

Leaders in our market



WHO WE ARE

Auto Trader Group plc is the UK's largest digital automotive marketplace.

WHAT WE DO

There are 10 million transactions in the automotive market each year and we are driving change in how consumers are shopping for these cars online. We aim to drive further efficiencies in the market, benefitting consumers, retailers and manufacturers alike.



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plc.autotrader.co.uk



Auto Trader Insight



@ATInsight

Supporting our partners and suppliers

Our product and technology teams have been working throughout the lockdown period to continually develop and innovate products alongside our partners. Whilst we are strong believers that software is best built in an environment when people are together and able to effortlessly collaborate, our product and technology teams continue to deliver around 640 releases a week; only marginally lower than those levels achieved in pre-COVID-19 times, which is a huge credit to the teams involved.

We recognise that many of our suppliers are facing challenging times. Therefore we have continued to pay our suppliers as we normally would and have not delayed any payments unless agreed with the individual supplier in advance of payment falling due.

Controlling costs

Throughout the period that our retailer customers were closed and our core services were free, we made the responsible decision to reduce costs.

Our largest expense relates to our people. The level of activity for some of our teams reduced through the lockdown period and so we used the Coronavirus Job Retention Scheme ('CJRS') and furloughed just over 25% of our employees. For those who were placed on furlough, we supplemented the level of support provided by the Government, such that the large majority remained fully paid.

Towards the end of May 2020, when we had some level of confidence in our ability to return to charging and moving from a position of loss to making profit, our people returned to work and we ended the reliance on this Government support. The Government support was taken at a time when the Group faced great uncertainty. As the crisis passes it is the intention of the Group to repay amounts claimed through the CJRS. We have not made any redundancies as a result of the crisis.

Our Executive Directors have foregone 50% of their salary during this period of uncertainty and have agreed to forego annual bonuses earned in relation to the year ended 31 March 2020. The remainder of the Board have waived their fees by 50% or more for the duration of this crisis. With a return to higher levels of revenue, salaries and fees will return to normal levels in July 2020.

Our discretionary spend, which is primarily for marketing our own brand and products, has been significantly reduced through this period.

Strengthening the balance sheet

Securing finance sources

We entered the crisis with a strong balance sheet. At 31 March 2020, Net bank debt (defined as Net debt before amortised debt fees and excluding accrued interest and amounts owed under lease arrangements) was £275.4m. The Group had £37.6m of cash and cash equivalents and £313.0m of gross debt drawn under the Group's revolving credit facility ('RCF'). The RCF has total commitments of £400.0m and is available until at least June 2023.

The RCF has covenants attached to it relating to debt cover and interest cover which are tested twice a year and look at a 12 month rolling period:

- The Net bank debt to Consolidated EBITDA ratio must not exceed 3.5:1. At 31 March 2020 this ratio was 1:1.
- The Consolidated EBITDA to Net Interest Payable ratio must not be less than 3:1. At 31 March 2020 this ratio was 41:1.

Equity placing

On 1 April 2020 we raised £183.2m net of fees through an equity placing. The number of shares placed was 46.5 million, compared to the 84.8 million shares bought since we initiated our share buyback programme in 2016.

The equity placing has enabled us to run the Group through the crisis in the long-term interests of our shareholders, customers and people and, in the face of huge uncertainty, provides an insurance policy against a protracted lockdown or series of lockdowns.

The raise also ensures that the Group avoids constraints that might otherwise be imposed in the medium term in order to take advantage of strategic opportunities whilst still meeting debt covenants. It should also allow us an early return to our previous capital return policy at a time when many other companies may be labouring under increased levels of indebtedness as a result of the COVID-19 crisis.

Other measures to conserve cash

In order to conserve cash we have taken a number of measures including:

- Suspending our share buyback programme (year ended 31 March 2020: £62.0m inclusive of costs).
- Suspending dividend payments (year ended 31 March 2020: £64.7m).
- Deferring VAT payments (£18.4m as at June 2020).

Impact on the financial year ended 31 March 2020

On 17 March 2020, social distancing measures relating to COVID-19 came into effect. As a result, some of the Group's revenue lines were adversely affected. Home Trader and Consumer Services revenue suffered a significant drop off in volumes after these measures were implemented, and Manufacturer and Agency display campaigns were also reduced. The impact on Retailer revenue in March 2020 was limited, although a number of half price stock units were converted into free slots as we effectively re-instated our stock offer. Costs remained largely unimpacted, however we took a more prudent approach to the recoverability of receivables which resulted in an increased bad debt charge. We also reduced marketing spend in March. We estimate that the net effect was to reduce profit for the month of March by approximately £3m.

CHAIRMAN'S STATEMENT



ED WILLIAMS
CHAIRMAN

The business and the Board are focused on making Auto Trader a great place to work, a place that reflects the composition of the community.

66

As a Board, we take into account the impact of our decisions on a wider group of stakeholders.

Overview

The last 12 months have been a challenging period for our customers, with significant uncertainty in the automotive market, even before the COVID-19 pandemic. Some of this uncertainty has arisen from Brexit factors, some from regulation and some from the initial impact of what we believe will be significant environmental and technology-driven changes to the automotive industry.

In this context, it is a tribute to the business and our people that Auto Trader has been able to deliver the results set out here. The effects of COVID-19 were only felt significantly in the last two weeks of the financial year, although our accounts do contain more cautious provisions for bad debt than we have made in prior years. We have achieved these results while making continued investments in our strategic priority areas of new car, car finance and enabling greater efficiency in business-to-business used car transactions. These investments have continued even during the COVID-19 crisis with our technology and product teams working from home.

We have a strong pipeline of new products and services that we plan to introduce over the coming years.

While the impact of broader changes to the automotive industry has yet to play out, we are committed to taking a leadership position to bring the benefits of new technologies to car retailers and the car buying public.

People, culture, diversity and inclusion

The business and the Board are focused on making Auto Trader a great place to work, a place that reflects the composition of the community in which we work, and a place that offers all our employees the opportunity to realise their full potential.

In many respects I have great pride in the progress we have made in recent years, even though the numbers reported here are disappointing. However, in other respects there remains much to be done. Let me highlight examples of each.

In the year of becoming Chairman, 37% of employees were women. Of all the job offers we have made in the last year 43% have been to women. Only our high rate of staff retention holds us back from achieving our goal of employing equal numbers of women and men, a goal we have achieved at the Board level for the first time this year.

During the last year our gender pay gap has widened. This is disappointing, though much of the cause is an unintended consequence of women representing a far higher proportion of our new hires and also the departure of a senior woman who was promoted to the post of CEO of our joint venture with Cox Automotive.

An area where there is much to be done is ensuring that members of the BAME community are able to contribute to all levels of our business but especially at senior levels and on the Board.

Environment

For the past few years, we have had a clear and focused ESG strategy, which we call 'Make a Difference'. This strategy, which has traditionally been employee-driven and Board agreed, focuses on our people, our communities and how we do business. However, our strategy hasn't really focused much on the wider environment. To begin to address this we have begun to report our Scope 3 emissions and are in the process of developing wider initiatives to ensure we play our part to safeguard our planet. One such initiative is helping consumers to make more environmentally conscious vehicle decisions by improving our onsite buying experience with more relevant search filters and information about electric vehicles.

ESG IN FOCUS

Striving for greater gender balance across our organisation

Gender diversity

As at 31 March 2019



% of women on the Board: 33%

● Men ● Women

As at 31 March 2020



% of women on the Board: 50%

50%

of women on the Board
as at 31 March 2020

We strive to create gender parity across our business, and have made some good progress across the organisation. In the year, we are pleased to report

that we welcomed more women to Auto Trader; entering the business in predominantly early career roles or across our technology cohorts.

Women also now make up 50% of our Board, one of only seven FTSE100 companies to have gender parity as at 31 March 2020.

Board of Directors P62 →

Basic EPS

22.19p
+6%

(2019: 21.00p)

Dividend and capital structure

We are not recommending a final dividend, bringing the total dividend for the year to 2.4 pence per share, an interim dividend which was paid in January 2020.

Our long-term capital allocation policy remains unchanged. We aim to distribute around one third of net income as dividends and use the majority of the remaining surplus cash to buy back shares, while also reducing debt.

In June we returned to charging customers but continue to monitor the ongoing environment around COVID-19. Subject to that monitoring, we are hopeful of an early return to our capital allocation policy with the declaration of an interim dividend in November.

