

# INVESTOR PRESENTATION

November 2018



# DISCLOSURE

## Forward-Looking Statements

This presentation includes "forward-looking statements" within the meaning of the "Safe-Harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward looking statements 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 "project," "outlook," "expect," "anticipate," "intend," "plan," "believe," "estimate," "may," "seek," "would," "should," "likely," "goal," "strategy," "future," "maintain," "continue," "remain," "target" or "will" and similar references to future periods. Examples of forward-looking statements in this press release include, among others, statements regarding:

- Expected operating results, such as improved store efficiency and performance and targeted 2018 performance such as revenue, EPS and growth rates;
- Our ability to improve store performance;
- Anticipated acquisition opportunities and additions of dealership locations to our portfolio in the future, and our ability to improve earnings and achieve returns on investments;
- Anticipated revenues from acquired and open point stores;
- Anticipated availability of liquidity from our credit facility and unfinanced operating real estate;
- Anticipated synergies from the investment in Shift; and
- Anticipated operational and financial performance of Shift.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events that depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance, and our actual results of operations, financial condition and liquidity and development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements in this press release. The risks and uncertainties that could cause actual results to differ materially from estimated or projected results include, without limitation, future economic and financial conditions (both nationally and locally), changes in customer demand, our relationship with, and the financial and operational stability of, vehicle manufacturers and other suppliers, risks associated with our indebtedness (including available borrowing capacity, compliance with financial covenants and ability to refinance or repay indebtedness on favorable terms), government regulations, legislation and others set forth throughout "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and in "Part I, Item 1A. Risk Factors" of our most recent Annual Report on Form 10-K, and from time to time in our other filings with the SEC. We urge you to carefully consider this information and not place undue reliance on forward-looking statements. We undertake no duty to update our forward-looking statements, including our earnings outlook, which are made as of the date of this presentation.

## Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures such as adjusted net income and diluted earnings per share, adjusted SG&A as a percentage of revenue and gross profit, adjusted operating margin, adjusted operating profit as a percentage of gross profit, adjusted pre-tax margin, EBITDA, adjusted EBITDA, leveraged EBITDA and adjusted total debt. Non-GAAP measures do not have definitions under GAAP and may be defined differently by and not comparable to similarly titled measures used by other companies. As a result, we review any non-GAAP financial measures in connection with a review of the most directly comparable measures calculated in accordance with GAAP. We caution you not to place undue reliance on such non-GAAP measures, but also to consider them with the most directly comparable GAAP measures. We present cash flows from operations in the attached tables, adjusted to include the change in non-trade floor plan debt to improve the visibility of cash flows related to vehicle financing. As required by SEC rules, we have reconciled these measures to the most directly comparable GAAP measures in the attachments to this release. We believe the non-GAAP financial measures we present improve the transparency of our disclosures; provide a meaningful presentation of our results from core business operations, because they exclude items not related to core business operations and other non-cash items; and improve the period-to-period comparability of our results from core business operations. These presentations should not be considered an alternative to GAAP measures.

## HIGHLIGHTS



**One of the largest auto retailers in the U.S.**  
(#3 by adj. EBITDA / #4 by revenue)



**#294 on the Fortune 500**



**#14 5-year Total Shareholder Return on the Fortune 500 in 2017**  
(#1 in 2015, #2 in 2016)



**\$12bn**  
in est. 2018 revenues



**182 Service/delivery centers reaching 80% of the U.S.**



**15,000 team members nationwide**

## HISTORY

**1946**

Walt DeBoer founded Lithia Motors in 1946 as a Chrysler-Plymouth-Dodge dealership in Ashland, Oregon

