



Autobytel Q3 2016 Results Presentation

November 3, 2016

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 intends to continue to develop products similar to its new lead-enhanced product solution on AutoWeb.com that the company believes will ultimately help its customers sell more cars, while making the path to purchase easier and more enjoyable for consumers; (ii) the company will continue to invest in usedcars.com in an effort to make it ‘The’ premier used vehicle destination for consumers; (iii) 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 profitability; (iv) as a result of moving lead volume for approximately 190 of one of our OEM customer’s retail dealers into one comprehensive OEM program, the company expects to continue seeing a YoY decline in the company’s retail channel until the anniversary of the transition in Q2 of 2017; (v) the company plans to reinvest more going forward and to further accelerate the growth opportunities it sees in its business; (vi) the company expects its diluted share count in the fourth quarter to be around 13.5 million, and full year 2016 to be 13.4 million, contingent upon our share price and assuming current outstanding shares, warrants, options and convertible debt remain constant; (vii) the company plans to continue the investment in its products and in its development teams throughout 2017; (viii) the company expects to continue investing in its core leads business to continue to capitalize on the record level demand from its OEM and dealer customers; (ix) the company expects that the percentage of all new light vehicle retail sales in the U.S. in 2015, and of all used car sales in 2015 represented by consumers submitting leads through Autobyte’s network will grow for 2016; (x) the company continues to expect realizing more of the benefits from its new usedcars.com site in 2017; (xi) the company expects 2016 revenue to range between \$153 million and \$155 million, which represents an increase of approximately 15% to 16% from 2015; (xii) the company expects non-GAAP income to range between \$16.5 million and \$16.9 million, representing an increase of approximately 7% to 10% from 2015; (xiii) the company expects 2017 non-GAAP diluted EPS to range between \$1.23 and \$1.26 compared to \$1.22 in 2015; and (xiv) with the launch of the new usedcars.com, the company expects to return to the originally anticipated growth levels for used cars, 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. Autobyte 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 Autobyte; changes in laws and regulations; costs of legal matters, including, defending lawsuits and undertaking investigations and related matters; and other matters disclosed in Autobyte’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, 2015, 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 Autobyte and the market price of the Company’s stock.

This presentation includes non-GAAP financial measures as defined by SEC Regulation G. Autobyte’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. Autobyte’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

Q3 2016 Financial Summary

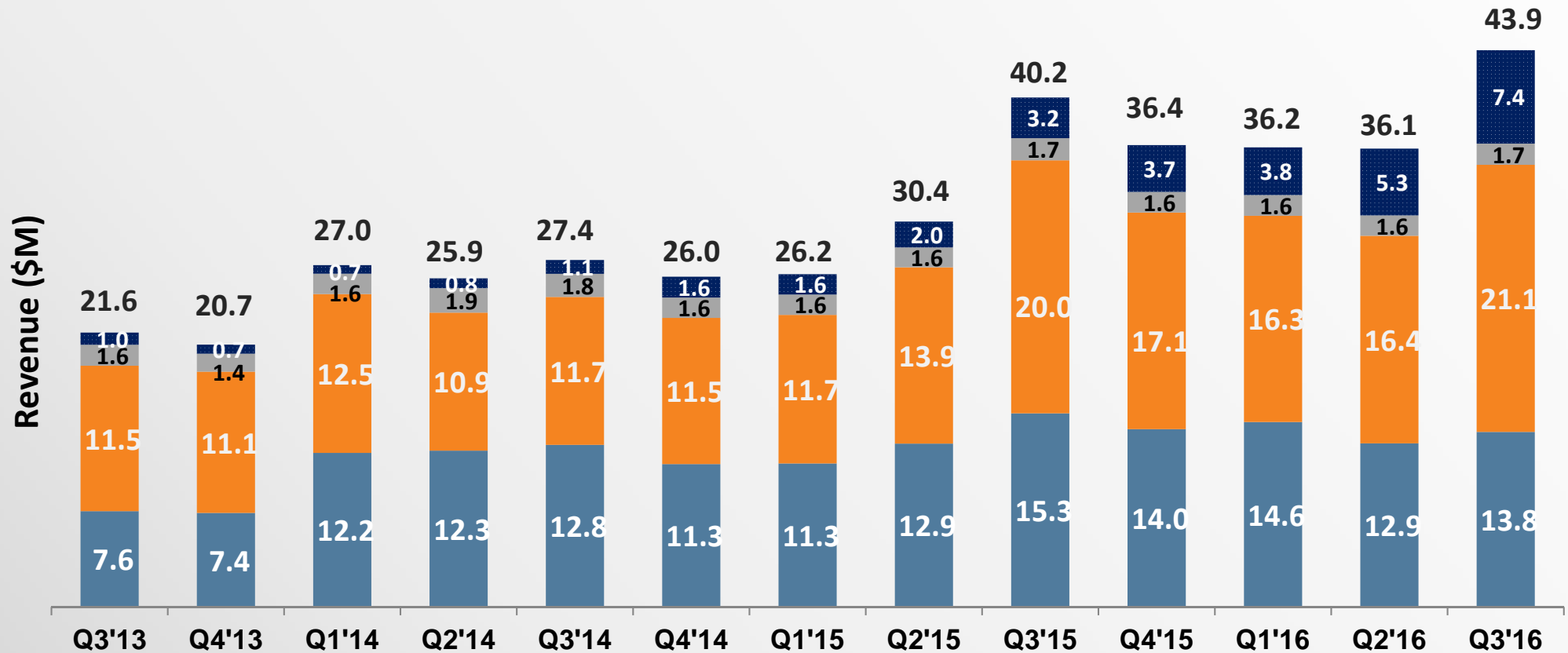
(vs. YoY)

- **Revenues increased 9%** to a Q3 record \$43.9 million
- **Advertising revenues increased 130%** to \$7.4 million
- **Click revenues increased 282%** to \$5.5 million; up 50% sequentially from Q2
- **Net Income increased 70%** to \$2.7 million or \$0.21 per diluted share
- **Non-GAAP income increased 26%** to \$6.5 million or \$0.49 per diluted share

