

# Introduction to Carvana

July 2023



[carvana.com](https://carvana.com)

CARVANA



# SAFE HARBOR

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## **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 2022 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.

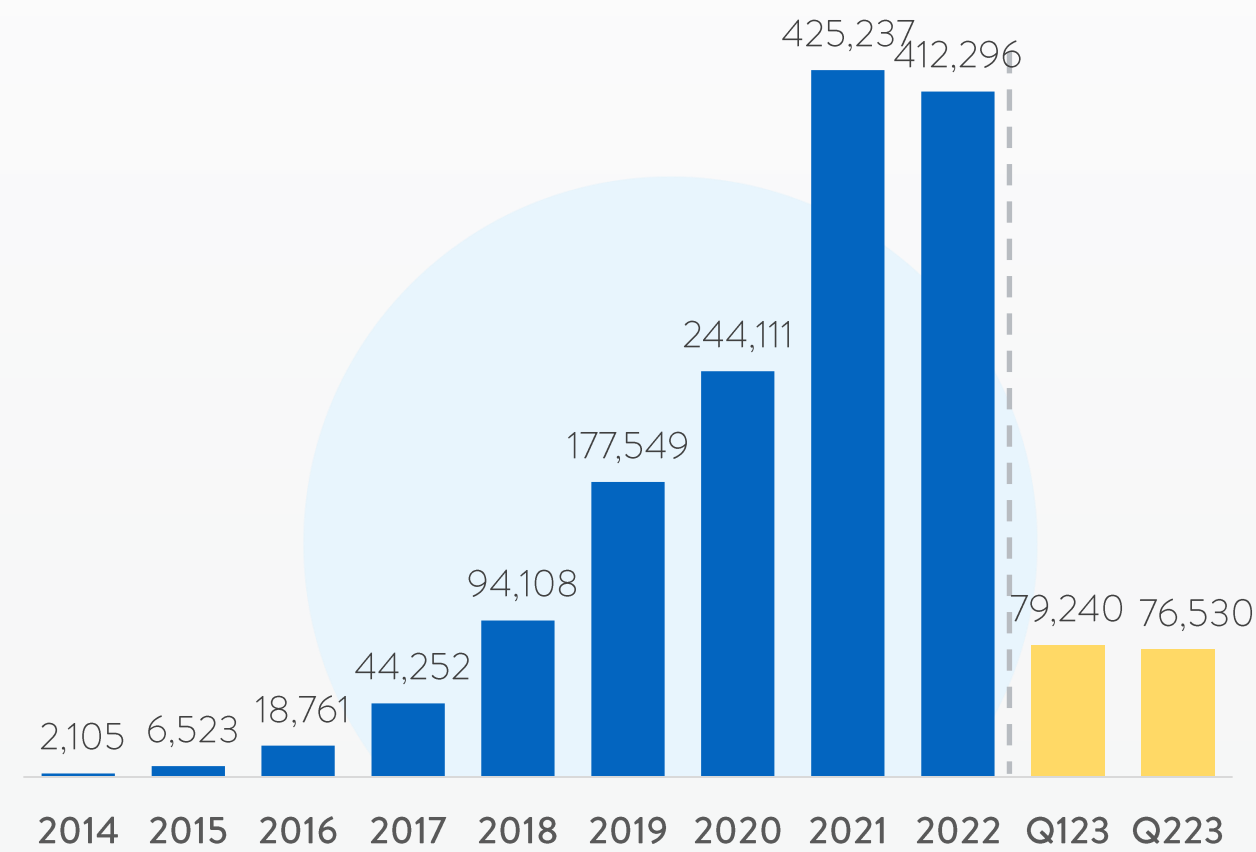




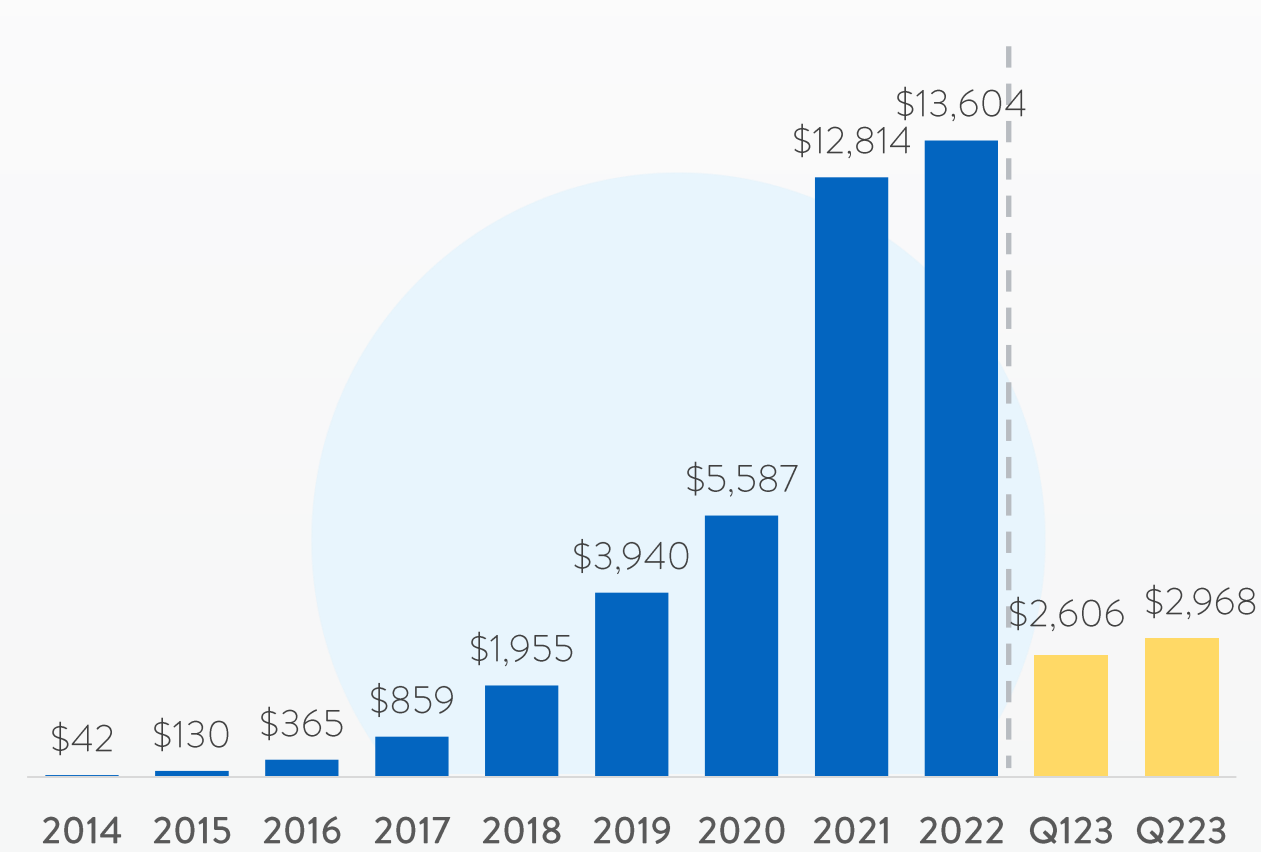
## KEY OPERATING METRICS

# SUCCESSFUL EXECUTION

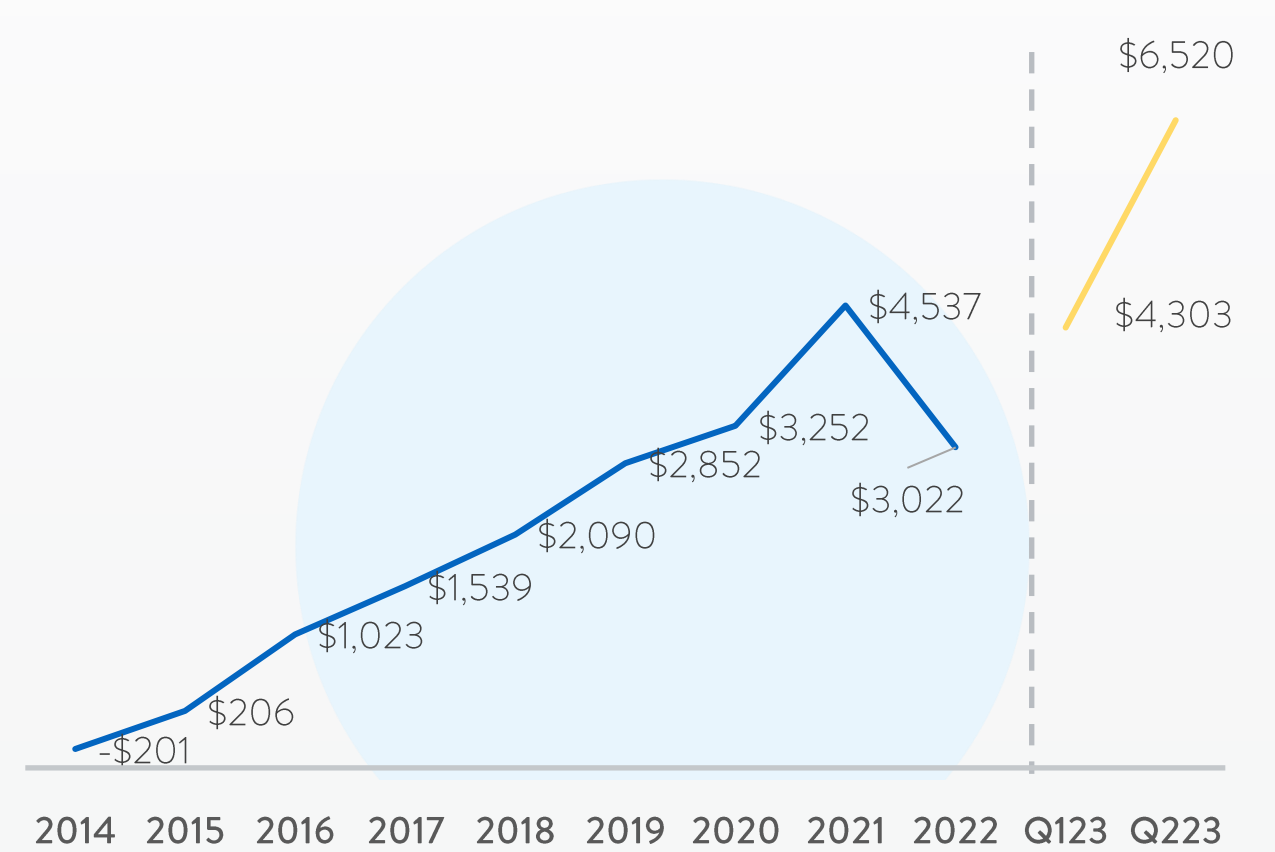
### RETAIL UNITS SOLD



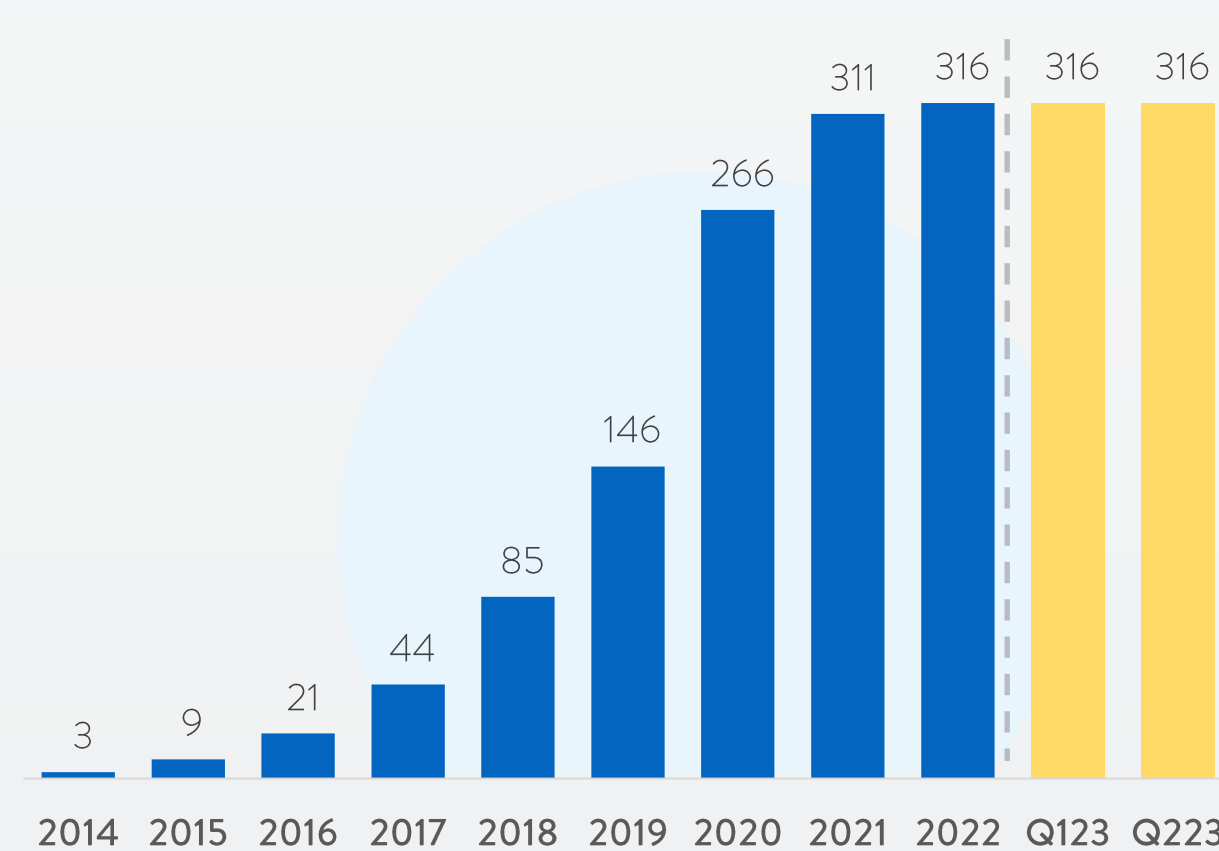
### TOTAL REVENUE (\$M)



