

# William Blair Growth Stock Conference

June 6, 2019



carvana.com

CARVANA



# SAFE HARBOR

FY 2017

YTD 2018

Long Term  
1997

## 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 2018 and our Quarterly Report on Form 10-Q for Q1 2019.

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

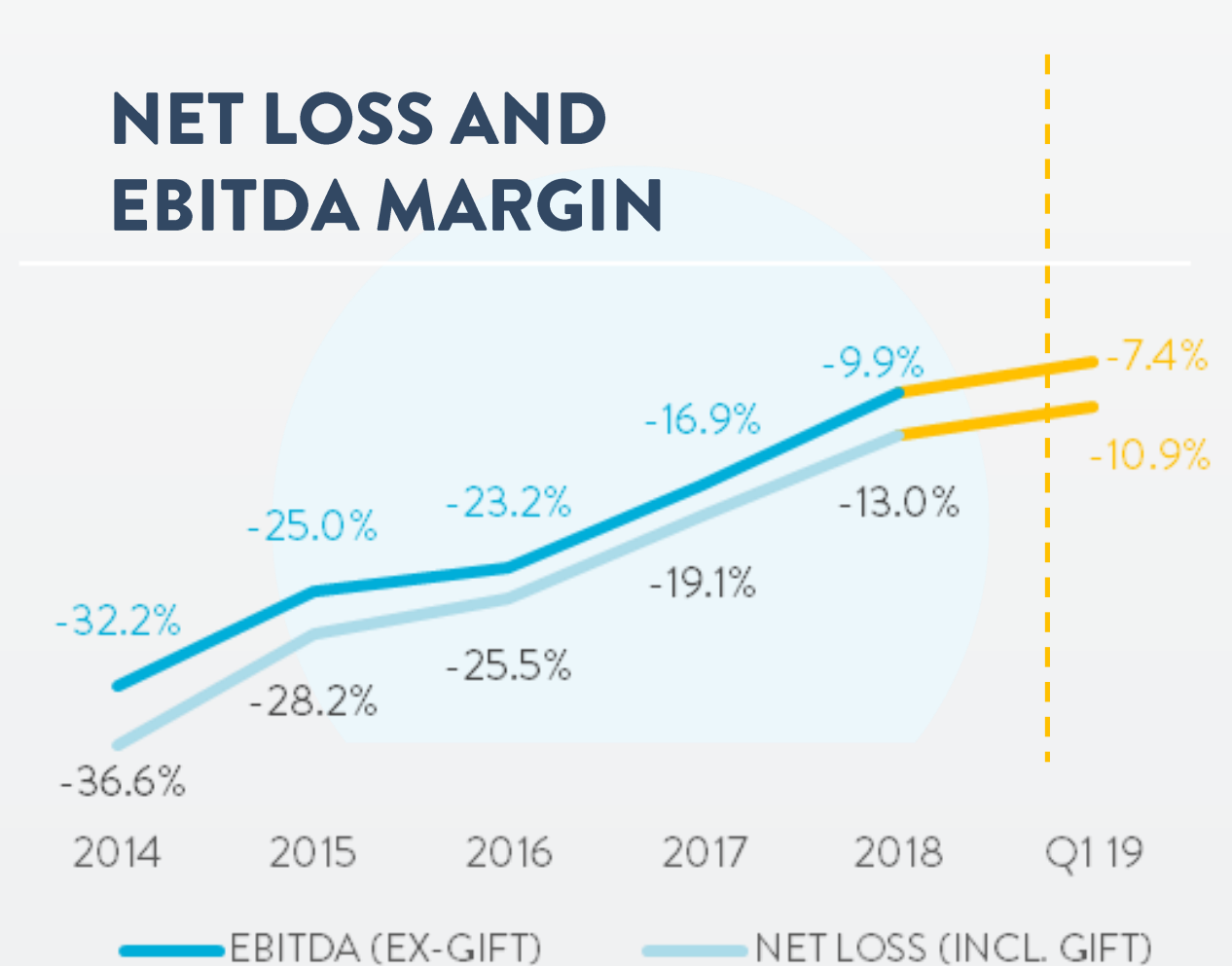
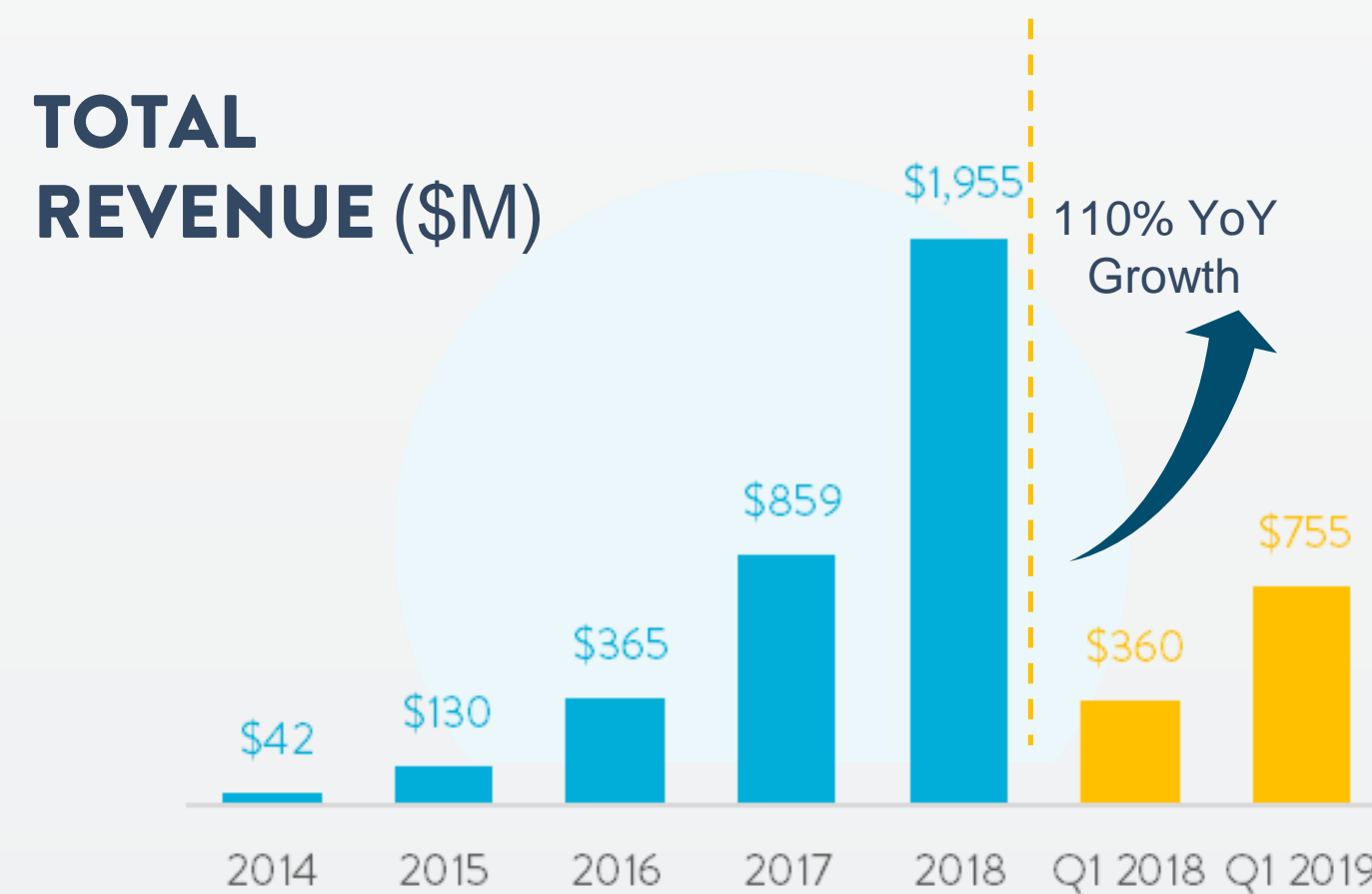
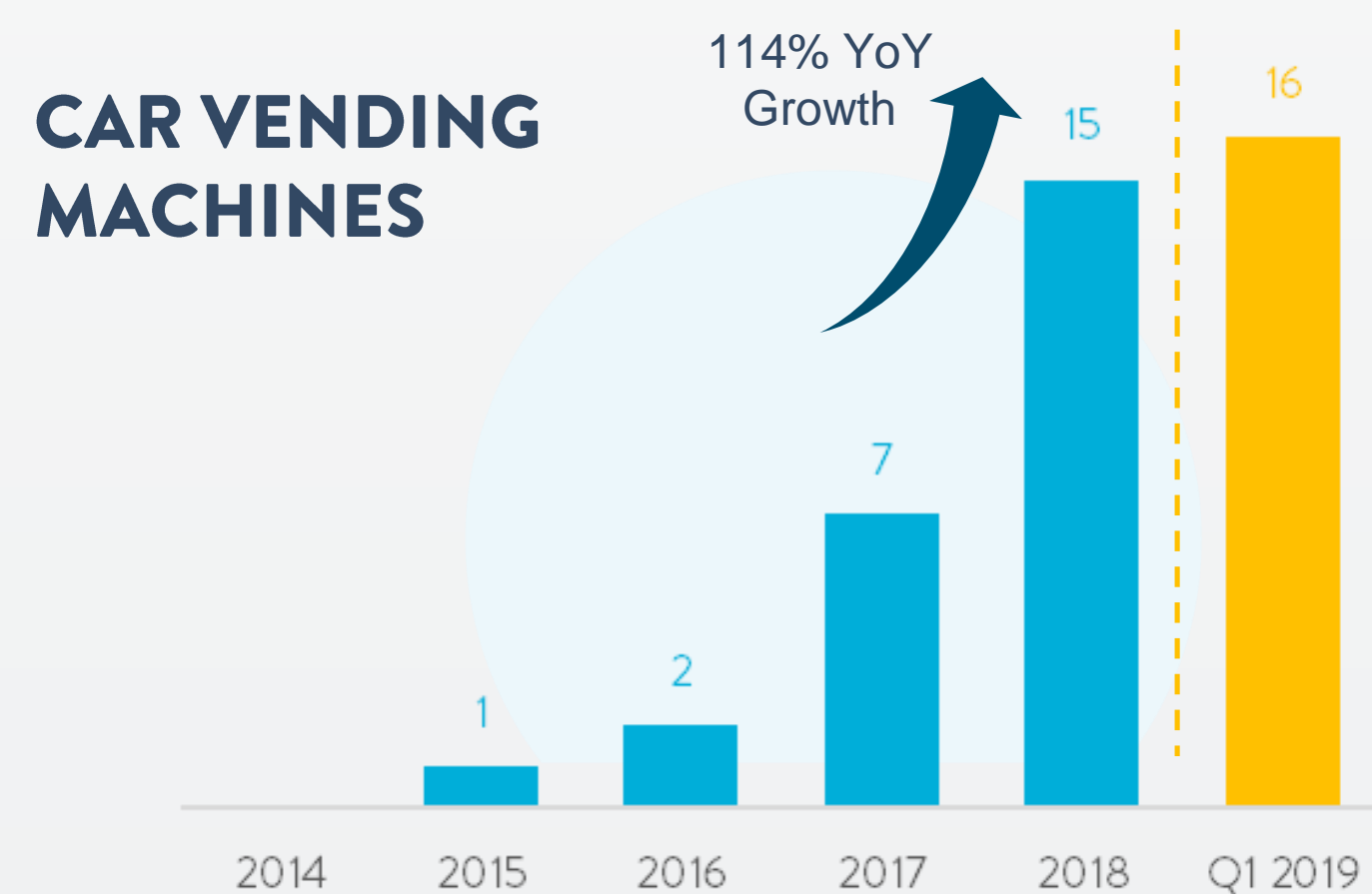
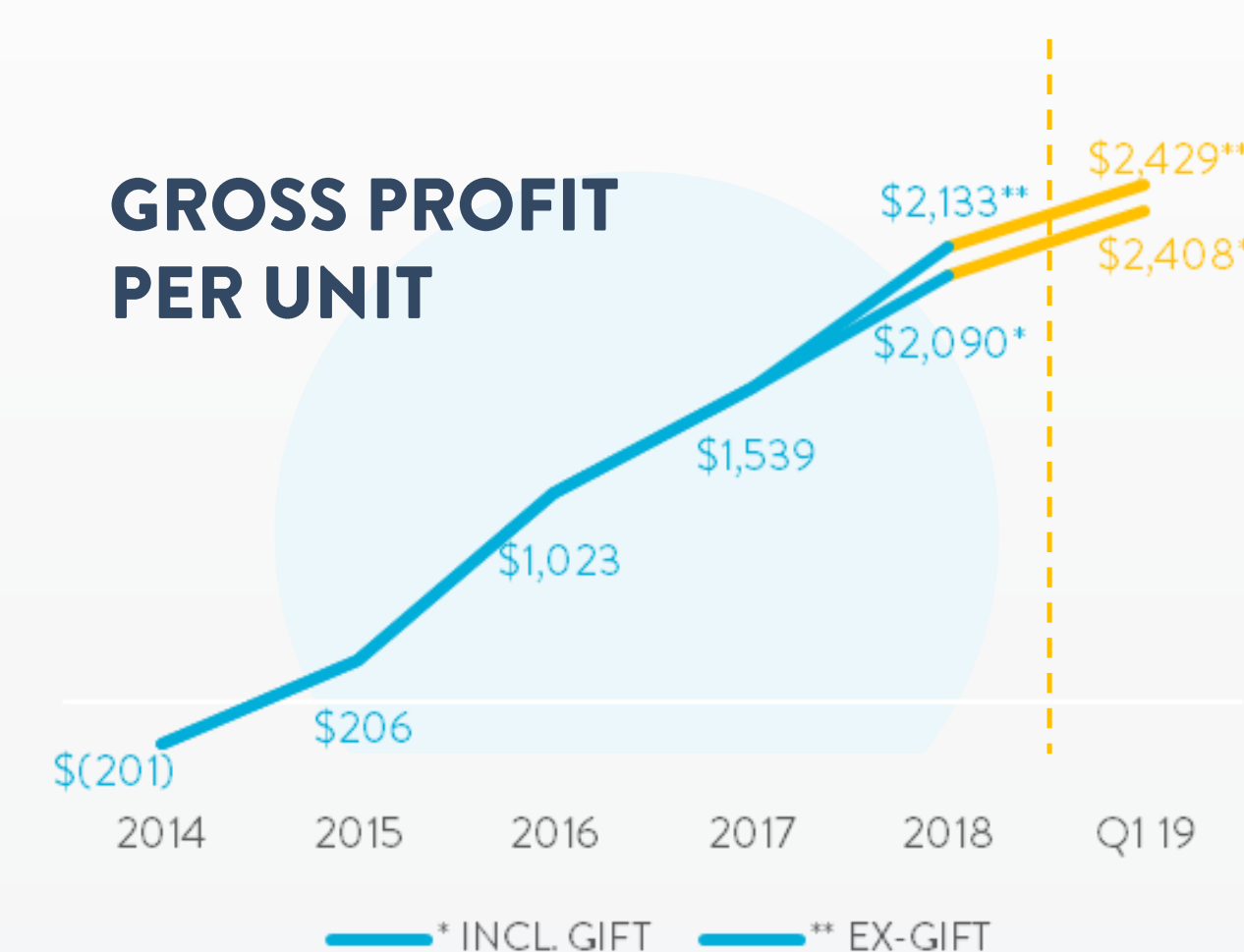
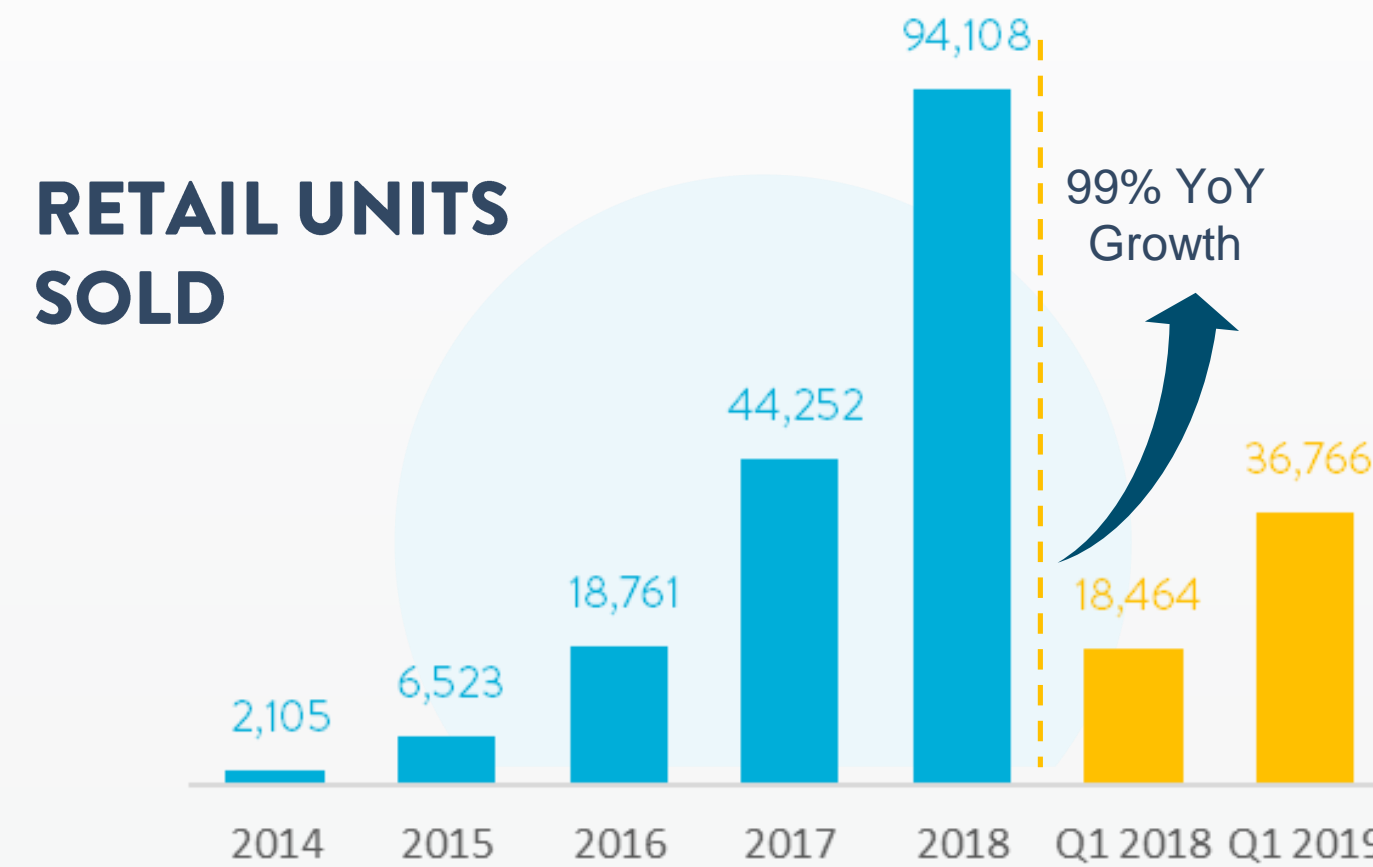
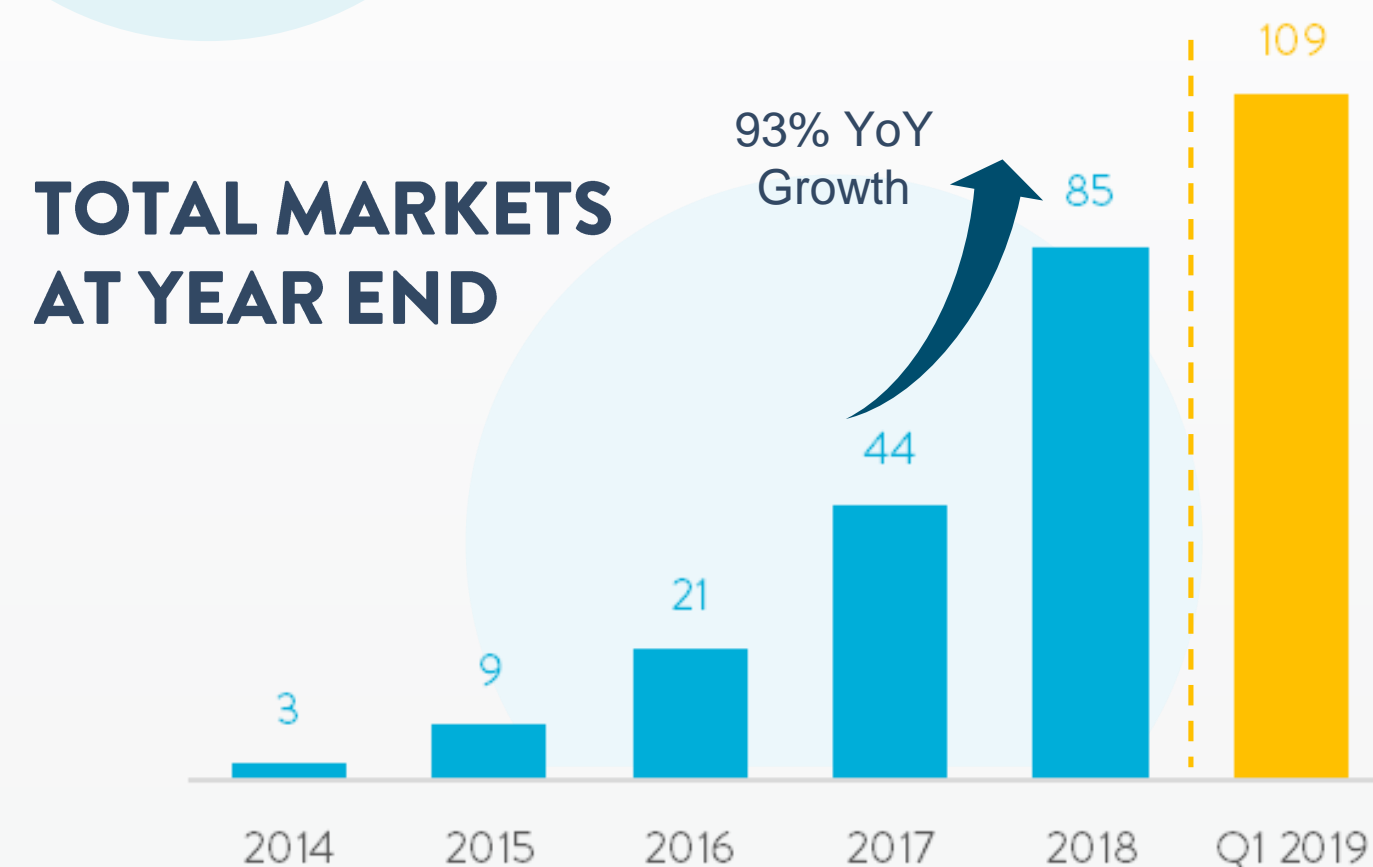
This presentation includes information concerning economic conditions, the Company's industry, the Company's markets and the Company's competitive position that is based on a variety of sources, including information from independent industry analysts and publications, as well as Carvana's own estimates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



