

The AutoNation logo is positioned in the top right corner. It features the word "AutoNation" in a white, sans-serif font, with a thin red underline beneath the "Nation" portion. The background of the slide is a photograph of a car dealership interior, showing a dark-colored SUV in the foreground and a blue sedan in the background. The dealership has a high ceiling with exposed ductwork and fluorescent lights. Banners for "NISSAN YEAR-END SALES EVENT" and "BUYING SEASON" are visible on the walls. Decorative elements include clusters of colorful balloons (pink, blue, green, yellow) hanging from the ceiling. The overall image has a dark blue overlay, and there are red and blue diagonal graphic elements on the left and right sides.

AutoNation

Investor Presentation

Fourth Quarter 2021

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Words such as "anticipates," "expects," "intends," "goals," "targets," "projects," "plans," "believes," "continues," "may," "will," "could," and variations of such words and similar expressions are intended to identify such forward-looking statements. Statements regarding our strategic initiatives, partnerships, or investments, including the planned expansion of our AutoNation USA pre-owned vehicle stores and our investments in digital and online capabilities, statements regarding our expectations for the future performance of our business and the automotive retail industry, and other statements that describe our objectives, goals, or plans, are forward-looking statements. Our forward-looking statements reflect our current expectations concerning future results and events, and they involve known and unknown risks, uncertainties, and other factors that are difficult to predict and may cause our actual results, performance, or achievements to be materially different from any future results, performance, and achievements expressed or implied by these statements. These risks, uncertainties, and other factors include, among others: our ability to implement successfully our strategic initiatives, partnerships, and investments, including the planned expansion of our AutoNation USA stores; our ability to identify, acquire, and build out suitable locations in a timely manner; our ability to develop successfully our digital and online capabilities; our ability to maintain and enhance our retail brands and reputation and to attract consumers to our own digital channels; our ability to acquire and integrate successfully new franchises; restrictions imposed by vehicle manufacturers and our ability to obtain manufacturer approval for acquisitions; economic conditions, including changes in unemployment, interest, and/or inflation rates, consumer demand, fuel prices, and tariffs; supply chain disruptions and inventory availability; new and used vehicle margins; our ability to attain planned sales volumes within our expected time frames; our ability to successfully implement and maintain expense controls; the success and financial viability and the incentive and marketing programs of vehicle manufacturers and distributors with which we hold franchises; the response by federal, state, and local governments and other parties to, and the economic impacts of, the COVID-19 pandemic; natural disasters and other adverse weather events; the resolution of legal and administrative proceedings; regulatory factors affecting our business, including fuel economy requirements; the announcement of safety recalls; factors affecting our goodwill and other intangible asset impairment testing; and other factors described in our news releases and filings made under the securities laws, including, among others, our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. Forward-looking statements contained in this news release speak only as of the date of this news release, and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Business Highlights – Q4 2021

AutoNation USA Ramp Up Strategy on Track

Opened two additional AutoNation USA stores in Denver and Phoenix, expanding geographical reach. Stores are already ramping up and reached profitability prior to year-end. Currently have 10 stores with 12 more planned over the next 12 months

Completed the Previously Announced Divestiture of 17 Collision Centers

Completed the sale of non-strategic collision centers to Caliber Collision, streamlining collision portfolio to key sites

Priority 1 Acquisition Completed and Successfully Integrated

Completed the previously announced Priority 1 Automotive Group acquisition, welcoming 410 new colleagues to the AutoNation team, and adding \$420 million in annual revenue

“World’s Most Admired Companies” List

AutoNation was ranked #6 in the Specialty Retailers category in Fortune’s “World’s Most Admired Companies” list

DRV PNK Raised more than \$30 Million

AutoNation’s DRV PNK initiative reached \$30 million in funds raised for cancer research and treatment

Financial Highlights – Q4 2021

Adjusted EPS an All-Time Record \$5.76

Adjusted EPS increased 137% YoY, and GAAP EPS of \$5.87 increased 239% YoY

Revenue of \$6.6 Billion

Revenue of \$6.6 billion increased 14% YoY driven by Used vehicle revenue growth of 55% YoY

Repurchased 3.1 Million Shares

AutoNation repurchased 3.1 million shares for an aggregate purchase price of \$382 million

Adjusted SG&A/Gross Profit was 56.7%

Adjusted SG&A/Gross Profit improved 710 basis points YoY, and reported SG&A/Gross Profit of 57.2% improved 690 basis points YoY

Used Retail Units Sold Increased 21%

AutoNation sold over 74,000 retail used units during the quarter, a 21% increase YoY

Adjusted Operating Income Increased 68%

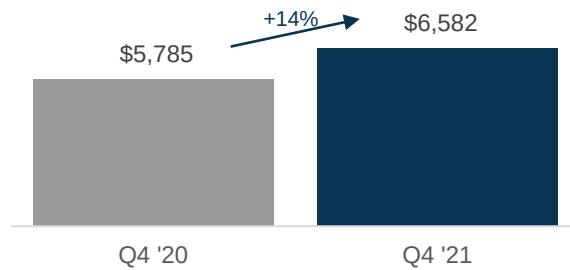
Adjusted Operating Income of \$521 million increased 68% YoY, and GAAP Operating Income increased 72% YoY

Q4 2021 Financial Highlights - Adjusted

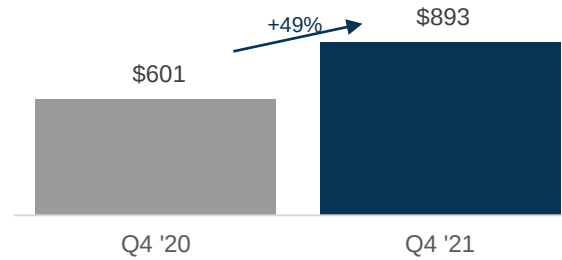
	Fourth Quarter		
	2021	2020	Variance
<i>(\$ in millions, except per share data)</i>			
Total revenue	\$6,582.3	\$5,785.1	13.8%
Gross profit	\$1,321.6	\$983.7	34.3%
Selling, general, and administrative expenses	\$749.9	\$628.0	19.4%
<i>SG&A / Gross Profit</i>	<i>56.7%</i>	<i>63.8%</i>	<i>-710bps</i>
Operating income	\$521.4	\$309.6	68.4%
Net income	\$380.0	\$213.1	78.3%
EPS	\$5.76	\$2.43	137.0%

