

INTRODUCTION TO CARVANA

MAY 2017



carvana.com

CARVANA

IMPORTANT NOTICE

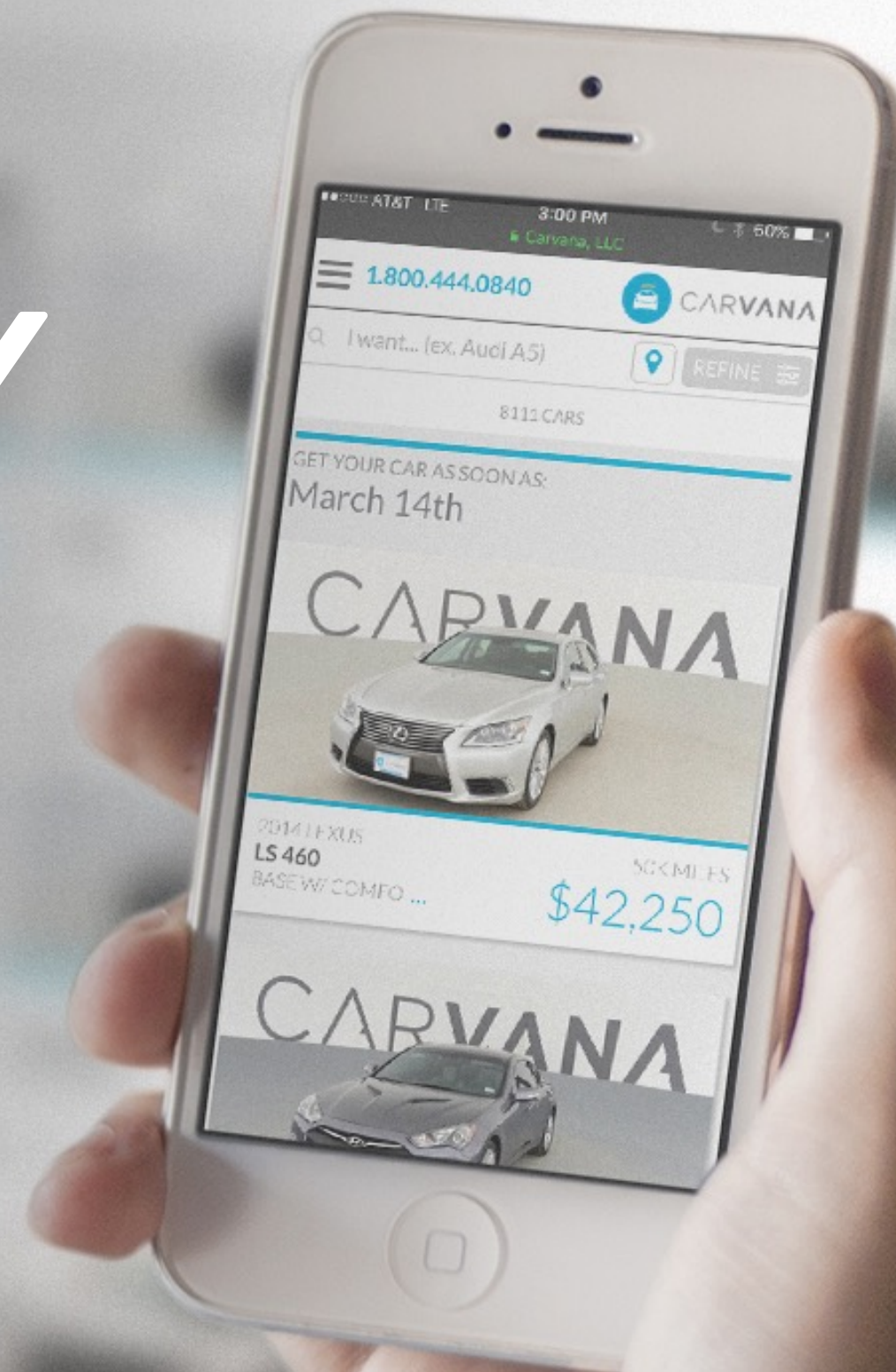
Forward-Looking Statements

This presentation contains forward-looking statements that reflect the Company's current expectations and projections with respect to, among other things, its financial condition, results of operations, plans, objectives, future performance and business. 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. 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

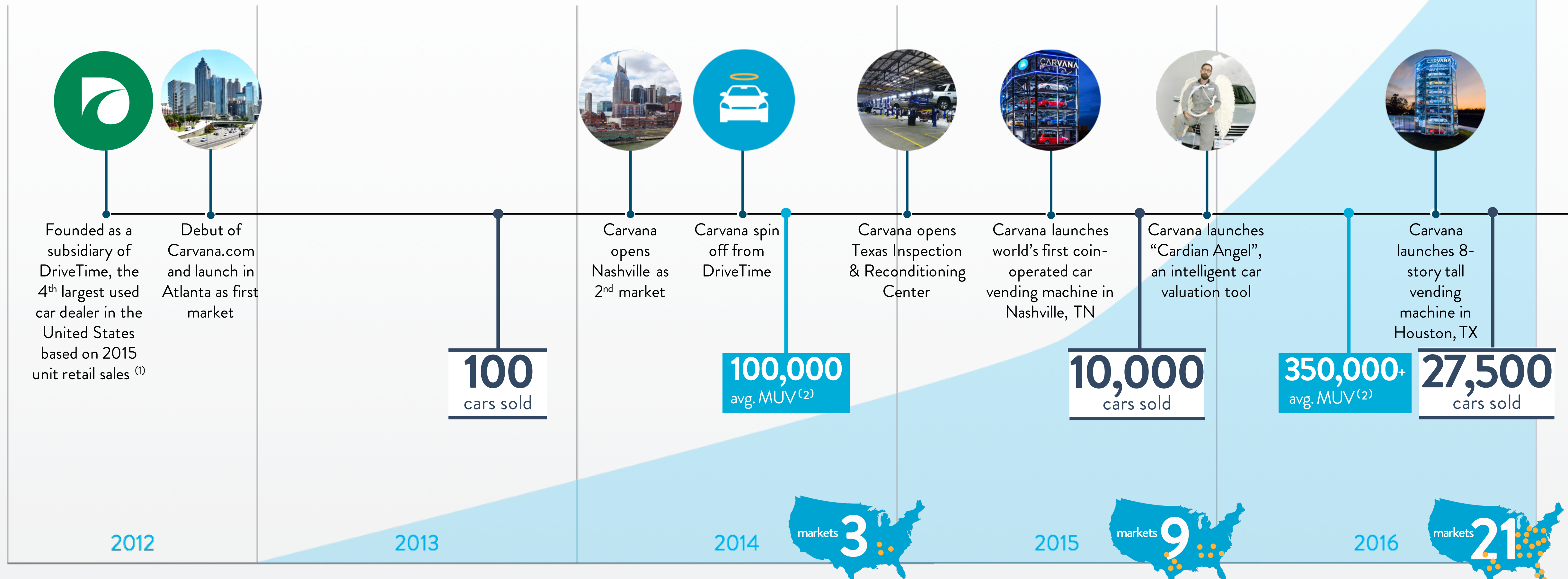
This presentation includes information concerning economic conditions, the Company's industry, the Company's markets and the Company's competitive position that is based on a variety of sources, including information from independent industry analysts and publications, as well as Carvana's own estimates 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.



WE HAVE ACHIEVED RAPID GROWTH AND SCALE

\$365M
2016 Revenue
180% YoY Growth



(1) Based on 2015 DriveTime annual report and 2016 Automotive News Top 100 Dealership Group rankings by 2015 Used Vehicle Sales

(2) Monthly Unique Visitors

COMPANY 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

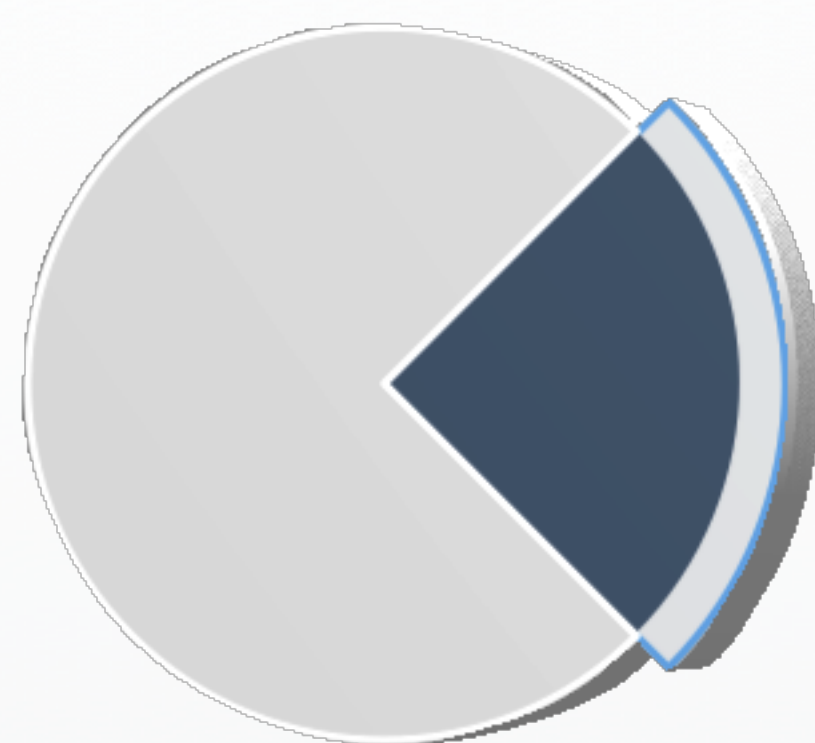
ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

MASSIVE, FRAGMENTED MARKET

INDUSTRY OVERVIEW

Auto is...



