

Automotive Industry Trend Analysis (Domestic)

Sales - Merchandising and Staffing Guidelines	2013	2014	2015	2016	2017	2018
New Vehicle						
New Vehicle Supply in days	105.4	98.7	100.3	95.0	108.4	109.0
Number of units older than 90 days	34.5			β		
Units per salesperson (New) per month	9.3			12.0		11.0
Gross Cars - before F&I	\$ 1,185	\$ 1,037	\$ 1,305	\$ 1,094	\$ 827	\$ 939
Gross Trucks - before F&I	\$ 1,358	\$ 1,251	\$ 1,292	\$ 1,493	\$ 1,501	\$ 1,338
Sales Ratio: new to used	1.5:1	1.8:1	1.3:1	1.29:1	1.3:1	1.15:
Departmental G/P as % of Total Dealership G/P				18.5%		26.0%
Gross Productivity						
New Vehicle						
Gross profit as a % of sales	7.2%	6.7%	4.7%	4.6%	4.7%	4.7%
Net profit as a % of sales	1.2%	1.9%	1.3%	1.9%	0.7%	1.4%
F&I penetration Rate%						
Finance contract (exc retail lease)	71.3%	72.5%	82.3%	β		
Finance contract (inc retail lease)	74.1%	77.0%	80.8%	73.6%	76.3%	80.4%
Insurance	20.1%	30.9%	35.9%	β		
Extended Service	43.3%	49.4%	45.0%	42.2%	52.8%	46.1%
Finance Gross per financed veh.	\$ 875	\$ 699	\$ 792	β		
Insurance Gross per insured veh	\$ 410	\$ 503	\$ 573	β		
Finance & Insurance Gross per financed veh.				\$ 969	\$ 644	\$ 869
Ext Service Gross per contract	\$ 907	\$ 833	\$ 842	\$ 847	\$ 860	\$ 901
All New Other Income per new vehicle sold				\$ 334		\$ 1,092
Expense Control Structure Guidelines						
New Vehicle						
Total expense as a % of vehicle G/P	108.3%	78.3%	101.7%	90.6%	94.5%	89.3%
Compensation as a % of veh GP						
Salesperson	21.7%	23.6%	29.6%	20.3%	21.5%	21.1%
Supervision	18.2%	16.4%	16.4%	14.1%	24.0%	12.9%
F&I comp as % of F&I income	20.7%	18.2%	18.5%	18.0%	22.3%	20.3%
Personnel Exp as a % of G/P	48.4%	48.2%	48.6%	38.8%	43.3%	41.1%
Gross Advertising as a % of Veh G/P	17.5%	24.8%	26.0%	19.7%		29.2%
Gross Advertising Reimbursement as a % of veh. G/P				-10.4%		25.2%
Net Advertising per retail unit sold	\$ 371	\$ 339	\$ 386	\$ 235		\$ 389
Gross Floor plan int as a % of Veh G/P	-9.7%	8.2%	0.2%	7.9%	7.7%	26.5%
Gross Floor plan int. reimbursement as a % of veh. G/P				-14.60%		13.90%
Policy Exp as a % of veh. G/P				2.00%		2.30%

Performance Measures						
Key Indicator Ratios						
Current Ratio	1.28	1.33	1.14	1.40	1.21	1.30
Debt to Equity Ratio	3.67	3.67	4.24	4.10	5.53	5.40

† - Too few data points to arrive at a meaningful average
β - Category discontinued

