



Second Quarter 2022 Financial Results



On-Highway



Power Systems



Defense



Mining



DISCLAIMER

Statements in this press release may involve forward-looking statements, including forward-looking statements regarding Penske Automotive Group, Inc.'s financial performance, acquisitions, and growth plans. Actual results may vary materially because of risks and uncertainties that are difficult to predict. These risks and uncertainties include, among others, the company's ability to successfully complete previously announced acquisitions, including the satisfaction or waiver of closing conditions related thereto, the duration, severity, and resolution of the COVID-19 pandemic, government mandated restrictions on our business in light of COVID-19 or otherwise, macro-economic and geo-political conditions generally, conditions in the credit markets, inflation, changes in interest rates and foreign currency exchange rates, changes in tariff rates, changes in the distribution model in our international operations via agency or other means, new or enhanced regulations that may impact the sale of certain vehicles through 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, the war in the Ukraine, the shortage of automotive semiconductor chips or other components, 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. 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, 2021, Form 10-Q for the quarter ended March 31, 2022, and its other filings with the Securities and Exchange Commission ("SEC"). This presentation speaks only as of its date, and Penske Automotive Group disclaims any duty to update the information herein.



Overview

Highlights

Performance Review

Acquisitions

Digital Marketing/Retailing

Non-GAAP



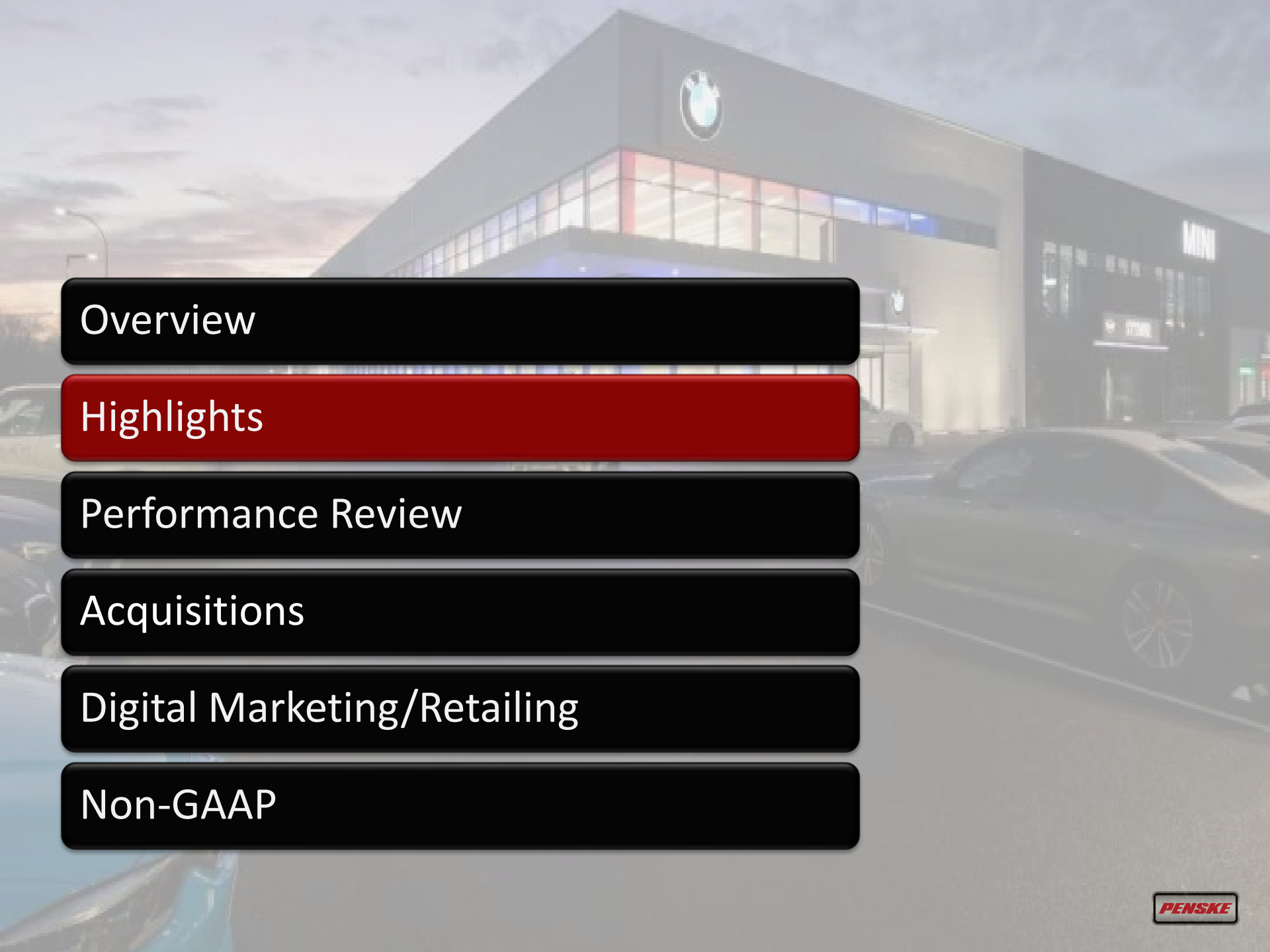
COMPANY OVERVIEW

A \$26 billion diversified international transportation services company and one of the world's premier automotive and commercial truck retailers

- 26,000 employees
- Operations across four continents and nine countries
 - Retail Automotive
 - U.S., U.K., Germany, Italy, Spain, and Japan
 - Stand-Alone Used Vehicles
 - U.S. and U.K.
 - Commercial Trucks
 - U.S. and Canada
 - Commercial Vehicles, Power Systems & Parts Distribution
 - Australia and New Zealand
 - Penske Transportation Solutions

INVESTMENT OVERVIEW

- Diversified business mix provides multiple opportunities for growth
- Operate in the highly fragmented automotive and commercial truck retail industries
- Retail automotive segment focused on Premium/Luxury brands which generate more than 70% of automotive revenue
- One of the largest retail commercial truck dealers for Daimler Trucks N.A.
- 28.9% ownership of Penske Transportation Solutions provides equity income, cash dividends and cash tax savings
- Recurring parts and service operations represent over 40% of total company gross profit
- Strong cash flow generation
- Offers largest cash dividend in the retail automotive industry



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Q2 2022 KEY TAKEAWAYS

- All-time record quarterly earnings before taxes, net income and earnings per share
 - EBT increased 8% to \$500 million
 - Net income increased 10% to \$374 million
 - Earnings per share increased 17% to \$4.93
- Repurchased 3.5 million shares of common stock for \$362.7 million year-to-date through July 26, 2022
- Year-to-date completed acquisitions representing \$745 million in annualized revenue

Q2 2022 KEY HIGHLIGHTS

Retail Automotive

- Same-store total units retailed of 109,459, -17%
- Same-store revenue performance:

	<u>Reported</u>	<u>Excl. F/X</u>
New Veh	-18%	-15%
Used Veh	-2%	+4%
F & I	+1%	+5%
Svc/Parts	<u>+4%</u>	<u>+8%</u>
Total	-8%	-3%

- Same-store variable vehicle gross profit +16 % to \$5,999

Retail Commercial Trucks

- Retailed 4,174 new & used trucks, +1%; same-store units -8%
- Same-store revenue +11%
- Same-store gross profit +18%
- Same-store service & parts revenue +23%
- Fixed cost absorption of 133%
- EBT +32% to \$52 million

Capital Allocation

- Completed acquisitions and open points representing approx. \$745 million YTD (June 2022) in revenue
- Increased dividend three times in 2022, from \$0.46 to \$0.53 per share
- Repurchased 3.5 million shares for \$362.7 million year-to-date through July 26, 2022

