



GROUP 1 AUTOMOTIVE®

2020 Third Quarter Financial Results & Overview

October 29, 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. In this context, the forward-looking statements often include statements regarding our strategic investments, goals, plans, projections and guidance regarding our financial position, results of operations, business strategy, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should," "foresee," "may" or "will" and similar expressions.

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. 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:

- general economic and business conditions;
- the level of manufacturer incentives;
- the future regulatory environment;
- our ability to obtain an inventory of desirable new and used vehicles;
- our relationship with our automobile manufacturers and the willingness of manufacturers to approve future acquisitions;
- our cost of financing and the availability of credit for consumers;
- our ability to complete acquisitions and dispositions and the risks associated therewith;
- foreign exchange controls and currency fluctuations;
- our ability to retain key personnel;
- the impacts of COVID-19 on our business;
- the impacts of any potential global recession; and
- our ability to maintain sufficient liquidity to operate.

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see our filings with the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. 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.



Why GPI?



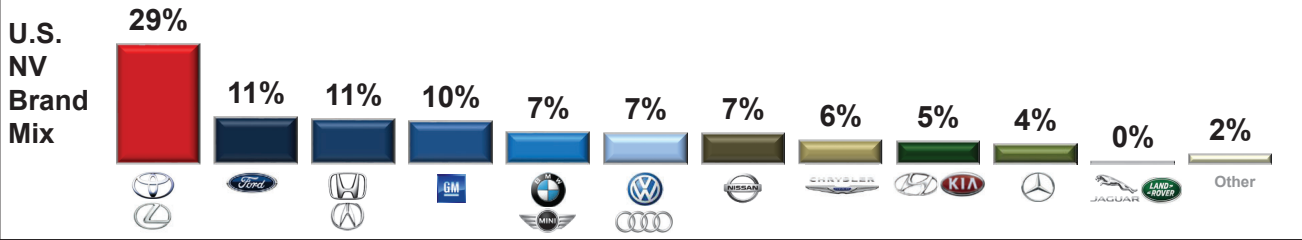
- *Unlike most other automotive retailers, Group 1 has the longest tenured executive team and is free of a major controlling shareholder or owner.*
- We are an international, Fortune 500 company with Market Cap of ~ \$2.0 Billion (as of October 28, 2020).
- Our consistent execution of operational growth and leverage generates strong earnings and free cash flow trajectory.
- We have a well-balanced portfolio (geography, business mix, and brand mix).
- We consistently execute continued profitability over two recessions and a pandemic. The company has never lost money on an operating basis in ANY quarter.
- Our unique omni-channel platform achieved significant growth despite a challenging economy.



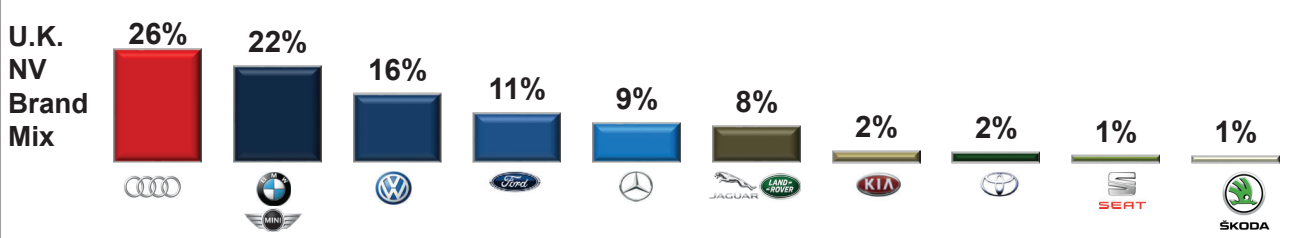
U.S. & U.K. New Vehicle Brand Mix - 3Q20 GP1

The Company's brand diversity allows it to reduce the risk of changing consumer preferences.

U.S. 3Q20 YTD NV UNIT SALES*



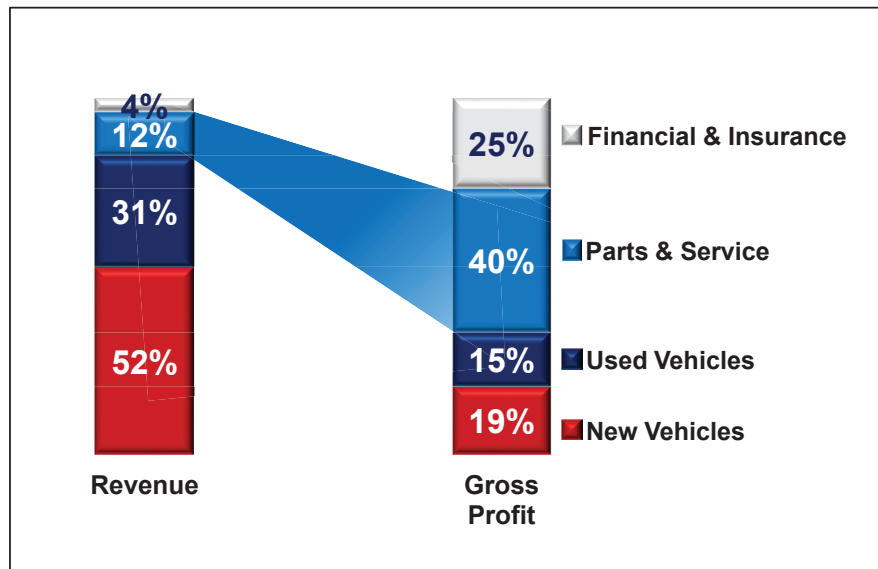
U.K. 3Q20 YTD NV UNIT SALES*



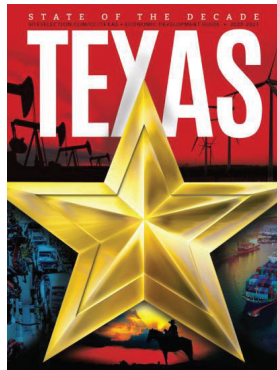
*May not add to 100% due to rounding.

3Q20 Business Mix GP1

**Total Company Parts & Service Gross Profit
Covers 95-100% of
Total Company Fixed Costs and Parts & Service Selling Expenses**

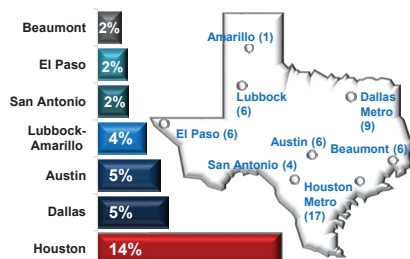


*May not add to 100% due to rounding.



