

A photograph of a car dealership interior, featuring several cars parked on a polished floor. The image is overlaid with a semi-transparent blue geometric shape on the left and right sides. The text is centered over the image.

AutoNation.

Third Quarter 2024 Earnings Release

October 25, 2024

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Words such as "anticipates," "expects," "estimates," "intends," "goals," "targets," "projects," "plans," "believes," "continues," "may," "will," "could," and variations of such words and similar expressions are intended to identify such forward-looking statements. Statements regarding our strategic initiatives, partnerships, and investments, including AutoNation USA, AutoNation Finance, and AutoNation Mobile Service, statements regarding our expectations for the future performance of our business and the automotive retail industry, including during the remainder of 2024, and other statements that describe our objectives, goals, or plans, are forward-looking statements. Our forward-looking statements reflect our current expectations concerning future results and events, and they involve known and unknown risks, uncertainties, and other factors that are difficult to predict and may cause our actual results, performance, or achievements to be materially different from any future results, performance, and achievements expressed or implied by these statements. These risks, uncertainties, and other factors include, among others: our ability to implement successfully our strategic acquisitions, initiatives, partnerships, and investments, including our investments in digital and online capabilities and mobility solutions; our ability to maintain or improve gross profit margins; our ability to maintain or gain market share; legal, reputational, and financial risks resulting from cyber incidents and the potential impact on our operating results; the receipt of any insurance or other recoveries in connection with any cyber incidents; our ability to successfully implement and maintain expense controls; our ability to maintain and enhance our retail brands and reputation and to attract consumers to our own digital channels; economic conditions, including changes in unemployment, interest, and/or inflation rates, consumer demand, fuel prices, and tariffs; our ability to acquire and integrate successfully new acquisitions; restrictions imposed by vehicle manufacturers and our ability to obtain manufacturer approval for franchise acquisitions; the success and financial viability and the incentive and marketing programs of vehicle manufacturers and distributors with which we hold franchises; natural disasters and other adverse weather events; the resolution of legal and administrative proceedings; regulatory factors affecting our business, including fuel economy requirements; the announcement of safety recalls; factors affecting our goodwill and other intangible asset impairment testing; and other factors described in our news releases and filings made under the securities laws, including, among others, our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. Forward-looking statements contained in this news release speak only as of the date of this news release, and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

3Q 2024 Overview

HIGHLIGHTS

New Vehicle units	1%
Used Vehicle units	-8%
Customer Financial Services	#1
After-Sales Gross Profit	\$558 M
AN Finance YTD Originations	\$700 M

- Executed well in a challenging environment
- Sequential share gains reflect full recovery from CDK outage
- Used PVRs in-line with 2Q 24
- CFS PVR sequential increase to ~\$2,600
- After-Sales continued growth momentum
- Continued portfolio optimization – \$150M+ of store sale proceeds

