

A photograph of a modern car dealership interior, featuring several cars parked on a polished floor. The image is overlaid with a semi-transparent blue geometric shape on the left and right sides. The text "AutoNation" is prominently displayed in white, bold, sans-serif font, underlined with a red line.

AutoNation

First Quarter 2024 Earnings Release

April 26, 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.

1Q 2024 Overview

TOTAL STORE PERFORMANCE

New Vehicle unit growth	+ 7%
Used Vehicle unit growth	+ 2%
Customer Financial Services	#1
After-Sales growth	+ 9%
Outstanding Share Reduction 1.6M (\$250M)	3.8%*

COMMENTS

- New unit growth led by imports
- New PVRs in line with expectations
- Used units higher while navigating tight supply
- Opened 4 AN USA locations in existing markets
- Record After-Sales and continued strength in CFS
- Board increased share repurchase authorization by \$1B

Business Model Is Working

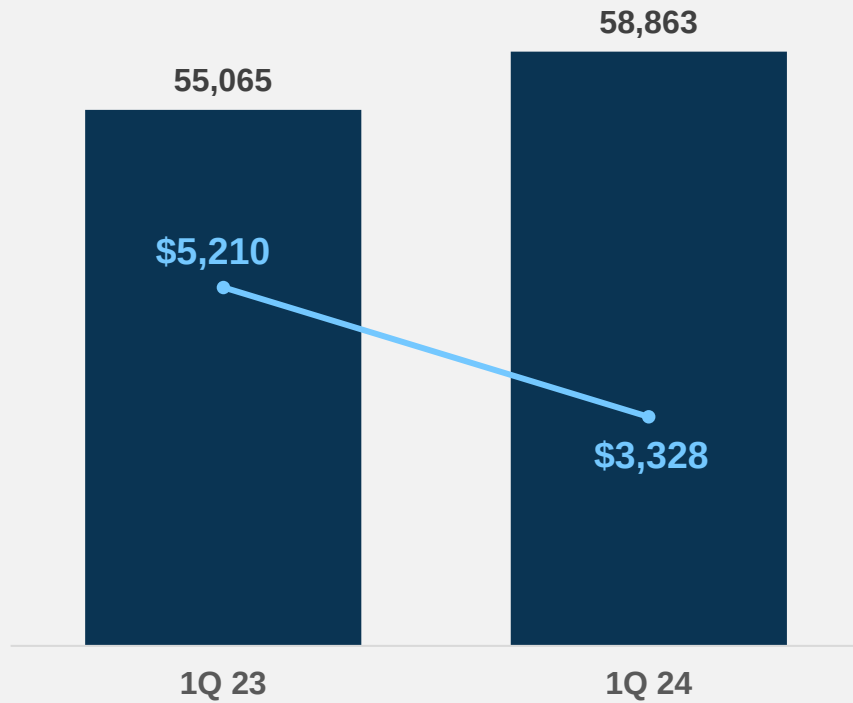
1Q 2024 Financial Summary

(\$ in millions, except per share data)

	Q1 2023	Q1 2024	YoY	COMMENTS
Total Revenue	\$6,399	\$6,486	1%	Growth highlighted by new vehicle volumes and After-Sales
Gross Profit	\$1,286	\$1,198	-7%	18.5% Gross Profit Margin
Adj. SG&A Expense	\$778	\$786	1%	Stable core SG&A, investing for growth
Adj. Operating Income	\$449	\$348	-22%	5.4% Adj. Operating Margin
Net Income	\$289	\$190	-34%	Reflects higher Floorplan and Interest Expense
Avg. Shares Outstanding	47.6	42.3	-11%	50+% share count reduction since start of 2021
Diluted EPS	\$6.07	\$4.49	-26%	

