

# Q2 2019 Results

Rolv Erik Ryssdal, CEO  
Uvashni Raman, CFO

15 July 2019



Adevinta

Creating perfect matches on the  
world's most trusted  
marketplaces

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# Adevinta

# Overview

Rolv Erik Ryssdal, CEO



# Q2 Financial Highlights

## Continued strength in core verticals

Verticals revenue grew 16%

- France up 16%
- Spain up 16%
- OLX Brazil up 33% on a local currency basis

Total revenues grew 13%

- Continued softness in display advertising

EBITDA up 20% to €50 million

- Negatively affected by one-off ESOP charge of €5 million in Brazil
- EDITDA margin up 2%-points to 27%

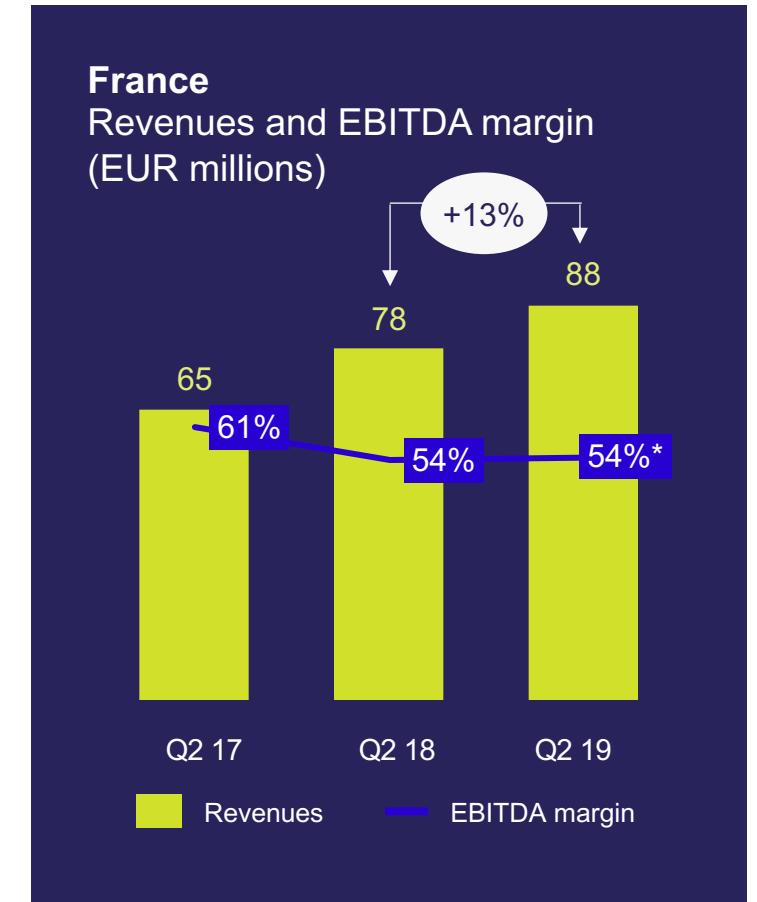
Another profitable quarter for Global Markets

- EBITDA up to €3.4 million from €1.1 million in Q1 2019

*All numbers on a proportionate basis incl JVs*

# France: solid growth in core verticals

- Revenues up 13%, core verticals up 16%
  - Pricing and new product development in cars and real estate
  - Weak advertising market persists, display advertising revenues down marginally, improvement over Q1 2019
- Product development further accelerated
  - Traffic up 9%
  - P2P payment deployment, P2P delivery launched
  - New ad posting and search functionality introduced
- France (LBC incl. subs) EBITDA margins remain strong at 54%
- Acquisitions of Locasun and PayCar enhance leboncoin's no 1 position, strengthens holiday rental and core car vertical



\* The effect of IFRS 16 implementation on Operating expenses and EBITDA for France is EUR 1.0 million in Q2 2019. Excluding the IFRS 16 effect EBITDA margin for France is 53% in Q2 2019

# Spain: verticals driving growth

- Solid revenue growth of 14%, driven by verticals growing 16%
  - Core classifieds in all verticals underpinned overall revenue growth
  - Cars vertical continues expanding customer base and improved monetisation with bundles
  - Advertising softness continues but rose 7% in Q2 yoy, versus a decline in Q1 yoy
- Product development progressed well in the quarter:
  - Successful implementation of price transparency in coches.net
  - Good progress in user retention and engagement in Fotocasa
- EBITDA improvement driven by top line growth