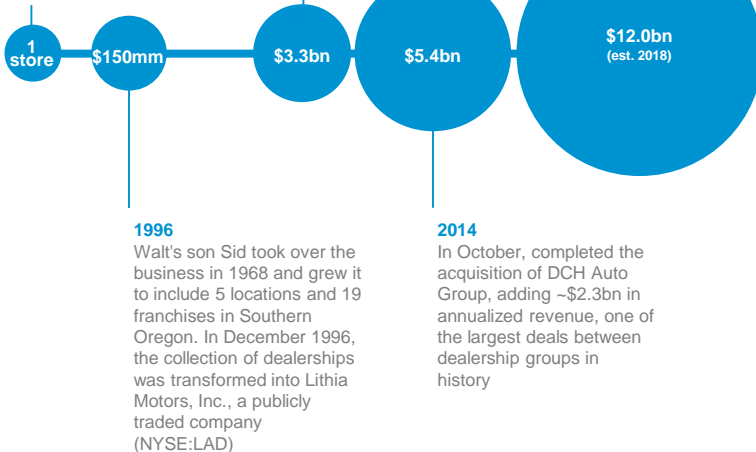


**2012**

In May 2012, Bryan DeBoer became CEO, accelerating company growth

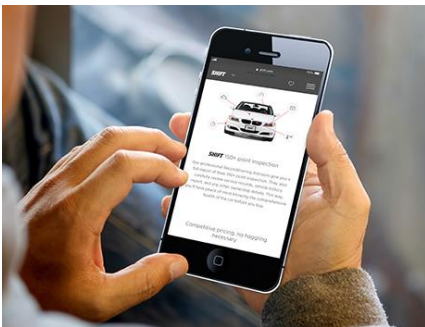
**TODAY**

Lithia is one of the largest, strongest returning and most diversified public automotive retailers in North America



# CREATING AN OMNI-CHANNEL RETAIL EXPERIENCE

Wherever, whenever and however consumers desire



## FREEDOM

Online or in person,  
providing a simple,  
transparent and  
flexible **experience**

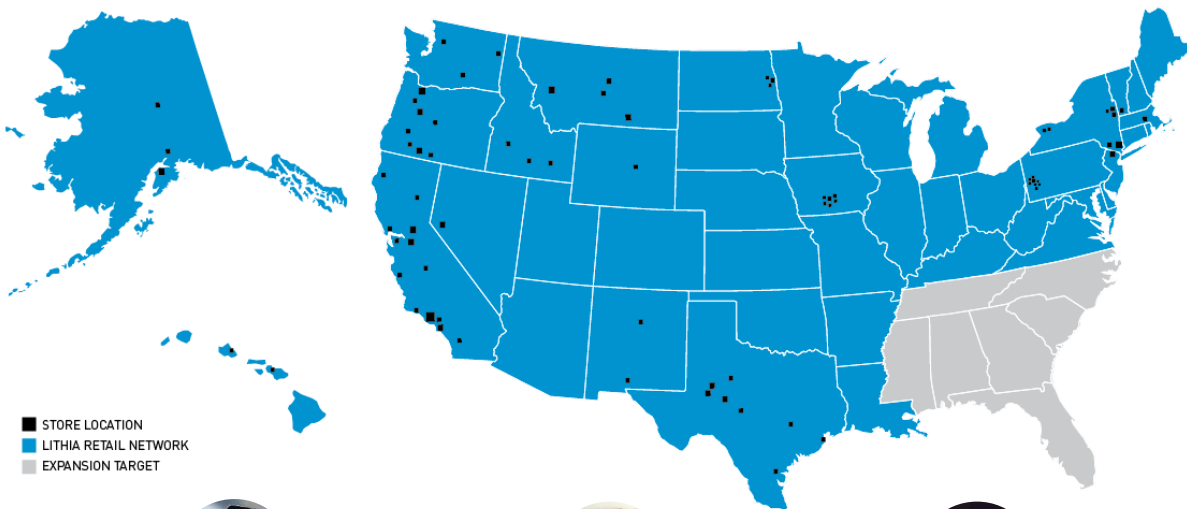
## SELECTION

Over 66,000  
vehicles available;  
the **2<sup>nd</sup> largest**  
**owned inventory**  
online in the  
country

## CHOICE

Alternatives when  
buying, selling,  
financing and  
servicing  
throughout the  
vehicle **ownership**  
**lifecycle**

