



*'VALUE DRIVEN'*

# 2015 Second Quarter Financial Results & Overview

July 23, 2015

Copyright © 2014 Group 1 Automotive, Inc. All rights reserved.



*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. 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.*



GROUP **1** AUTOMOTIVE



## Company Overview

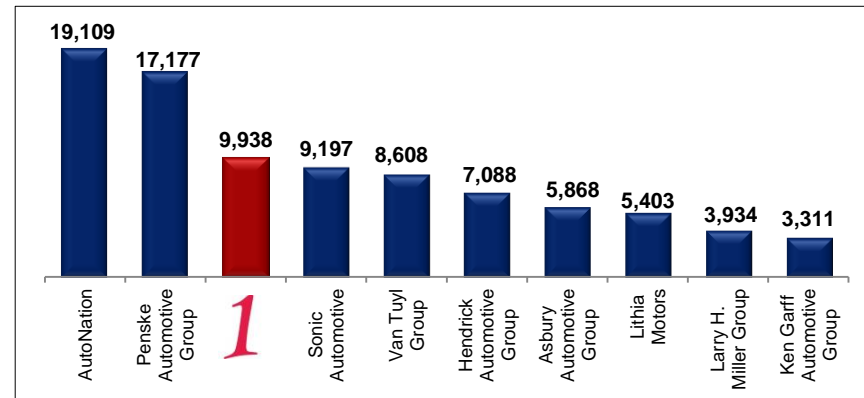


# What Sets Group 1 Apart?

- International, Fortune 500 company with Market Cap of \$2.1 Billion (period ended June 30, 2015)
- Third largest dealership group in the U.S. retailing approximately 275,000 new and used vehicles annually
- Committed management team with more than 100 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
- 5 consecutive years of double-digit revenue growth
- Compound annual growth rate (CAGR) of earnings per share (EPS) has grown 22.1% since 1Q10

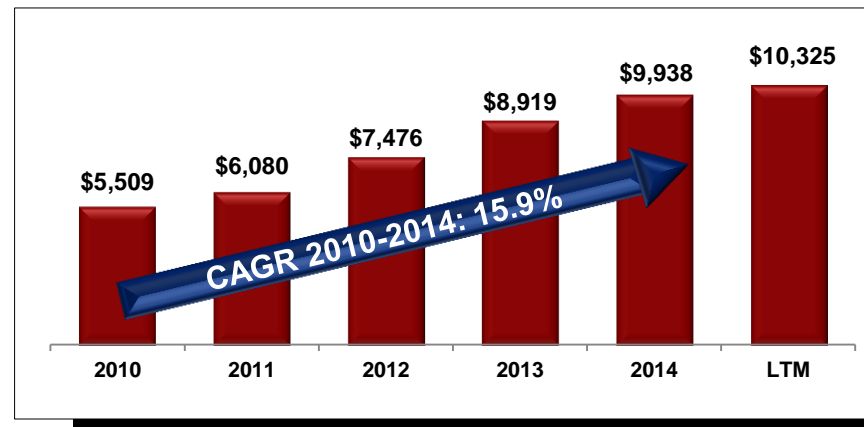


**Top 10 U.S. auto retailers by revenue (\$mm, FY 2014)**



Source: Automotive News

**Revenue (\$mm)**



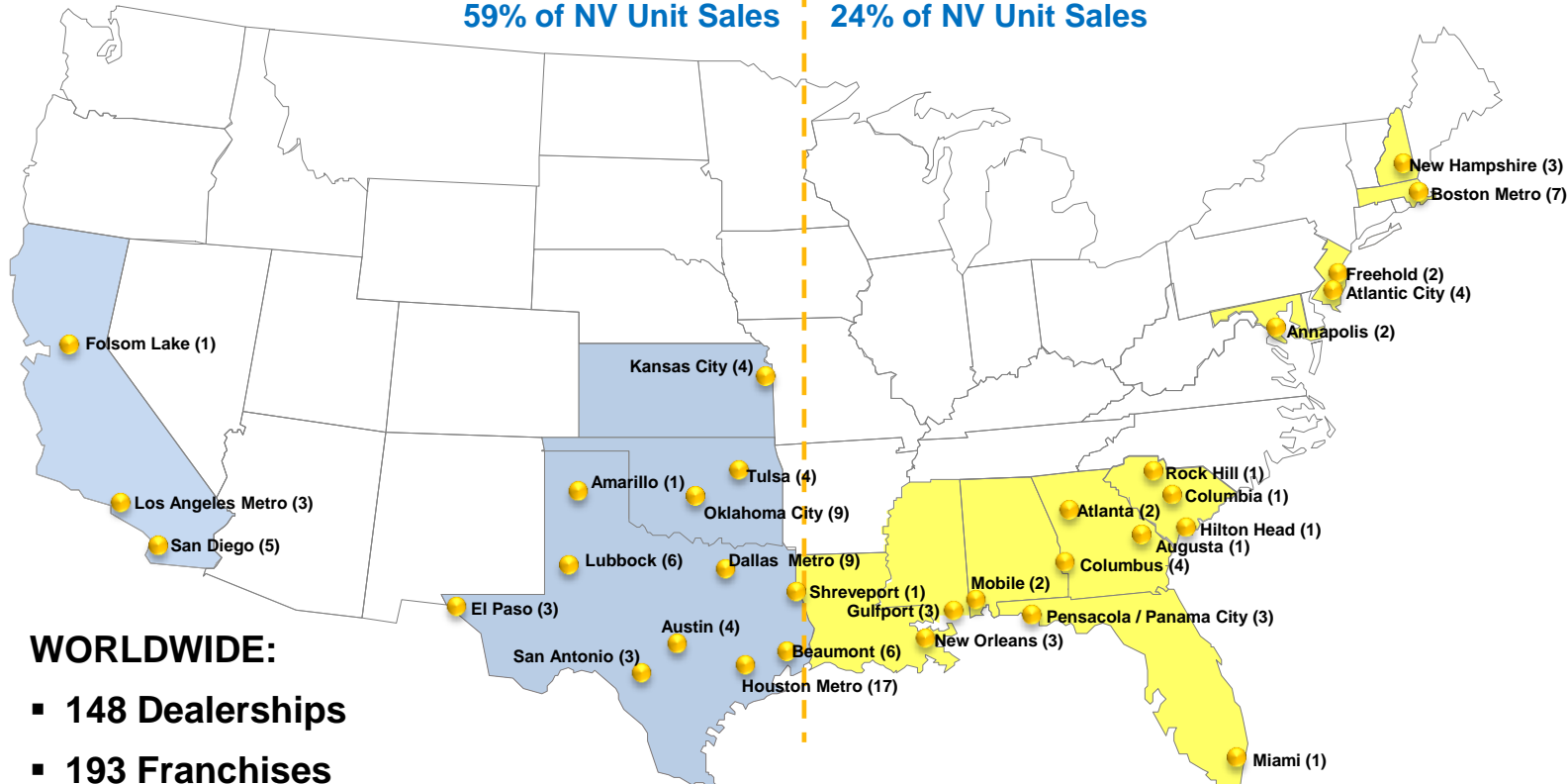


## UNITED STATES – 14 States

116 Dealerships

**WEST REGION**  
59% of NV Unit Sales

**EAST REGION**  
24% of NV Unit Sales



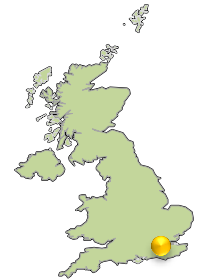
### WORLDWIDE:

- 148 Dealerships
- 193 Franchises
- 38 Collision Centers
- 32 Brands

### U.K.

England:

- 17 Dealerships
- 10% of NV Unit Sales



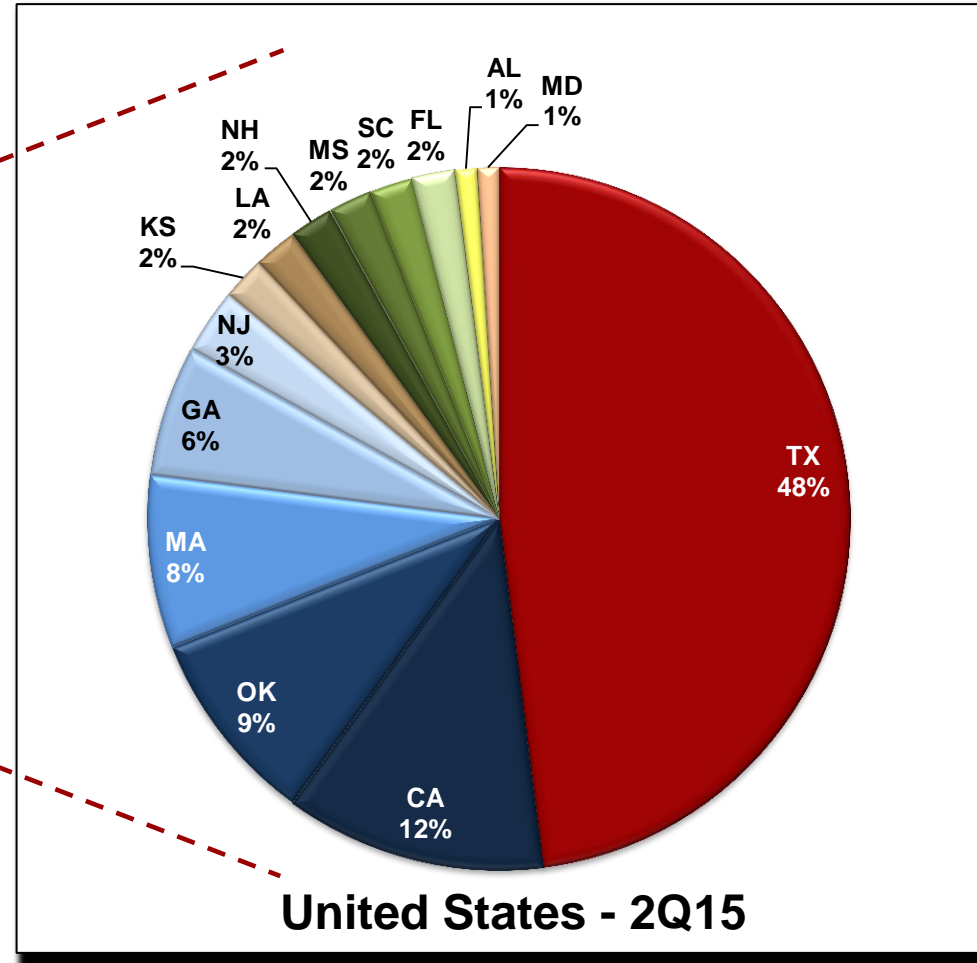
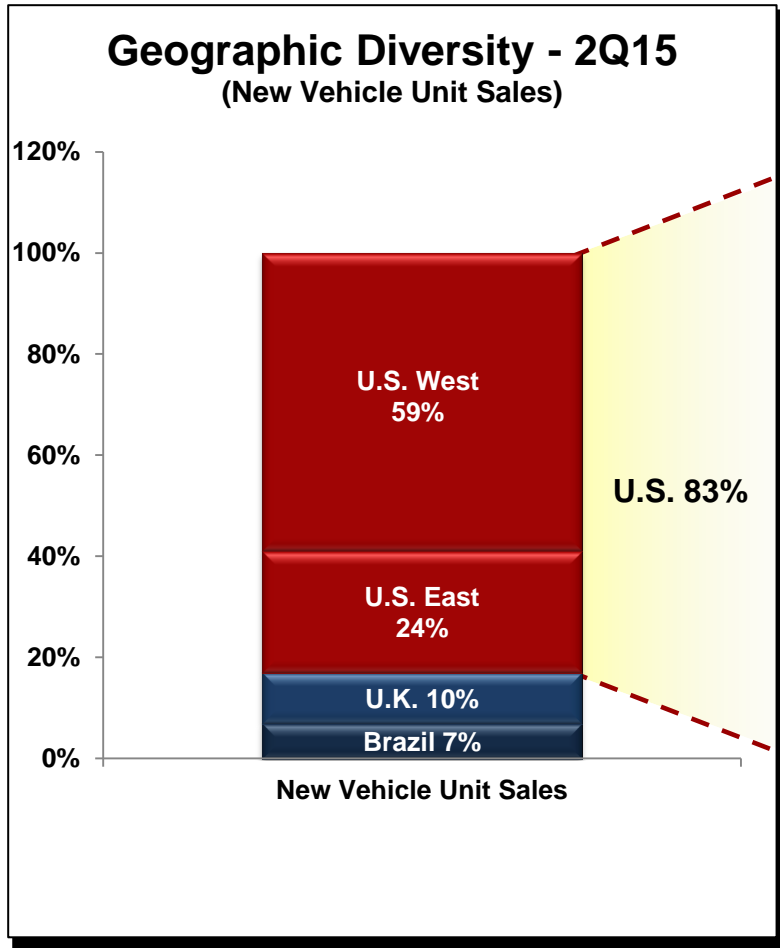
### BRAZIL