CarShop Used Centers

- Retailed 20,124 used vehicles, +7%
- Same-store units retailed flat with Q2 2021
- Total revenue +15%; Same-store revenue +6%
- Same-store average gross profit per unit retailed -21% to \$2,145

Penske Transportation Solutions

- Generated +33% increase in Equity earnings to \$136.6 million from \$102.5 million
- Year-to-date, received \$105 million in cash distributions

Profitability

- Most profitable quarter in company history
- Earnings before taxes +8% to \$500 million
- Income from continuing operations +10% to \$374 million
- Earnings per share +17% to \$4.93
- Excluding foreign currency fluctuations:
 - Earnings before taxes +10% to \$511 million
 - Net income +13% to \$383 million
 - Earnings per share +20% to \$5.04

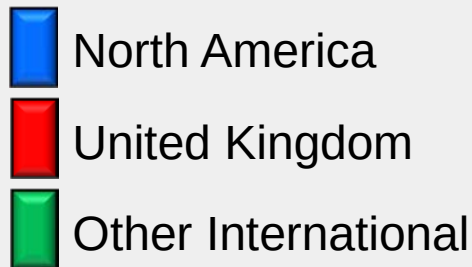
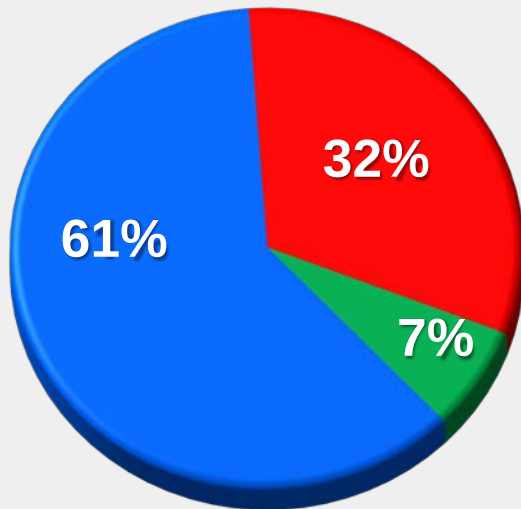
Q2 & 6M PERFORMANCE HIGHLIGHTS

(\$ in Millions, except Per Share Amount)	Q2 '22	Q2 '21	Chg	6M '22	6M '21	Chg
Revenue	\$6,907	\$6,988	-1%	\$13,882	\$12,761	+9%
Same-Store Revenue	\$5,694	\$6,179	-8%	\$11,461	\$11,356	+1%
Income from Cont. Ops Before Taxes	\$500	\$464	+8%	\$997	\$711	+40%
Income from Cont. Ops	\$374	\$339	+10%	\$742	\$521	+42%
Earnings Per Share	\$4.93	\$4.20	+17%	\$9.70	\$6.46	+50%

Q2 2022 REVENUE & EBT

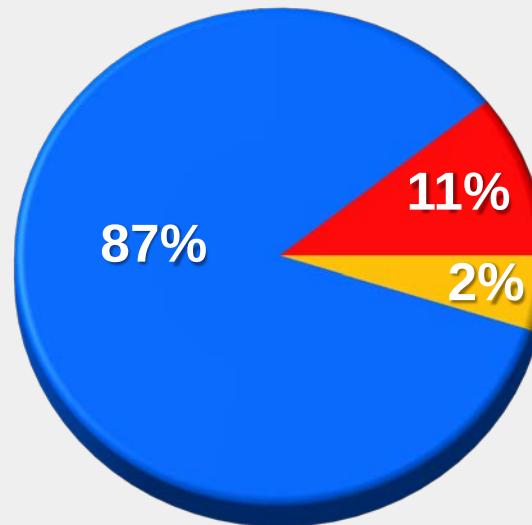
Global Revenue

\$6.9 Billion



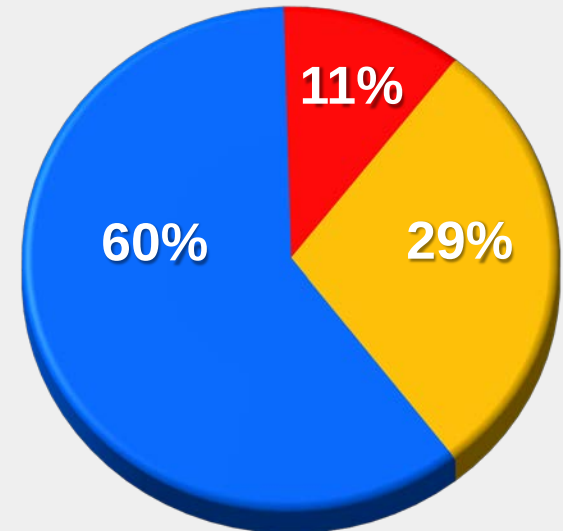
Segment Revenue

\$6.9 Billion



Segment Earnings Before Tax

\$500 Million

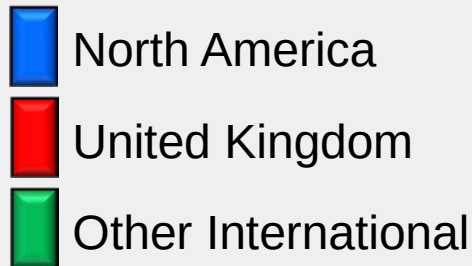
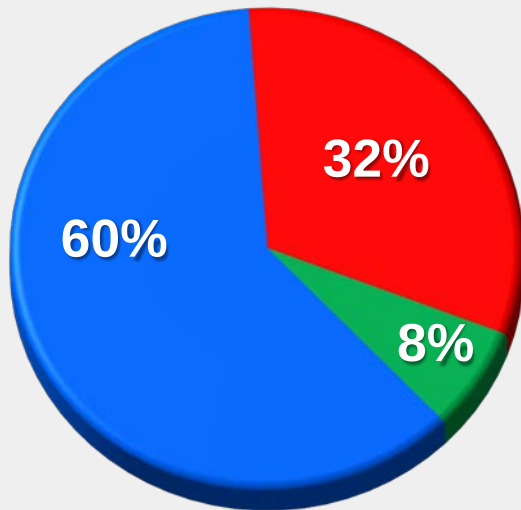


*Consists of non-automotive equity method investments which includes our investment in Penske Transportation Solutions and our commercial vehicle and power systems distribution operations

