman Sachs Asset Management Division ("**Goldman Sachs Fund**") (which is an affiliate of GSA) is a seller of part of the interests in Trader Interactive to be acquired by carsales (and the Goldman Sachs Fund and/or an affiliate will receive part of the sale consideration). Immediately upon completion of the sale, the Goldman Sachs Fund will hold a continuing stake in Trader Interactive. Goldman Sachs & Co. LLC ("**GS&Co**") (which is also an affiliate of GSA) is acting as joint adviser to Trader Interactive in relation to that sale transaction and will receive fees, and the reimbursement of expenses, in connection with the sale to carsales. GS&Co or an affiliate thereof may also act as a counterparty to the other seller of part of the interests in Trader Interactive to be acquired by carsales, including by providing financing and/or derivative solutions to the other seller, which may be in connection with the receipt of sale consideration and/ or its retained holding in Trader Interactive. GS&Co or such affiliate may receive fees, make profits or be exposed to losses, in connection with the provision of such solutions.

**Past performance:** Past performance (including past performance of carsales' share price) should not be relied upon as (and is not) an indication or guarantee of carsales' future performance or condition. The historical information in this Presentation is, or is based upon, information contained in previous announcements made by carsales to the market, which are available at <https://shareholder.carsales.com.au/>.

# CONTENTS

|                                          |       |
|------------------------------------------|-------|
| Transaction Summary                      | 7-10  |
| Overview of Trader Interactive           | 11-14 |
| Strategic Rationale                      | 15-21 |
| carsales Y21 Performance Update          | 22-23 |
| Transaction Funding and Financial Impact | 24-28 |
| Equity Raising                           | 29-31 |
| Conclusion                               | 32-33 |
| Appendices                               | 34-62 |

personal use only

# TRANSACTION SUMMARY



# TRANSACTION SUMMARY

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transaction Details            | <ul style="list-style-type: none"> <li>carsales to acquire 49.0% interest in Trader Interactive ("<b>Trader Interactive</b>" or "<b>TI</b>"), ("<b>Acquisition</b>"), for US\$624m<sup>1</sup>, or approximately A\$797m equivalent<sup>2</sup> ("<b>Acquisition Price</b>")</li> <li>The Acquisition Price values Trader Interactive on a 100% Enterprise Value ("<b>EV</b>") equivalent basis at US\$1,625m, or approximately A\$2,074m equivalent<sup>2</sup>, representing a CY20 EV / Adjusted EBITDA acquisition multiple of 26.5x<sup>3</sup></li> </ul>                                                                                                                                                                            |
| Overview of Trader Interactive | <ul style="list-style-type: none"> <li>Trader Interactive is a leading platform of branded marketplaces in the United States ("<b>US</b>"), providing digital marketing solutions and services across commercial truck, recreational vehicle ("<b>RV</b>"), powersports, and equipment industries</li> <li>Trader Interactive is a highly profitable business with a strong growth track record. Adjusted Revenue of US\$123m and Adjusted EBITDA of US\$61m in CY20<sup>4</sup></li> </ul>                                                                                                                                                                                                                                                |
| Acquisition Funding            | <ul style="list-style-type: none"> <li>Funded via a A\$600m fully underwritten 1 for 6.99 pro-rata accelerated renounceable entitlement offer with retail entitlements trading ("<b>Entitlement Offer</b>" or "<b>Equity Raising</b>" and, together with the Acquisition, the "<b>Transaction</b>"). Balance to be funded by upsized debt facility from carsales' existing lenders</li> <li>carsales is expected to maintain a strong balance sheet post Acquisition, with pro forma last twelve months ("<b>LTM</b>") to 31 December 2020 Net Debt / EBITDA of 2.3x<sup>5</sup> expected to return to below 2.1x within 12 months post Acquisition</li> <li>All carsales' Directors are participating in the Entitlement Offer</li> </ul> |
| Financial Impact               | <ul style="list-style-type: none"> <li>The Transaction is forecast to be Earnings per Share ("<b>EPS</b>")<sup>6</sup> positive from completion, with mid-single digit EPS accretion from year one, which is expected to grow thereafter</li> <li>carsales to retain existing dividend policy</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                   |

1. Acquisition Price calculated as 100% EV less net debt and other adjustments of US\$351m (as at 31 March 2021), multiplied by 49% share of interest in Trader Interactive that carsales is acquiring. The final Acquisition Price is subject to completion adjustments and may differ from the number reported in this presentation. 2. Assumes an AUD / USD exchange rate of 0.784. 3. Based on Adjusted EBITDA in CY20 of US\$61m which includes pro forma and other normalisation adjustments and excludes new ventures. 4. Based on Adjusted revenue and Adjusted EBITDA in CY20 which includes pro forma and other normalisation adjustments and excludes new ventures, refer to slide 36. 5. Based on carsales' debt position as at 31 December 2020 as set out in the carsales reviewed financial statements for the half year ended 31 December 2020, including the pro-forma adjustments to reflect the impact of the Acquisition as outlined on slides 26 to 28. 6. Based on Adjusted EPS before amortisation of intangibles and one-off transaction costs. The impact of purchase price accounting has not been completed and which will impact future amortisation charges. In accordance with AASB 133, carsales' pre Transaction EPS has been restated based on an adjustment factor to take into account the bonus element of the Offer.

# TRANSACTION SUMMARY (CONTINUED)

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transaction Structure    | <ul style="list-style-type: none"><li>• carsales will invest alongside existing owners West Street Capital Partners VII, L.P. ("<b>Goldman Sachs PIA</b>"), Eurazeo North America Inc. ("<b>Eurazeo</b>") (together the "<b>Sponsors</b>") and management and employees, who collectively own remaining 51.0% interest in Trader Interactive</li><li>• carsales has a call option to acquire remaining interest in Trader Interactive on specified terms</li></ul> |
| Conditions               | <ul style="list-style-type: none"><li>• The Acquisition remains subject to customary closing conditions, including carsales obtaining the necessary regulatory approvals, which are expected to be satisfied in early H1 FY22</li></ul>                                                                                                                                                                                                                            |
| FY21 Results and Outlook | <ul style="list-style-type: none"><li>• Given proximity to the financial year end, carsales provides an update on FY21 performance. The estimated results reflect the continued strength of the Australian and international businesses. Refer slide 23 for details</li></ul>                                                                                                                                                                                      |
| Key Risks                | <ul style="list-style-type: none"><li>• Refer to Appendix B of this Presentation for a summary of general and specific risk factors associated with the Transaction and undertaking an investment in carsales</li></ul>                                                                                                                                                                                                                                            |

# INVESTMENT THESIS

Acquisition of Trader Interactive is aligned to our strategy and track record of growing internationally

## Highly attractive asset

1

### TI operates in large and highly attractive markets

- Advertising spend in TI's non-automotive markets estimated to be more than US\$3bn
- This is approximately 16 times larger than the Australian non-automotive market and 4 times larger than Australian auto market

2

### TI is a high quality business with strong growth potential

- TI has built strong market positions in the RV, powersports and truck industries in the US
- Strong track record of growth in revenue and earnings
- Strong future growth potential from a customer penetration and monetisation perspective

3

### Exposure to favourable structural trends in the US non-auto market

- The US non-automotive market is less digitally mature than the US automotive market
- The digital share of total marketing investment is increasing with TI expected to be a key beneficiary
- carsales has a deep knowledge of non-automotive segments given its position as a market-leader in respect of the caravan, bike and truck industries

4

### carsales track record leveraging technology and product capability

- carsales has a strong track record of adding value as a strategic investor in partnerships, particularly in South Korea and Brazil
- Considerable opportunity to add value where required to TI as a strategic shareholder through our global technology platform, deployment of new product and strategic opportunities

5

### Increases carsales' international scale and industry diversification

- Strong strategic fit with carsales' expansion strategy into markets with high growth potential
- International look-through revenue contribution of 36% post Transaction<sup>1</sup>
- Improved industry diversification with non-automotive look-through revenue contribution of 24% post Transaction<sup>1</sup>

6

### Attractive financial outcomes

- Forecast to be EPS<sup>2</sup> positive from Acquisition with mid-single digit EPS accretion from year one, which is expected to grow thereafter
- Compelling long term value creation opportunity
- carsales has a call option in relation to all remaining interests in Trader Interactive

## Multiple strategic upside opportunities

<sup>1</sup>. carsales "look-through" methodology: Industry diversification excludes tyresales and Redbook Inspect. 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 3 for further details. <sup>2</sup>. Based on Adjusted EPS before amortisation of intangibles and one-off transaction costs.

personal use only

# OVERVIEW OF TRADER INTERACTIVE



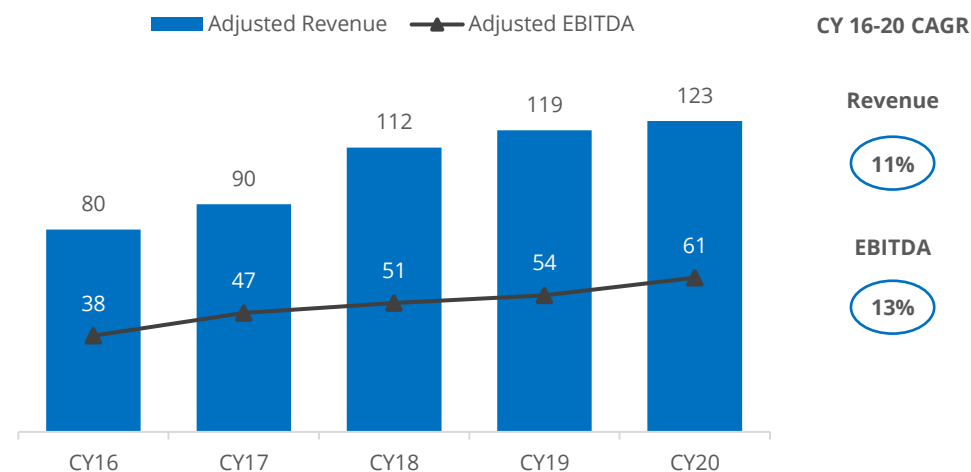
# TRADER INTERACTIVE FINANCIAL PROFILE

Trader Interactive has a strong financial track record

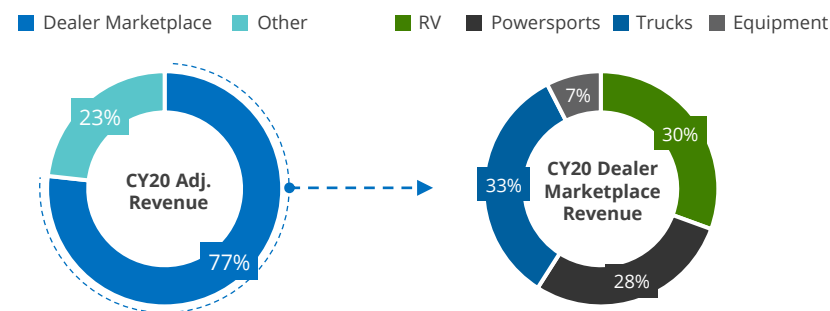
## Overview of Trader Interactive

- Leading platform of branded marketplaces, providing digital marketing solutions and services across commercial truck, RV, powersports, and equipment industries in the US
- Offers marketplace services across listings subscriptions, private party listings, brand advertising, listing enhancements, as well as software, dealer services and data insights to provide dealer and industry intelligence for customers
- Has a diversified dealer and Original Equipment Manufacturers ("OEM") customer base with over 8,500 dealers, 49 OEM relationships and approximately one million average online listings<sup>1</sup>
- Attractive financial profile delivering impressive revenue and earnings growth, with CY20 Adjusted Revenue<sup>2</sup> of US\$123m and Adjusted EBITDA<sup>2</sup> of US\$61m
- Inherent operating leverage has supported growth in EBITDA margin over time, ~90% recurring revenue<sup>3</sup> and strong retention rates provide revenue visibility and predictability<sup>1</sup>

## Adjusted Revenue and Adjusted EBITDA (US\$m)<sup>4</sup>



## CY20 Trader Interactive Adjusted Revenue Contribution<sup>5</sup>



1. Based on information provided by Trader Interactive, as at December 2020. 2. Adjusted Revenue and Adjusted EBITDA includes pro forma and other normalisation adjustments and excludes new ventures. 3. Recurring revenue is the portion of a company's revenue that is expected to continue in the future, are predictable, stable and can be counted on to occur at regular intervals going forward with a relatively high degree of certainty. 4. Adjusted Revenue and Adjusted EBITDA for CY16 to CY17 as provided by Trader Interactive excluding certain pro forma adjustments that have been made to CY18 – CY20, Adjusted Revenue and Adjusted EBITDA for CY18 to CY20 includes pro forma and other normalisation adjustments and excludes new ventures. Refer to slide 3 regarding the disclosure of non-IFRS information and slide 36 for CY20 reconciliation from Reported to Adjusted Financials. 5. Adjusted Revenue Contribution as provided by Trader Interactive.

