



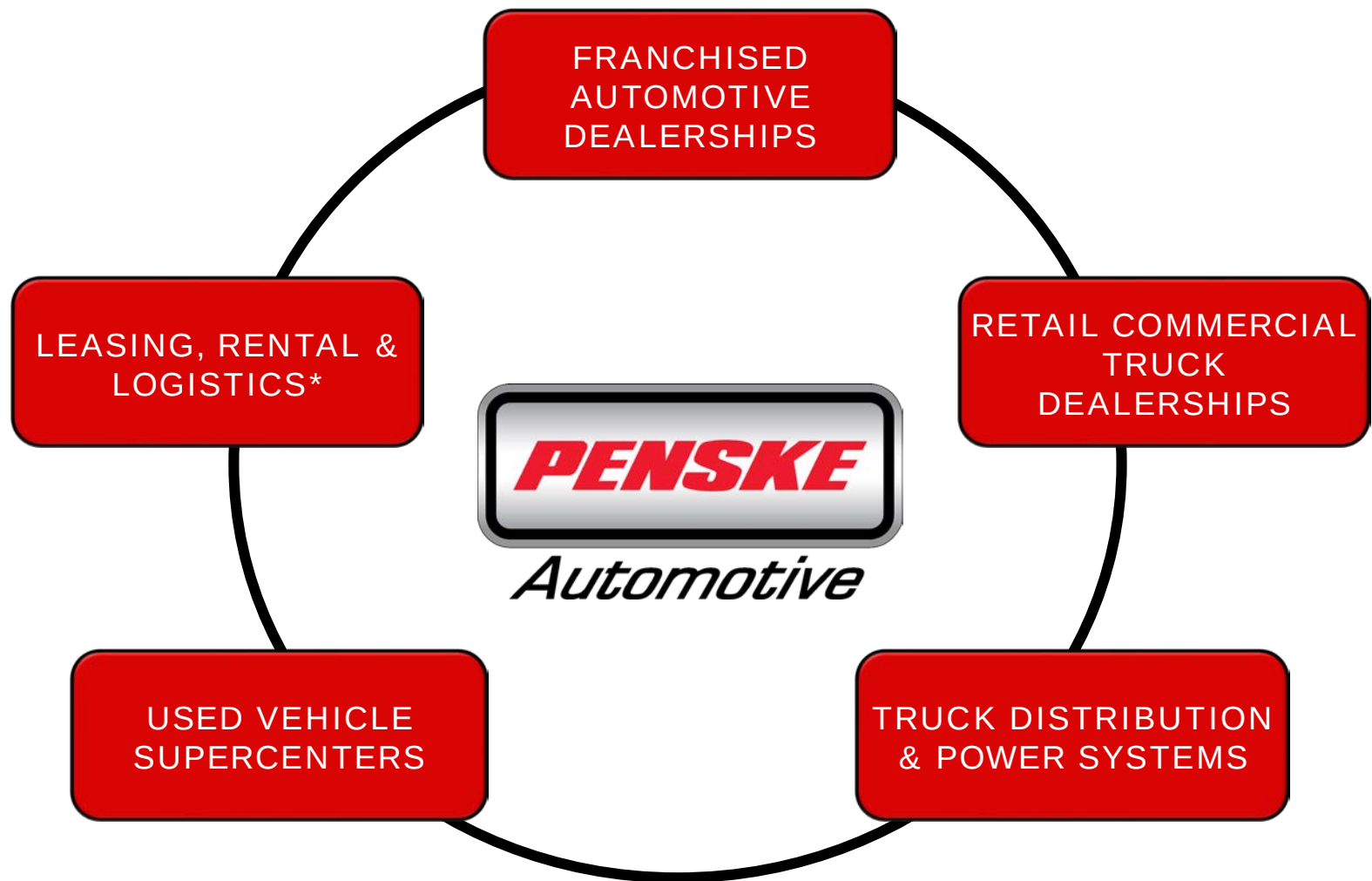
Fourth Quarter and Full Year 2019



Financial Results & Update

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 departure from the European Union, 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 or RDE, natural disasters, 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, 2018, 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 5, 2020.

Diversification



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



Penske Automotive Group Overview

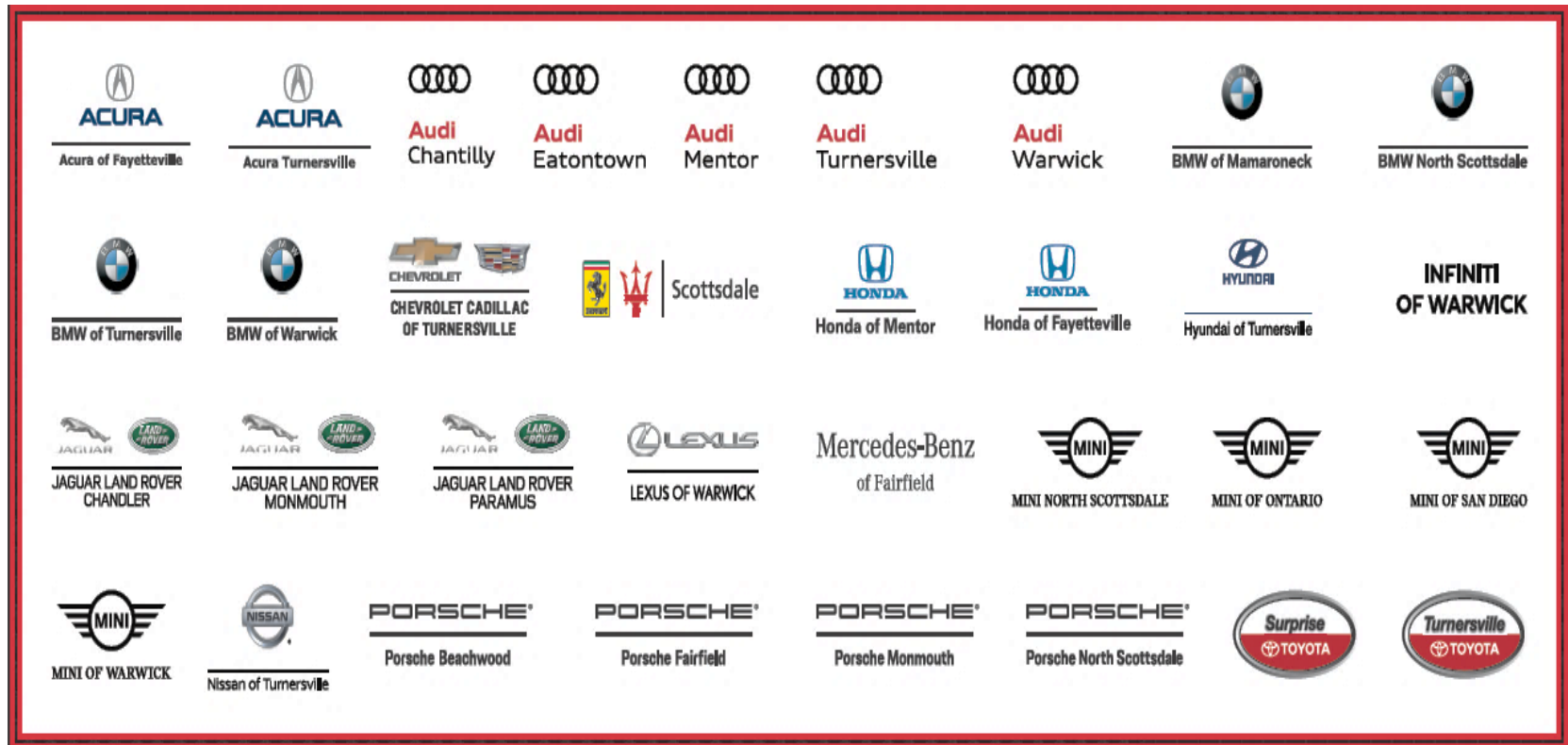
- A diversified transportation services company with annual revenues in 2019 of \$23.2 billion
- 265 Retail automotive locations world-wide
 - 249 Automotive dealerships
 - 16 Used vehicle supercenters
- 34 Collision centers
- 25 N.A. commercial truck dealerships
- Nearly 27,000 employees



