Q1 2019 Results

CEO Rolv Erik Ryssdal
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14 May 2019

Creating perfect matches on the world's most trusted marketplaces

Adevinta

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Overview

Rolv Erik Ryssdal, CEO

Successful listing and solid shareholder base

- Third largest ever new listing in Norway and biggest for 18 years
- Offer oversubscribed - overwhelming interest from across the investor spectrum
- Post listing, Adevinta is well positioned as one of the largest and fastest growing pure play marketplace leaders

Q1 Highlights: delivering strong results

- Continued growth with enhanced market positions
  - France – new apps and enhanced search increased traffic, professional products drove growth in core verticals
  - Spain – good growth in all verticals, car bundles key contributor
  - Brazil – new products launched saw good volume growth in paying customers
  - Global Markets – product improvements generating good leads
- Revenue grew 15% (proportionate basis)
  - Revenues from verticals grew 19%, including JVs
  - Soft development for display advertising, initiatives in place to reverse trend
- Solid EBITDA margin up to 29%
  - EBITDA margin enhancement in Spain and Brazil
  - Investment phase losses reduced to negative EUR 3.5 million
- Net cash flow from operating activities doubled to EUR 51 million

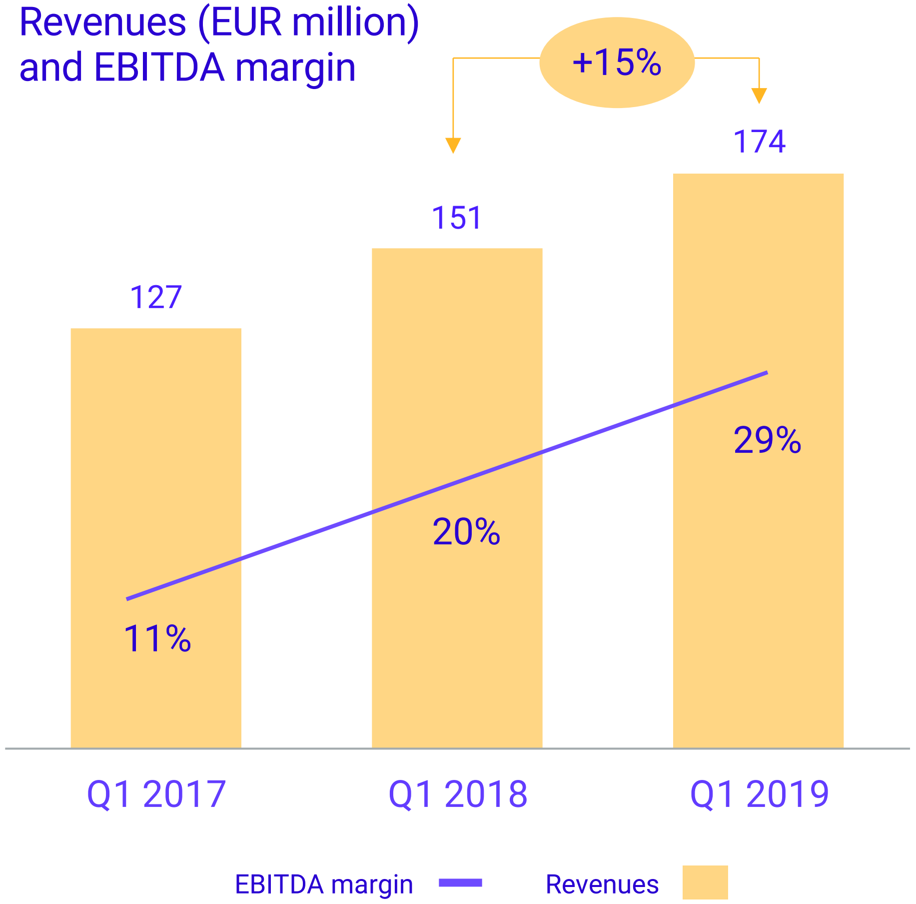
Strong growth in revenues and operating margins

