



United States



United Kingdom



Brazil

# **GROUP 1** **AUTOMOTIVE®**

***‘VALUE DRIVEN’***

## **2019 Fourth Quarter Financial Results & Overview**

February 5, 2020

**GPI**  
**LISTED**  
**NYSE**

# Forward Looking Statement



*This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which are statements related to future, not past, events and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. In this context, the forward-looking statements often include statements regarding our goals, plans, projections and guidance regarding our financial position, results of operations, market position, pending and potential future acquisitions and business strategy, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should," "foresee," "may" or "will" and similar expressions. Any such forward-looking statements are not assurances of future performance and involve risks and uncertainties that may cause actual results to differ materially from those set forth in the statements. These risks and uncertainties include, among other things, (a) general economic and business conditions, (b) the level of manufacturer incentives, (c) the future regulatory environment, (d) our ability to obtain an inventory of desirable new and used vehicles, (e) our relationship with our automobile manufacturers and the willingness of manufacturers to approve future acquisitions, (f) our cost of financing and the availability of credit for consumers, (g) our ability to complete acquisitions and dispositions and the risks associated therewith, (h) foreign exchange controls and currency fluctuations, and (i) our ability to retain key personnel. For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see our filings with SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We use non-generally accepted accounting principles ("non-GAAP") financial measures in this presentation. Our reconciliation of non-GAAP financial measures to comparable GAAP measures can be found in the Appendix to this presentation. These non-GAAP measures should not be considered an alternative to GAAP financial measures. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.*



## *In 2019, Group 1 Automotive delivered:*

### ■ **RECORD** Adjusted Earnings

- **DESPITE** weaker industry sales in the U.S. & U.K. markets, the Company demonstrated its ability to grow earnings in a flat-to-modestly-declining new vehicle environment.

### ■ **GROWTH** in Aftersales

- The implementation of a “four-day work week” schedule across 75 stores substantially improved:
  - Employee retention;
  - U.S. Same Store technician headcount, which increased of over ~13 percent in 2019; and
  - U.S. Same Store customer pay growth of 10.2 percent in 2019.

### ■ **GROWTH** in Used Vehicles

- Val-u-Line, the Company’s higher mileage spectrum of the used vehicle brand, continues to perform well.
- The shift of more business to the retail channel, along with our recently implemented big-data driven pricing strategies, have been critical in driving used vehicle gross profit growth.

### ■ **GROWTH** in Digital Retail

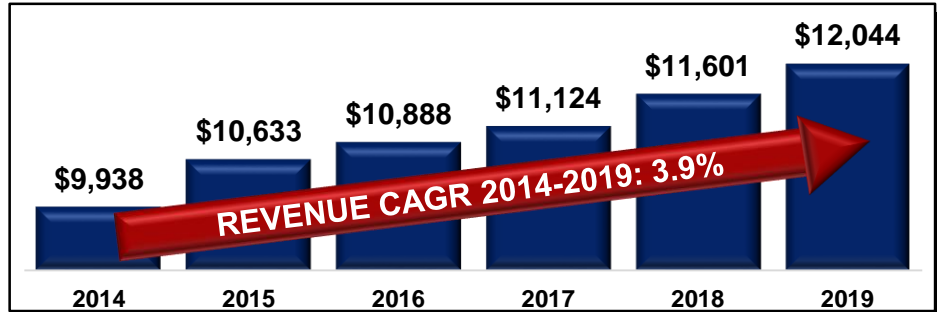
- The AcceleRide platform, the Company’s online retailing initiative for both new & used vehicles, is now active across all of its U.S. dealership locations with strong traffic growth, gross margins, and customer feedback.
- During 4Q19, AcceleRide grew by a rate of 3x its usage from 1Q19. AcceleRide’s closing rate is pacing more than double that of a third party lead.
- Online scheduling of service appointments grew 15% vs 4Q18. In December 2019, nearly 29% of our service appointments were made online.

# What Sets Group 1 Apart?

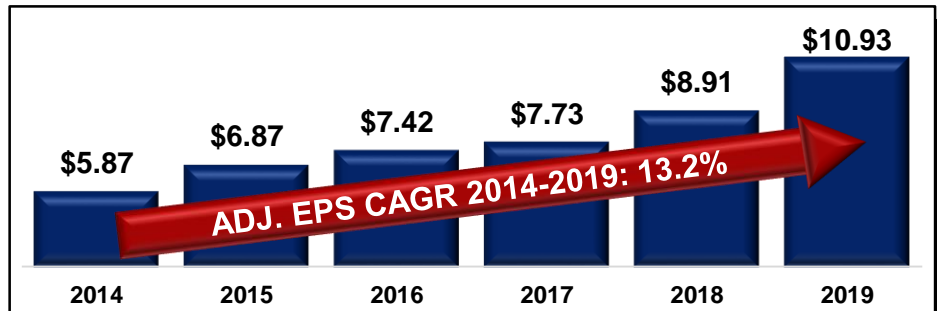
- International, Fortune 500 company with Market Cap of ~ \$1.9 Billion (period ended December 31, 2019)
- Strong earnings and free cash flow trajectory
- Committed senior management team with +230 years of automotive retailing and OEM experience
- Unlike most other automotive retailers, Group 1 has no major controlling shareholder or owner
- Well positioned for growth



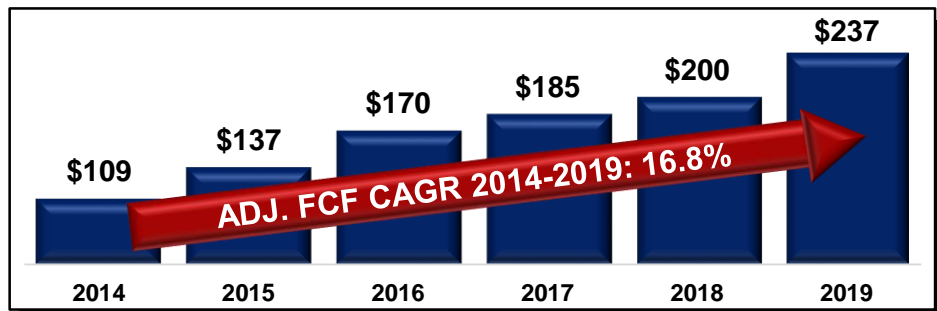
Revenue (\$mm)



Adj. Earnings per Share (\$)



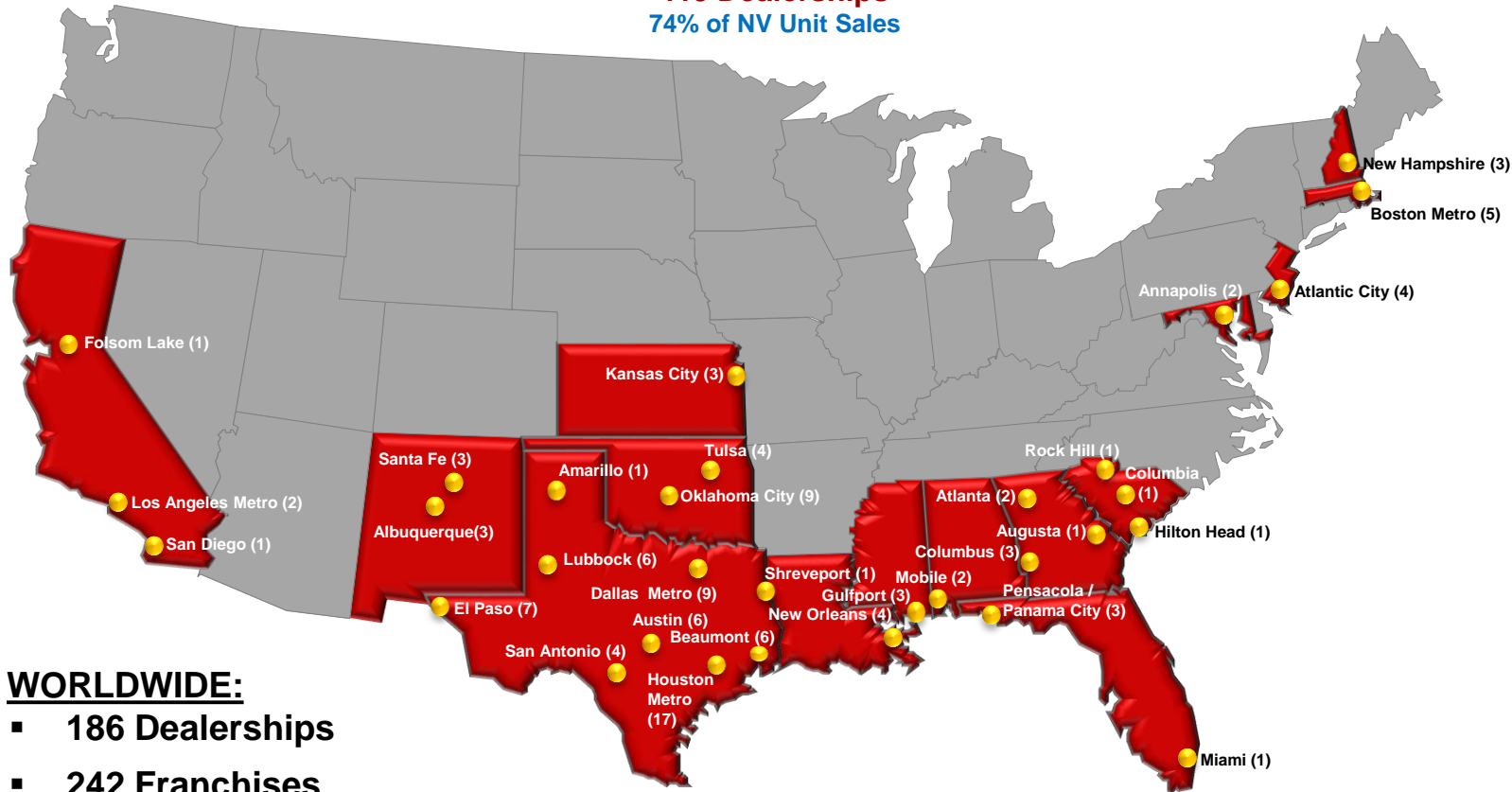
Adj. Free Cash Flow (\$mm)



# Geographic Footprint

## UNITED STATES – 15 States

**119 Dealerships**  
**74% of NV Unit Sales**



### WORLDWIDE:

- 186 Dealerships
- 242 Franchises
- 49 Collision Centers
- 31 Brands

### U.K.

England:

- 50 Dealerships
- 20% of NV Unit Sales



### BRAZIL

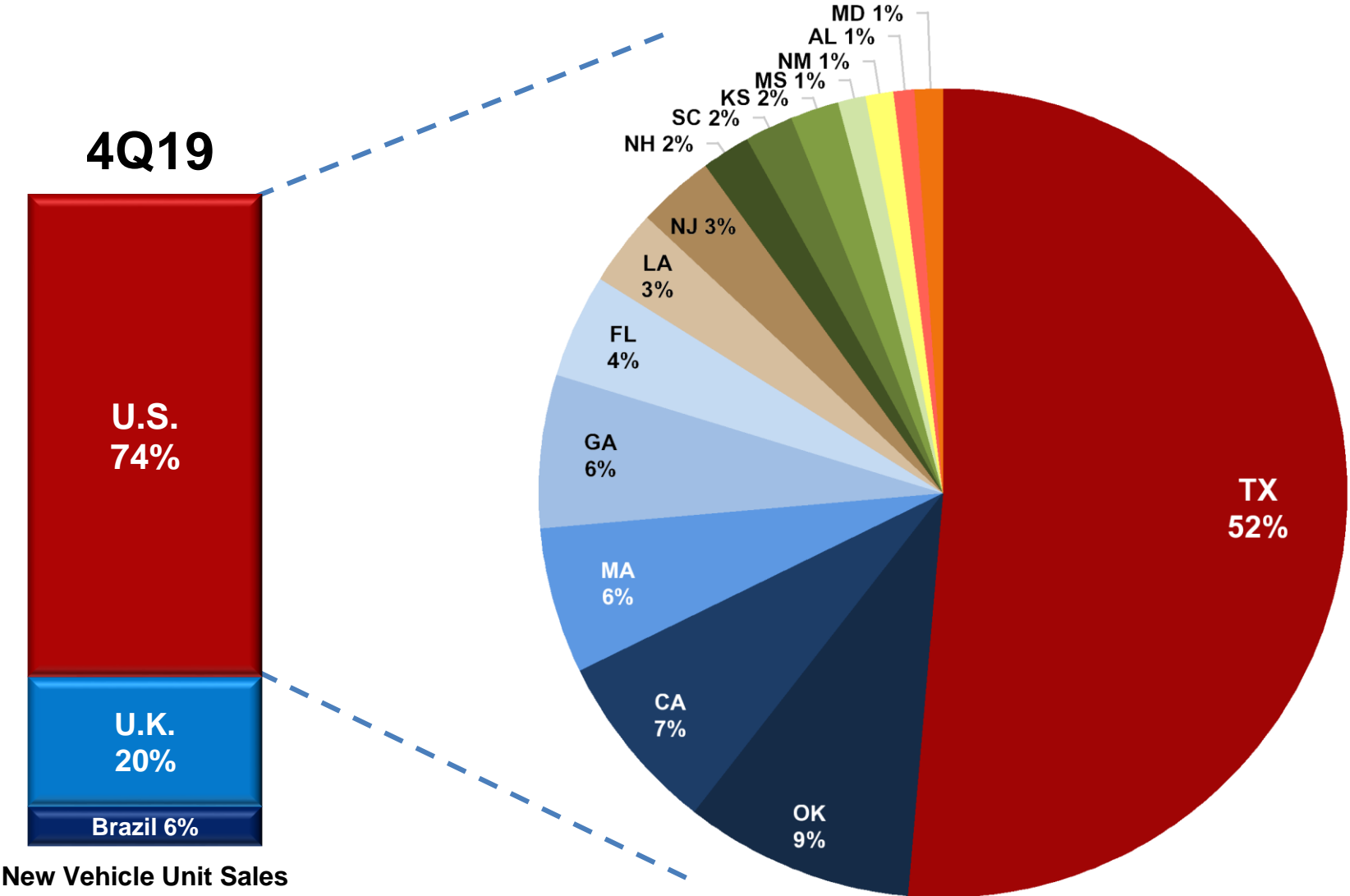
Paraná, São Paulo, and Santa Catarina

- 17 Dealerships
- 6% of NV Unit Sales



\*As of February 5, 2020.