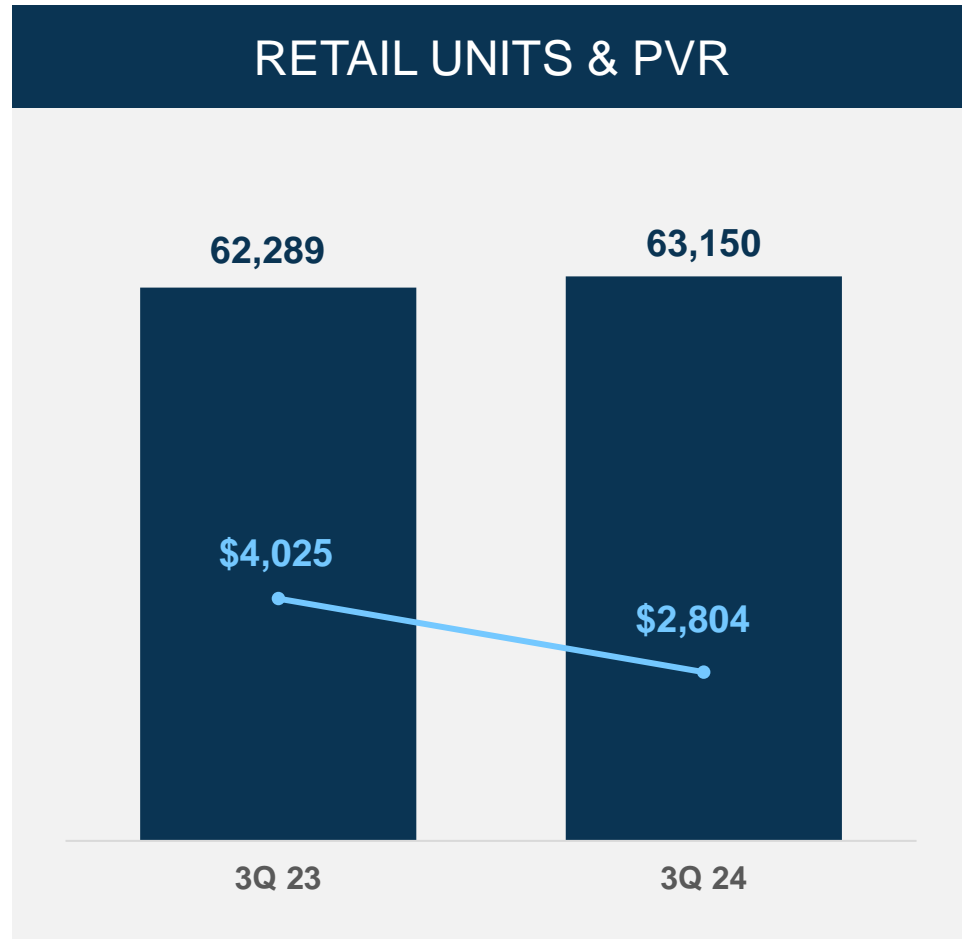
Solid Performance Continues

3Q 2024 Financial Summary

(\$ in millions, except per share data)

	3Q 2023	3Q 2024	YoY	
Total Revenue	\$6,893	\$6,586	-4%	Moderating ASPs and Used unit decline
Gross Profit	\$1,295	\$1,183	-9%	+2% sequentially, led by CFS and After-Sales growth
Adj. SG&A Expense	\$823	\$797	-3%	Consistent quarterly run-rate, disciplined cost controls
Adj. Operating Income	\$416	\$320	-23%	Stable sequential Adj. Operating Margin
Adj. Net Income	\$244	\$162	-33%	Higher Floorplan Expense
Avg. Shares Outstanding	44.0	40.3	-8%	Continued capital allocation priority
Diluted Adj. EPS	\$5.54	\$4.02	-27%	(not adjusted for the (\$0.21) impact of the CDK outage)

