



Needham Conference
January 2018



Safe Harbor

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,” “may,” “might,” “likely,” “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, our statements regarding trends and potential future results are examples of such forward-looking statements. The forward-looking statements are subject to important factors, risks and uncertainties, including, but not limited to, customer retention and growth, new product development, regulatory developments, sales and marketing strategies, capital resources, operating performance, and those that we have detailed in the section titled “Risk Factors” in the reports that we have filed with the 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 circumstances.

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.

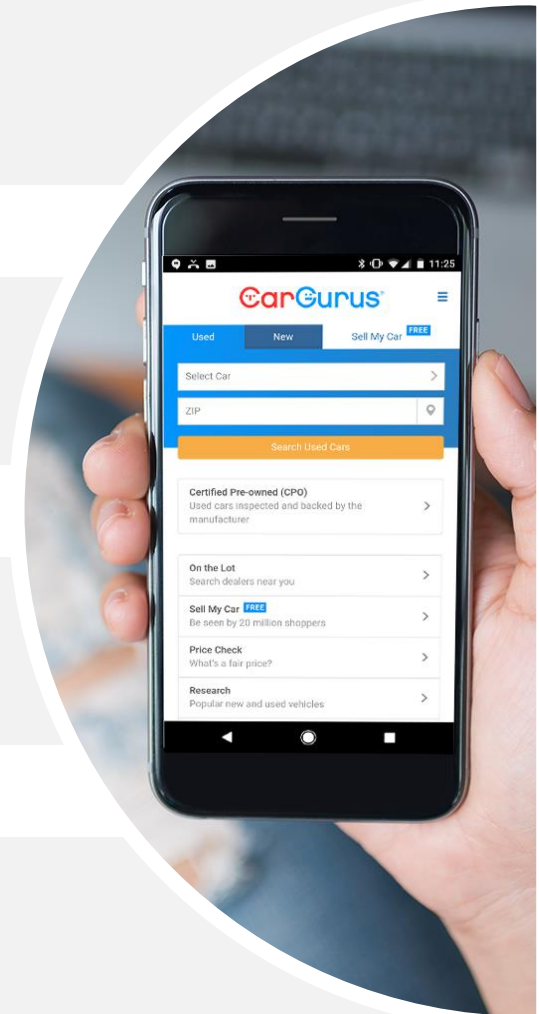
Key Strengths

Large multi-national opportunity

History of growth and profitability

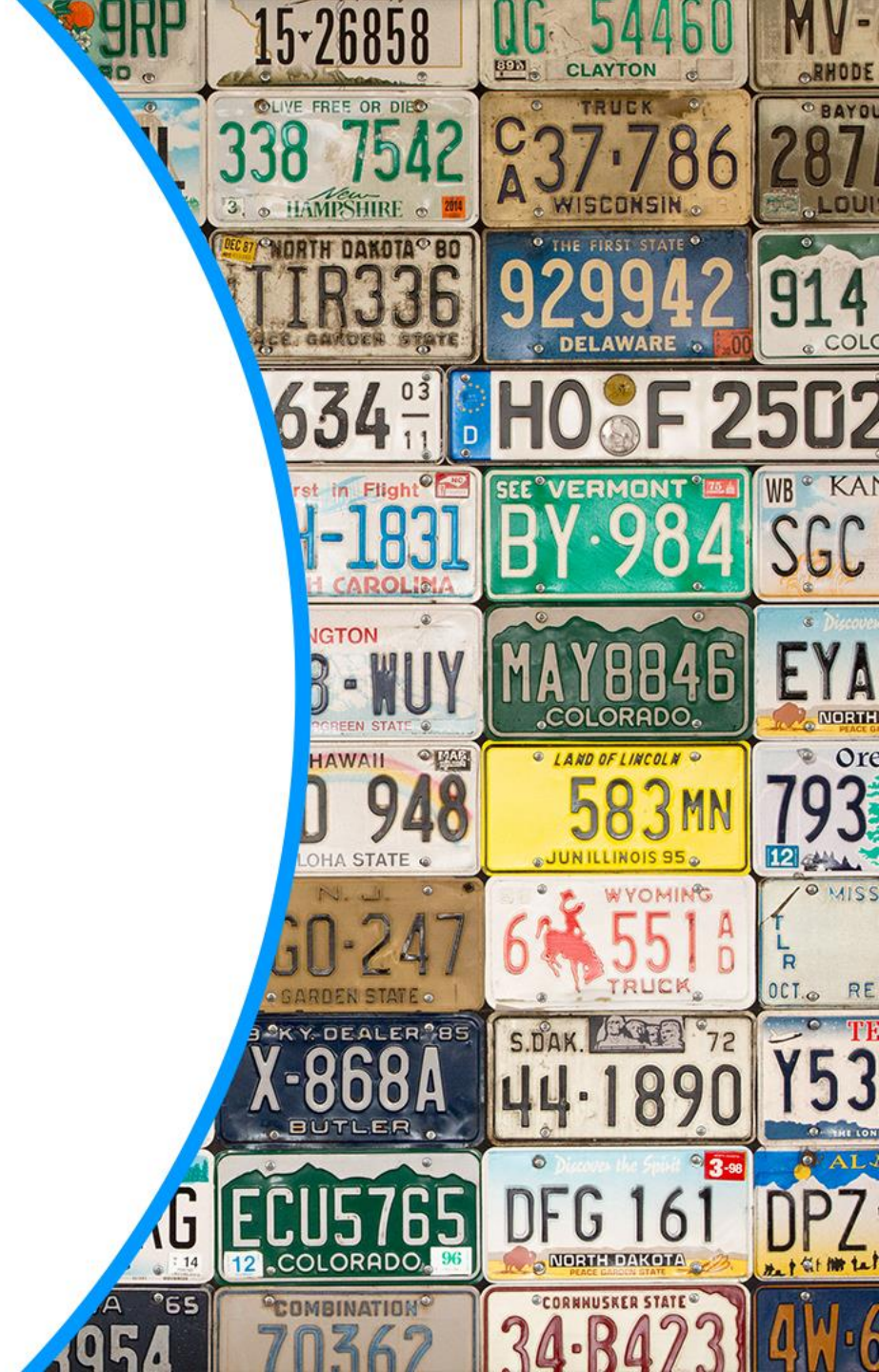
Technology disruptor in markets historically lacking innovation

Multiple growth vectors to reinvest core operating profits





Company Vision & Mission



Build the World's Most Trusted and Transparent Automotive Marketplace

MARKETPLACE

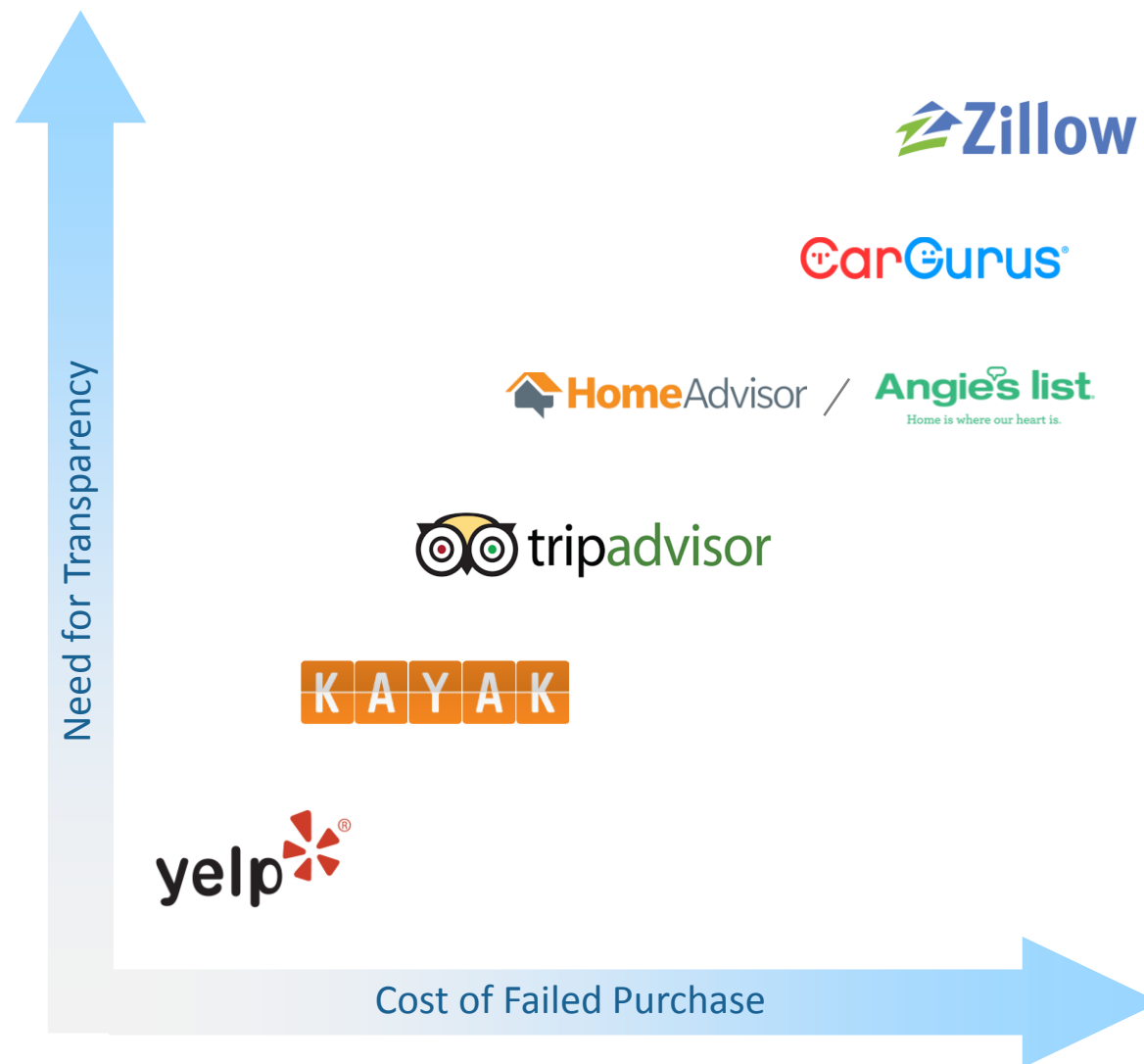
Dealers &
Peer to Peer

UNBIASED TRANSPARENCY

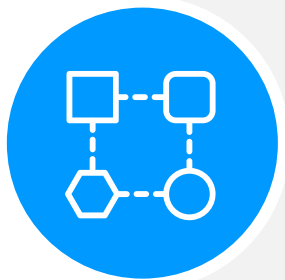
Price
Dealer Reputation
Vehicle Condition
Inventory Ranking



Transparency in Considered Purchases



Technology Underpins Our Culture



Mathematical Problem Solving

- 7+ years of data modeling
- 7M+ used car data points ingested from hundreds of sources daily



Rapid Test / Innovate Environment

- Regular code deployment
- Automated multivariate testing run on all features
- 24-hour code/deploy/measure cycles



History of Continuous Product Innovation

- Consumer features to increase transparency
- Dealer tools to drive platform productivity
- International marketplaces

Instant Market Value: \$11,230

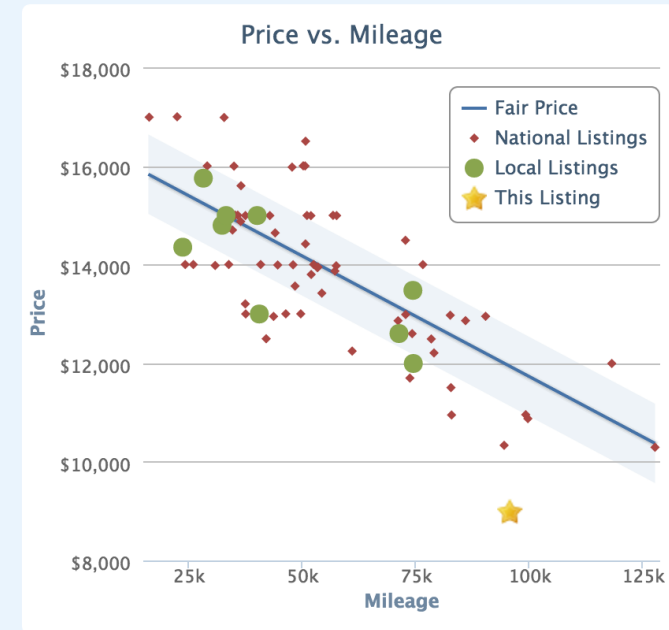
[Hide breakdown](#)

2012 Honda Civic EX-L

Market Comparison

We analyzed the prices of vehicles in the **Providence** area with the following traits to reach our **Instant Market Value**.

