



ALTA FOX
C A P I T A L

RumbleOn



Alta Fox Capital Long Idea:
RumbleON, Inc. (RMBL US EQUITY)

Current Price: \$6.38
Target Price: \$15.14

1/22/19

Disclaimer

- Alta Fox Capital Management, LLC (“Alta Fox”) is an investment adviser to funds that are in the business of buying and selling securities and other financial instruments.
- Alta Fox currently has a long position in RumbleON, Inc (“RMBL”) common stock.
- Alta Fox will profit if the trading price of RMBL common stock increases and will lose money if the trading price of common stock of RMBL declines.
- Alta Fox may change its views about or its investment positions in RMBL at any time, for any reason or no reason. Alta Fox may buy, sell, or otherwise change the form or substance of its RMBL investment. Alta Fox disclaims any obligation to notify the market of any such changes.
- The information and opinions expressed in this presentation (the “Presentation”) is based on publicly available information about RMBL. Alta Fox recognizes that there may be non-public information in the possession of RMBL or others that could lead RMBL or others to disagree with Alta Fox’s analyses, conclusions, and opinions.
- The Presentation includes forward-looking statements, estimates, projections, and opinions on RMBL, as well as more general conclusions about RMBL’s anticipated operating performance. Such statements, estimates, projections, opinions, and conclusions may prove to be substantially inaccurate and are inherently subject to significant risks and uncertainties beyond AF’s control.
- Although Alta Fox believes the Presentation is substantially accurate in all material respects, Alta Fox makes no representation or warranty, express or implied, as to the accuracy or completeness of the Presentation or any other written or oral communication it makes with respect to RMBL, and Alta Fox expressly disclaims any liability relating to the Presentation or such communications (or any inaccuracies or omissions therein). Thus, shareholders and others should conduct their own independent investigation and analysis of the Presentation and of RMBL and other companies mentioned.
- The Presentation is not investment advice or a recommendation or solicitation to buy or sell any securities. Except where otherwise indicated, the Presentation speaks as of the date hereof, and Alta Fox undertakes no obligation to correct, update, or revise the Presentation or to otherwise provide any additional materials. Alta Fox also undertakes no commitment to take or refrain from taking any action with respect to RMBL or any other company.

Breakdown of RMBL Offerings

- **Legacy RumbleOn**

- In this presentation, we refer to RumbleOn's primary offering as "Legacy RumbleOn" to distinguish between the company's other offerings.
- Legacy RumbleOn is an online marketplace for purchasing used motorcycles; ~90% of inventory is acquired from consumers with the rest coming from wholesale.

- **Wholesale Inc./Wholesale Express (Acquired on 10/26/18)**

- On 10/26/18, RumbleOn announced the acquisition of Wholesale Inc./Wholesale Express.
- Wholesale Inc. acquires cars primarily from dealers; it then uses its distribution network to transport and sell these vehicles to consumers, auctions, and other auto-dealers.
- Wholesale Express is a logistic solution which serves as a middleman between transportation companies and car dealerships trying to transport vehicles.

- **RumbleOnClassifieds**

- On 9/21/18, RumbleOn announced a peer-to-peer classifieds service for motorcycles which directly competes with other classified services such as Craigslist and CycleTrader. RumbleOnClassifieds was launched Q4 of 2018.

The screenshot shows the RumbleOn website interface. At the top, there is a navigation bar with links for HOME, SERVICES, ABOUT, and RIDER'S CORNER. A banner at the top right indicates "Free shipping available". Below the header, there is a search bar and a sidebar with various filters: Category, Filter by Year, Makes and Models, Filter by Price, Filter by Mileage, and Filter by Color. The main content area displays a grid of motorcycle listings. One listing is highlighted as "Certified". The details for the first listing are: 2018 Can-Am SPYDER F3 LIMITED SE6, \$18,888.00, 206 mi, Time Left: 13 days 13:40:34. Another listing is marked as "Sale Pending".



The screenshot shows the RumbleOn Classifieds website. At the top, there is a banner with the text "RumbleOn Classifieds". Below the banner, a large headline reads "537 Listed & Counting". There is a "View All Listings" button with a right-pointing arrow. A small image of a person riding a motorcycle is visible at the bottom.

Table of Contents

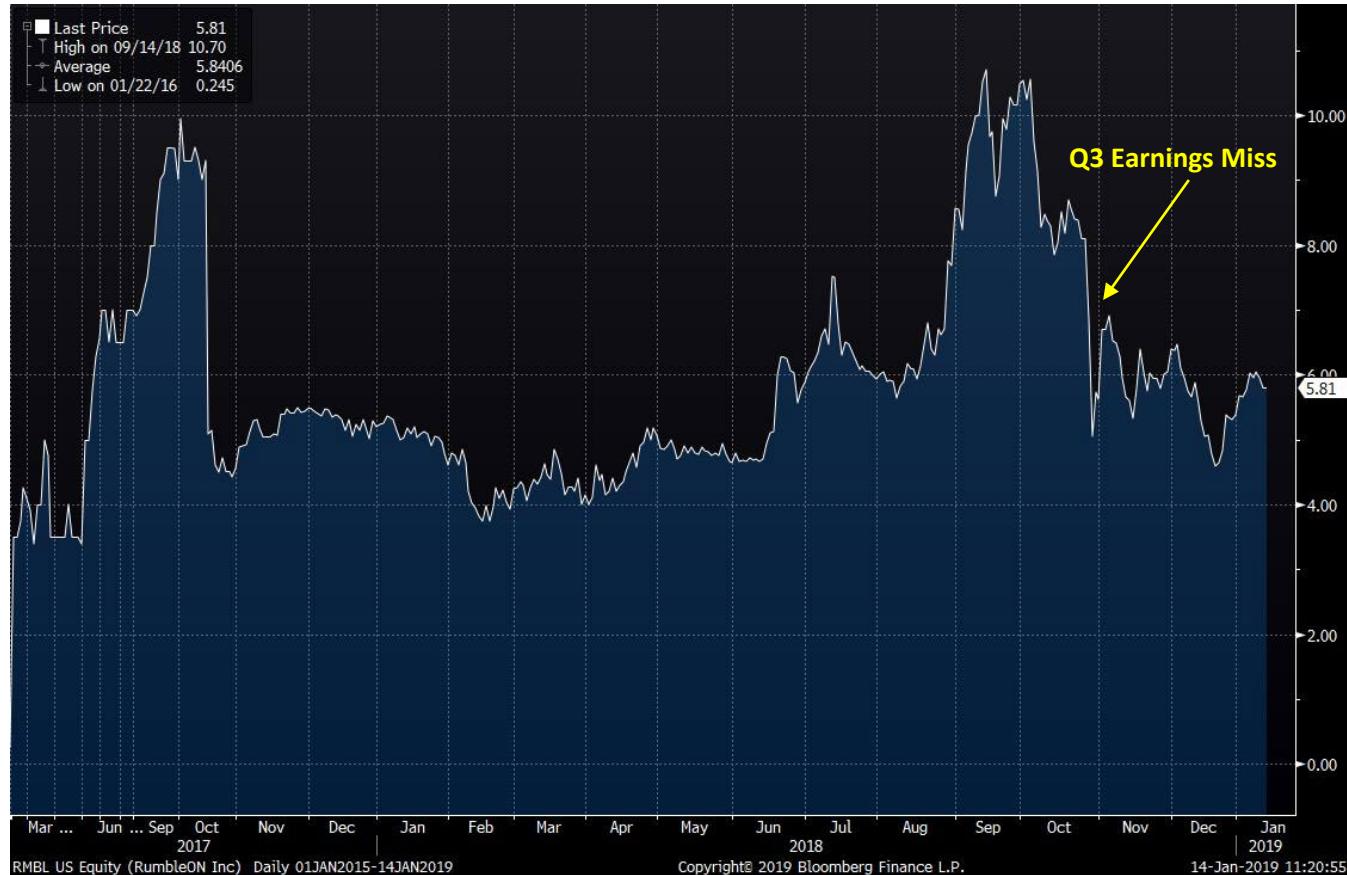
1.	Breakdown of RMBL Offerings.....	Pg. 3
2.	RMBL Business Snapshot.....	Pg. 5
3.	Situational Overview.....	Pg. 6
4.	Motorcycle Market Overview.....	Pg. 7
5.	Business Model Deep Dive.....	Pg. 9
6.	Not Just Bikes – RMBL is a platform play.....	Pg. 11
7.	Executive Summary.....	Pg. 12
8.	Thesis Point #1..... <i>Legacy RMBL is growing rapidly in the used motorcycle space and is on a clear path to profitability. For a business with strong growth and improving margins, it is trading at statistically cheap prices; our base case value for RMBL's legacy business alone is worth \$7.23 per share.</i>	Pg. 13
9.	Thesis Point #2..... <i>The Wholesale Inc./Express acquisition makes significant strategic sense for RMBL and has been poorly understood by the market. We believe this was a very attractive acquisition and that management can increase net income margins 4x by the end of FY20. In our base case, we value this at \$6.77 per share.</i>	Pg. 28
9.	Thesis Point #3..... <i>RMBL's recent entry in the the classifieds business through RumbleOnClassifieds is highly complementary to its core legacy offering. In our base case, we conservatively value this business at \$1.13 per share. In an upside scenario, this business by itself could be worth more than the current equity value.</i>	Pg. 40
10.	Valuation Summary.....	Pg. 49
11.	Thesis Point #4..... <i>RMBL's management team has the deep industry knowledge and vision to drive shareholder value; they are also highly incentivized – collectively owning ~20% of the stock. It is rare to be able to invest alongside such an experienced and incentivized management team at such an early stage and attractive valuation in the public markets.</i>	Pg. 50
12.	Other Sources of Upside.....	Pg. 53
13.	Near-Term Setup.....	Pg. 54
14.	Risks Section.....	Pg. 55
15.	Conclusion.....	Pg. 56
16.	Appendix.....	Pg. 58

RMBL Business Snapshot

	2017A	Current/LTM	2018E	2019E	2020E
Market Capitalization (mm)	\$67	\$111			
- Cash & Equivalents	\$9	\$19			
+ Preferred & Other	\$0	\$0			
+ Total Debt	\$3	\$16			
Enterprise Value (mm)	\$61	\$108			
 Revenue	 \$7.3	 \$44.7	 \$275.2	 \$858.2	 \$1,034.8
<i>Growth %, YoY</i>			3670%	212%	21%
Gross Profit	\$0.3	\$3.9	\$16.9	\$50.1	\$75.8
<i>Margin %</i>	4.1%	8.7%	6.1%	5.8%	7.3%
EBITDA	(\$7.3)	(\$16.9)	(\$16.3)	(\$5.0)	\$9.8
<i>Margin %</i>	-100.0%	-37.8%	-5.9%	-0.6%	0.9%
Net Inc, Comparable	(\$8.6)	(\$18.6)	(\$18.5)	(\$8.4)	\$4.6
<i>Margin %</i>	-117.8%	-41.6%	-6.7%	-1.0%	0.4%
EPS, Comparable	(\$0.9)	(\$1.4)	(\$1.3)	(\$0.4)	\$0.2
<i>Growth %, YoY</i>	-	100.0%	46.5%	-65.1%	

Forward projections are Bloomberg consensus estimates; current cash/debt is estimated as of the close of the Wholesale Inc./Express acquisition.

Situational Overview



- RMBL missed their revenue and unit guidance in Q3 while simultaneously announcing the major acquisition of Wholesale Inc./Express. This confused investors who largely sold the stock and asked questions later. Investors feared that the legacy RMBL business was showing weakness and that management “diworsified” into a more competitive car business.
- We think RMBL is greatly misunderstood; we do not think the market has valued the separate business segments appropriately and this presentation aims to deeply analyze and value each of RMBL's three core businesses on their own fundamental merit.

Motorcycle Market Overview (1/2)

- **There is a \$7.5+ billion market for 601 CC+ motorcycles.⁵**
 - 601 CC+ motorcycles account for the majority of motorcycles in the US and ~80% of new motorcycle registrations.⁶
 - Harley Davidson (“HD”) maintains a 48.4% share in the new motorcycle market.¹
 - There are over 30 million registered riders but only 10 million motorcycles.²
 - Motorcycles are ridden less than 2,000 miles per year, compared to 12,000 for cars.²
- **Demand for used motorcycles is increasing even with the decline of new motorcycle sales.**
 - Three used Harleys are sold in the U.S. for every new one.³
 - While new motorcycles sales are down by half from a 2006 peak, used sales are up 13%.³
- **There is strong demand but captive inventory; there are currently ~7.5 million Harley-Davidson motorcycles sitting in garages unused⁴.**
 - Only half of these motorcycles have active licenses, which demonstrates the significant supply of high-quality, low-mileage inventory.⁴
- **The majority of the 50 – 70,000 monthly used motorcycle transactions occur on classifieds.⁵**
 - Classified Sites: Craigslist (more than 60%+ of volume), Cycletrader, ChopperExchange.⁵
 - This creates a highly illiquid market with frustrated sellers (long and unpredictable sales cycle, arranging test rides, delivery) and buyers (quality, delivery, reconditioning).

Market Overview (2/2): The motorcycle industry is 10 years behind the automotive industry.

