



# F&I Products Quarterly Update: 2025 First Quarter



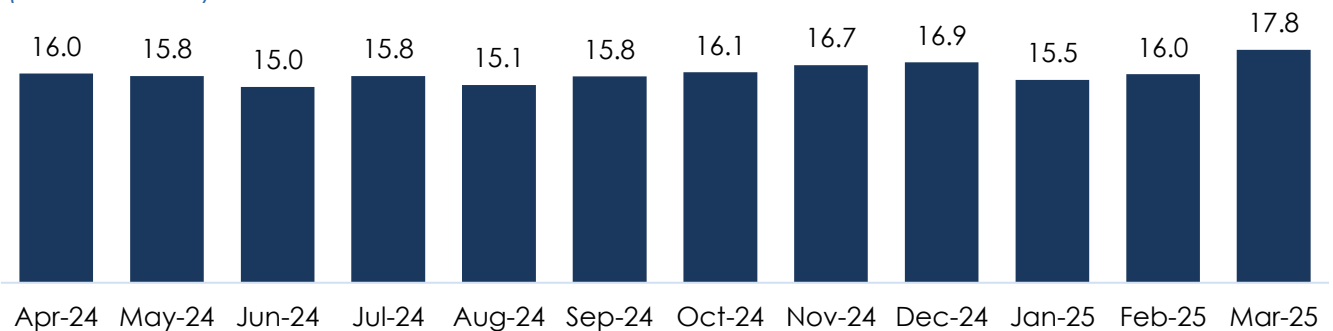
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## NEW LIGHT-VEHICLE SALES (SAAR) INCREASED IN Q1 2025, DRIVEN BY RECORD MARCH PERFORMANCE

New light-vehicle sales (SAAR) averaged 16.4M units in Q1 2025—up 6.4% year-over-year. March 2025 marked the highest monthly SAAR since April 2021, as consumers accelerated purchases ahead of the anticipated 25% tariffs on imported vehicles.<sup>1</sup> Additionally, OEM incentives like employee pricing from Ford and Stellantis have stimulated demand in the short term.<sup>2</sup>

### U.S. LIGHT VEHICLE SALES (SAAR)<sup>3</sup>

(units in millions)

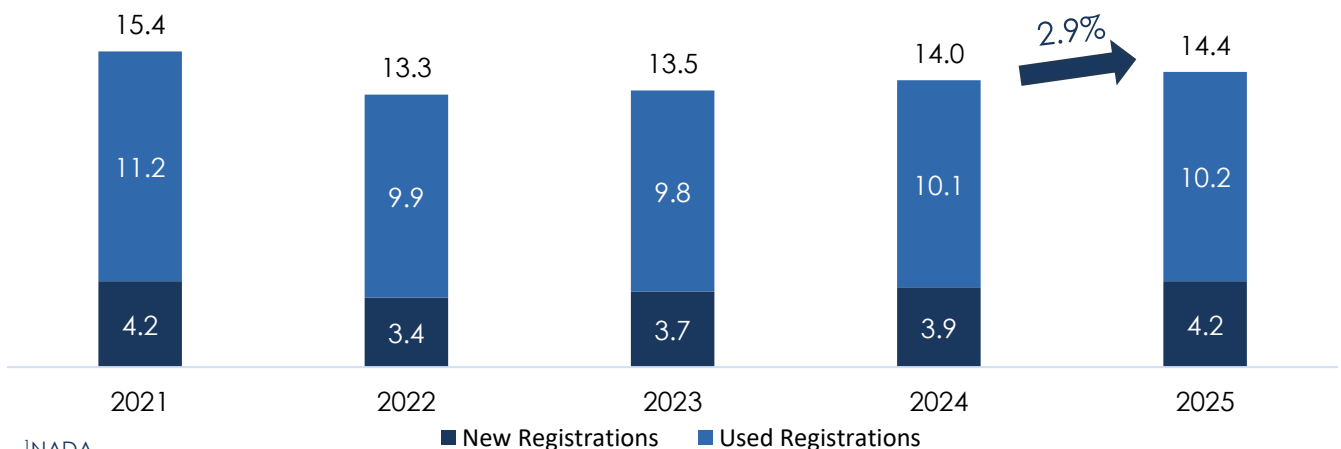


## TOTAL VEHICLE REGISTRATIONS CLIMB 2.9% IN Q1 2025

Total vehicle registrations rose 2.9% year-over-year in the first quarter of 2025, driven primarily by a 7.7% increase in registrations from new vehicle sales. In contrast, registrations from used vehicle sales posted a modest 1.0% gain.

### NEW AND USED LIGHT VEHICLE REGISTRATIONS<sup>4</sup>

(units in millions)



<sup>1</sup>NADA

<sup>2</sup>JM&A Group

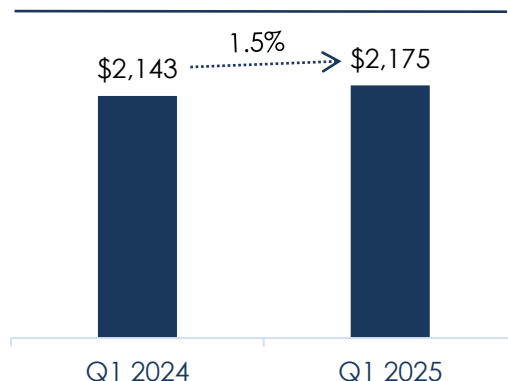
<sup>3</sup>FRED, seasonally adjusted annual rate