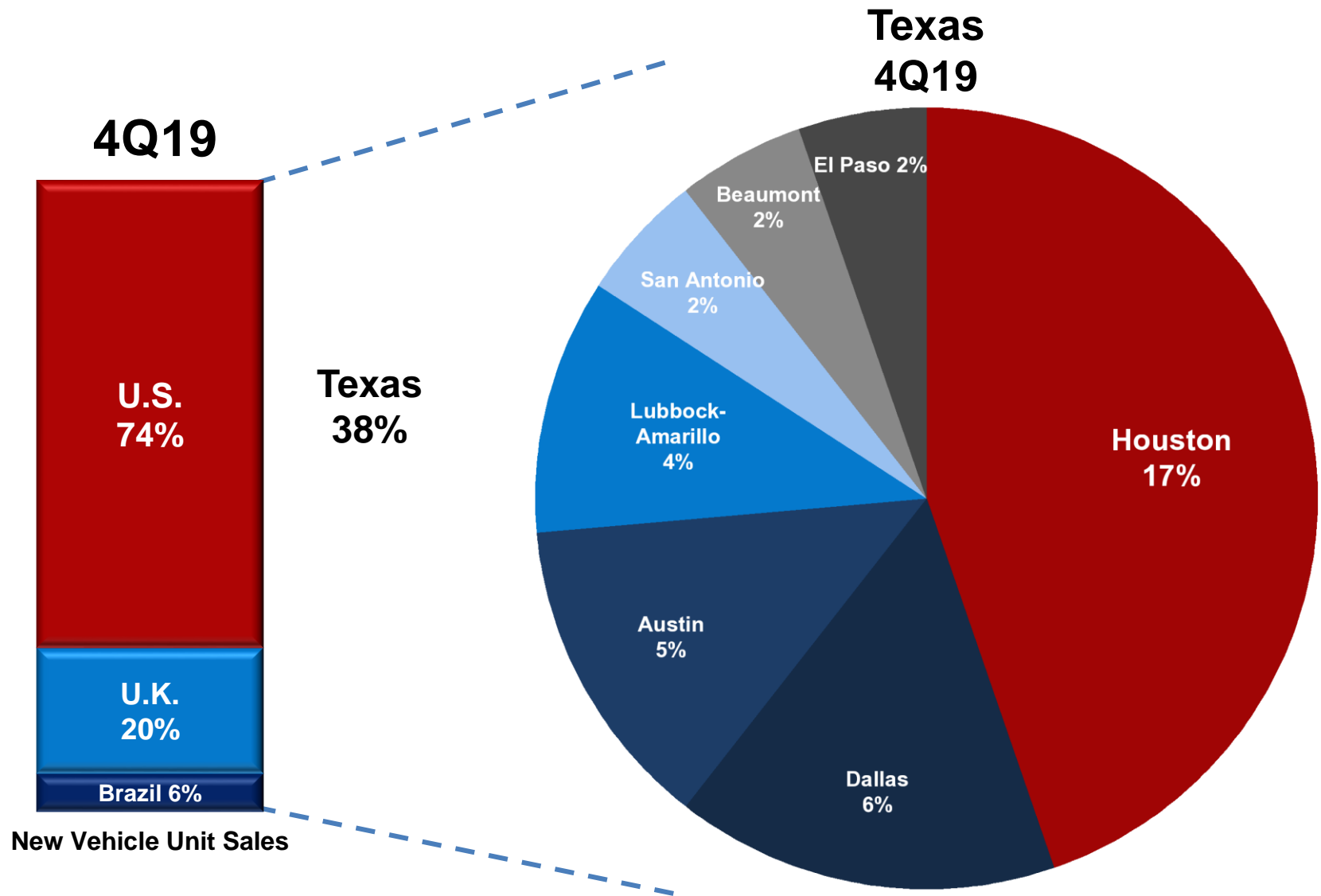
# Geographic Diversity



\*May not add to 100% due to rounding.



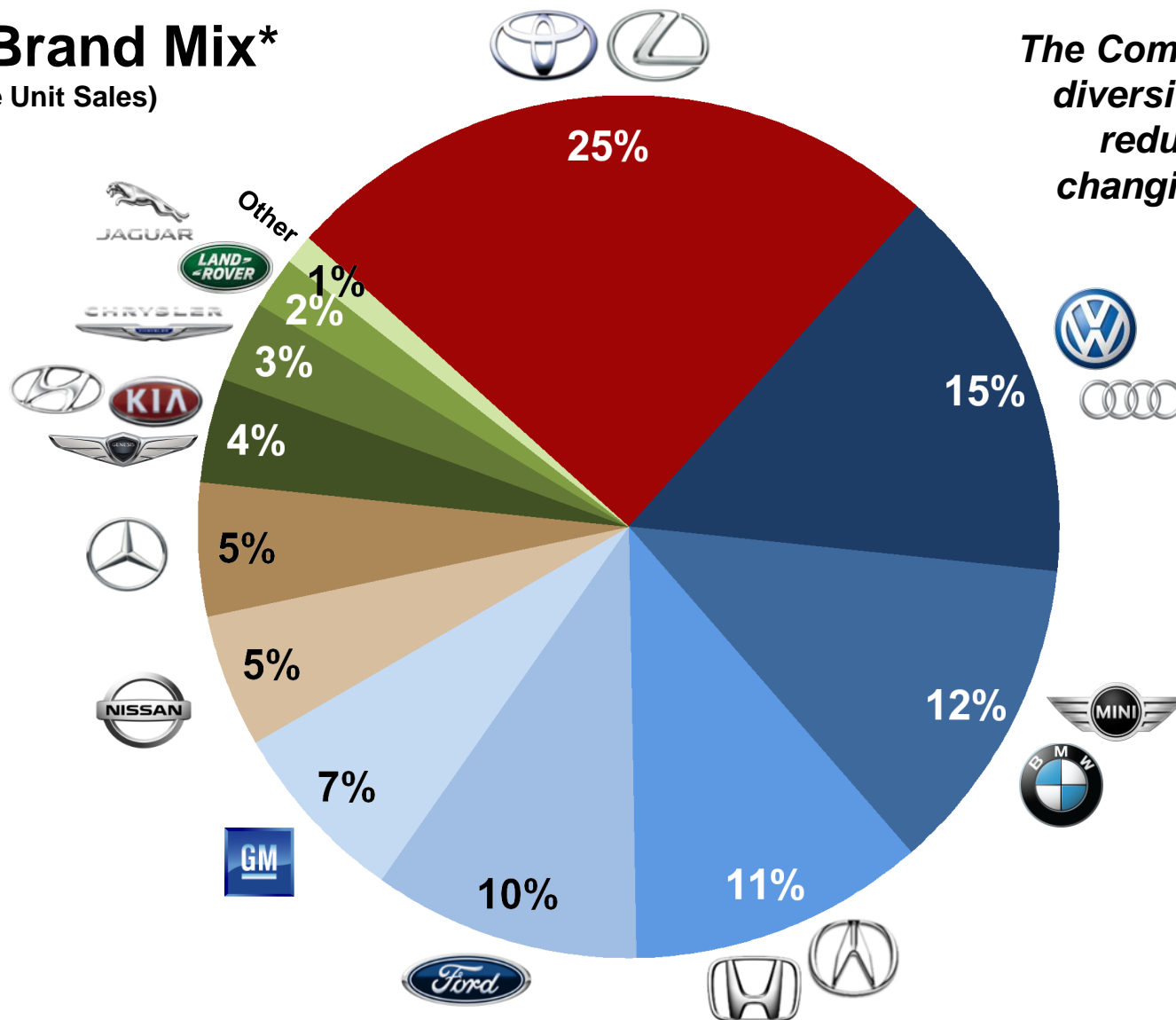
# Geographic Diversity – Texas



# Well-Balanced Brand Portfolio

## 4Q19 Brand Mix\*

(New Vehicle Unit Sales)

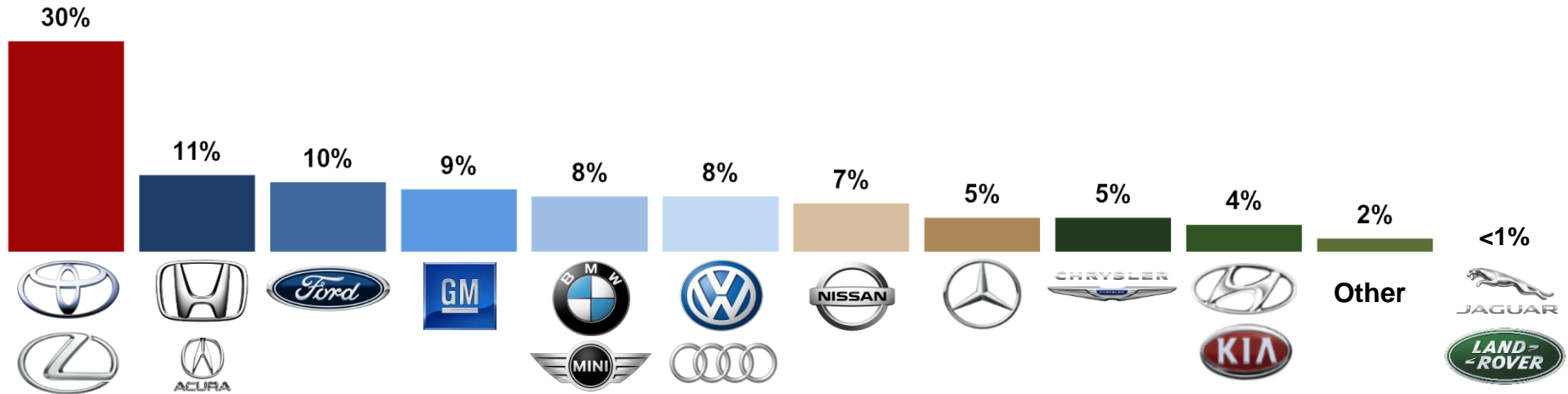


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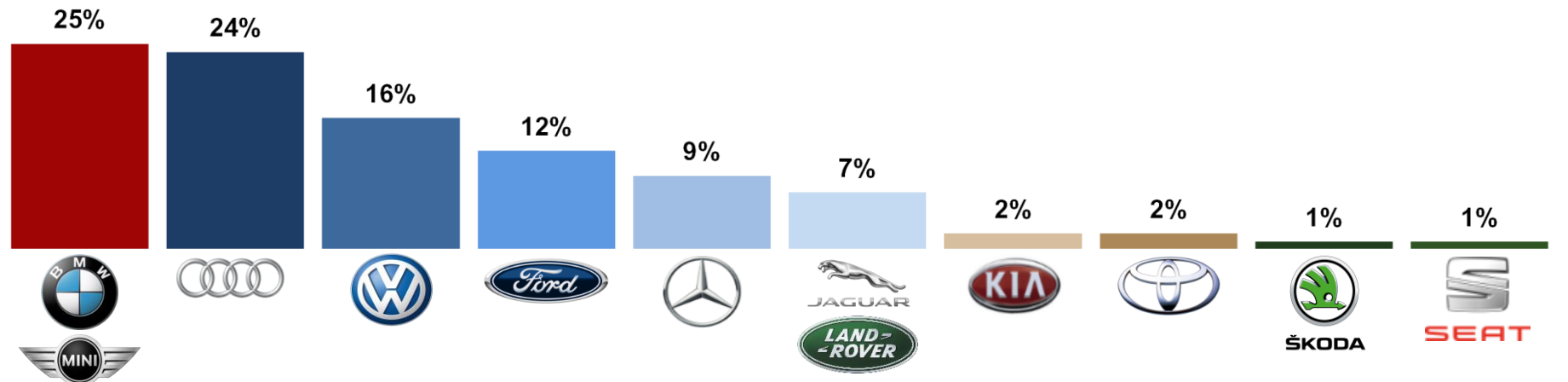


# U.S. & U.K. New Vehicle Brand Mix

## U.S. 4Q19\*

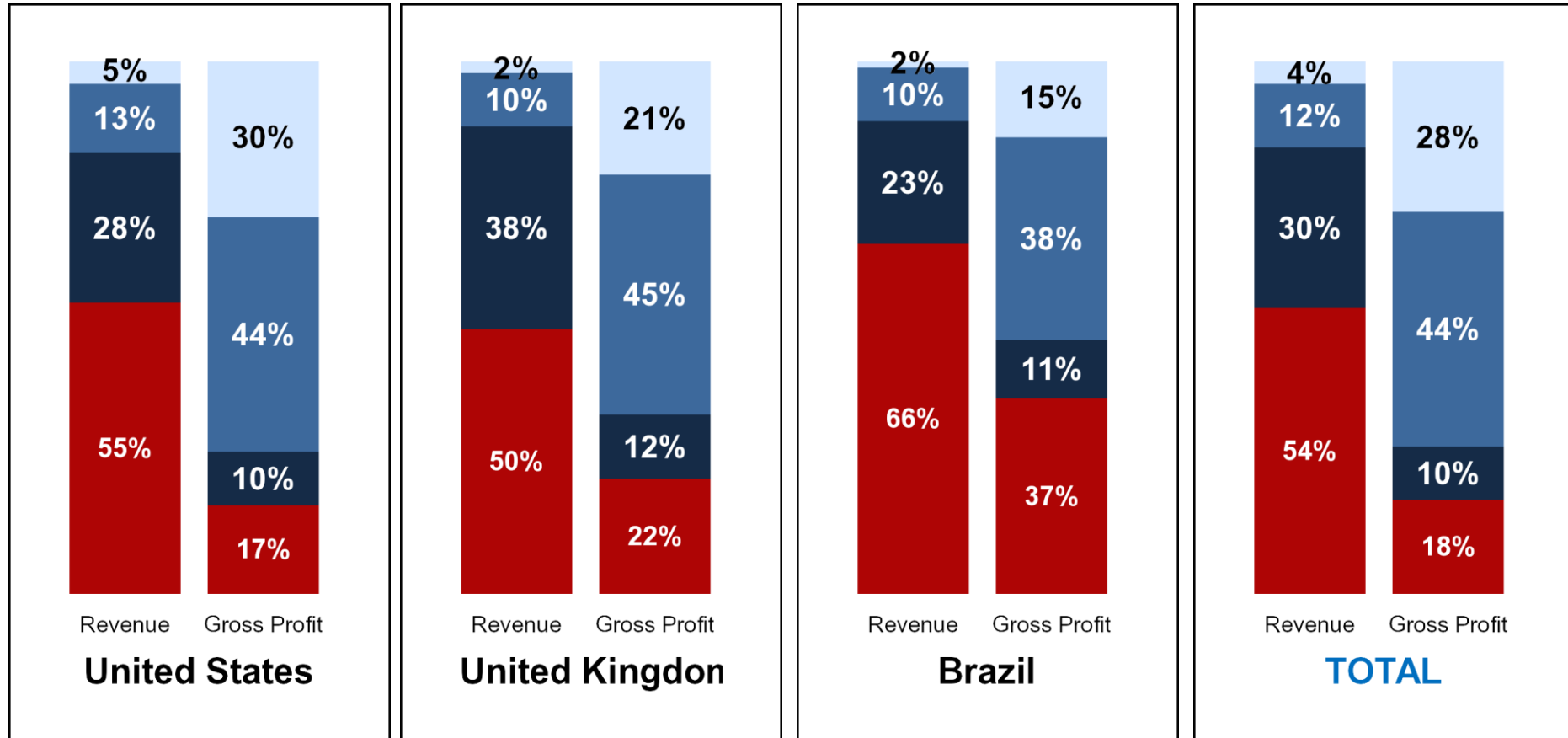


## U.K. 4Q19\*



\*May not add to 100% due to rounding.