Mato Grosso do Sul, Sao Paulo & Parana:

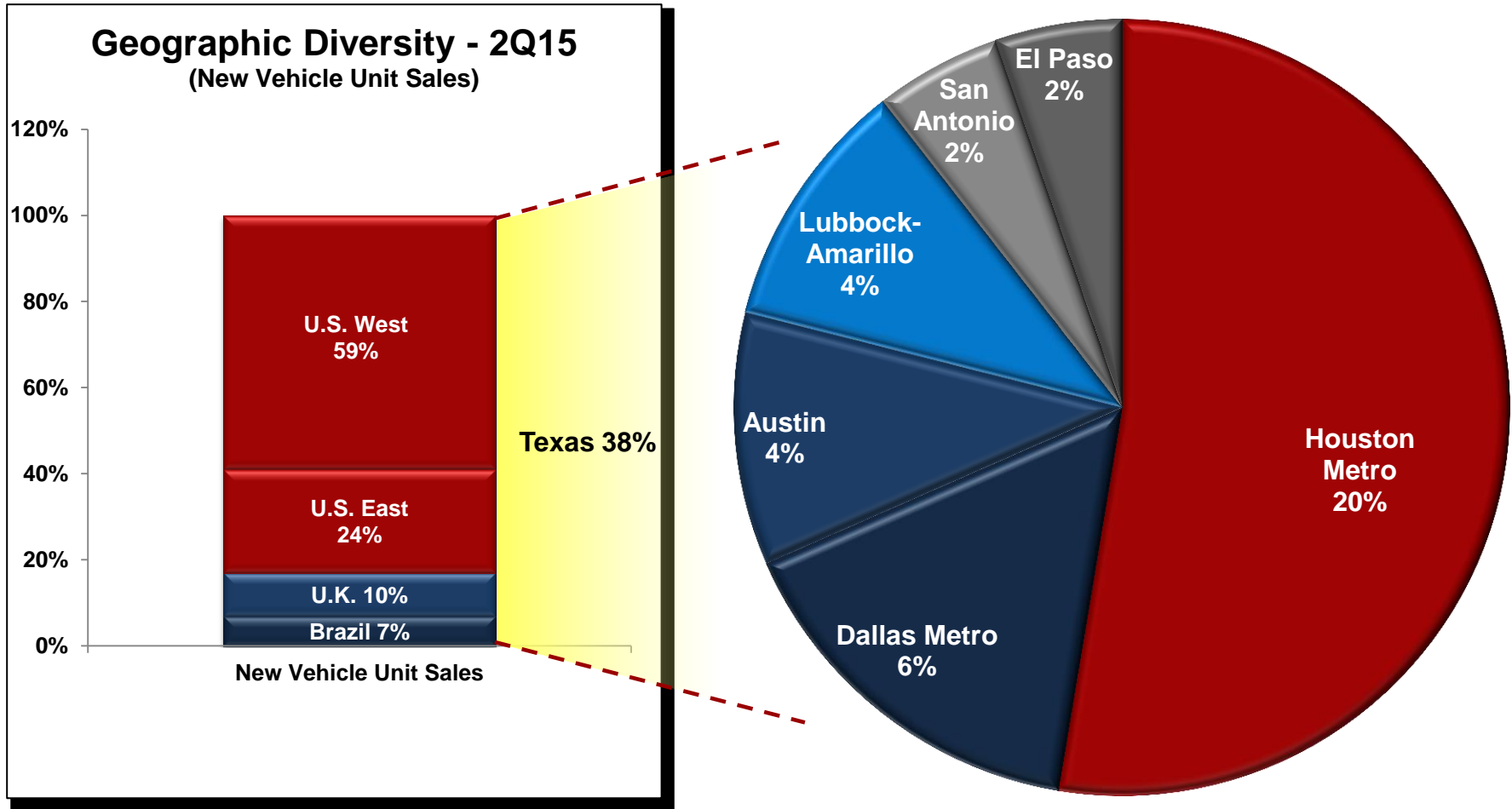
- 15 Dealerships
- 7% of NV Unit Sales



Note: Locations as of July 23, 2015



# Geographic Diversity – Texas

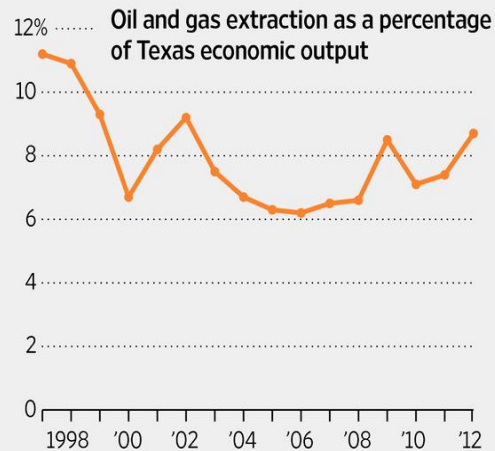
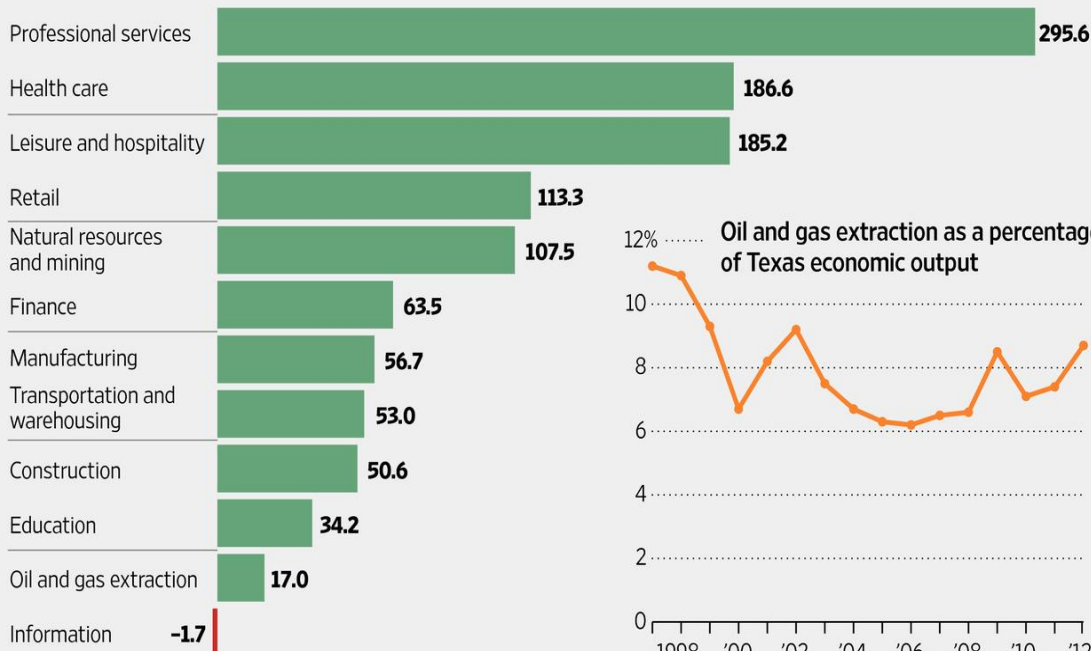


- Texas New Vehicle Unit Sales Up 7.1% in 2Q15 on a Same Store basis

## Texas Lowdown<sup>1</sup>

Energy isn't the only sector creating jobs or economic output in Texas.

Job growth in Texas by sector, 2009-13, in thousands



Sources: U.S. Bureau of Labor Statistics (jobs); U.S. Bureau of Economic Analysis (output); U.S. Labor Department (rates) The Wall Street Journal

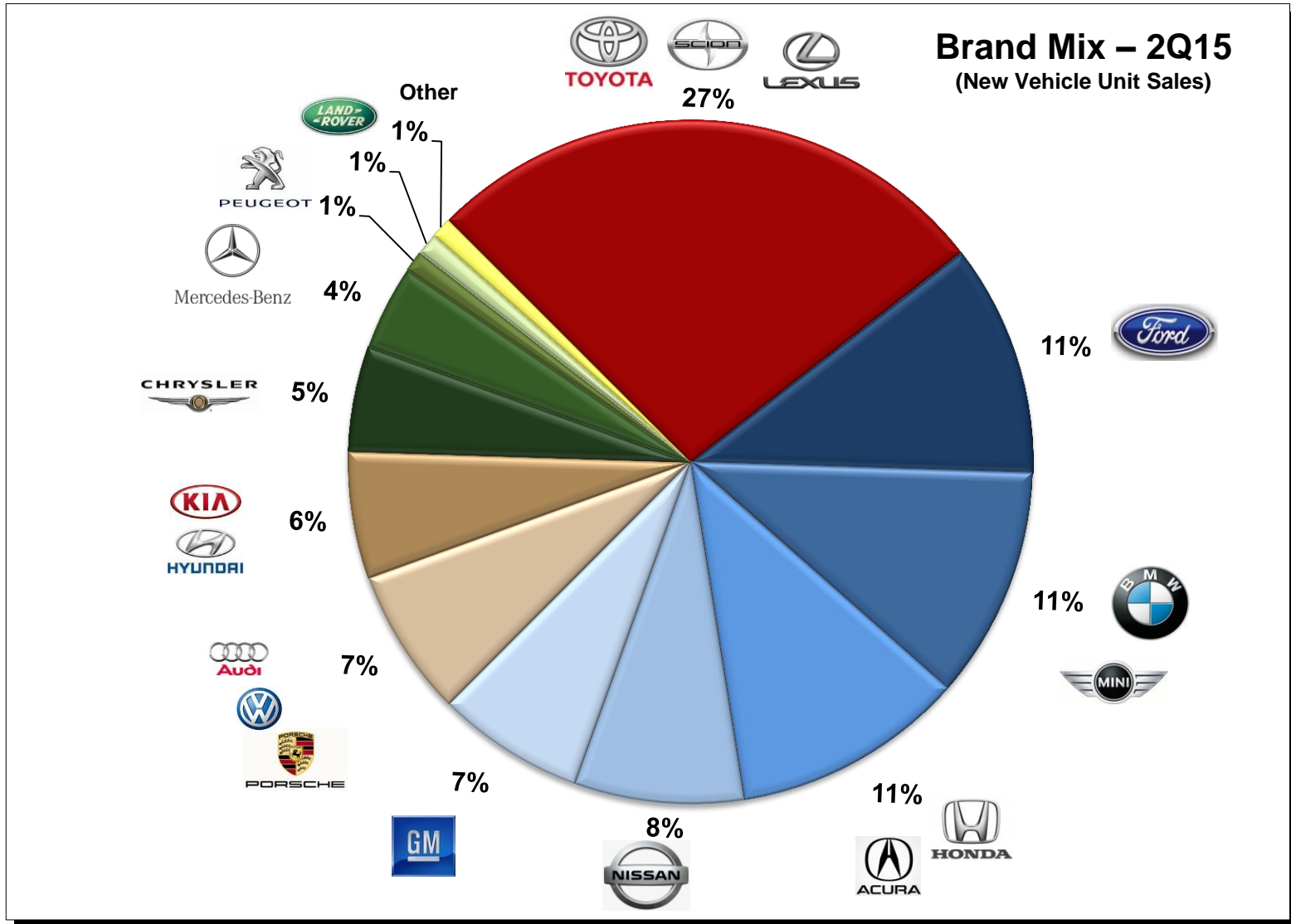
- “Health-care and social-services companies made up 10.4% of jobs in the greater Houston area in 2013, compared with 5.9% in 1985, according to Labor Department data.”<sup>1</sup>
- “Roughly 4.3% of jobs in the county were in the oil-and-gas industry last year.”<sup>1</sup>

<sup>1</sup>Source: Wall Street Journal, Plunging Oil Prices Test Texas' Economic Boom, January 4, 2015



