LITHIA
NYSE:LAD

INVESTOR PRESENTATION

March 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; and
- Anticipated availability of liquidity from our credit facility and unfinanced operating real estate.

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.

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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.

LITHIA MOTORS, INC.

LITHIA AT A GLANCE

HIGHLIGHTS

One of the largest auto retailers in the U.S.
(#3 by adj. EBITDA / #5 by revenue)

#318 on the **Fortune 500**

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

~$10bn in annual revenues

185 dealership locations
30 vehicle brands

Headquartered in **Medford, OR**

HISTORY

1 store — 5 stores — 87 stores — 130 stores — 185 stores

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

1996
Walt's son Sid took over the business in 1968 and grew it to include 5 stores and 19 franchises in Southern Oregon. In December 1996, the collection of dealerships was transformed into Lithia Motors, Inc., a publicly traded company (NYSE stock symbol-LAD)

2012
In May, Bryan DeBoer transitioned from role as Company President to CEO

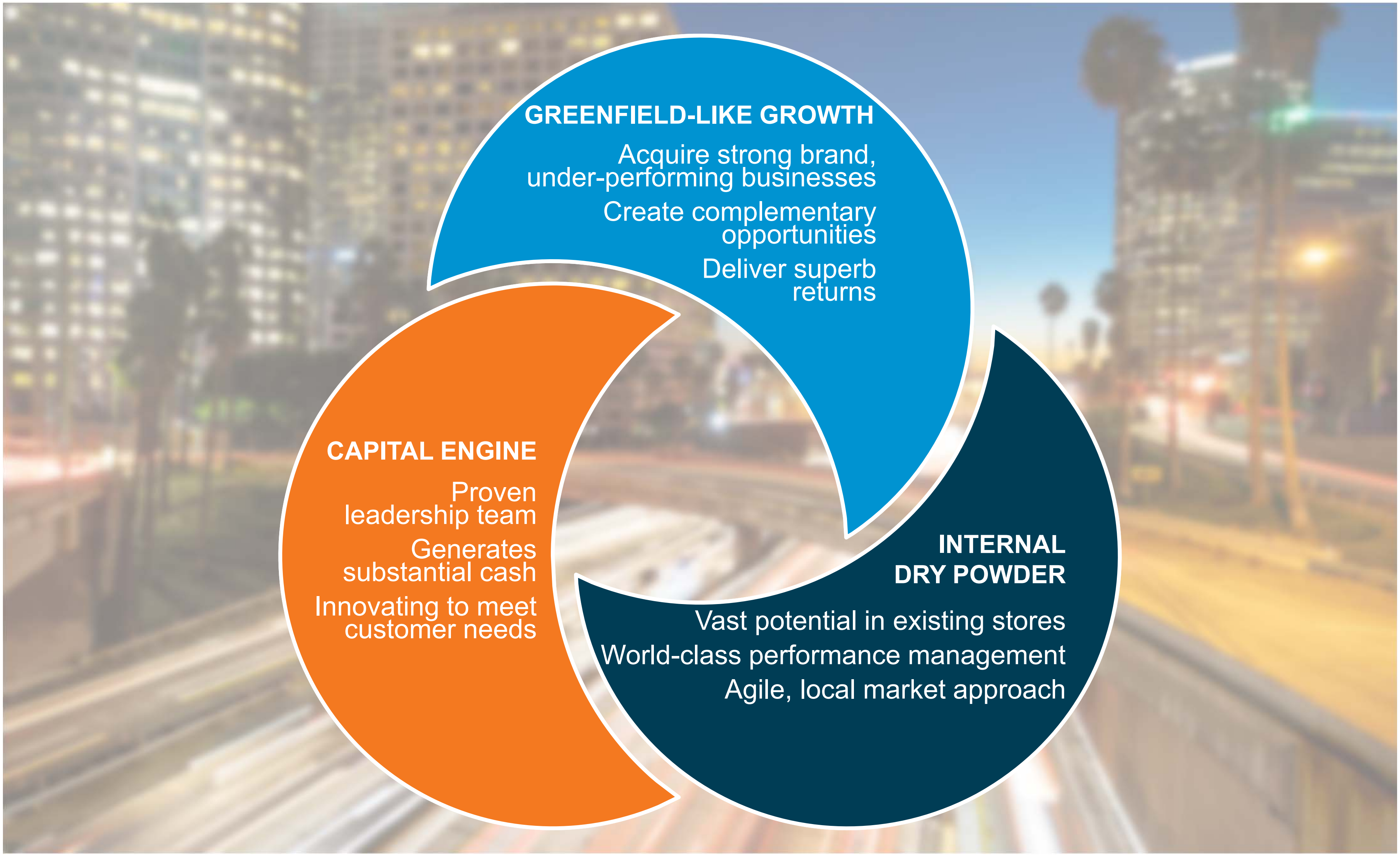
2014
In October, completed the acquisition of DCH Auto Group, adding ~$2.3bn in annualized revenue, one of the largest deals between dealership groups in history

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

LITHIA MOTORS, INC.

Over 60 years of experience in the North American automotive retail market

OUR STRATEGY



LITHIA MOTORS, INC.

OUR KEY STRENGTHS

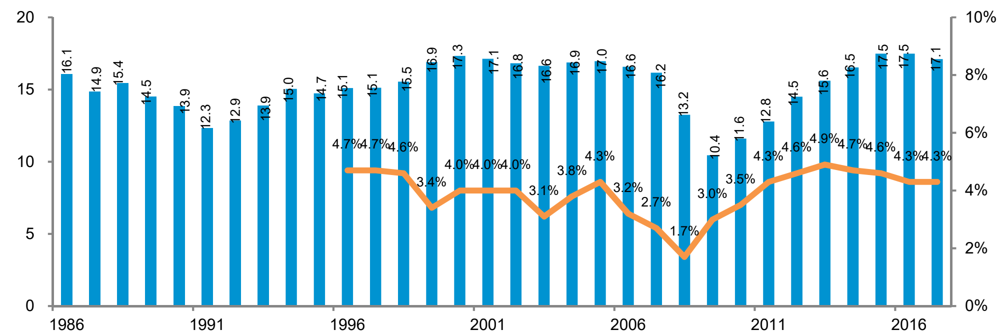
RESILIENT BUSINESS MODEL

Profitable business with multiple earnings streams

SUMMARY

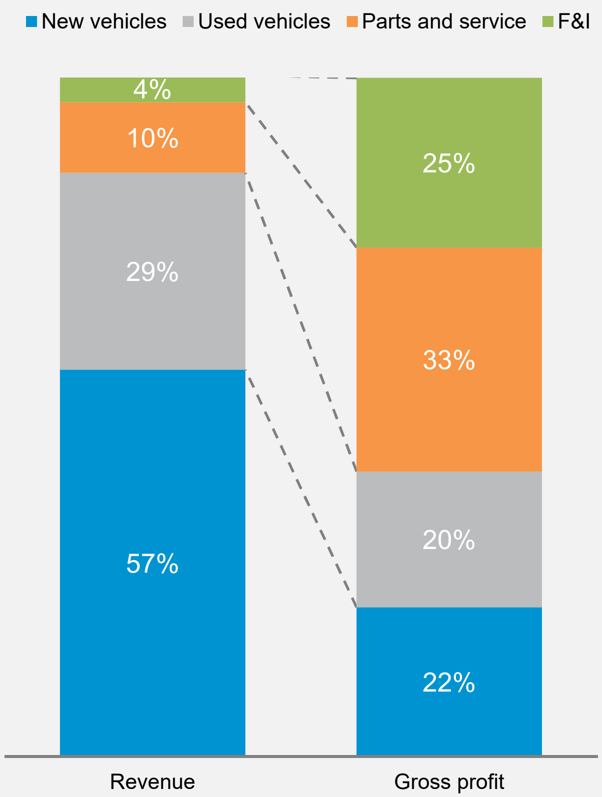
- 53% of gross profit derived from countercyclical segments (Used, P&S)
- A third of gross profit from high-margin and stable Parts & Service segment
- Generated 1.7% Adj. EBITDA margin at trough of financial crisis

