



# Autobytel Q4 and Full Year 2016 Results Presentation

March 9, 2017

# Safe Harbor Statement and Non-GAAP Disclosures

The statements made in the accompanying conference call or contained in this presentation that are not historical facts are forward-looking statements under the federal securities laws. Words such as “anticipates,” “could,” “may,” “estimates,” “expects,” “projects,” “intends,” “pending,” “plans,” “believes,” “will” and words of similar substance, or the negative of those words, used in connection with any discussion of future operations or financial performance identify forward-looking statements. In particular, statements regarding expectations and opportunities, new product expectations and capabilities, and our outlook regarding our performance and growth are forward-looking statements. These forward-looking statements, including, that (i) the company expects gross margin to continue in the mid-30% range over the next several quarters as it invests in its core products to grow revenues, and ultimately profit dollars; (ii) while the company has realized considerable leverage over the course of the year, it plans to reinvest more going forward and further accelerate the growth opportunities it sees in its business; (iii) the company expects its quarterly diluted share count in 2017 to remain around 13.5 million, contingent upon its share price and assuming current outstanding shares, warrants, options and convertible debt remain constant; (iv) that the company will continue to invest in the usedcars.com domain in an effort to make it the premier used vehicle destination for consumers; (v) the company plans to add OEMs, large dealer groups, dealer agencies and tier 2 dealer associations to continue to add click volumes throughout 2017; (vi) in 2017, the company will focus on investments in technology, including investment in its consumer acquisition technology, the AutoWeb ad platform, and its consumer facing websites and that the company expects these investments to ultimately enhance and simplify the consumer’s path to purchase of new or used cars and trucks; (vii) the company plans to continue the investment in its development teams throughout 2017, as the company believes this will further accelerate the growth of both its click and core leads products, and especially its new usedcars.com website; (viii) the company will also continue to bolster its sales and marketing efforts and that the company will continue to increase the level of resources dedicated to ramping its used car platforms for internal lead generation; (ix) the company currently expect revenue to range between \$156 million and \$160 million, an increase of approximately 4% to 7% from 2016, and the company expects non-GAAP income to range between \$16.8 million and \$17.3 million, representing an increase of up to approximately 3%, with non-GAAP diluted EPS ranging between \$1.24 and \$1.28 on 13.5 million shares (noting that for comparative purposes, the foregoing percentage growth calculations, and the 2016 non-GAAP diluted EPS, exclude 2016 revenues, non-GAAP income and non-GAAP EPS related to the company’s specialty finance leads product that was divested on December 31, 2016); (x) the company’s 2017 outlook reflects its continued expectation to grow both revenues and profit dollars in 2017; (xi) the company will continue to reinvest in its business to drive sustainable, long-term organic growth and further solidify its position as a leader in the digital automotive landscape; and (xii) the company will maintain its keen focus on providing our dealer and OEM customers with high-quality, high-intent car buyers and that, be it through new or used car leads, clicks, or one of our many value-added product offerings, the company remains committed to helping its customers sell more cars and trucks, are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Actual outcomes and results may differ materially from what is expressed in, or implied by, these forward-looking statements. Autobytel undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Among the important factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements are changes in general economic conditions; the financial condition of automobile manufacturers and dealers; disruptions in automobile production; changes in fuel prices; the economic impact of terrorist attacks, political revolutions or military actions; failure of our internet security measures; dealer attrition; pressure on dealer fees; increased or unexpected competition; the failure of new products and services to meet expectations; failure to retain key employees or attract and integrate new employees; actual costs and expenses exceeding charges taken by Autobytel; changes in laws and regulations; costs of legal matters, including, defending lawsuits and undertaking investigations and related matters; and other matters disclosed in Autobytel’s filings with the Securities and Exchange Commission. Investors are strongly encouraged to review the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, and other filings with the Securities and Exchange Commission for a discussion of risks and uncertainties that could affect the business, operating results, or financial condition of Autobytel and the market price of the Company’s stock.

This presentation includes non-GAAP financial measures as defined by SEC Regulation G. Autobytel’s definitions of the non-GAAP financial measures used in this presentation and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures can be found in the appendix of this presentation. Autobytel’s management believes that these non-GAAP financial measures provide useful information to investors regarding the underlying business trends and performance of the Company’s ongoing operations and are better metrics for monitoring the Company’s performance given the effects of the Company’s net operating loss carryforwards, acquisitions and non-cash stock-based compensation. These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Management strongly encourages investors to review the Company’s consolidated financial statements in their entirety and to not rely on any single financial measure.

(vs. YoY)

- **Revenues increased 11%** to a Q4 record \$40.4 million
- **Advertising revenues increased 119%** to \$8.1 million
- **Click revenues increased 219%** to \$6.4 million; up 16% sequentially from Q3
- **Net Income was \$1.4 million** or \$0.10 per diluted share
- **Non-GAAP income increased 7%** to \$4.7 million or \$0.35 per diluted share

# Full Year 2016 Financial Summary

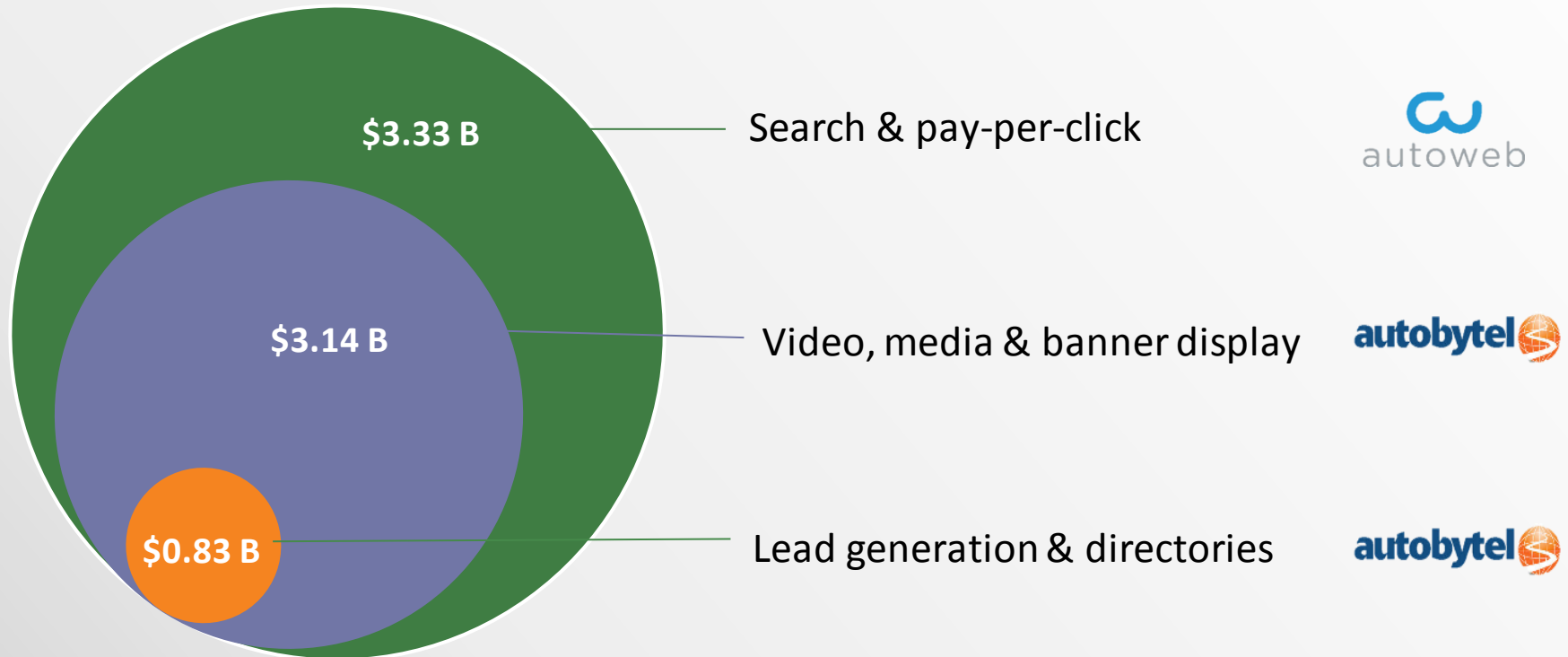
*(vs. YoY)*

- **Revenues increased 18%** to a record \$156.7 million
- **Advertising revenues increased 133%** to \$24.5 million
- **Click revenues increased 308%** to \$18.2 million
- **Net Income was \$3.9 million** or \$0.29 per diluted share, compared to \$4.6 million or \$0.37 per diluted share
- **Non-GAAP income increased 12%** to \$17.3 million or \$1.30 per diluted share

