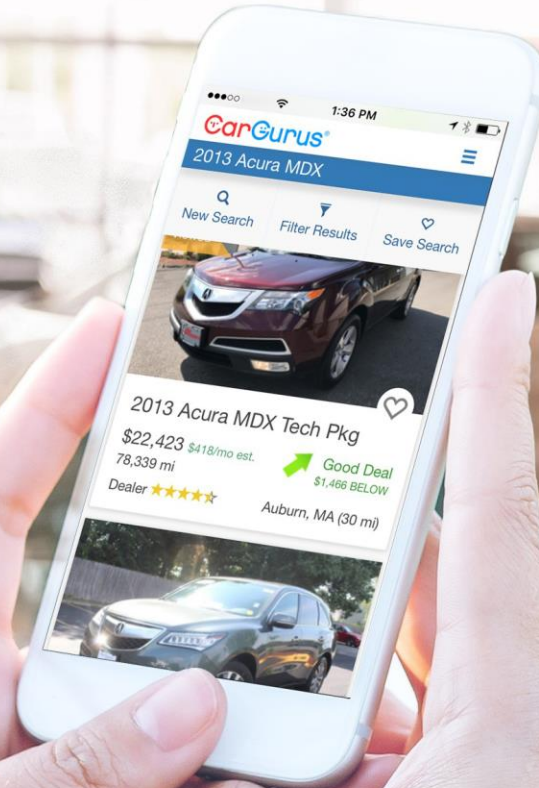




3Q Business Update  
November 2018



# 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,” “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, 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. 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 “Risk Factors” section of our Quarterly Report on Form 10-Q, filed on November 7, 2018 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.

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# Global Trusted Marketplace

## UNBIASED TRANSPARENCY

Price  
Dealer Reputation  
Vehicle Condition  
Inventory Ranking

## MARKETPLACE

Dealers &  
Peer to Peer



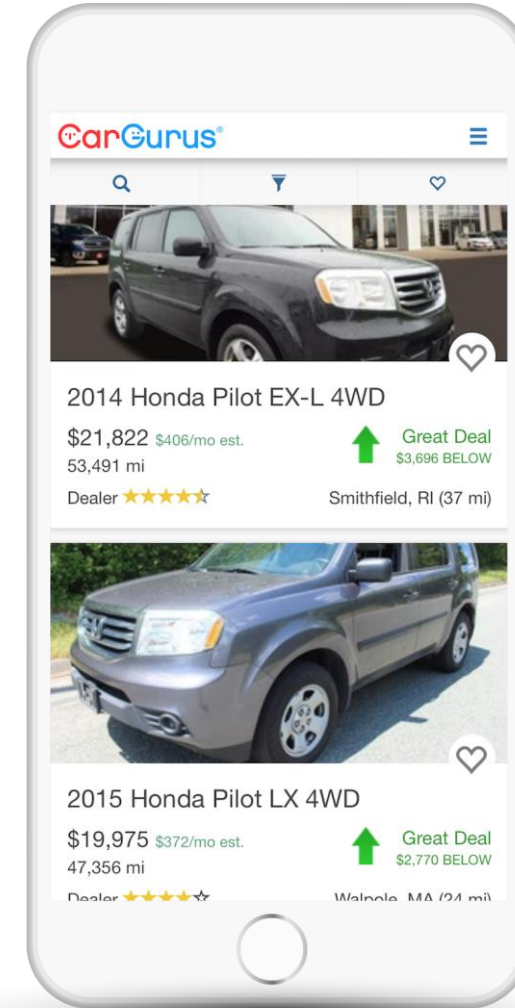
# Optimized for Consumer Relevance vs Paid Inclusion

How did Google destroy Yahoo?

- Relevance over economics
- Algorithms provided best answer to consumer

CarGurus ranks listings based on **unbiased algorithms**

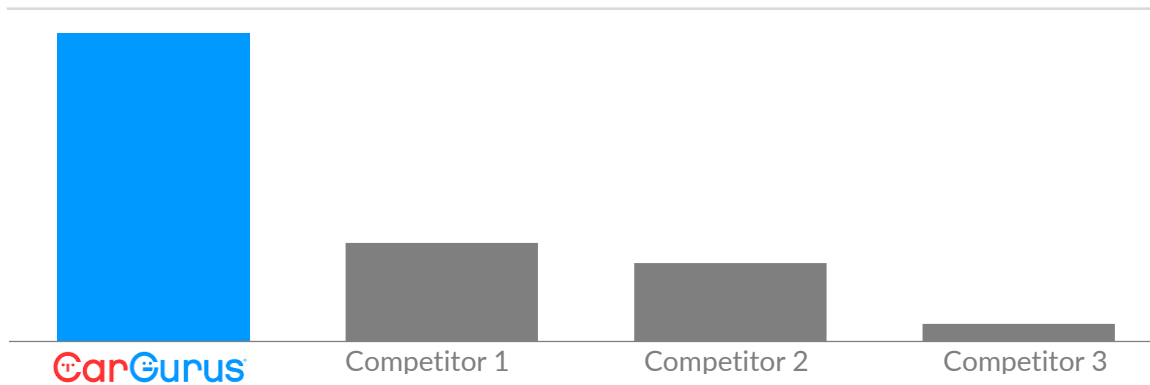
- Organic listings ranked by Deal Ratings
- Instant Market Value considers make, model, trim, year, mileage, options and vehicle condition
- Deal Rating incorporates Dealer Rating from CarGurus community



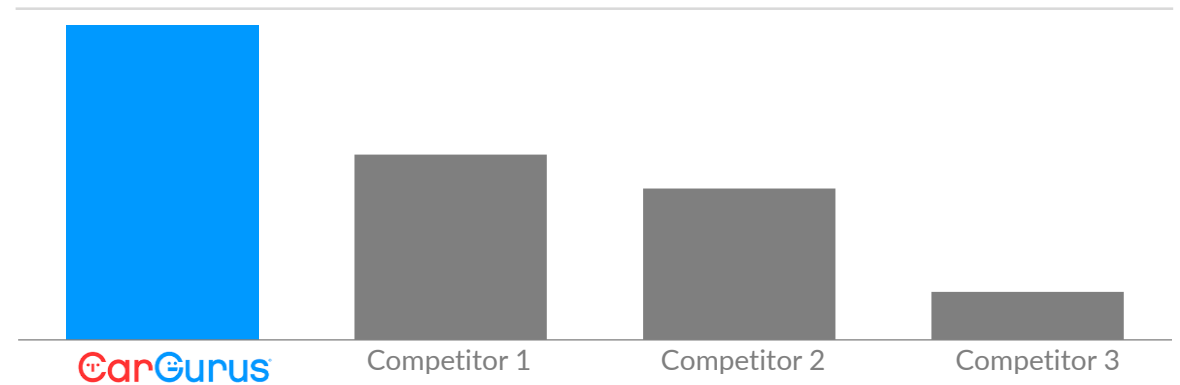
# We are the #1 Online US Automotive Marketplace<sup>1</sup>

