

Higher-margin business units deliver for publics

The six publicly traded dealership groups effectively flexed the strength of their balanced business model in 2025's second quarter by pivoting toward higher-margin business lines to deliver revenue and profitability gains.

All the publics reported earnings gains, and the peer group delivered a 17.7% increase in collective adjusted net income. A tariff-related surge in new-vehicle sales early in the quarter and an easier comp to year-earlier results hurt by the CDK cybersecurity breach helped the peer group.

The companies delivered strong same-store revenue gains across their franchised dealership operations: a 5.5% increase in used vehicles; a 6.2% increase in finance and insurance; and a 11.1% increase in parts and service. Parts and service in particular continues to drive overall operating results, contributing 41% of overall gross profits for the publics combined in the quarter. Lithia Motors CEO Bryan DeBoer highlighted how parts and

service has diversified the company's revenue stream. "Over 60% of our net profit comes from aftersales operations," DeBoer said.

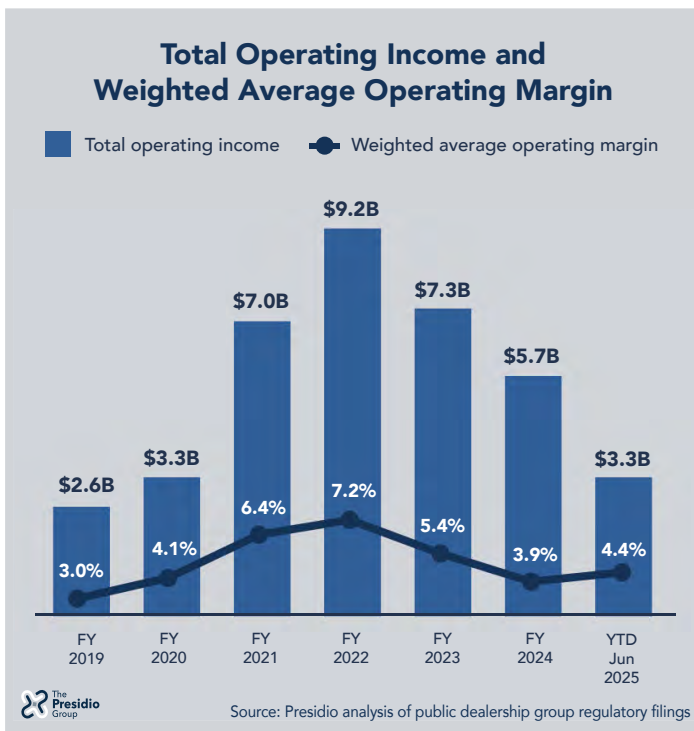
Operating margins continued to improve after hitting a five-year low of 3.9% in 2024, growing to 4.4% for the first half of 2025 for the peer group. And the publics' average liquidity position reached a new high, coming in at \$1.4 billion as of June 30. That means the retailers have ample reserves for capital deployment and strategic investment.

The publics' leaders said they generally expect a stable new-vehicle sales environment over the remainder of 2025 as the industry continues to absorb the impact of changes in U.S. tariff policy and the upcoming termination of federal EV credits. "From a margin point of view ... I do think you're going to see stability [in the new-vehicle business] for the balance of the year," AutoNation CEO Michael Manley said.

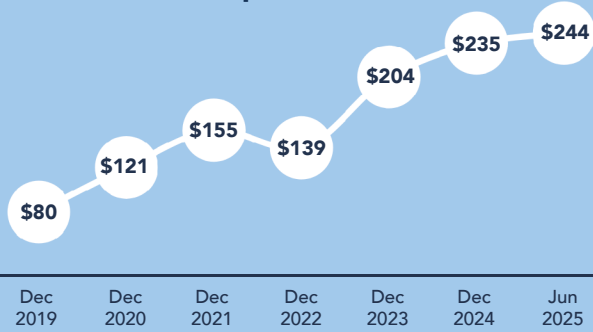
Assuming that turns out to be the case, the public dealership groups are well positioned to drive future profitability gains through strategic growth of their higher-margin business lines.

