CarGurus Investor Day

June 11, 2019
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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; our business and growth strategy and our plans to execute on our growth strategy, including our ability to expand our global audience; the growth levers we expect to drive our business; our brand awareness efforts, including investments in audience and brand building across our U.S. and international businesses; our investments in and ability to drive adoption of new and existing products and their benefits, including revenue growth opportunities; the attractiveness and value proposition of our current offerings and other product opportunities, including with respect to our consumer finance offering and peer-to-peer marketplace; our ability to grow our paying dealer base, including by converting non-paying dealers to paying dealers, and increase revenue per subscribing dealer; our ability to maintain existing and acquire new customers; our ability to achieve our 2019 strategic initiatives; addressable opportunities, including our expansion into international markets and our international growth strategy; our success in international markets; our ability to realize benefits from our acquisition of PistonHeads; our future financial and business performance for the second quarter 2019 and full-year 2019; as well as our other long-term financial targets; and other statements regarding our plans, prospects and expectations, 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 Quarterly Report on Form 10-Q, filed on May 9, 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 do not guarantee 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 internally-prepared studies and surveys, as well as industry publications and reports and other publicly available information prepared by a number of third-party sources. We rely on both internal data and 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 experience, we believe that the publications and reports are reliable and that the conclusions contained therein are reasonable. In addition, you are cautioned not to rely on our extrapolations of internally-prepared studies and surveys, as these are estimates involving a number of assumptions and limitations, which we are unable to ensure will be reached.

In addition to the financial measures contained in this presentation that are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP), this presentation includes certain non-GAAP financial measures and other business metrics. The presentation of non-GAAP financial information and other business metrics is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. While our non-GAAP financial measures and other business metrics are an important tool for financial and operational decision-making and for evaluating our own operating results over different periods of time, we urge investors to review the reconciliation of the non-GAAP financial measures to the comparable GAAP financial measure included above it in the relevant presentation slide or the Appendix to this presentation, as applicable, and not to rely on any single financial measure to evaluate our business.

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Today’s Speakers

- **Langley Steinert**
  Founder, Chief Executive Officer
  - viaweb

- **Kyle Lomeli**
  Chief Technology Officer
  - intraLinks

- **Tom Caputo**
  Chief Product Officer
  - ATV

- **Sarah Welch**
  Chief Marketing Officer
  - gazelle

- **Sam Zales**
  President, Chief Operating Officer
  - ClickSquared
  - BUYERZONE

- **Jason Trevisan**
  Chief Financial Officer and Treasurer
  - aQuantive

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- **Technology Expertise**
- **Data Driven Innovation**
- **Financial Discipline**
Agenda

• Langley Steinert, Founder and Chief Executive Officer
  • Building the World's Most Trusted and Transparent Automotive Marketplace

• Kyle Lomeli, Chief Technology Officer
  • Technology and Data Drive CarGurus Forward

• Tom Caputo, Chief Product Officer
  • Product Innovation Sets CarGurus Apart

• Sarah Welch, Chief Marketing Officer
  • Building the Largest, Most Engaged Audience in Auto Shopping
  • Upside Opportunity from Brand Building

• Break

• Sam Zales, President and Chief Operating Officer
  • Delivering Superior ROI to Drive Dealer Spend
  • International Expansion

• Jason Trevisan, Chief Financial Officer
  • Pursuing Multiple Growth Opportunities Profitably

• Q&A
Building The World’s Most Trusted and Transparent Automotive Marketplace

Langley Steinert
Founder and Chief Executive Officer
Transparency in Considered Purchases

COST OF FAILED PURCHASE

NEED FOR TRANSPARENCY

- Zillow
- HomeAdvisor
- Angies list
- tripadvisor
- KAYAK
- yelp
- CarGurus
Global Trusted Marketplace, Powerful Network Effect

More Car Shoppers
38 M\(^1\)
US unique average monthly visitors

More Engagement
62M
2018 US connections

More Inventory
5.5+ M\(^2\)
US Inventory listings

More Dealers
40,000+\(^3\)
US listing dealers

Unbiased Transparency

Price
 Dealer Reputation
 Vehicle Condition
 Inventory Ranking

Marketplace

Dealers and
 Peer to Peer

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1. Google Analytics for 1Q19
2. As of 6/11/19
3. As of 6/11/19; CarGurus defines its active dealer network as consisting of all dealers based on a distinct associated inventory feed, to which CarGurus connected a user about a listing during the ninety-day period ending on the applicable measurement date.
Optimized for Consumer Relevance vs. Paid Inclusion

• How did Google disrupt Yahoo?
  • Relevance over economics
  • Algorithms provide best answers 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
From Upstart To Market Leading Audience in Under 10 Years

(MILLIONS)

- US Monthly Average Sessions
- US Monthly Average Visitors
- Major Google Algorithm Changes

55% CAGR

70% CAGR

Source: Google Analytics, Moz
Our Freemium Marketplace Can’t Be Replicated by Classified Models

LARGEST US AUTO INVENTORY OF 5.5M+ LISTINGS\(^1\) FROM OVER 40,000 DEALERS\(^1\)

**Car Information**
- Vehicle History
- Time on Site\(^2\)

**Price Information**
- Instant Market Value\(^2\)
- Deal Rating\(^2\)
- Price History

**Dealer Information**
- Qualified Dealer Reviews
- Dealer Ratings

BEST-DEAL-FIRST ORGANIC SEARCH RESULTS\(^1\)

88% of users are in-market\(^3\)

ENGAGED, INFORMED, READY-TO-BUY CONSUMERS

37% expect to purchase car in next week\(^4\)

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Potential Product Universe

- P2P
- FINANCE
- INSURANCE WARRANT
- TRADE-IN
- CONSUMER LIFECYCLE
- LISTINGS MARKETPLACE
- DEALER MANAGEMENT
- MULTIPLE COUNTRIES
We Have Rapidly Introduced Products and Tools on Both Sides of our Marketplace

- **P2P**
- **FINANCE**
- **INSURANCE WARRANTY**
- **TRADE-IN**

**LISTINGS MARKETPLACE**
- Enhanced
- Featured
- Featured Priority
- Delivery

**CONSUMER LIFECYCLE**
- Shopping
- Service and Maintenance
- Vehicle Lifecycle

**DEALER MANAGEMENT**
- Social
- Search Engine Marketing
- Display and Retargeting
- Market Analysis
- Pricing Tool

**MULTIPLE COUNTRIES**
- Canada
- UK
- Germany
- Italy
- Spain
Potential Product Universe Unlocks Large TAM

US NEW AND USED CAR RETAIL SALES: $1.4T

P2P
$6B
Total US Value

FINANCE
$3B
US Used Car Loan Commissions

INSURANCE WARRANTY

TRADE-IN

CONSUMER LIFECYCLE
Increase Consumer Retention
Reduce Cost of Customer Acquisition

