

# GROUP 1 AUTOMOTIVE®

4Q22 & FY22  
Financial Results  
Investor Presentation  
January 25, 2023



GPI  
LISTED  
NYSE

**AcceleRide®**  
BUY. SELL. BE HAPPY.

# Forward-Looking Statements

This presentation release 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. In this context, the forward-looking statements often include statements regarding our strategic investments, goals, plans, projections and guidance regarding our financial position, results of operations and business strategy, including the annualized revenues of recently completed acquisitions or dispositions and other benefits of such currently anticipated or recently completed acquisitions or dispositions. These forward-looking statements often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should," "foresee," "may" or "will" and similar expressions.

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. 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, (i) the impacts of COVID-19 and the armed conflict in Ukraine on our business and the supply chains upon which our business is dependent, (j) the impacts of continued inflation and any potential global recession, (k) our ability to maintain sufficient liquidity to operate, (l) the risk that proposed transactions will not be consummated in a timely manner, and (m) our ability to successfully integrate recent and future acquisitions.

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. 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.



**GROUP 1**  
**AUTOMOTIVE®**

# Why Group 1?

## CONSISTENT PROFITABILITY & STRONG CASH FLOW

- Group 1 has NEVER lost money on a Non-GAAP operating basis in ANY quarter. Both during the height of the COVID-19 pandemic and during the 2008-2009 great recession
  - Significant free cash flow generation. \$803 million of 2022 adjusted free cash flows <sup>(1)</sup>



## FLEXIBLE CAPITAL ALLOCATION

- Balanced M&A, share repurchases, and dividends
- Completed \$2.5 billion in acquisitions in 2021; \$940M in 2022
- Fragmented U.S. market – top 10 dealer groups sell 9% of industry units
- Repurchased ~4.1 million shares since the 4<sup>th</sup> quarter of 2021, representing over 22% of our share count
- No controlling shareholder to control capital allocation decision-making
- Rent-adjusted leverage of 1.9x, as of December 31, 2022, leaves plenty of cushion for additional debt borrowings for M&A if needed

## PARTS & SERVICE GROWTH OUTPERFORMANCE

- Consistent outperformance of the peer group's average same store growth rate over the past several years
- Numerous initiatives have driven this consistent outperformance:
  - Unique 4-day work week is a differentiator when hiring and retaining service techs - U.S. same store tech headcount increased 16% versus December 2021
  - Unique centralized call center provides outstanding customer service
  - Digital applications have driven a ~35% penetration in convenient online appointment making

## GEOGRAPHIC DIVERSIFICATION

- Diversified our U.S. footprint with the Prime acquisition in 4Q 2021
- #1 automotive retailer in the state of Texas – a very strong and growing economy benefitting from numerous corporate relocations, low taxes, low regulation, and leading energy transition initiatives
- U.K. market is generating record profits and has significant pent-up demand from both Brexit and very strict pandemic lockdowns
- Brazil divested in July 2022

## DIGITAL INNOVATION

- AcceleRide®, our state-of-the-art omni-channel platform, is driving retention and efficiencies
- Units sold through AcceleRide® increased 77% YoY in FY21 and 56% in FY22
- AcceleRide® customers result in double-digit customer retention improvement
- Salespeople are over 20% more productive versus pre-COVID with the help of AcceleRide®
- Best in class online service scheduling utilization

|      | REVENUE* (\$MM) | ADJ. EPS* <sup>(1)</sup> | ADJ. FCF* <sup>(1)</sup> (\$MM) |
|------|-----------------|--------------------------|---------------------------------|
| 2022 | \$16,412        | \$45.85                  | \$803                           |
| 2021 | \$13,802        | \$35.02                  | \$656                           |
| 2020 | \$10,852        | \$18.06                  | \$426                           |
| 2019 | \$12,044        | \$10.93                  | \$237                           |
| 2018 | \$11,601        | \$8.91                   | \$200                           |
| 2017 | \$11,124        | \$7.73                   | \$184                           |
| 2016 | \$10,888        | \$7.42                   | \$170                           |
| 2015 | \$10,633        | \$6.87                   | \$137                           |
| 2014 | \$9,938         | \$5.87                   | \$109                           |

**+7% CAGR**      **+29% CAGR**      **+28% CAGR**

\*Based on consolidated results; includes Brazil discontinued operations

<sup>(1)</sup> See appendix in this presentation for the reconciliation of Non-GAAP measures

# Group 1's Leadership Team



**Daryl Kenningham**

**President, CEO and Director**

**Joined GP1 July 2011**

**35+** Years Industry Experience  
Manufacturer and Automotive  
Retailing Experience



**Mike Jones**

**SVP, Aftersales**

**Joined GP1 April 2007**

**40+** Years Industry Experience  
Automotive-related Experience



**Daniel McHenry**

**SVP and CFO**

**Joined GP1 February 2007**

**15+** Years Industry Experience  
Public Accounting and  
Automotive Retailing  
Experience



**Edward McKissic**

**SVP, CHRO and Chief  
Diversity Officer**

**Joined GP1 May 2021**

**30+** Years of HR Strategy Experience  
Manufacturer, Consumer Products,  
Technology, and Automotive Retailing  
Experience