Q4 2021 Key Financial Metrics

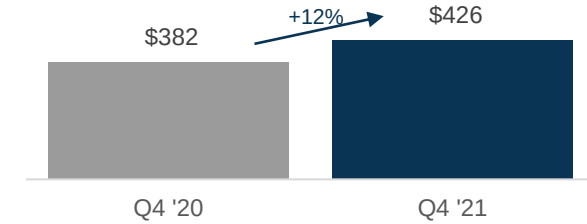
Total Revenue (\$MM)



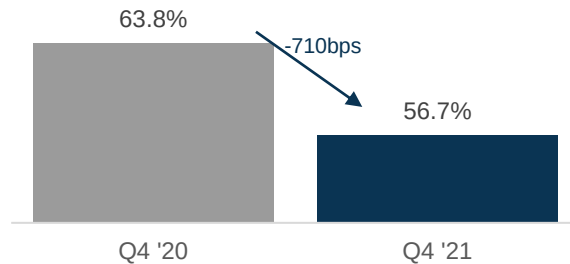
Variable Gross Profit (\$MM)



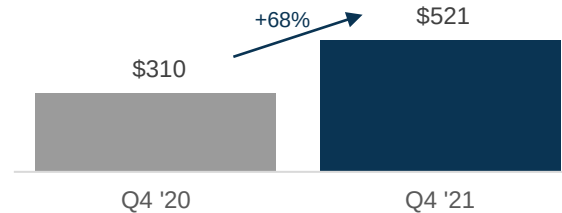
Adj. Fixed Gross Profit (\$MM)



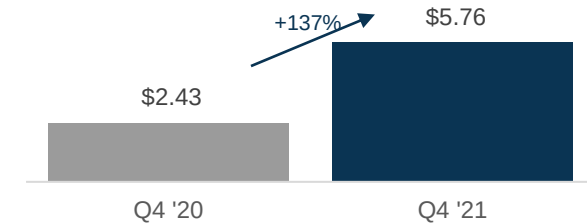
Adj. SG&A/Gross (%)



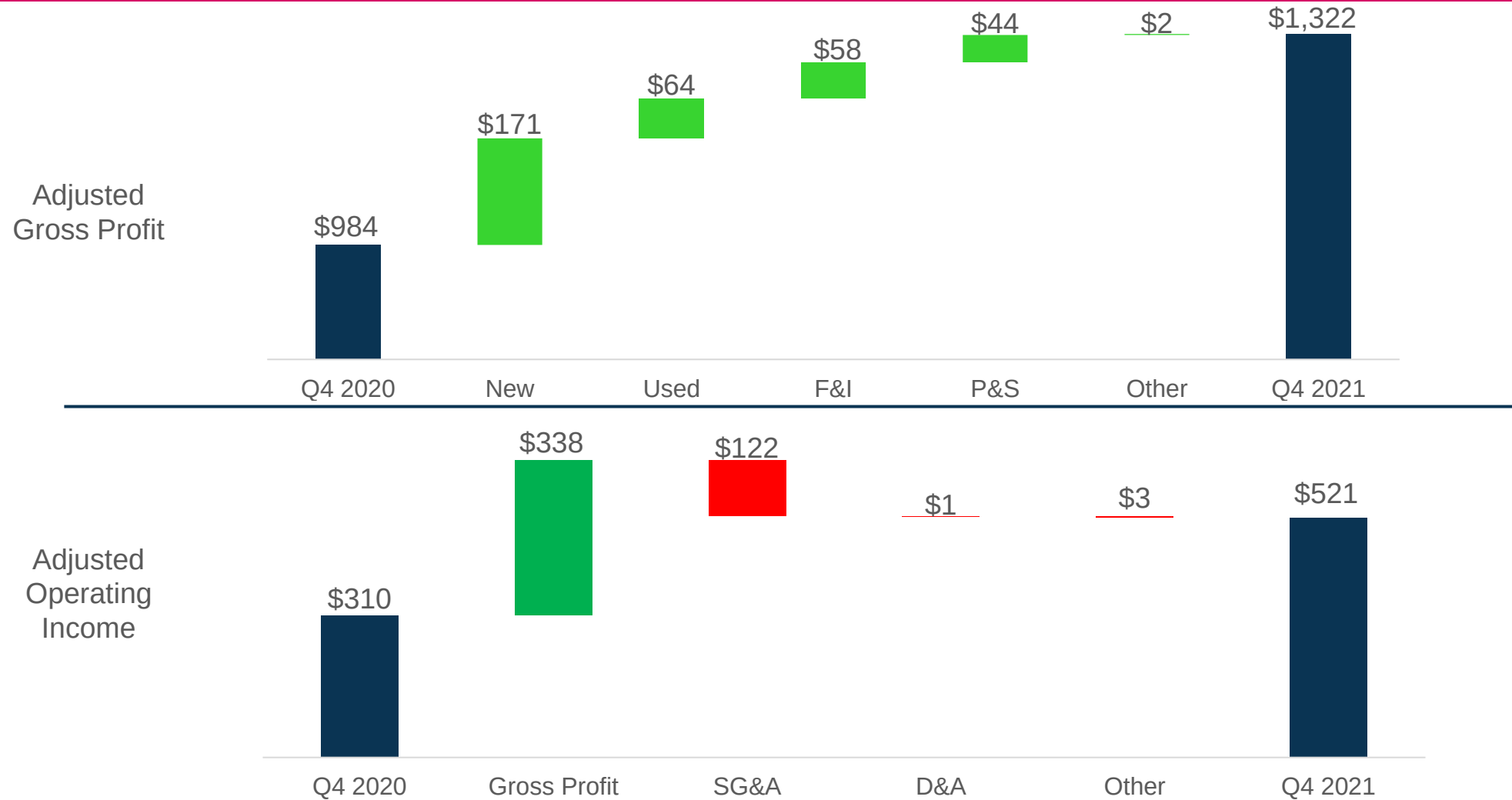
Adj. Operating Income (\$MM)



Adj. EPS (\$)