# BUILDING A NATIONWIDE FULFILLMENT NETWORK



## OMNI-CHANNEL FULFILLMENT

Freedom to shop wherever, whenever and however you desire



## NATIONAL PRESENCE

Offering same day delivery for 80% of the United States



## LEADING RETAILER

#4 auto retailer; 2<sup>nd</sup> largest owned inventory online

# OUR STRATEGY

Scaling and innovating personal transportation solutions

## SCALE

Acquire to expand  
nationwide retail network

## GREENFIELD GROWTH

Acquire strong  
brands, under-  
performing  
businesses

Invest in  
innovation

Deliver  
superb  
returns

## INNOVATE

Drive digital, strategic and  
complementary initiatives

## CAPITAL ENGINE

Proven  
leadership  
team

\$350MM  
in annual  
free cash  
flows

Diversify  
geography,  
brands, and  
products

## EARNINGS POTENTIAL

World-class  
performance  
management

Vast potential in  
existing  
locations

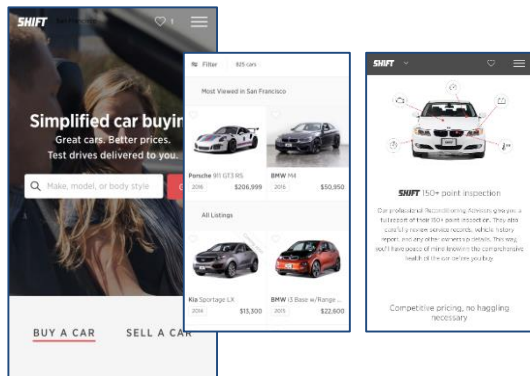
Agile, local  
market  
approach

# PARTNERING WITH **SHIFT**

## Leading technology platform for used vehicles

### COMPANY HIGHLIGHTS

- Simple consumer-controlled buying and selling experiences
- World-class engineering and design team headquartered in Silicon Valley
- Efficient, low-cost model providing test drives, delivery and pick up at home or work
- Direct from consumer procurement main source of vehicle inventory
- Poised for rapid, nationwide expansion



# **SHIFT**

### CURRENT OPERATIONS

- Digital platform available on web or mobile app
- Instant, online financing engine
- Instant vehicle pricing and valuation using AI
- Will retail approximately 8,000 units in 2018
- Over 40% revenue growth in 2018

# SHIFT STRATEGIC PARTNERSHIP

Invested \$54MM in digital used vehicle retailer



***SHIFT***

**SYNERGIES**

TECHNOLOGY	Franchise and location driven	Online and consumer driven	Wherever, whenever, however consumers desire
DATA	12 million vehicle transaction records	Algorithmic procurement and pricing	Fast, personalized, transparent experiences
INVENTORY	2 <sup>nd</sup> largest, owned online inventory	Direct from consumer procurement utilizing AI	The destination vehicle marketplace
CAPITAL	\$350 million in free cash flow annually	Focus on methodical growth and technology investment	Allows Shift to quickly expand
RELATIONSHIPS	Strong vendor and lender partnerships	Deep Silicon Valley network	Accelerating innovation; expanding revenue and profit opportunities
PEOPLE	Expertise selling and servicing vehicles	World-class engineering and design team	Freedom for consumers; improved operations
NETWORK	Reach 80% of the US same day	Easily scalable, asset light model	Leverage and expand fulfillment network

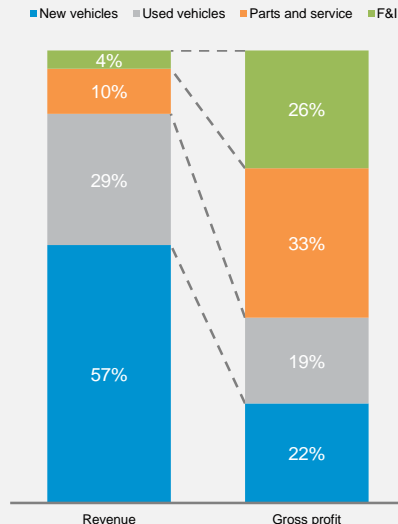


# OUR KEY STRENGTHS

# RESILIENT BUSINESS MODEL

Profitable business with diversified product mix and multiple earnings streams

## LITHIA BUSINESS MIX



Note: Revenue and gross profit mix for the three-months ended September 30, 2018

## NEW VEHICLE REVENUE BY BRAND

LITHIA NEW VEHICLE UNIT MIX			
Import	45%	Toyota	18%
		Honda	13%
		Subaru	8%
		Nissan	3%
		Other Import*	3%
Domestic	35%	Chrysler	18%
		Ford	9%
		GM	8%
Luxury	20%	BMW/Mini	6%
		Mercedes	4%
		Acura	3%
		Audi	3%
		Lexus	3%
		Porsche	1%

\*Other import includes Hyundai, VW, Kia and Mazda  
Mix as of the three-months ended September 30, 2018