(1) Markets and Vending Machines as of period end

(2) GAAP Reconciliation of GPU ex-gift and EBITDA ex-gift included in Appendix

COMPETITIVE ADVANTAGES

# INTEGRATION CREATES COMPETITIVE ADVANTAGES

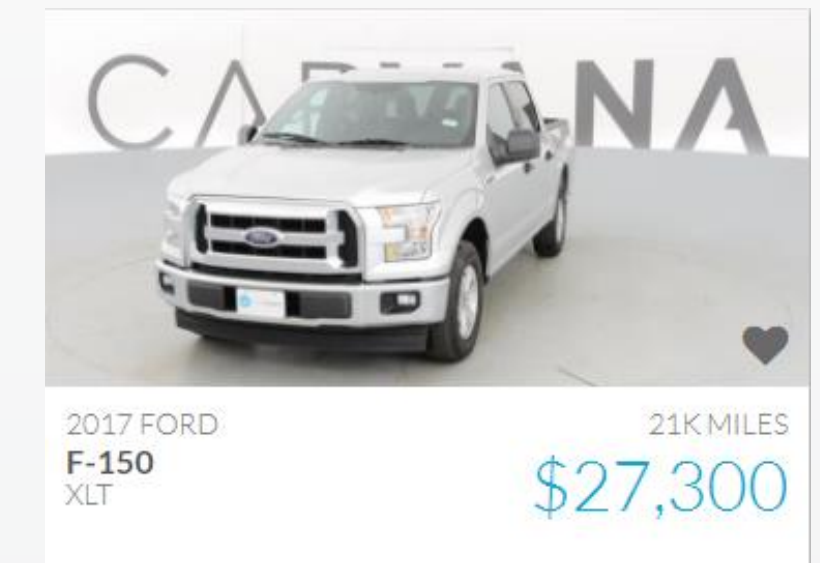
LARGE SCALE RECONDITIONING



NATIONAL CONSUMER FOCUSED BRAND



FULLY TRANSACTABLE E-COMMERCE EXPERIENCE



INTERNAL LOGISTICS NETWORK



PROPRIETARY FINANCING PLATFORM



LEADING FULFILLMENT EXPERIENCE

# KEY INVESTMENT HIGHLIGHTS

## MASSIVE, FRAGMENTED MARKET

Exceptionally large and inefficient used car market

**\$764B**  
2017 U.S.  
Used Car Sales <sup>(1)</sup>

**1.8%**  
Largest dealer brand  
market share in US <sup>(1)</sup>

## SUPERIOR CUSTOMER EXPERIENCE

Simple, seamless and differentiated used car buying experience

**96%**  
Customers who  
would recommend  
to friend <sup>(4)</sup>

**4.7/5.0**  
Average Customer  
Rating <sup>(5)</sup>

## PROVEN GO-TO-MARKET STRATEGY

Demonstrated, capital-light market expansion playbook

**124**  
Markets <sup>(3)</sup>

**1.94%**  
Market Penetration  
in Atlanta <sup>(2)</sup>

## VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

**7**  
Existing  
