Copart Informational Supplement

April 2016

Safe Harbor

This presentation contains forward-looking statements that are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including statements about estimates of revenues, operating margins, capital expenditures, cash, other financial metrics, expected results or practices, customer patterns or practices, and other such estimates and results.

Forward-looking statements are based on management's current, preliminary expectations and involve significant risks and uncertainties. Risks and uncertainties affecting our business, operating results, financial condition, and stock price, include, among others, our dependence on a limited number of major vehicle sellers for a substantial portion of our revenues; our expansion into markets outside North America exposing us to risks arising from operating in international markets, including the need to successfully integrate businesses acquired outside of North America into our operations, and implementing our salvage auction model in markets that may not operate on the same terms as the North American market; our ability to grow our business through the successful acquisition and development of new facilities; risks related to managing our growth as we continue to expand our operations; and our ability to protect our intellectual property assets.

In addition to these risks and uncertainties, investors should review the risks and uncertainties more fully described in the Securities and Exchange Commission (SEC) reports filed by Copart, including Copart's most recent annual report on Form 10-K and any subsequent periodic reports on Form 10-Q and Form 8-K. Please refer to Copart's most recent Forms 10-K, 10-Q and 8-K for additional information on the uncertainties and risk factors related to our business. Unless otherwise noted, Copart is providing this information as of March 31, 2016 and expressly disclaims any duty to update information contained in this presentation.

This presentation includes GAAP and non-GAAP financial measures. In accordance with the requirements of SEC Regulation G, reconciliations between these two measures, if these slides are in hard copy, accompany the hard copy presentation or, if these slides are delivered electronically, are available on the Company's website at www.copart.com within the Investor Relations section.

Highlights

Investment Thesis

- Profitable, growing industry with positive underlying drivers – miles driven, fleet age, vehicle complexity, salvage rates
- Demonstrated ability to grow the business internationally
- Limited exposure to economic cycles
- Cash flow generation
- Consistent returns on invested capital

Barriers to Entry

- Scale – matching thousands of sellers and 100,000+ buyers around the world
- Relationships – decades-long sales and ops engagement with major insurance carriers
- Land –>175 permitted yards in close proximity to major population centers
- Technology platform – 20+ year investment in auction and inventory management systems
- Process complexity – managing catastrophes, providing detailed reporting to sellers, deploying sub-haul network of 4,000 providers, navigating regulatory and title processing across 50 states and multiple countries

Key Questions

Accident Avoidance / Self-Driving Technologies

- Accident rate has declined moderately in the past, but has increased in recent years
- Future effect of new safety technologies is mitigated by the size of the installed base – 250mm+ base vs. 15mm – 17mm annual units – and by consumer behavior
- Penetration of new technologies may reduce accident frequency, but with offsetting higher repair costs

Scrap Metal Prices

- Scrap value a component of every salvage vehicle sold – greater proportion of low-value cars
- Scrap values near 10-year lows, with upside/downside exposure to worldwide steel economics
- Affects ASPs and Copart revenues

Currency

- Modest earnings translation exposure from Copart international operations
- More substantial effect on Copart US auctions – approximately 20% of units sold to non-US buyers who typically purchase higher-than-average value cars
- USD near 10-year highs, affecting purchasing power of our international buyer base

DOMESTIC REVENUE

The Salvage Equation

Inputs

- Pre-accident vehicle value (PAV)
- Repair cost
- Supplemental costs (rental)
- Salvage value of damaged car

Equation

- If PAV minus repair and supplemental costs is greater than salvage value, the vehicle is repaired.
- If PAV minus repair costs is less than salvage value, the vehicle is totaled and sold through auction.

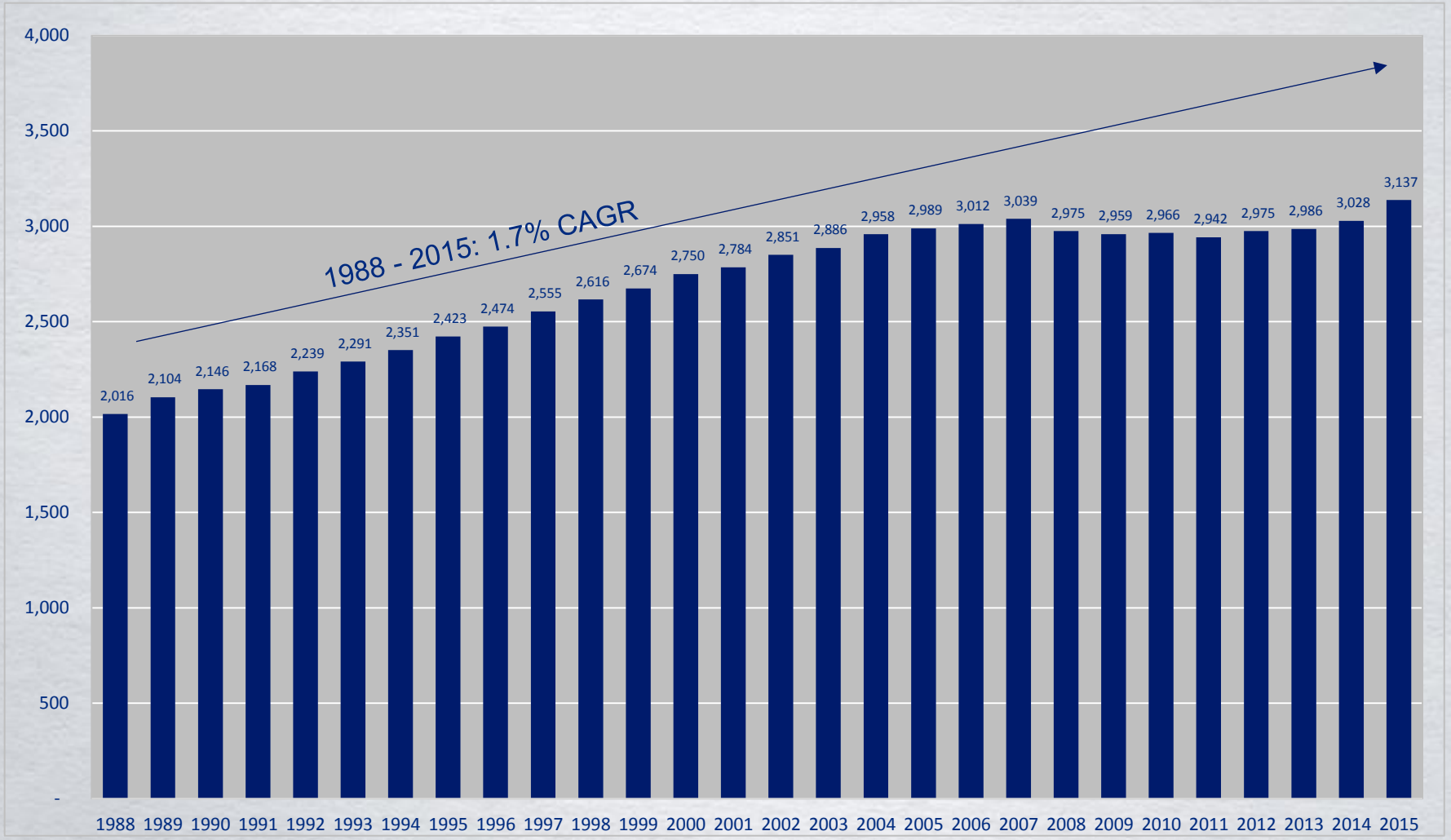
Example

- Pre-accident value of 2007 Honda Accord = $10,000
- Repair cost = $7,000
- Supplemental cost = $500
- Salvage value = $3,500
- The insurance carrier elects to salvage the vehicle at a net cost of $6,500.

Demand Drivers

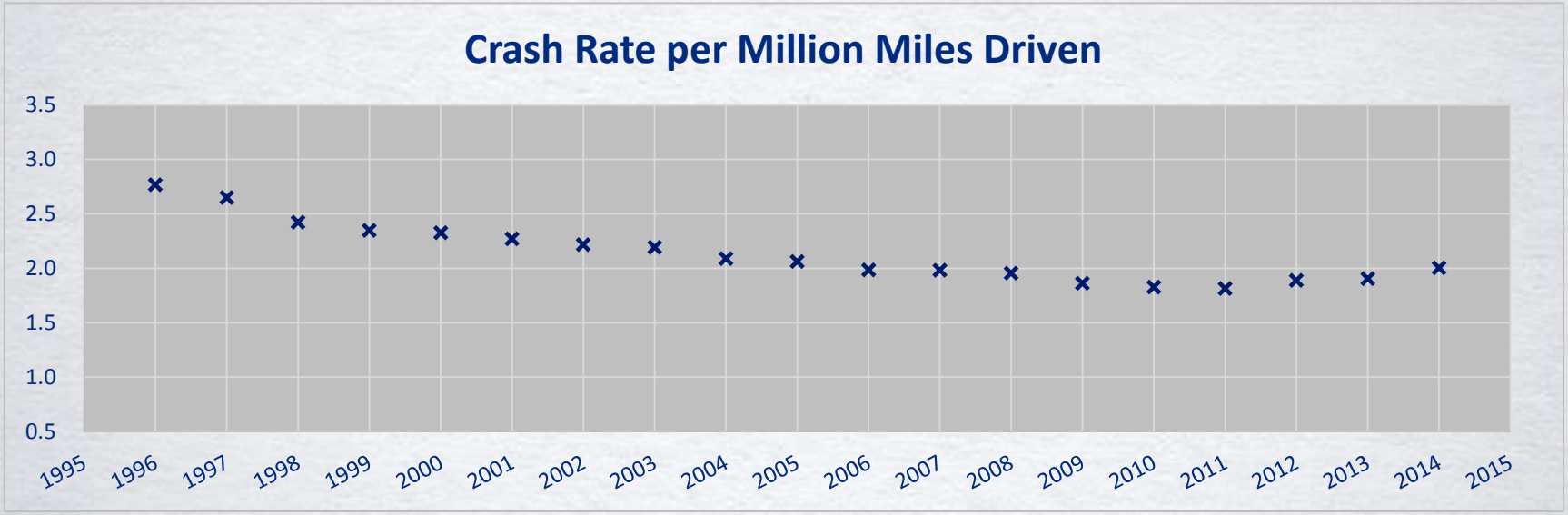
	Miles Driven	x	Accident Rate / Mile	x	Salvage Rates
	- Population - Low Fuel Prices		- Road congestion - Distracted driving		- Aging fleet - Vehicle complexity - CAFE standards (aluminum/composites) - Body shop consolidation
	- Unemployment - Re-urbanization		- Technology (ABS, etc.)		- Low scrap values - Strong USD
Recent Trends	- Growth due to benign economic environment and low fuel prices		- Multi-year increase after historical steady, moderate declines		- Substantial increase over past 10+ years

Steady Increase in Miles Driven Over Time



Source: Department of Transportation

Accident Rates Declined Gradually in the Past, But Have Increased Since 2011

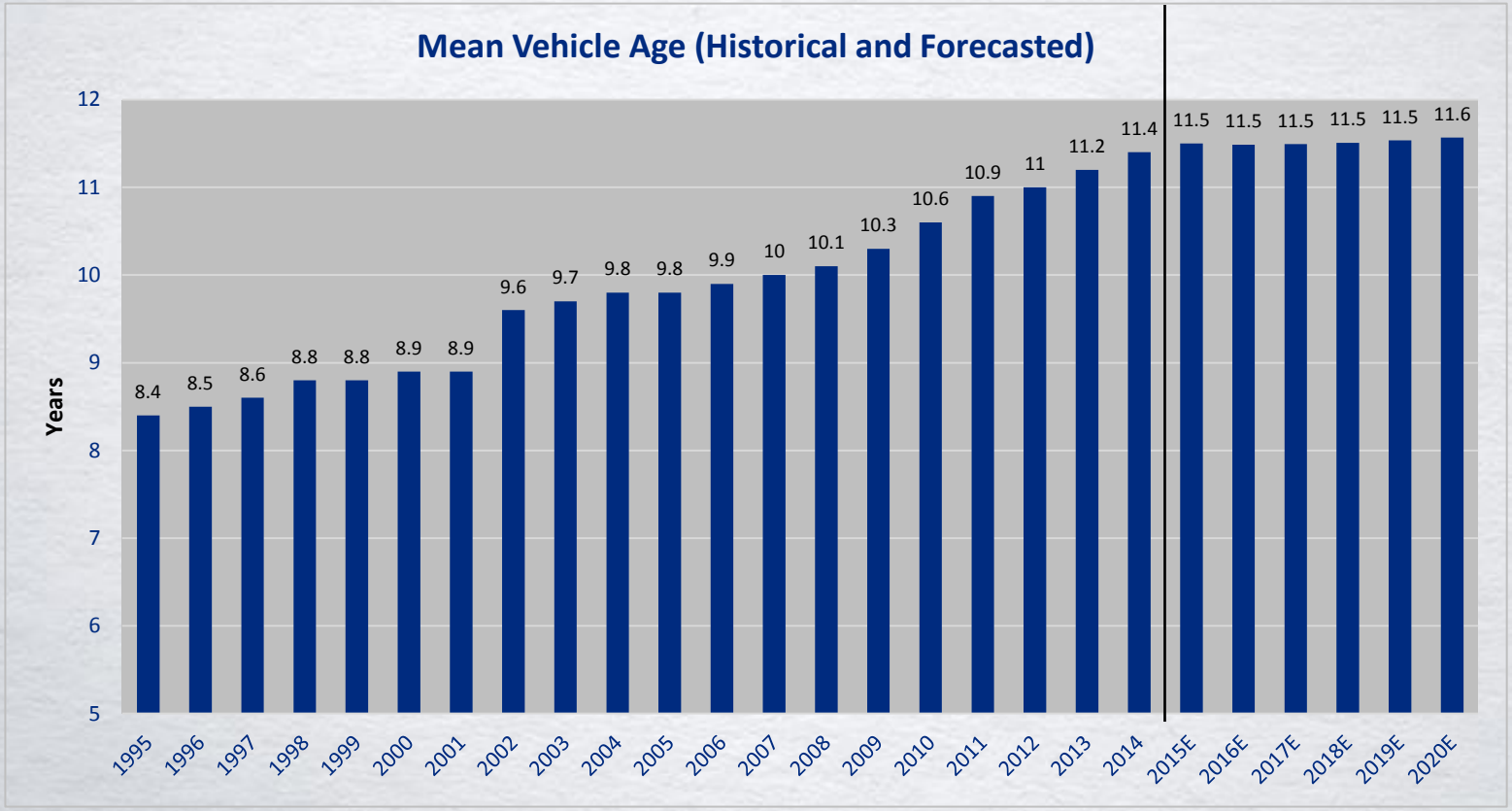


Source: NHTSA

"Smartphone penetration has also coincided with a significant uptick in social media usage and texting activity, and according to the National Safety Council, one in four crashes involves cell phone usage…We believe this social development partially explains why continued improvement in safety features has not led to a consistent decline in accident frequency, and is likely to remain an issue so long as technology enables driver distraction."