- Over the past decade, automotive sales have predominantly shifted from local regional dealer monopolies with opaque pricing to buyer-focused online marketplaces.
 - More than 97% of consumers research their car online before making a purchase.¹
 - Consumer-focused data-driven websites such as Cars.com have made pricing significantly more transparent and reduced the friction in purchasing used vehicles.
- The options for the motorcycle industry are far less appealing; the motorcycle industry has not had the same pace of innovation.
- Your options today if you want to offload an used motorcycle:
 1. Trade-in to a dealer:
 - Pros: Potentially get a better deal than listing on classifieds website; shorter sales cycle.
 - Cons: Have to physically go to B&M regional dealer; dealer may push consignment, financing issues, haggle over prices.
 2. (Most common) Using a classifieds website.
 - ~70% of used motorcycle transactions go through classifieds websites such as Craigslist (majority of transactions), Cycle Trader, and Chopper Exchange.²
 - Pros: The seller can potentially receive a better price selling to a consumer than a dealer as you eliminate the dealer margin.
 - Cons: The seller has to manage and monitor the listing, arrange site visits with strangers (safety concerns), and the listing may not result in a timely sale. Furthermore, most classifieds sites are dealer-dominated, so dealers with significant advertising dollars crowd out the attention from private sellers.
- Bottom Line: No frictionless liquidity provider exists for the majority of sellers trying to offload used motorcycles; however, there are millions of high-quality low-mileage vehicles collecting dust.³
 - “There’s 7.5 million Harleys alone sitting in garages in the country, and only half of them or so are licensed” – Steve Berrard, CFO, 3Q17 earnings call

Business Model Deep Dive – Legacy RumbleOn

In 15 minutes or less, sellers can receive a cash offer.

RMBL provides a significantly expedited transaction process

Step 1: Consumer enters their 17-digit VIN and can upload pictures (optional)

- Vehicles built after 1981 have 17-digit VINs; therefore, RMBL's offer engine does not currently work for vehicles pre-dating 1981.
- This frictionless process reduces the need to take the bike to a dealer or arrange site visits.

Step 2: RMBL proposes cash offer in less than 15 min

- RMBL's internally built data analytics engine analyzes multiple factors like the consumer's credit scores, consumers' zip code, the owner's vehicle review, auction data, and vehicle pricing to generate an offer (generally < 5 min).
- RMBL's deal team does a quick final review and approves the instant cash offer which is emailed to the consumer.
- Currently, roughly 10% of consumers accept the offer; most consumers decide the same day.



Keene Turner Jr. reviewed Rumble On — 5★

November 8 ·

...

I must admit I was skeptical at first but Rumbleon works as advertised.

They made an offer that was better than any offer I got advertising on Craigslist and Letgo. Not as much as I would have liked but then does anybody really get what they want when they sell their ride?

They whole process took about a week and a half to complete since it went over the weekend.

They paid me before they picked up the bike.



Lulu Hatcher 🌟 recommends Rumble On.

December 12 at 10:35 AM ·

...

I recently decided to sell my bike because it was just sitting. I wasn't looking to get what the bike was worth, I just wanted it gone. The entire process took about a week. It was great and hassle free. It doesn't hurt to just ask for a quote. I would use it again and I would recommend to anyone who wants a quick and hassle free way to get rid of their bike.

Business Model Deep Dive (2/2) – Legacy RumbleOn

After the consumer accepts the cash offer, RMBL immediately wires cash to the consumer and handles bike acquisition (pickup, license transfer and storage).

Step 3: RMBL partners pickup bike

- RMBL arranges transportation of the motorcycle to a partner reconditioning center (generally other bike dealers).
- Value prop to the reconditioning center: utilize excess reconditioning capacity as well as list their bikes on RMBL's website.
- RMBL handles license transfer for the consumer.

Step 4: RMBL sells bike

- RMBL lists vehicles on their website for ~30 days.
- Ideally the bike sells to a consumer (the highest margin channel) in the given time period; in that case, RMBL arranges transportation from the reconditioning center to the consumer.
- If the vehicle does not sell, it is then sold through auction (wholesale). Given the price point RMBL acquired the bikes, they are able to make a profit on ~98% of bikes – even if selling through auction lanes.
- Deeper analysis on slides 21 and 22.

Main Takeaways

- Asset-light model– no RMBL employees ever physically touch or see motorcycle during offer or pickup process and motorcycle storage is provided through partners
- Limited inventory risk – through their data platform, they are able to almost guarantee margin at auction on bikes that can be sold within 30 days due to low vehicle acquisition cost.
- We believe this is by far the most convenient option to sell an used motorcycle.

Not Just Bikes – RMBL is a Platform Play

- The used motorcycle market is a proof-of-concept for RMBL's technology.
- RMBL's platform provides instant liquidity and works with any vehicle with a VIN, including cars, trucks, boats and RVs.
- The model of regional dealers with limited inventory is slowly dying; RMBL is poised to capitalize on this trend through a novel platform which provides instant liquidity to sellers powered by a consumer vehicle acquisition pipeline that gets smarter over time with additional data (further widening RMBL's competitive moat).
- We believe RMBL's management team can execute on this vision to expand to other used vehicle markets; they have the requisite experience and skills (including founding AutoNation and Vroom).
- The recent Wholesale Inc. acquisition provides a great entry point to apply this VIN-based liquidity platform to used cars.

Executive Summary

- RMBL wants to be the VIN-based instant liquidity solution for all vehicles; we believe they can make this happen.
- We highlight the following:
 1. Legacy RMBL is growing rapidly in the used motorcycle space and is on a clear path to profitability. For a business with strong growth and improving margins, it is trading at statistically cheap prices; our base case value for RMBL's legacy business alone is worth \$7.23 per share.
 2. The Wholesale Inc./Express acquisition makes significant strategic sense for RMBL and has been poorly understood by the market. We believe this was a very attractive acquisition and that management can increase net income margins 4x by the end of 2020. In our base case, we value this at \$6.77 per share.
 3. RMBL's recent entry in the the classifieds business through RumbleOnClassifieds is highly complementary to its core legacy offering. In our base case, we conservatively value this business at \$1.13 per share. In an upside scenario, this business by itself could be worth more than the current equity value.
 4. RMBL's management team has the deep industry knowledge and vision to drive shareholder value; they are also highly incentivized – collectively owning ~20% of the stock. It is rare to be able to invest alongside such an experienced and incentivized management team at such an early stage and attractive valuation in the public markets.
- The company's Q3 miss, confusion over their recent acquisition, and the general micro cap market meltdown has provided an attractive entry point for RMBL at ~\$6.38/share. We value shares at \$15.14/share in our base case (~137% upside).

Thesis

- 1. Legacy RMBL is growing rapidly in the used motorcycle space and is on a clear path to profitability. For a business with strong growth and improving margins, it is trading at statistically cheap prices; our base case value for RMBL's legacy business alone is worth \$7.23 per share.**
2. The Wholesale Inc./Express acquisition makes significant strategic sense for RMBL and has been poorly understood by the market. We believe this was a very attractive acquisition and that management can increase net income margins 4x by the end of FY20. In our base case, we value this at \$6.77 per share.
3. RMBL's recent entry in the the classifieds business through RumbleOnClassifieds is highly complementary to its core legacy offering. In our base case, we conservatively value this business at \$1.13 per share. In an upside scenario, this business by itself could be worth more than the current equity value.
4. RMBL's management team has the deep industry knowledge and vision to drive shareholder value; they are also highly incentivized – collectively owning ~20% of the stock. It is rare to be able to invest alongside such an experienced and incentivized management team at such an early stage and attractive valuation in the public markets.

TP1 | Overview

Thesis Point #1: Legacy RMBL is growing rapidly in the used motorcycle space and is on a clear path to profitability. For a business with strong growth and improving margins, it is trading at statistically cheap prices; our base case value for RMBL's legacy business alone is worth \$7.23 per share.

- How do you win in this market?
- CarMax Case Study
- RMBL Traction
- Legacy RMBL Business Model
- RMBL Q3 Earnings Miss
- Legacy RMBL: How This Plays Out?
- Legacy RMBL Valuation
- Conclusion

TP1|How do you win in this market? (1/2)

- Over the last several years, the used vehicle industry has generally struggled while generating disappointing returns on capital.
 - Commoditization of the space has intensified with the rise of pricing transparency through services such as CarGurus and Autotrader.
 - SG&A expenses and capital employed are generally high as dealers largely compete by having nicer facilities, better salespeople, and better service– all of which are expensive.
 - Gross margins, EBITDA margins and net income margins are fairly low as dealers are selling high-ticket and commoditized vehicles to price-sensitive consumers.
 - Cars depreciate on a daily basis so inventory turnover needs to be high and dealers take on significant inventory risk (~\$10 in gross profit/unit lost per day through depreciation).²
- Based on these factors, it is useful to analyze the various business models in this industry by examining the various drivers of Return on Average Capital Employed “ROACE.”
 - We define Average Capital Employed as Average Working Capital + Average PP&E.
 - We define ROACE as
$$\frac{EBITDA^4}{Average\ Capital\ Employed\ (ACE)} = \frac{EBITDA}{Sales} \times \frac{Sales}{ACE} = \left[\frac{Gross\ Profit}{Sales} - \frac{SG\&A}{Sales} \right] \times \frac{Sales}{ACE}$$

$$ROACE = [GM(\%)^3 - SG\&A(\%) + Other(\%)^1] \times \frac{Sales}{ACE}$$
- A participant in the used vehicle needs to optimize all of these variables (GM, SG&A, Other, Sales/ACE) in order to generate attractive returns on capital employed.

¹CarMax (KMX) lists income from its financial services segment, Carmax Financial, below its Gross Profit. Therefore, we incorporate the “Other” segment to account for this discrepancy.

²CVNA 3Q18 Earnings Call.

³We use adjusted gross margin to remove D&A charges from COGS.

⁴We use EBITDA in the numerator to normalize any unusual amortization charges from the peer set. Using a traditional NOPAT would obviously result in significantly lower returns.

TP1|Carmax “KMX” Case Study (1/3)

	<u>Gross Margin (%)</u>	<u>- SGA Margin (%)</u>	<u>+ Other Margin (%)</u>	<u>= EBITDA Margin (%)</u>	<u>x Sales/Cap. Emp.</u>	<u>= ROACE</u>
KMX	14.4%	8.9%	2.5%	8.0%	4.0	31.9%
GPI	14.8%	10.8%	N/A	4.0%	3.7	14.9%
LAD	14.8%	10.4%	N/A	4.4%	3.0	13.5%
SAH	14.7%	11.5%	N/A	3.2%	3.4	10.6%
Average	14.7%	10.4%	0.6%	4.9%	3.5	17.3%

- KMX has largely been considered the best operator (~32% ROACE vs 17.3% peer average) in the used car industry and currently has the largest market share in this highly fragmented industry (~3%).¹ Here are some of the keys to KMX's success:
1. **KMX created the lowest cost vehicle acquisition channel, which has led to higher gross margins on a like-for-like basis**
 - Roughly half of the company's used inventory is sourced from this appraisal channel which allows KMX to acquire vehicles at a lower cost than competitors who acquire through the wholesale channel (more expensive).
 - This lower-cost acquisition channel enables KMX to have higher gross margins on a like-for-like basis than peers (next slide).

“Carmax spent their first 5 years saying nothing other than ‘we will buy your car.’ Carmax rarely advertised that they sold cars. They just did a better job of buying their cars than anyone. RMBL is doing the same thing.”

Industry veteran and current dealer in the used vehicle industry

¹CarMax (KMX) estimates it sold ~3% of used vehicles (0-10 years old) on a nationwide basis.

TP1|Carmax Case Study (2/3)

Data from Trailing Twelve Months

	New Vehicle Retail			Used Vehicle Retail			Wholesale			Other Revenue						
	Segment GM (%)	x (% of total rev)	Segment % of overall gross profit	+	Segment GM (%)	x (% of total rev)	Segment % of overall gross profit	+	Segment GM (%)	x (% of total rev)	Segment % of overall gross profit	+	Segment GM (%)	x (% of total rev)	Segment % of overall gross profit	= Gross Margin (%)
KMX	0.0%	x 0.0%	0.0%		11.7%	x 83.7%	67.8%		18.8%	x 13.1%	17.0%		67.9%	x 3.2%	15.1%	14.5%
SAH	4.9%	x 51.1%	17.3%		5.0%	x 29.0%	9.9%		(5.4%)	x 2.1%	(0.8%)		59.9%	x 17.9%	73.6%	14.5%
LAD	6.0%	x 56.6%	22.6%		10.5%	x 25.6%	18.0%		1.4%	x 2.8%	0.3%		58.8%	x 15.1%	59.2%	15.0%
GPI (US)	5.1%	x 54.0%	18.6%		6.0%	x 26.7%	10.8%		(0.3%)	x 3.2%	(0.1%)		65.2%	x 16.1%	70.7%	14.8%

- **Breaking down KMX's gross margins tells an even more impressive story.**

- Other dealers generate the majority of their gross margin from their Other Revenues (primarily auto repair and parts). However, KMX does not have a comparable business segment which makes it more impressive that they are able to keep their GM in line with peers.
- Furthermore, as mentioned previously, KMX does not include financing income into its gross margin calculation.
- Therefore, on a like-for-like basis, KMX has a far higher gross margin than peers because they are not including financing income. Product margins on used retail and wholesale are higher than competitors; particularly, wholesale gross margins are significantly higher than competitors.

