

# ASBURY

AUTOMOTIVE GROUP

KeyBank  
Capital Markets  
Consumer Conference  
February 27, 2014



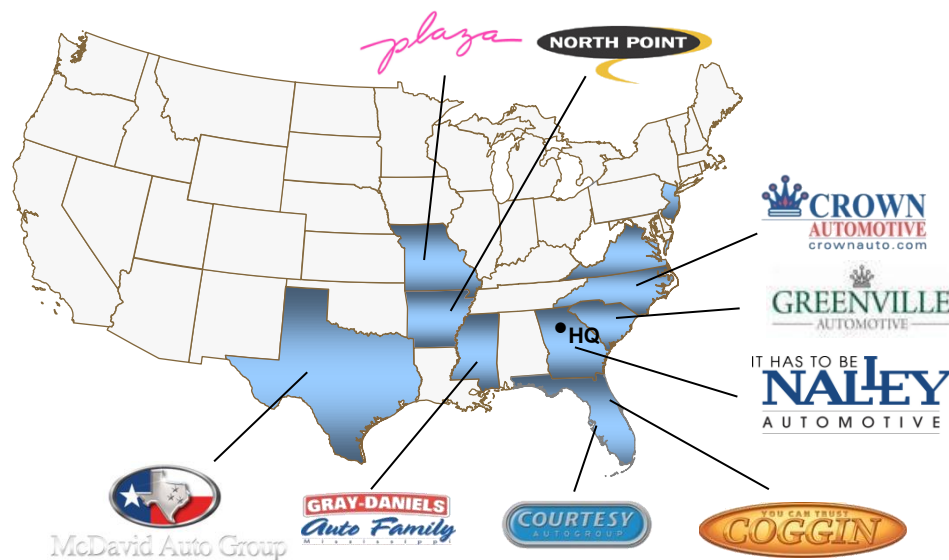
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*The following are some but not all of the factors that could cause actual results or events to differ materially from those anticipated, including: our ability to generate sufficient cash flows; our ability to improve our liquidity position; market factors and the future economic environment, including consumer confidence, interest rates, the price of oil and gasoline, the level of manufacturer incentives and the availability of consumer credit; the reputation and financial condition of vehicle manufacturers whose brands we represent and our relationships with such manufacturers, and their ability to design, manufacture, deliver and market their vehicles successfully; significant disruptions in the production and delivery of vehicles and parts for any reason, including natural disasters, affecting the manufacturers whose brand we sell; our ability to enter into and/or renew our framework and dealership agreements on favorable terms; the inability of our dealership operations to perform at expected levels or achieve expected return targets; our ability to successfully integrate recent and future acquisitions; changes in, failure or inability to comply with, laws and regulations governing the operation of automobile franchises, accounting standards, the environment and taxation requirements; our ability to leverage gains from our dealership portfolio; high levels of competition in the automotive retailing industry which may create pricing pressures on the products and services we offer; our ability to minimize operating expenses or adjust our cost structure; our ability to achieve our targeted leverage ratio; our ability to execute our capital expenditure plans; our ability to capitalize on opportunities to repurchase our debt and equity securities; our ability to achieve estimated future savings from our various cost saving initiatives and strategies; our ability to comply with our debt or lease covenants and obtain waivers for the covenants as necessary; the loss of key personnel; and the outcome of any pending or threatened litigation. These risks, uncertainties and other factors are disclosed in Asbury’s Annual Report on Form 10-K, subsequent quarterly reports on Form 10-Q and periodic and current reports filed with the Securities and Exchange Commission from time to time.*

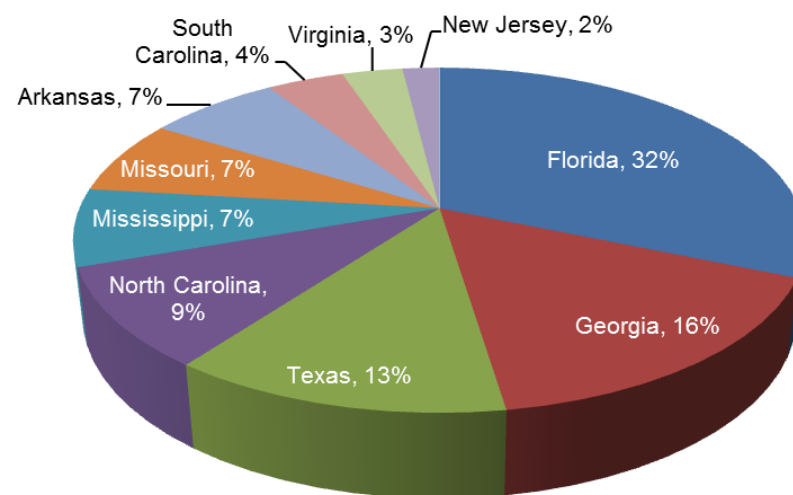
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# Asbury Automotive Group (NYSE:ABG)

