

THE HAIG REPORT

Q2 | 2022

TRENDS IN AUTO RETAIL AND THEIR IMPACT ON DEALERSHIP VALUES

- Auto dealers are still enjoying impressive earnings, but the growth in profits may have levelled off in Q2.
- Transaction volume is 3% higher than the record setting pace of 2021.
- Average estimated blue sky values rose approximately 117% from the end of 2019 and remain flat from the record-high levels achieved in Q1 2022.
- Thanks to pent up demand and limited supply, dealer profits could remain high for some time, but significant threats are emerging.



HAIG
PARTNERS

INTEGRITY. CONFIDENTIALITY. EXPERIENCE.

OVERVIEW

02 -OVERVIEW

16 -BUY-SELL TRENDS

21 -KEY TAKEAWAYS

06 -TRENDS IMPACTING AUTO RETAIL

18 -FRANCHISE VALUATION RANGES

As we said in our last report, we are in a period when general economic indicators are having little impact on the auto retail industry. Inflation, interest rates, gas prices, and vehicle prices are all up significantly. The stock market, GDP, and consumer sentiment are all down significantly. We have a war in Eastern Europe and China is lobbing missiles over Taiwan. Global supply chains remain snarled which is further reducing the supply of vehicles to the US. We would normally expect these conditions to be disastrous for our industry, but instead, dealers are enjoying record earnings. Customers are aware of all the negative news, but enough of them have the income and savings to continue buying vehicles at all-time high prices.

It's possible, though, that skyrocketing earnings at dealerships have reached a plateau. The recent financial statements for the publicly traded retailers show their profits per dealership remained relatively flat from Q1. What will happen in future quarters is up for debate. It's possible that costs will continue to increase and margins will fall, followed by lower profits. But it's also possible that if supply of new vehicles increases, dealers may make more money since there is still so much pent up demand that dealers will be able to maintain current margins on higher volume. Either way, our math indicates we will remain in a period of elevated earnings for the next three years or so.

Thanks to high current and future profits, there are many dealers and investors looking to acquire dealerships. Auto dealerships have proven to be excellent investments in good times and bad, as evidenced by the stock prices of the public companies that have outperformed the S&P 500 Index for many years. And while there are lots of buyers in the market, there is little consensus on how to value dealerships, other than they are worth far more today than they were before the Pandemic hit. We speak more about valuations on Page 18. Many dealers are choosing to take advantage of the elevated valuations to exit the business. Our practice at Haig Partners has never been stronger. Please contact Alan Haig directly at alan@haigpartners.com or (954) 646-8921 if you'd like to have a confidential conversation about the value of your business.

THE LEADING BUY-SELL ADVISOR

NATIONWIDE EXPERIENCE - LOCAL KNOWLEDGE



Contact us to learn more:

954.646.8921

HaigPartners.com

MAXIMIZING THE VALUE OF YOUR LIFE'S WORK.

575+ DEALERSHIPS

Bought or Sold Nationwide

WE HAVE REPRESENTED **24** OF
THE TOP 150 DEALER GROUPS.
More Than **ANY** Other Firm.

EXPERTISE From **TOP** Auto
Retailers & Financial
Institutions.