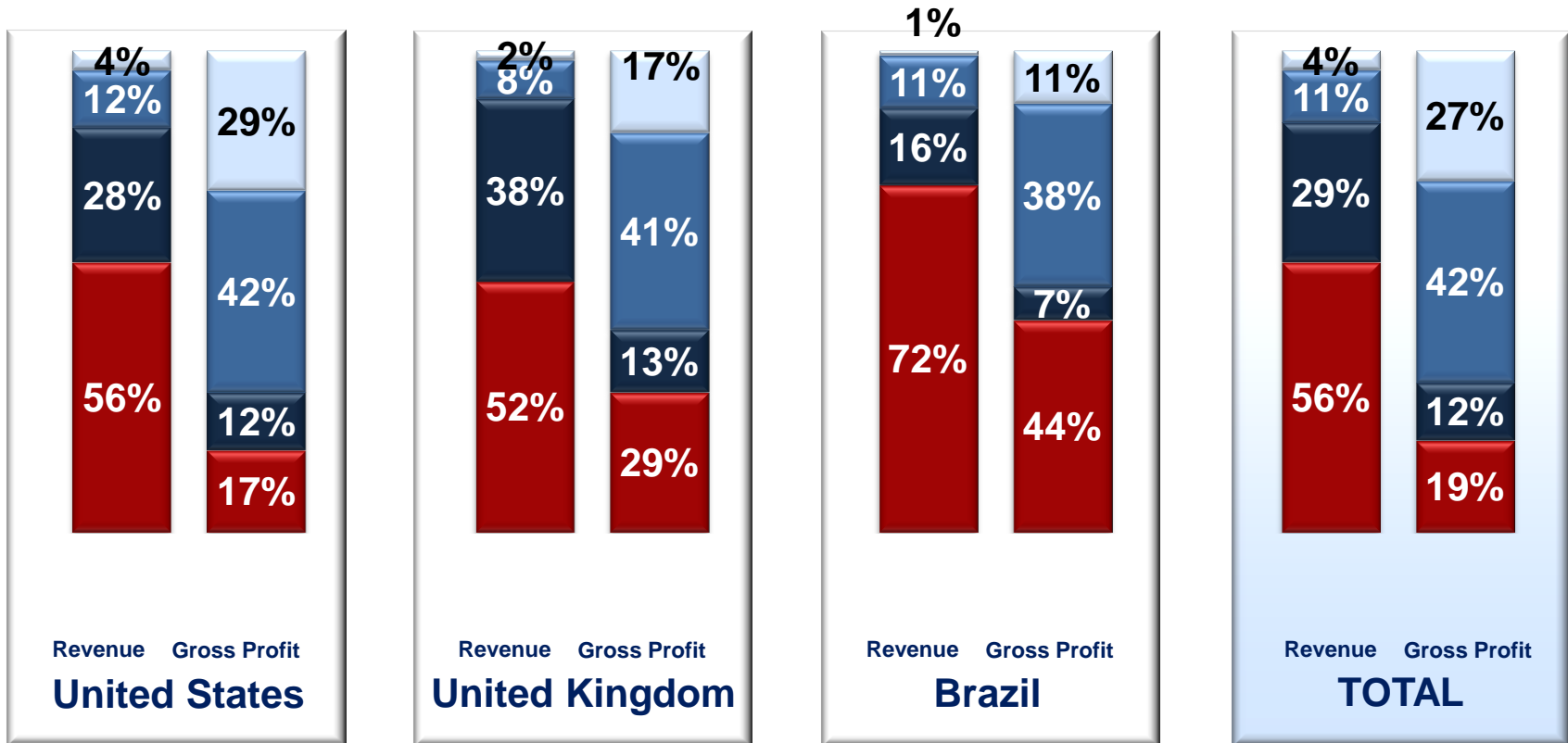
# Well-Balanced Brand Portfolio

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



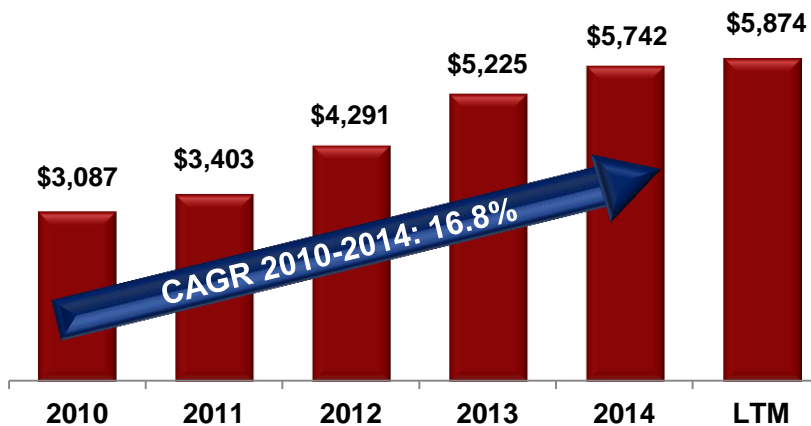
## 2Q15 Revenue &amp; Gross Profit

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

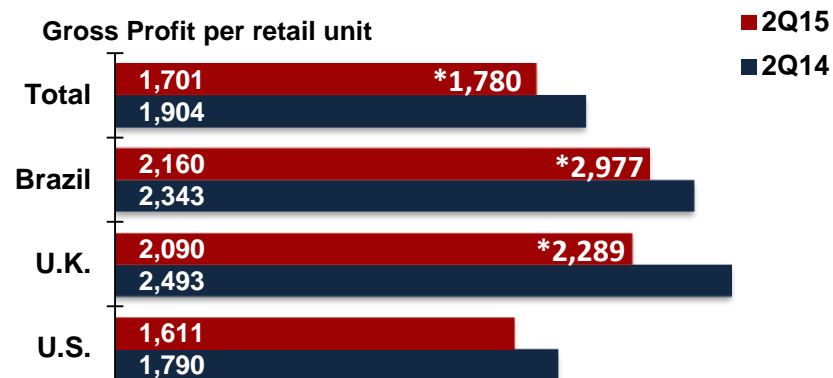


*Total Company Parts & Service Gross Profit Covers ~95% of  
Total Company Fixed Costs and Parts & Service Selling Expenses*

## New vehicle revenue (\$mm)



## New vehicle gross profit

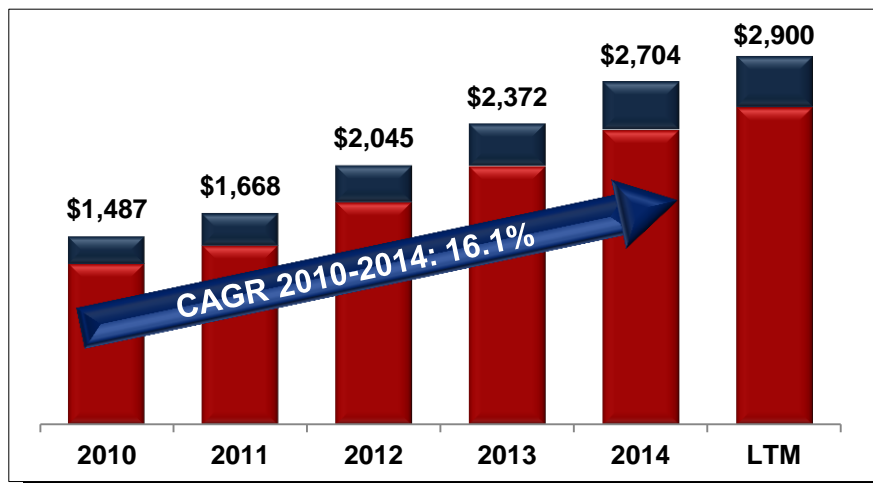


## For the year ended December 31,

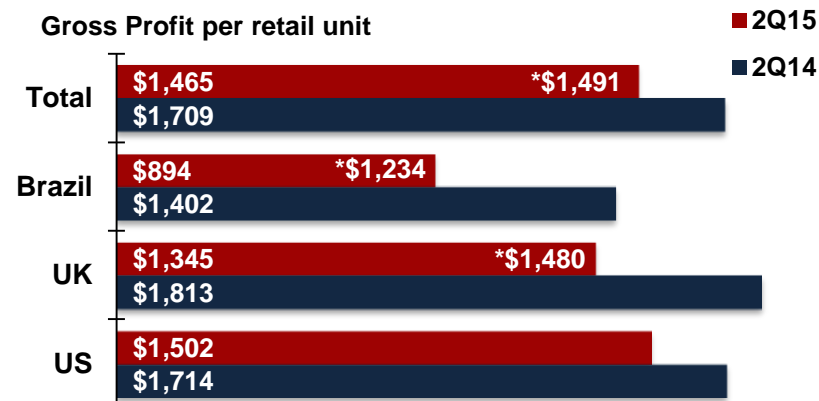
	2010	2011	2012	2013	2014	LTM 6/30/2015
Revenue	\$3,087	\$3,403	\$4,291	\$5,225	\$5,742	\$5,874
Gross profit	\$178	\$210	\$247	\$290	\$311	\$309
New vehicles (units)	97,511	102,022	128,550	155,866	166,896	170,695
Average price per retail unit	\$31,656	\$33,352	\$33,381	\$33,522	\$34,402	\$34,411
Average gross profit per retail unit	\$1,823	\$2,062	\$1,925	\$1,860	\$1,865	\$1,812
Same store sales revenue growth	18.7%	6.4%	16.3%	6.0%	4.3%	4.5% <sup>1</sup>

<sup>1</sup> Same store sales growth is for YTD 2015 on a local currency basis

Used vehicle revenue (\$mm)



Retail used vehicle gross profit per retail unit

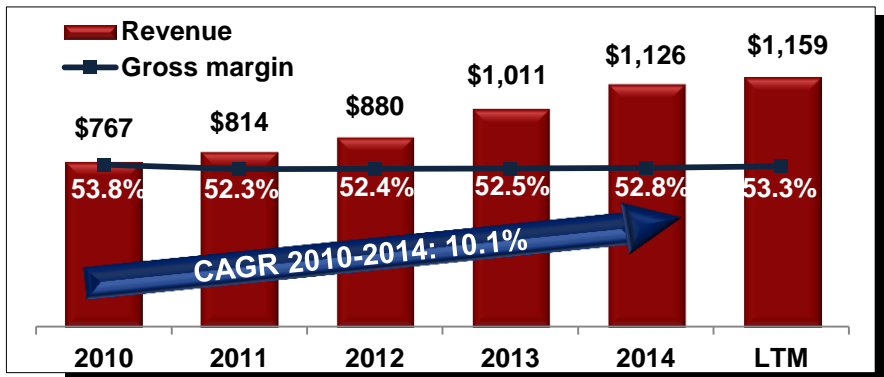


\*Constant Exchange Rate for 2Q15

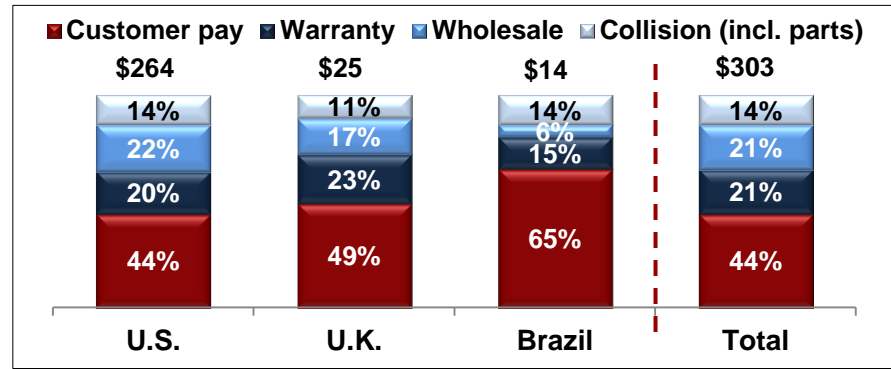
	For the year ended December 31,					LTM
	2010	2011	2012	2013	2014	6/30/2015
Retail used vehicles (units)	66,001	70,475	85,366	98,813	109,873	117,697
Average price per used retail vehicle	\$19,258	\$20,100	\$20,581	\$20,639	\$21,160	\$21,268
Average gross profit per used retail vehicle	\$1,742	\$1,767	\$1,710	\$1,628	\$1,579	\$1,506
Average gross profit per used wholesale vehicle	\$80	\$113	\$56	(\$4)	\$42	(\$5)
Used vehicle gross profit (\$mm)	\$118	\$129	\$149	\$161	\$174	\$177
Retail same store revenue growth	27.4%	7.9%	14.8%	6.0%	14.0%	11.5% <sup>1</sup>

<sup>1</sup> Same store sales growth is for YTD 2015 on a local currency basis

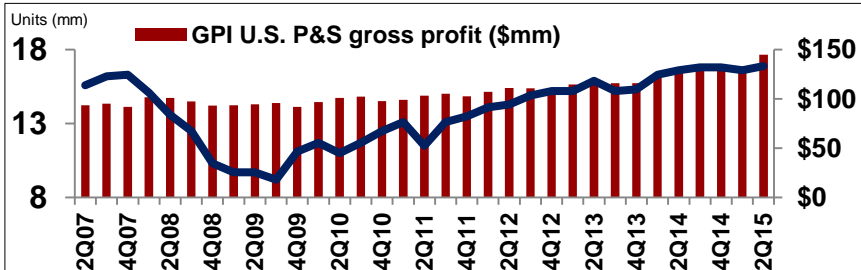
## P&S revenue and gross margin (\$mm)



## 2Q15 P&S revenue (\$mm)



## Group 1 U.S. parts and service gross profit vs. U.S. SAAR



Source: LMC Automotive, Company filings

## Growth by Same Store (as reported)

	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	L.C.**
Customer Pay	2.0%	0.5%	0.9%	0.6%	-2.1%	1.1%	4.7%
Warranty	5.2%	7.6%	20.7%	10.3%	14.4%	10.9%	13.3%
Wholesale	14.0%	16.6%	14.0%	10.3%	2.1%	5.1%	6.2%
Collision (incl. parts)	11.6%	5.2%	3.7%	12.2%	9.4%	14.4%	17.0%
% Growth*	6.3%	5.6%	7.4%	6.0%	3.4%	5.5%	8.2%