Board changes

Trevor Mather, our CEO, retired from the Company and stepped down from the Board on 29 February 2020. The Board would like to thank him for his huge contribution to the business and wish him well in retirement. We have devoted the following two pages to a quantitative and qualitative illustration of some of the achievements and the changes over his seven years as CEO. Trevor would be the first to point out that these achievements and changes are the result of the effort of very many people.

Foremost among them is Nathan Coe, who became our new CEO on 1 March 2020. Nathan joined Auto Trader in 2007, making him the Board member with the longest service at Auto Trader. He has played a leading role in many areas of the business, including in recent years as Chief Operating Officer and Chief Financial Officer. Jamie Warner joined the Board on 1 March 2020 as Chief Financial Officer. Jamie has been with the business since 2012, playing a central role in preparing Auto Trader for being a public company, developing our finance function, as well as playing an active operational role across our business. It goes without saying that their first weeks have seen huge challenges. Their performance has vindicated the Board's decision to appoint them and reflects the benefits of making appointments of people with many years of experience within the business.

Sigga Sigurdardottir joined the Board on 1 November 2019 as a Non-Executive Director. With Sigga's appointment this year and that of Catherine Faiers, our Chief Operating Officer, in May 2019, half of our Board members are women.

Governance

A new Corporate Governance Code applied to us for the first time this year. One of the main changes was about how we as a Board take into account the impact of our decisions on a wider group of stakeholders. For us, this was not just a box-ticking exercise as we have a genuine desire to act in a responsible way and to consider the wider implications of our actions. This was brought to life in a very real way during the early stages of the COVID-19 pandemic, when we made the decisions outlined in the 'Assessing the impact of COVID-19' section on pages 4 to 7, to support our customers and the wider automotive industry. The situation also required us to be as agile in our governance arrangements as we are in all other aspects of our businesses, as we needed to make fast, decisive actions in order to respond to the rapidly changing environment.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10:00am on Wednesday 16 September 2020 at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. In light of the current restrictions over public gatherings due to COVID-19, the AGM will be run as a closed meeting. Myself and other Directors will join the meeting by telephone. We strongly encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to ir@autotrader.co.uk.

Ed Williams

Chairman
25 June 2020

A look back at the key achievements of our former CEO Trevor Mather.



From privately owned print magazine...

37.3m

Monthly average cross platform visits

£218.9m

Revenue

£109.1m

Operating profit

25%

Of women on the Board



Establishing culture & values fit for a leading digital business

Established a culture shaped by our values, and one which is customer-centric and data-driven with a focus on an agile approach to change – and importantly underpinned by a diverse and inclusive workforce.

Our values

Be **determined**
Be **reliable**
Be **inspirational**

Be **humble**
Be **curious**

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Having worked in the business for over a decade, we wouldn't be where we are today without Trevor's leadership. He can be particularly proud of the unique and passionate culture and values he has instilled throughout all levels of the business.

EMPLOYEE SINCE 2009

2013

A fresh look

We enjoyed enormous brand awareness but our logo was ageing by the day. We created a modern logo that's still recognisably Auto Trader.

The presses go quiet

The last ever issue of the magazine is published in June 2013.



2014

New offices open

We created new working areas by moving staff to state-of-the-art offices in central Manchester and King's Cross, London.

2015



Successfully transitioning to the London Stock Exchange

On 24 March, the London Stock Exchange welcomed Auto Trader Group plc to open the market on the first day of dealings in the Company's shares on the Main Market following its successful IPO.



2016

Operating profit margin

70%

+1%

(2019: 69%)

89%

of employees surveyed
stated they are proud to
work for Auto Trader

Key deliverables

We grew our market leading position as defined by both the size and engagement of our consumer audience and we remain the UK's largest digital automotive marketplace by some distance. In April 2019, we executed our annual retailer pricing event successfully, which included the introduction of two new products, Text Chat, and Vehicle Check. These products help build trust between consumers and retailers and improve the buying journey. The penetration of our Advanced and Premium advertising packages also continued to gain traction, and we successfully monetised our new car proposition in the second half of the year.

The market

The industry has had to contend with the political and economic turmoil driven by Brexit, and a huge level of regulatory change concerned with lowering fuel emissions, all before the global health pandemic. These factors hampered new and used car sales in the year, however the size of the overall UK car parc continued to grow, which over time is supportive given our stock-based business model. Predictions before the global pandemic suggested another year of moderate decline for the new car market and a moderate increase in the used car market. Disruption caused to the economy since March 2020 will undoubtedly impact this. We will continue to do what we can to support our customers and help them sell as many vehicles as possible.

ESG

We remain committed to creating a more diverse and inclusive business, one that truly reflects the society that we serve. We will continue to look at the make up of every level of the organisation to ensure gender balance and also a balance of those that identify as BAME, disabled, neurodiverse or as part of the LGBT+ community. Although our gender pay gap went up in the year, we are confident that the initiatives we are putting in place will readdress the balance in the years to come.

FOCUS FOR THE YEAR AHEAD

Whilst much focus has recently been on managing the situation relating to COVID-19, we must ensure that we continue to progress against our strategic goals within this current financial year. Our priorities are as follows:



Core

- We have recently launched a new Market Insight product, increasing the availability of Auto Trader's data and insight to our customers. We aim to embed its use across our customer base and will continually improve the user experience to meet this goal.
- Our search experience has continually evolved over time and there is a growing desire from our customer base to have more added value products to increase their prominence on Auto Trader, particularly in relation to selling outside their local market. We also aim to increase the understanding and transparency around electric vehicles.
- The migration of our platform, applications and services to the cloud will be continually progressed such that the performance and strength of our infrastructure are much improved.



Adjacent

- Our new car marketplace has the largest choice of stock and is showing signs of the network effect. We must continue to grow both retailers and consumers, as we influence ever growing numbers of new car registrations. This will be supplemented by leasing deals displayed on Auto Trader.
- Vehicle deliveries will increase after COVID-19. We currently facilitate over 10,000 moves a month through our MTD marketplace and aim to grow this through 2021.



Future

- How a consumer sells their car is a pain point. We want to facilitate an easy way for consumers to sell a vehicle through part-exchange.
- We aim to enable consumers to receive a quote and apply for finance on Auto Trader.
- Ultimately, we are aiming to facilitate a full online transaction on Auto Trader.

Our strategy P20 

It's fair to say that most of our ESG strategy has been focused on our people, our local communities and charities, as well as how we behave as a responsible business. And we have done some brilliant things; specifically leading the charge on diversity and inclusion through our highly engaged group of employee guilds and networks. However, we recognise the need to expand our strategy to incorporate more of an environmental focus given the industry in which we operate.

I am proud that we were the first FTSE100 company to have achieved silver accreditation from the Carbon Literacy Trust after more than 15% of our Auto Trader employees completed Carbon Literacy training.

We will continue to build our knowledge and initiatives to ensure we continue to act in a sustainable way.

Our people

We are proud of the values-led, principles driven culture that we have and will continue to build on this strength. It is our culture that underpins our ability to adapt to change in all circumstances. We care about our people, and our people care about our business, which is shown in our employee engagement survey, where 89% stated that they were proud to work at Auto Trader.

Finally, I would like to thank our people, our customers, our shareholders and other stakeholders for their support this year and in the year ahead. These are challenging times, but we feel well placed to carry on pursuing the opportunity ahead of us in a way that is both ambitious and responsible.

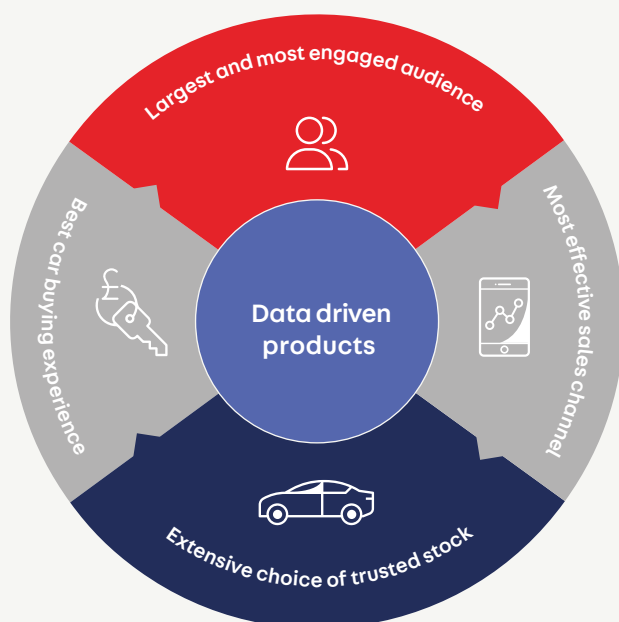
Nathan Coe

Chief Executive Officer
25 June 2020

[Our strategy P20](#)

Acting responsibly

We believe acting responsibly will be fundamental to our long-term success. This goes beyond just environmental, social and governance ('ESG') and applies to every decision we make.