6M 2022 REVENUE & EBT

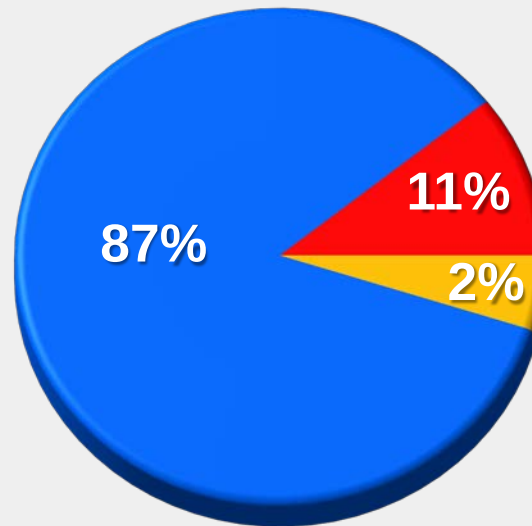
Global Revenue

\$13.9 Billion



Segment Revenue

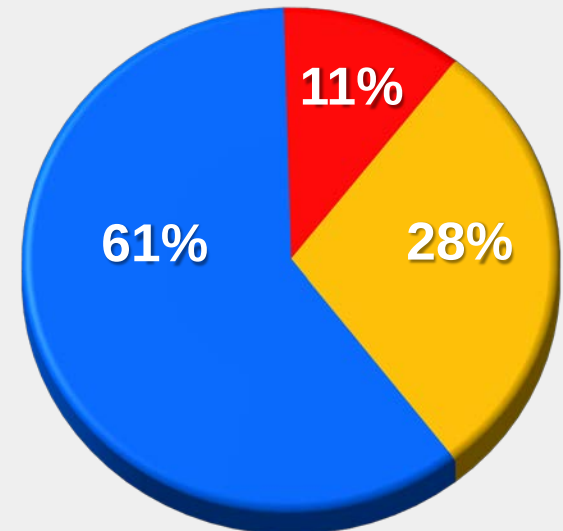
\$13.9 Billion



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Segment Earnings Before Tax

\$997 Million

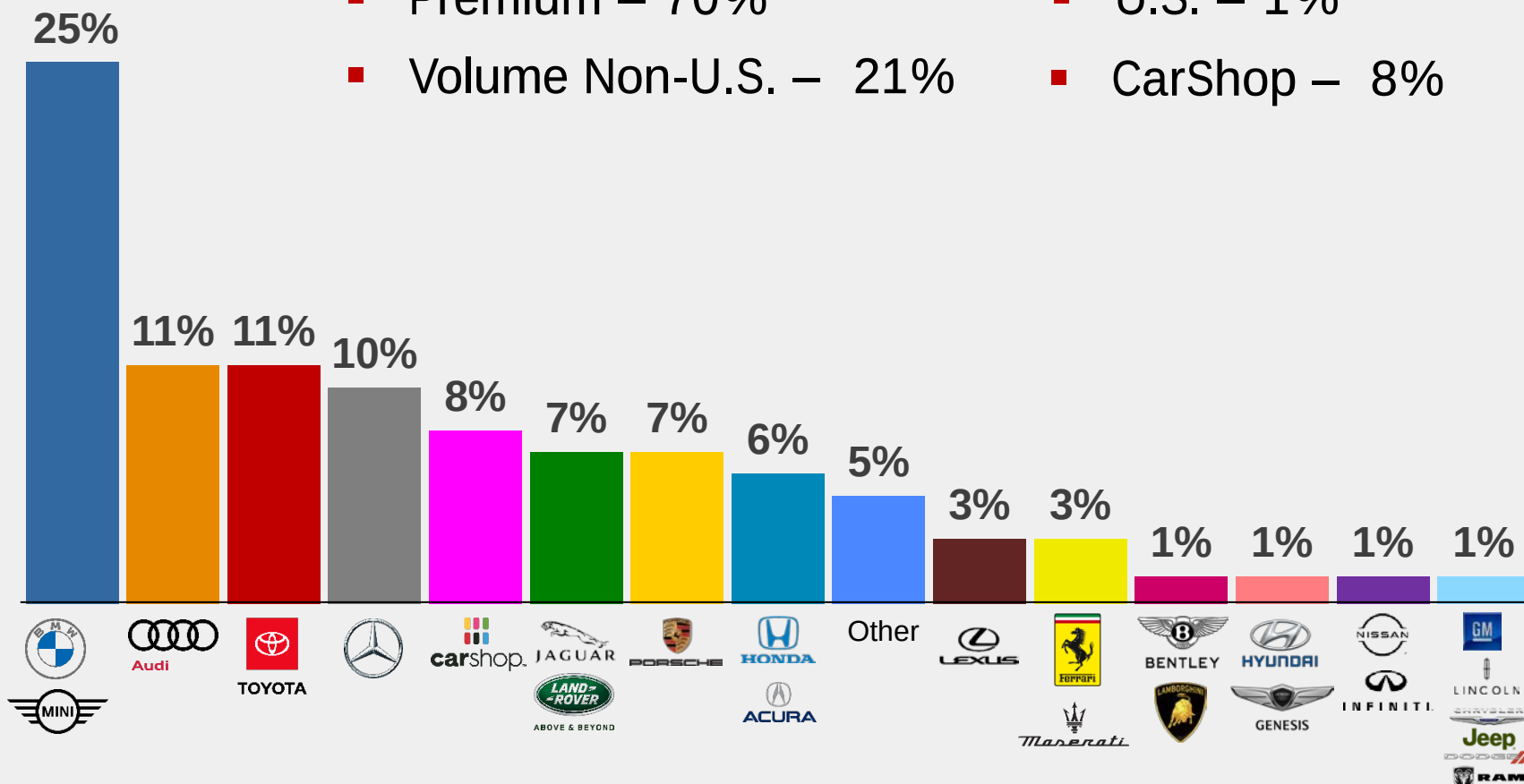


RETAIL AUTOMOTIVE BRAND MIX

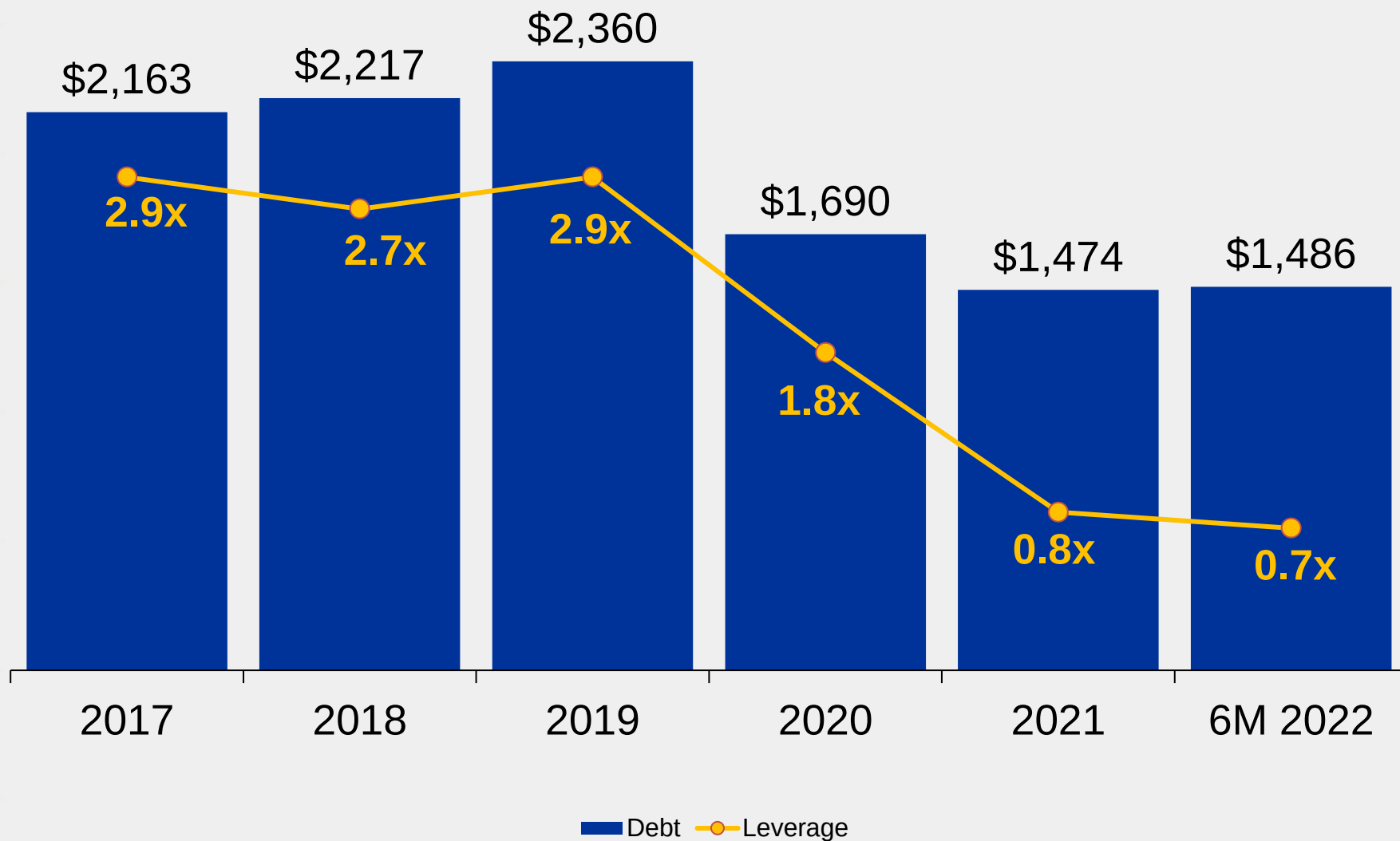
(YTD 2022)