**Revenues Up 18% to a Record \$156.7 Million**

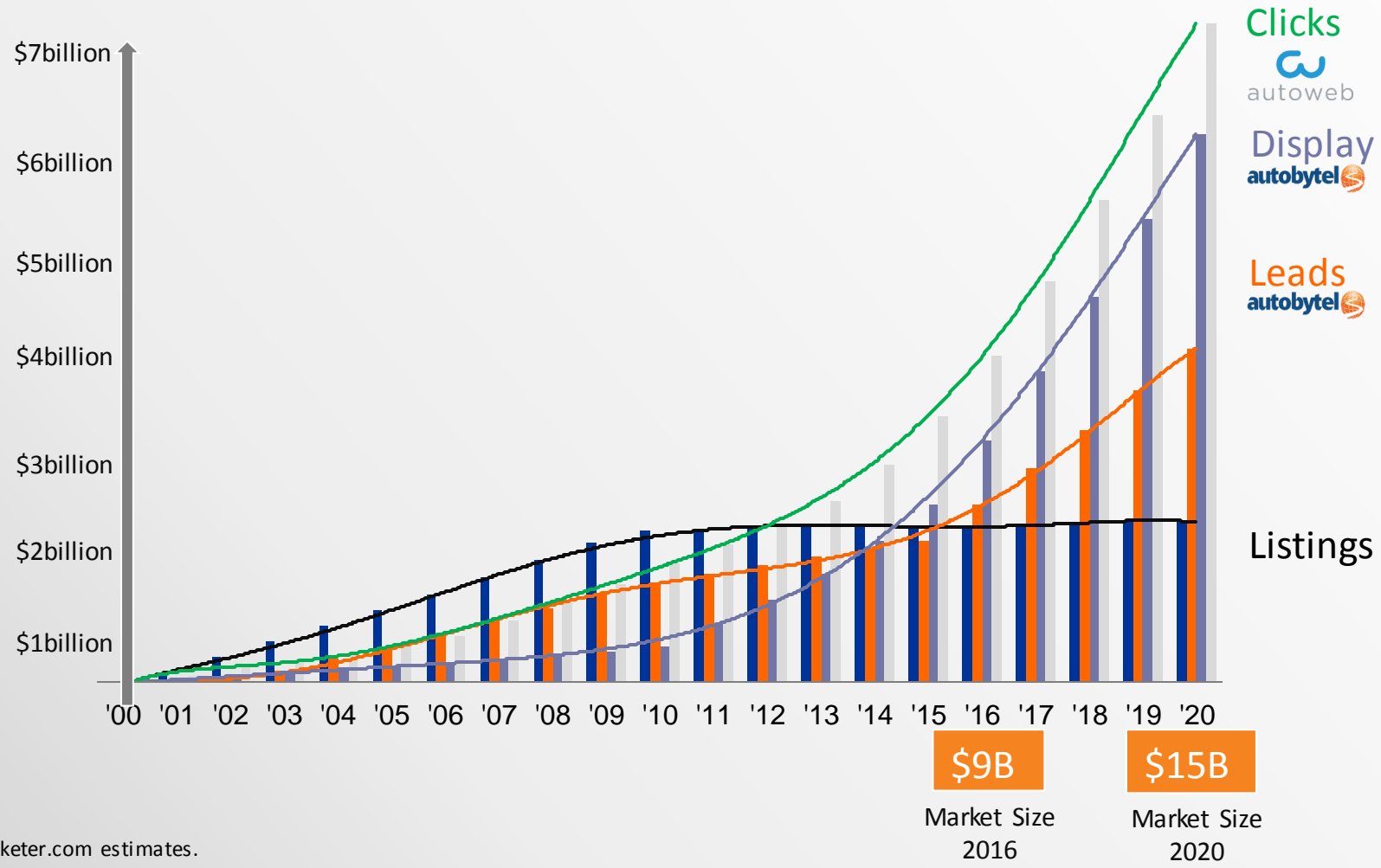
## Total US Automotive Digital Ad Spend Estimate for 2016

# \$9.13 Billion



Source: eMarketer.com estimates.

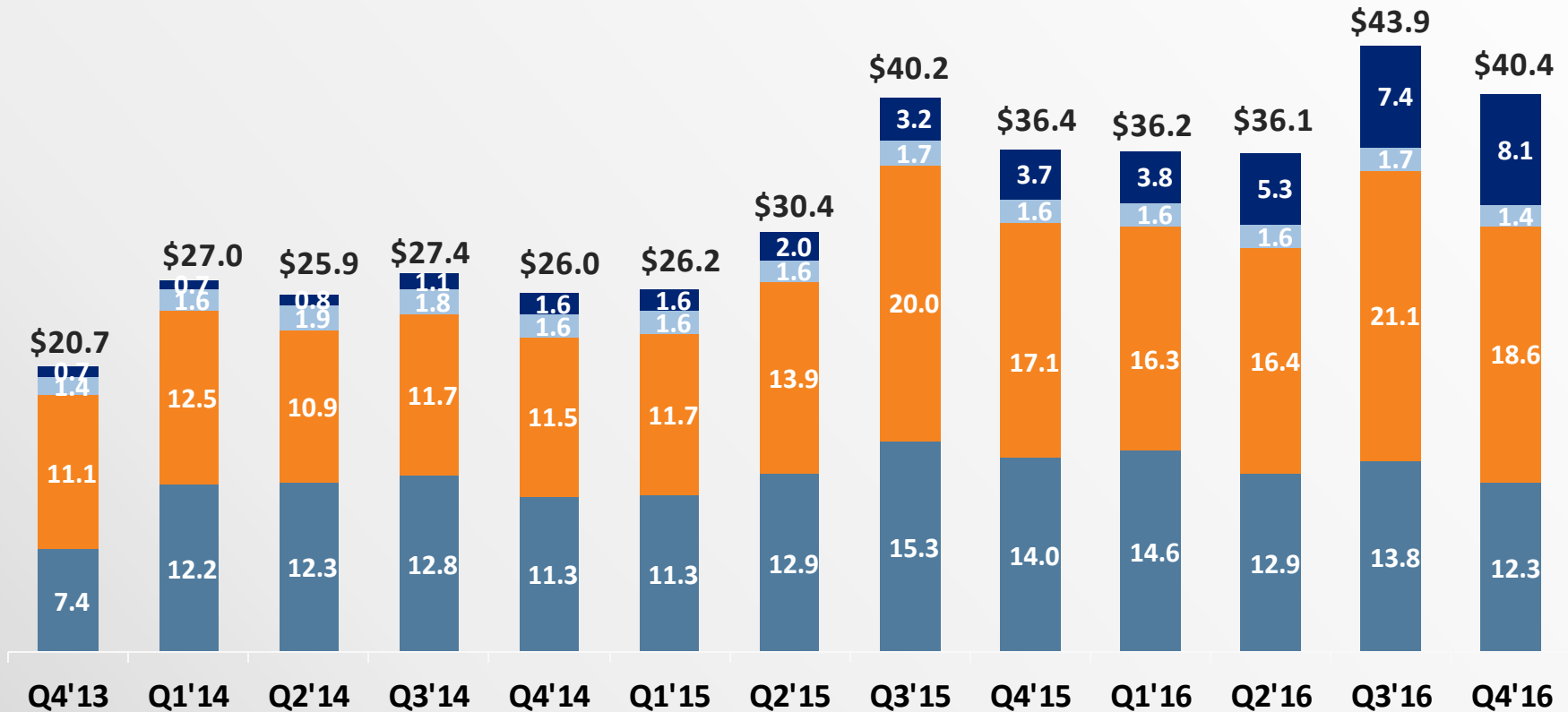
## Vehicle Digital Ad Spend by Channel



Source: eMarketer.com estimates.