Risk management and corporate governance

Our rigorous framework ensures that stakeholders' interests are upheld at all times.

VALUE OUTPUTS

What the value we create results in for our stakeholders

For consumers

Our trusted marketplace gives consumers one place to view an extensive choice of vehicles for sale and we provide transparency to allow them to make the most informed decision.

9.8m

car transactions in the UK in 2020

For customers

Our largest and most highly engaged audience results in the most effective sales channel for our customers.

13,345

average retailer forecourts in 2020

For partners & suppliers

We work collaboratively on innovations, increasing revenue from shared opportunities whilst ensuring we have fair trading and terms and conditions.

1.3m

insurance quotes through Compare the Market in 2020

For employees

Our environment has been created to ensure everyone gets the chance to be the best that they can be and develop their careers. We offer competitive packages to all of our employees.

89%

of our people feel proud to work for Auto Trader

For the community & the environment

We support each other and think of others before ourselves. We respect diversity and advocate inclusion, and make a difference to the communities around us.

641

volunteering days were completed across our offices in 2020

For investors

We continually invest in our marketplace to create a long-term sustainable business. A high proportion of our profit is converted into cash, which is largely returned to shareholders through dividends and share buybacks.

£126.4m

cash returned to shareholders in 2020

Section 172(1) statement

Directors are required to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, whilst also having regard to the factors listed in Section 172 of the Companies Act 2006.



Consumers

Their needs

- Ease of buying or selling a vehicle
- Choice of vehicle, i.e. new or used, body type or fuel type
- Clear and accurate information
- Transparency about the vehicle, about the seller and about finance

How we engage

- We speak to consumers for our biennial Car Buyers Report, and biannual Market Reports to gauge views on the car market
- Consumer onsite survey which provides constant feedback
- Consumer user testing of new products, services and brand designs on our website
- Workshops with people who are neurodiverse and potentially vulnerable consumers, which feeds into our consumer facing products (including how we display finance)
- Complaints and customer security teams operate 7 days a week
- We measure consumer brand sentiment and engagement scores
- Consumer research is provided to the Board

How this engagement influenced Board discussions and decision-making

As discussed with the Board, a number of the changes we have made to our products are in response to consumer needs. In making their decisions, the Board pays regard to the need to balance consumer needs with customer and commercial outcomes. Some examples of the product changes include:

- Vehicle checks which give consumers more trust in the car that they are buying
- Given more detailed price indicator flags and Auto Trader market valuation on each advert which creates more trust in the price of the car consumers are buying
- Redesigned full page advert to give more information about the seller and about finance options

Customers

(retailers, manufacturers and other customers)

Their needs

- Making the car selling process more efficient
- Increasing exposure to consumers and receiving high quality leads
- Receiving value for money from Auto Trader
- Sourcing vehicles

How we engage

- Annual retailer research aimed at evaluating value
- Regular thought leadership, insight-driven reports, such as the biennial Car Buyers Report, and the biannual Market Reports
- Hosting industry insight events, dealer masterclasses, webinars and conferences
- Sales team "on the ground"
- Voice of the Customer emails circulated to the Board
- Business partnering by OLT and other senior management
- Visits by Board Directors to customer sites
- Customer updates provided to the Board

How this engagement influenced Board discussions and decision-making

Following Board decisions, we launched a number of products which were aimed at meeting the needs of customers:

- Vehicle Check: we launched a vehicle check product which allows retailers to check the provenance of vehicles they might be looking to source
- Text Chat: this gives buyers the ability to text retailers directly from adverts, connecting dealers with buyers anytime, anywhere

Our response to COVID-19 was informed by our engagement with customers. We decided to extend credit terms for our March 2020 advertising, and announced a period of free advertising for April and May 2020, and a further 25% discount in June 2020. This decision was made in order to support our retailer customers in a time when they were unable to trade, and was for the long-term benefit of the industry.

Employees

Their needs

- Diversity and inclusion
- Training and career development
- Reward and benefits
- Working conditions, environment and wellbeing

How we engage

- New Board Engagement Guild to engage directly with the Board
- Annual employee conference, regular employee CEO breakfasts, business updates and newsletters
- Annual benefits roadshow, salary workshops and share scheme pulse survey
- Save as you earn share schemes
- D&I guilds with networks for BAME, Women, LGBT+, Neurodiversity and Disability with OLT sponsors. Including specific OLT reverse mentoring by BAME employees
- Employee experience survey
- Health and safety assessments
- Wellbeing forums
- Whistleblowing service

How this engagement influenced Board discussions and decision-making

The Board focused its annual strategy offsite on people, culture and values. This included discussions on the evolution of our culture over time and how this may need to adapt in the future as the business enters new areas of opportunity. It also included specific initiatives including the introduction of more family friendly policies and flexible working arrangements, considerations of our working environment and initiatives to improve the diversity of the organisation.

The Board receives a regular Cultural Scorecard, designed to allow monitoring of various cultural indicators such as staff retention, diversity, investment in training, absences, employee engagement and customer feedback. The Board receives and discusses this on a regular basis during Board meetings.

Employee engagement and benefits

To gauge how our employees are feeling, we conduct an annual employee engagement survey as well as a pulse check-in survey. The most recent survey, conducted in April 2019, achieved a response rate of 85% of our total workforce. Overall engagement remains positive with 89% (2019: 92%) of our people feeling proud to work for Auto Trader and 86% (2019: 89%) saying they would recommend us as a great place to work. We listen to the feedback and, with the support of our senior leaders and their teams, we review and develop action plans in order that we continually improve. We also look to Glassdoor for feedback; our rating based on more than 280 reviews is 4.5 out of 5.

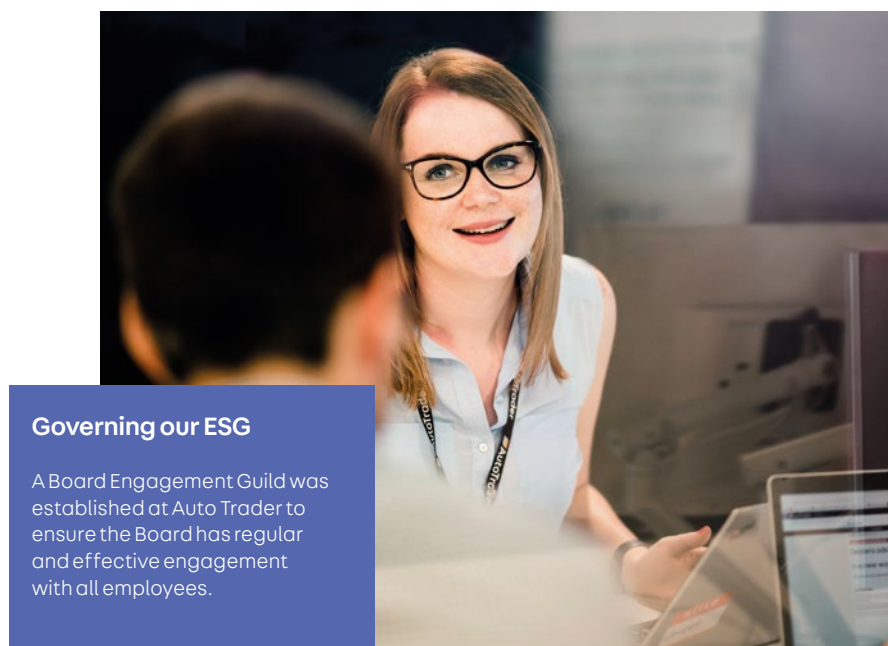
Our "Incredible Benefits" platform is where all of Auto Trader's benefits are offered. We recognise that everybody is unique and has different needs and preferences, so employees can customise their benefits package at both annual enrolment and throughout the year. It has been another successful annual enrolment which saw 95% of employees log into their flexible benefits portal. Private Medical Insurance and the Health Cash Plan remain very popular funded benefits. In addition to the Company funded benefits, we offer a wide range of flexible benefits including dental insurance, travel loans and cycle to work schemes. This year we introduced two new benefits following employee feedback: annual gym membership and a corporate Metrolink discount with Transport for Greater Manchester. We again offered a Save as You Earn scheme ('SAYE 2019') to eligible employees which 31% have joined.

