

Fourth Quarter and Full Year 2018 Financial Results



Statements in this presentation may involve forward-looking statements, including forward-looking statements regarding Penske Automotive Group, Inc.'s financial results, future sales, earnings potential, and liquidity. Actual results may vary materially because of risks and uncertainties that are difficult to predict. These risks and uncertainties include, among others: economic conditions generally, conditions in the credit markets and changes in interest rates and foreign currency exchange rates, changes in tariff rates, adverse impacts related to the outcome of the United Kingdom's scheduled departure from the European Union on March 29, 2019, adverse conditions affecting a particular manufacturer, including the adverse impact to the vehicle and parts supply chain due to limited vehicle availability due to WLTP, natural disasters, such as the recent hurricanes, or other disruptions that interrupt the supply of vehicles or parts to us, changes in consumer credit availability, 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's business, markets, conditions and other uncertainties, which could affect Penske Automotive's future performance. These risks and uncertainties are addressed in Penske Automotive's Form 10-K for the year ended December 31, 2017, and its other filings with the Securities and Exchange Commission ("SEC"). This presentation speaks only as of its date, and Penske Automotive disclaims any duty to update the information herein. Refer to the company's latest earnings press release dated February 7, 2019.

Diversification



FRANCHISED AUTOMOTIVE DEALERSHIPS

- **U.S.**
- **U.K.**
- **Germany**
- **Italy**
- **Spain**
- **Japan**



USED VEHICLE SUPERCENTERS

- **CarSense (U.S.)**
- **CarShop (U.K.)**
- **The Car People (U.K.)**



COMMERCIAL TRUCK DEALERSHIPS

- **Premier Truck Group**
 - **U.S.**
 - **Canada**



TRUCK DISTRIBUTION & POWER SYSTEMS

- **Australia**
- **New Zealand**
- **The Pacific**



TRANSPORTATION*

- **Full-Service Truck Leasing**
- **Truck Rental**
- **Contract Maintenance**
- **Logistics**
- **Vehicle Services**

* PAG maintains a 28.9% ownership interest and records a share of earnings using the equity method.

Q4 2018

Q4 2018 Highlights

- **Total automotive units increased 0.8% to 120,869**
 - **New units -7.7%**
 - **Used units +9.6%**
- **Record revenue increased +0.8% to \$5.4 billion**
- **Income from continuing operations of \$97.8 million and earnings per share of \$1.15.**
- **Record adjusted income from continuing operations +9.6% to \$94.9 million***
- **Record adjusted earnings per share +9.9% to \$1.11***
- **Product availability shortages and WLTP certification delays in our western European businesses are estimated to have impacted Q4 2018 by approximately \$5 million, or \$0.06 per share**

*Refer to non-GAAP reconciliations in the Appendix to this presentation, page 27



Q4 2018 Key Takeaways

Retail Automotive

- **Record Q4 Adjusted Income From Cont. Ops* and Adjusted EPS***
- **Retail unit sales +0.8% to 120,869**
- **Used to New ratio 1.13**
- **+3.9% Same-store Service and Parts Revenue Growth**
- **+5% Same-Store Growth in Used Vehicle Revenue**

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Commercial Trucks

- **14.1% Same-Store Unit Growth**
- **13.9% Same-Store Retail Revenue Growth**
- **Service & Parts 63% of Gross Profit**

Penske Truck Leasing

- **PTL investment generated \$37.8 million in Equity Earnings**

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Capital Allocation

- **Increased the dividend for the 31st consecutive quarter**
- **Repurchased 334,870 shares for \$13.1 million in Q4**
- **12M 2018 repurchased 1,587,494 shares for \$68.9 million**
- **\$136.9 million repurchase authorization available**

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*Refer to non-GAAP reconciliations in the Appendix to this presentation, page 27