CarSense (Glen Mills, PA)

33 Dealerships Named “Best To Work”

Audi Turnersville Named #1 Best To Work For



Recognitions



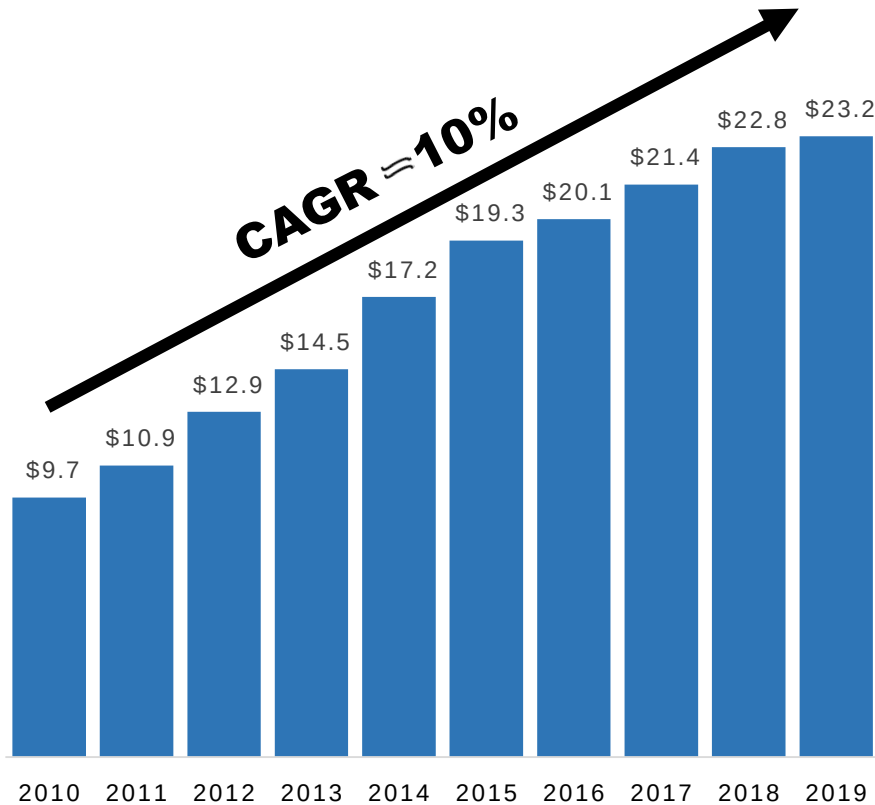
Ranked #136 for 2019

FULL YEAR 2019 FINANCIAL REVIEW

Revenue and Earnings History

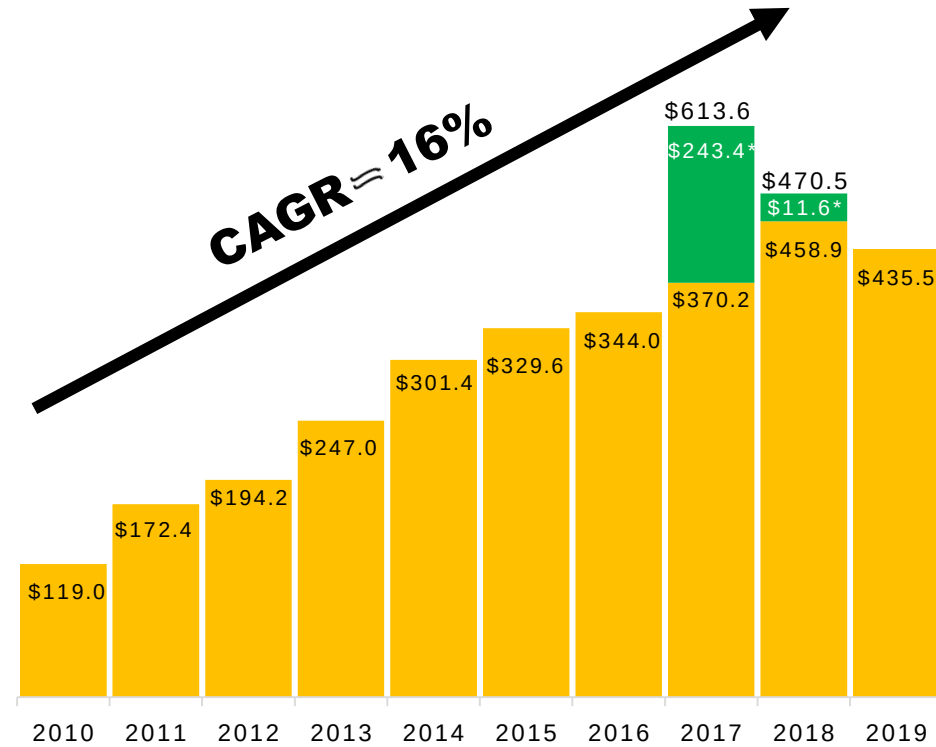
REVENUE

(\$ in Billions)