- The fastest-growing cities in America remain in Texas. According to WalletHub, eight of the 30 fastest-growing cities in the country are in The Lone Star State—of which two cities made the top 10 list.
- CNBC named Texas the No. 1 state for business a record four years in a row; Chief Executive Magazine has named Texas the Best State for Business a record 15 years in a row; and Forbes has ranked Texas as the No. 1 Economic Climate.
- From 2012 through 2019, Texas led the nation every single year in the number of corporate facility expansion projects, as measured and reported by Site Selection Magazine.
- 49 Fortune 500 companies, including ExxonMobil, AT&T, Sysco and American Airlines, choose Texas as their home base. So do many foreign companies, such as Toyota, BAE Systems, Siemens and Shell Oil.
- If Texas were a country, it would rank as the 10th largest economy in the world based on GDP, ahead of Australia, Mexico, Spain, Russia and many others.
- Texas also ranks as the No. 1 exporting state in the nation and the leader in high-tech exports, according to the U.S. Bureau of Economic Analysis.

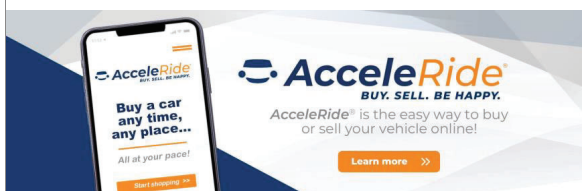
GPI Locations in Texas (35% of 3Q20 Total New Vehicle Unit Sales)



A best-in-class business climate delivers results! Low taxes, reasonable business regulations and a very affordable cost of living add up to an economic slam dunk for business owners and operators.

*Texas Economic Development Guide, 2020 (<https://gov.texas.gov/business>)

AcceleRide.com Digital Platform



Shop When **YOU** Want.
The Way **YOU** Want.
Online.



BUY A RIDE

- Inventory Selection of New, Certified Pre-Owned, and Used Vehicles.
- Online Financing Available via Nationwide Network of Lenders.
- Home Delivery Anywhere in the U.S.A.; FREE local delivery or pick-up.
- Integrated Vehicle Trades.
- No hidden fees. Taxes & fees calculated up front based on address.
- E-Sign online; “wet signatures” required by state can be conveniently signed at time of vehicle delivery or retrieval.

SELL A RIDE

- Cash offer within 30 minutes during business hours.
- Offer valid for 7 days or 250 miles.
- Home pick-up is an option.
- Payment available within one hour.

HOW ACCELERIDE COMPARES...

	AcceleRide®	<u>Carvana</u>	<u>Shift</u>	<u>Vroom</u>
Schedule Test Drive	YES	YES	YES	YES
PII (Personal Identifiable Info)	YES	YES	YES	YES
Build Payment	YES	YES	YES	YES
Calculate Taxes & Fees	YES	YES	YES <small>+995 service fee</small>	YES
Integrate Trade-In	YES	YES	YES	YES
Submit Credit App	YES	YES	YES	YES
Select F&I	YES	YES	YES	YES
E-Sign	YES	NO	?	YES
Upload Docs	YES	YES	NO	YES
Does Not Require Deposit	YES	YES	NO	NO
Schedule Pick-Up / Delivery	YES	YES	YES	YES

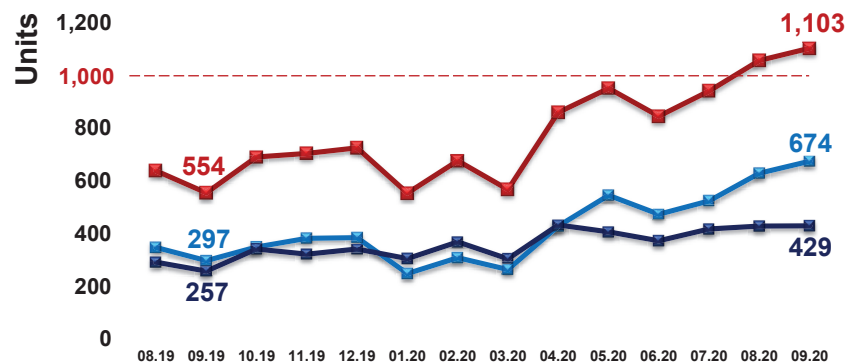
AcceleRide® Growth

SEPTEMBER 2020 vs. SEPTEMBER 2019

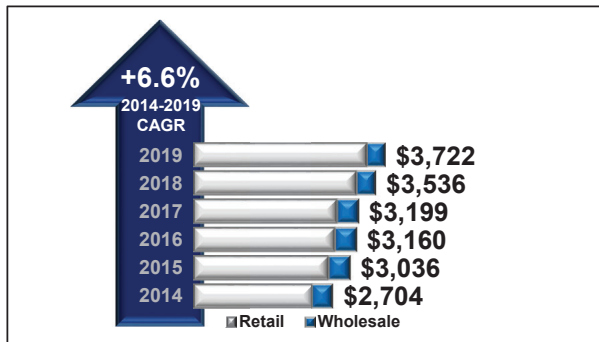
+99%
GROWTH in TOTAL SALES

AcceleRide® Sales

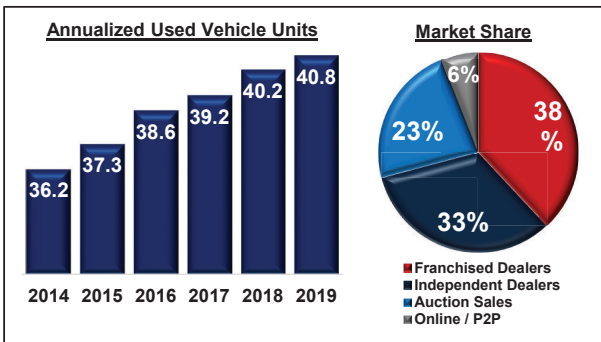
- Online Sales - New
- Online Sales - Used
- Online Sales - Total



Total Used Vehicle Revenues (\$ in thousands)



Used Market Size (\$ in millions)¹ & Market Share²



¹ Source: Edmunds Used Vehicle Report: The Car Comeback, CY 2019.

