



**AutoNation.**

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# Baird Global Consumer, Technology & Services Conference

Thursday, June 6, 2024

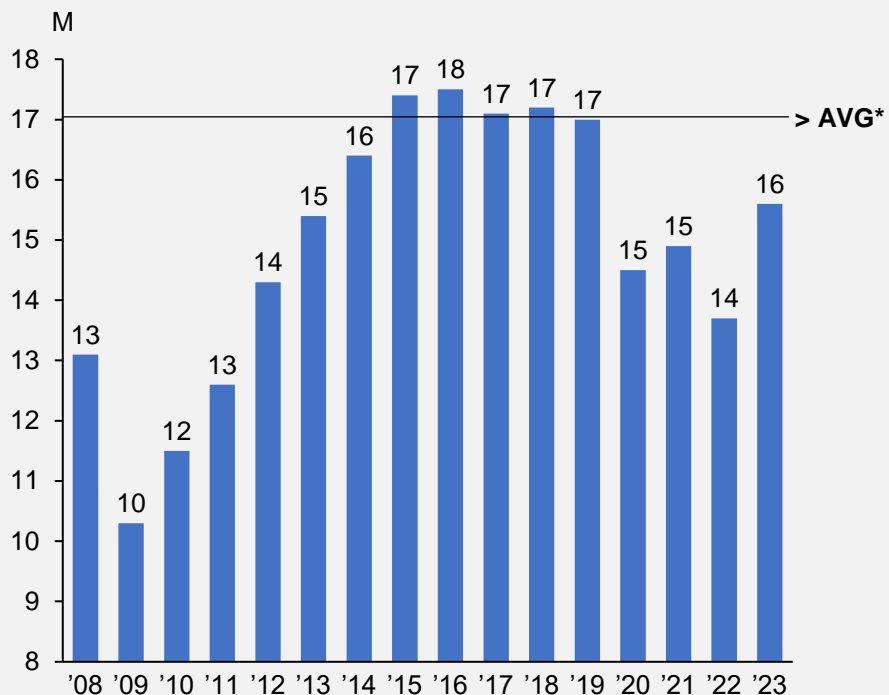
**Tom Szlosek**

Chief Financial Officer

# Franchise Dealer Overview

Attractive industry with strong cash flow characteristics

2018 – 2023 SAAR (M)

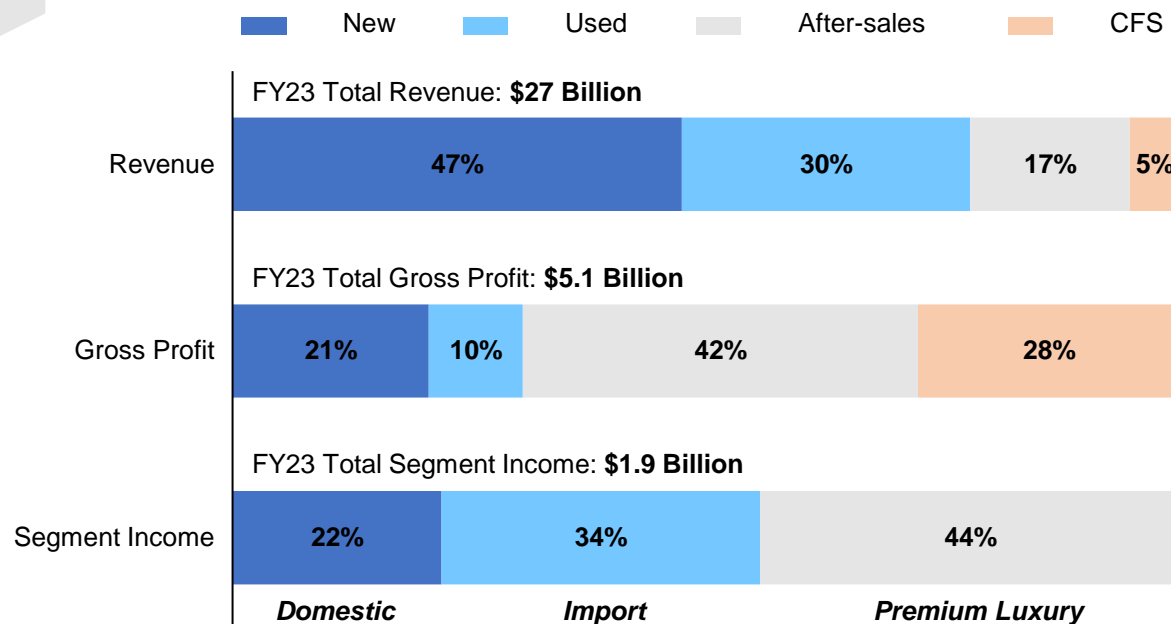
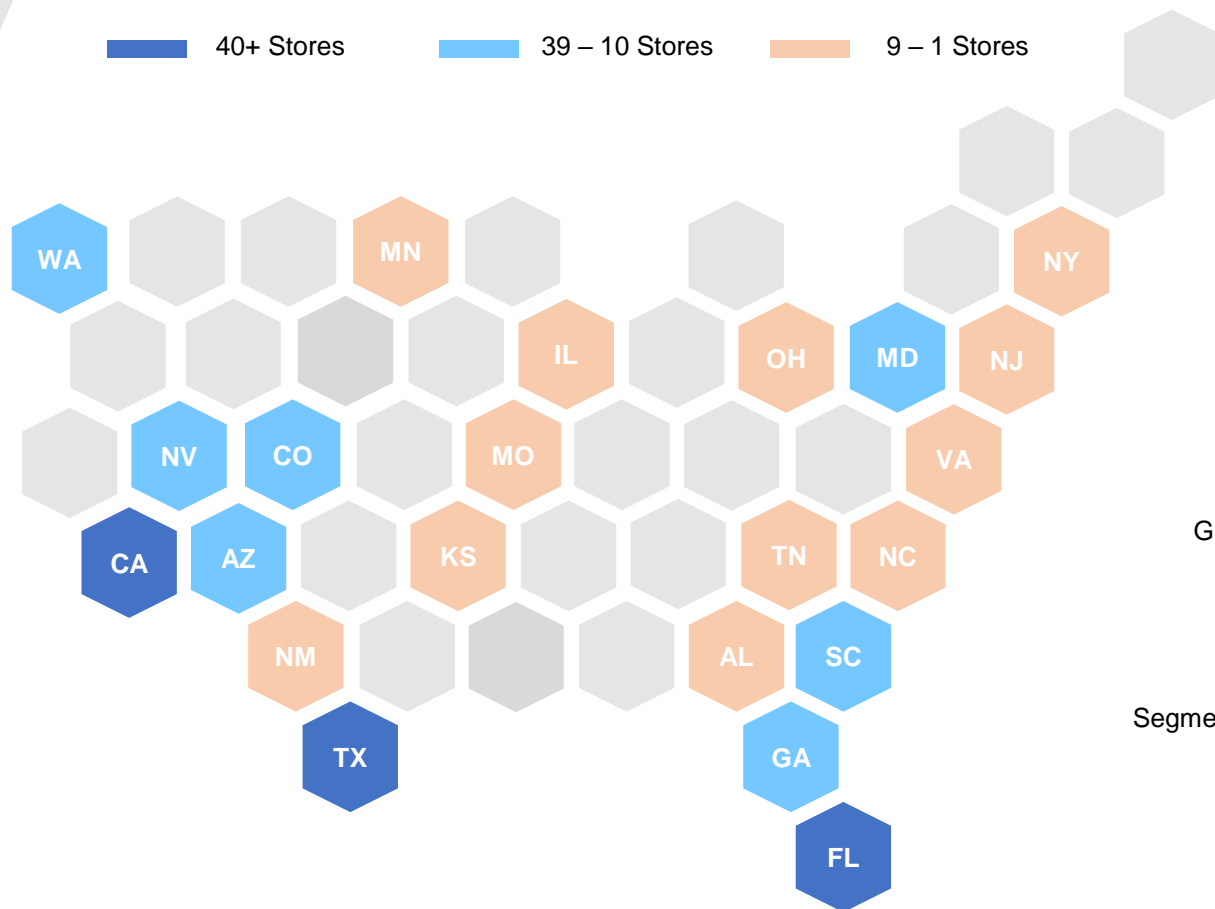