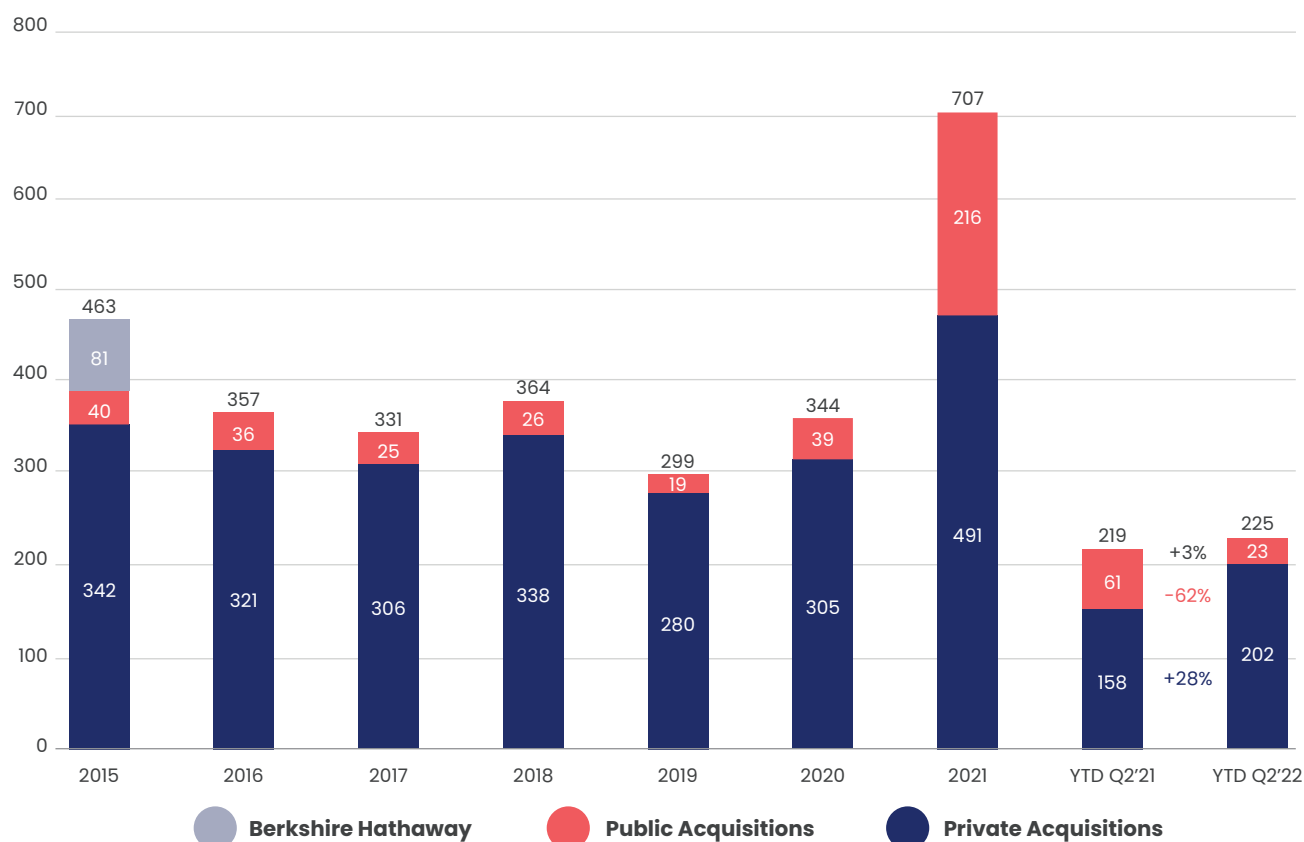


Buy-Sell Activity Remains High

Based on our research and data from Automotive News, the buy-sell activity in the first six months of 2022 is off to another strong start. There were 225 dealerships acquired in the first half of 2022, up 3% when compared to the first half of 2021, which set records for buy-sell activity. The public companies acquired 23 stores in Q2 2022 YTD, which is more than normal for pre-Pandemic years, but 62% below last year's level of 61 stores. Lithia was the biggest factor in this reduction as it acquired 18 stores in the first half of 2022 compared to 58 stores in the first half of 2021. (Haig Partners represented the owners of 11 of the 18 stores acquired by

Lithia in the first half of 2022.) While the public companies have acquired fewer stores so far this year, private buyers have been on an acquisition spree, acquiring 202 stores in the first half of 2022, 28% more than the first half of 2021. The outlook for the rest of 2022 is promising. Dealership profits remain at record high levels, and many dealers are bullish about the outlook for auto retail.

US DEALERSHIPS BOUGHT/SOLD



Source: Automotive News, The Banks Report, & Haig Partners

"On a personal level, I asked my wife, when do I retire? When do I smell the roses? I've had one job my whole career running these dealerships. I've had a great run. I'm 81 and I think it's time. From a corporate perspective, there is continued consolidation in the automotive retail space, so when Lithia expressed interest in starting initial conversations with us, I felt that this was not only the right time but the right company. I thank Alan Haig and the team at Haig Partners for introducing us to Lithia and advising us on the sale process. This was a complicated transaction and they were integral to helping it to come off smoothly."

