



United States



United Kingdom



Brazil

**GROUP 1 AUTOMOTIVE®**

# 2018 Fourth Quarter & Full Year Financial Results & Overview

February 5, 2019

**GPI**  
**LISTED**  
**NYSE**

*This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which are statements related to future, not past, events and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. In this context, the forward-looking statements often include statements regarding our goals, plans, projections and guidance regarding our financial position, results of operations, market position, pending and potential future acquisitions and business strategy, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should," "foresee," "may" or "will" and similar expressions. Any such forward-looking statements are not assurances of future performance and involve risks and uncertainties that may cause actual results to differ materially from those set forth in the statements. These risks and uncertainties include, among other things, (a) general economic and business conditions, (b) the level of manufacturer incentives, (c) the future regulatory environment, (d) our ability to obtain an inventory of desirable new and used vehicles, (e) our relationship with our automobile manufacturers and the willingness of manufacturers to approve future acquisitions, (f) our cost of financing and the availability of credit for consumers, (g) our ability to complete acquisitions and dispositions and the risks associated therewith, (h) foreign exchange controls and currency fluctuations, and (i) our ability to retain key personnel. For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see our filings with SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We use non-generally accepted accounting principles ("non-GAAP") financial measures in this presentation. Our reconciliation of non-GAAP financial measures to comparable GAAP measures can be found in the Appendix to this presentation. These non-GAAP measures should not be considered an alternative to GAAP financial measures. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.*



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## Company Overview

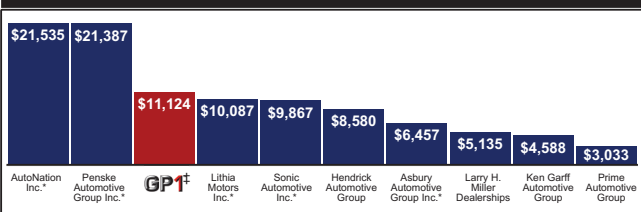
# What Sets Group 1 Apart?

GP1

- International, Fortune 500 company with Market Cap of ~ \$1 Billion (period ended December 31, 2018)
- Third largest dealership group in the U.S. retailing ~ 320,000 new and used vehicles annually
- Committed senior management team with +230 years of automotive retailing and OEM experience
- Unlike most other automotive retailers, Group 1 has no major controlling shareholder or owner
- Well positioned for growth

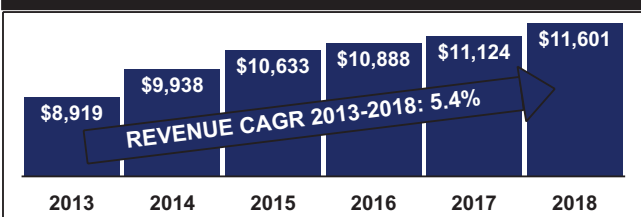


## Top 10 U.S. auto retailers by revenue (\$mm, FY 2017)

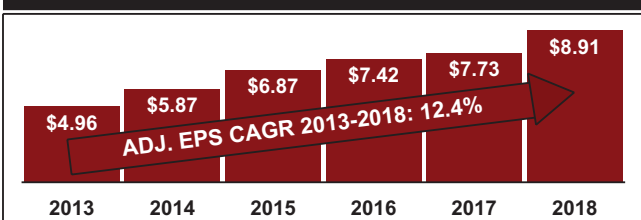


Source: Automotive News, 2017 Top 150 Dealership Groups, Crain Communications Inc.  
\*Publicly Held; †Figures include data for dealerships outside the United States

## Revenue (\$mm)



## Adj. EPS Growth (\$)



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# Geographic Footprint

GP1

## UNITED STATES – 15 States

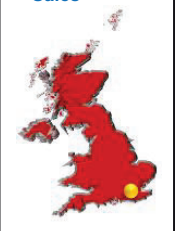
117 Dealerships  
75% of NV Unit Sales



## WORLDWIDE:

- 182 Dealerships
- 237 Franchises
- 47 Collision Centers
- 30 Brands

**U.K.**  
England:  
• 47 Dealerships  
• 19% of NV Unit Sales



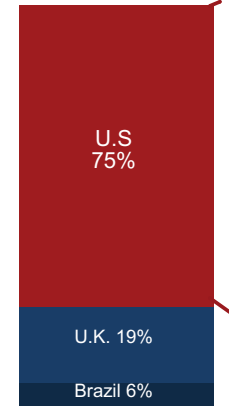
**BRAZIL**  
Mato Grosso do Sul, Paraná, São Paulo, and Santa Catarina  
• 18 Dealerships  
• 6% of NV Unit Sales



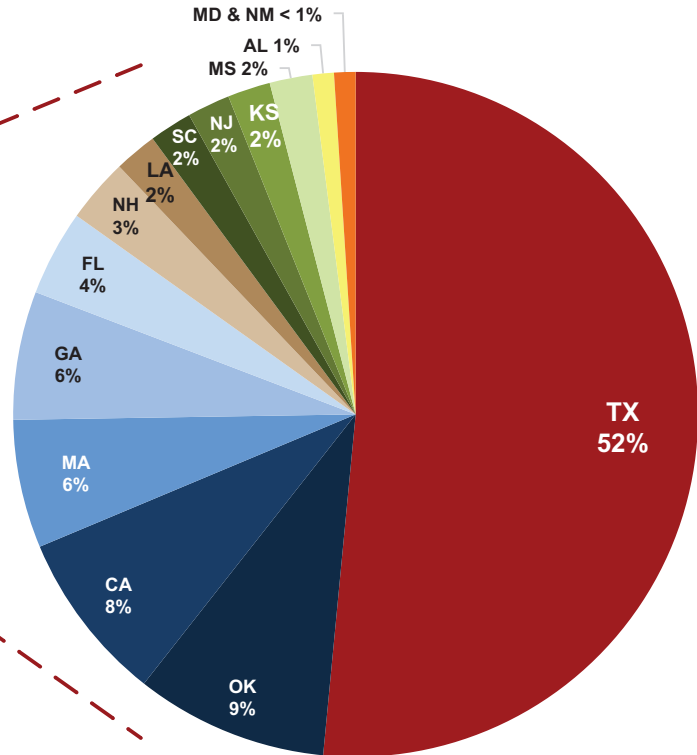
\*As of February 5, 2019.

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## Geographic Diversity – 4Q18



New Vehicle Unit Sales



United States – 4Q18 \*

\*May not add to 100% due to rounding.

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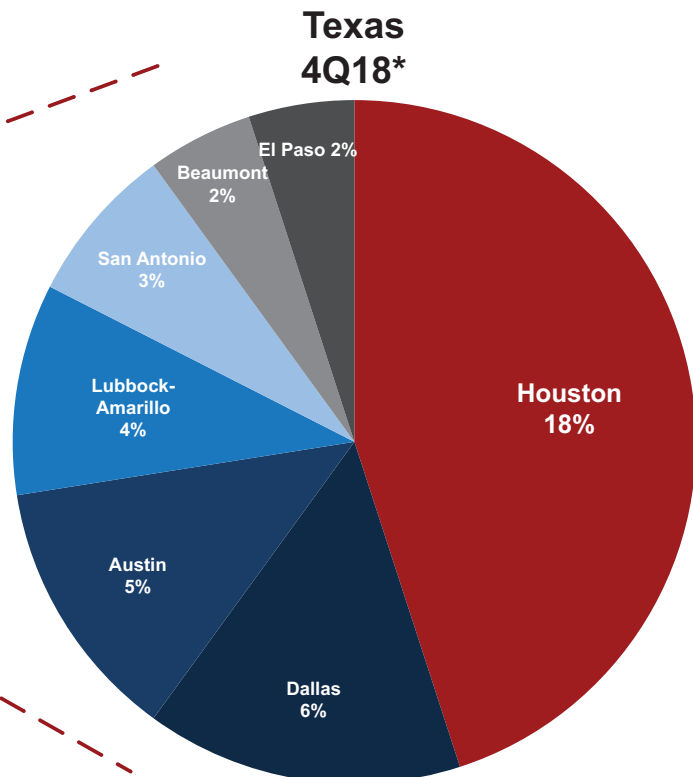
## Geographic Diversity – Texas

## Geographic Diversity 4Q18



New Vehicle Unit Sales

Texas  
39%



\*May not add to 100% due to rounding.

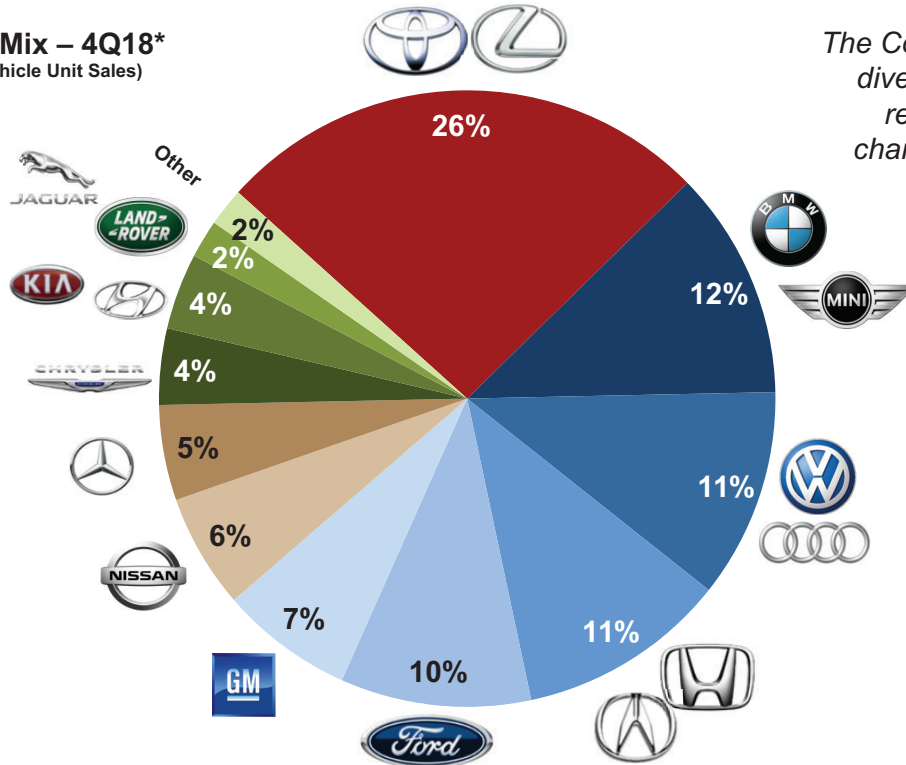
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# Well-Balanced Brand Portfolio

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**Brand Mix – 4Q18\***  
(New Vehicle Unit Sales)



The Company's brand diversity allows it to reduce the risk of changing consumer preferences

\*May not add to 100% due to rounding.

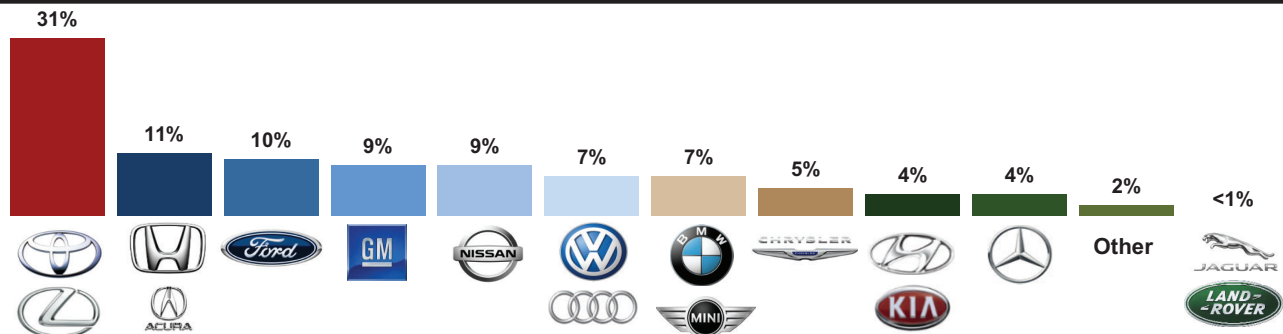
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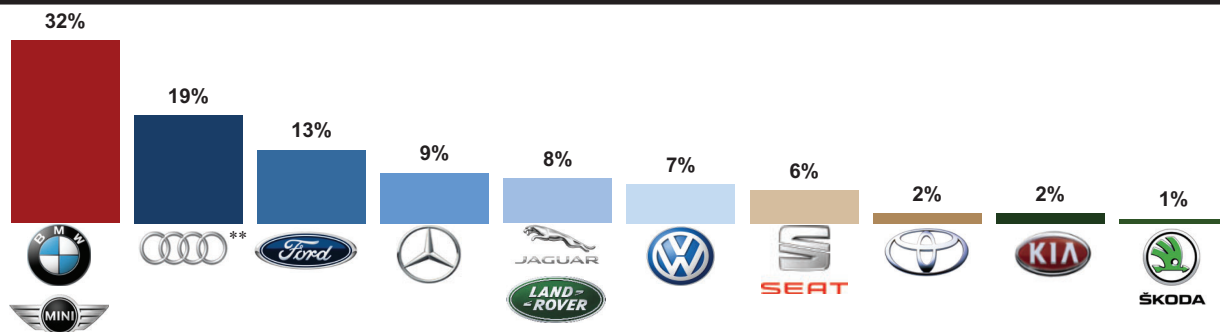
## U.S. & U.K. New Vehicle Brand Mix

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**U.S. 4Q18\***



**U.K. 4Q18\***



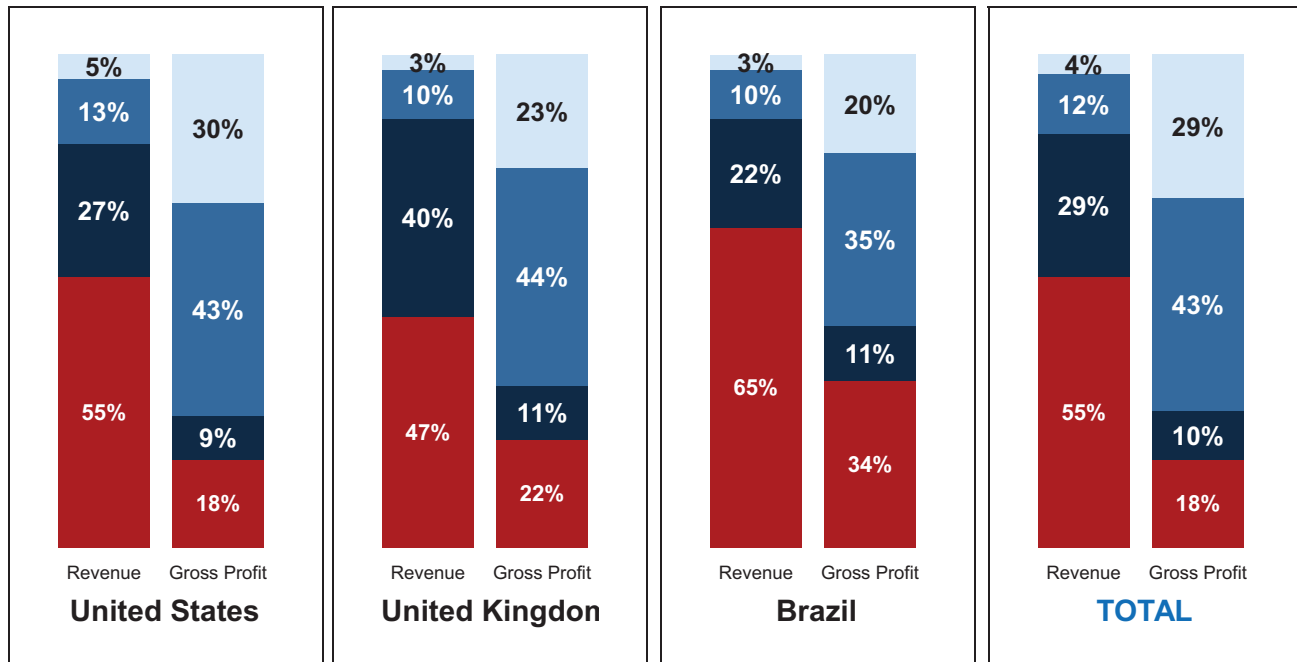
\*May not add to 100% due to rounding.

\*\*Audi, Group 1's leading brand in the UK, was significantly impacted by WLTP-induced inventory shortages during 4Q18.

