



AutoNation

The background of the slide is a photograph of an AutoNation car dealership. A dark blue SUV is prominently displayed in the foreground. In the background, there are other vehicles, including a blue sedan, and promotional banners for Nissan. The scene is decorated with colorful balloons. The entire image is overlaid with a semi-transparent dark blue filter. On the left side, there are diagonal red and blue graphic elements. On the right side, there are diagonal blue and red graphic elements.

Investor Presentation

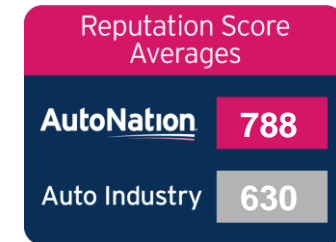
Fourth Quarter and
Full Year 2022

Forward-Looking Statements

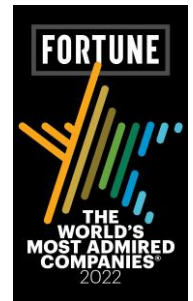
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Words such as "anticipates," "expects," "intends," "goals," "targets," "projects," "plans," "believes," "continues," "may," "will," "could," and variations of such words and similar expressions are intended to identify such forward-looking statements. Statements regarding our strategic initiatives, partnerships, and investments, including the planned expansion of our AutoNation USA pre-owned vehicle stores and our investments in digital and online capabilities and mobility solutions, , statements regarding our expectations for the future performance of our business and the automotive retail industry, and other statements that describe our objectives, goals, or plans, are forward-looking statements. Our forward-looking statements reflect our current expectations concerning future results and events, and they involve known and unknown risks, uncertainties, and other factors that are difficult to predict and may cause our actual results, performance, or achievements to be materially different from any future results, performance, and achievements expressed or implied by these statements. These risks, uncertainties, and other factors include, among others: our ability to implement successfully our strategic initiatives, partnerships, and investments, including the planned expansion of our AutoNation USA stores and our investments in digital and online capabilities and mobility solutions; our ability to identify, acquire, and build out suitable locations in a timely manner; our ability to maintain and enhance our retail brands and reputation and to attract consumers to our own digital channels; our ability to acquire and integrate successfully new franchises; restrictions imposed by vehicle manufacturers and our ability to obtain manufacturer approval for acquisitions; economic conditions, including changes in unemployment, interest, and/or inflation rates, consumer demand, fuel prices, and tariffs; supply chain disruptions and inventory availability; new and used vehicle margins; our ability to attain planned sales volumes within our expected time frames; our ability to successfully implement and maintain expense controls; the success and financial viability and the incentive and marketing programs of vehicle manufacturers and distributors with which we hold franchises; the economic impacts of the COVID-19 pandemic; natural disasters and other adverse weather events; the resolution of legal and administrative proceedings; regulatory factors affecting our business, including fuel economy requirements; the announcement of safety recalls; factors affecting our goodwill and other intangible asset impairment testing; and other factors described in our news releases and filings made under the securities laws, including, among others, our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. Forward-looking statements contained in this presentation speak only as of the date of this presentation, and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

AutoNation Investment Highlights

- ▶ Substantial, predictable cash flow generation coupled with disciplined capital allocation drives long-term value
- ▶ Developing end-to-end transportation solutions to better serve our 11+ million customer base
- ▶ Multiple growth channels within core business and in adjacent transportation products and services
- ▶ Trusted Industry leading brand, with strong community ties
- ▶ Experienced management team focused on delivering near-term results with an eye to the future
- ▶ Investment grade rated company with strong balance sheet



Source: Reputation,
December 2022



Business Highlights – Full Year 2022

AutoNation took critical steps in 2022 to **strengthen**, **extend** and **expand** its core business to become the nation's most comprehensive transportation services provider and to address the significant industry transformation underway, encompassing product changes, manufacturer actions, and customer preferences regarding ownership and usage

Strengthen Core Business

- Focus on key business drivers – customer satisfaction, sales efficiency, sales effectiveness, and asset utilization
- Improve the digital retail experience through enhanced digital storefront and collaboration with TrueCar
- Enhance Used vehicle economics through effective self sourcing, reconditioning and pricing

Extend and Enhance AutoNation Brand, Scale and Footprint

- Opened four AutoNation USA stores on path to operate over 130 stores
- Added nine franchises in Colorado acquired from the Moreland Auto Group
- Ranked No. 1 Public Dealer in Reputation's 2022 Automotive Reputation Report

Expand by Introducing Comprehensive Transportation Solutions to over 11M AutoNation Customers

- Acquired CIG Financial creating 'AutoNation Finance' and established an in-house CFS solution for current and future customers
- Created mobility solutions to offer customers greater flexibility in vehicle procurement
- Jan. 2023 acquired RepairSmith, a mobile solution for automotive repair furthering our reach for After-sales

Balanced Capital Allocation Leveraging Strong Cash Flow during 2022

- Invested \$325+ million to enhance and expand footprint
- Announced agreements to acquire businesses with complementary capabilities for \$420 million
- Repurchased 15.6 million shares for an aggregate purchase price of \$1.7 billion

Financial Highlights – Full Year 2022

Our diversified business model and disciplined capital deployment delivered record results for full year 2022

Adj. EPS of \$24.57, a Full Year Record and +35% over Prior Year

- GAAP EPS of \$24.29 increased 33% over Prior Year

Gross Profit of \$5.3 Billion, a Full Year Record and +6% over Prior Year

- Increase in New Vehicles, After-Sales, and CFS largely offset a decline in Used Vehicles

After-Sales Gross Profit +14% YoY Reflecting Continued Momentum

- Consumer demand and repair content continuing to show strength, driven by increases in customer pay and internal reconditioning

