Adevinta

Q3 2023 Results

Antoine Jouteau, CEO
Elisabeth Peyraube, CFO

21 November 2023

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Adevinta

Highlights of the quarter

Antoine Jouteau, ***CEO***

Key highlights of the quarter

Continued delivery of our Growing at Scale strategy

Strong Q3 2023 financial performance in soft market environment

Strong double digit revenue growth of Core markets: +14% yoy, driven by continued outstanding performance of mobile.de

Total consolidated EBITDA of €171m, up 29% yoy

EBITDA margin of 37.6%, up 5pp yoy, benefitting from operating leverage and favourable phasing of expenses

Strong cash flow generation and further deleveraging

2023 targets confirmed

Progress on optimised organisation driving 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 organisational design approved by employee representatives

Good progress on platform convergence, with achievement of first key milestone

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 +33%, with strong traction in all Core markets

Continued product development across all of our platforms

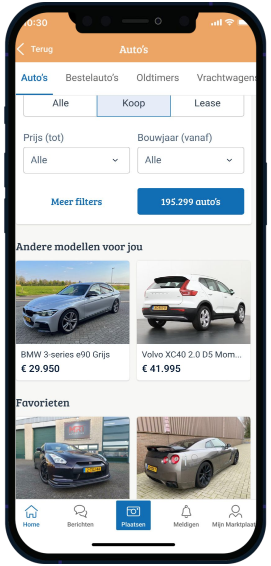
Continued financial discipline

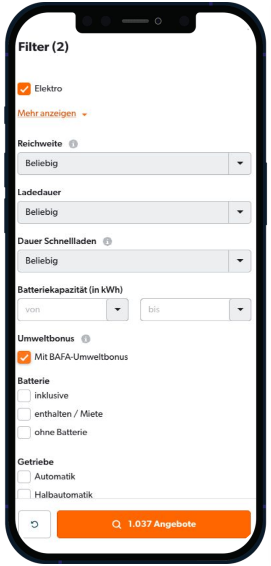
[1] Alignment of the organisational structure with the Group strategy, based on three key pillars: Mobility, Re-commerce and Real Estate & Emerging Verticals

Continued innovation with added-value products across all markets

To reinforce our leadership positions

Mobility





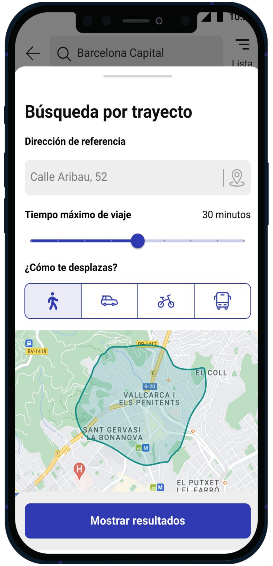
Marktplaats

Inspirational car recommendations

mobile.de

Advanced electric vehicle search

Real Estate



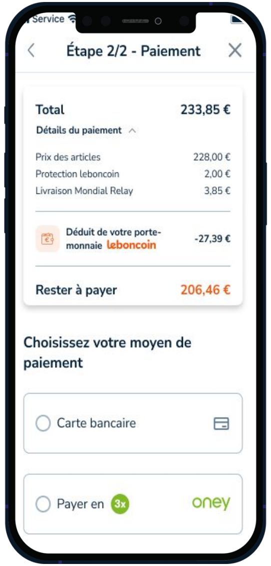
leboncoin

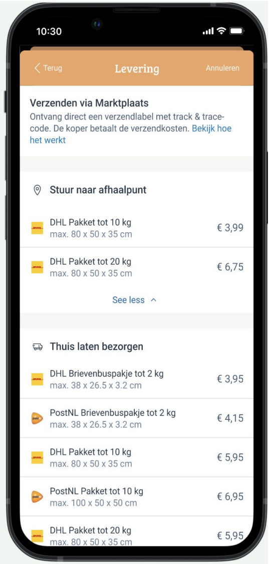
Rental management offer

fotocasa

Search by travel time

Transactional services





leboncoin

Split payment

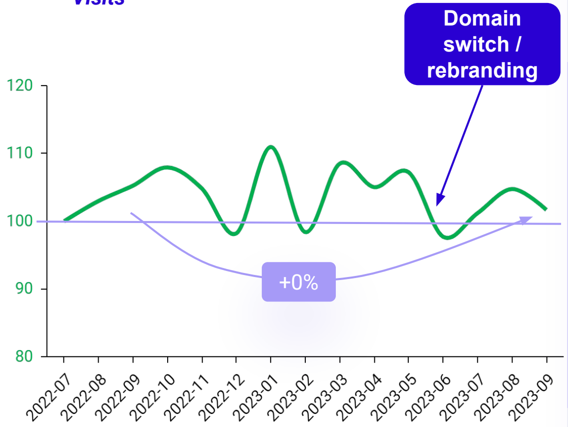
Marktplaats

DHL Home

Positive traffic growth at leboncoin and mobile.de in line with market trends
Kleinanzeigen's traffic flat despite rebranding