SAAR AND ADJUSTED EBITDA



Note: Adjusted EBITDA is defined as net income, excluding non-core items, addback other interest expense, taxes and depreciation, less floor plan interest expense, used vehicle LOC interest expense

LITHIA BUSINESS MIX

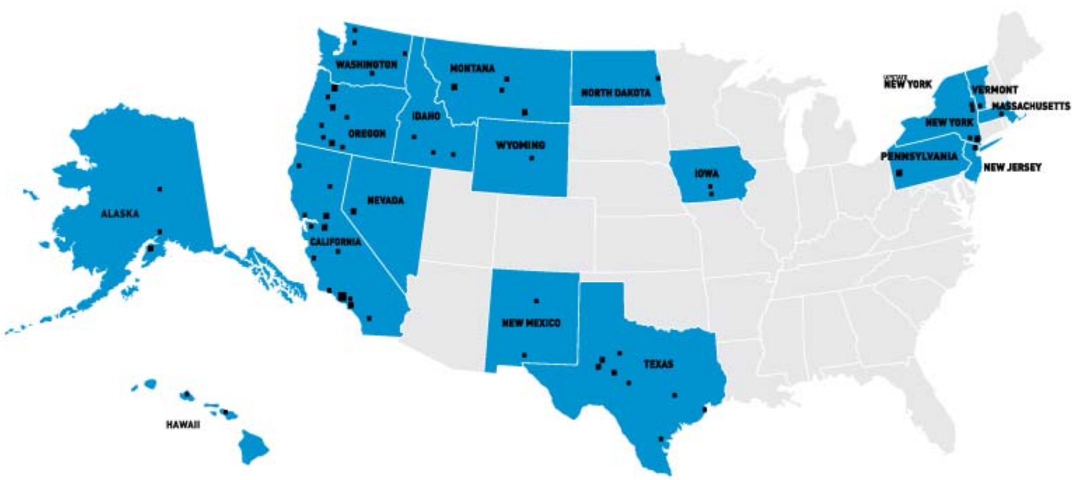


Note: Revenue and gross profit mix for the year ended December 31, 2017

DIVERSIFIED BY GEOGRAPHY AND BRAND

Nationwide Footprint with 185 Dealerships Representing 30 Brands Across 18 States

GEOGRAPHIC PRESENCE



NEW VEHICLE REVENUE BY BRAND

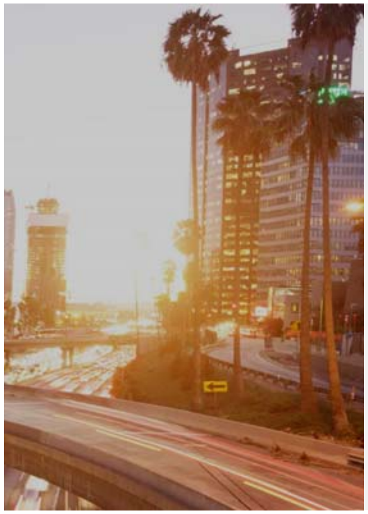
	LITHIA NEW VEHICLE UNIT MIX		
Import	56%	Toyota	19%
		Honda	19%
		Subaru	9%
		Nissan	5%
		Other Import*	4%
Domestic	32%	Chrysler	16%
		GM	9%
		Ford	7%
Luxury	12%	BMW/Mini	4%
		Acura	3%
		Audi	2%
		Other Luxury**	3%

*Other import includes Hyundai, VW, Kia, Mazda and Mitsubishi
** Other luxury includes Mercedes, Lexus, Porsche and Volvo
Mix as of the year ended December 31, 2017

LITHIA MOTORS, INC.

DISCIPLINED ACQUISITION STRATEGY

Generating Greenfield-like Returns



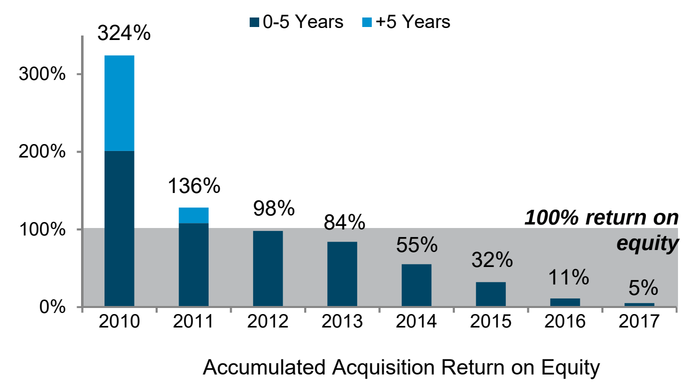
- Seek strong franchises under-earning their potential
- Regularly monitor 2,600 specific acquisition targets
- Data driven metrics used to identify opportunities

INVESTMENT METRICS

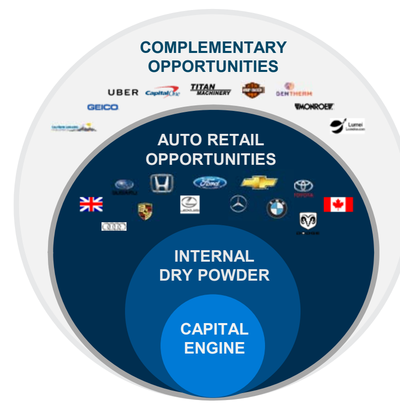
- 15-20+% after tax ROE
- 3x-5x Ent. Value/EBITDA
- 10%-20% equity investment on annual revenues

HISTORICAL RETURNS

81% Success Rate



ACQUISITION FOCUSES



LITHIA MOTORS, INC.

DCH CASE STUDY: LARGE GROUP

Purchased in October 2014

TRANSACTION RATIONALE

- Top 10 dealer group; ~$2.3bn in revenue
- Expand to metro markets partnering with a proven volume retailer
- Transformed brand mix
- Significant opportunity to improve performance and boost earnings

ACQUISITION SUMMARY

Total Investment: $266mm
Blue Sky: $205mm

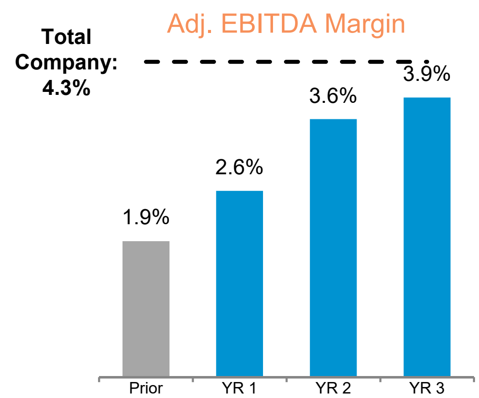
	Prior	YR 1	YR 2	YR 3
Revenues ($mm)	$2,266	$2,276	$2,339	**$2,500**
EBITDA ($mm)	$43	$59	$85	**$98**
Implied investment multiple	6.0x	4.4x	3.1x	**2.6x**
Investment as a % of revenue	11%	11%	11%	**10%**

DIVERSIFIED BRAND MIX*

	Lithia	DCH	Total
Domestic	51%	2%	30%
Import	38%	80%	56%
Luxury	11%	18%	14%

*As of transaction announcement in June 2014

OPERATIONAL INTEGRATION



RASMUSSEN CASE STUDY: MEDIUM GROUP

Purchased in April 2011

TRANSACTION RATIONALE

- Luxury platform in metropolitan market of Portland
- Created scale in market to augment existing locations
- Required capital investment previous dealer unwilling to make

