UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 1, 2018

CarGurus, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-38233**	**04-3843478**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2 Canal Park, 4th Floor
Cambridge, Massachusetts 02141
(Address of principal executive offices)
(zip code)

Registrant’s telephone number, including area code: **617-354-0068**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On August 7, 2018, CarGurus, Inc. (the "Company") announced its financial results for the quarter ended June 30, 2018. The full text of the press release issued by the Company in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02 and in the press release attached as Exhibit 99.1 hereto, is intended to be furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On August 1, 2018, the Company was informed by Simon Rothman, a director, the Chair of the Audit Committee (the "Audit Committee") and a member of the Compensation Committee (the "Compensation Committee") of the Board of Directors of the Company (the "Board"), that he would resign his positions on the Board, Audit Committee and Compensation Committee, effective immediately. The resignation was not as a result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices. In recognition of Mr. Rothman's outstanding service to the Company, the Board has approved full acceleration of vesting for Mr. Rothman's awards of (1) 2,080 restricted stock units ("RSUs") granted on October 25, 2017 and (ii) 4,793 RSUs granted on May 24, 2018, such that 100% of such RSUs became fully vested on the date of Mr. Rothman's resignation.

On August 1, 2018, the Board appointed Lori Hickok to fill the vacancy created by Simon Rothman's resignation. Ms. Hickok will serve as a Class I director of the Board. The terms of Class I directors expire at the Company's annual meeting of stockholders to be held in 2021 or upon the election and qualification of successor directors. Ms. Hickok was also appointed to serve as the Chair of the Audit Committee and designated an "audit committee financial expert" pursuant to the provisions of Item 407(d)(5) of Regulation S-K under the Securities Act. The Board has determined that Ms. Hickok is an independent director in accordance with applicable rules of the U.S. Securities and Exchange Commission (the "SEC") and the Nasdaq Stock Market.

Ms. Hickok was the Executive Vice President, Chief Financial and Development Officer for Scripps Networks Interactive, Inc. ("Scripps"), a leading developer of engaging lifestyle content in the home, food and travel categories for television, the Internet and emerging platforms, from July 2017 until April 2018. Prior to that time, she served as Scripps' Executive Vice President, Chief Financial Officer from March 2015 until June 2017, and Executive Vice President, Finance from July 2008 until February 2015. Prior to Scripps' spin off from The E.W. Scripps Company ("E.W. Scripps") on July 1, 2008, Ms. Hickok also had served six years as E.W. Scripps' Vice President and Corporate Controller. She first joined E.W. Scripps in 1988, as a financial analyst in the corporate finance department, and held positions as the Chief Analyst for Corporate Development, New Media Operations Controller and Divisional Controller for E.W. Scripps' former cable television systems division, which merged in 1996 with Comcast Corporation. A certified public accountant, Ms. Hickok received a Bachelor of Science degree in Accounting & Finance from Miami University. Ms. Hickok also serves on the Board of Directors of Second Harvest Food Bank of East Tennessee.

Ms. Hickok will be compensated in accordance with the Company's non-employee director compensation program, which is described in the Company's definitive proxy statement on Schedule 14A filed with the SEC on April 12, 2018. Pursuant to this compensation program, Ms. Hickok will receive an annual cash retainer of $35,000 for her service on the Board and $20,000 for her service as Chair of the Audit Committee. Such amounts will be prorated based on her expected service during the fiscal year. In addition, in connection with her appointment to the Board, Ms. Hickok was awarded 3,357 RSUs under the Company's Omnibus Equity Incentive Plan and evidenced on the Company's standard restricted stock unit agreement for non-employee directors, a form of which has been previously filed with the SEC. The RSUs are subject to a service-based vesting requirement, vesting in full on August 1, 2019. In addition, the RSUs will vest in full upon a change of control of the Company, provided that Ms. Hickok continues to provide services to the Company until the effective date of such change of control.

Since the beginning of the Company's last fiscal year through the present, there have been no transactions with the Company and there are currently no proposed transactions with the Company, in which the amount involved exceeds $120,000 and in which Ms. Hickok had or will have a direct or indirect material interest within the meaning of Item 404(a) of Regulation S-K. No arrangement or understanding exists between Ms. Hickok and any other person pursuant to which Ms. Hickok was selected as a director of the Company.

