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## Automotive News

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## AutoNation (AN) - \$41.69 BUY

### Company's Profile

Sector: Consumer Cyclical

Industry: Auto & Truck Dealership

Full Time Employees: 26,000

AutoNation, Inc., through its subsidiaries, operates as an automotive retailer in the United States. The company operates through three segments: Domestic, Import, and Premium Luxury. It offers a range of automotive products and services, including new and used vehicles; and parts and services, such as automotive repair and maintenance, and wholesale parts and collision services. The company also provides automotive finance and insurance products comprising vehicle services and other protection products, as well as arranges finance for vehicle purchases through third-party finance sources. As of December 31, 2018, it owned and operated 326 new vehicle franchises from 239 stores located primarily in metropolitan markets in the Sunbelt region. The company was founded in 1991 and is headquartered in Fort Lauderdale, Florida.

### Market Data

Market Cap (intraday):	3.58B
Enterprise Value	10.36B
Enterprise Value/EBITDA (ttm):	11.37

### Financial Summary (March 29, 2019)

Revenues:	21.13B
EBITDA:	955.0M
Net Income:	394.3M

### Financial Analysis

#### Solvency Ratios

LTD/Total Capitalization:	41%
EBITDA/Interest Expense:	8.10x
LTD/EBITDA:	2.06x

#### Profitability Ratios

Gross Margin:	16.1%
EBITDA Margin:	4.5%
EBIT Margin:	3%
Return on Assets (ROA):	3.7%
Return on Equity (ROE):	15%

### Valuation Methodology

Method #1	\$41.69
Stock Price	
Method #2	\$106.73
EBITDA Multiple	
Method #3	\$365.06
DCF Analysis	
Average of Methods	\$158.16

# AN Stock Performance and Competitors



Previous Close	41.04	Market Cap	3.719B
Open	41.20	Beta (3Y Monthly)	1.21
Bid	41.51 x 800	PE Ratio (TTM)	9.59
Ask	41.52 x 800	EPS (TTM)	4.35
Day's Range	41.02 - 41.77	Earnings Date	Jul 30, 2019 - Aug 5, 2019
52 Week Range	32.83 - 51.99	Forward Dividend & Yield	N/A (N/A)
Volume	1,046,552	Ex-Dividend Date	N/A
Avg. Volume	976,249	1y Target Est	40.10



**AutoNation**



Previous Close	76.84	Market Cap	1.441B
Open	77.15	Beta (3Y Monthly)	2.05
Bid	78.09 x 900	PE Ratio (TTM)	9.49
Ask	78.15 x 800	EPS (TTM)	8.22
Day's Range	76.87 - 78.49	Earnings Date	Jul 24, 2019 - Jul 29, 2019
52 Week Range	48.69 - 81.16	Forward Dividend & Yield	1.04 (1.33%)
Volume	119,504	Ex-Dividend Date	2019-02-28
Avg. Volume	164,060	1y Target Est	87.17

Previous Close	19.62	Market Cap	858.6M
Open	19.81	Beta (3Y Monthly)	1.69
Bid	12.65 x 900	PE Ratio (TTM)	8.89
Ask	19.93 x 1100	EPS (TTM)	2.24
Day's Range	19.79 - 20.18	Earnings Date	Jul 25, 2019 - Jul 29, 2019
52 Week Range	12.78 - 23.60	Forward Dividend & Yield	0.40 (1.98%)
Volume	331,348	Ex-Dividend Date	2019-06-13
Avg. Volume	250,511	1y Target Est	16.50



**GROUP 1**  
**AUTOMOTIVE**



Previous Close	45.77	Market Cap	3.854B
Open	45.43	Beta (3Y Monthly)	1.51
Bid	44.29 x 1400	PE Ratio (TTM)	8.44
Ask	47.19 x 900	EPS (TTM)	5.46
Day's Range	45.02 - 46.24	Earnings Date	Jul 24, 2019 - Jul 29, 2019
52 Week Range	38.49 - 53.84	Forward Dividend & Yield	1.46 (3.18%)
Volume	363,633	Ex-Dividend Date	2019-02-08
Avg. Volume	479,329	1y Target Est	59.63



