

# Introduction to Carvana

November 2021



carvana.com

CARVANA



# SAFE HARBOR

## **Forward-Looking Statements**

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect Carvana's current expectations and projections with respect to, among other things, our financial condition, results of operations, plans, objectives, future performance, and business. These statements may be preceded by, followed by or include the words "aim," "anticipate," "believe," "estimate," "expect," "forecast," "intend," "likely," "outlook," "plan," "potential," "project," "projection," "seek," "can," "could," "may," "should," "would," "will," the negatives thereof and other words and terms of similar meaning.

Forward-looking statements include all statements that are not historical facts. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Among these factors are risks related to the "Risk Factors" identified in Carvana's Annual Report on Form 10-K for 2020 and our Quarterly Report on Form 10-Q for the third quarter of 2021.

There is no assurance that any forward-looking statements will materialize. You are cautioned not to place undue reliance on forward-looking statements, which reflect expectations only as of this date. Carvana does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, or otherwise.

## **Market and Industry Data**

This presentation includes information concerning economic conditions, the Company's industry, the Company's markets and the Company's competitive position that is based on a variety of sources, including information from independent industry analysts and publications, as well as Carvana's own estimates and research. Carvana's estimates are derived from publicly available information released by third party sources, as well as data from its internal research, and are based on such data and the Company's knowledge of its industry, which the Company believes to be reasonable. The independent industry publications used in this presentation were not prepared on the Company's behalf. While the Company is not aware of any misstatements regarding any information in this presentation, forecasts, assumptions, expectations, beliefs, estimates and projects involve risk and uncertainties and are subject to change based on various factors.



OUR MISSION IS  
TO CHANGE THE WAY  
PEOPLE BUY CARS.