THE LARGEST AND MOST ENGAGED AUDIENCE OF CAR SHOPPERS IN THE US<sup>2</sup>

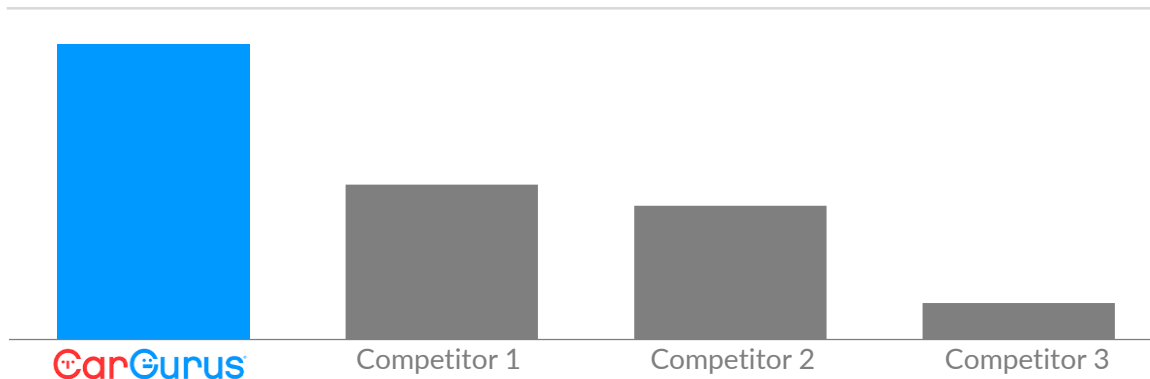
TOTAL MONTHLY VISITS



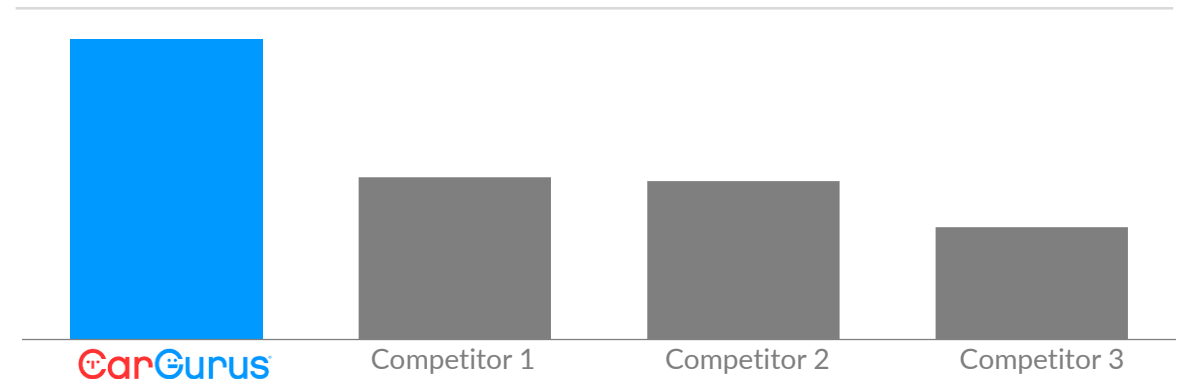
TOTAL MONTHLY UNIQUE VISITORS



TOTAL MONTHLY MOBILE UNIQUE VISITORS

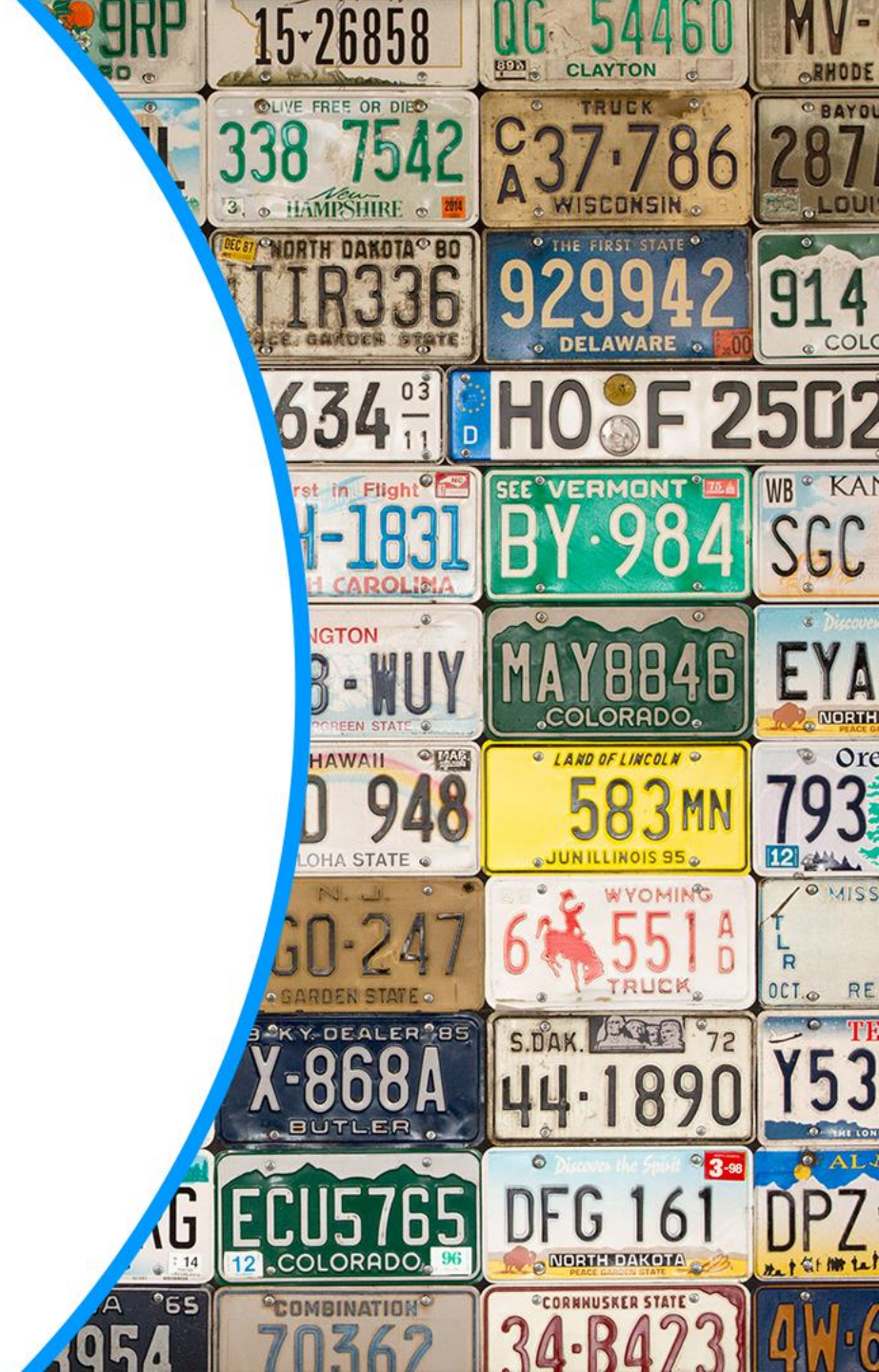


TOTAL VISITS PER VISITOR



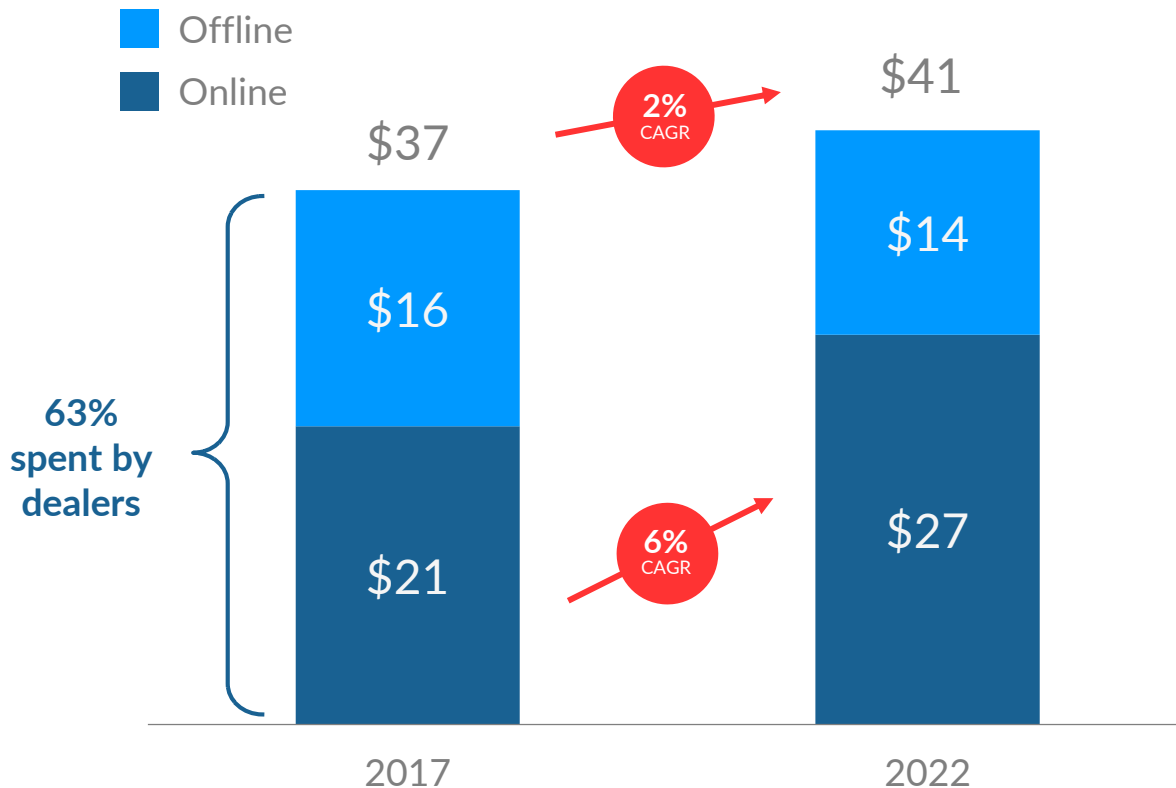


# Market Opportunity & Value Proposition



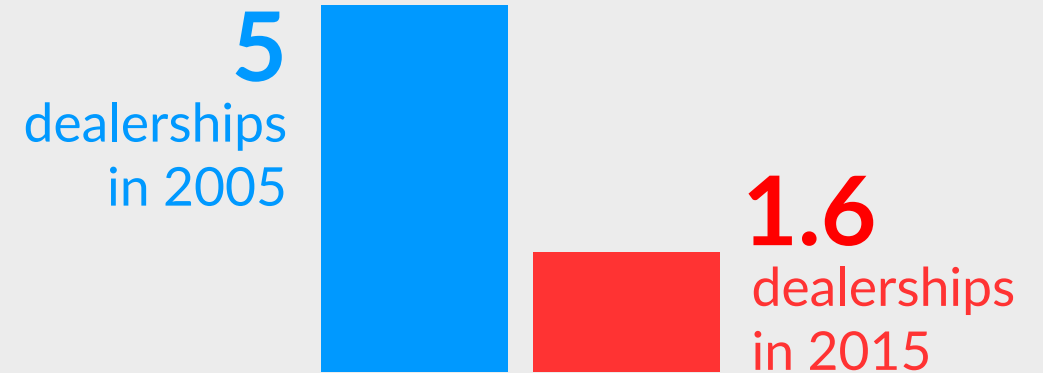
# U.S. Automotive Marketing Continues to Shift Online

## TOTAL U.S. AUTOMOTIVE INDUSTRY MARKETING SPEND (\$ BILLIONS)<sup>1</sup>



## CHANGING CONSUMER AUTO SHOPPING BEHAVIOR

Average Dealership Visits Prior to Purchase<sup>2</sup>



# Ancillary and International Markets Expand Addressable Opportunity

## AUTOMOTIVE RELATED METRICS IN U.S.<sup>1</sup>

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

**Multi-billions**

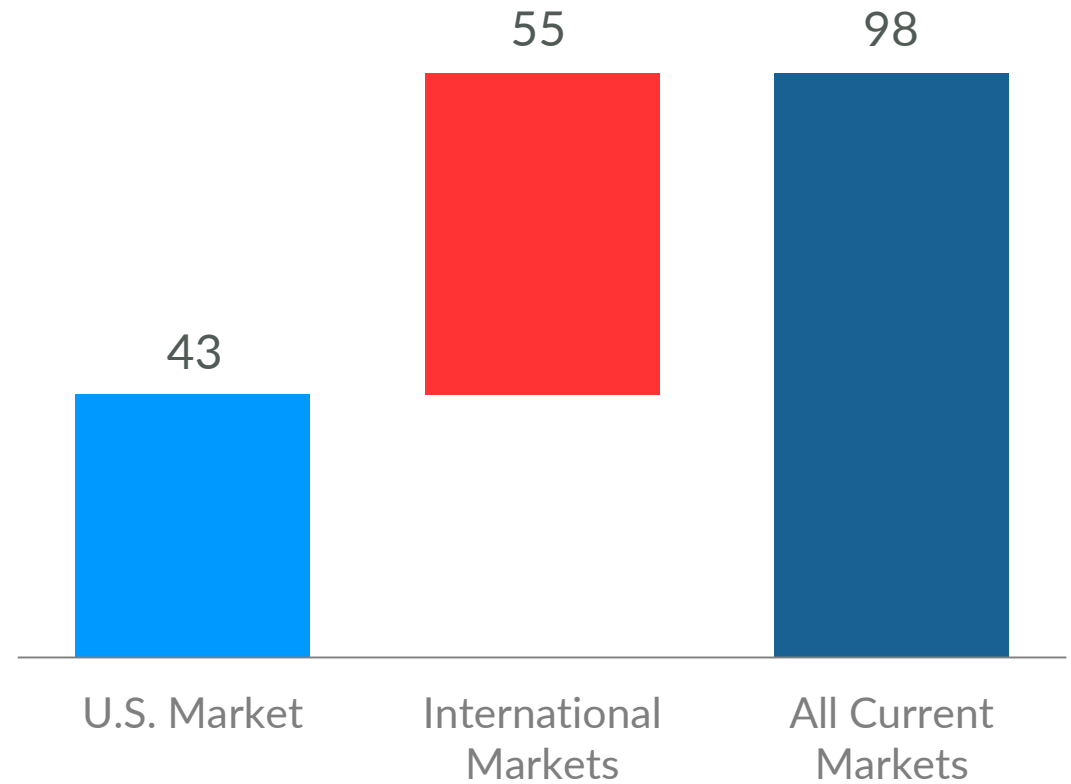
Annual Dealer  
Software Spend

**~\$4.5 billion**

Used Cars Sold in  
P2P Market  
Annually

**~11 million**

## NUMBER OF DEALERSHIPS<sup>1</sup> (THOUSANDS)

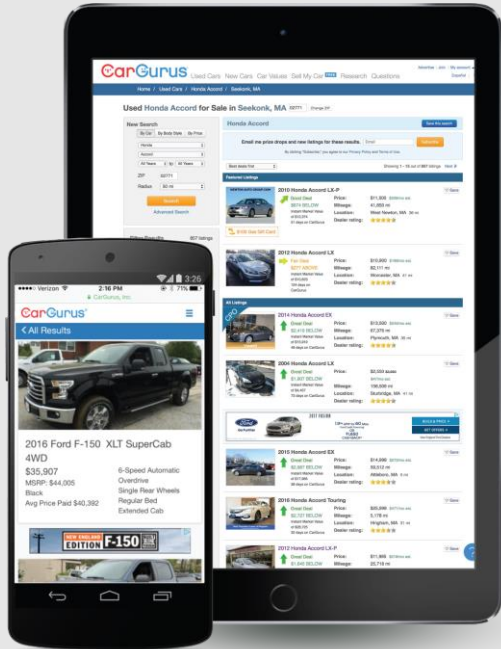




# Our Business Model



CONSUMERS



CONNECTIONS



MARKETPLACE  
TOOLS

BRANDING

DEALER  
DISPLAY

SEM PLUS

Marketplace Subscriptions  
Average Annual Revenue  
per Subscribing Dealer (AARSD)  
**\$13,993<sup>1</sup>**