# TRADER INTERACTIVE BRANDS AND SERVICES

Founded in Norfolk, Virginia, with c.380 employees TI operates across four key segments in the US, with a focus on RV, motorcycle, truck and equipment industries. Supported by software, service and data insights capability

## Brand Position Summary & Metrics

|                                     | RV                                                                                                                                                                     | Powersports                                                                                                                                                                                                                                                                                                                                                                                                                                   | Trucks                                                                                                                                                                     | Equipment                                                                                                                                                                                                                                                         |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key brands                          | <br> | <br><br><br><br> | <br> | <br><br> |
| Summary                             | Leading marketplace for buying, selling and renting motorhomes, caravans and campers. Portfolio includes RV Insider, an RV review website for owners                   | Leading marketplace for motorcycles and all-terrain vehicles (ATVs), personal watercraft (PWC), snowmobiles and aircraft                                                                                                                                                                                                                                                                                                                      | Marketplace for buying and selling light, medium and heavy duty trucks and trailers                                                                                        | Marketplace buying, selling and renting of all types of commercial and agricultural equipment                                                                                                                                                                     |
| US Market position <sup>1</sup>     | #1                                                                                                                                                                     | #1                                                                                                                                                                                                                                                                                                                                                                                                                                            | #2                                                                                                                                                                         | #2                                                                                                                                                                                                                                                                |
| Average monthly visits <sup>2</sup> | 7.9m                                                                                                                                                                   | 7.1m                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1.9m                                                                                                                                                                       | 1.4m                                                                                                                                                                                                                                                              |
| Lead over nearest competitor        | 6.3x <sup>3</sup>                                                                                                                                                      | 4.9x <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                                                                                             | 0.8x <sup>5</sup>                                                                                                                                                          | 0.3x <sup>6</sup>                                                                                                                                                                                                                                                 |
| Active listings (000) <sup>7</sup>  | 160                                                                                                                                                                    | 187                                                                                                                                                                                                                                                                                                                                                                                                                                           | 470                                                                                                                                                                        | 208                                                                                                                                                                                                                                                               |
| Dealer subscriptions <sup>8</sup>   | 1,931                                                                                                                                                                  | 1,910                                                                                                                                                                                                                                                                                                                                                                                                                                         | 3,000                                                                                                                                                                      | 1,950                                                                                                                                                                                                                                                             |

## Software, Services, Data & Insights

- Provides services to enable dealer website customisation, web services, dealer inventory and lead management as well as real-time listing and advertising analytics
- Key value proposition to users in providing customer, dealer and industry intelligence insights



1. Position determined by Similarweb monthly visits March-21 v nearest competitor 2. Similarweb monthly visits all brands identified in 'key brands' in March-21 3. Similarweb monthly visits of www.rvtrader.com v nearest competitor 4. Similarweb monthly visits of www.cycletrader.com in March-21 v nearest competitor 5. Similarweb monthly visits of www.commercialtrucktrader.com + www.nexttruckonline.com in March-21 v nearest competitor 6. Similarweb monthly visits of www.equipmenttrader.com + www.rockanddirt.com + www.tradequip.com in March-21 v nearest competitors 7. Active listings as at 30 April 2021 8. Based on figures provided to the company by Trader Interactive, as at December 2020.

# TRADER INTERACTIVE HAS AN EXPERIENCED MANAGEMENT TEAM

Trader Interactive's management team has strong experience in non-automotive classifieds



Lori Stacy  
**Chief Executive Officer**

- Appointed CEO in 2017
- Joined TI in 1997 as a Sales Manager with Auto Trader
- Experience with Dominion Enterprises, Cox Automotive and Landmark Media Enterprises



Charles Goodwyn  
**Chief Financial Officer**

- Appointed CFO in 2017
- Joined TI in 2000 as VP of Finance and Business Systems
- Previous experience with PwC as Audit Manager for 7 years



Senthil Velayutham  
**Chief Product & Technology Officer**

- Appointed CPTO in 2020
- 24 years experience with Microsoft as CTO/Chief Architect of Microsoft Search & AI and Microsoft Teams
- Has a Masters of Science, Computers and Engineering from Arizona State University



Deadrick Baker  
**Chief People Officer**

- Joined TI as CPO in 2020
- Background in human resources with extensive experience in talent acquisition in development, including with Health Essentials, Fidelity Life Insurance MassMutual and Cigna Healthcare



Paige Bouma  
**EVP - Sales & Operations**

- Joined TI in 2005 as National Sales Manager for CycleTrader.com in 2005
- Became VP of recreational brands in 2014 before being appointed EVP of sales & operations in 2020



Mark Coster  
**SVP of Corporate Strategy & Development**

- Joined TI in 2017
- Extensive experience in strategy and M&A with CarMax, PRA Group and Boston Consulting Group

personal use only

# STRATEGIC RATIONALE

# STRATEGIC RATIONALE

## CARSALES CURRENT NON-AUTOMOTIVE PORTFOLIO

carsales has built a portfolio of market-leading non-automotive marketplaces in Australia over the last 15 years

### carsales current Non-Automotive Market Positions

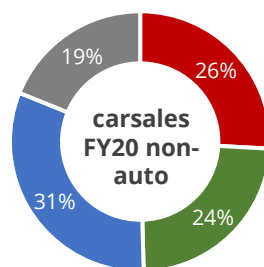


|                                                 |      |      |      |      |      |
|-------------------------------------------------|------|------|------|------|------|
| <b>Market position<sup>1</sup></b>              | #1   | #1   | #1   | #2   | #2   |
| <b>Average monthly session (m)<sup>2</sup></b>  | 2.6  | 1.5  | 0.6  | 0.2  | 0.3  |
| <b>Lead over nearest competitor<sup>3</sup></b> | 7.8x | 4.0x | 2.3x | n.a. | n.a. |
| <b>Active listings (000)<sup>4</sup></b>        | 11   | 7    | 37   | 17   | 24   |

### carsales Non-Automotive Revenue Profile

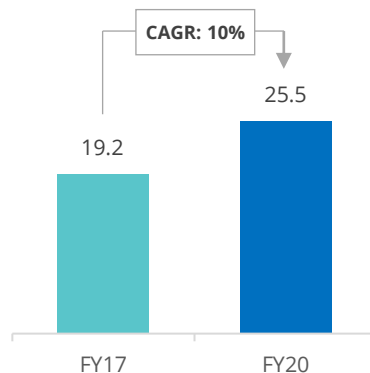
#### % Contribution to Revenue<sup>5</sup>

■ Bikes ■ Caravans ■ Trucks ■ Equipment



Non-automotive EBITDA margins are c.70%

#### Revenue Growth (AUDm)<sup>6</sup>



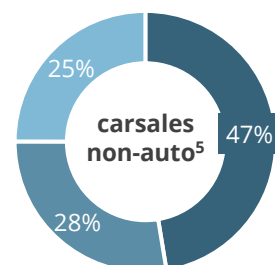
### carsales' Non-Automotive Business Commentary

- carsales has operated market leading non-automotive websites since 2005
- There is strong synergy between carsales' automotive and non-automotive marketplaces:
  - carsales' technology platform is common across all verticals, meaning we can leverage carsales' product suite across verticals; and
  - carsales has leveraged the enquiry based charging model into non-automotive markets
- This has resulted in establishing very strong market positions and delivered revenue and EBITDA growth

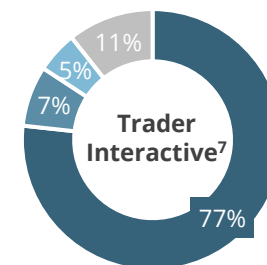
### Revenue by Segment

#### % Contribution to FY20 Revenue

■ Dealer Marketplace ■ Private ■ Media ■ Other



carsales can leverage strong non-dealer experience into TI



1. Position determined by Similarweb monthly visits March-21 v nearest competitor. 2. Nielsen Digital Content Ratings, average monthly sessions July 2020 - December 2020 3. Similarweb monthly visits March-21 v nearest competitor. 4. Active listings as at 30 April 2021. 5. carsales internal data excluding boats, including website services and finance. 6. carsales internal data excluding boats, websites services and finance. 7. Based on figures provided to the company by Trader Interactive.

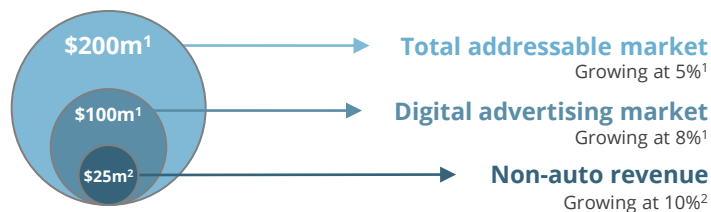
# STRATEGIC RATIONALE

## MARKET SIZING AND DIGITAL PROFILE

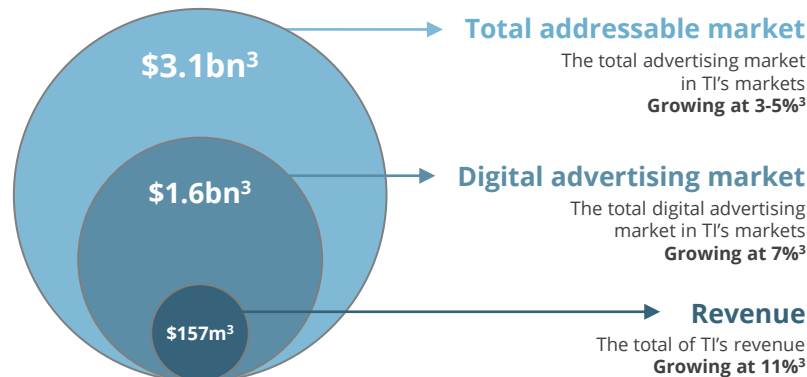
US non-automotive advertising is a large, increasingly digital market

TI operates in large and highly attractive markets

 carsales non-auto



 Trader Interactive



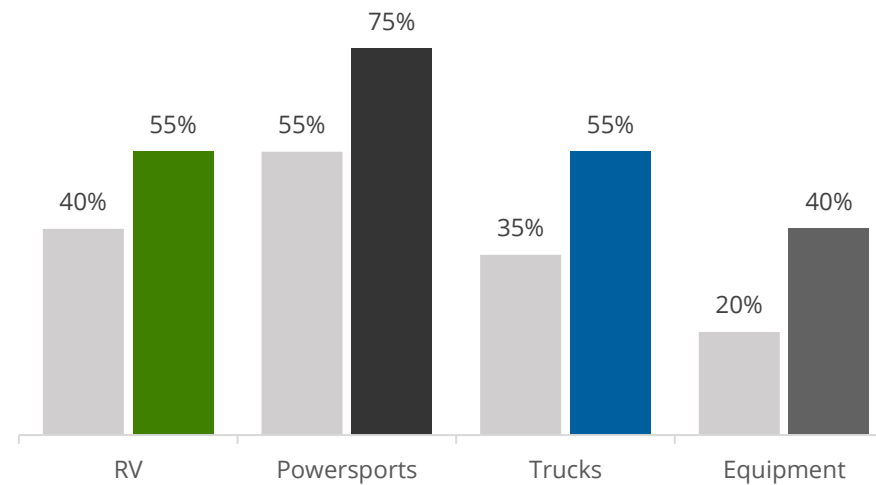
TI's addressable advertising market is approximately 16 times larger than Australia. TI has a lower market share than carsales' non-automotive business

Dealers are increasingly focused on digital marketing channels

### Digital Channels % of Advertising<sup>3</sup>

US non-auto market

■ 2016 ■ 2020



The non-automotive market is less digitally mature than the automotive market. Provides an ongoing structural opportunity for digital marketplaces like TI

1. carsales management estimates. Addressable market defined as national dealer advertising spend, growth rates CAGR FY17-FY20. 2. carsales internal data excluding boats, websites services and finance CAGR FY17-FY20. 3. Addressable market defined as national dealer advertising spend, carsales management estimates. CAGR CY16 - CY20 based on figures provided to the company by Trader Interactive and A\$157m represents CY20 pro forma revenue.

