AutoNation

Investor Presentation

First Quarter 2023

4/19/2023

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
- Trusted Industry leading brand, with strong community ties
- Experienced management team focused on delivering near-term results with an eye to the future
- Strong balance sheet – only Investment grade rated Public Franchise Dealer
- Building concentrated scale and scope in markets to maximize performance
- 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

Reputation Score Averages	
AutoNation	783
Auto Industry	639

Source: Reputation, March 2023

Overview

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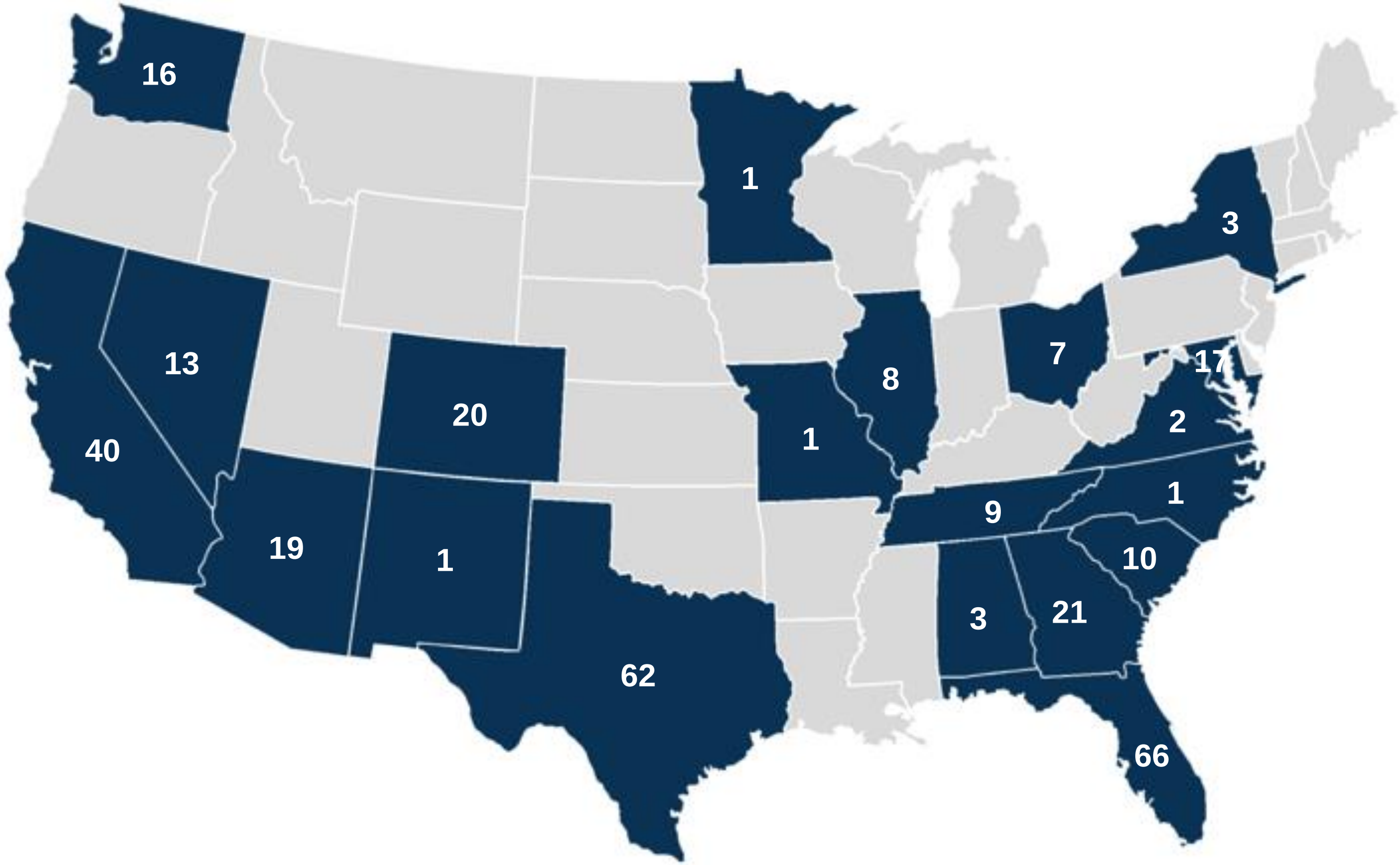
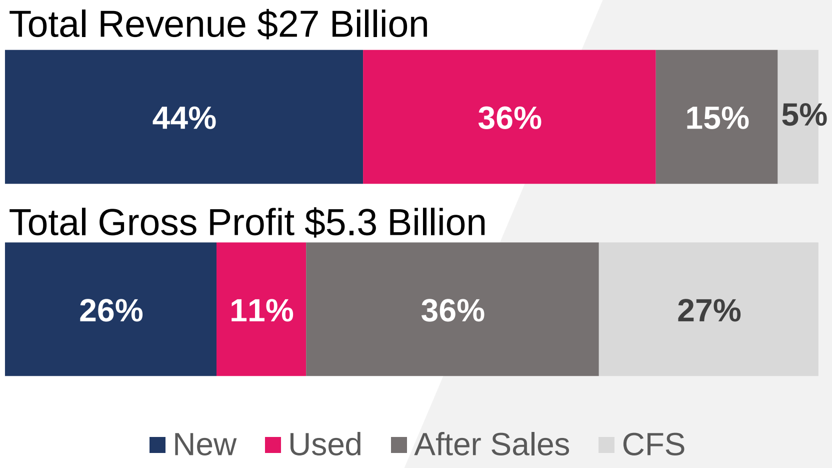
11 Million	10+ Million	24,000	344	248	15	53	4
Customers	Households	Associates	Franchises	Franchised Dealerships	AN USA Stores	Collision Centers	Vehicle Auctions