Sales - Merchandising & Staffing Guidelines	2013	2014	2015	2016	2017	2018
Used Vehicle						
Used Vehicle supply (in days)	51.2	57.1	54.0	60.0	57.0	54.0
Number of units older than 90 days	10.3			β		
Units per salesperson (N&U) per month	33.6	10.6	14.8	12.0	13.0	12.0
Gross Cars - Before F&I	\$ 1,495	\$ 1,329	\$ 1,355	\$ 1,614	\$ 1,407	\$ 1,486
Gross Trucks - before F&I	\$ 2,015	\$ 1,722	\$ 1,658	\$ 2,082	\$ 1,808	\$ 1,678
Departmental G/P as a % of Total Dealership G/P				21.50%		18.70%
Gross Productivity						
Used Vehicle						
Gross profit as a % of sales	11.0%	9.9%	9.0%	9.2%	8.7%	8.4%
Net profit as a % of sales	3.8%	4.0%	4.1%	3.3%	3.2%	3.8%
F&I Penetration Rate %						
Finance income (excl retail lease)	58.6%	64.6%	64.5%	63.9%	61.7%	64.7%
Insurance	19.9%	30.3%	30.4%	β		
Extended Service	41.6%	47.0%	49.4%	45.5%	46.7%	47.5%
Finance Gross per financed vehicle	\$ 762	\$ 695	\$ 710	\$ 846		\$ 887
Insurance Gross per insured vehicle	\$ 387	\$ 469	\$ 519	\$ 935	\$ 982	
Finance & Insurance Gross per financed veh.						
Ext Service Gross per contract	\$ 830	\$ 658	\$ 737	\$ 351		\$ 843
All New Other Income per new vehicle sold						1059
Expense Control Structure Guidelines						
Used Vehicle						
Total Expense as a % of Total G/P	87.0%	86.4%	83.3%	83.40%	97.00%	86.80%
Compensation as a % of veh GP						
Salesperson	24.5%	24.9%	24.4%	21.8%	29.1%	23.5%
Supervision	14.5%	16.5%	17.2%	14.8%	20.0%	13.2%
F&I comp as % of F&I income	17.7%	22.6%	20.4%	20.7%	24.3%	19.7%
Personel Exp as a % of G/P	41.4%	35.4%	33.3%	33.6%	41.1%	35.8%
Gross Advertising as a % of Veh G/P	11.7%	10.7%	9.8%	10.0%	8.6%	8.6%
Gross Advertising Reimbursement as a % of veh. G/P				†		†
Net Advertising per retail unit sold	\$ 299	\$ 290	\$ 157	\$ 219	\$ 210	\$ 198
Gross Floor plan int as a % of Veh G/P	1.2%	1.2%	1.4%	1.40%	1.60%	4.00%
Gross Floor plan int. reimbursement as a % of veh. G/P				†		†
Policy Expense as a % of veh. G/P				2.60%		2.30%
Reconditioning - Cars	\$ 627	\$ 658	\$ 693	\$ 799	\$ 784	\$ 742

Performance Measures						
Key Indicator Ratios						
Return on Equity (ROE)	52.4%	52.7%	41.3%	38.6%	47.4%	25.4%
Return on Assets (ROA)	11.6%	10.5%	10.3%	9.8%	7.8%	6.7%

Automotive Industry Trend Analysis (Domestic)

Sales - Merchandising and Staffing	2013	2014	2015	2016	2017	2018
Service Dept.						
Flat Hrs/RO	1.4	1.3	1.3	1.3	1.4	1.3
Technician efficiency	91.7%	87.6%	99.4%	β		
RO's/Day/Svc Advisor - Cust Pay, Warr, Int	11.1	12.7	12.4	15.3	13.5	11.5
Technicians per Service Advisor	4.1	3.4	3.8	3.6	3.5	3.6
Labor Gross per Tech (per month)	\$ 8,857	\$ 9,993	\$ 10,345	\$ 8,745	\$ 9,976	\$ 10,410
Labor Gross per Advisor (per month)	\$ 33,181	\$ 32,057	\$ 37,114	\$ 31,021	\$ 35,354	\$ 37,651
Departmental G/P as a % of Total Dealership G/P				23.2%		23.3%
Gross Productivity						
Service Dept.						
G/P as a % of sales						
Customer Pay	72.6%	71.7%	71.1%	70.8%	71.2%	71.8%
Warranty	72.2%	72.1%	72.5%	71.8%	73.7%	73.4%
Internal	69.2%	71.7%	69.8%	70.4%	72.6%	73.2%
Sublet Repairs	5.6%	6.8%	6.6%	11.2%	10.2%	10.8%
Total Department	65.4%	65.4%	64.0%	65.6%	66.2%	66.0%
Net Profit as a % of Sales	15.4%	19.7%	19.1%	19.3%	20.4%	20.1%
Expense Control Structure Guidelines						
Service Dept.						
Total expense as a % of Total GP	84.2%	70.3%	70.0%	84.5%	90.4%	77.2%
Personnel Exp as a % of G/P	44.3%	41.6%	35.6%	43.5%	40.1%	41.0%
Adv & Training as a % of G/P*	6.1%		6.7%	7.5%	6.0%	7.2%
Advertising as a % of G/P **		5.7%		β		
Training as a % of G/P**		2.2%		β		
Tools, Supp, Freight as a % of G/P	1.1%	2.1%	2.8%	3.2%	2.3%	0.3%
Policy Exp as a % of G/P				2.80%		3.80%

