

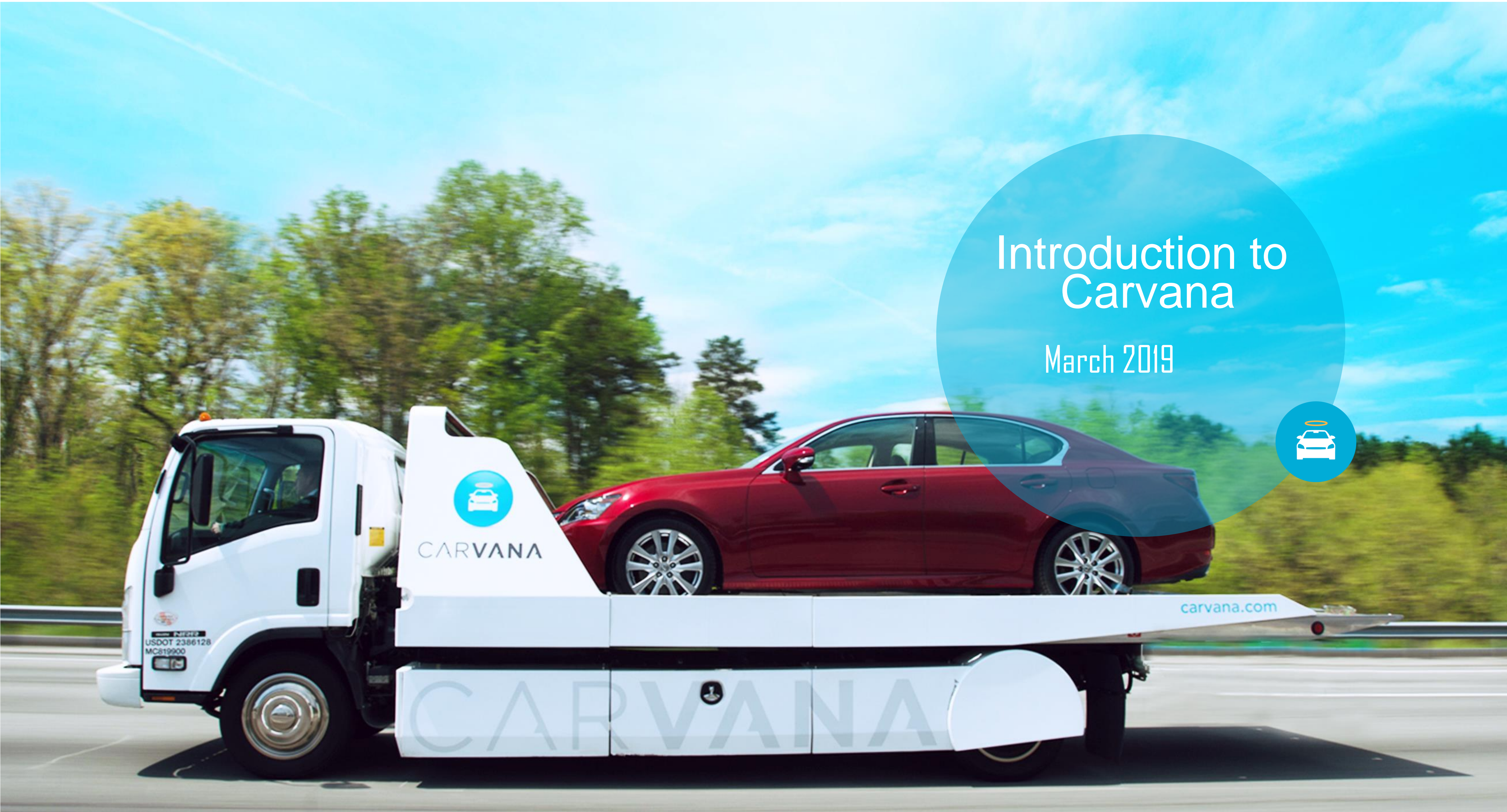
# Introduction to Carvana

March 2019



carvana.com

CARVANA



# SAFE HARBOR

FY 2017

YTD 2018

Long Term  
Target

## 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.

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

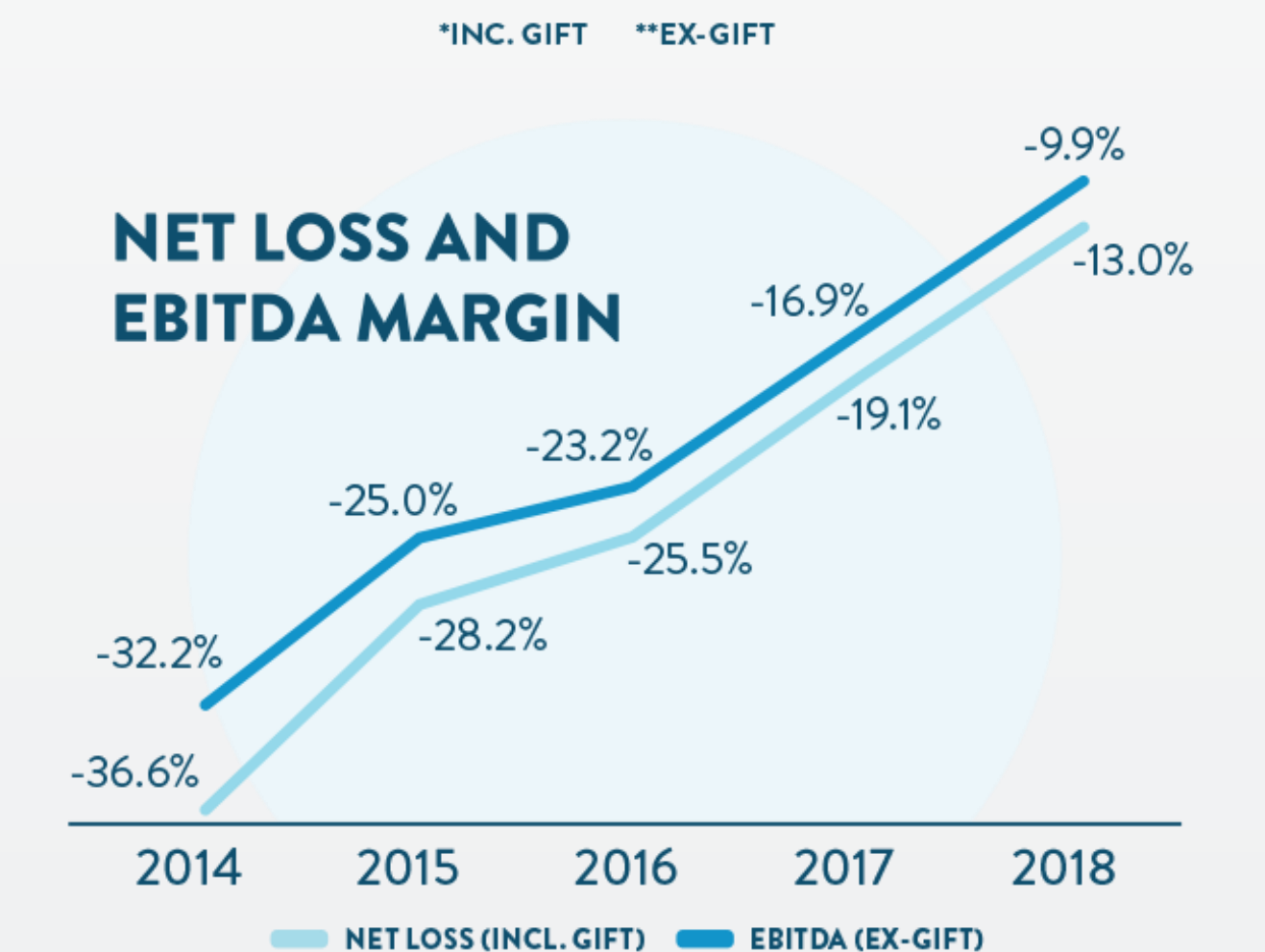
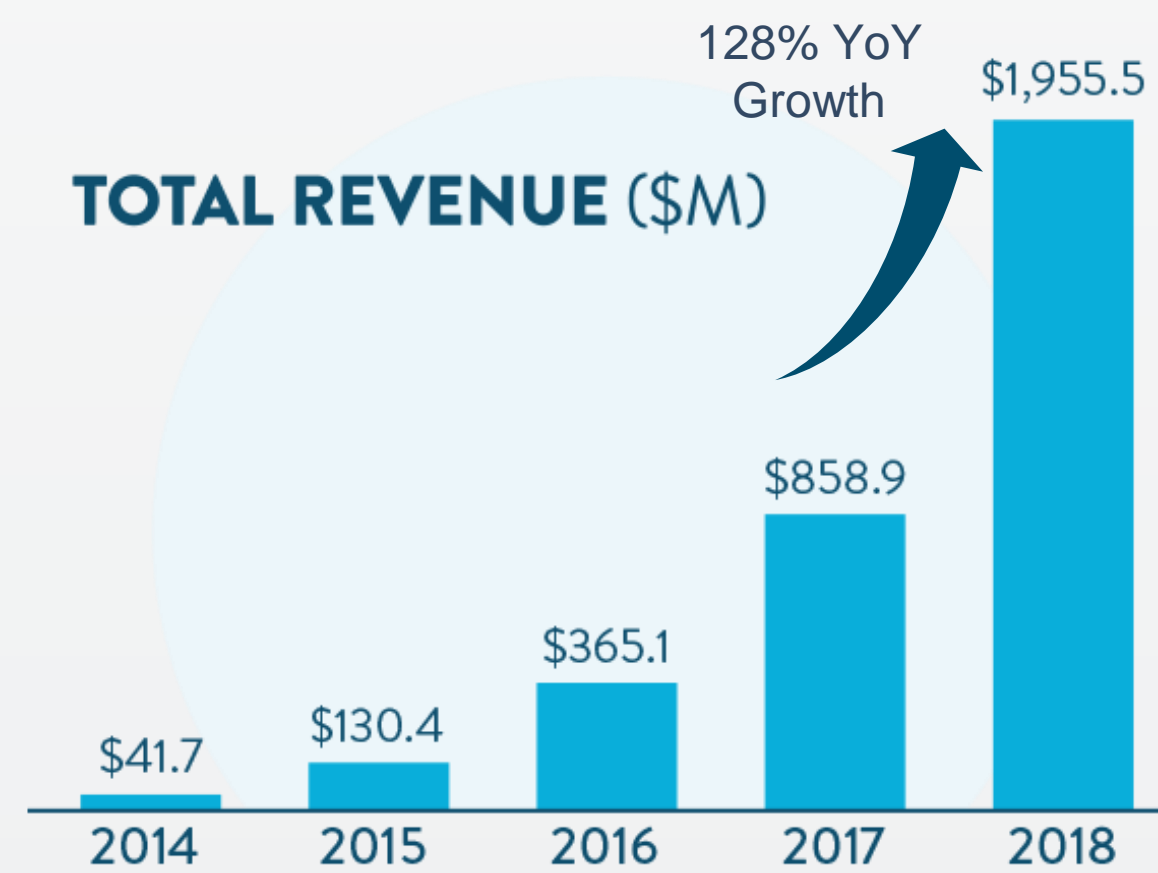
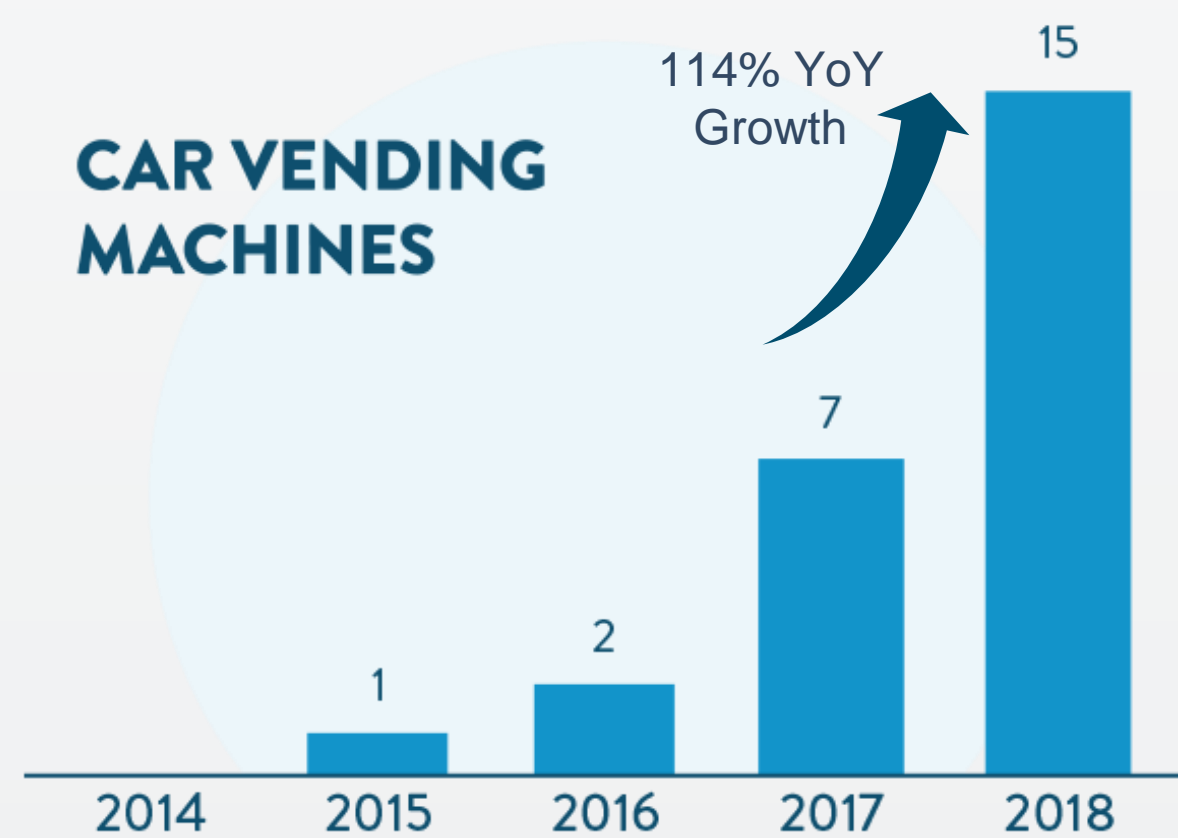
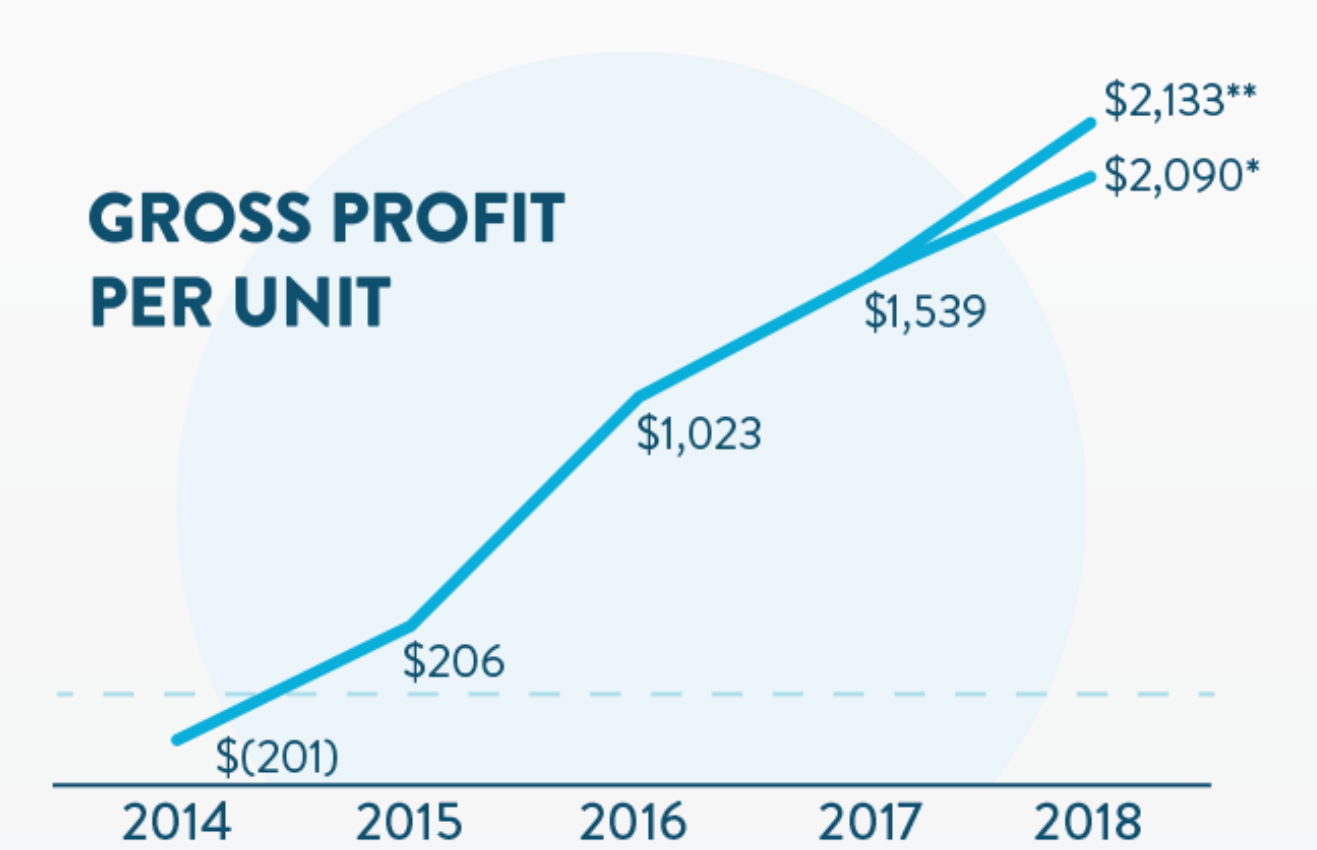