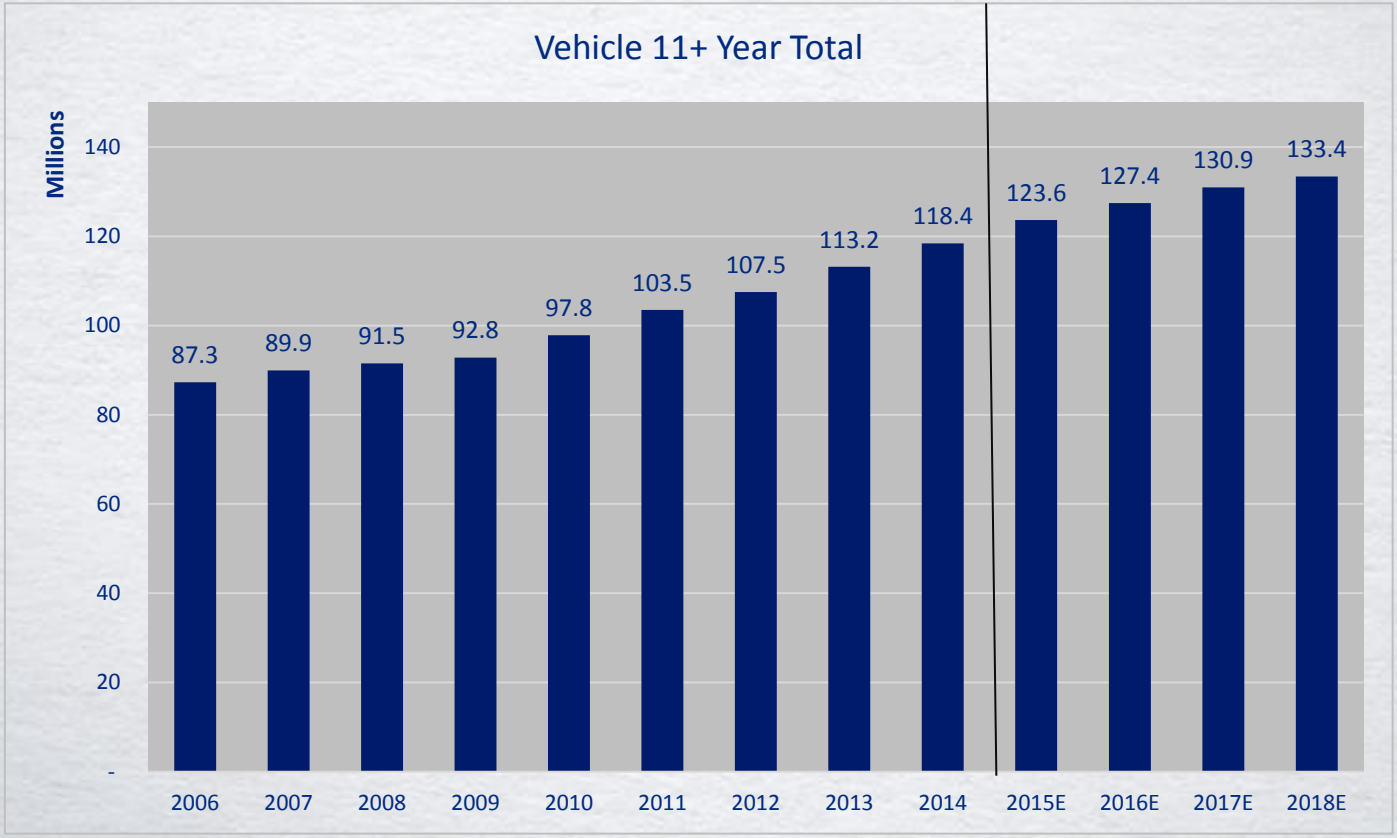
Goldman Sachs Global, September 2015

Substantial Historical Increase in Vehicle Age, Projected to Remain Elevated



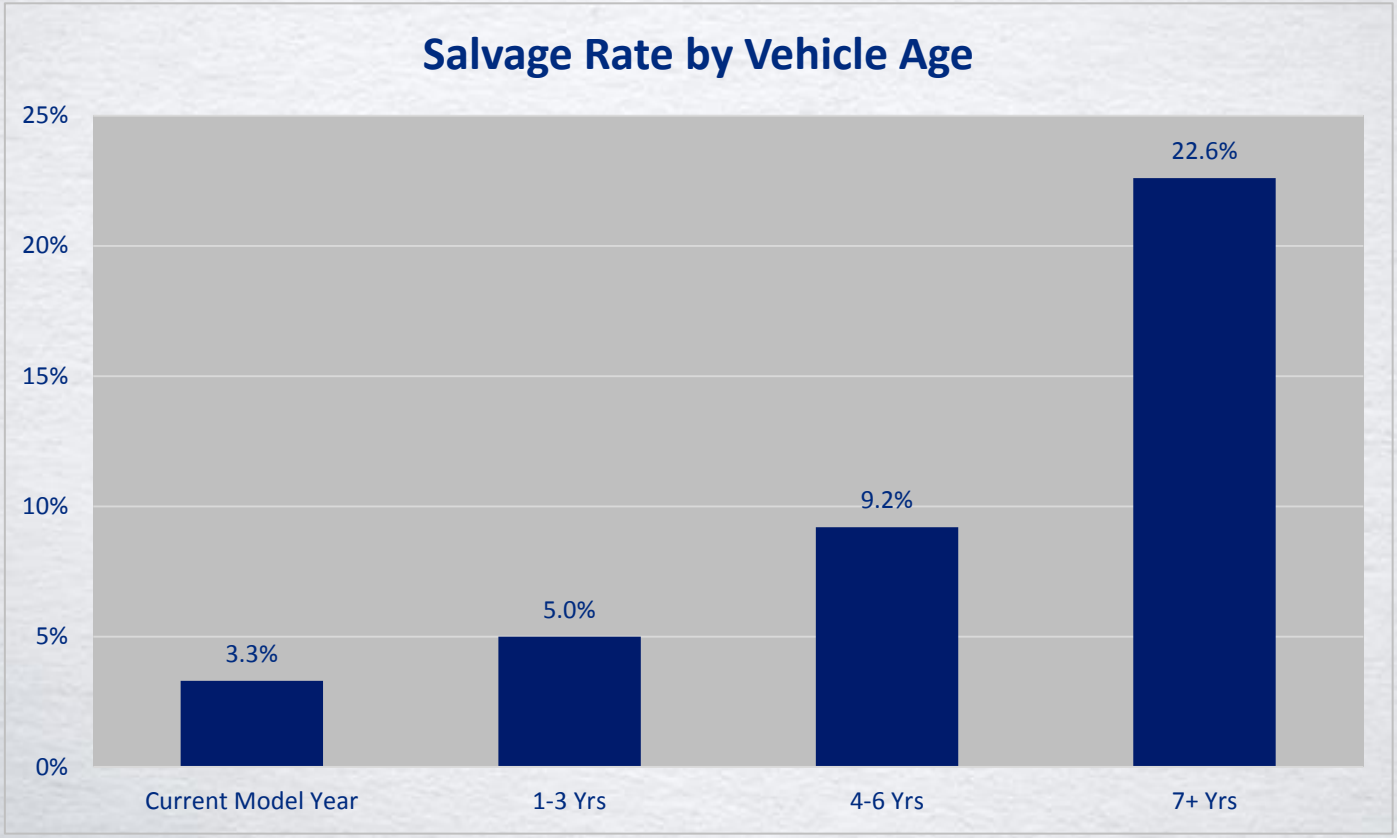
Source: Jefferies estimates, AutoCare Association

Growth in Population of Very Old Vehicles Projected to Continue



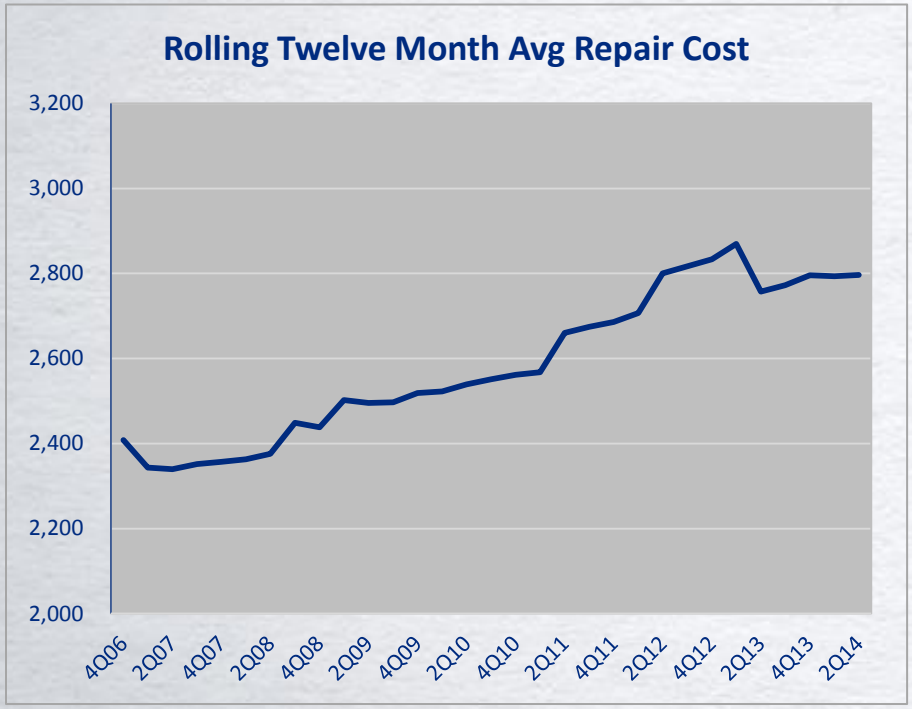
Source: Jefferies estimates, AutoCare Association

Older Vehicles More Prone to Salvage



Source: CCC 2014 Crash Report; excludes vehicles for which no appraisal was written (CCC estimates additional 5% on average)

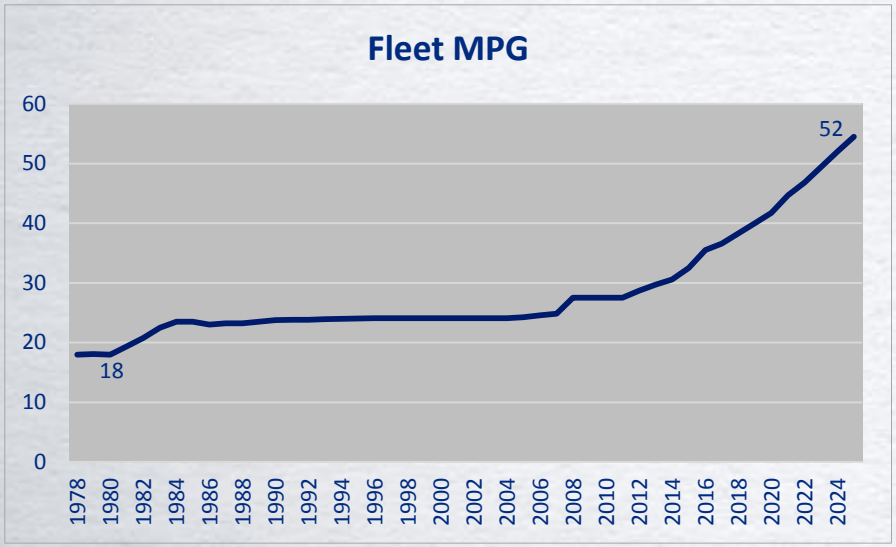
Growth in Repair Costs and Consolidation Among Repair Providers



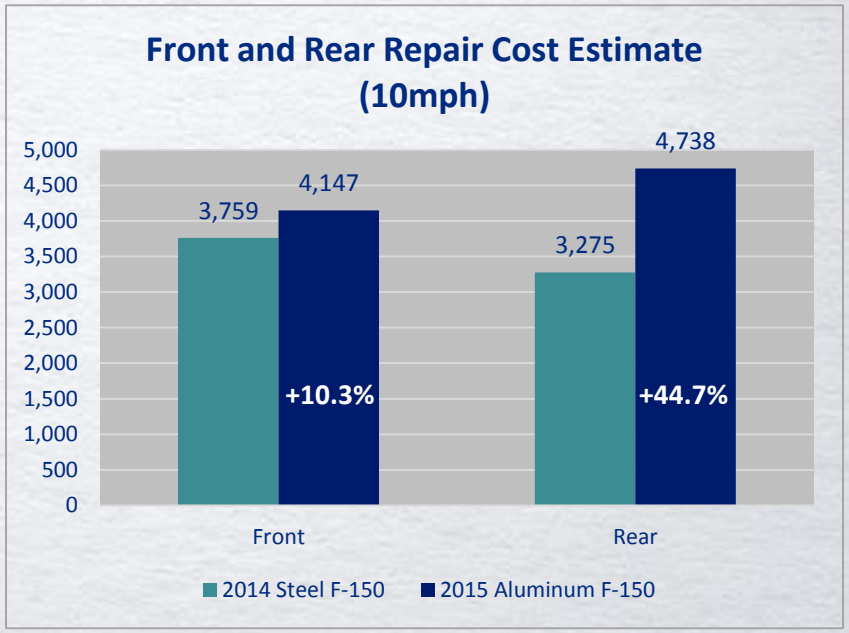
Source: Mitchell International, Jefferies estimates