(% of Total Worldwide Automotive Dealership Revenue)

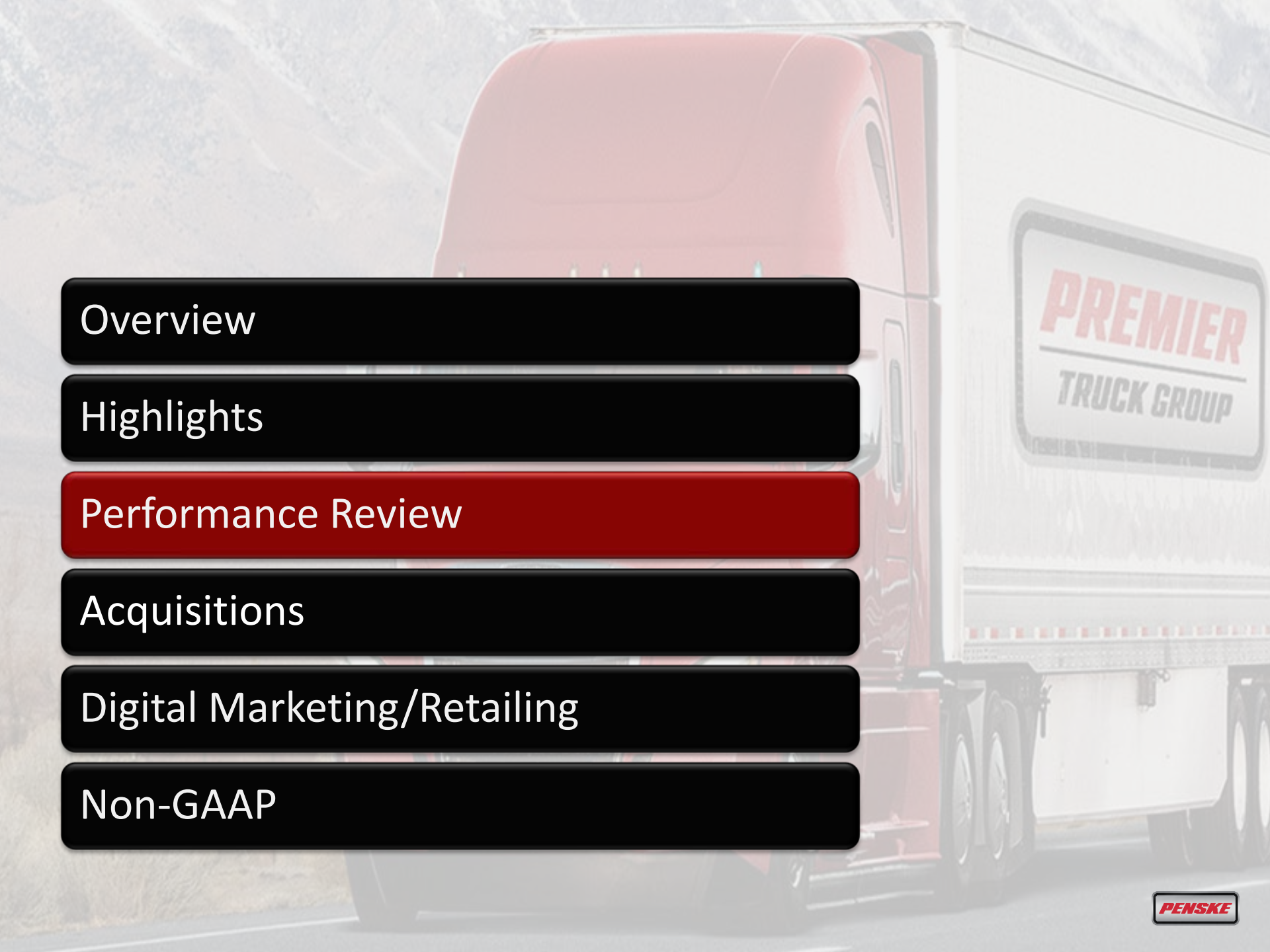
- Premium – 70%
- Volume Non-U.S. – 21%
- U.S. – 1%
- CarShop – 8%



LONG TERM DEBT AND LEVERAGE



Refer to non-gaap reconciliation schedule on pages 36-39



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Performance Review

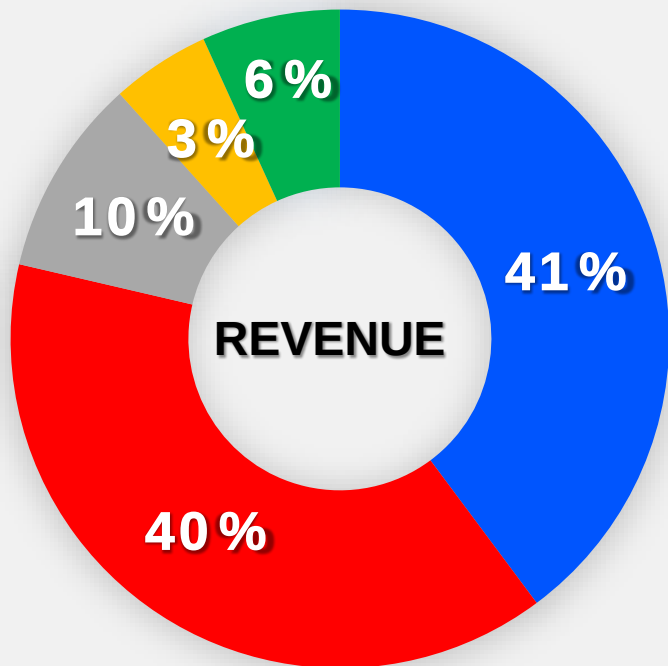
Acquisitions

Digital Marketing/Retailing

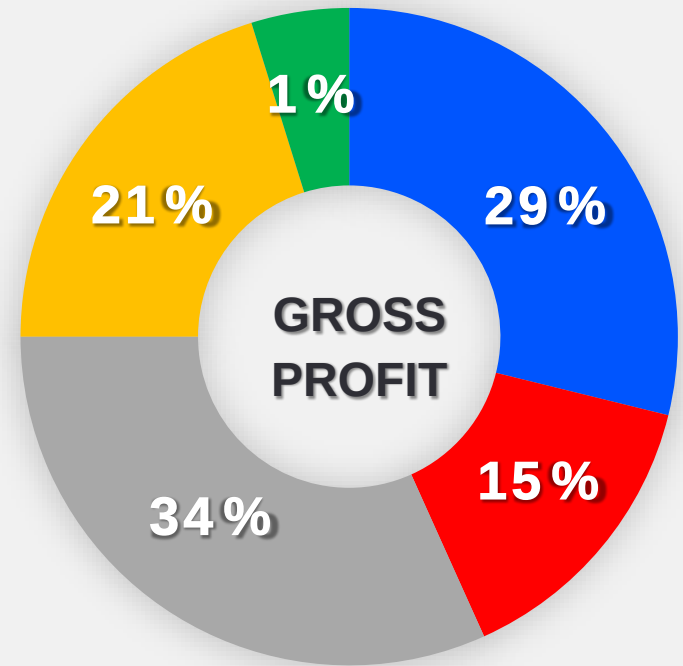
Non-GAAP

RETAIL AUTOMOTIVE REVENUE

Diversified Revenue Stream Drives Profitability



- New
- Used
- S&P
- F&I
- F&WH



SEQUENTIAL RETAIL AUTOMOTIVE KEY METRICS

Same-Store	Q3 '21	Q4 '21	Q1 '22	Q2 '22
Volume Metrics				
New Units	44,107	41,895	43,804	42,980
Used Units	<u>68,380</u>	<u>55,921</u>	<u>65,414</u>	<u>66,479</u>
Total Units	112,487	97,816	109,218	109,459
Gross Per Unit				
New	\$5,914	\$6,832	\$6,770	\$6,851
Used	\$2,762	\$2,913	\$2,300	\$2,235
F&I	<u>\$1,771</u>	<u>\$1,959</u>	<u>\$1,932</u>	<u>\$1,951</u>
Variable Vehicle Gross/Unit	\$5,769	\$6,550	\$6,026	\$5,999