Net Income Up 70% to \$2.7 Million or \$0.21 per Share

Quarterly Revenue

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

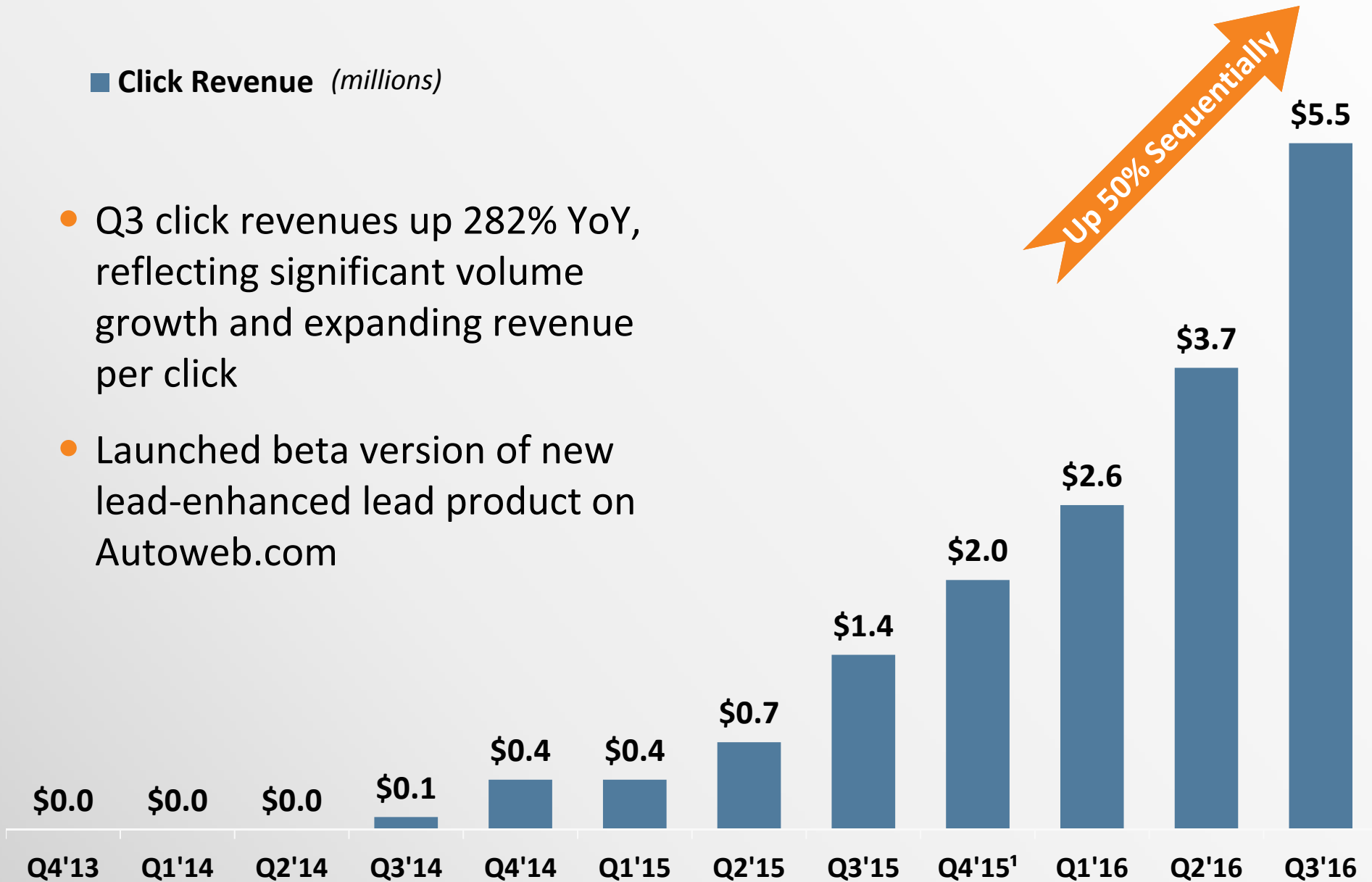


- **Advertising:** Up 130% YoY due to increases in display and other advertising, as well as significant increase in click revenues
- **Wholesale:** Up 6% YoY on OEM/Wholesale demand, as well as benefit from the transition of 190 retail dealers to a comprehensive OEM wholesale program
- **Retail:** Decreased YoY due to systematic reduction of low quality volume and OEM/wholesale program transition

Click Product Continues to Accelerate

■ Click Revenue (millions)

