



4Q18 Business Update
February 2019



Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this presentation, other matters discussed today and answers that may be given in response to questions may include “forward-looking statements.” We may, in some cases, use terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “likely,” “may,” “might,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “target,” “will,” “would,” or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. In particular, statements in this presentation regarding: industry trends; our market awareness; addressable opportunities, including in ancillary and international markets; our ability to grow the size and engagement of our consumer audience; the attractiveness and value proposition of our products and platform, including current offerings and other product opportunities; our ability to grow our paying dealer base and increase revenue per subscribing dealer; our success in international markets; and our potential future results, including long-term financial targets, are examples of such forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, including, without limitation, risks related to our rapid growth and ability to sustain our revenue growth rate, our relationships with dealers, new product development, competition in the markets in which we operate, market growth, our ability to expand effectively into new markets, our ability to realize benefits from our acquisition of PistonHeads and successfully implement the integration strategies in connection therewith, our sales and marketing strategies, our capital resources and operating performance, our ability to operate in compliance with applicable laws, as well as other risks and uncertainties that we have detailed in the “Risk Factors” section of our Annual Report on Form 10-K, filed on February 28, 2019 with the U.S. Securities and Exchange Commission. These factors could cause actual results and developments to be materially different from those expressed in or implied by such statements. Forward-looking statements are not guarantees of future performance and actual results may differ materially from those projected. The forward-looking statements are made only as of the date of this presentation and we undertake no obligation to update such forward-looking statements to reflect subsequent events or circumstance.

This presentation also contains estimates and other statistical data, including those relating to our industry and the market in which we operate, that we have obtained or derived from industry publications and reports, including reports from Comscore, Borrell Associates, and publicly available information. We rely on Google Analytics for data relating to our own key business metrics and, for consistency, we rely on Comscore for all data relating to comparisons with our competitors. Google Analytics and Comscore use different methodologies to derive their data and therefore their data for similar statistics are not comparable. These industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates, as there is no assurance that any of them will be reached. Based on our industry experience, we believe that the publications and reports are reliable and that the conclusions contained in the publications and reports are reasonable.

Global Trusted Marketplace

UNBIASED TRANSPARENCY

Price
Dealer Reputation
Vehicle Condition
Inventory Ranking

MARKETPLACE

Dealers &
Peer to Peer



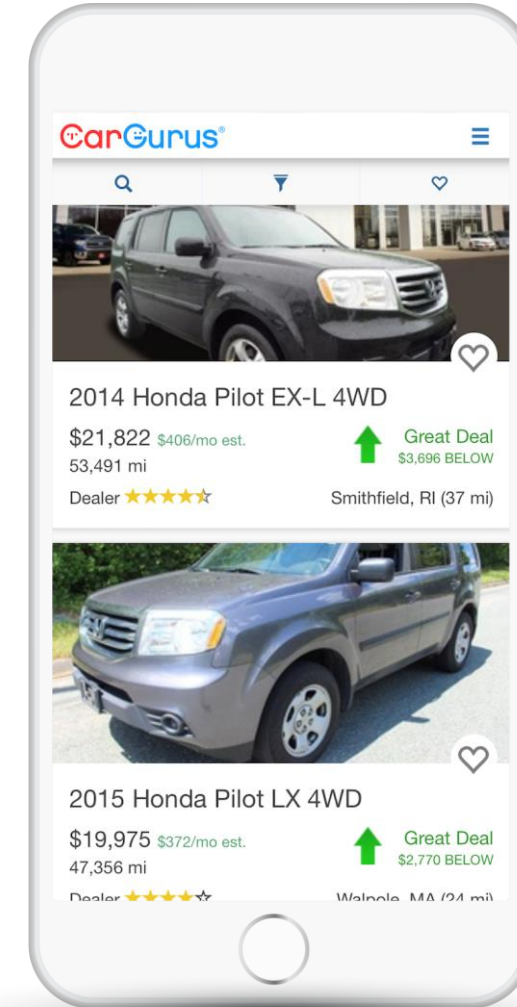
Optimized for Consumer Relevance vs Paid Inclusion

How did Google destroy Yahoo?

- Relevance over economics
- Algorithms provided best answer to consumer

CarGurus ranks listings based on **unbiased algorithms**

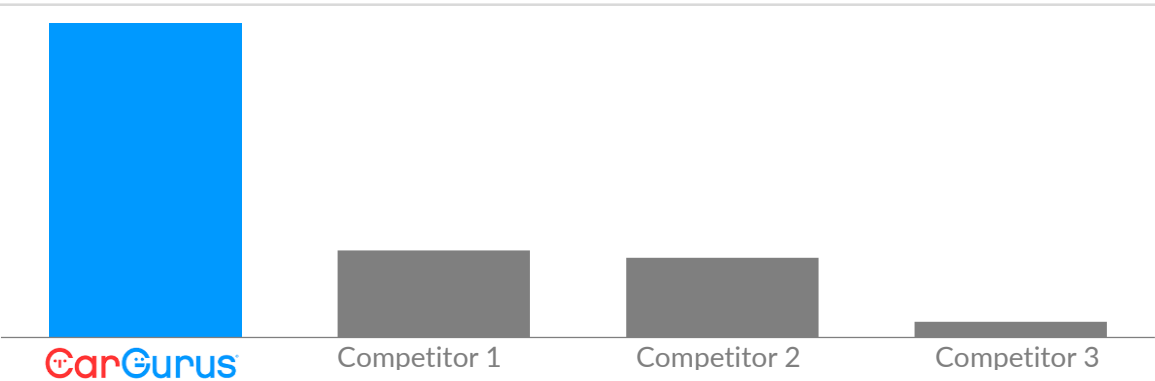
- Organic listings ranked by Deal Ratings
- Instant Market Value considers make, model, trim, year, mileage, options and vehicle condition
- Deal Rating incorporates Dealer Rating from CarGurus community



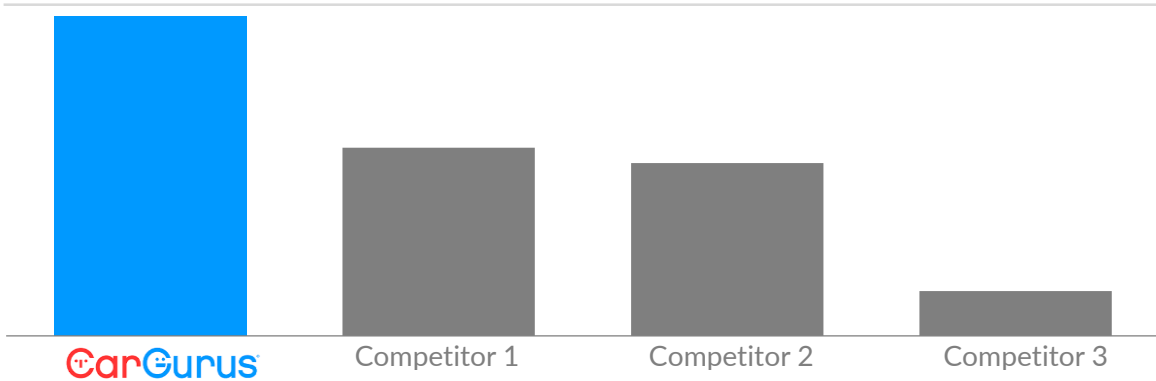
We are the #1 Online US Automotive Marketplace¹