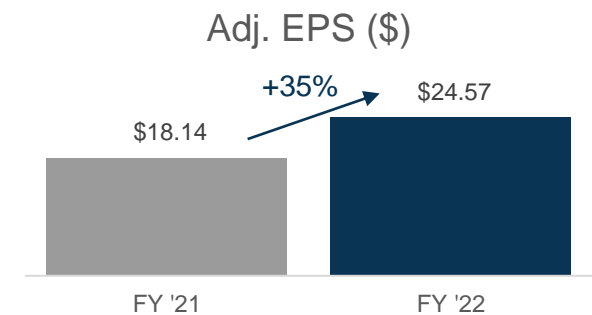
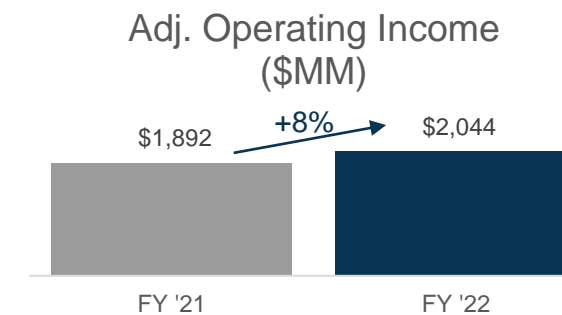
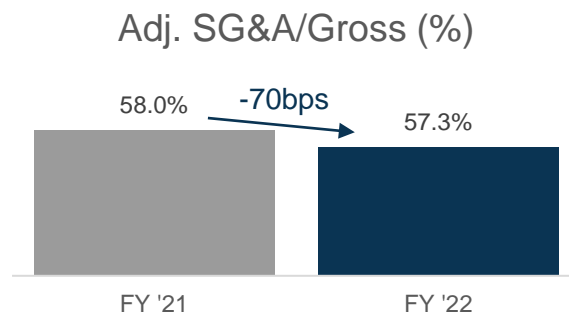
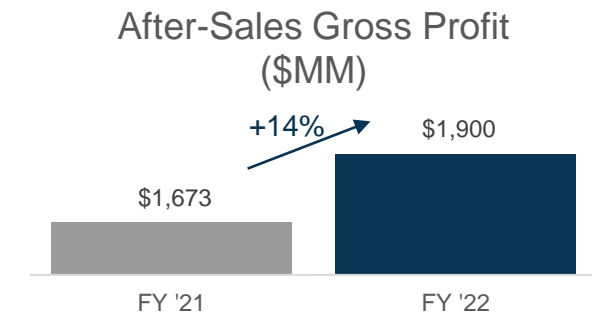
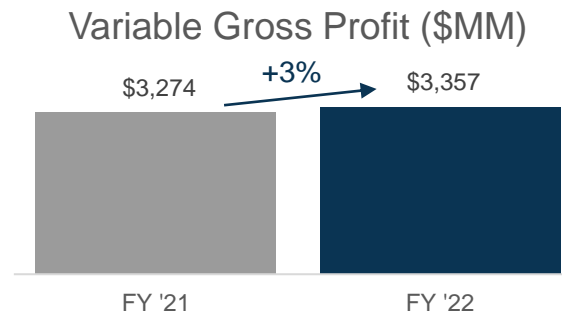
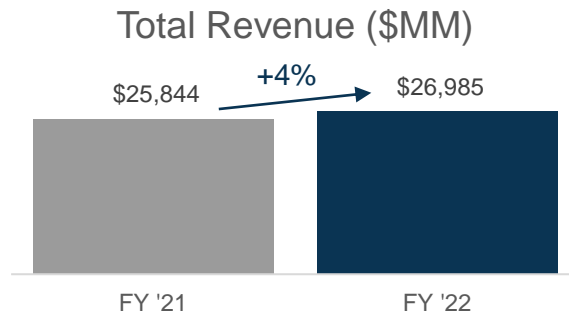
CFS PVR +11% YoY on Increased Penetration

- Product penetration and margin improvement driving growth and industry-leading profitability offsetting declines in unit sales

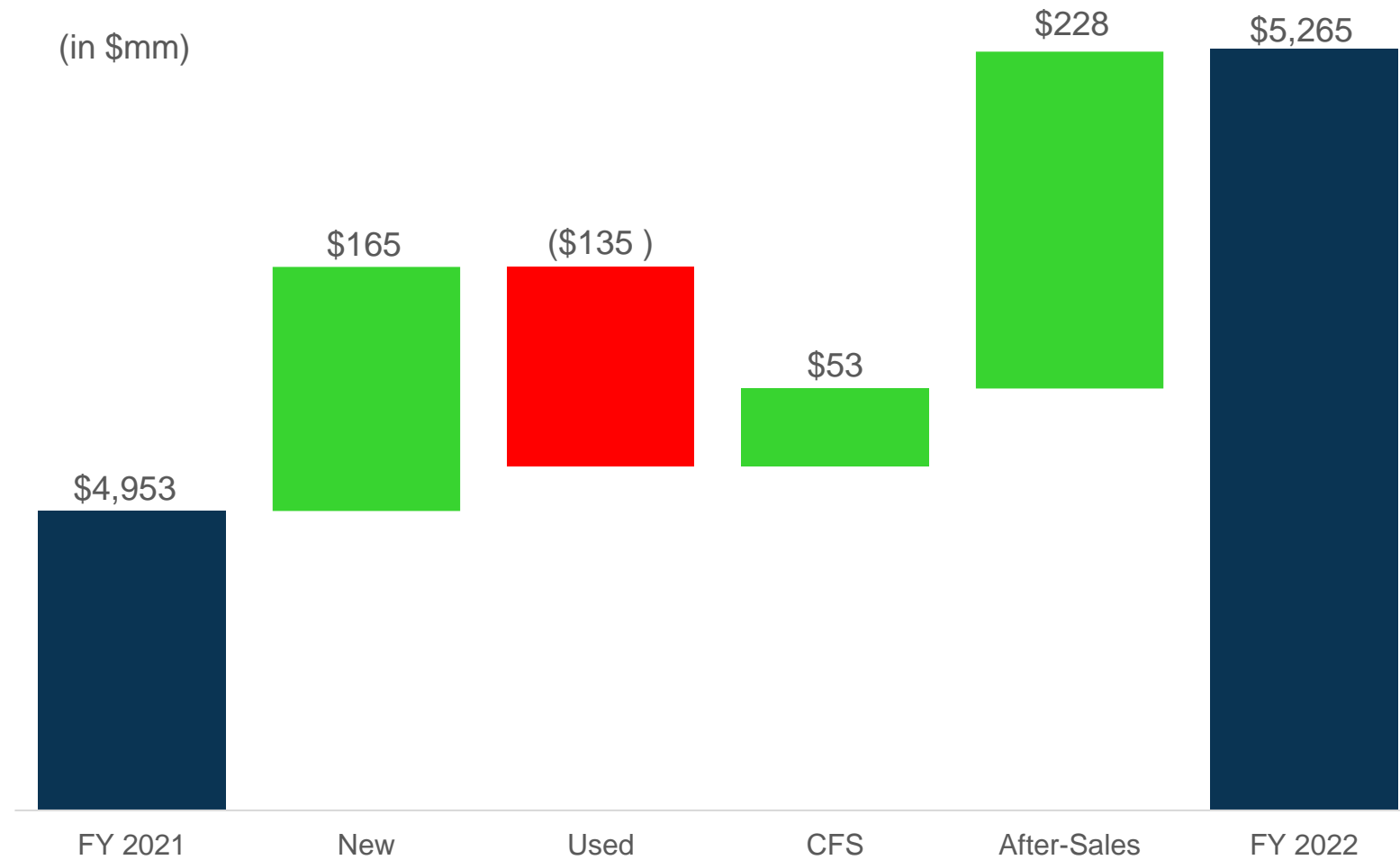
Adj. SG&A as a % of Gross Profit at 57.3%

- Significantly lower than pre-Pandemic levels reflecting investments in technology and process improvements

