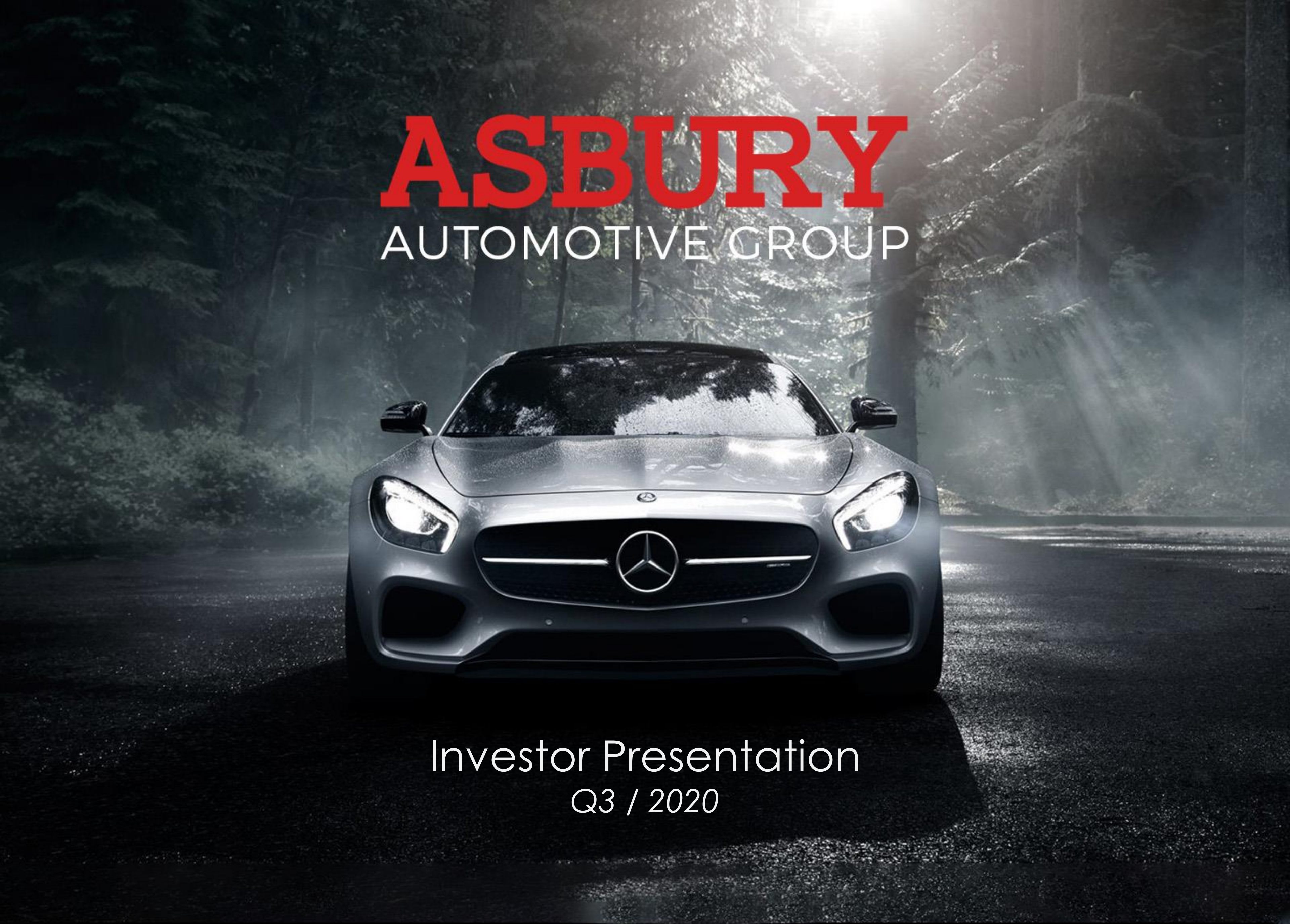


# ASBURY AUTOMOTIVE GROUP

## Investor Presentation

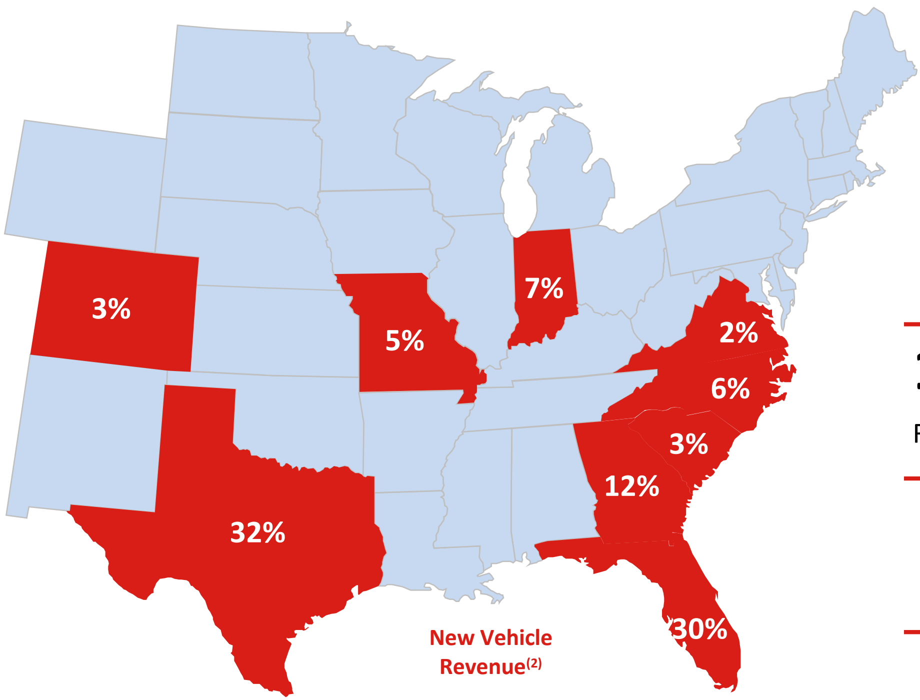
*Q3 / 2020*

ASBURY
AUTOMOTIVE GROUP
NYSE: ABG

**FORTUNE 500** AUTOMOTIVE RETAILER

**$8.1B** TOTAL REVENUE (1)

**7th LARGEST** AUTOMOTIVE RETAILER




**90**(3) Locations

**113**(3) Franchises

**31**(3) Brands

**25**(3) Collision Centers

## Q3 HIGHLIGHTS

| | |
|---|---|
| New PVR **$2,468/ +73%** | Adj. SG&A % of GP(4) **61.1% / -780bps** |
| Used Retail PVR **$2,116 / +43%** | Adj. Operating Margin(4) **6.6% / +210bps** |
| F&I PVR **$1,795 / +11%** | Adj. EPS(4) **$4.08 / +75%** |