Transmission	5-Speed Automatic
Mileage	95,584 miles
Options	Leather Seats Sunroof/Moonroof Alloy Wheels Bluetooth



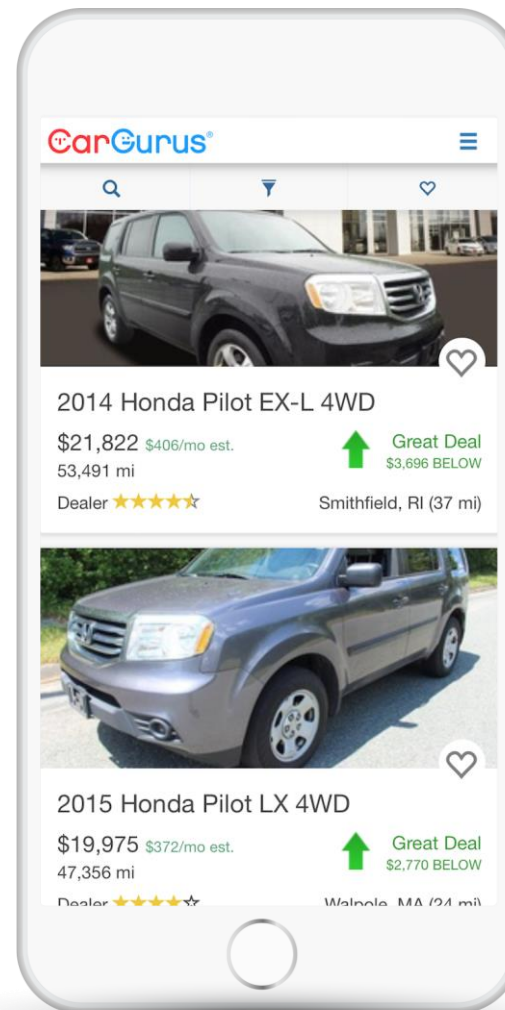
CarGurus – Search Results Optimized for Consumer Relevance

How did Google defeat 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

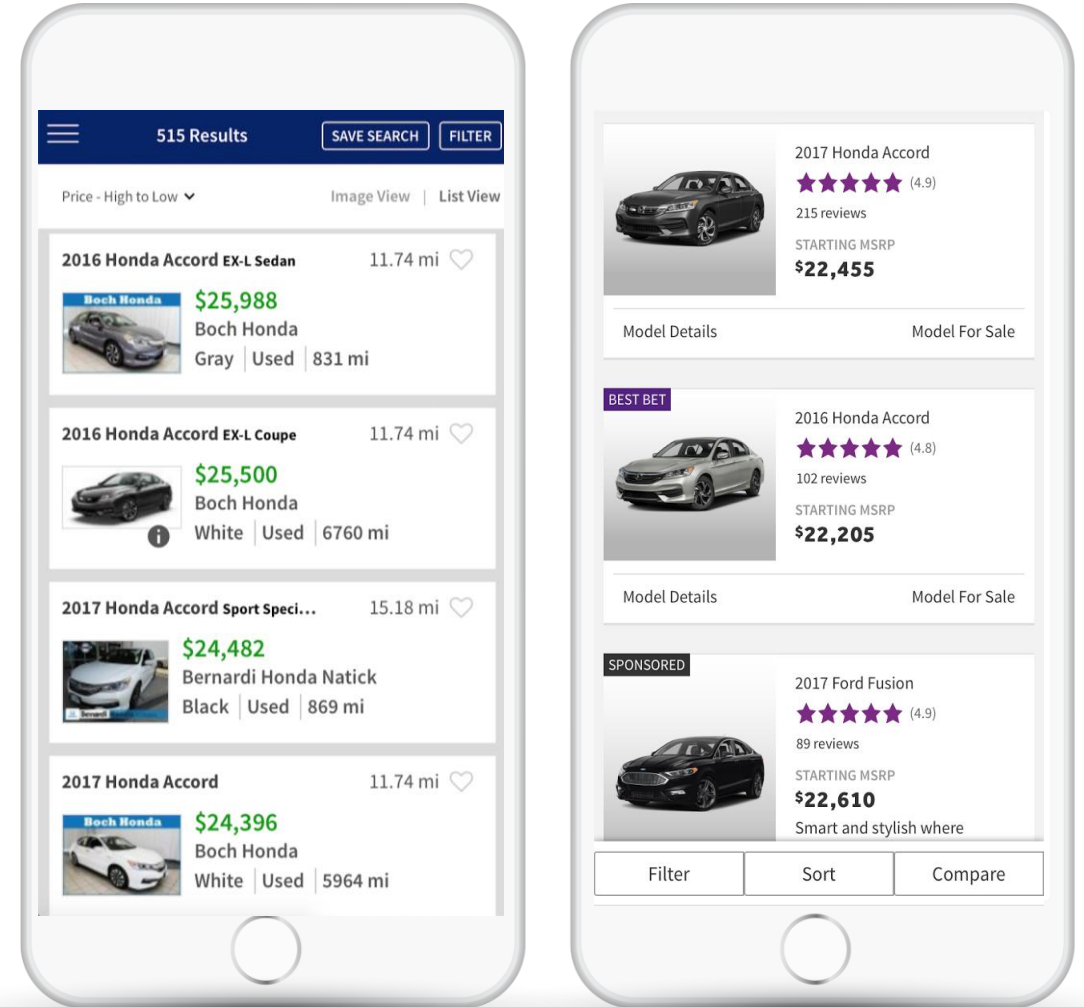


Competition – Pay For Placement

Over 500 Cars...

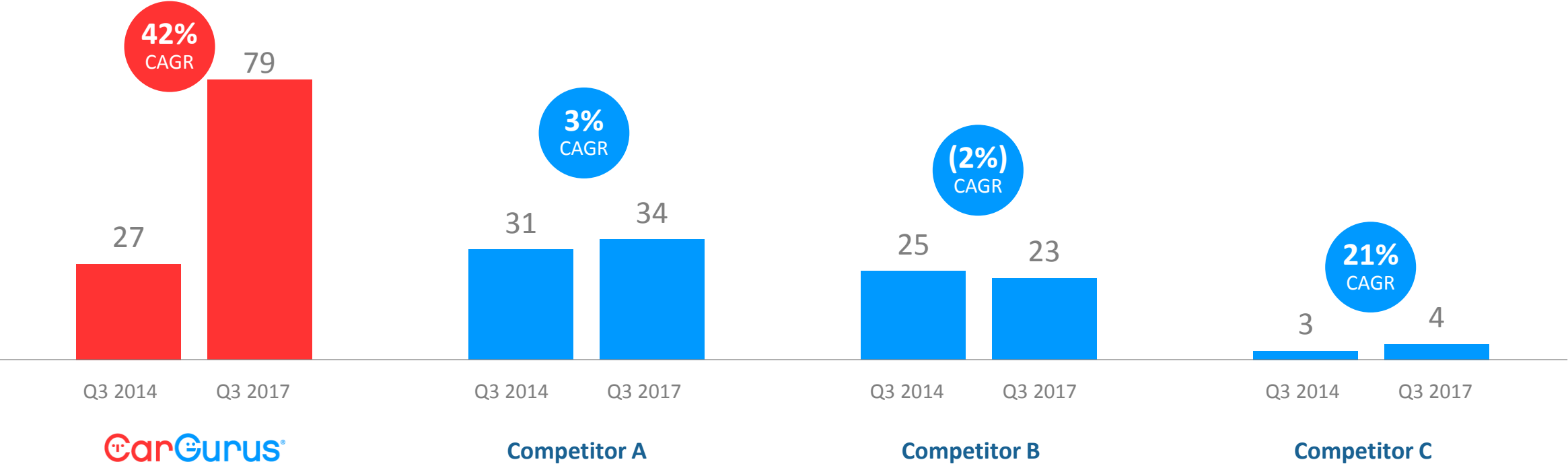
- How do I choose?
- Is this a good deal?
- Is this a reputable dealer?
- Sort order driven by who pays most

Merchant focused search results



Significant Audience Share Gains versus Incumbents

U.S. AVERAGE MONTHLY VISITS
(MILLIONS)



2x as many monthly visits per visitor

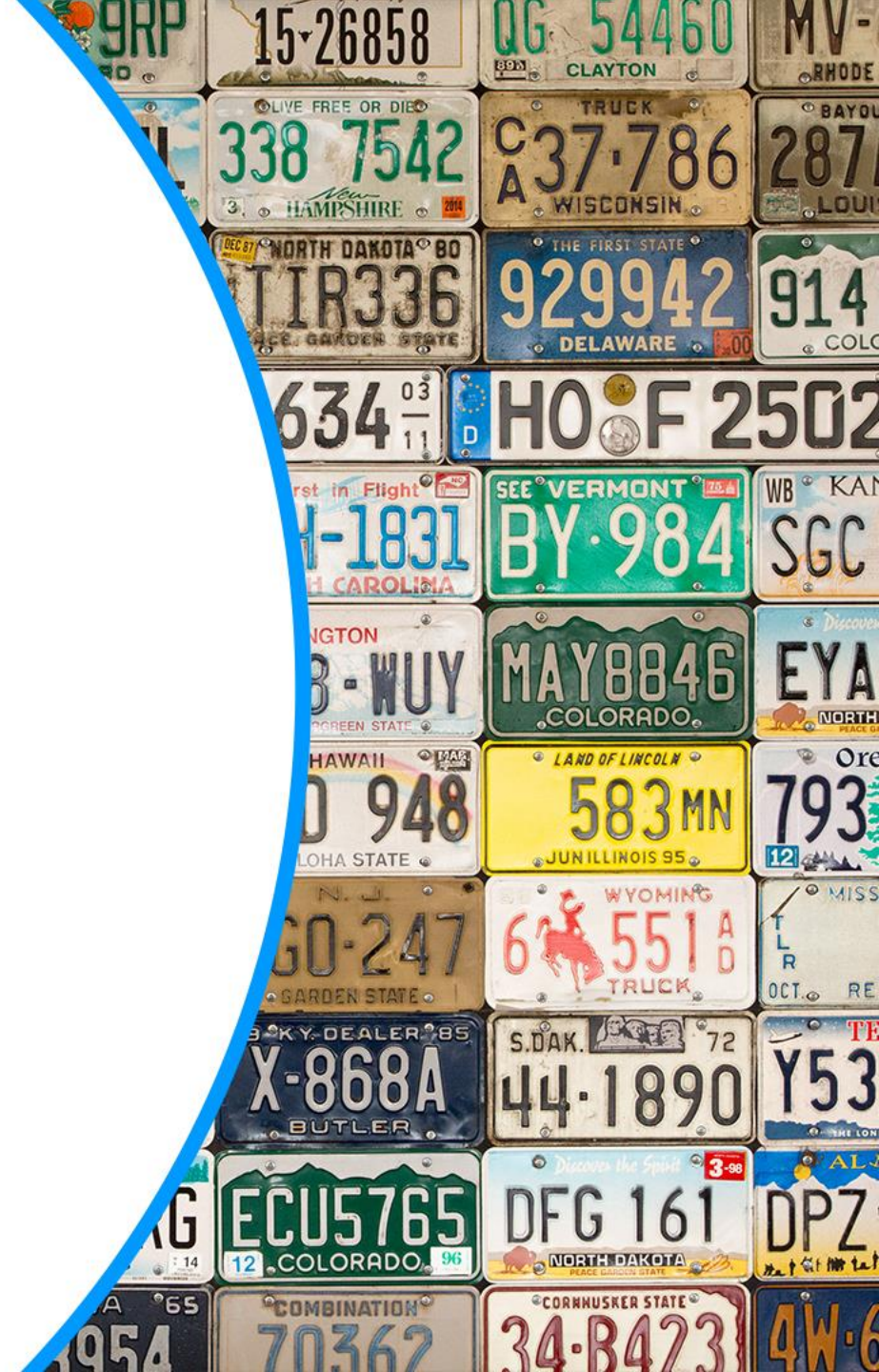
58% more mobile unique visitors than next-largest competitor