- Over \$5 billion in total revenues<sup>(1)</sup>
- 29 vehicle brands (87% luxury / import)
- 80 retail locations; 100 franchises
- 7<sup>th</sup> largest U.S. based franchised auto retailer
- Sold over 150,000 retail vehicles<sup>(1)</sup>
- Handled over 2.0 million repair orders in 2013



**Revenue by State<sup>(2)</sup>**

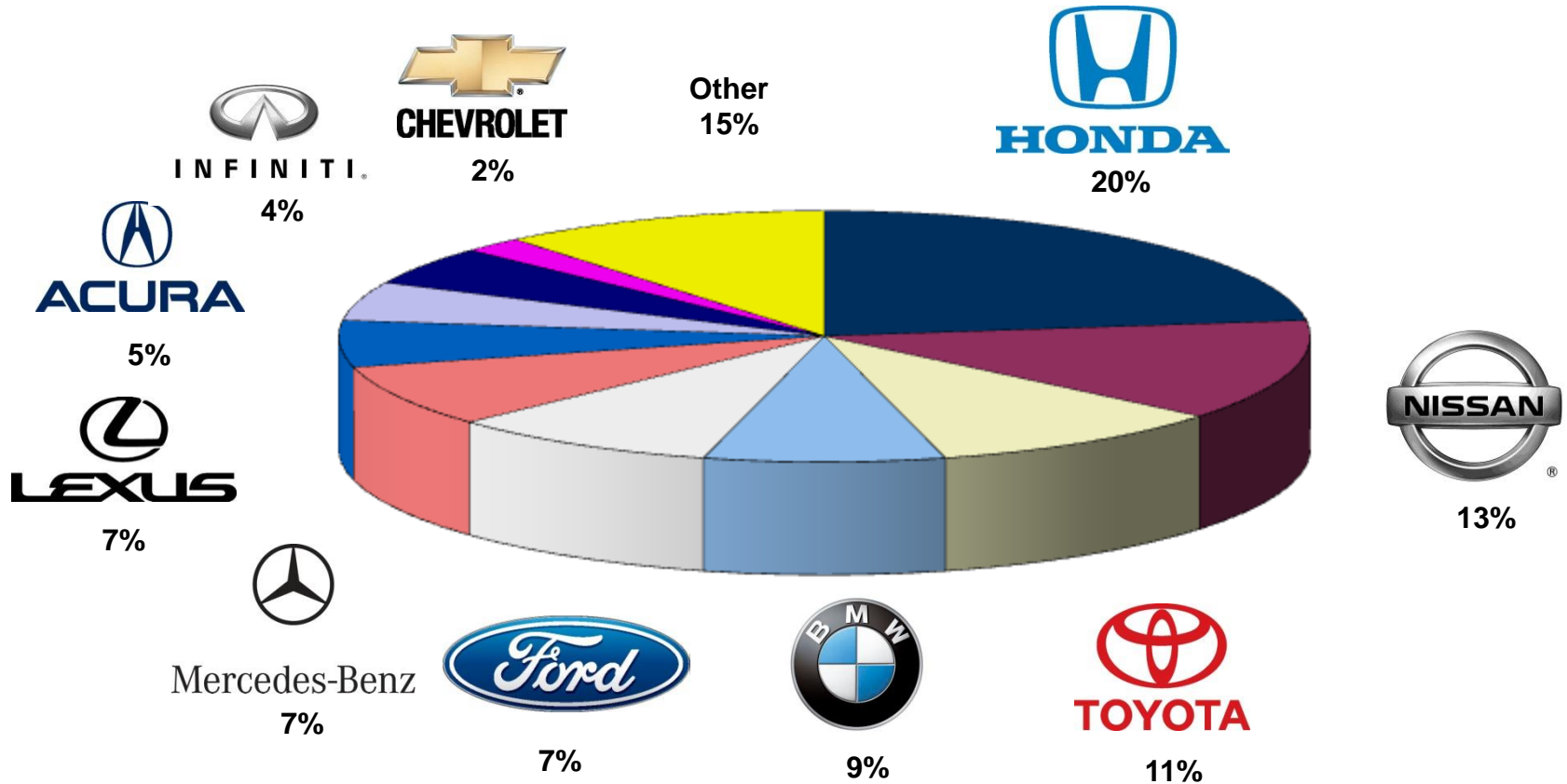


*Diversified public automotive dealer group*

(1) For year ended 12/31/13

(2) Based on new vehicle revenue for year ended 12/31/13

# Attractive Brand Mix



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

## Drive Operational Excellence

- Attract and retain the best talent
- Implement best practices
- Provide an exceptional customer experience
- Automate processes and strive for continuous improvement



