

CARS

Q1 2021 Earnings

May 6, 2021



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 the impact of the COVID-19 pandemic on our industry, our dealer customers and our results of operations, our business strategies, strategic alternatives, plans and objectives, market potential, outlook, trends, future financial performance, planned operational and product improvements, potential strategic transactions, liquidity, including draws from our revolving credit facility, expense management 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,” “outlook,” “intend,” “strategy,” “plan,” “estimate,” “target,” “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, current developments regarding the COVID-19 pandemic 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, our 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 presentation are intended to be subject to the safe harbor protection provided by the federal securities laws.

Definitions: Non-GAAP Financial Measures

This presentation discusses Adjusted EBITDA, Adjusted EBITDA Margin, and Free Cash Flow. These financial measures are not prepared in accordance with generally accepted accounting principles in the United States (“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. For a reconciliation of the non-GAAP measures presented in this presentation to their most directly comparable financial measure prepared in accordance with GAAP, see “Non-GAAP Reconciliations” below.

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, net, (2) income tax (benefit) expense, (3) depreciation, (4) amortization of intangible assets, (5) stock-based compensation expense, (6) unrealized mark-to-market adjustments and cash transactions related to derivative instruments, and (7) certain other items, such as transaction-related costs, severance, transformation and other exit costs and write-off and impairments of goodwill, intangible assets and other long-lived assets.

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.

