



INVESTOR PRESENTATION

APRIL 2019



DISCLOSURE

Forward-Looking Statements

Certain statements in this presentation, and at times made by our officers and representatives, constitute forward-looking statements within the meaning of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995. Generally, you can identify forward-looking statements by terms such as "project," "outlook," "target," "may," "will," "would," "should," "seek," "expect," "plan," "intend," "forecast," "anticipate," "believe," "estimate," "predict," "potential," "likely," "goal," "strategy," "future," "maintain," and "continue" or the negative of these terms or other comparable terms. Examples of forward-looking statements in this presentation include, among others, statements regarding:

- Future market conditions, including anticipated national new car sales levels;
- Expected operating results, such as improved store performance; continued improvement of selling, general and administrative expenses ("SG&A") as a percentage of gross profit and all projections;
- Anticipated integration, success and growth of acquired stores;
- Anticipated ability to capture additional market share;
- Anticipated ability to find accretive acquisitions;
- Expected revenues from acquired stores;
- Anticipated synergies, ability to increase ownership and ability to monetize our investment in Shift;
- Anticipated additions of dealership locations to our portfolio in the future;
- Anticipated availability of liquidity from our unfinanced operating real estate;
- Anticipated levels of capital expenditures in the future; and
- Our strategies for customer retention, growth, market position, financial results and risk management.

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. 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 presentation. Therefore, you should not rely on any of these forward-looking statements. 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);
- the adequacy of our cash flow and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level;
- disruptions to our technology network including computer systems and software, as well as natural events such as severe weather, fires, floods and earthquakes or man-made or other disruptions of our operating systems, structures, facilities or equipment; and
- 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.

Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

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.

A MASSIVE MARKET

Consolidating a highly fragmented industry

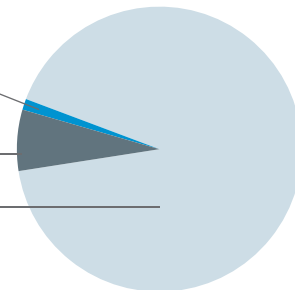
\$1 TRILLION+ MARKET

- 17mm New Vehicles
- 40mm Used Vehicles

FRANCHISED DEALER MARKET SHARE

Source:
NADA DATA 2018 Midyear
Report, Automotive News
Top 150 Dealership
Groups 2017

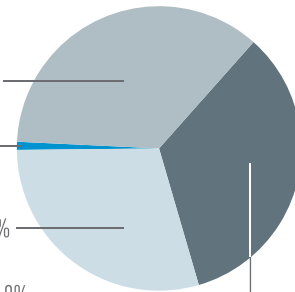
Lithia 1.0%
Other Top 10
Dealers 7.0%
All Others 92.0%



USED MARKET SHARE

Source:
NAIDA 2018 Used Car
Industry Report

Franchised New
Car Dealers 36.1%
Lithia 0.5%
Private Parties 29.4%
Used Car Dealers 34.0%



MODERNIZING AN INDUSTRY

A high-performing growth company powered by people and innovation.



Profiting from the **modernization** occurring in personal transportation.

Capturing **dominant market share** requires consolidating a highly-fragmented market and creating a retail experience that our customers crave.

APPS APTITUDE

LITHIA MOTORS

The pragmatic disruptor, backed by our proven success strategy, is uniquely poised to lead the modernization of transportation retail and achieve dominant U.S. market share.

NYSE:LAD



#294 on the Fortune 500
One of the largest auto retailers in the U.S.
(#3 by both revenues & adj. EBITDA)



#14 5-year Total Shareholder Return on the Fortune 500 in 2017 (#1 in 2015, #2 in 2016)
\$9.98 2018 adjusted EPS