THE LARGEST AND MOST ENGAGED AUDIENCE OF CAR SHOPPERS IN THE US²

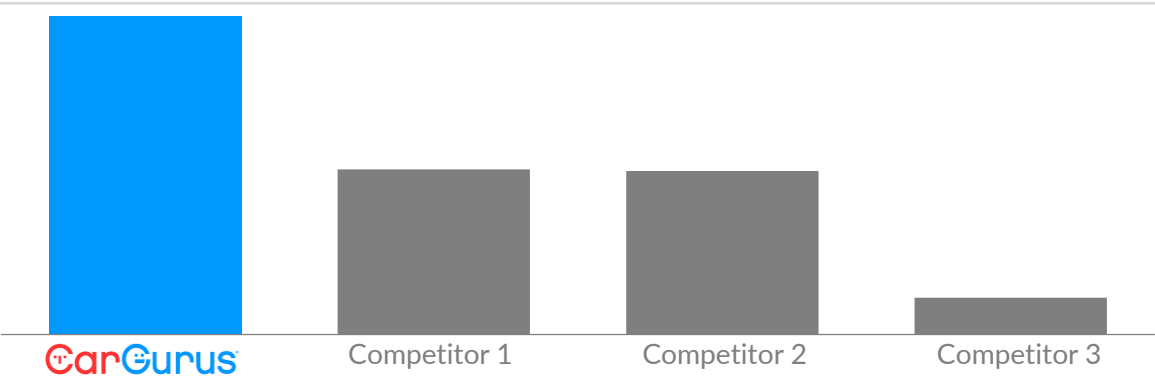
TOTAL MONTHLY VISITS



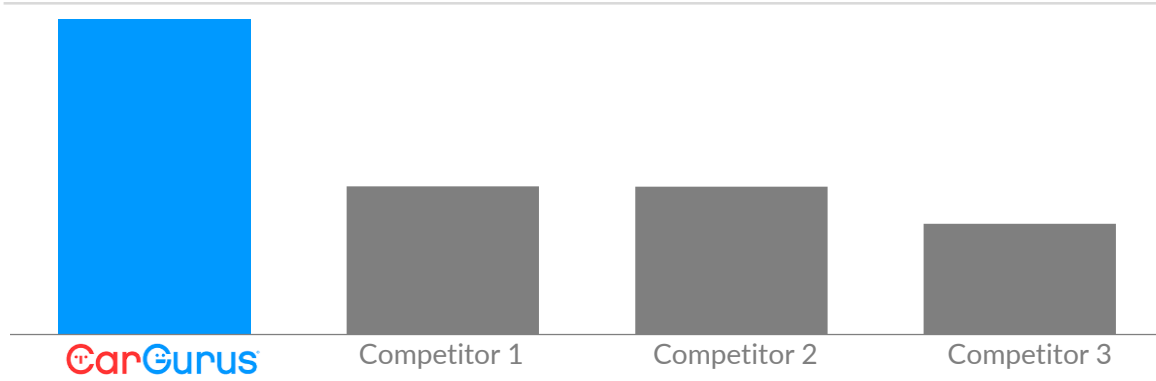
TOTAL MONTHLY UNIQUE VISITORS



TOTAL MONTHLY MOBILE UNIQUE VISITORS



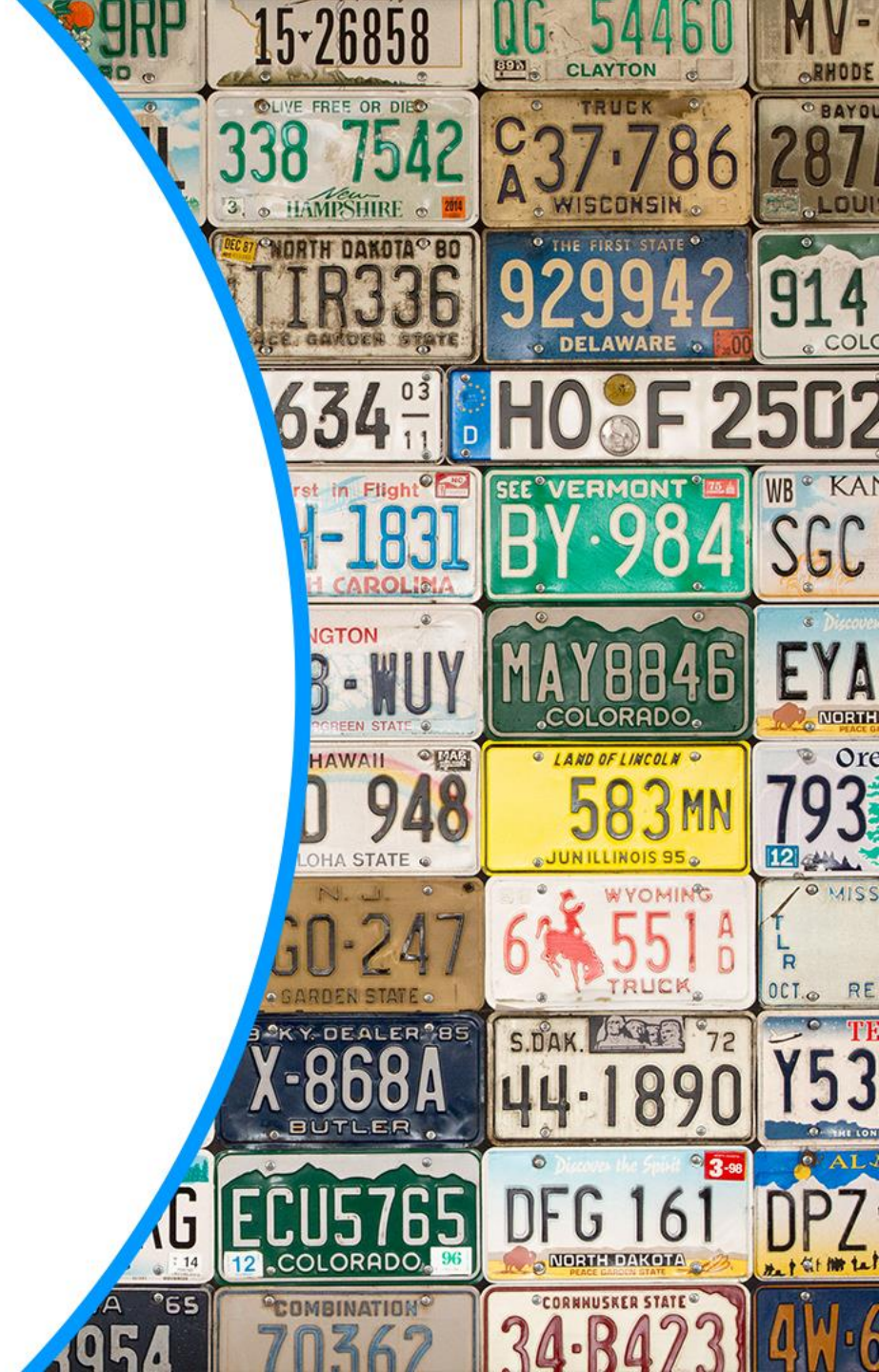
TOTAL VISITS PER VISITOR



1. As measured by presented metrics.
2. Source: Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Q4 2018, U.S. (Competitive set includes: CarGurus.com, Autotrader.com, Cars.com, TrueCar.com)

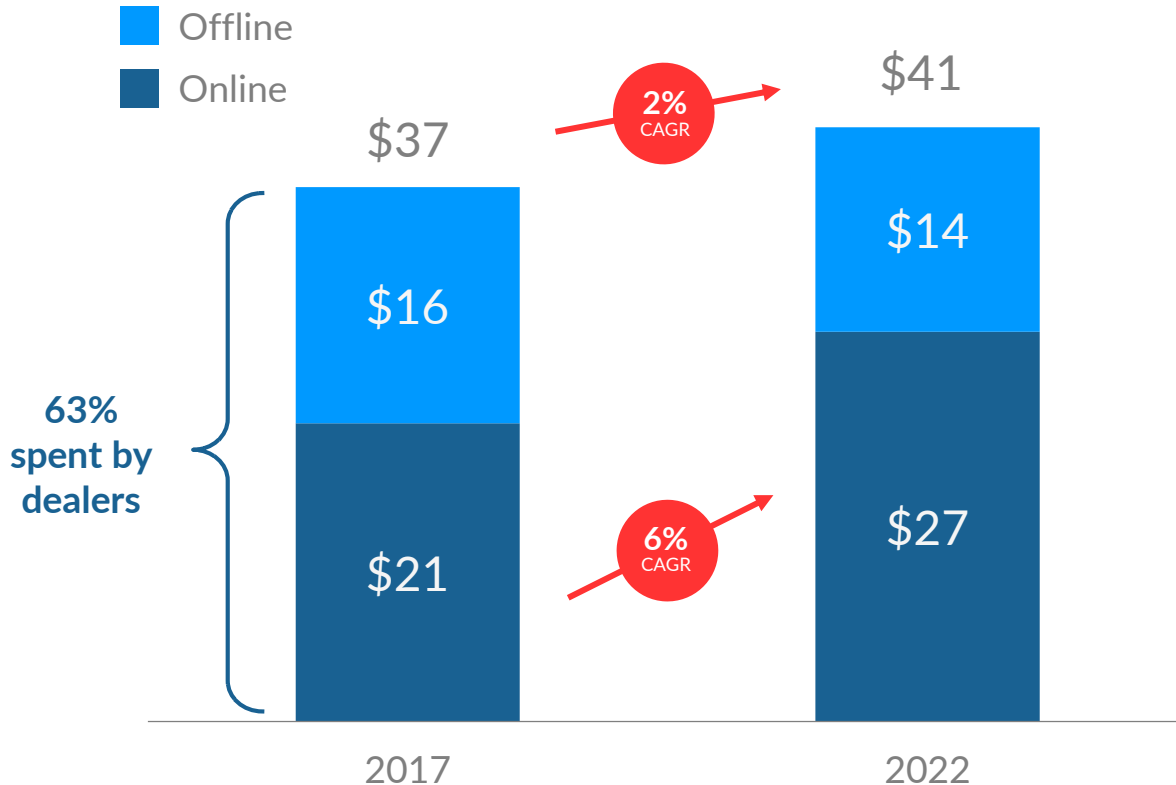


Market Opportunity & Value Proposition



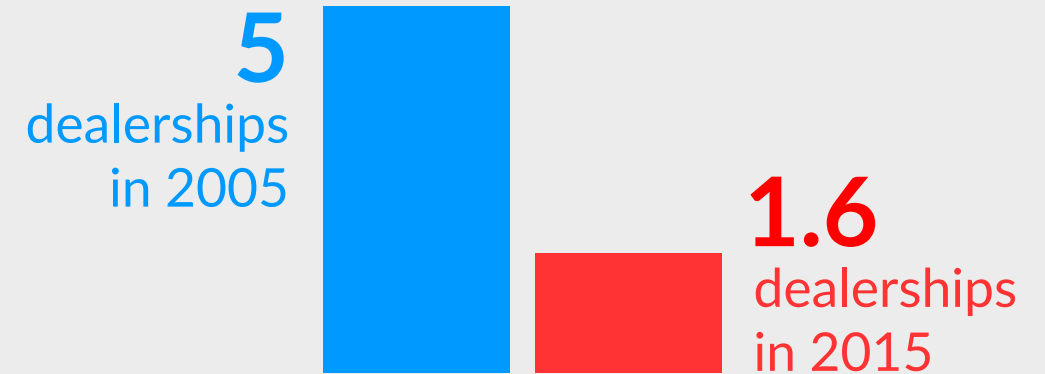
U.S. Automotive Marketing Continues to Shift Online

TOTAL U.S. AUTOMOTIVE INDUSTRY MARKETING SPEND (\$ BILLIONS)¹



CHANGING CONSUMER AUTO SHOPPING BEHAVIOR

Average Dealership Visits Prior to Purchase²



Ancillary and International Markets Expand Addressable Opportunity

AUTOMOTIVE RELATED METRICS IN U.S.¹

Annual Auto-related
Advertising Spend
(Financing, Warranty,
Insurance)