Pro Forma Net Leverage(3) **2.4x**

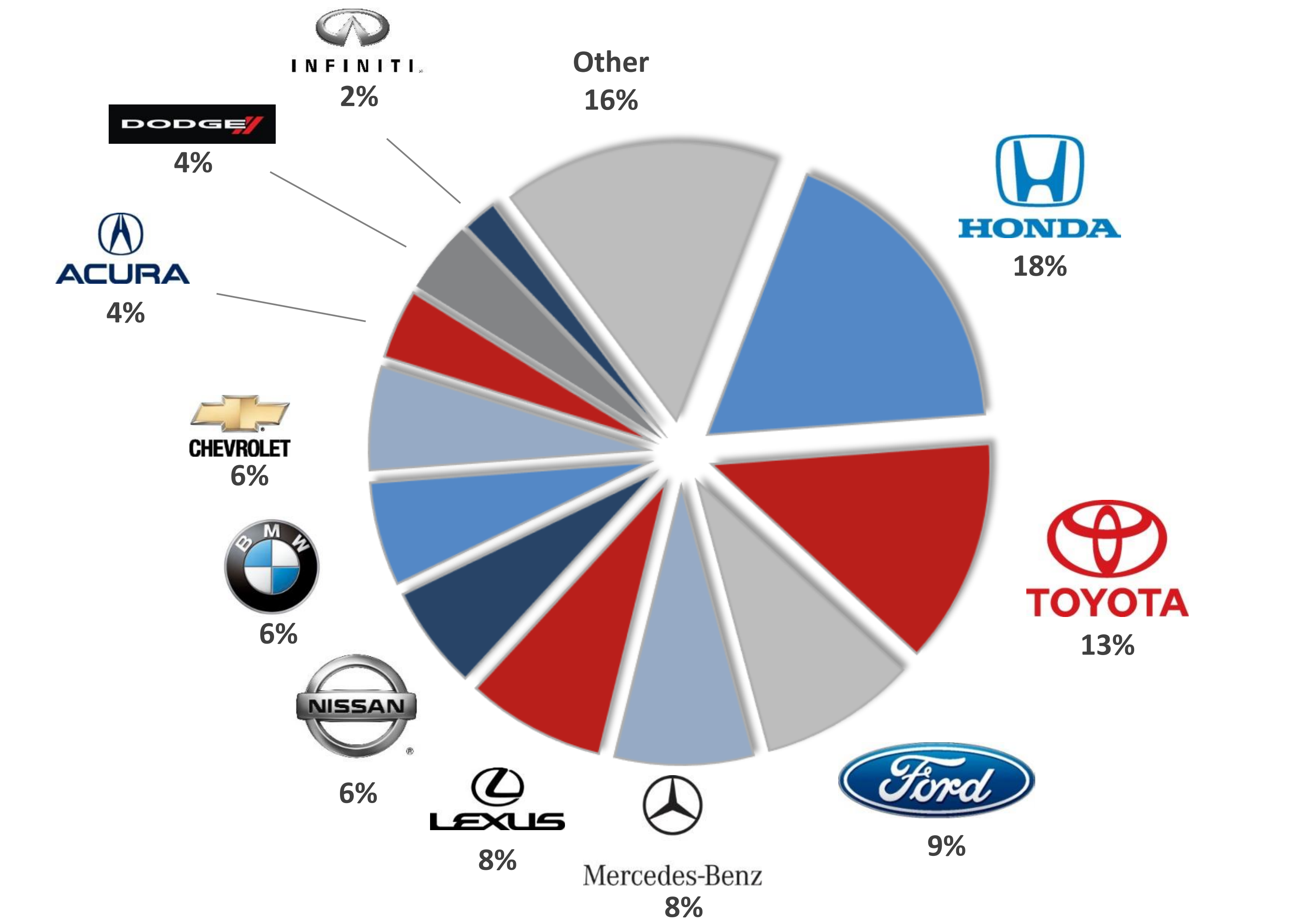
Available Liquidity(3) **$385M**

Closed Park Place Acquisition
**+$1.7B** in Annualized Revenue

**Q3 / 2020**

(1) For the twelve months ending Sep 30, 2020, pro forma for acquisitions and divestures closed in the last twelve months
(2) For the three months ending Sep 30, 2020, pro forma for the Park Place acquisition and Greenville Lexus divestiture closed in Q3 2020
(3) As of Sep 30, 2020 (4) See Non-GAAP Reconciliations

# Attractive Brand Mix




Very attractive portfolio of brands; high concentration of import and luxury

Note: Based on new vehicle revenue for the nine months ending September 30, 2020

# Our Strategy

ASBURY AUTOMOTIVE GROUP

**Operational Excellence Strategy**

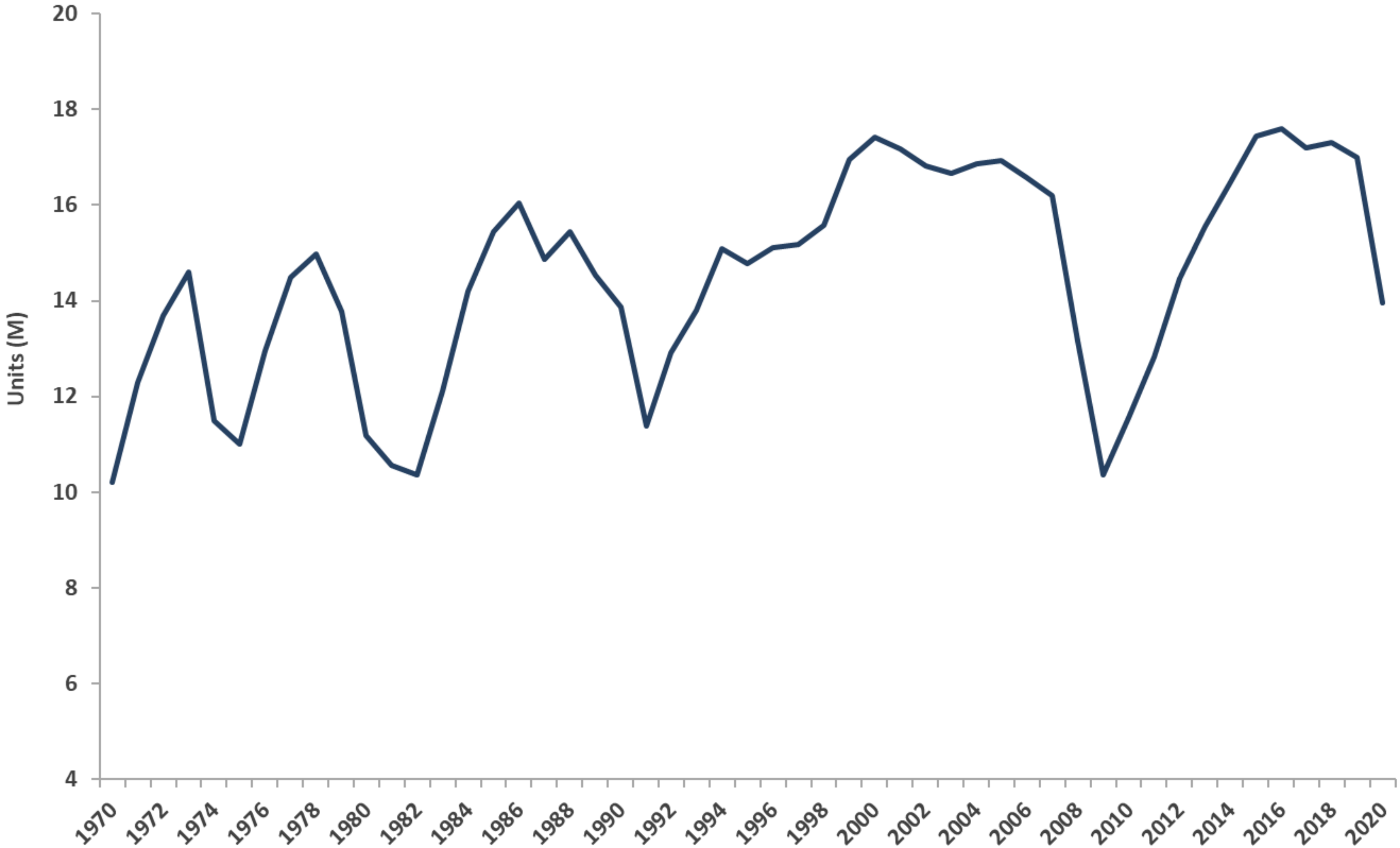
- Attract and retain the best talent
- Implement best practices and improve productivity
- Provide an exceptional guest experience
- Centralize, streamline and automate processes
- Leverage our scale and cost structure to improve our operating efficiencies

**Capital Deployment Strategy**

- Continue to invest in the business
- Acquire dealerships meeting our criteria
- Return capital to stockholders via share repurchases

