Recent Developments

COVID Demand: During the pandemic, Carvana saw a significant increase in sales as federal stimulus measures hit the economy and consumers opted for online car purchasing rather than in-person. From 2020 to 2021, revenues more than doubled, going from $5.6 billion to $12.8 billion. Due to this demand, Carvana acquired a stockpile of inventory. From the end of 2020 to March 31, 2022, inventory increased from $1.0B to over $3.3B.

ADESA Acquisition: In February of 2022, Carvana announced the acquisition of ADESA, a physical car auction business. Carvana acquired ADESA primarily to expand its reconditioning capacity given that ADESA has a large physical footprint of 56 U.S. sites. Carvana financed the acquisition with $3.3B of 10.25% senior unsecured notes. The acquisition was later heavily criticized due to the heavy debt load and Carvana's excess reconditioning capacity.

Rising Costs and Stalling Demand: As interest rates rose in 2022, car demand stalled and used vehicle prices began to decrease. Due to Carvana's large investments in its technology, advertising, expanding its footprint, and the ADESA acquisition, costs rose substantially on a per unit sold basis. Additionally, because Carvana purchased a large amount of inventory at higher and higher prices leading up to 2022, falling used vehicle prices narrowed the spread between the purchase price of its inventory and the inventory's selling price, straining gross margins. As of a result of these factors, from Q3 2021 to Q3 2022, retail unit volume shrank by 8.4%, gross profit per retail unit declined from $5,120 to $3,368, and SG&A per retail unit increased from $4,877 to $6,395 (ADESA SG&A contributed ~$200-400 to the Q3 2022 figure).

Turn-Around Plan: Carvana's stock price bottomed out in Q4 2022, reaching $4, down from an all-time high of $361. Carvana's Q4 letter to shareholders included a three-step operating plan consisting of the following: 1) Achieve breakeven Adjusted EBITDA 2) Drive the business to significant positive unit economics 3) Return to growth. In Q2 2023, Carvana realized the first step in the plan, reporting Adjusted EBITDA of $155M and a GAAP net loss margin of -3.5%. In the quarter, GAAP gross profit per retail unit improved sequentially from $4,303 to $6,520, and retail units sold declined modestly from 79,240 in Q1 to 76,530 in Q2. Carvana also stated that it has reached normalized inventory levels of about 37,000 website units, down from 89,000 in March of 2022.

While Carvana has only explicitly stated that it has achieved the first of three-step operating plan, the Q2 per unit metrics suggest that Carvana is on track to achieve the second part of its plan as well. In Q2 2023, Carvana recorded gross profit per retail unit of $6,520, higher than the total SG&A per retail unit of $5,909. Continued profitability on a per unit basis would diminish the argument that Carvana is a fundamentally unprofitable company, a view expressed by bearish commentators.

Debt Exchange Summary: On August 31, 2023, Carvana announced a debt exchange transaction in which $5.25B of unsecured senior notes due in years 2025 through 2030 were exchanged for senior secured notes due in 2028 through 2031. As part of this transaction, maturities due in 2025 through 2027 were reduced by 88% and cash interest was reduced by $456 million per year over the next two years. The transaction bodes well for the company as it effectively eliminates the worst-case bankruptcy scenario.

Key Data

Source: CapIQ

Source: CapIQ

[School Coverage Team]

[Name], [Senior Equity Analyst]
Class of [xxxx]
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Class of [xxxx]
[email]

[Name], [Analyst]
Class of [xxxx]
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[Name], [Analyst]
Class of [xxxx]
[email]

Recommendation

Despite the company's mismanagement during the pandemic, TAMID still has conviction in its original investment thesis. Carvana is one of the largest used car dealers in the United States, with about 1% market share in the highly fragmented ~$1T used car market. Its services are also differentiated given that it provides that easiest and fastest way to buy a used car compared to the alternatives.

Even as the company has cut costs, it has still managed to maintain industry leading customer ratings. Carvana's website advertises an average of 4.7 stars for 188,056 customer reviews, with 95% of reviewers recommending the product. These ratings are confirmed by independent sites. On ConsumerAffairs.com, Carvana receives an average rating of 3.3 stars compared to CarMax's 1.6 stars and AutoNation's 2.3 stars. These rankings likely include many individuals with negative selection bias. While bears point to reviews and reports online of negative car buying experiences with Carvana, negative rankings and reviews are universal in the industry. The logistical challenges faced by Carvana in 2021 and 2022 also hampered customer service by causing delays. Given that demand has cooled and Carvana has made substantial investments in improving its infrastructure, customer service quality will likely improve.

