

# ROCKY MOUNTAIN MODEL STOCK STUDY CLUB

Rocky Mountain Chapter Model Club 1  
4/20/2021

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## The Car Gurus (CARG)

A small aggressive growth opportunity  
Sector/Industry: Technology/Internet content & information

**Know the real deal**  
Our algorithm rates just 30% of cars a good or great deal.

**Finance in advance**  
View personalized, real rates before you even talk to a dealer.

**See the details that matter**  
Accident history, price drops, days on lot... find it all here.

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### Key Metrics

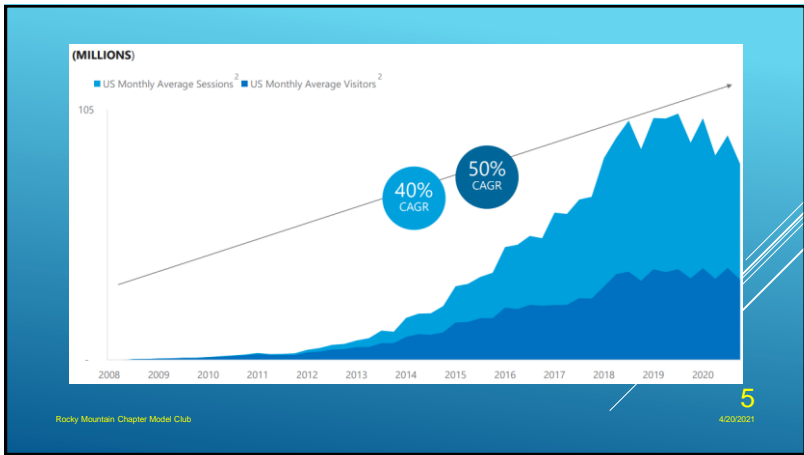
GLOBAL AVERAGE MONTHLY UNIQUE VISITORS <sup>1</sup>	2020 REVENUE <sup>2</sup>	GLOBAL PAYING DEALERS <sup>3</sup>
44.5M+	\$551.5M	30,500+

**REVENUE SOURCES:**

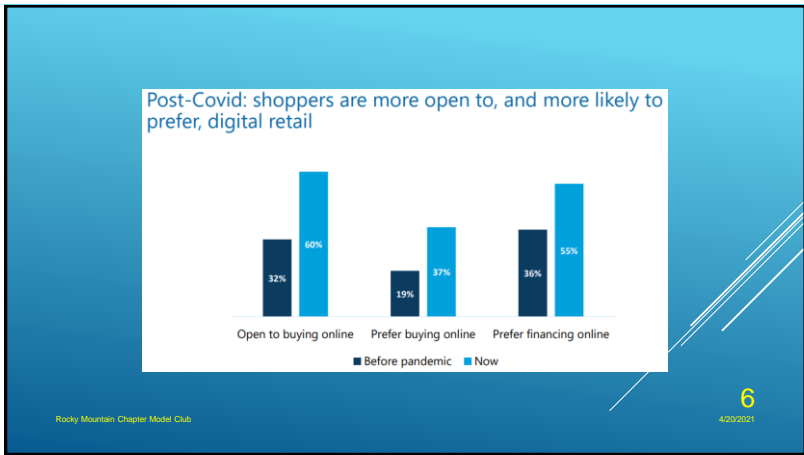
- 88% from Marketplace, representing subscriptions sold to dealers for vehicle listing
- 12% from sales, advertising and other, fees from partnerships with financing companies
- 6% from United Kingdom

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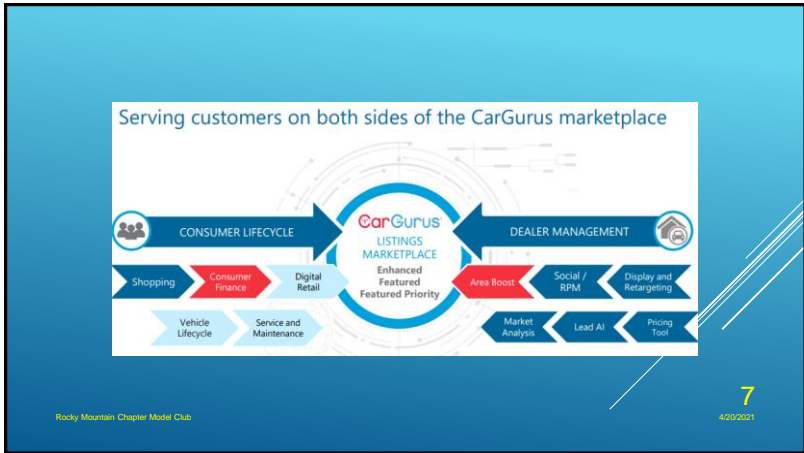
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Area Boost acceleration