* = Info combined prior to 2014 data ** = Info separated in 2014

Sales - Merchandising and Staffing Guidelines	2013	2014	2015	2016	2017	2018
Parts Dept.						
Level of Service	88.5%			β		
Stock Order Performance	83.0%			β		
Parts \$ sold per Labor \$ sold						
Cust Repair	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 0.9
Warranty	\$ 1.2	\$ 1.3	\$ 1.1	\$ 1.2	\$ 1.1	\$ 1.2
Internal	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0	\$ 0.9	\$ 1.0
Dept Gross per Employee (per month)	\$ 15,689	\$ 15,474	\$ 15,513	\$ 17,219	\$ 15,276	\$ 21,533
Departmental G/P as a % of Total Dealership G/P				15.60%		17.70%
Gross Productivity						
Parts Dept.						
G/P as a % of Sales						
Customer Pay	38.4%	38.4%	38.0%	36.9%	40.2%	38.2%
Warranty	32.3%	32.9%	33.7%	33.3%	32.1%	36.4%
Internal	26.6%	26.6%	27.1%	30.3%	28.1%	30.1%
Counter Retail	34.1%	34.3%	34.4%	33.8%	32.5%	30.7%
Wholesale	18.0%	16.1%	18.0%	18.7%	18.6%	17.1%
Customer Pay - Body Shop	32.4%	33.2%	22.0%	‡	‡	‡
Warranty - Body Shop	22.2%	N/A	N/A	‡	‡	‡
Total Dept GP%	32.2%	32.3%	32.9%	33.0%	31.8%	33.4%
Net profit as a % of Sales	15.1%	15.9%	13.4%	13.4%	12.8%	13.5%
Expense Control Structure Guidelines						
Parts Dept.						
Total Exp as % of Total G/P	62.5%	56.7%	56.2%	61.4%	56.6%	45.4%
Personnel Exp as a % of G/P	39.2%	33.6%	33.4%	32.2%	34.5%	28.7%
Advertising & Training as a % of G/P*	3.2%		4.9%	β		
Advertising as a % of G/P **		4.3%		5.0%	3.7%	3.2%
Training as a % of G/P**		0.8%		β		
Tools, Supp, Freight as a % of G/P	1.4%	1.5%	1.1%	1.3%	1.6%	0.8%
Policy as a % of G/P				1.2%		0.5%

* = Info combined prior to 2014 data ** = Info separated in 2014

Fixed Expenses - Percent of Total Gross	2013	2014	2015	2016	2017	2018
Office Staff to Total Dealership	1:11	1:10	1:12	1:10	1:10	1:10.1
Total Expenses as a % of Total Gross	81.9%	86.1%	87.9%	84.5%	89.2%	90.4%
Payroll Taxes as a % of Total Gross	4.3%	4.4%	4.4%	4.3%	4.1%	4.4%
Owners Compensation as a % of Sales	0.6%	1.0%	0.6%	0.7%	0.3%	0.4%
Rent Factor						
Percent of Total Gross	8.7%	8.3%	10.2%	8.4%	8.5%	7.6%
Gross Per Employee (total deal)	\$ 9,993	\$ 8,925	\$ 9,749	\$ 8,625	\$ 8,991	

Fixed Expenses - Percent of Total Gross	2013	2014	2015	2016	2017	2018
Absorption %	85.0%	84.4%	78.9%	71.8%	77.5%	76.1%
Net Earnings						
% of Total Sales	3.8%	3.1%	3.8%	2.9%	2.5%	2.5%
% of Total Gross	30.4%	29.7%	29.9%	26.0%	24.6%	25.7%
Personnel Expense as a % of Gross profit	40.1%	38.1%	38.1%	41.1%	49.4%	47.3%
Office Compensation as a % of Total Gross	3.3%		4.6%	4.6%	3.8%	4.1%
All Other Income Per Retail Unit Sold Less LIFO & Gains on Fixed Retail Units Sold / Administrative	\$ 835	\$ 701	\$ 528	\$ 514	\$ 706	\$ 219

‡ - Too few data points to arrive at a meaningful average

β - Category discontinued

Automotive Industry Trend Analysis (Import)

Sales - Merchandising and Staffing Guidelines	2013	2014	2015	2016	2017	2018
New Vehicle						
New Vehicle Supply in days	65.3	58.5	52.4	59.0	56.3	64.5
Number of units older than 90 days	22.5			β		
Units per salesperson (New) per month	10.7			9.8	10.4	11.6
Gross Cars - before F&I	\$ 1,332	\$ 1,173	\$ 1,039	\$ 1,002	\$ 936	\$ 846
Gross Trucks - before F&I	\$ 1,596	\$ 1,553	\$ 1,507	\$ 1,562	\$ 1,482	\$ 1,303
Sales Ratio: new to used	2:1	2:1	1.5:1	1.31:1	1.7:1	1.65:1
Departmental G/P as a % of Total Dealership G/P				25.0%		27.5%
Gross Productivity						
New Vehicle						
Gross profit as a % of sales	6.9%	7.1%	6.3%	5.9%	5.1%	4.5%
Net profit as a % of sales	1.8%	1.2%	2.1%	1.7%	1.1%	0.1%
F&I penetration Rate%						
Finance contract (exc retail lease)	76.5%	69.2%	64.1%	β		
Finance contract (inc retail lease)	72.8%	78.3%	72.9%	76.4%	76.1%	77.6%
Insurance	36.1%	35.2%	28.5%	β		
Extended Service	54.1%	37.7%	37.7%	34.6%	38.4%	36.6%
Finance Gross per financed veh.	\$ 546	\$ 644	\$ 651	β		
Insurance Gross per insured veh	\$ 232	\$ 513	\$ 456	β		
Finance & Insurance Gross per financed veh.			\$ 851		\$ 721	
Ext Service Gross per contract	\$ 726	\$ 659	\$ 640	\$ 757	\$ 873	\$ 820
All New Other Income per new vehicle sold			\$ 1,100		\$ 723	
Expense Control Structure Guidelines						
New Vehicle						
Total expense as a % of vehicle G/P	92.7%	92.0%	101.1%	104.9%	100.7%	94.1%
Compensation as a % of veh GP						
Salesperson	20.8%	19.3%	21.2%	21.2%	27.5%	25.2%
Supervision	16.7%	16.7%	15.6%	15.2%	19.4%	14.1%
F&I comp as % of F&I income	28.4%	21.6%	21.4%	21.6%	20.2%	17.7%
Personnel Exp as a % of G/P	51.4%	42.4%	48.2%	44.8%	46.5%	44.6%
Gross Advertising as a % of Veh G/P	14.6%	16.1%	15.2%	14.0%		20.5%
Gross Advertising Reimbursement as a % of veh. G/P				€		€
Net Advertising per retail unit sold	\$ 280	\$ 315	\$ 345	\$ 289		\$ 340
Gross Floor plan int as a % of Veh G/P	-6.0%	-2.0%	-2.9%	-2.4%	-3.8%	7.0%
Gross Floor plan int. reimbursement as a % of veh. G/P				-7.30%		€
Policy Exp as a % of veh. G/P				1.70%		1.20%