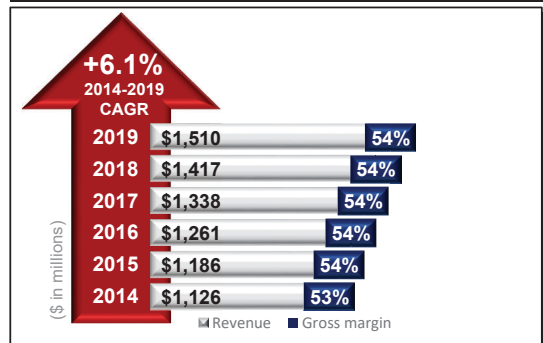
² Source: Frost & Sullivan 2016 Used Car Market in North America.

Parts & Service Overview

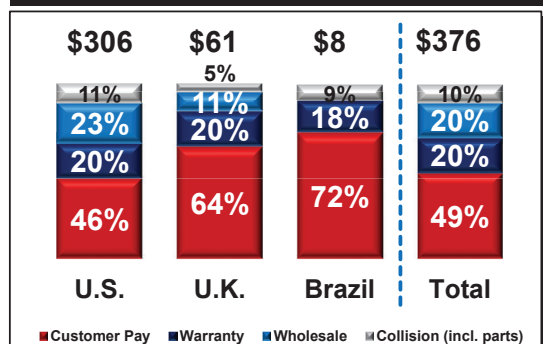
Group 1's parts & service segment provides:

- Easy online booking, status & access for customers via dealership apps;
- Factory-Trained Technicians; 12,000-mile/12-month warranty on parts; free multi-point inspection on every Vehicle; authorized OEM warranty repair centers;
- Loaner cars, retrieval/drop-off via rideshare services, and/or luxurious comforts in waiting areas;
- Service All Vehicle Brands & Models;
- Improved efficiencies & closing rates through Customer Management Software (CMS) and technology;
- Increased retention by targeting points of defection & enhancing customer touch points;
- Above sector-average growth through our strategic emphasis on customer service;
- Attractive benefits including a 4-day work week for service departments; and
- **Stability of free cash flow through economic cycles.**

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



U.S. 3Q20 P&S Revenue* (\$mm)

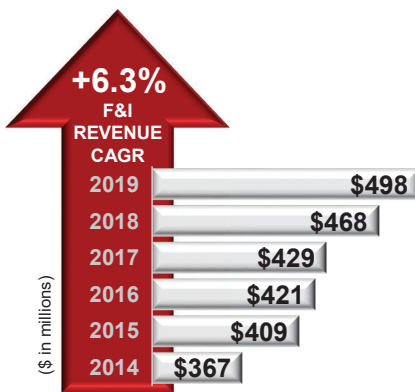


*May not add to 100% due to rounding.

Our service departments can serve any make and any model on the road today.

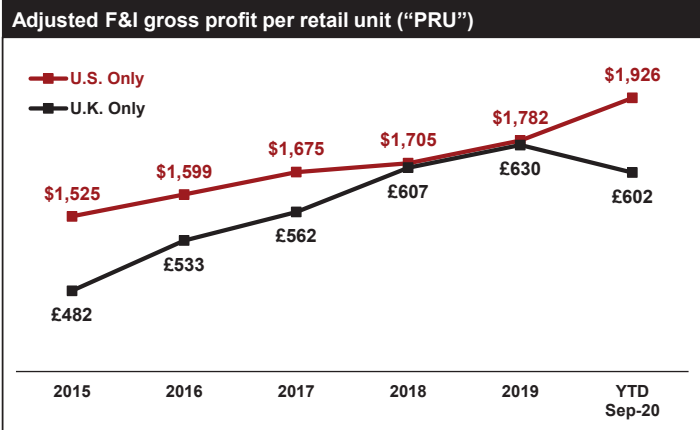
- According to Edmunds.com, the 5-year maintenance cost of a 2019 Nissan Leaf is \$3,041; and the 5-year maintenance cost of a 2019 Toyota Corolla is \$3,389, an immaterial difference.
- While we do not expect repair costs to materially change, over the next three generations, we expect that the components 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”).

Finance & Insurance Overview



F&I profitability growth via focus on people & processes:

- Consolidation of lender base.
- Integration of compliance, training and benchmarking to offer a consistent and transparent experience for internal and external customers.
- Consistent growth in product penetration.



	2017	2018	2019	2020 YTD			
				Total	US	UK	Brazil
Finance	65 %	64 %	65 %	67 %	73 %	47 %	39 %
VSC	32 %	31 %	32 %	34 %	44 %	4 %	— %
GAP	29 %	28 %	28 %	30 %	30 %	33 %	— %
Maintenance	12 %	11 %	11 %	10 %	14 %	— %	— %
Sealant	24 %	25 %	28 %	29 %	31 %	27 %	— %
Gross Profit PRU	\$1,442	\$1,464	\$1,519	\$1,633	\$1,926	\$769	\$576

Operating Cash Flow



(Unaudited, \$ in millions)

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Net Income	\$ 38.6	\$ 49.2	\$ 38.0	\$ 48.1	\$ 29.8	\$ 30.2	\$ 126.4
Depreciation Expense	17.0	17.9	18.2	18.6	18.6	18.8	19.1
Asset Impairments	-	0.5	10.3	11.4	-	23.8	-
Deferred Tax Impact	4.1	1.1	(1.5)	12.6	(0.4)	(2.6)	0.2
Stock Based Compensation	6.1	3.9	4.5	4.3	5.1	16.6	5.3
Loss on Extinguishment of Debt	-	-	-	-	-	10.4	3.3
Change in Operating Lease Assets	7.6	6.8	6.8	7.0	6.4	6.5	5.2
Change in Working Capital	59.1	44.5	(19.7)	(43.2)	(16.8)	538.3	(136.1)
Other	(4.6)	1.2	1.3	1.2	1.3	2.2	1.0
Operating Cash Flow (GAAP)	\$ 127.9	\$ 125.0	\$ 57.9	\$ 60.1	\$ 44.1	\$ 644.2	\$ 24.5
Change in Floorplan notes payable — credit facilities and other, excluding floorplan offset and net acquisition and disposition	(21.9)	(46.9)	(0.2)	26.2	11.8	(462.6)	81.9
Change in Floorplan notes payable — manufacturer affiliates associated with net acquisition and disposition and floorplan offset activity	25.9	(25.9)	-	3.9	(3.9)	4.1	14.3
Adjusted Operating Cash Flow (Non-GAAP)	\$ 132.0	\$ 52.3	\$ 57.7	\$ 90.1	\$ 51.9	\$ 185.6	\$ 120.7

*Certain numbers may not compute due to rounding.