Learning and development

Our ambition is to make sure that everyone's career is supported by learning opportunities, which includes self-learning, attending conferences, peer-to-peer mentoring, coaching and structured programmes.

We have created a process for onboarding our colleagues with a dedicated "Great Start" portal which is full of useful information for managers and new starters at Auto Trader to help them navigate their first few months. All new employees also join our induction event in their first three months; this is designed to ensure everybody has a great start in their career at Auto Trader and is facilitated with members of our Learning & Development ('L&D') team, Operational Leadership Team ('OLT') and colleagues from across the business. It provides an opportunity for all new starters to gain an understanding of our culture, strategy and values. It also helps them develop relationships and start building their personal network.

We believe that individuals who engage in their own personal development are more motivated, more self-aware, fulfil their



Governing our ESG

A Board Engagement Guild was established at Auto Trader to ensure the Board has regular and effective engagement with all employees.

95%

of employees logged into their flexible benefits platform

potential and add more value to the organisation. All our employees are supported by their people leaders in regularly reviewing their personal development plans. The way we all learn is different, so we have a number of ways to support our people including self-directed learning solutions, workshops, bite-size sessions and on-the-job activities. An employee-led Conferences Guild offers the opportunity for colleagues to attend conferences all over the world to develop new skills, gain new knowledge, ensure Auto Trader is at the forefront of technology and network with industry experts. We also support individuals in pursuing various professional qualifications from various professional bodies.

We have welcomed a number of new graduates, apprentices and internships through our various programmes aiming to develop future talent with the skills and personal qualities required to have a successful career with Auto Trader. All our people leaders take part in our People Leadership Plan to develop their skills leading teams and individuals. The programme is designed and delivered by our L&D team and co-facilitated with colleagues from across the business who share their experience and variety of leadership styles.

Our Customer Academy, dedicated to our customer facing employees, enables them to learn more about our customers, the industry we operate in, our products and services, and a range of skills and knowledge that will help them deliver more value to our customers.



Wellbeing – More Good Days AT Work

We have an established Wellbeing Guild; a passionate network of people from across all tribes and teams who are committed to supporting our people to have More Good Days AT Work. We recognise that our people have their unique set of needs, challenges and preferences. Consequently, we have built our strategy around three core pillars: mental, physical and financial wellbeing.

Our dedicated team of Mental Health First Aiders is available to support colleagues that are experiencing mental health issues and works on different initiatives to promote mental wellbeing and emotional resilience. Our focus is on providing supportive professional pathways which are accessible to everyone to ensure we make no assumptions when directing people to supportive services. We provide practical tools, incredible benefits such as discounted gym membership, Company funded subscriptions for the wellness Calm app and offer educational workshops on all elements of wellbeing.

To support financial wellbeing, we continued our partnership with a mortgage broker offering free, no obligation one-to-one mortgage advice sessions to anyone looking to get on the property ladder. We also introduced sessions, that proved to be popular, with a pension adviser providing useful information about our Company pension scheme to encourage employees to invest in their long-term financial future.

Health and safety

It is our policy that all of the Group's facilities, products and services comply with applicable laws and regulations governing safety and quality, so that we can maintain a safe working environment for our employees, customers, visitors and anyone affected by our business's activities. During the year there were no major injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations.

Diversity & Inclusion

Striving to significantly improve the diversity across our whole organisation, particularly in leadership, remains a key strategic focus of our ESG strategy. Although we are pleased to be one of only seven FTSE100 companies to have a 50:50 gender parity on our Board (as of 31 March 2020), we recognise that there is more work to be done not only across other levels of leadership but also across other diversity strands.



We remain determined to maintain an inclusive culture where diverse people work together for the benefit of each other, our customers, industry and the communities we operate in. This year we were proud to be named No.9 in the Inclusive Companies Top 50 ('IT50') for the work that our colleagues across our business are doing, led by our passionate Diversity & Inclusion Guild. For the past four years, the Guild has designed and delivered an ever-evolving strategy concentrating on all diversity strands with a particular focus on: disability and neurodiversity; LGBT+; BAME; and gender equality.

Diversity for everyone at Auto Trader means respect for and appreciation of differences in: gender identity and expression, age, sexual orientation, disability, race and ethnic origin, religion and faith, marital status, social, educational background and way of thinking. We believe inclusion is a state of being valued, respected and supported for who you are and have the same career opportunities as others. "Diversity is the mix, inclusion is the effort that it takes to make the mix work." An effort that is carried out by colleagues from across the business and our employee networks.

All Auto Trader and Webzone new starters participated in our "One Auto Trader: Creating a Culture of Inclusion" one day workshop that aims to create a common understanding of diversity and inclusion as well as creating a safe environment where participants explore their own unconscious biases and how they impact their thoughts, behaviours and relationships. All our Diversity and Inclusion Networks join them on the day to provide them with an overview of their work and recruit new members with fresh ideas that will help the networks grow and achieve more.

This year we have enhanced the collaboration across all our employee groups and networks as we recognised that there are a lot of synergies that can be achieved. Our Wellbeing Guild, Make a Difference Guild, Family Network as well as our Sports & Social Clubs now regularly meet in order to design initiatives that bring our colleagues together in line with our philosophy that inclusion will be achieved by finding common ground and respecting each other's differences.



Disability & Neurodiversity

Now in its second year, our Disability & Neurodiversity Network is led by a group of disabled, neurodiverse colleagues, as well as allies. The network continues to dedicate itself to creating a more accessible and inclusive environment so we can welcome and retain more disabled and neurodiverse colleagues. This year it developed a guide to accessibility at our offices to make visiting the Auto Trader offices easier for staff and visitors¹. It also supports the work of leading charities like Action on Hearing Loss and the Leonard Cheshire Disability. Auto Trader became the first company in the world to become an "Autism Friendly Employer" by the National Autistic Society following a detailed audit to improve our working environment and increase awareness about autism at work.

We were also awarded the status of Disability Leader, the highest level of accreditation from the Department of Work and Pension Disability Confident Employer Scheme. It is recognised as acknowledging leading employers that seek to promote the needs of colleagues and which share their successes with other organisations. As part of the scheme our Resourcing team co-ordinates our involvement in the Guaranteed Interview Scheme for all disabled candidates that meet the criteria for our roles.

LGBT+

For a third consecutive year we took part in the Stonewall Index benchmarking and moved up the rankings from the 66th percentile to the 48th percentile last year. This was a result of making considerable progress with our policies and introducing our "Transitioning at Work" guidelines to support our current and future trans colleagues. We also took part in Manchester Pride's Equality Charter achieving "Good Practice" status in recognition for our work across various areas advancing equality for LGBT+ colleagues.

Keeping with what has become an annual Auto Trader tradition, in August 2019 more than a hundred of our colleagues paraded the streets in the Manchester Pride Festival and sent a strong message of solidarity to the LGBT+ community. As part of our commitment to make a difference we have also sponsored different groups and charities, including the George House Trust and the LGBT+ Foundation, who aim to provide valuable support to people across Greater Manchester.

BAME

Our BAME Employee Network is a well-established group of black, Asian and minority ethnic colleagues, as well as allies, that continue their work to celebrate multi-culturalism and inclusivity. As part of Black History Month our colleagues took over our AT life social media accounts and shared personal stories about themselves. We also hosted the "BAME Experience" event in the HOME Arts Centre in Manchester, bringing together more than 90 participants from various communities and businesses discussing their key issues and challenges that racial and ethnic minorities face, as well as concentrating on building a network that can take action that will bring progress. The network's regular quarterly meet ups are well attended by senior leadership and the wider business as they seek to drive awareness of the issues that our BAME colleagues may face.

In the coming financial year, in line with our commitment to improving our BAME representation in our workforce and ensuring a positive employee experience, our focus is to collect the data and calculate our ethnicity pay gap in order to identify potential actions we need to take to tackle any issues that arise.

1. Please see plc.autotrader.co.uk/media/1935/building-accessibility-statement.pdf for further information.

Gender

We remain committed to driving long-term change to reach gender parity in our business. Our focus is on developing the next generation of women in our industry. We do this by investing in our future talent strategy, as well as supporting a number of initiatives and partnerships including DigitalHer with Manchester Digital, AUTO30% and our STEM Ambassador Programme.