Performance Measures						
Key Indicator Ratios						
Current Ratio	1.19	1.48	1.38	1.40	1.31	1.50
Debt to Equity Ratio	2.70	2.76	2.05	2.90	3.36	2.80

€ - Too few data points to arrive at a meaningful average
β - Category discontinued

Sales - Merchandising & Staffing Guidelines	2013	2014	2015	2016	2017	2018
Used Vehicle						
Used Vehicle supply (in days)	75.3	48.4	46.6	43.0	57.0	61.0
Number of units older than 90 days	15.7			β		
Units per salesperson (N&U) per month	11.7	15.2	14.3	20.0	13.0	11.0
Gross Cars - Before F&I	\$ 1,647	\$ 1,547	\$ 1,655	\$ 1,858	\$ 1,856	\$ 2,129
Gross Trucks - before F&I	\$ 1,572	€	€	\$ 1,386	\$ 1,756	\$ 2,017
Departmental G/P as a % of Total Dealership G/P				20.20%		22.90%
Gross Productivity						
Used Vehicle						
Gross profit as a % of sales	12.3%	10.8%	10.1%	10.8%	9.1%	10.0%
Net profit as a % of sales	2.7%	2.5%	2.2%	2.2%	2.7%	3.2%
F&I Penetration Rate %						
Finance Income (excl retail lease)	56.9%	64.4%	64.1%	64.2%	64.2%	67.3%
Insurance	33.2%	30.4%	33.6%	β		
Extended Service	46.3%	40.0%	44.5%	43.9%	42.2%	51.2%
Finance Gross per financed vehicle	\$ 568	\$ 592	\$ 646	β		
Insurance Gross per insured vehicle	\$ 295	\$ 441	\$ 399	β		
Finance & Insurance Gross per financed veh.			\$ 751		\$ 858	
Ext Service Gross per contract	\$ 962	\$ 699	\$ 830	\$ 794	\$ 968	\$ 1,053
All New Other Income per new vehicle sold			240		713	
Expense Control Structure Guidelines						
Used Vehicle						
Total Expense as a % of Total G/P	87.7%	97.5%	87.6%	90.40%	91.10%	84.10%
Compensation as a % of veh GP						
Salesperson	20.1%	19.8%	21.6%	20.6%	28.4%	21.0%
Supervision	15.9%	14.5%	14.0%	13.3%	16.4%	11.6%
F&I comp as % of F&I income	15.8%	23.6%	17.2%	18.1%	19.9%	19.7%
Personel Exp as a % of G/P	42.0%	39.3%	32.2%	40.3%	46.2%	38.9%
Gross Advertising as a % of Veh G/P	9.6%	11.3%	10.6%	10.1%	13.7%	10.6%
Gross Advertising Reimbursement as a % of veh. G/P				€		€
Net Advertising per retail unit sold	\$ 183	\$ 211	\$ 270	\$ 239	\$ 242	\$ 282
Gross Floor plan int as a % of Veh G/P	1.8%	1.9%	1.4%	0.90%	1.20%	2.30%
Gross Floor plan int. reimbursement as a % of veh. G/P				€		€
Policy Exp as a % of veh. G/P				1.30%		1.20%
Reconditioning - Cars & Trucks	\$ 794	\$ 857	\$ 967	\$ 877	\$ 1,265	\$ 1,114

Performance Measures						
Key Indicator Ratios						
Return on Equity (ROE)	37.2%	43.6%	43.5%	36.6%	37.9%	34.2%
Return on Assets (ROA)	11.0%	14.0%	14.1%	12.4%	11.6%	9.8%