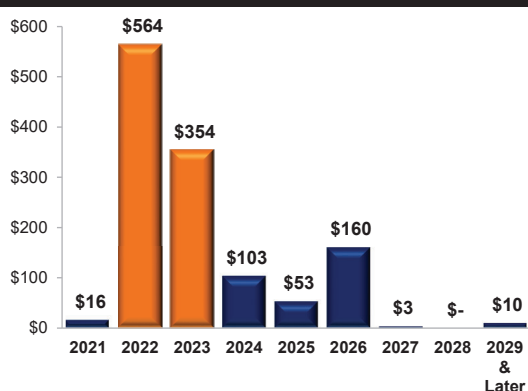
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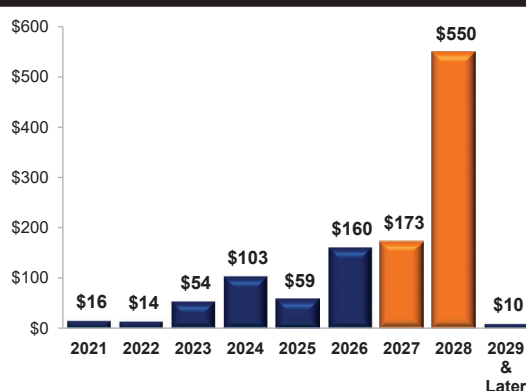
U.S. Non-Floorplan Debt Maturities



Before Bond Transactions (\$ in millions)



After Bond Transactions (\$ in millions)

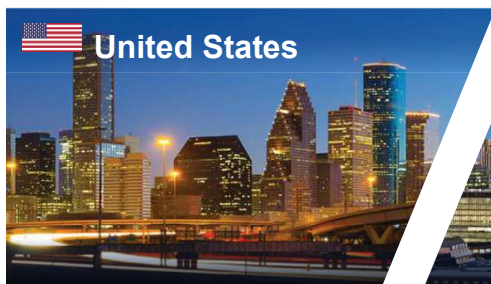


\$850M of bond debt due 2022/23 refinanced with \$726M of bond/mortgage debt due mostly 2027/28

Total interest savings of over \$15M annually

www.group1auto.com

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Appendix



INTEGRITY

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

TRANSPARENCY

We promote open and honest communication between each other and our customers

PROFESSIONALISM

We set our standards high so that we can exceed expectations and strive for perfection in everything we do

TEAMWORK

We put the interest of the group first, before our individual interests, as we know that success only comes when we work together

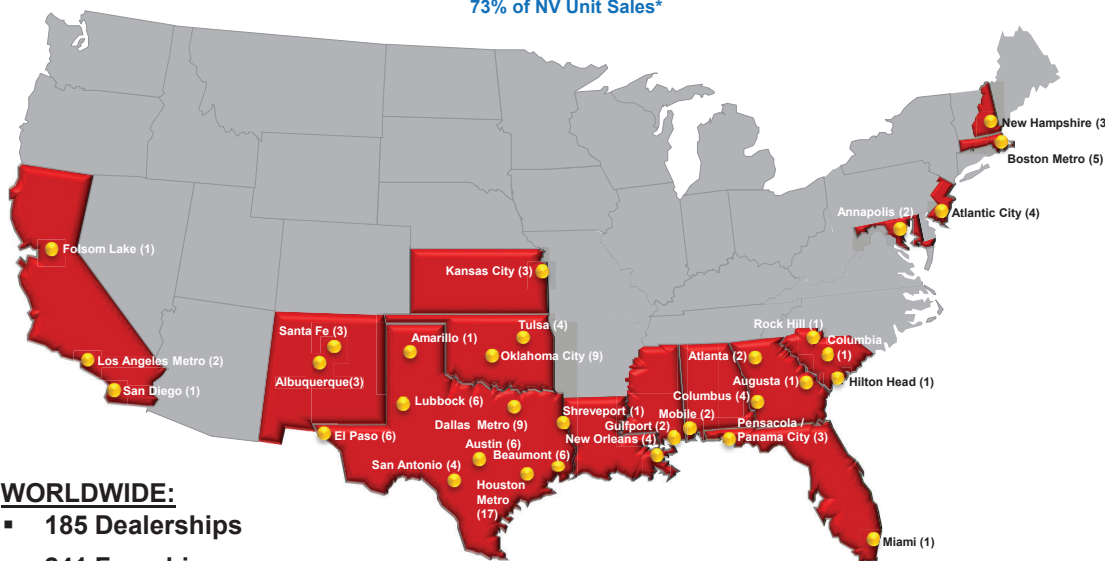
RESPECT

We treat everyone, customers and colleagues alike, with dignity and respect.

Geographic Footprint

UNITED STATES – 15 States

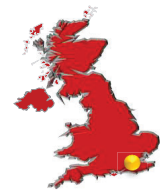
118 Dealerships
73% of NV Unit Sales*



WORLDWIDE:

- 185 Dealerships
- 241 Franchises
- 49 Collision Centers
- 31 Brands

U.K. England:
▪ 50 Dealerships
▪ 23% of NV Unit Sales*



BRAZIL Paraná, São Paulo, and Santa Catarina
▪ 17 Dealerships
▪ 4% of NV Unit Sales*



*YTD as of September 30, 2020; Dealership count as of October 29, 2020.

UNITED KINGDOM – England 50 Dealerships (67 Franchises)



As of October 29, 2020.