## Deploy Capital to Highest Returns

- Invest in our business and technologies
- Acquire value added franchises
- Retire leases and manage debt to maintain a strong balance sheet
- Repurchase stock returning capital to shareholders

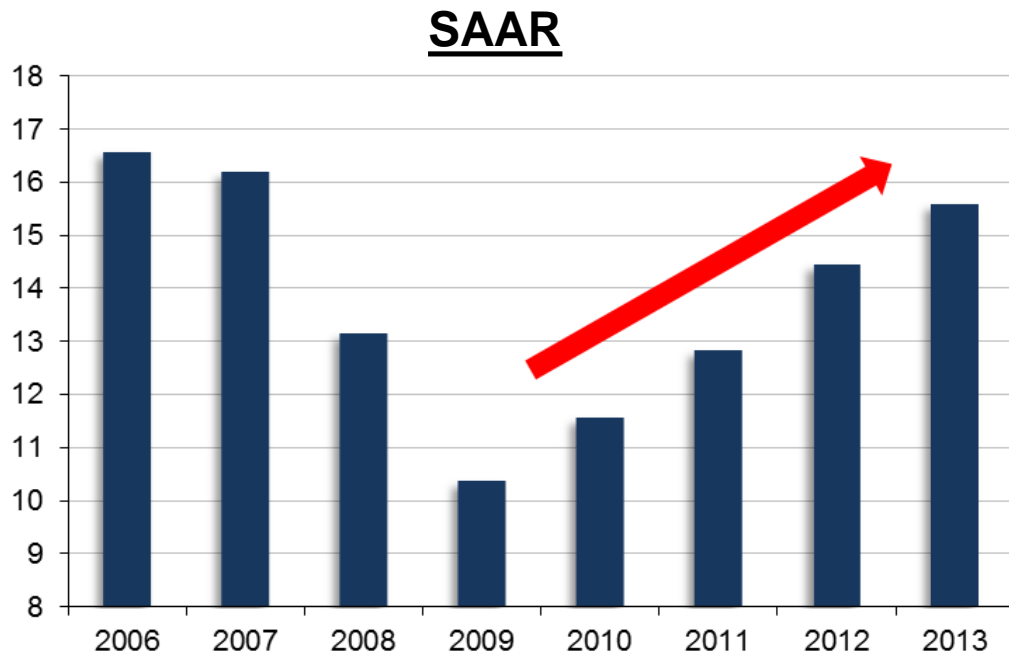
*Continue to drive shareholder value*

# Positioned for Continued Growth



# New Vehicle Growth Opportunity

(U.S. SAAR in millions of units)