INCOME – CONT OPERATIONS

(\$ in Millions)



*Tax benefit of the 2017 U.S. Tax Cuts and Jobs Act

■ Tax Benefit*

CAGR = Compounded Annual Growth Rate



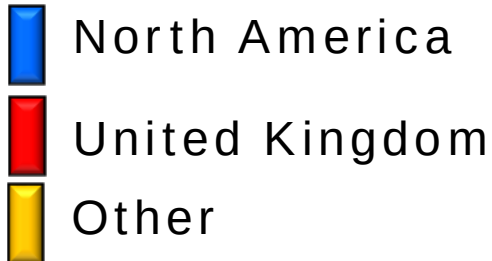
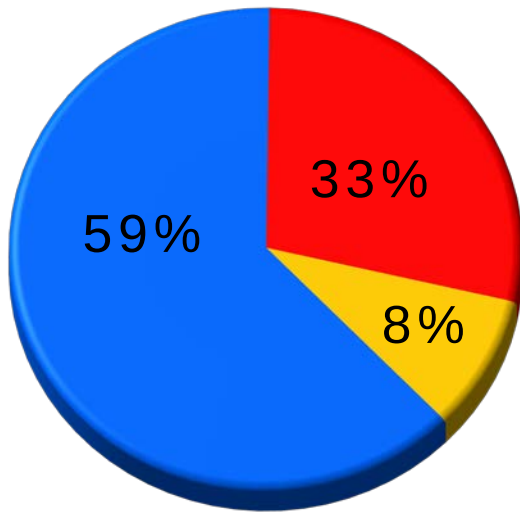
12M Highlights

- Retailed more than 500,000 new and used units
- Increased the Used to New ratio to 1.28 from 1.20
- \$23.2B in revenue, earned \$435.5M in income from continuing operations and generated \$5.28 in earnings per share
- Opened two Greenfield Used SuperCenters
- Generated nearly \$700M in cash flow allowing us to:
 - Increase the dividend 4x, currently yields 3.4%, or \$131M
 - Repurchase 4 million shares of stock for \$174M representing approximately 5% of total shares outstanding
 - Invest \$226M into our business in net Cap Ex
 - Acquire \$1.1B in estimated annualized revenues
- Returned \$305M, or 70% of net income to shareholders through share repurchases and dividends

12M Revenue & EBT

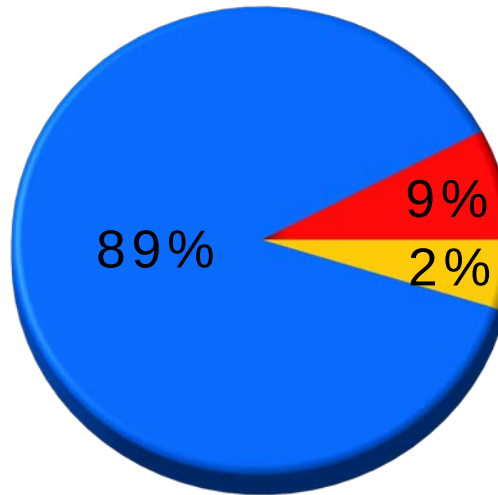
Revenue

\$23.2 Billion



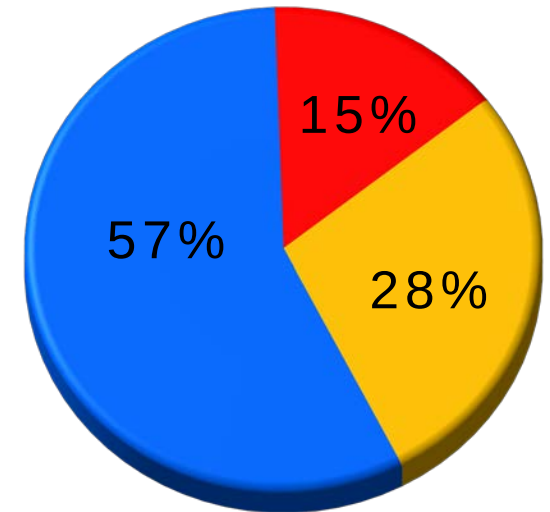
Revenue

\$23.2 Billion



Earnings Before Tax

\$592 Million



*Includes equity income from joint venture investments, including Penske Transportation Solutions

12M Service & Parts Gross Profit

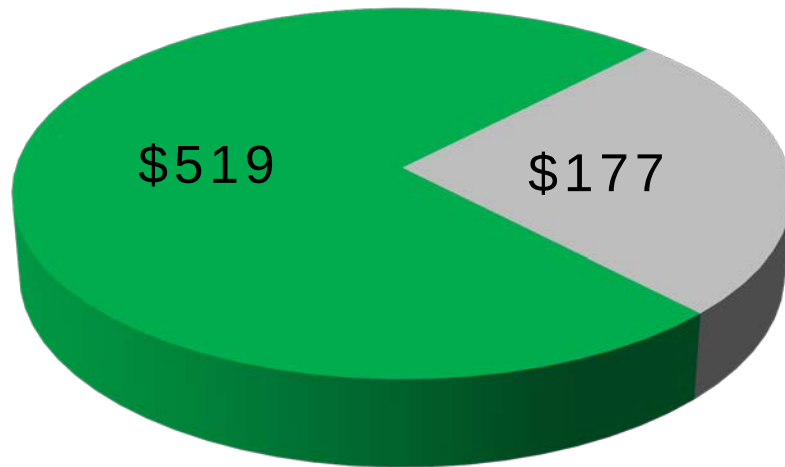
Service & Parts Generated 46% of Total Gross Profit