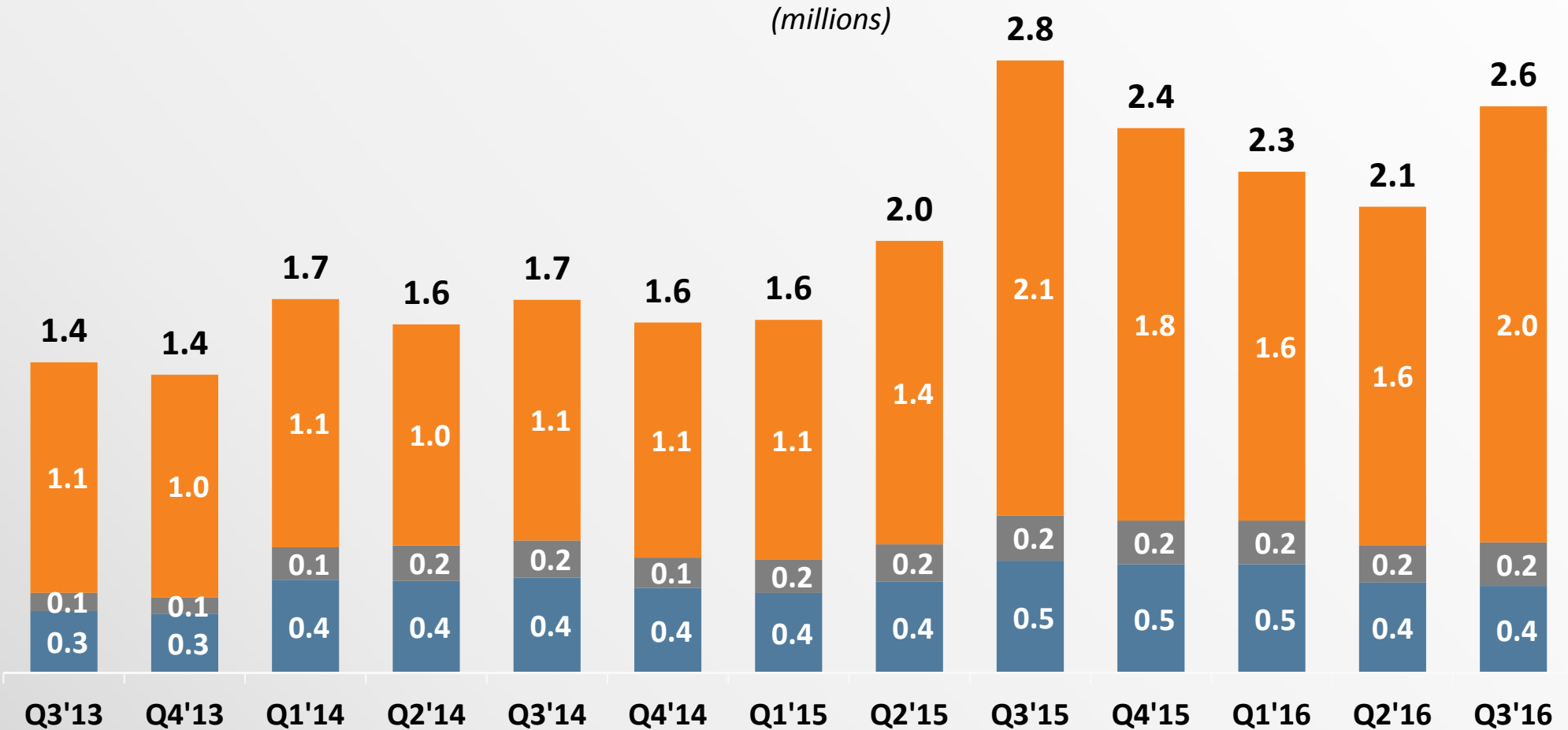
- Q3 click revenues up 282% YoY, reflecting significant volume growth and expanding revenue per click
- Launched beta version of new lead-enhanced lead product on Autoweb.com



1) Acquired AutoWeb October 1, 2015.

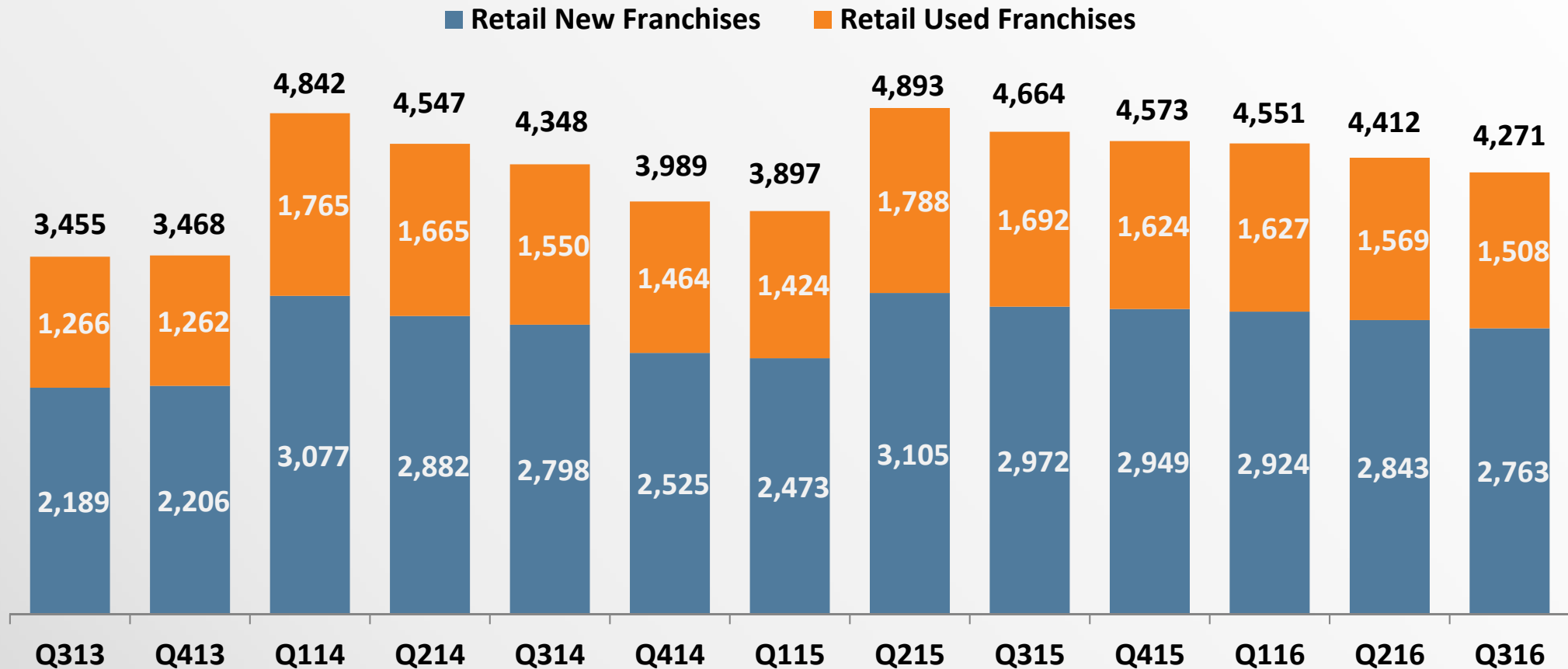
Lead Volume

■ Retail New ■ Retail Used ■ OEM / Wholesale
(millions)



- **Total lead volume** up 22% sequentially due to increased supply associated with high quality lead generation methodologies, seasonality, and strong OEM demand; down YoY due to systematic reduction of lower quality leads over the last 12 months
- **Retail new leads** flat sequentially, and down slightly YoY due to transition of lead volume for 190 retail dealers to a comprehensive OEM program

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
- Autobytel Q3 dealer count down 8% YoY due to expected dealer churn from Dealix
- Total dealer count includes an additional ~18,000 dealers throughout our OEM/Wholesale network