Momentum Continues in 2021



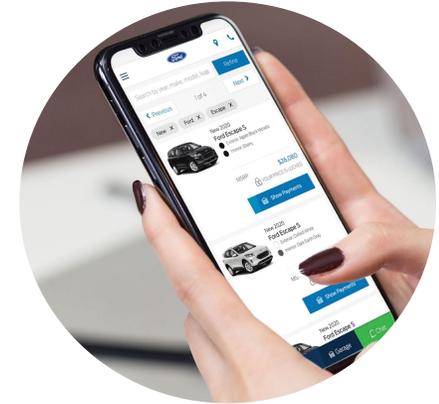
**Strong Dealer
Growth**



**ARPD Driving
Revenue Growth**



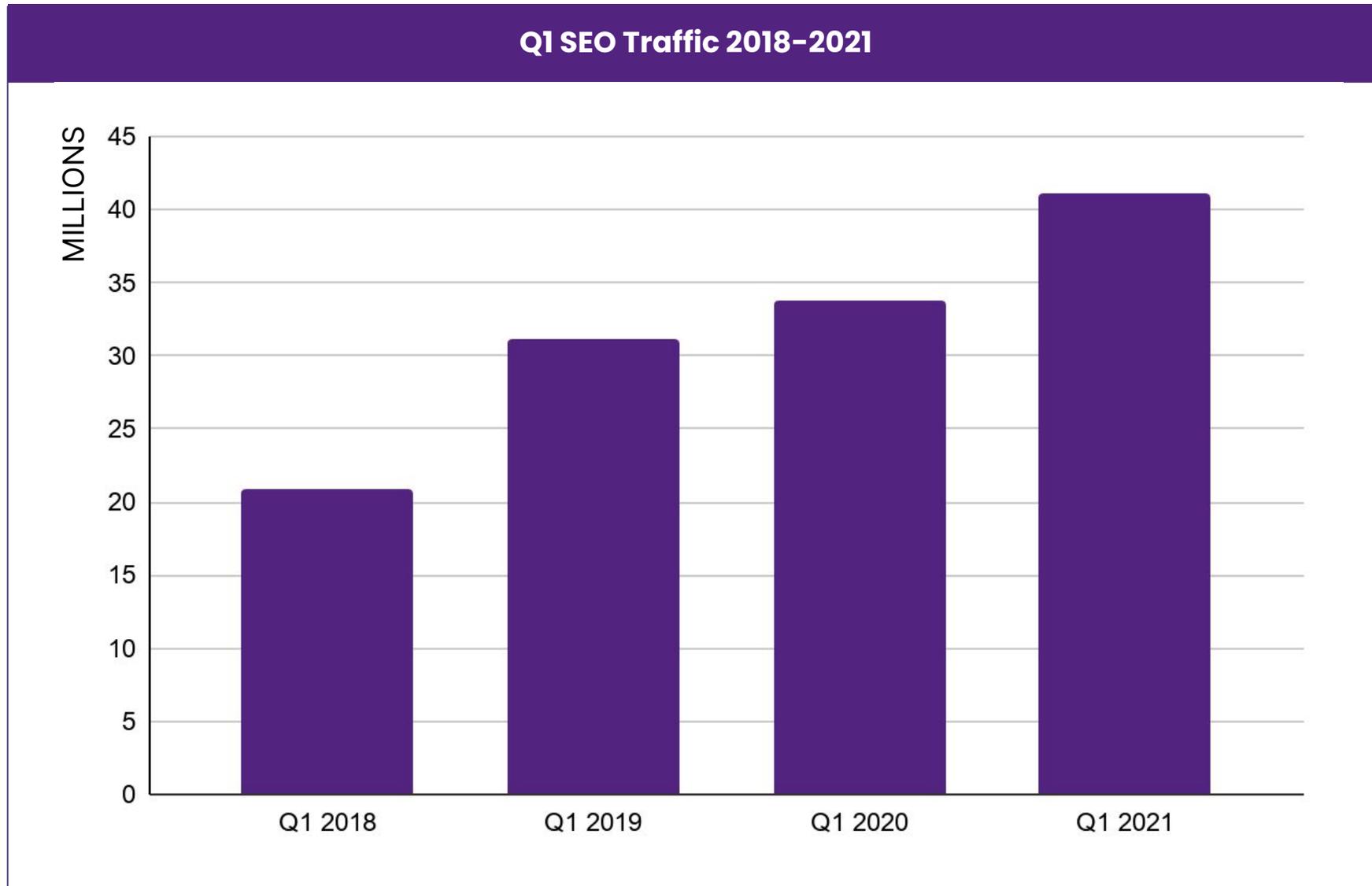
**Growth in
Adjusted EBITDA with
Margin Expansion**