# Quarterly Revenue

■ Retail Dealer Automotive   
 ■ OEM/Wholesale Automotive   
 ■ Specialty Finance   
 ■ Website Advertising

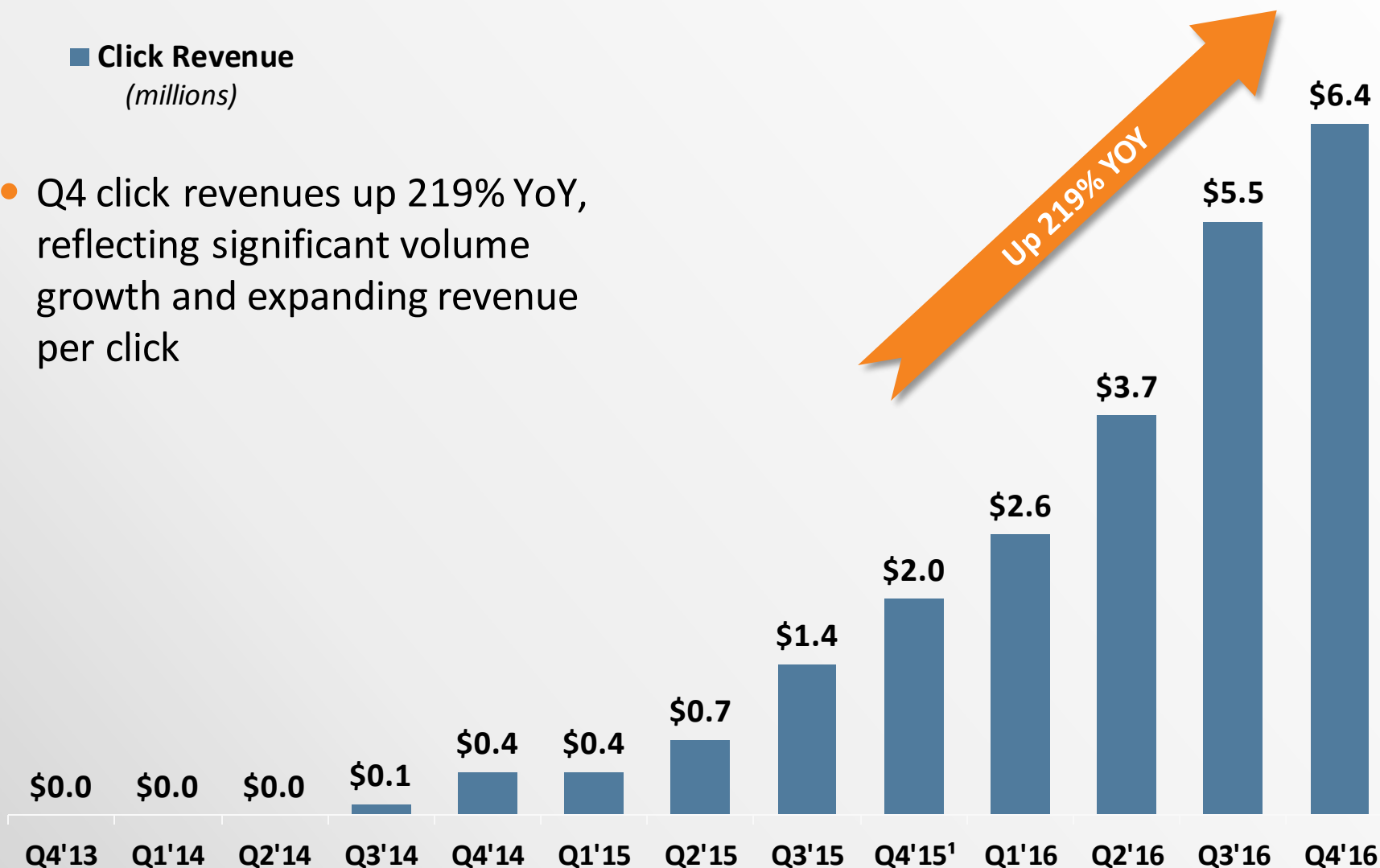


- Advertising:** Up 119% YoY due to a significant increase in click revenue driven by growth and continued investment in the company's AutoWeb products.
- Wholesale:** Up 9% YoY on strong OEM/Wholesale demand, as well as benefit from the transition of 190 retail dealers to a comprehensive OEM wholesale program.
- Retail:** Decreased YoY due to systematic reduction of low quality volume and OEM/wholesale program transition.

# Click Product Continues to Accelerate

■ Click Revenue  
(millions)

- Q4 click revenues up 219% YoY, reflecting significant volume growth and expanding revenue per click



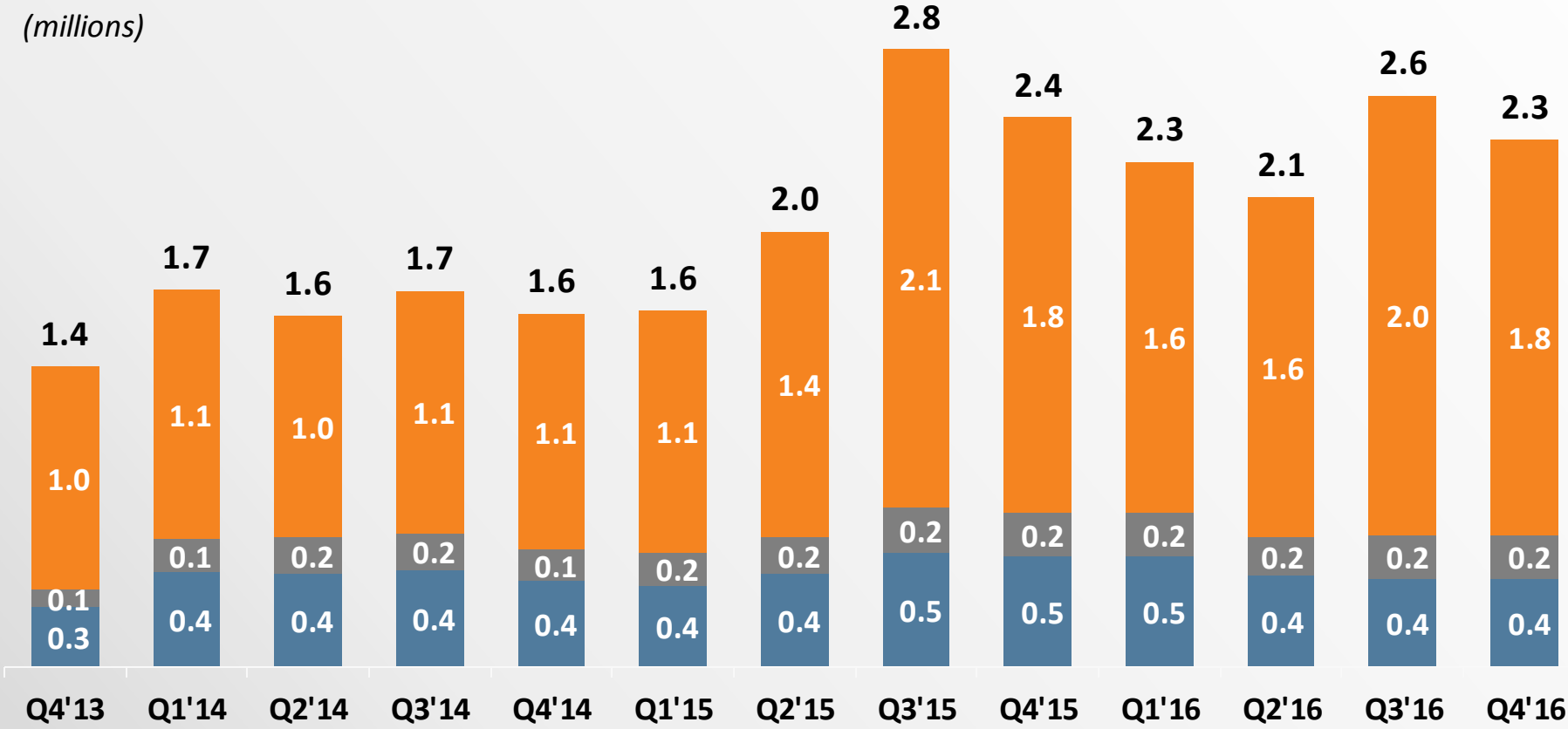
1) Acquired AutoWeb October 1, 2015.