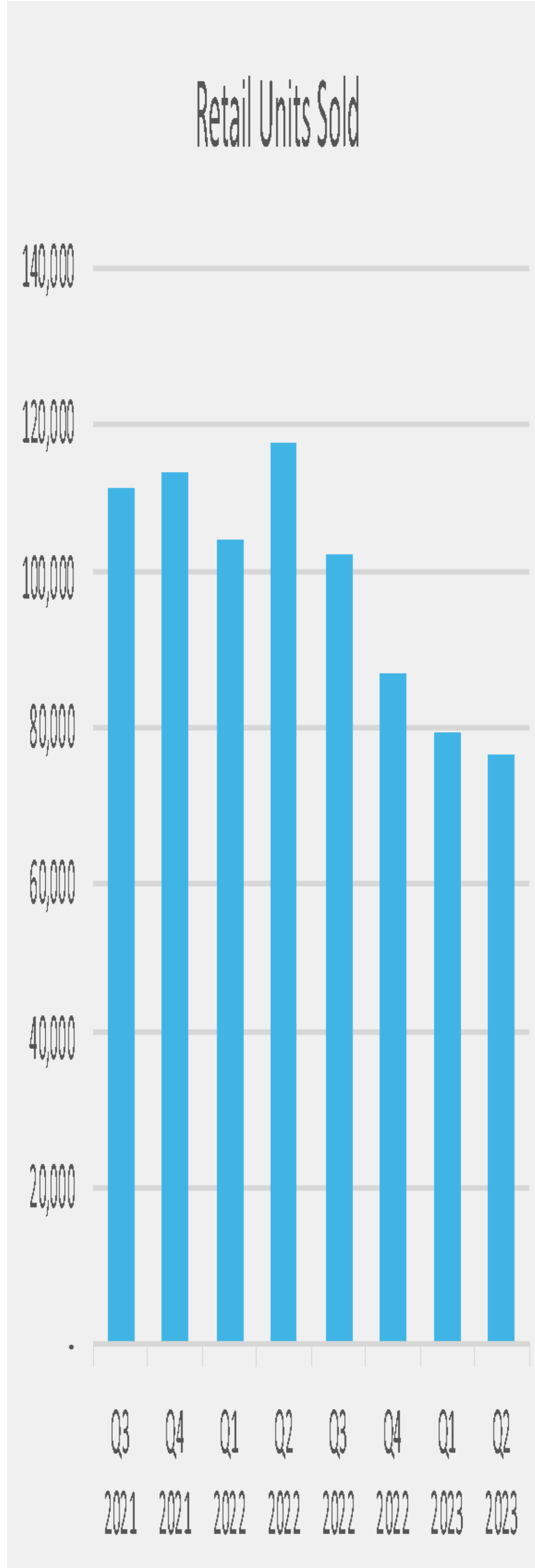
We believe the company's high operating leverage will increase operating margins. In 2022, the high operating leverage was a large contributor to the company's financial struggles in 2022. However, as the company returns to growth, there is significant room for margin expansion. Carvana has made heavy investments in its physical footprint. It estimates that its current footprint is built for more than double Q1 2022 retail units sold. ADESA's physical locations also add operating leverage. As of the end of Q2 2022, only 30k annualized units were produced at ADESA locations. Carvana estimates that these locations can produce 200k with limited additional capital investment. The company hopes to scale this number to 2m at full utilization. Additionally, in the Q2 2023 earnings call, management stated that the inspection and reconditioning centers were only operating at 25% capacity. While Carvana has yet to prove to investors that the positive operating margins demonstrated in Q2 2023 are sustainable, given its excess capacity, we believe that the efficiency gains demonstrated can be maintained.

In summary, despite the macroeconomic risk and execution risk associated with its three-step operating plan, we believe that TAMID should continue holding CVNA in the portfolio. Looking ahead, Carvana will have to prove that it can achieve operating leverage, increase units sold without significant incremental costs, and maintain a high GPU despite fluctuations in prices of used vehicles.

