Adevinta

Q1 2023 Results

Antoine Jouteau, CEO
Uvashni Raman, CFO

23 May 2023

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Adevinta

Highlights of the quarter

Antoine Jouteau, ***CEO***

Key highlights of the quarter

Further execution of our Growing at Scale strategy

Strong Q1 2023 financial performance in soft market environment

Continued acceleration of Core markets revenue growth: +15% yoy, driven by outstanding performance of mobile.de

Total consolidated EBITDA of €145m, up 16% yoy

EBITDA margin of 33.4%, up 1pp yoy, despite business mix evolution and French DST impact

Strong cash flow generation and **continued deleveraging**

2023 targets confirmed

Towards optimised organisation to drive scale benefit

Business integration on track, with further roll out of new operating models for support functions, and synergy targets confirmed

Verticalisation[1] of Adevinta's operations ongoing, with Key Design Principles defined, to align with long-term strategy and deliver more value to customers and users

Operational excellence to generate profitable growth

Increased monetisation in Mobility and Real Estate with higher client penetration and successful price increases along with product improvements and increased added-value for customers

Strong ramp-up of transactional services, with transactions up +41%, with strong traction in all Core markets

Continued product development across all of our platforms: Car inspection service pilot at Marktplaats, Bundle purchase solution at leboncoin…

Financial discipline instilled

[1] Alignment of the organisational structure with the Group strategy, based on three key pillars: Mobility, Re-commerce and Real Estate & Emerging Verticals

Verticalisation of Adevinta's operations

Our vision

Verticalisation of Adevinta's operations
Key achievements and upcoming milestones

January 2023	Q2 and H2 2023	2024
Key design principles	**Organisation design and Employee relations process**	**Go live[1]**
Key Design Principles of our target organization defined in line with the **group Strategy**	**Organisation design** and key processes review **Definition of vertical strategies** **Engagement with employee representatives**	**Transition to the new model** to become a **verticalised organisation**

1 Subject to works councils approvals

Rebranding the #1 classifieds platform in Germany

Kleinanzeigen is one of the best-known and most popular brands in Germany…

Consideration	App downloads	Reach in online population[1]
89%	> 135m	56%

…whose success is based on three main pillars

Abundance

High reach
> 36m unique users/month

Impressive supply
> 50m online ads

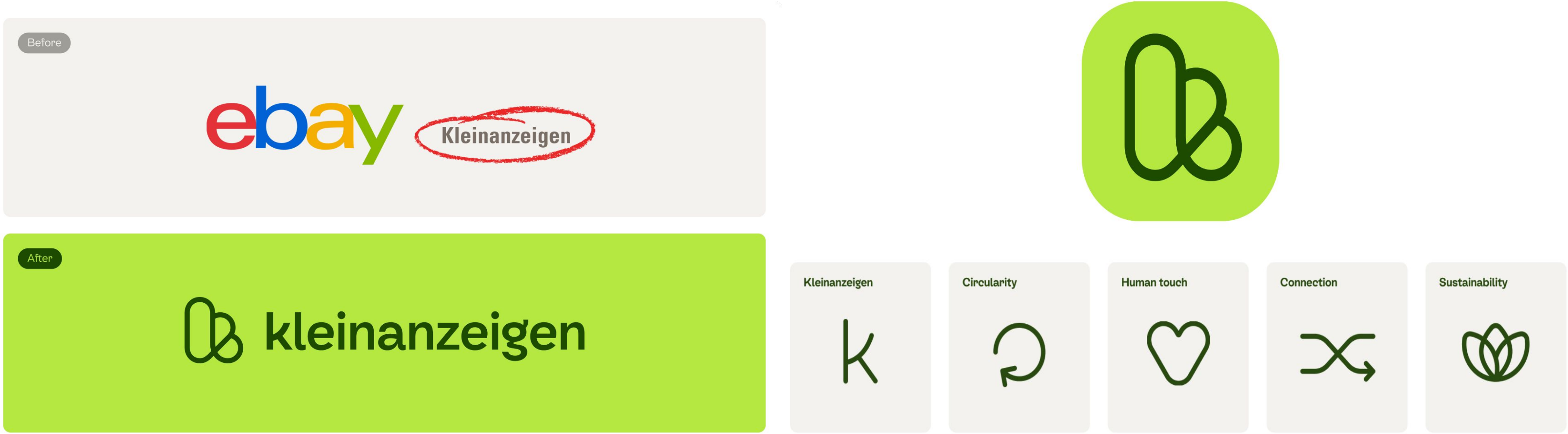
Resilience

Simplicity

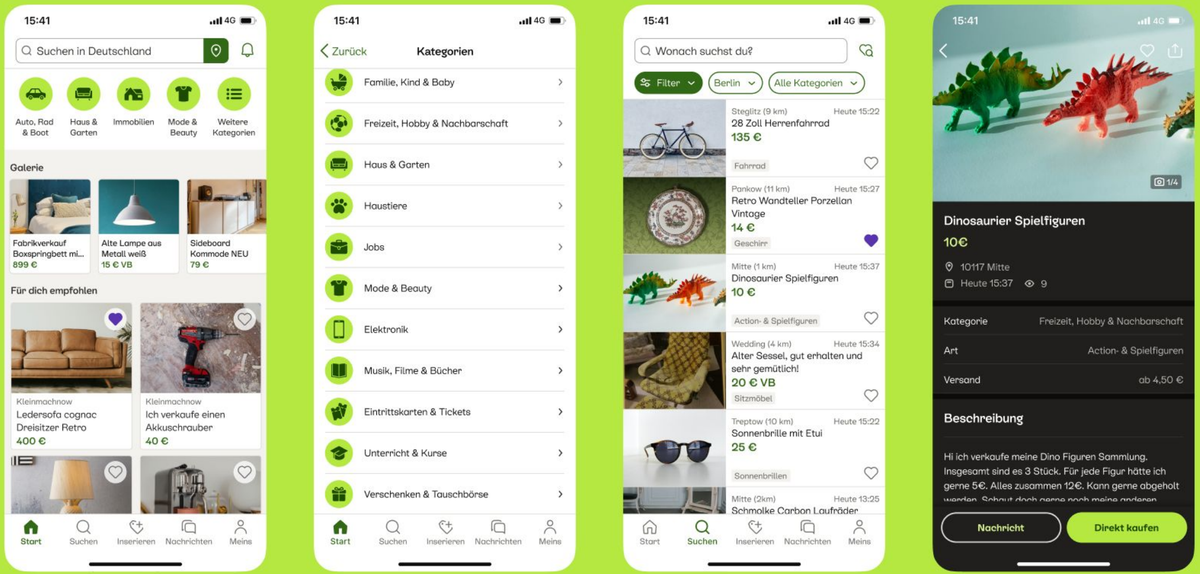
[1] *AGOF daily digital facts February 2023*

