

A wide-angle photograph of a modern car dealership interior. Several cars are parked on a polished floor that reflects the vehicles and the overhead lights. In the background, there are large windows and a wall with a Mercedes-Benz logo and a classic car display. The image is overlaid with a semi-transparent blue geometric shape on the left and right sides.

AutoNation.

Fourth Quarter Earnings Release

February 13, 2024

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, and investments, including AutoNation USA, AutoNation Finance, and AutoNation Mobile Service, statements regarding our investments in digital and online capabilities and mobility solutions, 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 acquisitions, initiatives, partnerships, and investments; our ability to identify, acquire, and build out suitable locations in a timely manner; 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 franchise 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; 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 presentation speak only as of the date of this presentation, and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

4Q 2023 Overview

PERFORMANCE	
New Vehicle unit growth	+ 8%
Used Vehicle unit sequential change	~ Mkt.
Customer Financial Services	#1
After-Sales growth	+ 11%
Share repurchases 1.15 M (\$151M)	~3%

COMMENTS
• Strong Import growth, seasonal benefit from Premium Luxury • Continued focus on Share of Wallet • AN Finance launched across franchise stores • Ongoing AN USA rollout • Fortune Most Admired #3 Specialty Retailer • Completion of Executive Leadership Team

Business Model Is Working

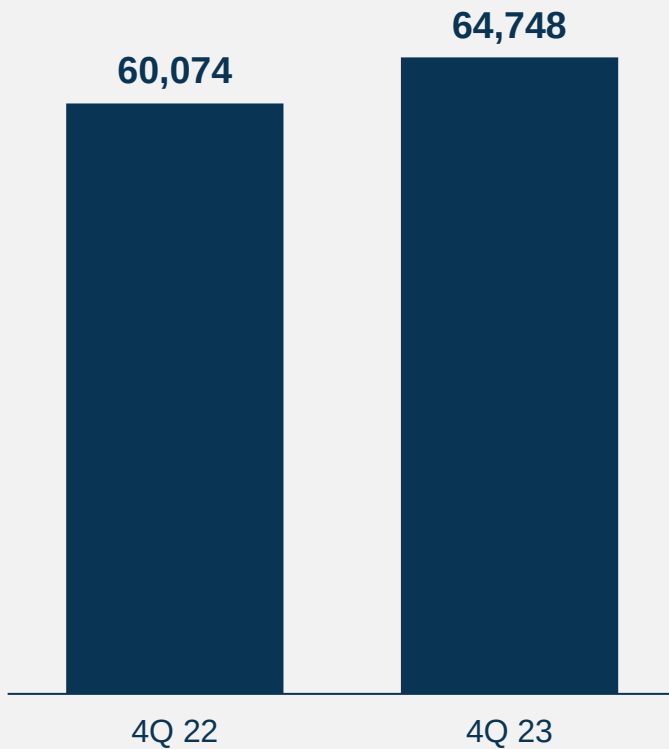
4Q 2023 Financial Summary

(\$ in millions, except per share data)

