



# Introduction to Carvana

February 2024



# SAFE HARBOR

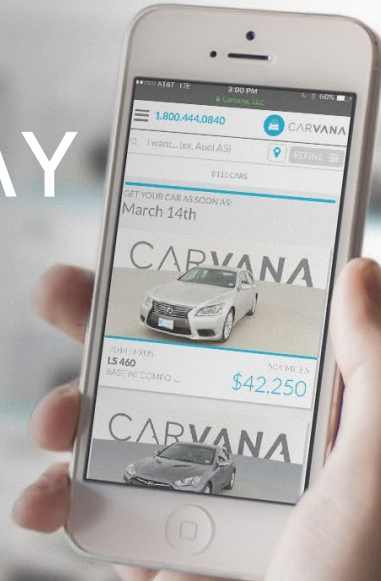
## **Forward-Looking Statements**

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, its 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 our Annual Report on Form 10-K for 2023 and our Quarterly Reports on Form 10-Q. 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.

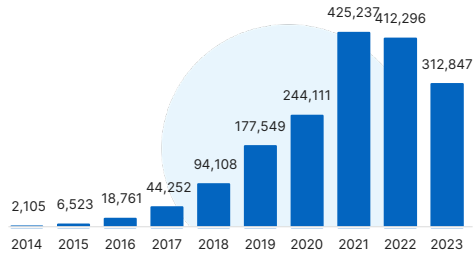
OUR MISSION IS  
TO CHANGE THE WAY  
PEOPLE BUY CARS.



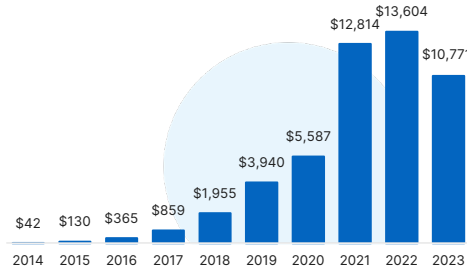
KEY OPERATING METRICS

# SUCCESSFUL EXECUTION

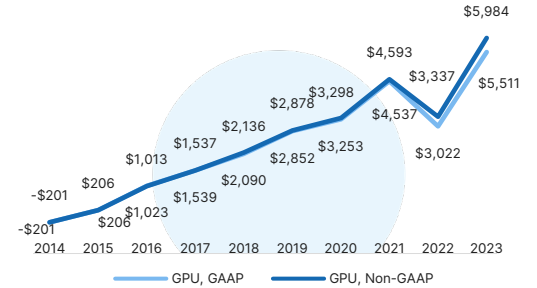
## RETAIL UNITS SOLD



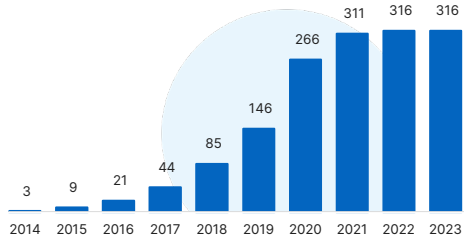
## TOTAL REVENUE (\$M)



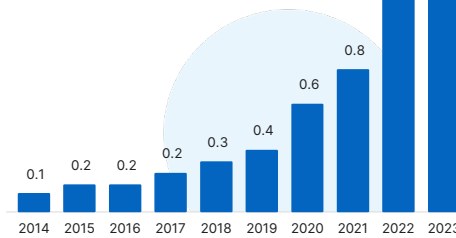
## GROSS PROFIT PER UNIT



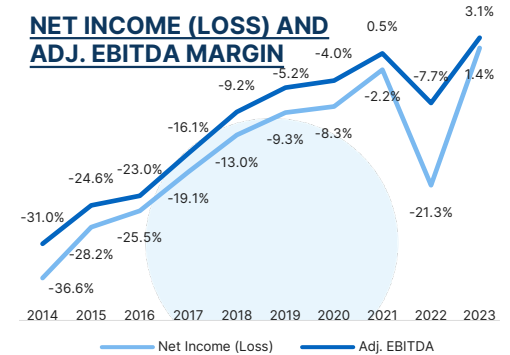
## TOTAL MARKETS AT YEAR END



## ANNUAL PRODUCTION FACILITY CAPACITY (Millions)



## NET INCOME (LOSS) AND ADJ. EBITDA MARGIN



# KEY INVESTMENT HIGHLIGHTS

## MASSIVE, STABLE, 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

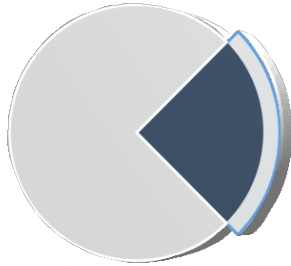
## ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