(\$ in Millions)	Service/Parts Gross Profit
Retail Automotive	\$1,305.8
Retail Commercial Truck	\$182.4
Australia/New Zealand	<u>\$102.9</u>
Total Service & Parts Gross	\$1,591.1
Total Gross Profit	\$3,455.5
Service & Parts (as a % of Total Gross Profit)	46.0%

12M 2019 Cash Flow

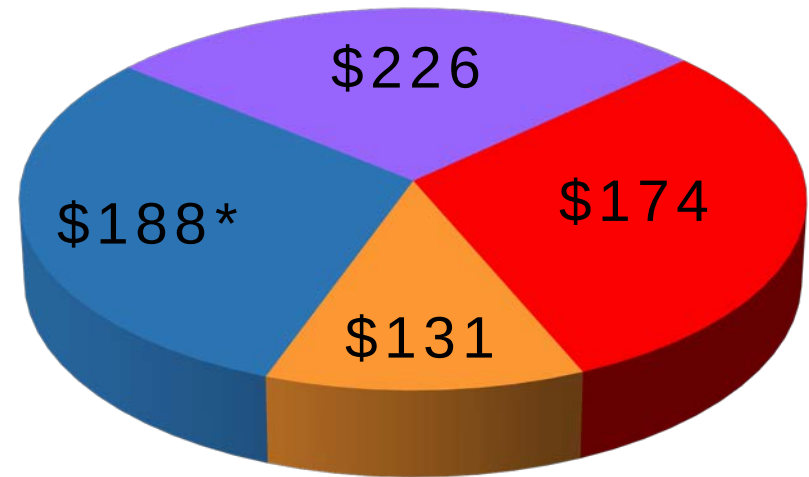
(\$ in Millions)

Cash Flow



■ Cash From Operations
■ Non-Trade FloorPlan

Capital Allocation



■ Acquisitions ■ Cap Ex, Net
■ Share Repurchases ■ Dividends

*Net of seller's floorplan notes

Q4 2019 FINANCIAL REVIEW

Q4 2019 Highlights

- Record fourth quarter revenue of \$5.9B, +8.1%
- Selling, General & Administrative (SG&A) expenses as a percentage of Gross Profit declined 70 Bps
 - SG&A expenses as a percentage of Gross Profit declined 110 Bps on an adjusted basis
- Earnings before tax of \$139.4, +10.2%
- Record earnings per share of \$1.25, +8.7%
- Record earnings per share of \$1.25, +12.6% when compared to adjusted earnings per share of \$1.11* in Q4 last year

*Refer to Non-GAAP Reconciliation section of this presentation



Q4 2019 Key Takeaways

Selling, General and Administrative Expenses as a Percentage of Gross Profit Declined 110 Bps On Adjusted Basis*

Franchised Retail Automotive

- Same-store retail automotive revenue growth of +5.5%
 - New +6.2%
 - Used +3.7%
 - F&I +9.7%
 - Svc/Parts +2.7%
- Variable GPU retailed \$3,517, +\$202
- Service & parts gross margin 59.9%, +60 bps

Retail Commercial Trucks

- Revenue up 67.3%
- Same-store revenue down 22.7%
- Service & parts generated 69% of GP
- Fixed cost coverage of 120%

Capital Allocation

- Shareholder dividend increased 4x in 2019
- Full year share repurchases of 4 million for \$174M
- Board re-authorized a \$200 million share repurchase program

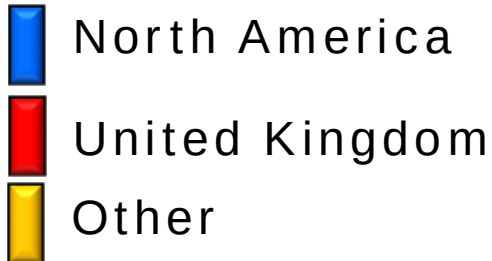
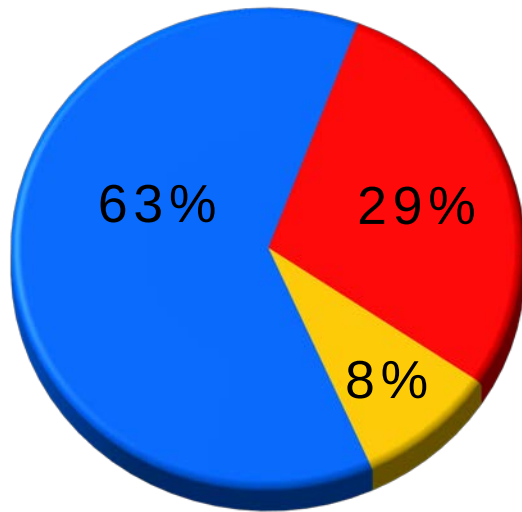
*Refer to Non-GAAP Reconciliation section of this presentation



Q4 Revenue & EBT

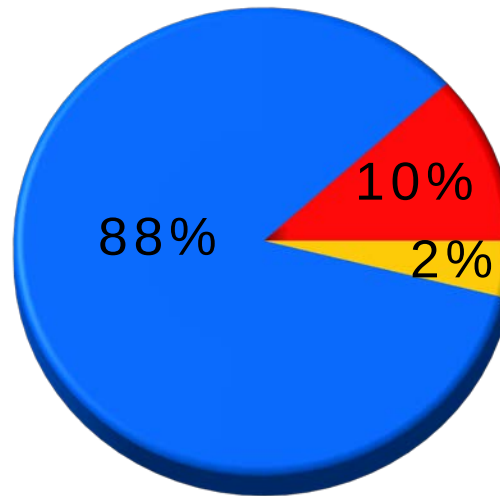
Revenue

\$5.9 Billion



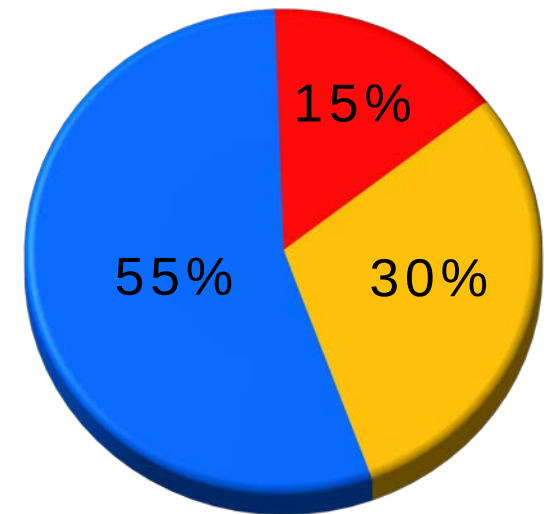
Revenue

\$5.9 Billion



Earnings Before Tax

\$139.4 Million



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

Q4 2019 Results – Continuing Operations

(\$ in Millions, except per share amounts)