80% mobile monthly unique visitors

Source: comScore as of Q3 2014 and Q3 2017
Note: All data on this slide are U.S. only.
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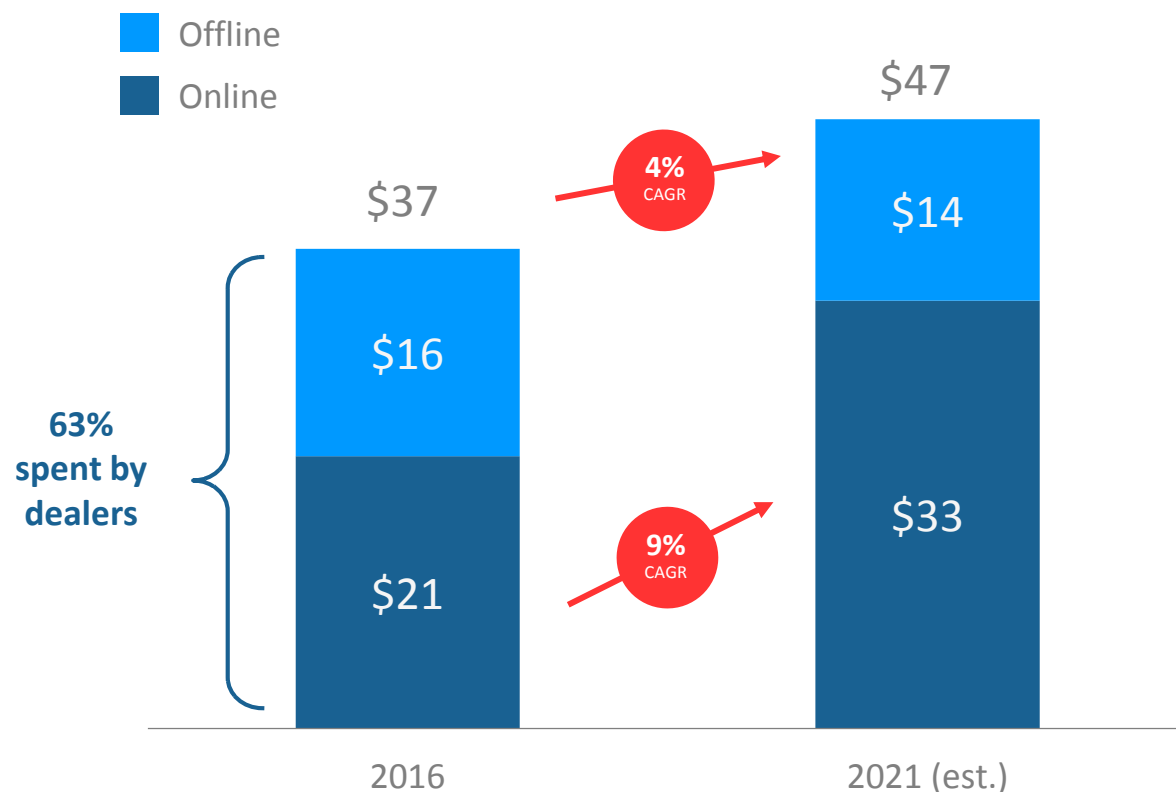


Market Opportunity & Value Proposition



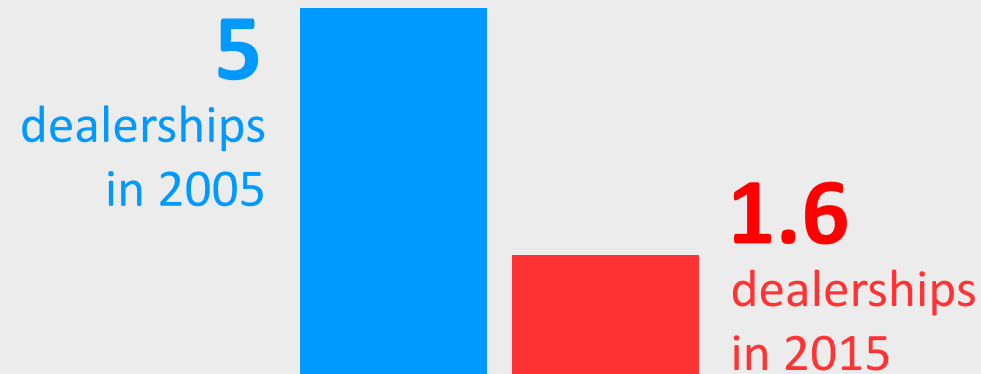
U.S. Automotive Marketing Continues to Shift Online

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



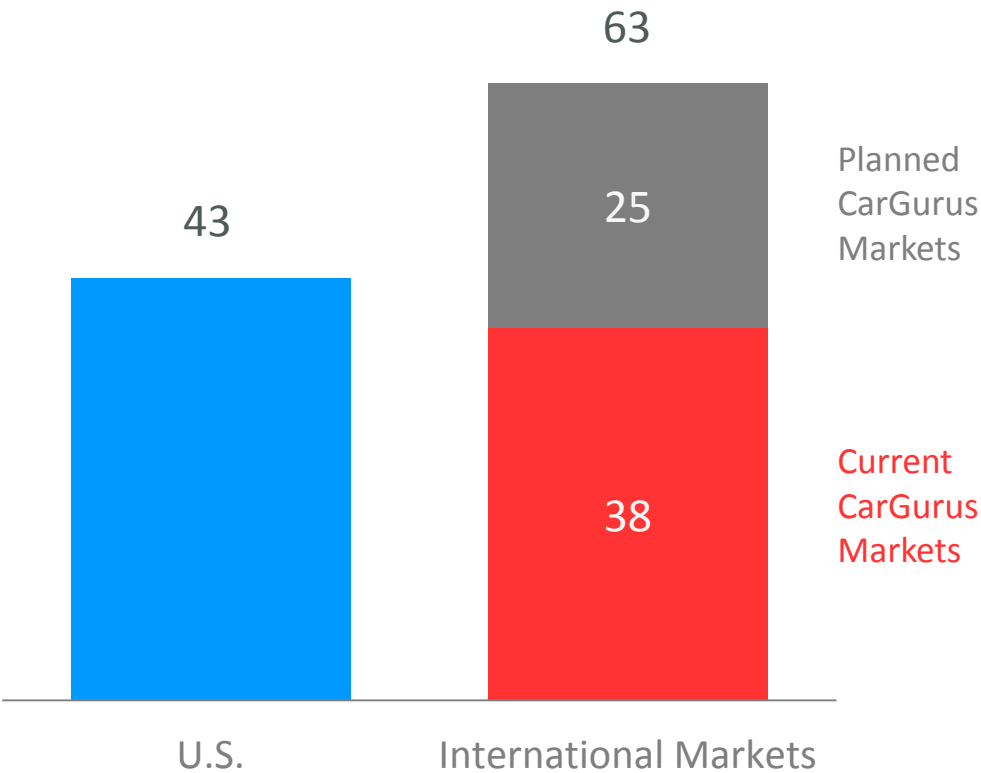
CHANGING CONSUMER AUTO SHOPPING BEHAVIOR

Average Dealership Visits Prior to Purchase



International and Ancillary Markets Expand Addressable Opportunity

NUMBER OF DEALERSHIPS
(THOUSANDS)



AUTOMOTIVE RELATED SPEND IN U.S.

Auto-related Products Advertising	Multi-billions
Dealer Software Spend	~\$4.5 billion
Used Cars Sold in P2P Market	~11 million

Our Business Model



CONSUMERS

CONNECTIONS



DEALERS



MARKETPLACE
TOOLS

BRANDING

Marketplace Subscriptions

Average Annual Revenue
per Subscribing Dealer (AARSD)
\$11,526¹



Our Marketplace Can't Be Replicated by Classified Models

LARGEST AUTO INVENTORY¹: OVER 5.4M CAR LISTINGS FROM OVER 40,000 DEALERS



Car Information

- Vehicle History
- Days on Site
- Days on Lot



Price Information

- Instant Market Value²
- Deal Rating²
- Price History



Dealer Information

- Qualified Dealer Reviews²
- Dealer Ratings

MOST INTUITIVE SEARCH RESULTS



88%
of users
are in-market³

ENGAGED, INFORMED, READY-TO-BUY CONSUMERS

48%
expect to purchase car
in next month³

1. Largest number of car listings available on any of the major US online automotive marketplaces: CarGurus, Autotrader, Cars.com and TrueCar

2. Proprietary to CarGurus

3. Source: Company survey of 1,767 CarGurus users during Q2 2017

Note: 5.4M inventory and 40k+ active dealer count as of Q2 2017

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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

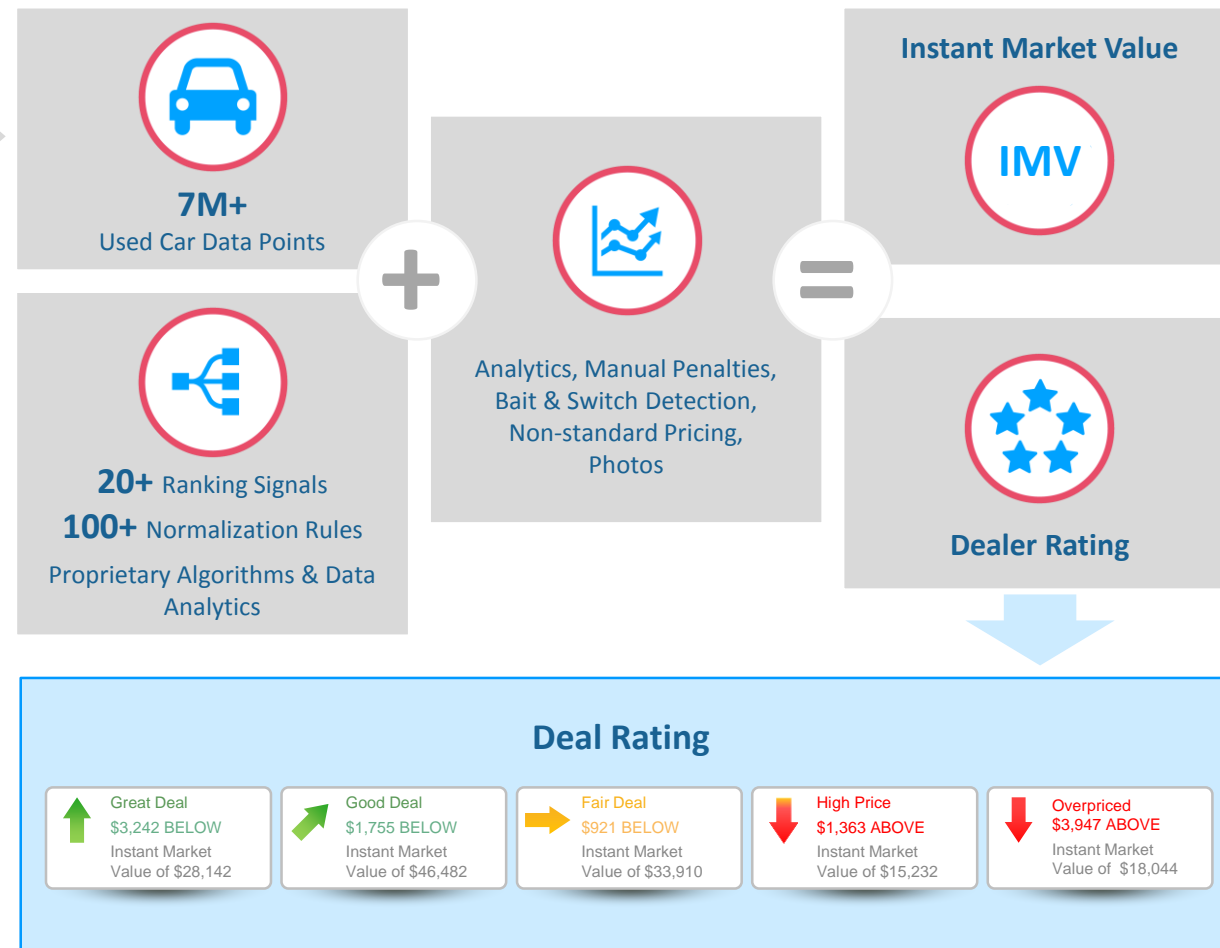
Seller's Description

Comes with AWD, sun roof, and more!