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# Business Mix Comp – 4Q18

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■ New Vehicles ■ Used Vehicles ■ Parts & Service ■ Financial & Insurance

*Total Company Parts & Service Gross Profit Covers 90-95% of  
Total Company Fixed Costs and Parts & Service Selling Expenses*

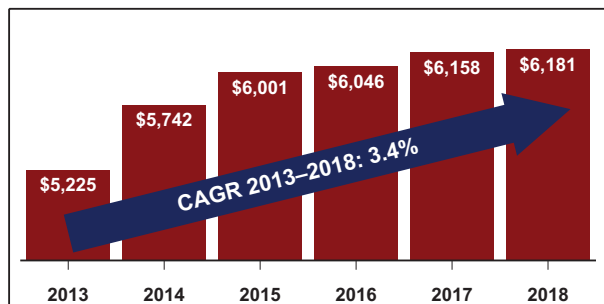
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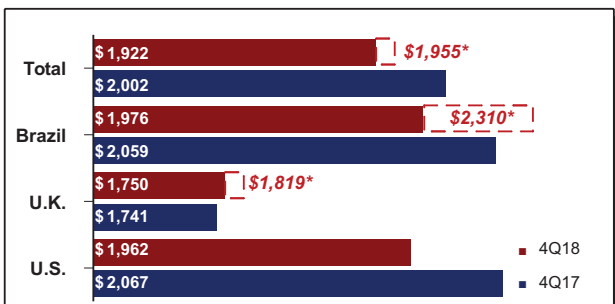
## New Vehicles Overview

GP1

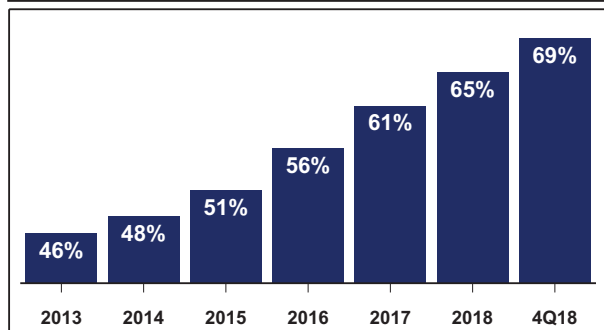
New vehicle revenue (\$mm)



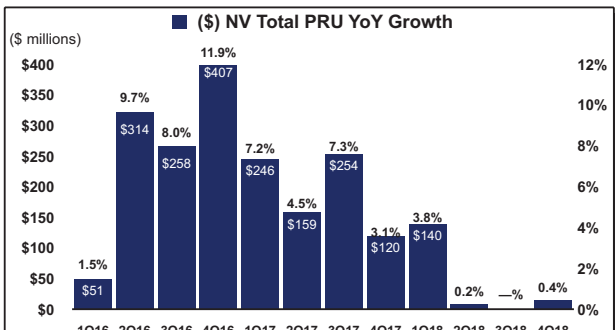
New vehicle gross profit per retail unit



U.S. new vehicle truck mix



U.S. New Vehicle total profit per retail unit with F&I (YoY growth)

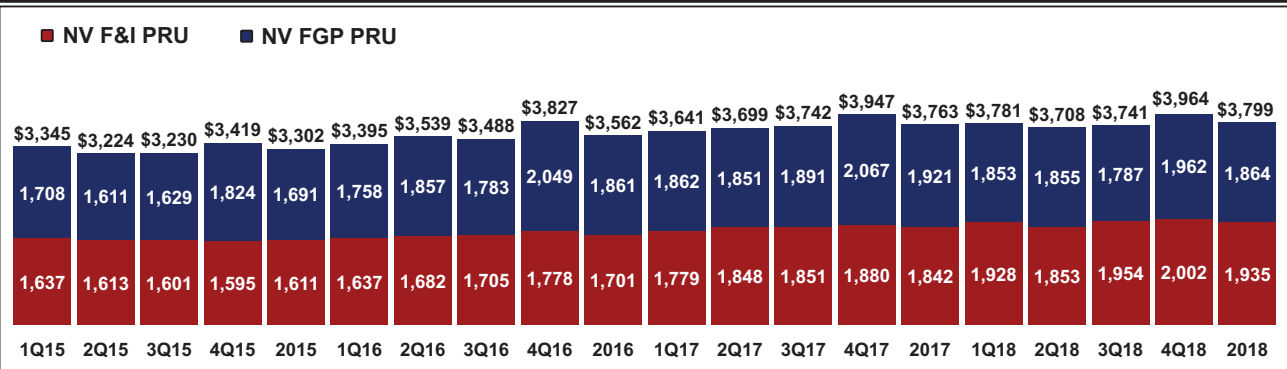


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# U.S. New Vehicle Profitability



Consolidated U.S. New Vehicle Profitability (\$)

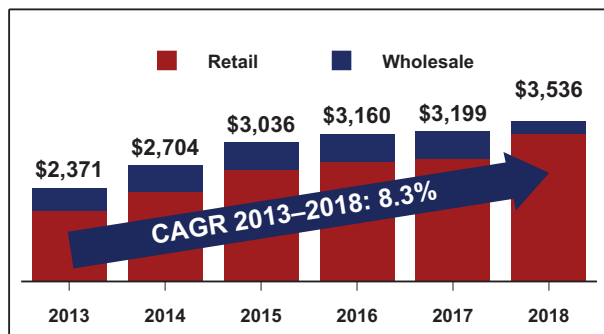


**Group 1 has delivered NV total gross profit PRU YoY growth for eleven of the last twelve quarters!**

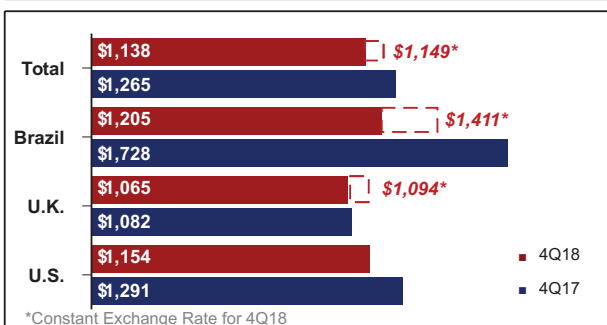
## Used Vehicle Overview



Used vehicle revenue (\$mm)



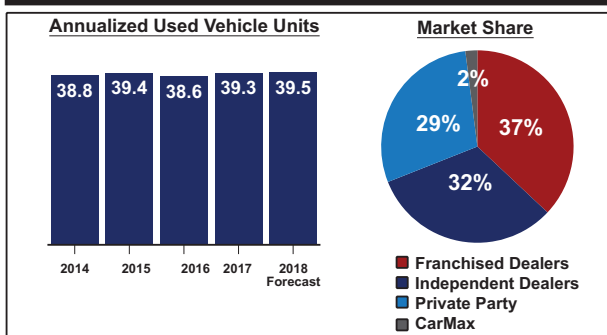
Retail used vehicle gross profit per retail unit



4Q18 Val-u-Line

- Drove \$2.1 million incremental gross profit
- 11.1% Same Store increase in used vehicle retail units; 18.0% decrease in wholesale vehicles
  - Over 1,300 units shifted, which drove improved total gross profit and F&I gross profit opportunities
- 11% of retail unit sales were Val-u-Line vs a 5% historical average

Used market size (units in millions)<sup>1</sup> & market share<sup>2</sup>



<sup>1</sup> Source: Cox Automotive 2018 Used Car Market Report & Outlook.

<sup>2</sup> Source: WardsAuto Group "U.S. Market Used Vehicle Sales" Report, 2015.

# Trade-In Tax Impact

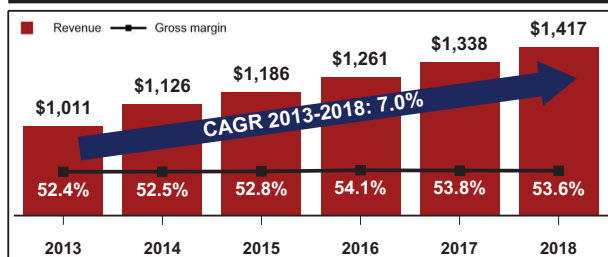
- The amount of tax due on a vehicle purchase depends on:
  - Price (cash or financed amount) of the car to be purchased\*
  - Value of a trade-in vehicle, if applicable
  - State's sales tax policies
- In the United States, 40 states feature a tax credit on the value of a trade-in vehicle, which applies to 12 of the 15 states in which the Company operates.
- Example of “with versus without trade-in” impact on vehicle purchase cost:

VEHICLE PURCHASE EXAMPLE:	WITH TRADE-IN	WITHOUT TRADE-IN
Sales Price	\$ 40,000.00	\$ 40,000.00
Trade-In Allowance	\$ 25,000.00	n/a
Taxable Amount	\$ 15,000.00	\$ 40,000.00
Tax %	6.25%	6.25%
Tax Due	\$ 937.50	\$ 2,500.00
<b>COST (Vehicle + Tax):</b>	<b>\$ 40,937.50</b>	<b>\$ 42,500.00</b>
<b>TAX IMPACT on NET DIFFERENCE of COST:</b>	<b>\$1,562.50</b>	

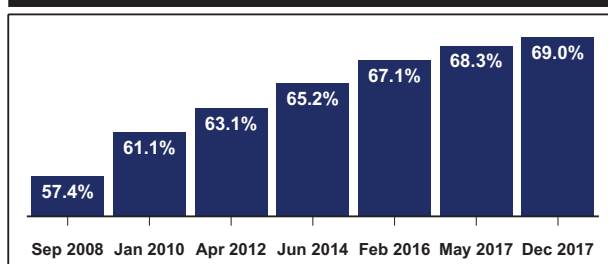
\*In many states, sales tax is not applied to a lease and sales tax credits are not applied to trade-in's associated with a new car lease.

## Parts & Service Overview

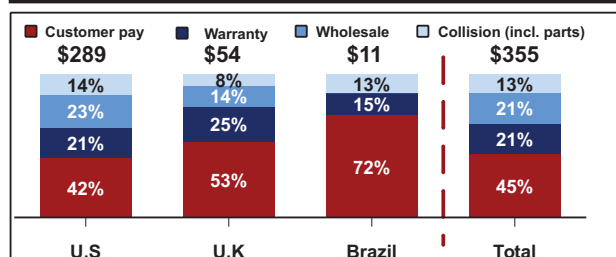
P&S revenue and gross margin (\$mm)



Service Retention Trend



4Q18 P&S revenue (\$mm)



Same store revenue growth\*

	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Customer Pay	3.6%	4.3%	3.5 %	3.5 %	6.7 %	6.2 %
Warranty	8.6%	8.4%	0.4 %	(3.6)%	(3.0)%	0.9 %
Wholesale	6.5%	9.9%	9.9 %	4.5 %	2.6 %	5.0 %
Collision	1.9%	5.5%	(1.8)%	2.6 %	0.2 %	(5.5)%
% Growth	5.0%	6.5%	3.3 %	2.0 %	2.9 %	3.2 %

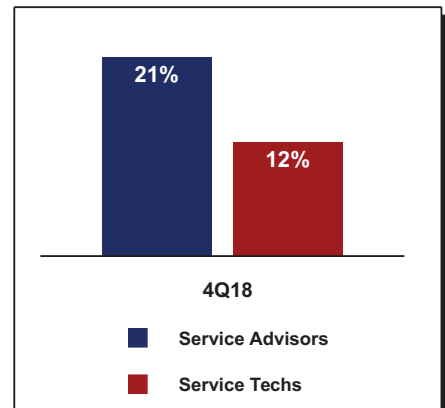
\* In constant currency, as reported.

- Parts & service segment provides a stable base of free cash flow through economic cycles
- Using Customer Management Software (CMS) and technology to improve efficiencies and closing rates
- Enhancing customer touch points to improve retention / attacking points of defection
- Leveraging scale
- Improving collision business
- Strategic emphasis on customer service is driving growth above sector average in this important segment
- Focused on adding human capacity—in the twelve months ended December 31, 2018, the Company's U.S. same store service advisor and technician headcount has grown a total of +14%

- Adjustment of service personnel compensation structure as follows to address employee turnover, customer satisfaction, and to add capacity via expanded hours:

- Increase to fixed component of service advisor pay
- Creation of well-defined career path for advancement
- Launch of new, flexible work schedule featuring substantially more days off over the calendar year
- Implementation of an in-house Service Advisor University dedicated to training the Company's approximately 1,000 U.S. customer service personnel
- Implementation of an in-house Service Manager University

U.S. Same Store Headcount Growth (YoY)



- A four-day, flexible work schedule was fully implemented across 57 U.S. stores throughout 4Q18
  - For the 57 stores that have fully implemented the four-day schedule, their total customer pay growth was double the total of all other U.S. stores
- Employee retention rates have improved considerably

## New Technology Business Impact

- Powertrains are constantly changing to meet CAFÉ requirements and stricter emission requirements.
- Consumers have a wide variety of powertrains to choose from: Internal Combustion (ICE), Hybrid (ICE/EV), Plug-in Hybrid (PHEV), Electric (EV) and 48v Micro-Hybrids.
- What do those changes mean to our service departments?
  - According to Edmunds.com, the 5-year maintenance cost of a 2017 Nissan Leaf is \$2,865; and the 5-year maintenance cost of a 2017 Toyota Camry is \$3,094, an immaterial difference.
  - While we do not expect repair costs to materially change, over the next three generations, we expect that the components of a repair will shift. Batteries, battery coolant, power units, electrically operated engine components and accessories will gradually replace the repairs currently made to ICE vehicles.
  - As vehicle complexity continues to increase, it becomes more difficult for do-it-yourself ("DIY") and independent service shops to compete against us.



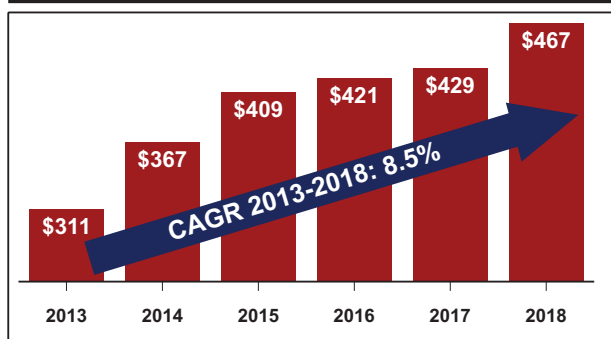
**2017 Nissan Leaf**  
5-year maintenance cost estimate: \$2,865



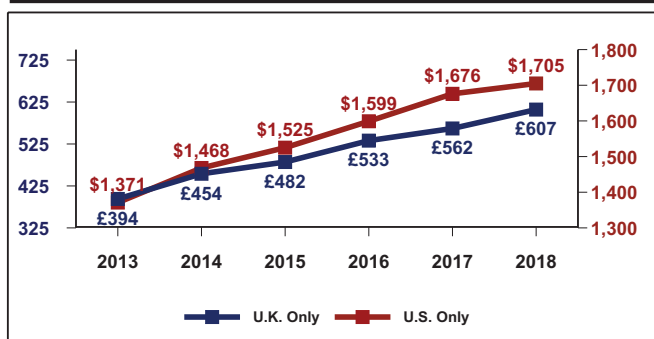
**2017 Toyota Camry**  
5-year maintenance cost estimate: \$3,094



F&I revenue (\$mm)



F&I gross profit per retail unit



F&I profitability growth accomplished via focus on people and processes:

- Consolidation of lender base
- Consumer financing at pre-recession levels and full credit spectrum available
- Integration of compliance, training and benchmarking to offer a consistent and transparent experience for internal and external customers
- Val-u-Line impacting PRU, but delivering incremental gross profit dollars

F&I gross penetration (\$)

F&I Penetration Rates & PRU

	2014	2015	2016	2017	2018			
					Total	US	UK	Brazil
Finance	67%	67%	67%	65%	64%	71%	44%	38%
VSC	34%	32%	32%	32%	31%	41%	4%	—%
Gap Ins.	24%	27%	28%	29%	28%	28%	34%	—%
Maintenance	9%	10%	11%	12%	11%	15%	—%	—%
Sealant	18%	21%	22%	24%	25%	26%	29%	—%
Gross Profit PRU	\$1,324	\$1,368	\$1,397	\$1,442	\$1,464	\$1,705	\$809	\$686

## EPS Growth Despite SAAR Headwinds

### 2018 was a Strong Case Study for Growth in a Declining NV Industry

- Significant Same Store NV Declines in our Two Largest Markets**
  - Very difficult comps due to Hurricane Harvey in the U.S.
    - 7.5% decline in 2018 U.S. S.S. NV Gross Profit driven by Harvey
  - Very difficult comps due to WLTP legislation supply constraints in the U.K.
    - 11.4%\* decline in U.K. NV Gross Profit driven by WLTP
  - Despite these significant declines, GPI grew consolidated S.S. gross profit by 1.1%\*
- Gross Profit Growth Drivers**
  - Used Vehicles - Val-u-Line initiative driving high single digit unit comps
  - Aftersales - consistent annual growth driven by numerous company initiatives
  - Finance & Insurance - process improvements driving continued strength
- Cash Flow Generation**
  - \$309M of adjusted operating cash flow in 2018
  - Cash flow allowed for the repurchase of 14% of common share float and \$615M of acquired revenues in 2018