# Business Mix Comp – 4Q19\*



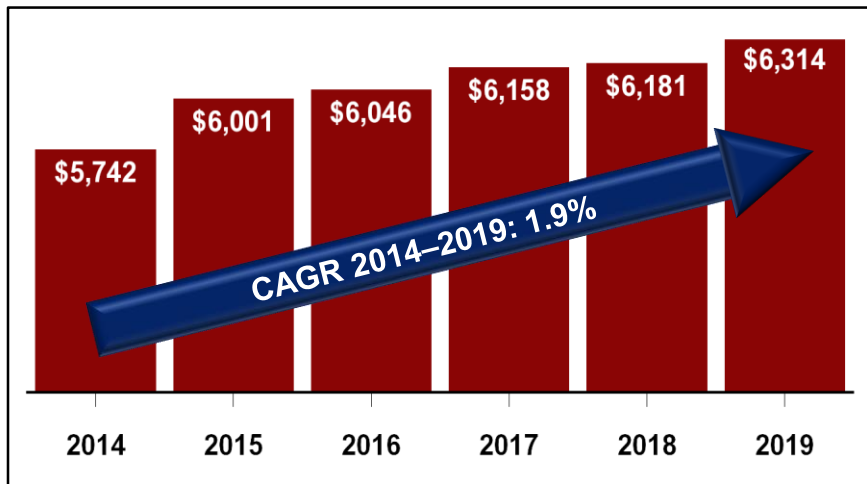
■ New Vehicles 
 ■ Used Vehicles 
 ■ Parts & Service 
 ■ Financial & Insurance

***Total Company Parts & Service Gross Profit Covers 90-95% of Total Company Fixed Costs and Parts & Service Selling Expenses***

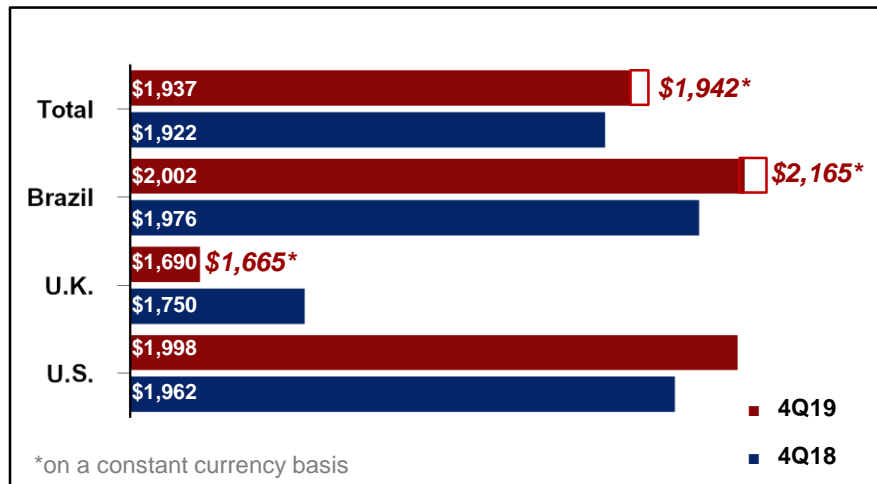
\*May not add to 100% due to rounding.

# New Vehicles Overview

## New Vehicle Revenue (\$mm)

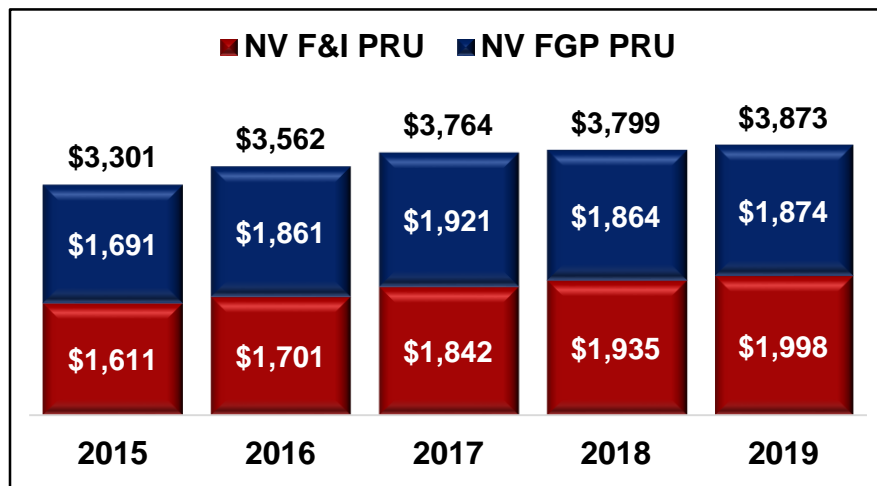


## New Vehicle Gross Profit per Unit (\$)

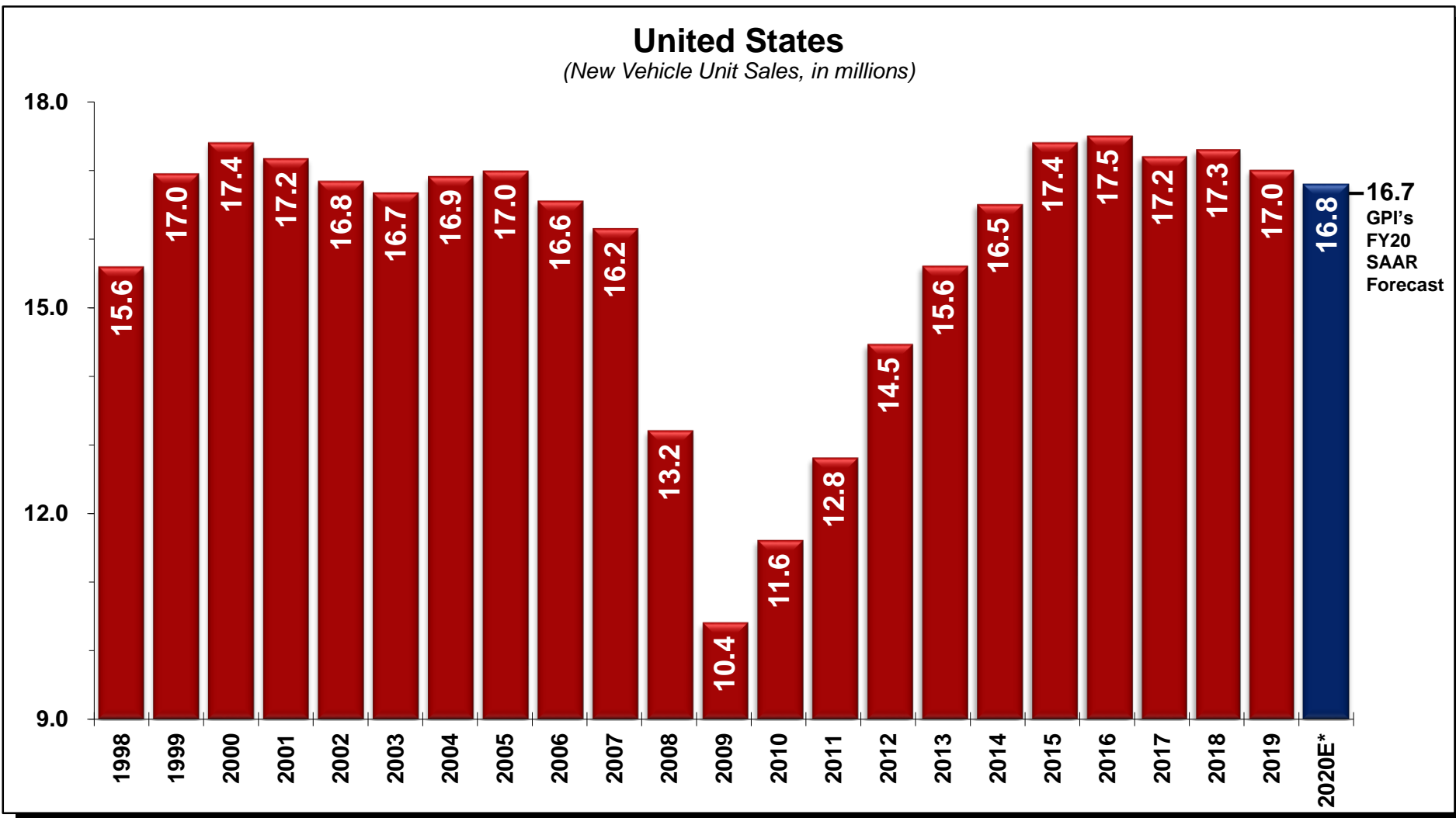


## Total U.S. New Vehicle Profitability (\$)

- Have grown U.S. total new vehicle gross profit PRU for the 5th consecutive year
- Continued focus on F&I processes and economies of scale
- Inventory stocking and volume bonus program discipline key to maintaining front gross profit PRU



# U.S. SAAR

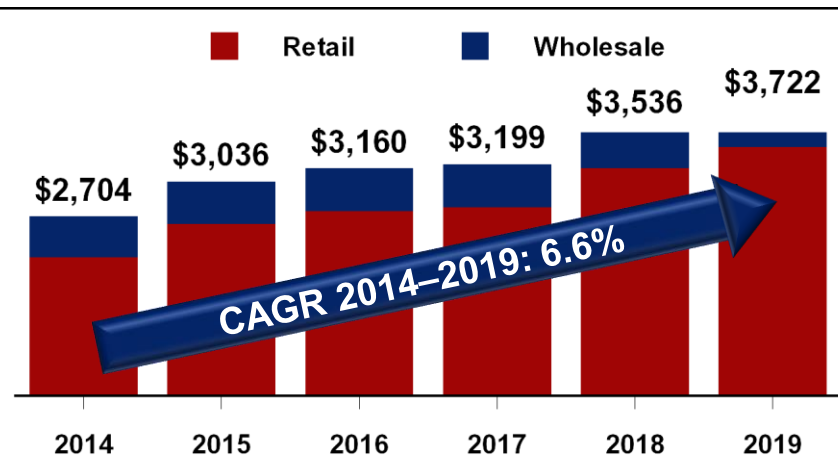


Source: LMC Automotive – U.S. New Vehicle Unit Sales Actuals

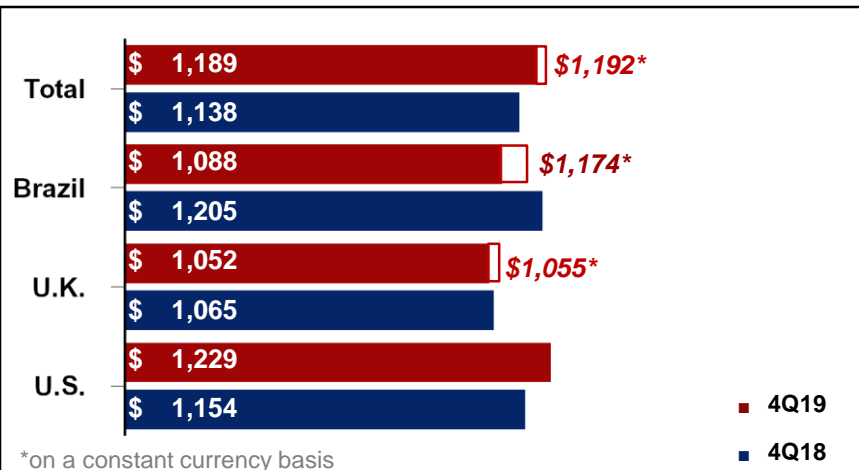
\*LMC Automotive's FY20 SAAR forecast

# Used Vehicle Overview

## Used Vehicle Revenue (\$mm)



## Retail Used Vehicle Gross Profit per Unit

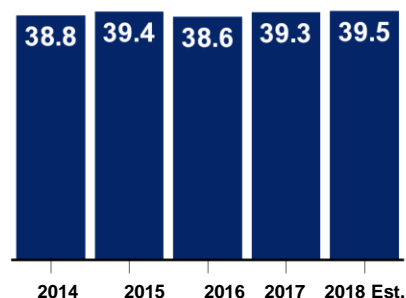


## 2019 Val-u-Line Results

- 11% of retail unit sales were Val-u-Line vs a 5% historical average
- Drove > \$3 million incremental gross profit
- 8% Same Store increase in used vehicle retail units; 6% decrease in wholesale units
- Shift from wholesale to retail channels drove a 13% increase in same store total used gross profit

## Used Market Size (in millions)<sup>1</sup> & Market Share<sup>2</sup>

### Annualized Used Vehicle Units



### Market Share



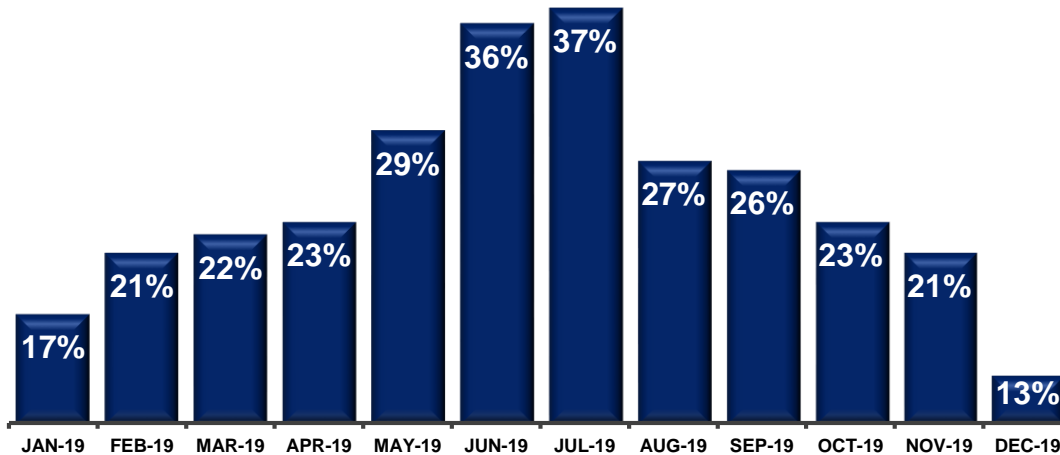
<sup>1</sup> Source: Cox Automotive 2018 Used Car Market Report & Outlook.