Two fundamental principles to drive shareholder value

# U.S. SAAR 1970 to 2020

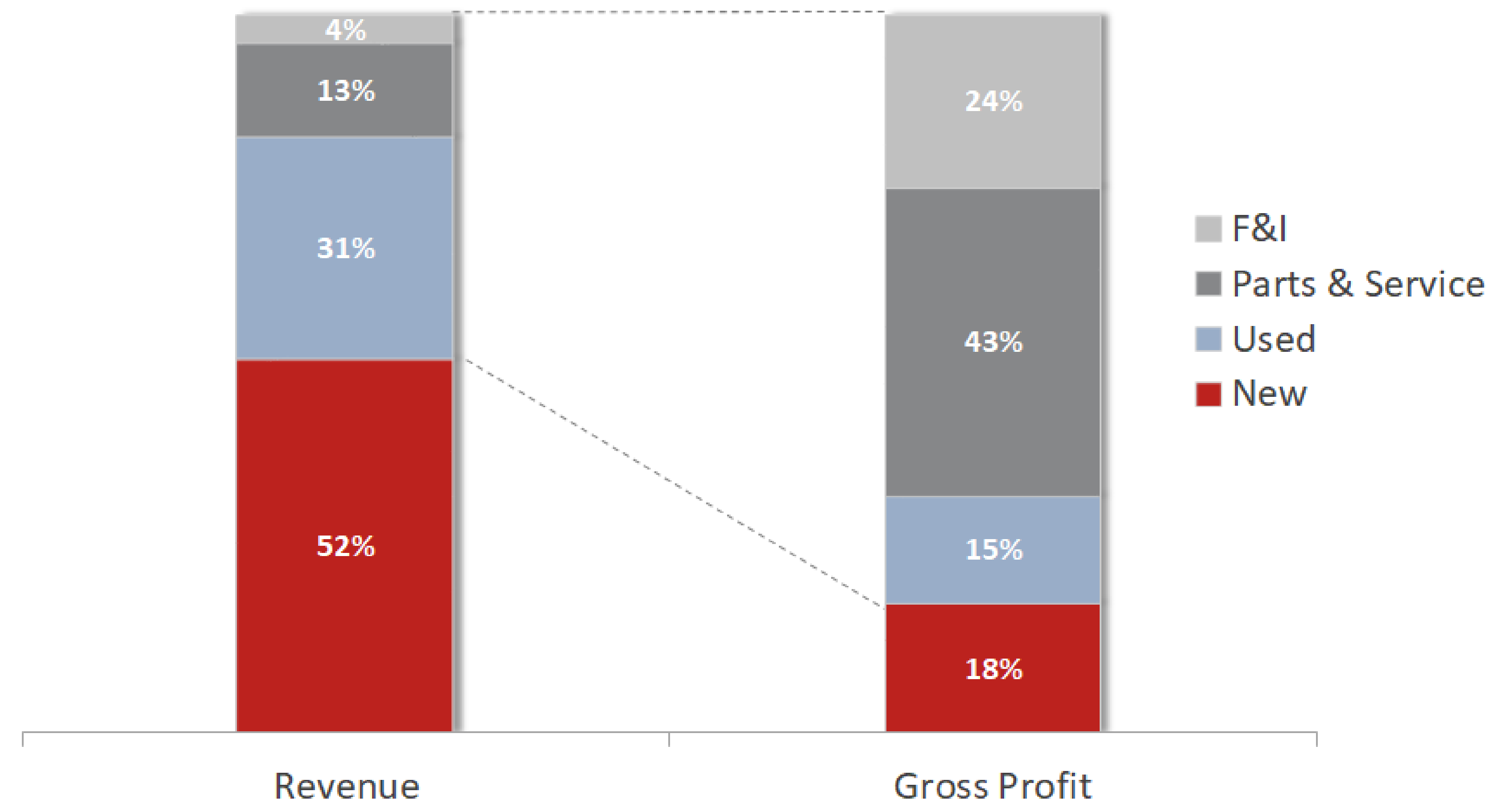



SAAR is hard to predict. We attack what we can control: Used Vehicles, F&I and Parts & Service

# The Four Key Components of Our Business



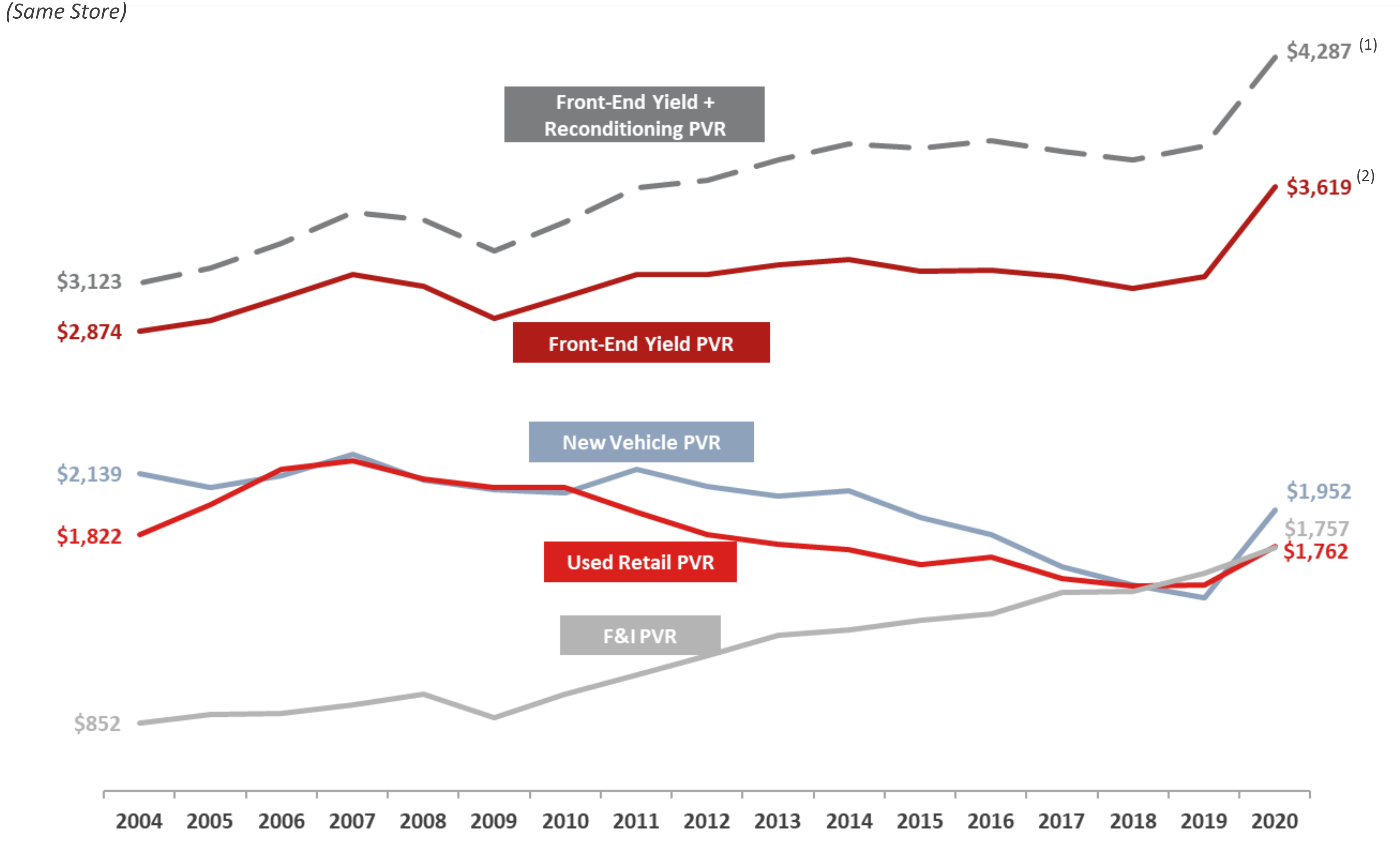
*(Q3 2020)*




Used, Parts & Service and F&I account for 48% of revenue and 82% of gross profit

# YTD Front-End Yield and PVR Trends

*(Same Store)*




Since 2003, improvement in F&I PVR has more than offset pressure on new and used margins

Note: Data shown represents September YTD PVR in each year specified.