## Industry Fundamentals

- Macro backdrop favorable as new drivers increased by +10M over 5 years and annual sales remain below trend
- Efficient working capital model as OEMs largely fund new inventory and quick customer payments limit cash requirements
- Increasing vehicle complexity driving higher value service orders while favoring OEM certified technicians
- Franchise dealers top of funnel status for late model used vehicles provides greater supply

Dealers capture economics at multiple points of the vehicle ownership cycle

# AutoNation Footprint and Financial Overview



**12 Million**  
Customers

**10+ Million**  
Households

**25,000**  
Associates

**347**  
Franchises

**251**  
Franchised  
Dealerships

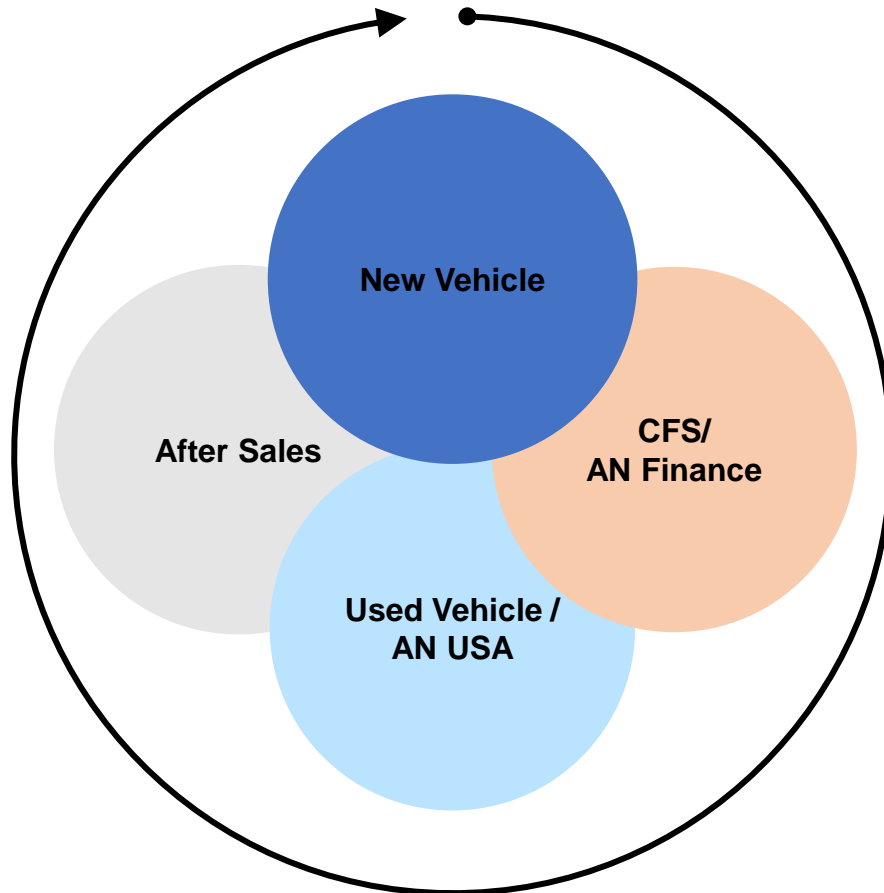
**23**  
AN USA  
Stores

**52**  
Collision  
Centers

**4**  
Vehicle  
Auctions

# Business Model

The sale of a new vehicle starts the revenue cycle



## New Margins Structurally Higher

- Size, scale and scope in growing markets
- Concentrated footprint with a strong portfolio of brands, supporting our OEM partners
- Large, growing exposure to Premium Luxury and Import brands

## CFS PVR +\$700/Vehicle since 2019

- Industry leading CFS PVR
- Strong processes and training
- Attaching more than two products per vehicle
- Continued participation in customer lifetime value through AN Finance