# AutoNation - Financial Analysis FY 2018 vs FY 2017

## Operations:

**Revenue** for the year ended December 31 which are generated from the sales of new vehicle 54.9% decreased in FY18 compared with 56.6% in FY17; however, an increase in used vehicle from 22.7% in FY17 to 23.9% in FY18; same for parts and services an increase from 15.8% in FY17 to 16.1% in FY17 is recorded. These increases happened due in part to the brand extension strategy.

**Gross Profit**: Used vehicle sales accounted for 9.4% of AN's total gross profit in 2017, new vehicle 17.5%, parts and services 44.4% which is lower than 2018 that recorded an increase to 10.1% for used vehicles, and 45.5% parts and services but a decrease in new vehicles to 15.2.

**EPS & Net income** from continuing operations of \$395.9 million and diluted earnings per share of \$4.34 in 2018, as compared to net income from continuing operations of \$435.0 million and diluted earnings per share of \$4.43 in 2017.

**SG&A** expenses increased from \$2.436B in 2017 to 2.509B in 2018, due to investments related to brand extension strategy, as well as increases in costs associated with self-insurance programs, including less favorable claims experience and higher premiums, deductibles, and hail-related losses.

## Cash Flow:

**Operating Activities**: Net cash provided by operating activities decreased to \$511.0 million during 2018, as compared to \$540.1 million in 2017, primarily due to an increase in working capital requirements, partially offset by an increase in earnings.

**Investing Activities**: Net cash used in investing activities increased during 2018 to \$295.3 million, as compared to 227.0 million in 2017, primarily due to an increase in purchases of property and equipment, an investment in an equity security during 2018, and a decrease in proceeds from the disposal of assets held for sale, partially offset by an increase in cash received from business divestitures, net of cash relinquished.

**Financing Activities**: Net cash flows from financing activities during 2018, as compared to 2017, were impacted by the repayment of the outstanding \$400.0 million of 6.75% Senior Notes in 2018 and the debt activity that occurred in 2017. During 2017, AN amended and restated an existing unsecured credit agreement, and also issued \$450.0 million aggregate principal amount of 3.5% Senior Notes due 2024 and \$300.0 million aggregate principal amount of 3.8% Senior Notes due 2027. Cash flows from financing activities include changes in commercial paper notes outstanding totaling net proceeds of \$300.0 million during 2018 and net repayments of \$612.0 million during 2017, as well as changes in vehicle floorplan payable-non-trade totaling net repayments of \$34.2 million during 2018 compared to net proceeds of \$130.2 million in 2017.

## Leverage:

Returned \$2.1 million to the shareholders in FY18 through share repurchases compared to \$10.1 million in FY17.



## AutoNation - Ratio Analysis FY 2018 vs FY 2017

PERIOD ENDING	3 Year Average	31-Mar-19	31-Dec-18	31-Dec-17	31-Dec-16
EBITDA (Operating Income + Depreciation+Non		955,000	1,118,400	1,160,600	1,176,300
<b>Liquidity Ratios</b>					
Current Ratio	0.89x	0.82x	0.86x	0.85x	0.95x
Accounts Receivable Turnover	21.15x	22.09x	20.52x	20.69x	22.25x
<b>Solvency Ratios</b>					
LTD / Total Capitalization	43%	41%	42%	50%	37%
EBITDA / Interest (Interest Coverage)	-9.74x	-8.10x	-9.37x	-9.66x	-10.18x
LTD / EBITDA	1.85x	2.06x	1.76	2.05	1.54
Occupancy Rate					
<b>Profitability Ratios</b>					
Gross Margin	15.6%	16.1%	15.9%	15.6%	15.3%
EBITDA Margin	5.4%	4.5%	5.2%	5.4%	5.4%
EBIT Margin	3.4%	3.0%	3.0%	3.5%	3.8%
Return on Assets (ROA)	4.4%	3.7%	3.8%	4.5%	4.9%
Gross Return on Assets	6.2%	6.1%	6.2%	7.8%	4.6%
Return on Equity (ROE)	15.0%	15.0%	15.6%	15.8%	13.7%
<b>Trend Analysis Ratios</b>					
Revenue Growth	-0.8%	-1.6%	-0.9%	-0.7%	