**Map reflects total locations as of March 31, 2023; Financials based on FY 2022*

AutoNation: Initiatives

To provide a comprehensive range of transportation solutions to our 11 Million Customers & Households

Extending value creation of core business by increasing the depth and breadth of product and service offerings:

- Convenient, transparent and trusted customer experience to drive better retention
- Continued growth of After-Sales business in existing network – now reimagined with RepairSmith
- Added in-house captive finance capabilities via AN Finance
- Expansion of complementary used-only AutoNation USA footprint
- Building concentrated scale and scope within markets to maximize performance
- Robust stock repurchase program to enhance shareholder value
- Helping efforts to find a cure for cancer through DRVPNK, raising more than $35 million

Financial Review

Financial Highlights – Q1 2023

Our diversified business model and disciplined capital deployment delivered strong results

Record 1Q EPS of $6.07 up 5% over Prior Year
Strong performance and capital deployment

Gross Profit of $1.3 Billion, down 2% from Prior Year
Increase in After-Sales and Used vehicles largely offset lower units retailed

Cash from Operations of $510 Million
Capital Expenditures of $95 million

After-Sales Gross Profit of $511 Million up 11% From Prior Year
Growth driven by Customer Pay, Warranty and Collision

CFS PVR of $2,711 on Increased Penetration
Product penetration and margin improvement driving results and industry-leading profitability

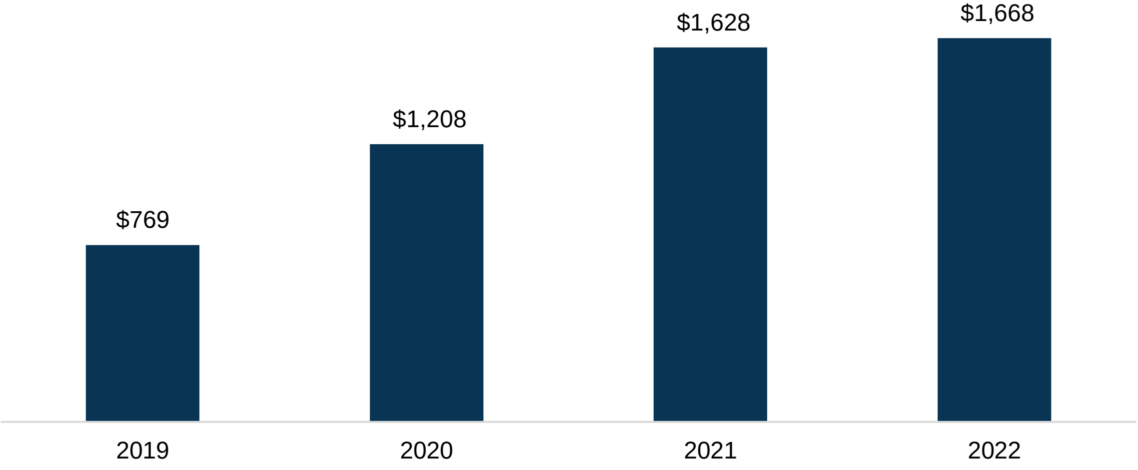
SG&A as a % of Gross Profit at 60.8%
Significantly lower than pre-Pandemic levels reflecting continued expense discipline, enabling investments in technology and process improvements

