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## Forward-Looking Statement

This presentation contains forward-looking statements, which are subject to risks and uncertainties. Additional discussion of factors that could cause actual results to differ materially from management's projections, forecasts, estimates, and expectations is contained in the CarMax, Inc. SEC filings.

# CarMax Today Used Car Superstores



- Nation's largest used car retailer

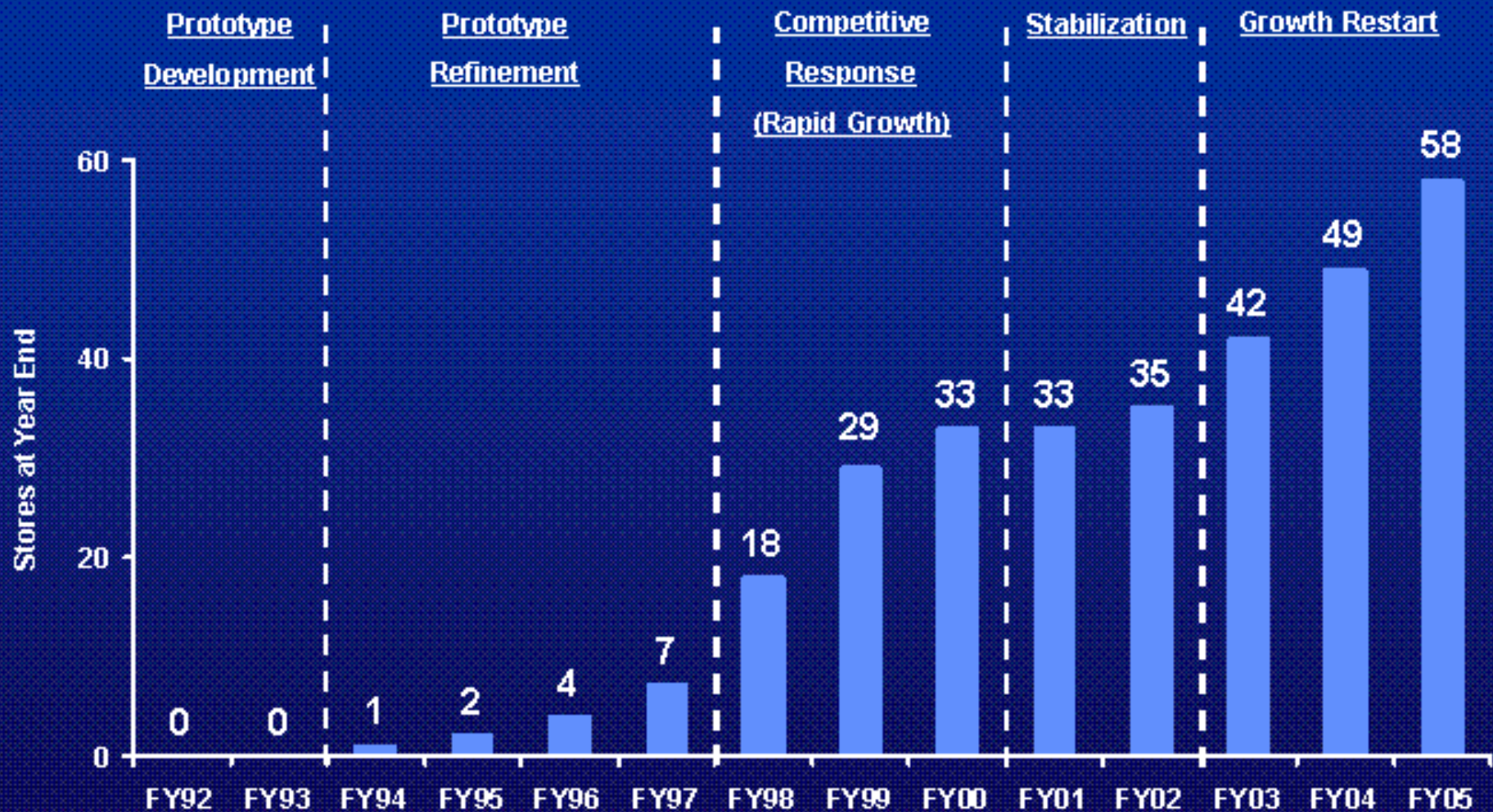
- 63 used car superstores

- FY05:

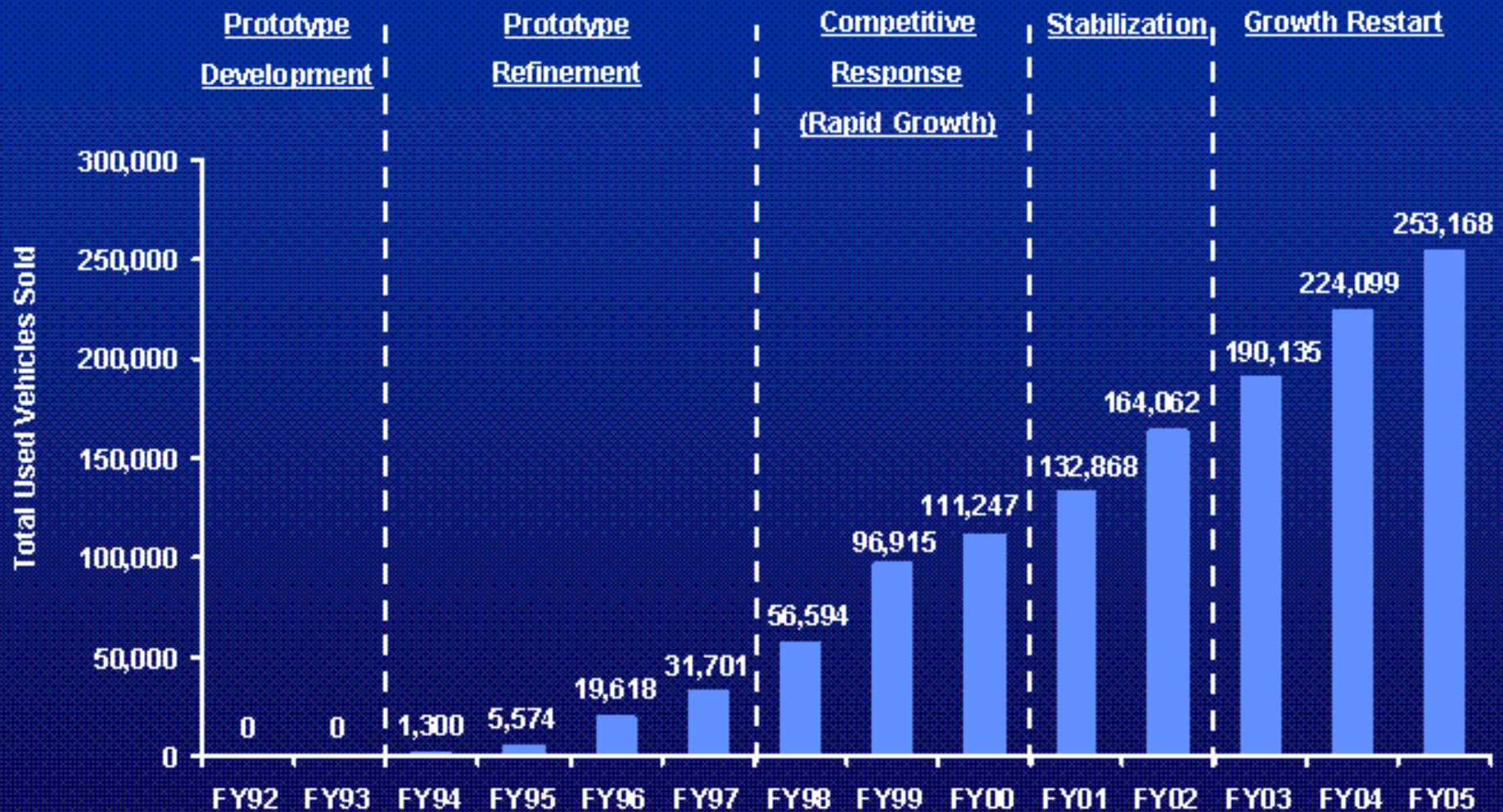
- Sales: \$ 5.3Bn
- Net profit: \$113mm

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# CarMax Today Sustainable Store Growth Restarted

