LITHIA & driveway
NYSE:LAD

Investor Presentation

FEBRUARY 2024

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 and other sales levels and the supply of inventory;
- Our business strategy and plans, including achieving our 2025 Plan and related targets;
- The growth, expansion, make-up and success of our network, including our finding accretive acquisitions and acquiring additional stores;
- Annualized revenues from acquired stores;
- The growth and performance of our Driveway e-commerce home solution and Driveway Finance Corporation (“DFC”), their synergies and other impacts on our business and our ability to meet Driveway and DFC-related targets;
- The impact of sustainable vehicles and other market and regulatory changes on our business;
- Our capital allocations and uses and levels of capital expenditures in the future;
- 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 any projections;
- Our anticipated financial condition and liquidity, including from our cash and the future availability of our credit facilities, unfinanced real estate and other financing sources;
- Our continuing to purchase shares under our share repurchase program;
- Our compliance with financial and restrictive covenants in our credit facilities and other debt agreements;
- Our programs and initiatives for employee recruitment, training, and retention; and
- Our strategies and targets for customer retention, growth, market position, operations, 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 national and local economic and financial conditions, including as a result of regional or global public health issues, inflation and governmental programs and spending;
- The market for dealerships, including the availability of stores to us for an acceptable price;
- Changes in customer demand, our relationship with, and the financial and operational stability of, OEMs and other suppliers;
- Changes in the completive landscape, including through technology and our ability to deliver new products, services and customer experiences and a portfolio of in-demand and available vehicles;
- Risks associated with our indebtedness, including available borrowing capacity, interest rates, compliance with financial covenants and ability to refinance or repay indebtedness on favorable terms;
- The adequacy of our cash flows and other conditions which may affect our ability to fund capital expenditures, obtain favorable financing and pay our quarterly dividend at planned levels;
- Disruptions to our technology network including computer systems, as well as natural events such as severe weather, or man-made or other disruptions of our operating systems, facilities or equipment;
- Government regulations and legislation; and
- The 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 in “Part II, Item 1A. Risk Factors” of our Quarterly Reports on Form 10-Q, 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 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 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 presentation. 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.

Lithia & Driveway

NYSE: LAD

Profitably Modernizing an Industry

Building a profitable platform with the ability to respond to changing consumer and industry trends.

HIGHLIGHTS

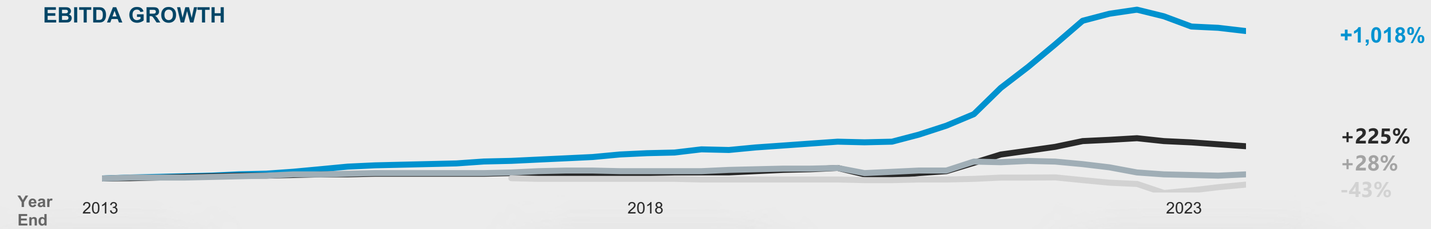
Strategy
- Diverse synergistic portfolio of businesses
- Complete ownership lifecycle attachment
- 100% participation in $2 trillion+ market

Track Record*
- 10-year Revenue Growth CAGR: 23%
- 10-year Total Shareholder Return CAGR: 25%
- 10-year EPS Growth CAGR: 24%

Target
- 100% national coverage
- Highly profitable with significant cash flows

LAD
New Franchise Dealers
Used Car Retailer
E-Commerce Auto Retailer

EBITDA GROWTH

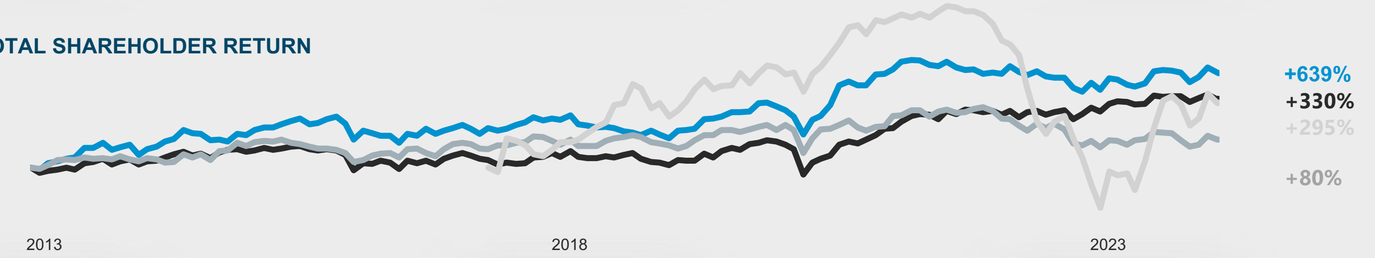


 # Stores: 94
Retail Units: 123,918
Rev: $4.0 b

 # Stores: 181 (+93%)
Retail Units: 335,835 (+271%)
Rev: $11.8b (+295%)

 # Stores: 344 (+90%)
Retail Units: 639,880 (+91%)
Rev: $31.0b (+163%)

TOTAL SHAREHOLDER RETURN



Market Cap $960 m
EV $1.7 b

Market Cap $2.8 b (+195%)
EV $5.61 b (+234%)

Market Cap $8.2 b (+187%)
EV $18.1 b (+222%)

Source: Bloomberg. Groups have been indexed on a logarithmic scale starting at 100 on 03/31/2013 for TTM EBITDA growth and 01/31/2013 for Total Shareholder Return. | **New Franchise Dealers**: Asbury, AutoNation, Group 1, Penske, Sonic ; **Used Car Retailer**: CarMax ; **E-Commerce**: Carvana.
*10-year CAGRs starting fiscal year end 2013 through fiscal year end 2023
Stores, Retail Units, Rev, Market Cap and Enterprise Value (EV) growth rates between 2013 - 2018 and 2018 - 2023

LAD Strategy Design

KEY
- Verticals – Consumer Growth (REV)
- Horizontals – Consumer Synergies (EPS)

<2019
Revenue: **$12.3B**
$1B Revenue = **~$0.87 EPS**
SG&A: **65-70%**
Op Margin: **~4%**

2023
Revenue: **$31B**
$1B Revenue = **$1.19 EPS**
SG&A: **63%**
Op Margin: **5.5%**

Revenue: **$50B** | EPS: **$55-60**
$1B Revenue = **$1.10-$1.25 EPS**
SG&A: **55-65%**
Op Margin: **4.5-5%**

2030+
Revenue: **$75-100B**
$1B Revenue = **$1.75 - $2 EPS**
SG&A: **<50%**
Op Margin: **5+%**

FOUNDATION
LITHIA
Network Development - People, Inventory, Infrastructure

GreenCars

Driveway

Mobility Verticals (Power Sports, RV, Trucking, Construction, Agriculture)

Other Verticals

DFC

Fleet Management (Pfaff Leasing & PVM)

Insurance (Consumer & Captive)

Charging (1,030 Stations)

Software (DMS Pinewood)

Other Horizontals

LAST UPDATED: 2/13/24

Key Strategic Highlights

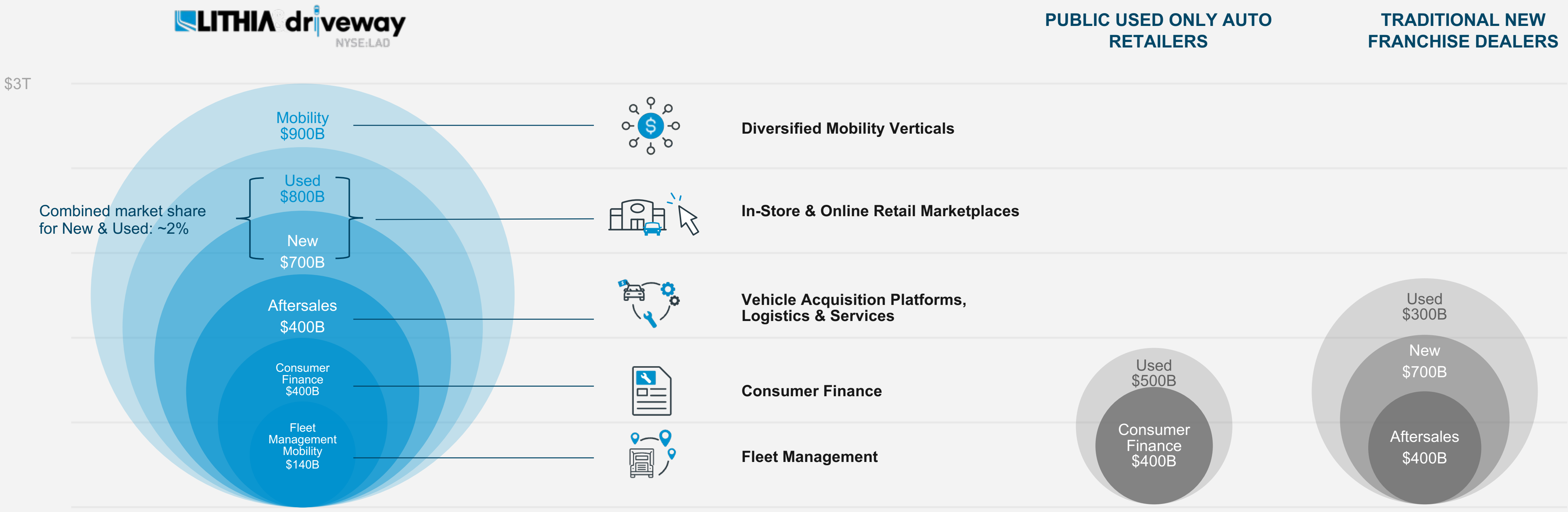
Profitably Modernizing an Industry

Building a profitable platform with the ability to respond to changing consumer and industry trends.

