

# As vehicle margins ease in choppy year, publics rely more on fixed ops and F&I

The six publicly traded U.S. dealership groups entered 2026 on soft footing, as U.S. trade and economic policies delivered volatile results in 2025 and pulled demand into earlier quarters. That left the fourth quarter without a catalyst to drive vehicle sales, leading to lower profitability. Fourth-quarter and full-year 2025 results showed moderating gross profit from vehicle sales, with fixed operations and finance and insurance carrying more of the earnings load.

Collectively, the public groups — Lithia Motors Inc., AutoNation Inc., Penske Automotive Group Inc., Group 1 Automotive Inc., Asbury Automotive Group Inc. and Sonic Automotive Inc. — generated a total of \$826 million in adjusted net income in the fourth quarter, down 16% from the same period in 2024. All six reported lower adjusted net income for the quarter.

Volume and revenue in the fourth quarter reflected tariff effects and the end of electric vehicle tax credits. “New unit sales of our German luxury brands declined 20% and were impacted by pull-forward activity related to tariffs and the expiration of BEV credit,” said Rich Shearing, COO of Penske’s North American operations.

New-vehicle gross margins continued to fall in 2025 from pandemic highs as inventories and supply-demand balance improved.

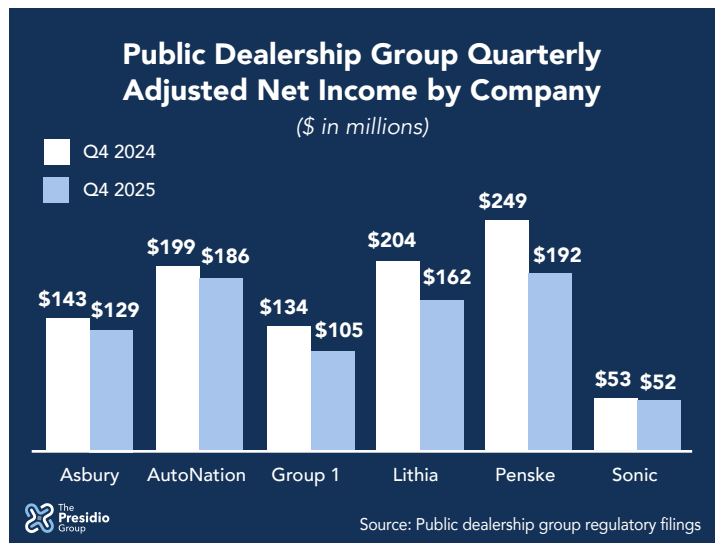
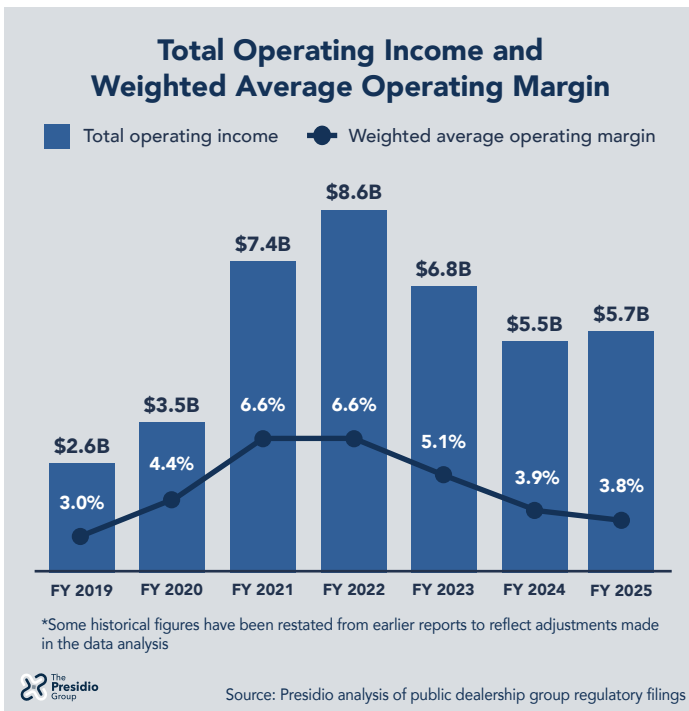
Asbury CEO David Hult said new-vehicle profitability “continued to normalize” in the fourth quarter and reiterated company expectation that the company’s per-vehicle profit will eventually stabilize between \$2,500 and \$3,000, down from the fourth quarter’s \$3,344.

Though the used-vehicle business is expected to grow in 2026 as more off-lease units come back to market, used margins haven’t broadly rebounded to earlier highs. Public retailers face less certainty around near-term front-end profit and thus are leaning more on parts, service and F&I, which have historically delivered steadier and higher-margin earnings.

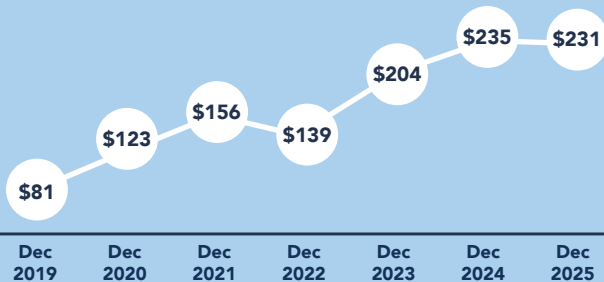
Lithia CEO Bryan DeBoer credited the company’s diversified mix, double-digit percentage growth in parts and service and stable F&I performance for helping “offset front-end pressures.”