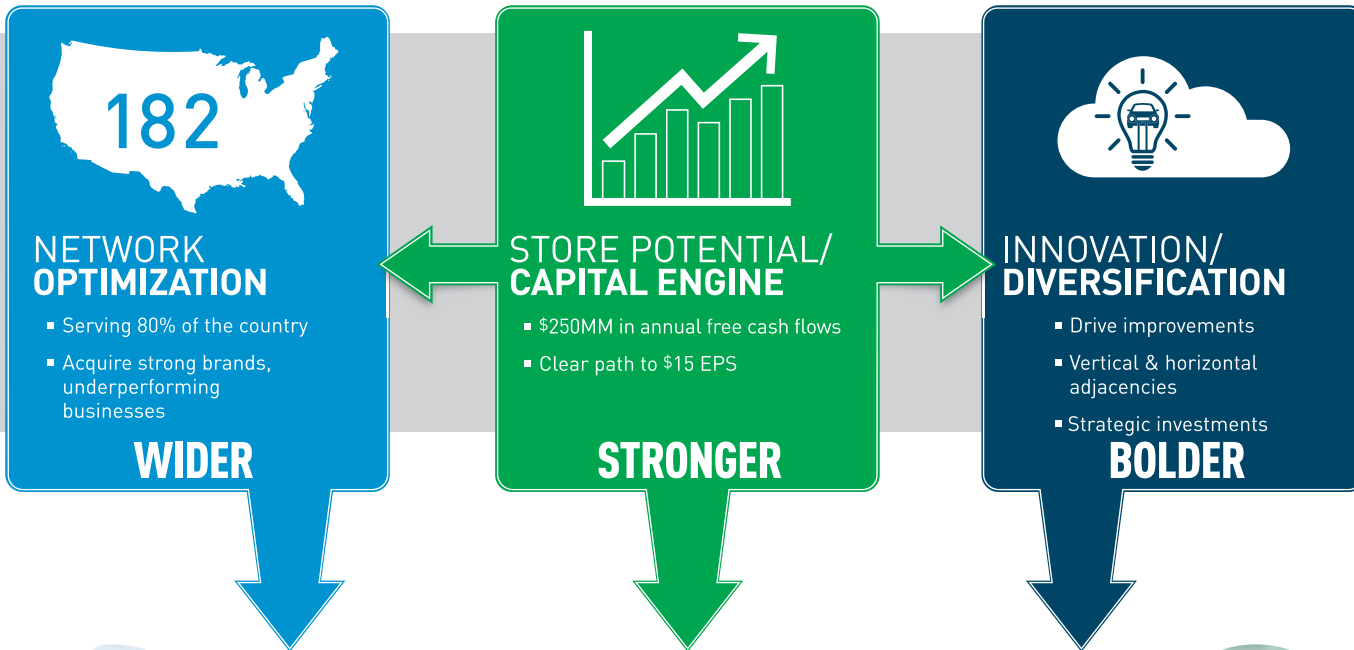


Growth powered by people
80%+ National Coverage
with 182 centers, powered by 15,000 employees



70,000 Owned vehicle inventory
available online
(second-largest owned vehicle marketplace)

OUR PROVEN SUCCESS STRATEGY



**EXPANDING
CONSUMER
REACH**

WHEREVER
WHENEVER
HOWEVER



NETWORK OPTIMIZATION

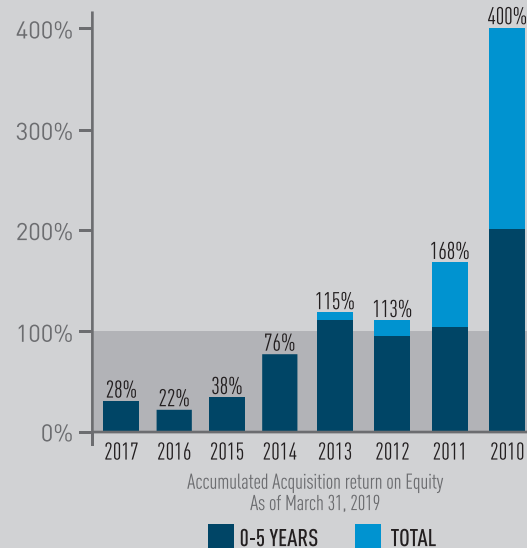
Acquire strong brands underperforming their potential

- Continually scale nationwide footprint with current 80%+ reach
- 2,600 specific acquisition targets
- Disciplined investing:
20% after tax hurdle rate
- 3x-5x Ent. Value/EBITDA
& 10-20% of revenue