	Q4 2019	Chg %
Revenue	\$5,881	+8.1%
Gross Profit	\$867	+7.2%
Gross Margin %	14.7%	-20 Bps
SG&A as % of GP	79.1%	-70 Bps
Operating Income	\$153	+11.9%
Earnings Before Taxes	\$139	+10.2%
Income from Cont. Oper.	\$102	+3.9%
Earnings Per Share	\$1.25	+8.7%
Adjusted Earnings Per Share	\$1.25	+12.6%*

*Refer to Non-GAAP Reconciliation section of this presentation



Q4 2019 Retail Automotive Key Metrics

Same-Store Metrics	Q4 '19	Q4 '18	Change
Volume Metrics			
New Units	54,928	54,516	+0.8%
Used Retail Units	63,670	61,893	+2.9%
Used to New Ratio	1.16	1.14	nm
Margin Metrics			
New Margin	7.5%	7.3%	+20 Bps
Used Margin	4.8%	4.9%	(10 Bps)
Service & Parts Margin	59.7%	59.4%	+30 Bps

(nm = not meaningful)

Q4 2019 Gross Profit (Same-Store)

U.S.	Q4 '19	Q4 '18	Change	Excl F/X
New Vehicle	\$3,031	\$2,929	+\$102	n/a
Used Vehicle	\$1,460	\$1,466	(\$6)	n/a
F&I	\$1,419	\$1,329	+\$90	n/a
Variable Gross ⁽¹⁾	\$3,715	\$3,591	+\$124	n/a
International	Q4 '19	Q4 '18	Change	Excl F/X
New Vehicle	\$3,687	\$3,184	+\$503	+\$507
Used Vehicle	\$1,073	\$1,125	(\$52)	(\$49)
F&I	\$1,215	\$1,116	+\$99	+\$103
Variable Gross ⁽¹⁾	\$3,269	\$3,013	+\$256	+\$262
Total	Q4 '19	Q4 '18	Change	Excl F/X
New Vehicle	\$3,265	\$3,020	+\$245	+\$245
Used Vehicle	\$1,262	\$1,287	(\$25)	(\$23)
F&I	\$1,329	\$1,234	+\$95	+\$97
Variable Gross ⁽¹⁾	\$3,519	\$3,332	+\$187	+\$190

(1) Variable Gross: new vehicle gross profit, used retail gross profit, and F&I gross profit divided by new and used retail unit sales

USED SUPERCENTERS

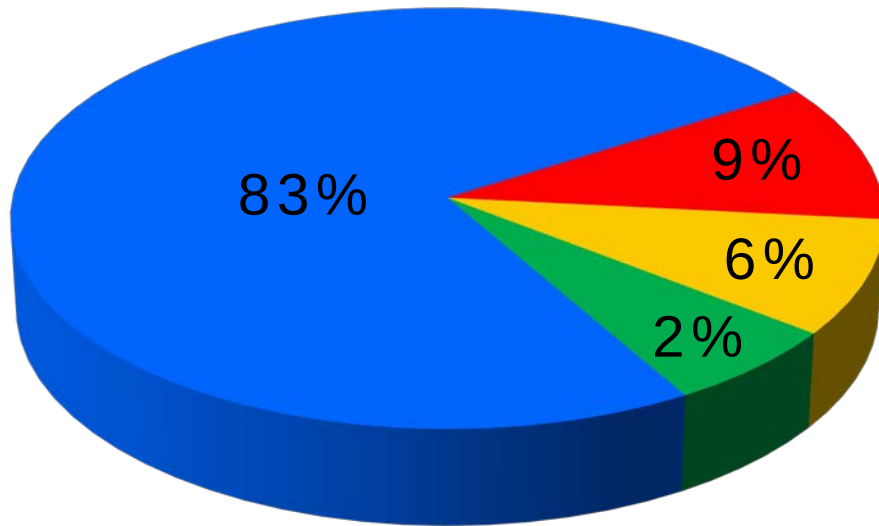
Used Vehicle SuperCenters

	Q4 '19	Q4 '18	Chg.	Chg. %
Used Units Retailed	15,405	14,940	+465	+3.1%
Revenue (in millions)	\$293	\$261	+\$32	+12.3%
Avg. Transaction Price	\$15,709	\$14,573	+\$1,136	+7.8%
Total Variable Gross/Unit	\$1,951	\$1,890	+\$61	+3.2%
• U.S. • U.K.	\$2,598 \$1,750	\$2,862 \$1,631	(\$264) +\$119	(9.2%) +7.3%
Vehicle Margin	12.4%	13.0%	(60 Bps)	(4.6%)

