

DB Auto Conference

CARVANA  
January 17, 2018



carvana.com

CARVANA



# IMPORTANT NOTICE

## 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: (1) our history of losses and ability to maintain profitability in the future, (2) our ability to effectively manage our rapid growth, (3) our limited operating history, (4) the seasonal and other fluctuations in our quarterly operating results, (5) our relationship with DriveTime Automotive Group, Inc., (6) our **management's** accounting judgments and estimates, as well as changes to accounting policies, (7) our ability to compete in the highly competitive industry in which we participate, (8) the changes in prices of new and used vehicles, (9) our ability to acquire desirable inventory, (10) our ability to sell our inventory expeditiously, (11) our ability to sell and generate gains on the sale of automotive finance receivables, (12) our dependence on the sale of automotive finance receivables for a substantial portion of our gross profits, (13) our reliance on potentially fraudulent credit data for the automotive finance receivables we sell, (14) our ability to successfully market and brand our business; (15) our reliance on Internet searches to drive traffic to our website, (16) our ability to comply with the laws and regulations to which we are subject, (17) the changes in the laws and regulations to which we are subject, (18) our ability to comply with the Telephone Consumer Protection Act of 1991; (19) the evolution of regulation of the Internet and eCommerce, (20) our ability to maintain reputational integrity and enhance our brand, (21) our ability to grow complementary product and service offerings, (22) our ability to address the shift to mobile device technology by our customers, (23) risks related to the larger automotive ecosystem, (24) the geographic concentration where we provide services, (25) our ability to raise additional capital, (26) our ability to maintain adequate relationships with the third parties that finance our vehicle inventory purchases, (27) the representations we make in our finance receivables we sell, (28) our reliance on our proprietary credit scoring model in the forecasting of loss rates, (29) our reliance on internal and external logistics to transport our vehicle inventory, (30) the risks associated with the construction and operation of our inspection and reconditioning centers, fulfillment centers and vending machines, including our dependence on one supplier for construction and maintenance for our vending machines, (31) our ability to protect the personal information and other data that we collect, process and store, (32) disruptions in availability and functionality of our website, (33) our ability to protect our intellectual property, technology and confidential information, (34) our ability to defend against claims that our employees, consultants or advisors have wrongfully used or disclosed trade secrets or intellectual property, (35) our ability to defend against intellectual property disputes, (36) our ability to comply with the terms of open source licenses, (37) conditions affecting automotive manufacturers, including manufacturer recalls, (38) our reliance on third party technology to complete critical business functions, (39) our dependence on key personnel to operate our business, (40) the costs associated with becoming a public company, (41) the diversion of **management's** attention and other disruptions associated with potential future acquisitions, (42) the legal proceedings to which we may be subject in the ordinary course of business, (43) potential errors in our retail installment contracts with our customers that could render them unenforceable and (44) risks relating to our corporate structure and tax receivable agreements.

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.

# IMPORTANT NOTICE

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## 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.

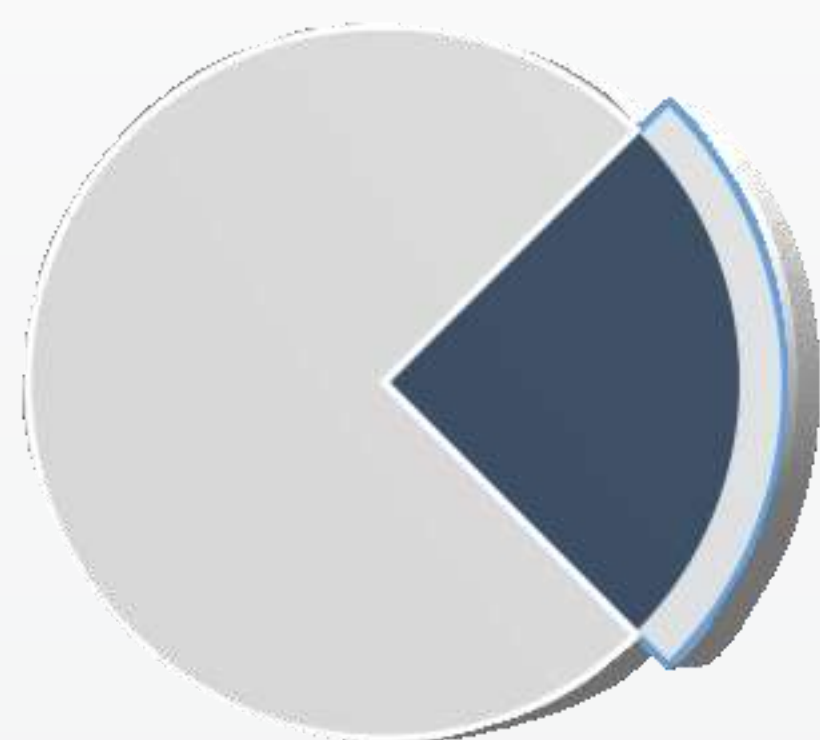
OUR MISSION IS  
TO CHANGE THE WAY  
PEOPLE BUY CARS.