TP1|Carmax Case Study (3/3)

Data from TTM

	Used Retail Average Selling Price	Used Retail Aquisition Cost	=	Used Retail GPU	Used Retail GM (%)		Wholesale Average Selling Price	Wholesale Acquisition Cost	=	Average Gross Profit per Unit	Wholesale GM (%)	LTM Average Days for Inventory Turn
KMX	\$20,189	-	\$17,822	=	\$2,367	11.7%	\$5,367	-	\$4,359	=	\$1,008	18.8%
SAH	\$21,321	-	\$20,261	=	\$1,061	5.0%	\$6,201	-	\$6,535	=	(\$333)	(5.4%)
LAD	\$20,044	-	\$17,931	=	\$2,113	10.5%	\$6,364	-	\$6,272	=	\$92	1.4%
GPI	\$21,589	-	\$20,303	=	\$1,286	6.0%	\$6,776	-	\$6,795	=	(\$19)	(0.3%)
Average	\$20,615	-	\$18,905	=	\$1,710	8.4%	\$5,913	-	\$5,750	=	\$164	3.2%
												70

Note: LAD stopped disclosing Wholesale performance 3Q18. Therefore, Wholesale calculations are for LTM ending 2Q18

2. KMX has a dramatically more profitable and efficient wholesale channel than peers

- Another key to KMX's success is its wholesale channel. KMX is the third-largest wholesale auction operator in the country, selling 400K+ vehicles through its own auction lanes every year; KMX's hosts these auctions on-site at its larger stores.
- Given its scale, KMX has a very efficient and high-margin wholesale channel which enables the company to acquire wholesale vehicles significantly lower than peers.
- In addition, KMX is able to sell vehicles from its retail channel that will not sell through wholesale at a healthy profit margin; this helps KMX move inventory quickly.

Bottom Line: KMX has become one of the best operators in the used retail industry through 1) creating the best acquisition channel to acquire vehicles at the lowest cost and 2) having a very efficient wholesale channel which allows them to offload inventory quickly at a healthy margin. KMX has utilized the combination of these two advantages to build 3) superior scale which manifests itself in having their own auctions, self-financing operations and a lower SG&A rate due to higher volume.

TP1|How do you win in this market? (2/2)

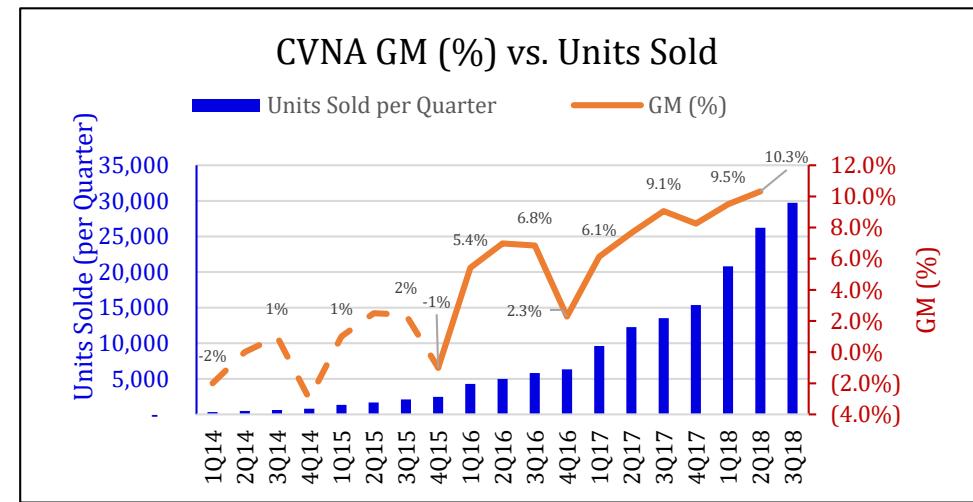
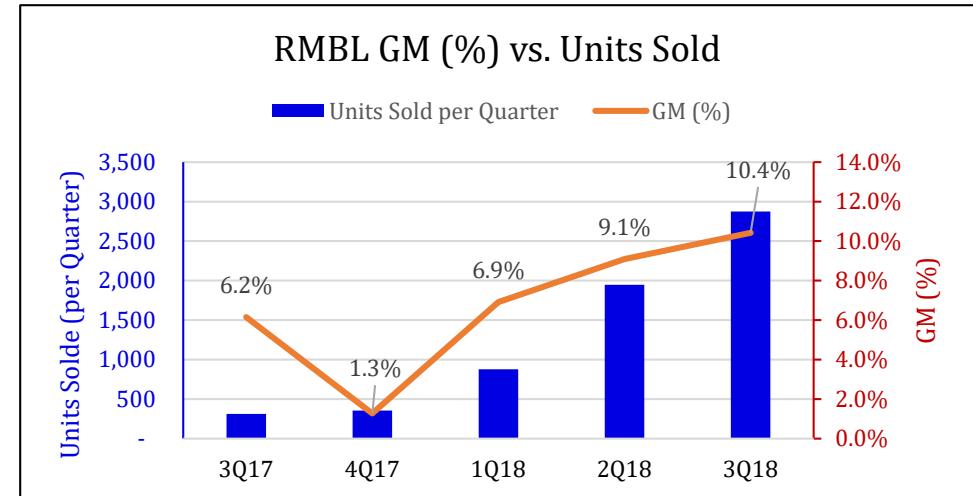
- **Upstart players like CVNA are attempting to optimize for ROACE in different ways**
 - These competitors are attempting to achieve high-returns by primarily having a lower SG&A and a capital light model
- **We do not have a view on CVNA in this presentation.¹ However, one challenge we note for CVNA is that the company buys vehicles primarily from the wholesale channel (a high-cost acquisition strategy). As a result, if the company cannot sell the vehicle to consumers in a timely manner, it will not generate attractive gross margins.**
 - CVNA CEO, Ernie Garcia, notes that "every day... the sale is worth approximately \$10 of GPU".²
 - To its credit, CVNA has recently increased the percentage of vehicles purchased from consumers (currently, 16% of inventory from recent quarter).²
 - CVNA's business model introduces more inventory risk relative to a strategy that can sell a majority of its vehicles with a healthy gross margin at wholesale (KMX).
 - When you acquire a vehicle at a high cost (from wholesale), you can only consistently be profitable by selling to the highest cost demand channel (consumers). With this strategy, if you have a car that is not selling quickly, you are left with two bad choices: i) sell at a loss or breakeven back to the auction/wholesale channel or ii) continue to hold that inventory and hope a buyer comes along tomorrow, introducing more inventory risk.
- **We like RMBL's strategy because:**
 - They are in the less competitive and more inefficient motorcycle market.
 - Management has a strong focus on developing a scalable consumer vehicle acquisition channel like KMX.
 - It has incredibly inventory velocity given its channel-agnostic distribution; if the company cannot sell a bike via retail in 30 days, it sells the bike through its wholesale channel at a nearly guaranteed profit. This significantly reduces inventory risk.
 - RMBL has a LTM inventory turnover of 34 days this compares favorably to KMX (57), the average car dealer (70 days) and even CVNA (70 days).
 - RMBL's model is extremely capital-light: RMBL never physically touches a bike. RMBL partners handle reconditioning, pickup, transport, etc.

¹Maybe a future presentation.

²CVNA 3Q18 Earnings Call

TP1 | RMBL Traction

- **RMBL** acquires the majority of its motorcycles through consumers (cheapest acquisition channel). Then, it lists the vehicles on its consumer-facing website for ~30 days; if the vehicles do not sell in that period, they are taken through the wholesale channel and sold at a smaller profit.
- **RMBL is like KMX on steroids:** RMBL has similar a consumer vehicle acquisition strategy and seller focused marketing to KMX. However, RMBL has a higher vehicle turnover due to its channel-agnostic distribution and offers a greater convenience for consumers in a more illiquid market.
- Management has focused on creating a high-margin platform with a sustainable runway for growth.
- **It has taken RMBL 5 quarters to achieve gross margin levels that took CVNA more than 4 years to achieve.**
- **In addition, RMBL achieved a quarterly unit volume of 3,500 in approximately half the time it took CVNA.**



Note: 2014 and 2015 quarterly metrics were projected and adjusted for seasonality; in CVNA S-1 filing, only annual figures were given.

TP1| Legacy RMBL Business Model (1/2)

STEP 1: Build the best consumer acquisition channel and get a large, cheap supply of bikes.

90% of vehicles acquired from consumers
10% of vehicles acquired from dealers.¹

STEP 2: Create a capital-light vehicle acquisition, reconditioning and storage platform.

- As mentioned previously, no RMBL employee ever physically touches or sees the bike.

RMBL partners pickup, inspect, recondition, store and transport vehicles.

STEP 3: Try to sell vehicle to highest margin channel (consumers). Bikes are listed for 30 days on the RMBL website; if they are not sold, they are sold through wholesale.

- Given RMBL's low vehicle acquisition cost, it is able to turn a gross profit on ~98% bikes; however, the consumer sales channel is much more attractive.
- RMBL's channel-agnostic distribution strategy allows it to achieve an extremely high inventory velocity.

Distribution Channel Economics		
	Consumers	Dealers/Auction
ASP	\$8,600	\$6,398
Avg. Acq. Cost	\$5,606	\$5,606
Overall GM (%)	20.0%	9.4%
Current % of Sales	9.2%	90.8%

Estimates based on disclosed breakout, conversations with management and industry research

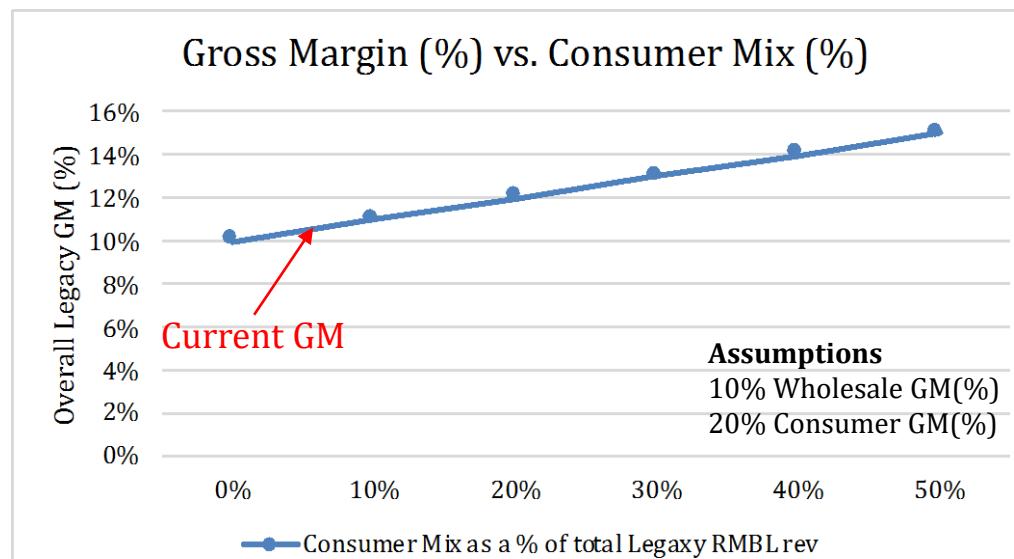
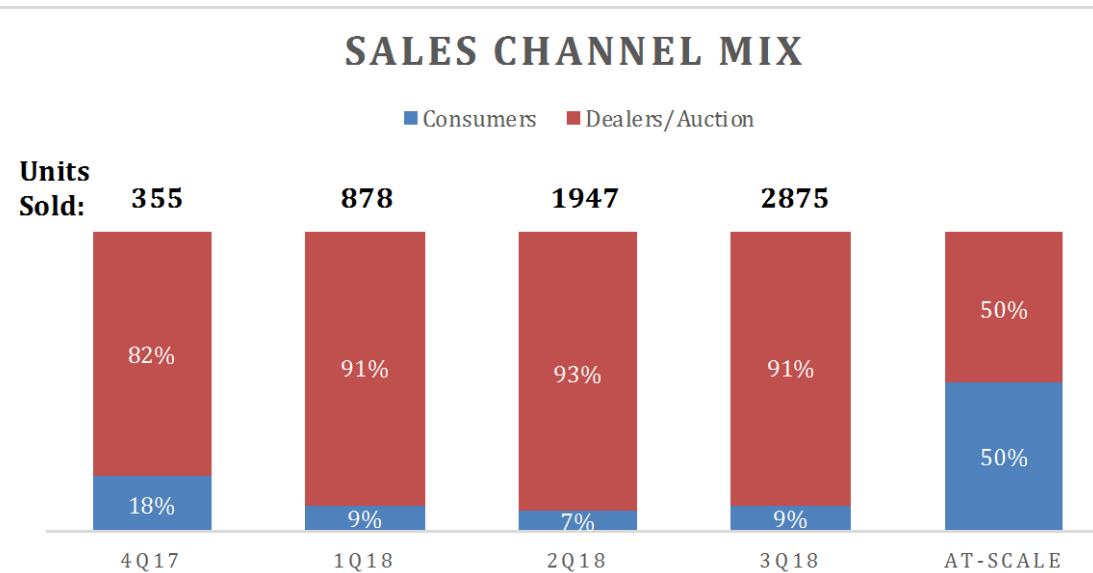
Retail sales (~9%)

Sell to dealers directly or through auction (~91%)

TP1| Legacy RMBL Business Model (2/2)

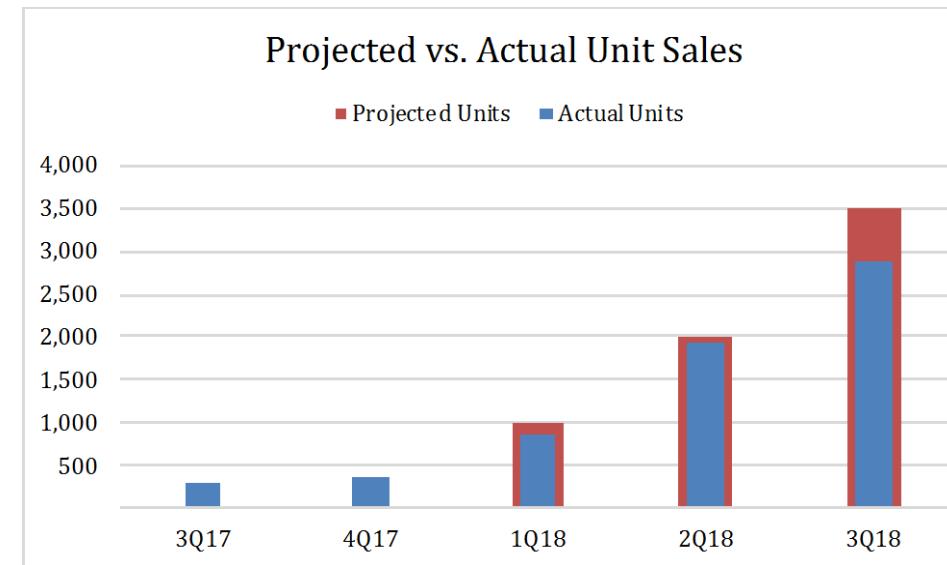
STEP 3: Continue to build the network effect– gather more bikes, generate more awareness (consumer marketing) and increase buyer mix.