## Used-New Ratio: 1.1 from 0.8 Prior

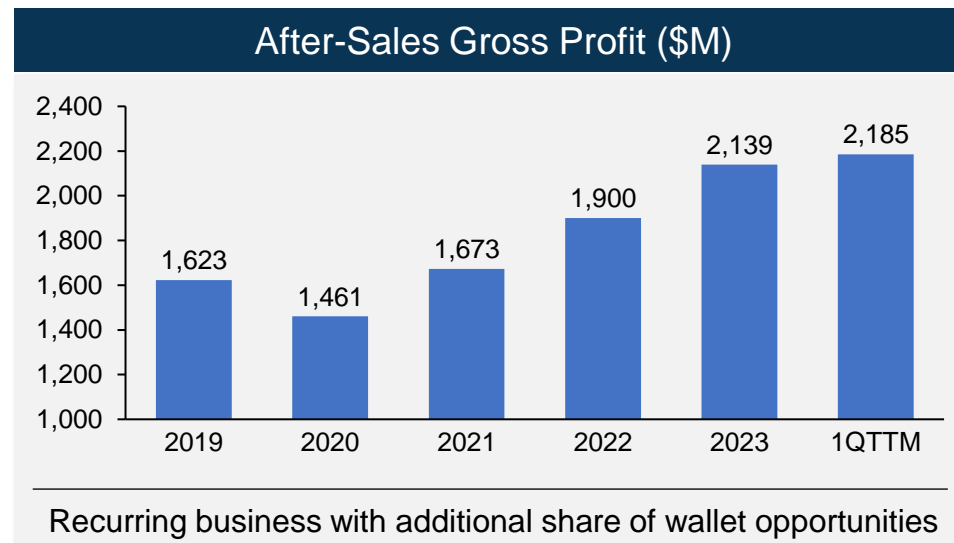
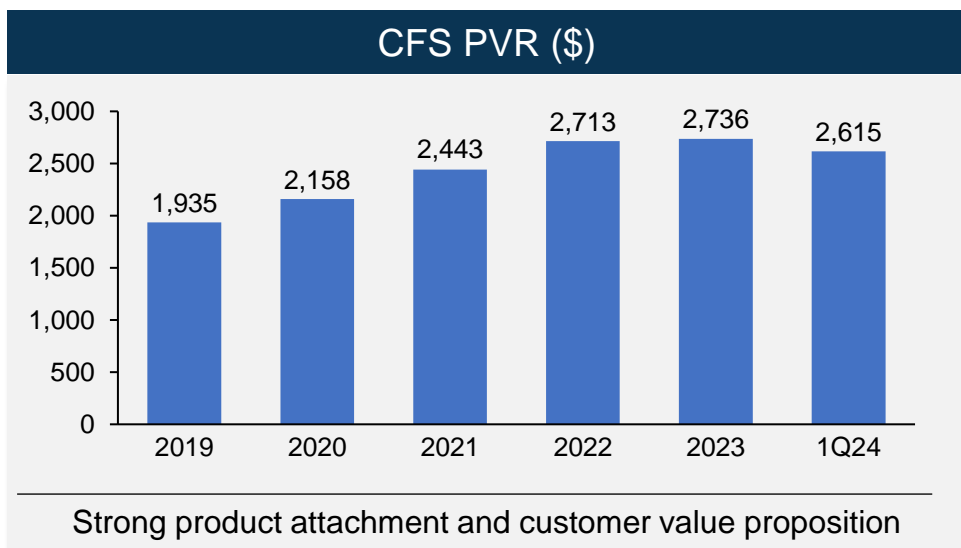
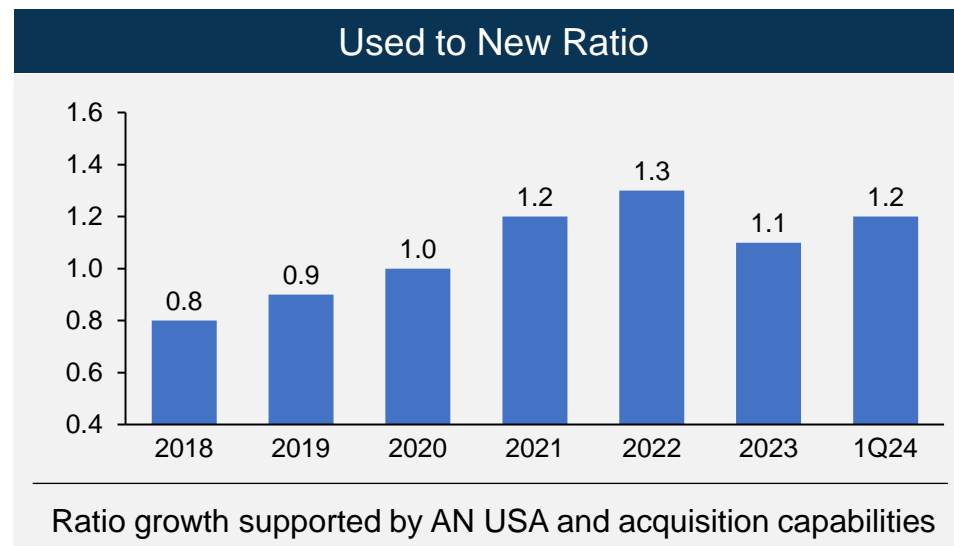
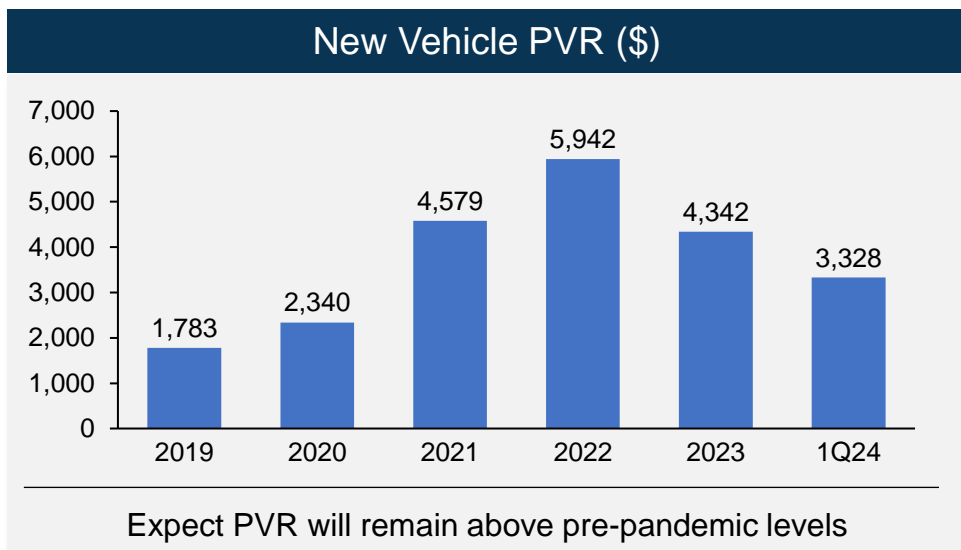
- Robust organic vehicle sourcing pipeline
- Used only AN USA retail locations expand reach
- Generates additional revenue in after-sales and CFS