DEALER MANAGEMENT
$13.9B
US Dealer Digital Marketing Spend
$5.3B
US Dealer Software Spend
$3.3B
US OEM Display Ad Spend

MULTIPLE COUNTRIES

INTERNATIONAL TOTAL AUTOMOTIVE ADVERTISING SPEND

$23B

2019 Strategic Initiatives

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<th>INITIATIVE</th>
<th>Description</th>
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<td>Grow Connections and Brand</td>
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<tr>
<td>![globe]</td>
<td>Scale International</td>
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<tr>
<td>![currency]</td>
<td>Launch Consumer Finance Platform</td>
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<tr>
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<td>Digitize Peer-to-Peer (P2P) Marketplace</td>
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Auto Financing Lacks Transparency and Efficiency

TIME SPENT AT DEALERSHIP\(^1\)

Car shoppers spend more than 90 minutes on negotiation and financing

CAR SHOPPER SATISFACTION WITH DEALERSHIP PROCESS\(^2\)

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<td>Interaction with Sales Staff</td>
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<td>Price Transparency</td>
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<td>27%</td>
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<td>Negotiation</td>
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2019 Strategic Initiatives: Launch Consumer Financing

Integrated Loan Pre-Qualification

Consumer Gains Clarity on Financing

Dealer Retains Ability to Offer Other Options

F&I Economics Not Impacted

Next Step Towards Robust Digital Retailing
Peer-to-Peer Deserves an Innovative Solution

Free Car

Reply to: sale-60938138@craigslist.org

At least I think it's a car. It's been buried under the dirt road that goes out the back of my property since I bought the place. Attempts to bury it in wood chips but it keeps reappearing every spring. I don't think anyone's in it but I'm not sure. Many people did used to live around here. You'd need a bobcat to dig it out and a heavy wrecker/trailer to tow it away. Bonus - there may be another one further down my road, and a squashed fiberglass boat. Not sure if they run or even have engines. Tires are definitely flat. So are the car's fenders. Please fill in the holes on your way out.

- Location: Black Forest
- It's NOT ok to contact this poster with services or other commercial interests
2019 Strategic Initiatives: Peer-to-Peer Marketplace

11M Cars Sold Peer-to-Peer Annually in US\(^1\)

Giving Sellers Access to Large Audience of Buyers

Focusing Efforts on Digitized Experience

Secure, Safe, Transparent Transactions

NIADA (2018)
CarGurus Core Values

We are Pioneering

We are Transparent

We are Data-Driven

We move Quickly

We are Collaborative

We have Integrity
Technology and Data Drive CarGurus Forward

Kyle Lomeli
Chief Technology Officer
Our Product and Engineering Team Structure Enables Rapid Innovation

- UX/UI
- Consumer Product
- International Product
- Pricing Analytics
- IT Operations
- Data Science
- Process Innovation
- Analytics
- Platform Engineering
- Dealer Product
- Emerging Product

225+ EMPLOYEES
Our Technology Foundation Creates Powerful Moats

- Rapid Development and Innovation
- Making Sense of Large, Messy Data Sets
- Data-Driven Analytics
- Flexible Platform
We Develop, Test, and Deploy Products Efficiently

- Balance of Innovation and Swift Execution
- Rapid Prototyping
- Daily Development of New Code
- Data Collection
- Data Analysis
- User Behavior Data, Industry Data, Performance Data
We Make Sense of Large, Disparate Datasets

- Sessions Data
- Vehicle Data
- User Dealer Reviews
- Transaction Data
- Software Systems Data
- Consumer Marketing Data
- Keyword Data

Symbols: Chart, Phone, Car, Magnifying glass, Dollar sign
Our Technology Drives Transparency for Consumers

UNSTRUCTURED CAR DATA FROM HUNDREDS OF SOURCES ACROSS THOUSANDS OF DEALERS

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<tr>
<td>Model</td>
<td>3-Series Coupe</td>
<td>328</td>
</tr>
<tr>
<td>Year</td>
<td>2011</td>
<td>2011</td>
</tr>
<tr>
<td>Trim</td>
<td>328</td>
<td>xi</td>
</tr>
<tr>
<td>Seller's Description</td>
<td>Comes with AWD, sun roof, and more!</td>
<td>2-door BMW with moon roof in excellent condition</td>
</tr>
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Both are a 2011 BMW 3-Series 328xi Coupe

- **Proprietary Algorithm**
  - 52M Used Car Data Points
  - 20+ Ranking Signals
  - 100+ Normalization Rules

- **Analytics, Manual Penalties, Bait & Switch Detection, Non-standard Pricing, Photos**

- **Instant Market Value (IMV)**
Our Technology Drives Transparency for Consumers

Instant Market Value + User Dealer Ratings = Deal Rating

- **GREAT DEAL**
  - $2,688 BELOW
  - CarGurus IMV of $28,142

- **GOOD DEAL**
  - $1,755 BELOW
  - CarGurus IMV of $46,482

- **FAIR DEAL**
  - $921 BELOW
  - CarGurus IMV of $33,910

- **HIGH PRICE**
  - $1,363 ABOVE
  - CarGurus IMV of $15,232

- **OVERPRICED**
  - $3,947 ABOVE
  - CarGurus IMV of $18,351
Our Technology Enables Rapid International Expansion

DATA AVAILABILITY AND INVENTORY ARE ESSENTIAL FOR A SUCCESSFUL MARKETPLACE LAUNCH

- Inventory
- Auto Data Availability
- Sizable Market
- Competitive Dynamics
- Legal/Compliance
- Marketing Spend
- Rep Availability/Languages

BUILDING A DYNAMIC TECHNOLOGY PLATFORM HAS ALLOWED US TO REDUCE OUR TIME TO MARKET

COUNTRY-LEVEL LAUNCH TIME (IN MONTHS)

- Canada: 2014
- UK: 2015
- Germany: 2017
- Italy and Spain: 2018
Our Focus on Innovation Has Led to a Robust Product Set and Successful Launches in New Markets