AutoNation highlighted its finance arm as a key earnings driver, with CEO Mike Manley noting that gross profit per unit was “the highest we have had in the history of AutoNation.” Group 1 CEO Daryl Kenningham touted record gross profits in parts and service and F&I.

As 2026 unfolds, the durability of those higher-margin businesses may prove more important than any rebound in front-end gross.

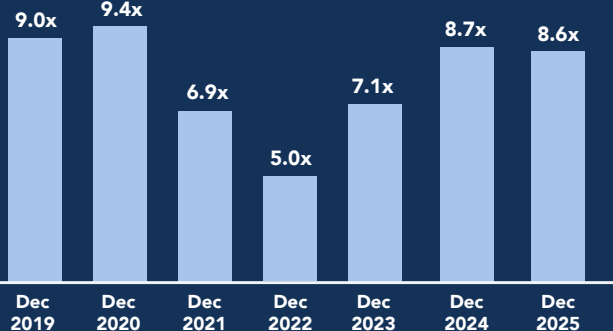


### Average Public Dealership Group Stock Price



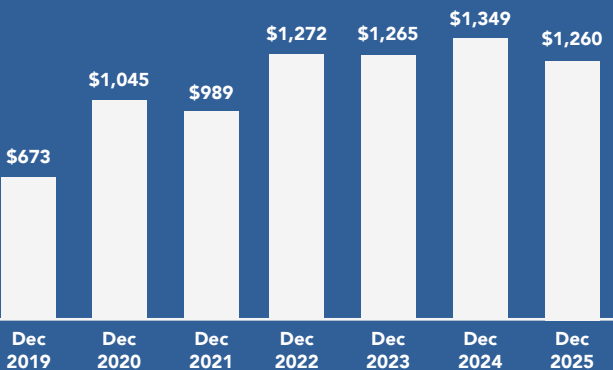
Source: Yahoo Finance, NYSE

### Average Public Dealership Group EV/Adjusted EBITDA Multiple



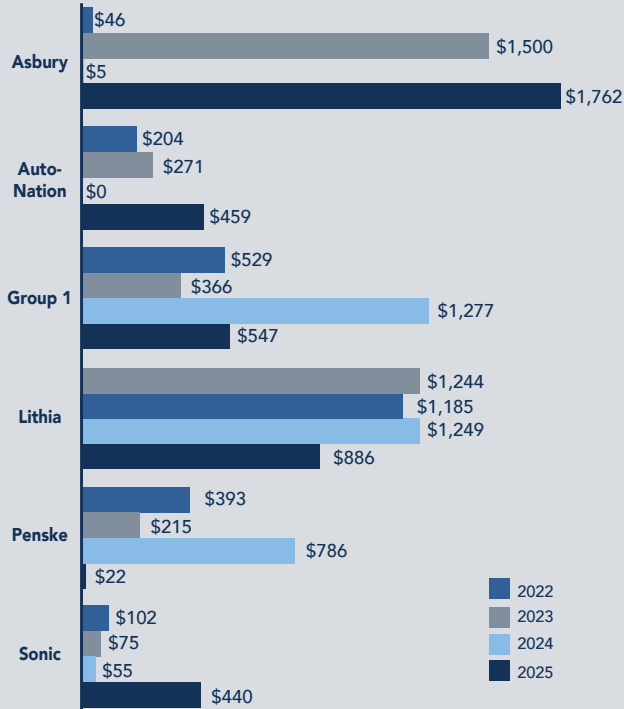
Source: Public dealership group regulatory filings, Yahoo Finance, Presidio analysis

### Public Dealership Group Average Available Liquidity (\$ in millions)



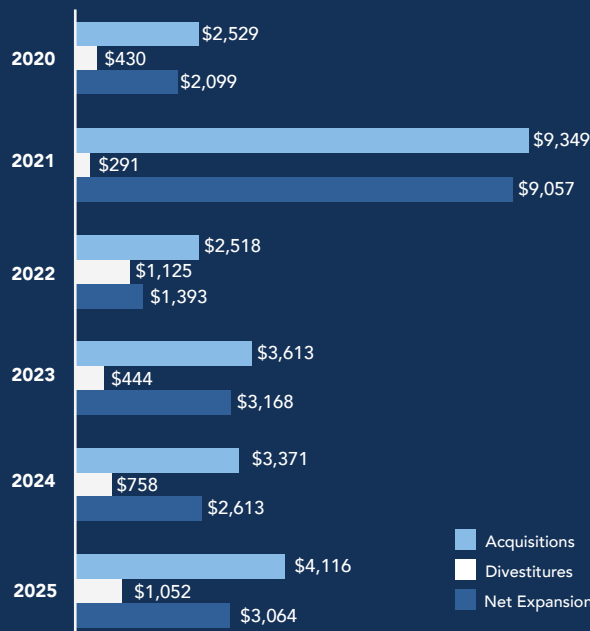
Source: Public dealership group regulatory filings

### 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)