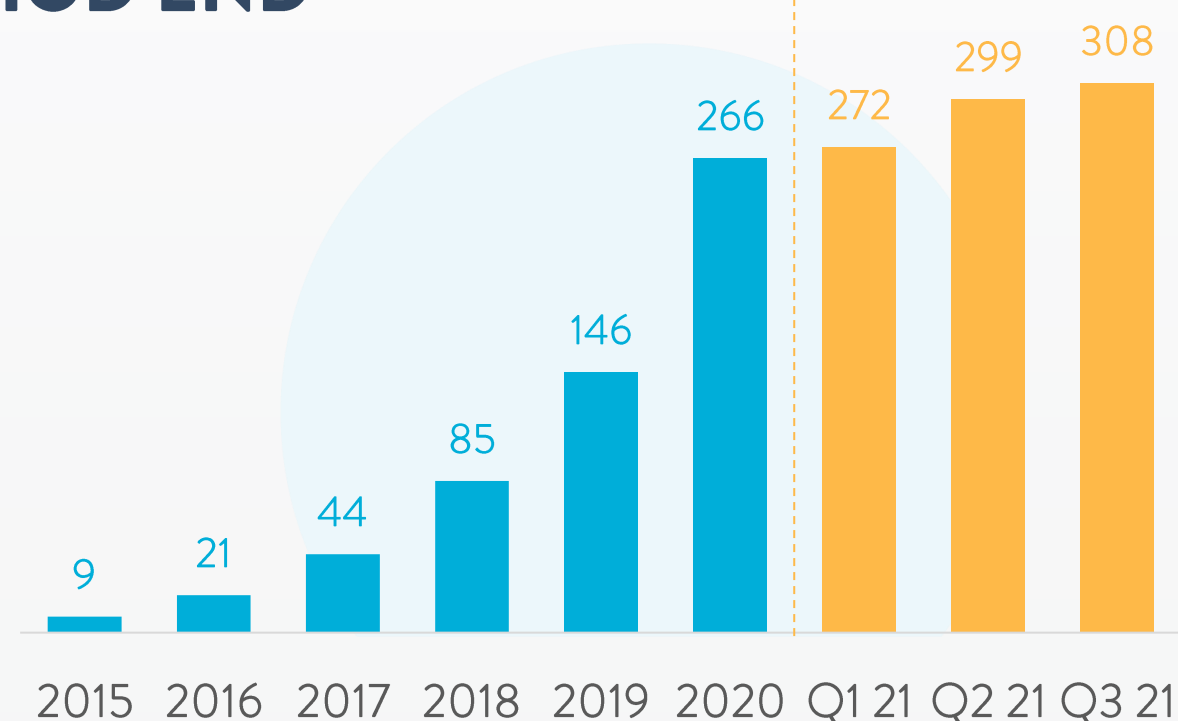




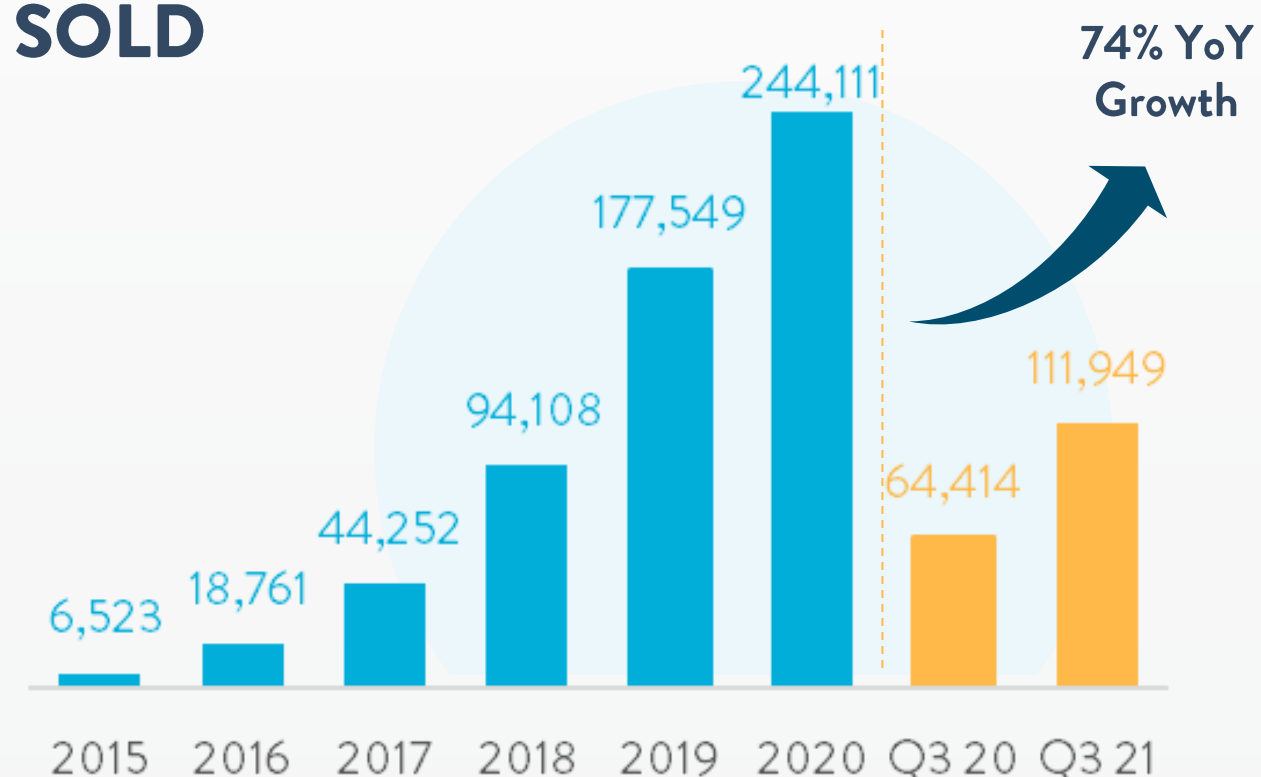
## KEY OPERATING METRICS

# SUCCESSFUL EXECUTION

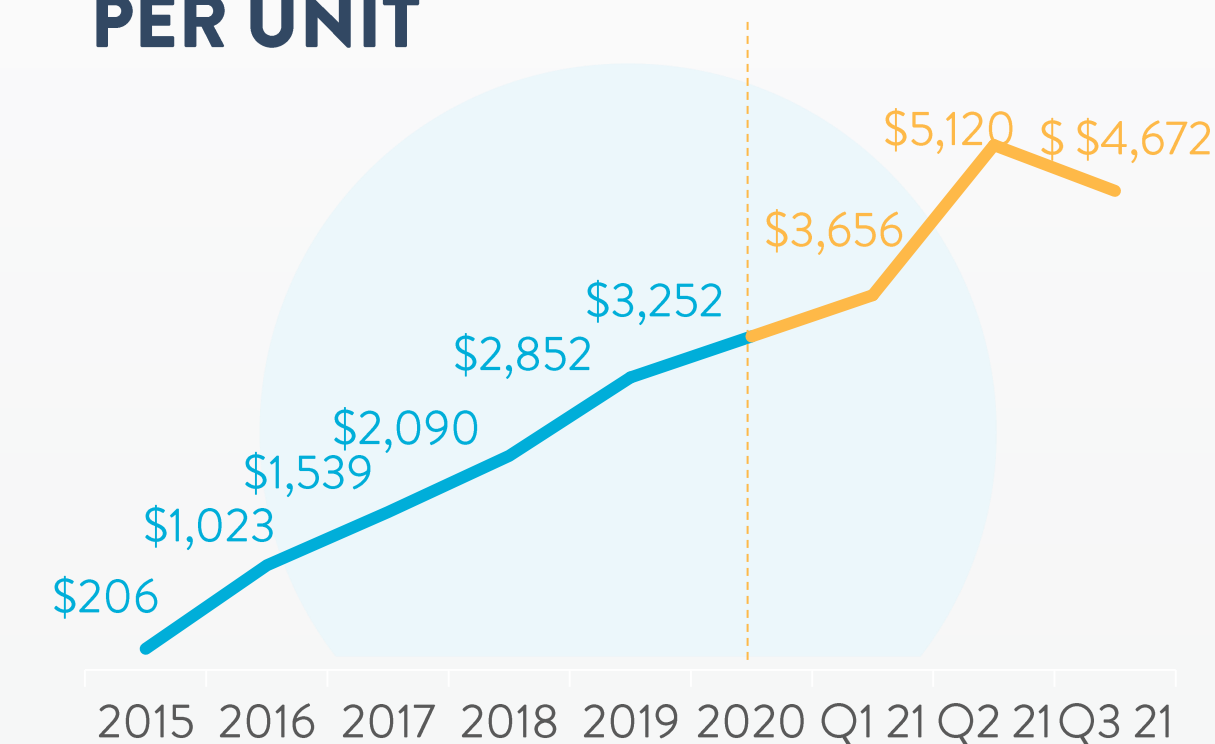
### TOTAL MARKETS AT PERIOD END



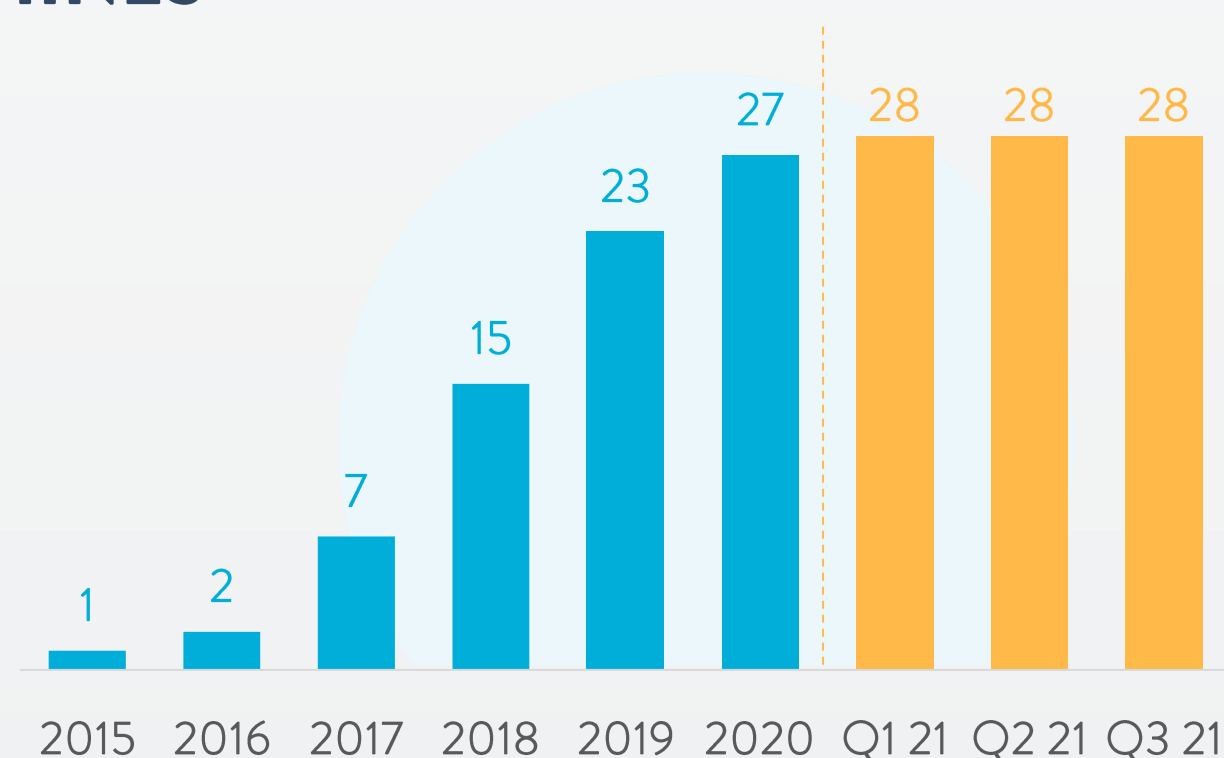
### RETAIL UNITS SOLD



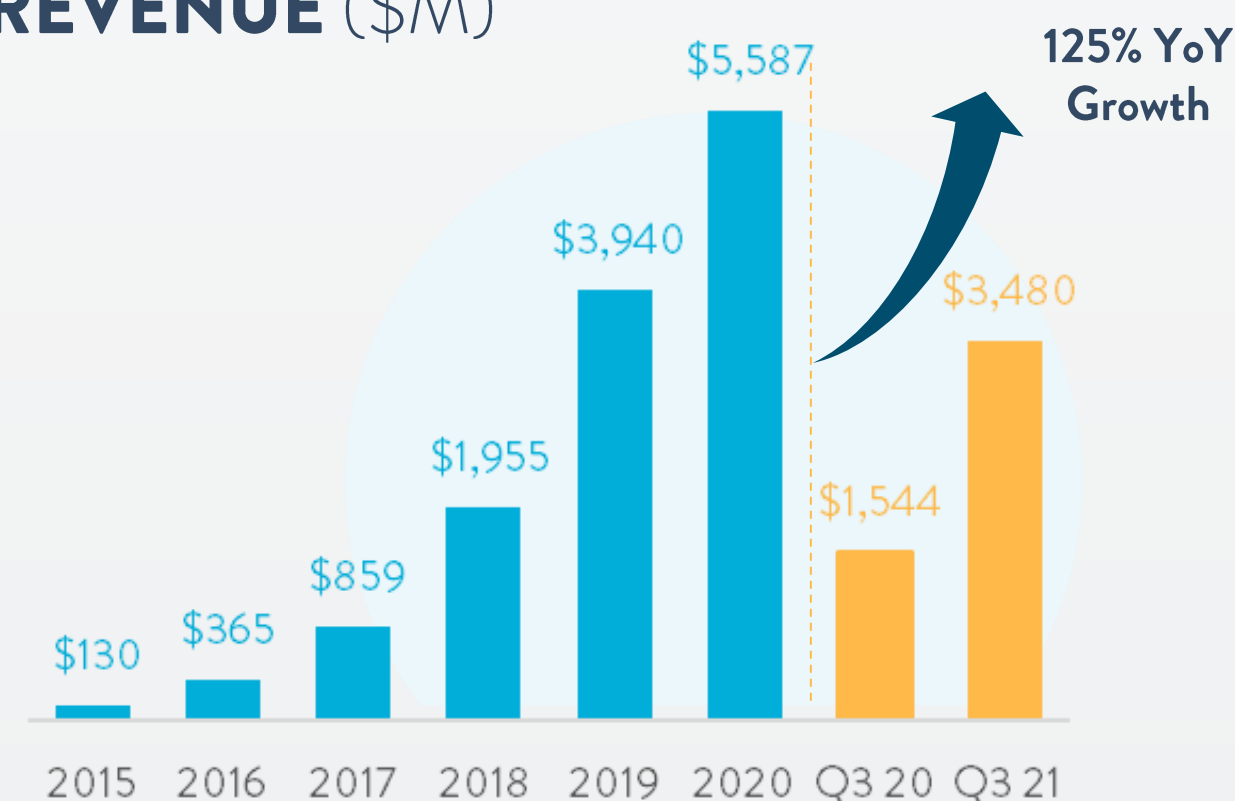
### GROSS PROFIT PER UNIT



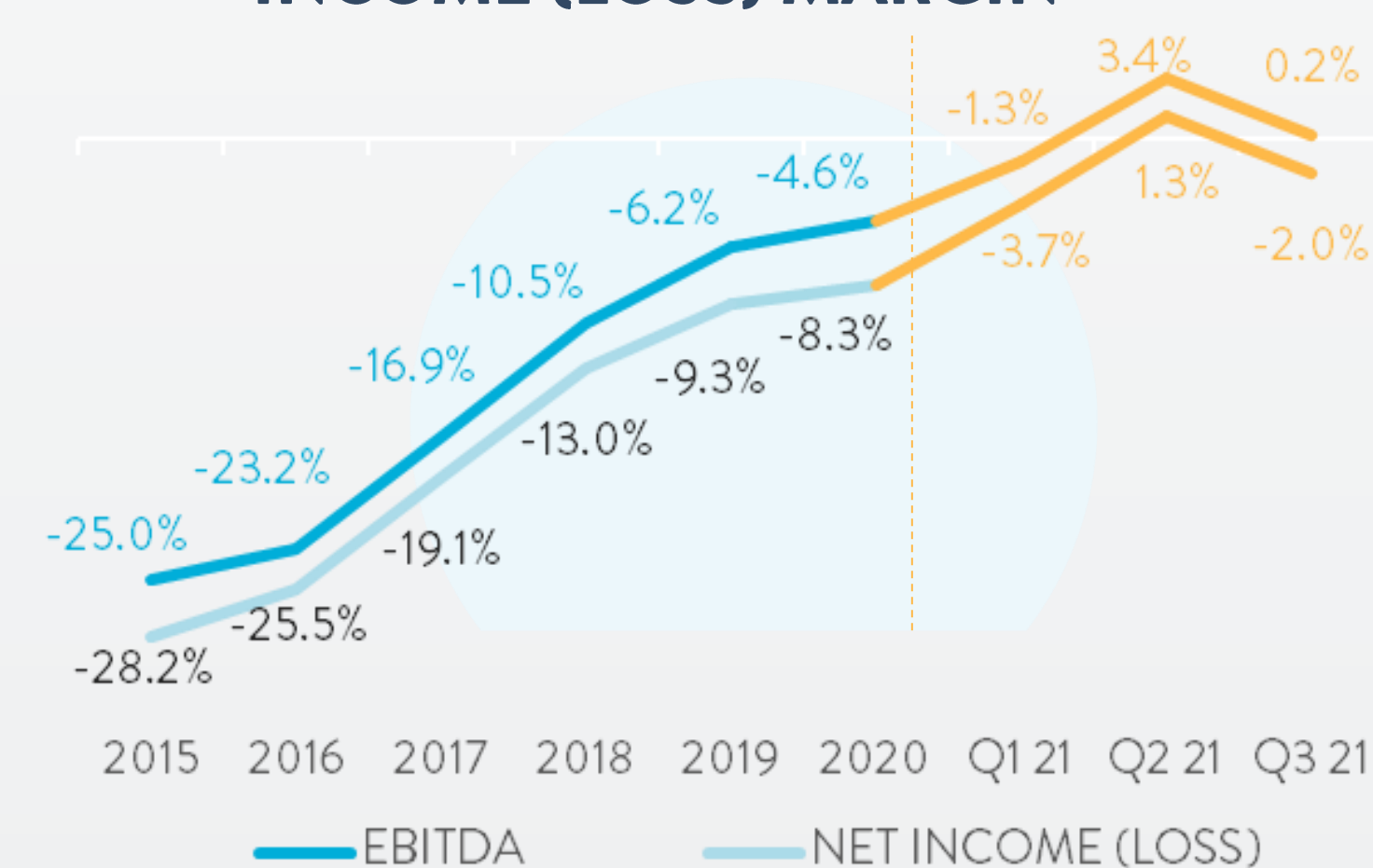
### CAR VENDING MACHINES



### TOTAL REVENUE (\$M)



### EBITDA MARGIN\* & NET INCOME (LOSS) MARGIN



\* Please refer to the appendix for the Non-GAAP Financial Reconciliation



# KEY INVESTMENT HIGHLIGHTS

## MASSIVE, FRAGMENTED MARKET

Exceptionally large and inefficient used car market

## SUPERIOR CUSTOMER EXPERIENCE

Simple, seamless and differentiated used car buying experience

## PROVEN GO-TO-MARKET STRATEGY

Demonstrated, capital-light market expansion playbook

## VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

## ROBUST FINANCIAL MODEL

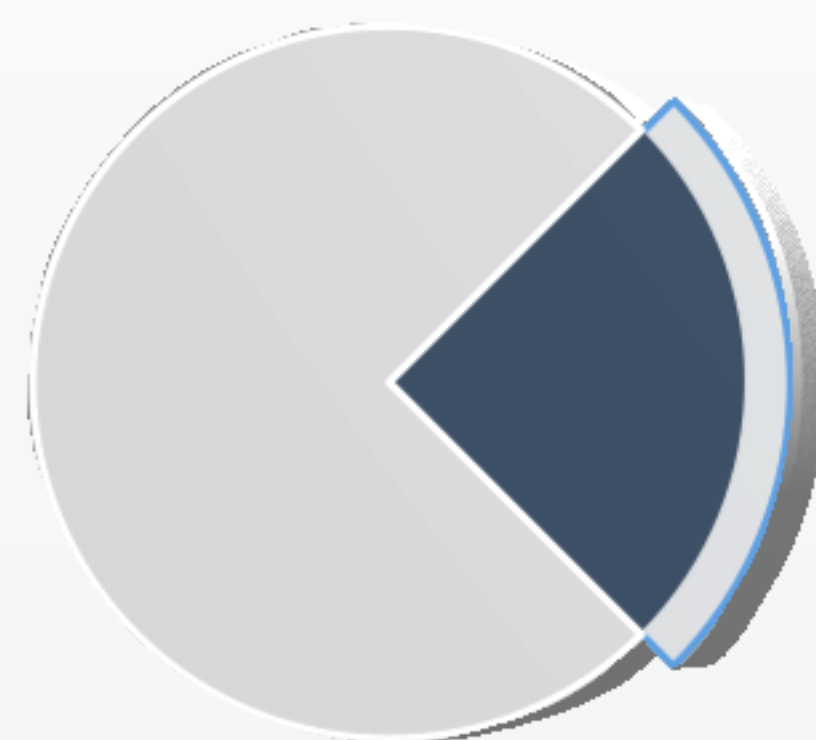
Robust financial model supports growth and margin expansion



