

PENSKE

Automotive

THIRD QUARTER 2023 FINANCIAL RESULTS

October 2023



FORWARD-LOOKING STATEMENT DISCLAIMER

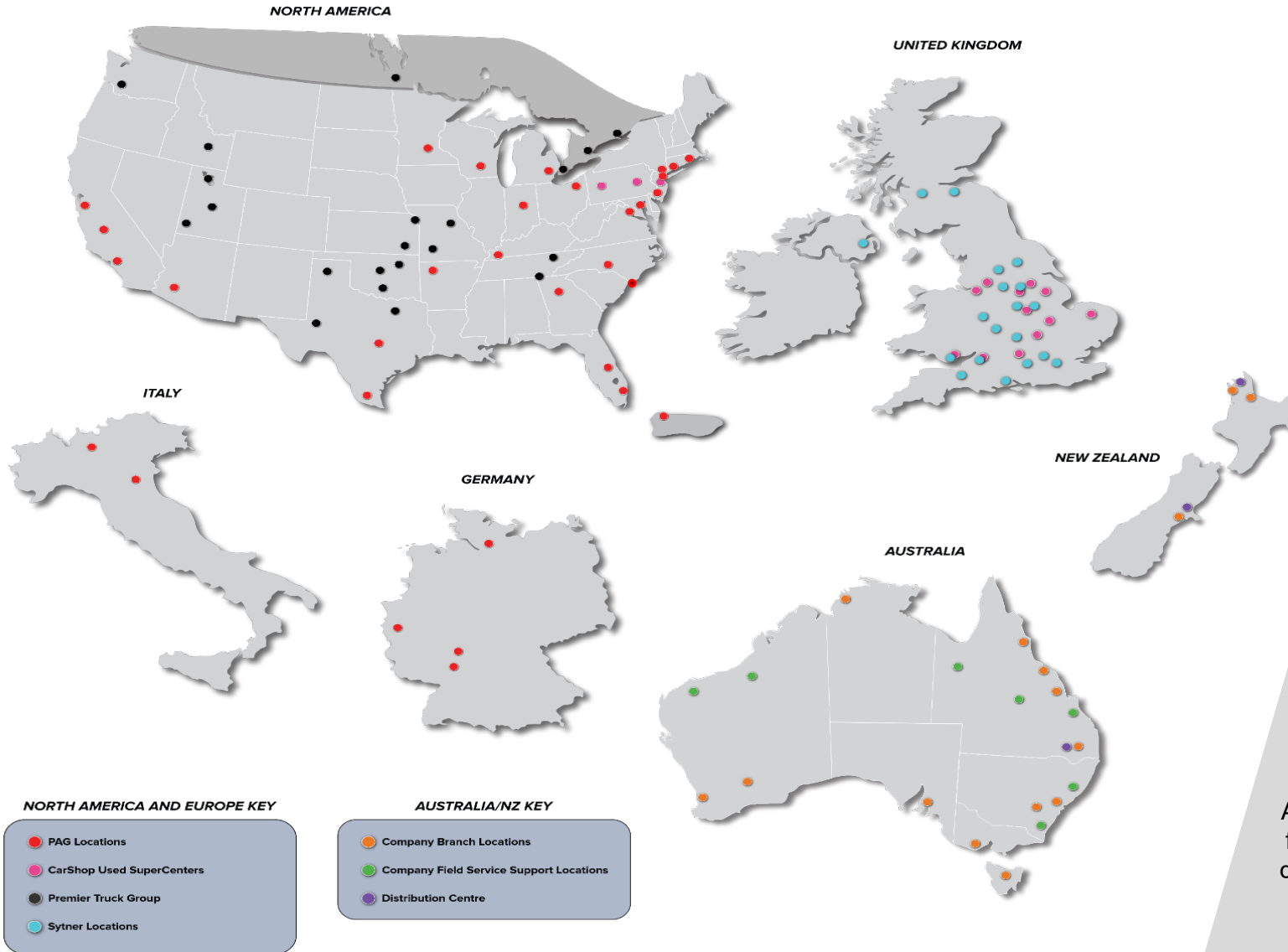
Statements in this press release may involve forward-looking statements, including forward-looking statements regarding Penske Automotive Group, Inc.'s financial performance and future plans. Actual results may vary materially because of risks and uncertainties that are difficult to predict. These risks and uncertainties include, among others, those related to macro-economic, geo-political and industry conditions and events, including their impact on new and used vehicle sales, the availability of consumer credit, changes in consumer demand, consumer confidence levels, fuel prices, personal discretionary spending levels, interest rates, and unemployment rates; our ability to obtain vehicles and parts from our manufacturers, especially in light of supply chain disruptions due to natural disasters, the shortage of vehicle components, the war in Ukraine, challenges in sourcing labor, or labor strikes or work stoppages, or other disruptions; changes in the retail model either from direct sales by manufacturers, a transition to an agency model of sales, sales by online competitors, or from the expansion of electric vehicles; the effects of a pandemic on the global economy, including our ability to react effectively to changing business conditions in light of any pandemic; the rate of inflation, including its impact on vehicle affordability; changes in interest rates and foreign currency exchange rates; our ability to consummate, integrate and realize returns on our acquisitions; with respect to PTS, changes in the financial health of its customers, labor strikes or work stoppages by its employees, a reduction in PTS' asset utilization rates, continued availability from truck manufacturers and suppliers of vehicles and parts for its fleet, potential decreases in the resale value of used vehicles which may affect PTS' ability to sell its used vehicles after the expiration of its customers' leases or at the end of its holding period for rental vehicles, which may affect PTS' profitability and regulatory risks and related compliance costs; our ability to realize returns on our significant investments in new and upgraded dealership facilities; our ability to navigate a rapidly changing automotive and truck landscape; our ability to respond to new or enhanced regulations in both our domestic and international markets relating to automotive and commercial truck dealerships and vehicles sales, including those related to the sales process or emissions standards, as well as changes in consumer sentiment relating to commercial truck sales that may hinder our or PTS' ability to maintain, acquire, sell, or operate trucks; the success of our distribution of commercial vehicles, engines, and power systems; natural disasters; recall initiatives or other disruptions that interrupt the supply of vehicles or parts to us; the outcome of legal and administrative matters, and other factors over which management has limited control. These forward-looking statements should be evaluated together with additional information about Penske Automotive Group's business, markets, conditions, risks, and other uncertainties, which could affect Penske Automotive Group's future performance. The risks and uncertainties discussed above are not exhaustive and additional risk and uncertainties are addressed in Penske Automotive Group's Form 10-K for the year ended December 31, 2022, its Form 10-Q for the quarterly periods ended March 31, 2023, and June 30, 2023, and its other filings with the Securities and Exchange Commission. This press release speaks only as of its date, and Penske Automotive Group disclaims any duty to update the information herein.