MASSIVE, STABLE, FRAGMENTED MARKET

# INDUSTRY OVERVIEW

**Auto is...**



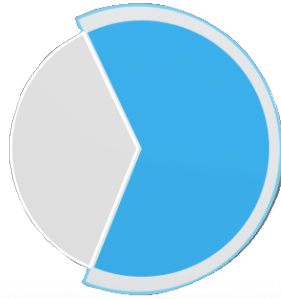
**\$1.2 Tn**

in 2022 U.S. Sales <sup>(1)</sup>

**22%**

of U.S. Retail Economy in 2022 <sup>(1)</sup>

**Massive**



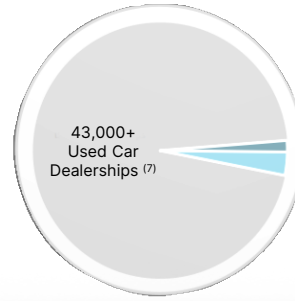
**\$840 Bn**

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

**2.0%**

2017 – 2022 CAGR <sup>(3)</sup>

**Fragmented**



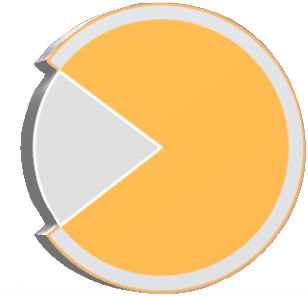
**2.3%**

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

**11.1%**

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 2023 report  
(4) 2021 Automotive News Top 100 Dealership Groups

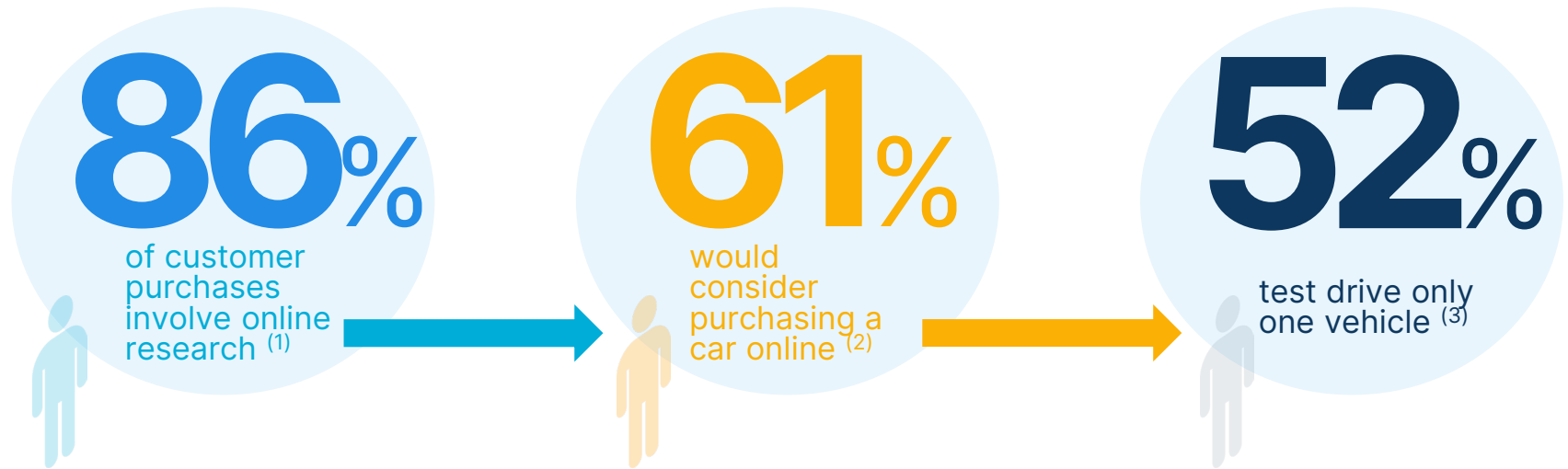
(2) Edmunds.com 2019 Used Vehicle Market report  
(5) DealerSocket 2016 Independent Dealership Action report – Represents North American consumers

(3) Technavio 2017 U.S. Used Car Market report  
(6) 2019 Gallup Poll

(7) Borrell Associates

MASSIVE, STABLE, FRAGMENTED MARKET

# DIGITAL ECONOMY IS TRANSFORMING CAR BUYING



(1) 2018 Auto Shopping in America Survey

(2) CarGurus 2020 Sentiment Survey

(3) AutoTrader 2016 Car Buyer Journey report

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 Same Day car deliveries in select markets



## Best Selection

33,000+ cars on the website



## Best Value

Lower prices than other brick-and-mortar dealers and never any doc or dealer fees