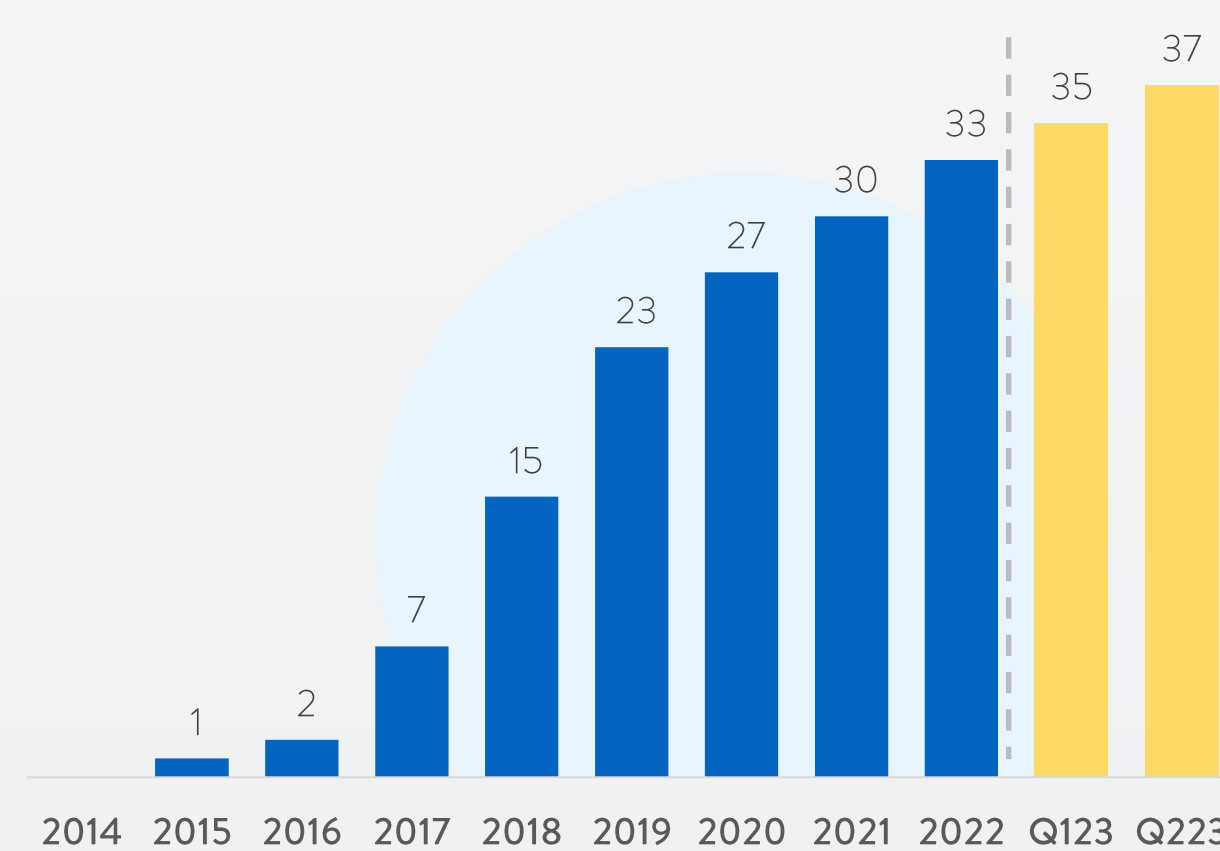
### GROSS PROFIT PER UNIT



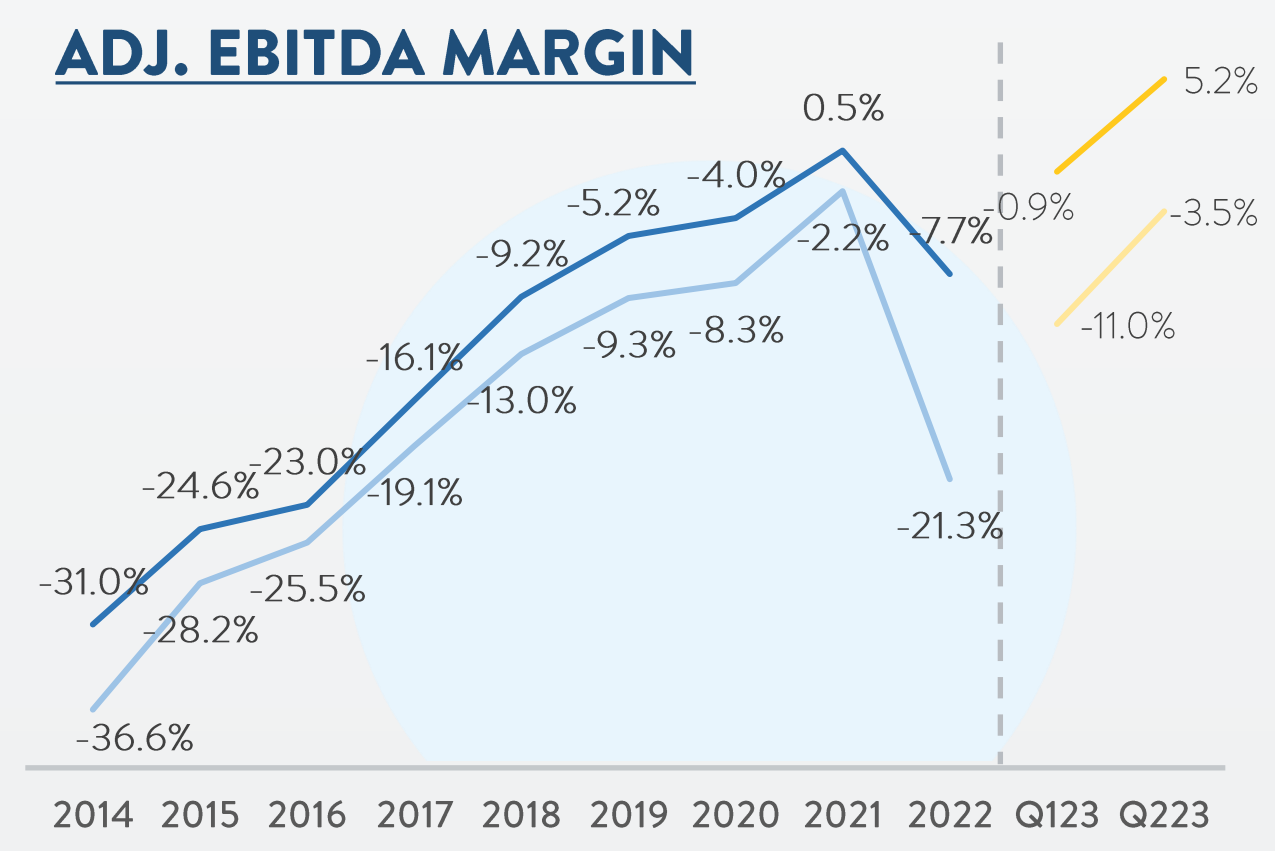
### TOTAL MARKETS AT YEAR END



### CAR VENDING MACHINES



### 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

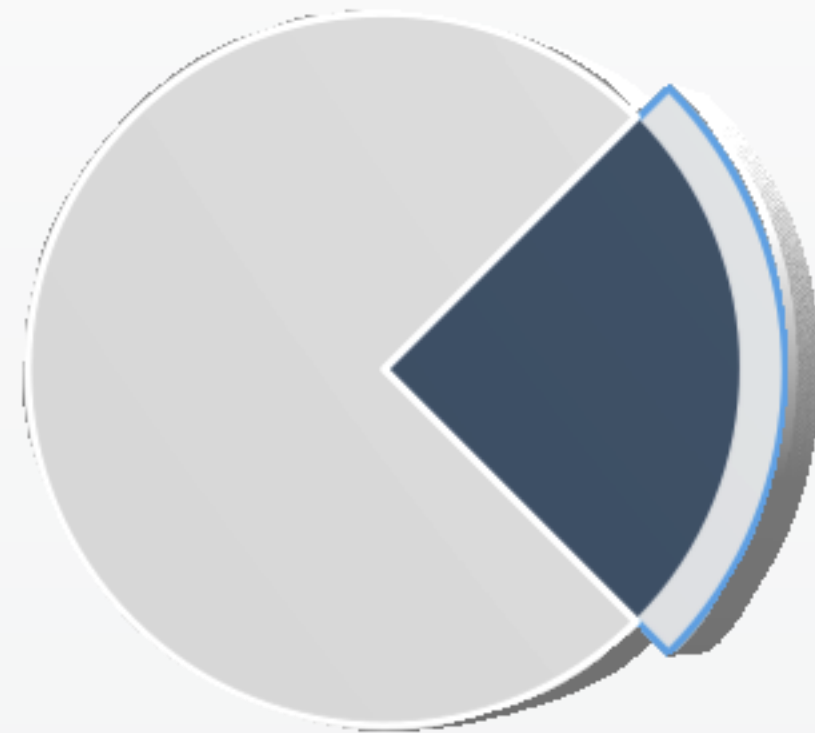
## ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

MASSIVE, STABLE, FRAGMENTED MARKET

# INDUSTRY OVERVIEW

*Auto is...*



**\$1.2 Tn**

in 2021 U.S. Sales <sup>(1)</sup>

**21%**  
of U.S. Retail Economy <sup>(1)</sup>

*Massive*

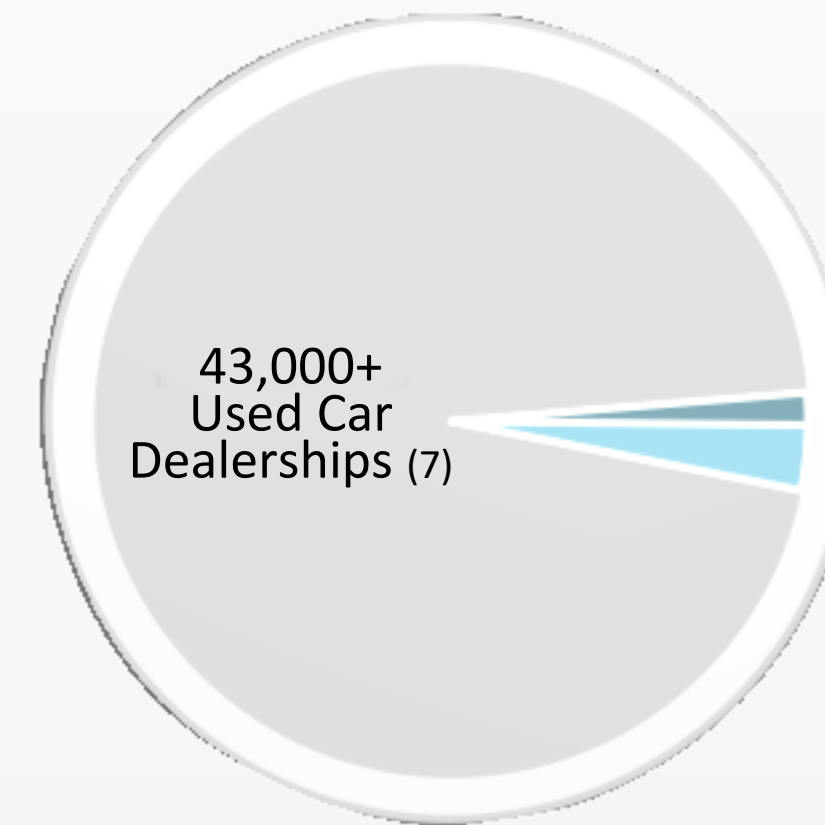