COMPANY OVERVIEW

A Diversified Transportation Services Company

Headquartered in Bloomfield Hills, MI USA

As of September 30, 2023:



28,000+
Employees worldwide

\$22.3B
9M YTD revenue

336
Retail automotive franchised dealerships

4
Continents

9
Countries

Markets in North America

147
Automotive franchised dealerships

7
CarShop used vehicle locations

44
Commercial truck locations

Markets Outside of North America

189
Automotive franchised dealerships

13
CarShop used vehicle locations

RETAIL AUTOMOTIVE BRAND MIX

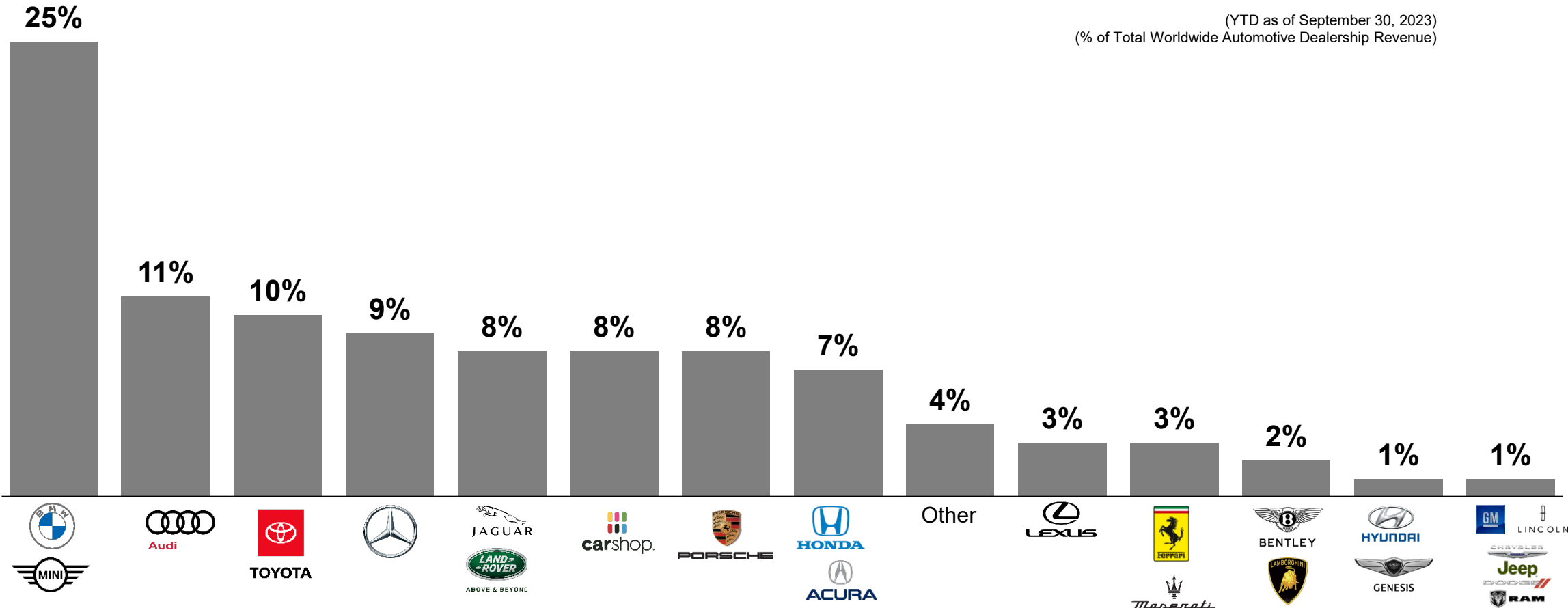
71%
Premium

20%
Volume Non-U.S.

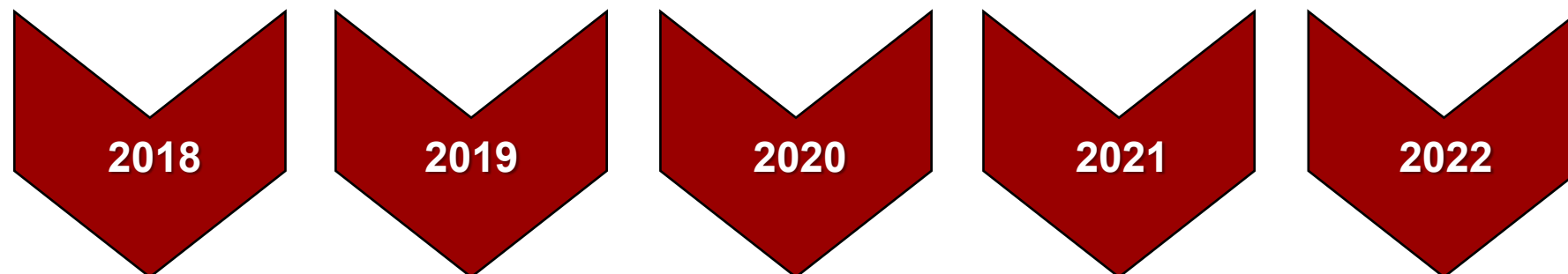
1%
U.S.

8%
CarShop

(YTD as of September 30, 2023)
(% of Total Worldwide Automotive Dealership Revenue)



CAPITAL ALLOCATION HISTORY

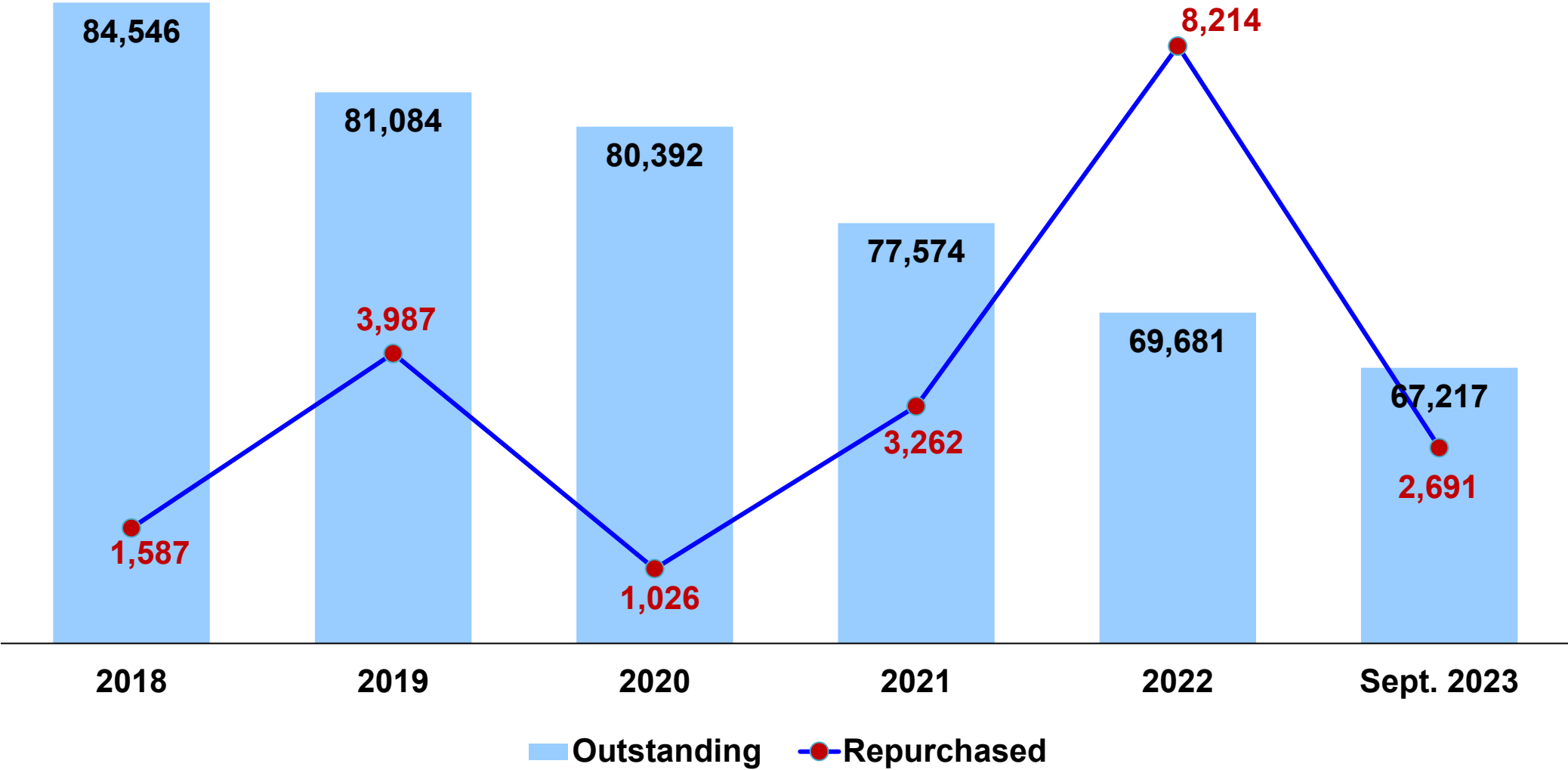


(In Millions)