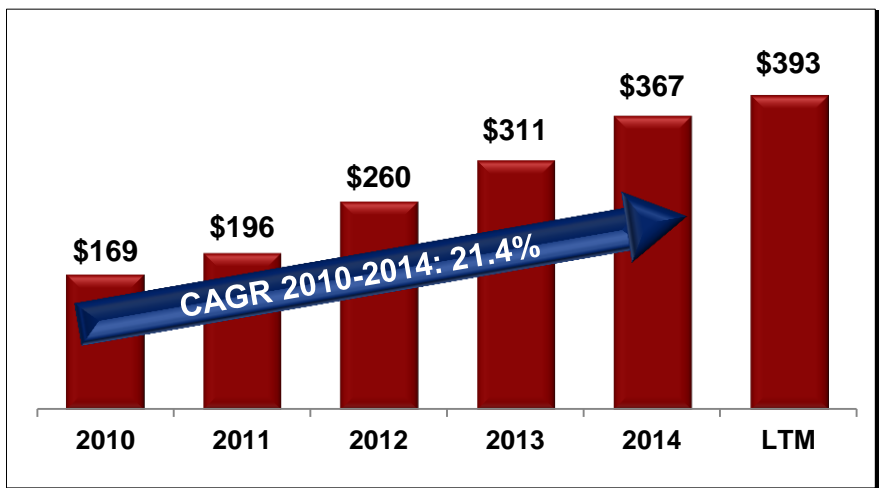
\*Same store, as reported

\*\*Local Currency Constant Exchange Rate for 2Q15

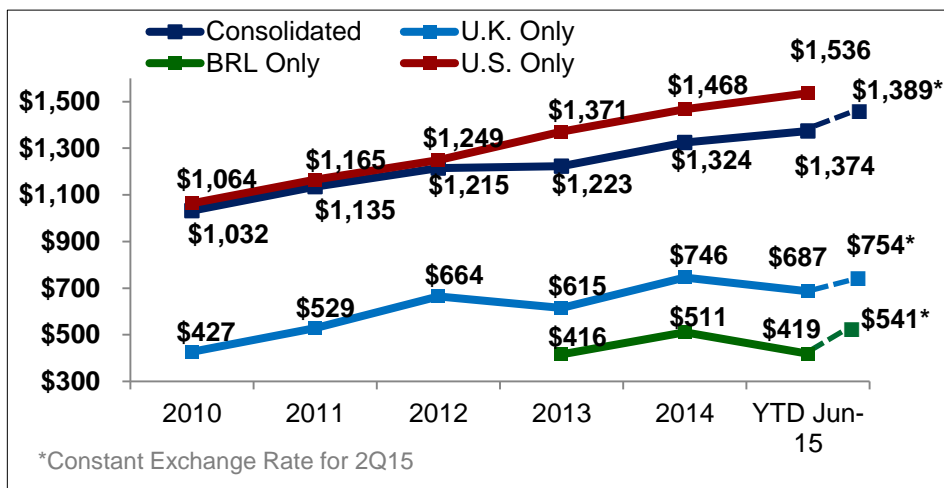
- Parts & service segment provides a stable base of free cash flow through economic cycles
- Using Customer Management Software (CMS) and technology to improve efficiencies and closing rates
- Enhancing customer touch points to improve retention / attacking points of defection
- Leveraging scale
- Improving collision business
- Strategic emphasis on customer service is driving growth above sector average in this important segment
- Focused on adding human capacity—the Company has added 115 net technicians since June 2014



F&I revenue (\$mm)



F&I gross profit per retail unit (\$)



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

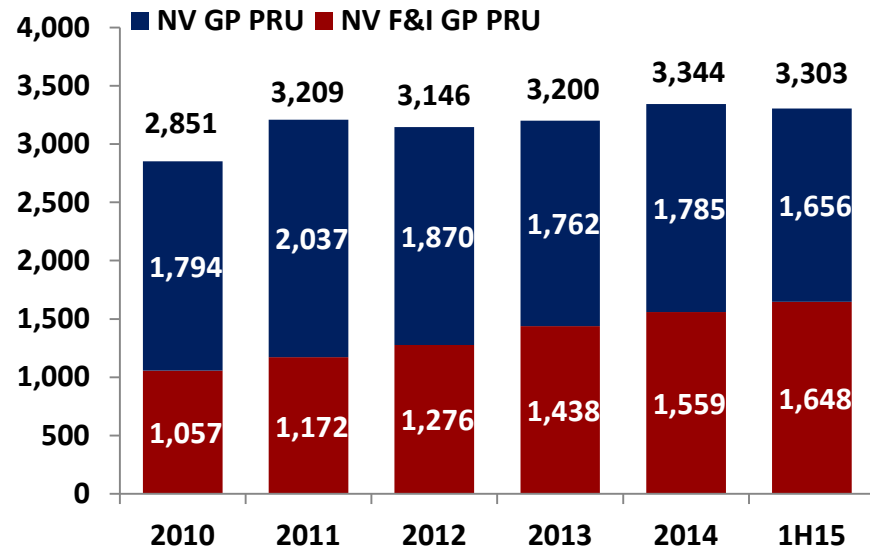
- Consolidation of lender base
- Consumer financing at pre-recession availability and with sub-prime financing improving
- Integrating compliance, training and benchmarking to offer a consistent and transparent experience for internal and external customers
- Proactively addressed CFPB concerns with rollout of NADA's Fair Credit Compliance Policy & Program in 2Q14, which enhances automotive lending practices

F&I Penetration Rates (Actual)

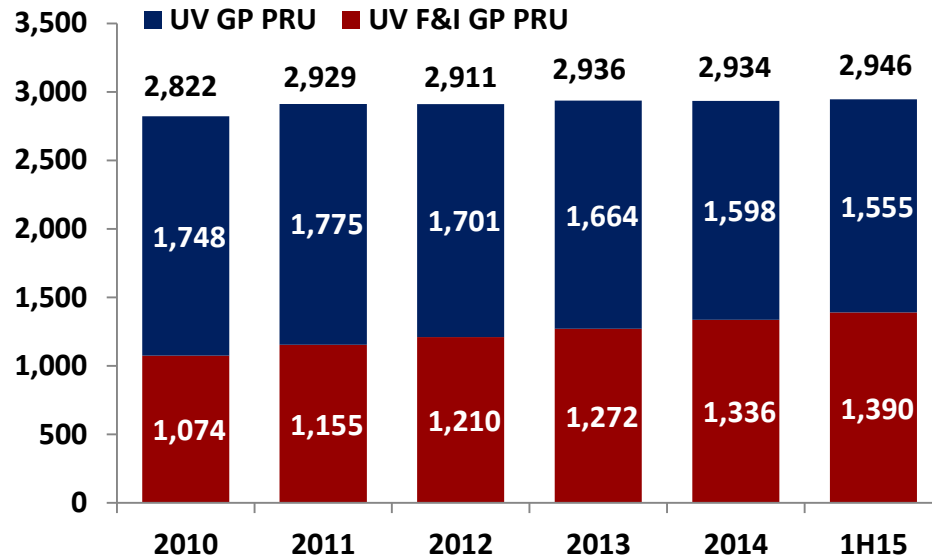
	FY2011	FY2012	FY2013	FY2014	2015 YTD			
					Consol.	US	UK	Brazil
Finance	70%	71%	69%	67%	67%	73%	44%	32%
VSC	36%	37%	34%	34%	34%	41%	4%	2%
Gap Ins.	22%	22%	22%	24%	27%	28%	29%	0%
Maintenance	8%	8%	8%	9%	9%	11%	0%	0%
Sealant	12%	14%	15%	18%	19%	19%	32%	0%
Gross Profit PRU	\$ 1,135	\$ 1,215	\$ 1,223	\$ 1,324	\$ 1,374	\$ 1,536	\$ 687	\$ 419

# Total U.S. Vehicle Profitability

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



## U.S. Used Vehicle Profitability (\$)



GROUP **1** AUTOMOTIVE



## Financial Overview



**Financial Results - Consolidated***(\$ in millions, except per share amounts)*

	<b>2Q15</b>	<b>2Q14</b>	<b>Change</b>	<b>w/o FX <sup>2</sup></b>	<b>FY15</b>	<b>FY14</b>	<b>Change</b>	<b>w/o FX <sup>2</sup></b>
Revenues	<b>\$2,726.5</b>	\$2,511.6	<b>8.6%</b>	<b>11.7%</b>	<b>\$5,159.3</b>	\$4,772.5	<b>8.1%</b>	<b>11.0%</b>
Gross Profit	<b>\$ 391.6</b>	\$ 369.1	<b>6.1%</b>	<b>8.6%</b>	<b>\$ 755.5</b>	\$ 707.3	<b>6.8%</b>	<b>9.0%</b>
Adj. SG&A as a % of Gross Profit <sup>(1)</sup>	<b>71.4%</b>	73.1%	<b>(170)</b>		<b>72.9%</b>	74.6%	<b>(170)</b>	
Adjusted Operating Margin <sup>(1)</sup>	<b>3.7%</b>	3.5%	<b>20</b>		<b>3.5%</b>	3.3%	<b>20</b>	
Adjusted EBITDA <sup>(1)</sup>	<b>\$ 102.1</b>	<b>\$ 88.9</b>	<b>14.8%</b>		<b>\$ 185.1</b>	<b>\$ 158.5</b>	<b>16.8%</b>	
Total Interest Expense	<b>\$ 24.2</b>	\$ 22.9	<b>\$ 1.3</b>		<b>\$ 47.5</b>	\$ 44.3	<b>\$ 3.2</b>	
Adjusted Net Income <sup>(1)</sup>	<b>\$ 47.9</b>	\$ 40.0	<b>19.9%</b>		<b>\$ 83.7</b>	\$ 71.3	<b>17.5%</b>	
Adjusted Diluted EPCS <sup>(1)</sup>	<b>\$ 1.98</b>	\$ 1.47	<b>34.7%</b>		<b>\$ 3.44</b>	\$ 2.66	<b>29.3%</b>	

(1) See appendix for GAAP reconciliation

(2) pro-forma growth assuming a constant exchange rate

**Financial Results - U.S.**  
**(\$ in millions)**

	<u>2Q15</u>	<u>2Q14</u>	<u>Change</u>	<u>FY15</u>	<u>FY14</u>	<u>Change</u>
Revenues	<b>\$2,287.4</b>	\$2,060.6	<b>11.0%</b>	<b>\$4,285.9</b>	\$3,895.2	<b>10.0%</b>
Gross Profit	<b>\$ 342.2</b>	\$ 316.8	<b>8.0%</b>	<b>\$ 656.7</b>	\$ 606.5	<b>8.3%</b>
Adj. SG&A as a % of Gross Profit <sup>(1)</sup>	<b>69.8%</b>	71.3%	<b>(150)</b>	<b>71.4%</b>	72.9%	<b>(150)</b>
Adjusted Operating Margin <sup>(1)</sup>	<b>4.1%</b>	4.0%	<b>10</b>	<b>3.9%</b>	3.8%	<b>10</b>
Total Interest Expense	<b>\$ 22.0</b>	\$ 20.2	<b>\$ 1.8</b>	<b>\$ 43.3</b>	\$ 39.0	<b>\$ 4.3</b>
Adjusted Pretax Margin <sup>(1)</sup>	<b>3.1%</b>	3.0%	<b>10</b>	<b>2.9%</b>	2.8%	<b>10</b>

(1) See appendix for GAAP reconciliation



**Financial Results - U.K.**  
*(\$ in millions)*

	2Q15	2Q14	Change	L.C. <sup>2</sup>	FY15	FY14	Change	L.C. <sup>2</sup>
Revenues	\$ 308.2	\$ 251.3	22.6%	34.7%	\$ 607.7	\$ 499.0	21.8%	33.6%
Gross Profit	\$ 33.9	\$ 29.5	14.9%	26.1%	\$ 68.1	\$ 58.3	16.9%	28.2%
Adj. SG&A as a % of Gross Profit <sup>(1)</sup>	77.9%	75.6%	230		78.1%	76.9%	120	
Adjusted Operating Margin <sup>(1)</sup>	2.1%	2.5%	(40)		2.1%	2.4%	(30)	
Total Interest Expense	\$ 1.4	\$ 0.8	\$ 0.6		\$ 2.6	\$ 1.7	\$ 0.9	
Adjusted Pretax Margin <sup>(1)</sup>	1.6%	2.2%	(60)		1.7%	2.0%	(30)	