**Pete DeLongchamps**

**SVP, Financial Services  
and Manufacturer  
Relations**

**Joined GP1 July 2004**

**35+** Years Industry Experience  
Manufacturer and Automotive  
Retailing Experience



**Kimberly Barta**

**VP and Chief Marketing  
Officer**

**Joined GP1 October 2022**

**20+** Years Global Marketing  
Experience  
Specialty Retail Experience



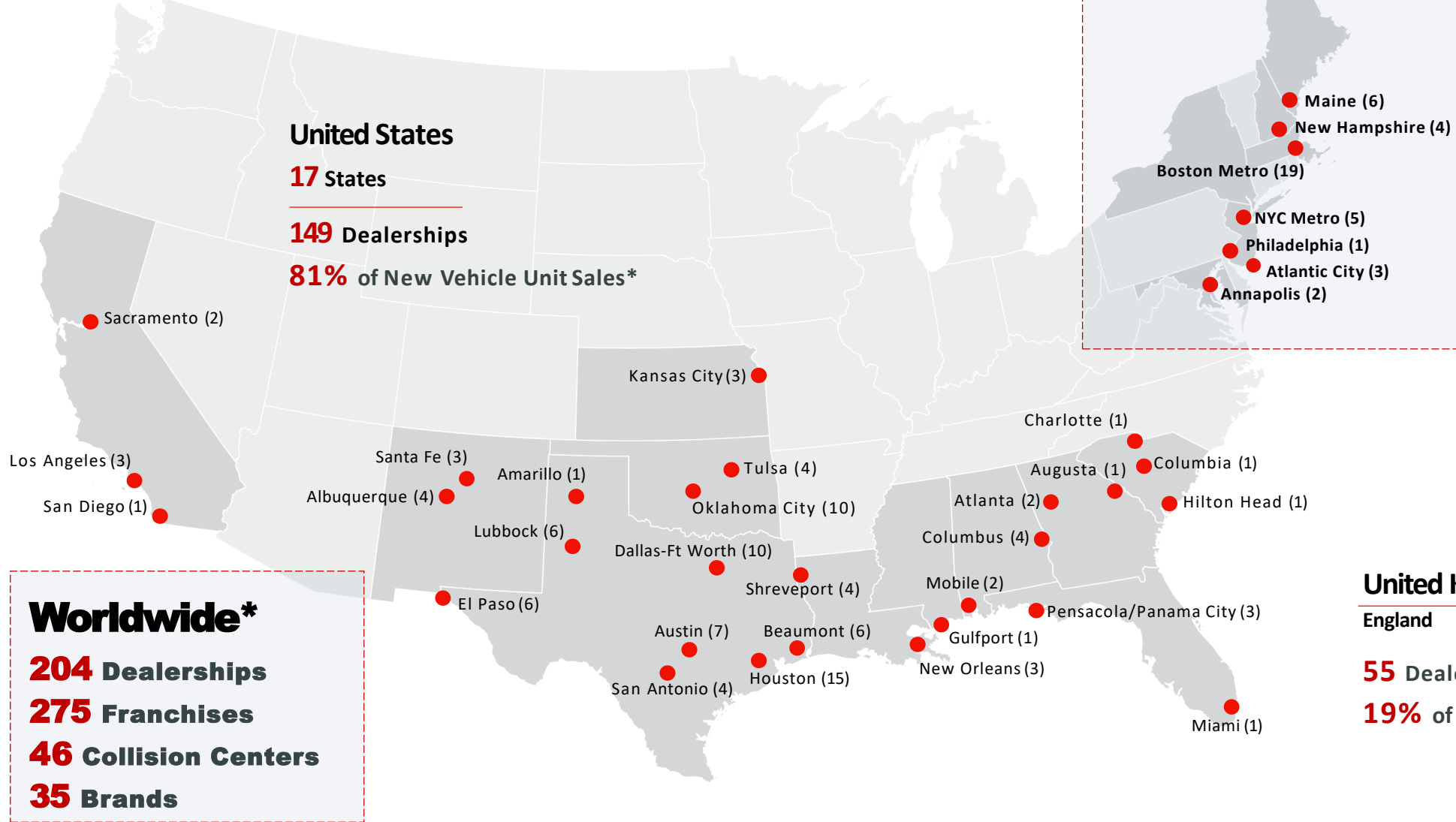
**Gillian Hobson**

**SVP, Chief Legal Officer  
and Corporate Secretary**

**Joined GP1 January 2023**

**20+** Years Corporate Legal Experience  
M&A, Capital Transactions, Securities  
Disclosure, and Corporate Governance  
Experience

# Geographic Footprint



**Acquiring Prime Automotive Group**  
*transformed*  
**Group 1's scale & footprint**



\*As of January 25, 2023. Sales based on YTD results as of December 31, 2022; excludes Brazil discontinued operations.

# Texas Facts: #1 in Economic Opportunity

Group 1 will continue to benefit from Texas's sustained economic growth



Texas continues to be the fastest growing state with 8 of the 30 fastest-growing cities in the U.S.<sup>1</sup>

Texas is the leading destination for companies relocating from other states.<sup>5</sup>



The Houston region has the talent, expertise, and infrastructure needed to lead the global energy transition to a low-carbon world. Clean hydrogen, alongside carbon capture, use and storage, are among the key technology areas where Houston is set up to succeed.

**BEST STATE FOR BUSINESS** by Chief Executive Magazine since 2004.<sup>2</sup>

in U.S. GDP growth in 4Q21.<sup>8</sup>

U.S. Exporter for 20 years in a row.<sup>5</sup>

**#1** in corporate facility expansion projects since 2012.<sup>3</sup>

for Growth Prospects by Forbes in 2021<sup>4</sup>

**Group 1 is the #1 auto retailer in Texas**  
37% of GPI's 4Q22 NV unit sales



Texas experienced record job growth in 1Q22<sup>6</sup>

**FORTUNE 500**

Texas leads all other states with 53 of 2022's Fortune 500 headquarters in Texas<sup>7</sup>



- + BEST-IN-CLASS business climate
- + REASONABLE regulations
- + AFFORDABLE cost of living
- + NO PERSONAL INCOME TAX

<sup>1</sup>wallethub.com/edu/fastest-growing-cities/7010 and <https://gov.texas.gov/business/page/workforce>; <sup>2</sup>Bragging Rights, 2021 (<https://gov.texas.gov>); <sup>3</sup><https://www.houston.org/news/texas-once-again-leads-us-economic-development-wins#>; <sup>4</sup><https://businessintexas.com/news/texas-enters-2021-as-worlds-9th-largest-economy-by-gdp>; <sup>5</sup><https://gov.texas.gov/uploads/images/business/TXbytheNumbers.png>; <sup>6</sup>according to the Texas Workforce Commission; <sup>7</sup><https://businessintexas.com/news/texas-is-no-1-in-number-of-fortune-500-companies>; <sup>8</sup><https://businessintexas.com/news/texas-economic-dominance-continues-ranks-no-1-in-u-s-in-gdp-growth/>

# Traditional Business Mix

**Parts & Service is the heart of Group 1's business model and generates ~45% of total gross profit.**

**2022 Fixed Absorption ~ 110%\*\***

**Parts & Service has traditionally only declined around mid-single digits during a recession, which provides stable, high-margin performance to help offset the cyclical nature of new vehicle sales.**

Revenue\*

4%

13%

31%

52%

Gross Profit\*

27%

45%

11%

17%

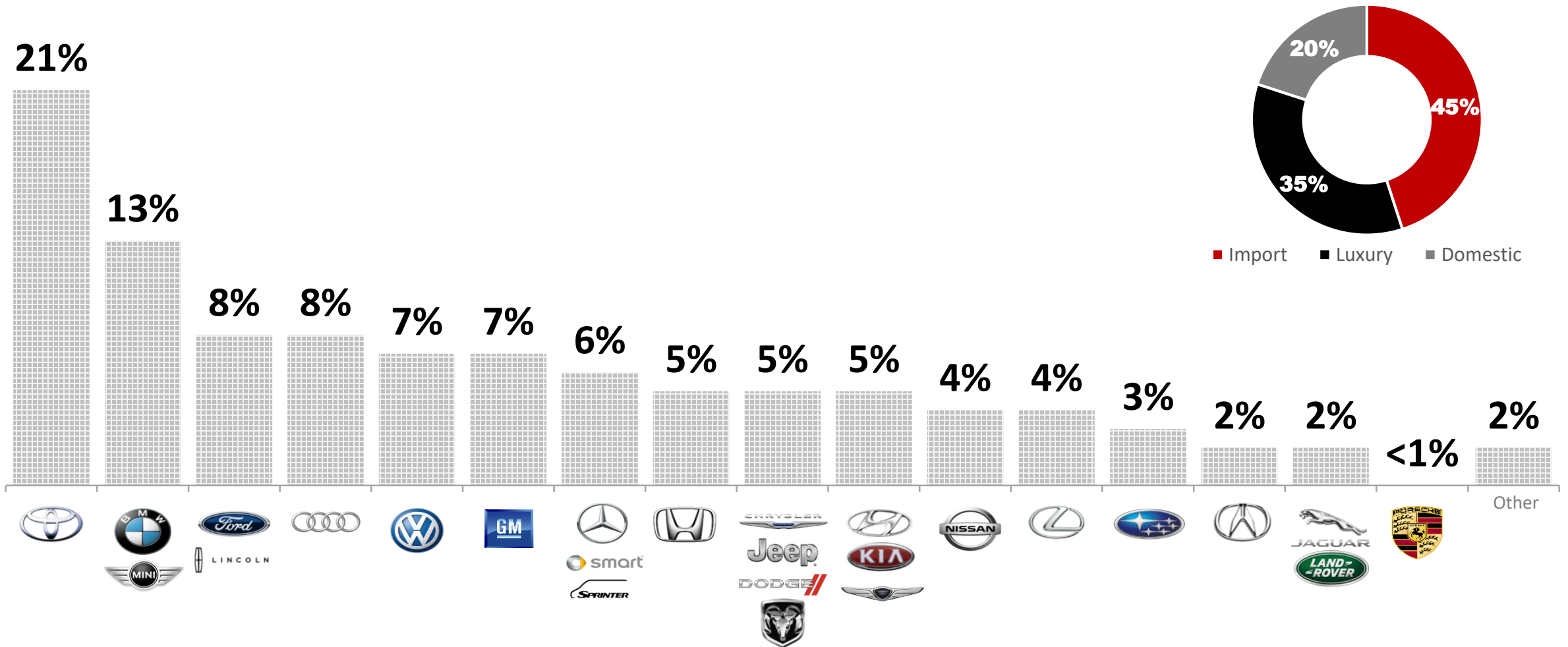
- Finance & Insurance
- Parts & Service
- Used Vehicles
- New Vehicles