DEALERS



# Our Marketplace Can't Be Replicated by Classified Models

LARGEST AUTO INVENTORY FROM OVER 40,000 DEALERS



## Car Information

- Vehicle History
- Time on Site<sup>1</sup>



## Price Information

- Instant Market Value<sup>1</sup>
- Deal Rating<sup>1</sup>
- Price History



## Dealer Information

- Qualified Dealer Reviews
- Dealer Ratings

MOST INTUITIVE SEARCH RESULTS



**88%**  
of users  
are in-market<sup>2</sup>

**ENGAGED, INFORMED, READY-TO-BUY CONSUMERS**

**48%**  
expect to purchase car  
in next month<sup>2</sup>

# Our Technology Drives Transparency for Consumers

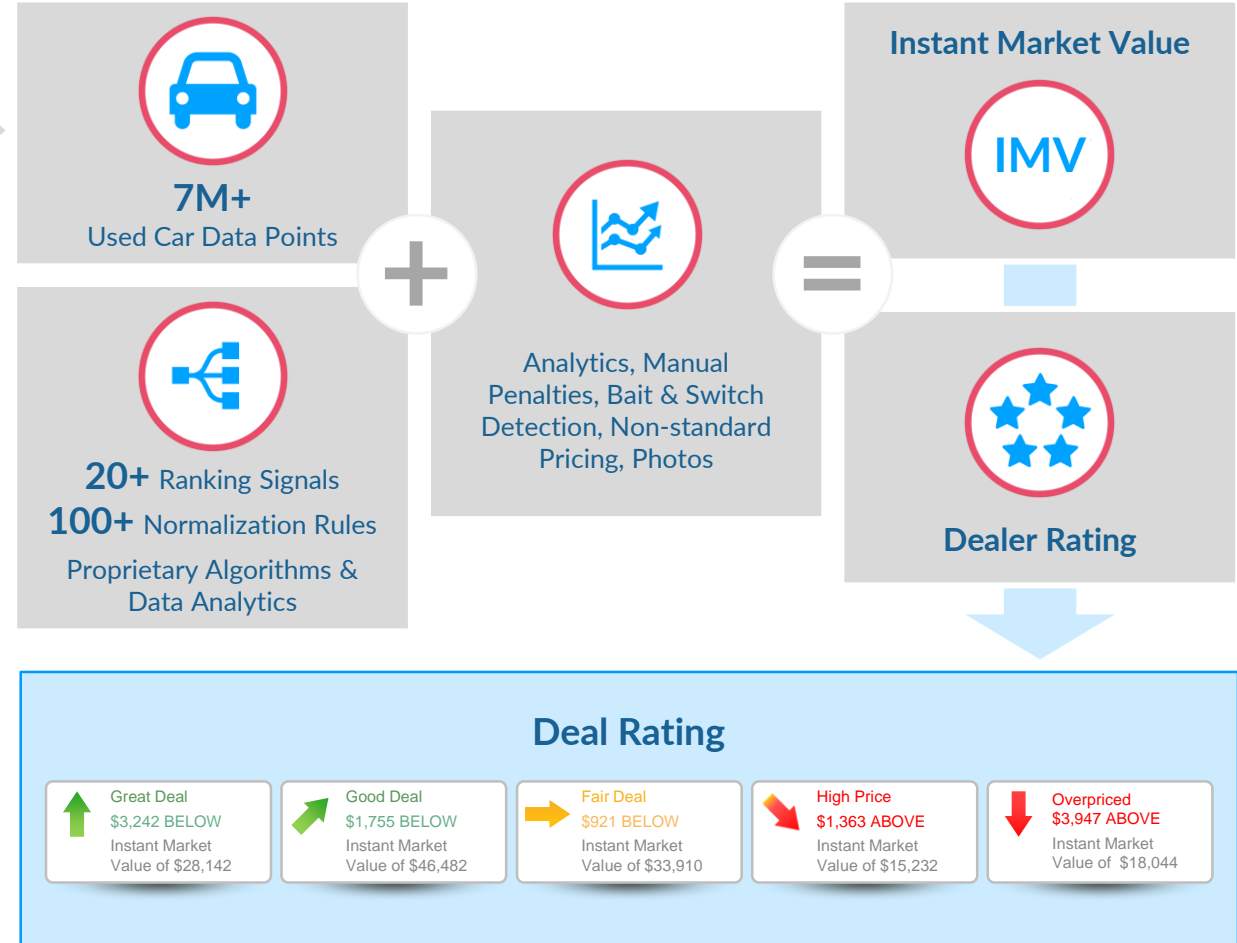
UNSTRUCTURED CAR DATA FROM HUNDREDS OF SOURCES ACROSS THOUSANDS OF DEALERS



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

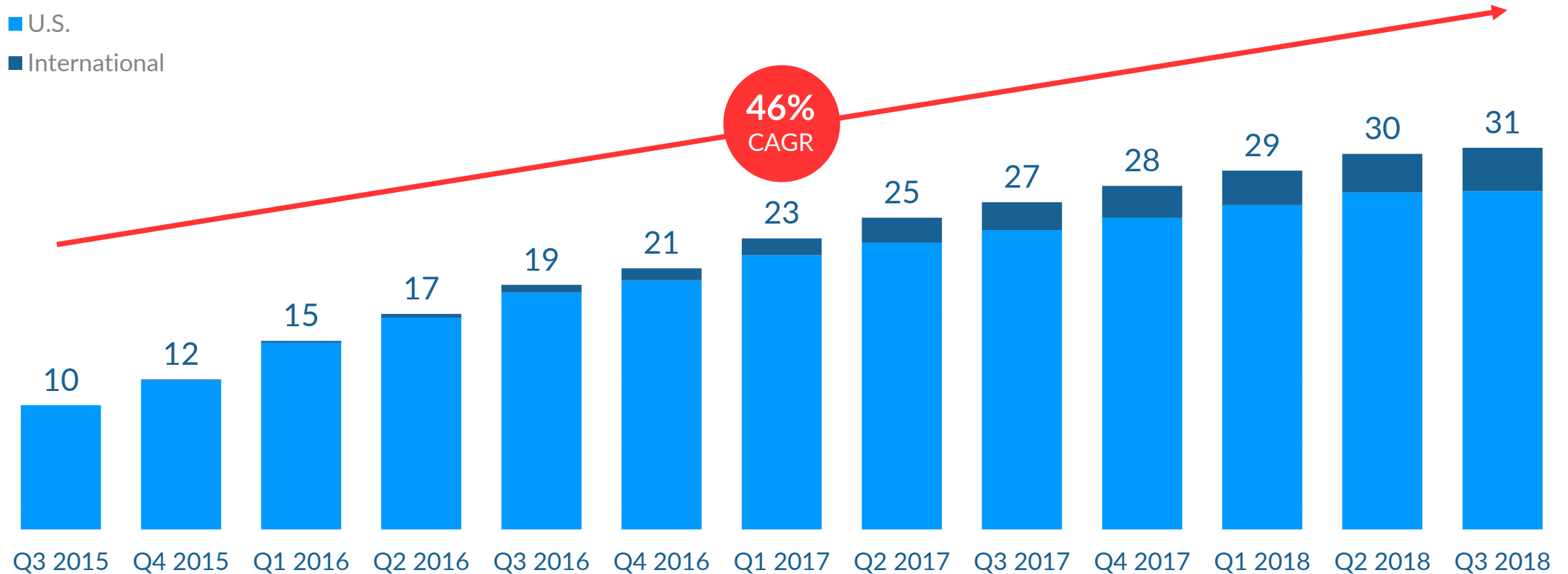


# Rapid Acquisition of Subscribing Dealers

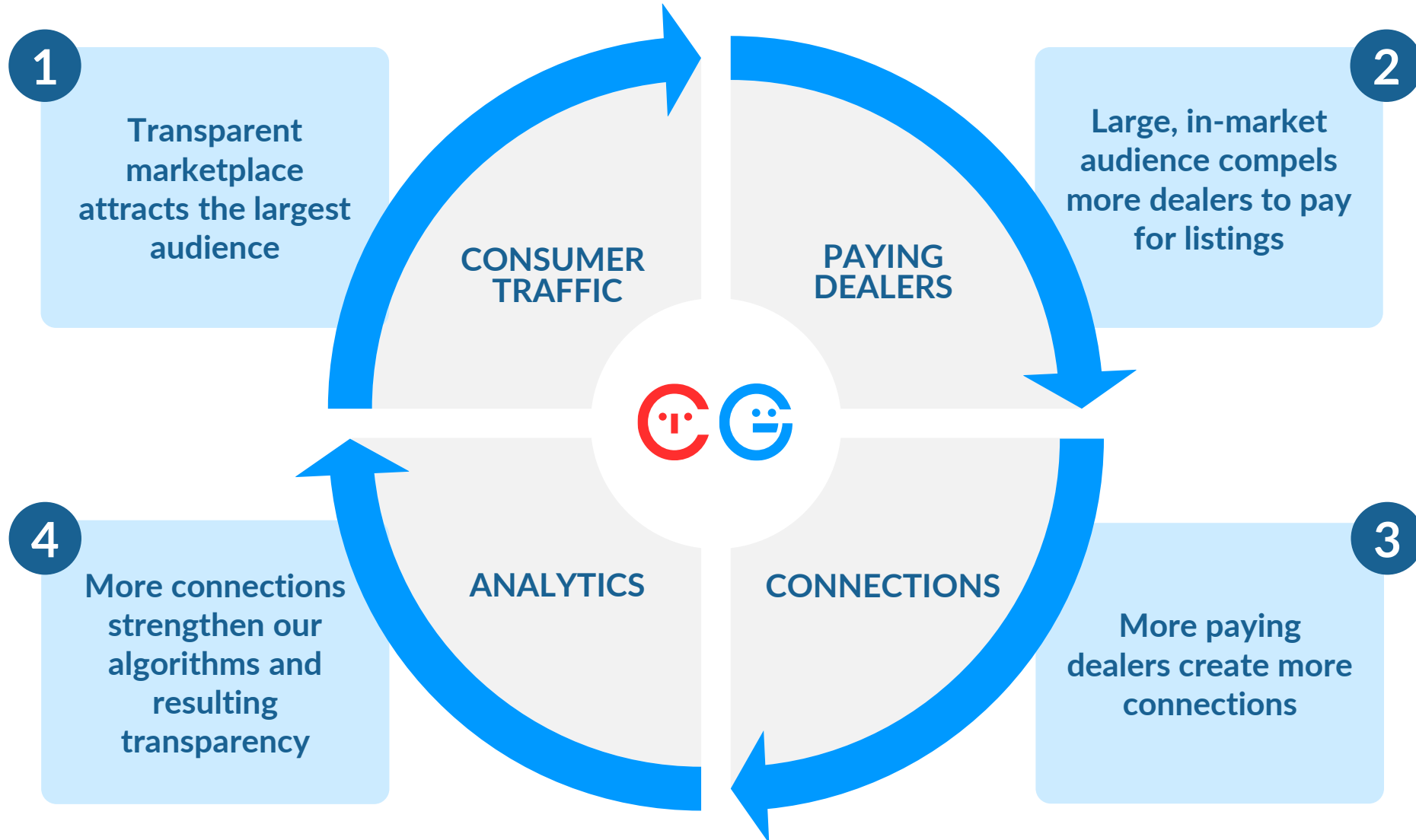
## NUMBER OF PAYING DEALERS GLOBALLY (THOUSANDS)

■ U.S.