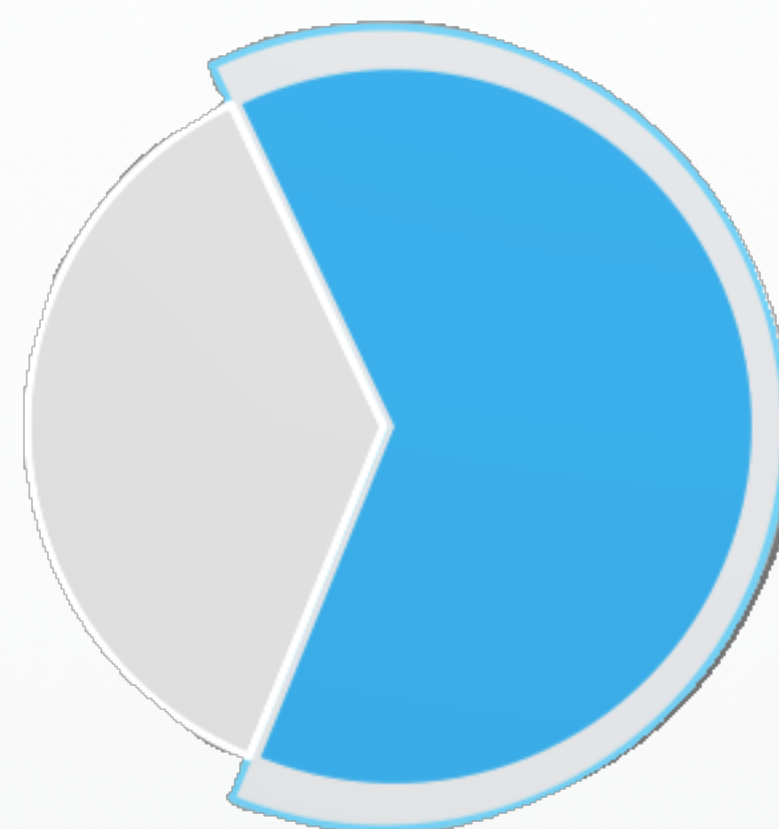
\$1.1 Tn

in 2015 U.S. Sales ⁽¹⁾

20%

of U.S. Retail Economy ⁽¹⁾

Massive



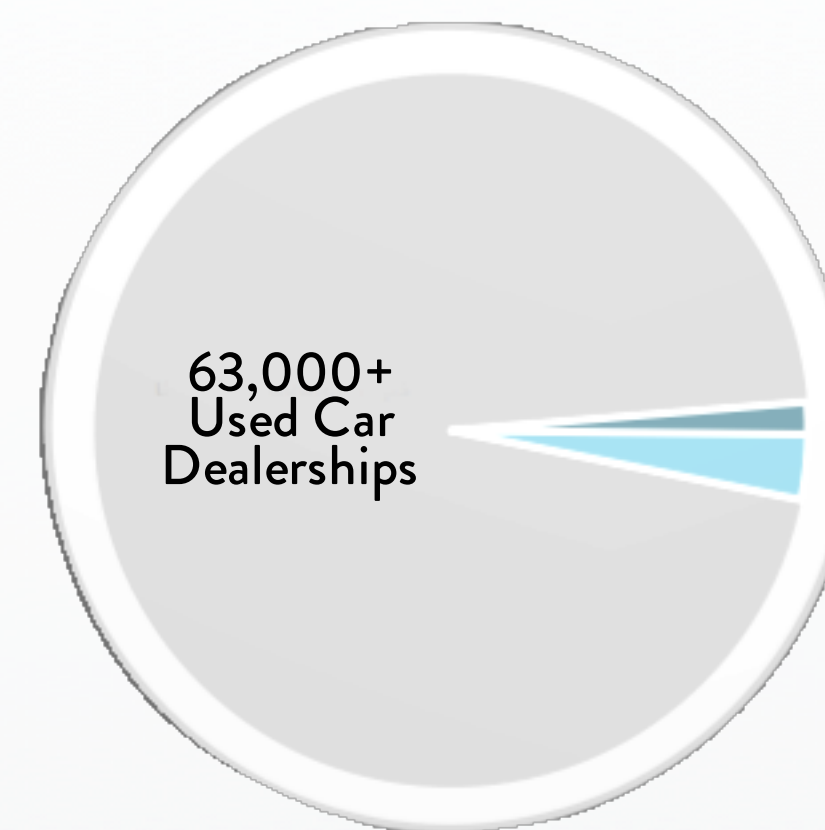
\$710 Bn

in 2015 U.S. Used Car Sales ⁽²⁾

7.3%

2015 – 2019 CAGR ⁽³⁾

Fragmented



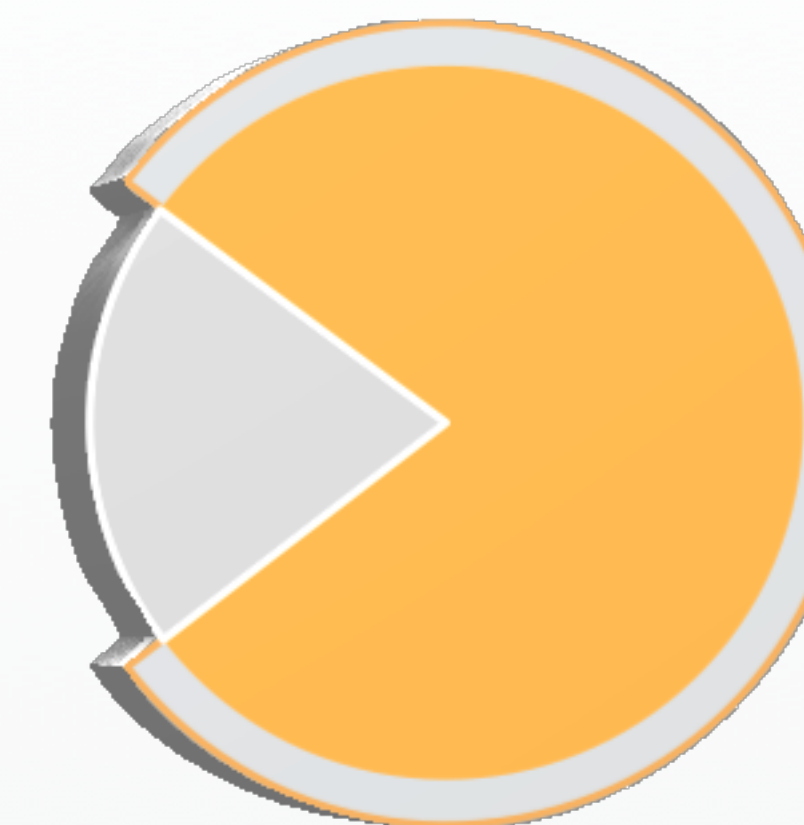
1.6%

U.S. Market Share of
Largest Dealer Brand ⁽⁴⁾

7.0%

Aggregate Market Share of
Top 100 Used Auto Retailers ⁽⁴⁾

& Ripe for Disruption



81%

Consumers Do Not Enjoy
the Car Buying Process ⁽⁵⁾

8%

Consumers Rated Car Salespeople
Highly Trustworthy ⁽⁶⁾

(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

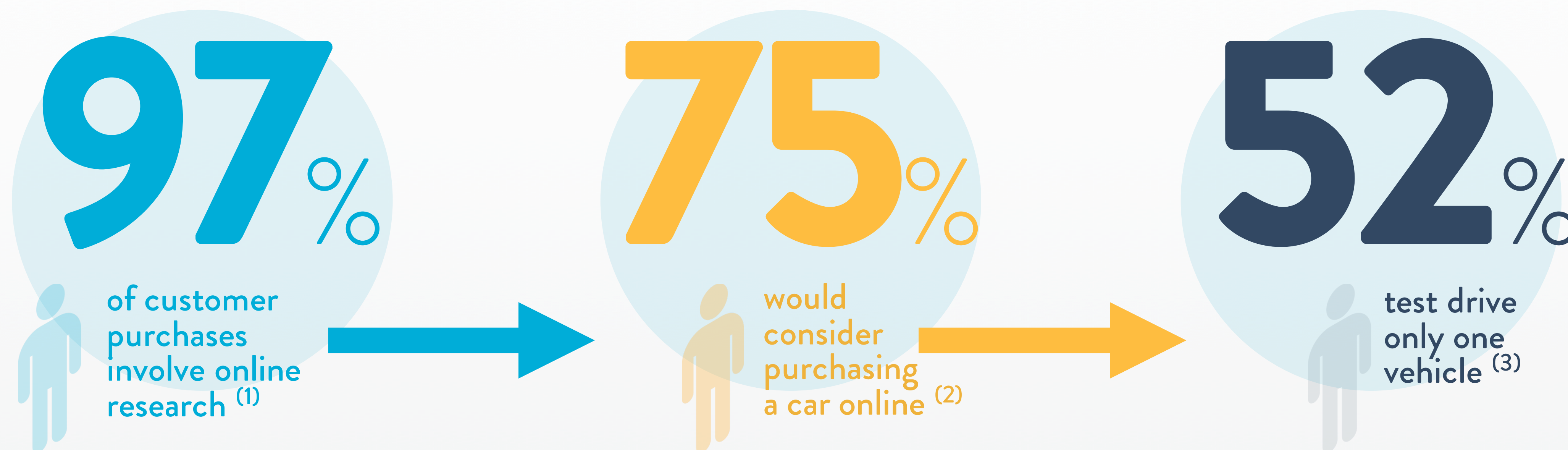
(4) Publicly-listed dealership filings and Automotive News Top 100 Dealership Groups

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

(6) 2015 Gallup Poll

MASSIVE, 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

7,300+
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 7,300+ vehicles available online

Trade or Sell – All Online

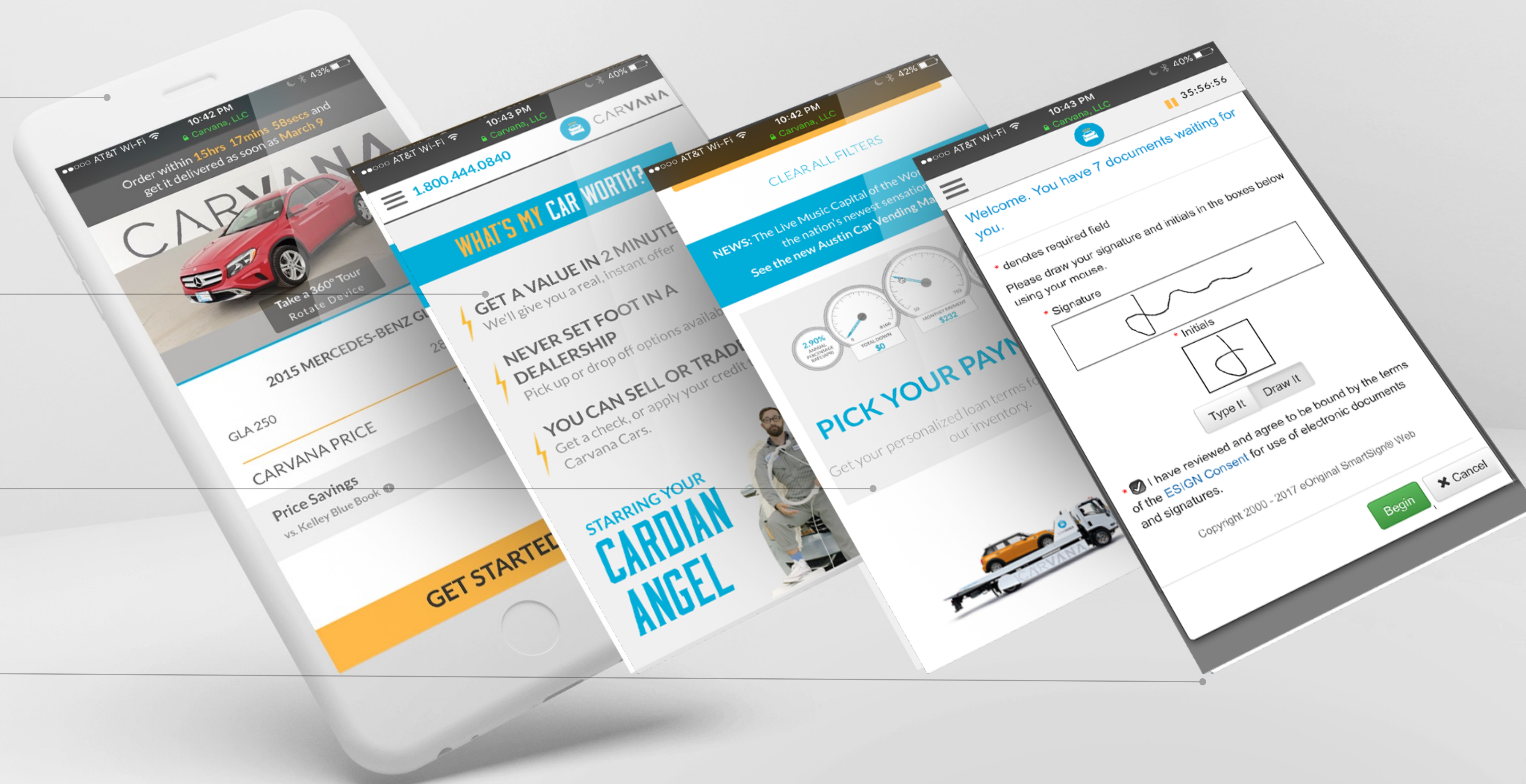
Nearly instantaneous, firm, fully-automated trade-in offers

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
- 5 vending machines currently operational ⁽¹⁾
- 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



SUPERIOR CUSTOMER EXPERIENCE

DELIVERING SUPERIOR CUSTOMER EXPERIENCES

4.8

★★★★★
Rating ⁽¹⁾

4,250+

Customer Reviews
on Carvana.com ⁽¹⁾

95%

Would Recommend
To A Friend ⁽¹⁾

“Carvana will
change the way
cars are sold.”