Multi-billions

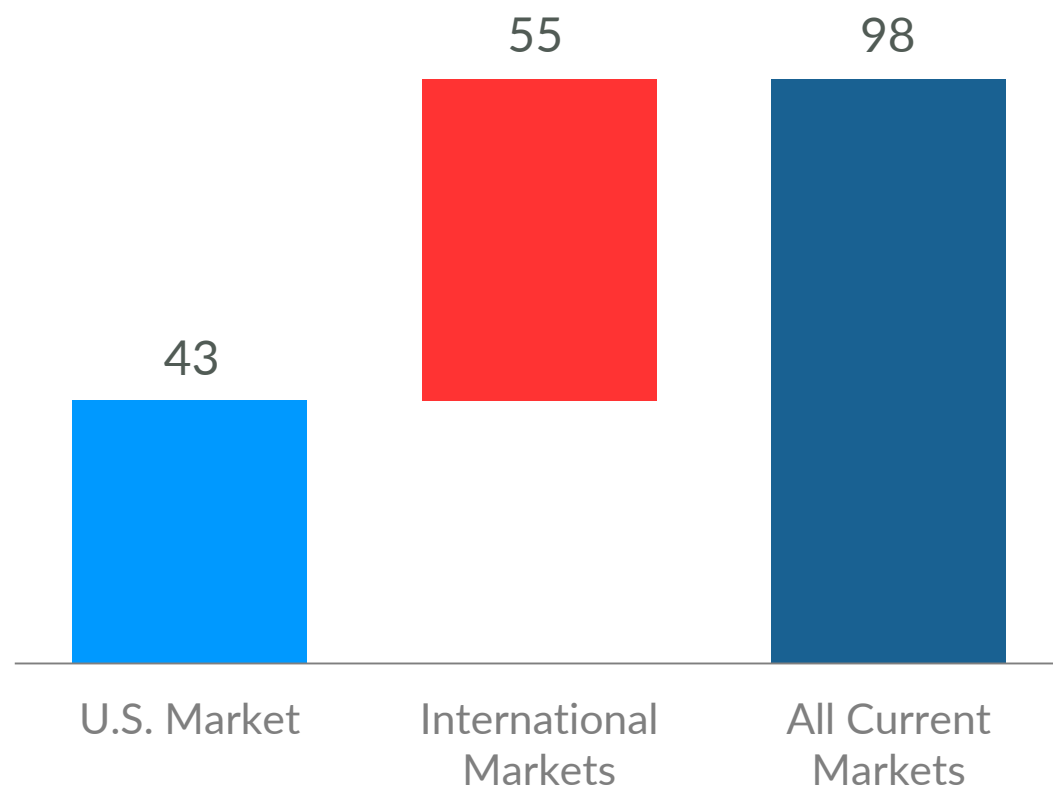
Annual Dealer
Software Spend

~\$4.5 billion

Used Cars Sold in
P2P Market
Annually

~11 million

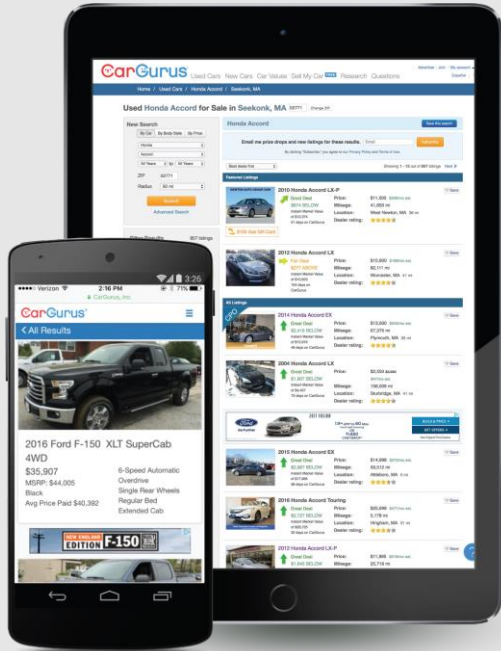
NUMBER OF DEALERSHIPS¹ (THOUSANDS)



Our Business Model



CONSUMERS



CONNECTIONS



MARKETPLACE
TOOLS

DEALER
DISPLAY

BRANDING

SEM PLUS

Marketplace Subscriptions
Average Annual Revenue
per Subscribing Dealer (AARSD)
\$14,819¹



DEALERS



Our Marketplace Can't Be Replicated by Classified Models

LARGEST AUTO INVENTORY FROM OVER 40,000 DEALERS



Car Information

- Vehicle History
- Time on Site¹



Price Information

- Instant Market Value¹
- Deal Rating¹
- Price History



Dealer Information

- Qualified Dealer Reviews
- Dealer Ratings

MOST INTUITIVE SEARCH RESULTS



88%
of users
are in-market²

ENGAGED, INFORMED, READY-TO-BUY CONSUMERS

48%
expect to purchase car
in next month²

Our Technology Drives Transparency for Consumers

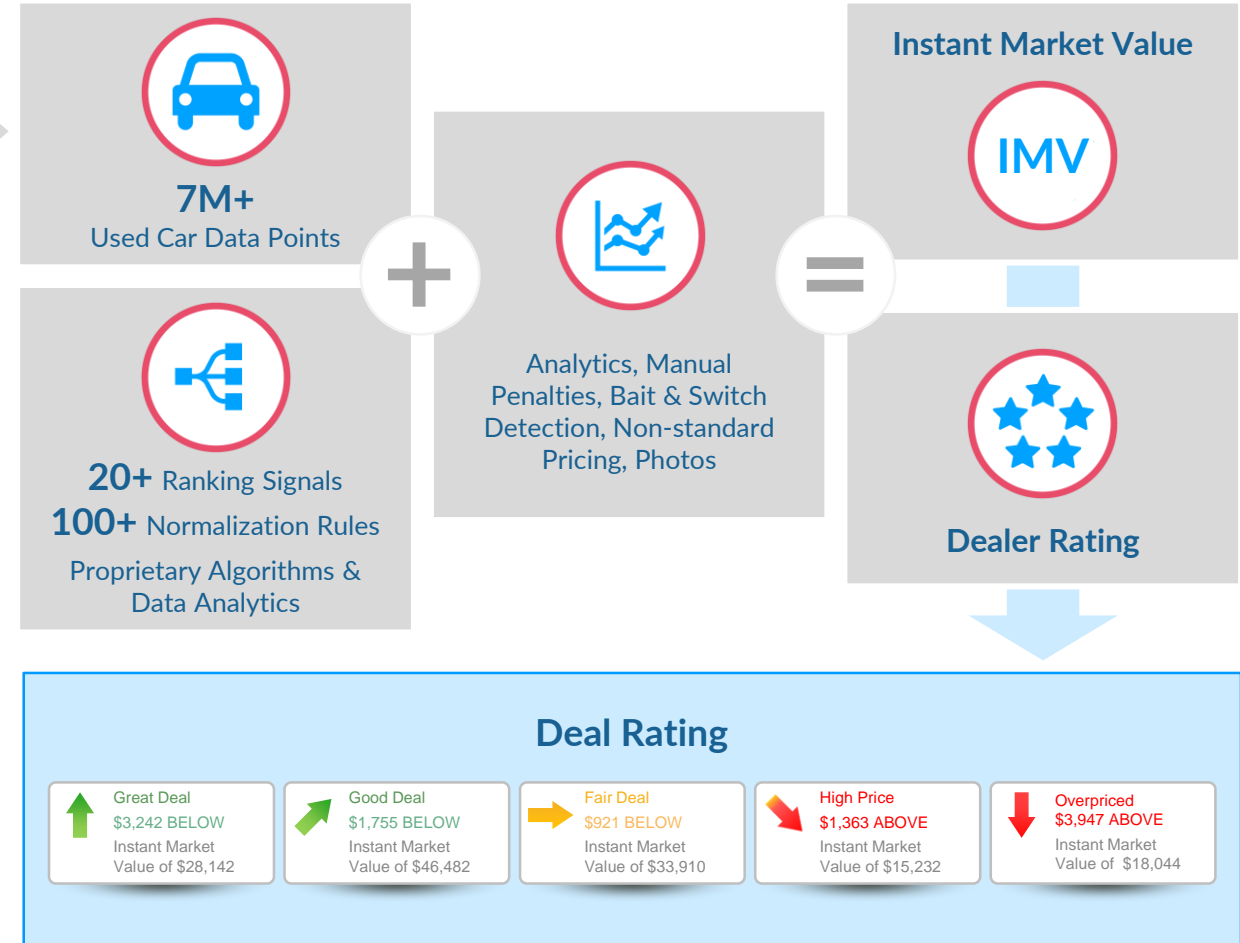
UNSTRUCTURED CAR DATA FROM
HUNDREDS OF SOURCES ACROSS
THOUSANDS OF DEALERS



Make	BMW	BMW
Model	3-Series Coupe	328
Year	2007	2007
Trim	328	xi
Seller's Description	Comes with AWD, sun roof, and more!	2-door BMW with moon roof in excellent condition

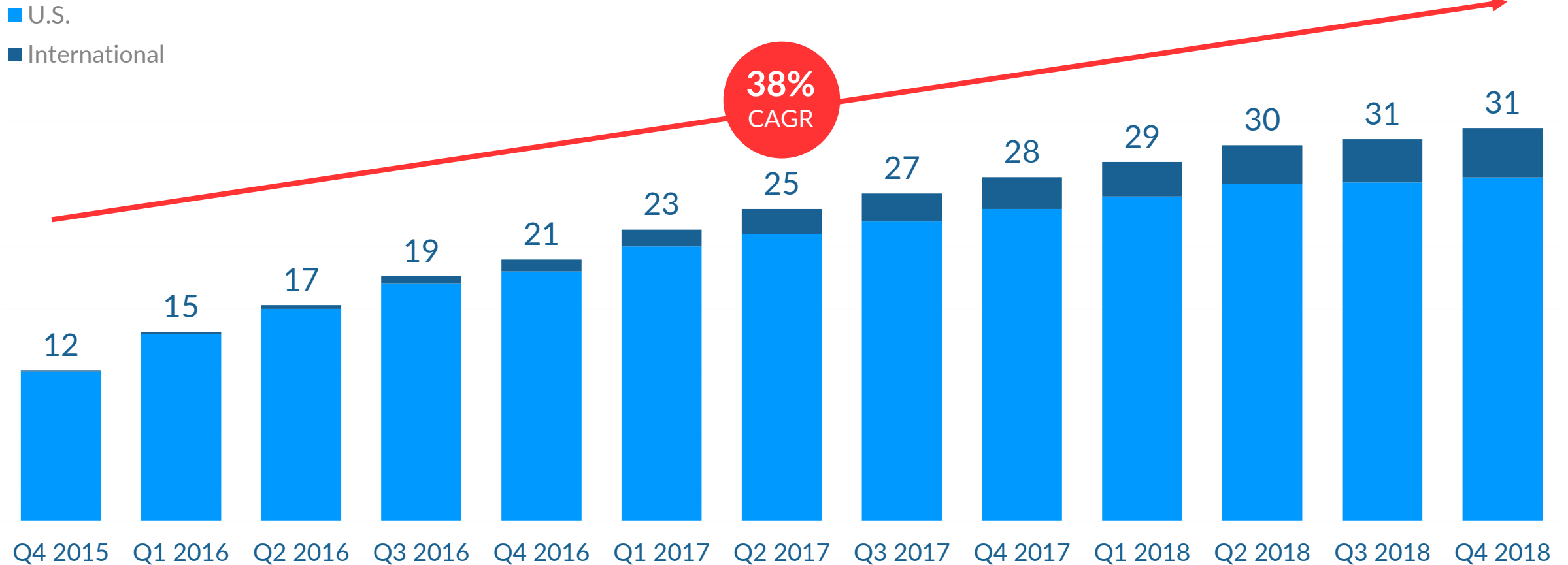
Both are a 2007 BMW 3-Series 328xi Coupe