MASSIVE, FRAGMENTED MARKET

# INDUSTRY OVERVIEW

*Auto is...*



**\$1.0 Tn**

in 2018 U.S. Sales <sup>(1)</sup>

**20%**

of U.S. Retail Economy <sup>(1)</sup>

*Massive*



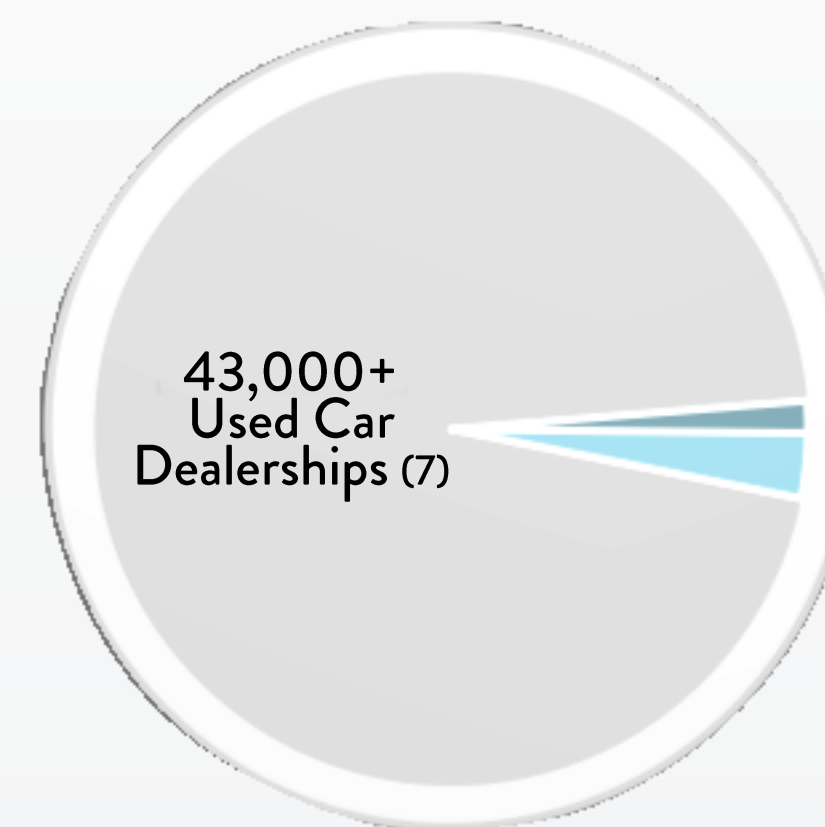
**\$840 Bn**

in 2019 U.S. Used Car Sales <sup>(2)</sup>

**2.0%**

2017 – 2022 CAGR <sup>(3)</sup>

*Fragmented*



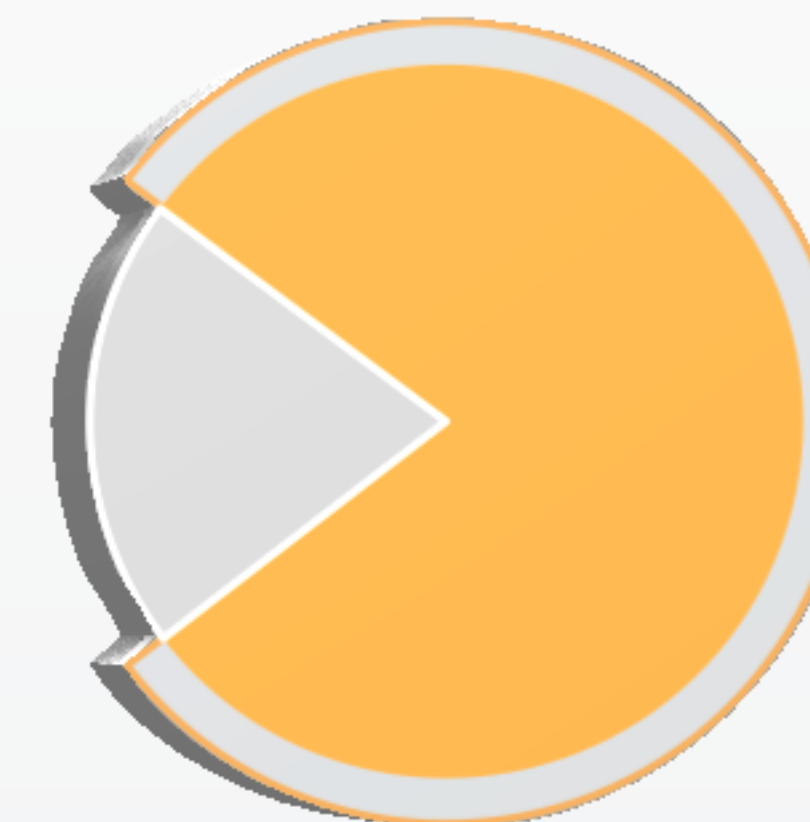
**1.9%**

U.S. Market Share of  
Largest Dealer Brand <sup>(4)</sup>

**9.3%**

Aggregate Market Share of  
Top 100 Used Auto Retailers <sup>(4)</sup>

*& Ripe for Disruption*



**81%**

Consumers Do Not Enjoy  
the Car Buying Process <sup>(5)</sup>

**9%**

Consumers Rated Car Salespeople  
Highly Trustworthy <sup>(6)</sup>

(1) NADA Data 2019 report

(2) Edmunds.com 2019 Used Vehicle Market report

(3) Technavio 2017 U.S. Used Car Market report

(4) 2019 Automotive News Top 100 Dealership Groups

(5) DealerSocket 2016 Independent Dealership Action report – Represents North American consumers

(6) 2019 Gallup Poll

(7) Borrell Associates



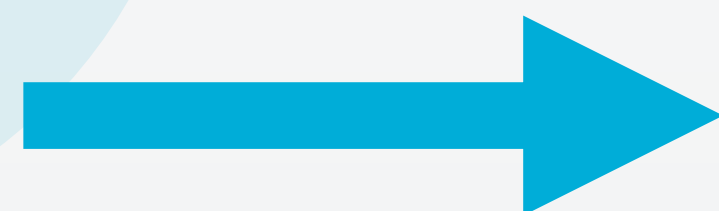
MASSIVE, FRAGMENTED MARKET

# DIGITAL ECONOMY IS TRANSFORMING CAR BUYING

86%



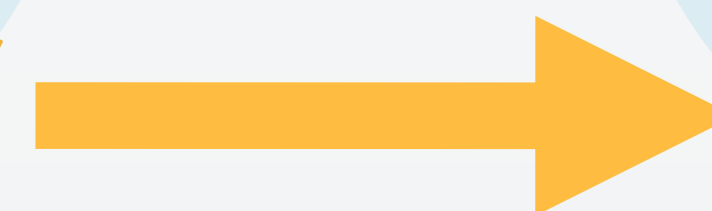
of customer purchases involve online research <sup>(1)</sup>



61%



would consider purchasing a car online <sup>(2)</sup>



52%



test drive only one vehicle <sup>(3)</sup>



SUPERIOR CUSTOMER EXPERIENCE

# CARVANA'S VISION IS FOCUSED ON PROVIDING OUR CUSTOMERS WITH:

## Best Experience

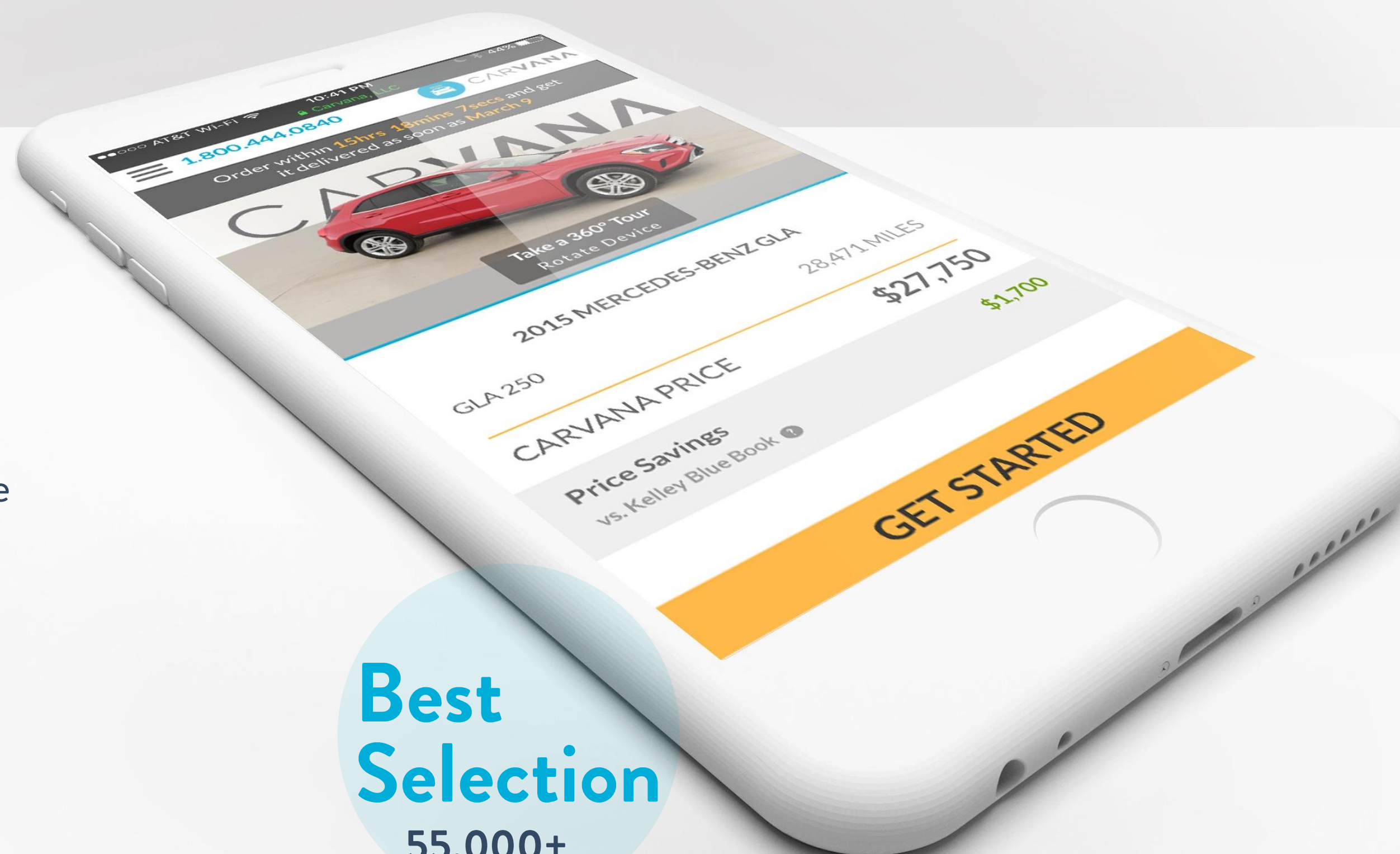
**10 minutes** – time in which purchase can be completed after vehicle selection

As soon as **Next Day** car deliveries in select markets



## Best Selection

**55,000+**  
cars on the  
website



## Best Value

**\$1k+** in average savings per vehicle compared to traditional dealers



SUPERIOR CUSTOMER EXPERIENCE

# A SIMPLE AND SEAMLESS CAR BUYING EXPERIENCE

## Vehicle Search & Discovery From Any Device

Intuitive vehicle search with 55,000+ vehicles on the website

## Trade or Sell – All Online

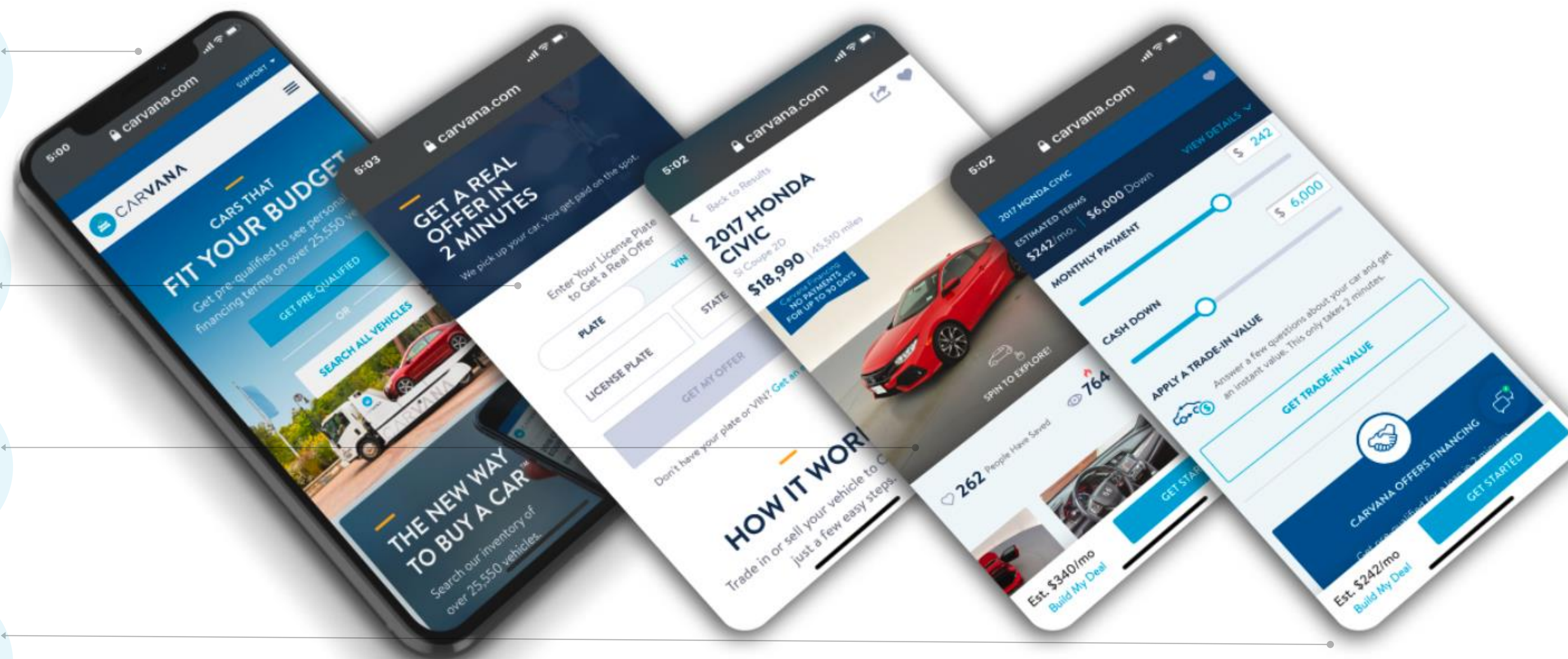
Nearly instantaneous, firm, fully automated trade-in offers

