Cars.com

Fourth Quarter and Full Year 2018 Earnings

February 28, 2019

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,” “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. You should understand that these statements are not guarantees of strategic action, performance or results. Our actual results 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 to differ materially from those expressed in the forward-looking statements contained in this presentation. For a detailed discussion of many of these risks and uncertainties, see “Part I, Item 1A., Risk Factors” and “Part II, Item 7., Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2017 which is available on our website at investor.cars.com or vis 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 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 the Company's 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.

The Company defines 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, restructuring and other exit costs, costs related to the headquarters move 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.

The Company defines 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, restructuring and other exit costs, costs related to the headquarters move 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.

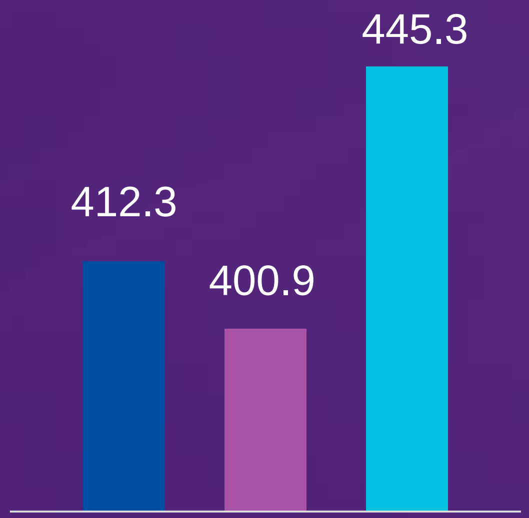
The Company defines Free Cash Flow as net cash provided by operating activities less capital expenditures, including purchases of property and equipment and capitalization of internal-use software and website development costs.

Adjusted EBITDA to Free Cash Flow Conversion is calculated by dividing Free Cash Flow by Adjusted EBITDA.

2018: A PIVOTAL YEAR

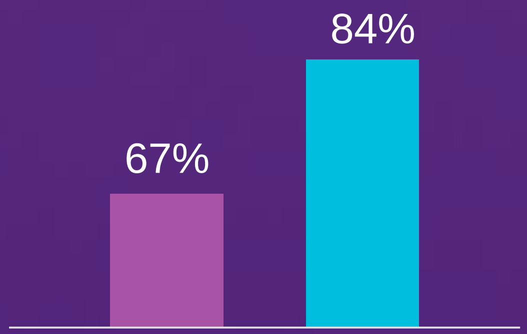
2018 Accomplishments

- Twelve Consecutive Months of YOY Traffic Growth
- Converted 30+ affiliate markets & 3,500 dealers
- Launched New Products
- Transformed our Sales & Tech Organizations
- Acquired Dealer Inspire & LDM to Solidify Solutions Strategy
- $97 million in Share Buybacks

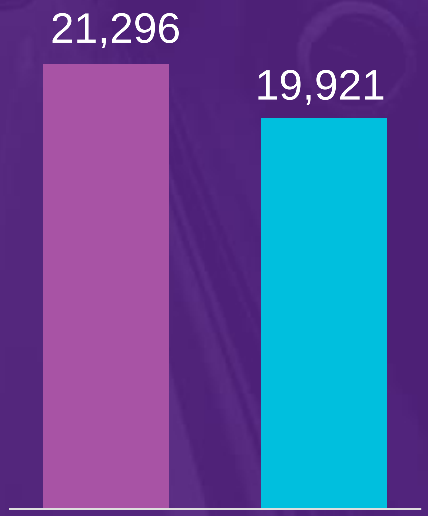


Significant Year-on-Year Traffic Gains
Traffic (visits) in Millions

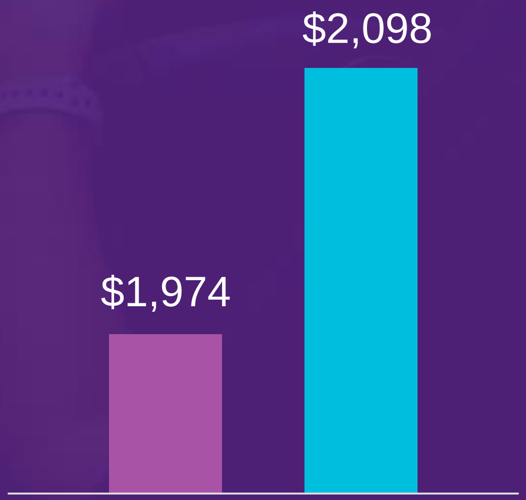
2016 2017 2018



Bringing Affiliates In-House
Percent of Dealer Customers Served by Direct Channel



