

MATCH 

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CARS

Fourth Quarter and Full Year 2019 Earnings

February 26, 2020

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the federal securities laws. All statements other than statements of historical facts are forward-looking statements. Forward-looking statements include information concerning our business strategies, strategic alternatives review process, plans and objectives, market potential, outlook, trends, future financial performance, planned operational and product improvements, potential strategic transactions, liquidity and other matters and involve known and unknown risks that are difficult to predict. As a result, our actual financial results, performance, achievements, strategic actions or prospects may differ materially from those expressed or implied by these forward-looking statements. These statements often include words such as “believe,” “expect,” “project,” “anticipate,” “intend,” “strategy,” “plan,” “estimate,” “target,” “outlook,” “seek,” “will,” “may,” “would,” “should,” “could,” “forecasts,” “mission,” “strive,” “more,” “goal” or similar expressions. Forward-looking statements are based on our current expectations, beliefs, strategies, estimates, projections and assumptions, based on our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we think are appropriate. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by the Company and its management based on their knowledge and understanding of the business and industry, are inherently uncertain. These statements are expressed in good faith and we believe these judgments are reasonable. However, you should understand that these statements are not guarantees of strategic action, performance or results. Our actual results and strategic actions could differ materially from those expressed in the forward-looking statements. Given these uncertainties, forward-looking statements should not be relied on in making investment decisions. Comparisons of results between current and prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data. Whether or not any such forward-looking statement is in fact achieved will depend on future events, some of which are beyond our control.

Forward-looking statements are subject to a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results and strategic actions to differ materially from those expressed in the forward-looking statements contained in this presentation. For a detailed discussion of many of these and other risks and uncertainties, see our Annual Report on Form 10-K for the year ended December 31, 2019, our subsequent Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and our other filings with the Securities and Exchange Commission, available on our website at investor.cars.com or via EDGAR at www.sec.gov. All forward-looking statements contained in this presentation are qualified by these cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of these risks and uncertainties. The forward-looking statements contained in this presentation are based only on information currently available to us and speak only as of the date of this presentation. We undertake no obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, or changes in future operating results over time or otherwise.

The forward-looking statements in this report are intended to be subject to the safe harbor protection provided by the federal securities laws.

Non-GAAP Financial Measures

This presentation discusses Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted Net Income per Diluted Share and Free Cash Flow. These are not financial measures as defined by GAAP. These financial measures are presented as supplemental measures of operating performance because we believe they provide meaningful information regarding our performance and provide a basis to compare operating results between periods. In addition, we use Adjusted EBITDA as a measure for determining incentive compensation targets. Adjusted EBITDA also is used as a performance measure under our credit agreement and includes adjustments such as the items defined below and other further adjustments, which are defined in the credit agreement. These non-GAAP financial measures are frequently used by our lenders, securities analysts, investors and other interested parties to evaluate companies in our industry.

Other companies may define or calculate these measures differently, limiting their usefulness as comparative measures. Because of these limitations, these non-GAAP financial measures should not be considered in isolation or as substitutes for performance measures calculated in accordance with GAAP. Definitions of these non-GAAP financial measures and reconciliations to the most directly comparable GAAP financial measures are presented in the tables below.

We define Adjusted EBITDA as net income (loss) before (1) interest expense (income), net, (2) income tax expense (benefit), (3) depreciation, (4) amortization of intangible assets, (5) stock-based compensation expense, plus (6) certain other items, such as transaction-related costs, costs associated with the stockholder activist campaign, severance, transformation and other exit costs and write-off and impairments of goodwill, intangible assets and other long-lived assets. Amortization of unfavorable contracts liability is not adjusted out of Adjusted EBITDA.

We define Adjusted Net Income as net income (loss) excluding the after-tax impact of (1) amortization of intangible assets, (2) stock-based compensation expense, and (3) certain other items, such as transaction-related costs, costs associated with the stockholder activist campaign, severance, transformation and other exit costs and write-off and impairments of goodwill, intangible assets and other long-lived assets. Amortization of unfavorable contracts liability is not adjusted out of Adjusted Net Income.

Transaction-related costs are certain expense items resulting from actual or potential transactions such as business combinations, mergers, acquisitions, dispositions, spin-offs, financing transactions, and other strategic transactions, including, without limitation, (1) transaction-related bonuses and (2) expenses for advisors and representatives such as investment bankers, consultants, attorneys and accounting firms. Transaction-related costs may also include, without limitation, transition and integration costs such as retention bonuses and acquisition-related milestone payments to acquired employees, in addition to consulting, compensation and other incremental costs associated with integration projects.

We define Free Cash Flow as net cash provided by operating activities less capital expenditures, including purchases of property and equipment and capitalization of internal-use software and website development costs.