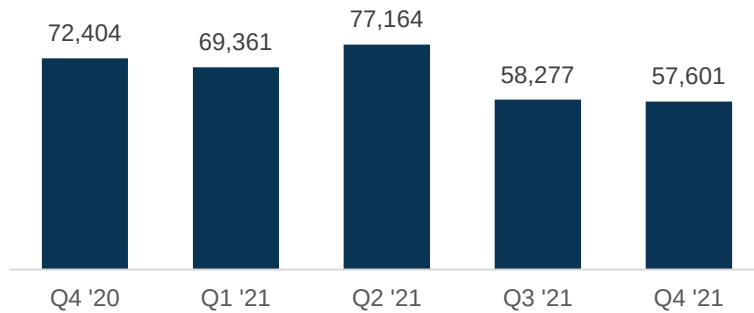


Q4 2021 Gross Profit & Operating Income Walk

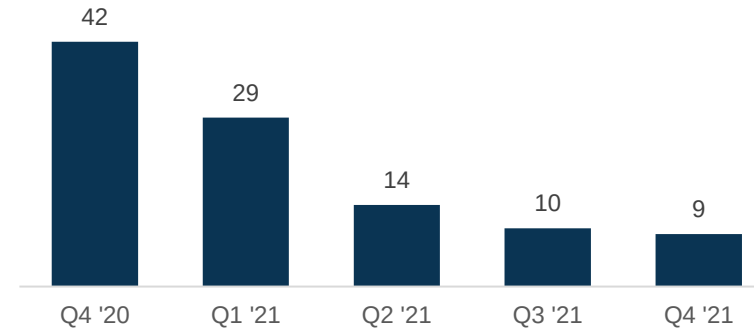


New Vehicle Retail

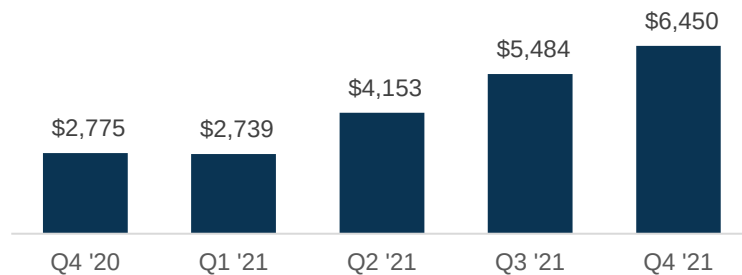
New Retail Units



Days Sales Outstanding (DSO)



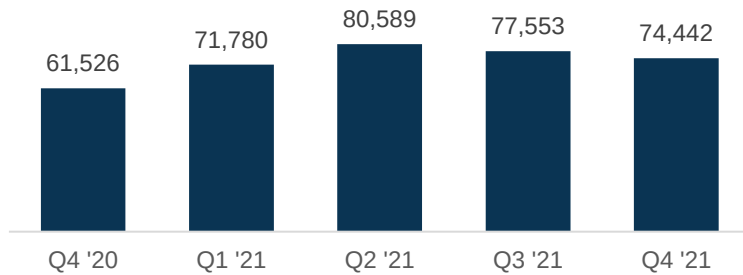
PVR (\$)



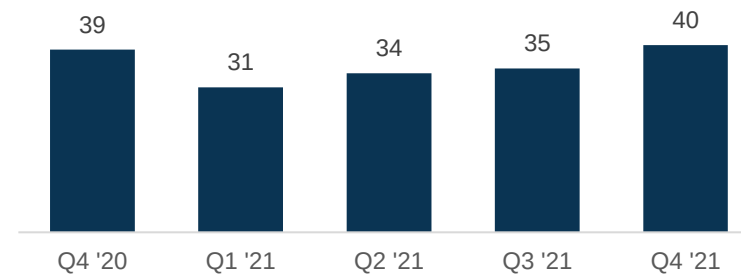
- ▶ New Retail Units declined 20% YoY due to manufacturer supply shortages
- ▶ New PVR increased \$3,675 due to strong demand and reduced availability of new vehicle inventory

Used Vehicle Retail

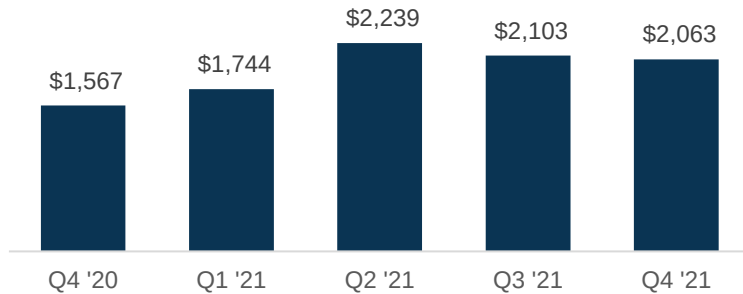
Used Retail Units



Days Sales Outstanding (DSO)

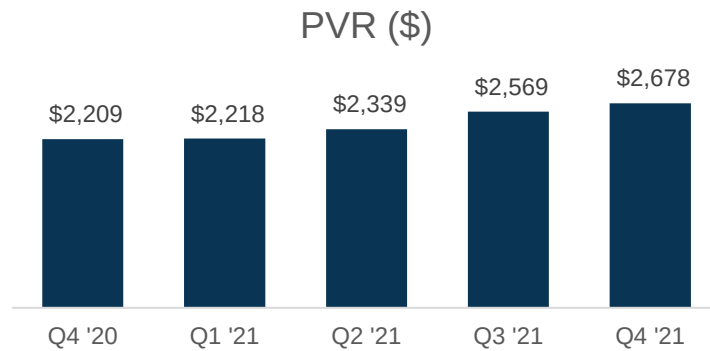
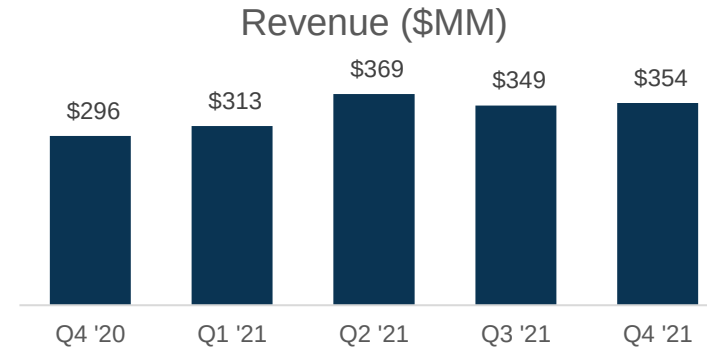
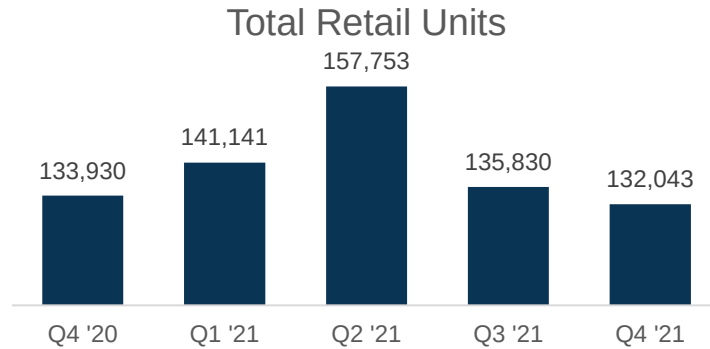