Dealer Count



Direct Monthly ARPD

Product Innovation is a Core Element of our Sustainable Growth Strategy

SOCIAL PRODUCT

No. 1 provider of listings on social media marketplaces through Social Sales Drive

REPUTATION MANAGEMENT

+7.5 million reviews, expert editorial content, one of a kind product Salesperson connect

CONVERSATIONS

Connects dealers to customers whenever, wherever and however they want to shop

DIGITAL RETAILING

Bringing car buying online and helping dealers meeting changing consumer demands

MATCHMAKER

Drove 63% jump in return visitors, a fifteen-fold increase in profile creation

ARTIFICIAL INTELLIGENCE

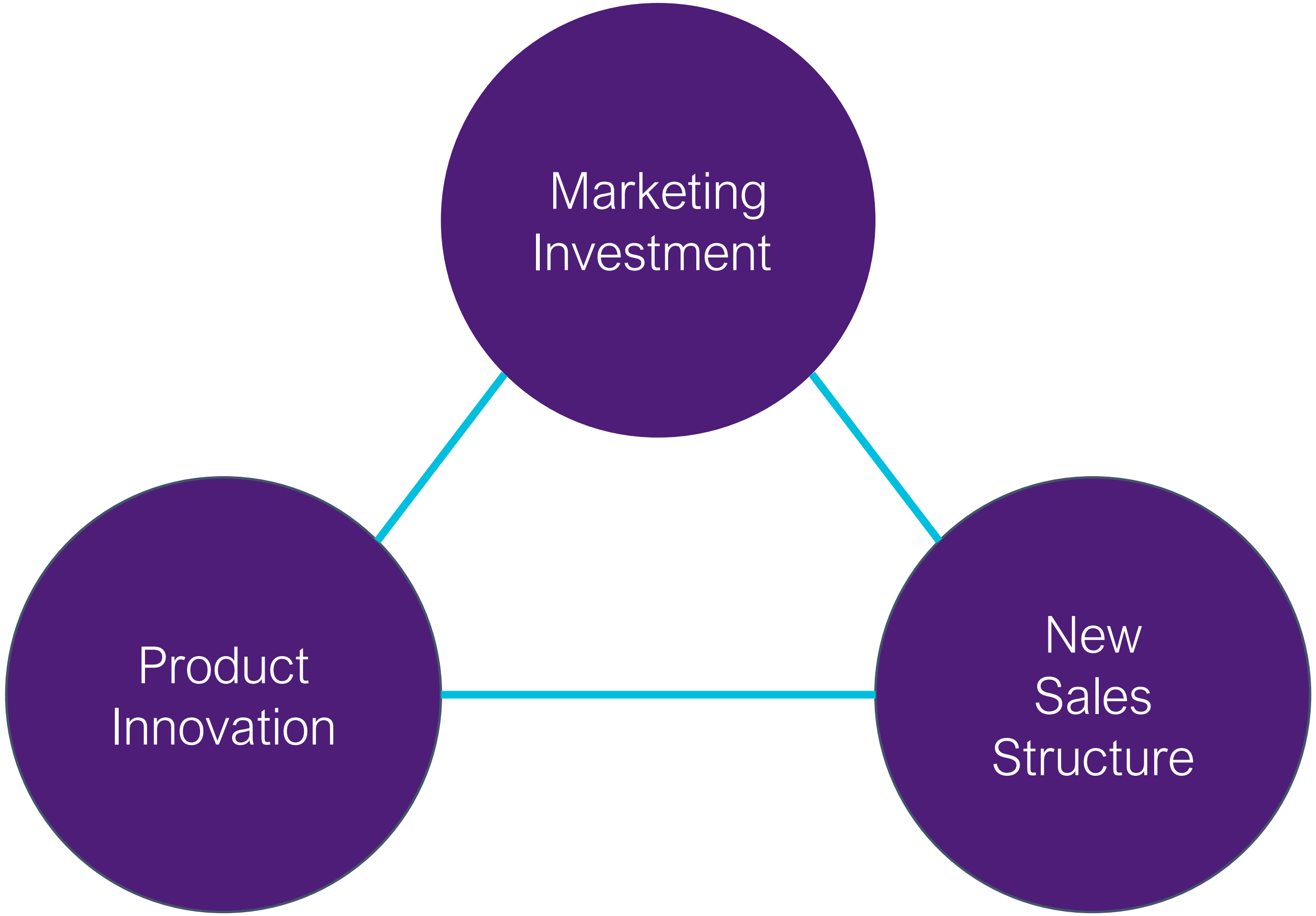
Built 5 machine learning products and AI-driven chat tool