Automotive Industry Trend Analysis (Import)

Sales - Merchandising and Staffing	2013	2014	2015	2016	2017	2018
Service Dept.						
Flat Hrs/RO	1.6	1.6	1.5	1.3	1.2	1.3
Technician efficiency	102.5%	99.9%	100.0%	β		
RO's/Day/Svc Advisor - Cust Pay, Warr, Int	11.2	15.8	14.6	16.0	15.0	15.0
Technicians per Service Advisor	3.6	3.2	3.6	3.5	3.4	3.5
Labor Gross per Tech (per month)	\$ 11,169	\$ 14,467	\$ 14,689	\$ 11,668	\$ 11,920	\$ 12,684
Labor Gross per Advisor (per month)	\$ 36,102	\$ 39,589	\$ 40,326	\$ 37,703	\$ 37,154	\$ 42,458
Departmental G/P as a % of Total Dealership G/P				28.0%		30.5%
Gross Productivity						
Service Dept.						
G/P as a % of sales						
Customer Pay	76.8%	75.9%	73.9%	75.6%	75.5%	75.8%
Warranty	78.4%	80.5%	79.4%	77.3%	78.2%	78.8%
Internal	74.1%	75.8%	69.8%	75.5%	71.1%	73.2%
Sublet Repairs	13.3%	13.4%	14.8%	10.3%	10.9%	11.2%
Total Department	71.3%	71.5%	69.6%	70.9%	68.3%	70.2%
Net Profit as a % of Sales	17.2%	19.0%	17.5%	13.3%	14.4%	16.9%
Expense Control Structure Guidelines						
Service Dept.						
Total expense as a % of Total GP	77.0%	71.7%	73.1%	81.5%	75.6%	81.3%
Personnel Exp as a % of G/P	42.2%	37.7%	38.5%	37.9%	31.9%	40.6%
Adv & Training as a % of G/P*	5.1%		3.6%	4.4%	5.4%	5.0%
Advertising as a % of G/P **		2.8%		β		
Training as a % of G/P**		2.1%		β		
Tools, Supp, Freight as a % of G/P	0.0%	-0.4%	-0.2%	0.1%	-0.8%	-0.4%
Policy Exp as a % of G/P				1.90%		1.80%

* = Info combined prior to 2014 data ** = Info separated in 2014

Sales - Merchandising and Staffing Guidelines	2013	2014	2015	2016	2017	2018
Parts Dept.						
Level of Service	90.2%			β		
Stock Order Performance	91.0%			β		
<u>Parts \$ sold per Labor \$ sold</u>						
Cust Repair	\$ 0.8	\$ 0.8	\$ 0.6	\$ 0.9	\$ 0.9	\$ 0.7
Warranty	\$ 1.2	\$ 1.4	\$ 1.3	\$ 1.5	\$ 1.6	\$ 1.3
Internal	\$ 1.0	\$ 0.8	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7
Dept Gross per Employee (per month)	\$ 18,877	\$ 16,738	\$ 20,268	\$ 19,326	\$ 18,110	\$ 21,038
Departmental G/P as a % of Total Dealership G/P				15.80%		15.90%
Gross Productivity						
Parts Dept.						
G/P as a % of Sales						
Customer Pay	40.0%	38.5%	38.9%	39.4%	39.8%	39.7%
Warranty	32.0%	34.0%	37.4%	35.5%	34.3%	39.1%
Internal	24.9%	30.1%	33.1%	31.2%	31.7%	33.6%
Counter Retail	31.5%	32.8%	33.5%	33.2%	33.1%	32.2%
Wholesale	18.4%	18.8%	18.6%	18.8%	18.3%	20.9%
Customer Pay - Body Shop	34.8%	33.4%	‡	‡	‡	‡
Warranty - Body Shop	‡	‡	‡	‡	‡	‡
Total Dept GP%	31.7%	31.9%	33.3%	32.5%	32.1%	32.9%
Net profit as a % of Sales	15.4%	12.3%	15.0%	11.2%	10.3%	12.2%
Expense Control Structure Guidelines						
Parts Dept.						
Total Exp as % of Total G/P	61.4%	59.6%	55.0%	63.8%	38.7%	70.4%
Personnel Exp as a % of G/P	31.8%	31.6%	29.4%	30.6%	33.2%	31.3%
Advertising & Training as a % of G/P*	2.8%		1.9%	β		
Advertising as a % of G/P **		2.0%		3.6%	3.8%	3.9%
Training as a % of G/P**	2.8%	1.2%		β		
Tools, Supp, Freight as a % of G/P	1.3%	1.4%	1.4%	1.1%	1.1%	1.0%
Policy as a % of G/P				1.0%		0.2%