We maintain our 15% - 20% medium to long term annual growth target

Strengthening verticals in existing markets

Focus on improved profitability and cash flow

Proportionate ownership view
Revenues (EUR million)
and EBITDA margin

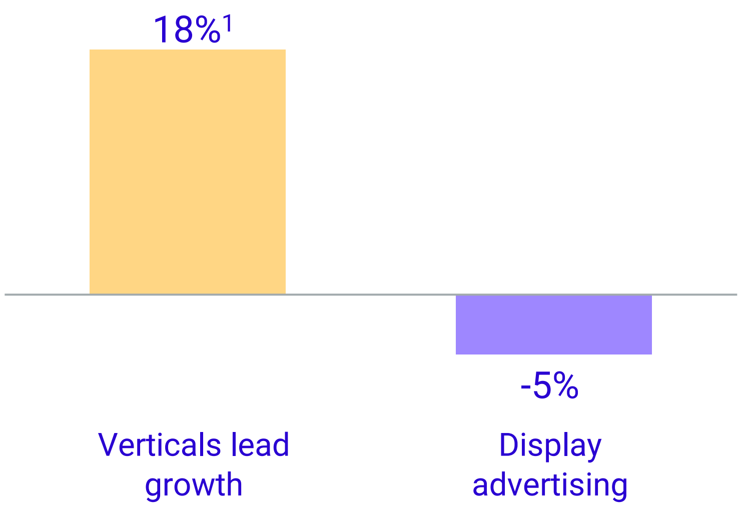


* The effect of IFRS 16 implementation on Operating expenses and EBITDA for Adevinta is EUR 3.5 million in Q1 2019. Excluding the IFRS 16 effect, EBITDA margin for combined financial figures is 27% in Q1 2019.

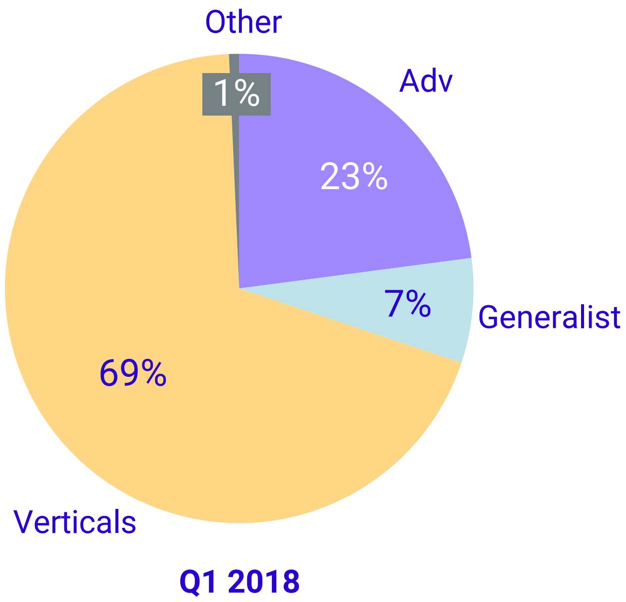
Rapidly growing core classified revenues, softness in display advertising continues

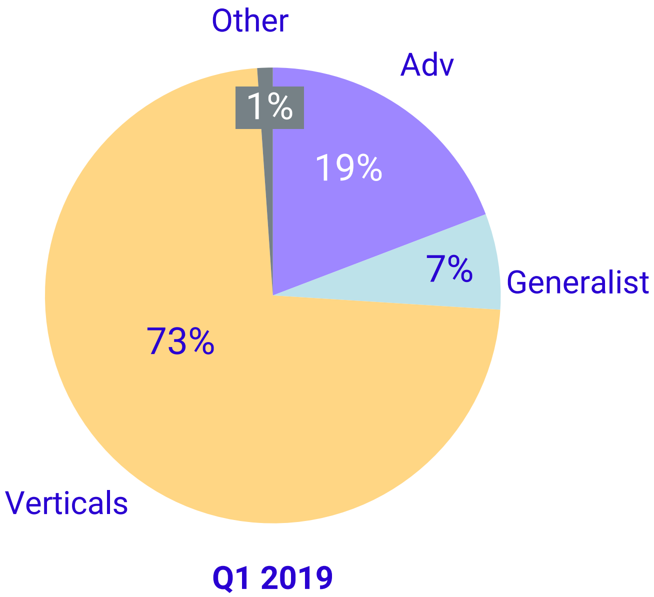
Verticals are the main contributor to revenue growth
Q1 2019 figures

Verticals lead growth…



… and become a larger part of our revenues





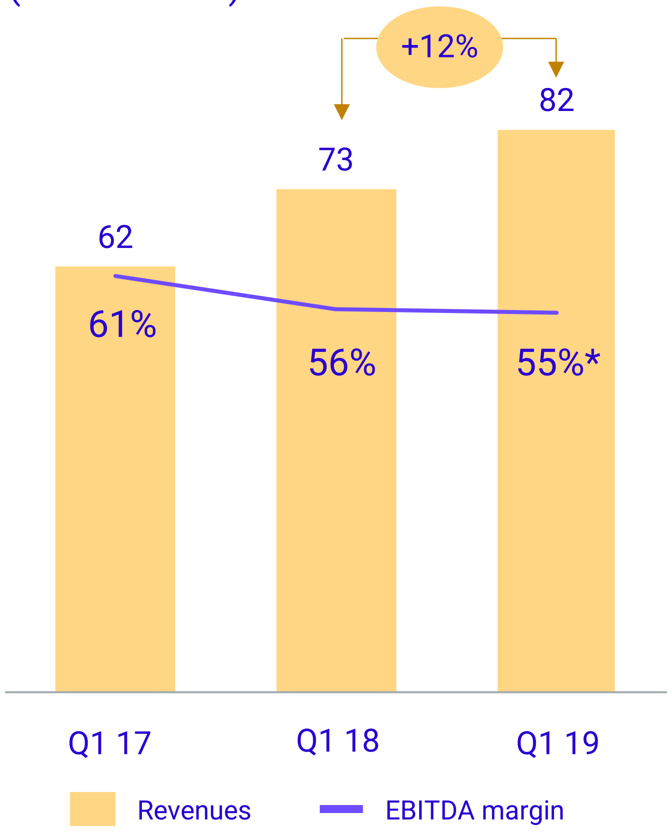
[1] Revenue from verticals grew 20 percent adjusted for currency

