

Introduction to Carvana

June 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.

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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.

Non-GAAP Financial Measures

This presentation contains the financial measure EBITDA margin which is not recognized under U.S. Generally Accepted Accounting Principles (**"GAAP"**). EBITDA margin should not be considered as a substitute for other measures of financial performance reported in accordance with GAAP. In addition, the **Company's** definition of EBITDA margin may not be comparable to similarly titled measures of other companies.

The Company believes that EBITDA margin provides 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; and (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.

EBITDA has limitations as an analytical tool, and you should not consider this measure either in isolation or as a substitute for gross margin or other methods of analyzing the **Company's** results as reported under GAAP. A reconciliation of EBITDA to the most directly comparable GAAP financial measure can be found at the end of this presentation.

No Offer

This presentation regarding Carvana shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. Sales and offers to sell Carvana securities will only be made in accordance with the Securities Act of 1933, as amended, and applicable SEC regulations, including prospectus requirements.

Market and Industry Data

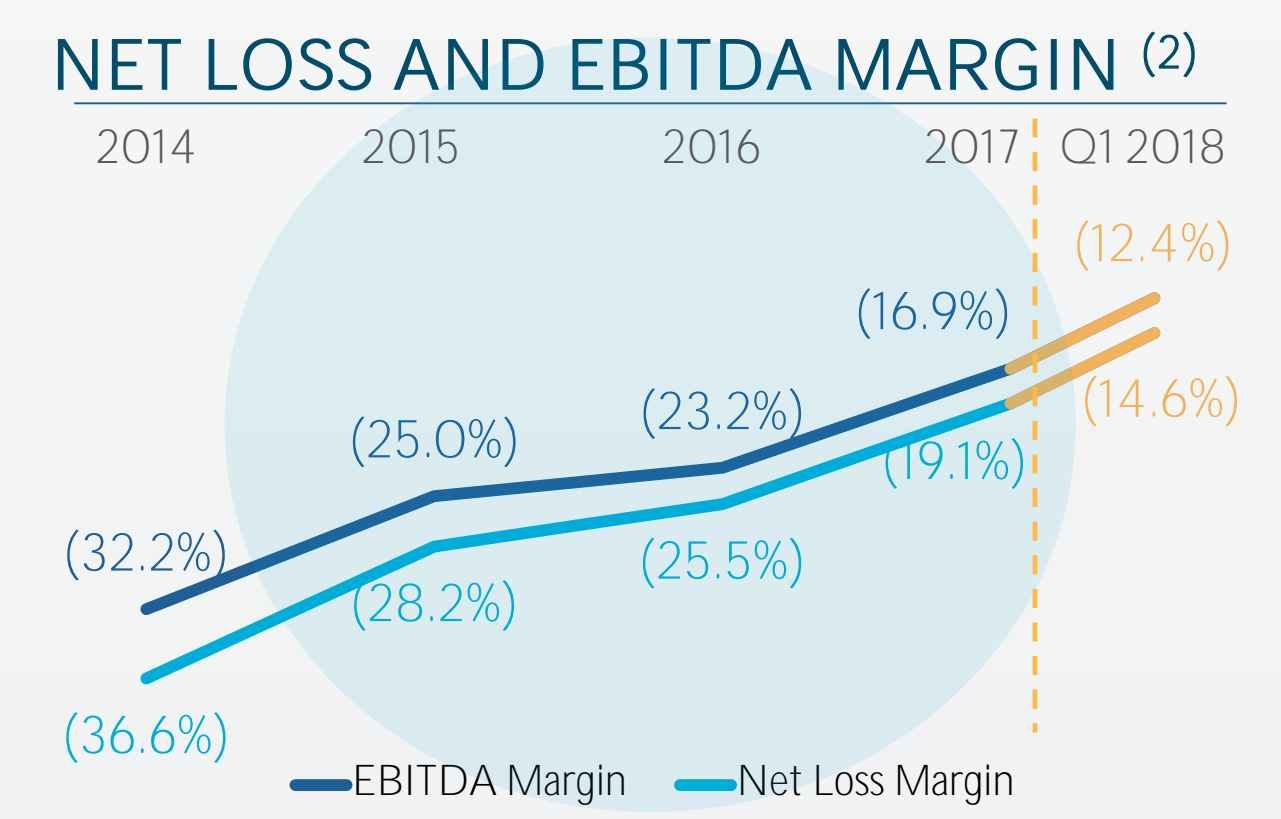
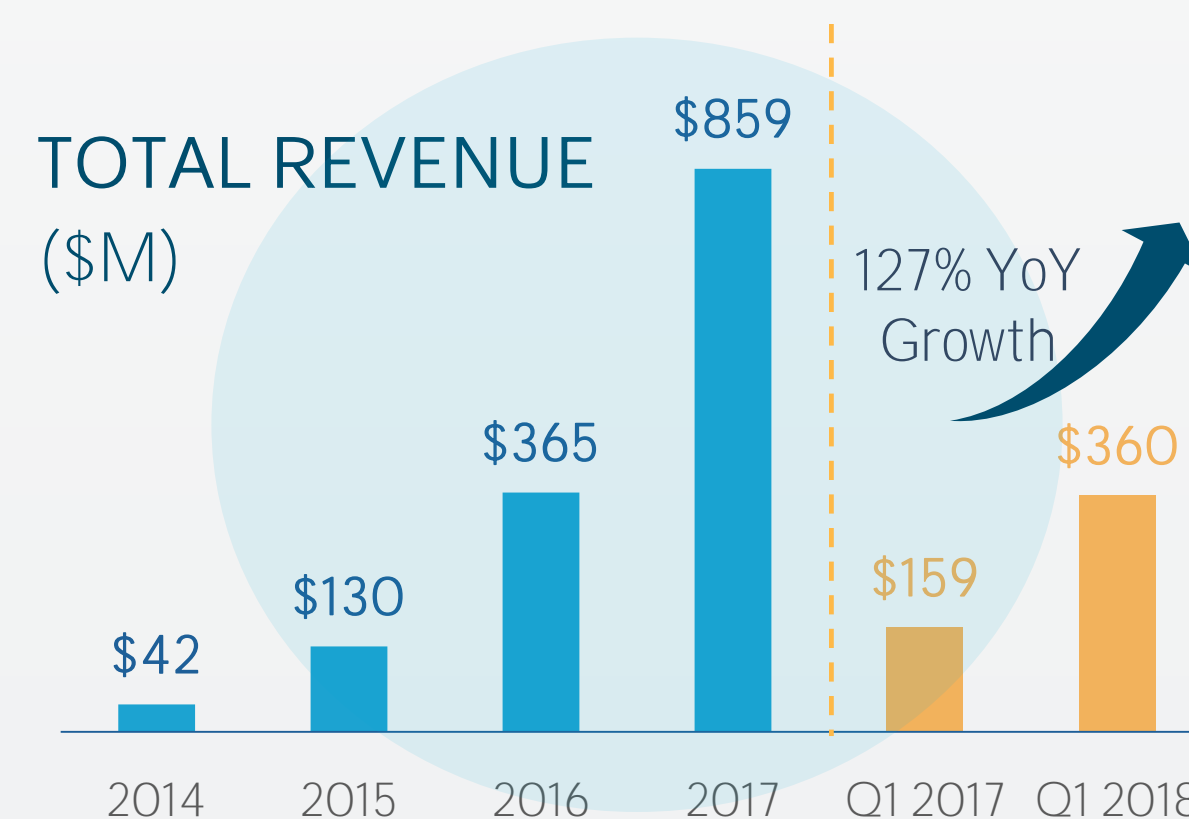
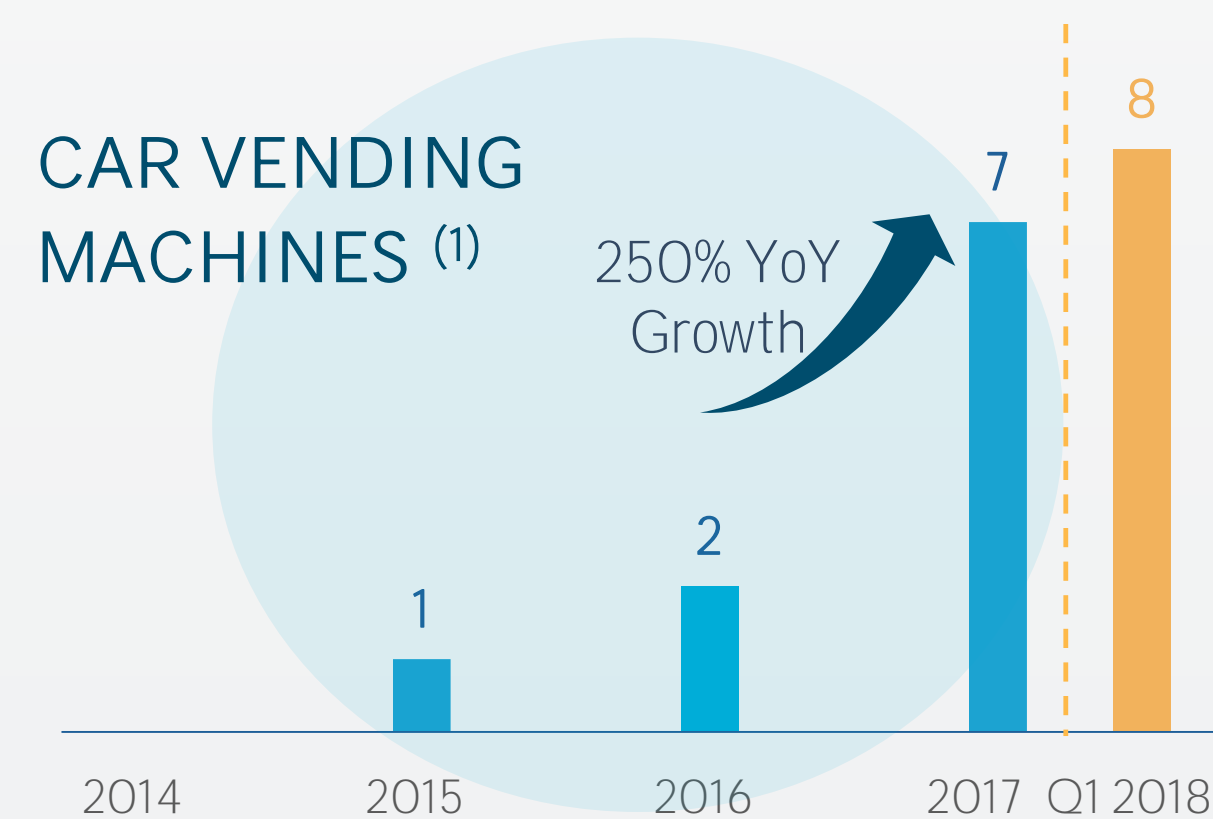
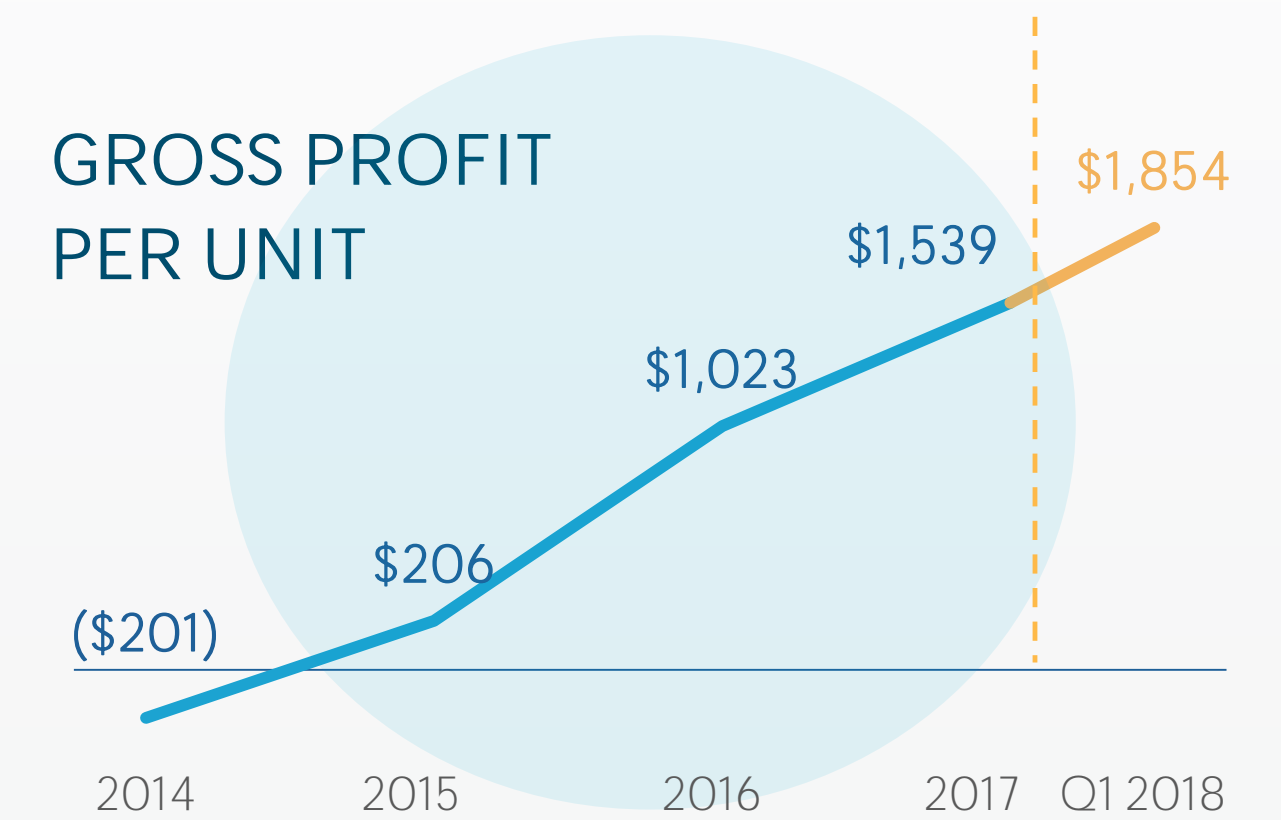
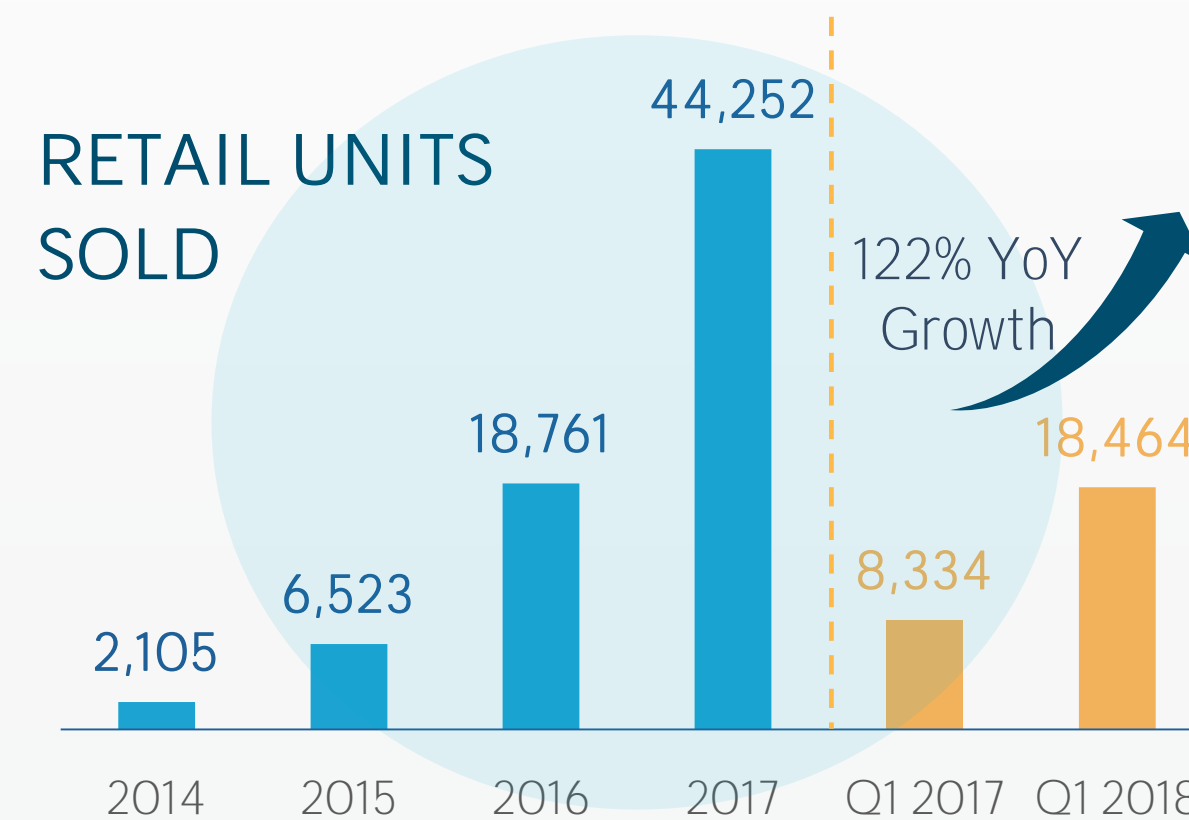
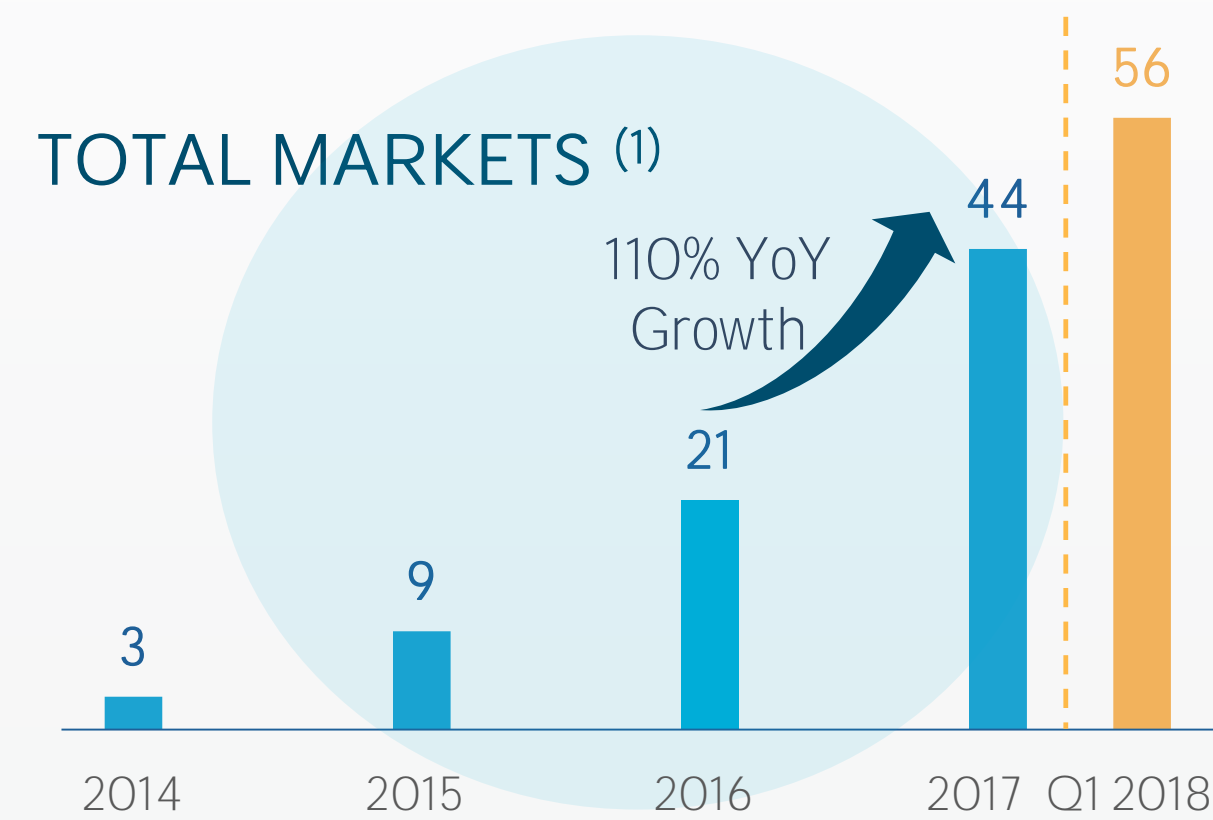
This presentation includes information concerning economic conditions, the **Company's** industry, the **Company's** markets and the **Company's** competitive position that is based on a variety of sources, including information from independent industry analysts and publications, as well as **Carvana's**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