MASSIVE, FRAGMENTED MARKET

# INDUSTRY OVERVIEW

**Auto is...**



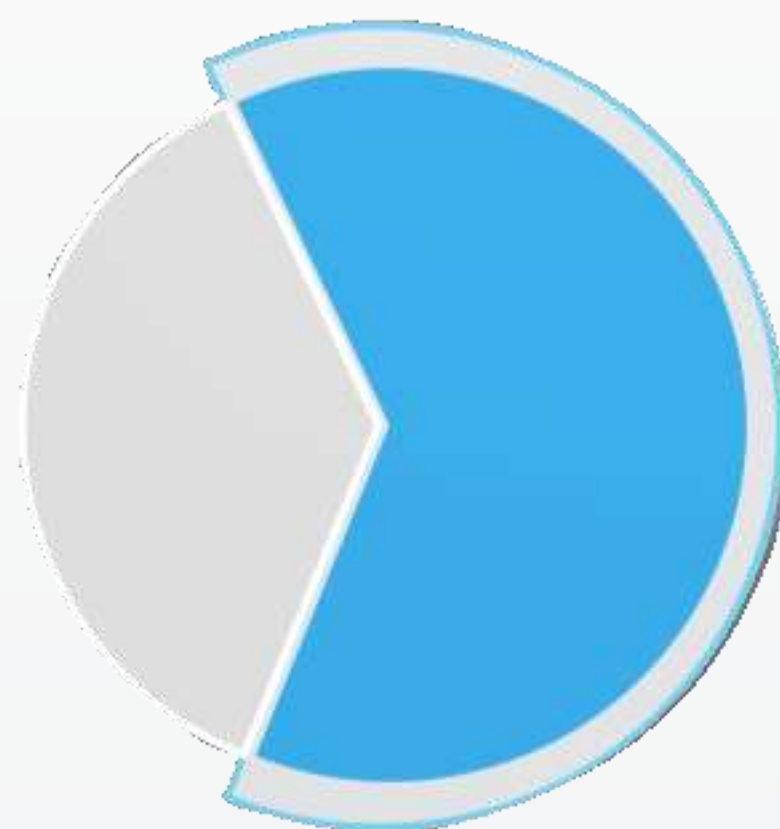
**\$1.1 Tn**

in 2015 U.S. Sales <sup>(1)</sup>

**20%**

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

**Massive**



**\$710 Bn**

in 2015 U.S. Used Car Sales <sup>(2)</sup>

**7.3%**

2015 – 2019 CAGR <sup>(3)</sup>

**Fragmented**



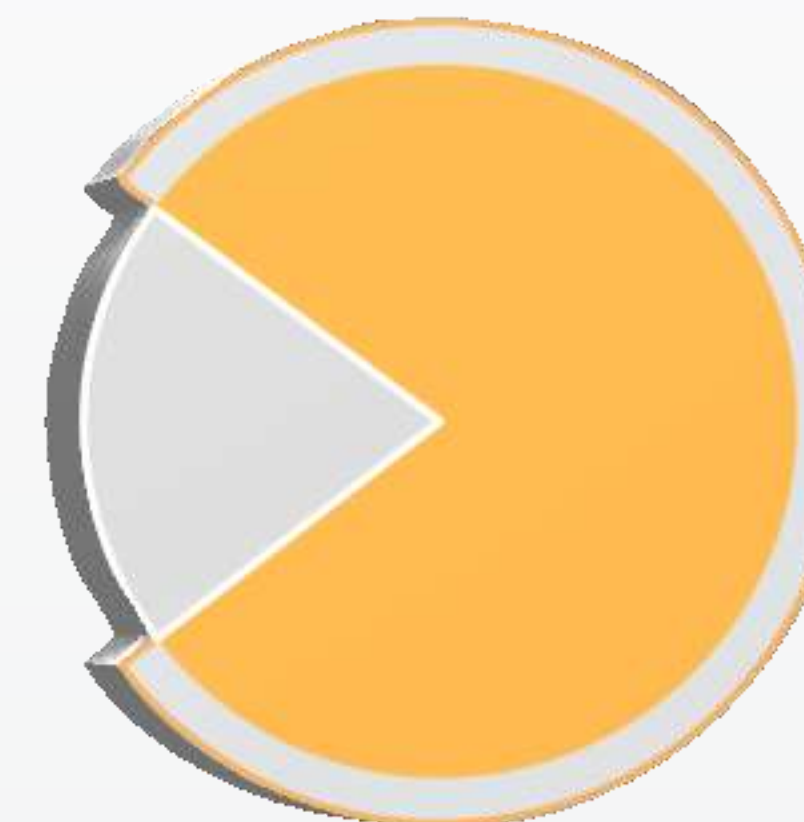
**1.6%**

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

**7.0%**

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>

**8%**

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

(1) U.S. Census Bureau 2015 Retail Sales by Industry

(2) Edmunds.com 2015 Used Vehicle Market report

(3) Technavio 2015 U.S. Used Car Market report

(4) Publicly-listed dealership filings and Automotive News Top 100 Dealership Groups

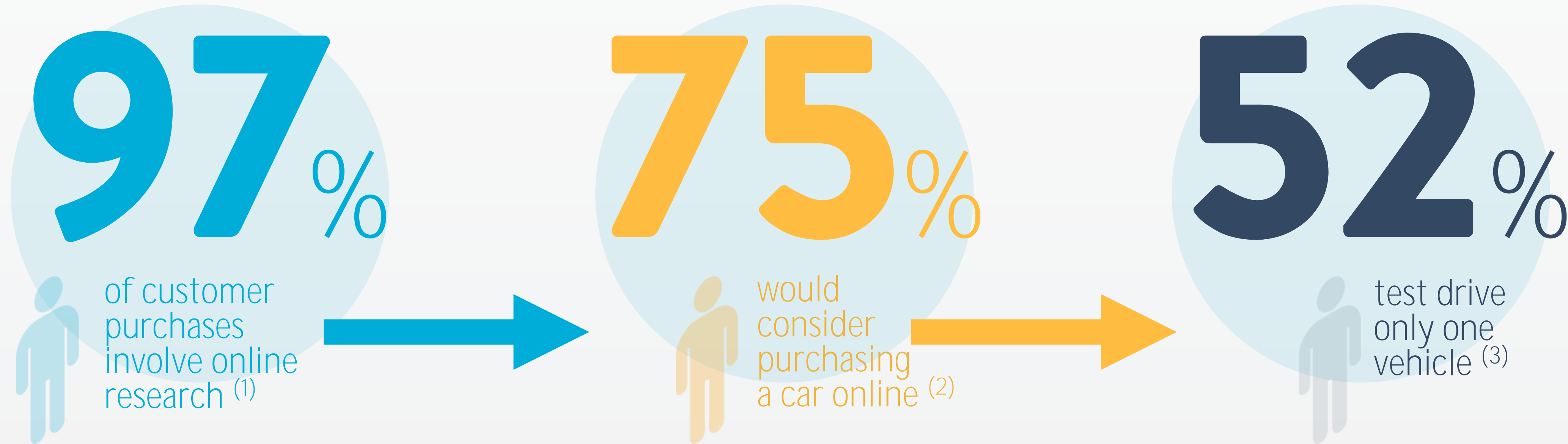
(5) DealerSocket 2016 Independent Dealership Action report – Represents North American consumers

(6) 2015 Gallup Poll

(7) 2017 NADA, Manheim

MASSIVE, FRAGMENTED MARKET

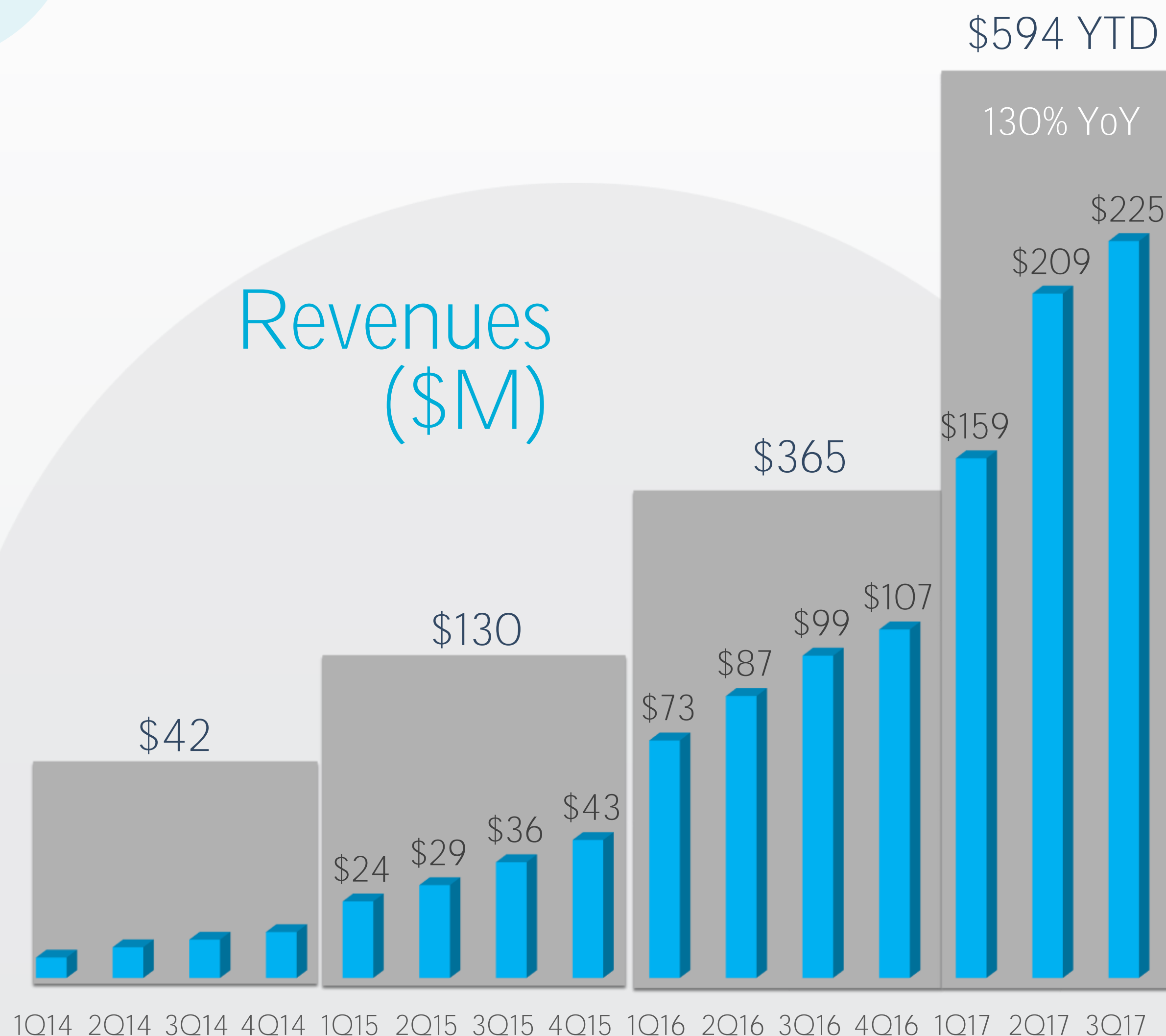
# DIGITAL ECONOMY IS TRANSFORMING CAR BUYING



