



Automotive

Q4 and 12M 2017
Financial Results and Update

Statements in this presentation may involve forward-looking statements, including forward-looking statements regarding Penske Automotive Group, Inc.'s financial results, future sales, earnings potential, estimated tax savings, and ability to repatriate earnings, liquidity, and future sales. Actual results may vary materially because of risks and uncertainties that are difficult to predict. These risks and uncertainties include, among others: changes in rules affecting deferred tax assets and liabilities, the preliminary nature of company forecasts, the terms of company financial agreements that may limit repatriation, economic conditions generally, conditions in the credit markets and changes in interest rates, adverse conditions affecting a particular manufacturer, including the adverse impact to the vehicle and parts supply chain due to natural disasters, such as the recent hurricanes, or other disruptions that interrupt the supply of vehicles or parts to us, changes in consumer credit availability, the outcome of legal and administrative matters, and other factors over which management has limited control. These forward-looking statements should be evaluated together with additional information about Penske Automotive's business, markets, conditions and other uncertainties, which could affect Penske Automotive's future performance. These risks and uncertainties are addressed in Penske Automotive's Form 10-K for the year ended December 31, 2016, and its other filings with the Securities and Exchange Commission ("SEC"). This presentation speaks only as of its date, and Penske Automotive disclaims any duty to update the information herein. Refer to the company's latest earnings press release dated February 8, 2018.

Financial Estimates

The financial estimates presented in this release are preliminary and may change. These estimates include calculations or figures that have been prepared internally by management and have not been reviewed or audited by our independent registered public accounting firm. There can be no assurance that the company's actual results will not differ from the estimates presented herein and such changes could be material. These estimates should not be viewed as a substitute for full financial statements prepared in accordance with GAAP and are not necessarily indicative of the results to be achieved for any future periods.

FOURTH QUARTER 2017

Q4 2017 Overview

- Record fourth quarter retail unit sales, revenue, income from continuing operations and earnings per share
- Retailed 119,935 new and used automotive units, +7.0%
- Total Revenue +10.4% to \$5.4 billion
 - Same-store retail automotive revenue +2.6%
- Income from continuing operations of \$330.0 million and earnings per share of \$3.85
- Adjusted income from continuing operations +11.9% to \$86.6 million*
- Adjusted earnings per share from continuing operations +11.0% to \$1.01*

*Refer to non-GAAP reconciliations in the Appendix to this presentation

Q4 Key Takeaways

Retail Automotive

- 91% of Consolidated PAG Revenues & 59% of Consolidated PAG EBT
- 2.6% Same-Store Revenue Growth
- 180 bps Increase in Service & Parts Gross Margin
- Announced acquisition of The Car People in U.K. (Q1 2018)

Penske Truck Leasing

- PTL investment produced \$34.7 million in income

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Heavy-Duty Truck Retail

- 6% of Consolidated PAG Revenues & 9% of consolidated PAG EBT
- 39% Same-Store Revenue Growth
- Service & Parts represents 68% of Gross Profit
- Strong recovery in used truck pricing
- Robust Class 8 Heavy Duty truck market expected to continue

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Tax Reform

- Positively impacts business
- \$243.4 million one-time benefit, or \$2.84 per share
- Ability to repatriate earnings in tax favorable manner
- Expected reduction in consolidated effective tax rate to 25-26% for 2018

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Q4 2017 Key Performance Metrics

<u>Same-Store Retail Revenue</u>	<u>Actual</u>	<u>Change</u>	<u>Ex F/X</u>
New	\$2,354.8	+2.4%	+0.2%
Used	1,344.9	+2.1%	-1.3%
Finance & Insurance	127.5	+6.0%	+3.5%
Service & Parts	<u>495.6</u>	<u>+4.3%</u>	<u>+2.0%</u>
Total	\$4,322.8	+2.6%	---
<u>Same-Store Gross Profit Per Vehicle</u>			
New	\$3,091	+\$98	+\$16
Used	\$1,353	-\$114	-\$149
Finance & Insurance	\$1,197	+\$98	+\$70
Total Variable	\$3,510	+\$96	+\$7
Same-Store Service & Parts Margin	59.0%	+100 bps	59.1%
Same-Store SG&A to Gross Profit	79.8%	+20 bps	79.6%
EPS - Reported	\$3.85	+296.9%	\$3.83
EPS - Adjusted*	\$1.01	+11.0%	\$0.99