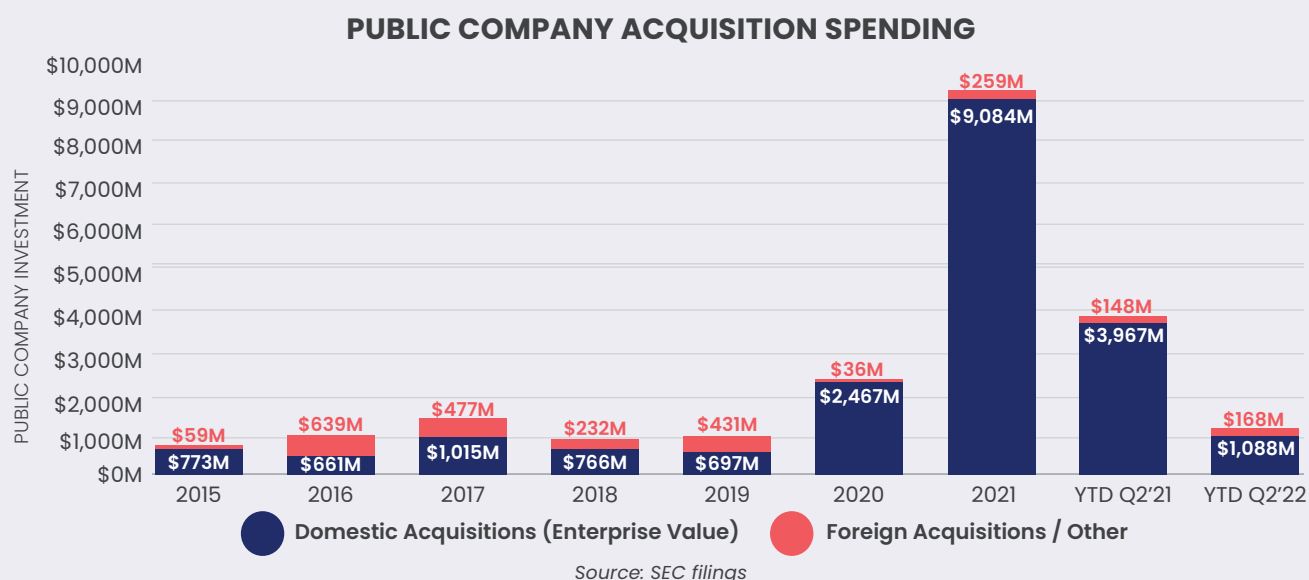
— Bill Lehman, Principal Owner, Lehman Auto World



Public Company Acquisition Spending Remains Strong Compared to Pre-Pandemic Times, But Is Down From Last Year

Spending by the public retailers on acquisitions dropped 73% from \$4.0B for the first half of 2021 to \$1.1B in the first half of 2022. The public retailers took a pause earlier this year so they could digest some of the blockbuster deals they acquired in 2021. We expect most of these groups will be coming back to market in the second half of 2022. Asbury recently shared they have reduced enough debt added in 2021 to begin acquiring dealerships again. During the Q2 2022 investor call, CEO David Hult said, “We are looking for strategically aligned opportunities for disciplined growth.”

Asbury, Lithia and Sonic have all posted big revenue goals for 2025, and they will need to be consistently adding stores to hit their targets. We recently advised on the sale of eleven dealerships owned by the Lehman and Esserman families in South Florida to Lithia Motors. The other publicly traded retailers are also interested in growth. It's unlikely they will repeat the acquisition binge of 2021, but we do expect acquisitions from publicly traded retailers to be higher over the next few years than it was before the Pandemic.