Dealer Count Has Fallen Due to A Mix of Lead Volume and Sales Conversion Rate

DEALER REPORTED PRIMARY REASONS FOR CANCELLATIONS

1. **Insufficient Lead Volume**
2. **Perceived Lower Sales Conversion Rate**

3 Part Plan to Turn Around Dealer Count



AutoCorrected: Maximizing Value for Dealers

2018 TOYOTA RAV4

FEATURES
- HEATED, LEATHER SEATING
- POWER LIFTGATE
- REMOTE START

MISSING OPTIONS

LIMITED
- BACKUP CAMERA
- POWER MOONROOF
- BLUETOOTH™ CONNECTIVITY
- ADAPTIVE CRUISE CONTROL

BAD DEAL

DEALER A

$29,331

CHECK AVAILABILITY

GOOD DEAL

DEALER B

$29,331

CUSTOMIZE MONTHLY PAYMENT

- Get Real-Time Offers & Savings
- Complete Your Deal on Cars.com
- Schedule Quick Delivery or Pick-up

2018 TOYOTA RAV4 LIMITED

CERTIFIED PRE-OWNED

CARFAX® HISTORY REPORT

FEATURES
- HEATED, LEATHER SEATING
- POWER LIFTGATE
- REMOTE START
- BACKUP CAMERA
- POWER MOONROOF
- BLUETOOTH™ CONNECTIVITY
- ADAPTIVE CRUISE CONTROL

Show 100+ More

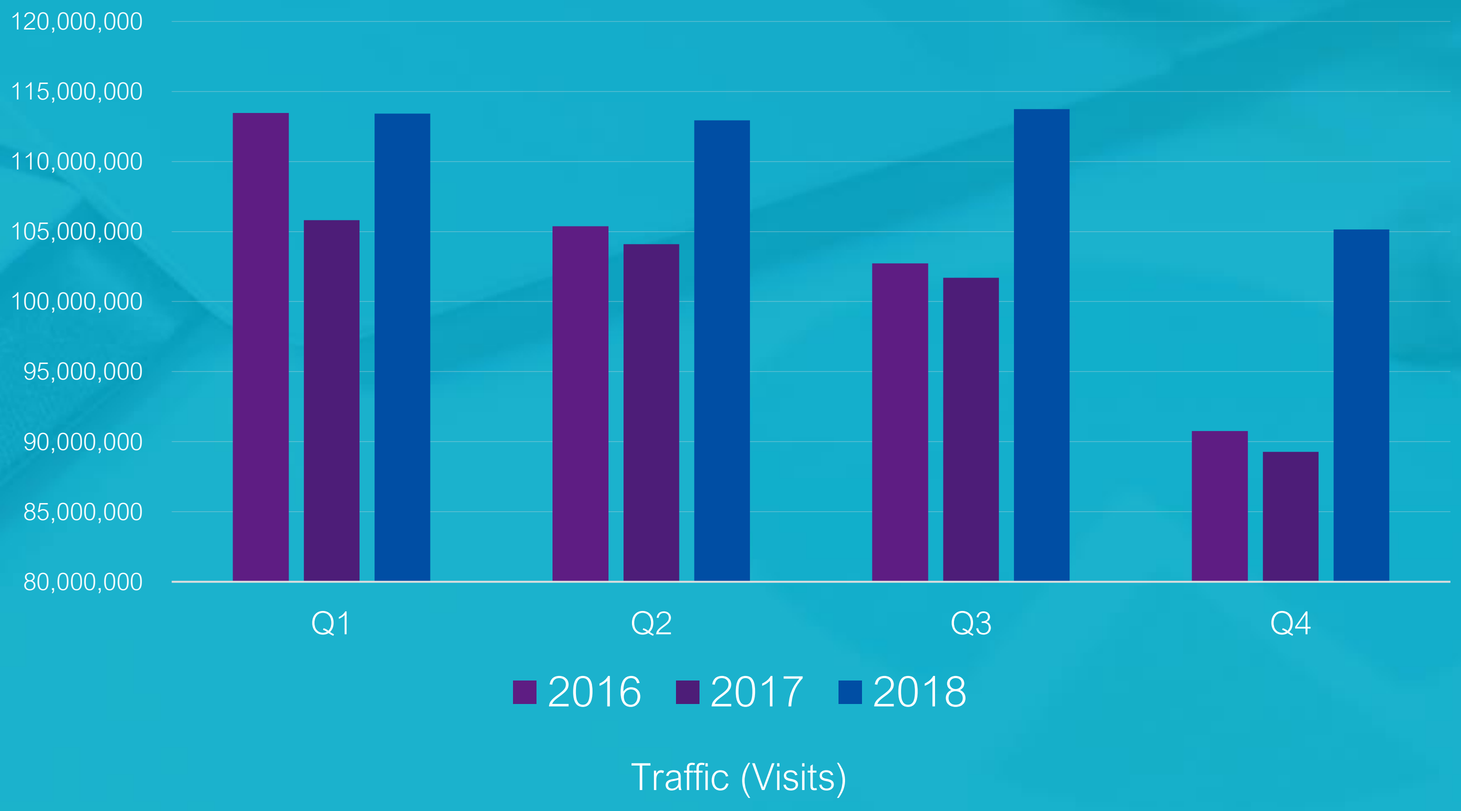
Who Would You Like to Work with?