eBay Kleinanzeigen is now Kleinanzeigen

A fresh new logo and brand design aligned with its core values

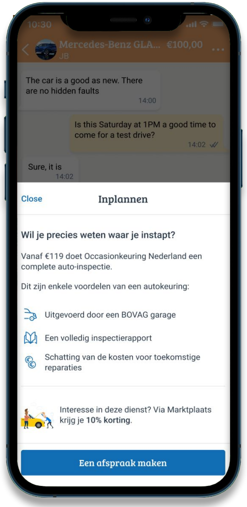


eBay Kleinanzeigen is now Kleinanzeigen
New design executed across all platforms and new dark mode introduced



Continued innovation with added-value products across all markets
To reinforce our leadership positions

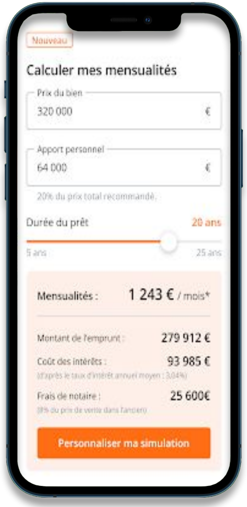
Mobility



Car inspection service pilot at Marktplaats

"Follow a Dealer" product feature at mobile.de

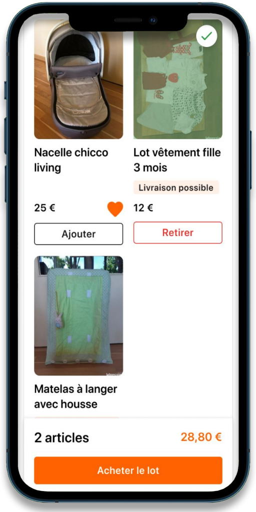
Real Estate



Borrowing capacity simulator on adview at leboncoin

Favourite Listings at Fotocasa

Transactional services



Bundle purchase solution at leboncoin

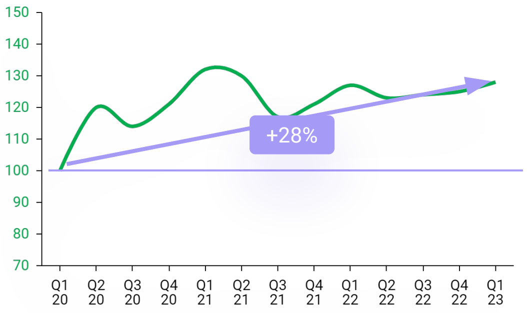
"Shop2Shop" feature at Subito

Continued solid long-term growth paths for Core platforms

In soft macroenvironment and car market

Kleinanzeigen

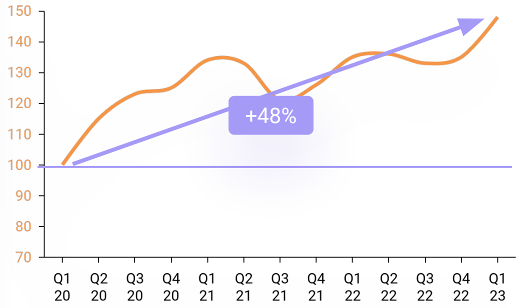
Visits[1]



Index Q1 2020=100

leboncoin

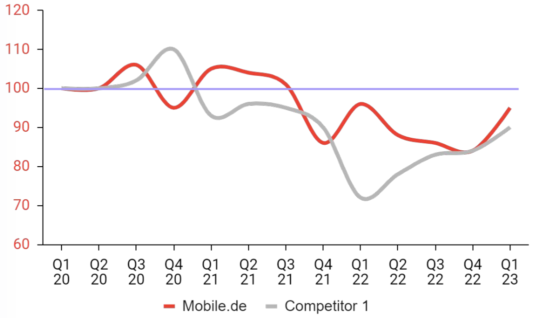
Visits[1]



Index Q1 2020=100

mobile.de

Visits[1]



Index Q1 2020=100

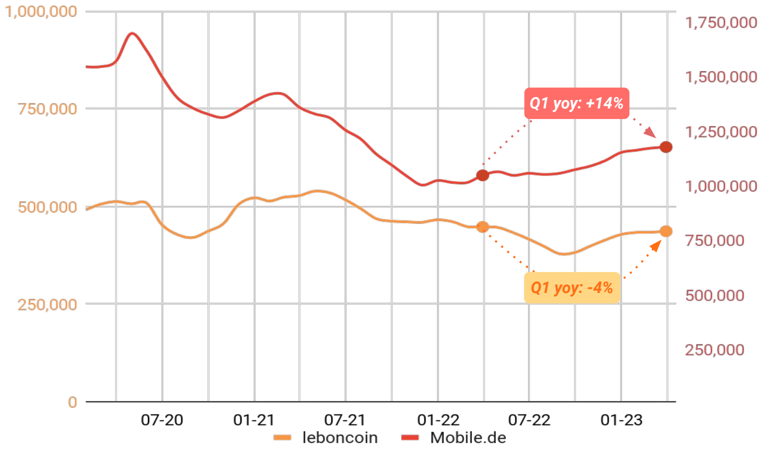
	Kleinanzeigen			leboncoin			mobile.de		
	Q1 yoy	Q1 yo2y	Q1 yo3y	Q1 yoy	Q1 yo2y	Q1 yo3y	Q1 yoy	Q1 yo2y	Q1 yo3y
Visits	+1%	-3%	+28%	+10%	+10%	+48%	-1%	-10%	-5%

[1] Visits: every user session on a single device, based on internal data for Kleinanzeigen, leboncoin and mobile.de. Visits based on Similarweb + AppAnnie for Competitor 1.
Consent rates and tracking related adjustment applied for Kleinanzeigen as from Q3'21 and for mobile.de as from Q1'22. Privacy legislation differently interpreted in France, no adjustments are needed.