(1) Capgemini 2014 Cars Online report (2) Accenture 2015 Automotive Digital Survey (3) AutoTrader 2016 Car Buyer Journey report

# RAPID SECULAR GROWTH

Revenues (\$M)



## Multiple Revenue Streams <sup>(1)</sup>

Retail Vehicle Sales

**\$208M Q3'17**

(\$17.8k selling price/retail unit)

Wholesale Vehicle Sales

**\$8M Q3'17**

(\$4.2k selling price/wholesale unit)

Other Sales & Revenues

**\$10M Q3'17**

(\$837 gross profit/retail unit)

(1) All figures based on 3Q17 results, numbers may not match due to rounding

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

9,500+ cars available

## Best Value

\$1,430 in average savings per vehicle compared to KBB Suggested Retail Value in 2016



SUPERIOR CUSTOMER EXPERIENCE

# A SIMPLE AND SEAMLESS CAR BUYING EXPERIENCE

## Vehicle Search & Discovery From Any Device

Intuitive vehicle search with 9,500+ vehicles available online

## Trade or Sell – All Online

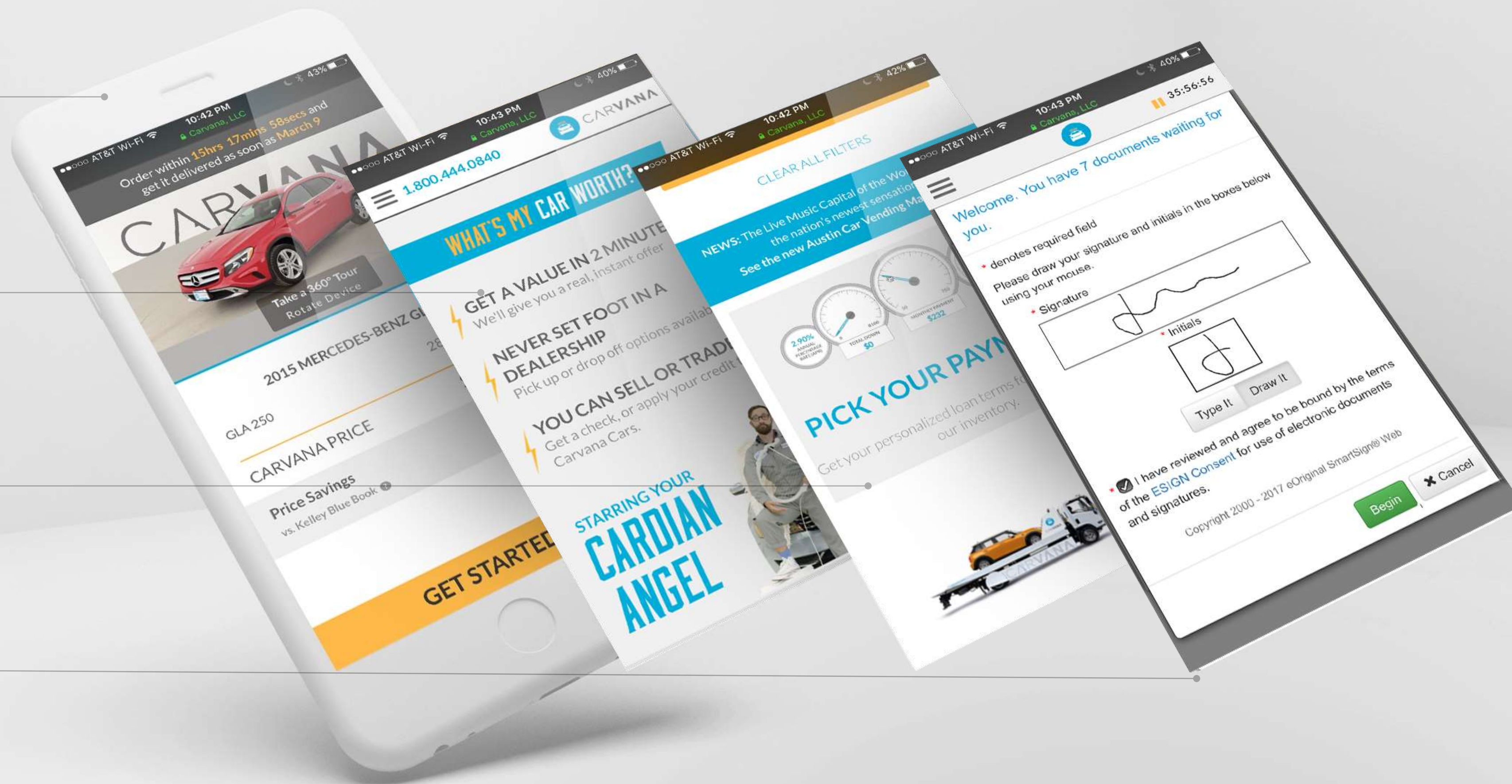
Nearly instantaneous, firm, fully automated trade-in offers

## 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

# 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-car hauler, in our markets

## Vending Machine

- **Operational efficiencies combined** with strong branding
- 7 vending machines currently operational <sup>(1)</sup>
- **2x+** growth in Nashville market penetration within two quarters after vending machine launch
- **Creates a unique video of the experience** for customers to share via social media



(1) As of December 31, 2017

SUPERIOR CUSTOMER EXPERIENCE

# DELIVERING SUPERIOR CUSTOMER EXPERIENCES

4.7

★★★★★  
Rating <sup>(1)</sup>

12,900+

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

97%

Would Recommend  
To A Friend <sup>(1)</sup>

85

Net Promoter Score  
(NPS) <sup>(2)</sup>

“Carvana will  
change the way  
cars are sold.”

“Carvana  
is the bomb!”

“I never  
thought car  
buying could  
be enjoyable.”