For International Women's Day we joined the "Each for Equal" campaign and 80 colleagues made pledges and are committed to take action to support gender equality.

Gender pay gap

This year we released our third annual Gender Pay Gap report (published March 2020) supporting the Government's initiative to promote transparency on gender pay. Our business remains committed to become more inclusive in welcoming, and just as importantly retaining, a diverse workforce.

We recognise that the gender pay gap has widened in 2019. This is partly due to the fact that we have increased the proportion of women in entry-level roles (with 58% of our early careers intake being women in 2019), which has increased the proportion of women in the lower and lower-middle quartiles.

"Each for Equal" pledges included:

66

I commit to recognising the achievements of women around me and championing them to others.

66

I commit to being more confident, speaking up when I don't think things are right.



HOURLY PAY GAPS BETWEEN MEN AND WOMEN

At Auto Trader Limited Mean hourly pay gap 2019

12.1%

↑ 3.0% 2018 9.1% 2017 12.1%

Median hourly pay gap 2019

17.9%

↑ 4.0% 2018 13.9% 2017 18.5%

At Auto Trader Group plc¹ Mean hourly pay gap 2019

14.9%



↑ 2.9% 2018 12.0% 2017 14.9%

Median hourly pay gap 2019

17.7%

↑ 4.4% 2018 13.3% 2017 17.5%

At Auto Trader Limited

	 % Women		 % Men	
Salary quartiles	2019	2018	2019	2018
Lower quartile	49.2%	47.9%	50.8%	52.1%
Lower middle quartile	43.8%	40.9%	56.2%	59.1%
Upper middle quartile	28.7%	30.3%	71.3%	69.7%
Upper quartile	33.5%	34.7%	66.5%	65.3%

1. This includes all full pay relevant employees within the Auto Trader Group as at 5 April 2019, including Auto Trader Group plc (which had only two employees) and Webzone Limited (a company registered in Ireland). We have reported this voluntarily.

Our remuneration policy takes a simple approach to reward and the vast majority of our employees do not receive bonuses or commissions. However, in 2019 the number of men and women receiving bonuses has significantly increased as it includes Share Incentive Plan awards (free shares) exercised between April 2018 – March 2019. This also impacted the mean and median of our bonus pay gap.

Although a gender pay gap does still exist at Auto Trader, we will continue to work hard to address the issues we believe are relevant to reduce this gap.

Gender diversity

We are pleased that our Board has reached gender parity, but we know we have more work to do to achieve gender parity across all levels of the organisation. In the year, we are pleased to report that we welcomed more women to Auto Trader; entering the business in predominantly early career roles or across our technology teams.

Our dedication and focus on early careers have resulted in us supporting a variety of initiatives which have contributed to inspiring women to join and have fulfilling careers, not only with Auto Trader but across our industry and local communities.

Despite this, our numbers remain fairly static year-on-year for our Operational Leadership Team ('OLT') and their direct reports, one focus area for FY21. OLT numbers are impacted by Le Etta Pearce moving to become CEO of our joint venture with Cox Automotive, which is positive from a gender diversity perspective.

As at 31 March 2020	Men	Women	Men as % of total	Women as % of total
Board	4	4	50%	50%
OLT ¹	6	4	60%	40%
OLT direct reports	67	31	68%	32%
Total Company	554	359	61%	39%

1. Senior managers for the purpose of s.414C of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

HOW WE MANAGE RISK

The Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

Risk management and internal control

The Company does not have a separate Risk Committee; the Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

The Board is also responsible for establishing and maintaining the Group’s system of risk management and internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The risk management framework is described below.

ESG IN FOCUS

A spotlight on the recommendations of the Task Force on Climate-related Financial Disclosures (‘TCFD’)

The Board notes the TCFD’s recommendations for voluntary disclosures on climate risk in annual reports relating to governance, risk management and the metrics used to manage climate-related risks and opportunities. Whilst Auto Trader itself has a low carbon footprint, we recognise that the automotive sector accounts for a significant proportion of global carbon emissions. As the world transitions to a low carbon economy, we expect that regulatory change and changes in consumer behaviour will have an impact on the automotive market, which will mean we need to develop and adapt our business. In this year’s Annual Report, we have included this risk in our principal risk table, and we intend to evolve our disclosures in future years in line with the TCFD’s recommendations.



Governance P60 →

OUR RISK MANAGEMENT PROCESS

We recognise that effective risk management is critical to enable us to meet our strategic objectives and to achieve sustainable long-term growth. A four-step process has been adopted to identify, monitor and manage the risks to which the Group is exposed:

1. Identify risks

A top-down and bottom-up approach is used to identify principal risks across the business. Whilst the Board has overall responsibility for the effectiveness of internal control and risk management, the detailed work is delegated to the Operational Leadership Team (‘OLT’).

2. Assess and quantify risks

Risks and controls are analysed and evaluated to establish the root causes, financial impact and likelihood of occurrence. The Group categorises risks into six areas:

- economy, market and business environment risk;
- financial and compliance risk;
- asset risk;
- operational risk;
- competitive risk; and
- product specific risk.

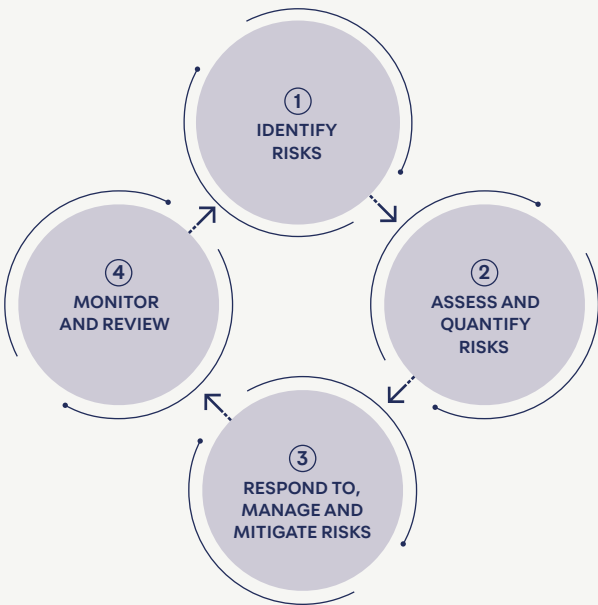
3. Respond to, manage and mitigate risks

The effectiveness and adequacy of existing controls are assessed. If additional controls are required to mitigate identified risks then these are implemented and responsibilities assigned.

4. Monitor and review

The OLT is responsible for monitoring progress against principal risks in a continual process. They are assisted by the Group’s internal audit programme run in conjunction with Deloitte.

The Board reviews the Group’s risk register and assesses the adequacy of the principal risks identified and the mitigating controls and procedures adopted.



OUR RISK MANAGEMENT FRAMEWORK

Risks are reviewed on an ongoing basis and are captured in a risk register, identifying the risk area, the likelihood of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level. The Board's role is to consider whether, given the risk appetite of the Group, the level of risk is acceptable within its strategy.

RESPONSIBILITIES

The Board's responsibilities

- Overall responsibility for overseeing the Group's risk management and internal control process
- Determines the Group's risk appetite
- Ensures appropriate and robust systems of risk management and internal controls are in place to identify, manage and mitigate risks to the overall viability of the Group