(1) Front End + Reconditioning PVR = new vehicle gross profit, used retail gross profit, F&I and Reconditioning gross profit divided by new and used retail unit sales

(2) Front End PVR = new vehicle gross profit, used retail gross profit, and F&I gross profit divided by new and used retail unit sales

# SAAR Is Not the Primary Business Driver

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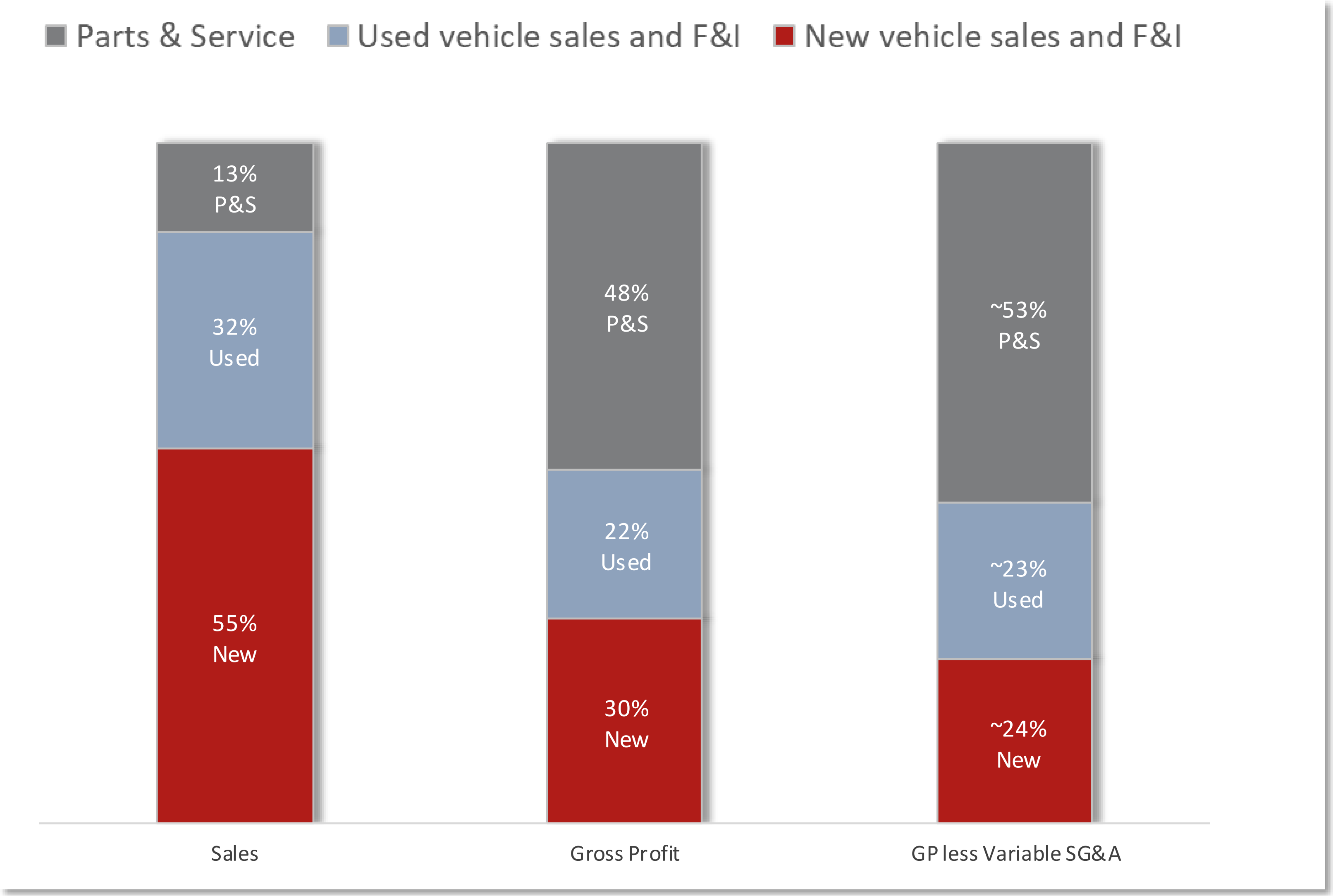
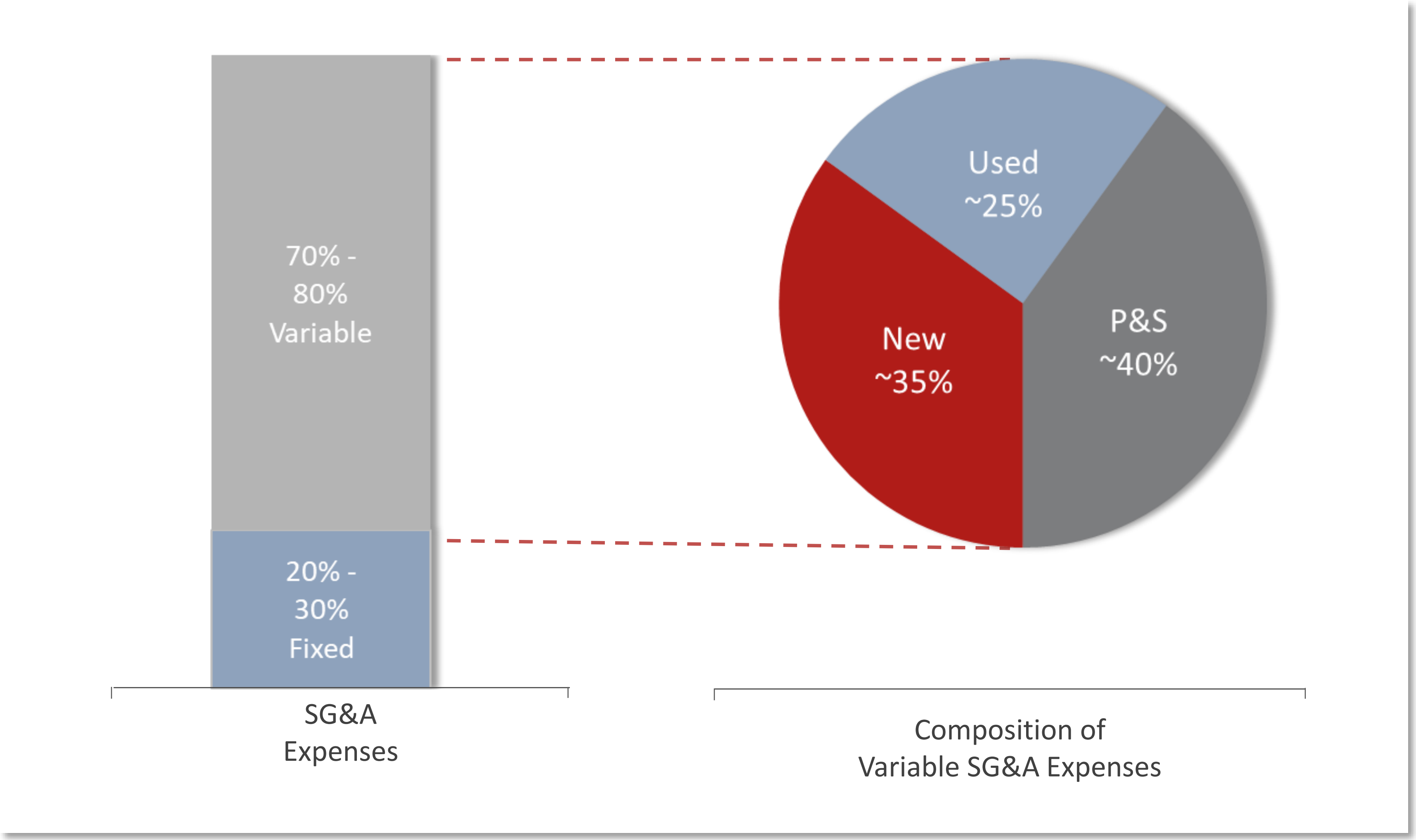



Large, stable and growing Parts & Service business offsets SAAR variability

Note: An illustrative example. Variable expenses also include some semi-fixed expenses that do not move directly with vehicle sales but are controllable over time and can be adjusted to the selling environment.