Record Performance in Full Year 2022

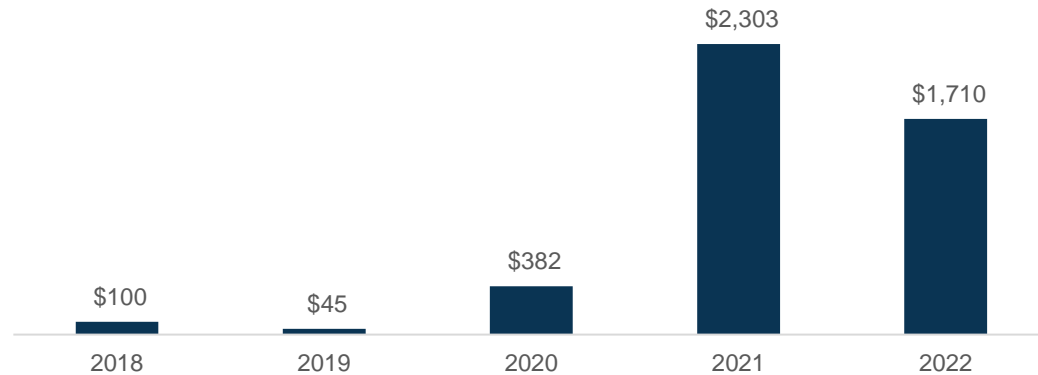


FY 2022 Gross Profit Walk

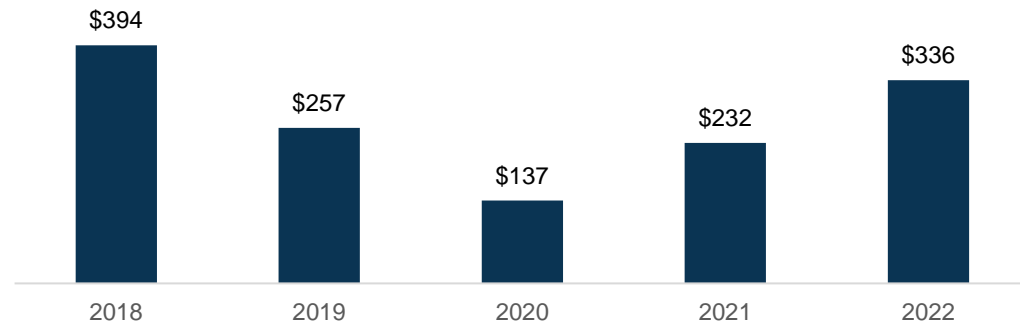


Disciplined Capital Allocation Supporting Growth

Share Repurchases (\$MM)



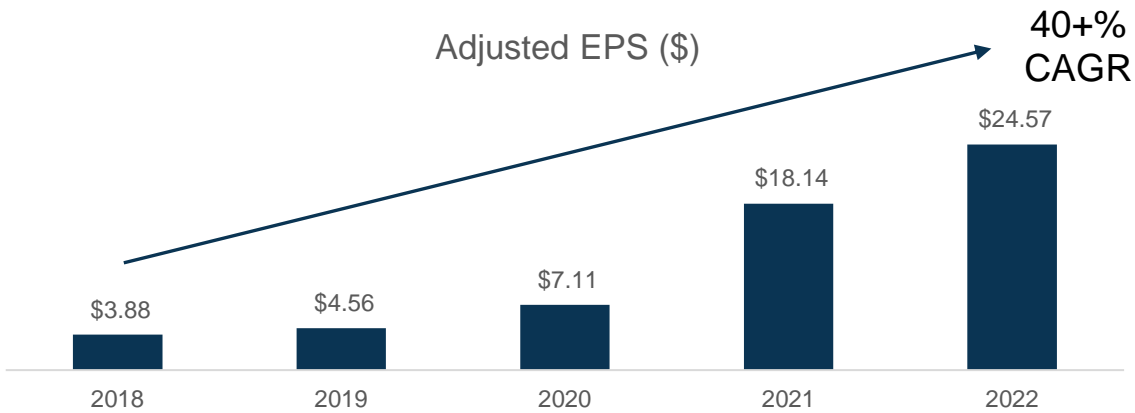
Capital Expenditures (\$MM)



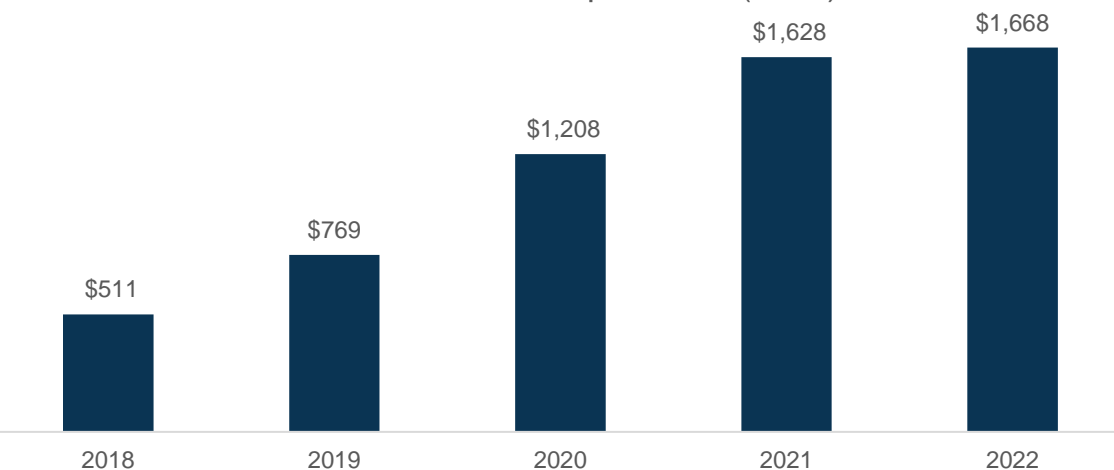
- ▶ During past two years have invested more than \$4 billion in share repurchases, reducing shares outstanding from 83 million to 48 million
- ▶ Capital expenditures and acquisitions over the same period have totaled \$1.2 billion
- ▶ \$1.8 billion of liquidity, including \$73 million of cash and approximately \$1.75 billion of availability on our credit facilities as of December 31, 2022

Significant EPS Growth and Cash Flow Generation

Adjusted EPS (\$)



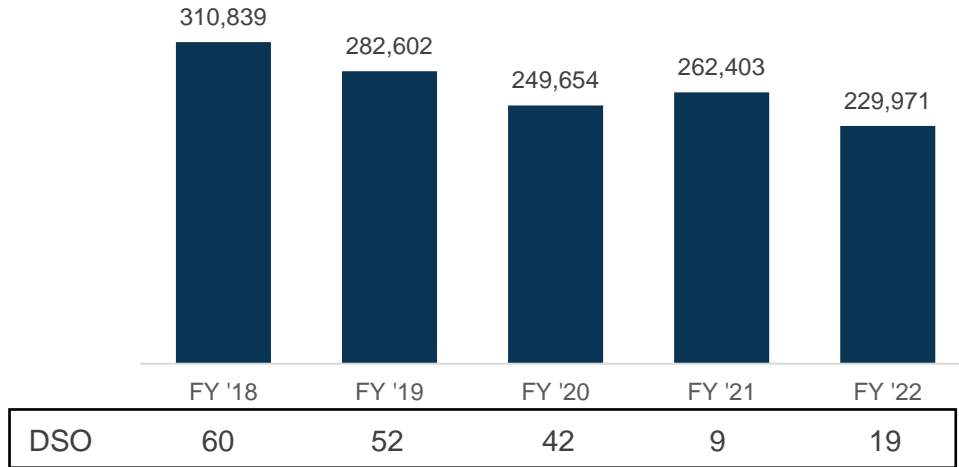
Cash Flow From Operations (\$MM)