Q1 2023 Financial Summary

($ in millions, except per share data)	Q1 2023	Q1 2022	YoY
Total revenue	$6,398	$6,753	-5%
Gross profit	$1,286	$1,309	-2%
SG&A Expense	$783	$741	6%
SG&A / Gross Profit	*60.8%*	*56.6%*	*420bps*
Operating income	$443	$519	-15%
Net income	$289	$362	-20%
EPS	**$6.07**	**$5.78**	**5%**

Robust Consistent Cash Flow Generation

CASH FLOW FROM OPERATIONS ($MM)



CAPITAL EXPENDITURES ($MM)

- Substantial consistent cash flow generation supports disciplined capital allocation and drives long-term shareholder value
- Strong cash flow generation in Q1 2023
  Cash from Operations of $510 Million
  Capital Expenditures of $95 Million

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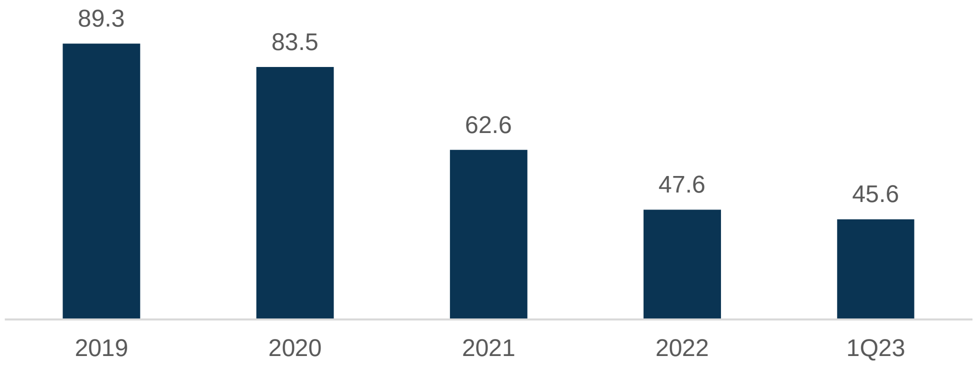
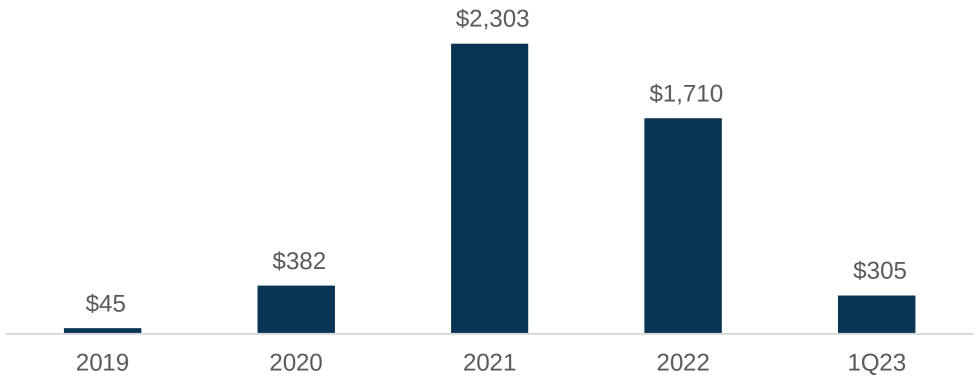
Shares Outstanding Significantly Reduced