\*May not add to 100% due to rounding; based on 2019 full-year results; includes Brazil discontinued operations.

\*\* Fixed absorption calculation: parts & service gross profit divided by total company fixed costs plus parts & service selling expenses

# Total Consolidated New Vehicle Brand Mix FY22

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



\*May not add to 100% due to rounding; excludes Brazil discontinued operations



# Transformational Growth Strategy

## Capital Allocation

- First priority for capital allocation is growing the company through acquisitions
- \$2.5B in acquired revenues in 2021 and \$940M in 2022
- Between the 3Q21 and 4Q22 earnings release dates GPI repurchased ~4.1 million common shares, or 22.4% of the Company's outstanding common shares, at an average price of \$178.35, for a total of \$727 million
- Business model generates strong adjusted free cash flow to fund growth--\$803M in 2022\*
- Leverage of 1.9x leaves plenty of cushion for additional debt borrowings for M&A if needed

## Parts & Service

- Heart of the business model which historically contributes ~45% of gross profit
- Innovative developments, such as digital service scheduling
- Unique 4-day work week and centralized call center initiatives driving growth
- Increasing vehicle complexity (including electric vehicles) continues to favor franchised dealers
- Acquisitions average several percentage points of higher growth versus the company average as we move new dealerships onto our operating processes

## Used Vehicles

- Typical U.S. market of ~40M units presents significant growth opportunity for GPI
- Very fragmented market with franchised dealers having ~36% market penetration
- GPI U.S. same store used retail units were flat YoY as compared to a ~10% decline in the U.S. Market
- Franchised dealers have supply advantage through NV trade-ins, lease returns, OEM closed auctions, and service lane marketing

## Digital Retail

- AcceleRide® digital platform with 77% YoY unit growth in FY21 and 56% YoY unit growth in FY22
- Customers using AcceleRide® close at a higher rate than non-digital customers
- All the functionality of the used-only online retailers
- Allows for increased employee productivity
- Best in class online service scheduling utilization

\*Includes Brazil discontinued operations

# Balanced Capital Allocation

|                                         | 2016                                                                                                 | 2017                                                                                                | 2018                                                                                                 | 2019-20                                                                                             | 2021                                                                                                  | 2022                                                                                                  |
|-----------------------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| <b>M&amp;A</b>                          | Acquisitions:<br><b>\$660M</b><br>(21 franchises)                                                    | Acquisitions:<br><b>\$490M</b><br>(20 franchises)                                                   | Acquisitions:<br><b>\$615M</b><br>(17 franchises)                                                    | Acquisitions:<br><b>\$430M</b><br>(15 franchises)                                                   | Acquisitions:<br><b>\$2.5B</b><br>(58 franchises)                                                     | Acquisitions:<br><b>\$940M</b><br>(11 franchises)                                                     |
|                                         | Dispositions:<br><b>\$240M</b>                                                                       | Dispositions:<br><b>\$35M</b>                                                                       | Dispositions:<br><b>\$195M</b>                                                                       | Dispositions:<br><b>\$300M</b>                                                                      | Dispositions:<br><b>\$155M</b>                                                                        | Dispositions:<br><b>\$265M</b>                                                                        |
|                                         | Capex:<br><b>\$101M</b>                                                                              | Capex:<br><b>\$98M</b>                                                                              | Capex:<br><b>\$110M</b>                                                                              | Capex:<br><b>\$172M</b>                                                                             | Capex:<br><b>\$100M</b>                                                                               | Capex:<br><b>\$113M</b>                                                                               |
| <b>Dividends</b><br>Cash paid per share | <b>\$0.91</b>                                                                                        | <b>\$0.97</b>                                                                                       | <b>\$1.04</b>                                                                                        | <b>\$1.69</b>                                                                                       | <b>\$1.33</b>                                                                                         | <b>\$1.50</b>                                                                                         |
| <b>Buybacks</b>                         | Share Reduction:<br><b>≈10%</b>                                                                      | Share Reduction:<br><b>≈3%</b>                                                                      | Share Reduction:<br><b>≈14%</b>                                                                      | Share Reduction:<br><b>≈5%</b>                                                                      | Share Reduction:<br><b>≈6%</b>                                                                        | Share Reduction:<br><b>≈18%</b>                                                                       |
|                                         | Shares Repurchased:<br><b>2.3M</b> shares at avg. price of <b>\$55.90</b> for total of <b>\$128M</b> | Shares Repurchased:<br><b>0.6M</b> shares at avg. price of <b>\$61.75</b> for total of <b>\$40M</b> | Shares Repurchased:<br><b>2.8M</b> shares at avg. price of <b>\$63.75</b> for total of <b>\$182M</b> | Shares Repurchased:<br><b>0.9M</b> shares at avg. price of <b>\$92.98</b> for total of <b>\$82M</b> | Shares Repurchased:<br><b>1.1M</b> shares at avg. price of <b>\$190.82</b> for total of <b>\$211M</b> | Shares Repurchased:<br><b>3.0M</b> shares at avg. price of <b>\$172.54</b> for total of <b>\$521M</b> |

# Interest Rate Exposure

At 12/31/22, Group 1's total debt including floorplan was \$3.1B:

- ~\$1,000 million of floorplan debt
- ~\$800 million of mortgage debt
- ~\$750 million of bond debt
- ~\$300 million of acquisition line debt
- ~\$250 million of other debt incl finance leases

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~**70% of this debt is fixed rate** when considering our swaps

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A 100 bp increase in rates would only decrease annual EPS by  
~\$0.50 at current debt levels

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The table to the right displays our future floorplan swap layers and the weighted average fixed SOFR rates

## Floorplan Swap Layers

| <i>in millions</i> | <b>Swap<br/>Balance</b> | <b>Fixed<br/>Rate</b> |
|--------------------|-------------------------|-----------------------|
| 2022               | <b>\$425</b>            | <b>1.41%</b>          |
| 2023               | <b>\$425</b>            | <b>1.41%</b>          |
| 2024               | <b>\$525</b>            | <b>1.32%</b>          |
| 2025               | <b>\$525</b>            | <b>1.41%</b>          |
| 2026               | <b>\$450</b>            | <b>1.24%</b>          |
| 2027               | <b>\$300</b>            | <b>1.12%</b>          |
| 2028               | <b>\$250</b>            | <b>1.11%</b>          |
| 2029               | <b>\$200</b>            | <b>1.21%</b>          |
| 2030               | <b>\$200</b>            | <b>1.21%</b>          |
| 2031               | <b>\$100</b>            | <b>0.67%</b>          |

# Parts & Service Overview

**FY22 U.S. SS P&S Sales**  
**+12.8% YoY**

Stability of free cash flow through economic cycles.