(1) See appendix for GAAP reconciliation

(2) Local currency basis

**Financial Results - Brazil**  
*(\$ in millions)*

	2Q15	2Q14	Change	L.C. <sup>2</sup>	FY15	FY14	Change	L.C. <sup>2</sup>
Revenues	\$ 130.9	\$ 199.7	-34.5%	-9.6%	\$ 265.7	\$ 378.3	-29.8%	-9.3%
Gross Profit	\$ 15.5	\$ 22.8	-32.3%	-6.6%	\$ 30.7	\$ 42.5	-27.8%	-6.6%
Adj. SG&A as a % of Gross Profit <sup>(1)</sup>	90.9%	95.1%	(420)		93.8%	95.1%	(130)	
Adjusted Operating Margin <sup>(1)</sup>	0.7%	0.3%	40		0.3%	0.3%	-	
Total Interest Expense	\$ 0.8	\$ 1.9	\$ (1.1)		\$ 1.6	\$ 3.6	\$ (2.0)	
Adjusted Pretax Margin <sup>(1)</sup>	0.0%	-0.7%	70		-0.3%	-0.7%	40	

(1) See appendix for GAAP reconciliation

(2) Local currency basis

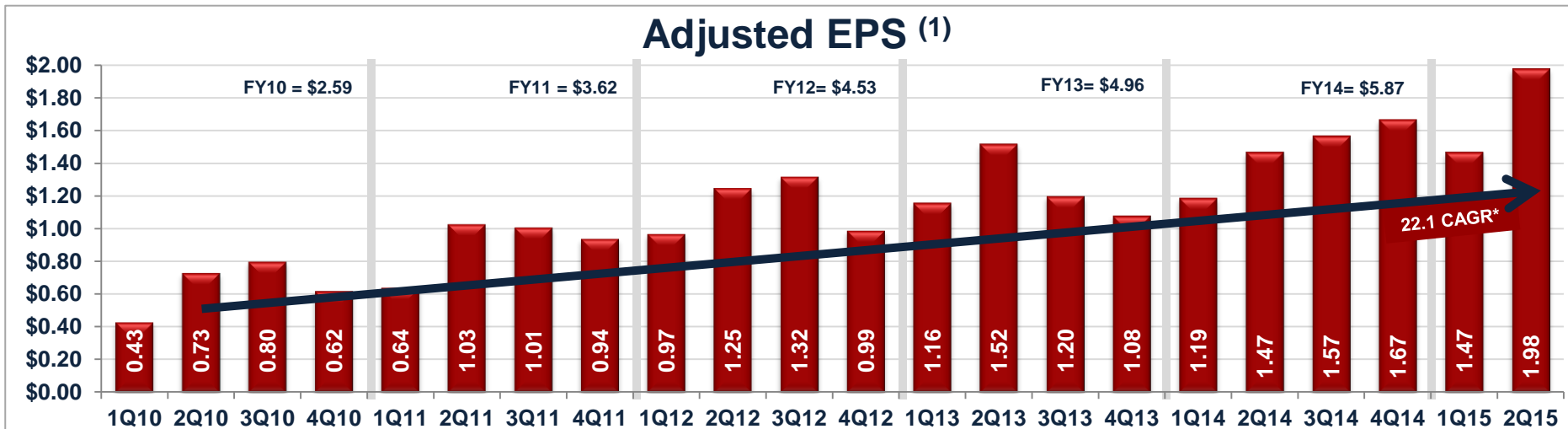
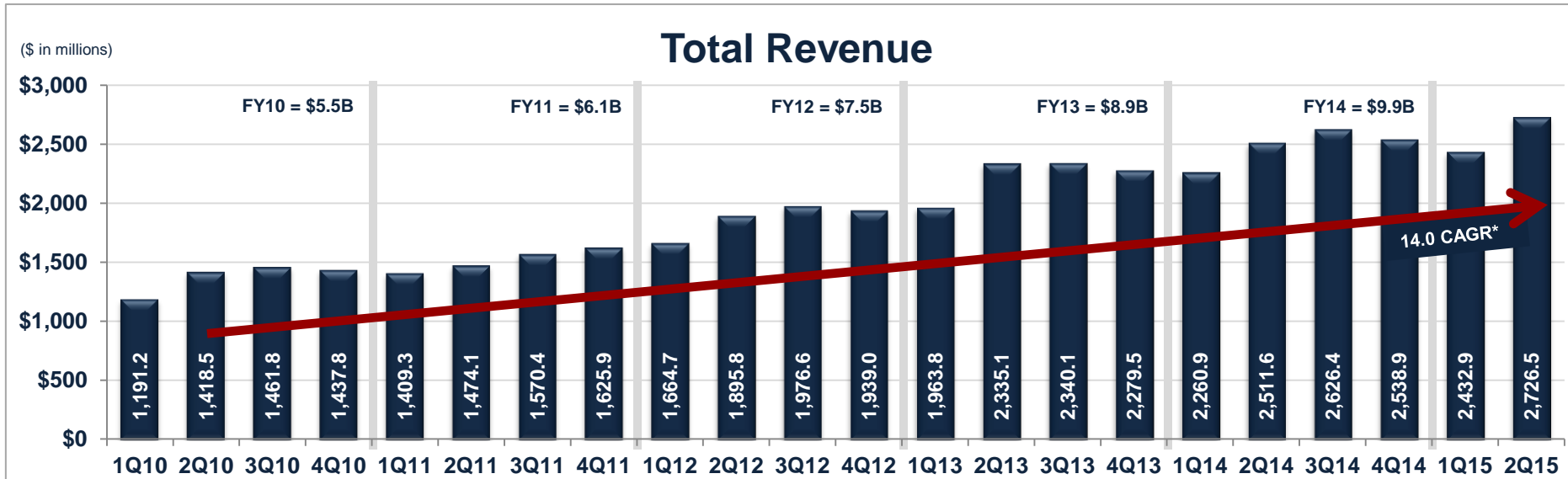
# Same Store Financial Results

## Same Store Financial Results - Consolidated \$ in thousands

	Three Months Ended				Six Months Ended			
	6/30/2015	6/30/2014	Change	L.C. <sup>1</sup>	6/30/2015	6/30/2014	Change	L.C. <sup>1</sup>
<b>Revenues:</b>								
New vehicle retail	\$ 1,410,570	\$ 1,393,637	1.2%	4.6%	\$ 2,645,460	\$ 2,605,751	1.5%	4.5%
Used vehicle retail	621,527	556,208	11.7%	14.3%	1,186,263	1,086,609	9.2%	11.5%
Used vehicle wholesale	87,884	90,729	(3.1)%	0.0%	176,190	174,671	0.9%	3.9%
Total used	\$ 709,411	\$ 646,937	9.7%	12.3%	\$ 1,362,453	\$ 1,261,280	8.0%	10.5%
Parts and service	282,954	268,121	5.5%	8.2%	547,038	523,569	4.5%	6.7%
Finance and insurance	97,650	87,660	11.4%	12.6%	185,513	169,184	9.7%	10.8%
Total	<u>\$ 2,500,585</u>	<u>\$ 2,396,355</u>	<u>4.3%</u>	<u>7.4%</u>	<u>\$ 4,740,464</u>	<u>\$ 4,559,784</u>	<u>4.0%</u>	<u>6.7%</u>
<b>Gross Profit</b>	\$ 361,291	\$ 352,909	2.4%	4.8%	\$ 696,998	\$ 677,566	2.9%	5.0%

<sup>1</sup> Local currency basis

# Total Revenue & EPS Growth

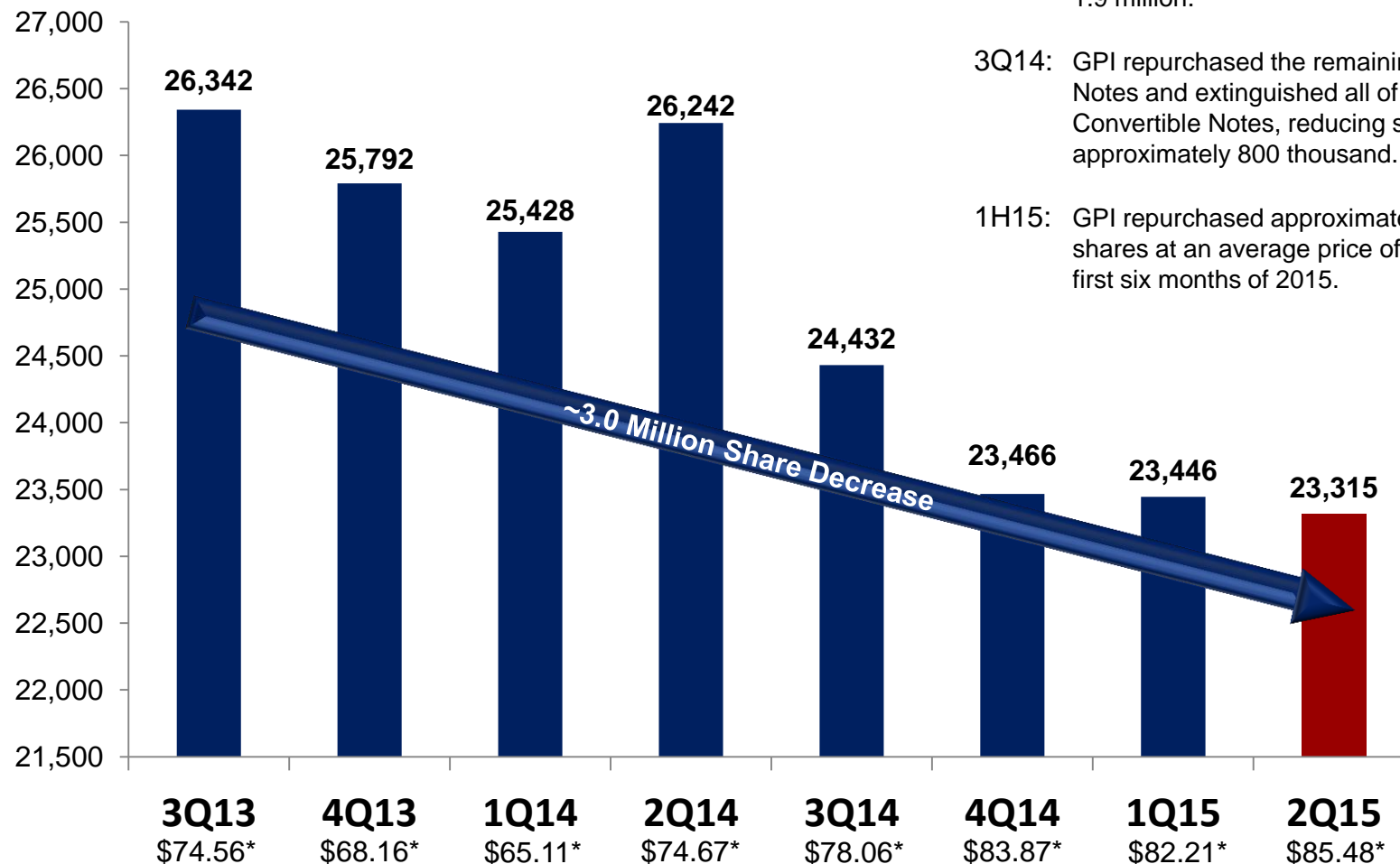


<sup>(1)</sup> See appendix for Adjusted EPS reconciliation

\* CAGR calculation compares 2Q15 to 2Q10

# Diluted Share Count

GPI Shares  
(in thousands)



2Q14: GPI repurchased 80% of its 3% Convertible Notes, reducing share count by approximately 1.9 million.

3Q14: GPI repurchased the remaining 3% Convertible Notes and extinguished all of the 2.25% Convertible Notes, reducing share count by approximately 800 thousand.

1H15: GPI repurchased approximately 407,000 shares at an average price of \$81.46 during the first six months of 2015.

\*Average share price for the quarter

# GROUP **1** AUTOMOTIVE



## Balance Sheet





**Summary Balance Sheet**

\$ in thousands

	<b>As of 6/30/2015</b>	<b>As of 12/31/2014</b>
Cash and cash equivalents <sup>(1)</sup>	\$ 24,225	\$ 40,975
Contracts In Transit and vehicle receivables, net	\$ 233,888	\$ 237,448
Inventories, net	\$ 1,657,105	\$ 1,556,705
Total current assets	\$ 2,099,365	\$ 2,035,219
Total assets	\$ 4,302,974	\$ 4,141,492
Floorplan notes payable	\$ 1,514,439	\$ 1,450,902
Offset account related to credit facility <sup>(1)</sup>	\$ (45,766)	\$ (62,116)
Other current liabilities	\$ 541,926	\$ 533,413
Total current liabilities	\$ 2,010,599	\$ 1,922,199
Long-Term Debt, net of current maturities	\$ 1,041,852	\$ 1,008,837
Total stockholder's equity	\$ 1,004,151	\$ 978,010

(1) Available cash of \$70.0 million is total of cash and cash equivalents plus the U.S. offset account related to floorplan credit facilities. The U.S. offset account is amount of excess cash that is used to paydown floorplan credit facilities but can be immediately redrawn against inventory.

