



F&I Products Quarterly Update: 2022 First Quarter

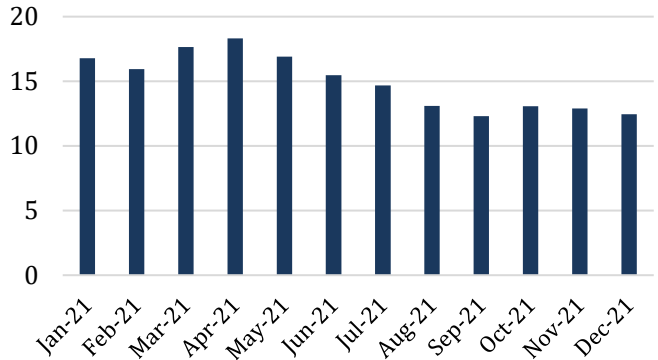


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New light-vehicle sales (SAAR) dropped in the final quarter of 2021, but rebounded strongly for the full year compared to 2020

New light-vehicle sales (SAAR) fell from 13.3MM units in Q3 2021 to 12.8MM units in Q4 2021. Helped by strong first-half volume, SAAR for 2021 rose 3.3% compared to 2020.

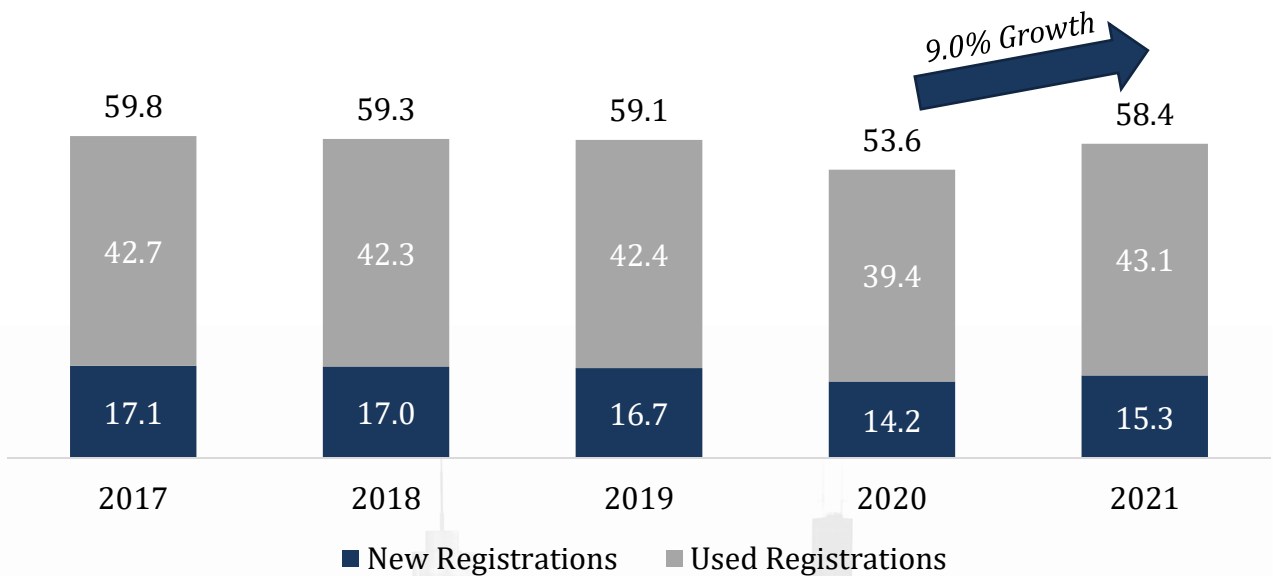
U.S. Light vehicle sales in millions (SAAR)¹



Vehicle registrations are up after a tumultuous year for consumers

New and used vehicle registrations have grown substantially through 2021 with demand for new vehicles overpowering the complications caused by inventory issues and the current inflationary environment. In 2021, new and used vehicle registrations grew 7.7% and 9.4%, respectively.