# GENERATING GREENFIELD RETURNS

Leveraging people, retail network and technology

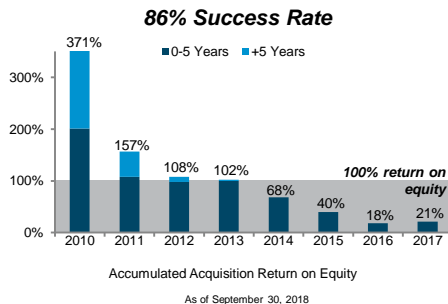


- Continue to scale nationwide footprint
- Seek strong franchises under-earning their potential
- Regularly monitor 2,600 specific acquisition targets

## INVESTMENT METRICS

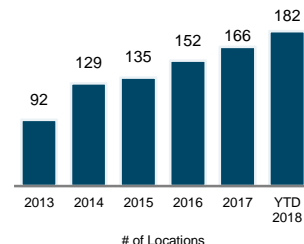
- 15-20+% after tax ROE
- 3x-5x Ent. Value/EBITDA
- 10%-20% equity investment on annual revenues

## HISTORICAL RETURNS



## EXPANDING OUR RETAIL NETWORK

**25% 5-year Revenue CAGR**



# STORE EARNINGS POTENTIAL

Earnings potential through improving underperforming locations

## COMMENTARY

- Significant earning growth through better execution
- Driving performance improvements creates synergistic benefits:
  - Increased trade-ins drive incremental used vehicle sales
  - Increased retail vehicle sales generate additional F&I income
  - Increased units in operation grow downstream service business
- Total EBITDA opportunity of ~\$250mm

## INCREMENTAL PROFIT OPPORTUNITY

(\$mm)	Potential Performance	Synergistic Benefit	Total
New Vehicle: increase # of vehicles retailed	\$70	-	<b>\$70</b>
Used Vehicle: increase # of vehicles retailed	90	50	<b>140</b>
F&I: increase PVR	50	130	<b>180</b>
Parts & Service: increase retention rate	70	20	<b>90</b>
<b>Incremental gross profit opportunity</b>	<b>\$280</b>	<b>\$200</b>	<b>\$480</b>
Estimated EBITDA	\$110	\$80	<b>\$190</b>
Leverage: reduce SG&A as a % of gross	70	-	<b>70</b>
Increased floor plan interest expense	(6)	(4)	<b>(10)</b>
<b>Incremental EBITDA opportunity</b>	<b>\$174</b>	<b>\$76</b>	<b>\$250</b>

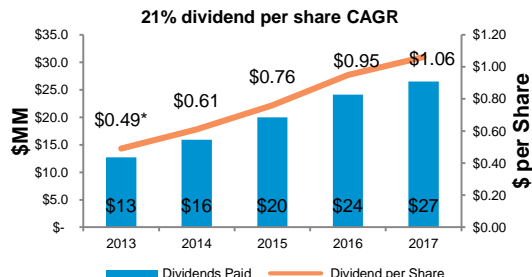
Note: Values based on analysis performed as of June 2018

# PRUDENT STEWARDS OF CAPITAL

## CAPITAL ALLOCATION STRATEGY

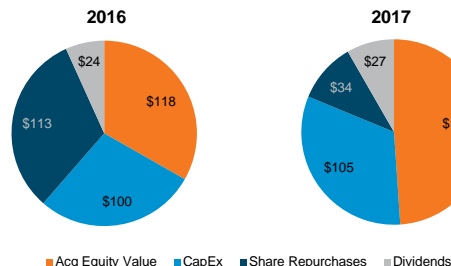
- Pursue acquisitions to expand customer and revenue base
- Invest in the business and innovation to drive growth
- Return cash to shareholders through dividend
- Repurchase shares opportunistically after offsetting annual dilution

## DIVIDENDS PAID

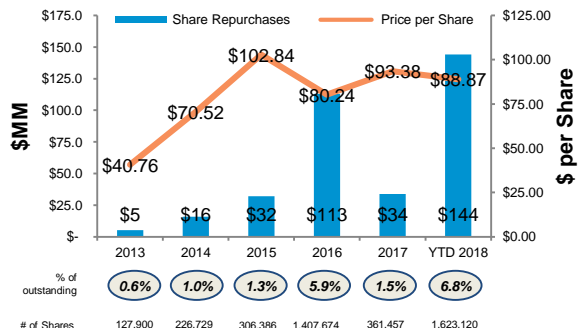


\*Q4'12 dividend was accelerated and paid in December 2012 rather than in 2013. Data has been normalized to include the \$0.10 dividend in 2013