## Debt Maturity Slide

(in millions)	Maturity Date	As of June 30, 2015		Funding Capacity
		Actual	Available Liquidity	
Cash and cash equivalents		\$ 24.2	\$ 24.2	
Short-Term Debt				
Inventory Financing <sup>(1)</sup>	2018	\$ 1,322.8	\$ 45.8	\$ 1,680.0
Other Vehicles Financing <sup>(2)</sup>		145.9		
Current Maturities - Long-Term Debt		76.4		
		<u>\$ 1,545.1</u>	<u>\$ 45.8</u>	<u>\$ 1,680.0</u>
<b>Available Cash</b>			<u><b>\$ 70.0</b></u> <sup>(4)</sup>	
Long-Term Debt				
Acquisition Line of Credit <sup>(1,3)</sup>	2018	90.7	183.6	320.0
5.00% Senior Unsecured Notes	2022	540.7		
(Face: \$550.0 Million)				
Mortgage Facility	2016-2018	25.4		
Real Estate	2016-2034	378.6		
Other	2017	6.4		
Total Long-Term Debt		<u>\$ 1,041.9</u>		
Total Debt		<u><u>\$ 2,587.0</u></u>		
			<u><u>\$ 253.6</u></u>	<u><u>\$ 2,000.0</u></u>

- 1) The capacity under the floorplan and acquisition tranches of our credit facility can be redesignated within the overall \$1.7 billion commitment. Further, the borrowings under the acquisition tranche may be limited from time to time based upon certain debt covenants.
- 2) Borrowings with manufacturer affiliates for rental vehicle financing and foreign inventories not associated with any of the Company's domestic credit facilities.
- 3) The available liquidity balance at June 30, 2015 considers the \$45.7 million of letters of credit outstanding.
- 4) Available cash of \$70.0 million is total of cash and cash equivalents plus the U.S. offset account related to floorplan credit facilities. The U.S. offset account is amount of excess cash that is used to pay down floorplan credit facilities but can be immediately redrawn against inventory.

GROUP **1** AUTOMOTIVE



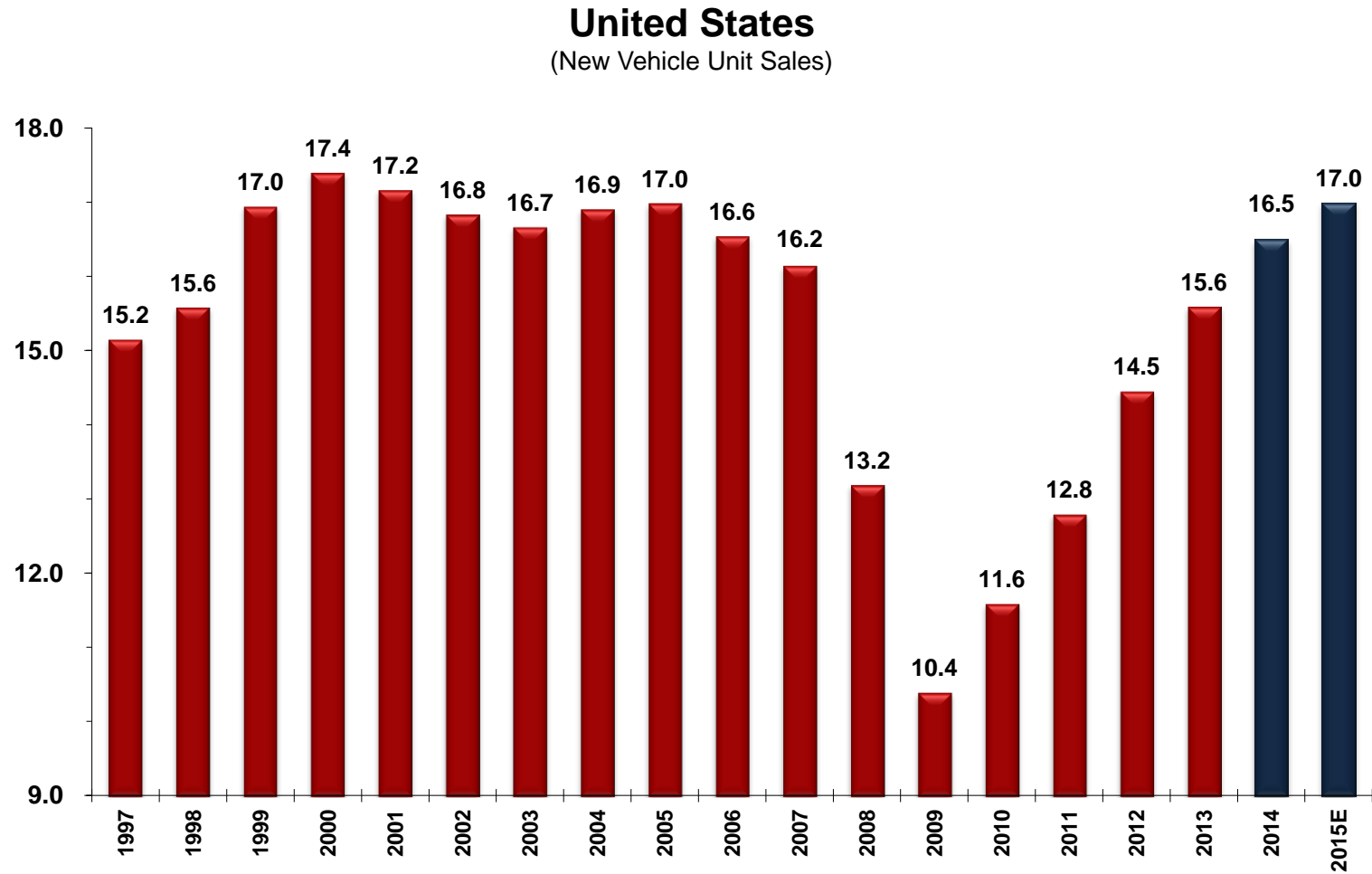
## Growth Outlook



# Factors Driving U.S. Auto Sales Growth

- Age of car park exceeds 11 years – above trend
- Financing is back to pre-recession levels
  - Aggressive loan to value; approval rates for prime and near prime customers rising
- Used vehicle prices remain robust
  - Helps consumers in terms of trade-in values; allows for more aggressive leasing
- Number of licensed drivers is on the rise
- Falling oil prices are helping consumer discretionary income

Pent-up demand driving purchase decisions



Source: LMC Automotive – U.S. New Vehicle Unit Sales & 2015 Forecast

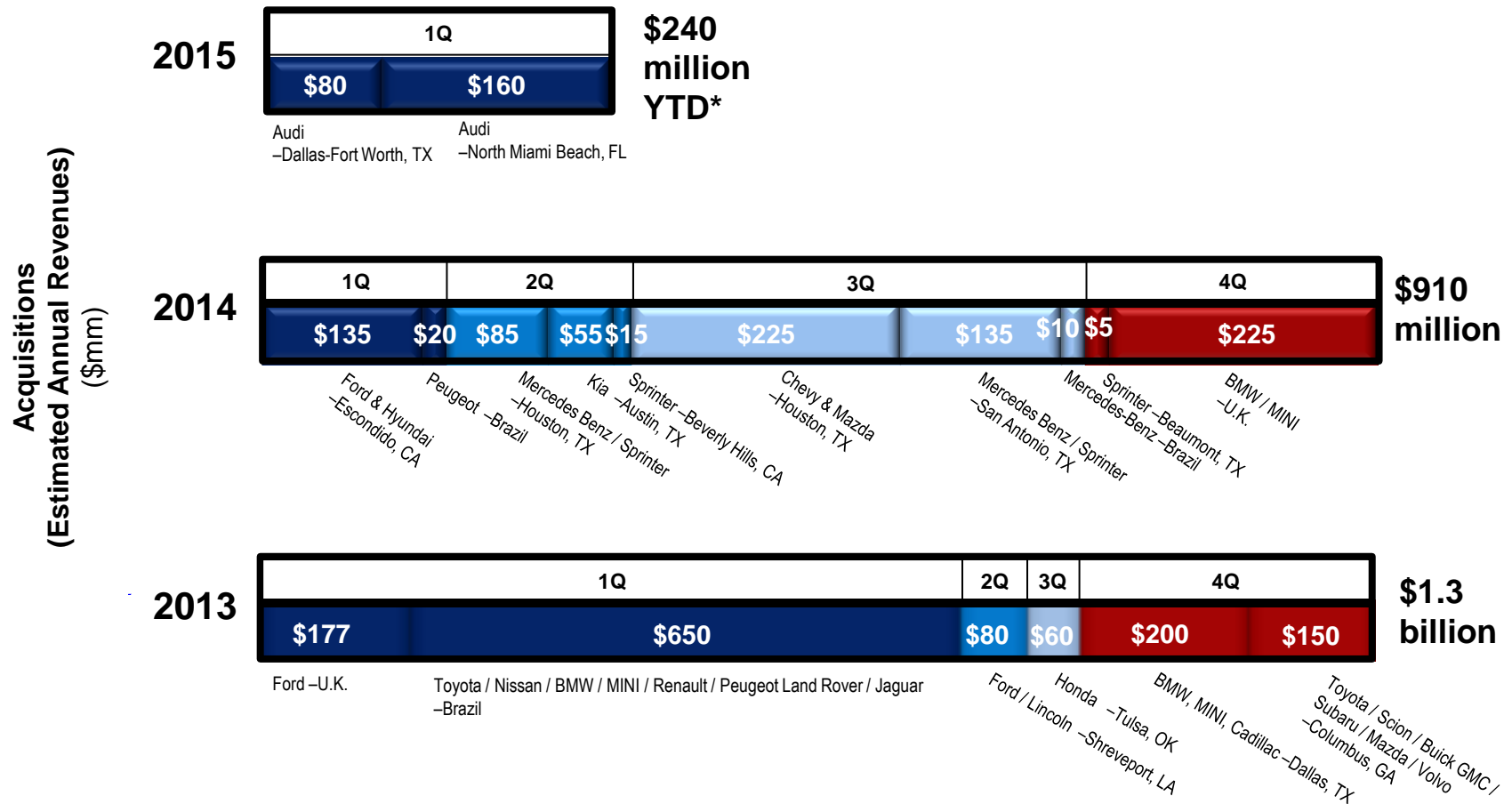


- **Acquisitions that clear return hurdles**  
(10%-15% after-tax discounted cash flows)
- **Return cash to stockholders**
  - Quarterly Cash Dividend
    - \$0.20 per share
  - Share Repurchases in 1H15:
    - ~407,000 shares at average price of \$81.46
  - Repurchase Authorization:
    - As of June 30, 2015, \$66.3 million remains under Board authorization of \$100.0 million



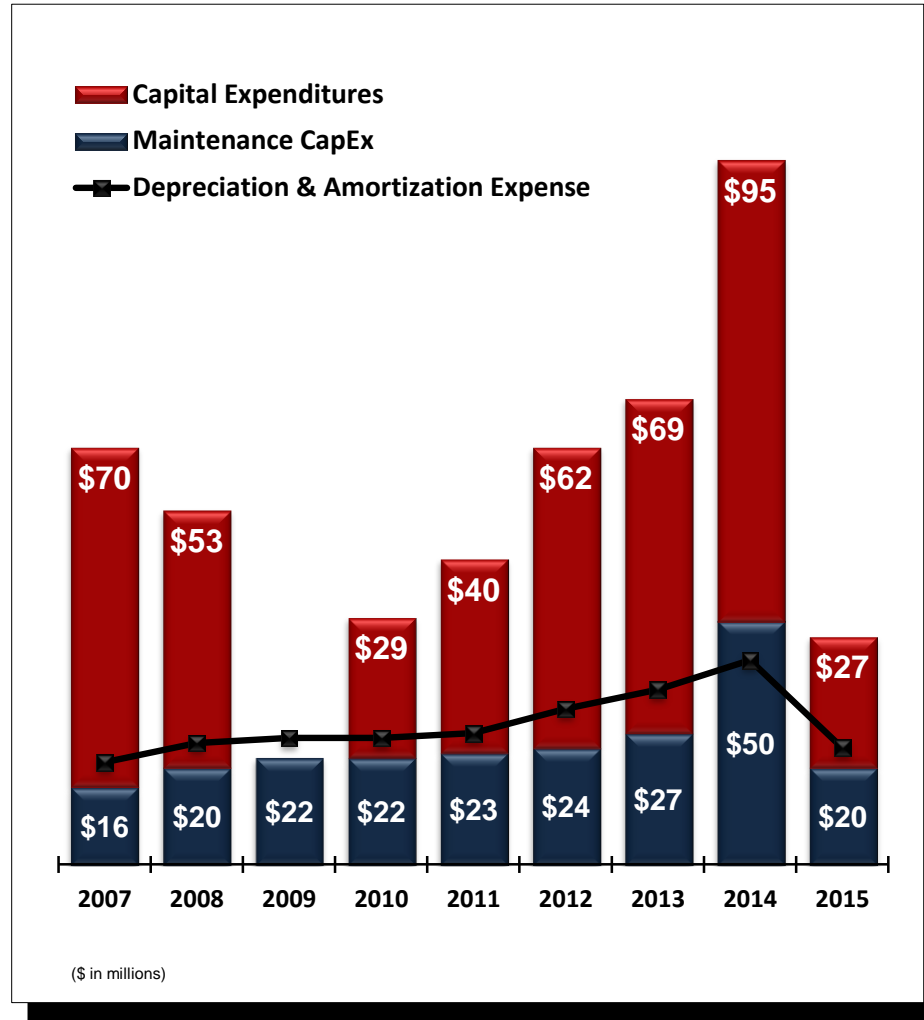
\*Based on average 2014 share price of \$75.23