A 1.00x - 1.15x applied 2023E revenue multiple yields a target price range of $40 – 55. The multiple range was selected with consideration to Carvana's competitive advantages as well as its improving cost structure and material market share gains. The price target range was supported by the DCF analysis.

Risks to Rating and Price Target

Downside risks: (1) Larger than expected depreciation in used car prices would decrease Carvana's GPU; (2) Carvana is unable to sustain its cost cutting measures and user experience suffers; (3) Continued negative cash flow exhausts Carvana's liquidity resources and the company is unable to meet its debt obligations; (4) Interest rates remain higher than expected and continue to put downward pressure on vehicle sales



Carvana (NYSE: CVNA)

Chapter Coverage: NYU

Company Name *$ in Millions*	Carvana Co. NYSE:CVNA	Median	Mean	CarMax, Inc. NYSE:KMX	Vroom, Inc. NasdaqGS:VRM	Asbury Automotive Group, Inc. NYSE:ABG	Lithia Motors, Inc. NYSE:LAD	Group 1 Automotive Inc. NYSE:GPI	Sonic Automotive Inc. (NYSE:SAH)	Penske Automotive Group, Inc. (NYSE:PAG)	AutoNation, Inc. (NYSE:AN)
Market Capitalization Latest	$ 4,035	$ 5,321	$ 5,622	$ 10,964	$ 148	$ 4,487	$ 7,602	$ 3,559	$ 1,540	$ 10,519	$ 6,154
Total Enterprise Value Latest	10,878	10,658	12,444	30,139	1,024	7,982	17,394	7,196	4,742	17,745	13,334
LTM Total Revenues, 1 Yr Growth %	-19.3%	7.5%	-4.2%	-18.5%	-69.9%	15.3%	11.0%	13.6%	7.3%	7.7%	0.3%
LTM Total Revenues, 2 Yr CAGR %	14.8%	9.7%	8.7%	2.4%	-31.7%	29.7%	28.0%	17.0%	11.1%	8.2%	5.2%
LTM Total Revenues, 3 Yr CAGR %	38.8%	13.2%	14.7%	13.6%	-9.8%	29.9%	34.1%	15.3%	12.8%	11.9%	9.7%
Est. Annual Rev Growth - 1 Yr % (Capital IQ)	-18.9%	0.1%	-5.3%	-7.6%	-52.3%	-4.4%	10.2%	7.0%	1.8%	5.0%	-1.7%
Est. Annual Rev Growth - 2 Yr % (Capital IQ)	-4.2%	2.5%	0.0%	-2.0%	-22.2%	3.1%	10.9%	4.3%	1.8%	3.5%	0.2%
LTM Gross Margin	11.8%	17.4%	17.1%	11.4%	18.7%	19.6%	17.3%	17.6%	16.1%	17.0%	19.6%
LTM EBITDA Margin	-4.3%	6.1%	2.6%	3.3%	-22.4%	8.4%	6.8%	6.7%	4.9%	5.5%	7.6%
NTM EBITDA Margin	2.4%	5.4%	2.8%	3.8%	-16.1%	7.4%	5.6%	5.4%	4.4%	5.4%	6.4%
LTM Net Income Margin	-11.1%	3.8%	0.9%	1.6%	-17.3%	6.3%	3.8%	3.9%	-0.2%	4.3%	4.5%
EV / LTM Revenue	0.92x	0.56x	0.64x	1.06x	1.05x	0.54x	0.59x	0.43x	0.33x	0.62x	0.50x
EV / LTM EBITDA	NM	6.82x	11.13x	31.77x	NM	6.40x	8.76x	6.38x	6.82x	11.20x	6.60x
P / E LTM	NM	6.12x	9.14x	24.17x	NM	4.79x	6.89x	5.35x	NM	8.50x	5.13x
EV / NTM Revenue	0.94x	0.53x	0.62x	1.09x	0.95x	0.53x	0.53x	0.41x	0.33x	0.60x	0.49x
EV / NTM EBITDA	NM	7.68x	11.33x	28.71x	NM	7.11x	9.54x	7.53x	7.52x	11.21x	7.68x
P / E NTM	NM	6.77x	9.12x	20.82x	NM	6.77x	7.32x	6.12x	6.30x	9.87x	6.61x