### Peer Analysis

#### Direct Competitor Comparison

	AN	SAH	GPI	PAG	ABG
Market Cap:	3.551B	853.861M	1.441B	3.845B	1.566B
Employees:	26,000	9,700	14,800	27,000	8,200
Revenue:	21.13B	9.94B	11.55B	22.6B	6.94B

Note: AN (AutoNation); SAH (Sonic Automotive); GPI (Group 1 Automotive); PAG (Penske Automotive); ABG (Asbury Automotive).

# AutoNation - Projection Analysis

## Income Statement

PERIOD ENDING	6-year Average	Operating Assumpt. Input
<b>Total Revenue</b>		
Cost of Revenue		
<b>Gross Profit</b>		
Total Operating Expenses		
EBIT		
Interest Expense		
EBT		
Income Tax Expense		
<b>Net Income</b>		
<b>Income Statement Assumptions</b>		
Revenue Growth	-0.74%	
Gross Margin	15.73%	57.00%
Operating Exp as % of Revenue	11.88%	45.00%
Tax as % of EBT	18.83%	30.00%
<b>Other Assumptions % of Revenue</b>		
Depreciation		
Capex		
Depreciation	0.75%	4.00%
Capital Expenditures	1.52%	6.00%
<b>Debt Schedule</b>		
Short Term Debt		
Long Term Debt		
Total Debt Outstanding		
Increase/Decease		5.00%
Interest Payment		-5.03%
<b>Ratio Analysis - Assumptions</b>		
<b>EBITDA</b>		
<b>Trend Analysis</b>		
Revenue Growth		
<b>Solvency Ratios (Leverage)</b>		
Total Debt / EBITDA (Incl. CPLTD)		
EBITDA / Interest Coverage Ratio		
EBIT / Interest Coverage Ratio		
<b>Profitability Ratios</b>		
Gross Margin %		
EBITDA Margin %		
EBIT Margin %		

## Projections

31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	30-Dec-24
22,055,184	23,819,599	25,486,971	26,761,319	28,099,385	29,504,354
9,483,729	10,242,427	10,959,397	11,507,367	12,082,736	12,686,872
12,571,455	13,577,171	14,527,573	15,253,952	16,016,650	16,817,482
9,924,833	10,718,819	11,469,137	12,042,594	12,644,723	13,276,959
2,646,622	2,858,352	3,058,436	3,211,358	3,371,926	3,540,523
(99,063)	(94,163)	(89,207)	(84,251)	(79,295)	(74,339)
2,745,685	2,952,514	3,147,643	3,295,609	3,451,221	3,614,861
823,706	885,754	944,293	988,683	1,035,366	1,084,458
1,921,980	2,066,760	2,203,350	2,306,926	2,415,855	2,530,403
3.00%	8.00%	7.00%	5.00%	5.00%	5.00%
57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
882,207.36	952,783.95	1,019,478.83	1,070,452.77	1,123,975.40	1,180,174.18
1,323,311	1,429,175.92	1,529,218	1,605,679	1,685,963	1,770,261
4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
1,871,975	1,773,450	1,674,925	1,576,400	1,477,875	1,379,350
(98,525)	(98,525)	(98,525)	(98,525)	(98,525)	(98,525)
(99,063.22)	(94,163)	(89,207)	(84,251)	(79,295)	(74,339)
31-Dec-19	30-Dec-20	30-Dec-21	30-Dec-22	30-Dec-23	29-Dec-24
3,528,829.44	3,811,136	4,077,915	4,281,811	4,495,902	4,720,697
3.00%	8.00%	7.00%	5.00%	5.00%	5.00%
0.53x	0.47x	0.41x	0.37x	0.33x	0.29x
-35.62x	-40.47x	-45.71x	-50.82x	-56.70x	-63.50x
-26.72x	-30.36x	-34.28x	-38.12x	-42.52x	-47.63x
57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