IRCs <sup>(3)</sup>

**18**  
Existing Vending  
Machines <sup>(3)</sup>

## ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

**128%**  
2018 YoY  
Revenue Growth <sup>(2)</sup>

**200K+**  
Retail Units Sold  
Since Inception <sup>(3)</sup>

# A BETTER WAY TO SELL A CAR

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## SIMPLE

Customer inputs license plate or VIN and answers a few questions

## AUTOMATED

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

## CONVENIENT

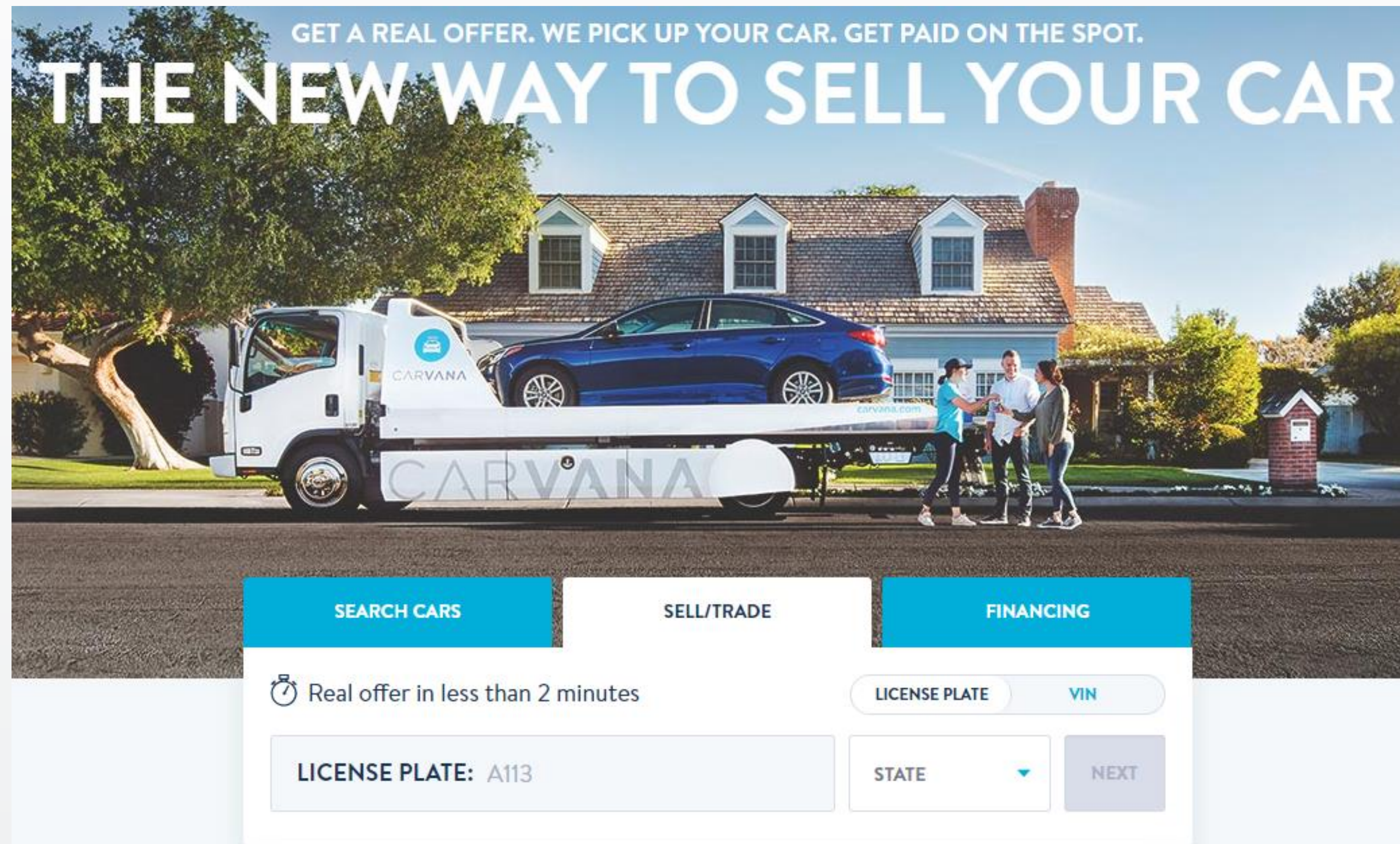
We pick up the car using our last-mile delivery network

## DATA-DRIVEN

Our vehicle data and valuation technology enable strong profit per unit

SIMPLE, INSTANT, QUALITY OFFERS

# EASIEST AND STRESS-FREE WAY TO SELL A CAR



GET A REAL OFFER. WE PICK UP YOUR CAR. GET PAID ON THE SPOT.

## THE NEW WAY TO SELL YOUR CAR

SEARCH CARS   SELL/TRADE   FINANCING

🕒 Real offer in less than 2 minutes

LICENSE PLATE   VIN

LICENSE PLATE: A113   STATE   NEXT

## THREE STEP PROCESS

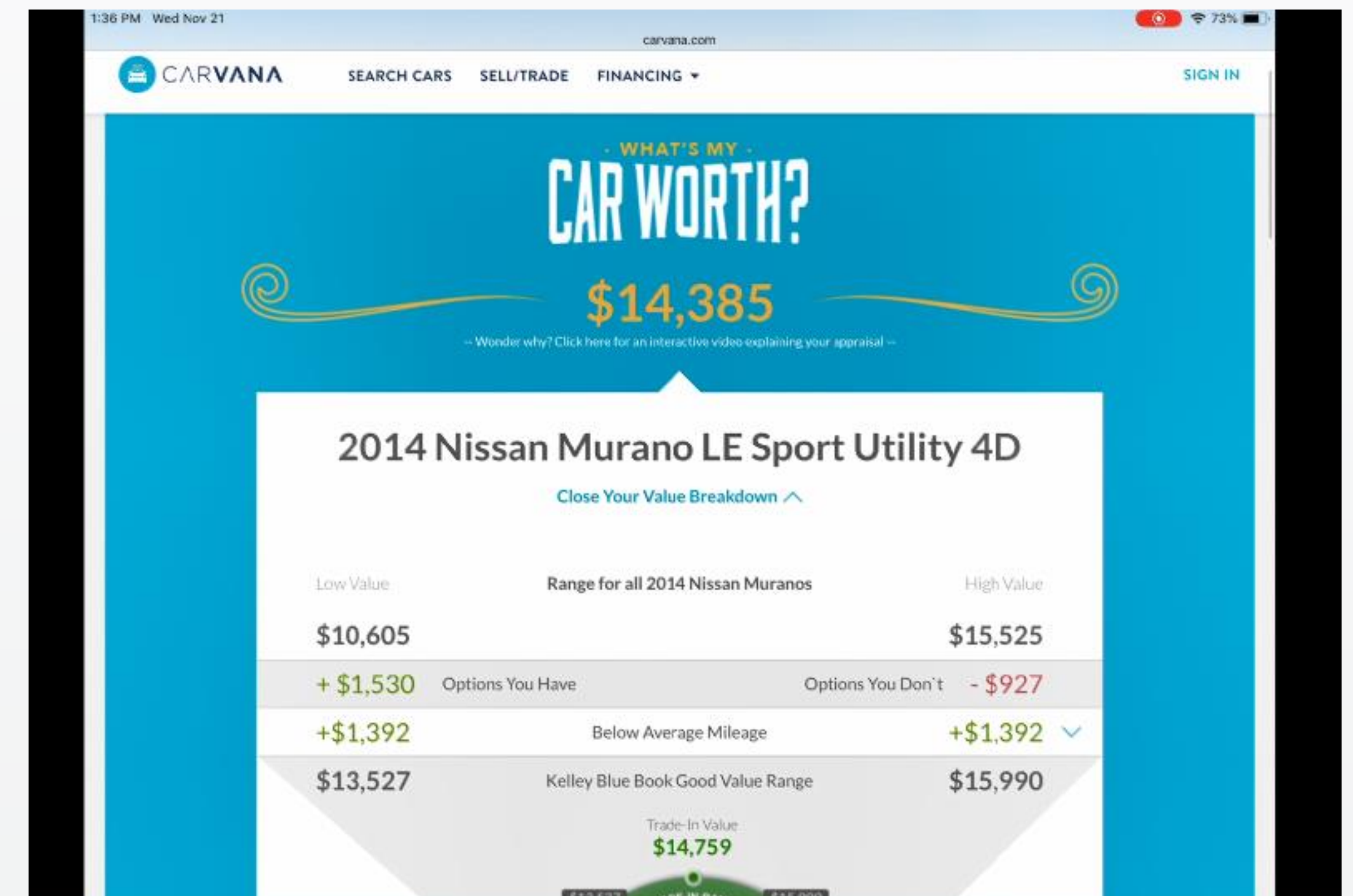
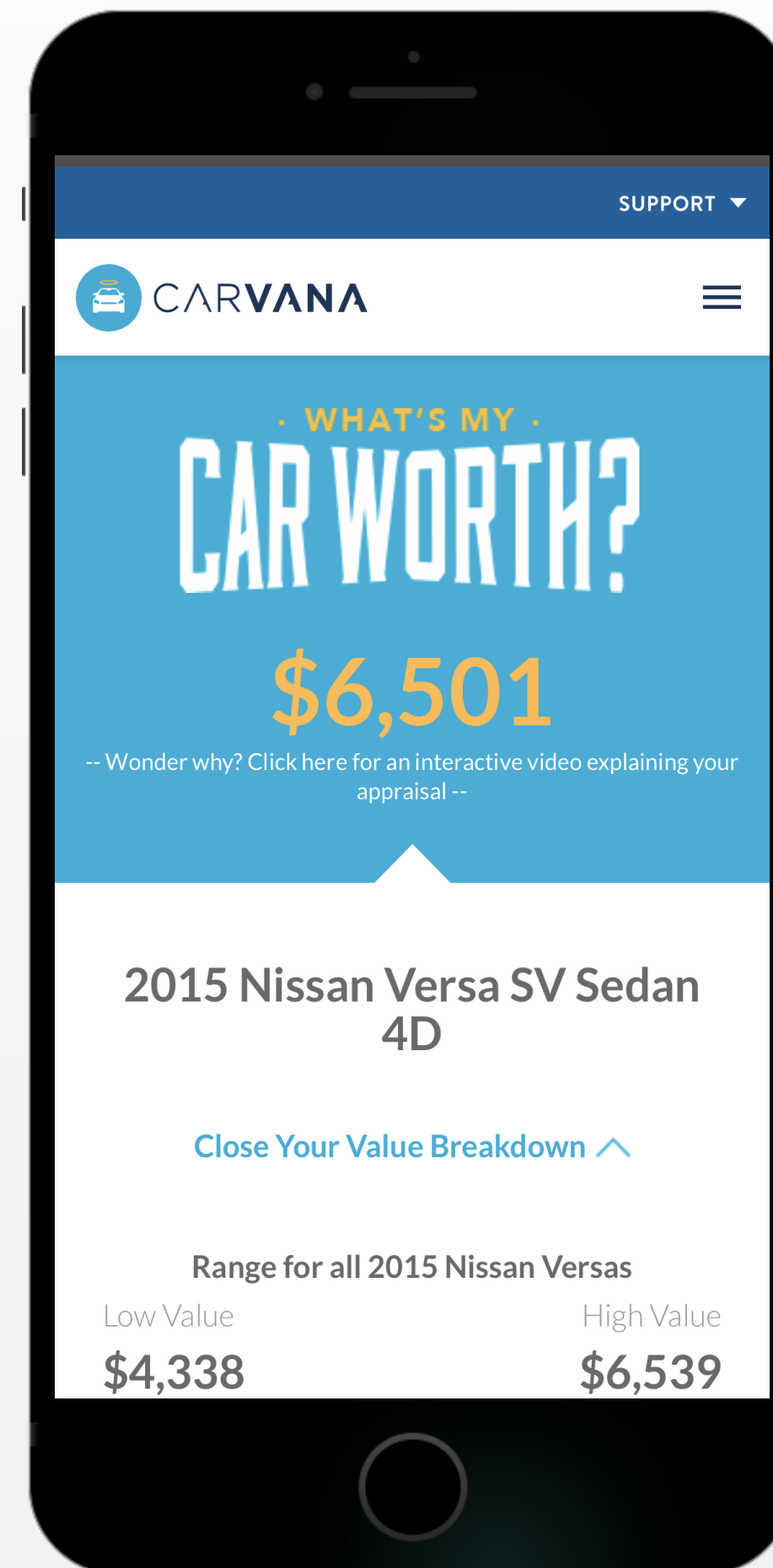
1. Enter License Plate or Vin
2. Input Vehicle Details
3. Answer a few Questions