In addition, Ms. Hickok and the Company will enter into the Company's standard indemnification agreement, a form of which has been previously filed with the SEC.

Item 7.01 Regulation FD Disclosure.

On August 7, 2018, the Company issued a press release announcing Ms. Hickok's appointment to the Board. The full text of this press release is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information in this Item 7.01 and in the press release attached hereto as Exhibit 99.2 is intended to be furnished and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference to such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	*Description*
99.1	Press Release of CarGurus, Inc. dated August 7, 2018, reporting its financial results for the quarter ended June 30, 2018, furnished hereto.
99.2	Press Release of CarGurus, Inc. dated August 7, 2018, announcing Lori Hickok's appointment to its Board of Directors, furnished hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 7, 2018	**CarGurus, Inc.**
	(Registrant)
	/s/ Kathleen B. Patton
	Name: Kathleen B. Patton
	Title: Senior Vice President, General Counsel and Secretary

Exhibit 99.1

CarGurus

CarGurus Announces Second Quarter 2018 Results

Second Quarter Highlights:

- **Total revenue of $110.3 million, an increase of 45% year-over-year**
- **GAAP operating income of $1.4 million; non-GAAP operating income of $7.0 million**
- **GAAP net income of $31.3 million; non-GAAP net income of $6.9 million**
- **Adjusted EBITDA of $8.3 million**

CAMBRIDGE, MA: August 7, 2018 — CarGurus, Inc. (Nasdaq: CARG), a leading global automotive marketplace, today announced financial results for the second quarter ended June 30, 2018.

“The second quarter’s results built upon the momentum we delivered in Q1, resulting in both revenue and profitability above our guidance,” said Langley Steinert, Founder and Chief Executive Officer of CarGurus. “In addition to our strong financial results, we also continued to grow our global consumer audience and install base of paying dealers, providing trust and transparency to auto shoppers and increasing the value we deliver to dealers.”

Revenue

Second Quarter 2018:

- Total revenue was $110.3 million, an increase of 45% compared to $76.2 million in the second quarter of 2017.
- Marketplace subscription revenue was $97.7 million, an increase of 44% compared to $67.8 million in the second quarter of 2017.
- Advertising and other revenue was $12.6 million, an increase of 49% compared to $8.5 million in the second quarter of 2017.

Operating Income

Second Quarter 2018:

- GAAP operating income was $1.4 million, or 1% of total revenue, compared to $6.0 million, or 8% of total revenue, in the second quarter of 2017.
- Non-GAAP operating income was $7.0 million, or 6% of total revenue, compared to $6.1 million, or 8% of total revenue, in the second quarter of 2017.

Net Income & Adjusted EBITDA

Second Quarter 2018:

- GAAP net income was $31.3 million, or $0.28 per share based on 113.1 million weighted-average diluted shares outstanding as of June 30, 2018, as compared to net income of $4.3 million, or $0.04 per share based on 46.1 million weighted-average diluted shares outstanding as of June 30, 2017, in the second quarter of 2017.

- Non-GAAP net income was $6.9 million, or $0.06 per share based on 113.1 million weighted-average diluted shares outstanding as of June 30, 2018, compared to $4.1 million or $0.04 per share based on 106.7 million weighted-average diluted shares outstanding as of June 30, 2017, in the second quarter of 2017.
- Adjusted EBITDA, a non-GAAP metric, was $8.3 million, compared to $7.0 million in the second quarter of 2017.

Balance Sheet and Cash Flow

- As of June 30, 2018, CarGurus had cash, cash equivalents, and short-term investments of $141.8 million and no debt.
- The Company generated $17.5 million in cash from operations and $16.8 million in free cash flow, which is a non-GAAP metric, during the second quarter of 2018 compared to generating $4.8 million in cash from operations and $2.6 million in free cash flow during the second quarter of 2017.