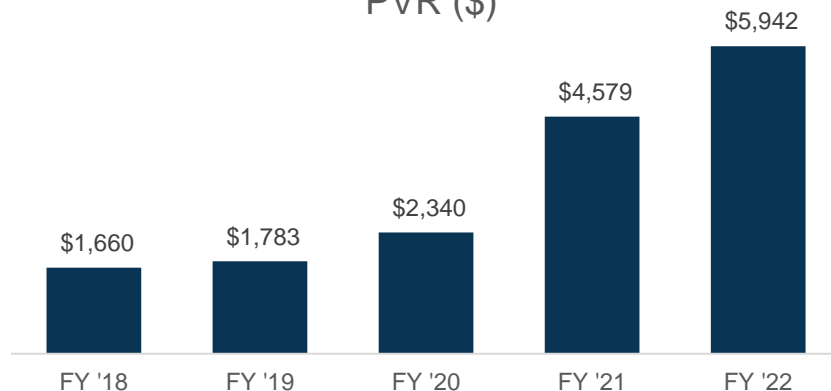
- ▶ Full Year 2022 Adj. EPS increased by 35% from 2021 and has had 40+% CAGR over the past 5 years
- ▶ EPS growth fueled by record levels of profitability and the benefit of capital allocation to share repurchases
- ▶ Strong cash flow generation continues to support disciplined capital allocation and drives long-term shareholder value

New Vehicle Sales Constrained by Inventory – Margins Robust

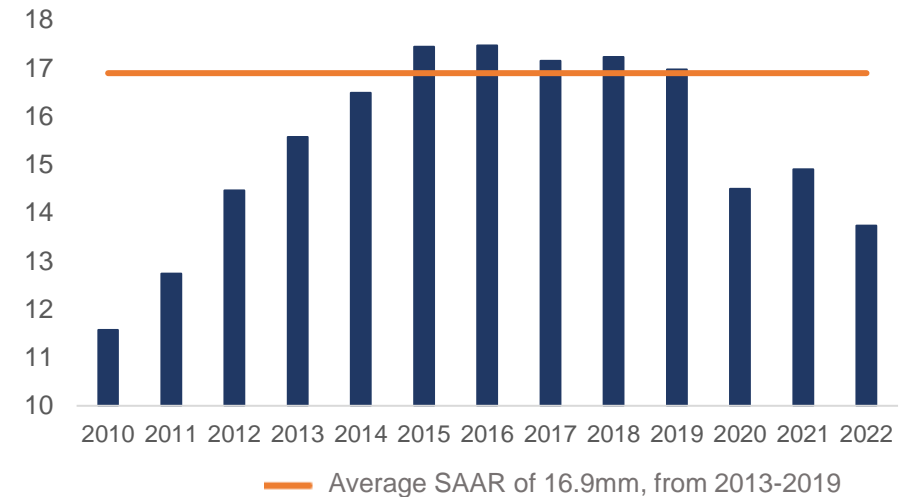
New Retail Units



PVR (\$)



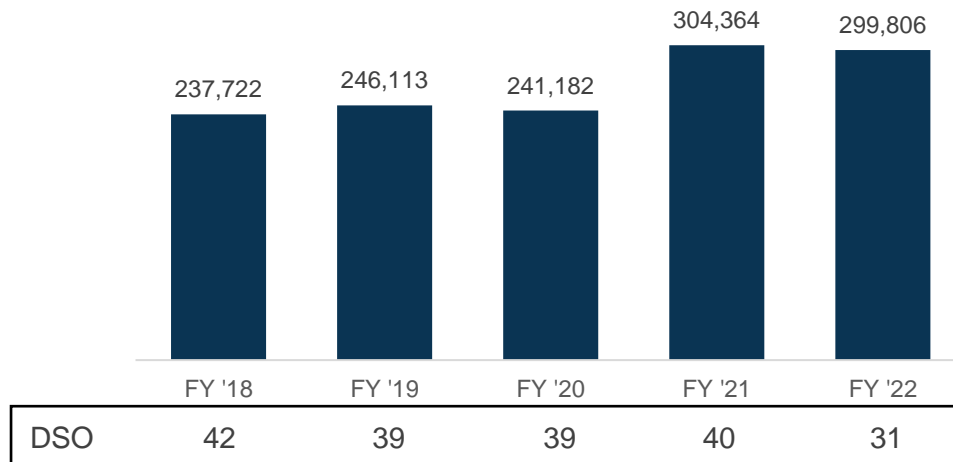
SAAR (mm)



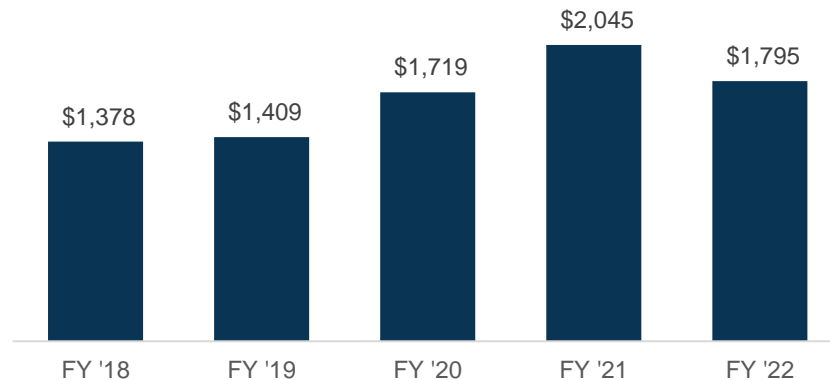
- ▶ Record level Gross Profit per vehicle retailed
- ▶ 2022 Industry units down 8% to 13.7 Million units – at or near recessionary levels
- ▶ Inventory levels recovering slowly

Used Vehicle Performance Highlights Value of Business Model

Used Retail Units



PVR (\$)