# Lead Volume

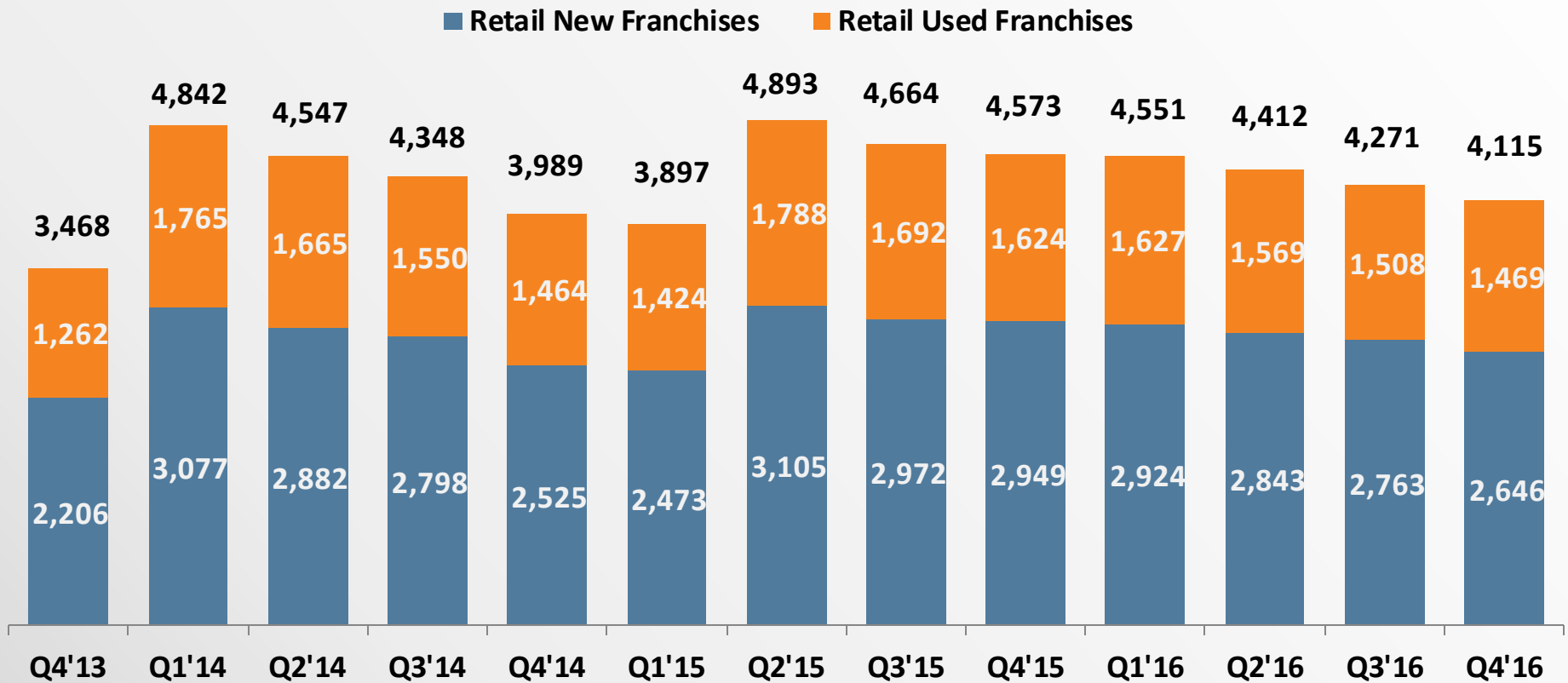
■ Retail New ■ Retail Used ■ OEM / Wholesale

(millions)



- **Total lead volume** slightly down YoY due to systematic reduction of lower quality leads over the past year.

# Autobytel Footprint – Dealers



- Retail new dealer count adjusted historically to reflect the transition of 190 retail dealers to a comprehensive OEM program in Q2'16.
- Q4 dealer count decreased 4% sequentially due to expected dealer churn as the company focuses on larger, more profitable dealers.
- Total dealer count includes an additional ~18,000 dealers from Autobytel's OEM/Wholesale network.

# Financial Overview

	2015				2016				FY		YOY Δ%	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015	2016	Q4	FY16
Revenue (\$M)	\$26.2	\$30.4	\$40.2	\$36.4	\$36.2	\$36.1	\$43.9	\$40.4	\$133.2	\$156.7	11%	18%
Gross Profit (\$M)	\$10.1	\$11.8	\$15.3	\$14.5	\$13.6	\$13.9	\$15.8	\$14.6	\$51.6	\$57.9	1%	12%
Gross Margin	38.5%	38.7%	38.1%	39.7%	37.6%	38.5%	35.9%	36.2%	38.8%	37.0%	(350bps)	(190bps)
Operating Expenses (\$M)	\$8.9	\$10.1	\$12.0	\$12.9	\$14.5	\$13.0	\$11.5	\$12.8	\$43.9	\$51.8	-1%	18%
Operating Margin	4.5%	5.6%	8.3%	4.3%	-2.4%	2.6%	9.7%	4.5%	5.8%	3.9%	20bps	(190bps)
Net Income (\$M)	\$0.8	\$0.9	\$1.6	\$1.4	(\$0.7)	\$0.4	\$2.7	\$1.4	\$4.6	\$3.9	-1%	-17%
GAAP EPS Diluted	\$0.07	\$0.08	\$0.14	\$0.10	(\$0.06)	\$0.03	\$0.21	\$0.10	\$0.37	\$0.29	0%	-21%
Non-GAAP Income (\$M) <sup>1</sup>	\$2.4	\$3.5	\$5.2	\$4.4	\$2.9	\$3.2	\$6.5	\$4.7	\$15.4	\$17.3	7%	12%
Non-GAAP EPS <sup>2</sup>	\$0.21	\$0.31	\$0.45	\$0.33	\$0.22	\$0.24	\$0.49	\$0.35	\$1.22	\$1.30	8%	7%
Cash (\$M)	\$19.3	\$16.0	\$18.8	\$24.0	\$24.0	\$27.1	\$32.7	\$38.5	\$24.0	\$38.5	61%	61%
Cash Flow From Operations (\$M)	(\$0.5)	\$3.0	\$5.1	\$4.6	\$1.6	\$4.6	\$5.9	\$6.2	\$12.2	\$18.2	34%	50%
Closing Stock Price	\$14.77	\$15.99	\$16.77	\$22.56	\$17.36	\$13.87	\$17.80	\$13.45	\$22.56	\$13.45	-40%	-40%

The above financials are impacted by rounding to the nearest \$0.1M.

- 1) Non-GAAP Income is equal to net income/(loss) plus amortization of acquired intangibles, non-cash stock compensation, income taxes, gain or loss on investment or sale, severance costs and acquisition related expenses, plus litigation settlements. See appendix for reconciliation.
- 2) Non-GAAP EPS is non-GAAP income divided by weighted average diluted shares outstanding. See appendix for reconciliation.