2-door BMW with moon roof in excellent condition

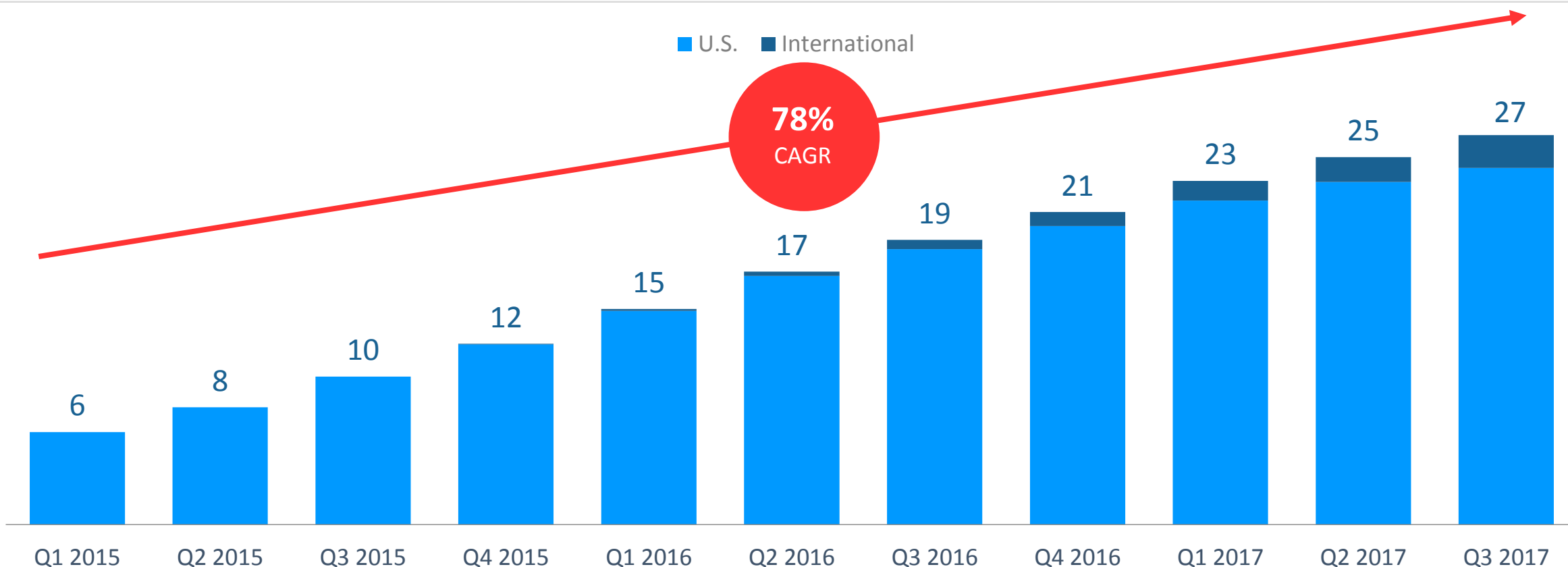
Both are a 2007 BMW 3-Series 328xi Coupe

CarGurus
Proprietary Algorithm

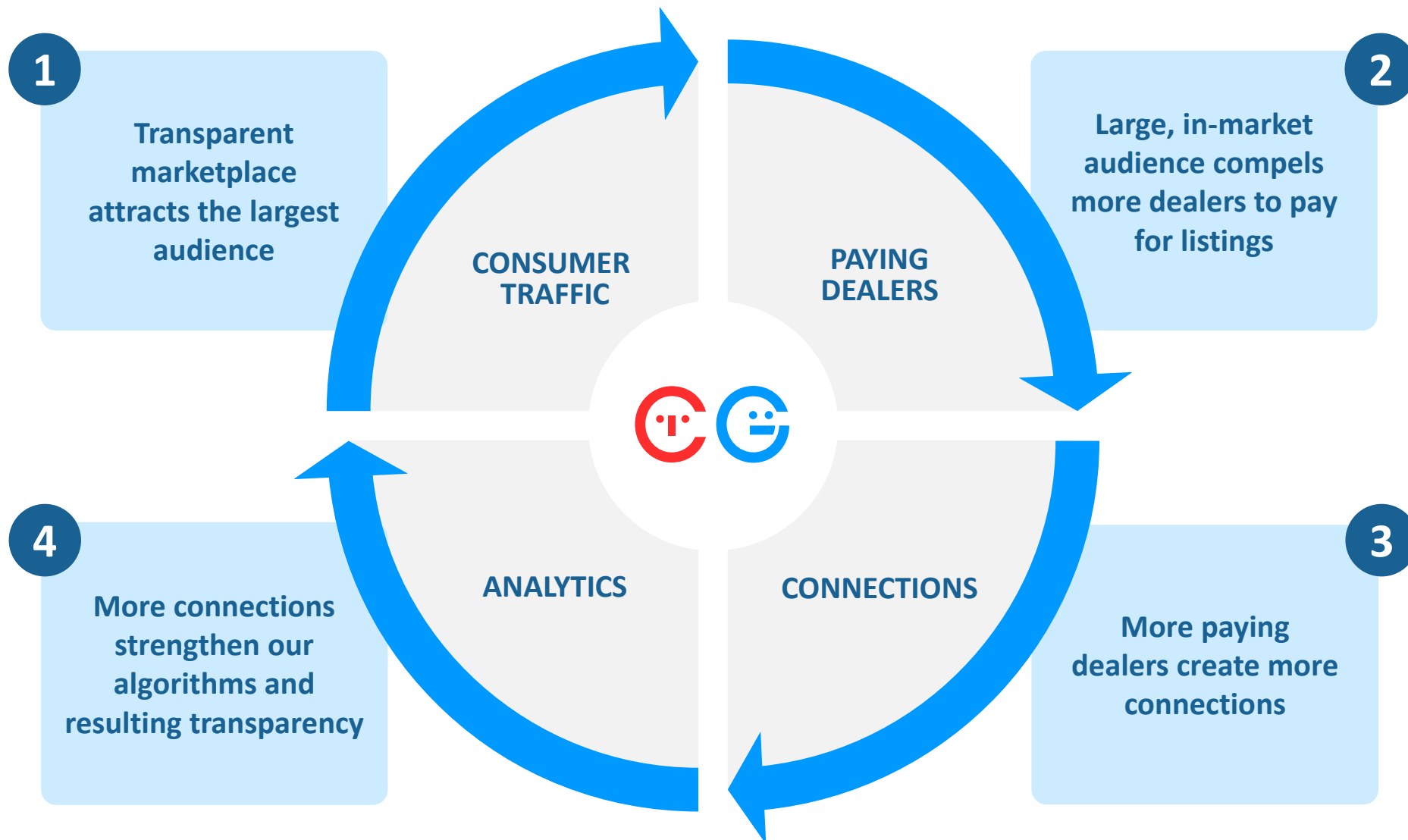


Rapid Acquisition of Subscribing Dealers

NUMBER OF PAYING DEALERS GLOBALLY (THOUSANDS)