New and Used Vehicle Registrations (millions)²

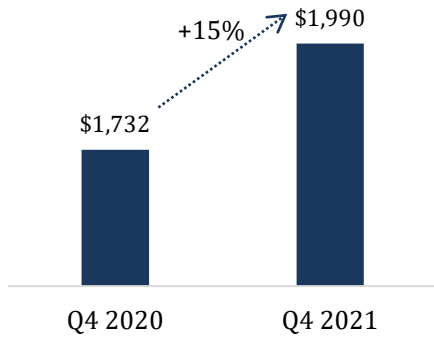


¹FRED

²Experian

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 store sales)³

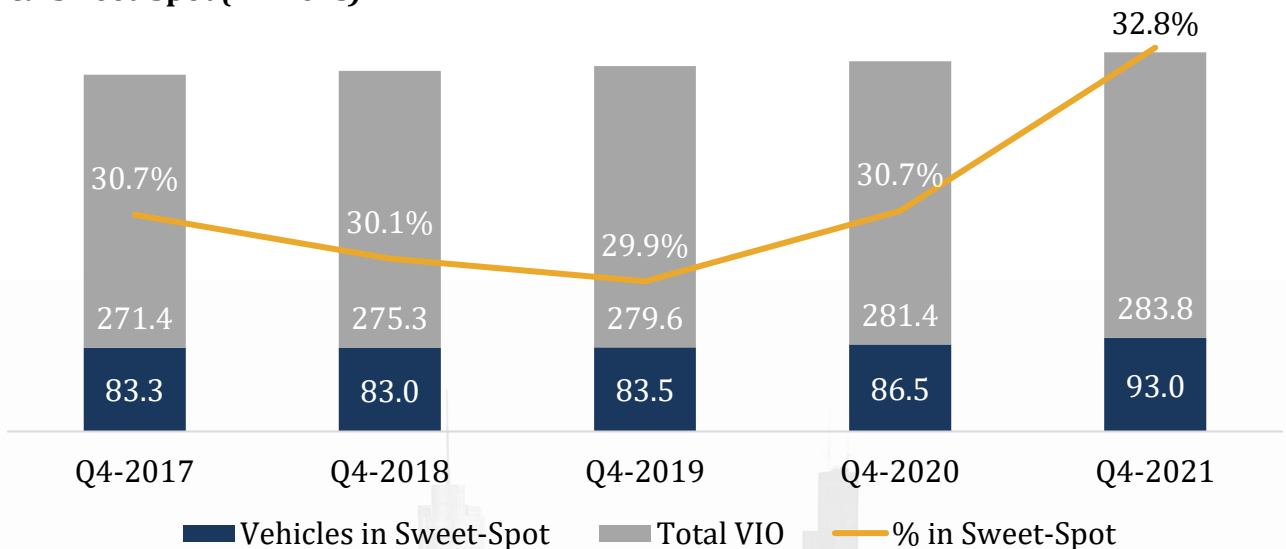


Dealers earn roughly \$1,100 on the sale of a new vehicle itself. Dealers can earn nearly \$2,000 on selling a vehicle service contract (VSC) or other F&I products, significantly boosting profitability. Public dealerships have continued to focus on improving F&I product penetration to bolster profitability. In Q4 2021, the six public dealership groups made an average of \$1,990 of F&I profit per vehicle on a same-store basis, a 15% increase from last year.

The total Vehicles in Operation (“VIO”) in the F&I sweet-spot has grown 7.5% in 2021

VIO in the F&I sweet-spot grew from 86.5MM one year ago to 93.0MM as of Q4-2021. Furthermore, the ratio of vehicles in the sweet-spot to total VIO grew from 30.7% to 32.8% in 2021. The F&I sweet-spot is a direct reflection of the total addressable market for the F&I industry.

F&I Sweet-Spot (millions)⁴



³Public 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)

⁴Experian

2021 Q4 M&A transactions in the F&I products industry⁵

Date	Target	Buyer	Category
Dec-21	ADS Management Group	National Auto Care	Agency
Dec-21	Rainmaker Advisory, LLC	Brown & Brown (NYSE: BRO)	Other
Dec-21	Dealer Admin. Services	Brown & Brown (NYSE: BRO)	Administrator
Oct-21	Mojo Consulting	National Auto Care	Agency
Oct-21	TrxNow	Allied Solutions	Administrator
Oct-21	Fortegra (TipTree)	Warburg Pincus	Specialty Insurer

⁵Businesswire, PR Newswire, Auto Remarketing, Brown & Brown, Agent Entrepreneur

Colonnade is a leading advisor to the F&I products industry

<p>CAPITAL RAISE</p> <p>raised capital from</p> <p>COLONNADE</p>	<p>BUYSIDE</p> <p>acquired</p> <p>COLONNADE</p>	<p>SELLSIDE / CAPITAL RAISE</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>was sold to</p> <p>a subsidiary of</p> <p>COLONNADE</p>
<p>SELLSIDE / CAPITAL RAISE</p> <p>was sold to</p> <p>a portfolio company of</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE / CAPITAL RAISE</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE / CAPITAL RAISE</p> <p>a portfolio company of</p> <p>was sold to</p> <p>COLONNADE</p>
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<p>SELLSIDE</p> <p>was sold to</p> <p>COLONNADE</p>			

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This advertisement was prepared March 31, 2022. It is not investment advice, and Colonnade undertakes no obligation to update the information contained herein.

Sources: SEC filings, regulatory filings, company presentations, FRED, Experian, Businesswire, PR Newswire, Auto Remarketing, Brown & Brown, Agent Entrepreneur, public disclosure, and Colonnade research

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