

Strategic progress



“We’ve made significant progress this year across all three of our strategic focus areas.”

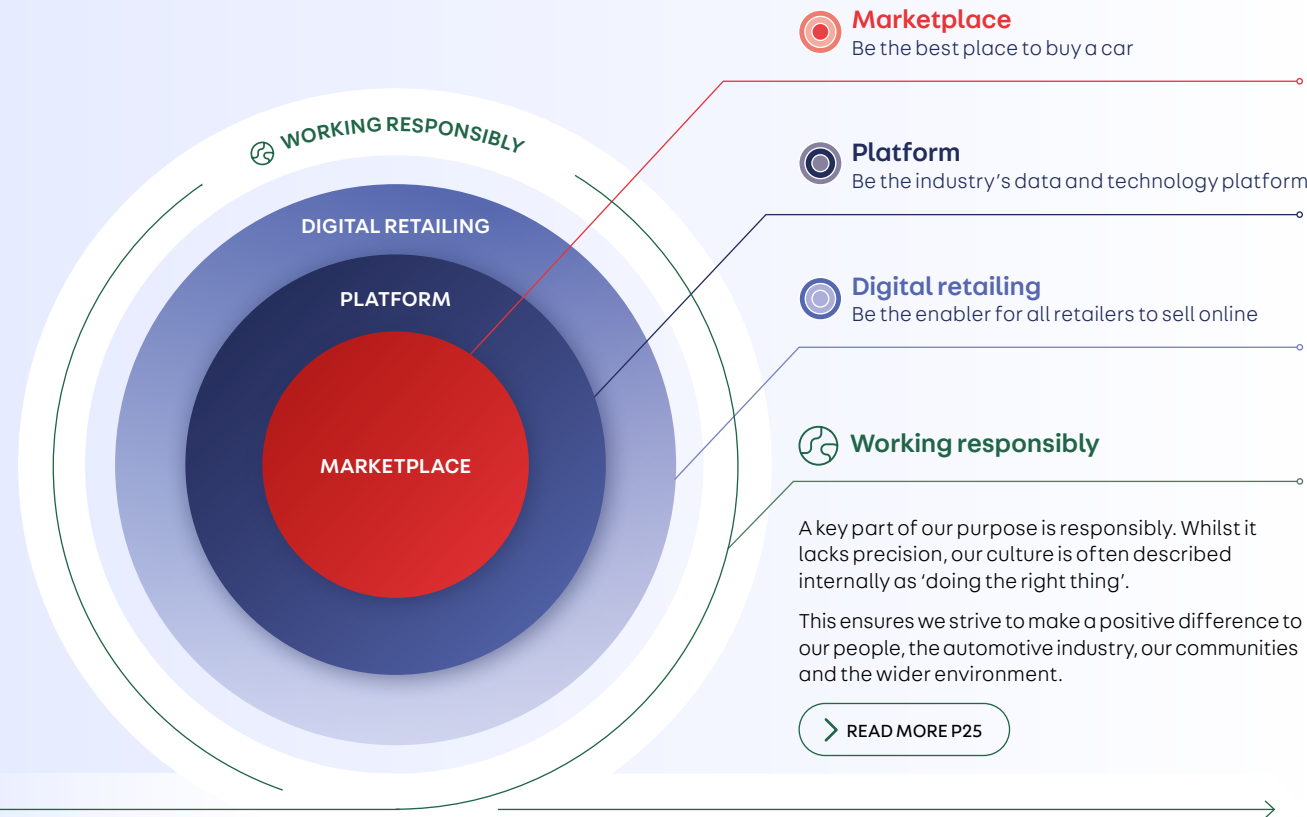
INTRODUCTION

Our strategy as set out at our investor day in September 2022 outlined three strategic focus areas: our marketplace; our platform; and digital retailing. These areas are closely interconnected, as our platform and digital retailing capabilities build on the strengths of our marketplace whilst also deepening our relationships with customers and car buyers.

Our marketplace has grown in the number of both buyers and sellers using Auto Trader. We’ve continued to develop our technology platform which has allowed us to launch further modules of Auto Trader Connect. On digital retailing, we have scaled our Deal Builder proposition which continues to receive positive feedback.

Driving Change Together. Responsibly.

Our purpose continues to be Driving Change Together. Responsibly. We deliver on this through our three strategic focus areas, alongside our commitment to working responsibly.



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KPI SP18

RISK SP53



Marketplace

2024 PROGRESS

Our marketplace saw strong revenue and operating profit growth in the year, with double digit growth across all three revenue segments for the first time since our IPO in 2015. The largest area of revenue comes from retailer customers, where forecourt numbers were broadly consistent and we increased average revenue per retailer ('ARPR') by 12%. This growth came from all three levers: price, stock and product. Our annual pricing and product event, which took effect in April, included a further module of AutoTrader Connect as we look to embed our data and insight into customers' businesses to enable them to make better, faster decisions. Our advertising packages continue to perform well with penetration above our standard package averaging 35% of retailer stock over the year (2023: 32%, March 2024: 34%).

Within our marketplace we remain committed to building our new car experience. Franchise customers have been able to advertise physical new cars for a number of years, and we ended the year with c.2,100 paying retailers on this product (March 2023: c.1,900). Alongside this, we have launched a product allowing manufacturers operating an agency model to advertise new cars directly to consumers nationally.

This revenue is included in the Manufacturer and Agency line. Critical to having the best new car buying experience is ensuring we are the research destination for electric vehicles ('EVs'). To support this, we have added new EV content, tools and evolved search. We have also actively started to incorporate EVs into our marketing campaigns, launched new media partnerships to promote EVs, hosted live events, and continued our successful monthly EV giveaway.