2019 Accomplishments



**Successful Completion
of Affiliate Channel
Conversions**



**Leading Market
Share Gains and
Unprecedented
Audience Growth**



**Stabilization and
Return to Dealer
Growth in Q4**



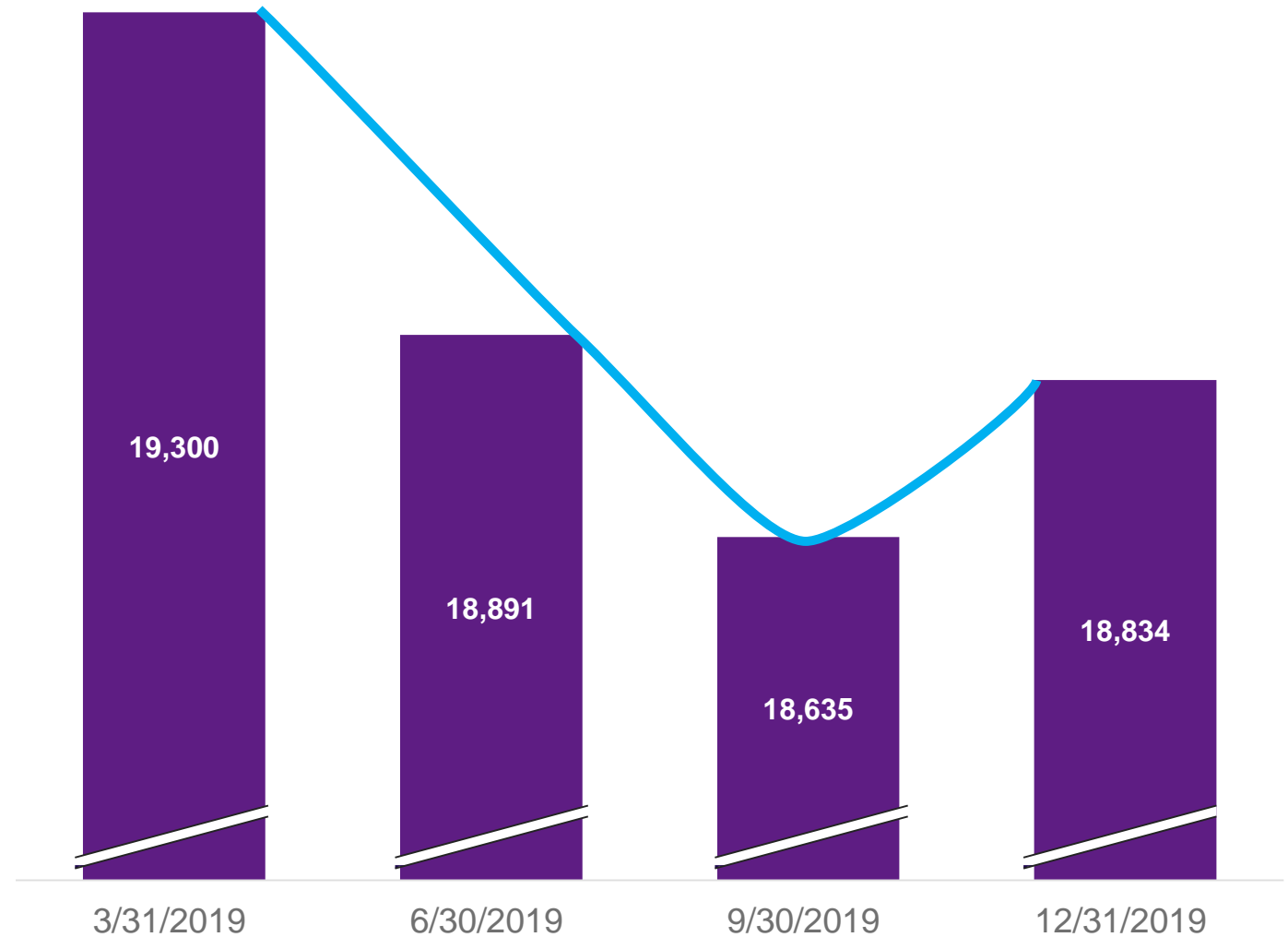
**Efficiencies and Cost
Savings from Sales and
Tech Transformations**