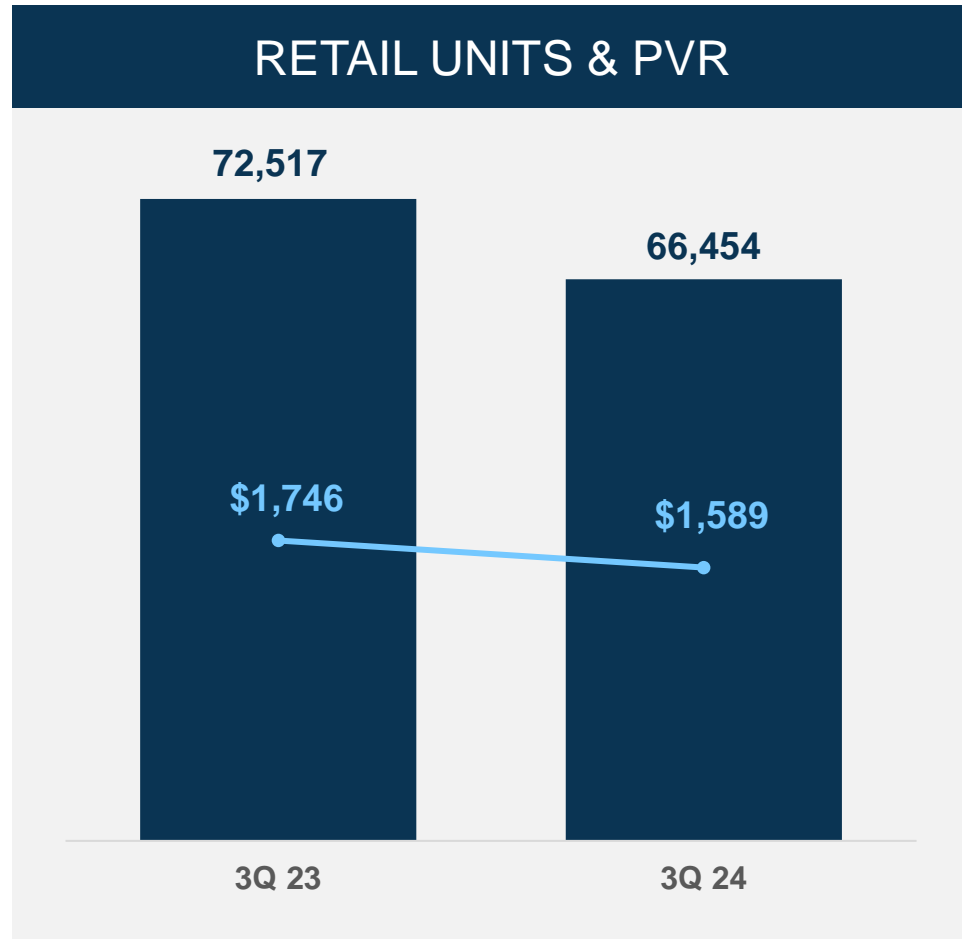
3Q 2024 New Vehicles



- Sequential share gains; stable YoY
- PVR moderation stabilizing:
 - FY 23 – \$4,342 – (\$-1,600 YoY)
 - 1Q 24 – \$3,328 – (\$-325 QoQ)
 - 2Q 24 – \$3,108 – (\$-220 QoQ)
 - 3Q 24 – \$2,804 – (\$-304 QoQ)
- Disciplined inventory management (DSO down 22% from 2Q 24)