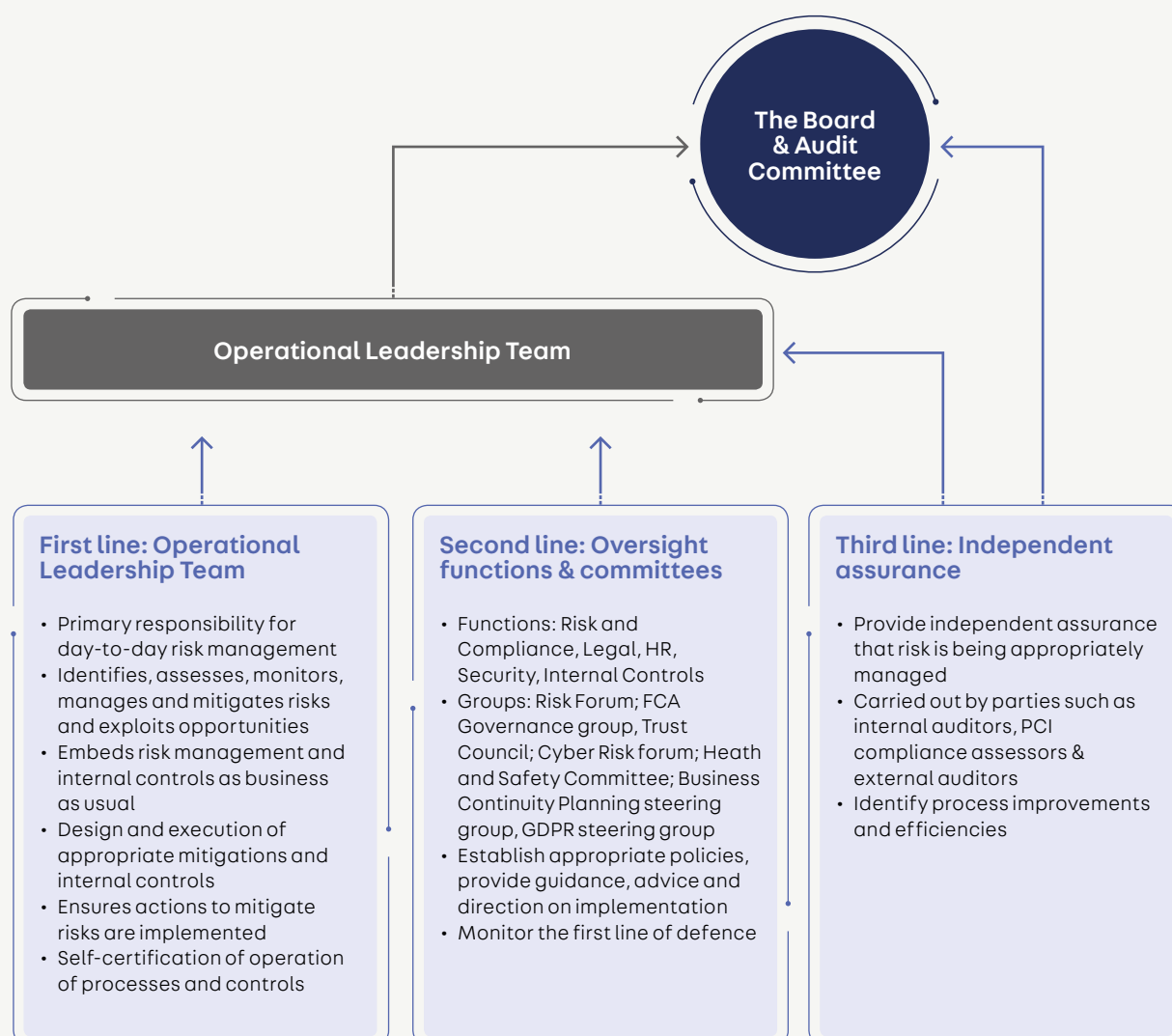
Audit Committee's responsibilities

- Assessing the scope and effectiveness of the Group's internal controls and risk management systems
- Agreeing the scope of the internal audit and external audit functions, and reviewing their work

Operational Leadership Team's responsibilities

- Identify, assess, monitor, manage and mitigate risks and exploit opportunities
- Embedding risk management and internal controls as business as usual
- Ensuring corrective actions to mitigate risks and address control deficiencies

LINES OF DEFENCE





ED WILLIAMS
CHAIRMAN

These reports explain our governance policies and procedures in detail and describe how we have applied the principles contained in the UK Corporate Governance Code 2018 (the 'Code').

KEY SECTIONS IN THIS REPORT

Board leadership and company purpose

[Read more P64](#) →

Division of responsibilities

[Read more P65](#) →

Composition, succession and evaluation

[Read more P66](#) →

Audit, risk and internal control

[Read more P69](#) →

Remuneration

[Read more P69](#) →

57%

Board independence as at 31 March 2020 (excluding the Chairman)

100%

Board and Committee meeting attendance for the year ended 31 March 2020

50%

Female representation on our Board as at 31 March 2020

Compliance with the Corporate Governance Code

The Company complied with all provisions set out in the Code for the period. The Corporate Governance Code 2018 applied to us for the first time this year. Our governance arrangements were already largely in line with the requirements of the Corporate Governance Code 2018; however there were a limited number of changes that were made in order to comply fully with the provisions of the Code:

- The Terms of Reference of the Remuneration Committee were updated;
- A Cultural Scorecard was introduced to assist the Board in assessing and monitoring the culture of the organisation;
- A new Board Engagement Guild was introduced as the primary mechanism for workforce engagement with the Board; and
- A new stakeholder framework was introduced to assist the Board in ensuring that the views of and impact on the wider stakeholders are taken into account in decision making and discussions.

Directors and succession planning

As we announced on 29 April 2019, Trevor Mather retired from the Board on 29 February 2020. We were pleased to be able to put our succession plan into practice, and after a transitional period of several months, Nathan Coe was appointed as CEO on 1 March 2020, Catherine Faiers was promoted to the Board as Chief Operating Officer on 1 May 2019 and Jamie Warner was appointed as CFO on 1 March 2020. We also appointed an additional independent Non-Executive Director. Following a thorough and robust recruitment process, led by the Nomination Committee, Sigga Sigurdardottir was appointed as a Director with effect from 1 November 2019.

Following all the above changes, the Board is now comprised of four independent Non-Executive Directors, three Executive Directors and myself as Chairman, and I am pleased that we have reached our longer-term aspirational goal of having a Board with equal numbers of men and women.

All Directors will offer themselves for election or re-election by the shareholders at the forthcoming AGM.

Board evaluation

We carried out an internal evaluation process this year. I was particularly pleased that, despite a number of Board changes within a short time (with four of the Board members having either joined the Board or changed roles within the past 12 months) the evaluation showed that the new Board is already operating very effectively, with only a few minor points for improvement.

Impact of COVID-19

The COVID-19 pandemic began to spread in the UK only a short time after the new Board was established. This required us to quickly change our established governance arrangements (including the frequency and format of meetings, and the level of involvement of Non-Executive Directors) so that the Board was able to react quickly and decisively to the situation as it unfolded.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10:00am on Wednesday 16 September 2020 at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. In light of the current restrictions over public gatherings due to COVID-19, the AGM will be run as a closed meeting. Myself and other Directors will join the meeting by telephone. We strongly encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to ir@autotrader.co.uk.

Ed Williams
Chairman
25 June 2020

BOARD OF DIRECTORS



ED WILLIAMS – CHAIRMAN

Biography

Ed was appointed as Chairman of Auto Trader Group plc in February 2015. Prior to this, Ed was a Non-Executive Director of Auto Trader Holding Limited from November 2010 and Chairman from March 2014.

He was the founding Chief Executive of Rightmove plc, serving in that capacity from November 2000 until his retirement from the business in April 2013. Rightmove plc was floated on the London Stock Exchange in February 2006.

Prior to Rightmove, Ed spent the majority of his career as a management consultant with Accenture and McKinsey & Co. Ed holds an MA in Philosophy, Politics and Economics from St Anne's College, Oxford.

Appointed to PLC Board

February 2015

Independent on appointment

Yes

External appointments

Idealista S.A.

Committee memberships

- Nomination (Chair)



NATHAN COE – CHIEF EXECUTIVE OFFICER

Biography

Nathan was first appointed to the Board as Chief Operating Officer ('COO') in April 2017 and as Chief Financial Officer ('CFO') in July 2017. Nathan was appointed Chief Executive Officer ('CEO') in March 2020, following the announcement of former CEO Trevor Mather's retirement.

Nathan joined Auto Trader in 2007 to oversee the transition from a magazine business to a pure digital company. Prior to his appointment to the Board, Nathan was the joint Operations Director, sharing responsibility for the day-to-day operations of the business.

Prior to joining Auto Trader, Nathan was at Telstra, Australia's leading telecommunications company, where he led Mergers and Acquisitions and Corporate Development for its media and internet businesses. He was previously a consultant at PwC, having graduated from the University of Sydney with a B.Com (Hons).

Appointed to PLC Board

April 2017

Independent on appointment

N/A

External appointments

None

Committee memberships

- Disclosure



CATHERINE FAIERS – CHIEF OPERATING OFFICER

Biography

Catherine joined Auto Trader in August 2017 and was appointed as Chief Operating Officer in May 2019. Catherine is responsible for the day-to-day operations of Auto Trader's business. She is also focused on guiding the Group's strategy and development.