## Real-Time, Personalized Financing

Majority of customers have chosen to finance with Carvana

## Seamless Transaction Technology

Buy a car without leaving your device





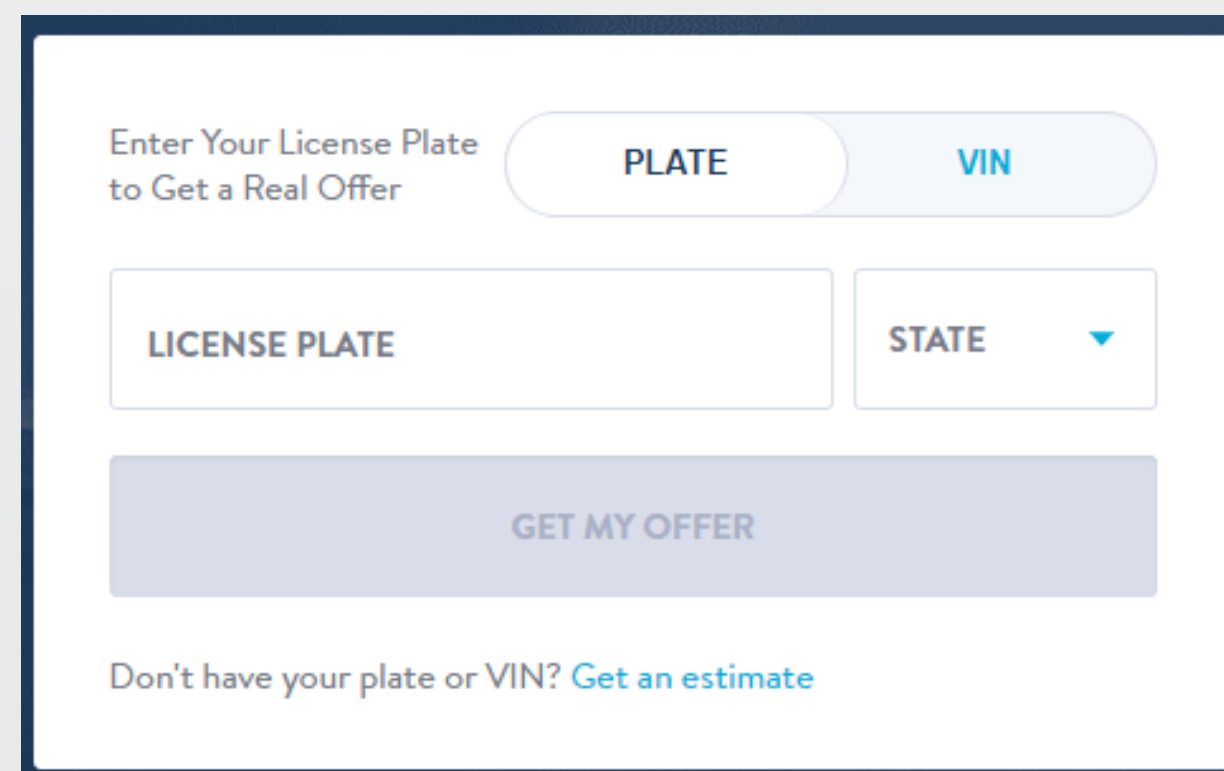
SUPERIOR CUSTOMER EXPERIENCE

# A BETTER WAY TO SELL A CAR

## SIMPLE

Three step process:

1. Input license plate or VIN
2. Enter vehicle details, and
3. Answer a few questions



## AUTOMATED

Our artificial intelligence algorithms determine a real-time offer for the customer

No Haggling

Guaranteed for 7 days or 1,000 miles



## CONVENIENT

You schedule at time that's convenient for you

We pick up the car using our last-mile delivery network

We'll review and hand you a check on the spot

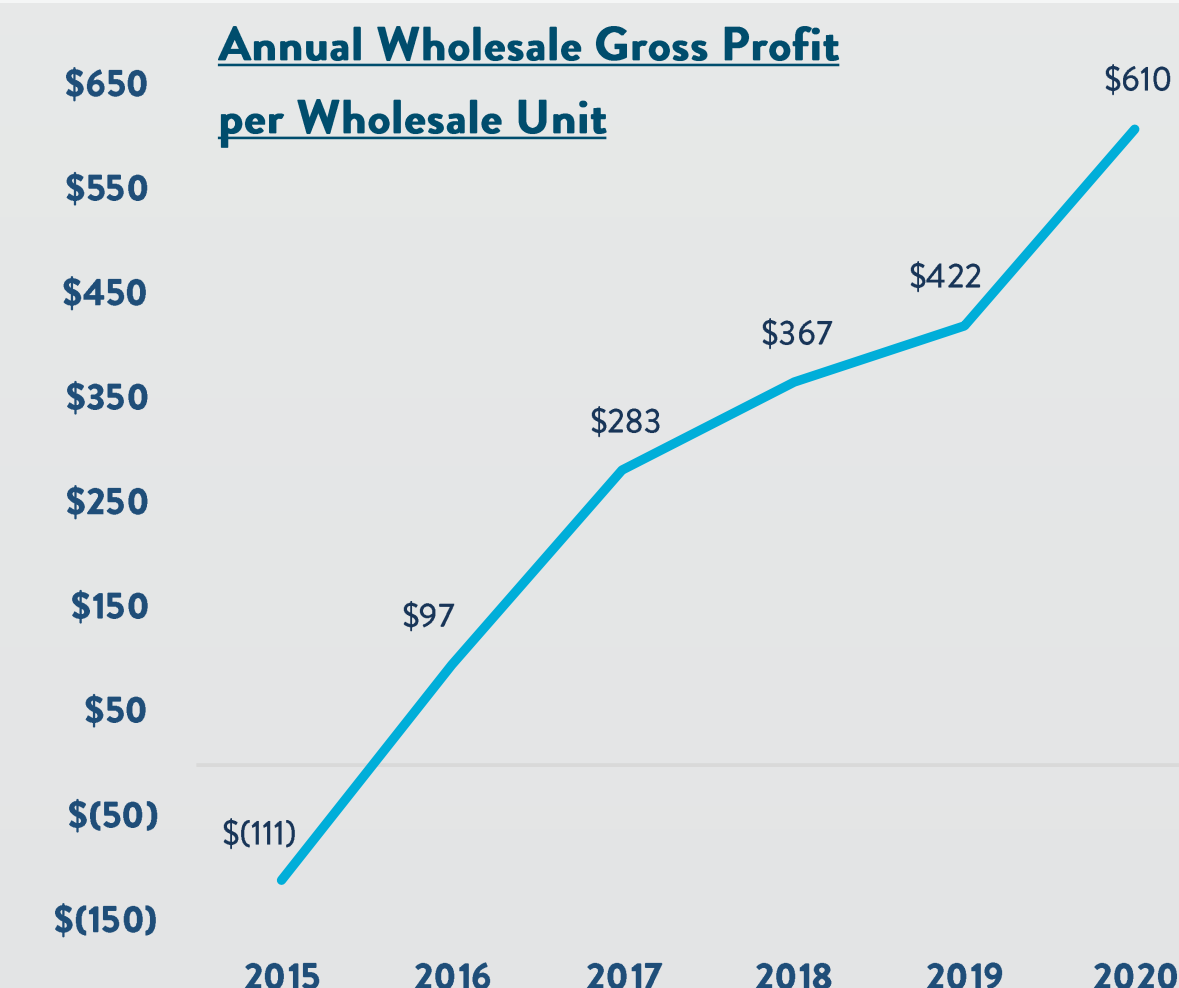


## DATA-DRIVEN

Our vehicle data and valuation technology enables strong gross profit per unit

\$610 Wholesale GPU \*

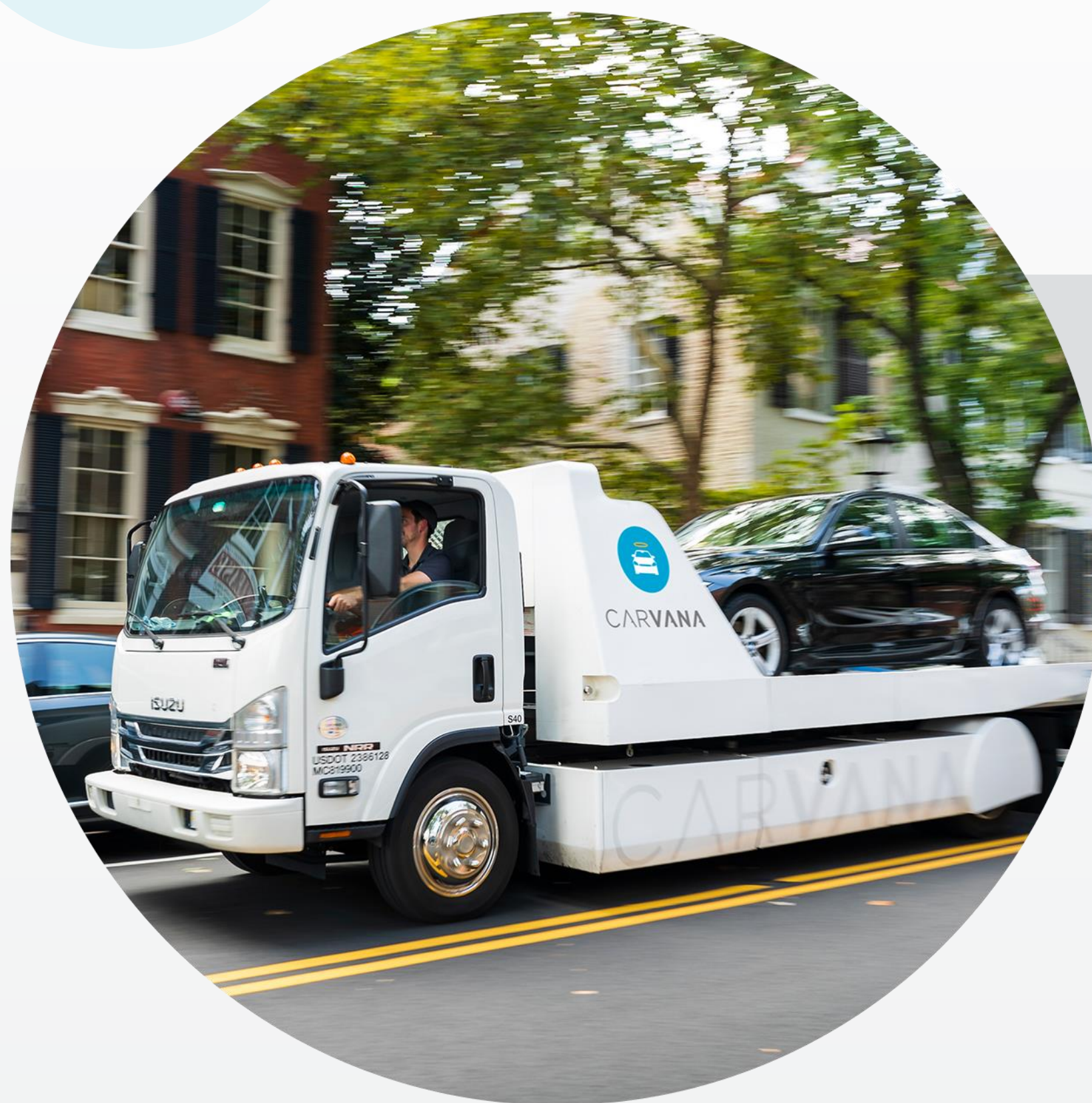
95% y-o-y growth in vehicles acquired from customers \*





SUPERIOR CUSTOMER EXPERIENCE

# CREATING DIFFERENTIATED FULFILLMENT EXPERIENCES



## Carvana Delivery

- Scheduled appointments with delivery as soon as the next day in our markets
- Delivered by Carvana-uniformed employee in a branded, custom single or two car hauler, in our markets

## Vending Machine

- Operational efficiencies combined with strong branding
- 30 vending machines currently operational <sup>(1)</sup>
- Creates a unique video of the experience for customers to share via social media





SUPERIOR CUSTOMER EXPERIENCE

# DELIVERING SUPERIOR CUSTOMER EXPERIENCES

**4.7**  
★★★★★  
Rating <sup>(1)</sup>

**122,000+**  
Customer Reviews  
on Carvana.com <sup>(1)</sup>

**96%**  
Would Recommend  
To A Friend <sup>(2)</sup>

**84**  
Net Promoter Score  
(NPS) <sup>(3)</sup>

“Carvana will  
change the  
way cars are sold”

“Carvana  
is the bomb!”