Dividends	\$121	\$131	\$68	\$143	\$154
Cap Ex	\$306	\$245	\$186	\$249	\$283
Share Repurchases	\$75	\$174	\$35	\$294	\$887
Acquisitions	\$309	\$327	---	\$432	\$393

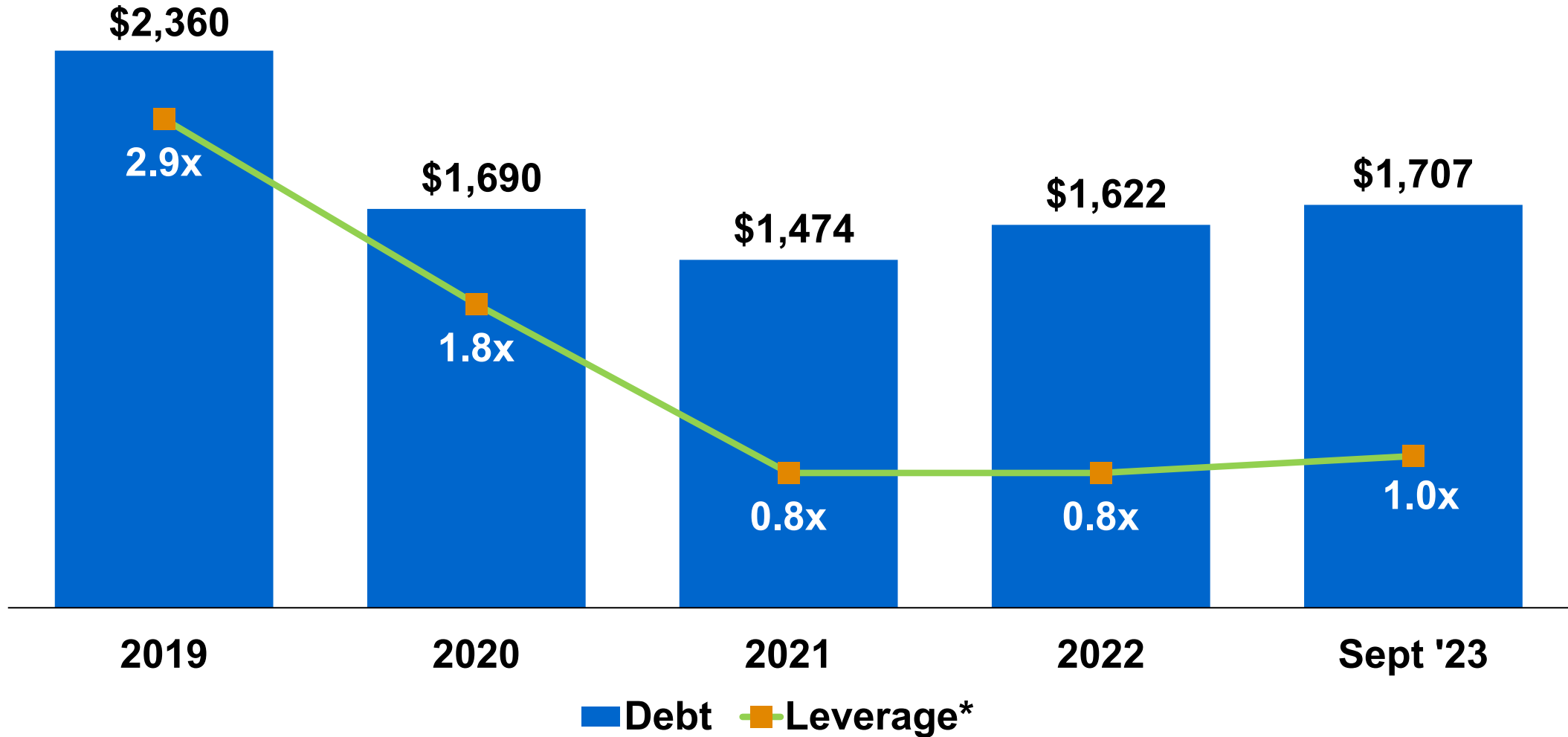
SHARES OUTSTANDING

(Outstanding shares as of 12/31 each year)
(In Thousands)



HISTORICAL LONG-TERM DEBT AND LEVERAGE

(USD in Millions)



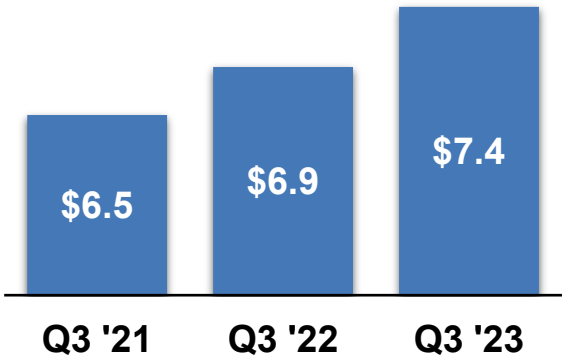
*Refer to non-gaap reconciliation schedules on pages 36-38

Q3 2023 & 9M 2023 REVIEW

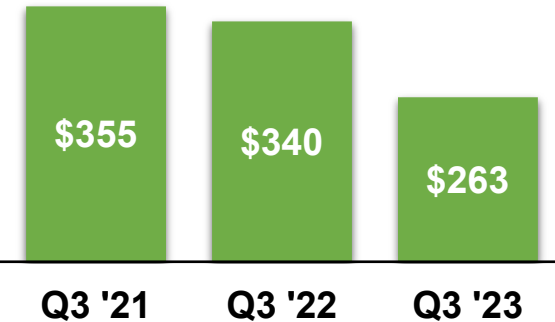


PAG Q3 and 9M YTD PERFORMANCE SUMMARY

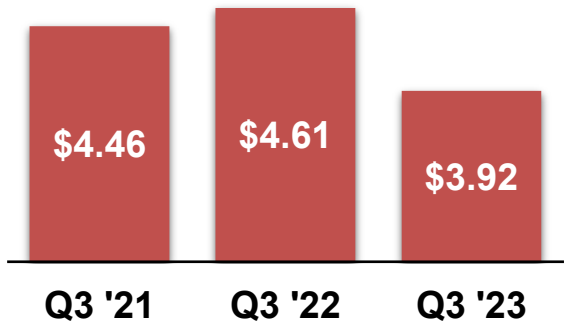
Q3 Total Revenue (\$ in Billions)



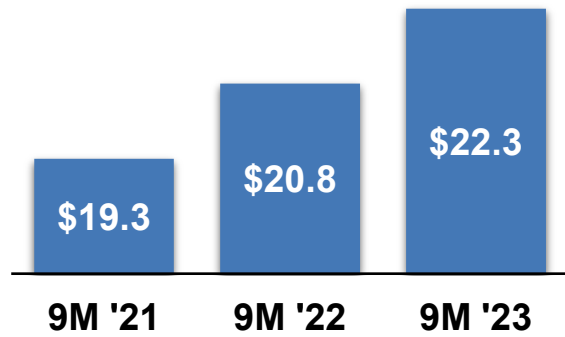
Q3 Income (\$ in Millions)



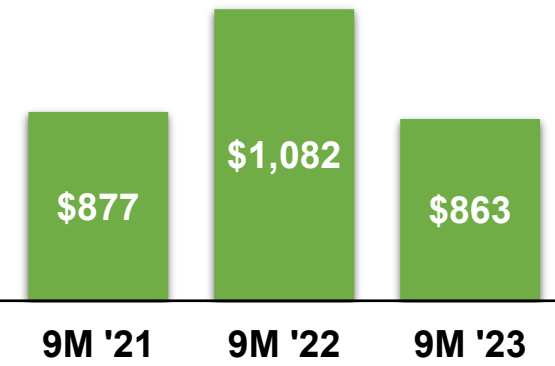
Q3 EPS



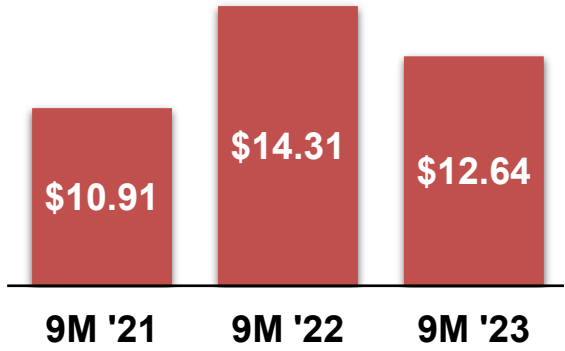
9M Total Revenue (\$ in Billions)