# Projection Analysis Assumptions & Results

## Revenue:

- Assumptions based on the historical Revenue growth ranges from -0.34% to 3% with less than 1% on average. Based on the company's performance in the last two years, and the last twelve months in particular, is it safe to assume the growth to be no less than 3% in 2019, 8% in 2020 and moving forward it's a steady 5%.

These increases were partially offset by the decrease in sale of new vehicles. Consolidated operating income decreased \$63 million and operating margin declined 190 basis points to 16.11%. This is primarily due to the money allocated to partnership with Fair, a used vehicle subscription company, partnership with Waymo, the self-driving technology company of Alphabet Inc., to support Waymo's autonomous vehicle program, and partnership with AAA as its first national Approved Auto Repair program partner.

## EBITDA:

EBITDA Margin will improve from 4.52% in March 2019 to 16% over the next few years. EBITDA expected to increase from \$955 million in March 2019 to \$3 Billion in January 2019 and moving forward will see only an increase over the years.

- Gross Margin expected to increase from 16.11% to 57% for the next quarter and next years.
- Operating expenses expected to increase from 12.23% to 45%.

## CAPEX:

Capital expenditures increases from 1.60% in March 2019 quarter to 6% on the next quarter, December 2019. Capital Expenditures expected to grow to approximately \$1.0 billion, primarily for investments in Vroom Inc., one of the largest online car retailers which focuses in e-commerce.

# AutoNation - Valuation Analysis

## METHOD #1 - Stock Price

### AutoNation, Inc. (AN)

Calculations →		SP	SO	SP * SO = EQ	D	C	EQ + D - C = EV
Company	Symbol	Stock Price (as of 5/03/2019)	Stocks Outstanding (\$000)	Equity Value (\$000)	Debt (ST&LT) (\$000)	Cash (\$000)	Enterprise Value (\$000)
AutoNation, Inc.	AN	\$ 41.69	89,208	3,719,082	1,969,400	48,700	5,639,782
AutoNation's EV		5,639,782					

## METHOD #2 - EBITDA Multiples

### AutoNation, Inc. (AN)

		SP	SO	SP * SO = EQ	D	C	EQ + D - C = EV	E	EV/E	
Company	Symbol	Stock Price (as of 5/03/2019)	Stocks Outstanding (\$000)	Equity Value (\$000)	Debt (ST&LT) (\$000)	Cash (\$000)	Enterprise Value (\$000)	EBITDA (\$000)	EBITDA Multiple	Beta
Sonic Automotive	NYSE: SAH	\$ 19.93	31,051	618,846	4,179,495	86,070	4,712,271	398,911	11.81x	1.69x
Group 1 Automotive	NYSE: GPI	\$ 78.01	18,340	1,430,703	5,669,699	123,157	6,977,245	459,164	15.20x	2.05x
Penske Automotive Group	NYSE: PAG	\$ 46.13	84,400	3,893,372	10,975,800	166,300	14,702,872	1,901,000	7.73x	1.51x
Asbury Automotive Group	NYSE: ABG	\$ 80.45	19,499	1,568,695	2,639,200	17,600	4,190,295	344,900	12.15x	1.30x
AutoNation, Inc.	AN	\$ 41.69	89,208	3,719,082	1,969,400	48,700	5,639,782	955,000	5.91x	1.21x
EBITDA * Average Multiple		955,000	11.98x	Average 11.72x 1.55x Excl. Outlier 11.98x (taken out the high and low)						
AutoNation's EV		11,441,923								