## Q4 Record Revenue Drives Strong Cash Generation

# Balance Sheet Supports Growth

- \$38.5 million cash
- \$14.1 million term loans, \$8.0 million revolving line of credit, \$1.0 million convertible note
- As of Dec 31, 2016, \$106.3 million net operating loss carryforwards
  - \$75.8 million federal; \$30.5 million state
  - Federal NOLs do not expire until 2025 and beyond

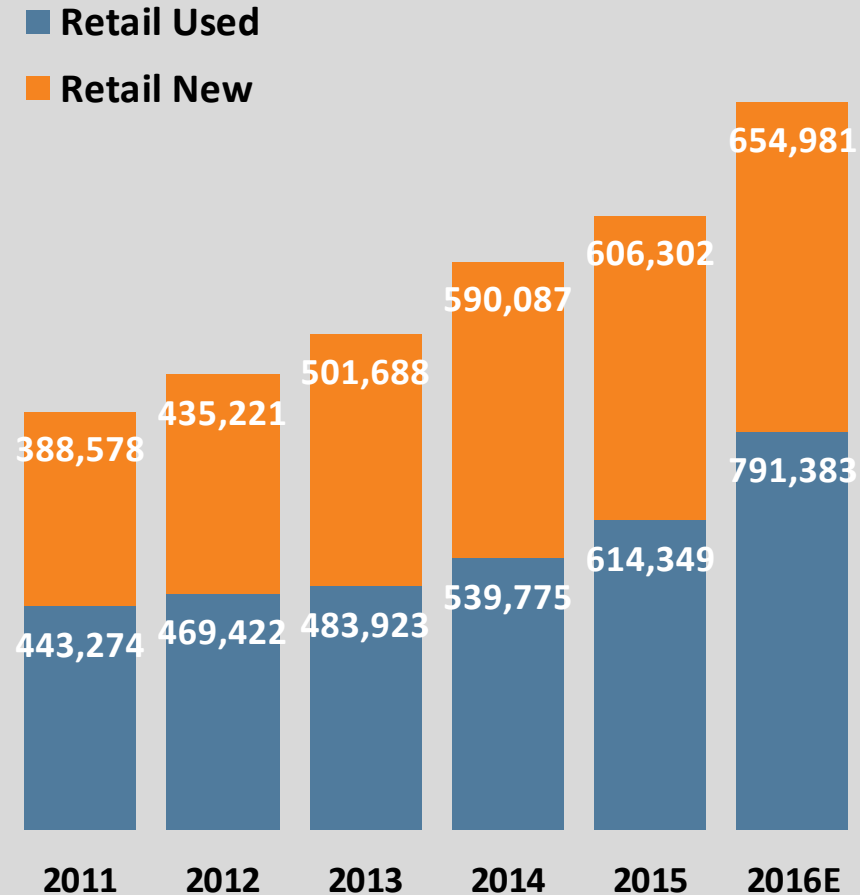
<i>Select Balance Sheet Items</i>		
<i>\$ Millions</i>	Dec 31, 2016	Dec 31, 2015
Cash & cash equivalents	\$38.5	\$24.0
Receivables	33.6	28.1
Net deferred tax assets	19.5	21.5
<b>Total assets</b>	<b>165.3</b>	<b>153.6</b>
Debt	23.1	27.0
<b>Total liabilities</b>	<b>45.7</b>	<b>45.4</b>
<b>Total stockholders' equity</b>	<b>119.6</b>	<b>108.2</b>

**\$38.5 Million in Cash, \$106.3 Million in Net Operating Loss Carryforwards**

# Autobytel Leads Drive Car Sales

- Consumers submitting leads via Autobytel network accounted for 2.5 million+ new retail sales from 2011-2015
  - This represents an **average of ~4% of all U.S. Light Vehicle New Retail Sales from 2011-2015**
  - **Increased to ~5% of U.S. LV New Retail Sales for 2016**
- Consumers submitting leads via Autobytel network accounted for an **average of ~2% of all U.S. used car sales from 2011-2016**
- Consistent growth despite minimal investment in the used car business from **2011-2014**

## U.S. LV New & Used Retail Sales by Autobytel Consumers

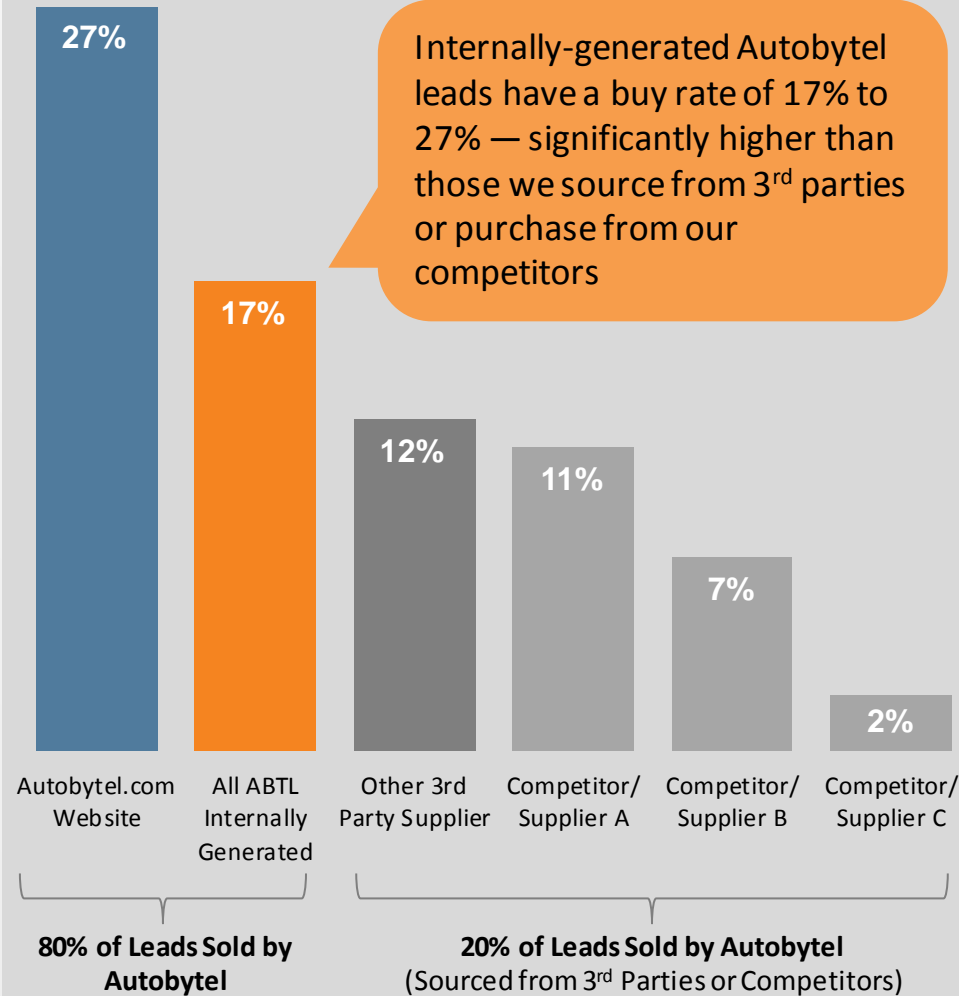


# High Buy Rates

- **We estimate<sup>1</sup> buy rates** that reflect how many leads submitted by consumers through the Autobytel network convert to purchases, and how many leads were lost to other dealers
- **Most competitors rely only on feedback from dealers/manufacturers** with minimal attribution
- **Buy rate information provides the ability to drive pricing with dealers**, as well as incremental lead volume
- Internally generated leads account for ~80% of leads sold by Autobytel

## Lead Conversions

(Consumers who Submitted a New Vehicle Lead & Bought New)