Q4 2018 Key Performance Metrics

	ACTUAL	CHANGE	Ex. F/X
Same-Store Units			
New Vehicles	55,290	(7.0%)	N/A
Used Vehicles	<u>58,257</u>	<u>+2.6%</u>	N/A
Total	113,547	(2.3%)	N/A
Same-Store Retail Revenue			
New	\$2,271.2	(6.0%)	(5.0%)
Used	\$1,576.6	+5.0%	+6.7%
Finance & Insurance	\$142.0	+0.7%	+2.0%
Service & Parts	<u>\$525.2</u>	<u>+3.9%</u>	<u>+5.0%</u>
Total	\$4,515.0	(1.1%)	0.2%
Same-Store Gross Profit per Vehicle Retailed			
New	\$2,994	(6.0%)	(4.7%)
Used	\$1,306	+0.5%	+1.7%
Finance & Insurance	\$1,250	+3.1%	+4.4%
Same-Store SG&A to Gross Profit	79.6%	+10 Bps	
Same-Store Service & Parts Margin	58.8%	-70 Bps	
EPS – Reported*	\$1.15	(1)	
EPS – Adjusted*	\$1.11	+9.9%	

(1) Reported change represents a 70.1% decline. However, excluding the 2017 benefit from the enactment of the 2017 U.S. Tax Cuts and Jobs Act of \$243 million, or \$2.84 per share, the year over year increase would have been 13.9%

*Refer to non-GAAP reconciliations in the Appendix to this presentation, page 27
F/X = Foreign Exchange

12M 2018

12M 2018 Highlights

- **Retailed 518,506 new and used automotive units, +3.4%**
- **Total revenue \$22.8 billion, +6.5%**
 - **Same-store retail automotive revenue +3.4%**
- **Increased earnings before taxes by 10% to \$604 million**
- **Income from continuing operations of \$470.5 million and earnings per share of \$5.52**
- **Record adjusted income from continuing operations to \$454.9 million*, +22.9%**
- **Record adjusted earnings per share from continuing operations to \$5.34*, +23.9%**

*Refer to non-GAAP reconciliations in the Appendix to this presentation, page 27



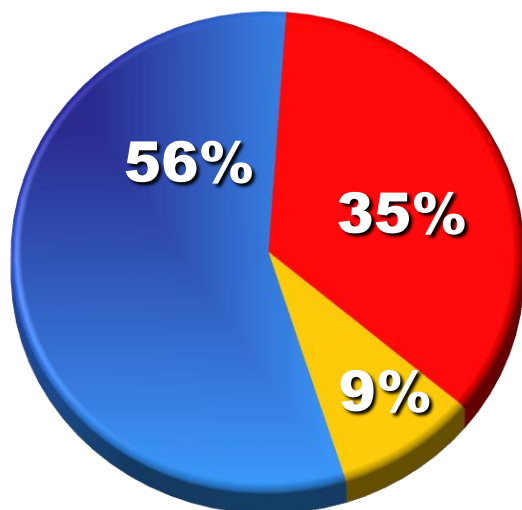
12M 2018 Highlights

- **Completed acquisitions, or opened new dealerships, representing \$775 million in estimated annualized revenue**
- **Increased the dividend paid to shareholders each quarter providing a sector leading 3.2% yield**
- **Returned \$190 million, or 40% of income from continuing operations, to shareholders through share repurchases and dividends**
- **Return on average equity was 18%**
- **Leverage declined to 2.7x from 2.9x**
- **Moody's upgraded credit rating to Ba1**