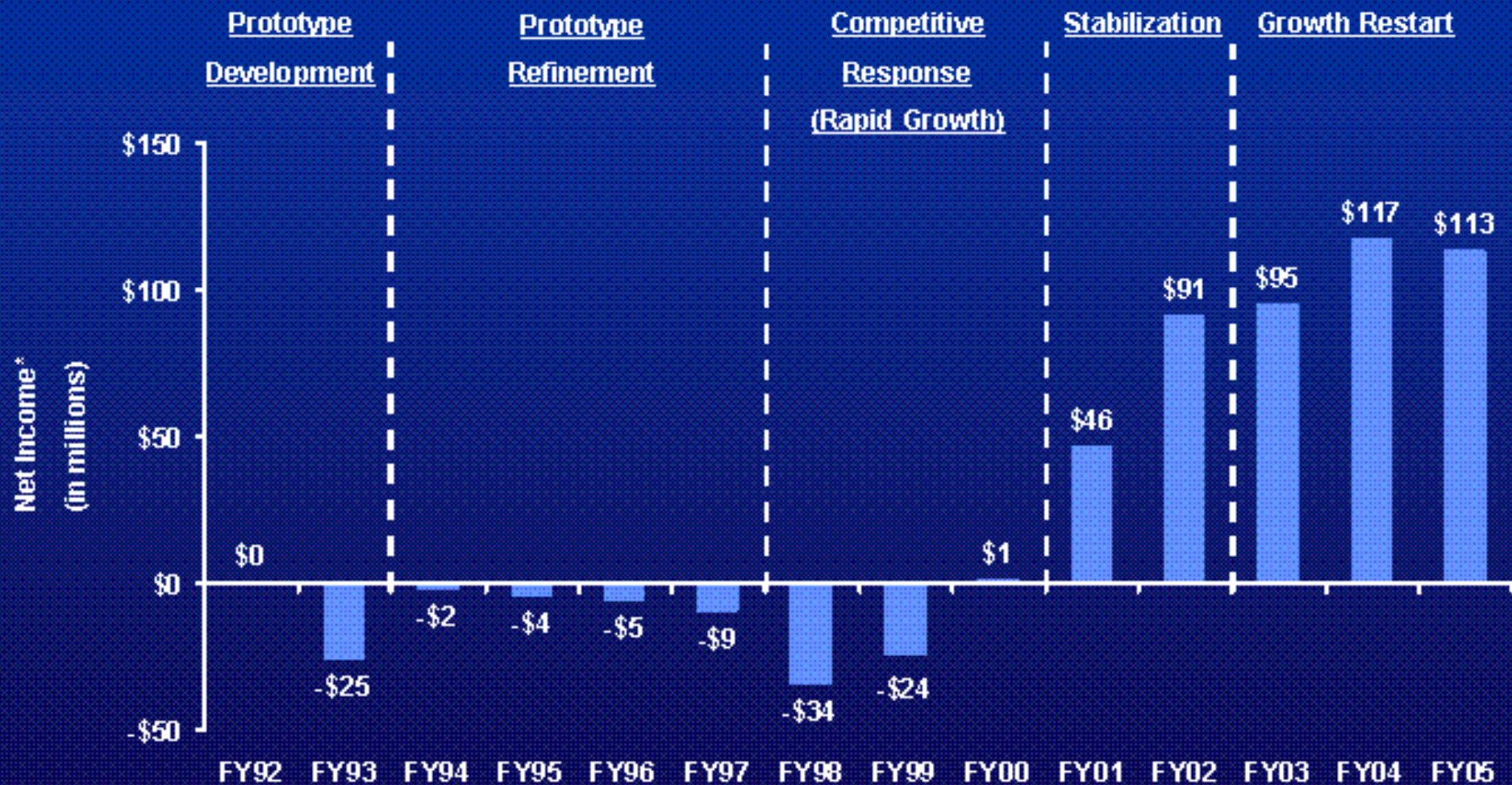


# CarMax Today Unit Growth Continued



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# CarMax Today Profitability Established