(1) Through January 4, 2018

(2) Survey performed by Bazaarvoice

PROVEN GO-TO-MARKET STRATEGY

# PROVEN GO-TO-MARKET STRATEGY

## Repeatable Market Entry Playbook

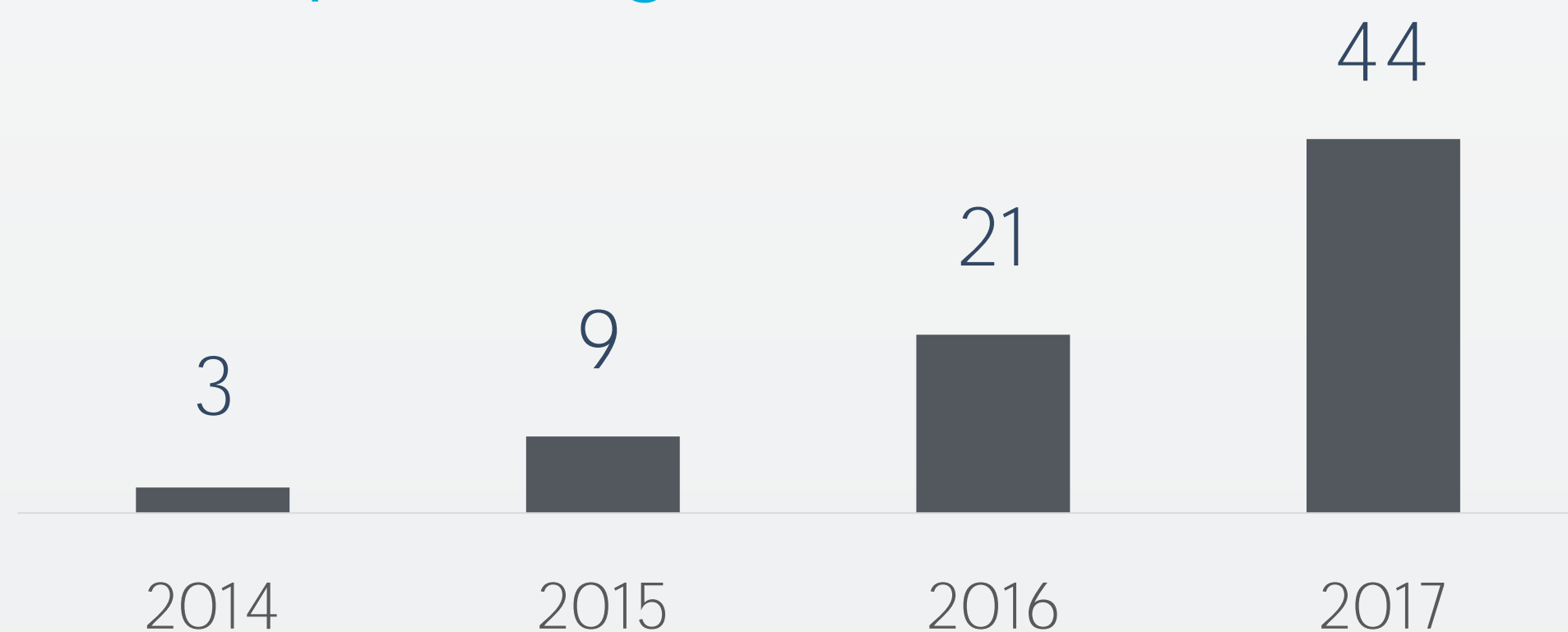
Activate Team of Expansion Advocates

Connect to Logistics Network

Market Launch CapEx Spend  
 \$500k for initial delivery-only program  
 Average of \$5M for vending machine launch