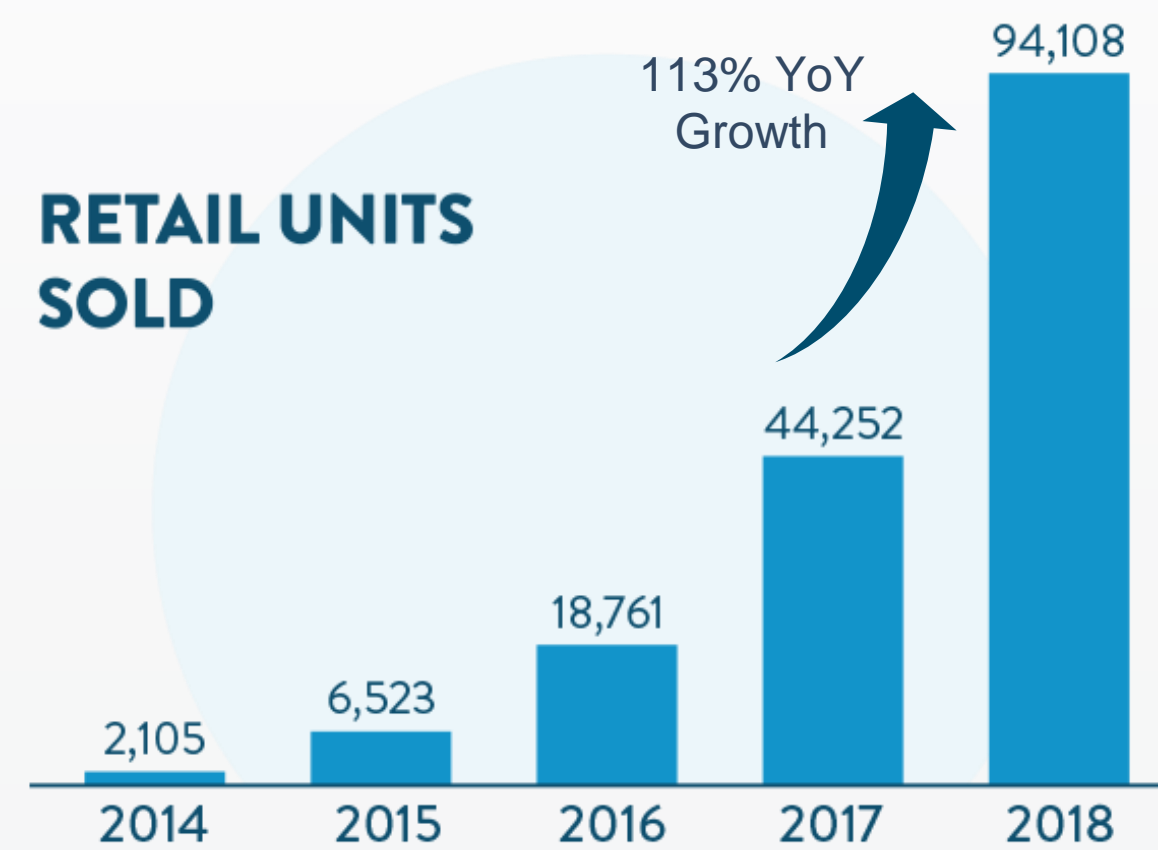
This presentation includes information concerning economic conditions, the Company's industry, the Company's markets and the Company's competitive position that is based on a variety of sources, including information from independent industry analysts and publications, as well as Carvana's own estimates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