SUPERIOR CUSTOMER EXPERIENCE

# A SIMPLE AND SEAMLESS CAR BUYING EXPERIENCE

## Vehicle Search & Discovery From Any Device

Intuitive vehicle search with 33,000+ vehicles on the website

## Trade or Sell – All Online

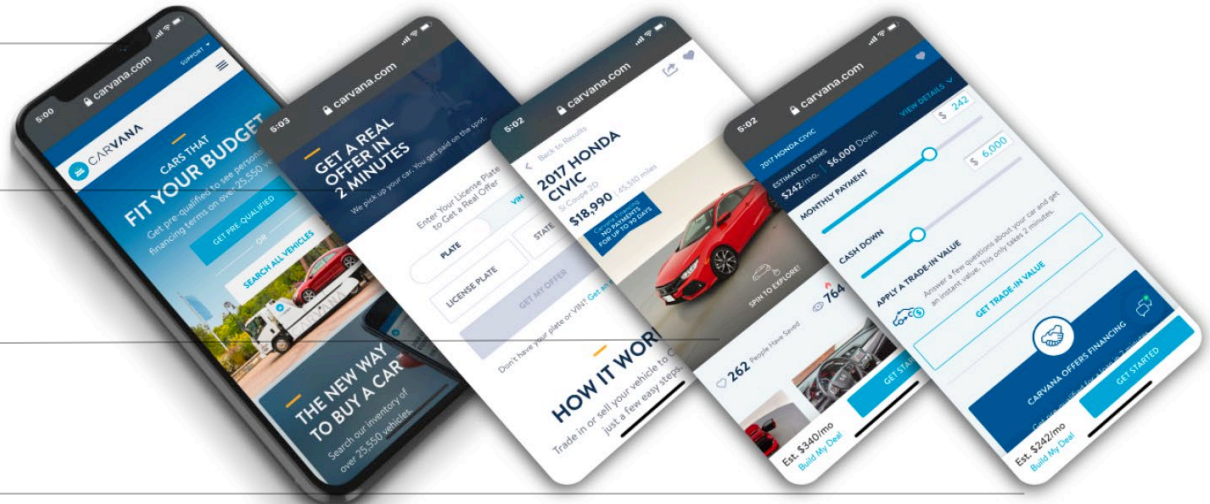
Nearly instantaneous, fully automated contingent trade-in offers

## 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

Enter Your License Plate to Get a Real Offer

PLATE VIN

LICENSE PLATE STATE

GET MY OFFER

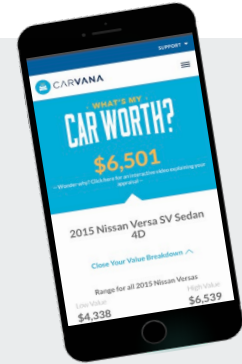
Don't have your plate or VIN? [Get an estimate](#)

## AUTOMATED

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

No haggling

Guaranteed for 7 days or 1,000 miles



## CONVENIENT

You schedule a time that's convenient for you to drop the vehicle off at a Carvana location or you can schedule a time to have the car picked up 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 wholesale unit