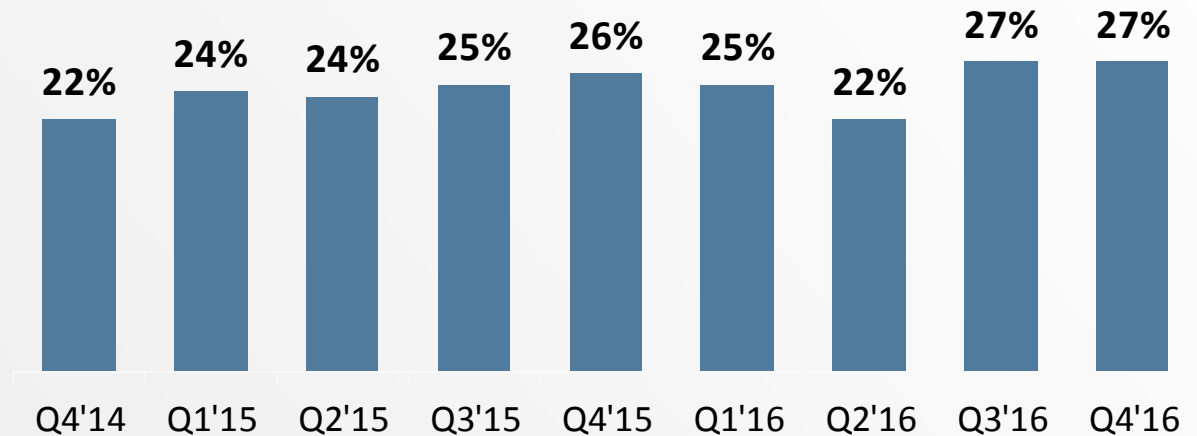
1) Estimated buy rates based on vehicle registration data and internal analysis. Buy rates are calculated using a three-month rolling average of 90 day close rates.

**Autobytel Internally-Generated Lead Buy Rate is 3x Industry Average of ~6-8%**

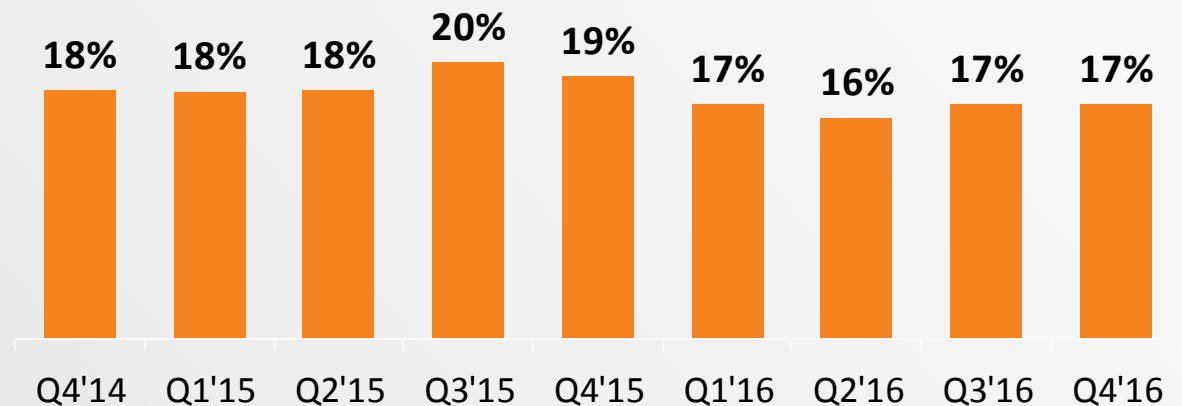
# Average Buy Rate<sup>1</sup>

- We have a proven track record of providing high quality leads
- Autobytel's leading edge SEM practice featured in several Google White Papers
- We have consistently maintained these high buy rates since Q1 2011
  - Autobytel.com avg. buy rate = 25%
  - All internally generated avg. buy rate = 18%

■ Buy Rates - Autobytel.com



■ Buy Rates - All Internally Generated Autobytel

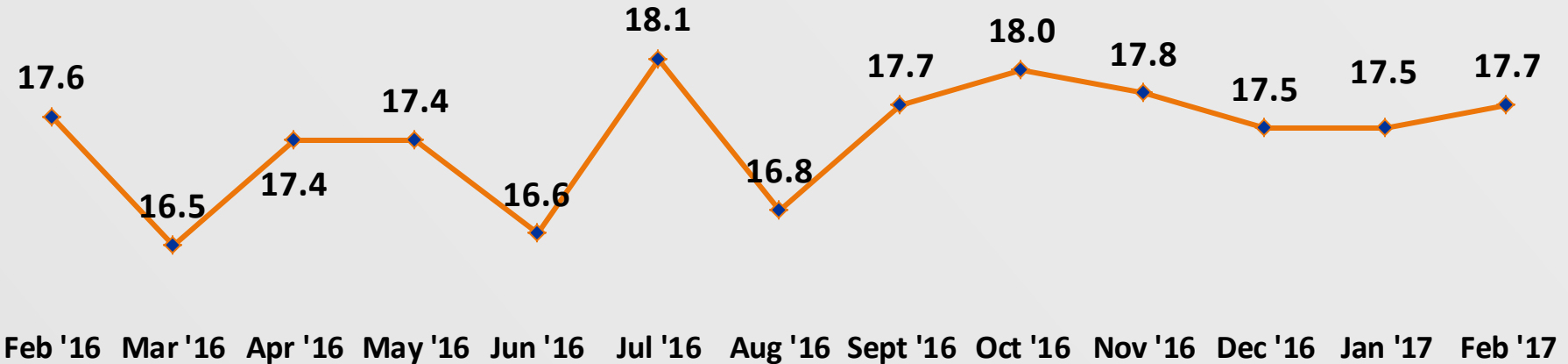


1) Only 2016 includes estimated contribution from Dealix.

# Monthly Retail Auto Sales Forecast<sup>1</sup>

## U.S. SAAR – Feb 2016 to Feb 2017

(millions)



- February 2017 SAAR for total sales:
  - 17.7 million units<sup>2</sup>
  - **Up 0.6% YoY**
- February 2017 projected SAAR for retail sales:
  - 13.8 million units
  - **Up 0.7% YoY**