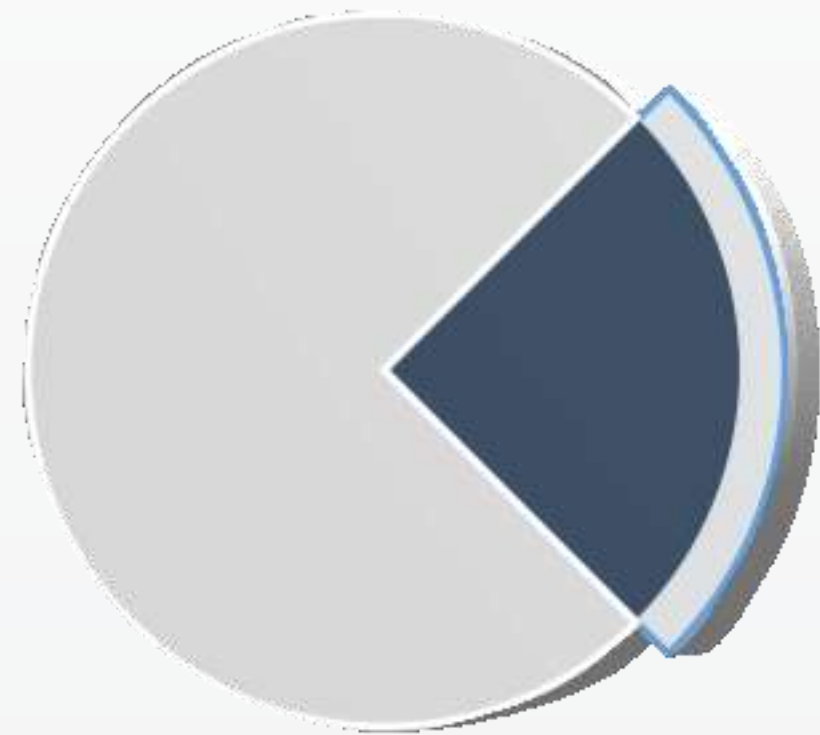
ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

MASSIVE, FRAGMENTED MARKET

INDUSTRY OVERVIEW

Auto is...



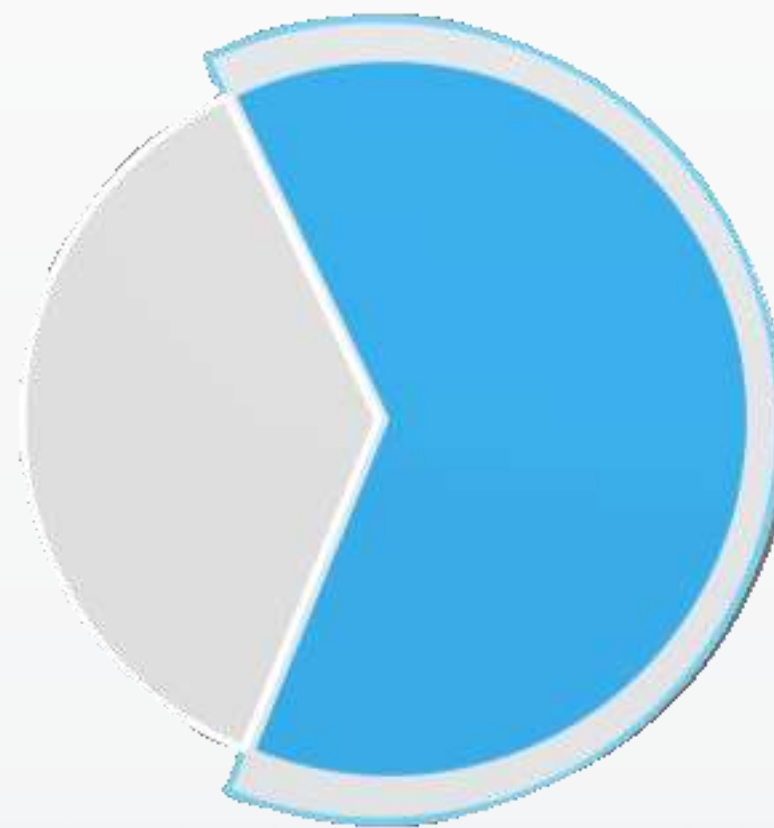
\$1.2 Tn

in 2017 U.S. Sales ⁽¹⁾

21%

of U.S. Retail Economy ⁽¹⁾

Massive



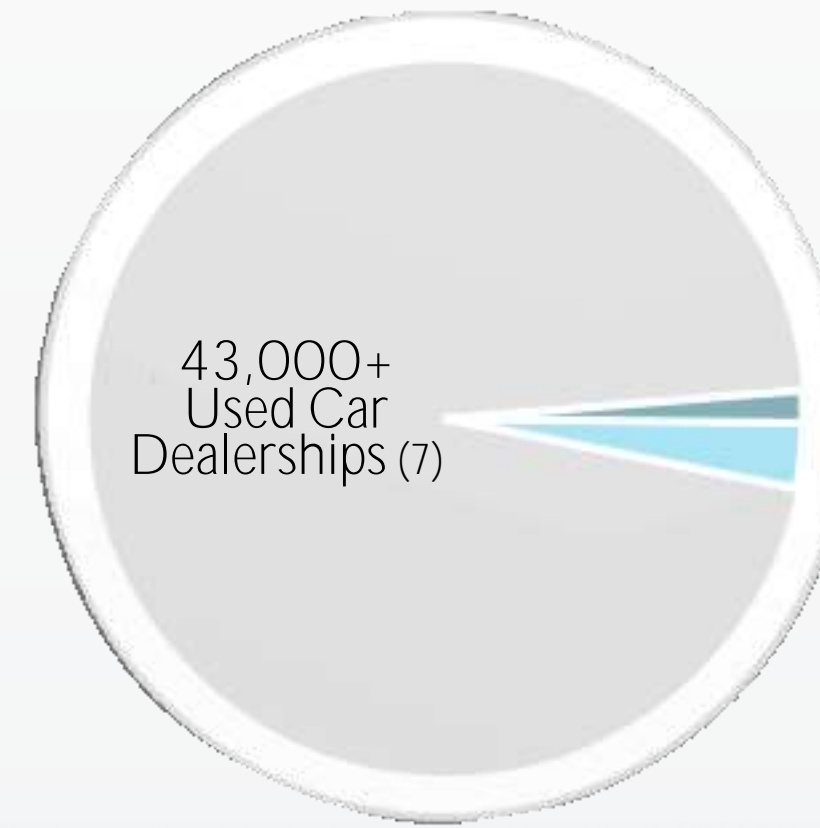
\$764 Bn

in 2017 U.S. Used Car Sales ⁽²⁾

2.0%

2017 – 2022 CAGR ⁽³⁾

Fragmented



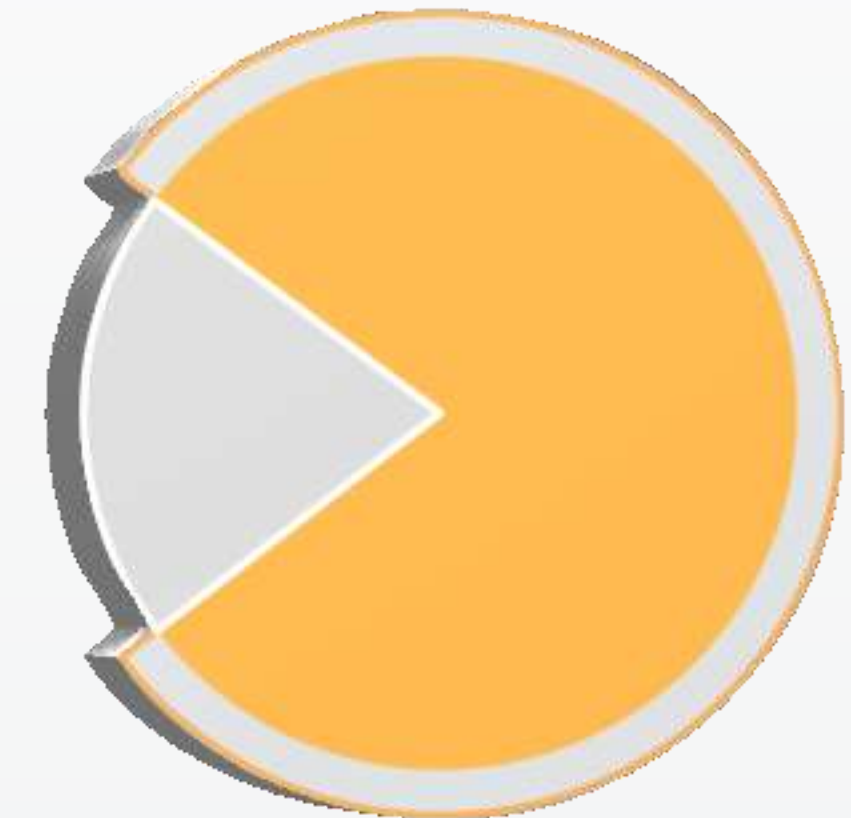
1.8%

U.S. Market Share of Largest Dealer Brand ⁽²⁾

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 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