MARKETPLACES LAUNCHED

US

2006

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

NEW PRODUCT INNOVATION

• Instant Market Value (IMV)
• Deal Ratings
• Price History
• Time on Site
• Vehicle History

• Established a direct-to-dealer sales model

• Deployed first mobile-optimized website
• Dealer Reviews

• Launched Sell My Car
• Added analysis features that provide price guidance on new cars

• Trackable phone leads and robocall protection
• Dealer Display Ads - US

• Deal Ratings Badges in US
• User-generated car comparison pages
• Managed text/chat offering in US

• Audience Retargeting – US
• Featured Priority - US
• SEM Plus - US
• Delivery - US

• Consumer Finance - US
• Launched Paid Search - UK
Product Innovation Sets CarGurus Apart

Tom Caputo
Chief Product Officer
We Have Rapidly Introduced Products and Tools on Both Sides of our Marketplace

LISTINGS MARKETPLACE
Enhanced Featured Featured Priority Delivery

CONSUMER LIFECYCLE
Shopping Service and Maintenance Vehicle Lifecycle

DEALER MANAGEMENT
Social Search Engine Marketing Display and Retargeting
Market Analysis Pricing Tool

MULTIPLE COUNTRIES
Canada UK Germany Italy Spain

EXISTING PRODUCT
FINANCE INSURANCE WARRANTY
TRADE-IN

FUTURE OPPORTUNITY

P2P
Our Dealer Offerings

- **Basic Listing**
  - Enhanced Listing
  - Featured Listing
  - Featured Priority
  - Delivery

- **Paying Dealers**
  - Performance Summary
  - Dealer Insights
  - User Review Management
  - Pricing Tool
  - Market Analysis

- **Dealer Dashboard**
  - Dealer Display
  - Audience Retargeting
  - SEM Plus

- **Dealer Digital Marketing Suite**
Basic Listing

2011 Jeep Wrangler Unlimited Sport 4WD - $14,995
Lowell, MA - 25 miles away

- Only 12 Photos
- No Dealer Branding or Contact Information
- Anonymous E-mail Leads
Enhanced Listing Unlocks a High-ROI Marketing Channel Opportunity

Up to 100 photos per listing, can include dealer branding

Full dealer location, website, and contact information

Text/Chat available

E-mail form sends contact information
Featured Listing Boosts Dealer Visibility while Maintaining Transparency

A limited number of Great, Good, and Fair deal vehicles that match the search criteria are placed above organic results.
Delivery Unlocks More Shoppers for Dealers
Paying Dealers Get Access to Five Dealer Dashboard Tools that Improve Customer Acquisition

**PERFORMANCE SUMMARY**

- Provides dealers with real-time and historical data analyzing the connections and consumer exposure received.
- Enables dealers to analyze SRP/VDP views at a granular level to inform sales and merchandising decisions.

**DEALER INSIGHTS**

- Tool for dealers to better merchandise their inventory.
- Provides pricing analysis of dealer’s inventory, vehicles by deal category, and summary of vehicles’ missing information such as price, photos or trim.

**USER REVIEW MANAGEMENT**

- Allows dealers to track and manage their dealership reviews from users.
- Dealers can respond to users and publish positive reviews to social media platforms.

**MARKET ANALYSIS**

- Informs dealers of local market trends in used cars.
- Examples include most searched makes and models within a 50-mile radius of the dealership.

**PRICING TOOL**

- Helps dealers evaluate the impact of pricing changes and resulting Deal Rating for each used vehicle in inventory.
- Empowers dealers to make informed pricing decisions based on local data.

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1. Available to basic dealers.
Dealer Dashboard: Market Analysis

Improve Pricing Strategy with Local Market Supply and Demand Insight

Make Informed Inventory Acquisition Decisions
Dealer Dashboard: Pricing Tool

Proprietary Pricing Tool

Dealers Control Merchandising

Identify Inventory Missing Key Information
Building a Digital Marketing Suite to Serve Dealer Needs

(MILLIONS)

US AUTO MARKETING SPEND\(^1\)

- $11,900
- $21,800

DEALER MARKETING MIX\(^1\)

- $8,000
- $13,900

LONG GROWTH RUNWAY

- 58% Share of Visits\(^2\)
- <5% Share of Wallet

$390

Dealer Display

Increased Dealer Branding

Consumers That Have Viewed Inventory Are Retargeted

Native Templates Drive Better Engagement
Audience Retargeting

Target More of the CarGurus Audience, Even When They Leave Our Marketplace

Leveraging CarGurus’ Technology

Reach in-market CarGurus shoppers who haven’t yet connected with a dealership

Drive engaged shoppers directly to dealer’s website with dynamic ads customized to dealer’s available inventory

Maximize results through real-time optimization of ads and audience
Search Engine Marketing

Data-Driven
Search Engine Marketing

Focusing on the Long-Tail for Down-Funnel Traffic

Leveraging CarGurus’ Bidding Strategies
Our Search Engine Marketing Scale Creates a Strong Value Prop

NUMBER OF KEYWORDS

1,000,000+

DIY Dealer
Dealer with SEM Vendor
Dealer with CarGurus SEM Plus

Source: CarGurus Study Q2 2017 - Q4 2017, among average keyword generation of SEM dealers on CG compared with their previous SEM strategy.
We are Productizing the Consumer Side of Our Marketplace

- **P2P**
- **Finance**
- **Insurance**
- **Warranty**
- **Trade-In**

**Listings Marketplace**
- Enhanced
- Featured
- Featured Priority
- Delivery

**Consumer Lifecycle**
- Shopping
- Service and Maintenance
- Vehicle Lifecycle

**Dealer Management**
- Social
- Search Engine Marketing
- Display and Retargeting
- Market Analysis
- Pricing Tool

**Multiple Countries**
- Canada
- UK
- Germany
- Italy
- Spain
Bringing Transparency to Financing

**SOURCE OF US AUTO LOAN ORIGINATIONS**

- Indirect: 79%
- Direct: 1%

- 15+ Million US Used Car Loan Originations
- $200 Fee per Funded Loan
- $3 Billion Used Car Loan Commissions

Launching Consumer Financing

Integrated Loan Pre-Qualification

Consumer Gains Clarity on Financing

Dealer Retains Ability to Offer Other Options F&I Economics Not Impacted

Next Step Towards Robust Digital Retailing
Modernizing the Peer-to-Peer Transaction