Q2 & 6M RETAIL AUTOMOTIVE KEY METRICS

Same-Store	Q2 '22	Q2 '21	Chg	6M '22	6M '21	Chg
Volume Metrics						
New Units <i>(Q2 Chg – U.S. -30%; U.K. -14%)</i>	42,980	57,715	-26%	86,704	107,944	-20%
Used Units <i>(Q2 Chg – U.S.-15%; U.K. -5%)</i>	<u>66,479</u>	<u>74,267</u>	<u>-11%</u>	<u>131,756</u>	<u>134,477</u>	<u>-2%</u>
Total Units	109,459	131,982	-17%	218,460	242,421	-10%
Gross Per Unit						
New	\$6,851	\$4,779	+43%	\$6,804	\$4,440	+53%
Used	\$2,235	\$2,602	-14%	\$2,266	\$2,246	+1%
F&I	<u>\$1,951</u>	<u>\$1,604</u>	<u>+22%</u>	<u>\$1,941</u>	<u>\$1,565</u>	<u>+24%</u>
Var. Vehicle Gross	\$5,999	\$5,158	+16%	\$6,008	\$4,788	+25%

RETAIL AUTOMOTIVE SAME-STORE REVENUE

	Q2 '22	Q2 '21	CHG	<i>Excl/ F/X</i>	6M '22	6M '21	CHG	<i>Excl/ F/X</i>
New Vehicle	\$2,307	\$2,806	-18%	<i>-15%</i>	\$4,641	\$5,212	-11%	<i>-9%</i>
Used Vehicle	\$2,278	\$2,316	-2%	<i>+4%</i>	\$4,603	\$4,114	+12%	<i>+16%</i>
F&I	\$214	\$212	+1%	<i>+5%</i>	\$424	\$379	+12%	<i>+15%</i>
Service & Parts	\$569	\$545	+4%	<i>+8%</i>	\$1,135	\$1,047	+9%	<i>+11%</i>
Fleet & Wholesale	<u>\$326</u>	<u>\$300</u>	<u>+9%</u>	<u><i>+14%</i></u>	<u>\$658</u>	<u>\$604</u>	<u>+9%</u>	<u><i>+13%</i></u>
TOTAL	\$5,694	\$6,179	-8%	<i>-3%</i>	\$11,461	\$11,356	+1%	<i>+4%</i>



STAND ALONE USED

- Operate stand-alone used vehicle centers across U.S./U.K.
- One price; no haggle approach
- In-store or 100% on-line

	TOTAL			SAME-STORE		
	Q2 '22	Q2 '21	Chg	Q2 '22	Q2 '21	Chg
Units	20,124	18,742	+7%	18,386	18,371	---
Revenue (\$ in Millions)	\$468	\$408	+15%	\$423	\$400	+6%
Avg Trans Price	\$19,331	\$18,533	+4%	\$19,094	\$18,471	+3%
Variable Gross/Unit	\$2,093	\$2,701	-23%	\$2,145	\$2,714	-21%



PREMIER TRUCK GROUP

- One of the largest dealership groups for Daimler Trucks N.A.
- Retails new and used Freightliner and Western Star Trucks
- 39 locations across North America
- Service and parts gross profit provides 68% of total gross profit in Q2 2022
- 6.8% return on sales in Q2
- Q2 fixed cost absorption 133%

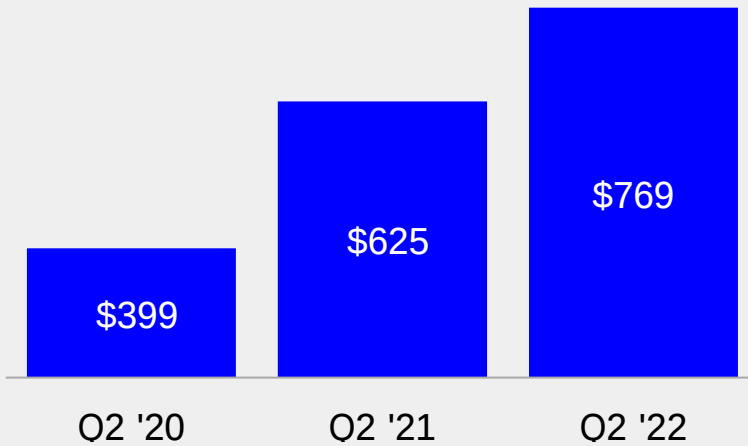
Q2 & 6M 2022 RETAIL COMMERCIAL TRUCK KEY METRICS

Same-Store	Q2 '22	Q2 '21	CHG	6M '22	6M '21	CHG
VOLUME METRICS						
New Units	3,216	3,314	-3%	5,774	4,935	+17%
Used Units	<u>583</u>	<u>832</u>	<u>-30%</u>	<u>1,167</u>	<u>1,644</u>	-29%
TOTAL	3,799	4,146	-8%	6,941	6,579	+6%
GROSS PER UNIT						
New	\$7,178	\$5,909	+22%	\$7,800	\$6,516	+20%
Used	\$9,850	\$11,381	-14%	\$14,947	\$9,434	+58%
F&I	\$1,090	\$916	+19%	\$1,329	\$1,047	+27%

PTG PERFORMANCE SUMMARY

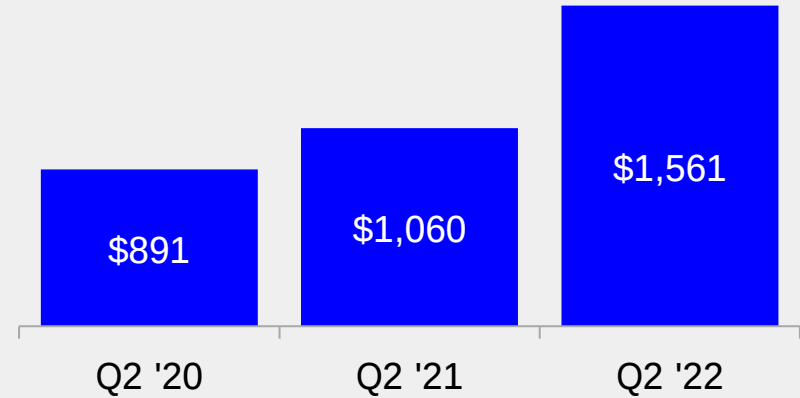
Q2 Total Revenue

(\$ in Millions)



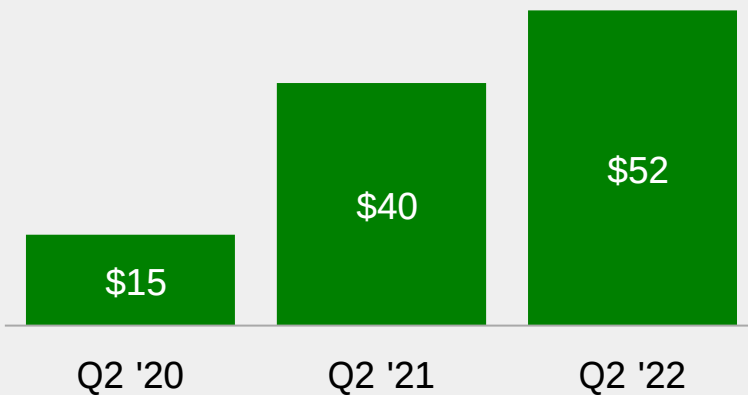
6M Total Revenue

(\$ in Millions)