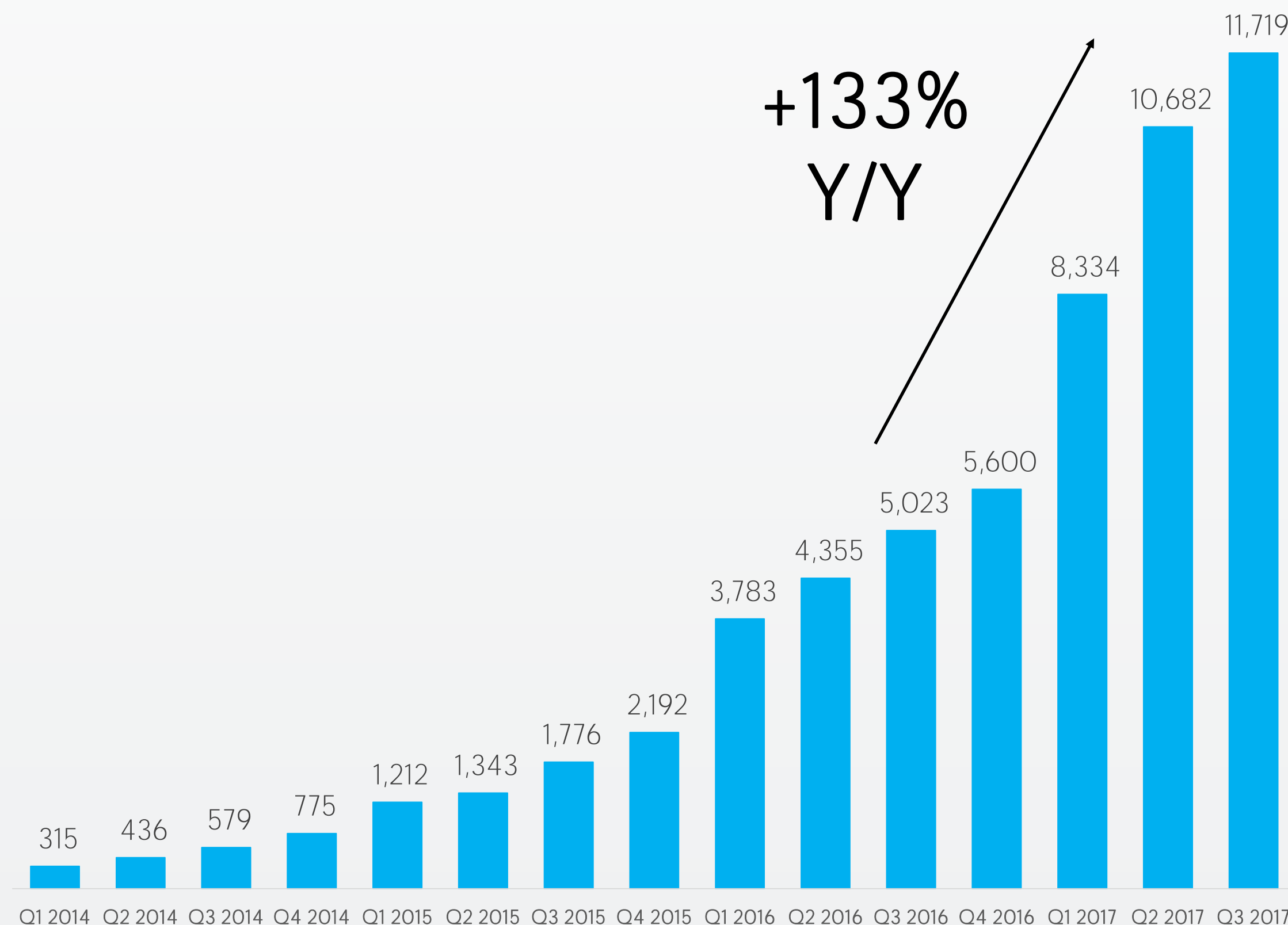
Turn on Marketing Program

## Total Operating Markets at Year End

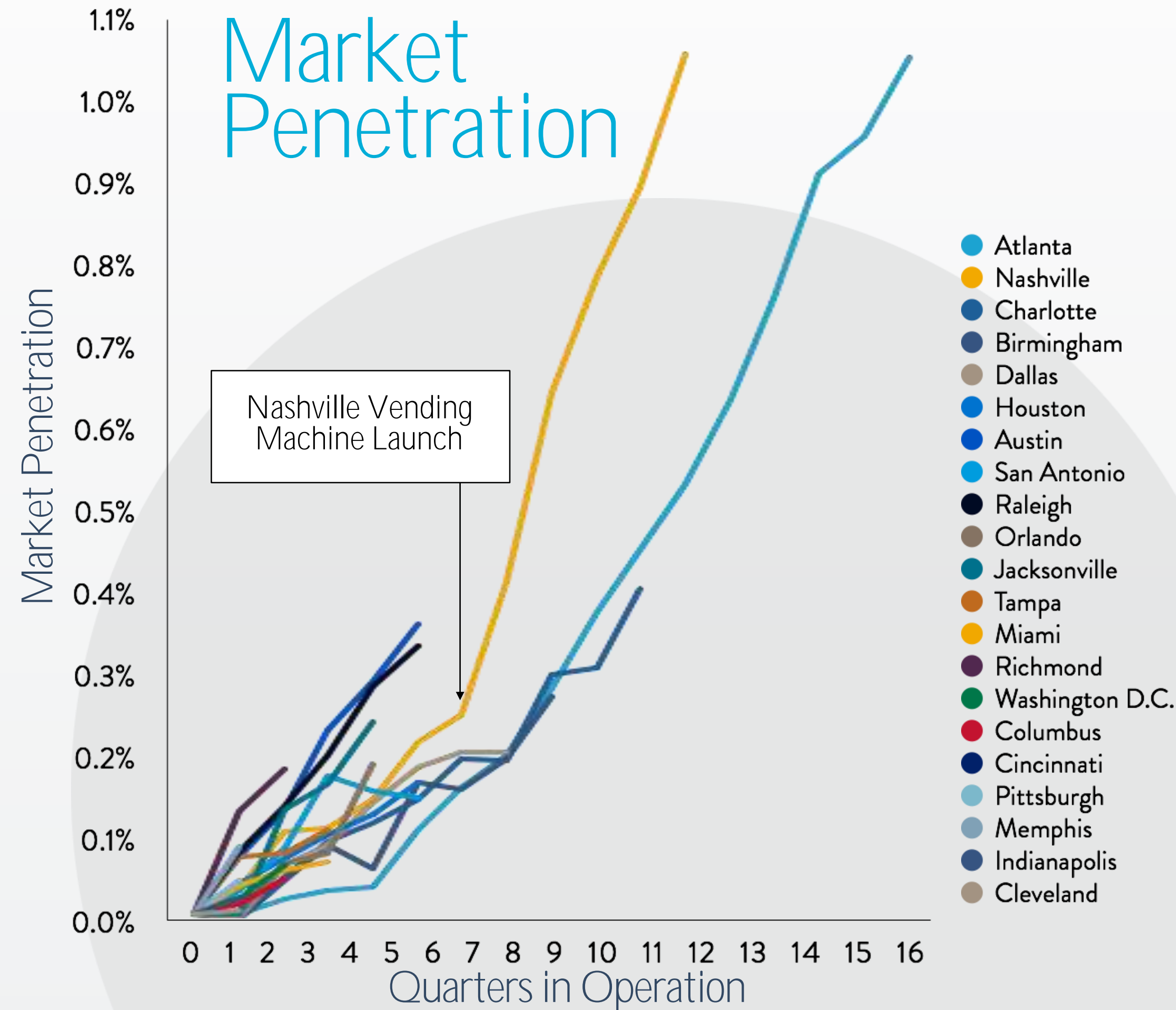


## Proven by Success in Our Markets

Retail Units Sold



# VENDING MACHINES ARE A POWERFUL BRANDING TOOL



\* Quarters in operation as of 12/31/16.

# EXPANDING AT INCREASING PACE

JANUARY 2017

## Carvana Logistics Network

- Inspection & reconditioning centers
- Delivery hubs
- Vending machines / Fulfillment centers

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

# EXPANDING AT INCREASING PACE

DECEMBER  
2017

## Carvana Logistics Network

- Inspection & reconditioning centers
- Delivery hubs
- Vending machines / Fulfillment centers