Second Quarter Business Metrics

- U.S. revenue was $106.4 million in the second quarter of 2018, an increase of 44% compared to $74.1 million in the second quarter of 2017. GAAP operating income in the U.S. was $9.7 million, a decrease of 21% compared to $12.2 million in the second quarter of 2017. The decrease in GAAP operating income from the second quarter of 2017 to the second quarter of 2018 was primarily due to a $5.2 million increase in stock-based compensation expense.
- International revenue was $3.9 million in the second quarter of 2018, an increase of 87% compared to $2.1 million in the second quarter of 2017. GAAP operating loss in International markets was ($8.2) million, an increase of 33% compared to a loss of ($6.2) million in the second quarter of 2017.
- Total paying dealers were 29,969 at June 30, 2018, an increase of 20% compared to 25,041 at June 30, 2017. Of the total paying dealers at June 30, 2018, U.S. and International accounted for 26,871 and 3,098, respectively, compared to 23,347 and 1,694, respectively, at June 30, 2017.
- Average annual revenue per subscribing dealer (AARSD) in the U.S. was $13,130 as of June 30, 2018, an increase of 19% compared to $11,048 as of June 30, 2017.
- AARSD in International markets was $5,037 as of June 30, 2018, an increase of 2% compared to $4,944 as of June 30, 2017.
- Website traffic and consumer engagement metrics for the second quarter of 2018 grew as follows:
  - U.S. average monthly unique users were 36.0 million, an increase of 56% compared to 23.1 million in the second quarter of 2017. U.S. average monthly sessions were 93.3 million, an increase of 52% compared to 61.3 million in the second quarter of 2017.
  - International average monthly unique users were 3.5 million, an increase of 54% compared to 2.3 million in the second quarter of 2017. International average monthly sessions were 8.0 million, an increase of 60% compared to 5.0 million in the second quarter of 2017.

Third Quarter and Full-Year 2018 Guidance

CarGurus anticipates total revenue, non-GAAP operating income, and non-GAAP earnings per share to be in the following ranges:

Third Quarter 2018:

• Total revenue	$112 to $113 million
• Non-GAAP operating income	$5.5 to $6.5 million
• Non-GAAP EPS	$0.04 to $0.05

The third quarter 2018 non-GAAP earnings per share calculation assumes 113.6 million diluted weighted-average common shares outstanding.

Full-Year 2018:

• Total revenue	$436 to $438 million
• Non-GAAP operating income	$28.5 to $30.5 million
• Non-GAAP EPS	$0.22 to $0.23

The full-year non-GAAP earnings per share calculation assumes 113.5 million diluted weighted-average common shares outstanding. Guidance for the third quarter and full-year 2018 does not include any potential impact of foreign exchange gains or losses.

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, the reconciling item between such GAAP and non-GAAP financial measures, cannot be reasonably predicted due to timing, amount, valuation and number of future employee awards and therefore is not available without unreasonable effort. For more information regarding the non-GAAP financial measures discussed in this release, please see the reconciliations of GAAP financial measures to non-GAAP financial measures and the section titled "Non-GAAP Financial Measures and Other Business Metrics" below.

Conference Call and Webcast Information

CarGurus will host a conference call and live webcast to discuss its second quarter 2018 financial results and third quarter and full fiscal year 2018 financial guidance at 5:00 p.m. Eastern Time today, August 7, 2018. To access the conference call, dial (877) 451-6152 for the U.S. or Canada, or (201) 389-0879 for international callers. The webcast will be available live on the Investors section of the Company's website at https://investors.cargurus.com.

An audio replay of the call will also be available to investors beginning at approximately 8:00 p.m. Eastern Time on August 7, 2018, until 11:59 p.m. Eastern Time on August 21, 2018, by dialing (844) 512-2921 for the U.S. or Canada, or (412) 317-6671 for international callers, and entering passcode 13681306. In addition, an archived webcast will be available on the Investors section of the Company's website at https://investors.cargurus.com.

About CarGurus

Founded in 2006, CarGurus (Nasdaq: CARG) is a global, online automotive marketplace connecting buyers and sellers of new and used cars. The Company uses proprietary technology, search algorithms and data analytics to bring trust and transparency to the automotive search experience and help users find great deals from top-rated dealers. CarGurus is the largest automotive shopping site in the U.S. by unique monthly visitors (source: ComScore Media Metrix Multi Platform, June 2018). In addition to the United States, CarGurus operates online marketplaces in Canada, the United Kingdom, Germany, Italy, and Spain. To learn more about CarGurus, visit www.cargurus.com.