1Q 2024 New Vehicles

RETAIL UNITS & PVR

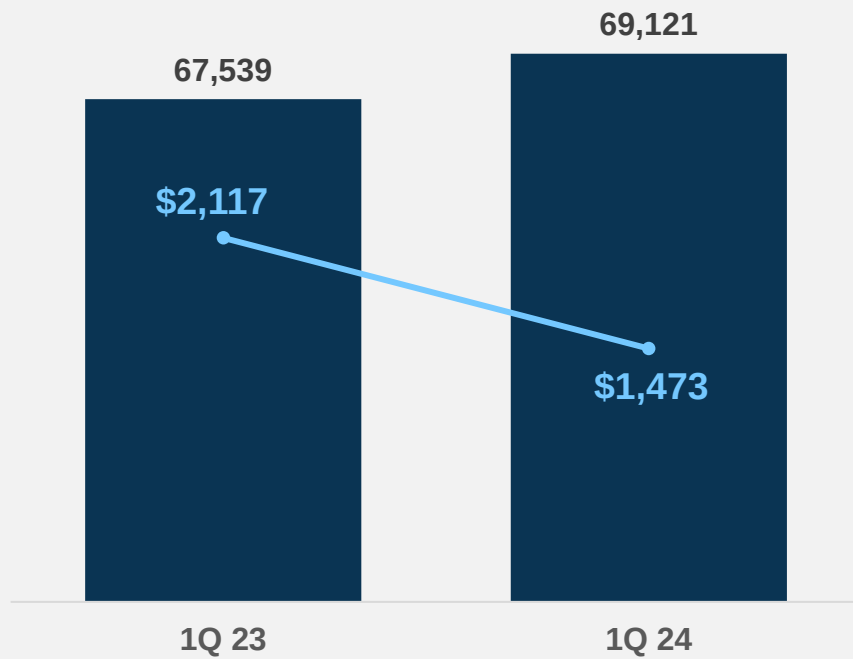


NOTES

- Units in line with overall market and up 7% YoY
- Imports up 19%, Domestic approximately flat, Premium Luxury down 4%
- Sequential PVR moderation of \$325 in line with expectations and reflects changes in:
 - Segment Mix
 - ASP relative to Invoice
- Continued normalization of vehicle supply
- Strong demand for hybrids