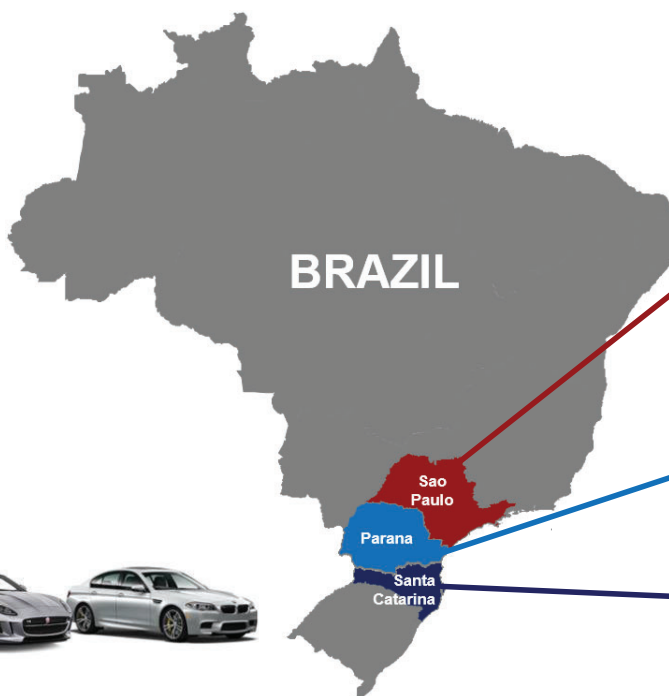
www.group1auto.com

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



As of October 29, 2020.

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Group 1's Management Team



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. and Brazilian 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



Daniel McHenry – Senior Vice President and Chief Financial Officer

(February 2007; Promotion to CFO Effective August 2020)

- 15+ Years Industry Experience
- Public Accounting and Automotive Retailing Experience: KPMG; CFO Group 1 UK for 13 Years



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

Trade-In Tax Impact



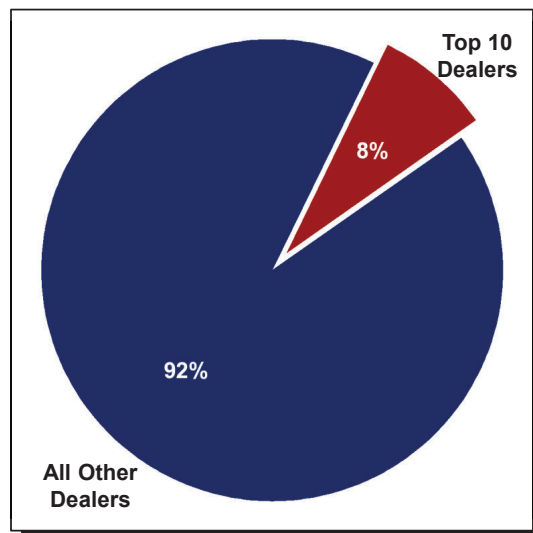
- Franchised new vehicle dealers have an inherent advantage over stand-alone used operators for sourcing trade-in inventory
- In the United States, 40 states feature a tax credit on the value of a trade-in vehicle, which applies to 12 of the 15 states in which GPI operates
- Example of why it benefits a customer to not disaggregate their transaction:

<i>VEHICLE PURCHASE EXAMPLE:</i>	WITH TRADE-IN	WITHOUT TRADE-IN
Sales Price	\$40,000	\$40,000
Trade-In Allowance	\$25,000	N/A
Taxable Amount	\$15,000	\$40,000
Tax %	6.25%	6.25%
Tax Due:	\$937	\$2,500
COST (Vehicle + Tax):	\$40,937	\$42,500
TAX IMPACT on NET DIFFERENCE of COST:	\$1,562	

- This customer would pay an extra \$1,562 if selling their UV separately
- This is an inherent advantage to franchised dealers since new vehicle sales have a much higher trade-in penetration than used (~ 50% vs. 30%)

- **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⁽¹⁾
 - Top 10 groups represent approximately 8% of the market⁽²⁾
- **Growing market in Brazil**
 - Opportunity for open points

U.S. New Vehicle Unit Sales ⁽²⁾



⁽¹⁾ Source: NADA Data 2019: Annual Report
⁽²⁾ Source: Based on Automotive News data

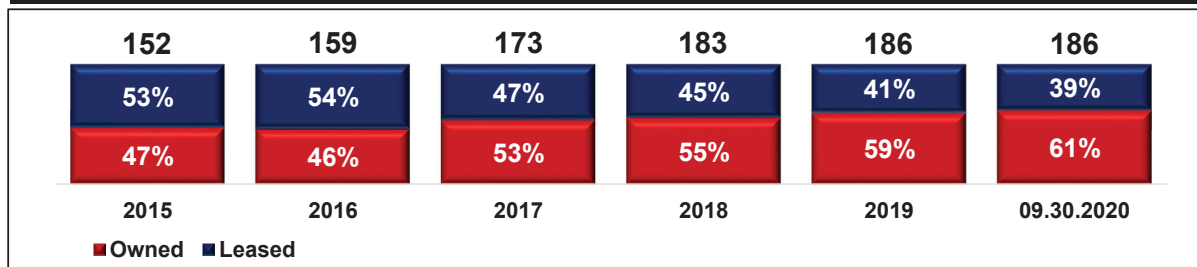
Real Estate Strategy

- **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 September 30, 2020, the Company owns ~\$1.3B of net real estate (61% of dealership locations) financed through \$628M of mortgage debt.**

Dealership property breakdown by region (as of September 30, 2020)

Region	Dealerships	
	Owned	Leased
United States	85	34
United Kingdom	23	27
Brazil	5	12
Total	113	73