# KEY INVESTMENT 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

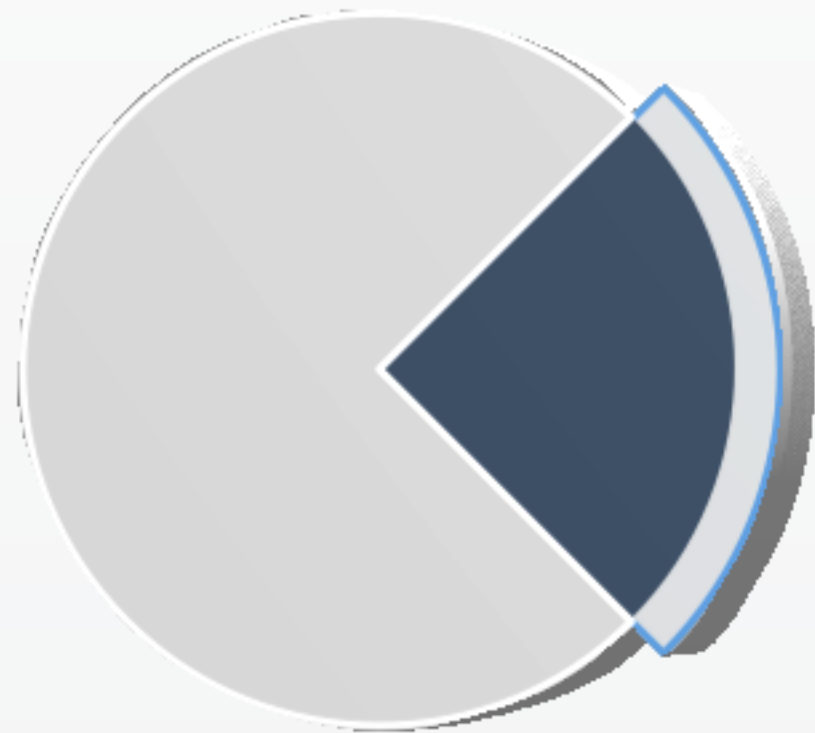
## ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

MASSIVE, FRAGMENTED MARKET

# INDUSTRY OVERVIEW

*Auto is...*



**\$1.2 Tn**

in 2017 U.S. Sales <sup>(1)</sup>

**21%**

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

*Massive*



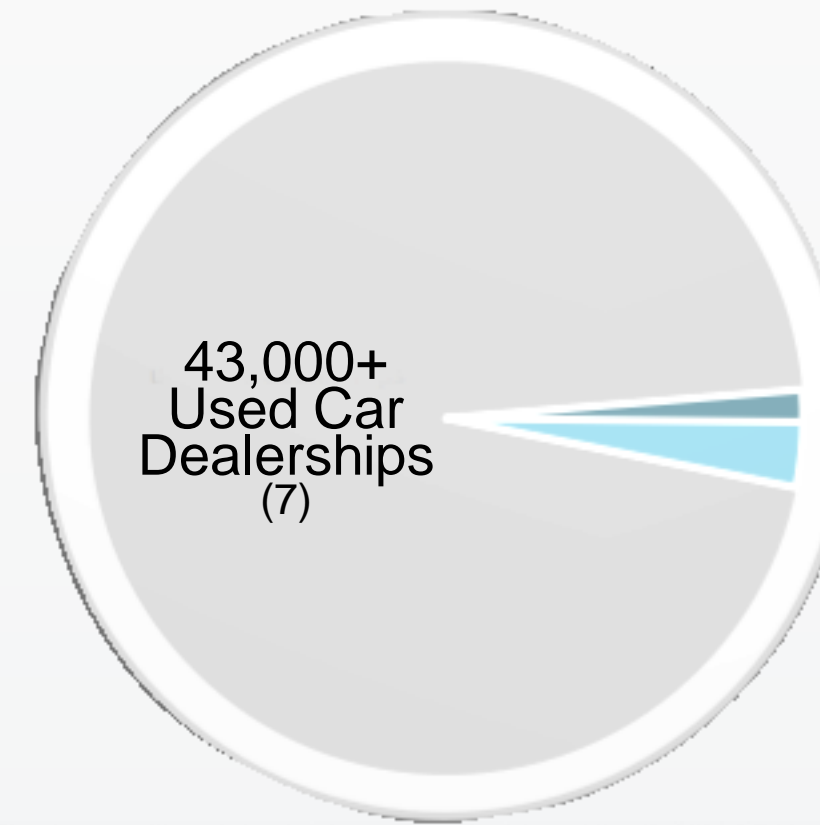
**\$764 Bn**

in 2017 U.S. Used Car Sales <sup>(2)</sup>

**2.0%**

2017 – 2022 CAGR <sup>(3)</sup>

*Fragmented*



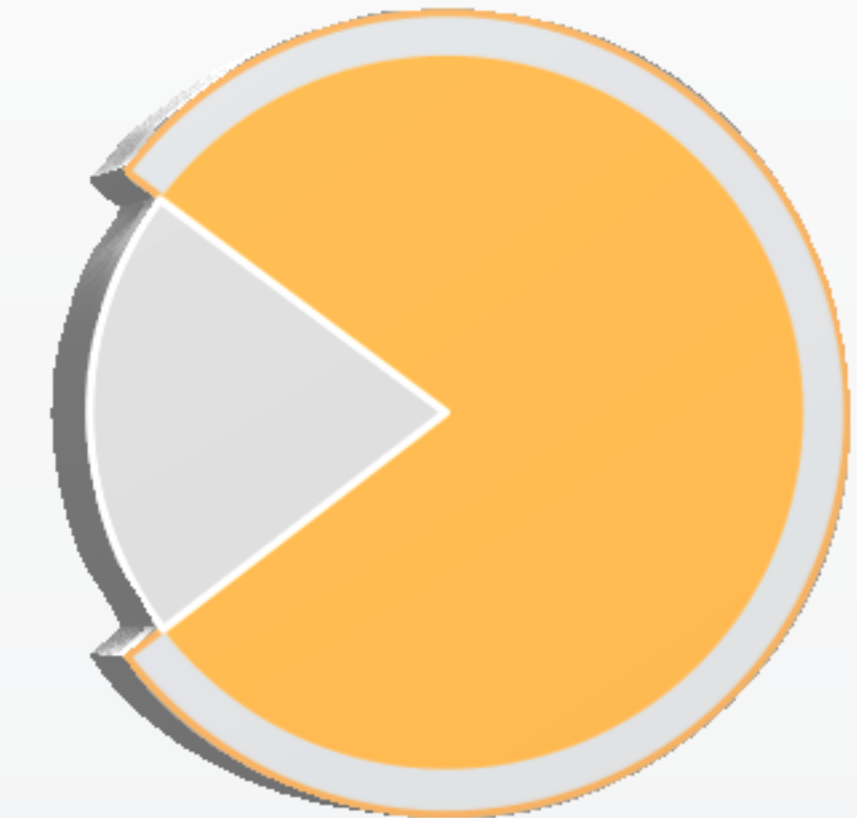
**1.8%**

U.S. Market Share of  
Largest Dealer Brand <sup>(2)</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 2017 Retail Sales by Industry

(2) Edmunds.com 2017 Used Vehicle Market report and Publicly-listed dealership filings

(3) Technavio 2017 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) Borrell Associates

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

SUPERIOR CUSTOMER EXPERIENCE

# CARVANA'S VISION IS FOCUSED ON PROVIDING OUR CUSTOMERS WITH:

## Best Experience

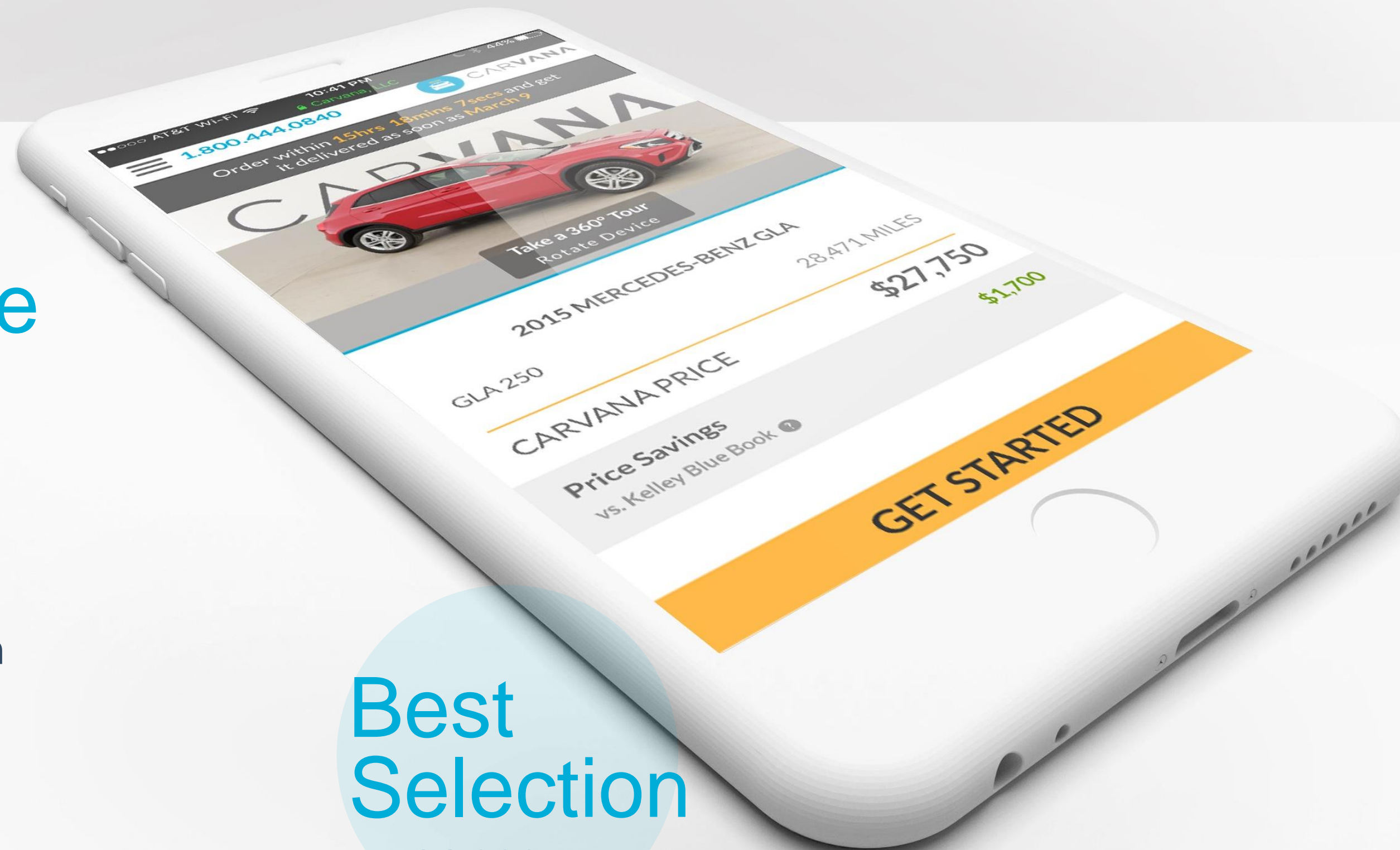
10 minutes – time in which purchase can be completed after vehicle selection

As soon as Next Day car deliveries in select markets



## Best Selection

14,000+ cars available



## Best Value

\$1k+ in average savings per vehicle compared to traditional dealers



SUPERIOR CUSTOMER EXPERIENCE

# A SIMPLE AND SEAMLESS CAR BUYING EXPERIENCE

## Vehicle Search & Discovery From Any Device

Intuitive vehicle search with 14,000+ 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
- 15 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, 2018

SUPERIOR CUSTOMER EXPERIENCE

# DELIVERING SUPERIOR CUSTOMER EXPERIENCES



4.7

★★★★★  
Rating (1)