Connected through the hub-and-spoke Carvana Logistics Network



IRC

● Markets

△ Market + Vending Machines

★ Headquarters

## Premium Fulfillment Capabilities

Control over delivery times enables seamless customer experience

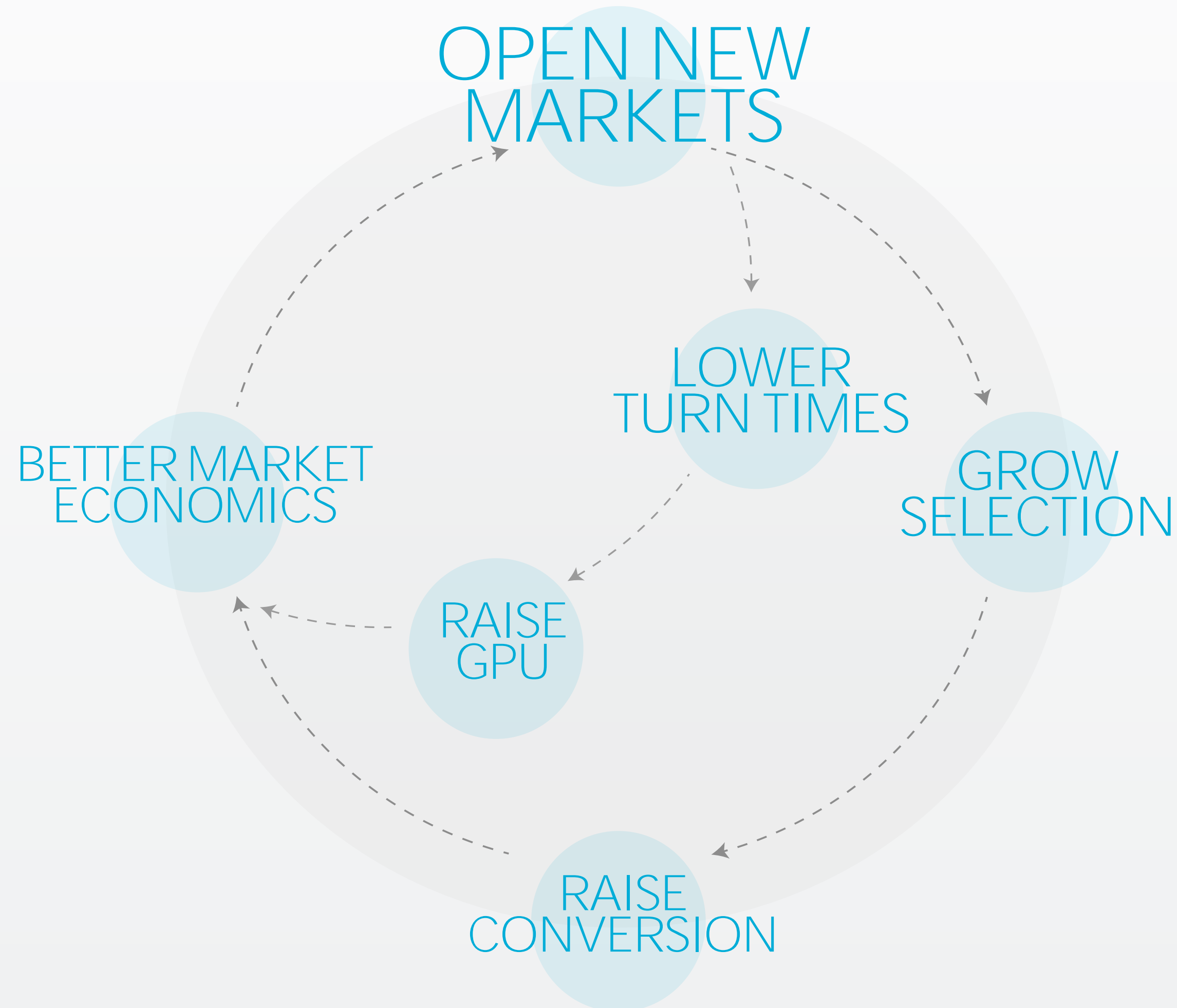
Speed of delivery drives conversion

Centralized inventory powers broad selection

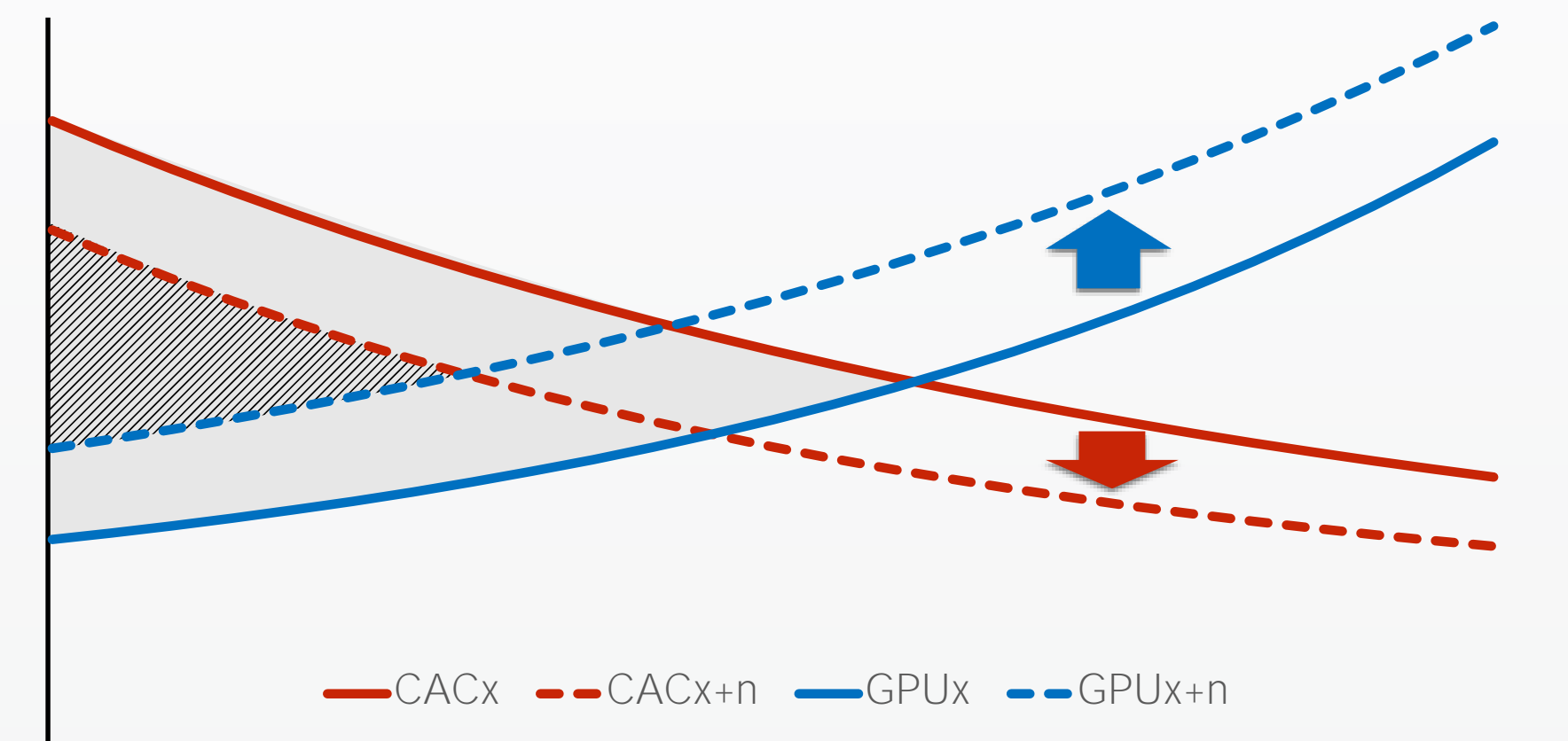
Enables vehicle cost arbitrage across geographies

Lower cost than using third party shipping

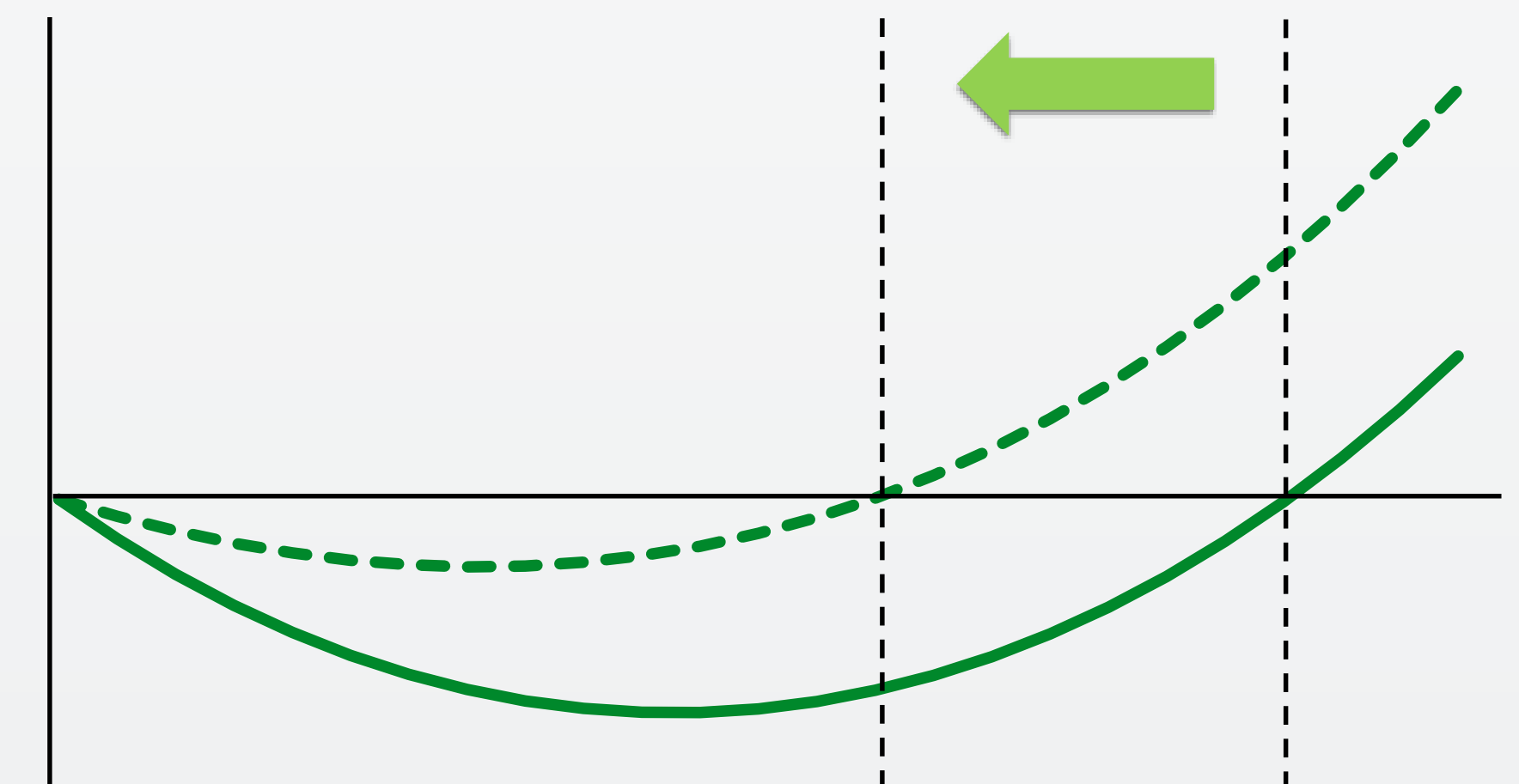
# POSITIVE FEEDBACK LOOP SUPPORTS GROWTH