“Carvana
is the bomb!”

“I never
thought car
buying could
be enjoyable.”



PROVEN GO-TO-MARKET STRATEGY

PROVEN GO-TO-MARKET STRATEGY

Repeatable Market Entry Playbook

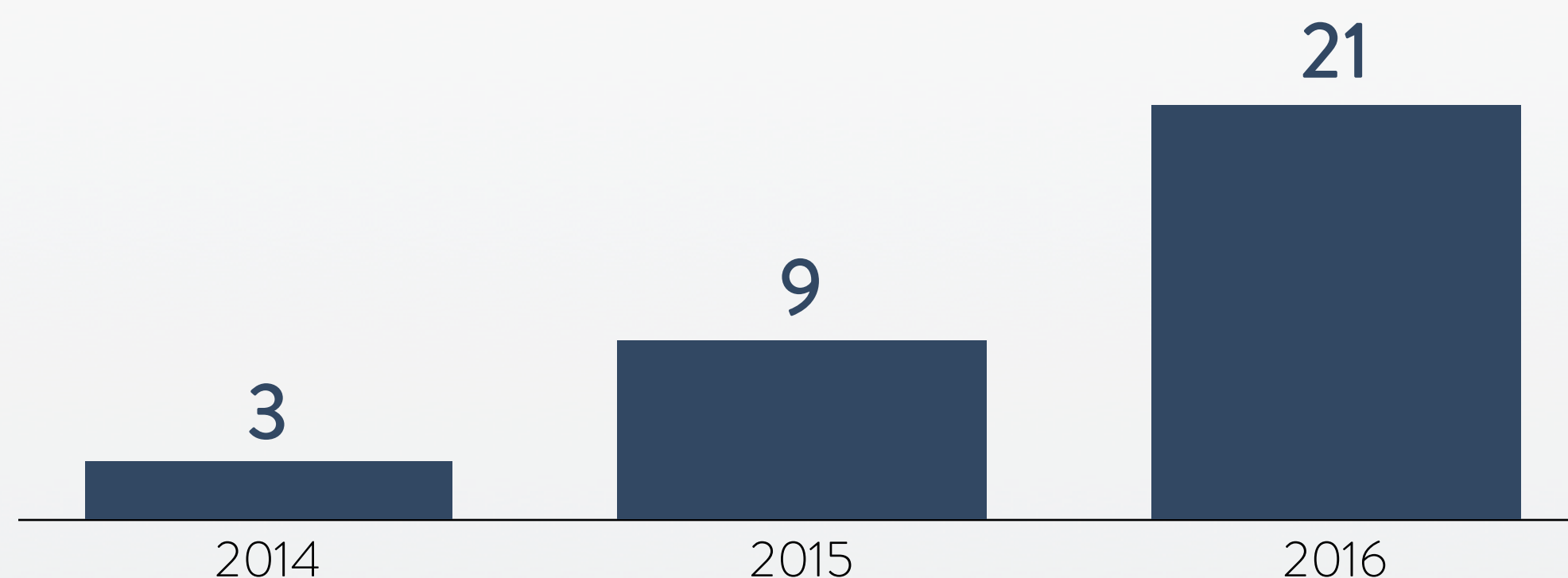
Activate Team of Expansion Advocates

Connect to Logistics Network

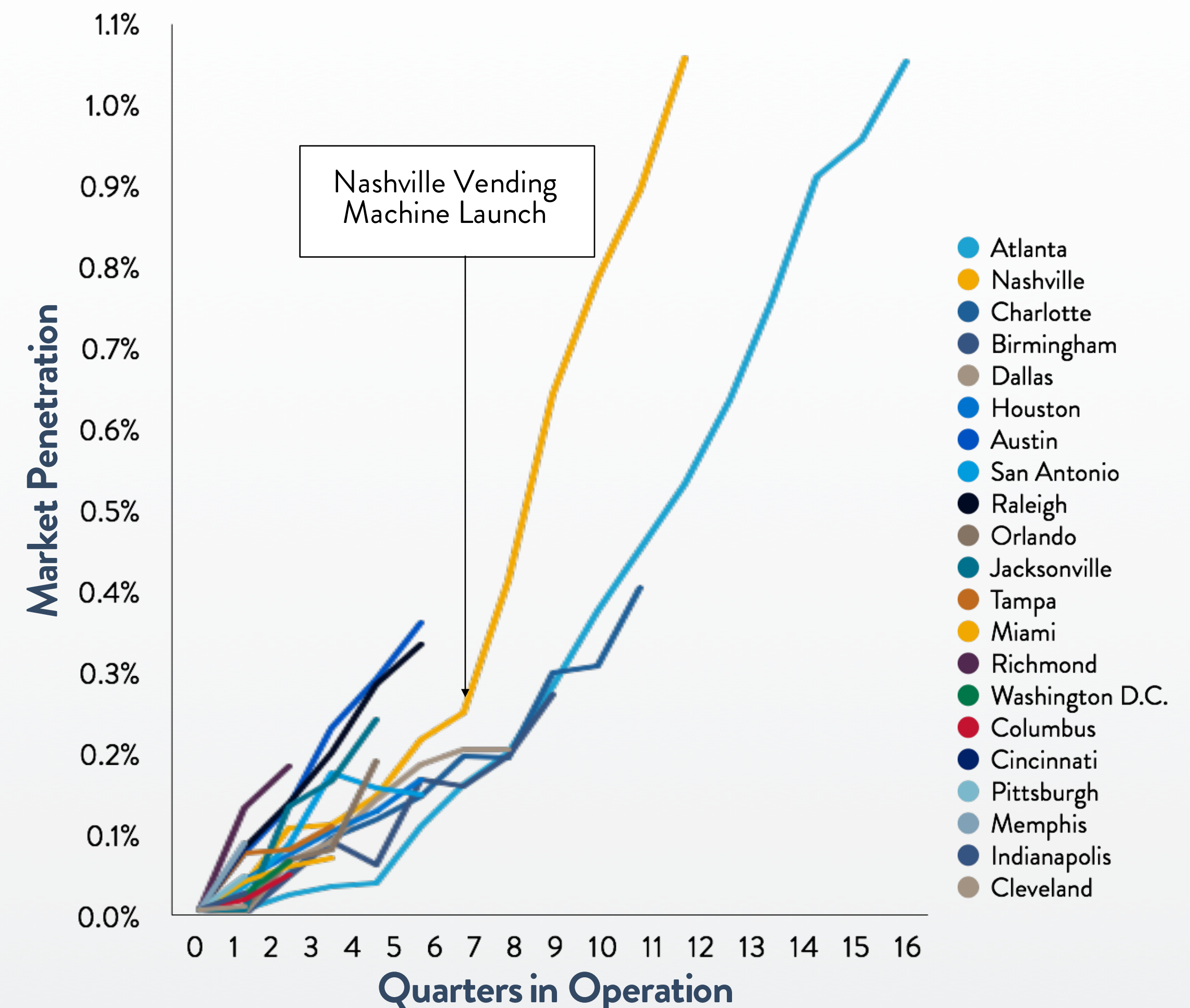
Market Launch CapEx Spend
\$500k for initial delivery only program
\$4.5-5.5M for vending machine launch