<sup>2</sup> Source: WardsAuto Group "U.S. Market Used Vehicle Sales" Report, 2015.

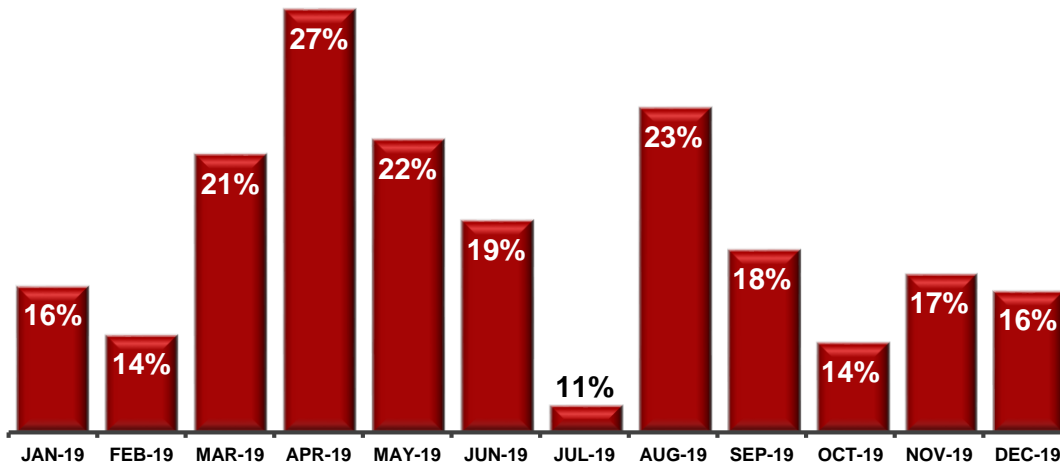
# 4Q19 Strategic Initiatives: Online Retailing



YoY Organic Traffic Growth



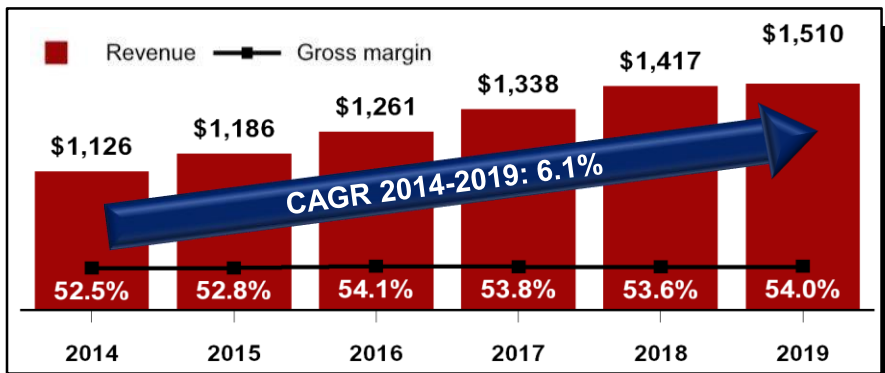
YoY Online Service Appointment Growth



- Online retailing initiative implemented across nearly all dealerships at the end of Dec. 31, 2019.
- Online scheduling of service appointments is being well accepted by customers – 29% of all U.S. appointments now scheduled online
- Increased emphasis on having industry leading ratings on Google and Facebook to become dealer of choice in terms of car buying and service experience

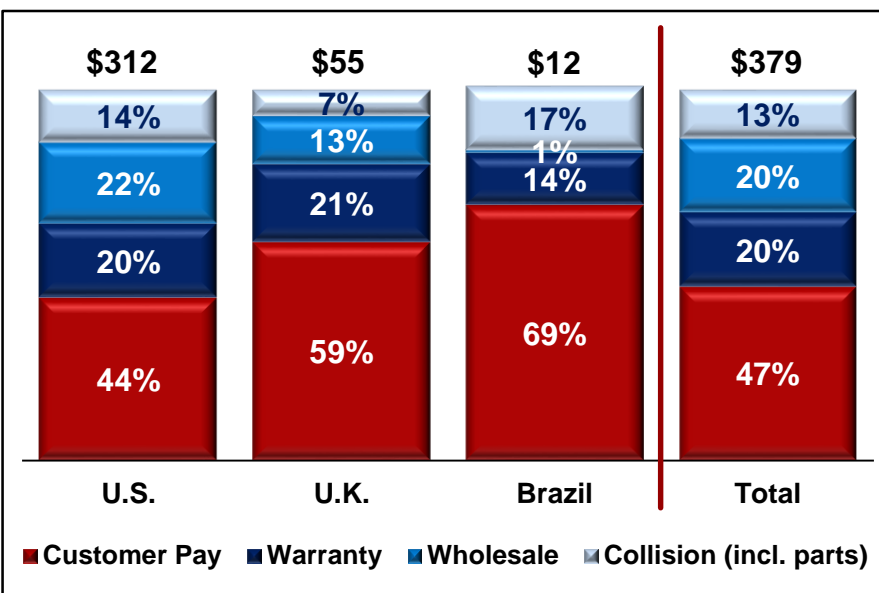
# Parts & Service Overview

## Consolidated P&S Revenue and Gross Margin (\$mm)



- Parts & service segment provides a stable base of free cash flow through economic cycles
- Using Customer Management Software (CMS) and technology to improve efficiencies and closing rates
- Enhancing customer touch points to improve retention and target points of defection
- Strategic emphasis on customer service is driving growth above sector average in this important segment
- Focused on adding human capacity through decreased employee turnover by implementing a 4 day work week for service departments
- The Company's U.S. year-over-year same store service advisor and technician headcount has grown a total of +11% as of 12.31.19**

## U.S. 4Q19 P&S Revenue\* (\$mm)



## Consolidated Same Store Revenue Growth<sup>#</sup>

	4Q18	1Q19	2Q19	3Q19	4Q19
Customer Pay	6.2%	7.1%	11.6%	11.8%	10.1%
Warranty	0.9%	16.2%	11.3%	8.1%	1.1%
Wholesale	5.0%	3.9%	6.3%	6.3%	4.2%
Collision	(5.5)%	2.8%	1.6%	5.8%	10.3%
% Growth	3.2%	7.7%	9.1%	9.1%	7.0%

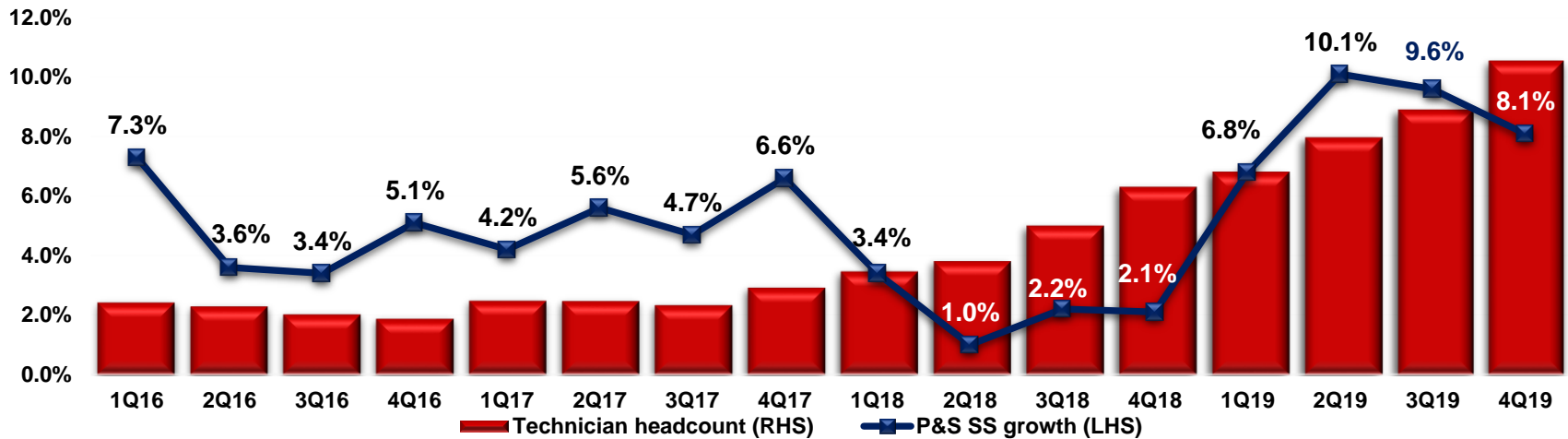
<sup>#</sup> In constant currency, as reported

\*May not add to 100% due to rounding



# Strategic Initiatives: Aftersales

U.S. Technician Headcount versus U.S. P&S Same Store Revenue YoY Growth



- **Adjustment of service personnel compensation structure as follows to address employee turnover, customer satisfaction, and to add capacity via expanded hours:**
  - Increase to fixed component of service advisor pay
  - Creation of well-defined career path for advancement
  - Launch of new, flexible work schedule featuring substantially more days off over the calendar year
  - Implementation of an in-house Service Advisor University dedicated to training the Company's approximately 1,000 U.S. customer service personnel
  - Implementation of an in-house Service Manager University
- **A four-day, flexible work schedule has been implemented across 75 U.S. stores as of 12.31.19**
- **85% of service revenues are covered by this initiative**
- **Employee hiring and retention rates have improved considerably**

# New Technology Business Impact

## ■ What do those changes mean to our service departments?

- According to Edmunds.com, the 5-year maintenance cost of a 2017 Nissan Leaf is \$2,865; and the 5-year maintenance cost of a 2017 Toyota Camry is \$3,094, an immaterial difference.
- While we do not expect repair costs to materially change, over the next three generations, we expect that the components of a repair will shift. Batteries, battery coolant, power units, electrically operated engine components and accessories will gradually replace the repairs currently made to ICE vehicles.
- As vehicle complexity continues to increase, it becomes more difficult for do-it-yourself ("DIY") and independent service shops to compete against us.
- Group 1's analysis suggests that we generate more revenue per repair order for vehicles with alternative powertrains.
- Group 1's retention rate is also higher for customers with Plug-in Hybrid Electric Vehicles ("PHEV") & Hybrid Electric Vehicles ("HEV") versus traditional Internal Combustion Engines ("ICE").

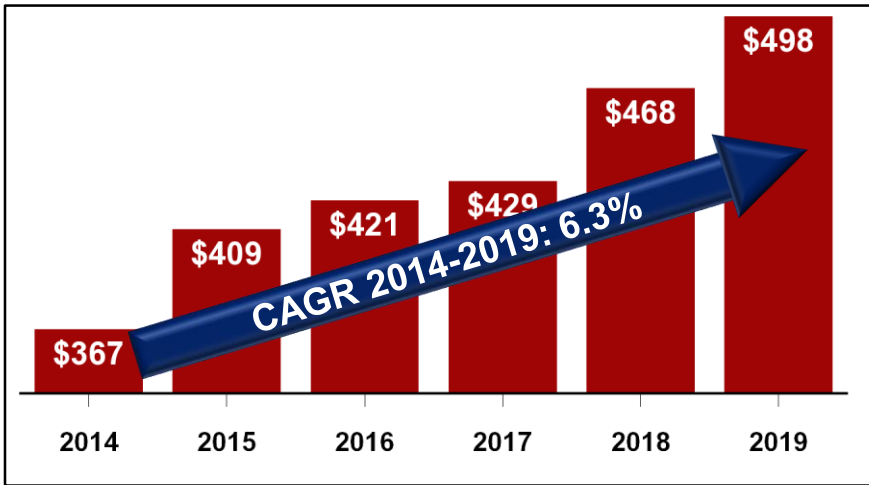
	\$ per RO (MODEL YEAR)				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
EV vs. ICE	-4%	19%	16%	2%	15%

RETENTION		
<u>2015</u>	<u>2016</u>	<u>2017</u>
9%	15%	10%

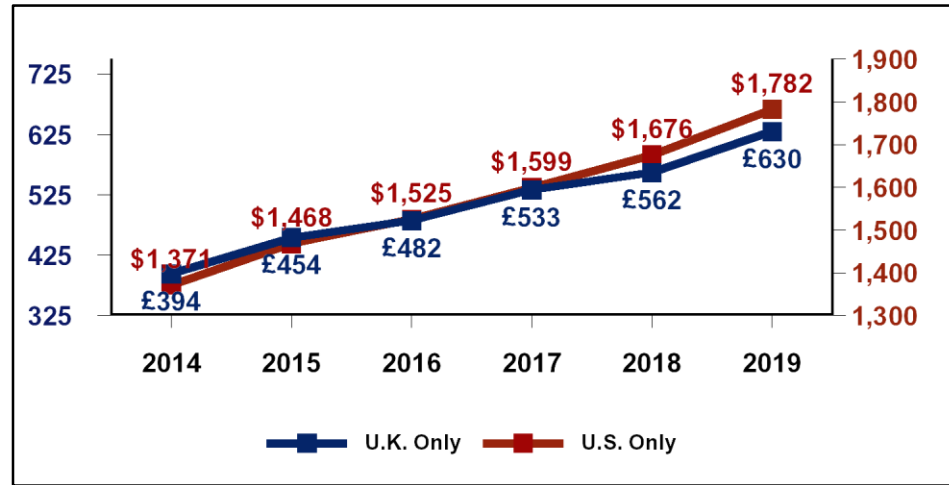
Note - Positive indicates EV is higher than ICE