France: solid growth of verticals, lower display advertising revenues

- Fast growing revenues in verticals; 18% YoY
  - Real estate – bundles offer between LBC and AVAL
  - Pricing and new product development in cars and real estate
- Accelerated product development
  - Mobile apps and new features drove traffic, up 7%
  - Shipping and ratings now available
  - Search and recommendations enhancements
- Display advertising negatively affected by weak advertising market
- Leboncoin ranked 4th amongst all large companies in France in the annual Great Places To Work survey

leboncoin | leboncoin Emploi Cadres. | avendre alouer.fr | MB Diffusion | VIDE-DRESSING FASHION TOGETHER

France
Revenues and EBITDA margin
(EUR millions)



* The effect of IFRS 16 implementation on Operating expenses and EBITDA for France is EUR 1.0 million in Q1 2019. Excluding the IFRS 16 effect EBITDA margin for combined financial figures is 54% in Q1 2019

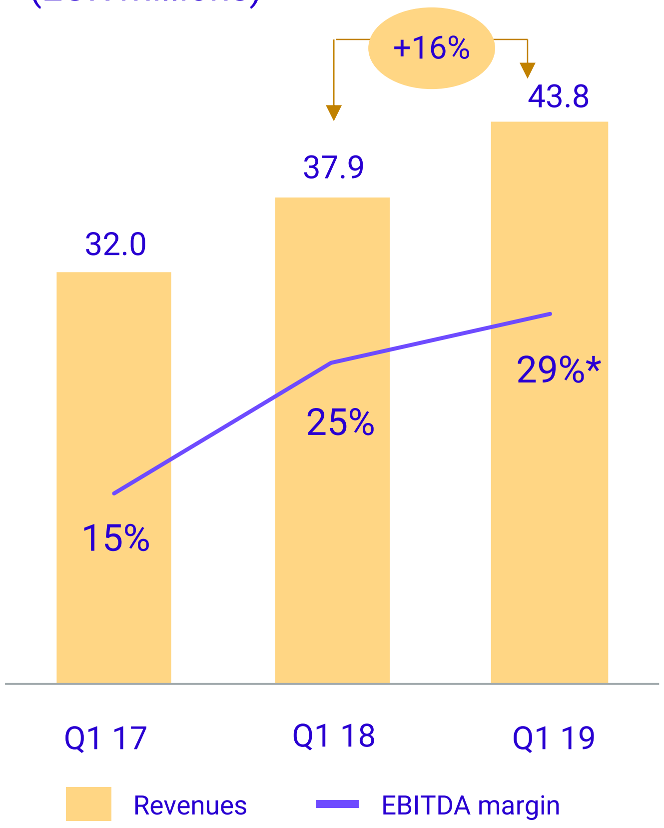
Spain: margin expansion fuelled by revenue growth in cars, jobs

- Solid revenue growth of 16% YoY, driven by verticals growing 21% YoY
  - Cars continues expanding customer base and improved monetisation with bundles
  - Real Estate increase in customer and content acquisition with improved ARPU
  - Decline in display advertising reducing overall growth
- Product development progressed well in the quarter:
  - Increased user engagement and content in Real Estate
  - Launched price transparency in Cars (cash price vs financed alternatives)
  - Further developed candidate matching in Infojobs
- Margin improvement driven by scale and productivity (having allowed for deeper marketing investments YoY)
- Move of 1,000 employees to new Barcelona office from 1 April, enhancing collaboration, improving talent acquisition/retention

coches.net La mayor oferta de coches | habitaclia | vibbo | fotocasa | milanuncios | InfoJobs

*) The effect of IFRS 16 implementation on Operating expenses and EBITDA for Spain is EUR 1.0 million in Q1 2019. Excluding the IFRS 16 effect EBITDA margin for combined financial figures is 27% in Q1 2019

Spain
Revenues and EBITDA margin (EUR millions)