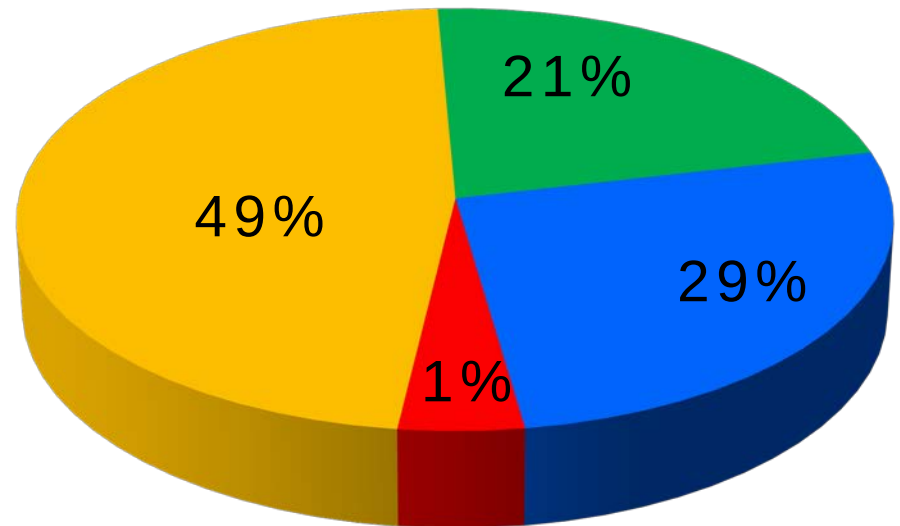
Used Vehicle SuperCenters Revenue & Gross

(Q4 2019)

Revenue



Gross Profit



■ Used ■ Wholesale ■ F&I ■ S&P

COMMERCIAL TRUCKS

Q4 2019 Retail Truck Key Metrics

	Q4 '19	Q4 '18	Chg	Chg %
Volume Metrics				
New Retail Units	3,209	2,184	+1,025	+46.9%
Used Retail Units	519	457	+62	+13.6%
Gross Per Unit				
New Vehicle	\$5,505	\$5,745	(\$240)	(4.2%)
Used Vehicle	\$546	\$6,243	(\$5,697)	(91.3%)
F&I	\$917	\$1,107	(\$190)	(17.2%)

Q4 2019 Same-Store Key Metrics

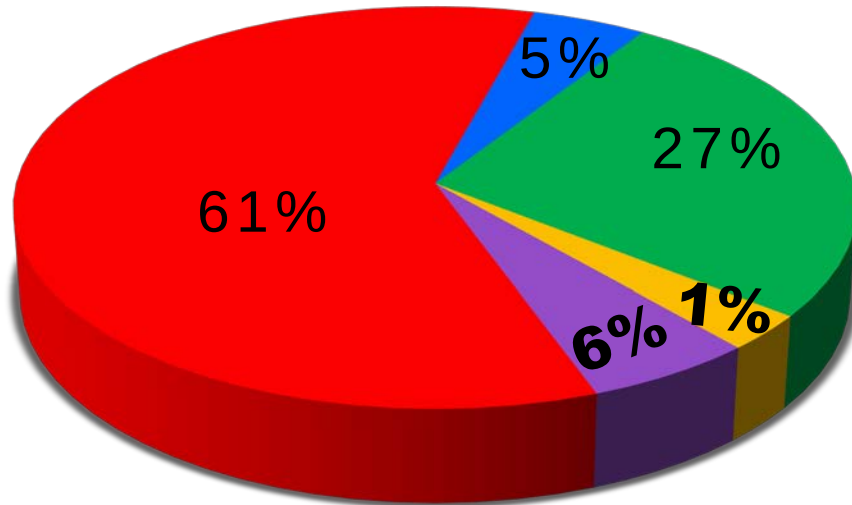
	Q4 '19	Q4 '18	Chg	Chg %
Volume Metrics				
New Retail Units	1,475	2,184	(709)	(32.5%)
Used Retail Units	389	457	(68)	(14.9%)
Gross Per Unit				
New Vehicle	\$4,905	\$5,745	(\$840)	(14.6%)
Used Vehicle	\$1,183	\$6,243	(\$5,060)	(81.1%)
F&I	\$1,256	\$1,107	+\$149	+13.5%