PVR (\$)



- ▶ Used Retail Units increased 21% YoY due to strong demand and limited availability of new vehicle inventory
- ▶ Used PVR increased \$496 due to strong Used vehicle pricing and an increase in self-sourced Used inventory

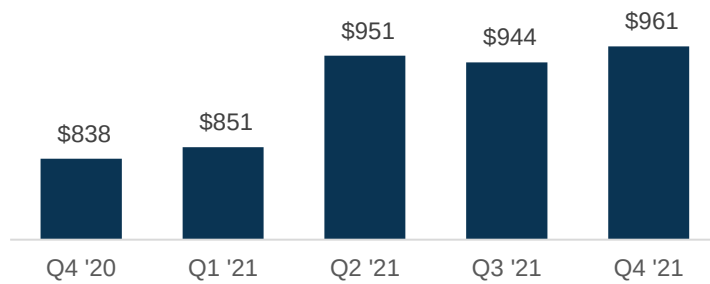
Finance & Insurance (F&I)



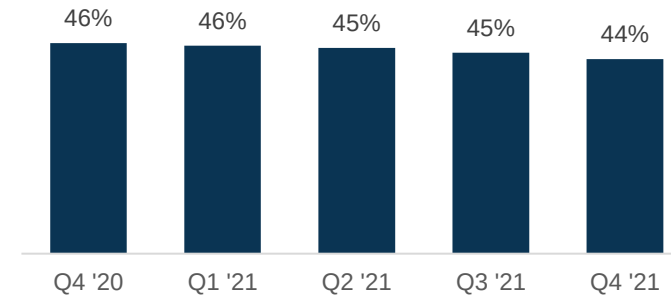
- F&I PVR increased \$469 due to higher margins on service contracts and increased product penetration

Parts & Service (P&S)

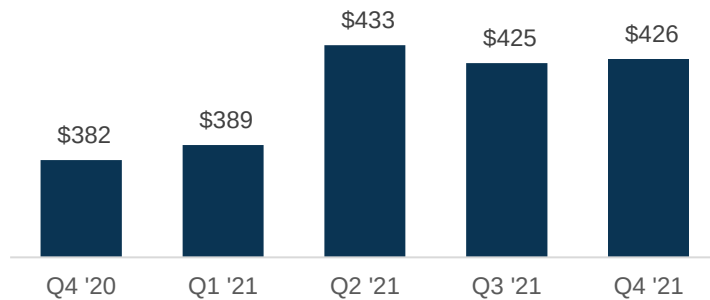
Revenue (\$MM)



Gross Margin (%)



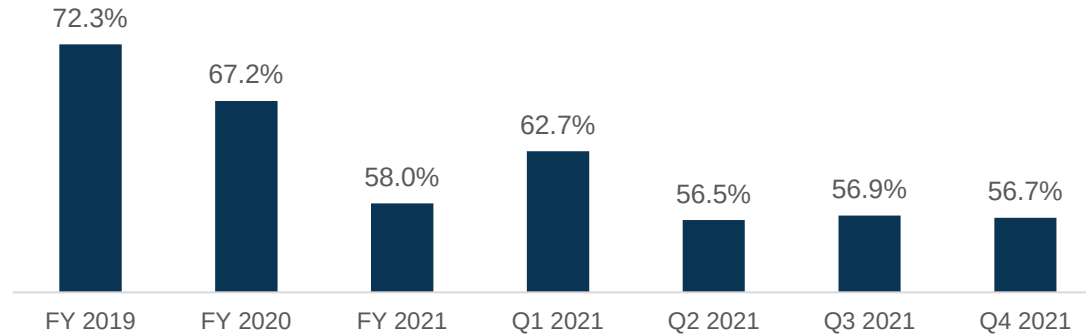
Adj. Gross Profit (\$MM)



- Adjusted P&S gross profit increased 12% primarily due to growth in customer pay, internal reconditioning, and wholesale parts, partially offset by a decrease in warranty

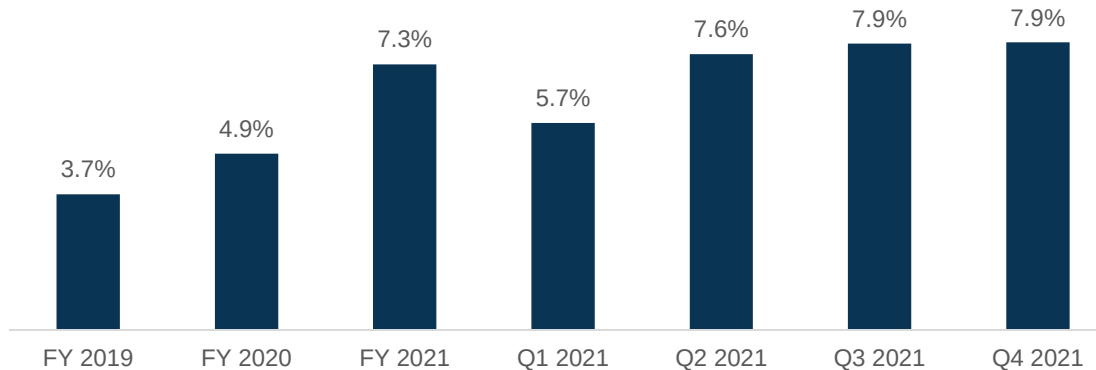
Adjusted SG&A/Gross Profit & Operating Inc Margin