## Financial Overview

GROUP 1 AUTOMOTIVE®

## Consolidated Financial Results

GP1

### Financial Results - Consolidated

(\$ in millions, except per share amounts)

	4Q18	4Q17	Change	C.C. <sup>2</sup>	FY18	FY17	Change	C.C. <sup>2</sup>
Revenues	\$ 2,908.8	\$ 2,920.4	(0.4)%	0.8%	\$11,601.4	\$11,123.7	4.3 %	4.1%
Gross Profit	\$ 432.1	\$ 425.7	1.5 %	2.6%	\$ 1,725.1	\$ 1,645.5	4.8 %	4.8%
SG&A as a % of Gross Profit	75.0%	72.7%	230		73.8%	74.5%	(70)	
Adj. SG&A as a % of Gross Profit <sup>(1)</sup>	74.8%	72.6%	220		74.6%	73.7%	90	
Operating Margin	2.6%	3.1%	(50)		2.9%	3.1%	(20)	
Adjusted Operating Margin <sup>(1)</sup>	3.2%	3.5%	(30)		3.2%	3.4%	(20)	
EBITDA	\$ 75.1	\$ 92.3	\$ (17.2)		\$ 348.3	\$ 347.4	\$ 0.9	
Adjusted EBITDA <sup>(1)</sup>	\$ 92.1	\$ 102.8	\$ (10.7)		\$ 377.3	\$ 382.7	\$ (5.4)	
Total Interest Expense	\$ 35.0	\$ 32.0	\$ 3.0		\$ 135.7	\$ 122.9	\$ 12.8	
Net Income	\$ 30.7	\$ 110.5	(72.2)%		\$ 157.8	\$ 213.4	(26.1)%	
Adjusted Net Income <sup>(1)</sup>	\$ 43.8	\$ 44.3	(1.1)%		\$ 179.6	\$ 163.5	9.8 %	
Diluted EPCS	\$ 1.62	\$ 5.27	(69.3)%		\$ 7.83	\$ 10.08	(22.3)%	
Adjusted Diluted EPCS <sup>(1)</sup>	\$ 2.31	\$ 2.11	9.5 %		\$ 8.91	\$ 7.73	15.3 %	

(1) See appendix for GAAP reconciliation

(2) Constant currency basis

# Financial Results by Segment



## Financial Results - U.S. (\$ in millions)

	4Q18	4Q17	Change	FY18	FY17	Change
Revenues	\$ 2,266.5	\$ 2,287.2	(0.9)%	\$ 8,723.3	\$ 8,680.6	0.5%
Gross Profit	\$ 352.5	\$ 350.7	0.5 %	\$ 1,391.3	\$ 1,365.3	1.9%
SG&A as a % of Gross Profit	71.7%	69.0%	270	70.6%	72.1%	(150)
Adj. SG&A as a % of Gross Profit <sup>(1)</sup>	71.4%	69.0%	240	71.9%	71.1%	80
Operating Margin	3.1%	4.1%	(100)	3.6%	3.7%	(10)
Adjusted Operating Margin <sup>(1)</sup>	3.8%	4.2%	(40)	3.9%	4.0%	(10)
Total Interest Expense	\$ 31.2	\$ 29.2	\$ 2.0	\$ 120.9	\$ 113.7	\$ 7.2
Pretax Margin	1.7%	2.8%	(110)	2.2%	2.4%	(20)
Adjusted Pretax Margin <sup>(1)</sup>	2.5%	2.9%	(40)	2.5%	2.7%	(20)

(1) See appendix for GAAP reconciliation

# Financial Results by Segment



## Financial Results - U.K. (\$ in millions)

	4Q18	4Q17	Change	C.C. <sup>2</sup>	FY18	FY17	Change	C.C. <sup>2</sup>
Revenues	\$ 524.0	\$ 507.8	3.2%	6.3%	\$ 2,437.4	\$ 1,986.0	22.7%	18.4%
Gross Profit	\$ 64.9	\$ 60.4	7.4%	11.1%	\$ 279.9	\$ 225.3	24.3%	20.3%
SG&A as a % of Gross Profit	90.6 %	89.5 %	110		85.9%	85.0%	90	
Adj. SG&A as a % of Gross Profit <sup>(1)</sup>	90.6 %	89.5 %	110		85.9%	84.9%	100	
Operating Margin	0.4 %	0.8 %	(40)		1.1%	1.3%	(20)	
Adjusted Operating Margin <sup>(1)</sup>	0.5 %	0.8 %	(30)		1.1%	1.3%	(20)	
Total Interest Expense	\$ 3.4	\$ 2.6	\$ 0.8		\$ 13.1	\$ 8.4	\$ 4.7	
Pretax Margin	(0.2)%	0.3 %	(50)		0.5%	0.9%	(40)	
Adjusted Pretax Margin <sup>(1)</sup>	(0.1)%	0.3 %	(40)		0.6%	0.9%	(30)	

(1) See appendix for GAAP reconciliation

(2) Constant currency basis



## Financial Results - Brazil (\$ in millions)

	4Q18	4Q17	Change	C.C. <sup>2</sup>	FY18	FY17	Change	C.C. <sup>2</sup>
Revenues	\$ 118.2	\$ 125.4	(5.7)%	10.5%	\$ 440.7	\$ 457.2	(3.6)%	10.0%
Gross Profit	\$ 14.7	\$ 14.6	0.6 %	17.8%	\$ 53.9	\$ 54.9	(1.9)%	12.3%
SG&A as a % of Gross Profit	84.4%	91.7 %	(730)		93.9%	92.2 %	170	
Adj. SG&A as a % of Gross Profit <sup>(1)</sup>	84.4%	88.4 %	(400)		87.1%	91.3 %	(420)	
Operating Margin	1.6%	(4.7)%	630		0.4%	(0.9)%	130	
Adjusted Operating Margin <sup>(1)</sup>	1.6%	1.1 %	50		1.2%	0.7 %	50	
Total Interest Expense	\$ 0.4	\$ 0.3	\$ 0.1		\$ 1.7	\$ 0.8	\$ 0.9	
Pretax Margin	1.3%	(4.9)%	620		—%	(1.0)%	100	
Adjusted Pretax Margin <sup>(1)</sup>	1.3%	0.9 %	40		0.8%	0.6 %	20	

(1) See appendix for GAAP reconciliation

(2) Constant currency basis

# Same Store Financial Results



## Same Store Financial Results - Consolidated

\$ in thousands

	4Q18	4Q17	Change	C.C. <sup>1</sup>	FY18	FY17	Change	C.C. <sup>1</sup>
<b>Revenues</b>								
New vehicle retail	\$ 1,509,317	\$ 1,635,945	(7.7)%	(6.6)%	\$ 5,823,673	\$ 6,089,164	(4.4)%	(4.3)%
Used vehicle retail	735,052	699,217	5.1 %	6.2 %	2,952,738	2,763,994	6.8 %	6.5 %
Used vehicle wholesale	82,203	90,518	(9.2)%	(7.1)%	334,712	393,973	(15.0)%	(15.6)%
Total used	\$ 817,255	\$ 789,735	3.5 %	4.7 %	\$ 3,287,450	\$ 3,157,967	4.1 %	3.8 %
Parts and service	345,494	338,111	2.2 %	3.2 %	1,359,516	1,322,600	2.8 %	2.8 %
Finance and insurance	118,624	113,007	5.0 %	5.8 %	446,148	423,801	5.3 %	5.3 %
Total	\$ 2,790,690	\$ 2,876,798	(3.0)%	(1.9)%	\$10,916,787	\$10,993,532	(0.7)%	(0.8)%
<b>Gross Profit</b>	\$ 417,213	\$ 418,925	(0.4)%	0.6 %	\$ 1,643,882	\$ 1,627,047	1.0 %	1.1 %

<sup>1</sup> Constant currency basis



## Balance Sheet

# Summary Balance Sheet



## Summary Balance Sheet

\$ in thousands

	As of 12/31/2018	As of 12/31/2017
Cash and cash equivalents <sup>(1)</sup>	\$15,932	\$28,787
Contracts In Transit and vehicle receivables, net	\$265,660	\$306,433
Inventories, net	\$1,844,059	\$1,763,292
<b>Total current assets</b>	<b>\$2,402,366</b>	<b>\$2,329,186</b>
<b>Total assets</b>	<b>\$5,001,075</b>	<b>\$4,871,065</b>
Floorplan notes payable	\$1,710,376	\$1,637,878
Offset account related to credit facility <sup>(1)</sup>	(\$33,737)	(\$109,047)
Other current liabilities	\$709,926	\$669,656
<b>Total current liabilities</b>	<b>\$2,386,565</b>	<b>\$2,198,487</b>
Long-Term Debt, net of current maturities	\$1,281,489	\$1,318,184
<b>Total stockholder's equity</b>	<b>\$1,095,694</b>	<b>\$1,124,282</b>

(1) Available cash of \$49.7 million is total of cash and cash equivalents plus the U.S. offset accounts. The U.S. offset accounts are amount of excess cash that are used to paydown floorplan but can be immediately redrawn against inventory.

# Debt Maturity



## Debt Maturity Slide

(in millions)	Maturity Date	As of December 31, 2018		Funding Capacity
		Actual	Available Liquidity	
Cash and cash equivalents		\$ 15.9	\$ 15.9	
Short-Term Debt				
Inventory Financing - Credit Facility <sup>(1)</sup>	2021	\$ 1,217.8	\$ 33.6	\$ 1,440.0
Inventory Financing - Other <sup>(2)</sup>		458.9	0.1	
Current Maturities - Long-Term Debt		93.0		
		<u>\$ 1,769.6</u>	<u>\$ 33.7</u>	<u>\$ 1,440.0</u>
<b>Available Cash</b>			<b>\$ 49.7 <sup>(4)</sup></b>	
Long-Term Debt				
Acquisition Line of Credit <sup>(1,3)</sup>	2021	31.8	277.6	360.0
5.00% Senior Unsecured Notes (Face: \$550.0 Million)	2022	543.7		
5.25% Senior Unsecured Notes (Face: \$300.0 Million)	2023	296.7		
Real Estate	2020 - 2034	386.7		
Other	2020 - 2028	22.5		
Total Long-Term Debt		<u>\$ 1,281.5</u>		
Total Debt		<u>\$ 3,051.1</u>	<u>\$ 327.3</u>	<u>\$ 1,800.0</u>

- 1) The capacity under the floorplan and acquisition tranches of our credit facility can be redesignated within the overall \$1.8 billion commitment. Further, the borrowings under the acquisition tranche may be limited from time to time based upon certain debt covenants.
- 2) Borrowings for new, used, and rental vehicle financing not associated with the Company's domestic syndicated credit facility.
- 3) The available liquidity balance at December 31, 2018 considers the \$25.4 million of letters of credit outstanding.
- 4) Available cash of \$49.7 million is total of cash and cash equivalents plus the U.S. offset accounts. The U.S. offset accounts are amount of excess cash that are used to paydown floorplan but can be immediately redrawn against inventory.



	Actual	Variable %
Vehicle Financing	\$1,676.6	93.1%
Real Estate & Other Debt <sup>(3)</sup>	\$534.0	50.6%
Senior Notes <sup>(1)</sup>	\$850.0	0%
<hr/>		
SWAPS <sup>(2)(3)</sup>	\$750.0	100%

<sup>(1)</sup> Face Value  
<sup>(2)</sup> SWAPS range from \$100-\$850 million through 2030, see following slide for more details.  
<sup>(3)</sup> Percentage adjusted for \$53.9M of real estate interest rate SWAPS. SWAPS exclude real estate interest rate SWAPS.

- **Primary exposure is short-term interest rate changes; key exposure is one-month LIBOR**
- **Group 1 has mitigated the majority of its risk exposure for rising interest rates through a combination of the swaps and fixed rate debt.**
- **Manufacturer floorplan assistance offsets a portion of interest rate impact:**
  - As interest rates go up, manufacturers have historically offered additional interest assistance to help offset the variance
  - 88.9% of variable inventory financing is eligible for floorplan assistance as used vehicle; rental and most foreign financing are not eligible for floorplan assistance
  - Interest assistance is recognized in new vehicle gross profit, not in interest expense

## SWAPS: Interest Expense Impact

### INTEREST RATE SWAP LAYERS

\$'s in millions

	2016	2017	2018	2019	2020	2021	2022-2025	2026-2030
<b>Average Swap Balance</b>	<b>\$550</b>	<b>\$750</b>	<b>\$750</b>	<b>\$850</b>	<b>\$500</b>	<b>\$250</b>	<b>\$125</b>	<b>\$100</b>
Interest Expense	\$12.7	\$11.8	\$5.3	-\$2.5*	—	—	—	
<b>Average Interest Rate</b>	<b>2.76%</b>	<b>2.62%</b>	<b>2.68%</b>	<b>2.33%</b>	<b>2.26%</b>	<b>1.76%</b>	<b>1.81%</b>	<b>1.85%</b>

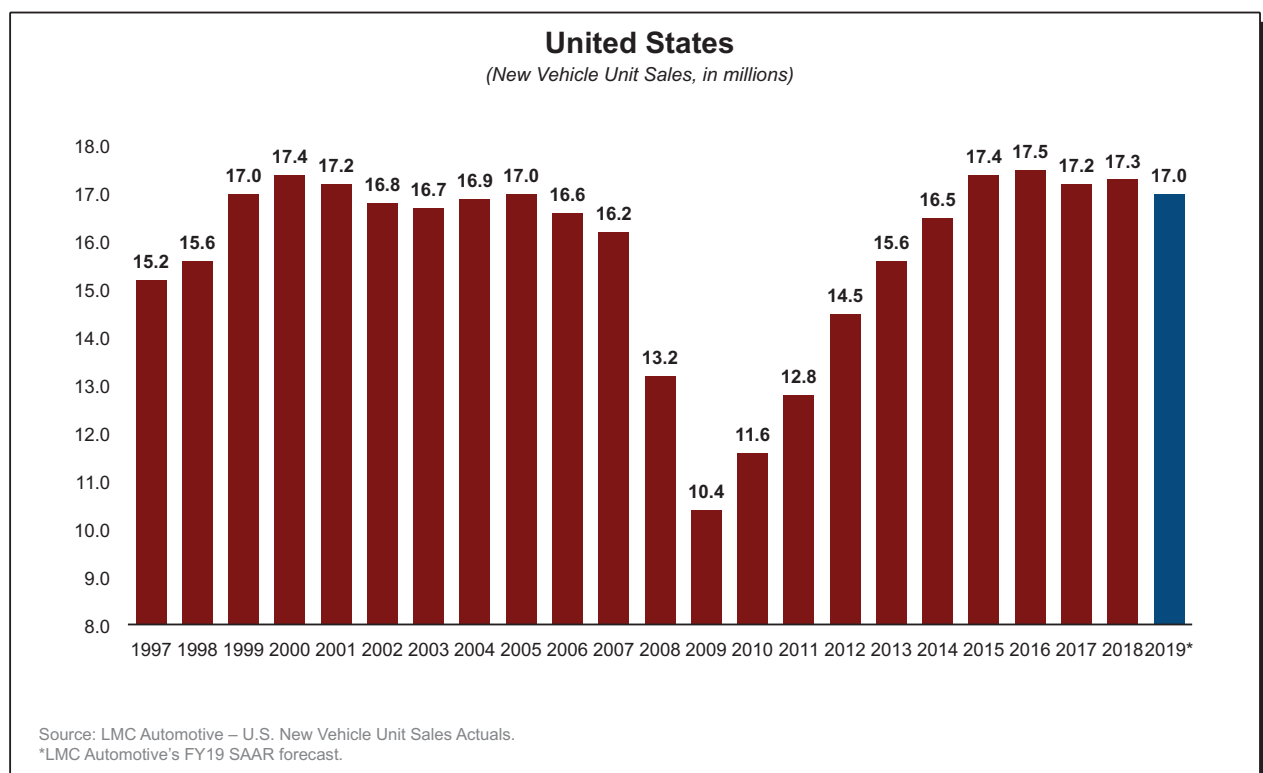
\*Assumes, two 25-basis-point increases to the LIBOR rate in June and December