**coches.net**  
La mayor oferta de coches

**habitaclia**

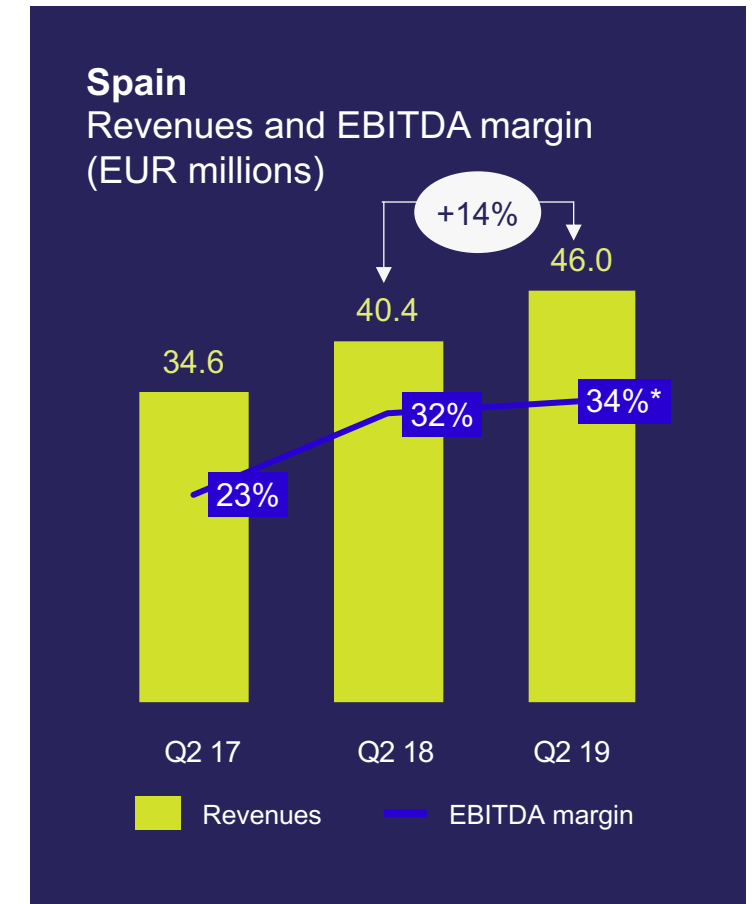
**vi**

**fotocasa**

**milanuncios**

**InfoJobs**

**motos.net**



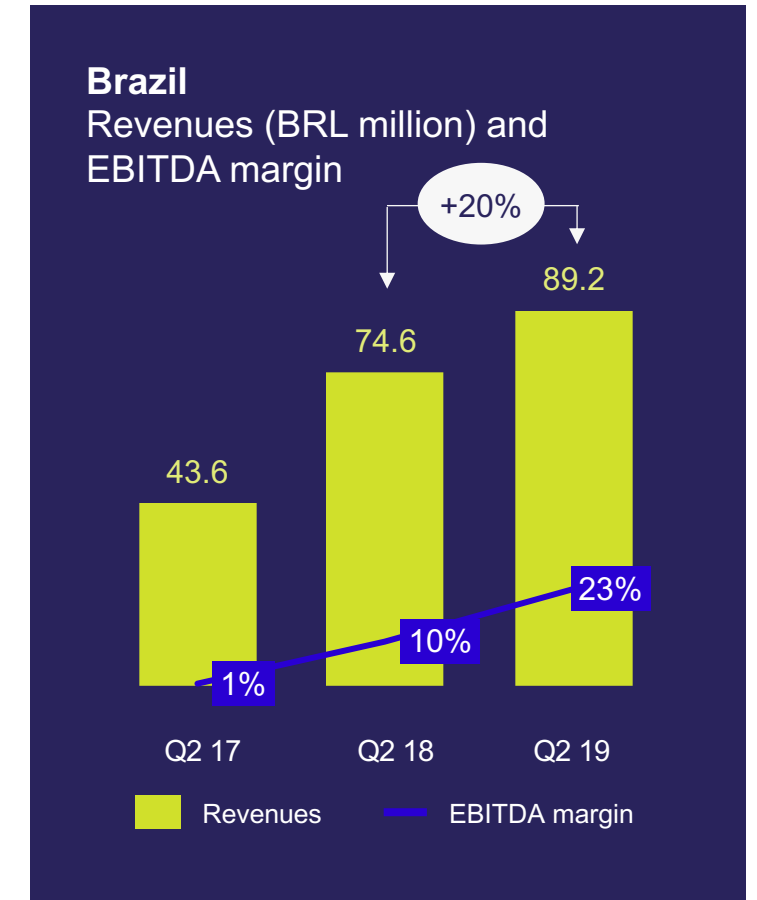
\* The effect of IFRS 16 implementation on Operating expenses and EBITDA for Spain is EUR 0.8 million in Q2 2019. Excluding the IFRS 16 effect EBITDA margin for Spain is 32% in Q2 2019

# Brazil: continued underlying positive development

- Revenues up 20%, core verticals up 33% (local currency)
  - Headwinds in advertising - tough economic environment
- Product development driving traffic growth, user optimisation
  - Car financing and insurance services increasingly integrated to improve verticals appeal – attracting large finance houses
  - Real estate strategy to increase inventory - now the #2 player in Brazil in terms of listings
- EBITDA margin impacted by:
  - ESOP and indirect tax reclassification
  - Normalized EBITDA margin at 23% (local currency)



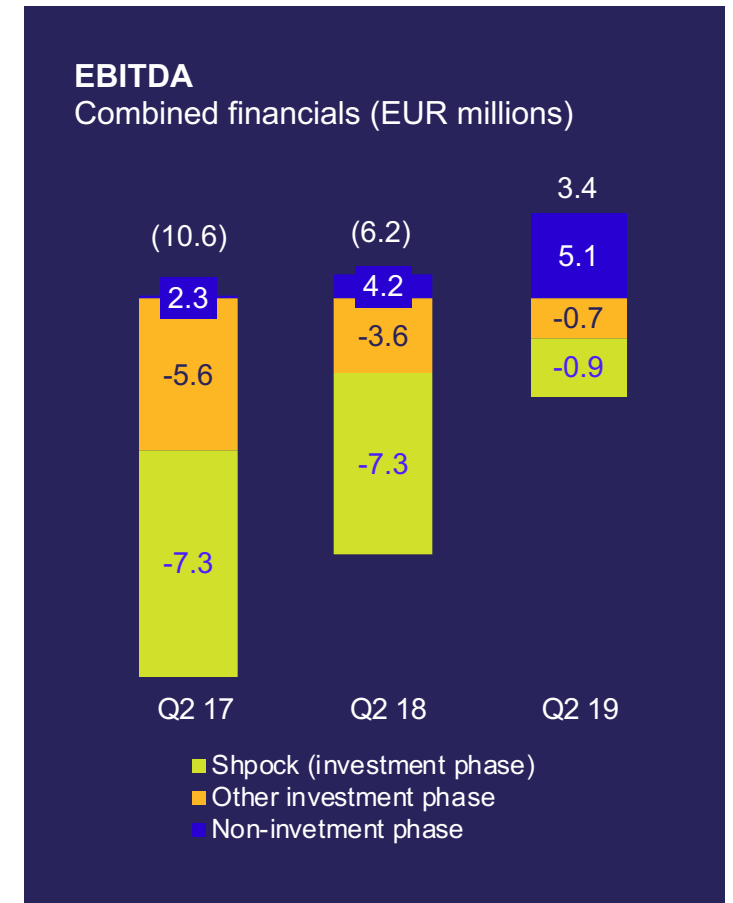
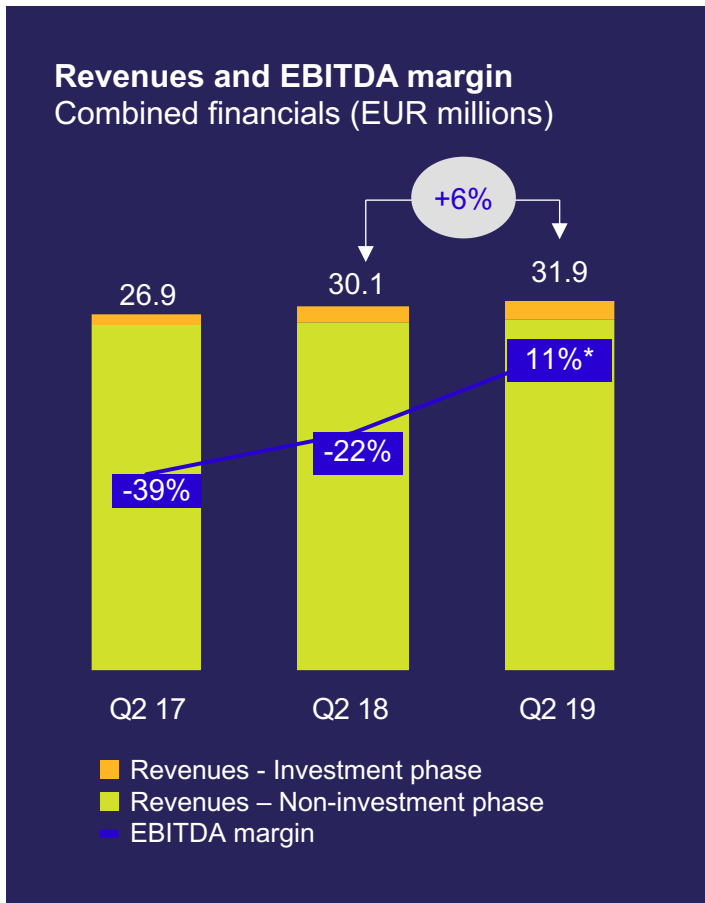
- The effect of IFRS 16 implementation on Operating expenses and EBITDA for Brazil is EUR 0.3 million in Q2 2019. Excluding the IFRS 16 effect EBITDA margin for Brazil is -36% in Q2 2019.
- Q2 2019 margin of 23% on a normalized basis adjusted for ESOP