9M Income (\$ in Millions)



9M EPS



Q3 KEY HIGHLIGHTS

Retail Automotive (Q3'23 vs Q3 '22)

- Total same-store units delivered (including Agency) increased 10% to 119,921
- Same-store retail automotive revenue performance

	Reported
New Vehicle	+15%
Used Vehicle	+4%
F & I	--
Service/Parts	+9%
Fleet/Wholesale	+7%
Total	+9%

- Same-store variable vehicle gross profit (excl. agency) of \$5,180 down \$628/unit, or 11%

Note: Refer to page 39 for an overview of the Agency model

Retail Commercial Trucks (Q3 '23 vs Q3 '22)

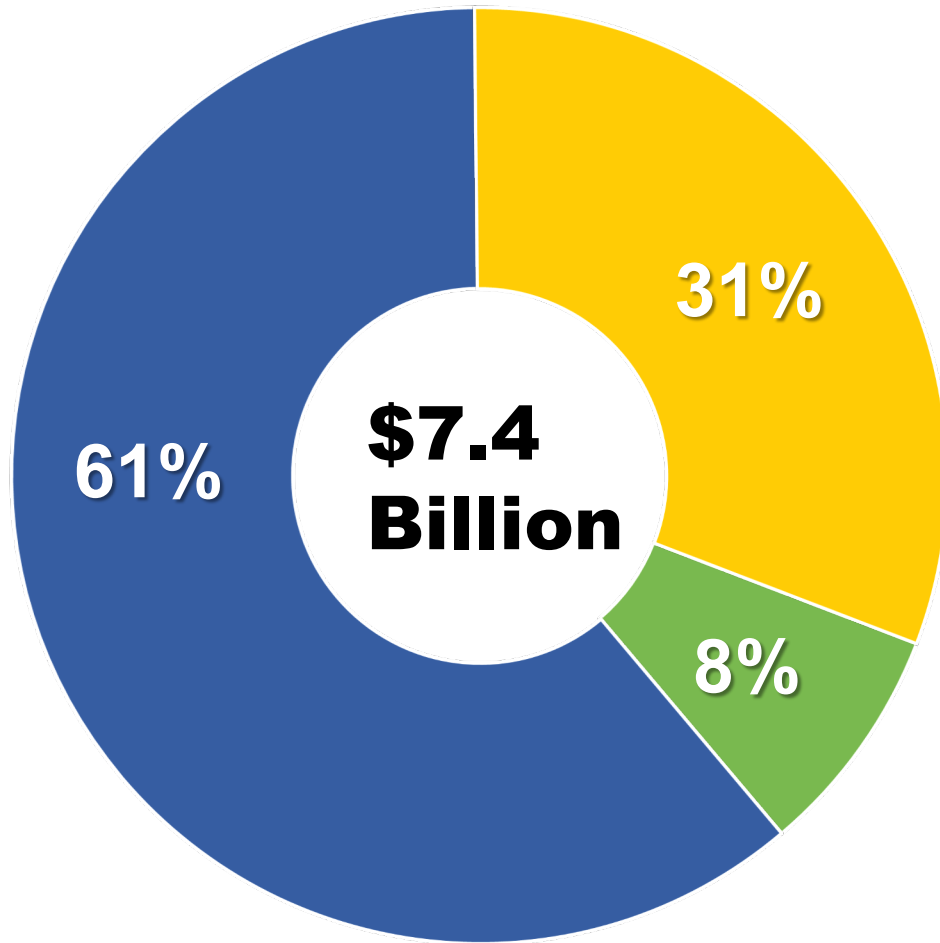
- Retailed 5,556 new & used trucks, -8%; same-store units -11%
- Same-store service & parts revenue +1%
- Fixed cost absorption of 132%
- EBT \$61 million; +16%

Capital Allocation

- Increased dividend 9.7% in October 2023 to \$0.79
- Acquired BMW & Porsche dealerships in Wilmington, NC representing expected annualized revenue of \$140 million
- For the nine months ended September 30, 2023, 2.7 million shares repurchased for \$365 million

Penske Transportation Solutions

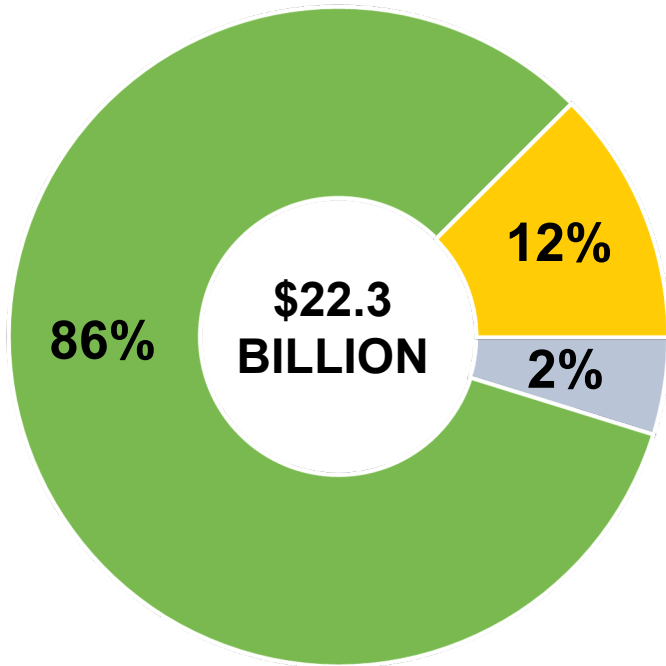
- Generated \$84 million in equity earnings in Q3 2023 and \$238 million for the nine months ended September 30, 2023
- Year-to-date, PAG received \$127 million in cash distributions from PTS



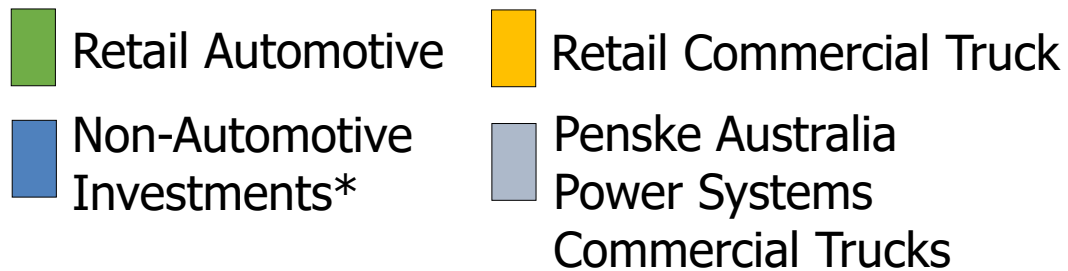
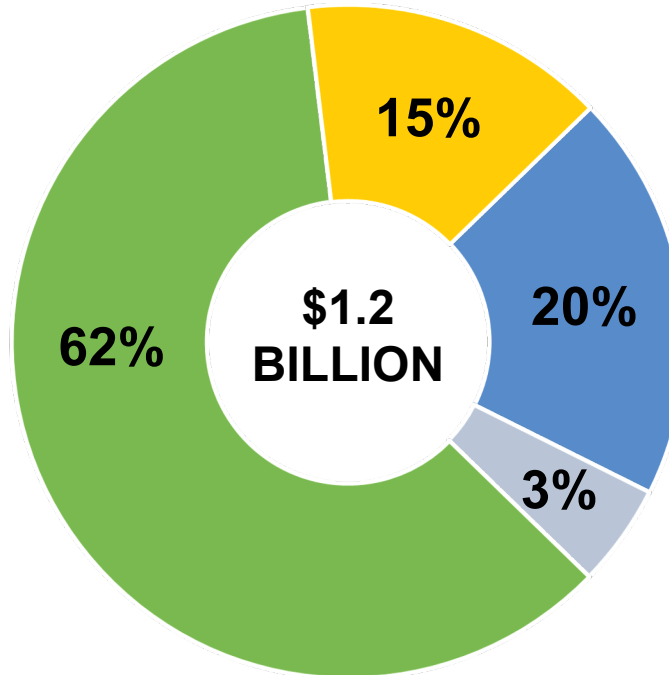
- North America
- United Kingdom
- Other International