SHARES OUTSTANDING



SHARE REPURCHASES ($MM)



- Investments over the past 3+ years in Share Repurchases have nearly halved shares outstanding
- During First Quarter 2023, investment of $305 million to repurchase 2.4 million shares
- Remaining Repurchase Authorization of more than $875 million
- $1.6 billion of liquidity, including $50 million of cash and approximately $1.5 billion of availability on our credit facilities as of March 31, 2023

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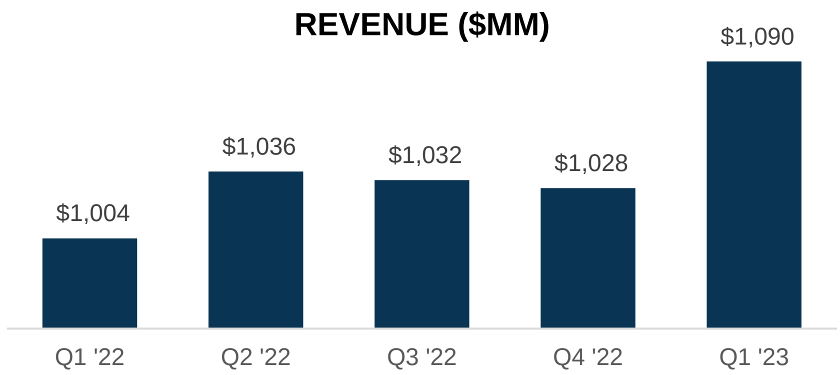
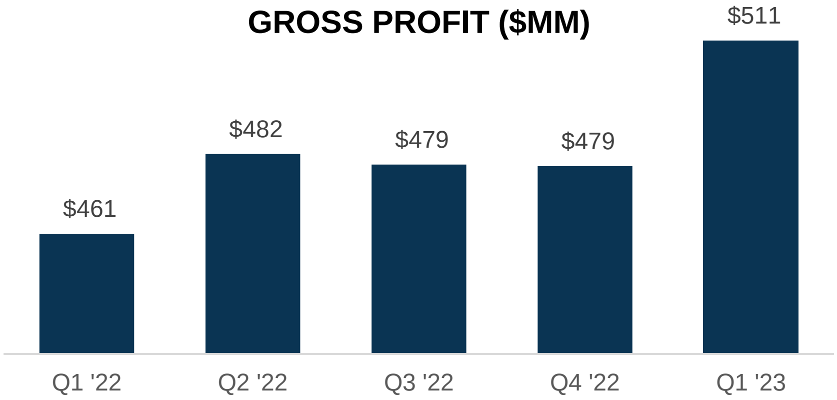
After-Sales: Consistently Growing High-Margin Business





Margin	**45.9%**	**46.5%**	**46.4%**	**46.6%**	**46.9%**

- Continued focus on growth of After-Sales
- Since 2019: Annual Revenue up $500+M
  Gross Profit up $275+M
- Q1 2023 Gross Profit up 11% from year ago

