



F&I Products Quarterly Update: 2024 Second Quarter



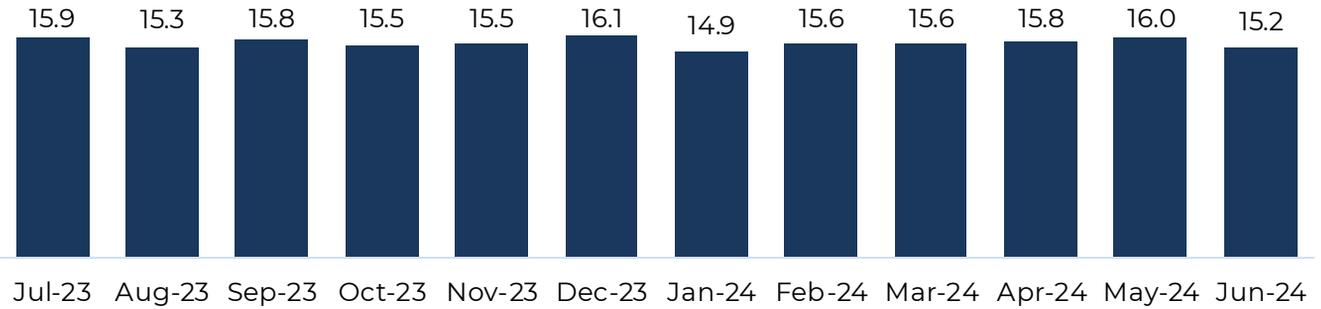
Mergers & Acquisitions
Capital Raising
coladv.com

NEW LIGHT-VEHICLE SALES (SAAR) DECREASED IN THE SECOND QUARTER OF 2024

New light-vehicle sales (SAAR) averaged 15.6MM units in Q2 2024, a 0.7% decline from 15.8MM units in Q2 2023, driven by higher loan amounts and a shift to leases.

U.S. LIGHT VEHICLE SALES (SAAR)¹

(units in millions)

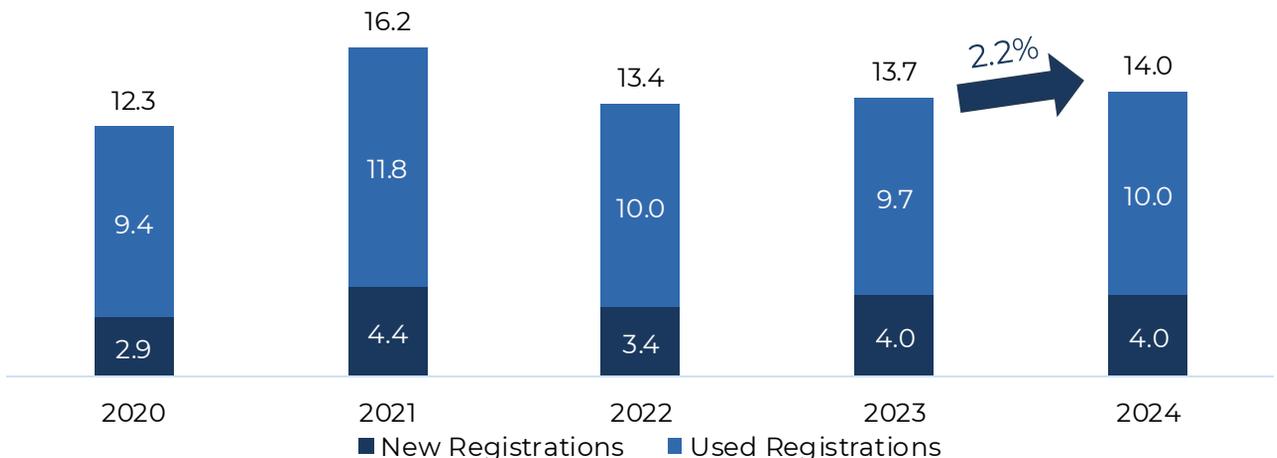


TOTAL VEHICLE REGISTRATIONS WERE UP 2% THROUGH Q2 2024 COMPARED TO 2023 LEVELS

New vehicle registrations through the second quarter of 2024 remained in line with the same period one year prior. Used vehicle registrations grew 3.1% and continue to outperform new vehicle registrations. Affordability challenges for new vehicles are caused by high sticker prices and interest rates, causing consumers to choose used vehicles.