# Growth Outlook

GROUP 1 AUTOMOTIVE®

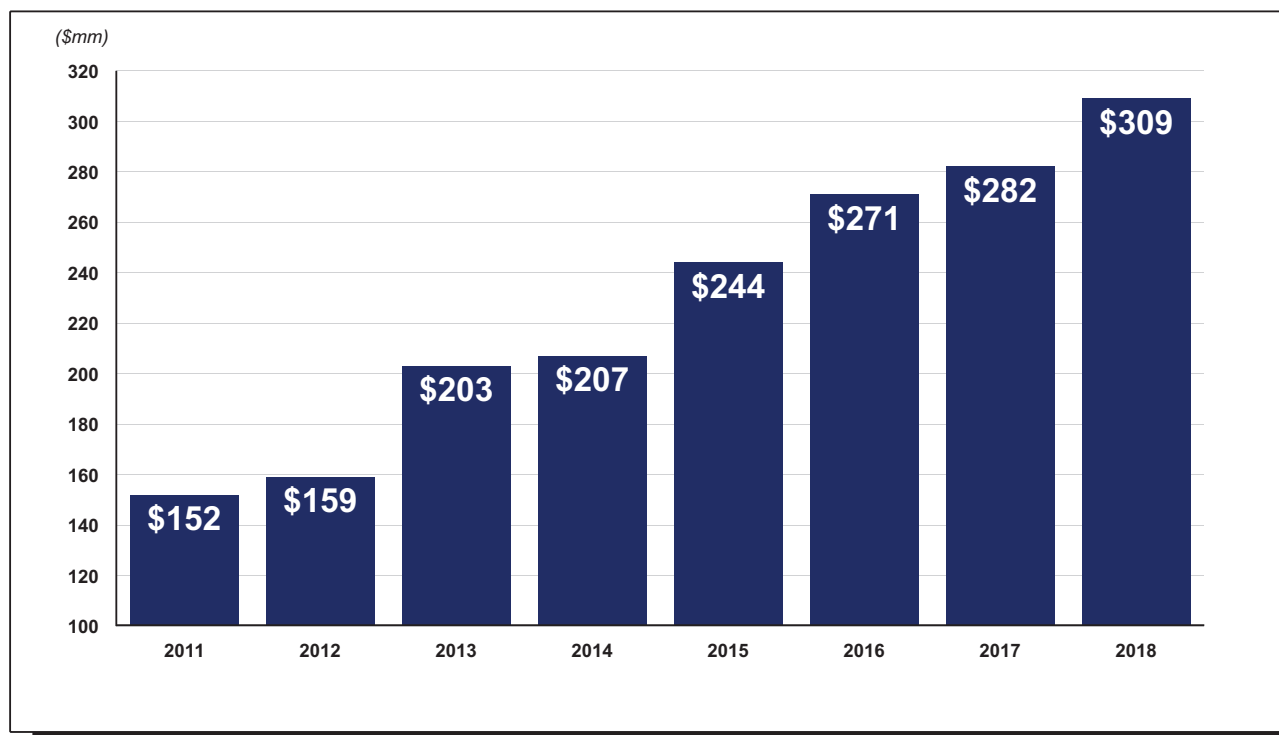
## U.S. SAAR



## Increased focus on shareholder value drivers:

- **Increased scrutiny on capital expenditures**
- **Disposal of underperforming assets**
  - In 2018, disposed of two very large, underperforming stores and associated real estate in 2Q18 and 3Q18
  - Total of 8 franchises generating \$240 million of annual revenues sold since beginning in 2018
- **Enhanced share repurchase program**
  - 14% of common share float repurchased in 2018
- **Increased focus on working capital levels**

## Adjusted Operating Cash Flow<sup>(1)</sup>

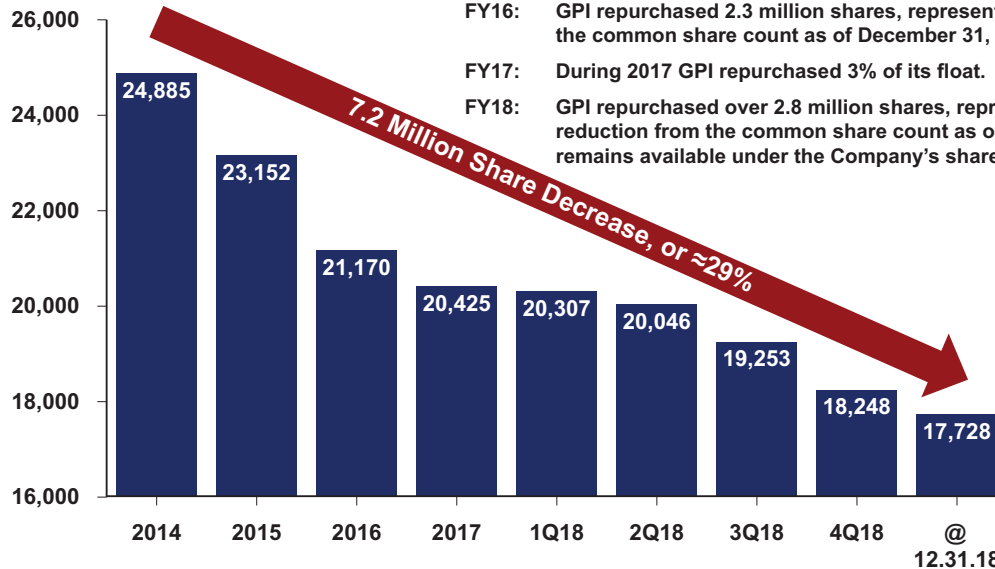


<sup>(1)</sup> See appendix for GAAP reconciliation.

# Share Repurchase Summary



GPI Weighted Average  
Common Shares  
(in thousands)



**FY14:** In 2Q14, GPI repurchased 80% of its 3% Convertible Notes, reducing share count by approximately 1.9 million. In 3Q14, GPI repurchased the remaining 3% Convertible Notes and extinguished all of the 2.25% Convertible Notes, reducing share count by approximately 800,000.

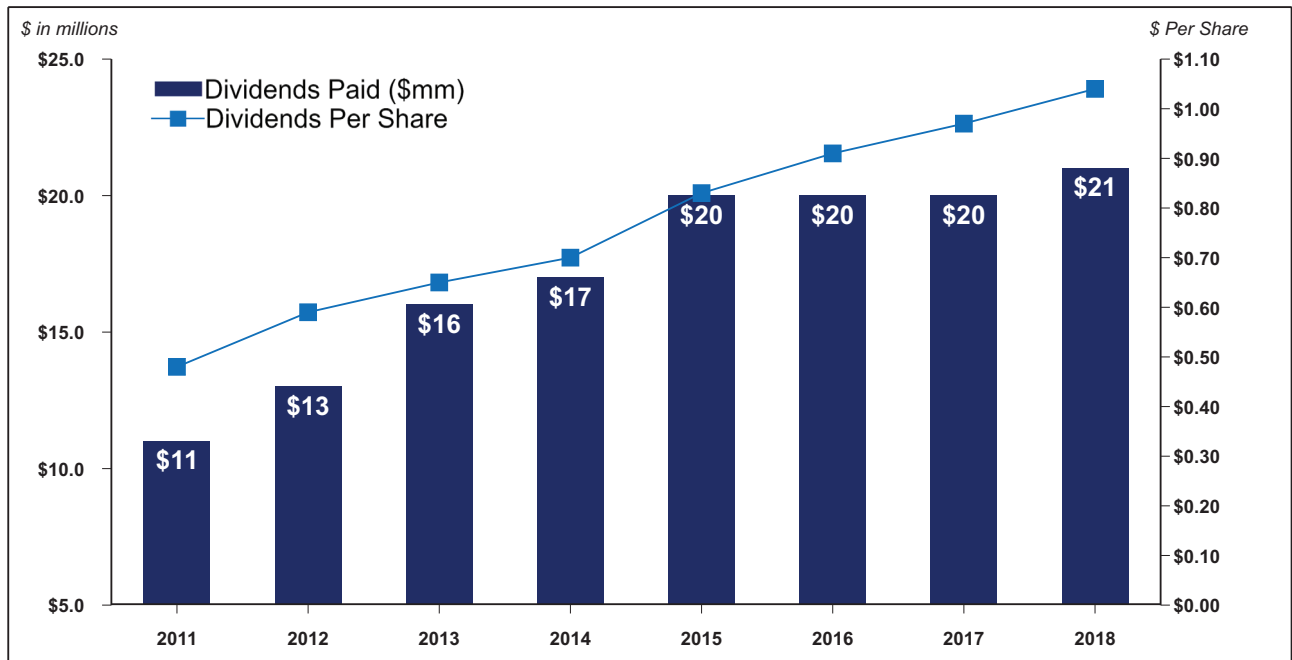
**FY15:** GPI repurchased approximately 1.2 million shares.

**FY16:** GPI repurchased 2.3 million shares, representing a 10% reduction from the common share count as of December 31, 2015.

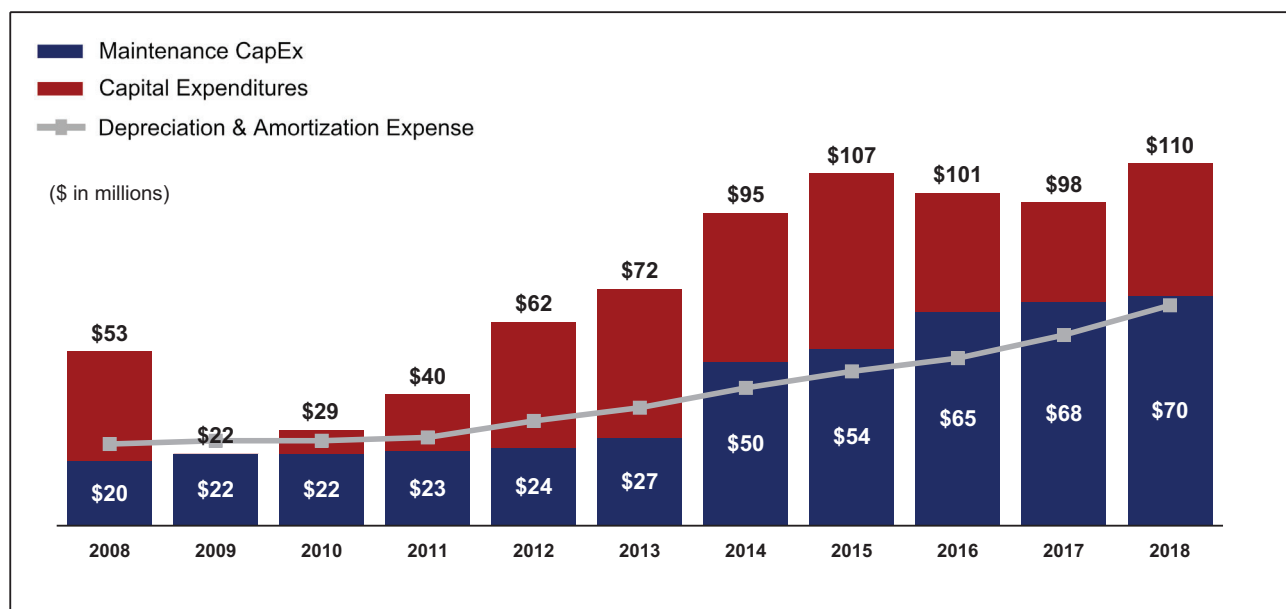
**FY17:** During 2017 GPI repurchased 3% of its float.

**FY18:** GPI repurchased over 2.8 million shares, representing a 14 percent reduction from the common share count as of 12/31/17. \$49.7 million remains available under the Company's share repurchase authorization.

# Dividends

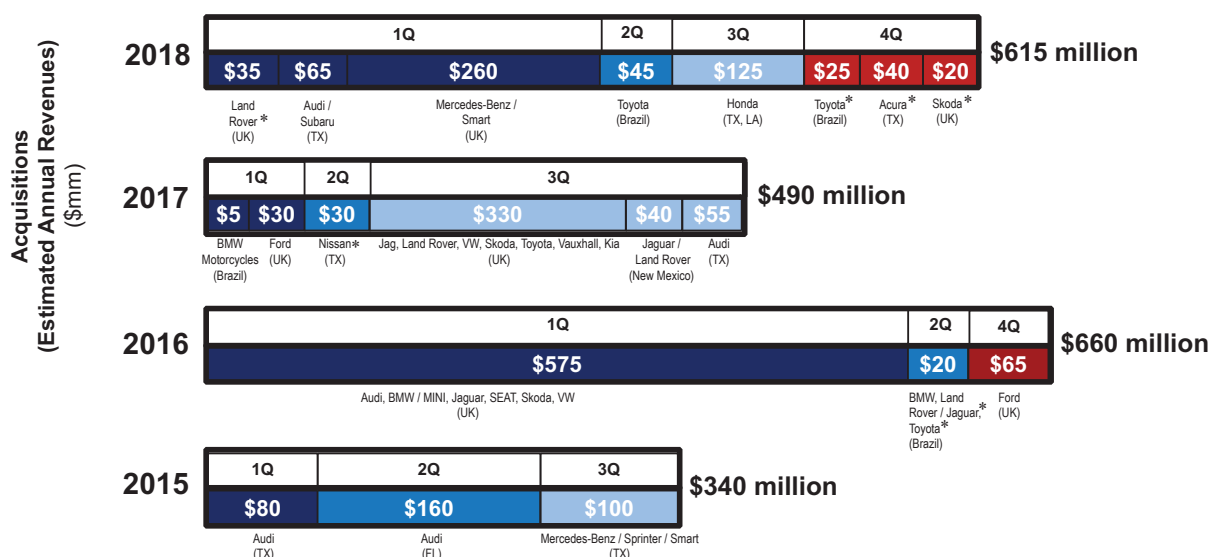


- During 1Q17, 2Q17, and 3Q17, the Company paid quarterly cash dividends of \$0.24 per share.
- During 4Q17, the Company paid quarterly cash dividends of \$0.25 per share.
- During 1Q18 through 4Q18 the Company paid quarterly cash dividends of \$0.26 per share.



## Acquisition Strategy

- Group 1 is well positioned to take advantage of acquisition opportunities and grow scale in existing markets (U.S., U.K., and Brazil)
- The Company targets acquisitions that clear return hurdles (10% after-tax discounted cash flow)



\*OEM-granted open points.  
Note: As of February 5, 2019.

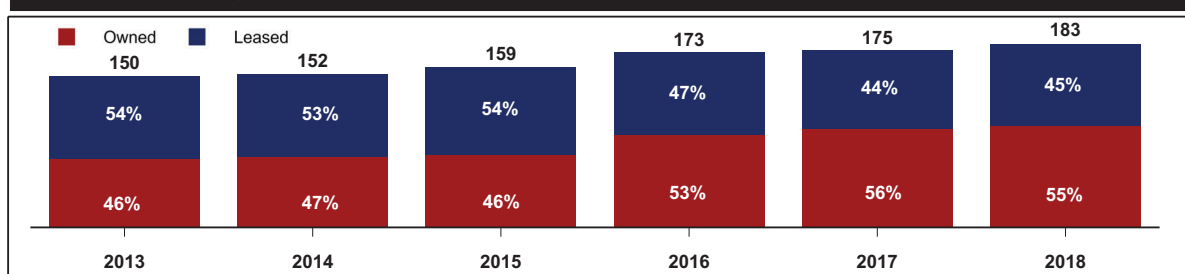


- GPI is shifting toward owning its real estate:
  - Control of dealership real estate is a strong strategic asset;
  - Ownership means better flexibility and lower cost; and
  - The Company looks for opportunistic real estate acquisitions in strategic locations.
- As of December 31, 2018, the Company owns approximately \$1.1 billion of real estate (55% of dealership locations) financed through approximately \$430 million of mortgage debt.
- The Company has options to purchase six additional dealership properties through 2019.