CarGurus
Proprietary Algorithm

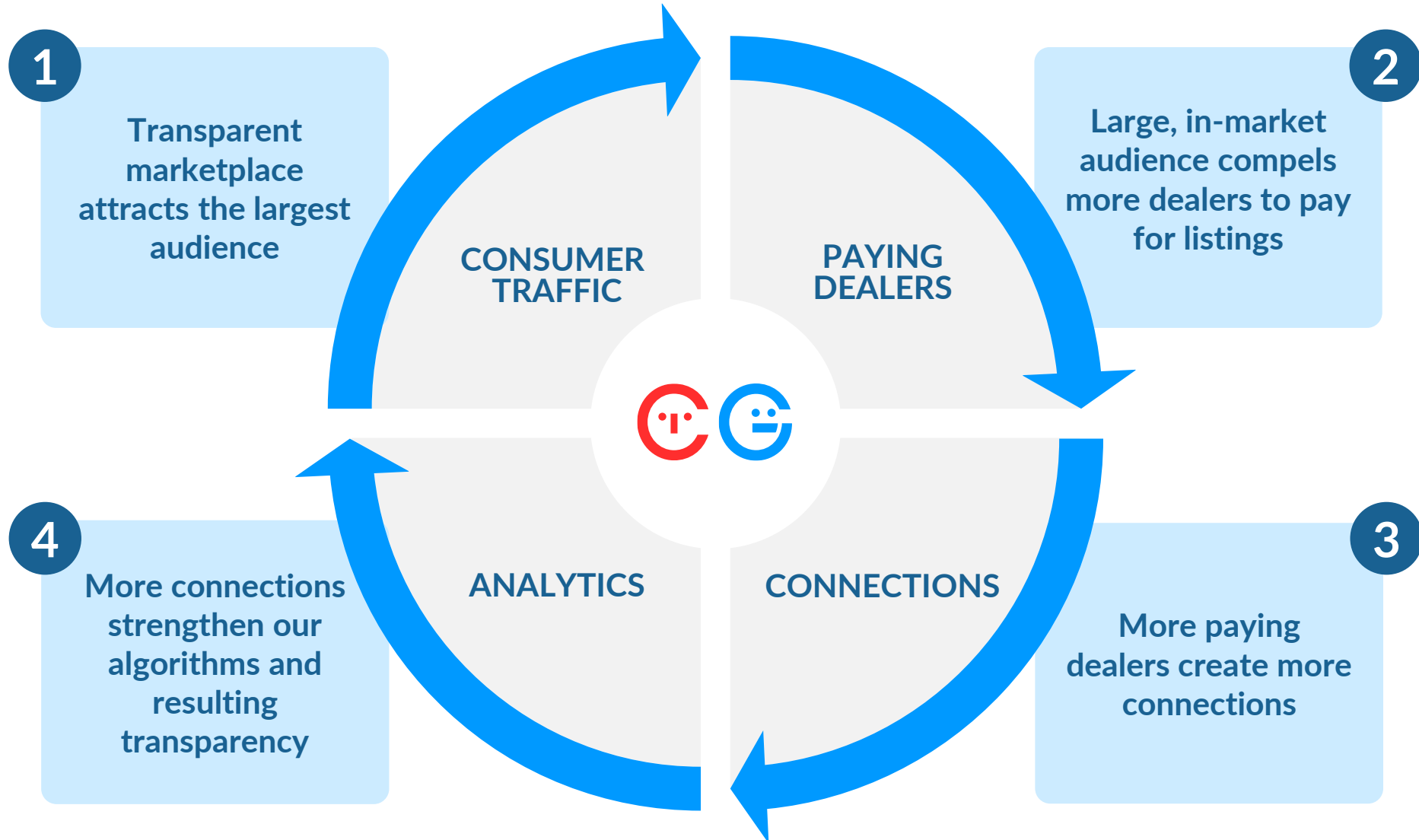


Rapid Acquisition of Subscribing Dealers

NUMBER OF PAYING DEALERS GLOBALLY (THOUSANDS)