Source: The Romans Group

Federal CAFE Standards Accelerating and Will Compel Increased Use of Aluminum and Composites—With Higher Repair Costs and Salvage Rates as a Result

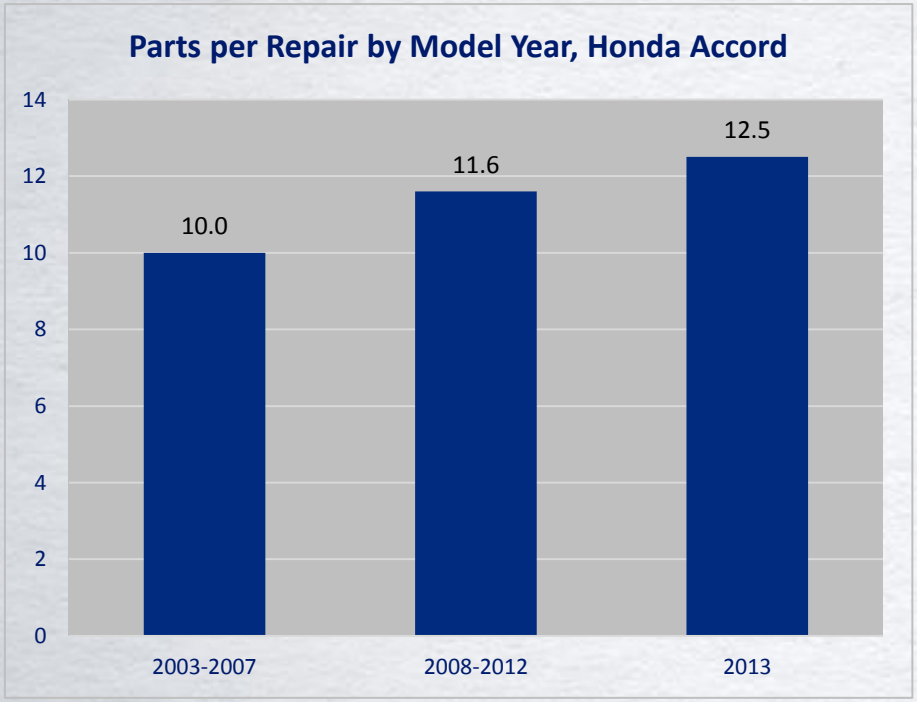


Source: NHTSA and Jefferies

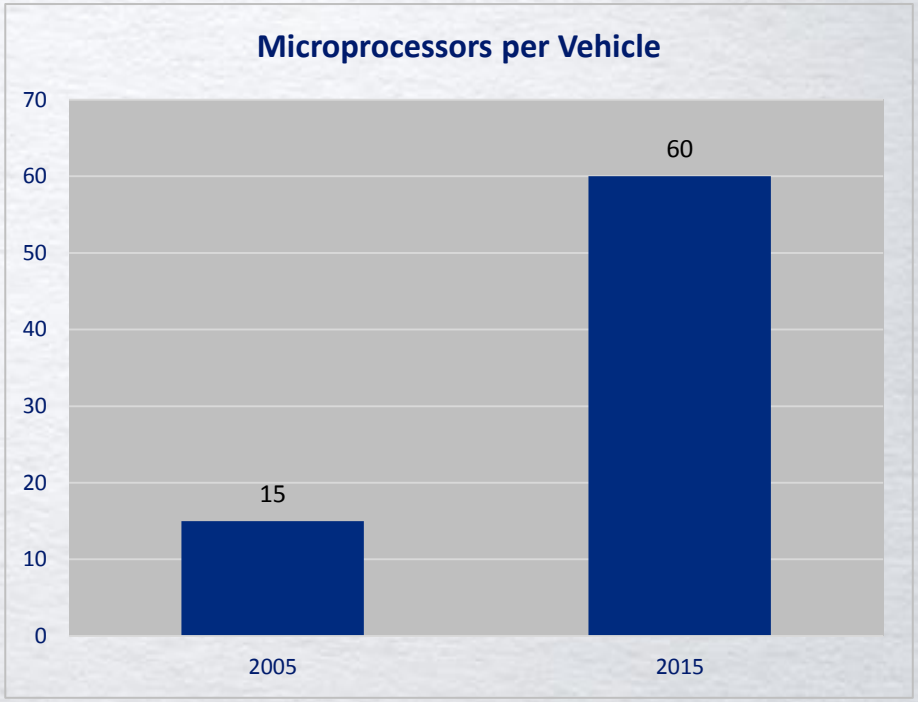


Source: IIHS

Ongoing Increase in Vehicle Complexity Raises Repair Costs

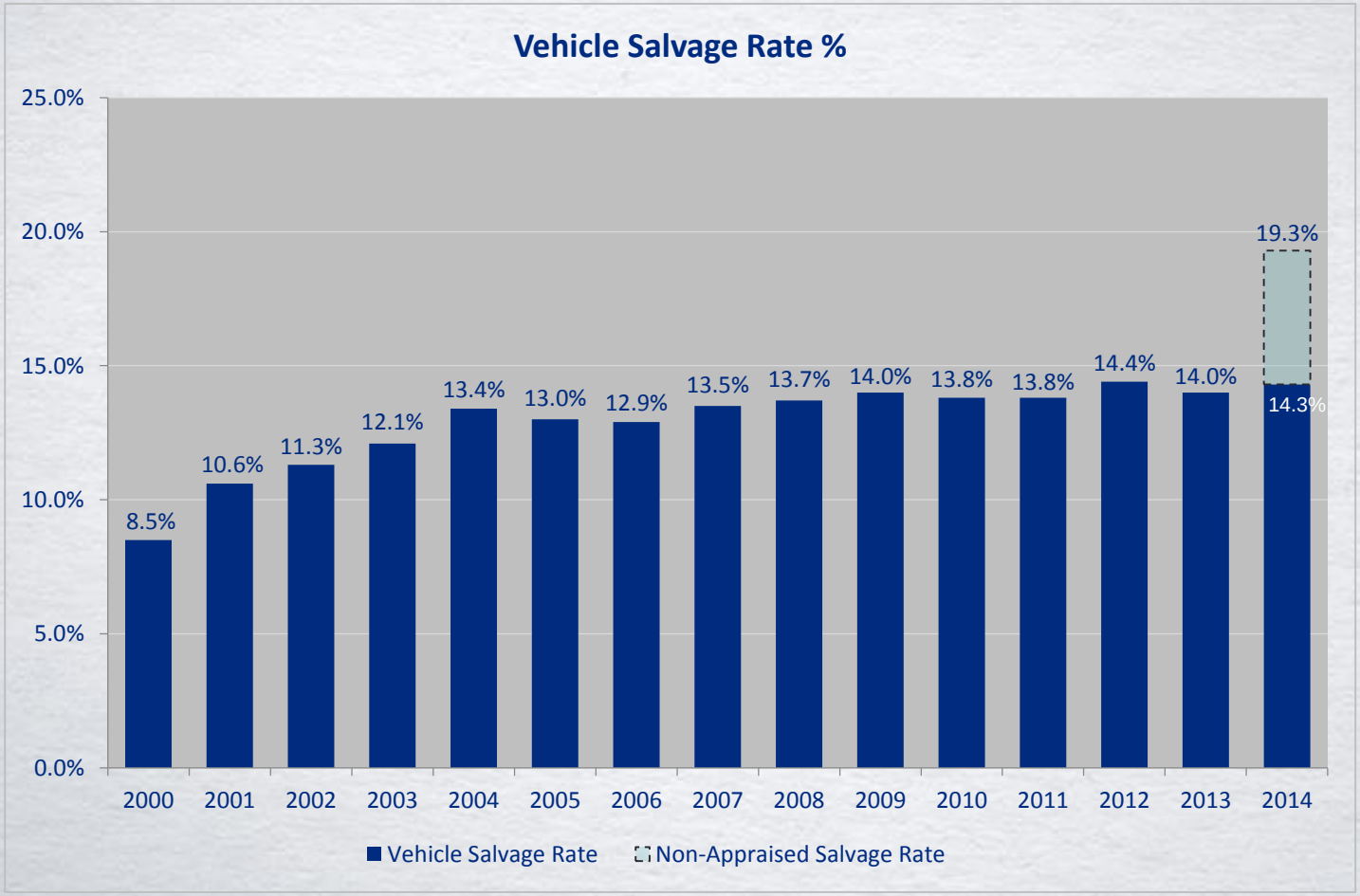


Source: CCC Crash Report 2015



Source: CCC Crash Report 2015

Salvage Rate has Increased Steadily



Source: 2014 CCC Crash Report; 2014 salvage rate adjusted for approximate 5% additional salvage from non-appraised accidents

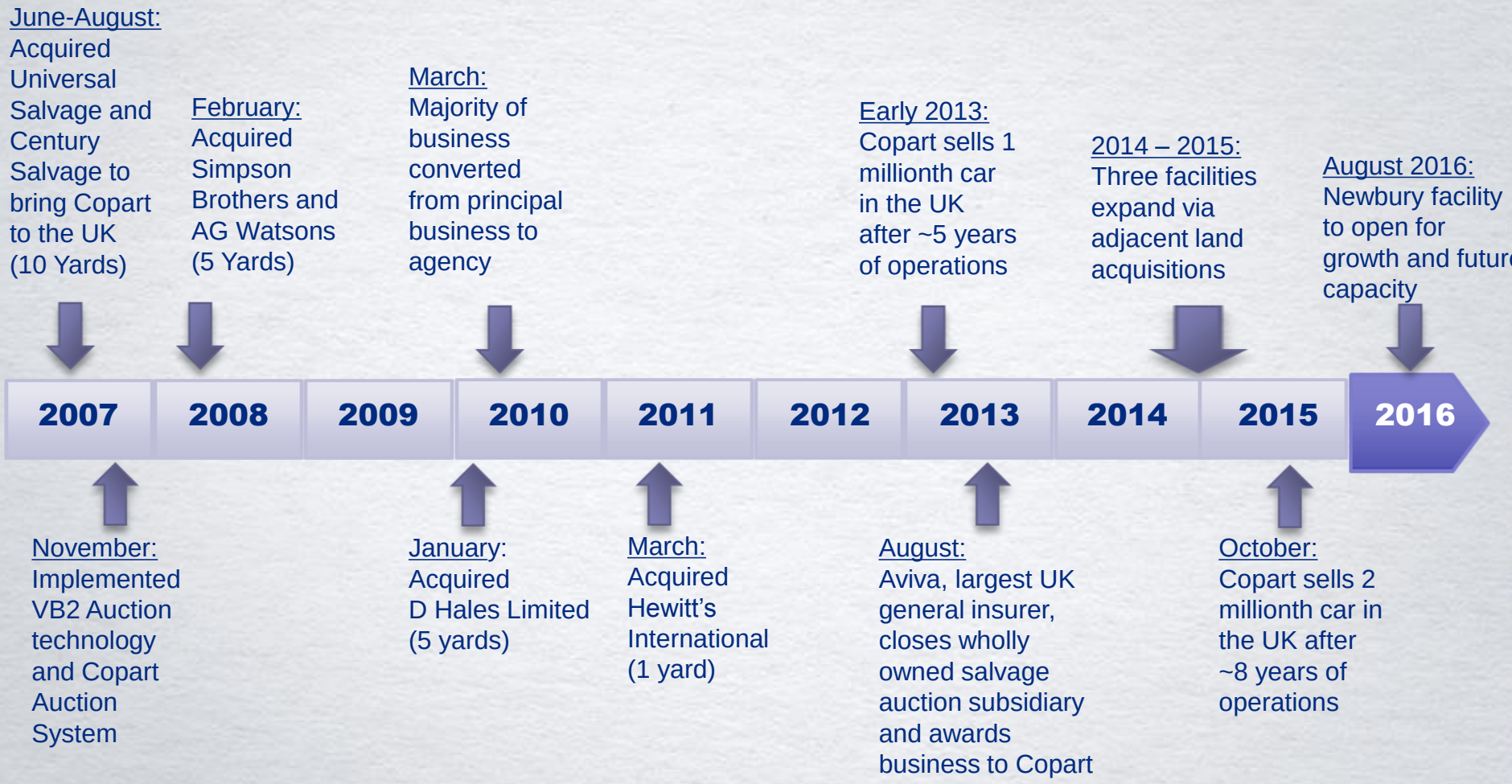
20/20/20

To address projected demand, Copart intends to pursue:

- 20 expansions + 20 new yards in 20 months
- Approximately $100mm of related capital expenditures in calendar 2016

