

Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

February 5, 2020

Penske Automotive Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-12297 (Commission File Number)	22-3086739 (I.R.S. Employer Identification No.)
2555 Telegraph Road, Bloomfield Hills, Michigan (Address of principal executive offices)		48302 (Zip Code)
Registrant's telephone number, including area code:		248-648-2500
Former name or former address, if changed since last report		Not Applicable

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Voting Common Stock, par value \$0.0001 per share	PAG	New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On February 5, 2020, we issued a press release announcing our fourth quarter and full year 2019 financial results and other information. A copy of the press release is furnished as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure.

The following information is furnished pursuant to Item 7.01 "Regulation FD Disclosure."

On February 5, 2020, we issued a press release announcing our fourth quarter and full year 2019 financial results and other information. A copy of the press release is furnished as Exhibit 99.1.

Item 8.01 Other Events.

Investors and others should note that we announce material financial information using our company website (www.penskeautomotive.com), our investor relations website (investors.penskeautomotive.com), SEC filings, press releases, public conference calls and webcasts. Information about Penske Automotive, its business, and its results of operations may also be announced by posts on the following social media channels:

- Penske Automotive's Twitter feed (www.twitter.com/penskecarscorp)
- Penske Automotive's Facebook page (www.facebook.com/penskecars)
- Penske Automotive's Social website (www.penskesocial.com)

The information that we post on these social media channels could be deemed to be material information. As a result, we encourage investors, the media, and others interested in Penske Automotive to review the information that we post on these social media channels. These channels may be updated from time to time on Penske Automotive's investor relations website.

Item 9.01 Financial Statements and Exhibits.

Exhibit 99.1 Press Release.



Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release .
104	Cover Page Interactive Data File (formatted as inline XBRL).



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Penske Automotive Group, Inc.

February 5, 2020

By: /s/ Shane M. Spradlin

Name: Shane M. Spradlin

Title: Executive Vice President



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Section 2: EX-99.1 (EX-99.1)



Penske Automotive Group, Inc.
2555 Telegraph Road
Bloomfield Hills, MI 48302-0954

FOR IMMEDIATE RELEASE



PENSKE AUTOMOTIVE REPORTS FOURTH QUARTER 2019 RESULTS

Record Fourth Quarter Revenues Up 8.1%

Earnings Before Taxes Up 10.2%

Record Fourth Quarter 2019 Earnings Per Share Up 8.7% to \$1.25

Record Fourth Quarter 2019 Earnings Per Share Up 12.6% When Compared to Adjusted 2018

BLOOMFIELD HILLS, MI, February 5, 2020 – Penske Automotive Group, Inc. (NYSE:PAG), a diversified international transportation services company, today announced fourth quarter and full year 2019 results. For the three months ended December 31, 2019, income from continuing operations attributable to common shareholders increased 3.9% to \$101.6 million, and related earnings per share increased 8.7% to \$1.25 per share. This compares to income from continuing operations of \$97.8 million and related earnings per share of \$1.15 in the prior year. Fourth quarter 2018 income from continuing operations and earnings per share attributable to common shareholders included a net benefit of \$2.9 million, or \$0.04 per share, related to a gain on dealership sales, partially offset by valuation adjustments on certain franchises. Excluding this benefit, income from continuing operations increased 7.1% from \$94.9 million, and related earnings per share increased 12.6% from \$1.11 compared to adjusted fourth quarter of 2018 results. Foreign exchange rates had no impact on earnings per share attributable to common shareholders for the three months ended December 31, 2019.

Fourth Quarter 2019 Operational Highlights:

- Revenue increased 8.1%
- Same-store retail automotive revenue increased 5.5%
- Earnings before taxes increased 10.2%
- SG&A expenses as a percentage of gross profit improved 70 basis points to 79.1% and 110 basis points when compared to adjusted fourth quarter 2018
- Earnings per share increased 12.6% when compared to adjusted 2018
- New vehicle gross profit per unit retailed increased \$257/unit
- Finance and insurance revenue increased \$105/unit



“I am very pleased with the performance of our business in the fourth quarter,” said Penske Automotive Group Chair and CEO Roger Penske. “We grew revenue by 8%, delivered strong gross profit per unit retailed in automotive, improved selling, general and administrative expenses as a percentage of gross profit by 110-basis points and increased earnings per share by 12.6%, when compared to an adjusted fourth quarter of 2018. The strength of our U.S. auto retail operations coupled with the recent commercial truck acquisition, more than offset the challenging market conditions in the U.K. As we have moved into the first quarter of 2020, we are encouraged with the improved business conditions in the U.K., including a stronger order environment, as the U.K. officially separated from the European Union at the end of January.”

For the twelve months ended December 31, 2019, the company reported income from continuing operations attributable to common shareholders of \$435.5 million, or \$5.28 per share, compared to \$470.5 million, or \$5.52 per share in the prior year. The prior year results include an \$11.6 million tax benefit from the final reconciliation of the 2017 U.S. Tax Cuts and Jobs Act, representing \$0.14 per share, and a net benefit of \$4.0 million, or \$0.05 per share, related to a gain on dealership sales, partially offset by valuation adjustments on certain franchises. Excluding these items, 2018 adjusted income from continuing operations was \$454.9 million and related adjusted earnings per share were \$5.34. Foreign exchange rates negatively impacted earnings per share attributable to common shareholders by \$0.07.

Used Vehicle SuperCenter Operations

For the three months ended December 31, 2019, the used vehicle supercenters increased units retailed by 3.1% to 15,405 and increased revenue by 12.0% to \$292.7 million. Total gross profit per unit retailed increased 3.2%, or \$61. During 2019, we opened two greenfield used supercenters, increasing our used vehicle supercenter location total to sixteen (16).