**\$840 Bn**

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

**2.0%**  
2017 – 2022 CAGR <sup>(3)</sup>

*Fragmented*



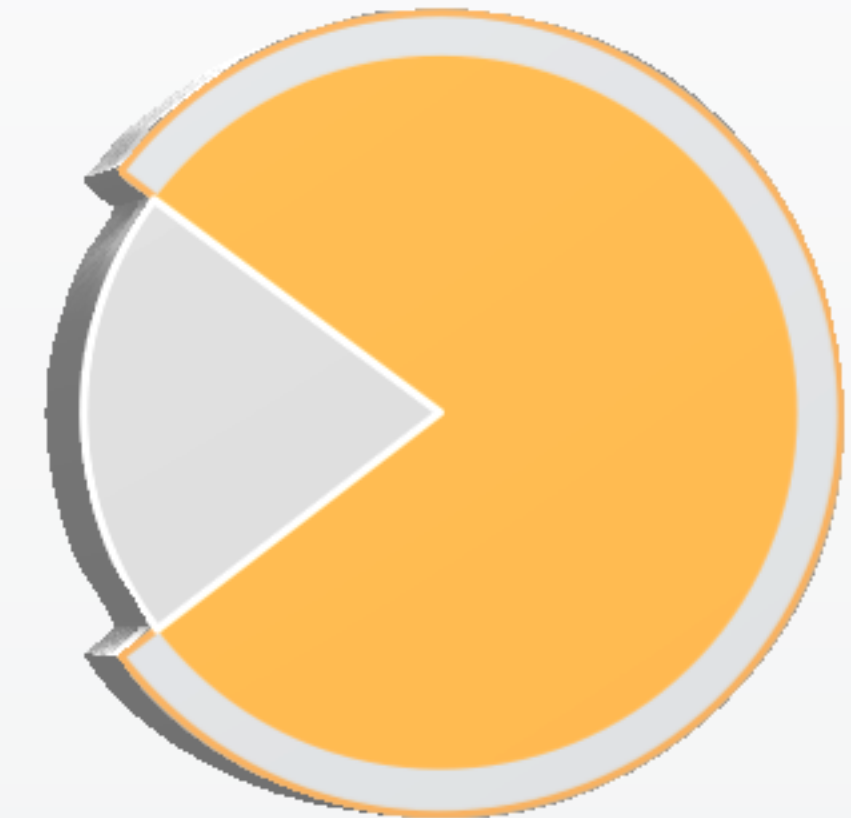
43,000+  
Used Car  
Dealerships <sup>(7)</sup>

**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 2021 report

(2) Edmunds.com 2019 Used Vehicle Market report

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

(4) 2021 Automotive News Top 100 Dealership Groups

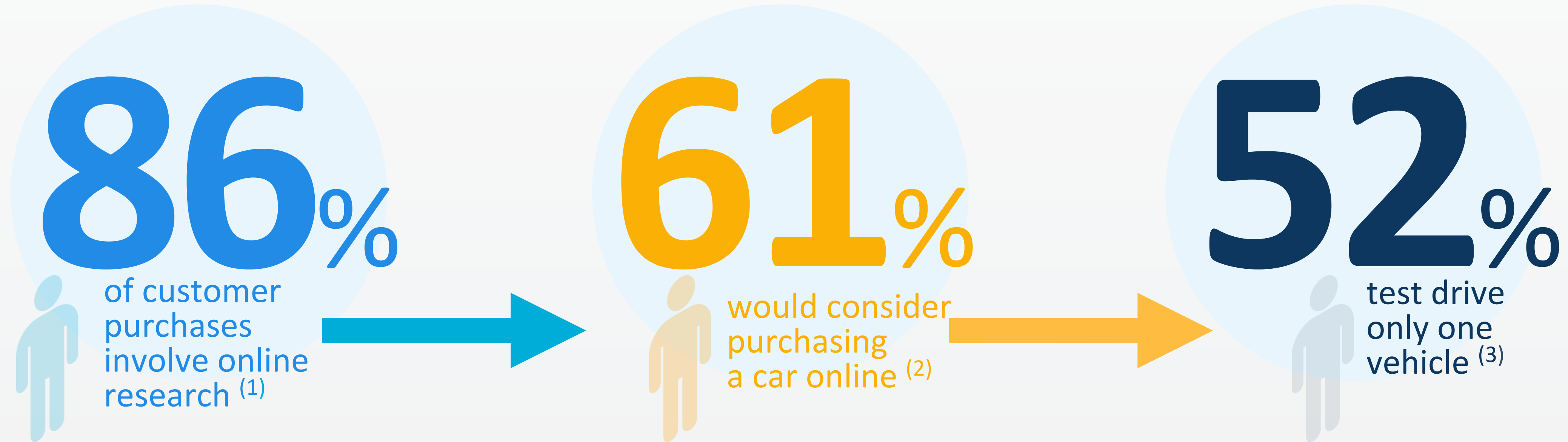
(5) DealerSocket 2016 Independent Dealership Action report – Represents North American consumers