01	LARGEST RETAIL INDUSTRY	Early stages of consolidation and modernization. Variety of brands, financing solutions, leasing, repair & maintenance options
02	CONSUMER ECOSYSTEM	Offerings all aspects of vehicle ownership for the entire lifecycle with omni-channel solutions
03	OPERATIONAL EXCELLENCE	Building a diversified and highly adaptable model. Management team in place for over a decade
04	GROWTH & SCALE	Disciplined M&A generating strong returns and convenient consumer accessibility
05	ADJACENCIES	Transformative, systematic expansion creating diversification and leveraging strengths
06	PREMIER RETAILER	Dynamic retailer responsive to consumer trends and driving profitability

01 LARGEST RETAIL INDUSTRY

Over $3 Trillion in Revenue Across Industries



Proven consolidator in large, highly fragmented addressable markets

Used vehicles: Assumes traditional new franchise dealers target 0-5 year old used vehicles. | Public used only retailers target 0-10 year old used vehicles. | Aftersales: Assume traditional new franchise dealer addressable market limited by utilization of only OEM parts and represents 50% of the market. Source: IHS-Markit 2019 US vehicle registration, Auto care association. | Diversified Mobility Verticals: TTM Sales 2022 - Marine Max, Rush Enterprise, Velocity Vehicle Group, Camping World, Blue Compass International Expansion: Bilia, Lookers, AutoCanada, Inchcape, Vertu Motors, Pendragon

Strategic Omnichannel Ecosystem

Wherever, Whenever, However

CUSTOMER EXPERIENCE

- Customer portal, easy access to variety of offerings
- Omni-channel with in-store and online solutions
- Creating infectious customer loyalty

Aftersales

- Convenient mobile service offerings
- Online scheduling with pick up/drop off options
- Factory-trained technicians servicing all makes and models

Shop, Sell & Trade

- Knowledgeable associates
- Vast new and used vehicle selection
- Offerings for all affordability levels

Financing

- Financing expertise
- Vast lender network, including DFC
- Full-spectrum financing solutions with monthly customer touchpoints

Software

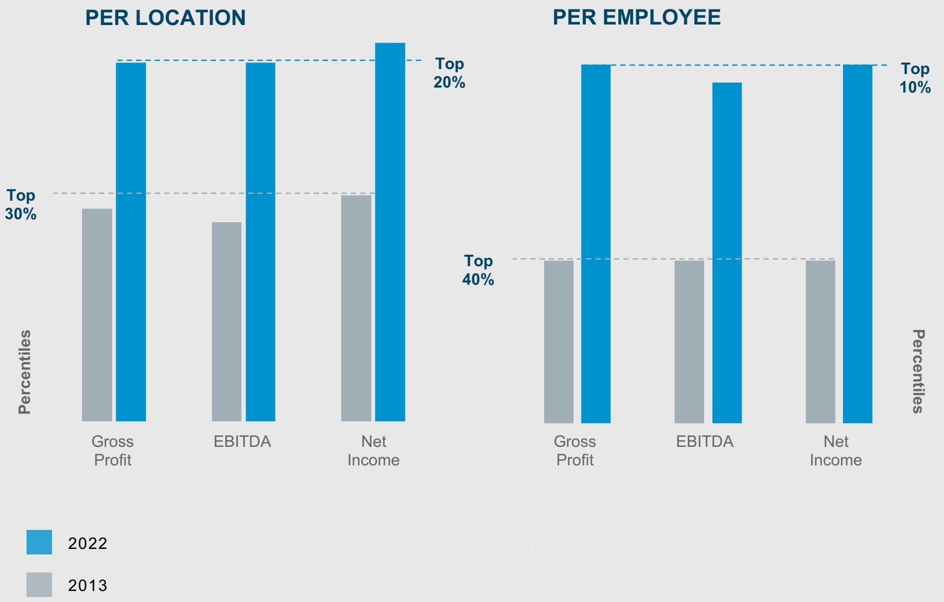
- Integrated experience for customers and associates
- Customized offerings for consumers
- Flexible systems, seamless integration

Other Adjacencies

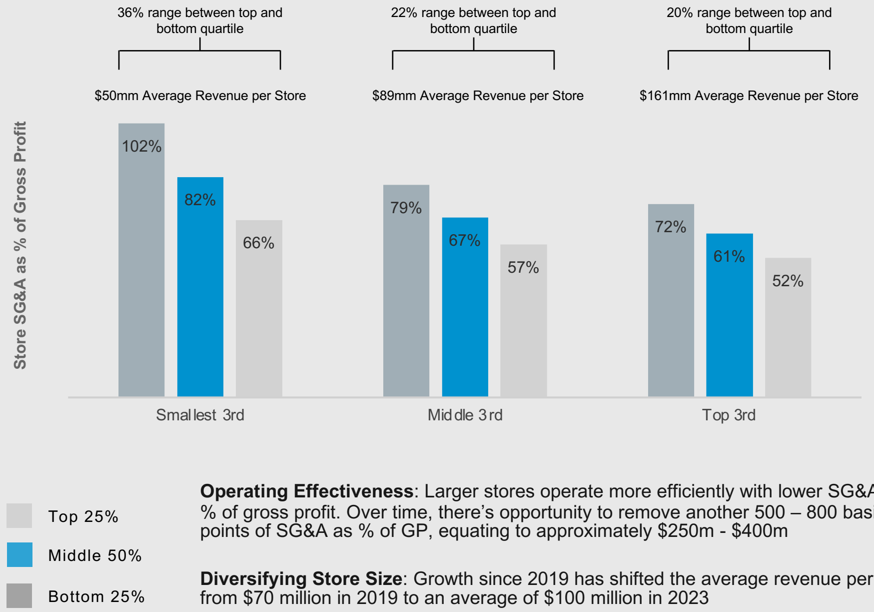
- Provides additional offerings and expands potential customers
- Potential adjacencies: fleet management, consumer insurance, RVs, power sports & more

Operating Results and Efficiency

Competitive Advantage – LAD vs Brick & Mortar Retailers[1]



2023 Vehicle Operations SG&A Performance at a Store Level



Operating Effectiveness: Larger stores operate more efficiently with lower SG&A as a % of gross profit. Over time, there's opportunity to remove another 500 – 800 basis points of SG&A as % of GP, equating to approximately $250m - $400m

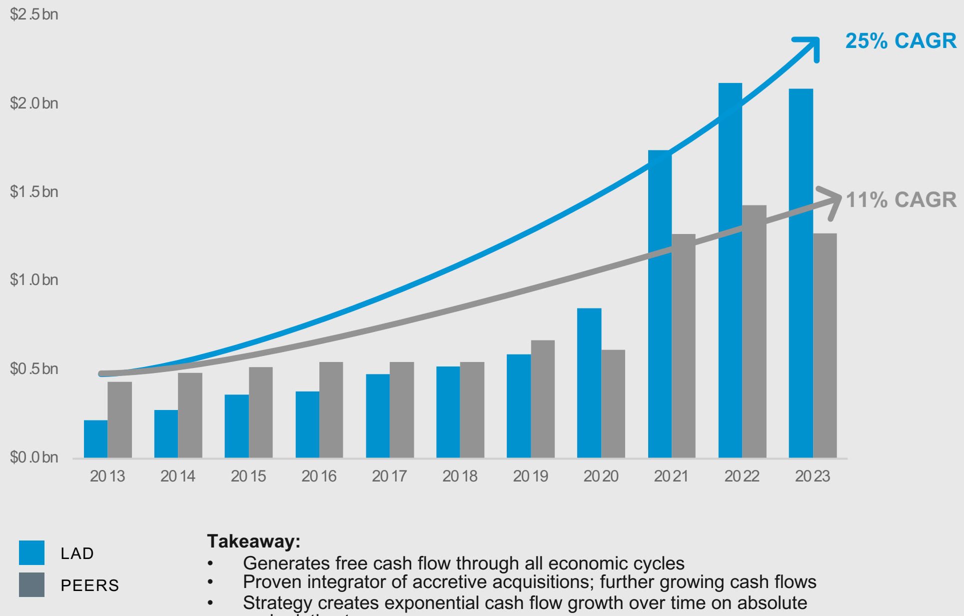
Diversifying Store Size: Growth since 2019 has shifted the average revenue per store from $70 million in 2019 to an average of $100 million in 2023

[1]**Source:** Bloomberg. Lithia Percentile Rank compared to retailers: Auto Parts: Advance Auto Parts, O'reilly, AutoZone | Clothing & Apparel: TJX, The Gap, Ross, Burlington, Lululemon | Cosmetics: Ulta | Department Stores: Macy's, Kohl's | Dollar Stores: Dollar General, Dollar Tree | Electronics: Best Buy | Home Improvement: Tractor Supply, Lowe's, Home Depot | Sporting Goods: Dick's | Supercenters: Costco, Target. |

Regenerative Growth Engine

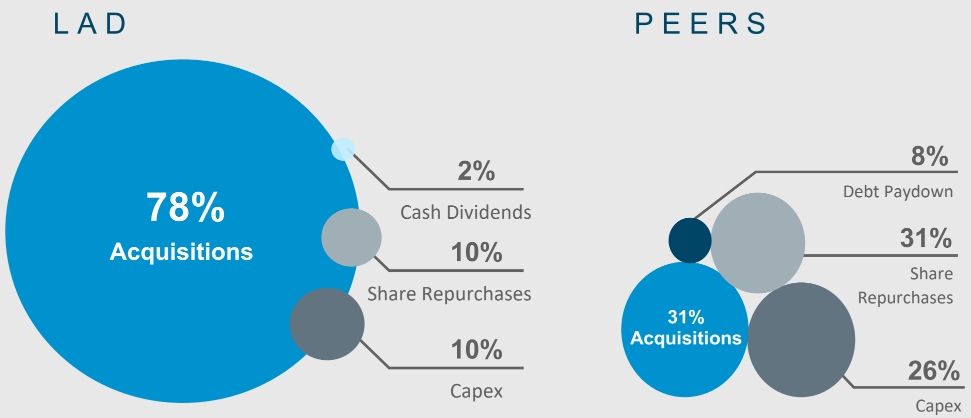
LAD Growth Strategy vs. Peer Share Buyback Strategy

Free Cash Flow Generation (EBITDA)



Takeaway:
- Generates free cash flow through all economic cycles
- Proven integrator of accretive acquisitions; further growing cash flows
- Strategy creates exponential cash flow growth over time on absolute and relative terms

Capital Allocation



LAD's Allocation Strategy
- LAD has directed capital towards growth and expansion compared to our peers
- Aim for leverage ratios in range of 2-3X, with goal of achieving IG rating over time
- Share repurchases at parity to acquisitions at current valuations
- In 2023, we allocated $34m to share repurchases at an average price of $241 per share

Source: Bloomberg. **PEERS**: Asbury, AutoNation, Group 1, Penske, Sonic ; EBITDA based on full year results from 2013 – 2022 and most recent earnings available for 2023

LAD EBITDA based on results from 2013-2023 equal to Income before income taxes + Floor plan interest expense + Other interest expense + DFC interest expense + Depreciation and amortization.