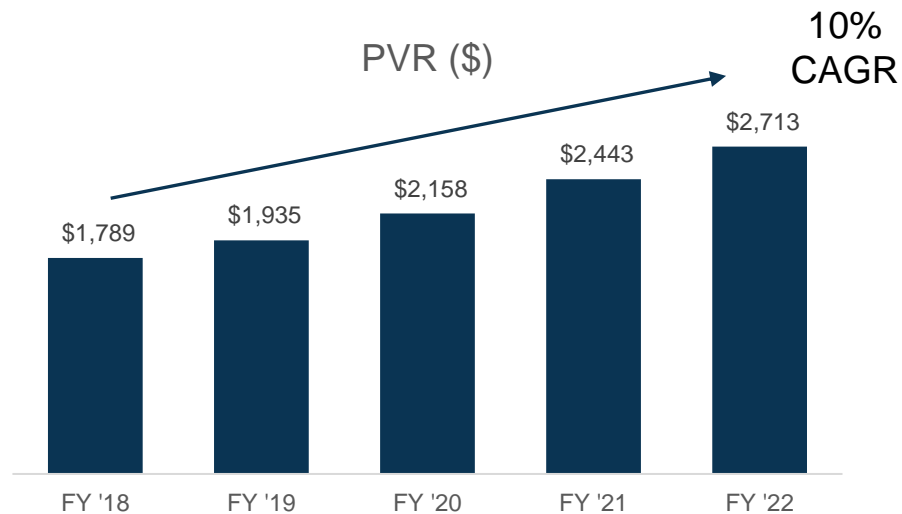
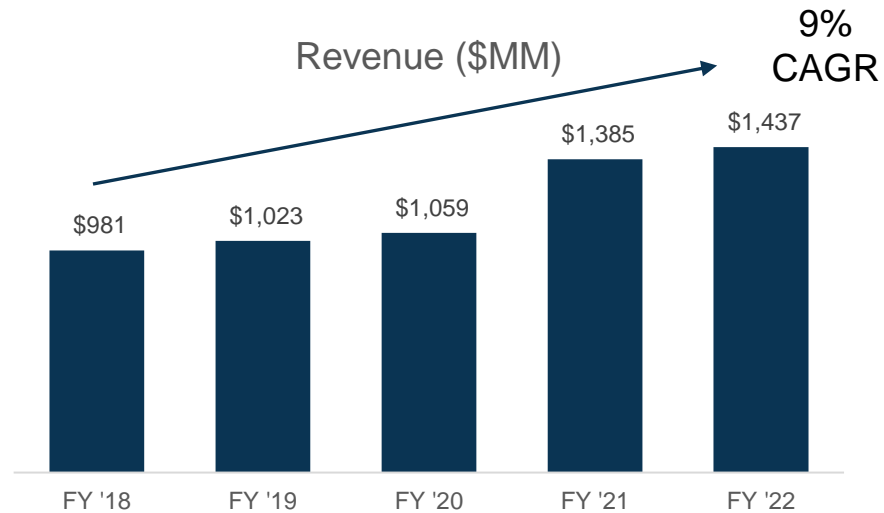
- ▶ Continued to manage Used business well – vehicle acquisitions self sourced 94%
- ▶ PVRs remained healthy
- ▶ Significant additional gross profits from Used vehicles reflected in CFS and After-Sales
- ▶ Franchise model combined with AN USA and internal sourcing out-performing “used only” business model

AutoNation USA – Expansion Continues Performance Exceeding Expectations

- ▶ Provides opportunity to expand geographic footprint and gain pre-owned market share
- ▶ Opened 13th store during the fourth quarter in St. Louis
- ▶ Opened stores Austin and Albuquerque in early 2023
- ▶ Overall performance of stores has exceeded planning assumptions
- ▶ Pace of store openings has been inhibited due to the challenging construction market
- ▶ Currently have more than 20 facilities under development



Continued Industry Leading Customer Financial Services



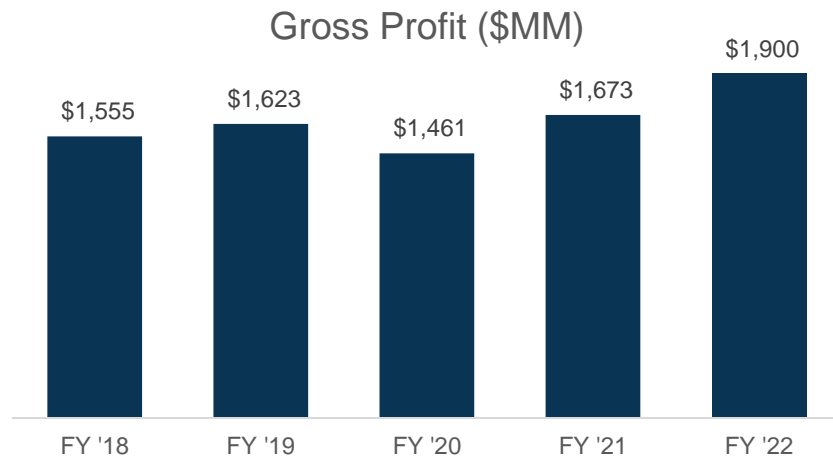
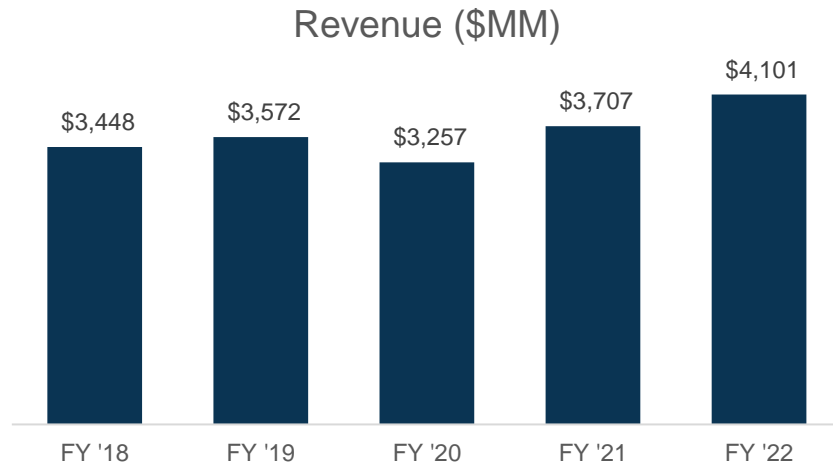
2022 Results

- ▶ Revenue increased 4% or \$53 million
- ▶ PVR increased 11% or \$270
- ▶ Total Retail Units decreased 7%

Drivers and Trends

- ▶ Increased product penetration >2 products per vehicle
- ▶ Vehicle protection products and service contracts
- ▶ Higher amounts financed
- ▶ AN Finance

After-Sales Consistently Growing



Margin	45.1%	45.4%	44.8%	45.1%	46.3%
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- ▶ Continued focus on growth of After-sales
- ▶ Revenue up more than \$500 million since 2019
- ▶ 2022 FY Gross profit up 14% from year ago