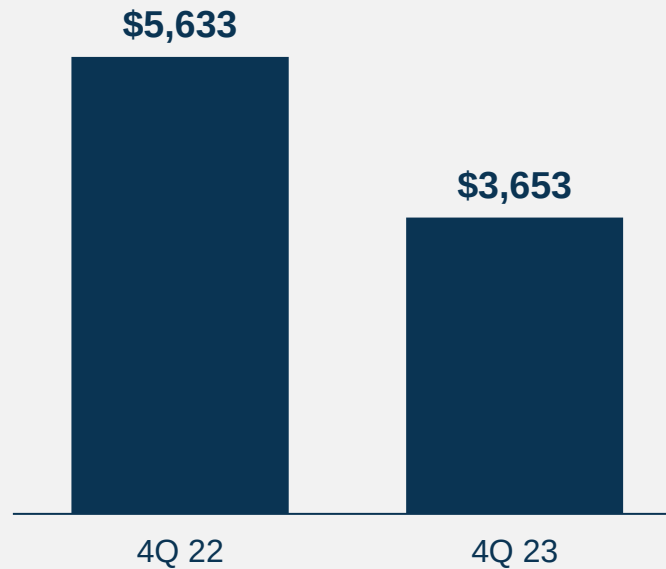
	Q4 2022	Q4 2023	YoY	COMMENTS
Total Revenue	\$6,697	\$6,767	1%	New Vehicle and After-Sales offset lower Used Vehicle Revenue
Gross Profit	\$1,282	\$1,215	-5%	18% Gross Profit Margin
Adj. SG&A Expense	\$752	\$791	5%	Stable core SG&A, plus growth initiative spending
Adj. Operating Income	\$474	\$368	-22%	5.4% Operating Margin
Adj. Net Income	\$319	\$216	-32%	Reflects higher Floorplan and Interest Expense
Avg. Shares Outstanding	50.1	42.9	-14%	50% share count reduction since start of 2021
Adj. Diluted EPS	\$6.37	\$5.02	-21%	

4Q 2023 New Vehicles

RETAIL UNITS



GROSS PROFIT PVR

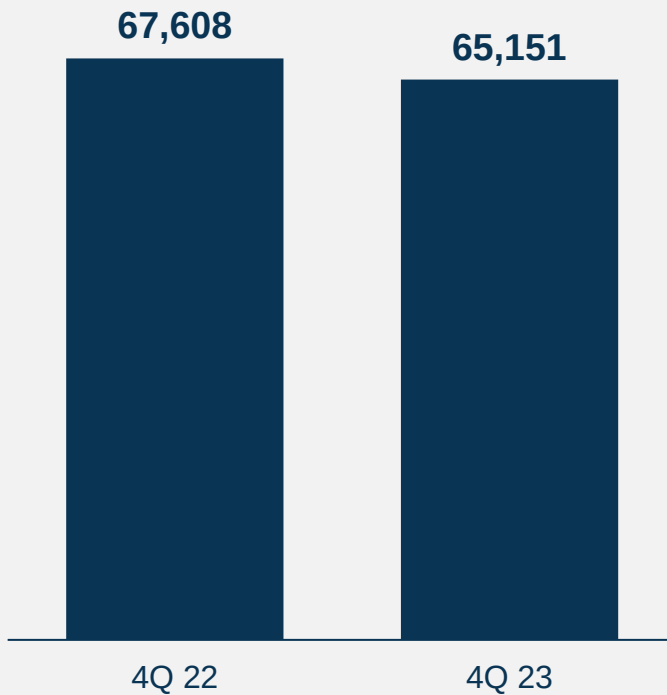


NOTES

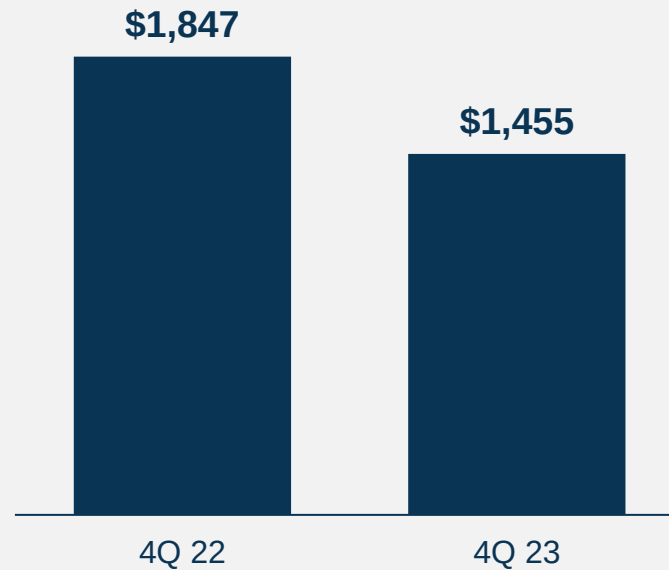
- Unit volume up 8%: Imports+16% Premium Luxury +3%
- Moderation of PVR rate of decline from Q3; key factors:
 - Brand Mix
 - BEVs
 - ASP relative to Invoice
- Continued improvement in vehicle supply