Retail Commercial Truck Operations

Penske Automotive Group operates twenty-five medium and heavy-duty truck dealership locations in the U.S. and Canada offering primarily Freightliner and Western Star brands. For the three months ended December 31, 2019, total medium and heavy-duty units retailed increased 41.2%, and revenue increased 67.3% to \$599.1 million.

Penske Transportation Solutions

Penske Transportation Solutions (“PTS”), is a leading provider of full-service truck leasing, truck rental, contract maintenance, and logistics services. The company accounts for its ownership interest in PTS using the equity method of accounting. For the three months ended December 31, 2019, the company

recorded \$36.4 million in earnings from this investment compared to \$37.8 million for the same period last year.

Share Repurchases

For the twelve months ended December 31, 2019, the company repurchased 3,986,836 shares for \$174.1 million, or an average of \$43.68 per share. As of December 31, 2019, the Company had remaining share repurchase authorization of approximately \$200.0 million.

Conference Call

Penske Automotive Group will host a conference call discussing financial results relating to the fourth quarter of 2019 on **Wednesday, February 5, 2020, at 2:00 p.m. Eastern Standard Time**. To listen to the conference call, participants must dial **(844) 291-6362 – [International, please dial (234) 720-6995]** using access code 5287317. The call will also be simultaneously broadcast over the Internet through the Investor’s section of the Penske Automotive Group website. Additionally, an investor presentation relating to the fourth quarter 2019 financial results has been posted to the company’s website. To access the presentation or to listen to the company’s webcast, please refer to www.penskeautomotive.com.

About Penske Automotive

Penske Automotive Group, Inc., (NYSE:PAG) headquartered in Bloomfield Hills, Michigan, is an international transportation services company that operates automotive and commercial truck dealerships principally in the United States, the United Kingdom, Canada, and Western Europe, and distributes commercial vehicles, diesel engines, gas engines, power systems and related parts and services principally in Australia and New Zealand. PAG employs nearly 27,000 people worldwide and is a member of the Fortune 500, Russell 1000, and Russell 3000 indexes, and is ranked among the World’s Most Admired Companies by Fortune Magazine. For additional information, visit the company’s website at www.penskeautomotive.com.

Non-GAAP Financial Measures

This release contains certain non-GAAP financial measures as defined under SEC rules, such as earnings before interest, taxes, depreciation and amortization (“EBITDA”). The company has reconciled these measures to the most directly comparable GAAP measures in the release. The company believes that these widely accepted measures of operating profitability improve the transparency of the company’s disclosures and provide a meaningful presentation of the company’s results from its core business operations excluding the impact of items not related to the company’s ongoing core business operations, and improve the period-to-period comparability of the company’s results from its core business



operations. These non-GAAP financial measures are not substitutes for GAAP financial results, and should only be considered in conjunction with the company's financial information that is presented in accordance with GAAP.

Caution Concerning Forward Looking Statements

Statements in this press release may involve forward-looking statements, including forward-looking statements regarding Penske Automotive Group, Inc.'s product availability, future sales and earnings potential. Actual results may vary materially because of risks and uncertainties that are difficult to predict. These risks and uncertainties include, among others: economic conditions generally, conditions in the credit markets, changes in interest rates and foreign currency exchange rates, changes in tariff rates, adverse impacts related to the outcome of the United Kingdom's departure from the European Union, adverse conditions affecting a particular manufacturer, including the adverse impact to the vehicle and parts supply chain due to limited vehicle availability due to WLTP and RDE, natural disasters, recall or other disruptions that interrupt the supply of vehicles or parts to us, changes in consumer credit availability, the outcome of legal and administrative matters, and other factors over which management has limited control. These forward-looking statements should be evaluated together with additional information about Penske Automotive Group's business, markets, conditions and other uncertainties, which could affect Penske Automotive Group's future performance. These risks and uncertainties are addressed in Penske Automotive Group's Form 10-K for the year ended December 31, 2018, and its other filings with the Securities and Exchange Commission ("SEC"). This press release speaks only as of its date, and Penske Automotive Group disclaims any duty to update the information herein.