3Q 2024

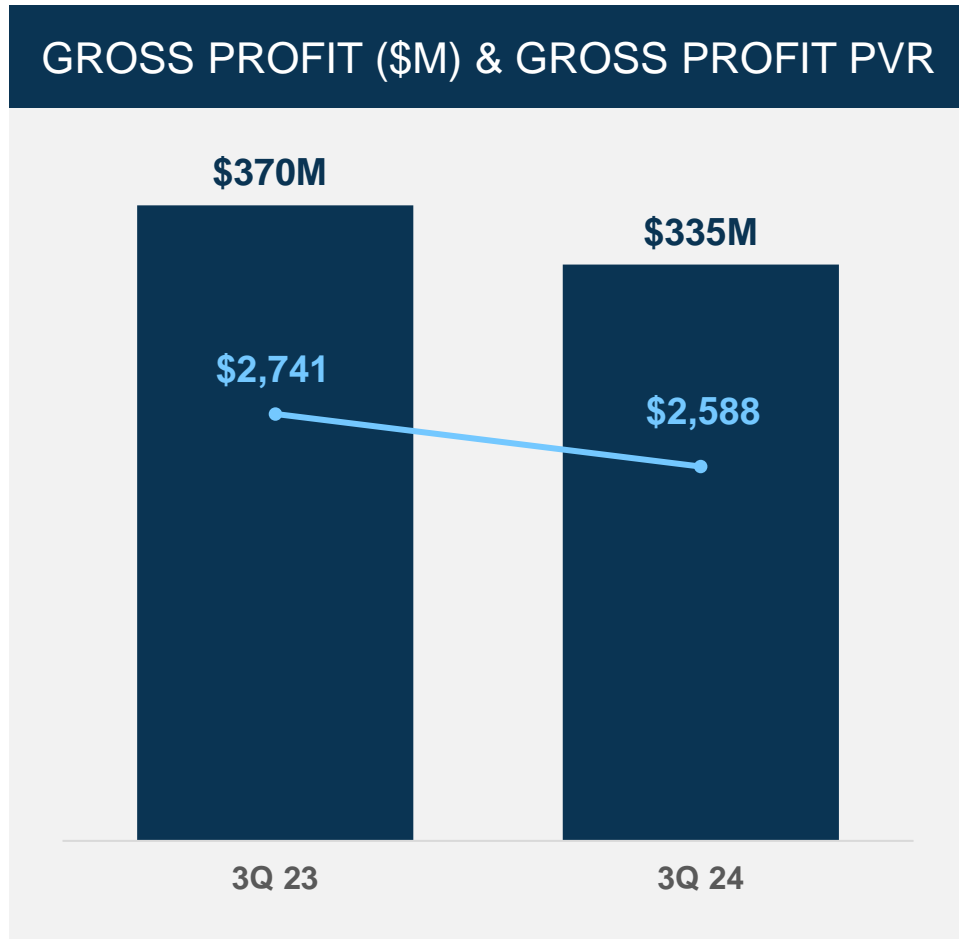
Used Vehicles



- Sequential unit volume growth from 2Q 24
- CDK outage adversely impacted vehicle sourcing, inventory and PVRs – gained momentum in Aug. and Sept.
- Self-sourced ~90% of vehicles during the quarter
- Gross PVRs consistent with 2Q 24, moderating from 3Q 23 due to mix
- Lower priced vehicles continue to outperform – sub \$20k units increased 4% y/y