CarGurus® is a registered trademark of CarGurus, Inc.

Cautionary Language Concerning Forward-Looking Statements

This press release includes forward-looking statements. All statements contained in this press release other than statements of historical facts, including, without limitation, statements regarding our future financial and business performance for the third quarter 2018 and full-year 2018, attractiveness of our product offerings and platform, the value proposition of our products and our market awareness, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “guide,” “may,” “will” and similar expressions and their negatives are intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. 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, competition in the markets in which we operate, market growth, our ability to innovate and manage our growth, our ability to expand effectively into new markets, our ability to operate in compliance with applicable laws as well as other risks and uncertainties set forth in the “Risk Factors” section of our Quarterly Report on Form 10-Q, filed on August 7, 2018 with the Securities and Exchange Commission (SEC), and subsequent reports that we file with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after the date of this press release to conform these statements to actual results or revised expectations, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this press release.

Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	At June 30, 2018	At December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 31,762	$ 87,709
Investments	110,000	50,000
Accounts receivable, net of allowance for doubtful accounts of $551 and $494, respectively	11,432	12,577
Prepaid expenses, prepaid income taxes and other current assets	11,090	6,918
Total current assets	164,284	157,204
Property and equipment, net	16,221	16,563
Restricted cash	3,604	1,843
Deferred tax assets	29,049	825
Other long–term assets	143	159
Total assets	$ 213,301	$ 176,594
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 30,476	$ 23,908
Accrued expenses, accrued income taxes and other current liabilities	11,290	13,588
Deferred revenue	7,577	4,305
Deferred rent	1,206	1,165
Total current liabilities	50,549	42,966
Deferred rent, net of current portion	5,206	5,648
Other non–current liabilities	1,155	955
Total liabilities	56,910	49,569
Stockholders' equity:		
Class A common stock, $0.001 par value per share; 500,000,000 shares authorized; 88,682,807 and 77,884,754 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively.	89	78
Class B common stock, $0.001 par value per share; 100,000,000 shares authorized; 20,702,084 and 28,226,104 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively.	21	28
Additional paid-in capital	179,716	185,190
Accumulated deficit	(23,583)	(58,499)
Accumulated other comprehensive income	148	228
Total stockholders' equity	156,391	127,025
Total liabilities and stockholders' equity	$ 213,301	$ 176,594

Unaudited Condensed Consolidated Income Statements
(in thousands, except share and per share data)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenue	$ 110,325	$ 76,240	$ 209,026	$ 143,275
Cost of revenue(1)	5,959	4,322	11,528	7,647
Gross profit	104,366	71,918	197,498	135,628
Operating expenses:				
Sales and marketing	80,933	55,533	152,441	104,604
Product, technology, and development	11,844	4,709	20,942	8,357
General and administrative	9,541	5,033	17,412	9,092
Depreciation and amortization	604	648	1,337	1,196
Total operating expenses	102,922	65,923	192,132	123,249
Income from operations	1,444	5,995	5,366	12,379
Other income, net	703	53	985	217
Income before income taxes	2,147	6,048	6,351	12,596
(Benefit from) provision for income taxes	(29,118)	1,702	(28,565)	4,043
Net income	$ 31,265	$ 4,346	$ 34,916	$ 8,553
Reconciliation of net income to net income attributable to common stockholders:				
Net income	$ 31,265	$ 4,346	$ 34,916	$ 8,553
Net income attributable to participating securities	—	(2,563)	—	(5,045)
Net income attributable to common stockholders — basic	$ 31,265	$ 1,783	$ 34,916	$ 3,508
Net income	$ 31,265	$ 4,346	$ 34,916	$ 8,553
Net income attributable to participating securities	—	(2,468)	—	(4,853)
Net income attributable to common stockholders — diluted	$ 31,265	$ 1,878	$ 34,916	$ 3,700
Net income per share attributable to common stockholders:				
Basic	$ 0.29	$ 0.04	$ 0.32	$ 0.08
Diluted	$ 0.28	$ 0.04	$ 0.31	$ 0.08
Weighted–average number of shares of common stock used in computing net income per share attributable to common stockholders:				
Basic	108,500,802	42,162,718	107,726,105	42,122,339
Diluted	113,081,209	46,097,163	113,215,564	46,182,359

(1) Includes depreciation and amortization expense for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017 of $616, $269, $1,120 and $391, respectively.

Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Operating Activities				
Net income	$ 31,265	$ 4,346	$ 34,916	$ 8,553
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	1,220	917	2,457	1,587
Unrealized currency (gain) loss on foreign denominated transactions	(72)	128	(19)	128
Deferred taxes	(26,214)	435	(28,224)	410
Provision for doubtful accounts	345	221	722	380
Stock-based compensation expense	5,605	74	9,423	150
Changes in operating assets and liabilities:				
Accounts receivable	411	(1,693)	418	(2,720)
Prepaid expenses, prepaid income taxes, and other assets	(3,805)	(2,487)	(4,312)	(890)
Accounts payable	6,689	1,156	7,338	1,200
Accrued expenses, accrued income taxes, and other current liabilities	1,660	502	(1,991)	(784)
Deferred revenue	504	217	3,315	1,251
Deferred rent	(219)	938	(434)	668
Other non-current liabilities	85	91	239	157
Net cash provided by operating activities	17,474	4,845	23,848	10,090
Investing Activities				
Purchases of property and equipment	(547)	(1,817)	(981)	(1,976)
Capitalization of website development costs	(144)	(385)	(725)	(947)
Investments in certificates of deposit	(70,000)	—	(130,000)	(30,000)
Maturities of certificates of deposit	40,000	—	70,000	26,774
Net cash used in investing activities	(30,691)	(2,202)	(61,706)	(6,149)
Financing Activities				
Proceeds from exercise of stock options	2,305	59	2,385	168
Payment of initial public offering costs	—	(305)	(1,142)	(305)
Payment of withholding taxes on net share settlements of equity awards	(17,488)	—	(17,488)	—
Net cash used in financing activities	(15,183)	(246)	(16,245)	(137)
Impact of foreign currency on cash, cash equivalents, and restricted cash	(107)	3	(83)	29
Net (decrease) increase in cash, cash equivalents, and restricted cash	(28,507)	2,400	(54,186)	3,833
Cash, cash equivalents, and restricted cash at beginning of period	63,873	32,953	89,552	31,520
Cash, cash equivalents, and restricted cash at end of period	$ 35,366	$ 35,353	$ 35,366	$ 35,353
Supplemental disclosure of cash flow information:				
Cash paid for income taxes	$ 2,275	$ 600	$ 2,280	$ 647
Cash paid for interest	$ 5	$ 6	$ 10	$ 12
Supplemental disclosure of non-cash investing and financing activities:				
Unpaid purchases of property and equipment	$ 712	$ 2,271	$ 712	$ 2,271
Capitalized stockholders' compensation in website development costs	$ 61	$ —	$ 210	$ —
Unpaid deferred initial public offering costs	$ —	$ 1,549	$ —	$ 1,549

Unaudited Reconciliation of GAAP Operating Income to Non-GAAP Operating Income and GAAP Operating Margin to Non-GAAP Operating Margin
(in thousands, except percentages)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP operating income	$ 1,444	$ 5,995	$ 5,366	$ 12,379
Stock-based compensation expense	5,605	74	9,423	150
Non-GAAP operating income	$ 7,049	$ 6,069	$ 14,789	$ 12,529
GAAP operating margin	1%	8%	3%	9%
Non-GAAP operating margin	6%	8%	7%	9%