INTERNATIONAL GROWTH

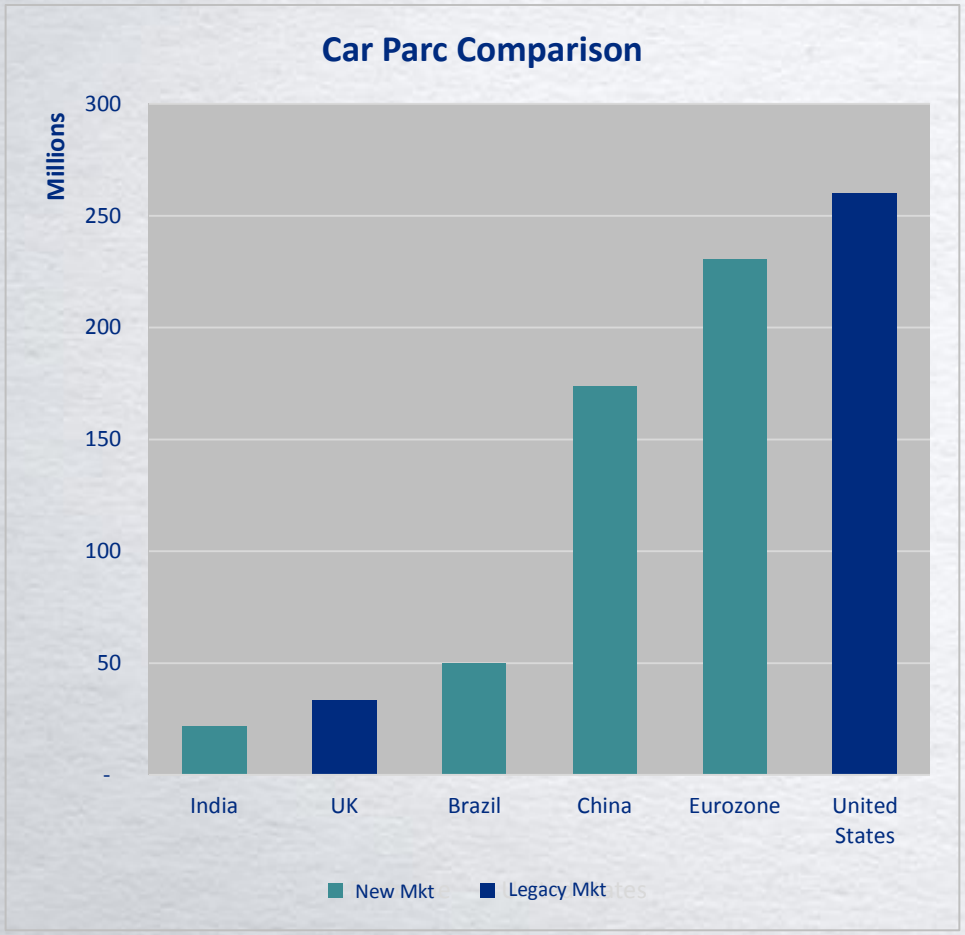
UK Case Study



Current

- Through acquisition, development, and rationalization have achieved 15 yard footprint
- Substantial competitive position in mature salvage market
- UK today is approximately 15% the size of North American business, with comparable economics

Additional International Markets



Source: Copart analysis

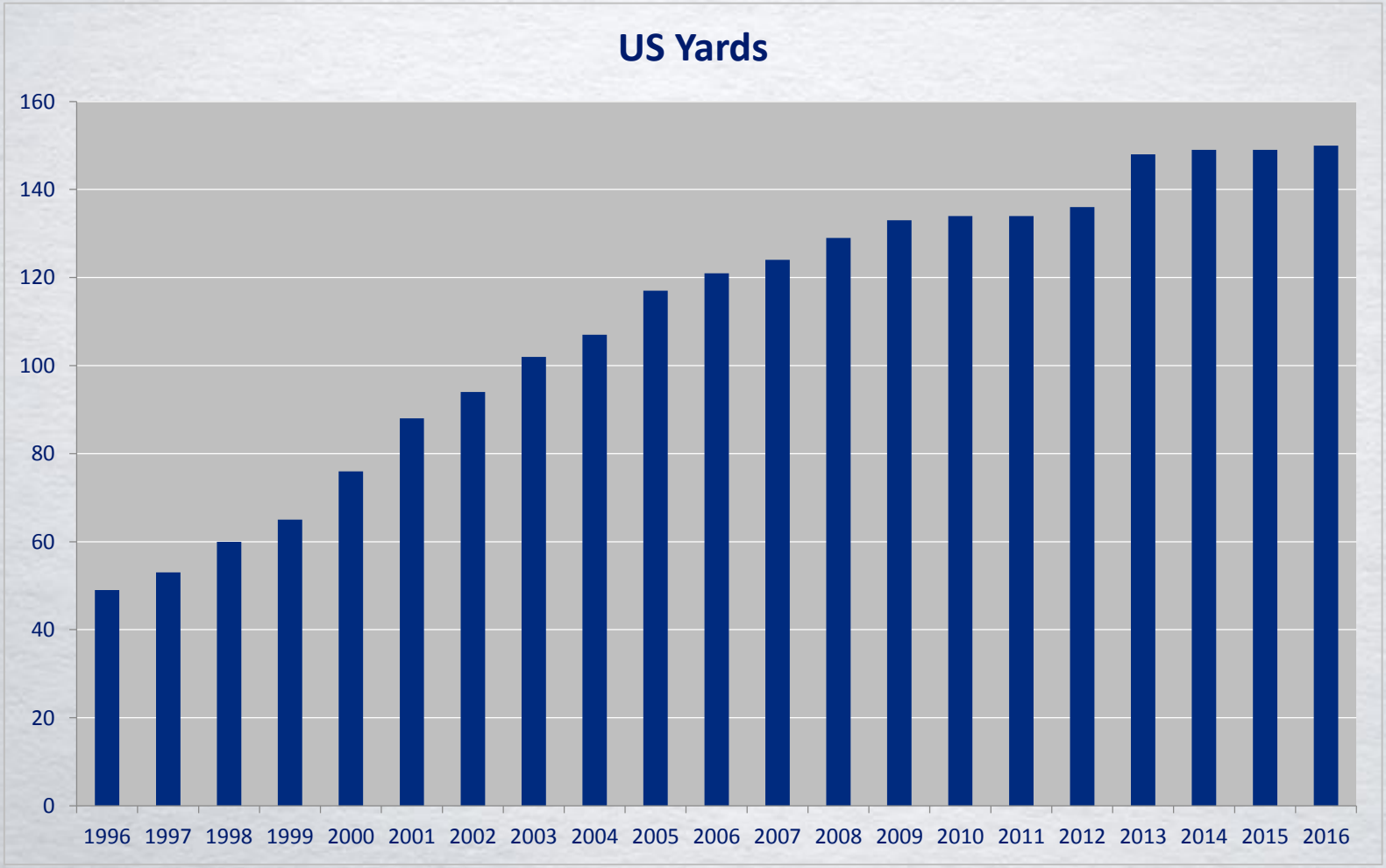
Near-term Priorities:
- Germany
- Brazil
- Spain

Long-term Strategic Investments
- China
- India

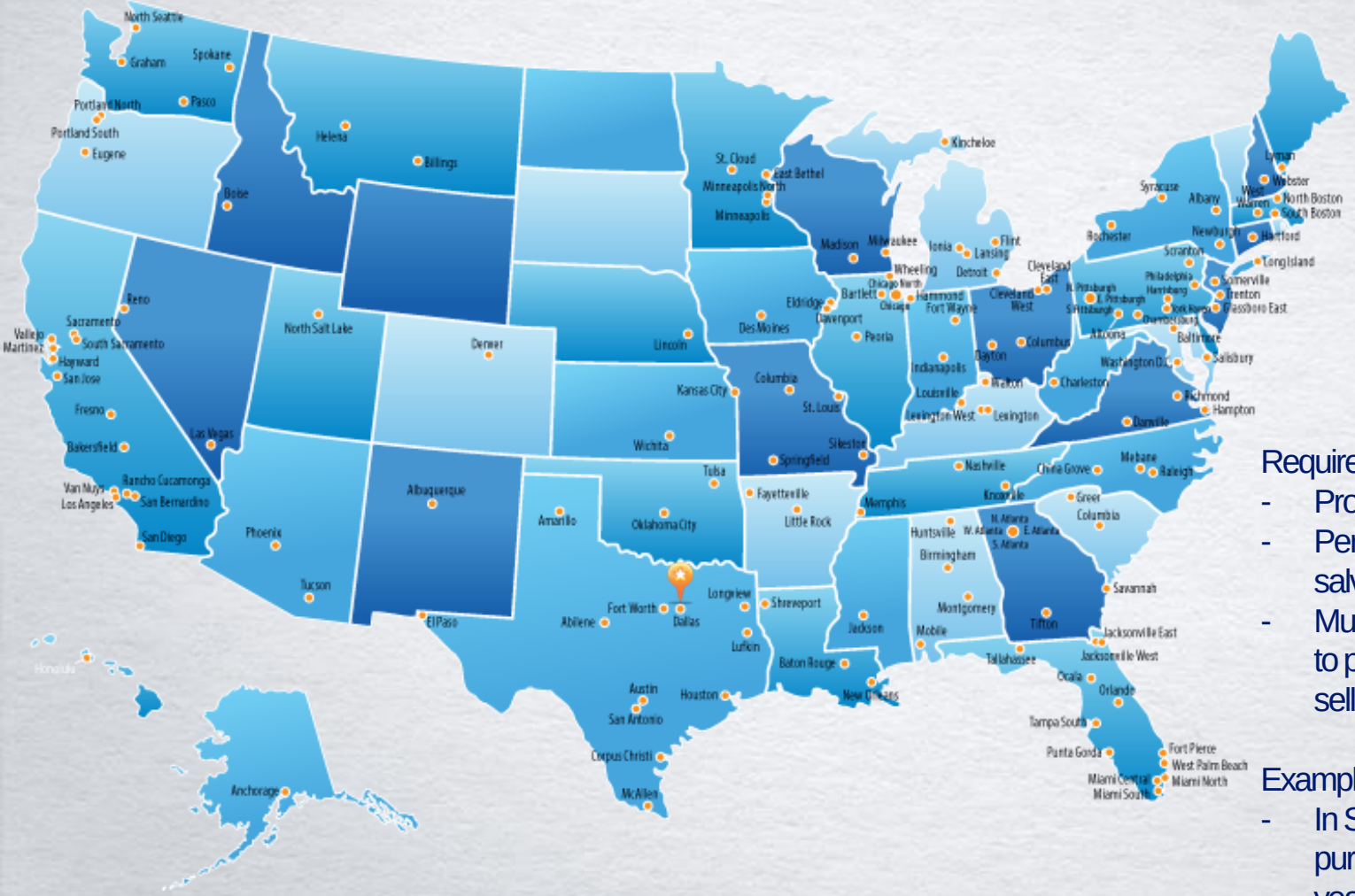
BARRIERS TO ENTRY

Barriers to Entry: Robust Buyer Base for US Auctions

Barriers to Entry: Domestic Yards



Barriers to Entry: 150+ permitted yards in the United States



Requirements:

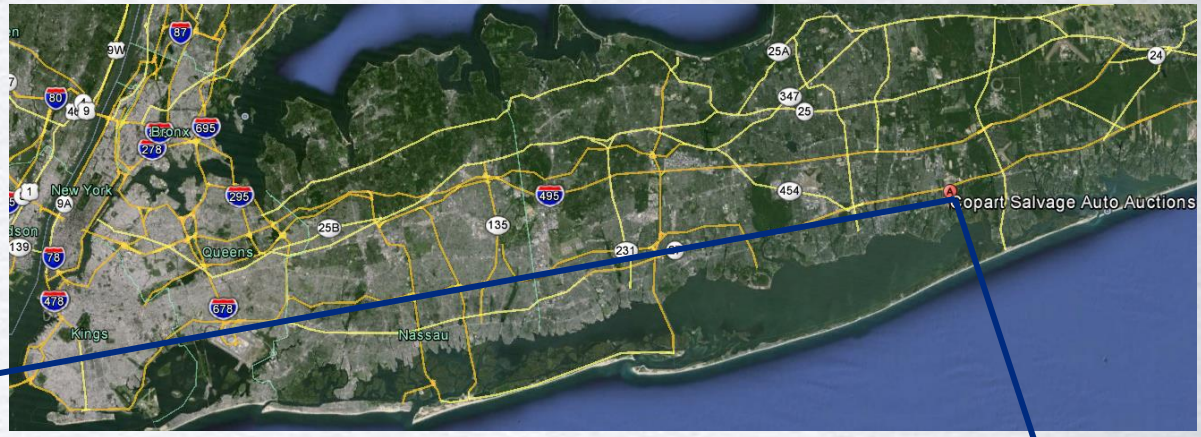
- Proximity to major metro areas
- Permitted zoning for storing salvage vehicles
- Multiple yards across a region to provide required scale to sellers

Example:

- In Southern California, pursued plot of land for 20+ years

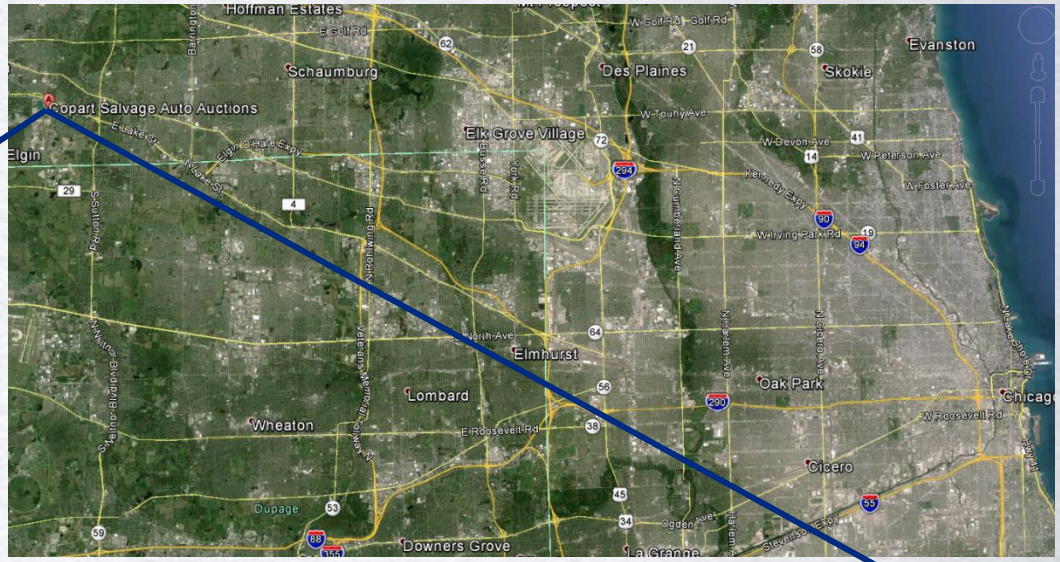
Yard 30: 1983 Montauk Highway (NYC)