Find a vehicle: <http://www.penskecars.com>
Engage Penske Automotive: <http://www.penskesocial.com>
Like Penske Automotive on Facebook: <https://facebook.com/penskecars>
Follow Penske Automotive on Twitter: <https://twitter.com/penskecars>
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PENSKE AUTOMOTIVE GROUP, INC.
Consolidated Condensed Statements of Income
(Amounts In Millions, Except Per Share Data)
(Unaudited)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Revenue	\$ 5,881.4	\$ 5,439.3	8.1 %	\$ 23,179.4	\$ 22,785.1	1.7 %
Cost of Sales	5,014.9	4,631.2	8.3 %	19,723.9	19,370.2	1.8 %
Gross Profit	\$ 866.5	\$ 808.1	7.2 %	\$ 3,455.5	\$ 3,414.9	1.2 %
SG&A Expenses	685.1	645.0	6.2 %	2,693.2	2,646.3	1.8 %
Depreciation	28.6	26.5	7.9 %	109.6	103.7	5.7 %
Operating Income	\$ 152.8	\$ 136.6	11.9 %	\$ 652.7	\$ 664.9	(1.8)%
Floor Plan Interest Expense	(20.3)	(21.9)	(7.3)%	(84.5)	(80.9)	4.4 %
Other Interest Expense	(31.0)	(28.0)	10.7 %	(124.2)	(114.7)	8.3 %
Equity in Earnings of Affiliates	37.9	39.8	(4.8)%	147.5	134.8	9.4 %
Income from Continuing Operations Before Income Taxes	\$ 139.4	\$ 126.5	10.2 %	\$ 591.5	\$ 604.1	(2.1)%
Income Taxes	(38.1)	(29.6)	28.7 %	(156.7)	(134.3)	16.7 %
Income from Continuing Operations	\$ 101.3	\$ 96.9	4.5 %	\$ 434.8	\$ 469.8	(7.4)%
Income from Discontinued Operations, net of tax	—	0.3	nm	0.3	0.5	nm
Net Income	\$ 101.3	\$ 97.2	4.2 %	\$ 435.1	\$ 470.3	(7.5)%
Less: Loss Attributable to Non-Controlling Interests	(0.3)	(0.9)	nm	(0.7)	(0.7)	nm
Net Income Attributable to Common Shareholders	\$ 101.6	\$ 98.1	3.6 %	\$ 435.8	\$ 471.0	(7.5)%
Amounts Attributable to Common Shareholders:						
Reported Income from Continuing Operations	\$ 101.3	\$ 96.9	4.5 %	\$ 434.8	\$ 469.8	(7.4)%
Less: Loss Attributable to Non-Controlling Interests	(0.3)	(0.9)	nm	(0.7)	(0.7)	nm
Income from Continuing Operations, net of tax	\$ 101.6	\$ 97.8	3.9 %	\$ 435.5	\$ 470.5	(7.4)%
Income from Discontinued Operations, net of tax	—	0.3	nm	0.3	0.5	nm
Net Income Attributable to Common Shareholders	\$ 101.6	\$ 98.1	3.6 %	\$ 435.8	\$ 471.0	(7.5)%
Income from Continuing Operations Per Share	\$ 1.25	\$ 1.15	8.7 %	\$ 5.28	\$ 5.52	(4.3)%
Income Per Share	\$ 1.25	\$ 1.16	7.8 %	\$ 5.28	\$ 5.53	(4.5)%
Weighted Average Shares Outstanding	81.1	84.8	(4.4)%	82.5	85.2	(3.2)%

nm – not meaningful

PENSKE AUTOMOTIVE GROUP, INC.
Consolidated Condensed Balance Sheets
(Amounts In Millions)
(Unaudited)

	December 31, 2019	December 31, 2018
Assets:		
Cash and Cash Equivalents	\$ 28.1	\$ 39.4
Accounts Receivable, Net	960.3	929.1
Inventories	4,260.7	4,040.1
Other Current Assets	85.0	86.6
Total Current Assets	5,334.1	5,095.2
Property and Equipment, Net	2,366.4	2,250.0
Operating Lease Right-of-Use Assets	2,360.5	—
Intangibles	2,463.2	2,238.2
Other Long-Term Assets	1,420.2	1,321.1
Total Assets	\$ 13,944.4	\$ 10,904.5
Liabilities and Equity:		
Floor Plan Notes Payable	\$ 2,412.5	\$ 2,362.2
Floor Plan Notes Payable – Non-Trade	1,594.0	1,428.6
Accounts Payable	638.8	598.2
Accrued Expenses and Other Current Liabilities	701.9	566.6
Current Portion Long-Term Debt	103.3	92.0
Liabilities Held for Sale	0.5	0.7
Total Current Liabilities	5,451.0	5,048.3
Long-Term Debt	2,257.0	2,124.7
Long-Term Operating Lease Liabilities	2,301.2	—
Other Long-Term Liabilities	1,123.6	1,096.8
Total Liabilities	11,132.8	8,269.8
Equity	2,811.6	2,634.7
Total Liabilities and Equity	\$ 13,944.4	\$ 10,904.5
Supplemental Balance Sheet Information		
New vehicle days' supply	71	72
Used vehicle days' supply	52	57

PENSKE AUTOMOTIVE GROUP, INC.
Consolidated Operations
Selected Data
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Geographic Revenue Mix:				
North America	62.4 %	60.0 %	59.3 %	56.5 %
U.K.	29.3 %	31.6 %	32.6 %	35.0 %
Other International	8.3 %	8.4 %	8.1 %	8.5 %
Total	100.0 %	100.0 %	100.0 %	100.0 %
Revenue: (Amounts in Millions)				
Retail Automotive	\$ 5,162.7	\$ 4,949.2	\$ 20,615.8	\$ 20,849.2
Retail Commercial Trucks	599.1	358.0	2,050.5	1,374.5
Commercial Vehicles Australia/Power Systems and Other	119.6	132.1	513.1	561.4
Total	\$ 5,881.4	\$ 5,439.3	\$ 23,179.4	\$ 22,785.1
Gross Profit: (Amounts in Millions)				
Retail Automotive	\$ 755.1	\$ 720.1	\$ 3,038.9	\$ 3,058.6
Retail Commercial Trucks	78.3	54.7	277.8	211.5
Commercial Vehicles Australia/Power Systems and Other	33.1	33.3	138.8	144.8
Total	\$ 866.5	\$ 808.1	\$ 3,455.5	\$ 3,414.9
Gross Margin:				
Retail Automotive	14.6 %	14.5 %	14.7 %	14.7 %
Retail Commercial Trucks	13.1 %	15.3 %	13.5 %	15.4 %
Commercial Vehicles Australia/Power Systems and Other	27.7 %	25.2 %	27.1 %	25.8 %
Total	14.7 %	14.9 %	14.9 %	15.0 %