# Global Markets: positive EBITDA, improving margins

- Core verticals up 12% as verticalization path developed across Global Markets portfolio
- EBITDA to €3.4 million
- Development in technical infrastructure and launch of a common data platform

\* The effect of IFRS 16 implementation on Operating expenses and EBITDA for Global Markets is EUR 0.8 million in Q2 2019. Excluding the IFRS 16 effect EBITDA margin for combined financial figures is 8% in Q2 2019





# Global Markets: key market update



## ITALY

Growth in motors and jobs, shift of revenue towards verticals. Launched push notifications in apps and further optimized the saved searches function.



## WILLHABEN

Another period of strong growth in the verticals. Improvements made to ad insertions in apps, rolled out smart replies in messaging center. New tools available to professionals in cars. Launched new niche category (boats) to broaden appeal of leisure products.



## IRELAND

Daft expanded its reach with a new homes category to increase display advertising in real estate. Expanded the car financing while rolling out new agent tools for Done Deal in cars.



## HUNGARY

Good growth in verticals. Door-to-door delivery service improved. Sustained roll-out of the Jofogas + Hasznaltauto bundle for car dealers with more than 30% penetration. Consolidating leadership in Motor and building a solid no 2 in Jobs focused on blue collar

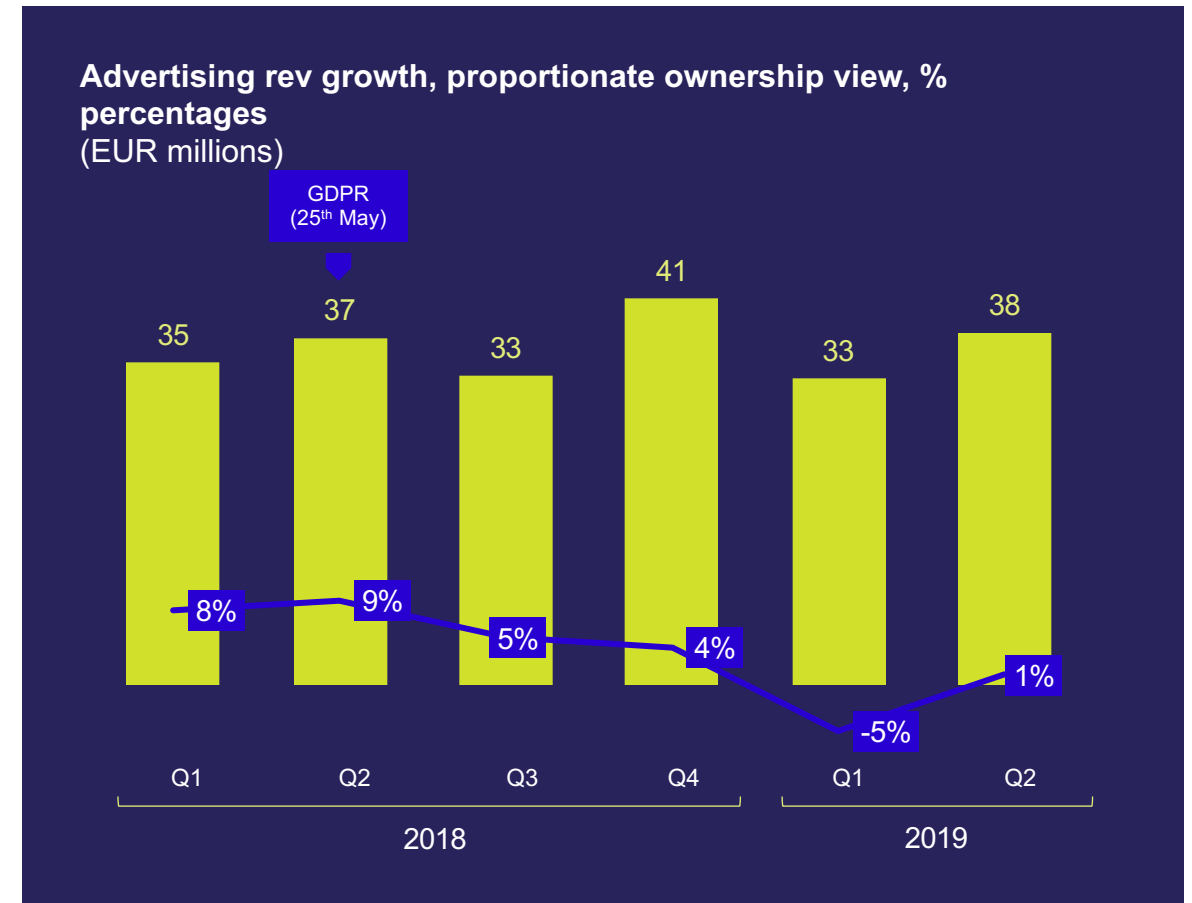


## SHPOCK

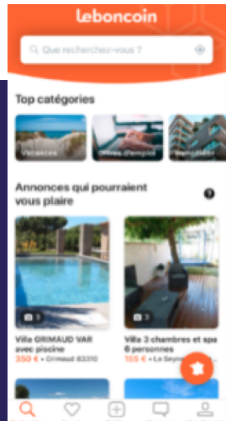
First version of its transactional product ready to deploy in Q3. Good dynamic in GMV and STR is a solid support for transactional mode. Strong engagement and retention allows for increased monetization with reduced investment in user acquisition