Marcus Williamson

Employee since 2013

Read Marcus' Reviews

In 2018, we achieved consistent traffic growth year-over-year with our biggest gains in Q4



Sales Transformation: Building to Win

Sales team serving customers more efficiently with higher service levels

SALES REP RESPONSIBILTY

2X Increase in the number of average accounts per rep

HIGH-TOUCH SUPPORT

80% More dealers served by our Group Channel; with better outcomes

CUTTING INEFFICIENCY

2X+ Increase in inside-sales support, which is significantly more efficient

SERVING MORE WITH LESS

3500 More dealers managed directly with 100 fewer positions

Technology Transformation

PRODUCT INNOVATION

40% share of technology spend shifted towards innovation

TIME TO MARKET

20% speed to product delivery

MODERN OPERATIONS

95% reduction in data center footprint with migration to Cloud

EFFICIENCY

$10M annual cost savings upon completion

Building Blocks for Our Future

Leveraging Best-in-Class Marketing Expertise

Developing New Solutions that Help Dealers Sell Cars

Industry Leading Sales & Technology Capabilities

Full Conversion & Control of Affiliate Markets

Sustainable Market Leadership
Revenue & Adj. EBITDA Growth

2018 Full Year Financial Highlights

($ in millions, except per share data)	2018	2017
Revenues	$662.1	$626.3
Total Operating Expenses	$578.2	$492.0
Net Income	$38.8	$224.4
EPS, Diluted	$0.55	$3.13
Adjusted Net Income	$135.3	$165.7
Adjusted Net Income per Diluted Share	$1.92	$2.31
Adjusted EBITDA	$227.6	$238.9
Adjusted EBITDA as a % of Revenue	34%	38%

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

2018 Full Year Key Operating Metrics

Average Monthly Unique Visitors	+ 12% YOY
Traffic (Visits)	+ 11% YOY
Mobile Traffic[1]	67%
Direct Monthly ARPD	+ 6% YOY
Dealer Customers	19,921
- Direct Dealer Customers	16,674
- Affiliate Dealer Customers	3,247

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

Q4 2018 Financial Highlights

($ in millions, except per share data)	2018	2017
Revenues	$164.3	$156.6
Total Operating Expenses	$140.5	$117.7
Net Income	$9.4	$151.8
EPS, Diluted	$0.14	$2.11
Adjusted Net Income	$34.1	$34.2
Adjusted Net Income per Diluted Share	$0.50	$0.48
Adjusted EBITDA	$61.1	$63.5
Adjusted EBITDA as a % of Revenue	37%	41%

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

December 31, 2018:
Balance Sheet, Cash Flow & Capitalization

Cash Flows from Operating Activities	$163.5 million
Free Cash Flow	$149.3 million
Cash	$25.5 million
Debt	$696.3 million
Net Leverage Ratio [1]	2.9x
Shares Outstanding [2]	67.4 million
Enterprise Value [3]	$2.4 billion

1 Net Leverage Ratio calculated in accordance with the Company's Credit Agreement.
2 Shares outstanding as of February 22, 2019.
3 Using the closing share price of $25.01 on February 25, 2019.