**Acceleration of
Solutions Strategy**

**Q4: Strongest
Quarterly
Dealer Count
Growth
Since 2015**

DEALER CUSTOMERS



DI green-lighted for dealer websites for GM: Adds 4,000+ new dealer targets



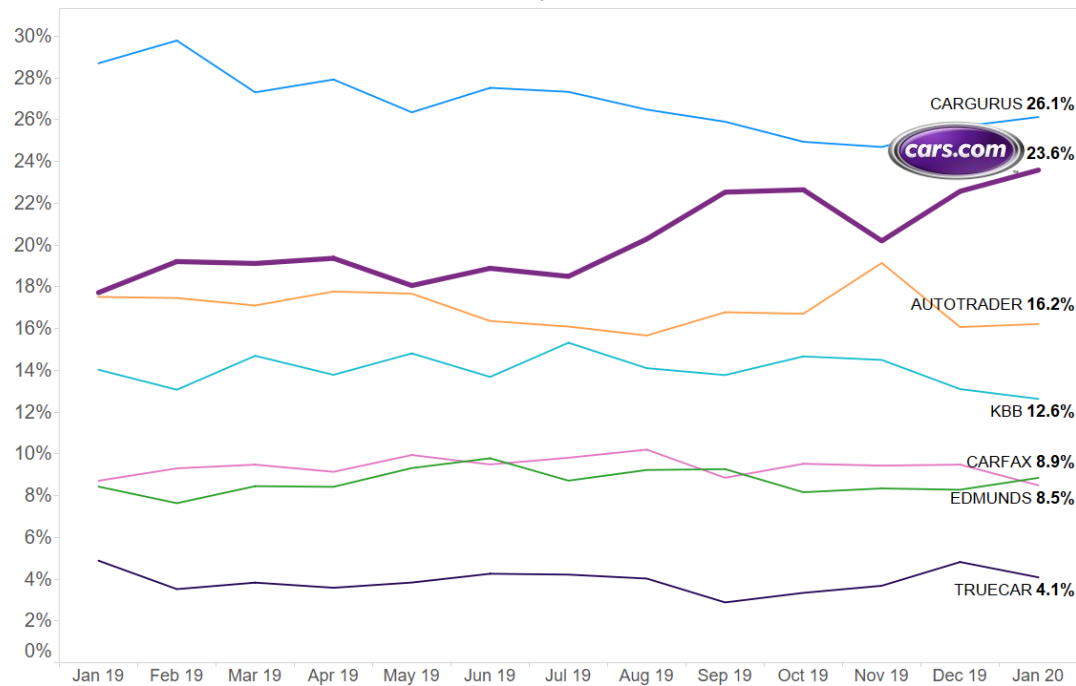
- 800+ aggregate sales to date
- Post-development launches and revenue recognition expected to begin in H2



