PENSKE Automotive

Fourth Quarter and Full Year 2020

Financial Results & Update

DISCLAIMER

Statements in this presentation may involve forward-looking statements, including forward-looking statements regarding Penske Automotive Group, Inc.'s liquidity, assessment of business conditions in light of the COVID-19 pandemic, growth plans and the closing of the potential acquisition.

Actual results may vary materially because of risks and uncertainties that are difficult to predict. These risks and uncertainties include, among others: the duration, severity and resolution of the COVID-19 pandemic, government mandated restrictions on our business in light of COVID-19 or otherwise, economic conditions generally, conditions in the credit markets, changes in interest rates and foreign currency exchange rates, changes in tariff rates, new rules in place after the recent Brexit accord between the European Union and the U.K. could slow parts originating in the U.K or Europe for distribution to our dealerships, adverse conditions affecting a particular manufacturer, including the adverse impact to the vehicle and parts supply chain due to limited vehicle availability due to the COVID-19 pandemic, or the reported shortage of automotive semiconductor chips, natural disasters, recall 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. With respect to the closing of the acquisition noted above, these risk and uncertainties also include the successful completion of due diligence, receipt of contractual consents and regulatory approvals and completion of final documentation. These forward-looking statements should be evaluated together with additional information about Penske Automotive Group's business, markets, conditions, and other uncertainties, which could affect Penske Automotive Group's future performance.

These risks and uncertainties are addressed in Penske Automotive Group's Form 10-K for the year ended December 31, 2019 and its other filings with the Securities and Exchange Commission ("SEC").

This presentation may include estimates regarding market and industry data. We do not make any representation as to the accuracy or completeness of such data and undertake no obligation to update such data after the date of this presentation. Unless otherwise indicated, information concerning the industries or markets in which we operate has been obtained from various sources including publicly available information, industry reports, publications, surveys, or trade and business organizations.

Certain amounts, percentages and other figures included in the presentation may be subject to rounding and may not sum.

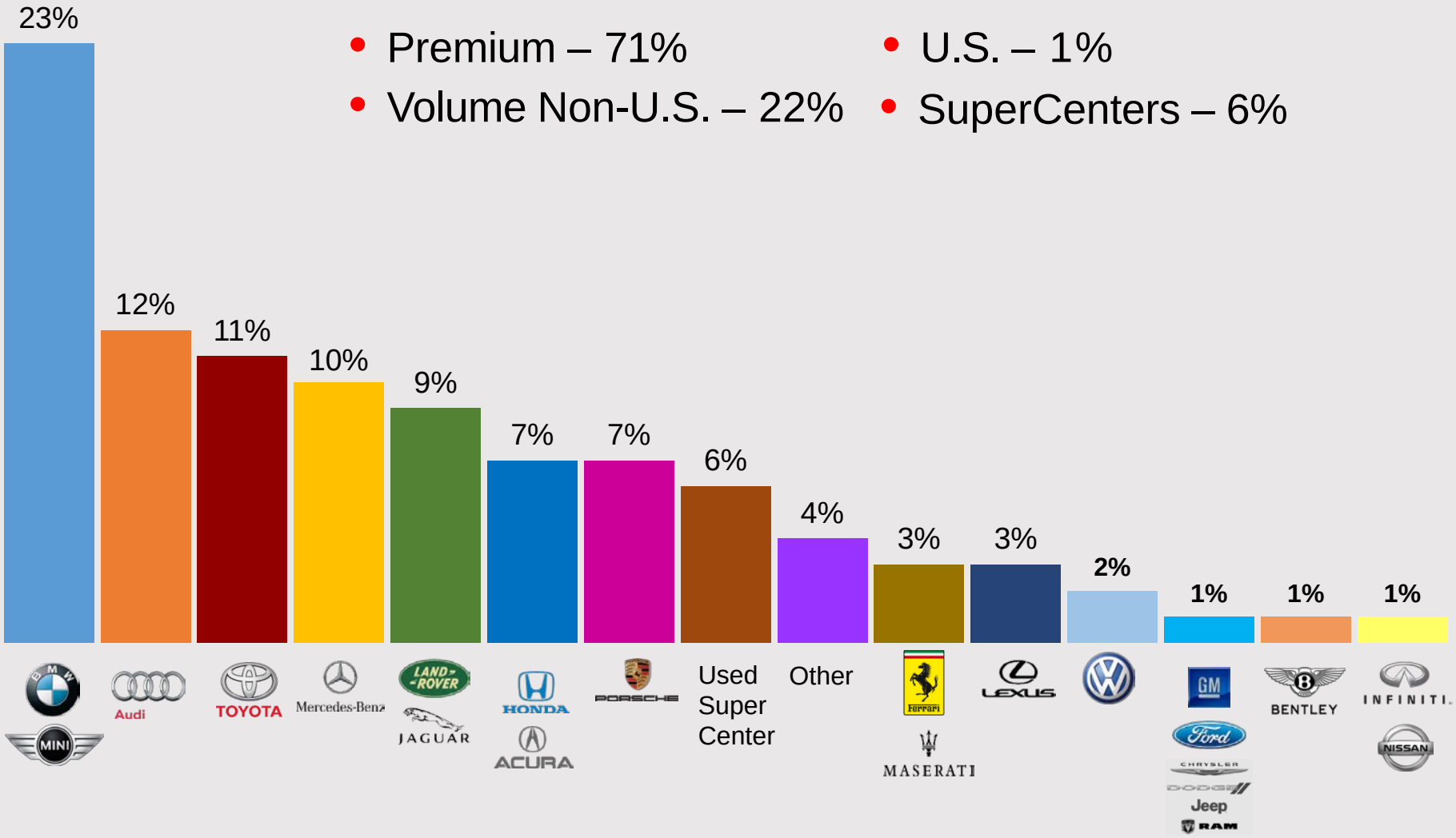
PENSKE AUTOMOTIVE AT A GLANCE

- Operations across four continents and nine countries
- 322 retail automotive locations worldwide
  - 304 franchised automotive dealerships
  - 17 used vehicle SuperCenters
- 30 collision centers
- 25 N.A. commercial truck dealerships
- Own 28.9% of Penske Transportation Solutions
- Commercial truck and power systems distribution in Australia and New Zealand

WORLDWIDE AUTOMOTIVE BRAND MIX

(% of Total Automotive Dealership Revenue)
(12 Months 2020)

- Premium – 71%
- Volume Non-U.S. – 22%
- U.S. – 1%
- SuperCenters – 6%



PENSKE

COST REDUCTION UPDATE

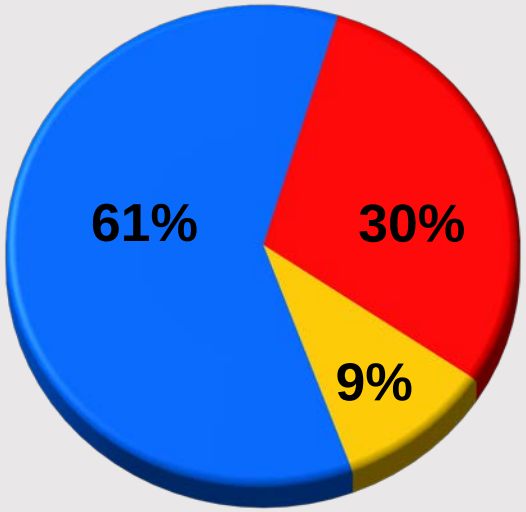
Estimated Cost Reduction of $125 to $150 Million Expected on an Annualized Basis

- Reductions in travel, entertainment, marketing/advertising, vehicle maintenance and personnel costs
- Net headcount reduction of 3,300 to nearly 23,500 which represents approximately 12% of the workforce
- Reduction/refinancing of long-term debt expected to generate $27 million in annual interest expense savings