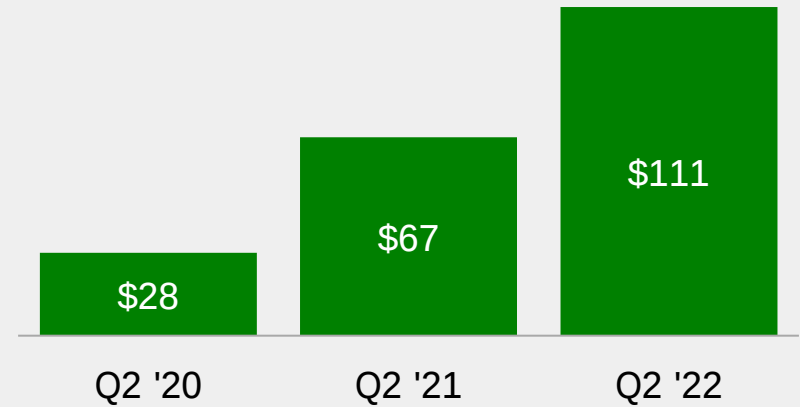
Q2 Earnings Before Taxes

(\$ in Millions)



6M Earnings Before Taxes

(\$ in Millions)





On-Highway



Power Systems



Defense



Mining

PENSKE AUSTRALIA

Exclusive importer and distributor of certain heavy/medium-duty trucks, buses and refuse collection vehicles; distributor of diesel/gas engines and power systems across Australia, New Zealand and portions of the Pacific

- Western Star, MAN, Dennis Eagle
- MTU, Detroit Diesel, Allison Transmission, and Bergen engines
- Parts & service gross profit over 80% of total gross profit

(USD in Millions)	Q2 '22	Q2 '21	Chg	6M '22	6M '21	Chg
Revenue	\$141	\$165	-14%	\$295	\$297	-1%
EBT	\$9	\$8	+5%	\$19	\$14	+34%



PENSKE TRANSPORTATION SOLUTIONS

- More than 386,000 vehicles on the road
- Over 850 electric light, medium and heavy-duty vehicles in service test fleet or on order
- More than 3,000 locations worldwide
- Q2 total revenue up 20% to \$3.3 billion
- Record Q2 income of \$472 million, up 33%
- Return on sales 14.3%
- PAG recorded equity income of \$136.6 million in Q2 2022 (\$255.1 million YTD 2022)



PTS PERFORMANCE SUMMARY

Q2 Total Revenue

(\$ in Billions)



6M Total Revenue

(\$ in Billions)



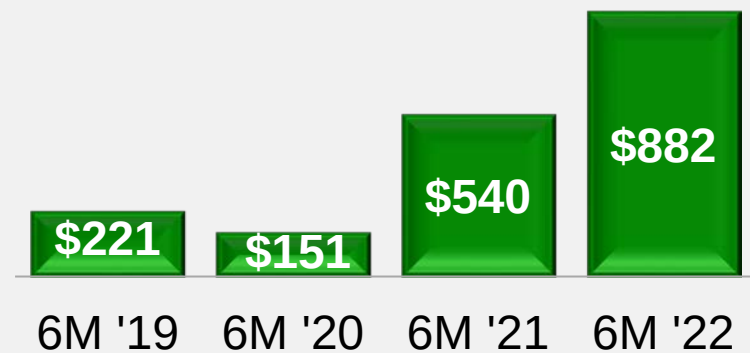
Q2 Income

(\$ in Millions)



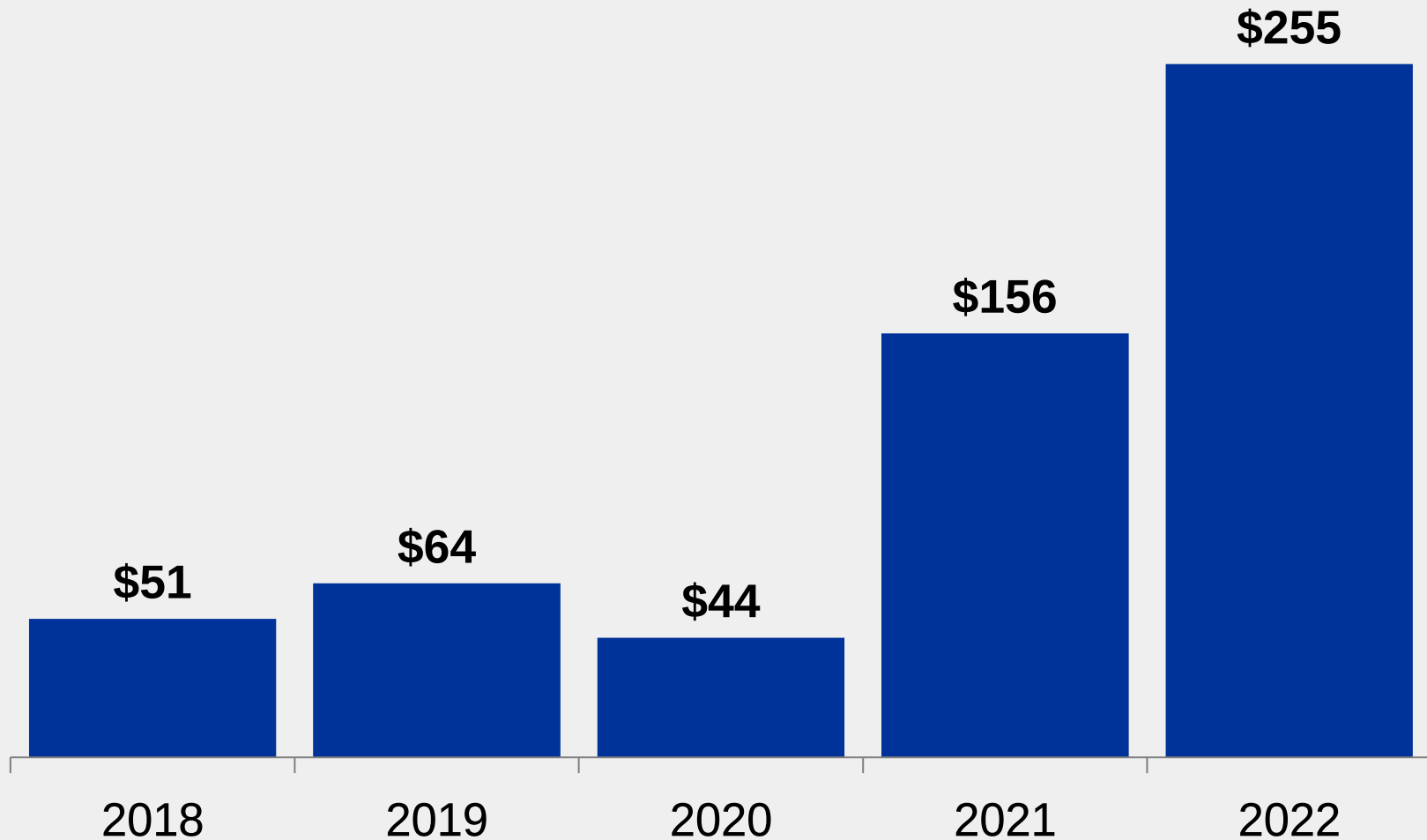
6M Income

(\$ in Millions)