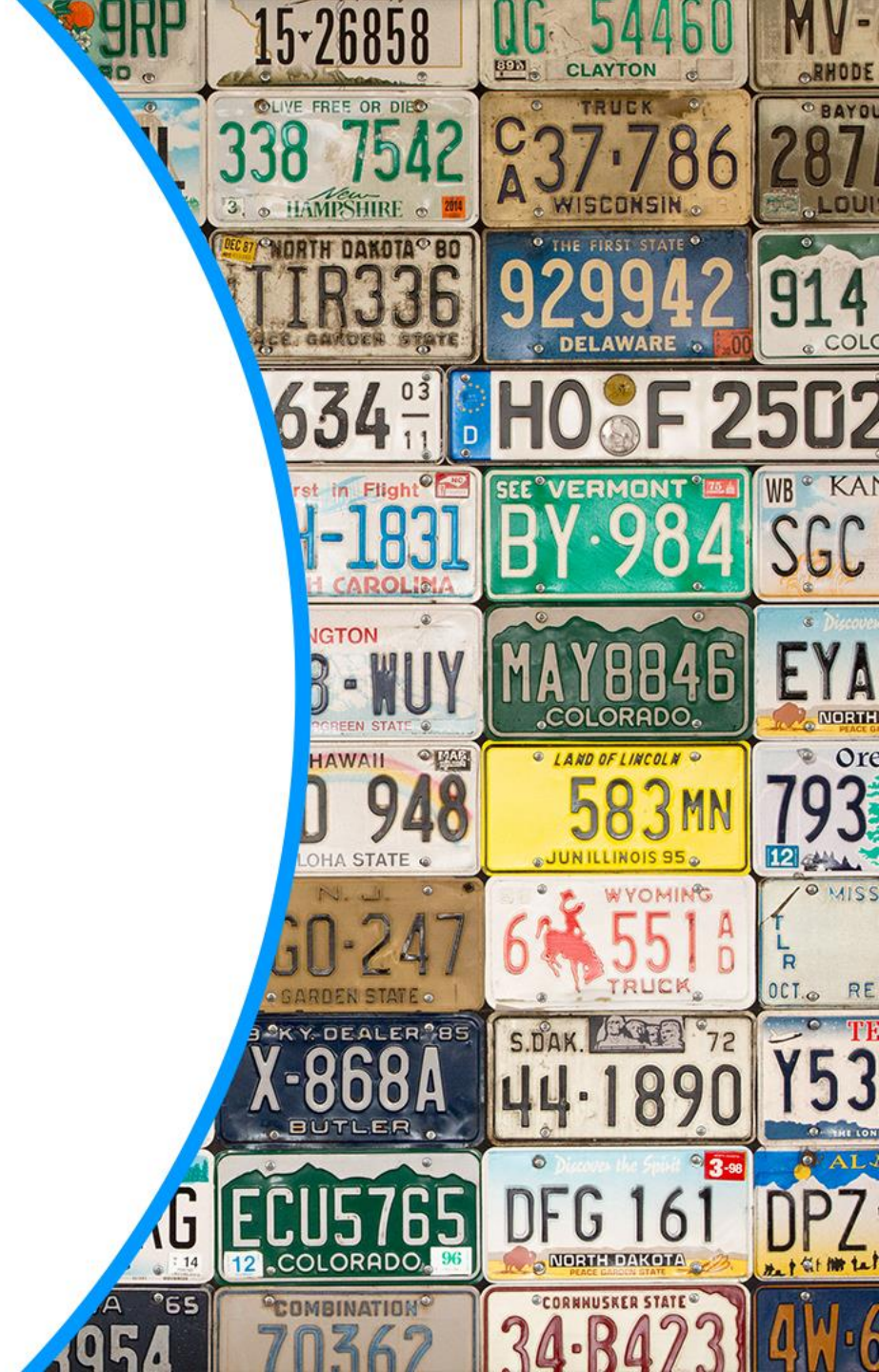


Our Business Model and Scale Create Network Effects





Growth Opportunities

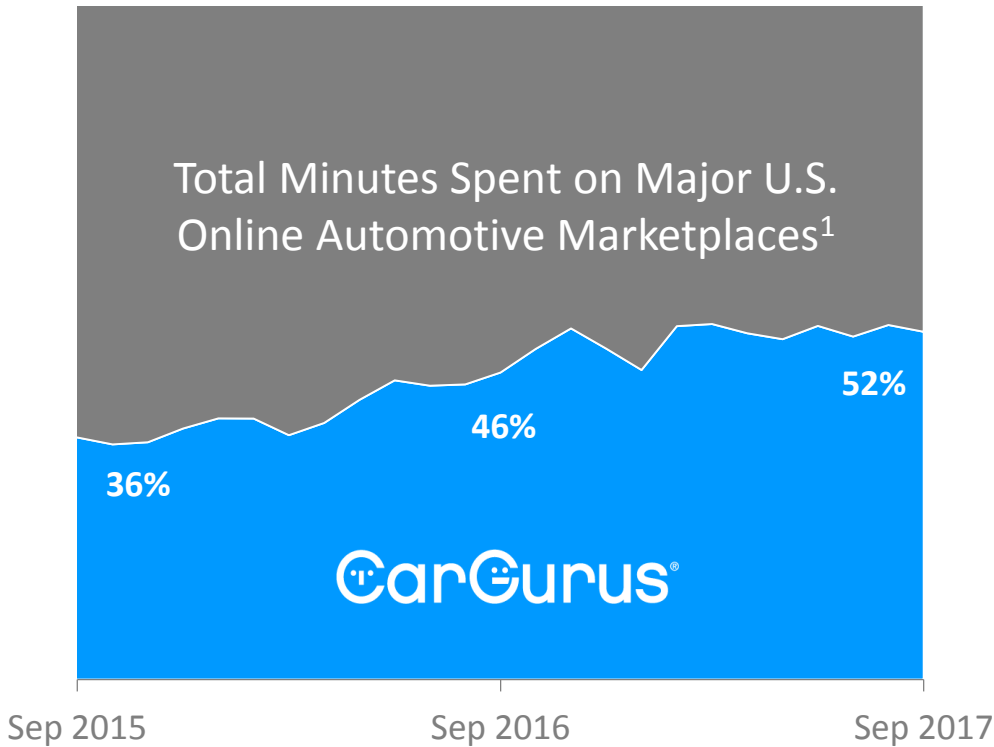


Key Growth Opportunities

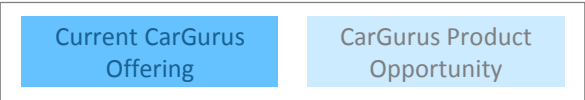
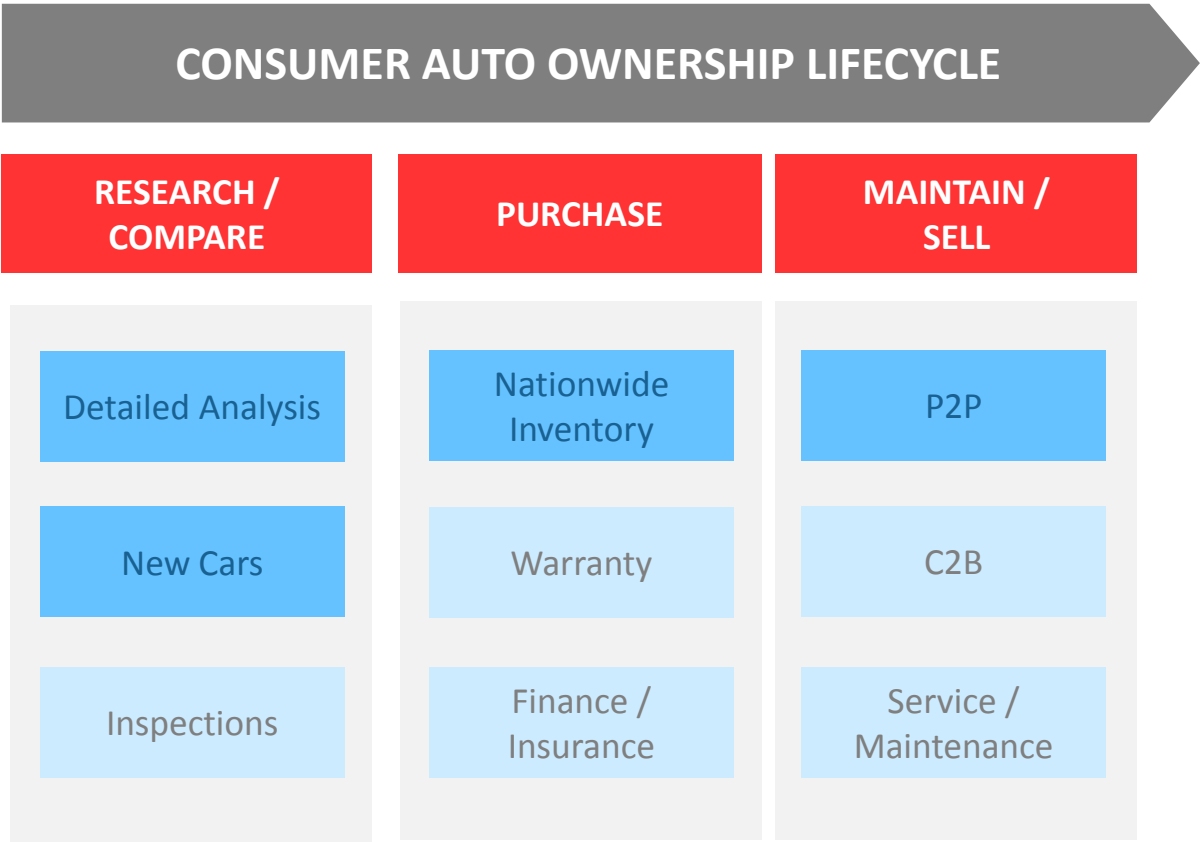


Grow Our Audience by Addressing More Consumer Needs

GROW AUDIENCE SHARE
INVEST IN BRAND ALONG WITH ALGORITHMIC
TRAFFIC ACQUISITION



INCREASE ENGAGEMENT



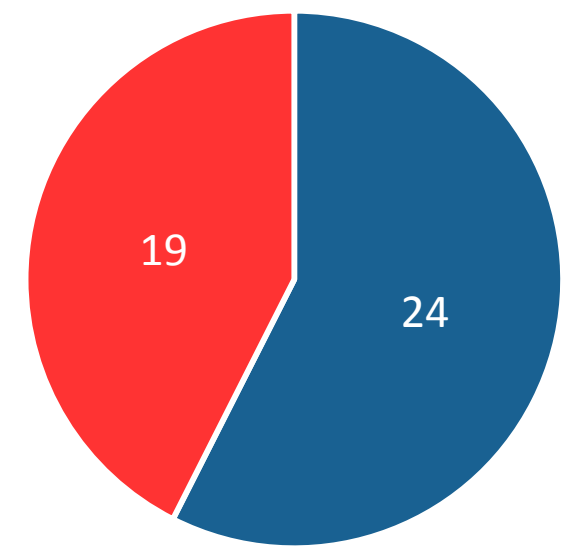
21 | Source: comScore
1. Major U.S. online auto marketplaces include CarGurus, Autotrader, Cars.com and TrueCar
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Grow Our Paying U.S. Dealer Base

FREEMIUM BUSINESS MODEL

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

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



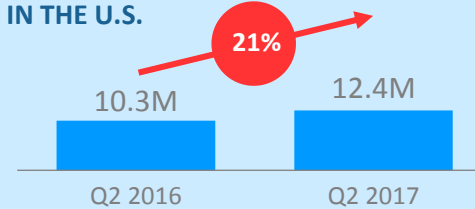
- Paying Dealers on Our Platform
- Non-Paying Dealers in the Market

Increase Average Annual Revenue per Subscribing Dealer (AARSD)

Grow Connection Volume

- Algorithmic Optimization
- Text/Chat
- Brand
- 42M Connections in 2016 in the U.S.

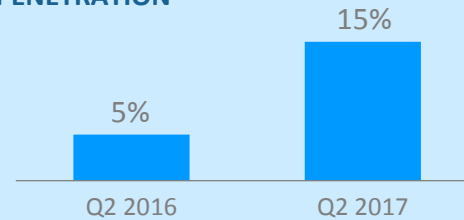
CONNECTIONS BETWEEN CONSUMERS AND DEALERS IN THE U.S.



Sell New Products

- Dealer Display
- Re-targeting
- SEM (Search Engine Marketing)

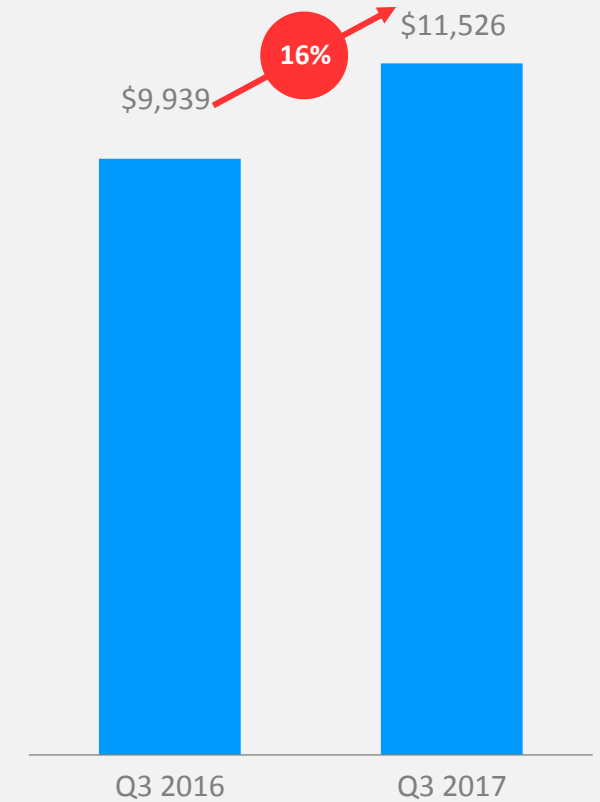
DEALER DISPLAY PENETRATION¹



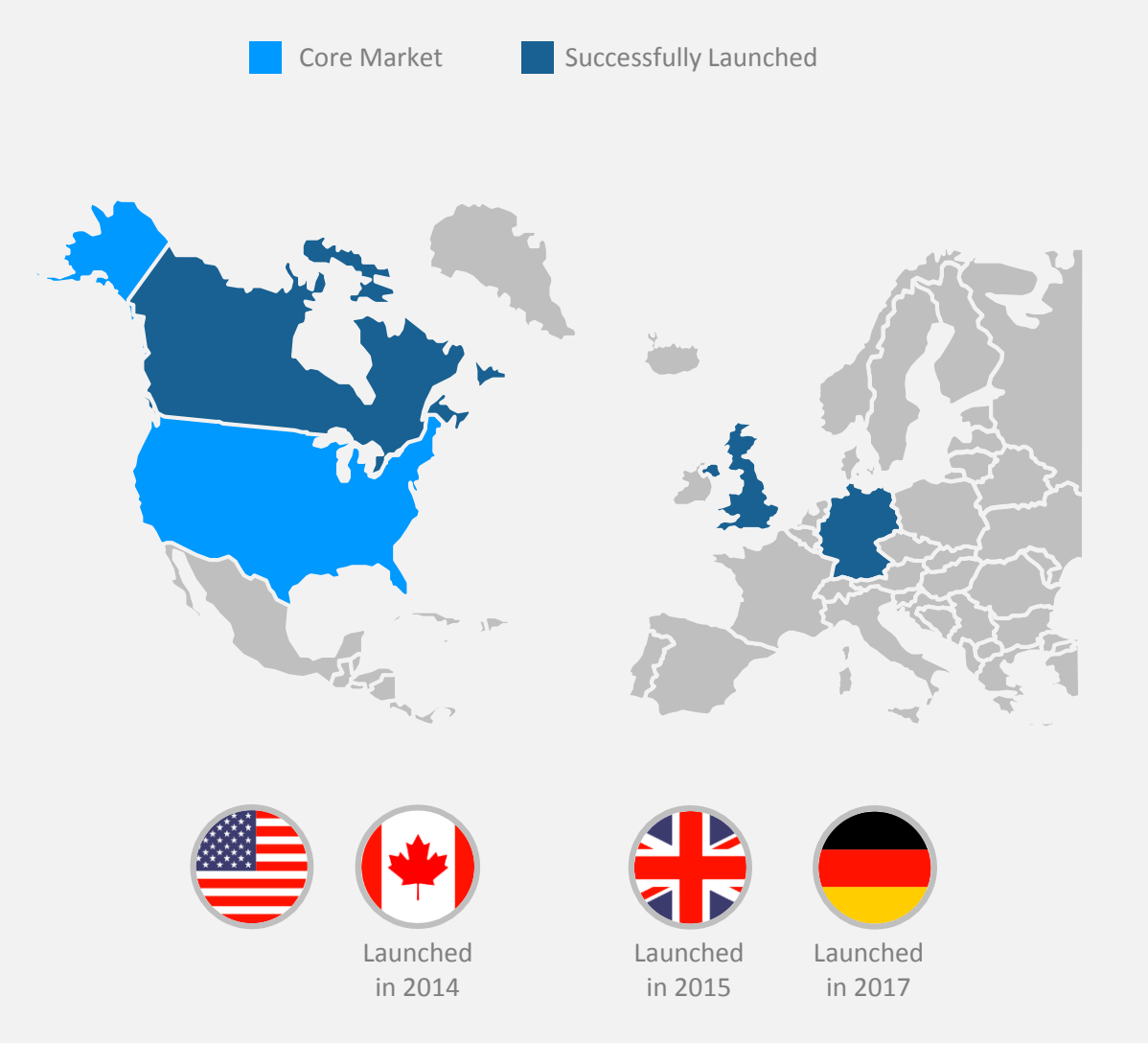
Pricing & Packaging

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

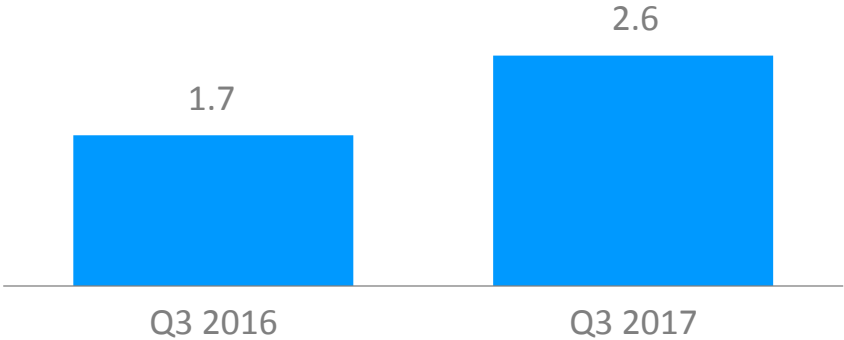
U.S. AARSD



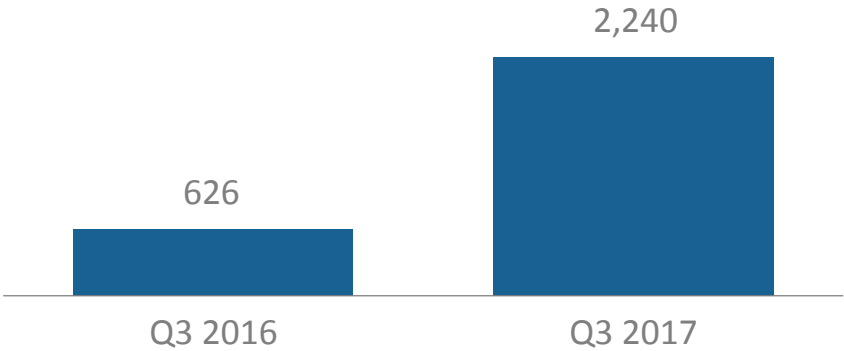
Replicate Our Model in International Markets