Adj. SG&A / Gross Profit (%)



- Current market conditions and AutoNation's digital capabilities continue to support significant expense leverage

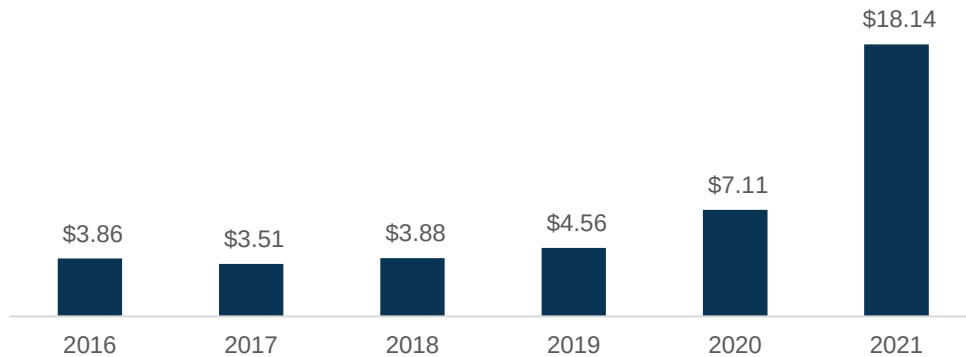
Adj. Operating Income Margin (%)



- Longer-term, AutoNation expects normalized SG&A/Gross Profit to be in the mid-60% range, well below pre-pandemic levels consistently above 70%

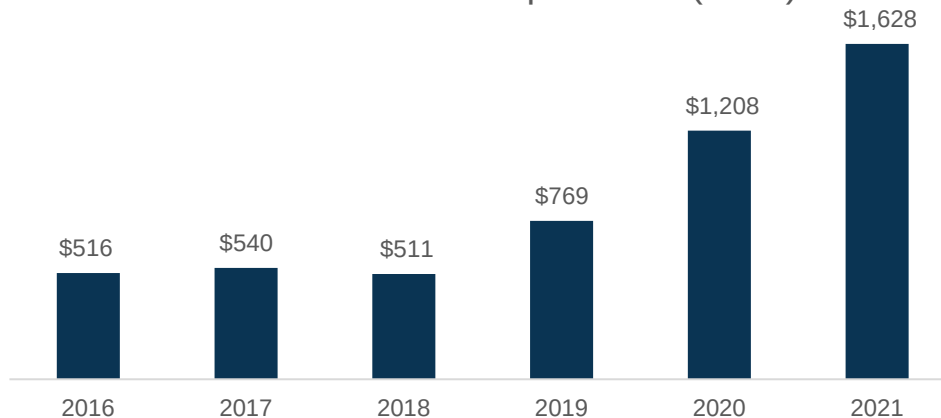
EPS & Cash Flow

Adj. EPS (\$)



- ▶ AutoNation delivered record EPS from Continuing Operations in FY 2021, due to the current supply/demand environment, strong operational execution, and disciplined expense management

Cash Flow From Operations (\$MM)



- ▶ Strong cash flow generation supports disciplined capital allocation and drives long-term shareholder value

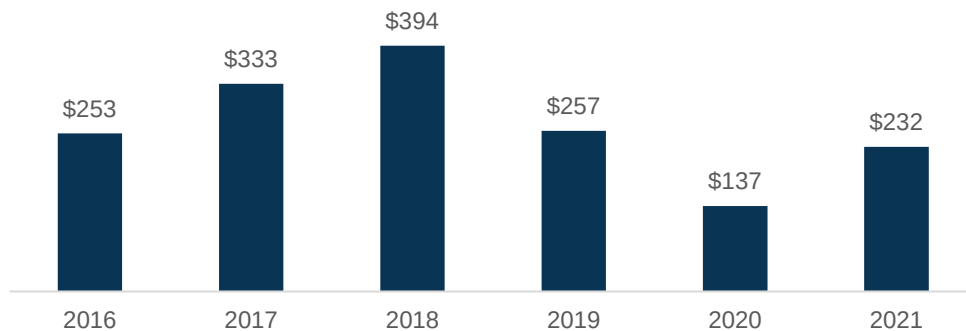
Capital Allocation

Share Repurchases (\$MM)



- ▶ \$1.5 billion of liquidity, including \$60 million of cash and approximately \$1.4 billion of availability on our credit facilities as of December 31, 2021

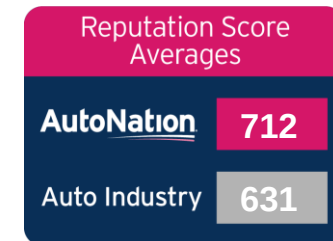
Capital Expenditures (\$MM)



- ▶ As of February 15, 2022, AutoNation had approximately \$776 million remaining Board authorization for share repurchases

AutoNation Investment Highlights

- ▶ Largest and most recognized automotive retailer with diversified portfolio and business mix
- ▶ Industry leading brand and over 500,000 5-star reviews according to Reputation
- ▶ AutoNation USA expansion provides an attractive growth opportunity and increased Used vehicle market share
- ▶ Long-term target to retail more than 1 million units/year
- ▶ Leveraging digital capabilities to exploit new operating environment and drive cost efficiencies
- ▶ Strong, resilient cash flow generation coupled with disciplined capital allocation drives long-term value