Select Financial Data and KPIs	Fiscal Year End			Three Months Ended			
$ in Millions	12/31/20	12/31/21	12/31/22	9/30/22	12/31/22	3/31/23	6/30/23
Revenue:							
Retail Vehicle Sales, Net	$ 4,741	$ 9,851	$ 10,254	$ 2,492	$ 2,068	$ 1,827	$ 1,961
Wholesale Sales and Revenues	445	1,920	2,609	697	633	618	777
Other sales and revenues	401	1,043	741	197	136	161	230
Total Net Sales and Operating Revenues	**$ 5,587**	**$ 12,814**	**$ 13,604**	**$ 3,386**	**$ 2,837**	**$ 2,606**	**$ 2,968**
% Growth YoY		*129.4%*	*6.2%*	*-2.7%*	*-24.4%*	*-25.5%*	*-23.6%*
Gross Profit	**$ 794**	**$ 1,929**	**$ 1,246**	**$ 359**	**$ 193**	**$ 341**	**$ 499**
% Gross Margin	*14.2%*	*15.1%*	*9.2%*	*10.6%*	*6.8%*	*13.1%*	*16.8%*
Selling, general and administrative expenses	$ 1,126	$ 2,033	$ 2,736	$ 656	$ 632	$ 472	$ 452
EBIT	**$ (332)**	**$ (104)**	**$ (1,490)**	**$ (297)**	**$ (439)**	**$ (131)**	**$ 47**
% of Revenue	*-5.9%*	*-0.8%*	*-11.0%*	*-8.8%*	*-15.5%*	*-5.0%*	*1.6%*
Goodwill impairment	$ -	$ -	$ 847.00	$ -	$ 847.00	$ -	$ -
Interest expense	131	176	486	153	153	159	155
Other expense (income), net	(1)	6	70	58	2	(2)	(3)
Net loss before income taxes	$ (462)	$ (286)	$ (2,893)	$ (211)	$ (1,002)	$ (157)	$ (152)
Income tax provision	-	1	1	-	-	(2)	-
Net loss	$ (462)	$ (287)	$ (2,894)	$ (211)	$ (1,002)	$ (155)	$ (152)
Adjusted EBITDA	**$ (222)**	**$ 64**	**$ (1,041)**	**$ (186)**	**$ (291)**	**$ (24)**	**$ 155**
% of Revenue	*-4.0%*	*0.5%*	*-7.7%*	*-5.5%*	*-10.3%*	*-0.9%*	*5.2%*
Unit Sales Information:							
Retail vehicle unit sales	244,111	425,237	412,296	102,570	86,977	79,240	76,530
Wholesale vehicle unit sales	55,204	170,056	193,260	47,763	39,918	35,110	46,453
Retail Vehicle Unit Sales % Growth YoY		*74.2%*	*-3.0%*	*-8.4%*	*-23.0%*	*-24.7%*	*-34.9%*
Wholesale Vehicle Unit Sales % Growth YoY		*208.1%*	*13.6%*	*-4.9%*	*-14.6%*	*-30.2%*	*-16.0%*
Per Unit Selling Prices:							
Retail vehicles	$ 19,420	$ 23,167	$ 24,870	$ 24,296	$ 23,776	$ 23,056	$ 25,624
Wholesale vehicles	$ 8,065	$ 11,287	$ 10,965	$ 14,593	$ 15,858	$ 11,592	$ 11,926
Per Unit Gross Profit:							
Retail vehicle gross profit	$ 1,472	$ 1,638	$ 900	$ 1,131	$ 425	$ 1,388	$ 2,666
Wholesale gross profit	138	446	325	448	230	883	849
Other gross profit	1,642	2,453	1,797	1,921	1,564	2,032	3,005
Total gross profit	$ 3,252	$ 4,537	$ 3,022	$ 3,500	$ 2,219	$ 4,303	$ 6,520
Total Website Units	31,234	71,062	63,992	71,365	63,992	41,314	37,570
% Growth YoY		*127.5%*	*-9.9%*	*27.3%*	*-9.9%*	*-53.6%*	*-52.4%*