## Gross Margin +\$500M in 5 Years

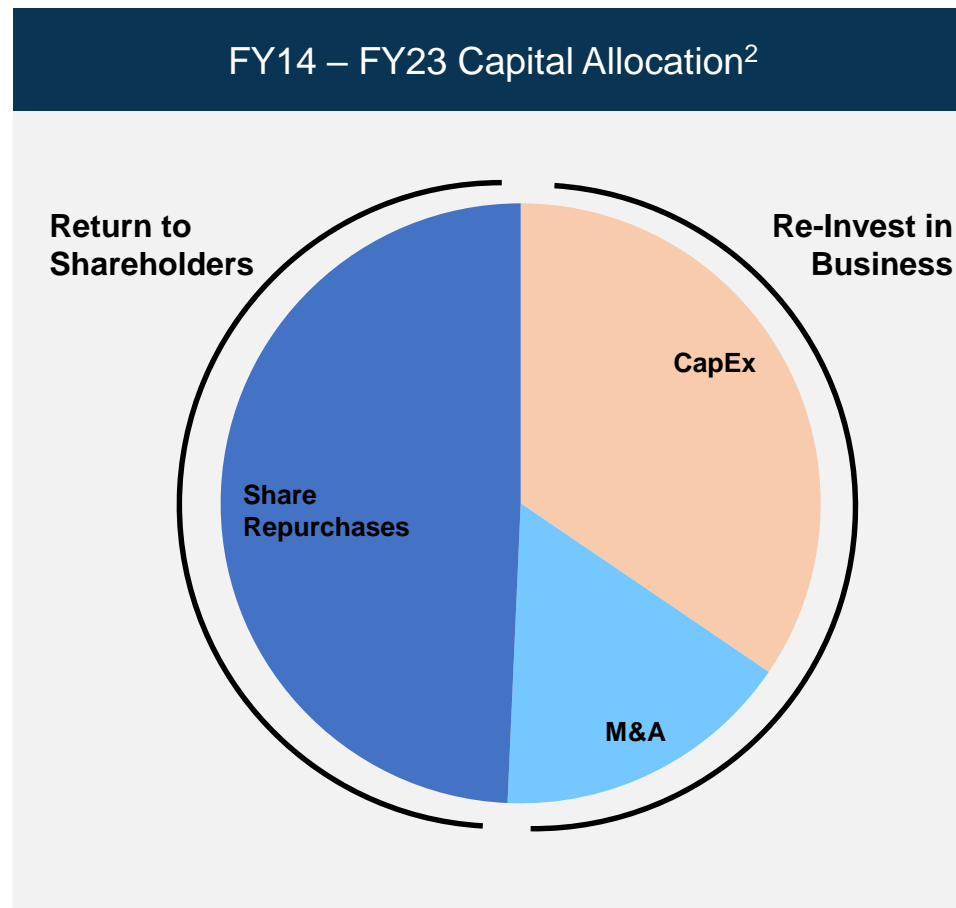
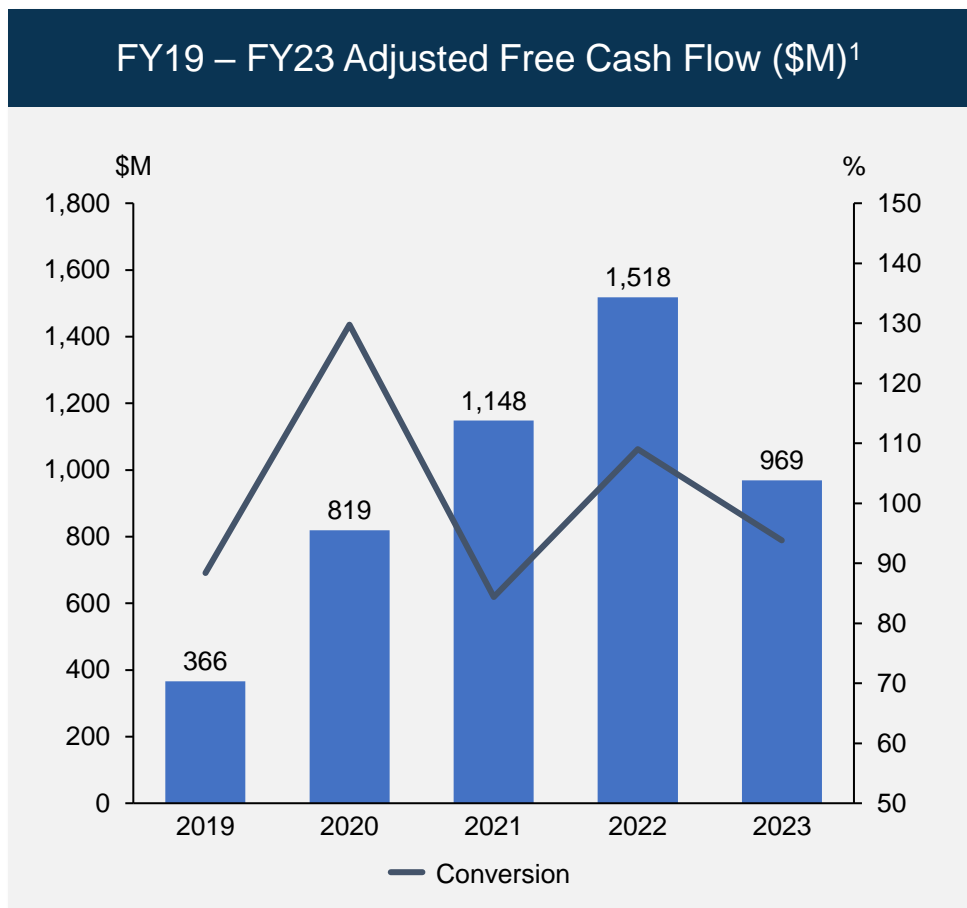
- Main categories are customer pay, warranty and internal reconditioning
- Certified and highly trained technicians with capacity for growth
- Currently serving ~10k customers a day, with additional service penetration and customer retention opportunities