Q4 2020 REVENUE & EBT

Revenue

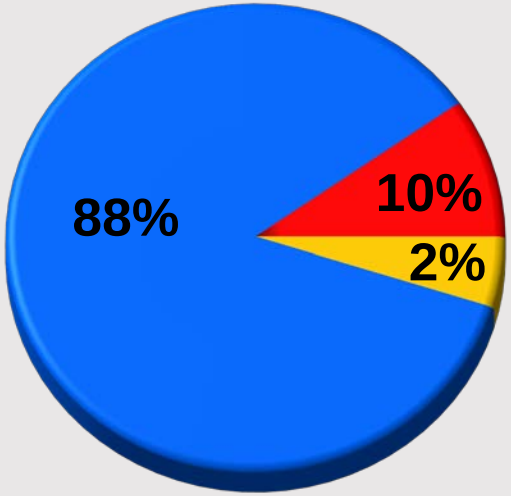
$5.8 Billion



North America
United Kingdom
Other

Revenue

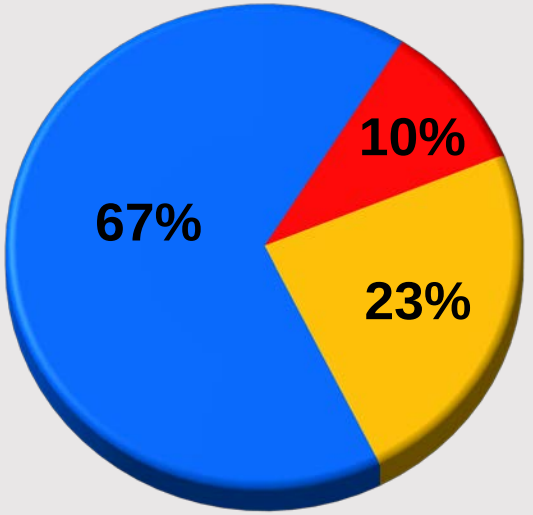
$5.8 Billion



Retail Automotive
Retail Commercial Truck
Other*

Earnings Before Tax

$263 Million



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

FOURTH QUARTER OVERVIEW

FOURTH QUARTER 2020 KEY TAKEAWAYS

($ in Millions, except Per Share Amount)	Actual	Adjusted (1)
Earnings Before Taxes	$263, +89%	$257, +85%
Income from Continuing Ops	$200, +97%	$200, +97%
Earnings Per Share	$2.49, +99%	$2.49, +99%

(1) Refer to Non-GAAP Reconciliation

Retail Automotive Segment Income Increased 126% in Q4 2020 Compared to Q4 2019

Income from continuing operations +99% to $200 million

Adjusted SG&A expenses as a percent of gross profit declined 800 basis points to 71.1%(1)

Operating income margin 4.2%, +160 basis points

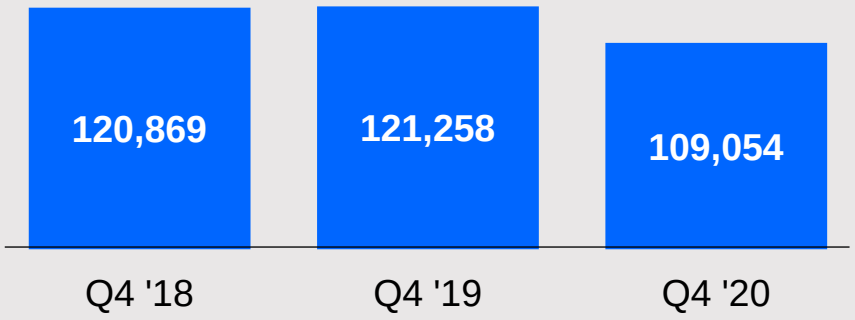
Income from Penske Transportation Solutions investment increased 55%

Same-Store Variable Gross Profit per unit retailed $4,427, +25%

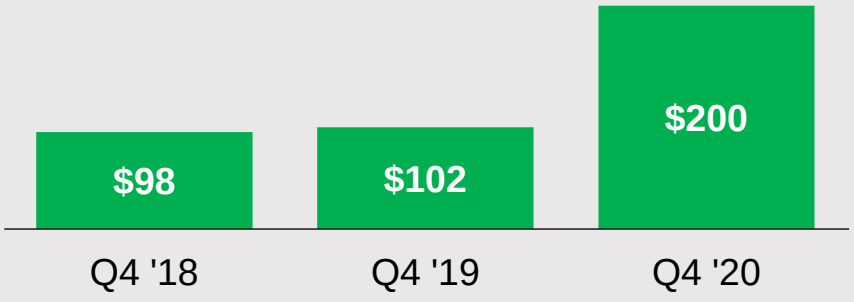
(1) Refer to Non-GAAP Reconciliation

Q4 2020 KEY METRICS

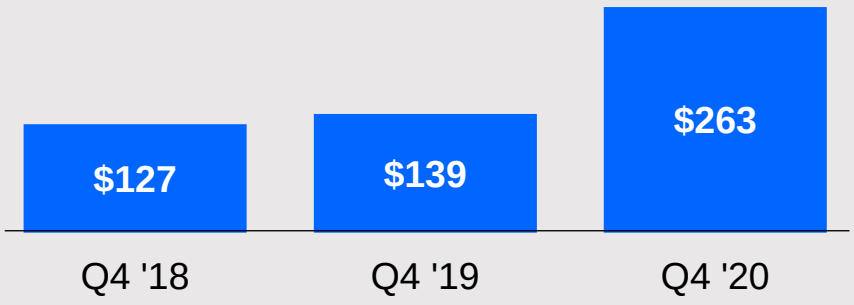
Q4 Total Units (In Millions)



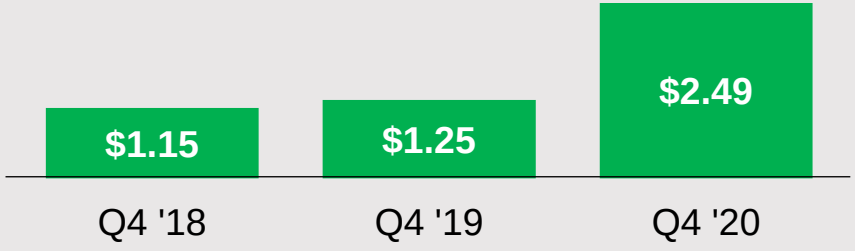
Q4 Income ($ in Millions)



Q4 EBT ($ in Millions)



Q4 EPS



RETAIL AUTOMOTIVE KEY METRICS

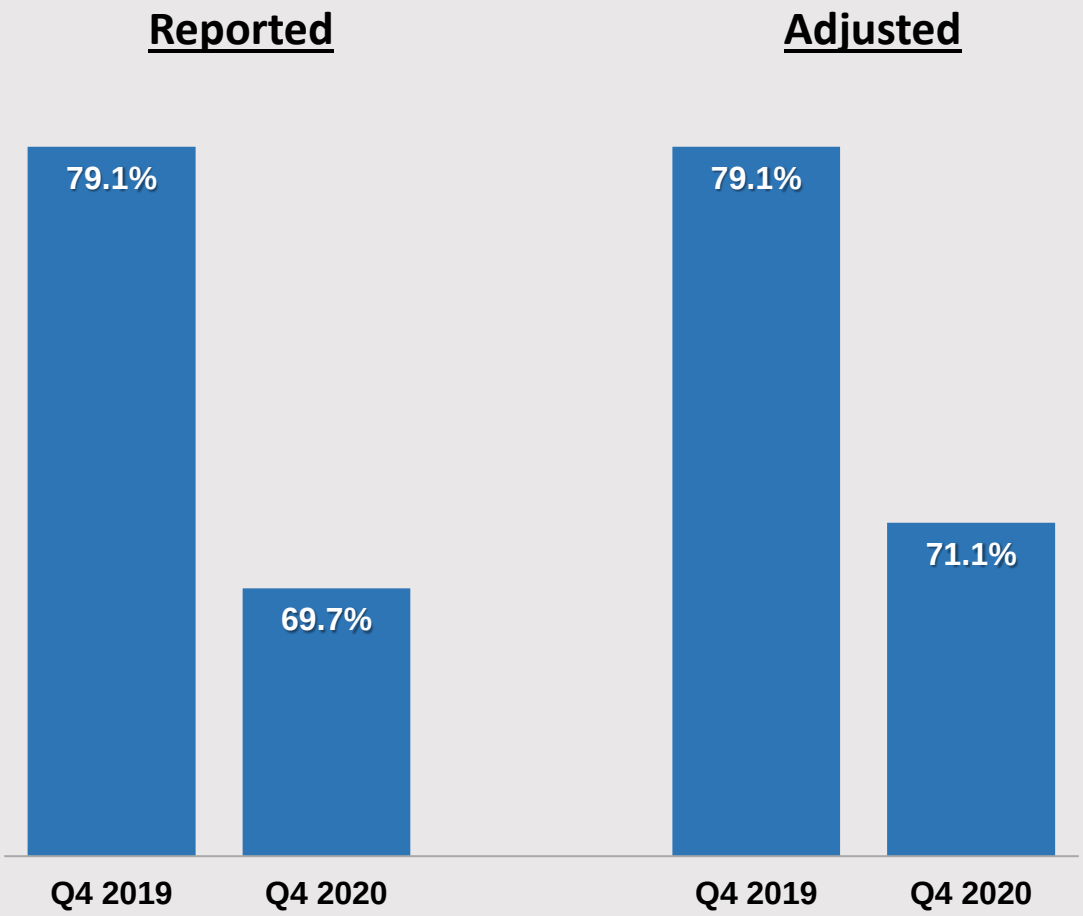
Same-Store	Q4 ’20	Q4 ’19	Change
Volume Metrics			
New Units	51,751	54,257	(4.6%)
Used Units	55,901	63,538	(12.0%)
TOTAL	107,652	117,795	(8.6%)
Margins			
New	8.7%	7.6%	+110 bps
Used	6.2%	4.8%	+140 bps
Service & Parts	59.7%	59.7%	Flat