Upfront Service Pricing



Auto Repair Guarantee



Free Multi-Point Inspection



Pit Stops



Vehicle Sanitization



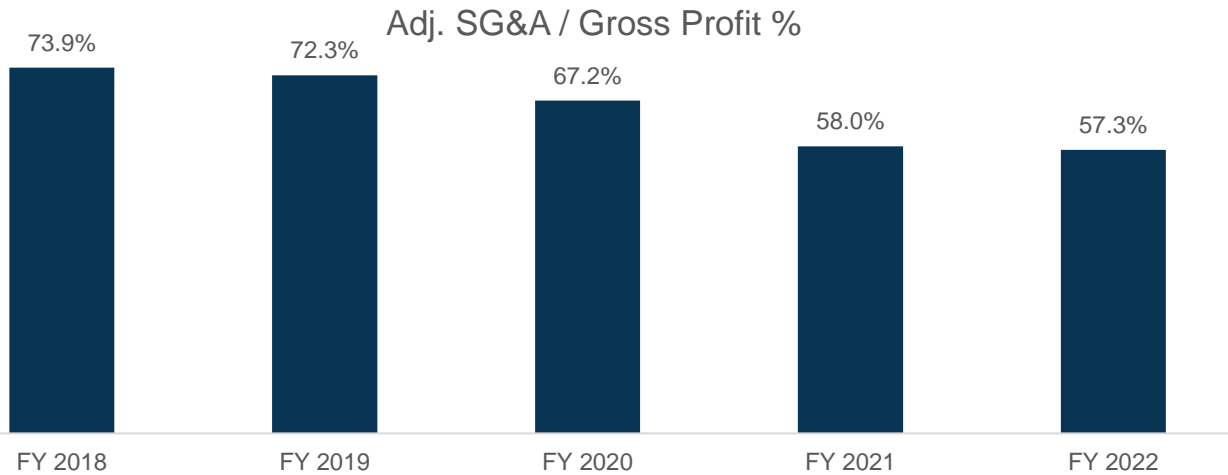
Service Financing

Redefining After-Sales Reach and Convenience

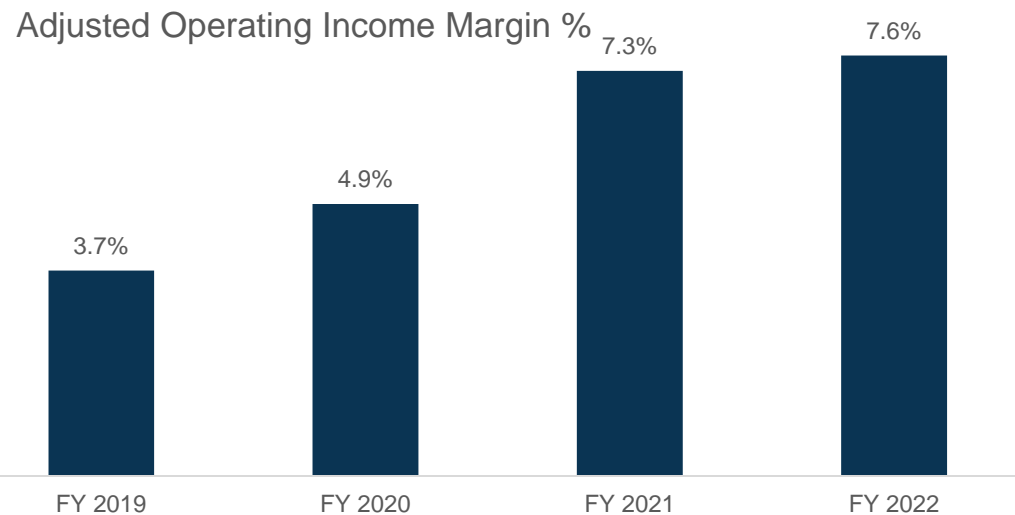


- ▶ Mobile service solution backed by the country's most respected and admired automotive retail group
- ▶ Adds additional Customer-centric and convenient repair and service options for our Customers
- ▶ Resource for reconditioning and internal services to increase AutoNation's speed to frontline readiness and expedite vehicle delivery to Customers
- ▶ Adds a strong competitive advantage to our AutoNation USA preowned business
- ▶ Accelerates AutoNation's ability to gain market share in the non-franchise aftermarket
- ▶ <https://www.autonation.com/repair-smith>

Adjusted SG&A/Gross Profit & Operating Inc Margin



- ▶ SG&A/Gross Profit remains well below historical levels, slightly higher in recent quarters reflecting investments in technology and new business



- ▶ AutoNation expects normalized SG&A/Gross Profit to be structurally lower than pre-pandemic levels
- ▶ Operating Income Margin remains very healthy vs. pre-pandemic

Q4 & FY 2022 Adjusted Financial Highlights

	Fourth Quarter				Full Year		
(\$ in millions, except for per share data)	<u>2022</u>	<u>2021</u>	<u>Change</u>		<u>2022</u>	<u>2021</u>	<u>Change</u>
Total revenue	\$6,697	\$6,582	2%		\$26,985	\$25,844	4%
Gross profit	\$1,282	\$1,322	-3%		\$5,265	\$4,953	6%
SG&A expenses	\$759	\$750	1%		\$3,018	\$2,870	5%
SG&A / Gross Profit	59.2%	56.7%			57.3%	58.0%	
Operating income	\$467	\$521	-10%		\$2,044	\$1,892	8%
Net income	\$319	\$380	-16%		\$1,393	\$1,360	2%
EPS	\$6.37	\$5.76	11%		\$24.57	\$18.14	35%

Select Historical Data

Global Financial Crisis to 2022																	
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Avg.
New	SAAR (mm)	13.1	10.3	11.5	12.6	14.3	15.4	16.4	17.4	17.5	17.1	17.2	17.0	14.5	14.9	13.7	14.9
	Retail SAAR (mm)	10.6	8.6	9.2	10.3	11.7	12.8	13.6	14.2	14.2	14.1	13.9	13.7	12.4	13.1	11.7	12.3
New	Unit Sales (k)	255.8	183.4	206.5	224.0	267.8	292.9	318.0	339.1	337.6	329.1	310.8	282.6	249.7	262.4	230.0	\$2,467
	ASP (\$k)	\$30.3	\$31.2	\$32.3	\$33.5	\$33.3	\$34.0	\$34.5	\$35.4	\$36.3	\$37.0	\$37.8	\$39.5	\$41.7	\$46.0	\$51.1	
	Gross PVR	\$1,997	\$2,106	\$2,185	\$2,445	\$2,164	\$2,104	\$2,044	\$1,985	\$1,883	\$1,788	\$1,660	\$1,783	\$2,340	\$4,579	\$5,942	
	Margin	6.6%	6.8%	6.8%	7.3%	6.5%	6.2%	5.9%	5.6%	5.2%	4.8%	4.4%	4.5%	5.6%	9.9%	11.6%	
	ASP Y/Y		3%	4%	4%	-1%	2%	2%	3%	3%	2%	2%	5%	6%	10%	11%	
Used	Unit Sales (k)	181.3	135.3	160.1	171.1	181.0	204.6	214.9	227.3	225.7	234.1	237.7	246.1	241.2	304.4	299.8	\$1,608
	ASP (\$k)	\$15.7	\$16.3	\$17.3	\$17.8	\$17.9	\$18.1	\$18.6	\$19.2	\$19.9	\$19.5	\$20.2	\$21.0	\$21.8	\$26.5	\$30.1	
	Gross PVR	\$1,583	\$1,664	\$1,612	\$1,640	\$1,623	\$1,590	\$1,690	\$1,577	\$1,484	\$1,315	\$1,378	\$1,409	\$1,719	\$2,045	\$1,795	
	Margin	10.1%	10.2%	9.3%	9.2%	9.1%	8.8%	9.1%	8.2%	7.5%	6.7%	6.8%	6.7%	7.9%	7.7%	6.0%	
	ASP Y/Y		4%	6%	3%	0%	1%	3%	4%	3%	-2%	3%	4%	4%	21%	14%	
CFS	PVR	\$1,104	\$1,102	\$1,143	\$1,201	\$1,273	\$1,355	\$1,409	\$1,534	\$1,588	\$1,667	\$1,789	\$1,935	\$2,158	\$2,443	\$2,713	
	PVR Y/Y		0%	4%	5%	6%	6%	4%	9%	4%	5%	7%	8%	12%	13%	11%	
After-Sales	Gross (\$mm)	\$1,072	\$935	\$963	\$970	\$1,008	\$1,106	\$1,197	\$1,338	\$1,435	\$1,491	\$1,555	\$1,623	\$1,461	\$1,673	\$1,900	
	Gross Y/Y		-13%	3%	1%	4%	10%	8%	12%	7%	4%	4%	4%	-10%	15%	14%	
	Cash From Ops (\$mm)	\$685	\$370	\$252	\$376	\$317	\$484	\$485	\$507	\$516	\$540	\$511	\$769	\$1,208	\$1,628	\$1,668	
	Cap Ex (\$mm)	\$110	\$76	\$162	\$158	\$184	\$207	\$198	\$267	\$253	\$333	\$394	\$257	\$137	\$232	\$336	
	M&A (\$mm)	\$32	\$0	\$73	\$64	\$142	\$88	\$205	\$322	\$410	\$77	\$67	\$5	\$0	\$433	\$192	
	Share Repurchase (\$mm)	\$54	\$136	\$524	\$583	\$581	\$53	\$485	\$235	\$497	\$435	\$100	\$45	\$382	\$2,303	\$1,710	