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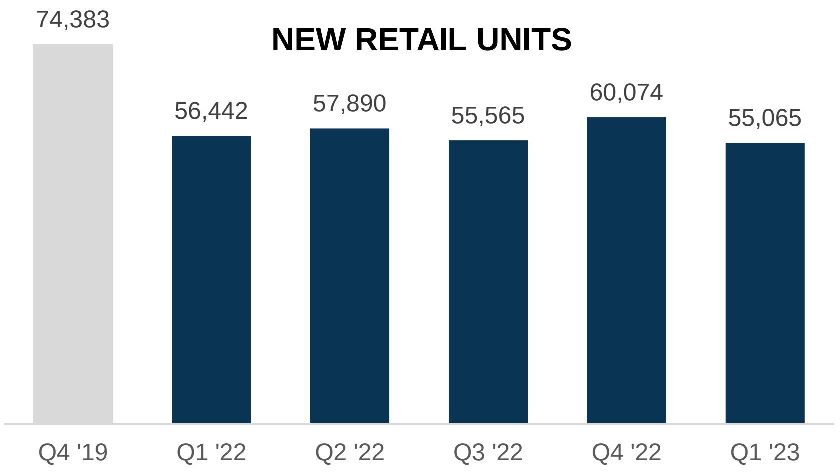
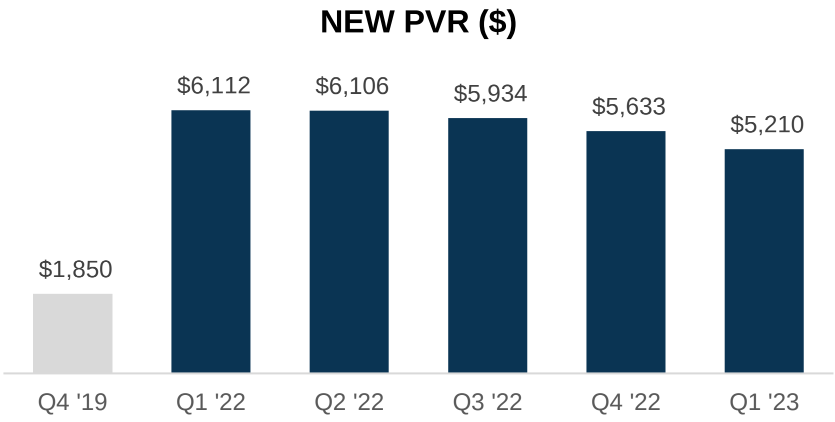
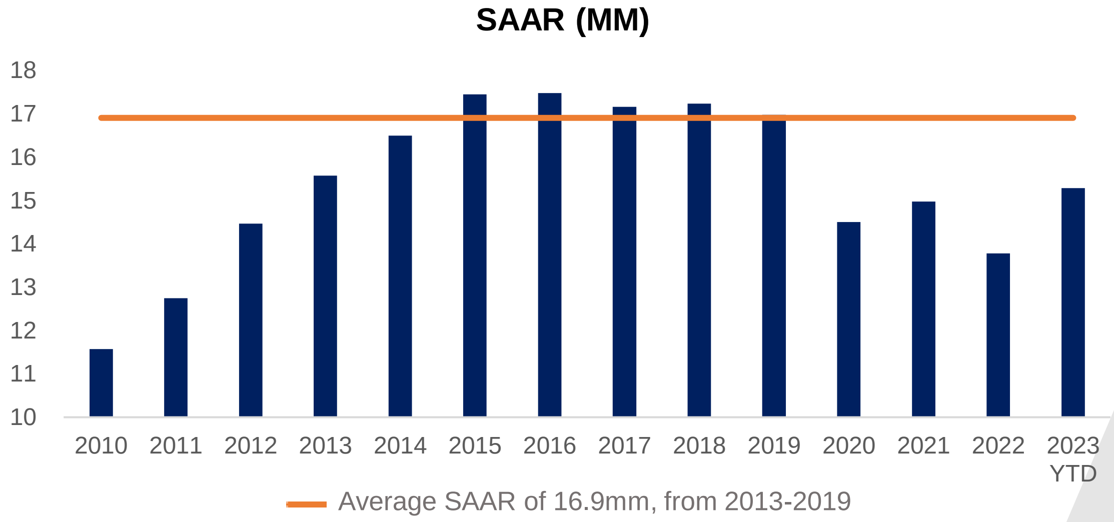
New Vehicles: Continued Robust Performance



DSO	52	8	11	15	19	25

- Industry Unit sales remain below historical levels
- Overall Inventory increasing, varies by brand and model
- Industry Fleet sales increasing
- Gross Profit PVRs continue to moderate yet remain robust