Dealership property breakdown by region  
(as of December 31, 2018)

Region	Dealerships	
	Owned	Leased
United States	77	41
United Kingdom	20	27
Brazil	4	14
<b>Total</b>	<b>101</b>	<b>82</b>

Leased vs. Owned Properties



## Conclusion

- Well-balanced portfolio (geography, business mix and brands)
- Profitability of different business units through the cycle
  - Model proved itself during recession
- Streamlined business -- generating cash
- Strong balance sheet
- Increased focus on shareholder-value enhancing capital allocation strategy
- Operational growth and leverage
  - Opportunity to drive growth in used vehicle and Parts & Service with process improvements in all markets
  - New Strategic initiatives launched in the U.S. aimed at growing used vehicles and increasing aftersales capacity
  - Finance & Insurance initiatives should drive further growth in the U.K. and Brazil
  - Continued leverage opportunities as gross profit increases
- Experienced, successful and driven management team



## CORE VALUES

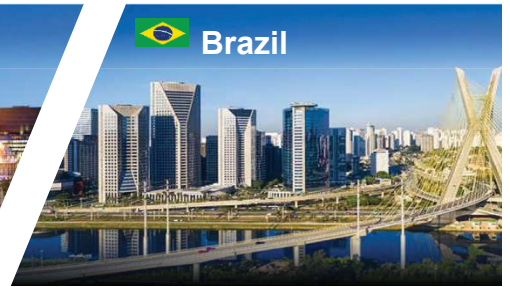
<b>Integrity</b>	We conduct ourselves with the highest level of ethics both personally and professionally when we sell to and perform service for our customers without compromising our honesty
<b>Transparency</b>	We promote open and honest communication between each other and our customers
<b>Professionalism</b>	We set our standards high so that we can exceed expectations and strive for perfection in everything we do
<b>Teamwork</b>	We put the interest of the group first, before our individual interests, as we know that success only comes when we work together



United States



United Kingdom



Brazil

**GROUP 1 AUTOMOTIVE®**

## Appendix

# Operating Management Team - Corporate



**Earl J. Hesterberg – President and Chief Executive Officer and Director**  
(April 2005)

- 35+ Years Industry Experience
- Manufacturer and Automotive Retailing Experience: Ford Motor Company; Ford of Europe; Gulf States Toyota; Nissan Motor Corporation in U.S.A.; Nissan Europe



**Daryl Kenningham – President, U.S. Operations**  
(July 2011)

- 35+ Years Industry Experience
- Manufacturer and Automotive Retailing Experience: Ascent Automotive; Gulf States Toyota; Nissan Motor Corporation in U.S.A. and Japan



**John C. Rickel – Senior Vice President and Chief Financial Officer**  
(December 2005)

- 30+ Years Industry Experience
- Manufacturer and Automotive Retailing Experience: Ford Motor Company; Ford Europe



**Frank Grese Jr. – Senior Vice President, Human Resources, Training and Operations Support**  
(December 2004)

- 40+ Years Industry Experience
- Manufacturer and Automotive Retailing Experience: Ford Motor Company; Nissan Motor Corporation in U.S.A.; AutoNation; Van Tuyl



**Darryl M. Burman – Senior Vice President and General Counsel**  
(December 2006)

- 20+ Years Industry Experience
- Automotive-related Experience: Mergers and Acquisitions; Corporate Finance; Employment and Securities Law – Epstein Becker Green Wickliff & Hall, P.C.; Fant & Burman, L.L.P.



**Peter C. DeLongchamps – Senior Vice President, Financial Services and Manufacturer Relations**  
(July 2004)

- 30+ Years Industry Experience
- Manufacturer and Automotive Retailing Experience: General Motors Corporation; BMW of North America; Advantage BMW in Houston



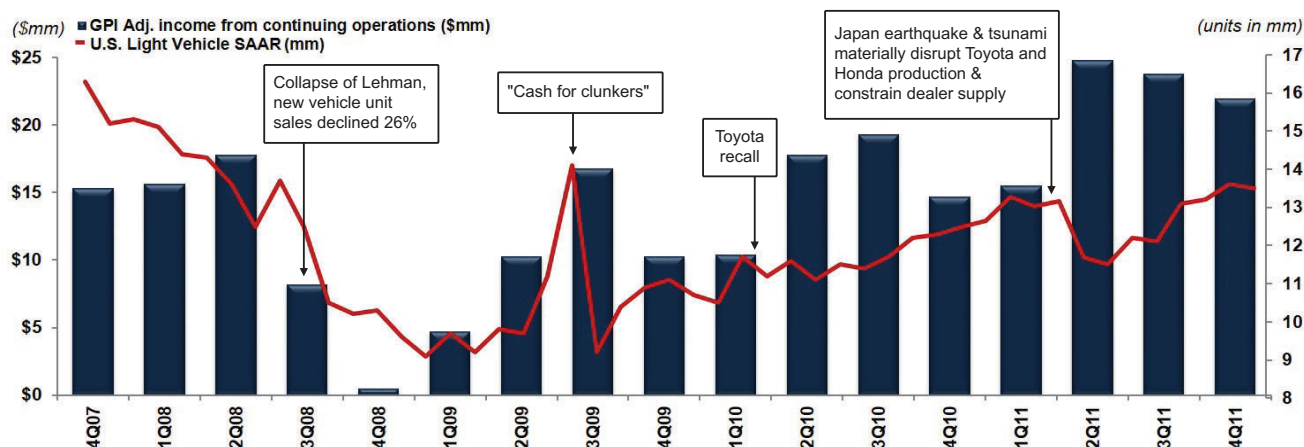
**Michael Jones – Senior Vice President, Aftersales**  
(April 2007)

- 40+ Years Industry Experience
- Automotive-related Experience: Fixed Operations - Asbury Automotive; David McDavid Automotive Group; Ryan Automotive Group

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## Profitable Throughout Downturn



(\$mm)	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Quarterly Revenue	\$ 1,134	\$ 1,020	\$ 1,109	\$ 1,247	\$ 1,150	\$ 1,191	\$ 1,419	\$ 1,462	\$ 1,438	\$ 1,409	\$ 1,474	\$ 1,570	\$ 1,626
Quarterly Adjusted EBITDA*	\$ 16	\$ 21	\$ 31	\$ 42	\$ 29	\$ 31	\$ 41	\$ 45	\$ 37	\$ 39	\$ 55	\$ 54	\$ 51
Quarterly Adjusted EBIT*	\$ 10	\$ 15	\$ 24	\$ 35	\$ 23	\$ 24	\$ 34	\$ 38	\$ 31	\$ 33	\$ 48	\$ 47	\$ 44
<b>Quarterly Adjusted Net Income*</b>	<b>\$ 1</b>	<b>\$ 5</b>	<b>\$ 10</b>	<b>\$ 17</b>	<b>\$ 10</b>	<b>\$ 10</b>	<b>\$ 18</b>	<b>\$ 19</b>	<b>\$ 15</b>	<b>\$ 16</b>	<b>\$ 25</b>	<b>\$ 24</b>	<b>\$ 22</b>
LTM Adjusted EBITDAR*	\$ 183	\$ 163	\$ 149	\$ 162	\$ 174	\$ 183	\$ 194	\$ 196	\$ 205	\$ 213	\$ 225	\$ 233	\$ 247
Total Rent-Adj. Debt1 / Adj. EBITDAR*	5.7x	6.1x	6.4x	5.7x	5.3x	5.1x	4.8x	4.8x	4.7x	4.5x	4.2x	4.1x	3.9x

<sup>1</sup> Total debt + 8x rent expense.

\* See appendix for reconciliations.

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# Brazil

GROUP 1 AUTOMOTIVE®

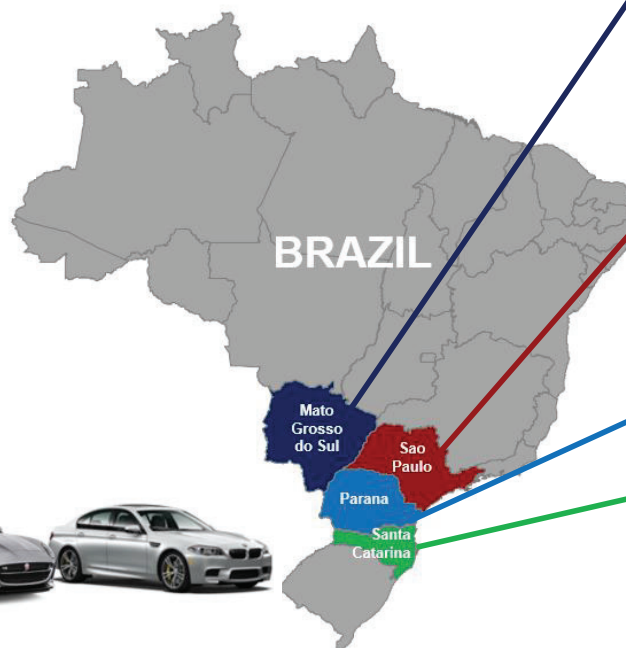
## Brazil Locations



Group 1 is aligned with growing brands in Brazil.

▪ **18 Dealerships (23 Franchises):**

- BMW (5)
- Toyota (5)
- Honda (4)
- Jaguar (3)
- Land Rover (3)
- MINI (2)
- Mercedes-Benz (1)



**Mato Grosso do Sul Location**

- Campo Grande



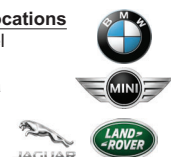
**São Paulo Locations**

- Santo Andre
- São Bernardo do Campo
- São Caetano do Sul
- São Jose dos Campos
- São Paulo
- Taubaté



**Paraná Locations**

- Cascavel
- Curitiba
- Londrina
- Maringá



**Santa Catarina Location**

- Joinville



\*As of February 5, 2019.

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U.K.

GROUP 1 AUTOMOTIVE®

## U.K. Locations

GP1

### UNITED KINGDOM – England 47 Dealerships (63 Franchises)



\*As of February 5, 2019.

- **2019 SAAR is forecasted at 17.0 million units**
- **Tariff Impact**
  - **Higher Cost of Imported Vehicles (20-25%)**
  - **Higher Cost of Imported Content (60%)**
    - Domestic - 40-50% imported
    - Imports – 45-70% imported
    - Luxury – more than 80% imported
  - **\$455 to \$6,800 per unit impact**
- **Potential impact of up to 2 million reduction in units sales**



## Reconciliations

See following section for reconciliations of data denoted within this presentation

# RECONCILIATION: Quarterly Adjusted EBIT, EBITDA, EBITDAR



	Three months ended,															
	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
(\$mm)	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Net Income from continuing operations	\$16	\$17	\$(22)	\$(57)	\$8	\$10	\$18	\$(2)	\$8	\$13	\$19	\$11	\$15	\$25	\$21	\$21
Provision for income taxes	10	11	(13)	(39)	6	6	10	(2)	5	8	12	6	9	15	13	13
Other interest expense, net	10	9	9	9	7	8	7	7	7	6	7	7	8	8	9	9
Non-Cash asset impairment charges	—	—	48	115	—	2	1	18	—	1	2	8	0	0	4	1
Mortgage debt refinancing charges	—	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—
(Gain) Loss on real estate and dealership transactions	—	1	0	—	7	(1)	—	1	—	5	(1)	—	—	—	—	—
(Gain) Loss of debt redemption	0	—	0	(17)	(7)	(1)	(1)	—	4	—	—	—	—	—	—	—
Severance costs	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	—
Legal settlement	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Adjusted EBIT	\$35	\$38	\$23	\$10	\$15	\$24	\$35	\$23	\$24	\$34	\$38	\$31	\$33	\$48	\$47	\$44
Depreciation Amortization expense	6	6	7	7	6	6	7	6	6	7	7	7	6	7	7	7
Adjusted EBITDA	\$41	\$45	\$29	\$16	\$21	\$31	\$42	\$29	\$31	\$41	\$45	\$37	\$39	\$55	\$54	\$51
G&A Rent Expense	14	13	13	13	13	13	13	13	13	13	13	13	12	12	12	12
Adjusted EBITDAR	\$54	\$58	\$42	\$29	\$34	\$43	\$55	\$41	\$43	\$54	\$57	\$50	\$51	\$67	\$66	\$63
Note: One time charges are pre-tax																

# RECONCILIATION: Quarterly Adjusted Net Income



## Three months ended,

(\$mm)	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Net income	\$(57)	\$8	\$10	\$18	\$(2)	\$8	\$13	\$19	\$11	\$15	\$25	\$21	\$21
Non-Cash asset impairment charges	67	—	1	0	12	—	1	1	5	0	0	2	0
Mortgage debt refinancing charges	—	—	0	—	—	—	—	—	—	—	—	—	—
(Gain) Loss on real estate and dealership transactions	—	1	(1)	—	1	—	4	(1)	—	—	—	—	—
(Gain) Loss of debt redemption	(9)	(4)	0	0	—	2	—	—	—	—	—	—	—
Severance costs	—	—	—	—	—	—	0	—	—	—	—	—	—
Income tax effect	—	—	—	(2)	—	—	—	—	(1)	—	—	—	—
Legal Settlement	—	—	—	—	—	—	—	—	—	—	—	—	1
<b>Adjusted Net Income</b>	<b>\$1</b>	<b>\$5</b>	<b>\$10</b>	<b>\$17</b>	<b>\$10</b>	<b>\$10</b>	<b>\$18</b>	<b>\$19</b>	<b>\$15</b>	<b>\$16</b>	<b>\$25</b>	<b>\$24</b>	<b>\$22</b>

Note: One time charges are pre-tax

# RECONCILIATION: Adjusted Operating Cash Flow (Non-GAAP)



Reconciliation of Certain Non-GAAP Financial Measures (Unaudited, in millions)							
Operating Cash Flow Reconciliation:	2018	2017	2016	2015	2014	2013	2012
<b>Operating Cash Flow as Reported (GAAP)</b>	<b>\$269,345</b>	<b>\$196,515</b>	<b>384,097</b>	<b>141,047</b>	<b>198,288</b>	<b>52,372</b>	<b>(75,322)</b>
Change in floorplan notes payable-credit facilities, excluding floorplan offset account and net acquisition and disposition	62,209	88,742	(113,116)	100,302	5,881	165,404	245,544
Change in floorplan notes payable-manufacturer affiliates associated with net acquisition and disposition related activity	(22,400)	(3,000)	—	3,000	2,970	(14,953)	(11,028)
<b>Adjusted Operating Cash Flow (Non-GAAP)</b>	<b>309,154</b>	<b>282,257</b>	<b>270,981</b>	<b>244,349</b>	<b>207,139</b>	<b>202,823</b>	<b>159,194</b>
							<b>152,254</b>



**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - Consolidated**  
(Unaudited, in millions)

**EBITDA RECONCILIATION:**

	Three Months Ended December 31, 2018		2017		Twelve Months Ended December 31, 2018		2017	
Net income (loss)	\$	30.7	\$	110.4	\$	157.8	\$	213.4
Other interest expense, net <sup>(1)</sup>		18.4		18.3		75.8		70.5
Depreciation and amortization expense		17.1		15.1		67.1		57.9
Non-cash asset impairment charges		16.5		10.0		43.9		19.5
Acquisition costs		-		-		-		0.3
Severance costs		-		0.5		-		0.5
Catastrophic events		(0.5)		-		5.3		15.3
Net (gain) loss on real estate and dealership transactions		0.3		-		(25.2)		0.8
Legal settlements		0.7		-		5.0		(1.1)
Income tax expense (benefit)		8.9		(51.5)		47.6		5.6
Adjusted EBITDA <sup>(2)</sup>	\$	92.1	\$	102.8	\$	377.3	\$	382.7

(1) Excludes Floorplan interest expense

(2) Adjusted EBITDA is defined as income (loss) plus loss on redemption of long-term debt, other interest expense, net, depreciation and amortization expense, non-cash asset impairment charges, acquisition costs, catastrophic events, net gain on real estate and dealership transactions, severance, deal costs, legal settlements, foreign transaction tax, and income tax expense (less income tax benefit). While Adjusted EBITDA should not be construed as a substitute for net income or as a better measure of liquidity than net cash provided by operating activities, which are determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"), it is included in our discussion of earnings to provide additional information regarding the amount of cash our business is generating with respect to our ability to meet future debt services, capital expenditures and working capital requirements. Adjusted EBITDA should not be used as an indicator of our operating performance. Consistent with industry practices, our management utilizes Adjusted EBITDA when valuing dealership operations. This measure may not be comparable to similarly titled measures reported by other companies. The table above shows the calculation of Adjusted EBITDA and reconciles Adjusted EBITDA to the GAAP measurement income (loss) for the periods presented in the table.