\$888 Wholesale GPU\*



\* For the year ended December 31, 2023

SUPERIOR CUSTOMER EXPERIENCE

# CREATING DIFFERENTIATED FULFILLMENT EXPERIENCES



## Carvana Delivery

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



## Vending Machine

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

(1) As of February 28, 2024

SUPERIOR CUSTOMER EXPERIENCE

# DELIVERING SUPERIOR CUSTOMER EXPERIENCES



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

**195,000+**  
Customer Reviews  
on Carvana.com <sup>(1)</sup>

**85%**  
Would Recommend  
To A Friend <sup>(2)</sup>

**69**  
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 December 31, 2023

(2) Through December 31, 2023, based on respondents to the question

(3) Survey performed by Bazaarvoice through December 31, 2023

GROWING UNITS & REVENUE

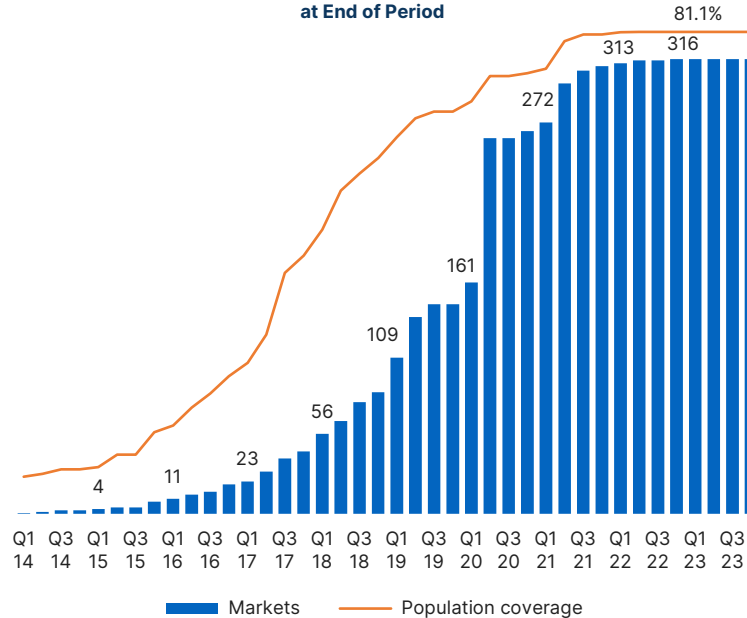
# PROVEN EXPANSION STRATEGY

## Repeatable Market Entry Playbook

- Active 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



VERTICAL INTEGRATION & FULFILLMENT

# SUPPORTED BY PROPRIETARY VEHICLE ACQUISITION ALGORITHM

## Vehicle Inventory Acquisition

### Auction & Other Sources

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

### Quality Screening

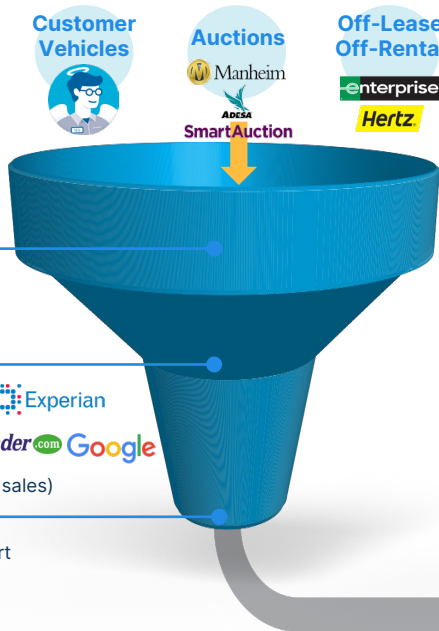
- Year, Mileage

### Apply Data

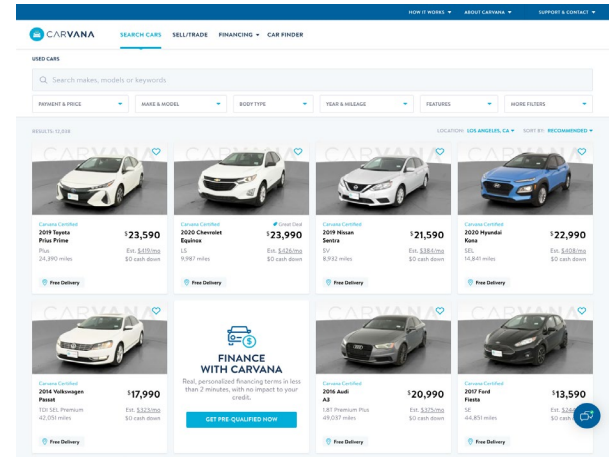
- Vehicle Reporting
- Market Data
- Carvana Data (clickstream, historical sales)

### Optimization

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



33,000+ 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: 33,000+ total website units as of December 31, 2023

## VERTICAL INTEGRATION &amp; FULFILLMENT

# IN-HOUSE INSPECTION, RECONDITIONING & MERCHANDIZING

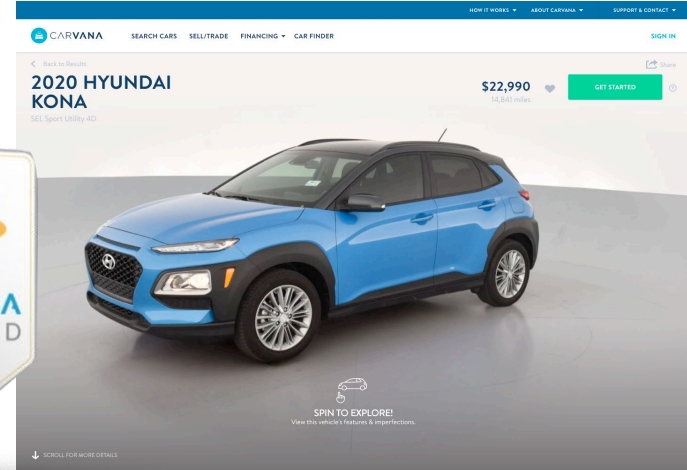
## Inspection and Reconditioning



- Ability to buy all car types and recondition them to a consistent car quality
- ~1.3m existing annual IRC capacity at full utilization\*
- Robust processes and internal expertise to set up future IRCs as needed