“I never  
thought car  
buying could  
be enjoyable.”



(1) As of September 30, 2021

(2) Through September 30, 2021, based on respondents to the question

(3) Survey performed by Bazaarvoice through September 30, 2021



GROWING UNITS & REVENUE

# PROVEN EXPANSION STRATEGY

## Repeatable Market Entry Playbook

Activate Team of Expansion Advocates

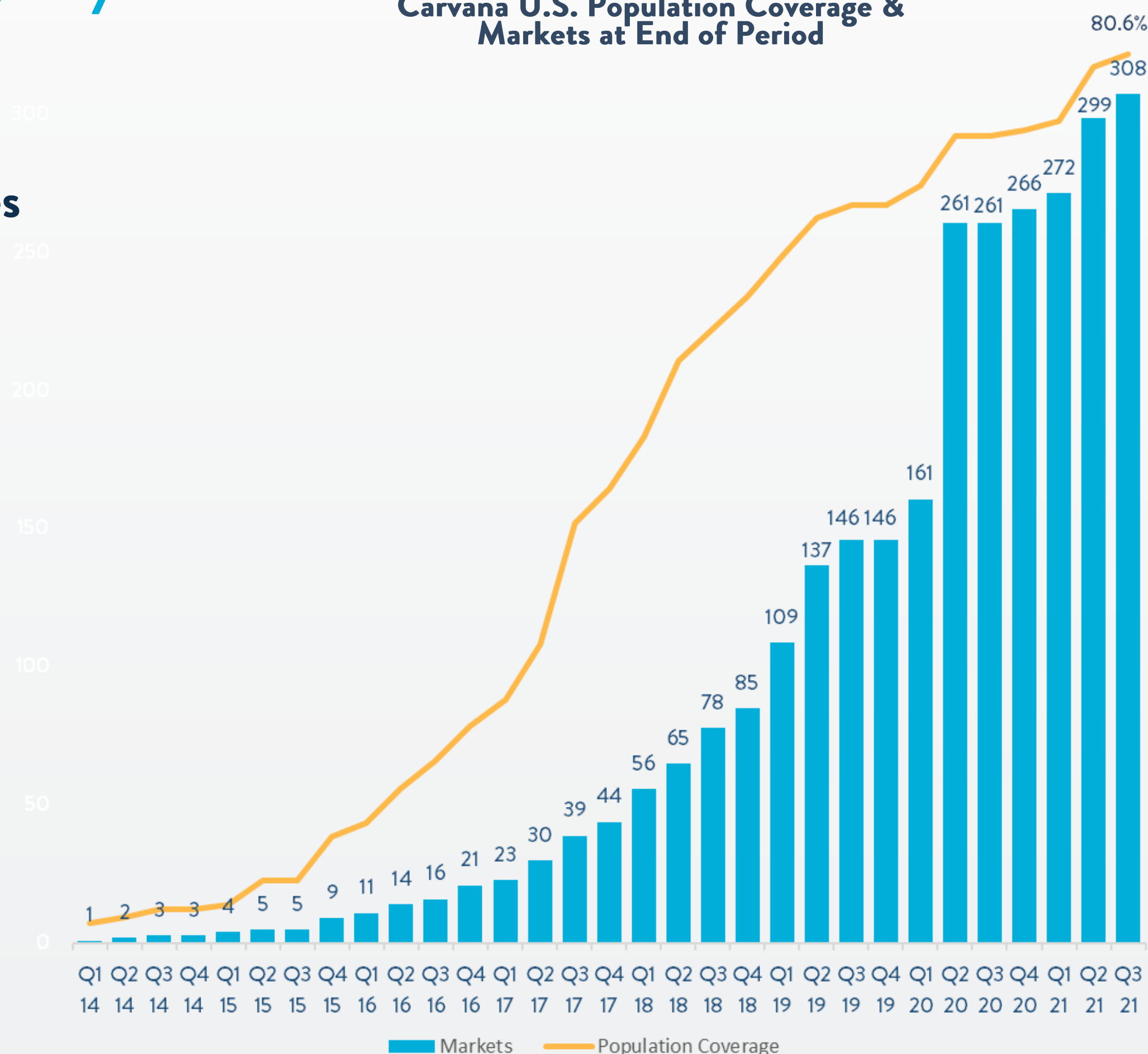
CapEx Light Market Launch

Connect to Logistics Network

Turn on Marketing Program

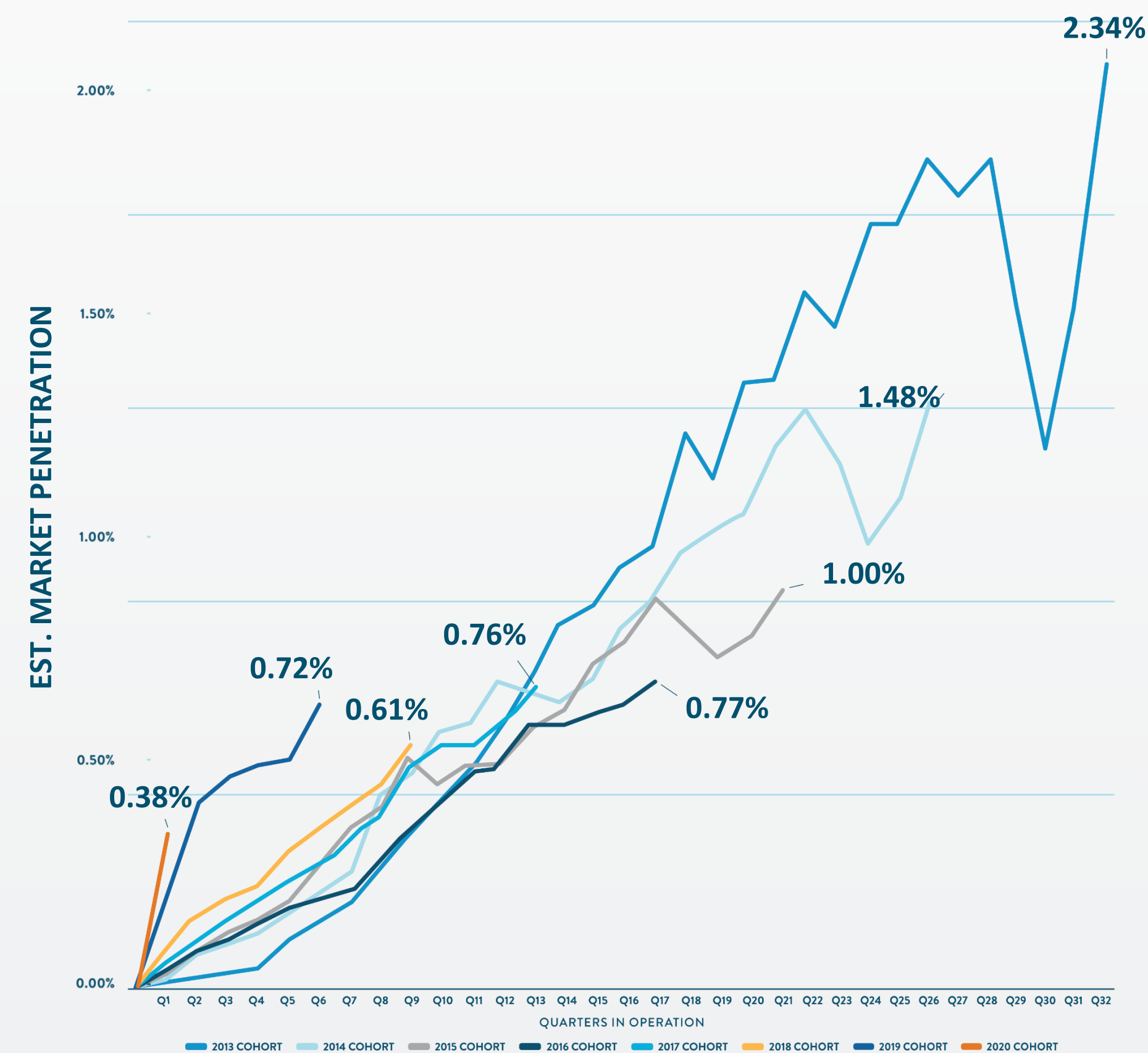
## Enabling Rapid Expansion of Operating Markets

Carvana U.S. Population Coverage & Markets at End of Period



## Proven by Success in Our Markets

### MARKET PENETRATION BY COHORT (1)



(1) As of December 31, 2020



VERTICAL INTEGRATION & FULFILLMENT

# SUPPORTED BY PROPRIETARY VEHICLE ACQUISITION ALGORITHM

## Vehicle Inventory Acquisition


### Auctions & Other Sources

- Manheim, Adesa, Smart Auction
- Enterprise, Hertz
- Customers

### Quality Screening

- Year, Mileage, No Reported Accidents

### Apply Data

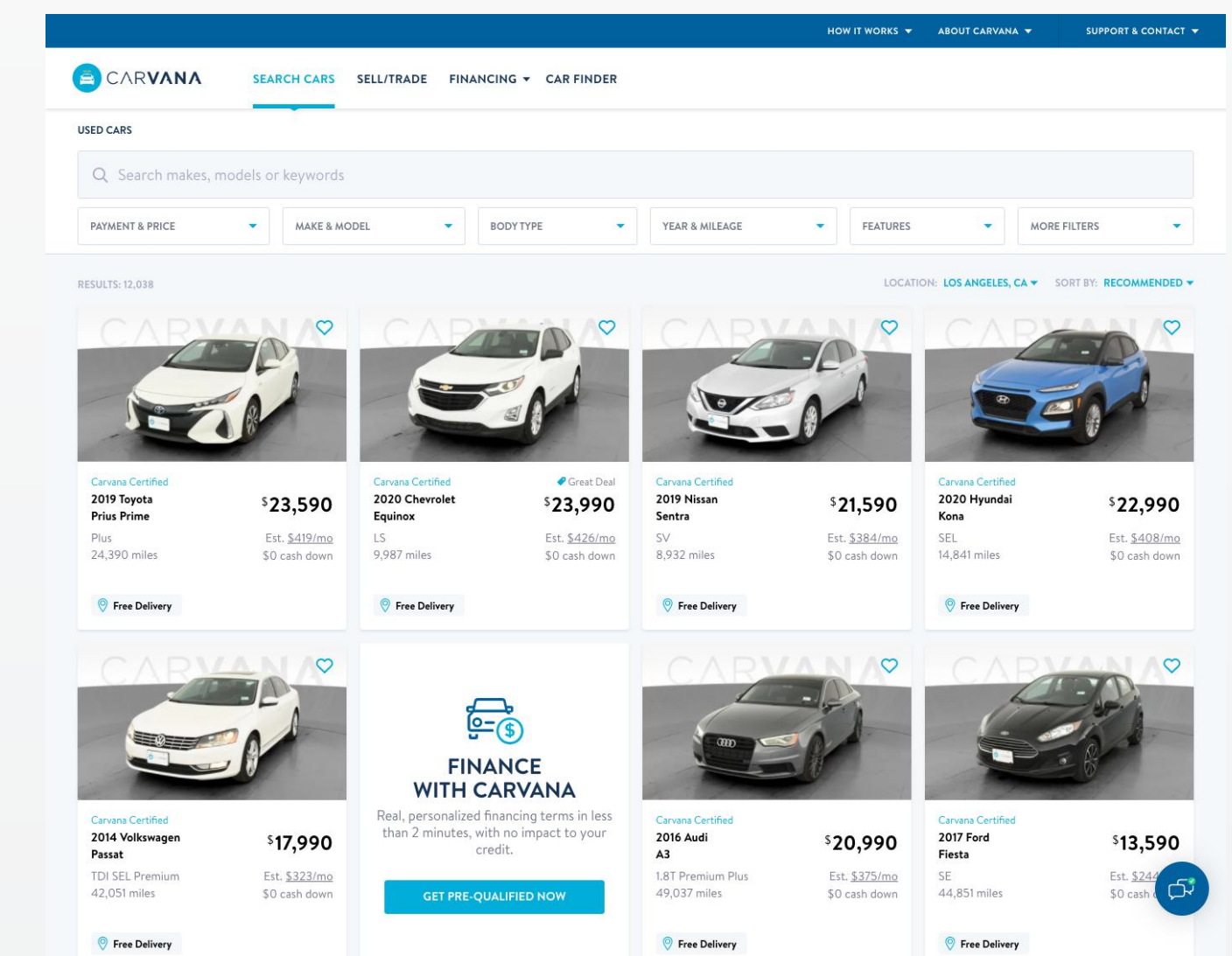
- Vehicle reporting  
- Market data   
- Carvana data (clickstream, historical sales)

