

Colonnade Advisors F&I Products

***Quarterly Update
2020 Fourth Quarter***

F&I Product Sales Continue to Grow
as Vehicle Sales Stagnate

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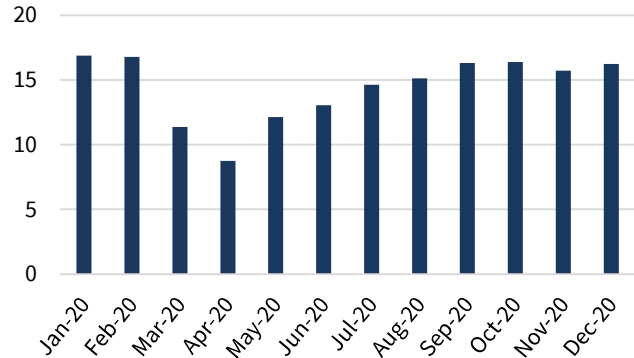


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New vehicle sales were flat

New light-vehicle sales remained at September levels in the fourth quarter of 2020, averaging 16.1 million units a month. November 2020 was the first month SAAR did not increase since bottoming out at 8.6 million units in April. New-light vehicle sales were down by 21.4% for the year, but the fourth quarter SAAR of 48.3 million units represents only a 4.5% decrease from 2019.

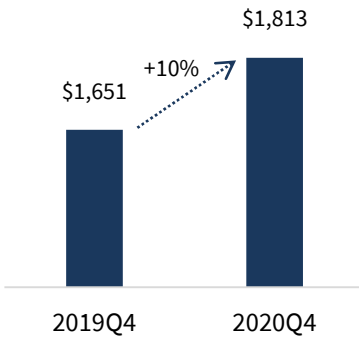
U.S. Light vehicle sales in millions (SAAR)¹



In 2020, used vehicles' percent of total sales at the six public dealerships increased an average of 4%.

Selling F&I products with new and used vehicles is a proven path to increasing dealer profits

Public Dealership Group F&I Profit per Vehicle (same as store sales)²



Dealers earn roughly \$2,200 on the sale of a new vehicle itself. Dealers can earn another \$1,200 on the sale of a vehicle service contract (VSC) or other F&I products, significantly boosting profitability. Public dealerships have demonstrated a continued focus on improving F&I product penetration to bolster profitability. The six public dealership groups average \$1,813 of F&I profit per vehicle on a same-store basis, a 10% increase from last year.

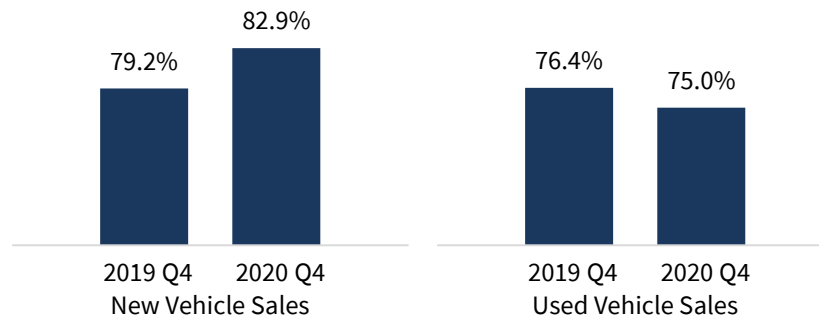
¹FRED

²Public Dealerships: AutoNation (NYSE: AN), Asbury Automotive Group (NYSE: ABG), Group 1 Automotive (NYSE: GPI), Lithia Motors (NYSE: LAD), Penske Automotive Group (NYSE: PAG), Sonic Automotive (NYSE: SAH)

F&I penetration continues to grow through the downturn

New vehicle F&I penetration continued to grow in the fourth quarter of 2020, reaching 82.9%, a 4.6% increase year over year. Used vehicle penetration decreased 1.9% from last year to 75.0%. The decrease in used vehicle penetration was driven by unusually high penetration rates on imported cars in Q4 2019. For the year, new vehicle penetration increased from 87.6% in 2019 to 90.9%, while used vehicle penetration increased from 75.0% to 76.1%.

F&I Product Penetration⁴



2020 Q4 M&A transactions in the F&I products industry⁴

Date	Target	Buyer	Category
Dec-20	Not Disclosed	Not Disclosed	Direct-to-Consumer Marketer of VSCs
Dec-20	MAJ Companies	Brown & Brown	Agency
Dec-20	PWI Holdings	Kingsway Financial Services	Administrator
Nov-20	ForeverCar	CUNA Mutual	Direct-to-Consumer Marketer of VSCs
Oct-20	Coffeen Management	National Auto Care	Agency
Oct-20	Assurance Marketing	National Auto Care	Agency
Oct-20	Bright & Associates	Brown & Brown	Agency
Oct-20	Vehicle Administrative Services	Brown & Brown	Administrator
Oct-20	CARS Protection Plus	Spectrum Automotive (Cornell Capital)	Administrator

* Colonnade clients in bold

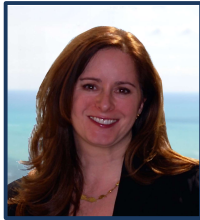
³NADA

⁴Business Wire, Auto Remarketing, PR Newswire, GlobeNewswire



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This advertisement was prepared March 31, 2021. It is not investment advice, and Colonnade undertakes no obligation to update the information contained herein.

Sources: SEC filings, regulatory filings, and company presentations, NADA, FRED, Business Wire, Auto Remarketing, PR Newswire, GlobeNewswire, public disclosure and Colonnade research

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