SIMPLE, INSTANT, QUALITY OFFERS

# COMPETITIVE & QUALITY OFFERS

## GET A REAL OFFER

- Guaranteed for 7 days or 1,000 miles
- No Haggling
- No lowballs



SIMPLE, INSTANT, QUALITY OFFERS

# CONVENIENT PICKUP OPTIONS



You set your pick up for a time convenient for you .....



..... we'll do a quick review and hand you a check on the spot!

# BUYING CARS FROM CUSTOMERS

## Acquisition Channels

### Trade-Ins

Vehicles acquired from customers as part of a retail transaction

### Sell to Carvana

Vehicles acquired from customers without a retail transaction

## Disposition Channels

### Retail Sales

Vehicles that meet our retail parameters are reconditioned and sold on the website

### Wholesale Sales

Vehicles that do not meet our retail parameters are sold at wholesale auctions

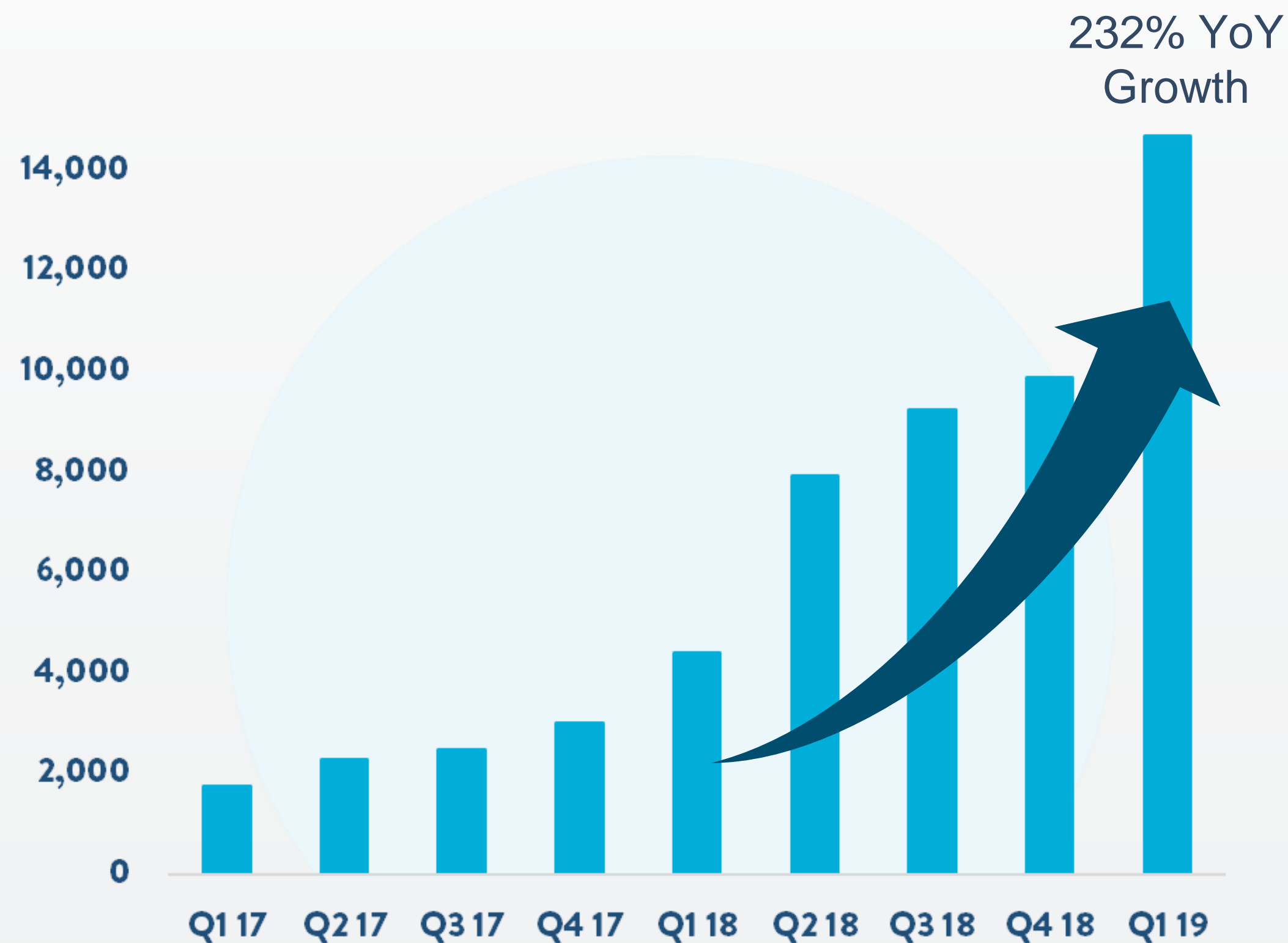


**Both retail and wholesale sales channels present significant GPU opportunities**

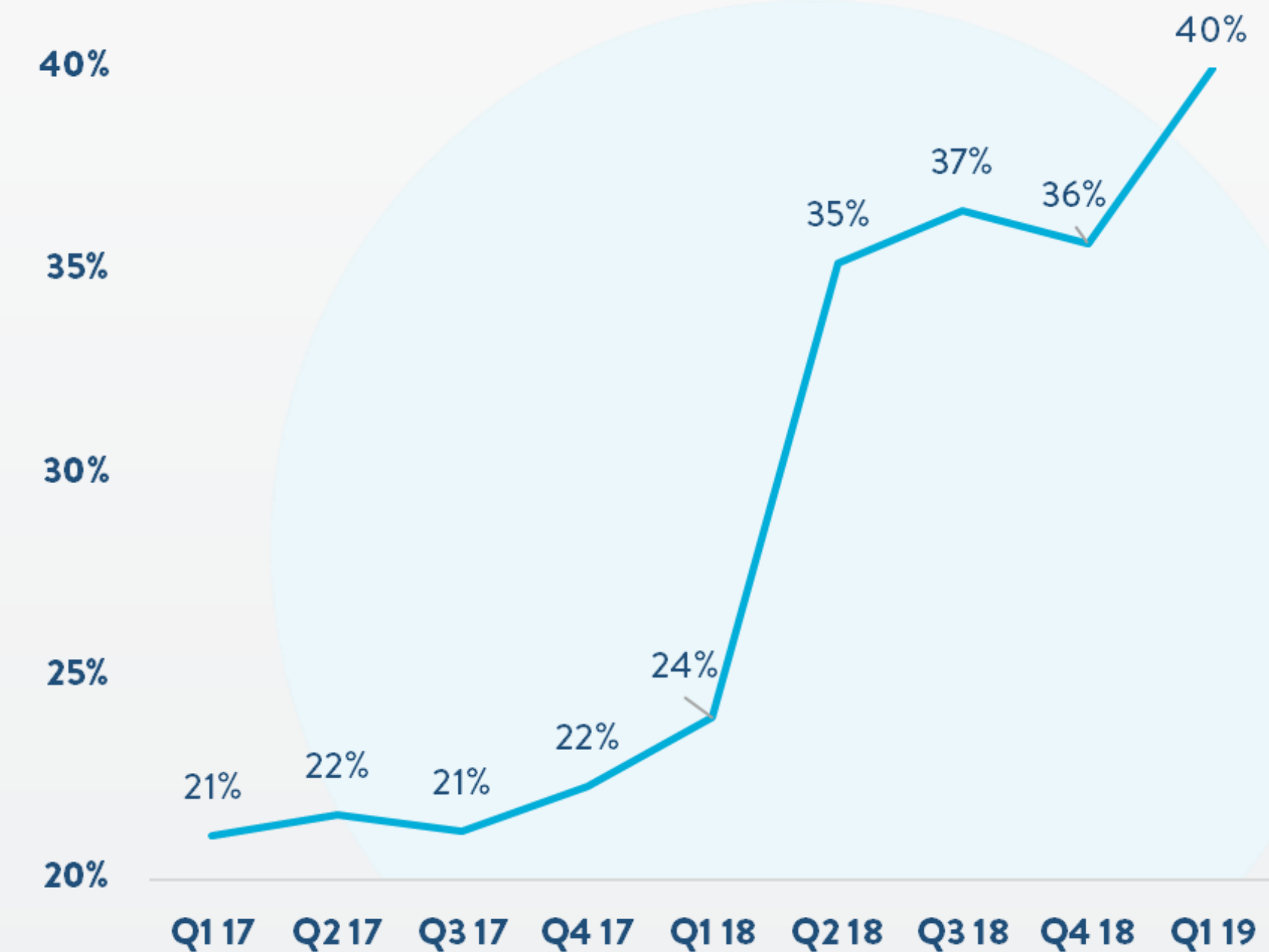
VEHICLE SOURCING

# SOLID GROWTH WITH MORE RUNWAY AHEAD

Total Vehicles Purchased From Customers (1)



Customer Vehicles Purchased vs. Retail Units (2)



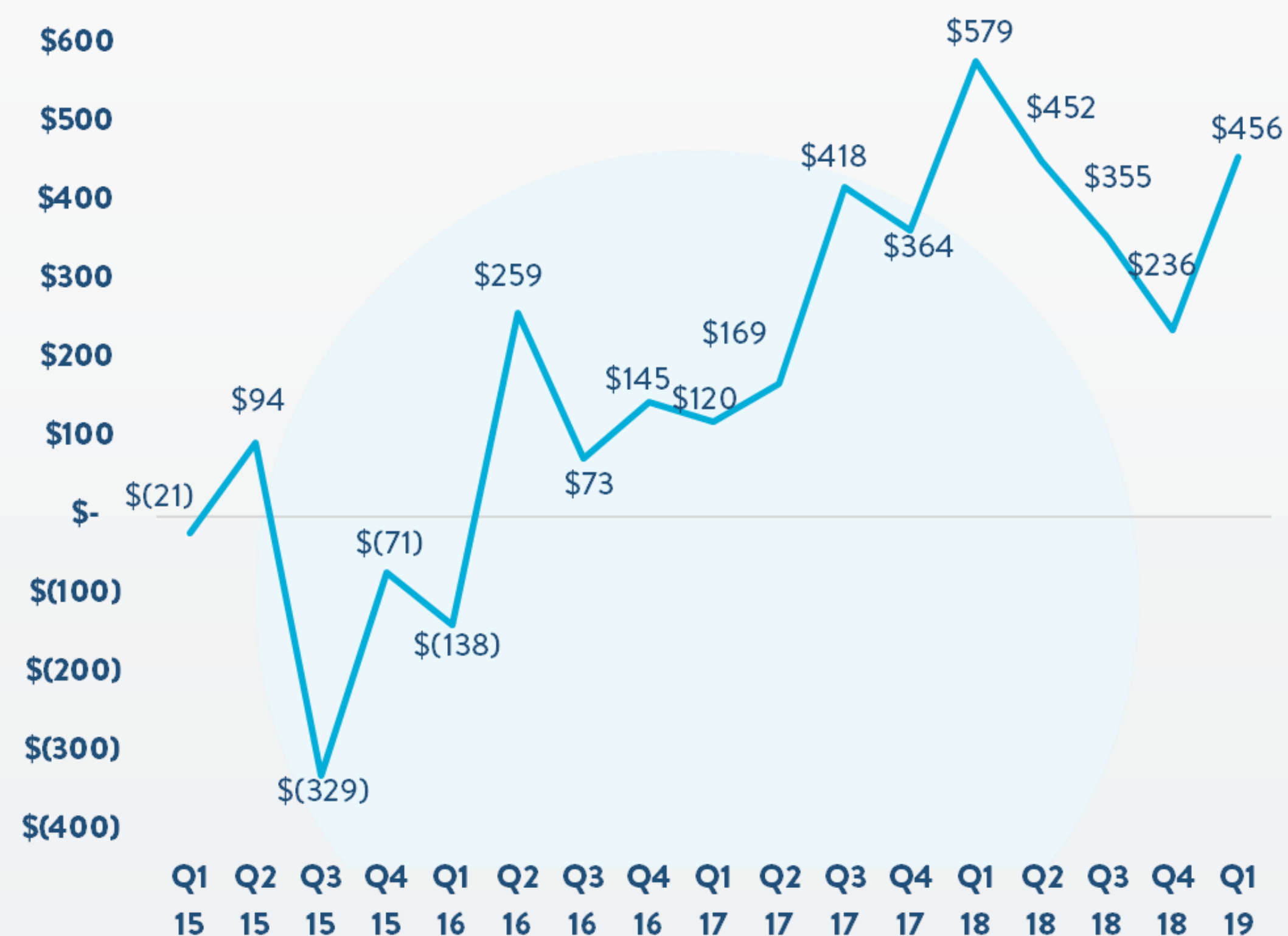
(1) All vehicles purchased from customers during each period either as a trade-in or without a retail purchase

(2) Equal to total vehicles purchased from customer divided by retail units sold during each period