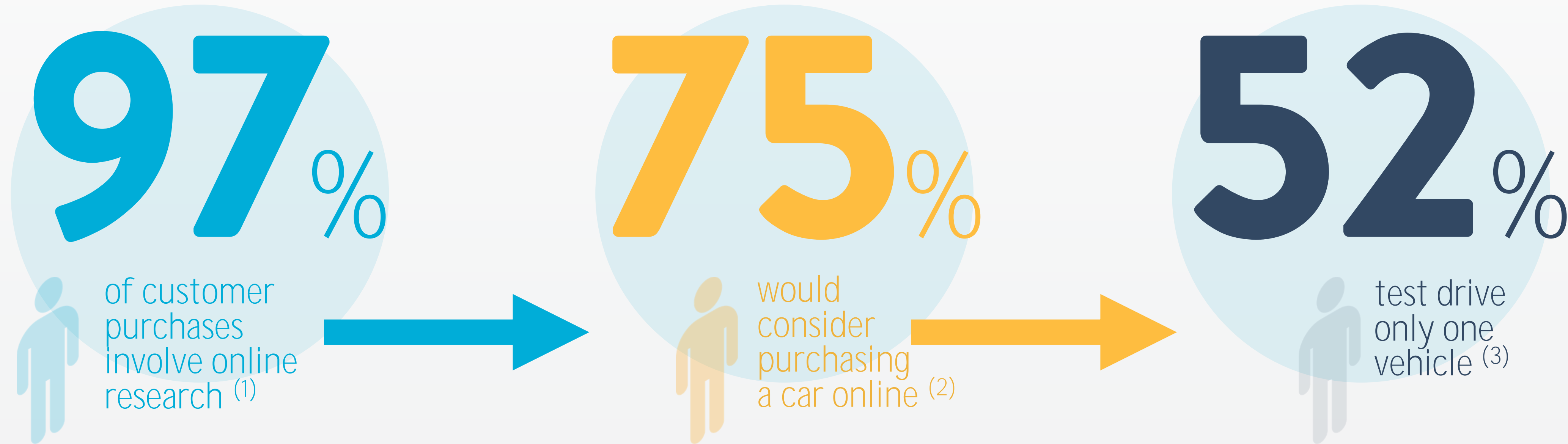
(5) DealerSocket 2016 Independent Dealership Action report – Represents North American consumers

(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

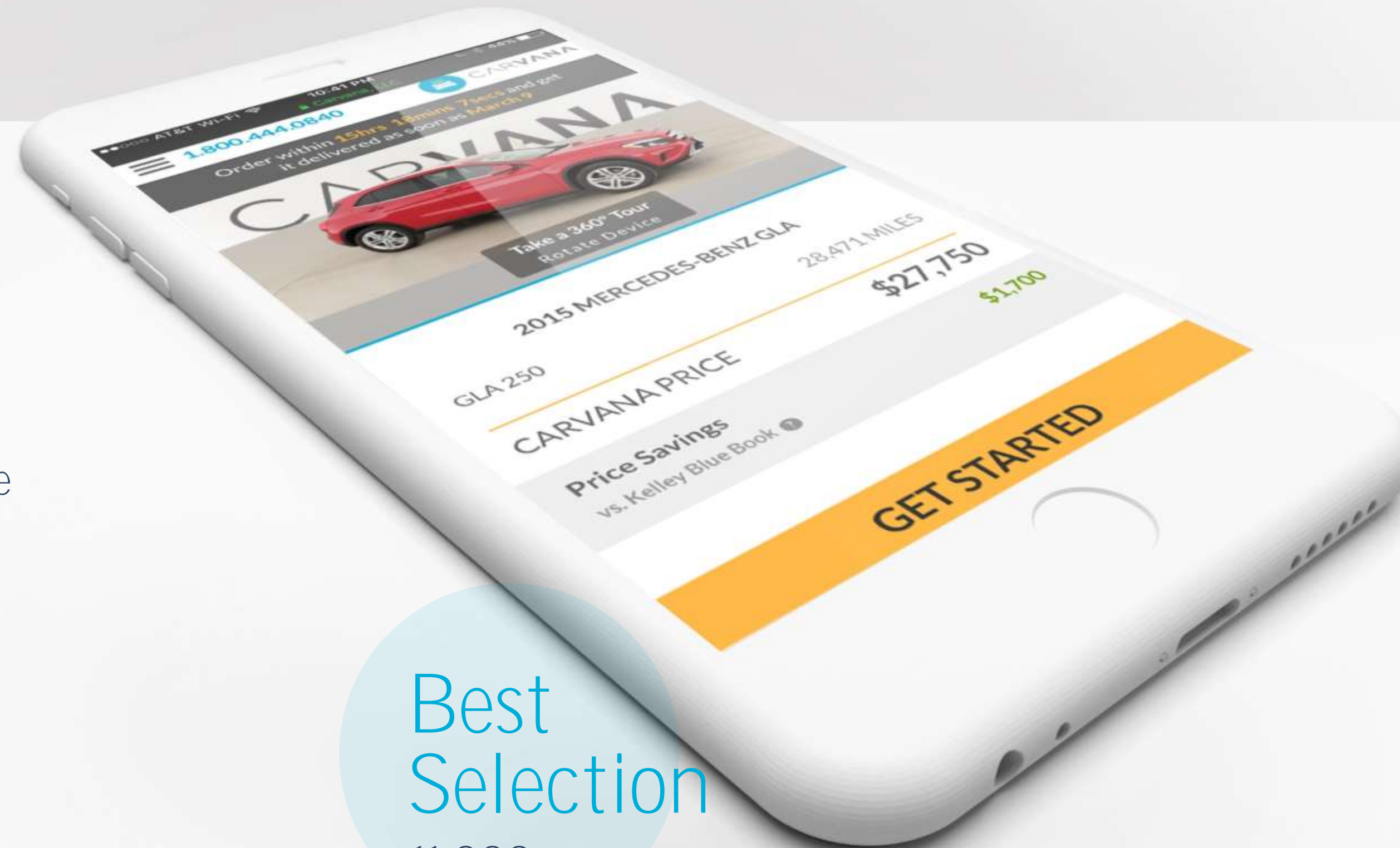


Best Selection

11,000+ 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 11,000+ vehicles available online

Trade or Sell – All Online

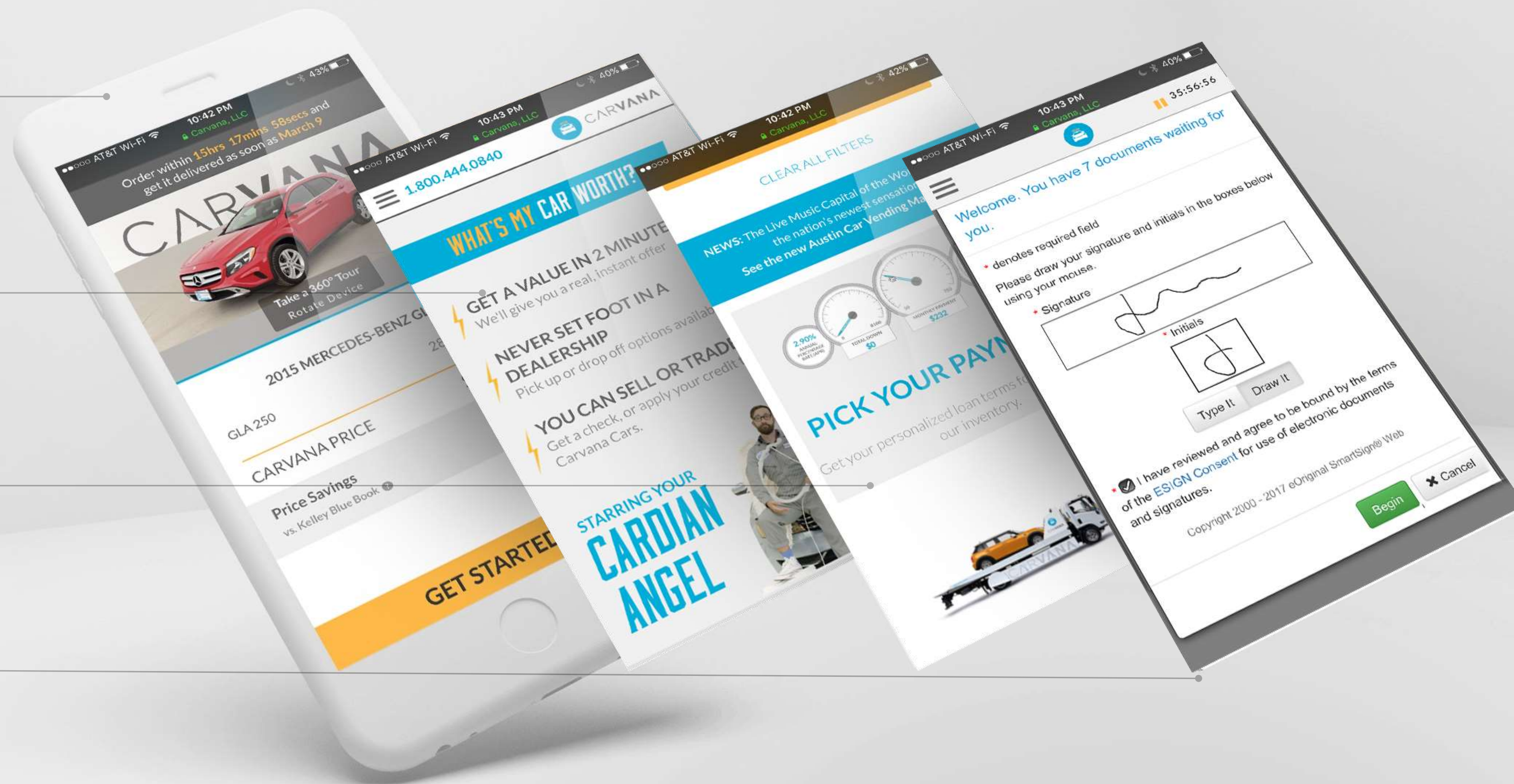
Nearly instantaneous, firm, fully automated trade-in offers

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
- 11 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



(1) As of June 11, 2018

SUPERIOR CUSTOMER EXPERIENCE

DELIVERING SUPERIOR CUSTOMER EXPERIENCES



4.7

★★★★★
Rating ⁽¹⁾

17,000+

Customer
Reviews on
Carvana.com ⁽¹⁾

95%

Would Recommend
To A Friend ⁽¹⁾

84

Net Promoter Score
(NPS) ⁽²⁾

“ Carvana will change the way cars are sold. ”

“ Carvana is the bomb! ”

“ I never thought car buying could be enjoyable. ”