## 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, IRCs, AND ADESA SITES

### Premium Fulfillment Capabilities

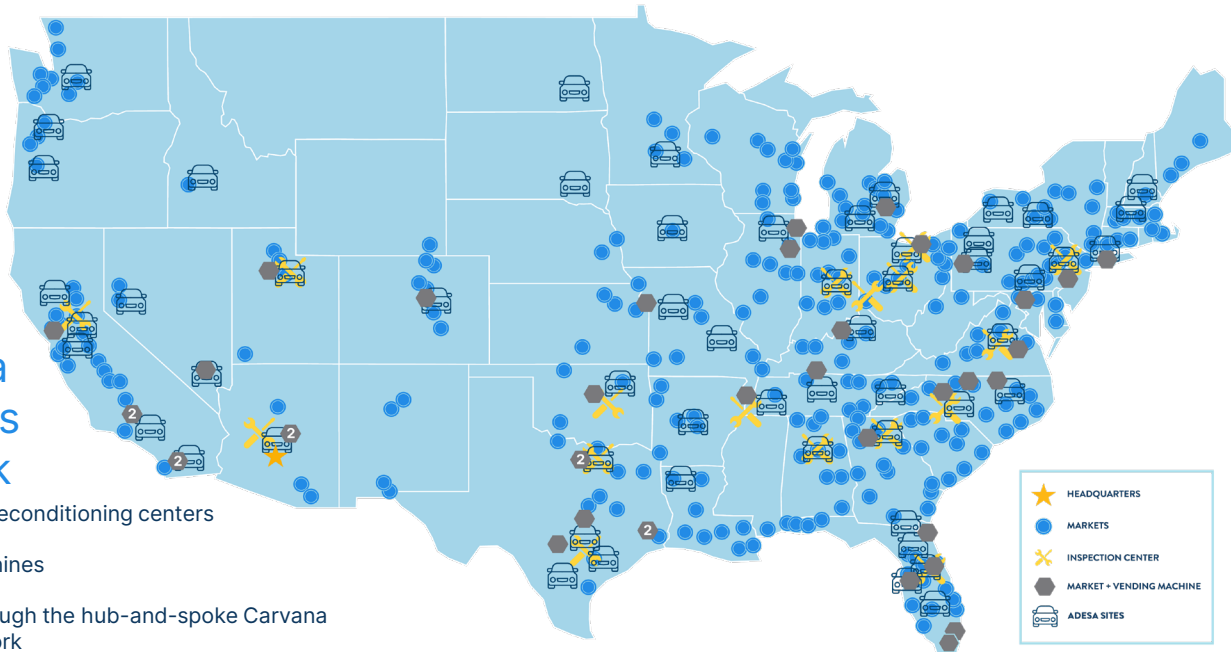
Control over delivery times enables seamless customer experience

Speed of delivery drives conversion

Centralized inventory powers broad selection

Enables vehicle cost arbitrage across geographies

Lower cost than using third-party shipping



### Carvana Logistics Network

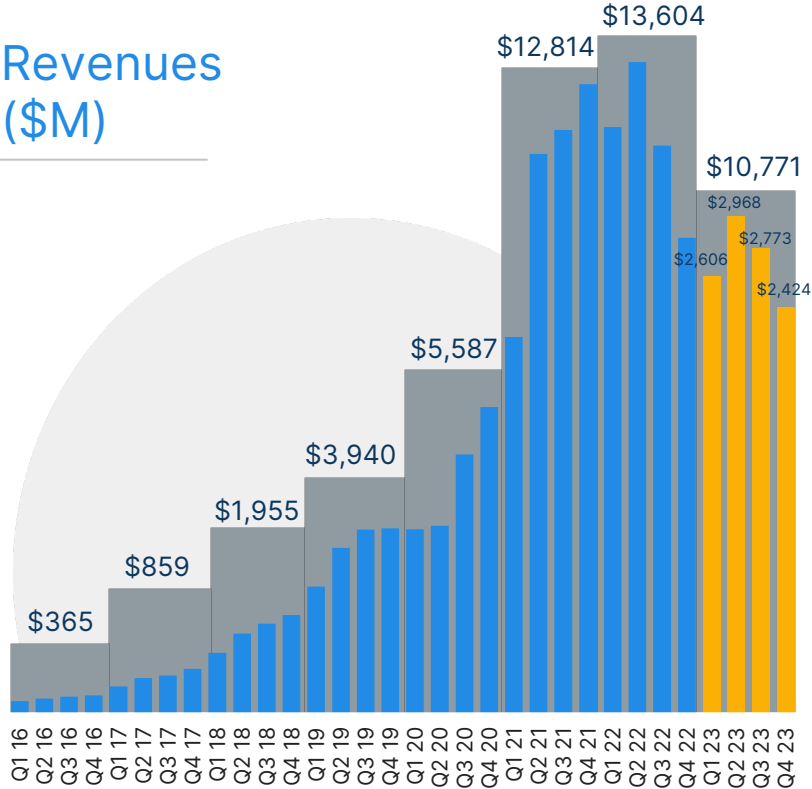
- Inspection & reconditioning centers
- Hubs
- Vending Machines

