

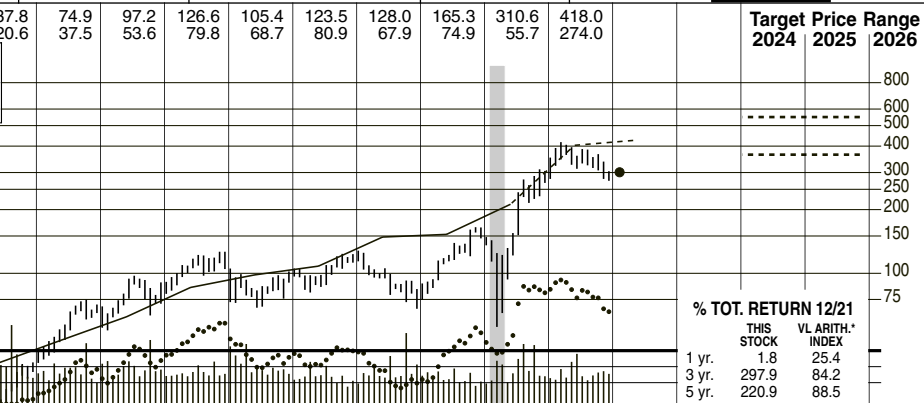
LITHIA MOTORS NYSE-LAD

RECENT PRICE **301.23** P/E RATIO **8.3** (Trailing: 8.9 Median: 11.0) RELATIVE P/E RATIO **0.43** DIV'D YLD **0.5%** **VALUE LINE**

TIMELINESS 1 Raised 5/14/21
SAFETY 3 New 4/29/16
TECHNICAL 3 Lowered 12/31/21
BETA 1.20 (1.00 = Market)

High: 14.5 24.8 37.8 74.9 97.2 126.6 105.4 123.5 128.0 165.3 310.6 418.0
 Low: 5.2 13.3 20.6 37.5 53.6 79.8 68.7 80.9 67.9 74.9 55.7 274.0

LEGENDS
 --- 10.0 x "Cash Flow" p sh
 Relative Price Strength
 Options: Yes
 Shaded area indicates recession



18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$230-\$513 \$372 (25%)

2024-26 PROJECTIONS
 High Price 550 Gain (+85%) Ann'l Total Return 17%
 Low Price 365 Gain (+20%) 6%

Institutional Decisions
 10/2021 20/2021 30/2021
 to Buy 173 219 207
 to Sell 218 180 180
 Hld's(000) 25074 28332 27884

Percent shares traded
 45
 30
 15

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC 24-26	
151.38	162.29	163.22	104.39	67.81	81.10	103.99	129.16	154.72	205.48	299.96	345.14	403.98	513.97	546.24	495.26	755.00	890.15	Revenues per sh	1250.00
3.60	2.94	2.38	d7.72	1.12	1.58	2.79	3.76	4.84	6.22	8.57	9.80	10.82	14.83	15.25	21.23	42.80	42.80	"Cash Flow" per sh	52.05
2.64	1.91	1.26	d8.78	.47	.91	2.09	3.03	4.02	5.19	6.91	7.72	8.44	10.86	11.60	19.53	36.00	37.50	Earnings per sh ^A	45.85
.44	.54	.56	.33	--	.15	.26	.47	.39	.61	.76	.95	1.06	1.14	1.19	1.22	1.36	1.52	Div'ds Decl'd per sh ^B	1.80
2.75	3.77	4.66	2.80	.82	.29	1.22	2.52	1.93	3.28	3.18	4.01	4.22	6.87	5.38	6.33	6.50	6.55	Cap'l Spending per sh	5.50
23.73	25.24	25.77	12.13	11.90	12.18	14.14	16.67	20.65	25.66	31.59	36.22	43.38	52.05	63.26	100.43	153.35	163.95	Book Value per sh ^C	193.75
19.39	19.55	19.72	20.48	25.80	26.29	25.96	25.68	25.89	26.23	26.22	25.14	24.97	23.00	23.20	26.50	30.00	30.50	Common Shs Outst'g ^D	32.00
10.6	15.2	18.0	--	16.1	9.6	8.4	9.3	14.2	14.7	15.3	11.1	12.1	8.7	10.3	9.4	9.5		Avg Ann'l P/E Ratio	10.0
.56	.82	.96	--	1.07	.61	.53	.59	.80	.77	.77	.58	.61	.47	.55	.48	.50		Relative P/E Ratio	.55
1.6%	1.9%	2.5%	4.8%	--	1.7%	1.5%	1.7%	.7%	.8%	.7%	1.1%	1.0%	1.2%	1.0%	.7%	4%		Avg Ann'l Div'd Yield	.4%

CAPITAL STRUCTURE as of 9/30/21
 Total Debt \$3811.3 mill. Due in 5 Yrs \$1885 mill.
 LT Debt \$2586.1 mill. LT Interest \$138 mill.
 (total interest coverage: 6.3x)

(36% of capital)
Leases, Uncapitalized Annual rentals \$41.3 mill.
No Defined Benefit Pension Plan
Preferred Stock None

