

# Financial performance KPIs

We use the metrics below to track our financial performance.

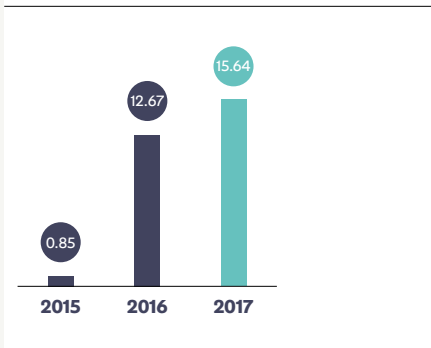
<b>Revenue</b> £m	<b>Underlying operating profit</b> £m	<b>Underlying operating profit margin</b> %																								
<p>+9%</p>	<p>+19%</p>	<p>+6%pts</p>																								
<table border="1"> <caption>Revenue (£m)</caption> <tr><th>Year</th><th>Revenue (£m)</th></tr> <tr><td>2015</td><td>255.9</td></tr> <tr><td>2016</td><td>281.6</td></tr> <tr><td>2017</td><td>311.4</td></tr> </table>	Year	Revenue (£m)	2015	255.9	2016	281.6	2017	311.4	<table border="1"> <caption>Underlying operating profit (£m)</caption> <tr><th>Year</th><th>Profit (£m)</th></tr> <tr><td>2015</td><td>144.1</td></tr> <tr><td>2016</td><td>171.3</td></tr> <tr><td>2017</td><td>207.2</td></tr> </table>	Year	Profit (£m)	2015	144.1	2016	171.3	2017	207.2	<table border="1"> <caption>Underlying operating profit margin (%)</caption> <tr><th>Year</th><th>Margin (%)</th></tr> <tr><td>2015</td><td>56</td></tr> <tr><td>2016</td><td>61</td></tr> <tr><td>2017</td><td>67</td></tr> </table>	Year	Margin (%)	2015	56	2016	61	2017	67
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<p><b>Definition</b></p> <p>The Group generates revenue from three different streams: Trade, Consumer services and Display advertising. Trade is further analysed into three classes: Retailer, Home Trader And Other.</p> <p><b>Progress</b></p> <p>Revenue increased by 9%, coming from a 9% increase in Trade revenue, as well as growth of 4% in Consumer services and 16% in Display advertising revenue. Refer to the Financial review for further detail on each revenue stream.</p>	<p><b>Definition</b></p> <p>Underlying operating profit is Operating profit before management incentive plans, share-based payments and associated NI, exceptional items and impairments.</p> <p><b>Progress</b></p> <p>Underlying operating profit increased by 19%, reflecting the Group's revenue growth and well managed costs.</p>	<p><b>Definition</b></p> <p>Underlying operating profit margin is Underlying operating profit as a percentage of revenue.</p> <p><b>Progress</b></p> <p>The Group's focus on operating efficiency and cost control resulted in a 6 percentage point increase in Underlying operating profit margin to 67%.</p>																								
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As the 2017 financial year was five days longer than the previous year, year-on-year percentages for revenue, costs and profits have been adjusted to reflect like-for-like growth. Read more in our Financial review on page 26.

## Basic EPS

pence per share

+22%



### Operating priorities

- 1 2 3 4 5 6

#### Definition

Basic earnings per share is defined as profit for the year attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the year.

#### Progress

Basic EPS growth is a reflection of the Group's strong operational leverage aided by a small tailwind from the share buy-back programme implemented in this financial year.

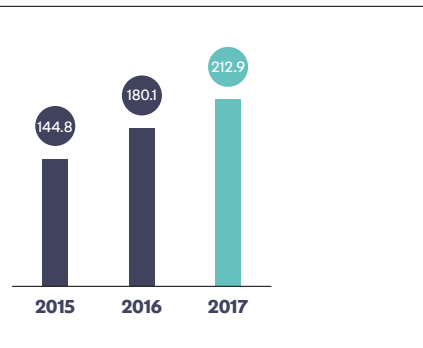
### Risks

- 1 2 3 4 5 6

## Cash generated from operations

£m

+£32.8m



### Operating priorities

- 1 2 3 4 5 6

#### Definition

Cash generated from operations as reported in the consolidated statement of cash flows on page 83. This is defined as cash generated from operating activities, before corporation tax paid. This is considered to be a more meaningful measure of performance than the statutory measure of cash generated from operating activities which can be distorted by changes in funding structure and the time lag that applies to the payment of corporation tax.

#### Progress

Cash generated from operations increased to £212.9m in the year, giving growth of £32.8m. This demonstrated a high level of profit being converted into cash, which was largely returned to shareholders.