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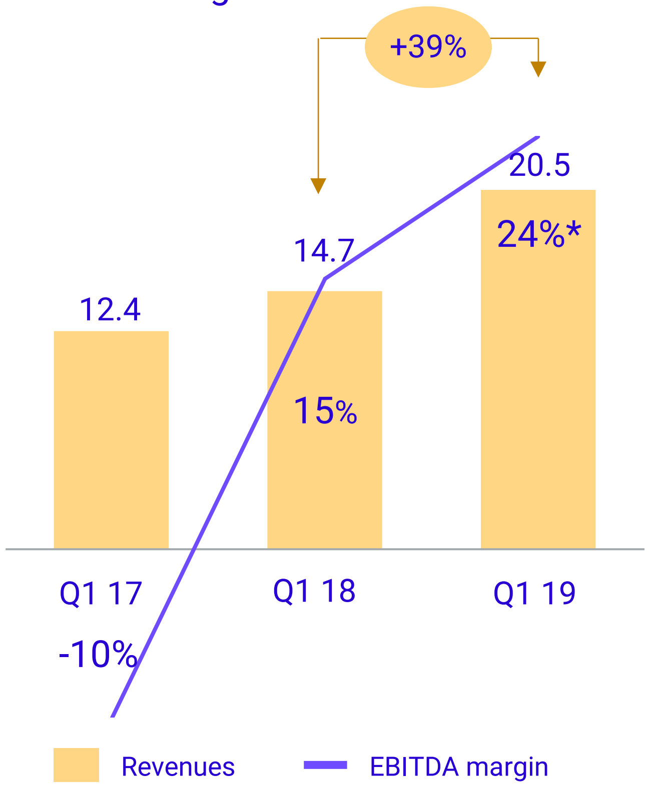
Brazil: strong revenue growth with rapid margin expansion

- Cars and real estate are key drivers of growth
  - Increasing number of paying customers
  - Financing partners on cars continues contributing well to the development
- Brazil up 39% in EUR
  - Up 54% in local currency
- Margin growth despite increased investment, particularly in product and tech areas

Brazil
Revenues (EUR million) and EBITDA margin



* The effect of IFRS 16 implementation on Operating expenses and EBITDA for Brazil is EUR 0.3 million in Q1 2019. Excluding the IFRS 16 effect EBITDA margin for combined financial figures is 22% in Q1 2019

Global Markets: key market update

Italy

Growth in motors and jobs, shift of revenue towards verticals.

Improvements in lead generation in the verticals driven by saved searches, SEO enhancements.

Willhaben

Strong growth in the verticals, improving operating leverage.

Matchmaking improvements through personalized feed, recommendations and autocomplete for search.

Ireland

Strong performance from Daft in real estate and from Done Deal in motors.

Product improvement delivered expected uplift - deployed a suite of tools for real estate professionals (valuation tool, agent intel).

Hungary

Growth in verticals.

Improvements in search, ad insertions simplified.

Shpock

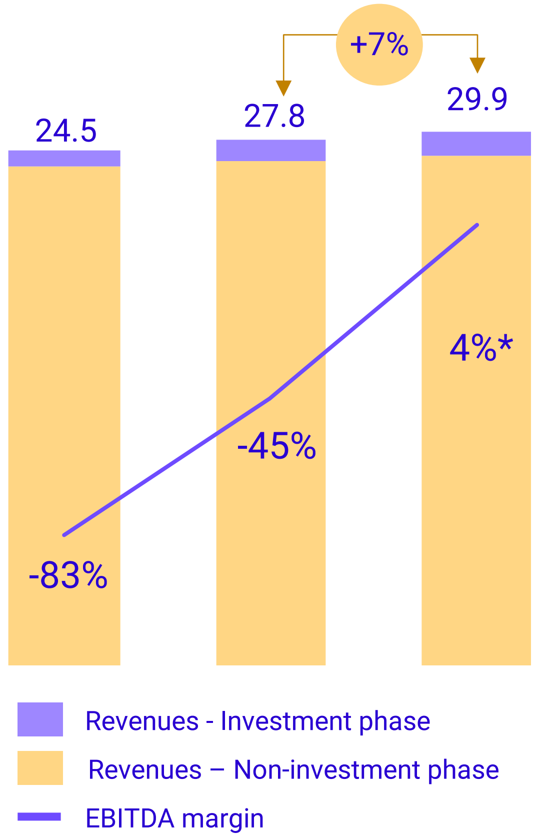
Transformation progressing as planned with strong KPIs and rapidly improving monetization.

Development of the transactional flow, improvements to premium features continued.

