

# Carsales.com

## Business Description

Carsales.com Limited (CRZ) is an Australian business principally operating two business segments, being Online Advertising Services and Data Research Services. Currently, the automotive classified advertising is the main product of the Company.

## Strategy Analysis

First mover advantage means CRZ has a dominant market position in the online classified markets for cars, boats and motorbikes. It is now exploiting this strength by adding more services to deliver greater functionality to increase its reach and appeal to the market. This market position will ensure it attracts the lion share of advertising dollars as they move online to follow customer traffic. CRZ is adding a full spectrum of new sites to diversify its reliance on any single site and enable advertisers to target niche content to a focused customer base. Carsales.com reported NPAT up 35% to \$58.26m for the year ended 30 June 2011. Revenues from ordinary activities were \$152.51m, up 26% from last year. Diluted EPS was 24.4 cents compared to 18.5 cents last year. Net operating cash flow was \$60.15m compared to \$50.45m last year. The final dividend declared was 10.5 cents, taking the full year dividend to 19.9 cents compared with 14.9 cents last year. Across its various divisions, carsales delivered a number of key initiatives in FY2011. The FY results are an indication of the effectiveness of these initiatives and the growing strength of the online marketplace.

27 January 2012

### Recommendation

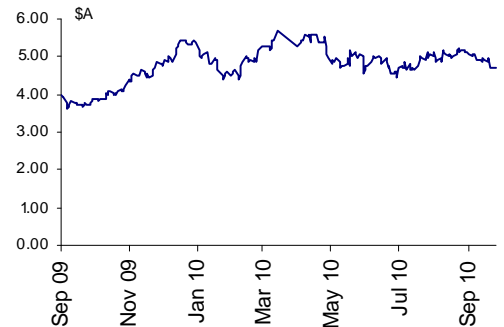
Recommendation: Outperform  
Relative to: All Ind (ex Fins)

### Investment Fundamentals

ASX code: CRZ  
Stock price: \$4.83  
Market cap: \$1,127m

	Y/E 30/06/2012	2012e	2013e	2014e	2015e
Reported e	\$m	66.0	72.5	81.7	85.4
Adjusted e	\$m	66.0	72.5	81.7	85.4
EPS adjusted	¢	28.4	31.1	35.1	36.7
EPS growth	%	13.5	9.8	12.7	4.5
PE	x	17.0	15.5	13.8	13.2
PE relative	x	1.2	1.4	1.5	1.6
DPS	¢	22.6	24.8	28.0	29.3
Yield	%	4.7	5.1	5.8	6.1
Franking	%	100.0	100.0	100.0	100.0

### Share Price



Source: ASX and Company accounts

### Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Online Advertising	87.5	100.7	56.7	4.0%	0.0%
Data and Research	12.5	37.0	42.7	0.0%	0.0%
<b>Total</b>	<b>100.0</b>	<b>137.7</b>	<b>99.4</b>		
Results by Geography				Dividend Reinvestment Plan	
Australia	100.0	100.0	100.0	Shareholder	No
<b>Total</b>	<b>100.0</b>			Discounts	No

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