# STRATEGIC RATIONALE

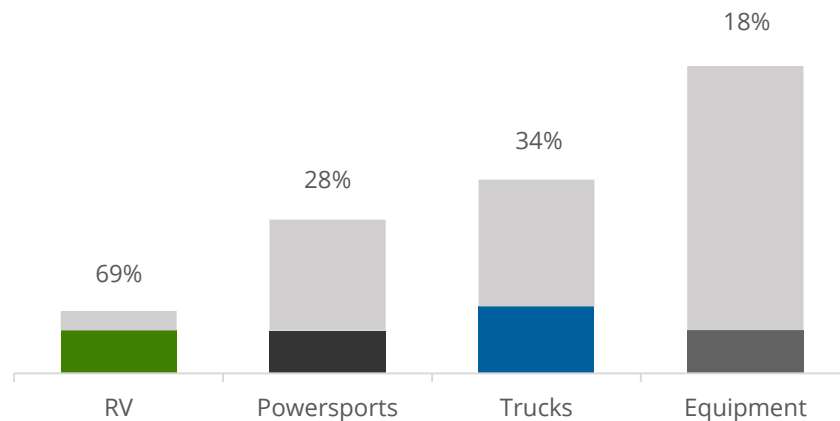
## DEALER PENETRATION OPPORTUNITY AND MONETISATION OPPORTUNITY

TI is well positioned to grow dealer penetration and monetisation

There is a significant opportunity to grow TI's dealer penetration

**Subscribed Dealer Volume Penetration<sup>1</sup>**

■ Subscribed dealers ■ Available

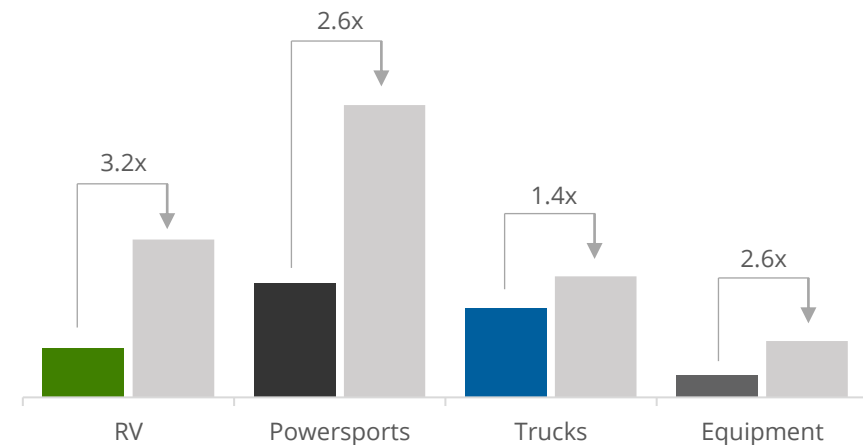


Increasing digital maturity and strategic input from carsales provide the opportunity to drive increased dealer penetration in TI's markets

And increase TI's monetisation given strong ROI

**TI's fees as a % of gross profit per unit sold<sup>2</sup>**

■ TI ■ carsales



There is considerable opportunity to grow the % of gross profit per sale

1. Based on figures provided to the company by Trader Interactive at 31 December 2020 2. Based on carsales internal data and figures provided to the company by Trader Interactive based on FY20 revenue.

# STRATEGIC RATIONALE

## VALUE CREATION OPPORTUNITIES

Significant opportunity to enhance growth through carsales' experience and technology

### Key value creation themes

1

#### Technology platform and capability

- carsales has a best in class global technology platform that is standardised across verticals and geographies
- carsales can leverage this capability into Trader Interactive as required

2

#### New product deployment

- carsales has a strong track record of deploying its suite of sophisticated products and software into new markets.
- Significant opportunity to enhance Trader Interactive revenue growth through new products as required

3

#### Strategic value creation insights

- carsales is a global leader in demonstrating attribution of value which is critical to long term value creation for automotive and non-automotive marketplaces

### Case studies and experience

#### South Korea

- carsales entered the South Korean market in 2014 and has enhanced growth through its technology, product and strategic capability
- Deployed carsales' technology and product including our proprietary search engine and sophisticated suite of media and listing depth products
- Remodeled Encar's 'Instant Offer' product based on learnings from Australia – this product is now a material contributor to Encar's revenue and will create significant long term value
- Launched a very successful guarantee inspection product

#### Brazil / LATAM

- Converted dealers to the pay per lead model in Brazil which has enhanced Webmotors' ability to attribute value and strengthened its market leadership position
- Launched new dealer software in Brazil called 'Cockpit', which provides a suite of dealer services, including lead management, CRM, 3rd party lead management, training and advertising support
- Built a world class finance integration with equity partner Santander which allows seamless credit assessment, including approval into Cockpit. This is now a material revenue contributor for the business
- Deployed carsales' global platform into Chile, Argentina and Mexico

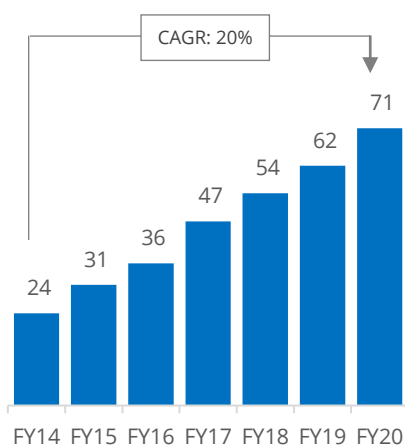
# STRATEGIC RATIONALE

## CARSALES TRACK RECORD OF GLOBAL ACQUISITIONS SUPPORTING GROWTH

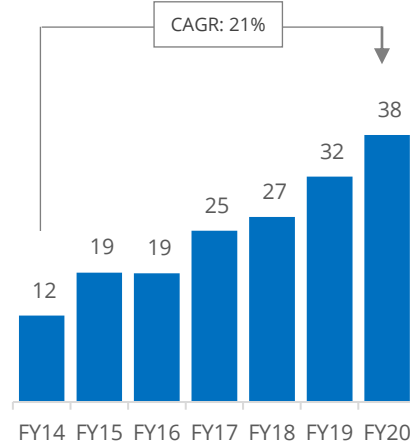
Strong track record of driving growth through international expansion

### South Korea - Encar

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



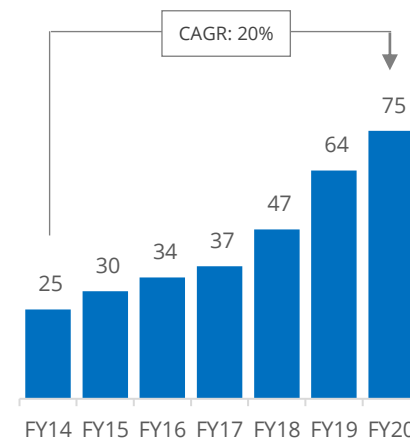
#### EBITDA (A\$m)<sup>1</sup>



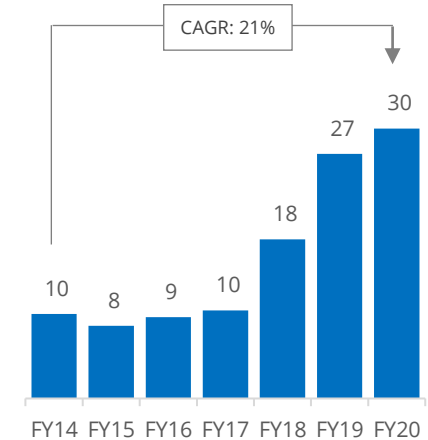
Leveraged carsales IP and technology into the Encar business to deliver more sophisticated tools and products

### Brazil: webmotors (30% owned)

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



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



Transferred all dealers on to a pay-per-lead model and built seamless finance integration

1. Revenue and EBITDA stated is 100% of the revenue and EBITDA for the business and FY14 to FY19 has been presented on a constant currency basis to remove the impact of currency exchange fluctuation.

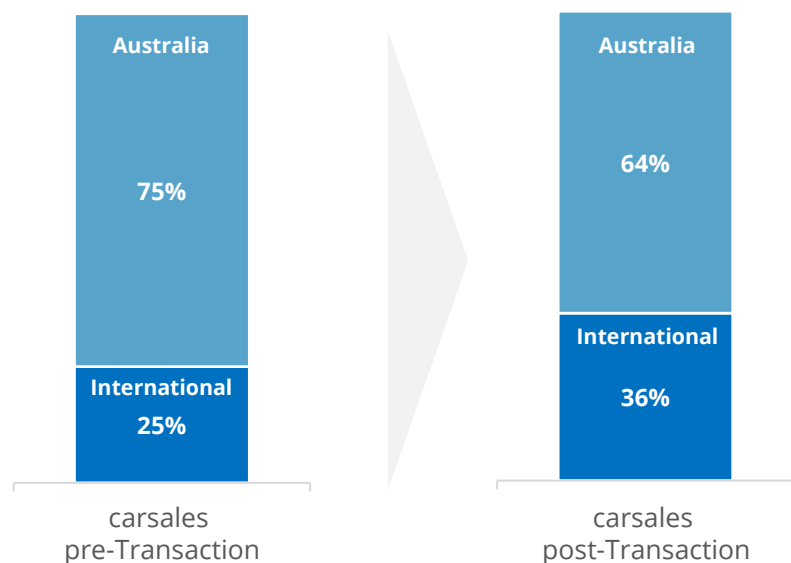
# STRATEGIC RATIONALE

## IMPROVED REVENUE DIVERSIFICATION

Enhances carsales' geographical and industry diversification

Enhances carsales' geographical diversification

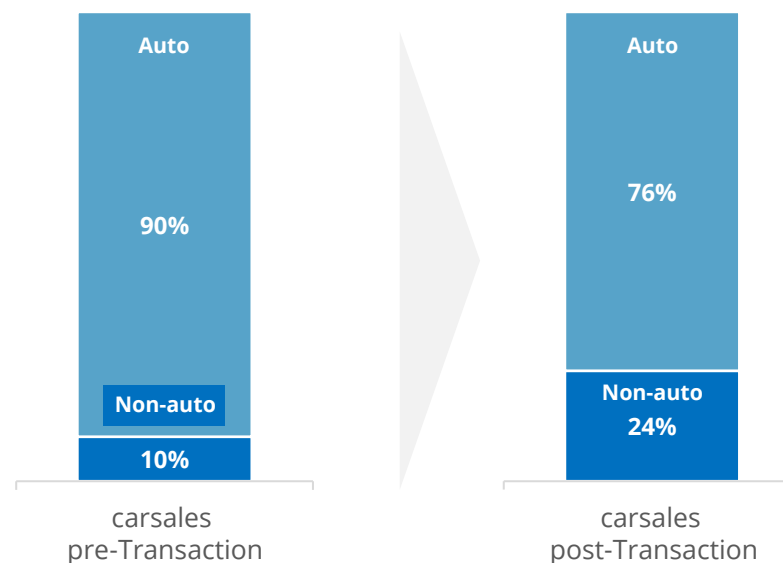
Geographical Revenue<sup>1</sup> Mix



The Acquisition is consistent with our strategy of diversifying into international markets with strong growth potential

Enhances carsales' industry diversification

Industry Revenue<sup>1</sup> Mix



The Acquisition provides increased exposure to the attractive non-automotive industries.

1. Based on carsales' look-through methodology excluding Industry mix excludes tyresales and Redbook Inspect. FY20 carsales Adjusted Revenue + Trader Interactive Adjusted Revenue based on figures provided to the company by Trader Interactive. 4. Look-Through Methodology - carsales "look-through" methodology: For equity accounted associates and consolidated subsidiaries, add the total Adjusted Revenue or Adjusted 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 3 for further details and see slides 35-36 for list of adjustments.

personal use only

# carsales FY21 PERFORMANCE UPDATE

# CARSALES FY21 PERFORMANCE UPDATE

We provide the following estimate of the FY21 results for the carsales business excluding the Acquisition.