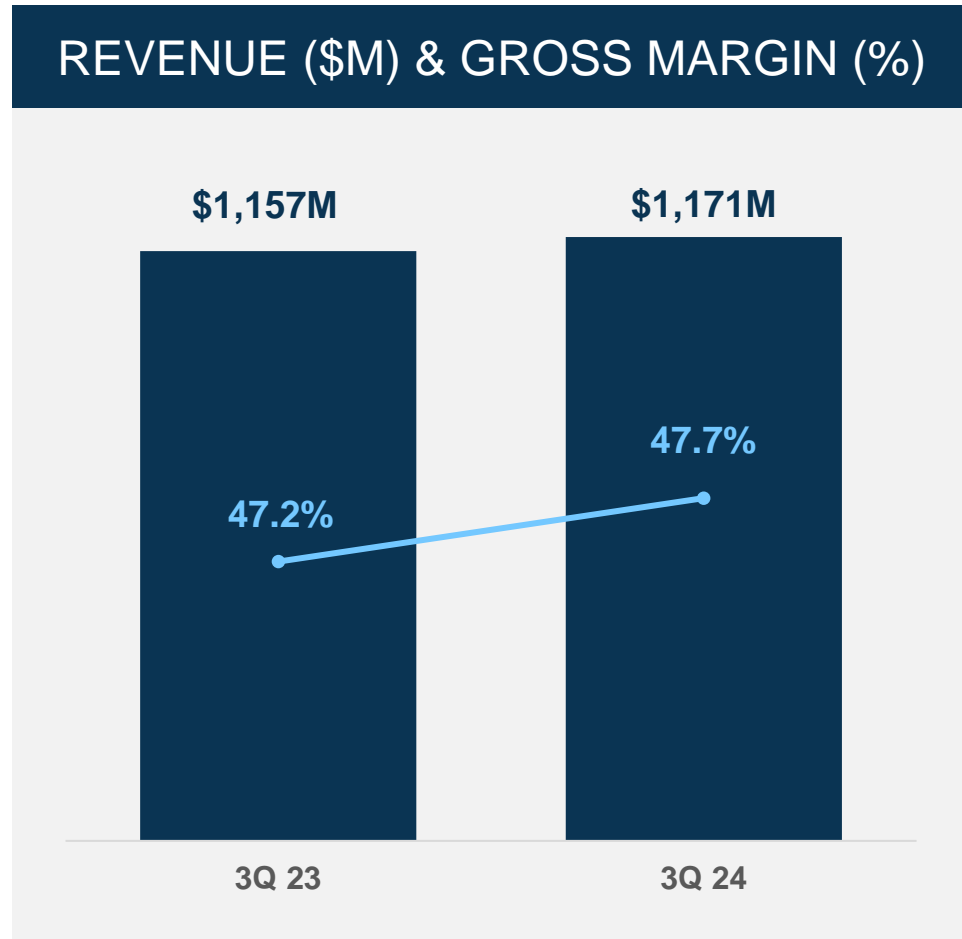
3Q 2024

Customer Financial Services



- Strong CFS performance continues – PVR up 10% from July to September
- Robust product attachment, finance penetration for new vehicles
- Continued growth of AN Finance – superior long-term shareholder value, short-term PVR headwind (~\$100)

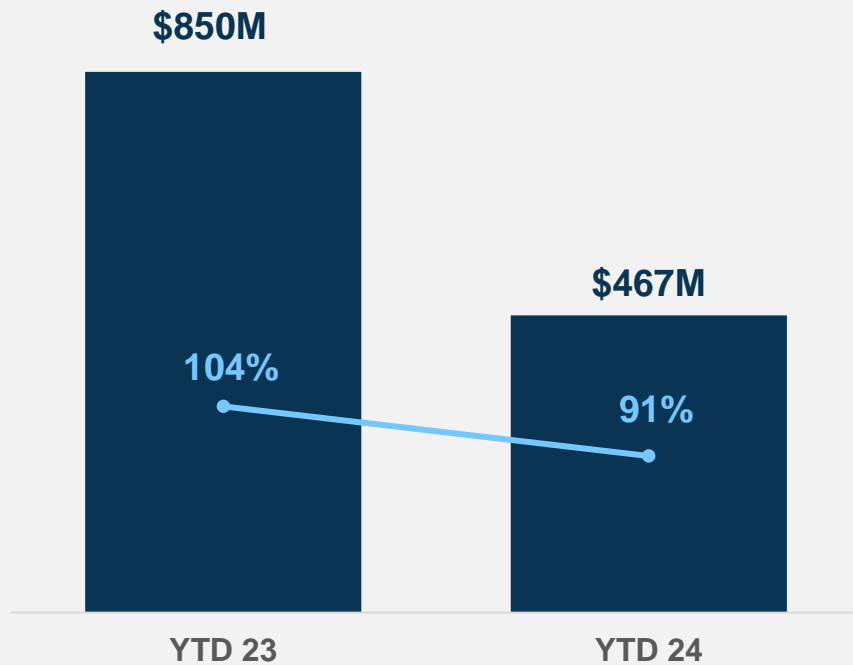
3Q 2024 After Sales



- Continued revenue and margin momentum
- Growth led by Warranty and Customer Pay
- Gross Margin up 50 bps – improved parts and labor rates, leverage, and higher value orders
- Overcame CDK outage, which impacted July
- Increased Technician headcount and productivity

YTD 3Q 2024 Free Cash Flow

ADJ FCF (\$M) & CONVERSION %



- Consistent, attractive cash conversion profile
- Change from 2023 includes CDK impact
- Remain focused on cycle times (e.g. billing, time-to-auction, and service WIP)
- Capital investments slightly below prior year

YTD 3Q 2024 Capital Allocation

CAPITAL ALLOCATION (\$M)		
	YTD 2023	YTD 2024
Capital Expenditures	\$286	\$262
Debt Repayment (Borrowing)*	(300)	90
M&A	271	-
Share Repurchases	723	356
Total	\$980	\$708

- Continued strong cash conversion provides optionality
- CapEx on pace for ~\$300 million FY
- YTD Average share purchase price of \$159
- Portfolio optimization actions yielded \$156 million of store sale proceeds

3Q 2024 Commentary

- Strong performance in challenging environment
 - New unit growth strength
 - Used unit margin steady in competitive marketplace
 - After-Sales growth continues with margin expansion
- Continued strong conversion of profit to cash
- Portfolio optimization to enhance shareholder value

Vehicle market remains robust even as growth rates moderate

Appendix

This presentation contains certain non-GAAP financial measures as defined under SEC rules, which exclude certain items disclosed in the attached financial tables. As required by SEC rules, the Company provides reconciliations of these measures to the most directly comparable GAAP measures. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure, provide a meaningful presentation of the Company's results excluding the impact of items not related to the Company's ongoing core business operations, and improve the period-to-period comparability of the Company's results from its core business operations. Non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated and presented in accordance with GAAP.

