



# F&I Products Quarterly Update: 2024 Third Quarter



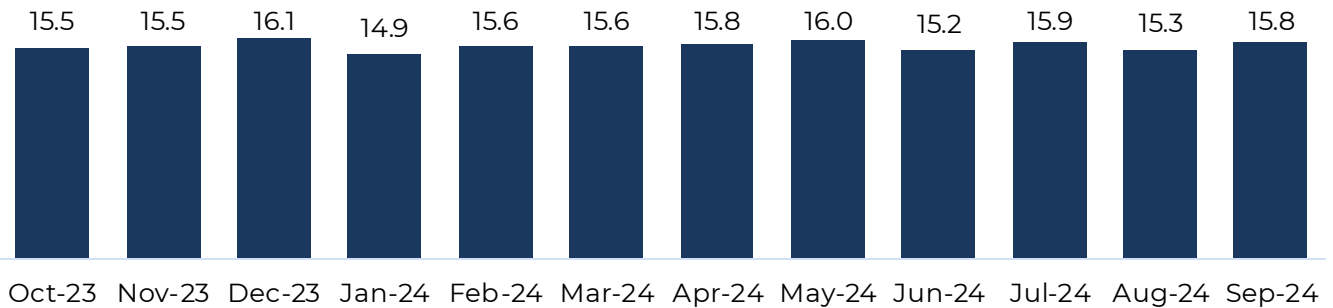
Mergers & Acquisitions  
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# NEW LIGHT-VEHICLE SALES (SAAR) DECREASED IN THE THIRD QUARTER OF 2024

New light-vehicle sales (SAAR) averaged 15.6MM units in Q3 2024, a 27 bps decline from 15.7MM units in Q3 2023, driven by higher loan amounts and a shift to leases.

## U.S. LIGHT VEHICLE SALES (SAAR)<sup>1</sup>

(units in millions)

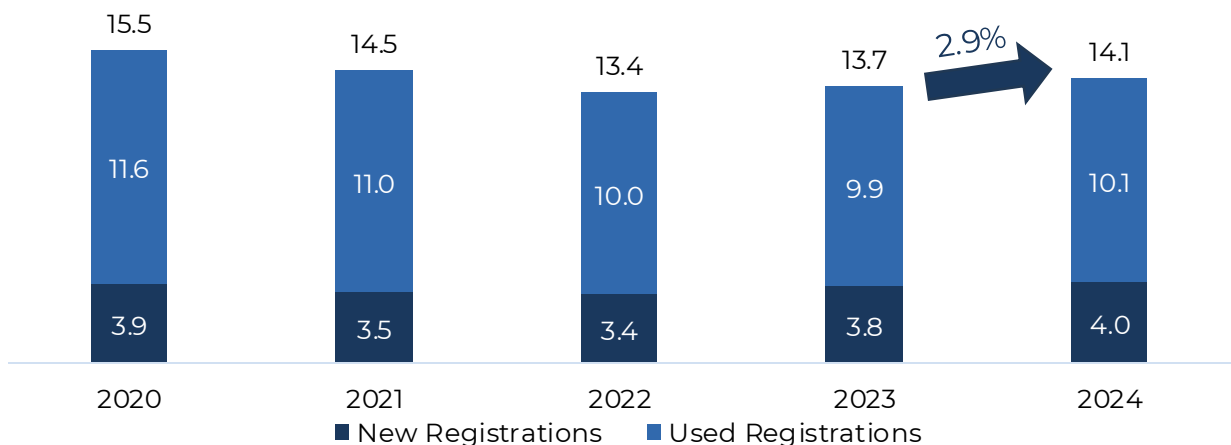


# TOTAL VEHICLE REGISTRATIONS WERE UP 3% THROUGH Q3 2024 COMPARED TO 2023 LEVELS

New vehicle registrations through the third quarter of 2024 grew 5.3% compared to the same period one year prior, outperforming used vehicle registrations for the first time in 2024, which grew by only 2.0%. After a period of higher sticker prices, rising interest rates, and supply chain congestion, vehicle registrations have rebounded, nearly reaching 2021 levels.