12M 2018 Revenue & EBT

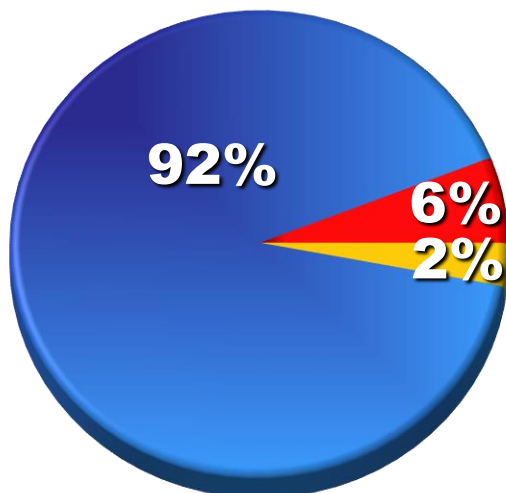
Revenue

\$22.8 Billion



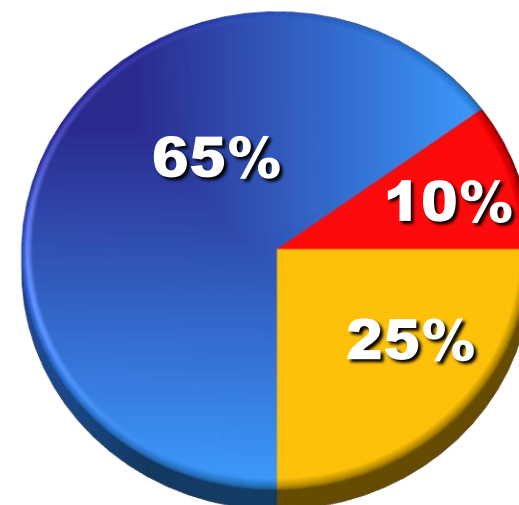
Revenue

\$22.8 Billion



Earnings Before Tax

\$604 Million



*Includes equity income from joint venture investments, including Penske Truck Leasing

APPENDIX

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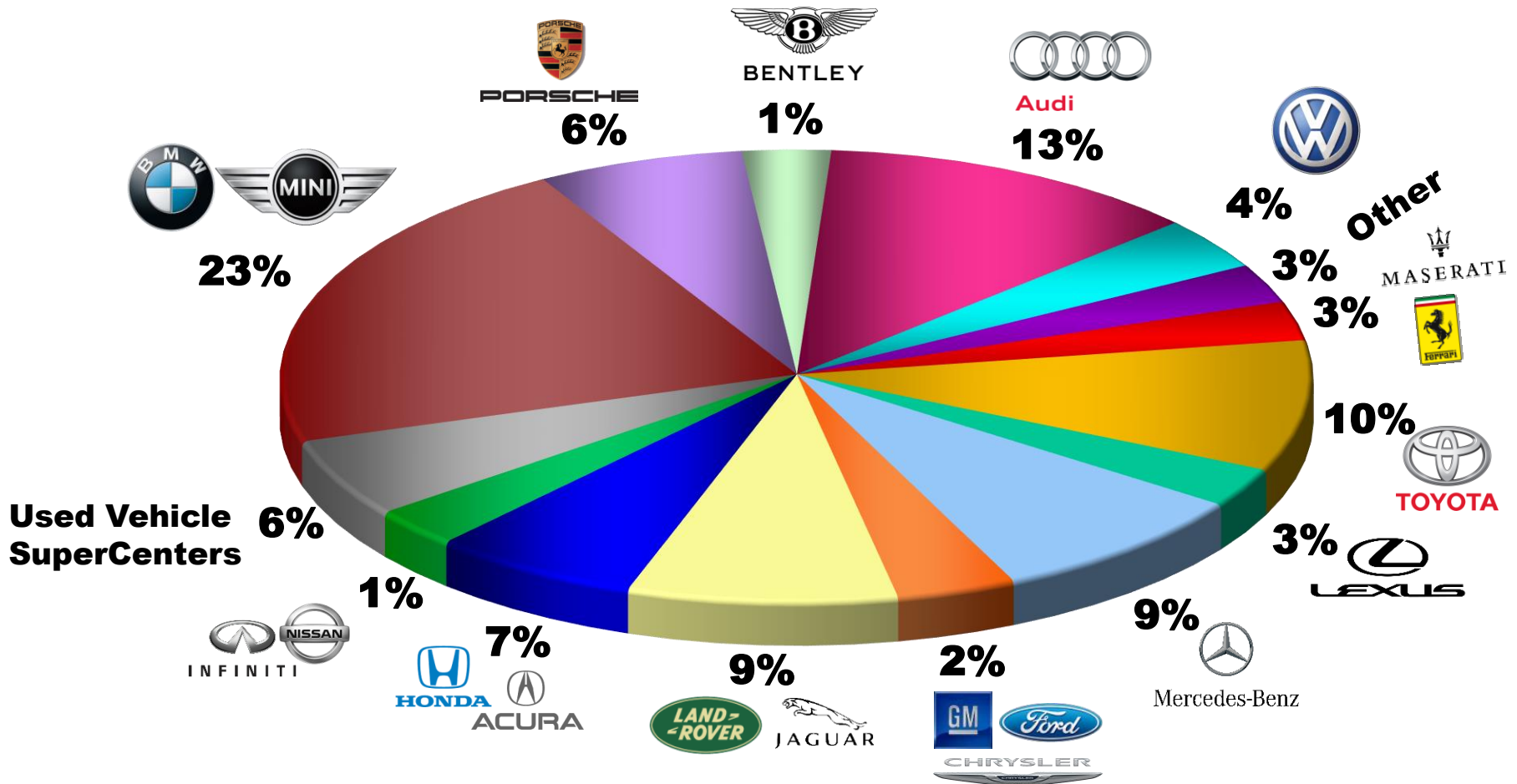
Recent Acquisitions and Open Points