INTERNATIONAL AVERAGE MONTHLY UNIQUE USERS (MILLIONS)

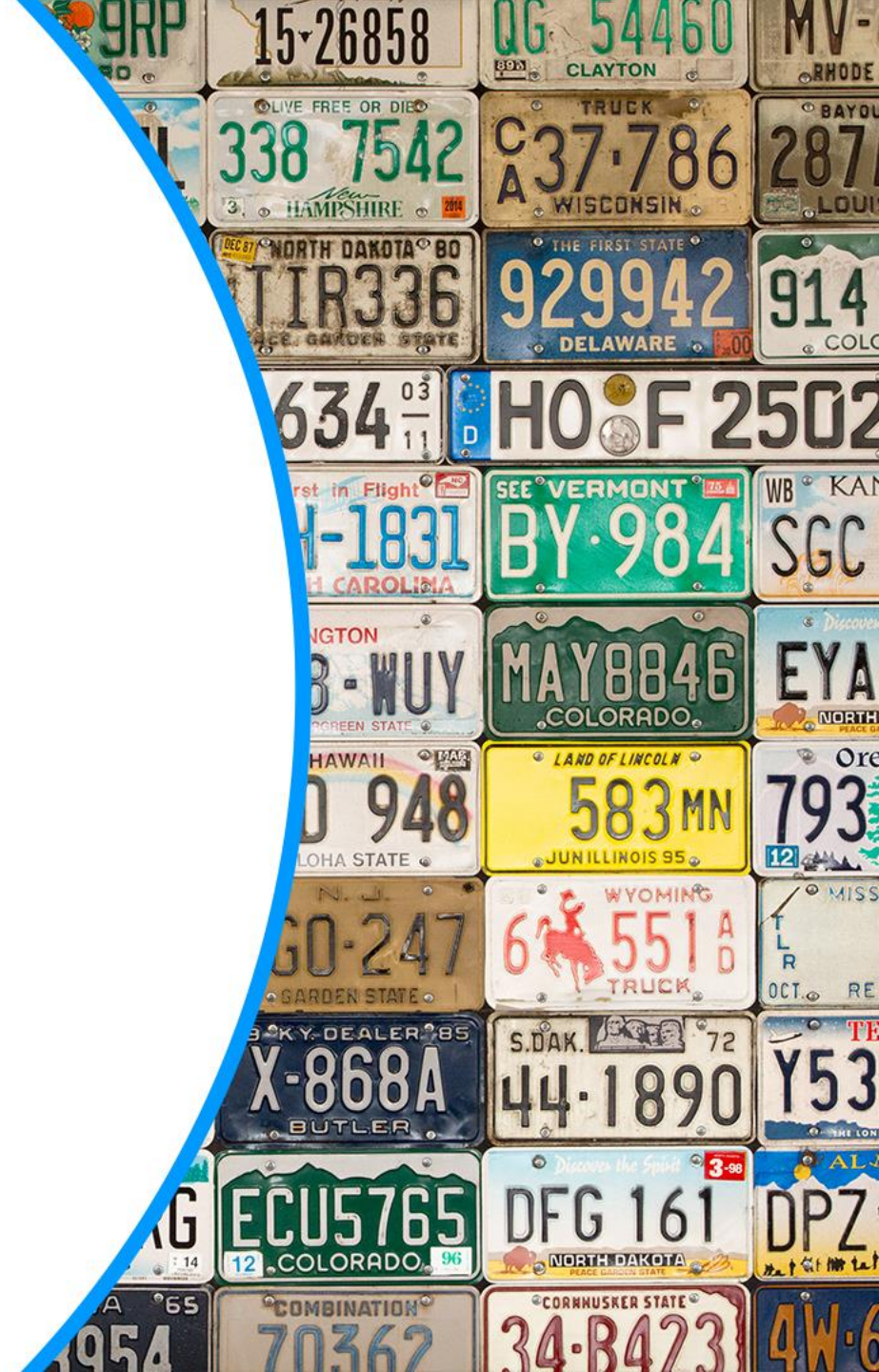


INTERNATIONAL PAYING DEALERS





Financial Overview



Key Financial Highlights

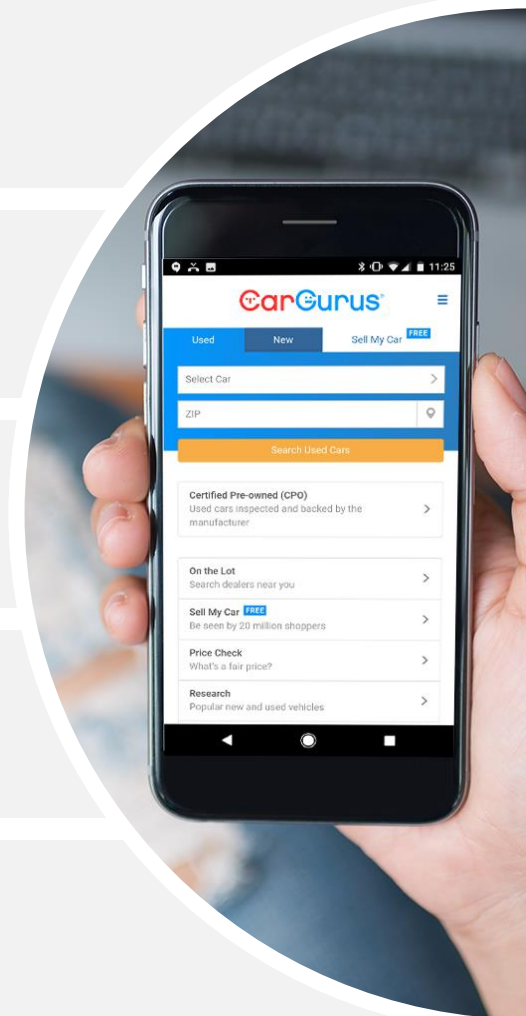
Strong track record of revenue growth

High quality revenue: recurring, high retention, and diversified

Proven operating leverage and GAAP profitability

Attractive free cash flow generation

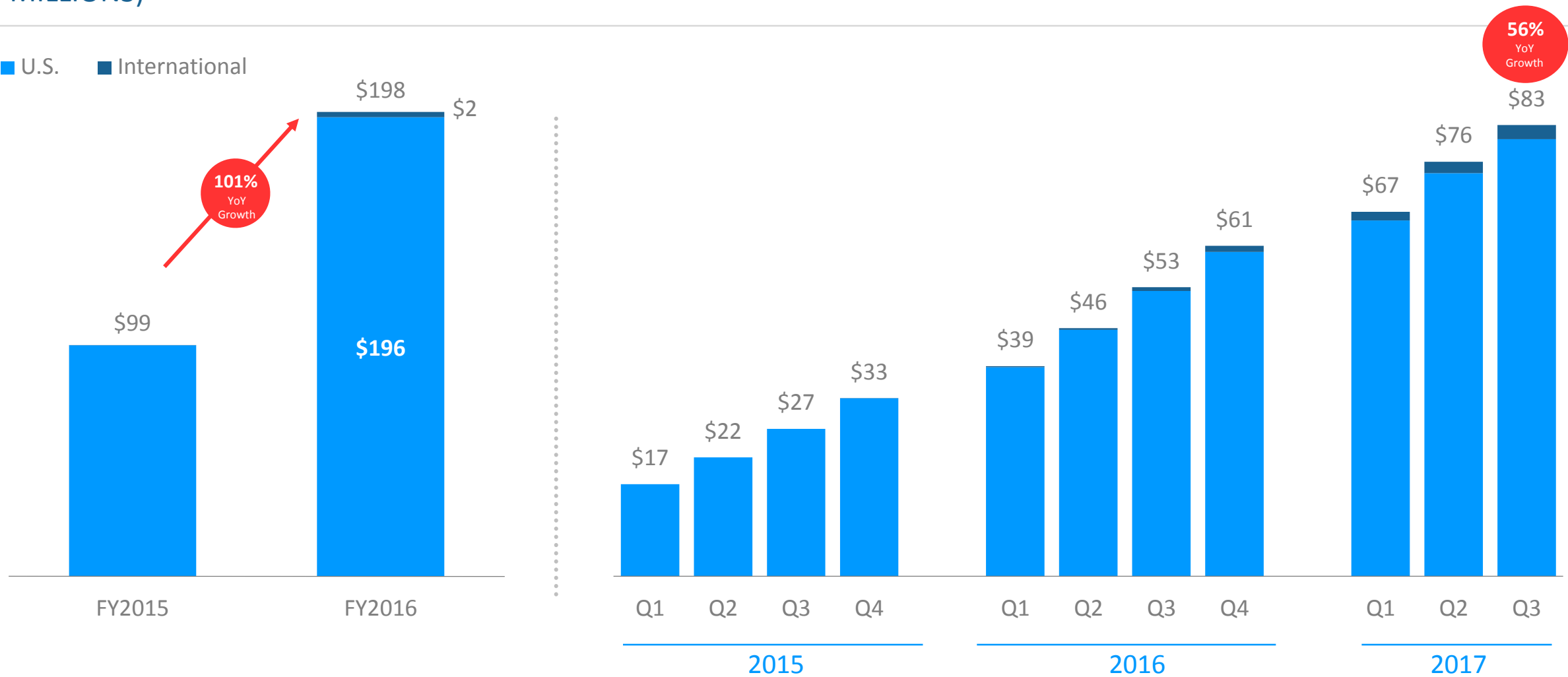
Scalable model for replication in international markets



Significant Revenue Momentum

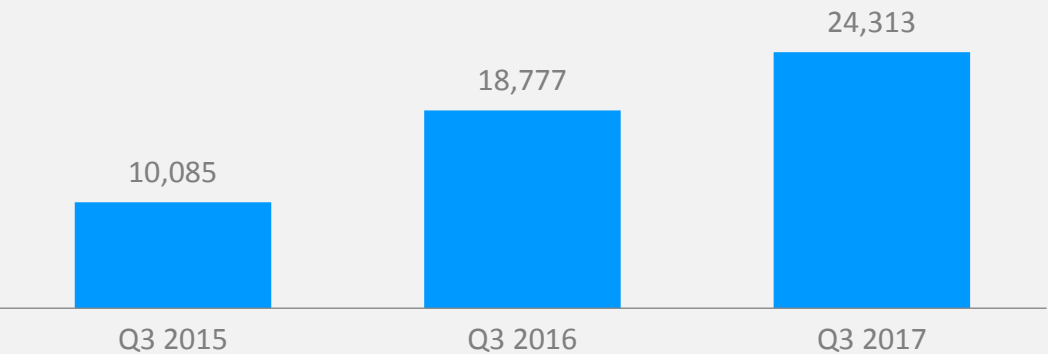
(\$ MILLIONS)