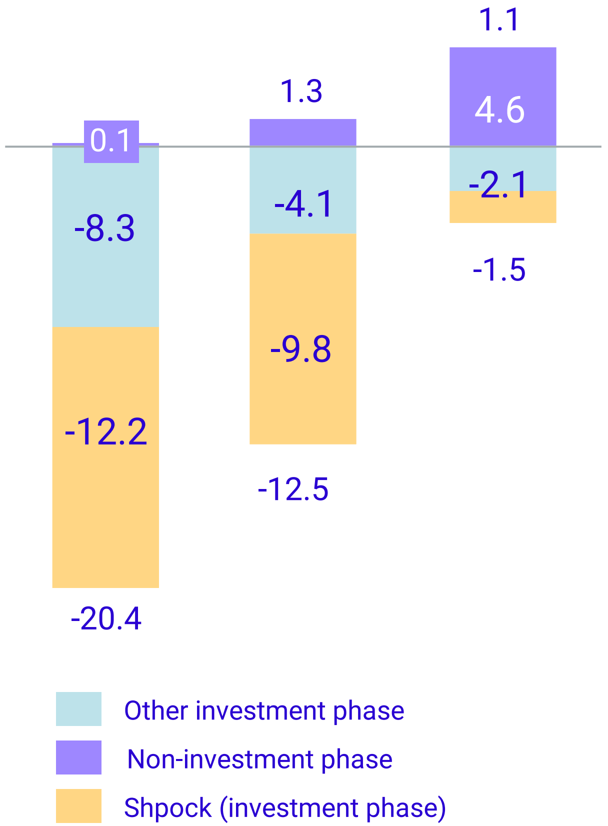
Global Markets reach positive EBITDA

- Solid revenue growth in verticals; +14% YoY
- Break-even or close to break-even in most markets
- Mexico and Shpock; both on path to break-even
  - Change in strategy to fast track path to profitability

Revenues and EBITDA margin
Combined financials (EUR millions)



EBITDA
Combined financials (EUR millions)



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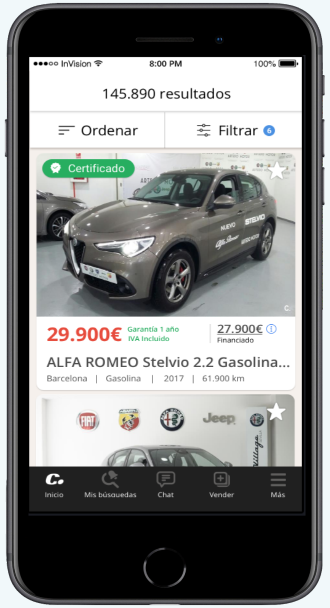
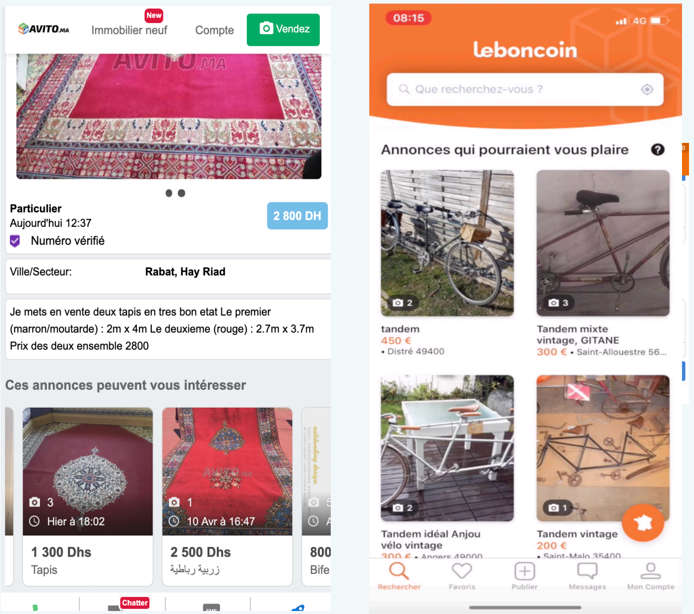
Q1 product releases focused on trust and matchmaking

Leboncoin
User ratings.
A central feature to increase trust.



Coches.net (Spain)
Price transparency to give the option of showing “Cash Price”, “Financed Price”, “ex-VAT Price”, etc.



Leboncoin (homepage) & Avito.ma (adview)
Personalized content with either similar items or user-based recommendations.

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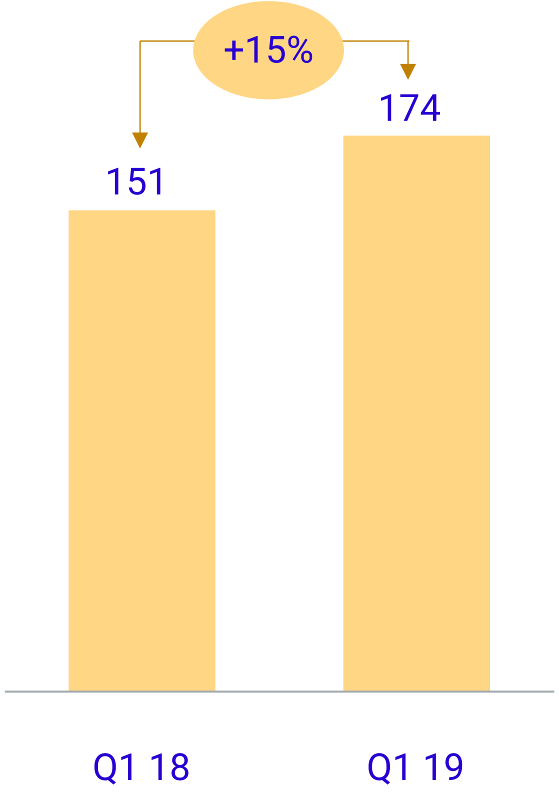
Financials