RETAIL AUTOMOTIVE REVENUE

Same-Store ($ in Millions)	**Q4 ’20**	**Q4 ’19**	**Change**
New Vehicle	$2,471.8	$2,388.0	+3.5%
Used Vehicle	$1,655.3	$1,673.5	(1.1%)
F&I	$158.7	$157.4	+0.8%
Service & Parts	$501.2	$530.8	(5.6%)
Fleet & Wholesale	$279.1	$285.0	(2.1%)
Total	$5,066.1	$5,034.7	+0.6%

SG&A EXPENSES AS A % OF GROSS PROFIT

Adjusted SG&A expenses improved by 800 basis points



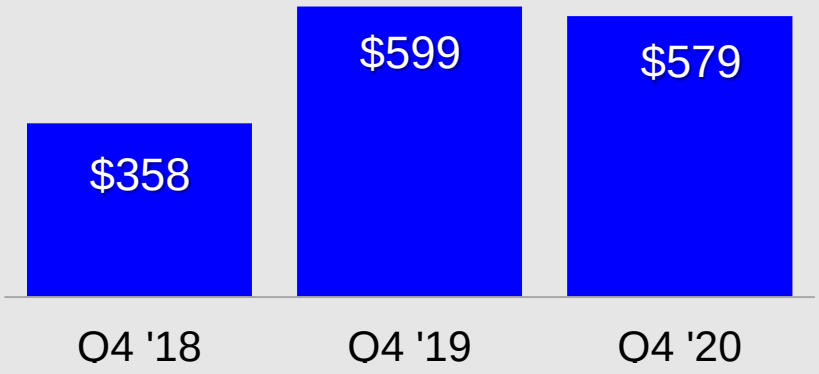
PREMIER TRUCK GROUP (PTG)

RETAIL COMMERCIAL TRUCKS OVERVIEW

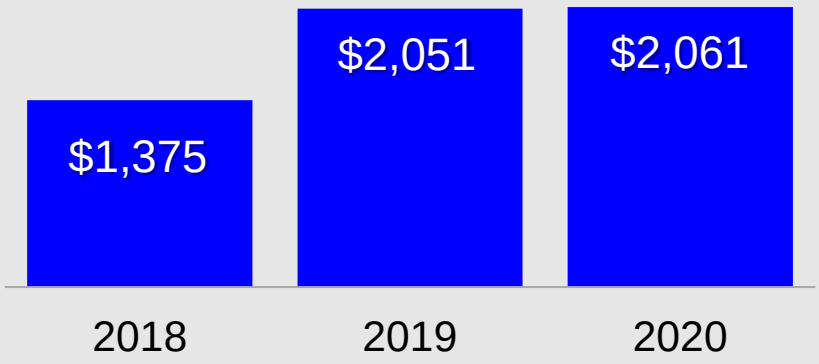
- Represents 10% of PAG Revenue; 10% of PAG Earnings Before Taxes
- Largest Dealership Group for Daimler Trucks N.A. representing 25 dealerships
- Retailed over 15,000 new and used commercial trucks in 2020
- Revenue of $2.1 billion
- Service and Parts gross profit provides 74% of total gross profit (12M YTD)
- Fixed cost absorption for Q4 2020 128%
- Return on sales of 4.5% in Q4 2020

PTG PERFORMANCE SUMMARY

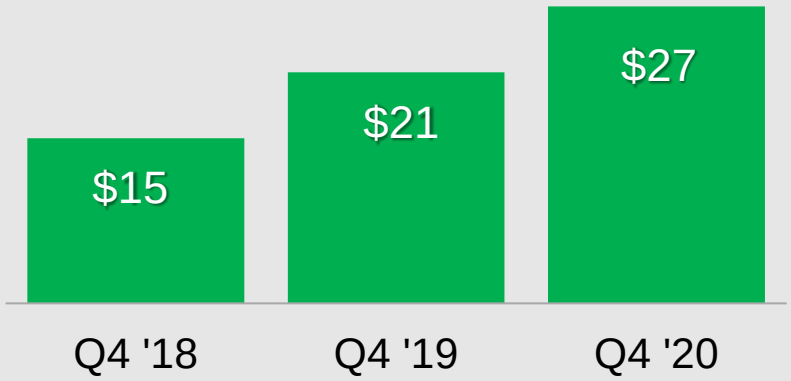
Q4 Revenue ($ in Millions)



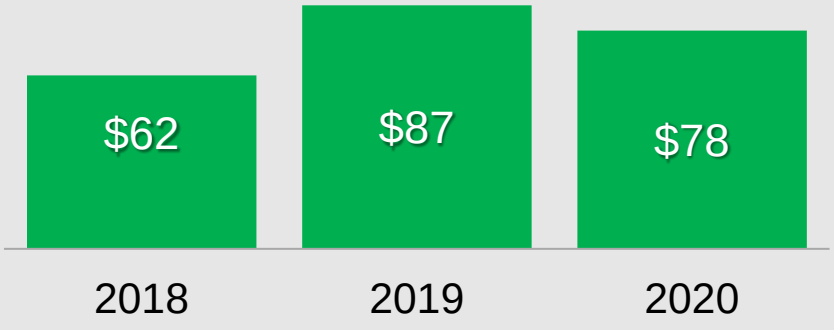
12M Revenue ($ in Millions)



Q4 EBT ($ in Millions)



12M EBT ($ in Millions)



RETAIL TRUCK KEY METRICS

Same-Store	Q4 2020	Q4 2019	Chg.
Volume Metrics			
New Units	3,254	3,209	+1.4%
Used Units	1,071	519	+106.4%
Gross Per Unit			
New Vehicle	$4,911	$5,505	(10.8%)
Used Vehicle	$4,578	$546	+738.5%
F&I	$925	$917	+0.9%

COMMERCIAL TRUCK REVENUE & GROSS MIX

65.9% of Gross Profit From Service & Parts in Q4 2020

Q4 2020	Revenue	Gross Profit
New	66.5%	20.3%
Used	10.1%	6.2%
F&I	0.7%	5.1%
S&P	20.7%	65.9%
Other	2.0%	2.5%
Total	100.0%	100.0%

USED SUPERCENTERS

USED SUPERCENTERS

- Operate 17 SuperCenters
- Nearly 12,000 vehicles online
- No haggle pricing
- 2020 Highlights
  - Retailed 53,207 units
  - Average ~ 3,000 units per location
  - Revenue ~ $1.0 billion

Q4 2020 SUPERCENTER PERFORMANCE

Note: U.K. SuperCenters were operating under a mandatory government lockdown in November 2020

	Q4 '20	Q4 '19	Chg. %
Used Units Retailed	11,923	15,405	(22.6%)
Revenue (in millions)	$244.7	$292.7	(16.4%)
Avg. Transaction Price	$16,754	$15,709	+6.7%
Total Variable Gross/Unit	$2,325	$1,951	+19.2%
Variable Margin	13.9%	12.4%	+150 bps

CARSHOP NOTTINGHAM

- Opened December 3, 2020
- Largest single site for CarShop in the U.K.
  - 7 acre site
  - Indoor service drive
  - 900 vehicles in inventory, access to over 9,000 vehicles on-line
- Expect to retail approximately 6,000 vehicles annually

GROWTH PLAN GOAL

- U.S. Used SuperCenter business to be re-named CarShop
  - One global brand
- Currently operate 17 used vehicle SuperCenters
- Our goal is to increase the number of locations to 40 by the end of 2023 with:
  - 150,000 in unit sales
  - $2.5 to $3.0 billion in revenue
  - Earnings before taxes of approximately $100 million