HISTORICAL RETURNS

80% Success Rate

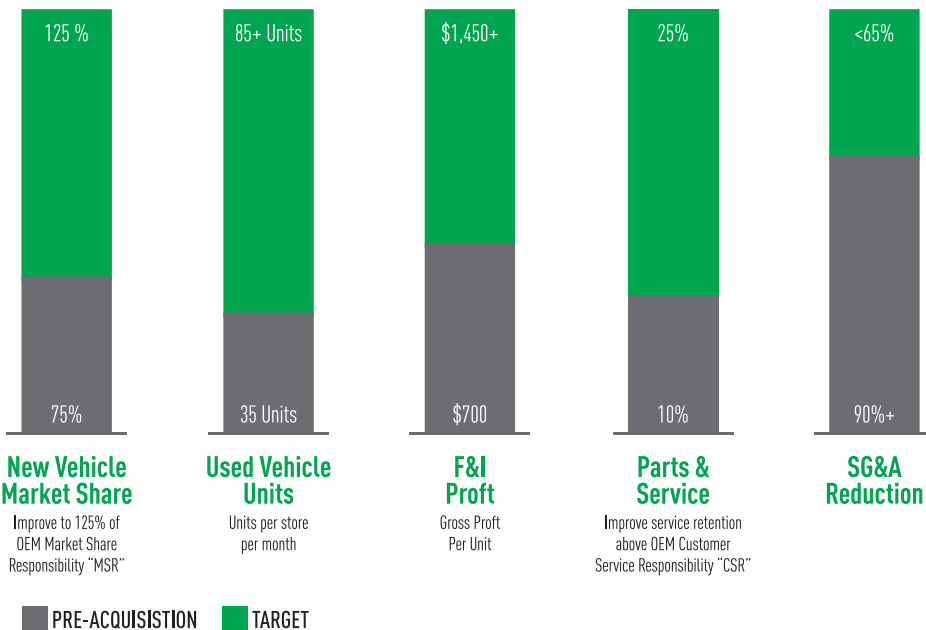


EXPANDING OUR RETAIL NETWORK

24% 5-year Revenue CAGR

EARNINGS POTENTIAL

Acquire strong brands underperforming their potential



New Vehicle Market Share

Improve to 125% of OEM Market Share Responsibility "MSR"

Used Vehicle Units

Units per store per month

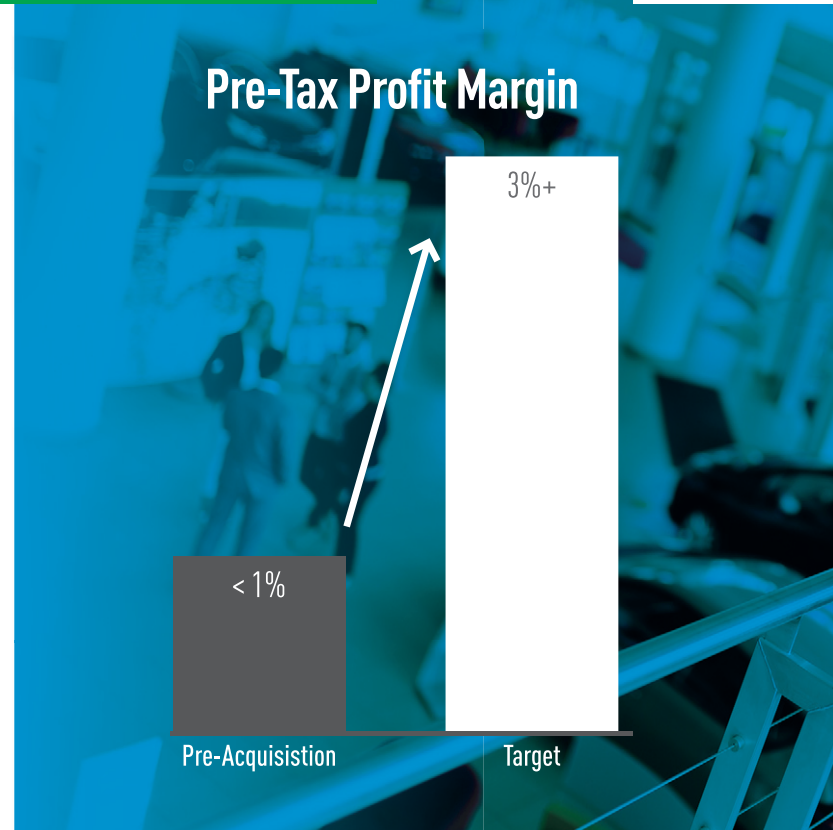
F&I Profit

Gross Profit Per Unit

Parts & Service

Improve service retention above OEM Customer Service Responsibility "CSR"