Above sector-average growth through our strategic emphasis on customer service

Attractive benefits including a 4-day work week for service departments

Increasing vehicle complexity favors franchised dealers

Easy online booking, status and access for customers via dealership apps

Improved efficiencies and closing rates through customer management software (CMS) and technology

Increased retention by targeting points of defection and enhancing customer touch points

Acquisitions average several percentage points of higher growth versus the company average as we move new dealerships onto our operating processes

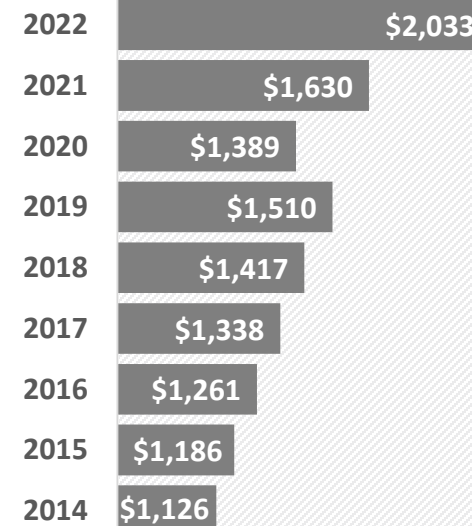
16% growth in same store technician headcount during 4Q22 versus 4Q21

\*\*Includes Brazil discontinued operations

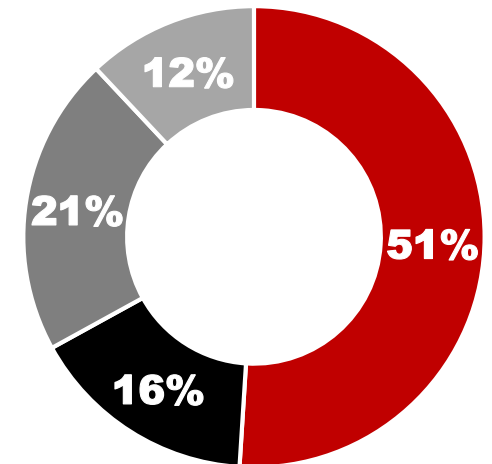
## Consolidated P&S Revenue\*\* (\$MM)

**+7.7%**

**2014-2022 CAGR**



## Consolidated P&S Revenue Mix\*



- Customer Pay
- Warranty
- Wholesale
- Collision (incl. parts)

\*May not add to 100% due to rounding, based on FY22 results

# Battery Electric Vehicle (“BEV”) Parts and Service Outlook

Our dealerships are equipped to service all powertrain types



According to Edmunds.com as of January 2023, the 5-year repair and maintenance cost of ownership of a 2022 Audi e-tron EV is \$8,584 versus \$8,440 for a 2022 Audi Q5 ICE -- an immaterial difference.

A 4 year & 50,000 mile extended warranty for a Tesla Model S costs \$5,100 according to Tesla’s web site as of January 2023. This is more than Group 1 charges on average for a Lexus LS extended warranty with the same year/mileage terms. This is because BEV’s still require repairs and maintenance, even though some low-margin maintenance services such as oil changes are no longer required.

Group 1's analysis shows that we generate more revenue per repair order for vehicles with alternative powertrains.

As vehicle complexity continues to increase, it becomes more difficult for do-it-yourself (“DIY”) and independent service shops to compete against franchised dealers who have the capital, special tools, training, and software access to make more complicated repairs.



**Group 1 is investing in the tooling & technician training for all brands**



**We are adding EV lifts, battery replace & repair tools, and charging stations where needed**



**We are equipping collision centers in metro areas to repair all types of EVs, including electric delivery vans**



**Multiple collision centers have been recognized for EV repair for several years**



# AcceleRide Digital Platform Summary

**AcceleRide drives customer loyalty, retention, and employee efficiencies**

## Buy A Ride

Inventory selection of new, used, and CPO provides identical user experience

80% of credit applications are now digital

Integration of customer and dealer management systems to process a deal within AcceleRide

Delivery anywhere in the country or FREE local delivery or pickup

Integrated vehicle trades

Emails convert customers over to AcceleRide from 3<sup>rd</sup> party sites, landing them into the experience with the same vehicle

Smooth transition from online to in-person shopping creates significant employee efficiencies