Average 11.72x 1.55x  
Excl. Outlier 11.98x  
(taken out the high and low)

## Valuation Analysis Discussion

Comparing AutoNation's current trading Enterprise Value with the trading EV of its peers, AutoNation is just slightly overvalued than the average of the three companies (SAH, GPI, PAG, ABG). AN's multiple of 11.98x, however, is very close to the average unlike PAG, for instance, which multiple is way below the average. Overall, Method 2 suggests that AN's EV based on Average EBITDA multiple is \$11.44B compared to current trading EV of \$5.63B.

DCF Analysis shows that AN's EV based on this method is \$34.4B, which is way above the trading levels. Considering the company will sustain projected growth levels at 3- and potentially 5% in the future, all else equal, the company's valuation is supposed to grow and surpass the trading level. Moreover, based on the historical evidence and future plans of investing, An's levels of growth has been positive in the past and promising for the future. In that case the value of the company is just right, which implies lower risk. And if the company outperforms its expectations (as it did during the last quarter), it will be positively reflected on the price of the stock.

## Valuation results

Therefore, the recommendation would be to buy the stock as the company, as shown below, is going to grow at a higher level than the trading levels. The average of the three methods suggests that the fair price of the stock should be \$158.16 compared to the trading price of \$41.69 which means that the company is undervalued and it won't take too long when it becomes a hot stock.

## METHOD #3 - Discount Cash Flow Valuation Analysis

### Calculating WACC

	Amount	% Cap	Return/Inter	After Tax	WACC
Market Value of Equity (Trading)	3,719,082	65.4%	13.12%	13.12%	8.58%
Total Debt	1,969,400	34.6%	-5.03%	-3.52%	-1.22%
Total Capital	<b>5,688,482</b>	<b>100.0%</b>			<b>7.36%</b>
6-year Treasury Note =	2.23%	(given)			
Historical Market Premium =	9.00%	(given)			
Company Beta =	1.21x				
Historical Tax Rate =	30.00%				

### AutoNation, Inc. (AN)

		year (n) =	1	2	3	4	5	6	
Discount Cash Flow Valuation Analysis	Projected (yr1-yr6) Assumptions	Input Actual 31-Mar-19	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	EXIT YEAR 31-Dec-23	30-Dec-24	
Revenues		21,134,700	21,768,741	23,510,240	25,155,957	26,413,755	27,734,443	28,754,892	
Revenue Growth Assumptions			3.0%	8.0%	7.0%	5.0%	5.0%	3.7%	50%
Cost of Revenues (CoGS)	43.0%	(17,730,500)	(9,360,559)	(10,109,403)	(10,817,062)	(11,357,915)	(11,925,810)	(12,364,604)	
Operating Expenses	45.0%	(2,621,300)	(9,795,933)	(10,579,608)	(11,320,181)	(11,886,190)	(12,480,499)	(12,939,702)	
EBIT		782,900	2,612,249	2,821,229	3,018,715	3,169,651	3,328,133	3,450,587	
Less Taxes / % of EBIT	30.0%	(234,870)	(783,675)	(846,369)	(905,614)	(950,895)	(998,440)	(1,035,176)	
Plus Depreciation	4.0%	172,100	870,750	940,409.61	1,006,238	1,056,550	1,109,378	1,150,196	
Less Capex	6.0%	(338,200)	(1,306,124)	(1,410,614)	(1,509,357)	(1,584,825)	(1,664,067)	(1,725,294)	
Cash Flow		<b>381,930</b>	<b>1,393,199</b>	<b>1,504,655</b>	<b>1,609,981</b>	<b>1,690,480</b>	<b>1,775,004</b>	<b>1,840,313</b>	
EBITDA		<b>955,000</b>	<b>3,482,999</b>	<b>3,761,638</b>	<b>4,024,953</b>	<b>4,226,201</b>	<b>4,437,511</b>	<b>4,600,783</b>	
<b>Terminal Value</b>	<b>Assumptions</b>								
EBITDA Multiple Method	11.98x		(EBITDA x Market EBITDA Multiple)				53,166,132.1		
Perpetuity Method	7.36%		Next Yr Cash Flow / (WACC - Next Yr Rev Growth)				50,017,229		
Average							51,591,680		
Less Debt Outstanding (at Exit)							(1,477,050)		← (75% of original Debt)
Plus Cash (at Exit)							-		
Equity Value at Terminal							50,114,630		
Equity Cash Flows			1,393,199	1,504,655	1,609,981	1,690,480	51,889,635		
PV Table or $(1 / ((1 + i)^n))$			0.88402	0.78149	0.69085	0.61072	0.53989		
Present Value of Equity			1,231,612	1,175,867	1,112,251	1,032,411	28,014,549		
Total Present Value of Equity		32,566,689							
+ PV of Debt =		1,969,400							
- Less Cash =		(48,700)							
<b>AutoNation's EV</b>		<b>34,487,389</b>							