Connected through the hub-and-spoke Carvana Logistics Network

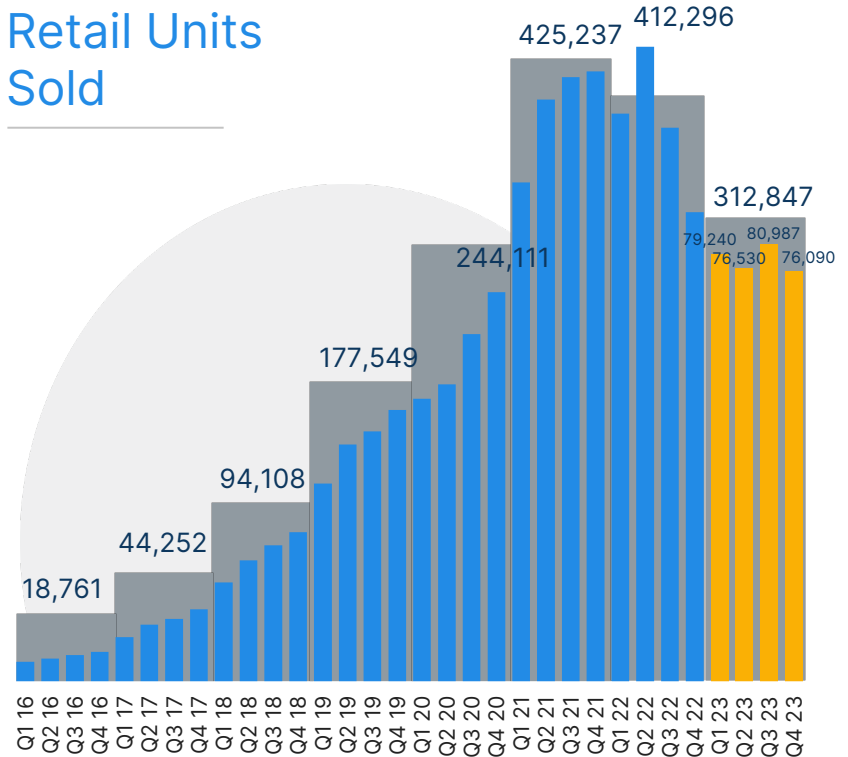
GROWING UNITS & REVENUE

# RAPID SECULAR GROWTH

Revenues  
(\$M)