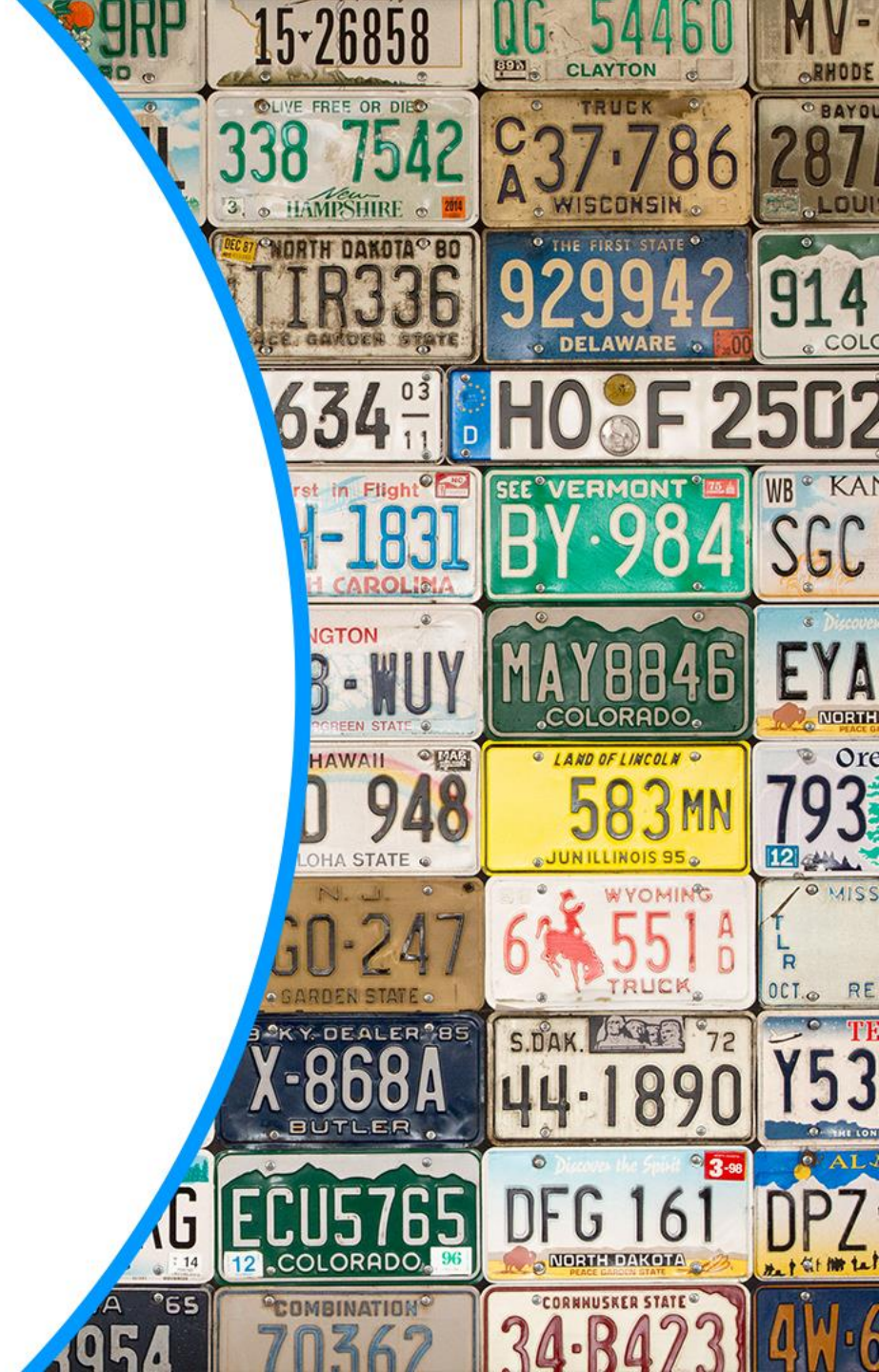


Our Business Model and Scale Create Network Effects





Growth Opportunities

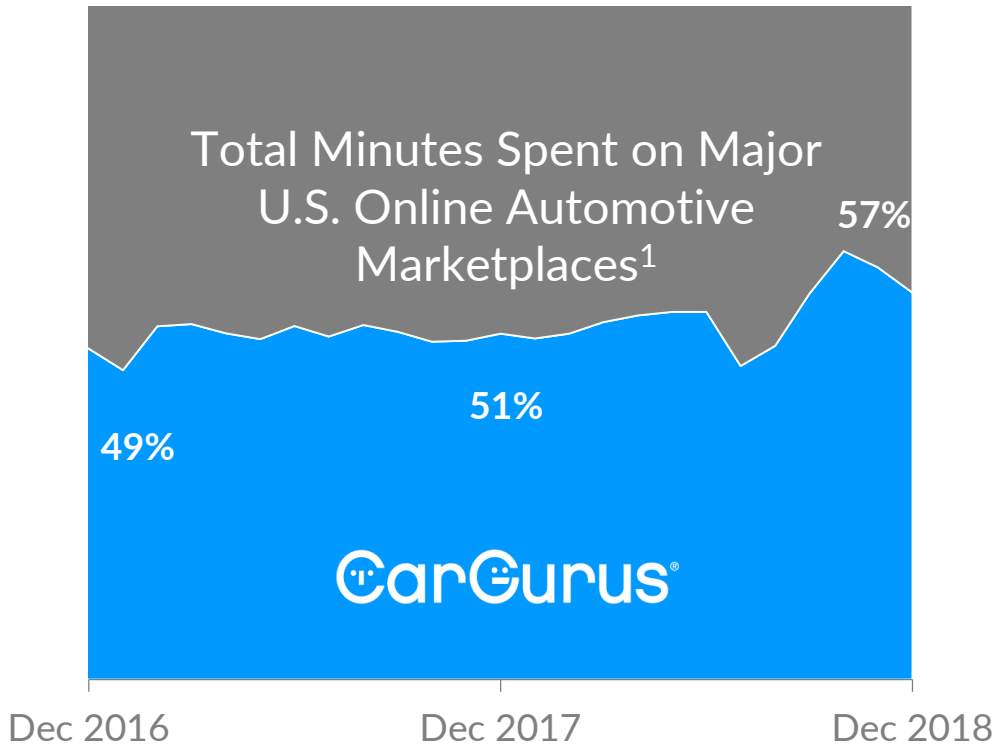


Key Growth Opportunities

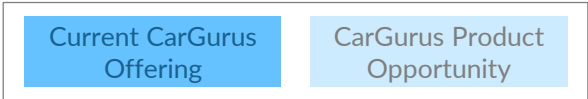
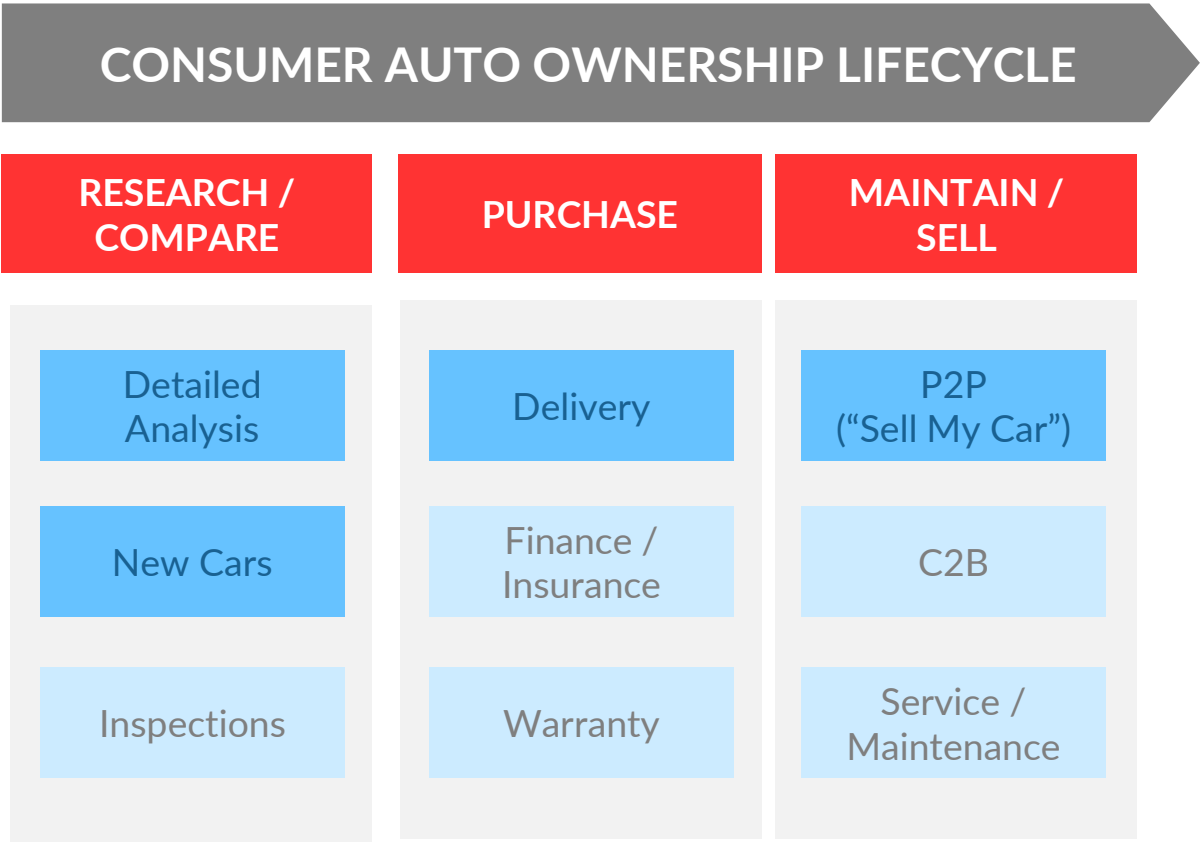


Grow Our Audience by Addressing More Consumer Needs

GROW AUDIENCE SHARE
INVEST IN BRAND ALONG WITH
ALGORITHMIC TRAFFIC ACQUISITION



INCREASE ENGAGEMENT



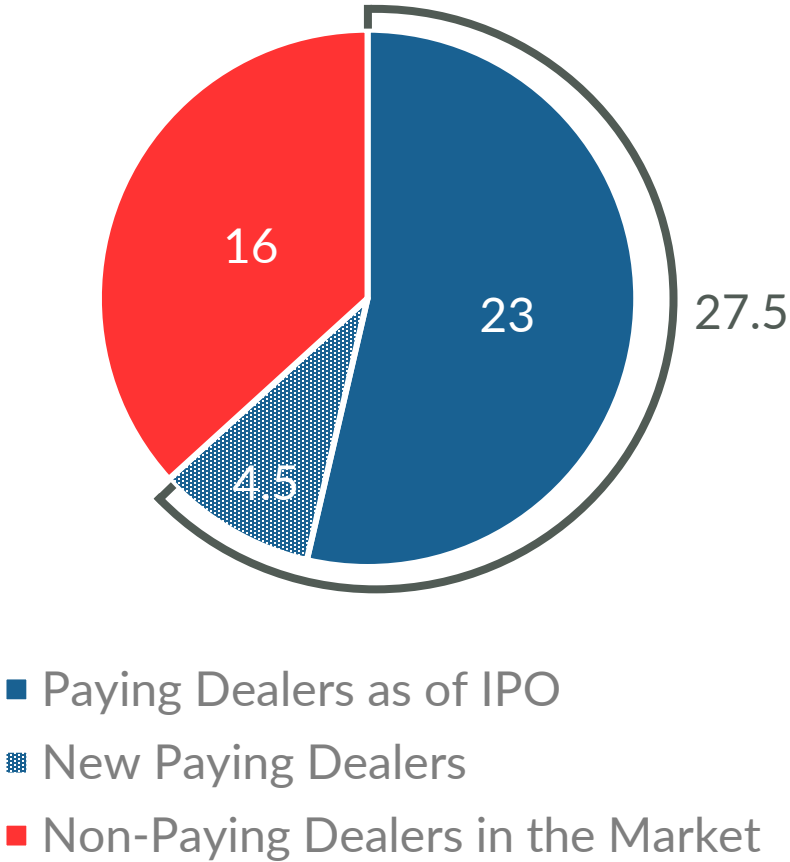
16 | 1. Source: Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Total Minutes, Q4 2018, U.S. (Competitive set includes: CarGurus.com, Autotrader.com, Cars.com, TrueCar.com)
Note: Mobile audience tracking issues impacted minutes data for July and August 2018.

Grow Our Paying U.S. Dealer Base

FREEMIUM BUSINESS MODEL

Value Driver	Basic (Free) Listings	Paid Listings
Connections	Anonymized Email	Phone Email Text/Chat URL Map/Directions
Merchandising Tools	X	Pricing Tool Market Analysis
Dealership Branding	X	Website Full Contact

PAYING VS. NON-PAYING DEALERS IN U.S.¹ (THOUSANDS)

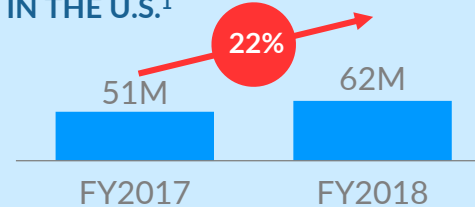


Increase Average Annual Revenue per Subscribing Dealer (AARSD)

Grow Connection Volume

- Algorithmic Optimization
- Text/Chat
- Brand
- 62M Connections in 2018 in U.S.¹

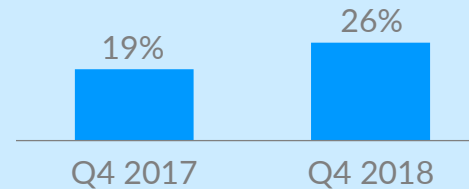
CONNECTIONS BETWEEN CONSUMERS AND DEALERS IN THE U.S.¹