# Finance & Insurance Overview

F&I revenue (\$mm)



F&I gross profit per retail unit



**F&I profitability growth accomplished via focus on people and processes:**

- Consolidation of lender base
- Consumer financing at pre-recession levels and full credit spectrum available
- Integration of compliance, training and benchmarking to offer a consistent and transparent experience for internal and external customers
- Val-u-Line impacting PRU, but delivering incremental gross profit dollars

F&I gross penetration (\$)

F&I Penetration Rates & PRU

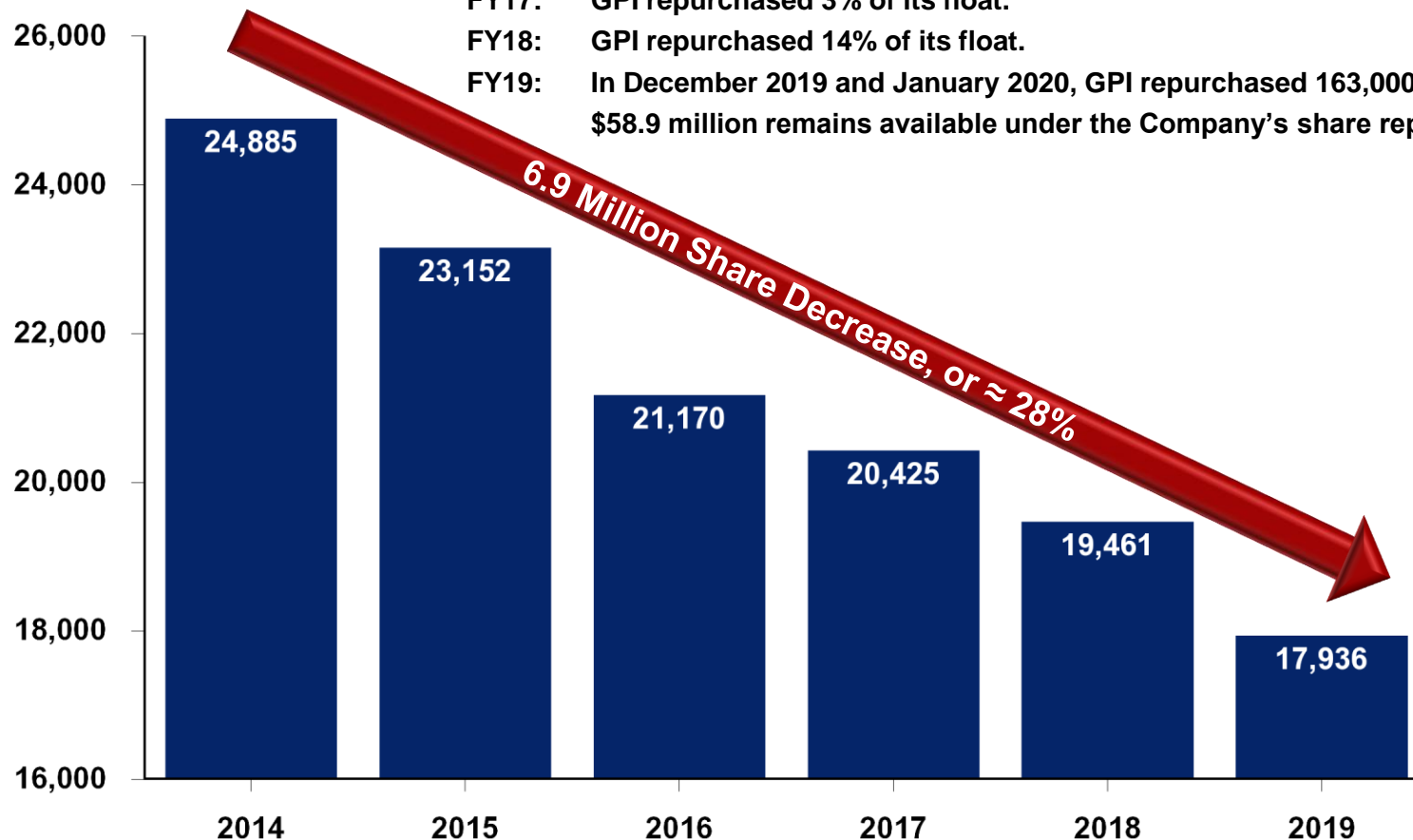
	2016	2017	2018	2019			
				Total	US	UK	Brazil
Finance	67%	67%	65%	65%	72%	48%	40%
VSC	32%	32%	32%	32%	42%	4%	—%
GAP	27%	28%	29%	29%	29%	35%	—%
Maintenance	10%	11%	12%	11%	14%	—%	—%
Sealant	21%	22%	24%	28%	29%	31%	—%
Gross Profit PRU	\$1,368	\$1,397	\$1,442	\$1,519	\$1,782	\$806	\$551

# Share Repurchase Summary



- FY14:** In 2Q14, GPI repurchased 80% of its 3% Convertible Notes, reducing share count by approximately 1.9 million. In 3Q14, GPI repurchased the remaining 3% Convertible Notes and extinguished all of the 2.25% Convertible Notes, reducing share count by approximately 800,000.
- FY15:** GPI repurchased 5% of its float.
- FY16:** GPI repurchased 10% of its float.
- FY17:** GPI repurchased 3% of its float.
- FY18:** GPI repurchased 14% of its float.
- FY19:** In December 2019 and January 2020, GPI repurchased 163,000 shares. \$58.9 million remains available under the Company's share repurchase authorization.

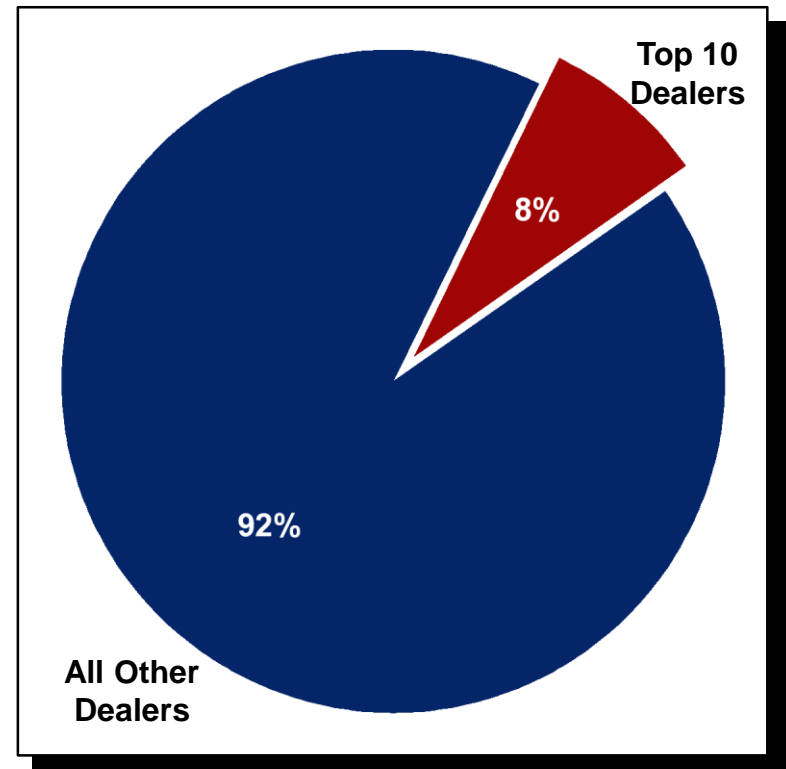
GPI Weighted Average  
Common Shares  
(in thousands)



# External Growth Opportunities

- **Plentiful acquisition opportunities**
  - Aging franchise ownership looking for exit strategy in U.S. and Brazil
- **Very large and extremely fragmented market in U.S.**
  - \$1 trillion market<sup>(1)</sup>
  - Top 10 groups represent approximately 8% of the market<sup>(2)</sup>
- **Growing market in Brazil**
  - Opportunity for open points

U.S. New Vehicle Unit Sales <sup>(2)</sup>



<sup>(1)</sup> Source: CNW Marketing Research

<sup>(2)</sup> Source: Based on Automotive News data

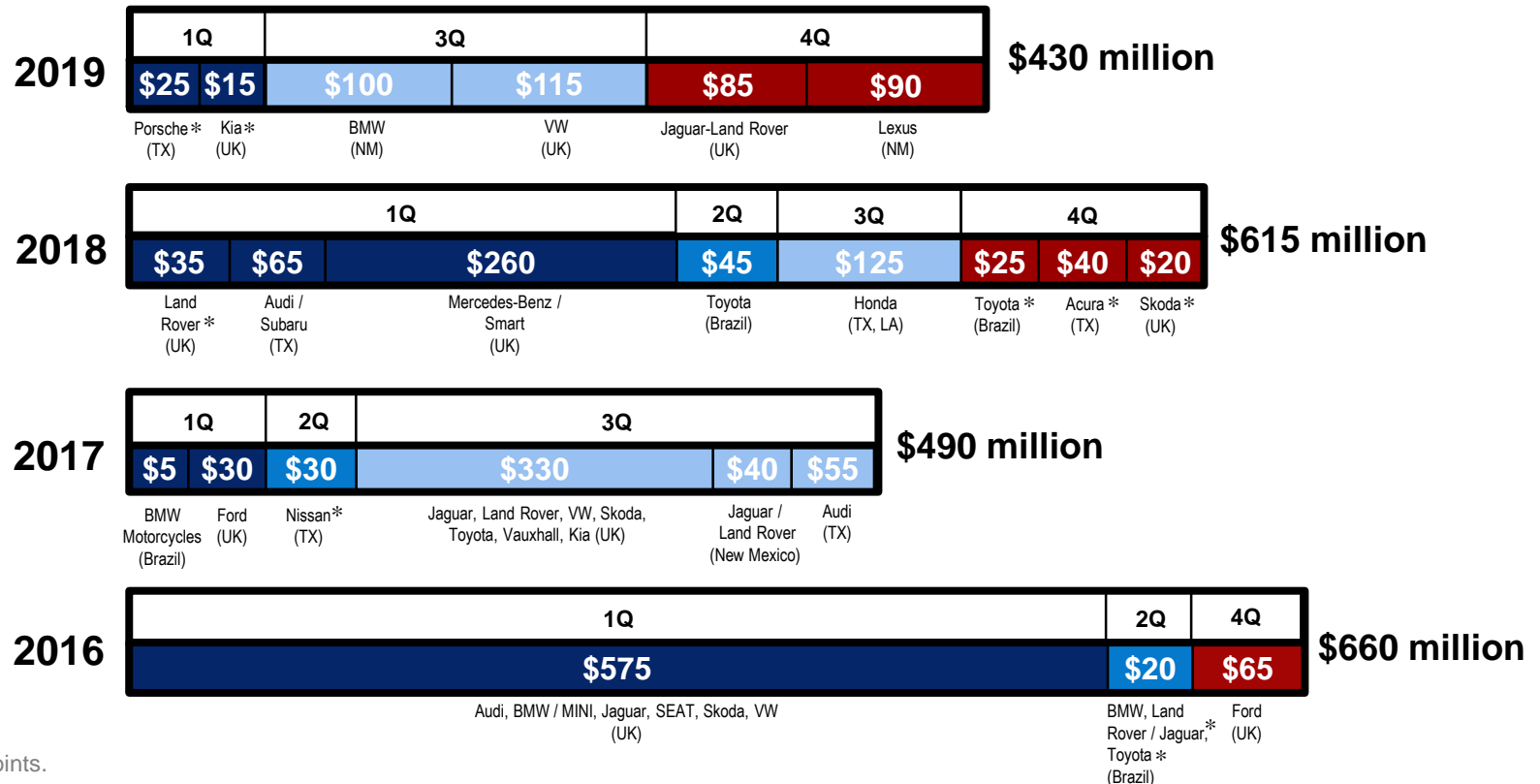
# Acquisition Strategy

- Group 1 is well positioned to take advantage of acquisition opportunities and grow scale in existing markets (U.S., U.K., and Brazil)
- The Company targets acquisitions that clear return hurdles (10% after-tax discounted cash flow)

## Acquisitions

(Estimated Annual Revenues)

(\$mm)



\*OEM-granted open points.  
Note: As of February 5, 2020.

## ■ Overall Outlook

- In a flat-to-modestly-declining new vehicle environment, management remains confident in its ability to grow earnings based on its business model strategies around used vehicles, parts & service, and F&I.
- Continued cost control focus across all business regions.
- Continued implementation of strategic initiatives in aftersales and used vehicles across the U.S., U.K., and Brazilian markets.
  - **Aftersales** – The Company expects total aftersales growth to continue to expand by at least mid-single digit rates.
  - **Used Vehicles** – The focus will be on continued execution of the Val-u-Line initiative, improvement in lowering discounts off advertised pricing, and further development of better sourcing alternatives.

## ■ Regional Outlook

- **U.S.** – The Company expects only a slight decline in the new vehicle market as consumer confidence improves and interest rates remain favorable.
- **U.K.** – With Brexit resolution, a rebound in both consumer confidence and vehicle sales is expected.
- **Brazil** – The Brazilian market continues to recover from recession and the auto industry still has room to rebound.