All numbers referenced in relation to FY21 are unaudited and will be subject to review as part of our year-end audit process. The result ranges are an estimate only to keep the market as well informed as possible and we note significant volatility and uncertainty remains given the impact of COVID-19. All estimates below exclude the impact of the Transaction proposed, including any transaction costs.

| A\$m                          | FY20 <sup>1</sup><br>Actual | FY21<br>Estimate | Growth |
|-------------------------------|-----------------------------|------------------|--------|
| Adjusted Revenue <sup>2</sup> | 422                         | 433-437          | 3-4%   |
| Adjusted EBITDA <sup>2</sup>  | 232                         | 250-254          | 8-10%  |
| Adjusted NPAT <sup>2</sup>    | 138                         | 149-153          | 8-11%  |
| Adjusted EBITDA Margin %      | 55%                         | 57%-58%          | -      |
| Reported Revenue              | 394                         | 422-426          | 7-8%   |
| Reported EBITDA               | 202                         | 238-242          | 18-20% |
| Reported NPAT                 | 120                         | 130-134          | 8-12%  |

The estimated results demonstrate the continued strength of our Australian and international businesses. Domestic business performance in the first four calendar months reflects continued healthy levels of demand in the Australian automotive and non-automotive markets as well as increased adoption in key growth products.

Our international businesses are delivering strong financial results, particularly in Korea whilst Brazil continues to demonstrate resilience in a challenging COVID-19 environment.

1. FY20 Asia segment revenue and expense has been restated to treat certain expenses as a reduction in revenue, resulting in a A\$1.4m reduction in revenue and expense. 2. Adjusted Revenue, Adjusted EBITDA and Adjusted NPAT stated above is post non-controlling interests and excludes certain non-recurring or non-cash items. Refer to slide 3 for disclosure of non-IFRS information and slide 35 for reconciliation from Reported to Adjusted Financials.

personal use only

# TRANSACTION FUNDING AND FINANCIAL IMPACT

# TRANSACTION FUNDING AND TERMS

The Acquisition will be funded by a mix of equity and debt

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Acquisition Price</b>                    | <ul style="list-style-type: none"> <li>Acquisition Price of US\$624m<sup>1</sup>, or approximately A\$797m equivalent<sup>2</sup> for 49% of the interest in Trader Interactive</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Funding</b>                              | <ul style="list-style-type: none"> <li>The Acquisition Price, plus transaction costs, to be funded by:                             <ul style="list-style-type: none"> <li>Approximately A\$600m fully underwritten 1 for 6.99 pro-rata accelerated renounceable entitlement offer (with retail entitlements trading)</li> <li>Balance to be funded by upsized debt facilities from carsales' existing lenders, fully committed on substantially the same terms and conditions as the existing facilities. carsales' debt facility to be upsized from A\$650m to A\$900m</li> </ul> </li> <li>carsales is expected to maintain a strong balance sheet post Acquisition, with pro forma LTM to 31 December 2020 Net Debt / EBITDA leverage of 2.3x<sup>3</sup> (pro forma look-through leverage of 2.7x<sup>4</sup> due to leverage at Trader Interactive)</li> </ul> |
| <b>Timing and Completion Considerations</b> | <ul style="list-style-type: none"> <li>The Acquisition remains subject to customary closing conditions, including carsales obtaining the necessary regulatory approvals, no material adverse change occurring prior to completion and no pending or threatened litigation. These conditions are expected to be satisfied in H1 FY22</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Governance Arrangements</b>              | <ul style="list-style-type: none"> <li>The Acquisition includes customary governance arrangements, including Board seats commensurate with carsales' holding, certain information and decision rights and a call option on specified terms</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## Sources

|                         | \$A<br>Millions |
|-------------------------|-----------------|
| Equity raising proceeds | 600             |
| Debt drawn              | 222             |
| <b>Total Sources</b>    | <b>822</b>      |

## Uses

|                      | \$A<br>Millions |
|----------------------|-----------------|
| Acquisition Price    | 797             |
| Transaction Costs    | 25              |
| <b>Total Sources</b> | <b>822</b>      |

1. Acquisition price calculated as 100% EV less net debt and other adjustments of US\$351m (as at 31 March 2021), multiplied by 49% share of interest in Trader Interactive that carsales is acquiring. The final Acquisition Price is subject to completion adjustments and may differ from the number reported in this presentation. 2. Assumes an AUD / USD exchange rate of 0.784. 3. Based on carsales' debt position as at 31 December 2020 as set out in the carsales audited financial statements for the half year ended 31 December 2020 (refer to slide 28 for leverage calculation), including the pro-forma adjustments to reflect the impact of the Acquisition as outlined on slide 36. 4. Look-through leverage represents carsales' economic share of debt divided by its economic share of EBITDA.

# CARSALES PRO FORMA HISTORICAL PROFIT AND LOSS – LTM TO 31 DECEMBER 2020

| LTM <sup>1</sup> Ended 31 December 2020, \$A Millions | carsales <sup>2</sup> | Trader Interactive <sup>3</sup> | Adjustments  | Pro Forma    |          |
|-------------------------------------------------------|-----------------------|---------------------------------|--------------|--------------|----------|
| <b>Adjusted Revenue<sup>4</sup></b>                   | <b>417.9</b>          | -                               | -            | <b>417.9</b> |          |
| Expense                                               | (167.3)               | -                               | -            | (167.3)      |          |
| <b>Adjusted EBITDA<sup>4</sup></b>                    | <b>250.6</b>          | -                               | -            | <b>250.6</b> |          |
| EBITDA margin                                         | 60.0%                 | -                               | -            | 60.0%        |          |
| Depreciation & amortisation                           | (30.2)                | -                               | -            | (30.2)       |          |
| <b>EBIT</b>                                           | <b>220.4</b>          | -                               | -            | <b>220.4</b> |          |
| Net finance costs                                     | (15.0)                |                                 | (4.0)        | (19.0)       | <b>A</b> |
| <b>Profit Before Tax</b>                              | <b>205.3</b>          | -                               | <b>(4.0)</b> | <b>201.4</b> |          |
| Income tax expense                                    | (61.0)                | -                               | 1.2          | (59.9)       | <b>B</b> |
| Profits from associates                               | 4.6                   | 26.6                            | -            | 31.2         | <b>C</b> |
| Non-controlling interests (NCI)                       | (0.1)                 | -                               | -            | (0.1)        |          |
| <b>Adjusted NPAT<sup>4</sup></b>                      | <b>148.8</b>          | <b>26.6</b>                     | <b>(2.8)</b> | <b>172.6</b> |          |
| <b>Adjusted EPS (cents)<sup>5</sup></b>               | <b>59.5</b>           | -                               | -            | <b>61.4</b>  |          |

| Trader Interactive <sup>6</sup> (\$Am) | CY20                 |
|----------------------------------------|----------------------|
| Adjusted EBITDA <sup>4</sup>           | 78.3                 |
| Depreciation & amortisation            | (4.9) <b>D</b>       |
| Net finance costs                      | (18.6) <b>E</b>      |
| Income tax expense                     | (0.4) <b>F</b>       |
| <b>Adjusted NPAT<sup>4</sup></b>       | <b>54.4</b> <b>G</b> |
| carsales share of Net Profit           | 26.6                 |

## Basis of preparation

- The pro forma information is presented to show the impact of the Acquisition had it been acquired as of 1 January 2020.
- The pro forma results reflect the results of carsales for CY20, aggregated with Trader Interactive's 49% share of pro forma net profit for CY20 pursuant to the equity accounted investment approach being adopted by carsales.
- carsales prepares its financial statements in accordance with the Australian equivalent of International Financial Reporting Standards ("IFRS"). Trader Interactive financial information has been prepared in accordance with US GAAP principles, which may differ from IFRS and carsales' accounting policy. As at the date of this Presentation quantified differences between US GAAP and IFRS have been included as part of the Adjustments.

## Pro-forma transaction adjustments

- Interest on new debt: pro forma A\$4m of pre-tax additional interest expense representing the annual cost of the incremental A\$222m in debt at the carsales level to fund the Acquisition.
- Income tax expense represents pro forma tax deduction on A\$4m additional interest expense.
- Profits from associates: Reflects carsales' share of Trader Interactive's Adjusted NPAT of A\$54.4 (US\$42.6m) multiplied by 49%, being carsales interest. The table at the bottom of the page details the reconciliation between Trader Interactive's CY20 Adjusted EBITDA and carsales' share of Adjusted NPAT.
- Depreciation & amortisation: represents reported A\$5m of depreciation and amortisation associated with the acquired business and excludes intangible assets recognised in respect of historical acquisitions undertaken by Trader Interactive. In addition, it excludes amortisation of intangible assets recognised by carsales as part of this acquisition.
- Net Finance cost: reflects A\$18.6m of interest at the Trader Interactive asset level on its 31 March 2021 debt balance of A\$438m (US\$343m). This assumes that Trader Interactive refinances its existing debt as part of the Acquisition at an interest rate of 4.25%.
- Income tax expense: A\$0.4m tax expense on an adjusted basis after receiving a A\$60m (US\$47m) tax deduction for purchase price intangibles at the Trader Interactive level.
- Please refer to slide 36 for a reconciliation from Reported to Adjusted Financials.

1. Refers to the period from Jan-20 to Dec-20. 2. FY20 Asia segment revenue and expense has been restated to treat certain expenses as a reduction in revenue, resulting in a A\$1.4m reduction in revenue and expense. 3. Data has been extracted from the Trader Interactive adjusted financials and is reported in US GAAP. 4. Adjusted Revenue, Adjusted EBITDA and Adjusted NPAT stated above is post non-controlling interests and excludes certain non-recurring or non-cash items and new ventures on Trader Interactive level. Adjusted NPAT also excludes amortisation of Trader Interactive's acquisition related intangible assets and any intangible assets that will be recognised by carsales (for carsales reporting purposes) as part of the purchase price accounting exercise. Refer to slide 3 regarding the disclosure of non-IFRS information and slides 35-36 for reconciliation from Reported to Adjusted Financials. 5. Based on Adjusted EPS before amortisation of intangibles and one-off transaction costs. The impact of purchase price accounting has not been completed and will impact future amortisation charges. In accordance with AASB 133, carsales' pre Transaction EPS has been restated based on an adjustment factor to take into account the bonus element of the Entitlement Offer. 6. Financials stated is for the 100% of the business.

# PRO FORMA "LOOK-THROUGH" P&L ANALYSIS

| LTM <sup>1</sup> Ended 31 December<br>2020, \$A Millions | carsales <sup>2</sup> | Trader<br>Interactive <sup>3</sup> | Pro Forma    |          |
|----------------------------------------------------------|-----------------------|------------------------------------|--------------|----------|
| Domestic Revenue                                         | 324.3                 | -                                  | 324.3        |          |
| International Revenue                                    | 106.7                 | 76.8                               | 183.5        | <b>A</b> |
| <b>Total Look-through<sup>4</sup> Revenue</b>            | <b>431.0</b>          | <b>76.8</b>                        | <b>507.8</b> |          |
| Domestic EBITDA                                          | 207.5                 | -                                  | 207.5        |          |
| International EBITDA                                     | 51.0                  | 38.4                               | 89.4         | <b>B</b> |
| <b>Total Look-through<sup>4</sup> EBITDA</b>             | <b>258.5</b>          | <b>38.4</b>                        | <b>296.9</b> |          |
| EBITDA margin %                                          | 60.0%                 | 50.0%                              | 58.5%        |          |

## Basis of preparation

- The adjacent pro forma financials have been prepared using carsales' look-through methodology as follows: for equity accounted associates and consolidated subsidiaries, add the total revenue or EBITDA multiplied by the % ownership over the period.

## Pro-forma transaction adjustments

- Revenue: A\$76.8m of look-through revenue has been calculated based on Trader Interactive's Adjusted Revenue of A\$156.7m ( US\$122.9) multiplied by carsales' ownership interest of 49%.
- EBITDA: A\$38.4m of look-through EBITDA has been calculated based on Trader Interactive's Adjusted EBITDA of A\$78.3m ( US\$61.4m) multiplied by carsales' ownership of 49%. Please refer to slides 35-36 for a reconciliation between Adjusted and Reported EBITDA.

1. Refers to the period from Jan-20 to Dec-20. 2. FY20 Asia segment revenue and expense has been restated to treat certain expenses as a reduction in revenue, resulting in a A\$1.4m reduction in revenue and expense. 3. Data has been extracted from the Trader Interactive financials and is reported in US GAAP. 4. *Look-Through Methodology* - carsales "look-through" methodology: For equity accounted associates and consolidated subsidiaries, add the total Adjusted Revenue or Adjusted 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 3 for further details and see slides 35-36 for list of adjustments.