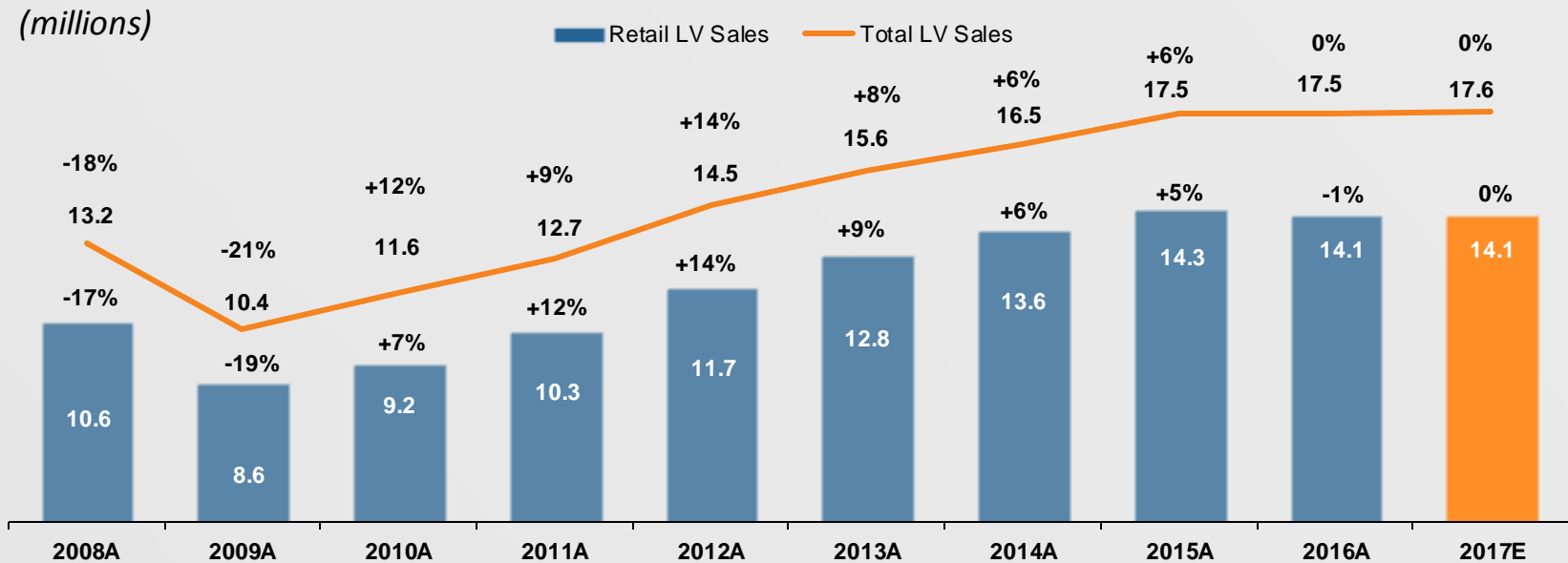
1) J.D Power/LMC Automotive

2) Actual as reported by Automotive News

**Autobytel On Track to Exceed Industry Growth**



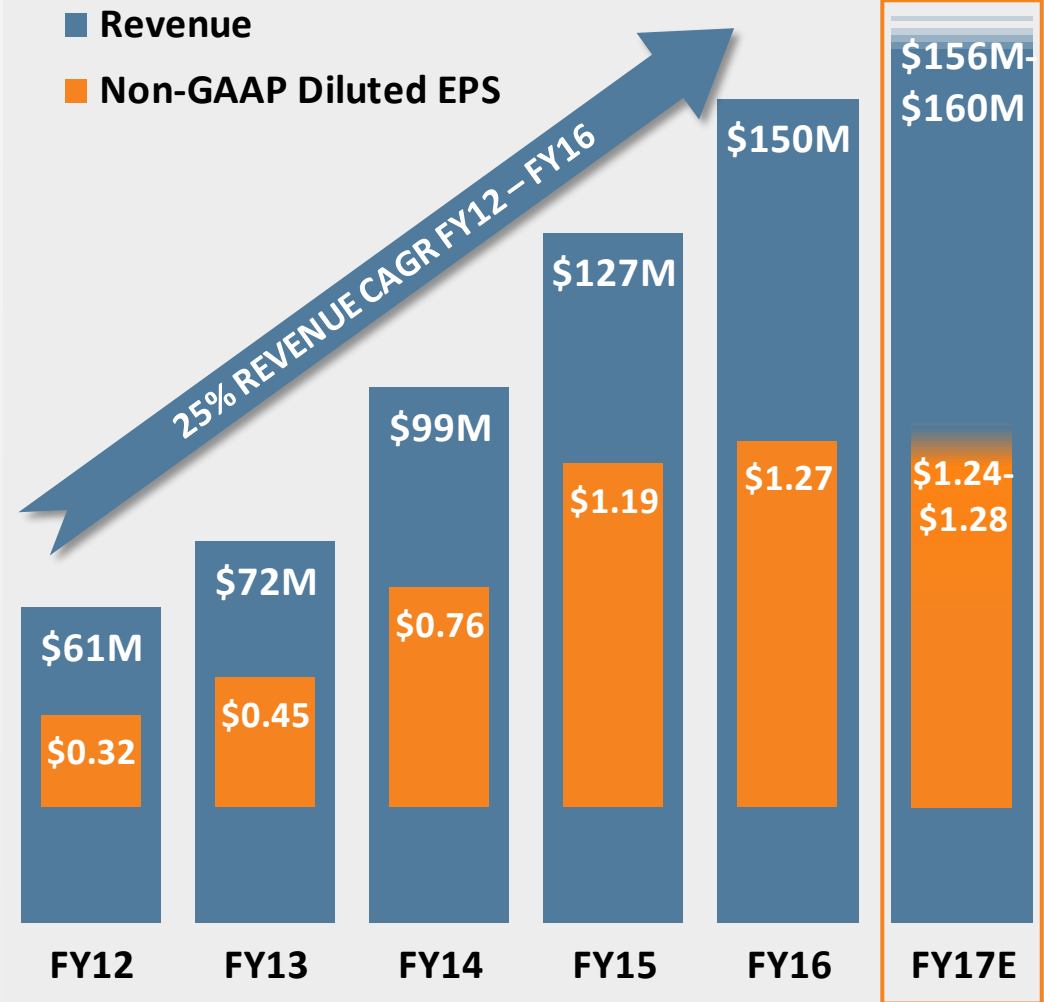
## U.S. LV Sales Forecast – 2008 to 2017E



- 2017 U.S. light vehicle sales forecast up slightly to 17.6 million units
  - **Up 0.2% YoY**
- 2017 U.S. retail light vehicle sales forecast remains at 14.1 million units
  - **Flat YoY**

1) J.D Power/LMC Automotive

	Low	High
<b>Revenue</b>	<b>\$156.0</b>	<b>\$160.0</b>
<i>Growth</i>	4%	7%
<b>Non-GAAP Income<sup>3</sup></b>	<b>\$16.8</b>	<b>\$17.3</b>
<i>Growth</i>	~ flat	3%
<b>Non-GAAP Diluted EPS</b>	<b>\$1.24</b>	<b>\$1.28</b>
<i>Growth</i>	(2%)	1%



1) Guidance updated and effective only on March 9, 2017.

2) For comparative purposes, all growth calculations and chart figures exclude contribution from the company's specialty finance leads product, which was divested on Dec 31, 2016.

3) Non-GAAP Income is defined as net income/(loss), plus amortization of acquired intangibles, non-cash stock compensation, income taxes, gain or loss on investment or sale, severance costs and acquisition related expenses, plus litigation settlements, and non-GAAP EPS is defined as non-GAAP income divided by weighted average diluted shares outstanding (see appendix for reconciliation). The company has not provided a reconciliation of its 2017 non-GAAP diluted EPS guidance to the most directly comparable GAAP financial measure because the effect, timing and potential significance of the effects of tax considerations, primarily related to the company's net operating loss carryforwards, are out of the company's control and/or cannot be reasonably predicted. Consequently, a reconciliation to the corresponding GAAP financial measure is not available without unreasonable effort.

# Reconciliation of Specialty Finance Divestiture

(\$ millions)	2012		2013		2014		2015		2016	
Revenue	\$	66.8	\$	78.4	\$	106.3	\$	133.2	\$	156.7
Finance Leads	\$	6.2	\$	6.2	\$	6.9	\$	6.5	\$	6.3
Adjusted Revenue	\$	60.6	\$	72.2	\$	99.4	\$	126.7	\$	150.4

(\$ millions)	2012		2013		2014		2015		2016	
Non-GAAP Income <sup>1</sup>	\$	3.7	\$	5.1	\$	9.3	\$	15.4	\$	17.3
Finance Leads	\$	0.7	\$	0.3	\$	0.8	\$	0.4	\$	0.5
Adjusted Non-GAAP Income	\$	2.9	\$	4.7	\$	8.5	\$	15.0	\$	16.8

	2012		2013		2014		2015		2016	
Non-GAAP EPS <sup>2</sup>	\$	0.40	\$	0.48	\$	0.83	\$	1.22	\$	1.30
Finance Leads	\$	0.08	\$	0.03	\$	0.07	\$	0.03	\$	0.03
Adjusted Non-GAAP EPS	\$	0.32	\$	0.45	\$	0.76	\$	1.19	\$	1.27

The above financials are impacted by rounding to the nearest \$0.1M.

1) Non-GAAP Income is equal to net income/(loss) plus amortization of acquired intangibles, non-cash stock compensation, income taxes, gain or loss on investment or sale, severance costs and acquisition related expenses, plus litigation settlements. See appendix for reconciliation.