Improving Cash Burn on New Market Launches



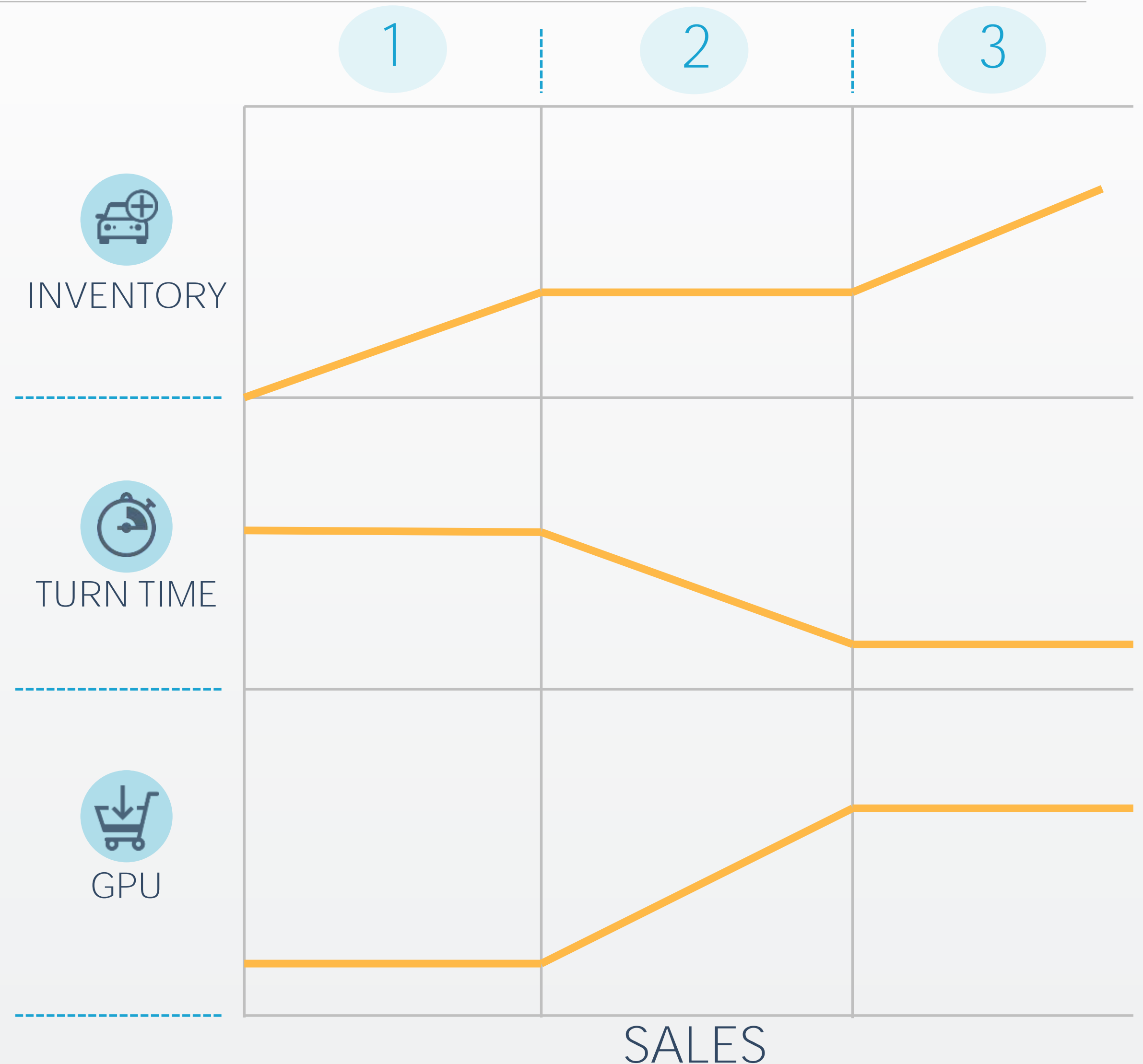
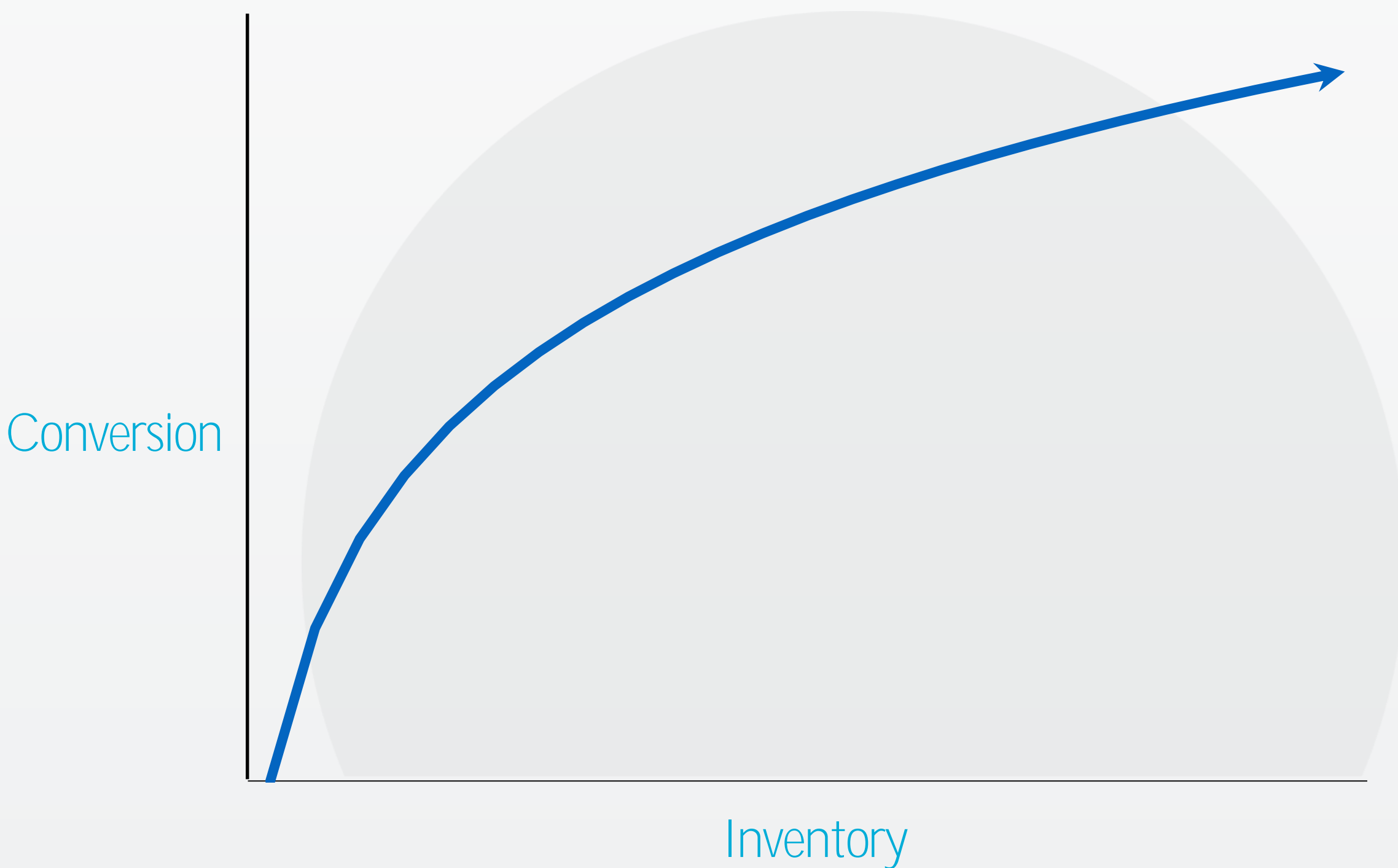
Reducing Time to Cash Generation



\* Graphs are conceptual and do not necessarily reflect actual data.

