



INVESTOR PRESENTATION

SEPTEMBER 2020



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 car sales levels;
- Anticipated impacts on consumer demand or governmental restrictions related to the COVID-19 pandemic or otherwise;
- Expected level of business interruption due to shelter in place policies or lifting of those restrictions, and when volumes and consumer demand will return;
- Continuation of our sales and services, including in-store appointments and home deliveries;
- Expected growth from our ecommerce home solutions and digital strategies;
- 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 monetize our investment in digital innovation;
- Anticipated additions of dealership locations to our portfolio in the future;
- Anticipated financial condition and liquidity, including from our cash, availability on our credit facility and unfinanced real estate;
- Anticipated use of proceeds from our financings;
- Anticipated allocations, uses and levels of capital expenditures in the future;
- Expectations regarding compliance with financial and restrictive covenants in our credit facility and other debt agreements; 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), including as a result of the COVID-19 pandemic;
- 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);
- Our actual cash flow and earnings and other conditions which may affect our liquidity and uses of capital, including 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;
- Government regulations and legislation, and other risks 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 Item 8.01 in our Form 8-K filed on April 13, 2020, 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. Except as required by law, 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

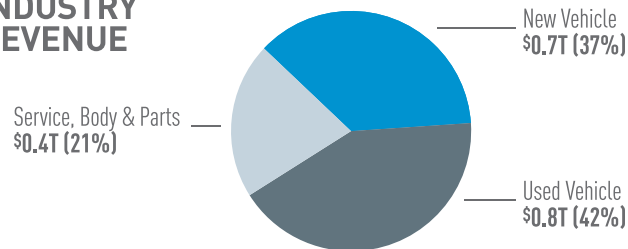
This presentation contains non-GAAP financial measures, including any measure referred to as "adjusted" or "EBITDA." Specific non-GAAP measures may include adjusted net income and diluted earnings per share, adjusted SG&A as a percentage of revenue and gross profit, adjusted operating margin, adjusted operating profit as a percentage of revenue and gross profit, adjusted pre-tax margin and net profit 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.

LARGEST RETAIL INDUSTRY

Consolidating and modernizing a massive market

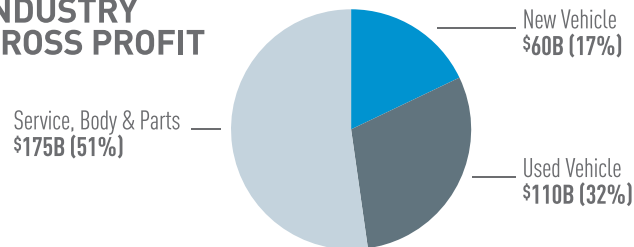
**A NEARLY
\$2 TRILLION
REVENUE
INDUSTRY**

INDUSTRY REVENUE



- \$350B industry gross profit opportunity
- Largest participant <1% market share

INDUSTRY GROSS PROFIT

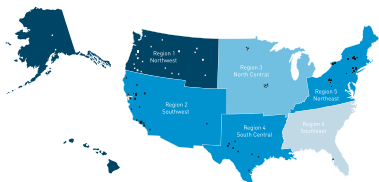


PROFITABLY MODERNIZING AN INDUSTRY

Creating an unreplicable omni-channel experience that customers crave



PEOPLE &
EXPERTISE



NATIONWIDE
NETWORK



SELECTION
OF PRODUCTS
& SERVICES



DIGITAL HOME
SOLUTIONS

Our competitive advantage is created by our **teams**, our **selection**, and our **physical network** combined with **innovation**.

APTITUDE + APPS

LITHIA MOTORS

The pragmatic disruptor, with a proven multifaceted success strategy, uniquely and competitively leading the modernization of personal transportation by providing consumers solutions wherever, whenever, and however they desire.

NYSE:LAD



- Diverse synergistic portfolio of businesses
- Complete ownership lifecycle attachment
- 100% participation in \$2 trillion market



- #252 in 2019
- #4 10-year Total Shareholder Return
- #6 10-year EPS Growth



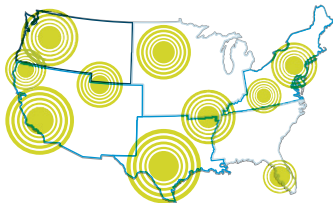
- 23%: 10-year Revenue CAGR
- 33%: 10-year EPS CAGR
- 2,757%: 10-year Shareholder Return



- 92% national coverage
- Proven expansion execution
- Highly profitable with significant cash flows

FIVE YEAR PLAN

\$50 billion in revenues, \$50 EPS in 5 years



FULFILLMENT NETWORK

- Leveraging personnel and expertise
- Reaching 92% of consumers
- Acquiring accretive locations to fulfill brand promise
- Generating \$500mm in annual cashflows for reinvestment



OMNI-CHANNEL SOLUTIONS

- Addresses 100% of \$2 trillion market
- Unreplicable design and execution
- Synergistic business lines
- Maximizing the lifetime value of our customers
- Highly profitable operating model
- Proven record of operational excellence
- Vertical and horizontal adjacencies
- Competitively positioned with barriers to entry



INNOVATION

- Activating the network through proprietary digital solutions
- Providing seamless, personalized customer experiences
- Building value and loyalty with 5 million customers
- Incorporating data science to create a preferred retail experience

PLAN MAXIMIZES ADDRESSABLE MARKET

More things for more people



NEW VEHICLE DEALERS



Greater gross profit opportunities allowing for maximum flexibility in a competitive market.