Kleinanzeigen

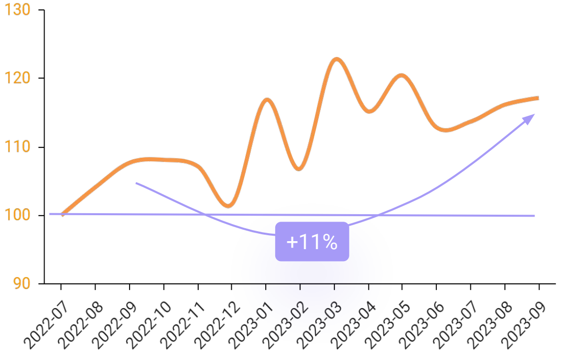
Visits[1]



Index July 2022=100

leboncoin

Visits[1]



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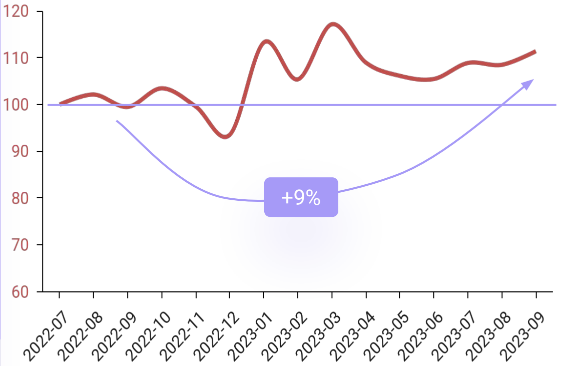
mobile.de

Visits[1]

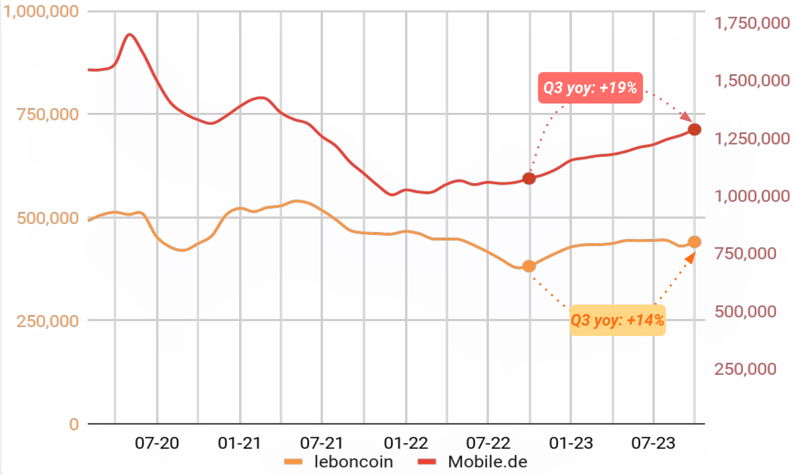


Index July 2022=100

[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.*

Car PRO listings up mainly due to low comparison levels
Strong value proposition reflected in successful commercial activity

Car PRO listings evolution



	Q3 qoq
leboncoin	-1%
mobile.de	+5%

Listings: Average number of dealer live listings - internal data

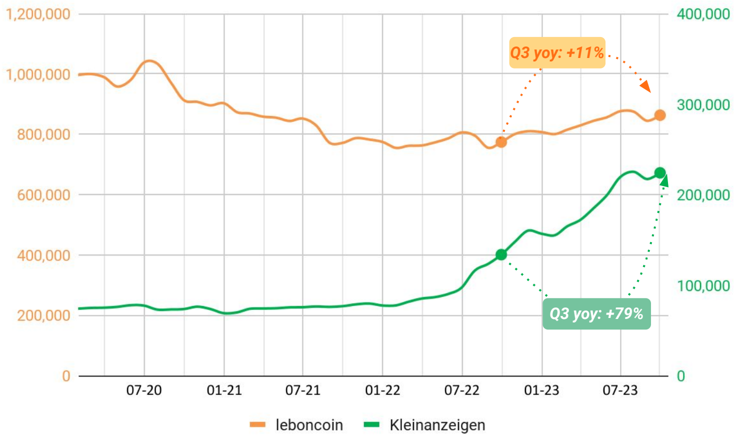
Monetisation and client base evolution

	Monetisation	Dealers
leboncoin	ARPD: 495€ ***+20%** yoy*	22k ***-1%** yoy*
mobile.de	ARPL: 24€ ***+10%** yoy*	40k ***0%** 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 up driven by lower demand for properties
Strong value proposition driving ARPA and client penetration up