11M Cars Sold Peer-to-Peer Annually in US\(^1\)

Giving Sellers Access to Large Audience of Buyers

Focusing Efforts on Digitized Experience

Secure, Safe, Transparent Transactions
Peer-to-Peer Represents a Large Opportunity

$700M+ US Private Party Marketing Spend\(^1\)  >  11M US Private Party Transactions\(^2\)  >  $99 Transaction Fee  >  $500/Unit Maximum Product Attach Fee Opportunity\(^3\)  >  $6B+ US Peer-to-Peer Revenue TAM\(^3\)

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Our Path to a Digital Peer-to-Peer Transaction

CURRENTLY DIGITAL

- Buyer and Seller Identity Verification
- Bill of Sale
- Ownership Verification

UNDERGOING AUTOMATION

- Access to Finance, Insurance, Warranties, Vehicle Service, etc.
- Secure Payment Processing
Building the Largest, Most Engaged Audience in Auto Shopping

Sarah Welch, Chief Marketing Officer
We Attract Car Shoppers By Solving Their Toughest Problems

- Most US Inventory
- Most US Dealers
- Price Transparency
- Best-Deal-First
- Mobile-Focused

Search Results
Our Deal Ratings are More Objectively Distributed

**Deal Rating Distribution**

- Great Deal
- Good Deal
- Fair Deal
- High Price
- Overpriced
- Not Rated*

Source: CarGurus US site-wide inventory deal ratings as of 5/31/19; Competitor data collected by CarGurus between 11/16/2018 and 11/20/2018 on 2,472 listings for 10 various makes and models found on two major US automotive listings sites.
Our Deal Ratings are More Objectively Distributed

Source: CarGurus US site-wide inventory deal ratings as of 5/31/19; Competitor data collected by CarGurus between 11/16/2018 and 11/20/2018 on 2,472 listings for 10 various makes and models found on two major US automotive listings sites.
We are the #1 Online US Automotive Marketplace\(^1\)

**THE LARGEST AND MOST ENGAGED AUDIENCE OF CAR SHOPPERS IN THE US\(^1\)**

**TOTAL MONTHLY VISITS\(^2\)**

2.8x

our next competitor

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**TOTAL MONTHLY UNIQUE VISITORS\(^2\)**

1.6x

our next competitor

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1. As measured by presented metrics

Diverse Traffic Mix Limits Reliance on Any One Channel

US MONTHLY SESSIONS (MILLIONS)¹

We attract our audience from more than 15 sources

¹ CarGurus Internal Data
Diverse Traffic Funnel Expands Our Reach

Algorithmic Traffic Acquisition
- Branded Paid Search
- Unbranded Paid Search
- Display/Retargeting
- Social Media Ads

Direct Traffic
- Android/iOS App
- Direct Navigation
- E-mail
- TV Campaigns

Organic Traffic
- Branded Organic Search
- Unbranded Organic Search
Our Search Strategies Focus on the Long Tail

70% of search activity occurs in the long tail

- Ford
- Ford F-150
- 2018 Ford F-150
- 2018 Ford F-150 Blue
- 2018 Ford F-150 Blue – Chicago, IL

KEYWORDS

1,000 1M 200M 500M+
Focusing on Long-Tail Terms Yields a Down-Funnel Audience

Honda Accord ×
Black ×
Touring ×
2015 ×
Springfield ×

10 more terms ×

= 33,000 combinations
### Consumer-Centric Model Pays Dividends in Keyword Bidding

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<th>Quality Score</th>
<th>Max Cost Per Click Bid</th>
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\[
\text{Adjusted Bid of the Ad in the Next Highest Slot} = \frac{\text{Quality Score of the Slot Being Priced}}{\text{Quality Score of the Slot Being Priced}} \times \text{Max CPC of the Slot Being Priced} + $0.01 = \text{Actual CPC}
\]
Dynamic Marketing Drives Down-Funnel Engagement

- Search
- TV
- Online Video
- Display
- Prospecting

1 x 1 Personalized Retargeting
Connections
Data-Driven Attribution & Bidding Maximizes Efficiency

- Last Click
- First Click
- Linear
- Position-Based
- Time Decay
- Data-Driven

BUDGETS & BIDS CONTINUALLY OPTIMIZED

Cost Per Lead
Connection Conversion is Driven by ATA, Direct, and Branded Traffic

US CONNECTIONS

Paid, Direct, and Branded Connections

Google Organic Connections

'16-'19 Monthly Volume CAGR

30% CAGR

53% CAGR
We Focus on Driving Quality Connections and Leads for Dealers

INDEXED US MONTHLY VISITORS¹, CONNECTIONS, LEADS

1. Google Analytics
Our Car Shopping Audience is Engaged and Ready to Purchase

CarGurus shoppers are decision makers and auto intenders who have the means to buy a new or used vehicle.

- **74%** are the sole head of household\(^1\)
- **60%** have a total household income of $75,000 or more\(^1\)
- **70%** plan to purchase or lease a vehicle within the next three months\(^1\)

And, they’re visiting CarGurus right before making a purchase.

<table>
<thead>
<tr>
<th>% of Purchases Within a Week(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CarGurus</td>
</tr>
<tr>
<td>37%</td>
</tr>
<tr>
<td>1.4x higher</td>
</tr>
<tr>
<td>Major US Automotive Marketplaces</td>
</tr>
<tr>
<td>27%</td>
</tr>
</tbody>
</table>

Upside Opportunity from Brand Building

Sarah Welch
Chief Marketing Officer
CarGurus is Top of Mind for Consumers

Google search interest in CarGurus far exceeds our competitors

Source: Google (US Only)
We Have the Largest Audience, but We Still Have Room to Grow

THE LARGEST, MOST ENGAGED US AUDIENCE

- Visits Share: 58%
- Unique Visitor Share: 43%

INVESTING TO INCREASE BRAND AWARENESS

Unaided Awareness

- Q2 2017: 2.2X Increase
- Q4 2018: 11%

Self-Reported Usage

- Q2 2017: 17%

Brand Building Evolves Over Time

- Awareness
- Familiarity
- Preference and Loyalty
Playing Catch Up on Brand

BRAND AWARENESS AND ESTIMATED TV SPEND (MILLIONS, 2013 – PRESENT)¹

CarGurus
Unaided Awareness
Aided Awareness
Estimated TV Investment ($ Million)