SELECT HISTORICAL DATA

Global Financial Crisis to 2024

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD*	FY Avg.
New	SAAR (mm)	13.1	10.3	11.5	12.6	14.3	15.4	16.4	17.4	17.5	17.1	17.2	17.0	14.5	14.9	13.7	15.6	15.6	14.9
	Retail SAAR (mm)	10.6	8.6	9.2	10.3	11.7	12.8	13.6	14.2	14.2	14.1	13.9	13.7	12.4	13.1	11.7	12.7	12.8	12.3
New	Unit Sales (k)	255.8	183.4	206.5	224.0	267.8	292.9	318.0	339.1	337.6	329.1	310.8	282.6	249.7	262.4	230.0	244.5	183.3	
	ASP (\$k)	\$30.3	\$31.2	\$32.3	\$33.5	\$33.3	\$34.0	\$34.5	\$35.4	\$36.3	\$37.0	\$37.8	\$39.5	\$41.7	\$46.0	\$51.1	\$52.2	\$50.6	
	Gross PVR	\$1,997	\$2,106	\$2,185	\$2,445	\$2,164	\$2,104	\$2,044	\$1,985	\$1,883	\$1,788	\$1,660	\$1,783	\$2,340	\$4,579	\$5,942	\$4,342	\$3,074	\$2,584
	Margin	6.6%	6.8%	6.8%	7.3%	6.5%	6.2%	5.9%	5.6%	5.2%	4.8%	4.4%	4.5%	5.6%	9.9%	11.6%	8.3%	6.1%	6.6%
	ASP Y/Y		3%	4%	4%	-1%	2%	2%	3%	3%	2%	2%	5%	6%	10%	11%	2%	(3.2%)	
	Days Supply	84	54	63	50	55	62	54	68	61	53	60	52	42	9	19	36	52	
Used	Unit Sales (k)	181.3	135.3	160.1	171.1	181.0	204.6	214.9	227.3	225.7	234.1	237.7	246.1	241.2	304.4	299.8	274.0	201.1	
	ASP (\$k)	\$15.7	\$16.3	\$17.3	\$17.8	\$17.9	\$18.1	\$18.6	\$19.2	\$19.9	\$19.5	\$20.2	\$21.0	\$21.8	\$26.5	\$30.1	\$27.9	\$26.5	
	Gross PVR	\$1,583	\$1,664	\$1,612	\$1,640	\$1,623	\$1,590	\$1,690	\$1,577	\$1,484	\$1,315	\$1,378	\$1,409	\$1,719	\$2,045	\$1,795	\$1,800	\$1,565	\$1,620
	Margin	10.1%	10.2%	9.3%	9.2%	9.1%	8.8%	9.1%	8.2%	7.5%	6.7%	6.8%	6.7%	7.9%	7.7%	6.0%	6.5%	5.9%	8.1%
	ASP Y/Y		4%	6%	3%	0%	1%	3%	4%	3%	-2%	3%	4%	4%	21%	14%	-7%	(5.7%)	
	Days Supply	30	41	42	31	35	35	38	43	44	43	42	39	39	40	31	39	36	
Ratio	Used : New Units	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.9	1.0	1.2	1.3	1.1	1.1	
CFS	PVR	\$1,104	\$1,102	\$1,143	\$1,201	\$1,273	\$1,355	\$1,409	\$1,534	\$1,588	\$1,667	\$1,789	\$1,935	\$2,158	\$2,443	\$2,713	\$2,736	\$2,586	
	PVR Y/Y		0%	4%	5%	6%	6%	4%	9%	4%	5%	7%	8%	12%	13%	11%	1%	(6.2%)	
After-Sales	Gross (\$mm)	\$1,072	\$935	\$963	\$970	\$1,008	\$1,106	\$1,197	\$1,338	\$1,435	\$1,491	\$1,555	\$1,623	\$1,461	\$1,673	\$1,900	\$2,139	\$1,651	
	Gross Y/Y		-13%	3%	1%	4%	10%	8%	12%	7%	4%	4%	4%	-10%	15%	14%	13%	3.2%	
	Cash From Ops (\$mm)	\$685	\$370	\$252	\$376	\$317	\$484	\$485	\$507	\$516	\$540	\$511	\$769	\$1,208	\$1,628	\$1,668	\$724	165	
	CapEx (\$mm)	\$97	\$75	\$150	\$149	\$161	\$161	\$209	\$248	\$245	\$310	\$387	\$269	\$156	\$216	\$329	\$410	\$262	
	M&A (\$mm)	\$32	-	\$73	\$64	\$142	\$88	\$205	\$322	\$410	\$77	\$67	\$5	-	\$433	\$192	\$271	-	
	Share Repurchase (\$mm)	\$54	\$136	\$524	\$583	\$581	\$53	\$485	\$235	\$497	\$435	\$100	\$45	\$382	\$2,303	\$1,710	\$864	\$356	