### Optimization

- Expected pricing, recon, and transport
- Fit with existing inventory



55,000+ cars on the website in all markets vs. 11-200 at typical dealers <sup>(1)</sup>



(1) 2019 NIADA Used Car Industry report based on 2018 data  
Note: 55,000+ total website units as of September 30, 2021



VERTICAL INTEGRATION & FULFILLMENT

# IN-HOUSE INSPECTION, RECONDITIONING & MERCHANDIZING

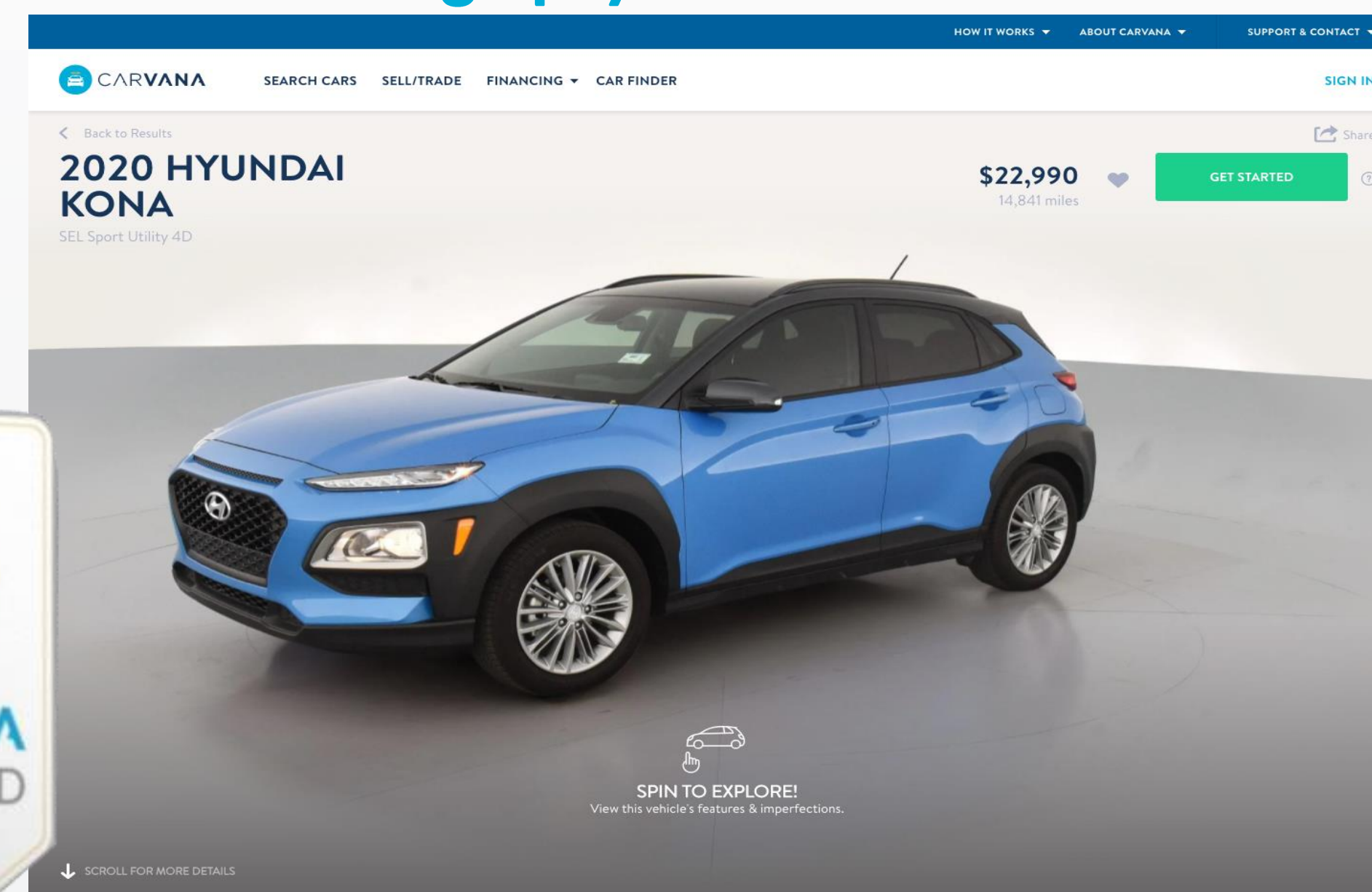
## Inspection and Reconditioning



- Ability to **buy all car types** and **recondition** them to a **consistent car quality**
- **~750k** existing annual IRC capacity at full utilization\*
- **Robust processes and internal expertise** to set up future IRCs as needed

\*Based on 13 IRCs in operation as of November 4, 2021

## Photography and Annotation



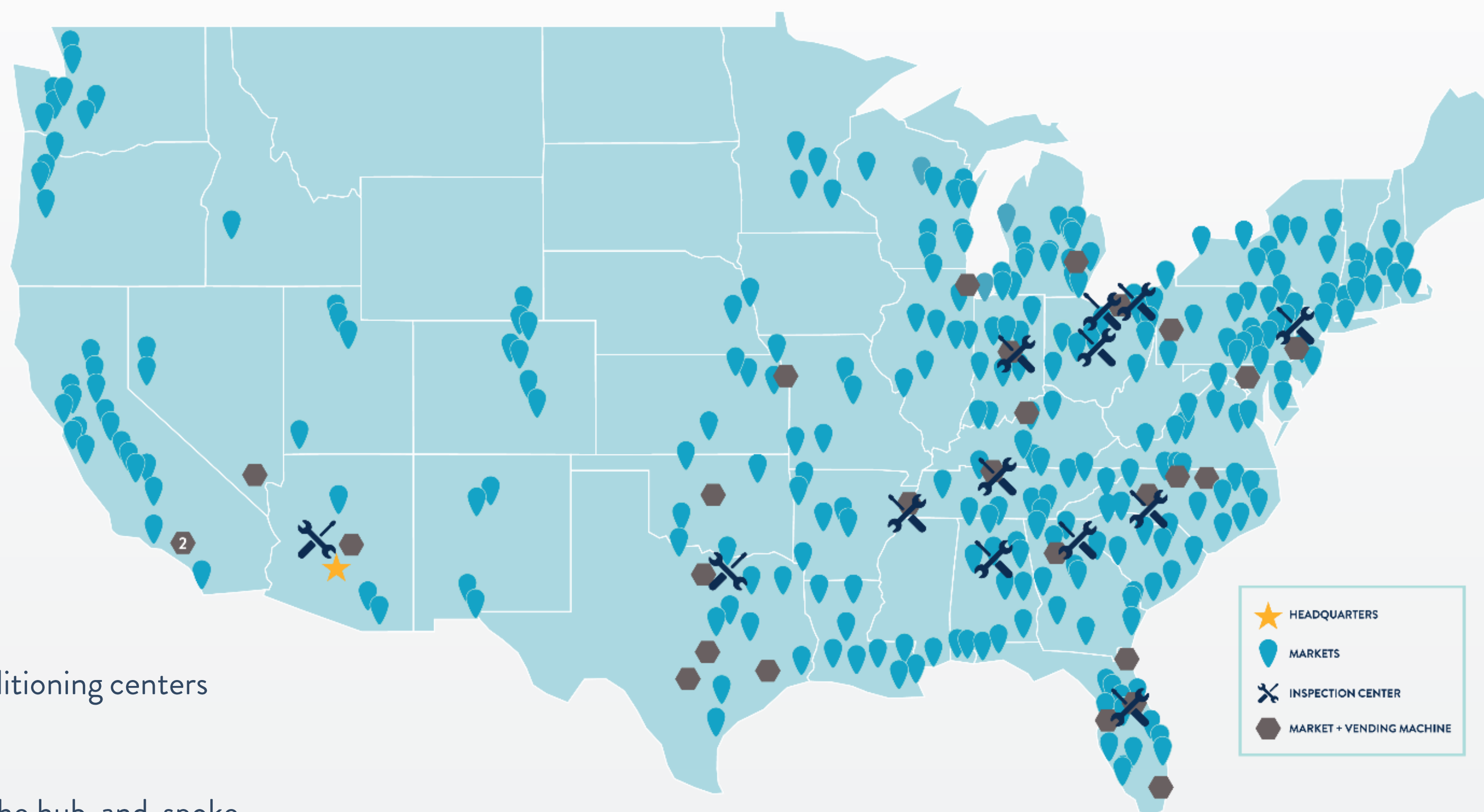
- **360-degree, interactive** exterior and interior virtual tour of each vehicle
- **Patented imaging technology**
- Transparency to the customer through annotation of material defects



VERTICAL INTEGRATION & FULFILLMENT

# BACKED BY IN-HOUSE LOGISTICS NETWORK

## CARVANA MARKETS, VENDING MACHINES, AND IRCs



### Carvana Logistics Network

- Inspection & reconditioning centers
- Hubs
- Vending machines

Connected through the hub-and-spoke Carvana Logistics Network

### Premium Fulfillment Capabilities

Control over delivery times enables seamless customer experience

Speed of delivery drives conversion

Centralized inventory powers broad selection

Enables vehicle cost arbitrage across geographies

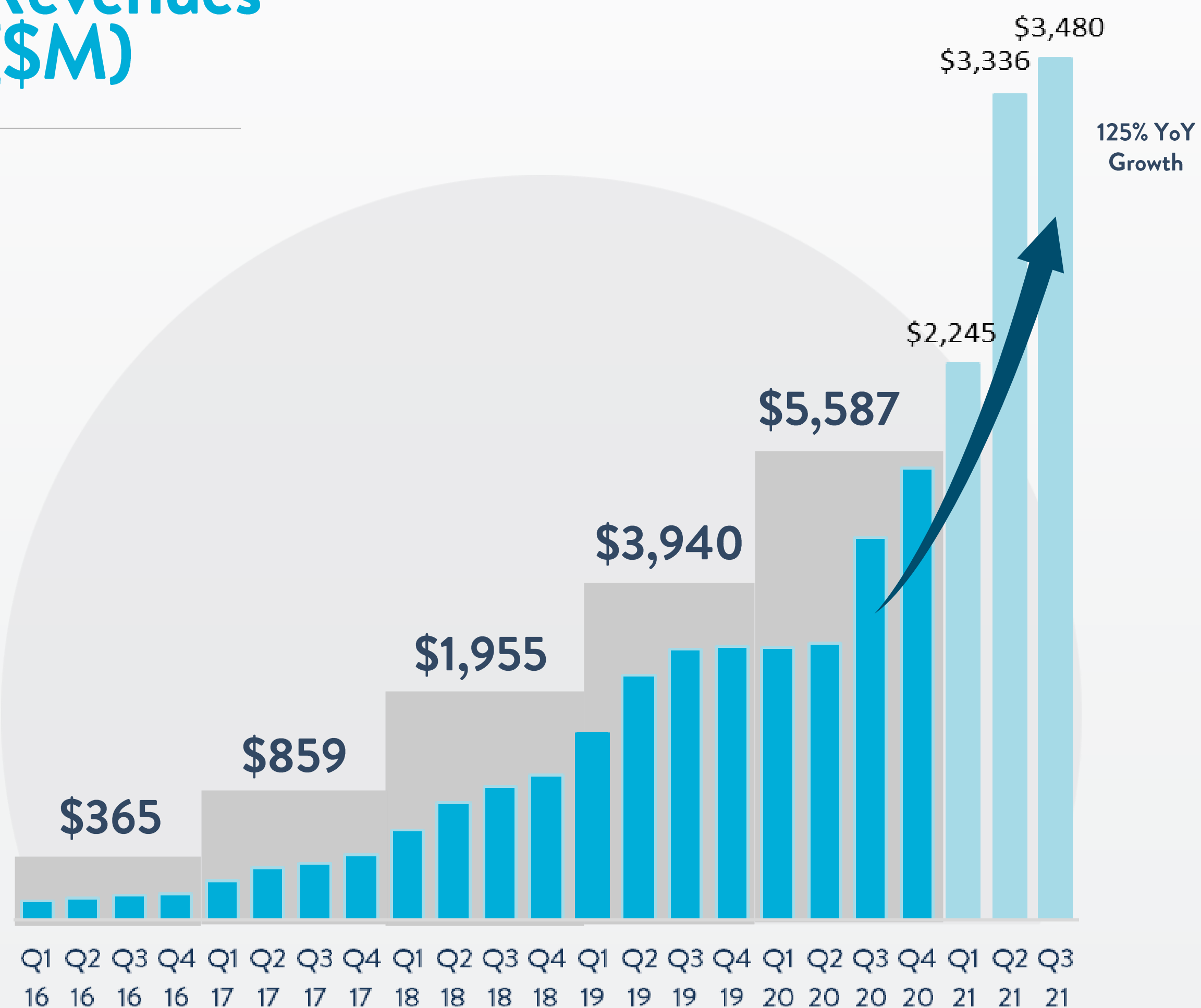
Lower cost than using third party shipping