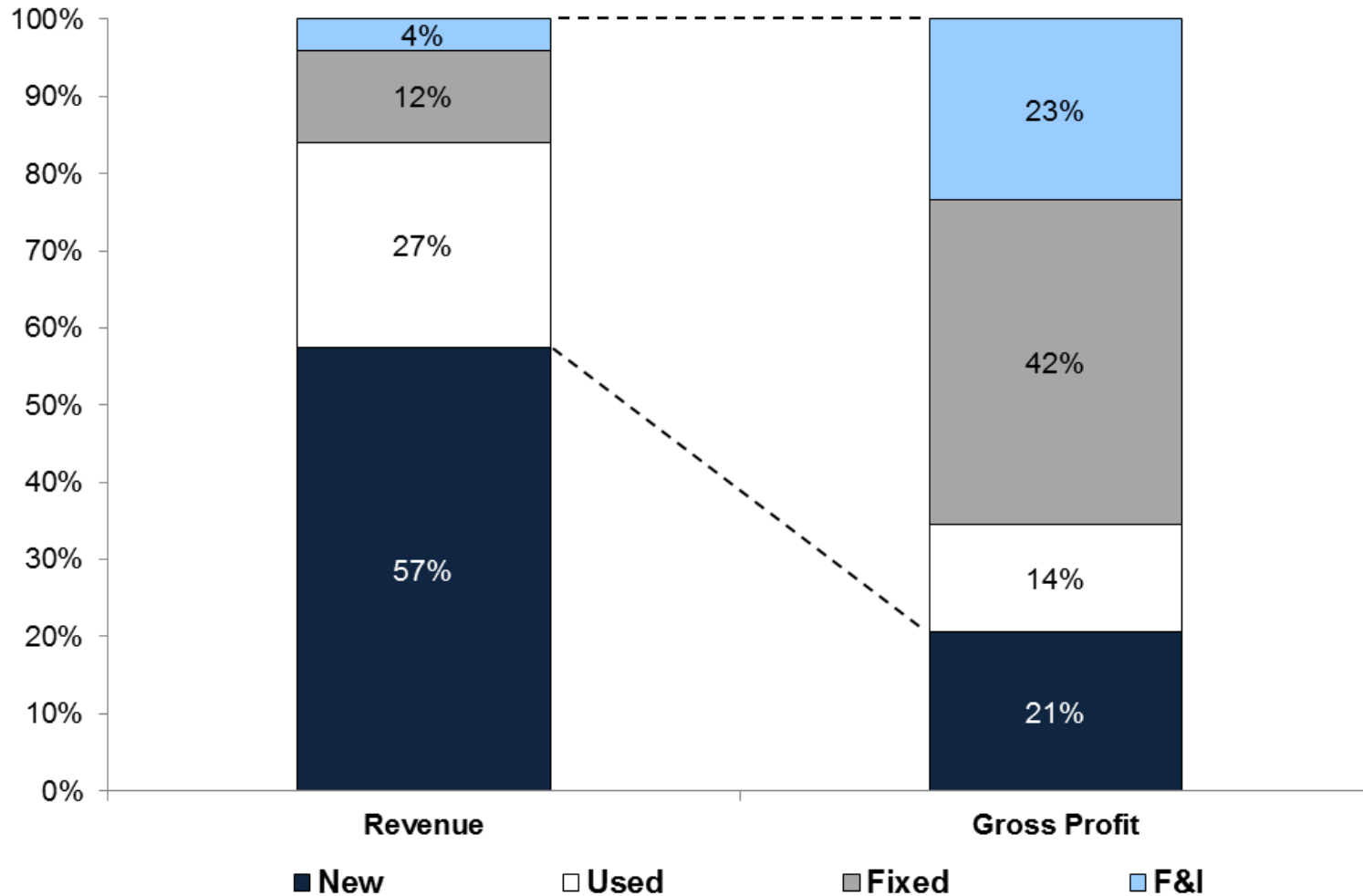
## **Drivers of New Vehicle Growth**

- Current age of the vehicle fleet
- Extremely attractive financing
- Availability of exciting new products
- Increasing number of licensed drivers
- Continued economic recovery

*Industry experts are projecting continued growth in SAAR*

# What Drives Gross Profit?

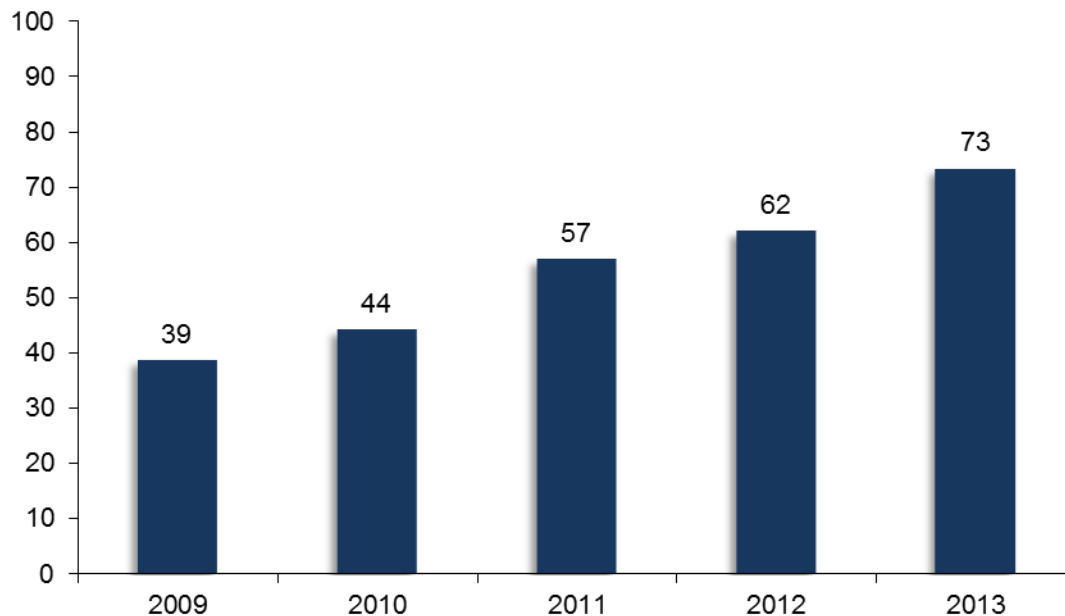
(2013, Same Store)