(6) 2019 Gallup Poll

(7) Borrell Associates

MASSIVE, STABLE, FRAGMENTED MARKET

# DIGITAL ECONOMY IS TRANSFORMING CAR BUYING





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

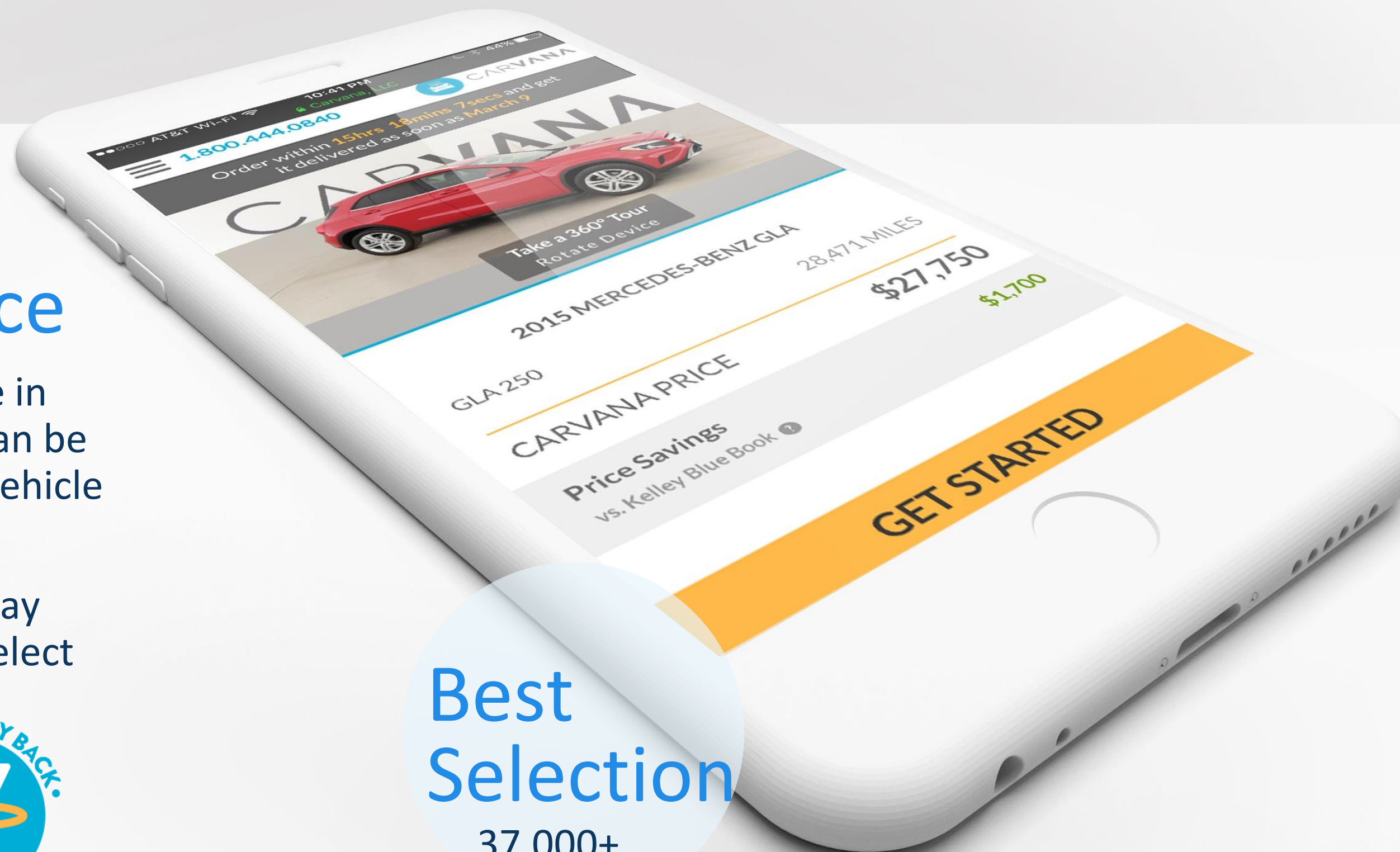


## Best Selection

37,000+ 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 37,000+ vehicles on the website

## Trade or Sell – All Online

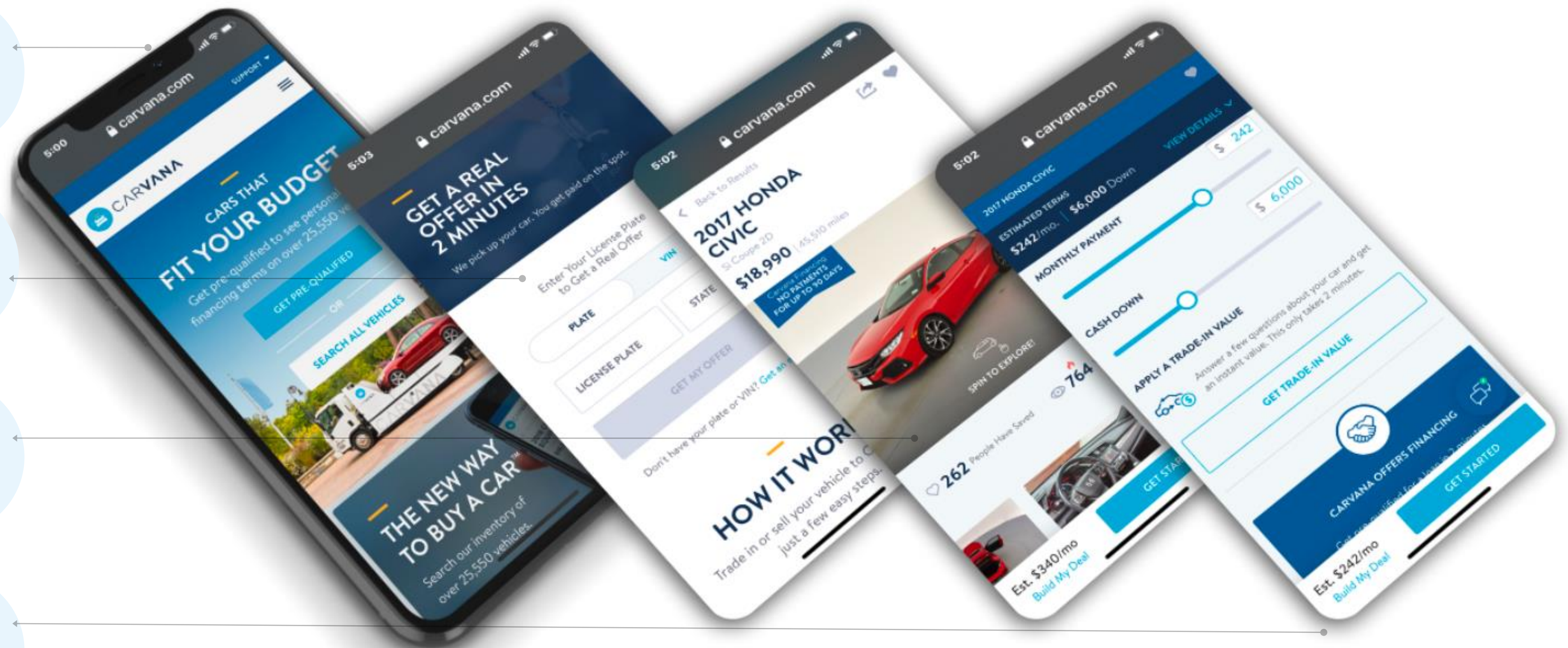
Nearly instantaneous, fully automated contingent trade-in offers