May not foot due to rounding

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures**  
(Unaudited, in thousands)

	Three Months Ended:											
	09.30.12	12.31.12	03.31.13	06.30.13	09.30.13	12.31.13	03.31.14	06.30.14	09.30.14	12.31.14	03.31.15	06.30.15
As reported	\$ 31,335	\$ 17,132	\$ 22,118	\$ 37,388	\$ 32,765	\$ 21,721	\$ 31,303	\$ 16,862	\$ 26,162	\$ 18,677	\$ 35,815	\$ 46,310
After-tax Adjustments <sup>(1)</sup> :												
Non-cash asset impairment charges	-	4,277	-	369	349	3,319	-	1,067	6,559	19,878	-	848
(Gain) loss on real estate and dealership transactions	-	(276)	(356)	(4,785)	(230)	-	-	(316)	(8,572)	1,550	-	(601)
(Gain) loss on repurchase of long-term debt	-	-	-	-	-	-	-	20,778	17,934	-	-	-
Income tax benefit related to tax elections for prior periods	-	-	-	-	-	-	-	-	-	-	-	-
Catastrophe events	-	1,219	504	6,757	158	-	-	1,039	671	-	-	593
Severance costs	-	548	-	-	454	237	-	388	385	-	-	167
Acquisition costs including related tax impact	-	1,111	6,968	-	(630)	-	-	-	-	188	-	-
Allowance for certain deferred tax assets and uncertain tax positions	-	-	-	-	-	3,629	-	-	-	-	-	-
Legal settlements	-	-	-	-	-	-	-	274	-	-	-	610
Foreign transaction tax	-	-	-	-	-	-	-	274	-	-	-	-
Tax rate changes	-	-	-	-	-	-	-	-	-	-	-	-
Foreign deferred income tax benefit	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted net income <sup>(2)</sup>	\$ 31,335	\$ 24,011	\$ 29,234	\$ 39,729	\$ 32,866	\$ 28,906	\$ 31,303	\$ 39,978	\$ 39,784	\$ 40,678	\$ 35,815	\$ 47,927

**ADJUSTED NET INCOME ATTRIBUTABLE TO DILUTED COMMON SHARES RECONCILIATION:**

Adjusted net income	\$ 31,335	\$ 24,011	\$ 29,234	\$ 39,729	\$ 32,866	\$ 28,906	\$ 31,303	\$ 39,978	\$ 39,784	\$ 40,678	\$ 35,815	\$ 47,927
Less: Adjusted earnings allocated to participating securities	1,641	1,066	1,233	1,692	1,324	1,057	1,156	1,456	1,520	1,529	1,388	1,855
Adjusted net income available to diluted common shares	\$ 29,694	\$ 22,945	\$ 28,001	\$ 38,037	\$ 31,542	\$ 27,849	\$ 30,147	\$ 38,522	\$ 38,264	\$ 39,149	\$ 34,427	\$ 46,072

**DILUTED EARNINGS (LOSS) PER SHARE RECONCILIATION:**

	Three Months Ended:											
	09.30.12	12.31.12	03.31.13	06.30.13	09.30.13	12.31.13	03.31.14	06.30.14	09.30.14	12.31.14	03.31.15	06.30.15
As reported	\$ 1.32	\$ 0.70	\$ 0.88	\$ 1.43	\$ 1.19	\$ 0.81	\$ 1.19	\$ 0.62	\$ 1.03	\$ 0.77	\$ 1.47	\$ 1.91
After-tax Adjustments:												
Non-cash asset impairment charges	-	0.18	-	0.01	0.01	0.12	-	0.04	0.26	0.81	-	0.04
(Gain) loss on real estate and dealership transactions	-	(0.01)	(0.01)	(0.18)	(0.01)	-	-	(0.01)	(0.34)	0.06	-	(0.03)
(Gain) loss on repurchase of long-term debt	-	-	-	-	-	-	-	0.76	0.71	-	-	-
Catastrophe events	-	0.05	0.02	0.26	0.01	-	-	0.04	0.03	-	-	0.02
Severance costs	-	0.02	-	0.02	0.02	0.01	-	-	0.01	0.02	-	0.01
Acquisition costs including related tax impact	-	0.05	0.27	-	(0.02)	-	-	-	-	0.01	-	-
Allowance for certain deferred tax assets and uncertain tax positions	-	-	-	-	-	0.14	-	-	-	-	-	-
Legal settlements	-	-	-	-	-	-	-	0.01	-	-	-	0.03
Foreign transaction tax	-	-	-	-	-	-	-	0.01	-	-	-	-
Tax rate changes	-	-	-	-	-	-	-	-	-	-	-	-
Foreign deferred income tax benefit	-	-	-	-	-	-	-	-	(0.13)	-	-	-
Adjusted diluted income per share <sup>(2)</sup>	\$ 1.32	\$ 0.99	\$ 1.16	\$ 1.52	\$ 1.20	\$ 1.08	\$ 1.19	\$ 1.47	\$ 1.57	\$ 1.67	\$ 1.47	\$ 1.98

Weighted average dilutive common shares outstanding	22,458	23,244	24,113	24,980	26,342	25,792	25,428	26,242	24,432	23,466	23,446	23,315
Participating securities	1,245	1,091	1,072	1,112	1,100	983	963	986	971	925	932	944
Total weighted average shares outstanding	23,703	24,335	25,185	26,092	27,442	26,775	26,391	27,228	25,403	24,391	24,378	24,259

<sup>(1)</sup> Refer to separate reconciliations of certain non-GAAP financial measures within the respective quarterly earnings release schedules for specific tax benefit or tax provision information.

<sup>(2)</sup> We believe that these adjusted financial measures are relevant and useful to investors because they provide additional information regarding the performance of our operations and improve period-to-period comparability. These measures are not measures of financial performance under GAAP. Accordingly, they should not be considered as substitutes for their unaudited counterparts, which are prepared in accordance with GAAP. Although we find these non-GAAP results useful in evaluating the performance of our business, our reliance on these measures is limited because the adjustments often have a material impact on our financial statements calculated in accordance with GAAP. Therefore, we typically use these adjusted numbers in conjunction with our GAAP results to address these limitations.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures**  
(Unaudited, in thousands)

**NET INCOME (LOSS) RECONCILIATION:**

As reported	\$	45,261	\$	(33,387)	\$	34,291	\$	46,580	\$	35,366	\$	30,828	\$	33,939	\$	39,133	\$	29,881	\$	110,489	\$	35,814	\$	56,463	\$	34,778	\$	30,718		
After-tax Adjustments <sup>(1)</sup> :																														
Non-cash asset impairment charges		776		72,798		315		633		6,746		12,756		-		-		5,947		6,464		-		3,179		17,655		12,681		12,681
(Gain) loss on real estate and dealership transactions		-		(4,357)		212		156		(696)		(265)		-		-		497		-		-	(15,202)		(4,145)		248		248	
(Gain) loss on repurchase of long-term debt		-		-		-		-		-		-		-		-		-		-		-	-	-		-		-		
Income tax benefit related to tax elections for prior periods		-		-		-		-		-		-		-		-		-		-		-	-	-		-		-		
Catastrophic events		-		398		1,659		1,727		281		-		-		393		9,022		-		-	4,368		-		(356)		(356)	
Severance costs		-		220		-		-		-		1,249		-		-		-		353		-	-	-		-		-		
Acquisition costs including related tax impact		-		-		578		-		-		-		-		288		-		-		-	-	-		-		-		
Allowance for certain deferred tax assets and uncertain tax positions		-		-		-		-		-		-		-		-		834		-		-	-	-		-		-		
Legal settlements		-		-		-		-		-		(7,312)		(1,137)		-		450		-		-	1,982		1,606		515		515	
Foreign transaction tax		-		-		-		-		274		-		-		-		-		-		-	-	-		-		-		
Tax rate changes		-		-		-		-		-		-		-		-		-		(73,028)		-	-	-		(705)		-		
Foreign deferred income tax benefit		-		-		-		(1,686)		-		-		-		-		-		-		-	-	-		-		-		
Adjusted net income <sup>(2)</sup>	\$	46,037	\$	35,672	\$	37,055	\$	47,410	\$	41,971	\$	37,256	\$	32,802	\$	39,814	\$	46,631	\$	44,278	\$	35,814	\$	50,790	\$	49,189	\$	43,806	\$	43,806

**ADJUSTED NET INCOME ATTRIBUTABLE TO DILUTED COMMON SHARES RECONCILIATION:**

Adjusted net income	\$ 46,037	\$ 35,672	\$ 37,055	\$ 47,410	\$ 41,971	\$ 37,256	\$ 32,802	\$ 39,814	\$ 46,631	\$ 44,278	\$ 35,814	\$ 50,790	\$ 49,189	\$ 43,806			
Less: Adjusted earnings allocated to participating securities	1,759	1,344	1,457	1,918	1,695	1,477	1,206	1,413	1,603	1,483	1,208	1,722	1,676	1,567			
Adjusted net income available to diluted common shares	\$ 44,278	\$ 34,328	\$ 35,598	\$ 45,492	\$ 40,276	\$ 35,779	\$ 31,596	\$ 38,401	\$ 45,028	\$ 42,795	\$ 34,606	\$ 49,068	\$ 47,513	\$ 42,239			

**DILUTED EARNINGS (LOSS)**

**PER SHARE RECONCILIATION:**

As reported	\$ 1.88	\$ (1.41)	\$ 1.47	\$ 2.12	\$ 1.65	\$ 1.44	\$ 1.58	\$ 1.84	\$ 1.43	\$ 5.27	\$ 1.70	\$ 2.72	\$ 1.74	\$ 1.62			
After-tax Adjustments:																	
Non-cash asset impairment charges	0.03	3.07	0.01	0.03	0.32	0.59	-	-	0.28	0.30	-	0.15	0.89	0.67			
(Gain) loss on real estate and dealership transactions	-	(0.18)	0.01	0.01	(0.03)	(0.01)	-	-	0.02	-	-	(0.73)	(0.21)	0.01			
(Gain) loss on repurchase of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Catastrophic events	-	0.02	0.07	0.08	0.01	-	-	0.02	0.44	-	-	0.21	-	-			
Severance costs	-	0.01	-	-	-	0.06	-	-	-	0.02	-	-	-	-			
Acquisition costs including related tax impact	-	-	0.03	-	-	-	-	0.01	-	-	-	-	-	-			
Allowance for certain deferred tax assets and uncertain tax positions	-	-	-	-	-	-	-	-	0.04	-	-	-	-	-			
Legal settlements	-	-	-	-	-	(0.34)	(0.05)	-	0.02	-	-	0.10	0.08	0.03			
Foreign transaction tax	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-			
Tax rate changes	-	-	-	-	-	-	-	-	-	(3.48)	-	-	(0.03)	-			
Foreign deferred income tax benefit	-	-	-	(0.08)	-	-	-	-	-	-	-	-	-	-			
Adjusted diluted income per share <sup>(2)</sup>	\$ 1.91	\$ 1.51	\$ 1.59	\$ 2.16	\$ 1.96	\$ 1.74	\$ 1.53	\$ 1.87	\$ 2.23	\$ 2.11	\$ 1.70	\$ 2.45	\$ 2.47	\$ 2.31			
Weighted average dilutive common shares outstanding	23,137	22,718	22,453	21,070	20,578	20,592	20,698	20,522	20,225	20,261	20,307	20,046	19,261	18,255			
Participating securities	925	897	921	892	872	858	818	761	724	708	715	708	684	681			
Total weighted average shares outstanding	24,062	23,615	23,374	21,962	21,450	21,450	21,516	21,283	20,949	20,969	21,022	20,754	19,945	18,936			

<sup>(1)</sup> Refer to separate reconciliations of certain non-GAAP financial measures within the respective quarterly earnings release schedules for specific tax benefit or tax provision information.

<sup>(2)</sup> We believe that these adjusted financial measures are relevant and useful to investors because they provide additional information regarding the performance of our operations and improve period-to-period comparability. These measures are not measures of financial performance under GAAP. Accordingly, they should not be considered as substitutes for their unaudited counterparts, which are prepared in accordance with GAAP. Although we find these non-GAAP results useful in evaluating the performance of our business, our reliance on these measures is limited because the adjustments often have a material impact on our financial statements calculated in accordance with GAAP. Therefore, we typically use these adjusted numbers in conjunction with our GAAP results to address these limitations.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - U.S.**  
(Unaudited)  
(Dollars in thousands)

	Three Months Ended December 31,		
	2018	2017	% Increase/ (Decrease)
<b>FINANCE, INSURANCE AND OTHER REVENUE, NET RECONCILIATION:</b>			
As reported	\$ 106,032	\$ 99,200	6.9
Pre-tax adjustments:			
Catastrophic events	(1,075)	—	
Adjusted Finance, insurance and other revenue, net <sup>(1)</sup>	\$ 104,957	\$ 99,200	5.8
<b>TOTAL REVENUES RECONCILIATION:</b>			
As reported	\$ 2,266,540	\$ 2,287,197	(0.9)
Pre-tax adjustments:			
Catastrophic events	(1,075)	—	
Adjusted Total Revenues <sup>(1)</sup>	\$ 2,265,465	\$ 2,287,197	(1.0)
<b>TOTAL GROSS PROFIT RECONCILIATION:</b>			
As reported	\$ 352,480	\$ 350,678	0.5
Pre-tax adjustments:			
Catastrophic events	(1,075)	—	
Adjusted Total Gross Profit <sup>(1)</sup>	\$ 351,405	\$ 350,678	0.2
<b>SG&amp;A RECONCILIATION:</b>			
As reported	\$ 252,634	\$ 242,070	4.4
Pre-tax adjustments:			
Catastrophic events	(605)	—	
Gain (loss) on real estate and dealership transactions	(327)	—	
Legal settlements	(682)	—	
Adjusted SG&A <sup>(1)</sup>	\$ 251,020	\$ 242,070	3.7
<b>TOTAL GROSS MARGIN %:</b>			
Unadjusted	15.6	15.3	
Adjusted <sup>(1)</sup>	15.5	15.3	
<b>FINANCE, INSURANCE AND OTHER, NET (PER RETAIL UNIT):</b>			
Unadjusted	\$ 1,778	\$ 1,700	4.6
Adjusted <sup>(1)</sup>	\$ 1,760	\$ 1,700	3.5
<b>SG&amp;A AS % REVENUES:</b>			
Unadjusted	11.1	10.6	
Adjusted <sup>(1)</sup>	11.1	10.6	
<b>SG&amp;A AS % GROSS PROFIT:</b>			
Unadjusted	71.7	69.0	
Adjusted <sup>(1)</sup>	71.4	69.0	
<b>OPERATING MARGIN %:</b>			
Unadjusted	3.1	4.1	
Adjusted <sup>(1), (2)</sup>	3.8	4.2	
<b>PRETAX MARGIN %:</b>			
Unadjusted	1.7	2.8	
Adjusted <sup>(1), (2)</sup>	2.5	2.9	

<b>SAME STORE FINANCE, INSURANCE AND OTHER REVENUE, NET RECONCILIATION:</b>			
As reported	\$ 103,412	\$ 97,593	6.0
Pre-tax adjustments:			
Catastrophic events	(1,075)	—	
Adjusted Finance, insurance and other revenue, net <sup>(1)</sup>	\$ 102,337	\$ 97,593	4.9
<b>SAME STORE TOTAL REVENUES RECONCILIATION:</b>			
As reported	\$ 2,216,414	\$ 2,246,278	(1.3)
Pre-tax adjustments:			
Catastrophic events	(1,075)	—	
Adjusted Total Revenues <sup>(1)</sup>	\$ 2,215,339	\$ 2,246,278	(1.4)
<b>SAME STORE TOTAL GROSS PROFIT RECONCILIATION:</b>			
As reported	\$ 345,721	\$ 344,390	0.4
Pre-tax adjustments:			
Catastrophic events	(1,075)	—	
Adjusted Total Gross Profit <sup>(1)</sup>	\$ 344,646	\$ 344,390	0.1
<b>SAME STORE SG&amp;A RECONCILIATION:</b>			
As reported	\$ 243,619	\$ 237,470	2.6
Pre-tax adjustments:			
Catastrophic events	(605)	—	
Legal settlements	(682)	—	
Adjusted Same Store SG&A <sup>(1)</sup>	\$ 242,332	\$ 237,470	2.0
<b>SAME STORE TOTAL GROSS MARGIN %:</b>			
Unadjusted	15.6	15.3	
Adjusted <sup>(1)</sup>	15.6	15.3	
<b>SAME STORE FINANCE, INSURANCE AND OTHER, NET (PER RETAIL UNIT):</b>			
Unadjusted	\$ 1,785	\$ 1,697	5.2
Adjusted <sup>(1)</sup>	\$ 1,767	\$ 1,697	4.1
<b>SAME STORE SG&amp;A AS % REVENUES:</b>			
Unadjusted	11.0	10.6	
Adjusted <sup>(1)</sup>	10.9	10.6	
<b>SAME STORE SG&amp;A AS % GROSS PROFIT:</b>			
Unadjusted	70.5	69.0	
Adjusted <sup>(1)</sup>	70.3	69.0	
<b>SAME STORE OPERATING MARGIN %:</b>			
Unadjusted	3.3	4.2	
Adjusted <sup>(1), (3)</sup>	4.0	4.2	

<sup>(1)</sup> See the section of this release entitled "Non-GAAP Financial Measures" for information regarding non-GAAP financial measures and certain selected items that the Company believes impact comparability of financial results between reporting periods.

<sup>(2)</sup> Excludes the impact of Revenues and SG&A reconciling items above, as well as non-cash asset impairment charges of \$15,971 for the three months ended December 31, 2018 and \$3,236 for the three months ended December 31, 2017.

<sup>(3)</sup> Excludes the impact of Same Store Revenues and SG&A reconciling items above, as well as non-cash asset impairment charges of \$15,971 for the three months ended December 31, 2018 and \$1,514 for the three months ended December 31, 2017.