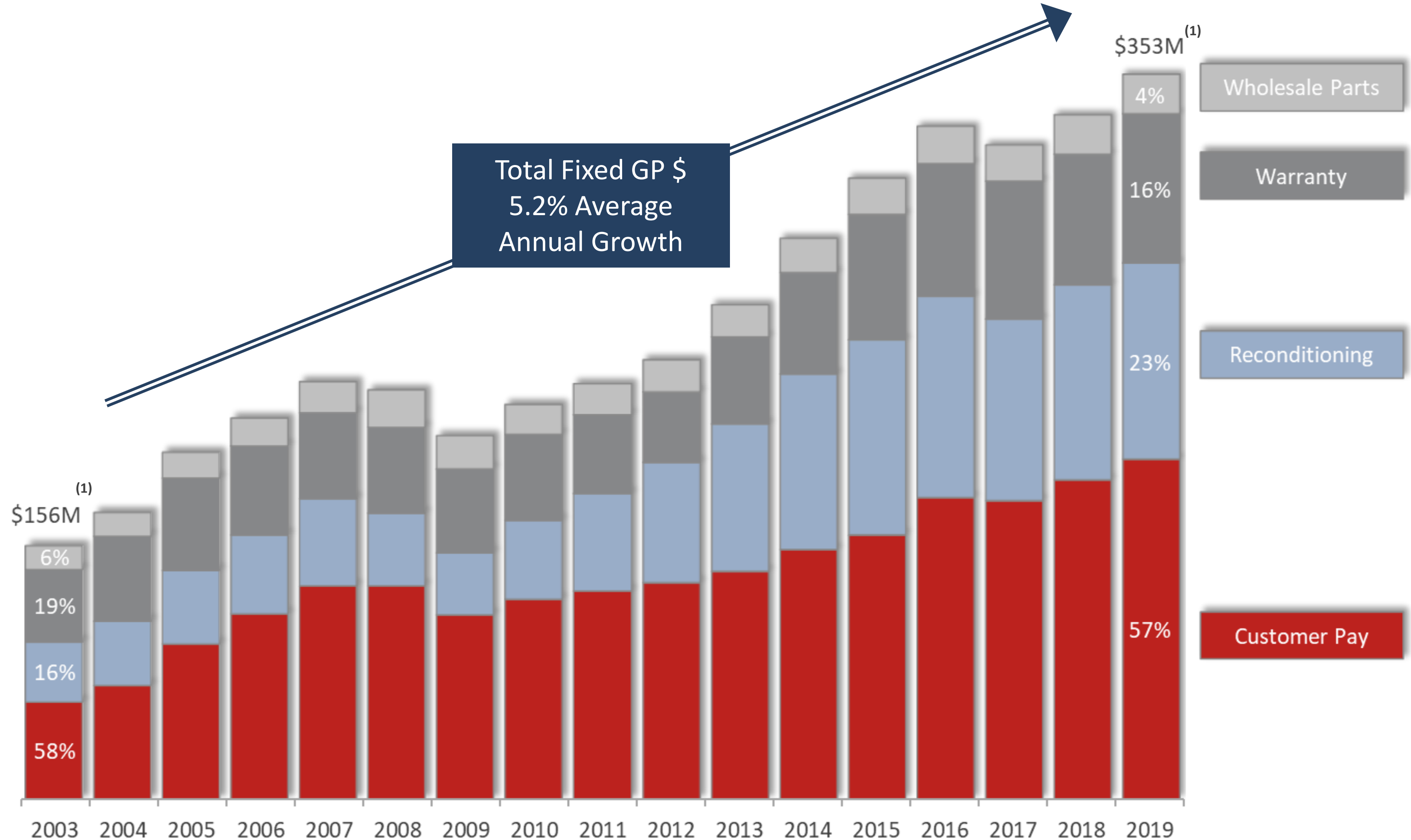
# Variable Cost Structure Moderates the Impact of Downside Scenarios




**70% - 80% of SG&A is considered variable and disproportionately weighted towards new and used operations**

Note: An illustrative example. Variable expenses also include some semi-fixed expenses that do not move directly with vehicle sales but are controllable over time and can be adjusted to the selling environment.

# Parts & Services Gross Profit

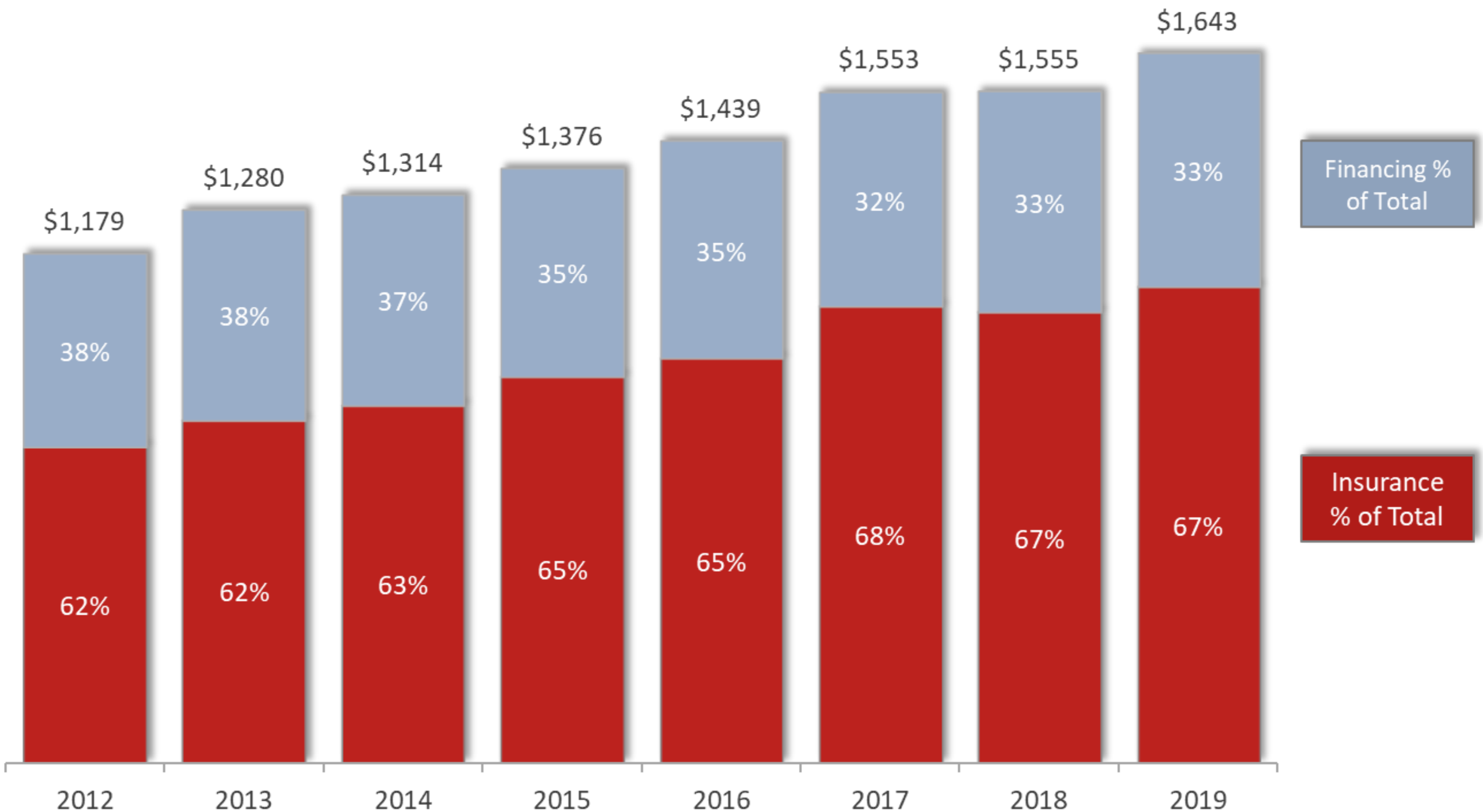



More units in operation, online scheduling capabilities and the complexity of modern vehicles should drive mid-single digit parts and service growth through economic cycles