We have continued to share our data and insight with retailers, the industry and Government to help inform public policy and regulation to support the mass adoption of EVs. During the period we continued our programme of political engagement, which included giving evidence to a House of Lords Committee, presenting our data to key ministers, and supporting Transport for London's Ultra Low Emission Zone ('ULEZ') expansion and the associated scrappage scheme.

12%

ARPR growth in the year, with positive contribution from all 3 levers (2023: 10%)

35%

of retailer stock above our standard package level (2023: 32%)

HOW WE MEASURE PROGRESS

- Revenue
- Average revenue per retailer ('ARPR')
- Operating profit (and margin)
- Basic EPS
- Cash generated from operations
- Cross platform visits
- Cross platform minutes
- Number of retailer forecourts
- Live car stock
- Employee engagement

ASSOCIATED RISKS

- Automotive economy, market and business environment
- Climate change
- Employees
- Reliance on third parties and partners
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Legal and regulatory compliance
- Competition
- Brand and reputation



FUTURE OPPORTUNITIES

We continue to consider ways in which we can build consumer trust in our core marketplace. We also see an opportunity to improve our search experience, particularly in the ways we use data to create a more personalised search experience for consumers.

Whilst we have made good progress on new cars in the year, there is still much work to do. The penetration of franchise customers is currently only 50%, which we expect to increase over the next 12 months, and as a growing number of manufacturers move to a more direct sales channel, we expect to have them advertising on Auto Trader.



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Platform

2024 PROGRESS

In April 2023 we made our second module of Auto Trader Connect, Valuations, available to customers as part of our annual pricing and product event. This provides specification and condition adjusted valuations within our Retailer Portal and via our Auto Trader Connect APIs, enabling third parties and retailers to directly integrate these into their core systems. In April 2024 we launched a further module of Auto Trader Connect providing retailers with Trended Valuations and enhanced Retail Check functionality.

Combined, these tools help retailers confidently understand the past and present trends in terms of pricing and demand so they can make better decisions when buying or retailing vehicles.

Making our platform accessible also enables our customers to benefit from the multi-year investment we have made in our data platform and data science capability. Over many years we have improved the quality of our data, most of which is proprietary. We acquired Kee Resources for vehicle taxonomy, have integrated build-level data from manufacturers, collated

many observations on our platform and more recently have sourced granular vehicle data to provide our own provenance checks. As part of our platform strategy, we continue to integrate with lenders to enable a full digital automotive finance journey on Auto Trader. While we are not directly impacted by the current FCA investigation into discretionary commission arrangements, we believe it should lead to a more consistent and transparent car buying journey for consumers, which we are well placed to provide on Auto Trader.

HOW WE MEASURE PROGRESS

- Auto Trader Connect integrations
- Number of lender integrations
- Number of product releases

ASSOCIATED RISKS

- Reliance on third parties and partners
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours

65,000

software releases over the year
(2023: 51,000)

>75%

of retailers benefitting from our Auto Trader Connect modules: Retail Essentials and Valuations



FUTURE OPPORTUNITIES

We plan to further embed our data and usage of Auto Trader Connect with retailers. We will also continue to deepen relationships with third-party software providers, OEMs and lenders to further develop our proposition.



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Digital retailing

2024 PROGRESS

To strengthen our marketplace, we are looking to provide a deeper car buying and selling experience on Auto Trader, allowing car buyers and retailers to extend beyond some of the constraints of a physical forecourt and sales process.

Our main focus has been to develop and scale our Deal Builder product for used cars, where car buyers can carry out as much of the journey as they want on Auto Trader, completing the rest of the transaction on the forecourt, over the phone or through a combination of channels. We launched

c.1,100

Deal Builder customers live in March 2024 (March 2023: c.50)

Deal Builder last year, which uses Auto Trader technology to enable car buyers to get a part-exchange valuation, apply for finance and reserve a car online. Launched as a trial, we have increased the volume of customers to c.1,100 retailers (March 2023: c.50) with over 40,000 cars live at the end of March 2024. Over the past 12 months, we have continued to improve the onsite experience and generated 16,000 deals with a reservation in the period (2023: c.200). Consumer feedback continues to be positive and deals are converting at roughly double the rate of any other enquiry type, with many deals being completed outside of retail hours. In January

c.16,000

deals in the period (2023: c.200)

2024, we trialled monetisation with a small cohort of customers paying a transaction fee (0.25%) linked to the price of the vehicle which is charged on submission of a deal.

In parallel to Deal Builder, we are working to enable a digital retailing journey for new cars. Throughout the year we have further integrated leasing deals for cars, vans and pickups into the core Auto Trader search experience. Our car leasing tab consolidates all available deals and provides a full checkout journey on Auto Trader. The personal leasing market has been constrained by tight supply throughout the year, but in time we expect supply through this channel to improve. Autorama delivered 7,847 vehicles across the period (2023, from 22 June acquisition date: 6,895), with average commission and ancillary revenue per vehicle delivered of £1,631 (2023: £1,624).

HOW WE MEASURE PROGRESS

- Number of Deal Builder customers
- Number of Deal Builder live stock
- Number of submitted deals
- Number of leasing vehicles delivered

ASSOCIATED RISKS

- Reliance on third parties and partners
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Legal and regulatory compliance

Catherine Faiers
COO
30 May 2024



FUTURE OPPORTUNITIES

Looking ahead, we will continue scaling Deal Builder and building out the functionality for new vehicle leasing on Auto Trader. For Deal Builder we expect to integrate further with technology partners and increase our penetration with lenders to extend the offering to more customer segments. We have started to monetise a small cohort of customers which we also expect to increase over the next 12 months.

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