* = Info combined prior to 2014 data ** = Info separated in 2014

Fixed Expenses - Percent of Total Gross	2013	2014	2015	2016	2017	2018
Office Staff to Total Dealership	1.9.8	1.14	1.10	1.10	1.11	1.11
Total Expenses as a % of Total Gross	76.3%	85.7%	86.1%	86.5%	88.0%	90.6%
Payroll Taxes as a % of Total Gross	4.3%	4.4%	4.2%	4.1%	4.4%	4.8%
Owners Compensation as a % of Sales	0.5%	0.6%	0.4%	0.5%	0.2%	54.0%
Rent Factor						
Percent of Total Gross	8.8%	8.0%	9.3%	9.3%	8.9%	8.5%
Gross Per Employee (total deal)	\$ 8,749	\$ 8,787	\$ 8,906	\$ 8,606	\$ 8,987	

Fixed Expenses - Percent of Total Gross	2013	2014	2015	2016	2017	2018
Absorption %	84.4%	71.6%	84.4%	79.7%	81.0%	74.9%
Net Earnings						
% of Total Sales	3.3%	3.2%	3.1%	3.1%	2.9%	2.7%
% of Total Gross	24.7%	24.4%	24.0%	24.2%	22.4%	22.2%
Personnel Expense as a % of Gross profit	42.9%	42.0%	42.9%	42.1%	40.2%	43.0%
Office Compensation as a % of Total Gross	5.9%	0.0%	4.5%	4.5%	4.1%	4.4%
All Other Income Per Retail Unit Sold Less LIFO & Gains on Fixed Retail Units Sold / Administrative	\$ 675	\$ 735	\$ 857	\$ 738	\$ 723	\$ 276

‡ - Too few data points to arrive at a meaningful average

β - Category discontinued

Automotive Industry Trend Analysis (Highline)

Sales - Merchandising and Staffing Guidelines	2013	2014	2015	2016	2017	2018
New Vehicle						
New Vehicle Supply in days	62.7	58.1	81.4	65.5	65.1	73.6
Number of units older than 90 days	25.3			β		
Units per salesperson (New) per month	8.7			16.0	9.4	10.9
Gross Cars - before F&I	\$ 2,258	\$ 2,278	\$ 2,192	\$ 2,044	\$ 1,924	\$ 2,174
Gross Trucks - before F&I	\$ 2,314	\$ 2,464	\$ 2,713	\$ 2,660	\$ 2,544	\$ 2,440
Sales Ratio: new to used	2.1:1	2.1:1	2.0:1	1.4:1	1.7:1	1.26:1
Departmental G/P as of % of Total Dealership G/P				20.5%		24.1%
Gross Productivity						
New Vehicle						
Gross profit as a % of sales	6.0%	6.0%	5.9%	5.9%	5.7%	4.0%
Net profit as a % of sales	2.4%	2.1%	2.6%	2.4%	2.5%	0.5%
F&I penetration Rate%						
Finance contract (exc retail lease)	61.0%	54.9%	51.2%	β		
Finance contract (inc retail lease)	68.0%	66.6%	67.1%	72.5%	70.6%	68.5%
Insurance	9.7%	9.8%	7.9%	β		
Extended Service	26.4%	21.8%	21.5%	23.6%	21.0%	27.9%
Finance Gross per financed veh.	\$ 962	\$ 1,001	\$ 1,106	β		
Insurance Gross per insured veh	\$ 513	\$ 363	\$ 265	β		
Finance & Insurance Gross per financed veh.				\$ 959		\$ 1,180
Ext Service Gross per contract	\$ 638	N/A	\$ 859	\$ 788	\$ 845	\$ 1,015
All New Other Income per new vehicle sold				\$ 692		\$ 1,110
Expense Control Structure Guidelines						
New Vehicle						
Total expense as a % of vehicle G/P	86.5%	78.8%	86.6%	91.3%	83.4%	95.2%
Compensation as a % of veh GP						
Salesperson	22.2%	16.9%	23.7%	21.4%	21.3%	24.1%
Supervision	19.4%	14.3%	15.8%	15.4%	15.3%	19.7%
F&I comp as % of F&I income	21.1%	25.2%	18.3%	18.8%	21.4%	27.4%
Personnel Exp as a % of G/P	43.5%	37.3%	33.0%	38.4%	38.7%	43.7%
Gross Advertising as a % of Veh G/P	11.8%	15.7%	17.6%	15.8%		12.5%
Gross Advertising Reimbursement as a % of veh. G/P				‡		
Net Advertising per retail unit sold	\$ 347	\$ 402	\$ 439	\$ 257		\$ 463
Gross Floor plan int as a % of Veh G/P	-7.2%	3.1%	6.2%	7.0%	10.0%	11.2%
Gross Floor plan int. reimbursement as a % of veh. G/P				‡		‡
Policy Exp as a % of veh. G/P				1.20%		1.00%

Performance Measures						
Key Indicator Ratios						
Current Ratio	1.22	1.40	1.35	1.40	1.32	1.50
Debt to Equity Ratio	2.50	2.17	2.09	3.10	2.87	3.00