# Tough display advertising market conditions

- Competitive market conditions also affected by economic headwinds in some markets
- Market dynamics in H1 2018 inflating yield for the period
  - First-price auction bidding
  - No GDPR impact
- Specific initiatives to further improve rate of performance in H2 include:
  - Continued advertising demand path & pricing optimization
  - Focus on enhancing own advertising data proposition, in-app advertising, video
  - Overall improvement of the go-to-market sales approach
  - Resolving advertising technology issues
- Overall advertising revenue has increased by 8% from Q1 2019 to Q2 2019

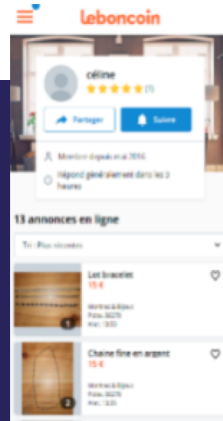


# leboncoin product development with global scale potential



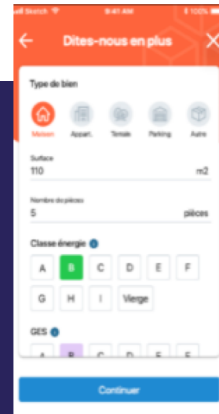
**Personalised ad recommendations**

Improved product discovery through personalisation



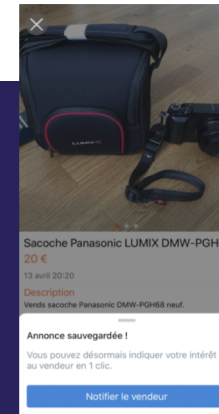
**User ratings and reviews**

Increasing transparency and trust between users



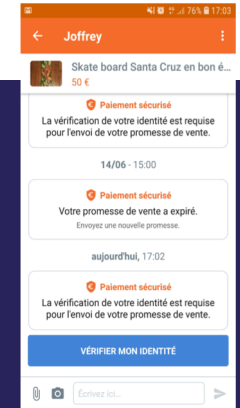
**Real-time content review and feedback**

Saving sellers time posting ads and increasing quality



**New ways of starting a communication**

Offering users more ways of interacting with sellers



**Improving P2P transaction flows**

Reducing buyer friction in the transaction journey

leboncoin benefits from improvements in match making capabilities.

# Multiple marketplaces product deployments in Q2

## Automatic ad moderation

- First categories launched in Subito
- Improving performance for real-time feedback on ad moderation in LBC



## Improved and new recommender algorithms

- Scaling user-based recommender first launched in LBC to Willhaben and Avito
- New deployments of item-based recommender in Avito, Yapo and Milanuncios



## Scaling proven solutions for increased trust

- Stats indicating how quickly sellers respond to buyers
- Imminent roll-out and iteration of user ratings and reviews



## Detecting fraud with computer vision

- Deployment of content review modules using image recognition, to prevent unwanted messages and ads before they reach our users