Modular process, not limited to linear steps

Seamless online payment processing

Online e-signature functionality

## Sell A Ride

Instant cash offer

Offer valid for 7 days or 250 miles

Home pick-up available

Electronic Zelle payment made within one hour

## Service A Ride

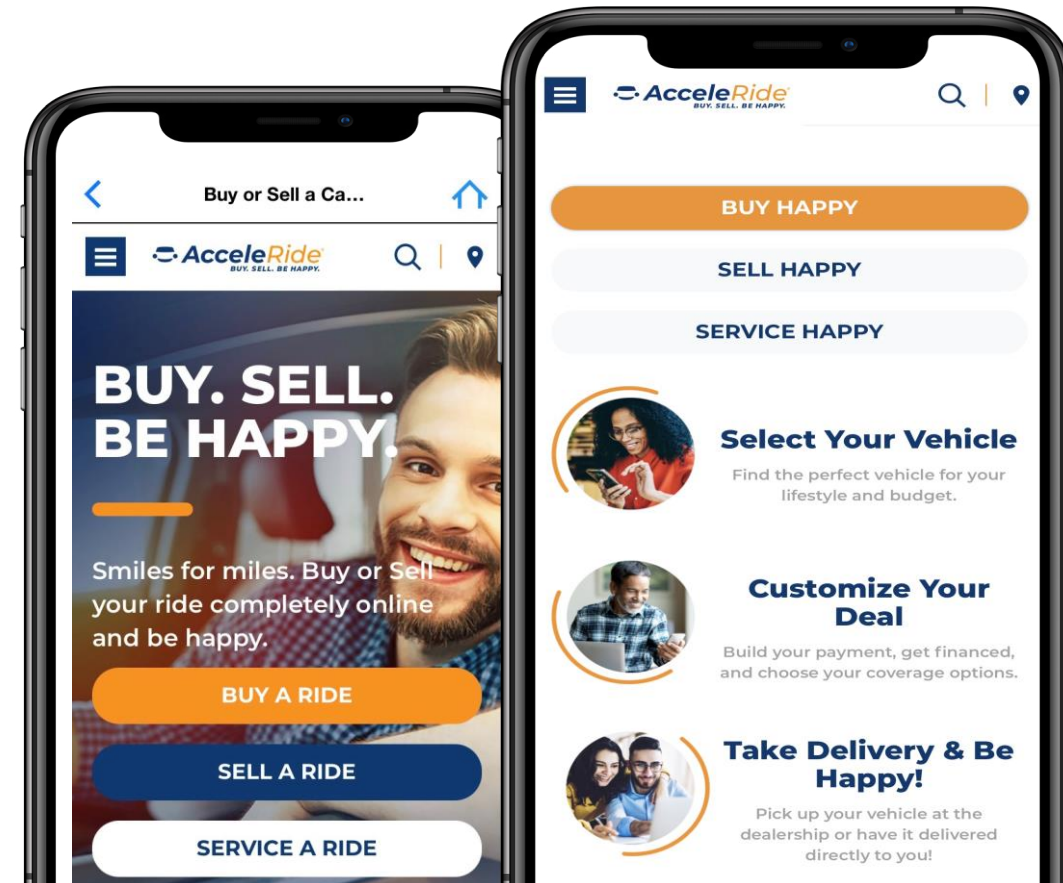
Intuitive online scheduling interface

Select state & preferred dealership

Option to reserve a loaner vehicle

Collision center scheduling also available

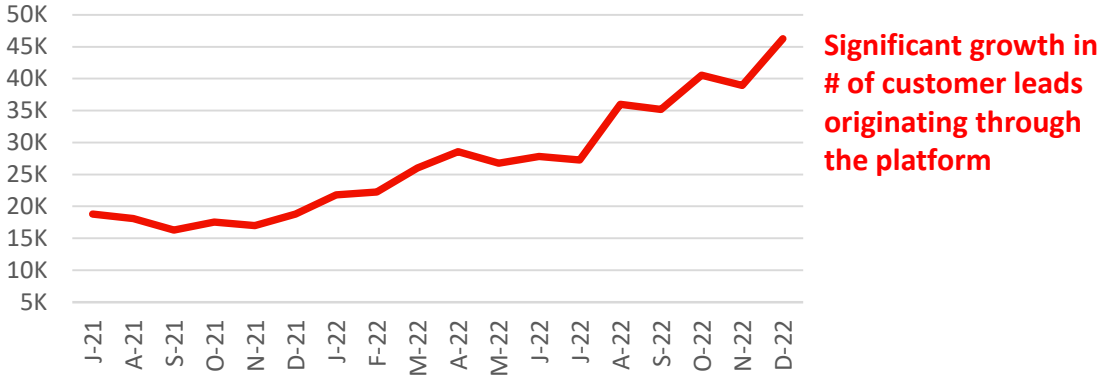
~35% of service appointments are now made online, eliminating significant company cost