Unaudited Reconciliation of GAAP Net Income to Non-GAAP Net Income
(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP net income	$ 31,265	$ 4,346	$ 34,916	$ 8,553
Stock-based compensation expense, net of tax(1)	4,428	48	7,444	98
Change in tax provision from stock-based compensation expense(2)	(28,828)	(264)	(28,941)	(373)
Non-GAAP net income	$ 6,865	$ 4,130	$ 13,419	$ 8,278
Non-GAAP net income attributable to common stockholders	$ 6,865	$ 4,130	$ 13,419	$ 8,278
Non-GAAP net income attributable to common stockholders per share:				
Basic	$ 0.06	$ 0.04	$ 0.12	$ 0.08
Diluted	$ 0.06	$ 0.04	$ 0.12	$ 0.08
Weighted-average number of shares of common stock used in computing non-GAAP net income per share to common stockholders:				
GAAP Basic Shares	108,501	42,163	107,726	42,122
Preferred Shares assuming conversion	—	60,565	—	60,565
Total Non-GAAP Basic Shares	108,501	102,728	107,726	102,687
GAAP Diluted Shares	113,081	46,097	113,216	46,182
Preferred Shares assuming conversion	—	60,565	—	60,565
Total Non-GAAP Diluted Shares	113,081	106,662	113,216	106,747

(1) The stock-based compensation amounts reflected in the table above, for 2018 and 2017, are tax effected at the U.S. federal statutory tax rates of 21% and 35%, respectively.
(2) This adjustment reflects the tax effect of differences between tax deductions related to stock compensation and the corresponding financial statement expense.

Unaudited Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit and GAAP Gross Profit Margin to Non-GAAP Gross Profit Margin
(in thousands, except percentages)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Revenue	$ 110,325	$ 76,240	$ 209,026	$ 14[illegible]
Cost of revenue	5,959	4,322	11,528	[illegible]
Gross profit	104,366	71,918	197,498	13[illegible]
Stock-based compensation expense included in Cost of revenue	92	5	181	
Non-GAAP gross profit	$ 104,458	$ 71,923	$ 197,679	$ 13[illegible]
GAAP gross profit margin	95%	94%	94%	
Non-GAAP gross profit margin	95%	94%	95%	

Unaudited Reconciliation of GAAP Expense to Non-GAAP Expense and GAAP Expense as a Percentage of Revenue to Non-GAAP Expense as a Percentage of Revenue
(in thousands, except percentages)

	Three Months Ended June 30,									
	2018					2017				
	GAAP expense	Stock-based compensation expense	Non-GAAP expense	GAAP expense as a percentage of revenue	Non-GAAP expense as a percentage of revenue	GAAP expense	Stock-based compensation expense	Non-GAAP expense	GAAP expense as a percentage of revenue	Non-GAAP expense as a percentage of revenue
Cost of revenue	$ 5,959	$ (92)	$ 5,867	5%	5%	$ 4,322	$ (5)	$ 4,317	6%	6%
S&M	80,933	(1,536)	79,397	73%	72%	55,533	(35)	55,498	72%	72%
P,T&D(1)	11,844	(2,658)	9,186	11%	8%	4,709	(23)	4,686	6%	6%
G&A	9,541	(1,319)	8,222	9%	8%	5,033	(11)	5,022	7%	7%
Depreciation & amortization	604	—	604	1%	1%	648	—	648	1%	1%
Operating expenses(2)	$ 102,922	$ (5,513)	$ 97,409	94%	89%	$ 65,923	$ (69)	$ 65,854	86%	86%
Total expenses	$ 108,881	$ (5,605)	$ 103,276	99%	94%	$ 70,245	$ (74)	$ 70,171	92%	92%

(1) Product, Technology, & Development
(2) Operating expenses include S&M, P,T&D, G&A, and depreciation & amortization

	Six Months Ended June 30,									
	2018					2017				
	GAAP expense	Stock-based compensation expense	Non-GAAP expense	GAAP expense as a percentage of revenue	Non-GAAP expense as a percentage of revenue	GAAP expense	Stock-based compensation expense	Non-GAAP expense	GAAP expense as a percentage of revenue	Non-GAAP expense as a percentage of revenue
Cost of revenue	$ 11,528	$ (181)	$ 11,347	6%	5%	$ 7,647	$ (10)	$ 7,637	5%	5%
S&M	152,441	(2,546)	149,895	72%	72%	104,604	(73)	104,531	73%	73%
P,T&D(1)	20,942	(4,319)	16,623	10%	8%	8,357	(48)	8,309	6%	6%
G&A	17,412	(2,377)	15,035	8%	7%	9,092	(19)	9,073	6%	6%
Depreciation & amortization	1,337	—	1,337	1%	1%	1,196	—	1,196	1%	1%
Operating expenses(2)	$ 192,132	$ (9,242)	$ 182,890	91%	88%	$ 123,249	$ (140)	$ 123,109	86%	86%
Total expenses	$ 203,660	$ (9,423)	$ 194,237	97%	93%	$ 130,896	$ (150)	$ 130,746	91%	91%