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Operating Items as a Percentage of Revenue:				
Gross Profit	14.7 %	14.9 %	14.9 %	15.0 %
Selling, General and Administrative Expenses	11.6 %	11.9 %	11.6 %	11.6 %
Operating Income	2.6 %	2.5 %	2.8 %	2.9 %
Income from Continuing Operations Before Income Taxes	2.4 %	2.3 %	2.6 %	2.7 %
Operating Items as a Percentage of Total Gross Profit:				
Selling, General and Administrative Expenses	79.1 %	79.8 %	77.9 %	77.5 %
Operating Income	17.6 %	16.9 %	18.9 %	19.5 %

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
(Amounts in Millions)				
EBITDA*	\$ 199.0	\$ 181.0	\$ 825.3	\$ 822.5
Floorplan Credits	\$ 9.9	\$ 10.4	\$ 37.2	\$ 40.3
Rent Expense	\$ 58.6	\$ 56.8	\$ 232.0	\$ 232.1
Capital Expenditures	\$ 56.5	\$ 117.1	\$ 245.3	\$ 305.6
Stock Repurchases	\$ —	\$ 13.1	\$ 174.1	\$ 68.9

* See the following Non-GAAP reconciliation table.

PENSKE AUTOMOTIVE GROUP, INC.
Retail Automotive Operations
Selected Data – Revenue and Gross Profit Mix
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Retail Automotive Revenue Mix:				
Premium:				
BMW / MINI	24 %	23 %	23 %	23 %
Audi	12 %	12 %	12 %	13 %
Mercedes-Benz	10 %	10 %	10 %	9 %
Land Rover / Jaguar	8 %	10 %	9 %	9 %
Porsche	7 %	5 %	6 %	6 %
Ferrari / Maserati	3 %	3 %	3 %	3 %
Lexus	3 %	3 %	3 %	3 %
Acura	1 %	1 %	1 %	1 %
Bentley	1 %	1 %	1 %	1 %
Others	2 %	2 %	2 %	2 %
Total Premium	<u>71 %</u>	<u>70 %</u>	<u>70 %</u>	<u>70 %</u>
Volume Non-U.S.:				
Toyota	10 %	10 %	10 %	10 %
Honda	6 %	7 %	6 %	6 %
Volkswagen	3 %	4 %	4 %	4 %
Nissan	1 %	1 %	1 %	1 %
Others	2 %	1 %	2 %	1 %
Total Volume Non-U.S.	<u>22 %</u>	<u>23 %</u>	<u>23 %</u>	<u>22 %</u>
U.S.:				
General Motors / Chrysler / Ford	1 %	2 %	1 %	2 %
Stand-Alone Used	<u>6 %</u>	<u>5 %</u>	<u>6 %</u>	<u>6 %</u>
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>
Retail Automotive Geographic Revenue Mix:				
U.S.	60 %	59 %	57 %	55 %
U.K.	33 %	35 %	37 %	38 %
Other International	7 %	6 %	6 %	7 %
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>
Retail Automotive Geographic Gross Profit Mix:				
U.S.	63 %	63 %	61 %	59 %
U.K.	31 %	31 %	33 %	35 %
Other International	6 %	6 %	6 %	6 %
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

PENSKE AUTOMOTIVE GROUP, INC.
Retail Automotive Operations
(Unaudited)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Retail Automotive Units:						
New Retail	55,974	56,698	(1.3)%	222,704	235,964	(5.6)%
Used Retail	65,284	64,171	1.7 %	284,190	282,542	0.6 %
Total	<u>121,258</u>	<u>120,869</u>	<u>0.3 %</u>	<u>506,894</u>	<u>518,506</u>	<u>(2.2)%</u>
Retail Automotive Revenue: (Amounts in Millions)						
New Vehicles	\$ 2,445.4	\$ 2,340.8	4.5 %	\$ 9,329.5	\$ 9,666.4	(3.5)%
Used Vehicles	1,712.0	1,663.2	2.9 %	7,241.2	7,252.1	(0.2)%
Finance and Insurance, Net	160.6	147.4	9.0 %	652.1	629.6	3.6 %
Service and Parts	541.9	536.3	1.0 %	2,195.9	2,151.4	2.1 %
Fleet and Wholesale	302.8	261.5	15.8 %	1,197.1	1,149.7	4.1 %
Total Revenue	<u>\$ 5,162.7</u>	<u>\$ 4,949.2</u>	<u>4.3 %</u>	<u>\$ 20,615.8</u>	<u>\$ 20,849.2</u>	<u>(1.1)%</u>
Retail Automotive Gross Profit: (Amounts in Millions)						
New Vehicles	\$ 183.9	\$ 171.8	7.0 %	\$ 695.6	\$ 724.6	(4.0)%
Used Vehicles	81.9	81.6	0.4 %	366.1	409.1	(10.5)%
Finance and Insurance, Net	160.6	147.4	9.0 %	652.1	629.6	3.6 %
Service and Parts	324.4	317.8	2.1 %	1,305.8	1,277.3	2.2 %
Fleet and Wholesale	4.3	1.5	186.7 %	19.3	18.0	7.2 %
Total Gross Profit	<u>\$ 755.1</u>	<u>\$ 720.1</u>	<u>4.9 %</u>	<u>\$ 3,038.9</u>	<u>\$ 3,058.6</u>	<u>(0.6)%</u>
Retail Automotive Revenue Per Vehicle Retailed:						
New Vehicles	\$ 43,689	\$ 41,285	5.8 %	\$ 41,892	\$ 40,966	2.3 %
Used Vehicles	26,224	25,919	1.2 %	25,480	25,667	(0.7)%
Retail Automotive Gross Profit Per Vehicle Retailed:						
New Vehicles	\$ 3,286	\$ 3,029	8.5 %	\$ 3,124	\$ 3,070	1.8 %
Used Vehicles	1,255	1,272	(1.3)%	1,288	1,448	(11.0)%
Finance and Insurance	1,324	1,219	8.6 %	1,287	1,214	6.0 %
Retail Automotive Gross Margin:						
New Vehicles	7.5 %	7.3 %	+20 bps	7.5 %	7.5 %	--- bps
Used Vehicles	4.8 %	4.9 %	-10 bps	5.1 %	5.6 %	-50 bps
Service and Parts	59.9 %	59.3 %	+60 bps	59.5 %	59.4 %	+10 bps
Fleet and Wholesale	1.4 %	0.6 %	+80 bps	1.6 %	1.6 %	--- bps
Total Gross Margin	<u>14.6 %</u>	<u>14.5 %</u>	<u>+10 bps</u>	<u>14.7 %</u>	<u>14.7 %</u>	<u>--- bps</u>
Retail Automotive Revenue Mix Percentages:						
New Vehicles	47.4 %	47.3 %	+10 bps	45.3 %	46.4 %	-110 bps
Used Vehicles	33.2 %	33.6 %	-40 bps	35.1 %	34.8 %	+30 bps
Finance and Insurance, Net	3.1 %	3.0 %	+10 bps	3.2 %	3.0 %	+20 bps
Service and Parts	10.5 %	10.8 %	-30 bps	10.7 %	10.3 %	+40 bps
Fleet and Wholesale	5.8 %	5.3 %	+50 bps	5.7 %	5.5 %	+20 bps
Total	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	
Retail Automotive Gross Profit Mix Percentages:						
New Vehicles	24.4 %	23.9 %	+50 bps	22.9 %	23.7 %	-80 bps
Used Vehicles	10.8 %	11.3 %	-50 bps	12.0 %	13.4 %	-140 bps
Finance and Insurance, Net	21.3 %	20.5 %	+80 bps	21.5 %	20.6 %	+90 bps
Service and Parts	43.0 %	44.1 %	-110 bps	43.0 %	41.8 %	+120 bps
Fleet and Wholesale	0.5 %	0.2 %	+30 bps	0.6 %	0.5 %	+10 bps
Total	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