ACQUISITION SUMMARY

Total Investment: $22mm
Blue Sky: $18mm

	Prior	YR 1	YR 2	YR 3
Revenues ($mm)	$146	$158	$188	**$227**
EBITDA* ($mm)	$2	$10	$12	**$13**
Implied investment multiple	11.8x	2.2x	1.9x	**1.7x**
Investment as a % of revenue	15%	14%	12%	**10%**

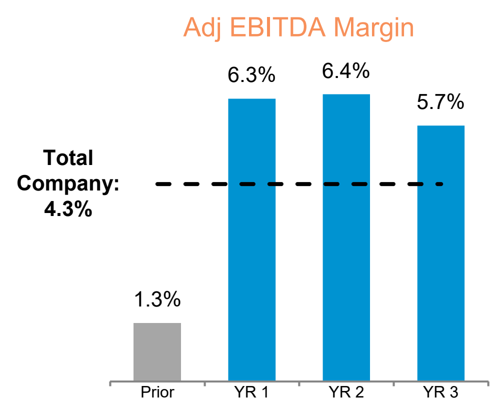
*Assumes all real estate is leased at actual rent or if owned, at a 7% capitalization rate

DIVERSIFIED BRAND MIX*

	Lithia	Ras.	Total
Domestic	52%	-	44%
Import	42%	-	35%
Luxury	6%	100%	21%

*As of transaction date in April 2011

OPERATIONAL INTEGRATION



LITHIA MOTORS, INC.

ISLAND HONDA: SINGLE STORE

Purchased in January 2014

TRANSACTION RATIONALE

- Exclusive franchise: only Honda store on island of Maui
- Remodeled store to improve operational efficiencies
- Entered Hawaii; subsequently added four dealerships on Oahu

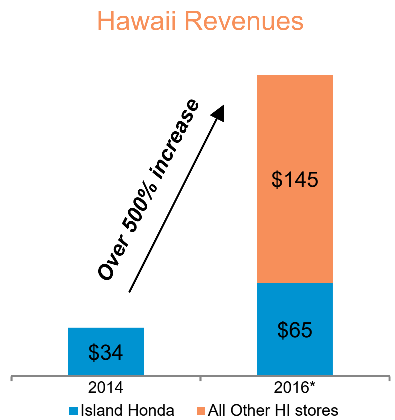
ACQUISITION SUMMARY

Total Investment: $5.5mm
Blue Sky: $4.6mm

	Prior	YR 1	YR 2	YR 3
Revenues ($mm)	$36	$34	$53	**$65**
EBITDA* ($mm)	$0.3	$2	$4	**$6**
Implied investment multiple	16.4x	2.9x	1.3x	**0.9x**
Investment as a % of revenue	15%	16%	10%	**8%**

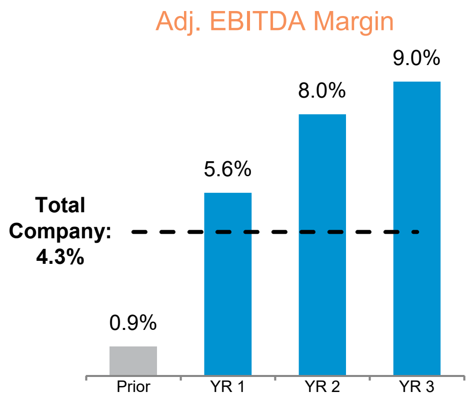
*Assumes all real estate is leased at actual rent or if owned, at a 7% capitalization rate

SUBSEQUENT EXPANSION

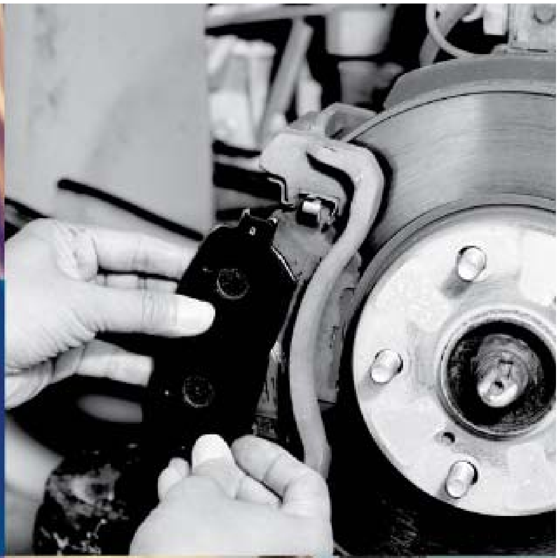


*Assumes full year revenues for Honolulu Ford acquired in 2016

OPERATIONAL INTEGRATION



PRODUCT LINE OVERVIEW

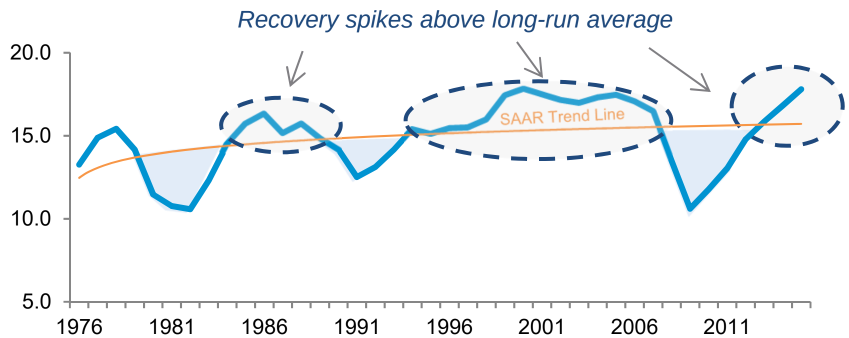


NEW VEHICLE OVERVIEW

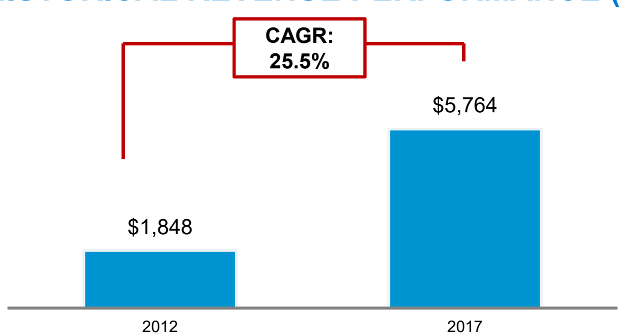
SUMMARY

- Average age of vehicles historically high at 11+ years
- Technology, safety and sustainability drive sales
- Target 12 to 36 months for acquisition improvement

HISTORICAL NEW VEHICLE SAAR TRENDS



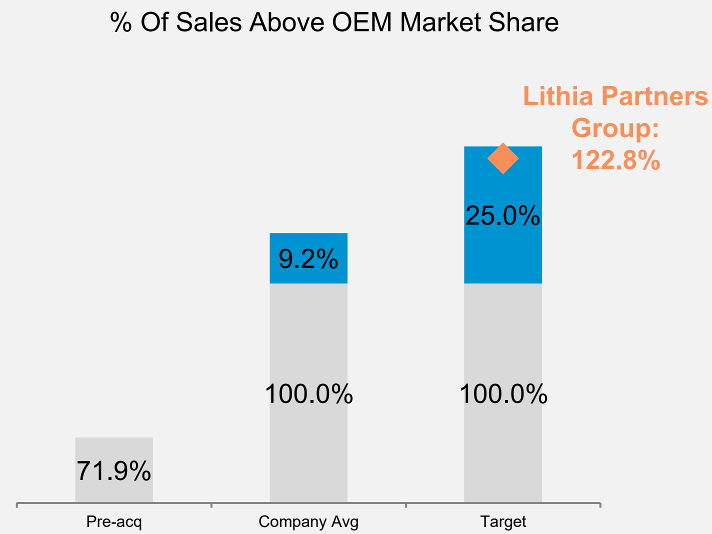
HISTORICAL REVENUE PERFORMANCE ($MM)