Strong cash conversion and attractive capital deployment

# Select Business Line Metrics



# Cash from Operations and Capital Allocation



50+% share count reduction since start of 2021 – Continued strong cash conversion and healthy balance sheet

# AutoNation Success Drivers

**Brand trusted and recognized by customers**  
with standardized processes and cross selling capabilities

**Experienced and Diverse Team**  
focused on delivering shareholder returns

**Strong cash conversion business**  
with a ROIC-based approach to capital deployment

**Expanded product offering in ANF / ANUSA**  
that captures greater share of wallet

**Disciplined focus on**  
cost control, returns, and resource allocation

**Resilient Business Model**

# Appendix

This presentation contains certain non-GAAP financial measures for which we have set forth below reconciliations to the most comparable GAAP measures. The Company believes that these measures improve the transparency of the Company's disclosure, provide a meaningful presentation of the Company's results from its core business operations excluding the impact of items not related to the Company's ongoing core business operations, and improve the period-to-period comparability of the Company's results from its core business operations.

In evaluating these non-GAAP financial measures, you should be aware that in the future we may incur expenses similar to those for which adjustments are made in calculating these measures. Our presentation of these measures should not be construed as a basis to infer that our future results will be unaffected by unusual or non-recurring items. These non-GAAP financial measures may be different from similarly titled measures used by other companies, limiting their usefulness as comparable measures. These non-GAAP financial measures should not be considered as alternatives to net income or cash provided by operating activities or as an indicator of operating performance or liquidity.

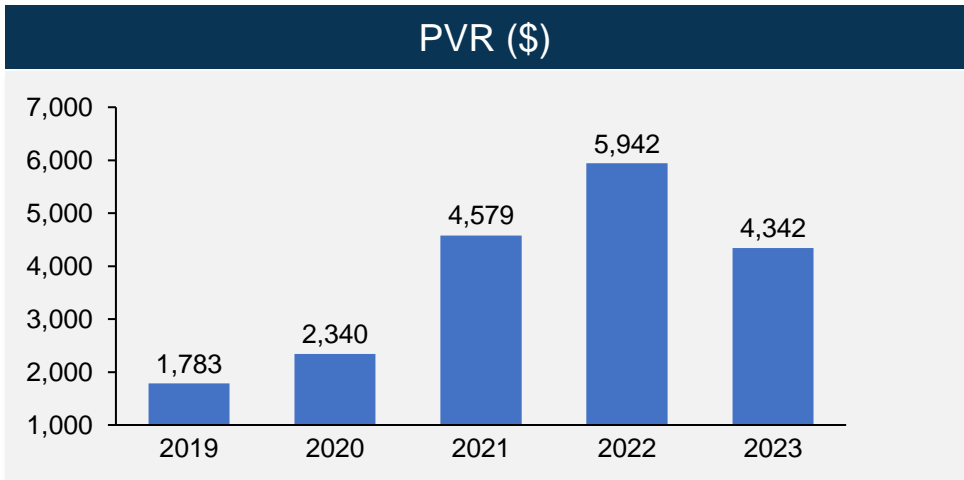
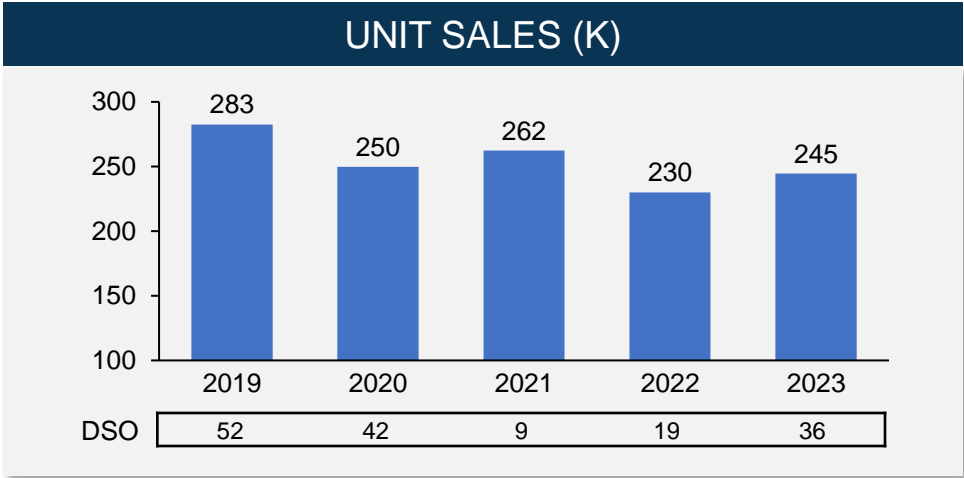
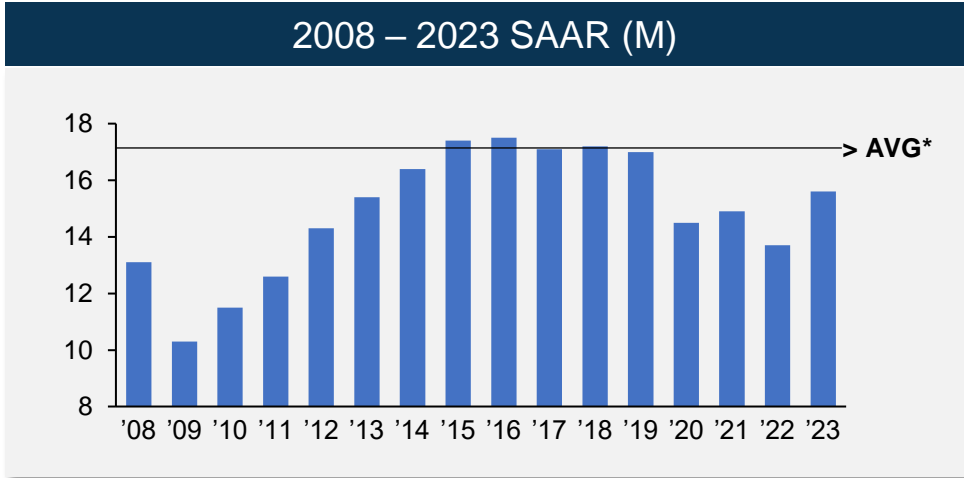
# SELECT HISTORICAL DATA