*Used, Fixed Operations and F&I account for 43% of revenue but 79% of gross profit*



## Monthly Used Unit Sales Per Store



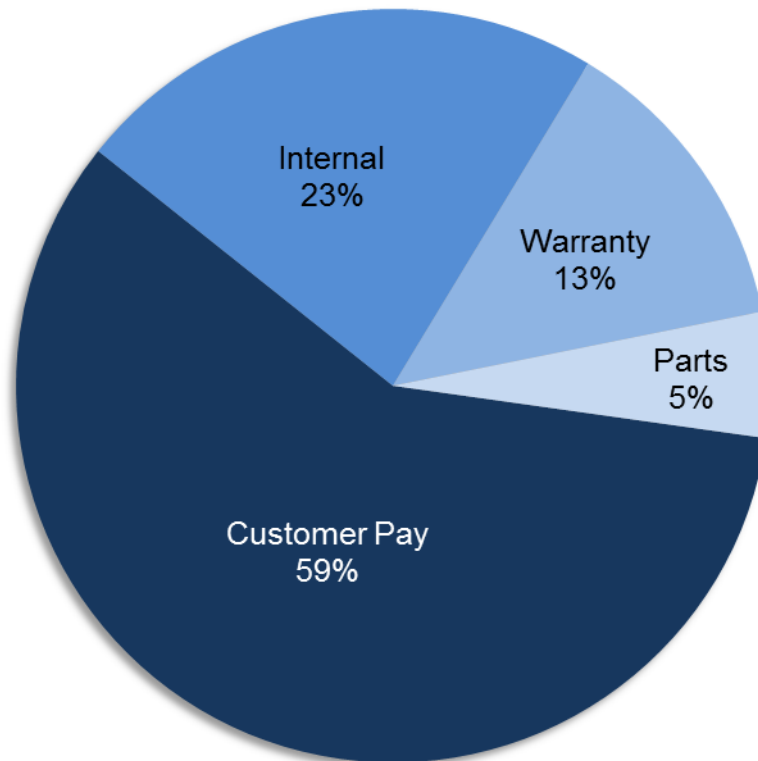
## Drivers of Used Vehicle Growth

- Retail more units by sending fewer to auction
- Aggressive pricing strategy
- Continue used vehicle training
- Expand online marketing

*Despite strong used vehicle growth, opportunities remain*

## Parts & Service Gross Profit

(Same Store)

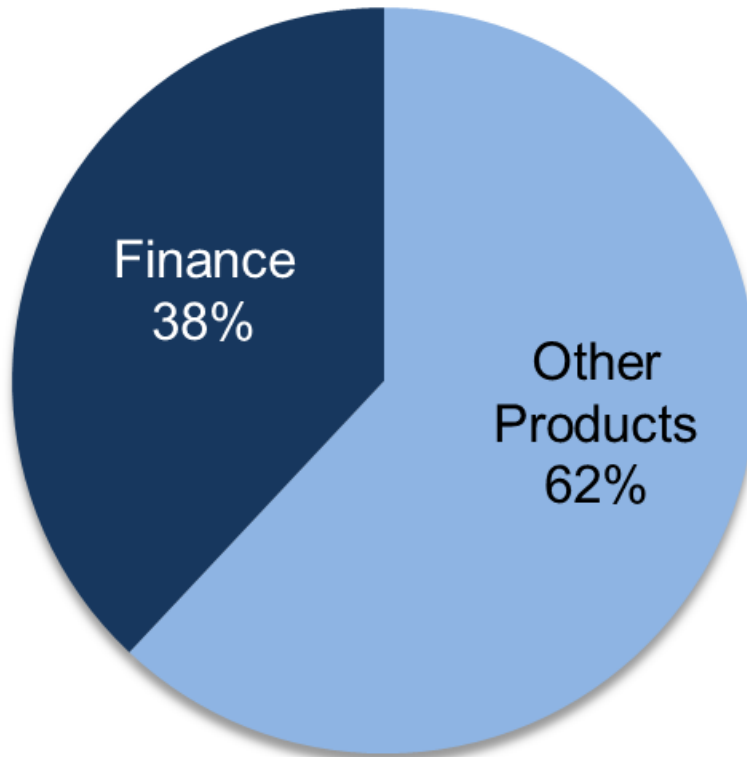


## Drivers

- Increasing SAAR
- Improved customer retention
- Growing tire and wiper programs
- Improved on-line marketing
- Consistent service lane processes
- Expanded service hours
- Growing population of 3-5 year old vehicles
- Increasing vehicle complexity
- Continued used vehicle sales