*Refer to non-GAAP reconciliations in the Appendix to this presentation
F/X = Foreign Exchange

12M 2017

12M 2017 Overview

- Record retail unit sales, revenue, income from continuing operations and earnings per share
- Retailed 501,696 new and used automotive units, +9.7%
- Total Revenue +6.3% to \$21.4 billion
 - Same-store retail automotive revenue -1.6%
- Income from continuing operations of \$613.5 million and earnings per share of \$7.14
- Adjusted income from continuing operations +9.2% to \$370.1 million*
- Adjusted earnings per share from continuing operations +9.7% to \$4.31*

*Refer to non-GAAP reconciliations in the Appendix to this presentatio

12M 2017 Key Performance Metrics

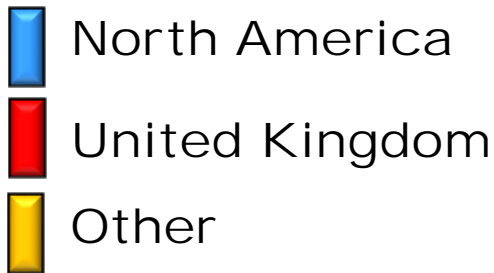
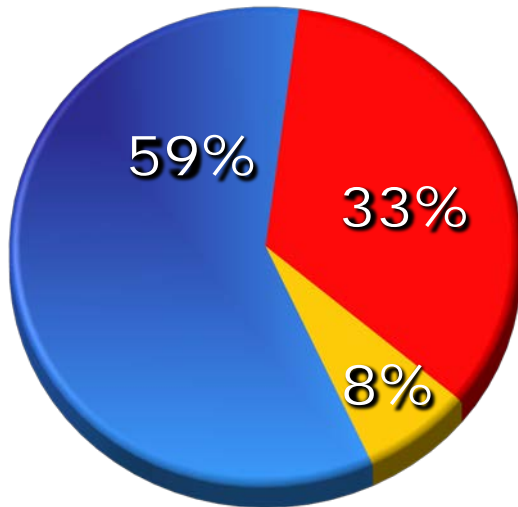
<u>Same-Store Retail Revenue</u>	<u>Actual</u>	<u>Change</u>	<u>Ex F/X</u>
New	\$8,980.1	-3.2%	-1.4%
Used	5,502.7	-0.6%	+1.7%
Finance & Insurance	508.3	+4.9%	+7.0%
Service & Parts	<u>1,950.5</u>	<u>+1.6%</u>	<u>+2.8%</u>
Total	\$16,941.6	-1.6%	+0.3%
<u>Same-Store Gross Profit Per Vehicle</u>			
New	\$2,962	+\$23	+\$76
Used	\$1,476	-\$125	-\$91
Finance & Insurance	\$1,175	+\$84	+\$107
Total Variable	\$3,445	+\$25	+\$93
Same-Store Service & Parts Margin	58.9%	+90 bps	58.9%
Same-Store SG&A to Gross Profit	77.9%	+60 bps	77.8%
EPS - Reported	\$7.14	+78.5%	\$7.22
EPS - Adjusted*	\$4.31	+9.7%	\$4.39

*Refer to non-GAAP reconciliations in the Appendix to this presentation
F/X = Foreign Exchange