Accelerating Market Share, Audience Growth a Core Competency

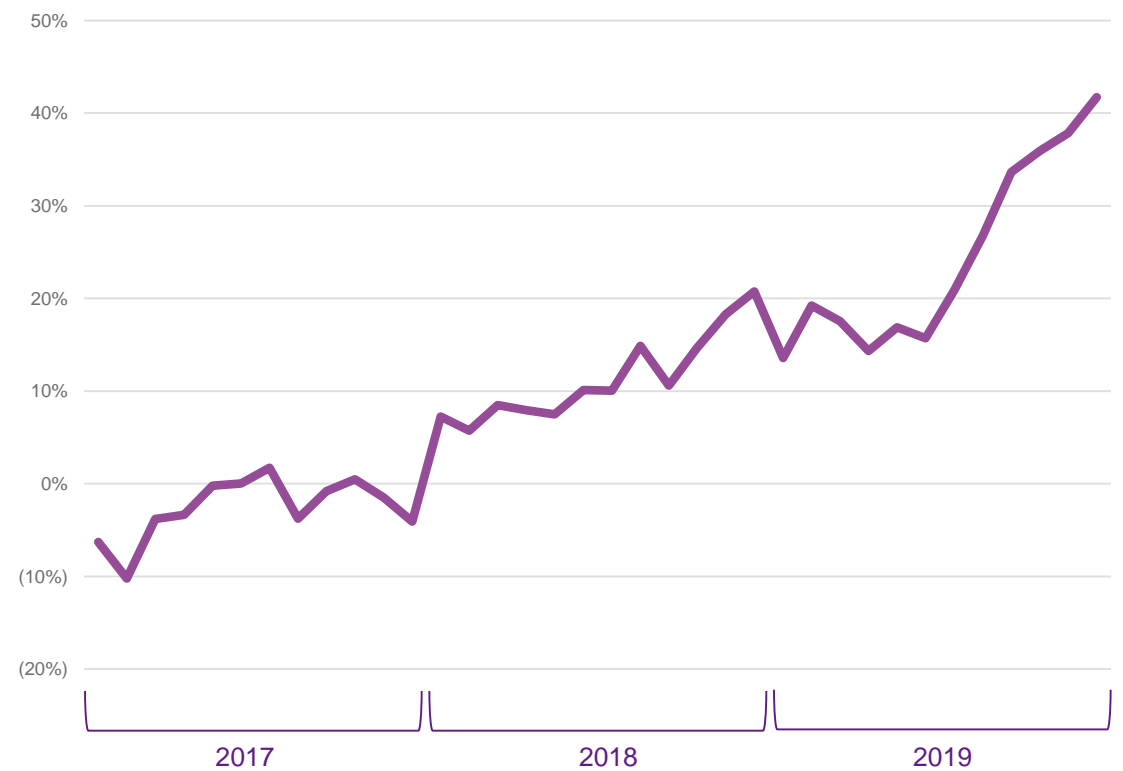
Gaining Share

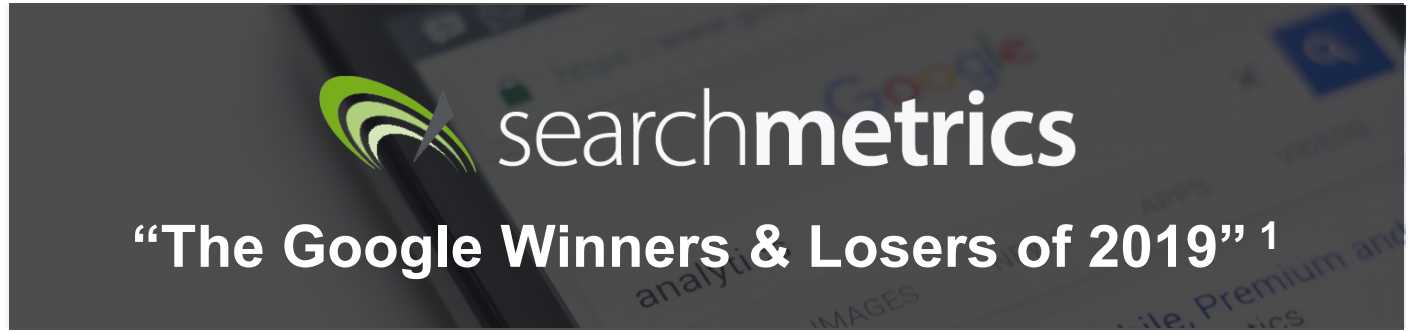
Share: Unique Visitors



Source: Comscore

Delivering Consistent Traffic Growth





Domain	Rank	Visibility Increase
Cars.com	#1 Auto	69%↑

SEO Leadership Continues

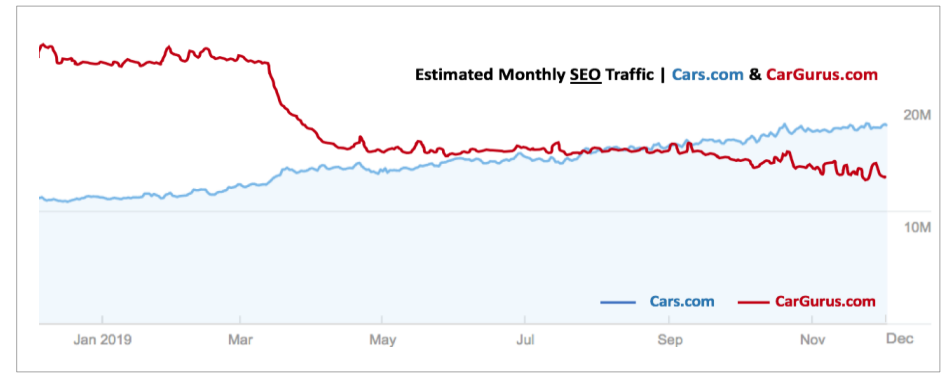
Fastest growing in our competitive set.

1. SEO visibility developed throughout 2019, looking at the week-on-week changes for all websites in Searchmetrics' U.S. Google index; ["Google Winners & Losers 2019"](#) | Source: Searchmetrics

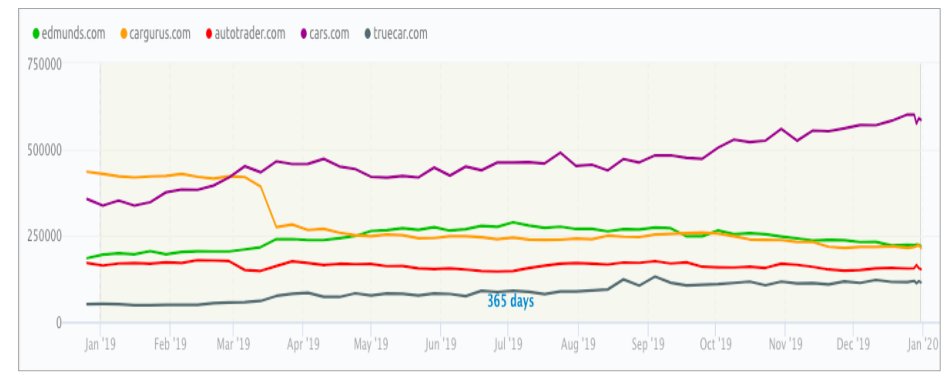
2. Estimated SEO traffic including Desktop & Mobile, 2019 | Source: Ahrefs

3. Estimated SEO traffic including Desktop & Mobile, 2019 | Source: SEMRush

Ahrefs | Estimated SEO Traffic Cars.com and CarGurus²
~4M keywords



SEMRush | Estimated SEO Traffic Cars.com and Competitors³
~4K keywords



Stabilizing National

Channel finished the year strong with highest revenue quarter of the year

1

**Solid
Upfronts**

2

**Incremental Onsite
Media Sales**

3

**Growing
Programmatic
Open Auction**

Corporate Social Responsibility at CARS

[Investor.cars.com/ESG](https://investor.cars.com/ESG)

Talented & Diverse Workforce

- Biannual surveys to monitor employee satisfaction
- Incentives such as leading Employee Stock Purchase Plan and competitive compensation
- Unconscious Bias Training and employee groups to promote inclusion

Data Security & Privacy

- Robust Information Security and Privacy Policies
- Use Secure Socket Layer (SSL) encryption for protecting privacy in web transactions
- Executive-level management of data security, reporting to Board of Directors



Protecting our Planet

- Environmentally friendly business model
- Match environmentally conscious shoppers to their perfect car

Caring for the Community

- 1,500 total hours of volunteer time given by employees in 2019
- Partnership with Tragedy Assistance Program for Survivors (TAPS), which supports families grieving military loss