SG&A Reduction



CAPITAL ENGINE

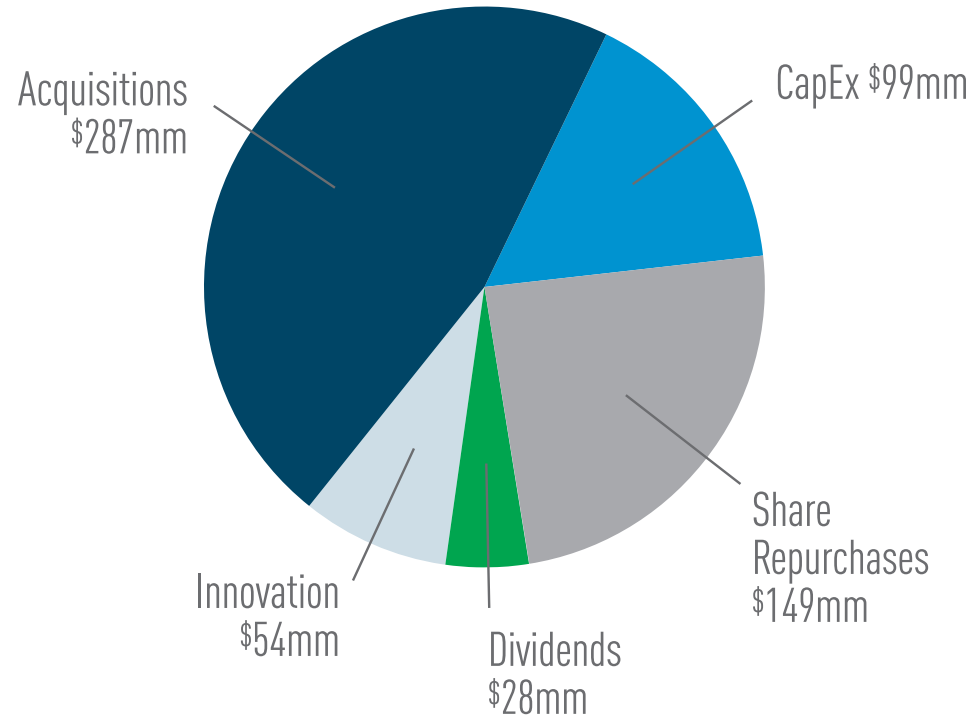
Generating \$250mm free cash flow annually



CAPITAL ALLOCATION PRIORITIES

- Acquisitions
- Innovation
- Internal Investment
- Dividends
- Share Repurchases

2018 USES OF CAPITAL





- **Driving improvements in existing business**
- **Vertical & horizontal adjacencies to our current business**
- **Strategic investment and collaboration with bold disruptors**