- In 3Q18, only 9.2% of bikes sold were through consumers. By the end of 2019, management expects that to rise to the mid-teens.
- To date, most of RMBL's marketing has been focused on buying bikes from consumers not selling bikes. The company has recently started to refocus on marketing to push retail sales.
- Management can boost legacy RMBL overall GM a 100 bps for every 10% increase in consumer mix.



TP1| RMBL Q3 Earnings Miss (1/2)

- Earnings Miss: RMBL management missed unit guidance by 18% and sales guidance by 21%.**
- The main driver of this miss was experimentation with the RMBL cash offer platform:
 - Management decided to only offer proposals for bikes with >\$1,000 in gross profit.
 - This led to a drop in units sold but an increase in the gross profitability per unit.
- It is important to remember that RMBL has been doing this for 5 quarters and management is still collecting a tremendous amount of data.**



	3Q17	4Q17	1Q18	2Q18	3Q18
Units	313	355	878	1,947	2,875
ASP	\$11,324	\$9,560	\$9,143	\$7,097	\$6,600
Revenue (mm)	3.7	3.4	8.1	13.9	19.3
Gross Margin (%)	6.2%	1.3%	3.8%	6.9%	9.1%
Gross Profit (mm)	0.23	0.04	0.31	0.96	1.75
Unit Guidance (midpoint)			1,000	2,000	3,500
vs. Actual			(122)	(53)	(625)
(%) Difference			(12.2%)	(2.7%)	(17.9%)
Consensus Revenue (midpoint)			3.5	7.4	14.7
vs. Actual			(0.0)	0.7	(0.8)
(%) Difference			9.9%	(5.3%)	(21.4%)

TP1| RMBL Q3 Earnings Miss (2/2)

Consensus View

- Management missed revenue guidance by 20% which hurts their credibility.
- Management is “diworsifying” into a more competitive used auto industry through the acquisition of Wholesale Inc. during a time when they are missing guidance on their core motorcycle business.¹
- This combination of below-expected results and a confusing/transformative acquisition led to an unsurprising market sell-off.

Alta Fox View

- **Management poorly communicated Q3 results but is making the right business moves.**
 - Management should not have committed to quarterly guidance as the company continues to prove out its business model; this uncertainty combined with the company-altering Wholesale acquisition made the Market very skeptical of the management team.
 - It is important to remember, this management team is highly experienced, having started AutoNation and Vroom, and is deeply incentivized to perform (insider ownership: 20%+) (see Thesis Point 4).
- **The bottom line is that the fundamental KPIs are still positive and improving:**
 - Growing unit sales: Sales were depressed in Q3 due to management deciding to provide cash offers only for bikes with at least \$1,000 in margin which reduced the total number of cash offers.
 - Gross margin: Gross margin increased 130 bps from Q2 to Q3 due to the high-margin cash offer change.
 - Consumer mix: RMBL’s new marketing focus on consumers has driven an increase in high-margin consumer mix; management expects consumer as a % of sales to rise from 9.2% to mid-teens by the end of FY19 which would be extremely accretive to gross margins.
- **We think the Wholesale Inc. was a great acquisition and is very synergistic with the RMBL vision (see Thesis Point 2).**

¹However, we think Peter Lynch would approve this acquisition.

TP1| Legacy RMBL: How This Plays Out?

- We are not expecting a particularly strong top-line quarter in 4Q18. However, we think management has taken advantage of this seasonal weakness to acquire seasonally cheaper inventory to set them up for a stronger Q1.
- Over the next year, we think the Legacy RMBL business will look very different and investors will see:
 1. Revenues roughly doubling year over year from \$70M to \$140M
 2. A higher consumer mix driven by a strong marketing push
 3. Strong brand and consumer awareness.
 - RMBL is still a relatively unknown player to consumers in the motorcycle space.
 - We expect RMBL's customer acquisition cost to decrease as word-of-mouth and marketing drive consumer awareness.

TP1 | Legacy RMBL Valuation

- We think CVNA is a reasonable comp to value the Legacy RMBL business.**
 - We think CVNA is a good comp to RMBL because they are both trying to disrupt slow, capital-intensive industries through better, asset-light business models.
 - Furthermore, both are trying to achieve higher returns by leveraging SG&A.
- We think the legacy RMBL business is worth at least 1x EV/Forward Sales.**
 - RMBL is significantly ahead of where CVNA was at a similar point in its growth on both profitability and unit metrics. CVNA currently trades at ~1.3x sales and traded north of 2.0x at earlier stages in its growth cycle.
 - RMBL's Legacy business is in a less competitive category (bikes) than CVNA (cars) with the opportunity to capture significant market share.
- As a sanity check, this EV/Sales valuation equates to a roughly 11 times EV/EBIT multiple at scale.**
 - At scale RMBL expects to achieve an EBIT margin of between 8 – 10%.¹
 - 2019 EBIT (at-scale assumption): \$139 x 9.0% EBIT margin = \$12.5M in EBIT
 - EV/EBIT = \$139M/11M = 11.1x
 - As a further sanity check, our car dealer comps trade at an average EV/Forward EBIT of ~15.4.
 - We think this is a conservative multiple for a rapidly growing two-sided marketplace with significant network effects and improving margins.



	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	FY18	FY19
Legacy RMBL Revenue (mm)	\$19.3	\$26.0	\$32.5	\$32.2	\$31.2	\$30.0	\$67.2	\$125.8
QoQ (%)	38%	35%	25%	(1%)	(3%)	(4%)		
YoY (%)	420%	655%	302%	131%	62%	15%		87%

	Bear	Base	Bull
2019 Revenue (mm)	\$111.5	\$125.8	\$140.9
Multiple	0.50x	1.00x	1.25x
Value (mm)	\$55.7	\$125.8	\$176.2
Shares Outstanding (mm)	17.4	17.4	17.4
Value Per Share	\$3.20	\$7.23	\$10.12

TP1 | Conclusion

- **The majority of publicly traded car dealerships have exhibited poor ROACE (GM, SG&A, Sales/CE):**
 - This is not surprising because they are selling a commoditized product with price transparency.
 - KMX has been successful at driving higher returns than peers because they have 1) lower vehicle acquisition costs which enable higher gross margins and 2) a more efficient wholesale channel that allows for quicker inventory turns. These combined advantages allow KMX to have superior scale which manifests itself in having their own auctions, self-financing operations and a lower SG&A rate due to higher volume
- **We think RMBL's early obsession with developing a low cost vehicle acquisition channel and having channel-agnostic distribution will be a long-term competitive advantage in the same it was for KMX.**
 - Moreover, RMBL is the only player providing cash offers site unseen which gives them a first-mover advantage and can cement their lead in the industry.
- **RMBL has been able to show significant traction by growing unit volume 7x in the past year alone while maintaining and improving already reasonable gross margins.**
- **While the Q3 earnings miss led the Market to question the sustainability of this model, the bottom line is that the fundamental KPIs are improving and this will become apparent in 2019.**
 - In 2019, we think the Legacy RMBL business will look significantly different with stronger gross margins driven by a higher consumer mix, revenues doubling year-over-year, and stronger brand and consumer awareness.
- **We assign a conservative 1.00x EV/Sales multiple on 2019 revenue to arrive at a value of \$7.23 for RMBL's core legacy business.**

Thesis

1. Legacy RMBL is growing rapidly in the used motorcycle space and is on a clear path to profitability. For a business with strong growth and improving margins, it is trading at statistically cheap prices; our base case value for RMBL's legacy business alone is worth \$7.23 per share.
2. **The Wholesale Inc./Express acquisition makes significant strategic sense for RMBL and has been poorly understood by the market. We believe this was a very attractive acquisition and that management can increase net income margins 4x by the end of FY20. In our base case, we value this at \$6.77 per share.**
3. RMBL's recent entry in the the classifieds business through RumbleOnClassifieds is highly complementary to its core legacy offering. In our base case, we conservatively value this business at \$1.13 per share. In an upside scenario, this business by itself could be worth more than the current equity value.
4. RMBL's management team has the deep industry knowledge and vision to drive shareholder value; they are also highly incentivized – collectively owning ~20% of the stock. It is rare to be able to invest alongside such an experienced and incentivized management team at such an early stage and attractive valuation in the public markets.

TP2| Overview

Thesis Point #1: The Wholesale Inc./Express acquisition makes significant strategic sense for RMBL and has been poorly understood by the market. We believe this was a very attractive acquisition and that management can increase net income margins 4x by the end of FY20. In our base case, we value this at \$6.77 per share.

- Wholesale Inc./Express Acquisition
- Wholesale Inc. Overview
- Wholesale Express Overview
- Why This Acquisition Makes Sense
- Wholesale Inc.: Multiple Levers for Improvement
- Major Takeaways
- Valuation
- Wholesale Inc./Express Conclusion

TP2|Wholesale Inc./Express Acquisition

- On 10/26, RMBL agreed to acquire Wholesale Inc. and Wholesale Express (transaction closed 10/30) for \$23M dollars
 - (\$16M cash and \$7M in RMBL Class B stock.)
- Wholesale Inc. is one of the largest automotive wholesalers in the nation. It's subsidiary Wholesale Express is a logistics solution for automotive transport.
 - In 2016, it is estimated that a \$100+ billion in vehicles went through wholesale industry.¹
 - The wholesale industry is an extremely fragmented industry.
 - R. Hollenshead is the largest wholesaler in the country.²
- This acquisition increased RMBL's revenue 5x and gives the company an entry into the automotive market.

Wholesale Inc. and Wholesale Express Financials

Actual Projected	2016A	2017A	2018P	2019E	2020E
Revenue (mm)	\$470.4	\$619.6	\$645.0	\$690.2	\$738.5
<i>YoY Growth (%)</i>		31.7%	4.1%	7.0%	7.0%
Gross Profit (mm)	\$18.8	\$25.8	\$29.0	\$38.0	\$44.3
<i>Gross Margin (%)</i>	4.0%	4.2%	4.5%	5.5%	6.0%
<i>Gross Margin Change, Bps</i>		34	100	50	
SG&A (mm)	\$16.4	\$22.9	\$23.9	\$24.4	\$23.9
<i>SG&A Margin (%)</i>	3.5%	3.7%	3.7%	3.5%	3.2%
EBITDA (mm)	\$2.4	\$2.9	\$5.2	\$13.5	\$20.4
<i>YoY Growth (%)</i>		22%	79%	162%	51%
<i>EBITDA Margin (%)</i>	0.5%	0.5%	0.8%	2.0%	2.8%
Net Income (mm)	\$2.5	\$2.3	\$3.4	\$9.6	\$14.7
<i>Net Income Margin</i>	0.53%	0.37%	0.53%	1.40%	2.00%
<i>Net Income Margin Change, Bps</i>		(53)	15	87	60

Wholesale Inc. Acquisition Multiples	2016A	2017A	2018P	2019E	2020E
EV/Sales	0.05x	0.04x	0.04x	0.03x	0.03x
EV/EBITDA	9.75x	7.98x	4.46x	1.70x	1.13x
P/E	9.15x	9.98x	6.79x	2.39x	1.56x

Note: 2018E reflects management commentary. 2019E and 2020E are Alta Fox estimates based on extensive market research and competitor diligence. As we will discuss in subsequent slides, we think there is a significant margin expansion opportunity. If we are correct, RMBL management will have purchased this asset at a low single-digit multiple of 2020 earnings.

¹<https://www.autoremarketing.com/wholesale/auto-auctions-100-billion-industry-2016>

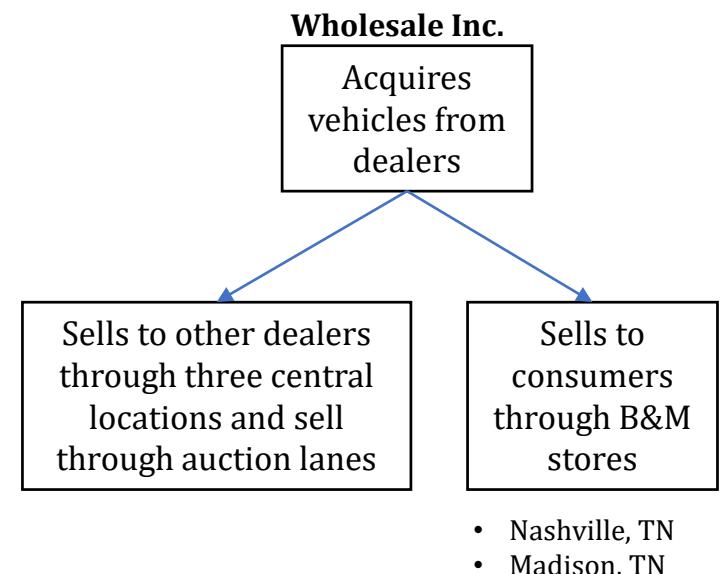
²Alta Fox Industry Research

TP2| Wholesale Inc. Overview

- Wholesale Inc. serves as a liquidity solution for dealers in a variety of circumstances.**
 - Most dealerships buy on margin and may need to quickly liquidate car inventory to manage credit expense; in addition, dealerships deal with trade-ins which could be difficult to sell which can introduce inventory risk.
 - Wholesalers, such as Wholesale Inc., serve as an arbitrage tool because to help dealers improve liquidity and reduce inventory risk.
 - The barrier to entry is high: this is an industry built on trust and relationships (see quote); it took Wholesale Inc. over 2 decades to scale to where it is now.
 - Example: During winter, Wholesale Inc. would buy a used convertible which wouldn't sell during winter from Michigan-based dealer looking to raise cash and improve liquidity; then, the company transports the vehicle to Florida and sells it to a Florida dealer where the convertible would be in greater demand and sell at a higher ASP.
- After purchasing a vehicle, Wholesale Inc. transports the vehicle to one of three centralized locations (Pennsylvania, Tennessee, Texas).**
 - From here, the vehicles are distributed to various auction lanes to be sold.
 - The company sells 20,000 vehicles per year with an average inventory of around 2,000 vehicles.
- In addition to its auction lanes, Wholesale Inc. started to recently sell vehicles directly to consumers in Tennessee.**
 - As discussed earlier, the margins on vehicles sold through the consumer channel are much higher than through wholesale channels.