## USES OF CASH



## SHARE REPURCHASES



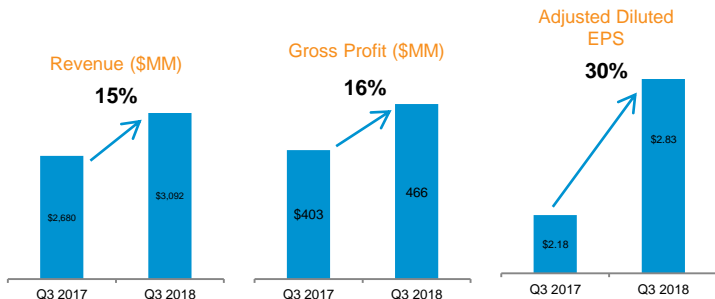
Note: YTD 2018 as of October 23, 2018

# Q3'18 INCOME STATEMENT SUMMARY

## COMMENTARY

- Increased revenue 15% and adjusted EPS 30%
- Increased total same store gross profit 3%
- 32<sup>nd</sup> consecutive quarter of record results

## Q3 2018 HIGHLIGHTS



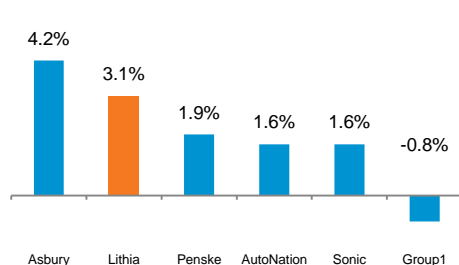
Note: See appendix for reconciliation of adjusted diluted EPS

## SAME STORE QUARTER-OVER-QUARTER GROWTH

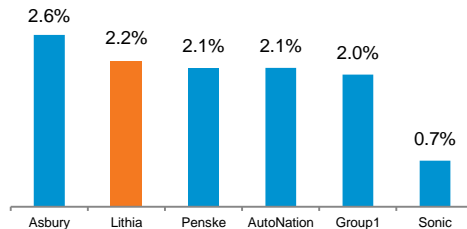
	Revenue	Gross Profit
New vehicles	(2)%	(1)%
Used retail vehicles	5%	1%
F&I	9%	9%
Service, parts and body	3%	2%
<b>Total</b>	<b>1%</b>	<b>3%</b>

# Q3'18 PEER COMPARISON

## SAME STORE GROSS PROFIT GROWTH



## ADJUSTED NET PROFIT MARGIN



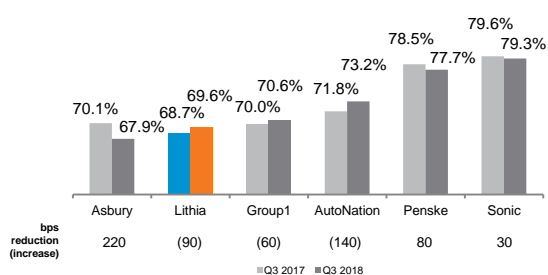
Note: See appendix for reconciliation of adjusted net profit margin.

## SAME STORE SALES GROWTH

	LAD	ABG	AN	SAH	GPI	PAG
New Vehicles	(2.5%)	7.5%	(4.4%)	(4.2%)	(8.6%)	(4.2%)
Used Vehicles	5.1%	9.3%	5.8%	6.3%	0.7%	6.1%
F&I	8.7%	5.3%	3.6%	2.1%	4.1%	3.5%
SB&P	2.6%	2.1%	2.9%	2.4%	2.2%	1.7%
Total	1.1%	6.5%	(0.6%)	0.0%	(5.2%)	0.7%

Note: Group1 results reflect US only performance

## ADJUSTED SG&A AS A % OF GROSS PROFIT



Note: See appendix for reconciliation of adjusted SG&A. ; Group1 results reflect US only performance

# THE MARKET IS THE MARKET

## Similar performance in metro and exclusive markets

### COMMENTARY

- Segregated YTD 18 operations into two categories based on store location
- Compared net profit performance between categories