INNOVATION EXPANDS NETWORK

Enhancing consumer experience and extending reach of our stores



FREEDOM

Online or in person providing a simple, flexible experience



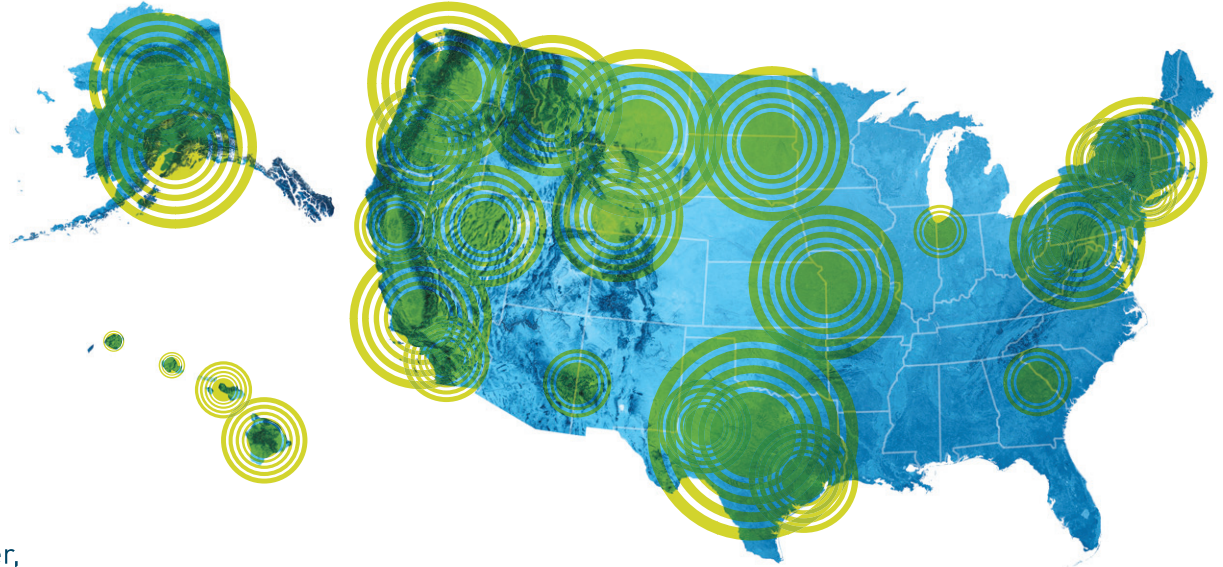
SELECTION

70,000 owned vehicles available on the 2nd largest owned online marketplace



CHOICE

Enabling customers to shop wherever, whenever, and however they desire

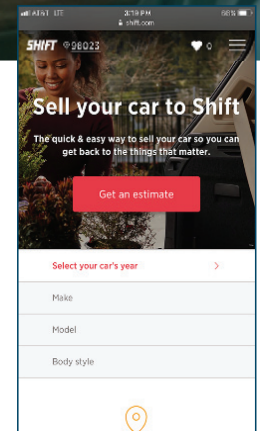
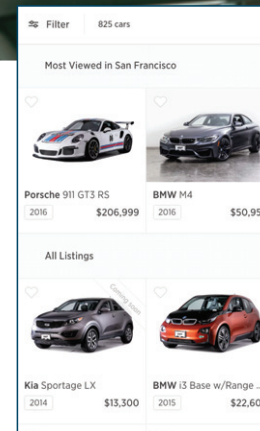
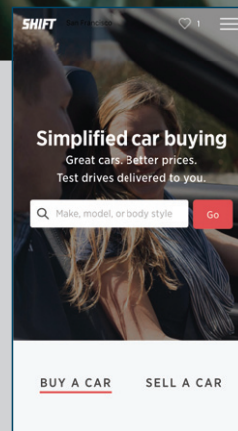
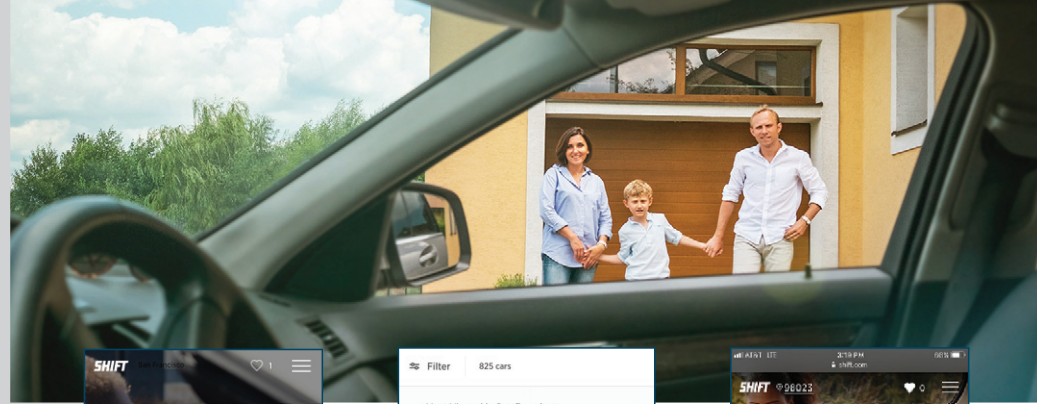


INNOVATION WITH *SHIFT*

Partnering with an industry disruptor



- Frictionless direct-to-home buying and selling experience
- World-class engineering and design team headquartered in Silicon Valley
- Synergies through sharing existing retail network, personnel and data
- Available liquidity and financing capacity that can enable Shift to scale towards \$1B in annual revenues



MODERNIZING PERSONAL TRANSPORTATION

We are a growth company powered by people and innovation. We purchase and build strong businesses that have yet to realize their earnings potential. By refocusing our new teams on the consumer experience and introducing proprietary performance measurements, we increase market share and profitability. This combination of consolidation and operational excellence has an extremely high certainty of success, generating significant cash flows while maintaining low leverage. Capital is then redeployed to expand our nationwide footprint and to fund innovation to create transportation solutions wherever, whenever and however our consumers desire. These endeavors will help us achieve a dominant U.S. market share.