■ International

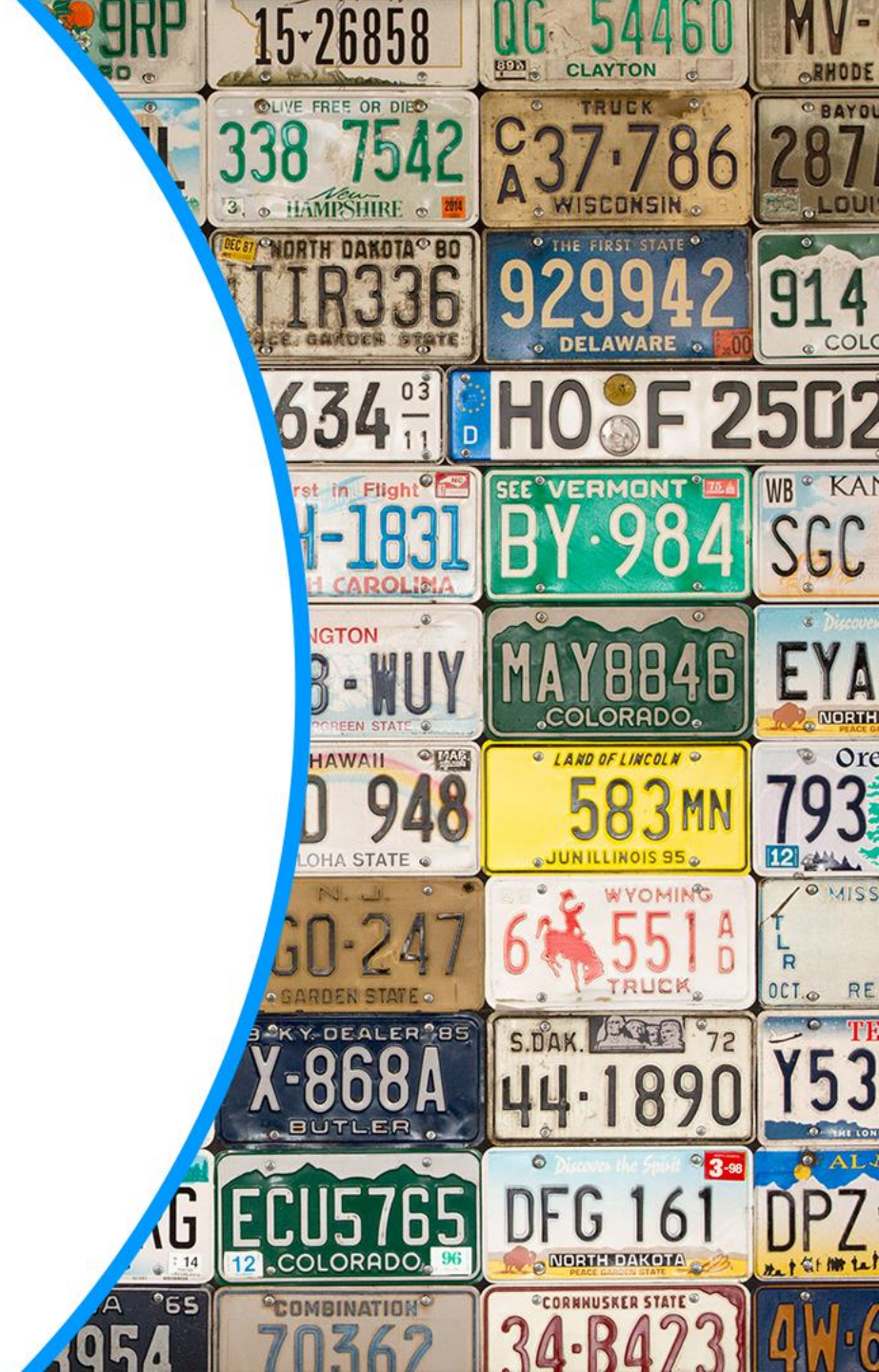


# Our Business Model and Scale Create Network Effects





# Growth Opportunities

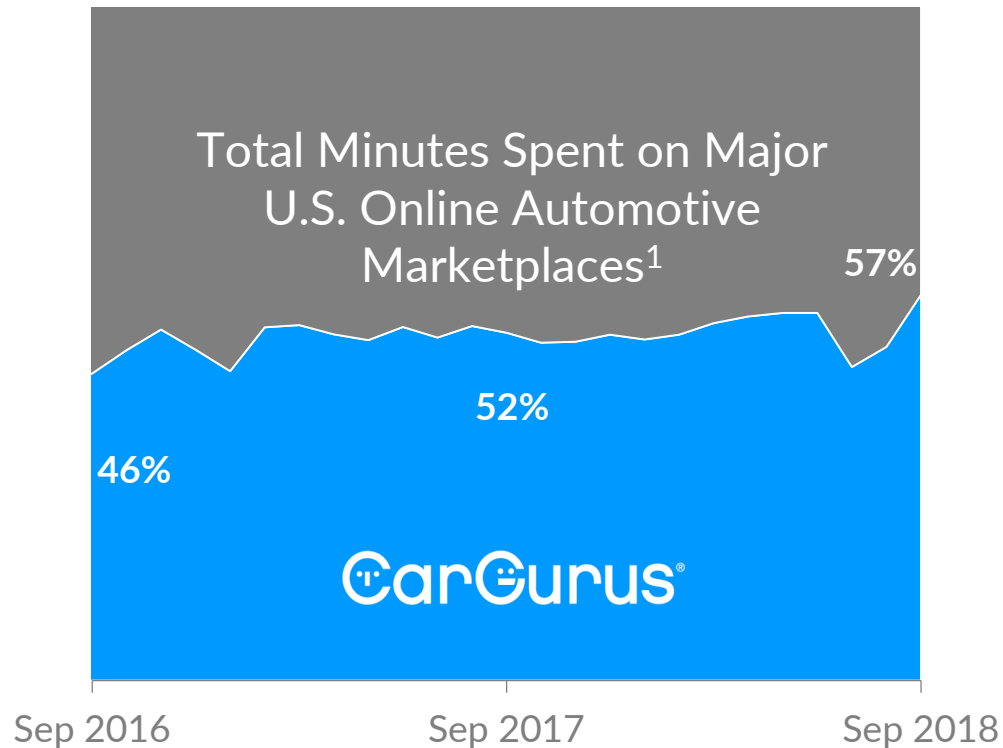


# Key Growth Opportunities



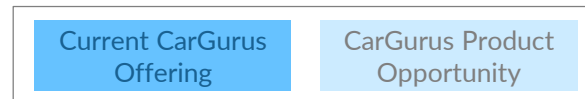
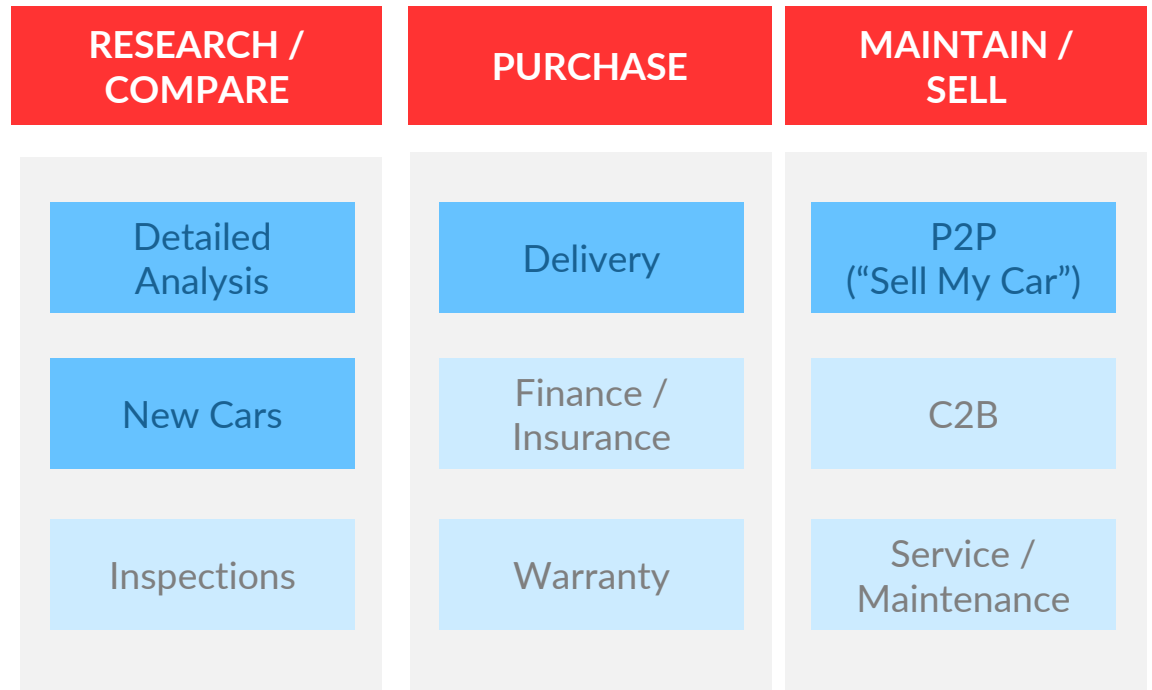
# Grow Our Audience by Addressing More Consumer Needs

## GROW AUDIENCE SHARE INVEST IN BRAND ALONG WITH ALGORITHMIC TRAFFIC ACQUISITION



## INCREASE ENGAGEMENT

### CONSUMER AUTO OWNERSHIP LIFECYCLE



1. Source: Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Total Minutes, Q3 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.