PENSKE AUSTRALIA

PENSKE AUSTRALIA

Distributor of heavy and medium duty trucks, buses and diesel/gas engines and power systems in Australia and New Zealand

- Western Star, MAN Truck and Bus, Dennis Eagle
- MTU, Detroit Diesel, Allison Transmission, Bergen Onsite Energy, Rolls Royce Power Systems
- Parts & service gross profit represents approximately 70% to 75% of total gross profit

(Aus$ in millions)	Q4 2020	Q4 2019	Chg.
Revenue	$132	$120	+10%
EBT	$5.4	$4.8	+13%

PENSKE TRANSPORTATION SOLUTIONS (PTS)

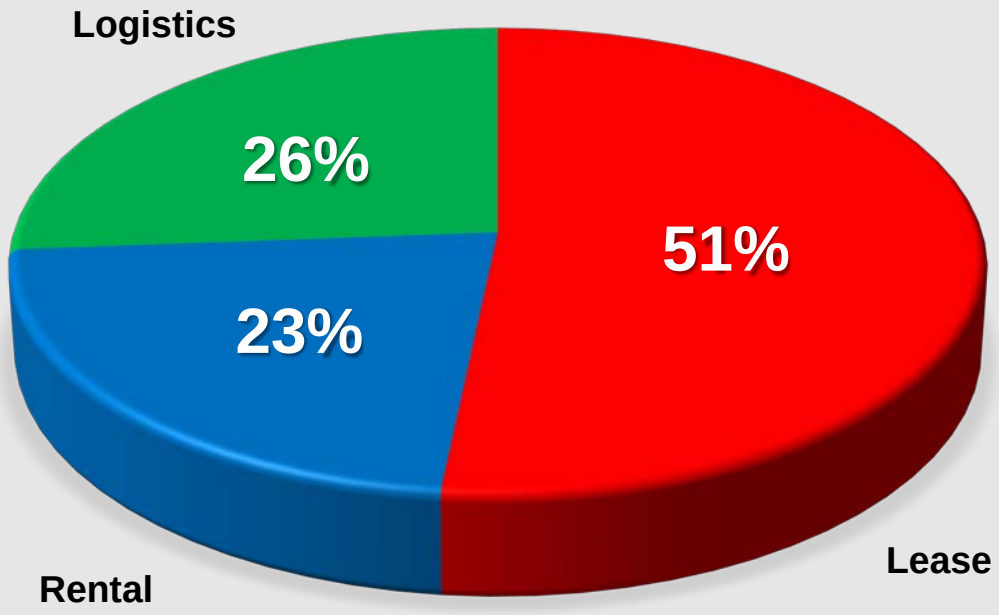
PTS OVERVIEW

- 327,500 vehicles on the road
- $8.9 billion in revenue for the 12 months ended December 31, 2020
- 2020 YTD income of $569 million, or 6.4% return on sales
- Recorded equity income of $164.5 million in 2020, +16%
- Recorded equity income of $56.5 million in Q4 2020, +55%

PENSKE TRANSPORTATION SOLUTIONS

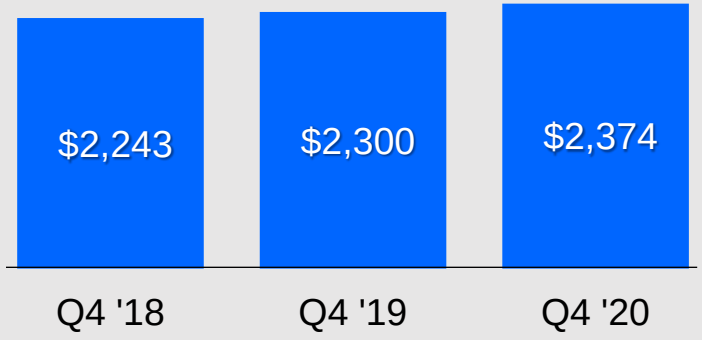
Operating Revenue

For the Twelve Months Ended December 31, 2020

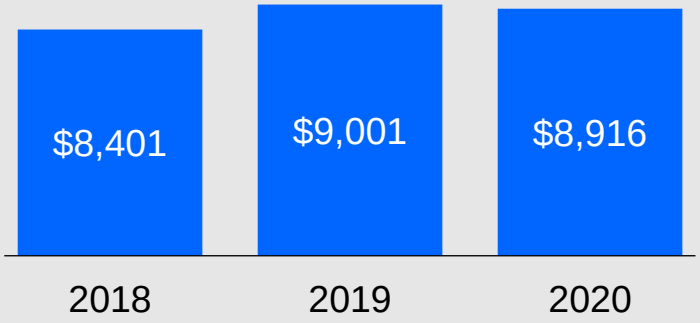


PTS PERFORMANCE SUMMARY

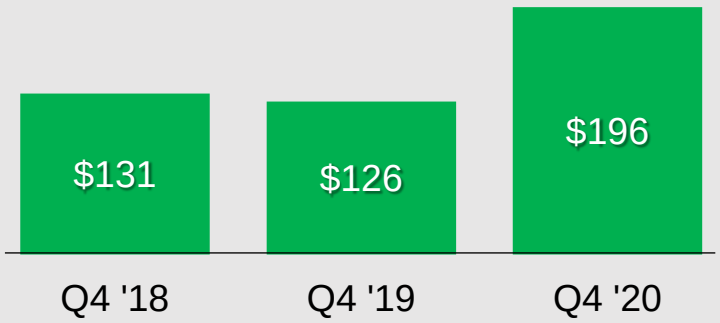
Q4 Revenue ($ in Millions)



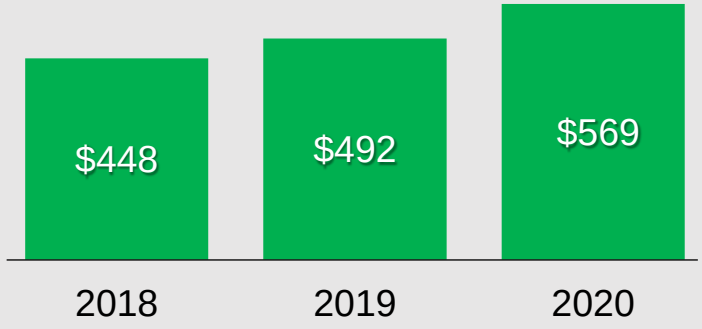
12M Revenue ($ in Millions)



Q4 Income ($ in Millions)



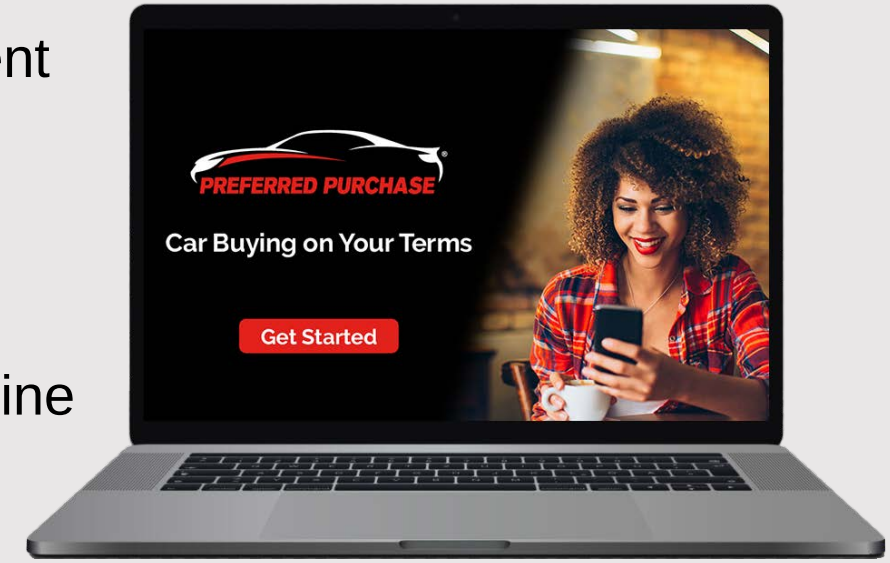
12M Income ($ in Millions)