Background:
- 50 acres, 50 miles from New York City
- Approximately 5,000 units in inventory



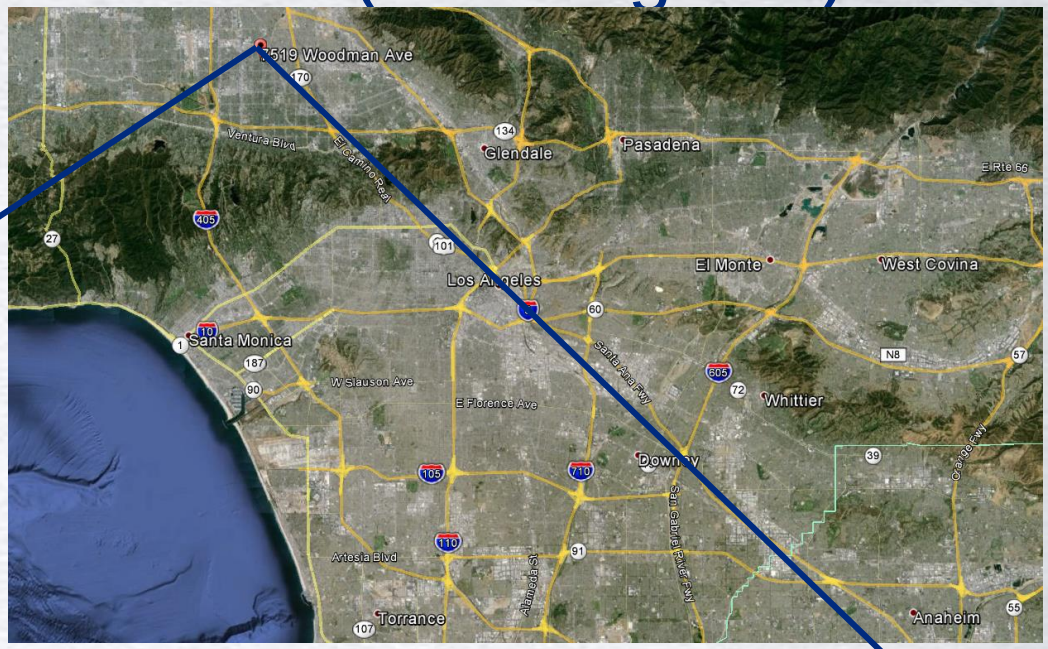
Yard 36: 1475 Bluff City Blvd (Chicago)

Background:
- 42 acres, 25 miles from Chicago
- Approximately 7,500 units in inventory



Yard 43: 7519 Woodman Ave (Los Angeles)

Background:
- 40 acres, within Los Angeles city limits
- Approximately 6,000 units in inventory



Barriers to Entry: Process Complexity

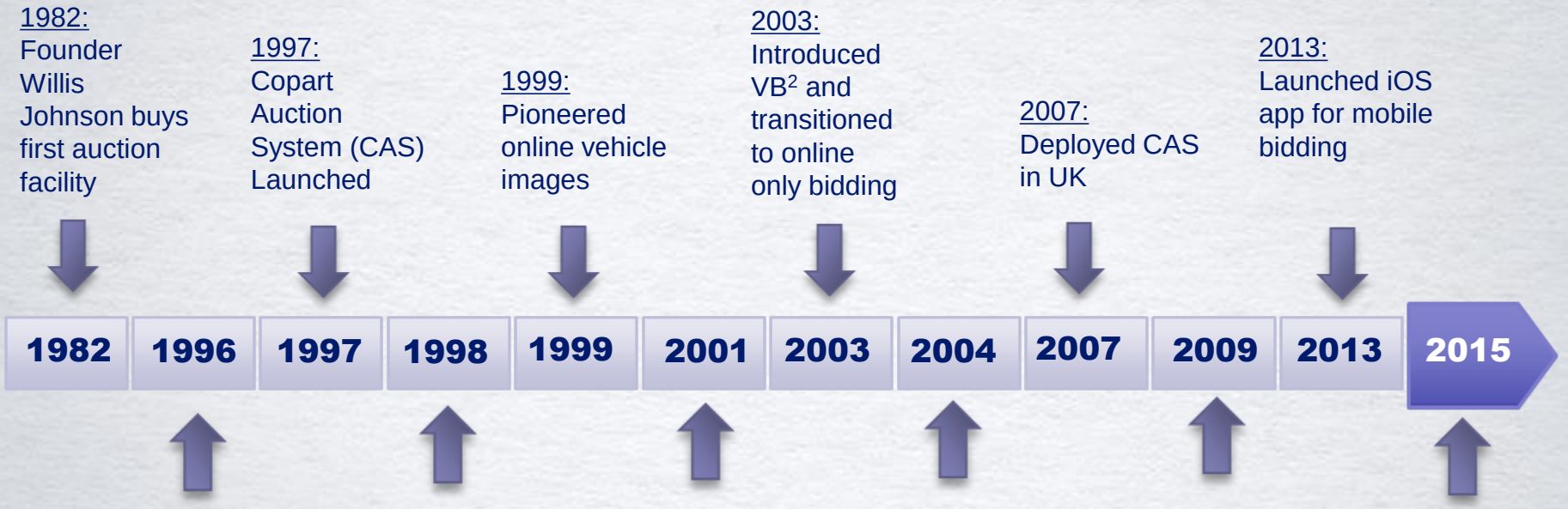
Systems
- Manage online auction platform to process 200,000+ bids per week
- Provide dynamic reporting to sellers

Capacity
- Absorb demand spikes from natural disasters – e.g., $26mm in extraordinary expenditures during Hurricane Sandy in FY13

Logistics
- Manage subhauler network of approximately 4,000 providers
- Navigate DMV and regulatory frameworks across 50 states and multiple countries

People
- Experienced workforce of 4,000+ with industry-specific expertise

Copart Technology Timeline



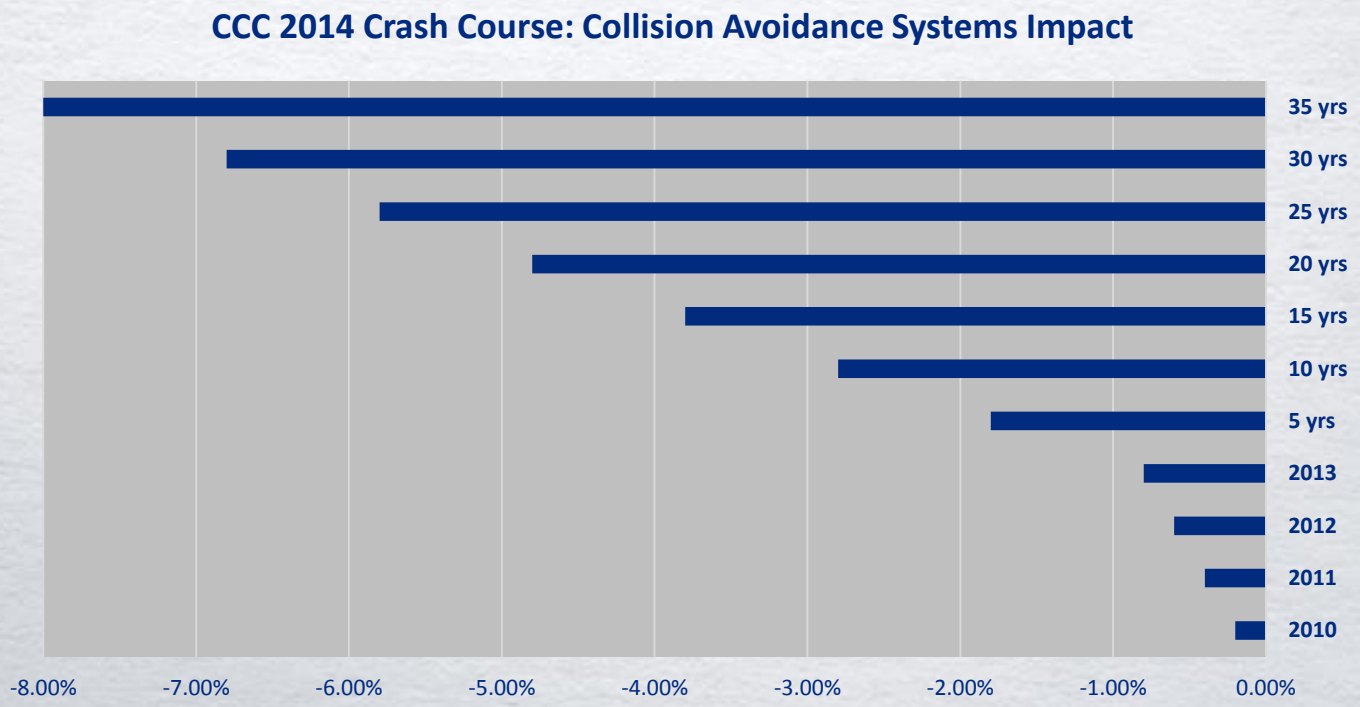
KEY QUESTIONS:

ACCIDENT AVOIDANCE TECH/SELF-DRIVING CARS

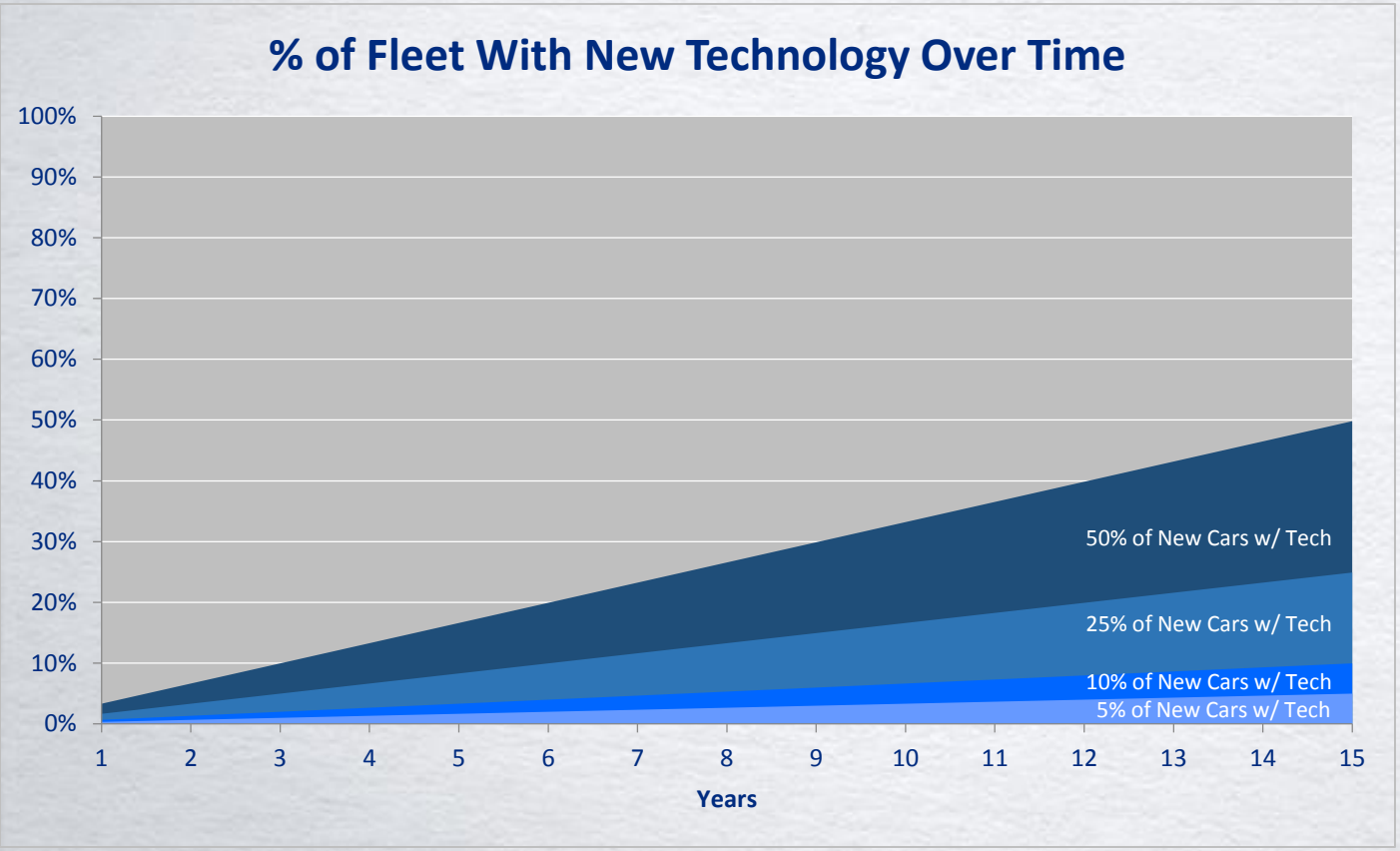
Even at 100% Penetration, Collision Avoidance Technologies Expected to Reduce Accidents by 10% - 15%

"If all vehicles had been equipped with autobrake that worked as well as the systems studied, there would have been at least 700,000 fewer police-reported rear-end crashes in 2013. That number represents 13 percent of police-reported crashes overall."

Insurance Institute for Highway Safety, January 2016 Status Report



Complete Penetration of New Technologies Likely a Multiple-Decade Process



Note: Autonomous forward braking offered as standard on 1% of new vehicle models

Source IIHS, August 2015

Assumptions:

- 256mm car parc (fixed)
- 17mm new cars p.a.
- Avg Car Life 15 years

Consumer Resistance to Adoption of Accident Avoidance Mitigates Effectiveness of Technology

"…Only a third of vehicles had lane departure warning activated…vehicle owners found lane departure warning more annoying than other crash avoidance technologies…They also may help explain why studies so far haven't found a consistent benefit."