AutoTrader

Cars.com

TrueCar

Investing Thoughtfully in TV
User Experience is a Critical Driver of Brand
Conclusion

Largest, Most Engaged Audience

Sophisticated Traffic Acquisition at Scale

Meaningful Brand Upside
Delivering Superior ROI to Drive Dealer Spend

Sam Zales
President and COO
CarGurus Helps Solve the Customer Acquisition Challenge

WHY DEALERS CHOOSE US

Unmatched US Audience Scale + ATA-Driven Platform = Superior Return on Investment at Scale
## Basic vs. Enhanced vs. Featured Listing Illustrative Connections Example

<table>
<thead>
<tr>
<th></th>
<th>BASIC LISTING</th>
<th>ENHANCED LISTING</th>
<th>FEATURED LISTING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>100 (anonymized)</td>
<td>70</td>
<td>85</td>
</tr>
<tr>
<td>Phone</td>
<td>✔️</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>Managed Text / Chat</td>
<td>✔️</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>URL Clicks</td>
<td>✔️</td>
<td>70</td>
<td>90</td>
</tr>
<tr>
<td>Maps / Direction Clicks</td>
<td>✔️</td>
<td>70</td>
<td>90</td>
</tr>
<tr>
<td>Walk-In Traffic</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Brand Exposure</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ESTIMATED CARS SOLD VIA CONNECTIONS</th>
<th>1-2</th>
<th>12+</th>
<th>18+</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATED GROSS PROFIT VIA CONNECTIONS</td>
<td>$2,000-$4,000</td>
<td>$24,000+</td>
<td>$36,000+</td>
</tr>
</tbody>
</table>
Our Large Audience and Strong Value Prop Has Attracted Over 33,000 Global Paying Dealers

TOTAL PAYING DEALERS (THOUSANDS)\(^1\)

1. Beginning in Q1 2019, international paying dealers includes the impact of PistonHeads.
We Effectively Serve All Dealer Types

PAYING DEALER MIX BY DEALER TYPE

MRR BY DEALER TYPE
CarGurus’ Approach to Attribution

- More ROI Transparency
  - ROI Calculator
  - Eyes on Our Data

- CarGurus Influence On Sales
  - Direct Closed Sales
  - Third-Party Case Studies

- Walk-In Impact
  - SRP and VDP Influence on Sales
  - Number of Store Visits Influenced
The ROI Calculator

Closing Rates Informed by Closed Sales Data

ROI-Based Marketing

Increasingly Precise
Dealers Generate Significant ROI from the CarGurus Platform

UNDERSTANDING DEALER'S ROI

\[
\text{ROI} = \frac{\text{Connections} \times \text{Close Rate} \times \text{Gross Profit (per car sold)}}{\text{Cost of CarGurus Program}}
\]

Illustrative Example

\[
\frac{100 \times 10\% \times $2,000}{\$2,000/mo.} = 10.0X \text{ ROI}
\]
Efficient and Consistent Inside Sales Model with Opportunistic Field Presence

DEALS PER SALES REPRESENTATIVE

Q1 2017  Q2 2017  Q3 2017  Q4 2017  Q1 2018  Q2 2018  Q3 2018  Q4 2018  Q1 2019

MIX OF SALES HEADCOUNT

Q1 2017  Q1 2018  Q1 2019

Deals per Inside Rep

Inside  Field
Effective Customer Relationship Management Drives Retention and Growth

**Contract Signed**
- Handoff from Sales to begin formal onboarding process

**Dealer Onboarding (MONTHS 1-3)**
- Optimize dealer engagement with program
- Dealer Dashboard training
- At least two performance reviews in first 90 days to proactively address any issues

**Dealer Account Management (MONTHS 4+)**
- Designated single point of contact for remainder of customer lifecycle
- 1+ proactive touchpoint every 30 days
- Utilize Dealer Health Score to mitigate churn
Effective Customer Relationship Management and High-ROI Platform Drives Dealer Retention

INDEXED US LISTINGS MRR CHURN RATE


28% Churn Rate Reduction Since Q4 2016
Expansion Opportunities Increasing with New Products and Packaging

Renewal
- MRR increase on annual renewal cycle

Cross-Sell
- Additional stores in paying dealer groups
- New products

Upsell
- Higher-level listings package
- Increase in dealer inventory

CONTRIBUTORS TO EXPANSION MRR

<table>
<thead>
<tr>
<th>Q1'17</th>
<th>Q2'17</th>
<th>Q3'17</th>
<th>Q4'17</th>
<th>Q1'18</th>
<th>Q2'18</th>
<th>Q3'18</th>
<th>Q4'18</th>
<th>Q1'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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<td>100%</td>
</tr>
</tbody>
</table>

- Renewal
- Cross-Sell
- Upsell
New Products Taking Hold and Driving Revenue Growth

US MULTI-PRODUCT ATTACH INCREASING\(^1\)  

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>10%</td>
<td>19%</td>
<td>26%</td>
<td>28%</td>
</tr>
</tbody>
</table>

500+ US Dealers Subscribing to 3 or more Products

US AVERAGE ORDER SIZE BY PRODUCT\(^2\)

<table>
<thead>
<tr>
<th>Product</th>
<th>Order Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery</td>
<td>$2,000</td>
</tr>
<tr>
<td>Audience Retargeting</td>
<td>$1,000</td>
</tr>
<tr>
<td>Search</td>
<td>$1,000</td>
</tr>
<tr>
<td>Dealer Display</td>
<td>$500</td>
</tr>
</tbody>
</table>

85 1. Multi-product attach rate defined as number of US listings customers subscribing to at least one of the following: Dealer Display, SEM Plus, Audience Retargeting, or Delivery. 2. Order sizes for Q1 2019.
# Dealer Customer Illustration

<table>
<thead>
<tr>
<th>Lifecycle Event</th>
<th>Initial Acquisition</th>
<th>Year 1 Renewal</th>
<th>Off-cycle Listings Upgrade</th>
<th>Product Cross-Sell</th>
<th>Year 3 Renewal</th>
<th>Product Cross-Sell</th>
</tr>
</thead>
<tbody>
<tr>
<td>$MRR$</td>
<td>$1.0x$</td>
<td>$2.0x$</td>
<td>$3.1x$</td>
<td>$3.2x$</td>
<td>$4.0x$</td>
<td>$5.0x$</td>
</tr>
<tr>
<td>$Connections$</td>
<td>$1.0x$</td>
<td>$2.3x$</td>
<td>$2.5x$</td>
<td>$2.8x$</td>
<td>$2.8x$</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Listings Package</th>
<th>Basic</th>
<th>Enhanced</th>
<th>Enhanced</th>
<th>Featured</th>
<th>Featured</th>
<th>Featured</th>
<th>Featured</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional Products</th>
<th>Dealer Display</th>
<th>Dealer Display</th>
<th>Dealer Display Audience Retargeting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
International Expansion
International Market Launch Process: Platform Built for Rapid Expansion