- SERVICE*
- NEW VEHICLES
- USED VEHICLES**

*Service, body & parts: Assumes New Vehicle Dealers addressable market limited by utilization of only OEM parts and represents 50% of the market.

**Used vehicles: Assumes New Vehicle Dealers target 0-5 year old used vehicles, Carmax and Carvana target 0-10 year old used vehicles.

CONSUMER'S NEEDS VARY

Solutions to meet needs requires expertise and flexibility



Do-it-Yourselfer

Desires to transact online
from their home

83% desire to start online



Building Credit

Re-establishing or little credit

63% below 720 FICO



Relationship Builder

Values lifetime personal relationship
over the ownership lifecycle

62% want relationship with Dealer



Upside Down

Owes more on vehicle than worth,
lacks cash down, affects LTV

70% with \$5,100 avg. negative equity



Private Seller

Want to sell car themselves but need
help with title, loan pay-off, etc.

29% private sales



Financially Independent

Selectively takes advantage
of offers and can pay cash

19% pay cash/own financing

Sources: Cox 2020 Reimagining the Consumer Experience, Lithia Motors historical sales data

INTRODUCING DRIVEWAY

Flexible, empowered, simple, and transparent



Intuitive technologies



Negotiation-free



Shop. Sell. Service.



Valets to your driveway



Friendly support team

driveway
BRING IT HOME

DRIVEWAY DIGITAL OFFERINGS

Maximizing revenue throughout the customer lifecycle



Customer Portal

Relationship management across all brands

MANAGE

PROTECT

FINANCE

Shop



- Negotiation-free pricing
- Instant financing
- Home delivery anywhere in the nation
- Integrated vehicle trades
- 7-day, 400-mile moneyback guarantee
- 60-day, 3,000 mile warranty
- Nationwide lender network of 150+
- Selection of 50,000+ quality vehicles
- New and certified pre-owned sales

Sell



- Instant cash offer
- Offer good for 7 days
- Negotiation-free valuation
- Home pickup
- Immediate payment

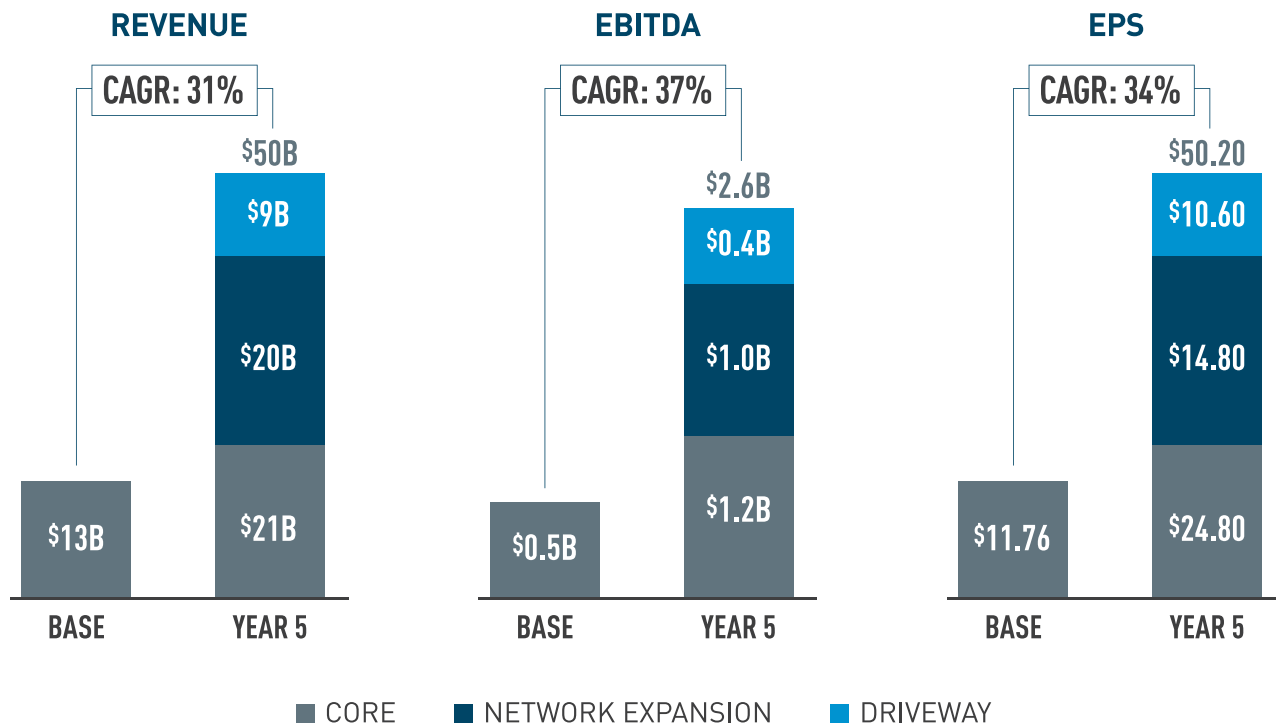
Service



- Home pickup & drop-off
- Free loaner vehicles
- Service all makes and models
- Online scheduling, updates & payments
- Factory-trained technicians
- 3-year/50,000-mile warranty on parts
- 140-point inspection on every car
- OEM and after-market parts

FIVE YEAR MODEL

Our plan builds upon our strengths



KEY ASSUMPTIONS

DRIVEWAY:

- Progressive product introduction over next three quarters
- Scaled over 3 years to six regions

NETWORK EXPANSION:

- Annual acquisitions of \$3-5 billion in revenues
- Investment of 30% of revenues