Financial Overview

	2015				2016			YoY Δ%
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3
Revenue (\$M)	\$26.2	\$30.4	\$40.2	\$36.4	\$36.2	\$36.1	\$43.9	9%
Gross Profit (\$M)	\$10.1	\$11.8	\$15.3	\$14.5	\$13.6	\$13.9	\$15.8	3%
Gross Margin	38.5%	38.7%	38.1%	39.7%	37.6%	38.5%	35.9%	(220bps)
Operating Expenses (\$M)	\$8.9	\$10.1	\$12.0	\$12.9	\$14.5	\$13.0	\$11.5	(4%)
Operating Margin	4.5%	5.6%	8.3%	4.3%	-2.4%	2.6%	9.7%	140bps
Net Income/(Loss) (\$M)	\$0.8	\$0.9	\$1.6	\$1.4	(\$0.7)	\$0.4	\$2.7	70%
GAAP EPS Diluted	\$0.07	\$0.08	\$0.14	\$0.10	(\$0.06)	\$0.03	\$0.21	47%
Non-GAAP Income (\$M) ¹	\$2.4	\$3.5	\$5.2	\$4.4	\$2.9	\$3.2	\$6.5	26%
Non-GAAP EPS ²	\$0.21	\$0.31	\$0.45	\$0.33	\$0.22	\$0.24	\$0.49	9%
Cash (\$M)	\$19.3	\$16.0	\$18.8	\$24.0	\$24.0	\$27.1	\$32.7	74%
Cash Flow From Operations (\$M)	(\$0.5)	\$3.0	\$5.1	\$4.6	\$1.6	\$4.6	\$5.9	15%
Closing Stock Price	\$14.77	\$15.99	\$16.77	\$22.56	\$17.36	\$13.87	\$17.80	6%

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 on investment, 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.

Q3 Record Revenue Drives Strong Cash Position

Balance Sheet Supports Growth

- \$32.7 million cash
- \$14.1 million term loans, \$8.0 million revolving line of credit, \$1.0 million convertible note
- As of Dec 31, 2015, \$139.6 million net operating loss carryforwards
 - \$88.2 million federal; \$51.4 million state
 - Federal NOLs do not expire until 2021 and beyond

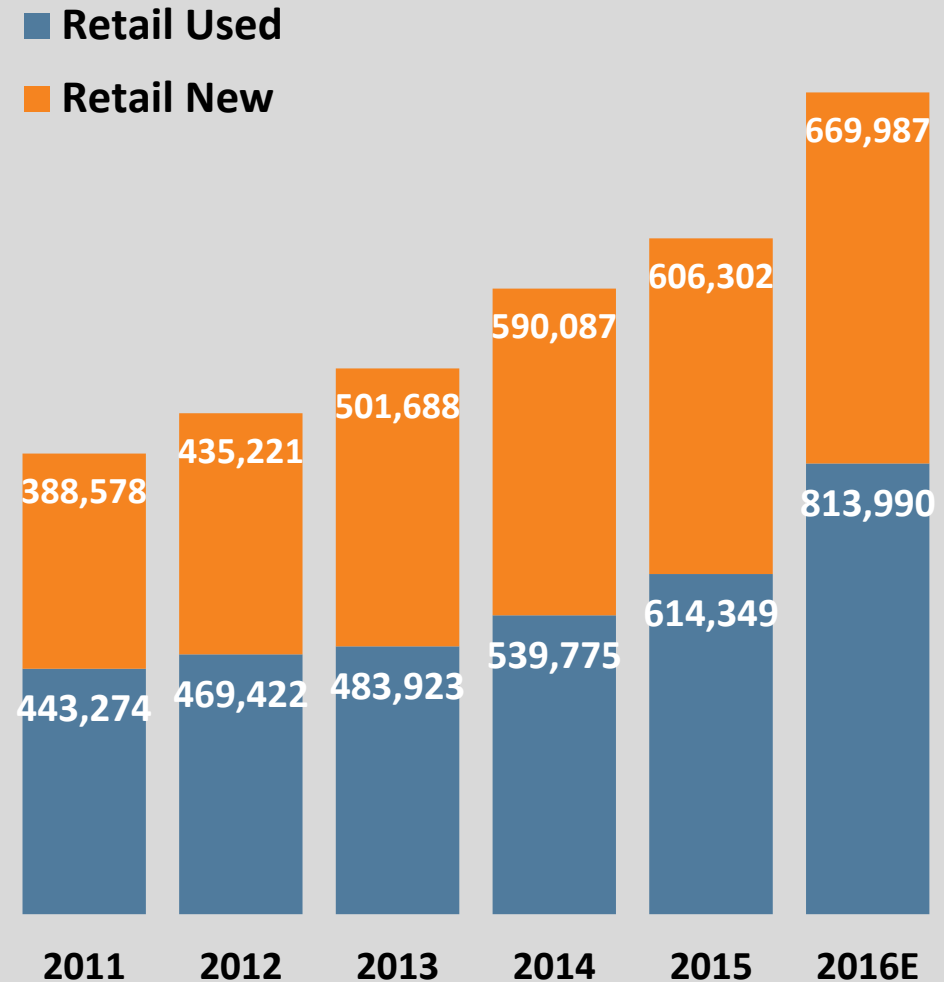
<i>Select Balance Sheet Items</i>		
<i>\$ Millions</i>	Sept 30, 2016	Dec 31, 2015
Cash & cash equivalents	\$32.7	\$24.0
Receivables	32.1	28.1
Net deferred tax assets	20.9	21.5
Total assets	162.1	153.6
Debt	23.1	27.0
Total liabilities	45.4	45.4
Total stockholders' equity	116.8	108.2

\$32.7 Million in Cash, \$139.6 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 2015**
- Consumers submitting leads via Autobytel network accounted for an **average of ~2% of all U.S. used car sales from 2011-2015**
- Consistent growth despite minimal investment in the used car business from 2011-2014