Blue Sky Values Remain At All-Time Highs

We carefully monitor the buy-sell market to assess the desirability of various auto franchises. We analyze offers for the transactions that we are involved in and regularly speak with leading buyers and many attorneys, bankers and CPAs who are involved in other acquisitions. The following table sets forth our expectation of what a buyer would pay for the blue sky for various franchises, applied to a three-year average of adjusted pre-tax earnings. Since NADA has discontinued its publication of private dealership financial performance, we have been using the data from the publicly traded auto retailers to estimate average profits per dealership. The three-year average of adjusted pre-tax earnings we see buyers are comfortable with are one year of pre-Pandemic earnings (2019) with two years

of Chipdemic era earnings (2020 and the most recent twelve-month period, which is the second half of 2021 plus the first half of 2022). We then apply this three-year average of adjusted pre-tax profit to the average blue sky multiple for all franchises to calculate the estimated average blue sky value per dealership.

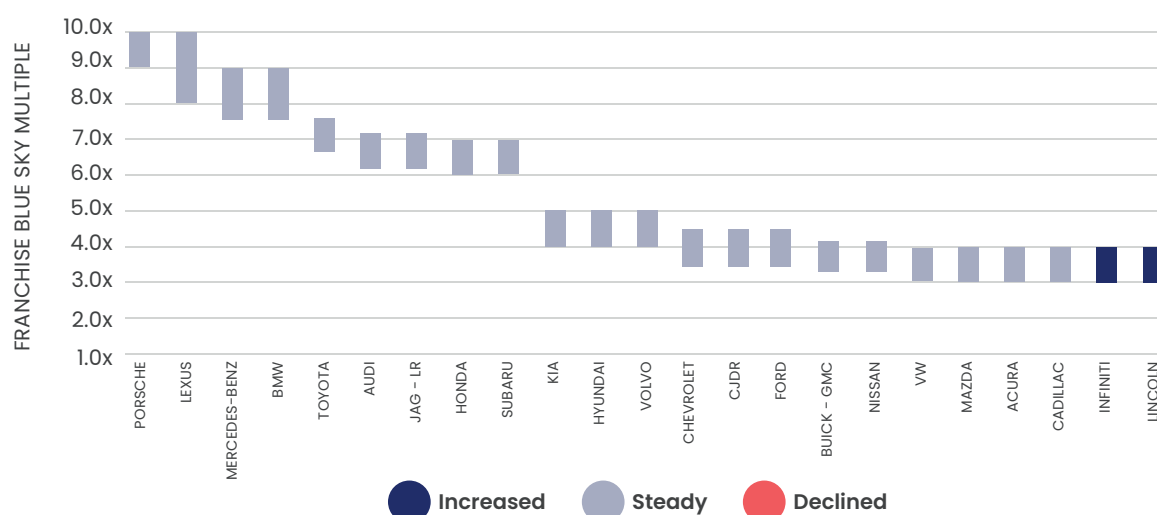
While every transaction varies, we estimate that the blue sky value of the average dealership owned by the public companies is 117% higher now than at the end of 2019, 79% higher than at the end of 2020, 6% higher than at the end of 2021, and even with the level at the end of Q1 2022. The increase in blue sky value per dealership up until Q2 2022 was due primarily to higher profitability levels. And finally,

some buyers have begun to disregard what dealerships made before the Pandemic since they believe future profits will be much higher for years to come. Some of these buyers are paying a multiple of current earnings when making offers for dealerships that are of special interest to them. We are seeing records set for blue sky values for almost every franchise in this environment. We changed the Lincoln and Infiniti franchises to a 3.0x-4.0x multiple in this report compared to a dollar amount in our Q1 2022 Haig Report.

We are seeing particularly high interest in states like Florida and Texas where there are no state income taxes. Values are also strong throughout the Southeast, the Southwest and in Mountain States where population growth is robust and the business climate is favorable. In these areas, blue sky multiples will likely be higher than our national average. Also, in very large transactions that are deemed strategic to the buyer, blue sky values may also be higher than what we set forth below.

Note: See the Buy-Sell Trends section for our analysis of average dealership values.

HAIG PARTNERS NATIONAL AVERAGE BLUE SKY MULTIPLES



The Haig Partners National Average Blue Sky Multiples is a guide for many dealerships. Still, the amount buyers will pay for dealerships varies depending upon many factors and can be higher or lower than the ranges we indicate. The table below provides a list of some qualifying factors that could impact the value paid for a dealership.