Q3 2023 GLOBAL REVENUE

SEGMENT REVENUE



SEGMENT EBT



9M 2023 REVENUE & EBT BY SEGMENT

*Consists of non-automotive equity method investments which includes our investment in Penske Transportation Solutions

Q3 & 9M PERFORMANCE HIGHLIGHTS

(\$ in Millions, except Per Share Amount)	Q3 '23	Q3 '22	Chg	9M '23	9M '22	Chg
Revenue <i>Excl F/X</i>	\$7.4B \$7.3B	\$6.9B	+8% +5%	\$22.3B \$22.4B	\$20.8B	+7% +8%
Retail Auto Same-Store Revenue <i>Excl F/X</i>	\$6.2B \$6.0B	\$5.7B	+9% +6%	\$18.4B \$18.5B	\$17.4B	+6% +6%
Inc. from Cont. Ops Before Taxes <i>Excl F/X</i>	\$357M \$355M	\$467M	(24%) (24%)	\$1,164M \$1,173M	\$1,464M	(21%) (20%)
Income from Cont. Ops <i>Excl F/X</i>	\$263M \$262M	\$340M	(23%) (23%)	\$863M \$870M	\$1,082M	(20%) (20%)
Earnings Per Share <i>Excl F/X</i>	\$3.92 \$3.90	\$4.61	(15%) (15%)	\$12.64 \$12.75	\$14.31	(12%) (11%)

RETAIL AUTOMOTIVE



RETAIL AUTOMOTIVE KEY METRICS

Same-Store	Q3 '23	Q3 '22	Chg	9M '23	9M '22	Chg
VOLUME METRICS						
New Units*	47,914	43,958	+9%	141,122	131,801	+7%
Used Units	<u>64,592</u>	<u>64,742</u>	--	<u>192,122</u>	<u>199,142</u>	(4%)
Total	112,506	108,700	+4%	333,244	330,943	+1%
Agency Units	<u>7,415</u>	---	nm	<u>20,843</u>	---	nm
Total Units	119,921	108,700	+10%	354,087	330,943	+7%
GROSS PER UNIT*						
New	\$5,775	\$6,707	(14%)	\$6,180	\$6,864	(10%)
Used	\$1,566	\$2,008	(22%)	\$1,764	\$2,188	(19%)
F&I	\$1,821	\$1,900	(4%)	\$1,833	\$1,921	(5%)
Var. Vehicle Gross	\$5,180	\$5,808	(11%)	\$5,468	\$5,971	(8%)

*Excluding agency; refer to page 39 for an overview of the agency model

RETAIL AUTOMOTIVE SAME-STORE REVENUE

	Q3 '23	Q3 '22	CHG	9M '23	9M '22	CHG
New Vehicle	\$2,727	\$2,373	+15%	\$8,059	\$7,116	+13%
Used Vehicle	\$2,263	\$2,183	+4%	\$6,691	\$6,872	(3%)
F&I	\$206	\$206	--	\$612	\$636	(-4%)
Service & Parts	\$658	\$601	+10%	\$1,933	\$1,756	+10%
Fleet & Wholesale	<u>\$358</u>	<u>\$334</u>	<u>+7%</u>	<u>\$1,082</u>	<u>\$1,019</u>	<u>+6%</u>
TOTAL	\$6,212	\$5,697	+9%	\$18,377	\$17,399	+6%

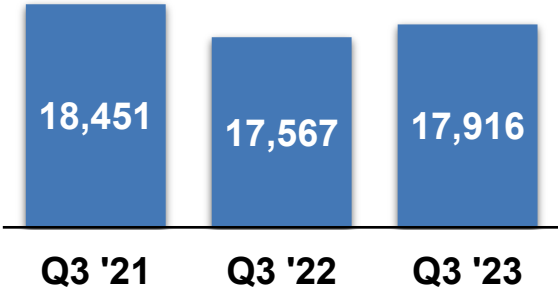
**CARSHOP
USED VEHICLES**



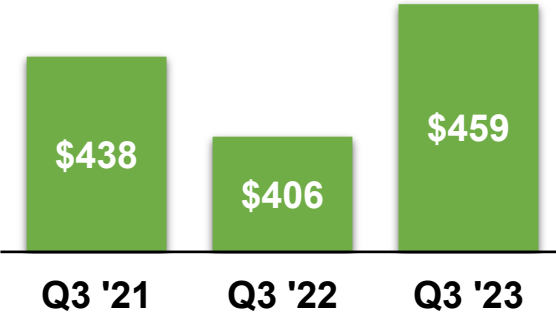
PERFORMANCE SUMMARY



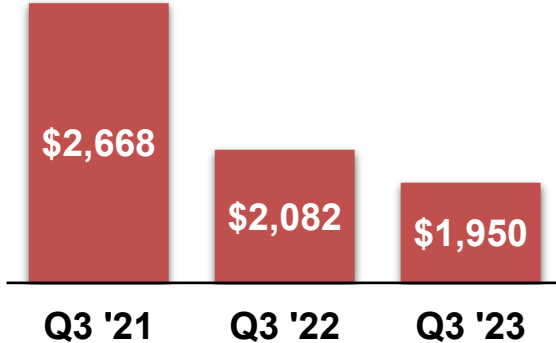
Q3 Units



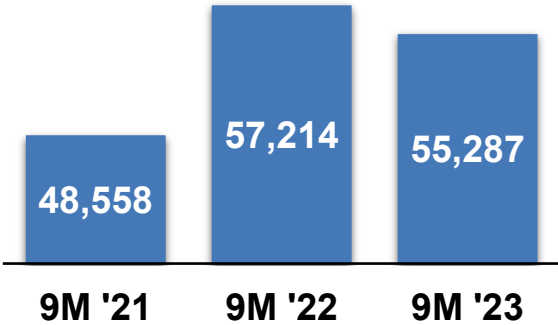
Q3 Revenue (in Millions)



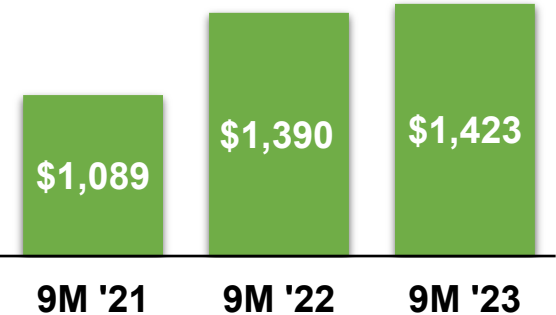
Q3 Gross/Unit



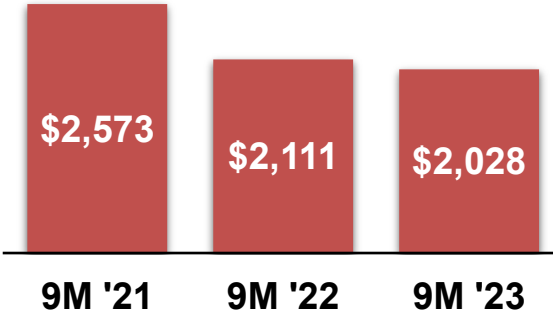
9M Units



9M Revenue (\$ in Millions)