TAMID GROUP
EXPERIENTIAL LEARNING THROUGH BUSINESS IN ISRAEL

Appendix

Income Statement	Fiscal Year End			Three Months Ended				LTM	
$ in Millions	12/31/20	12/31/21	12/31/22	9/30/22	12/30/22	3/30/23	6/30/23	6/30/22	6/30/23
Revenues									
Retail Vehicles Sales	$ 4,741	$ 9,851	$ 10,254	$ 2,492	$ 2,068	$ 1,827	$ 1,961	$ 11,241	$ 8,348
Wholesale Vehicales Sales	445	1,920	2,609	697	633	618	777	2,402	2,725
Other Sales and Revenues	401	1,043	741	197	136	161	230	971	724
Total Revenues	**$ 5,587**	**$ 12,814**	**$ 13,604**	**$ 3,386**	**$ 2,837**	**$ 2,606**	**$ 2,968**	**$ 2,606**	**$ 2,968**
Cost of Sales	$ 4,793	$ 10,885	$ 12,358	$ 3,027	$ 2,644	$ 2,265	$ 2,469	$ 12,881	$ 10,405
Gross Profit	**$ 794**	**$ 1,929**	**$ 1,246**	**$ 359**	**$ 193**	**$ 341**	**$ 499**	**$ (10,275)**	**$ (7,437)**
SG&A Expenses	$ 1,126	$ 2,033	$ 2,736	$ 656	$ 632	$ 472	$ 452	$ 2,614	$ 2,212
Operating Income	**$ (332)**	**$ (104)**	**$ (1,490)**	**$ (297)**	**$ (439)**	**$ (131)**	**$ 47**	**$ (12,889)**	**$ (9,649)**
Other Income:									
Goodwill Impairments	$ -	$ -	$ (847)	$ -	$ (847)	$ -	$ -	$ -	$ (847)
Interest Expense	(131)	(176)	(486)	(153)	(153)	(159)	(155)	(283)	(620)
Other Income/expense-net	1	(6)	(70)	(58)	(2)	2	3	(29)	(55)
Total Other Income (Expenses)	$ (130)	$ (182)	$ (1,403)	$ (211)	$ (1,002)	$ (157)	$ (152)	$ (312)	$ (1,522)
Earnings before Taxes	**$ (462)**	**$ (286)**	**$ (2,893)**	**$ (508)**	**$ (1,441)**	**$ (288)**	**$ (105)**	**$ (13,201)**	**$ (11,171)**
Provision for Income Tax	$ -	$ (1)	$ (1)	$ -	$ -	$ 2	$ -	$ (2)	$ 2
Net Income	**$ (462)**	**$ (287)**	**$ (2,894)**	**$ (508)**	**$ (1,441)**	**$ (286)**	**$ (105)**	**$ (13,203)**	**$ (11,169)**
Minority Interest (After Tax)	$ (291)	$ (152)	$ (1,307)	$ (225)	$ (635)	$ (126)	$ (47)	$ (576)	$ (1,033)
Net Income (Loss) Attributable to Common	**$ (171)**	**$ (135)**	**$ (1,587)**	**$ (283)**	**$ (806)**	**$ (160)**	**$ (58)**	**$ (12,627)**	**$ (10,136)**

Carvana (NYSE: CVNA)