Invest in Lithia Motors **the leader with a proven success strategy.**



APPENDIX

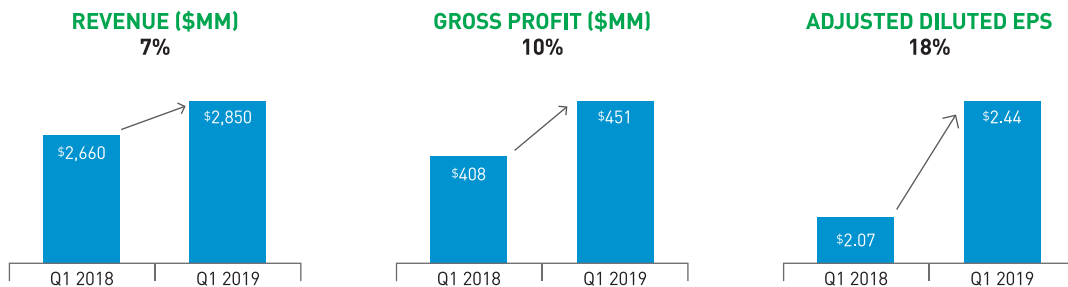


Q1' 19 INCOME STATEMENT SUMMARY

COMMENTARY

- Increased revenue 7% and adjusted EPS 18%
- Increased total gross profit 10%
- Increased total same store gross profit 7%
- 34th consecutive quarter of positively trended results

Q1 2019 HIGHLIGHTS



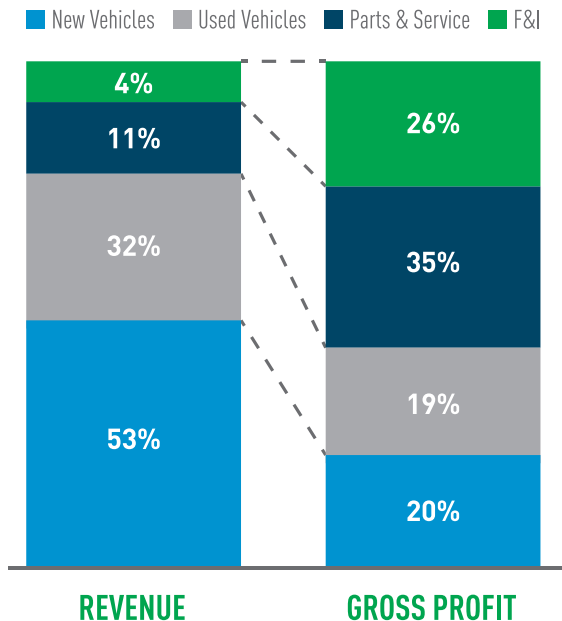
SAME STORE QUARTER-OVER-QUARTER COMPARISON

	Revenue	Gross Profit
New vehicles	(3%)	(5%)
Used retail vehicles	11%	12%
F&I	9%	9%
Service, parts and body	6%	10%
Total	3%	7%

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 March 31, 2019

NEW VEHICLE REVENUE BY BRAND

LITHIA NEW VEHICLE REVENUE MIX			
IMPORT	42%	Honda	13%
		Toyota	15%
		Subaru	7%
		Nissan	3%
		Other Import*	4%
DOMESTIC	35%	Chrysler	16%
		GM	10%
		Ford	9%
LUXURY	23%	BMW/Mini	9%
		Mercedes	5%
		Acura	3%
		Audi	3%
		Lexus	2%
		Porsche	1%

*Other import includes VW, Hyundai, and Kia Mix as of the three-months ended March 31, 2019