Sell New Products

- Dealer Display
- SEM Plus
- Delivery
- Audience Retargeting

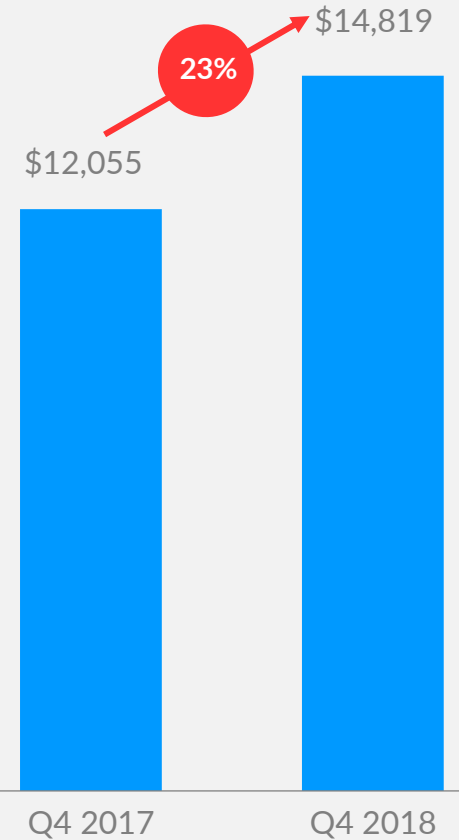
MULTI-PRODUCT PENETRATION²



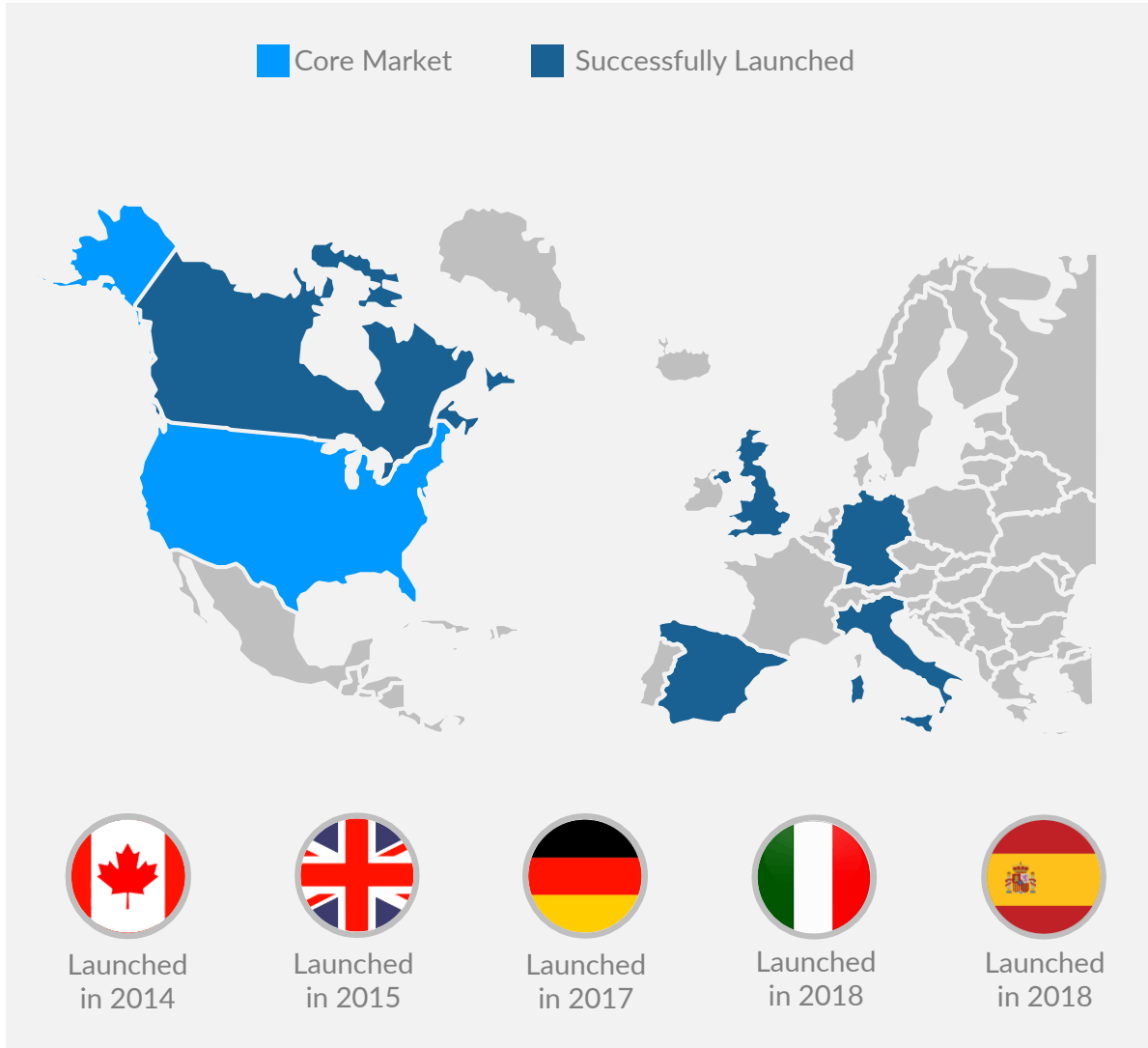
Pricing & Packaging

- Annual Renewals
- Leads → Connections
- Pay for Performance Package
- Market-based / Auction Pricing

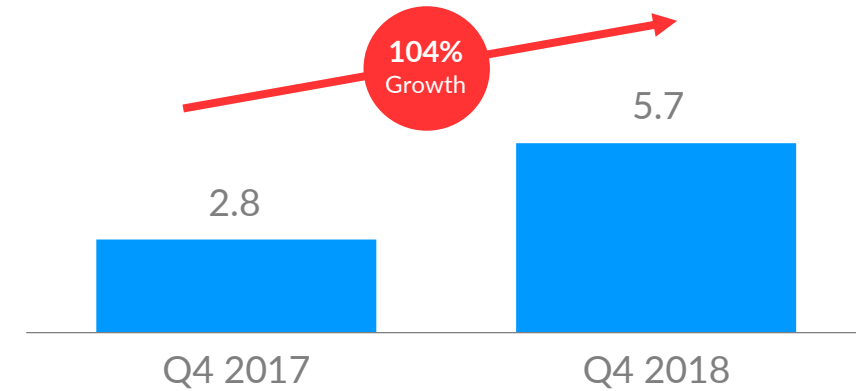
U.S. AARSD



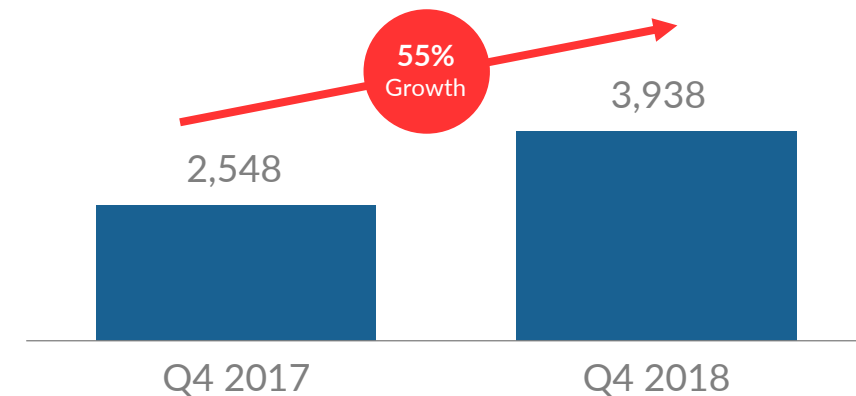
Replicate Our Model in International Markets