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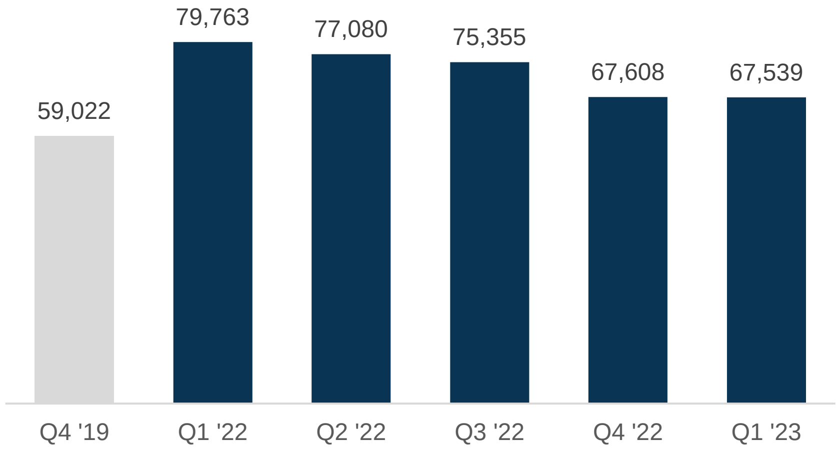
*Excludes CFS

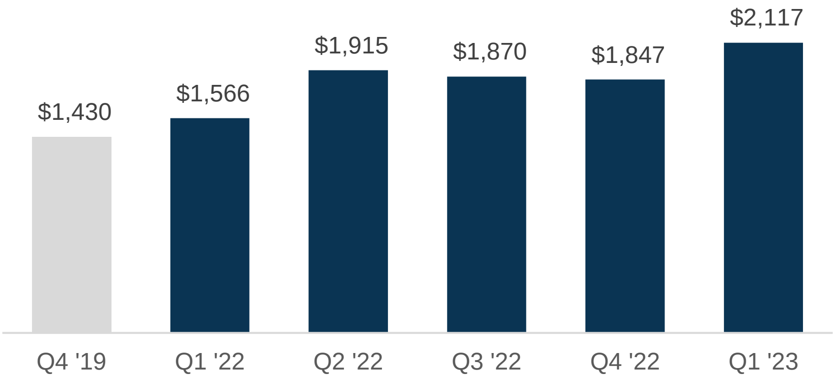
Used Vehicles: Strong Gross Profit

USED RETAIL UNITS



DSO	39	30	40	34	31	29

USED PVR ($)



- Enhancing Used vehicle economics through effective self sourcing, reconditioning and pricing
- Q1 Gross Profit increased 13% as PVR performance more than offset lower units
- Q1 PVRs up from year ago and Q4 2019
- Limited late model used inventory availability
- Will remain nimble in our approach
- AutoNation unit sales structurally higher than pre-pandemic

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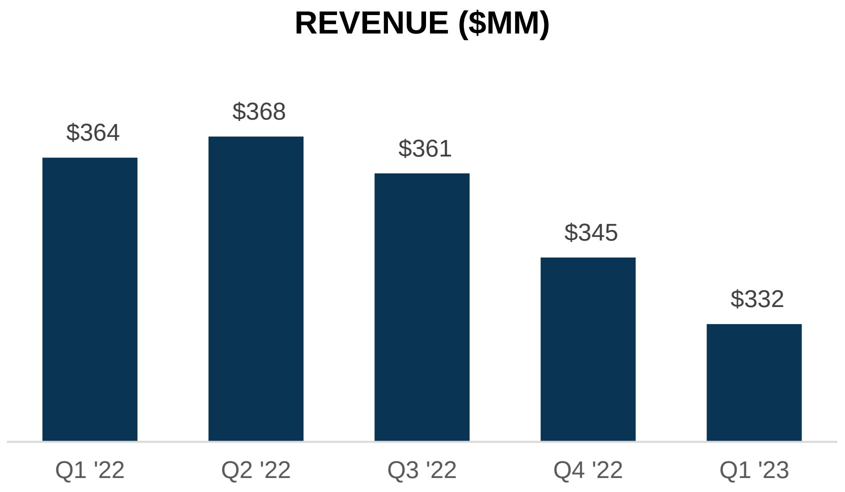
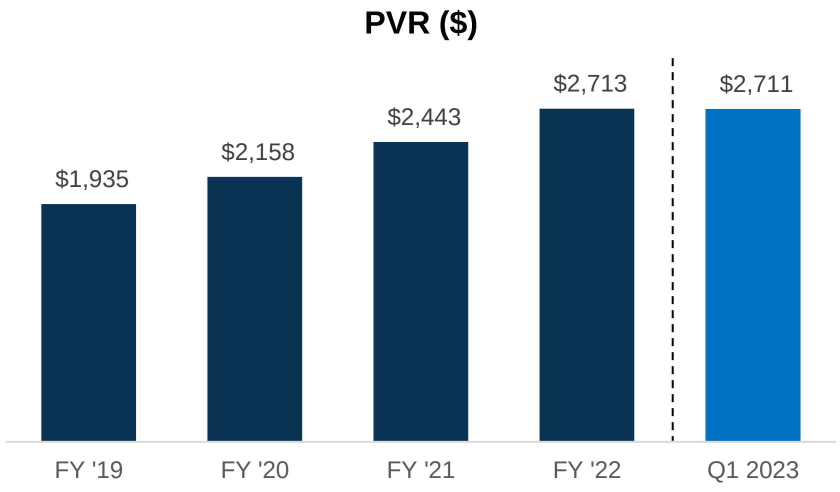
**Excludes CFS*