Continued growth of car PRO listings at mobile.de

Strong value proposition reflected in successful commercial activity

Car PRO listings evolution



	Q1 qoq
leboncoin	+5%
mobile.de	+5%

Listings: Average number of dealer live listings - internal data

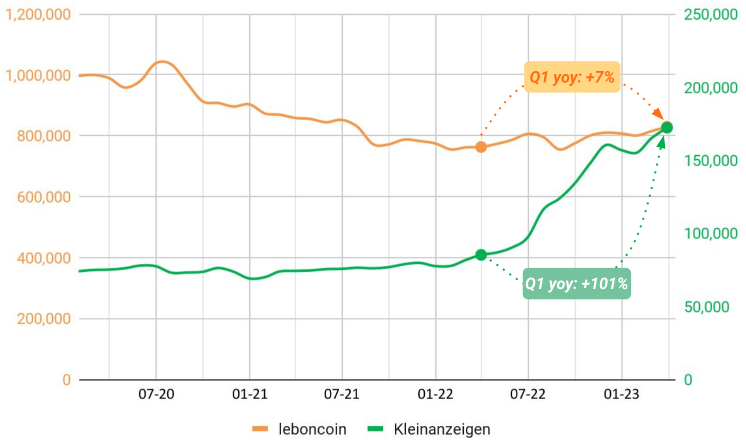
Price and client base evolution

	Price	Dealers
leboncoin	ARPD: 465€ ***+21%** yoy*	23k ***-8%** yoy*
mobile.de	ARPL: 22€ ***+15%** yoy*	40k ***-1%** yoy*

ARPA: Average Revenue per Account (formula for a given month: paying professional accounts revenue / # of paying professional accounts)
ARPL: Average Revenue per Listing (formula for a given month: revenue generated from dealer subscriptions, features and insertions / average monthly live listings)
Dealers: based on internal data

Real Estate PRO listings driven by different market dynamics
While our strong value proposition drives ARPA and client penetration up

PRO listings evolution



Listings: Average number of agents live listings - internal data

ARPA and customer evolution

	ARPA	Customers
leboncoin	630€ ***+17%** yoy*	22k ***-3%** yoy*
Kleinanzeigen	125€ ***+12%** yoy*	9k ***+18%** yoy*

ARPA: Average Revenue per Account (formula for a given month: paying professional accounts revenue / # of paying professional accounts)
Customers: based on internal data

Continued rapid scaling of our transactional services
Supported by further product launches and promotional activities

Increasing traction in all Core markets, with strong double-digit growth in all markets, and even triple-digit growth at Kleinanzeigen

Successful promotional activities in Q1, with shipping promotion campaigns in France, Kleinanzeigen, Marktplaats and Spain with positive impact on # of transactions and adoption

Continued strong development of transactional business model in France, with new developments:
- Bundle purchase solution
- Switch from 1,000€ to 2,000€ eligibility for shipping

Strong double-digit growth in Benelux, Italy and Spain, supported by **new products and innovation:**
- "Shop2Shop" solution at Subito
- Transactional information widgets at Milanuncios

Transactions

Number of payouts (evolution in %)

	Q1 2023	LTM 2023 v LTM 2022
leboncoin	**+40%** yoy	**+33%** yoy
Kleinanzeigen	**+145%** yoy	**+144%** yoy

Payouts: payments made to sellers following a successful transaction

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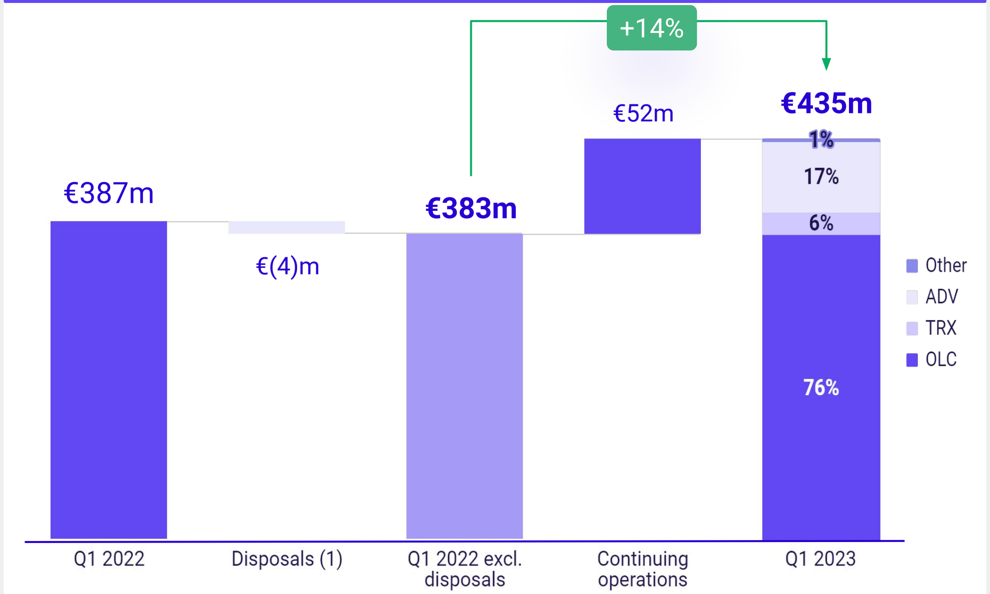
Q4 2022 financial performance