### METRO vs. EXCLUSIVE MARKETS – COMPARABLE RETURNS

(\$mm)	Lithia Motors, Inc. (NYSE: LAD)		Public Co. A	Public Co. B
Market	Exclusive – 100%	Metro – 100%	Metro ~95%	Metro ~75%
Revenues	5,296	3,552	21,535	6,457
Gross profit	834	501	3,359	1,056
<i>Gross profit margin</i>	<b>15.7%</b>	<b>14.1%</b>	<b>15.6%</b>	<b>16.4%</b>
EBITDA	262	139	915	265
<i>EBITDA margin</i>	<b>4.9%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>4.1%</b>
Pre-tax	142	118	637	209
<i>Pre-tax margin</i>	<b>2.7%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>3.2%</b>
Net profit	113	93	435	139
<i>Net profit margin</i>	<b>2.1%</b>	<b>2.6%</b>	<b>2.0%</b>	<b>2.2%</b>
Average age	> 60 mos.	29 mos.	> 60 mos.	> 60 mos.

Note: Values based on analysis performed as of October 2018 using data from most recent annual public filings for comps, and YTD September 30, 2018 values for LAD.

- Included estimate of metro % exposure
- Performance delta associated with average age of store

# GROWTH AT A REASONABLE PRICE?

Compared to other retail, dealers are cheap

## COMMENTARY

- Compared key metrics to a cross section of retailers
- One of the most 'amazon proof' sectors due to franchise law and cost of logistics / transport
- Best in class growth and ROE, at lowest forward P/E

	Lithia Motors, Inc. (NYSE: LAD)	Public Co. 1	Public Co. 2*	Public Co. 3	Public Co. 4
Industry sector	Automotive Retail	Automotive Retail	Automotive Retail	Automotive Repair	Hardline Retail/ Specialty
Headquarter location	Medford, OR	Richmond, VA	Tempe, AZ	Rochester, NY	Boca Raton, FL
Rooftops	182	188	84	1,261	1,394
Market capitalization (\$mm)	1,773	11,948	6,271	2,147	1,541
Annual revenues (\$mm)	11,552	17,759	1,325	1,146	10,659
CAGR (revenue, 5 year)	24.9%	9.3%	151.1%	9.0%	-0.9%

Gross profit margin	15.0%	13.4%	9.4%	38.4%	23.5%
EBITDA margin	4.0%	5.9%	-12.4%	15.0%	4.8%
Net profit margin	2.6%	4.1%	-14.4%	5.8%	0.9%
Return on equity	25.8%	21.7%	-69.9%	10.5%	4.6%
PE – forward	7.1	14.8	NM	27.4	7.5

Note: Values based on analysis performed as of October 2018 using trailing twelve month data from public filings

\*Four-year CAGR based upon information available



# APPENDIX

# SUPPLEMENTAL INFORMATION

## 2018 Quarterly Income Statement

\$K	Q4	Q3	Q2	Q1	YTD 2018
New vehicle		1,732,950	1,726,803	1,454,725	4,914,478
Used vehicle		805,928	804,098	715,574	2,325,600
Wholesale used vehicles		91,956	85,335	75,955	253,246
Finance and insurance		121,062	114,492	106,505	342,059
Service, body and parts		311,327	311,407	285,697	908,431
Fleet and other		28,729	54,402	21,223	104,354
<b>Total Revenues</b>		<b>3,091,952</b>	<b>3,096,537</b>	<b>2,659,679</b>	<b>8,848,168</b>
New vehicles		100,882	101,494	86,947	298,323
Retail used vehicles		86,353	87,101	73,611	247,065
Wholesale used vehicles		1,403	1,926	926	4,255
Finance and insurance		121,062	114,492	106,505	342,059
Service, body and parts		154,456	153,707	138,408	466,571
Fleet and other		2,083	2,007	1,714	5,804
<b>Gross Profit</b>		<b>466,239</b>	<b>460,727</b>	<b>408,111</b>	<b>1,335,077</b>
SG&A		309,024	333,350	297,494	939,868
Depreciation and Amortization		19,649	18,821	16,854	55,324
<b>Operating Income</b>		<b>137,566</b>	<b>108,556</b>	<b>93,763</b>	<b>339,885</b>
Floor plan interest expense		15,958	15,634	13,534	45,126
Other interest expense		15,010	13,829	11,806	40,645
Other (income) expense, net		(2,389)	(1,659)	(1,374)	(5,422)
<b>Income (loss) before taxes</b>		<b>108,987</b>	<b>80,752</b>	<b>69,797</b>	<b>259,536</b>
Income tax expense		15,880	20,092	17,736	53,708
<b>Income from continuing operations</b>		<b>93,107</b>	<b>60,660</b>	<b>52,061</b>	<b>205,828</b>