*Asbury has the opportunity to grow its high margin customer pay business*

## ABG's F&I Revenue Breakout – 2013



## Drivers for F&I

- Train on product presentation
- Improve bottom third of performers
- Increase penetration of insurance products

*Financing is readily available and our F&I business continues to strengthen*

## Deploy Capital to Highest Returns

- Invest in our business and technologies
- Acquire value added franchises
- Retire leases and manage debt to maintain a strong balance sheet
- Repurchase stock returning capital to shareholders

*Continue to drive shareholder value*



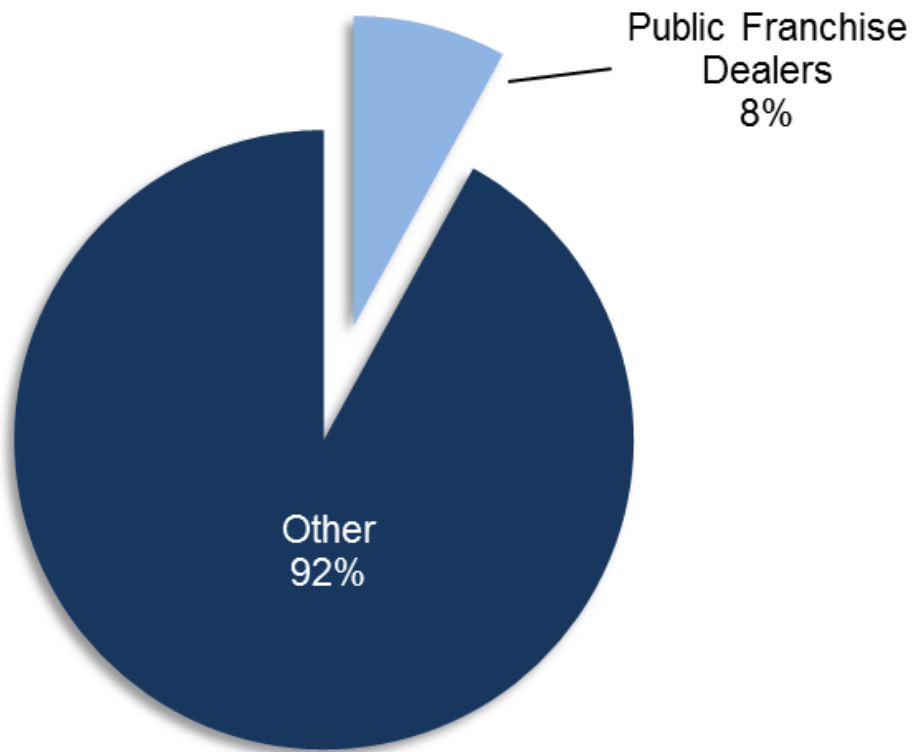
*Continue to invest in the business with CapEx ranging from \$35-\$45mm annually over the next three years*

## Asbury's Dealership Facilities



*Asbury continues to make progress in its goal to own 75% of its properties*

## Public Dealership Groups % of Total Dealer Revenue



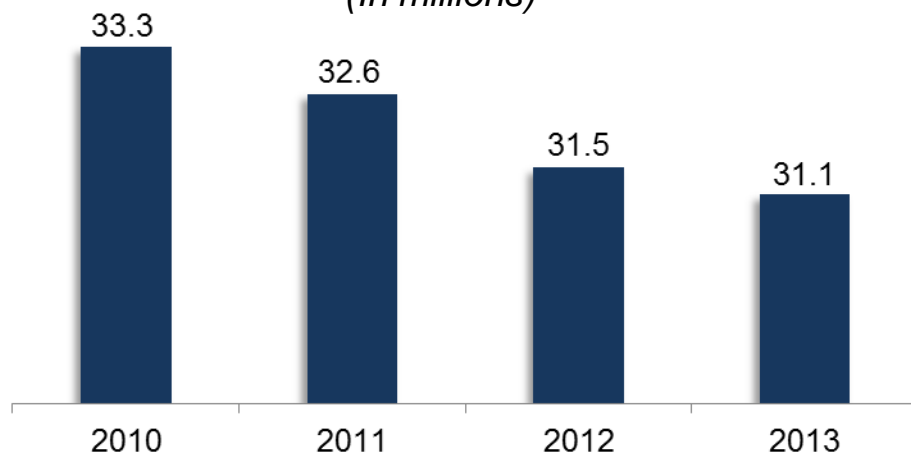
## Drivers for Acquisitions

- Aging dealer population with succession challenges
- Valuation of dealerships too high for operating management to buy
- Auto retailing business becoming more complex