Chapter Coverage: NYU

Balance Sheet	As of				As of			
$ in Millions	6/30/20	6/30/21	6/30/22	6/30/23	9/30/22	12/31/22	3/31/23	6/30/23
Current Assets:								
Cash and Cash Equivalents	$ 246	$ 201	$ 1,047	$ 541	$ 316	$ 434	$ 488	$ 541
Beneficial Interests in Securitizations	117	239	401	335	350	321	312	335
Accounts Receivable, Net	46	185	428	335	359	253	342	335
Vehicle Inventory	629	1,974	2,865	1,302	2,577	1,876	1,485	1,302
Restricted Cash	120	109	150	136	161	194	206	136
Other Current Assets	56	108	207	165	221	182	177	165
Finance Receivables Held for Sale, Net	358	429	393	1,098	485	1,334	1,606	1,098
Total Current Assets	**$ 1,571**	**$ 3,245**	**$ 5,491**	**$ 3,912**	**$ 4,469**	**$ 4,594**	**$ 4,616**	**$ 3,912**
Non Current Assets:								
Operating Lease Right-of-use Assets	166	159	659	489	689	536	519	489
Property and Equipment, net	705	1,103	3,261	3,126	3,326	3,244	3,195	3,126
Goodwill	9	9	847	-	847	-	-	-
Intangible Assets, Net	6	5	82	61	76	70	65	61
Other Assets	19	60	162	261	214	254	251	261
Total Assets	**$ 2,477**	**$ 4,581**	**$ 10,502**	**$ 7,849**	**$ 9,621**	**$ 8,698**	**$ 8,646**	**$ 7,849**
Current Liabilities:								
Accounts Payable and Accrued Liabilities	278	558	981	739	1,009	777	864	739
Short-term Revolving Facilities	31	680	1,118	1,161	575	1,534	1,703	1,161
Current Portion of Long-term Debt	52	71	212	199	213	201	201	199
Other Current Liabilities	12	24	57	80	81	80	82	80
Total Current Liabilities	**$ 373**	**$ 1,333**	**$ 2,368**	**$ 2,179**	**$ 1,878**	**$ 2,592**	**$ 2,850**	**$ 2,179**
Non Current Liabilities:								
Long-term Debt	966	2,327	6,605	6,542	6,616	6,574	6,553	6,542
Operating Lease Liabilities	163	150	640	466	669	507	493	466
Minority Interest	547	367	325	(709)	100	(535)	(662)	(709)
Other Liabilities	2	1	25	68	84	78	72	68
Total Non Current Liablities	**$ 1,678**	**$ 2,845**	**$ 7,595**	**$ 6,367**	**$ 7,469**	**$ 6,624**	**$ 6,456**	**$ 6,367**
Shareholders' Equity:								
Additional Paid in Capital	709.7	771.0	1,526.0	1,597.0	1,544.0	1,558.0	1,576.0	1,597.0
Accumulated Deficit	(283.8)	(368.0)	(987.0)	(2,294.0)	(1,270.0)	(2,076.0)	(2,236.0)	(2,294.0)
Total Shareholders Equity	**$ 426**	**$ 403**	**$ 539**	**$ (697)**	**$ 274**	**$ (518)**	**$ (660)**	**$ (697)**
Total Liabilities & Shareholders Equity	**$ 2,477**	**$ 4,581**	**$ 10,502**	**$ 7,849**	**$ 9,621**	**$ 8,698**	**$ 8,646**	**$ 7,849**

Carvana (NYSE: CVNA)