# Conclusion

- **Well-balanced portfolio (geography, business mix and brands)**
- **Profitability of different business units through the cycle**
  - Model proved itself during recession
  - 2019 results have demonstrated ability to grow earnings in a stagnate / declining new vehicle sales environment
- **Streamlined business -- generating cash**
- **Strong balance sheet**
- **Increased focus on shareholder-value enhancing capital allocation strategy**
- **Operational growth and leverage**
  - Opportunity to drive growth in used vehicle and Parts & Service with process improvements in all markets
  - New Strategic initiatives launched in the U.S. aimed at growing used vehicles and increasing aftersales capacity
  - Finance & Insurance initiatives should drive further growth in the U.K. and Brazil
  - Continued leverage opportunities as gross profit increases
- **Experienced, successful and driven management team**



## **CORE VALUES**

<b>Integrity</b>	We conduct ourselves with the highest level of ethics both personally and professionally when we sell to and perform service for our customers without compromising our honesty
<b>Transparency</b>	We promote open and honest communication between each other and our customers
<b>Professionalism</b>	We set our standards high so that we can exceed expectations and strive for perfection in everything we do
<b>Teamwork</b>	We put the interest of the group first, before our individual interests, as we know that success only comes when we work together





United States



United Kingdom



Brazil

# Appendix

# Operating Management Team - Corporate



**Earl J. Hesterberg – President and Chief Executive Officer and Director**

(April 2005)

- 35+ Years Industry Experience
- Manufacturer and Automotive Retailing Experience: Ford Motor Company; Ford of Europe; Gulf States Toyota; Nissan Motor Corporation in U.S.A.; Nissan Europe



**Daryl Kenningham – President, U.S. Operations**

(July 2011)

- 35+ Years Industry Experience
- Manufacturer and Automotive Retailing Experience: Ascent Automotive; Gulf States Toyota; Nissan Motor Corporation in U.S.A. and Japan



**John C. Rickel – Senior Vice President and Chief Financial Officer**

(December 2005)

- 30+ Years Industry Experience
- Manufacturer and Automotive Retailing Experience: Ford Motor Company; Ford Europe



**Frank Grese Jr. – Senior Vice President, Human Resources, Training and Operations Support**

(December 2004)

- 40+ Years Industry Experience
- Manufacturer and Automotive Retailing Experience: Ford Motor Company; Nissan Motor Corporation in U.S.A.; AutoNation; Van Tuyl



**Darryl M. Burman – Senior Vice President and General Counsel**

(December 2006)

- 20+ Years Industry Experience
- Automotive-related Experience: Mergers and Acquisitions; Corporate Finance; Employment and Securities Law – Epstein Becker Green Wickliff & Hall, P.C.; Fant & Burman, L.L.P.



**Peter C. DeLongchamps – Senior Vice President, Financial Services and Manufacturer Relations**

(July 2004)

- 30+ Years Industry Experience
- Manufacturer and Automotive Retailing Experience: General Motors Corporation; BMW of North America; Advantage BMW in Houston

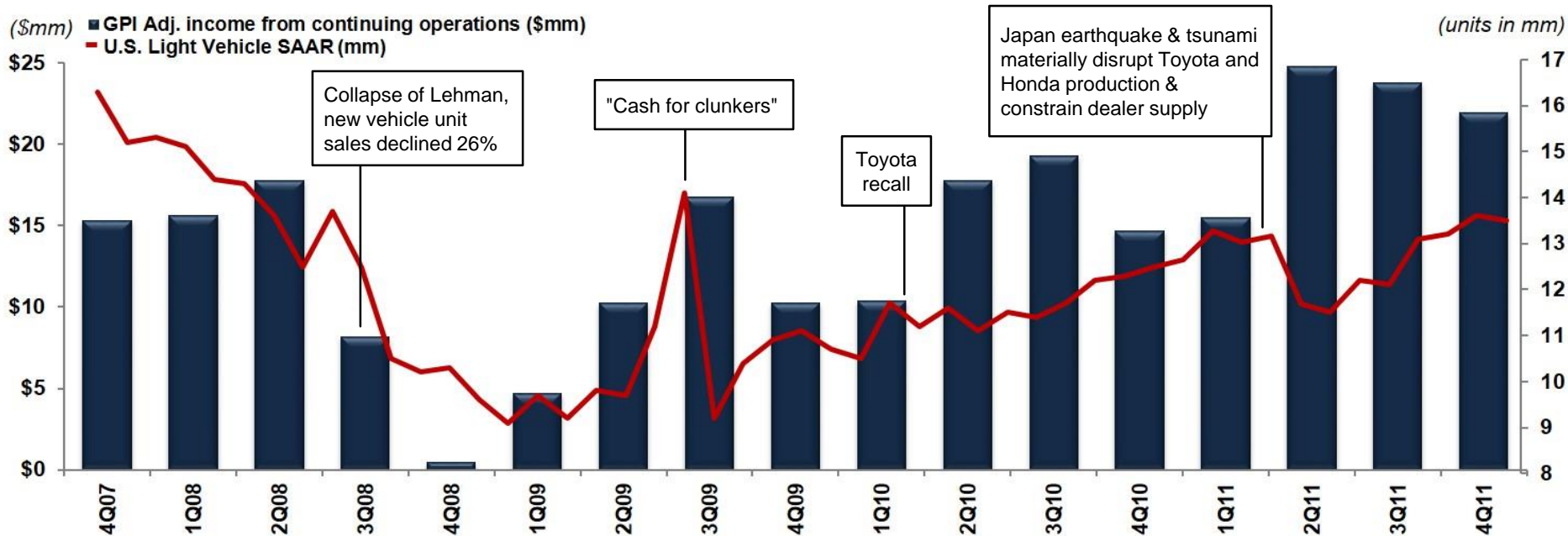


**Michael Jones – Senior Vice President, Aftersales**

(April 2007)

- 40+ Years Industry Experience
- Automotive-related Experience: Fixed Operations - Asbury Automotive; David McDavid Automotive Group; Ryan Automotive Group

# Profitable Throughout Downturn



(\$mm)	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Quarterly Revenue	\$ 1,134	\$ 1,020	\$ 1,109	\$ 1,247	\$ 1,150	\$ 1,191	\$ 1,419	\$ 1,462	\$ 1,438	\$ 1,409	\$ 1,474	\$ 1,570	\$ 1,626
Quarterly Adjusted EBITDA*	\$ 16	\$ 21	\$ 31	\$ 42	\$ 29	\$ 31	\$ 41	\$ 45	\$ 37	\$ 39	\$ 55	\$ 54	\$ 51
Quarterly Adjusted EBIT*	\$ 10	\$ 15	\$ 24	\$ 35	\$ 23	\$ 24	\$ 34	\$ 38	\$ 31	\$ 33	\$ 48	\$ 47	\$ 44
<b>Quarterly Adjusted Net Income*</b>	<b>\$ 1</b>	<b>\$ 5</b>	<b>\$ 10</b>	<b>\$ 17</b>	<b>\$ 10</b>	<b>\$ 10</b>	<b>\$ 18</b>	<b>\$ 19</b>	<b>\$ 15</b>	<b>\$ 16</b>	<b>\$ 25</b>	<b>\$ 24</b>	<b>\$ 22</b>
LTM Adjusted EBITDAR*	\$ 183	\$ 163	\$ 149	\$ 162	\$ 174	\$ 183	\$ 194	\$ 196	\$ 205	\$ 213	\$ 225	\$ 233	\$ 247

<sup>1</sup> Total debt + 8x rent expense.

\* See appendix for reconciliations.



# U.K. Locations

## UNITED KINGDOM – England 50 Dealerships (67 Franchises)



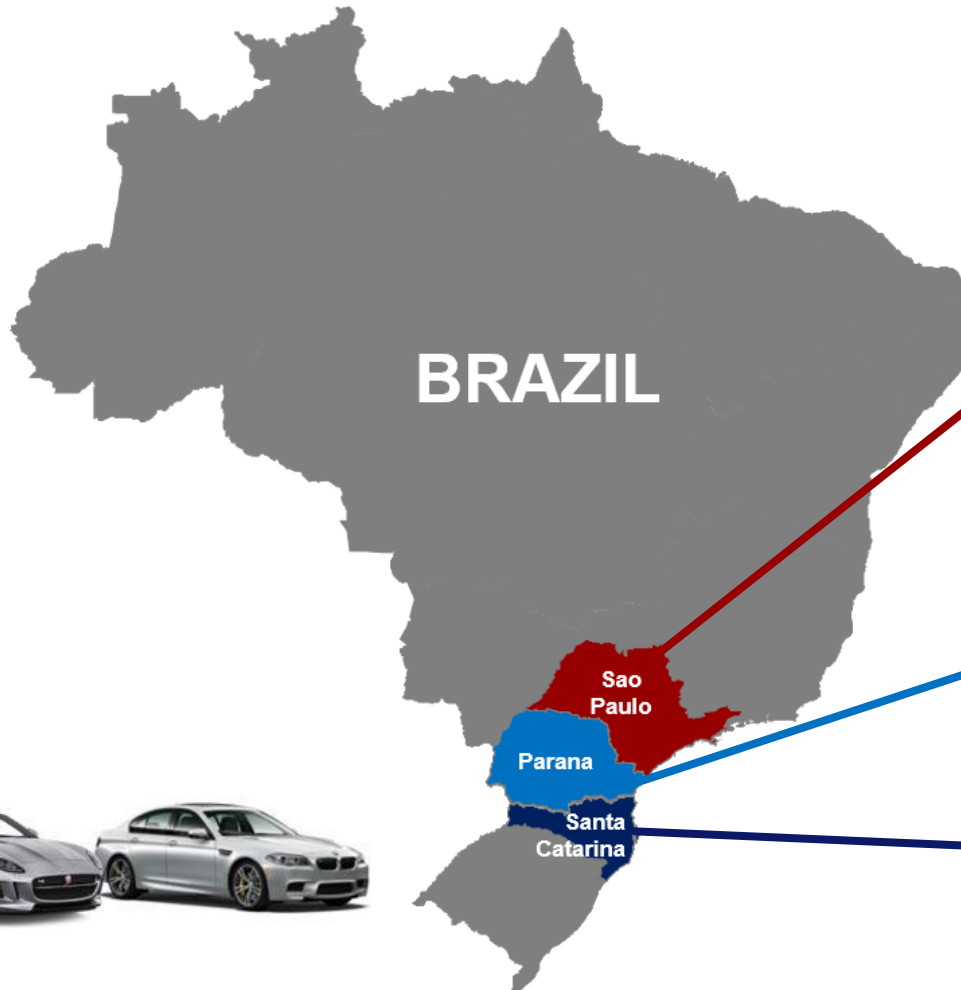


# Brazil Locations

**Group 1 is aligned with growing brands in Brazil.**

■ **17 Dealerships (22 Franchises):**

- BMW (5)
- Toyota (5)
- Honda (4)
- Jaguar (3)
- Land Rover (3)
- MINI (2)



**São Paulo Locations**

- Santo Andre
- São Bernardo do Campo
- São Caetano do Sul
- São Jose dos Campos
- São Paulo
- Taubaté



**Paraná Locations**

- Cascavel
- Curitiba
- Londrina
- Maringá



**Santa Catarina Location**

- Joinville



# Trade-In Tax Impact

- **The amount of tax due on a vehicle purchase depends on:**
  - Price (cash or financed amount) of the car to be purchased\*
  - Value of a trade-in vehicle, if applicable
  - State's sales tax policies
- **In the United States, 40 states feature a tax credit on the value of a trade-in vehicle, which applies to 12 of the 15 states in which the Company operates.**
- ***Example of “with versus without trade-in” impact on vehicle purchase cost:***

VEHICLE PURCHASE EXAMPLE:		WITH TRADE-IN	WITHOUT TRADE-IN
Sales Price	\$	40,000.00	\$ 40,000.00
Trade-In Allowance	\$	25,000.00	n/a
Taxable Amount	\$	15,000.00	\$ 40,000.00
Tax %		6.25%	6.25%
Tax Due	\$	937.50	\$ 2,500.00
<b>COST (Vehicle + Tax):</b>	<b>\$</b>	<b>40,937.50</b>	<b>\$ 42,500.00</b>
<b>TAX IMPACT on NET DIFFERENCE of COST:</b>		<b>\$1,562.50</b>	

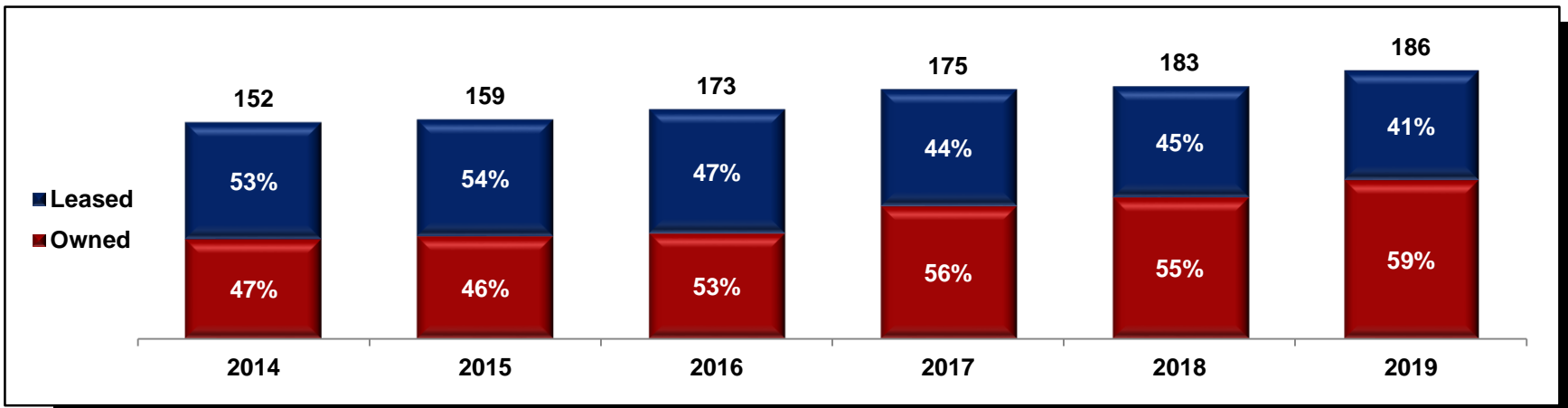
\*In many states, sales tax is not applied to a lease and sales tax credits are not applied to trade-in's associated with a new car lease.