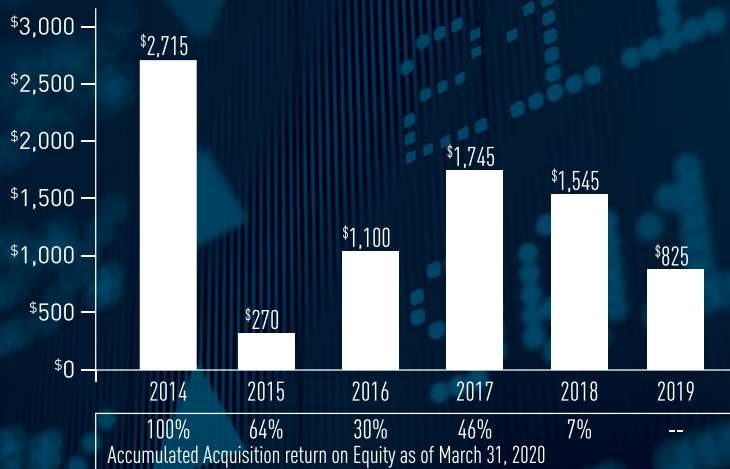
CORE:

- Annual average revenue growth 10%
- SG&A improvements from 70% to 65%

PROVEN GROWTH WITH DISCIPLINED RETURNS

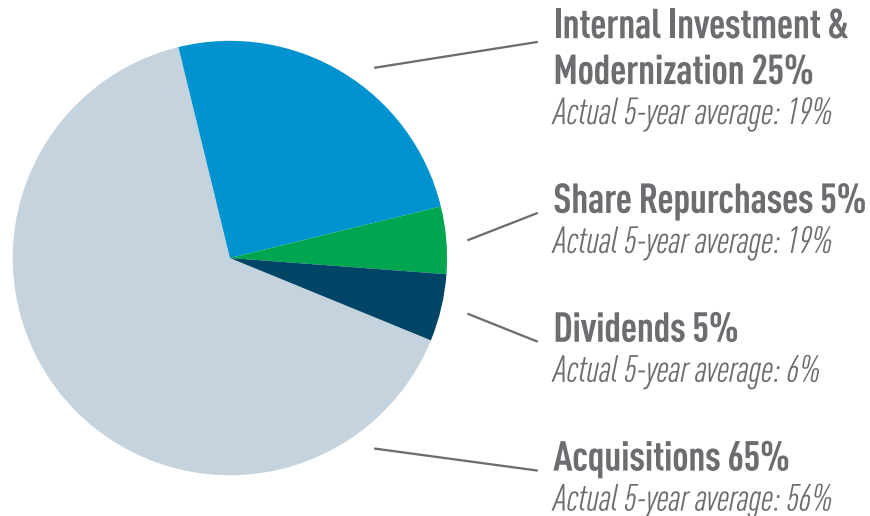
Decades of successfully acquiring strong brands and achieving strong returns

ANNUAL REVENUES ACQUIRED* (\$MM)



*Annual revenue numbers represent the anticipated steady-state revenue level of the dealerships acquired.

USES OF CAPITAL: TARGET



- 23% 10-year Revenue CAGR
- Over 25% annual average after-tax return

PROFITABLY MODERNIZING AN INDUSTRY

We are a growth company powered by people and innovation with a five-year plan to profitably consolidate the largest retail sector in our country. By addressing the entire consumer vehicle ownership lifecycle with a wide array of services, we build magnetic brand loyalty. We achieve operational excellence by focusing the business on conveniently transparent consumer experiences supported by proprietary data science to increase market share, consumer loyalty and team performance. Our omni-channel strategy will continue to pragmatically disrupt our industry by leveraging our experienced teams, vast owned inventories, technology and physical network. By purchasing strong businesses we increase the density of our network, leverage our national at-home Driveway brand experience and build upon our massive regenerating capital engine. Together, these endeavors create a unique high growth strategy providing personal transportation solutions wherever, whenever and however consumers desire.

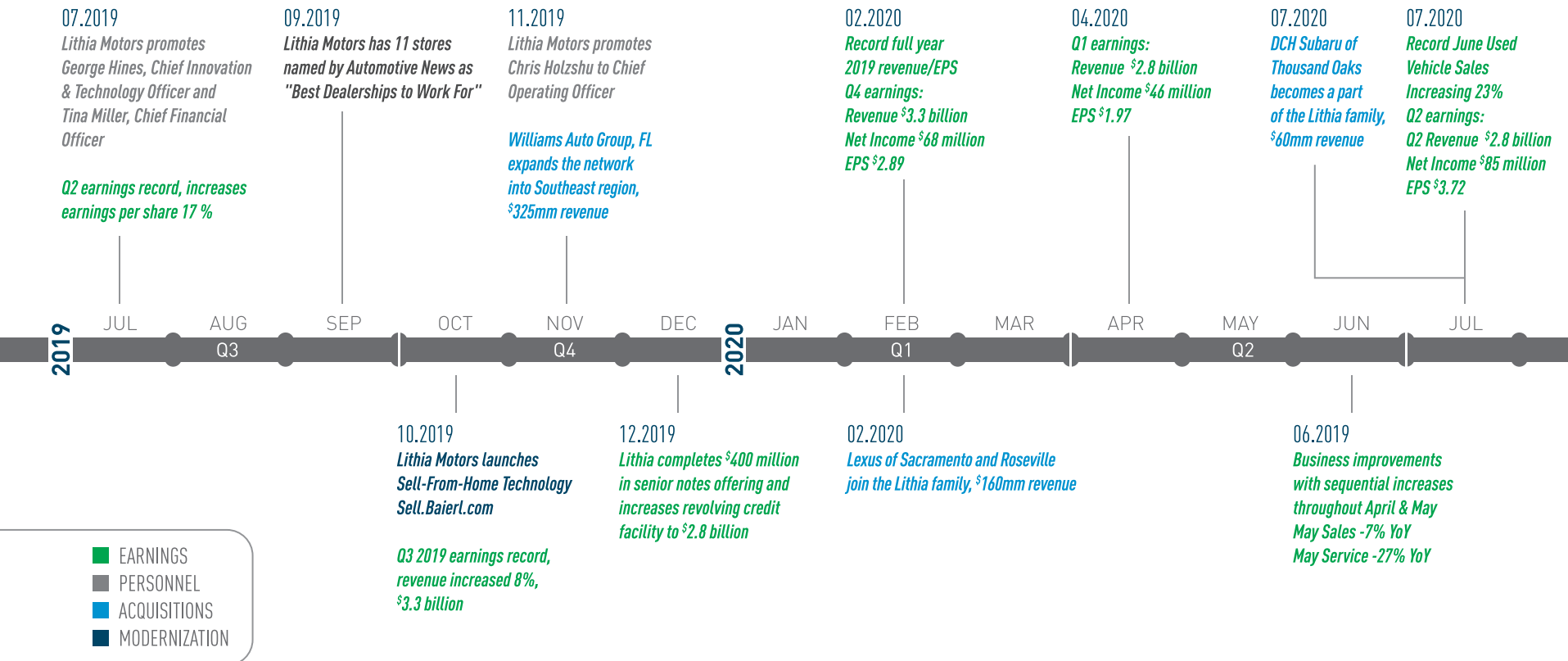
Invest in Lithia Motors **the leader with a proven success strategy.**