### Risks

- 1 2 3 4 5 6

### Operating priorities relevant to our KPIs

- 1 Increase consumer audience, advert views and use of our valuation tools
- 2 Promote trust and fairness in the marketplace
- 3 Grow ARPR in a balanced, sustainable way by creating value for our customers
- 4 Extend the penetration of products outside of our core classified proposition
- 5 Enhance our relevance and value to manufacturers
- 6 Operate a simpler, leaner and more data-oriented business

➔ Read more on page 13.

### Risks relevant to our KPIs

- 1 Economy, market and business environment
- 2 Increased competition
- 3 Brand
- 4 New or disruptive technologies and changing consumer behaviours
- 5 IT systems
- 6 Employee retention

➔ Read more on pages 33 to 35.

# Operating KPIs

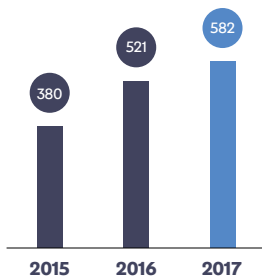
We use the metrics below to track our operational performance.

<b>Advert views</b> Average number per month (millions)	<b>Number of retailer forecourts</b> Average number per month	<b>Average Revenue Per Retailer ('ARPR')</b> £ per month																								
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<p><b>Definition</b> Advert views are click-throughs from initial search result pages to see the more detailed specification of the vehicle. Research has shown that a higher level of advert views correlates with a higher number of retailer sales.</p> <p><b>Progress</b> 2% growth in advert views was steady as our market leading position was consolidated. A proportion of advert view growth was cannibalised by growth in valuations, as consumers no longer need to go through a search to get an indicative value for their vehicle. In the year we delivered 3.0 billion of these virtual inspections, which means there was an average of 94 vehicles per second being viewed through an advert view.</p>	<p><b>Definition</b> The average number of retailer forecourts per month that are advertising vehicles on the Auto Trader marketplace over the financial year.</p> <p><b>Progress</b> The marginal decline in forecourts was the result of losses in non-car channels and a slight decline in small independent customers, marginally offset by growth in franchise forecourts. The independent decline appears to be attributable to continued consolidation in the total number of UK forecourts and the challenges faced by the fast moving nature of digital's role in the car buying process. Decline in the first half impacted run rate into the second half of the year.</p>	<p><b>Definition</b> Average Revenue Per Retailer ('ARPR') is the average monthly revenue generated from retailer forecourts divided by the average monthly number of retailer forecourts.</p> <p><b>Progress</b> In the year we continued to deliver greater levels of value to our customers, with increased levels of audience and higher levels of engagement per visit. This value underpinned the three levers of ARPR, price, stock and product (where we consolidated upsell and cross-sell). Our annual pricing event saw greater levels of product uptake and higher numbers of listings, aided by a good market tailwind.</p>																								
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## Cross platform minutes

Monthly average minutes spent across all our platforms (millions)

+12%



### Operating priorities

- 1 2 3 4 5 6

#### Definition

Monthly average minutes spent across all our platforms, as defined by comScore.

In the previous year, we reported our share of cross platform minutes against a defined competitor set. However, due to changes in comScore’s methodology, and inconsistencies between the way that competitor websites are configured, this measure is no longer considered to be reliable and so has been replaced with a measure of our own total cross platform minutes.

#### Progress

Cross platform minutes growth, as measured by comScore, was reflective of an increasingly engaged audience. Engagement was seen not just in our core classified listings but also with our valuation products and Dealer Reviews, both key components of our drive for greater levels of trust and transparency in the marketplace.

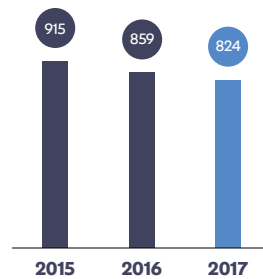
### Risks

- 1 2 3 4 5 6

## Number of full-time equivalent employees ('FTEs')

Average number (including contractors)

-4%



### Operating priorities

- 1 2 3 4 5 6

#### Definition

Full-time equivalent employees are measured on the basis of the number of hours worked by full-time employees, with part-time employees included on a pro-rata basis.

Number of FTEs (which includes contractors) is reported internally each calendar month, with the full-year number being generated from an average of those 12 time periods.

#### Progress

People are an essential asset and attracting, retaining and developing that talent is at the core of our operational thinking. There is also an internal commitment to operate in a lean and agile environment which has driven efficiencies over the last year, resulting in a 4% reduction in FTEs.

### Risks

- 1 2 3 4 5 6

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