	EV	Debt	Cash	Eq Value	Shares Outs	Stock Price
Method #1 - Current Market Price	5,639,782	1,969,400	48,700	3,719,082	89,208	\$ 41.69
METHOD #2 - EBITDA Multiples	11,441,923	1,969,400	48,700	9,521,223	89,208	\$ 106.73
Method #3 - DCF Analysis	34,487,389	1,969,400	48,700	32,566,689	89,208	\$ 365.06
<b>Avg of other methods</b>	<b>16,029,934</b>	<b>1,969,400</b>	<b>48,700</b>	<b>14,109,234</b>		<b>\$ 158.16</b>



# AutoNation – Technical Analysis



## AutoNation

### AutoNation Stock

10 Year Average Stock (Adj)	41.96277
10 Year High	66.2
10 Year Low	13.88
10 Year Median	44.17
10 Year Monthly Average Change	0.06%
Standard Deviation	1.9%
Skew	0.258
Return / Standard Deviation	0.029229

### S&P INDEX

10 Year Average	166.8985
10 Year High	289.286
10 Year Low	65.01621
10 Year Median	168.8157
10 Year Monthly Average Change	0.06%
Standard Deviation	1.0%
Skew	-0.343
Return / Standard Deviation	0.06518

<b>10 Year Beta Coefficient</b>	<b>1.065337</b>
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## Appendix – Income Statement