Turn on Marketing Program

Total Operating Markets



Proven by Success in Existing Markets



PROVEN GO-TO-MARKET STRATEGY

SIGNIFICANT UPSIDE IN THE CURRENT MODEL

Grow Current Markets

2016 Revenue (\$M)

\$365.1

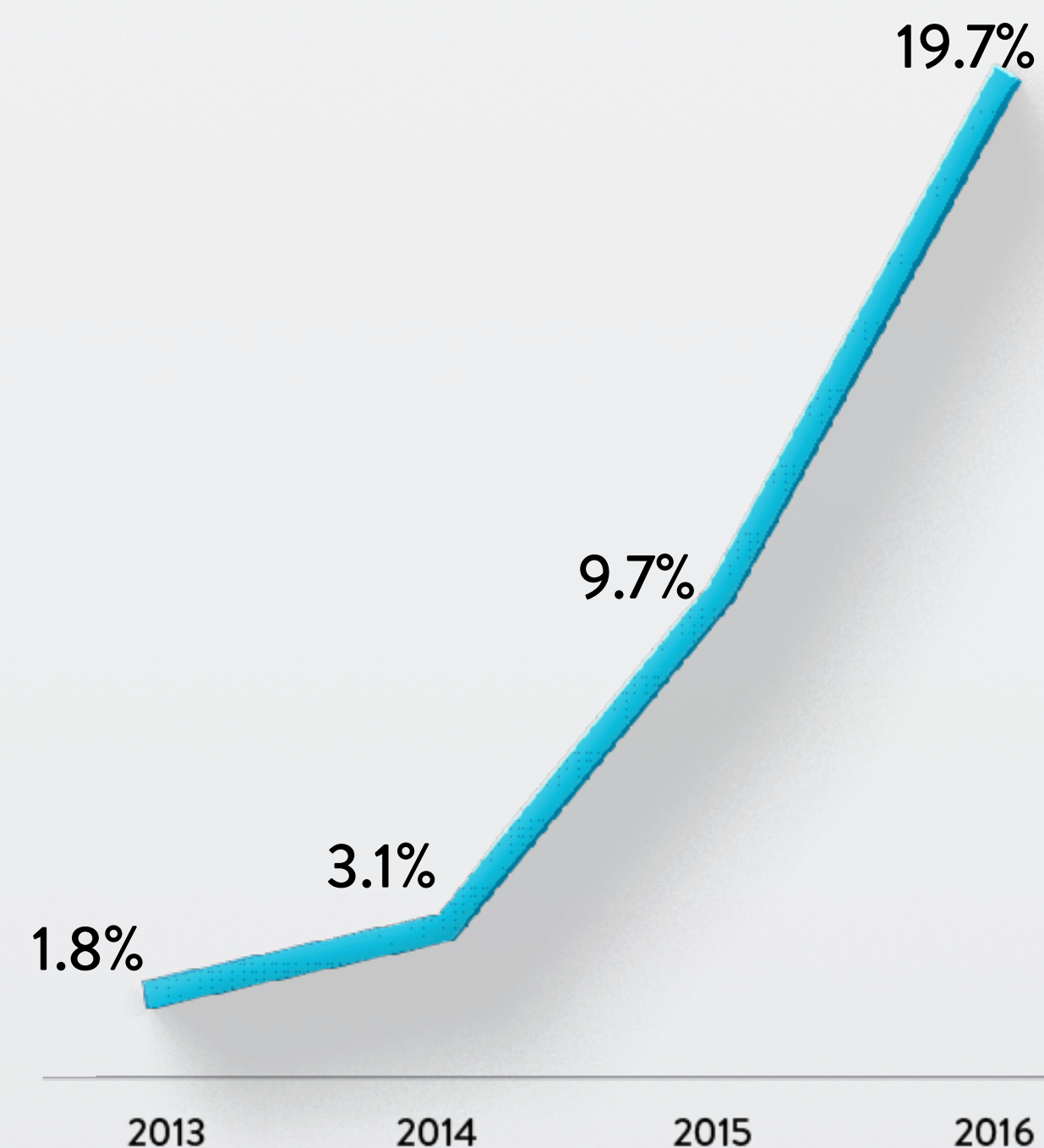
0.25%

1.07%

Carvana
2016 Market Penetration
Across Current
21 Markets ⁽¹⁾

Carvana
Q4 2016
Atlanta / Nashville
Market Penetration ⁽²⁾

Add New Markets



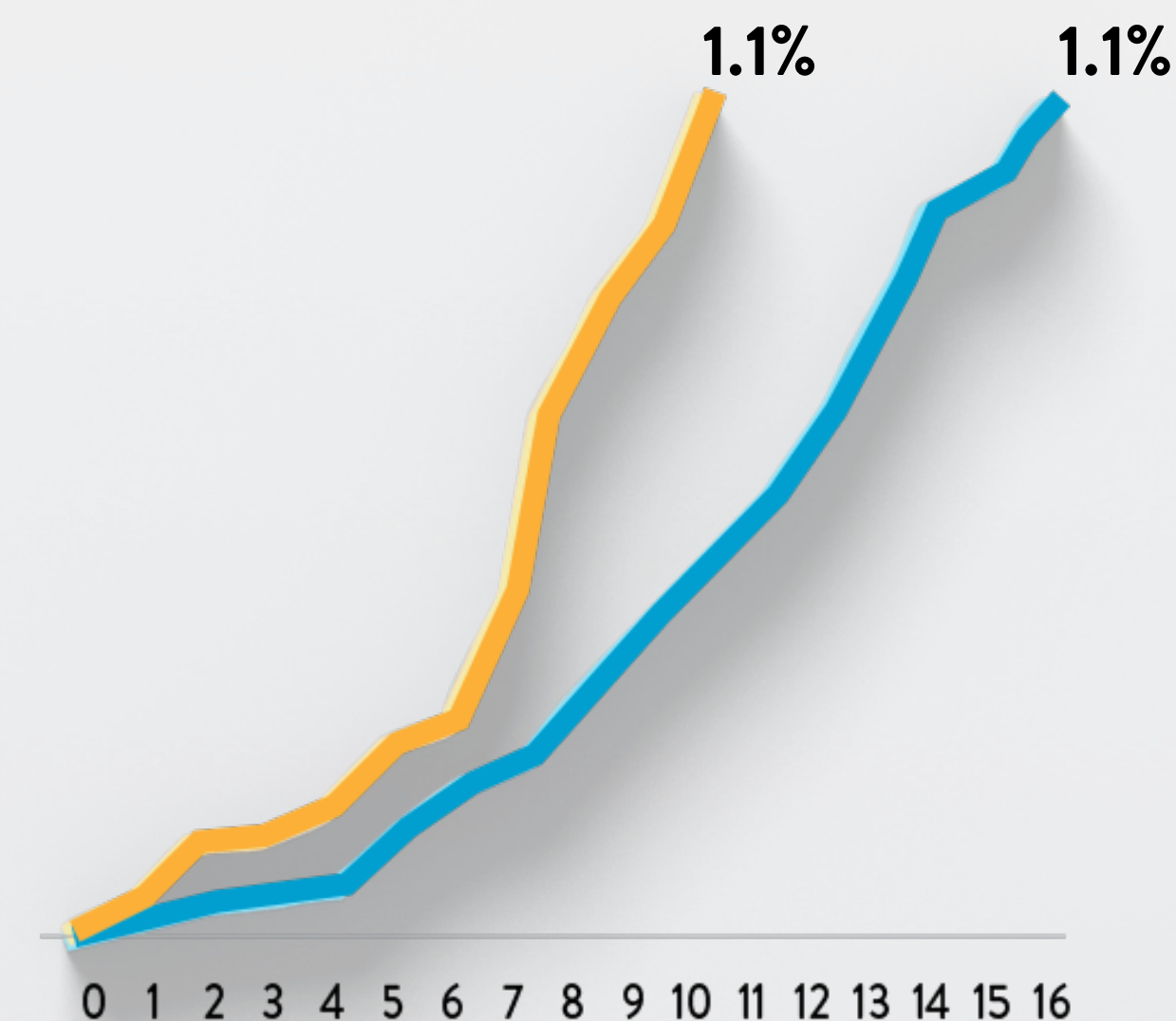
Carvana
Total U.S. Population Coverage
by Year

Increase Penetration

Q4 2016 YoY Growth

Nash
156.4%

Atl
65.6%



Carvana
Atlanta / Nashville Market Penetration
From 1st Quarter Launched to Q4 2016

(1) Market penetration for year ended December 31, 2016

(2) Average market penetration of Atlanta and Nashville for quarter ended December 31, 2016