4Q 2023 Used Vehicles

RETAIL UNITS



GROSS PROFIT PVR

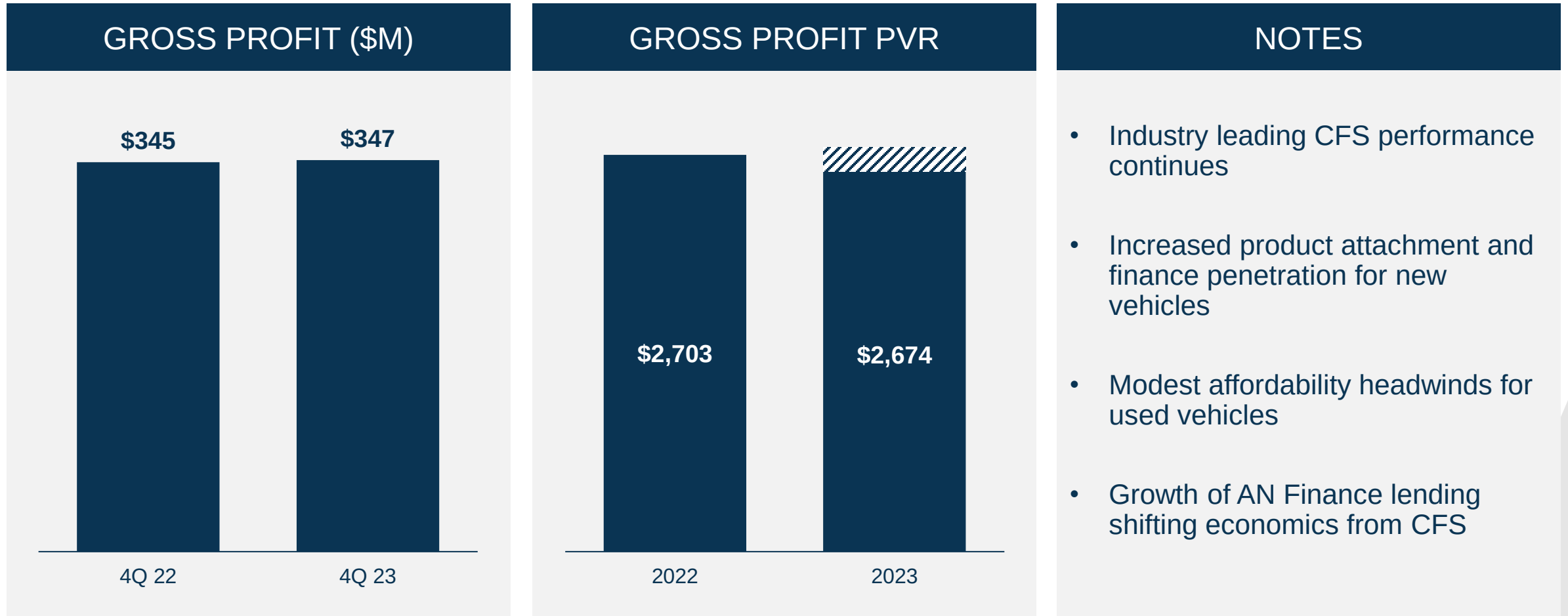


NOTES

- Sequential unit decline in-line with industry and normal seasonality
- Volume and PVR impacted by:
 - Pricing band mix
 - Normalizing depreciation
- Focused on purchasing and pricing proficiency and inventory velocity