- 56% YoY Area Boost customer growth<sup>1</sup>
- Searches that result in delivery leads increased 100% in the past year<sup>2</sup>
- Over 3M leads and 5M connections in September<sup>3</sup>
- Launched in UK and Canada
- Dealers on Area Boost see more VDPs:<sup>4</sup>

Region	Percentage
US	40%
CA	37%
UK	35%

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### Seamless consumer financing pre-qualifications drive deep-funnel shoppers

- Uses your lenders
- You keep your F&I profit
- Delivered to your CRM/email

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### UNSTRUCTURED CAR DATA FROM HUNDREDS OF SOURCES ACROSS THOUSANDS OF DEALERS

CarGurus Proprietary Algorithm

Make	Model	Year	Trim	Seller's Description
BMW	3-Series Coupe	2015	328	Comes with AWD, sun roof, and more!
BMW	328	2015	xi	2-door BMW with moon roof in excellent condition

Both are a 2015 BMW 3-Series 328xi Coupe

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### TECHNOLOGY DRIVES TRANSPARENCY

IMV + User Dealer Ratings = Deal Rating

Deal Rating	Price Difference	CarGurus IMV
<b>GREAT DEAL</b>	\$2,688 BELOW	\$26,142
<b>GOOD DEAL</b>	\$1,755 BELOW	\$46,482
<b>FAIR DEAL</b>	\$501 BELOW	\$33,910
<b>HIGH PRICE</b>	\$1,303 ABOVE	\$15,232
<b>OVERPRICED</b>	\$1,947 ABOVE	\$18,353

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### ENGAGED & READY TO BUY

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

And, they're visiting CarGurus right before making a purchase

74% are the sole head of household<sup>1</sup>

60% have a total household income of \$75,000 or more<sup>1</sup>

70% plan to purchase or lease a vehicle within the next three months<sup>1</sup>

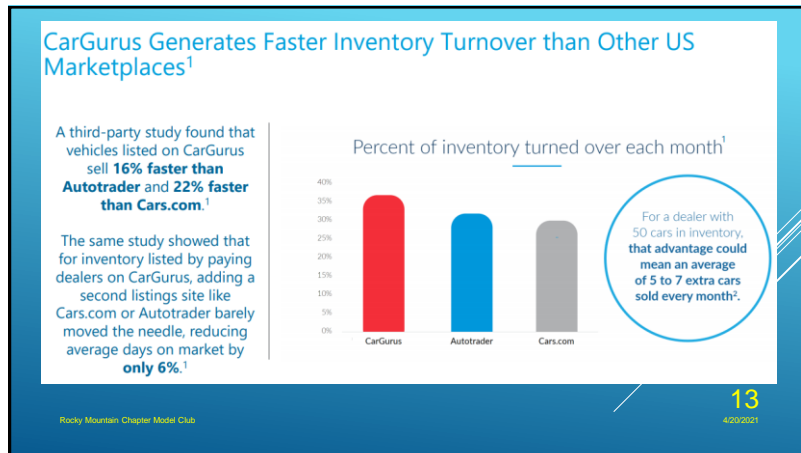
% OF VISITS WITHIN A WEEK OF PURCHASE<sup>1</sup>

CarGurus 37% (1.4x higher)