- 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% - 15% after tax discounted cash flow)



\*As of July 23, 2015

- 2014 CapEx of \$95 million
- 2015 CapEx projected to be less than \$125 million
  - Working with our manufacturer partners to limit spending

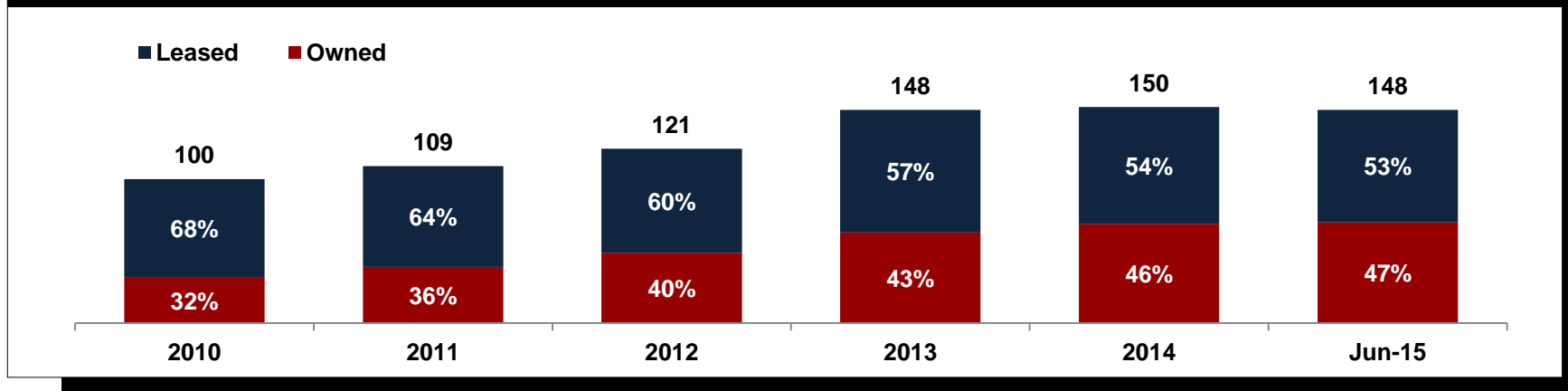


- GPI has historically leased properties but has been shifting to owning the real estate
  - GPI views control of dealership real estate as a strong strategic asset
  - Better flexibility and lower cost
- As of June 30, 2015, the Company owns approximately \$760 million of real estate (47% of dealership locations) financed through \$408 million of mortgage debt
- During 2014, GPI purchased approximately \$140 million of real estate, of which \$41 million of real estate was converted from leased to owned properties
- The Company looks for opportunistic real estate acquisitions in strategic locations and markets

Dealership property breakdown by region (as of June 30, 2015)

Geographic Location	Dealerships	
	Owned	Leased
United States	57	59
United Kingdom	13	4
Brazil	--	15
<b>Total</b>	<b>70</b>	<b>78</b>

Leased vs. owned properties



# GROUP **1** AUTOMOTIVE



## Conclusion



- Well-balanced portfolio (geography, business mix and brands)
- Profitability of different business units through the cycle
  - Model proved itself during recession
- Streamlined business -- generating cash
- Strong balance sheet
- Continue to drive growth through acquisitions
- Operational growth and leverage
  - New vehicle sales growth in U.S.
  - Opportunity to drive growth in used vehicle and Parts & Service with process improvements in all markets
  - 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



# GROUP **1** AUTOMOTIVE



## CORE VALUES

### **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**

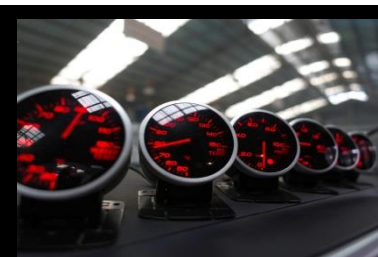
We promote open and honest communication between each other and our customers

### **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



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



GROUP **1** AUTOMOTIVE



## Appendix





## 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**



## 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



## Darryl M. Burman – 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 – 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



## Wade D. Hubbard – Vice President, Fixed Operations

(May 2006)

- 35+ Years Industry Experience
- Automotive Industry Experience: Gulf States Toyota; BMW North America; DaimlerChrysler Corp./Mercedes-Benz; Nissan Motor Corporation USA; Ford Motor Company



## Mark Iuppenlatz – Vice President, Corporate Development

(January 2010)

- 15+ Years Industry Experience
- Automotive-related Experience: Corporate and Real Estate Development; Construction -Sonic Automotive; REIT



## J. Brooks O'Hara – Vice President, Human Resources

(February 2000)

- 30+ Years Industry Experience
- Automotive Industry Experience: Gulf States Toyota

- Frank Grese Jr. – Regional Vice President, West Region  
(December 2004)
  - 35+ Years Industry Experience
  - Manufacturer and Automotive Retailing Experience: Ford Motor Company; Nissan Motor Corporation in U.S.A.; AutoNation; Van Tuyl
  
- Daryl Kenningham – Regional Vice President, East Region  
(July 2011)
  - 20+ Years Industry Experience
  - Manufacturer and Automotive Retailing Experience: Gulf States Toyota; Nissan Motor Corporation; Ascent Automotive
  
- Ian Twinley – Regional Vice President, United Kingdom  
(March 2007)
  - 30+ Years Industry Experience
  - Manufacturer and Automotive Retailing Experience: Chandlers Garage Holdings Ltd.; John Grose Group; Ford Motor Company
  
- Lincoln da Cunha Pereira Filho – Regional Vice President, Brazil; Director; Chairman, UAB Motors  
(February 2013)
  - 15 Years Industry Experience
  - Automotive-related Experience: UAB Motors Participacoes S.A.; Public Auto Group; Automotive Racing

	Actual	Variable %
Vehicle Financing	\$1,468.7	96.3%
Real Estate & Other Debt	\$1,118.3	31.1%
Senior Notes <sup>(1)</sup>	\$550.0	0.00%
<hr/>		
SWAPS <sup>(2)</sup>	\$550.0	

<sup>(1)</sup> Face Value

<sup>(2)</sup> SWAPS range from \$200-\$750 million through 2020, see slide 40 for more details

- **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, fixed rate debt, and manufacturer floorplan assistance**
- **Manufacturer floorplan assistance offsets a portion of interest rate impact**
  - As interest rates go up, typically manufacturers offer additional interest assistance to offset the variance
  - 82% of variable inventory financing is eligible for floorplan assistance as used vehicle; rental and some foreign financing are not eligible for floorplan assistance
  - Interest assistance is recognized in new vehicle gross profit, not in interest expense

## INTEREST RATE SWAP LAYERS

\$'s in millions

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Average Swap Balance</b>	<b>\$450</b>	<b>\$450</b>	<b>\$550</b>	<b>\$550</b>	<b>\$750</b>	<b>\$700</b>	<b>\$550</b>	<b>\$200</b>
Interest Expense	\$ 11	\$ 11	-	-	-	-	-	-
<b>Average Interest Rate</b>	2.64%	2.63%	2.57%	2.76%	2.62%	2.72%	2.62%	2.92%

- **Plentiful acquisition opportunities**

- Aging franchise ownership looking for exit strategy

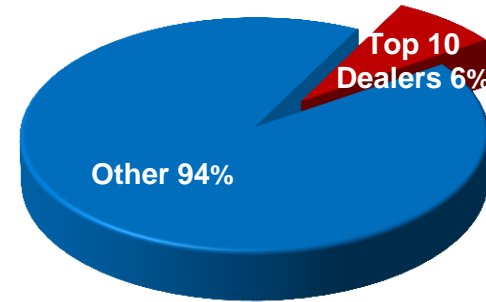
- **Very large and extremely fragmented market in U.S.**

- \$1 trillion market<sup>(1)</sup>
- Top 10 groups represent approximately 6% of the market<sup>(1)</sup>

- **Growing market in Brazil**

- Opportunity for open points

**U.S. New Vehicle Unit Sales**



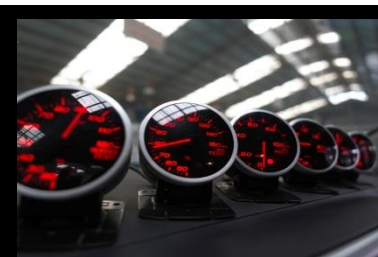
Source: Automotive News "Top 125 Dealership Groups of 2013"

<sup>(1)</sup> Automotive News "Top 125 Dealership Groups of 2013"

GROUP **1** AUTOMOTIVE



**Brazil**

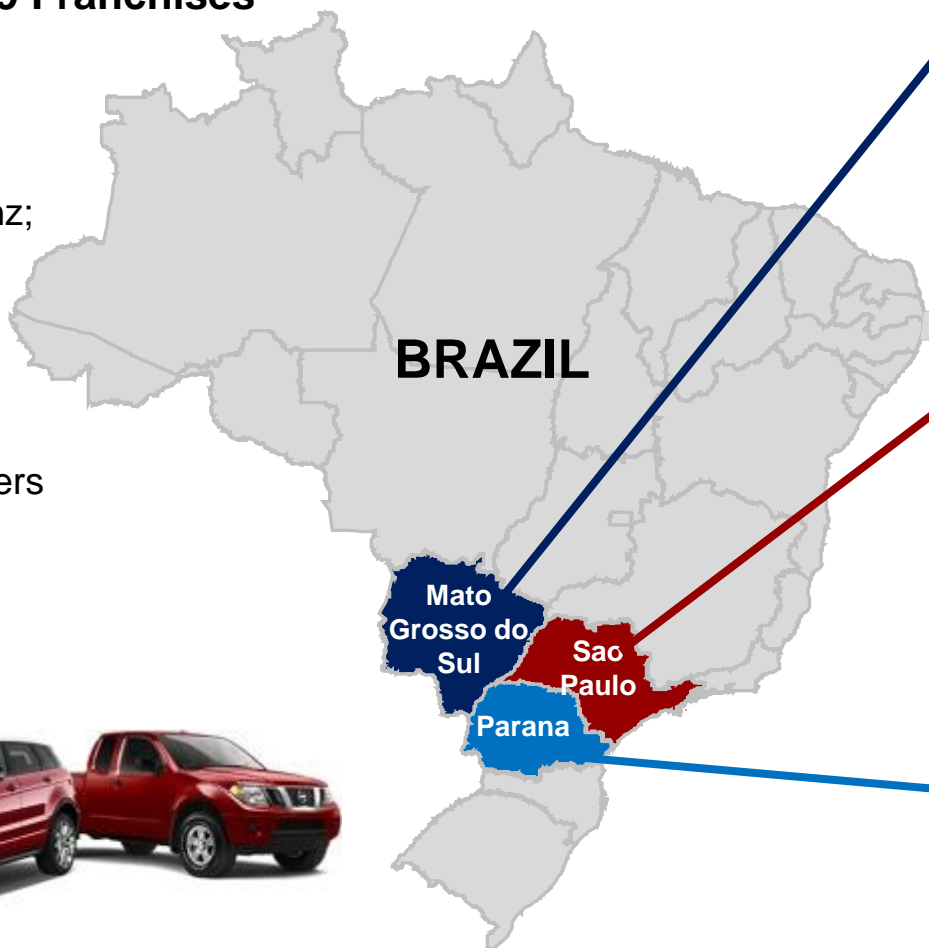




## Group 1 is aligned with growing brands in Brazil

### ■ 15 Dealerships / 19 Franchises

- 4 BMW;
- 2 Jaguar;
- 2 Land Rover;
- 1 Mercedes-Benz;
- 2 MINI;
- 4 Nissan;
- 2 Peugeot; and
- 2 Toyota
- 4 Collision Centers