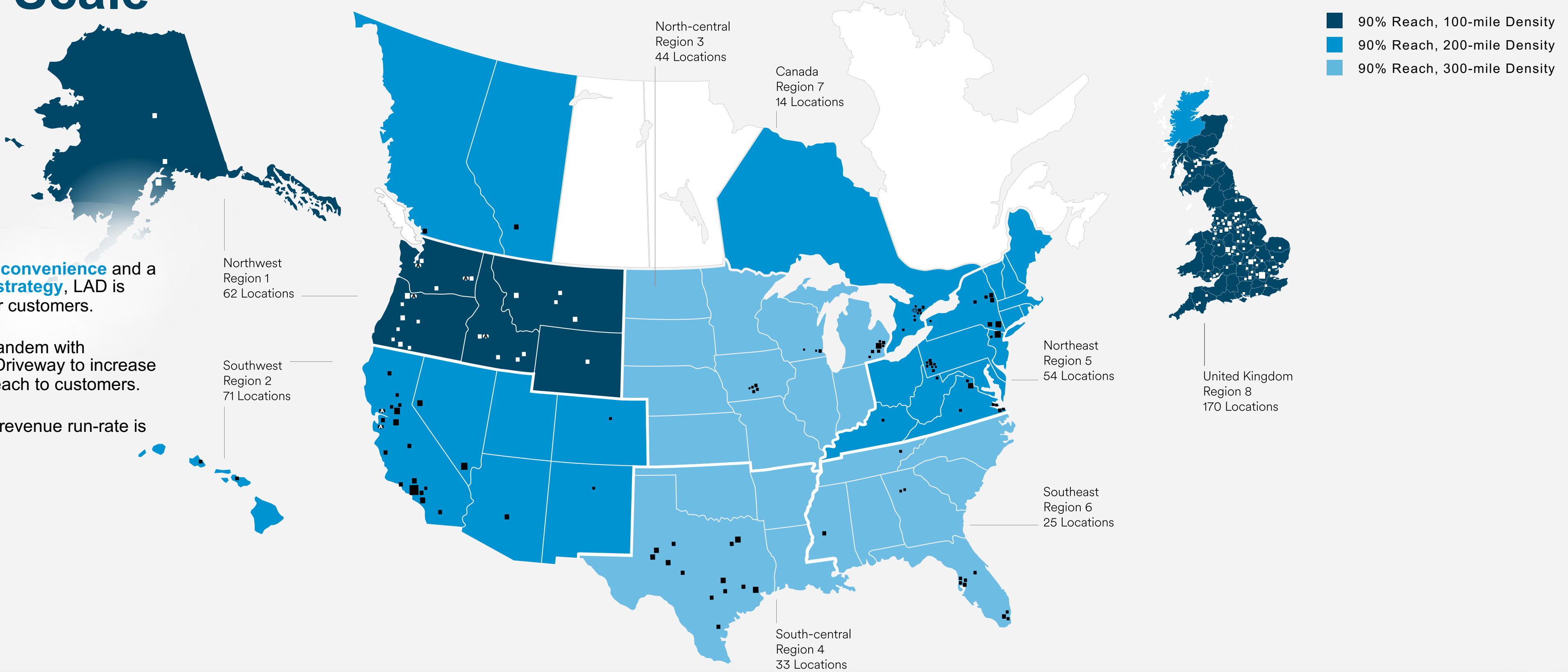
Capital allocation calculated as a percent of total uses of capital. Based on 3.5-year average results between 2020-2022 and semi-annual results for 1H23 (JP Morgan Banking).
Peers: Asbury, AutoNation, Group 1, Penske, Sonic | Values in charts rounded and may not add to 100

Leveraging Growth & Scale

With a focus on **consumer convenience** and a **disciplined, proven M&A strategy**, LAD is reducing the distance to our customers.

National network works in tandem with eCommerce tools such as Driveway to increase consumer optionality and reach to customers.

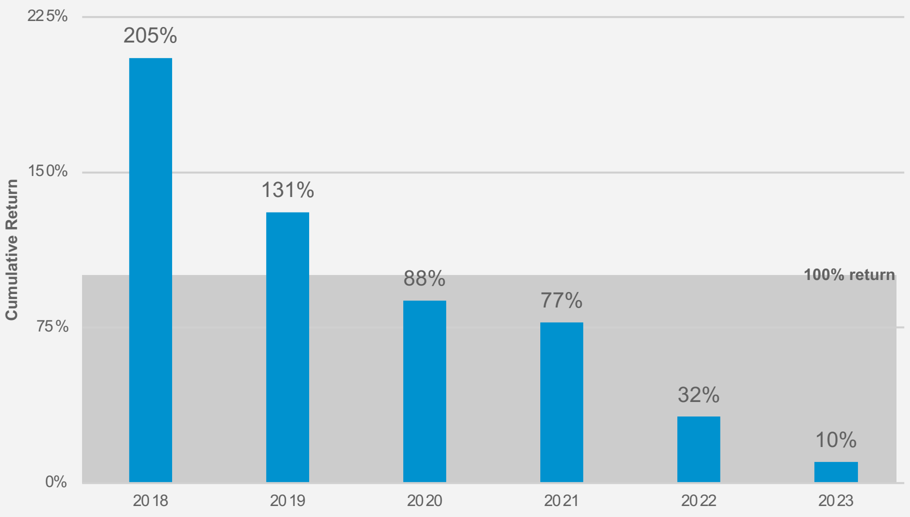
As a result, our annualized revenue run-rate is greater than $30 billion.



~230mi	51	473	90,000+	$2.1b
Miles to Reach 95% of U.S.	OEM Brands	Stores Globally	Vehicles in Inventory	EBITDA 2023

Mergers & Acquisitions

HISTORICAL RETURNS BY VINTAGE

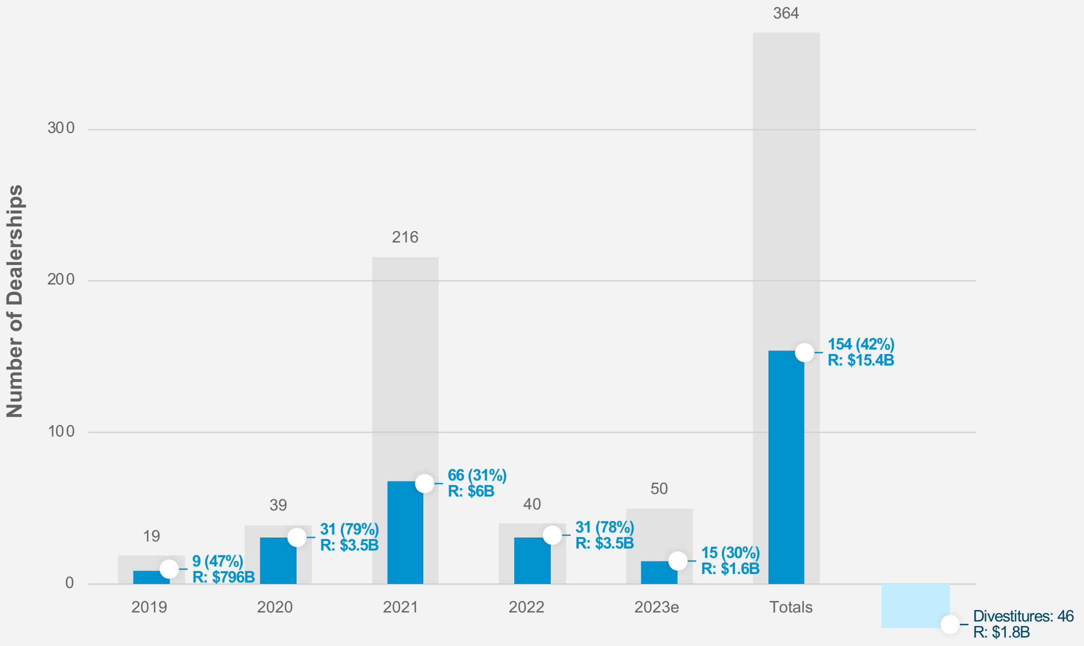


Cumulative Returns from acquisition date to end of 2023[1]

- **Low Risk** – Highly fragmented market; decentralized culture empowers local leadership
- **Track-Record** – Consistent history of acquiring and integrating stores
- **Valuation Discipline** – Consistent hurdle rate framework; cash flow accretive
- **Returns** – 95% success rate, consistently achieving over 25% return rate

[1]Note cumulative returns represents total net income from date of acquisition to 2023 divided by total intangibles [goodwill plus franchise value, cash paid at time of purchase].

U.S. PUBLIC DEALERSHIP TRANSACTIONS & ANNUALIZED REVENUES (R) ACQUIRED



LAD %

Public

Acquisitions

- LAD is making up a large portion of public acquisitions each year. As a result, $4.5B average annual revenues acquired internationally over the last 4 years.
- 100% success rate on acquisitions as of 2023

Source: Haig Partners, Automotive News, Lithia Motors Inc. | Transaction volume may fluctuate as more buying and selling activity becomes available. | Total Private: 280 in 2019, 305 in 2020, 491 in 2021, 594 in 2022, 427 in 2023.

Driveway Finance Corporation (DFC)

Business Proposition

Serving LAD customers through:
- Variety of financing options
- Integration throughout Lithia platform

Portfolio Design

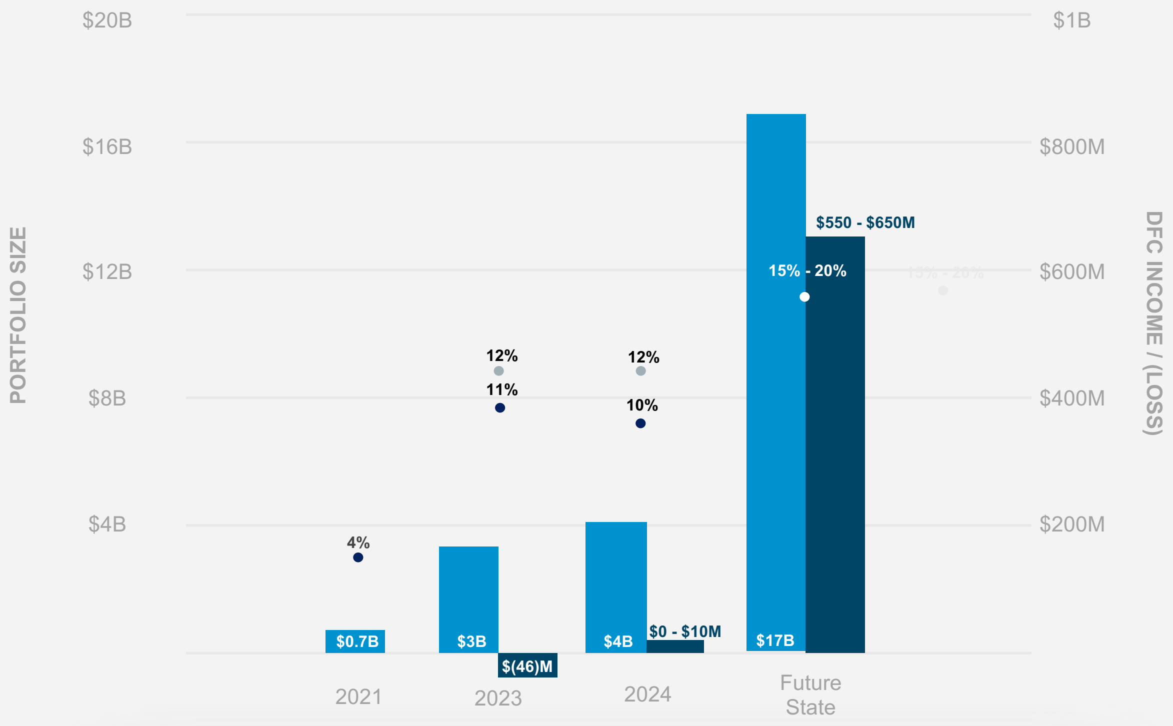
- Full credit spectrum lender
- Focus on prime FICO portfolio profile
- Maximizing risk-adjusted cash flows