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



Autobytel Consumers Accounted for ~5% of Annual US LV New Retail Sales

High Buy Rates with Validated Attribution

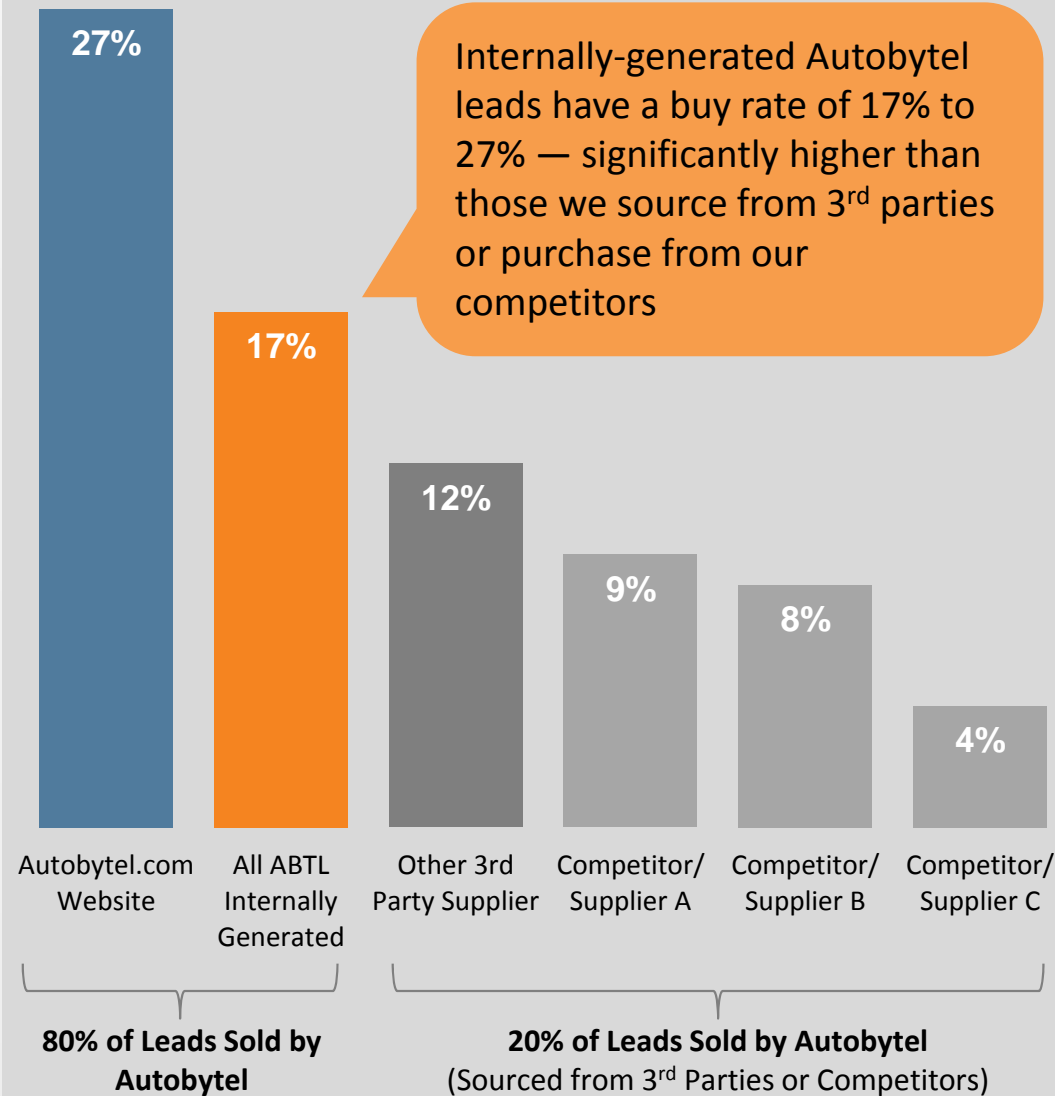
- **We provide buy rates**, derived from IHS Automotive data¹, that estimate how many consumers who submitted leads through the Autobytel network convert to purchases, or how many leads were lost to other dealers.
- **Most competitors rely only on feedback from dealers/manufacturers** with minimal attribution.
- **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.

1) Autobytel contracts with IHS Automotive, a leading provider of market insights and measurement solutions driven by Polk Data, to statistically measure the performance of leads submitted through the Autobytel Network.

2) Buy rates are calculated using a three-month rolling average of 90 day close rates.