PTS EARNINGS CONTRIBUTION – 6M YEAR TO DATE

(\$ in millions)



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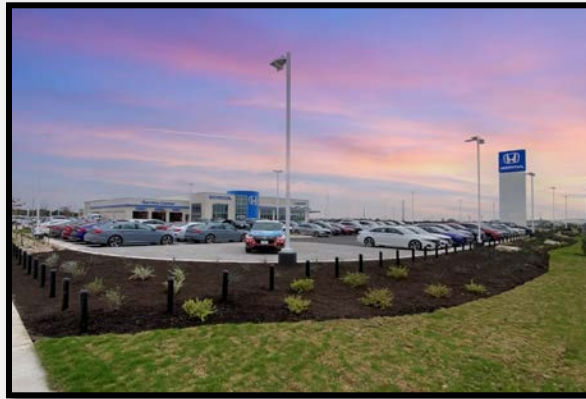
Non-GAAP

ACQUISITIONS

- Acquired ten retail automotive franchises consisting of six franchises in the U.K. and four franchises in the U.S.
 - Representing \$445 million in annualized revenue
- Opened two retail automotive franchises (open points) in the U.S. with expected annualized revenue of \$150 million
- Acquired two collision centers (one in the U.S.; one in the U.K.)
- Acquired four retail commercial truck dealerships in Ontario, Canada
 - Representing \$150 million in annualized revenue
- In addition to the above, we signed an agreement to acquire five Mercedes-Benz dealerships and three after-sales locations in North London (U.K.) from Mercedes-Benz Retail Group U.K. The acquired dealerships and after-sales locations are expected to generate approximately \$550 million in revenue for the full year of 2022.



BMW/MINI Escondido



Honda Leander



Audi North Orange County



Hyundai Noblesville



BMW/MINI S.E. London



Genesis Noblesville



Team Truck Centers, Ontario Canada



Mercedes-Benz North London



The background of the slide features a blurred image of a person's hand holding a smartphone. Overlaid on this image are several digital graphics: a network of white dots connected by thin lines, a circular icon with a credit card symbol, a circular icon with a globe, and a circular icon with a magnifying glass. The text elements are presented in horizontal bars on the left side of the slide.

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GLOBAL REPUTATION FOCUS

**TOP-DOWN FOCUS ON EXCELLENT CUSTOMER SERVICE
DRIVES POSITIVE REPUTATION SCORES**

**U.S. FRANCHISE
LOCATIONS**

4.7

Lifetime Avg. Google
Star Rating

**UNITED
KINGDOM**

4.4

Lifetime Avg. Google
Star Rating

**CARSHOP
GLOBAL**

4.7

Lifetime Avg. Google
Star Rating

VEHICLE SOURCING

Trade/Sell Opportunities

- Vehicle evaluation tools available on every dealer website
- Trade-ins, lease returns, off-street purchases directly from consumers



Self-Sourced	6M 2022
U.S. Franchised	85%
U.K. Franchised	80%
CarShop U.S.	70%
CarShop U.K.	46%



U.S. DIGITAL RETAILING

Preferred Purchase

- Current platform on our franchise websites where an OEM solution is not yet offered
- Offers a hybrid model so customers can shop however they choose

OEM Programs

- Benefit from OEM marketing
- Leading technology
- Enables “Buy online” from OEM sites
- Integration with the captive finance
- Consistency around the brand experience to support the customer journey

CarShop End-to-End Platform

- Invested in building a fully integrated, end-to-end digital transaction system to execute online orders with Cox Automotive

BROWSE – BUY – CONNECT (U.K.)

Buy & Reserve Online (www.sytner.co.uk)

- Reserve for £99 allowing customer to choose pick-up dealership
- Buy online via fully integrated finance application or by card
- Omni-channel approach enabling customers to shop how they choose

CarShop Platform (www.carshop.co.uk)

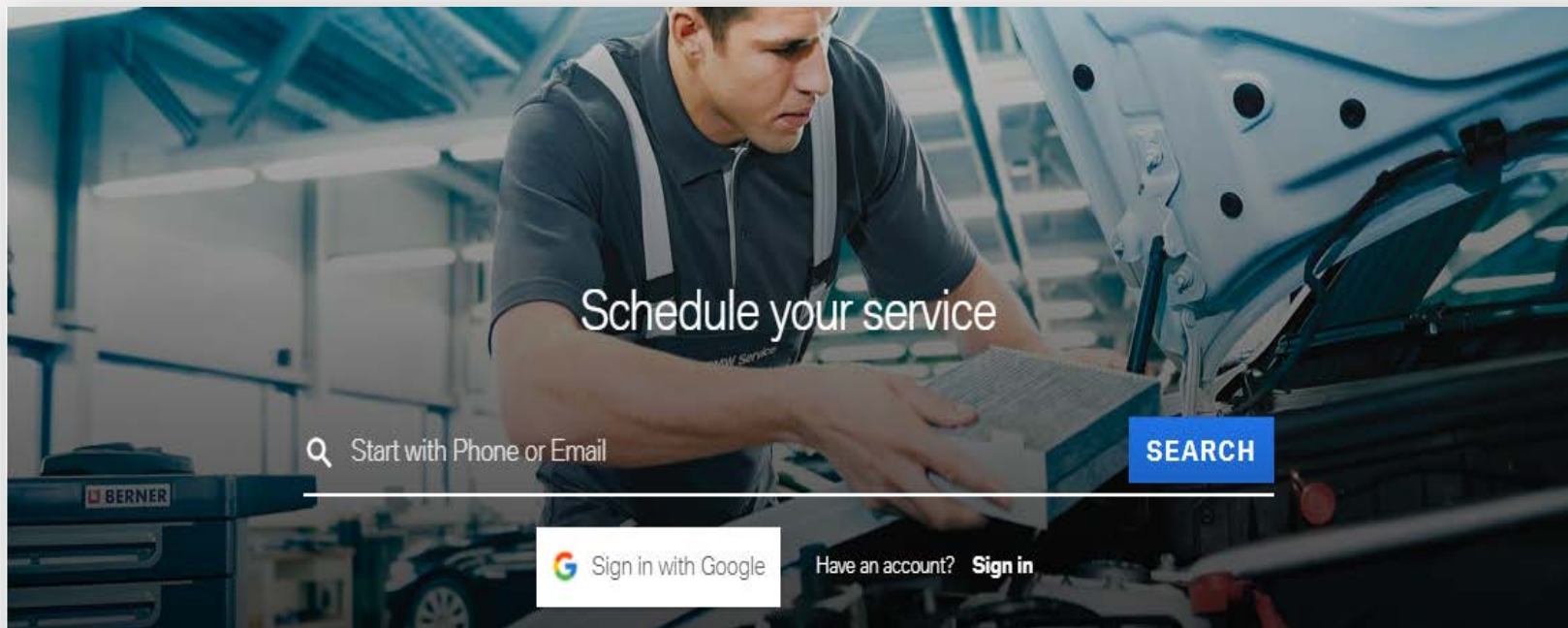
- Investment/optimization continues into existing platform to support improved customer experience

Online Features/Tools

- Hold for £99 with transfer between stores optional
- Buy online via finance with instant approval or by card
- Guaranteed trade-in valuation

ONLINE SERVICE APPOINTMENTS/PAYMENTS

- 515,000 online/business development center service appointments scheduled in Q2 2022
- \$55 million in online payments made in Q2 2022



An aerial view of a Toyota dealership building with a large American flag on the left and a 'TOYOTA' logo on the roof. The building has 'PALM BEACH' written on its side. Several cars are parked in the lot in front of the building.