"In the world of wholesaling vehicles, if you can't be trusted to make a deal after a few minutes on the phone, chances are you won't go very far in the business. **This is one of the last professions in the country where your word is your bond.**"

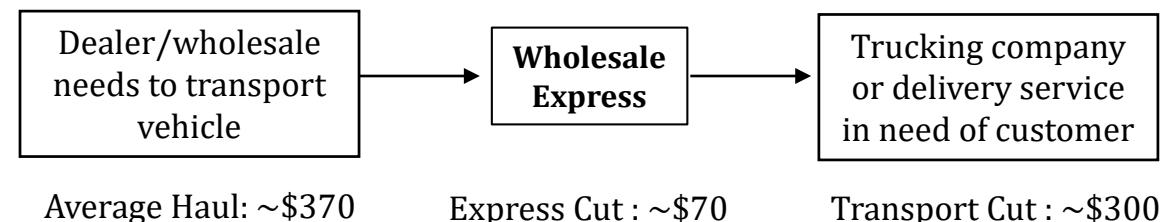
Inside the World of Wholesale Auto Dealers¹



¹<https://www.autodealertodaymagazine.com/308221/inside-the-world-of-wholesale-auto-dealers>

TP2| Wholesale Express Overview

- Wholesale Express is a logistics company that serves as a middle man to connect auto dealerships with transport companies to transport vehicles.
 - Wholesale Inc. started Wholesale Express in 2015.
 - In 2018, we estimate that Wholesale Express will do \$20M+ in sales with an 8-10% EBIT margin.
 - Management expects Wholesale Express to transport 70,000 cars in 2018.
 - Example: An auto dealer needs to transport a vehicle from Maine to Kansas. The auto dealer would pay Wholesale Express the cost of transportation. Wholesale Express would use its network to identify an appropriate trucking service with trucks running through the same region. From here, the trucking service would take over the transport of the vehicle with Wholesale Express getting a cut of the payment (essentially as a "finders fee").
- This high-margin business serves a necessary function in the highly fragmented trucking industry.
 - ~90% of carriers, out of 500K+ carriers in the US, have fewer than six trucks in their fleet and about half of carriers are owners/operators¹.



¹<https://medium.com/@sambokher/segments-of-u-s-trucking-industry-d872b5fca913>

TP2 | Why This Acquisition Makes Sense

"We have an opportunity todrive revenue and bring a unique situation to the marketplace where we can buy from consumers just about any asset."

Steve Berrard, CFO on Wholesale Inc. Acquisition, Q3 earnings call

- **Wholesale Inc. allows RMBL to get into the car business**
 - RMBL's vision is to become the instant liquidity solution for all VIN-based vehicles; through the Wholesale Inc. acquisition, RMBL gains access to this market through the 2nd largest wholesaler in the nation.
- **Improves cash flow**
 - Wholesale Inc. is already a profitable business; this acquisition improves the cash flow profile for the combined RMBL company.
- **RMBL platform and management can take Wholesale Inc. to the next level.**
 - Prior to the acquisition, Wholesale Inc. was a owner-operator business with significant structural and infrastructure issues. Through our conversations with industry insiders, we have strong conviction that RMBL can add significant value quickly through: 1) implementing significant technology changes to improve processes, 2) opening up new auction lanes, and 3) increasing access to capital and distribution channels.
- **We see this as a strategic acquisition with strong synergies for both businesses (Legacy RMBL and Wholesale).**
 - Eventually, we expect Wholesale Inc. to purchase cars directly through consumers from RMBL's website.
 - In addition, we eventually expect RMBL to offer Wholesale Inc.'s vehicle inventory to consumers through the website.
- **While this acquisition is cheap on a trailing basis, it is an absolute steal on a normalized margin basis.**
- **Through channel checks, conversations with wholesalers in the industry, and competitive peer analyses, we think Wholesale Inc./Express can improve gross margins from 4.0% to 6.0% and net income margins from 0.5% to 2.0%+. This implies a purchase price of 1.56x on 2020 earnings which reflect normalized margins.**

TP2 | Wholesale Inc.: Multiple Levers for Improvement (1/2)

1. Expand Wholesale Inc. auction lanes.

- RMBL can open new auction lanes in the three central locations at no cost; they have taken steps to do this in Dallas and are planning to open West Coast auction lanes as well.
- For example, in Nashville, Wholesale Inc. had reached maximum capacity (~550 cars); RMBL has been able to divert some of this capacity to Dallas and open a new auction lane (at no cost).

2. RMBL expands floorplan financing for Wholesale Inc.

- Wholesale's floorplan financing is the line of credit used to acquire vehicles. Prior to the acquisition, Wholesale Inc.'s floor plan was limited to ~\$50M and almost all was personally guaranteed by the previous owner.
- RMBL has been able to increase the company's floorplan almost 30% which will drive significant revenue growth as Wholesale Inc. is able to increase the scale of its activities.

3. Refocusing business on profitable vehicles – no more \$300K cars.

- Previously, Wholesale Inc. had a significant portion of its vehicle inventory tied up in costly, low-margin \$300K+ vehicles. RMBL has taken steps to refocus the vehicle inventory mix on lower-cost, high-margin inventory that doesn't burn through the floor-plan.

TP2 | Wholesale Inc. Acq.: Multiple Levers for Improvement (1/2)

4. RMBL management will be able to easily realize cost efficiencies through integrating their VIN-based pricing platform , automating necessary processes and their deep industry experience.

- From primary research, we learned that Wholesale Inc. is lacking relative to their other major competitor in its pricing and technology infrastructure.
- Therefore, while its major competitor is able to streamline the deal process through technology, Wholesale Inc.'s pricing and deal process is manual done by hand.
- We believe RMBL management can implement RMBL's core pricing technology and other processes to automate and streamline the car buying and selling process at Wholesale Inc.
- Furthermore, through looking at their primary competitor, we believe this will be a significant driver of margin growth.

Alta Fox Industry Research Takeaways

On Wholesale Inc.'s Technology

"They need better technology. They are still doing things that take a really long time and [a lot of] people."

Former Wholesale Inc. Employee

Contrast between Wholesale Inc. and Competitor

"We are a technology company [competitor] ... they are a transactional company [Wholesale Inc.]"

Owner of Major Wholesaler

On margin

"A 2.5% net margin is what I have done historically for the last 25 years."

Owner of Major Wholesaler

TP2 | Major Takeaways

- We believe RMBL has acquired a durable business with a strong competitive position.
 - Wholesale Inc. has had strong organic growth and has built a strong reputation over 25 years in an industry where trust and reputation matter most.
- It has a significant amount of sales with room for growth.
 - Management notes that historically the business has grown revenue at a low double-digit CAGR.
 - We think that RMBL will incorporate best practices to accelerate growth and they are already taking steps to do so through opening new auction lanes and increasing floor plan financing.
- Most importantly, this business is underearning relative to its major competitor and RMBL has already identified and taken steps to close the gap.
 - Through our primary research, we were able to identify at least 5 reasons for Wholesale Inc.'s underperformance.
 - We have strong conviction that RMBL management will be able to solve these issues and drive margin growth for Wholesale Inc.
- We think RMBL has bought a reasonable business at an incredibly attractive price on normalized margins. While the headline 2018E multiple is reasonable on an earnings and EBITDA basis (~6.8x and ~4.5x, respectively), it is an absolute steal for what we think is 1.5x 2020 earnings on a normalized basis.

TP2|Valuation (1/2)

- They bought the second largest Wholesale for 0.04x sales and 6.79x 2018E earnings.
- We think they will continue to grow revenue at a healthy clip but there will be a significant margin improvement over the next few quarters.
 - We believe the lack of similar technology platform is what has depressed margin levels for Wholesale Inc. while competitors report higher margins (2 - 4% net margin).
- We expect RMBL to achieve ~6.0% run-rate gross margins and ~2.0% run-rate net margins by 2020.

Actual Projected.	2016A	2017A	2018P	2019E	2020E
Revenue (mm)	\$470.4	\$619.6	\$645.0	\$690.2	\$738.5
<i>YoY Growth (%)</i>		<i>31.7%</i>	<i>4.1%</i>	<i>7.0%</i>	<i>7.0%</i>
Gross Profit (mm)	\$18.8	\$25.8	\$29.0	\$38.0	\$44.3
<i>Gross Margin (%)</i>	<i>4.0%</i>	<i>4.2%</i>	<i>4.5%</i>	<i>5.5%</i>	<i>6.0%</i>
<i>Gross Margin Change, Bps</i>			34	100	50
SG&A (mm)	\$16.4	\$22.9	\$23.9	\$24.4	\$23.9
<i>SG&A Margin (%)</i>	<i>3.5%</i>	<i>3.7%</i>	<i>3.7%</i>	<i>3.5%</i>	<i>3.2%</i>
EBITDA (mm)	\$2.4	\$2.9	\$5.2	\$13.5	\$20.4
<i>YoY Growth (%)</i>		<i>22%</i>	<i>79%</i>	<i>162%</i>	<i>51%</i>
<i>EBITDA Margin (%)</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.8%</i>	<i>2.0%</i>	<i>2.8%</i>
Net Income (mm)	\$2.5	\$2.3	\$3.4	\$9.6	\$14.7
<i>Net Income Margin</i>	<i>0.53%</i>	<i>0.37%</i>	<i>0.53%</i>	<i>1.40%</i>	<i>2.00%</i>
<i>Net Income Margin Change, Bps</i>		(53)	15	87	60
Wholesale Inc. Acquisition Multiples					
EV/Sales	0.05x	0.04x	0.04x	0.03x	0.03x
EV/EBITDA	9.75x	7.98x	4.46x	1.70x	1.13x
P/E	9.15x	9.98x	6.79x	2.39x	1.56x

TP2|Valuation (2/2)

- If we are correct that Wholesale Inc./Express can achieve a 2.0%+ net income margin in the near term, this business will be worth more than the current market cap of the company.**
- There are no publicly traded wholesalers but we think this business should trade broadly in line with publicly traded auto dealers.**
 - Auto dealers face similar market conditions and dynamics as wholesalers.
 - While the businesses are different (auto dealers have higher gross margins & wholesalers have higher inventory turnover), they face many similar market dynamics and we believe they should trade at similar multiples.
- We value Wholesale Inc./Express on 2020 numbers because that is the first year that is likely to reflect the full margin improvements that management is currently implementing.**
- We think Wholesale Inc./Express should trade at a two year forward P/E multiple between 7x and 9.0x this is in line with average auto dealer comps¹.**

	Market Cap	Gross Margin 3Y Avg	Net Margin 3Y Avg	BEst P/E 1FY	BEst P/E 2FY
KMX	11,100	13.6%	4.0%	13.8x	12.8x
LAD	2,000	15.0%	2.3%	8.7x	8.2x
SAH	673	14.7%	0.9%	8.2x	7.9x
GPI	1,100	14.6%	1.4%	6.8x	6.6x
Average	3,718	14.5%	2.2%	9.4x	8.9x

	Bear	Base	Bull
2020 Revenue (mm)	\$711	\$738	\$766
2020 Net Income (mm)	\$3.7	\$14.7	\$19.5
<i>Net Income Margin (%)</i>	0.5%	2.0%	2.5%
P/E Multiple	7.00x	8.00x	9.00x
Value (mm)	\$26	\$118	\$176
Shares Outstanding (mm)	17.4	17.4	17.4
Value per Share	\$1.50	\$6.77	\$10.11

Our Wholesale Inc./Express valuation has a wide range because the business' margins are starting from a relatively low point; this is the crux of our thesis and even incremental margin improvements have a significant effect on profitability.

TP2| Wholesale Inc./Express Conclusion

- **RMBL acquired the second-largest wholesaler in the US for 0.04x sales and 6.8x 2018E earnings.**
 - We think the Market misunderstood this acquisition and wrote-off what is a reasonable acquisition at 2018E multiples but is an absolute steal on 2019E and 2020E earnings.
- **Wholesale Inc./Express fits into RMBL's long-term vision to become the VIN-based liquidity provider for all used vehicles and gives the company entry into the used auto space.**
- **We believe RMBL management can drive reasonable gross margin and net income margin growth for Wholesale Inc.**
 - Through our industry research, we believe RMBL management has multiple levers to pull that will drive operational improvements for the business, from opening new auction lanes to implementing best practices and RMBL's pricing technology.
 - A positive sign: RMBL management already quickly taken steps to improve Wholesale Inc. through opening auction lanes/expanding floorplan financing.
- **We expect RMBL to achieve 6.0% run-rate gross margins and 2.0% run-rate net margins by the end of 2019.**
- **Wholesale Inc. was an attractive and opportunistic acquisition; we value this segment at \$6.77 dollars in our base based on 8x multiple on 2020 earnings.**
 - We use 2020E because that is when we expect full margin synergies will be realized.