PRO listings evolution



	Q3 qoq
leboncoin	+0%
Kleinanzeigen	+10%

Listings: Average number of agents live listings - internal data

ARPA and customer evolution

	ARPA	Customers
leboncoin	690€ ***+21%** yoy*	21k ***-5%** yoy*
Kleinanzeigen	130€ ***+22%** yoy*	10k ***+13%** 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 recent product launches and promotional activities

Increasing traction in all Core markets, with strong double-digit growth in all markets

Successful promotional activities in Q3, on the occasion of the "back to school" period, with positive impact on # of transactions and adoption

- All-time high number of payins in Italy and Spain achieved in September

Continued strong development of transactional business model in France, with positive impact on the margin

New products and innovation in all markets

Transactions

Number of payouts (evolution in %)

	Q3 2023	September 2023 LTM vs September 2022 LTM
leboncoin	+31% yoy	+33% yoy
Kleinanzeigen	+82% yoy	+116% yoy

Payouts: payments made to sellers following a successful transaction

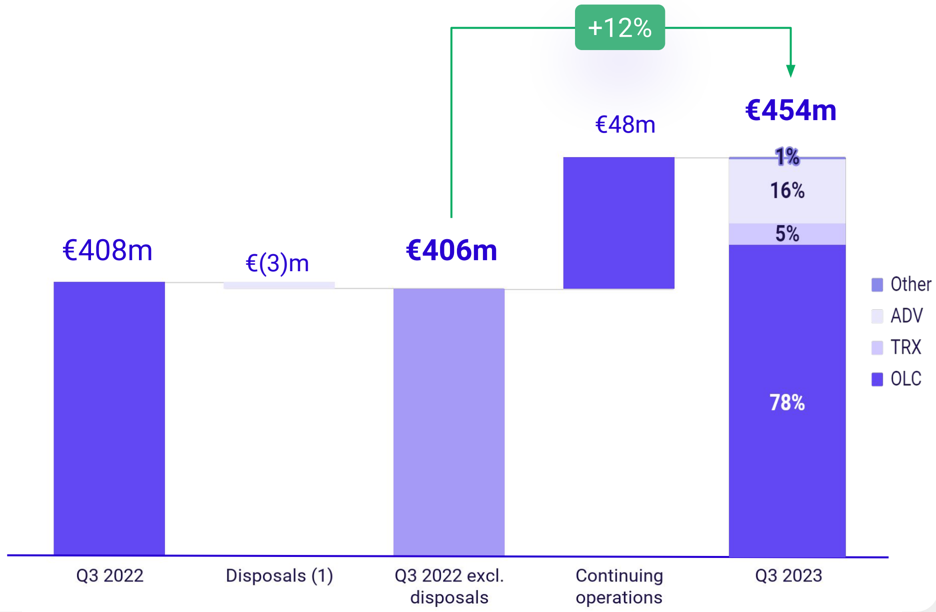
Adevinta

Q3 2023 financial performance

Elisabeth Peyraube, ***CFO***

Group | Continued strong double-digit revenue growth in our core business

Group revenues at €454m, up 12% year-on-year (excl. disposals)



Core markets revenues up 14% yoy

Classifieds revenues up 17%

- Mobility up 24% yoy, driven by mobile.de
- Real Estate up +11%, driven by France and Kleinanzeigen
- Jobs flat yoy

Transactional revenues up 51% yoy

- Double digit revenue growth in all markets

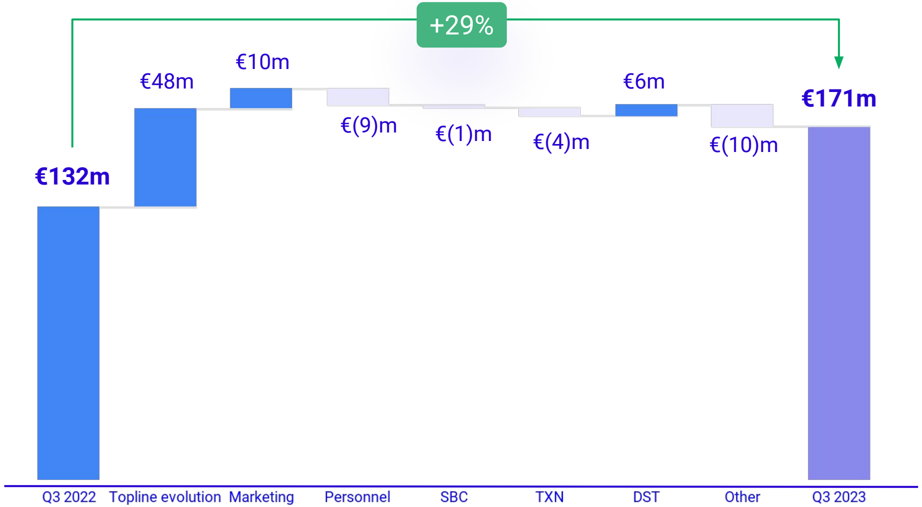
Advertising revenues down 6%

- Overall weaker advertising market

[1] *Disposals: Adevinta exited Mexico in Q3 2022 and Hungary in Q3 2023*

Group | Improved EBITDA margin benefiting from topline development and favourable phasing of expenses, despite business mix evolution