## Real-Time, Personalized Financing

Majority of customers have chosen to finance with Carvana

## Seamless Transaction Technology

Buy a car without leaving your device





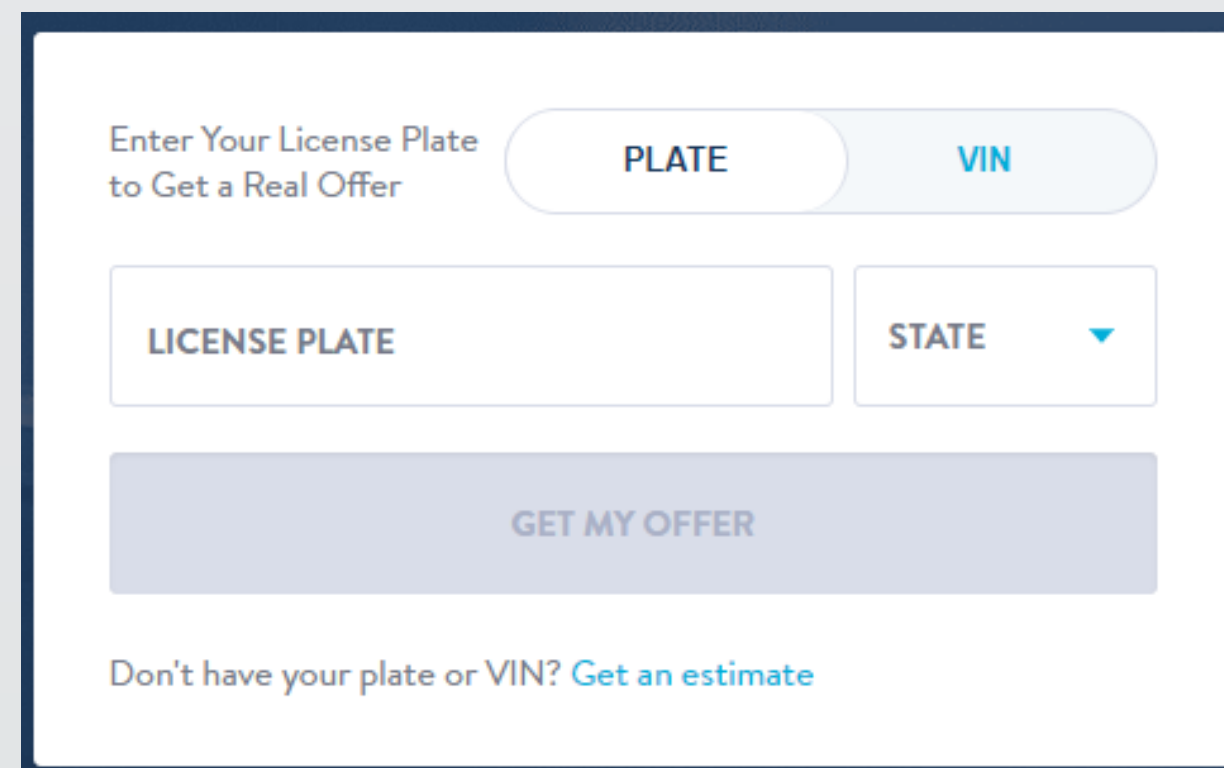
SUPERIOR CUSTOMER EXPERIENCE

# 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



## 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 at a 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

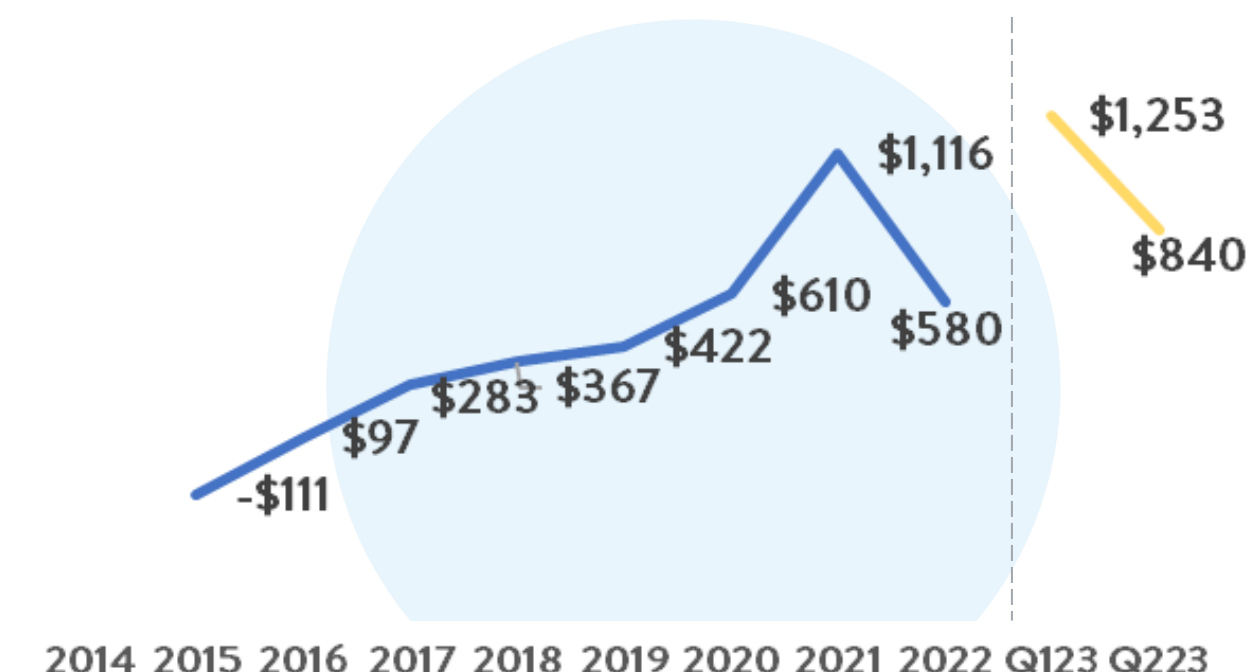


## DATA-DRIVEN

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

\$840 Wholesale GPU \*

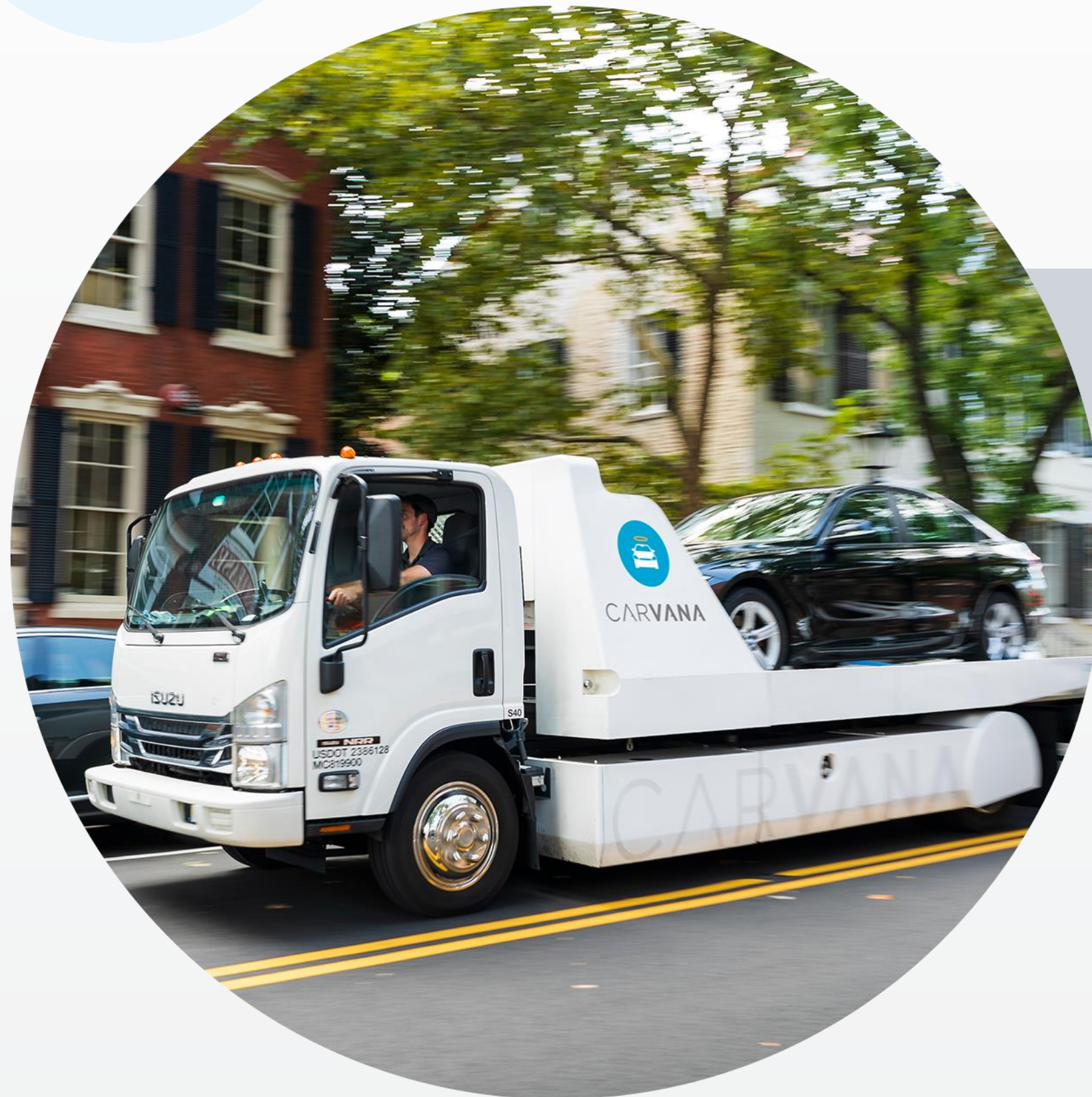
### WHOLESALE GROSS PROFIT PER WHOLESALE UNIT





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
- 37 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