24,000+

Customer  
Reviews on  
Carvana.com (1)

96%

Would  
Recommend To A  
Friend (2)

82

Net Promoter  
Score (NPS) (3)

“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, 2018

(2) Through February 26, 2019, based on respondents to the question

(3) Survey performed by Bazaarvoice as of December 31, 2018

GROWING UNITS & REVENUE

# PROVEN EXPANSION STRATEGY

## Repeatable Market Entry Playbook

Activate Team of Expansion Advocates

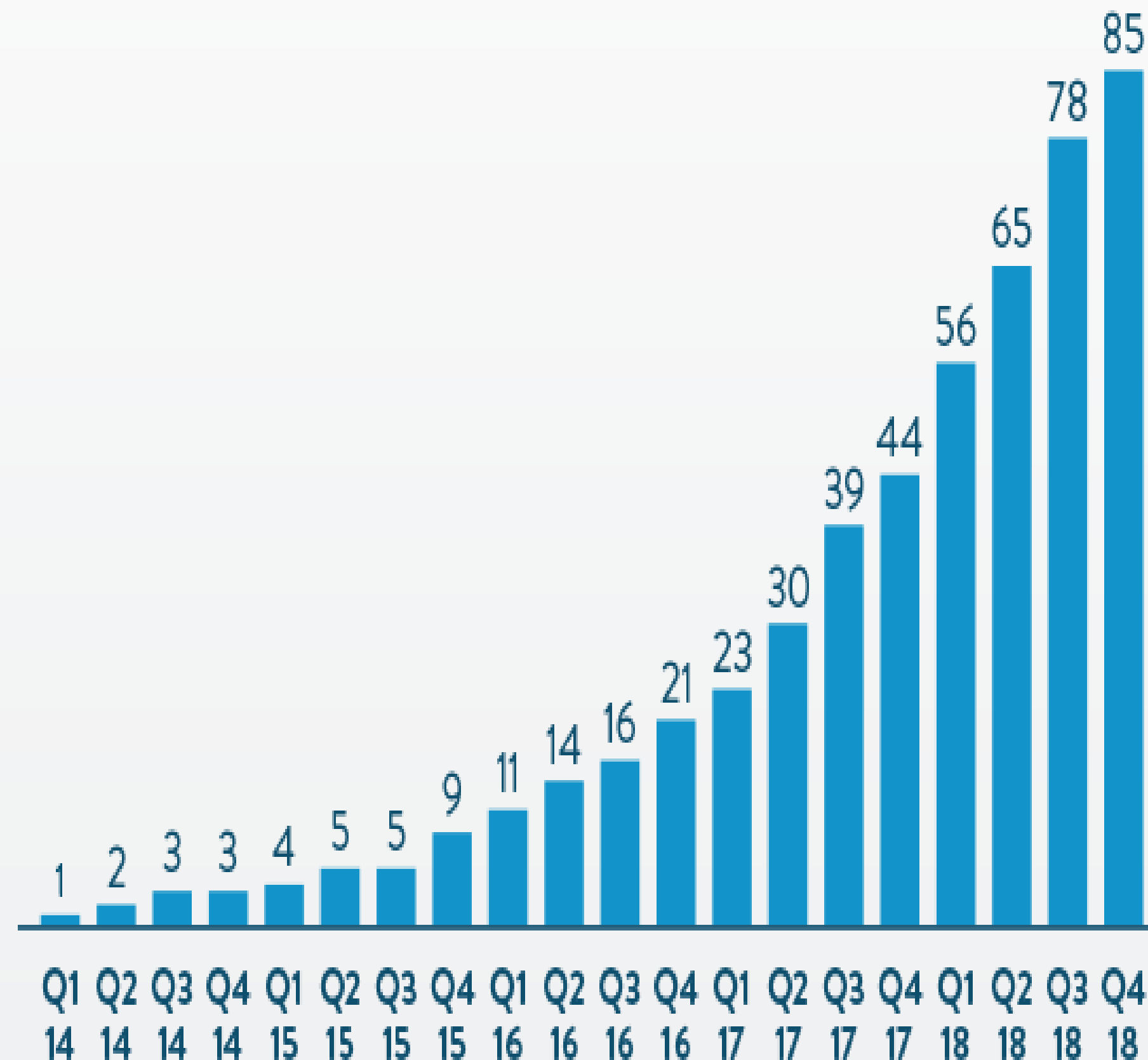
CapEx Light Market Launch

Connect to Logistics Network

Turn on Marketing Program

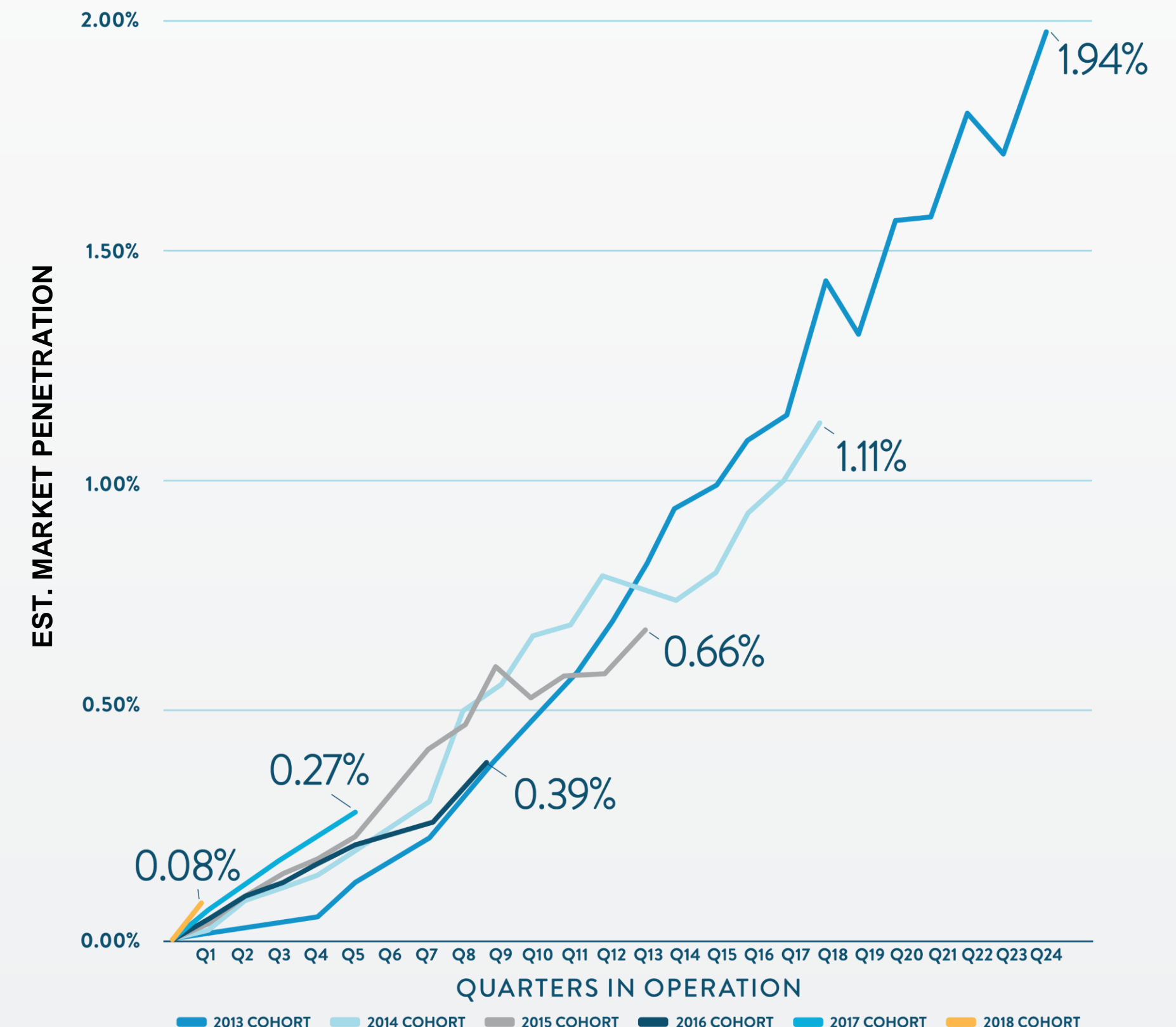
## Enabling Rapid Expansion of Operating Markets

Carvana Markets at End of Period



## Proven by Success in Our Markets

Market Penetration by Cohort (1)



(1) As of December 31, 2018

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 Reported Accidents

- Vehicle reporting

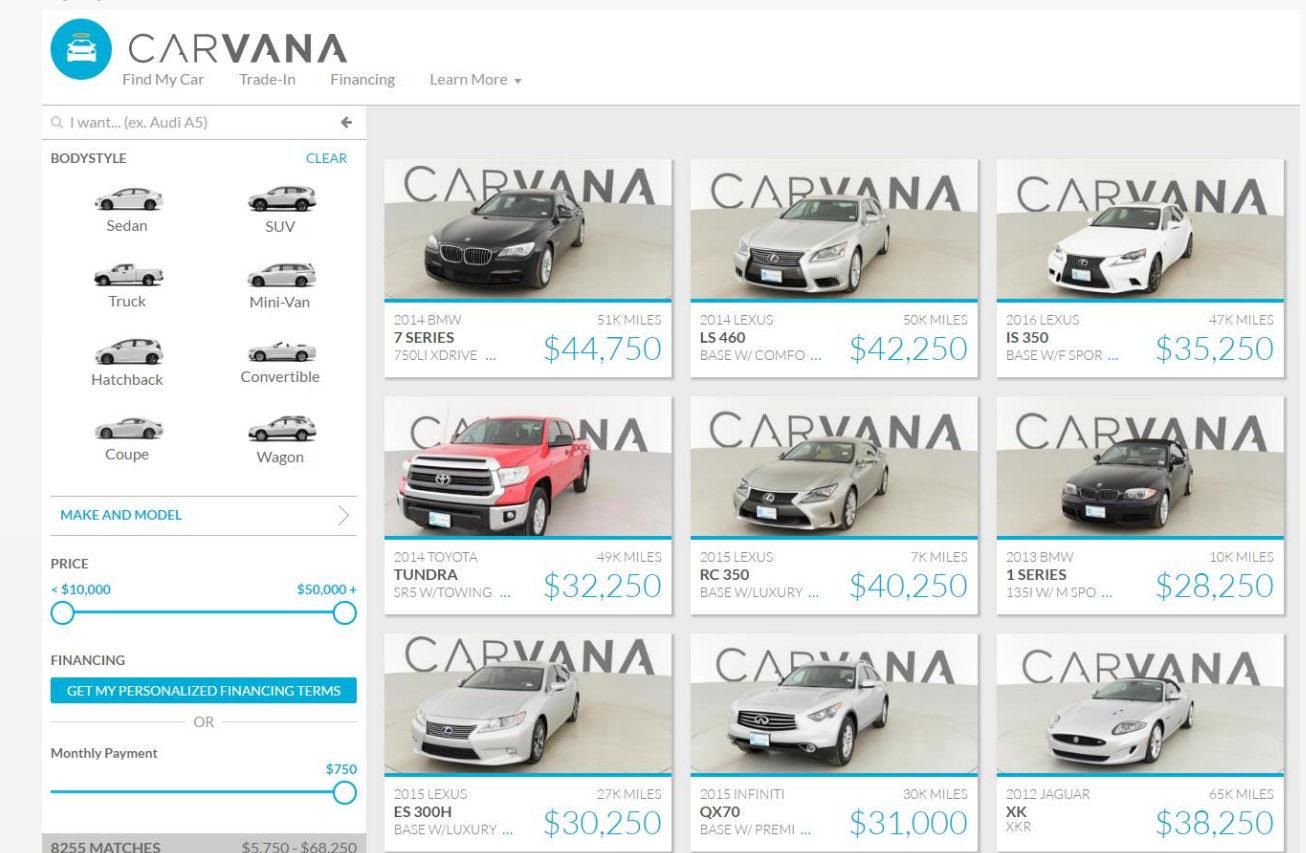
### Apply Data

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

### Optimization

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

14,000+ 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: 14,000+ vehicles available as of December 31, 2018