*Data as reported of continuing operations; avg. is based on full year periods only

3Q 2024

Balance Sheet and Other Items

(\$ in millions)

Balance Sheet and Other Highlights			
	9/30/23	12/31/23	9/30/24
Cash and cash equivalents	64.0	60.8	60.2
Inventory	2,645.6	3,033.4	3,530.8
Floorplan notes payable	2,814.8	3,382.4	3,805.2
Non-recourse debt	246.1	258.4	645.9
Non-vehicle debt	3,942.4	4,030.3	3,934.5
Equity	2,142.1	2,211.4	2,371.2
New days supply (industry standard of selling days)	31 days	36 days	52 days
Used days supply (trailing calendar month days)	33 days	39 days	36 days

Key Credit Agreement Covenant Compliance Calculations⁽¹⁾

Leverage ratio		2.53
Covenant	less than or equal to	3.75x
Interest coverage ratio		4.33
Covenant	greater than or equal to	3.00x

NON-GAAP RECONCILIATIONS

Comparable Basis Reconciliations⁽¹⁾

Three Months Ended September 30, 2023, and September 30, 2024

	Operating Income		Income from Continuing Operations Before Income Taxes		Income Tax Provision ⁽²⁾		Effective Tax Rate		Net Income		Diluted Earnings Per Share ⁽³⁾	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
From continuing operations, as reported	\$419.5	350.7	327.4	247.4	83.7	61.6	25.6%	24.9%	243.7	185.8		
Discontinued operations, net of income taxes									-	-		
As reported									243.7	185.8	5.54	4.61
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation ⁽⁴⁾	(3.7)	8.2	-	-	-	-			-	-	-	-
Net loss on equity investments	-	-	-	6.7	-	1.6			-	5.1	-	0.13
Insurance-related losses ⁽⁵⁾	-	5.7	-	5.7	-	1.4			-	4.3	-	0.11
Business/property-related items:												
Net gains on dispositions, net of asset impairments	-	(46.7)	-	(46.7)	-	(11.4)			-	(35.3)	-	(0.88)
Loss from operations resulting from dispositions	-	2.4	-	3.0		0.7				2.3	-	0.06
Adjusted	415.8	320.3	327.4	216.1	83.7	53.9	25.6%	24.9%	243.7	162.2	5.54	4.02
Adjusted as % of Revenue	6.0%	4.9%										

	SG&A		SG&A as a Percentage of Gross Profit (%)	
	2023	2024	2023	2024
As reported	819.3	811.3	63.3	68.6
Excluding:				
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation plans	(3.7)	8.2		
Insurance-related losses	-	5.7		
Adjusted	823.0	797.4	63.6	67.4

1. Please refer to the "Non-GAAP Financial Measures" section of the Press Release.

2. Tax expense is determined based on the amount of additional taxes or tax benefits associated with each individual item.

3. Diluted earnings per share amounts are calculated discretely and therefore may not add up to the total due to rounding.