12M 2017 Revenue & EBT

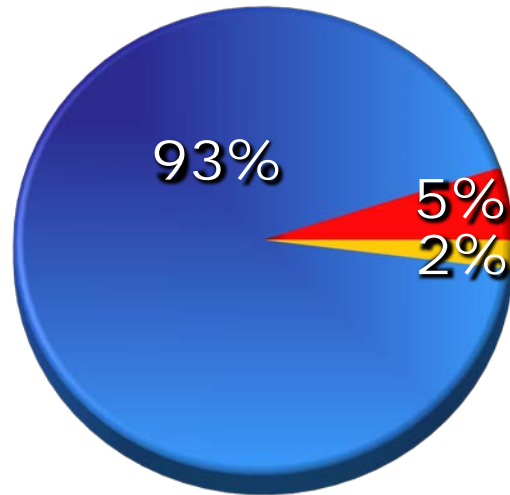
Revenue

\$21 Billion



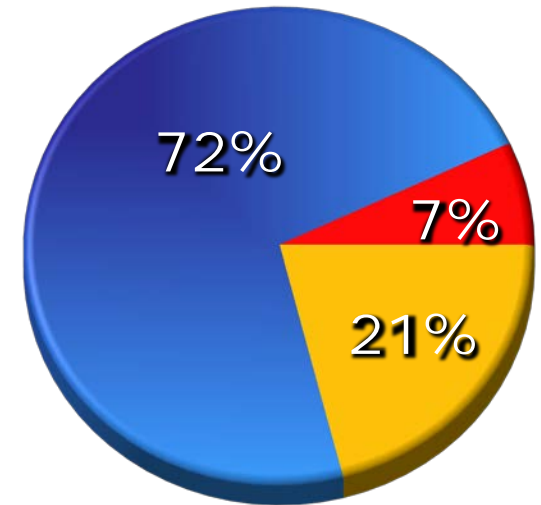
Revenue

\$21 Billion



Earnings Before Tax

\$548 Million



*Includes equity income from joint venture investments, including Penske Truck Leasing

APPENDIX

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Recent Acquisitions

\$1.5 Billion in Estimated Annual Revenue

(\$ in millions)

Revenue

U.S. – CarSense Used Vehicle SuperCenter	\$350
U.K. – CarShop Used Vehicle SuperCenter	\$340
Jaguar Land Rover – New Jersey	\$215
Mercedes-Benz – Arizona	\$250
BMW MINI – U.K.	\$50
The Car People Used Vehicle SuperCenter* – U.K.	\$300