# PRO FORMA BALANCE SHEET BASED ON 31 DECEMBER 2020

| <b>\$A Millions</b>      | <b>31-Dec-20<br/>carsales<sup>1</sup></b> | <b>Impact of<br/>Acquisition</b> | <b>Combined</b> |          |
|--------------------------|-------------------------------------------|----------------------------------|-----------------|----------|
| Current assets           | 152.2                                     | -                                | 152.2           |          |
| Non-current assets       | 772.8                                     | 796.8                            | 1,569.6         | <b>A</b> |
| <b>Total assets</b>      | <b>925.0</b>                              | <b>796.8</b>                     | <b>1,721.8</b>  |          |
| Current liabilities      | 73.3                                      | -                                | 73.3            |          |
| Non-current liabilities  | 541.6                                     | 221.8                            | 763.4           | <b>B</b> |
| <b>Total liabilities</b> | <b>614.9</b>                              | <b>221.8</b>                     | <b>836.7</b>    |          |
| <b>Net assets</b>        | <b>310.1</b>                              | <b>575.0</b>                     | <b>885.1</b>    |          |
| <b>Total equity</b>      | <b>310.1</b>                              | <b>575.0</b>                     | <b>885.1</b>    | <b>C</b> |
| Net Debt                 | 360.6                                     | 221.8                            | 582.4           |          |
| Net Debt to EBITDA Ratio | 1.4x                                      | -                                | 2.3x            | <b>D</b> |

## Basis of preparation

- The pro forma balance sheet is presented to show the impact of the Acquisition had it occurred as at 31 December 2020.
- carsales prepares its financial statements in accordance with the Australian equivalent of IFRS.

## Pro-forma transaction adjustments

- Reflects the equity value of the investment, which is recorded as a non-current asset.
- Reflects increased debt at the carsales level to fund the Acquisition.
- Reflects assumed A\$600m of equity being raised less transaction costs.
- Pro forma Net debt to EBITDA is calculated as pro forma Net Debt A\$582.4m divided by LTM EBITDA A\$250.6m as of 31 December 2020.

<sup>1</sup>. carsales 31-Dec-20 position based on carsales' reviewed financial statements for the period ended 31 December 2020.

personal use only

# EQUITY RAISING

# OVERVIEW OF THE EQUITY RAISING

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Offer Size and Structure        | <ul style="list-style-type: none"> <li>Fully underwritten 1 for 6.99 pro-rata accelerated renounceable entitlement offer (with retail entitlements trading) to raise gross proceeds of approximately A\$600m ("<b>Entitlement Offer</b>")</li> <li>Approximately 35.3m new ordinary shares ("<b>New Shares</b>") to be issued under the Offer, equivalent to 14.3% of existing shares on issue</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Offer Price                     | <ul style="list-style-type: none"> <li>Entitlement Offer price of A\$17.00 per New Share ("<b>Offer Price</b>"), representing:                             <ul style="list-style-type: none"> <li>a 12.9% discount to the last closing price of A\$19.51 at Tuesday, 11 May 2021; and</li> <li>a 11.4% discount to Theoretical Ex-Rights Price ("<b>TERP</b>") of A\$19.20<sup>1</sup></li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Use of Proceeds                 | <ul style="list-style-type: none"> <li>Net proceeds from the Entitlement Offer are intended to be used to partially fund the Acquisition of a 49% interest in Trader Interactive and associated costs<sup>2</sup></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Institutional Entitlement Offer | <ul style="list-style-type: none"> <li>The Institutional Entitlement Offer opens today and closes on Thursday, 13 May 2021</li> <li>Institutional Entitlements not taken up and entitlements of ineligible institutional shareholders will be sold in an institutional shortfall bookbuild, which opens on Thursday, 13 May 2021 and closes on Friday, 14 May 2021, and any proceeds in excess of the Offer Price will be paid to relevant shareholders</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Retail Entitlement Offer        | <ul style="list-style-type: none"> <li>The Retail Entitlement Offer will open at 9:00am (Melbourne time) on Wednesday, 19 May 2021 and close at 5:00pm (Melbourne time) on Wednesday, 2 June 2021</li> <li>Eligible retail shareholders in Australia and New Zealand have a number of options under the Retail Entitlement Offer:                             <ul style="list-style-type: none"> <li>Elect to take up all or part of their pro rata entitlements prior to 5.00pm (Melbourne time) on Wednesday, 2 June 2021</li> <li>Sell or transfer all or part of their retail entitlements, which may be traded on the ASX from Monday, 17 May 2021 (on a deferred settlement basis) and Wednesday, 19 May 2021 (on a normal settlement basis) to Wednesday, 26 May 2021</li> <li>Do nothing and let their retail entitlements be offered for sale through the retail shortfall bookbuild process managed by the Underwriters, with any proceeds in excess of the Offer Price (net of any withholding tax and expenses) paid to the shareholder</li> </ul> </li> <li>Retail shareholders should read the Retail Entitlement Offer Booklet which contains full information on the Retail Entitlement Offer and application process</li> </ul> |
| Underwriting                    | <ul style="list-style-type: none"> <li>The Entitlement Offer is fully underwritten</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Ranking                         | <ul style="list-style-type: none"> <li>New Shares issued under the Entitlement Offer will rank pari passu with existing fully paid shares from the date of issue</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Board Participation             | <ul style="list-style-type: none"> <li>All the Directors of carsales has indicated they will be participating in the Offer for the shares they own</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

<sup>1</sup> Theoretical Ex-Rights Price ("TERP") is a theoretical calculation only and the actual price at which carsales shares trade immediately following the ex-date for the Entitlement Offer. The actual trading price of carsales' shares may be different from TERP. TERP is calculated by reference to carsales' closing price of A\$19.51 on Tuesday, 11 May 2021, being the last trading day prior to the announcement of the Entitlement Offer. <sup>2</sup> The equity raised from the Entitlement Offer will be in AUD to fund the Acquisition in US Dollars. Funding assumes an AUD/USD exchange rate of 0.784.

# EQUITY RAISING TIMETABLE

| Event                                                                                            | Date <sup>1</sup>       |
|--------------------------------------------------------------------------------------------------|-------------------------|
| Trading halt and announcement of Entitlement Offer                                               | Wednesday, 12 May 2021  |
| Institutional Entitlement Offer opens                                                            | Wednesday, 12 May 2021  |
| Institutional Entitlement Offer closes                                                           | Thursday, 13 May 2021   |
| Institutional Entitlement Offer Shortfall book closes                                            | Friday, 14 May 2021     |
| Announcement of results of Institutional Entitlement Offer                                       | Monday, 17 May 2021     |
| Trading halt lifted and shares recommence trading on an ex-entitlement basis                     | Monday, 17 May 2021     |
| Record Date for Entitlement Offer (7.00pm Melbourne time)                                        | Monday, 17 May 2021     |
| Retail rights commence trading on the ASX                                                        | Monday, 17 May 2021     |
| Retail Entitlement Offer opens and Retail Offer Booklet made available                           | Wednesday, 19 May 2021  |
| Settlement of new shares issued under the Institutional Entitlement Offer                        | Friday, 21 May 2021     |
| Allotment and normal trading of new shares issued under the Institutional Entitlement Offer      | Monday, 24 May 2021     |
| Close of retail rights trading on the ASX                                                        | Wednesday, 26 May 2021  |
| Retail Entitlement Offer closes (5.00pm Melbourne time)                                          | Wednesday, 2 June 2021  |
| Announcement of results of Retail Entitlement Offer                                              | Monday, 7 June 2021     |
| Retail Entitlement Offer shortfall bookbuild                                                     | Monday, 7 June 2021     |
| Announce results of Retail Entitlement Offer shortfall bookbuild                                 | Tuesday, 8 June 2021    |
| Settlement of new shares issued under the Retail Entitlement Offer                               | Thursday, 10 June 2021  |
| Allotment of new shares under the Retail Entitlement Offer                                       | Friday, 11 June 2021    |
| Normal trading of new shares issued under the Retail Entitlement Offer                           | Tuesday, 15 June 2021   |
| Holding statements in respect of new shares issued under the Retail Entitlement Offer despatched | Wednesday, 16 June 2021 |

1. The timetable is indicative only and subject to change. carsales and the Underwriters may, in their absolute discretion, vary any of the above dates by lodging a revised timetable with the ASX.

personal use only

# CONCLUSION

# CONCLUSION



Large and highly attractive markets



High quality business with strong growth potential



Favourable structural trends in digital adoption



Track record of successful international investments



Enhanced diversification



Attractive financial outcomes

personal use only

# APPENDIX A SUPPLEMENTARY FINANCIAL INFORMATION

# ADJUSTED TO REPORTED FINANCIALS - CARSALES

|                                         | FY21 Estimate  |                |                |
|-----------------------------------------|----------------|----------------|----------------|
| \$A Millions                            | Revenue        | EBITDA         | NPAT           |
| <b>Reported Financials</b>              | <b>422-426</b> | <b>238-242</b> | <b>130-134</b> |
| Dealer Support Package                  | 10.7           | 10.7           | 7.5            |
| Restructuring and M&A transaction costs | -              | 1.1            | 0.8            |
| Hedge Close out                         | -              | -              | 4.2            |
| Total acquired intangible amortisation  | -              | -              | 6.8            |
| <b>Adjusted Financials</b>              | <b>433-437</b> | <b>250-254</b> | <b>149-153</b> |

|                                         | CY20         |              |              |
|-----------------------------------------|--------------|--------------|--------------|
| LTM <sup>1</sup> Ended 31 December 2020 | Revenue      | EBITDA       | NPAT         |
| \$A Millions                            |              |              |              |
| <b>Reported Financials</b>              | <b>379.8</b> | <b>211.4</b> | <b>109.8</b> |
| Dealer Support Package                  | 38.1         | 38.1         | 26.7         |
| Restructuring and M&A transaction costs | -            | 1.1          | 0.8          |
| Hedge Close out                         | -            | -            | 1.4          |
| Option Movement in Fair Value           | -            | -            | (2.0)        |
| Loss / (Gain) on disposal of business   | -            | -            | 1.5          |
| One-off tax adjustment                  | -            | -            | 3.7          |
| Total acquired intangible amortisation  | -            | -            | 6.8          |
| <b>Adjusted Financials</b>              | <b>417.9</b> | <b>250.6</b> | <b>148.8</b> |

1. Refers to the period from Jan-20 to Dec-20.

# ADJUSTED TO REPORTED FINANCIALS CY20 – TRADER INTERACTIVE

**LTM<sup>1</sup> Ending 31 December  
2020, \$A Millions**

|                              | Reported      | Adjustments | Adjusted     |          |
|------------------------------|---------------|-------------|--------------|----------|
| <b>EBITDA</b>                | <b>57.9</b>   | <b>20.5</b> | <b>78.3</b>  | <b>A</b> |
| <i>EBITDA Margin %</i>       | <i>40.2%</i>  | <i>-</i>    | <i>50.0%</i> |          |
| Depreciation & amortisation  | (31.9)        | 27.0        | (4.9)        | <b>B</b> |
| <b>EBIT</b>                  | <b>26.0</b>   | <b>47.4</b> | <b>73.4</b>  |          |
| Net finance costs            | (39.0)        | 20.4        | (18.6)       | <b>C</b> |
| <b>Profit Before Tax</b>     | <b>(13.0)</b> | <b>67.8</b> | <b>54.8</b>  |          |
| Income tax expense           | (0.4)         | -           | (0.4)        |          |
| <b>Net Profit After Tax</b>  | <b>(13.4)</b> | <b>67.8</b> | <b>54.4</b>  |          |
| carsales share of Net Profit | (6.6)         | 33.2        | 26.6         |          |

## Pro-forma transaction adjustments

- A. EBITDA: Adjustments primarily include pro forma adjustments for pre-acquisition earnings of historical acquisitions undertaken by Trader Interactive, and the impact of COVID-19, as well as normalisation adjustments to exclude non-operating, non-recurring items and new ventures.
- B. Depreciation & amortisation: Reported depreciation and amortisation of purchase price intangibles under the previous ownership structure. The adjusted amount excludes the impact of any purchase price intangibles that have been recognised by Trader Interactive in respect of acquisitions made historically. Also excluded is amortisation of purchase price intangibles that will arise for carsales reporting purposes as part of carsales' purchase price accounting for this transaction.
- C. Net Finance cost: Adjusted interest A\$18.6m has been calculated based on Trader Interactive's current debt balance of A\$438m (US\$343m) multiplied by re-financed interest rate of 4.25%. Reported interest reflects interest incurred under the previous ownership structure.

1. Refers to the period from Jan-20 to Dec-20

personal use only

# APPENDIX B KEY RISKS

# KEY RISKS

## INTRODUCTION

This section sets out some of the key risks associated with an investment in carsales, together with risks relating to participation in the Entitlement Offer which may affect the value of securities in carsales. The risks set out are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in carsales.