IHS Automotive Lead Conversion Data²

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

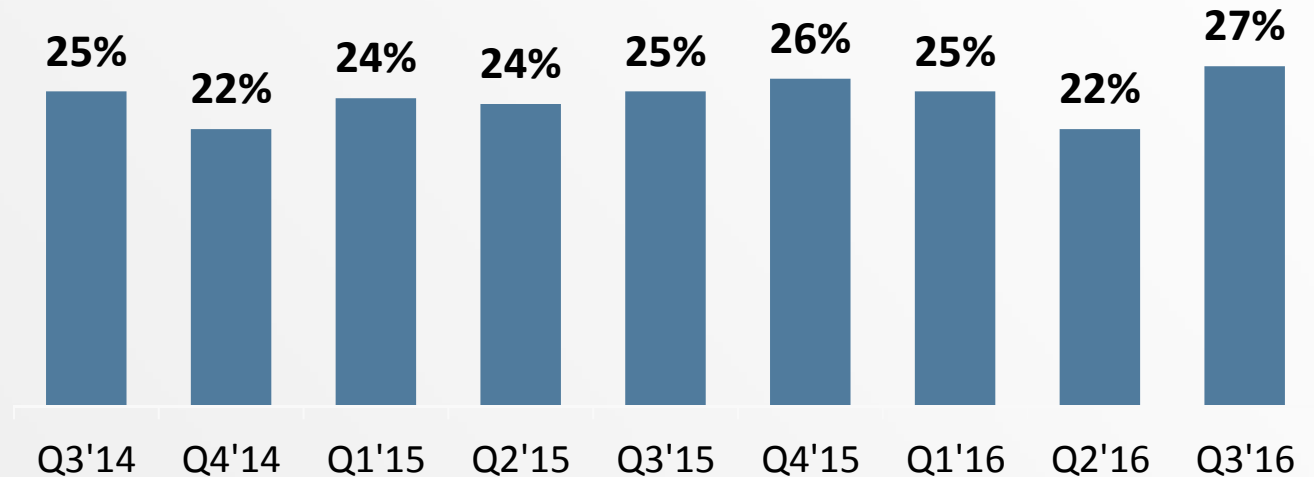


Autobytel Internally-Generated Lead Buy Rate is 3x Industry Average of ~6-8%

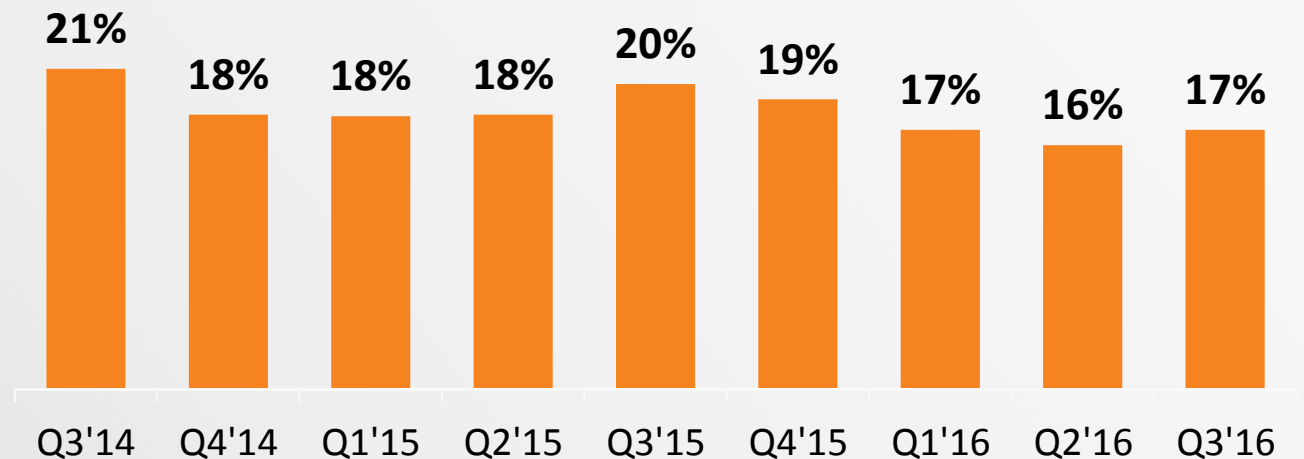
Average Buy Rate¹

- 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 = 24%
 - All internally generated avg. buy rate = 18%

■ IHS Buy Rates - Autobytel.com



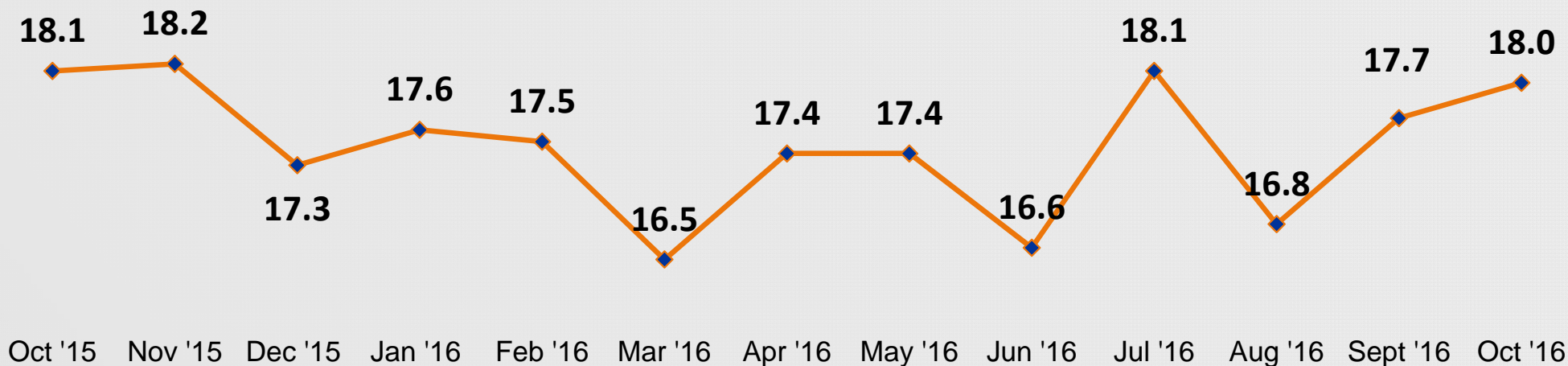
■ IHS Buy Rates - All Internally Generated Autobytel



1) Only Q1-Q3 2016 include estimated contribution from Dealix.

U.S. SAAR – October 2015 to October 2016

(millions)



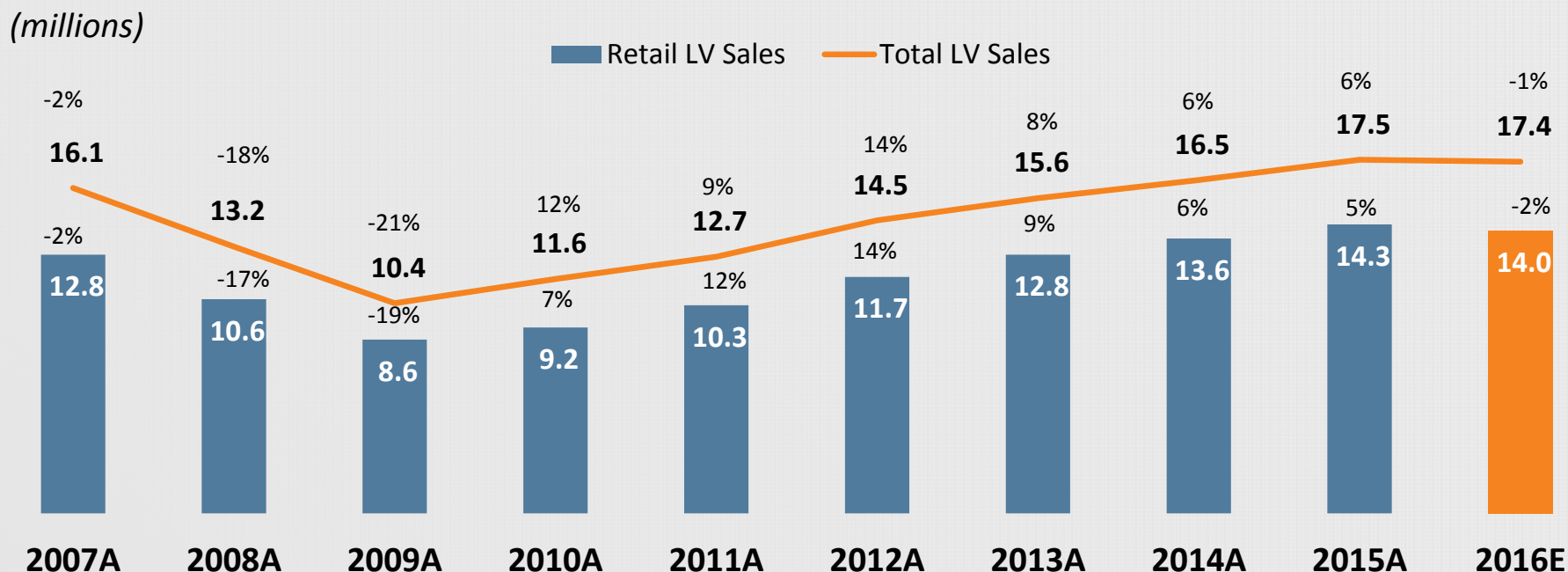
- October 2016 SAAR for total sales:
 - 18.0 million units²
 - **Down 1% YoY**
- October 2016 projected SAAR for retail sales:
 - 14.3 million units
 - **Down 3% YoY**