Uvashni Raman, ***CFO***

Group | Further acceleration of Core Markets revenue growth

Group revenues at €435m, up 14% year-on-year (excl. disposals)



Core markets revenues up 15% yoy

Acceleration of Classifieds revenues growth, up 18%

- Mobility up 22% yoy, driven by mobile.de
- Real Estate up +13%, driven by France
- Jobs up 5% yoy

Transactional revenues up 62% yoy

- Strong revenue growth in all Core markets
- Especially in France (+48%) and Kleinanzeigen (+95%)

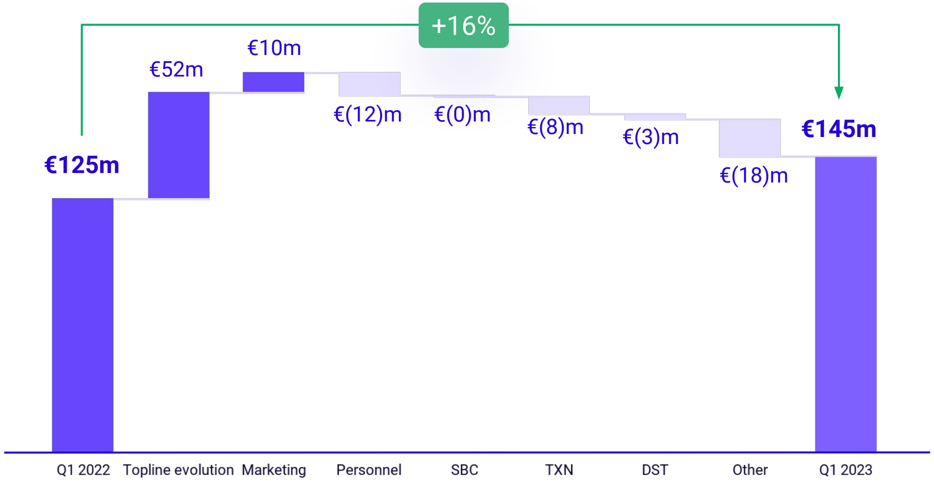
Advertising revenues down 3%

- Lower market environment and OEM spend
- Partly offset by positive performance at Kleinanzeigen and in Italy

[1] *Disposals: Adevinta exited InfoJobs Brazil (in Q1 2022), Kufar (in Q2 2022) and Mexico (in Q3 2022) which represented €4m revenues in Q1 2022*

Group | Improved EBITDA margin despite business mix evolution and DST impact, benefiting from cost management

Reported EBITDA up 16% year-on-year to €145m



EBITDA margin of 33.4%, up 1pp vs Q1 2022

Reduction of marketing investment across all markets driven by different phasing, spend discipline and prioritisation

Strict control of other operating costs

Increase in personnel costs:

- Continued build-up of global capabilities with the implementation of new operating models for support functions and Product and Technology teams
- Annualisation of investment in product enhancements and in sales and customer support operations, particularly in legacy eCG markets, to support new business models

Direct transaction costs increase reflecting adoption of the service and revenue growth

Impact of French DST provision

EBITDA margin, excluding DST of 34.1%

France | Solid revenue growth
Margin impacted by business mix evolution, DST and increase in personal costs

Revenues

Solid revenue growth, **up 10% yoy**

Classifieds revenues up **8% yoy** driven by Real Estate and Mobility, despite limited supply, demonstrating the strength of our market positions:

- Positive ARPA evolution (+17% yoy) in Real Estate
- Positive development in ARPD (+21% yoy) in Mobility

Strong growth in transactional revenues, **up 48% yoy,** driven by transaction volume growth.

Advertising revenues **down 9% yoy,** impacted by reduced activity from media agencies and programmatic

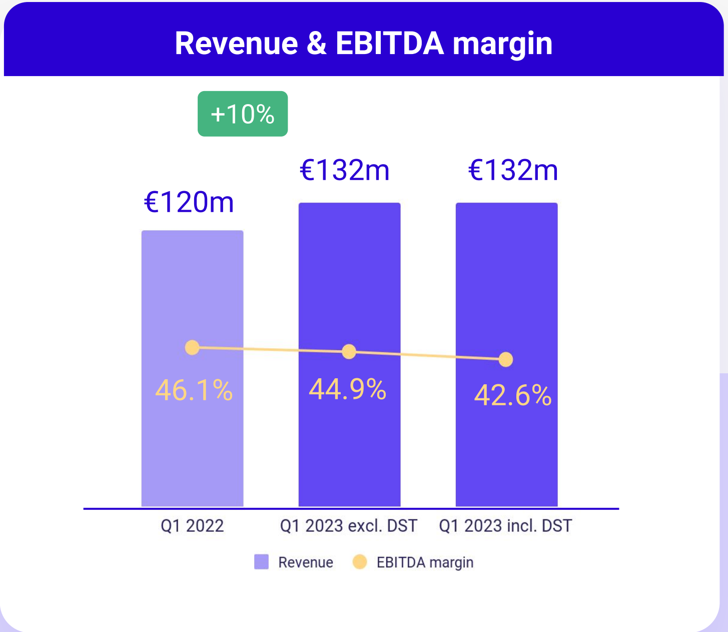
EBITDA margin

Margin softening **(down 3.5pp and up 0.6pp qoq)**. Topline evolution partly offset by:

- Business mix evolution: increasing share of transactional services and promotional campaigns (-1.5pp dilutive impact from direct transactional costs) and decreasing share of highly profitable of advertising revenue
- French DST provision (€3m)
- Slight increase in personnel, due to investments in product and technology development