- **GPI is shifting toward owning its real estate:**
  - Control of dealership real estate is a strong strategic asset;
  - Ownership means better flexibility and lower cost; and
  - The Company looks for opportunistic real estate acquisitions in strategic locations.
- **As of December 31, 2019, the Company owns ~ \$1.2 billion of net real estate (59% of dealership locations) financed through ~ \$450 million of mortgage debt.**

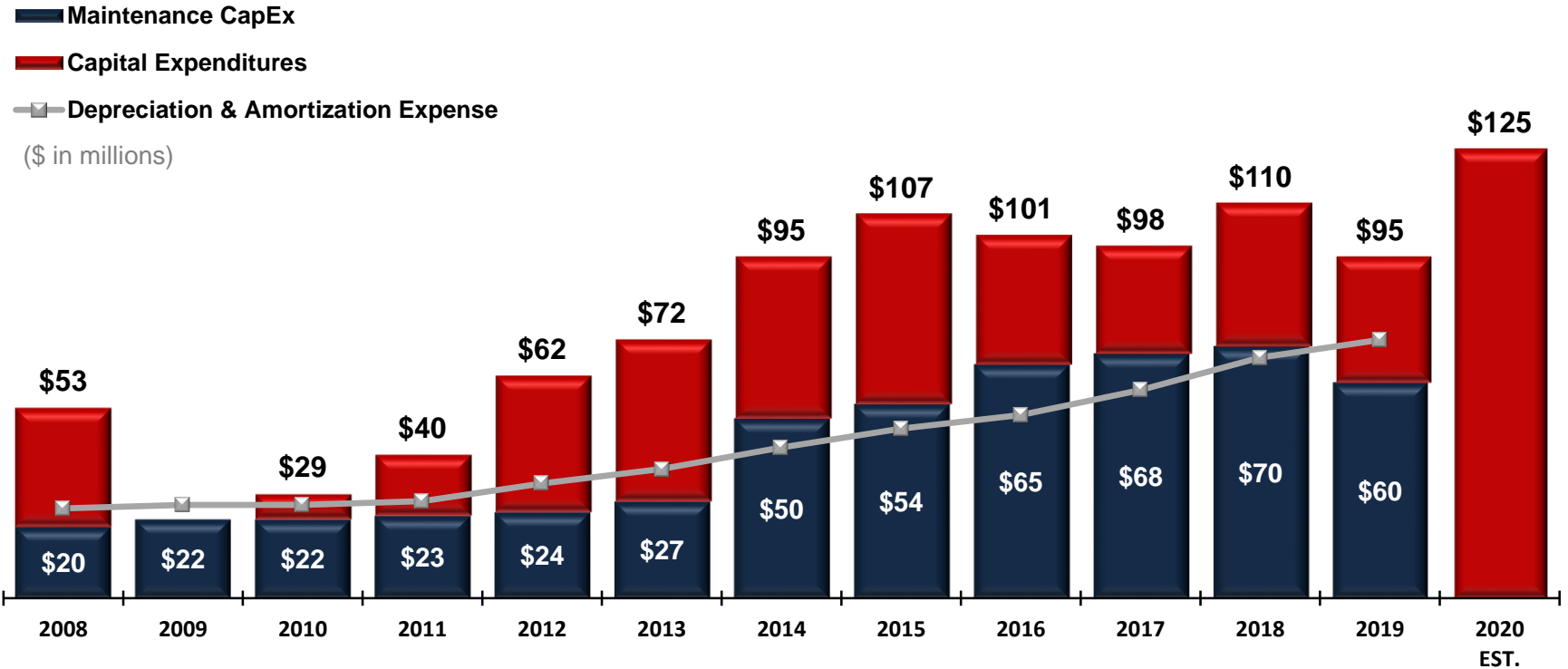
**Dealership property breakdown by region  
(as of December 31, 2019)**

<u>Region</u>	<u>Dealerships</u>	
	<u>Owned</u>	<u>Leased</u>
United States	84	35
United Kingdom	21	29
Brazil	5	12
<b>Total</b>	<b>110</b>	<b>76</b>

**Leased vs. Owned Properties**



# Capital Expenditures



Note: Excludes real estate purchases.

# Consolidated Financial Results



## Financial Results - Consolidated

\$ in millions

	Three Months Ended December 31,				Year Ended December 31,			
	2019	2018	% Change	C.C. <sup>(2)</sup>	2019	2018	% Change	C.C. <sup>(2)</sup>
Revenues	\$ 3,111	\$ 2,909	7.0	7.3	\$ 12,044	\$ 11,601	3.8	5.1
Gross Profit	\$ 465	\$ 432	7.5	7.7	\$ 1,816	\$ 1,725	5.3	6.2
SG&A as a % of Gross Profit	72.8%	75.0%	(220)	bps	74.8%	73.8%	100	bps
Adj. SG&A as a % of Gross Profit <sup>(1)</sup>	72.9%	74.8%	(190)	bps	74.0%	74.6%	(60)	bps
Net Income	\$ 48.1	\$ 30.7	56.5		\$ 174.0	\$ 157.8	10.3	
Adjusted Net Income <sup>(1)</sup>	\$ 56.3	\$ 43.8	28.5		\$ 203.6	\$ 179.6	13.4	
Diluted EPCS	\$ 2.57	\$ 1.62	58.7		\$ 9.34	\$ 7.83	19.3	
Adjusted Diluted EPCS <sup>(1)</sup>	\$ 3.01	\$ 2.31	30.3		\$ 10.93	\$ 8.91	22.7	

(1) See appendix for GAAP reconciliation

(2) Constant currency basis

# Debt Maturity

(in millions)	Maturity Date	As of December 31, 2019		Funding Capacity
		Actual	Available Liquidity	
Cash and cash equivalents		\$ 23.8	\$ 23.8	
Short-Term Debt				
Inventory Financing - Credit Facility <sup>(1)</sup>	2024	\$ 1,099.1	\$ 106.8	\$ 1,440.0
Inventory Financing - Other <sup>(2)</sup>		505.1	4.1	
Current Maturities - Long-Term Debt		59.1		
		<u>\$ 1,663.3</u>	<u>\$ 111.0</u>	<u>\$ 1,440.0</u>
<b>Available Cash</b>			<b>\$ 134.8 <sup>(4)</sup></b>	
Long-Term Debt				
Acquisition Line of Credit <sup>(1,3)</sup>	2024	\$ 72.5	265.4	360.0
5.00% Senior Unsecured Notes (Face: \$550.0 Million)	2022	545.5		
5.25% Senior Unsecured Notes (Face: \$300.0 Million)	2023	297.3		
Real Estate	2021 - 2034	419.9		
Finance (Capital) Leases	2021 - 2037	76.3		
Other	2021 - 2028	20.6		
Total Long-Term Debt		<u>\$ 1,432.1</u>		
Total Debt		<u>\$ 3,095.4</u>	<u>\$ 400.2</u>	<u>\$ 1,800.0</u>

- 1) The capacity under the floorplan and acquisition tranches of our credit facility can be redesignated within the overall \$1.8 billion commitment. Further, the borrowings under the acquisition tranche may be limited from time to time based upon certain debt covenants.
- 2) Borrowings for new, used, and rental vehicle financing not associated with the Company's domestic syndicated credit facility.
- 3) The available liquidity balance at December 31, 2019 considers the \$23.6 million of letters of credit outstanding.
- 4) Available cash of \$134.8 million is total of cash and cash equivalents plus the U.S. offset accounts. The U.S. offset accounts are amount of excess cash that are used to pay down floorplan but can be immediately redrawn against inventory.

# Interest Rate Variability

(in millions)	Actual	Variable %
Vehicle Financing	\$1,604.3	92.9%
Real Estate & Other Debt <sup>(3)</sup>	\$648.5	59.6%
Senior Notes <sup>(1)</sup>	\$850.0	0%
<hr/>		
SWAPS <sup>(2)(3)</sup>	\$850.0	100%

<sup>(1)</sup> Face Value  
<sup>(2)</sup> SWAPS range from \$100-\$850 million through 2030, see following slide for more details  
<sup>(3)</sup> excludes real estate interest rate SWAPS

- **Primary exposure is short-term interest rate changes; key exposure is one-month LIBOR**
- **Group 1 has mitigated the majority of its risk exposure for rising interest rates through a combination of the swaps and fixed rate debt.**
- **Manufacturer floorplan assistance offsets a portion of interest rate impact:**
  - As interest rates go up, manufacturers have historically offered additional interest assistance to help offset the variance
  - ~ 80% of variable inventory financing is eligible for floorplan assistance as used vehicle; rental and most foreign financing are not eligible for floorplan assistance
  - Interest assistance is recognized in new vehicle gross profit, not in interest expense



# SWAPS: Interest Expense Impact

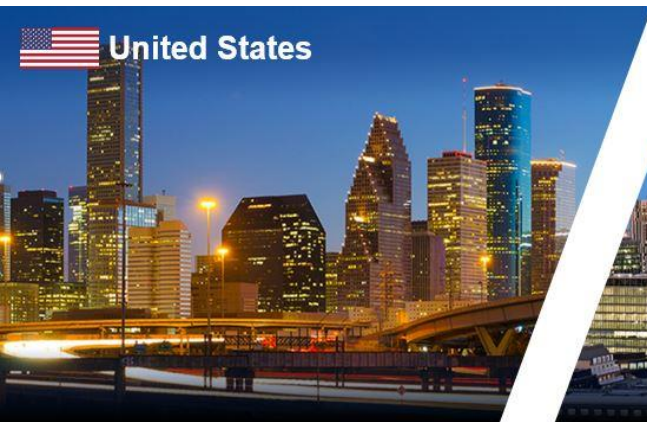
## INTEREST RATE SWAP LAYERS

\$'s in millions

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022-23</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027-30</u>
<b>Swap Balance</b>	<b>\$750</b>	<b>\$850</b>	<b>\$500</b>	<b>\$525</b>	<b>\$500</b>	<b>\$400</b>	<b>\$325</b>	<b>\$250</b>	<b>\$100</b>
Interest Expense	\$5.3	\$0.6	\$3.1*	—	—	—	—	—	
<b>Fixed LIBOR</b>	<b>2.68%</b>	<b>2.33%</b>	<b>2.26%</b>	<b>1.83%</b>	<b>1.69%</b>	<b>1.63%</b>	<b>1.73%</b>	<b>1.68%</b>	<b>1.85%</b>

\* estimated full-year impact

Note: Amortizing SWAPS associated with specific mortgages are excluded.



United States



United Kingdom



Brazil

# Reconciliations

See following section for reconciliations of data denoted within this presentation

# RECONCILIATION: Quarterly Adjusted EBIT, EBITDA, EBITDAR



(\$mm)	Three months ended,															
	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	June-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Net Income from continuing operations	\$16	\$17	\$(22)	\$(57)	\$8	\$10	\$18	\$(2)	\$8	\$13	\$19	\$11	\$15	\$25	\$21	\$21
Provision for income taxes	10	11	(13)	(39)	6	6	10	(2)	5	8	12	6	9	15	13	13
Other interest expense, net	10	9	9	9	7	8	7	7	7	6	7	7	8	8	9	9
Non-Cash asset impairment charges	—	—	48	115	—	2	1	18	—	1	2	8	0	0	4	1
Mortgage debt refinance charges	—	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—
(Gain) Loss on real estate and dealership transactions	—	1	0	—	7	(1)	—	1	—	5	(1)	—	—	—	—	—
(Gain) Loss of debt redemption	0	—	0	(17)	(7)	(1)	(1)	—	4	—	—	—	—	—	—	—
Severance costs	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	—
Legal settlement	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1
<b>Adjusted EBIT</b>	<b>\$35</b>	<b>\$38</b>	<b>\$23</b>	<b>\$10</b>	<b>\$15</b>	<b>\$24</b>	<b>\$35</b>	<b>\$23</b>	<b>\$24</b>	<b>\$34</b>	<b>\$38</b>	<b>\$31</b>	<b>\$33</b>	<b>\$48</b>	<b>\$47</b>	<b>\$44</b>
Depreciation Amortization expense	6	6	7	7	6	6	7	6	6	7	7	7	6	7	7	7
<b>Adjusted EBITDA</b>	<b>\$41</b>	<b>\$45</b>	<b>\$29</b>	<b>\$16</b>	<b>\$21</b>	<b>\$31</b>	<b>\$42</b>	<b>\$29</b>	<b>\$31</b>	<b>\$41</b>	<b>\$45</b>	<b>\$37</b>	<b>\$39</b>	<b>\$55</b>	<b>\$54</b>	<b>\$51</b>
G&A Rent Expense	14	13	13	13	13	13	13	13	13	13	13	13	12	12	12	12
<b>Adjusted EBITDAR</b>	<b>\$54</b>	<b>\$58</b>	<b>\$42</b>	<b>\$29</b>	<b>\$34</b>	<b>\$43</b>	<b>\$55</b>	<b>\$41</b>	<b>\$43</b>	<b>\$54</b>	<b>\$57</b>	<b>\$50</b>	<b>\$51</b>	<b>\$67</b>	<b>\$66</b>	<b>\$63</b>

Note: One time charges are pre-tax

# RECONCILIATION: Quarterly Adjusted Net Income



(\$mm)	Three months ended,												
	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Net income	\$(57)	\$8	\$10	\$18	\$(2)	\$8	\$13	\$19	\$11	\$15	\$25	\$21	\$21
Non-Cash asset impairment charges	67	—	1	0	12	—	1	1	5	0	0	2	0
Mortgage debt refinance changes	—	—	0	—	—	—	—	—	—	—	—	—	—
(Gain) Loss on real estate and dealership transactions	—	1	(1)	—	1	—	4	(1)	—	—	—	—	—
(Gain) Loss of debt redemption	(9)	(4)	0	0	—	2	—	—	—	—	—	—	—
Severance costs	—	—	—	—	—	—	0	—	—	—	—	—	—
Income tax effect	—	—	—	(2)	—	—	—	—	(1)	—	—	—	—
Legal Settlement	—	—	—	—	—	—	—	—	—	—	—	—	1
<b>Adjusted Net Income</b>	<b>\$1</b>	<b>\$5</b>	<b>\$10</b>	<b>\$17</b>	<b>\$10</b>	<b>\$10</b>	<b>\$18</b>	<b>\$19</b>	<b>\$15</b>	<b>\$16</b>	<b>\$25</b>	<b>\$24</b>	<b>\$22</b>