1. **Website Setup**
   - Conduct legal review
   - Acquire vehicle data
   ✔ Develop vehicle ontology
   • Establish inventory partnerships

2. **Country Customization**
   ✔ Localize language, geography, currency
   ✔ Implement vehicle feed
   ✔ Build IMV
   ✔ Optimize for search engine results

3. **Live Site**
   ✔ Algorithmic traffic acquisition
   • Grow Inventory

4. **Monetization**
   • Build sales process to convert free dealers
   ✔ Establish customer support
   ✔ Implement billing for local markets
   ✔ Launch new products
   • Brand-building efforts

✔ Internationalized Platform: allows rapid scale of multiple market development concurrently
Scaling Our International Business

<table>
<thead>
<tr>
<th>International Competitor</th>
<th>Enterprise Value (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Trader UK</td>
<td>$7.5 Billion$^1</td>
</tr>
<tr>
<td>Schibsted</td>
<td>$6.8 Billion$^1</td>
</tr>
<tr>
<td>Scout24</td>
<td>$6.2 Billion$^1</td>
</tr>
<tr>
<td>TRADER Corporation</td>
<td>$1.1 Billion$^2</td>
</tr>
</tbody>
</table>

Scaling Our International Business

INTERNATIONAL AVERAGE MONTHLY UNIQUE USERS (MILLIONS)\(^1\)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Users</td>
<td></td>
<td></td>
<td></td>
<td>11.5</td>
</tr>
</tbody>
</table>

\(^{1}\) CAGR: 143%

INTERNATIONAL PAYING DEALERS\(^2\)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dealers</td>
<td></td>
<td></td>
<td></td>
<td>5,174</td>
</tr>
</tbody>
</table>

\(^{2}\) CAGR: 235%

1. Google Analytics; Beginning in Q1 2019, includes the impact of PistonHeads.
Advanced Market Progress: Canada

CANADA AVERAGE MONTHLY UNIQUE USERS (MILLIONS)\(^1\)

- **Q1 2016**: 1
- **Q1 2017**: 1.7
- **Q1 2018**: 1.7
- **Q1 2019**: 1.7

CAGR: 69%

CANADA PAYING DEALERS

- **Q1 2017**: 1,379
- **Q1 2018**: 1,379
- **Q1 2019**: 1,379

CAGR: 72%

1. Google Analytics
Advanced Market Progress: Canada

UNIT ECONOMICS STRENGTHENING

PROGRESS TOWARDS PROFITABILITY

Indexed Revenue Per Connection
Indexed Cost Per Connection
Indexed Traffic Acquisition Spend

Unit Profit Margin

Q1 2017  Q2 2017  Q3 2017  Q4 2017  Q1 2018  Q2 2018  Q3 2018  Q4 2018  Q1 2019

Indexed Revenue Per Connection
Indexed Cost Per Connection
Indexed Traffic Acquisition Spend

0%  10.0%
-10.0%  0.0%
-20.0%  10.0%
-30.0%  0.0%
-40.0%  10.0%
-50.0%  0.0%
-60.0%  10.0%
-70.0%
-80.0%
-90.0%
-100.0%
Advanced Market Progress: United Kingdom

UK AVERAGE MONTHLY UNIQUE USERS (MILLIONS)\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR</td>
<td></td>
<td></td>
<td>172%</td>
<td></td>
</tr>
</tbody>
</table>

UK PAYING DEALERS\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR</td>
<td></td>
<td></td>
<td>107%</td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>3,795</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Google Analytics; as of Q1 2019, includes average monthly unique visitors from PistonHeads. 2. As of Q1 2019, includes paying dealers from PistonHeads.
Advanced Market Progress: United Kingdom

UNIT ECONOMICS STRENGTHENING

PROGRESS TOWARDS PROFITABILITY

1. Excludes the impact of PistonHeads
CarGurus and PistonHeads Create a Compelling Platform

**PistonHeads**
- Passionate community of 5M+ unique visitors
- Iconic brand among car enthusiasts
- Performance car focus
- Favorable perception among dealers

**CarGurus and PistonHeads**
- Rapidly growing platform
- Viable alternative for dealers
- Compelling platform for consumers
- Complementary capabilities in London, Dublin and Boston

**CarGurus**
- Market leading tech platform
- Disruptive freemium model
- Search Engine Marketing (SEM) expertise
- Fastest growing UK automotive shopping site
- Investing in brand

1. 2018 average monthly unique visitors as measured by Google Analytics. 2. As measured by among its nearest competitors. Source: Comscore MMX® Multi-Platform, Automotive – Information/Resources, Q1 2019, U.K. (Custom-defined list includes: CarGurus.co.uk, Autotrader.co.uk, Motors.co.uk, PistonHeads.com, Gumtree.com. Percent change in average monthly unique visitors from Q1 2018 to Q1 2019).
Emerging Market Progress: Germany, Italy, and Spain

**AVERAGE MONTHLY UNIQUE VISITORS (MILLIONS)**

- Q1 2018
- Q1 2019: 1.6

**UNIT ECONOMICS STRENGTHENING**

- Indexed Cost Per Connection

---

1. Google Analytics, includes CarGurus’ combined average unique monthly visitors for sites in Germany, Italy, and Spain. 2. Combined indexed cost per connection for sites in Germany, Italy, and Spain.
Pursuing Multiple Growth Opportunities Profitably

Jason Trevisan
Chief Financial Officer
CarGurus Financial Highlights

- Strong track record of revenue growth in large total addressable market
- 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)

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY 2019 Guidance Mid-point¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$198</td>
<td>$317</td>
<td>$454</td>
<td>$573.5</td>
</tr>
<tr>
<td>International</td>
<td>$9</td>
<td>$17</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FY2016 FY2017 FY2018 FY 2019 Guidance Mid-point