VERTICAL INTEGRATION & FULFILLMENT

SUPPORTED BY PROPRIETARY VEHICLE ACQUISITION ALGORITHM

Vehicle Inventory Acquisition

Auctions & Other Sources

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

Quality Screening

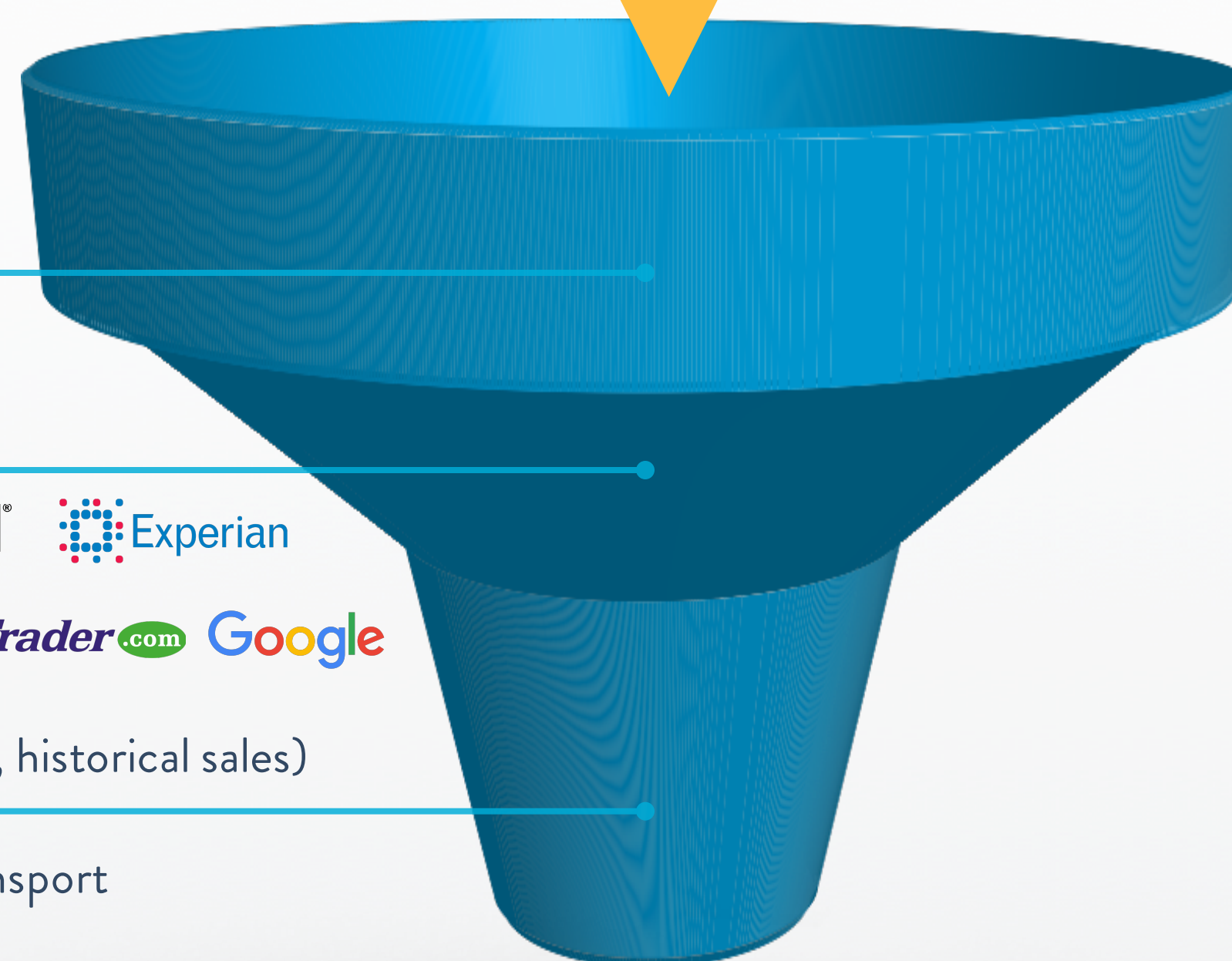
- Year, Mileage, No Accidents

Apply Data

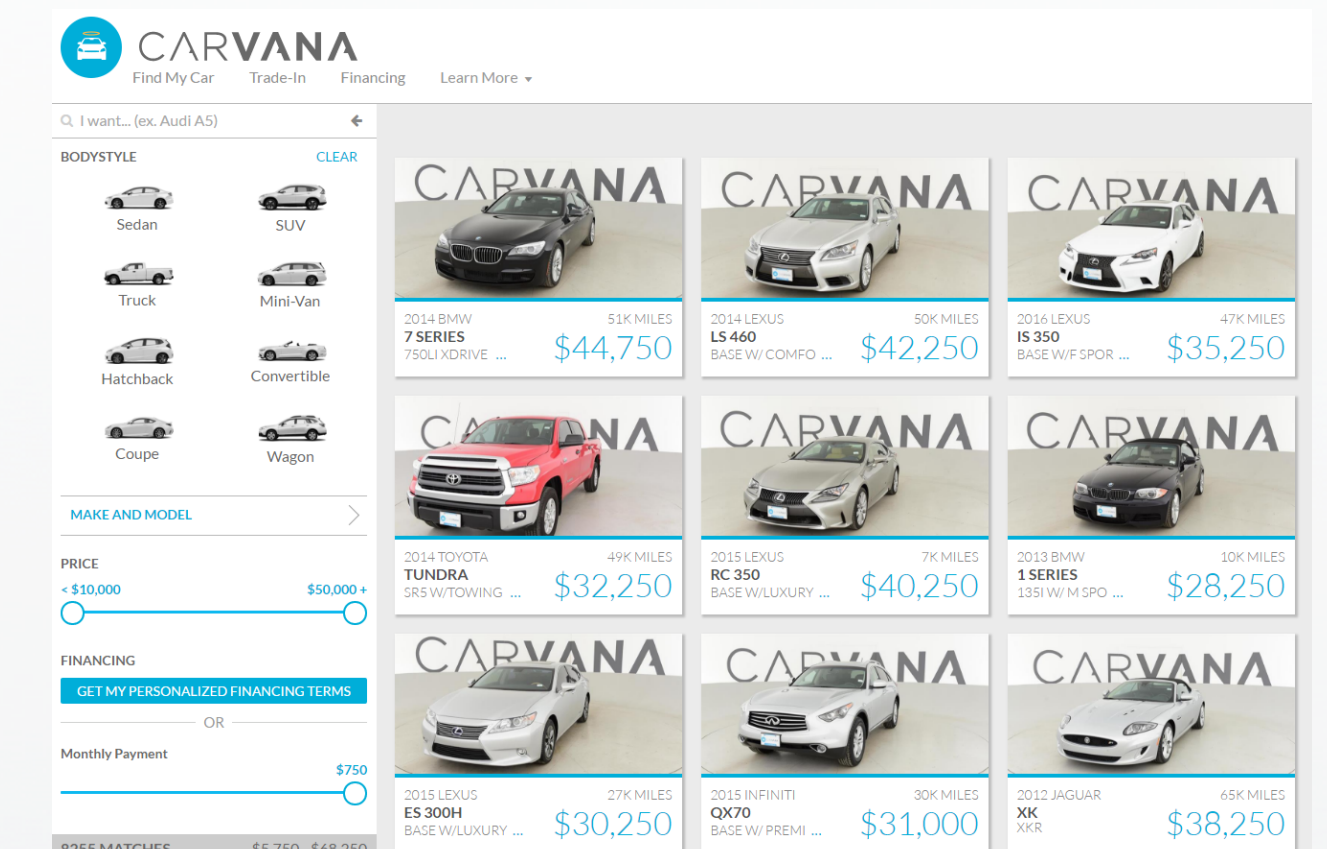
- Vehicle reporting  
- Market data   
- Carvana data (clickstream, historical sales)

Optimization

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



7,300+ Online cars available in all markets vs. 11-100 at typical dealers ⁽¹⁾



(1) 2016 NIADA Used Car Industry report based on 2015 data
Note: 7,300+ vehicles available as of December 31, 2016

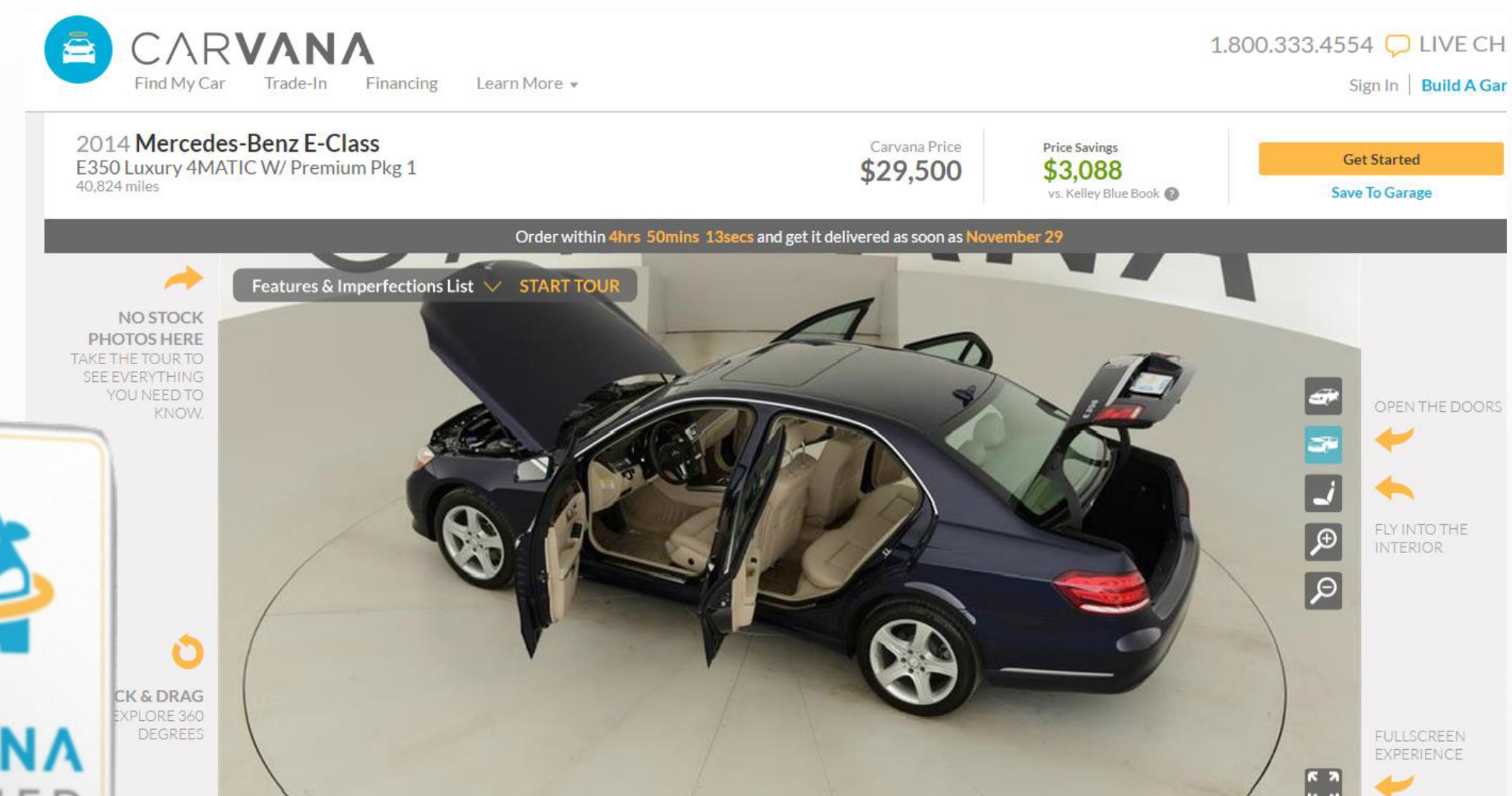
IN-HOUSE INSPECTION, RECONDITIONING & MERCHANDIZING

Inspection and Reconditioning



- Ability to **buy all car types** and **recondition** them to a **consistent car quality**
- **~150k** 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
- **Proprietary imaging technology**
- Transparency to the customer through annotation of material defects

VERTICAL INTEGRATION & FULFILLMENT

LEVERAGING SELF-OPERATED FULFILLMENT NETWORK

Carvana Logistics Network

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

Connected through the hub-and-spoke Carvana Logistics Network



Existing IRC

Existing Markets

Vending Machine



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

Note: As of May 4, 2017

SIGNIFICANT GROWTH OPPORTUNITIES



FOUNDER-LED, DEEP & EXPERIENCED TEAM

Ernie Garcia
Co-founder & Chief Executive Officer



Mark Jenkins
Chief Financial Officer



Ryan Keeton
Co-founder & Chief Brand Officer



Ben Huston
Co-founder & Chief Operating Officer



Dan Gill
Chief Product Officer



Paul Breaux
General Counsel



eCommerce & Technology

Josh Dollison
Director of Engineering



Jon Seitel
Product Lead



Alex Devkar
Director of Analytics



Imran Kazi
Director of Technology Services



Christina Keiser
Director of Partnership Growth



Data & Analytics

Cem Vardar
Principal Optimization Engineer



Jeff McClellan
Head of Predictive Analytics



Michael Grantham
VP of Quantitative Marketing



Brian Boyd
Director of Inventory Strategy



Stella Wenxing Liu
Data Scientist



Automotive & Logistics

Richard Ball
Sr. Director of IRCs & Process Engineering



Mike Rennie
Director of IRC Execution



Scott Wood
Director of Wholesale Operations



Jeff Miller
VP of Strategic Partnerships & Vehicle Merchandising



John Piatak
Director of Logistics



Brand & Customer Experience

Paul Keister
Chief Creative Officer



Teresa Aragon
Director of Customer Operations



Jenni Stanford
Director of Market Operations & Expansion



Jessica Querin
Director of Post Sales Operations



Bret Sassenberg
Sr. Director of Real Estate & Development



A white Isuzu truck is driving on a two-lane road towards the viewer. The truck is towing a silver car on its flatbed. The scene is set at sunset, with the sun low on the left side of the frame, creating a warm glow and lens flare. The sky is a clear, light blue. The road is paved and has yellow double lines. Trees and greenery line the right side of the road. A large, semi-transparent blue circle is overlaid on the right side of the image, containing the text "FINANCIAL HIGHLIGHTS" in white, bold, sans-serif capital letters.