Insurance Institute for Highway Safety, January 2016 Status Report

" When respondents were asked about which level of vehicle automation they preferred …the most frequent preference was for no self-driving (43.8%), followed by partially self-driving (40.6%), with completely self-driving being the least preferred (15.6%)"

University of Michigan, July 2015

Autonomous Cars Not Yet Surpassing Human Driving Abilities

"The self-driving car, that cutting-edge creation that's supposed to lead to a world without accidents, is achieving the exact opposite right now: The vehicles have racked up a crash rate double that of those with human drivers.

Google has already programmed its cars to behave in more familiar ways, such as inching forward at a four-way stop to signal they're going next. But autonomous models still surprise human drivers with their quick reflexes, coming to an abrupt halt, for example, when they sense a pedestrian near the edge of a sidewalk who might step into traffic.

' These vehicles are either stopping in a situation or slowing down when a human driver might not,' said Brandon Schoettle, co-author of the Michigan study. 'They're a little faster to react, taking drivers behind them off guard.'"

–

Bloomberg, December 2015, citing University of Michigan study

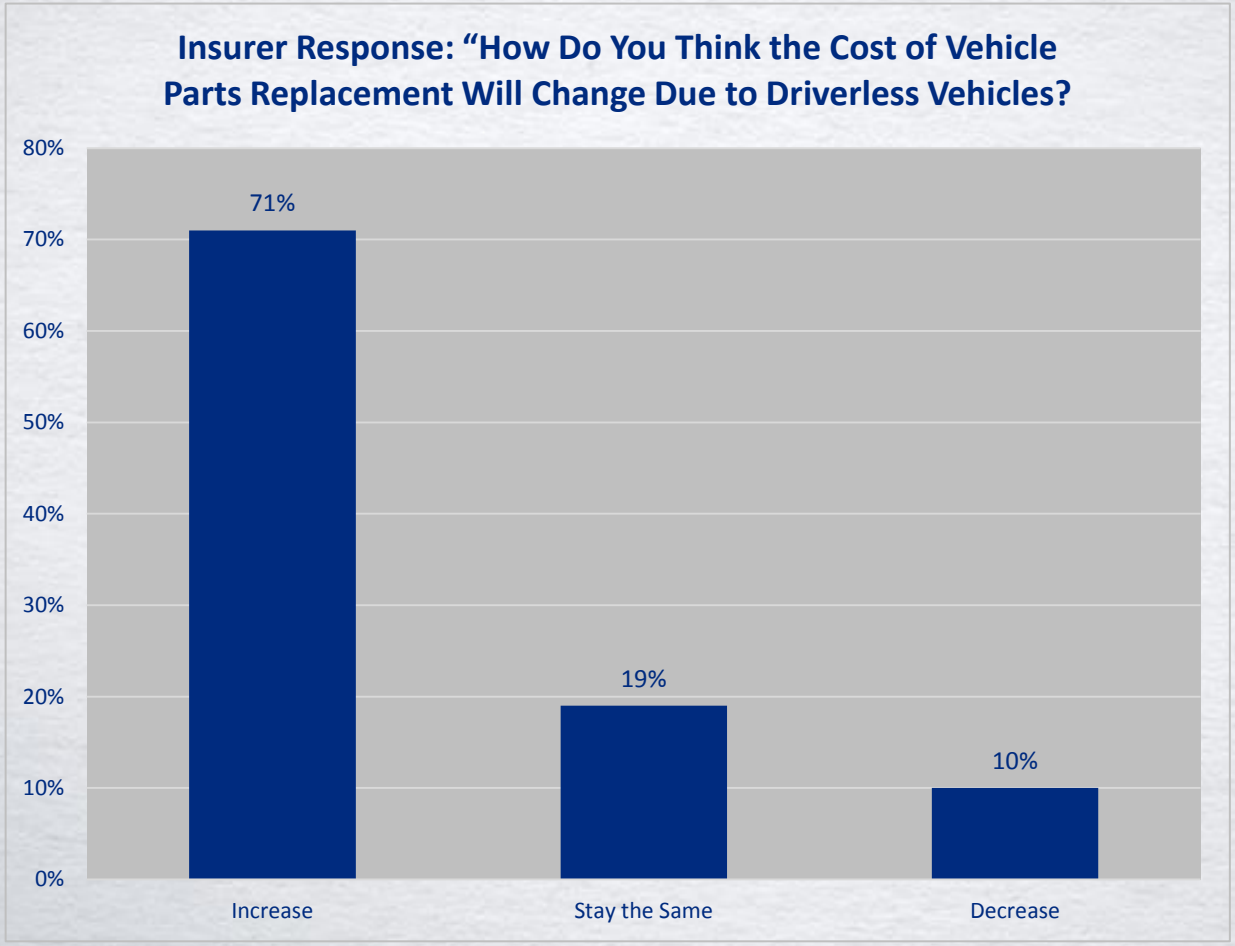
Security Concerns Represent a Barrier to Widespread Adoption

"Direct attacks are possible in both theory and practice, as was demonstrated when two "white hat" hackers (computer-adept individuals who use their advanced skills to render hardware and software more, not less, secure) used a cellular base station to imitate the unencrypted data streaming from a large European OEM. The hackers then used the station to instruct one of the OEM's vehicles to unlock the driver-side door.

That was not an isolated incident. Security researchers have discovered and exploited literally dozens of pathways into the hardware and software of numerous different car makes and models. In one sobering, well-publicized incident, two U.S. researchers made news when they connected a laptop directly to the controller-area-network (CAN) bus – the system that connects multiple vehicle functions – of a conventional car. That simple step gave the researchers full control over nearly every system in the vehicle, as they demonstrated by disabling the brakes in a controlled environment."

BCG, "Revolution Versus Regulation", September 2015

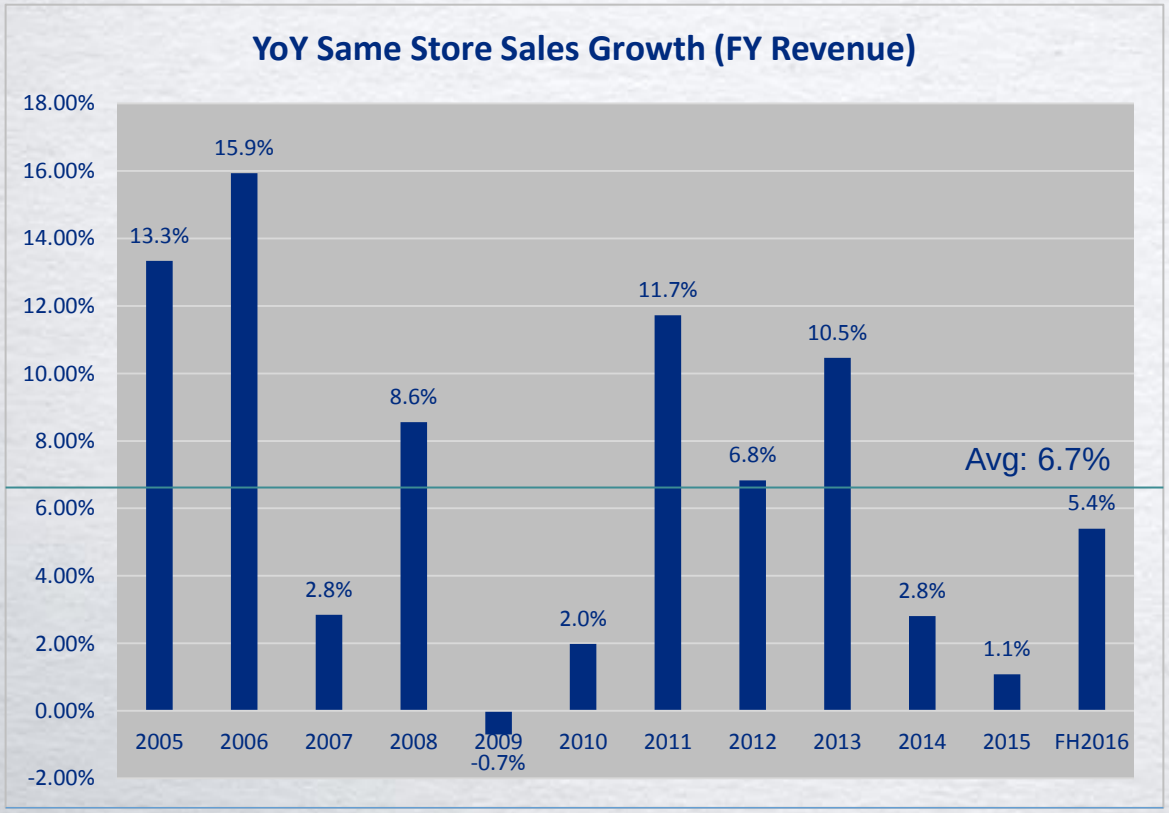
Repair Costs Are Expected to Be Higher for Self-Driving Cars; Increased Severity a Natural Offset to Reduced Frequency



Source: KPMG, June 2015

FINANCIALS

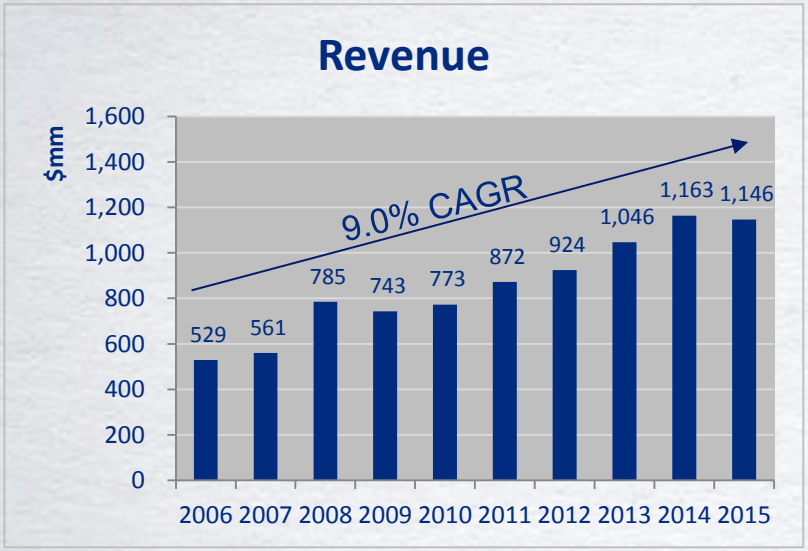
Same Store Sales Have Grown in 9 of Past 10 Years (North America Only)

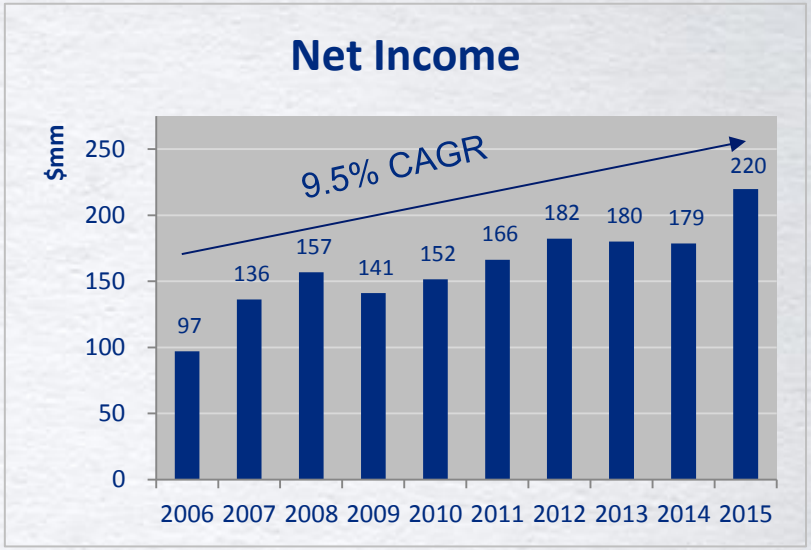


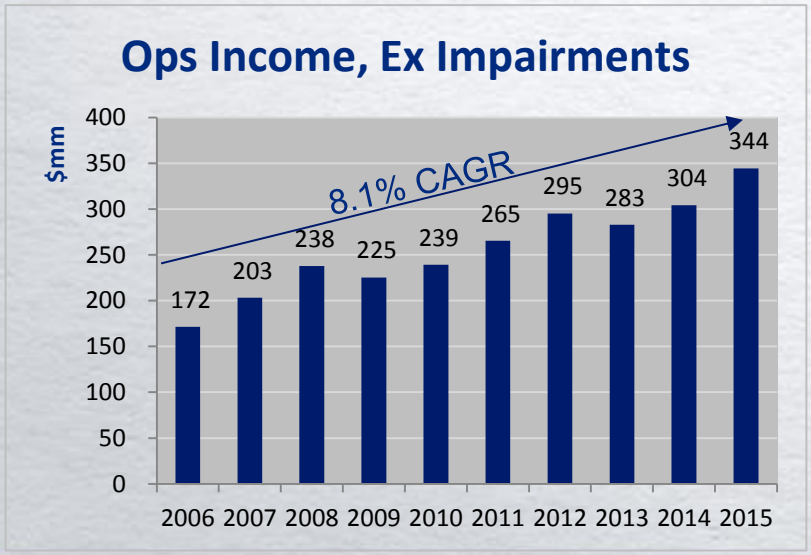
Drivers

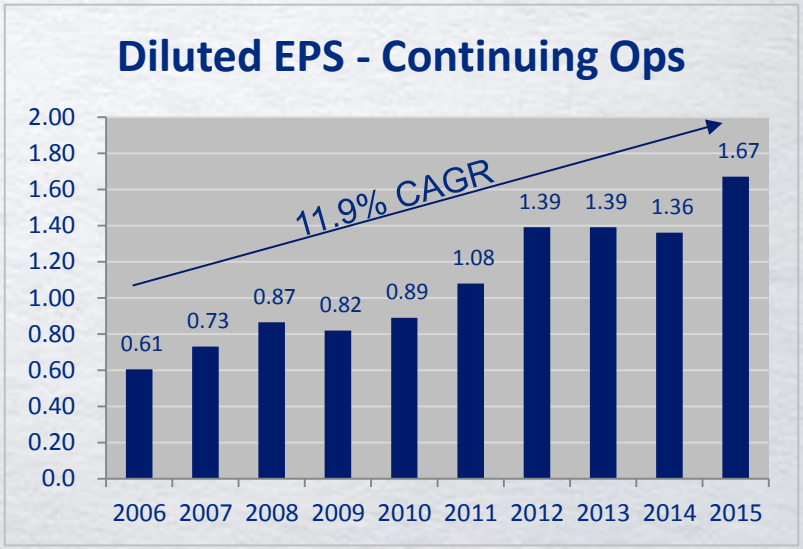
- Unit volume
- Used car prices
- Scrap values
- FX
- Fee schedule