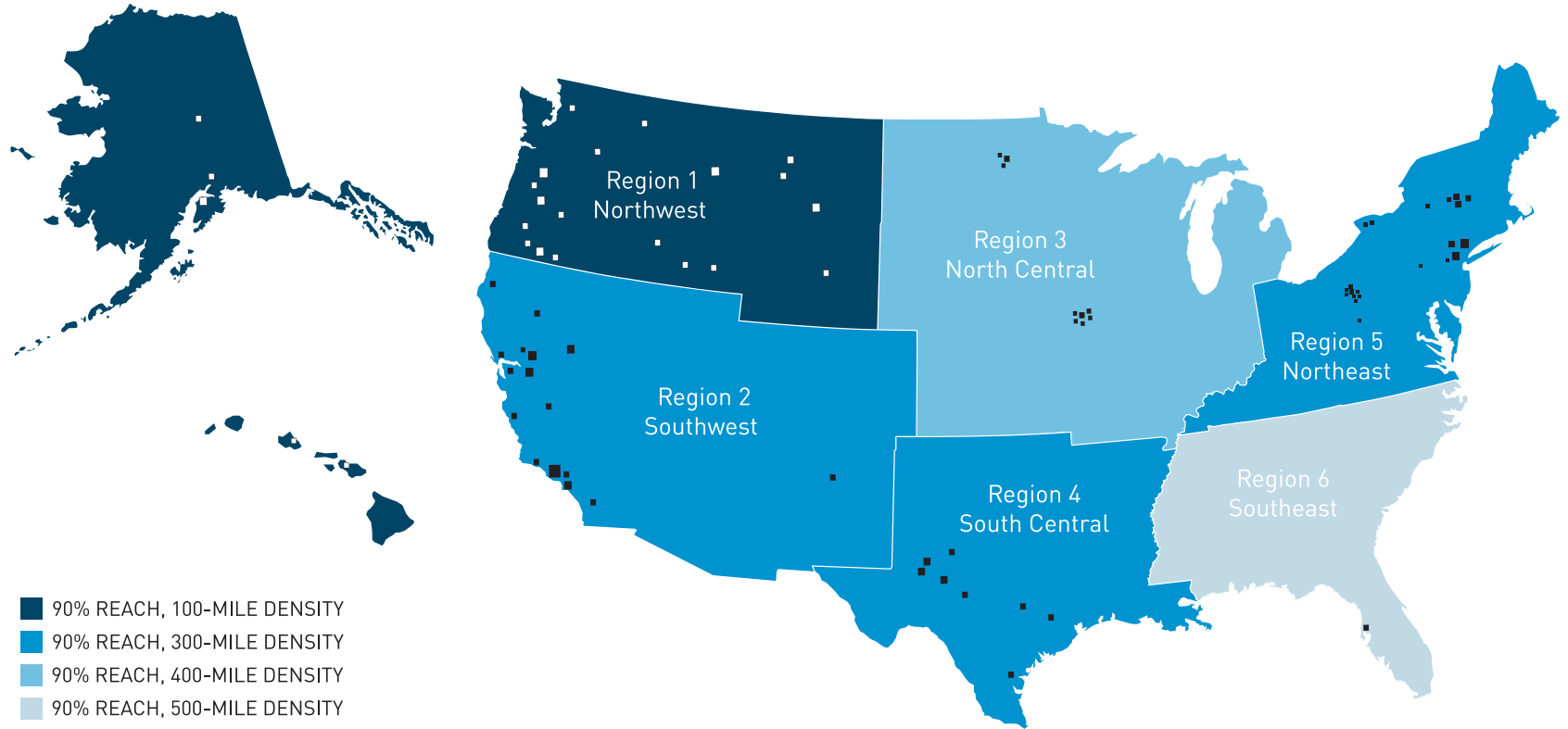
APPENDIX



RECENT ANNOUNCEMENTS



REGIONAL REACH & DENSITY MAP

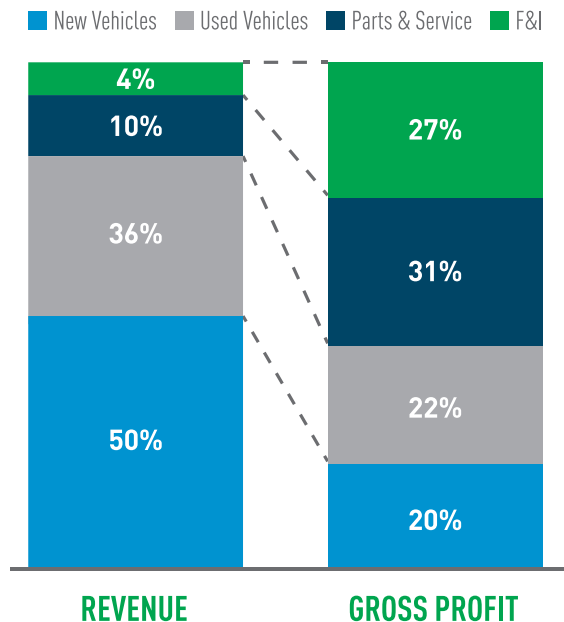


- 90% REACH, 100-MILE DENSITY
- 90% REACH, 300-MILE DENSITY
- 90% REACH, 400-MILE DENSITY
- 90% REACH, 500-MILE DENSITY

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 June 30, 2020

LITHIA NEW VEHICLE MIX

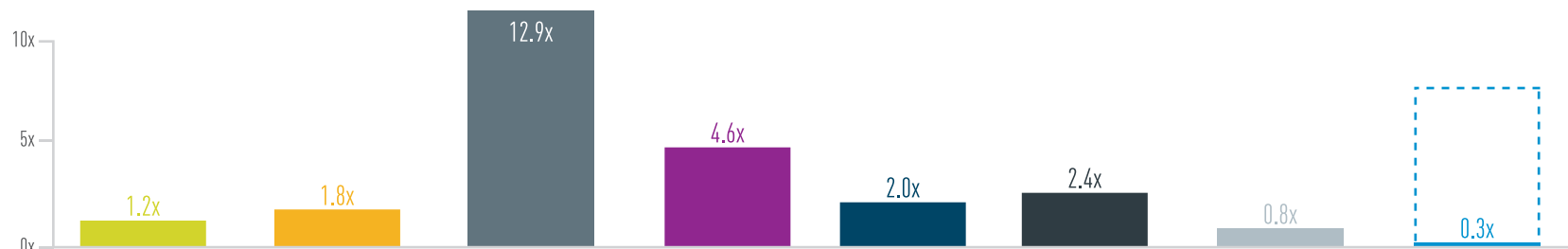
| Segment | Segment % | Brand | Brand Revenue % | Brand Unit Sales |
|----------|-----------|-------------------|-----------------|------------------|
| IMPORT | 42% | Toyota | 14% | 16% |
| | | Honda | 13% | 18% |
| | | Subaru | 9% | 11% |
| | | Hyundai | 2% | 2% |
| | | Other Imports | 4% | 5% |
| DOMESTIC | 36% | Chrysler | 17% | 15% |
| | | Ford | 10% | 8% |
| | | GM | 9% | 8% |
| LUXURY | 22% | BMW/Mini | 6% | 4% |
| | | Mercedes | 4% | 3% |
| | | Audi | 3% | 2% |
| | | Lexus | 3% | 3% |
| | | Acura | 3% | 3% |
| | | Porsche | 2% | 1% |
| | | Jaguar/Land Rover | 1% | 1% |

*Other imports include VW, Nissan, Kia, and Mazda for the three-months ended June 30, 2020