Continued Industry Leading Customer Financial Services





Q1 2023 Results

- Higher PVR partially offset lower unit volume
- PVR increased $39 YoY
- Total Retail Units decreased 10%

Drivers and Trends

- Product penetration of 2 products per vehicle
- Vehicle protection products and service contracts
- AutoNation CFS PVR Structurally higher than pre-pandemic

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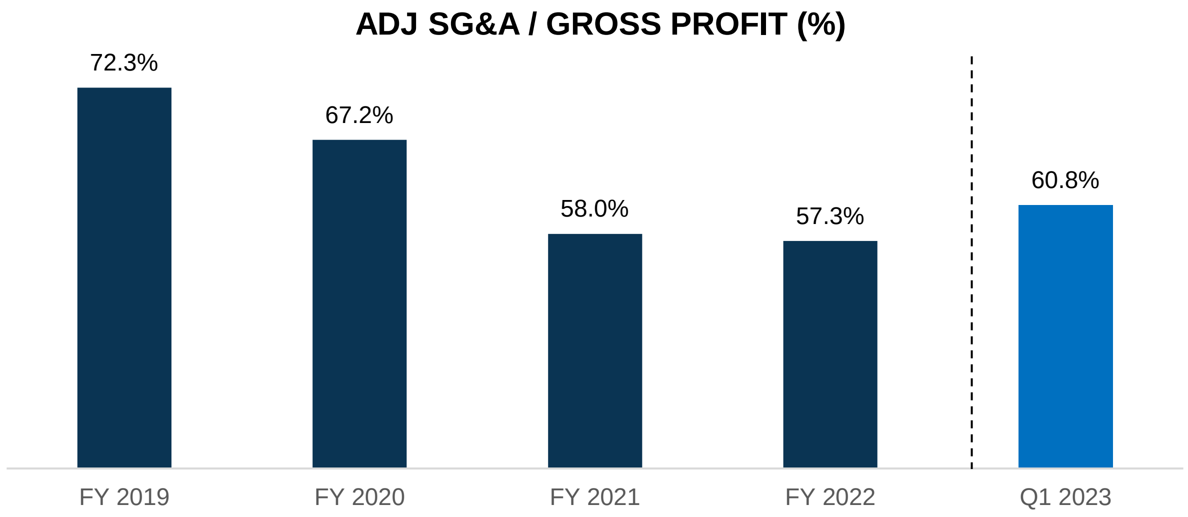
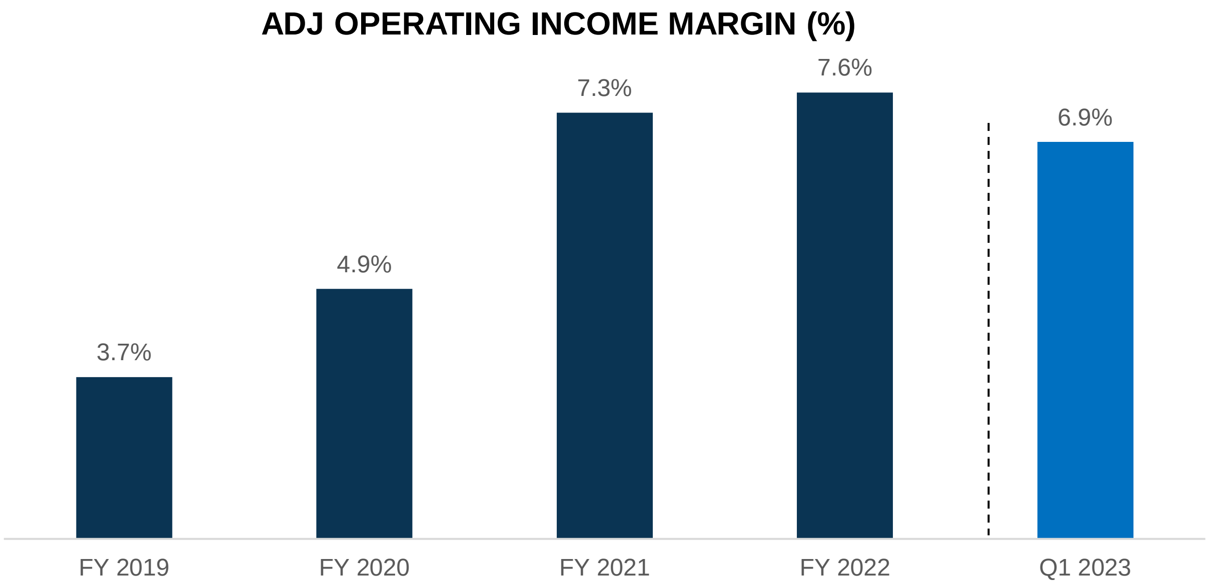
Sustained Profitability: SG&A/Gross & Operating Inc Margin