**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - U.S.**  
(Unaudited)  
(Dollars in thousands)

	Twelve Months Ended December 31,		
	2018	2017	% Increase/ (Decrease)
<b>FINANCE, INSURANCE AND OTHER REVENUE, NET RECONCILIATION:</b>			
As reported	\$ 401,271	\$ 375,954	6.7
Pre-tax adjustments:			
Catastrophic events	(1,075)	6,550	
Adjusted Finance, insurance and other revenue, net <sup>(1)</sup>	\$ 400,196	\$ 382,504	4.6
<b>TOTAL REVENUES RECONCILIATION:</b>			
As reported	\$ 8,723,257	\$ 8,680,565	0.5
Pre-tax adjustments:			
Catastrophic events	(1,075)	6,550	
Adjusted Total Revenues <sup>(1)</sup>	\$ 8,722,182	\$ 8,687,115	0.4
<b>TOTAL GROSS PROFIT RECONCILIATION:</b>			
As reported	\$ 1,391,306	\$ 1,365,314	1.9
Pre-tax adjustments:			
Catastrophic events	(1,075)	6,550	
Adjusted Total Gross Profit <sup>(1)</sup>	\$ 1,390,231	\$ 1,371,864	1.3
<b>SG&amp;A RECONCILIATION:</b>			
As reported	\$ 982,064	\$ 983,974	(0.2)
Pre-tax adjustments:			
Catastrophic events	(6,417)	(8,792)	
Gain (loss) on real estate and dealership transactions	25,186	(798)	
Legal settlements	(1,285)	1,113	
Adjusted SG&A <sup>(1)</sup>	\$ 999,548	\$ 975,497	2.5
<b>TOTAL GROSS MARGIN %:</b>			
Unadjusted	15.9	15.7	
Adjusted <sup>(1)</sup>	15.9	15.8	
<b>FINANCE, INSURANCE AND OTHER, NET (PER RETAIL UNIT):</b>			
Unadjusted	\$ 1,710	\$ 1,647	3.8
Adjusted <sup>(1)</sup>	\$ 1,705	\$ 1,675	1.8
<b>SG&amp;A AS % REVENUES:</b>			
Unadjusted	11.3	11.3	
Adjusted <sup>(1)</sup>	11.5	11.2	
<b>SG&amp;A AS % OF GROSS PROFIT:</b>			
Unadjusted	70.6	72.1	
Adjusted <sup>(1)</sup>	71.9	71.1	
<b>OPERATING MARGIN %:</b>			
Unadjusted	3.6	3.7	
Adjusted <sup>(1), (2)</sup>	3.9	4.0	
<b>PRETAX MARGIN %:</b>			
Unadjusted	2.2	2.4	
Adjusted <sup>(1), (2)</sup>	2.5	2.7	

**SAME STORE FINANCE, INSURANCE AND OTHER REVENUE, NET RECONCILIATION:**

As reported	\$	391,730	\$	371,932	5.3
Pre-tax adjustments:					
Catastrophic events		(1,075)		6,550	
Adjusted Finance, insurance and other revenue, net <sup>(1)</sup>	\$	390,655	\$	378,482	3.2

**SAME STORE TOTAL REVENUES RECONCILIATION:**

As reported	\$	8,536,524	\$	8,596,934	(0.7)
Pre-tax adjustments:					
Catastrophic events		(1,075)		6,550	
Adjusted Total Revenues <sup>(1)</sup>	\$	8,535,449	\$	8,603,484	(0.8)

**SAME STORE TOTAL GROSS PROFIT RECONCILIATION:**

As reported	\$	1,363,800	\$	1,351,333	0.9
Pre-tax adjustments:					
Catastrophic events		(1,075)		6,550	
Adjusted Total Gross Profit <sup>(1)</sup>	\$	1,362,725	\$	1,357,883	0.4

**SAME STORE SG&A RECONCILIATION:**

As reported	\$	979,531	\$	973,412	0.6
Pre-tax adjustments:					
Catastrophic events		(6,417)		(8,792)	
Gain (loss) on real estate and dealership transactions		2,372		(798)	
Legal settlements		(1,285)		1,113	
Adjusted Same Store SG&A <sup>(1)</sup>	\$	974,201	\$	964,935	1.0

**SAME STORE TOTAL GROSS MARGIN %:**

Unadjusted		16.0		15.7	
Adjusted <sup>(1)</sup>		16.0		15.8	

**SAME STORE FINANCE, INSURANCE AND OTHER, NET (PER RETAIL UNIT):**

Unadjusted	\$	1,707	\$	1,641	4.0
Adjusted <sup>(1)</sup>	\$	1,703	\$	1,670	2.0

**SAME STORE SG&A AS % REVENUES:**

Unadjusted		11.5		11.3	
Adjusted <sup>(1)</sup>		11.4		11.2	

**SAME STORE SG&A AS % GROSS PROFIT:**

Unadjusted		71.8		72.0	
Adjusted <sup>(1)</sup>		71.5		71.1	

**SAME STORE OPERATING MARGIN %:**

Unadjusted		3.4		3.7	
Adjusted <sup>(1), (3)</sup>		3.9		4.0	

<sup>(1)</sup> See the section of this release entitled "Non-GAAP Financial Measures" for information regarding non-GAAP financial measures and certain selected items that the Company believes impact comparability of financial results between reporting periods.

<sup>(2)</sup> Excludes the impact of Revenues and SG&A reconciling items above, as well as non-cash asset impairment charges of \$43,398 for the twelve months ended December 31, 2018 and \$12,762 for the twelve months ended December 31, 2017.

<sup>(3)</sup> Excludes the impact of Same Store Revenues and SG&A reconciling items above, as well as non-cash asset impairment charges of \$42,154 for the twelve months ended December 31, 2018 and \$11,034 for the twelve months ended December 31, 2017.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - U.K.**

(Unaudited)

(Dollars in thousands)

	Three Months Ended December 31,		
	2018	2017	% Increase/ (Decrease)
<b>OPERATING MARGIN %:</b>			
Unadjusted	0.4	0.8	
Adjusted <sup>(1), (2)</sup>	0.5	0.8	
<b>PRETAX MARGIN %:</b>			
Unadjusted	(0.2)	0.3	
Adjusted <sup>(1), (2)</sup>	(0.1)	0.3	
<b>SAME STORE OPERATING MARGIN %:</b>			
Unadjusted	0.3	0.8	
Adjusted <sup>(1), (2)</sup>	0.4	0.8	

<sup>(1)</sup> See the section of this release entitled "Non-GAAP Financial Measures" for information regarding non-GAAP financial measures and certain selected items that the Company believes impact comparability of financial results between reporting periods.

<sup>(2)</sup> Excludes the impact of non-cash asset impairment charges of \$485 for the three months ended December 31, 2018.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - U.K.**

(Unaudited)

(Dollars in thousands)

	Twelve Months Ended December 31,		
	2018	2017	% Increase/ (Decrease)
<b>SG&amp;A RECONCILIATION:</b>			
As reported	\$ 240,403	\$ 191,570	25.5
Pre-tax adjustments:			
Acquisition costs	—	(288)	
Adjusted SG&A <sup>(1)</sup>	\$ 240,403	\$ 191,282	25.7
<b>SG&amp;A AS % REVENUES:</b>			
Unadjusted	9.9	9.6	
Adjusted <sup>(1)</sup>	9.9	9.6	
<b>SG&amp;A AS % OF GROSS PROFIT:</b>			
Unadjusted	85.9	85.0	
Adjusted <sup>(1)</sup>	85.9	84.9	
<b>OPERATING MARGIN %:</b>			
Unadjusted	1.1	1.3	
Adjusted <sup>(1), (2)</sup>	1.1	1.3	
<b>PRETAX MARGIN %:</b>			
Unadjusted	0.5	0.9	
Adjusted <sup>(1), (2)</sup>	0.6	0.9	
<b>SAME STORE SG&amp;A RECONCILIATION:</b>			
As reported	\$ 196,899	\$ 186,160	5.8
Pre-tax adjustments:			
Acquisition costs	—	(288)	
Adjusted Same Store SG&A <sup>(1)</sup>	\$ 196,899	\$ 185,872	5.9
<b>SAME STORE SG&amp;A AS % REVENUES:</b>			
Unadjusted	10.1	9.6	
Adjusted <sup>(1)</sup>	10.1	9.6	
<b>SAME STORE SG&amp;A AS % GROSS PROFIT:</b>			
Unadjusted	86.3	84.1	
Adjusted <sup>(1)</sup>	86.3	84.0	
<b>SAME STORE OPERATING MARGIN %:</b>			
Unadjusted	1.0	1.4	
Adjusted <sup>(1), (3)</sup>	1.1	1.4	

<sup>(1)</sup> See the section of this release entitled "Non-GAAP Financial Measures" for information regarding non-GAAP financial measures and certain selected items that the Company believes impact comparability of financial results between reporting periods.

<sup>(2)</sup> Excludes the impact of SG&A reconciling items above, as well as non-cash asset impairment charges of \$485 for the twelve months ended December 31, 2018.

<sup>(3)</sup> Excludes the impact of Same Store SG&A reconciling items above, as well as non-cash asset impairment charges of \$485 for the twelve months ended December 31, 2018.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - Brazil**  
(Unaudited)  
(Dollars in thousands)

	Three Months Ended December 31,		
	2018	2017	% Increase/ (Decrease)
<b>SG&amp;A RECONCILIATION:</b>			
As reported	\$ 12,368	\$ 13,356	(7.4)
Severance costs	—	(475)	
Adjusted SG&A <sup>(1)</sup>	\$ 12,368	\$ 12,881	(4.0)
<b>SG&amp;A AS % REVENUES:</b>			
Unadjusted	10.5	10.7	
Adjusted <sup>(1)</sup>	10.5	10.3	
<b>SG&amp;A AS % GROSS PROFIT:</b>			
Unadjusted	84.4	91.7	
Adjusted <sup>(1)</sup>	84.4	88.4	
<b>OPERATING MARGIN %:</b>			
Unadjusted	1.6	(4.7)	
Adjusted <sup>(1), (2)</sup>	1.6	1.1	
<b>PRETAX MARGIN %:</b>			
Unadjusted	1.3	(4.9)	
Adjusted <sup>(1), (2)</sup>	1.3	0.9	
<b>SAME STORE SG&amp;A RECONCILIATION:</b>			
As reported	\$ 11,472	\$ 13,459	(14.8)
Pre-tax adjustments:			
Severance costs	—	(475)	
Adjusted Same Store SG&A <sup>(1)</sup>	\$ 11,472	\$ 12,984	(11.6)
<b>SAME STORE SG&amp;A AS % REVENUES:</b>			
Unadjusted	10.5	10.7	
Adjusted <sup>(1)</sup>	10.5	10.4	
<b>SAME STORE SG&amp;A AS % GROSS PROFIT:</b>			
Unadjusted	83.4	92.4	
Adjusted <sup>(1)</sup>	83.4	89.1	
<b>SAME STORE OPERATING MARGIN %:</b>			
Unadjusted	1.7	(4.8)	
Adjusted <sup>(1), (3)</sup>	1.7	1.0	

<sup>(1)</sup> See the section of this release entitled "Non-GAAP Financial Measures" for information regarding non-GAAP financial measures and certain selected items that the Company believes impact comparability of financial results between reporting periods.

<sup>(2)</sup> Excludes the impact of SG&A reconciling items above, as well as non-cash asset impairment charges of \$6,744 for the three months ended December 31, 2017.

<sup>(3)</sup> Excludes the impact of Same Store SG&A reconciling items above, as well as non-cash asset impairment charges of \$6,744 for the three months ended December 31, 2017.



**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - Brazil**  
(Unaudited)  
(Dollars in thousands)

	Twelve Months Ended December 31,		
	2018	2017	% Increase/ (Decrease)
<b>SG&amp;A RECONCILIATION:</b>			
As reported	\$ 50,590	\$ 50,651	(0.1)
Pre-tax adjustments:			
Severance costs	—	(475)	
Legal settlements	(3,670)	—	
Adjusted SG&A <sup>(1)</sup>	\$ 46,920	\$ 50,176	(6.5)
<b>SG&amp;A AS % REVENUES:</b>			
Unadjusted	11.5	11.1	
Adjusted <sup>(1)</sup>	10.6	11.0	
<b>SG&amp;A AS % OF GROSS PROFIT:</b>			
Unadjusted	93.9	92.2	
Adjusted <sup>(1)</sup>	87.1	91.3	
<b>OPERATING MARGIN %:</b>			
Unadjusted	0.4	(0.9)	
Adjusted <sup>(1), (2)</sup>	1.2	0.7	
<b>PRETAX MARGIN %:</b>			
Unadjusted	—	(1.0)	
Adjusted <sup>(1), (2)</sup>	0.8	0.6	
<b>SAME STORE SG&amp;A RECONCILIATION:</b>			
As reported	\$ 48,050	\$ 49,599	(3.1)
Pre-tax adjustments:			
Severance costs	—	(475)	
Legal settlements	(2,934)	—	
Adjusted Same Store SG&A <sup>(1)</sup>	\$ 45,116	\$ 49,124	(8.2)
<b>SAME STORE SG&amp;A AS % REVENUES:</b>			
Unadjusted	11.4	11.0	
Adjusted <sup>(1)</sup>	10.7	10.9	
<b>SAME STORE SG&amp;A AS % GROSS PROFIT:</b>			
Unadjusted	92.6	91.0	
Adjusted <sup>(1)</sup>	87.0	90.2	
<b>SAME STORE OPERATING MARGIN %:</b>			
Unadjusted	0.5	(0.7)	
Adjusted <sup>(1), (3)</sup>	1.2	0.9	

<sup>(1)</sup> See the section of this release entitled "Non-GAAP Financial Measures" for information regarding non-GAAP financial measures and certain selected items that the Company believes impact comparability of financial results between reporting periods.

<sup>(2)</sup> Excludes the impact of SG&A reconciling items above, as well as non-cash asset impairment charges of \$6,744 for the twelve months ended December 31, 2017.

<sup>(3)</sup> Excludes the impact of Same Store SG&A reconciling items above, as well as non-cash asset impairment charges of \$6,744 for the twelve months ended December 31, 2017.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - Consolidated**

(Unaudited)

(Dollars in thousands, except per share amounts)

	Three Months Ended December 31,		
	2018	2017	% Increase/ (Decrease)
<b>NET INCOME RECONCILIATION:</b>			
As reported			
Pretax Net Income	\$ 39,683	\$ 58,974	
Income Tax Provision	(8,965)	51,515	
Net Income	\$ 30,718	\$ 110,489	(72.2)
Effective Tax Rate	22.6%	(87.4)%	
Adjustments:			
Catastrophic events			
Pre-tax	(470)	—	
Tax impact	114	—	
(Gain) loss on real estate and dealership transactions			
Pre-tax	327	—	
Tax impact	(79)	—	
Severance costs			
Pre-tax	—	475	
Tax impact	—	(122)	
Legal settlements			
Pre-tax	682	—	
Tax impact	(167)	—	
Non-cash asset impairment			
Pre-tax	16,456	9,979	
Tax impact	(3,775)	(3,515)	
Tax rate changes			
Pre-tax	—	—	
Tax impact	—	(73,028)	
Adjusted			
Pretax Net Income	\$ 56,678	\$ 69,428	
Income Tax Provision	(12,872)	(25,150)	
Adjusted net income <sup>(1)</sup>	\$ 43,806	\$ 44,278	(1.1)
Effective Tax Rate	22.7%	36.2 %	
<b>ADJUSTED NET INCOME ATTRIBUTABLE TO DILUTED</b>			
<b>COMMON SHARES RECONCILIATION:</b>			
Adjusted net income <sup>(1)</sup>	\$ 43,806	\$ 44,278	(1.1)
Less: Adjusted earnings allocated to participating securities	1,567	1,483	5.6
Adjusted net income available to diluted common shares <sup>(1)</sup>	\$ 42,239	\$ 42,795	(1.3)
<b>DILUTED (LOSS) INCOME PER COMMON SHARE RECONCILIATION:</b>			
As reported	\$ 1.62	\$ 5.27	(69.3)
After-tax adjustments:			
Catastrophic events	(0.02)	—	
(Gain) loss on real estate and dealership transactions	0.01	—	
Severance costs	—	0.02	
Legal settlements	0.03	—	
Non-cash asset impairment	0.67	0.30	
Tax rate changes	—	(3.48)	
Adjusted diluted income per share <sup>(1)</sup>	\$ 2.31	\$ 2.11	9.5

**FINANCE, INSURANCE AND OTHER REVENUE, NET RECONCILIATION:**

As reported	\$ 123,991	\$ 114,705	8.1
Pre-tax adjustments:	—	—	
Catastrophic events	(1,075)	—	
Adjusted Finance, insurance and other revenue, net <sup>(1)</sup>	\$ 122,916	\$ 114,705	7.2

**TOTAL REVENUES RECONCILIATION:**

As reported	\$ 2,908,812	\$ 2,920,405	(0.4)
Pre-tax adjustments:	—	—	
Catastrophic events	(1,075)	—	
Adjusted Total Revenues <sup>(1)</sup>	\$ 2,907,737	\$ 2,920,405	(0.4)