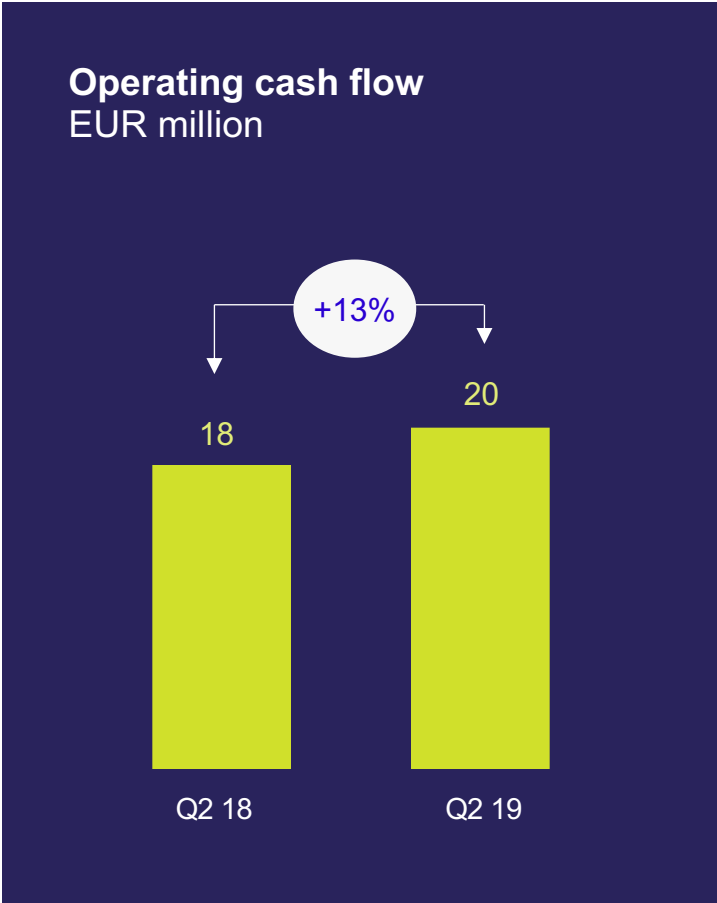
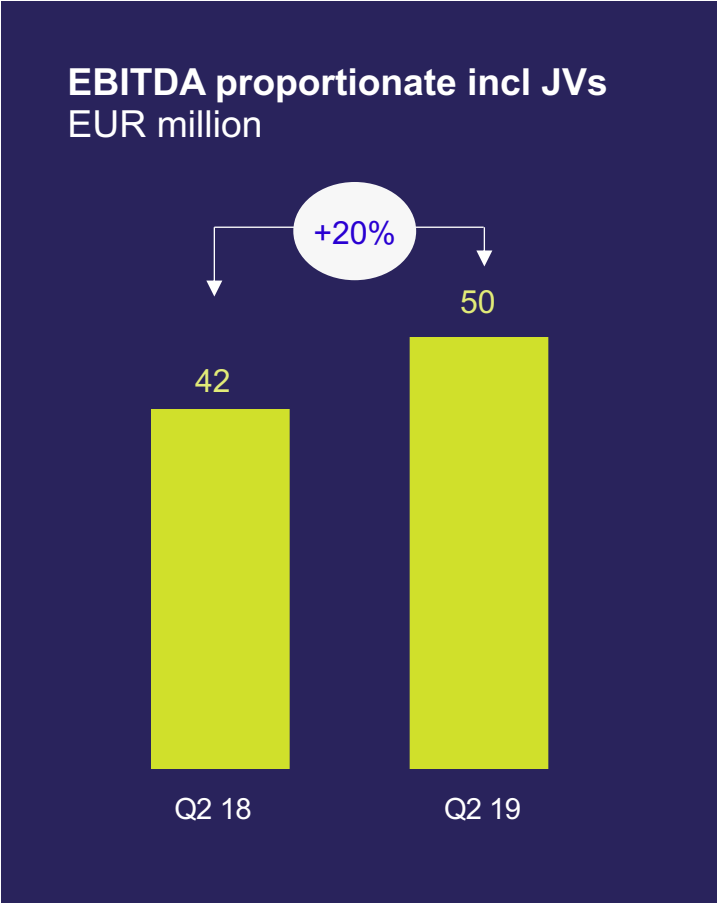
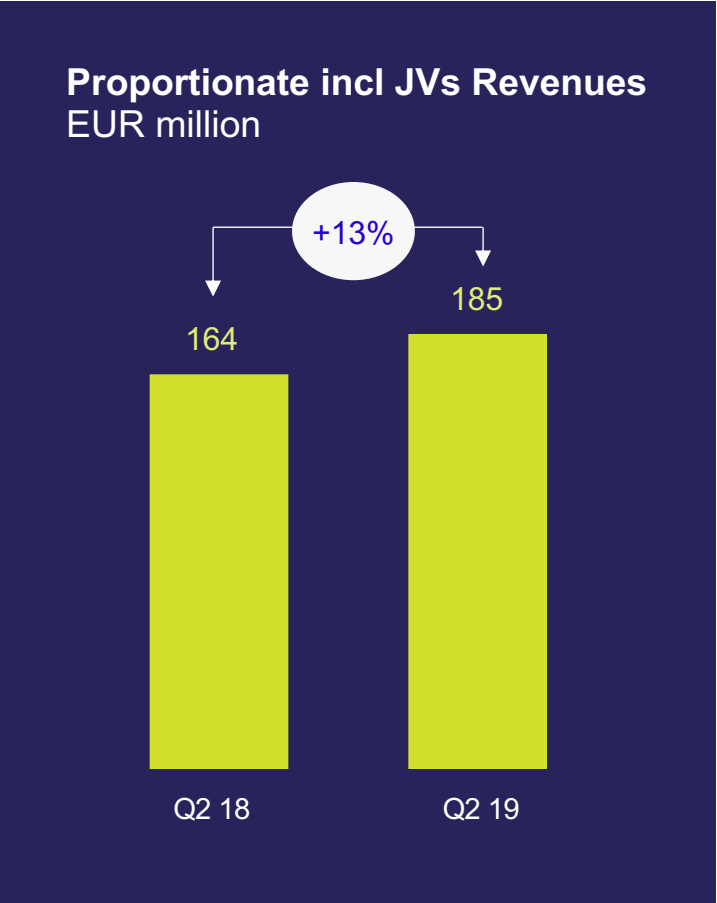
# Adevinta

# Financials

Uvashni Raman, CFO



# Solid financial performance in Q2



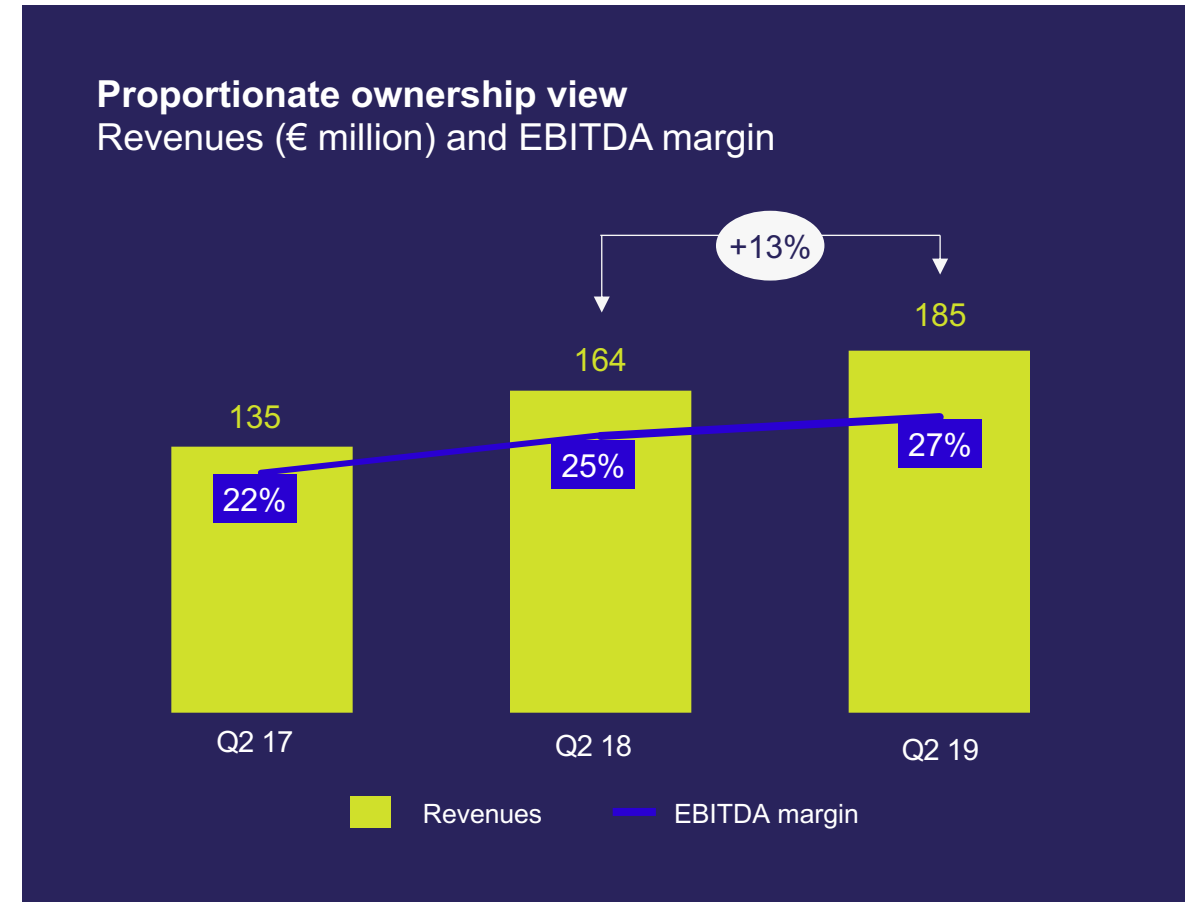
# Solid growth in revenues and operating margins