(1) Through June 11, 2018

(2) Survey performed by Bazaarvoice as of June 11, 2018

GROWING UNITS & REVENUE

PROVEN EXPANSION STRATEGY

Repeatable Market Entry Playbook

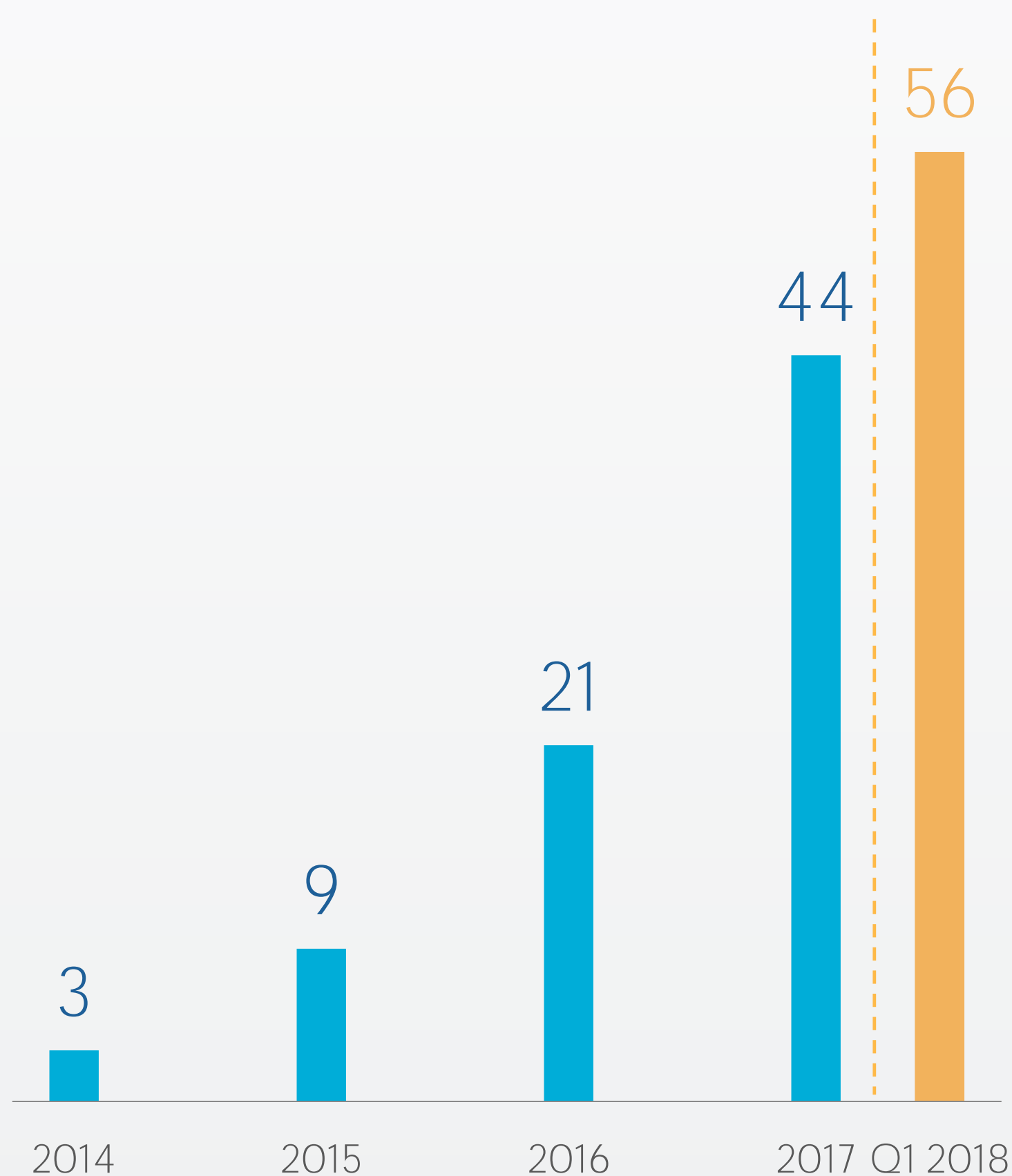
Activate Team of Expansion Advocates

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

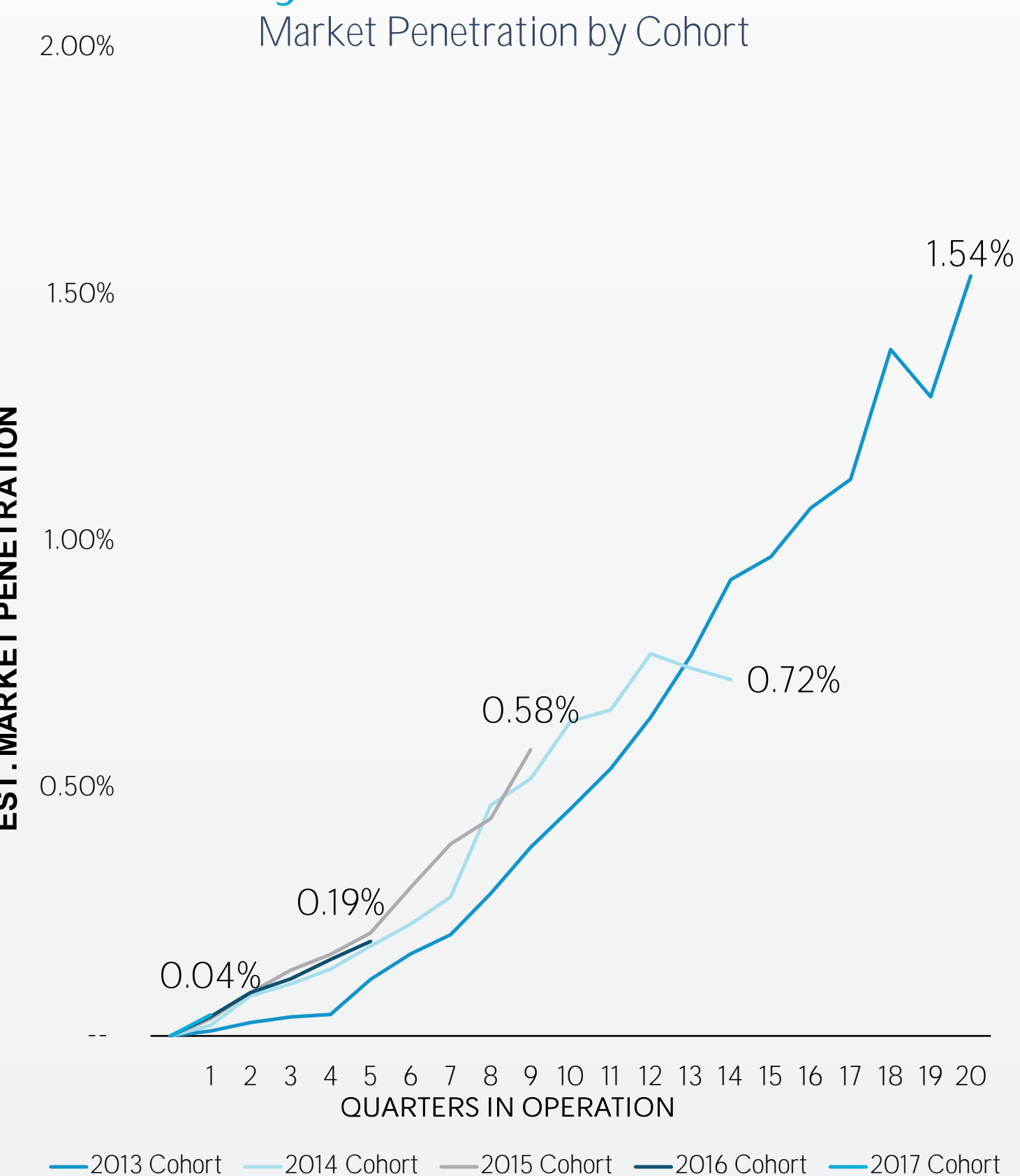
Connect to Logistics Network

Turn on Marketing Program

Enabling Rapid Expansion of Operating Markets



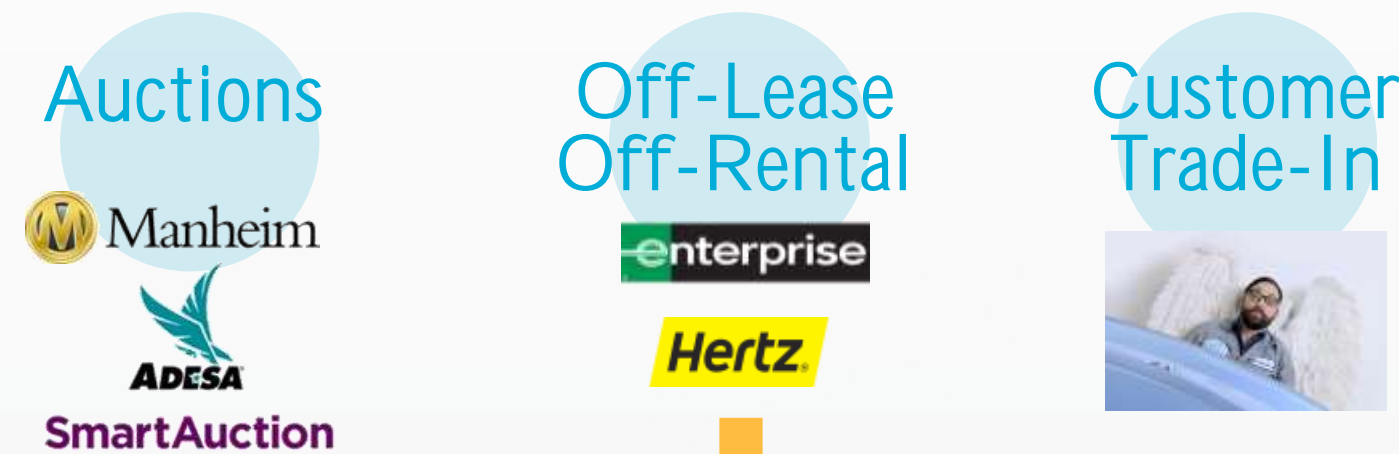
Proven by Success in Our Markets



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

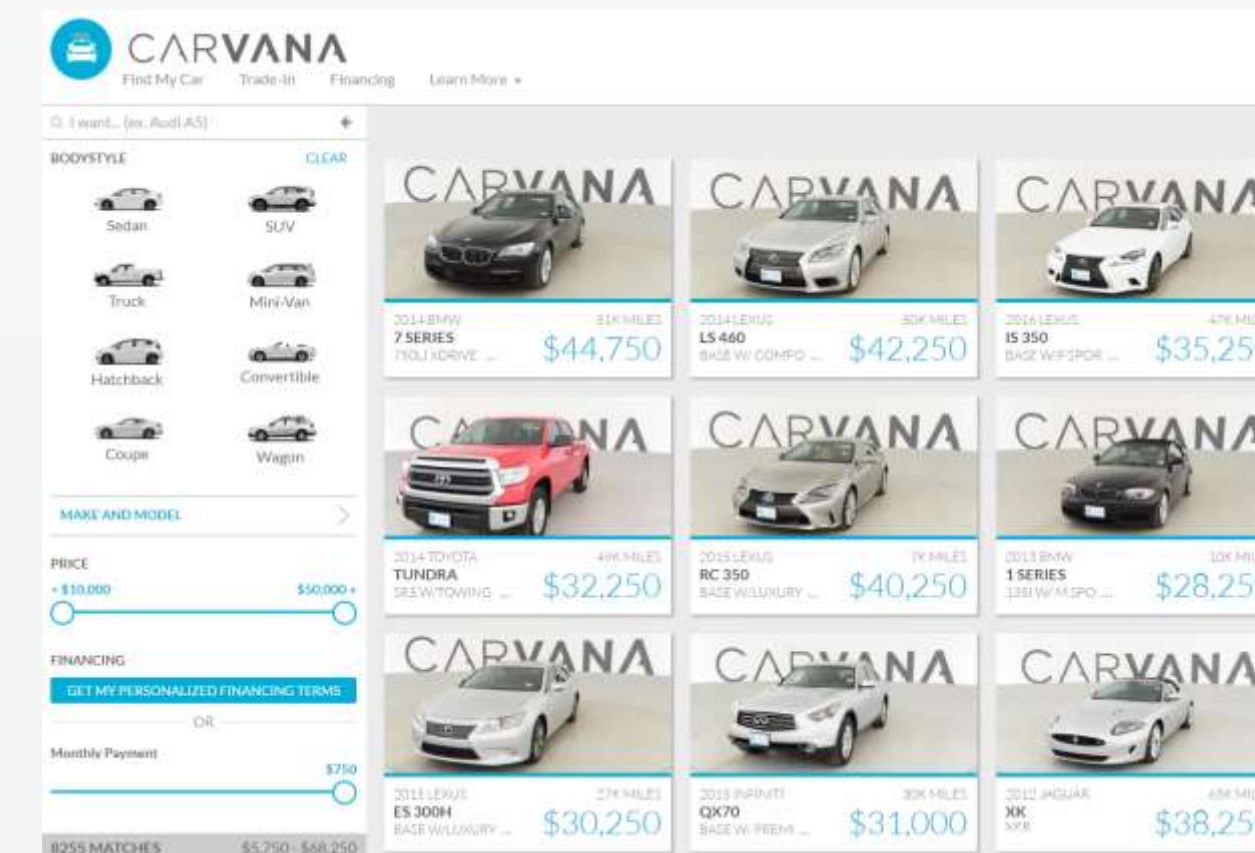
Apply Data

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

Optimization

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

11,000+ 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: 11,000+ vehicles available as of June 11, 2018

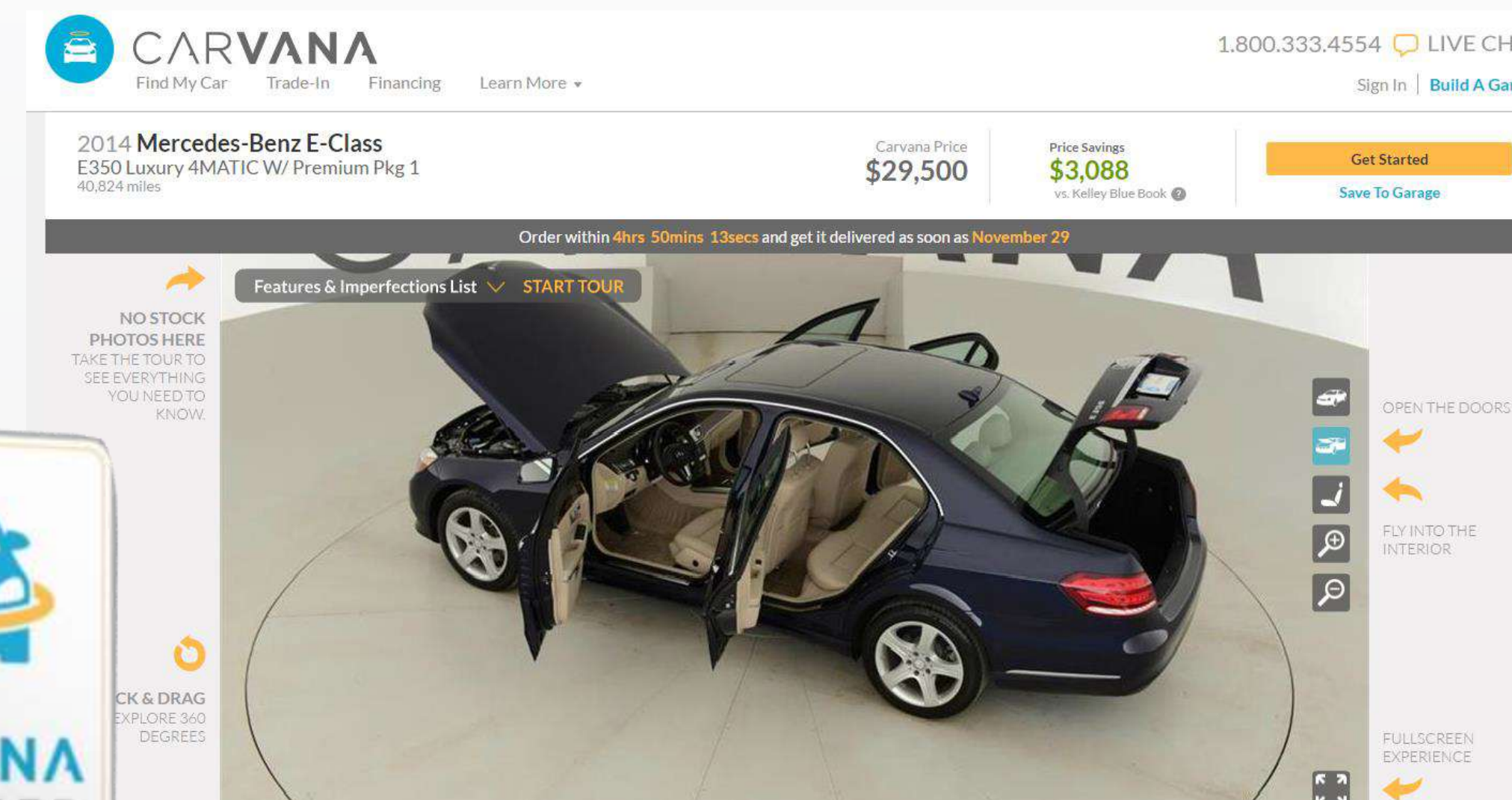
IN-HOUSE INSPECTION, RECONDITIONING & MERCHANDIZING

Inspection and Reconditioning



- Ability to buy all car types and recondition them to a consistent car quality
- ~200k existing annual IRC capacity at full utilization*
- Robust processes and internal expertise to set up future IRCs as needed