4.5

★★★★★  
Rating <sup>(1)</sup>

188,000+

Customer Reviews  
on Carvana.com <sup>(1)</sup>

85%

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

74

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 June 30, 2023

(2) Through June 30, 2023, based on respondents to the question

(3) Survey performed by Bazaarvoice through June 30, 2023



GROWING UNITS & REVENUE

# PROVEN EXPANSION STRATEGY

## Repeatable Market Entry Playbook

Activate Team of Expansion Advocates

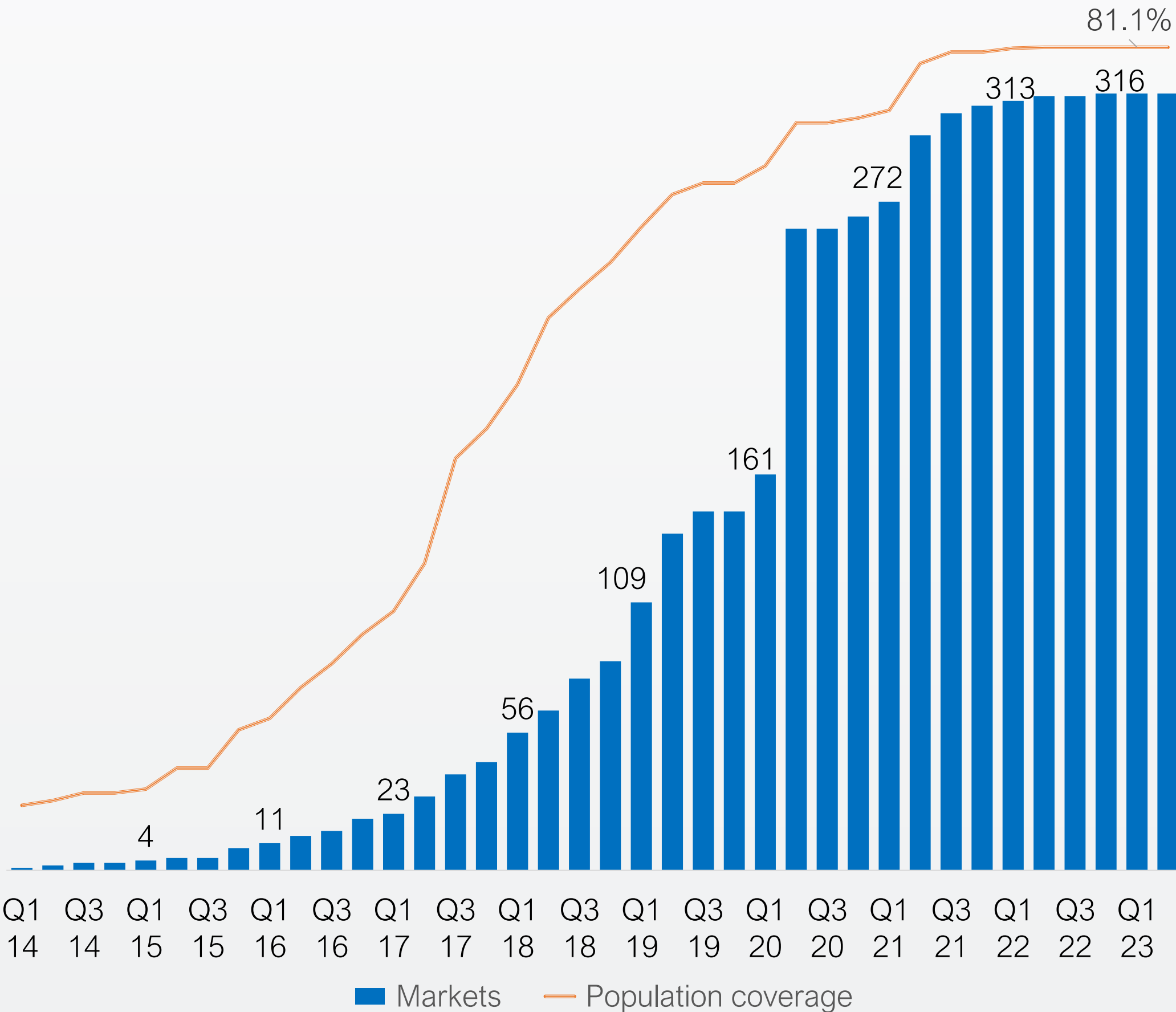
CapEx Light Market Launch

Connect to Logistics Network

Turn on Marketing Program

## Enabling Rapid Expansion of Operating Markets

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



Note: As of June 30, 2023

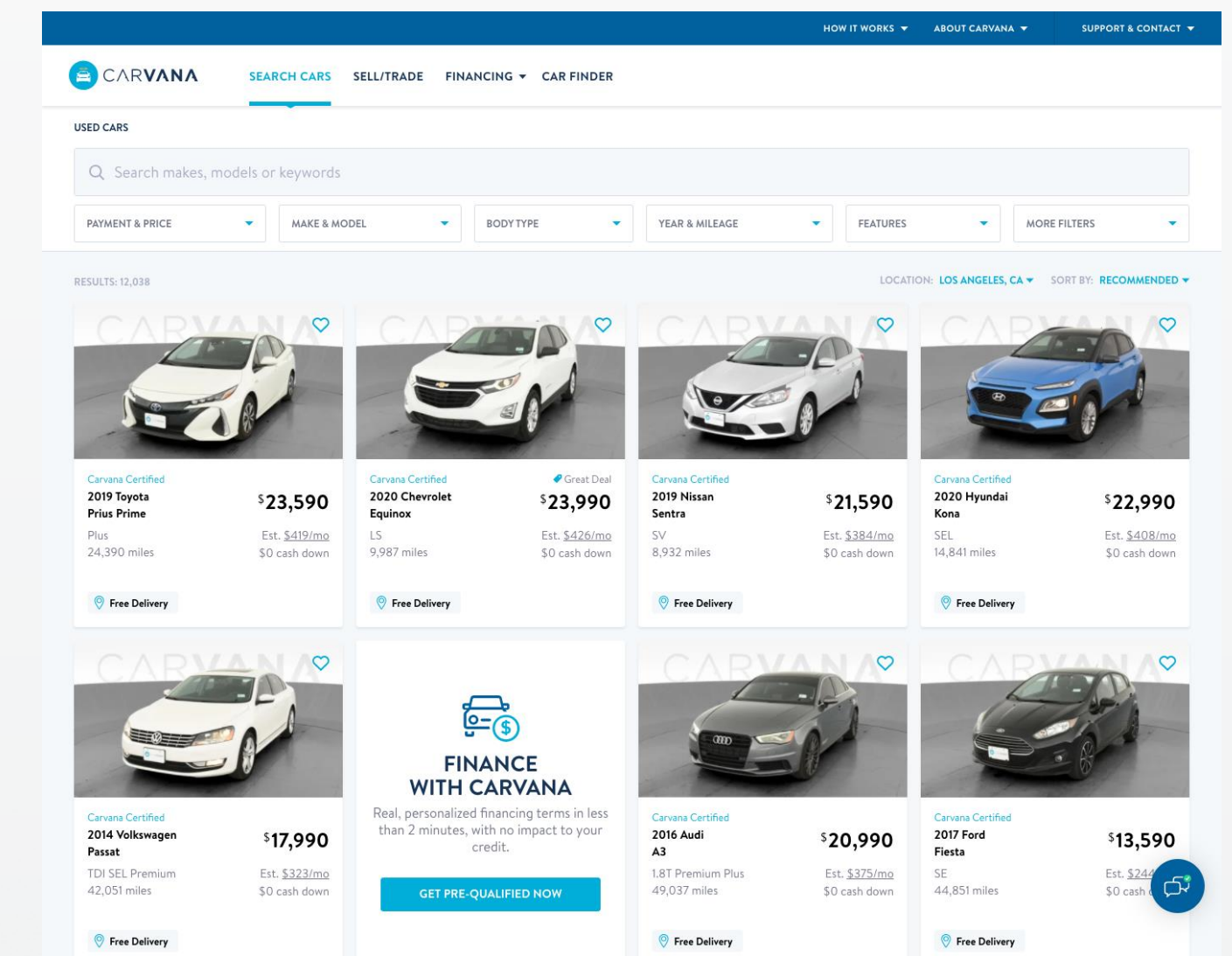


VERTICAL INTEGRATION & FULFILLMENT

# SUPPORTED BY PROPRIETARY VEHICLE ACQUISITION ALGORITHM



37,000+ 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: 37,000+ total website units as of June 30, 2023



## VERTICAL INTEGRATION & FULFILLMENT

# IN-HOUSE INSPECTION, RECONDITIONING & MERCHANDIZING

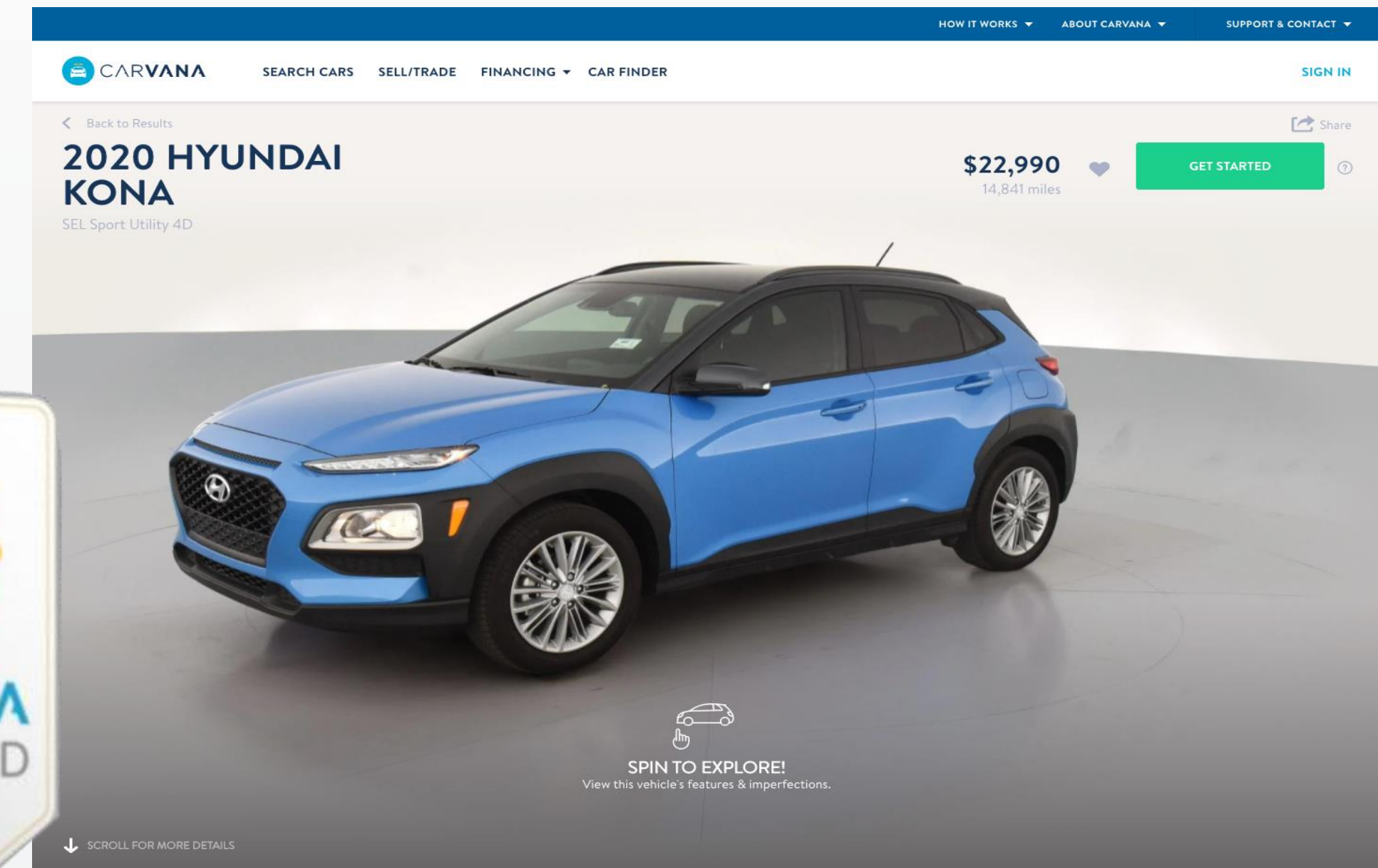
## Inspection and Reconditioning



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

\*Based on 17 Carvana IRCs in operation as of June 30, 2023 and acquired ADESA sites