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$39</td>
<td>$46</td>
<td>$53</td>
<td>$61</td>
</tr>
<tr>
<td>International</td>
<td>$67</td>
<td>$76</td>
<td>$83</td>
<td>$91</td>
</tr>
</tbody>
</table>

2016 2017 2018 2019

YoY Growth

37%

High Quality Revenue: Recurring and Diversified

HIGH RETENTION

U.S. MONTHLY MARKETPLACE SUBSCRIPTION REVENUE BY COHORT\(^1\) ($ MILLIONS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$45</td>
</tr>
<tr>
<td>2018</td>
<td>$40</td>
</tr>
<tr>
<td>2017</td>
<td>$35</td>
</tr>
<tr>
<td>2016</td>
<td>$30</td>
</tr>
<tr>
<td>2015</td>
<td>$25</td>
</tr>
<tr>
<td>Pre-2015</td>
<td>$20</td>
</tr>
</tbody>
</table>

CAGR

- 2019: 37%\(^2\)
- 2018: 42%
- 2017: 29%
- 2016: 34%
- 2015: 32%

CUSTOMER MIX

DIVERSIFIED MARKETPLACE SUBSCRIPTION REVENUE

- Top 10 Customers: 5%
- Other Customers: 95%

2018 Total Marketplace Subscription Revenue: $406M


Near-Term Focus on Growing US AARSD¹ Through Three Levers

1. Average annual revenue per subscribing dealer.

- Grow Connection and Lead Volume
- Increase Adoption of New Products
- Unit Pricing and Product Packaging
We Have Rapidly Grown Connection Volume and Improved Lead Conversion

ANNUAL US CONNECTIONS (MILLIONS)

LEADS AS A PERCENTAGE OF CONNECTIONS

2015 2016 2017 2018

Q1 2017 Q1 2018 Q1 2019

23 42 51 62

56% 59% 64%

39% CAGR
New Products Taking Hold and Driving Revenue Growth

US MULTI-PRODUCT ATTACH INCREASING¹

<table>
<thead>
<tr>
<th></th>
<th>Q4 2016</th>
<th>Q4 2017</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>19%</td>
<td>26%</td>
<td>28%</td>
<td></td>
</tr>
</tbody>
</table>

500+
US Dealers Subscribing to 3 or more Products

US AVERAGE ORDER SIZE BY PRODUCT²

<table>
<thead>
<tr>
<th>Product</th>
<th>Order Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery</td>
<td>$2,000</td>
</tr>
<tr>
<td>Audience Retargeting</td>
<td>$1,000</td>
</tr>
<tr>
<td>Search</td>
<td>$1,000</td>
</tr>
<tr>
<td>Dealer Display</td>
<td>$0</td>
</tr>
</tbody>
</table>

1. Multi-product attach rate defined as number of US listings customers subscribing to at least one of the following: Dealer Display, SEM Plus, Audience Retargeting, or Delivery. 2. Order sizes for Q1 2019.
Multi-Product Customers Creating MRR Lift

(MONTHLY RECURRING REVENUE)

1.9x Uplift

1.3x Uplift

LISTINGS-ONLY US DEALERS

TWO-PRODUCT US DEALERS

3+ PRODUCT US DEALERS
Multiple Levers are Contributing to US AARSD\(^1\) Growth

1. Average annual revenue per subscribing dealer.
Expansion Opportunities Increasing with New Products and Packaging

Renewal
- MRR increase on annual renewal cycle

Cross-Sell
- Additional stores in paying dealer groups
- New products

Upsell
- Higher-level listings package
- Increase in dealer inventory
Our Dealer Value Proposition is Reducing Churn

INDEXED US LISTINGS MRR CHURN

28% Churn Rate Reduction Since Q4 2016
Despite High Account Penetration, Our Core Business Has Long Growth Runway

**ROOM TO GROW AUDIENCE**

- **Unaided Awareness**
  - Q2 2017: 4%
  - Q4 2018: 10%
  - 2.2X Increase

**INCREASING DEALER WALLET SHARE (MILLIONS)**

- US Dealer Digital Marketing Spend: $10,000, $12,000, $14,000
- 2018 US Marketplace Subscription Revenue: $2,000

**Visits Share**
- Q2 2017: 58%
- Q4 2018: 43%

**Unique Visitor Share**
- Q2 2017: 43%
- Q4 2018: 58%

1. CarGurus Brand Tracker survey, June 2017 and December 2018
Advertising Business Scaling with Our Audience

Q1 2016, Q2 2016, Q3 2016, Q4 2016, Q1 2017, Q2 2017, Q3 2017, Q4 2017, Q1 2018, Q2 2018, Q3 2018, Q4 2018, Q1 2019

US Advertising and Other, Int’l Advertising and Other

31% CAGR
We Have a Large International Opportunity

TOTAL PAYING DEALERS (THOUSANDS)\(^1\)

- U.S.
- International

30% CAGR

<table>
<thead>
<tr>
<th>Quarter</th>
<th>U.S.</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>19</td>
<td>21</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>27</td>
<td>28</td>
</tr>
</tbody>
</table>

LARGE DEALER ADDRESSABLE MARKET\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>U.S. Market</th>
<th>International Markets</th>
<th>All Current Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>43</td>
<td>55</td>
<td>98</td>
</tr>
</tbody>
</table>

Potential Product Universe Unlocks Large TAM

US NEW AND USED CAR RETAIL SALES: $1.4T

P2P
$6B
Total US Value

FINANCE
$3B
US Used Car Loan Commissions

INSURANCE WARRANTY

TRADE-IN

CONSUMER LIFECYCLE
Increase Consumer Retention + Reduce Cost of Customer Acquisition

DEALER MANAGEMENT
$13.9B
US Dealer Digital Marketing Spend
$5.3B
US Dealer Software Spend
$3.3B
US OEM Display Ad Spend