NEW AND USED VEHICLE REGISTRATIONS²

(units in millions)



¹FRED, seasonally adjusted annual rate

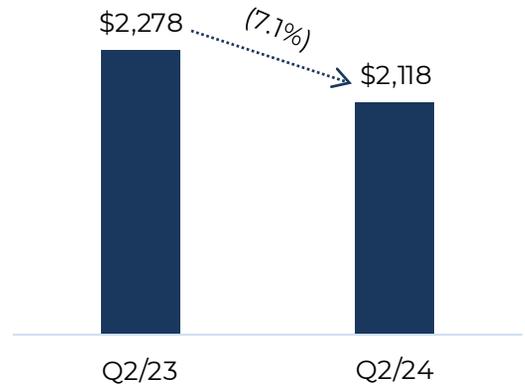
²Experian as of January through June of each year

F&I PRODUCTS SOLD WITH VEHICLES PROVIDES DEALERS WITH ADDITIONAL PROFITS

Dealers earn roughly \$3,800 of gross profit on the sale of a new vehicle itself (down 24.1% y-o-y). Additionally, Dealers can earn \$2,100 on selling a vehicle service contract (VSC) or other F&I products, significantly boosting profitability.³

In Q2 2024, the top six public dealership groups made an average of \$2,118 of same-store F&I profit per vehicle (down 7.1% y-o-y).³ Experts have attributed this decrease to record-high consumer interest rates despite increased automaker incentives.⁴

F&I PROFIT PER VEHICLE³



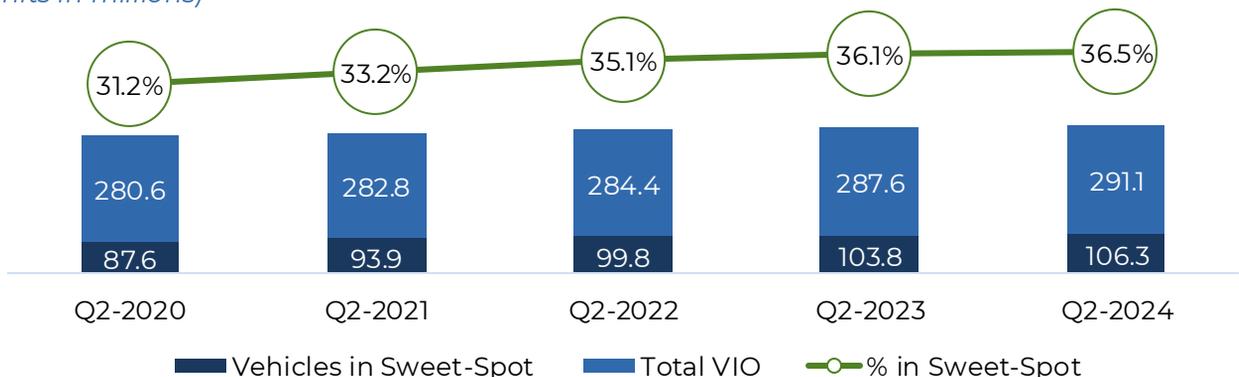
THE TOTAL VEHICLES IN OPERATION (“VIO”) IN THE F&I SWEET SPOT GREW 2.4% IN Q2 2024⁵

The F&I sweet spot is a direct reflection of the total addressable market for the F&I industry and is expected to continue to grow over the next several years.

VIO in the F&I sweet spot grew by 2.5 million to 106.3 million in the second quarter compared to one year prior. The ratio of vehicles in the sweet spot to total VIO has continuously grown over the last five years. Experian expects this trend to continue well into 2026.

F&I SWEET SPOT⁵

(units in millions)



³Public Dealership Same Store Sales: 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)

⁴JM&A Group

⁵Experian

RECENT M&A TRANSACTIONS IN THE F&I PRODUCTS INDUSTRY

DATE	TARGET	BUYER	CATEGORY
July 2024	SAFE-GUARD PRODUCTS	HELLMAN & FRIEDMAN	F&I ADMIN
June 2024	RIDER'S ADVANTAGE	APCO HOLDINGS, LLC <i>(Ontario Teachers Pension Plan)</i>	F&I AGENCY
June 2024	CAPITAL ADMINISTRATIVE PROFESSIONALS, LLC	APCO HOLDINGS, LLC <i>(Ontario Teachers Pension Plan)</i>	F&I ADMIN
May 2024	CRYSTAL FUSION TECHNOLOGIES	APCO HOLDINGS, LLC <i>(Ontario Teachers Pension Plan)</i>	F&I ADMIN
March 2024	DEALERMAX	BROWN & BROWN <i>(NYSE: BRO)</i>	F&I AGENCY
December 2023	CILAJET	VSS GROUP <i>(Kinderhook Industries)</i>	F&I ADMIN
December 2023	AUTOMOTIVE BUSINESS SOLUTIONS (ABS)	BROWN & BROWN <i>(NYSE: BRO)</i>	F&I ADMIN
August 2023	DEALER CAPITAL GROUP	APCO HOLDINGS, LLC <i>(Ontario Teachers Pension Plan)</i>	F&I AGENCY
August 2023	LDR ENTERPRISES	APCO HOLDINGS, LLC <i>(Ontario Teachers Pension Plan)</i>	F&I AGENCY