Three Year Outlook

2019	
Revenue growth	-5% to +2%
Adj. EBITDA margin	30 - 31%

2020 & 2021	
Revenue growth	+5 to +12% per year
Adj. EBITDA margin	32 - 34%
Adj. EBITDA	Double digit YOY growth

Note: This outlook is forward looking and actual results may differ materially from those presented here.

Questions

Appendix

Affiliate Conversions: 2018 Financial Impact

Increase in Revenue, Increase in Affiliate Revenue Share Expense and Increase in Sales Expense

($ in millions)

Revenue impact of Affiliate Conversions	2018 Q4	2018 Full Year
Retail	$ 27.6	$ 88.9
Wholesale		
- previously billed to affiliates	(18.5)	(60.1)
- amortization of unfavorable contract liability	(5.8) *	(18.7) *
Total impact on wholesale revenues	(24.3)	(78.8)
Net revenue impact of affiliate conversions	$ 3.3	$ 10.1

Revenue reflects only the uplift from wholesale to retail rates.

($ in millions)

Operating Expense - Affiliate Revenue Share Expense	Q4 2018	Q4 2017	Q4 YOY	Full Year 2018	Full Year 2017	Full Year YOY
Affiliate revenue share (gross expense)	$ 10.1	$ 2.1	$ 8.0	$ 34.2	$ 8.9	$ 25.3
Amortization of unfavorable contracts liability	(5.8)	-	(5.8)	(18.7)	-	(18.7)
Affiliate revenue share (as reported)	$ 4.3	$ 2.1	$ 2.2	$ 15.5	$ 8.9	$ 6.5

Affiliate Revenue Share Expense includes benefit due to the amortization of unfavorable contracts liability related to the converted tronc, McClatchy and Washington Post markets, which had previously been recorded within wholesale revenues, prior to conversion.

- The Company no longer records the amortization of unfavorable contracts liability associated with converted markets in revenues as the Company is recognizing this revenue at retail rates. Instead, it is now recorded as a reduction of affiliate revenue share within operating expenses. In the year ended December 31, 2018, as a result of the early conversion of the tronc, McClatchy and Washington Post markets, $18.7 million of amortization of unfavorable contracts liability was recorded as a benefit in affiliate revenue share expense. In the prior year, the $18.7 million was recorded as wholesale revenues.
- May not foot due to rounding.

Affiliate Conversions: Illustrative

$25 million Increase in Revenues, $30+ million Increase in Adjusted EBITDA, $50+ million Increase in FCF

(in millions)	2018 (as reported)	Unaudited Adjustments: Conversion of Affiliate Markets To Direct	Unaudited Adjustments: 15% Reducton	Unaudited Adjustments: Changes in Operating Costs	Future State	Increase/ (Decrease)
Revenues:						
Retail	$ 579	$ 127 (a)	$ (19) (b)	$ -	$ 688	$ 108
Wholesale						
Invoiced to affiliates	76	(76)	-	-	-	(76)
Amortization of unfavorable contract liability	6	(6)	-	-	-	(6)
Total wholesale revenue	83	(83)	-	-	-	(83)
Total Revenues	**662**	**45**	**(19)**	**-**	**688**	**25**
Operating expenses:						
Affiliate revenue share - cash	34	(34)	-	-	-	(34)
Affiliate revenue share - amortization of unfav. contracts	(19)	19	-	-	-	19
All other operating expenses	563	-	-	10 (c)	573	10
Total operating expenses	578	(15)	-	10	573	(5)
Operating income	$ 84	$ 60	$ (19)	$ (10)	$ 115	$ 31
Adjusted EBITDA (d)	$ 228	$ 60	$ (19)	$ (10)	$ 259	$ 31
% of total revenues	*34%*				*38%*	
Adjusted EBITDA, excluding non-cash amortization *(e)*	***$ 202***	***$ 85***	***$ (19)***	***$ (10)***	***$ 259***	***$ 56***
% of total revenues, excluding amortization	***31%***				***38%***	

(a) Affiliates are currently billed at 60% of retail rates. Upon conversion, Cars.com bills the dealers in affiliate markets directly at retail rates ($76/60%).

(b) Affiliates control pricing in their territories. Two of three recent conversions have revealed affiliate discounting. This 15% assumption includes degradation in affiliate performance prior to conversion. We expect to grow revenue in these markets through increased penetration in dealer count and product sales, which has not been incorporated into this example.