(1) Product, Technology, & Development
(2) Operating expenses include S&M, P,T&D, G&A, and depreciation & amortization

Unaudited Reconciliation of GAAP Net Income to Adjusted EBITDA
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017		
GAAP net income	$ 31,265	$ 4,346	$ 34,916	$ 8,553
Depreciation and amortization	1,220	917	2,457	1,587
Stock-based compensation expense	5,605	74	9,423	150
Other (income), net	(703)	(53)	(985)	(217)
(Benefit from) provision for income taxes	(29,118)	1,702	(28,565)	4,043
Adjusted EBITDA	$ 8,269	$ 6,986	$ 17,246	$ 14,116

Unaudited Reconciliation of GAAP Net Cash and Cash Equivalents Provided by Operating Activities to Non-GAAP Free Cash Flow
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP net cash and cash equivalents provided by operating activities	$ 17,474	$ 4,845	$ 23,848	$ 10,09
Purchases of property and equipment	(547)	(1,817)	(981)	(1,97
Capitalization of website development costs	(144)	(385)	(725)	(94
Non-GAAP free cash flow	$ 16,783	$ 2,643	$ 22,142	$ 7,16

Non-GAAP Financial Measures and Other Business Metrics

To supplement our consolidated financial statements, which are prepared and presented in accordance with Generally Accepted Accounting Principles in the United States (GAAP), we provide investors with certain non-GAAP financial measures and other business metrics, which we believe are helpful to our investors. We use these non-GAAP financial measures and other business metrics for financial and operational decision-making purposes and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures and other business metrics provide useful information about our operating results, enhance the overall understanding of past financial performance and future prospects and allow for greater transparency with respect to metrics used by our management in its financial and operational decision-making.

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 these financial measures to the comparable GAAP financial measures included above, and not to rely on any single financial measure to evaluate our business.

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

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 the Company's financial performance that represents the cash that the Company is able to generate after expenditures required to maintain or expand our asset base.

We also monitor operating measures of certain non-GAAP items including non-GAAP gross margin, non-GAAP expense, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income and non-GAAP net income per share. These non-GAAP financial measures exclude the effect of stock-based compensation expense. Non-GAAP net income and non-GAAP income per share also exclude the change in tax provision from stock-based compensation expense. We believe that these non-GAAP financial measures provide useful information about our operating results, enhance the overall understanding of past financial performance and future prospects and allow for greater transparency with respect to metrics used by our management in its financial and operational decision-making.

While a reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort as a result of the uncertainty regarding, and the potential variability of, stock-based compensation expenses that we may incur in the future, we have provided a reconciliation of non-GAAP financial measures and other business metrics to the nearest comparable GAAP measures in the accompanying financial statement tables included in this press release.

We define a paying dealer as a dealer, based on a distinct associated inventory feed, that subscribes to our Enhanced or Featured Listing product at the end of a defined period.

We define AARSD, which is measured at the end of a defined period, as the total marketplace subscription revenue during the trailing 12 months divided by the average number of paying dealers during the same trailing 12-month period.

For each of our websites, we define a monthly unique user as an individual who has visited such website within a calendar month, based on data as measured by Google Analytics. We calculate average monthly unique users as the sum of the monthly unique users in a given period, divided by the number of months in that period. We count a unique user the first time a computer or mobile device with a unique device identifier accesses a website during a calendar month. If an individual accesses a website using a different device within a given month, the first access by each such device is counted as a separate unique user.

We define monthly sessions as the number of distinct visits to our websites that take place each month within a given time frame, as measured and defined by Google Analytics. We calculate average monthly sessions as the sum of the monthly sessions in a given period, divided by the number of months in that period. A session is defined as beginning with the first page view from a device and ending at the earliest of when a user closes their browser window, after 30 minutes of inactivity, or at midnight Eastern Time each night. A session can be made up of multiple page views and visitor actions, such as performing a search, visiting vehicle detail pages, and connecting with a dealer.