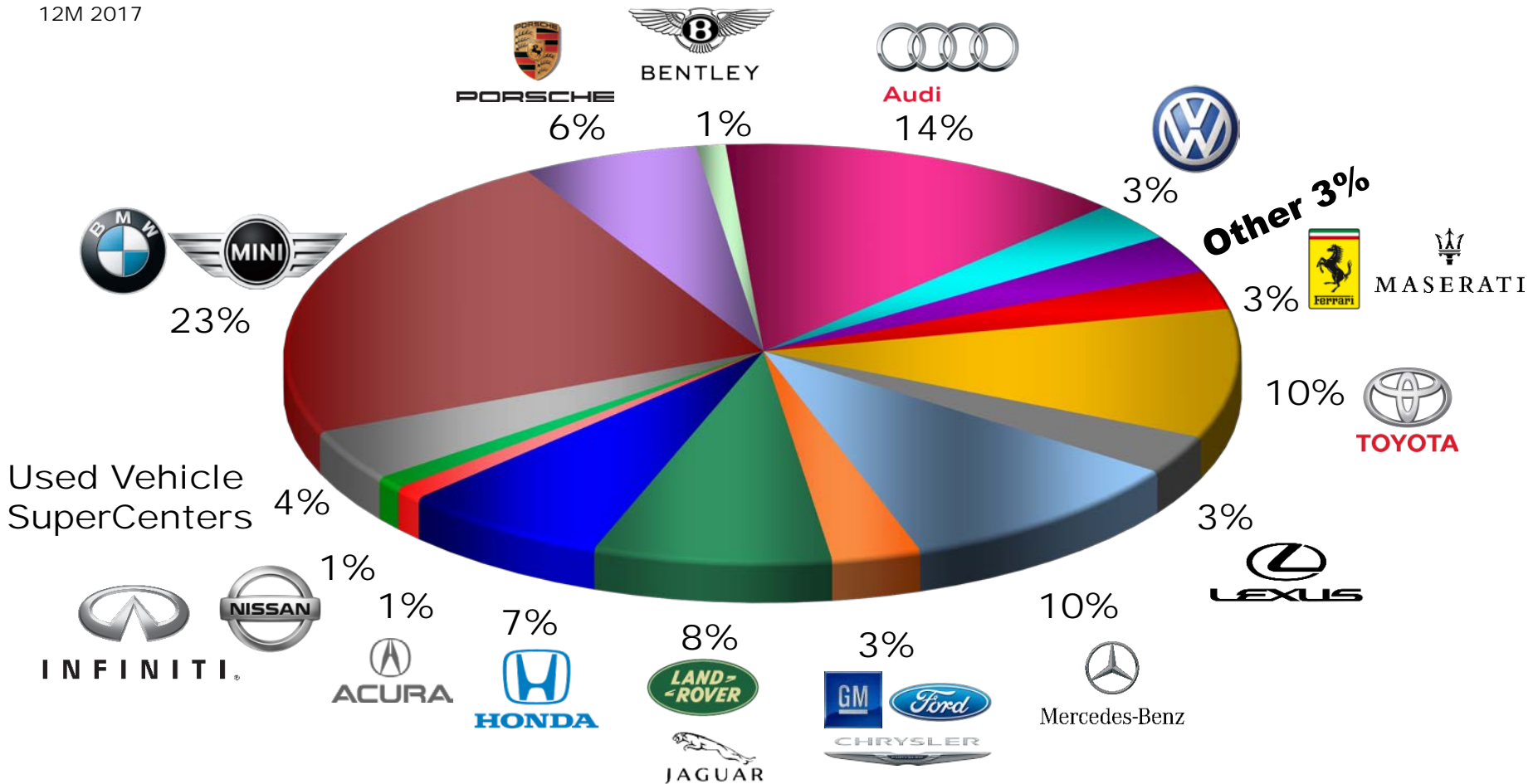
*Completed January 2018

RETAIL AUTOMOTIVE

Best in Class Brand Mix

(% of Total Automotive Dealership Revenue)

12M 2017



- Premium – 70%
- Volume Non-U.S. – 23%
- Used Vehicle Supercenters – 4%
- U.S. Big 3 – 3%

Same-Store Retail Automotive Revenue

	<u>Q4 2017</u>	<u>Ex F/X Q4 2017</u>	<u>12M 2017</u>	<u>Ex F/X 12M 2017</u>
New Vehicles	+2.4%	+0.2%	-3.2%	-1.4%
Used Vehicles	+2.1%	-1.3%	-0.6%	+1.7%
Finance & Insurance	+6.0%	+3.5%	+4.9%	+7.0%
Service & Parts	<u>+4.3%</u>	<u>+2.0%</u>	<u>+1.6%</u>	<u>+2.8%</u>
	+2.6%	---	-1.6%	+0.3%

F/X = Foreign Exchange

STAND-ALONE USED VEHICLE SUPERCENTERS

U.S. Used Vehicle SuperCenters

	Q4 2017 <u>Total</u>	2017 YTD <u>Total*</u>
Used Units Retailed	2,989	13,741
Revenue (in millions)	\$76.1	\$335.3
Avg. Transaction Price	\$20,705	\$20,237
Gross Per Unit Retailed	\$1,453	\$1,713
F&I Per Unit Retailed	\$1,373	\$1,331
Total Variable Gross Per Unit	\$2,826	\$3,044