*Data as reported of continuing operations

Appendix

This presentation contains certain non-GAAP financial measures for which we have set forth below reconciliations to the most comparable GAAP measures. The Company believes that these measures improve the transparency of the Company's disclosure, provide a meaningful presentation of the Company's results from its core business operations excluding the impact of items not related to the Company's ongoing core business operations, and improve the period-to-period comparability of the Company's results from its core business operations.

In evaluating these non-GAAP financial measures, you should be aware that in the future we may incur expenses similar to those for which adjustments are made in calculating these measures. Our presentation of these measures should not be construed as a basis to infer that our future results will be unaffected by unusual or non-recurring items. These non-GAAP financial measures may be different from similarly titled measures used by other companies, limiting their usefulness as comparable measures. These non-GAAP financial measures should not be considered as alternatives to net income or cash provided by operating activities or as an indicator of operating performance or liquidity.

Non-GAAP Reconciliations

Fourth Quarter 2022 Adjustments

AUTONATION, INC.
UNAUDITED SUPPLEMENTARY DATA, Continued
(\$ in millions, except per share data)

Comparable Basis Reconciliations⁽¹⁾

	Three Months Ended December 31,											
	Operating Income		Income from Continuing Operations Before Income Taxes		Income Tax Provision ⁽²⁾		Effective Tax Rate		Net Income		Diluted Earnings Per Share ⁽³⁾	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
From continuing operations, as reported	\$ 424.9	\$ 532.4	\$ 377.7	\$ 506.0	\$ 91.3	\$ 118.8	24.2%	23.5%	\$ 286.4	\$ 387.2		
Discontinued operations, net of income taxes									-	(0.1)		
As reported									286.4	387.1	\$ 5.72	\$ 5.87
Initial credit loss expense associated with acquired loan portfolio	34.2	-	34.2	-	8.4	-			25.8	-	\$ 0.51	\$ -
Acquisition-related expenses	8.0	-	8.0	-	1.0	-			7.0	-	\$ 0.14	\$ -
Net gains on business/property dispositions, net of asset impairments	-	(11.6)	-	(11.6)	-	(2.8)			-	(8.8)	\$ -	\$ (0.13)
Executive separation costs	-	5.8	-	5.8	-	0.2			-	5.6	\$ -	\$ 0.08
Legal settlement	-	(5.2)	-	(5.2)	-	(1.3)			-	(3.9)	\$ -	\$ (0.06)
Adjusted	\$ 467.1	\$ 521.4	\$ 419.9	\$ 495.0	\$ 100.7	\$ 114.9	24.0%	23.2%	\$ 319.2	\$ 380.0	\$ 6.37	\$ 5.76

	Three Months Ended December 31,			
	SG&A		SG&A as a Percentage of Gross Profit (%)	
	2022	2021	2022	2021
As reported	\$ 766.7	\$ 755.7	59.8	57.2
Excluding acquisition-related expenses	8.0	-		
Excluding executive separation costs	-	5.8		
Adjusted	\$ 758.7	\$ 749.9	59.2	56.7

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

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

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

Non-GAAP Reconciliations

Full Year 2022 Adjustments

AUTONATION, INC.
UNAUDITED SUPPLEMENTARY DATA, Continued
(\$ in millions, except per share data)

Comparable Basis Reconciliations⁽¹⁾

	Twelve Months Ended December 31,											
	Operating Income		Income from Continuing Operations Before Income Taxes		Income Tax Provision ⁽²⁾		Effective Tax Rate		Net Income		Diluted Earnings Per Share ⁽³⁾	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
From continuing operations, as reported	\$ 2,024.5	\$ 1,902.8	\$ 1,833.5	\$ 1,808.4	\$ 455.8	\$ 435.1	24.9%	24.1%	\$ 1,377.7	\$ 1,373.3		
Discontinued operations, net of income taxes									(0.3)	(0.3)		
As reported									1,377.4	1,373.0	\$ 24.29	\$ 18.31
Initial credit loss expense associated with acquired loan portfolio	34.2	-	34.2	-	8.4	-			25.8	-	\$ 0.46	\$ -
Acquisition-related expenses	8.0	-	8.0	-	1.0	-			7.0	-	\$ 0.12	\$ -
Net gains on business/property dispositions, net of asset impairments	(16.1)	(11.6)	(16.1)	(11.6)	(4.0)	(2.8)			(12.1)	(8.8)	\$ (0.21)	\$ (0.12)
Executive separation costs	-	5.8	-	5.8	-	0.2			-	5.6	\$ -	\$ 0.07
Legal settlement	(6.3)	(5.2)	(6.3)	(5.2)	(1.4)	(1.3)			(4.9)	(3.9)	\$ (0.09)	\$ (0.05)
Gain on equity investment	-	-	-	(7.5)	-	(1.8)			-	(5.7)	\$ -	\$ (0.08)
Adjusted	<u>\$ 2,044.3</u>	<u>\$ 1,891.8</u>	<u>\$ 1,853.3</u>	<u>\$ 1,789.9</u>	<u>\$ 459.8</u>	<u>\$ 429.4</u>	24.8%	24.0%	<u>\$ 1,393.2</u>	<u>\$ 1,360.2</u>	<u>\$ 24.57</u>	<u>\$ 18.14</u>

	Twelve Months Ended December 31,			
	SG&A		SG&A as a Percentage of Gross Profit (%)	
	2022	2021	2022	2021
As reported	\$ 3,026.1	\$ 2,876.2	57.5	58.1
Excluding acquisition-related expenses	8.0	-		
Excluding executive separation costs	-	5.8		
Adjusted	<u>\$ 3,018.1</u>	<u>\$ 2,870.4</u>	57.3	58.0

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

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

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

Non-GAAP Reconciliations

Historical Adjusted Operating Income

(\$ in millions)	Twelve Months Ended December 31, 2021		Twelve Months Ended December 31, 2020		Twelve Months Ended December 31, 2019	
	Operating Income	Percentage of Revenue (%)	Operating Income	Percentage of Revenue (%)	Operating Income	Percentage of Revenue (%)
As reported (GAAP)	\$ 1,902.8	7.4%	\$ 563.2	2.8%	\$ 823.6	3.9%
Net gains on business dispositions and asset impairments	(11.6)		8.4			
Executive separation costs	5.8		5.5		11.0	
Legal settlement	(5.2)				(7.1)	
ACP inventory valuation adjustment			17.6			
SG&A costs associated with exit of ACP business ⁽¹⁾			6.9			
Other costs associated with exit of ACP business ⁽²⁾			12.2			
Goodwill and franchise rights impairment			375.8		9.6	
Asset impairments and net gains on store/property dispositions					(39.4)	
Adjusted	\$ 1,891.8	7.3%	\$ 989.6	4.9%	\$ 797.7	3.7%

(1) Includes \$1.1 million related to involuntary termination benefits, and \$2.6 million related to other closing costs, \$3.2 million related to accelerated amortization.