1Q 2024 Used Vehicles

RETAIL UNITS & PVR



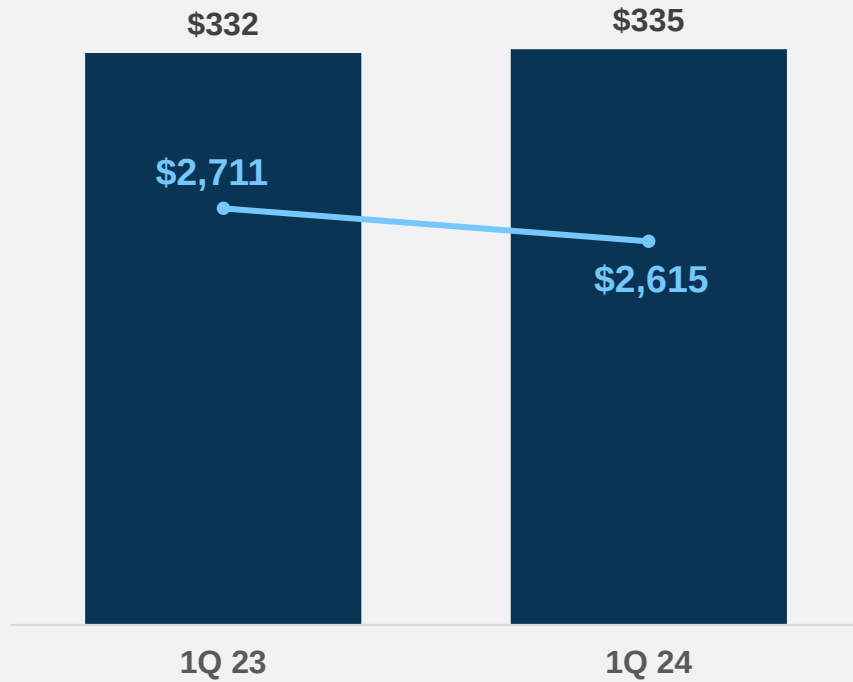
NOTES

- Units up 2% from 1Q 23
- Units up sequentially 6%, Gross PVRs up slightly from 4Q 23
- Volume and PVR impacted by:
 - Pricing band mix
 - Inventory optimization
 - Stabilizing vehicle value trends
- Inventory remains limited in late model used vehicles
- Focused on acquisition and pricing proficiency and inventory velocity

1Q 2024

Customer Financial Services

GROSS PROFIT (\$M) & GROSS PROFIT PVR

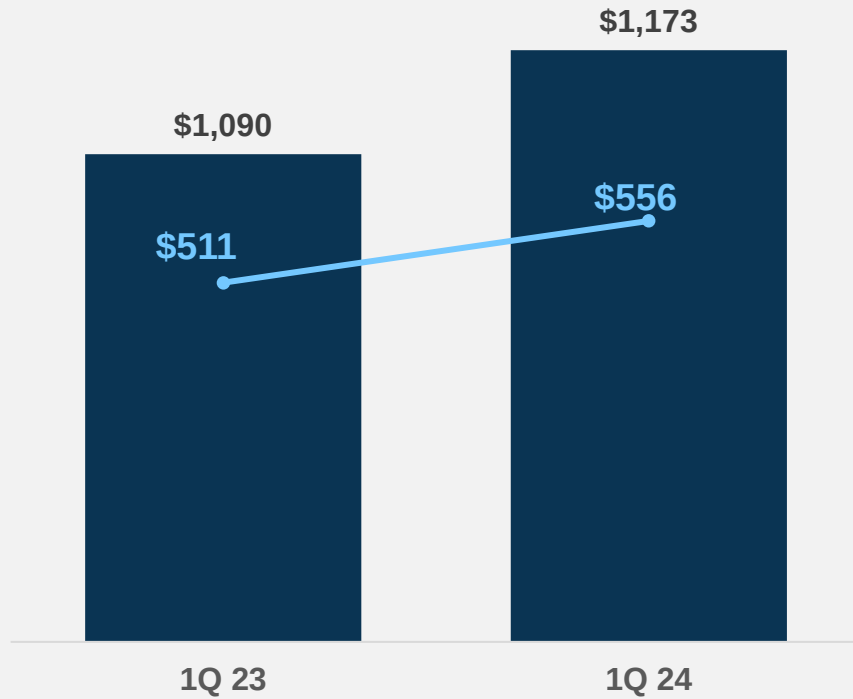


NOTES

- Industry leading CFS performance continues
- Robust product attachment, finance penetration for new vehicles
- Modest PVR decline reflects:
 - Shift to AN Finance (higher lifetime profit)
 - Elevated interest rate environment

1Q 2024 After Sales

REVENUE (\$M) & GROSS PROFIT (\$M)