FOCUS

**Audience + Solutions Strategy =
Revenue Growth**



**Category-leading
Traffic**

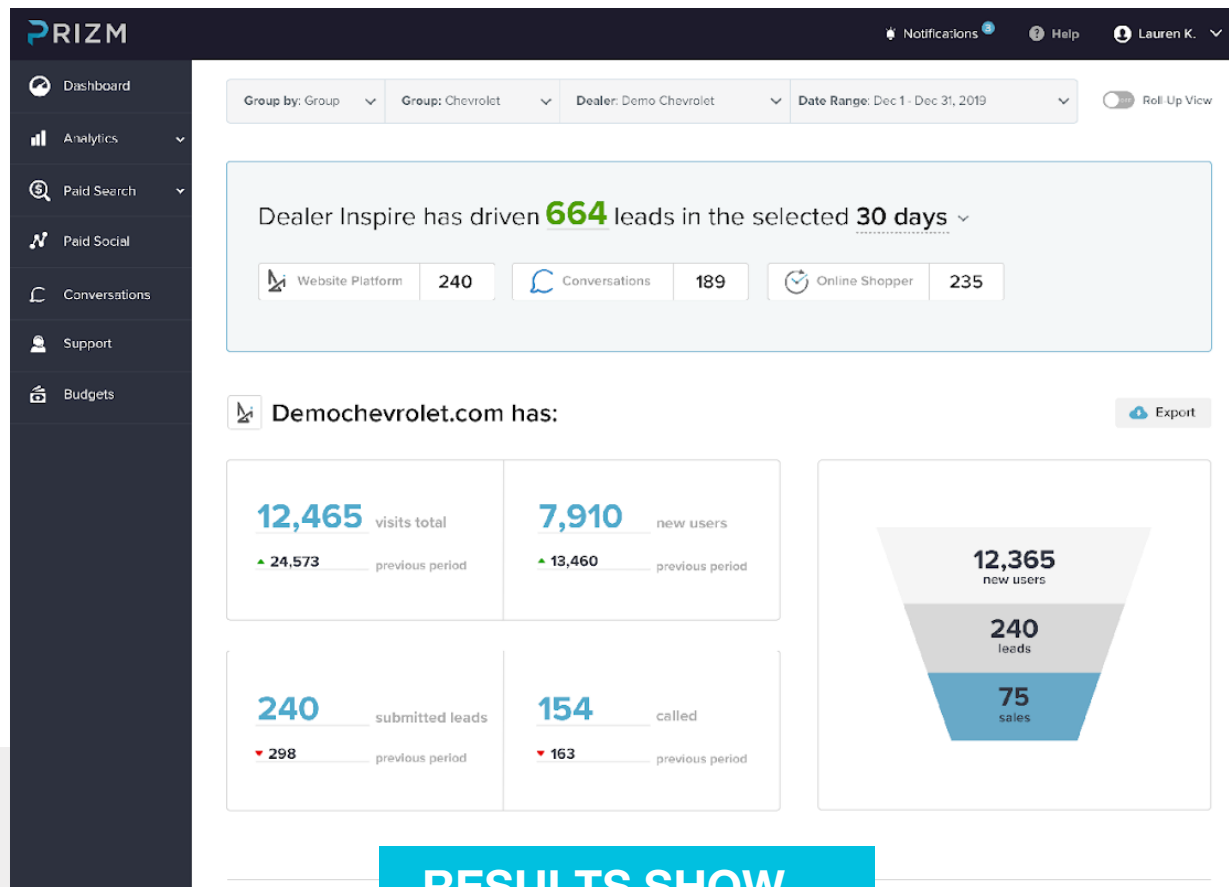


**Acceleration of
Solutions Strategy**



**Launch and Growth
of FUEL™ In-Market
Video (IMV)**

Executing our Digital Solutions Strategy:



RESULTS SHOW...

Cars.com shoppers are nearly
40% MORE LIKELY
to return to a dealer website.

Cars.com shoppers are
4x MORE LIKELY
to buy a vehicle.

Gaining Momentum Expected Throughout 2020

POSITIVE DRIVERS

- ↑ Continued traffic growth and market-leading SEO performance
- ↑ Launch FUEL IMV initiative – new value-add innovation and revenue stream launched by CARS

- ↑ Continued dealer success. Positive comps by Q4
- ↑ Affiliate revenue share payments end. Uplift in cash flow in H2
- ↑ Sequential revenue build of GM dealer website business
- ↑ Savings from Tech transformations realized by Q4
- ↑ Uptick in ARPD from FUEL IMV initiative

H1

H2

Exiting 2020
with Revenue &
Adj. EBITDA
Growth

NEGATIVE IMPACT

- ↓ Difficult dealer count comps
- ↓ Dealer Inspire H1 hiring ramp to meet demand for new OEM partnerships website sales

- ↓ Margin impact of rapid solutions sales growth becoming larger portion of revenue mix

2020 Outlook

Investments begin to unlock uplift in H2, expected to lead to revenue growth by end of year

Differences in H1 and H2 revenue narrative:

- The ending of affiliate payments in June
- More difficult comps especially in H1 due to 1,087 fewer dealers to start the year. Q4 2019 sales, retention and traffic momentum expected to result in increased dealers and cumulative subscription revenue through 2020
- Sequential revenue build of subscription-based GM dealer website business
- Expected uptick in ARPD from FUEL IMV initiative in H2
- National upfronts, on-site media and programmatic sales that stabilized Q4 2019 expected to continue. Uncertainty in National due to macro volatility; resist projecting growth expectations just yet