MULTIPLE COUNTRIES
$23B
International Total Automotive Advertising Spend

Strong Financial Position to Support Long-Term Growth

<table>
<thead>
<tr>
<th>Select Balance Sheet Accounts</th>
<th>As of 3/31/2019 ($, Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>29,939</td>
</tr>
<tr>
<td>Investment</td>
<td>108,500</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>15,111</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>26,550</td>
</tr>
<tr>
<td>Goodwill</td>
<td>15,582</td>
</tr>
<tr>
<td>Restricted Cash</td>
<td>2,668</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>331,927</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>35,253</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>8,942</td>
</tr>
<tr>
<td>Operating Lease Liabilities</td>
<td>60,442</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>120,918</td>
</tr>
<tr>
<td><strong>Total Stockholders' Equity</strong></td>
<td>211,009</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Select Cash Flow Statement Accounts</th>
<th>TTM as of 3/31/2019 ($, Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash from Operating Activities</strong></td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>72,259</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>5,419</td>
</tr>
<tr>
<td>Stock-Based Compensation Expense</td>
<td>24,662</td>
</tr>
<tr>
<td><strong>Total GAAP Cash from Operating Activities</strong></td>
<td>55,034</td>
</tr>
<tr>
<td><strong>Cash from Investing Activities</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase of Property and Equipment</td>
<td>(11,222)</td>
</tr>
<tr>
<td>Capitalization of Website Development Costs</td>
<td>(1,752)</td>
</tr>
<tr>
<td><strong>Total Non-GAAP Free Cash Flow¹</strong></td>
<td>42,060</td>
</tr>
</tbody>
</table>

1. Reconciliation of this non-GAAP financial measure is presented above. We define Free Cash Flow as cash flow from operations, adjusted to include purchases of property and equipment and capitalization of website development costs. We have presented Free Cash Flow because it is a measure of our financial performance that represents the cash that we are able to generate after expenditures required to maintain or expand our asset base.
US Audience Unit Economics Support Future Margin Expansion

Unit Profit Margin
Indexed US Listings Revenue Per Connection
Indexed US Cost Per Connection

Q3 2017
Q4 2017
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019
# Long-Term Target Model Progression Since IPO

<table>
<thead>
<tr>
<th>Percent of Revenue</th>
<th>2016</th>
<th>2017</th>
<th>2018&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Q1 2019&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Long-Term Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
<td>95%</td>
<td>94%</td>
<td>95%</td>
<td>94%</td>
<td>93% – 95%</td>
</tr>
<tr>
<td>Sales &amp; Marketing %</td>
<td>78%</td>
<td>74%</td>
<td>69%</td>
<td>67%</td>
<td>43% – 47%</td>
</tr>
<tr>
<td>Product, Technology, Development %</td>
<td>6%</td>
<td>7%</td>
<td>11%</td>
<td>12%</td>
<td>9% – 11%</td>
</tr>
<tr>
<td>G&amp;A %</td>
<td>6%</td>
<td>7%</td>
<td>9%</td>
<td>9%</td>
<td>5% – 6%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization %</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1% – 2%</td>
</tr>
<tr>
<td>Adjusted EBITDA&lt;sup&gt;2&lt;/sup&gt; Margin</td>
<td>6%</td>
<td>8%</td>
<td>11%</td>
<td>12%</td>
<td>32% – 34%</td>
</tr>
<tr>
<td>GAAP Operating Margin</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>29% – 31%</td>
</tr>
<tr>
<td>U.S. Segment GAAP Operating Margin</td>
<td>14%</td>
<td>14%</td>
<td>13%</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

1. Reflects adoption and impact of Accounting Standards Certification Topic 606, Revenue from Contracts with Customers. 2. Please see the Appendix to this presentation for a reconciliation of this non-GAAP measure.
Our Recurring Revenue Stream is Insulated From Auto Market Cyclicality

USED CAR SALES ARE MORE DURABLE THROUGH A MARKET CYCLE

Listings provide superior dealer ROI

Reaffirming 2Q19 and FY 2019 Guidance

<table>
<thead>
<tr>
<th></th>
<th>2Q19$</th>
<th>FY 2019$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$138M - $141M</td>
<td>$569M - $578M</td>
</tr>
<tr>
<td>Non-GAAP Operating Income</td>
<td>$8M - $10M</td>
<td>$50M - $56M</td>
</tr>
<tr>
<td>Non-GAAP Earnings Per Share</td>
<td>$0.06 - $0.08</td>
<td>$0.39 - $0.43</td>
</tr>
</tbody>
</table>

1. Guidance provided by CarGurus in the Company’s earnings press release dated May 9, 2019, furnished as Exhibit 99.1 to the Company’s Current Report on Form 8-K filed with the SEC on May 9, 2019.
2. The second quarter 2019 non-GAAP earnings per share calculation assumes 114.0 million diluted weighted-average common shares outstanding. Guidance does not include any potential impact of foreign currency exchange gains or losses.
3. The full-year non-GAAP earnings per share calculation assumes 114.5 million diluted weighted-average common shares outstanding. Guidance does not include any potential impact of foreign currency exchange gains or losses.

Note: CarGurus has not reconciled its non-GAAP operating income guidance to GAAP operating income, or its non-GAAP EPS guidance to GAAP EPS, because stock-based compensation and amortization of intangible assets, the reconciling items between such GAAP and non-GAAP financial measures, cannot be reasonably predicted due to, as applicable, the timing, amount, valuation and number of future employee equity awards, and the occurrence of acquisitions and therefore cannot be determined without unreasonable effort.
## Appendix: Reconciliation of Net Income to Adjusted EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>$6.5</td>
<td>$13.2</td>
<td>$65.2</td>
<td>$12.6</td>
</tr>
<tr>
<td><strong>Depreciation and Amortization</strong></td>
<td>2.1</td>
<td>3.8</td>
<td>5.0</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Stock-based Compensation Expense</strong></td>
<td>0.3</td>
<td>5.0</td>
<td>20.8</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>Other Expense, Net</strong></td>
<td>(0.4)</td>
<td>(0.6)</td>
<td>(2.3)</td>
<td>(1.6)</td>
</tr>
<tr>
<td><strong>(Benefit from)/Provision for Income Taxes</strong></td>
<td>2.4</td>
<td>2.6</td>
<td>(39.7)</td>
<td>(3.5)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$11.0</td>
<td>$24.1</td>
<td>$49.0</td>
<td>$16.7</td>
</tr>
</tbody>
</table>

Note: We define Adjusted EBITDA as GAAP net income, adjusted to exclude: depreciation and amortization, stock-based compensation expense, other income, net, the (benefit from) provision for income taxes, and certain one-time, non-recurring items, if and when applicable. We have presented Adjusted EBITDA because it is a key measure used by our management and board of directors to understand and evaluate our operating performance, generate future operating plans, and make strategic decisions regarding the allocation of capital. In particular, we believe that the exclusion of certain items in calculating Adjusted EBITDA can produce a useful measure for period-to-period comparisons of our business.