Note: One time charges are pre-tax

# RECONCILIATION: Adjusted Free Cash Flow (Non-GAAP)



Reconciliation of Certain Non-GAAP Financial Measures						
(Unaudited, in millions)						
Operating Cash Flow Reconciliation:	2019	2018	2017	2016	2015	2014
<b>Operating Cash Flow as Reported (GAAP)</b>	<b>\$371</b>	<b>\$270</b>	<b>\$197</b>	<b>384</b>	<b>141</b>	<b>198</b>
Change in floorplan notes payable-credit facilities, excluding floorplan offset account and net acquisition and disposition	(43)	62	88	(113)	100	6
Change in floorplan notes payable-manufacturer affiliates associated with net acquisition and disposition related activity	4	(22)	(3)	—	3	3
<b>Adjusted Operating Cash Flow (Non-GAAP)</b>	<b>332</b>	<b>310</b>	<b>282</b>	<b>271</b>	<b>244</b>	<b>207</b>
<b>Cap Ex</b>	<b>(95)</b>	<b>(110)</b>	<b>(97)</b>	<b>(101)</b>	<b>(107)</b>	<b>(98)</b>
<b>Adjusted Free Cash Flow (Non-GAAP)</b>	<b>237</b>	<b>200</b>	<b>185</b>	<b>170</b>	<b>137</b>	<b>109</b>

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - Consolidated**  
(Unaudited)  
(Dollars in millions, except per share amounts)

	Three Months Ended December 31, 2019			
	U.S. GAAP	Legal matters	Non-cash asset impairments	Non-GAAP adjusted
SG&A expenses	\$ 338.1	\$ 0.7	\$ —	\$ 338.8
Asset impairments	11.5	—	(11.5)	—
Income (loss) from operations	96.5	(0.7)	11.5	107.3
Income (loss) before income taxes	\$ 62.9	\$ (0.7)	\$ 11.5	\$ 73.6
Less: (Benefit) provision for income taxes	14.8	(0.2)	2.7	17.3
Net income (loss)	48.1	(0.5)	8.8	56.3
Less: Earnings (loss) allocated to participating securities	1.7	—	0.3	2.0
Net income (loss) available to diluted common shares	<u>\$ 46.3</u>	<u>\$ (0.5)</u>	<u>\$ 8.5</u>	<u>\$ 54.3</u>
Diluted income (loss) per common share	\$ 2.57	\$ (0.03)	\$ 0.47	\$ 3.01
Effective tax rate	23.5%			23.5%
SG&A as % gross profit <sup>(1)</sup>	72.8%			72.9%
Operating margin <sup>(2)</sup>	3.1%			3.4%
Pretax margin <sup>(2)</sup>	2.0%			2.4%
Same Store SG&A	\$ 325.4	\$ 0.7	\$ —	\$ 326.2
Same Store SG&A as % gross profit <sup>(1)</sup>	72.1%			72.3%
Same Store income (loss) from operations	\$ 97.0	\$ (0.7)	\$ 11.5	\$ 107.7
Same Store operating margin <sup>(2)</sup>	3.2%			3.6%

<sup>(1)</sup> Adjusted SG&A as % of gross profit excludes the impact of SG&A reconciling items above.

<sup>(2)</sup> Adjusted operating margin and pretax margin excludes the impact of SG&A reconciling items above, as well as non-cash asset impairment charges.



**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - Consolidated**  
(Unaudited)

(Dollars in millions, except per share amounts)

**Three Months Ended December 31, 2018**

	<b>U.S. GAAP</b>	<b>Catastrophic events</b>	<b>Dealership and real estate transactions</b>	<b>Legal matters</b>	<b>Non-Cash asset impairments</b>	<b>Non-GAAP adjusted</b>
F&I, net	\$ 124.0	\$ (1.1)	\$ —	\$ —	\$ —	\$ 122.9
SG&A expenses	323.8	(0.6)	(0.3)	(0.7)	—	322.2
Asset impairments	16.5	—	—	—	(16.5)	—
Income (loss) from operations	74.7	(0.5)	0.3	0.7	16.5	91.6
Income (loss) before income taxes	\$ 39.7	\$ (0.5)	\$ 0.3	\$ 0.7	\$ 16.5	\$ 56.7
Less: (Benefit) provision for income taxes	9.0	(0.1)	0.1	0.2	3.8	12.9
Net income (loss)	30.7	(0.4)	0.2	0.5	12.7	43.8
Less: Earnings (loss) allocated to participating securities	1.1	—	—	—	0.5	1.6
Net income (loss) available to diluted common shares	<u>\$ 29.6</u>	<u>\$ (0.3)</u>	<u>\$ 0.2</u>	<u>\$ 0.5</u>	<u>\$ 12.2</u>	<u>\$ 42.2</u>
Diluted income (loss) per common share	\$ 1.62	\$ (0.02)	\$ 0.01	\$ 0.03	\$ 0.67	\$ 2.31
Effective tax rate	22.6%					22.7%
SG&A as % gross profit <sup>(1)</sup>	75.0%					74.8%
Operating margin <sup>(2)</sup>	2.6%					3.2%
Pretax margin <sup>(2)</sup>	1.4%					1.9%
Same Store F&I, net	\$ 122.0	\$ (1.1)	\$ —	\$ —	\$ —	\$ 121.0
Same Store SG&A	\$ 313.1	\$ (0.6)	\$ (0.2)	\$ (0.7)	\$ —	\$ 311.6
Same Store SG&A as % gross profit <sup>(1)</sup>	74.0%					73.8%
Same Store income (loss) from operations	\$ 77.6	\$ (0.5)	\$ 0.2	\$ 0.7	\$ 15.8	\$ 93.8
Same Store operating margin <sup>(2)</sup>	2.7%					3.3%

<sup>(1)</sup> Adjusted SG&A as % of gross profit excludes the impact of SG&A reconciling items above.

<sup>(2)</sup> Adjusted operating margin and pretax margin excludes the impact of F&I, net and SG&A reconciling items above, as well as non-cash asset impairment charges.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - Consolidated**  
(Unaudited)

(Dollars in millions, except per share amounts)

Year Ended December 31, 2019						
	U.S. GAAP	Catastrophic events	Dealership and real estate transactions	Legal matters	Non-cash asset impairments	Non-GAAP adjusted
SG&A expenses	\$ 1,358.4	\$ (17.8)	\$ 4.1	\$ (1.3)	\$ —	\$ 1,343.4
Asset impairments	22.2	—	—	—	(22.2)	—
Income (loss) from operations	363.7	17.8	(4.1)	1.3	22.2	401.0
Income (loss) before income taxes	\$ 227.3	\$ 17.8	\$ (4.1)	\$ 1.3	\$ 22.2	\$ 264.5
Less: (Benefit) provision for income taxes	53.3	4.4	(1.7)	0.3	4.7	61.0
Net income (loss)	174.0	13.4	(2.5)	1.0	17.6	203.6
Less: Earnings (loss) allocated to participating securities	6.4	0.5	(0.1)	—	0.7	7.5
Net income (loss) available to diluted common shares	\$ 167.6	\$ 12.9	\$ (2.4)	\$ 1.0	\$ 16.9	\$ 196.0
Diluted income (loss) per common share	\$ 9.34	\$ 0.72	\$ (0.13)	\$ 0.05	\$ 0.94	\$ 10.93
Effective tax rate	23.4%					23.0%
SG&A as % gross profit <sup>(1)</sup>	74.8%					74.0%
Operating margin <sup>(2)</sup>	3.0%					3.3%
Pretax margin <sup>(2)</sup>	1.9%					2.2%
Same Store SG&A	\$ 1,312.7	\$ (17.8)	\$ 0.7	\$ (1.1)	\$ —	\$ 1,294.5
Same Store SG&A as % gross profit <sup>(1)</sup>	74.6%					73.5%
Same Store income (loss) from operations	\$ 357.6	\$ 17.8	\$ (0.7)	\$ 1.1	\$ 22.2	\$ 398.0
Same Store operating margin <sup>(2)</sup>	3.1%					3.4%

<sup>(1)</sup> Adjusted SG&A as % of gross profit excludes the impact of SG&A reconciling items above.

<sup>(2)</sup> Adjusted operating margin and pretax margin excludes the impact of SG&A reconciling items above, as well as non-cash asset impairment charges.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - Consolidated**  
(Unaudited)

(Dollars in millions, except per share amounts)

	Year Ended December 31, 2018						
	U.S. GAAP	Catastrophic events	Dealership and real estate transactions	Legal matters	Non-cash asset impairments	Tax rate changes	Non-GAAP adjusted
F&I, net	\$ 467.5	\$ (1.1)	\$ —	\$ —	\$ —	\$ —	\$ 466.4
SG&A expenses	1,273.1	(6.4)	25.2	(5.0)	—	—	1,286.9
Asset impairments	43.9	—	—	—	(43.9)	—	—
Income (loss) from operations	341.1	5.3	(25.2)	5.0	43.9	—	370.1
Income (loss) before income taxes	\$ 205.4	\$ 5.3	\$ (25.2)	\$ 5.0	\$ 43.9	\$ —	\$ 234.4
Less: (Benefit) provision for income taxes	47.6	1.3	(6.1)	0.9	10.4	0.7	54.8
Net income (loss)	157.8	4.0	(19.1)	4.1	33.5	(0.7)	179.6
Less: Earnings (loss) allocated to participating securities	5.4	0.1	(0.7)	0.1	1.2	—	6.2
Net income (loss) available to diluted common shares	<u>\$ 152.4</u>	<u>\$ 3.9</u>	<u>\$ (18.4)</u>	<u>\$ 4.0</u>	<u>\$ 32.4</u>	<u>\$ (0.7)</u>	<u>\$ 173.4</u>
Diluted income (loss) per common share	\$ 7.83	\$ 0.20	\$ (0.95)	\$ 0.21	\$ 1.65	\$ (0.03)	\$ 8.91
Effective tax rate	23.2%						23.4%
SG&A as % gross profit <sup>(1)</sup>	73.8%						74.6%
Operating margin <sup>(2)</sup>	2.9%						3.2%
Pretax margin <sup>(2)</sup>	1.8%						2.0%
Same Store F&I, net	\$ 457.6	\$ (1.1)	\$ —	\$ —	\$ —	\$ —	\$ 456.6
Same Store SG&A	\$ 1,249.0	\$ (6.4)	\$ 4.7	\$ (4.2)	\$ —	\$ —	\$ 1,243.1
Same Store SG&A as % gross profit <sup>(1)</sup>	74.3%						74.0%
Same Store income (loss) from operations	\$ 326.0	\$ 5.3	\$ (4.7)	\$ 4.2	\$ 41.1	\$ —	\$ 371.9
Same Store operating margin <sup>(2)</sup>	2.9%						3.3%

<sup>(1)</sup> Adjusted SG&A as % of gross profit excludes the impact of SG&A reconciling items above.

<sup>(2)</sup> Adjusted operating margin and pretax margin excludes the impact of F&I, net and SG&A reconciling items above, as well as non-cash asset impairment charges.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - U.S.**  
(Unaudited)  
(Dollars in millions)

Three Months Ended December 31, 2019			
	U.S. GAAP	Legal settlements	Non-GAAP adjusted
SG&A expenses	\$ 266.1	\$ 0.7	\$ 266.8
SG&A as % gross profit <sup>(1)</sup>	69.2%		69.4%
Same Store SG&A	\$ 261.3	\$ 0.7	\$ 262.0
Same Store SG&A as % gross profit <sup>(1)</sup>	69.1%		69.3%

Three Months Ended December 31, 2018					
	U.S. GAAP	Catastrophic events	Dealership and real estate transactions	Legal matters	Non-GAAP adjusted
F&I, net	\$ 106.0	\$ (1.1)	\$ —	\$ —	\$ 105.0
SG&A expenses	\$ 252.6	\$ (0.6)	\$ (0.3)	\$ (0.7)	\$ 251.0
SG&A as % gross profit <sup>(1)</sup>	71.7%				71.4%
Same Store F&I, net	\$ 104.7	\$ (1.1)	\$ —	\$ —	\$ 103.6
Same Store SG&A	\$ 246.5	\$ (0.6)	\$ (0.2)	\$ (0.7)	\$ 244.9
Same Store SG&A as % gross profit <sup>(1)</sup>	71.0%				70.8%

Year Ended December 31, 2019					
	U.S. GAAP	Catastrophic events	Dealership and real estate transactions	Legal matters	Non-GAAP adjusted
SG&A expenses	\$ 1,075.6	\$ (17.8)	\$ 4.4	\$ (1.1)	\$ 1,061.1
SG&A as % gross profit <sup>(1)</sup>	72.0%				71.0%
Same Store SG&A	\$ 1,055.6	\$ (17.8)	\$ 0.7	\$ (1.1)	\$ 1,037.4
Same Store SG&A as % gross profit <sup>(1)</sup>	72.1%				70.8%

Year Ended December 31, 2018					
	U.S. GAAP	Catastrophic events	Dealership and real estate transactions	Legal matters	Non-GAAP adjusted
F&I, net	\$ 401.3	\$ (1.1)	\$ —	\$ —	\$ 400.2
SG&A expenses	\$ 982.1	\$ (6.4)	\$ 25.2	\$ (1.3)	\$ 999.5
SG&A as % gross profit <sup>(1)</sup>	70.6%				71.9%
Same Store F&I, net	\$ 393.6	\$ (1.1)	\$ —	\$ —	\$ 392.6
Same Store SG&A	\$ 974.9	\$ (6.4)	\$ 4.7	\$ (1.3)	\$ 971.8
Same Store SG&A as % gross profit <sup>(1)</sup>	71.7%				71.5%

<sup>(1)</sup> Adjusted SG&A as % of gross profit excludes the impact of SG&A reconciling items above.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - U.K.**  
(Unaudited)  
(Dollars in millions)

	Year Ended December 31, 2019		
	U.S. GAAP	Dealership and real estate transactions	Non-GAAP Adjusted
SG&A expenses	\$ 236.9	\$ (0.5)	\$ 236.4
SG&A as % gross profit <sup>(1)</sup>	88.5 %		88.3%
Same Store SG&A	\$ 213.0	\$ —	\$ 213.0
Same Store SG&A as % gross profit <sup>(1)</sup>	87.1 %		87.1%

<sup>(1)</sup> Adjusted SG&A as % of gross profit excludes the impact of SG&A reconciling items above.



 **United States**



 **United Kingdom**



 **Brazil**

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