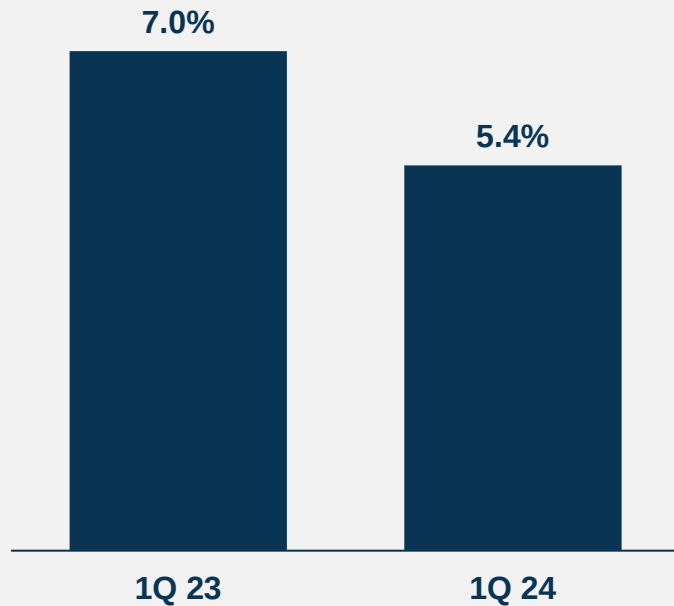
NOTES

- Revenue growth of 8%, gross profit growth of 9%
 - Value per repair order improving
 - Volume of repair orders increasing
- Increases in Internal, Warranty, Customer Pay
- Gross Profit margin of 47.4%, up ~50 bps
- Focused on capacity utilization and technician development

1Q 2024

Operating Income

ADJ OPERATING INCOME MARGIN (%)