Prior to this, Catherine was Chief Operating Officer at Addison Lee where she was responsible for all aspects of operations with a team of over 750 employees, management of the base of 6,000 driver partners, fleet logistics and customer operations. She was previously Corporate Development Director at Trainline with responsibility for strategy, change management and M&A and before that a Director at Close Brothers Corporate Finance.

Catherine graduated from the University of Durham with a BA in Economics and is a qualified Chartered Accountant, training at PwC.

Appointed to PLC Board

May 2019

Independent on appointment

N/A

External appointments

None

Committee memberships

- None



JAMIE WARNER – CHIEF FINANCIAL OFFICER

Biography

Jamie was appointed CFO in March 2020. Prior to this he was Auto Trader's CFO-Designate and Deputy CFO. During his seven years at Auto Trader, Jamie has worked in a variety of different roles across finance, covering commercial finance, financial reporting, pricing and investor relations.

Jamie initially worked as a freight derivatives broker for inter-dealer broker GFI. Jamie left to join a start-up company, Swapit, developing a children's online swapping and trading community, that was subsequently acquired by Superawesome. He then joined Auto Trader in 2012.

Jamie graduated from Bristol University with a BSc in economics and economic history and is a qualified Chartered Management Accountant.

Appointed to PLC Board

March 2020

Independent on appointment

N/A

External appointments

None

Committee memberships

- Disclosure

The dates of appointment shown are the dates on which the Directors were first appointed to the Board of Auto Trader Group plc. Any reference pre February 2015 refers to the Group's previous parent company, Auto Trader Holding Limited.



DAVID KEENS – SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Biography

David was appointed as a Non-Executive Director on 1 May 2015.

David was previously Group Finance Director of NEXT plc (1991 to 2015) and its Group Treasurer (1986 to 1991). Previous management experience includes nine years in the UK and overseas operations of multinational food manufacturer Nabisco (1977 to 1986) and prior to that seven years in the accountancy profession.

David is a member of the Association of Chartered Certified Accountants and of the Association of Corporate Treasurers.

Appointed to PLC Board

May 2015

Independent on appointment

Yes

External appointments

J Sainsbury plc

Committee memberships

- Audit (Chair)
- Nomination
- Remuneration



JILL EASTERBROOK – INDEPENDENT NON-EXECUTIVE DIRECTOR

Biography

Jill was appointed as a Non-Executive Director to the Board on 1 July 2015. Jill is currently also a Non-Executive Director of Ashted Group plc, the FTSE100 international equipment rental company.

Previously, Jill was a member of the Executive Committee at Tesco Plc where she held a variety of senior roles, and was the Chief Executive Officer of JP Boden & Co.

Jill started her career at Marks & Spencer in buying and merchandising and also spent time as a management consultant with Capgemini Ernst & Young.

Appointed to PLC Board

July 2015

Independent on appointment

Yes

External appointments

Ashted Group plc

Committee memberships

- Remuneration (Chair)
- Audit
- Nomination



JENI MUNDY – INDEPENDENT NON-EXECUTIVE DIRECTOR

Biography

Jeni was appointed as a Non-Executive Director on 1 March 2016.

Jeni is currently the Regional Managing Director UK & Ireland of Visa Inc.

She was previously at Vodafone Plc (1998 to 2017). She held Group Director roles across product management and sales, as well as serving as Chief Technology Officer on the UK and New Zealand Executive Boards.

Jeni started her career as a Telecommunications Engineer in New Zealand and holds an MSc in Electronic Engineering from Cardiff University.

Appointed to PLC Board

March 2016

Independent on appointment

Yes

External appointments

UK Finance Board

Committee memberships

- Audit
- Nomination
- Remuneration



SIGGA SIGURDARDOTTIR – INDEPENDENT NON-EXECUTIVE DIRECTOR

Biography

Sigga was appointed as a Non-Executive Director to the Board effective 1 November 2019.

Sigga joined Tesco Bank as Chief Customer Officer in November 2019.

Sigga has worked in the financial services industry for 18 years, pioneering digital transformation at both American Express and Santander UK. Most recently, she was responsible for the development and launch of Asto, a Santander Fintech business, providing innovative cash-flow solutions to small businesses.

Sigga holds a doctorate in leadership and innovation from Manchester Business School, an MBA from IESE Business School as well as a BS degree in Marketing from the University of South Carolina.

Appointed to PLC Board

November 2019

Independent on appointment

Yes

External appointments

Tesco Bank

Committee memberships

- Audit
- Nomination
- Remuneration



CLAIRE BATY – COMPANY SECRETARY

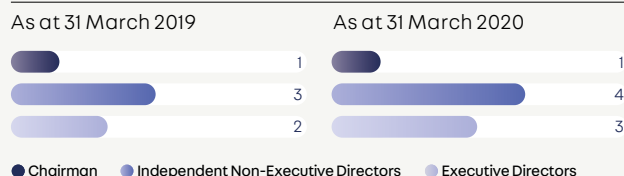
Biography

Claire joined Auto Trader in July 2015 and is Company Secretary and Director of Governance. She is responsible for corporate governance; legal services; regulatory compliance; customer security; procurement; and risk management.

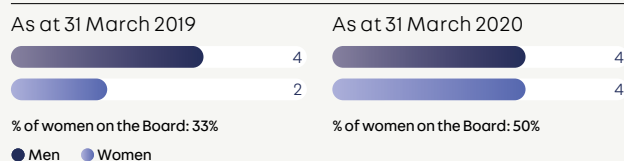
Claire was previously Deputy Company Secretary at Betfair Group plc and prior to that was Company Secretary at Centaur Media plc.

Claire is a qualified accountant, a member of the Institute of Chartered Secretaries and Administrators and holds an MBA from Manchester Business School.

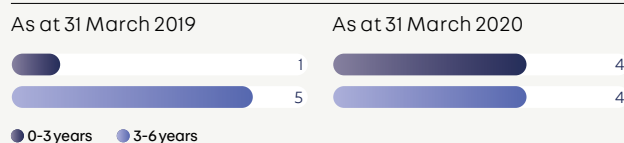
Board composition



Gender diversity



Board tenure¹



1. Refers to period since appointment to the PLC Board.

Board skills and experience

The Board brings a wide range of skills and experience to complement the Group and its strategy. Board members have leadership experience within large and listed companies, and each have their own specialist experience.



Following the announcement in April 2019 of Trevor's planned retirement, Nathan Coe was appointed as CEO-Designate, and after a transitional period of several months, Nathan was appointed as CEO on 1 March 2020. Catherine Faiers was promoted to the Board as Chief Operating Officer on 1 May 2019, which enabled Nathan to focus on an orderly handover. Jamie Warner was appointed as CFO on 1 March 2020.

During the year, the Committee has updated and developed the formal succession plans for the new Board, including the Chairman, Non-Executive Directors, Executive Director and senior management.

Appointment of Non-Executive Director

The Committee keeps under continual review the size and composition of the Board, and also the skills, knowledge and experience required of the Board in the context of the Group's strategy. Taking into consideration the Group's increasing involvement in regulated activities such as consumer finance, and the need for an orderly succession plan for the current Non-Executive Directors, the Committee identified a need to appoint an additional independent Non-Executive Director.

The process for identifying candidates was led by the Committee:

- A comprehensive candidate search brief was agreed, including the required industry skills, knowledge and experience required, and taking into consideration the benefits of diversity on the Board.
- An external executive recruitment consultant, Ivy Street, was engaged, with whom the Group has no other relationship.
- The shortlisted candidates each met with members of the Board on a one-on-one basis. These meetings included an assessment of candidates in the context of the expected values and behaviours of Board members.

Following this process, Sigga Sigurdardottir was identified as the Committee's preferred candidate, having extensive experience in digital transformation and financial services. Following recommendation to the Board, Sigga was appointed as a Non-Executive Director with effect from 1 November 2019.

Policy on appointments to the Board

A priority for the Committee has been, and will continue to be, ensuring that members of the Board collectively possess the broad range of skills, expertise and industry knowledge, and business and other experience necessary for the effective oversight of the Group.

Appointments are made on merit, against objective criteria and with due regard to the benefits of diversity on the Board. The Committee takes account of a variety of factors before recommending any new appointments to the Board, including relevant skills to perform the role, experience, knowledge and diversity, including gender and ethnic diversity.

We adopted the Hampton-Alexander target for women representation on our Board in 2019, and we are pleased to report that we continue to exceed this target, with an equal number of women and men on the Board. We continue to aspire to this as a longer-term goal for the women in senior management and for the organisation as a whole.