Revenue growth driven by vertical performance  
Advertising revenue growth muted

EBITDA margin progression at 27%

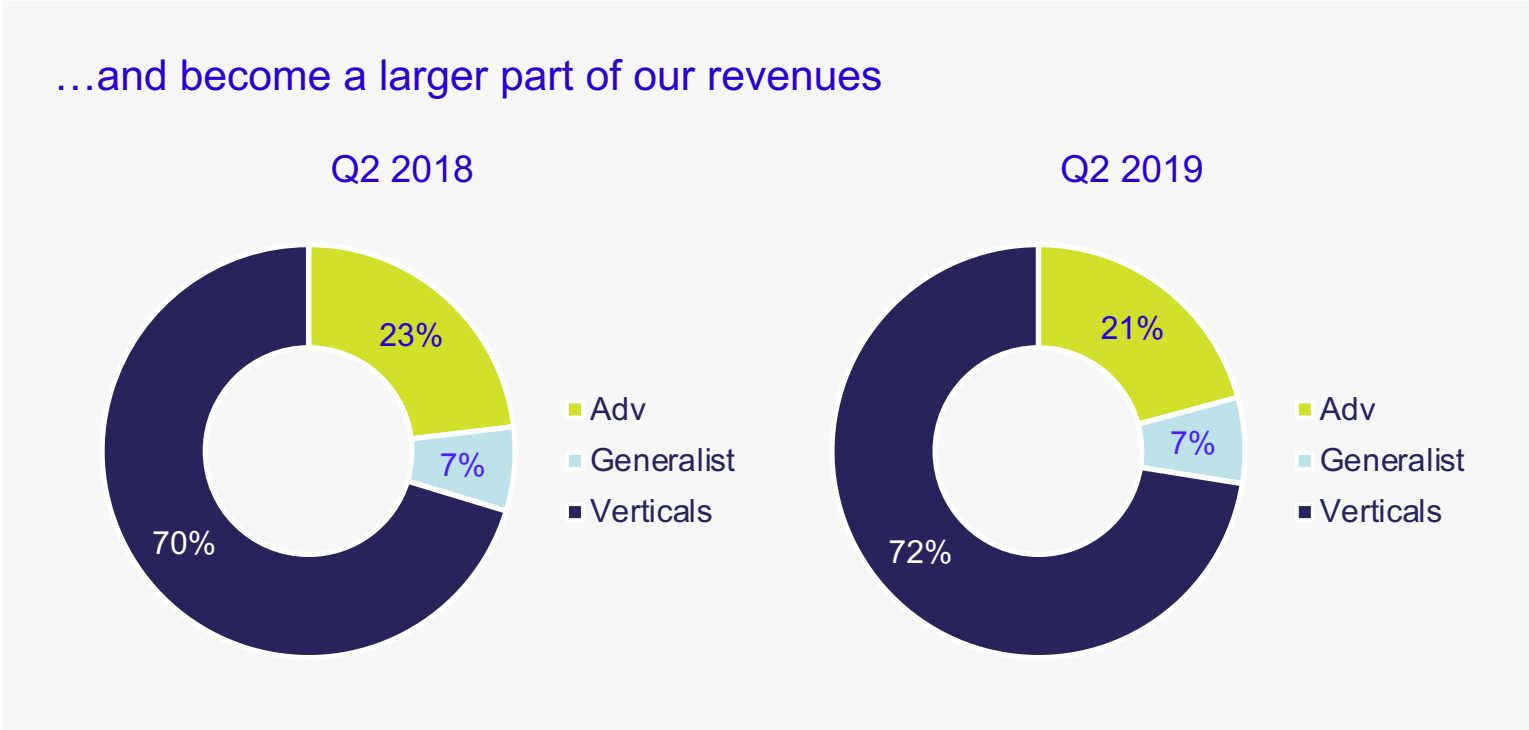
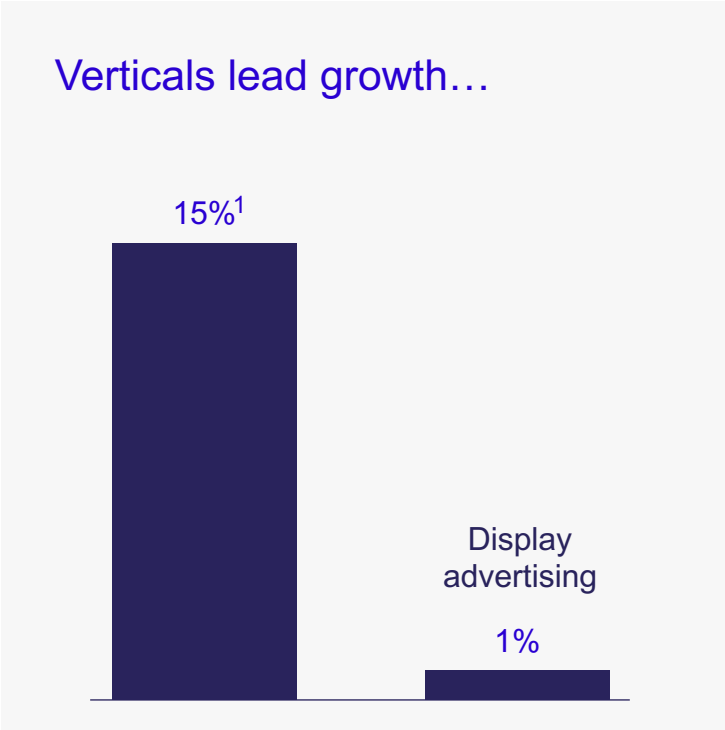
- EBITDA to €50m (ESOP adjusted €55m)
- Normalized EBITDA margin at 30%