4. Increases and decreases in deferred compensation obligations, which are recorded in SG&A, are substantially offset by corresponding gains and losses, respectively, related to changes in the cash surrender value of corporate-owned life insurance ("COLI") for deferred compensation plan participants as a result of changes in market performance of the underlying investments; therefore, net impact to net income and earnings per share is de minimis. Gains and losses related to the COLI are recorded in non-operating Other Income (Loss), Net.

5. Primarily related to losses from hailstorms and other natural catastrophes.

NON-GAAP RECONCILIATIONS

Comparable Basis Reconciliations

Nine Months Ended September 30, 2023, and September 30, 2024

	Operating Income		Income from Continuing Operations Before Income Taxes		Income Tax Provision ⁽²⁾		Effective Tax Rate		Net Income		Diluted Earnings Per Share ⁽³⁾	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
From continuing operations, as reported	\$1,302.0	966.0	1,072.5	674.9	268.5	168.8	25.0%	25.0%	804.0	506.1		
Discontinued operations, net of income taxes									0.9	-		
As reported									804.9	506.1	17.65	12.31
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation plans ⁽⁴⁾	6.3	16.3	-	-	-	-			-	-	-	-
Net loss on equity investments	-	-	-	6.7	-	1.6			-	5.1	-	0.12
One-time costs associated with CDK outage ⁽⁵⁾	-	42.8	-	42.8	-	10.5			-	32.3	-	0.79
Insurance-related losses ⁽⁶⁾	16.5	5.7	16.5	5.7	4.1	1.4			12.4	4.3	0.27	0.10
Business/property-related items:												
Net gains on dispositions, net of asset impairments	-	(46.7)	-	(46.7)	-	(11.4)			-	(35.3)	-	(0.86)
Loss from operations resulting from dispositions	-	2.4	-	3.0	-	0.7			-	2.3	-	0.06
Adjusted	1,324.8	986.5	1,089.0	686.4	272.6	171.6	25.0%	25.0%	817.3	514.8	17.92	12.53
Adjusted as % of Revenue	6.6%	5.0%										

	SG&A		SG&A as a Percentage of Gross Profit (%)	
	2023	2024	2023	2024
As reported	\$2,444.9	2,430.2	62.4	68.6
Excluding:				
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation plans	6.3	16.3		
One-time costs associated with CDK outage	-	42.8		
Insurance-related losses	16.5	5.7		
Adjusted	\$ 2,422.1	2,365.4	61.8%	66.7%

1. Please refer to the "Non-GAAP Financial Measures" section of the Press Release.

2. Tax expense is determined based on the amount of additional taxes or tax benefits associated with each individual item.

3. Diluted earnings per share amounts are calculated discretely and therefore may not add up to the total due to rounding.

4. Increases and decreases in deferred compensation obligations, which are recorded in SG&A, are substantially offset by corresponding gains and losses, respectively, related to changes in the cash surrender value of corporate-owned life insurance ("COLI") for deferred compensation plan participants as a result of changes in market performance of the underlying investments; therefore, net impact to net income and earnings per share is de minimis. Gains and losses related to the COLI are recorded in non-operating Other Income (Loss), Net.

5. Represents certain one-time costs incurred associated with the CDK outage, principally consisting of compensation paid to commission-based associates to ensure business continuity.

6. Primarily related to losses from hailstorms and other natural catastrophes.

3Q 2024

Free Cash Flow Reconciliation

(\$ in millions)

Free Cash Flow Reconciliation	YTD 9/30/23	YTD 9/30/24
Net cash provided by operating activities	\$762.6	\$164.9
Net Proceeds from (payments of) Vehicle Floorplan – non-Trade	260.4	(24.0)
Increase in Auto loans receivable, net	112.7	588.3
Adj. cash provided by operating activities	\$1,135.7	\$729.2
Purchases of Property and Equipment	(286.0)	(262.2)
Adj. Free Cash Flow	\$849.7	\$467.0
Adj. Net Income	\$817.3	\$514.8
Adj. FCF Conversion	104%	91%