* Reflects results since acquisition

U.K. Used Vehicle SuperCenters

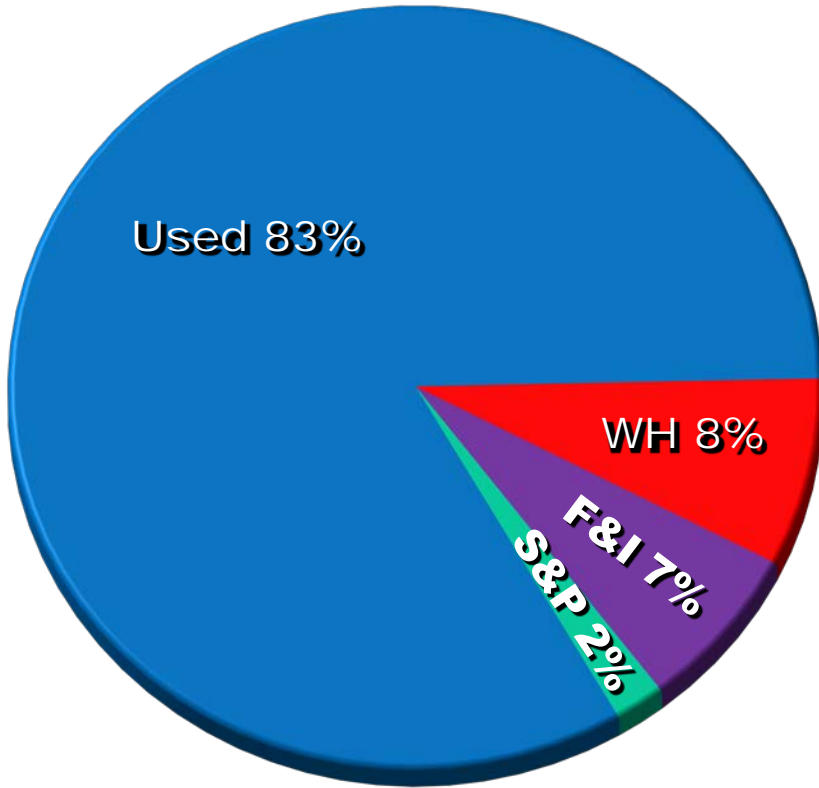
	Q4 2017 <u>Total</u>	2017 YTD <u>Total*</u>
Used Units Retailed	6,560	26,760
Revenue (in millions)	\$99.7	\$376.2
Avg. Transaction Price	\$12,754	\$11,583
Gross Per Unit Retailed	\$601	\$843
F&I Per Unit Retailed	\$1,439	\$1,190
Total Variable Gross Per Unit	\$2,040	\$2,033