Reported EBITDA at €56m, up €1m (+2%) yoy

EBITDA, excluding DST, up 7% yoy



leboncoin L'argus locasun Agriaffaires avendrealouer Truckscorner MachineryZone

mobile.de | Outstanding revenue growth and strong profitability

Revenues

Outstanding revenue growth, **up 32%** compared to low Q1 2022

Classified revenues **up 36% yoy**:
- Continued recovery in dealer listings (+14% yoy)
- Increase in ARPL, up 15% yoy, driven one by the successful price adjustment of April '22, in combination with increasing value for customers, and strong performance in upselling
- Strong performance of revenues from private sellers

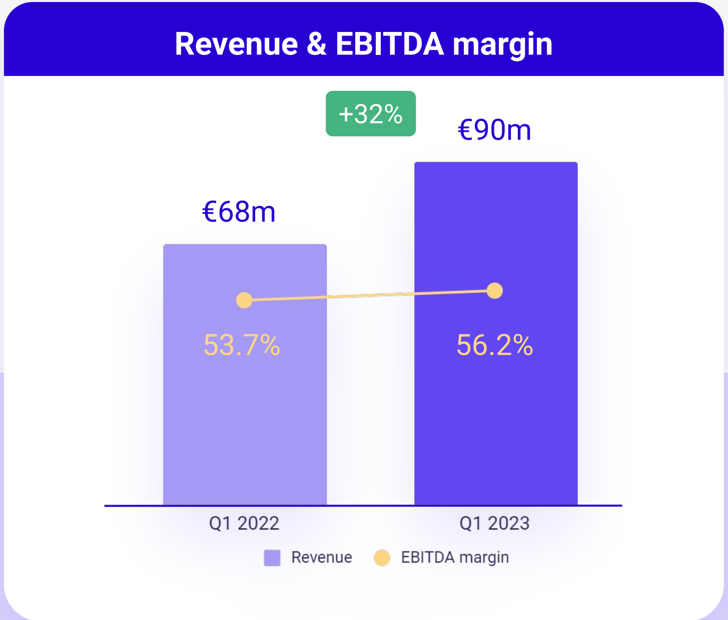
Advertising revenues **down 10%** yoy due to market headwind and lower OEM

EBITDA margin

Margin improvement **(up 2.5pp yoy)** mainly driven by:
- Topline evolution
- Operating leverage

Partly offset by:
- Higher personnel expenses, as a result of investments made at the end of 2022 to support new business initiatives and product launches (eg: online buying & selling and leasing)

Reported EBITDA at €51m, up €14m (+38%) yoy



European Markets | Double-digit revenue growth and resilient margin despite higher personnel expenses and unfavorable business mix evolution

Revenues

Up 12%* yoy

Strong performance of Classifieds, **up 15%* yoy,** driven by double-digit growth in all verticals

Continued strong traction from transactions, with revenues **x2 yoy**

Resilient Advertising revenues, **down 1%* yoy,** with performance from Kleinanzeigen and Italy partly offsetting softness driven by the weak economic context in other markets

Double-digit revenue growth at **Kleinanzeigen** (+16% yoy), in **Spain** (+11% yoy) and **Italy** (+22% yoy)

EBITDA margin

Resilient margin **(stable yoy)**, with positive topline evolution partly offset by:

- Investment in product development and sales and customer support
- Increase in transactional costs, led by higher volumes and by promotional campaigns to drive adoption of the service

Reported EBITDA at €75m, up €8m yoy (+11%)

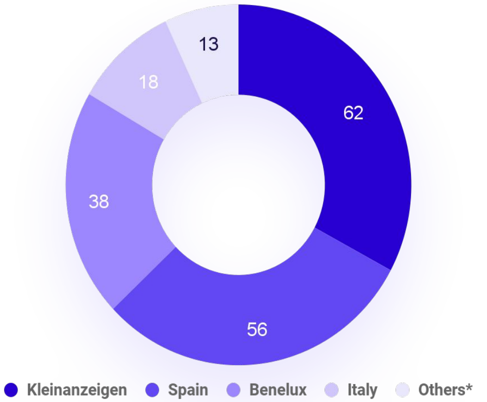
Excluding Kufar (Belarus)

European Markets

Strong revenue performance with double-digit growth in Kleinanzeigen, Spain and Italy

Revenue split by market (Q1 2023)

In € million



Double-digit revenue growth (+16% yoy) - significant momentum in Real Estate, with market share gains, in Consumer Goods, with strong SMBs performance, as well as Mobility. Positive growth in Advertising. Transactional revenues x2

Double-digit revenue growth (+11% yoy) - strong performance in the three verticals, benefitting from price increases, along with product innovation. Advertising revenues down, driven by lower vibrancy

Revenues up (+5% yoy) - growth in online classifieds and transactional services, pushed by promotional shipping campaigns and recent product launches, partly offset by lower advertising revenues

Double-digit revenue growth (+22% yoy) - strong performance in Mobility, Real-Estate and Consumer Goods. Continued strong momentum of transactional services

** Others include Hungary and Ireland*

International Markets | Performance mostly impacted by advertising revenue contraction, partly offset by lower marketing spending

Revenues

Down 10%* yoy

Canada classified revenues **down 3% yoy**, primarily led by Jobs and Real-Estate, partly offset by Mobility

Canada advertising revenue **down 26% yoy**, driven by soft direct display

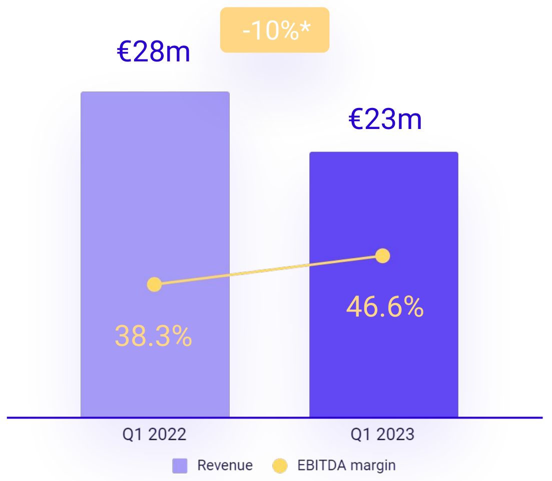
EBITDA margin

Margin improvement **(up 8.3pp yoy)**, mainly driven by:
- Lower marketing costs and other cost optimisations
- Exit of non-core assets