PENSKE AUTOMOTIVE GROUP, INC.
Retail Automotive Operations Same-Store
(Unaudited)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Retail Automotive Same-Store Units:						
New Retail	54,928	54,516	0.8 %	214,389	225,513	(4.9)%
Used Retail	63,670	61,893	2.9 %	275,123	272,086	1.1 %
Total	<u>118,598</u>	<u>116,409</u>	<u>1.9 %</u>	<u>489,512</u>	<u>497,599</u>	<u>(1.6)%</u>
Retail Automotive Same-Store Revenue: (Amounts in Millions)						
New Vehicles	\$ 2,400.2	\$ 2,259.8	6.2 %	\$ 9,000.7	\$ 9,291.4	(3.1)%
Used Vehicles	1,673.8	1,614.2	3.7 %	7,029.3	7,028.3	0.0 %
Finance and Insurance, Net	157.6	143.6	9.7 %	635.9	611.7	4.0 %
Service and Parts	533.1	519.3	2.7 %	2,134.0	2,079.9	2.6 %
Fleet and Wholesale	288.2	251.3	14.7 %	1,147.5	1,104.2	3.9 %
Total Revenue	<u>\$ 5,052.9</u>	<u>\$ 4,788.2</u>	<u>5.5 %</u>	<u>\$ 19,947.4</u>	<u>\$ 20,115.5</u>	<u>(0.8)%</u>
Retail Automotive Same-Store Gross Profit: (Amounts in Millions)						
New Vehicles	\$ 179.3	\$ 164.7	8.9 %	\$ 666.7	\$ 693.5	(3.9)%
Used Vehicles	80.4	79.6	1.0 %	359.3	399.0	(9.9)%
Finance and Insurance, Net	157.6	143.6	9.7 %	635.9	611.7	4.0 %
Service and Parts	318.3	308.4	3.2 %	1,266.4	1,234.5	2.6 %
Fleet and Wholesale	4.6	1.4	228.6 %	19.1	17.8	7.3 %
Total Gross Profit	<u>\$ 740.2</u>	<u>\$ 697.7</u>	<u>6.1 %</u>	<u>\$ 2,947.4</u>	<u>\$ 2,956.5</u>	<u>(0.3)%</u>
Retail Automotive Same-Store Revenue Per Vehicle Retailed:						
New Vehicles	\$ 43,696	\$ 41,452	5.4 %	\$ 41,983	\$ 41,201	1.9 %
Used Vehicles	26,289	26,080	0.8 %	25,550	25,831	(1.1)%
Retail Automotive Same-Store Gross Profit Per Vehicle Retailed:						
New Vehicles	\$ 3,265	\$ 3,020	8.1 %	\$ 3,110	\$ 3,075	1.1 %
Used Vehicles	1,262	1,287	(1.9)%	1,306	1,466	(10.9)%
Finance and Insurance	1,329	1,234	7.7 %	1,299	1,229	5.7 %
Retail Automotive Same-Store Gross Margin:						
New Vehicles	7.5 %	7.3 %	+20 bps	7.4 %	7.5 %	-10 bps
Used Vehicles	4.8 %	4.9 %	-10 bps	5.1 %	5.7 %	-60 bps
Service and Parts	59.7 %	59.4 %	+30 bps	59.3 %	59.4 %	-10 bps
Fleet and Wholesale	1.6 %	0.6 %	+100 bps	1.7 %	1.6 %	+10 bps
Total Gross Margin	<u>14.6 %</u>	<u>14.6 %</u>	<u>---</u> bps	<u>14.8 %</u>	<u>14.7 %</u>	<u>+10 bps</u>
Retail Automotive Revenue Mix Percentages:						
New Vehicles	47.5 %	47.2 %	+30 bps	45.1 %	46.2 %	-110 bps
Used Vehicles	33.1 %	33.7 %	-60 bps	35.2 %	34.9 %	+30 bps
Finance and Insurance, Net	3.1 %	3.0 %	+10 bps	3.2 %	3.0 %	+20 bps
Service and Parts	10.6 %	10.8 %	-20 bps	10.7 %	10.3 %	+40 bps
Fleet and Wholesale	5.7 %	5.3 %	+40 bps	5.8 %	5.6 %	+20 bps
Total	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	
Retail Automotive Gross Profit Mix Percentages:						
New Vehicles	24.2 %	23.6 %	+60 bps	22.6 %	23.5 %	-90 bps
Used Vehicles	10.9 %	11.4 %	-50 bps	12.2 %	13.5 %	-130 bps
Finance and Insurance, Net	21.3 %	20.6 %	+70 bps	21.6 %	20.7 %	+90 bps
Service and Parts	43.0 %	44.2 %	-120 bps	43.0 %	41.8 %	+120 bps
Fleet and Wholesale	0.6 %	0.2 %	+40 bps	0.6 %	0.5 %	+10 bps
Total	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