	Growth	SSS%
2012	32.8%	30.0%
2013	22.1%	16.3%
2014	36.4%	11.4%
2015	47.9%	8.8%
2016	8.5%	3.3%
2017	21.0%	3.2%

DRY POWDER OPPORTUNITY

Improve to 25% Above OEM market share



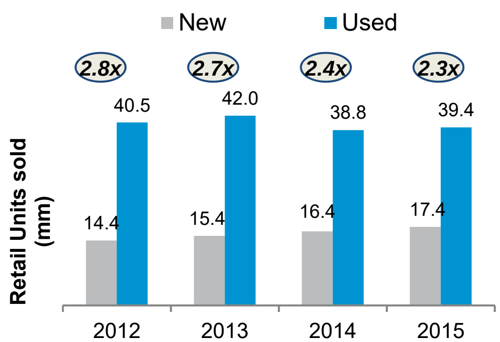
INCREMENTAL GROSS PROFIT AT TARGET:
~ $60MM

USED VEHICLE OVERVIEW

SUMMARY

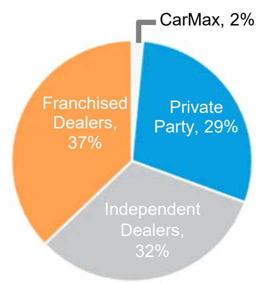
- ~2.5x larger than new vehicle market at ~40mm annual unit sales
- Low correlation with new vehicle cycle; full spectrum offerings including 10+ year old vehicles
- Target 12 to 36 months for acquisition improvement

USED MARKET SIZE

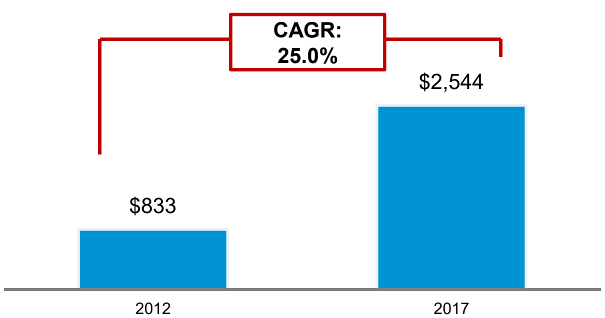


Source: WardsAuto Group "U.S. Market Used Vehicle Sales" report

USED MARKET SHARE



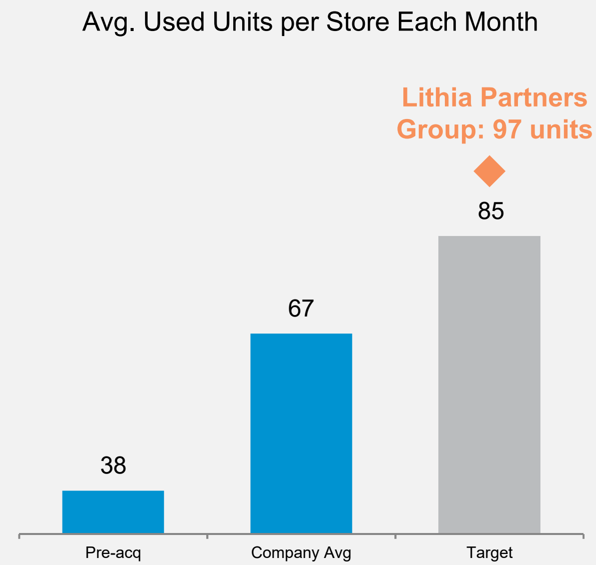
HISTORICAL REVENUE PERFORMANCE ($MM)



	Growth	SSS%
2012	22.8%	20.6%
2013	23.8%	18.4%
2014	32.0%	15.3%
2015	41.4%	13.1%
2016	15.6%	11.1%
2017	12.4%	2.3%

DRY POWDER OPPORTUNITY

Improve to 85 Units per Store Each Month



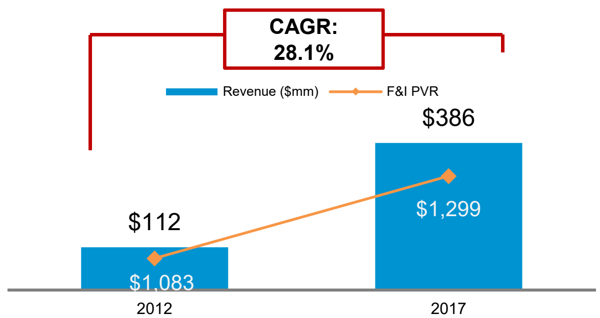
INCREMENTAL GROSS PROFIT AT TARGET: ~ $80MM

FINANCE & INSURANCE OVERVIEW

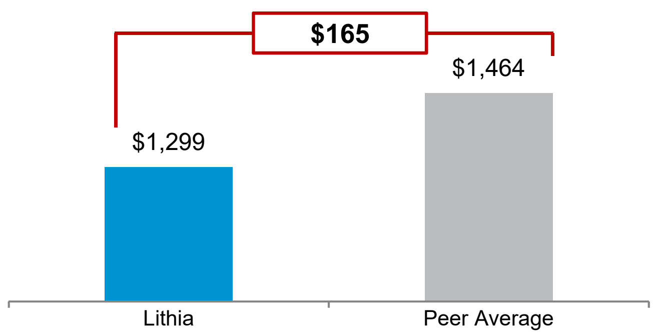
SUMMARY

- Growing retail vehicle sales increase F&I opportunity
- Company arranges financing on ~75% of units sold
- F&I products drive loyalty in parts and service
- Target 6 to 18 months for acquisition improvement

HISTORICAL REVENUE PERFORMANCE



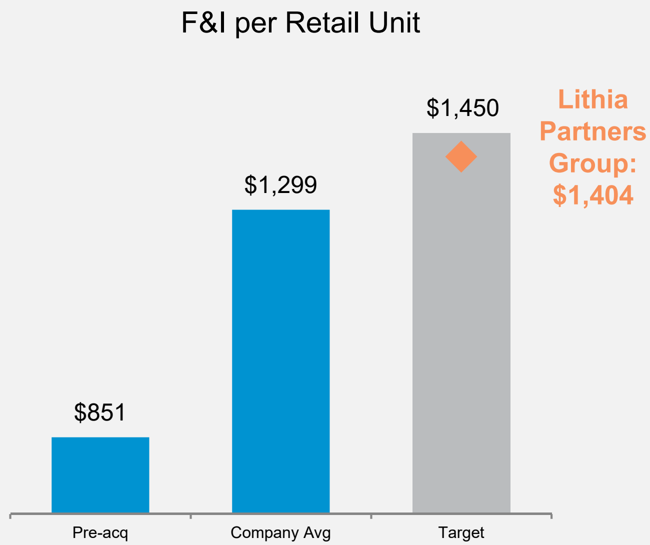
F&I PER RETAIL UNIT VS. PEERS



Note: F&I per unit as of the year ended December 31, 2017. Peers includes Asbury, AutoNation, Group1 and Penske.