Key Business Highlights

- Market opportunity of approximately 450,000+
- DFC loans are ~3X profitable vs. third-party loans
- Targeting penetration rate of 15-20% of retail units sold

Focus on Consumers

To mitigate consumer economic stress, DFC is:
- Leveraging position at top of funnel
- Moving up in credit quality curve



Transformative profitability differentiation, at maturity

Captive finance returns are consistent through business cycles, diversifying LAD earnings streams

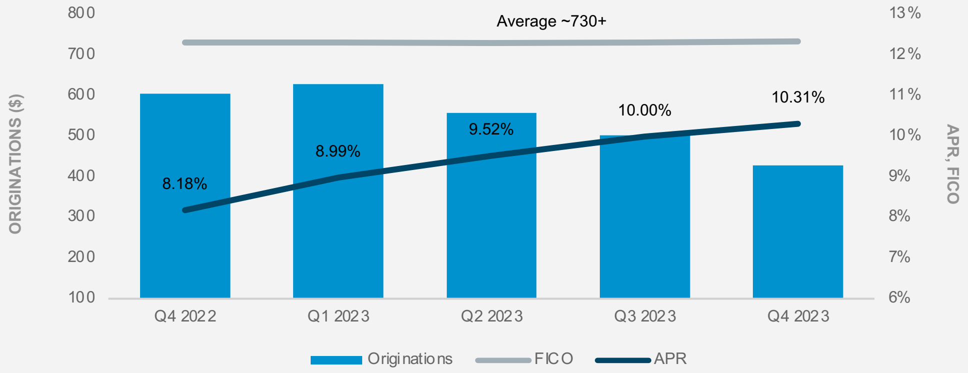
2024 assumptions
- Breakeven profitability, still negatively impacted by CECL headwinds and lack of seasoning
- Initial expansion into leasing
- Net interest margin increasing above 400bps
- SG&A approaching 1%
- Decreasing provision rate

Future State assumptions
- Portfolio fully seasoned
- LAD attained $50 billion US revenue base
- Full deployment of loan and lease offerings across all material geographies and verticals

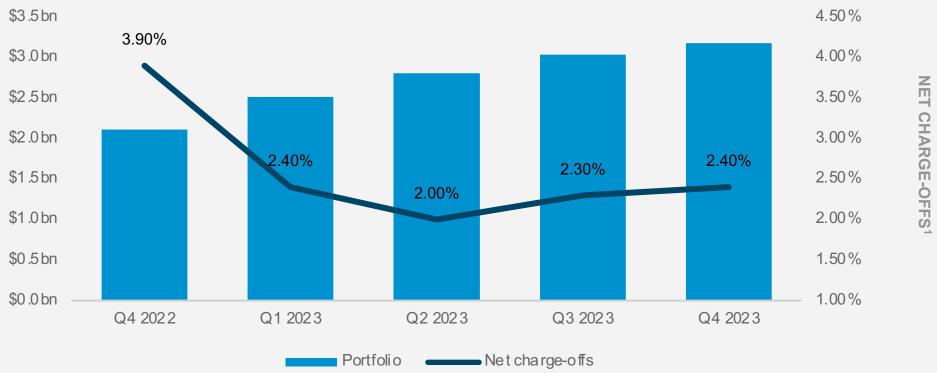
● Global Penetration Rate
● US Penetration Rate

Driveway Finance Corporation (DFC)

UNDERWRITING METRICS



PORTFOLIO SIZE



Disciplined Credit Risk Strategy

Underwriting: Tightening loan-level NPV hurdle rates

Risk management: Increasing down payment requirements

Data: Enhancing credit models with alternative data sources

Credit Losses: Expect net charge-off levels to peak in 1H 2024

Progressing Toward Capital Self-Sufficiency

ABS: Developing track record as seasoned issuer in ABS market through quarterly issuances

Warehouse: $1.75 BN in warehouse capacity with staggered maturities in 2025 and 2026

Operations: Growing portfolio generates significant cash through recurring principal, interest payments, & early pay-offs

YoY Improvement in ABS Deal Structure

Compared to LADAR 23-1[2] transaction, LADAR 24-1 reflects material structural improvements, improving capital efficiency.

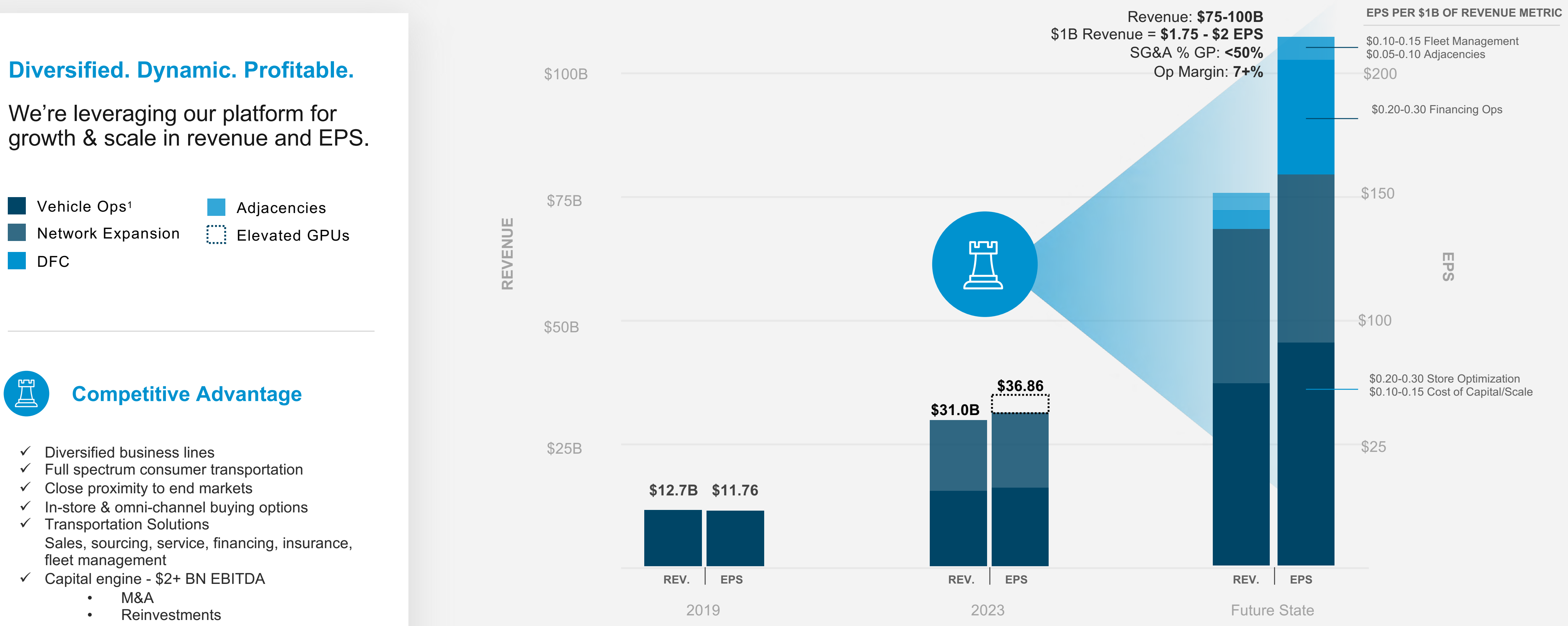
- Weighted average APR % increased 220bps
- Yield supplement overcollateralization[3] decreased by 600bps
- Portfolio life net charge-offs (CNL) assumed by Moody's decreased 150bps
- Initial overcollateralization requirement decreased by 320bps

[1] Annualized net charge-offs as a percentage of total average managed receivables. | [2] LADAR YY-# - ABS offering by year/offering number issued by DFC. | [3] Yield supplement overcollateralization are additional funds required in deal structure in instances where the weighted average APR of the collateral is insufficient to provide investors with a desired level of excess spread.

Future Growth

Diversified. Dynamic. Profitable.

We're leveraging our platform for growth & scale in revenue and EPS.



Competitive Advantage

- ✓ Diversified business lines
- ✓ Full spectrum consumer transportation
- ✓ Close proximity to end markets
- ✓ In-store & omni-channel buying options
- ✓ Transportation Solutions
  Sales, sourcing, service, financing, insurance, fleet management
- ✓ Capital engine - $2+ BN EBITDA
  - M&A
  - Reinvestments
  - Share buybacks and dividends
  - 2-3x leverage

[1]Includes results from Driveway and GreenCars

LAD Over the Years

The pragmatic disrupter 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.

1946

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

1 Store

$150 Million

1996

Walt's son Sid took over in 1968 and grew to 5 locations and 19 franchises in Southern Oregon. In December 1996, the collection of stores transformed into Lithia Motors Inc., **a publicly traded company (NYSE: LAD).**

$3.3 Billion

2012

In May 2012, Bryan DeBoer became CEO, accelerating company growth. That same year, we **launched our captive finance company**, now known as DFC.

$12.7 Billion

2019

In July 2020, LAD announced 5-year plan to profitably consolidate.

$22.8 Billion

2021-2022

In 2021, Driveway.com launched with financing APIs from 29 lenders and LAD acquired $6.9B in revenue.

The following year, Driveway achieved $1B in revenue and LAD completed DFC ABS offerings.

$31 Billion

~500 Stores

2023

During this exciting year for growth, LAD became one of the largest new automotive retailers in North America based on revenues. Simultaneously, we entered the UK market.