4Q 2023

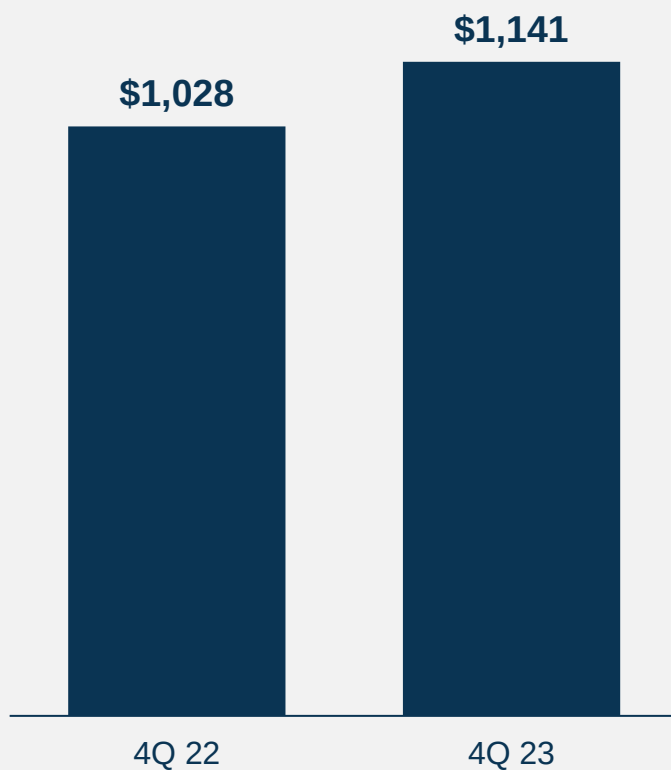
Customer Financial Services



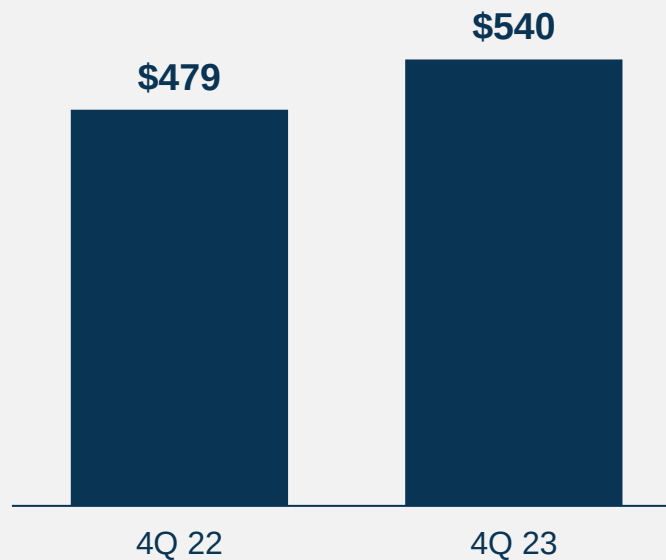
 Impact from AN Finance Lending

4Q 2023 After-Sales

REVENUE (\$M)



GROSS PROFIT (\$M)



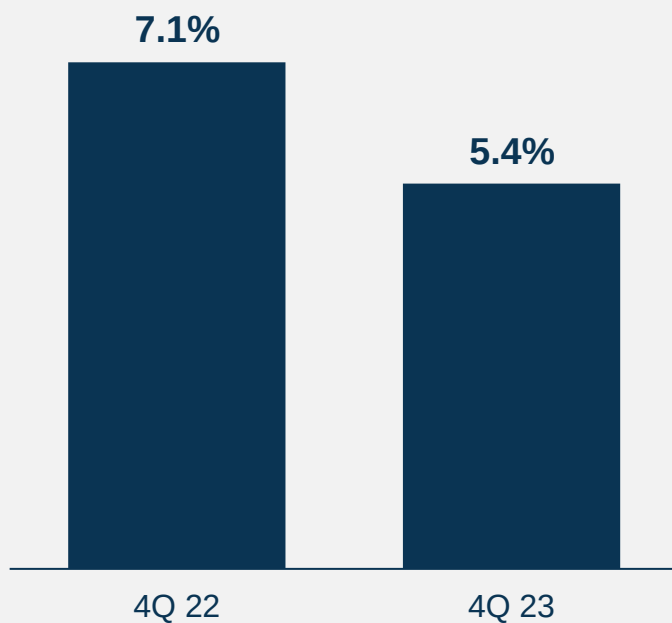
NOTES

- Revenue growth 11%, gross profit growth 13%
 - Value per repair order improving
 - Volume of repair orders improving
- Increases in all major categories — Customer Pay, Internal, Warranty, and Collision
- Gross Profit margin of 47%, up 70 bps
- Focused on capacity utilization and technician development