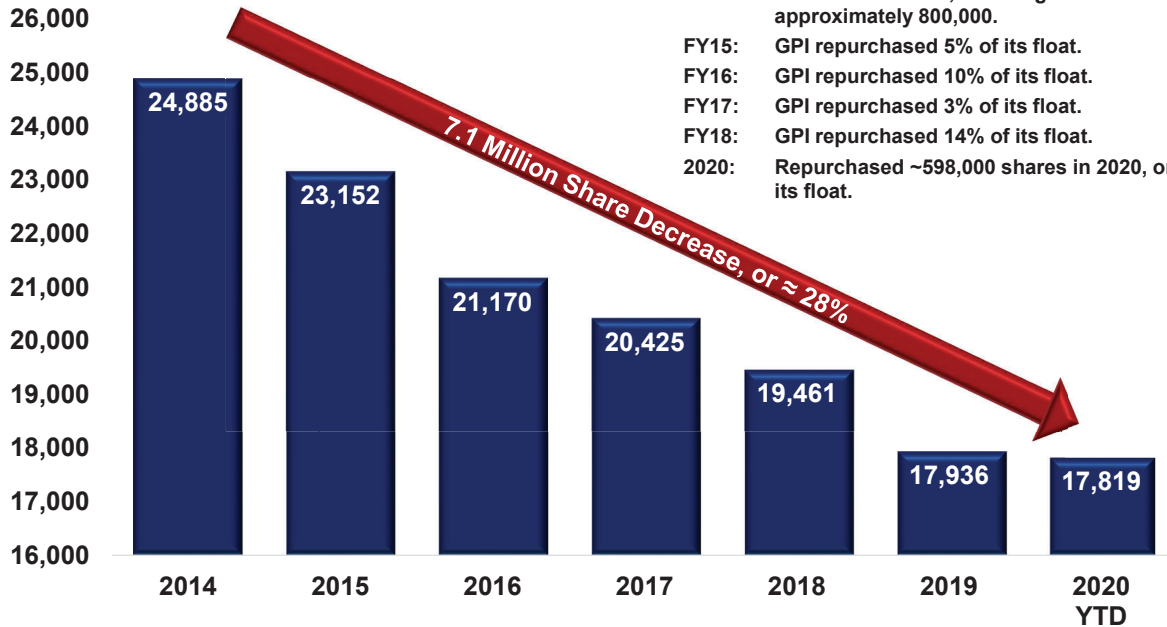
Leased vs. Owned Properties



Share Repurchase Summary



GPI Weighted Average Common Shares
(in thousands)



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.

2020: Repurchased ~598,000 shares in 2020, or 3% of its float.

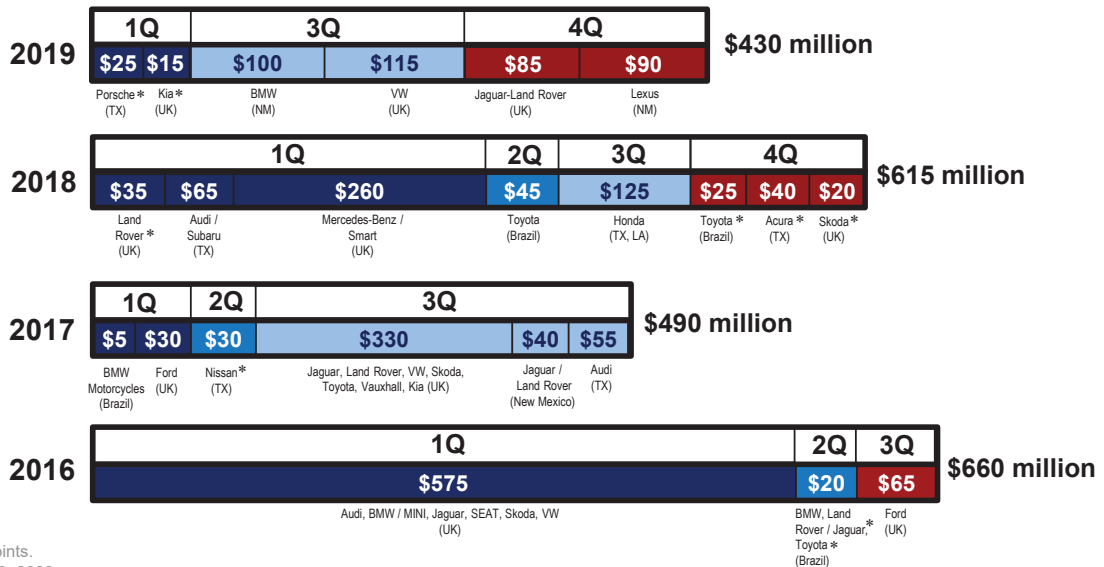
Acquisition Strategy



- 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)

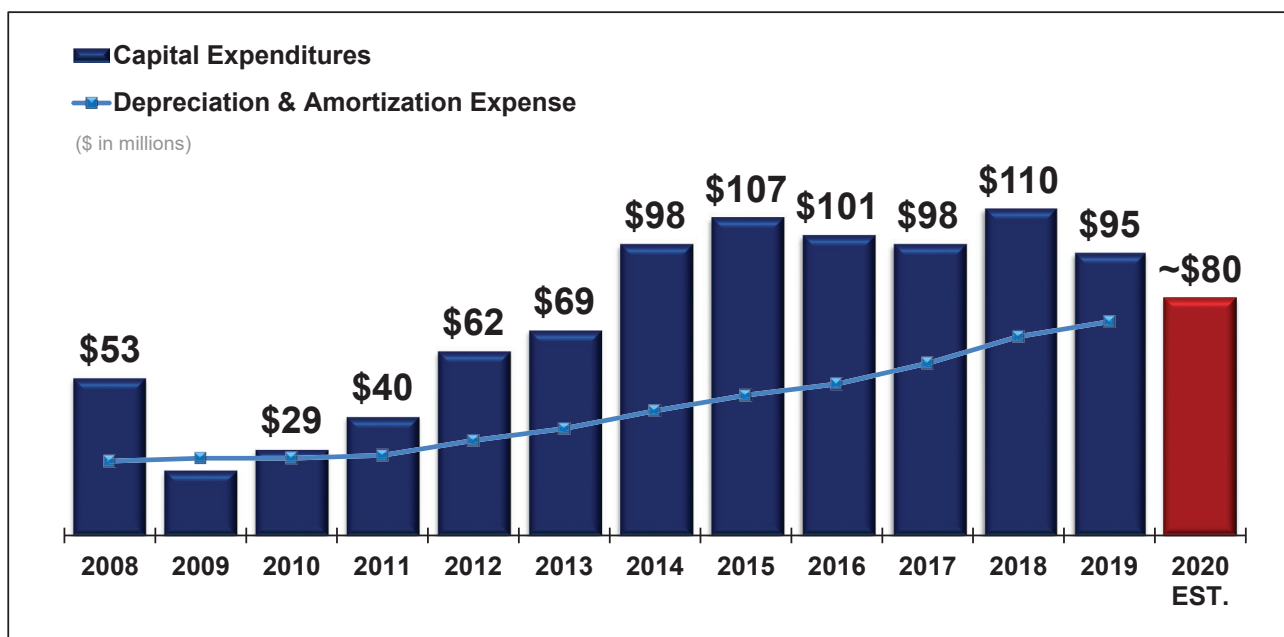
Acquisitions

(Estimated Annual Revenues)
(\$mm)



*OEM-granted open points.
Note: As of October 29, 2020.