(1) Performance of stores continuously owned and operated since 2003

# F&I Gross Profit per Unit Sold

*(Same store)*

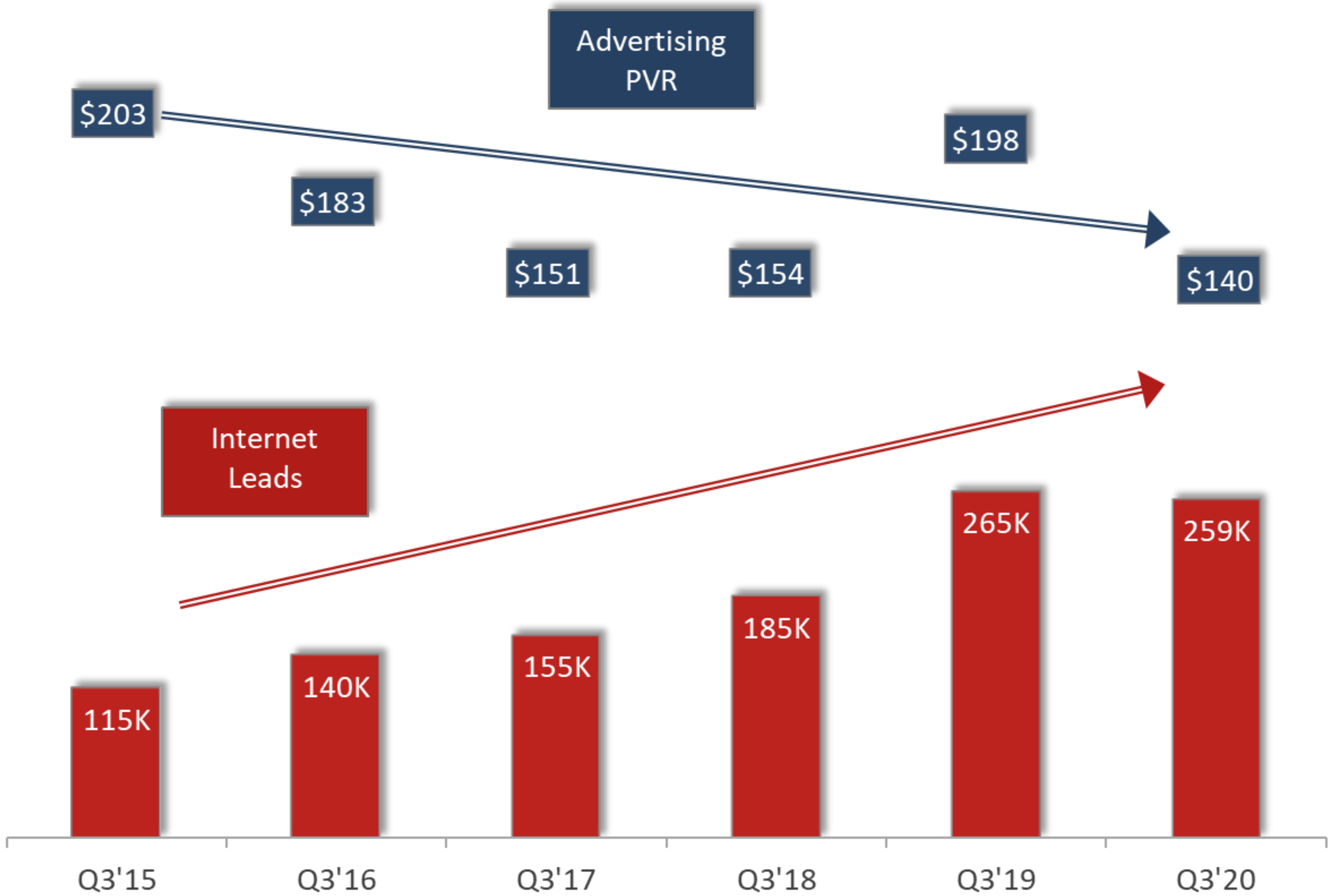



Solid training and execution continue to drive F&I performance

Note: Excludes discontinued operations

# Advertising Spend






Digital now represents approximately 80% of our advertising spend

# Online Service Appointments

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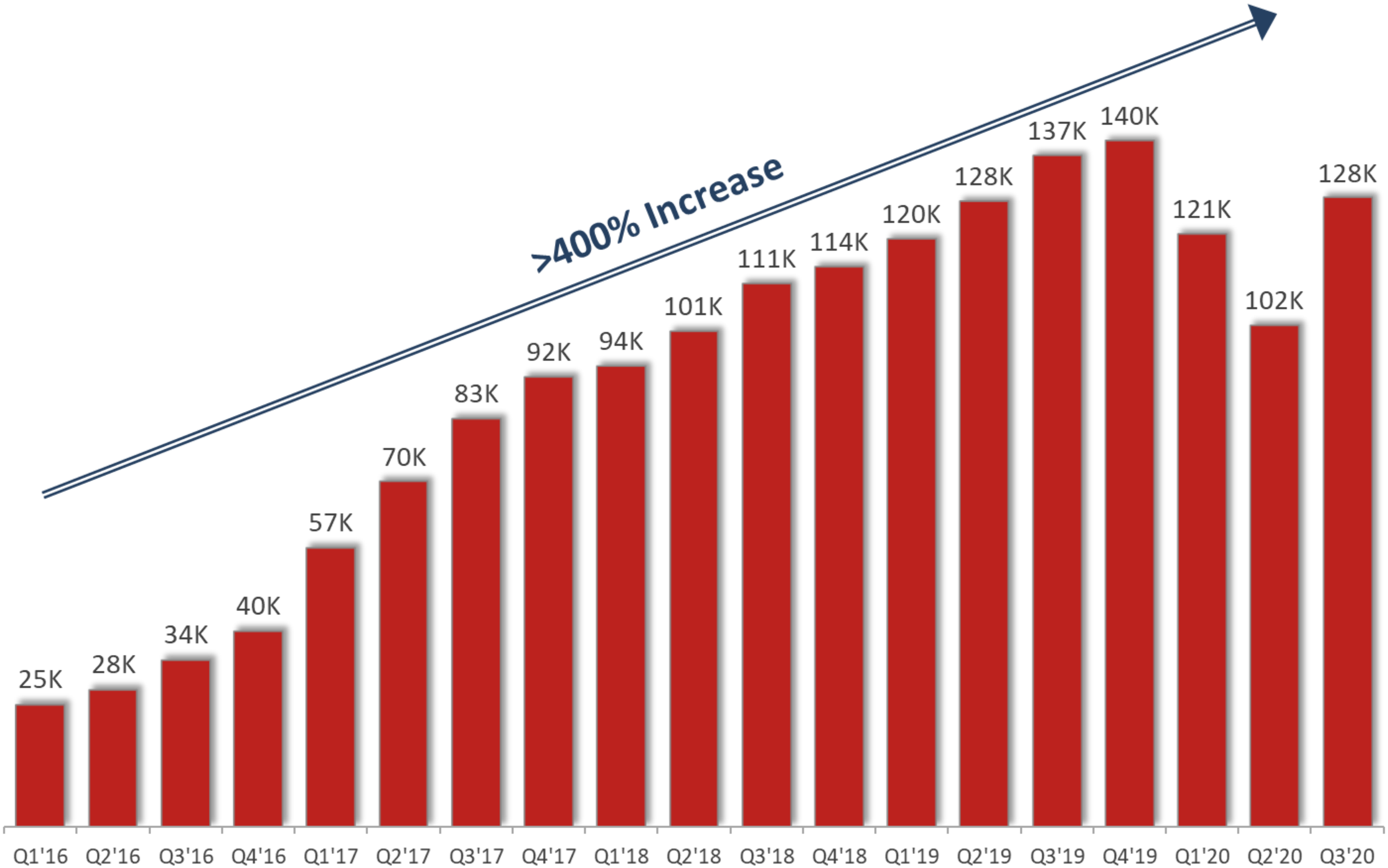


Digital technology is driving business growth and enhancing the customer experience; quarterly online service appointment volume has grown over 400% since Q1'16

# Omni-Channel Initiatives

## Sales

- ❑ Brand certified digital sales specialists manage online transactions (Guest Experience Center)
- ❑ Complete online transaction with alternative customer delivery options (PushSTART)

## Parts & Services

- ❑ Online service appointment scheduling
- ❑ Online parts sales
- ❑ Online collision center estimates

## Payments

- ❑ Instant financing decisions
- ❑ Online customer payments

## Promotional Marketing


- ❑ In-house digital marketing team
- ❑ Targeted digital/social media marketing

**Omni-channel initiatives are driving sales, creating operational efficiencies and enhancing the guest experience**

# Leverage Varies Based on Business Conditions and Environment

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2.5x — Normal Target Range — 3.0x