DRY POWDER OPPORTUNITY

Improve to $1,450 per Retail Unit



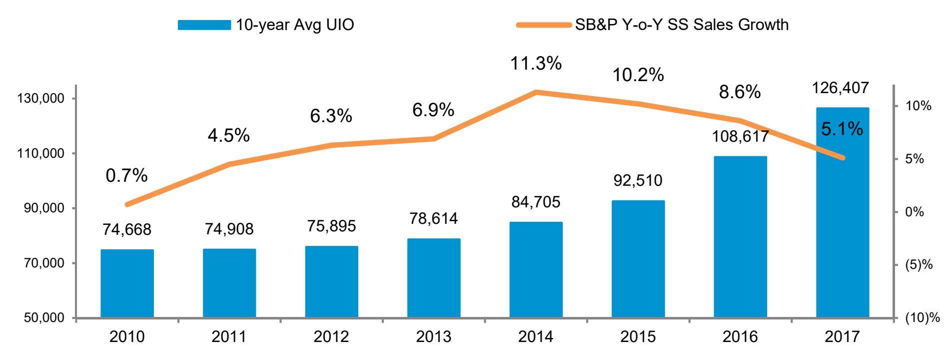
INCREMENTAL GROSS PROFIT AT TARGET:
~ $40MM

PARTS & SERVICE OVERVIEW

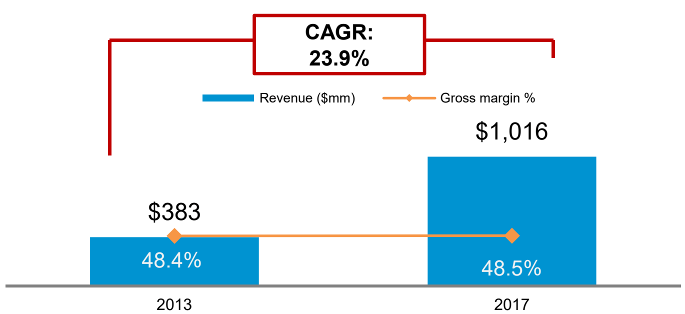
SUMMARY

- ~50% margin business; ~1/3 of Company's gross profit
- Resilient earnings that are recession resistant
- Prior 10 years of vehicle sales populate customer base
- Target 3 to 7 years for acquisition improvement

LITHIA MARKET UNITS-IN-OPERATION OPPORTUNITY



HISTORICAL REVENUE PERFORMANCE

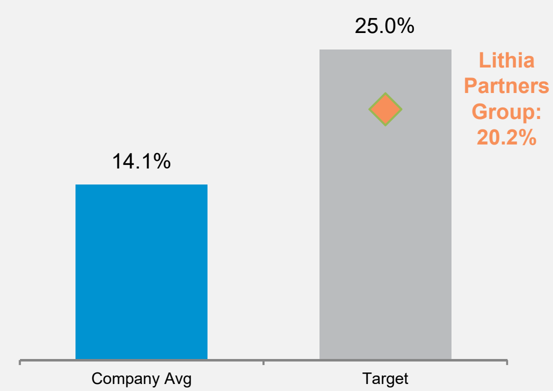


	Growth	SSS%
2012	10.0%	6.3%
2013	11.1%	6.9%
2014	33.5%	11.3%
2015	44.3%	10.2%
2016	14.3%	8.6%
2017	20.3%	5.1%

DRY POWDER OPPORTUNITY

Improve to 25% Above OEM Average Retention

% Service Retention Above OEM Average



INCREMENTAL GROSS PROFIT AT TARGET:
~ $60MM

SCALABLE SG&A AND OPERATING MODEL

SUMMARY

- Target SG&A as a % of gross profit in the low to mid 60% range
- Total gross profit per retail unit consistent the last three years
- Target 1 to 5 years for acquisition improvement

TOTAL GROSS PROFIT PER RETAIL UNIT

	2015	2016	2017
New	$2,039	$1,985	$2,033
Used	2,434	2,323	2,208
F&I	1,196	1,276	1,299
Total*	**$3,420**	**$3,426**	**$3,425**

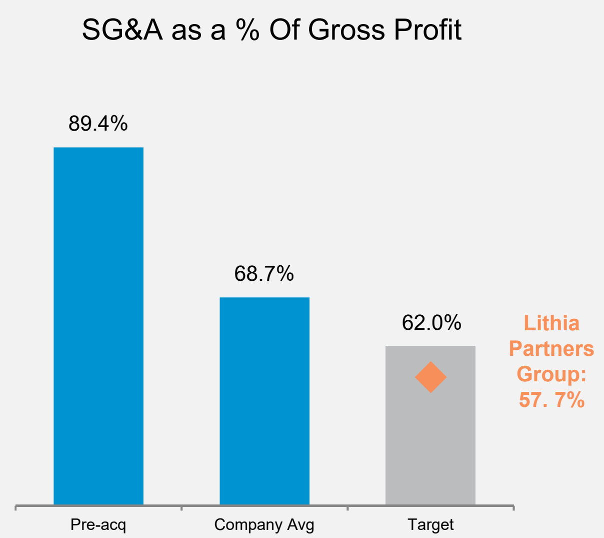
* Total includes gross profit for new retail, used retail, used wholesales, and F&I

HISTORICAL OPERATING PERFORMANCE

	2015	2016	2017
Adj. SG&A as a % of GP	67.9%	68.9%	68.8%
Adj. EBITDA margin %	4.6%	4.3%	4.3%
Adj. pre-tax margin %	3.8%	3.6%	3.4%
Adj. net margin %	2.4%	2.2%	2.1%

DRY POWDER OPPORTUNITY

Reduce SG&A as a % of Gross Profit to 62%



INCREMENTAL GROSS PROFIT AT TARGET:
~ $100MM

LITHIA MOTORS, INC.

DRY POWDER OPPORTUNITY

COMMENTARY

- Current performance improvements create additional business line synergies:
  - 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
- Potential EBITDA opportunity of ~$210mm

SUMMARY OF INCREMENTAL PROFIT OPPORTUNITY

($mm)	Current Performance	Synergistic Benefit	Total
New Vehicle: increase OEM market share	$60	-	**$60**
Used Vehicle: increase # of used vehicles retailed	80	50	**130**
F&I: increase PVR	40	130	**170**
Parts & Service: increase retention rate	60	20	**80**
Incremental gross profit opportunity	**$240**	**$200**	**$440**
Estimated EBITDA[1]	$70	$50	**$120**
Leverage: reduce SG&A as a % of gross	100	-	**100**
Additional floor plan interest expense	(6)	(4)	**(10)**
Incremental EBITDA opportunity	**$164**	**$46**	**$210**

Note: Values based on analysis performed as of December 2017

LITHIA MOTORS, INC.

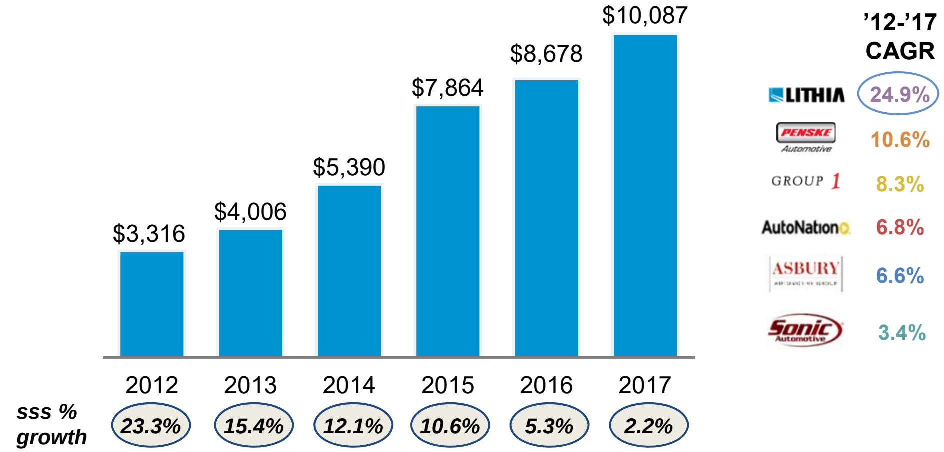
FINANCIAL DISCIPLINE & OUR CAPITAL ENGINE