\$775 Million in Estimated Annual Revenue

(\$ in millions)	Annualized Revenue
Acquisitions:	
The Car People Used Supercenter (U.K.)	\$375
Lexus of Austin (Austin, TX)	\$185
Mercedes-Benz Stores (Ferrara & Bologna, Italy)	\$75
Lexus of Lakeway (Lakeway, TX)	\$70
Hamilton Commercial Truck (Ontario, CN)	\$20
Open Points:	
JLR of Englewood (Englewood, NJ)	\$40
Lamborghini Bologna (Bologna, Italy)	\$10

2018 Retail Automotive Brand Mix

(% of Total Automotive Dealership Revenue for 12M 2018)



- Premium – 70%
- Volume Non-U.S. – 22%
- Used Vehicle SuperCenters – 6%
- U.S. Big 3 – 2%

STAND-ALONE USED SUPERCENTERS

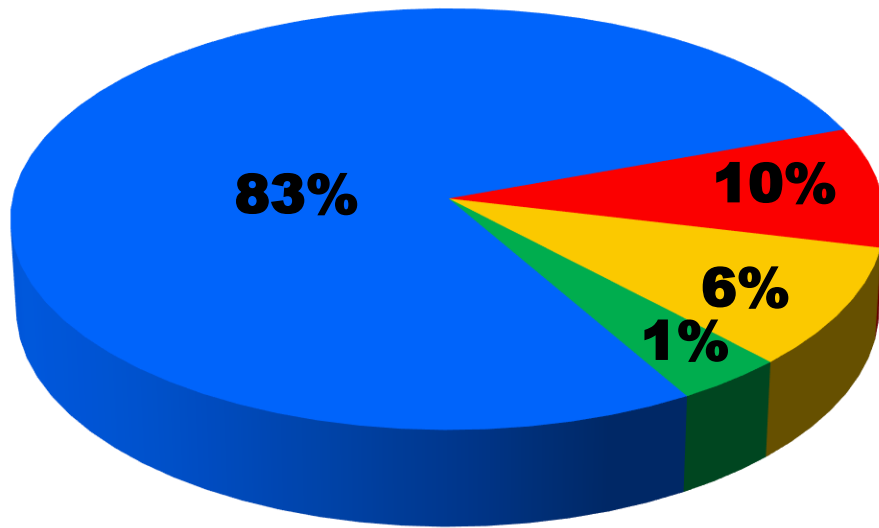
Used Vehicle SuperCenters

	12M 2018	12M 2017	Chg.
Used Units Retailed	71,013	40,501	+75.3%
Revenue (in millions)	\$1,268.8	\$711.5	+78.3%
Avg. Transaction Price	\$14,913	\$14,519	+2.7%
Gross Per Unit Retailed	\$1,080	\$1,138	(5.1%)
F&I Per Unit Retailed	\$1,041	\$1,238	(15.9%)
Total Variable Gross/Unit	\$2,121	\$2,376	(10.7%)