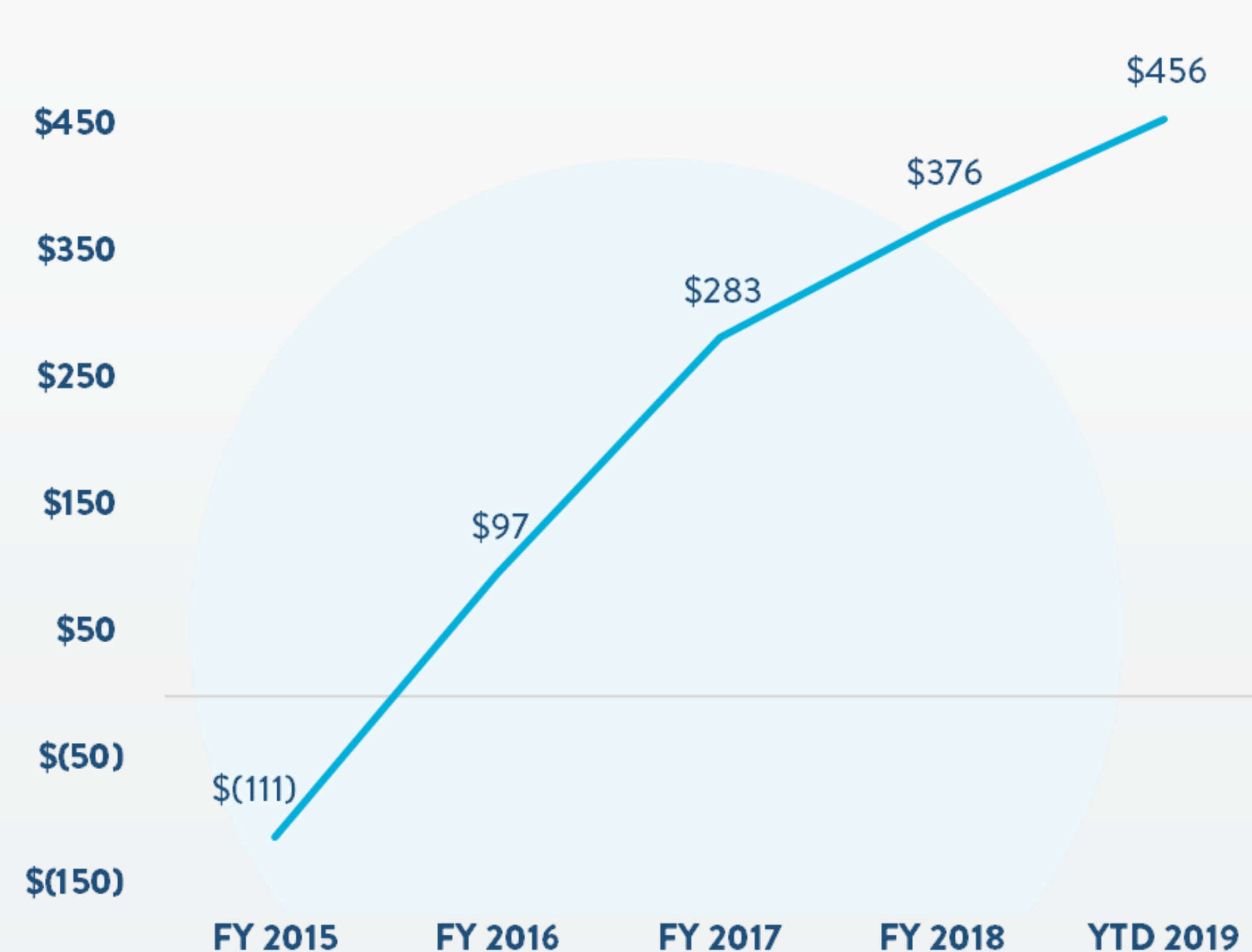
WHOLESALE SALES

# SIGNIFICANT WHOLESALE GPU OPPORTUNITY

Quarterly Wholesale Gross Profit per Wholesale Unit (ex-Gift)\*



Annual Wholesale Gross Profit per Wholesale Unit (ex-Gift)\*



Note: All figures represent total wholesale gross profit divided by wholesale units sold in each period

\*For all periods ending prior to August 31, 2018, Gross Profit incl. Gift equals Gross Profit ex-Gift

# SIZING UP THE OPPORTUNITY

## RETAIL SOURCING

## WHOLESALE SALES

## TOTAL

Used Industry  
Leader

**38 – 52%**

of Retail Units Sourced  
from Customers

**55 – 65%**

Ratio of Wholesale Units  
to Retail Units

**~100%+**

Ratio of Vehicles purchased  
from customers to  
retail units sold

Profit per Unit  
Goal

**\$500 – 1,000**

vs. auction-sourced vehicles

**\$500 – 1,000**

per wholesale unit sold

**\$500 – 1,000**

Incremental per customer  
purchased vehicles

Total GPU  
Contribution Goal

**\$200 – 500**

per retail unit sold, vs. sourcing  
vehicles exclusively from  
wholesale auctions

**\$250 – 650**

per retail unit sold

**\$450 – 1,150**

per retail unit sold

# KEY PRODUCT HIGHLIGHTS

## SIMPLE

Customer inputs license plate or VIN and answers a few questions

**2 minutes**

To get a real value

## AUTOMATED

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

**232%**

Y-o-Y growth <sup>(1)</sup>

## CONVENIENT

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

**4.9 / 5.0**

Average Customer Rating <sup>(2)</sup>

## DATA-DRIVEN

Our vehicle data and valuation technology enable strong profit per unit

**\$456**

YTD Wholesale margin per Wholesale Unit (ex-Gift)

(1) Represents year-over-year growth in total vehicles purchased from customers (2) October 2018 – March 31, 2019



# APPENDIX

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# NON-GAAP MEASURES

## Long Term

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—Gross Profit ex-Gift and Gross Profit per Unit ex-Gift; and EBITDA ex-Gift and EBITDA Margin ex-Gift. These are described below. 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.

### *100K Milestone Gift*

On September 10, 2018, we announced a commitment by our Chief Executive Officer, Ernest Garcia III (“Mr. Garcia”), to contribute 165 shares of Class A common stock to us from his personal shareholdings for every one of our then-existing employees upon their satisfying certain employment tenure requirements. In connection with these contributions, we have made corresponding grants of 165 restricted stock units under our 2017 Omnibus Incentive Plan to each employee who has satisfied the requirements and intend to make grants to the remaining then-existing employees as they satisfy the requirements (the “100k Milestone Gift” or “Gift”). Under U.S. GAAP, the 100k Milestone Gift is treated as compensation expense, a portion of which relates to the production of our used vehicle inventory and is therefore capitalized to inventory and subsequently recognized within costs of sales when the related inventory is sold.

### *Gross Profit ex-Gift and Gross Profit per Unit ex-Gift*

Gross Profit ex-Gift and Gross Profit per Unit ex-Gift are non-GAAP supplemental measures of operating performance that do not represent and should not be considered an alternative to gross profit, as determined by GAAP. Gross Profit ex-Gift is defined as gross profit before compensation expense related to the 100k Milestone Gift included in cost of sales. Gross Profit per Unit ex-Gift is Gross Profit ex-Gift divided by units sold. We use Gross Profit ex-Gift to measure the operating performance of our business and Gross Profit per Unit ex-Gift to measure our operating performance relative to our units sold.

Carvana believes that Gross Profit ex-Gift and Gross Profit per Unit ex-Gift are useful measures to investors because they exclude the expense associated with the 100k Milestone Gift recognized in cost of sales. We expect the 100k Milestone Gift to be a one-time award program for which we will recognize varying amounts of expense through the first half of 2020, and therefore believe the related expense does not reflect our core operations, is not included in our past operations, and may not be indicative of our future operations. Additionally, the shares issued to settle the 100k Milestone Gift are offset by share contributions from Mr. Garcia to Carvana, therefore we expect the impact on shares outstanding to be nearly zero. We believe that excluding it enables us to more effectively evaluate our performance period-over-period and relative to our competitors.

Gross Profit ex-Gift and Gross Profit per Unit ex-Gift have limitations as an analytical tool and you should not consider these measures either in isolation or as a substitute for gross profit and gross profit per unit or other methods of analyzing the Company’s results as reported under GAAP.

# NON-GAAP MEASURES

	FY 2017	YTD 2018	Long Term Target
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## *EBITDA ex-Gift and EBITDA Margin ex-Gift*

EBITDA ex-Gift and EBITDA Margin ex-Gift are non-GAAP supplemental measures of operating performance that do not represent and should not be considered an alternative to net loss or cash flow from operations, as determined by GAAP. EBITDA ex-Gift is defined as net loss before interest expense, income tax expense, depreciation and amortization expense, and the expense related to the 100k Milestone Gift. EBITDA Margin ex-Gift is EBITDA ex-Gift as a percentage of total revenues. We use EBITDA ex-Gift to measure the operating performance of our business and EBITDA Margin ex-Gift to measure our operating performance relative to our total revenues.

Carvana believes that EBITDA ex-Gift and EBITDA Margin ex-Gift provide useful information to investors about the Company and its financial condition and results of operations for the following reasons: (i) EBITDA is among the measures used by the Company's management team to evaluate its financial and operating performance and make day-to-day financial and operating decisions; (ii) EBITDA is frequently used by securities analysts, investors and other interested parties as common performance measures to compare results or estimate valuations across companies in the Company's industry, and (iii) they exclude certain financial and capital structure items and the expense associated with the 100k Milestone Gift, 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. In particular, we expect the 100k Milestone Gift to be a one-time award program for which we will recognize varying amounts of expense through the first half of 2020, and therefore we believe the related expense does not reflect our core operations, is not included in our past operations, and may not be indicative of our future operations. Additionally, the shares issued to settle the 100k Milestone Gift are offset by share contributions from Mr. Garcia to the Company, therefore we expect the impact on shares outstanding to be nearly zero. We believe that excluding these items enables us to more effectively evaluate our performance period-over-period and relative to our competitors.