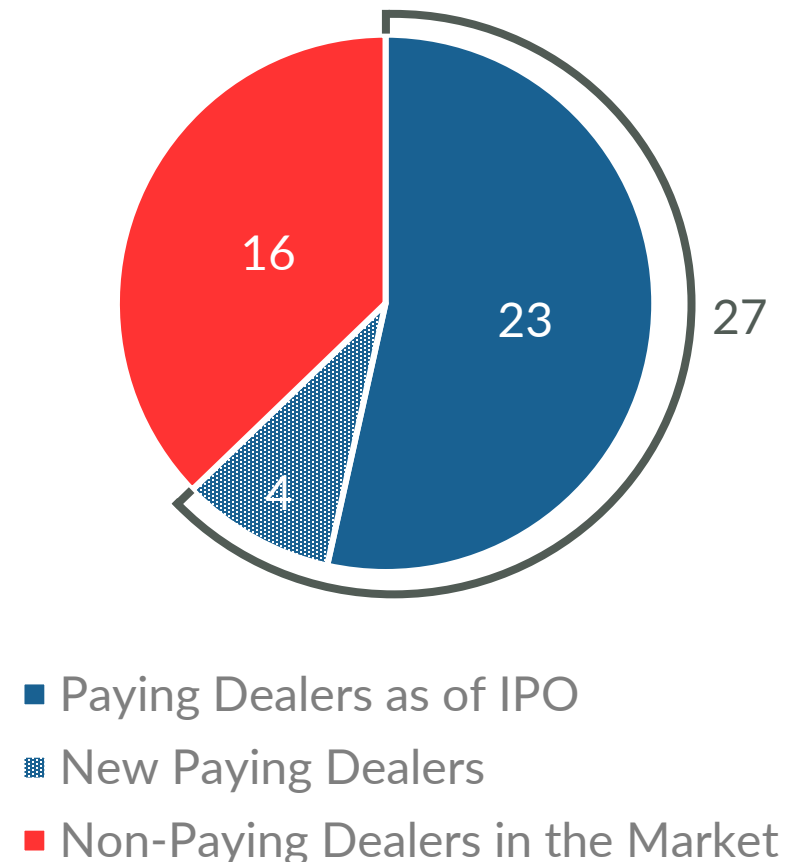


# Grow Our Paying U.S. Dealer Base

## 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.<sup>1</sup> (THOUSANDS)

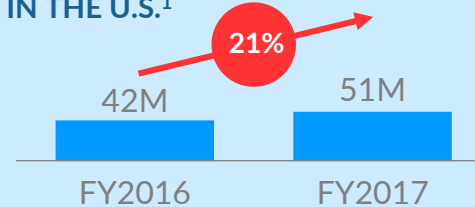


# Increase Average Annual Revenue per Subscribing Dealer (AARSD)

## Grow Connection Volume

- Algorithmic Optimization
- Text/Chat
- Brand
- 51M Connections in 2017 in U.S.<sup>1</sup>

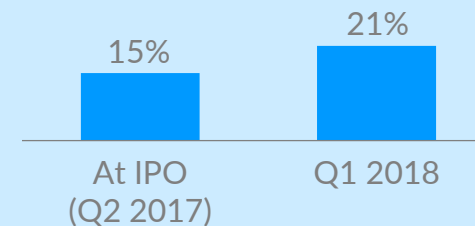
### CONNECTIONS BETWEEN CONSUMERS AND DEALERS IN THE U.S.<sup>1</sup>



## Sell New Products

- Dealer Display
- Re-targeting
- SEM Plus

### MULTI-PRODUCT PENETRATION<sup>2</sup>



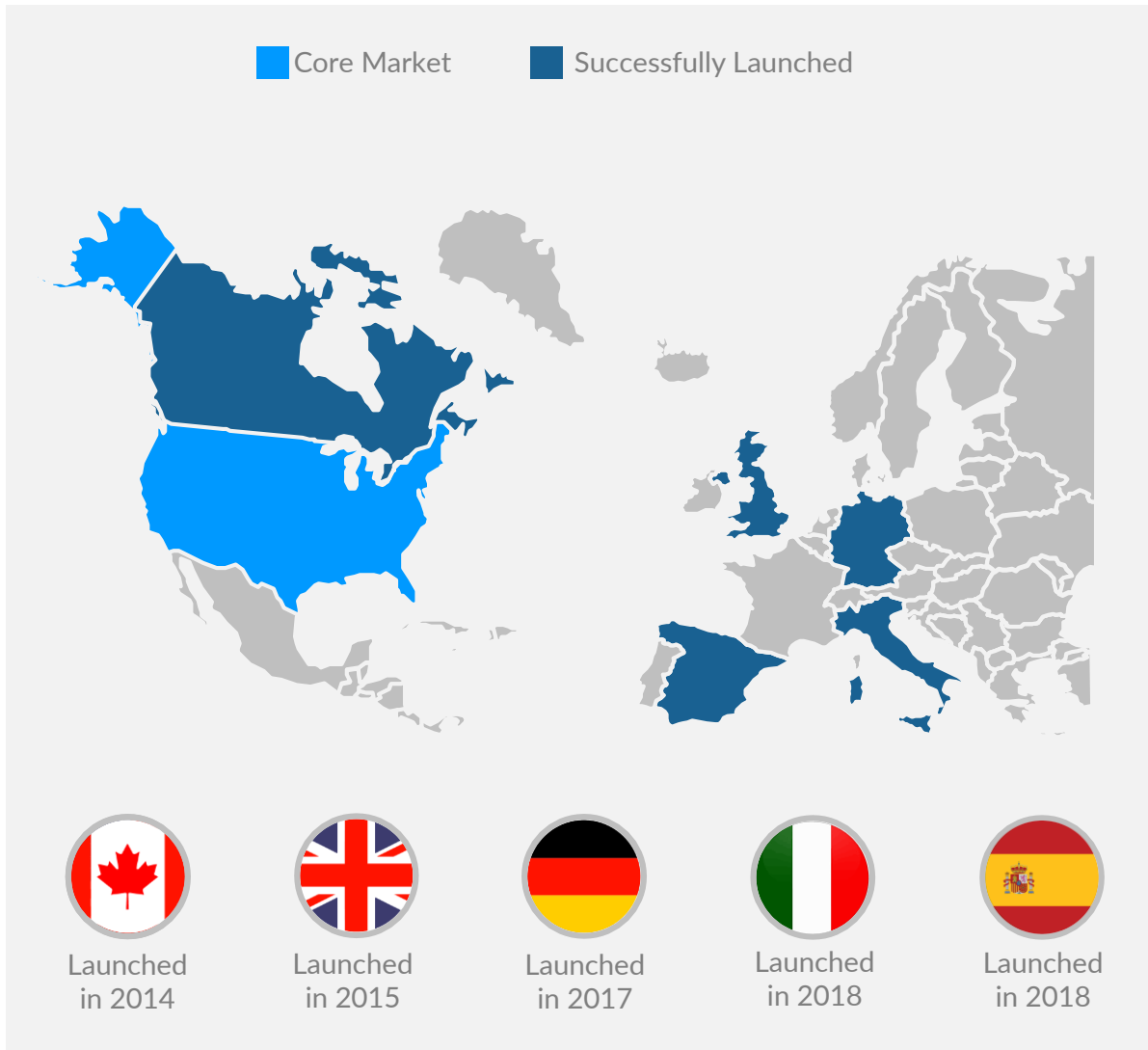
## Pricing & Packaging

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

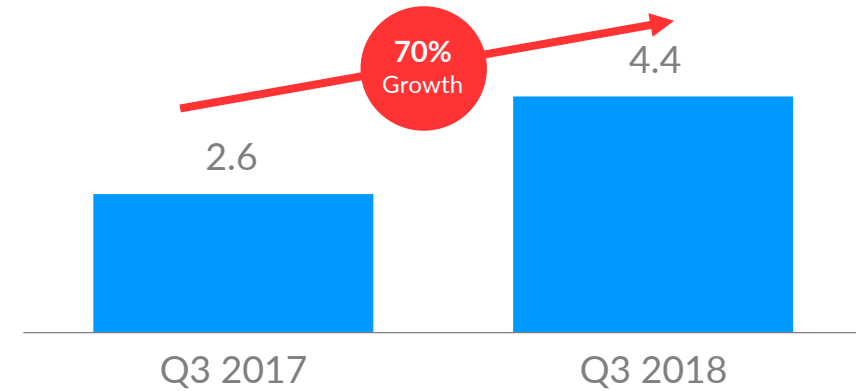
### U.S. AARSD



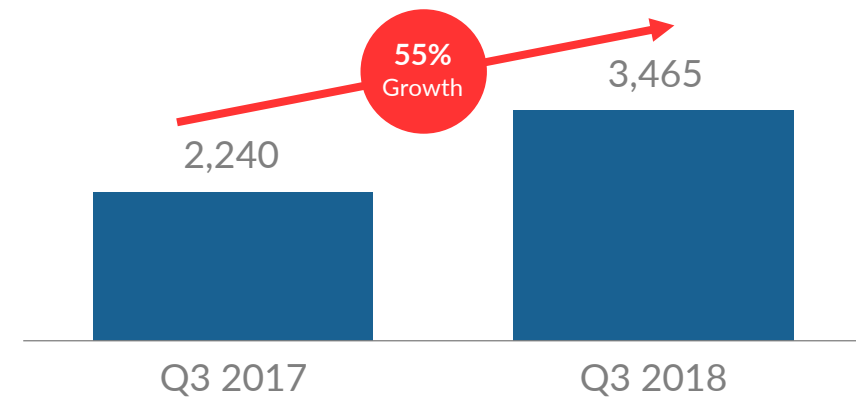
# Replicate Our Model in International Markets



## INTERNATIONAL AVERAGE MONTHLY UNIQUE USERS (MILLIONS)<sup>1</sup>



## INTERNATIONAL PAYING DEALERS



# CarGurus in Agreement to Acquire PistonHeads

PistonHeads' brand and audience + CarGurus marketing and technical expertise =  
**POWERFUL MARKET DISRUPTOR!**



- Passionate community of 4M+ users
- Iconic brand among car enthusiasts
- Performance car focus
- Favorable perception among dealers
- Talented team who can now focus on PistonHeads