Retail Commercial Truck Revenue & Gross

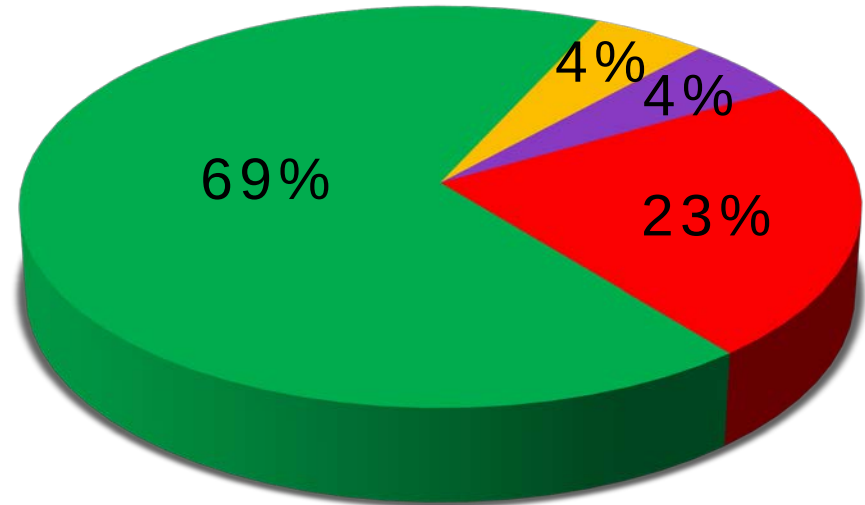
Q4 2019

69% of Gross Profit From Service & Parts

Revenue



Gross Profit



■ New ■ Used ■ S&P ■ F&I ■ Other

PENSKE TRANSPORTATION SOLUTIONS

Penske Transportation Solutions Overview

Full-Service
Leasing



Contract
Maintenance



Truck
Rental

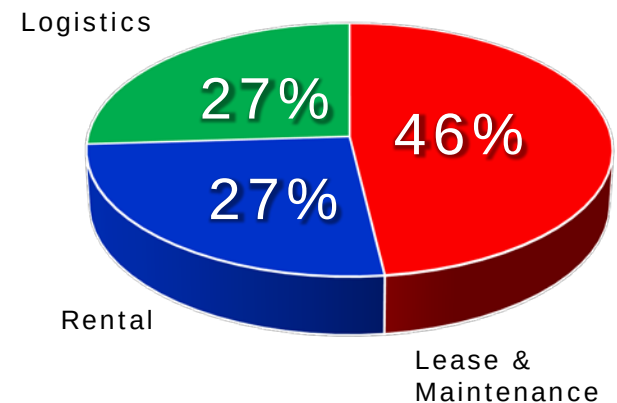


Logistics
Services



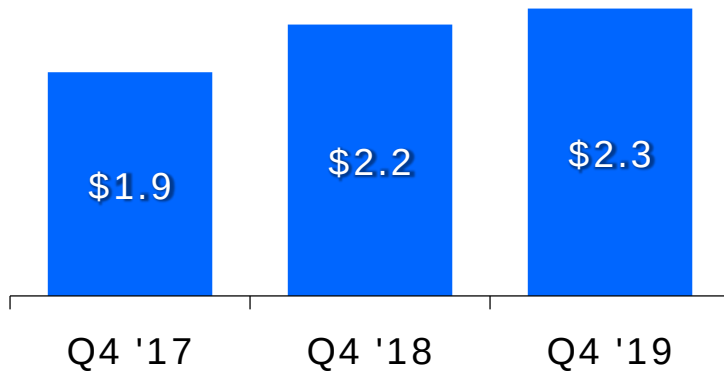
- \$16 billion total assets
- \$9 billion in annual revenue, +7%
- Over 321,000 vehicles on the road
- PAG recorded equity income of \$142.4 million in 2019
- Trailing twelve months cash received of \$90 million

Operating Revenue

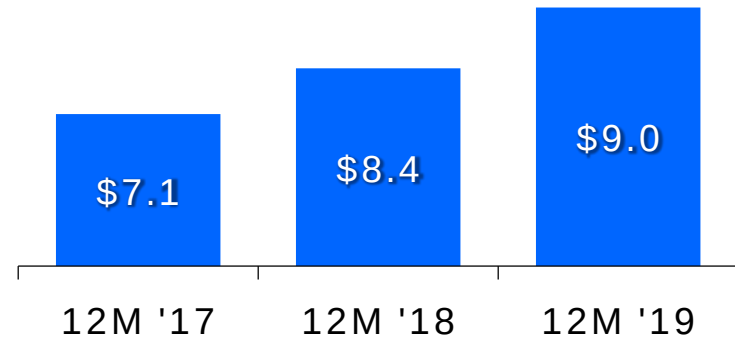


PTS Performance Summary

Q4 Total Revenue
(\$ in Billions)



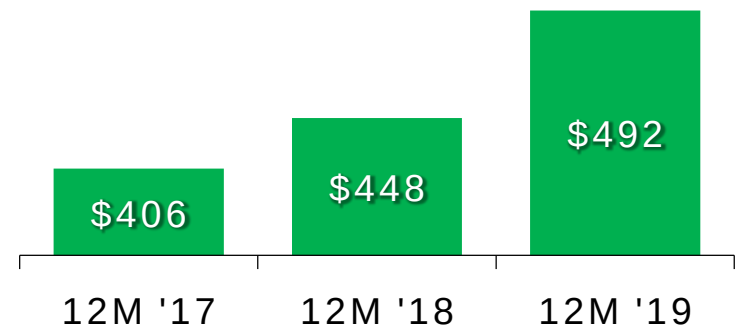
12M Total Revenue
(\$ in Billions)



Q4 Net Income
(\$ in Millions)



12M Net Income
(\$ in Millions)



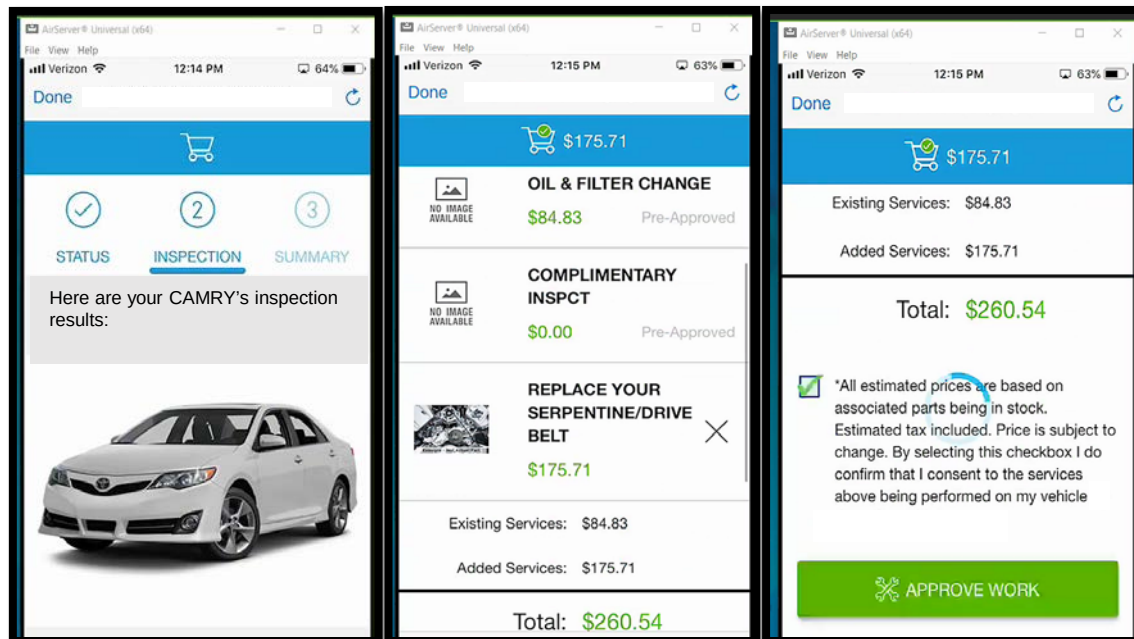
DIGITAL INITIATIVES

Digital/Omni-Channel Initiatives

- Over 58,000 new and used vehicles available online via websites and social channels
- Over 40% of U.S. unit sales were from digital sources in Q4 2019
- Online buying through Preferred Purchase closing rate over 20%
- Initiated “Get My Certificate” which allows customers to agree to terms of a car deal online
- Completed the installation of docuPAD[®] in U.S. dealerships
- New CarSense website
 - *Buy Your Used Vehicle Now* pilot
- Launching (in stages) new e-commerce platform in the U.K. providing the ability to complete a vehicle purchase 100% online

Digital/Omni-Channel Initiatives

- Real-time status updates & online approvals for service work
- Online service/parts payments +92% in Q4 2019



