

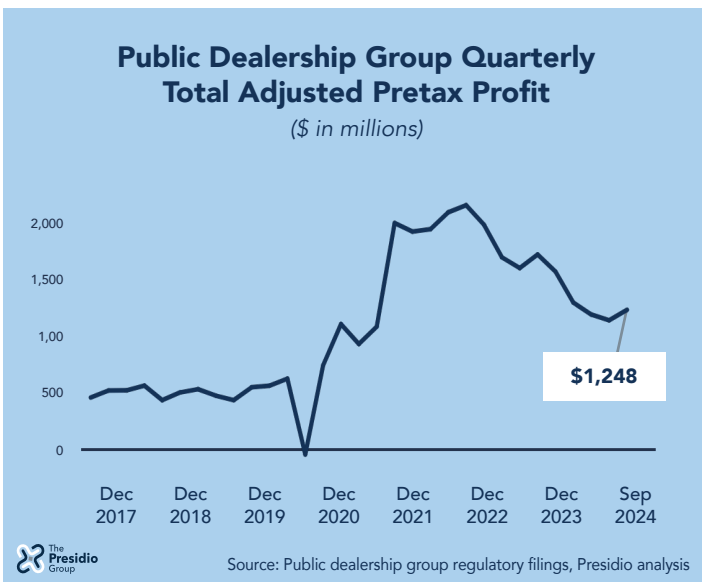
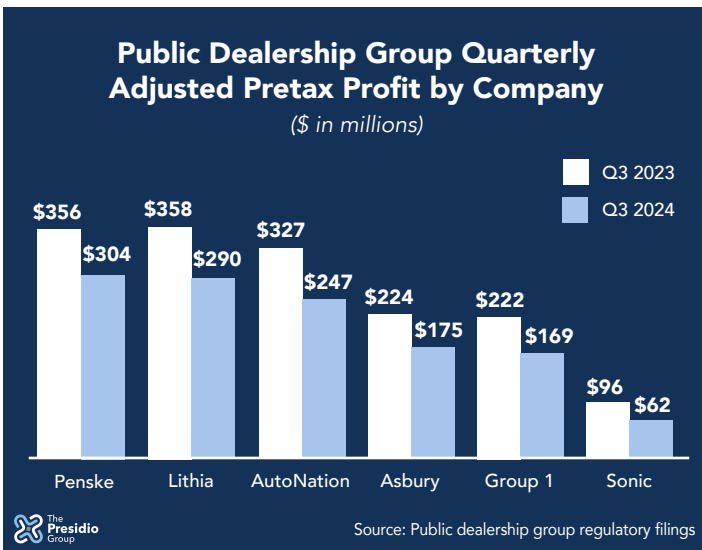
The scope, scale and financial wherewithal of the six full-line publicly traded dealership groups — with market capitalizations ranging from \$2 billion to \$10 billion — makes this competitive peer group a bellwether for strategic shifts in the automotive retail landscape. Third-quarter financial results for the franchised base signal that retailers are shifting their revenue focus to the used-vehicle and parts-and-service segments given that gross margins in the new-vehicle segment continue to narrow.

After folding in results of publicly traded used-only giants CarMax and Carvana, the used-vehicle gross margin for all public auto retailers was 7.7% in the third quarter. CarMax and Carvana posted a combined gross margin of 10.7%,

while the franchised publics recorded blended gross margin on used of 5.0%. That performance gap should garner attention and spur the franchised base to look closer at how their used-only competitors generate those superior margins. That scrutiny could prompt franchised dealers to ramp up their used-vehicle sales efforts in 2025 in a bid to capture some additional margin.

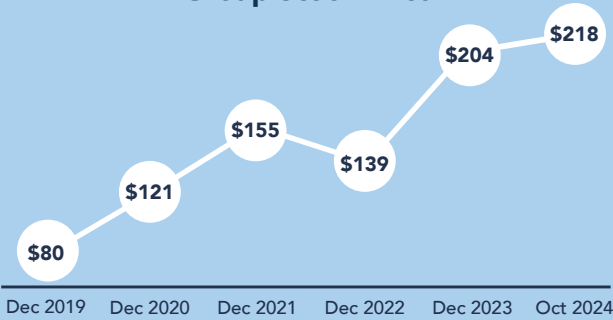
Franchised dealers already have begun to shift revenue growth efforts to parts and service, as demonstrated by the publicly traded dealership groups' record \$4.7 billion in sales from those businesses in the third quarter. The additional \$466 million in collective revenue taken in by the peer group translated into \$187 million in gross profit at 51.8% gross margin, a decrease of 130 basis points year over year. Boosting revenue while sustaining gross margin can ease franchised dealers' dependence on the declining margins of new-vehicle sales.

For the six publicly traded companies, new-vehicle gross margin has now declined on a sequential quarter-over-quarter basis for seven consecutive quarters. The peer group's blended new-vehicle margin of 6.7% for 2024's just-completed third quarter was the lowest recorded since the second quarter of 2020. This shift could serve as the motivation for retailers to deemphasize the segment.