Reported EBITDA up 29% year-on-year to €171m



EBITDA margin of 37.6%, up 5.2pp yoy

Lower marketing spend across markets, down 20% yoy, driven by different phasing, spend discipline and prioritisation across all markets

Favourable spread of expenses, with some catch-up expected in Q4 2023

French DST catch-up of €(6)m in Q3 2022

Higher personnel costs, driven by :

- Continued build-up of global capabilities with the implementation of new operating models for support functions and Product and Technology teams
- Continued investment in product enhancements and in sales and customer support operations
- Partly offset by slightly higher capitalisation related to convergence project and harmonisation of capex policy

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

France | Acceleration in revenue growth
Margin reflecting increase in personnel costs and business mix evolution

Revenues

Acceleration of revenue growth, **up 12% yoy**

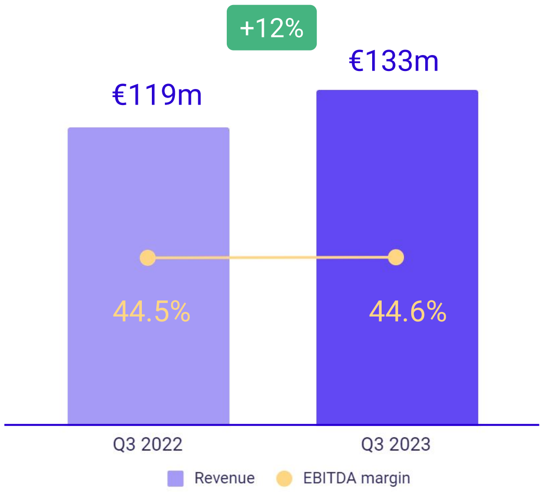
Classifieds revenues **up 13% yoy**, driven by Real Estate and Mobility, benefitting from supply recovery and monetisation initiatives:

- Positive ARPA evolution (+21% yoy) in Real Estate
- Positive development in ARPD (+20% yoy) in Mobility

Strong growth in transactional revenues, **up 34% yoy,** driven by transaction volume growth

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

Revenue & EBITDA margin



EBITDA margin

Stable margin year-on-year:

- Topline evolution
- Lower marketing expense
- Catch-up provision of €(6)m related to the French DST in Q3 2023

Offset by:

- Higher personnel expenses, due to investments in product and technology development
- Higher direct transaction costs, driven by higher transaction volumes
- Business mix evolution: increasing share of transactional services (-0.9pp dilutive impact from direct transactional costs) and decreasing share of highly profitable advertising revenue

Reported EBITDA at €59m, up €7m (+13%) yoy

mobile.de | Outstanding revenue growth and profitability

Revenues

Outstanding revenue growth, **up 26%**

Classified revenues **up 29% yoy**:
- Continued recovery in dealer listings (+20% yoy)
- Increase in ARPL, up 10% yoy, driven by the successful price increase in April, in combination with increasing value for customers, and strong performance in upselling
- Strong performance of revenues from private sellers

Advertising revenues **down 4%** yoy due to market headwind and lower OEM spend

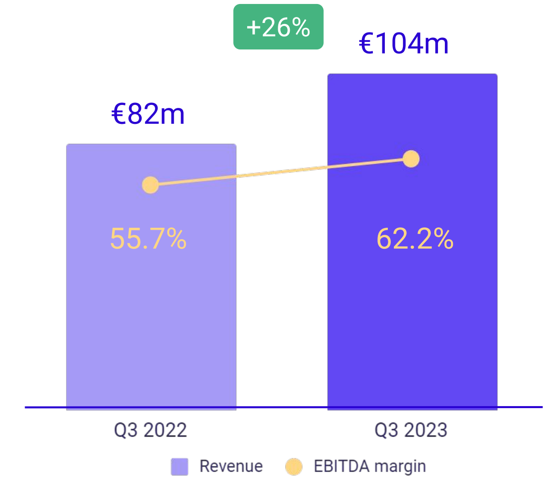
EBITDA margin

Margin improvement (up 6.5pp yoy) **mainly driven by:**
- Topline evolution
- Operating leverage
- Lower marketing expenses

Partly offset by:
- Higher personnel expenses, as a result of the annualisation of our investments in product enhancements and in sales and customers support operations

Reported EBITDA at €65m, up €19m (+41%) yoy

Revenue & EBITDA margin



mobile.de

European Markets | Double-digit revenue growth and improved margin despite unfavourable business mix evolution