DIGITAL MARKETING INITIATIVES

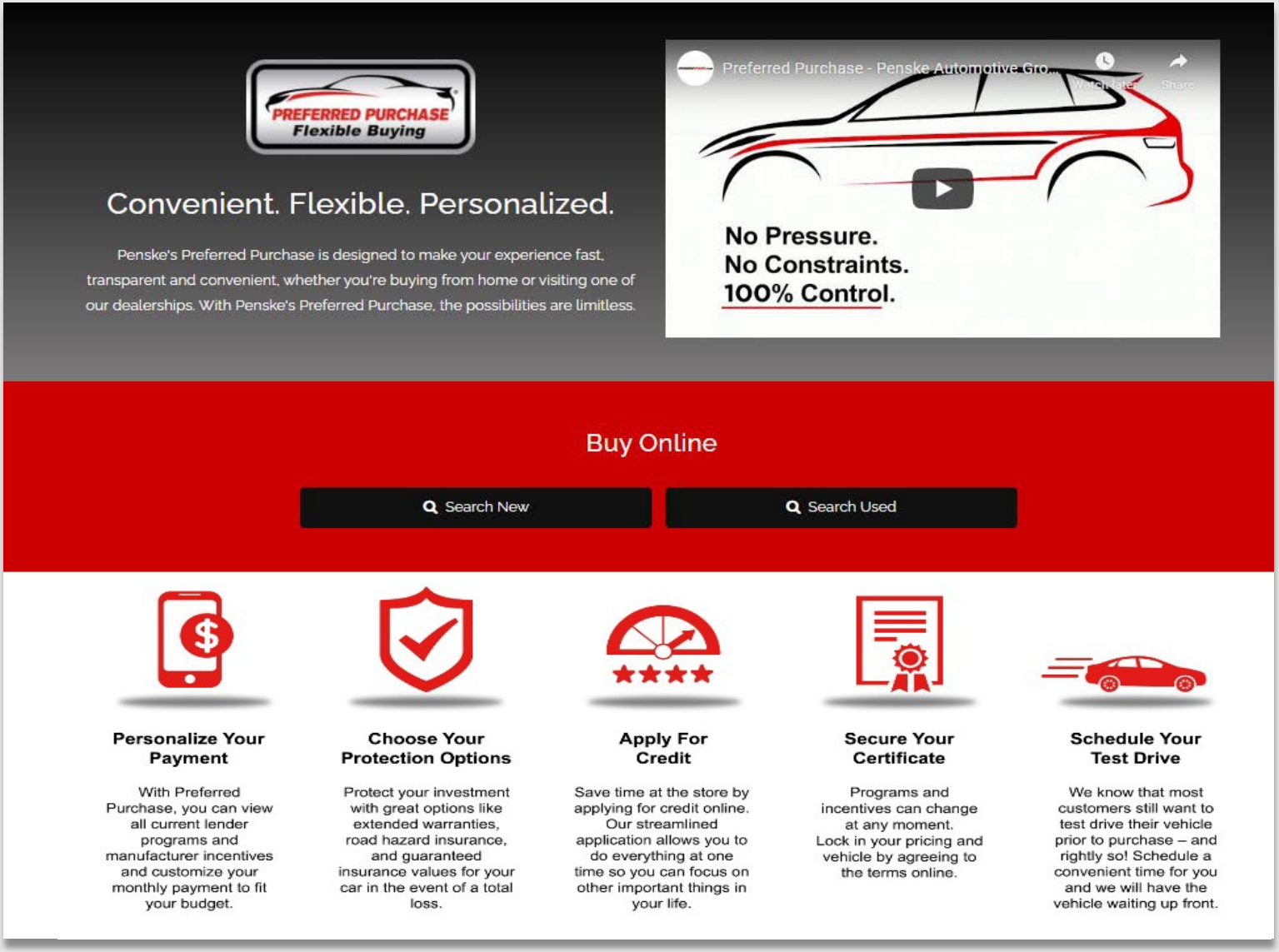
DIGITAL RETAILING

- Preferred Purchase is flexible and offers consumers options:
- Fully online experience:
  - Transparent buying process
  - Self-directed experience
  - Low-pressure sales environment
  - Shorter buying process
  - Home delivery
- Online and in-store experience:
  - Resume in-store where left online
  - Allows for test drive
  - Shortens time in-store

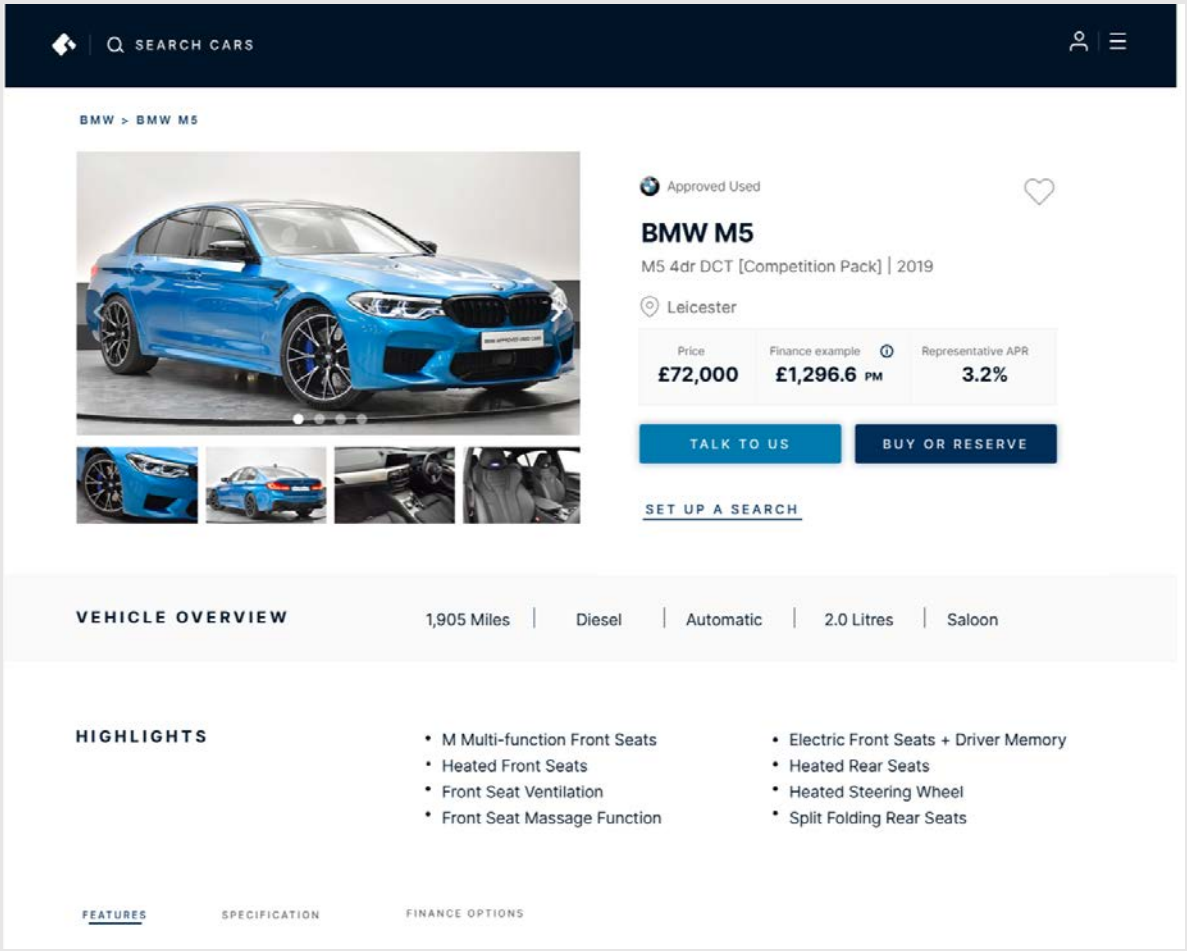


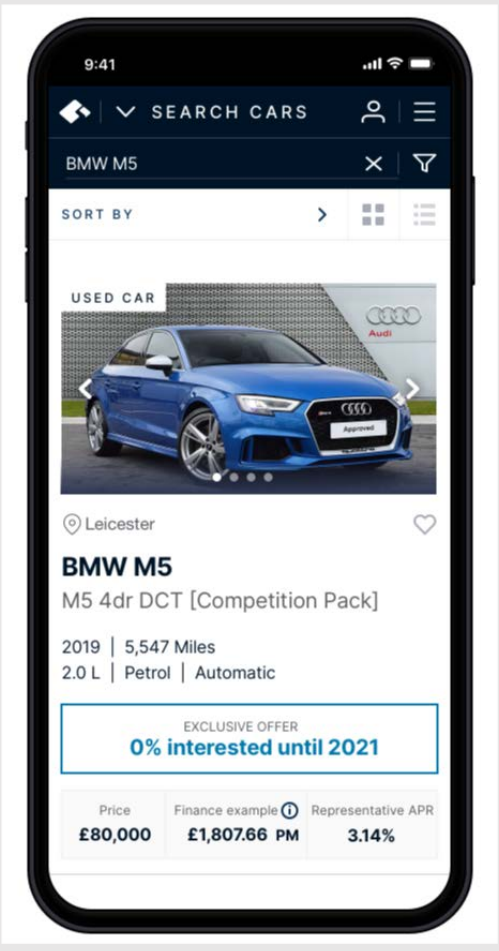
Both experiences allow for personalized payments, trade evaluation, applying for credit and protection product exploration