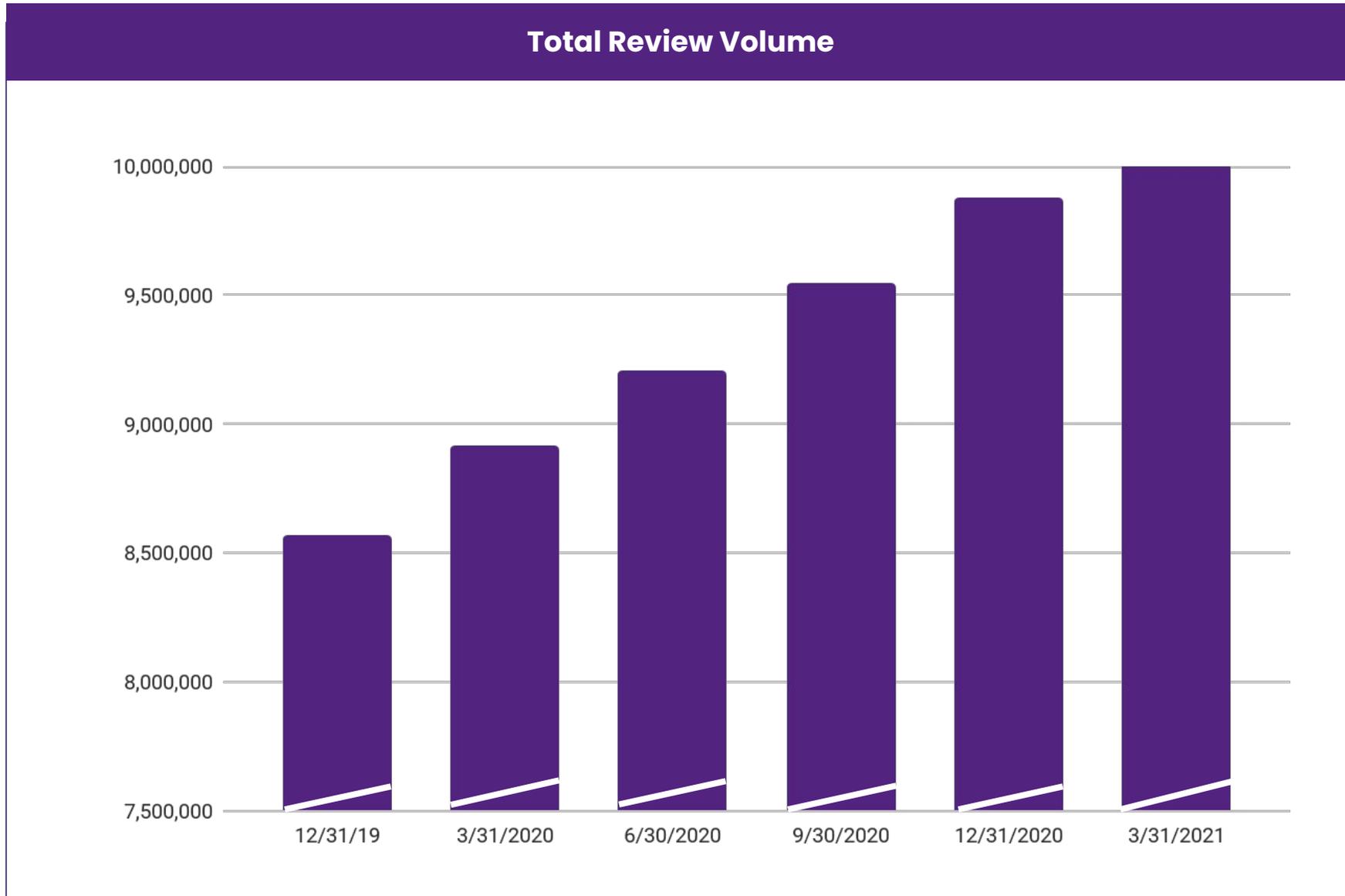
**Record-breaking
SEO Traffic and the
Most Efficient
Audience Delivery**

Record-Breaking SEO Traffic Driving Value Delivery to Dealers

Q1 SEO Traffic 2018-2021



CARS Reaches 10 Million Reviews, Powered by DealerRater



Continued Focus on Value Delivery



Cars.com shoppers visiting dealer websites are...