\* Excludes costs of separation from Circuit City



# Results

FY05

1Q

2Q

3Q

4Q

- Used unit comp growth

(3)%

(7)%

+2%

12%

- EPS

33¢

28¢

17¢

28¢

# Results

	<u>FY06</u>	
	<u>1Q</u>	<u>2Qe</u>
▪ Used unit comp growth	6%	≈ 10%
▪ EPS	37¢	≈ 37¢

# What Is CarMax?

- Unique retail opportunity
- Provides superior economic returns

# CarMax Sells More Cars

## Sales / Store (Units)

2004

- |                          |       |
|--------------------------|-------|
| ■ CarMax                 | 5,230 |
| ■ Public new car dealers | 1,650 |
| ■ Average new car dealer | 1,300 |



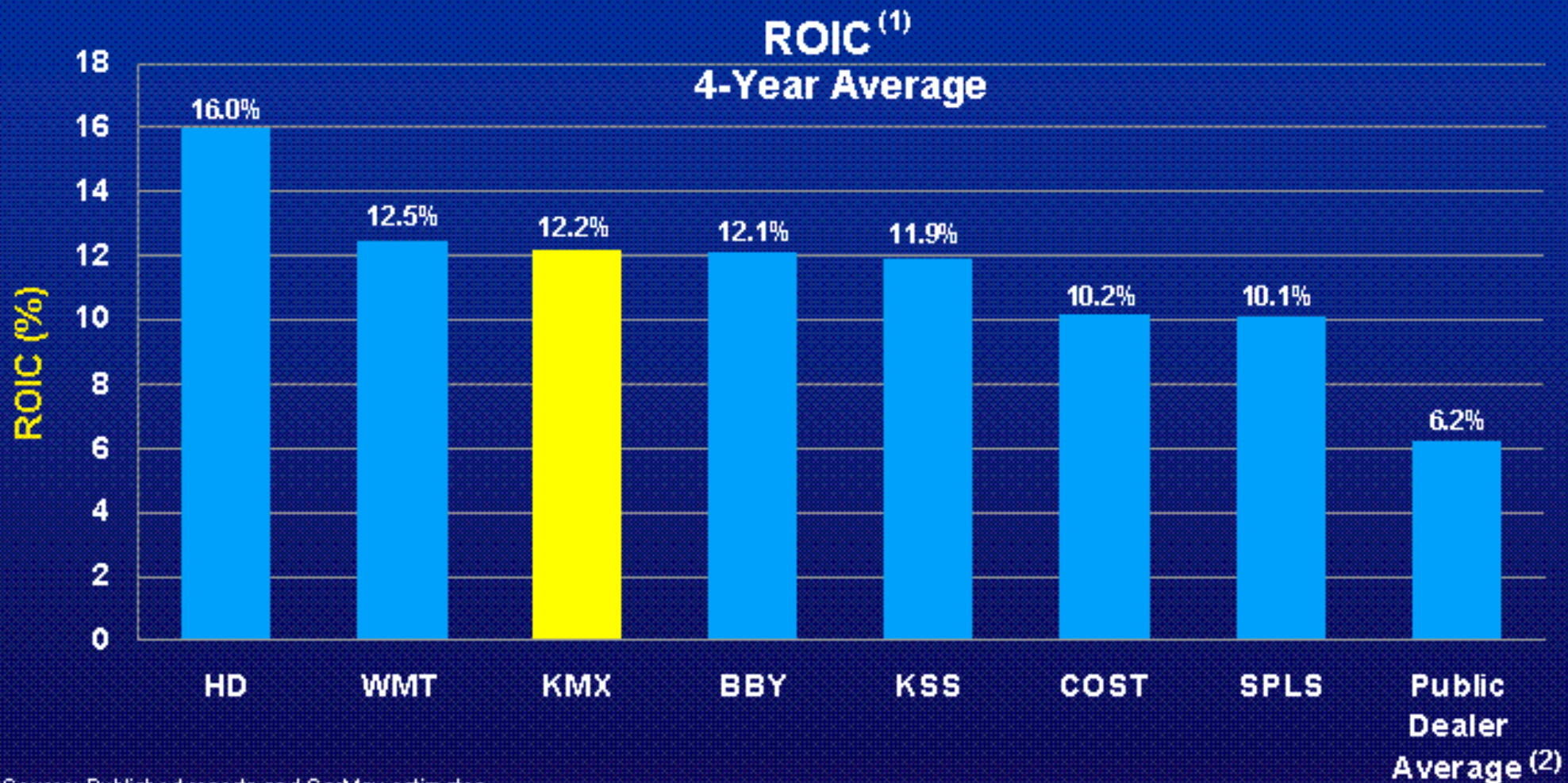
# CarMax Gains Market Share

## Used Car Comp Unit Sales

2004

- **CarMax** +1%
- **Public dealers** - 5%

# CarMax Earns Attractive Returns



Source: Published reports and CarMax estimates.

(1) After-tax EBITR/Average invested capital (2004). Invested capital includes operating leases capitalized at 8x.

(2) Public dealer average includes: ABG, AN, GPI, LAD, SAH, and UAG.

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# Why Does CarMax Work?

- Used car focus
- Consumer-preferred concept
- Process-driven competitive advantages
- Organic growth plan

## Used Car Focus

	<u>Used Car Mix % (Units)</u>
■ CarMax	93%
■ Public new car dealers	36%
■ Average new car dealer *	41%