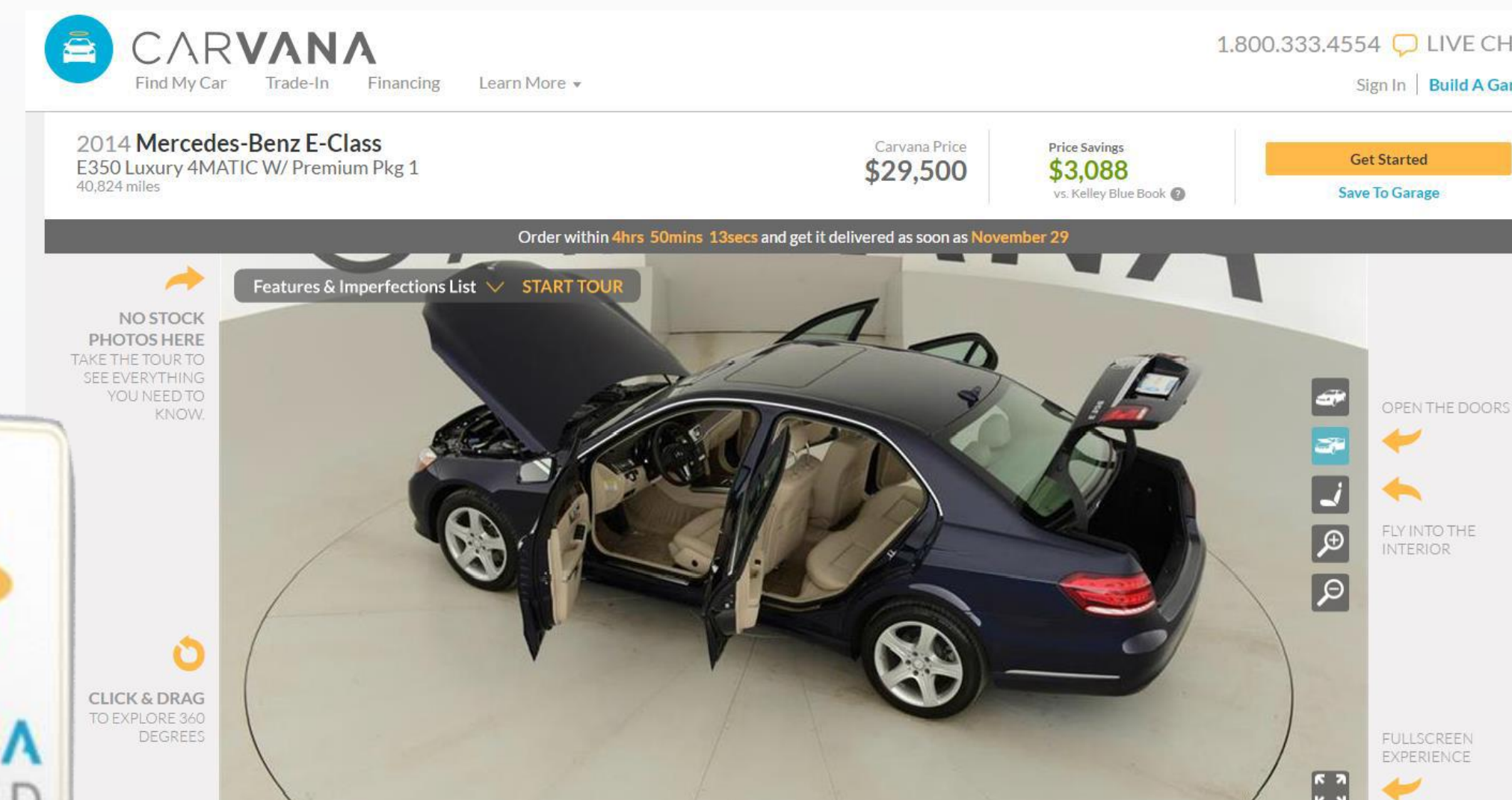
# IN-HOUSE INSPECTION, RECONDITIONING & MERCHANDIZING

## Inspection and Reconditioning



- Ability to buy all car types and recondition them to a consistent car quality
- ~250k 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