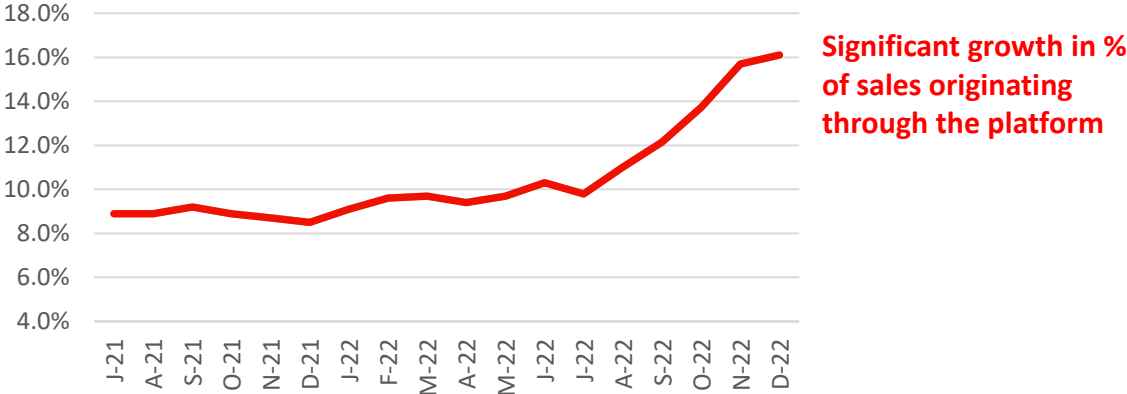
# AcceleRide Growth Profile

**In December 2022 75% of vehicle sales utilized at least 1 component of the AcceleRide platform**

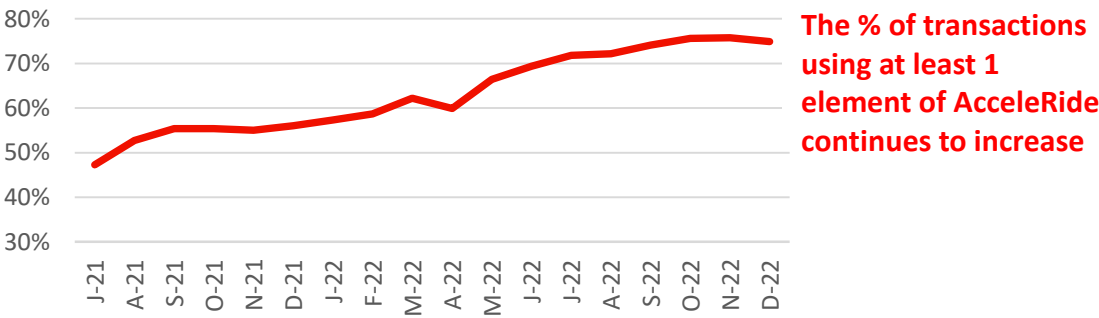
**Customer Leads Trend**



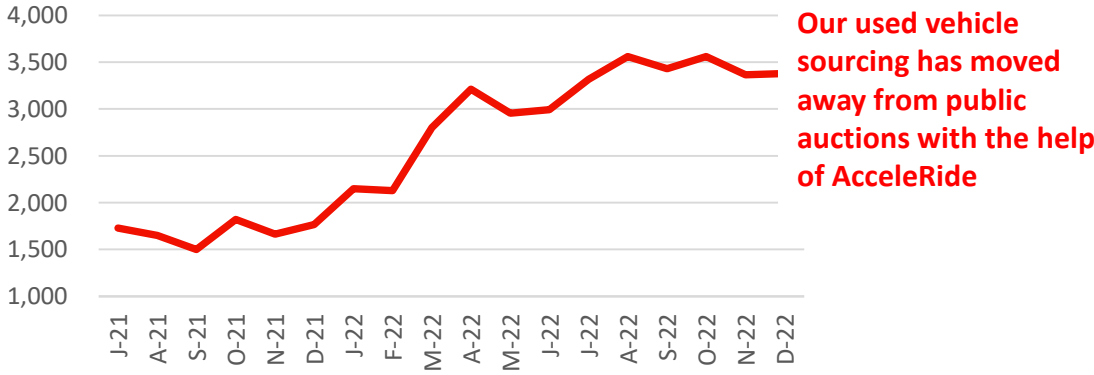
**Penetration Trend**



**Platform Interaction Trend**



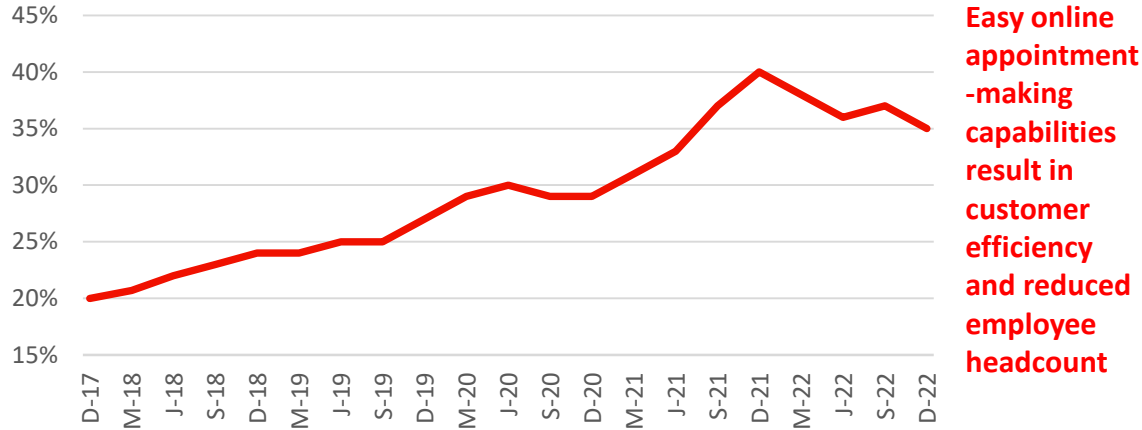
**Monthly Sourcing Trend**



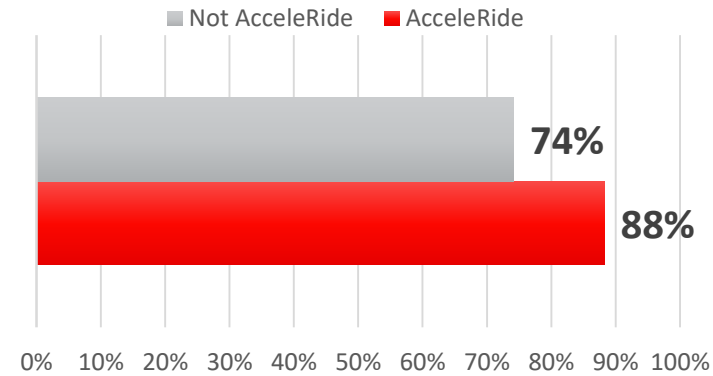
# AcceleRide Reach & Retention

**AcceleRide allows us to reach more customers and drives loyalty after the sale**

## Online Service Appointments



## Improved Customer Retention



Our customer retention metrics are ~15% higher on AcceleRide deals, driving loyalty after the sale

**4Q22**  
**AcceleRide**  
**F&I PRU vs**  
**U.S. Total**



F&I PRU through AcceleRide is higher due to customers taking more time to perform their own research, and our ability to focus them on specific products they have viewed

**Local**  
**Customers**  
**Drive**  
**Aftersales**

| Delivery Radius | %   |
|-----------------|-----|
| > 400 miles     | 12% |
| 300 - 399 miles | 2%  |
| 200 - 299 miles | 5%  |
| 100 -199 miles  | 9%  |
| Local           | 72% |

72% of deliveries are local -- giving us the opportunity to provide future service through our outstanding aftersales operations



# Used Vehicle Overview

## GPI Outperforms the Used Vehicle Industry

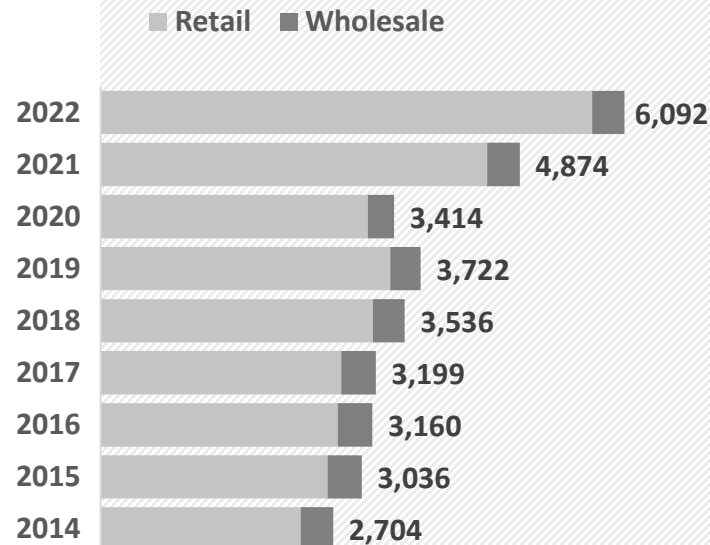
FY22 GPI U.S. Same Store Unit Sales: **Flat YoY**

FY22 U.S. Used Market Unit Sales: **-10% YoY**

Total Used Vehicle Revenues (\$MM)\*

**+10.7%**

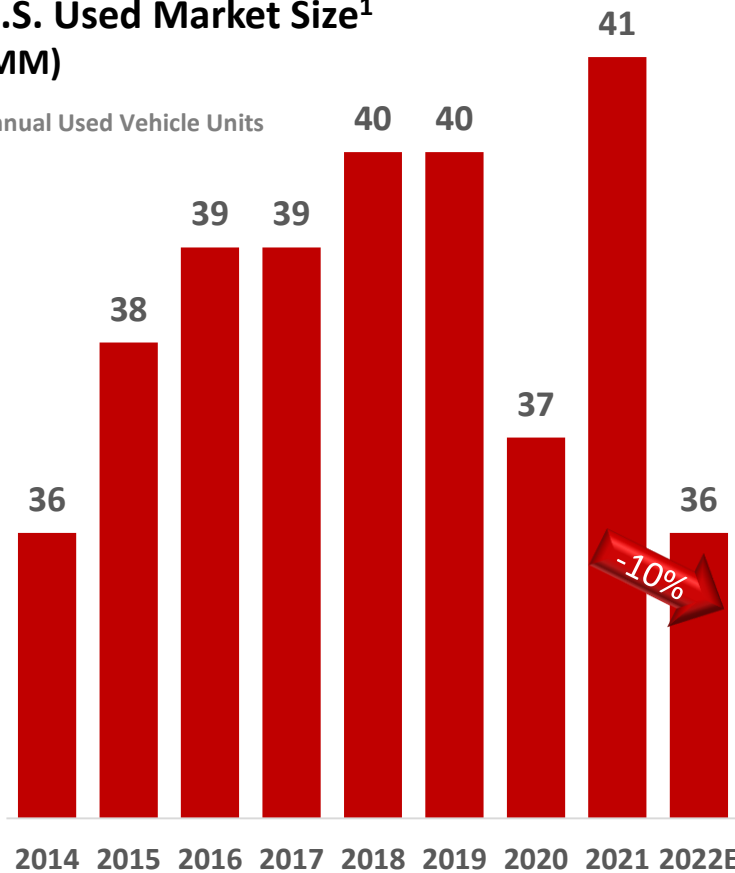
**2014-2022 CAGR**



\*Includes Brazil discontinued operations

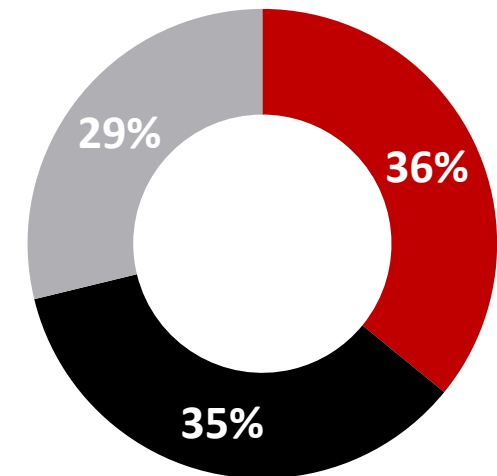
U.S. Used Market Size<sup>1</sup> (MM)