<sup>4</sup>Experian as of January through March of each year

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

Dealers generate roughly \$3,500 in gross profit per vehicle retailed (PVR), and can add approximately \$2,200 PVR through vehicle service contracts (VSCs) and other F&I products.<sup>1</sup> Among the top six public dealership groups, same-store F&I profit averaged \$2,175 PVR in Q1 2025, a 1.5% y-o-y increase.<sup>1</sup> Rising VSC penetration was a key driver of F&I profitability this quarter as consumers sought protection against escalating repair and ownership costs.<sup>2</sup>

### F&I PROFIT PER VEHICLE<sup>1</sup>

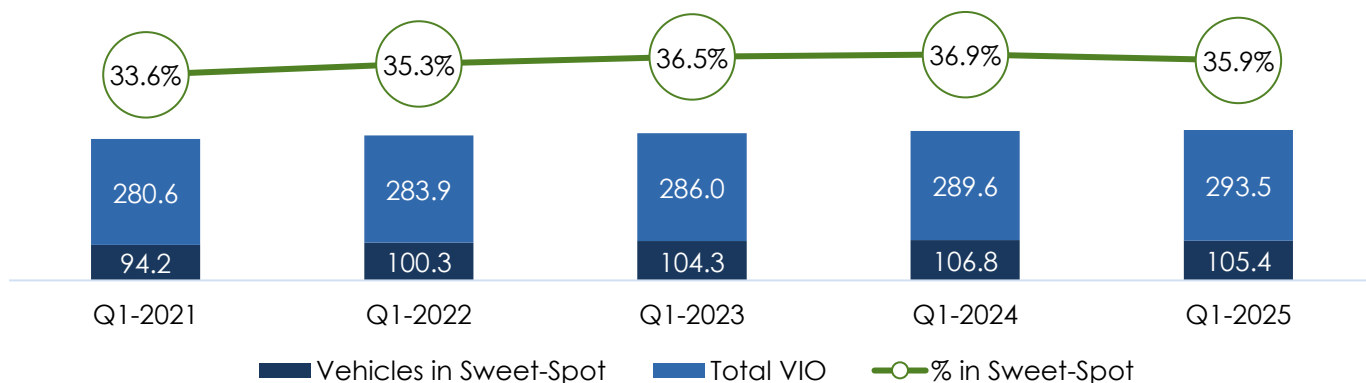


## VEHICLES IN OPERATION (VIO) IN THE F&I SWEET SPOT DECLINED FOR THE FIRST TIME SINCE 2018

The F&I “sweet spot” refers to the total addressable market for the F&I industry, consisting of 6- to 12-year-old vehicles that have aged out of OEM warranties for repairs. VIO in the F&I sweet spot decreased by 1.4 million this quarter. The decline reflects the lingering impact of pandemic-era supply disruptions in 2020, which resulted in fewer new vehicle sales at the time and, consequently, fewer vehicles now reaching the sweet spot age range. With new vehicle sales rebounding in 2024 and 2025, the composition of VIO has shifted, further reducing the share of VIO in the F&I sweet spot.

### F&I SWEET SPOT<sup>3</sup>

(units in millions)



<sup>1</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>2</sup>JM&A Group

<sup>3</sup>Experian

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

DATE	TARGET	BUYER	CATEGORY
February 2025	PERMAPLATE	SPECTRUM AUTOMOTIVE HOLDINGS, LLC <i>(HPS Investment Partners)</i>	F&I ADMIN
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

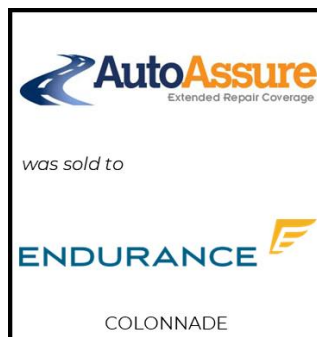
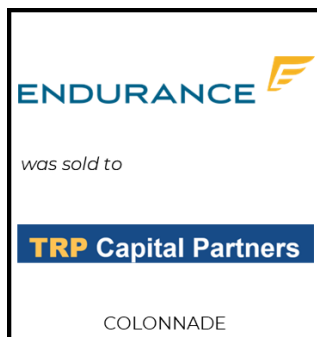
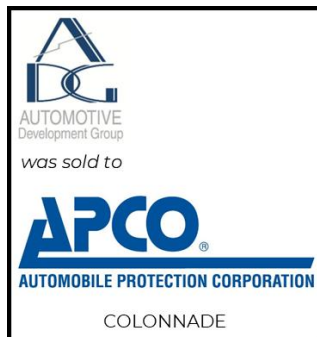
Colonnade clients in **bold**

## Q1 2025 KEY U.S. AUTOMOTIVE TRENDS AND SALES HIGHLIGHTS<sup>1</sup>

- 1 Potential tariffs on imported vehicles and parts may raise repair costs, increasing total ownership expenses and straining insurers, service providers, and parts suppliers
- 2 Average loan-to-value (LTV) ratios for new vehicles decreased from 110.1% in Q1 2024 to 109.8% in Q1 2025. Used vehicle LTVs saw a larger decline, falling from 125.1% to 112.9% over the same period
- 3 VSC penetration rates saw growth in the first quarter of 2025. By the end of March, penetration rates were 2.7% higher than at the end of Q4 2024
- 4 As parts, labor, and overall ownership costs rise, many vehicle owners are holding onto their vehicles longer and seeking coverage to protect against future repair expenses, driving demand for VSCs

<sup>1</sup>Experian, JM&A Group

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





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