$50 Billion

Near-Term

LAD looks to complete our US dealership footprint to obtain 2.5% US market share. This includes offering Driveway.com as an in-service product to help drive conquest of market share.

$75-100 Billion

$2 EPS per billion in Revs

And Beyond

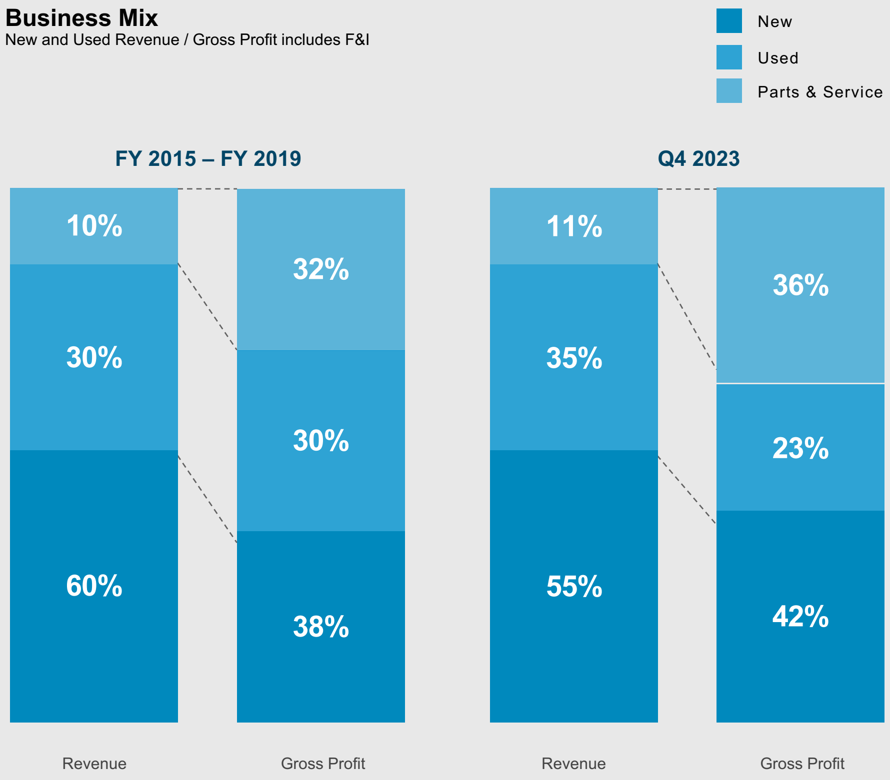
LAD continues to evolve business as zero-emission new vehicle count nears 100%. We plan to reach 5%+ US market share as well as grow into new verticals and international locations.

Appendix

Inventory, Strategies, History, Future, & More

Resilient Business Model

Profitable business with diversified brand mix, geographic mix and multiple earnings streams



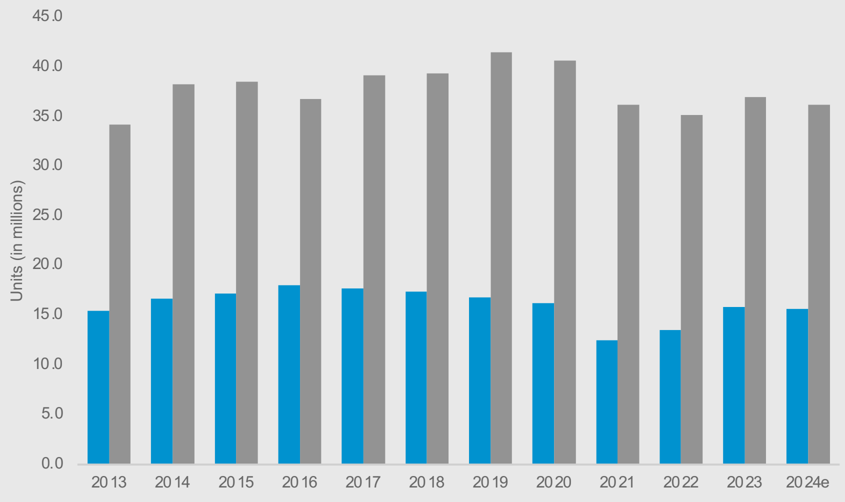
New Vehicle Mix

Segment	Segment %	Brand	Brand Revenue	Brand Unit Sales
Import	45%	Toyota	14%	17%
		Honda	13%	18%
		Hyundai	6%	7%
		Subaru	4%	6%
		KIA	2%	4%
		Nissan	1%	1%
		Other Imports [1]	5%	4%
Domestic	26%	Stellantis	10%	8%
		Ford	9%	8%
		GM	6%	6%
		Other Domestic [2]	1%	1%
Luxury	29%	BMW/MINI	8%	6%
		Mercedes	5%	3%
		Audi	4%	3%
		Lexus	3%	3%
		Porsche	3%	1%
		Acura	2%	2%
		Jaguar/Land Rover	2%	1%
		Other Luxury [3]	2%	1%

For the three-months ending December 31, 2023,
[1] Other import brands include VW and Mazda
[2] Other domestic brands include Harley-Davidson, Airstream
[3] Other luxury brands include Infiniti, Lamborghini, Genesis, Volvo, Rolls-Royce, McLaren, Bently, Ferrari, Maserati, Aston Martin, INEOS, Pagani

SAAR and Market Share

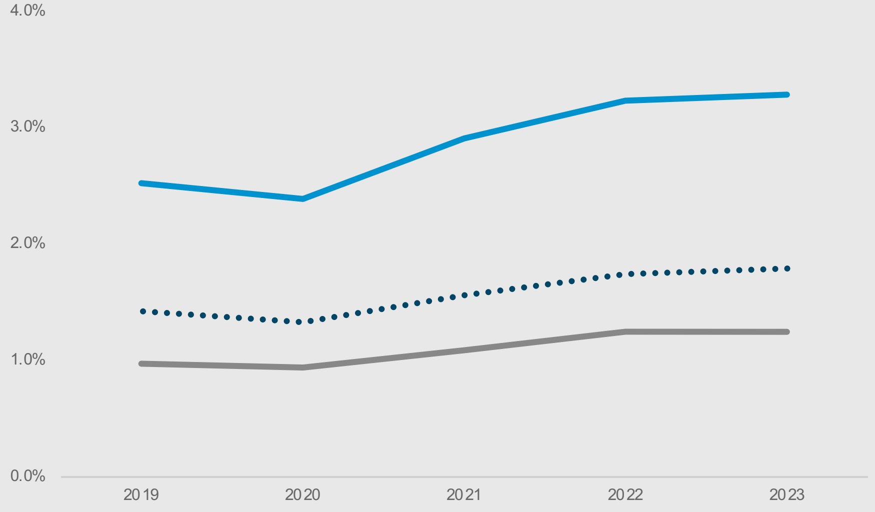
US Light Vehicle New & Used SAAR[1]



Unit growth: US vehicle market is approximately 65 million units. Since 2020, the unit growth has been challenged due COVID-19 and evolving consumer spending trends.

Consolidation Opportunity: Competition, digitization, EV infrastructure and movement towards direct-to-consumer models supports the consolidation trend. LAD targets stores in markets with constructive geographies and consumer profiles. Low cost of capital and a proven disciplined approached supports steady, consistent growth.

LAD US Market Share[2]



Market share: LAD continues to expand its market share across North America. Our operating results and customer service scorecards are amongst the best in the market, giving us the ability to acquire stores in markets complimentary to our existing footprint.

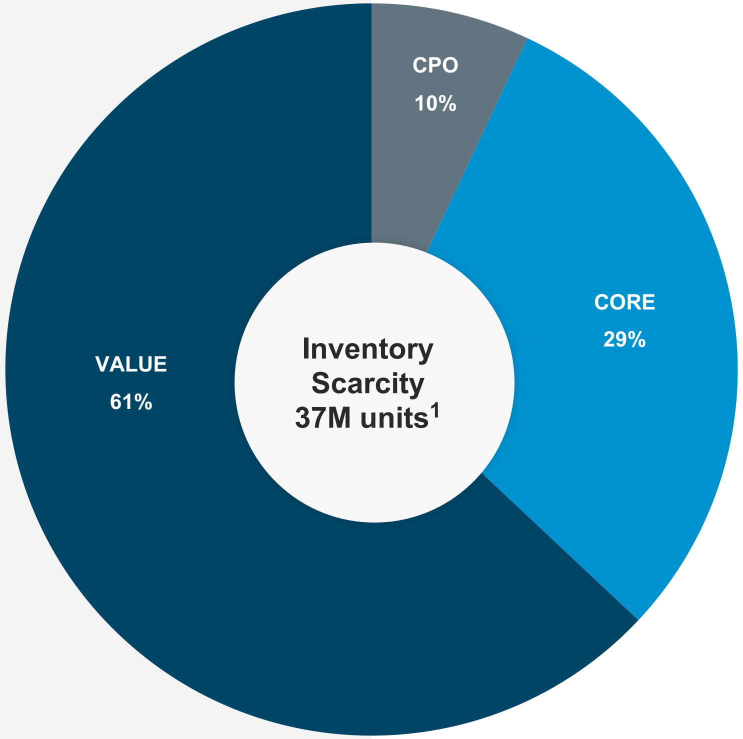
[1] Source: Cox Automotive

[2] Based on Lithia's US-only sales divided by IHS registration data. Accounts for periods within our operating markets. Adjusted for periods where Lithia owned stores.

Used Vehicle Marketplace

Addressing largest proportion of used vehicle TAM of any retailer

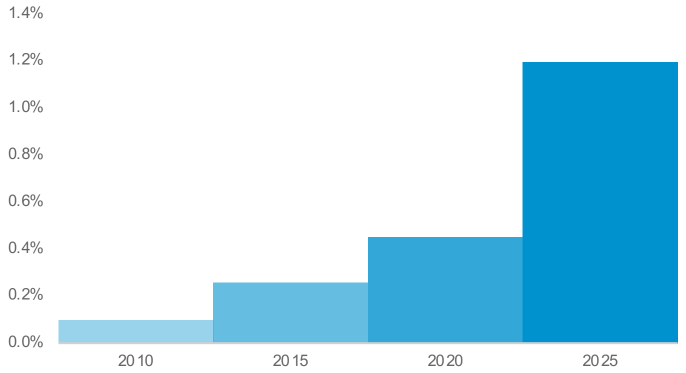
- Inventory procurement and reconditioning are critical. Network growth supercharges ability to procure, distributed network allows it turn faster
- LAD retails 0 to 20-year-old vehicles
- Value autos are highest gross margin %, turns fastest in normalized environment
- ~85% of total consumers with an average of $5,900 disequity at pre-pandemic values
- ~70% of LAD's used vehicle inventory procured from consumers



Q4 2023 Same Store Metrics[2]

	Average Selling Price	% Mix	ROI
CPO	$32,407	15%	59%
Core [4]	$29,630	64%	36%
Value Autos	$15,790	20%	129%

Projected LAD Market Share[3]



[1] TTM IHS used vehicle registration data grouped by vehicle age (CPO 0-3 years, Core 4-8 years, Value Autos 9+ years)
[2] non-GAAP actual results. ROI defined as (GPU / Cost of Sales) x (365 / Days to Turn)
[3] 2010, 2015, and 2020 calculated as Lithia used vehicle retail units sold divided by U.S. annual used unit sales. 2025 estimates based on internal forecasts with an assumption of 40 million U.S. used unit sales.
[4] Core includes vehicles with less than 40,000 miles.