PENSKE AUTOMOTIVE GROUP, INC.
Retail Commercial Truck Operations
(Unaudited)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Retail Commercial Truck Units:						
New Retail	3,209	2,184	46.9 %	11,897	8,291	43.5 %
Used Retail	519	457	13.6 %	1,954	1,973	(1.0)%
Total	<u>3,728</u>	<u>2,641</u>	<u>41.2 %</u>	<u>13,851</u>	<u>10,264</u>	<u>34.9 %</u>
Retail Commercial Truck Revenue: (Amounts in Millions)						
New Vehicles	\$ 367.6	\$ 236.4	55.5 %	\$ 1,347.2	\$ 866.9	55.4 %
Used Vehicles	29.2	25.7	13.6 %	117.0	112.0	4.5 %
Finance and Insurance, Net	3.4	2.9	17.2 %	12.4	11.9	4.2 %
Service and Parts	162.6	88.8	83.1 %	503.3	364.5	38.1 %
Wholesale and Other	36.3	4.2	764.3 %	70.6	19.2	267.7 %
Total Revenue	<u>\$ 599.1</u>	<u>\$ 358.0</u>	<u>67.3 %</u>	<u>\$ 2,050.5</u>	<u>\$ 1,374.5</u>	<u>49.2 %</u>
Retail Commercial Truck Gross Profit: (Amounts in Millions)						
New Vehicles	\$ 17.6	\$ 12.6	39.7 %	\$ 61.4	\$ 40.8	50.5 %
Used Vehicles	0.3	2.9	(89.7)%	9.2	12.7	(27.6)%
Finance and Insurance, Net	3.4	2.9	17.2 %	12.4	11.9	4.2 %
Service and Parts	53.8	34.5	55.9 %	182.4	140.8	29.5 %
Wholesale and Other	3.2	1.8	77.8 %	12.4	5.3	134.0 %
Total Gross Profit	<u>\$ 78.3</u>	<u>\$ 54.7</u>	<u>43.1 %</u>	<u>\$ 277.8</u>	<u>\$ 211.5</u>	<u>31.3 %</u>
Retail Commercial Truck Revenue Per Vehicle Retailed:						
New Vehicles	\$ 114,573	\$ 108,216	5.9 %	\$ 113,239	\$ 104,563	8.3 %
Used Vehicles	56,041	56,183	(0.3)%	59,865	56,767	5.5 %
Retail Commercial Truck Gross Profit Per Vehicle Retailed:						
New Vehicles	\$ 5,505	\$ 5,745	(4.2)%	\$ 5,164	\$ 4,916	5.0 %
Used Vehicles	546	6,243	(91.3)%	4,706	6,422	(26.7)%
Finance and Insurance	917	1,107	(17.2)%	896	1,163	(23.0)%
Retail Commercial Truck Gross Margin:						
New Vehicles	4.8 %	5.3 %	-50 bps	4.6 %	4.7 %	-10 bps
Used Vehicles	1.0 %	11.3 %	1,030 bps	7.9 %	11.3 %	-340 bps
Service and Parts	33.1 %	38.9 %	-580 bps	36.2 %	38.6 %	-240 bps
Total Gross Margin	<u>13.1 %</u>	<u>15.3 %</u>	<u>-220 bps</u>	<u>13.5 %</u>	<u>15.4 %</u>	<u>-190 bps</u>
Retail Commercial Truck Revenue Mix Percentages:						
New Vehicles	61.4 %	66.0 %	-460 bps	65.7 %	63.1 %	+260 bps
Used Vehicles	4.9 %	7.2 %	-230 bps	5.7 %	8.1 %	-240 bps
Finance and Insurance, Net	0.6 %	0.8 %	-20 bps	0.6 %	0.9 %	-30 bps
Service and Parts	27.1 %	24.8 %	+230 bps	24.5 %	26.5 %	-200 bps
Wholesale and Other	6.0 %	1.2 %	+480 bps	3.5 %	1.4 %	+210 bps
Total	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	
Retail Commercial Truck Gross Profit Mix Percentages:						
New Vehicles	22.5 %	23.0 %	-50 bps	22.1 %	19.3 %	+280 bps
Used Vehicles	0.4 %	5.3 %	-490 bps	3.3 %	6.0 %	-270 bps
Finance and Insurance, Net	4.3 %	5.3 %	-100 bps	4.5 %	5.6 %	-110 bps
Service and Parts	68.7 %	63.1 %	+560 bps	65.7 %	66.6 %	-90 bps
Wholesale and Other	4.1 %	3.3 %	+80 bps	4.4 %	2.5 %	+190 bps
Total	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