Consistent Growth with Limited Exposure to Economic Cycles



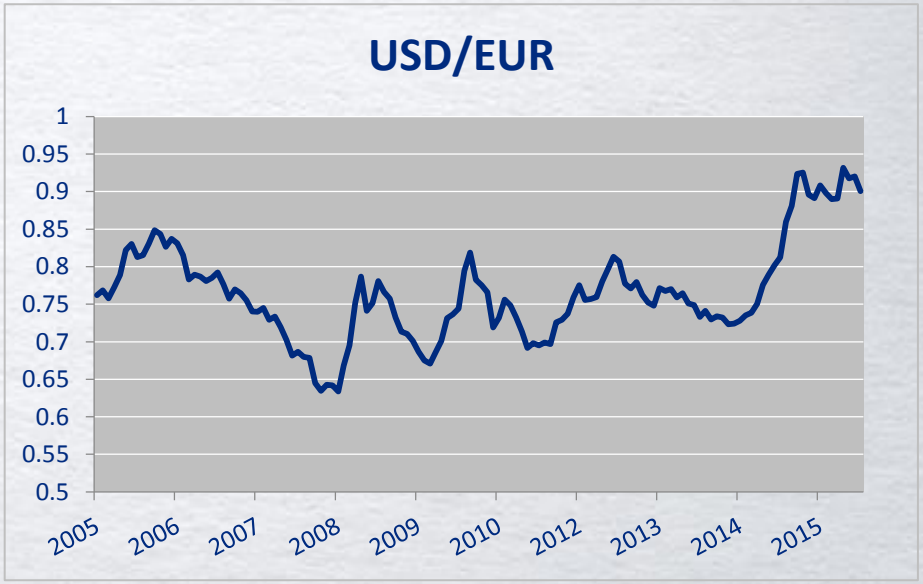






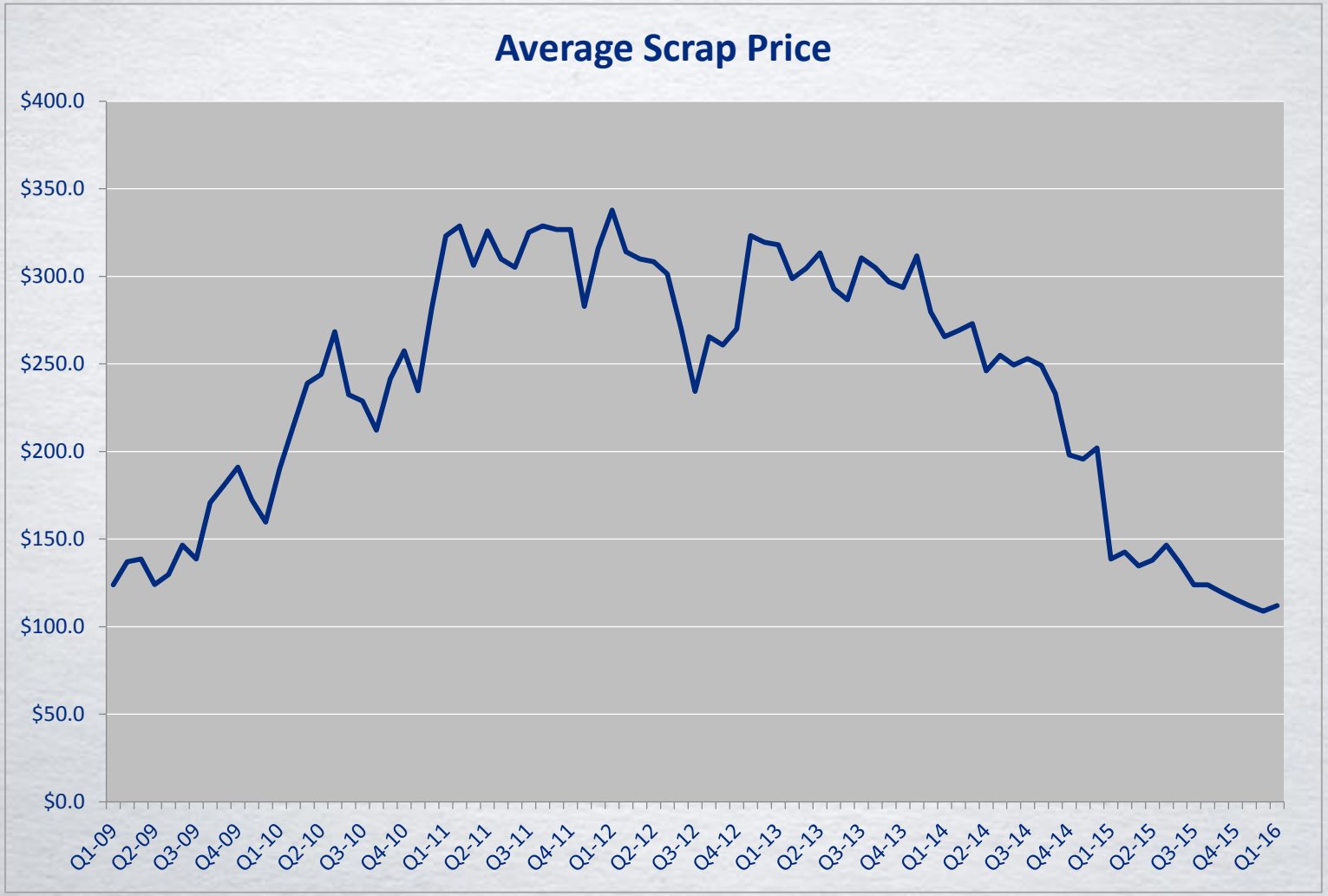
USD Near 10-Year Highs, Reducing the Buying Power of Our Foreign Buyers

Source: Oanda.com



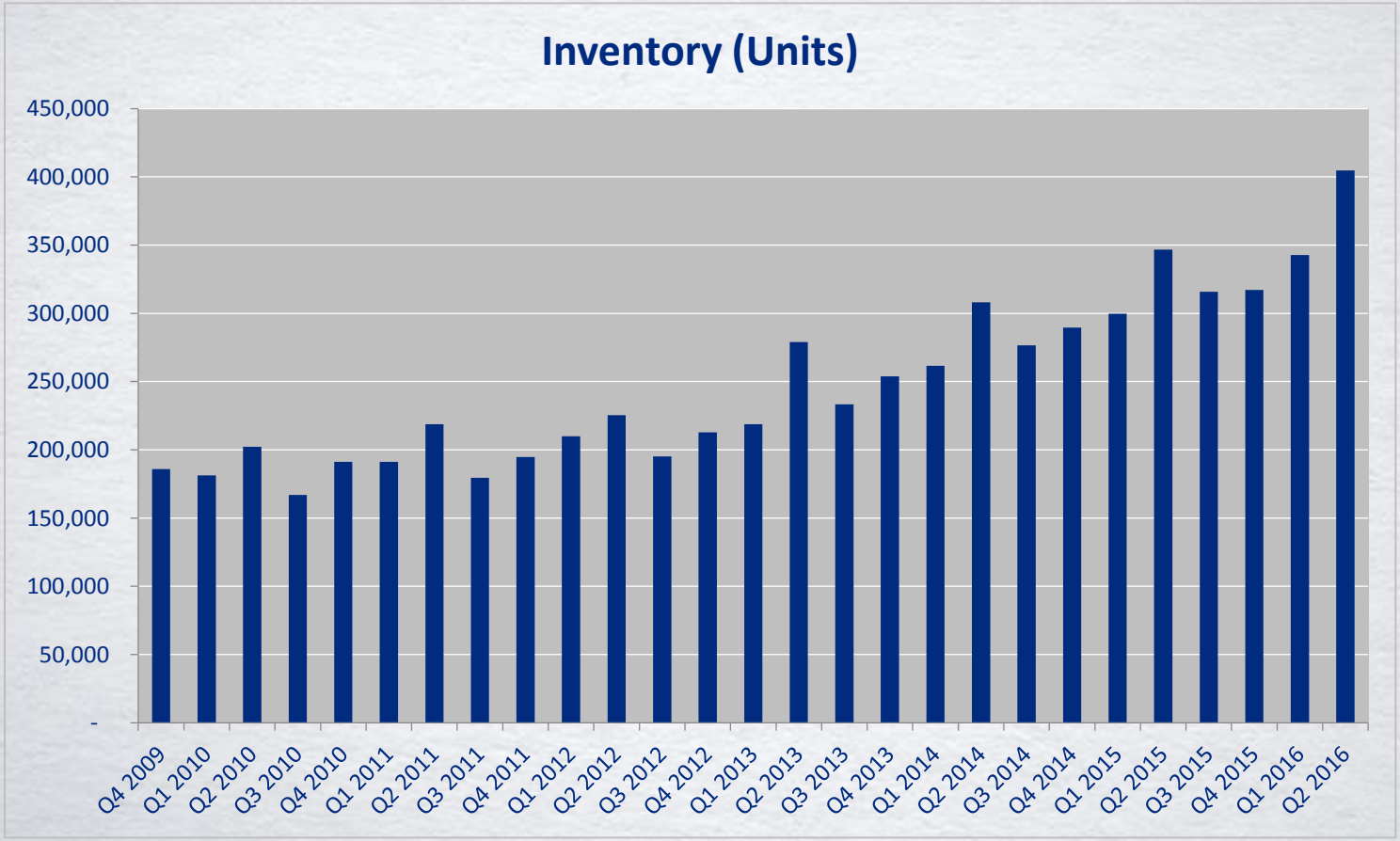
Source: Oanda.com

Scrap Pricing Near Post-Recession Lows, Affecting ASPs



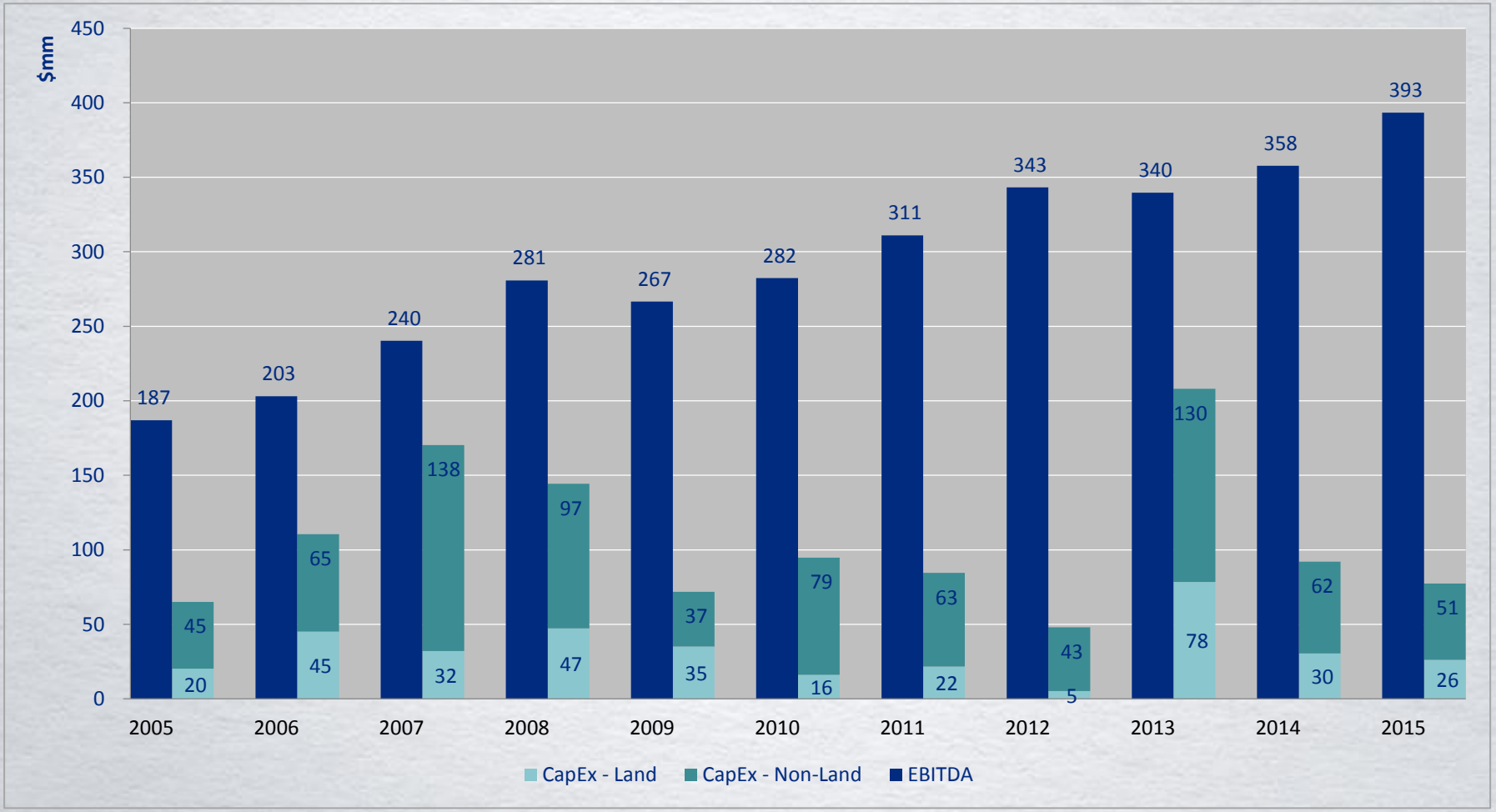
Source: American Recycler News, Inc.