Capital Expenditures



Note: Excludes real estate purchases.

Consolidated Financial Results



Financial Results - Consolidated

\$ in millions

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020	2019	% Change	C.C. ⁽²⁾	2020	2019	% Change	C.C. ⁽²⁾
Revenues	\$ 3,040	\$ 3,118	(2.5)	(2.9)	\$ 7,862	\$ 8,932	(12.0)	(11.5)
Gross Profit	\$ 512	\$ 466	10.0	9.8	\$ 1,287	\$ 1,351	(4.7)	(4.3)
SG&A as a % of Gross Profit	59.7%	76.0%	(1,630)	bps	67.7%	75.5%	(780)	bps
Adj. SG&A as a % of Gross Profit ⁽¹⁾	59.7%	73.2%	(1,350)	bps	66.7%	74.3%	(770)	bps
Net Income	\$ 126.4	\$ 38.0	232.3		\$ 186.4	\$ 125.9	48.0	
Adjusted Net Income ⁽¹⁾	\$ 129.0	\$ 56.3	129.1		\$ 229.2	\$ 147.2	55.7	
Diluted EPCS	\$ 6.83	\$ 2.04	235.2		\$ 10.08	\$ 6.77	48.9	
Adjusted Diluted EPCS ⁽¹⁾	\$ 6.97	\$ 3.02	130.8		\$ 12.40	\$ 7.92	56.6	

(1) See appendix for GAAP reconciliation

(2) Constant currency basis

Interest Rate Variability



(in \$ millions)	Actual	Variable %
Vehicle Financing ⁽¹⁾	\$1,086	46%
Real Estate & Other Debt	\$835	23%
Senior Notes ⁽²⁾	\$550	0%
Total Debt Including Floorplan	\$2,471	28%

⁽¹⁾ SWAPS range from \$100-\$525 million through 2031, see following slide for more details
⁽²⁾ Face Value

- **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>2020</u>	<u>2021</u>	<u>2022-23</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029-30</u>	<u>2031</u>
Swap Balance	\$500	\$525	\$600	\$600	\$525	\$450	\$300	\$250	\$200	\$100
Interest Expense	\$8.2 ^{1,2}	\$8.8 ²	—	—	—	—	—	—	—	—
Fixed LIBOR	2.26%	1.83%	1.54%	1.39%	1.42%	1.34%	1.22%	1.21%	1.31%	0.77%

¹Estimated full-year impact

²Assumes 1-Month LIBOR remains at 0.15%



Reconciliations

See following section for reconciliations of data denoted within this presentation.

Reconciliation of Diluted Earnings (Loss) per Share (EPS) (Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
As Reported EPS	\$ 3.60	\$ 3.90	\$ 6.67	\$ 10.08	\$ 7.83	\$ 9.34
After Tax Adjustments:						
Non-cash asset impairment charges	1.05	3.09	0.93	0.59	1.65	0.94
(Gain) loss on real estate and dealership transactions	(0.28)	(0.21)	(0.03)	0.03	(0.95)	(0.13)
Loss on extinguishment of long-term debt	1.50	-	-	-	-	-
Catastrophic Events	0.07	0.04	0.17	0.45	0.20	0.72
Severance Costs	0.03	0.02	0.05	0.01	-	-
Legal Settlements	0.01	0.03	(0.33)	(0.03)	0.21	0.05
Acquisitions costs including related tax impact	0.01	-	0.02	0.01	-	-
Non-deductible goodwill	(0.13)	-	-	-	-	-
Allowance for uncertain tax positions	-	-	-	0.04	-	-
Foreign transaction tax	0.01	-	0.01	-	-	-
Foreign deferred income tax benefit	-	-	(0.07)	-	-	-
Tax Rate Changes	-	-	-	(3.45)	(0.03)	-
Adjusted Diluted EPS	\$ 5.87	\$ 6.87	\$ 7.42	\$ 7.73	\$ 8.91	\$ 10.93

Reconciliation of Certain Non-GAAP Financial Measures

(Unaudited, in millions)

	2014	2015	2016	2017	2018	2019
Operating Cash Flow Reconciliation:						
Operating Cash Flow as Reported (GAAP)	\$ 198	\$ 141	\$ 384	\$ 197	\$ 270	\$ 371
Change in floorplan notes payable-credit facilities, excluding floorplan offset account and net acquisition and disposition	6	100	(113)	88	62	(43)
Change in floorplan notes payable-manufacturer affiliates associated with net acquisition and disposition related activity	3	3	-	(3)	(22)	4
Adjusted Operating Cash Flow (Non-GAAP)	207	244	271	282	310	332
Cap Ex	(98)	(107)	(101)	(98)	(110)	(95)
Adjusted Free Cash Flow (Non-GAAP)	\$ 109	\$ 137	\$ 170	\$ 184	\$ 200	\$ 237

Group 1 Automotive, Inc.
Reconciliation of Certain Non-GAAP Financial Measures - Consolidated
(Unaudited)
(In millions, except per share data)

	Three Months Ended September 30, 2020		
	U.S. GAAP	(Gain) loss on extinguishment of debt	Non-GAAP adjusted
(Gain) loss on extinguishment of debt	\$ 3.3	\$ (3.3)	\$ —
Income (loss) before income taxes	\$ 161.0	\$ 3.3	\$ 164.3
Less: (Benefit) provision for income taxes	34.6	0.8	35.3
Net income (loss)	126.4	2.6	129.0
Less: Earnings (loss) allocated to participating securities	4.5	0.1	4.6
Net income (loss) available to diluted common shares	\$ 121.9	\$ 2.5	\$ 124.4
Diluted income (loss) per common share	\$ 6.83	\$ 0.14	\$ 6.97
Effective tax rate	21.5%		21.5%
Pretax margin ⁽¹⁾	5.3%		5.4%

⁽¹⁾ Adjusted pretax margin excludes the impact of (gain) loss on extinguishment of debt.