(2) Includes \$3.2 million related to contract termination charges, \$3.9 million related to accelerated depreciation, and \$5.1 million related to asset impairments.

Non-GAAP Reconciliations

Adjusted After-Sales Gross Profit / Adjusted D&A / Adjusted Other Income

(\$ in millions, except per share data)

	P&S Gross Profit			Three Months Ended December 31, Depreciation and amortization			Other income, net		
	2021	2020	\$ Variance	2021	2020	\$ Variance	2021	2020	\$ Variance
As reported	\$ 426.4	\$ 385.4	\$ 41.0	\$ 49.9	\$ 49.9	\$ -	\$ 16.4	\$ 4.6	\$ 11.8
ACP inventory valuation adjustment	-	(3.0)		-	-		-	-	
Other costs associated with exit of ACP business ⁽¹⁾	-	-		-	(1.0)		-	(1.8)	
Net gains on business dispositions and asset impairments	-	-		-	-		\$ (11.6)	-	
Legal settlement	-	-		-	-		\$ (5.2)	-	
Adjusted	<u>\$ 426.4</u>	<u>\$ 382.4</u>	\$ 44.0	<u>\$ 49.9</u>	<u>\$ 48.9</u>	\$ 1.0	<u>\$ (0.4)</u>	<u>\$ 2.8</u>	\$ (3.2)

⁽¹⁾ Includes \$4.1 million reduced accrual related to contract termination charges, partially offset by \$2.3 million related to asset impairments and \$1.0 million related to accelerated depreciation.

Non-GAAP Reconciliations

Historical Adjusted Net Income / Adjusted EPS (Annual)

Twelve Months Ended December 31,

(\$ in millions, except per share data)

	Income from Continuing Operations Before Income Taxes			Income Tax Provision ⁽¹⁾			Net Income			Diluted Earnings Per Share ⁽²⁾		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
As reported	\$1,808.4	\$ 550.1	\$ 612.6	\$ 435.1	\$ 168.3	\$ 161.8	\$1,373.0	\$ 381.6	\$ 450.0	\$ 18.31	\$ 4.30	\$ 4.97
Net gain related to business/property dispositions	(11.6)	8.4	(39.4)	(2.8)	2.2	(9.6)	(8.8)	6.2	(29.8)	\$ (0.12)	\$ 0.07	\$ (0.33)
Legal settlements and other	(5.2)	-	(7.1)	(1.3)	-	(1.7)	(3.9)	-	(5.4)	\$ (0.05)	-	\$ (0.06)
Executive separation costs	5.8	5.5	11.0	0.2	1.0	0.8	5.6	4.5	10.2	\$ 0.07	\$ 0.05	\$ 0.11
Gain on equity investment	(7.5)	(131.5)	(25.7)	(1.8)	(34.0)	(6.2)	(5.7)	(97.5)	(19.5)	\$ (0.08)	\$ (1.10)	\$ (0.22)
ACP inventory valuation adjustment	-	17.6	-	-	4.3	-	-	13.3	-	-	\$ 0.15	-
SG&A costs associated with exit of ACP business ⁽³⁾	-	6.9	-	-	1.7	-	-	5.2	-	-	\$ 0.06	-
Other costs associated with exit of ACP business ⁽⁴⁾	-	12.2	-	-	2.9	-	-	9.3	-	-	\$ 0.10	-
Goodwill and/or franchise rights impairment	-	375.8	9.6	-	67.4	2.3	-	308.4	7.3	-	\$ 3.48	\$ 0.08
Total YTD adjustments	(18.5)	294.9	(51.6)	(5.7)	45.5	(14.4)	(12.8)	249.4	(37.2)	\$ (0.17)	\$ 2.81	\$ (0.41)
Adjusted	\$1,789.9	\$ 845.0	\$ 561.0	\$ 429.4	\$ 213.8	\$ 147.4	\$1,360.2	\$ 631.0	\$ 412.8	\$ 18.14	\$ 7.11	\$ 4.56

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

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

(3) Includes \$3.2 million related to accelerated amortization, \$1.1 million related to involuntary termination benefits, and \$2.6 million related to other closing costs.

(4) Includes \$3.2 million related to contract termination charges, \$3.9 million related to accelerated depreciation, and \$5.1 million related to asset impairments.

Non-GAAP Reconciliations

Historical Adjusted Net Income / Adjusted EPS (Annual)

(\$ in millions, except per share data)

Twelve Months Ended December 31,

	Income from Continuing Operations Before Income Taxes			Income Tax Provision ⁽¹⁾			Net Income			Diluted Earnings Per Share ⁽²⁾		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
As reported	\$ 529.4	\$ 636.5	\$ 702.3	\$ 133.5	\$ 201.5	\$ 270.6	\$ 396.0	\$ 434.6	\$ 430.5	\$ 4.34	\$ 4.43	\$ 4.15
Net gain related to business/property dispositions	(53.4)	(67.7)	(33.2)	(12.8)	(25.8)	(12.6)	(40.6)	(41.9)	(20.6)	\$ (0.44)	\$ (0.43)	\$ (0.20)
Legal settlements and other	(11.7)	(10.3)	(15.4)	(2.8)	(3.9)	(5.9)	(8.9)	(6.4)	(9.5)	\$ (0.10)	\$ (0.07)	\$ (0.09)
Income tax adjustment	(5.0)	(41.2)	-	-	-	-	(5.0)	(41.2)	-	\$ (0.05)	\$ (0.42)	-
Goodwill and/or franchise rights impairment	8.1	-	-	2.0	-	-	6.1	-	-	\$ 0.07	-	-
Restructuring expense	9.4	-	-	2.3	-	-	7.1	-	-	\$ 0.08	-	-
Total YTD adjustments	(52.6)	(119.2)	(48.6)	(11.3)	(29.7)	(18.5)	(41.3)	(89.5)	(30.1)	\$ (0.45)	\$ (0.91)	\$ (0.29)
Adjusted	\$ 476.8	\$ 517.3	\$ 653.7	\$ 122.2	\$ 171.8	\$ 252.1	\$ 354.7	\$ 345.1	\$ 400.4	\$ 3.88	\$ 3.51	\$ 3.86

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

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



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