Photography and Annotation



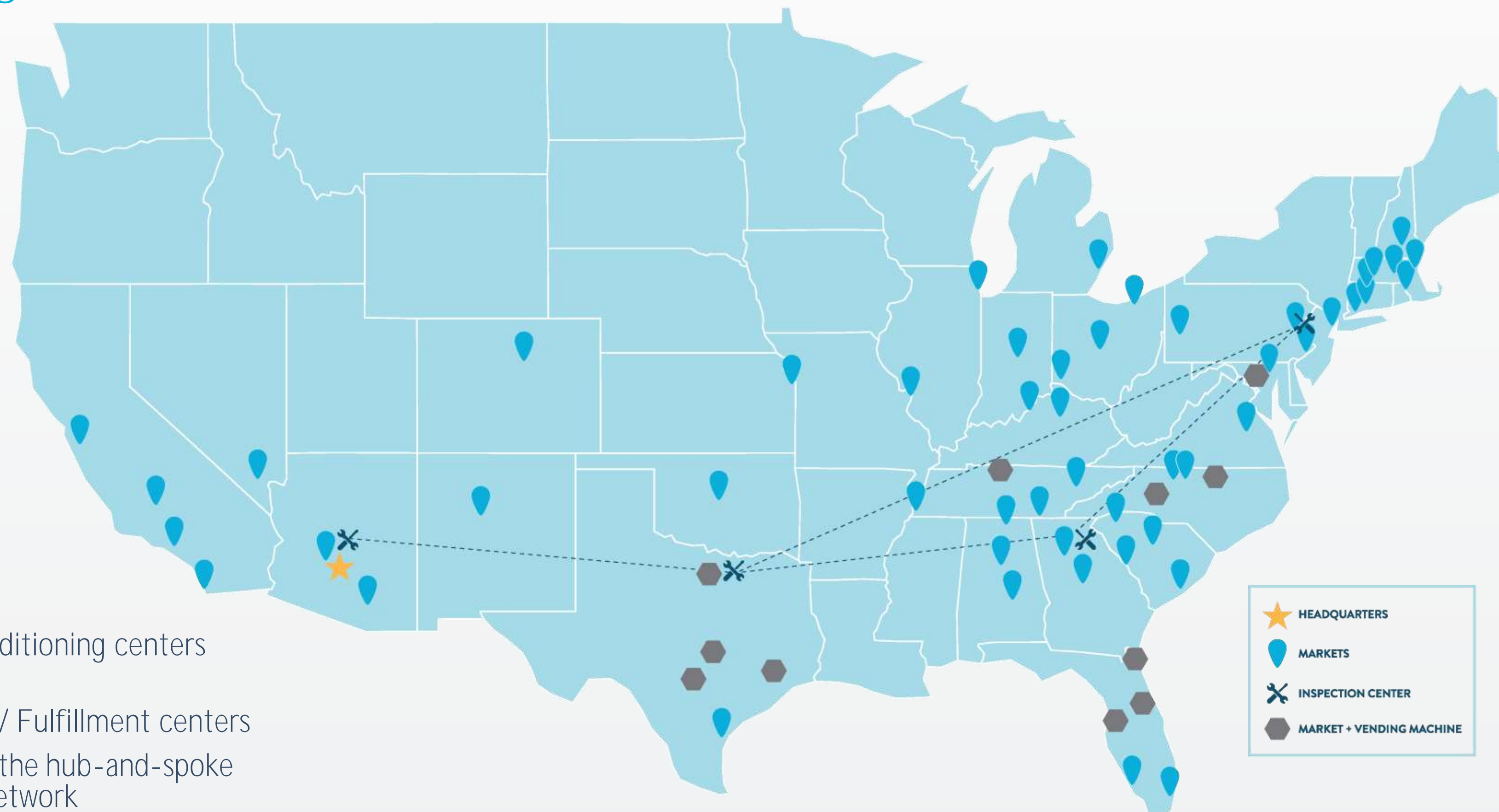
- 360-degree, interactive exterior and interior virtual tour of each vehicle
- Proprietary imaging technology
- Transparency to the customer through annotation of material defects

*Based on 4 IRCs in operation as of December 31, 2017

VERTICAL INTEGRATION & FULFILLMENT

BACKED BY IN-HOUSE LOGISTICS NETWORK

June 2018



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

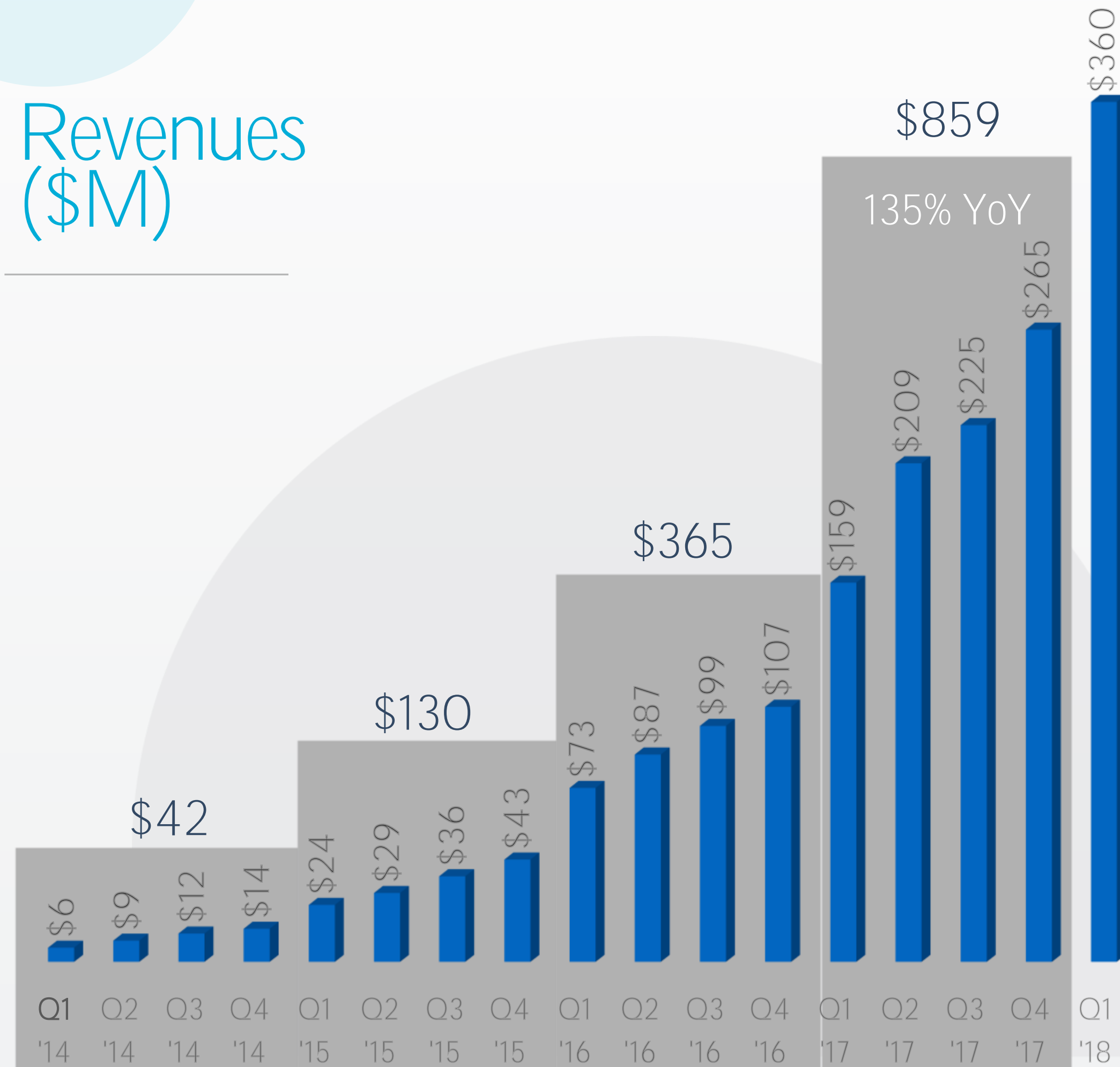
Enables vehicle cost arbitrage across geographies

Lower cost than using third party shipping

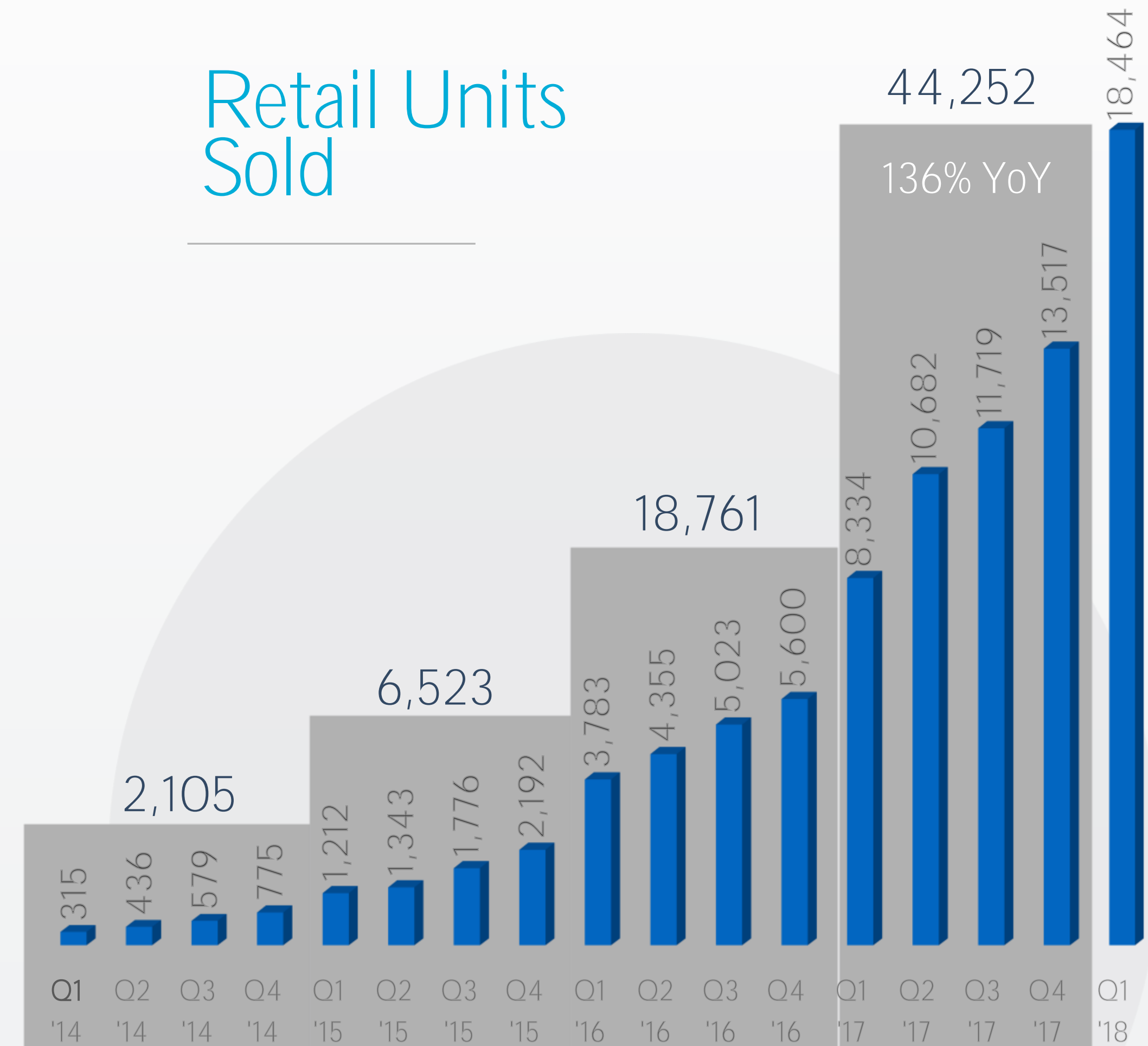
GROWING UNITS & REVENUE

RAPID SECULAR GROWTH

Revenues (\$M)