Revenues

Up 10%* yoy

Strong performance of Classifieds, **up 13%* yoy,** driven by double-digit growth in Mobility and Consumer Goods

Continued strong momentum from transactions, with revenues **doubling**

Advertising revenues, **down 5%* yoy,** driven by weak economic context

EBITDA margin

Margin improvement (up 2pp yoy) **mainly driven by:**
- Topline evolution
- Lower marketing spend driven by different phasing, spend discipline and prioritisation

Partly offset by:
- Increase in transactional costs, led by higher volumes and by shipping promotional campaigns to drive adoption of the service

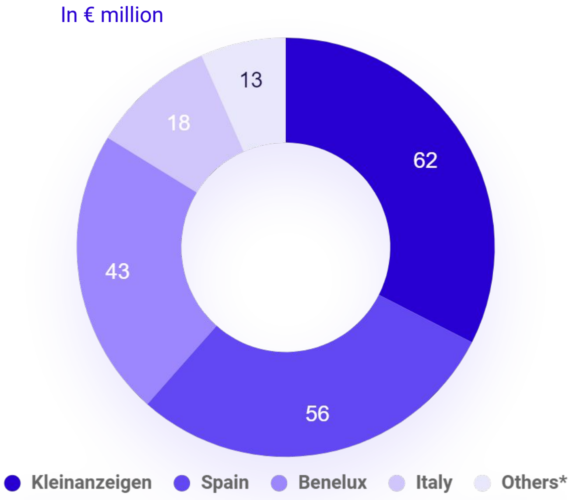
Reported EBITDA at €83m, up €11m yoy (+15%)

** Excluding Hungary*

European Markets

Solid revenue performance, supported by double-digit growth in Benelux and Italy

Revenue split by market (Q3 2023)



kleinanzeigen

Revenues up (+6% yoy) - strong performance in Online Classifieds, driven by Real Estate, Mobility and Consumer Goods. Advertising revenues down due to weaker market environment. Strong performance from Transactional revenues

fotocasa habitaclia InfoJobs coches.net motos.net milanuncios

Revenues up (+5% yoy) - solid performance of online classifieds, supported by Mobility, Consumer Goods and Jobs,Mobility and Jobs. Real-Estate and Advertising revenues down, impacted by macroeconomic context and lower vibrancy, respectively

Marktplaats 2dehands 2ememain

Double-digit revenue growth (+18% yoy) - strong growth in Online Classifieds, driven by Mobility and Consumer Goods, and in transactional services, pushed by recent product launches. Advertising revenues down

subito InfoJobs automobile.it

Double-digit revenue growth (+20% yoy) - strong growth in Mobility and Consumer Goods. Continued strong momentum of transactional services. Double-digit growth in Advertising

** Others include Hungary (July and August only) and Ireland*

International Markets

Revenues impacted by vibrancy contraction
Margin improvement driven by lower marketing spending and other cost optimisations

Revenues

International markets (Canada) down 21%* yoy, driven by currency impact (-9 pts) and contraction in vibrancy impacting both online classifieds and Advertising performance

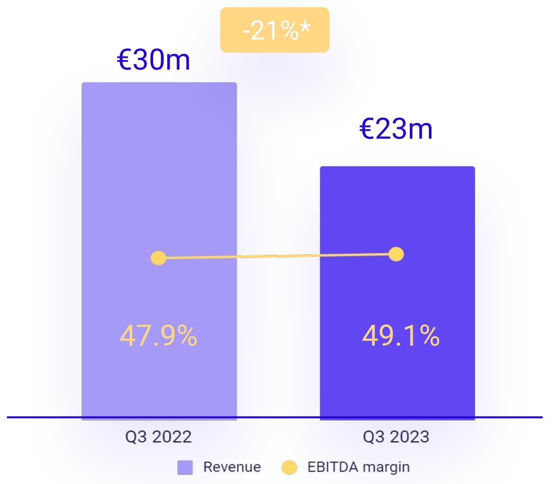
EBITDA margin

Margin improvement **(up 1.2pp yoy)**, mainly driven by:

- Lower marketing expenses
- Other cost optimisations to absorb revenue decline
- Exit of non-core operations
- [One-off benefit of past expenses reclassification]