ONLINE BUYING IN 5 EASY STEPS



CLICK AND COLLECT





Desktop Design

Mobile Design

UK BUY ONLINE PROGRAM

Car Search	✓
Trade-In	✓
Finance Application (instant decision)	✓
Multiple Finance Co. Integration	✓
£99 Reservation	✓
Buy Outright (Credit Card)	✓
Collection Location	✓
Customer Account Area	✓
Digital Documentation	✓
Digital Signature	✓
Additional Products	✓

BY THE NUMBERS

- 54,000 vehicles available online through digital channels
- All digital initiatives accounted for 50% of U.S. unit sales in Q4 2020
- Preferred Purchase sales in Q4 2020 increased more than 25% over Q4 2109
- Click & Collect/Buy On-Line in the U.K. and Preferred Purchased in the U.S. generated over 14,000 transactions in Q4 2020

FULL YEAR FINANCIAL REVIEW

FULL YEAR 2020 KEY TAKEAWAYS

($ in Millions, except Per Share Amount)	Actual	Adjusted (1)
Earnings Before Taxes	$708	$711
Income from Continuing Ops	$543	$535
Earnings Per Share	$6.74	$6.64

Retail Automotive Segment Income Increased 30% in 2020 Compared to 2019

Earnings Per Share increased 28%

Adjusted SG&A expenses as a percent of gross profit declined 350 basis points to 74.4%(1)

Operating income margin +60 basis points to 3.4%

Income from Penske Transportation Solutions investment increased 16%

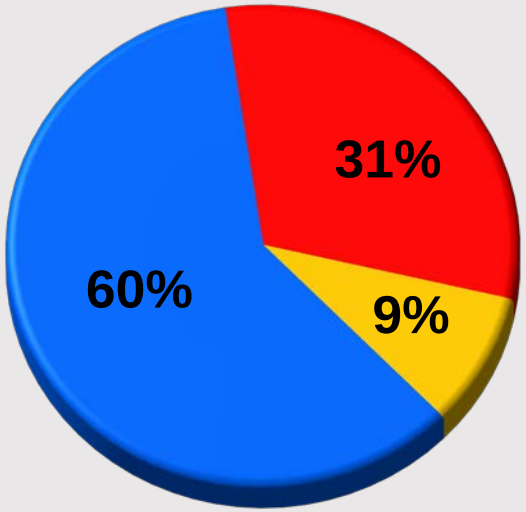
Debt to total capitalization reduced to 33.7% from 45.6%

(1) Refer to Non-GAAP Reconciliation

12M REVENUE & EBT

Revenue

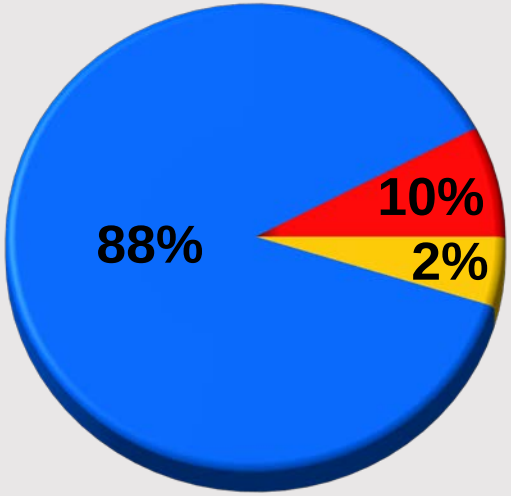
$20.4 Billion



North America
United Kingdom
Other

Revenue

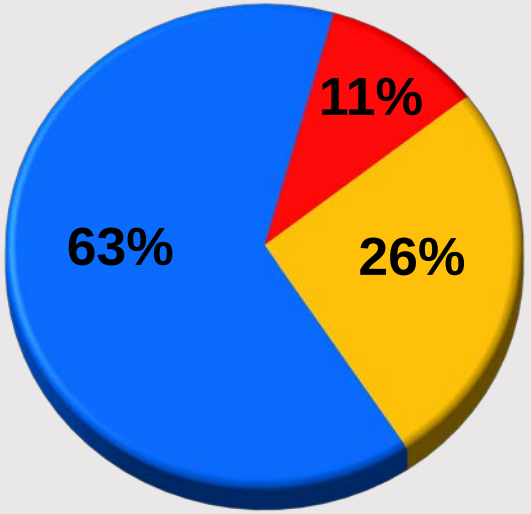
$20.4 Billion



Retail Automotive
Retail Commercial Truck
Other*

Earnings Before Tax

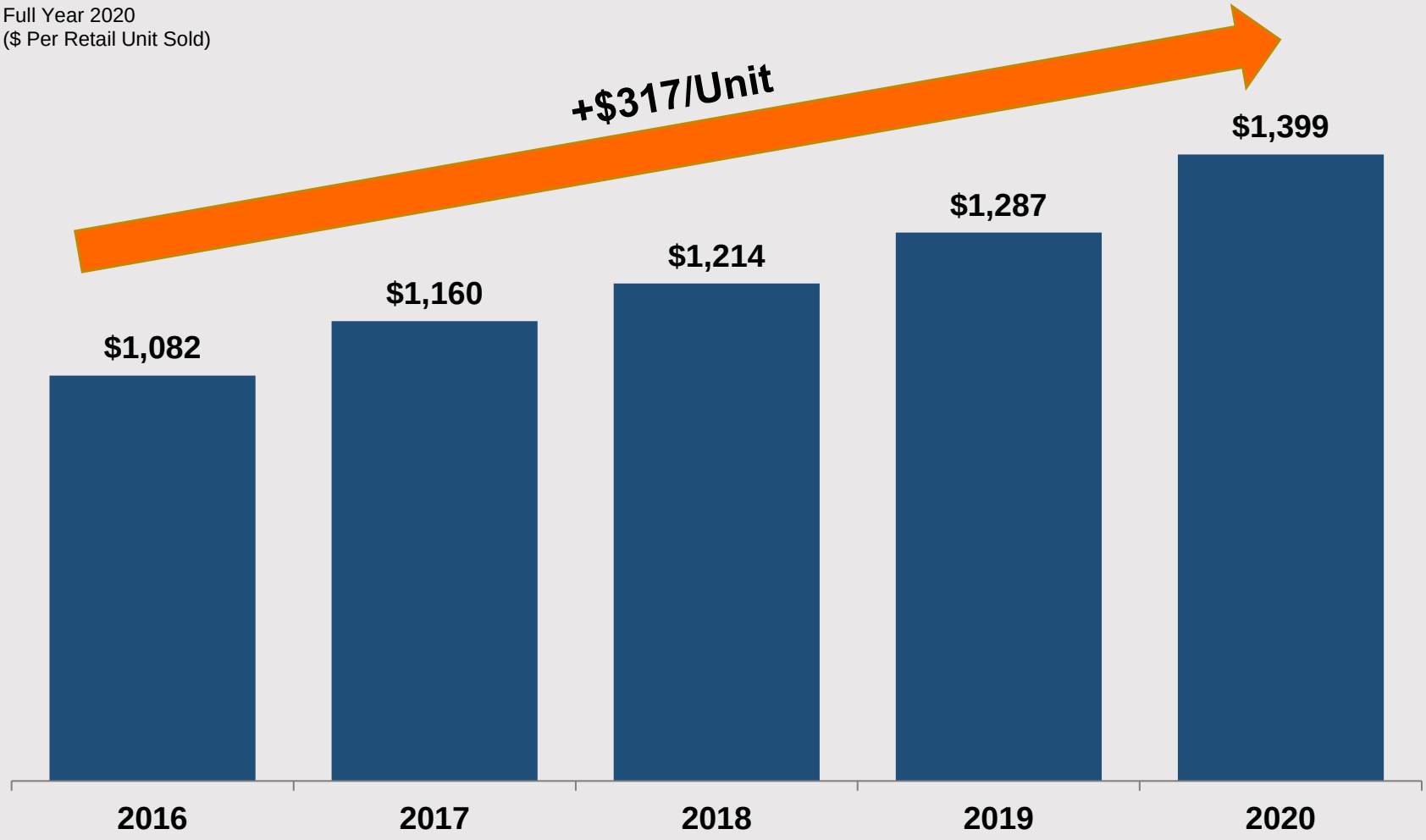
$708 Million



*Includes equity income from joint venture investments, including Penske TransportationSolutions