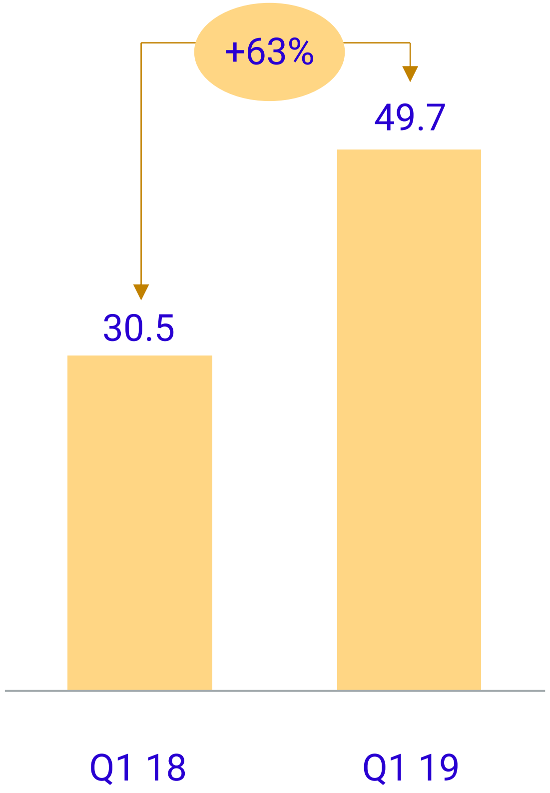
Uvashni Raman, CFO

Strong financial performance

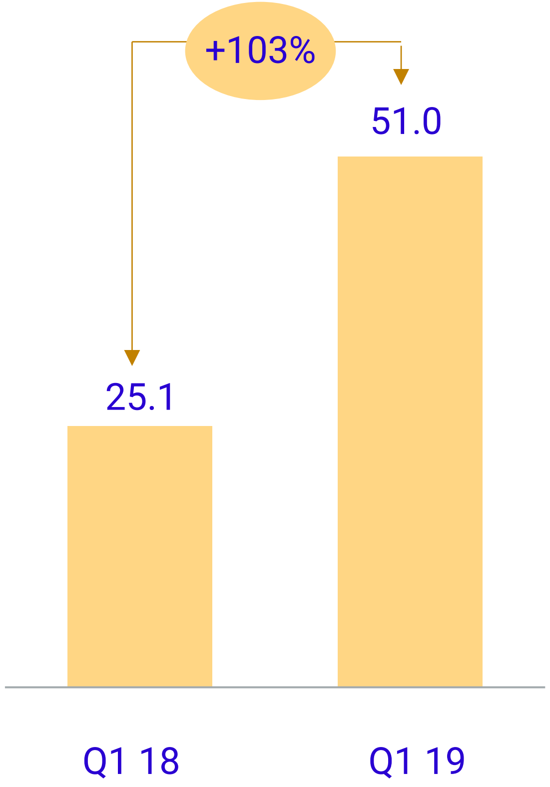
Proportionate incl JVs Revenues
EUR million



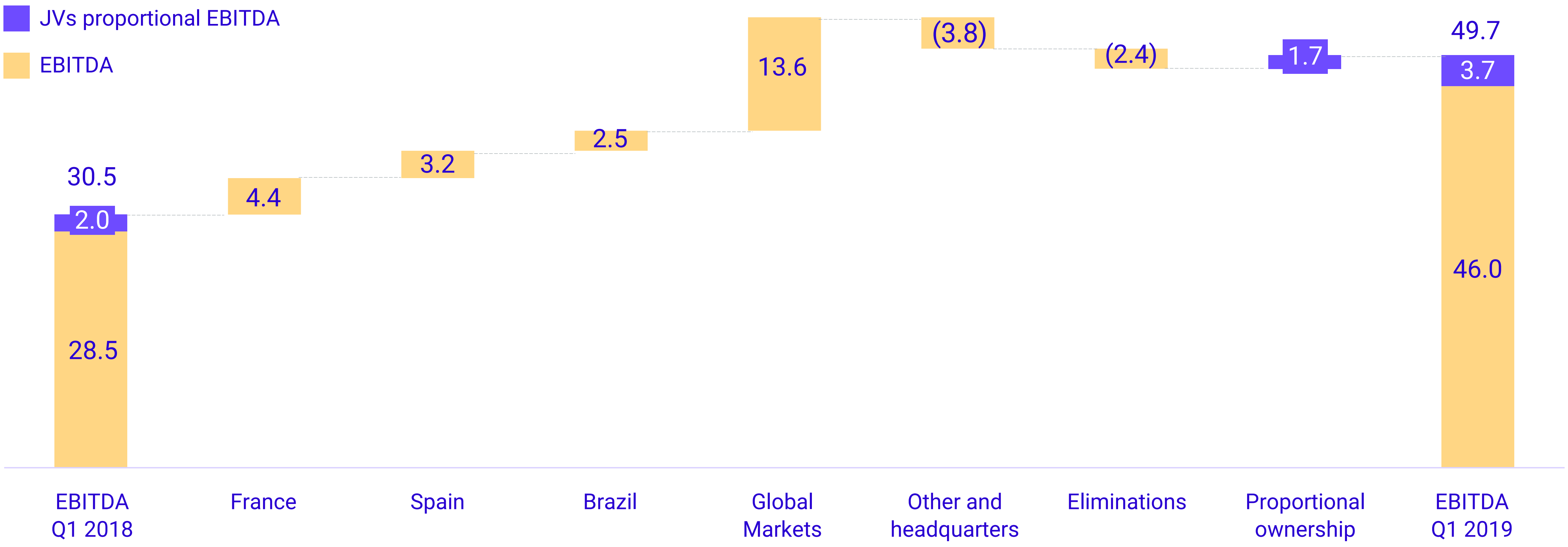
EBITDA proportionate incl JVs
EUR million