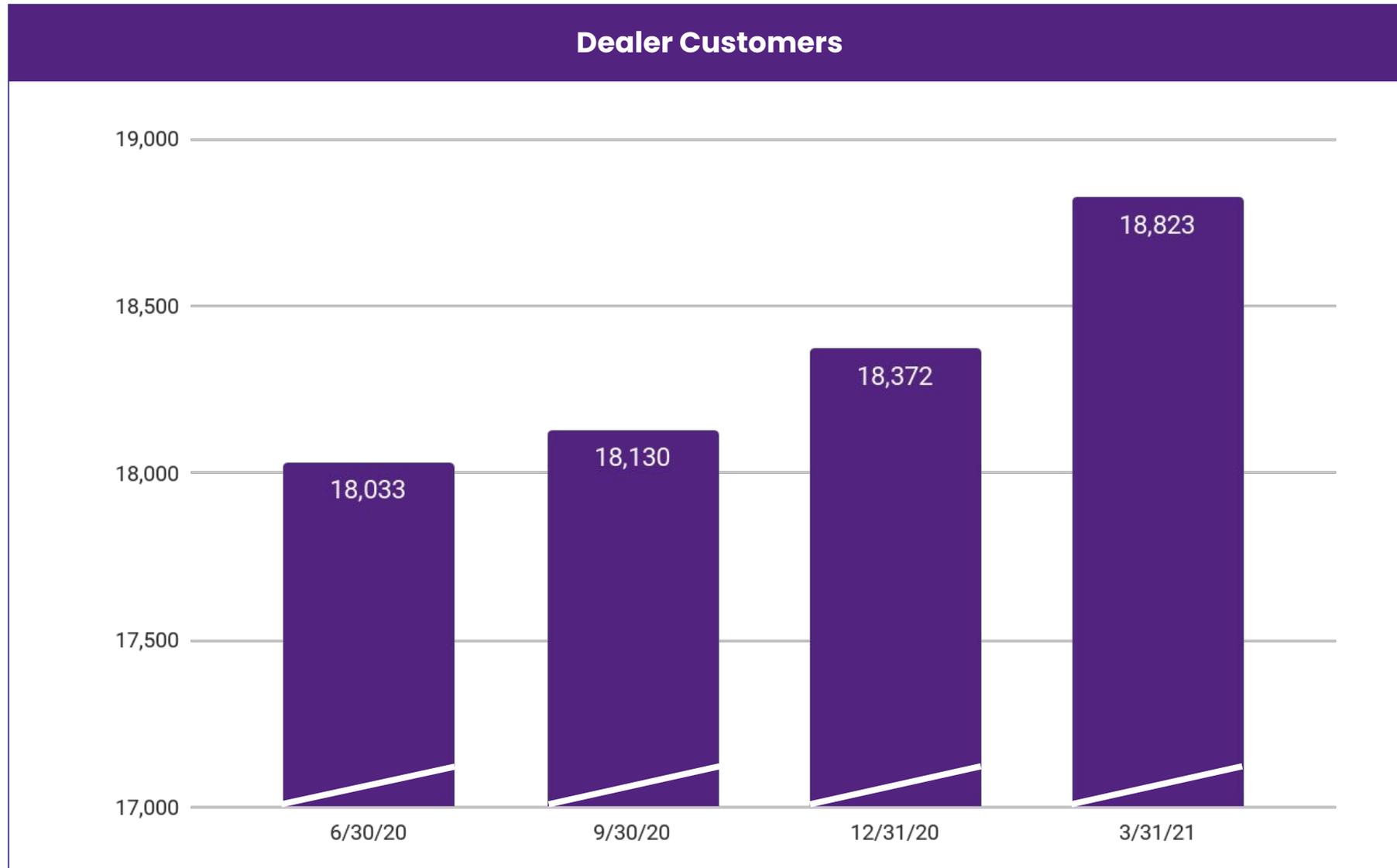
2X more likely to buy a car than shoppers who only visit a dealer website¹

¹ Internal Dealer Inspire Data, looking at cross-shoppers on Cars.com and DI websites, Feb. 1, 2021