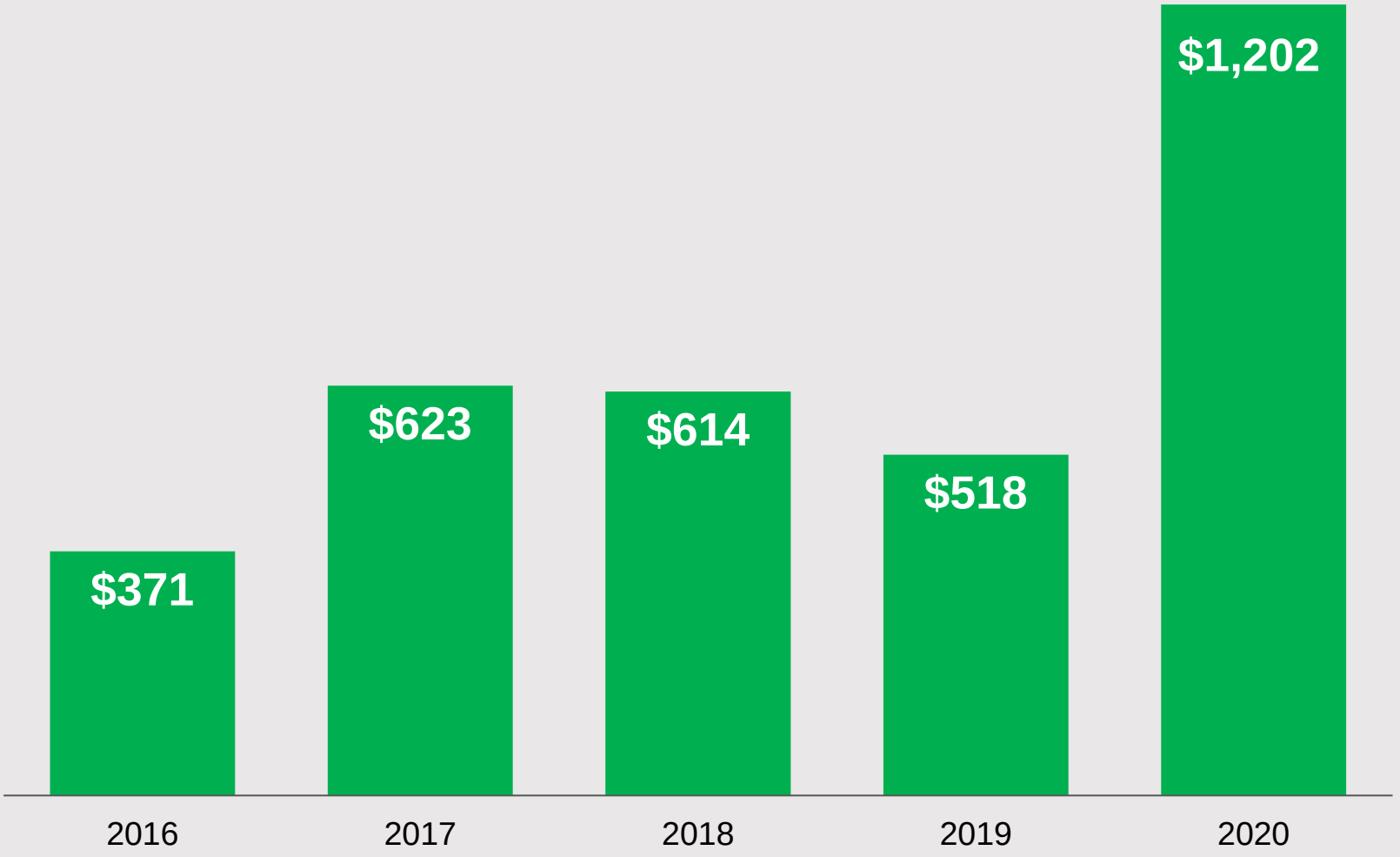
F&I GROWTH

Full Year 2020
($ Per Retail Unit Sold)



CASH FLOW FROM OPERATIONS

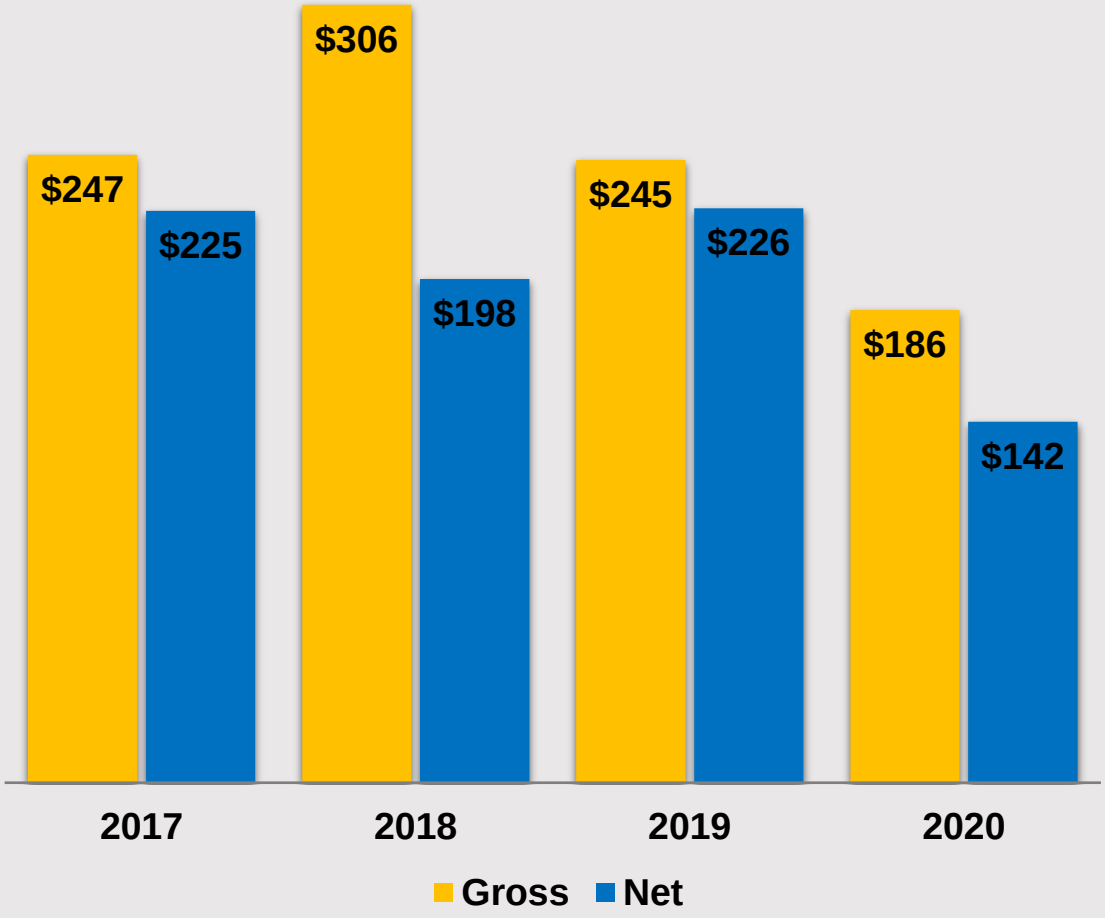
($ In Millions)