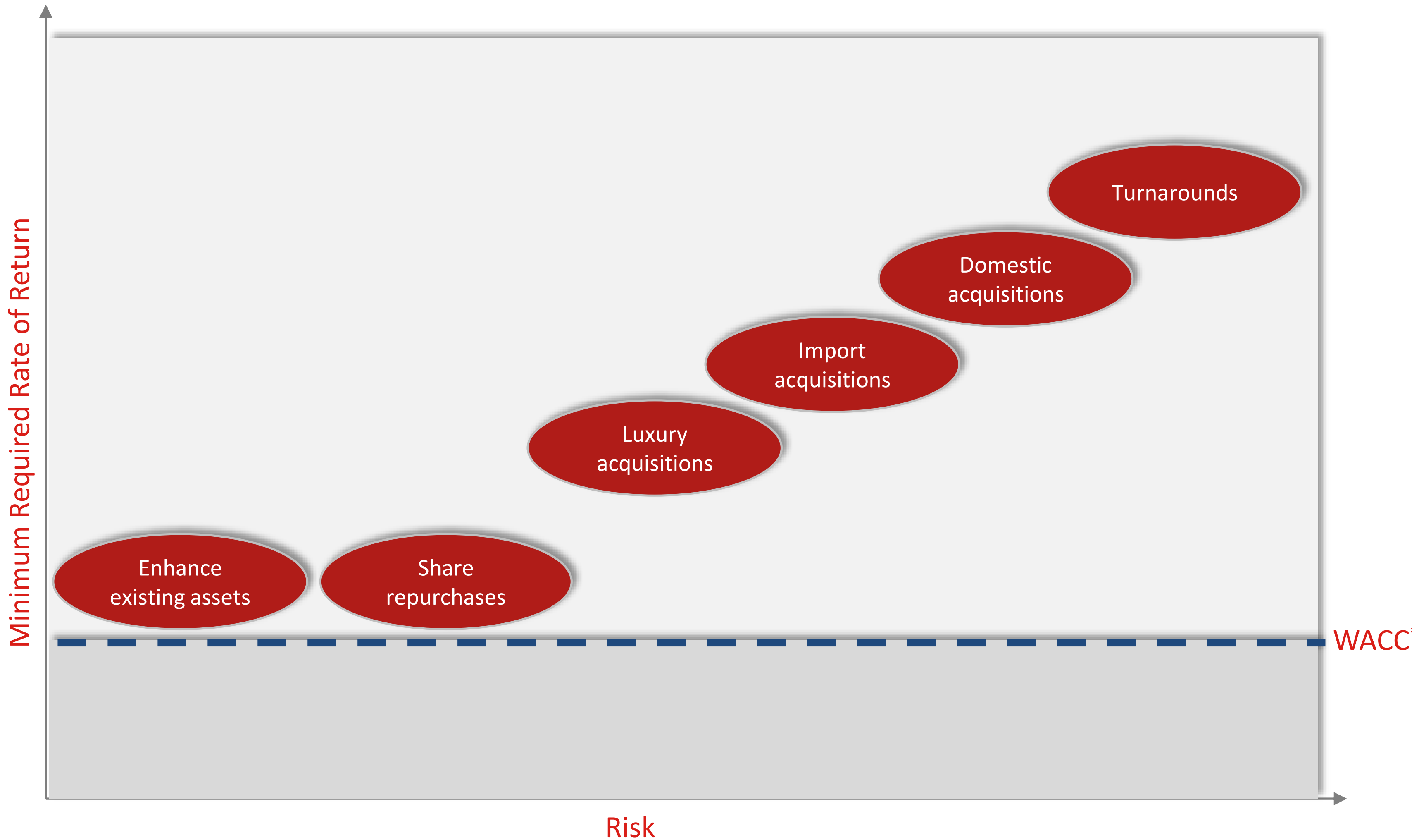
Net Debt / EBITDA

## Factors Influencing Leverage

| | | |
|---|---|---|
| *Top* | Economic Cycle | *Bottom* |
| *High* | Macro Economic Risks | *Low* |
| *Anticipated* | Investment Opportunities | *Executed* |
| *High* | Equity Valuation Multiple | *Low* |
| *Unfavorable* | Debt Structure | *Favorable* |
| *Near Term* | Debt Maturity | *Long Term* |
| *Small* | Real Estate Holdings | *Large* |

Equilibrium leverage target range balances financial flexibility with an efficient capital structure

# Capital Allocation Framework: Each Project Stands on its Own




**Sophisticated and dynamic approach focused on maximizing shareholder value**

* WACC: weighted average cost of capital

# Summary

ASBURY AUTOMOTIVE GROUP

- Attractive brand mix and geographic footprint
- Operational excellence:
  - Best in class operating margins and strong growth track record
  - Omni-channel initiatives are driving sales, efficiencies and the guest experience
- Diversified business lines:
  - SAAR is not the primary overall business driver
  - The majority of profit comes from the more stable business lines
- Flexible business model:
  - Variable cost structure moderates downside scenarios
- Disciplined transparent capital allocation strategy – focused on risk adjusted returns
  - Operating assets & capabilities focused on the future of automotive retail
  - Value added acquisitions
  - Return of capital to shareholders
- Strong balance sheet
  - Leverage balances an efficient capital structure with financial flexibility
  - $385 million of total liquidity [1]

**Focused on driving shareholder value**

(1) As of September 30, 2020

# Appendix

# Non-GAAP Financial Disclosure and Reconciliation

*In addition to evaluating the financial condition and results of our operations in accordance with GAAP, from time to time management evaluates and analyzes results and any impact on the Company of strategic decisions and actions relating to, among other things, cost reduction, growth, and profitability improvement initiatives, and other events outside of normal, or "core," business and operations, by considering certain alternative financial measures not prepared in accordance with GAAP. These measures include "Adjusted leverage ratio," "Adjusted income from operations," "Adjusted net income," "Adjusted operating margins,“ “Adjusted EBITDA,” and "Adjusted diluted earnings per share ("EPS")." Further, management assesses the organic growth of our revenue and gross profit on a same store basis. We believe that our assessment on a same store basis represents an important indicator of comparative financial performance and provides relevant information to assess our performance at our existing locations. Same store amounts consist of information from dealerships for identical months in each comparative period, commencing with the first month we owned the dealership. Additionally, amounts related to divested dealerships are excluded from each comparative period. Non-GAAP measures do not have definitions under GAAP and may be defined differently by and not be comparable to similarly titled measures used by other companies. As a result, any non-GAAP financial measures considered and evaluated by management are reviewed in conjunction with a review of the most directly comparable measures calculated in accordance with GAAP. Management cautions investors not to place undue reliance on such non-GAAP measures, but also to consider them with the most directly comparable GAAP measures. In their evaluation of results from time to time, management excludes items that do not arise directly from core operations, or are otherwise of an unusual or non-recurring nature. Because these non-core, unusual or non-recurring charges and gains materially affect Asbury's financial condition or results in the specific period in which they are recognized, management also evaluates, and makes resource allocation and performance evaluation decisions based on, the related non-GAAP measures excluding such items. In addition to using such non-GAAP measures to evaluate results in a specific period, management believes that such measures may provide more complete and consistent comparisons of operational performance on a period-over-period historical basis and a better indication of expected future trends. Management discloses these non-GAAP measures, and the related reconciliations, because it believes investors use these metrics in evaluating longer-term period-over-period performance, and to allow investors to better understand and evaluate the information used by management to assess operating performance.*

# Q3 2020 Summary

- **Operational Highlights:**
  - New gross profit per vehicle up 73% to $2,468
  - Used retail gross profit per vehicle up 43% to $2,116
  - Finance and Insurance gross profit per vehicle up 11% to $1,795
  - Adjusted SG&A(1) as a percentage of gross profit decreased 780 basis points to 61.1%
  - Adjusted Income from operations(1) as percentage of revenue increased 210 basis points to 6.6%
  - Adjusted EPS(1) increased 75% to $4.08

- **Strategic Highlights:**
  - Closed on the acquisition of Park Place Dealerships, adding $1.7 billion of annualized revenue
  - Divested a Lexus dealership with approximately $90 million in annual revenues, as we reached our regional ownership cap due to acquiring two Park Place Lexus stores
  - Issued $250 million bond add-on to repay $200 million Park Place seller note and $50 million on our revolver
  - Ended the quarter with total liquidity of $385 million and a pro forma net leverage ratio of 2.4x

In a declining SAAR environment, we delivered record front end PVRs and efficiently managed expenses resulting in a 75% increase in adjusted EPS in the quarter

Note: All growth rates compared to the prior year quarter on a total company basis, unless otherwise stated
(1) See Non-GAAP reconciliations