**TOTAL GROSS PROFIT RECONCILIATION:**

As reported	\$ 432,066	\$ 425,675	1.5
Pre-tax adjustments:	—	—	
Catastrophic events	(1,075)	—	
Adjusted Total Gross Profit <sup>(1)</sup>	\$ 430,991	\$ 425,675	1.2

**SG&A RECONCILIATION:**

As reported	\$ 323,847	\$ 309,521	4.6
Pre-tax adjustments:			
Catastrophic events	(605)	—	
Gain (loss) on real estate and dealership transactions	(327)	—	
Severance costs	—	(475)	
Legal settlements	(682)	—	
Adjusted SG&A <sup>(1)</sup>	\$ 322,233	\$ 309,046	4.3

**TOTAL GROSS MARGIN %:**

Unadjusted	14.9	14.6	
Adjusted <sup>(1)</sup>	14.8	14.6	

**FINANCE, INSURANCE AND OTHER, NET (PER RETAIL UNIT):**

Unadjusted	\$ 1,582	\$ 1,495	5.8
Adjusted <sup>(1)</sup>	\$ 1,568	\$ 1,495	4.9

**SG&A AS % REVENUES:**

Unadjusted	11.1	10.6	
Adjusted <sup>(1)</sup>	11.1	10.6	

**SG&A AS % GROSS PROFIT:**

Unadjusted	75.0	72.7	
Adjusted <sup>(1)</sup>	74.8	72.6	

**OPERATING MARGIN %:**

Unadjusted	2.6	3.1	
Adjusted <sup>(1), (2)</sup>	3.2	3.5	

**PRETAX MARGIN %:**

Unadjusted	1.4	2.0	
Adjusted <sup>(1), (2)</sup>	1.9	2.4	

**SAME STORE FINANCE, INSURANCE AND OTHER REVENUE, NET RECONCILIATION:**

As reported	\$ 118,624	\$ 113,007	5.0
Pre-tax adjustments:			
Catastrophic events	(1,075)	—	
Adjusted Finance, insurance and other revenue, net <sup>(1)</sup>	\$ 117,549	\$ 113,007	4.0

**SAME STORE TOTAL REVENUES RECONCILIATION:**

As reported	\$ 2,790,690	\$ 2,876,798	(3.0)
Pre-tax adjustments:			
Catastrophic events	(1,075)	—	
Adjusted Total Revenues <sup>(1)</sup>	\$ 2,789,615	\$ 2,876,798	(3.0)

SAME STORE TOTAL GROSS PROFIT RECONCILIATION:					
As reported	\$	417,213	\$	418,925	(0.4)
Pre-tax adjustments:		—		—	
Catastrophic events		(1,075)		—	
Adjusted Total Gross Profit <sup>(1)</sup>	\$	416,138	\$	418,925	(0.7)
SAME STORE SG&A RECONCILIATION:					
As reported	\$	307,954	\$	304,422	1.2
Pre-tax adjustments:					
Catastrophic events		(605)		—	
Severance costs		—		(475)	
Legal settlements		(682)		—	
Adjusted Same Store SG&A <sup>(1)</sup>	\$	306,667	\$	303,947	0.9
SAME STORE TOTAL GROSS MARGIN %:					
Unadjusted		15.0		14.6	
Adjusted <sup>(1)</sup>		14.9		14.6	
SAME STORE FINANCE, INSURANCE AND OTHER, NET (PER RETAIL UNIT):					
Unadjusted	\$	1,588	\$	1,491	6.5
Adjusted <sup>(1)</sup>	\$	1,574	\$	1,491	5.6
SAME STORE SG&A AS % REVENUES:					
Unadjusted		11.0		10.6	
Adjusted <sup>(1)</sup>		11.0		10.6	
SAME STORE SG&A AS % GROSS PROFIT:					
Unadjusted		73.8		72.7	
Adjusted <sup>(1)</sup>		73.7		72.6	
SAME STORE OPERATING MARGIN %:					
Unadjusted		2.7		3.2	
Adjusted <sup>(1), (3)</sup>		3.3		3.5	

<sup>(1)</sup> See the section of this release entitled "Non-GAAP Financial Measures" for information regarding non-GAAP financial measures and certain selected items that the Company believes impact comparability of financial results between reporting periods.

<sup>(2)</sup> Excludes the impact of Revenues and SG&A reconciling items above, as well as non-cash asset impairment charges of \$16,456 for the three months ended December 31, 2018 and \$9,980 for the three months ended December 31, 2017.

<sup>(3)</sup> Excludes the impact of Same Store Revenues and SG&A reconciling items above, as well as non-cash asset impairment charges of \$16,456 for the three months ended December 31, 2018 and \$8,258 for the three months ended December 31, 2017.

**Group 1 Automotive, Inc.**  
**Reconciliation of Certain Non-GAAP Financial Measures - Consolidated**  
(Unaudited)  
(Dollars in thousands, except per share amounts)

	Twelve Months Ended December 31, 2018		
	2018	2017	% Increase/ (Decrease)
<b>NET INCOME RECONCILIATION:</b>			
As reported			
Pretax Net Income	\$ 205,403	\$ 219,003	
Income Tax Provision	(47,631)	(5,561)	
Net Income	\$ 157,772	\$ 213,442	(26.1)
Effective Tax Rate	23.2%	2.5%	
Adjustments:			
Catastrophic events			
Pre-tax	5,342	15,342	
Tax impact	(1,330)	(5,926)	
(Gain) loss on real estate and dealership transactions			
Pre-tax	(25,186)	798	
Tax impact	6,087	(301)	
Severance costs			
Pre-tax	—	475	
Tax impact	—	(122)	
Acquisition costs			
Pre-tax	—	288	
Tax impact	—	—	
Legal settlements			
Pre-tax	4,955	(1,113)	
Tax impact	(854)	426	
Non-cash asset impairment			
Pre-tax	43,883	19,505	
Tax impact	(10,368)	(7,094)	
Allowance for uncertain tax positions			
Pre-tax	—	—	
Tax impact	—	834	
Tax rate changes			
Pre-tax			
Tax impact	(705)	(73,028)	
Adjusted			
Pretax Net Income	\$ 234,397	\$ 254,298	
Income Tax Provision	(54,801)	(90,772)	
Adjusted net income <sup>(1)</sup>	\$ 179,596	\$ 163,526	9.8
Effective Tax Rate	23.4%	35.7%	
<b>ADJUSTED NET INCOME ATTRIBUTABLE TO DILUTED</b>			
COMMON SHARES RECONCILIATION:			
Adjusted net income <sup>(1)</sup>	\$ 179,596	\$ 163,526	9.8
Less: Adjusted earnings allocated to participating securities	6,169	5,738	7.5
Adjusted net income available to diluted common shares <sup>(1)</sup>	\$ 173,427	\$ 157,788	9.9



**DILUTED INCOME PER COMMON SHARE RECONCILIATION:**

As reported	\$	7.83	\$	10.08	(22.3)
After-tax adjustments:		—		—	
Catastrophic events		0.20		0.45	
(Gain) loss on real estate and dealership transactions		(0.95)		0.03	
Severance costs		—		0.01	
Acquisition costs including related tax impact		—		0.01	
Legal settlements		0.21		(0.03)	
Non-cash asset impairment		1.65		0.59	
Allowance for uncertain tax positions		—		0.04	
Tax rate changes		(0.03)		(3.45)	
Adjusted diluted income per share <sup>(1)</sup>	\$	8.91	\$	7.73	15.3

**FINANCE, INSURANCE AND OTHER REVENUE, NET RECONCILIATION:**

As reported	\$	467,453	\$	429,002	9.0
Pre-tax adjustments:					
Catastrophic events		(1,075)		6,550	
Adjusted Finance, insurance and other revenue, net <sup>(1)</sup>	\$	466,378	\$	435,552	7.1

**TOTAL REVENUES RECONCILIATION:**

As reported	\$	11,601,358	\$	11,123,721	4.3
Pre-tax adjustments:					
Catastrophic events		(1,075)		6,550	
Adjusted Total Revenues <sup>(1)</sup>	\$	11,600,283	\$	11,130,271	4.2

**TOTAL GROSS PROFIT RECONCILIATION:**

As reported	\$	1,725,093	\$	1,645,509	4.8
Pre-tax adjustments:					
Catastrophic events		(1,075)		6,550	
Adjusted Total Gross Profit <sup>(1)</sup>	\$	1,724,018	\$	1,652,059	4.4

**SG&A RECONCILIATION:**

As reported	\$	1,273,057	\$	1,226,195	3.8
Pre-tax adjustments:					
Catastrophic events		(6,417)		(8,792)	
Gain (loss) on real estate and dealership transactions		25,186		(798)	
Severance costs		—		(475)	
Acquisition costs		—		(288)	
Legal settlements		(4,955)		1,113	
Adjusted SG&A <sup>(1)</sup>	\$	1,286,871	\$	1,216,955	5.7

**TOTAL GROSS MARGIN %:**

Unadjusted		14.9		14.8	
Adjusted <sup>(1)</sup>		14.9		14.8	

**FINANCE, INSURANCE AND OTHER, NET (PER RETAIL UNIT):**

Unadjusted	\$	1,468	\$	1,420	3.4
Adjusted <sup>(1)</sup>	\$	1,464	\$	1,442	1.5

**SG&A AS % REVENUES:**

Unadjusted		11.0		11.0	
Adjusted <sup>(1)</sup>		11.1		10.9	

**SG&A AS % OF GROSS PROFIT:**

Unadjusted		73.8		74.5	
Adjusted <sup>(1)</sup>		74.6		73.7	

**OPERATING MARGIN %:**

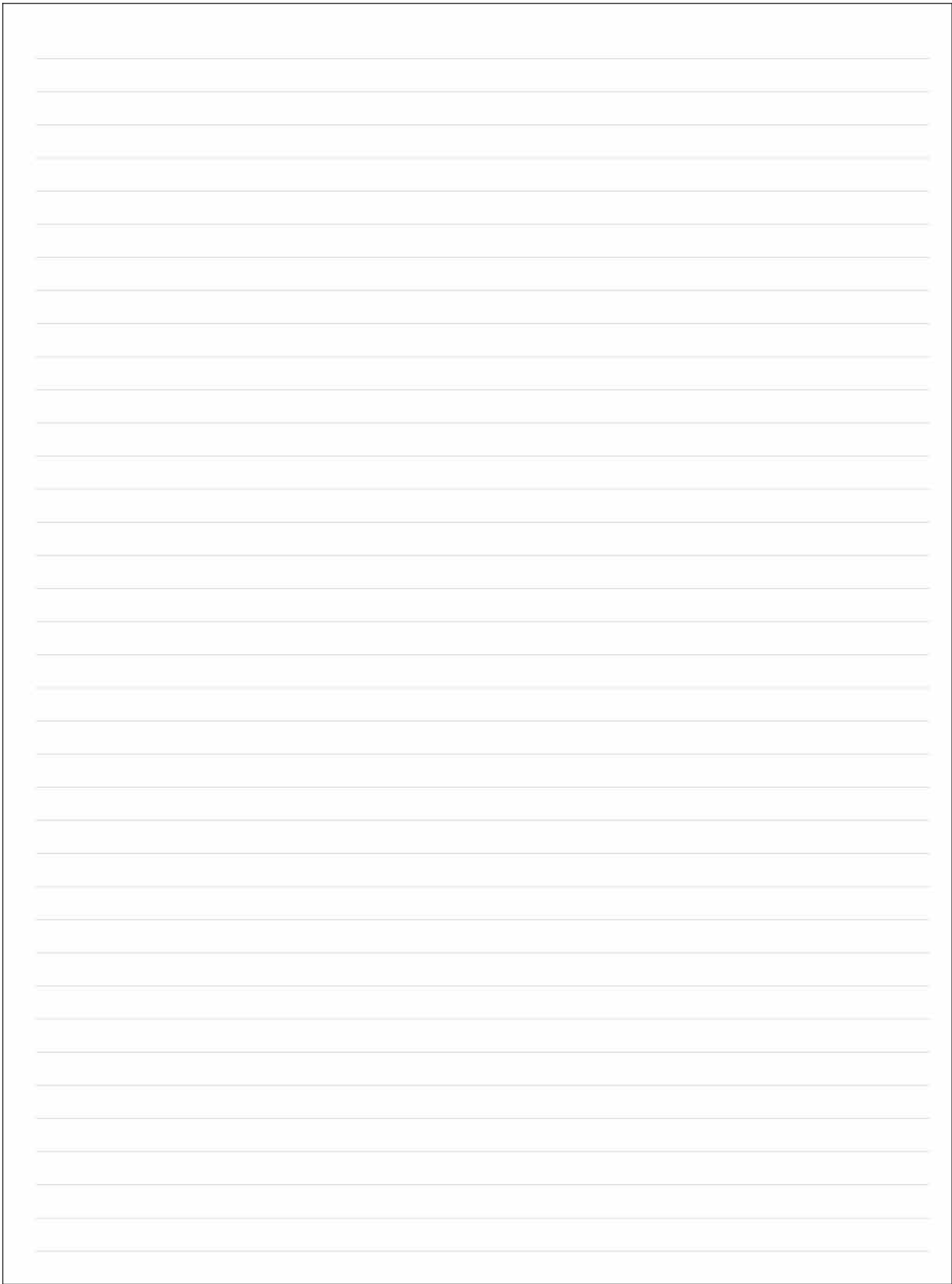
Unadjusted		2.9		3.1	
Adjusted <sup>(1), (2)</sup>		3.2		3.4	

<b>PRETAX MARGIN %:</b>			
Unadjusted	1.8	2.0	
Adjusted <sup>(1), (2)</sup>	2.0	2.3	
<b>SAME STORE FINANCE, INSURANCE AND OTHER REVENUE, NET RECONCILIATION:</b>			
As reported	\$ 446,148	\$ 423,801	5.3
Pre-tax adjustments:			
Catastrophic events	(1,075)	6,550	
Adjusted Finance, insurance and other revenue, net <sup>(1)</sup>	\$ 445,073	\$ 430,351	3.4
<b>SAME STORE TOTAL REVENUES RECONCILIATION:</b>			
As reported	\$ 10,916,787	\$ 10,993,532	(0.7)
Pre-tax adjustments:			
Catastrophic events	(1,075)	6,550	
Adjusted Total Revenues <sup>(1)</sup>	\$ 10,915,712	\$ 11,000,082	(0.8)
<b>SAME STORE TOTAL GROSS PROFIT RECONCILIATION:</b>			
As reported	\$ 1,643,882	\$ 1,627,047	1.0
Pre-tax adjustments:			
Catastrophic events	(1,075)	6,550	
Adjusted Total Gross Profit <sup>(1)</sup>	\$ 1,642,807	\$ 1,633,597	0.6
<b>SAME STORE SG&amp;A RECONCILIATION:</b>			
As reported	\$ 1,224,480	\$ 1,209,171	1.3
Pre-tax adjustments:			
Catastrophic events	(6,417)	(8,792)	
Gain (loss) on real estate and dealership transactions	2,372	(798)	
Severance costs	—	(475)	
Acquisition costs	—	(288)	
Legal settlements	(4,220)	1,113	
Adjusted Same Store SG&A <sup>(1)</sup>	\$ 1,216,215	\$ 1,199,931	1.4
<b>SAME STORE TOTAL GROSS MARGIN %:</b>			
Unadjusted	15.1	14.8	
Adjusted <sup>(1)</sup>	15.0	14.9	
<b>SAME STORE FINANCE, INSURANCE AND OTHER, NET (PER RETAIL UNIT):</b>			
Unadjusted	\$ 1,493	\$ 1,418	5.3
Adjusted <sup>(1)</sup>	\$ 1,490	\$ 1,440	3.5
<b>SAME STORE SG&amp;A AS % REVENUES:</b>			
Unadjusted	11.2	11.0	
Adjusted <sup>(1)</sup>	11.1	10.9	
<b>SAME STORE SG&amp;A AS % GROSS PROFIT:</b>			
Unadjusted	74.5	74.3	
Adjusted <sup>(1)</sup>	74.0	73.5	
<b>SAME STORE OPERATING MARGIN %:</b>			
Unadjusted	2.9	3.1	
Adjusted <sup>(1), (3)</sup>	3.3	3.4	

<sup>(1)</sup> See the section of this release entitled "Non-GAAP Financial Measures" for information regarding non-GAAP financial measures and certain selected items that the Company believes impact comparability of financial results between reporting periods.

<sup>(2)</sup> Excludes the impact of Revenues and SG&A reconciling items above, as well as non-cash asset impairment charges of \$43,883 for the twelve months ended December 31, 2018 and \$19,506 for twelve months ended December 31, 2017.

<sup>(3)</sup> Excludes the impact of Same Store Revenues and SG&A reconciling items above, as well as non-cash asset impairment charges of \$42,639 for the twelve months ended December 31, 2018 and \$17,778 for the twelve months ended December 31, 2017.





United States



United Kingdom



Brazil

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