Reported EBITDA at €11m, down €3m (-23%) yoy

Revenue & EBITDA margin



*Excluding Mexico

OLX Brasil

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

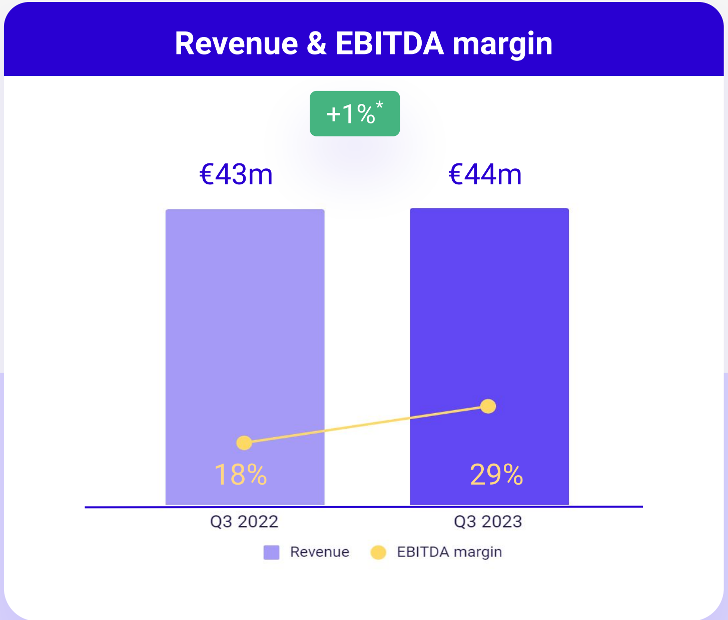
Revenues

Up 1% in local currency

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

Solid growth from transactional revenues, driven by higher volumes

Advertising revenues down impacted by weaker macro-environment



EBITDA margin

Strong margin improvement (**up 11pp yoy**) mainly driven by:

- 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
- Other OPEX optimisations

EBITDA at €13m, up €5m (+60%)yoy

** In local currency*

Central P&T and Headquarters

EBITDA up €6m yoy

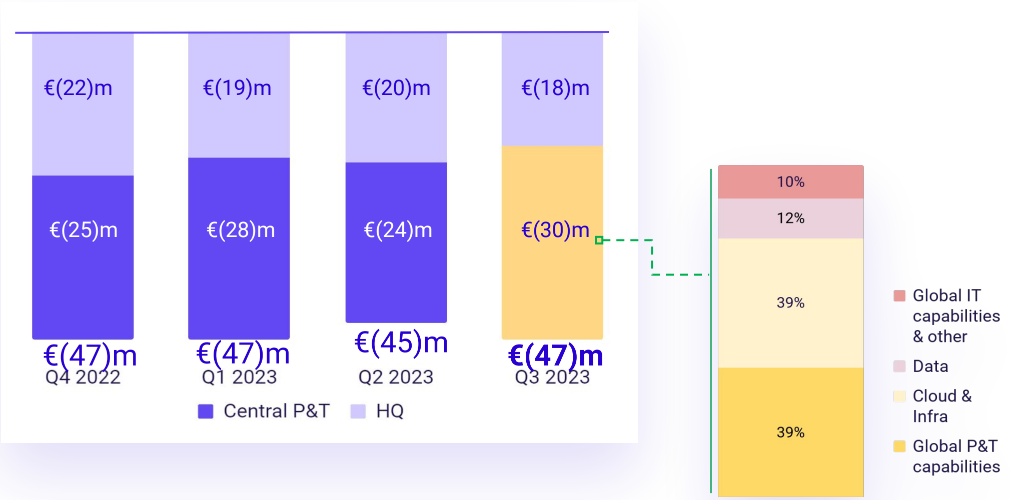
Continued build-up of global capabilities due to the implementation of **new operating models** for support functions and Product and Technology teams to **drive operational efficiencies and accelerate value creation**

More than offset by:

- **Favourable quarterly phasing of IT expense**
- **Larger share of cost allocations to the markets** to reflect global teams support

Central P&T & HQ costs down yoy as % of revenues, at 10%

EBITDA



Other P&L items

€ million	Third quarter 2023	Third quarter 2022
Gross operating profit (loss) = EBITDA	**171**	**132**
Depreciation and amortisation	(76)	(82)
Share of profit (loss) of joint ventures and associates	(3)	(5)
Other income and expenses	(30)	(83)
Operating profit (loss)	**62**	**(38)**
Net financial items	(21)	(10)
Profit (loss) before taxes	**41**	**(48)**
Taxes	(1)	(2)
Profit (loss)	**40**	**(52)**
Profit (loss) from continuing operations	*40*	*(50)*
Profit (loss) from discontinued operations	-	*(2)*

Depreciation and amortisation costs down €6m yoy, driven by the reassessment of useful lives of certain trademarks in Q3 2022

Share of loss of joint ventures and associates down €2m yoy, due to improved results of OLX Brazil