PENSKE AUTOMOTIVE GROUP, INC.
Retail Commercial Truck Operations Same-Store
(Unaudited)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Retail Commercial Truck Same-Store Units:						
New Retail	1,475	2,184	(32.5)%	8,306	8,200	1.3 %
Used Retail	389	457	(14.9)%	1,633	1,971	(17.1)%
Total	1,864	2,641	(29.4)%	9,939	10,171	(2.3)%
Retail Commercial Truck Same-Store Revenue: (Amounts in Millions)						
New Vehicles	\$ 161.7	\$ 236.3	(31.6)%	\$ 921.0	\$ 854.3	7.8 %
Used Vehicles	21.1	25.7	(17.9)%	97.4	111.9	(13.0)%
Finance and Insurance, Net	2.3	2.9	(20.7)%	10.7	11.8	(9.3)%
Service and Parts	87.5	88.3	(0.9)%	368.5	360.1	2.3 %
Wholesale and Other	4.0	4.4	(9.1)%	20.9	19.2	8.9 %
Total Revenue	\$ 276.6	\$ 357.6	(22.7)%	\$ 1,418.5	\$ 1,357.3	4.5 %
Retail Commercial Truck Same-Store Gross Profit: (Amounts in Millions)						
New Vehicles	\$ 7.2	\$ 12.5	(42.4)%	\$ 39.1	\$ 40.0	(2.3)%
Used Vehicles	0.5	2.9	(82.8)%	7.9	12.7	(37.8)%
Finance and Insurance, Net	2.3	2.9	(20.7)%	10.7	11.8	(9.3)%
Service and Parts	34.3	34.3	— %	145.4	139.1	4.5 %
Wholesale and Other	3.1	1.9	63.2 %	11.9	5.0	138.0 %
Total Gross Profit	\$ 47.4	\$ 54.5	(13.0)%	\$ 215.0	\$ 208.6	5.1 %
Retail Commercial Truck Same-Store Revenue Per Vehicle Retailed:						
New Vehicles	\$ 109,602	\$ 108,216	1.3 %	\$ 110,883	\$ 104,179	6.4 %
Used Vehicles	54,245	56,183	(3.4)%	59,654	56,782	5.1 %
Retail Commercial Truck Same-Store Gross Profit Per Vehicle Retailed:						
New Vehicles	\$ 4,905	\$ 5,745	(14.6)%	\$ 4,708	\$ 4,873	(3.4)%
Used Vehicles	1,183	6,243	(81.1)%	4,834	6,419	(24.7)%
Finance and Insurance	1,256	1,107	13.5 %	1,073	1,162	(7.7)%
Retail Commercial Truck Same-Store Gross Margin:						
New Vehicles	4.5 %	5.3 %	-80 bps	4.2 %	4.7 %	-50 bps
Used Vehicles	2.4 %	11.3 %	-890 bps	8.1 %	11.3 %	-320 bps
Service and Parts	39.2 %	38.8 %	+40 bps	39.5 %	38.6 %	+90 bps
Total Gross Margin	17.1 %	15.2 %	+190 bps	15.2 %	15.4 %	-20 bps
Retail Commercial Truck Revenue Mix Percentages:						
New Vehicles	58.5 %	66.1 %	-760 bps	64.9 %	62.9 %	+200 bps
Used Vehicles	7.6 %	7.2 %	+40 bps	6.9 %	8.2 %	-130 bps
Finance and Insurance, Net	0.8 %	0.8 %	--- bps	0.8 %	0.9 %	-10 bps
Service and Parts	31.6 %	24.7 %	+690 bps	26.0 %	26.5 %	-50 bps
Wholesale and Other	1.5 %	1.2 %	+30 bps	1.4 %	1.5 %	-10 bps
Total	100.0 %	100.0 %		100.0 %	100.0 %	
Retail Commercial Truck Gross Profit Mix Percentages:						
New Vehicles	15.2 %	22.9 %	-770 bps	18.2 %	19.2 %	-100 bps
Used Vehicles	1.1 %	5.3 %	-420 bps	3.7 %	6.1 %	-240 bps
Finance and Insurance, Net	4.9 %	5.3 %	-40 bps	5.0 %	5.7 %	-70 bps
Service and Parts	72.4 %	62.9 %	+950 bps	67.6 %	66.7 %	+90 bps
Wholesale and Other	6.4 %	3.6 %	+280 bps	5.5 %	2.3 %	+320 bps
Total	100.0 %	100.0 %		100.0 %	100.0 %	

PENSKE AUTOMOTIVE GROUP, INC.
Consolidated Non-GAAP Reconciliations
(Unaudited)

The following tables reconcile reported income from continuing operations and earnings per share to adjusted income from continuing operations and adjusted earnings per share for the three and twelve months ended December 31, 2019 and 2018:

Income from Continuing Operations:

(Amounts in Millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Income from Continuing Operations	\$ 101.6	\$ 97.8	3.9 %	\$ 435.5	\$ 470.5	(7.4)%
Less: Income tax benefit (1)	—	—	—	—	(11.6)	nm
Less: Net gain on dealership sales	—	(8.2)	nm	—	(22.7)	nm
Add: Valuation adjustments and termination of franchises	—	5.3	nm	—	18.7	nm
Adjusted Income from Continuing Operations	\$ 101.6	\$ 94.9	7.1 %	\$ 435.5	\$ 454.9	(4.3)%

Earnings Per Share:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Earnings Per Share from Continuing Operations	\$ 1.25	\$ 1.15	8.7 %	\$ 5.28	\$ 5.52	(4.3)%
Less: Income tax benefit (1)	—	—	—	—	(0.14)	nm
Less: Net gain on dealership sales	—	(0.10)	nm	—	(0.27)	nm
Add: Valuation adjustments and termination of franchises	—	0.06	nm	—	0.22	nm
Adjusted Earnings Per Share from Continuing Operations	\$ 1.25	\$ 1.11	12.6 %	\$ 5.28	\$ 5.34 (2)	(1.1)%

⁽¹⁾ This benefit relates to the final reconciliation of the income tax benefit related to the enactment of the 2017 U.S. Tax Cuts and Jobs Act.

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

The following table reconciles reported Selling, General and Administrative Expenses for the three and twelve months ended December 31, 2019 and 2018:

(Amounts in Millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Selling, General and Administrative Expenses	\$ 685.1	\$ 645.0	6.2 %	\$ 2,693.2	\$ 2,646.3	1.8 %
Add: Net gain on dealership sales	—	8.2	nm	—	22.7	nm
Less: Valuation adjustments and termination of franchises	—	(5.3)	nm	—	(18.7)	nm
Adjusted Selling, General and Administrative Expenses	\$ 685.1	\$ 647.9	5.7 %	\$ 2,693.2	\$ 2,650.3	1.6 %
SG&A Expenses as a Percentage of Total Gross Profit	79.1 %	79.8 %	-70 bps	77.9 %	77.5 %	+40 bps
Adjusted SG&A Expenses as a Percentage of Total Gross Profit	79.1 %	80.2 %	-110 bps	77.9 %	77.6 %	+30 bps

PENSKE AUTOMOTIVE GROUP, INC.
Consolidated Non-GAAP Reconciliations
(Unaudited)

The following table reconciles reported income tax expense for the three and twelve months ended December 31, 2019 and 2018:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Tax Expense	\$ 38.1	\$ 29.6	28.7 %	\$ 156.7	\$ 134.3	16.7 %
Add: Income Tax Benefit (1)	—	—	—	—	11.6	nm
Adjusted Income Tax Expense	<u>\$ 38.1</u>	<u>\$ 29.6</u>	<u>28.7 %</u>	<u>\$ 156.7</u>	<u>\$ 145.9</u>	<u>7.4 %</u>
Effective Tax Rate	27.4 %	23.4 %	+400 bps	26.5 %	22.2 %	+430 bps
Adjusted Effective Tax Rate	27.4 %	23.4 %	+400 bps	26.5 %	24.2 %	+230 bps

⁽¹⁾ This benefit relates to the final reconciliation of the income tax benefit related to the enactment of the 2017 U.S. Tax Cuts and Jobs Act.

The following tables reconcile reported net income to earnings before interest, taxes, depreciation and amortization (“EBITDA”) for the three and twelve months ended December 31, 2019 and 2018:

	Three Months Ended December 31,		2019 vs. 2018	
	2019	2018	Change	% Change
Net Income	\$ 101.3	\$ 97.2	\$ 4.1	4.2 %
Add: Depreciation	28.6	26.5	2.1	7.9 %
Other Interest Expense	31.0	28.0	3.0	10.7 %
Income Taxes	38.1	29.6	8.5	28.7 %
Income from Discontinued Operations, net of tax	—	(0.3)	0.3	nm
EBITDA	<u>\$ 199.0</u>	<u>\$ 181.0</u>	<u>\$ 18.0</u>	<u>9.9 %</u>
Less: Net gain on dealership sales	—	(8.2)	8.2	nm
Add: Valuation adjustments and termination of franchises	—	5.3	(5.3)	nm
Adjusted EBITDA	<u>\$ 199.0</u>	<u>\$ 178.1</u>	<u>\$ 20.9</u>	<u>11.7 %</u>

	Twelve Months Ended December 31,		2019 vs. 2018	
	2019	2018	Change	% Change
Net Income	\$ 435.1	\$ 470.3	\$ (35.2)	(7.5)%
Add: Depreciation	109.6	103.7	5.9	5.7 %
Other Interest Expense	124.2	114.7	9.5	8.3 %
Income Taxes (1)	156.7	134.3	22.4	16.7 %
Income from Discontinued Operations, net of tax	(0.3)	(0.5)	0.2	nm
EBITDA	<u>\$ 825.3</u>	<u>\$ 822.5</u>	<u>\$ 2.8</u>	<u>0.3 %</u>
Less: Net gain on dealership sales	—	(22.7)	22.7	nm
Add: Valuation adjustments and termination of franchises	—	18.7	(18.7)	nm
Adjusted EBITDA	<u>\$ 825.3</u>	<u>\$ 818.5</u>	<u>\$ 6.8</u>	<u>0.8 %</u>

⁽¹⁾ Amount for 2018 includes a tax benefit of \$11.6 million for the final reconciliation of the income tax benefit related to the enactment of the 2017 U.S. Tax Cuts and Jobs Act.

nm – not meaningful

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