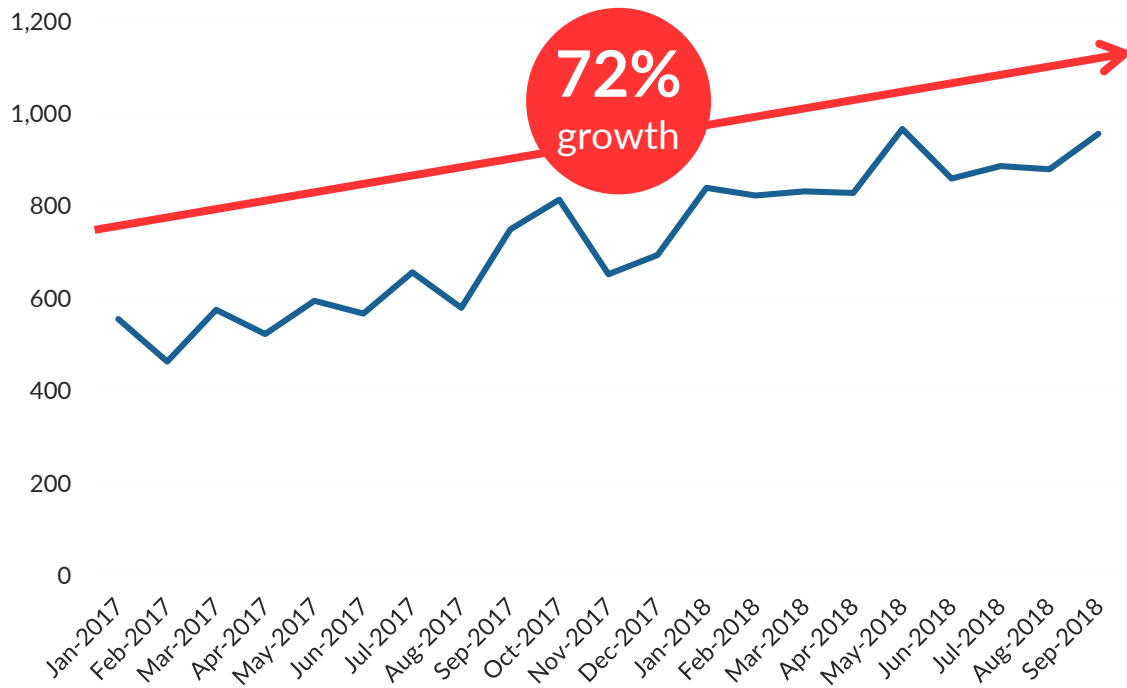
- Rapidly growing clear #2
- Viable alternative to Trader for dealers
- Most compelling platform for consumers
- Complementary capabilities in London, Dublin and Boston



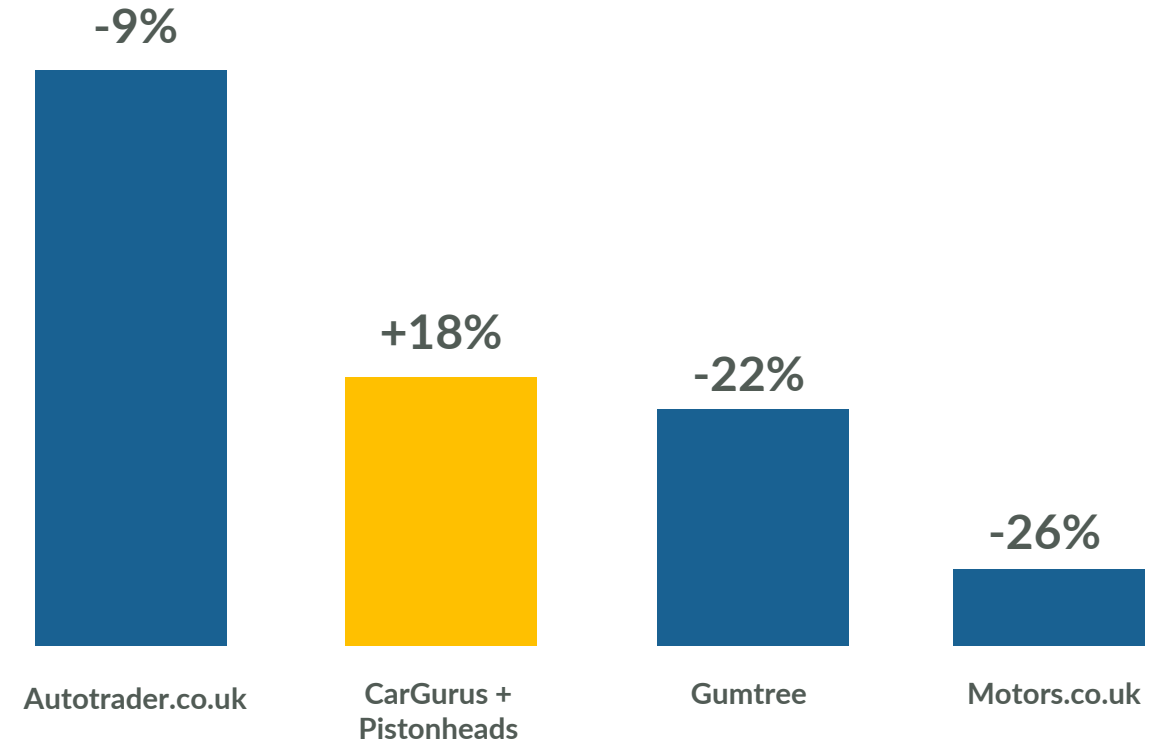
- Market leading tech platform
- Disruptive freemium model
- Search Engine Marketing (SEM) expertise
- Fastest growing UK site
- Willing to invest aggressively