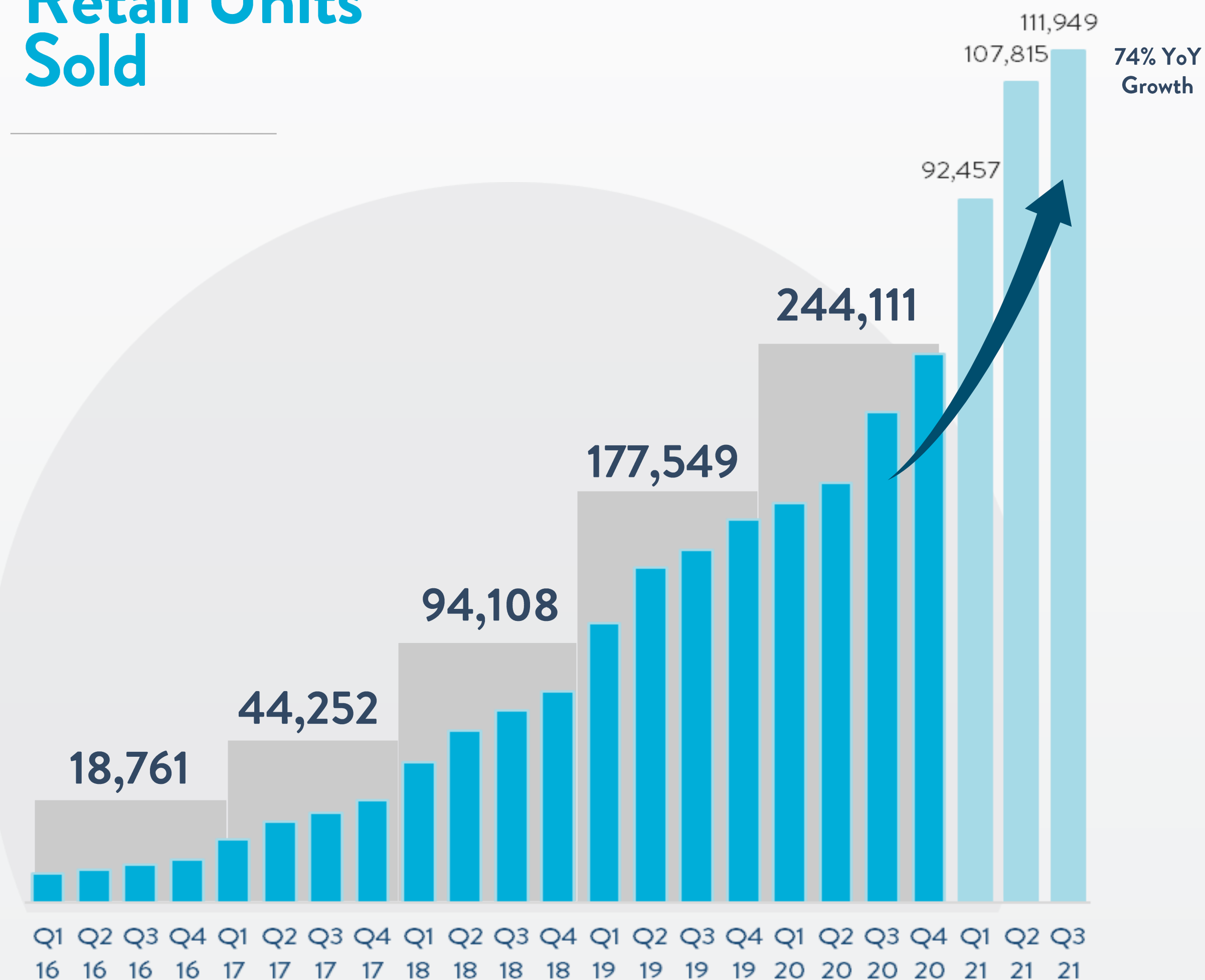
GROWING UNITS & REVENUE

# RAPID SECULAR GROWTH

## Revenues (\$M)



## Retail Units Sold

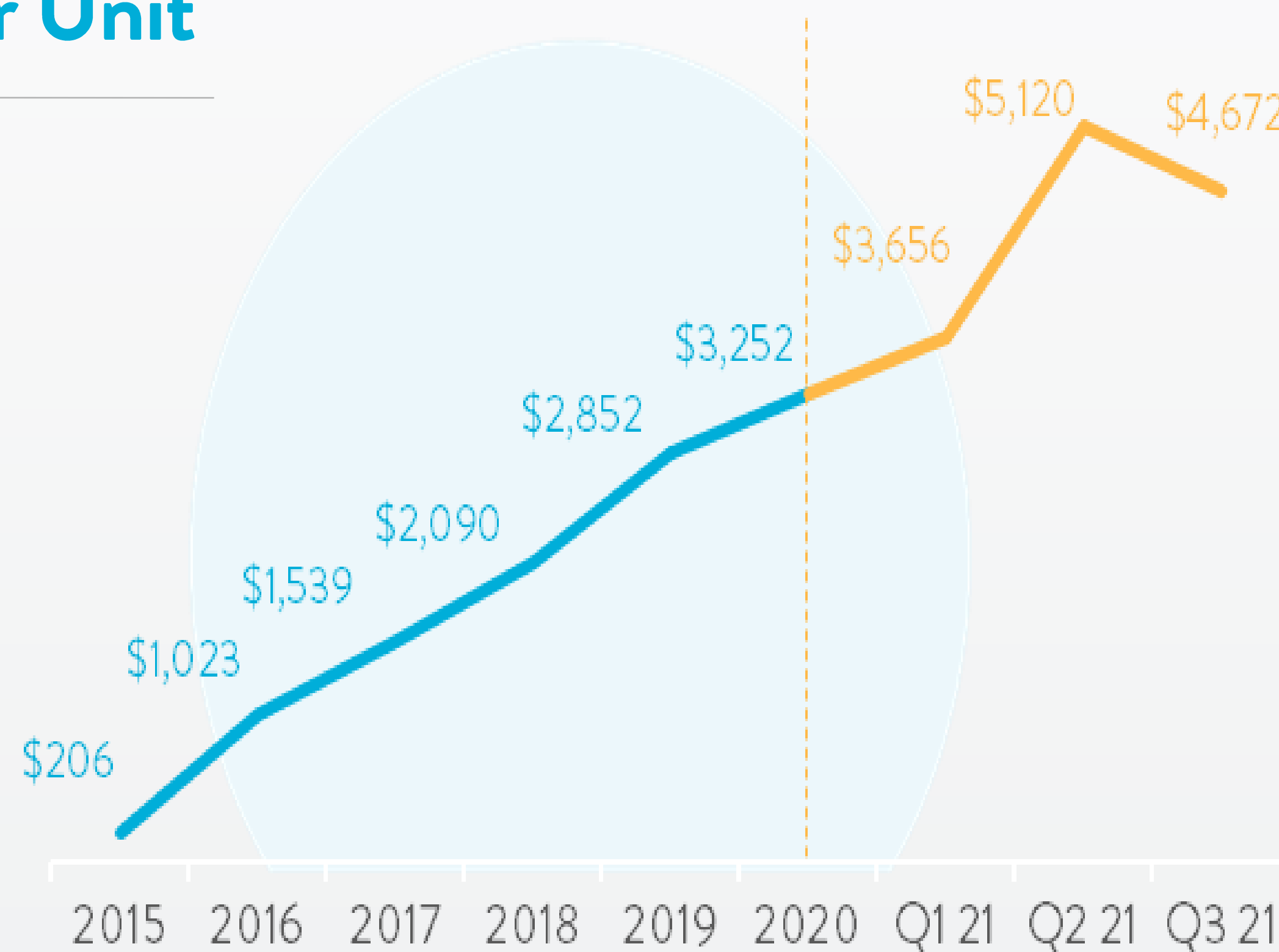




EXPANDING GPU & OPERATING MARGINS

# GROWTH LEVERAGING UNIT ECONOMICS

## Gross Profit per Unit



## Key Drivers of Gross Profit Expansion

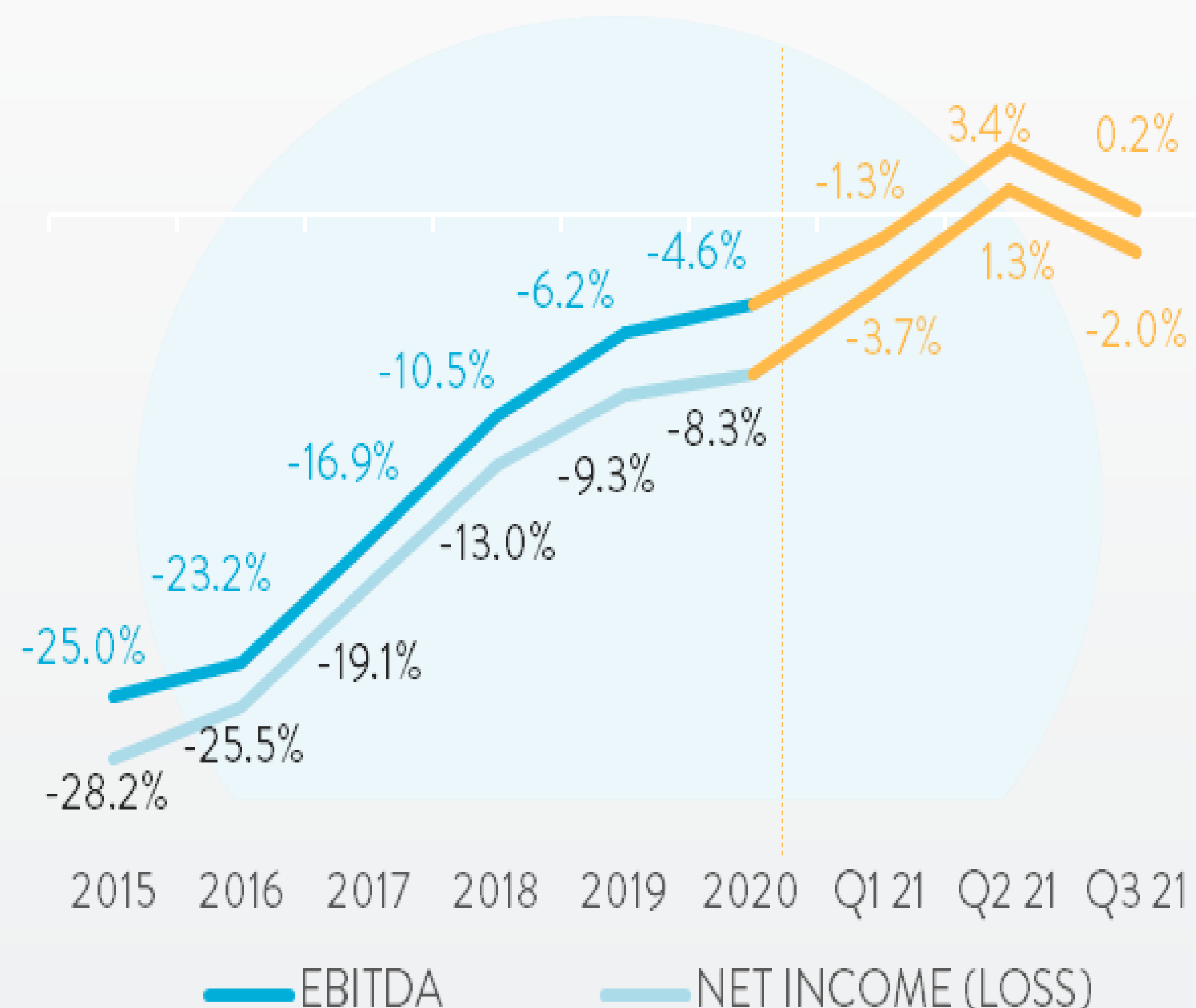
-  Scale provides cost of sales efficiencies
-  Increase retail cars sourced from customers
-  Increase wholesale cars sold
-  Increase conversion of existing products
-  Lower cost of funds on financing
-  Addition of new products and services
-  Reduce average days to sale