4Q 2023

Operating Income

ADJ OPERATING INCOME MARGIN (%)

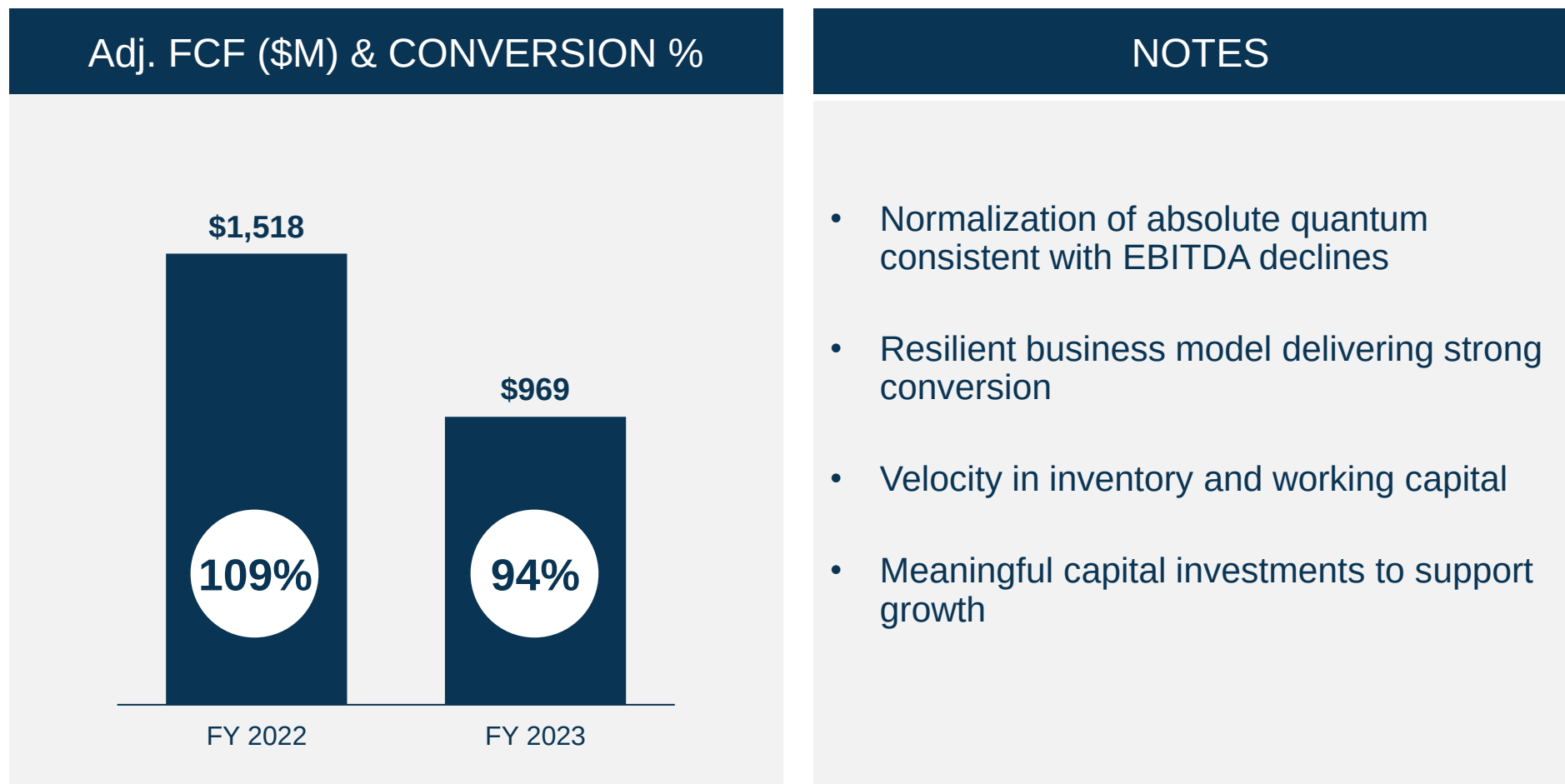


NOTES

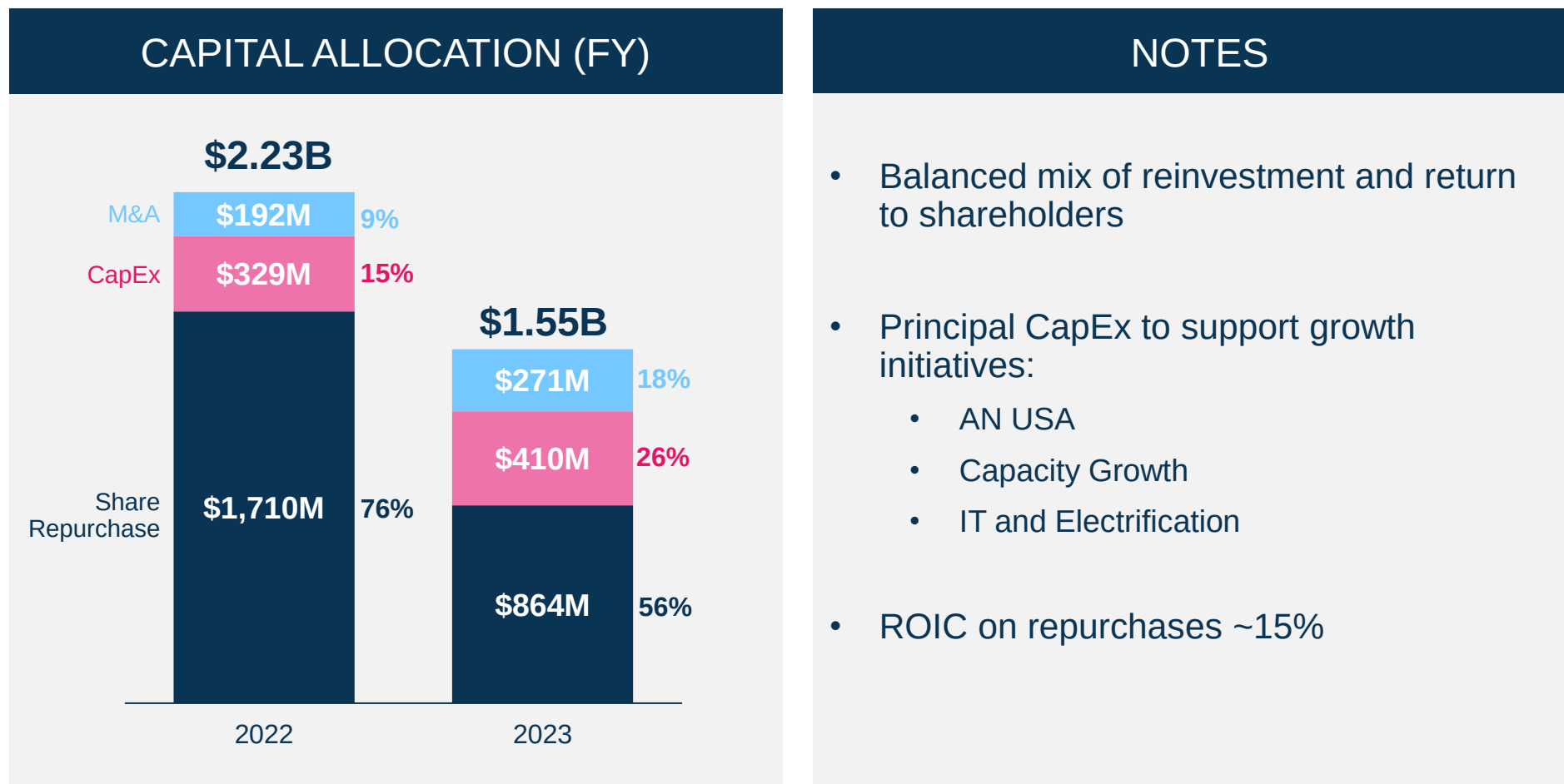
- 150+ bps above pre-pandemic levels
- Moderation of vehicle gross profit and growth investments
- SG&A growth reflects:
 - Investments for growth
 - Advertising to support WBYC
- Normalized SG&A / Gross Profit