Revenue	(4)% to Flat
Adj. EBITDA margins	25 to 27%
Free Cash Flow	Flat to +25%

- Sequential build of dealer count due to subscription model
- Uncertainty in National due to macro volatility
- Positive exit growth rate to end 2020

Full Year 2019 Financial Highlights

(\$ in millions, except per share data)

	2019	2018
Revenue	\$606.7	\$662.1
Total Operating Expenses ¹	\$1,052.7	\$578.2
Net (Loss)/Income ¹	(\$445.3)	\$38.8
(Loss)/Earnings per Diluted Share	(\$6.65)	\$0.55
Adjusted Net Income	\$104.2	\$135.3
Adjusted Net Income per Diluted Share	\$1.55	\$1.92
Adjusted EBITDA	\$167.3	\$227.6
Adjusted EBITDA as a % of Revenue	28%	34%

¹ Includes goodwill and intangible asset impairment charge of \$461.5 million or \$427.3 million, net of tax.

Reconciliations of Non-GAAP financials measures to the relevant GAAP measure can be found in the appendix of this presentation.

Q4 2019 Key Operating Metrics

Average Monthly Unique Visitors	+ 32% YOY
Traffic (Visits)	+ 39% YOY
Mobile Traffic ¹	74%
Direct Monthly ARPD ²	\$2,136
Dealer Customers	18,834

¹ Mobile traffic includes mobile browser, mobile app and tablet.

² ARPD includes revenue from dealer websites and related digital solutions from Dealer Inspire.

Q4 2019 Financial Highlights

(\$ in millions, except per share data)

	2019	2018
Revenue	\$152.2	\$164.3
Total Operating Expenses	\$147.5	\$140.5
Net (Loss)/Income	(\$4.1)	\$9.4
(Loss)/Earnings per Diluted Share	(\$0.06)	\$0.14
Adjusted Net Income	\$42.2	\$34.1
Adjusted Net Income per Diluted Share	\$0.63	\$0.50
Adjusted EBITDA	\$39.3	\$61.1
Adjusted EBITDA as a % of Revenue	26%	37%

Reconciliations of Non-GAAP financials measures to the relevant GAAP measure can be found in the appendix of this presentation.

Dec. 31, 2019 Balance Sheet, Cash Flow & Capitalization

Cash Flows from Operating Activities	\$101.5 million
Free Cash Flow	\$80.2 million
Cash	\$13.5 million
Debt	\$648.1 million
Net Leverage Ratio ¹	3.8x
Shares Outstanding ²	66.8 million
Enterprise Value ³	\$1.4 billion

1. Net Leverage Ratio calculated in accordance with the Company's Credit Agreement.

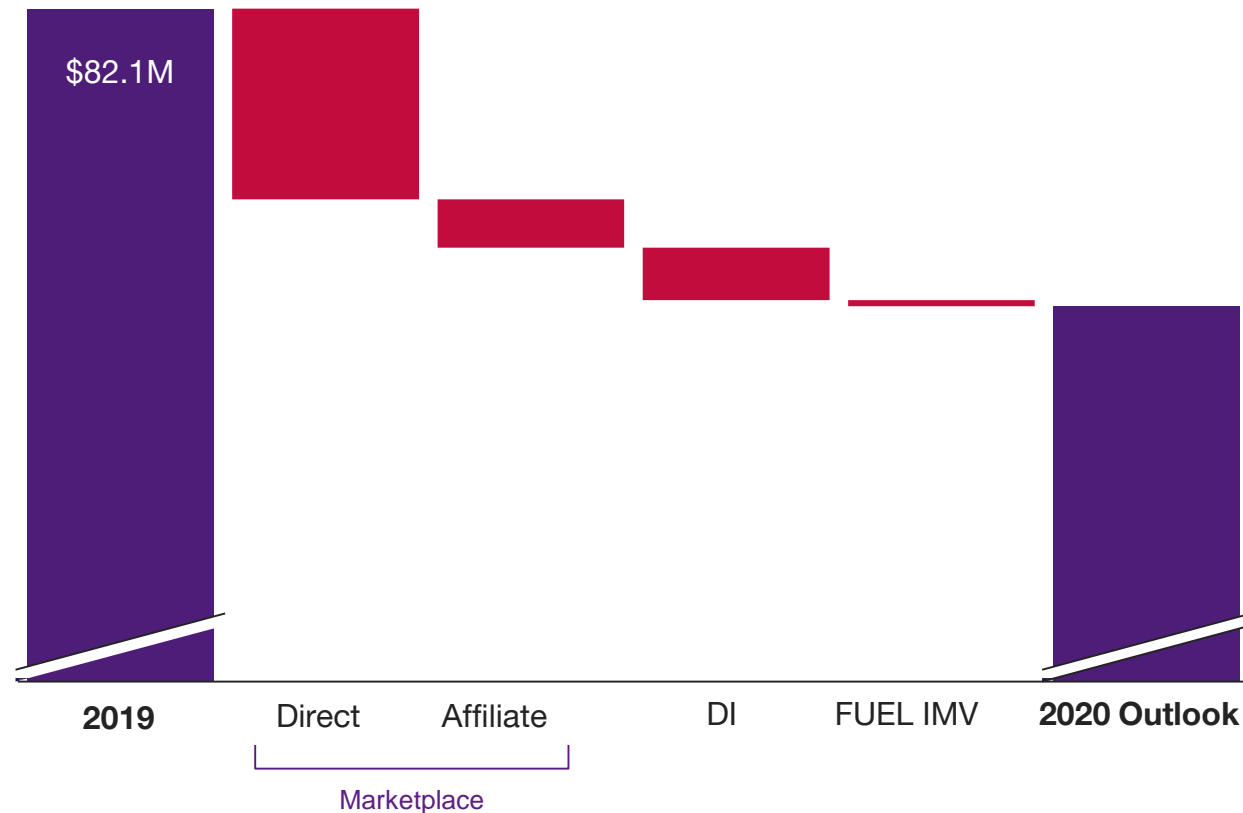
2. Shares outstanding as of December 31, 2019.