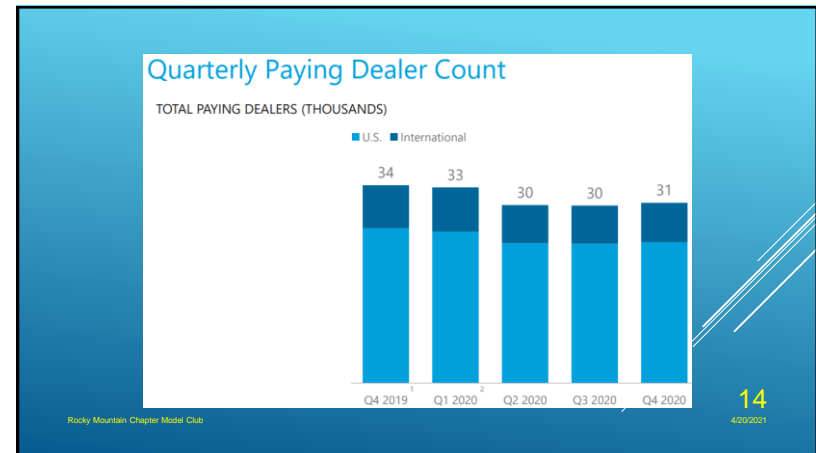
Major US Automotive Marketplaces 27%

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Evaluate Management		KMX													
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (p)	5 Yr Avg	Trend		
% Pre-Tax Profit on Sales		6.7%	6.4%	6.3%	6.8%	6.7%	6.3%	6.2%	6.1%	5.7%	5.1%	5.9%	DOWN		
% Return on Equity		15.2%	14.0%	14.6%	17.9%	20.3%	20.2%	19.6%	23.4%	23.5%	17.3%	20.9%	DOWN		
% Debt To Capital		65.4%	67.3%	69.6%	74.3%	78.6%	79.7%	79.8%	80.9%	80.8%	78.1%	79.9%	DOWN		
Evaluate Management		CARG													
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	5 Yr Avg	Trend		
% Pre-Tax Profit on Sales		---	---	---	---	-2.6%	4.5%	5.0%	5.6%	6.6%	18.0%	7.9%	UP		
% Return on Equity		---	---	---	---	---	---	-22.6%	36.9%	17.5%	22.8%	13.7%	UP		
% Debt To Capital		---	---	---	---	0.0%	0.0%	0.0%	0.0%	21.3%	15.8%	7.4%	UP		
Evaluate Management		CVNA													
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	5 Yr Avg	Trend		
% Pre-Tax Profit on Sales		---	---	---	---	-36.6%	-28.2%	-25.5%	-19.1%	-13.0%	-9.3%	-8.3%	UP		
% Return on Equity		---	---	---	---	---	---	---	-61.6%	-385.9%	-352.3%	-105.3%	UP		
% Debt To Capital		---	---	---	---	39.3%	55.8%	70.6%	89.6%	94.3%	82.8%	78.6%	UP		
Evaluate Management		CARS													
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	5 Yr Avg	Trend		
% Pre-Tax Profit on Sales		---	---	---	---	16.6%	4.6%	26.5%	28.0%	19.5%	8.6%	-78.3%	-171.0%	-38.6%	DOWN
% Return on Equity		---	---	---	---	---	---	---	14.9%	2.3%	-38.9%	-254.0%	-68.9%	DOWN	
% Debt To Capital		---	---	---	---	0.0%	0.0%	0.0%	25.6%	29.8%	36.0%	63.2%	30.9%	UP	
Evaluate Management		AUTO													
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	5 Yr Avg	Trend		
% Pre-Tax Profit on Sales		1.2%	2.9%	3.9%	5.1%	6.1%	4.3%	-27.8%	-33.9%	-13.4%	-6.9%	-15.3%	UP		
% Return on Equity		1.9%	5.2%	112.8%	4.1%	4.8%	4.7%	-55.1%	-102.9%	-65.1%	-40.7%	-52.2%	UP		
% Debt To Capital		16.7%	16.3%	12.5%	20.8%	20.0%	16.2%	11.8%	2.9%	23.3%	47.1%	20.4%	UP		

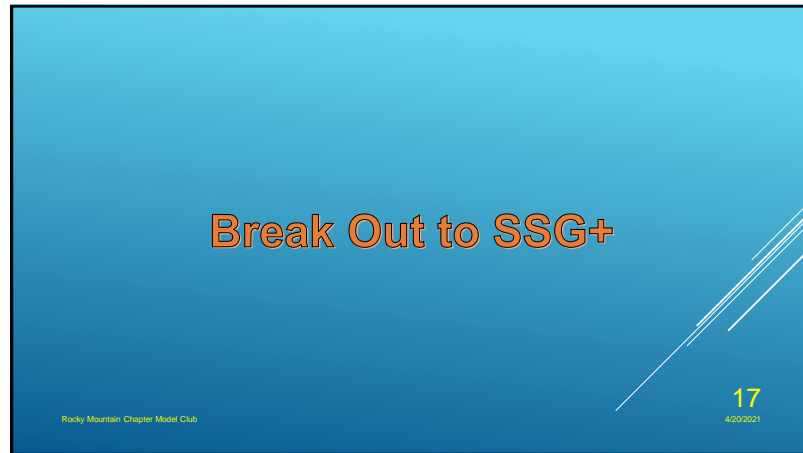
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SWOT	
Strengths	<ul style="list-style-type: none"> <li>• Technology edge</li> <li>• Low debt</li> <li>• \$150 million in free cash flow</li> </ul>
Weaknesses	Competition
Opportunities	World-wide expansion
Threats	Reluctance to work online

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