Annual Used Vehicle Units



<sup>1</sup>Source: Edmunds and Cox Automotive

U.S. Market Share<sup>2</sup>



■ New Vehicle Dealers  
 ■ Used Vehicle Dealers  
 ■ Private Party

<sup>2</sup>Source: NADA-U.S. 2022 Used Vehicle Data

# Finance & Insurance Overview

**FY22 U.S. Same Store F&I GP PRU: +15% YoY**

**Improved F&I profitability via focus on compliance & growth includes:**

Consolidation of lender base

Integration of compliance, training and benchmarking to offer a consistent and transparent experience for internal and external customers

Consistent growth in overall product penetration

Our F&I PRU has not been adversely impacted by the shift to online retailing



|              | 2019     | 2020     | 2021     | 2022       |
|--------------|----------|----------|----------|------------|
| Finance      | 72%      | 73%      | 73%      | <b>70%</b> |
| VSC          | 42%      | 44%      | 45%      | <b>45%</b> |
| GAP          | 28%      | 29%      | 28%      | <b>25%</b> |
| Maintenance  | 14%      | 14%      | 15%      | <b>18%</b> |
| Sealant      | 29%      | 32%      | 38%      | <b>50%</b> |
| Gross Profit | \$ 1,782 | \$ 1,951 | \$ 2,155 | \$ 2,428   |

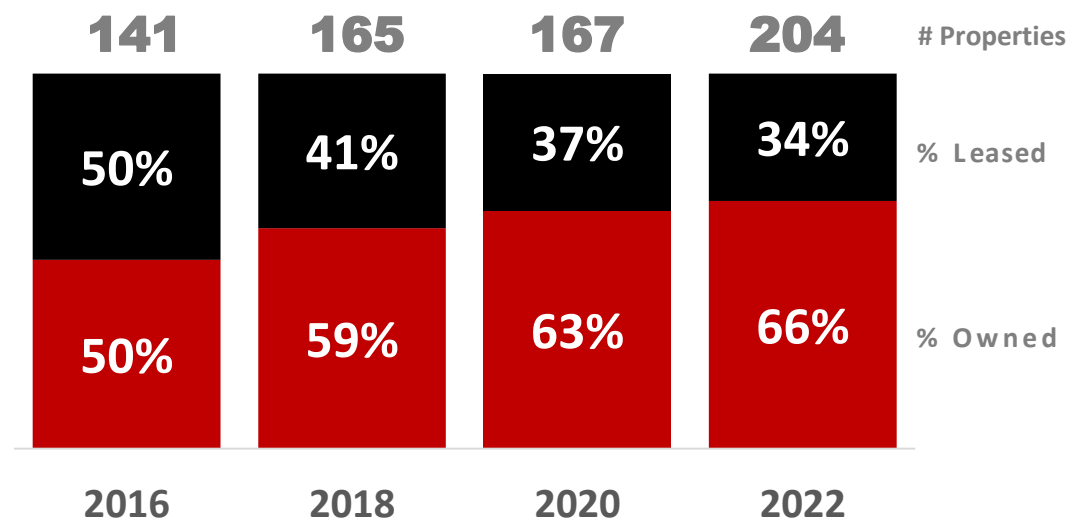
# Real Estate Strategy

## Dealership Property Breakdown by Region

(as of December 31, 2022)

| Region         | Dealerships |           |
|----------------|-------------|-----------|
|                | Owned       | Leased    |
| United States  | 109         | 40        |
| United Kingdom | 25          | 30        |
| <b>Total</b>   | <b>134</b>  | <b>70</b> |

## Owned vs. Leased Property Trend



## GPI is shifting toward owning more real estate:

Control of dealership real estate is a strong strategic asset

Ownership means better flexibility and lower cost

**As of December 31, 2022, the Company owned ~\$1.8B of gross real estate (66% of dealership locations) financed through ~\$0.8B of mortgage debt.**

# ESG and DEI Highlights

**Group 1 is rated as low ESG risk and ranked in the top 10<sup>th</sup> percentile out of ~15,000 companies covered by Sustainalytics**

## Environmental



OVER 550 CHARGING STATIONS CURRENTLY IN USE IN THE U.S. AND U.K.\*



INSTALLED OVER 800 ADDITIONAL SOLAR PANELS IN THE U.S.\*



ESTABLISHED AN EV INFRASTRUCTURE TEAM\*

## Social



APPOINTED THE COMPANY'S FIRST CHIEF DIVERSITY OFFICER\*



DONATED HUNDREDS OF THOUSANDS OF DOLLARS TO COMMUNITIES IN OUR OPERATING REGIONS

## Governance



ESTABLISHED AN INTERNAL ESG WORKING GROUP\*



MORE THAN 40% OF DIRECTORS IDENTIFY AS A FEMALE OR A RACIAL MINORITY



BOARD RECEIVES QUARTERLY REPORTS ON ESG INITIATIVES



## DEI MISSION:

Foster a diverse and inclusive culture where employees of all backgrounds are respected, valued, and developed.

Established a DEI council that is chaired by our Chief Diversity Officer.

## DEI COUNCIL FOCUS AREAS:



Talent Acquisition, Talent Development, Community Building and Women in the Workplace.



DEI COUNCIL CONSISTS OF A DIVERSE GROUP OF EMPLOYEES, PROVIDING REPRESENTATION ACROSS THE ORGANIZATION

DEVELOPED ON-GOING DIVERSITY AND INCLUSION TRAINING PROGRAMS



\*In 2021 specifically and/or As of 12/31/2021

# Group 1's Core Values

## Integrity

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

## Transparency

We promote open and honest communication between each other and our customers

## Professionalism

We set our standards high so that we can exceed expectations and strive for perfection in everything we do

## Teamwork

We put the interest of the group first, before our individual interests, as we know that success only comes when we work together

## Respect

We treat everyone, customers and colleagues alike, with dignity and equality

# Conclusion

- Successful transformation of Company via largest single acquisition in company history, completion of \$3.4B in acquired revenues since beginning of 2021, and strategic divestiture of Brazil in July 2022
- Proven track record of consistent operational execution that has resulted in a strong earnings and cash flow trajectory
- Flexibility of the business model has been proven over two recessions and a pandemic by never losing money on an operating basis in ANY quarter in the history of the company
- State-of-the-Art digital retailing platform has grown significantly and allows for a much lower cost structure as it gains scale
- Strong aftersales and EPS growth trajectory
- Concentration in the state of Texas is a tailwind based on strong population and business growth due to low taxes and regulation
- Liquidity and leverage profile is very strong
- Flexible & balanced capital allocation



# Appendix & Non-GAAP Reconciliations

# Non-GAAP Financial Measures, Same Store Data, and Other Data

In addition to evaluating the financial condition and results of our operations in accordance with U.S. GAAP, from time to time our management evaluates and analyzes results and any impact on the Company of strategic decisions and actions relating to, among other things, cost reduction, growth, profitability improvement initiatives, and other events outside of normal, or "core," business and operations, by considering alternative financial measures not prepared in accordance with U.S. GAAP. In our evaluation of results from time to time, we exclude items that do not arise directly from core operations, such as non-cash asset impairment charges, out-of-period adjustments, legal matters, gains and losses on dealership franchise or real estate transactions, and catastrophic events, such as hailstorms, hurricanes, and snow storms. Because these non-core charges and gains materially affect the Company'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. This includes evaluating measures such as adjusted selling, general and administrative expenses, adjusted net income, adjusted diluted earnings per share, and constant currency. These adjusted measures are not measures of financial performance under U.S. GAAP, but are instead considered non-GAAP financial performance measures. Non-GAAP measures do not have definitions under U.S. 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 U.S. GAAP. We caution investors not to place undue reliance on such non-GAAP measures, but also to consider them with the most directly comparable U.S. GAAP measures.