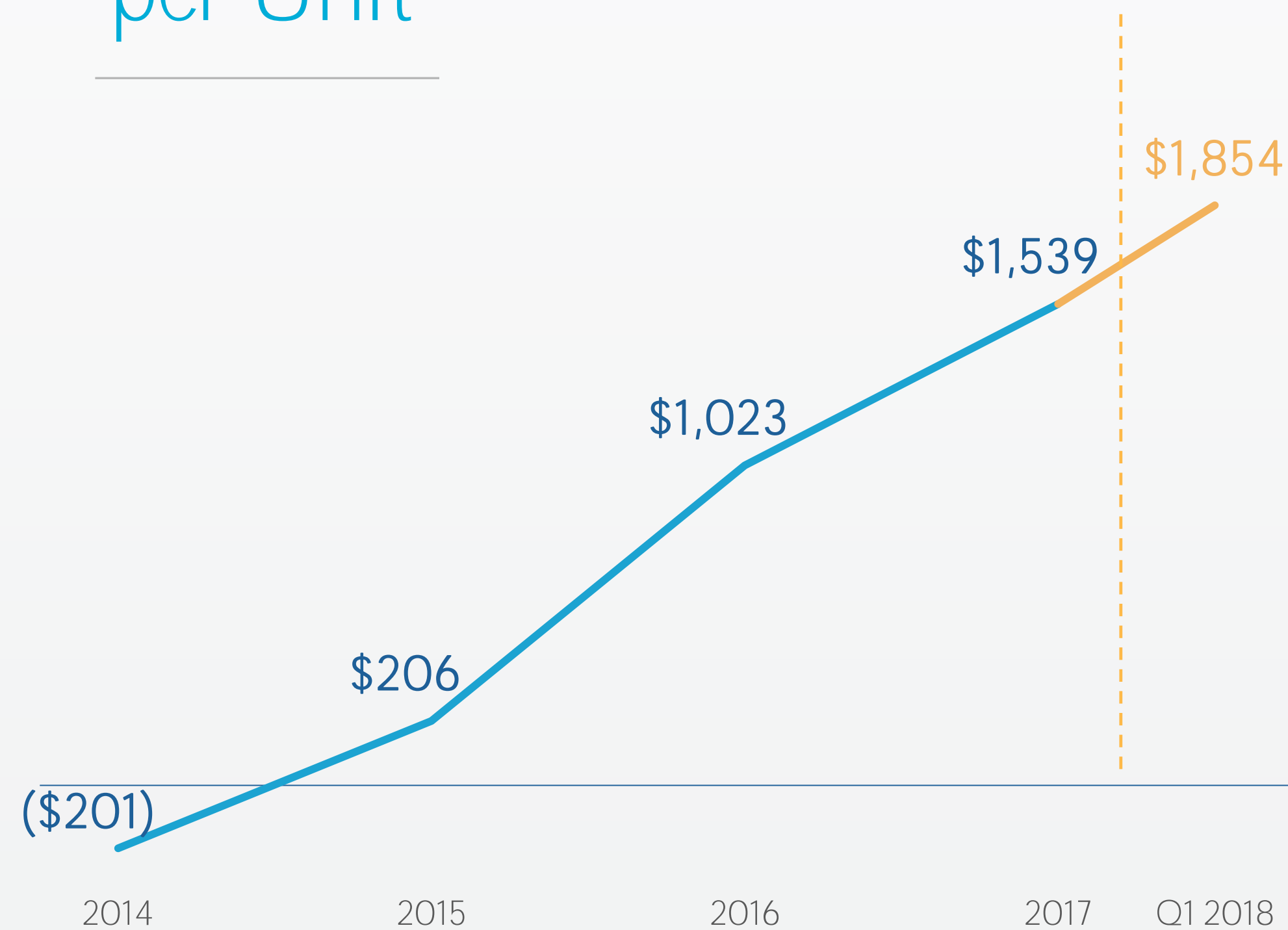
Retail Units Sold



EXPANDING GPU & OPERATING MARGINS

GROWTH LEVERAGING UNIT ECONOMICS

Gross Profit per Unit



Key Drivers of Gross Profit Expansion

- 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

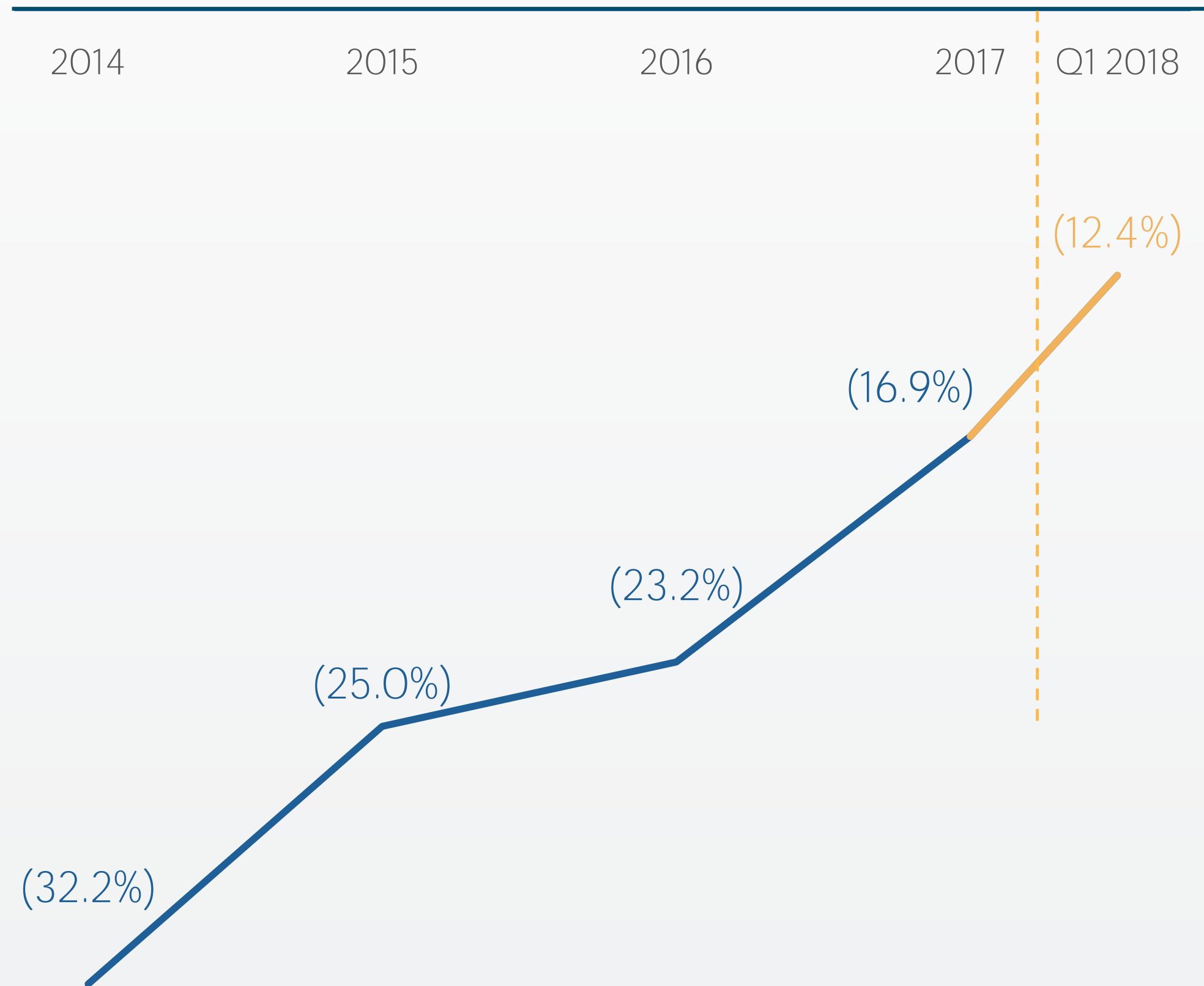
CarMax, Inc.
Gross Profit
per Unit
~\$3,811 ⁽¹⁾