9M Gross/Unit



**PREMIER TRUCK
GROUP**



PREMIER TRUCK GROUP



- One of the largest dealership groups for Daimler Trucks N.A.
- Retailers new and used Freightliner and Western Star Trucks
- Acquired Transolutions Truck Centres in the greater Winnipeg, Manitoba market area with 5 locations and \$180 million in expected annualized revenue
- 44 locations across North America
- Retailed over 15,900 new and used units 9M YTD 2023, +7%
- Service and parts gross profit provides 65% of total gross profit for 9M YTD 2023
- 9M YTD 2023 EBT of \$173.7 million, +6%
- Fixed cost absorption 132%

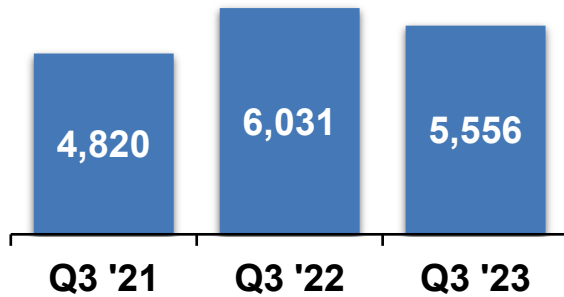
RETAIL COMMERCIAL TRUCK KEY METRICS

Same-Store	Q3 '23	Q3 '22	Chg	9M '23	9M '22	Chg
VOLUME METRICS						
New Units	4,505	5,365	(16%)	12,886	12,293	+5%
Used Units	<u>868</u>	<u>666</u>	<u>+30%</u>	<u>2,172</u>	<u>2,115</u>	+3%
Total Units	5,373	6,031	(11%)	15,058	14,408	+5%
GROSS PER UNIT						
New	\$8,346	\$6,787	+23%	\$7,831	\$7,185	+9%
Used	\$5,431	(\$6,396)	+185%	\$6,351	\$8,085	(21%)
F&I	\$1,021	\$905	+13%	\$996	\$1,109	(10%)

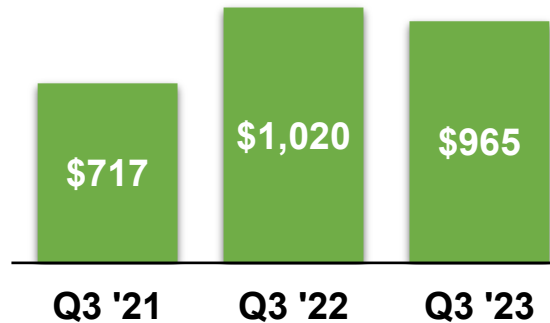
RETAIL COMMERCIAL TRUCKS PERFORMANCE SUMMARY



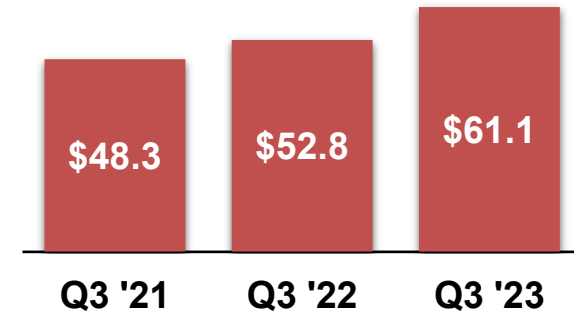
Q3 Units



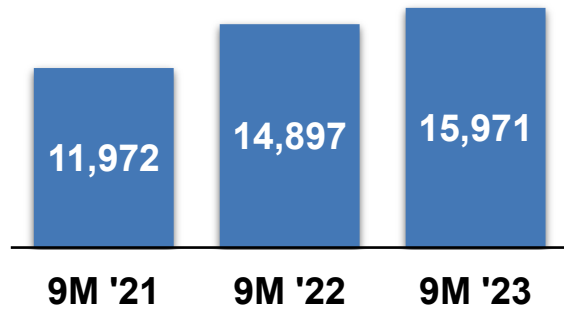
Q3 Revenue (in Millions)



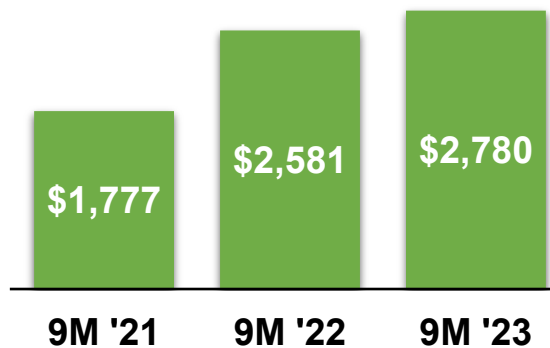
Q3 EBT (\$ in Millions)



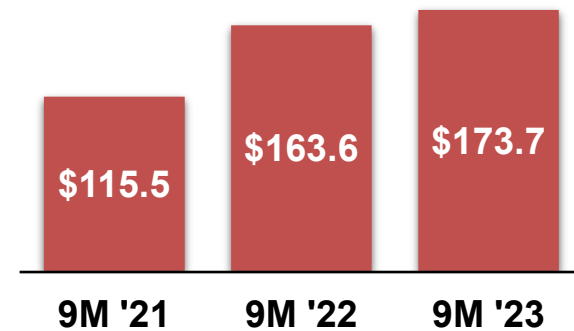
9M Units



9M Revenue (\$ in Millions)



9M EBT (\$ in Millions)



**PENSKE
AUSTRALIA &
NEW ZEALAND**



PENSKE AUSTRALIA/NEW ZEALAND



- Exclusive importer and distributor of certain heavy/medium-duty trucks, buses and refuse collection vehicles – Western Star, MAN, Dennis Eagle;
- Distributor of diesel/gas engines and power systems – MTU, Detroit Diesel, Allison Transmission, and Bergen engines
- Parts & service gross profit approximately 80% of total gross profit
- Serves on-highway truck, mining, construction, agriculture, marine, oil & gas, and energy solutions market segments

(in millions of US \$)	Q3 '23	Q3 '22	CHG	9M '23	9M '22	CHG
Revenue	\$158	\$143	+10%	\$445	\$438	+2%
EBT	\$10.5	\$9.7	+8%	\$33.2	\$29.4	+13%

**PENSKE
TRANSPORTATION
SOLUTIONS**



PENSKE TRANSPORTATION SOLUTIONS (PTS)