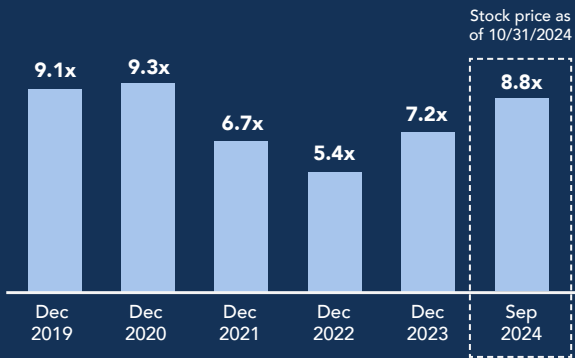
PUBLIC DEALERSHIP GROUP TRENDS

Average Public Dealership Group Stock Price



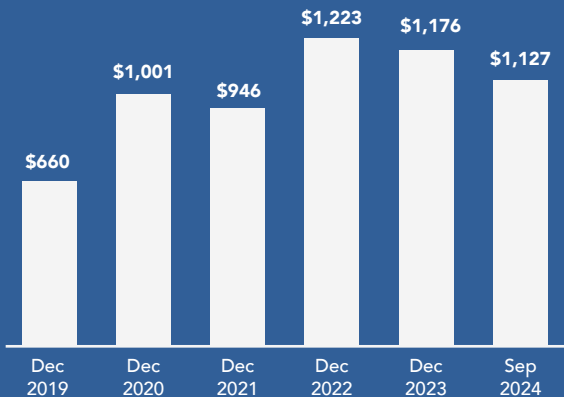
Source: Yahoo Finance, NYSE

Average Public Dealership Group EV/Adjusted EBITDA Multiple



Source: Public dealership group regulatory filings, Yahoo Finance, Presidio analysis

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

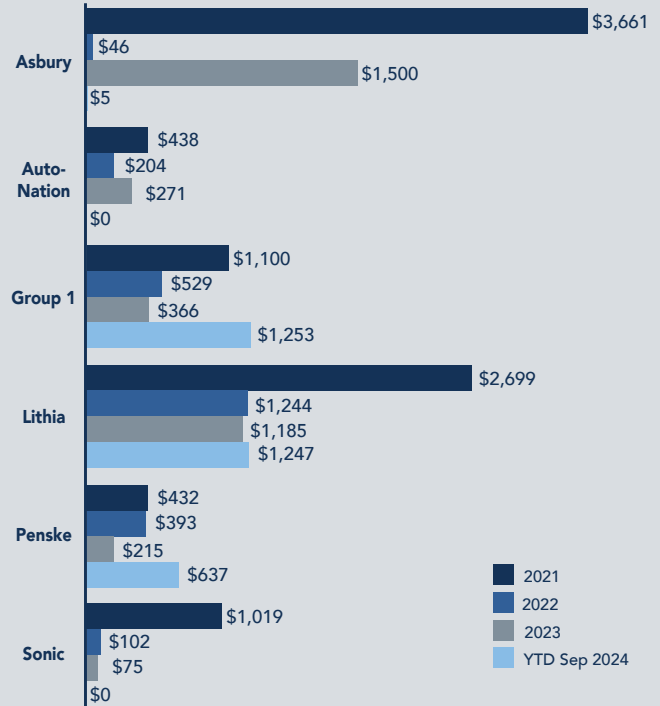


† Penske's figures include its cash totals and U.S.-only credit agreement



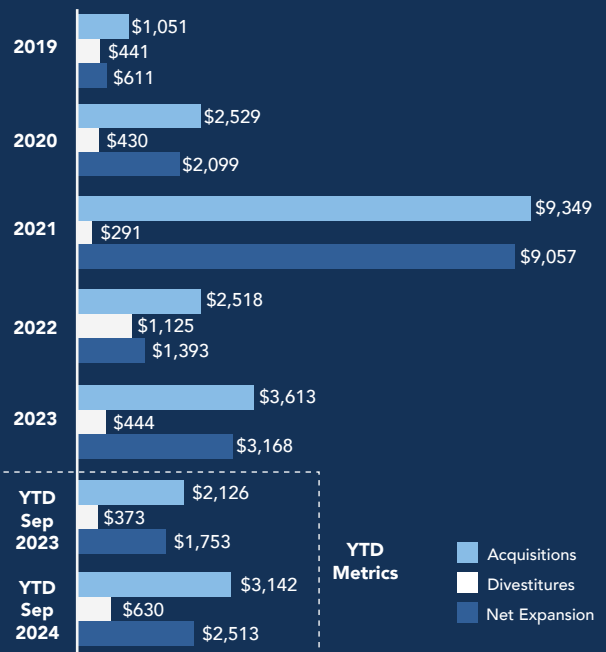
Source: Public dealership group regulatory filings

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



Source: Public dealership group regulatory filings (Asbury, AutoNation, Group 1, Lithia, Penske, Sonic)

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



Source: Public dealership group regulatory filings (Asbury, AutoNation, Group 1, Lithia, Penske, Sonic)