# SUPPLEMENTAL INFORMATION

## 2018 Adjusted Income Statement Details

	YTD 9/30/2018	Reserve adjustments	Acquisition expenses	Tax attributes*		Gain on sale of store	YTD 9/30/2018
\$K, except for per share amounts	As Reported	Q2	Q2	Q2	Q3	Q3	Adjusted
Selling, general and administrative	\$939,868	(1,490)	(3,251)	-	-	15,681	\$950,808
Income from operations	\$339,885	1,490	3,251	-	-	(15,681)	\$328,945
Income from continuing operations before income taxes	\$259,536	1,490	3,251	-	-	(15,681)	\$248,596
Income taxes	(53,708)	(389)	(853)	(1,409)	(12,848)	4,089	(65,118)
Net income from continuing operations	\$205,828	1,101	2,398	(1,409)	(12,848)	(11,592)	\$183,478
Diluted earnings per share from continuing operations	\$8.31	0.04	0.10	(0.05)	(0.52)	(0.47)	\$7.41
Diluted share count	24,767						

\*Due to the significant level of share repurchase activity in 2018, the YTD diluted EPS impact of adjustments may differ from reported QTD diluted EPS impact of adjustments.

# SUPPLEMENTAL INFORMATION

## 2017 Adjusted Income Statement Details

	YTD 12/31/2017	OEM settlements	Gain on sale of store	Reserve adjustments		Acquisition expenses		Tax act	YTD 12/31/2017
<b>\$K, except for per share amounts</b>	As Reported	Q1	Q4	Q2	Q3	Q2	Q3	Q4	Adjusted
Selling, general and administrative	\$1,049,378	-	5,104	(3,878)	(1,704)	(2,137)	(3,516)	-	\$1,043,247
Income from operations	408,986	-	(5,104)	3,878	1,704	2,137	3,516	-	415,117
Other income (expense), net	12,195	(9,111)	-	-	-	-	-	-	3,084
Income from continuing operations before income taxes	\$347,069	(9,111)	(5,104)	3,878	1,704	2,137	3,516	-	\$344,089
Income taxes	(101,852)	3,423	2,482	(1,231)	(943)	(821)	(1,381)	(32,901)	(133,224)
Net income from continuing operations	\$245,217	(5,688)	(2,622)	2,647	761	1,316	2,135	(32,901)	\$210,865
Diluted earnings per share from continuing operations	\$9.75	(0.23)	(0.10)	0.11	0.03	0.05	0.09	(1.31)	\$8.39
Diluted share count	25,145								

# SUPPLEMENTAL INFORMATION

## 2016 Adjusted Income Statement Details

	YTD 12/31/2016	Gain on sale of stores	Equity investment fair valuation adjustment				Legal reserve adjustment		Tax attribute	YTD 12/31/2016
\$K, except for per share amounts	As Reported	Q1	Q1	Q2	Q3	Q4	Q1	Q4	Q4	Adjusted
Asset impairments	\$13,992	-	(3,498)	(3,498)	(3,498)	(3,498)	-	-	-	-
Selling, general and administrative	899,590	1,087	-	-	-	-	(1,906)	(2,030)	-	896,741
Income from operations	338,364	(1,087)	3,498	3,498	3,498	3,498	1,906	2,030	-	355,205
Other income	(6,103)	-	2,066	2,065	2,066	2,065	-	-	-	2,159
Income from continuing operations before income taxes	\$283,523	(1,087)	5,564	5,563	5,564	5,563	1,906	2,030	-	\$308,626
Income taxes	(86,465)	426	(5,945)	(6,837)	(7,592)	(8,156)	(747)	(2,503)	(1,320)	(119,139)
Net income from continuing operations	\$197,058	(661)	(381)	(1,274)	(2,028)	(2,583)	1,159	(473)	(1,320)	\$189,487
Diluted earnings per share from continuing operations	\$7.72	(0.03)	(0.01)	(0.05)	(0.08)	(0.11)	0.05	(0.02)	(0.05)	\$7.42
Diluted share count	25,521									