NON-GAAP RECONCILIATIONS

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:

Income From Continuing Ops.	Q4 '19	Q4 '18	% Chg	12M '19	12M '18	% Chg
Income from Continuing Ops.	\$101.6	\$97.8	+3.9%	\$435.5	\$470.5	(7.4%)
Less: Income Tax Benefit ⁽¹⁾	--	---	--	--	(\$11.6)	--
Less Net Gain on Dealership Sales	--	(\$8.2)	--	--	(\$22.7)	--
Add: Valuation Adj. and Termination of Franchises	<u>--</u>	<u>\$5.3</u>	<u>--</u>	<u>--</u>	<u>\$18.7</u>	<u>--</u>
Adj. Income from Continuing Ops.	\$101.6	\$94.9	+7.1%	\$435.5	\$454.9	(4.3%)

Earnings Per Share	Q4 '19	Q4 '18	% Chg	12M '19	12M '18	% Chg
EPS from Continuing Ops.	\$1.25	\$1.15	+8.7%	\$5.28	\$5.52	(4.3%)
Less: Income Tax Benefit ⁽¹⁾	--	---	--	--	(\$0.14)	--
Less: Net Gain on Dealership Sales	--	(\$0.10)	--	--	(\$0.27)	--
Add: Valuation Adj. and Termination of Franchises	<u>--</u>	<u>\$0.06</u>	<u>--</u>	<u>--</u>	<u>\$0.22</u>	<u>--</u>
Adj. EPS from Continuing Ops.	\$1.25	\$1.11	+12.6%	\$5.28	\$5.34 ⁽²⁾	(1.1%)

(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) Earnings per share amounts may not sum due to rounding.
nm = not meaningful

Selling, General and Admin Expenses

(\$ in Millions)

The following table reconciles reported selling, general and administrative expenses as a percent of gross profit to adjusted selling, general and administrative expenses as a percent of gross profit for the three months and twelve months ended December 31, 2018:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Selling, General & Admin Exp (SG&A)	\$685.1	\$645.0	\$2,693.2	\$2,646.3
Add: Net Gain on Dealership Sales	---	\$8.2	---	\$22.7
Less: Valuation Adjustments & Termination of Franchises	<u>---</u>	<u>(\$5.3)</u>	<u>---</u>	<u>(\$18.7)</u>
Adjusted SG&A	\$685.1	\$647.9	\$2,693.2	\$2,650.3
Gross Profit	\$866.5	\$808.1	\$3,455.5	\$3,414.9
Reported SG&A to Gross Profit	79.1%	79.8%	77.9%	77.5%
Adjusted SG&A to Gross Profit	n/a	80.2%	n/a	77.6%

na = not applicable

Tax Expense and Effective Tax Rate

(\$ in Millions)

The following tables reconcile reported income tax expense to adjusted income tax expense for the three and twelve months ended December 31, 2019 and 2018:

	Three Months Ended December 31,		2019 vs. 2018	
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Tax Expense	\$38.1	\$29.6	+\$8.5	+28.7%
Add: Income Tax Benefit ⁽¹⁾	==	==	==	==
Adjusted Income Tax Expense	\$38.1	\$29.6	+\$8.5	+28.7%
Effective Tax Rate	27.4%	23.4%	+400 Bps	nm

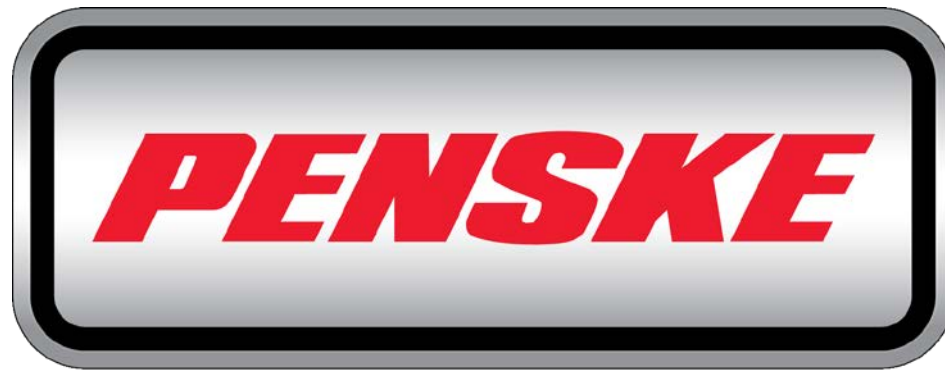
	Twelve Months Ended December 31,		2019 vs. 2018	
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Tax Expense	\$156.7	\$134.3	+\$22.4	+16.7%
Add: Income Tax Benefit ⁽¹⁾	==	<u>\$11.6</u>	<u>(\$11.6)</u>	<u>nm</u>
Adjusted Income Tax Expense	\$156.7	\$145.9	+\$10.8	+7.4%
Effective Tax Rate	26.5%	22.2%	+430 Bps	nm
Adjusted Effective Tax Rate	n/a	24.2%	+230 Bps	nm

⁽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.

nm = not meaningful; n/a = not applicable

EBITDA and Adjusted EBITDA Reconciliation

\$ in Millions)	Three Mos. Ended December 31,		Twelve Mos. Ended December 31,	
	2019	2018	2019	2018
Net Income	\$101.3	\$97.2	\$435.1	\$470.3
Depreciation	\$28.6	\$26.5	\$109.6	\$103.7
Other Interest	\$31.0	\$28.0	\$124.2	\$114.7
Income Taxes	\$38.1	\$29.6	\$156.7	\$134.3
(Inc.)/Loss from Disc. Ops.	<u>---</u>	<u>(\$0.3)</u>	<u>(\$0.3)</u>	<u>(\$0.5)</u>
EBITDA	\$199.0	\$181.0	\$825.3	\$822.5
Less: Net Gain on Dealership Sales	---	(\$8.2)	---	(\$22.7)
Add: Valuation Adjustments and Termination of Franchises	<u>---</u>	<u>\$5.3</u>	<u>---</u>	<u>\$18.7</u>
ADJUSTED EBITDA	\$199.0	\$178.1	\$825.3	\$818.5



Automotive