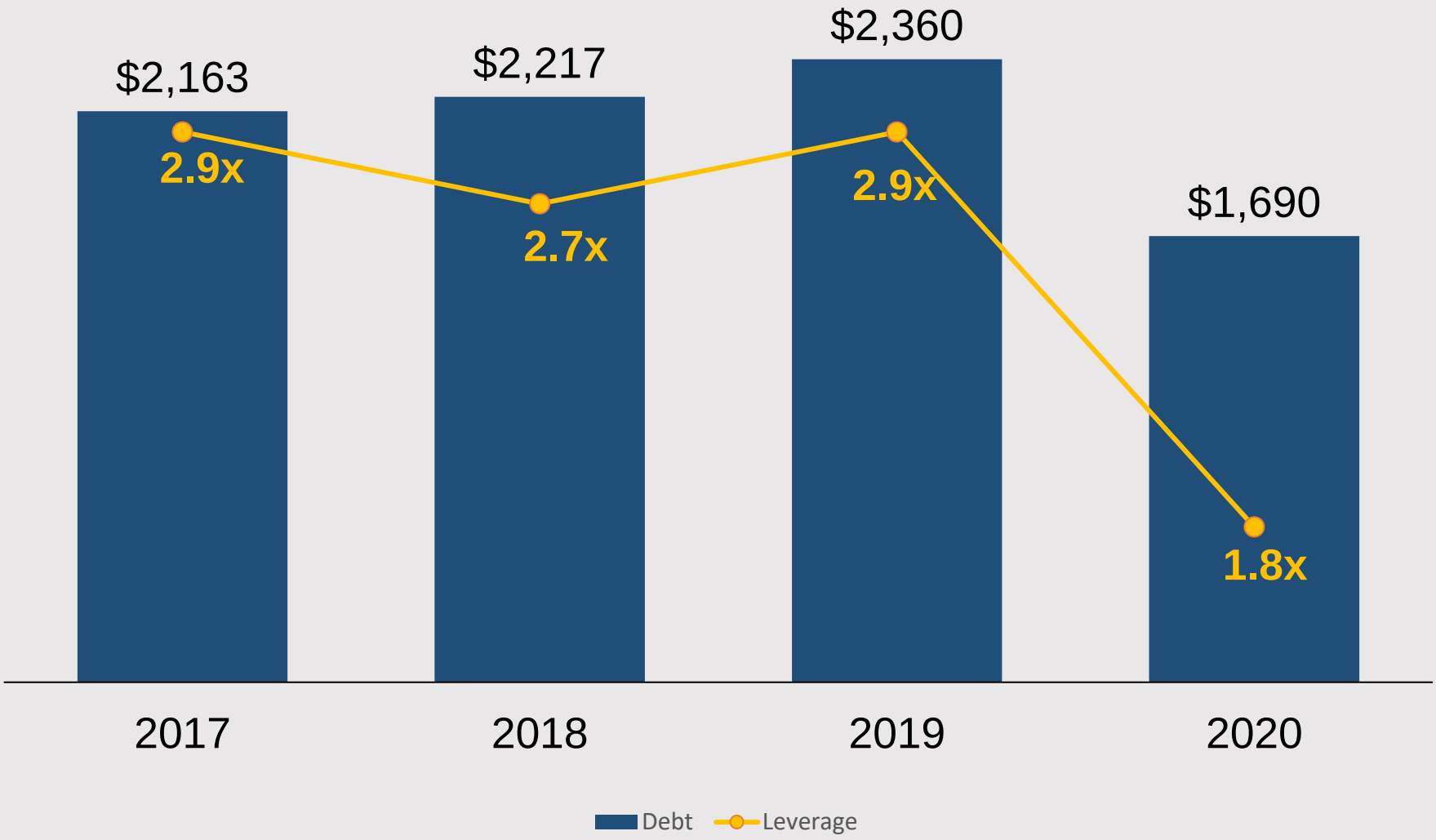
NET CAPEX

($ In Millions)

Net Capital Expenditures were $142 million in 2020



LONG TERM DEBT AND LEVERAGE



NON-GAAP RECONCILIATIONS

INCOME/EPS FROM CONTINUING OPERATIONS

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, 2020 and 2019:

Income From Continuing Operations ($ in Millions)

	Q4 '20	Q4 '19	% Chg	12M '20	12M '19	% Chg
Income from Cont. Ops.	$200.1	$101.6	+96.9%	$543.2	$435.5	24.7%
U.S. and Foreign Tax Legislation Changes	$4.0	--	nm	($11.4)	--	nm
Net Gain on Dealership Sales(2)	($9.4)	--	nm	($3.3)	--	nm
Loss on Debt Extinguishment(3)	$5.1	--	nm	$6.4	--	nm
Adj. Income from Cont. Ops.	$199.9(1)	$101.6	+96.8%	$534.9	$435.5	$22.8%

Earnings Per Share ($ in Millions, except per share amounts)

	Q4 '20	Q4 '19	% Chg	12M '20	12M '19	% Chg
Income from Cont. Ops.	$2.49	$1.25	99.2%	$6.74	$5.28	27.7%
U.S. and Foreign Tax Legislation Changes	$0.05	--	nm	($0.14)	--	nm
Net Gain on Dealership Sales(2)	($0.12)	--	nm	($0.04)	--	nm
Loss on Debt Extinguishment(3)	$0.06	--	nm	$0.08	--	nm
Adj. Income from Cont. Ops.	$2.49(1)	$1.25	99.2%	$6.64	$5.28	25.8%

(1) May not sum due to rounding.
(2) Relates to the net gain on the sale of various dealerships in the U.S. and U.K.
(3) Relates to a net loss on the extinguishment of our $550 million in aggregate principal amount of 5.75% Senior Subordinated Notes due 2022 and our $300 million 5.375% Senior Subordinated Notes due 2024.
nm = not meaningful

INCOME FROM CONTINUING OPERATION BEFORE TAXES

The following tables reconcile reported income from continuing operations before taxes to adjusted income from continuing operations before taxes for the three months and twelve months ended December 31, 2020 and 2019:

Income From Continuing Operations Before Taxes

($ in Millions)	Q4 '20	Q4 '19	% Chg	12M '20	12M '19	% Chg
Income from Cont. Ops. Before Taxes	$263.3	$139.4	88.9%	$707.6	$591.5	19.6%
Net Gain on Dealership Sales(1)	($12.7)	---	nm	($5.2)	---	nm
Loss on Debt Extinguishment(2)	$6.9	---	nm	$8.6	---	nm
Adj. Income from Cont. Ops. Before Taxes	$257.5	$139.4	84.7%	$711.0	$591.5	20.2%

(1) Relates to the net gain on the sale of various dealerships in the U.S. and U.K.

(2) Relates to a net loss on the extinguishment of our $550 million in aggregate principal amount of 5.75% Senior Subordinated Notes due 2022 and our $300 million 5.375% Senior Subordinated Notes due 2024.

nm = not meaningful

RECONCILED SG&A

The following tables reconcile reported selling, general and administrative expenses (SG&A) and SG&A to gross profit to adjusted SG&A and adjusted SG&A to gross profit for the three months and twelve months ended December 31, 2020 and 2019:

(Amounts in Millions)	Three Months Ended December 31,		2020 vs 2019	
	2020	2019	Change	% Change
Selling, General & Administrative Expenses	$625.8	$685.1	($59.3)	(8.7%)
Add: Net gain on dealership sales (1)	$12.7	--	$12.7	nm
Adjusted Selling, General & Administrative Expenses	$638.5	$685.1	($46.6)	(6.8%)
Selling, General and Administrative Expenses to Gross Profit	69.7%	79.1%	(940)bps	nm
Adjusted Selling, General & Administrative Expenses to Gross Profit	71.1%	79.1%	(800)bps	nm

(Amounts in Millions)	Twelve Months Ended December 31,		2020 vs 2019	
	2020	2019	Change	% Change
Selling, General & Administrative Expenses	$2,364.5	$2,693.2	($328.7)	(12.2%)
Add: Net gain on dealership sales (1)	$5.2	--	$5.2	nm
Adjusted Selling, General & Administrative Expenses	$2,369.7	$2,693.2	($323.5)	(12.0%)
Selling, General and Administrative Expenses to Gross Profit	74.3%	77.9%	(360)bps	nm
Adjusted Selling, General & Administrative Expenses to Gross Profit	74.4%	77.9%	(350)bps	nm

(1) Relates to the net gain on the sale of various dealerships in the U.S. and U.K.
nm Not meaningful

EBITDA AND ADJUSTED RECONCILIATION

($ in Millions)

	Q4 ’20	Q4 ’19	12M ’20	12M ’19
Net Income	$201.4	$101.3	$545.3	$435.1
Depreciation	$30.1	$28.6	$115.5	$109.6
Other Interest	$28.7	$31.0	$119.6	$124.2
Income Taxes	$62.0	$38.1	$162.7	$156.7
(Income)/Loss from Disc. Ops.	($0.1)	--	($0.4)	($0.3)
EBITDA	$322.1	$199.0	$942.7	$825.3
Less: Gain on Sale	($9.4)	--	($3.3)	--
Add: Loss on Debt Extinguishment	$5.1	--	$6.4	--
Adjusted EBITDA	$317.8	$199.0	$945.8	$825.3

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