We acknowledge the recommendations of the Parker review, but have not at this stage set a target, and do not currently meet the recommendations.

REPORT OF THE NOMINATION COMMITTEE CONTINUED

Diversity and inclusion

The Nomination Committee's Terms of Reference include the responsibility to oversee diversity and inclusion across the whole Group, not just at Board and senior management level. We recognise that women, and employees from a BAME (Black, Asian and Minority Ethnic) background continue to be under-represented at senior management level and throughout the organisation.

We remain committed to improving diversity at all levels, in particular in parts of the business where women are currently underrepresented, such as technology, and to attract and develop more employees from a BAME background at all levels and areas of the organisation.

The Company has established a Diversity and Inclusion Guild, with representation from across all parts of the business and led by members of our Operational Leadership Team. This Guild is responsible for developing and driving our strategy to create a diverse, inclusive and conscious Auto Trader, and reports to the Nomination Committee on its activities and progress. The work of the Guild is described in more detail on page 44.

At the end of our financial year, 40% of the Operational Leadership Team ('OLT') were women, and 32% of the OLT's direct reports were women, a combined total of 32%, which means that we are close to meeting the Hampton-Alexander Review recommendations.

Board evaluation

We carried out an internal Board evaluation during the year, which included following up on the recommendations of the 2019 externally facilitated Board evaluation. This is described in detail on pages 68 and 69 of the Corporate governance statement. Our next external Board evaluation is due to take place in 2021; however, given the evolving COVID-19 pandemic, the Board may consider deferring this into the next financial year.

Election and re-election of Directors

In accordance with the UK Corporate Governance Code, all Directors will retire and offer themselves for election or re-election to the Board. The Directors who have been in post throughout the year have been subject to a formal evaluation process, and both the Committee and the Board are satisfied that all Directors continue to be effective in, and demonstrate commitment to, their respective roles on the Board and that each makes a valuable contribution to the leadership of the Company.

The Board therefore recommends that shareholders approve the resolutions to be proposed at the 2020 AGM relating to the election and re-election of the Directors.

I welcome any questions in respect of the work of the Committee, which can be submitted to ir@autotrader.co.uk.

Ed Williams

Chair of the Nomination Committee
25 June 2020

Impact of the 2018 Corporate Governance Code

As reported in the 2019 Annual Report, the 2018 UK Corporate Governance Code applies to us from 1 April 2019. The new Code contains a provision that the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board.

Ed Williams joined the Auto Trader business as a Non-Executive Director in November 2010 when it was under private ownership. He joined the Auto Trader Group plc Board in February 2015 and the Company listed on the London Stock Exchange in March 2015.

The Committee, led by David Keens as Senior Independent Director, has considered this change in the Code and has consulted with the FRC. The understanding of the Committee and the Board is that the nine-year period commences on the date that Auto Trader listed on the London Stock Exchange. The nine-year period for Ed Williams therefore runs to March 2024. However, it should be noted that these comments are made in reference to the maximum term stipulated in the new Code and do not commit the Company or Ed Williams to him remaining as Chairman until 2024.

REPORT OF THE AUDIT COMMITTEE



DAVID KEENS
CHAIR OF THE AUDIT COMMITTEE

OVERVIEW

- Composed of four independent Non-Executive Directors.
- David Keens is considered by the Board to have recent and relevant experience. All members have significant commercial and operating experience in consumer and digital businesses.
- At least three meetings held per year.
- Meetings are attended by the CEO, COO, CFO, internal auditors and external auditors by invitation.

OUR PROGRESS IN 2020

- Discuss key areas of financial judgement including the acquisition of KeeResources.
- Assessing the Group's going concern and viability statements, including the impact of COVID-19.
- Review the effectiveness of internal audit, internal controls and risk management.
- Evaluate the effectiveness and independence of external audit.

FOCUS AREAS FOR 2021

- Agree with KPMG any changes for their 2021 audit.

4

meetings were held during the year:

100%

meeting attendance by all Committee members

Member	Meetings attended/ meetings held	Percentage of meetings attended
David Keens (Chair)	4/4	100%
Jill Easterbrook	4/4	100%
Jeni Mundy	4/4	100%
Sigga Sigurdardottir ¹	2/2	100%

1. Appointed to the Committee on 1 November 2019.

For more information on the Committee's Terms of Reference visit plc.autotrader.co.uk/investors.

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The Committee was fully engaged and supportive of the capital raising undertaken in April this year, which was a response to the disruption caused by COVID-19, as detailed in this Annual Report as a post balance sheet event.

Dear shareholders,

I am pleased to introduce this, my fifth, Audit Committee report.

The Committee is comprised entirely of independent Non-Executive Directors. I fulfil the requirement for a Committee member to have recent and relevant financial experience, and all members (and therefore the Committee as a whole) have competence in consumer and digital businesses.

The Board approves the Terms of Reference of the Committee, which assists the Board in discharging its responsibilities. This includes monitoring the integrity of the Group's financial reporting; effectiveness of the internal control and risk management framework; internal audit; and the independence and effectiveness of external audit. Our internal audit function is outsourced to Deloitte LLP, who provide us with specialist expertise in delivering a risk based rolling review programme.

Our external auditors, KPMG, and internal auditors, Deloitte, regularly attend Audit Committee meetings. The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other members of management attend by invitation.

The Committee has reviewed the content in the Annual Report and believes that this explains our strategic objectives and is fair, balanced and understandable. We have considered the impact of COVID-19 on our business and you will find important detail on this in other sections of the Annual Report. The Committee was fully engaged and supportive of the capital raising undertaken in April this year, which was a response to the disruption caused by COVID-19, as detailed in this Annual Report as a post balance sheet event.

Whilst this Report of the Audit Committee contains some of the matters addressed during the year, it should be read in conjunction with the external auditor's report starting on page 94 and indeed the Auto Trader Group plc financial statements in general.

At the 2019 AGM, shareholders approved the Board's recommendation to re-appoint KPMG LLP as our external auditors. The Committee has carried out a review of the effectiveness and independence of KPMG and has recommended to the Board that they are re-appointed at the 2020 AGM.

David Keens

Chair of the Audit Committee
25 June 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The consolidated financial statements of the Company as at and for the year ended 31 March 2020 comprise the Company and its interest in subsidiaries (together referred to as 'the Group').

The consolidated financial statements of the Group as at and for the year ended 31 March 2020 are available upon request to the Company Secretary from the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN or are available on the corporate website at plc.autotrader.co.uk.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), IFRS Interpretation Committee ('IFRS IC'), certain interpretations as adopted by the EU, and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions and balances between Group companies are eliminated on consolidation.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Where significant influence is not demonstrated but the shareholding is between 20% and 50% the Group would account for its interest as an investment. All investments are initially recognised at cost and the carrying value is reviewed for impairment.

Going concern

Throughout the year ended 31 March 2020 the Group has continued to generate significant cash and has an overall positive net asset position. The Group had cash balances of £37.6m at 31 March 2020 (2019: £5.9m). During the year £126.4m (2019: £151.1m) of cash was returned to shareholders via dividends and discretionary share buybacks.

The Group has access to a Syndicated revolving credit facility (the 'Syndicated RCF'). The Syndicated RCF, which is unsecured, has total commitments of £400.0m and a termination date of 23 June 2023. The Group has extended the term for £316.5m of the Syndicated RCF to 23 June 2025. At 31 March 2020 the Group had £313.0m of the facility drawn (2019: £313.0m).

Financial projections for the period of 12 months from the date of this report have been impacted by the COVID-19 global pandemic. The Group implemented measures to support customers by allowing vehicles to be advertised for free throughout the period in which Government enforced lockdown restrictions resulted in the temporary closure of retailers.

In order to strengthen the Group's balance sheet and liquidity position and increase certainty around meeting future covenant tests despite the impact of the virus, the Group completed the placing of 46,468,300 new ordinary shares for net proceeds of £183.2m on 3 April 2020.

Stress case scenarios have been modelled to make the assessment of viability, taking into account severe but plausible potential impacts of the pandemic or a data breach. The results of the stress testing demonstrated that due to the Group's significant free cash flow, access to the Syndicated RCF and the Board's ability to adjust the discretionary share buyback programme, it would be able to withstand the impact and remain cash generative.

The Directors, after making enquiries and on the basis of current financial projections and facilities available, believe that the Group has adequate financial resources to continue in operation for a period not less than 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.