INDUSTRY LEADING GROWTH AND MARGIN PROFILE

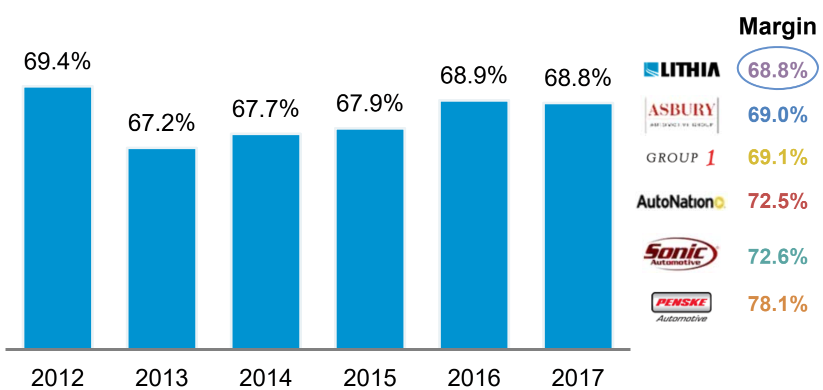
SUMMARY

- 25% ’12-’17 revenue CAGR, ~2.5x closest peer
- Same-store growth outpacing market
- Best-in-class cost structure
- Leading EBITDA growth and strong margin profile

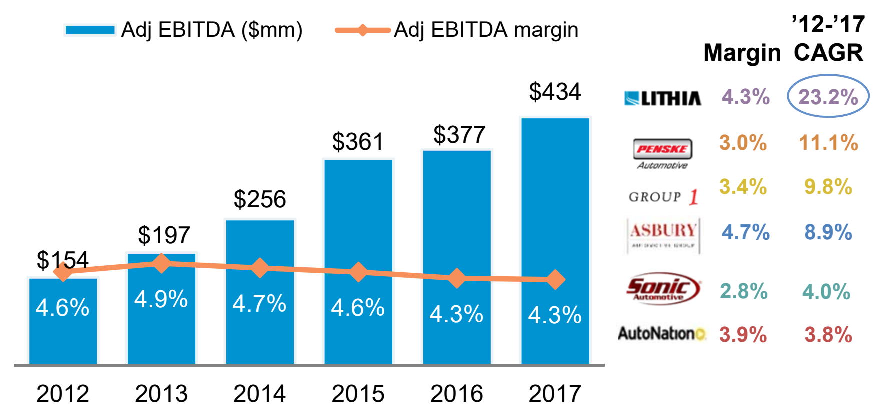
REVENUE



ADJUSTED SG&A AS A % OF GROSS PROFIT



ADJUSTED EBITDA



Adjusted EBITDA is defined as net income, excluding non-core items, addback other interest expense, taxes and depreciation, less floor plan interest expense, used vehicle LOC interest expense.

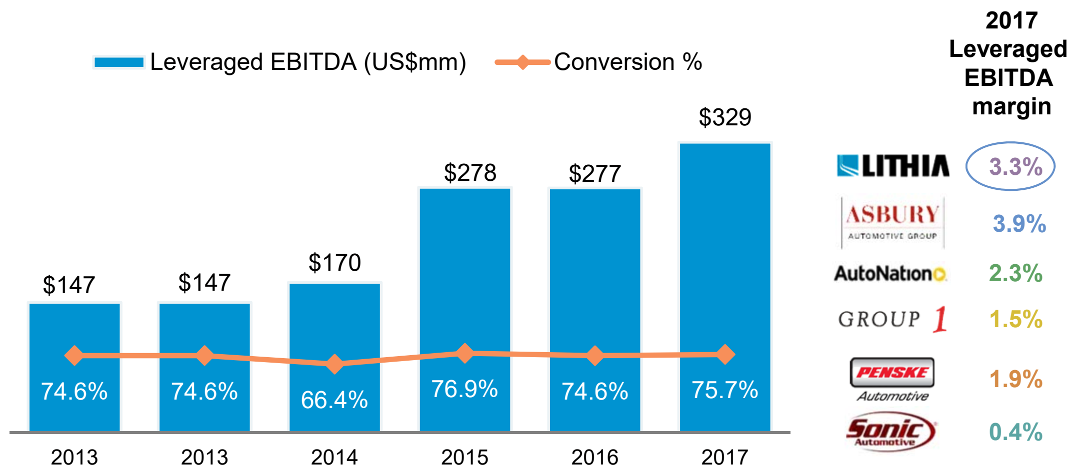
LITHIA MOTORS, INC.

ROBUST FCF GENERATION AND LOW LEVERAGE

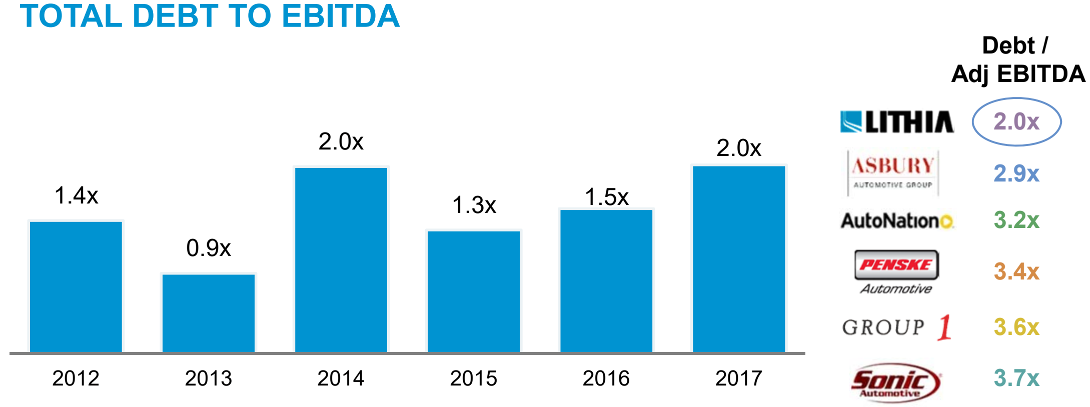
SUMMARY

- Strong free cash flow generation
- Proven ability to delever
- Low leverage vs. peers
- Disciplined and transparent capital allocation policies
    - Organic growth opportunities
    - Strategic M&A
    - Dividends
    - Opportunistic buy-backs

LEVERAGED EBITDA (EBITDA – CAPEX)



TOTAL DEBT TO EBITDA



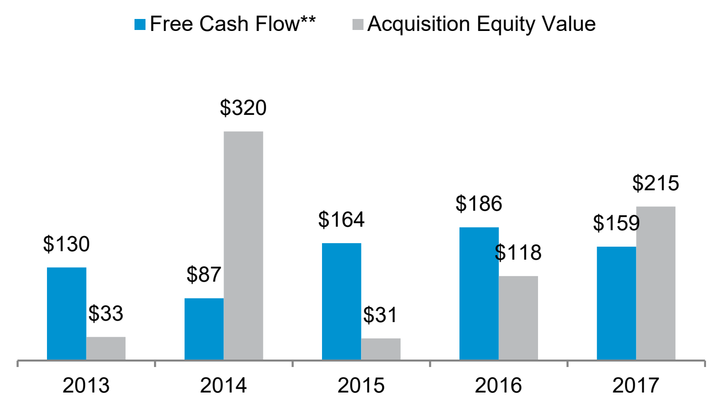
Note: Leveraged EBITDA conversion defined as EBITDA less capex / EBITDA; Total debt exclude floor plan and used vehicle LOC.