SUPPLEMENTAL INFORMATION

2019 Quarterly Income Statement

\$M	Q4	Q3	Q2	Q1	YTD 2019
New vehicle				1,461.1	1,461.1
Used vehicle				827.9	827.9
Wholesale used vehicles				77.4	77.4
Finance and insurance				117.5	117.5
Service, body and parts				317.4	317.4
Fleet and other				48.4	48.4
Total Revenues				2,849.7	2,849.7
New vehicles				85.9	85.9
Retail used vehicles				84.6	84.6
Wholesale used vehicles				0.9	0.9
Finance and insurance				117.5	117.5
Service, body and parts				159.5	159.5
Fleet and other				2.3	2.3
Gross Profit				450.7	450.7
Asset Impairments				0.5	0.5
SG&A				321.8	321.8
Depreciation and Amortization				19.8	19.8
Operating Income				108.6	108.6
Floor plan interest expense				(18.1)	(18.1)
Other interest expense				(15.3)	(15.3)
Other (income) expense, net				2.6	2.6
Income (loss) before taxes				77.8	77.8
Income tax expense				(21.4)	(21.4)
Net Income				\$56.4	\$56.4

SUPPLEMENTAL INFORMATION

2019 Adjusted Income Statement Details

\$M, except for per share amounts	YTD	Gain on store	Asset	Acquisition	YTD
	03/31/2019	disposals	impairment	expenses	03/31/2019
	As Reported	Q1	Q1	Q1	Adjusted
Asset impairments	\$0.5	\$-	\$(0.5)	\$-	\$-
Selling, general and administrative	321.8	0.1	-	(0.2)	321.7
Income from operations	108.6	(0.1)	0.5	0.2	109.2
Income from continuing operations before income taxes	77.8	(0.1)	0.5	0.2	78.4
Income taxes	(21.4)	-	(0.1)	(0.1)	(21.6)
Net income	\$56.4	\$(0.1)	\$0.4	\$0.1	\$56.8
Diluted net income per share	\$2.42	\$-	\$0.01	\$0.01	\$2.44
Diluted share count	23.2				

SUPPLEMENTAL INFORMATION

2018 Adjusted Income Statement Details

\$M, except for per share amounts	YTD	Reserve	Asset	Acquisition	Tax			Gain on sale		YTD
	12/31/2018	Adjustments	Impairment	expenses	attributes*			of store		12/31/2018
	As Reported	Q2	Q4	Q2	Q2	Q3	Q4	Q3	Q4	Adjusted
Selling, general and administrative	\$1,253.3	(1.5)	-	(3.3)	-	-	-	15.7	(0.3)	\$1,263.9
Income from operations	\$447.0	1.5	1.3	3.3	-	-	-	(15.7)	0.3	\$437.7
Income before income taxes	\$337.5	1.50	1.3	3.3	-	-	-	(15.7)	0.3	\$328.2
Income taxes	(71.8)	(0.4)	(0.3)	(0.9)	(1.4)	(12.9)	(0.5)	4.1	(0.1)	(84.2)
Net income	\$265.7	1.1	1.0	2.4	(1.4)	(12.9)	(0.5)	(11.6)	0.2	\$244.0
Diluted net income per share	\$10.86	0.05	0.04	0.10	(0.06)	(0.53)	(0.02)	(0.47)	0.01	\$9.98
Diluted share count	24.5									

*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

\$M, except for per share amounts	YTD	OEM	Gain on sale	Reserve		Acquisition		Tax act	YTD
	12/31/2017	settlements	of store	adjustments	adjustments	expenses	act	12/31/2017	
	As Reported	Q1	Q4	Q2	Q3	Q2	Q3	Q4	Adjusted
Selling, general and administrative	\$1,049.4	-	5.1	(3.9)	(1.7)	(2.2)	(3.5)	-	\$1,043.2
Income from operations	409.0	-	(5.1)	3.9	1.7	2.2	3.5	-	415.1
Other income (expense), net	12.2	(9.1)	-	-	-	-	-	-	3.1
Income before income taxes	\$347.1	(9.1)	(5.1)	3.9	1.7	2.2	3.5	-	\$344.1
Income taxes	(101.9)	3.4	2.5	(1.3)	(0.9)	(0.8)	(1.4)	(32.9)	(133.2)
Net income	\$245.2	(5.7)	(2.6)	2.6	0.8	1.3	2.1	(32.9)	\$210.9
Diluted net income per share	\$9.75	(0.23)	(0.10)	0.11	0.03	0.05	0.09	(1.31)	\$8.39
Diluted share count	25.1								