4Q 2023

Free Cash Flow — Full Year



4Q 2023 Capital Allocation



4Q 2023

2024 Commentary

- Vehicle supply and demand normalizing
- Focused on managing controllable variables well
- Strong cash flow generation will continue
- Prudent capital deployment key tenant of model



Resilient Business Model

4Q 2023
AutoNation

Solid operating results
in a normalizing environment

Strong cash conversion
and attractive capital deployment

Continuing to invest for growth
including processes and technology as well as CapEx

Continued confidence in AutoNation team
to deliver attractive returns to shareholders

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 2023

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	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	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	12.3
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	
	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	
	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	\$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%
	ASP Y/Y		3%	4%	4%	-1%	2%	2%	3%	3%	2%	2%	5%	6%	10%	11%	2%	
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	
	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	
	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	\$1,620
	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%	8.1%
	ASP Y/Y		4%	6%	3%	0%	1%	3%	4%	3%	-2%	3%	4%	4%	21%	14%	-7%	
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	
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	
	PVR Y/Y		0%	4%	5%	6%	6%	4%	9%	4%	5%	7%	8%	12%	13%	11%	1%	
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	
	Gross Y/Y		-13%	3%	1%	4%	10%	8%	12%	7%	4%	4%	4%	-10%	15%	14%	13%	
	Cash From Ops (\$mm)	\$685	\$370	\$252	\$376	\$317	\$484	\$485	\$507	\$516	\$540	\$511	\$769	\$1,208	\$1,628	\$1,668	\$724	
	CapEx (\$mm)	\$97	\$75	\$150	\$149	\$161	\$161	\$209	\$248	\$245	\$310	\$387	\$269	\$156	\$216	\$329	\$410	
	M&A (\$mm)	\$32	\$0	\$73	\$64	\$142	\$88	\$205	\$322	\$410	\$77	\$67	\$5	\$0	\$433	\$192	\$271	
	Share Repurchase (\$mm)	\$54	\$136	\$524	\$583	\$581	\$53	\$485	\$235	\$497	\$435	\$100	\$45	\$382	\$2,303	\$1,710	\$864	

*Data as reported of continuing operations

NON-GAAP RECONCILIATIONS

Comparable Basis Reconciliations

Three Months Ended December 31, 2022, and December 31, 2023

	Operating Income		Income from Continuing Operations Before Income Taxes		Income Tax Provision ⁽¹⁾		Effective Tax Rate		Net Income		Diluted Earnings Per Share ⁽²⁾	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
From continuing operations, as reported	\$424.9	\$349.9	\$377.7	\$277.7	\$91.3	\$61.5	24.2%	22.1%	\$286.4	\$216.2		
Discontinued operations, net of income taxes									-	-		
As reported									\$286.4	\$216.2	\$5.72	\$5.04
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation plans ⁽³⁾	6.8	11.2	-	-	-	-			-	-	-	-
Gain on equity investment	-	-	-	(7.5)	-	(1.8)			-	(5.7)	-	(\$0.13)
Severance expenses	-	6.6	-	6.6	-	1.6			-	5.0	-	\$0.12
Initial credit loss expense associated with acquired loan portfolio	34.2	-	34.2	-	8.4	-			25.8	-	\$0.51	-
Acquisition Related Expenses	8.0	-	8.0	-	1.0	-			7.0	-	\$0.14	-
Adjusted	\$473.9	\$367.7	\$419.9	\$276.8	\$100.7	\$61.3	24.0%	22.1%	\$319.2	\$215.5	\$6.37	\$5.02
Adjusted as % of Revenue	7.1%	5.4%										
	SG&A		SG&A as a Percentage of Gross Profit (%)									
	2022	2023	2022	2023								
As reported	\$766.7	\$808.3	59.8	66.5								
Excluding:												
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation	6.8	11.2										
Severance expenses	-	6.6										
Acquisition-related expenses	8.0	-										
Adjusted	\$751.9	\$790.5	58.7	65.1								