(c) Upon conversion, Cars.com will hire salespeople to serve the converted markets and incur incremental costs in other areas such as marketing, credit and collections and billing.

(d) For reconciliation of Adjusted EBITDA, please refer to prior filings.

(e) Adjusted EBITDA less amortization of the unfavorable contracts liability which totals $25 million in 2018.

Non-GAAP Reconciliations

(unaudited and in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Reconciliation of Net income to Adjusted EBITDA				
Net income	$ 9,357	$ 151,758	$ 38,809	$ 224,443
Interest expense, net	7,412	5,211	27,717	12,371
Income tax expense (benefit)	7,747	(118,063)	18,120	(102,281)
Depreciation and amortization	26,656	22,296	103,810	88,639
Stock-based compensation expense	1,928	1,134	9,423	2,627
Transaction-related costs	1,152	637	13,182	5,616
Costs associated with the stockholder activist campaign	2,040	—	9,806	—
Restructuring and other exit costs	4,499	—	5,771	1,951
Write-off of long-lived assets and other	277	554	968	2,002
Costs related to the headquarters move	—	—	—	3,558
Adjusted EBITDA*	$ 61,068	$ 63,527	$ 227,606	$ 238,926

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Year Ended December 31, 2018	Year Ended December 31, 2017
Reconciliation of Net income to Adjusted net income				
Net income	$ 9,357	$ 151,758	$ 38,809	$ 224,443
Amortization of intangible assets	23,031	19,467	90,990	77,869
Stock-based compensation expense	1,928	1,134	9,423	2,627
Transaction-related costs	1,152	637	13,182	5,616
Costs associated with the stockholder activist campaign	2,040	—	9,806	—
Restructuring and other exit costs	4,499	—	5,771	1,951
Write-off of long-lived assets and other	277	554	968	2,002
Costs related to the headquarters move	—	—	—	3,558
Tax impact of adjustments	(8,190)	(8,365)	(33,694)	(21,425)
Discrete deferred income tax adjustments	—	(130,985)	—	(130,985)
Adjusted net income*	$ 34,094	$ 34,200	$ 135,255	$ 165,656
Adjusted net income per share, diluted	$ 0.50	$ 0.48	$ 1.92	$ 2.31
Weighted-average common shares outstanding, diluted	68,856	71,857	70,547	71,727

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Year Ended December 31, 2018	Year Ended December 31, 2017
Reconciliation of Net cash provided by operating activities to Free cash flow				
Net cash provided by operating activities	$ 42,467	$ 38,733	$ 163,548	$ 185,929
Purchase of property and equipment	(4,267)	(5,143)	(14,233)	(32,774)
Free cash flow	$ 38,200	$ 33,590	$ 149,315	$ 153,155

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

cars.com

Definitions

Traffic (Visits). Traffic and our ability to generate traffic are key to our business. Tracking our traffic performance is a critical measure. Traffic to the Cars.com 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 an internal metric representing the number of visits to Cars.com desktop and mobile properties (web browser and mobile applications). Visits refers to the number of times visitors accessed Cars.com properties during the period, no matter how many visitors make up those visits. We measure traffic using Adobe Analytics. Traffic provides an indication of our consumer reach. Although our consumer reach does not directly result in revenue, we believe our ability to reach diverse demographic audiences is attractive to our dealer customers and national advertisers.

Average Monthly Unique Visitors ("UVs"). Measuring unique visitors is important to us because our revenues depend in part on our ability to enable dealer customers and Original Equipment Manufacturers ("OEMs") to connect with consumers. Growth in unique visitors and consumer traffic to our mobile applications and websites increases the number of impressions, clicks, leads, and other events we can monetize to generate revenue. We count 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.com property on an individual device/browser combination or installs one of our mobile apps on an individual device. If an individual accesses more than one of our web properties or apps or uses more than one device or browser, each of those unique property/browser/application/device combinations counts towards the number of UVs. We measure UVs using Adobe Analytics.

Dealer Customers. Our value to consumers tracks to our ability to showcase the inventory of our dealer and OEM customers. The larger the advertiser base, the more inventory and options that are available for consumers to review. Dealer customers represents the car 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. Beginning June 30, 2018, this key operating metric now includes incremental Dealer Inspire dealer customers.

Average Revenue per Dealer ("ARPD"). We believe that our ability to grow ARPD is an indicator of the value proposition of our products and the return on investment our dealer customers realize from 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. Dealer Inspire is not included in ARPD.