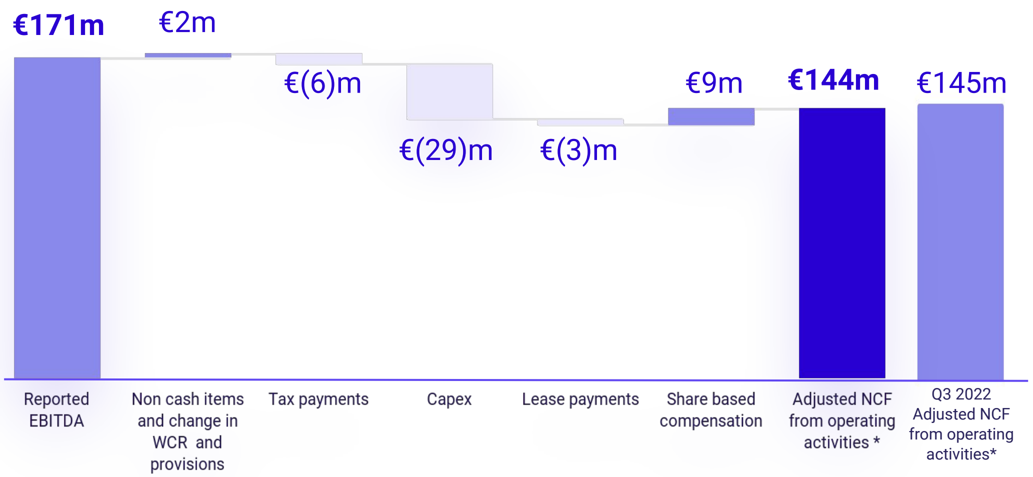
Other expenses mainly includes expenses related to:
- the eCG integration
- the verticalisation project
- the Kleinanzeigen rebranding

Partly offset by gain on sale of Hungary

Net financial costs up €(11)m yoy, mainly due to the exchange loss on the loan in BRL granted by Adevinta to OLX Brazil (depreciation of BRL against EUR)

Strong cash flow generation profile

Q3 2023 Cash flow build-up



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

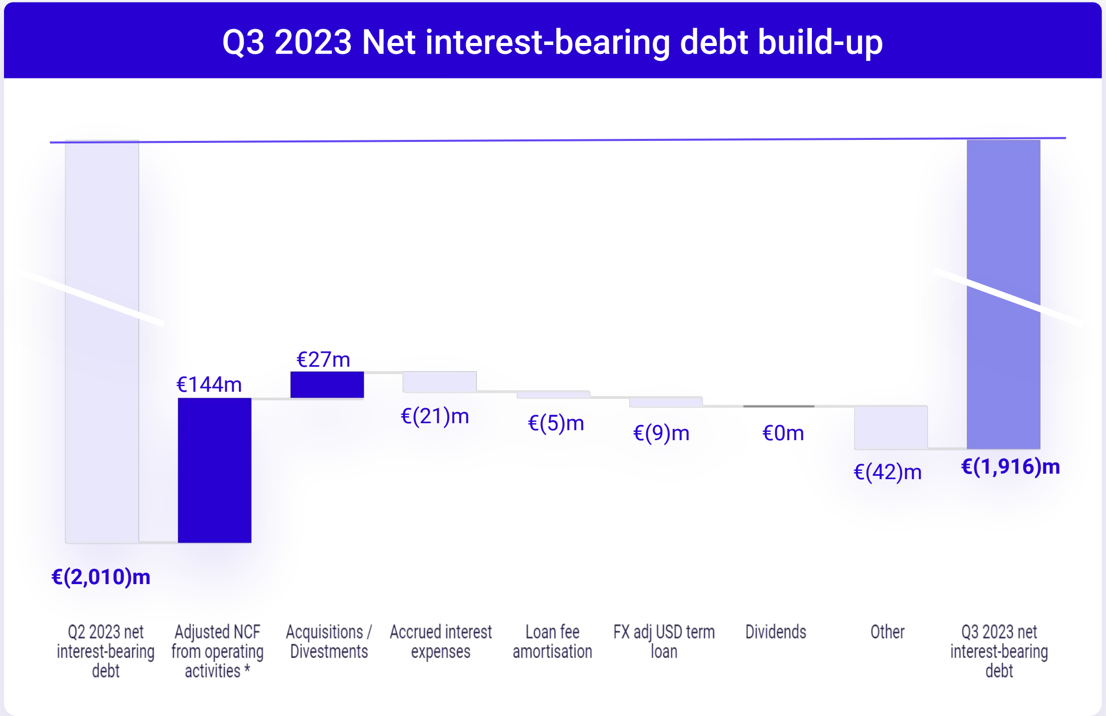
Slight positive change in working capital, non cash items and provisions

Capex

- Essentially capitalised development costs (€22m)
- c. 6% of sales
- Up yoy due to:
  - Convergence project
  - Integration projects (eg cloud and ERP migration)
  - Harmonisation of capex policy across the group

Cash flow generation broadly stable yoy

Deleveraging continues to be a priority



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

Senior Secured Net Leverage Ratio of 2.7x as of Q3 2023[1]