‡ - Too few data points to arrive at a meaningful average
β - Category discontinued

Sales - Merchandising & Staffing Guidelines	2013	2014	2015	2016	2017	2018
Used Vehicle						
Used Vehicle supply (in days)	47.6	50.6	56.6	56.0	58.6	54.1
Number of units older than 90 days	14.0			β		
Units per salesperson (N&U) per month	10.8	12.1	24.4	28.1	11.0	11.6
Gross Cars - Before F&I	\$ 2,647	\$ 2,378	\$ 2,184	\$ 1,891	\$ 1,927	\$ 2,005
Gross Trucks - before F&I	\$ 2,203	‡	‡	‡	‡	\$ 2,631
Departmental G/P as a % of Total Dealership G/P				14.00%		14.50%
Gross Productivity						
Used Vehicle						
Gross profit as a % of sales	8.4%	8.5%	7.1%	7.6%	7.1%	6.1%
Net profit as a % of sales	1.5%	1.7%	1.6%	0.4%	0.3%	0.5%
F&I Penetration Rate %						
Finance income (excl retail lease)	56.2%	61.9%	57.8%	64.8%	64.1%	55.5%
Insurance	11.7%	13.8%	12.9%	β		
Extended Service	27.8%	25.6%	23.5%	30.8%	28.7%	29.3%
Finance Gross per financed vehicle	\$ 801	\$ 671	\$ 740	β		
Insurance Gross per insured vehicle	\$ 504	\$ 529	\$ 431	β		
Finance & Insurance Gross per financed veh.				\$ 860		\$ 903
Ext Service Gross per contract	\$ 828	\$ 821	\$ 858	\$ 953	\$ 1,077	\$ 1,147
All New Other Income per new vehicle sold				434		‡
Expense Control Structure Guidelines						
Used Vehicle						
Total Expense as a % of Total G/P	86.8%	85.3%	83.0%	107.40%	103.00%	97.20%
Compensation as a % of veh GP						
Salesperson	21.1%	21.6%	22.7%	21.5%	27.3%	27.5%
Supervision	14.9%	13.8%	15.6%	14.1%	13.5%	19.7%
F&I comp as % of F&I income	24.6%	22.7%	15.1%	18.7%	18.8%	21.4%
Personel Exp as a % of G/P	45.3%	38.7%	33.8%	35.8%	44.3%	45.6%
Gross Advertising as a % of Veh G/P	8.3%	10.1%	10.4%	10.6%	12.4%	11.3%
Gross Advertising Reimbursement as a % of veh. G/P				‡		‡
Net Advertising per retail unit sold	\$ 236	\$ 264	\$ 208	\$ 264	\$ 188	\$ 193
Gross Floor plan int as a % of Veh G/P	0.8%	0.7%	0.7%	1.10%	2.00%	4.20%
Gross Floor plan int. reimbursement as a % of veh. G/P				‡		‡
Policy Exp as a % of veh. G/P				1.10%		1.60%
Reconditioning - Cars & Trucks	\$ 879	\$ 1,028	\$ 999	\$ 1,195	\$ 1,256	\$ 1,345

Performance Measures						
Key Indicator Ratios						
Return on Equity (ROE)	46.0%	50.8%	45.8%	49.9%	49.9%	42.8%
Return on Assets (ROA)	15.0%	15.1%	12.1%	12.0%	12.0%	10.4%

Automotive Industry Trend Analysis (Highline)

Sales - Merchandising and Staffing	2013	2014	2015	2016	2017	2018
Service Dept.						
Flat Hrs/RO	1.9	1.8	2.0	1.9	1.7	1.8
Technician efficiency	107.1%	97.1%	91.3%	β		
RO's/Day/Svc Advisor - Cust Pay, Warr, Int	12.3	15.2	15.2	15.5	14.9	12.2
Technicians per Service Advisor	3.9	4.3	4.0	3.5	3.6	3.2
Labor Gross per Tech (per month)	\$ 15,619	\$ 14,782	\$ 18,793	\$ 16,173	\$ 15,870	\$ 17,349
Labor Gross per Advisor (per month)	\$ 53,709	\$ 58,425	\$ 64,886	\$ 51,849	\$ 55,228	\$ 52,327
Departmental G/P as a % of Total Dealership G/P				36.8%		35.6%
Gross Productivity						
Service Dept.						
G/P as a % of sales						
Customer Pay	78.1%	78.6%	78.6%	78.4%	79.1%	76.8%
Warranty	79.0%	79.7%	79.3%	80.7%	80.6%	80.4%
Internal	74.7%	75.9%	75.9%	77.5%	76.7%	76.7%
Sublet Repairs	15.6%	15.3%	14.1%	14.0%	13.4%	14.7%
Total Department	65.0%	72.2%	71.7%	72.3%	72.5%	71.0%
Net Profit as a % of Sales	21.9%	20.2%	15.8%	22.2%	20.0%	13.7%
Expense Control Structure Guidelines						
Service Dept.						
Total expense as a % of Total GP	74.2%	76.0%	80.8%	83.6%	78.4%	83.3%
Personnel Exp as a % of G/P	36.0%	36.8%	38.3%	36.3%	32.3%	36.3%
Adv & Training as a % of G/P*	3.5%		4.2%	4.9%	4.2%	4.1%
Advertising as a % of G/P **		3.4%		β		
Training as a % of G/P**		1.8%		β		
Tools, Supp, Freight as a % of G/P	-0.7%	-0.9%	-1.5%	1.1%	1.2%	-1.0%
Policy Exp as a % of G/P				2.70%		2.00%