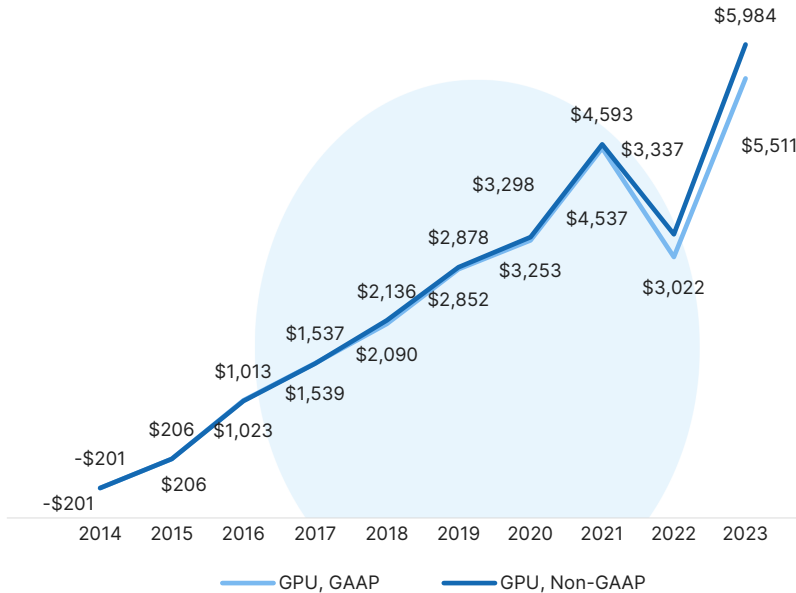
Retail Units  
Sold



EXPANDING GPU & OPERATING METRICS

# 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

COMPETITIVE ADVANTAGES

# INTEGRATION CREATES COMPETITIVE ADVANTAGES

Large-scale  
Reconditioning



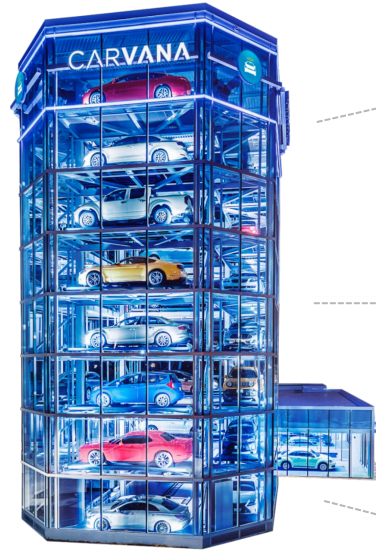
Internal  
Logistics Network



Proprietary  
Financing Platform

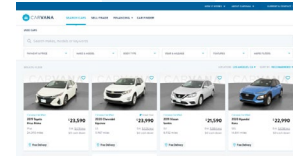


National Consumer  
Focused Brand



Leading Fulfillment  
Experience

Retail Marketplace



Physical  
Wholesale Auction



Fully Transactable  
E-Commerce Experience



COMPETITIVE ADVANTAGES

# PROGRESS TOWARDS OUR FINANCIAL OBJECTIVES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Long Term Target
<b>YoY Revenue Growth</b>	180%	135%	128%	101%	42%	129%	6.2%	-20.8%	-
<b>Gross Profit</b>	5.3%	7.9%	10.1%	12.9%	14.2%	15.1%	9.2%	16.0%	15 - 19%
<b>Advertising</b>	7.4%	6.5%	5.7%	5.2%	5.1%	3.7%	3.6%	2.1%	1.0 - 1.5%
<b>SG&amp;A ex. Advertising and D&amp;A</b>	21.1%	18.2%	14.9%	13.7%	13.7%	11.3%	15.0%	12.9%	4.5 - 5.5%
<b>D&amp;A</b>	1.3%	1.3%	1.2%	1.0%	1.3%	1.0%	1.5%	1.7%	0.5 - 1.0%
<b>SG&amp;A Total as % of Revenue</b>	29.8%	26.0%	21.7%	20.0%	20.2%	15.9%	20.1%	16.7%	6 - 8%
<b>Net Income (loss) margin</b>	-25.5%	-19.1%	-13.0%	-9.3%	-8.3%	-2.2%	-21.3%	1.4% <sup>1</sup>	-
<b>Adjusted EBITDA Margin*</b>	-23.0%	-16.1%	-9.2%	-5.2%	-4.0%	0.5%	-7.7%	3.1%	-
<b>EBITDA Margin*</b>									8 - 13.5%

<sup>1</sup> Net Income margin in FY 2023 benefited from a one-time gain on debt extinguishment of ~\$878 million.

Note: Numbers may not foot due to rounding \*Adjusted EBITDA is defined as net income (loss) plus income tax provision, interest expense, other (income) expense, net, depreciation and amortization in cost of sales and SG&A, goodwill impairment, share-based compensation including the CEO Milestone Gift in cost of sales and SG&A, and restructuring costs, minus revenue related to our Root warrants and gain on debt extinguishment. Following the ADESA Acquisition, we are also excluding depreciation and amortization in cost of sales, which has historically been only a small component of cost of sales. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of total revenues.

EBITDA Margin is calculated as net income (loss) plus income tax provision, interest expense, and depreciation and amortization, divided by revenues

COMPETITIVE ADVANTAGES

# SIGNIFICANT GROWTH OPPORTUNITIES

Drive Revenue Growth in Existing Markets



Enter New Key Geographical Markets



Innovate and Extend Technology Leadership



Improve Brand Awareness



Develop New Products



COMPETITIVE ADVANTAGES

# KEY INVESTMENT HIGHLIGHTS

## MASSIVE, STABLE, FRAGMENTED MARKET

Exceptionally large and inefficient used car market

**\$840B**

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

**2.3%**

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

## SUPERIOR CUSTOMER EXPERIENCE

Simple, seamless and differentiated used car buying experience

**85%**

Customers who would recommend to a 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

**81.1%**

U.S. Population Coverage <sup>(4)</sup>

**2nd**

Largest used car dealer in the US <sup>(2)</sup>

## VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

**17**

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

**39**

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

## ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

**27%**

Five Year Unit CAGR <sup>(2)</sup>

**1.7M**

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

# APPENDIX

# NON-GAAP MEASURES

To supplement the consolidated financial measures, which are prepared and presented in accordance with GAAP, we also refer to the following non-GAAP measures in this presentation: Adjusted EBITDA, Adjusted EBITDA margin and Total gross profit per retail unit, Non-GAAP.

Adjusted EBITDA is defined as net income (loss) plus income tax provision, interest expense, other (income) expense, net, depreciation and amortization in cost of sales and SG&A, goodwill impairment, share-based compensation including the CEO Milestone Gift in cost of sales and SG&A, and restructuring costs, minus revenue related to our Root Warrants and gain on debt extinguishment. Following the ADESA Acquisition, we are also excluding depreciation and amortization in cost of sales, which was historically only a small component of cost of sales. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of total revenues.