(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

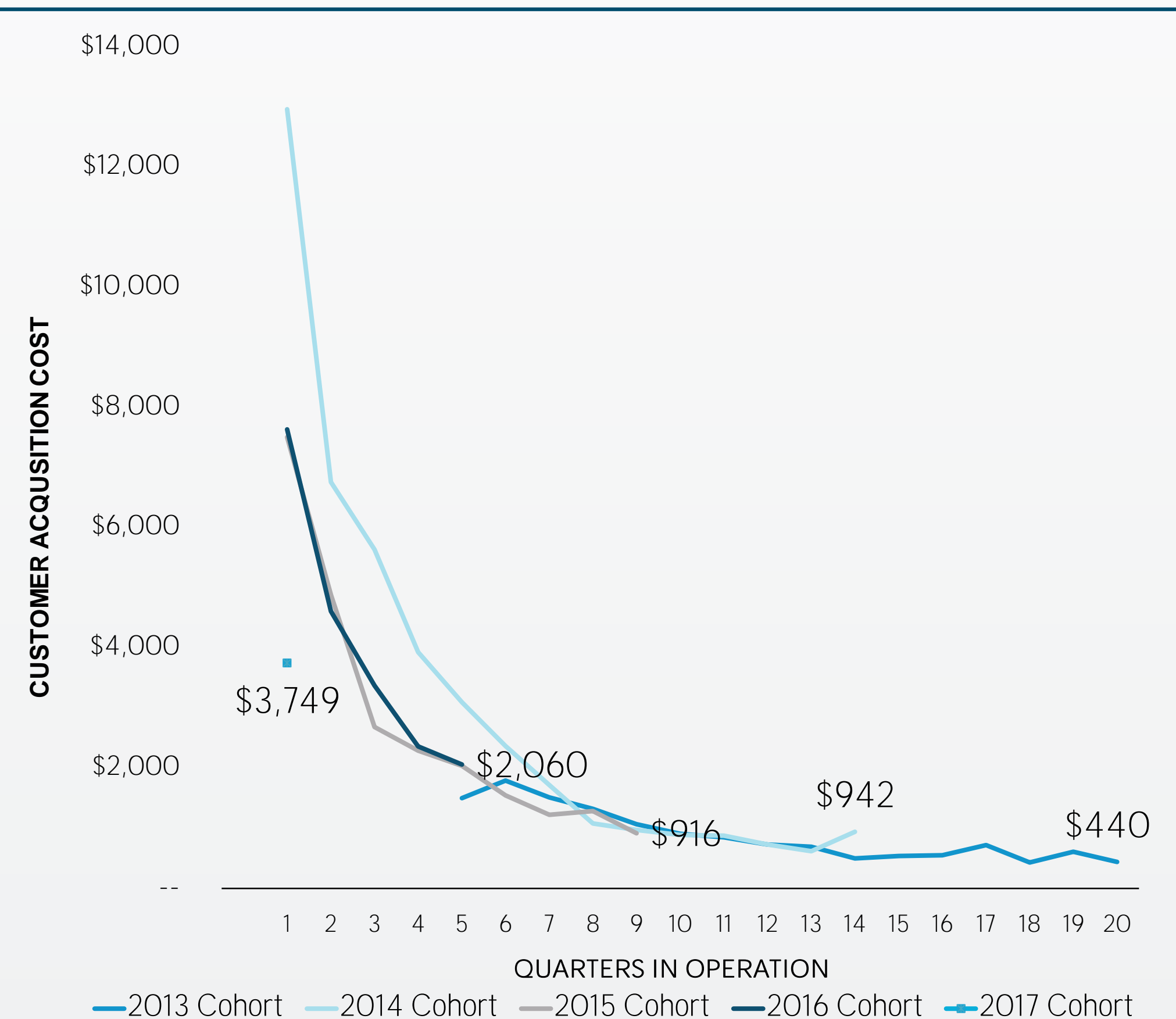
EXPANDING GPU & OPERATING MARGINS

GROWTH SHOWING OPERATING LEVERAGE

EBITDA MARGIN ⁽¹⁾

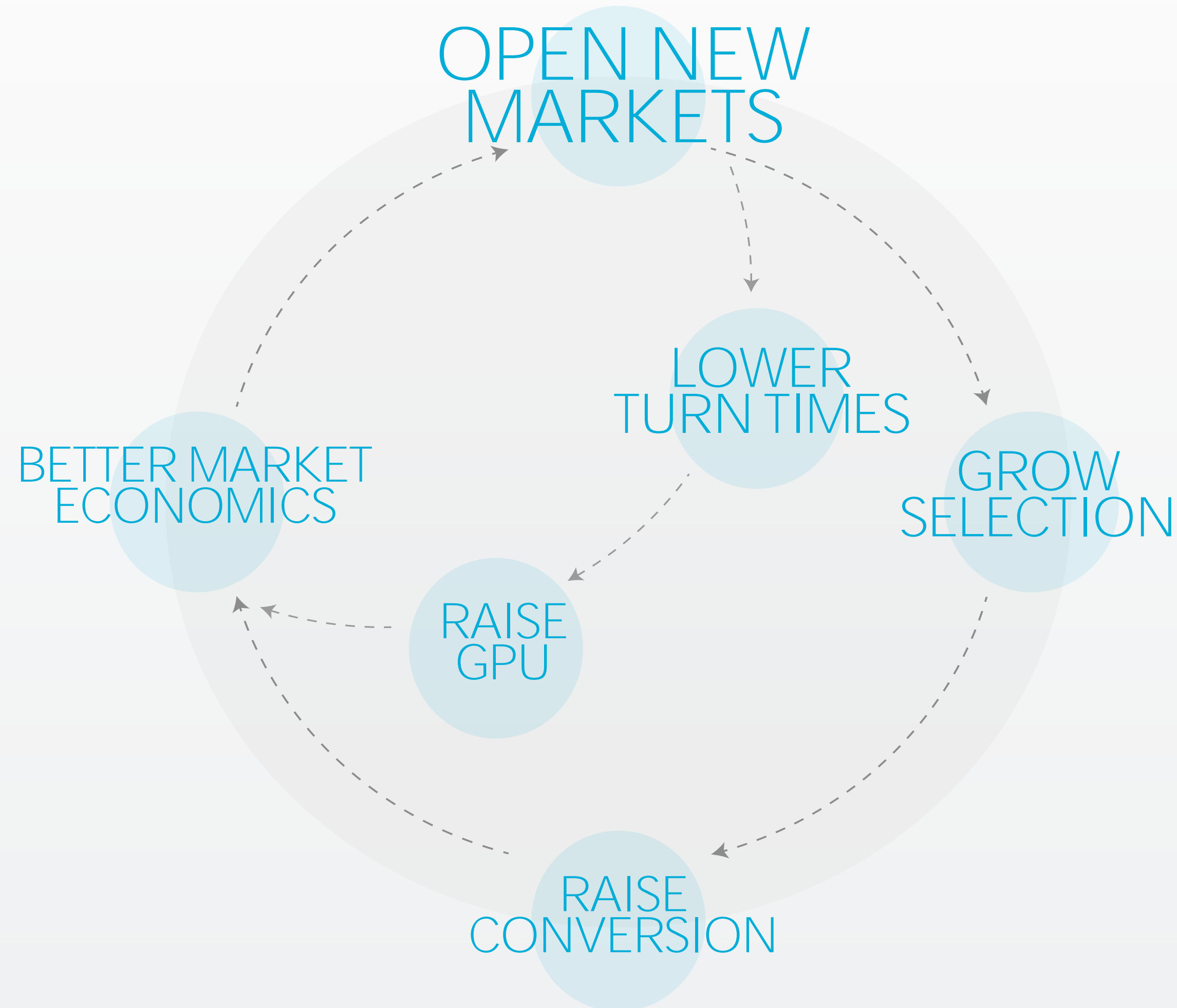


ADVERTISING EXPENSE PER UNIT SOLD

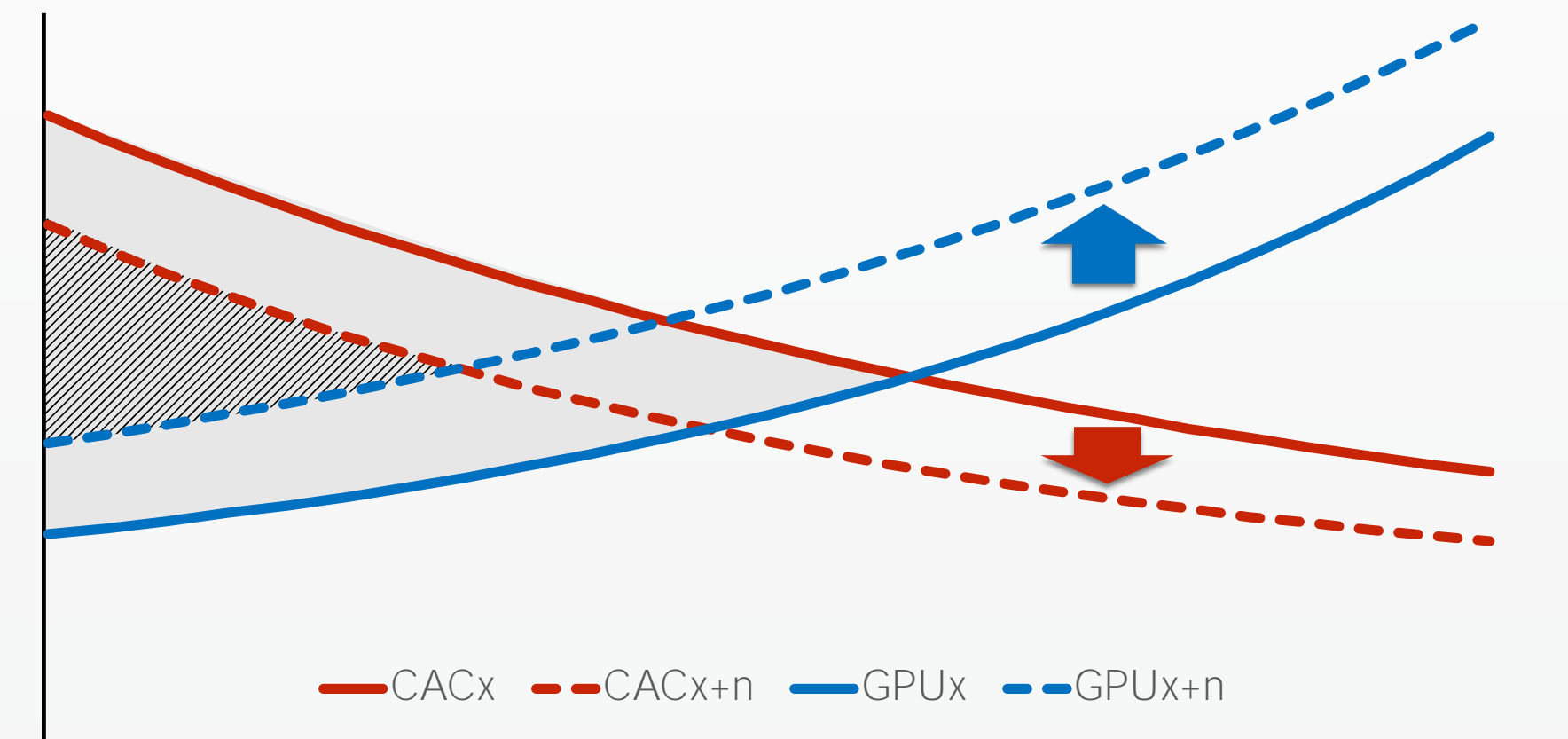


(1) GAAP Reconciliation of EBITDA included in Appendix

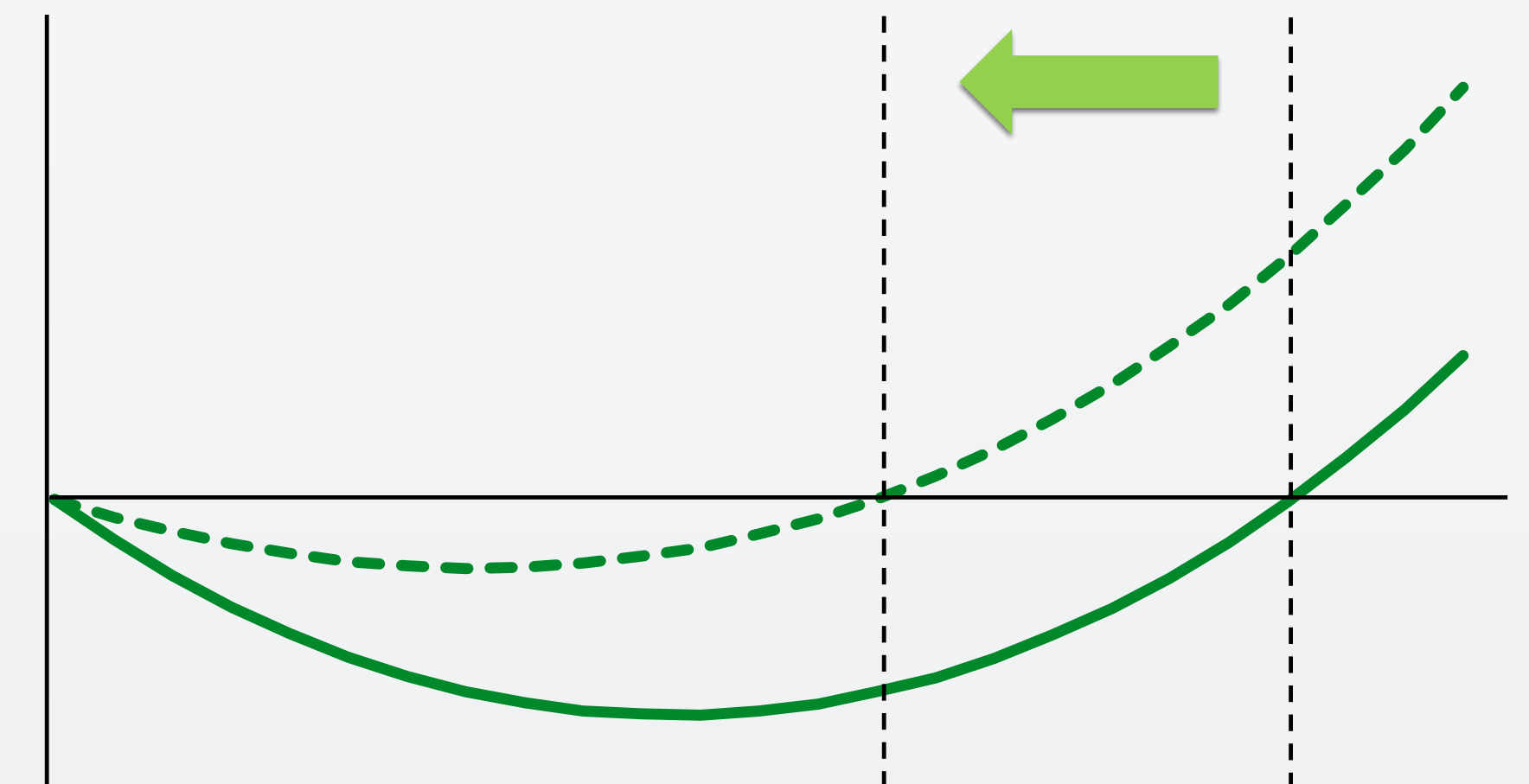
POSITIVE FEEDBACK LOOP SUPPORTS GROWTH



Improving Cash Burn on New Market Launches



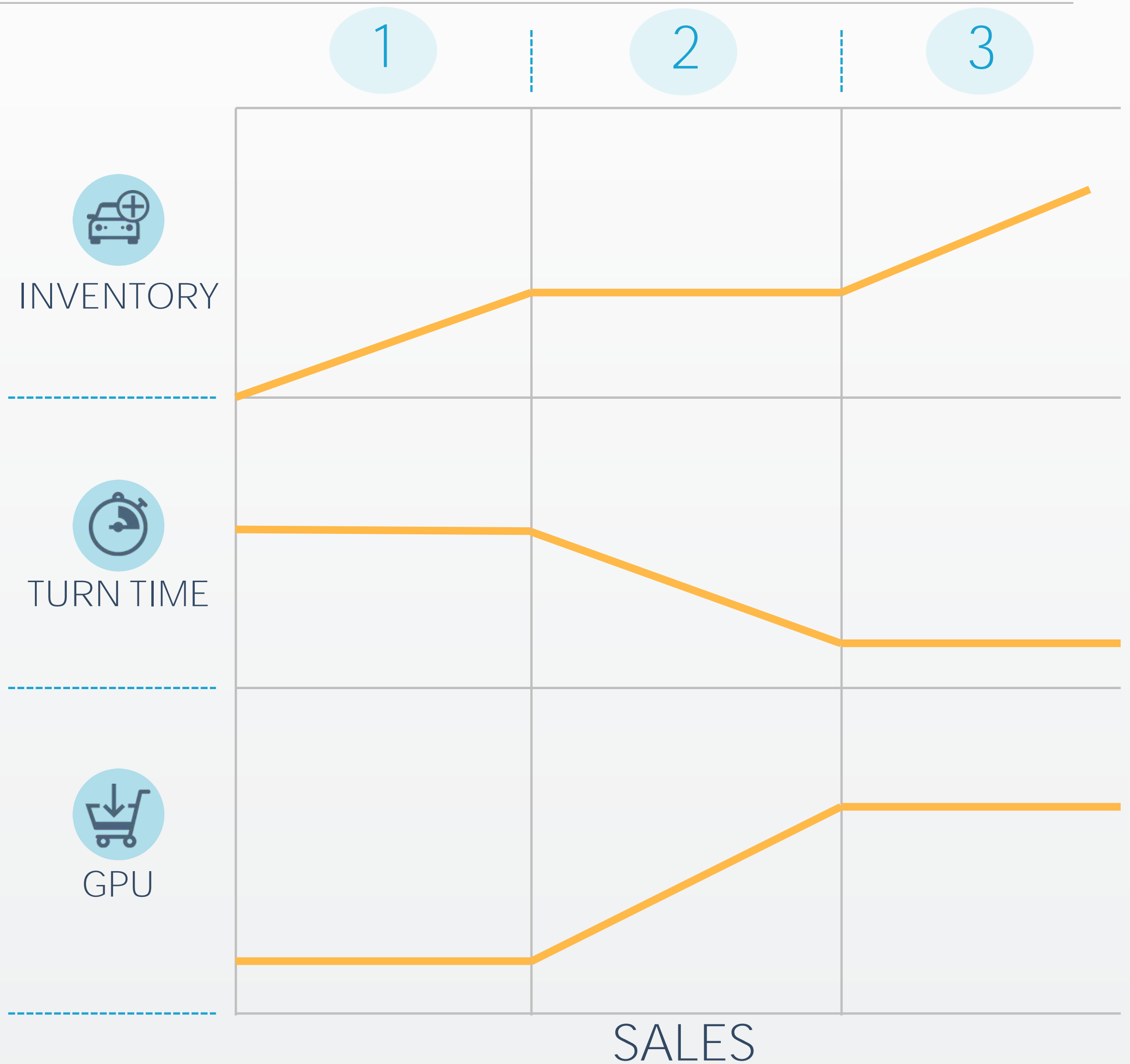
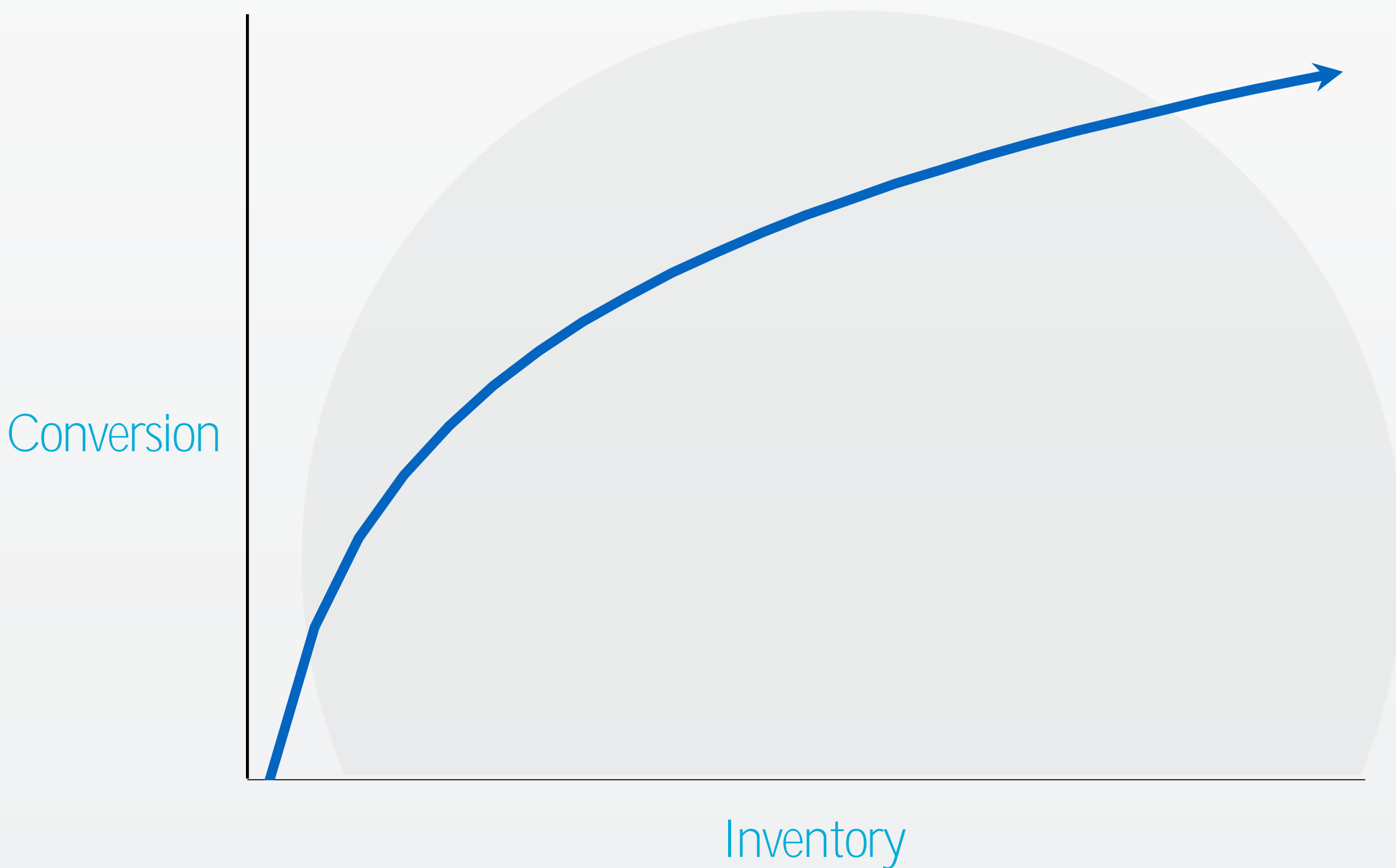
Reducing Time to Cash Generation



* 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.