\*Based on 5 IRCs in operation as of December 31, 2018

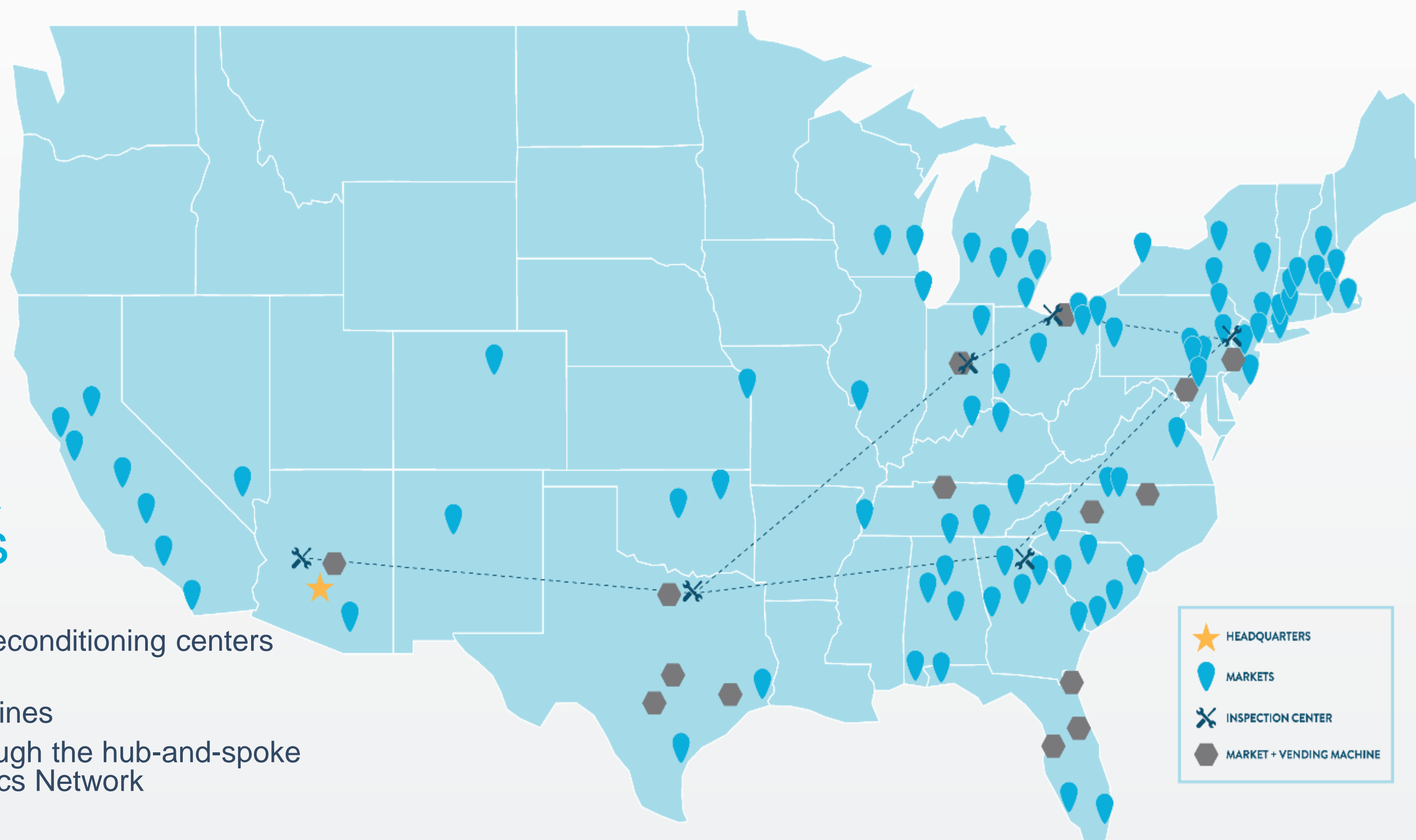
VERTICAL INTEGRATION & FULFILLMENT

# BACKED BY IN-HOUSE LOGISTICS NETWORK

## Carvana Logistics Network

- Inspection & reconditioning centers
- Hubs
- Vending machines

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

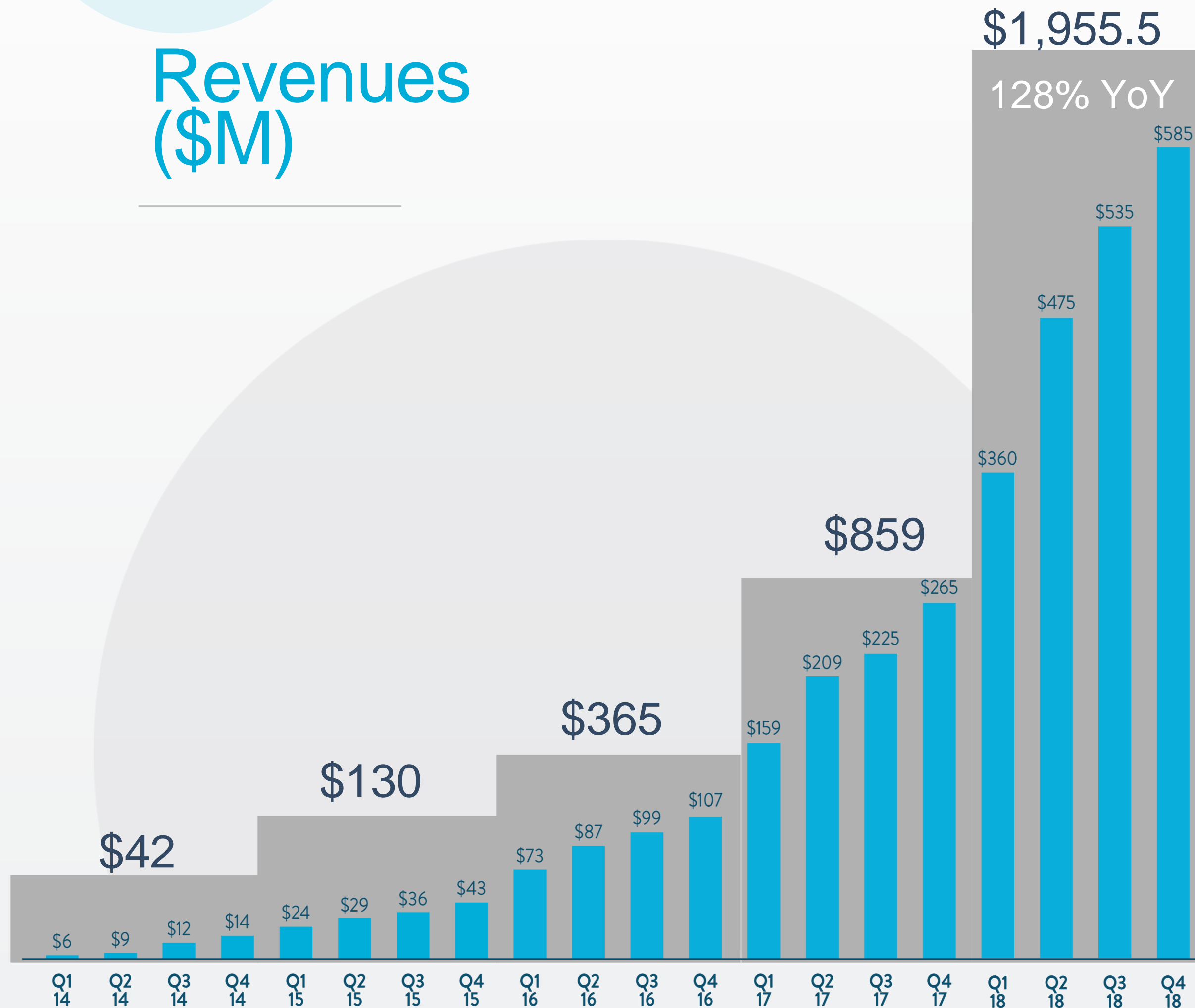
Enables vehicle cost arbitrage across geographies