3. Using the closing share price of \$11.49 on February 13, 2020.

Reconciliations of Non-GAAP financials measures to the relevant GAAP measure can be found in the appendix of this presentation.

H1 Adjusted EBITDA Bridge

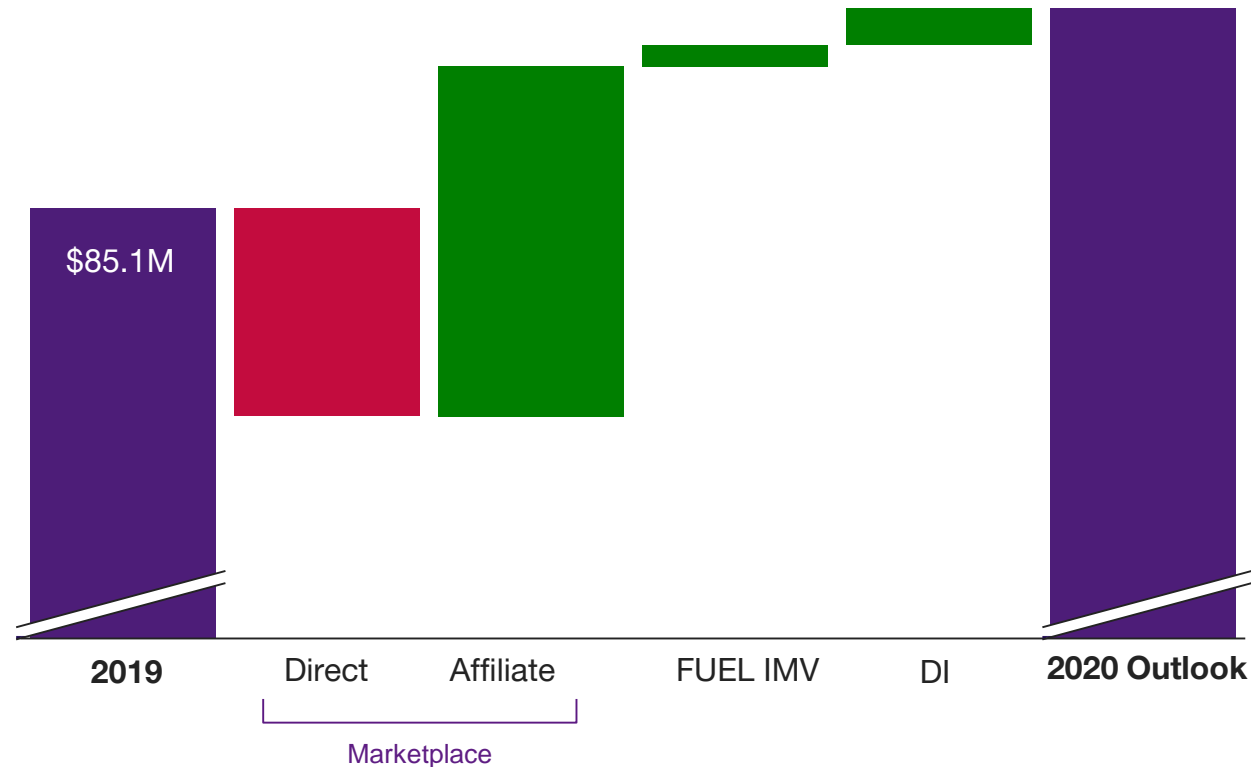
2020 H1 Adjusted EBITDA margin compression compared to 2019 H1 margin of 27%



- Marketplace revenue decline driven by lower beginning dealer count and lower ARPD partially offset by lower costs
- DI decline driven by costs incurred during website development period prior to subscription revenue recognition at launch and corresponding Adjusted EBITDA growth in H2
- FUEL IMV investments that generate growing revenue in H2
- Affiliate Conversion reflects billing at retail rates (conversions of Gannett, TEGNA, and Belo) combined with final revenue share payments and incremental sales headcount

H2 Adjusted EBITDA Bridge

2020 H2 Adjusted EBITDA margin expansion compared to 2019 H2 margin of 28%



- Despite continued pressure on ARPD, marketplace revenue begins to stabilize upon anniversary of dealer progress and full affiliate conversions to reflect billing at retail rates (conversions of Gannett, TEGNA, and Belo) combined with cessation of revenue share payments, slightly offset by incremental sales headcount
- DI revenue growth enabled by heavy H1 2020 investments that generate more Adjusted EBITDA growth in H2
- Estimating small contribution from FUEL IMV