Focus to increase profitability and cash generation continues



# Core classified revenues continued growth momentum, some softness in display advertising

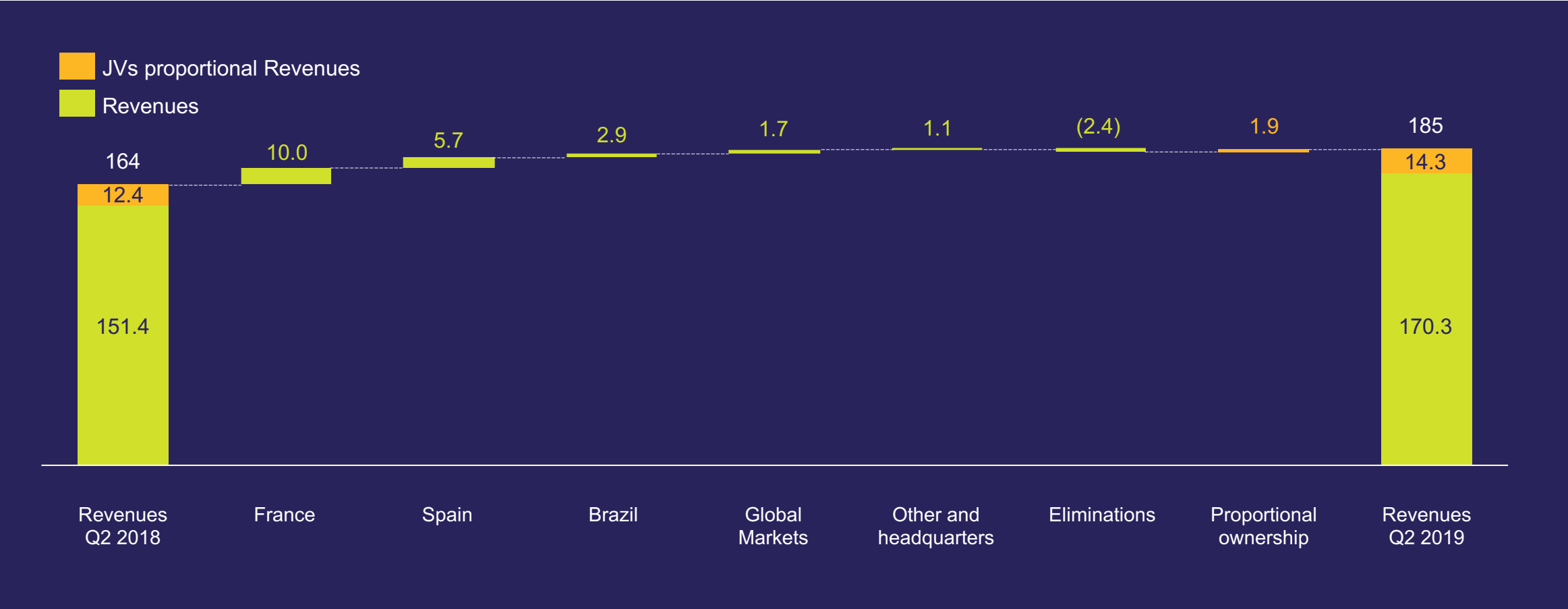
Revenue growth driven by strong verticals



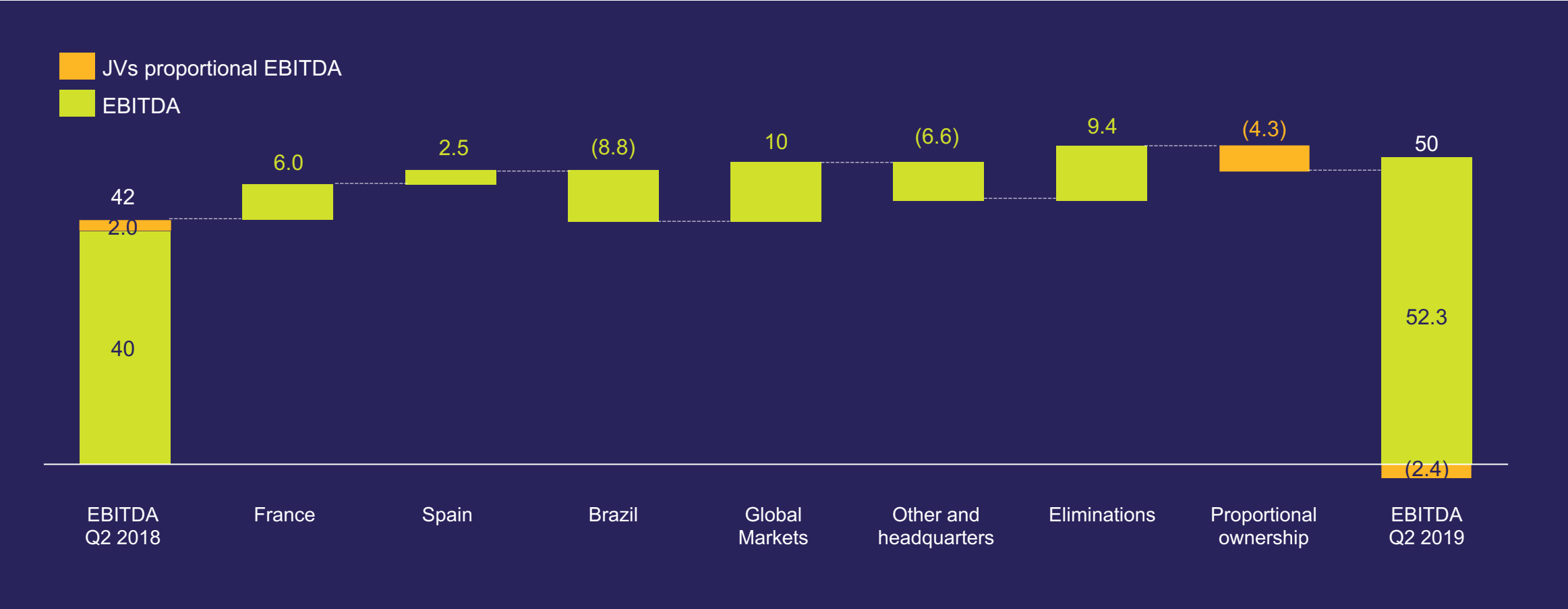
<sup>1</sup> Revenue from verticals grew 16 percent adjusted for currency