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— AutoNation CEO
Michael Manley

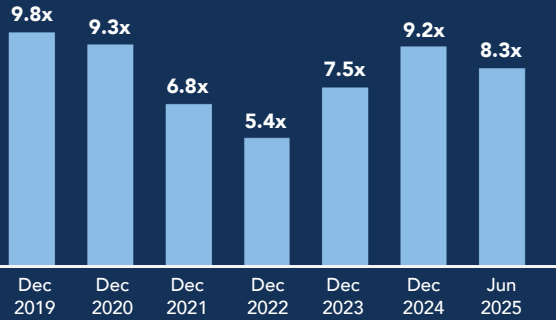


Average Public Dealership Group Stock Price



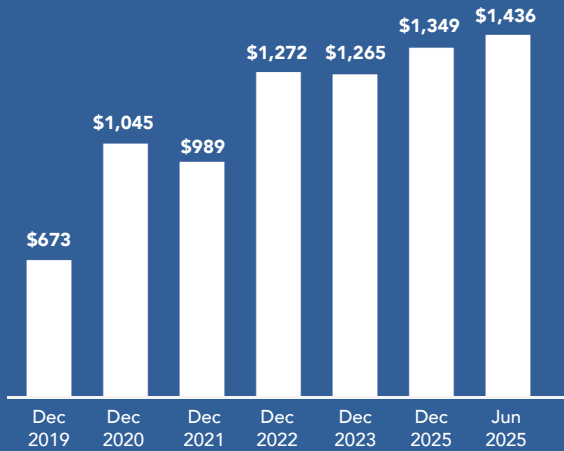
Source: Yahoo Finance, NYSE

Average Public Dealership Group EV/Adjusted EBITDA Multiple



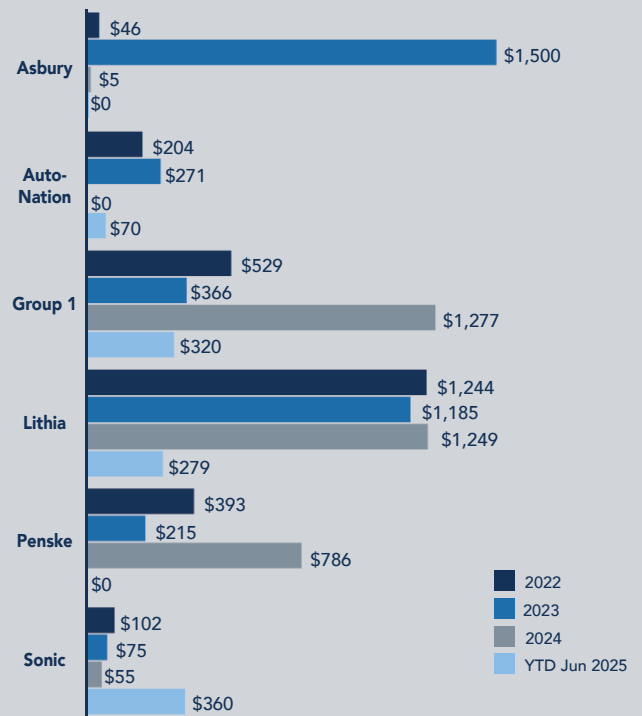
Source: Public dealership group regulatory filings, Presidio analysis

Average Public Dealership Group Liquidity Level (\$ in millions)



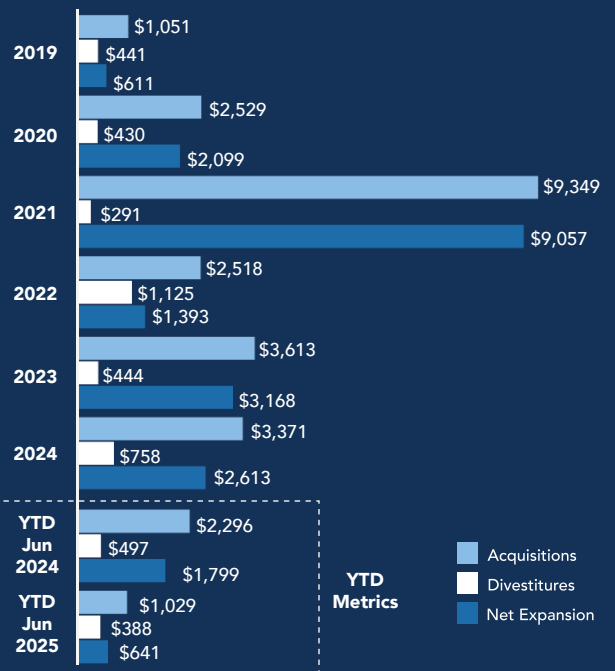
Source: Public dealership group regulatory filings

Public Dealership Group Acquisition Spending by Company (\$ in millions)



Source: Public dealership group regulatory filings

Public Dealership Group Acquisition & Divestiture Totals (\$ in millions)



Source: Public dealership group regulatory filings