Omnichannel Solutions

Fully Proprietary New Car Shopping Experience with Driveway

Integrates applicable incentives and rebates for **transparent** upfront pricing.

Real Time Payment

First in market offering, pays consumers instantly when selling a car to Driveway, no more waiting for the check to clear.

11.5M

Average monthly unique visitors 2023 across all digital channels[1]

775+

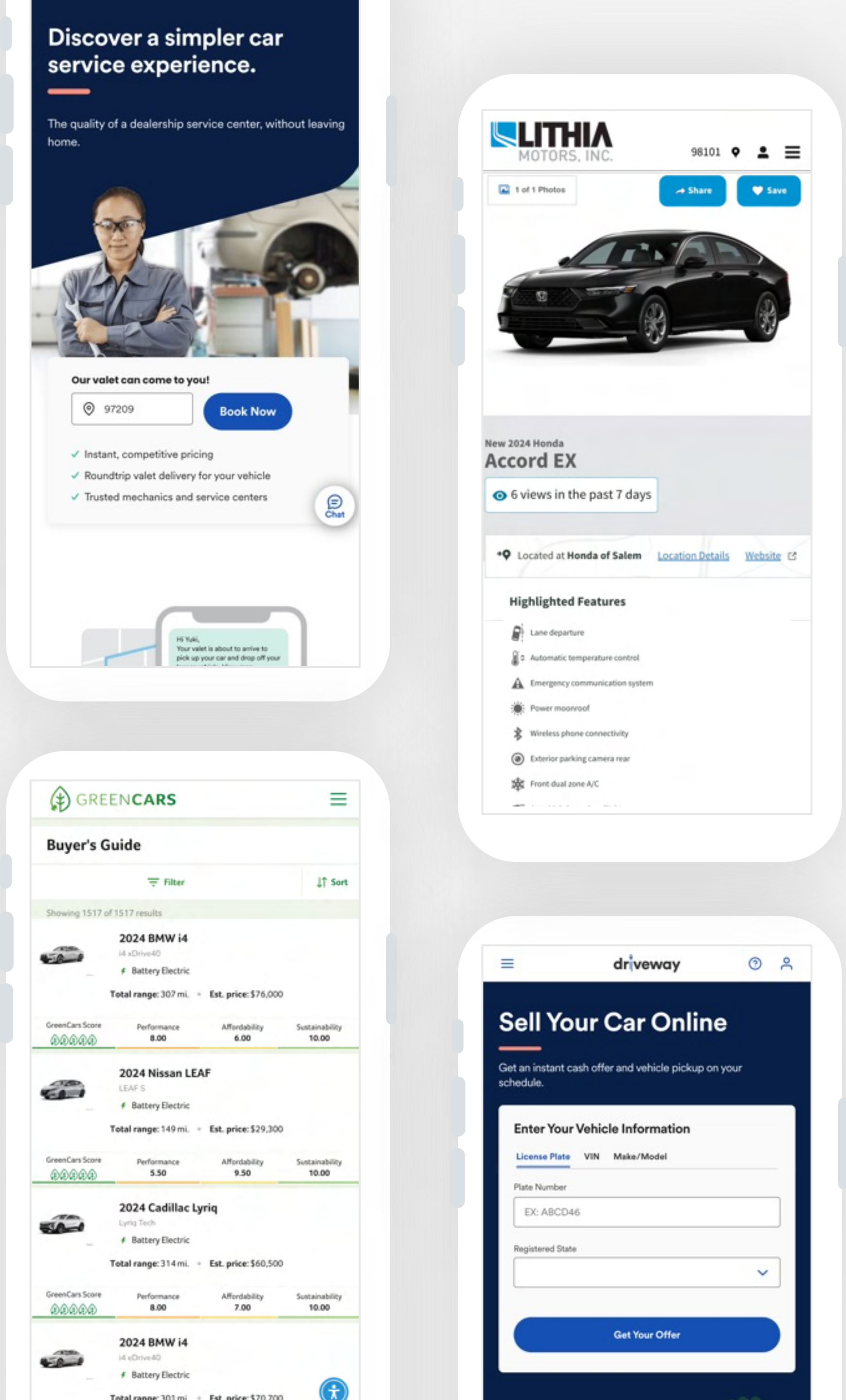
Average shipping distance in miles 2023[2]

38k

Total internet sales

4.4

Average Google review score out of 5 stars 2023[2]



[1]Includes Lithia stores and associated digital channels, Driveway, and GreenCars. [2]Driveway metrics.

GreenCars | everything in one place

GREENCARS

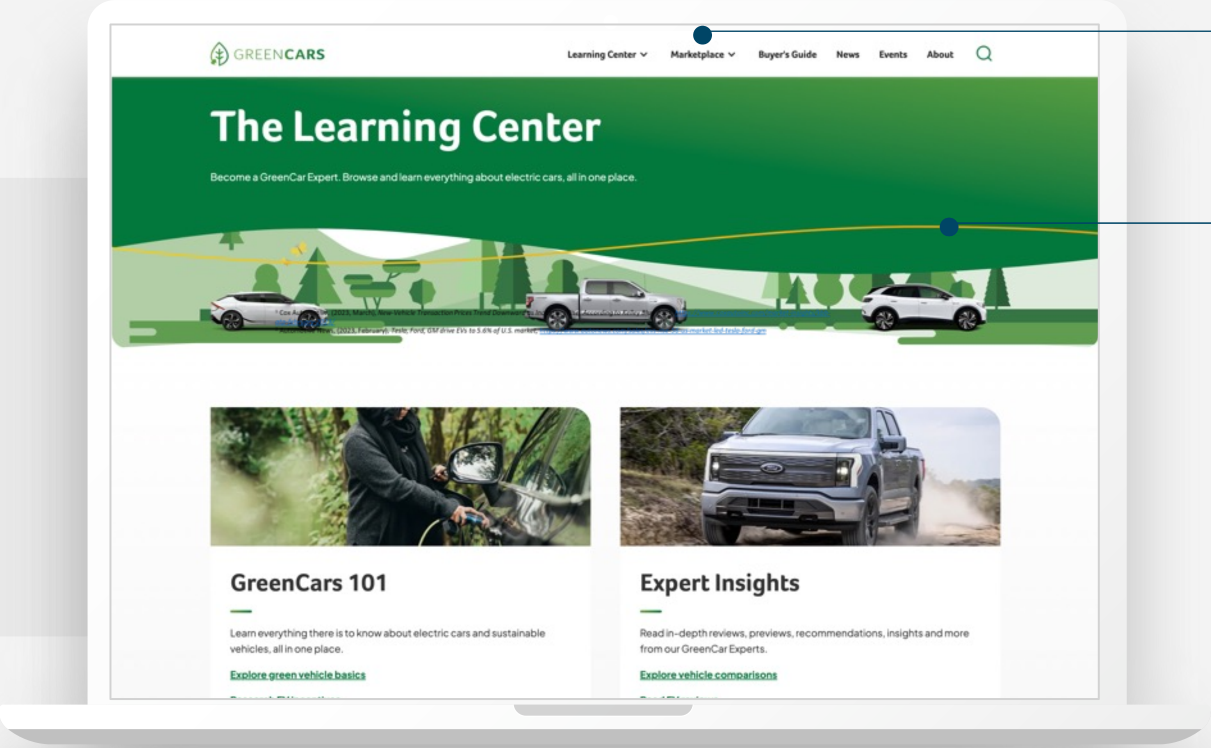
Accelerate the adoption of more sustainable vehicles, while capturing growth

Business Proposition

Engage our teams internally and across the stores to embrace the sustainable vehicle revolution.

Educate consumers and the public about sustainable vehicles.

Expand LAD's share of the market by selling more green vehicles through a seamless path to purchase – whenever and however consumers want



Marketplace

Powered by Driveway, the marketplace accelerates a net-zero world with the largest selection

Learning Center

Everything you need to learn and research sustainable vehicles, all in one place.

~887k MUVs
Average monthly unique visitors Q4 2023

~500 models & 30+ brands
Evaluated in the GreenCars Buyer's Guide

$50,051 [1]
Average selling price for BEVs in Q4 2024

8% of Light Vehicle Sales[1]
attributed to BEVs in Q4 2023

[1] Cox Automotive Industry Insights (January 2024)

Driving Positive Change

GOAL 1

Public Education

Engage the public on the benefits of electric vehicles and hybrids

GOAL 2

EV Charging Network

Expand EV charging network to alleviate range anxiety

GOAL 3

Green Experiences

Grow sustainable business practices

GOAL 4

Bright Ideas

Develop employee knowledge, creativity, and participation surrounding sustainability

GOAL 5

Energy Efficiency

Support facilities in applying energy-efficient standards

Environment

Social

Governance

Our employees and stakeholders look to our Board of Directors and management to set the tone and promote a culture of integrity and transparency.