Chapter Coverage: NYU

TAMID GROUP
EXPERIENTIAL LEARNING THROUGH BUSINESS IN ISRAEL

Cash Flow Statement	Fiscal Year End			Year-to-Date			Last Twelve Months	
$ in Millions	12/31/20	12/31/21	12/31/22	6/30/21	6/30/22	6/30/23	6/30/22	6/30/23
Operating Activities								
Net Loss	$ (462)	$ (287)	$ (2,894)	$ (37)	$ (945)	$ (391)	$ (1,195)	$ (2,340)
Depreciation and Amortization Expenses	74	105	261	46	101	183	160	343
Amortization and Write-off of Debt Issuance Costs and Bond Premium	8	11	27	5	12	14	18	29
Loss on Disposal of Property and Equipment	6	1	14	1	2	6	2	18
(Gain) on Loan Sales	(218)	(717)	(411)	(338)	(235)	(214)	(614)	(390)
Goodwill Impairments	-	-	847	-	-	-	-	847
Equity Based Compensation Expense	25	39	69	18	42	34	63	61
Provision for Bad Debt and Valuation Allowance	21	28	23	6	8	25	30	40
Origination of Finance Receivables	(3,579)	(7,306)	(7,214)	(3,289)	(3,960)	(2,913)	(7,977)	(6,167)
Principal Payments Received on Finance Receivables Held for Sale	90	206	190	78	113	132	241	209
Proceeds from Sale of Finance Receivables, Net	3,634	7,391	6,297	3,254	3,921	3,118	8,058	5,494
Other Liabilities	-	-	(13)	-	(6)	(10)	(6)	(17)
Other Assets	(26)	(105)	(83)	(60)	(19)	4	(64)	(60)
Loss on Early Extinguishments of Debt	34	-	-	-	-	-	-	-
Operating Lease Right of Use Assets	(32)	(213)	21	(4)	(102)	47	(311)	170
Unrealized Gain/loss on Beneficial Interests in Securitization	(9)	(7)	(6)	(4)	10	(5)	7	(21)
Unrealized Loss on Warrants to Acquire Root Class a Common Stock	-	24	80	-	5	-	29	75
Accounts Receivable	(43)	(148)	145	(111)	(29)	(86)	(66)	88
Vehicle Inventory	(263)	(2,086)	1,354	(926)	333	564	(827)	1,585
Accounts Payable and Accrued Liabilities	94	247	(46)	216	122	(24)	153	(192)
Operating Lease Liabilities	38	223	15	6	140	(41)	357	(166)
Cash Flow from Operating Activities	**$ (608)**	**$ (2,594)**	**$ (1,324)**	**$ (1,139)**	**$ (487)**	**$ 443**	**$ (1,942)**	**$ (394)**
Investing Activities								
Purchase of Property and Equipment	(360)	(557)	(512)	(194)	(361)	(50)	(724)	(201)
Proceeds from Sale of Property and Equipment	-	-	44	-	-	33	-	77
Payments for Acquisitions-net of Cash Acquired	-	-	(2,196)	-	(2,189)	(7)	(2,189)	(14)
Purchase of Investments	-	(126)	-	-	-	-	(126)	-
Principal Payments Received on and Proceeds from Sale of Beneficial Interests	14	56	81	20	25	30	61	86
Cash Flow from Investing Activities	**$ (346)**	**$ (627)**	**$ (2,583)**	**$ (174)**	**$ (2,525)**	**$ 6**	**$ (2,978)**	**$ (52)**
Financing Activities								
Payments on Long-term Debt	(654)	(73)	(165)	(29)	(66)	(85)	(110)	(184)
Proceeds from Issuance of Long-term Debt	1,336	1,650	3,435	710	3,416	62	4,356	81
Payments on Short-term Revolving Facilities	(4,958)	(12,587)	(13,501)	(4,024)	(9,094)	(4,909)	(17,657)	(9,316)
Proceeds from Short-term Revolving Facilities	4,429	14,600	12,982	4,664	8,159	4,536	18,095	9,359
Net Proceeds from Issuance of Class a Common Stock	1,059	-	1,227	-	1,227	-	1,227	-
Proceeds from Equity-based Compensation Plans	5	2	4	1	3	-	4	1
Tax Withholdings Related to Restricted Stock Units and Awards	(23)	(40)	(8)	(17)	(7)	(2)	(30)	(3)
Payments of Debt Issuance Costs	(29)	(24)	(75)	(11)	(65)	(2)	(78)	(12)
Cash Flow from Financing Activities	**$ 1,165**	**$ 3,528**	**$ 3,899**	**$ 1,294**	**$ 3,573**	**$ (400)**	**$ 5,807**	**$ (74)**
Other Adjustments								
Cash Flow Net Changes in Cash	211	307	(8)	(19)	561	49	887	(520)