2) Non-GAAP EPS is non-GAAP income divided by weighted average diluted shares outstanding. See appendix for reconciliation.

# Contact Us

autobytel 

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### About Autobytel Inc.

Autobytel Inc. provides high quality consumer leads and associated marketing services to automotive dealers and manufacturers throughout the United States. The company also provides consumers with robust and original online automotive content to help them make informed car-buying decisions.

The company pioneered the automotive Internet in 1995 with its flagship website [www.autobytel.com](http://www.autobytel.com), and has since helped tens of millions of automotive consumers research vehicles; connected thousands of dealers nationwide with motivated car buyers; and has helped every major automaker market its brand online. Investors and other interested parties can receive Autobytel news alerts and special event invitations by accessing the online registration form at [investor.autobytel.com/alerts.cfm](http://investor.autobytel.com/alerts.cfm).



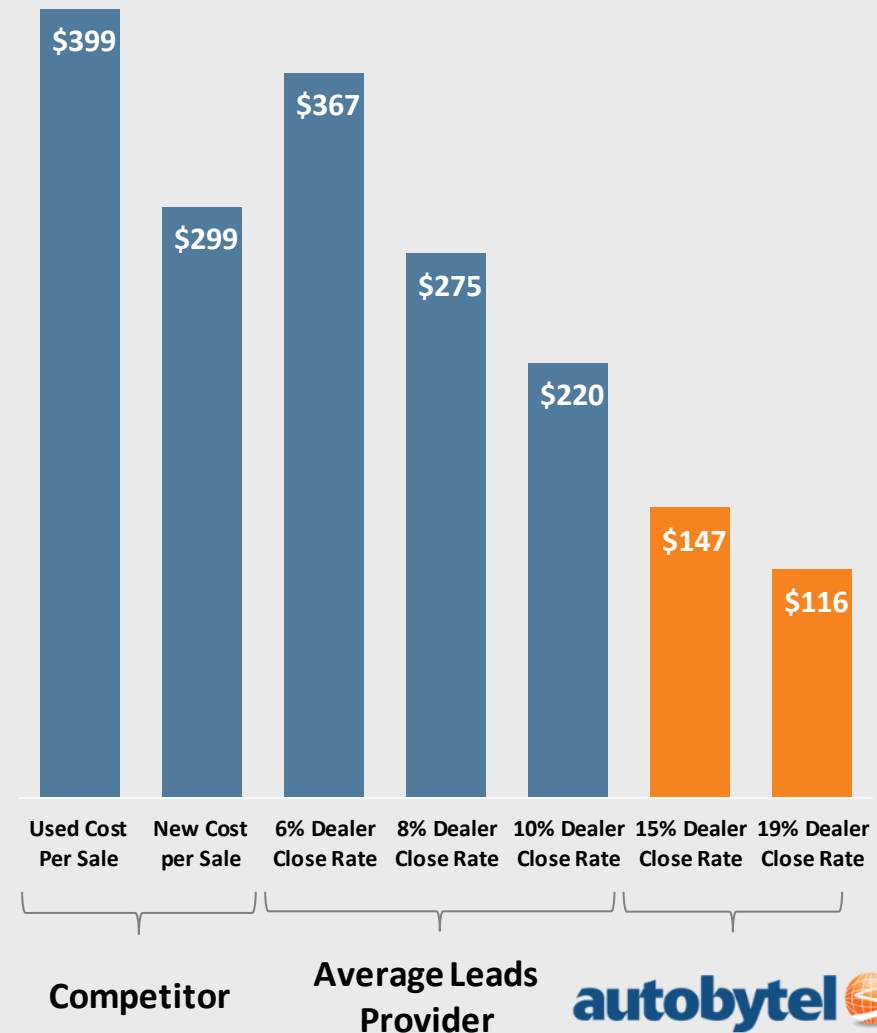
## Appendix

- *High ROI for Dealers*
- *Reconciliation Table*
- *Mobile Products*
- *Ancillary Products & Investments*

# High ROI for Dealers

- Given Autobytel's high conversion rates, our cost per lead model provides a favorable ROI for dealers
- The higher the conversion rate, the greater the price disparity
- Estimated historical average close rate for auto industry is 6-8%
  - Autobytel estimated buy rate is 17-27%**
- Autobytel cost to dealer represents about half of all dealers' normal marketing expense **at \$628<sup>1</sup>**

### Average Dealer Cost Per Sale<sup>2</sup>



1) National Automobile Dealer Association (NADA), 2016.  
2) Calculated with an average cost of \$22 per lead.

Purchasing Leads From Autobytel Generates a Favorable ROI

# Non-GAAP Income & EPS Reconciliation

	2015					2016				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Net Income / (Loss) (\$M)	\$0.8	\$0.9	\$1.6	\$1.4	\$4.6	(\$0.7)	\$0.4	\$2.7	\$1.4	\$3.9
Amortization of Acquired Intangibles (\$M)	\$0.4	\$0.5	\$0.7	\$1.4	\$3.0	\$1.4	\$1.4	\$1.5	\$1.4	\$5.7
Non-Cash Stock Compensation (\$M)	\$0.7	\$0.6	\$0.7	\$0.7	\$2.6	\$1.4	\$0.9	\$0.9	\$1.2	\$4.4
Income Taxes (\$M)	\$0.3	\$0.6	\$1.5	\$1.0	\$3.4	(\$0.4)	\$0.3	\$1.3	\$1.6	\$2.8
Litigation Settlements (\$M)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.1)	(\$0.0)	\$0.0	(\$0.0)	(\$0.0)	(\$0.0)
Gain / (Loss) on Investment or Sale (\$M)	\$0.0	\$0.0	\$0.0	(\$0.6)	(\$0.6)	\$0.0	\$0.0	\$0.0	(\$1.4)	(\$1.4)
Acquisition / Severance Expenses (\$M)	\$0.3	\$0.9	\$0.7	\$0.5	\$2.5	\$1.3	\$0.1	\$0.0	\$0.5	\$1.9
Non-GAAP Income (\$M) <sup>1</sup>	\$2.4	\$3.5	\$5.2	\$4.4	\$15.4	\$2.9	\$3.2	\$6.5	\$4.7	\$17.3
Weighted Average Diluted Shares (k)	11,097	11,057	11,540	13,397	12,662	13,346	13,295	13,337	13,369	13,303
Non-GAAP EPS <sup>2</sup>	\$0.21	\$0.31	\$0.45	\$0.33	\$1.22	\$0.22	\$0.24	\$0.49	\$0.35	\$1.30

The above financials are impacted by rounding to the nearest \$0.1M.

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2) Non-GAAP EPS is non-GAAP income divided by weighted average diluted shares outstanding.



## Suite of Mobile Products & Services

Text CBAUTO  
TO 50123  
To speak to  
a Sales Rep



### Text Marketing

Autobytel Mobile is a leader in providing texting services to dealerships. Text message marketing can be used on window stickers, showroom displays, billboards, print, TV, radio, and dealership websites.



### Mobile Websites

Award winning mobile sites convert traffic into real time leads.



### TextShield®

Enables 2-way text conversations in a centralized and controlled environment.




TextShield Gateway is the  
Centerpiece of Our  
Complete Mobile Suite




### Apps

Features and functionality allow dealerships to stay engaged with customers by having them download a Dealer Branded App.

2014 Chevrolet Cruze LS



Ext Color:	Red Hot
Int Color:	Gray
Trans:	Manual
Body Style:	Sedan
MPG:	25 / 36

Send To Phone 

### Send2Phone

Enables consumers to send tactical mobile landing pages to their cell phones via SMS.





- SaleMove technology allows dealers to interact with consumers in real-time through whichever method they choose (i.e. live video, phone, text-based chat, etc.).
- Invested in GoMoto: An interactive digital solution for dealer showrooms/service centers
- Designed to drive customer engagement and increase conversion
- Enables consumers to shop by payment with their PC or mobile device
- Provides dealers with pre-qualified customers