Common Stock 30,279,561 shares
as of 10/27/21

MARKET CAP: \$9.1 billion (Large Cap)

CURRENT POSITION	2019	2020	9/30/21
Cash Assets	84.0	160.2	137.8
Receivables	505.0	614.0	812.6
Inventory (LIFO)	2433.7	2492.9	2012.6
Other	47.8	70.5	112.5
Current Assets	3070.5	3337.6	3075.5
Accts Payable	125.3	158.2	248.1
Debt Due	2106.9	1863.2	1225.2
Other	336.9	458.3	708.5
Current Liab.	2569.1	2479.7	2181.8

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '18-'20
Revenues	20.0%	18.5%	16.0%
"Cash Flow"	--	21.0%	20.5%
Earnings	--	21.0%	22.0%
Dividends	22.0%	15.0%	7.0%
Book Value	19.5%	22.5%	18.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.) ^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2018	2659.7	3096.5	3092.0	2973.2	11821.4
2019	2849.7	3221.7	3332.3	3269.0	12672.7
2020	2803.8	2758.6	3620.2	3941.8	13124.3
2021	4343.0	6009.4	6169.8	6127.8	22650
2022	6150	6500	7000	7500	27150

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2018	2.07	2.44	3.84	2.54	10.86
2019	2.42	2.63	3.64	2.89	11.60
2020	1.97	3.38	6.84	7.02	19.53
2021	5.81	10.75	10.11	9.33	36.00
2022	5.90	10.90	10.50	10.20	37.50

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2018	.27	.29	.29	.29	1.14
2019	.29	.29	.30	.30	1.18
2020	.30	.30	.31	.31	1.22
2021	.31	.35	.35	.35	1.36
2022					

BUSINESS: Lithia Motors, Inc. operates automotive franchises and is a retailer of new and used vehicles and related services. As of 12/31/20, it offered 33 brands of new vehicles and all brands of used vehicles in 210 stores in the U.S. The company sells cars via its web sites: Lithia.com and DCHauto.com. Its largest concentration of dealerships are located in California, Oregon, Texas, and

Lithia Motors' near-term business prospects look promising. Demand for used vehicles is expected to remain high in the coming months. Also, due to the ongoing supply and demand imbalance, average selling prices will likely stay elevated. So far, the company has enjoyed a 24% increase in same-store new vehicle revenue thanks to rising (12%) average selling prices. Moreover, the company is successfully growing its used and new vehicle inventory through acquisitions, which is in line with the growth plan (more below). **Considering the encouraging nine-month performance, we have raised our share-net estimates.** The company is progressing nicely with the growth plan and is upgrading its digital capabilities to win new customers. Although the overall market dynamics remain challenging, higher average selling prices will likely counterbalance softness in the supply of retail units. In all, we have raised our 2021 and 2022 share earnings calls by \$2.50 and \$2.25, to \$36.00 and \$37.50, respectively. **Lithia Motors is on track with its five-year plan, but delays are probable.**

New Jersey, Inc.; OR. Employs approximately 14,500 individuals. President & CEO: Bryan B. DeBoer. Chairman: Sidney DeBoer. Officers & directors own less than 1.0% of class A shares; Lithia Holding Company, LLC and Chairman Sidney B. DeBoer together own 100% of the B shares (3/21 Proxy). Addr.: 150 N. Bartlett St. Medford, OR 97501. Tel.: 541-776-6401. Internet: www.lithia.com

investors may recall that the company aspires to generate \$50 billion in revenues and \$50 per share in earnings by 2025. The auto retailer completed its first year of the plan and acquired nearly 48% of the targeted \$20 billion in revenue through acquisitions. Management continues to identify accretive deals that can expand Lithia's footprint and support its five-year strategy. We have adopted a conservative 3- to 5-year stance considering the ongoing industrywide supply-chain drawbacks and car shortages, which may hinder the aspired top- and bottom-line targets. **Driveway, the digital platform, will likely support its e-commerce channel.** Shopping vehicles online should boost the auto retailer's digital sales and improve customer retention. The platform is gaining popularity as indicated by the third quarter's 18% year-over-year gain in same-store online traffic. Also, 25% of total retail units were transacted digitally. **Timely shares of Lithia Motors have above-average long-term capital appreciation potential at the recent quotation.**

(A) Fully dil. eqs. May not sum due to rdg./shs. out. Excludes discontinued ops: '14, \$0.12; '13, \$0.03; '12, \$0.04; '11, \$0.12; '10, (\$0.01); '09, \$0.14. Excl. nonrecurring items: '14, (\$0.05); '10, (\$0.38); '09, (\$0.20). '17 excl. tax benefit, \$1.31. Next earnings report due late April. (B) Dividends historically paid in late March, May, August, and November. (C) Includes intangibles. In '20: \$943.2 million, \$35.59 a share. (D) In millions. (E) 2020 rev. may not sum due to rdg.

Company's Financial Strength		B++
Stock's Price Stability		35
Price Growth Persistence		75
Earnings Predictability		65

January 21, 2022