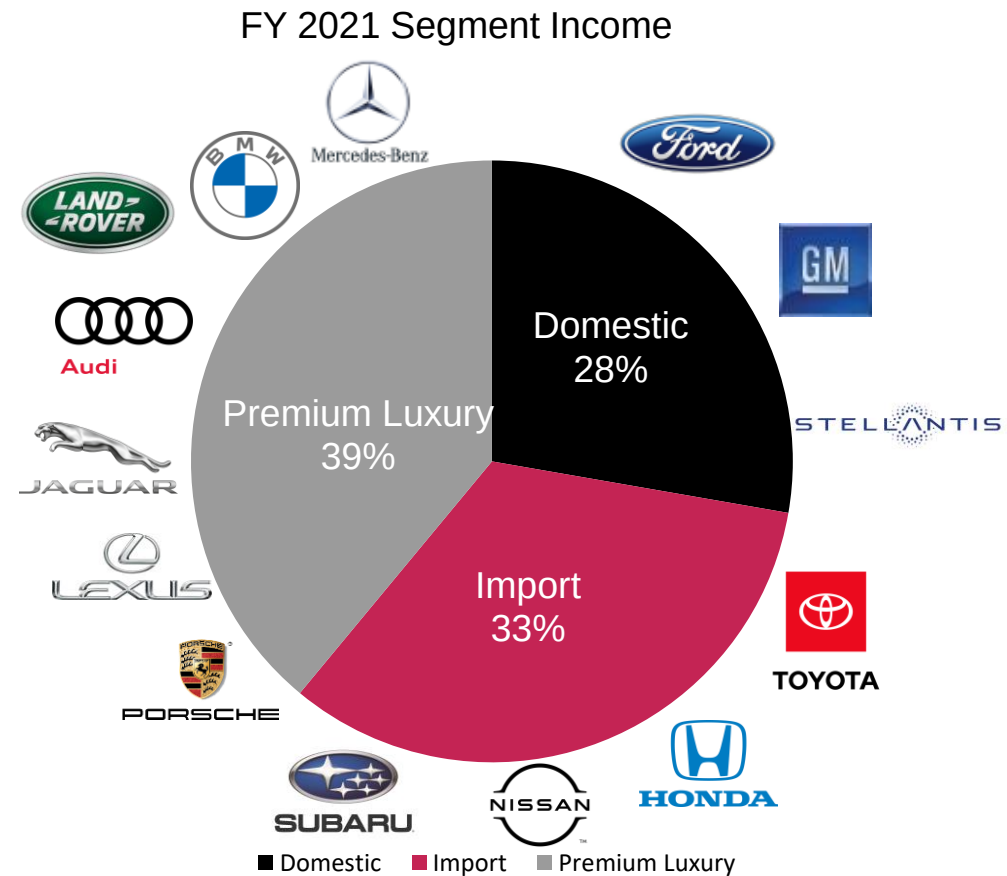


Source: Reputation,
December 2021

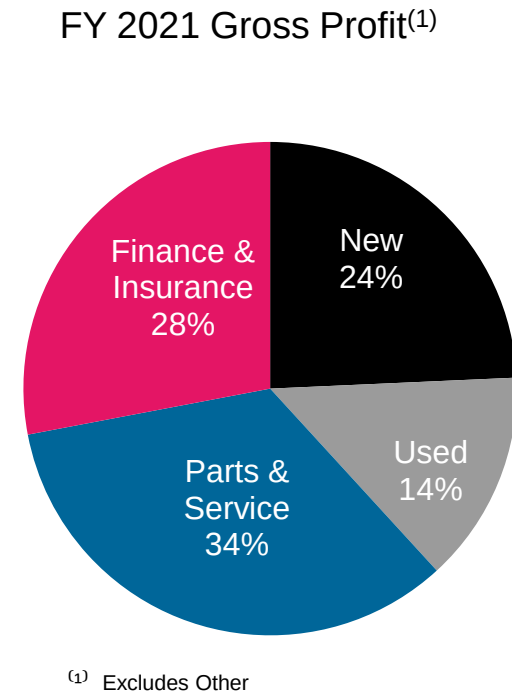
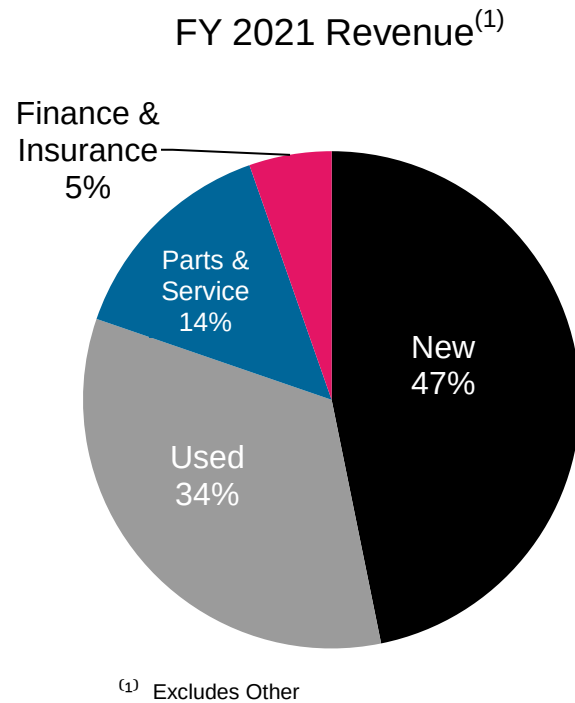


Optimal Brand Positioning within Diversified Portfolio

- ▶ Comprehensive brand selection provides customers broad range of innovative products from all leading vehicle manufacturers
- ▶ Strong OEM partnerships support customer service and retention
- ▶ Slightly greater profit mix towards higher-margin Premium Luxury segment



Diversified Revenue Mix Drives Profitability



- ▶ Vehicle sales generate 38% of gross profit and create broader profit opportunities in Finance and Insurance (F&I)
- ▶ Resilient Parts & Service business contributes 34% of gross profit

AutoNation USA Rollout Plan

- ▶ Provides opportunity to expand geographic footprint and gain pre-owned market share
- ▶ Leverages experience from original 5 profitable pilot stores
- ▶ 10th store opened most recently in Charlotte
- ▶ 12 additional stores targeted to be completed over the next 12 months
- ▶ Over 130 total stores targeted to be in operation by the end of 2026
- ▶ 18 months from store opening to operating at initial run rate



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.