FINANCIAL HIGHLIGHTS



KEY FINANCIAL HIGHLIGHTS

RAPID REVENUE GROWTH

PROVEN AND EXPANDING UNIT
ECONOMICS ACROSS MULTIPLE PRODUCTS

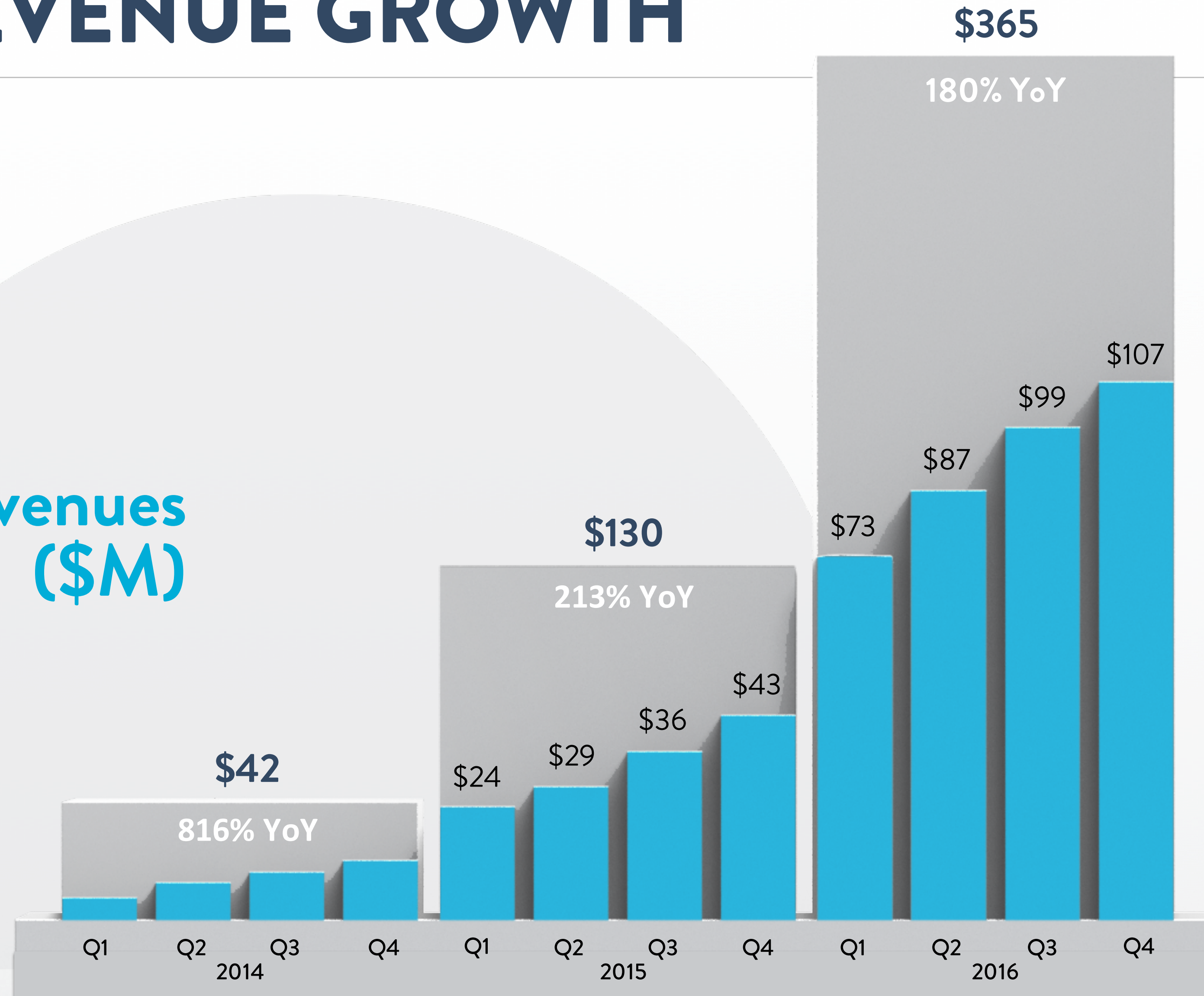
COMPELLING MARKET ECONOMICS

IMPROVING OPERATING EFFICIENCIES

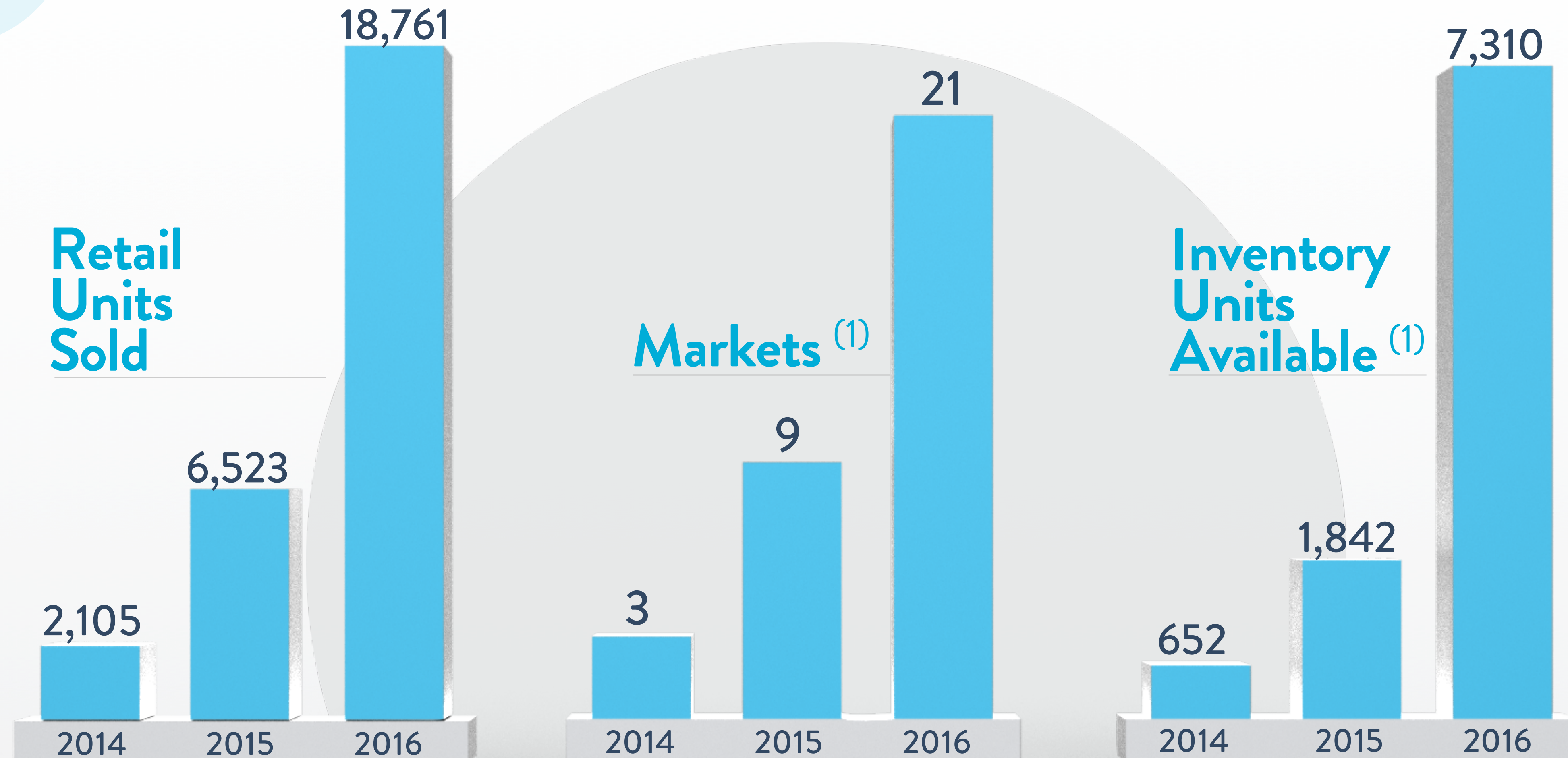
ATTRACTIVE LONG-TERM FINANCIAL MODEL

OUR REVENUE GROWTH

Revenues
(\$M)



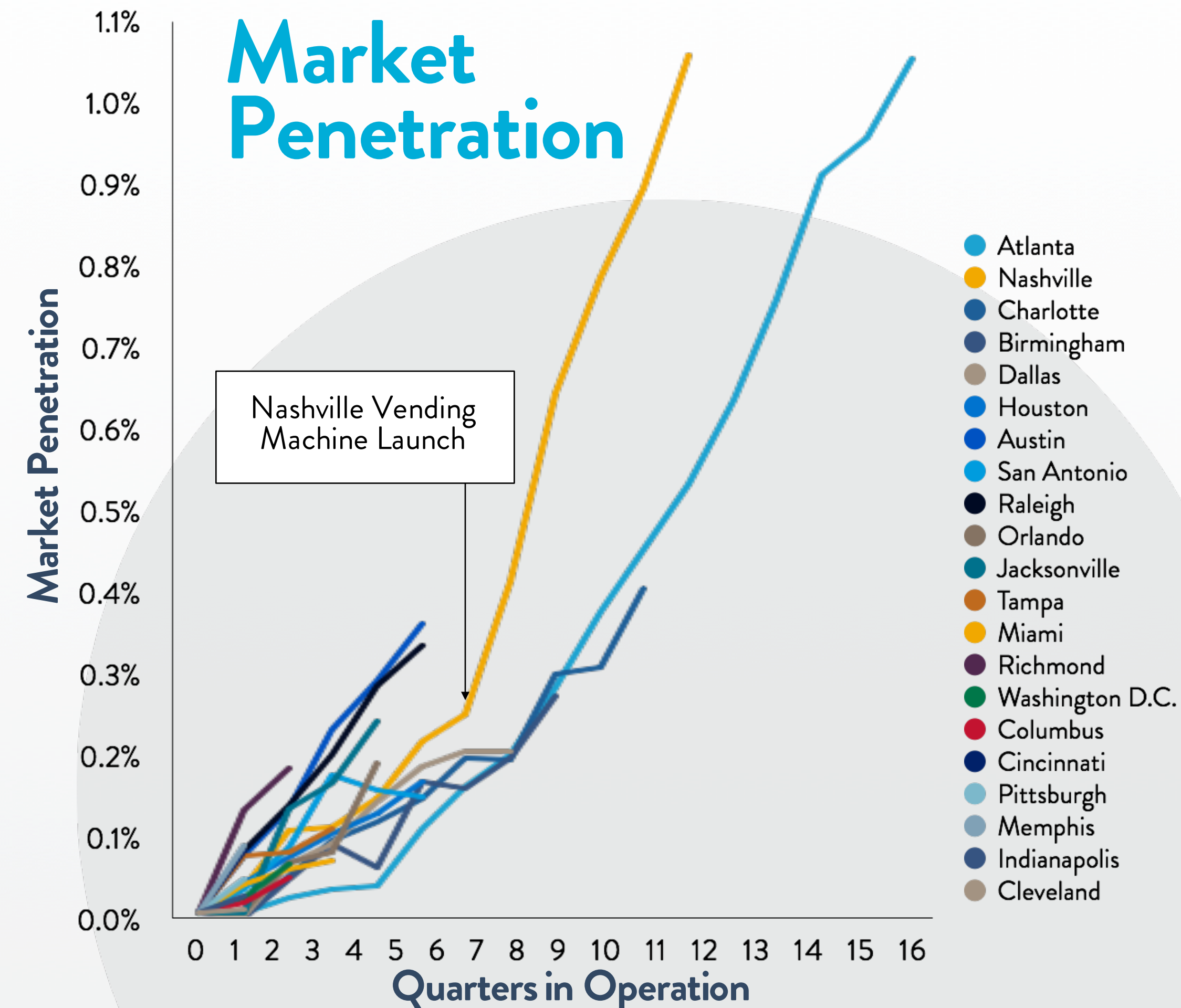
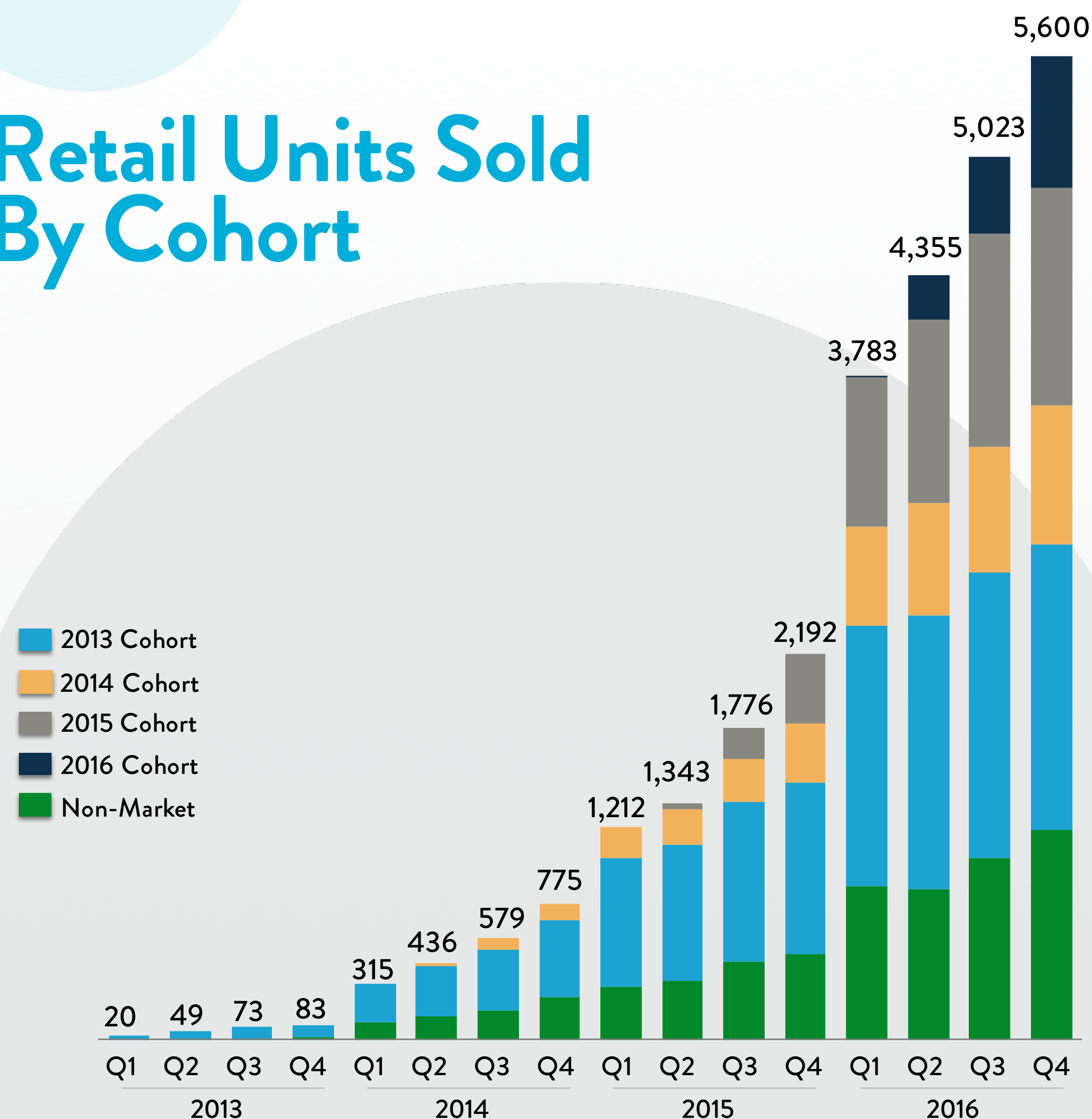
KEY OPERATING METRICS