## Global Financial Crisis to 2024

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	1Q 24*	Avg.	
New	SAAR (mm)	13.1	10.3	11.5	12.6	14.3	15.4	16.4	17.4	17.5	17.1	17.2	17.0	14.5	14.9	13.7	15.6	15.4	14.9
	Retail SAAR (mm)	10.6	8.6	9.2	10.3	11.7	12.8	13.6	14.2	14.2	14.1	13.9	13.7	12.4	13.1	11.7	12.7	12.6	12.3
New	Unit Sales (k)	255.8	183.4	206.5	224.0	267.8	292.9	318.0	339.1	337.6	329.1	310.8	282.6	249.7	262.4	230.0	244.5	58.8	
	ASP (\$k)	\$30.3	\$31.2	\$32.3	\$33.5	\$33.3	\$34.0	\$34.5	\$35.4	\$36.3	\$37.0	\$37.8	\$39.5	\$41.7	\$46.0	\$51.1	\$52.2	\$50.6	
	Gross PVR	\$1,997	\$2,106	\$2,185	\$2,445	\$2,164	\$2,104	\$2,044	\$1,985	\$1,883	\$1,788	\$1,660	\$1,783	\$2,340	\$4,579	\$5,942	\$4,342	\$3,328	\$2,584
	Margin	6.6%	6.8%	6.8%	7.3%	6.5%	6.2%	5.9%	5.6%	5.2%	4.8%	4.4%	4.5%	5.6%	9.9%	11.6%	8.3%	6.6%	6.6%
	ASP Y/Y		3%	4%	4%	-1%	2%	2%	3%	3%	2%	2%	5%	6%	10%	11%	2%	-5%	
	Days Supply	84	54	63	50	55	62	54	68	61	53	60	52	42	9	19	36	44	
Used	Unit Sales (k)	181.3	135.3	160.1	171.1	181.0	204.6	214.9	227.3	225.7	234.1	237.7	246.1	241.2	304.4	299.8	274.0	69.1	
	ASP (\$k)	\$15.7	\$16.3	\$17.3	\$17.8	\$17.9	\$18.1	\$18.6	\$19.2	\$19.9	\$19.5	\$20.2	\$21.0	\$21.8	\$26.5	\$30.1	\$27.9	\$26.5	
	Gross PVR	\$1,583	\$1,664	\$1,612	\$1,640	\$1,623	\$1,590	\$1,690	\$1,577	\$1,484	\$1,315	\$1,378	\$1,409	\$1,719	\$2,045	\$1,795	\$1,800	\$1,473	\$1,620
	Margin	10.1%	10.2%	9.3%	9.2%	9.1%	8.8%	9.1%	8.2%	7.5%	6.7%	6.8%	6.7%	7.9%	7.7%	6.0%	6.5%	5.6%	8.1%
	ASP Y/Y		4%	6%	3%	0%	1%	3%	4%	3%	-2%	3%	4%	4%	21%	14%	-7%	-5%	
	Days Supply	30	41	42	31	35	35	38	43	44	43	42	39	39	40	31	39	31	
Ratio	Used : New Units	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.9	1.0	1.2	1.3	1.1	1.2	
CFS	PVR	\$1,104	\$1,102	\$1,143	\$1,201	\$1,273	\$1,355	\$1,409	\$1,534	\$1,588	\$1,667	\$1,789	\$1,935	\$2,158	\$2,443	\$2,713	\$2,736	\$2,615	
	PVR Y/Y		0%	4%	5%	6%	6%	4%	9%	4%	5%	7%	8%	12%	13%	11%	1%	-4%	
After-Sales	Gross (\$mm)	\$1,072	\$935	\$963	\$970	\$1,008	\$1,106	\$1,197	\$1,338	\$1,435	\$1,491	\$1,555	\$1,623	\$1,461	\$1,673	\$1,900	\$2,139	\$556.3	
	Gross Y/Y		-13%	3%	1%	4%	10%	8%	12%	7%	4%	4%	4%	-10%	15%	14%	13%	9%	
	Cash From Ops (\$mm)	\$685	\$370	\$252	\$376	\$317	\$484	\$485	\$507	\$516	\$540	\$511	\$769	\$1,208	\$1,628	\$1,668	\$724	\$295	
	CapEx (\$mm)	\$97	\$75	\$150	\$149	\$161	\$161	\$209	\$248	\$245	\$310	\$387	\$269	\$156	\$216	\$329	\$410	\$94	
	M&A (\$mm)	\$32	-	\$73	\$64	\$142	\$88	\$205	\$322	\$410	\$77	\$67	\$5	-	\$433	\$192	\$271	-	
	Share Repurchase (\$mm)	\$54	\$136	\$524	\$583	\$581	\$53	\$485	\$235	\$497	\$435	\$100	\$45	\$382	\$2,303	\$1,710	\$864	\$39	