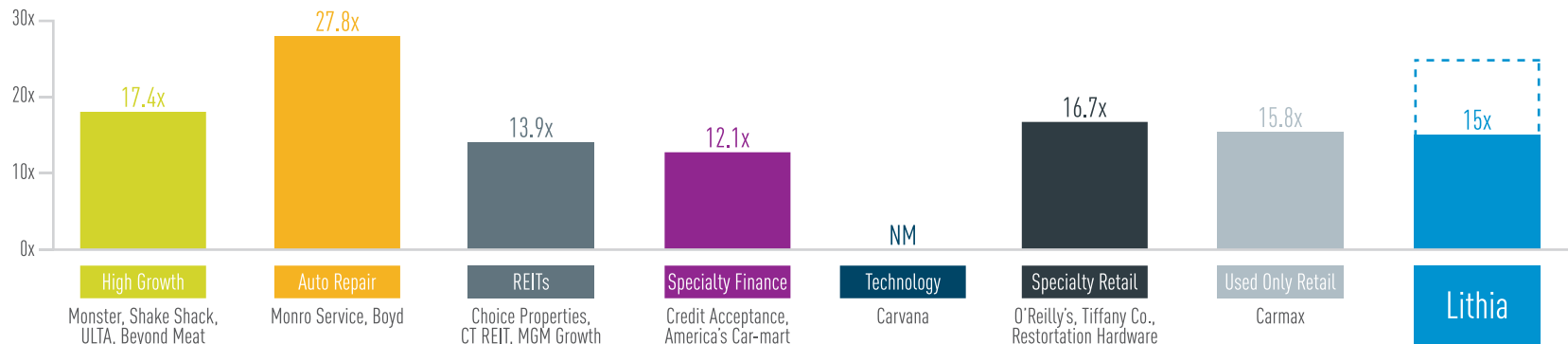
VALUATION BENCHMARKS YIELD OPPORTUNITY

20x+ P/E opportunity through existing business lines

2020E EV/Revenue



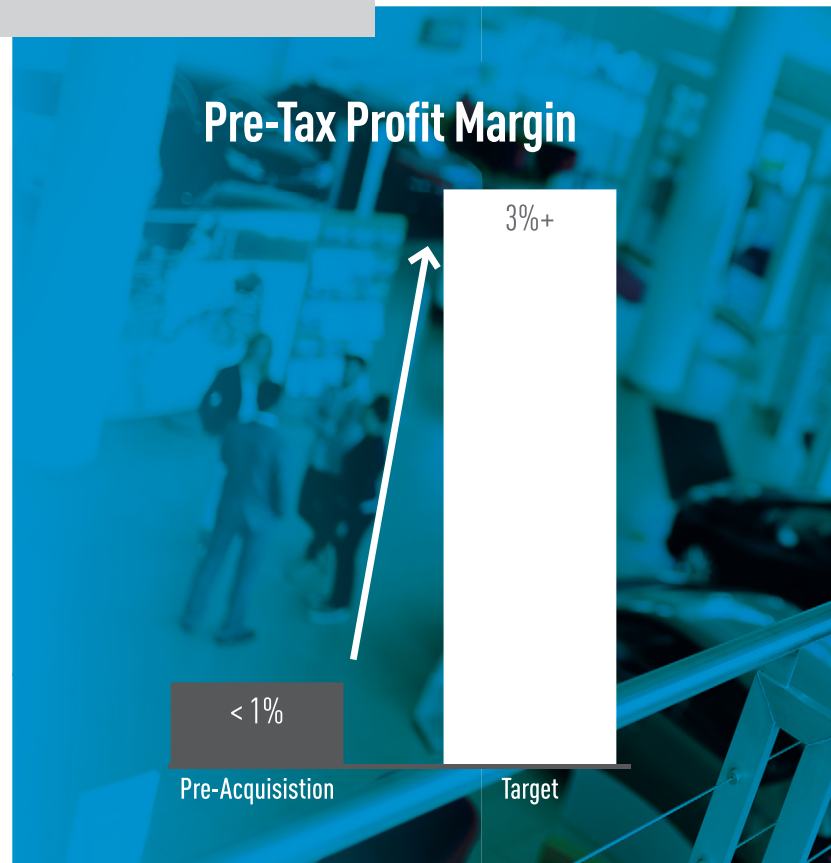
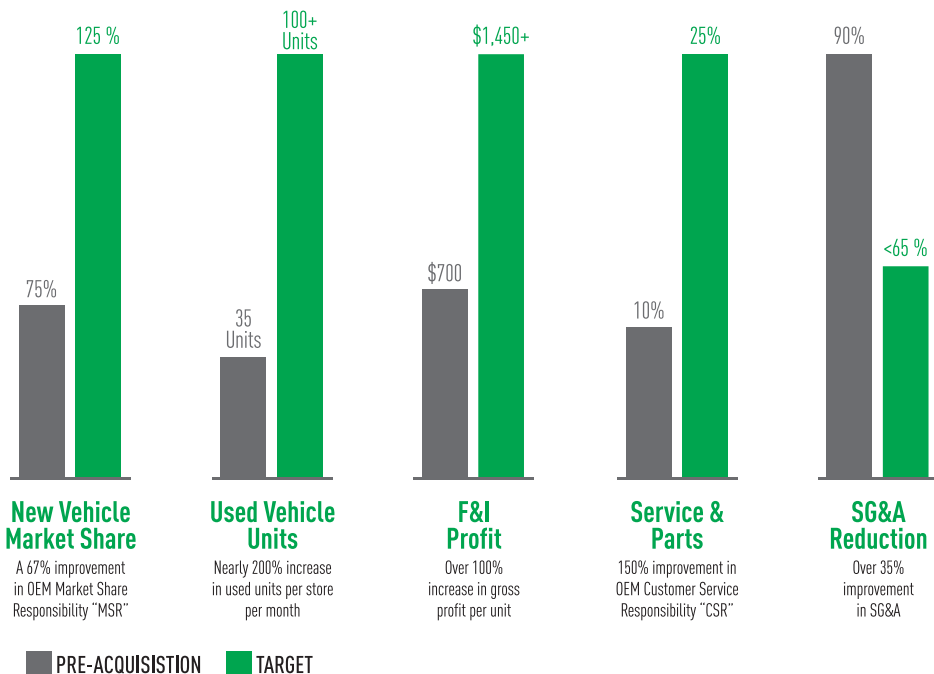
2020E P/E⁽¹⁾



Source: Company Filings, Wall Street Research and FactSet as of June 30, 2020. (1) "P/E" multiple for REITs reflects Price / Adjusted Funds From Operations.