Operating cash flow
EUR million



All-time high EBITDA in Q1



Condensed combined income statement

Material movements in the period:

- Increased depreciation and amortisation
  - IFRS 16
  - Accelerated office depreciation in Spain
- Share of profit of joint ventures
  - Strong contribution by Willhaben and Brazil
- Net financing activities
  - Impact of foreign exchange gain (non recurring)

	First quarter		Year
	2019	2018	2018
Operating revenues	**160.2**	**140.2**	**594.6**
Personnel expenses	(55.5)	(50.5)	(201.3)
Other operating expenses	(58.7)	(61.2)	(242.3)
Gross operating profit (loss)	**46.0**	**28.5**	**151.0**
Depreciation and amortisation	(11.2)	(6.2)	(26.5)
Share of profit (loss) of joint ventures and associates	4.2	0.4	6.8
Impairment loss	(0.3)	(0.2)	(56.6)
Other income and expenses	(1.7)	(0.6)	(6.3)
Operating profit (loss)	**37.0**	**21.9**	**68.4**
Net financial items	(0.2)	(4.0)	(14.1)
Profit (loss) before taxes	**36.8**	**17.9**	**54.3**
Taxes	(13.8)	(14.7)	(61.3)
Profit (loss)	**23.0**	**3.3**	**(7.0)**
Profit (loss) attributable to:			
Non-controlling interests	0.5	(0.4)	0.4
Owners of the parent	22.5	3.6	(7.4)
Earnings per share in EUR:			
Basic	0.03	0.01	(0.01)
Diluted	0.03	0.01	(0.01)

Operating revenues and profit (loss) by operating segment

First quarter 2019	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	81.7	43.8	20.5	29.8	3.3	(18.8)	160.2
Operating revenues from other segments	0.1	-	-	0.1	1.0	(1.2)	(0.0)
Operating revenues	**81.7**	**43.8**	**20.5**	**29.9**	**4.3**	**(20.0)**	**160.2**
Gross operating profit (loss) excl. Investment phase	45.1	12.6	4.8	4.6	(12.8)	(4.8)	49.6
Gross operating profit (loss) excl. IFRS 16	44.1	11.7	4.5	0.3	(13.6)	(4.6)	42.5
Gross operating profit (loss)	45.1	12.6	4.8	1.1	(12.8)	(4.8)	46.0
Operating profit (loss)	**41.9**	**10.1**	**4.0**	**0.9**	**(17.6)**	**(2.3)**	**37.0**

First quarter 2018	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	72.9	37.9	14.7	27.6	0.1	(13.1)	140.2
Operating revenues from other segments	0.1	-	-	0.2	1.0	(1.3)	(0.0)
Operating revenues	**73.0**	**37.9**	**14.7**	**27.8**	**1.1**	**(14.4)**	**140.2**
Gross operating profit (loss) excl. Investment phase	40.7	9.5	2.3	1.3	(9.0)	(2.4)	42.4
Gross operating profit (loss)	40.7	9.5	2.3	(12.5)	(9.0)	(2.4)	28.5
Operating profit (loss)	**38.8**	**7.4**	**1.8**	**(14.2)**	**(10.6)**	**(1.3)**	**21.9**

We eliminate OLX Brazil in consolidated revenues and it is then accounted under equity method

IFRS 16 impact

IFRS 16 – New financial reporting standard for leases implemented as of Q1 2019

- Income statement impact
  - Reduced OpEx and increased EBITDA of EUR 3.5 million for Q1 2019
  - The positive effect on EBITDA is offset by EUR 3.3 million of higher depreciation and EUR 0.4 million of net financial items
- Balance sheet impact
  - Increase in assets EUR 55.9 million
  - Increase in liabilities EUR 56.6 million
  - Reduction in equity EUR 0.7m