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Exhibit 99.2

CarGurus, Inc. Appoints Lori Hickok to Board of Directors

Former Scripps Networks Interactive CFO Brings Global Financial Planning and Governance Experience to Leading Online Automotive Marketplace

CAMBRIDGE, Mass. – August 7, 2018 - CarGurus, Inc. (Nasdaq: CARG), a leading global online automotive marketplace, today announced the appointment of Lori Hickok on August 1, 2018 to the company's Board of Directors and as Chair of its Audit Committee. Hickok most recently served as Executive Vice President, Chief Financial and Development Officer at Scripps Networks Interactive, a leader in lifestyle media with brands including HGTV, Travel Channel, and Food Network. She played an integral role in facilitating the merger of Scripps with Discovery Communications, which closed in March 2018.

"I am delighted to welcome Lori to our Board," said Langley Steinert, Chairman, Founder and CEO of CarGurus. "Lori brings deep experience in finance, accounting and corporate governance, and she is widely recognized for her acumen in growth strategy and execution, investment prioritization and M&A. Her experience and insight further strengthen our Board, and I look forward to her contributions."

As Executive Vice President, Chief Financial and Development Officer at Scripps Networks Interactive, Lori led the company's global financial and accounting functions, including reporting, tax, treasury, risk management, planning and analysis, and M&A. A veteran of Scripps since 1988, Lori also held positions as Executive Vice President of Finance, Vice President and Controller, Division Controller for the company's former cable television systems division, New Media Operations Controller and Chief Analyst for Corporate Development. Lori received a Bachelor of Science degree in Accounting & Finance from Miami University.

"CarGurus is at the forefront of digital innovation in the automotive space, and is transforming the way that people research, buy and sell cars," said Hickok. "It is a very exciting time for the company as it continues to grow its audience and offerings globally. I am honored to join the Board and I look forward to working alongside Langley and the rest of the team."

Lori fills a board seat that was occupied by Simon Rothman, who retired from the Board on August 1, 2018 after over 12 years of service. Simon Rothman founded eBay Motors in 1999 and served there in various roles including Vice President of US Operations and Global Vice President. Today he is a Partner at Greylock Partners, a venture capital firm.

"On behalf of the Board of Directors and all of our employees, I would like to thank Simon for his over twelve years of dedicated service," said Steinert. "Simon is a visionary leader, and his experience and guidance have been invaluable to us as we've built this company. I am profoundly grateful for his contributions."

About CarGurus

Founded in 2006, CarGurus (Nasdaq: CARG) is a global, online automotive marketplace connecting buyers and sellers of new and used cars. The Company uses proprietary technology, search algorithms and data analytics to bring trust and transparency to the automotive search experience and help users find great deals from top-rated dealers. CarGurus is the largest automotive shopping site in the U.S. by unique monthly visitors (source: ComScore Media Metrix Multi-Platform, June 2018). In addition to the United States, CarGurus operates online marketplaces in Canada, the United Kingdom, Germany, Italy, and Spain. To learn more about CarGurus, visit www.cargurus.com.

CarGurus® is a registered trademark of CarGurus, Inc.

Cautionary Language Concerning Forward-Looking Statements

This press release includes forward-looking statements. All statements contained in this press release other than statements of historical facts, including, without limitation, statements regarding the expected contributions of Ms. Hickok to our Board of Directors, the value proposition of our product offerings and platform, and our market awareness, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “guide,” “may,” “will” and similar expressions and their negatives are intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. 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, competition in the markets in which we operate, market growth, our ability to innovate and manage our growth, our ability to expand effectively into new markets, our ability to operate in compliance with applicable laws as well as other risks and uncertainties set forth in the “Risk Factors” section of our Quarterly Report on Form 10-Q, filed on August 7, 2018 with the Securities and Exchange Commission (SEC), and subsequent reports that we file with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after the date of this press release to conform these statements to actual results or revised expectations, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this press release.

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