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. Our management also uses these adjusted measures in conjunction with U.S. GAAP financial measures to assess our business, including communication with our Board of Directors, investors, and industry analysts concerning financial performance. We disclose these non-GAAP measures, and the related reconciliations, because we believe 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. The exclusion of certain expenses in the calculation of non-GAAP financial measures should not be construed as an inference that these costs are unusual or infrequent. We anticipate excluding these expenses in the future presentation of our non-GAAP financial measures.

In addition, we evaluate our results of operations on both an as reported and a constant currency basis. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our underlying business and results of operations, consistent with how we evaluate our performance. We calculate constant currency percentages by converting our current period reported results for entities reporting in currencies other than U.S. dollars using comparative period exchange rates rather than the actual exchange rates in effect during the respective periods. The constant currency performance measures should not be considered a substitute for, or superior to, the measures of financial performance prepared in accordance with U.S. GAAP. The Same Store amounts presented include the results of dealerships for the identical months in each period presented in comparison, commencing with the first full month in which the dealership was owned by us and, in the case of dispositions, ending with the last full month it was owned by us. Same Store results also include the activities of our corporate headquarters.

Certain amounts in the financial statements may not compute due to rounding. All computations have been calculated using unrounded amounts for all periods presented.



# Reconciliation: Adjusted Cash Flow (Non-GAAP)

| (unaudited, \$MM)                                                                                                                           | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021           | 2022          |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| <b>Operating Cash Flow (GAAP)</b>                                                                                                           | <b>\$ 198</b> | <b>\$ 141</b> | <b>\$ 384</b> | <b>\$ 197</b> | <b>\$ 270</b> | <b>\$ 371</b> | <b>\$ 805</b> | <b>\$1,260</b> | <b>\$ 586</b> |
| Change in Floorplan notes payable — credit facilities and other, excluding floorplan offset account and net acquisitions and dispositions   | 6             | 100           | (113)         | 89            | 62            | (43)          | (314)         | (491)          | 320           |
| Change in Floorplan notes payable — manufacturer affiliates associated with net acquisitions and dispositions and floorplan offset activity | 3             | 3             | -             | (3)           | (22)          | 4             | 12            | (13)           | 10            |
| <b>Adjusted Operating Cash Flow (Non-GAAP)</b>                                                                                              | <b>207</b>    | <b>244</b>    | <b>271</b>    | <b>282</b>    | <b>310</b>    | <b>332</b>    | <b>504</b>    | <b>755</b>     | <b>916</b>    |
| Cap Ex                                                                                                                                      | (98)          | (107)         | (101)         | (98)          | (110)         | (95)          | (77)          | (100)          | (113)         |
| <b>Adjusted Free Cash Flow (Non-GAAP)</b>                                                                                                   | <b>\$ 109</b> | <b>\$ 137</b> | <b>\$ 170</b> | <b>\$ 184</b> | <b>\$ 200</b> | <b>\$ 237</b> | <b>\$ 426</b> | <b>\$ 656</b>  | <b>\$ 803</b> |

Certain numbers may not compute due to rounding; includes Brazil discontinued operations

# Reconciliation: Adjusted Total Earnings Per Share (Non-GAAP)

Reconciliation of Total Diluted Earnings (Loss) per Share (EPS)

(unaudited, \$MM)

|                                                                  | 2014           | 2015           | 2016           | 2017            | 2018           | 2019            | 2020            | 2021            | 2022            |
|------------------------------------------------------------------|----------------|----------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| <b>As Reported EPS</b>                                           | <b>\$ 3.60</b> | <b>\$ 3.90</b> | <b>\$ 6.67</b> | <b>\$ 10.08</b> | <b>\$ 7.83</b> | <b>\$ 9.34</b>  | <b>\$ 15.51</b> | <b>\$ 30.11</b> | <b>\$ 47.14</b> |
| After Tax Adjustments:                                           |                |                |                |                 |                |                 |                 |                 |                 |
| Non-cash asset impairment charges                                | 1.05           | 3.09           | 0.93           | 0.59            | 1.65           | 0.94            | 1.69            | 0.07            | 0.10            |
| (Gain) loss on real estate and dealership transactions           | (0.28)         | (0.21)         | (0.03)         | 0.03            | (0.95)         | (0.13)          | (0.23)          | (0.19)          | (1.86)          |
| Loss on extinguishment of long-term debt                         | 1.50           | -              | -              | -               | -              | -               | 0.58            | -               | -               |
| Catastrophic Events                                              | 0.07           | 0.04           | 0.17           | 0.45            | 0.20           | 0.72            | -               | 0.12            | -               |
| Severance Costs                                                  | 0.03           | 0.02           | 0.05           | 0.01            | -              | -               | 0.10            | -               | -               |
| Legal Matters                                                    | 0.01           | 0.03           | (0.33)         | (0.03)          | 0.21           | 0.05            | (0.12)          | (0.23)          | 0.04            |
| Acquisitions costs including related tax impact                  | 0.01           | -              | 0.02           | 0.01            | -              | -               | -               | 0.57            | 0.12            |
| Non-deductible goodwill                                          | (0.13)         | -              | -              | -               | -              | -               | -               | -               | -               |
| Allowance for uncertain tax provisions                           | -              | -              | -              | 0.04            | -              | -               | -               | -               | -               |
| Foreign transaction tax                                          | 0.01           | -              | 0.01           | -               | -              | -               | -               | -               | -               |
| Foreign deferred income tax benefit                              | -              | -              | (0.07)         | -               | -              | -               | -               | -               | -               |
| Tax Rate Changes                                                 | -              | -              | -              | (3.45)          | (0.03)         | -               | -               | (0.10)          | -               |
| Out-of-period adjustments                                        | -              | -              | -              | -               | -              | -               | 0.53            | -               | -               |
| Loss on interest rate swaps                                      | -              | -              | -              | -               | -              | -               | -               | 0.20            | -               |
| Discontinued operations: debt redemption and non-cash CTA losses | -              | -              | -              | -               | -              | -               | -               | 4.46            | 0.31            |
| <b>Adjusted Diluted EPS</b>                                      | <b>\$ 5.87</b> | <b>\$ 6.87</b> | <b>\$ 7.42</b> | <b>\$ 7.73</b>  | <b>\$ 8.91</b> | <b>\$ 10.93</b> | <b>\$ 18.06</b> | <b>\$ 35.02</b> | <b>\$ 45.85</b> |

\*Includes Brazil discontinued operations



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