PRUDENT STEWARDS OF CAPITAL

CAPITAL EXPENDITURES

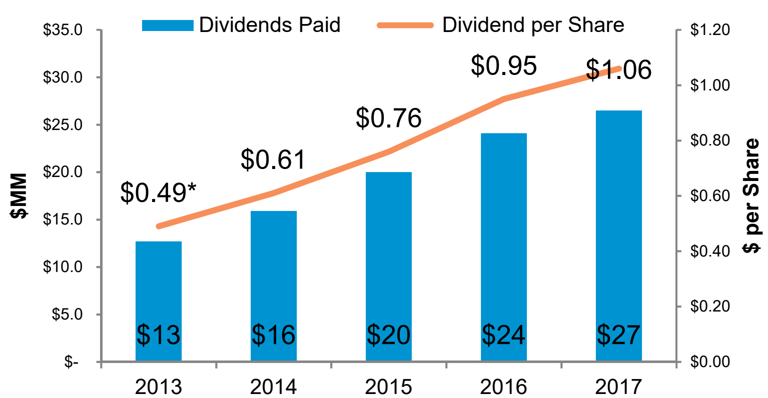
$MM	2014	2015	2016	2017
Post-Acq. Improv.	$21	$33	$31	$36
Facilities for Open Points	7	3	-	1
Lease Buy-outs	25	10	24	-
Existing Facility Improv.	20	20	24	34
Maintenance	13	17	26	34
Total	$86	$83	$100	$105

FREE CASH FLOW AND ACQUISITIONS



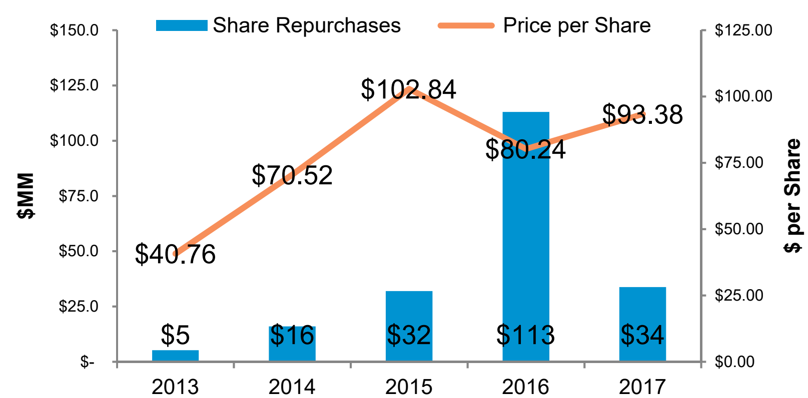
Note: FCF defined as earnings before interest, taxes, depreciation and amortization (EBITDA) add back stock compensation less cash paid for taxes, interest, dividends and capital expenditures.

DIVIDENDS PAID



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

SHARE REPURCHASES



# of Shares	127,900	226,729	306,386	1,407,674	361,457

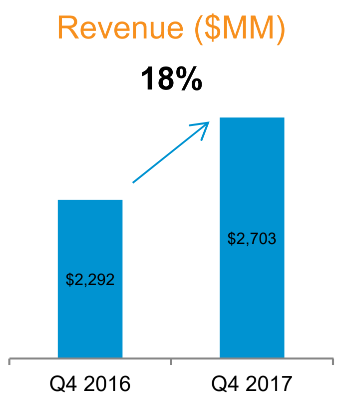
Q4'17 UPDATE

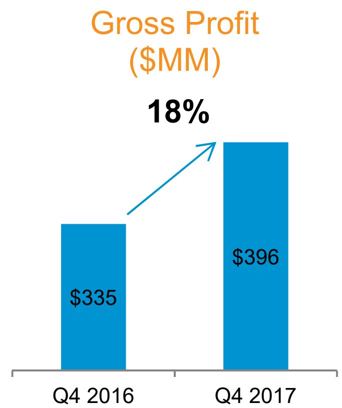
Q4'17 INCOME STATEMENT SUMMARY

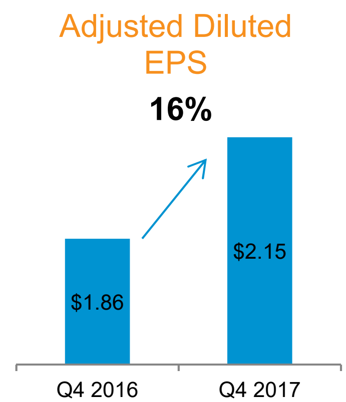
COMMENTARY

- Increased revenue 18% and adjusted EPS 16%
- Grew total same store sales 3%
- 29th consecutive quarter of record results

Q4 2017 HIGHLIGHTS







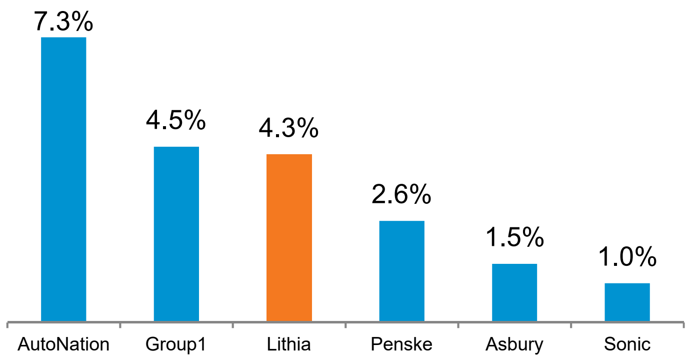
Note: See appendix for reconciliation of adjusted diluted EPS

SAME STORE QUARTER-OVER-QUARTER GROWTH

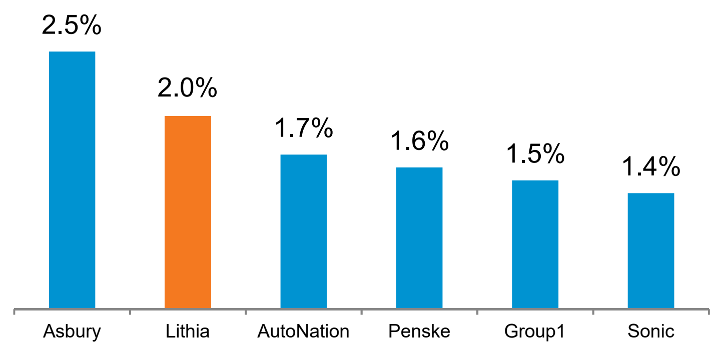
	Revenue	Gross Profit
New vehicles	3%	15%
Used retail vehicles	2%	(7)%
F&I	8%	8%
Service, parts and body	4%	-
Total	3%	4%

Q4'17 PEER COMPARISON

SAME STORE GROSS PROFIT GROWTH



ADJUSTED NET PROFIT MARGIN

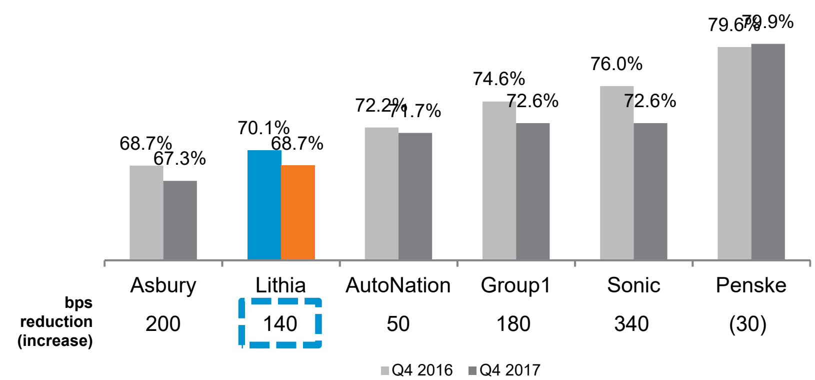


Note: See appendix for reconciliation of adjusted net profit margin.