* = Info combined prior to 2014 data ** = Info separated in 2014

Sales - Merchandising and Staffing Guidelines	2013	2014	2015	2016	2017	2018
Parts Dept.						
Level of Service	89.2%			β		
Stock Order Performance	88.6%			β		
<u>Parts \$ sold per Labor \$ sold</u>						
Cust Repair	\$ 0.7	\$ 0.8	\$ 0.9	\$ 0.8	\$ 0.8	\$ 0.7
Warranty	\$ 1.3	\$ 1.4	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.4
Internal	\$ 0.8	\$ 0.8	\$ 0.7	\$ 0.6	\$ 0.7	\$ 0.7
Dept Gross per Employee (per month)	\$ 25,904	\$ 28,033	\$ 25,572	\$ 27,008	\$ 26,957	\$ 23,796
Departmental G/P as a % of Total Dealership G/P				20.00%		24.40%
Gross Productivity						
Parts Dept.						
G/P as a % of Sales						
Customer Pay	43.1%	42.4%	41.8%	42.8%	40.7%	39.3%
Warranty	33.9%	36.2%	34.6%	35.1%	37.3%	36.4%
Internal	31.6%	29.6%	29.9%	33.2%	29.8%	32.9%
Counter Retail	37.3%	36.4%	36.1%	36.7%	36.7%	33.7%
Wholesale	24.9%	24.4%	24.6%	23.4%	25.6%	23.7%
Customer Pay - Body Shop	19.7%	‡	‡	‡	‡	‡
Warranty - Body Shop	N/A	‡	‡	‡	‡	‡
Total Dept GP%	34.3%	34.6%	33.7%	34.0%	34.6%	33.4%
Net profit as a % of Sales	16.2%	12.4%	11.4%	10.4%	11.4%	11.2%
Expense Control Structure Guidelines						
Parts Dept.						
Total Exp as % of Total G/P	61.3%	59.3%	65.2%	66.1%	66.3%	68.6%
Personnel Exp as a % of G/P	32.4%	33.0%	31.3%	36.3%	35.1%	33.8%
Advertising & Training as a % of G/P*	2.0%		2.8%	β		
Advertising as a % of G/P **		1.7%		2.8%	3.4%	3.1%
Training as a % of G/P**		0.5%		β		
Tools, Supp, Freight as a % of G/P	1.3%	1.5%	1.7%	1.3%	1.2%	0.7%
Policy as a % of G/P				0.7%		0.8%

* = Info combined prior to 2014 data ** = Info separated in 2014

Fixed Expenses - Percent of Total Gross	2013	2014	2015	2016	2017	2018
Office Staff to Total Dealership	1:12	1:9	1:14	1:7	1:10	1:8
Total Expenses as a % of Total Gross	72.3%	81.6%	88.3%	90.2%	91.8%	93.6%
Payroll Taxes as a % of Total Gross	4.0%	4.0%	4.1%	4.3%	4.5%	4.1%
Owners Compensation as a % of Sales	0.8%	0.8%	0.9%	0.6%	0.3%	0.3%
Rent Factor						
Percent of Total Gross	8.2%	10.3%	10.2%	11.2%	10.2%	11.5%
Gross Per Employee (total deal)				\$ 10,531	\$ 9,232	\$ 9,970

Fixed Expenses - Percent of Total Gross	2013	2014	2015	2016	2017	2018
Absorption %	91.2%	89.0%	88.1%	81.8%	81.5%	79.8%
Net Earnings						
% of Total Sales	4.5%	4.3%	3.5%	3.5%	3.7%	3.5%
% of Total Gross	37.2%	37.9%	32.9%	30.2%	29.8%	30.9%
Personnel Expense as a % of Gross profit	41.6%	39.4%	40.6%	40.6%	45.0%	44.3%
Office Compensation as a % of Total Gross	4.6%		4.2%	4.7%	3.9%	3.5%
All Other Income Per Retail Unit Sold Less LIFO & Gains on Fixed Retail Units Sold / Administrative			\$ 1,212	\$ 1,066	\$ 1,149	\$ 1,519
			\$ 140	\$ 134	\$ 144	

‡ - Too few data points to arrive at a meaningful average

β - Category discontinued