Operating Model Summary	Fiscal Year End			Fiscal Year End					
$ in Millions	12/31/20A	12/31/21A	12/31/22A	12/31/23E	12/31/24E	12/31/25E	12/31/26E	12/31/27E	12/31/28E
Revenue									
Retail Vehicle Sales, Net	$ 4,741	$ 9,851	$ 10,254	$ 7,710	$ 8,257	$ 9,181	$ 10,301	$ 11,662	$ 13,204
Total Wholesales Sales and Revenues	445	1,920	2,609	2,964	3,174	3,529	3,960	4,483	5,076
Other sales and revenues	401	1,043	741	793	723	804	902	1,021	1,156
Total Revenue	**$ 5,587**	**$ 12,814**	**$ 13,604**	**$ 11,466**	**$ 12,155**	**$ 13,514**	**$ 15,162**	**$ 17,167**	**$ 19,436**
Total Revenue % Growth		*129.4%*	*6.2%*	*-15.7%*	*6.0%*	*11.2%*	*12.2%*	*13.2%*	*13.2%*
Consensus				*-18.8%*	*12.6%*	*16.5%*	NA	NA	NA
Gross Profit									
Retail Gross Profit	$ 359	$ 697	$ 467	$ 647	$ 826	$ 1,028	$ 1,277	$ 1,586	$ 1,954
Wholesale Gross Profit	34	189	154	253	286	360	451	565	700
Other Gross Profit	401	1,043	741	793	723	804	902	1,021	1,156
Total Gross Profit	**$ 794**	**$ 1,929**	**$ 1,362**	**$ 1,693**	**$ 1,835**	**$ 2,192**	**$ 2,631**	**$ 3,172**	**$ 3,811**
Retail Gross Profit Margin	*7.6%*	*7.1%*	*4.6%*	*8.4%*	*10.0%*	*11.2%*	*12.4%*	*13.6%*	*14.8%*
Wholesale Gross Profit Margin	*7.6%*	*9.8%*	*5.9%*	*8.5%*	*9.0%*	*10.2%*	*11.4%*	*12.6%*	*13.8%*
Total Gross Profit Margin	*14.2%*	*15.1%*	*10.0%*	*14.8%*	*15.1%*	*16.2%*	*17.4%*	*18.5%*	*19.6%*
SG&A									
Compensation and Benefits	$ 338	$ 667	$ 917	$ 664	$ 679	$ 701	$ 726	$ 753	$ 775
CEO Milestone Gift	-	-	26	(1)	-	-	-	-	-
Advertising	286	479	490	231	219	216	212	206	214
Market Occupancy	37	70	93	76	77	85	96	108	123
Logistics	77	148	235	117	109	115	121	129	136
Other	388	669	975	734	754	784	819	858	894
Total SG&A	$ 1,126	$ 2,033	$ 2,736	$ 1,821	$ 1,838	$ 1,901	$ 1,974	$ 2,055	$ 2,142
SG&A % of Revenue	*20.2%*	*15.9%*	*20.1%*	*15.9%*	*15.1%*	*14.1%*	*13.0%*	*12.0%*	*11.0%*
Operating Income	**$ (332)**	**$ (104)**	**$ (1,374)**	**$ (128)**	**$ (3)**	**$ 291**	**$ 657**	**$ 1,118**	**$ 1,670**
% of Revenue	*-5.9%*	*-0.8%*	*-10.1%*	*-1.1%*	*0.0%*	*2.2%*	*4.3%*	*6.5%*	*8.6%*
EBITDA	**$ (240)**	**$ 49**	**$ (1,028)**	**$ 271**	**$ 372**	**$ 641**	**$ 957**	**$ 1,368**	**$ 1,900**
% of Revenue	*-4.3%*	*0.4%*	*-7.6%*	*2.4%*	*3.1%*	*4.7%*	*6.3%*	*8.0%*	*9.8%*

DCF *$ in Millions*	Stub 12/31/23E	Fiscal Year End 12/31/24E	12/31/25E	12/31/26E	12/31/27E	12/31/28E
Operating Income	$ (44)	$ (3)	$ 291	$ 657	$ 1,118	$ 1,670
Less: Tax	-	-	61	138	235	351
NOPAT	$ (44)	$ (3)	$ 230	$ 519	$ 883	$ 1,319
(+) D&A	209	393	364	307	255	235
(-) Capex	(50)	(150)	(200)	(200)	(200)	(200)
(-) Changes in Net Working Capital	27	(262)	58	(305)	5	(342)
Unlevered Free Cash Flow	$ 142	$ (22)	$ 452	$ 321	$ 943	$ 1,012
Period	0.5	1.5	2.5	3.5	4.5	5.5
Period Using Mid-Year Convention	0.25	1	2	3	4	5
Discount Factor Using Mid-Year Convention	0.96	0.85	0.72	0.62	0.52	0.45
Discounted Cash Flows	**$ 136**	**$ (19)**	**$ 327**	**$ 198**	**$ 495**	**$ 452**
Sum of Discounted Cash Flows	**$ 1,590**					

Implied Share Price Calculation - Terminal Multiple	
2028 EBITDA	$ 1,905
EBITDA Multiple	12.00x
Implied Terminal Value	$ 22,854
Discount Factor	0.41
Present Value of Terminal Value	$ 9,420
Present Value of Cash Flows	1,590
Implied Enterprise Value	$ 11,010
Less: Market Value of Debt, Net	(5,455)
Less: Total Minority Interest	709
Implied Equity Value	**$ 6,264**
Diluted Shares Outstanding	114,043,855
Implied Share Price	**$ 54.93**