### AutoNation, Inc. Income Statement

PERIOD ENDING	Annual				Quarterly			
	LTM							
	31-Mar-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Mar-19	30-Dec-18	30-Sep-18	30-Jun-18
Total Revenue	21,134,700	21,412,800	21,534,600	21,609,000	4,981,800	5,411,700	5,349,200	5,392,000
Cost of Revenue	17,730,500	18,015,500	18,175,600	18,295,800	4,132,600	4,563,800	4,493,900	4,540,200
Gross Profit	3,404,200	3,397,300	3,359,000	3,313,200	849,200	847,900	855,300	851,800
Operating Expenses								
Research Development	-	-	-	-	-	-	-	-
Selling General and Administrative	2,506,000	2,509,800	2,436,200	2,349,400	623,000	631,500	626,200	625,300
Non Recurring - One time	170,300	174,300	158,600	143,400	44,100	42,200	42,900	41,100
Others	(55,000)	(64,700)	(79,200)	(69,100)	(8,700)	(23,100)	(17,400)	(5,800)
Total Operating Expenses	2,621,300	2,619,400	2,515,600	2,423,700	658,400	650,600	651,700	660,600
Operating Income or Loss	782,900	777,900	843,400	889,500	190,800	197,300	203,600	191,200
One time	(141,100)	(130,400)	(97,000)	(76,500)	(39,000)	(37,000)	(32,700)	(32,400)
Earnings Before Interest And Taxes	641,800	647,500	746,400	813,000	151,800	160,300	170,900	158,800
Interest Expense	(117,900)	(119,400)	(120,200)	(115,500)	(27,800)	(32,000)	(28,400)	(29,700)
Income Before Tax	523,900	528,100	626,200	697,500	124,000	128,300	142,500	129,100
Income Tax Expense	128,900	132,200	191,200	265,800	31,900	35,100	30,200	31,700
Minority Interest	-	-	-	-	-	-	-	-
Net Income From Continuing Ops	395,000	395,900	435,000	431,700	92,100	93,200	112,300	97,400
Non-recurring Events								
Discontinued Operations	(700)	100	(400)	(1,200)	(100)	(500)	(300)	200
Extraordinary Items	-	-	-	-	-	-	-	-
Effect Of Accounting Changes	-	-	-	-	-	-	-	-
Other Items	-	-	-	-	-	-	-	-
Net Income	394,300	396,000	434,600	430,500	92,000	92,700	112,000	97,600
Preferred Stock And Other Adjustments	-	-	-	-	-	-	-	-
Net Income Applicable To Common	394,300	396,000	434,600	430,500	92,000	92,700	112,000	97,600
End of Period Stock Price Close	\$ 35.72	\$ 35.70	\$ 51.33	\$ 48.65	\$ 35.72	\$ 35.70	\$ 41.55	\$ 48.58
% Change	0.1%	-30.5%	5.5%	-18.9%	0.1%	-14.1%	-14.5%	3.8%

## Appendix – Balance Sheet

### AutoNation, Inc.

#### Balance Sheet

PERIOD ENDING	31-Mar-19	31-Dec-18	31-Dec-17	31-Dec-16
<b>Assets</b>				
Current Assets				
Cash And Cash Equivalents	48,700	48,600	69,200	463,000
Short Term Investments	-	-	-	-
Net Receivables	782,700	976,200	1,111,000	971,000
Inventory	3,771,400	3,650,500	3,365,600	361,000
Other Current Assets	229,000	208,700	251,700	124,000
<b>Total Current Assets</b>	<b>4,831,800</b>	<b>4,884,000</b>	<b>4,797,500</b>	<b>1,919,000</b>
Long Term Investments	-	-	-	698,000
Property Plant and Equipment	3,473,000	3,155,300	2,962,700	3,198,000
Goodwill	1,509,800	1,513,200	1,515,000	-
Intangible Assets	596,700	595,400	586,800	2,025,000
Accumulated Amortization	-	-	-	-
Other Assets	503,000	517,200	409,500	385,000
Deferred Long Term Asset Charges	-	-	-	636,000
<b>Total Assets</b>	<b>10,914,300</b>	<b>10,665,100</b>	<b>10,271,500</b>	<b>8,861,000</b>
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	269,200	306,200	309,800	1,877,000
Short/Current Long Term Debt	393,500	44,300	414,500	152,000
Other Current Liabilities	5,235,800	5,307,600	4,911,400	-
<b>Total Current Liabilities</b>	<b>5,898,500</b>	<b>5,658,100</b>	<b>5,635,700</b>	<b>2,029,000</b>
Long Term Debt	1,575,900	1,926,200	1,959,200	1,656,000
Other Liabilities	563,500	89,800	71,900	1,956,000
Deferred Long Term Liability Charges	90,600	275,000	235,400	78,000
Minority Interest	-	-	-	5,000
Negative Goodwill	-	-	-	-
<b>Total Liabilities</b>	<b>8,128,500</b>	<b>7,949,100</b>	<b>7,902,200</b>	<b>5,724,000</b>
<b>Stockholders' Equity</b>				
Redeemable Preferred Stock	-	-	-	-
Preferred Stock	-	-	-	-
Common Stock	1,000	1,000	1,000	2,000
Retained Earnings	3,330,300	3,238,300	2,832,200	2,657,000
Treasury Stock	(570,200)	(544,100)	(467,900)	-
Capital Surplus	24,700	20,800	4,000	816,000
Other Stockholder Equity	-	-	-	(338,000)
<b>Total Stockholder Equity</b>	<b>2,785,800</b>	<b>2,716,000</b>	<b>2,369,300</b>	<b>3,137,000</b>
<b>Total Liabilities &amp; Equity</b>	<b>10,914,300</b>	<b>10,665,100</b>	<b>10,271,500</b>	<b>8,861,000</b>
Error Check	-	-	-	-