## 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

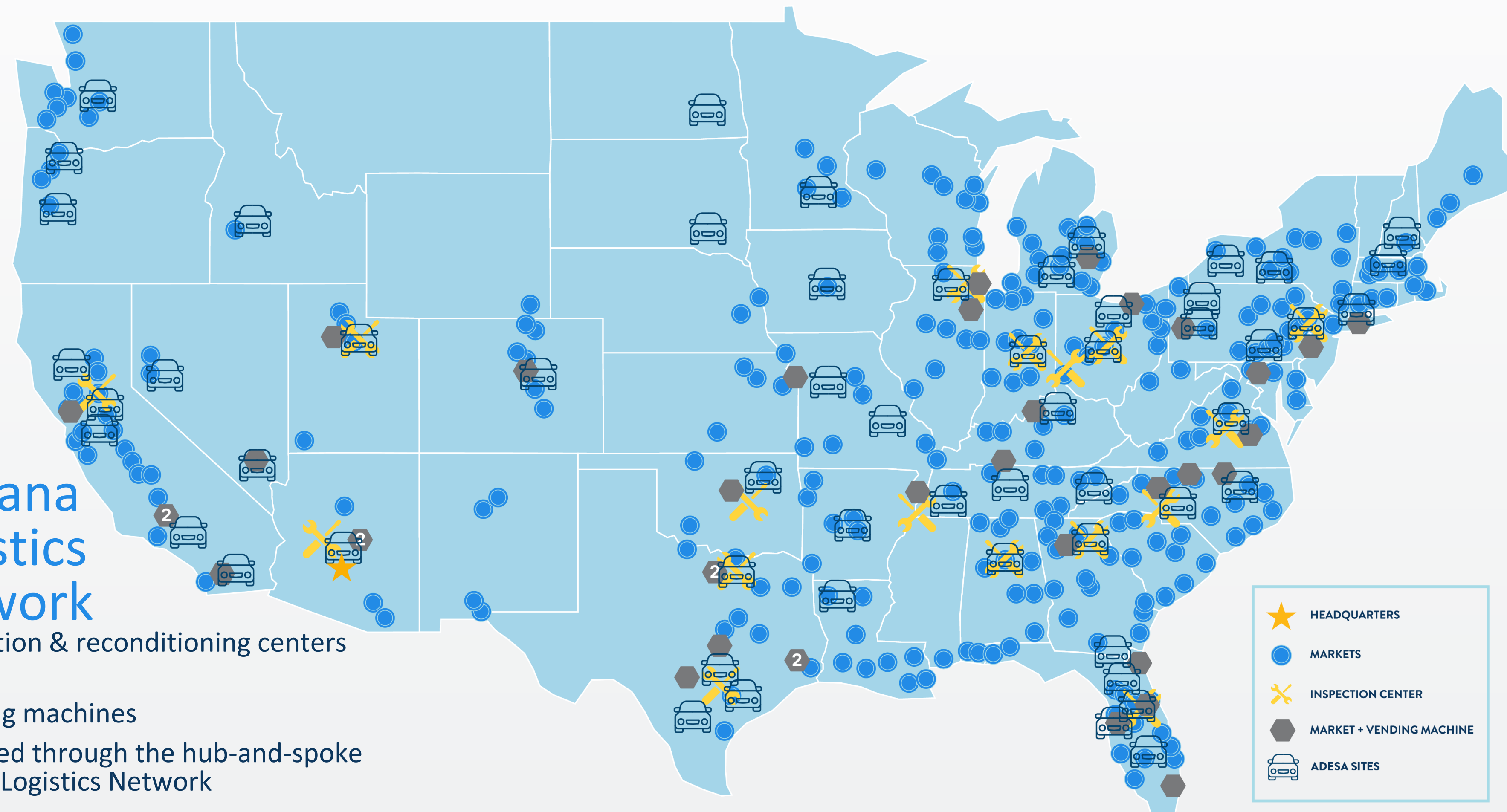
Enables vehicle cost arbitrage across geographies

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

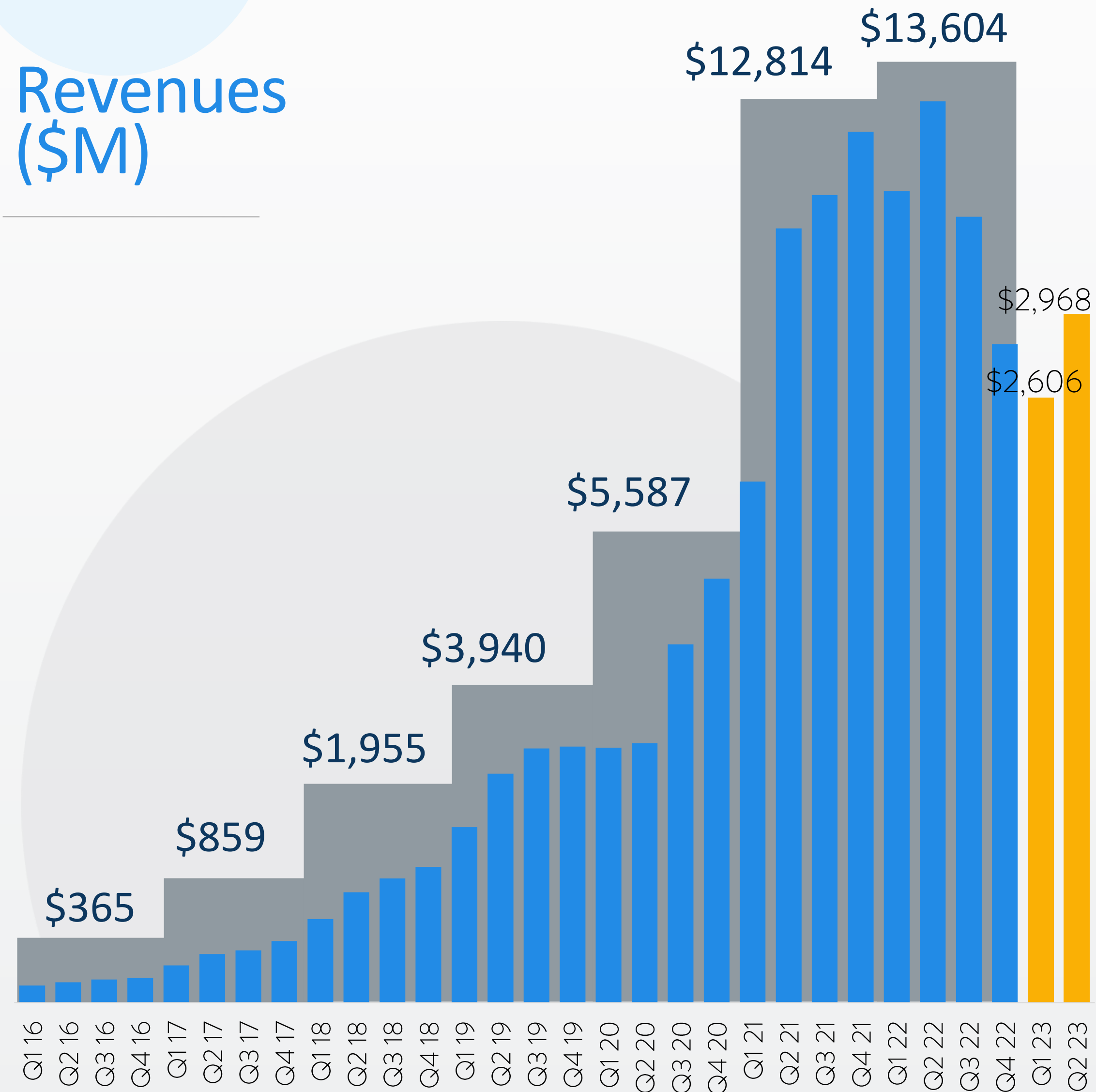




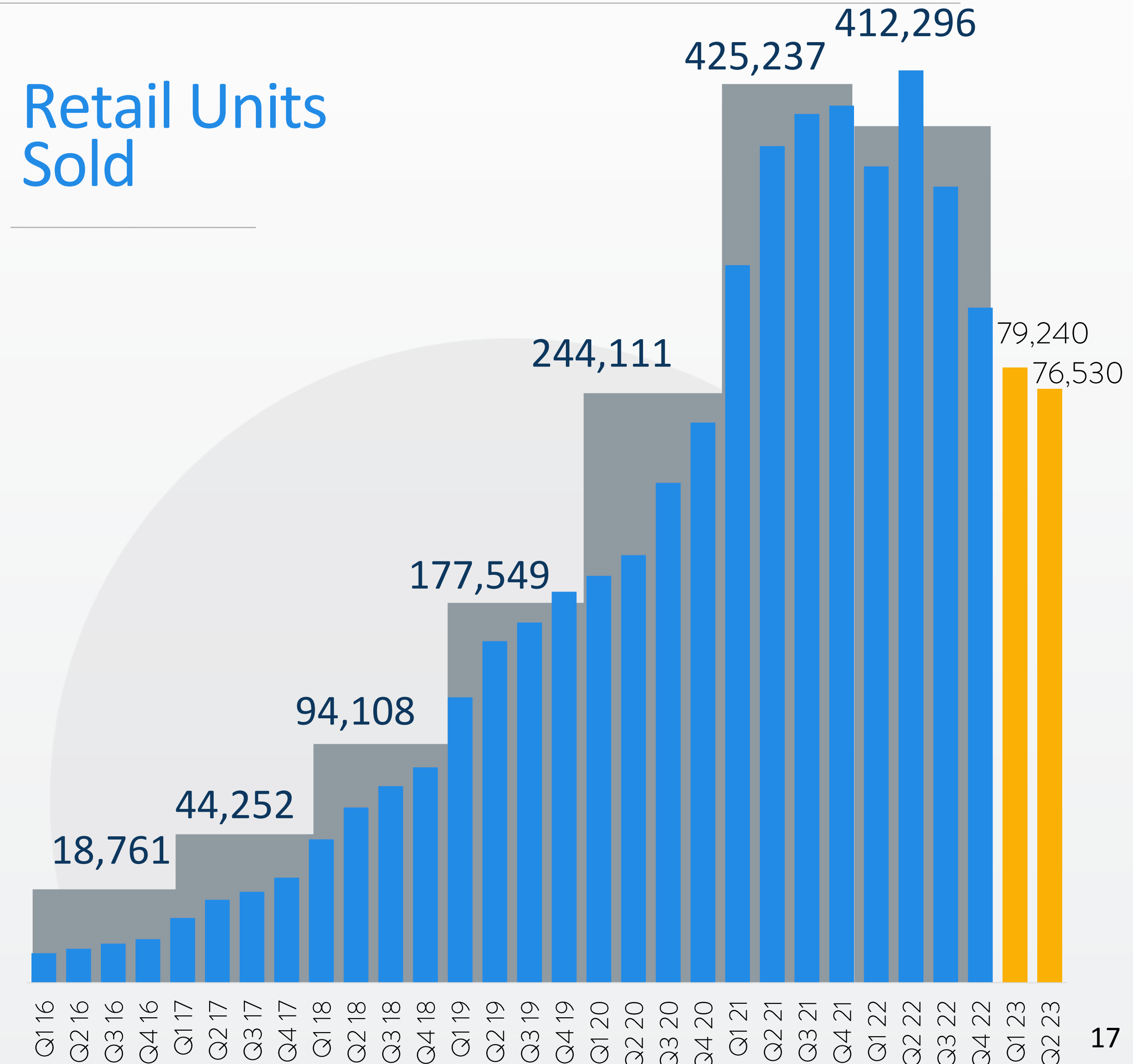
GROWING UNITS & REVENUE

# RAPID SECULAR GROWTH

Revenues  
(\$M)