■ U.S. ■ International

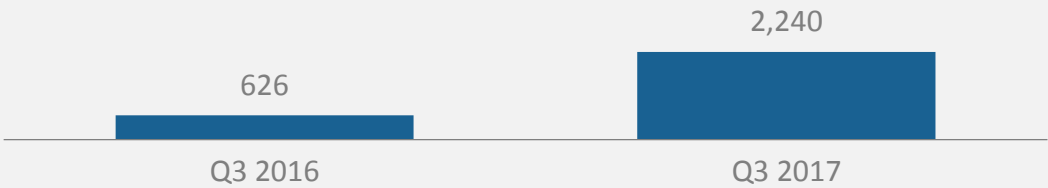


Strong Performance in Customer Metrics

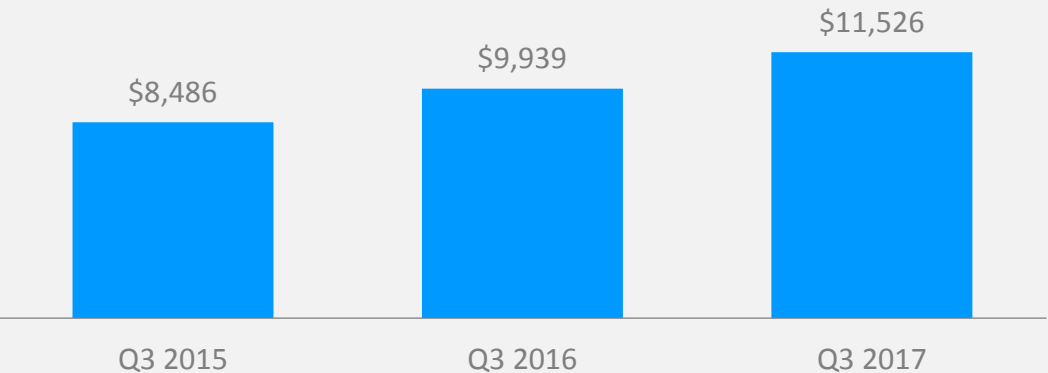
U.S. PAYING DEALERS



INTERNATIONAL PAYING DEALERS



U.S. AARSD



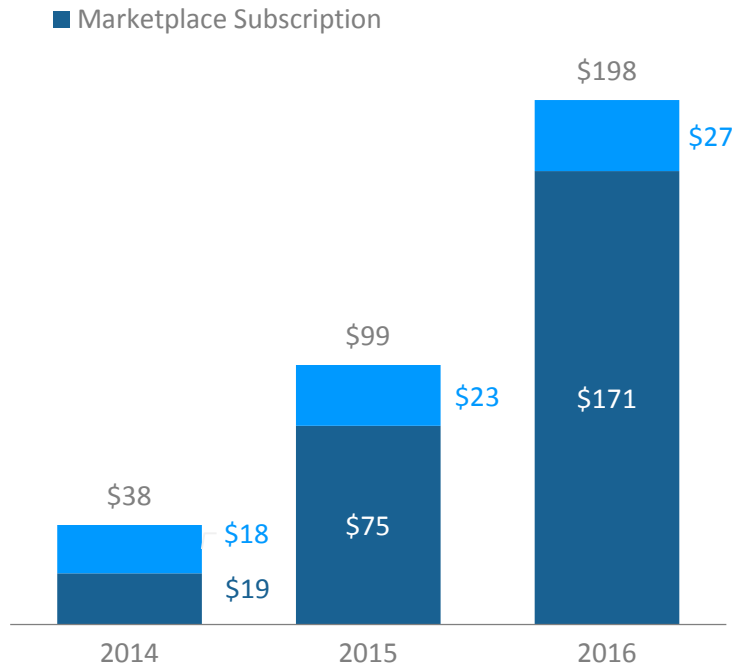
INTERNATIONAL AARSD



High Quality Revenue: Recurring, High Retention and Diversified

RECURRING

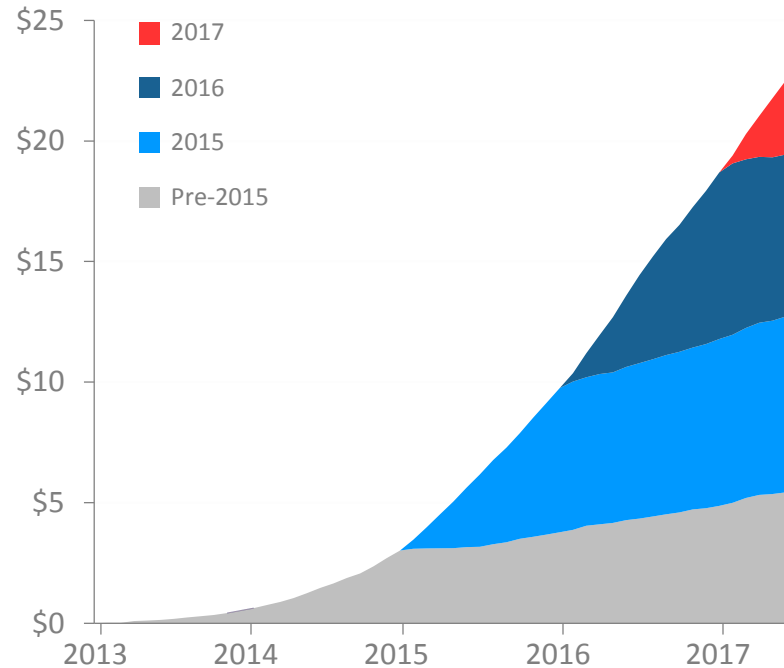
TOTAL REVENUE (\$ MILLIONS)



17% of U.S. paying dealers on annual subscriptions as of 6/30/17, up from <1% in 2016

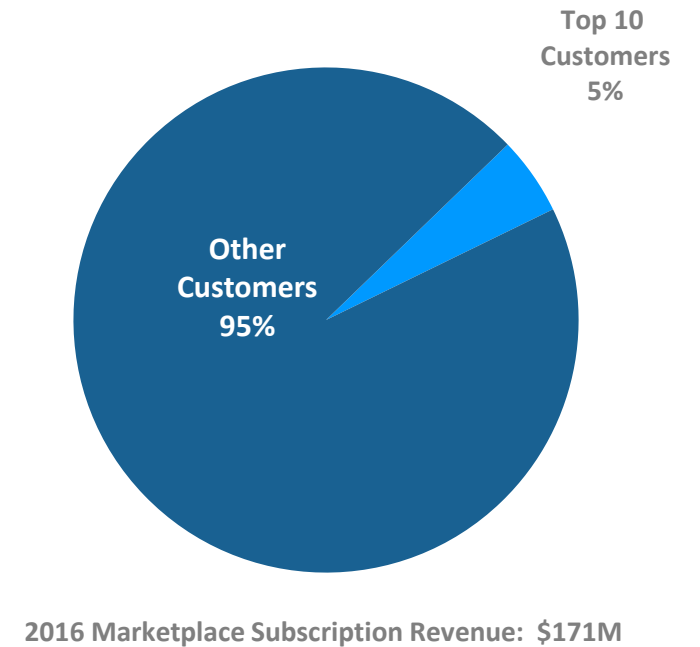
HIGH RETENTION

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



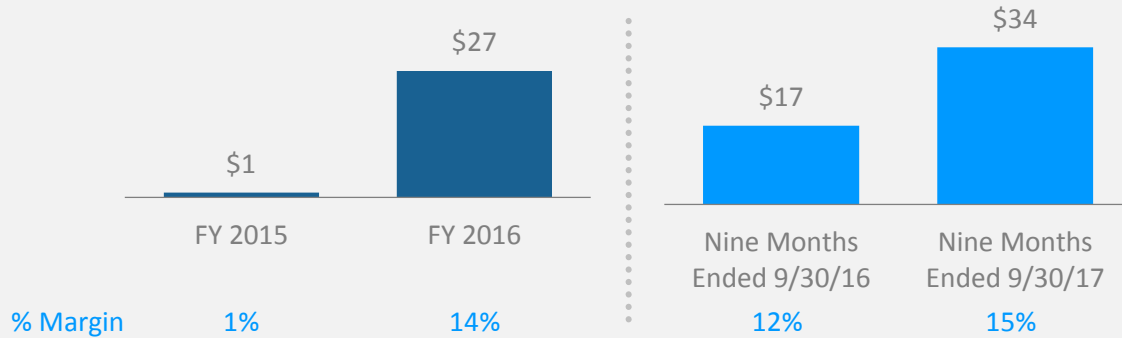
DIVERSIFIED

CUSTOMER CONCENTRATION

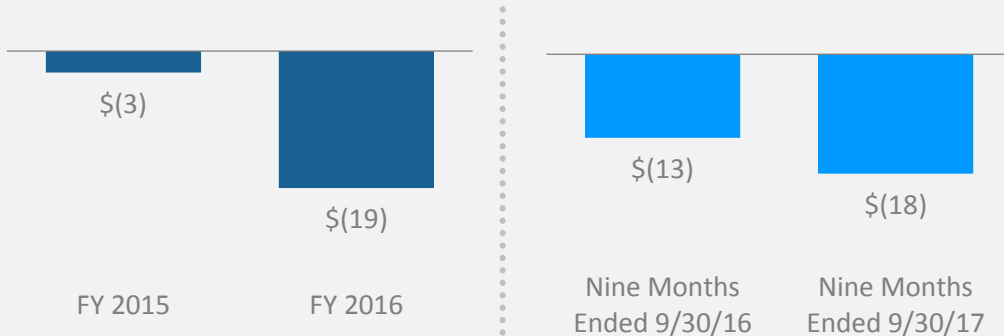


Increasing Company-Level Operating Leverage Despite Investments in International

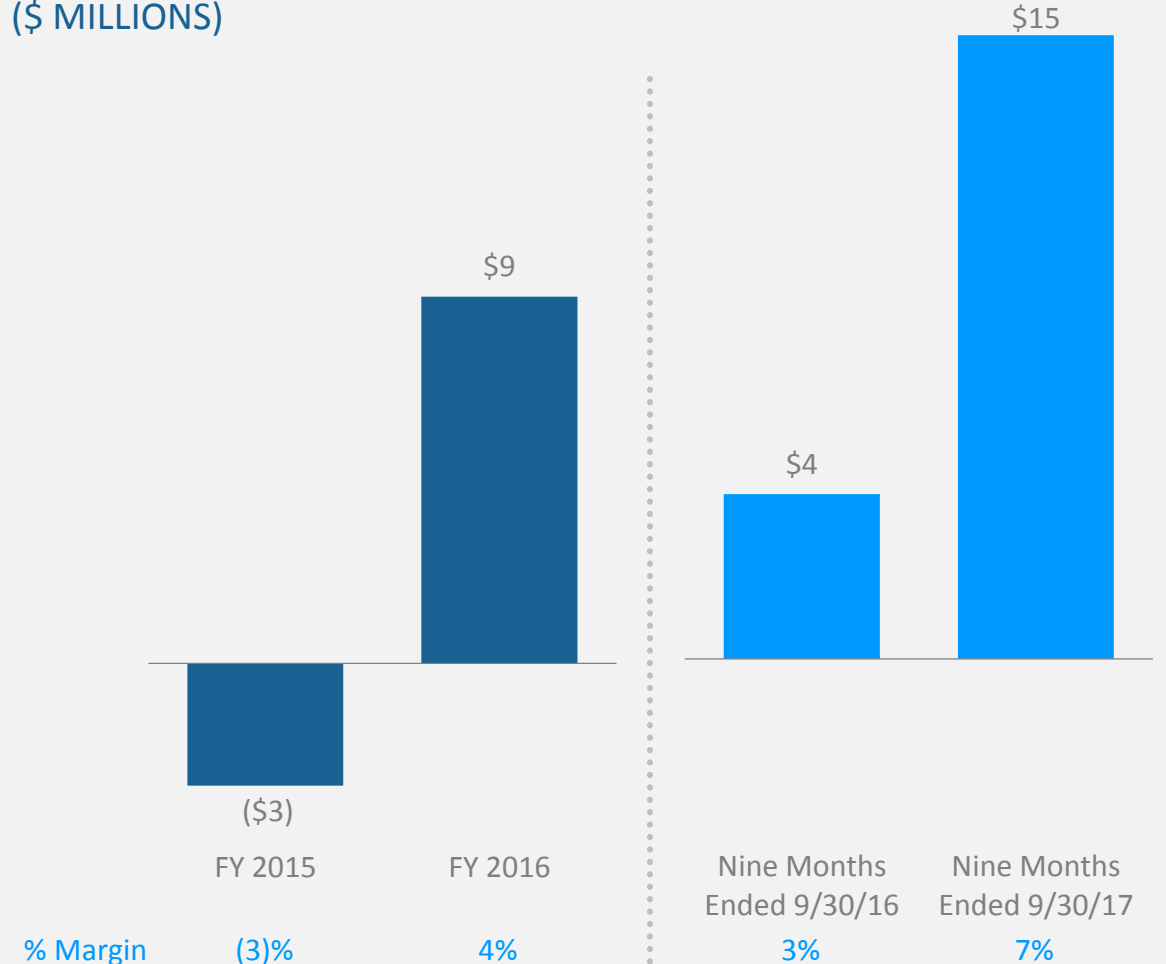
U.S. GAAP OPERATING INCOME (\$ MILLIONS)



INTERNATIONAL GAAP OPERATING INCOME (\$ MILLIONS)