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

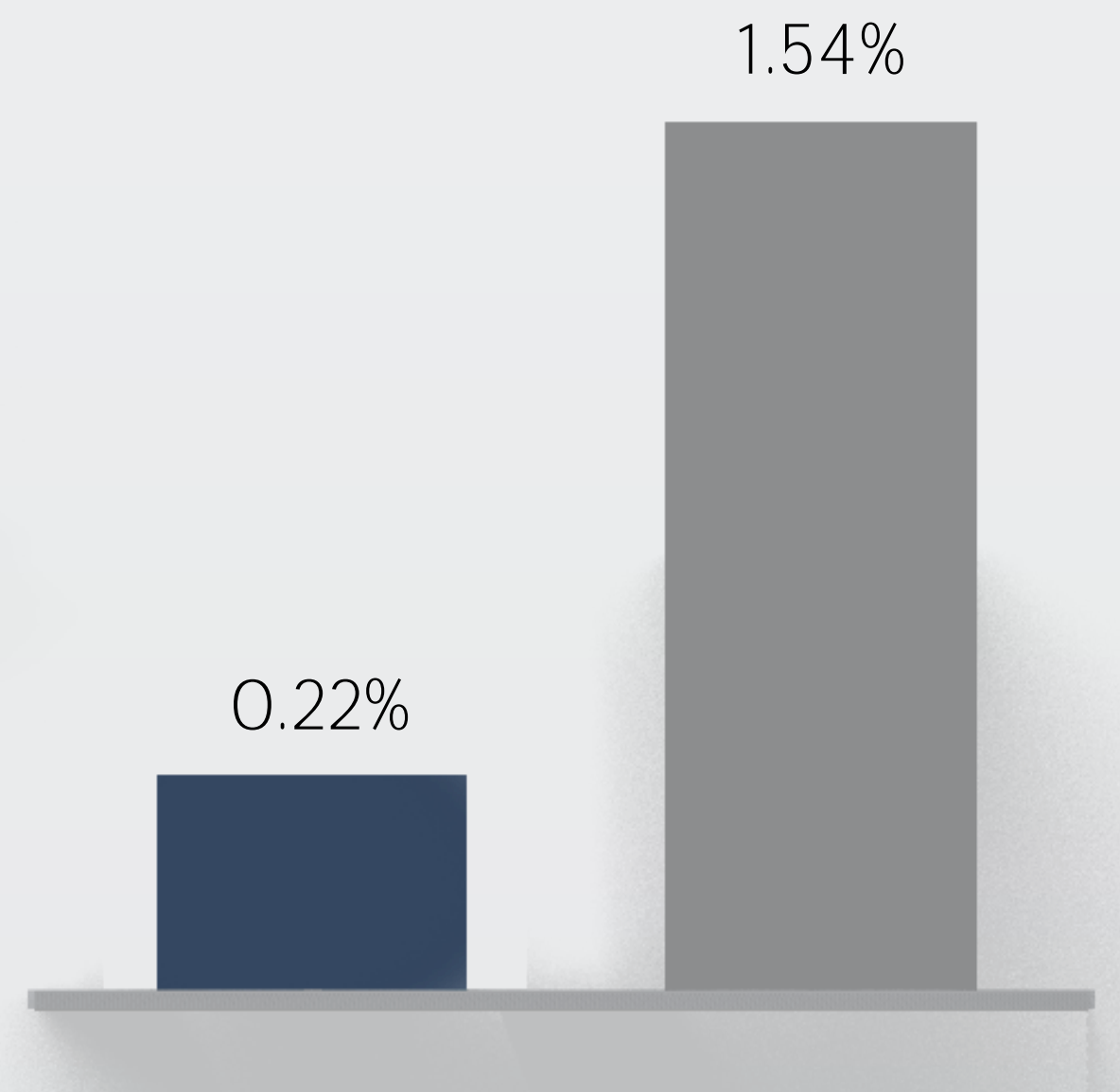
COMPETITIVE ADVANTAGES

SIGNIFICANT UPSIDE IN THE CURRENT MODEL

Grow Current Markets

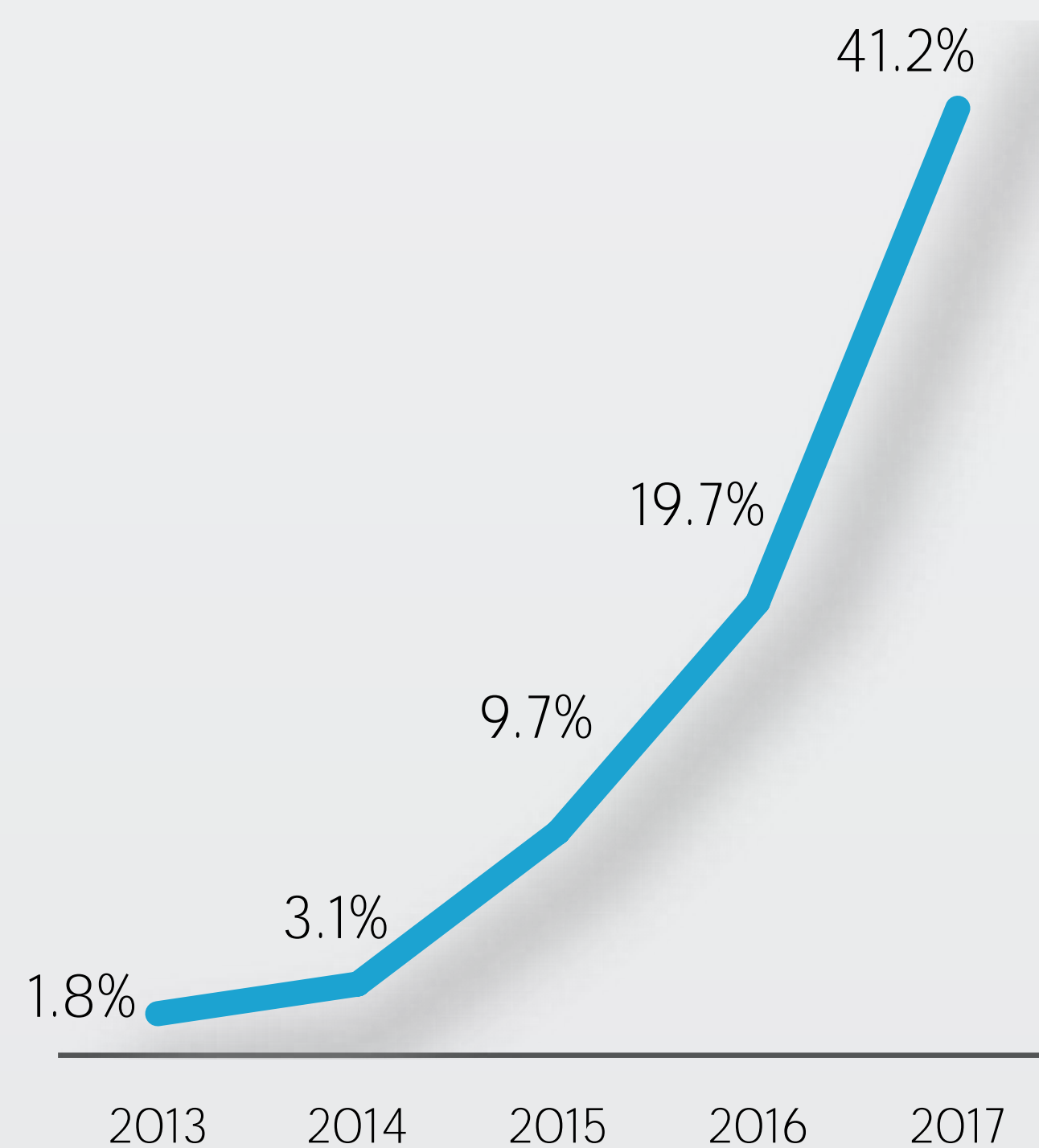
2017 Revenue (\$M)

\$858.9



Carvana 2017 Market Penetration Across Current 44 Markets ⁽¹⁾ Carvana 4Q17 Atlanta Market Penetration ⁽²⁾

Add New Markets

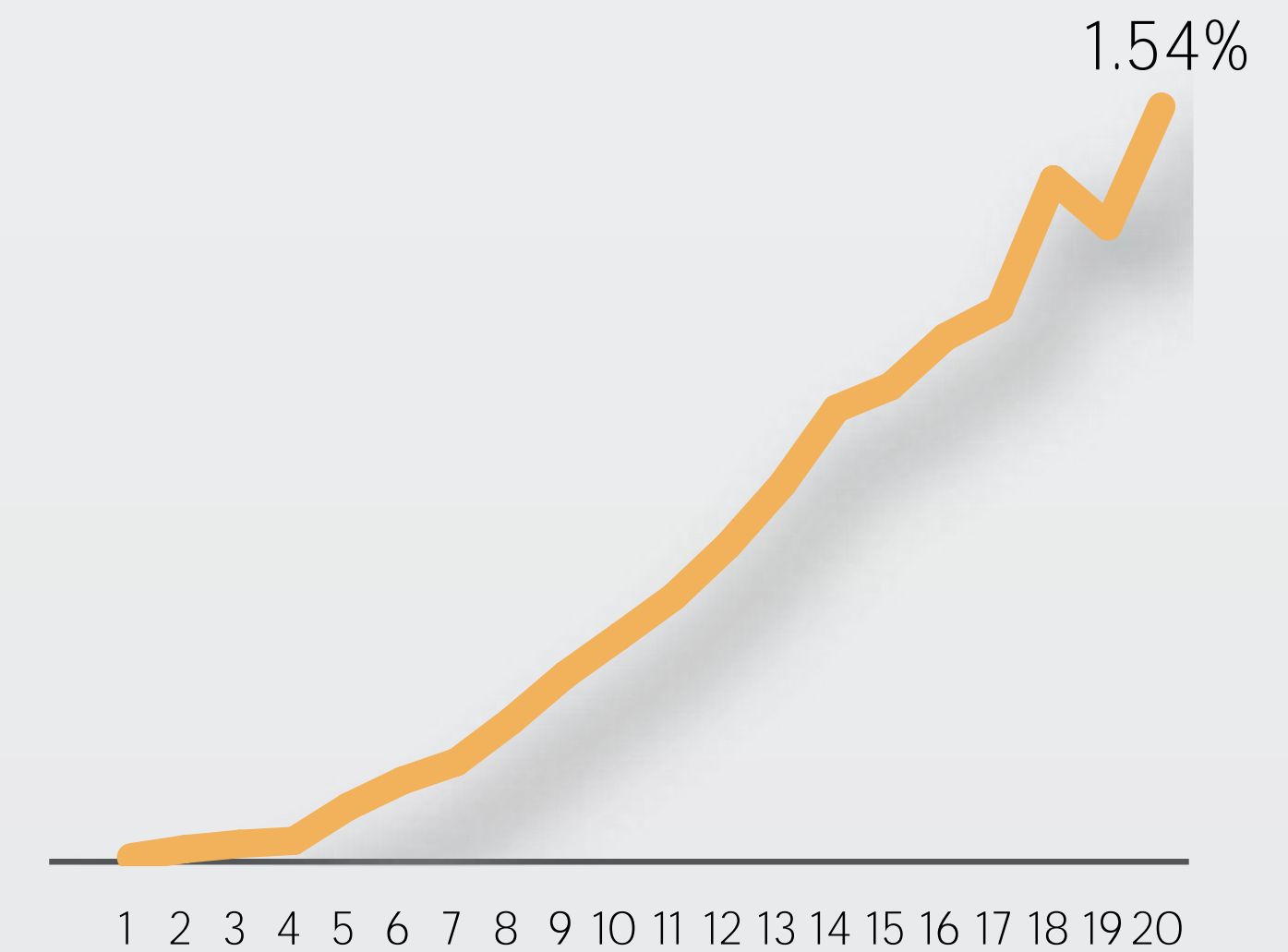


Carvana Total U.S. Population Coverage by Year

Increase Penetration

Q4 2017 ATL YoY Growth

44%



Carvana Atlanta Market Penetration From 1st Quarter Launched to Q4 2017

(1) Market penetration for year ended December 31, 2017

(2) Market penetration of Atlanta for quarter ended December 31, 2017

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
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

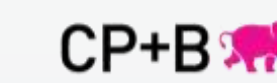


John Piatak
Director of Logistics



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



KEY INVESTMENT HIGHLIGHTS

MASSIVE, FRAGMENTED MARKET

Exceptionally large and inefficient used car market

\$764B
2017 U.S.
Used Car Sales ⁽¹⁾

1.8%
Largest dealer brand
market share in US ⁽¹⁾

SUPERIOR CUSTOMER EXPERIENCE

Simple, seamless and differentiated used car buying experience

95%
Customers who would
recommend to friend

4.7/5.0
Average Customer
Rating

PROVEN GO-TO-MARKET STRATEGY

Demonstrated, capital-light market expansion playbook

63
Markets ⁽³⁾

1.54%
Market Penetration
in Atlanta ⁽²⁾

VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

4
Existing
IRCs ⁽³⁾

11
Existing Vending
Machines ⁽³⁾

ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

135%
2017 YoY
Revenue Growth ⁽²⁾

90,000+
Retail Units Sold
Since Inception ⁽⁴⁾

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

(2) Metrics as of December 31, 2017

(3) Metrics as of June 11, 2018

(4) Metric through March 31, 2018

APPENDIX

NET LOSS TO EBITDA RECONCILIATION

	2014	2015	2016	2017	Q1 2018
Net Loss	(\$15,238)	(\$36,780)	(\$93,112)	(\$164,316)	(\$52,672)
D&A	\$1,706	\$2,800	\$4,658	\$11,568	\$4,605
Interest Expense	\$108	\$1,412	\$3,587	\$7,659	\$3,541
EBITDA	(\$13,424)	(\$32,568)	(\$84,867)	(\$145,089)	(\$44,526)
Total Revenues	\$41,679	\$130,392	\$365,148	\$858,870	\$360,442
Net Loss Margin	(36.6%)	(28.2%)	(25.5%)	(19.1%)	(14.6%)
EBITDA Margin	(32.2%)	(25.0%)	(23.2%)	(16.9%)	(12.4%)