Underlying tax rate stable with small reduction

- Underlying tax rate is stable and broadly represents a weighted average of the tax rates in the countries Adevinta is located
- Reported tax rate may deviate significantly from the nominal tax rates in our markets. The main reasons are:
  - Unrecognised tax benefits from tax losses in Adevinta Investment phase operations and product & tech development
  - Share of profit (loss) of joint ventures and associates being reported net of tax
  - Non-deductible expenses or non-taxable gains
- The reported tax rate is 38% in Q1 2019, compared to 82% in Q1 2018. This reported tax rate converges towards the underlying tax rate, as investment phase losses decline

	First Quarter		**Year**
Underlying tax rate	**2019**	**2018**	**2018**
Profit (loss) before taxes	36.8	17.9	54.3
Share of profit (loss) of joint ventures and associates	(4.2)	(0.4)	(6.8)
Other losses for which no deferred tax benefit is recognised	10.0	26.3	89.0
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	-	-	(1.3)
Impairment losses	-	-	47.9
"Adjusted" tax base	**42.6**	**43.8**	**183.1**
Taxes	13.8	14.7	61.3
Adjusted effective tax rate	32.5%	33.5 %	33.5 %

Results on track with targets set in IPO

Revenue[1]	We remain confident about our overall medium to long-term revenue guidance of 15-20% prop incl JVs 2019: Continued display advertising softness means our H1 top-line will likely grow low to mid teens percent and we are working both strategically and with short-term initiatives to address this, while growth in the verticals continues to be strong
EBITDA[2] margin	Operational leverage supporting EBITDA[2] margins to be above 40% in the longer term including contribution from joint ventures and associates based on ownership stake, in line with other leading online classified companies
Leverage	Targeting a ratio of net interest-bearing debt (NIBD[3]) to EBITDA (before other income and expenses, impairment, joint ventures and associates) to be in the range of 1.0-4.0x going forward
Dividend policy	Ambition to pay stable and growing dividend going forward while maintaining financial flexibility to invest in growth

Note: [1] Targets include contribution from joint ventures and associates based on Adevinta's respective ownership stake. See page 117 of this presentation for a breakdown of Adevinta's joint ventures and associates, and Adevinta's corresponding ownership stakes; [2] EBITDA (before other income and expenses, impairment, JVs and Associates); [3] Non-current interest-bearing borrowings + current interest-bearing borrowings - cash and cash equivalents - cash pool holdings

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Conclusion

Rolv Erik Ryssdal, CEO

Outlook

A dynamic platform for growth

- Solid start as a listed company with proven successful financial and business model
- Well positioned to grow leadership positions in key markets
- Strong brand and traffic leadership in our markets and verticals expected to maintain 15%-20% revenue growth in the medium to long term on a proportionate basis
- Target to further reduce investment phase losses through strategy adjustments in Shpock and Mexico, accelerating a path to break-even
- Continued investment in product development both locally and centrally.

Q&A

Appendices

Spreadsheet containing detailed Q1 2018 and other analytical Information can be downloaded from **www.adevinta.com/ir**

Adevinta operates as an independent company

- Adevinta is uniquely positioned for participation in possible structural development in the industry
- Continued long term Schibsted ownership in Adevinta
  - Initially 60%, but Schibsted will be open to considering the option of reducing its shareholding, becoming a non-majority shareholder over time
- Schibsted will support the development of Adevinta to the benefit of all shareholders
- Maximizing shareholder value for all Adevinta shareholders is the overarching goal for Schibsted’s ownership in Adevinta
- Schibsted will exercise ownership in Adevinta through the shareholder meeting and representation on the Adevinta Board
  - 4 of 6 Board members are independent

Investor information

Visit Adevinta's website www.adevinta.com

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Adevinta ASA

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Adevinta

Basic information

	A-share	B-share
Ticker		
Oslo Stock Exchange:	ADEA	ADEB
Reuters:	ADEA.OL	ADEB.OL
Bloomberg:	ADEA:NO	ADEB:NO
Number of shares	307,849,680	373,298,209
Treasury shares (10 May 2019)	0	0
Number of shares outstanding	307,849,680	373,298,209
Free float*	35%	45%
Share price (10 May 2019)	NOK 87.59	NOK 86.53
Average daily trading volume (shares)**	602,000	1,483,000
Market Cap total (10 May 2019)	NOK 59.3 bn., EUR 6.0 bn., GBP 5.2 bn., USD 6.8 bn.,	

ADEA LISTED OSLO OSLO BØRS

ADEB LISTED OSLO OSLO BØRS

* Total number of shares excluding treasury shares and shares owned by Schibsted ASA.

** Since 10 April 2019