EARNINGS

Acquire strong brands and capture opportunity

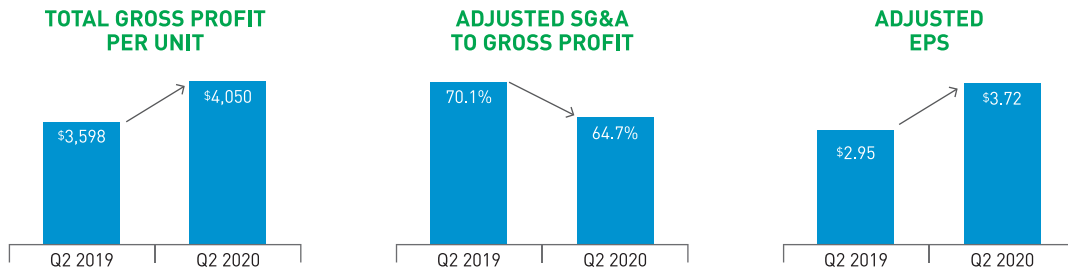


Q2 '20 INCOME STATEMENT SUMMARY

COMMENTARY

- Sequential monthly improvements led to record earnings per share
- Increased earnings per share by 26%
- Increased total gross profit per unit by 13%
- Improved Adjusted SG&A to Gross Profit by 540bps

Q2 2020 HIGHLIGHTS



SAME STORE QUARTER-OVER-QUARTER COMPARISON

| | Revenue | Gross Profit |
|-------------------------|-------------|--------------|
| New vehicles | -23% | -9% |
| Used retail vehicles | 0% | 1% |
| F&I | -7% | -7% |
| Service, parts and body | -21% | -18% |
| Total | -18% | -10% |

SUPPLEMENTAL INFORMATION

2020 Quarterly Income Statement

| \$M | Q4 | Q3 | Q2 | Q1 | YTD 2020 |
|-----------------------------------|----|----|------------------|------------------|------------------|
| New Vehicle | | | \$1,367.8 | \$1,373.5 | \$2,741.3 |
| Used Vehicle | | | 922.2 | 874.4 | 1,796.5 |
| Wholesale used vehicles | | | 51.3 | 66.7 | 118.0 |
| Finance and insurance | | | 124.9 | 121.9 | 246.7 |
| Service, body and parts | | | 275.5 | 329.9 | 605.4 |
| Fleet and other | | | 16.9 | 37.4 | 54.4 |
| Total Revenues | | | \$2,758.6 | \$2,803.8 | \$5,562.3 |
| New Vehicle | | | 92.2 | 78.2 | 170.4 |
| Used Vehicle | | | 98.3 | 90.0 | 188.2 |
| Wholesale used vehicles | | | 2.1 | 0.6 | 2.7 |
| Finance and insurance | | | 124.9 | 121.9 | 246.7 |
| Service, body and parts | | | 144.4 | 168.1 | 312.6 |
| Fleet and other | | | 2.5 | 2.1 | 4.7 |
| Gross Profit | | | \$464.4 | \$460.9 | \$925.3 |
| Asset Impairments | | | 7.9 | - | 7.9 |
| SG&A | | | 304.5 | 346.0 | 650.5 |
| Depreciation and Amortization | | | 22.3 | 22.0 | 44.3 |
| Operating Income | | | \$129.7 | \$92.9 | \$222.6 |
| Floor plan interest expense | | | (8.1) | (14.0) | (22.1) |
| Other interest expense | | | (16.8) | (17.0) | (33.8) |
| Other (income) expense, net | | | 3.5 | 2.3 | 5.8 |
| Income (loss) before taxes | | | \$108.3 | \$64.2 | \$172.5 |
| Income tax expense | | | (30.6) | (18.0) | (48.6) |
| Net Income | | | \$77.7 | \$46.2 | \$123.9 |

*Sum of QTD may not equal YTD due to rounding

SUPPLEMENTAL INFORMATION

2020 Adjusted Non-GAAP Reconciliation

| \$M, except for per share amounts | YTD 6/30/20 | Gain on store disposals | | Asset Impairments | Insurance Reserves | | Tax Attribute | Acquisition Expenses | | YTD 6/30/20 |
|----------------------------------------------------------|----------------|----------------------------|--------|----------------------|-----------------------|-------|------------------|-------------------------|-------|----------------|
| | As Reported | Q1 | Q2 | Q2 | Q1 | Q2 | Q2 | Q1 | Q2 | Adjusted |
| Asset impairments | \$7.9 | - | - | (7.9) | - | - | - | - | - | \$- |
| Selling, general and administrative | 650.5 | 0.1 | 1.3 | - | (0.8) | (5.0) | - | (0.5) | (0.5) | 645.1 |
| Income from operations | 222.6 | (0.1) | (1.3) | 7.9 | 0.8 | 5.0 | - | 0.5 | 0.5 | 235.9 |
| Income from continuing operations before income taxes | 172.5 | (0.1) | (1.3) | 7.9 | 0.8 | 5.0 | - | 0.5 | 0.5 | 185.8 |
| Income taxes | (48.6) | - | 0.4 | (2.3) | (0.2) | (1.4) | (0.8) | (0.1) | (0.2) | (53.2) |
| Net income | \$123.9 | (0.1) | (0.9) | 5.6 | 0.6 | 3.6 | (0.8) | 0.4 | 0.3 | \$132.6 |
| Diluted net income per share | \$5.32 | (0.00) | (0.04) | 0.24 | 0.02 | 0.16 | (0.03) | 0.02 | 0.01 | \$5.70 |
| Diluted share count | 23.3 | | | | | | | | | |