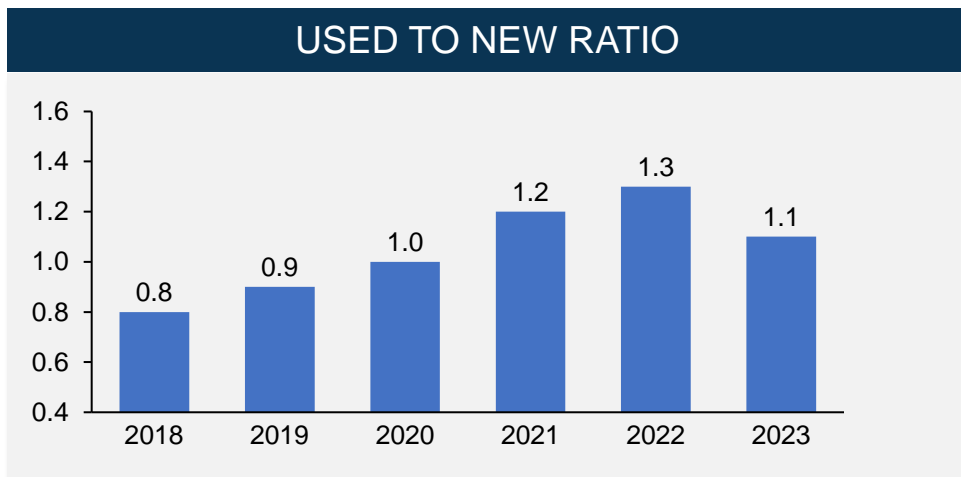
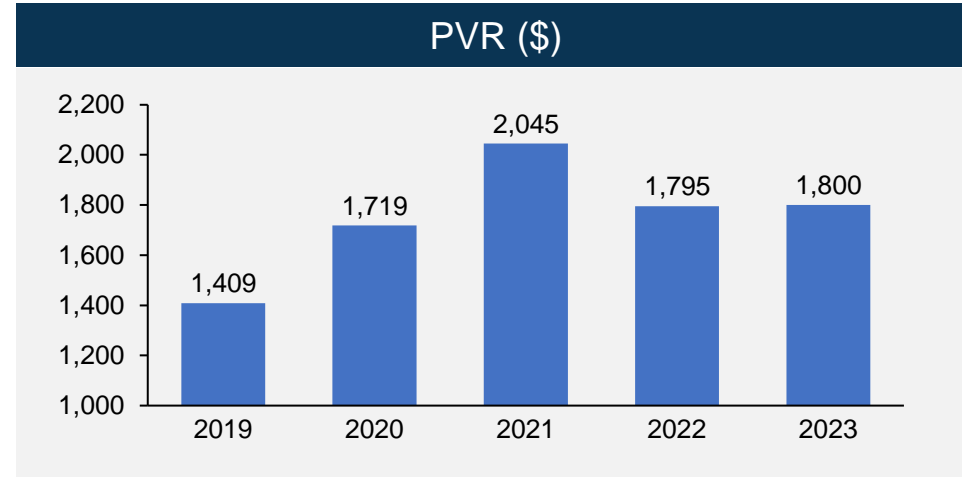
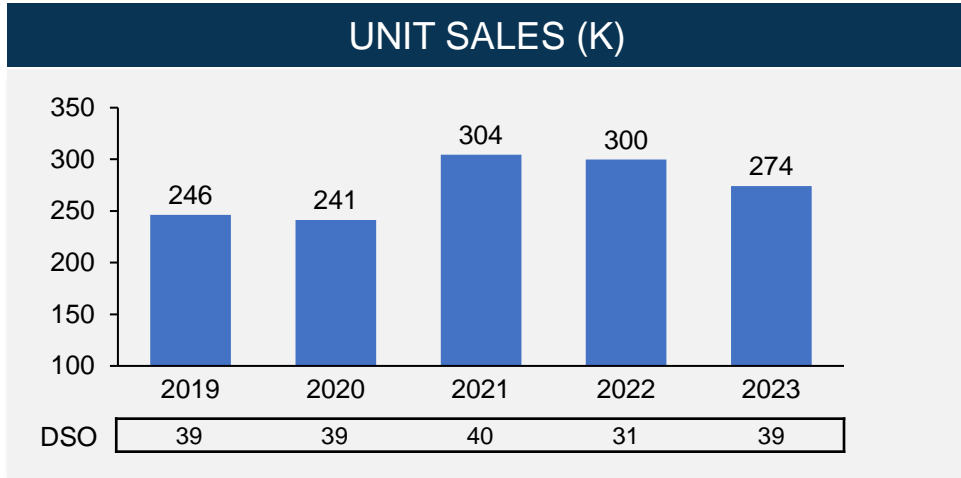
\*Data as reported of continuing operations; avg. is based on full year periods only

# New Vehicles



- ### NOTES
- Industry inventory and sales remain below historical norms
  - Gross PVR of \$3,328 in 1Q24 continues to moderate as industry inventory increases
  - Expect PVR will remain above pre-pandemic levels