Retail Units  
Sold

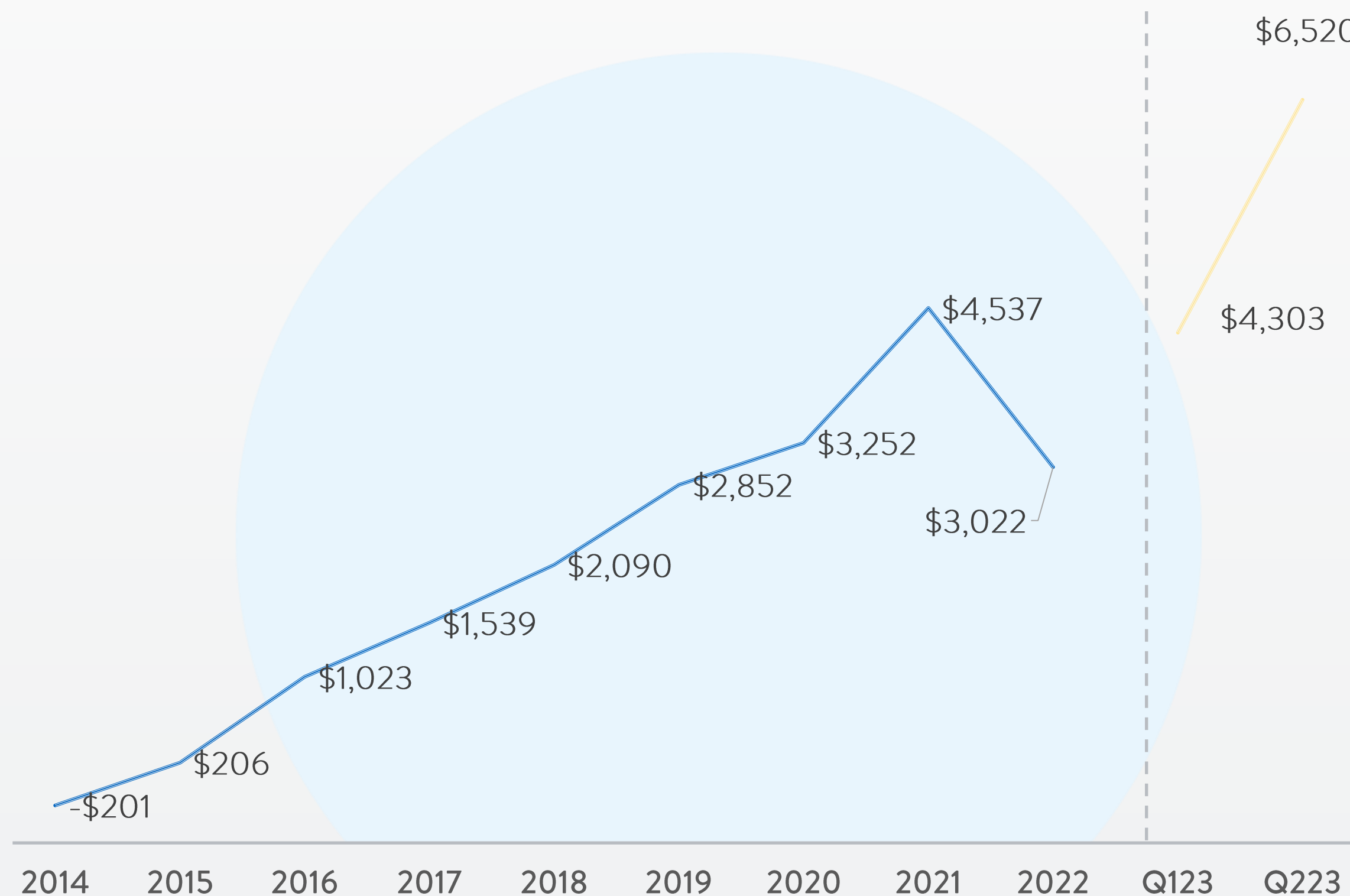




EXPANDING GPU & OPERATING MARGINS

# 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



# INTEGRATION CREATES COMPETITIVE ADVANTAGES

Large-scale  
Reconditioning



Internal  
Logistics Network



Proprietary  
Financing Platform

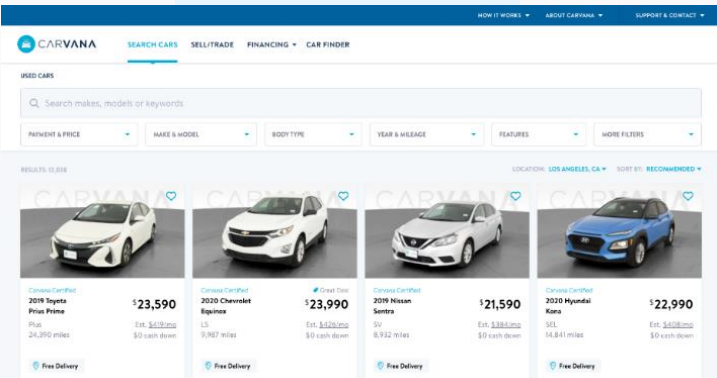


National Consumer  
Focused Brand



Leading Fulfillment  
Experience

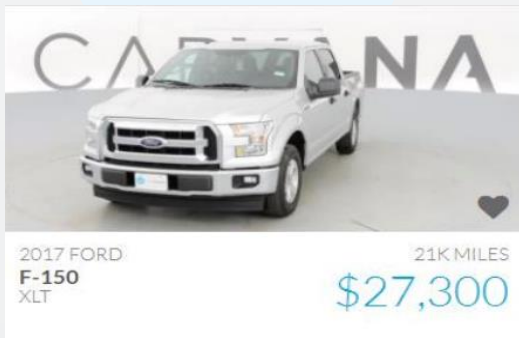
Retail Marketplace



Physical  
Wholesale Auction



Fully Transactable  
E-Commerce Experience





## COMPETITIVE ADVANTAGES

# PROGRESS TOWARDS OUR FINANCIAL OBJECTIVES

Long Term  
Target

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Q2 2023	Long Term Target
YoY Revenue Growth	180%	135%	128%	101%	42%	129%	6.2%	-23.6%	-
Gross Profit	5.3%	7.9%	10.1%	12.9%	14.2%	15.1%	9.2%	16.8%	15 - 19%
Advertising	7.4%	6.5%	5.7%	5.2%	5.1%	3.7%	3.6%	1.9%	1.0 - 1.5%
SG&A ex. Advertising and D&A	21.1%	18.2%	14.9%	13.7%	13.7%	11.3%	15.0%	11.8%	4.5 - 5.5%
D&A	1.3%	1.3%	1.2%	1.0%	1.3%	1.0%	1.5%	1.5%	0.5 - 1.0%
SG&A Total as % of Revenue	29.8%	26.0%	21.7%	20.0%	20.2%	15.9%	20.1%	15.2%	6 - 8%
Net Income (loss) margin	-25.5%	-19.1%	-13.0%	-9.3%	-8.3%	-2.2%	-21.3%	-3.5%	-
Adjusted EBITDA Margin*	-23.0%	-16.1%	-9.2%	-5.2%	-4.0%	0.5%	-7.7%	5.2%	-
EBITDA Margin**									8 - 13.5%

Note: Numbers may not foot due to rounding \*Adjusted EBITDA is defined as net loss plus income tax expense, 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. 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.



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>

**2.3%**

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

## SUPERIOR CUSTOMER EXPERIENCE

Simple, seamless and differentiated used car buying experience

**85%**

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

**4.5/5.0**

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

## VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

**17**

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

**37**

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

## ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

**34%**

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

**1.6M**

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



# APPENDIX

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# Non-GAAP Measures

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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 and Adjusted EBITDA margin.

Adjusted EBITDA is defined as net loss plus income tax expense, 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. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of total revenues.

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.



# Non-GAAP Measures

(dollars in millions, except per unit amounts)	For the Years Ended December 31,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net loss	\$ (15)	\$ (37)	\$ (93)	\$ (164)	\$ (255)	\$ (365)	\$ (462)	\$ (287)	\$ (2,894)
Income tax provision	-	-	-	-	-	-	-	1	1
Interest expense	-	1	4	8	25	81	131	176	486
Other (income) expense, net	-	-	-	1	1	4	(1)	6	70
Depreciation and amortization expense in cost of sales	-	-	-	-	-	-	10	24	114
Depreciation and amortization expense in SG&A	2	3	4	11	24	41	74	105	200
Goodwill impairment	-	-	-	-	-	-	-	-	847
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
Root warrant revenue	-	-	-	-	-	-	-	-	(7)
Restructuring	-	-	-	-	-	-	-	-	57
Adjusted EBITDA	\$ (13)	\$ (32)	\$ (84)	\$ (138)	\$ (180)	\$ (204)	\$ (222)	\$ 64	\$ (1,041)
Total revenues	\$ 42	\$ 130	\$ 365	\$ 859	\$ 1,955	\$ 3,940	\$ 5,587	\$ 12,814	\$ 13,604
Net loss margin	-36.6%	-28.2%	-25.5%	-19.1%	-13.0%	-9.3%	-8.3%	-2.2%	-21.3%
Adjusted EBITDA margin	-31.0%	-24.6%	-23.0%	-16.1%	-9.2%	-5.2%	-4.0%	0.5%	-7.7%



# Non-GAAP Measures

(dollars in millions, except per unit amounts)	For the Three Months Ended	
	Mar 31, 2023	Jun 30, 2023
Net loss	\$ (286)	\$ (105)
Income tax (benefit) provision	(2)	—
Interest expense	159	155
Other (income) expense, net	(2)	(3)
Depreciation and amortization expense in cost of sales	44	44
Depreciation and amortization expense in SG&A	49	46
Goodwill impairment	—	—
Share-based compensation expense in cost of sales	—	—
Share-based compensation expense in SG&A	15	20
Root warrant revenue	(5)	(5)
Restructuring <sup>(1)</sup>	4	3
Adjusted EBITDA	\$ (24)	\$ 155
Total revenues	\$ 2,606	\$ 2,968
Net loss margin	(11.0)%	(3.5) %
Adjusted EBITDA margin	(0.9)%	5.2 %