Consistent Growth in Inventory Levels (North America Only)



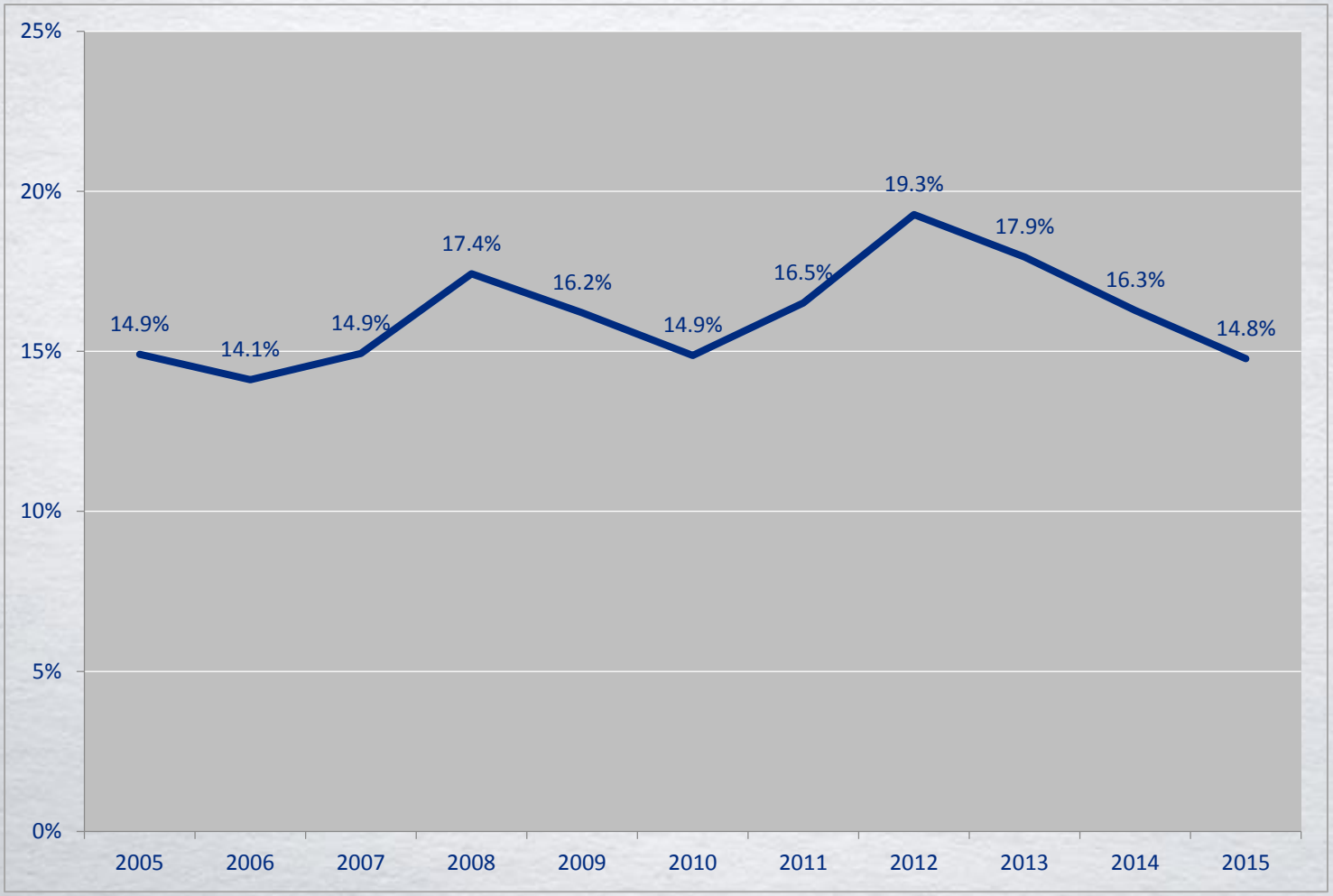
Note: Inventory as presented here represents physical units on hand in Copart yards, the majority of which are held on consignment and not reflected as inventory on Copart balance sheets.

Cash Flow Generation – EBITDA vs CapEx



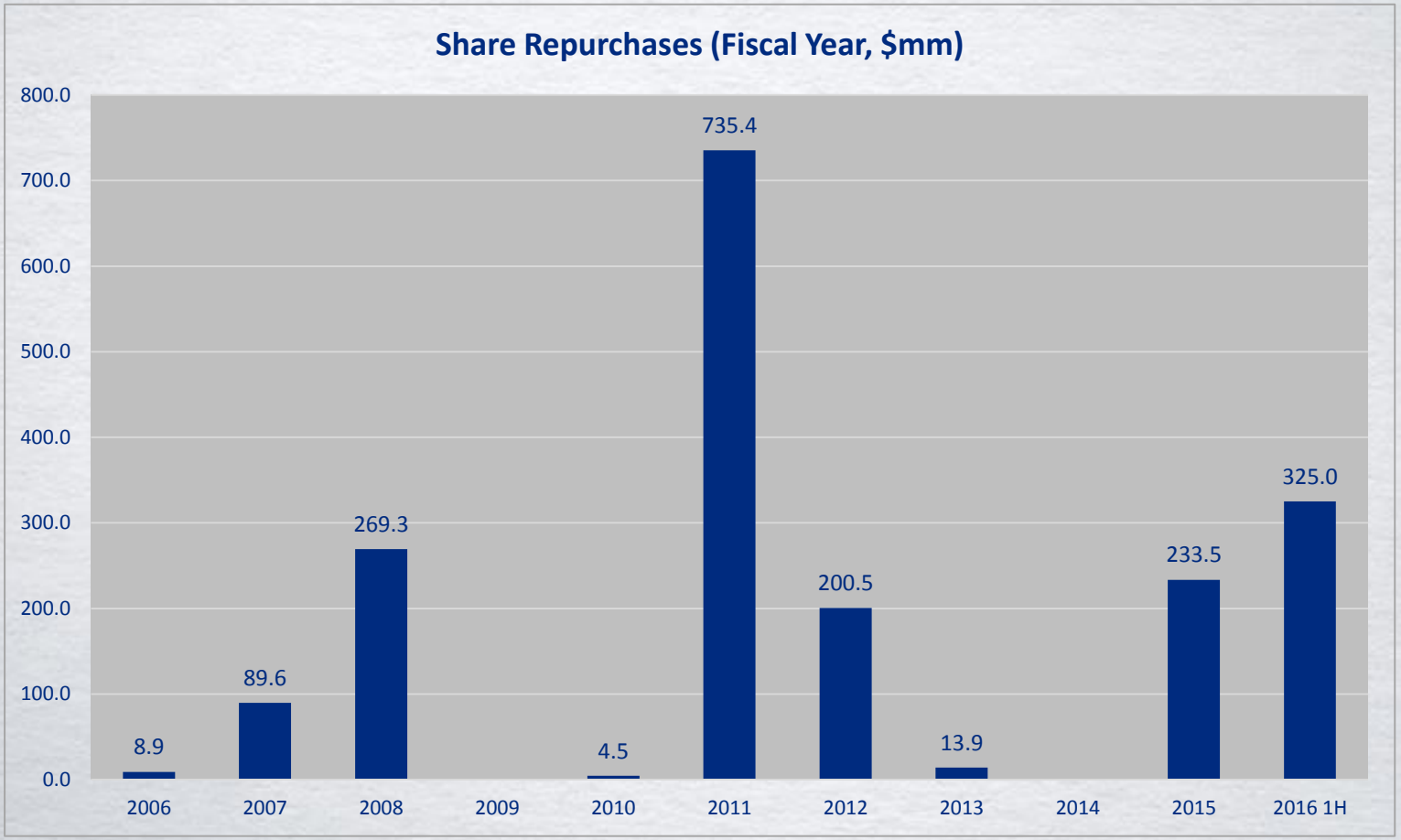
Note: CapEx includes acquisitions.
EBITDA = Ops Income, ex Impairments, plus Depreciation & Amortization (excludes Other Income and Expenses).

Return on Invested Capital (FY – July)



Source: Capital IQ "Return on Capital"

Returning Capital via Share Buybacks



Copart Structural Protections

Volume driven by installed base of vehicles, not new car purchases

Limited credit exposure – accounts receivable largely netted against auction proceeds

Low principal risk – substantial majority of vehicles sold on consignment

Conservative capitalization

Cash flow generation

Natural offsets in business

- Used car values – higher values reduce salvage rates, but increase ASPs
- Vehicle technology – accident avoidance technology can reduce accident frequency but increases severity due to higher repair costs

Summary P&L ($mm)

	2008	2009	2010	2011	2012	2013	2014	2015	2016 TTM
Revenue	784.8	743.1	772.9	872.2	924.2	1,046.4	1,163.5	1,146.1	1,168.0
COGS	(133.7)	(106.0)	(104.7)	(125.2)	(137.0)	(167.2)	(174.5)	(136.4)	(133.4)
Ops Expense	(328.9)	(324.8)	(320.2)	(374.1)	(377.6)	(458.2)	(520.4)	(526.3)	(542.9)
Gross Profit	322.3	312.3	348.0	372.9	409.6	420.9	468.6	483.4	491.7
G&A	(84.3)	(86.9)	(108.9)	(107.6)	(114.5)	(137.9)	(164.5)	(139.0)	(131.8)
Operating Income	237.9	225.3	239.1	265.3	295.1	283.0	304.0	344.4	359.9
Margin	*30.3%*	*30.3%*	*30.9%*	*30.4%*	*31.9%*	*27.0%*	*26.1%*	*30.1%*	*30.8%*
EBITDA	280.7	266.7	282.3	311.0	343.3	339.7	357.8	393.3	406.7
Margin	*35.8%*	*35.9%*	*36.5%*	*35.7%*	*37.1%*	*32.5%*	*30.7%*	*34.3%*	*34.8%*
Net Income	156.9	141.1	151.6	166.4	182.1	180.0	178.7	219.8	226.4
Margin	*20.0%*	*19.0%*	*19.6%*	*19.1%*	*19.7%*	*17.2%*	*15.4%*	*19.2%*	*19.4%*

Copart Management Team

Name	Title	Copart Experience	Experience
Jay Adair	CEO	27	Copart
Vinnie Mitz	President	21	NER Auction Systems, Copart
Will Franklin	EVP	12	Clifford Electronics, Ptek holdings, Copart
Paul Styer	SVP, Legal/GC	24	Independent Law Practice, Copart
Sean Eldridge	COO	26	Copart
Rob Vannuccini	Chief Sales Officer	21	NER Auction Systems, Fleet Financial Group, Copart
Rama Prasad	CTO	2	Sprint, AT&T, Orbitz, US Cellular, GOGO, Copart
Vikrant Bhatia	EVP, Strategic Initiatives	1	Boston Consulting Group, Copart
Jeff Liaw	CFO	<1	Fleetpride, TPG, Bain Capital, Copart

APPENDIX

Income Reconciliations (thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 TTM
Operating income	**156,436**	**171,562**	**203,145**	**237,917**	**225,325**	**239,070**	**265,290**	**286,353**	**282,992**	**274,934**	**344,401**	**359,863**
Add back:												
Impairment expense	-	-	-	-	-	-	-	8,771	-	29,104	-	-
Operating income, excluding impairments	**156,436**	**171,562**	**203,145**	**237,917**	**225,325**	**239,070**	**265,290**	**295,124**	**282,992**	**304,038**	**344,401**	**359,863**
Net income	**102,116**	**96,947**	**136,338**	**156,932**	**141,103**	**151,627**	**166,375**	**182,119**	**180,025**	**178,687**	**219,783**	**226,351**
Add back:												
Impairment expense	-	-	-	-	-	-	-	8,771	-	29,104	-	-
Depreciation and amortization	30,466	31,456	37,089	42,804	41,354	43,242	45,694	48,167	56,728	53,726	48,893	46,820
Interest expense (income), net	(4,846)	(8,110)	(13,644)	(7,552)	(1,418)	11	3,585	10,984	9,629	8,277	17,304	21,509
Other expenses (income), net	(3,313)	5,150	(632)	(4,181)	(989)	(436)	(2,172)	(2,687)	(3,509)	(3,378)	(4,972)	(4,700)
Income taxes	62,772	61,862	81,083	92,718	88,186	87,868	97,502	95,937	96,847	91,348	112,286	116,703
Income (expense) from disc ops, net of taxes	(293)	15,713	-	-	(1,557)	-	-	-	-	-	-	-
EBITDA	**186,902**	**203,018**	**240,234**	**280,721**	**266,679**	**282,312**	**310,984**	**343,291**	**339,720**	**357,764**	**393,294**	**406,683**

Capital Expenditures Reconciliation

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cash Flow From Investing Activities	107,448	(267,915)	(135,561)	(32,600)	(59,904)	(96,025)	(84,480)	(48,087)	(208,021)	(92,103)	(81,915)
Less:											
Net Cash Provided By (Used in) Investing Activities from Disc Ops	(56)	158	-	-	-	-	-	-	-	-	-
Principal Payments from (issuance of) Notes Receivable	-	-	(2,250)	-	12,000	(1,300)	-	-	-	-	-
Restricted Cash and Purchases of Short-term Investments	-	-	(9,148)	9,148	-	-	-	-	-	-	-
Investments in Unconsolidated Affiliate	-	(8,892)	-	-	-	-	-	-	-	-	(4,500)
Purchases of Short-term Investments	(755,420)	(717,120)	(921,750)	(154,360)	-	-	-	-	-	-	-
Proceeds from Sales of Short-term Investments	928,020	568,395	967,850	256,985	-	-	-	-	-	-	-
CapEx	**(65,096)**	**(110,456)**	**(170,263)**	**(144,373)**	**(71,904)**	**(94,725)**	**(84,480)**	**(48,087)**	**(208,021)**	**(92,103)**	**(77,415)**