Before investing in carsales you should be aware that a number of risks and uncertainties, which are both specific to carsales and of a more general nature, may affect the future operating and financial performance of carsales and the value of carsales shares.

Before investing in carsales shares, you should carefully consider the risk factors and your personal circumstances. Potential investors should consider publicly available information on carsales (such as that available on the ASX website), and consult their stockbroker, solicitor, accountant or other professional advisor before making an investment decision.

Nothing in this Presentation is financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

## ACQUISITION SPECIFIC RISKS

### Completion Risks

- carsales expects the Acquisition to proceed as advised in this Presentation. If the Acquisition fails to complete or completion is delayed, the expected financial performance of carsales could be adversely affected and the benefits of the Acquisition outlined in this presentation would not be realised.
- If the Acquisition does not complete and carsales has raised proceeds under the Entitlement Offer, carsales will need to consider alternative uses for those proceeds, or ways to return such proceeds to shareholders. If completion of the Acquisition is delayed, carsales may incur additional costs and it may take longer than anticipated for carsales to realise the anticipated benefits of the Acquisition.
- Failure to complete the Acquisition may be due to intervention by a regulatory body or order of a court of competent jurisdiction that prevents completion from occurring, or a failure to satisfy any of the conditions precedent to the Securities Purchase Agreement, amongst other factors. Completion may also be impacted or prevented as a result of changes in the relevant legal and regulatory frameworks in the United States.
- The Securities Purchase Agreement contains a number of customary closing conditions including obtaining the necessary regulatory approvals. The conditions which are expected to be satisfied in early 1H FY22 but these are not within carsales' control.

# KEY RISKS

## ACQUISITION SPECIFIC RISKS (continued)

### Due Diligence

- carsales has undertaken a due diligence process in relation to Trader Interactive which relied in part on the review of financial and other information provided by Trader Interactive considers this due diligence process to be appropriate.
- Despite making reasonable efforts, carsales has not been able to verify the accuracy, reliability or completeness of all of the information which was provided to it against independent data. carsales' assumptions and analysis may be inaccurate, including as a result of incorrect or missing information, flawed analysis methods or incorrect assumptions. There is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the Acquisition have been completely or accurately identified and avoided (or managed appropriately) and actual performance or circumstances may differ from carsales' conclusions.
- There is a risk that unforeseen issues and risks in respect of the Acquisition in relation to Trader Interactive and its business may arise, which may have a material adverse impact on carsales (for example, carsales may later discover liabilities or issues which were not identified through due diligence or for which there is no protection for carsales). This could adversely affect the operations, financial performance or position of both Trader Interactive and carsales.

### Future Earnings Risks

- carsales has undertaken financial and business analysis of Trader Interactive in order to determine its attractiveness to carsales and whether to pursue the Acquisition. It is possible that such analysis, and the best estimate assumptions made by carsales, draw conclusions and forecasts that are inaccurate or which will not be realised in due course. To the extent that the actual results achieved by Trader Interactive are different than those anticipated there is a risk that the profitability and future earnings of Trader Interactive may differ (including in a materially adverse way) from the performance as described in this Presentation.

### Acquisition Accounting

- carsales is required to undertake an assessment of the fair value of the identifiable assets acquired and liabilities assumed (including contingent liabilities) of Trader Interactive at the date of the Acquisition. If this assessment is incomplete as at the end of a carsales reporting period, reported amounts will be disclosed as provisional and will be finalised within 12 months of completion of the Acquisition. For the purposes of this Presentation, carsales has not estimated the fair value split of identifiable assets acquired and liabilities assumed on the basis this would be too judgemental at this stage. This fair value assessment will be completed within 12 months post Acquisition.
- Additionally, Trader Interactive prepares its financial statements in compliance with GAAP. Any changes to these accounting standards or to the interpretation of those standards may have an adverse effect on the reported financial performance of Trader Interactive and therefore may impact the reported value of Trader Interactive to carsales in the future.

### Key Employees

- Trader Interactive relies on the talent and experience of its key senior management and staff generally. The loss of any key personnel could cause disruption to the conduct of Trader Interactive's business in the short term and may have a material adverse impact on Trader Interactive's operations and/or financial performance.

# KEY RISKS

## ACQUISITION SPECIFIC RISKS (continued)

|                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Regulatory Risks</b>                         | <ul style="list-style-type: none"><li>carsales will be acquiring a large interest in a United States-based entity. This Acquisition requires carsales to comply with the onerous laws and regulations of the United States in relation to acquisitions, as well as the laws and regulations relating to operating a business in the United States. Any material breach of the relevant legal or regulatory obligations or failure to meet compliance requirements may have an adverse impact on, or will prevent completion of, the Acquisition, and may also have an adverse impact on the financial performance and operating position of carsales.</li></ul>                                                                                                                                                                                                                                                                                                          |
| <b>Legal Risks</b>                              | <ul style="list-style-type: none"><li>The Acquisition will involve carsales entering into a number of transaction documents, including the Securities Purchase Agreement. While the documents contain some protections in respect of certain historical liabilities for Trader Interactive, there is always a risk that the documents do not contain adequate protection for potential liabilities in relation to Trader Interactive's business or other costs, potentially exposing carsales to the risk of future costs or disputes arising in relation to the Acquisition.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Impact of COVID-19</b>                       | <ul style="list-style-type: none"><li>Trader Interactive's business and operations are exposed to the effects of COVID-19. COVID-19 poses significant risks of disruption to the Trader Interactive business, impaired financial performance, as well as potential impacts on the wellbeing of personnel. The long term impacts of COVID-19 on the general economy, non-automotive industry and Trader Interactive are uncertain and the future financial and operational performance of Trader Interactive may continue to be adversely impacted by adverse impacts from COVID-19.</li></ul>                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Global Markets and Foreign Exchange Risk</b> | <ul style="list-style-type: none"><li>Trader Interactive has significant operations in the United States. As a result of carsales increasing its global reach in the United States, carsales will be further exposed to the performance of the United States' domestic economy as well as global macroeconomic conditions. carsales will also become more exposed to fluctuations in the value of the United States Dollar, as well as other global currencies, than it was prior to the Acquisition. In cases where carsales' debt or other obligations are in currencies different than the currency in which carsales earns revenue, carsales may face higher costs to service those debts, which could impact on its financial performance or position. Fluctuations in the exchange rates, may also decrease the expected contributions made by Trader Interactive to carsales' earnings, resulting in an adverse impact on carsales' financial position.</li></ul> |
| <b>Minority Stake</b>                           | <ul style="list-style-type: none"><li>Following completion of the Acquisition, carsales will hold a 49% interest in Trader Interactive. Accordingly, carsales will not control Trader Interactive and the remaining 51% interest will be held by the Sponsors and Trader Interactive's management and employees.</li><li>carsales has a call option in relation to all remaining interest in Trader Interactive on specified terms, which it can exercise at its discretion. Post the expiry of this call option, the Sponsors have the right to conduct a sales process if they wish to. There are circumstances where carsales may be dragged into selling its interest in Trader Interactive as part of this sales process.</li></ul>                                                                                                                                                                                                                                 |

# KEY RISKS

## ACQUISITION SPECIFIC RISKS (continued)

### Historical Liabilities

- If the Acquisition completes, carsales will have exposure to any liabilities that Trader Interactive has incurred or agreed to incur in the past, including liabilities in connection with the Acquisition, such as adviser fees, payments under management incentive plans and those triggered by future control transactions.
- In addition, carsales will be exposed to any liabilities which were not identified during its due diligence or which are greater than expected, for which insurance may not be adequate or available, and for which carsales may not have post-Completion recourse under the . These could include liabilities relating to current or future litigation, regulatory actions and other liabilities. Such liability may adversely affect the financial performance or position of carsales post-Acquisition.

### Debt Funding and Refinance Risk

- The use of debt financing to partially fund the Acquisition means that carsales will be more exposed to risks associated with gearing and higher leverage ratios, as its debt levels will increase. In addition, carsales will be more exposed to general risks relating to any refinancing of its debt facilities. It may be more difficult for carsales to refinance all or some of these debt facilities in the future and may result in an inability to secure new debt facilities at a similar quantum and cost to existing debt facilities which may adversely affect its financial performance. There is also a risk that shareholders do not agree with the increase in carsales' debt levels and may seek to reduce their shareholding, which may result in a fall in carsales' share price.
- Additionally, there is a risk that post completion of the Acquisition, Trader Interactive will need to access debt markets to refinance maturing debt or access debt for corporate purposes. Possible increases in the interest rate, the cost of interest rate hedges and the level of financial covenants required by lenders may adversely impact on the operational and financial results of Trader Interactive.

### Underwriting Risk

- carsales has entered into an Underwriting Agreement with the Underwriters, pursuant to which the Underwriters have agreed to underwrite the Entitlement Offer, subject to the terms and conditions contained therein. If certain conditions are not satisfied or if certain termination events occur, the Underwriters may terminate the Underwriting Agreement. Those termination events are summarised in Appendix B of this Presentation.
- Termination of the Underwriting Agreement may have a material impact on the proceeds raised under the Entitlement Offer. In these circumstances, carsales would need to find alternative funding to meet its contractual obligations under the Securities Purchase Agreement to pay the purchase price, which may result in carsales incurring additional costs (for example, by way of interest payments on debt) and/or potential restrictions being imposed on the manner in which carsales conducts its business and deals with its assets. There is no guarantee that alternative funding could be sourced on satisfactory terms and conditions or at all. Termination of the Underwriting Agreement could materially adversely affect carsales' business, cash flow, financial condition and results of operations.

# KEY RISKS

## RISKS RELATED TO INVESTMENT IN CARSALES

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Relationship with Dealers and OEMs        | <ul style="list-style-type: none"><li>carsales derives a significant proportion of its revenue from motor vehicle dealers and automotive manufacturers (<b>OEMs</b>). A change in the size and/or structure of this market could impact carsales' earnings. In particular, consolidation of the dealer market with fewer, larger dealers or increased manufacturer control of dealers' online advertising activity may impact upon the financial performance of carsales.</li><li>In addition, a significant proportion of carsales' revenue is generated under monthly agreements with motor vehicle dealers. Should a significant number of dealers cancel or fail to renew their agreements, this may have an adverse effect on the financial performance of carsales.</li></ul>                                                                                                                                                                                                                                                                                                                     |
| Reputational Risks                        | <ul style="list-style-type: none"><li>The success of carsales and its businesses around the world is heavily reliant on its reputation and branding. Unforeseen issues or events, which place carsales' reputation at risk, may impact its future growth and profitability.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Competition                               | <ul style="list-style-type: none"><li>The online automotive advertising industry is highly competitive. While carsales will undertake all reasonable due diligence in its business decisions and operations, carsales will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of carsales' projects and business. For instance, new technologies could result in carsales' various online platforms not being sufficiently differentiated to other similar offerings. carsales' ability to develop additional online features could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of carsales. carsales' key competition risk is in achieving appreciable market share and differentiation from its key competitors.</li></ul> |
| Downturn in Economy or Advertising Market | <ul style="list-style-type: none"><li>The performance of carsales will continue to be influenced by the overall condition of the motor vehicle market. The motor vehicle market is influenced by the general condition of the Australian economy, which by its nature is cyclical and subject to change. In addition, carsales derives a significant proportion of its revenue from display advertisers on its network of websites.</li><li>A decline or significant change in the advertising market as a result of broader economic influences or changing advertiser trends could have a negative impact on carsales' future earnings.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Litigation or Disputes                    | <ul style="list-style-type: none"><li>In the ordinary course of business, carsales may be involved in possible disputes. These disputes could give rise to litigation.</li><li>While the extent of any disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect the operational and financial results of carsales. There is also a risk that carsales' reputation may suffer due to the profile and public scrutiny surrounding any such litigation and disputes regardless of their outcome.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

# KEY RISKS

## RISKS RELATED TO INVESTMENT IN CARSALES (continued)

### Information Technology

- The performance of carsales' websites is very important to the reputation of carsales' businesses, its ability to attract customers and ability to achieve overall market acceptance of its services.
- carsales' websites and business operations rely on owned and third party IT infrastructure and systems, telecommunications operators, data centres and other third parties to maintain its websites and provide its products and services to customers.
- Any interruption to these operations or loss of customer data could impair carsales' ability to operate its customer facing websites which could have a negative impact on carsales' financial performance and reputation. carsales' financial performance will also depend on its ability to monitor and manage major projects such as website upgrades and other projects involving its IT infrastructure.
- Although carsales' systems have been designed around industry standard architectures, they remain vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses or similar events. carsales' disaster recovery planning cannot account for all eventualities. carsales' websites have experienced system failures in the past and may do so in the future.
- If frequent or persistent significant system failures are experienced on carsales' websites, carsales may need to take steps to increase the reliability of its systems and invest in further or improved back-up systems. This could be expensive, reduce operating margins and may not be successful in reducing the frequency or duration of unscheduled downtime. It would also negatively impact carsales' business reputation and brand name.