1) J.D Power/LMC Automotive

2) Actual as reported by Automotive News

Annual Retail Auto Sales Forecast¹

U.S. LV Sales Forecast – 2007 to 2016E



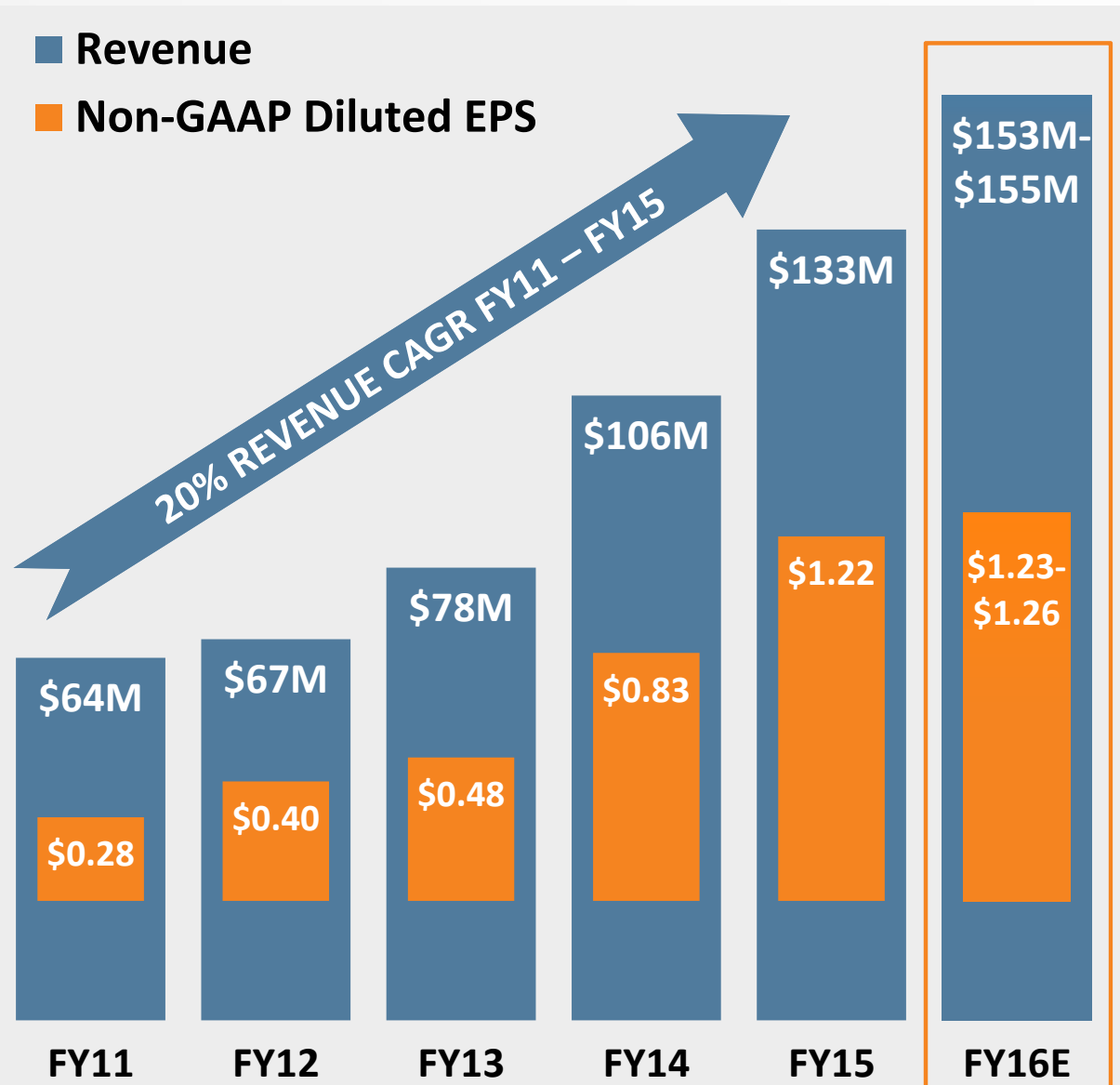
- 2016 U.S. light vehicle sales forecast remains at 17.4 million units
 - **Down 0.2% YoY**
- 2016 U.S. retail light vehicle sales forecast remains at 14.0 million units
 - **Down 1.5% YoY**

1) J.D Power/LMC Automotive

Autobytel On Track to Exceed Industry Growth

2016 Outlook¹

	Low	High
Revenue	\$153.0	\$155.0
<i>Growth</i>	15%	16%
Non-GAAP Income	\$16.5	\$16.9
<i>Growth</i>	7%	10%
Non-GAAP Diluted EPS²	\$1.23	\$1.26
<i>Growth</i>	~ flat	3%



1) Guidance updated and effective only on November 3, 2016.