* Reflects results since acquisition

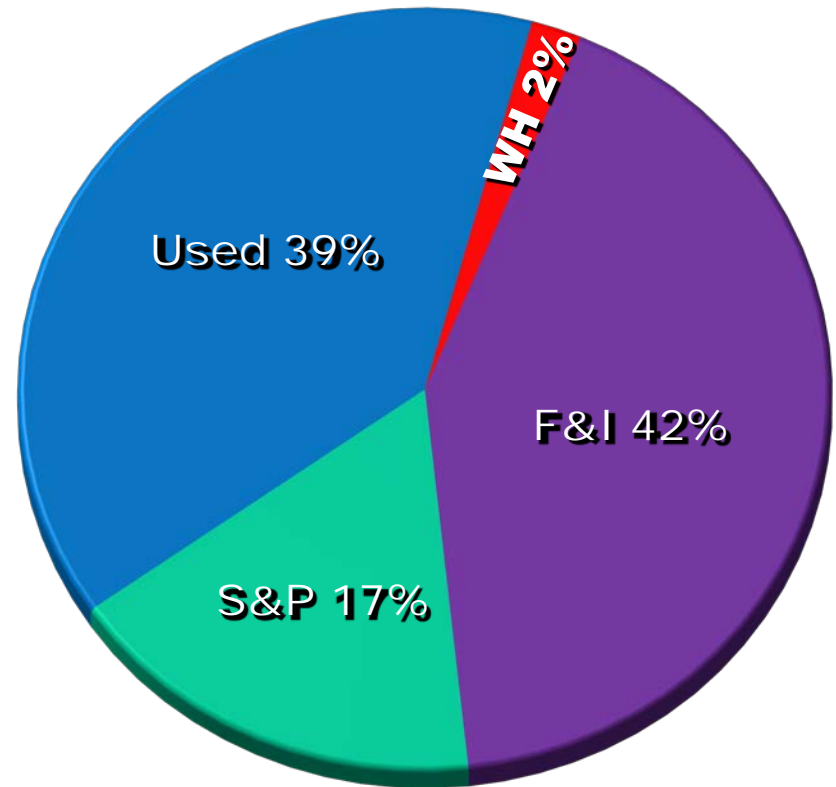
Stand-Alone Used Vehicle SuperCenters

YTD 2017 since acquisition

Revenue Mix



Gross Profit Contribution



RETAIL COMMERCIAL TRUCKS

Retail Commercial Truck Operations

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Retail Commercial Truck Units:				
New Retail	1,892	1,302	5,824	6,079
Used Retail	<u>402</u>	<u>260</u>	<u>1,632</u>	<u>1,031</u>
Total Units	2,294	1,562	7,456	7,110
Retail Commercial Truck Revenue: (Amounts in Millions)				
New Vehicles	\$ 201.7	\$ 128.0	\$ 613.2	\$ 625.5
Used Vehicles	21.5	13.2	89.4	51.8
Finance and Insurance, Net	2.3	1.8	8.9	7.3
Service and Parts	81.0	73.8	325.6	306.0
Lease, Rental & Wholesale	<u>1.7</u>	<u>1.6</u>	<u>10.9</u>	<u>10.1</u>
Total Revenue	\$ 308.2	\$ 218.4	\$ 1,048.0	\$ 1,000.7
Retail Commercial Truck Gross Profit: (Amounts in Millions)				
New Vehicles	\$ 9.7	\$ 4.4	\$ 27.1	\$ 23.1
Used Vehicles	2.6	(0.4)	8.7	(1.7)
Finance and Insurance, Net	2.3	1.8	8.9	7.3
Service and Parts	30.6	27.5	121.4	113.2
Lease, Rental & Wholesale	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.3)</u>	<u>1.0</u>
Total Gross Profit	\$ 45.1	\$ 33.2	\$ 165.8	\$ 142.9
Retail Commercial Truck Revenue Per Vehicle Retailed:				
New Vehicles	\$ 106,648	\$ 98,292	\$ 105,286	\$ 102,892
Used Vehicles	53,739	51,121	54,808	50,276
Retail Commercial Truck Gross Profit Per Vehicle Retailed:				
New Vehicles	\$ 5,009	\$ 3,451	\$ 4,615	\$ 3,808
Used Vehicles	6,558	(1,463)	5,317	(1,626)
Finance and Insurance	1,025	1,124	1,198	1,021

NON-GAAP RECONCILIATIONS

Income/EPS from Continuing Operations

(\$ in Millions, except per share amounts)

The following schedules reconcile reported income and reported earnings per share from continuing operations to adjusted income and adjusted earnings per share from continuing operations for the three and twelve months ended December 31, 2017 and 2016:

	Q4 '17	Q4 '16	Chg	2017	2016	Chg
Income from Continuing Operations	\$330.0	\$82.5	300.0%	\$613.5	\$343.9	78.4%
Less: Income Tax Benefit ¹	<u>(243.4)</u>	<u>(5.1)</u>	<u>nm</u>	<u>(243.4)</u>	<u>(5.1)</u>	<u>nm</u>
Adj. Income from Continuing Operations	\$ 86.6	\$77.4	11.9%	\$370.1	\$338.8	9.2%

	Q4 '17	Q4 '16	Chg	2017	2016	Chg
EPS from Continuing Operations	\$3.85	\$0.97	296.9%	\$7.14	\$4.00	78.5%
Less: Income Tax Benefit ¹	<u>(2.84)</u>	<u>(0.06)</u>	<u>nm</u>	<u>(2.83)</u>	<u>(0.06)</u>	<u>nm</u>
Adj. EPS from Continuing Operations	\$1.01	\$0.91	11.0%	\$4.31	\$3.93 ²	9.7%

¹ Amount for 2017 represents the income tax benefit from the enactment of the U.S. Tax Cuts and Jobs Act. Amount for 2016 represents an income tax benefit from the revaluation of a deferred tax liability on our Premier Truck Group investment.

² Earnings per share amounts may not sum due to rounding.

nm = not meaningful

EBITDA Reconciliation

	<u>Q4 '17</u>	<u>Q4 '16</u>	<u>12M '17</u>	<u>12M '16</u>
Net Income	\$328.6	\$82.7	\$612.8	\$346.4
Depreciation	25.1	22.9	95.1	89.7
Other Interest	28.2	23.6	107.4	85.4
Income Taxes	(200.8)	32.3	(64.8)	160.7
(Inc)/Loss from Disc. Ops.	<u>(0.1)</u>	<u>(0.1)</u>	<u>0.2</u>	<u>1.0</u>
EBITDA	\$181.0	\$161.4	\$750.7	\$683.2



Automotive