Non-GAAP Reconciliations

Adjusted SG&A

(\$ in millions)	Three Months Ended December 31, 2021		Three Months Ended September 30, 2021		Three Months Ended June 30, 2021		Three Months Ended March 31, 2021		Three Months Ended December 31, 2020	
	SG&A as a Percentage of Gross Profit (%)		SG&A as a Percentage of Gross Profit (%)		SG&A as a Percentage of Gross Profit (%)		SG&A as a Percentage of Gross Profit (%)		SG&A as a Percentage of Gross Profit (%)	
	SG&A		SG&A		SG&A		SG&A		SG&A	
As reported (GAAP)	\$ 755.7	57.2	\$ 723.7	56.9	\$ 748.9	56.5	\$ 647.9	62.7	\$ 632.0	64.1
Excluding executive separation costs	5.8									
Excluding SG&A costs associated with exit of ACP business									4.0	
Adjusted	\$ 749.9	56.7	\$ 723.7	56.9	\$ 748.9	56.5	\$ 647.9	62.7	\$ 628.0	63.8

(\$ in millions)	Twelve Months Ended December 31, 2021		Twelve Months Ended December 31, 2020		Twelve Months Ended December 31, 2019	
	SG&A as a Percentage of Gross Profit (%)		SG&A as a Percentage of Gross Profit (%)		SG&A as a Percentage of Gross Profit (%)	
	SG&A		SG&A		SG&A	
As reported (GAAP)	\$ 2,876.2	58.1	\$ 2,422.0	67.9	\$ 2,558.6	72.6
Excluding executive separation costs	5.8		5.5		11.0	
Excluding SG&A costs associated with exit of ACP business			6.9			
Adjusted	\$ 2,870.4	58.0	\$ 2,409.6	67.2	\$ 2,547.6	72.3

Non-GAAP Reconciliations

Adjusted Operating Income

(\$ in millions)	Three Months Ended December 31, 2021		Three Months Ended September 30, 2021		Three Months Ended June 30, 2021		Three Months Ended March 31, 2021	
	Percentage of Revenue		Percentage of Revenue		Percentage of Revenue		Percentage of Revenue	
	Operating Income	(%)	Operating Income	(%)	Operating Income	(%)	Operating Income	(%)
As reported (GAAP)	\$ 532.4	8.1%	\$ 503.3	7.9%	\$ 530.2	7.6%	\$ 336.9	5.7%
Net gains on business dispositions and asset impairments	(11.6)							
Executive separation costs	5.8							
Legal settlement	(5.2)							
Adjusted	\$ 521.4	7.9%	\$ 503.3	7.9%	\$ 530.2	7.6%	\$ 336.9	5.7%

(\$ in millions)	Twelve Months Ended December 31, 2021		Twelve Months Ended December 31, 2020		Twelve Months Ended December 31, 2019	
	Percentage of Revenue		Percentage of Revenue		Percentage of Revenue	
	Operating Income	(%)	Operating Income	(%)	Operating Income	(%)
As reported (GAAP)	\$ 1,902.8	7.4%	\$ 563.2	2.8%	\$ 823.6	3.9%
Net gains on business dispositions and asset impairments	(11.6)		8.4			
Executive separation costs	5.8		5.5		11.0	
Legal settlement	(5.2)				(7.1)	
ACP inventory valuation adjustment			17.6			
SG&A costs associated with exit of ACP business ⁽¹⁾			6.9			
Other costs associated with exit of ACP business ⁽²⁾			12.2			
Goodwill and franchise rights impairment			375.8		9.6	
Asset impairments and net gains on store/property dispositions					(39.4)	
Adjusted	\$ 1,891.8	7.3%	\$ 989.6	4.9%	\$ 797.7	3.7%

(1) Includes \$3.2 million related to accelerated amortization, \$1.1 million related to involuntary termination benefits, and \$2.6 million related to other closing costs.

(2) Includes \$3.2 million related to contract termination charges, \$3.9 million related to accelerated depreciation, and \$5.1 million related to asset impairments.

Non-GAAP Reconciliations

Adjusted Operating Income / Adjusted Net Income

(\$ in millions, except per share data)

Comparable Basis Reconciliations⁽¹⁾

Three Months Ended December 31,														
	Gross Profit		Operating Income		Income from Continuing Operations Before Income Taxes		Income Tax Provision ⁽²⁾		Effective Tax Rate		Net Income		Diluted Earnings Per Share ⁽³⁾	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
As reported	\$ 1,321.6	\$ 986.7	\$ 532.4	\$ 309.4	\$ 506.0	\$ 201.3	\$ 118.8	\$ 49.8	23.5%	24.7%	\$ 387.1	\$ 151.5	\$ 5.87	\$ 1.73
Net gains on business dispositions and asset impairments	-	-	(11.6)	-	(11.6)	-	(2.8)	-			(8.8)	-	\$ (0.13)	\$ -
Executive separation costs	-	-	5.8	-	5.8	-	0.2	-			5.6	-	\$ 0.08	\$ -
Legal settlement	-	-	(5.2)	-	(5.2)	-	(1.3)	-			(3.9)	-	\$ (0.06)	\$ -
Loss on equity investment	-	-	-	-	-	81.2	-	19.7			-	61.5	\$ -	\$ 0.70
ACP inventory valuation adjustment	-	(3.0)	-	(3.0)	-	(3.0)	-	(0.7)			-	(2.3)	\$ -	\$ (0.03)
SG&A costs associated with exit of ACP business ⁽⁴⁾	-	-	-	4.0	-	4.0	-	1.0			-	3.0	\$ -	\$ 0.03
Other costs associated with exit of ACP business ⁽⁵⁾	-	-	-	(0.8)	-	(0.8)	-	(0.2)			-	(0.6)	\$ -	\$ (0.01)
Adjusted	\$ 1,321.6	\$ 983.7	\$ 521.4	\$ 309.6	\$ 495.0	\$ 282.7	\$ 114.9	\$ 69.6	23.2%	24.6%	\$ 380.0	\$ 213.1	\$ 5.76	\$ 2.43

(1) Please refer to the "Non-GAAP Financial Measures" section of the Press Release.

(2) Tax expense is determined based on the amount of additional taxes or tax benefits associated with each individual item.

(3) Diluted earnings per share amounts are calculated discretely and therefore may not add up to the total due to rounding.

(4) Includes \$1.0 million related to accelerated amortization, \$0.4 million related to involuntary termination benefits, and \$2.6 million for other closing costs.

(5) Includes \$4.1 million reduced accrual related to contract termination charges, partially offset by \$2.3 million related to asset impairments and \$1.0 million related to accelerated depreciation.