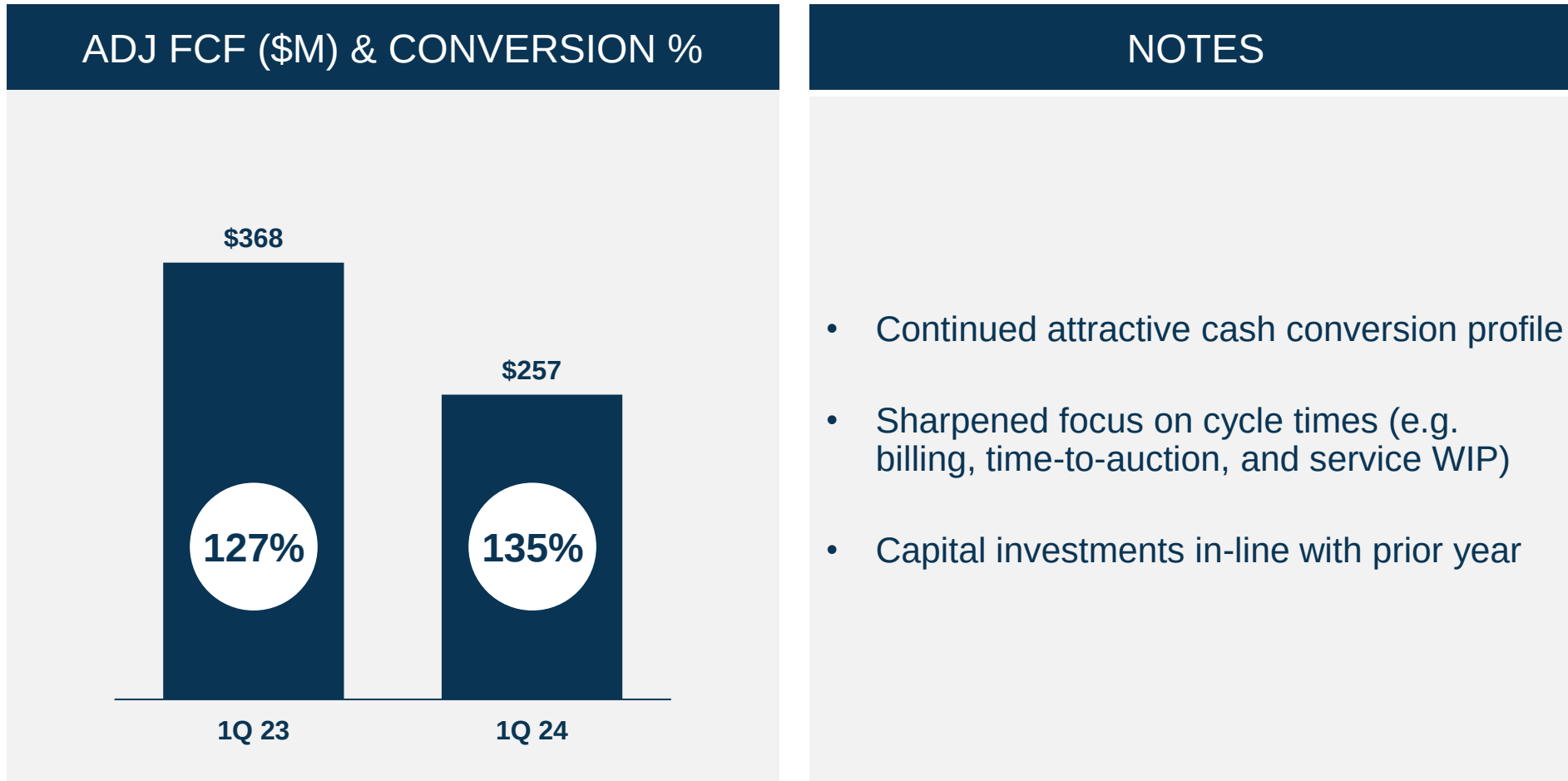


NOTES

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

1Q 2024

Free Cash Flow



1Q 2024 Capital Allocation

CAPITAL ALLOCATION (\$M)			NOTES	
	1Q 23	1Q 24	- Continued strong cash conversion provides optionality - CapEx on pace for ~\$300 million FY - Recent attractive M&A opportunities remain limited - Share repurchases of \$250M YTD (\$39M 1Q 24) - Board authorized an additional share repurchase program of up to \$1 billion	
Capital Expenditures	\$95	\$94		
Debt Repayment (Borrowing)*	(235)	155		
M&A	191	-		
Share Repurchases	316	39		
Total	\$367	\$288		

1Q 2024 Commentary

- Vehicle supply and demand continue to normalize
- Focused on managing controllable variables well
- Strong cash flow generation continues
- Prudent capital deployment key tenet of model



Resilient Business Model

1Q 2024
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

Experienced AutoNation team
focused on delivering shareholder returns

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

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⁽¹⁾

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

NON-GAAP RECONCILIATIONS

Comparable Basis Reconciliations

Three Months Ended March 31, 2023, and March 31, 2024

	Operating Income		Income from Continuing Operations Before Income Taxes		Income Tax Provision ⁽¹⁾		Effective Tax Rate		Net Income		Diluted Earnings Per Share ⁽²⁾	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
From continuing operations, as reported	\$443.3	\$340.3	\$380.3	\$253.3	\$92.5	\$63.2	24.3%	25.0%	\$287.8	\$190.1		
Discontinued operations, net of income taxes									0.9	-		
									288.7	190.1	\$6.07	\$4.49
As reported												
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation plans ⁽³⁾	5.2	7.3	-	-	-	-					-	-
Adjusted	\$448.5	\$347.6	\$380.3	\$253.3	92.5	63.2	24.3%	25.0%	\$288.7	\$190.1	\$6.07	\$4.49
Adjusted as % of Revenue	7.0%	5.4%										

	SG&A		SG&A as a Percentage of Gross Profit (%)	
	2023	2024	2023	2024
As reported	\$782.7	\$793.1	60.8	66.2
Excluding:				
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation	5.2	7.3		
Adjusted	\$777.5	\$785.8	60.4	65.6

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.

1Q 2024

Free Cash Flow Reconciliation

(\$ in millions)

Free Cash Flow Reconciliation		
	3/31/23	3/31/24
Net cash provided by operating activities	\$510.0	\$294.5
Decrease in Vehicle Floorplan – non-Trade	(67.3)	(93.5)
Increase in Auto loans receivable, net	20.4	149.5
Adj. cash provided by operating activities	\$463.1	\$350.5
Purchases of Property and Equipment	(95.3)	(93.7)
Adj. Free Cash Flow	\$367.8	\$256.8
Adj. Net Income	\$288.7	\$190.1
Adj. FCF Conversion	127%	135%