Factors Impacting Multiples



TRENDS IMPACTING AUTO RETAIL

This section covers general economic trends as well as others that are more limited to auto retail. We can't recall being in an environment when the market was so positive for dealers despite being so hard on consumers.

Inflation Remains Elevated

The 12-month inflation rate was 8.5% in July 2022. Inflation reached 9.1% in June, the highest rate since 1981. Inflation is even higher in the auto industry as the prices of new and used vehicles jumped double digits since last year. If inflation outpaces wage gains, consumers will have a harder time affording vehicles, and dealership profits may suffer.

Fuel Prices Remain High, But Are Dipping

Fuel prices hit a record high of \$5.01 in June, however the national average price per gallon of gas decreased to \$3.94 as of mid August. Currently, we are about 24% above the level at the same time last year. Higher fuel prices can reduce demand for vehicles since consumers have less money to spend on monthly payments. Higher fuel prices could also increase demand for electric vehicles which will be welcome news for the OEMs who plan to bring dozens of EV models to the market soon.

GDP Declines For A Second Straight Quarter

We mentioned earlier that the greatest threat we see to dealers in the near future is a deep recession. Our finance textbooks define a recession as two consecutive quarters of negative GDP growth. We appear to have hit that mark, as GDP decreased at an annual rate of 0.9% in Q2 2022, the second straight quarter with a GDP decrease after six straight quarters of GDP growth. Dealers should be able to weather a decline in economic activity of this level.

Unemployment Returns To Pre-Pandemic Levels

Another unusual aspect of our economy today is that although GDP is falling, the unemployment rate dropped to 3.5% in July 2022, the same rate as February 2020 levels. The economy generated 528,000 new jobs, according to the Labor Department. Although some major tech companies have announced layoffs recently,

employment opportunities are plentiful with two job openings for each job seeker. And wages are rising (+5% or more each month this year) as employers fight to remain competitive in this environment.

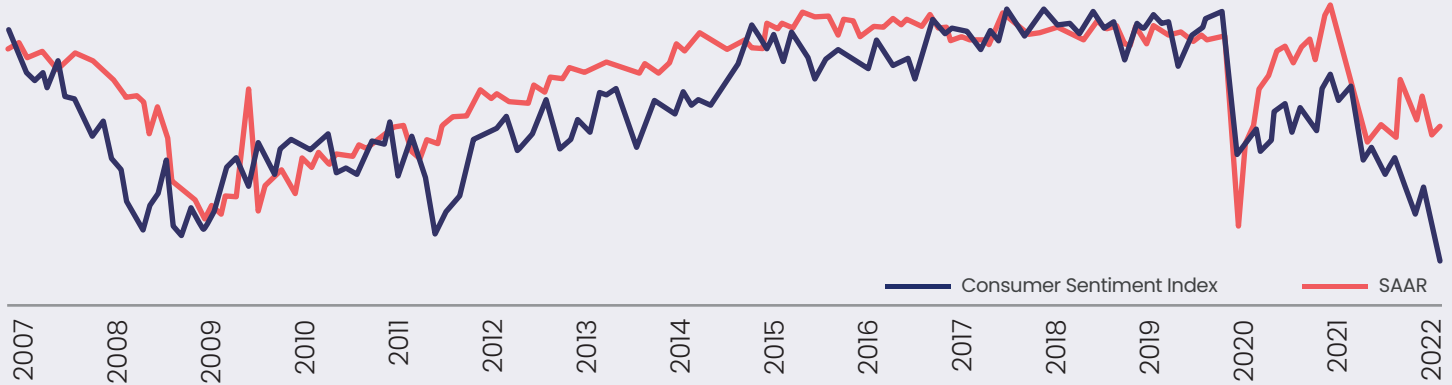
Interest Rates Are Increasing

The Federal Reserve increased its discount rate by 75 basis points in July to 2.5%, the second straight month of a 75 basis point increase, trying to tame inflation. The average mortgage rate in the US reached 5.3%, up from 2.8% at this time last year. Rates on auto loans have also increased. Higher rates can suppress inflation because they reduce the demand for goods. The challenge for the Federal Reserve is to orchestrate a soft landing for the economy by keeping inflation in check without pushing the US into a deeper recession. And it's not just consumers who pay higher rates. Dealership buyers may balk at paying 5% for acquisition financing when it was available for about half that rate earlier this year. Higher rates reduce the amount of cash flow to dealership buyers, so they may decide to pay less for acquisitions.