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

(In millions, except per share data)

Three Months Ended September 30, 2019

	U.S. GAAP	Catastrophic events	Dealership and real estate transactions	Asset impairments	Non-GAAP adjusted
SG&A expenses	\$ 353.9	\$ (11.9)	\$ (1.3)	\$ —	\$ 340.8
Asset impairments	\$ 10.3	\$ —	\$ —	\$ (10.3)	\$ —
Income (loss) from operations	\$ 83.3	\$ 11.9	\$ 1.3	\$ 10.3	\$ 106.7
Income (loss) before income taxes	\$ 49.0	\$ 11.9	\$ 1.3	\$ 10.3	\$ 72.4
Less: (Benefit) provision for income taxes	10.9	2.9	0.3	2.0	16.1
Net income (loss)	38.0	9.0	1.0	8.3	56.3
Less: Earnings (loss) allocated to participating securities	1.4	0.3	—	0.3	2.1
Net income (loss) available to diluted common shares	\$ 36.7	\$ 8.6	\$ 1.0	\$ 8.0	\$ 54.2
Diluted income (loss) per common share	\$ 2.04	\$ 0.48	\$ 0.05	\$ 0.44	\$ 3.02
Effective tax rate	22.3%				22.3%
SG&A as % gross profit ⁽¹⁾	76.0%				73.2%
Operating margin ⁽²⁾	2.7%				3.4%
Pretax margin ⁽²⁾	1.6%				2.3%
Same Store SG&A expenses	\$ 348.6	\$ (11.9)	\$ (0.7)	\$ —	\$ 336.0
Same Store SG&A as % gross profit ⁽¹⁾	75.6%				72.8%
Same Store income (loss) from operations	\$ 84.6	\$ 11.9	\$ 0.7	\$ 10.2	\$ 107.4
Same Store operating margin ⁽²⁾	2.7%				3.5%

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

⁽²⁾ Adjusted operating margin and pretax margin exclude the impact of SG&A reconciling items above and asset impairment charges.

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

(In millions, except per share data)

Nine Months Ended September 30, 2020

	U.S. GAAP	Severance costs	Out-of-period adjustment	Asset impairments	(Gain) loss on extinguishment of debt	Non-GAAP adjusted
SG&A expenses	\$ 870.9	\$ (2.1)	\$ (10.6)	\$ —	\$ —	\$ 858.3
Asset impairments	\$ 23.8	\$ —	\$ —	\$ (23.8)	\$ —	\$ —
Income (loss) from operations	\$ 336.0	\$ 2.1	\$ 10.6	\$ 23.8	\$ —	\$ 372.5
(Gain) loss on extinguishment of debt	\$ 13.7	\$ —	\$ —	\$ —	\$ (13.7)	\$ —
Income (loss) before income taxes	\$ 242.2	\$ 2.1	\$ 10.6	\$ 23.8	\$ 13.7	\$ 292.4
Less: (Benefit) provision for income taxes	55.8	0.3	0.8	3.3	3.0	63.3
Net income (loss)	186.4	1.8	9.7	20.6	10.7	229.2
Less: Earnings (loss) allocated to participating securities	6.7	0.1	0.4	0.7	0.4	8.2
Net income (loss) available to diluted common shares	\$ 179.7	\$ 1.7	\$ 9.4	\$ 19.8	\$ 10.3	\$ 220.9
Diluted income (loss) per common share	\$ 10.08	\$ 0.10	\$ 0.53	\$ 1.11	\$ 0.58	\$ 12.40
Effective tax rate	23.1%					21.6%
SG&A as % gross profit ⁽¹⁾	67.7%					66.7%
Operating margin ⁽²⁾	4.3%					4.7%
Pretax margin ⁽³⁾	3.1%					3.7%
Same Store SG&A expenses	\$ 843.4	\$ (2.1)	\$ (10.6)	\$ —	\$ —	\$ 830.7
Same Store SG&A as % gross profit ⁽¹⁾	67.3%					66.3%
Same Store income (loss) from operations	\$ 332.3	\$ 2.1	\$ 10.6	\$ 23.8	\$ —	\$ 368.8
Same Store operating margin ⁽²⁾	4.3%					4.8%

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

⁽²⁾ Adjusted operating margin excludes the impact of SG&A reconciling items above and asset impairment charges.

⁽³⁾ Adjusted pretax margin excludes the impact of SG&A reconciling items above, asset impairment charges and (gain) loss on extinguishment of debt.

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

(In millions, except per share data)

Nine Months Ended September 30, 2019

	U.S. GAAP	Catastrophic events	Dealership and real estate transactions	Legal matters	Asset impairments	Non-GAAP adjusted
SG&A expenses	\$ 1,020.3	\$ (17.8)	\$ 4.1	\$ (2.0)	\$ —	\$ 1,004.6
Asset impairments	\$ 10.8	\$ —	\$ —	\$ —	\$ (10.8)	\$ —
Income (loss) from operations	\$ 267.2	\$ 17.8	\$ (4.1)	\$ 2.0	\$ 10.8	\$ 293.7
Income (loss) before income taxes	\$ 164.4	\$ 17.8	\$ (4.1)	\$ 2.0	\$ 10.8	\$ 190.9
Less: (Benefit) provision for income taxes	38.5	4.4	(1.7)	0.5	2.0	43.7
Net income (loss)	125.9	13.4	(2.5)	1.5	8.8	147.2
Less: Earnings (loss) allocated to participating securities	4.7	0.5	(0.1)	0.1	0.3	5.5
Net income (loss) available to diluted common shares	\$ 121.2	\$ 12.9	\$ (2.4)	\$ 1.5	\$ 8.5	\$ 141.7
Diluted income (loss) per common share	\$ 6.77	\$ 0.72	\$ (0.13)	\$ 0.08	\$ 0.47	\$ 7.92
Effective tax rate	23.4%					22.9%
SG&A as % gross profit ⁽¹⁾	75.5%					74.3%
Operating margin ⁽²⁾	3.0%					3.3%
Pretax margin ⁽²⁾	1.8%					2.1%
Same Store SG&A expenses	\$ 1,005.9	\$ (17.8)	\$ 0.4	\$ (1.8)	\$ —	\$ 986.6
Same Store SG&A as % gross profit ⁽¹⁾	75.3%					73.9%
Same Store income (loss) from operations	\$ 266.5	\$ 17.8	\$ (0.4)	\$ 1.8	\$ 10.8	\$ 296.6
Same Store operating margin ⁽²⁾	3.0%					3.4%

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

⁽²⁾ Adjusted operating margin and pretax margin exclude the impact of SG&A reconciling items above and asset impairment charges.



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