#### Mato Grosso do Sul Locations

- Campo Grande



Mercedes-Benz

#### Sao Paulo Locations

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



#### Parana Locations

- Curitiba
- Londrina
- Cascavel



# GROUP **1** AUTOMOTIVE

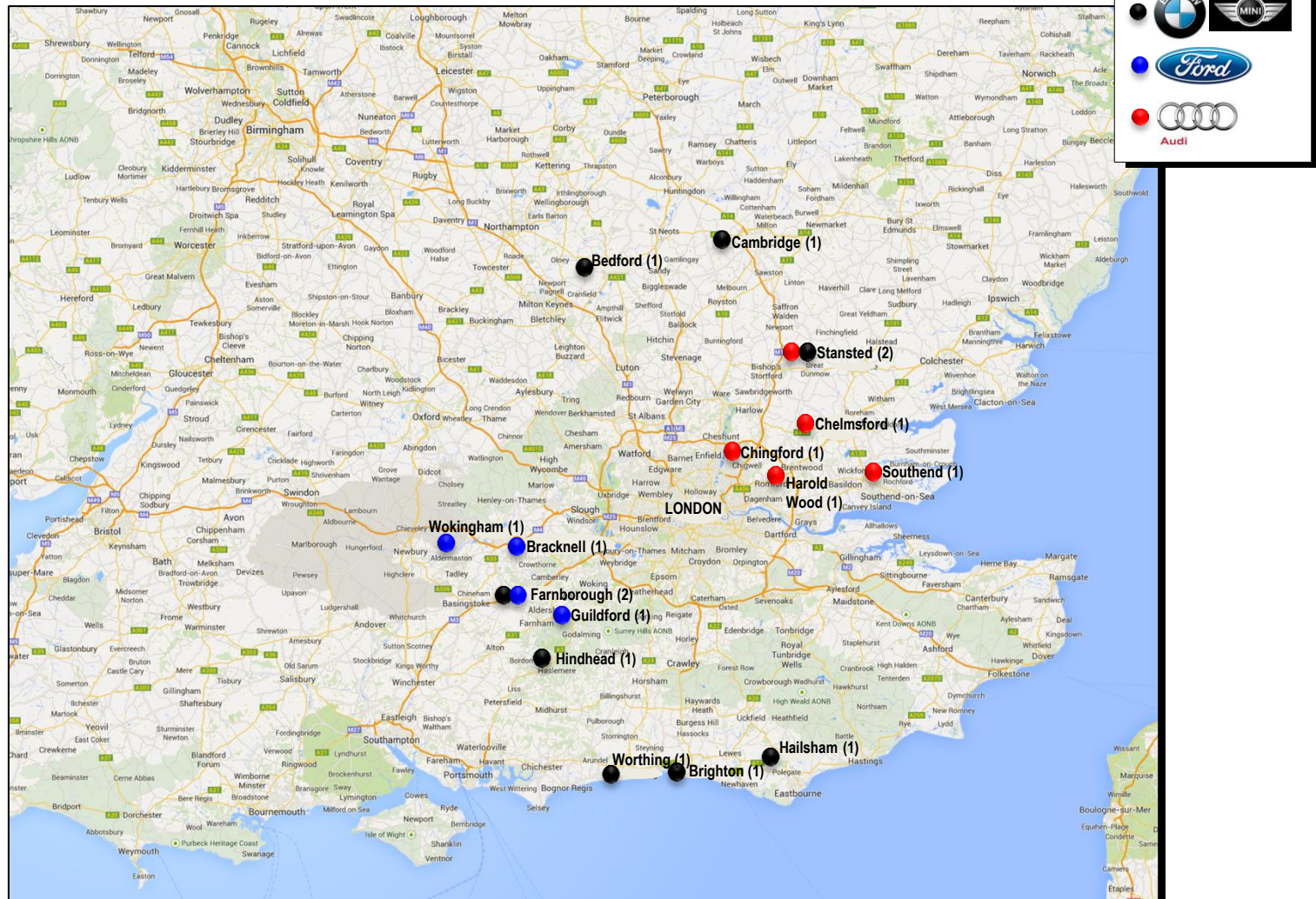


U.K.



# UNITED KINGDOM – England

17 Dealerships







## Reconciliations

See following section for reconciliations of data denoted within this presentation



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

**EBITDA RECONCILIATION:**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Net income	\$ 46.3	\$ 16.9	\$ 82.1	\$ 48.2
Loss on redemption of long-term debt	-	23.6	-	23.6
Other interest expense, net <sup>(1)</sup>	14.2	12.6	28.1	23.1
Depreciation and amortization expense	11.9	10.8	23.6	20.7
Non-cash asset impairment charges	1.0	1.7	1.0	1.7
Severance costs	0.2	-	0.2	-
Catastrophic events	1.0	1.7	1.0	1.7
Net gain on real estate and dealership transactions	(1.1)	(0.5)	(1.1)	(0.5)
Legal settlements	1.0	0.4	1.0	0.4
Foreign transaction tax	-	0.4	-	0.4
Income tax expense	27.5	21.3	49.1	39.2
Adjusted EBITDA <sup>(2)</sup>	<u>\$ 102.1</u>	<u>\$ 88.9</u>	<u>\$ 185.2</u>	<u>\$ 158.5</u>

(1) Excludes Floorplan interest expense

(2) Adjusted EBITDA is defined as income (loss) plus loss on redemption of long-term debt, other interest expense, net, depreciation and amortization expense, non-cash asset impairment charges, acquisition costs, catastrophic events, net gain on real estate and dealership transactions, severance, deal costs, legal settlements, foreign transaction tax, and income tax expense (less income tax benefit). While Adjusted EBITDA should not be construed as a substitute for net income or as a better measure of liquidity than net cash provided by operating activities, which are determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"), it is included in our discussion of earnings to provide additional information regarding the amount of cash our business is generating with respect to our ability to meet future debt services, capital expenditures and working capital requirements. Adjusted EBITDA should not be used as an indicator of our operating performance. Consistent with industry practices, our management utilizes Adjusted EBITDA when valuing dealership operations. This measure may not be comparable to similarly titled measures reported by other companies. The table above shows the calculation of Adjusted EBITDA and reconciles Adjusted EBITDA to the GAAP measurement income (loss) for the periods presented in the table.

May not foot due to rounding

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

**NET INCOME (LOSS) RECONCILIATION:**

	Three Months Ended:																					
	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015
As reported	\$ 7,981	\$ 12,769	\$ 18,985	\$ 10,569	\$ 15,362	\$ 24,683	\$ 21,494	\$ 20,855	\$ 23,117	\$ 28,625	\$ 31,335	\$ 17,132	\$ 22,118	\$ 37,388	\$ 32,765	\$ 21,721	\$ 31,303	\$ 16,862	\$ 26,162	\$ 18,677	\$ 35,815	\$ 46,310
After-tax Adjustments <sup>(1)</sup> :																						
Non-cash asset impairment charges	-	950	1,033	4,947	140	85	2,309	461	-	115	-	4,277	-	369	349	3,319	-	1,067	6,559	19,878	-	848
Mortgage debt refinance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Gain) loss on real estate and dealership transactions	-	3,698	(761)	-	-	-	-	-	-	(659)	-	(276)	(356)	(4,785)	(230)	-	-	(316)	(8,572)	1,550	-	(601)
(Gain) loss on repurchase of long-term debt	2,458	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,778	17,934	-	-	-
Income tax benefit related to tax elections for prior periods	-	-	-	(810)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Catastrophic events	-	-	-	-	-	-	-	-	-	1,658	-	1,219	504	6,757	158	-	-	1,039	671	-	-	593
Severance costs	-	405	-	-	-	-	-	-	-	-	-	548	-	454	237	-	-	-	388	385	-	167
Acquisition costs including related tax impact	-	-	-	-	-	-	-	-	-	-	-	1,111	6,968	-	(630)	-	-	-	-	188	-	-
Valuation allowance for certain deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,629	-	-	-	-	-	-
Legal settlements	-	-	-	-	-	-	-	641	-	-	-	-	-	-	-	-	-	-	274	-	-	610
Foreign transaction tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	274	-	-	-
Tax impact of foreign deductible goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,358)	-	-	-
Adjusted net income <sup>(2)</sup>	\$ 10,439	\$ 17,822	\$ 19,257	\$ 14,706	\$ 15,502	\$ 24,768	\$ 23,803	\$ 21,957	\$ 23,117	\$ 29,739	\$ 31,335	\$ 24,011	\$ 29,234	\$ 39,729	\$ 32,866	\$ 28,906	\$ 31,303	\$ 39,978	\$ 39,784	\$ 40,678	\$ 35,815	\$ 47,927

**ADJUSTED NET INCOME ATTRIBUTABLE TO DILUTED**

**COMMON SHARES RECONCILIATION:**

Adjusted net income	\$ 10,439	\$ 17,822	\$ 19,257	\$ 14,706	\$ 15,502	\$ 24,768	\$ 23,803	\$ 21,957	\$ 23,117	\$ 29,739	\$ 31,335	\$ 24,011	\$ 29,234	\$ 39,729	\$ 32,866	\$ 28,906	\$ 31,303	\$ 39,978	\$ 39,784	\$ 40,678	\$ 35,815	\$ 47,927
Less: Adjusted earnings allocated to participating securities	597	1,060	1,203	785	918	1,424	1,392	1,182	1,165	1,637	1,641	1,066	1,233	1,692	1,324	1,057	1,156	1,456	1,520	1,529	1,388	1,855
Adjusted net income available to diluted common shares	\$ 9,842	\$ 16,822	\$ 18,054	\$ 13,921	\$ 14,584	\$ 23,344	\$ 22,411	\$ 20,775	\$ 21,952	\$ 28,102	\$ 29,694	\$ 22,945	\$ 28,001	\$ 38,037	\$ 31,542	\$ 27,849	\$ 30,147	\$ 38,522	\$ 38,264	\$ 39,149	\$ 34,427	\$ 46,072

**DILUTED EARNINGS (LOSS)**

**PER SHARE RECONCILIATION:**

	Three Months Ended:																					
	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015
As reported	\$ 0.32	\$ 0.52	\$ 0.79	\$ 0.45	\$ 0.64	\$ 1.03	\$ 0.91	\$ 0.90	\$ 0.97	\$ 1.20	\$ 1.32	\$ 0.70	\$ 0.88	\$ 1.43	\$ 1.19	\$ 0.81	\$ 1.19	\$ 0.62	\$ 1.03	\$ 0.77	\$ 1.47	\$ 1.91
After-tax Adjustments:																						
Non-cash asset impairment charges	-	0.04	0.04	0.21	-	-	0.10	0.02	-	0.01	-	0.18	-	0.01	0.01	0.12	-	0.04	0.26	0.81	-	0.04
Mortgage debt refinance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Gain) loss on real estate and dealership transactions	-	0.15	(0.03)	-	-	-	-	-	-	(0.03)	-	(0.01)	(0.01)	(0.18)	(0.01)	-	-	(0.01)	(0.34)	0.06	-	(0.03)
(Gain) loss on repurchase of long-term debt	0.11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.76	0.71	-	-	-
Income tax benefit related to tax elections for prior periods	-	-	-	(0.04)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Catastrophic events	-	-	-	-	-	-	-	-	-	0.07	-	0.05	0.02	0.26	0.01	-	-	0.04	0.03	-	-	0.02
Severance costs	-	0.02	-	-	-	-	-	-	-	-	-	0.02	-	0.02	0.01	-	-	-	0.01	-	-	0.01
Acquisition costs including related tax impact	-	-	-	-	-	-	-	-	-	-	-	0.05	0.27	-	(0.02)	-	-	-	-	0.01	-	-
Valuation allowance for certain deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14	-	-	-	-	-	-
Legal settlements	-	-	-	-	-	-	-	0.02	-	-	-	-	-	-	-	-	-	0.01	-	-	-	0.03
Foreign transaction tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-
Tax impact of foreign deductible goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.13)	-	-	-
Adjusted diluted income per share <sup>(2)</sup>	\$ 0.43	\$ 0.73	\$ 0.80	\$ 0.62	\$ 0.64	\$ 1.03	\$ 1.01	\$ 0.94	\$ 0.97	\$ 1.25	\$ 1.32	\$ 0.99	\$ 1.16	\$ 1.52	\$ 1.20	\$ 1.08	\$ 1.19	\$ 1.47	\$ 1.57	\$ 1.67	\$ 1.47	\$ 1.98
Weighted average dilutive common shares outstanding	23,156	23,108	22,433	22,467	22,736	22,651	22,219	22,040	22,532	22,513	22,458	23,244	24,113	24,980	26,342	25,792	25,428	26,342	24,432	23,466	23,446	23,315
Participating Securities	1,405	1,374	1,495	1,284	1,450	1,393	1,392	1,276	1,209	1,317	1,245	1,091	1,072	1,112	1,100	983	963	986	971	925	932	944
Total weighted average shares outstanding	24,561	24,482	23,928	23,751	24,186	24,044	23,611	23,316	23,741	23,830	23,703	24,335	25,185	26,092	27,442	26,775	26,391	27,328	25,403	24,391	24,378	24,259

<sup>(1)</sup> Refer to separate reconciliations of certain non-GAAP financial measures within the respective quarterly earnings release schedules for specific tax benefit or tax provision information.

<sup>(2)</sup> We believe that these adjusted financial measures are relevant and useful to investors because they provide additional information regarding the performance of our operations and improve period-to-period comparability. These measures are not measures of financial performance under GAAP. Accordingly, they should not be considered as substitutes for their unaudited counterparts, which are prepared in accordance with GAAP. Although we find these non-GAAP results useful in evaluating the performance of our business, our reliance on these measures is limited because the adjustments often have a material impact on our financial statements calculated in accordance with GAAP. Therefore, we typically use these adjusted numbers in conjunction with our GAAP results to address these limitations.

GROUP **1** AUTOMOTIVE



[www.group1auto.com](http://www.group1auto.com)