# Revenues grow 13% overall in Q2



# EBITDA progresses 20% in Q2



# Demerger impacts - balance sheet

€ million	30-Jun 2019	31-Dec 2018
Intangible assets	1,327	1,301
Property, plant and equipment and right-of-use assets	88	20
Investments in joint ventures and associates	390	375
Other non-current assets	12	13
<b>Non-current assets</b>	<b>1,816</b>	<b>1,709</b>
Trade receivables and other current assets	154	389
Cash and cash equivalents	65	55
<b>Current assets</b>	<b>218</b>	<b>444</b>
<b>Total assets</b>	<b>2,035</b>	<b>2,154</b>
Equity attributable to owners of the parent	1,514	1,318
Non-controlling interests	15	14
<b>Equity</b>	<b>1,529</b>	<b>1,332</b>
Non-current interest-bearing borrowings	151	449
Other non-current liabilities	143	77
<b>Non-current liabilities</b>	<b>295</b>	<b>525</b>
Current interest-bearing borrowings	0	0
Other current liabilities	211	297
<b>Current liabilities</b>	<b>211</b>	<b>297</b>
<b>Total equity and liabilities</b>	<b>2,035</b>	<b>2,154</b>

# Demerger impacts - equity

€ million	Equity attributable to owners of the parent	Non Controlling Interest	Equity
<b>Equity as at 1 January 2019</b>	<b>1,317</b>	<b>14</b>	<b>1,331</b>
Comprehensive income	51	1	52
Transactions with the owners	<b>146</b>	<b>0</b>	146
<i>Capital increase</i>	<b>144</b>	<b>0</b>	<b>144</b>
<i>Share-based payment</i>	-0.9	0.0	-0.9
<i>Changes in ownership of subsidiaries that do not result in a loss of control</i>	-1.4	0.3	-1.0
<i>Group contributions and dividends</i>	3.6	0.0	3.6
<b>Equity as at 30 June 2019</b>	<b>1,514</b>	<b>15</b>	<b>1,529</b>

# DST Tax Update - France

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- Senate Approval on 11 July 2019, presidential approval pending
- The 3% tax on digital revenues will apply with respect to the following thresholds
  - Revenue in France above €25m and global digital revenues of €750 million or more.
- Applies retroactively - thresholds will be calculated based on 2018 revenues
- Adevinta Group standalone does not exceed the €750 million threshold
- Schibsted Group Revenue included – majority shareholding
- Uncertainty exists whether services in Group fall within the scope of DST impacting threshold and revenue taxable
  - Guidelines on DST to be issued by the French tax authorities should provide clarity
  - Continue to engage stakeholders to argue against application
- No provision is recognized for DST as per 30 June 2019 (legislation not enacted)

# Adevinta

# Conclusion

Rolv Erik Ryssdal, CEO



# Outlook

## Well positioned on growth trajectory



# Adevinta

# Q&A





# Appendices

Spreadsheet containing detailed Q2 2019 and other analytical information can be downloaded from [www.adevinta.com/ir](http://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

# Shareholder analysis

Rank	Name	A-Shares	B-shares	Total	%
1	Schibsted ASA	200,102,292	203,477,833	403,580,125	59.3 %
2	Blommenholm Industrier AS	28,188,589	25,337,549	53,526,138	7.9 %
3	Fidelity Management & Research Company	7,462,127	12,461,071	19,923,198	2.9 %
4	Folketrygdfondet	6,976,190	12,688,694	19,664,884	2.9 %
5	Baillie Gifford & Co.	6,923,018	4,616,618	11,539,636	1.7 %
6	Adelphi Capital LLP	2,527,619	7,214,384	9,742,003	1.4 %
7	York Capital Management L P.	0	8,473,509	8,473,509	1.2 %
8	The Vanguard Group, Inc.	3,126,989	3,699,091	6,826,080	1.0 %
9	JPMorgan Chase Bank GTS CL A/C Escrow Account	2,671,414	4,095,481	6,766,895	1.0 %
10	Goldman Sachs International	1,469,514	4,961,308	6,430,822	0.9 %
11	Alecta pensionsförsäkring, ömsesidigt	1,434,023	4,733,600	6,167,623	0.9 %
12	Pelham Capital Ltd	0	5,309,851	5,309,851	0.8 %
13	Capital Guardian Trust Company	0	5,141,496	5,141,496	0.8 %
14	Citigroup Global Markets	1,802,806	3,086,156	4,888,962	0.7 %
15	UBS Securities LLC	2,699,781	1,457,716	4,157,497	0.6 %
16	Nya Wermlands Tidningen	2,874,300	1,263,000	4,137,300	0.6 %
17	DNB Asset Management AS	449,364	3,618,173	4,067,537	0.6 %
18	Alken Asset Management Ltd	1,687,970	2,160,252	3,848,222	0.6 %
19	FMR Investment Management (U.K.) Limited	2,770,100	1,052,905	3,823,005	0.6 %
20	KLP Forsikring	835,698	2,802,667	3,638,365	0.5 %

Source: Nasdaq OMX. Data as of 31 May 2019

Updated information and VPS register at:  
<https://adevinta.com/ir/shareholders/>

*The shareholder ID data are provided by Nasdaq OMX. The data are obtained through the analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Adevinta share register. Whilst every reasonable effort is made to verify all data, neither Nasdaq OMX or Adevinta can guarantee the accuracy of the analysis.*

## Basic information

	A-share	B-share
<b>Ticker</b>		
<i>Oslo Stock Exchange:</i>	ADEA	ADEB
<i>Reuters:</i>	ADEA.OL	ADEB.OL
<i>Bloomberg:</i>	ADEA:NO	ADEB:NO
Number of shares	307,849,680	373,298,209
Treasury shares (12 July 2019)	0	0
Number of shares outstanding	307,849,680	373,298,209
Free float*	35%	45%
Share price (12 July 2019)	NOK 97.10	NOK 96.00
Average daily trading volume (shares)**	406,000	729,000
Market Cap total (12 July 2019)	NOK 65.7 bn., €6.8 bn., £6.1 bn., US\$ 7.7 bn.,	



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

\*\* Since 10 April 2019

# Investor information

Visit Adevinta's website [www.adevinta.com](http://www.adevinta.com)

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