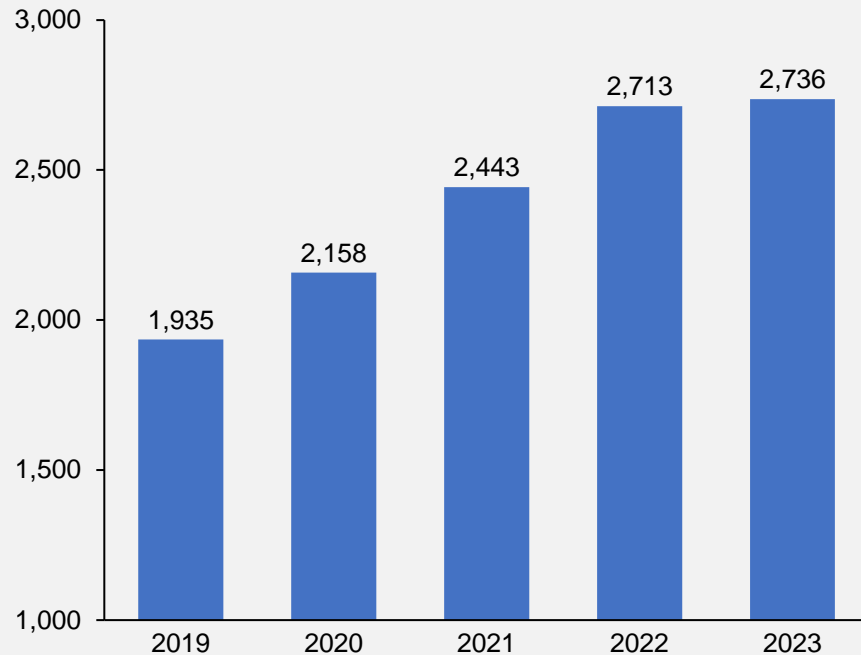
# Used Vehicles



- ### NOTES
- Late model used inventory and industry unit sales remain constrained
  - Used PVR now largely in-line with historical levels
  - Used / New ratio >1 supported by AN USA growth and vehicle acquisition capabilities

# Customer Financial Services

FY19 – FY23 HISTORICAL PVR (\$)

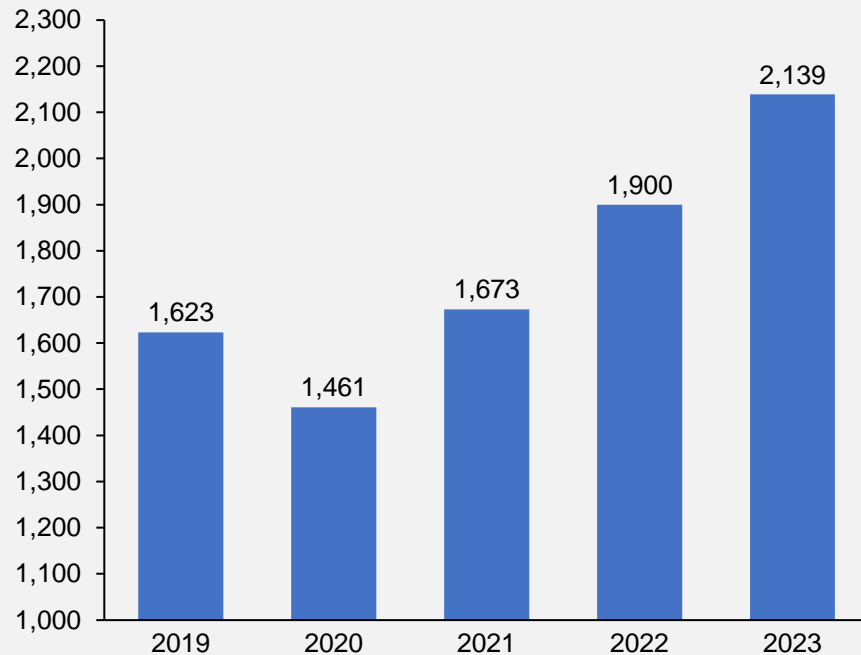


## NOTES

- CFS Performance continues to lead the industry – attaching on average more than 2 products per vehicle
- More than 70% of PVR is product related including vehicle service and other protection products
- 1Q24 PVR of \$2,615 reflects shift to AN Finance (higher lifetime profit) and an elevated interest rate environment
- Growth of AN Finance reflects increasing penetration at Franchise stores and AN USA growth

# After-Sales

FY19 – FY23 GROSS PROFIT (\$M)



NOTES

- Greater vehicle complexity driving higher value of repair orders
- Focused on capacity utilization and technician development
- Key driver of customer interaction and retention – serve ~10,000 customers per day
- Significant growth in high margin portion of business as 1Q24 margin of 47.4% is up 200bps from 2019 levels

# 1Q 2024 Balance Sheet and Other Items

(\$ in millions)

Balance Sheet and Other Highlights			
	3/31/23	12/31/23	3/31/24
Cash and cash equivalents	\$58.3	\$60.8	\$60.3
Inventory	\$2,196.2	\$3,033.4	\$3,002.7
Floorplan notes payable	\$2,185.7	\$3,382.4	\$3,270.9
Non-recourse debt	\$283.4	\$258.4	\$345.2
Non-vehicle debt	\$3,882.4	\$4,030.3	\$3,868.0
Equity	\$2,020.3	\$2,211.4	\$2,359.8
New days supply (industry standard of selling days)	25 days	36 days	44 days
Used days supply (trailing calendar month days)	29 days	39 days	31 days

## Key Credit Agreement Covenant Compliance Calculations<sup>(1)</sup>

<b>Leverage ratio</b>		<b>2.25x</b>
Covenant	less than or equal to	3.75x
<b>Interest coverage ratio</b>		<b>5.30x</b>
Covenant	greater than or equal to	3.00x

# Historical Free Cash Flow Reconciliation

(\$ in millions)

Free Cash Flow Reconciliation					
	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Net cash provided by operating activities	\$769	\$1,208	\$1,628	\$1,668	\$724
Change in Vehicle Floorplan – non-Trade	(134)	(233)	(264)	179	425
Increase in Auto loans receivable, net					\$230
<b>Adj. cash provided by operating activities</b>	<b>\$635</b>	<b>\$975</b>	<b>\$1,364</b>	<b>\$1,847</b>	<b>\$1,379</b>
Less: Purchases of Property and Equipment	(269)	(156)	(216)	(329)	(410)
<b>Adj. Free Cash Flow</b>	<b>\$366</b>	<b>\$819</b>	<b>\$1,148</b>	<b>\$1,518</b>	<b>\$969</b>
<b>Adj. Net Income</b>	<b>\$414</b>	<b>\$631</b>	<b>\$1,360</b>	<b>\$1,393</b>	<b>\$1,033</b>
<b>Adj. FCF Conversion</b>	<b>88%</b>	<b>130%</b>	<b>84%</b>	<b>109%</b>	<b>94%</b>