*The automotive retail market remains highly fragmented; Asbury has the people, processes and technology to take advantage of future industry consolidation*

## Diluted Shares Outstanding

(In millions)



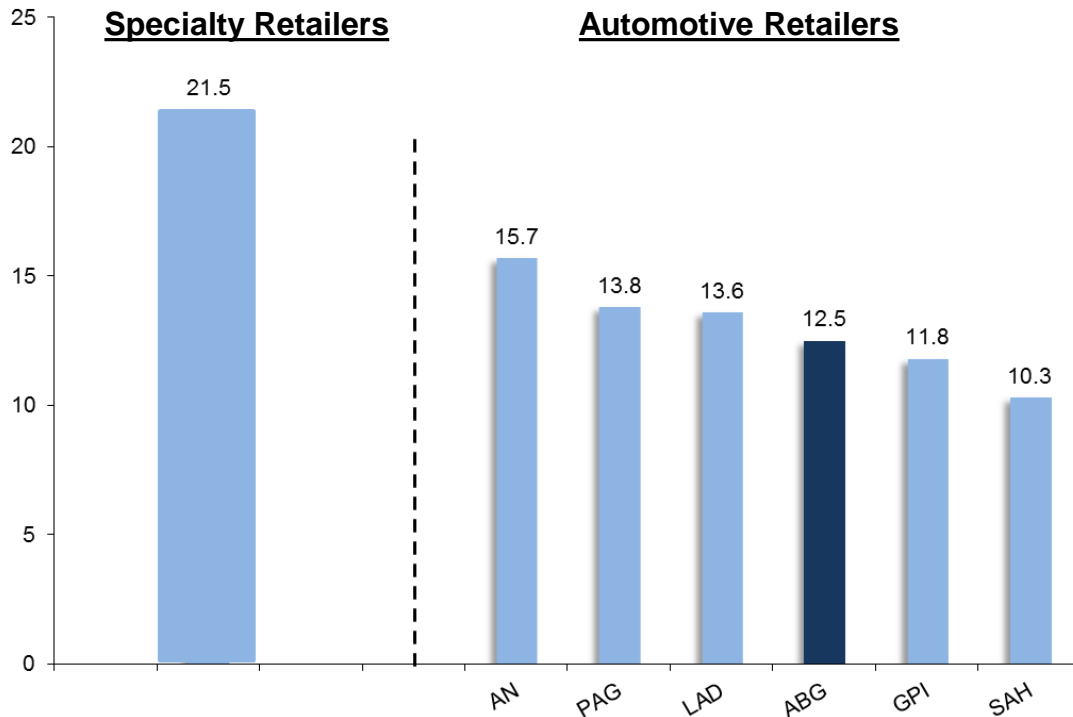
## Share Repurchase Program

- Asbury is committed to repurchasing \$25-30 million of its common stock each year
- Asbury has the ability to increase share repurchases on an opportunistic basis

*Over the past 3 years, we have spent over \$85 million repurchasing our stock*



(Forward P/E Ratio = stock price/expected earnings per share)



## Franchise Auto Dealer Model Underappreciated

- Diversified profit stream
- Organic growth opportunities
- Opportunities to implement best practices
- Healthy cash flow to support acquisition growth and repatriate capital to shareholders

*Automotive retailers trade at a significant discount to the specialty retailers*

- Track record of consistently improving operating performance
- Disciplined, transparent capital allocation strategy – focused on highest return on capital
- Strong balance sheet
- Strong, stable, experienced management teams
- Attractive brand mix
- Attractive geographic footprint
- Expected earnings increase from investments in technology and processes
- Opportunity to continue to participate in the recovery of US retail light vehicle sales (SAAR)

*Focused on driving shareholder value*

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Questions?