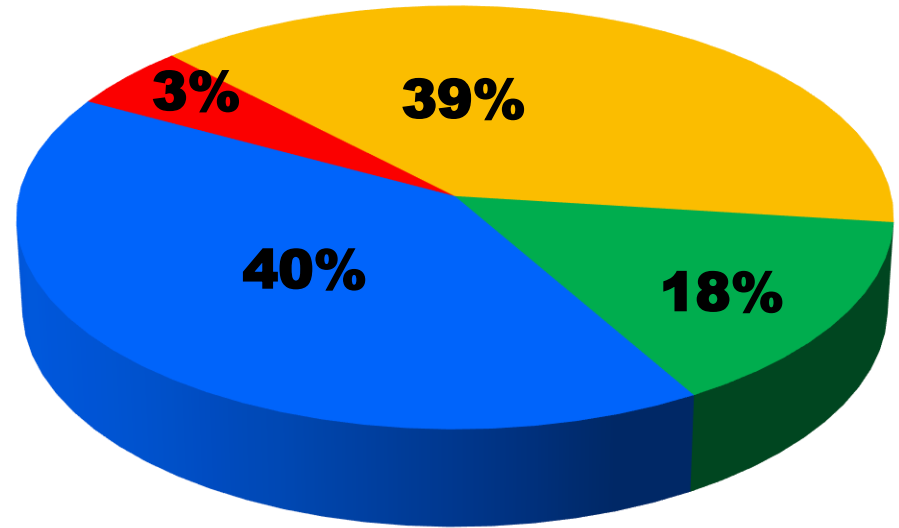
Stand-Alone Supercenters Revenue & Gross

12M YTD 2018

Revenue



Gross Profit



■ **Used** ■ **Wholesale** ■ **S&P** ■ **F&I**

NORTH AMERICA RETAIL COMMERCIAL TRUCK DEALERSHIPS

Premier Truck Group

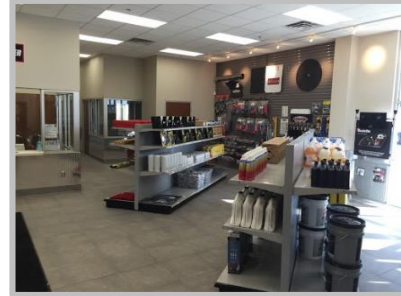
Truck Sales



Service



Parts



Body Shop



- **2018 revenue of \$1.4 billion**
- **3rd largest Dealership Group for Daimler Trucks N.A.**



SELECTRUCKS****



DETROIT DIESEL



- **New and used retail sales; service and parts operations**
- **20 locations in Georgia, Oklahoma, Tennessee, Texas and Canada**