# Q3 2020 Earnings Highlights & Key Metrics

| | Q3 '20 | Q3 '19 | Change |
|---|---|---|---|
| **Volume Metrics (SS)** | | | |
| *US Auto Sales (M)* | *3.91* | *2.95* | *32.5%* |
| New Units | 22,217 | 25,304 | (12.2%) |
| Used Retail Units | 18,815 | 21,070 | (10.7%) |
| Used to New Ratio | 84.7% | 83.3% | 140 bps |
| Fixed Gross Profit ($M) | $127.1 | $133.4 | (4.7%) |
| **Margin Metrics (SS)** | | | |
| New Margin | 6.0% | 3.9% | 210 bps |
| Used Retail Margin | 8.5% | 6.8% | 170 bps |
| Fixed Margin | 60.8% | 62.1% | (130 bps) |
| F&I PVR | $1,830 | $1,622 | $208 |
| Front End PVR(1) | $3,992 | $3,090 | $902 |
| **Performance Metrics** | | | |
| Adj. SG&A %GP(2) | 61.1% | 68.9% | (780 bps) |
| Adj. EBITDA ($M)(2) | $127.9 | $82.3 | 55.4% |
| EPS | $4.96 | $2.33 | 112.9% |
| Adj. EPS(2) | $4.08 | $2.33 | 75.1% |

(1) Front end PVR = new vehicle gross profit, used retail gross profit, and F&I gross profit divided by new and used retail unit sales
(2) See Non-GAAP reconciliations

# Non-GAAP Reconciliations

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*($ in Millions, except per share amounts)*

| Adjusted SG&A | Q3 '20 | Q3 '19 |
|---|---|---|
| **Gross Profit** | $ 335.9 | $ 293.1 |
| **SG&A Expense** | $ 206.5 | $ 202.0 |
| Park Place acquisition costs | (1.3) | - |
| **Adjusted SG&A** | $ 205.2 | $ 202.0 |
| Adj. SG&A as % of Gross Profit | 61.1% | 68.9% |

| Adjusted Operating Income | Q3 '20 | Q3 '19 |
|---|---|---|
| **Total Revenue** | $ 1,845.4 | $ 1,842.0 |
| **Income from operations** | $ 119.1 | $ 82.2 |
| Non-core items: | | |
| Real estate related charges | 0.7 | - |
| Park Place acquisition costs | 1.3 | - |
| **Adjusted income from operations** | $ 121.1 | $ 82.2 |
| Adj. Operating Margin | 6.6% | 4.5% |

| Adjusted Net Income | Q3 '20 | Q3 '19 |
|---|---|---|
| **Net Income** | $ 96.2 | $ 45.0 |
| Non-core items - (income)/expense: | | |
| Gain on dealership divestitures | (24.7) | - |
| Real estate related charges | 0.7 | - |
| Park Place acquisition costs | 1.3 | - |
| Income tax effect on non-core items | 5.7 | - |
| **Adjusted Net Income** | $ 79.2 | $ 45.0 |

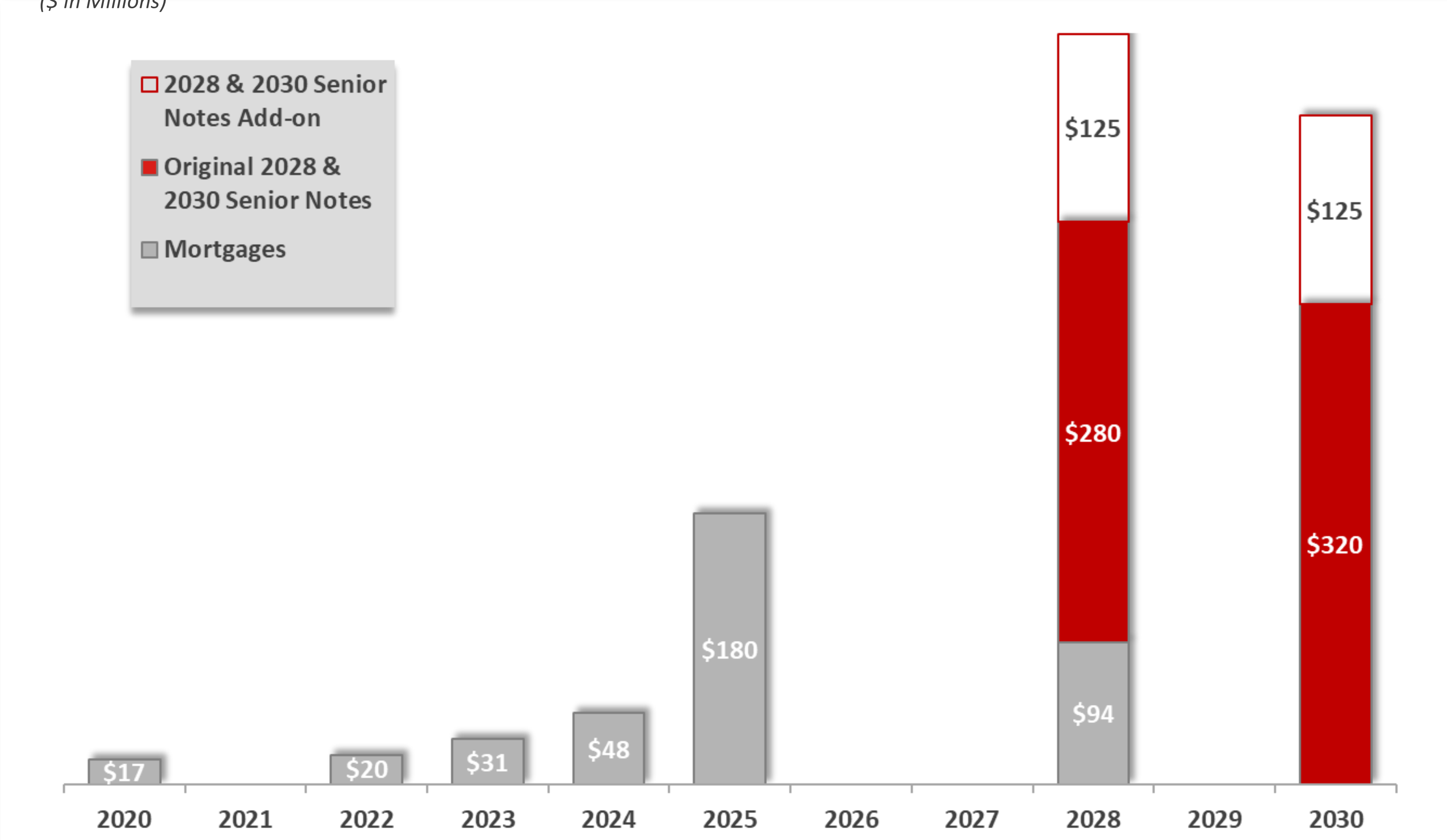
| Adjusted Diluted EPS | Q3 '20 | Q3 '19 |
|---|---|---|
| **Diluted EPS** | $ 4.96 | $ 2.33 |
| Non-core items - (income)/expense: | | |
| Gain on dealership divestitures | (1.28) | - |
| Real estate related charges | 0.04 | - |
| Park Place acquisition costs | 0.07 | - |
| Income tax effect on non-core items | 0.29 | |
| Total non-core items | (0.88) | - |
| **Adjusted diluted EPS** | $ 4.08 | $ 2.33 |

| Adjusted EBITDA | Q3 '20 | Q3 '19 |
|---|---|---|
| **Net Income** | $ 96.2 | $ 45.0 |
| Add: | | |
| Depreciation and amortization | 9.8 | 9.1 |
| Income tax expense | 31.7 | 14.5 |
| Swap and other interest expense | 13.0 | 13.7 |
| **EBITDA** | $ 150.6 | $ 82.3 |
| Non-core items: | | |
| Gain on dealership divestitures | (24.7) | - |
| Real estate related charges | 0.7 | - |
| Park Place acquisition costs | 1.3 | - |
| Total non-core items | (22.7) | - |
| **Adjusted EBITDA** | $ 127.9 | $ 82.3 |

# Debt Maturity Schedule

ASBURY AUTOMOTIVE GROUP

*($ in Millions)*




Our near-term obligations remain minimal with no significant maturities until 2024-25; we have ~$390 million of mortgages that are pre-payable

Note: Schedule excludes $16.9 million of capital leases