Lower cost than using third party shipping

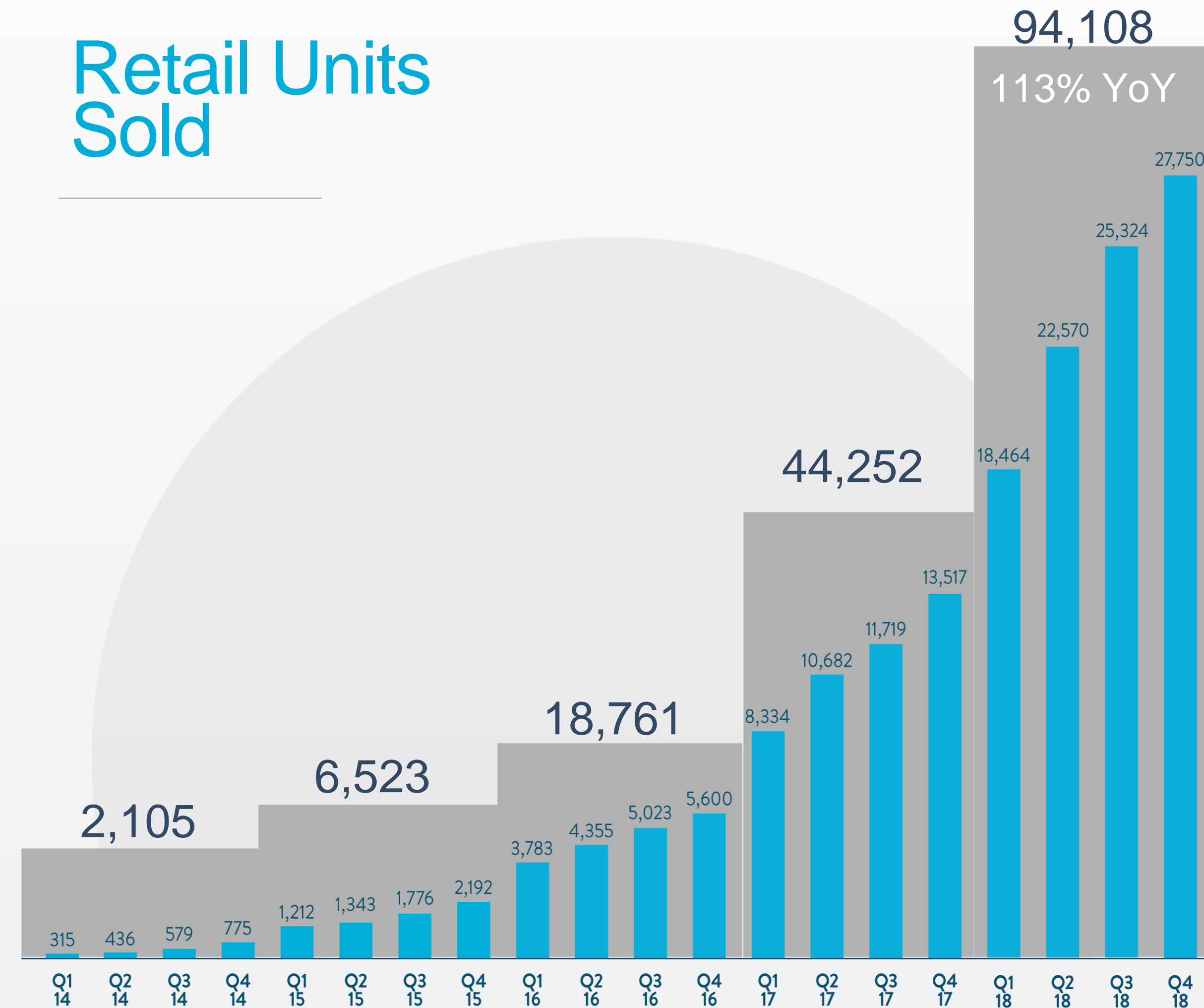
GROWING UNITS & REVENUE

# RAPID SECULAR GROWTH

## Revenues (\$M)



## Retail Units Sold

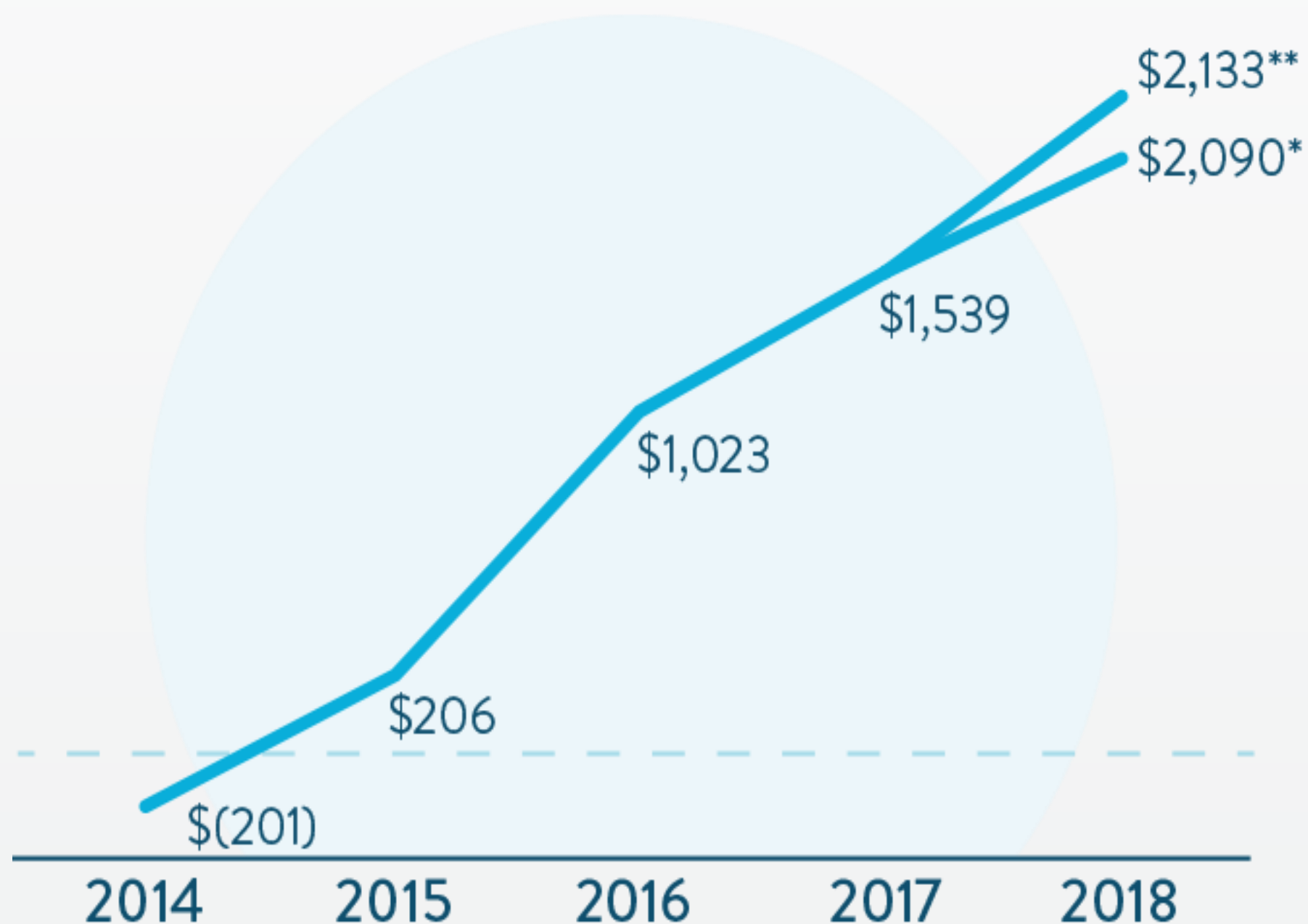




EXPANDING GPU & OPERATING MARGINS

# GROWTH LEVERAGING UNIT ECONOMICS

## Gross Profit per Unit



\*INC. GIFT \*\*EX-GIFT

## 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

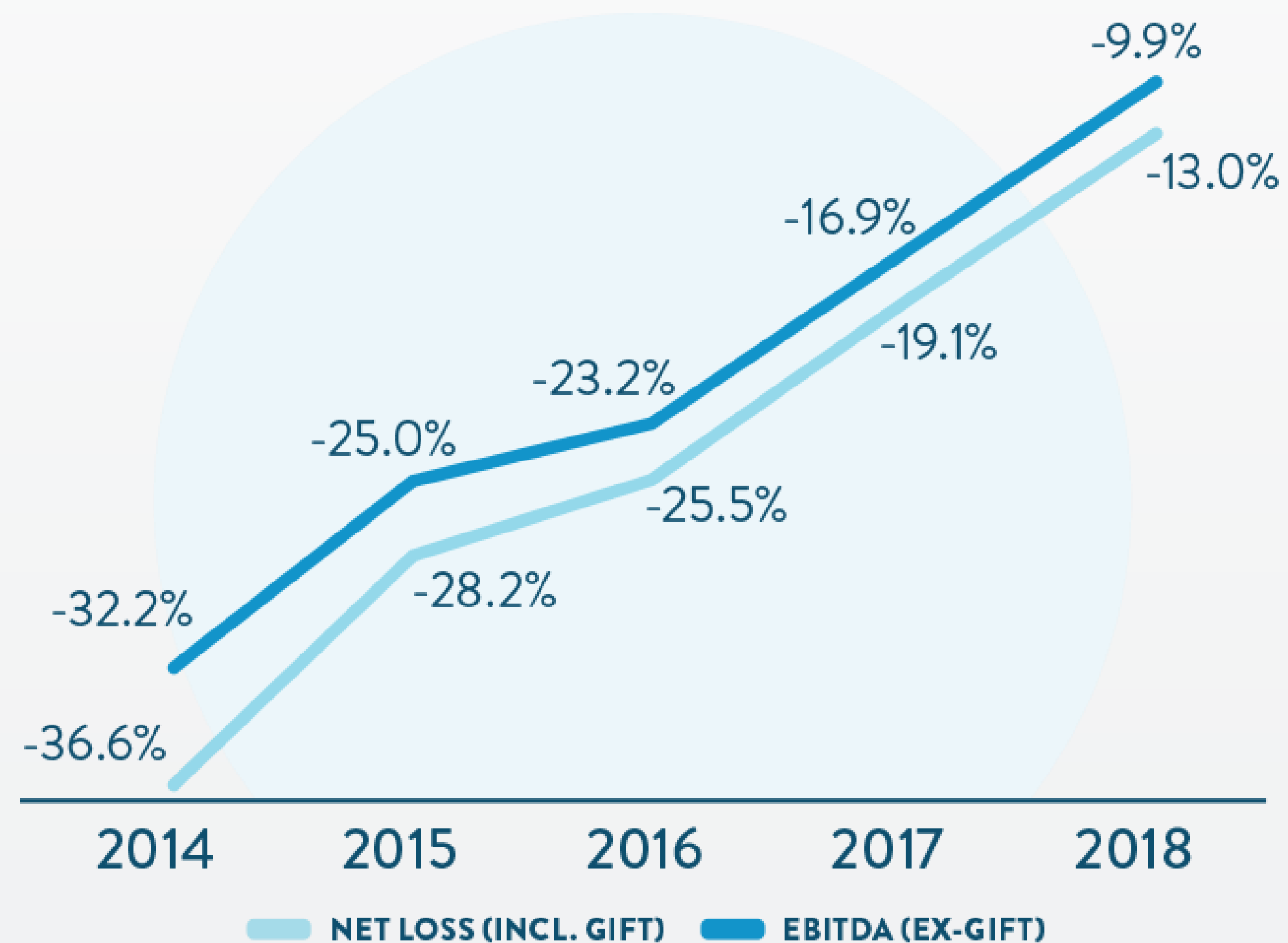
CarMax, Inc.  
Gross Profit  
per Unit  
~\$3,811 (1)

(1) FY2018 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 (2) GAAP Reconciliation of GPU ex-gift included in Appendix