(1) As of December 31

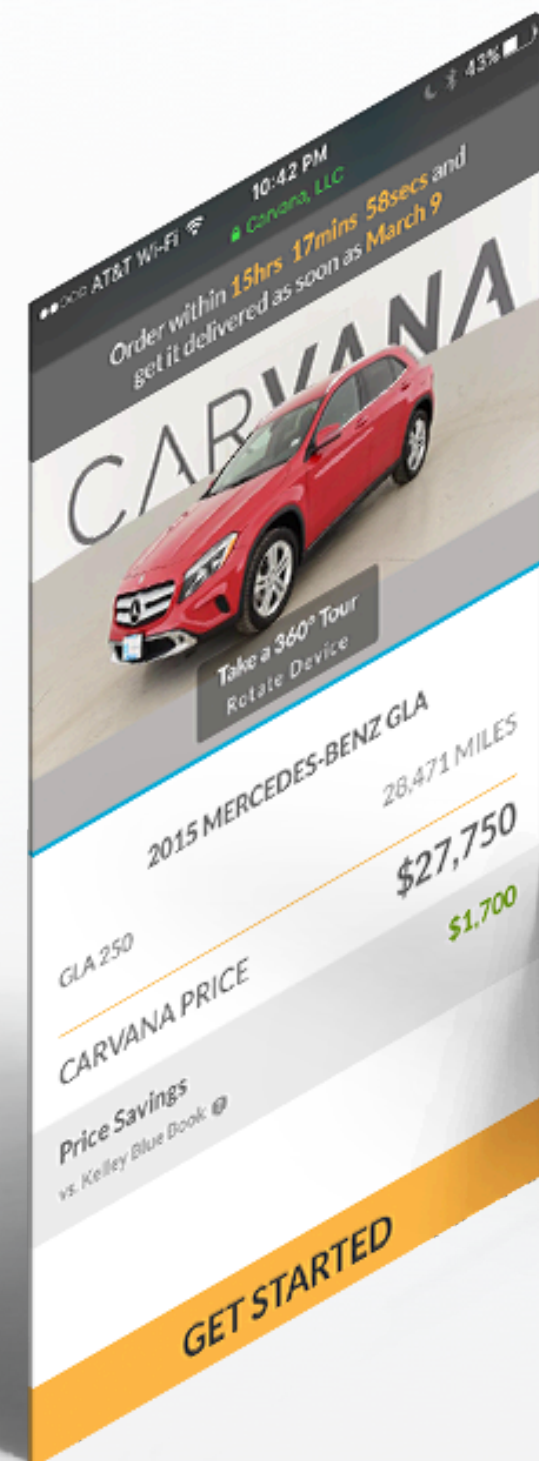
IMPROVING COHORTS

Retail Units Sold By Cohort



Note: Non-Market retail units sold represent unit sales in markets not yet launched

REVENUE STREAMS FROM MULTIPLE PRODUCTS



Retail Vehicle Sales

\$342M

(\$18.2k selling price / retail unit)



Wholesale Vehicle Sales

\$10M

(\$3.8k selling price / wholesale unit)



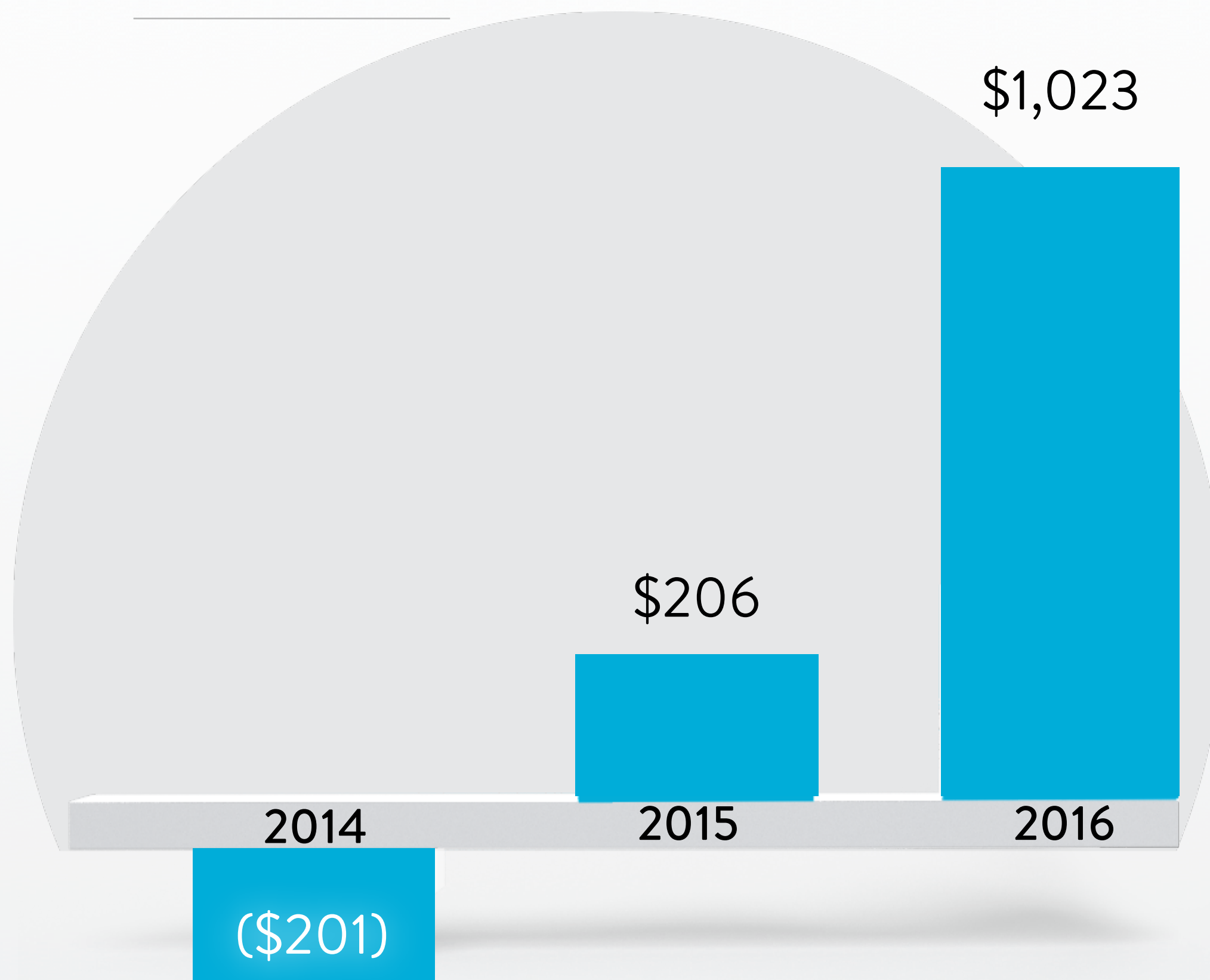
Other Sales & Revenues

\$13M

(\$693 gross profit / retail unit)