### Cyber Security

- The cyber threat to companies around the world is growing and unrelenting. carsales as an online business is not immune to these risks. carsales is vigilant and proactive in its approach to cyber security, investing resources to meet the challenges of a complex cyber environment in order to protect our customers' data. A cyberattack or hack of carsales' systems could have serious impacts on carsales' reputation, operational and financial performance.
- carsales' businesses may be adversely affected by malicious third party applications that interfere with, or exploit, security flaws in its websites. Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in a user's computer or in carsales' computer systems or attempt to change the internet experience of users by interfering with carsales' ability to connect with its users.
- If carsales' efforts to combat these malicious applications are unsuccessful, or if its products and services have actual or perceived vulnerabilities, carsales' business reputation and brand name may be harmed and user traffic could decline, which may result in a material adverse effect on carsales' operations and financial position.

# KEY RISKS

## RISKS RELATED TO INVESTMENT IN CARSALES (continued)

### Dependence on Internet Infrastructure

- carsales' online businesses are dependent on the ongoing maintenance of the global, regional and local internet infrastructure to provide the necessary data speed, capacity and security to allow it to offer viable services.
- The internet has experienced significant growth in the number of users and amount of traffic. To the extent that the internet continues to experience increased numbers of users, there can be no assurance that the internet infrastructure will continue to be able to support the demands placed on it by continued growth.
- Any ongoing or serious disruptions to the performance of the internet in carsales' markets will adversely affect its operations and growth plans and would damage its business reputation and brand name.

### Intellectual Property

- carsales regards substantial elements of its websites, software tools, applications, databases and underlying technology as proprietary. Despite precautionary measures, third parties may copy or otherwise obtain and use carsales' proprietary information without authorisation or may develop similar technology independently. In addition, competitors may be able to design around carsales' technology or develop competing technologies substantially similar to those of carsales without any infringement of carsales' proprietary rights. Any legal action that carsales may bring to protect its proprietary information could be unsuccessful and expensive and would divert management's attention from its business operations.
- carsales is also subject to the risk of claims alleging infringement of third-party proprietary rights. If carsales infringes upon the rights of third parties, it may be unable to obtain licences to use those rights on commercially reasonable terms. Third parties that provide products and services that are critical to carsales' business may be subject to similar claims, which could prevent them from continuing to provide these products and services to carsales. In either of these events, carsales may be required to undertake substantial reengineering of its systems or processes in order to continue offering its services and it may not succeed in doing so. In addition, any claim of infringement could use substantial management time and result in carsales incurring substantial costs to negotiate and resolve the claim. Furthermore, a party making such a claim could secure a judgment that requires carsales to pay substantial damages, which could adversely affect carsales' business and financial condition.

### Insurance

- Not all risks are insured or insurable. carsales cannot be certain that its current insurance is adequate or that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable terms. If carsales experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties.
- Additionally, carsales' current insurance policies may not cover newly acquired assets or businesses (including its investment in Trader Interactive) and/or such acquisition may involve a substantial increase in premium to achieve coverage. These risks may have a materially adverse effect on carsales' financial position and performance.

# KEY RISKS

## RISKS RELATED TO INVESTMENT IN CARSALES (continued)

### Expiry or Termination of Material Contracts

- carsales relies on service providers for a number of ongoing services, which if terminated might have significant financial and operational implications for carsales' business. While carsales seeks to manage these arrangements, from time to time, in the ordinary course of business, material contracts will be terminated by the counterparty, expire or come up for renegotiations.
- While carsales carefully manages the replacement and renegotiation of material contracts and seeks to maintain positive relationships with counterparties, there is a risk that a counterparty may not be willing to enter into a further agreement or may seek to renegotiate the terms of the contract on less favourable terms for carsales. If any of the material contracts are terminated by the counterparty, not renewed or renegotiated on less favourable terms, it may have an adverse impact on carsales' financial performance and position.

### Future Acquisitions

- carsales may consider acquisitions where it believes they are supportive of carsales' growth strategy.
- There are a number of potential risk associated with acquisitions, including but not limited to the integration of financial, operational and managerial resources. If the assets or businesses are not successfully integrated, this may have a material adverse effect on carsales' financial and operational performance.
- In addition, while carsales will conduct due diligence on proposed acquisitions, there is no assurance that an acquisition will perform as forecast once fully integrated, or successfully achieve the desired objectives, including, where applicable, any synergies. Further, carsales may encounter unanticipated events, circumstances or legal liabilities in connection with any proposed acquisition, including risks with financing or refinancing any proposed acquisition.

### Financial Regulations and Credit Availability

- carsales is exposed to various regulatory environments across the markets and geographies in which it operates.
- Changes to regulations in the future could result in a material reduction in finance related revenues and profitability.

# KEY RISKS

## RISKS RELATED TO INVESTMENT IN CARSALES (continued)

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key Personnel           | <ul style="list-style-type: none"><li>carsales relies on the talent and experience of its directors, key senior management and staff generally. The loss of any key personnel could cause disruption to the conduct of carsales' business in the short term and may have a material adverse impact on carsales' operations and/or financial performance.</li><li>It may be difficult to replace key personnel, or to do so in a timely manner or at comparable expense. carsales regularly reviews its succession planning to ensure that key personnel risk is identified and managed.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Culture and Talent      | <ul style="list-style-type: none"><li>carsales takes great pride in its employee training, policies, procedures and other initiatives to foster a positive corporate culture that reflects the behaviours needed for future success. However, poor corporate culture can lead to, amongst other things, unethical practices, lack of trust, poor decision-making, increased employee turnover and reduced motivation. Any of these outcomes may have a material adverse impact on carsales' operations and financial performance.</li><li>As with carsales' key personnel, the future success of carsales will depend substantially on its ability to attract and retain high quality staff and consultants. carsales relies on its highly capable staff to manage the operational, sales, compliance and other functions of its business. There is a risk that, if carsales is understaffed (or the workload of existing staff is unsustainable), carsales' operational and financial performance will suffer.</li></ul> |
| International Expansion | <ul style="list-style-type: none"><li>With the expansion of the business into new high growth international geographies, carsales becomes exposed to the macroeconomic environment of these markets as well as to fluctuations in exchange rates. carsales may not be able to fully recoup its investment in these markets should it not be able to accelerate the growth of its business through the implementation of carsales' business models, intellectual property and technologies.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Regulatory Risk         | <ul style="list-style-type: none"><li>carsales must comply with wide ranging laws and regulations in each of the jurisdictions in which it operates, which include consumer protection laws. Changes to laws and regulations that apply to carsales in any of the jurisdictions in which carsales operates may have a material adverse effect on carsales' business, financial position and prospects.</li><li>Further, regulatory requirements in any of the jurisdictions in which carsales operates may become more burdensome in the future, which may result in carsales being required to dedicate more time, resources and expenditure to ensure compliance. Any material breach of the relevant legal or regulatory obligations or failure to meet compliance requirements may have an adverse impact on the financial performance and operating position of carsales</li></ul>                                                                                                                                   |

# KEY RISKS

## GENERAL RISKS

### Dividends

- The payment of dividends in respect of carsales' shares is impacted by several factors, including carsales' profitability, capital requirements and free cash flow.
- Any future dividends will be determined by carsales' board having regard to these factors, among others. There is no guarantee that any dividend will be paid by carsales, or if paid, paid at historical levels.

### COVID-19

- The COVID-19 pandemic and government responses to it (including associated restrictions) have impacted carsales' operating business to varying degrees. carsales' share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19.
- The length and duration of the current pandemic and the economic impact remain uncertain. The pandemic will continue to have an ongoing and unknown impact on carsales. Any further virus outbreaks in Australia or overseas may adversely affect carsales' operations and financial performance and are beyond carsales' control.
- In light of COVID-19, extra caution should be exercised when assessing the risks associated with an investment in carsales. The continually changing situation is bringing unprecedented challenges to global financial markets and the global economy, with significant volatility and movements seen in equities prices and valuations. This applies equally to the Australian financial market and economy.

### Force Majeure

- In addition to the pandemic risks, events may occur within or outside Australia that could have an adverse effect on the global economies and carsales' share price. The events include hostilities, acts of terrorism, civil wars, labour strikes, natural disasters or other man-made disasters.

### Changes in Tax Rules or their Interpretation

- Changes in tax law, or changes in the way tax laws are interpreted may impact the tax liabilities of carsales, shareholder returns, or the tax treatment of an investment. In particular, both the level and basis of taxation may change. Tax law is frequently being changed, both prospectively and retrospectively. Any actual or alleged failure to comply with, or any change in the application or interpretation of tax rules applied in respect of such transactions, may increase carsales' tax liabilities or expose it to legal, regulatory or other actions.

# KEY RISKS

## GENERAL RISKS (continued)

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Australian Online Retail Market            | <ul style="list-style-type: none"><li>• Investors should be aware that there is no guarantee that the Australian online retail market will continue to grow into the future, or as currently forecast. Growth in the Australian online retail market is expected to be driven partly by the migration of customers from traditional retail formats to online retail platforms. This factor is in part outside the control of online retailers, including carsales, and there is no guarantee that the migration of customers observed in recent years will continue in the future.</li><li>• If online penetration of the Australian retail market does not increase in line with carsales' expectations, carsales may not be able to acquire new customers or engage existing customers, and its business, financial condition and operating results may suffer.</li></ul>                                                                             |
| Trading Patterns                           | <ul style="list-style-type: none"><li>• carsales' financial performance depends in part on its ability to gauge and react to changing trading patterns in a timely manner. The change to trading patterns is further heightened as a result of COVID-19 as carsales cannot predict changes to customer spending.</li><li>• If carsales fails to react to changes in trading patterns in a timely manner, this may result in lower revenue and margins and could adversely impact carsales' financial and operational performance.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                             |
| Market Conditions                          | <ul style="list-style-type: none"><li>• The price at which carsales' shares are quoted on ASX may increase or decrease due to a number of factors outside carsales' control and which are not explained by the fundamental operations and activities of carsales.</li><li>• These factors may cause the shares to trade at prices above or below the price at which the shares were initially acquired. There is no assurance that the price of the shares will increase if they are quoted on ASX.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Changes in Australian Accounting Standards | <ul style="list-style-type: none"><li>• Australian Accounting Standards are issued by the Australian Accounting Standards Board (<b>AASB</b>) and are outside of the control of carsales and its directors.</li><li>• Any changes to the accounting standards or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of carsales.</li><li>• There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in carsales' consolidated financial statements.</li></ul> |
| Currency Risks                             | <ul style="list-style-type: none"><li>• Revenue and expenditure in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. carsales carries on a large part of its business outside of Australia. Accordingly, revenues and payments will be made in those countries' currencies and may deviate from budgeted expectations if there are adverse currency fluctuations against the Australian dollar.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

# KEY RISKS

## ENTITLEMENT OFFER SPECIFIC RISKS

### Renouncement

- If an eligible retail shareholder does not take up their entitlements under the Retail Entitlement Offer, then their entitlements will be treated as renounced and there is no guarantee that any value will be received for their renounced entitlement through the relevant bookbuild processes under the Entitlement Offer or (in the case of eligible retail shareholders) that they will be able to receive any value through selling their Entitlements on ASX or otherwise transferring them.
- The ability to sell entitlements under the institutional or retail bookbuild processes under the Entitlement Offer and the ability to obtain any premium will be dependent upon various factors including market conditions. Further, the relevant bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the Underwriters, will, if accepted, result in otherwise acceptable allocations to clear the entire book.
- Similarly, for eligible retail shareholders, there is no guarantee that there will be a liquid market on ASX or otherwise in traded entitlements, and prices obtainable for entitlements may rise and fall over the trading period and will depend on many factors including the demand and supply of entitlements and the value of carsales shares relative to the issue price.
- To the maximum extent permitted by law, none of carsales, the Underwriters, their respective related bodies corporate and affiliates and their respective directors, officers, employees, agents and advisers will be liable (including for negligence) for any failure to procure subscribers under either bookbuild at the price equal to or in excess of the issue price. If there is a premium achieved on the Retail Shortfall Bookbuild, it may be less than, more than, or equal to any premium achieved on the Institutional Shortfall Bookbuild. Accordingly, it is possible that retail holders who do not take up their entitlements will receive less value than their institutional counterparts, or no value at all.