Building Blocks for Our Future

1

**Best-in-Class Brand
and Consumer
Experience**

2

**Product Solutions to
Help Customers Sell
More Cars**

3

**Efficient Technology
Systems to Speed
Innovation**

4

**Industry-Leading
Sales and Customer
Support**

SUSTAINABLE MARKET LEADERSHIP

Questions

Appendix

Non-GAAP Reconciliations

(unaudited and in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Reconciliation of Net (loss) income to Adjusted EBITDA				
Net (loss) income	\$ (4,110)	\$ 9,357	\$(445,324)	\$ 38,809
Interest expense, net	7,785	7,412	30,774	27,717
Income tax expense (benefit)	1,056	7,747	(29,955)	18,120
Depreciation and amortization	30,116	26,656	116,877	103,810
Goodwill and intangible asset impairment	—	—	461,463	—
Stock-based compensation	2,332	1,928	7,736	9,423
Severance, transformation and other exit costs	963	4,499	10,588	5,771
Costs associated with the stockholder activist campaign	—	2,040	8,825	9,806
Transaction-related costs	959	1,152	5,582	13,182
Write-off of long-lived assets and other	177	277	706	968
Adjusted EBITDA*	<u>\$ 39,278</u>	<u>\$ 61,068</u>	<u>\$ 167,272</u>	<u>\$ 227,606</u>

Reconciliation of Net (loss) income to Adjusted net income

Net (loss) income	\$ (4,110)	\$ 9,357	\$(445,324)	\$ 38,809
Amortization of intangible assets	25,277	23,031	98,611	90,990
Goodwill and intangible asset impairment	—	—	461,463	—
Stock-based compensation	2,332	1,928	7,736	9,423
Severance, transformation and other exit costs	963	4,499	10,588	5,771
Costs associated with the stockholder activist campaign	—	2,040	8,825	9,806
Transaction-related costs	959	1,152	5,582	13,182
Write-off of long-lived assets and other	177	277	706	968
Tax impact of adjustments	16,570	(8,190)	(43,995)	(33,694)
Adjusted net income*	<u>\$ 42,168</u>	<u>\$ 34,094</u>	<u>\$ 104,192</u>	<u>\$ 135,255</u>
Adjusted net income per share, diluted	<u>\$ 0.63</u>	<u>\$ 0.50</u>	<u>\$ 1.55</u>	<u>\$ 1.92</u>
Weighted-average common shares outstanding, diluted**	67,153	68,856	67,335	70,547

Reconciliation of Net cash provided by operating activities to Free cash flow

Net cash provided by operating activities	\$ 20,934	\$ 42,467	\$ 101,484	\$ 163,548
Purchase of property and equipment	(5,848)	(4,267)	(21,257)	(14,233)
Free cash flow	<u>\$ 15,086</u>	<u>\$ 38,200</u>	<u>\$ 80,227</u>	<u>\$ 149,315</u>

* Amortization of unfavorable contracts liability is not adjusted out of Adjusted EBITDA or Adjusted net income.

** Weighted-average common shares outstanding, diluted, includes shares excluded from GAAP loss per share due to the net loss position for the three months and year ended December 31, 2019.

Definitions

Traffic (Visits). Traffic is critical to our business. Traffic to the CARS network of websites and mobile apps provides value to our advertisers in terms of audience, awareness, consideration and conversion. In addition to tracking traffic volume and sources, we monitor activity on our properties, allowing us to innovate and refine our consumer-facing offerings. Traffic is defined as the number of visits to CARS desktop and mobile properties (responsive sites and mobile apps), using Adobe Analytics. Traffic does not include traffic to Dealer Inspire websites. Visits refers to the number of times visitors accessed CARS properties during the period, no matter how many visitors make up those visits. Traffic provides an indication of our consumer reach. Although our consumer reach does not directly result in revenue, we believe our ability to reach in-market car shoppers is attractive to our dealers and national advertisers.

Average Monthly Unique Visitors (“UVs”). Growth in unique visitors and consumer traffic to our network of websites and mobile apps increases the number of impressions, clicks, leads and other events we can monetize to generate revenue. We define UVs in a given month as the number of distinct visitors that engage with our platform during that month. Visitors are identified when a user first visits an individual CARS property on an individual device/browser combination or installs one of our mobile apps on an individual device. If a visitor accesses more than one of our web properties or apps or uses more than one device or browser, each of those unique property/browser/app/device combinations counts towards the number of UVs. UVs do not include Dealer Inspire UVs. We measure UVs using Adobe Analytics.

Dealer Customers. Dealer Customers represent dealerships using our products as of the end of each reporting period. Each physical or virtual dealership location is counted separately, whether it is a single-location proprietorship or part of a large consolidated dealer group. Multi-franchise dealerships at a single location are counted as one dealer.

Average Revenue Per Dealer (“ARPD”). We believe that our ability to grow ARPD is an indicator of the value proposition of our products. We define ARPD as Direct retail revenue during the period divided by the average number of direct Dealer Customers during the same period. Beginning the first quarter of 2019, this key operating metric includes revenue from dealer websites and related digital solutions. ARPD prior to the first quarter of 2019 has not been recast to include Dealer Inspire as it would be impracticable to do so.