Medium term target: towards 2x net debt/EBITDA

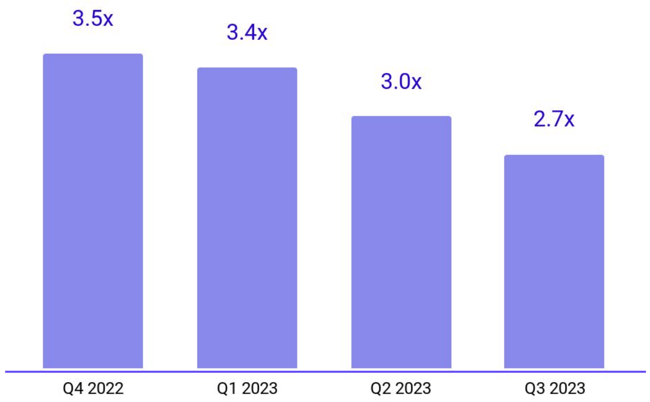
€301m[2] debt repayments during 2023:

- **€204m debt repayment in H1** (€104m on USD TLB and €100m on EUR TLB)
- **€94m debt repayment in Q3** (€74m on USD TLB and €20m on EUR TLB)

[1] Based on the definition of the Facilities Agreement
[2] Additional €3m amortization on USD TLB

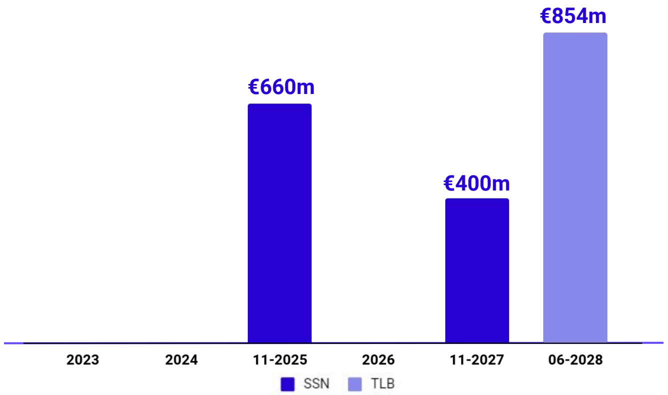
Leverage development and long-term debt maturity

Senior Secured Net Leverage Ratio[1]



Deleveraging progressing well in line with management's commitment

Debt Maturity Profile[2]



€450m undrawn revolving credit facility maturing in 2026

[1] Senior Secured Net Leverage/EBITDA as per Facilities Agreement
[2] Excludes USD Term loan B 0.25% quarterly amortization as per Facilities Agreement

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

Interest expense remains broadly flat, despite rising interest rates

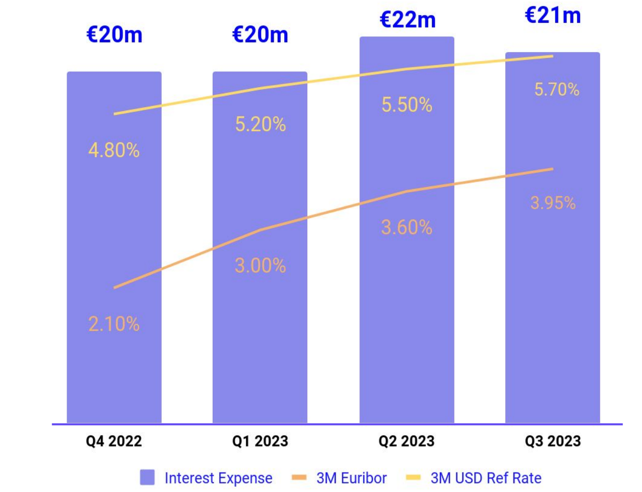
- Exposure to rising interest rates mitigated by:
  - Deleveraging
  - USD TLB swapped to Euro Fixed until mid 2024
- Fixed debt profile of c. 70%
- Floating debt exposed to EURIBOR

Deleveraging and hedging has resulted in interest savings of €36m in 2023 to date

Manageable 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

Development of Interest Expense[1]



[1] Interest bearing debt, including leases, excluding commitment fees

Conclusion & outlook

Antoine Jouteau, ***CEO***

2023 outlook confirmed

2023 outlook

- **Double digit revenue growth** in core Markets despite soft macro environment
- **EBITDA at the top end** of the previously announced **€620m to €650m range**
- **Further deleveraging expected**, towards 2x net debt/EBITDA in the medium term

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 and platform convergence
- 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

EURONEXT Tech Leaders

ADE EURONEXT OSLO BØRS

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 (Nov 20, 2023)	6,759,758
Number of shares outstanding	1,218,183,223
Free float*	27.1%
Share price (Nov 20, 2023)	NOK 107.7
Average daily trading volume (shares)**	764,528
Market Cap total (Nov 20, 2023)	NOK 131.2bn (USD 12.3bn)

** 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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