2) Non-GAAP Income and Non-GAAP EPS are defined as net income, plus amortization of acquired intangibles, non-cash stock compensation, income taxes, gain on investment, severance costs and acquisition related expenses, plus litigation settlements, divided by weighted average diluted shares outstanding. The company has not provided a reconciliation of its 2016 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.

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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, 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.



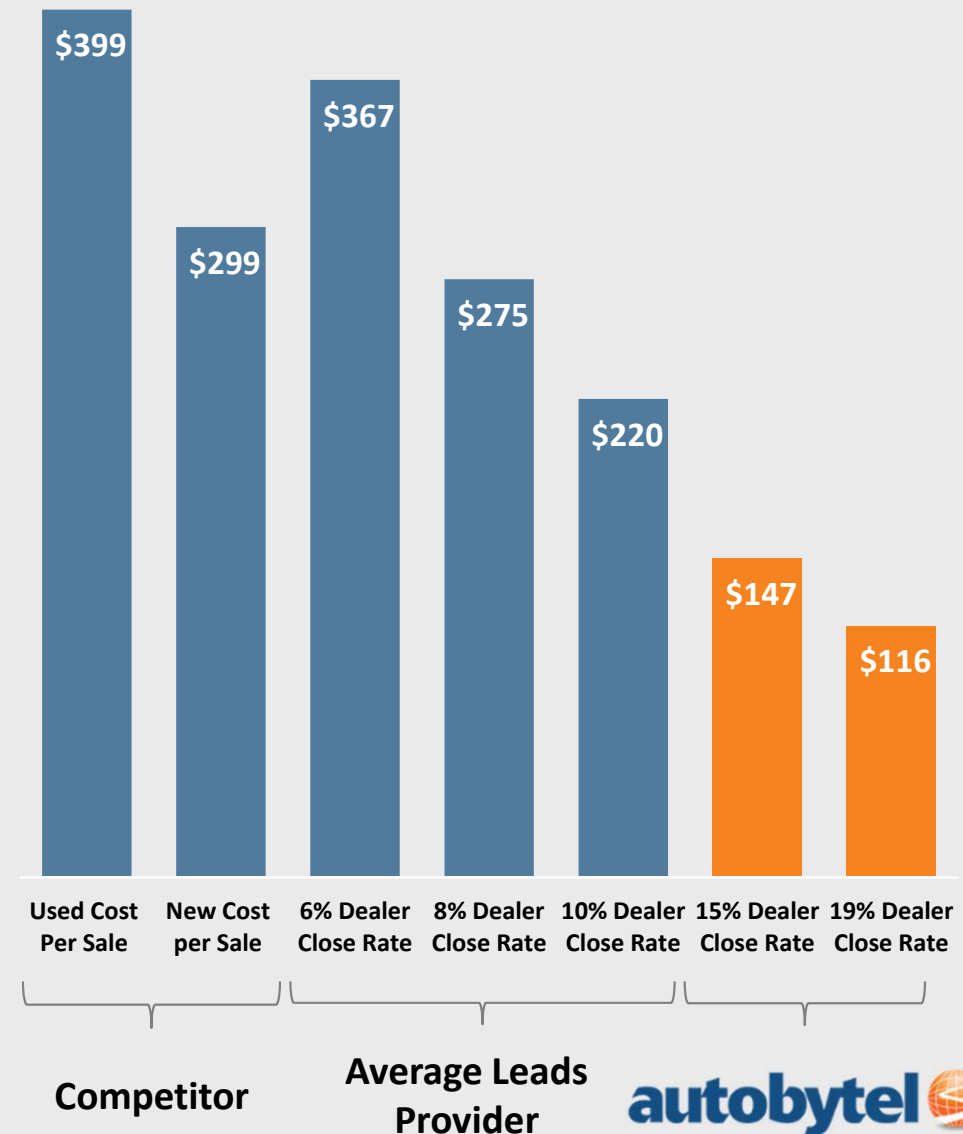
Appendix

- *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
- Historical average close rate in 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 \$608¹**

Average Dealer Cost Per Sale²



1) National Automobile Dealer Association (NADA), 2014.
2) Calculated with an average cost of \$22 per lead.

Non-GAAP Income & EPS Reconciliation

	2015				2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net Income/(Loss) (\$M)	\$0.8	\$0.9	\$1.6	\$1.4	(\$0.7)	\$0.4	\$2.7
Amortization of Acquired Intangibles (\$M)	\$0.4	\$0.5	\$0.7	\$1.4	\$1.4	\$1.4	\$1.5
Non-Cash Stock Compensation (\$M)	\$0.7	\$0.6	\$0.7	\$0.7	\$1.4	\$0.9	\$0.9
Income Taxes (\$M)	\$0.3	\$0.6	\$1.5	\$1.0	(\$0.4)	\$0.3	\$1.3
Litigation Settlements (\$M)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	\$0.0	(\$0.0)
Gain on Investment (\$M)	\$0.0	\$0.0	\$0.0	(\$0.6)	\$0.0	\$0.0	\$0.0
Acquisition / Severance Expenses (\$M)	\$0.3	\$0.9	\$0.7	\$0.5	\$1.3	\$0.1	\$0.0
Non-GAAP Income (\$M)¹	\$2.4	\$3.5	\$5.2	\$4.4	\$2.9	\$3.2	\$6.5
Weighted Average Diluted Shares (k)	11,097	11,057	11,540	13,397	13,346	13,295	13,337
Non-GAAP EPS²	\$0.21	\$0.31	\$0.45	\$0.33	\$0.22	\$0.24	\$0.49

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 on investment, severance costs and acquisition related expenses, plus litigation settlements.
- 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.

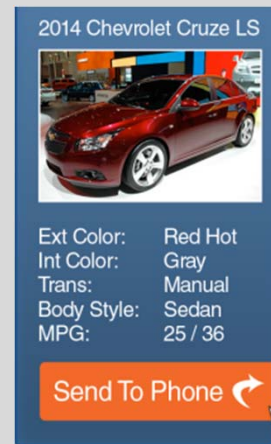


TextShield Gateway is the
Centerpiece of Our
Complete Mobile Suite



Apps

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



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