Colonnade clients in **bold**

Q2 2024 KEY U.S. AUTOMOTIVE TRENDS AND SALES HIGHLIGHTS⁶

- 1 Leases averaged 13.1% of deals in the Q2 2024, a 2.0% increase from Q2 2023 and record high, as cash deals declined 0.5% and financed deals declined 1.4%
- 2 Average used vehicle interest rates for a 72-month loan averaged 12.8% in the Q2 2024
- 3 Used vehicle financing has tightened, resulting in F&I product income being a greater percentage of dealer total revenue
- 4 As a result of the shift to leases, strenuous consumer price pressures, and the subsequent shift away from finance reserves, VSCs are more attractive with a 1.7% increase in product penetration since the beginning of 2024

⁶ Experian, JM&A Group

COLONNADE IS A LEADING ADVISOR TO THE F&I PRODUCTS INDUSTRY

crystalfusion

was sold to

APCO
HOLDINGS

COLONNADE

Reynolds & Reynolds[™]

acquired

XZILON[®]

COLONNADE

Reynolds & Reynolds[™]

acquired

AGWS

COLONNADE

APC

INTEGRATED SERVICES GROUP

was sold to

SOUTHFIELD

COLONNADE

SKYAUTO
PROTECTION

was sold to

FORTEGRA[®]

COLONNADE

CALTEX[®]

was sold to

SPECTRUM
AUTOMOTIVE HOLDINGS

COLONNADE

smart autocare[™]

was sold to

Tiptree Inc.

COLONNADE

PMC | **PROTECT MY CAR**

was sold to

Crestview

COLONNADE

PayLink
Direct

was sold to

OXFORD
FINANCIAL GROUP, LTD.[™]

COLONNADE

Automotive Development Group

was sold to

APCO
AUTOMOBILE PROTECTION CORPORATION

COLONNADE

CAPITAL Z PARTNERS

acquired

Portfolio

COLONNADE

SOUTHFIELD

acquired

VANGUARD
DEALER SERVICES

COLONNADE

MEPCO
insurance premium financing

was sold to

INDEPENDENT
BANK

COLONNADE

ENDURANCE

was sold to

TRP Capital Partners

COLONNADE

AutoAssure
Extended Repair Coverage

was sold to

ENDURANCE

COLONNADE

OMNISURE

was sold to

FORTRESS

COLONNADE

For more information on the F&I products industry, please contact:



Gina
Cocking
Managing Director
312.953.2658
gcocking@coladv.com



Jeff
Guylay
Managing Director
847.452.8315
jguylay@coladv.com



Greg
Makoid
Associate
312.870.6203
gmakoid@coladv.com



Vasilios
Rosenzweig
Analyst
312.544.8544
vrosenzweig@coladv.com



Matt
Magee
Sr. Account Executive
312.870.6204
mmagee@coladv.com



Colonnade Advisors LLC • 600 Cleveland Street • Suite 272
Clearwater, FL • 33755

Investment banking services provided through Colonnade Securities LLC,
member FINRA

Colonnade is an independent investment bank focused on the financial services and business services sectors. Colonnade provides expert, objective advice on mergers and acquisitions, private placements, fairness opinions, valuation opinions and corporate finance issues for privately held businesses, publicly traded companies and financial sponsors. Our senior bankers bring extensive transaction experience, industry expertise, a process orientation and a sense of urgency to each engagement.

This advertisement was prepared September 2024. 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, Auto Remarketing, Brown & Brown, Agent Entrepreneur, public disclosure, and Colonnade research

©2024 Colonnade Advisors LLC.

Copyright and Other Important Information

This document, including text, graphics, logos, icons, images and the selection and arrangement thereof, is the exclusive property of Colonnade Advisors LLC and is protected by U.S. and international copyright laws. Colonnade hereby permits you, unless you are an investment bank or other financial advisor, to download, copy, distribute, publish, reproduce, cite, link or post this document or its contents subject to the following conditions: 1) you retain on any material all copyright and other proprietary notices and 2) you do not modify this document or its contents in any way. Colonnade reserves all rights not expressly granted. This document and the information that it contains are produced by Colonnade Advisors LLC solely for general background information on the matters described. This document or any of its information may not be used for investment, valuation or accounting purposes. None of Colonnade or its representatives or affiliates has agreed to or has assumed any responsibility to provide you with investment advice, whether in a fiduciary capacity or otherwise.