SUPPLEMENTAL INFORMATION

2019 Quarterly Income Statement

| \$M | Q4 | Q3 | Q2 | Q1 | YTD 2019 |
|-----------------------------------|------------------|------------------|------------------|------------------|-------------------|
| New Vehicle | \$1,805.8 | \$1,824.8 | \$1,707.4 | \$1,461.1 | \$6,799.1 |
| Used Vehicle | 894.7 | 916.3 | 888.3 | 827.9 | 3,527.2 |
| Wholesale used vehicles | 67.7 | 74.4 | 81.7 | 77.4 | 301.2 |
| Finance and insurance | 136.0 | 136.3 | 129.0 | 117.5 | 518.6 |
| Service, body and parts | 331.8 | 340.5 | 335.5 | 317.4 | 1,325.1 |
| Fleet and other | 33.0 | 40.1 | 79.8 | 48.4 | 201.5 |
| Total Revenues | \$3,269.0 | \$3,332.4 | \$3,221.7 | \$2,849.7 | \$12,672.7 |
| New Vehicle | 104.3 | 100.0 | 95.4 | 85.9 | 385.6 |
| Used Vehicle | 90.1 | 99.7 | 93.2 | 84.6 | 367.6 |
| Wholesale used vehicles | (0.1) | 1.1 | 1.8 | 0.9 | 3.7 |
| Finance and insurance | 136.0 | 136.3 | 129.0 | 117.5 | 518.6 |
| Service, body and parts | 166.5 | 171.5 | 170.3 | 159.5 | 667.6 |
| Fleet and other | 1.8 | 2.3 | 3.9 | 2.3 | 10.7 |
| Gross Profit | \$498.6 | \$510.9 | \$493.6 | \$450.7 | \$1,953.8 |
| Asset Impairments | 2.1 | - | - | 0.5 | 2.6 |
| SG&A | 352.2 | 343.2 | 356.5 | 321.8 | 1,373.8 |
| Depreciation and Amortization | 21.5 | 20.9 | 20.2 | 19.8 | 82.4 |
| Operating Income | \$122.8 | \$146.8 | \$116.9 | \$108.6 | \$495.0 |
| Floor plan interest expense | (17.2) | (17.9) | (19.4) | (18.1) | (72.8) |
| Other interest expense | (15.7) | (14.8) | (15.0) | (15.3) | (60.6) |
| Other (income) expense, net | 4.8 | 3.3 | 3.0 | 2.6 | 13.8 |
| Income (loss) before taxes | \$94.7 | \$117.4 | \$85.5 | \$77.8 | \$375.4 |
| Income tax expense | (26.7) | (32.2) | (23.6) | (21.4) | (103.9) |
| Net Income | \$68.0 | \$85.2 | \$61.9 | \$56.4 | \$271.5 |

*Sum of QTD may not equal YTD due to rounding

SUPPLEMENTAL INFORMATION

2019 Adjusted Income Statement Details

| \$M, except for per share amounts | YTD 12/31/19 | Gain on store disposals | | | | Asset impairment | | Insurance Reserves | | Acquisition expenses | | | | YTD 12/31/19 |
|-------------------------------------------------------|-----------------|----------------------------|--------------|--------------|--------------|---------------------|--------------|-----------------------|--------------|-------------------------|--------------|--------------|--------------|-----------------|
| | As Reported | Q1 | Q2 | Q3 | Q4 | Q1 | Q4 | Q2 | Q3 | Q1 | Q2 | Q3 | Q4 | Adjusted |
| Asset impairments | \$2.6 | - | - | - | - | (0.5) | (2.1) | - | - | - | - | - | - | \$- |
| Selling, general and administrative | 1,373.8 | 0.1 | (0.4) | 9.4 | 0.6 | - | - | (8.4) | (1.1) | (0.2) | (1.5) | (0.2) | (0.6) | 1,371.5 |
| Income from operations | 495.0 | (0.1) | 0.4 | (9.4) | (0.6) | 0.5 | 2.1 | 8.4 | 1.1 | 0.2 | 1.5 | 0.2 | 0.6 | 499.9 |
| Income from continuing operations before income taxes | 375.4 | (0.1) | 0.4 | (9.4) | (0.6) | 0.5 | 2.1 | 8.4 | 1.1 | 0.2 | 1.5 | 0.2 | 0.6 | 380.3 |
| Income taxes | (103.9) | - | (0.1) | 2.7 | 0.2 | (0.1) | (0.6) | (2.3) | (0.3) | - | (0.4) | (0.1) | (0.2) | (105.1) |
| Net income | \$271.5 | (0.1) | 0.3 | (6.7) | (0.4) | 0.4 | 1.5 | 6.1 | 0.8 | 0.2 | 1.1 | 0.1 | 0.4 | \$275.2 |
| Diluted net income per share | \$11.60 | (0.00) | 0.01 | (0.29) | (0.02) | 0.01 | 0.07 | 0.27 | 0.03 | 0.01 | 0.04 | 0.01 | 0.02 | \$11.76 |
| Diluted share count | 23.4 | | | | | | | | | | | | | |

SUPPLEMENTAL INFORMATION

EBITDA and Adjusted EBITDA

| \$M | YTD 2020 | FY 2019 | FY 2018 |
|--------------------------------------------|----------------|----------------|----------------|
| Net income | \$123.9 | \$271.5 | \$265.7 |
| Add: flooring interest expense | 22.1 | \$72.8 | \$62.3 |
| Add: other interest expense | 33.8 | 60.6 | 56.0 |
| Add: income taxes | 48.6 | 103.9 | 71.8 |
| Add: depreciation and amortization | 44.3 | 82.4 | 75.4 |
| EBITDA | \$272.7 | \$591.2 | \$531.2 |
| Less: flooring interest expense | (22.1) | (72.8) | (62.3) |
| Less: used vehicle line of credit interest | (0.3) | (5.5) | (2.9) |
| Add: acquisition expense | 1.0 | 2.5 | 3.3 |
| Add (Less): Loss (Gain) on divestitures | (1.4) | (9.7) | (15.4) |
| Add: reserve adjustments | 5.8 | 9.5 | 1.5 |
| Add: asset impairments | 7.9 | 2.6 | 1.3 |
| Adjusted EBITDA | \$263.6 | \$517.8 | \$456.7 |