\* Source: Published auto retailer reports and NADA 2004

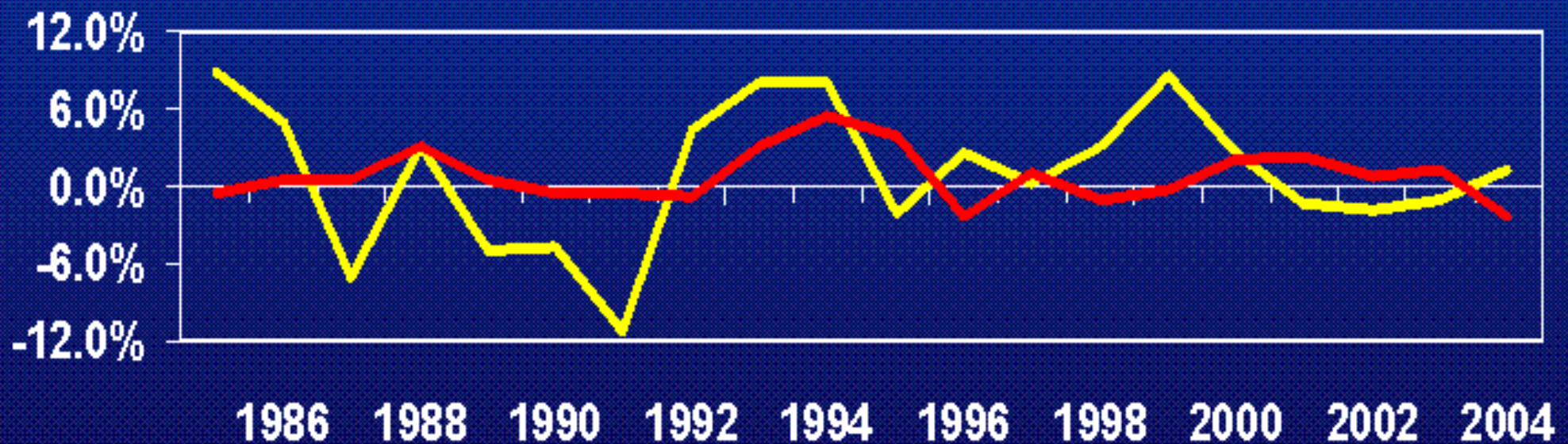


# Why Used Cars?

- Huge, fragmented business
- Non-commodity
- Stable

# Used Vehicle Sales Stable

— % Change New Vehicle Unit Sales  
— % Change Used Vehicle Unit Sales



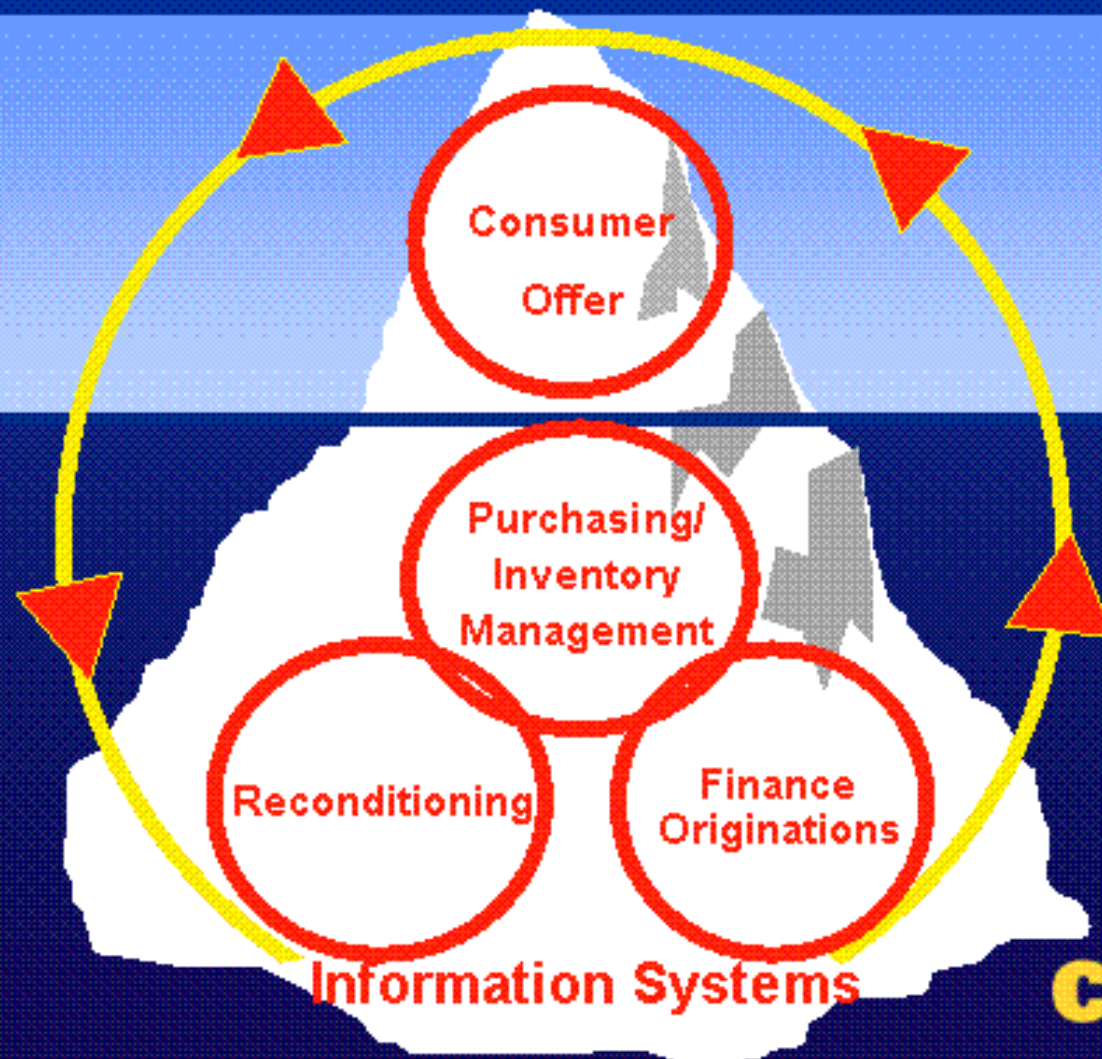
Source: Manheim Auctions

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## Consumer-Preferred Concept

- Low, no-haggle prices
- Huge selection of late-model used cars
- Guaranteed quality
- Customer-friendly service

# Proprietary Operating Process



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# Organic Growth

- **Creates value**
- **Not acquisition dependent**
- **Not 3rd-party constrained**

# Opportunity Scale

- **Market:** \$265 Bn
- **Currently:**  $\approx 30\%$  of U.S.
- **Mature stores:** 8%-10% market share

# Growth Plan

(FY06-FY10)

## Sales Growth

- 5-year goal: \$10-12 Bn
- Comp used-unit growth : 4%-8%
- New store openings : 15%-20%

## Profit Growth

- New store openings
- Store margin expansion
- Corporate overhead leverage