Partly offset by:
- Topline evolution
- Slight increase in personal costs in Canada

Reported EBITDA at €11m, stable yoy

Revenue & EBITDA margin



**Excluding InjoJobs Brazil and Mexico*

OLX Brasil

Revenue growth impacted by economic environment
Improved profitability due to cost reduction plan and lower marketing spend

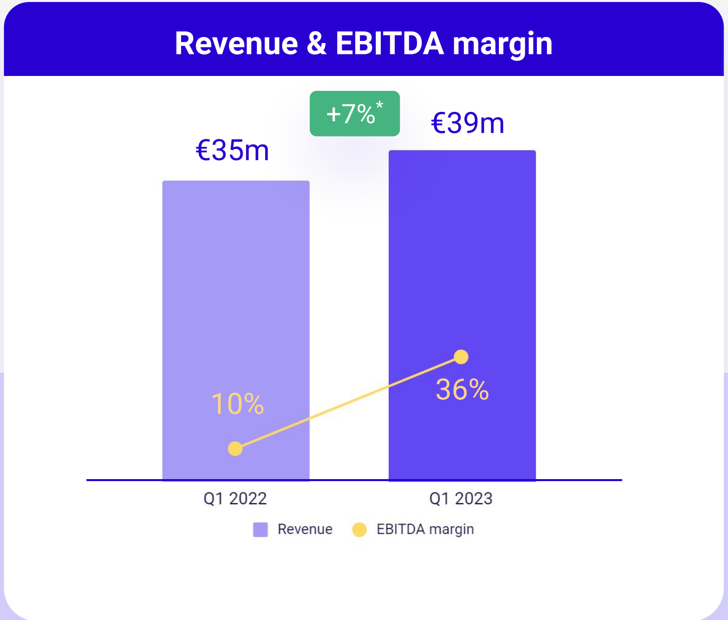
Revenues

Up 7% in local currency

Growth in Mobility and Consumer Goods, partly offset by weak performance in Real-Estate, impacted by market headwinds

Solid growth from transactional revenues

Advertising revenues down 30% impacted by weaker macro-environment



EBITDA margin

Margin improvement **(up almost 4x yoy)**, mainly driven by:

- Topline evolution
- Strong reduction in marketing spending, mainly on ZAP+ branding and performance
- Lower personnel expenses, due to the implementation of a cost reduction plan without compromising operations

EBITDA at €14m, up 4x yoy

** In local currency*

Central P&T and Headquarters

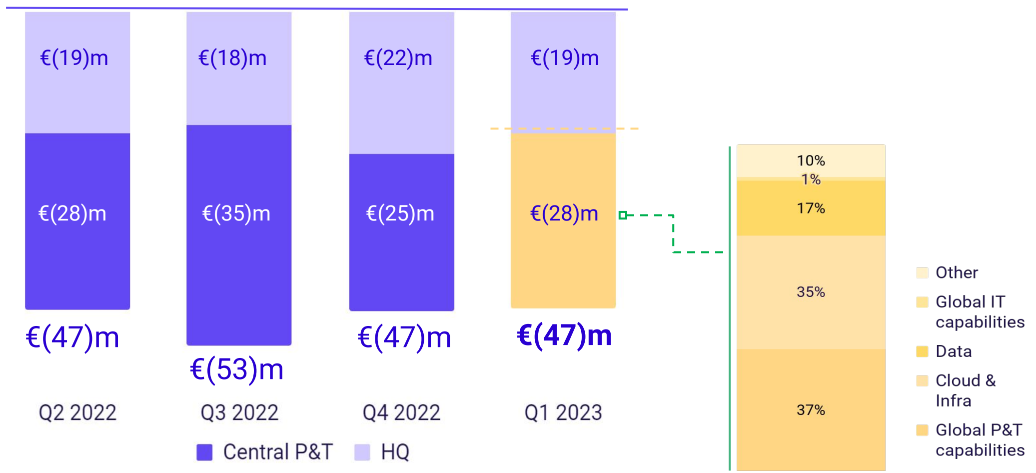
EBITDA down €2m yoy

Continued build-up of global capabilities due to the implementation of **new operating models** for support functions and Product and Technology teams to **drive operational efficiencies and accelerate value creation**

Offset by larger share of cost allocations to the markets to reflect global teams support

Central P&T & HQ costs down yoy as % of revenues, at 11%

EBITDA



Other P&L items

€ million	First quarter 2023	First quarter 2022
Gross operating profit (loss) = EBITDA	**145**	**125**
Depreciation and amortisation	(73)	(65)
Share of profit (loss) of joint ventures and associates	(4)	(6)
Impairment loss	(0)	(0)
Other income and expenses	(16)	1
Operating profit (loss)	**52**	**55**
Net financial items	(14)	18
Profit (loss) before taxes	**38**	**72**
Taxes	(16)	4
Profit (loss)	**18**	**75**
Profit (loss) from continuing operations	*21*	*77*
Profit (loss) from discontinued operations	*(3)*	*(2)*