Thesis

1. Legacy RMBL is growing rapidly in the used motorcycle space and is on a clear path to profitability. For a business with strong growth and improving margins, it is trading at statistically cheap prices; our base case value for RMBL's legacy business alone is worth \$7.23 per share.
2. The Wholesale Inc./Express acquisition makes significant strategic sense for RMBL and has been poorly understood by the market. We believe this was a very attractive acquisition in that management can increase net margins 4x by the end of FY19. In our base case, we value this at \$6.77 per share.
3. **RMBL's recent entry in the the classifieds business through RumbleOnClassifieds is highly complementary to its core legacy offering. In our base case, we conservatively value this business at \$1.13 per share. In an upside scenario, this business by itself could be worth more than the current equity value.**
4. RMBL's management team has the deep industry knowledge and vision to drive shareholder value; they are also highly incentivized – collectively owning ~20% of the stock. It is rare to be able to invest alongside such an experienced and incentivized management team at such an early stage and attractive valuation in the public markets.

TP3 | Overview

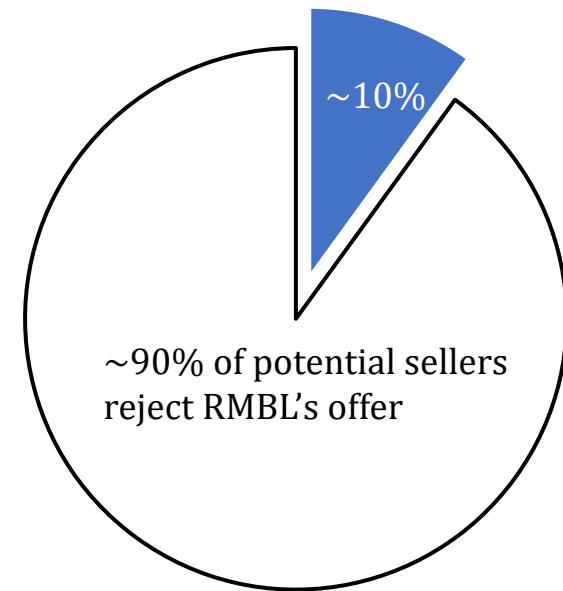
Thesis Point #1: RMBL's recent entry in the the classifieds business through RumbleOnClassifieds is highly complementary to its core legacy offering. In our base case, we conservatively value this business at \$1.13 per share. In an upside scenario, this business by itself could be worth more than the current equity value.

- Capturing The Other ~90%
- RumbleOnClassifieds Overview
- Motorcycle Current Landscape
- RumbleOnClassifieds Strategy
- Valuation Summary
- Conclusion

Capturing The Other ~90%

- **RMBL loses ~90% of potential sellers; only ~10% accept RMBL's cash offer¹.**
 - Of the 100K+ cash offers RMBL has given, only a small percentage have been accepted by the seller; currently, RMBL's run-rate acceptance rate is ~10%.
 - The sellers who reject RMBL's offer end up using traditional, inefficient methods like listings services and/or dealerships to off-load their vehicle (see Slide 8 for recap).
- **RumbleOnClassifieds aims to monetize the other ~90%.**
 - Through offering a differentiated classifieds marketplace, RMBL hopes to keep the ~90% of potential sellers within the RMBL ecosystem.
 - Backed by an additional cash offer, the consumer-only RumbleOnClassifieds site allows RMBL to: 1) monetize potential classifieds revenue and 2) keep potential sellers within the RMBL ecosystem.
- **We believe this is a significant incremental revenue opportunity for the company that is highly complementary to RMBL's vision.**

~10% of cash offers are accepted¹



"If they don't accept in the 72 hours, 90% of these people are basically being walked away from and we're pushing them to the likes of Craigslist and so forth."

Marshall Chesrown, CEO, 2Q18 Earnings

RumbleOnClassifieds Overview

- In 2Q18, RMBL announced that it would be launching in Q4 a consumer-only classifieds website for consumers to list and buy powersport vehicles.
- It is estimated that classified marketplaces account for at least 40,000 of the 60-70,000 used bike transactions per month.¹
 - Craigslist is the preeminent listings service followed by industry-specific players such as ChopperExchange, CycleTrader, AutoTrader Motorcycles, etc.
- While most other motorcycle classified marketplaces combine dealer and private party listings, RumbleOnClassifieds offers a private party listing-only market place.
- RumbleOnClassifieds aims to create a frictionless P2P experience:
 - Free Cash Offers – each listing is backed by RumbleOn's own cash offer produced by their analytics platform. Each cash offer is valid for 30 days.
 - RMBL provides additional value-add services such as Vehicle Inspection (through WeGoLook), SafeXchange for title exchanges, transportation and financing.
- We believe that RMBL's offering combined with its roll-out strategy will allow RMBL to create a serious classifieds competitor in the used motorcycle space by the end of 2019.

Motorcycle Current Landscape

	Craigslist		ChopperExchange	CycleTrader	AutoTrader Motorcycles		CycleCrunch	CycleSoup
	California	Florida	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide
Private Listings	20,603	21,772	412	4,599	438	485	0	
	74%	75%	1%	2%	1%	2%	0%	
Dealer Listings	7,194	7,345	27,989	218,401	57,640	30,535	145,058	
	26%	25%	99%	98%	99%	98%	100%	
Total # of listings	27,797	29,117	28,401	223,000	58,078	31,020	145,058	
Cost	Free listing for consumers \$5 posting per dealer		3 months - \$37 6 months - \$57 Until Sold - \$137	2 Weeks - Free 6 weeks - \$30 12 weeks - \$50	2 month ad/2 week features - \$49 Until sold/4 week features - \$99 Until Sold/4 week	3 months - \$37 6 months - \$57 Until Sold - \$137		N/A
Other features	None Craigslist is the only private-party focused seller with scale but they don't offer any value-add services. This is the opportunity RMBL is trying to address		Shipping service for all listings Trade-in/Financing for dealer listings	Insurance and financing quotes available on site; inspections available through WeGoLook for private-party listings	Offers shipping, financing and appraisal tools through 3rd parties	Shipping service for all listings Trade-in/Financing for dealer listings	Re-directs buyer to dealer website	

Note: 1) Craigslist's set-up prevents us from gathering motorcycle data for all available markets so data was gathered for the two largest motorcycle markets in the US. 2) ChopperExchange and CycleCrunch are operated by the same company. Results gathered 1/9-1/10/18

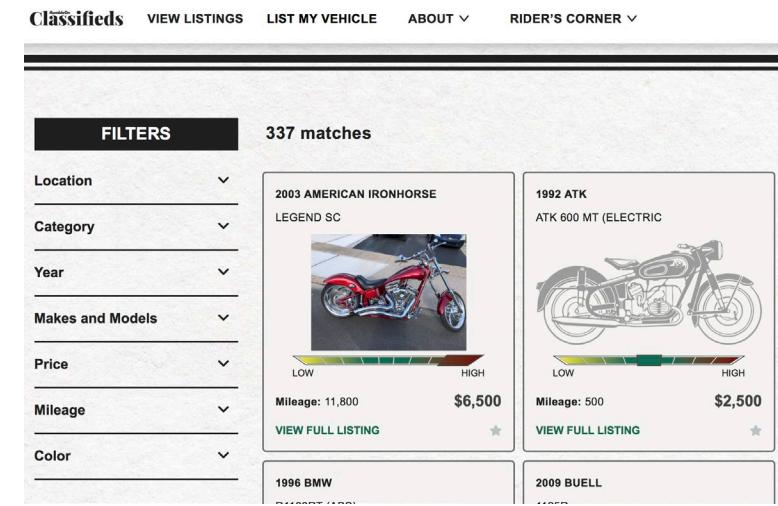
- **Craigslist is the only private-party dominated marketplace.**
 - While all of these players offer both dealer and private-party listings, only on Craigslist are the majority of sellers private parties (~75% in CA and FL).
 - Whereas on other platforms, private parties make up a very smaller minority (1-2%); often unpaid or lower-tier listings are crowded out by the large number of dealer listings; this makes it hard for private-party sellers to get visibility

¹RMBL Management estimates

RumbleOnClassifieds Strategy (1/2)

- RumbleOnClassifieds aim to be a consumer-only listings site.
 - Its core competitors are listings sites with a significant private party presence (Craigslist and CycleTrader).
- Management aims to take share away from current classifieds sites by providing a differentiated offering for both buyers and sellers:
 - Buyers: potential buyers have access to value-add services to enable inspection, transport and license exchange. Furthermore, RumbleOnClassifieds is the only motorcycle-specific listing site with a pricing tool to help buyers understand the price value.
 - Sellers: In addition to value-add services, RumbleOnClassifieds provides pricing tools from its platform to help sellers gauge their bike's worth. Furthermore, RMBL provides a 30-day guaranteed cash offer as an alternative for sellers (no other listing site makes an actual cash offer).
- Management intends to roll-out RumbleOn Classifieds by offering free listings to sellers who previously rejected RMBL's cash offer.
 - Going forward, it will be offered to everyone doesn't accept the cash offer; this allows them to extend the sales funnel for the majority of consumers.
 - RMBL plans to reach out to more than 100,000 sellers who rejected cash offers; the listing is backed by another cash offer.
 - This roll-out strategy will enable RMBL to gain significant traction in a short period of time.

RumbleOnClassifieds Listings Page

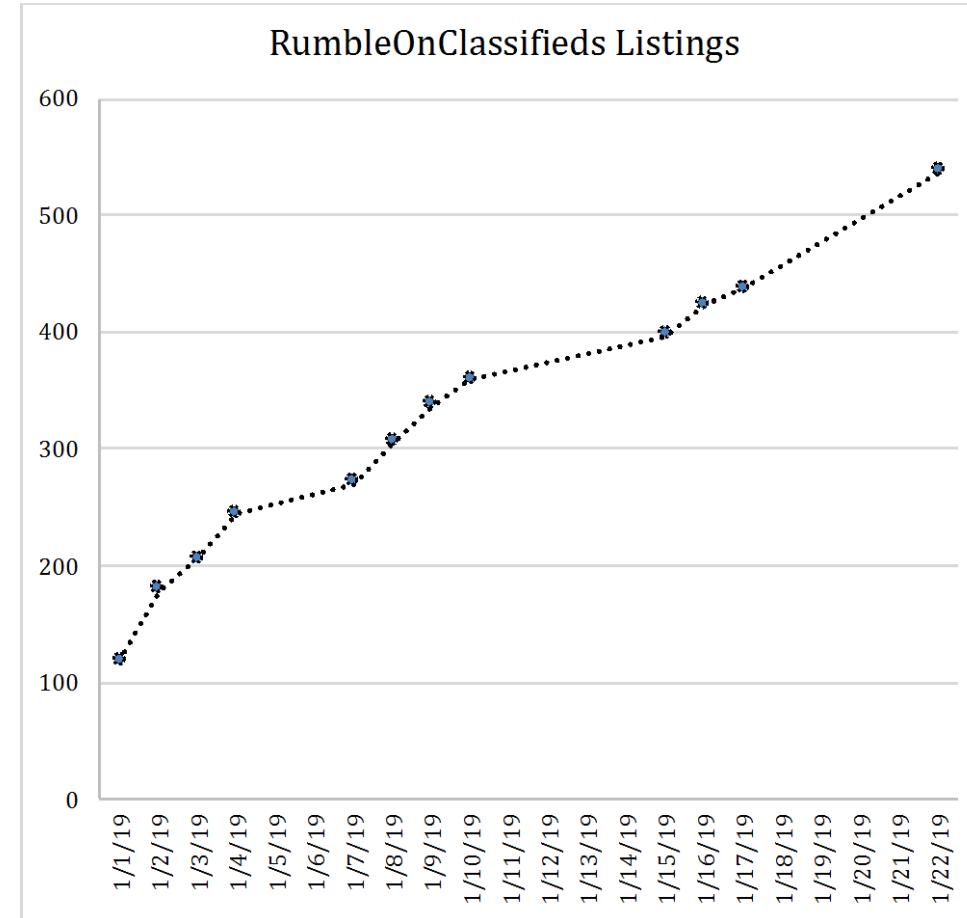


Example Consumer-facing Value Tool



RMBL Classifieds has the potential to be a significant driver for company

- RumbleOnClassifieds is a high-margin incremental revenue opportunity that will help RMBL keep the other 90% in the RMBL ecosystem.
 - The service leverages RMBL's pre-existing infrastructure and will launch in 1Q19 with previously rejected cash offers.
 - This will also serve as funnel to direct future rejected cash offers while also capturing classifieds revenue from competitors.
- RumbleOnClassifieds has already shown significant traction.
 - We have been tracking RumbleOnClassifieds by late-December and see significant traction in the number of listings on the marketplace.
 - In under 3 weeks, RMBL has already obtained more private listings than AutoTrader.