# PHASES OF INVENTORY STRATEGY

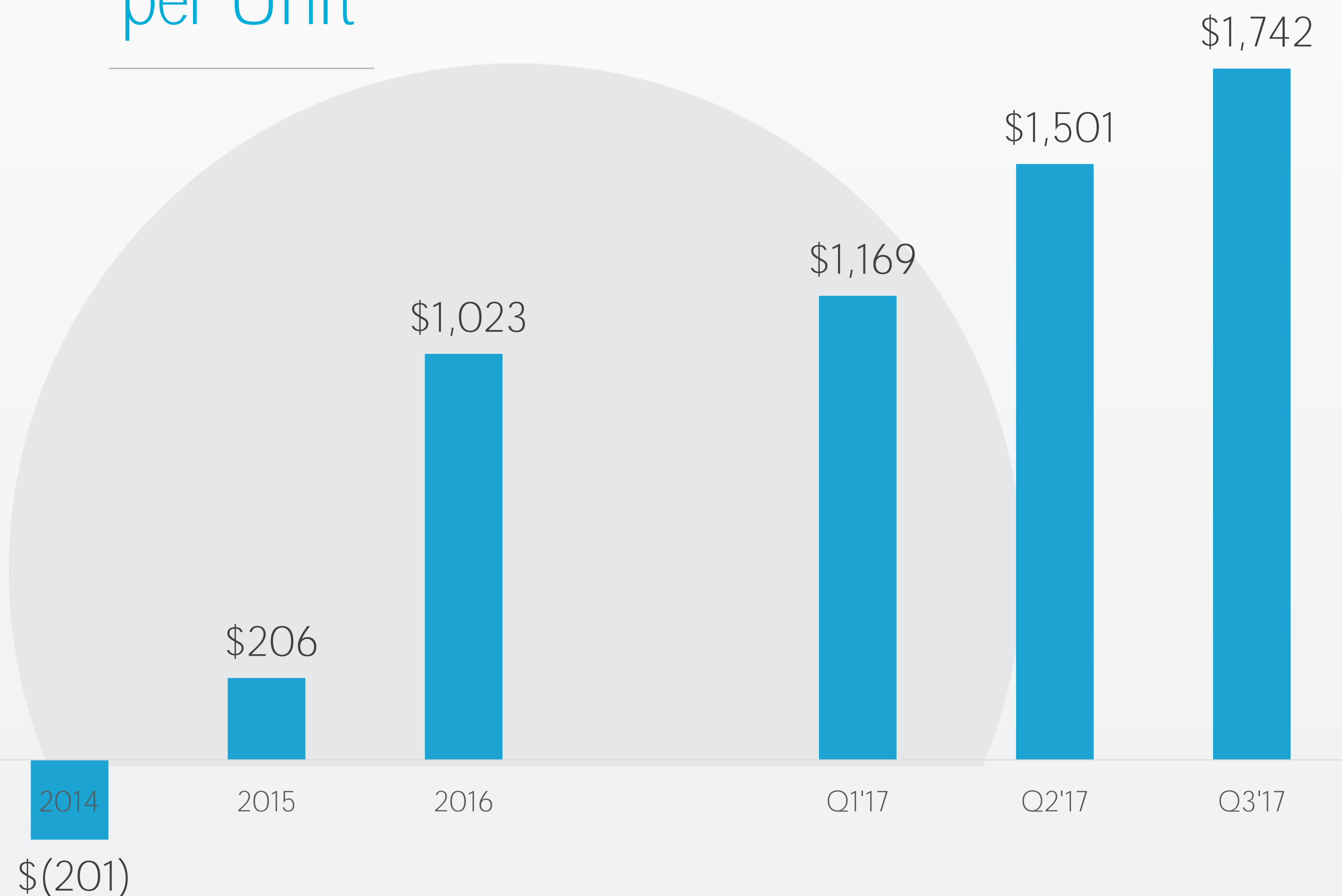
## Selection Drives Conversion



\* Graphs are conceptual and do not necessarily reflect actual data.

# UNIT ECONOMICS

## Gross Profit per Unit



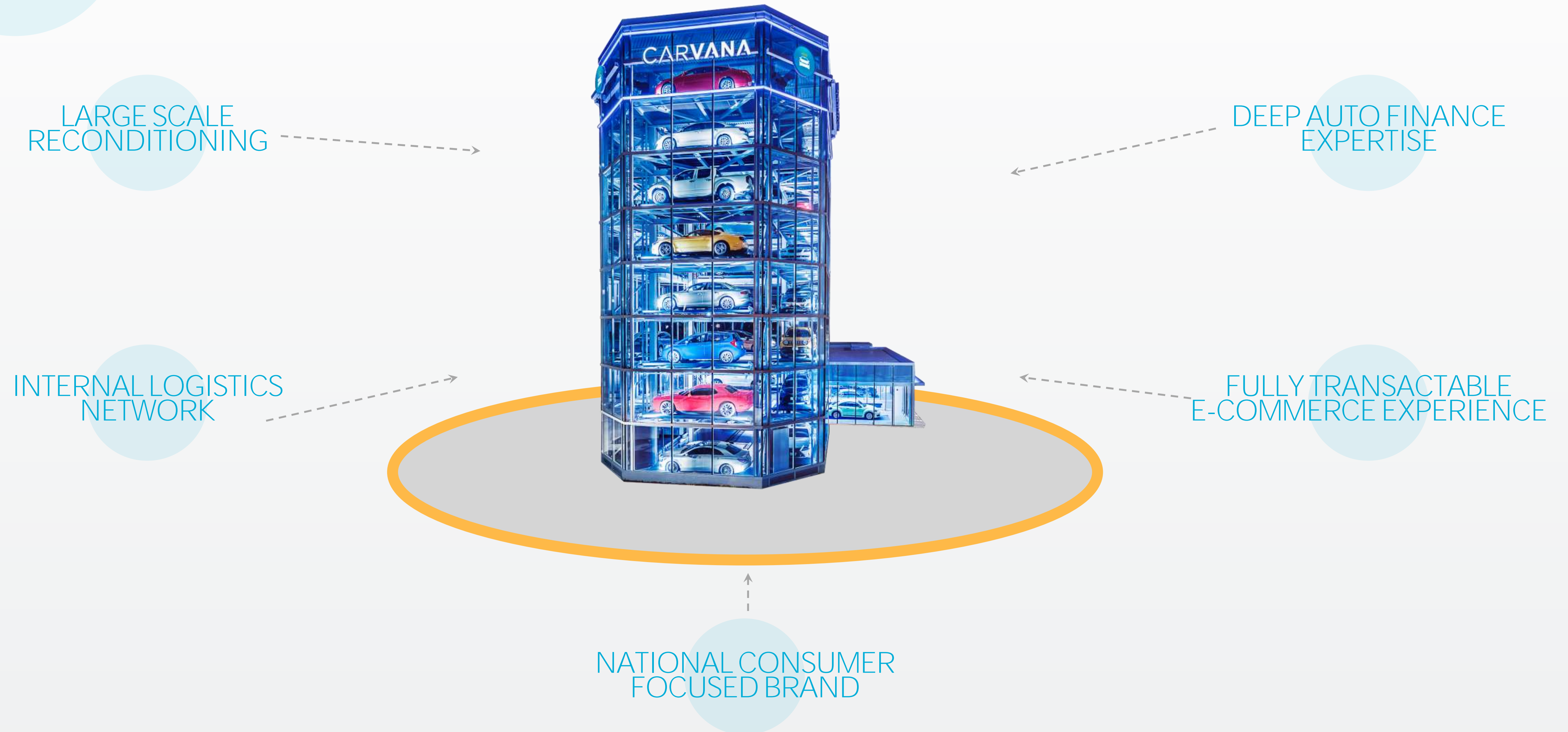
## Key Drivers of Gross Profit Expansion

- Increase number of markets / Sell more retail units
- Reduce average days to sale
- Increase conversion on existing products
- Addition of new products and services
- Scale provides cost of sales efficiencies

CarMax, Inc.  
Gross Profit per Unit  
~\$3,889 <sup>(1)</sup>

(1) FY2016 Gross Profit plus CarMax Auto Finance net income divided by used vehicle units sold  
Note: CarMax Gross Profit per Unit is not presented to imply that Carvana will achieve comparable results

# BUILDING A COMPETITIVE MOAT



# SIGNIFICANT GROWTH OPPORTUNITIES



# KEY INVESTMENT HIGHLIGHTS

## MASSIVE, FRAGMENTED MARKET

Exceptionally large and inefficient used car market

**\$710B**  
2015 U.S.  
Used Car Sales

**1.6%**  
Largest dealer brand  
market share in US

## SUPERIOR CUSTOMER EXPERIENCE

Simple, seamless and differentiated used car buying experience

**97%**  
Customers who would  
recommend to friend

**4.7/5.0**  
Customer  
Rating

## PROVEN GO-TO-MARKET STRATEGY

Demonstrated, capital-light market expansion playbook

**44**  
Markets

**1.1%**  
4Q16 Market  
Penetration  
in Atlanta & Nashville

## VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

**4**  
Existing  
IRCs

**7**  
Existing  
Vending Machines

## ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

**130%**  
YoY 2017YTD  
Revenue Growth

**58,200+**  
Retail Units  
Sold Since Inception