GOAL 6

Employee Health & Well-Being

Provide avenues for employee health and well-being

GOAL 7

Training & Professional Development

Encourage internal promotions, training, and promote growth opportunities

GOAL 8

Diversity & Inclusion

Continue to reflect the diversity of our customers within our workforce

GOAL 9

Diverse Leadership

Increase the diversity to better reflect a variety of experiences and perspectives

GOAL 10

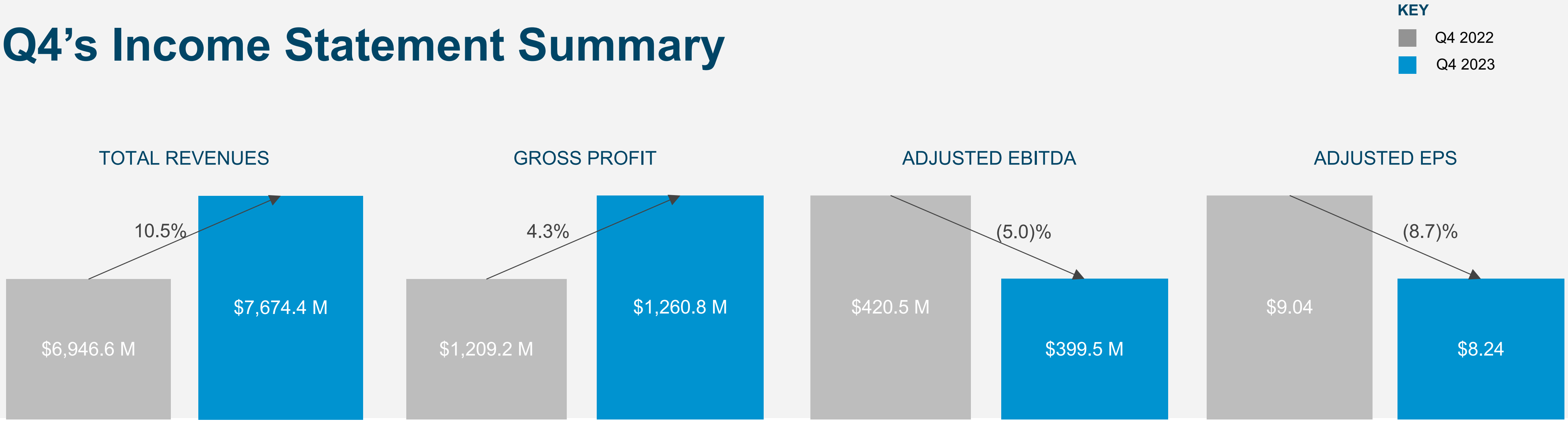
Community Involvement

Increase nonprofit volunteerism and financial support

Corporate Responsibility Website > | SASB Disclosure > | GRI Disclosure >

2023 HIGHLIGHTS

Q4’s Income Statement Summary



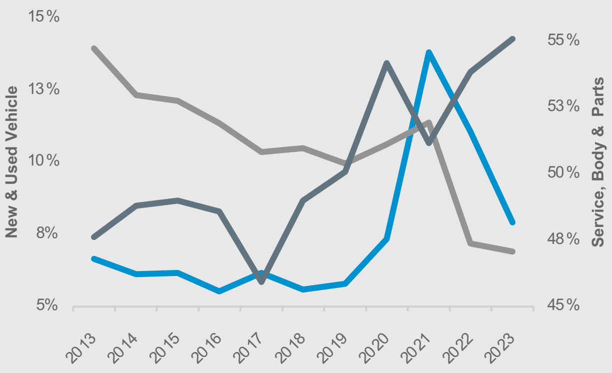
SAME STORE YEAR-OVER-YEAR COMPARISON VS. Q4 2022

	REVENUE	GROSS PROFIT
New vehicle retail	10.1%	(22.2)%
Used vehicle retail	(10.8)%	(15.6)%
Finance and insurance	1.5%	1.5%
Service, body and parts	2.7%	4.8%
Totals	**(2.0)%**	**(6.1)%**

Revenues, Profitability - Through the Cycle

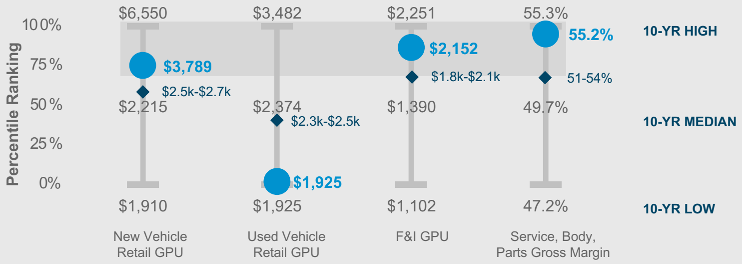
Current expectations near cycle lows, margin of safety in implied outlook

Same Store Gross Margins



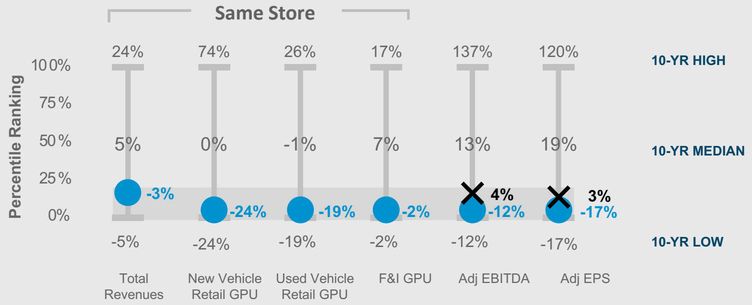
- Margins continue to normalize across segments.
- Improvement in New vehicle SAAR will help used vehicle supply over the next several quarters. We expect this to help normalize Used margins over time.
- As used vehicle SAAR remains below historical levels, Service, Body and parts margins are likely to persist at higher levels for longer.

Quarterly Same Store Gross Profit [1]



- We expect Margins to continue normalizing as New and Used vehicle SAAR return to their historical levels. In the near term, this will result in same store sales growth in the LSD – MSD %.
- Used margins are set to improve over time as trade ins and affordability improve, and we remain well positioned for a tailwind.

Annual Same Store Growth Rates [2]



- Near term expectations are for continued deceleration in unit economics, cashflow, and earnings.
- Relative to history, expectations are near their historic lows, with improvement in SAAR and lower rates expected in the coming quarters.

[1] **Source**: Lithia Motors. Percentile ranking based on Quarterly Same Store results starting 1Q13 and ending 4Q23
[2] **Source:** Lithia Motors, Bloomberg. Percentile ranking based on Annual Same Store results starting 2013 and ending 2023. Full year 2024 analyst estimates as of 2/9/24
[3] Assumes steady state estimates based on LAD targets

Valuation Framework

Implied Valuation Inputs

- Shares trading at a discount on relative and absolute multiples
- High visibility in cash flow outlook provides a margin of error
- Increased scale and balanced capital allocation has resulted in a ROE greater than 15% over the past decade
- Long term growth set to improve with normalizing inventory, interest rates, and incentives. Flexible balance sheet options
- Current expectations discount trough margins, multiples, and a higher cost of capital

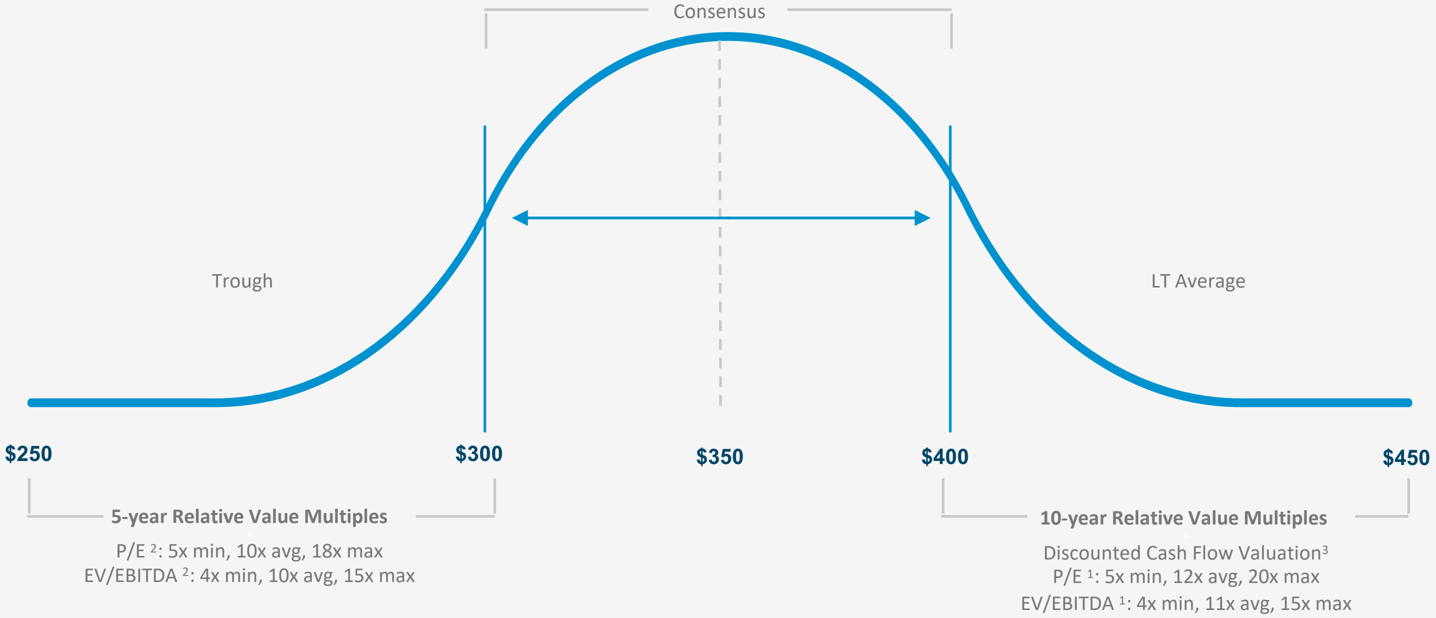
Source: Bloomberg, S&P Capital IQ Pro

[1] Lithia 10-year averages calculated from 2013 through 2023

[2] Lithia 5-year averages calculated from 2018 through 2023.

[3] 7-year DCF based on Bloomberg and S&P Capital IQ Pro estimates. Assumes an approximate 7.5% WACC, EV/EBITDA of 6.5x – 7.0x, and a 1% terminal growth rate.