EBITDA ex-Gift and EBITDA Margin ex-Gift have limitations as an analytical tool, and you should not consider either measure in isolation or as a substitute for net loss, cash flow from operations, or other methods of analyzing the Company's results as reported under GAAP.

# NET LOSS TO EBITDA RECONCILIATION

	2014	2015	2016	2017	2018	Q1 2019
<b>Net Loss</b>	(\$15,238)	(\$36,780)	(\$93,112)	(\$164,316)	(\$254,745)	(\$82,596)
D&A	\$1,705	\$2,800	\$4,658	\$11,568	\$23,539	\$7,943
Interest Expense	\$108	\$1,412	\$3,587	\$7,659	\$25,018	\$15,648
100k Milestone Gift					\$11,821	\$2,974
<b>EBITDA (ex.-Gift)</b>	(\$13,425)	(\$32,568)	(\$84,867)	(\$145,089)	(\$194,367)	(\$56,031)
Total Revenues	\$41,679	\$130,392	\$365,148	\$858,870	\$1,955,467	\$755,234
Net Loss Margin	(36.6%)	(28.2%)	(25.5%)	(19.1%)	(13.0%)	(10.9%)
<b>EBITDA Margin (ex.-Gift)</b>	(32.2%)	(25.0%)	(23.2%)	(16.9%)	(9.9%)	(7.4%)

# Non-GAAP Financial Reconciliation

	Three Months Ended March 31, 2019			Gross Profit per Unit ex-Gift
	GAAP	Less: Gift	ex-Gift	
Used vehicle unit sales	36,766			
Wholesale vehicle unit sales	6,701			
<b>Sales and operating revenues:</b>				
Used vehicle sales, net	\$ 683,829	\$ —	\$ 683,829	
Wholesale vehicle sales	33,030	—	33,030	
Other sales and revenues, including \$10,573 from related parties	38,375	—	38,375	
<b>Net sales and operating revenues</b>	<b>755,234</b>	<b>—</b>	<b>755,234</b>	
<b>Cost of sales, including \$1,273 to related parties</b>	<b>666,702</b>	<b>(786)</b>	<b>665,916</b>	
Used vehicle gross profit <sup>(1)</sup>	47,122	(764)	47,886	\$ 1,302
Wholesale vehicle gross profit <sup>(2)</sup>	3,035	(22)	3,057	\$ 456
Other gross profit <sup>(1)</sup>	38,375	—	38,375	\$ 1,044
<b>Total gross profit <sup>(1)</sup></b>	<b>88,532</b>	<b>(786)</b>	<b>89,318</b>	<b>\$ 2,429</b>
Selling, general and administrative expenses, including \$2,735 to related parties	155,241	2,188	153,053	
Interest expense, including \$333 to related parties	15,648	—	15,648	
Other expense, net	239	—	239	
<b>Net loss before income taxes</b>	<b>(82,596)</b>	<b>(2,974)</b>	<b>(79,622)</b>	
Income tax provision	—	—	—	
<b>Net loss</b>	<b>\$ (82,596)</b>	<b>\$ (2,974)</b>	<b>\$ (79,622)</b>	

(1) Used vehicle, other and total gross profit per unit amounts are per used vehicle sold.

(2) Wholesale vehicle gross profit per unit amounts are per wholesale vehicle sold.

# Non-GAAP Financial Reconciliation

	Three Months Ended December 31, 2018			Gross Profit per Unit ex-Gift
	GAAP	Less: Gift	Ex-gift	
Used vehicle unit sales	27,750			
Wholesale vehicle unit sales	4,717			
<b>Sales and operating revenues:</b>				
Used vehicle sales, net	\$ 526,798	\$ —	\$ 526,798	
Wholesale vehicle sales	25,389	—	25,389	
Other sales and revenues, including \$9,221 from related parties	32,651	—	32,651	
<b>Net sales and operating revenues</b>	<b>584,838</b>	<b>—</b>	<b>584,838</b>	
<b>Cost of sales</b>	<b>528,704</b>	<b>(3,002)</b>	<b>525,702</b>	
Used vehicle gross profit <sup>(1)</sup>	22,482	(2,889)	25,371	\$ 914
Wholesale vehicle gross profit <sup>(2)</sup>	1,001	(113)	1,114	\$ 236
Other gross profit <sup>(1)</sup>	32,651	—	32,651	\$ 1,177
<b>Total gross profit <sup>(1)</sup></b>	<b>56,134</b>	<b>(3,002)</b>	<b>59,136</b>	<b>\$ 2,131</b>
Selling, general and administrative expenses	130,652	1,058	129,594	
Interest expense, including \$333 to related parties	11,663	—	11,663	
Other expense, net	223	—	223	
<b>Net loss before income taxes</b>	<b>(86,404)</b>	<b>(4,060)</b>	<b>(82,344)</b>	
Income tax provision	—	—	—	
<b>Net loss</b>	<b>\$ (86,404)</b>	<b>\$ (4,060)</b>	<b>\$ (82,344)</b>	

(1) Used vehicle, other and total gross profit per unit amounts are per used vehicle sold.

(2) Wholesale vehicle gross profit per unit amounts are per wholesale vehicle sold.

# Non-GAAP Financial Reconciliation

	Three Months Ended September 30, 2018			Gross Profit per Unit ex-Gift
	GAAP	Less: Gift	ex-Gift	
Used vehicle unit sales	25,324			
Wholesale vehicle unit sales	4,408			
<b>Sales and operating revenues:</b>				
Used vehicle sales, net	\$ 486,269	\$ —	\$ 486,269	
Wholesale vehicle sales	21,440	—	21,440	
Other sales and revenues, including \$6,696 from related parties	27,212	—	27,212	
<b>Net sales and operating revenues</b>	<b>534,921</b>	<b>—</b>	<b>534,921</b>	
<b>Cost of sales</b>	<b>477,615</b>	<b>(1,001)</b>	<b>476,614</b>	
Used vehicle gross profit <sup>(1)</sup>	28,550	(981)	29,531	\$ 1,166
Wholesale vehicle gross profit <sup>(1)</sup>	1,544	(20)	1,564	\$ 355
Other gross profit	27,212	—	27,212	n/a
<b>Total gross profit <sup>(1)</sup></b>	<b>57,306</b>	<b>(1,001)</b>	<b>58,307</b>	<b>\$ 2,302</b>
Selling, general and administrative expenses	115,768	6,760	109,008	
Interest expense	5,649	—	5,649	
Other expense, net	308	—	308	
<b>Net loss before income taxes</b>	<b>(64,419)</b>	<b>(7,761)</b>	<b>(56,658)</b>	
Income tax provision	—	—	—	
<b>Net loss</b>	<b>\$ (64,419)</b>	<b>\$ (7,761)</b>	<b>\$ (56,658)</b>	

(1) Used vehicle gross profit per unit and total gross profit per unit amounts are per used vehicle sold, and wholesale vehicle gross profit per unit amounts are per wholesale vehicle sold.

# Non-GAAP Financial Reconciliation

	Year Ended December 31, 2018			Gross Profit per Unit ex-Gift
	GAAP	Less: Gift	ex-Gift	
Used vehicle unit sales	94,108			
Wholesale vehicle unit sales	15,125			
<b>Sales and operating revenues:</b>				
Used vehicle sales, net	\$ 1,785,045	\$ —	\$ 1,785,045	
Wholesale vehicle sales	73,584	—	73,584	
Other sales and revenues, including \$25,572 from related parties	96,838	—	96,838	
<b>Net sales and operating revenues</b>	<b>1,955,467</b>	<b>—</b>	<b>1,955,467</b>	
<b>Cost of sales</b>	<b>1,758,758</b>	<b>(4,003)</b>	<b>1,762,761</b>	
Used vehicle gross profit <sup>(1)</sup>	94,319	(3,870)	98,189	\$ 1,043
Wholesale vehicle gross profit <sup>(2)</sup>	5,552	(133)	5,685	\$ 376
Other gross profit <sup>(1)</sup>	96,838	—	96,838	\$ 1,029
<b>Total gross profit <sup>(1)</sup></b>	<b>196,709</b>	<b>(4,003)</b>	<b>200,712</b>	<b>\$ 2,133</b>
Selling, general and administrative expenses	425,258	7,818	417,440	
Interest expense, including \$370 to related parties	25,018	—	25,018	
Other expense, net	1,178	—	1,178	
<b>Net loss before income taxes</b>	<b>(254,745)</b>	<b>(11,821)</b>	<b>(242,924)</b>	
Income tax provision	—	—	—	
<b>Net loss</b>	<b>\$ (254,745)</b>	<b>\$ (11,821)</b>	<b>\$ (242,924)</b>	

(1) Used vehicle, other and total gross profit per unit amounts are per used vehicle sold.

(2) Wholesale vehicle gross profit per unit amounts are per wholesale vehicle sold.