Gross profit, non-GAAP is defined as GAAP gross profit plus depreciation and amortization in cost of sales, share-based compensation including the CEO Milestone Gift in cost of sales, and restructuring costs, minus revenue related to our Root Warrants. Total gross profit per retail unit, non-GAAP is Gross profit, non-GAAP divided by retail vehicle unit sales.

We believe that these metrics are useful measures to us and to our investors because they exclude certain financial, capital structure, and non-cash items that we do not believe directly reflect our core operations and may not be indicative of our recurring operations, in part because they may vary widely across time and within our industry independent of the performance of our core operations. We believe that excluding these items enables us to more effectively evaluate our performance period-over-period and relative to our competitors.

None of these Non-GAAP metrics 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.

## For the Years Ended December 31,

(dollars in millions, except per unit amounts)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net income (loss)	\$ (15)	\$ (37)	\$ (93)	\$ (164)	\$ (255)	\$ (365)	\$ (462)	\$ (287)	\$ (2,894)	\$ 150
Income tax provision	—	—	—	—	—	—	—	1	1	25
Interest expense	—	1	4	8	25	81	131	176	486	632
Other (income) expense, net	—	—	—	1	1	4	(1)	6	70	(1)
Depreciation and amortization expense in cost of sales	—	—	—	—	—	—	10	24	114	169
Depreciation and amortization expense in SG&A	2	3	4	11	24	41	74	105	200	183
Share-based compensation expense in cost of sales	—	—	—	—	4	5	1	—	16	—
Share-based compensation expense in SG&A	—	1	1	6	21	30	25	39	69	73
Goodwill impairment	—	—	—	—	—	—	—	—	847	—
Root warrant revenue	—	—	—	—	—	—	—	—	(7)	(21)
Gain on debt extinguishment	—	—	—	—	—	—	—	—	—	(878)
Restructuring	—	—	—	—	—	—	—	—	57	7
Adjusted EBITDA	<u>\$ (13)</u>	<u>\$ (32)</u>	<u>\$ (84)</u>	<u>\$ (138)</u>	<u>\$ (180)</u>	<u>\$ (204)</u>	<u>\$ (222)</u>	<u>\$ 64</u>	<u>\$ (1,041)</u>	<u>\$ 339</u>
Total revenues	<u>\$ 42</u>	<u>\$ 130</u>	<u>\$ 365</u>	<u>\$ 859</u>	<u>\$ 1,955</u>	<u>\$ 3,940</u>	<u>\$ 5,587</u>	<u>\$ 12,814</u>	<u>\$ 13,604</u>	<u>\$ 10,771</u>
Net income (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>	<u>(2.2)%</u>	<u>(21.3)%</u>	<u>1.4 %</u>
Adjusted EBITDA margin	<u>(31.0)%</u>	<u>(24.6)%</u>	<u>(23.0)%</u>	<u>(16.1)%</u>	<u>(9.2)%</u>	<u>(5.2)%</u>	<u>(4.0)%</u>	<u>0.5 %</u>	<u>(7.7)%</u>	<u>3.1 %</u>
Gross profit	\$ —	\$ 1	\$ 19	\$ 68	\$ 197	\$ 506	\$ 794	\$ 1,929	\$ 1,246	\$ 1,724
Depreciation and amortization expense in cost of sales	—	—	—	—	—	—	10	24	114	169
Share-based compensation expense in cost of sales	—	—	—	—	4	5	1	—	16	—
Root warrant revenue	—	—	—	—	—	—	—	—	(7)	(21)
Restructuring	—	—	—	—	—	—	—	—	7	—
Gross profit, non-GAAP	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 19</u>	<u>\$ 68</u>	<u>\$ 201</u>	<u>\$ 511</u>	<u>\$ 805</u>	<u>\$ 1,953</u>	<u>\$ 1,376</u>	<u>\$ 1,872</u>
Retail vehicle unit sales	2,105	6,523	18,761	44,252	94,108	177,549	244,111	425,237	412,296	312,847
Total gross profit per retail unit	<u>\$ (201)</u>	<u>\$ 206</u>	<u>\$ 1,023</u>	<u>\$ 1,539</u>	<u>\$ 2,090</u>	<u>\$ 2,852</u>	<u>\$ 3,253</u>	<u>\$ 4,537</u>	<u>\$ 3,022</u>	<u>\$ 5,511</u>
Total gross profit per retail unit, non-GAAP	<u>\$ (201)</u>	<u>\$ 206</u>	<u>\$ 1,013</u>	<u>\$ 1,537</u>	<u>\$ 2,136</u>	<u>\$ 2,878</u>	<u>\$ 3,298</u>	<u>\$ 4,593</u>	<u>\$ 3,337</u>	<u>\$ 5,984</u>