Valuation Summary

- We think RumbleOnClassifieds can become a significant high-margin revenue driver for the company.**
 - We think they can displace Cycle Trader as the 2nd largest private-party classifieds service. Our base case implies that RMBL can get to approximately 8% market share of the P2P classifieds market; we think that this is reasonable given RMBL is offering a better, differentiated service and will likely grow the market.
- We value this business at EV/Forward Rev multiples between 3 – 6x.**
 - While there is no perfect comp, online classifieds businesses tend to trade at high multiples given the attractive nature of 90%+ plus gross margin and almost zero capex requirement.
 - For example, 58.com (WUBA) and Schibsted (XPG), two publicly traded classifieds operators, trade at ~3.3x and ~3.8x EV/forward rev, respectively.
 - In our base case, we assign a 4x EV/Forward Rev multiple given that RumbleOn Classifieds is growing much faster than peers which are growing at mid-single digits percentages.
 - To underscore the fact that RMBL is at a riskier stage, in our final valuation conclusion (Slide 49), we assign a valuation of \$0 for RumbleOnClassifieds.
- There is a significant amount of optionality for RumbleOnClassifieds.**
 - While there is still much to be proven about this segment (which is why our bear case assigns no value to RumbleOnClassifieds), we think there is a reasonable bull scenario in which the classifieds business is worth close to or even more than the current equity value of RMBL.

RumbleOnClassifieds Valuation	Bear	Base	Bull
2020 Legacy RMBL Revenue (mm)	\$127.9	\$188.7	\$253.6
Cash Offers (% of Legacy Bike Rev)	0.25%	0.25%	0.25%
2020 Legacy RMBL Cash Offers	319,850	471,825	634,125
% of cash offers rejected	90%	90%	90%
Rejected Cash Offers	287,865	424,643	570,712
% of reject offers that accept listing	5%	10%	15%
Number of New Listings	14,393	42,464	85,607
Revenue Per Listing	\$115.85	\$115.85	\$115.85
2020 RumbleOnClassifieds Rev (mm)	\$1.7	\$4.9	\$9.9

EV/Forward Rev Multiple	3.00x	4.00x	6.00x
Value (mm)	\$5.0	\$19.7	\$59.5
Shares (mm)	17.4	17.4	17.4
Value/Share	\$0.29	\$1.13	\$3.42

Alta Fox Model Sanity Check			
Est. # of motorcycle listings, yearly	516,000	516,000	516,000
RMBL listings, yearly	14,393	42,464	85,607
RMBL implied market share	3%	8%	17%

Key Assumptions

- Cash offers (% of Legacy Bike Rev) is assumed to stay constant from 3Q18; this percentage is a function of RMBL's ASP, accepted cash offers and cash offers given (see slide 58).
- We estimate a blended LTV per listing at \$115.85 based on management guidance.

Conclusion

- Currently, RMBL is only monetizing 10% of cash offers; the other 90% of sellers submitting cash offers are permanently lost.
- RumbleOnClassifieds gives RMBL the opportunity to monetize the other 90% of sellers and keep them within the RMBL ecosystem.
- RumbleOnClassifieds provides a differentiated, value-additive service to buyers and sellers in the P2P used motorcycle market.
- Given its offerings and launch strategy, we think RMBL can turn RumbleOnClassifieds into a legitimate classifieds offering in 2019.
 - This is a high-margin incremental revenue opportunity for the company that is synergistic with RMBL's core Legacy offering.
 - RMBL will continue to provide cash offers to sellers on the classifieds site that haven't sold bikes yet; we think that some of those bikes will be sold at attractive prices to RumbleOn.
- The value for RMBL classifieds is very uncertain at this point given its a new business venture but we think RMBL has shown good momentum and has taken the right steps to develop a high margin, valuable listing site.
 - RMBL has put the right people on this project; in particular, they recently hired Bill Bonnaud as Director of Classifieds. Bonnaud has more than 30 years of experience and was previously part of an auction software development company.¹
 - We have also been impressed by how quickly RMBL's been able to move to launch and the measured approach the company has taken to grow this platform.
 - As mentioned previously, we think there is a lot of option value for RumbleOnClassifieds; this segment could potentially be worth more than the market cap of the business today, but the market is not giving the company credit for this.
- In our base case, we value RumbleOnClassifieds at \$1.13 per share.

¹ <https://www.businesswire.com/news/home/20180921005047/en/RumbleOn-Launch-Consumer-Only-Platform-Hires-New-Director>

Valuation Summary

	Bear	Base	Bull
Legacy RMBL			
2019 Revenue (mm)	\$111.5	\$125.8	\$140.9
EV/Rev Multiple	0.50x	1.00x	1.25x
Value (mm)	\$55.7	\$125.8	\$176.1
per Share	\$3.20	\$7.23	\$10.12
Wholesale			
2020 Net Income (mm)	\$3.7	\$14.7	\$19.5
P/E Multiple	7.00x	8.00x	9.00x
Value (mm)	\$26.1	\$117.9	\$175.9
per Share	\$1.50	\$6.77	\$10.11
Classifieds			
2020 Revenue (mm)	\$1.7	\$4.9	\$9.9
EV/Forward Rev Multiple	0.00x	4.00x	6.00x
Value (mm)	\$0.0	\$19.7	\$59.5
per Share	\$0.00	\$1.13	\$3.42
RMBL EV (mm)	81.9	263.4	411.5
RMBL Value per Share	\$4.70	\$15.14	\$23.65
Implied Upside	(26%)	137%	271%
Current Price (1/22/19)	\$6.38	\$6.38	\$6.38
Shares Outstanding (mm)	17.4	17.4	17.4

- We used a SOTP valuation to arrive at a base case PT of \$15.14.¹
- We assign a fairly conservative 1.00x EV/Sales multiple to Legacy RMBL:
 - Although 3Q18 results led the Market to write-off this business, the key KPIs (GM (%), consumer mix (%), etc.) are headed in the right direction.
 - 2019 will provide a good view of RMBL's platform at-scale.
- We think Wholesale Inc.'s margin improvements are very attainable.
 - RMBL management has taken steps to doing so and we think levers for improvement are clear.
- RumbleOnClassifieds is has significant potential upside.
 - We think there is a juicy bull case for RumbleOnClassifieds but recognize that a lot still has to be proven for the classifieds business.
- RMBL Management is the best management team to drive this value.

Thesis

1. Legacy RMBL is growing rapidly in the used motorcycle space and is on a clear path to profitability. For a business with strong growth and improving margins, it is trading at statistically cheap prices; our base case value for RMBL's legacy business alone is worth \$7.23 per share.
2. The Wholesale Inc./Express acquisition makes significant strategic sense for RMBL and has been poorly understood by the market. We believe this was a very attractive acquisition and that management can increase net income margins 4x by the end of FY20. In our base case, we value this at \$6.77 per share.
3. RMBL's recent entry in the the classifieds business through RumbleOnClassifieds is highly complementary to its core legacy offering. In our base case, we conservatively value this business at \$1.13 per share. In an upside scenario, this business by itself could be worth more than the current equity value.
4. **RMBL's management team has the deep industry knowledge and vision to drive shareholder value; they are also highly incentivized – collectively owning ~20% of the stock. It is rare to be able to invest alongside such an experienced and incentivized management team at such an early stage and attractive valuation in the public markets.**

Management Overview



Marshall Chesrown, CEO

- From 2014 – 2016, Chesrown served as COO of Vroom, an on-demand market place for used cars, which raised close to \$218 million in funding, including \$50 million from AutoNation.
- May 2013 to November 2014, served as COO of AutoAmerica, an auto retailer.
- From 1999 to 2013, Chesrown pursued real estate development activities.
- Began career in auto sales when his dealerships were sold to AutoNation; Chesrown left Autonation as SVP of Retail Operations in 1999.
- Marshall is incentivized with shareholders given he has significant equity ownership and a relatively low salary.
 - Marshall owns **\$10M+** worth of RMBL stock (1.74M, 9.9% of shares outstanding) compared to his salary of **\$240,000**.



Steven R. Berrard, CEO

- He co-founded Auto Nation with Wayne Huizenga and he served as co-CEO from 1996 – 1999.
- Under his tenure, AutoNation grew to 380 dealerships and from \$6.1 billion to \$20.6 billion in revenue; EBITDA grew from \$217 to 542M.
- Before Autonation, Berrard was COO of Blockbuster Entertainment Corporation from 1993 – 1994 (acq. for \$8.4 billion in 1994 by Viacom); he joined Blockbuster in 1987 as CFO.
- Since leaving Autonation in 1999, Berrard has been involved in a number investing activities and has served on the Boards of Directors of Jamba Inc, Viacom, Birmingham Steel, HealthSouth and BocaResorts.
- Steven is incentivized with shareholders given his significant equity ownership and relatively low salary.
 - Steven owns **\$11M+** worth of RMBL stock (1.97M shares, 9.9% of shares outstanding) compared to his salary of **\$240,000**.

RMBL Management Can Execute on Vision

- RMBL has one of the most impressive small-cap management teams we have come across.
- They know the used vehicle industry and have successfully introduced new businesses into this space.
 - Throughout their collective 50+ years in the auto-industry, they have helped grow AutoNation into one of the largest car dealers in the US, launch Vroom which has \$900M+ in revenue and develop a deep network of relationship and industry experience.
- Together, Chesrown and Berrard own ~20% of the company.
- We met with management at RMBL headquarters, and have had multiple conversations with them and have come away with positive impressions:
 - Marshall is the operational guru; he comes across as obsessed with customer satisfaction and supremely focused on developing the best consumer acquisition channel and improving KMX's model for a less efficient market.¹
 - Steve is the typical CFO; he comes across as very impressive and financially savvy as you would expect for someone who has led large companies.
 - Both are focused on balancing RMBL's high growth strategy with an intense focus on getting to profitability in the near term; this is not a burn cash and grow revenue forever business. Management is taking the right steps towards profitability and growing revenue.
- Bottom Line: RMBL management can execute on RMBL's vision to become the VIN-based liquidity solution and will create shareholder value.

¹Chesrown greatly respects and admires Zappos CEO Tony Hsieh for his commitment to customer satisfaction.

Other Sources of Upside

- We do not factor the following initiatives into our estimates or valuation to be conservative but they potentially represent upside to our analysis.
- RMBL as a potential acquisition target
 - We believe RMBL has a reasonable likelihood to being acquired over the next couple years because they could be of strategic importance to very large and deep pocketed players. While most dealerships struggle to create top line revenue growth amidst increased commoditization and competition, RMBL offers a fast-growing, asset-light digital platform.
 - There are many acquirers that would be potentially interesting in purchasing RMBL. Examples include players such as Autonation/Vroom, Carmax and other auction players – this is not an exhaustive list but illustrates the potential utility of RMBL to multiple different types of industry participants.
 - We would not be surprised if RMBL is acquired within the next 2 – 3 years; many of the publicly traded car dealers are struggling, trading at historically low multiples, and desperate for top-line growth. We think RMBL offers a compelling, differentiated model that would be relatively inexpensive for many potential acquirers.
 - We think RMBL would bring a capital-light technology platform that could provide a significant avenue for growth.
- Boats and RVs
 - RMBL's intent to become the VIN-based liquidity solution for used vehicles could allow the company to enter the used Boat and RV markets.
 - We think these markets are largely inefficient and share similar dynamics to RMBL's beach-head used motorcycle/powersports market.
 - The company expects to enter the Boats and RV market in late-2019, early-2020.

Near-Term Setup

- RMBL will release Q4 earnings at the end of February. While we are not expecting spectacular Q4 results (likely closer to the lower end of management guidance), we think the outlook and commentary for 2019 is far more important.
- The most important thing about Q4 earnings will what management says about 2019.
 - Q4 is seasonally the weakest quarter. We are less focused on overall revenue growth in Q4 than we are on gauging how successful vehicle acquisitions were in that quarter and what that means for the seasonally strong Q1.
 - We expect to hear more from management on wholesale margin opportunities and additional progress on the listing site.
- As 2019 unfolds, we expect investors to gain clarity and begin to appreciate the value of RMBL's three business segments.

Risks Section

- **Increased Competition**
 - It is possible that other players will try to copy RMBL's business model. However, we think this would be difficult to accomplish both due to a lack of partner relationships in the industry (for reconditioning/transport/etc.), technology requirements and lack of a first mover advantage.
- **Capital Raise**
 - We expect RMBL to become EBITDA positive in mid-2019 but do not think a small capital raise is out of the question for the company.
- **Short-Term Fluctuations**
 - This is still a relatively new business and there are inevitably going to be positive and negative surprises to which investors could overreact.
- **Chesrown's Bankruptcy**
 - In 2013, Chesrown filed a \$72 million bankruptcy caused by the collapse of his real estate investments during the 2008 crisis; some investors might worry that this is representative of poor decision making.
 - Our impression of Marshall is that he is someone who is supremely motivated to make RMBL successful; we encourage investors to listen to Marshall speak about his bankruptcy in his own words:
<https://fromfoundertoceo.com/246-marshall-chesrown/>

Conclusion

Here are the points we tried to illustrate in this presentation:

1. Legacy RMBL is growing rapidly in the used motorcycle space and is on a clear path to profitability. For a business with strong growth and improving margins, it is trading at statistically cheap prices; our base case value for RMBL's legacy business alone is worth \$7.23 per share.
2. The Wholesale Inc./Express acquisition makes significant strategic sense for RMBL and has been poorly understood by the market. We believe this was a very attractive acquisition in that management can increase net income margins 4x by the end of FY20. In our base case, we value this at \$6.77 per share.
3. RMBL's recent entry in the the classifieds business through RumbleOnClassifieds is highly complementary to its core legacy offering. In our base case, we conservatively value this business at \$1.13 per share. In an upside scenario, this business by itself could be worth more than the current equity value.
4. RMBL's management team has the deep industry knowledge and vision to drive shareholder value; they are also highly incentivized – collectively owning ~20% of the stock. It is rare to be able to invest alongside such an experienced and incentivized management team at such an early stage and attractive valuation in the public markets.

Questions? Comments?