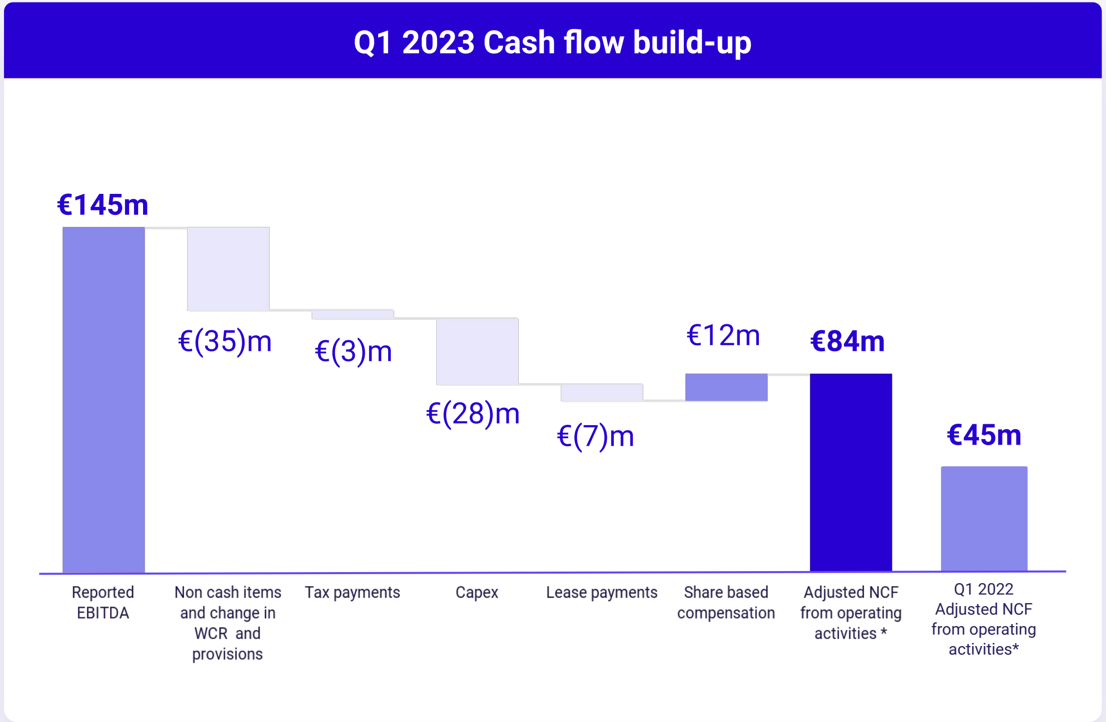
Depreciation and amortisation costs up €(8)m yoy mainly driven by the reassessment of useful lives of certain trademarks

Other expenses mainly includes expenses related to the eCG integration and to the verticalisation project of the organisation

Net financial costs up €(32)m mainly due to the variation in foreign exchange gain on the loan in BRL issued by Adevinta to OLX Brazil

Tax expense up €(20)m as Q1 2022 benefitted from an adjustment of an income tax provision related to the Mexican operations and the use of tax losses generated in previous periods

Strong cash flow generation profile



Negative change in working capital, non cash items and provisions due to:

- 2022 employee bonus payment
- Prepaid expenses in relation to global contract with Cloud and CRM providers, as well as media campaigns

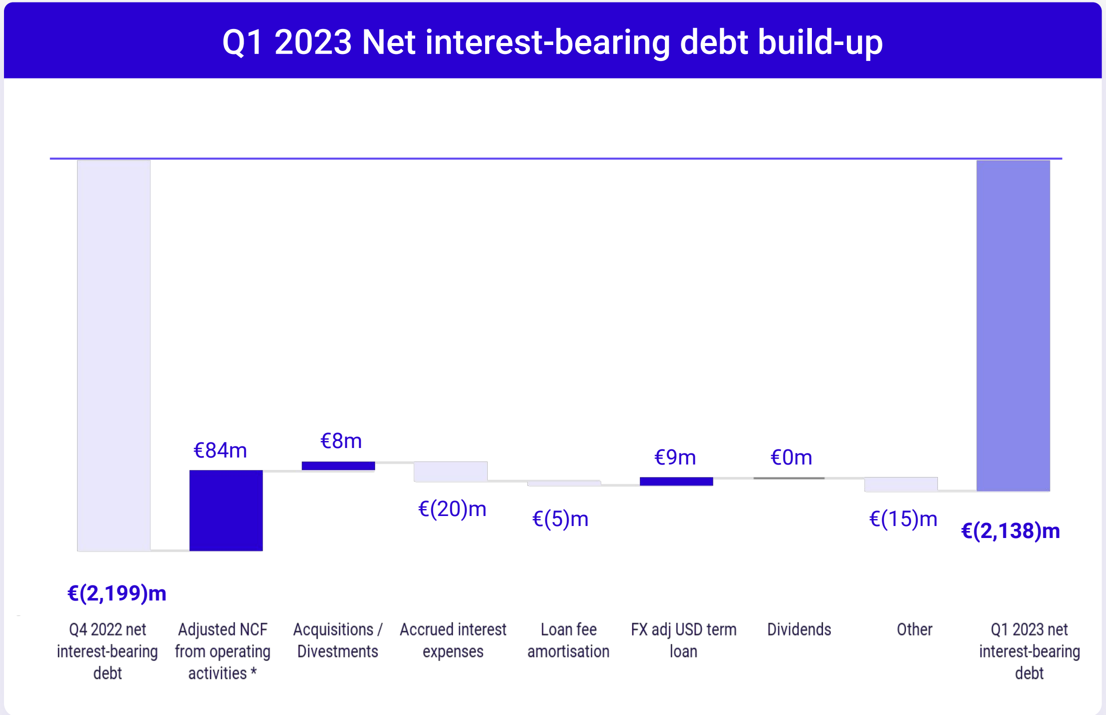
Capex

- Essentially capitalised development costs
- c. 6% of sales

Cash flow generation up €39m yoy

* *Net cash flow from operating activities adjusted for CAPEX and IFRS 16 lease payments*

Deleveraging: a priority



Senior Secured Net Leverage Ratio of 3.4x as of Q1 2023[1]