# KEY RISKS

## ENTITLEMENT OFFER SPECIFIC RISKS (continued)

### Dilution Risk

- The issue of New Shares under the Entitlement Offer will dilute the interests of ineligible shareholders. Moreover, eligible retail shareholders who do not take up all of their Entitlements under the Retail Entitlement Offer will have their percentage holding in carsales diluted. For eligible retail shareholders who do take up all of their entitlements, their percentage holding in carsales will be diluted unless they apply for shares in addition to their entitlements through the Retail Shortfall Bookbuild, and are successful in receiving an allocation equivalent to the full equivalent percentage of their holding in carsales.
- Moreover, in the future carsales may elect to issue further shares or engage in capital raisings to fund its operations, for working capital purposes or to fund other opportunities that carsales may decide to pursue. While carsales will be subject to the constraints of the Corporations Act, shareholders at the time may be diluted as a result of such issuances of securities.

### Selling or Transferring of Entitlements

- Eligible Retail Shareholders who do not wish to take up their Entitlements can sell them on ASX or transfer them to another person or entity other than on the ASX during the Entitlement trading period. If an Eligible Retail Shareholder sells or transfers their Entitlements at one stage in the Entitlement trading period, they may receive a higher or lower price than a shareholder who sells or transfers their Entitlements at a different stage of the Entitlement trading period or through the Retail Shortfall Bookbuild. There is no guarantee that there will be a viable market during, or on any particular day in, the retail Entitlement trading period, on which to sell retail Entitlements on the ASX. There is no guarantee that there will be a liquid market on ASX or otherwise in traded Entitlements, and prices obtainable for Entitlements may rise and fall over the trading period and will depend on many factors including the demand and supply of Entitlements and the value of carsales' shares relative to the issue price.
- If an Eligible Retail Shareholder chooses to transfer their Entitlements to another person or entity other than on the ASX, there is no guarantee that they will receive any value for transferred Entitlements.

### Regulatory Risk

- carsales is required to comply with the laws and regulations relating to the offering of securities in each jurisdiction in which the Entitlement Offer will be available.
- Any material breach of the relevant legal or regulatory obligations or failure to meet compliance requirements in any of the relevant foreign jurisdictions may have an adverse impact on the success of the Entitlement Offer, as well as the financial and operating position of carsales.

# KEY RISKS

## ENTITLEMENT OFFER SPECIFIC RISKS (continued)

### Risks Associated with an Investment in Shares

- There are general risks associated with investments in equity capital such as carsales shares. The trading price of carsales shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the new shares issued under the Entitlement Offer being more or less than the Offer Price. Generally applicable factors that may affect the market price of shares include:
  - general movements in Australian and international stock markets;
  - investor sentiment;
  - Australian and international economic conditions and outlook;
  - changes in interest rates and the rate of inflation;
  - changes in government legislation and policies, in particular taxation laws;
  - announcement of new technologies;
  - geopolitical instability, including international hostilities and acts of terrorism;
  - demand for and supply of carsales shares;
  - announcements and results of competitors; and
  - analyst reports.
- No assurance can be given that the New Shares will trade at or above the Offer Price. None of carsales, its directors or any other person guarantees the performance of the New Shares.
- The operational and financial performance and position of carsales and carsales' share price may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors.
- It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.

### Other Risks

- The above risks should not be taken as a complete list of the risks associated with an investment in carsales. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of carsales shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by carsales in respect of carsales shares.

personal use only

# APPENDIX C INTERNATIONAL OFFER RESTRICTIONS

# INTERNATIONAL OFFER RESTRICTIONS

This Presentation does not constitute an offer of entitlements (**Entitlements**) or new ordinary shares (**New Shares**) of carsales in any jurisdiction in which it would be unlawful. In particular, this Presentation may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold in the Institutional Entitlement Offer, in any country outside Australia except to the extent permitted below.

## CANADA (BRITISH COLUMBIA, ONTARIO AND QUEBEC PROVINCES)

This Presentation constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**), only to persons to whom such securities may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This Presentation is not a prospectus, an advertisement or a public offering of securities in the Provinces. This Presentation may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this Presentation, the merits of the Entitlements or the New Shares or the offering of such securities and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the Entitlements or the New Shares.

carsales as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon carsales or its directors or officers. All or a substantial portion of the assets of carsales and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against carsales or such persons in Canada or to enforce a judgment obtained in Canadian courts against carsales or such persons outside Canada.

Any financial information contained in this Presentation has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this Presentation are in Australian dollars.

*Statutory rights of action for damages and rescission.* Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

*Certain Canadian income tax considerations.* Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as there are Canadian tax implications for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this Presentation, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Entitlements and the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

# INTERNATIONAL OFFER RESTRICTIONS

## EUROPEAN UNION (DENMARK, FRANCE, LUXEMBOURG, NETHERLANDS)

This Presentation has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this Presentation may not be made available, nor may the Entitlements or the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the Prospectus Regulation).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Entitlements and New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

## HONG KONG

**WARNING:** This Presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this Presentation or to permit the distribution of this Presentation or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Presentation, you should obtain independent professional advice.

# INTERNATIONAL OFFER RESTRICTIONS

## NEW ZEALAND

This Presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the FMC Act).

The Entitlements and the New Shares in the Offer are not being offered to the public within New Zealand other than to existing shareholders of carsales with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## NORWAY

This Presentation has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this Presentation shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

## SINGAPORE

This Presentation and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Presentation has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this Presentation immediately. You may not forward or circulate this Presentation to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# INTERNATIONAL OFFER RESTRICTIONS

## SWITZERLAND

The Entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this Presentation nor any other offering or marketing material relating to such securities constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the Entitlements or the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this Presentation will not be filed with, and the offer of such securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this Presentation nor any other offering or marketing material relating to the Entitlements or the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. Such securities will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This Presentation is personal to the recipient and not for general circulation in Switzerland.

## UNITED ARAB EMIRATES

This Presentation does not constitute a public offer of any securities in the United Arab Emirates. The Entitlements and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this Presentation nor any securities of carsales have been approved by the Securities and Commodities Authority (SCA) or any other authority in the UAE.

This Presentation may be distributed in the UAE only to "qualified investors" (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the Entitlements or the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for Entitlements or New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

## UNITED STATES OF AMERICA

This Presentation may not be distributed or released in the United States.

This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (US Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold to, directly or indirectly, persons in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

# INTERNATIONAL OFFER RESTRICTIONS

## UNITED KINGDOM

Neither this Presentation nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the Entitlements or the New Shares.

These securities may not be offered or sold in the United Kingdom by means of this Presentation or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Presentation is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This Presentation may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to carsales.

In the United Kingdom, this Presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this Presentation relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Presentation.

personal use only

# APPENDIX D SUMMARY OF UNDERWRITING AGREEMENT

# SUMMARY OF UNDERWRITING AGREEMENT

carsales has entered into an underwriting agreement with the **Underwriters** in respect of the Entitlement Offer (the **Underwriting Agreement**).

The Underwriting Agreement contains customary representations and warranties and indemnities in favour of the Underwriters.

The Underwriters may, in certain circumstances, terminate their obligations under the Underwriting Agreement on the occurrence of the following events:

## Termination Events

- ASX announces that carsales will be removed from the official list or that its shares will be removed from official quotation, or suspended, other than in connection with the Entitlement Offer or the bid;
- carsales alters its capital structure without the consent of the Underwriters;
- carsales or a subsidiary is deemed insolvent or there is an act or omission which may result in carsales or a subsidiary becoming insolvent;
- the chief executive officer or chief financial officer of carsales has their employment terminated by carsales for cause without the prior written consent of the Underwriters;
- carsales or any of its directors or engage, or have engaged, in any fraudulent conduct or activity;
- a director or senior manager of carsales is charged with an indictable offence relating to financial or corporate matters, or a director of carsales is disqualified from managing a corporation;
- ASIC or any governmental agency charges or commences any court proceedings or public action against carsales or any of its directors, or announces that it intends to take action;
- ASIC issues or threatens to issue proceedings in relation to the Entitlement Offer or commences any formal inquiry or investigation into the Entitlement Offer;
- there is an application to any government agency for any order, declaration or other remedy, or any other government agency commences a hearing or announces its intention to do so in connection with the Entitlement Offer;
- a force majeure event occurs;
- carsales withdraws the Entitlement Offer or any part of it or indicates that it does not intend to or is unable to proceed with the Entitlement Offer;
- a certificate is not furnished when required to be furnished by carsales under the Underwriting Agreement, or if given, a statement in the certificate is untrue, incorrect, or misleading or deceptive in any material respect;

# SUMMARY OF UNDERWRITING AGREEMENT

## Termination Events

- ASX refuses to grant approval for the official quotation of the New Shares or such approval is withdrawn, qualified or withheld before the date of the allotment or issue of the Shares;
- carsales becomes required to give or gives a correcting notice under sections 708AA(10) or 708AA(12) (as included in the Corporations Act by the ASIC Instruments);
- any event specified in the timetable is delayed without the prior written consent of the Underwriters; or
- a scheme of arrangement or reconstruction is announced by carsales which would result in a change in control of carsales.

In addition, the Underwriters may terminate their obligations under the Underwriting Agreement if any of the following events has, or is likely to have, a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the likely market price at which the New Shares will trade on ASX or, or where the event leads or is likely to lead to a contravention by or liability of an Underwriter or its affiliate under the Corporations Act or any other applicable law:

## Termination Events

- there is a change in the chief executive officer or chief financial officer for any reason other than having their employment terminated by carsales for cause or any other change to the board of directors of carsales;
- carsales fails to perform or observe any of its obligations under the Underwriting Agreement;
- a representation, warranty or undertaking made or given by carsales under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect;
- a contravention by carsales or a subsidiary of the Corporations Act, the Constitution, the Listing Rules or, in relation to the Entitlement Offer or the acquisition, or any other applicable law;
- there is a general moratorium or material disruption on commercial banking activities in Australia, the United States of America, the United Kingdom or Hong Kong is declared by the relevant banking authority;
- trading of all securities quoted on ASX, LSE, HSE, NASDAQ or NYSE is suspended or limited in a material respect;
- hostilities not present, or a major escalation in existing hostilities occurs involving any one or more of Australia, New Zealand, Canada, the United States or the United Kingdom, any member state of the European Union, Russia, Democratic People's Republic of Korea, Japan or the People's Republic of China or terrorist act is perpetrated in any of those countries;
- there is a change in relevant law or policy in Australia which does or is likely to prohibit, regulate or materially inhibit the Entitlement Offer, capital markets or stock markets;
- ASIC or any other government agency commences or gives notice of an intention to prosecute or investigate carsales (or any director or employee of carsales);
- in the reasonable opinion of the Underwriters, an adverse new circumstance arises that would render the offer materials false, misleading or deceptive;

# SUMMARY OF UNDERWRITING AGREEMENT

## Termination Events

- an event or circumstance occurs or becomes known that would have required carsales to give ASX a correcting notice under sections 708AA(10) or 708AA(12) (as included in the Corporations Act by the ASIC Instruments) had the cleansing notice been lodged on the basis of information known at that time;
- a statement contained in the offer materials is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, or omit any information required under the Corporations Act;
- an adverse change occurs in the financial position, operations or prospects of carsales from the position disclosed to the Underwriters or the information publicly available, or the offer documents prior to the date of the Underwriting Agreement;
- any information supplied to the Underwriters prior to the Underwriting Agreement for the purpose of due diligence is, or becomes false, misleading or deceptive or likely to mislead or deceive (including by omission);
- an offer of shares or transaction is announced which may result in a person and their associates acquiring a beneficial interest in, or voting power of, 50% or more of the interests in carsales; or
- there is any adverse, or prospective adverse change or disruption to the financial markets, political or economic conditions of Australia, New Zealand, the United States, the United Kingdom or Hong Kong.

If the Underwriters terminate their obligations under the Underwriting Agreement, the Underwriters will not be obliged to perform any of their obligations that remain to be performed.

Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Entitlement Offer. In these circumstances, carsales would need to utilise alternative funding options to achieve its objectives as described in this Presentation.

personal use only

carsales  com Ltd