# SUPPLEMENTAL INFORMATION

## 2015 Adjusted Income Statement Details

\$K, except for per share amounts	YTD 12/31/2015	Gain on sale of stores		Asset impairment		Transition Agreement	Equity Investment				YTD 12/31/2015
	As Reported	Q1	Q2	Q2	Q4	Q3	Q1	Q2	Q3	Q4	Adjusted
Asset impairments	\$20,124	—	—	(2,000)	(1,603)	—	(4,130)	(4,130)	(4,131)	(4,130)	—
Selling, general and administrative	811,175	3,349	2,570	—	—	(18,296)	—	—	—	—	798,798
Income from operations	302,735	(3,349)	(2,570)	2,000	1,603	18,296	4,130	4,130	4,131	4,130	335,236
Other income	(1,006)	—	—	—	—	—	1,732	1,733	1,732	\$1,733	5,924
Income from continuing operations before income taxes	\$262,704	(3,349)	(2,570)	2,000	1,603	18,296	5,862	5,863	5,863	5,863	\$302,135
Income taxes	(79,705)	1,004	1,305	(780)	(605)	(6,507)	(7,250)	(7,652)	(7,414)	(8,516)	(116,120)
Net income from continuing operations	\$182,999	(2,345)	(1,265)	1,220	998	11,789	(1,388)	(1,789)	(1,551)	(2,653)	\$186,015
Diluted earnings per share from continuing operations	\$6.91	(0.09)	(0.05)	0.05	0.03	0.45	(0.05)	(0.07)	(0.06)	(0.10)	\$7.02
Diluted share count	26,490										

# SUPPLEMENTAL INFORMATION

## 2014 Adjusted Income Statement Details

	YTD 12/31/2014	Disposal Gain	Reserve adjustments	Equity Investment	Acquisition expenses			Tax Attribute			YTD 12/31/2014
\$K, except for per share amounts	As Reported	Q2	Q1	Q4	Q2	Q3	Q4	Q2	Q3	Q4	Adjusted
Asset impairments	\$1,853	-	-	(1,853)	-	-	-	-	-	-	-
Selling, general and administrative	\$563,207	-	(3,931)	-	(163)	(883)	(819)	-	-	-	\$557,411
Income from operations	\$231,899	-	3,931	1,853	163	883	819	-	-	-	\$239,548
Other income	3,199			1,160							\$4,359
Income from continuing operations before income taxes	\$210,495	-	3,931	3,013	163	883	819	-	-	-	\$219,304
Income taxes	(\$74,955)	-	(1,545)	(6,506)	(63)	(319)	(338)	(73)	(194)	(600)	(84,593)
Net income from continuing operations	\$135,540	-	2,386	(3,493)	100	564	481	(73)	(194)	(600)	\$134,711
Net income from discontinued operations	\$3,180	(3,490)	-	-	-	-	-	-	-	-	\$(310)
Net income	\$138,720	(3,490)	2,386	(3,493)	100	564	481	(73)	(194)	(600)	\$134,401
Diluted earnings per share from continuing operations	\$5.14	-	0.09	(0.13)	-	0.02	0.02	-	(0.01)	(0.02)	\$5.11
Diluted earnings per share from discontinued operations	\$0.12	(0.13)	-	-	-	-	-	-	-	-	\$(0.01)
Diluted earnings per share	\$5.26	(0.13)	0.09	(0.13)	-	0.02	0.02	-	(0.01)	(0.02)	\$5.10
Diluted share count	26,382										

# SUPPLEMENTAL INFORMATION

## EBITDA and Adjusted EBITDA

\$K	YTD 2018	FY 2017	FY 2016
Net income	205,828	\$245,217	\$197,058
Add: other interest expense	40,645	34,776	23,207
Add: income taxes	53,708	101,852	86,465
Add: depreciation and amortization	55,324	57,722	49,369
<b>EBITDA</b>	<b>\$355,505</b>	<b>\$439,567</b>	<b>\$356,099</b>
Less: used vehicle line of credit interest	(978)	(2,740)	(3,732)
Less: gain on sale of stores	(15,681)	(5,104)	(1,087)
Add: asset impairments	-	-	13,992
Add: equity investment fair value adjustment	-	-	8,262
Less: OEM legal settlement	-	(9,111)	-
Add: acquisition expenses	3,251	5,653	-
Add: reserve adjustments	1,490	5,582	3,936
<b>Adjusted EBITDA</b>	<b>\$343,587</b>	<b>\$433,847</b>	<b>\$377,470</b>