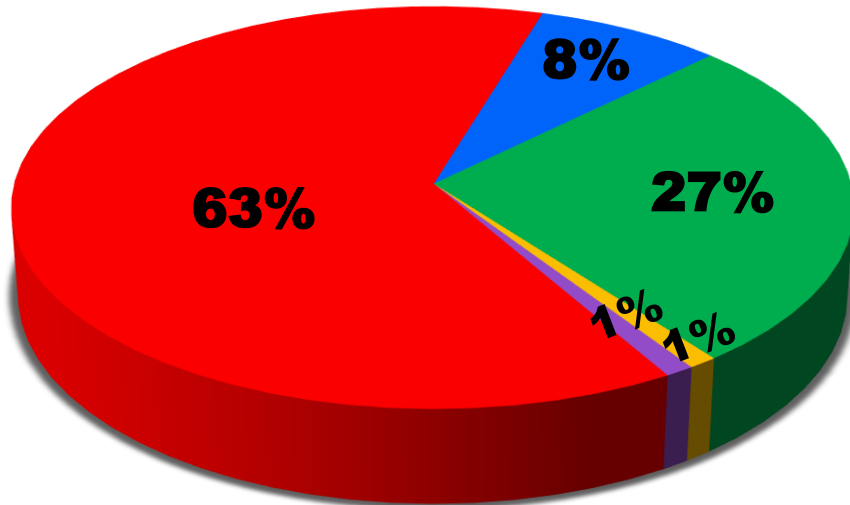


Premier Truck Revenue & Gross

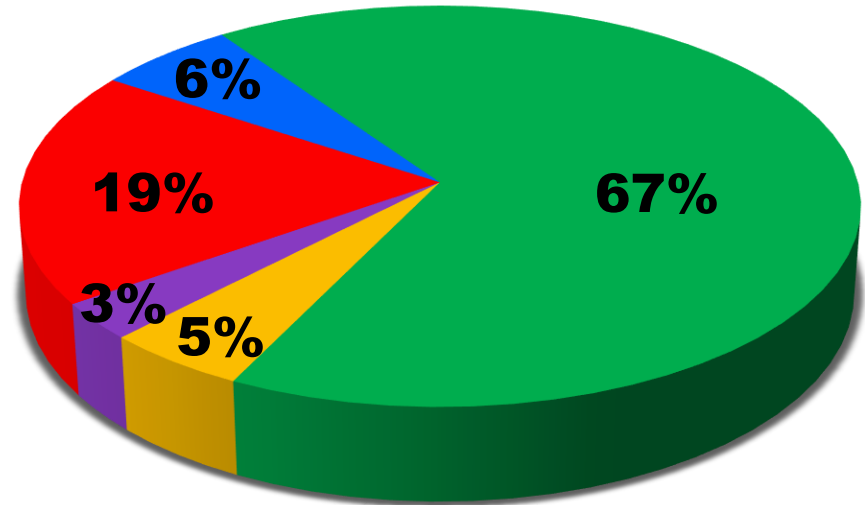
12M YTD 2018

Service & Parts Drives Profitability

Revenue



Gross Profit



■ **New** ■ **Used** ■ **S&P** ■ **F&I** ■ **Other**

PENSKE TRUCK LEASING

Penske Truck Leasing Overview

Full-Service Leasing



Contract Maintenance



Truck Rental



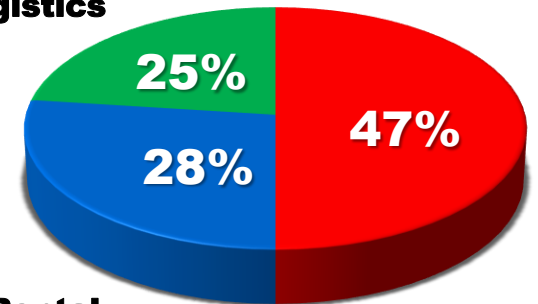
Logistics Services



- **\$14.6 billion total assets**
- **\$8.4 billion in total revenue**
- **Over 299,000 vehicles on the road**

Operating Revenue

Logistics



Rental

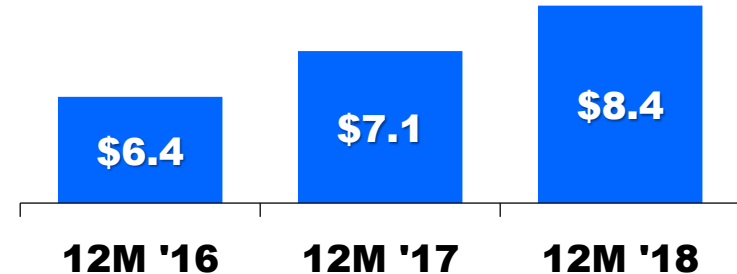
Lease & Maintenance

PTL Performance Summary

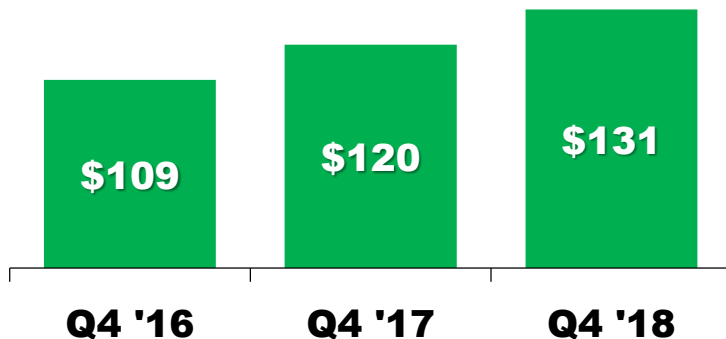
Q4 2018 Total Revenue +19%
(\$ in Billions)