## NEW AND USED VEHICLE REGISTRATIONS<sup>2</sup>

(units in millions)



<sup>1</sup>FRED, seasonally adjusted annual rate

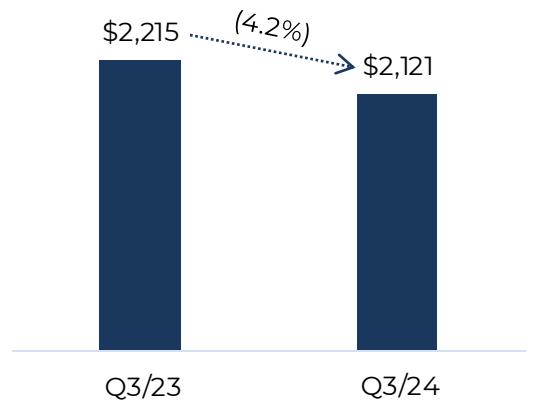
<sup>2</sup>Experian as of January through September of each year

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

Dealers earn roughly \$3,500 of gross profit on the sale of a new vehicle itself (down 23.7% y-o-y). Additionally, Dealers can earn \$2,100 on selling a vehicle service contract (VSC) or other F&I products, significantly boosting profitability.<sup>3</sup>

In Q3 2024, the top six public dealership groups made an average of \$2,121 of same-store F&I profit per vehicle (down 4.2% y-o-y).<sup>3</sup> The profit decline is driven primarily by the shift to in-house F&I offerings, reducing volume in the short-term.<sup>4</sup>

### F&I PROFIT PER VEHICLE<sup>3</sup>



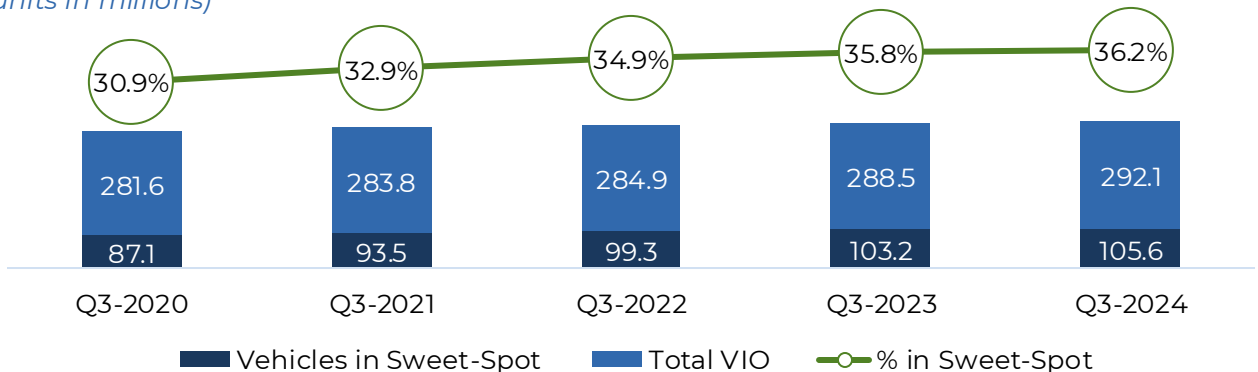
## THE TOTAL VEHICLES IN OPERATION (“VIO”) IN THE F&I SWEET SPOT GREW 2.3% IN Q3 2024<sup>5</sup>

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 2.4 million to 105.6 million in the third 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. VIO in the F&I sweet spot has grown consistently over the past year, an average of 2.7% q-o-q, a trend Experian predicted would continue until 2026.

### F&I SWEET SPOT<sup>5</sup>

(units in millions)



<sup>3</sup>Public 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)

<sup>4</sup>Asbury Automotive Group (NYSE: ABG) and AutoNation (NYSE: AN) press releases

<sup>5</sup>Experian

## 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	<b>CRYSTAL FUSION TECHNOLOGIES</b>	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**

## Q3 2024 KEY U.S. AUTOMOTIVE TRENDS AND SALES HIGHLIGHTS<sup>6</sup>

- 1 VSC penetration rates have increased 2.1% since January 2024 as a result of customers keeping their cars longer, achieving the highest product attachment rates in 2024, despite a 1.6% y-o-y dip in July 2024
- 2 In Q3 2024, 24.2% of trade-ins had negative equity, with the average amount owed on upside-down auto loans reaching a record high of \$6,458 per loan
- 3 Loan-to-value for both new and used car loans have decreased, on average, by 31 bps y-o-y, driving rate decreases for prime and super prime loans
- 4 With an increasing product penetration rate, VSCs continue to be attractive, driven by a shift from used to new vehicle purchases, via trade-in, lease or financing, freeing up capital pressures and improving loan terms

<sup>6</sup>Experian, JM&A Group, Edmunds

# 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



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

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