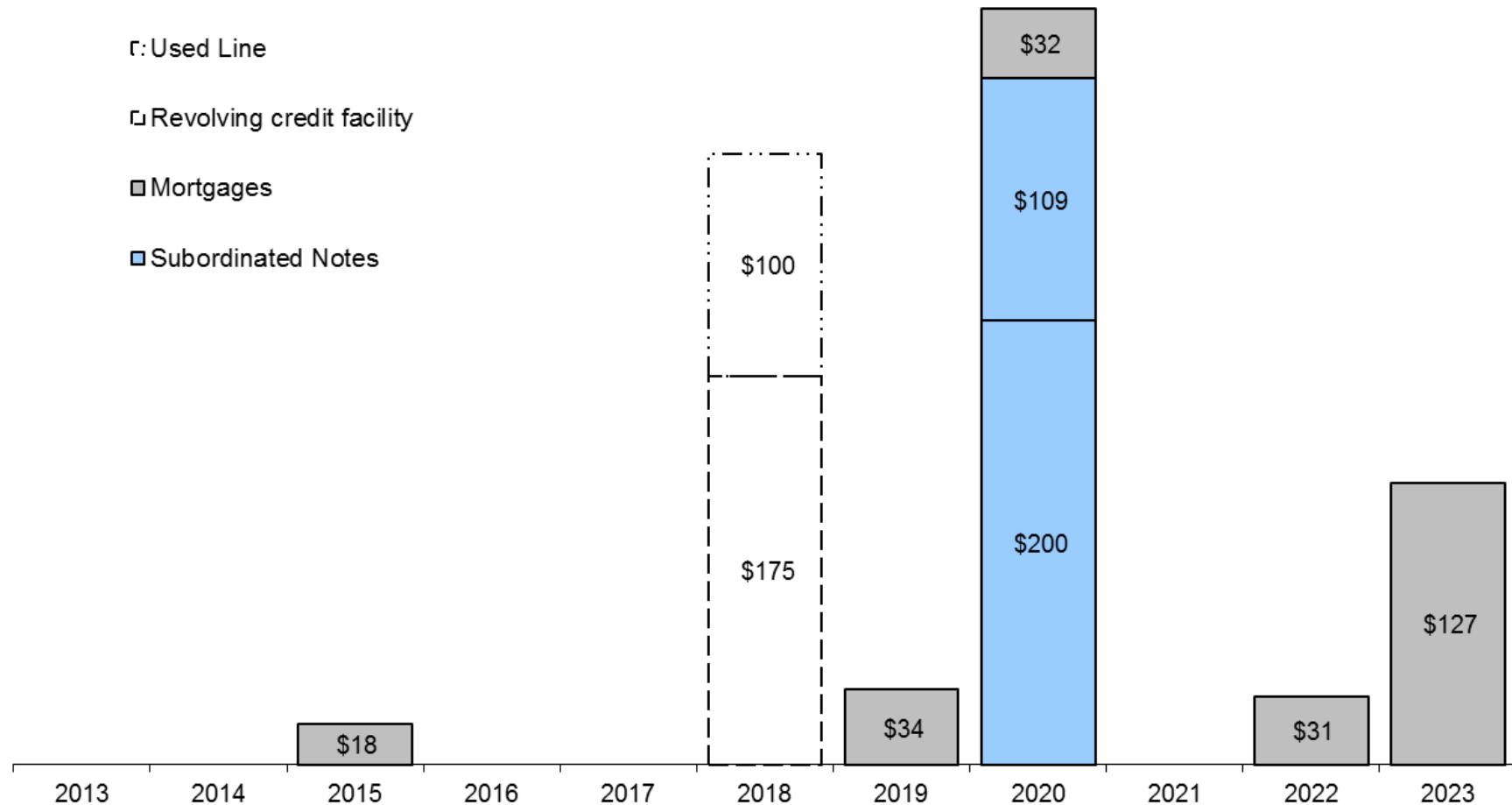
## **Appendix**

- Continue to invest in the business with CapEx ranging from \$35-45mm annually over the next three years
  - Budgeting \$60mm in 2014; incremental \$15mm for CapEx related to recent acquisitions
- Continue to acquire operating assets, targeting 75% facility ownership by 2015, estimated spending approximately \$10mm
- Target \$500mm revenue growth from value-added acquisitions over the next three years
- Repatriate \$25mm to \$30mm, or more on an opportunistic basis, per year to shareholders in an ongoing share repurchase program

*Multiple avenues to deploy capital for growth*

# Debt Maturity Schedule

(\$ million)



*There are no significant maturities until 2020*

Note: Amounts shown are the face value of debt instruments in millions. Does not include \$3.6 million capital leases that expire in 2021