# CarGurus growth, together with PistonHeads' audience, make a powerful combination

## CarGurus Average Monthly Unique Users<sup>1</sup>

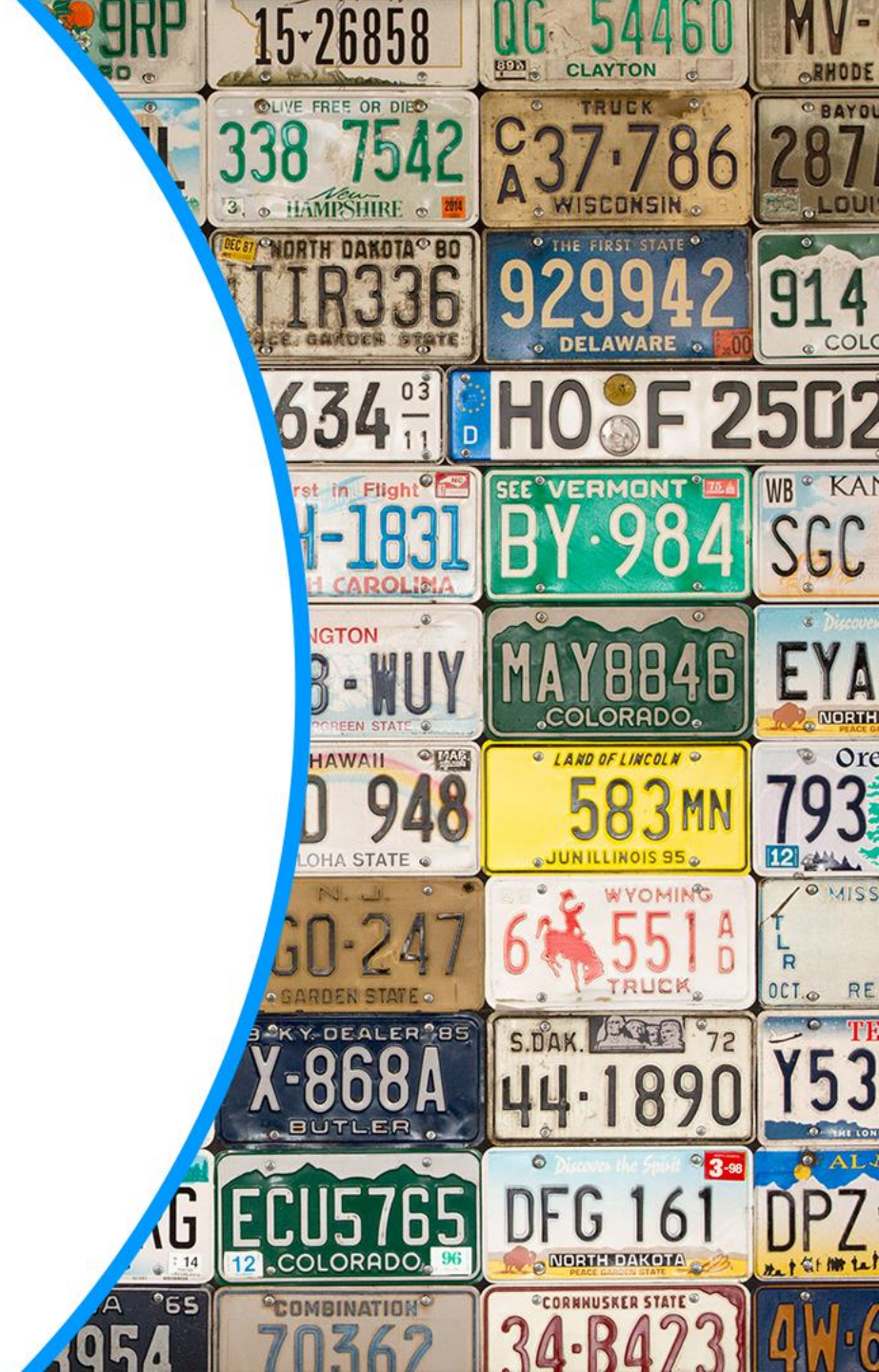


## Average Monthly Unique Users<sup>1</sup>





# Financial Overview



# Key Financial Highlights

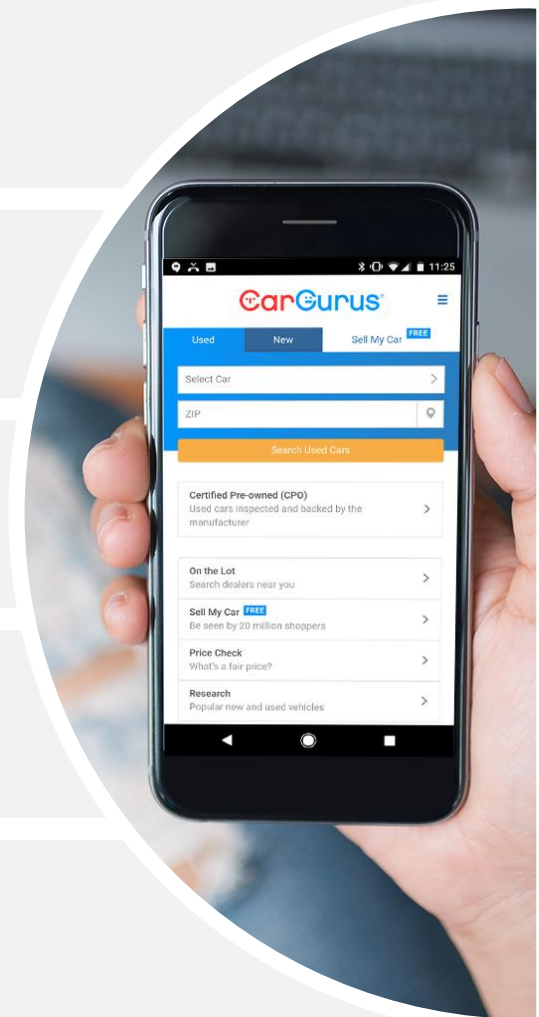
Strong track record of revenue growth

High quality revenue: recurring, high retention, and diversified

Proven operating leverage and profitability

Attractive free cash flow generation

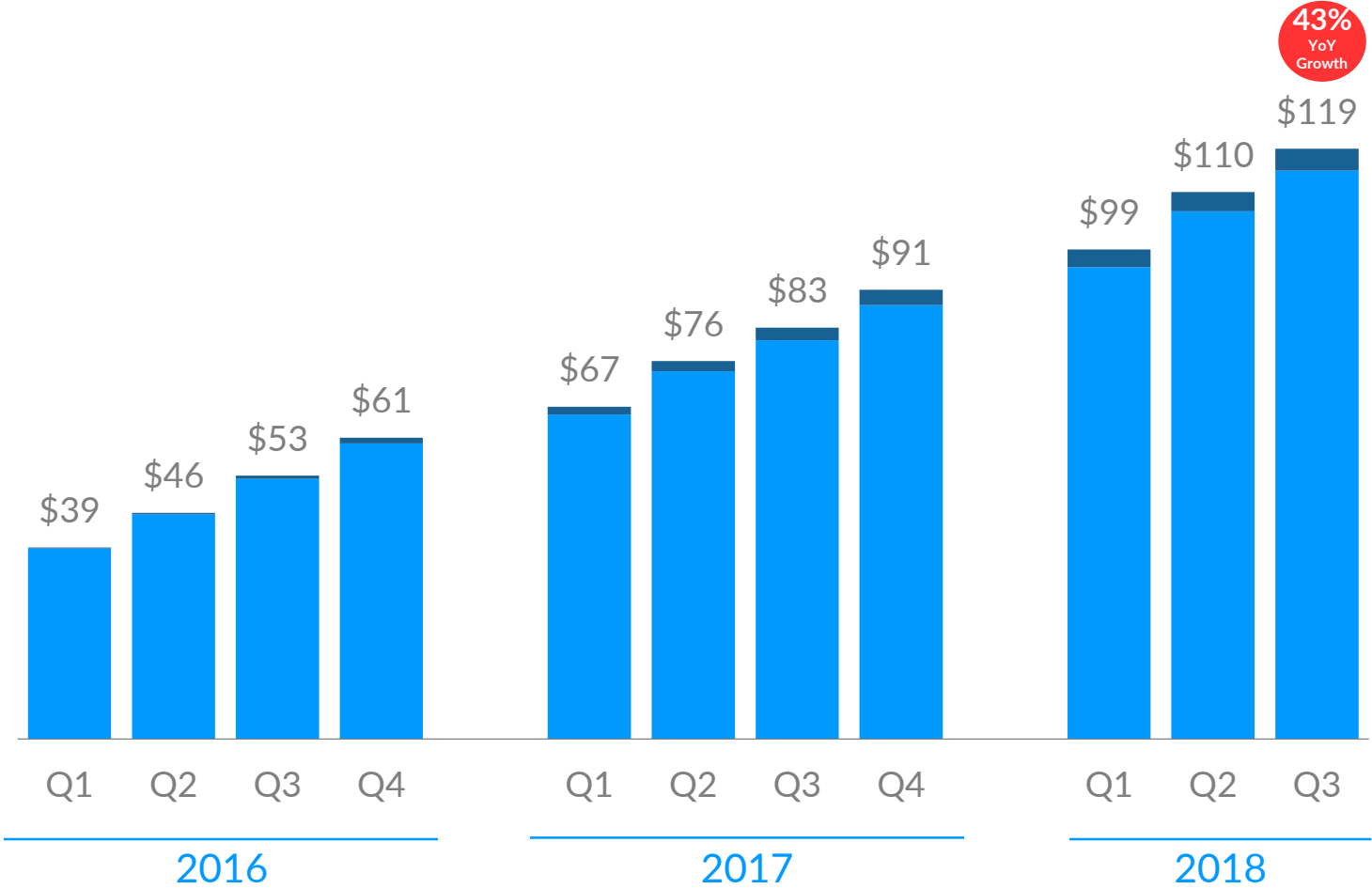
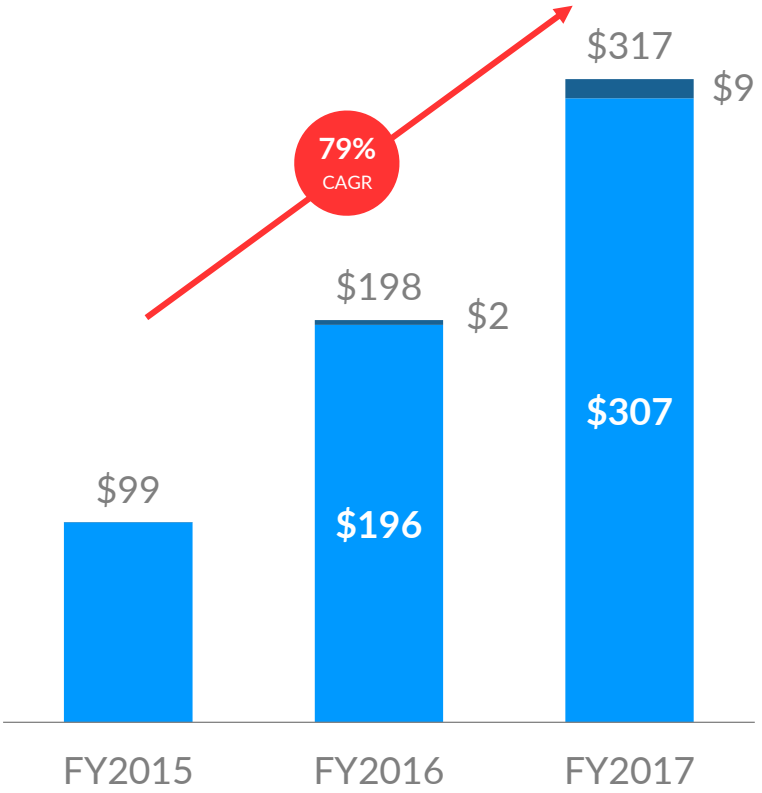
Scalable model for replication in international markets



# Significant Revenue Scale and Momentum

(\$ MILLIONS)

■ U.S. ■ International

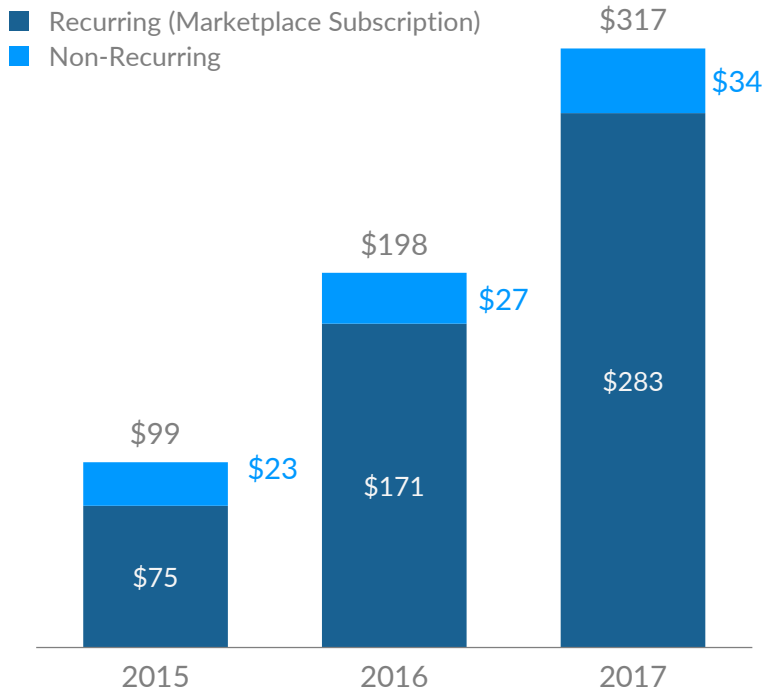




# High Quality Revenue: Recurring, High Retention and Diversified

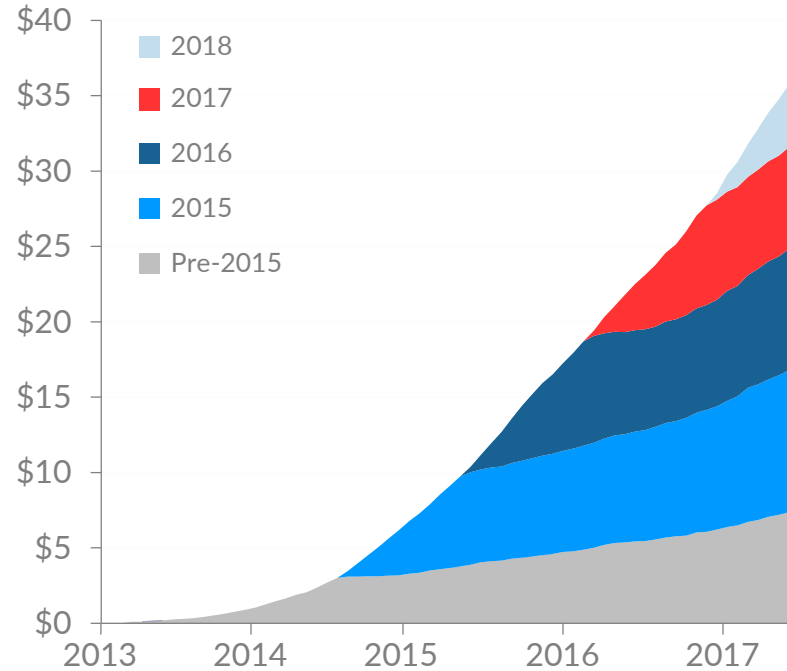
## RECURRING

TOTAL REVENUE  
(\$ MILLIONS)



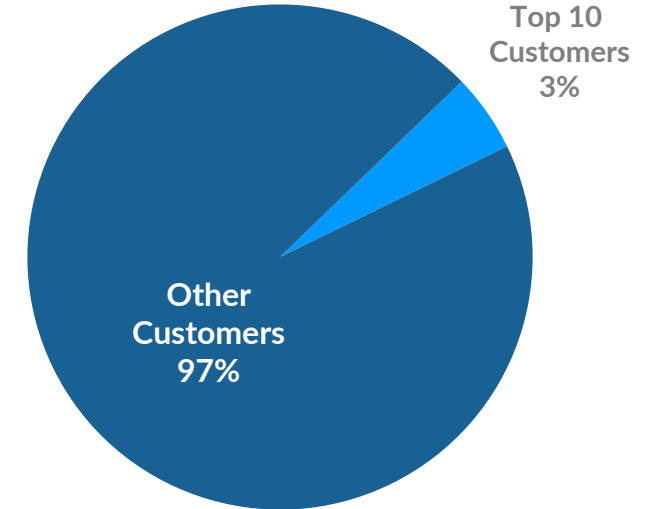
## HIGH RETENTION

U.S. MONTHLY MARKETPLACE  
SUBSCRIPTION REVENUE BY COHORT<sup>1</sup>  
(\$ MILLIONS)