INTERNATIONAL AVERAGE MONTHLY UNIQUE USERS (MILLIONS)¹

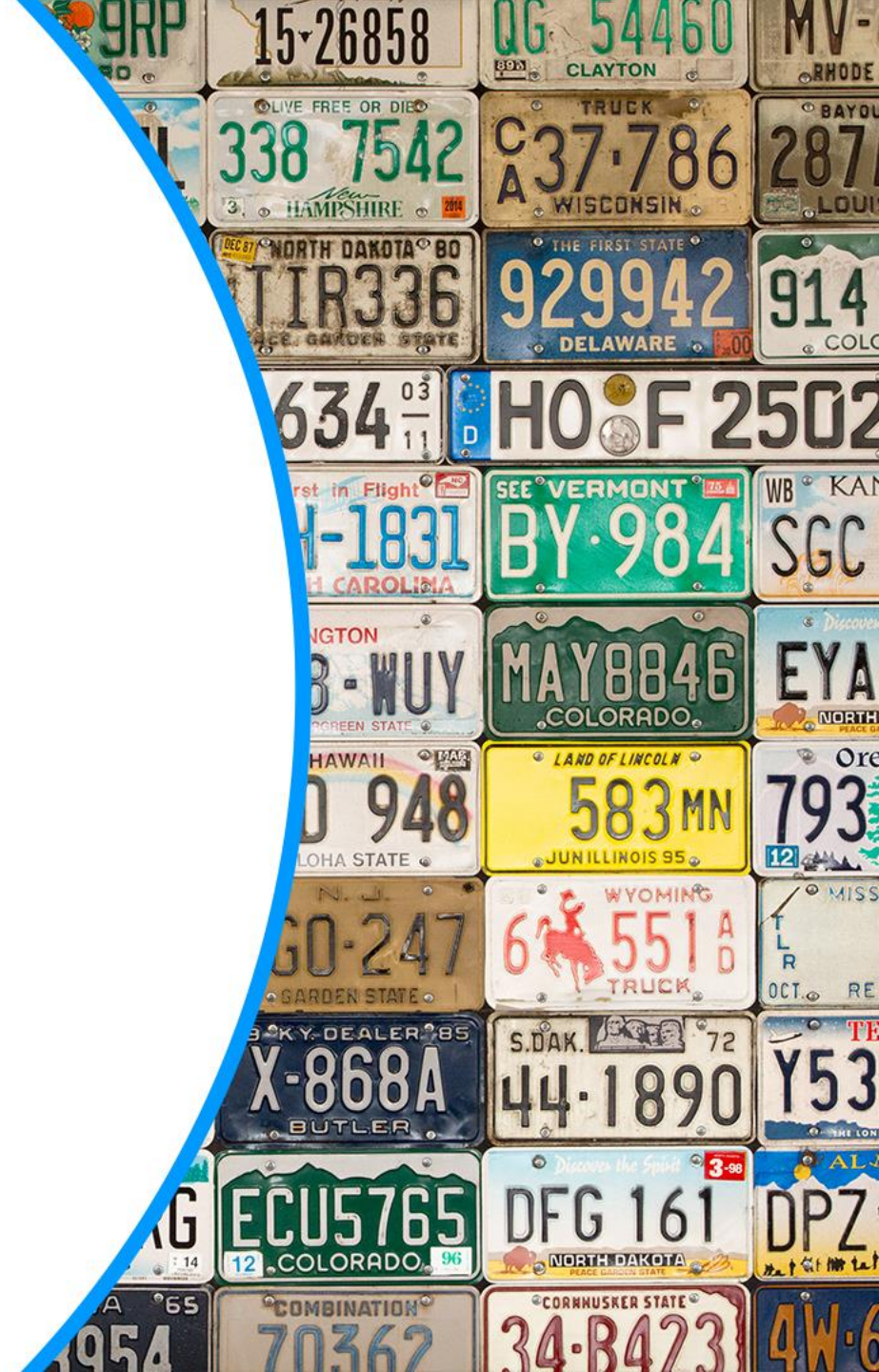


INTERNATIONAL PAYING DEALERS





Financial Overview



Key Financial Highlights

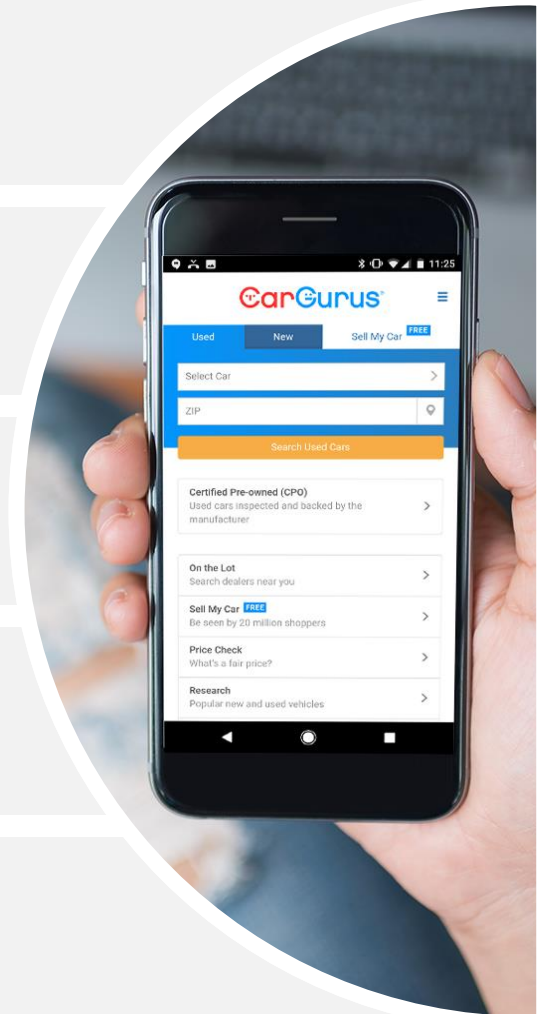
Strong track record of revenue growth

High quality revenue: recurring, high retention, and diversified

Proven operating leverage and profitability

Attractive free cash flow generation

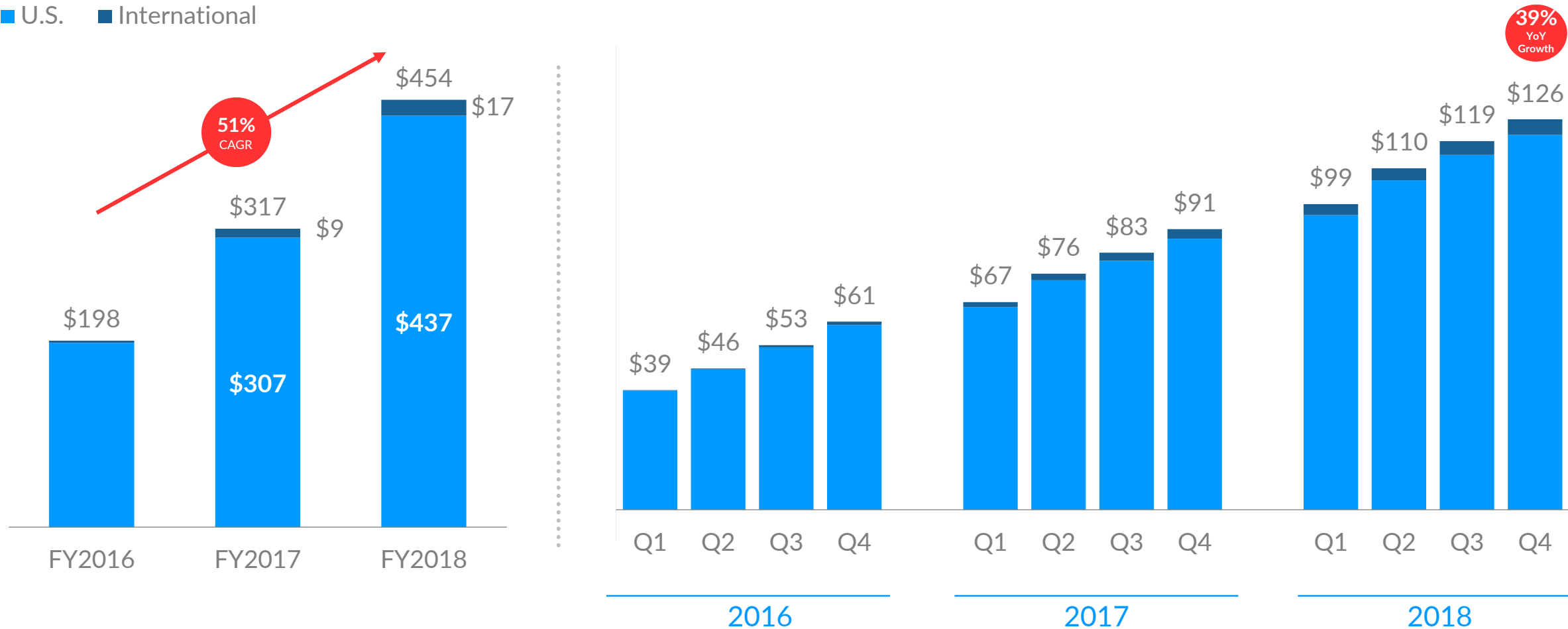
Scalable model for replication in international markets



Significant Revenue Scale and Momentum

(\$ MILLIONS)

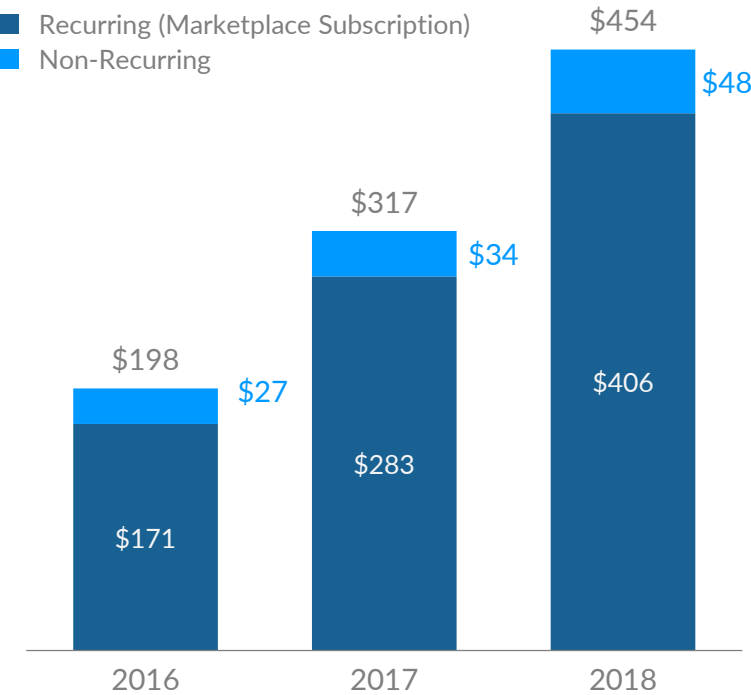
■ U.S. ■ International



High Quality Revenue: Recurring, High Retention and Diversified

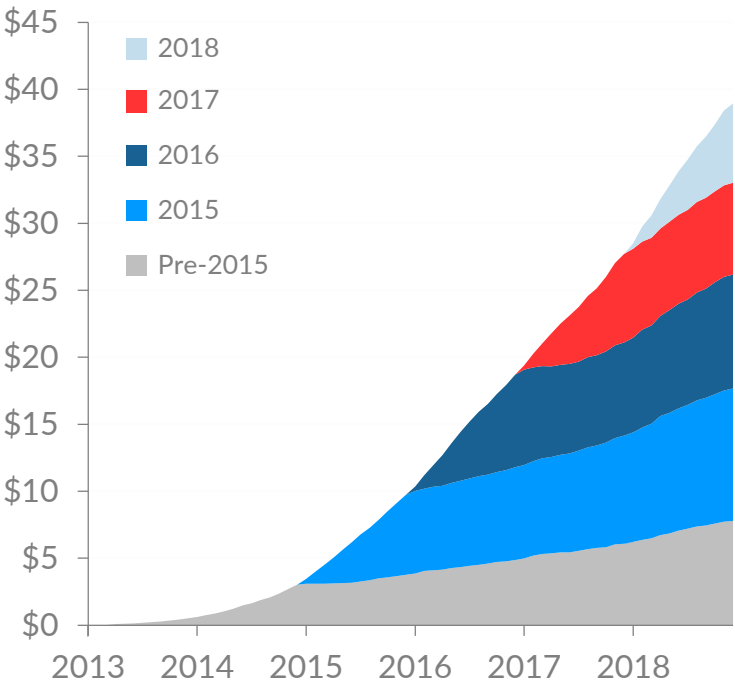
RECURRING

TOTAL REVENUE
(\$ MILLIONS)