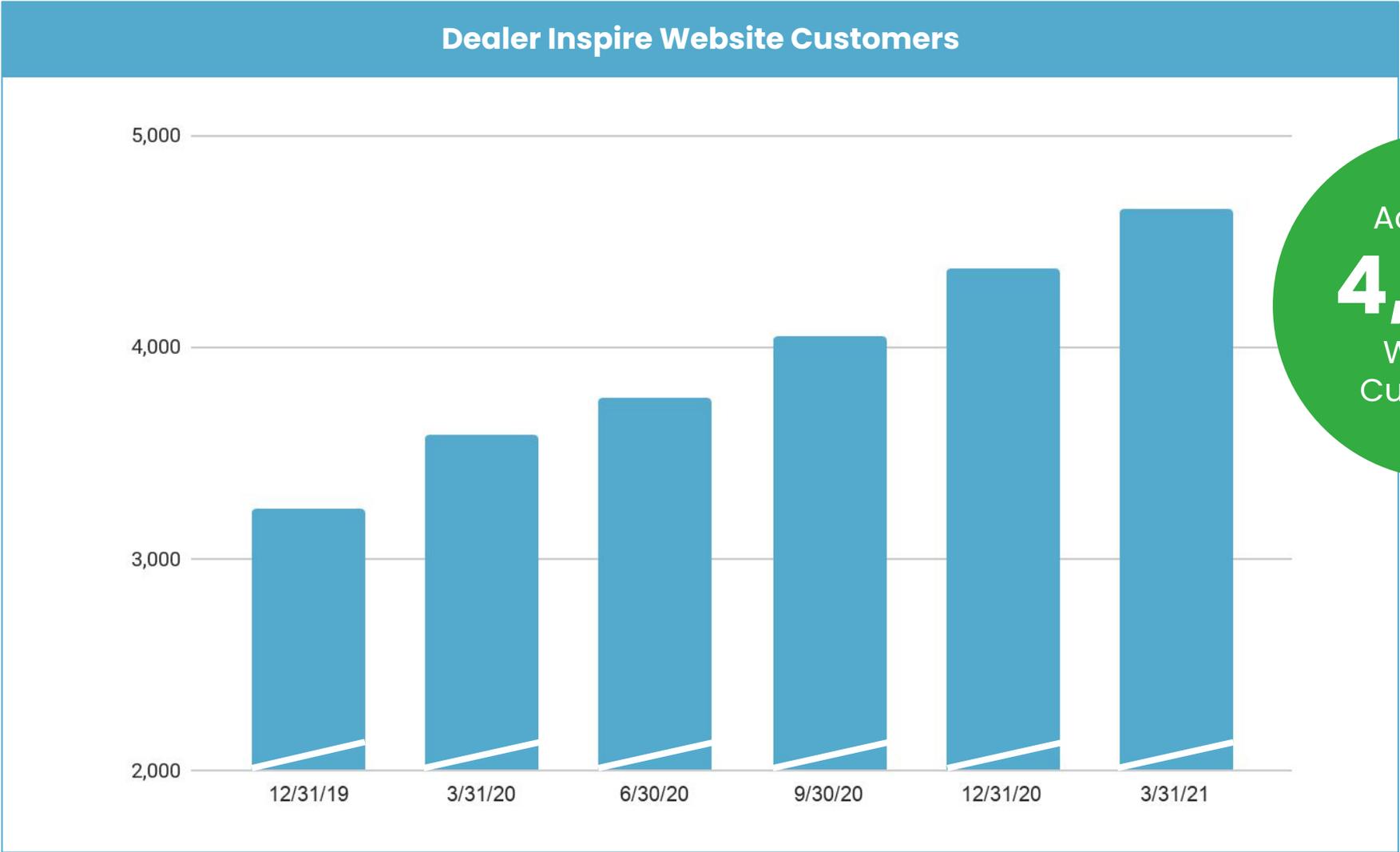
Launched New Brand Campaign “It’s Matchical”



Value Delivery Driving Sustainable Growth in Dealer Customers



Continued Growth in Website Customers



Achieved
4,700
Website Customers

Pipeline Expands with the Addition of Ford Partnership



DEALER INSPIRE

- 3,000 U.S. dealers
- 1 of 5 approved vendors

FUEL Helps Dealer Reach No. 1 in Local Market

FUEL has propelled us into the No. 1 position in our market for the first time. I am able to brand a message that buyers – not just passive listeners or viewers – but buyers hear. It's those Cars.com in-market customers I am able to target and message with FUEL.

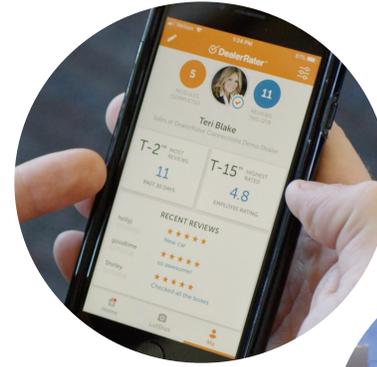
JD DANTZLER

GM of Manly Honda, Santa Rosa, Calif.,
the first Honda dealership in the U.S.