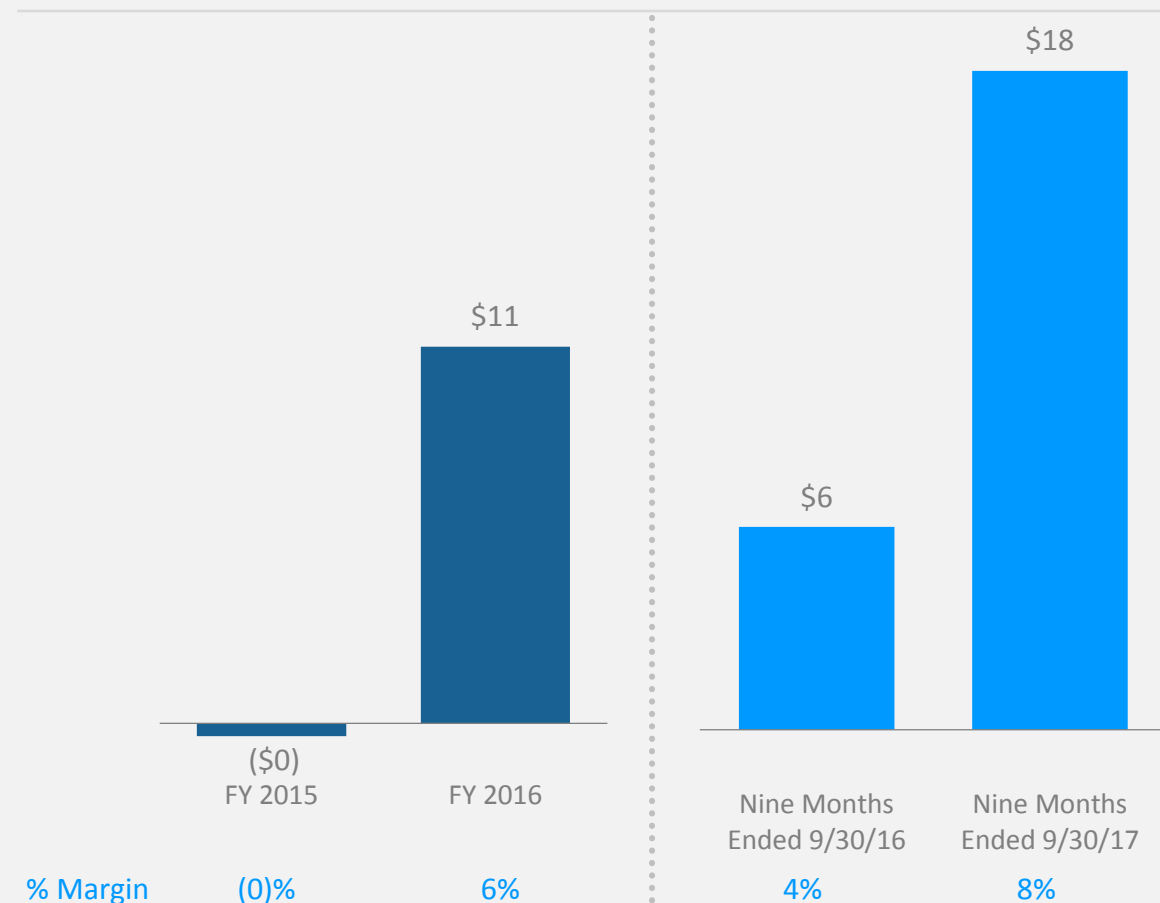


CONSOLIDATED GAAP OPERATING INCOME (\$ MILLIONS)

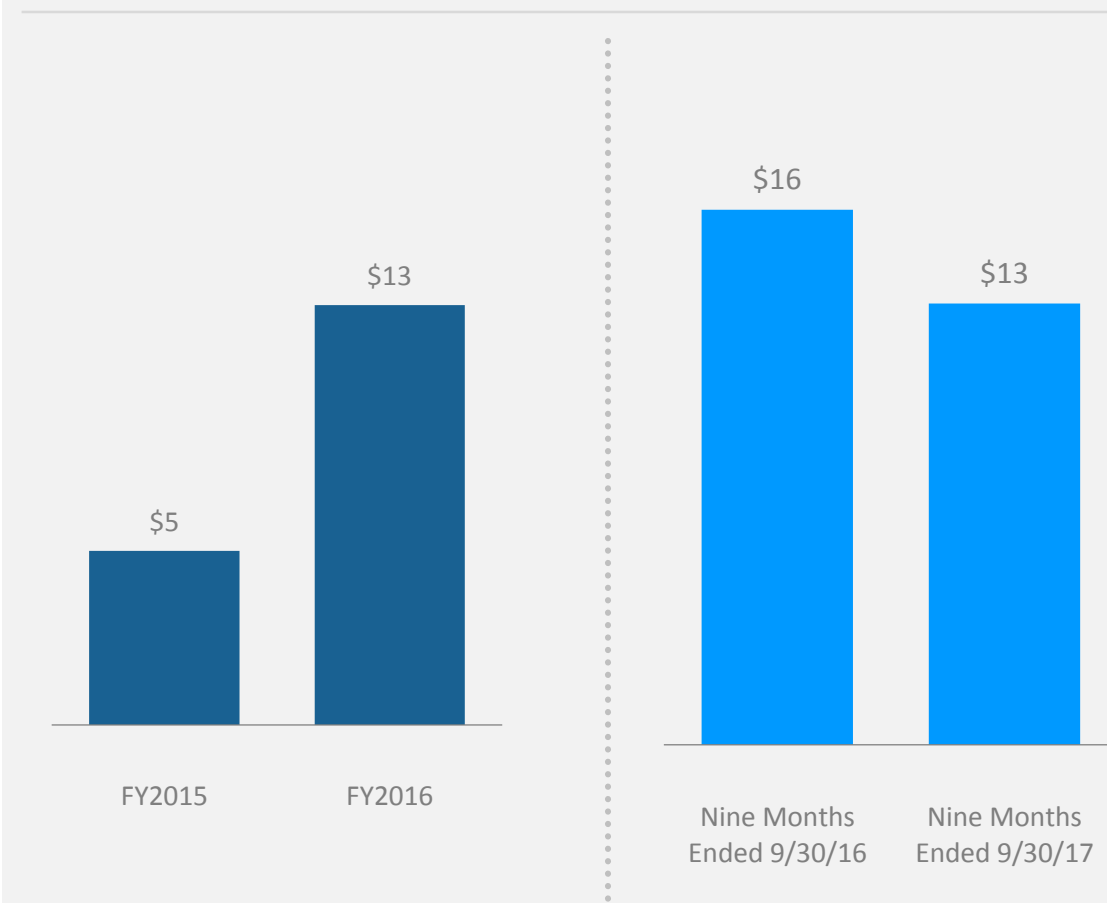


Capital Efficient Business Model and Attractive Cash Flow

CONSOLIDATED ADJUSTED EBITDA¹ (\$ MILLIONS)



CONSOLIDATED FREE CASH FLOW² (\$ MILLIONS)



1. Adjusted EBITDA defined as net income (loss), adjusted to exclude: depreciation and amortization, stock-based compensation expense, other expense (income), net, the (benefit from) provision for income taxes, and other one-time, non-recurring items, when applicable.

2. Consolidated Free Cash Flow is calculated as the sum of cash flow from operations minus purchases of property and equipment and capitalization of website development costs.

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Long-Term Financial Targets

Percent of Revenue	2015A	2016A	Nine Months 2017A	Long-Term Target ¹
Gross Margin	96%	95%	95%	93% – 95%
Sales & Marketing %	83%	78%	75%	43% – 47%
Technology %	8%	6%	6%	9% – 11%
G&A %	6%	6%	6%	5% – 6%
Depreciation & Amortization %	1%	1%	1%	1% – 2%
Adjusted EBITDA Margin	(0)%	6%	8%	32% – 34%
GAAP Operating Margin	(3)%	4%	7%	29% – 31%
<i>U.S. Segment GAAP Operating Margin</i>	<i>1%</i>	<i>14%</i>	<i>15%</i>	

1. These statements are forward-looking and actual results may differ materially from those presented here. Refer to the slide titled “Safe Harbor” for information on the factors that could cause our actual results to differ materially from these forward-looking statements.

Wrap-Up

Large and Growing Addressable Market

Most-Visited Online Automotive Marketplace in the U.S.¹

Unique Business Model Difficult to Replicate

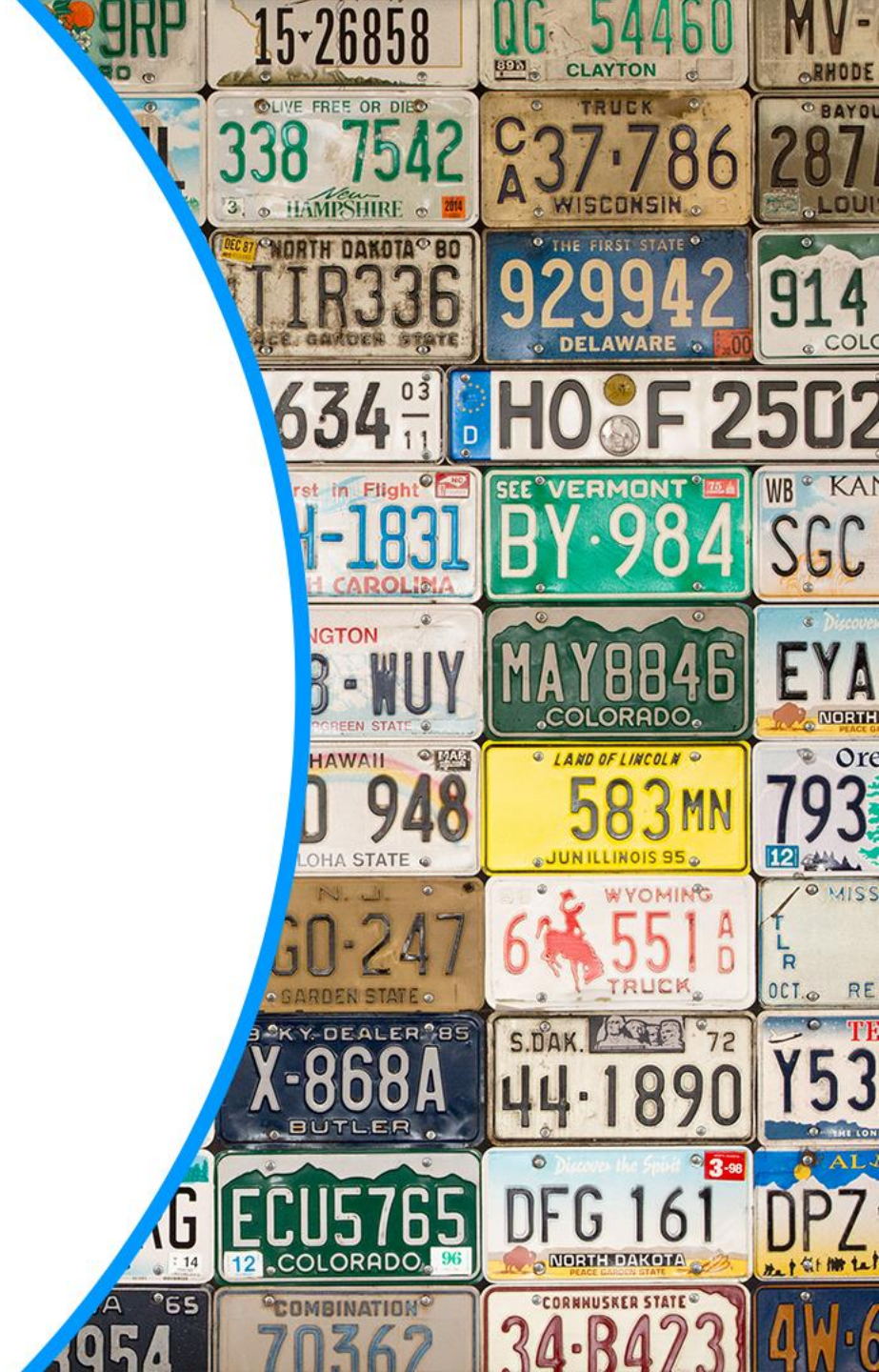
Technology Underpins Consumer and Dealer Value Proposition

Well-Positioned to Capitalize on Multiple Growth Opportunities

Strong Track Record of Revenue Growth, Profitability and Financial Discipline



Appendix



Reconciliation of Net (Loss) Income to Adjusted EBITDA

(\$ MILLIONS)	Year Ended December 31,		Nine Months Ended June 30,	
	2015	2016	2016	2017
Net (loss) income	\$(1.6)	\$6.5	\$2.7	\$10.9
Depreciation and amortization	1.1	2.1	1.4	2.7
Stock-based compensation expense	1.0	0.3	0.2	0.2
Other expense (income), net	0.0	(0.4)	(0.3)	(0.3)
(Benefit from) provision for income taxes	(0.9)	2.4	1.6	4.6
Adjusted EBITDA	\$(0.4)	\$11.0	\$5.6	\$18.1

Consolidated Balance Sheet

(\$ MILLIONS)

As of September 30, 2017

As of December 31, 2016

	Actual	Actual
Cash, cash equivalents, and investments	\$85.6	\$74.3
Property and equipment, net	16.1	12.8
Working capital	60.7	56.5
Total assets	121.7	100.3
Total liabilities	45.3	35.6
Convertible preferred stock	132.7	132.7
Total shareholders' (deficit) equity	(56.3)	(68.0)