- SG&A/Gross Profit remains well below historical levels, reflecting continued expense discipline, 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

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Refer to the Appendix for Non-GAAP Reconciliation

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.

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	
	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	*$2,467*
	Margin	6.6%	6.8%	6.8%	7.3%	6.5%	6.2%	5.9%	5.6%	5.2%	4.8%	4.4%	4.5%	5.6%	9.9%	11.6%	*6.5%*
	ASP Y/Y		3%	4%	4%	-1%	2%	2%	3%	3%	2%	2%	5%	6%	10%	11%	
Used	**Unit Sales (k)**	181.3	135.3	160.1	171.1	181.0	204.6	214.9	227.3	225.7	234.1	237.7	246.1	241.2	304.4	299.8	
	ASP ($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	*$1,608*
	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%	*8.2%*
	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	

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**Data as reported of continuing operations*

Non-GAAP Reconciliations

Historical Adjusted SG&A

($ in millions)	Twelve Months Ended December 31, 2022		Twelve Months Ended December 31, 2021		Twelve Months Ended December 31, 2020		Twelve Months Ended December 31, 2019	
	SG&A	SG&A as a Percentage of Gross Profit (%)	SG&A	SG&A as a Percentage of Gross Profit (%)	SG&A	SG&A as a Percentage of Gross Profit (%)	SG&A	SG&A as a Percentage of Gross Profit (%)
As reported (GAAP)	$ 3,026.1	57.5	$ 2,876.2	58.1	$ 2,422.0	67.9	$ 2,558.6	72.6
Excluding executive separation costs	8.0		5.8		5.5		11.0	
Excluding SG&A costs associated with exit of ACP business					6.9			
Adjusted	$ 3,018.1	57.3	$ 2,870.4	58.0	$ 2,409.6	67.2	$ 2,547.6	72.3

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Non-GAAP Reconciliations

Historical Adjusted Operating Income

($ in millions)	Twelve Months Ended December 31, 2022		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 (%)	Operating Income	Percentage of Revenue (%)
As reported (GAAP)	$ 2,024.5	7.5%	$ 1,902.8	7.4%	$ 563.2	2.8%	$ 823.6	3.9%
Net gains on business dispositions and asset impairments	(16.1)		(11.6)		8.4			
Initial credit loss expense associated with acquired loan portfolio	34.2							
Acquisition-related expenses	8.0							
Executive separation costs			5.8		5.5		11.0	
Legal settlement	(6.3)		(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	$ 2,044.3	7.6%	$ 1,891.8	7.3%	$ 989.6	4.9%	$ 797.7	3.7%

(1) 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.

(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.