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: Increases and decreases in deferred compensation obligations, which are recorded in SG&A, are substantially offset by corresponding gains and losses, respectively, related to changes in the cash surrender value of corporate-owned life insurance ("COLI") for deferred compensation plan participants as a result of changes in market performance of the underlying investments; therefore, net impact to net income and earnings per share is de minimis. Gains and losses related to the COLI are recorded in non-operating Other Income (Loss), Net

NON-GAAP RECONCILIATIONS

Comparable Basis Reconciliations

Twelve Months Ended December 31, 2022 and December 31, 2023

	Operating Income		Income from Continuing Operations Before Income Taxes		Income Tax Provision ⁽¹⁾		Effective Tax Rate		Net Income		Diluted Earnings Per Share ⁽²⁾	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
From continuing operations, as reported	\$2,024.5	\$1,651.9	\$1,833.5	\$1,350.2	\$455.8	\$330.0	24.9%	24.4%	\$1,377.7	\$1,020.2		
Discontinued operations, net of income taxes									(0.3)	0.9		
As reported									\$1,377.4	\$1,021.1	\$24.29	\$22.74
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation plans ⁽³⁾	(18.3)	17.5	-	-	-	-			-	-	-	-
Gain on equity investment	-	-	-	(7.5)	-	(1.8)			-	(5.7)	-	\$(0.13)
Losses from hailstorms and other natural catastrophes	-	16.5	-	16.5	-	4.1			-	12.4	-	\$0.28
Severance expenses	-	6.6	-	6.6	-	1.6			-	5.0	-	\$0.11
Initial credit loss expense associated with acquired loan portfolio	34.2	-	34.2	-	8.4	-			25.8	-	\$0.46	-
Acquisition Related Expenses	8.0	-	8.0	-	1.0	-			7.0	-	\$0.12	-
Net gains on business/property dispositions	(16.1)	-	(16.1)	-	(4.0)	-			(12.1)	-	\$(0.21)	-
Legal settlement	(6.3)	-	(6.3)	-	(1.4)	-			(4.9)	-	\$(0.09)	-
Adjusted	\$2,026.0	\$1,692.5	\$1,853.3	\$1,365.8	\$459.8	\$333.9	24.8%	24.4%	\$1,393.2	\$1,032.8	\$24.57	\$23.00
Adjusted as % of Revenue												
	SG&A		SG&A as a Percentage of Gross Profit (%)									
	2022	2023	2022	2023								
As reported	\$3,026.1	\$3,253.2	57.5	63.4								
Excluding:												
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation	(18.3)	17.5										
Losses from hailstorms and other natural catastrophes	-	16.5										
Severance expenses	-	6.6										
Acquisition-related expenses	8.0	-										
Adjusted	\$3,036.4	\$3,212.6	57.7	62.6								

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4Q 2023

Free Cash Flow Reconciliation

(\$ in millions)

	Full Year	
	2022	2023
Net cash provided by operating activities	\$1,668	\$724
Change in Vehicle Floorplan – non-Trade	179	425
Auto loans receivable, net		230
Adj. cash provided by operating activities	\$1,847	\$1,379
Less: Purchases of Property and Equipment	(329)	(410)
Adj. Free Cash Flow	\$1,518	\$969
Adj. Net Income	\$1,393	\$1,033
Adj. FCF Conversion	109%	94%