UNIT ECONOMICS

Gross Profit per Unit



Key Drivers of Gross Profit Expansion

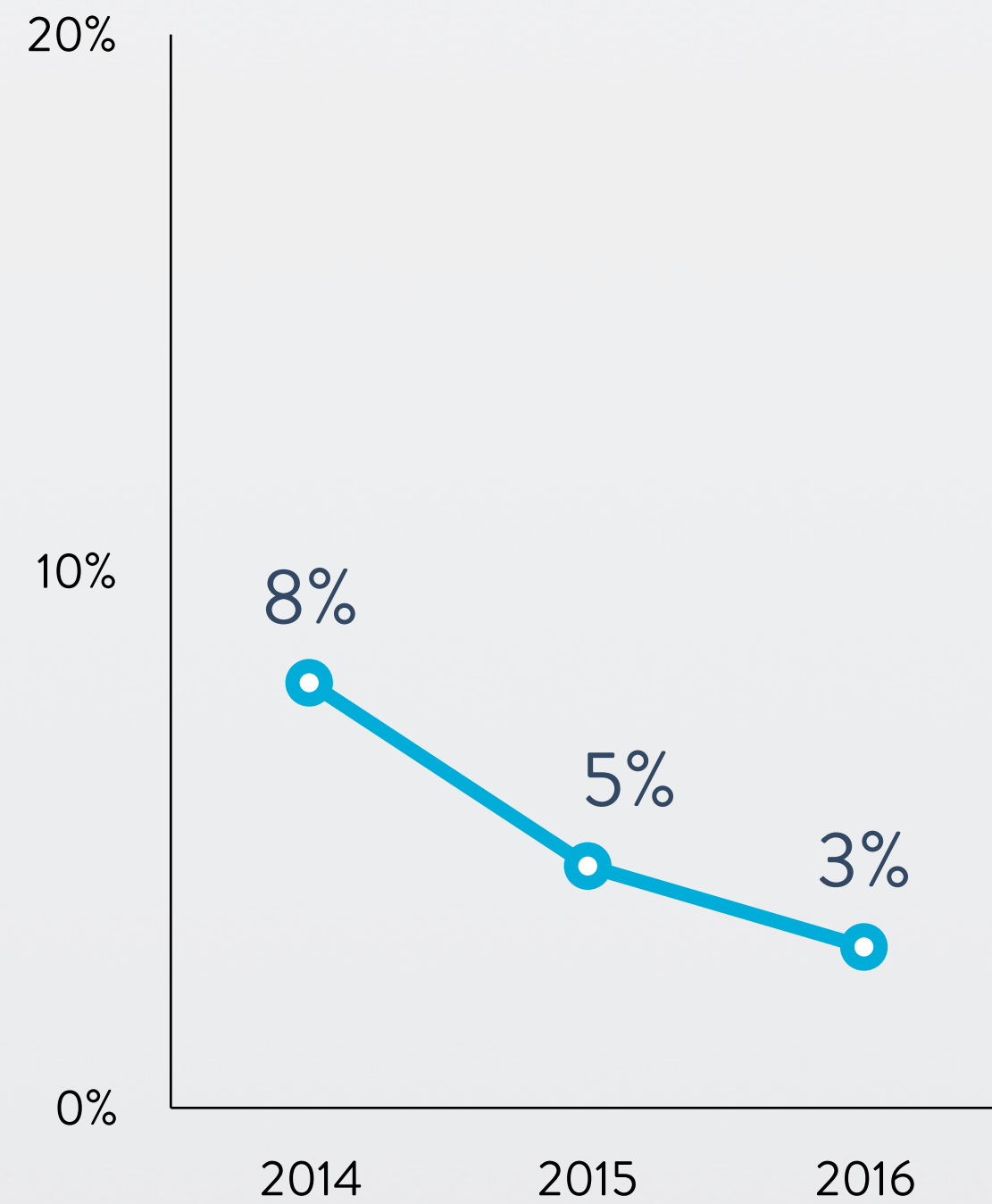
-  Increase number of markets / Sell more retail units
-  Reduce average days to sale
-  Increase conversion on existing products
-  Addition of new products and services
-  Scale provides cost of sales efficiencies

**CarMax, Inc.
Gross Profit
per Unit
~\$3,889 ⁽¹⁾**

(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

ADVERTISING EXPENSE LEVERAGE

Atlanta Advertising Expense
As % of Revenue



Nashville Advertising Expense
As % of Revenue



Key Drivers

Brand Awareness

Word of Mouth

Referrals

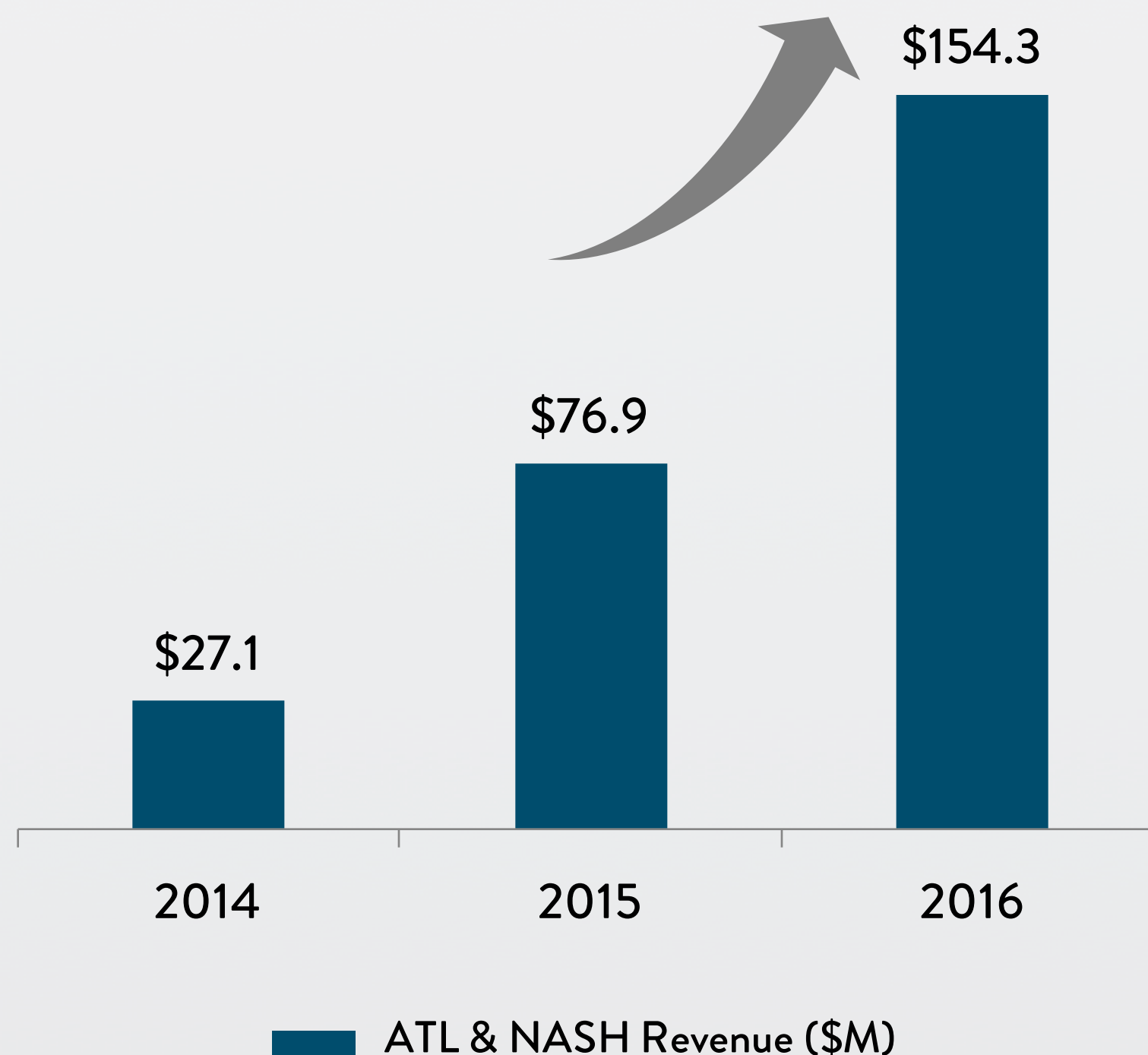
Inventory Selection

Product Enhancements

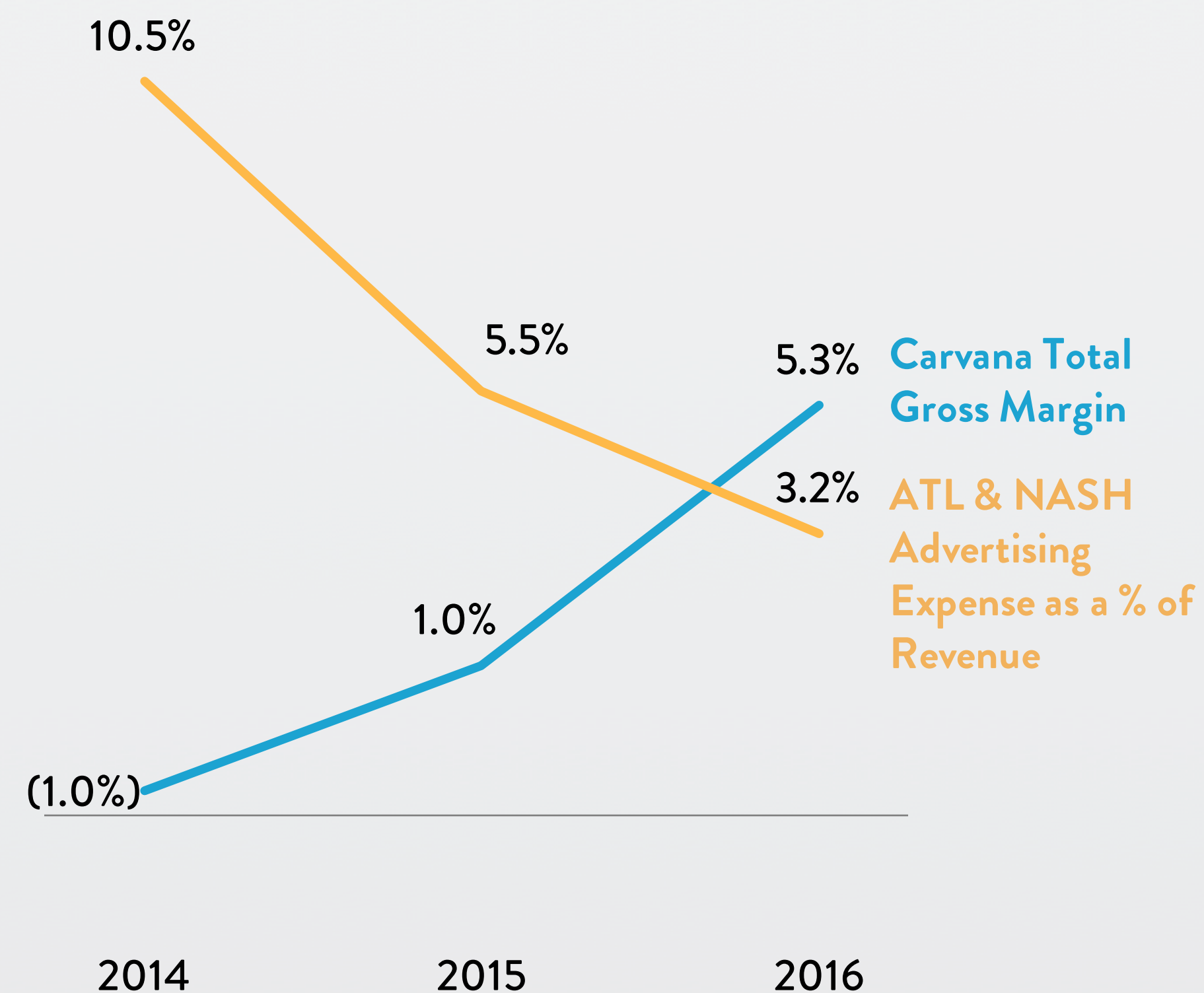
UNIT LEVERAGE

Revenue Growth

**100.8%
YoY Growth**



Improving Unit Economics



COMPANY 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

95%

Customers who would
recommend to friend

4.8/5.0

Customer
Rating

PROVEN GO-TO-MARKET STRATEGY

Demonstrated, capital-light market expansion playbook

21

Markets

1.1%

Market Penetration
in Atlanta & Nashville

VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

3

Existing
IRCs

5

Existing
Vending Machines

ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

180%

YoY 2016
Revenue Growth

27,500+

Retail Units
Sold Since Inception