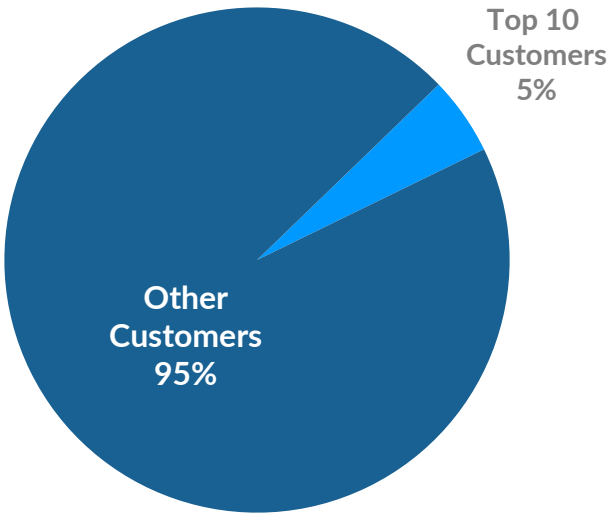
HIGH RETENTION

U.S. MONTHLY MARKETPLACE
SUBSCRIPTION REVENUE BY COHORT¹
(\$ MILLIONS)



CUSTOMER MIX

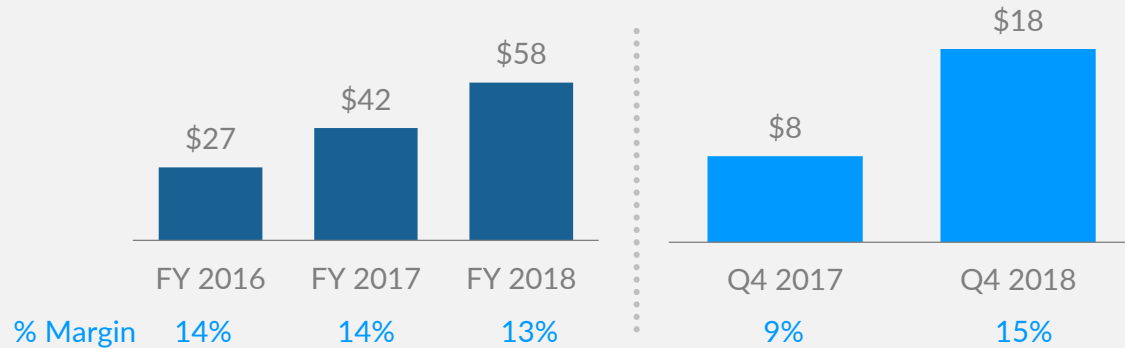
DIVERSIFIED RECURRING REVENUE



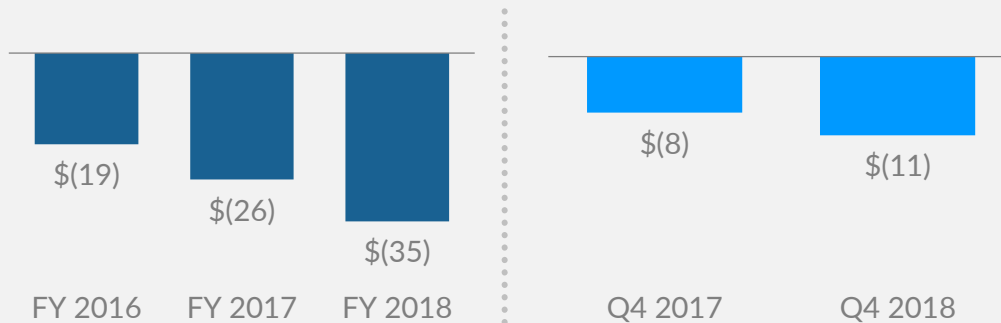
2018 Marketplace Subscription Revenue: \$406M

GAAP Profitable U.S. Business Continues to Drive Investments in International

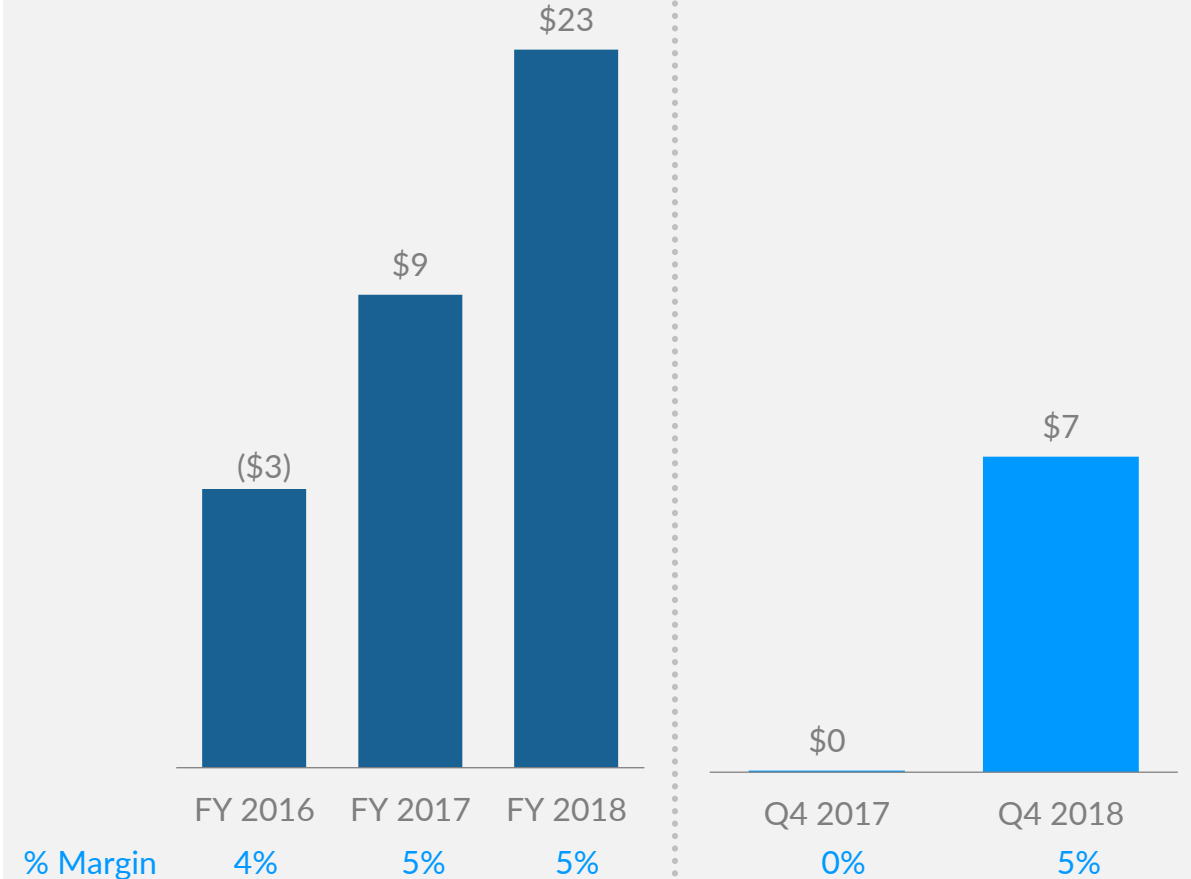
U.S. GAAP OPERATING INCOME (\$ MILLIONS)



INTERNATIONAL GAAP OPERATING INCOME (\$ MILLIONS)



CONSOLIDATED GAAP OPERATING INCOME (\$ MILLIONS)



Continued Momentum Since IPO

Strong Execution Against Our Growth Strategies

Grow the Size and Engagement of Consumer Audience¹

- Total monthly user sessions and unique users up 36% and 36%, respectively, YoY in Q4 2018

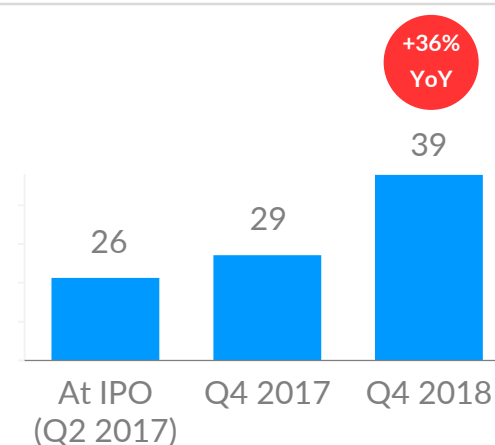
Grow Paying U.S. Dealers and Increase AARSD

- Total U.S. paying dealers up 10% YoY in Q4 2018; addition of more than 4,000 paying dealers in U.S. since IPO
- 20% average YoY growth in U.S. AARSD over the last 4 quarters
- Multi-product penetration up from 15% at IPO to 26% in Q4 2018

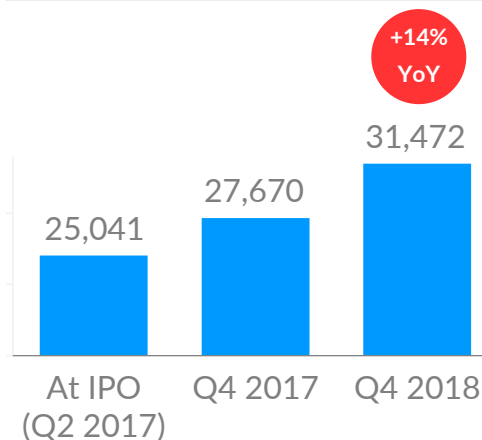
Expand and Scale International Markets

- International monthly user sessions and unique users up 103% and 112%, respectively, YoY in Q4 2018
- International paying dealers up 55% YoY in Q4 2018
- Launched brand campaigns in Canada and the UK
- Launched Italy in Q1 2018
- Launched Spain in Q2 2018

MONTHLY UNIQUE USERS¹ (MILLIONS)



TOTAL PAYING DEALERS



U.S. AARSD



LTM TOTAL REVENUE (\$ IN MILLIONS)



Long-Term Target Model Progression Since IPO

Percent of Revenue	2016	2017	2018 ¹	Q4 2018 ¹	Long-Term Target
Gross Margin	95%	94%	95%	95%	93% – 95%
Sales & Marketing %	78%	74%	69%	69%	43% – 47%
Product, Technology, Development %	6%	7%	11%	11%	9% – 11%
G&A %	6%	7%	9%	9%	5% – 6%
Depreciation & Amortization %	1%	1%	1%	1%	1% – 2%
Adjusted EBITDA Margin	6%	8%	11%	11%	32% – 34%
GAAP Operating Margin	4%	5%	5%	5%	29% – 31%
U.S. Segment GAAP Operating Margin	14%	14%	13%	15%	