Auto Market Trends

- Low inventory levels, higher dealer margins
- Supply chain disruptions, including chip shortages
- Rising demand from first-time and urban buyers
- Abbreviated purchase timelines
- Federal stimulus boosts auto sales
- March SAAR was 17.75 million - best month since October 2017; April SAAR 18.5 million, even stronger
- Continued shift to digital channels and solutions



CARS Welcomes Jenell Ross to its Board of Directors



Dealer Owner-Operator
Bob Ross Auto Group

Q1 2021 Financial Highlights

(\$ in millions, except per share data)

	Q1 2021	Q1 2020
REVENUE	\$153.3	\$148.1
TOTAL OPERATING EXPENSES	\$136.7	\$1,053.2 *
NET INCOME (LOSS)	\$5.3	(\$787.4)
INCOME (LOSS) PER DILUTED SHARE	\$0.08	(\$11.76)
ADJUSTED EBITDA	\$48.1	\$35.2
ADJUSTED EBITDA AS A % OF REVENUE	31%	24%

*Includes a non-cash goodwill and intangible asset impairment charge of \$905.9 million triggered by the COVID-19 pandemic. Reconciliations of Non-GAAP financial measures to the relevant GAAP measures can be found in the appendix of this presentation.

Q1 2021 Key Operating Metrics

	Q1 2021	Q1 2020
AVERAGE MONTHLY UNIQUE VISITORS	26.0MM	24.9MM
TRAFFIC	156.6MM	158.9MM
MOBILE TRAFFIC ¹	75%	76%
MONTHLY ARPD ²	\$2,268	\$2,092
DEALER CUSTOMERS	18,823	18,938

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

2. ARPD excludes revenue from digital advertising services.

March 31 Balance Sheet, Cash Flow & Capitalization

(Year to Date or as of March 31)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	\$50.4MM	\$28.9MM
FREE CASH FLOW	\$44.1MM	\$23.1MM
CASH	\$53.7MM	\$187.3MM
DEBT	\$545.0MM	\$799.7MM
TOTAL LIQUIDITY ¹	\$283.7MM	\$217.3MM
NET LEVERAGE	2.9x	3.7x
SHARES OUTSTANDING ²	68.6MM	
ENTERPRISE VALUE ³	\$1.4B	

1. Includes cash plus availability under revolving credit facility.

2. Shares outstanding as of April 29, 2021.

3. Using the closing share price of \$13.38 on May 3, 2021.

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

Continued Growth Expected in 2021

Q2 2021 Outlook

- Revenue of approximately \$152MM to \$154MM
- Adjusted EBITDA margins between 28% and 30%



Q&A



Appendix



Non-GAAP Reconciliations

(unaudited and in thousands)

	Three Months Ended March 31,	
	2021	2020
Reconciliation of Net income (loss) to Adjusted EBITDA		
Net income (loss)	\$ 5,278	\$ (787,434)
Interest expense, net	10,001	7,526
Income tax expense (benefit)	1,306	(134,656)
Depreciation and amortization	25,680	30,961
Goodwill and intangible asset impairment	—	905,885
Stock-based compensation	5,108	1,911
Write-off of long-lived assets and other	(15)	9,483
Severance, transformation and other exit costs	780	1,404
Transaction-related costs	—	97
Adjusted EBITDA	<u>\$ 48,138</u>	<u>\$ 35,177</u>

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

Net cash provided by operating activities	\$ 50,362	\$ 28,892
Purchase of property and equipment	(6,219)	(5,755)
Free cash flow	<u>\$ 44,143</u>	<u>\$ 23,137</u>

Definitions: Key Metrics

Traffic. Traffic is fundamental 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), measured using Adobe Analytics. Traffic does not include traffic to Dealer Inspire websites. 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 dealer customers 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 toward 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 Dealer revenue, excluding digital advertising services, during the period divided by the monthly average number of Dealer Customers during the same period.