EXPANDING GPU & OPERATING MARGINS

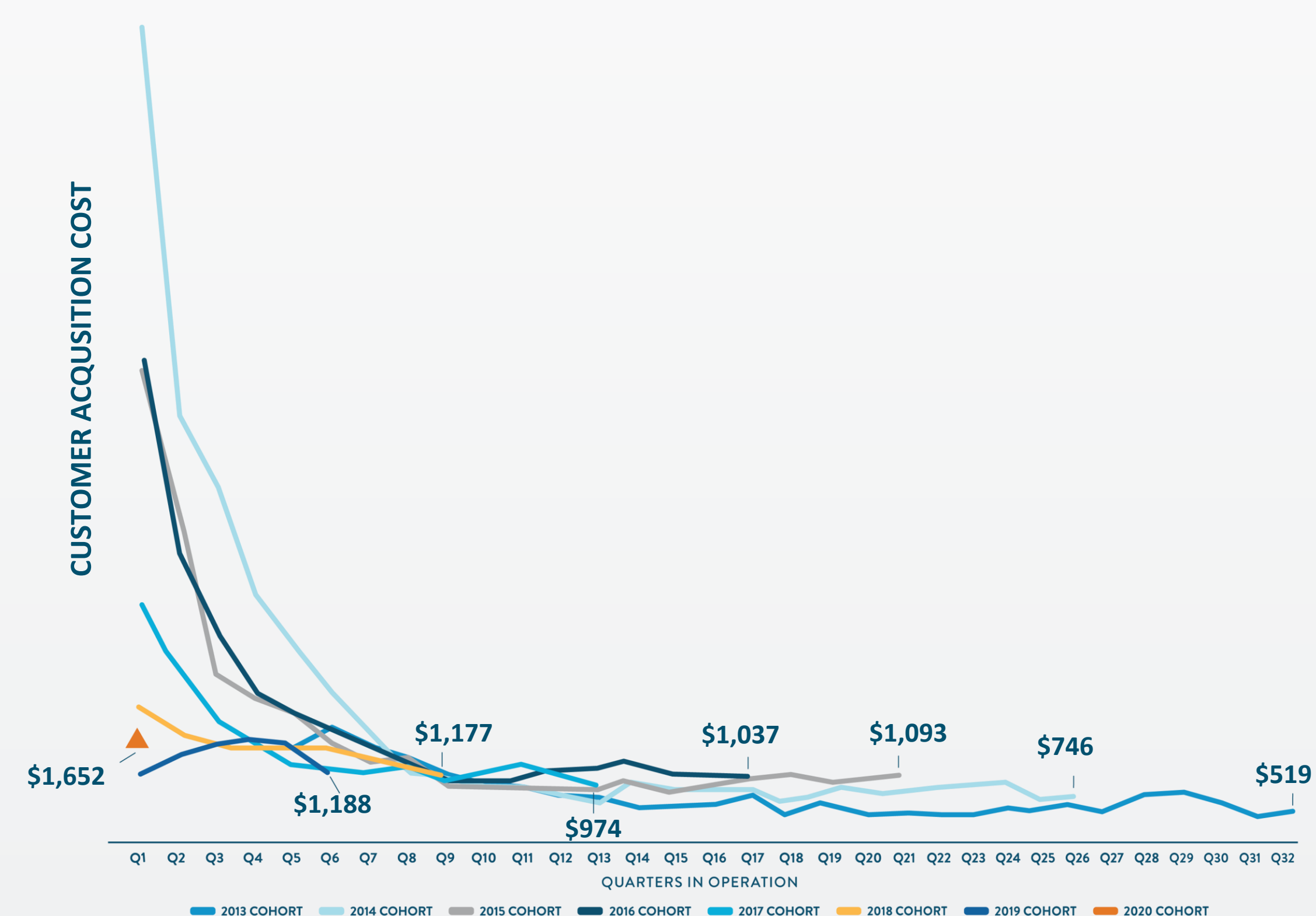
# GROWTH SHOWING OPERATING LEVERAGE

## EBITDA MARGIN\* & NET INCOME (LOSS) MARGIN



## ADVERTISING EXPENSE PER UNIT SOLD <sup>(1)</sup>

### CUSTOMER ACQUISITION COST BY COHORT



\* Please refer to the appendix for the Non-GAAP Financial Reconciliation

(1) As of December 31, 2020



COMPETITIVE ADVANTAGES

# INTEGRATION CREATES COMPETITIVE ADVANTAGES

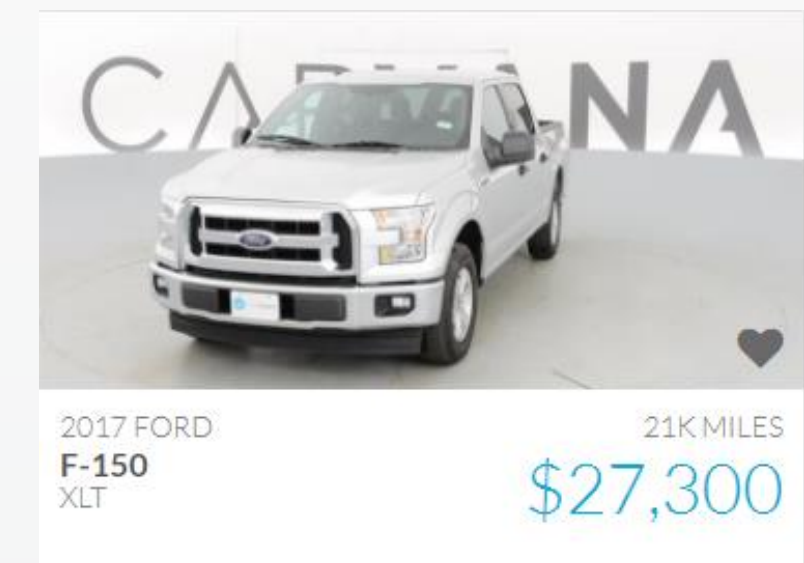
LARGE SCALE  
RECONDITIONING



NATIONAL CONSUMER  
FOCUSED BRAND



FULLY TRANSACTABLE  
E-COMMERCE  
EXPERIENCE



INTERNAL LOGISTICS  
NETWORK



PROPRIETARY FINANCING  
PLATFORM



LEADING FULFILLMENT  
EXPERIENCE



COMPETITIVE ADVANTAGES

# PROGRESS TOWARDS OUR FINANCIAL OBJECTIVES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Q3 2021	Long Term Target
<b>YoY Revenue Growth</b>	<b>180%</b>	<b>135%</b>	<b>128%</b>	<b>101%</b>	<b>42%</b>	<b>125%</b>	–
<b>Gross Margin</b>	<b>5.3%</b>	<b>7.9%</b>	<b>10.1%</b>	<b>12.9%</b>	<b>14.2%</b>	<b>15.0%</b>	<b>15 – 19%</b>
Advertising	<b>7.4%</b>	<b>6.5%</b>	<b>5.7%</b>	<b>5.2%</b>	<b>5.1%</b>	<b>3.6%</b>	<b>1.0 – 1.5%</b>
SG&A ex. Advertising and D&A	<b>21.1%</b>	<b>18.2%</b>	<b>14.9%</b>	<b>13.7%</b>	<b>13.7%</b>	<b>11.3%</b>	<b>4.5 – 5.5%</b>
D&A	<b>1.3%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.0%</b>	<b>1.3%</b>	<b>0.7%</b>	<b>0.5 – 1.0%</b>
<i>SG&amp;A Total as % of Revenue</i>	<b>29.8%</b>	<b>26.0%</b>	<b>21.7%</b>	<b>20.0%</b>	<b>20.2%</b>	<b>15.7%</b>	<b>6 – 8%</b>
<b>EBITDA Margin</b>	<b>(23.2%)</b>	<b>(16.9%)</b>	<b>(10.5%)</b>	<b>(6.2%)</b>	<b>(4.6%)</b>	<b>0.2%</b>	<b>8 – 13.5%</b>



COMPETITIVE ADVANTAGES

# SIGNIFICANT GROWTH OPPORTUNITIES





# KEY INVESTMENT HIGHLIGHTS

## MASSIVE, FRAGMENTED MARKET

Exceptionally large and inefficient used car market

**\$840B**

2019 U.S.  
Used Car Sales <sup>(1)</sup>

**1.9%**

Largest dealer brand  
market share in US <sup>(6)</sup>

## SUPERIOR CUSTOMER EXPERIENCE

Simple, seamless and differentiated used car buying experience

**96%**

Customers who  
would recommend  
to friend <sup>(5)</sup>

**4.7/5.0**

Average Customer  
Rating <sup>(4)</sup>

## PROVEN GO-TO-MARKET STRATEGY

Demonstrated, capital-light market expansion playbook

**80.6%**

U.S. Population  
Coverage <sup>(3)</sup>

**2.34%**

Market Penetration  
in Atlanta <sup>(2)</sup>

## VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

**13**

Existing  
IRCs <sup>(3)</sup>

**28**

Existing Vending  
Machines <sup>(3)</sup>

## ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

**42%**

2020 YoY  
Revenue Growth <sup>(2)</sup>

**899K**

Retail Units Sold  
Since Inception <sup>(4)</sup>



# APPENDIX

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# Non-GAAP Measures

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To supplement the financial measures prepared and presented in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), we also include non-GAAP measures in this presentation. None of these should be considered as a substitute for other measures of financial performance reported in accordance with GAAP. In addition, the Company’s definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies. A reconciliation of each of these non-GAAP measures to the most directly comparable GAAP financial measure can be found at the end of this presentation.



# Non-GAAP Financial Reconciliation

	Three Months Ended				
	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021
	(dollars in millions)				
Net (loss) income	\$ (18)	\$ (154)	\$ (82)	\$ 45	\$ (68)
Depreciation and amortization expense	19	22	22	24	26
Interest expense	20	62	30	43	48
EBITDA <sup>(1)</sup>	<u>\$ 21</u>	<u>\$ (70)</u>	<u>\$ (30)</u>	<u>\$ 112</u>	<u>\$ 6</u>
Total revenues	\$ 1,544	\$ 1,827	\$ 2,245	\$ 3,336	\$ 3,480
Net (loss) income margin	<u>(1.1)%</u>	<u>(8.5)%</u>	<u>(3.7)%</u>	<u>1.3 %</u>	<u>(2.0)%</u>
EBITDA Margin	<u>1.4 %</u>	<u>(3.9)%</u>	<u>(1.3)%</u>	<u>3.4 %</u>	<u>0.2 %</u>

(1) We incurred less than \$1 million of income tax provision for each period presented.



# Non-GAAP Financial Reconciliation

	Years Ended December 31,						
	2014	2015	2016	2017	2018	2019	2020
	(dollars in millions)						
Net loss	\$ (15)	\$ (37)	\$ (93)	\$ (164)	\$ (255)	\$ (365)	\$ (462)
Depreciation and amortization expense	2	3	5	11	24	41	74
Interest expense	—	1	3	8	25	81	131
EBITDA <sup>(1)</sup>	<u>\$ (13)</u>	<u>\$ (33)</u>	<u>\$ (85)</u>	<u>\$ (145)</u>	<u>\$ (206)</u>	<u>\$ (243)</u>	<u>\$ (257)</u>
Total revenues	\$ 42	\$ 130	\$ 365	\$ 859	\$ 1,955	\$ 3,940	\$ 5,587
Net loss margin	<u>(36.6)%</u>	<u>(28.2)%</u>	<u>(25.5)%</u>	<u>(19.1)%</u>	<u>(13.0)%</u>	<u>(9.3)%</u>	<u>(8.3)%</u>
EBITDA Margin	<u>(32.2)%</u>	<u>(25.0)%</u>	<u>(23.2)%</u>	<u>(16.9)%</u>	<u>(10.5)%</u>	<u>(6.2)%</u>	<u>(4.6)%</u>

(1) We incurred \$0 million for each of the years ended 2014 through 2019, and less than \$1 million for 2020 of income tax provision.