Non-GAAP Reconciliations

Adjusted P&S Gross Profit / Adjusted D&A / Adjusted Other Income

(\$ in millions, except per share data)

	Three Months Ended December 31,								
	P&S Gross Profit			Depreciation and amortization			Other income, net		
	2021	2020	\$ Variance	2021	2020	\$ Variance	2021	2020	\$ Variance
As reported	\$ 426.4	\$ 385.4	\$ 41.0	\$ 49.9	\$ 49.9	\$ -	\$ 16.4	\$ 4.6	\$ 11.8
ACP inventory valuation adjustment	-	(3.0)		-	-		-	-	
Other costs associated with exit of ACP business ⁽¹⁾	-	-		-	(1.0)		-	(1.8)	
Net gains on business dispositions and asset impairments	-	-		-	-		\$ (11.6)	-	
Legal settlement	-	-		-	-		\$ (5.2)	-	
Adjusted	<u>\$ 426.4</u>	<u>\$ 382.4</u>	\$ 44.0	<u>\$ 49.9</u>	<u>\$ 48.9</u>	\$ 1.0	<u>\$ (0.4)</u>	<u>\$ 2.8</u>	\$ (3.2)

(1) Includes \$4.1 million reduced accrual related to contract termination charges, partially offset by \$2.3 million related to asset impairments and \$1.0 million related to accelerated depreciation.

Non-GAAP Reconciliations

Adjusted Net Income / Adjusted EPS (Annual)

Twelve Months Ended December 31,

(\$ in millions, except per share data)

	Income from Continuing Operations Before Income Taxes			Income Tax Provision ⁽¹⁾			Net Income			Diluted Earnings Per Share ⁽²⁾		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
As reported	\$1,808.4	\$ 550.1	\$ 612.6	\$ 435.1	\$ 168.3	\$ 161.8	\$1,373.0	\$ 381.6	\$ 450.0	\$ 18.31	\$ 4.30	\$ 4.97
Net gain related to business/property dispositions	(11.6)	8.4	(39.4)	(2.8)	2.2	(9.6)	(8.8)	6.2	(29.8)	\$ (0.12)	\$ 0.07	\$ (0.33)
Legal settlements and other	(5.2)	-	(7.1)	(1.3)	-	(1.7)	(3.9)	-	(5.4)	\$ (0.05)	-	\$ (0.06)
Executive separation costs	5.8	5.5	11.0	0.2	1.0	0.8	5.6	4.5	10.2	\$ 0.07	\$ 0.05	\$ 0.11
Gain on equity investment	(7.5)	(131.5)	(25.7)	(1.8)	(34.0)	(6.2)	(5.7)	(97.5)	(19.5)	\$ (0.08)	\$ (1.10)	\$ (0.22)
ACP inventory valuation adjustment	-	17.6	-	-	4.3	-	-	13.3	-	-	\$ 0.15	-
SG&A costs associated with exit of ACP business ⁽³⁾	-	6.9	-	-	1.7	-	-	5.2	-	-	\$ 0.06	-
Other costs associated with exit of ACP business ⁽⁴⁾	-	12.2	-	-	2.9	-	-	9.3	-	-	\$ 0.10	-
Goodwill and/or franchise rights impairment	-	375.8	9.6	-	67.4	2.3	-	308.4	7.3	-	\$ 3.48	\$ 0.08
Total YTD adjustments	(18.5)	294.9	(51.6)	(5.7)	45.5	(14.4)	(12.8)	249.4	(37.2)	\$ (0.17)	\$ 2.81	\$ (0.41)
Adjusted	\$1,789.9	\$ 845.0	\$ 561.0	\$ 429.4	\$ 213.8	\$ 147.4	\$1,360.2	\$ 631.0	\$ 412.8	\$ 18.14	\$ 7.11	\$ 4.56

(1) Tax expense is determined based on the amount of additional taxes or tax benefits associated with each individual item.

(2) Diluted earnings per share amounts are calculated discretely and therefore may not add up to the total due to rounding.

(3) Includes \$3.2 million related to accelerated amortization, \$1.1 million related to involuntary termination benefits, and \$2.6 million related to other closing costs.

(4) Includes \$3.2 million related to contract termination charges, \$3.9 million related to accelerated depreciation, and \$5.1 million related to asset impairments.

Non-GAAP Reconciliations

Adjusted Net Income / Adjusted EPS (Annual)

(\$ in millions, except per share data)

Twelve Months Ended December 31,

	Income from Continuing Operations Before Income Taxes			Income Tax Provision ⁽¹⁾			Net Income			Diluted Earnings Per Share ⁽²⁾		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
As reported	\$ 529.4	\$ 636.5	\$ 702.3	\$ 133.5	\$ 201.5	\$ 270.6	\$ 396.0	\$ 434.6	\$ 430.5	\$ 4.34	\$ 4.43	\$ 4.15
Net gain related to business/property dispositions	(53.4)	(67.7)	(33.2)	(12.8)	(25.8)	(12.6)	(40.6)	(41.9)	(20.6)	\$ (0.44)	\$ (0.43)	\$ (0.20)
Legal settlements and other	(11.7)	(10.3)	(15.4)	(2.8)	(3.9)	(5.9)	(8.9)	(6.4)	(9.5)	\$ (0.10)	\$ (0.07)	\$ (0.09)
Income tax adjustment	(5.0)	(41.2)	-	-	-	-	(5.0)	(41.2)	-	\$ (0.05)	\$ (0.42)	-
Goodwill and/or franchise rights impairment	8.1	-	-	2.0	-	-	6.1	-	-	\$ 0.07	-	-
Restructuring expense	9.4	-	-	2.3	-	-	7.1	-	-	\$ 0.08	-	-
Total YTD adjustments	(52.6)	(119.2)	(48.6)	(11.3)	(29.7)	(18.5)	(41.3)	(89.5)	(30.1)	\$ (0.45)	\$ (0.91)	\$ (0.29)
Adjusted	\$ 476.8	\$ 517.3	\$ 653.7	\$ 122.2	\$ 171.8	\$ 252.1	\$ 354.7	\$ 345.1	\$ 400.4	\$ 3.88	\$ 3.51	\$ 3.86

(1) Tax expense is determined based on the amount of additional taxes or tax benefits associated with each individual item.

(2) Diluted earnings per share amounts are calculated discretely and therefore may not add up to the total due to rounding.



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