## CUSTOMER MIX

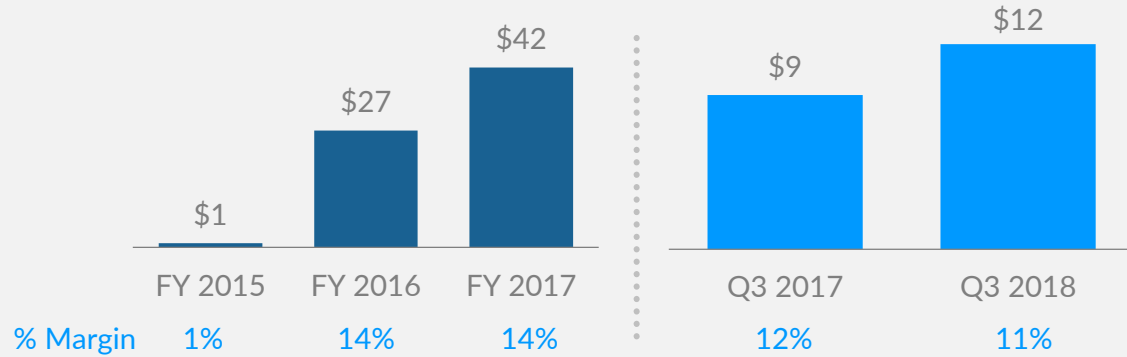
DIVERSIFIED RECURRING REVENUE



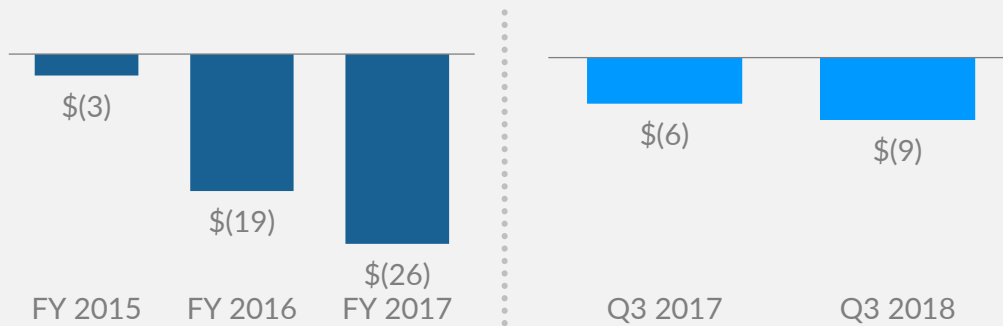
2017 Marketplace Subscription Revenue: \$283M

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

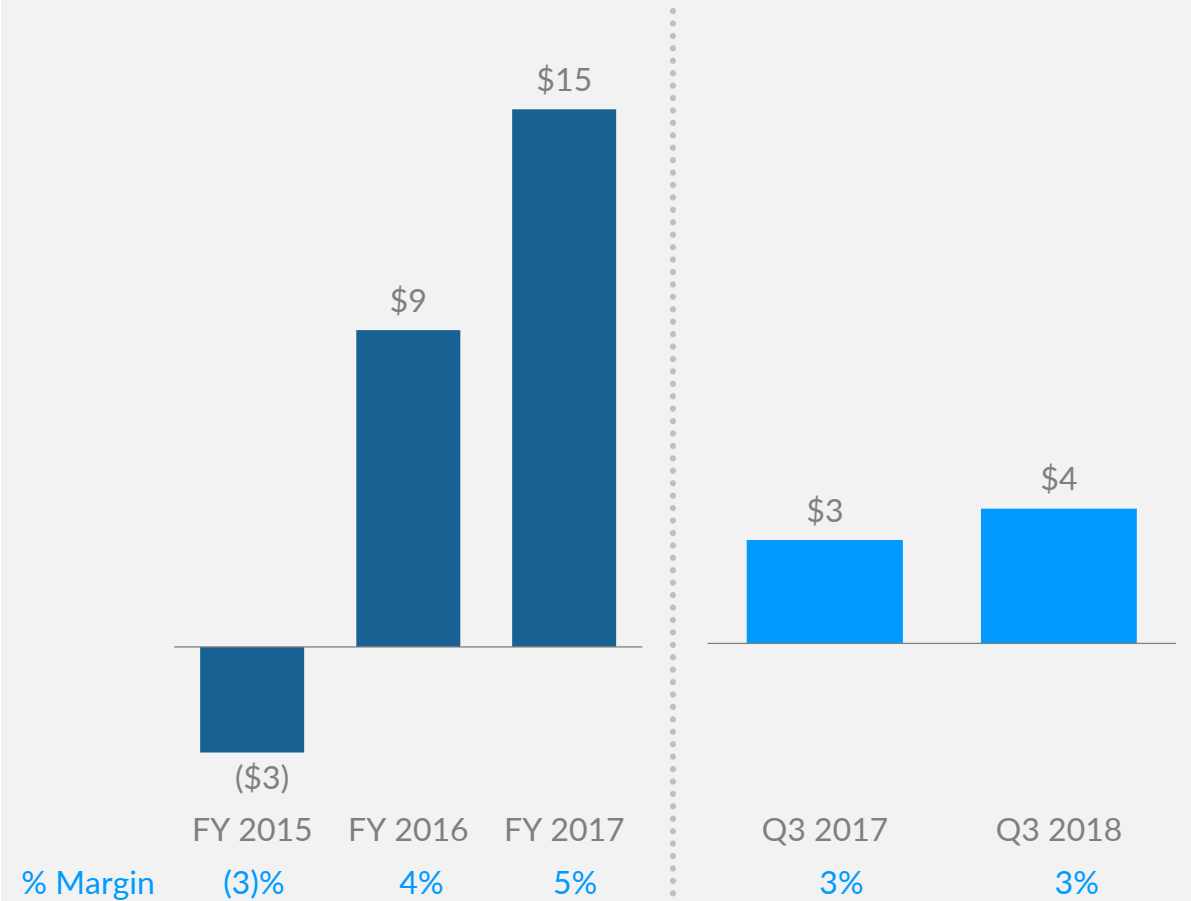
## U.S. GAAP OPERATING INCOME (\$ MILLIONS)



## 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 Audience<sup>1</sup>

- Total monthly user sessions and unique users up 45% and 52%, respectively, YoY in Q3 2018

### Grow Paying U.S. Dealers and Increase AARSD

- Total U.S. paying dealers up 12% YoY in Q3 2018; addition of more than 4,000 paying dealers in U.S. since IPO
- 18% average YoY growth in U.S. AARSD over the last 4 quarters
- Multi-product penetration up from 15% at IPO to 21% in Q1 2018

### Expand and Scale International Markets

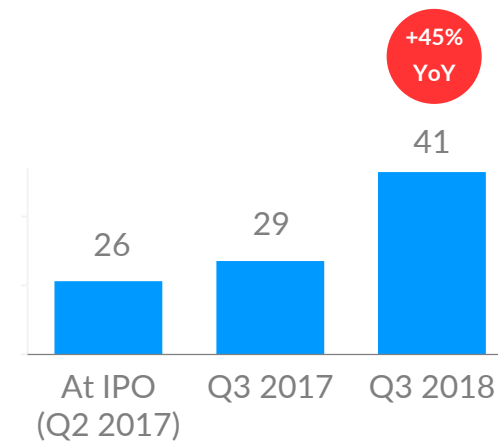
- International monthly user sessions and unique users up 70% and 88%, respectively, YoY in Q3 2018
- International paying dealers up 55% YoY in Q3 2018
- Fastest growing large automotive listings website in Canada and the UK in Q3 2018 based on growth in unique visitors<sup>2</sup>
- Launched Italy in Q1 2018
- Launched Spain in Q2 2018

Note: At IPO refers to data as of June 30, 2017.

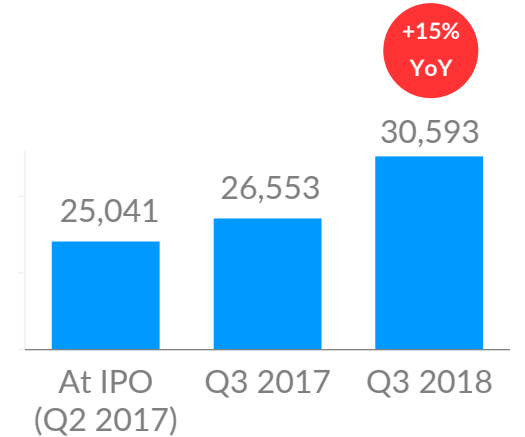
1. Source: Google Analytics

2. Source: Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Total Audience, Q3 2018. Canada and UK growth rates compare to autoTRADER.ca, Kijiji, Autotrader UK, Gumtree, Pistonheads, and Motors.co.uk.

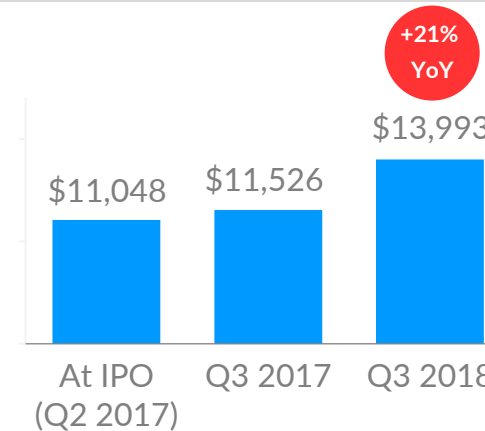
## MONTHLY UNIQUE USERS<sup>1</sup> (MILLIONS)



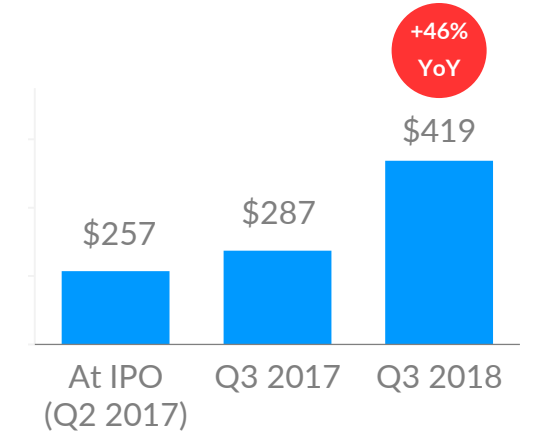
## TOTAL PAYING DEALERS



## U.S. AARSD



## LTM TOTAL REVENUE (\$ IN MILLIONS)



# Long-Term Target Model Progression Since IPO

Percent of Revenue	2015	2016	2017	Q3 2018	Long-Term Target
Gross Margin	96%	95%	94%	95%	93% – 95%
Sales & Marketing %	83%	78%	74%	71%	43% – 47%
Technology %	8%	6%	7%	11%	9% – 11%
G&A %	6%	6%	7%	9%	5% – 6%
Depreciation & Amortization %	1%	1%	1%	1%	1% – 2%
Adjusted EBITDA Margin	(0)%	6%	8%	9%	32% – 34%
GAAP Operating Margin	(3)%	4%	5%	1%	29% – 31%
<b>U.S. Segment GAAP Operating Margin</b>	<b>1%</b>	<b>14%</b>	<b>14%</b>	<b>11%</b>	