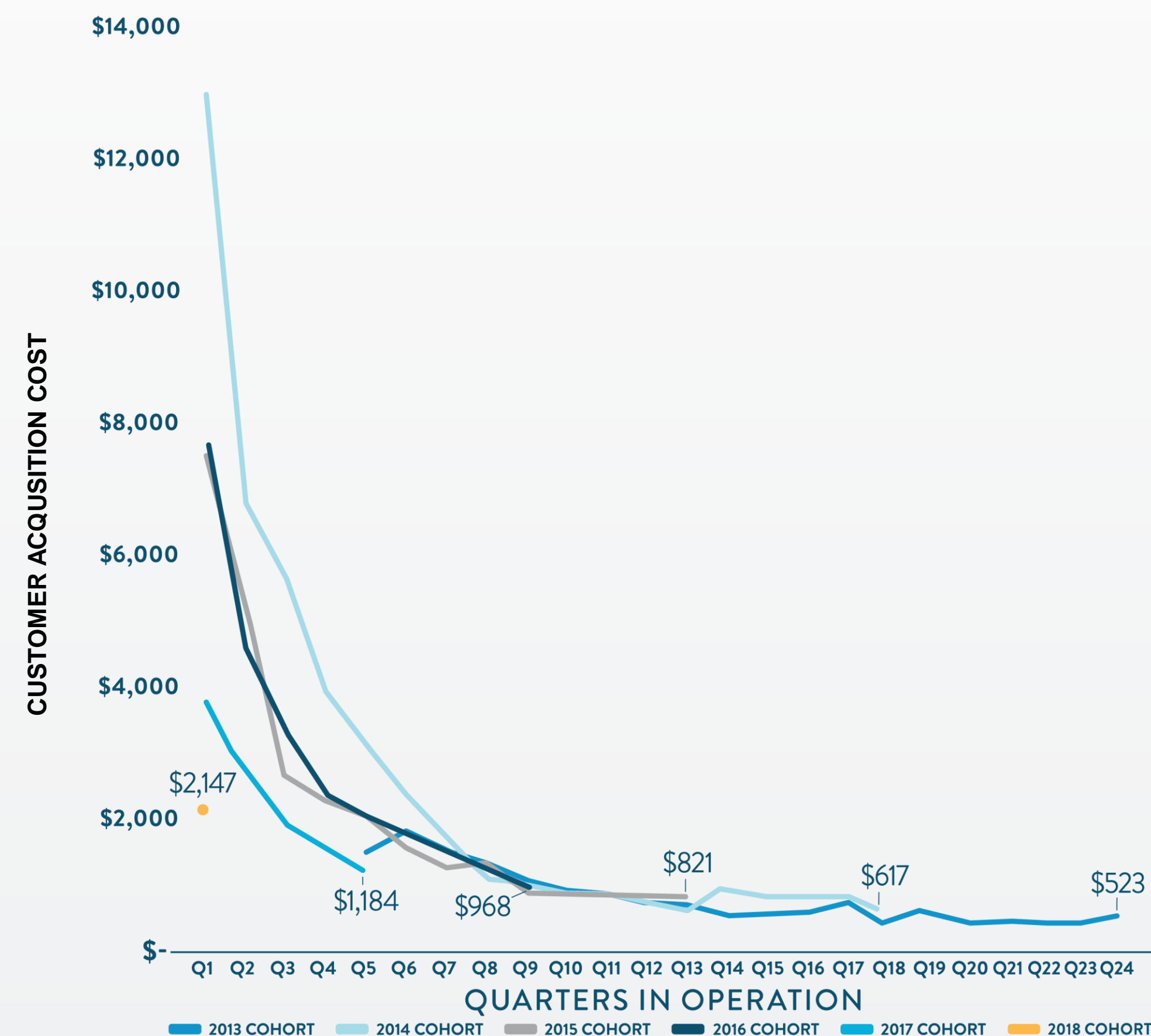
EXPANDING GPU & OPERATING MARGINS

# GROWTH SHOWING OPERATING LEVERAGE

## NET LOSS AND EBITDA MARGIN (1)



## ADVERTISING EXPENSE PER UNIT SOLD (2)



(1) GAAP Reconciliation of EBITDA ex-gift included in Appendix

(2) As of December 31, 2018

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

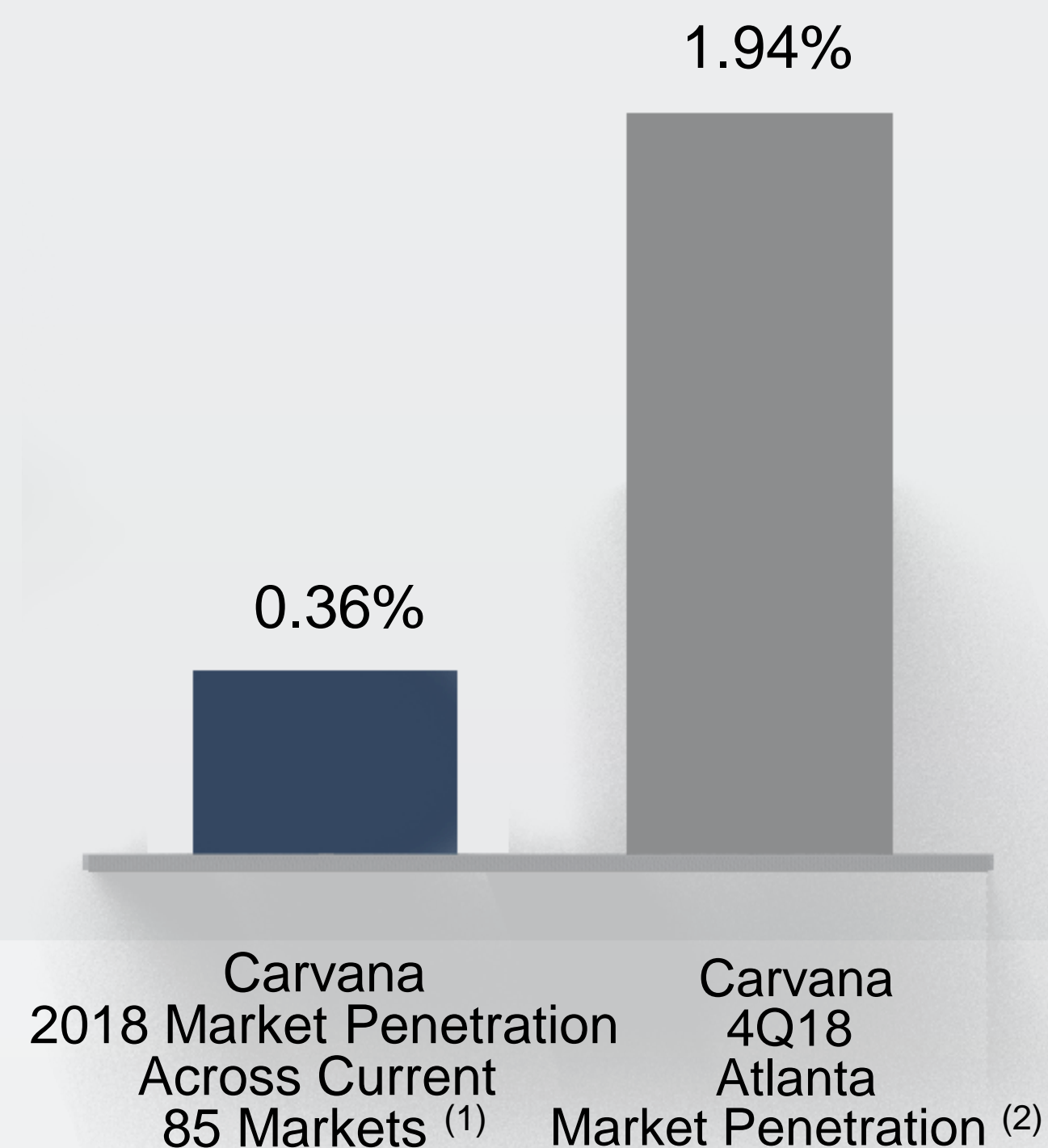
COMPETITIVE ADVANTAGES

# SIGNIFICANT UPSIDE IN THE CURRENT MODEL

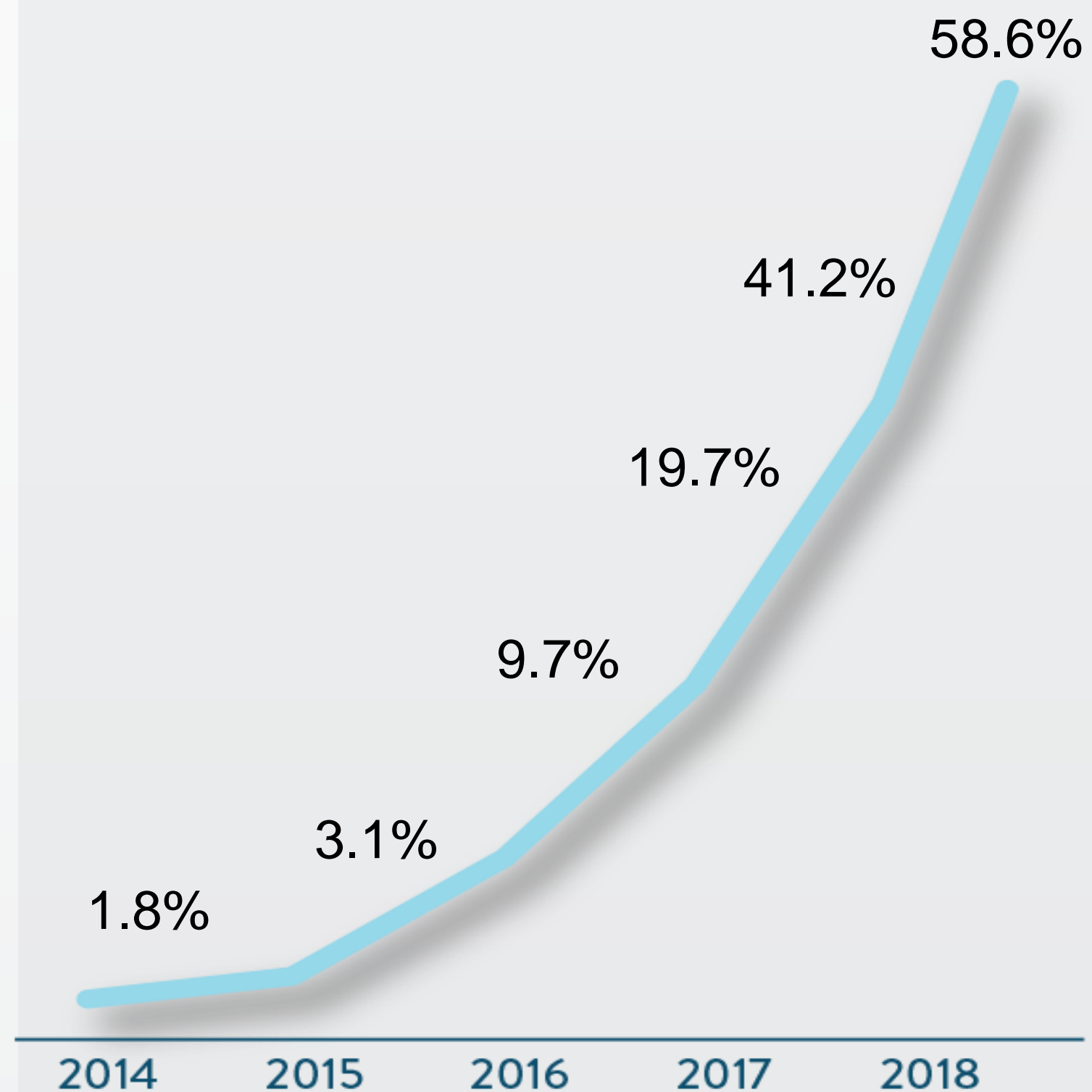
## Grow Current Markets

2018 Revenue (\$M)

**\$1,955.5**



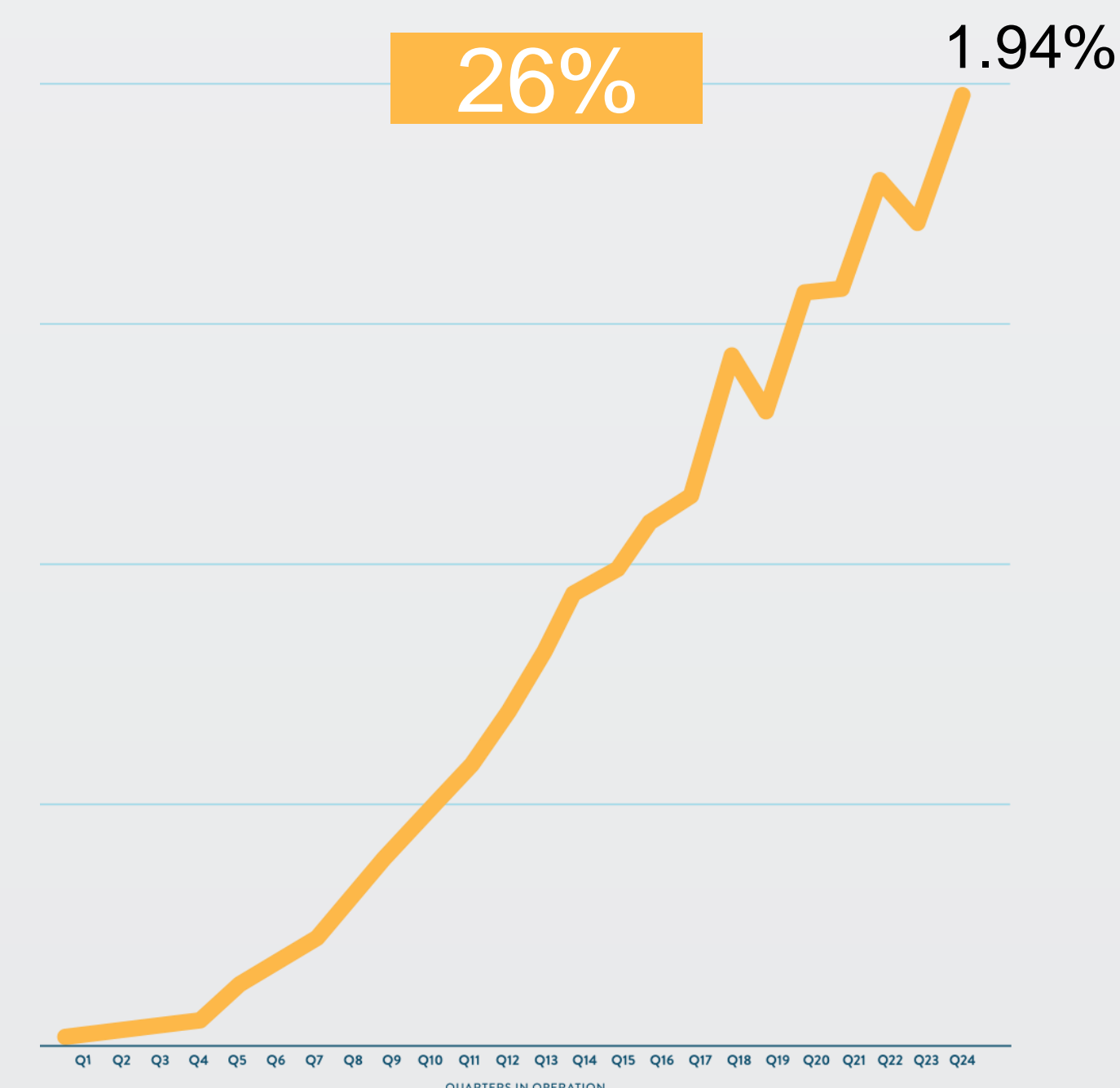
## Add New Markets



Carvana  
Total U.S. Population Coverage  
by Year

## Increase Penetration

Q4 2018 ATL YoY Growth



Carvana  
Atlanta Market Penetration  
From 1st Quarter Launched to Q4 2018

(1) Market penetration for year ended December 31, 2018

(2) Market penetration of Atlanta for quarter ended December 31, 2018

COMPETITIVE ADVANTAGES

# 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**  
Sr. Director of Engineering



**Jon Seitel**  
Director of Product, Transaction and Finance



**Alex Devkar**  
Sr. Director of Product Analytics



**Imran Kazi**  
Sr. Director of Technology Services



**Christina Keiser**  
Director of Partnership Growth



## Data & Analytics

**Cem Vardar**  
Principal Optimization Engineer



**Jeff McLellan**  
Assoc. Director of Predictive Modeling



**Michael Grantham**  
VP of Quantitative Marketing



**Brian Boyd**  
Director of Inventory Strategy



**Stella Wenxing Liu**  
Sr. Data Scientist, Decision Support Systems



## 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

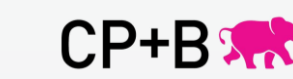


**John Piatak**  
Director of Logistics



## Brand & Customer Experience

**Paul Keister**  
Chief Creative Officer



**Teresa Aragon**  
Sr. Director of Customer Experience



**Jenni Stanford**  
Director of Market Operations & Expansion



**Jessica Querin**  
Sr. Director of Operations Strategy and Analytics



**Bret Sassenberg**  
Sr. Director of Real Estate & Development



# 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

**4.7/5.0**  
Average Customer  
Rating

## PROVEN GO-TO-MARKET STRATEGY

Demonstrated, capital-light market expansion playbook

**85**  
Markets <sup>(3)</sup>

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

## VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

**5**  
Existing  
IRCs <sup>(2)</sup>

**15**  
Existing Vending  
Machines <sup>(2)</sup>

## ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

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

**165K+**  
Retail Units Sold  
Since Inception <sup>(3)</sup>

(1) Edmunds.com 2017 Used Vehicle Market report and Publicly-listed dealership filings

(2) Metrics as of December 31, 2018

(3) Metric through December 31, 2018

# 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 |
|--|---------|----------|------------------|
|--|---------|----------|------------------|

## *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               |
|---------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Net Loss                        | (\$15,238)        | (\$36,780)        | (\$93,112)        | (\$164,316)        | (\$254,745)        |
| D&A                             | \$1,706           | \$2,800           | \$4,658           | \$11,568           | \$23,539           |
| Interest Expense                | \$108             | \$1,412           | \$3,587           | \$7,659            | \$25,018           |
| 100K Milestone Gift             |                   |                   |                   |                    | \$11,821           |
| <b>EBITDA (ex. Gift)</b>        | <b>(\$13,424)</b> | <b>(\$32,568)</b> | <b>(\$84,867)</b> | <b>(\$145,089)</b> | <b>(\$194,367)</b> |
| Total Revenues                  | \$41,679          | \$130,392         | \$365,148         | \$858,870          | \$1,955,467        |
| Net Loss Margin                 | (36.6%)           | (28.2%)           | (25.5%)           | (19.1%)            | (13.0%)            |
| <b>EBITDA Margin (ex. Gift)</b> | <b>(32.2%)</b>    | <b>(25.0%)</b>    | <b>(23.2%)</b>    | <b>(16.9%)</b>     | <b>(9.9%)</b>      |

# 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.