- Feel free to contact: info@altafoxcapital.com
- To be added to our distribution list, visit: <https://www.altafoxcapital.com/contact/>

Appendix: Extended Competitive Analysis – Car Dealers

Data from TTM

	New Sales (% of Vehicle Revenue)	Used Sales (% of Vehicle Revenue)	Used Retail Sales (% of Used Vehicle Rev)	Used Wholesale (% of Used Vehicle Rev)
KMX	0%	100%	86%	14%
LAD	62%	38%	93%	7%
SAH	67%	33%	42%	58%
GPI	64%	36%	89%	11%
Average	48%	52%	78%	22%

Data from TTM

	Other Revenue (mm)	Other Profit (mm)	Other Revenue GM(%)	Other Revenue (% of Rev)
KMX	163	111	68%	3%
LAD	448	268	60%	18%
SAH	435	256	59%	15%
GPI	466	304	65%	16%
Average	306	191	70%	11%

Other Revenue

- “Other Revenue” refers to non-auto retail revenue segments such as financing and auto repairs.
- KMX’s Other Revenue segment has a lower % of Total Revenue (3% vs. 11% average) because KMX does not recognize KMX Financial income as revenue but rather as a separate line item after gross profit.

Appendix: Classifieds Valuation and LTV Value Calculation

	Month 1	Month 2	Month 3	Sale Rev.	LTV
Unsold Listing	\$69.95	\$19.95	\$19.95	\$0.00	\$109.85
Sold Listing	\$69.95	\$19.95	\$19.95	\$60.00	\$169.85
% of Listings Sold	10%				
Blended LTV	\$115.85				

	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18E
Revenue (mm)	\$3.7	\$3.4	\$8.1	\$13.9	\$19.3	\$27.0
Cash offers (% of Legacy Bike Rev)	0.07%	0.12%	0.15%	0.21%	0.25%	0.23%
Cash offers	2,547	4,057	12,420	29,430	49,000	63,000
Acceptance Rate			14.9%	10.0%	5.6%	8.0%
ASP			\$9,143	\$7,097	\$6,852	\$6,784
Days to Inventory Turn	39	38	42	28	30	

Note: 4Q18 cash offers based on 700 cash offers/day (RMBL management)

Listing LTV

- Management disclosed pricing of RumbleOnClassifieds at \$69.95 for first month and \$19.95 for the following months.
- We expect each listing will have life of 90 days;
- We assume that 10% of listings will sell; furthermore, of the 10% of listings sold RMBL will receive ~\$60 in ancillary service fees (inspection, transport, etc.).
- From these assumptions, we arrive at a blended LTV/listing of \$115.85.

Cash Offers (% of Legacy Bike Rev)

- We view Cash Offers (% of Legacy Bike Rev) as a function of the following: cash offer acceptance rate, ASP, Days to Inventory Turn.
- Going forward we assume that the following drivers are relatively constant; therefore, we expect Cash Offers (% of Legacy Rev) to be constant:
 - Management estimates that the cash offer acceptance rate will be ~8% going forward¹.
 - ASP is normalized to reflect an inventory mix of Harley-Davidson and Non-Harley-Davidson bikes.
 - Given RMBL's demonstrated ability to turn unsold bikes quickly through its wholesale channel, we expect Days to Inventory Turn to be relatively consistent at ~30 days.

Appendix: Alta Fox Market Sizing Check

- RMBL management estimates that classified services account for ~43,000 (~70%) of the ~60,000 used motorcycle transactions per month; Craigslist is estimated to account for the significant majority of these transaction.
- We backed into a similar range using the following back-of-the-envelope sizing:
 - California and Florida are the two largest motorcycle markets in the US.
 - Combined both regions have 42,375 used motorcycle listings on Craigslist¹.
 - In 2017, California and Florida accounted for 18.5% of on-road motorcycle registrations².
 - We use on-road motorcycle registrations as a proxy for total market share.
- Therefore, we estimate that there are ~230,000 used motorcycle listings on Craigslist.
- This back-of-the-envelope analysis suggest to us that management's estimates is reasonable.

On-Road Motorcycle Registrations	
California	955,293
Florida	595,946
CA + FL	1,551,239
Total	8,392,682
CA + FL (%)	18.5%

Craigslist Used Motorcycle Listings	
California	20,603
Florida	21,772
CA + FL	42,375

Estimated Number of Craigslist Listings	
CA+FL Listings	42,375
CA + FL (%)	18.5%
Listings/(%)	229,262

Appendix: Valuation – Base Case

Base	
Legacy RMBL	
2019 Revenue (mm)	\$125.8
EV/Rev Multiple	1.00x
Value (mm)	\$125.8
per Share	\$7.23
→ We assume that Legacy RMBL Rev grows 87%.	
Wholesale	
2020 Net Income (mm)	\$14.7
P/E Multiple	8.00x
Value (mm)	\$117.9
per Share	\$6.77
→ We assume wholesale net income margins reach 2% and assign an above-average auto dealer multiple.	
Classifieds	
2020 Revenue (mm)	\$4.9
EV/Forward Rev Multiple	4.00x
Value (mm)	\$19.7
per Share	\$1.13
→ We assume that Classifieds captures ~8% of the classifieds market and assign an EV/Forward Rev multiple in line with publicly traded peers.	
RMBL EV (mm)	263.4
RMBL Value per Share	\$15.14
Implied Upside	137%
Current Price (1/22/19)	\$6.38
Shares Outstanding (mm)	17.4

Appendix: Valuation – Bear and Bull Case

Bear

Legacy RMBL	
2019 Revenue (mm)	\$111.5
EV/Rev Multiple	0.50x
Value (mm)	\$55.7
per Share	\$3.20

We assume that Legacy RMBL Rev grows slower than management estimate (68% vs. 100%).

Wholesale	
2020 Net Income (mm)	\$3.7
P/E Multiple	7.00x
Value (mm)	\$26.1
per Share	\$1.50

We assume wholesale margins barely improve and assign a low multiple reflective of an average auto dealer multiple.

Classifieds	
2020 Revenue (mm)	\$1.7
EV/Forward Rev Multiple	0.00x
Value (mm)	\$0.0
per Share	\$0.00

Given the early-stage of this venture, we conservatively assign a value of **\$0** for the classifieds business.

RMBL EV (mm)	81.9
RMBL Value per Share	\$4.70
Implied Upside	(26%)
Current Price (1/22/19)	\$6.38

Shares Outstanding (mm) 17.4

Bull

Legacy RMBL	
2019 Revenue (mm)	\$140.9
Value (mm)	\$176.1
per Share	\$10.12

We assume legacy RMBL Rev doubles (management estimate) and give a 1.25x multiple which is a slight discount to CVNA's EV/REV.

Wholesale	
2020 Net Income (mm)	\$19.5
Value (mm)	\$175.9
per Share	\$10.11

We assume significant margin growth (2%+) and assign a higher multiple reflective of more profitable dealers.

Classifieds	
2020 Revenue (mm)	\$9.9
Value (mm)	\$59.5
per Share	\$3.42

We assume that Classifieds captures ~17% of the classifieds market and assign a 6.00x multiple to reflect the attractive high-margin and high-growth nature of this segment.

RMBL EV (mm)	411.5
RMBL Value per Share	\$23.65
Implied Upside	271%
Current Price (1/22/19)	\$6.38

Shares Outstanding (mm) 17.4

Appendix: Wholesale Inc./Express Financials

RUMBLEON INC. & WHOLESALE INC.

Consolidated Statement of Operations



RUMBLEON INC. & WHOLESALE INC & EXPRESS (WHOLESALE COMBINED)
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	FOR THE YEAR ENDED DECEMBER 31, 2016						FOR THE YEAR ENDED DECEMBER 31, 2017						FOR THE SIX-MONTHS ENDED JUNE 30, 2018					
	RUMBLEON INC.	%	WHOLESALE COMBINED	%	2016 TOTAL	%	RUMBLEON INC.	%	WHOLESALE COMBINED	%	2017 TOTAL	%	RUMBLEON INC.	%	WHOLESALE COMBINED	%	2018 TOTAL	%
Revenue:																		
Consumer	\$ -		460,154,903	97.8%	460,154,903	131.3%	\$ 2,183,808	9.9%	\$ 600,837,501	97.0%	\$ 2,183,808	6.6%	2,196,914	10.0%	\$ 46,824,642	14.3%	\$ 49,021,556	14.0%
Dealer	-						4,836,262	22.0%			605,673,763	172.8%	982,332	4.5%	-		982,332	0.3%
Auction	-						0.0%				0.0%		18,666,550	84.9%	288,001,587		286,688,137	81.8%
Wholesale	-						0.0%				0.0%		-		0.0%		0.0%	
Transportation	-		10,205,901	2.2%	10,205,901	2.9%			18,745,371	3.0%	16,745,371	5.3%	-		13,753,806	4.2%	13,753,806	3.9%
Salvage	-						0.0%				0.0%		53,290	0.2%	-		53,290	0.0%
Other Sales and Revenue	-						0.0%		175,521	0.8%	175,521	0.1%	69,054	0.3%	-		69,054	0.0%
Subscription Fees	-						0.0%		126,602	0.6%	126,602	0.0%	26,599	0.1%	-		26,599	0.0%
Total Revenue	-		470,361,804	100.0%	470,361,804	134.2%	7,322,193	33.3%	619,582,871	100.0%	626,905,064	178.8%	21,994,739	100.0%	328,586,037	100.0%	356,574,775	100.0%
Expenses:																		
Cost of Sales	-		451,581,798	96.0%	451,581,798	128.8%	7,013,929	95.8%	593,807,504	95.8%	600,821,432	171.4%	26,171,005	91.7%	314,730,756	95.8%	334,901,762	95.5%
Gross Margin	-		18,780,005	4.0%	18,780,005	5.4%	308,265	4.2%	\$ 25,776,367	4.2%	26,083,632	7.4%	1,823,734	8.3%	13,849,280	4.2%	15,673,014	4.5%
Selling, General and Administrative																		
Compensation and Related costs			10,460,757	2.2%	10,460,757	3.0%			12,205,008	2.0%	12,205,008	3.5%	2,930,903	13.3%	\$ 6,266,333	1.9%	\$ 9,197,238	2.6%
Advertising and Marketing			1,699,305	0.4%	1,699,305	0.5%			4,747,086	0.8%	4,747,086	1.4%	3,373,160	15.3%	1,830,627	0.6%	5,203,987	1.5%
Professional Fees			206,031	0.0%	205,031	0.1%			296,070	0.0%	296,070	0.1%	446,461	2.0%	237,470	0.1%	683,931	0.2%
Technology Development			-	0.0%	-	0.0%			-	0.0%	-	0.0%	494,828	2.2%	-	0.0%	494,828	0.1%
Selling Expenses			907,103	0.2%	907,103	0.3%			1,560,818	0.3%	1,560,818	0.4%	763,656	3.5%	678,884	0.2%	1,642,540	0.4%
General and Administrative	211,493		3,149,454	0.7%	3,360,947	1.0%	7,549,568	34.3%	4,065,040	0.7%	11,614,623	3.3%	1,416,377	6.4%	2,342,439	0.7%	3,759,118	1.1%
	211,493		16,421,849	3.5%	16,633,142	4.7%	7,549,568	34.3%	22,874,023	3.7%	30,423,611	8.7%	9,425,666	42.9%	11,358,853	3.5%	20,781,839	5.9%
Depreciation and Amortization	1,908		609,278	8.1%	\$11,178	0.1%	668,467	9.1%	720,409	0.1%	1,398,875	0.4%	423,805	1.9%	\$ 458,428	0.1%	882,023	0.3%
Total expenses	213,393		16,930,927	3.6%	17,144,320	4.9%	8,218,056	112.2%	23,594,432	3.8%	31,812,487	9.1%	9,849,281	44.8%	11,814,381	3.6%	21,663,662	6.2%
Operating Income (loss)			1,849,078	0.4%	1,849,078	0.5%	(7,909,790)	-108.0%	2,180,936	0.4%	(5,728,851)	-1.6%	(8,025,847)	-384,884	2,034,699	0.6%	(5,990,646)	-1.7%
Other Expense (Income)			(663,759)	-0.1%	(663,759)	-0.2%			(122,995)	0.0%	(122,995)	0.0%			(14,866)	0.0%	(14,866)	0.0%
Interest expense-Bridge loan																		
Interest expense	11,698		-	-	11,698	0.0%	595,966	8.1%	-		595,966	0.2%	325,106	1.5%	-	0.0%	325,106	0.1%
Income (loss) before taxes	11,698		2,512,837	0.5%	2,524,535	0.7%	(8,505,756)	-116.2%	2,303,930	0.4%	(8,201,826)	-1.6%	(8,350,653)	-38.0%	2,049,785	0.6%	(6,300,866)	-1.8%
Income taxes																		
Net income (loss)	\$ 11,698		\$ 2,512,837	0.5%	2,524,535	0.7%	(8,505,756)	-116.2%	\$ 2,303,930	0.4%	(8,201,826)	-1.6%	\$ (8,350,653)	-38.0%	\$ 2,049,785	0.6%	\$ (6,300,866)	-1.8%
EBITDA	\$ 1,908		\$ 2,358,356		\$ 2,360,256		\$ (7,241,326)		\$ 2,901,344		\$ (4,339,979)		\$ (7,601,952)		\$ 2,493,327		\$ (5,108,629)	

The unaudited consolidated financial information for RumbleOn, Inc., Wholesale, Inc. and Wholesale Express, LLC is provided for informational purposes and should not be construed to be indicative of RumbleOn's financial position or results of operations had the proposed acquisitions occurred before the periods presented or for any future periods.

RumbleOn 23