Penske Truck Leasing



Truck
Rental

Full-Service
Leasing

Contract
Maintenance

Used
Trucks

Penske Logistics



Dedicated
Contract
Carriage

Distribution
Center
Management

Freight
Management
& Brokerage

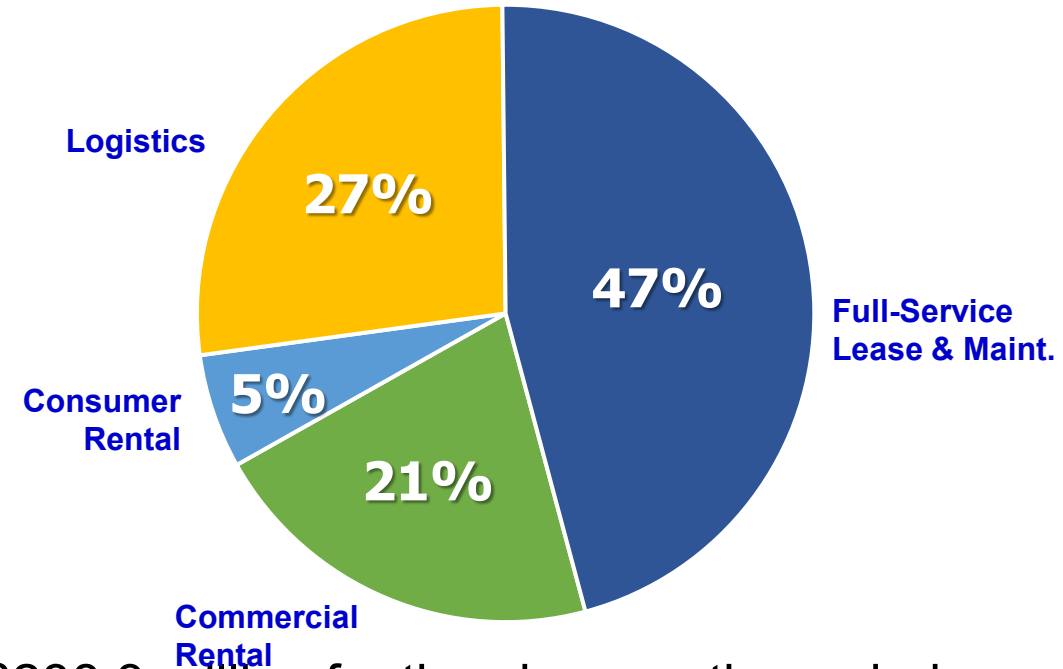
Professional
Services

PTS HIGHLIGHTS

- Managed fleet of over 442,000 trucks, tractors and trailers
- Q3 2023 Highlights:
 - Operating revenue of \$2.8 billion, +4%
 - Net income of \$291 million, down 38%
 - Return on sales 11%
- 9M 2023 Highlights:
 - Operating revenue of \$8.1 billion, +6%
 - Net income of \$824 million, down 39%
 - Return on sales 10%
- PAG recorded equity income from PTS investment of \$238.3 million for the nine months ended September 30, 2023

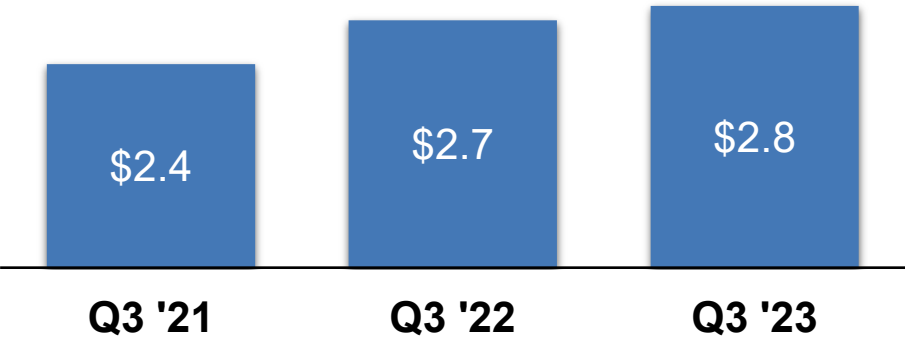
OPERATING REVENUE

(For the three months ended Sep 30, 2023)

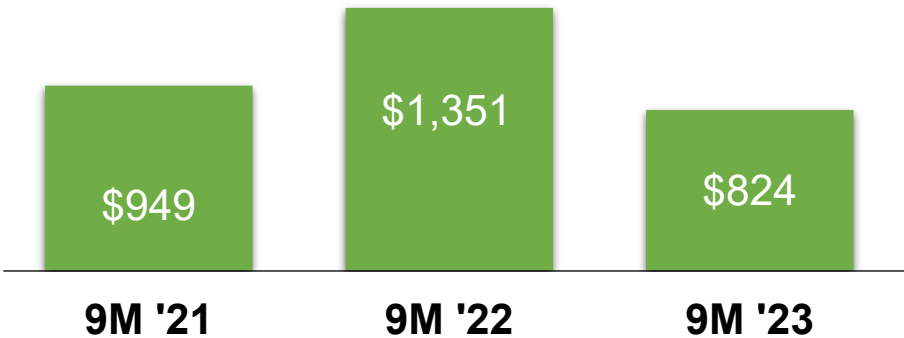
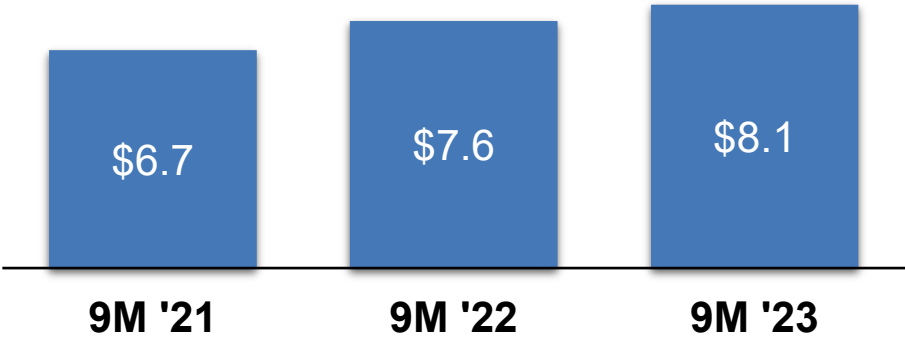
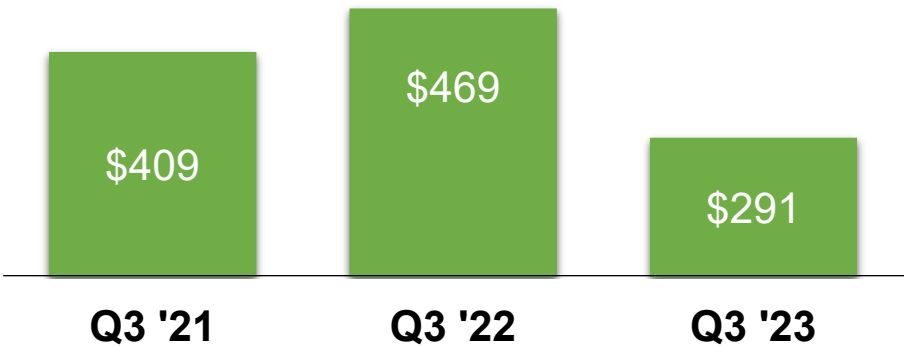


PTS PERFORMANCE SUMMARY

Operating Revenue (\$ in Billions)



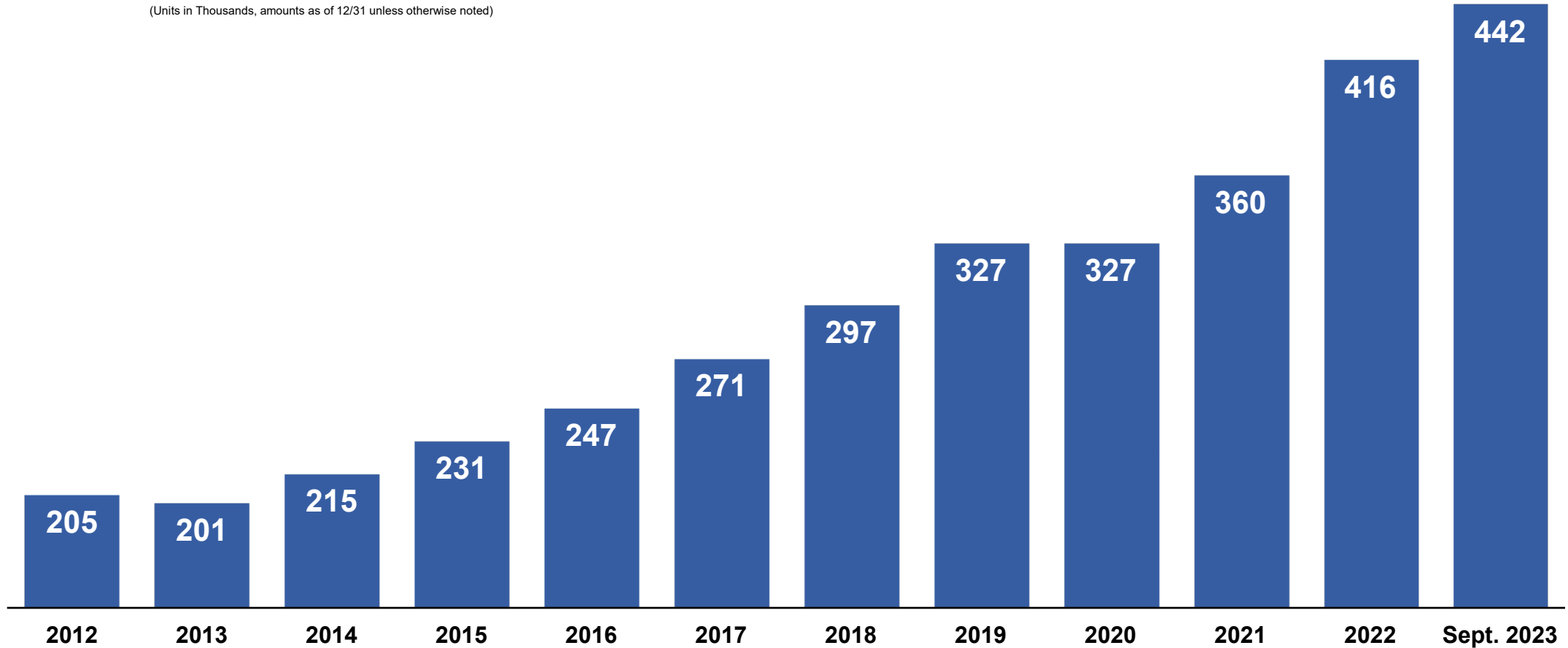
Net Income (\$ in Millions)