12x	11x	24%
10-year average TTM P/E[1]	10-year average TTM EV/EBITDA[1]	10-year average TTM ROE[1]
~8x Current	**~9x Current**	**~18% 2023 ROE**



Supplemental Information

2023 Quarterly Income Statement

$M	Q4	Q3	Q2	Q1	FY2023
New vehicle retail	$3,974.8	$3,885.8	$4,014.7	$3,278.9	$15,154.2
Used vehicle retail	2,267.5	2,620.2	2,455.1	2,227.5	9,570.2
Used vehicle wholesale	242.9	316.1	403.9	362.4	1,325.3
Finance and insurance	331.5	349.4	337.9	318.3	1,337.0
Service, body and parts	818.3	838.0	804.4	736.3	3,197.1
Fleet and other	39.4	267.5	95.4	56.0	458.5
Total Revenues	**$7,674.4**	**$8,277.0**	**$8,111.4**	**$6,979.5**	**$31,042.3**
New vehicle retail	$314.3	$358.9	$387.2	$333.8	$1,394.1
Used vehicle retail	154.1	189.0	212.8	165.7	721.4
Used vehicle wholesale	(8.9)	(6.0)	(0.7)	(2.8)	(18.4)
Finance and insurance	331.5	349.4	337.9	318.3	1,337.0
Service, body and parts	450.3	462.8	443.9	394.4	1,751.4
Fleet and other	19.5	17.3	4.2	2.1	43.4
Gross Profit	**$1,260.8**	**$1,371.3**	**$1,385.3**	**$1,211.5**	**$5,228.9**
Finance operations Income	(2.1)	(4.4)	(18.6)	(20.8)	(45.9)
Selling, general, and administrative	836.8	850.8	842.0	765.2	3,294.8
Depreciations and Amortization	49.4	50.8	49.1	46.6	195.8
Operating Income	**$372.5**	**$465.3**	**$475.7**	**$378.9**	**$1,692.4**
Floor Plan Interest Expense	48.3	40.2	34.7	27.7	150.9
Other Interest Expense	59.7	58.5	43.8	39.1	201.2
Other Income (expense) net	15.2	(5.3)	9.8	2.2	22.0
Income before income taxes	**$279.7**	**$361.3**	**$407.0**	**$314.3**	**$1,362.3**
Income tax provision	63.5	96.4	105.9	84.7	350.6
Net Income	216.2	264.9	301.0	229.6	1,011.7
Net Income attributable to non-controlling interests	(2.7)	(3.4)	(3.9)	(0.9)	(10.9)
Net Income attributable to LAD	**$213.5**	**$261.5**	**$297.2**	**$228.7**	**$1,000.8**

Supplemental Information

2022 Quarterly Income Statement

$M	Q4	Q3	Q2	Q1	FY'2022
New vehicle retail	$3,275.1	$3,306.9	$3,250.7	$3,061.8	$12,894.5
Used vehicle retail	2,228.1	2,465.8	2,496.7	2,234.5	9,425.0
Used vehicle wholesale	293.7	363.2	382.4	385.8	1,425.2
Finance and insurance	308.4	333.3	330.4	313.2	1,285.4
Service, body and parts	716.2	712.2	682.6	627.8	2,738.8
Fleet and other	125.0	114.3	97.3	82.2	418.9
Total Revenues	**$6,946.5**	**$7,295.7**	**$7,240.1**	**$6,705.3**	**$28,187.8**
New vehicle retail	364.2	403.8	410.4	401.3	$1,579.7
Used vehicle retail	162.1	201.3	238.3	223.8	825.4
Used vehicle wholesale	(15.4)	(11.6)	3.8	7.8	(15.4)
Finance and insurance	308.4	333.3	330.4	313.2	1,285.4
Service, body and parts	386.3	384.2	363.5	329.0	1,463
Fleet and other	3.6	3.3	4.3	3.1	14.3
Gross Profit	**$1,209.2**	**$1,314.2**	**$1,350.8**	**$1,278.1**	**$5,152.4**
Finance operations Income	(7.7)	(4.6)	3.3	4.9	(4.0)
Selling, general, and administrative	753.4	754.0	796.8	739.9	3,044.1
Depreciations and Amortization	48.2	40.5	38.0	36.5	163.2
Operating Income	**399.9**	**$515.2**	**$519.3**	**$506.7**	**$1,941.1**
Floor Plan Interest Expense	(19.3)	(10.7)	(3.8)	(4.9)	(38.8)
Other Interest Expense	(38.3)	(36.3)	(28.3)	(26.2)	(129.1)
Other Income (expense) net	(6.1)	(12.4)	(18.9)	(5.8)	(43.2)
Income before income taxes	**336.2**	**$455.7**	**$468.3**	**$469.8**	**$1,730.0**
Income tax provision	(86.3)	(125.4)	(130.6)	(126.2)	(468.4)
Net Income	249.9	330.3	337.7	343.6	1,261.6
Net Income attributable to non-controlling interests	(2.2)	(0.7)	(6.3)	(1.4)	(10.6)
Net Income attributable to LAD	**$247.7**	**$329.6**	**$331.4**	**$342.2**	**$1,251.0**

Supplemental Information

2023 Adjusted non-GAAP Income Statement

	YTD 2023	Net disposal loss (gain) on sale of stores				Investment loss (gain)				Insurance Reserves				Acquisition expenses				Contract Buyouts			YTD 2023
$M, except for per share amounts	As Reported	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q3	Q4	Adjusted
Selling, general and administrative	3,294.8	7.2	1.0	23.2	(0.2)	—	—	—	—	(0.1)	(2.4)	(4.6)	1.7	(1.3)	(4.5)	(4.8)	(16.6)	(10.1)	(4.2)	—	3,279.1
Operating income	1,692.4	(7.2)	(1.0)	(23.2)	0.2	—	—	—	—	0.1	2.4	4.6	(1.7)	1.3	4.5	4.8	16.6	10.1	4.2	—	1,708.1
Other income (expense), net	22.0	—	—	—	—	0.4	(1.2)	0.7	1.9	—	—	—	—	—	—	—	—	—	—	—	23.7
Income before income taxes	1,362.3	(7.2)	(1.0)	(23.2)	0.2	0.4	(1.2)	0.7	1.9	0.1	2.4	4.6	(1.7)	1.3	4.5	4.8	16.6	10.1	4.2	—	1,379.7
Income tax (provision) benefit	(350.6)	1.9	0.4	6.2	(0.3)	—	—	—	(4.0)	—	(0.6)	(1.2)	0.5	(0.2)	(0.5)	(0.8)	0.6	(2.7)	(1.1)	—	(352.6)
Net income	$1,011.7	(5.3)	(0.6)	(17.0)	(0.1)	0.4	(1.2)	0.7	(2.1)	0.1	1.8	3.4	(1.2)	1.0	4.0	4.0	17.2	7.4	3.1	—	$1,027.1
Net income attributable to non-controlling interests	(10.9)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(10.9)
Net income attributable to LAD	**$1,000.8**	**(5.3)**	**(0.6)**	**(17.0)**	**(0.1)**	**0.4**	**(1.2)**	**0.7**	**(2.1)**	**0.1**	**1.8**	**3.4**	**(1.2)**	**1.0**	**4.0**	**4.0**	**17.2**	**7.4**	**3.1**	**—**	**$1,016.2**
Diluted earnings per share	$36.29	$(0.19)	$(0.02)	$(0.62)	$—	$0.02	$(0.05)	$0.02	$(0.08)	$—	$0.06	$0.12	$(0.04)	$0.04	$0.14	$0.15	$0.62	$0.27	$0.11	$—	$36.86
Diluted share count	27.6																				

Supplemental Information

2022 Adjusted non-GAAP Income Statement

	YTD 12/31/22	Net disposal loss (gain) on sale of stores				Investment loss (gain)				Insurance Reserves	Acquisition expenses				YTD 12/31/22
$M, except for per share amounts	**As Reported**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Adjusted**
Selling, general and administrative	3,044.1	10.0	3.1	36.5	16.4	–	–	–	–	(4.9)	(6.6)	(1.5)	(2.0)	(5.0)	3,090.2
Operating income	1,941.1	(10.0)	(3.1)	(36.5)	(16.4)	–	–	–	–	4.9	6.6	1.5	2.0	5.0	1,895.0
Other income (expense), net	(43.2)	–	–	–	–	14.9	18.1	(0.3)	6.5	–	–	–	–	–	(4.0)
Income before income taxes	1,730.0	(10.0)	(3.1)	(36.5)	(16.4)	14.9	18.1	(0.3)	6.5	4.9	6.6	1.5	2.0	5.0	1,723.1
Income tax (provision) benefit	(468.4)	2.6	0.9	9.8	5.9	–	–	–	–	(1.3)	(1.9)	(0.5)	1.9	(3.5)	(454.6)
Net income	1,261.6	(7.4)	(2.2)	(26.7)	(10.5)	14.9	18.1	(0.3)	6.5	3.6	4.7	1.0	3.9	1.5	1,268.5
Net income attributable to non-controlling interests	(10.6)	–	–	–	–	–	–	–	–	–	–	–	–	–	(10.6)
Net income attributable to LAD	**$1,251**	**(7.4)**	**(2.2)**	**(26.7)**	**(10.5)**	**14.9**	**18.1**	**(0.3)**	**6.5**	**3.6**	**4.7**	**1.0**	**3.9**	**1.5**	**$1,257.9**
Diluted earnings per share	$44.17	(0.26)	(0.08)	(0.95)	(0.37)	0.53	0.64	(0.01)	0.23	0.13	0.16	0.03	0.14	0.05	$44.42
Diluted share count	28.3														

* Sum of QTD may not equal YTD due to rounding

Supplemental Information

EBITDA, Adjusted EBITDA, and Net Debt

$M	FY'2023	FY'2022	FY'2021	FY'2020	FY'2019
Net Income attributable to LAD	1,011.7	1,261.6	1,062.7	470.3	271.5
Add: Flooring interest expense	150.9	38.8	22.3	34.4	72.8
Add: Other interest expense	201.2	129.1	103.4	71.6	58.8
Add: Financing operations interest expense	170.5	52.2	4.8	1.5	1.8
Add: Income tax expense	350.6	468.4	422.1	178.2	103.9
Add: Depreciation and amortization	195.8	163.2	124.8	92.3	82.4
Add: Financing operations depreciation expense	8.4	9.5	2.5	—	—
EBITDA	$2,089.1	$2,122.8	$1,742.6	$848.3	$591.2
Less: Flooring interest expense	(150.9)	(38.8)	(22.3)	(34.4)	(72.8)
Less: Financing operations interest expense	(170.5)	(52.2)	(4.8)	(1.5)	(1.8)
Less: Used vehicle line of credit interest	(19.6)	(9.6)	(0.1)	(0.5)	(5.5)
Add: Acquisition expenses	27.2	15.0	20.2	3.1	2.5
Add (Less): Loss (Gain) on divestitures & investments	(29.5)	(26.8)	66.4	(60.4)	(9.7)
Add: Reserve adjustments	5.4	4.9	5.8	6.1	9.5
Add: Loss on redemption of senior notes	—	—	10.3	—	—
Add: Asset impairments	—	—	1.9	7.9	2.6
Add: Vendor contract buyouts	14.3	—	—	—	—
Adjusted EBITDA	$1,765.5	$2,015.3	$1,820.0	$768.6	$516.1
Total Debt	10,900.5	7,647.5	4,599.5	3,927.9	3,537.4
Less: Temporary paydown on flooring	—	—	—	(113.4)	—
Less: Floor plan related debt	(4,538.3)	(2,993.8)	(1,690.1)	(1,797.2)	(2,216.6)
Less: Financing operations related debt	(2,292.6)	(1,352.2)	(407.6)	(39.0)	—
Less: Unrestricted cash	(825.0)	(168.1)	(153.0)	(160.1)	(84.0)
Less: Availability on used vehicle and service loaner facility	(25.5)	(17.9)	(267.4)	(491.0)	(239.8)
Net Debt	$3,219.1	3,115.0	2,081.4	1,357.2	997.0

Thank You