SAME STORE SALES GROWTH

	LAD	ABG	AN	SAH	GPI	PAG
New Vehicles	3.2%	2.5%	5.5%	6.2%	6.9%	2.4%
Used Vehicles	2.3%	(6.1)%	2.3%	(1.9)%	(0.1)%	2.1%
F&I	8.4%	6.1%	14.5%	8.0%	5.3%	6.0%
SB&P	3.5%	2.9%	4.3%	1.7%	6.6%	4.3%
Total	2.6%	0.4%	4.1%	2.8%	3.9%	2.3%

ADJUSTED SG&A AS A % OF GROSS PROFIT



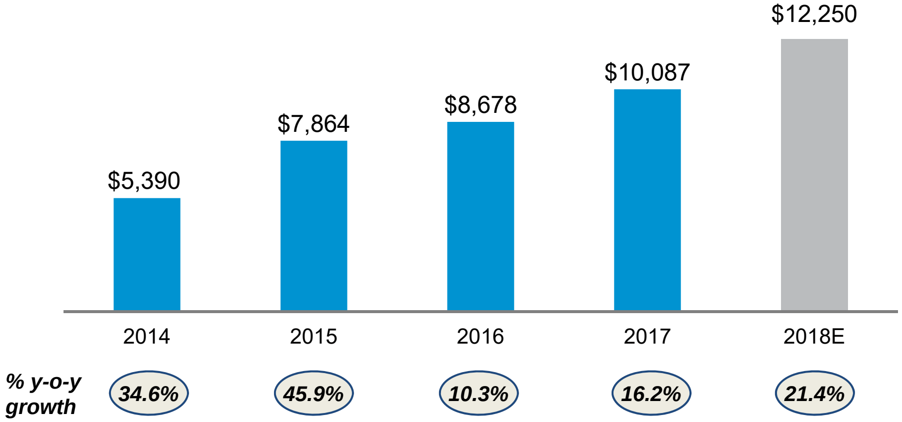
Note: See appendix for reconciliation of adjusted SG&A.

EARNINGS OUTLOOK

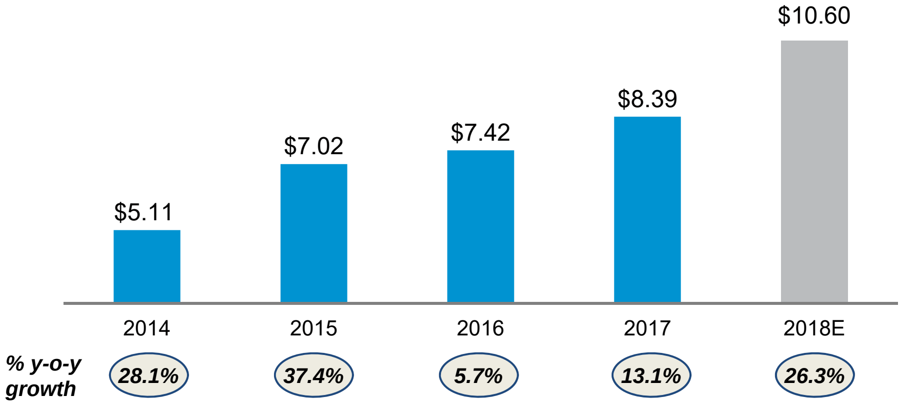
2018 TARGETS

- Full year revenues of $12.0 billion to $12.5 billion
- Earnings per share of $10.60
- Targeting double-digit top and bottom line growth

REVENUE TARGET



EPS TARGET



Note: See appendix for reconciliation of adjusted diluted EPS


APPENDIX

SUPPLEMENTAL INFORMATION

2017 Quarterly Income Statement

$K	Q4	Q3	Q2	Q1	YTD 2017
New vehicle	$1,615,717	$1,553,511	$1,384,055	$1,210,304	$5,763,587
Used vehicle	629,341	679,180	633,635	602,223	2,544,379
Wholesale used vehicles	71,090	65,739	69,512	71,503	277,844
Finance and insurance	103,191	101,044	94,851	86,777	385,863
Service, body and parts	271,511	265,683	246,005	232,574	1,015,773
Fleet and other	12,180	15,185	38,978	32,720	99,064
Total Revenues	**2,703,030**	**2,680,342**	**2,467,036**	**2,236,101**	**10,086,510**
New vehicles	101,141	88,045	80,539	70,118	339,843
Retail used vehicles	64,888	78,658	74,506	68,783	286,835
Wholesale used vehicles	384	1,174	1,712	1,517	4,786
Finance and insurance	103,191	101,044	94,851	86,777	385,863
Service, body and parts	124,957	132,492	122,480	113,194	493,124
Fleet and other	1,580	1,608	1,183	1,263	5,635
Gross Profit	**396,141**	**403,021**	**375,271**	**341,652**	**1,516,086**
SG&A	267,075	282,241	257,290	242,772	1,049,378
Depreciation and Amortization	16,124	14,828	14,031	12,739	57,722
Operating Income	**112,942**	**105,952**	**103,950**	**86,141**	**408,986**
Floor plan interest expense	11,323	10,629	9,332	8,052	39,336
Other interest expense	11,031	9,905	7,169	6,671	34,776
Other (income) expense, net	(839)	(1,125)	(387)	(734)	(12,195)
Income (loss) before taxes	**91,427**	**86,543**	**87,836**	**72,152**	**347,069**
Income tax expense	2,023	34,657	34,636	27,113	101,852
Income from continuing operations	**89,404**	**51,886**	**53,200**	**45,039**	**245,217**

LITHIA MOTORS, INC.

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
$K, except for per share amounts	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								

LITHIA MOTORS, INC.

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)	(2,593)	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									

LITHIA MOTORS, INC.

SUPPLEMENTAL INFORMATION

2015 Adjusted Income Statement Details

$K, except for per share amounts	YTD 12/31/2015 As Reported	Gain on sale of stores Q1	Gain on sale of stores Q2	Asset impairment Q2	Asset impairment Q4	Transition Agreement Q3	Equity Investment Q1	Equity Investment Q2	Equity Investment Q3	Equity Investment Q4	YTD 12/31/2015 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										

LITHIA MOTORS, INC.

SUPPLEMENTAL INFORMATION

2014 Adjusted Income Statement Details

$K, except for per share amounts	YTD 12/31/2014	Disposal Gain	Reserve adjustments	Equity Investment	Acquisition expenses			Tax Attribute			YTD 12/31/2014
	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										

LITHIA MOTORS, INC.

SUPPLEMENTAL INFORMATION

EBITDA and Adjusted EBITDA

$K	FY 2017	FY 2016	FY 2015
Net income	$245,217	$197,058	$182,999
Add: other interest expense	34,776	23,207	19,491
Add: income taxes	101,852	86,465	79,705
Add: depreciation and amortization	57,722	49,369	41,600
EBITDA	$439,567	$356,099	$323,795
Less: used vehicle line of credit interest	(2,740)	(3,732)	(2,456)
Less: gain on sale of stores	(5,104)	(1,087)	(5,919)
Add: asset impairments	-	13,992	20,124
Add: equity investment fair value adjustment	-	8,262	6,930
Add: transition agreement	-	-	18,296
Less: OEM legal settlement	(9,111)	-	-
Add: acquisition expenses	5,653	-	-
Add: reserve adjustments	5,582	3,936	-
Adjusted EBITDA	$433,847	$377,470	$360,770

LITHIA MOTORS, INC.