PTS FLEET GROWTH

Managed fleet consists of trucks, tractors and trailers under lease, rental and/or maintenance contracts

(Units in Thousands, amounts as of 12/31 unless otherwise noted)



**OMNI CHANNEL &
DIGITAL**



SPECTRUM OF RETAIL OPERATIONS

100% Online

100% In-Store



End-to-End Platform

CarShop USA

Integrated end-to-end platform



OEM Programs

OEM powered solutions for brand integration

Benefit from OEM marketing

Leading technology

Enables "Buy online" from OEM sites

Integration with captive finance

Consistency around brand experience



Digital Retailing

Enabling customers to shop how they choose

Preferred Purchase (US)
Flexible buying – Buy online, in-store, or hybrid

Browse-Buy-Connect (UK)
Reserve for £99, customer chooses pick-up location

Buy online via fully integrated finance app or by card



In-Store

In-person transaction at the dealership

Work directly with trained industry professionals

Offers superior customer experience

DIGITAL RETAILING TO MODERN RETAILING

- Evolved from a web tool to an integrated digital engagement platform
- Parallel technology to flow from online to in-store
 - Data follows customer from web to showroom
 - Leverage the same system if the customer starts in store
 - Working deal alongside of customer builds trust
 - Smooth omnichannel experience
- OEM programs
 - Added additional structure and capabilities
- PAG strategy
 - Continue to utilize OEM programs
 - Continue to leverage Cox tool at CarShop
 - Leverage tools that integrate the online/instore platform

Now a framework around which vehicles are sold regardless of how the customer engages



DIGITIZING SALES AND SERVICE

SALES

Hybrid Purchase Process
Through Dealer Websites

Immersive Chat and Text
(AI to human-powered)

Virtual Test Drives and
Vehicle Walkarounds

Trade/Sell Valuations
Online

Online Credit Application

Remote Signing



SERVICE

AI Service Scheduling

Immersive Chat and Text
(AI to human-powered)

Photo
Estimating

Vehicle Status Videos

Digital Service Approvals

NON-GAAP RECONCILIATIONS



EBITDA RECONCILIATION

The following tables reconcile reported net income to earnings before interest, taxes, depreciation, and amortization (“EBITDA”) for the three and nine months ended September 30, 2023 and 2022

(\$ in Millions)	Three Months Ended September 30,		Change 2023 vs 2022		Nine Months Ended September 30,		Change 2023 vs 2022	
	2023	2022	\$	%	2023	2022	\$	%
Net Income	\$264.4	\$341.5	(\$77.1)	(22.6%)	\$866.6	\$1,086.9	(\$220.3)	(20.3%)
Add: Depreciation	\$35.4	\$31.5	\$3.9	12.4%	\$103.4	\$95.1	\$8.3	8.7%
Other Interest Exp	\$24.5	\$17.9	\$6.6	36.9%	\$69.5	\$51.4	\$18.1	35.2%
Income Taxes	<u>\$92.1</u>	<u>\$125.7</u>	<u>(\$33.6)</u>	(26.7%)	<u>\$297.1</u>	<u>\$377.5</u>	<u>(\$80.4)</u>	(21.3%)
EBITDA	\$416.4	\$516.6	(\$100.2)	(19.4%)	\$1,336.6	\$1,610.9	(\$274.3)	(17.0%)

EBITDA & LEVERAGE RATIO RECONCILIATION

The following table reconciles EBITDA and the leverage ratio for the trailing twelve months ended September 30, 2023

(\$ in Millions)	Three Months Ended December 31, 2022	Nine Months Ended September 30, 2023	Trailing Twelve Months Ended September 30, 2023
Net Income	\$299.3	\$866.6	\$1,165.9
Add: Depreciation	\$32.2	\$103.4	\$135.6
Add: Other Interest	\$19.0	\$69.5	\$88.5
Add: Income Taxes	<u>\$95.5</u>	<u>\$297.1</u>	<u>\$392.6</u>
EBITDA	\$446.0	\$1,336.6	\$1,782.6
Total Non-Vehicle Long-Term Debt			\$1,707.3
Leverage Ratio			1.0x

EBITDA, ADJ. EBITDA & LEVERAGE RATIO RECONCILIATION

The following table reconciles EBITDA, Adj. EBITDA and Leverage Ratio as of December 31, 2022, 2021, 2020 and 2019

(\$ in Millions)	12M '22	12M '21	12M '20	12M '19
Net Income	\$1,386.2	\$1,192.7	\$545.3	\$435.1
Add: Depreciation	\$127.3	\$121.5	\$115.5	\$109.6
Add: Other Interest	\$70.4	\$68.6	\$111.0	\$124.2
Add: Income Taxes	\$473.0	\$416.3	\$162.7	\$156.7
Add: (Income) From Disc. Ops	--	(\$1.3)	(\$0.4)	(\$0.3)
EBITDA	\$2,056.9	\$1,797.8	\$934.1	\$825.3
Less: Net gain on dealership sales	--	---	(\$5.2)	---
Add: Loss on investment from revaluation ⁽¹⁾	--	\$11.4	---	---
Add: Debt redemption costs ⁽²⁾	--	\$17.0	\$8.6	--
Adjusted EBITDA	\$2,056.9	\$1,826.2	\$937.5	\$825.3
Total Non-Vehicle Long-Term Debt	\$1,622	\$1,474	\$1,690	\$2,360
Leverage Ratio	0.8x	0.8x	1.8x	2.9x

(1) Loss on investment for the revaluation of the Nicole Group

(2) Related to expenses in connection with the redemption of our 5.5% senior subordinated notes due 2026 in 2021 and the redemption of our 5.75% senior subordinated notes due 2022 and our \$300 million 5.375% senior subordinated notes due 2024 in 2020

Beginning in 2023, we transitioned our Mercedes-Benz U.K. dealerships, and a limited number of our other dealerships, to an agency model under which these dealerships receive a fee for facilitating the sale by the manufacturer of a new vehicle but do not hold the vehicle in inventory. Vehicles sold under this agency model are counted as new agency units sold instead of new retail units sold by us, and only the fee we receive from the manufacturer, not the price of the vehicle, is reported as new revenue (as opposed to previously recording all of the vehicle sale price as new revenue) with no corresponding cost of sale. We continue to provide new vehicle customer service at our Mercedes-Benz U.K. dealerships, and the Mercedes-Benz U.K. agency model at this time has not changed our used vehicle sales operations or service and parts operations, although the long-term impact of the agency model at these dealerships as well as other agency models proposed by our manufacturer partners is uncertain.

AGENCY



Automotive