## Appendix – Cash Flow Statement

### AutoNation, Inc. Cash Flow Statement

PERIOD ENDING	Annual				Quarterly			
	LTM							
	31-Mar-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Mar-19	30-Dec-18	30-Sep-18	30-Jun-18
Net Income	394,300	396,000	434,600	430,500	92,000	92,700	112,000	97,600
Depreciation	172,100	166,200	158,600	143,400	44,100	42,200	42,900	42,900
Adjustments To Net Income	(11,900)	(5,000)	(74,600)	(31,100)	4,500	(9,000)	(3,700)	(3,700)
Changes In Accounts Receivables	122,200	133,700	(61,600)	(99,300)	193,300	(175,700)	52,300	52,300
Changes In Liabilities	(6,200)	1,700	500	(5,800)	(35,200)	29,800	(800)	-
Changes In Inventories	(8,400)	(319,500)	39,300	259,100	(141,400)	(274,600)	203,800	203,800
Changes In Other Operating Activities	43,800	137,900	43,300	(192,240)	101,100	269,300	(163,300)	(163,300)
<b>Total Cash Flow From Operating Activities</b>	<b>705,900</b>	<b>511,000</b>	<b>540,100</b>	<b>504,560</b>	<b>258,400</b>	<b>(25,300)</b>	<b>243,200</b>	<b>229,600</b>
<b>Investing Activities, Cash Flows Provided By or Used In</b>								
Capital Expenditures	(338,200)	(400,800)	(313,400)	(249,500)	(60,000)	(117,600)	(80,300)	(80,300)
Investments	(11,900)	(50,000)	(50,000)	(50,000)	13,100	(5,400)	(9,800)	(9,800)
Other Cashflows from Investing Activities	(1,200)	155,500	136,400	(193,500)	(1,700)	(100)	300	300
<b>Total Cash Flows From Investing Activities</b>	<b>(351,300)</b>	<b>(295,300)</b>	<b>(227,000)</b>	<b>(493,000)</b>	<b>(48,600)</b>	<b>(123,100)</b>	<b>(89,800)</b>	<b>(89,800)</b>
<b>Financing Activities, Cash Flows Provided By or Used In</b>					<b>(48,600)</b>	<b>(123,100)</b>	<b>(89,800)</b>	
Dividends Paid	-	-	-	-	-	-	-	-
Sale Purchase of Stock	-	-	-	-	-	-	-	-
Net Borrowings	(347,400)	(150,000)	102,400	469,600	(175,100)	141,500	(156,900)	(156,900)
Other Cash Flows from Financing Activities	(30,400)	(87,400)	(409,800)	(505,200)	(35,800)	1,800	1,800	1,800
<b>Total Cash Flows From Financing Activities</b>	<b>(347,400)</b>	<b>(237,400)</b>	<b>(307,400)</b>	<b>(35,600)</b>	<b>(210,900)</b>	<b>143,300</b>	<b>(155,100)</b>	<b>(155,100)</b>
Effect Of Exchange Rate Changes	-	-	-	-	-	-	-	-
<b>Change In Cash and Cash Equivalents</b>	<b>7,200</b>	<b>(21,700)</b>	<b>5,700</b>	<b>(12,600)</b>	<b>200</b>	<b>(3,900)</b>	<b>(500)</b>	<b>(500)</b>