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CONSOLIDATED NON-GAAP RECONCILIATIONS

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 and six months ended June 30, 2022 and 2021

(\$ in millions, except per share amounts)

	Q2 '22	Q2 '21	% Chg	6M '22	6M '21	% Chg
Income from Cont. Ops	\$374.0	\$338.8	+10.4%	\$741.9	\$521.3	+42.3%
Tax Legislation Changes ⁽¹⁾	---	\$8.8	nm	---	\$8.8	nm
Debt redemption costs ⁽²⁾	---	<u>\$12.6</u>	<u>nm</u>	---	<u>\$12.6</u>	<u>nm</u>
Adj. Income From Cont. Ops	\$374.0	\$360.2	+3.8%	\$741.9	\$542.7	+36.7%

	Q2 '22	Q2 '21	% Chg	6M '22	6M '21	% Chg
Earnings Per Share from Cont. Ops	\$4.93	\$4.20	+17.4%	\$9.70	\$6.46	+50.2%
Tax Legislation Changes ⁽¹⁾	---	\$0.11	nm	---	\$0.11	nm
Debt redemption costs ⁽²⁾	---	<u>\$0.16</u>	<u>nm</u>	---	<u>\$0.16</u>	<u>nm</u>
Adj. EPS from Cont. Ops	\$4.93	\$4.47	+10.3%	\$9.70	\$6.73	+44.1%

The following table reconciles income from continuing operations before taxes (EBT) to adjusted income from continuing operations before taxes (EBT) for the three and six months ended June 30, 2022 and 2021

	Q2 '22	Q2 '21	% Chg	6M '22	6M '21	% Chg
Income From Cont. Ops Before Taxes	\$499.6	\$463.7	+7.7%	\$997.2	\$711.3	+40.2%
Debt redemption costs ⁽³⁾	---	<u>\$17.0</u>	<u>nm</u>	---	<u>\$17.0</u>	<u>nm</u>
Adj. Income From Cont. Ops Before Taxes	\$499.6	\$480.7	+3.9%	\$997.2	\$728.3	+36.9%

(1) For the three and six months ended June 30, 2021, represents a revaluation of our U.K. deferred tax assets and liabilities due to an increase in the U.K. corporate tax rate from 19% currently to 25% effective April 1, 2023

(2) Related to expenses in connection with the redemption of our 5.5% senior subordinated notes due 2026 in 2021

EBITDA AND ADJUSTED EBITDA RECONCILIATION

The following tables reconciles reported net income to earnings before interest, taxes, depreciation, and amortization ("EBITDA") and adjusted EBITDA for the three and six months ended June 30, 2022 and 2021

(Amounts in Millions)	Three Months Ended		2022 vs. 2021	
	June 30,		Change	% Change
	2022	2021		
Net Income	\$ 375.9	\$ 340.4	\$ 35.5	10.4 %
Add: Depreciation	31.7	30.2	1.5	5.0 %
Other Interest Expense	17.0	19.7	(2.7)	(13.7)%
Income Taxes	123.7	123.4	0.3	0.2 %
Income from Discontinued Operations, net of tax	—	(0.1)	0.1	—
EBITDA	<u>\$ 548.3</u>	<u>\$ 513.6</u>	<u>\$ 34.7</u>	<u>6.8 %</u>
Add: Debt redemption costs (1)	<u>—</u>	<u>17.0</u>	<u>(17.0)</u>	<u>nm</u>
Adjusted EBITDA	<u>\$ 548.3</u>	<u>\$ 530.6</u>	<u>\$ 17.7</u>	<u>3.3 %</u>

(Amounts in Millions)	Six Months Ended		2022 vs. 2021	
	June 30,		Change	% Change
	2022	2021		
Net Income	\$ 745.4	\$ 523.5	\$ 221.9	42.4 %
Add: Depreciation	63.6	59.5	4.1	6.9 %
Other Interest Expense	33.5	37.6	(4.1)	(10.9)%
Income Taxes	251.8	187.9	63.9	34.0 %
Income from Discontinued Operations, net of tax	—	(0.1)	0.1	nm
EBITDA	<u>\$ 1,094.3</u>	<u>\$ 808.4</u>	<u>\$ 285.9</u>	<u>35.4 %</u>
Add: Debt redemption costs (1)	<u>—</u>	<u>17.0</u>	<u>(17.0)</u>	<u>nm</u>
Adjusted EBITDA	<u>\$ 1,094.3</u>	<u>\$ 825.4</u>	<u>\$ 268.9</u>	<u>32.6 %</u>

nm = not meaningful

(1) Related to a \$17 million expense in connection with the redemption of our 5.5% senior subordinated notes due 2026

EBITDA, ADJ. EBITDA & LEVERAGE RATIO RECONCILIATION

The following table reconciles EBITDA, adj EBITDA and the leverage ratio as of June 30, 2022 and December 31, 2021

(Amounts in Millions)	Six Months Ended December 31, 2021	Six Months Ended June 30, 2022	Trailing Twelve Months Ended June 30, 2022	Twelve Months Ended December 31, 2021
Net Income	\$ 669.2	\$ 745.4	\$ 1,414.6	\$ 1,192.7
Add: Depreciation	62.0	63.6	125.6	121.5
Other Interest Expense	31.0	33.5	64.5	68.6
Income Taxes	228.4	251.8	480.2	416.3
Income from Discontinued Operations, net of tax	(1.2)	—	(1.2)	(1.3)
EBITDA	<u>\$ 989.4</u>	<u>\$ 1,094.3</u>	<u>\$ 2,083.7</u>	<u>\$ 1,797.8</u>
Add: Loss on investment for revaluation (1)	11.4	—	11.4	11.4
Add: Debt redemption costs (2)	—	—	—	17.0
Adjusted EBITDA	<u>\$ 1,000.8</u>	<u>\$ 1,094.3</u>	<u>\$ 2,095.1</u>	<u>\$ 1,826.2</u>
Total Non-Vehicle Long-Term Debt			\$ 1,486.0	\$ 1,474.0
Leverage Ratio			0.7x	0.8x

(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

EBITDA, ADJ. EBITDA & LEVERAGE RATIO RECONCILIATION

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

(\$ in Millions)	12M '21	12M '20	12M '19
Net Income	\$1,192.7	\$ 545.3	\$ 435.1
Add: Depreciation	\$ 121.5	\$ 115.5	\$ 109.6
Add: Other Interest	\$ 68.6	\$ 11.0	\$ 124.2
Add: Income Taxes	\$ 416.3	\$ 162.7	\$ 156.7
Add: (Income)/Loss From Disc. Ops	___(\$1.3)	___(\$0.4)	___(\$0.3)
EBITDA	\$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	\$1,826.2	\$ 937.5	\$ 825.3
Total Non-Vehicle Long-Term Debt	\$1,474.0	\$1,690.0	\$2,360.0
Leverage Ratio	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

EBITDA, ADJ. EBITDA & LEVERAGE RATIO RECONCILIATION

The following table reconciles EBITDA, Adj. EBITDA, and Leverage Ratio as of December 31, 2018 and 2017

(\$ in Millions)	12M '18	12M '17
Net Income	\$ 470.3	\$ 612.8
Depreciation	\$ 103.7	\$ 95.1
Other Interest	\$ 114.7	\$ 107.4
Income Taxes	\$ 134.3	(\$64.8)
(Income)/Loss from Disc. Ops.	<u>(\$0.5)</u>	<u>\$ 0.2</u>
EBITDA	\$ 22.5	\$ 750.7
Less: Gain on Sale ⁽¹⁾	(\$22.7)	---
Add: Valuation adjustments ⁽²⁾	<u>\$ 18.7</u>	<u>---</u>
Adjusted EBITDA	\$ 818.5	\$ 750.7
Total Non-Vehicle Long-Term Debt	\$2,217.0	\$2,163.0
Leverage Ratio	2.7x	2.9x

(1) Relates to the net gain on the sale of various dealerships

(2) Valuation adjustments on certain franchised dealerships



Automotive