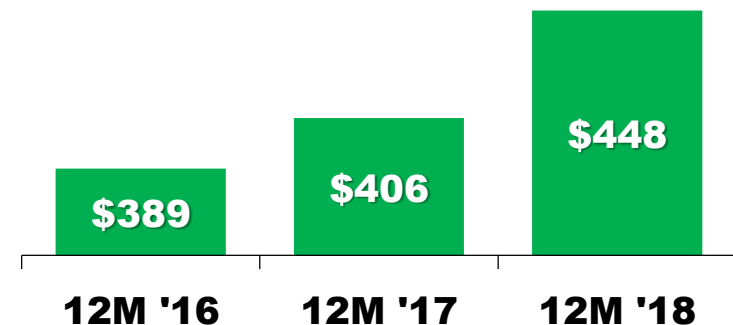
12M 2018 Total Revenue +16%
(\$ in Billions)



Q4 Net Income +9%
(\$ in Millions)



12M 2018 Net Income +10%
(\$ in Millions)



NON-GAAP RECONCILIATIONS

EBITDA and Adjusted EBITDA Reconciliation

(\$ in Millions)	Three Mos. Ended December 31,		Twelve Mos. Ended December 31,	
	2018	2017	2018	2017
Net Income	\$97.2	\$328.6	\$470.3	\$612.8
Depreciation	\$26.5	\$25.1	\$103.7	\$95.1
Other Interest	\$28.0	\$28.2	\$114.7	\$107.4
Income Taxes	\$29.6	(\$200.8)	\$134.3	(\$64.8)
(Inc.)/Loss from Disc. Ops.	<u>(\$0.3)</u>	<u>(\$0.1)</u>	<u>(\$0.5)</u>	<u>\$0.2</u>
EBITDA	\$181.0	\$181.0	\$822.5	\$750.7
Less: Net Gain on Dealership Sales	(\$8.2)	---	(\$22.7)	---
Add: Valuation Adjustments and Termination of Franchises	<u>\$5.3</u>	<u>---</u>	<u>\$18.7</u>	<u>---</u>
ADJUSTED EBITDA	\$178.1	\$181.0	\$818.5	\$750.7

nm = not meaningful



Income/EPS from Continuing Operations

(\$ in Millions, except per share amounts)

The following tables reconcile reported income from continuing operations and earnings per share to adjusted income from continuing operations and adjusted earnings per share for the three months and twelve months ended December 31, 2018 and 2017:

Income From Continuing Ops.	Q4 '18	Q4 '17	% Chg	12M '18	12M '17	% Chg
Income from Continuing Ops.	\$97.8	\$330.0	(70.4%)	\$470.5	\$613.5	(23.3%)
Less: Income Tax Benefit ⁽¹⁾	---	(\$243.4)	nm	(\$11.6)	(\$243.4)	(95.2%)
Less Net Gain on Dealership Sales	(\$8.2)	---	nm	(\$22.7)	---	nm
Add: Valuation Adj. and Termination of Franchises ⁽²⁾	<u>\$5.3</u>	<u>---</u>	<u>nm</u>	<u>\$18.7</u>	<u>---</u>	<u>nm</u>
Adj. Income from Continuing Ops.	\$94.9	\$86.6	9.6%	\$454.9	\$370.1	22.9%

Earnings Per Share	Q4 '18	Q4 '17	% Chg	12M '18	12M '17	% Chg
EPS from Continuing Ops.	\$1.15	\$3.85	(70.1%)	\$5.52	\$7.14	(22.7%)
Less: Income Tax Benefit ⁽¹⁾	---	(\$2.84)	nm	(\$0.14)	(\$2.83)	(95.1%)
Less: Net Gain on Dealership sales	(\$0.10)	---	nm	(\$0.27)	---	nm
Add: Valuation Adj. and Termination of Franchises ⁽²⁾	<u>\$0.06</u>	<u>---</u>	<u>nm</u>	<u>\$0.22</u>	<u>---</u>	<u>nm</u>
Adj. EPS from Continuing Ops.	\$1.11	\$1.01	9.9%	\$5.34 ⁽³⁾	\$4.31	23.9%

(1) This benefit relates to the final reconciliation of the income tax benefit related to the enactment of the 2017 U.S. Tax Cuts and Jobs Act. Amount for 2017 represents the initial income tax benefit from the enactment of the 2017 U.S. Tax Cuts and Jobs Act.

(2) Valuation adjustments on certain franchised dealerships.

(3) Earnings per share amounts may not sum due to rounding.

nm = not meaningful