Target: leverage reduced to below 3x net debt/EBITDA by the end of 2023

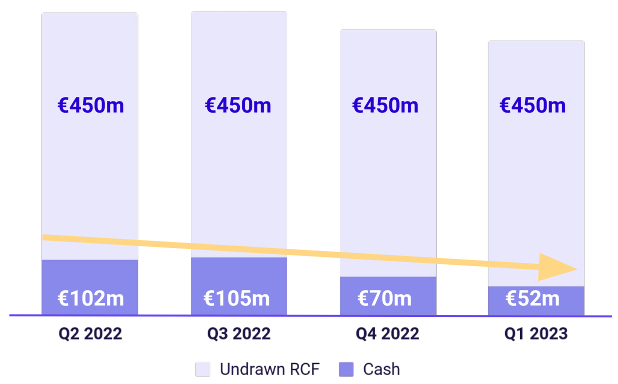
€80m debt repayment in Q1 2023 (EUR TLB)

* *Net cash flow from operating activities adjusted for CAPEX and IFRS 16 lease payments*

[1] Based on the definition of the Facilities Agreement

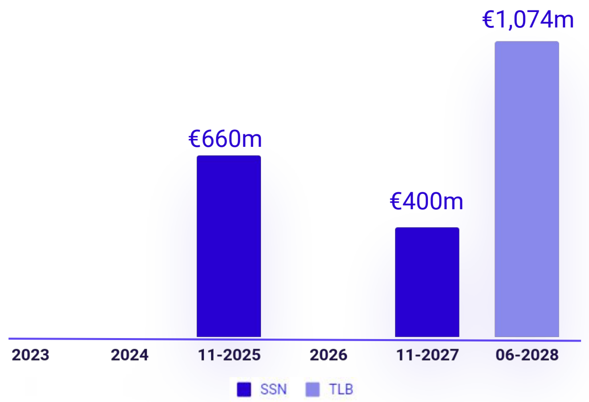
Cash efficiency and long-term debt maturity

Total Liquidity



Reduction in operational cash requirements benefiting from cash optimisation measure (operating at much lower cash levels)

Debt Maturity Profile[1]



Moody's upgrade from Ba3 to Ba2 rating (Stable outlook) in April 2023

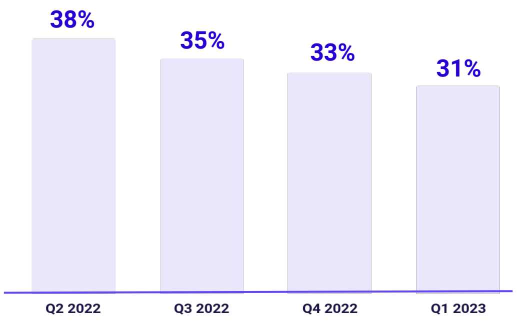
[1] Excludes USD Term loan B 0,25% quarterly amortization as per Facilities Agreement

Measures in place to mitigate **Interest Rate & FX exposures**

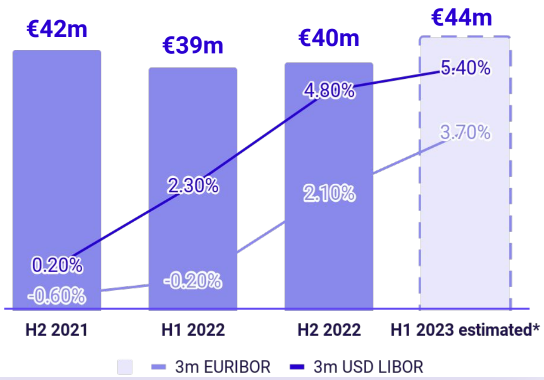
Interest Rate Exposures

- **Interest expense roughly flat since debt inception, despite rapid increase of reference rates**
- Floating/Total Debt Ratio of 31% in Q1
- Debt repayments to focus on USD TLB from Q2 onwards (EUR TLB previously)

Floating / Total Debt Ratio[1]



Development of Interest Expense



FX Exposures

- Material transactional exposures are hedged
- Balance sheet exposures are assessed on a regular basis
- FX cash kept at operational minimum
- Substantial M&A proceeds are hedged where possible

[1] Interest bearing debt, excluding leases
* H1 2023 includes Adevinta's interest expense projections and Eikon's reference rate forecasts for Q2 2023

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Conclusion & outlook

Antoine Jouteau, ***CEO***

2023 guidance confirmed

2023 outlook

Low double digit revenue growth in core Markets despite soft macro environment

Reported EBITDA, including French DST, **in the range of €620m to €650m**, implying yoy **improvement in EBITDA margin** despite unfavourable mix evolution

Leverage reduced to below 3x net debt/EBITDA by year end

2023 drivers

- Further room for price adjustments based on product improvements and increased value for our customers
- Continued strong traction of transactional services
- Advertising markets to remain under pressure

- Operating leverage & synergies realisation
- Financial discipline
- Business mix evolution

- Continued focus on deleveraging and further optimisation of debt structure

Value creation opportunity ahead of us
Long-term ambition remains strong for Core markets

Sustainable profitable growth
underpinned by

- Resilient business models and strong market positions
- Optimised organisational structure: towards verticalisation
- Strict cost management programme
- Efficient operating model to leverage scale and drive efficiencies

Long-term ambition

- **2023-2026 annual revenue growth between 11% and 15%**
- **2026 EBITDA margin between 40% and 45%**

[1] *Consolidated EBITDA pre share-based compensation.*

Thank you!

Appendices

Basic information

Ticker	
Oslo Stock Exchange	**ADE**
Reuters	**ADE.OL**
Bloomberg	**ADE:NO**
Number of shares	1,224,942,981
Of which:	
Class A shares	*1,165,686,913*
Class B shares (non-voting, not listed shares)	*59,256,068*
Treasury shares (May 22, 2023)	8,161,412
Number of shares outstanding	1,216,781,569
Free float*	27.0%
Share price (May 22, 2023)	NOK 81.1
Average daily trading volume (shares)**	494,835
Market Cap total (May 22, 2023)	NOK 98.7bn (USD 9.1bn)

** Total number of shares excluding treasury shares and shares owned by Schibsted ASA, eBay Inc and Permira*
*** Past hundred days on the Oslo Stock Exchange*

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