SUPPLEMENTAL INFORMATION

2016 Adjusted Income Statement Details

\$M, except for per share amounts	YTD	Gain on sale	Equity investment fair				Legal reserve		Tax	YTD
	12/31/2016	of stores	valuation adjustment				adjustment		attribute	12/31/2016
	As Reported	Q1	Q1	Q2	Q3	Q4	Q1	Q4	Q4	Adjusted
Asset impairments	\$14.0	-	(3.5)	(3.5)	(3.5)	(3.5)	-	-	-	-
Selling, general and administrative	899.6	1.1	-	-	-	-	(1.9)	(2.0)	-	896.8
Income from operations	338.4	(1.1)	3.5	3.5	3.5	3.5	1.9	2.0	-	355.2
Other income	(6.1)	-	2.1	2.1	2.1	2.0	-		-	2.2
Income before income taxes	\$283.5	(1.1)	5.5	5.6	5.6	5.6	1.9	2.0	-	\$308.6
Income taxes	(86.4)	0.4	(5.9)	(6.9)	(7.6)	(8.2)	(0.7)	(2.5)	(1.3)	(119.1)
Net income	\$197.1	(0.7)	(0.4)	(1.3)	(2.0)	(2.6)	1.2	(0.5)	(1.3)	\$189.5
Diluted net income per share	\$7.72	(0.03)	(0.01)	(0.05)	(0.08)	(0.11)	0.05	(0.02)	(0.05)	\$7.42
Diluted share count	25.5									

SUPPLEMENTAL INFORMATION

2015 Adjusted Income Statement Details

\$M, except for per share amounts	YTD	Gain on sale		Asset		Transition	Equity Investment				YTD
	12/31/2015	of stores		impairment		Agreement					12/31/2015
	As Reported	Q1	Q2	Q2	Q4	Q3	Q1	Q2	Q3	Q4	Adjusted
Asset impairments	\$20.1	—	—	(2.0)	(1.6)	—	(4.1)	(4.1)	(4.1)	(4.2)	—
Selling, general and administrative	811.2	3.3	2.6	—	—	(18.3)	—	—	—	—	798.8
Income from operations	302.7	(3.3)	(2.6)	2.0	1.6	18.3	4.1	4.1	4.1	4.2	335.2
Other income	(1.0)	—	—	—	—	—	1.7	1.7	1.7	1.8	5.9
Income from continuing operations before income taxes	\$262.7	(3.3)	(2.6)	2.0	1.6	18.3	5.8	5.9	5.9	5.8	\$302.1
Income taxes	(79.7)	1.1	1.3	(0.8)	(0.6)	(6.5)	(7.2)	(7.7)	(7.4)	(8.5)	(116.1)
Net income from continuing operations	\$183.0	(2.3)	(1.3)	1.2	1.0	11.8	(1.4)	(1.8)	(1.5)	(2.7)	\$186.0
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	26.5										

SUPPLEMENTAL INFORMATION

EBITDA and Adjusted EBITDA

\$M	YTD 2019	FY 2018	FY 2017
Net income	\$56.4	\$265.7	\$245.2
Add: other interest expense	15.3	56.0	34.8
Add: income taxes	21.4	71.8	101.9
Add: depreciation and amortization	19.8	75.4	57.7
EBITDA	\$112.9	\$468.9	\$439.6
Less: used vehicle line of credit interest	\$(1.6)	\$(2.9)	(2.7)
Less: gain on divestitures	(0.1)	(15.4)	(5.1)
Add: asset impairments	0.5	1.3	-
Less: OEM legal settlement	-	-	(9.1)
Add: acquisition expenses	0.2	3.3	5.7
Add: reserve adjustments	-	1.5	5.6
Adjusted EBITDA	\$111.9	\$456.7	\$434.0

SHIFT INNOVATION PARTNERSHIP



SHIFT

SYNERGIES

	LITHIA	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	2nd largest, owned online inventory	Direct from consumer procurement utilizing AI	The destination vehicle marketplace
CAPITAL	\$250 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