Consumer Sentiment Hits Record Low

Consumer Sentiment is an economic indicator that measures how optimistic consumers feel about their finances and the state of the economy. New vehicle sales and Consumer Sentiment, as measured by the University of Michigan, typically move together. When Consumer Sentiment is increasing, auto sales increase, and vice versa. But this relationship appears to be broken. Consumer Sentiment hit a record low in June, falling to 50. Consumer Sentiment rebounded 1.1 points and hit 51.1 for July and is down 37% from last July. The declines are driven by rising inflation, record gas prices and a weak economic outlook.

Consumer Sentiment Versus SAAR



Source: Thomson Reuters / University of Michigan; FRED

The Lack Of Microchips Continues To Impair Production

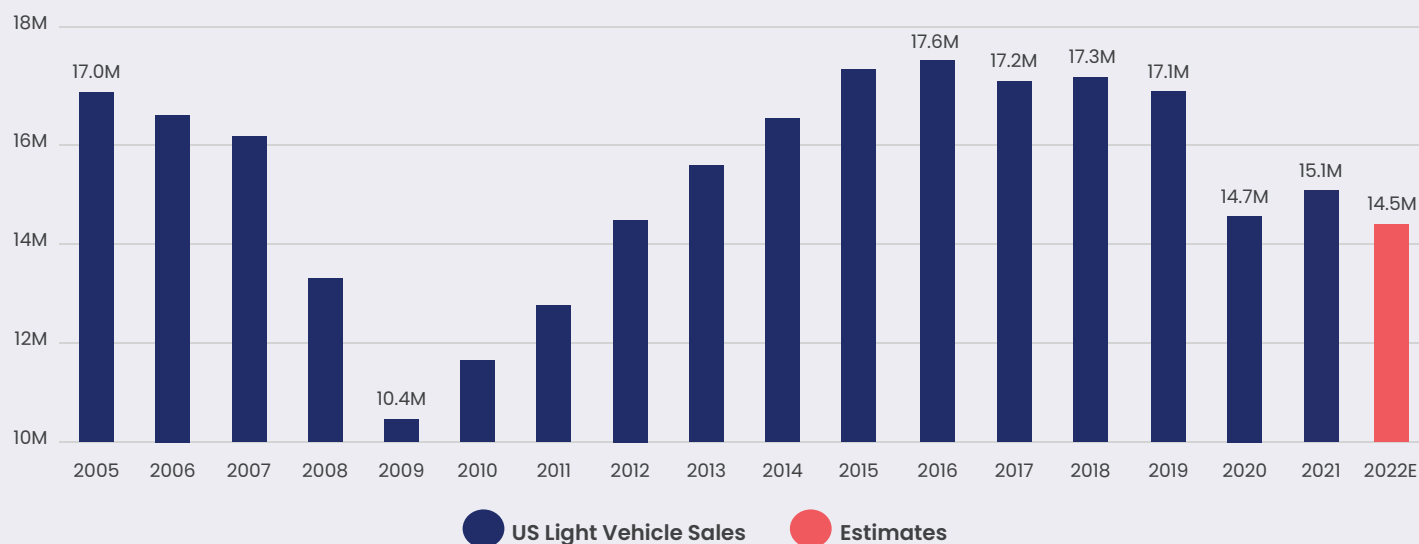
As the US began to exit the Pandemic in April 2021, the SAAR peaked at 18.8M units, the strongest April sales in the history of the US auto industry and the highest monthly sales rate since July 2005, according to NADA. But since April 2021, OEMs have struggled with a shortage of microchips. We are calling this period the Chipdemic era. As production continues to get cut and the production outlook remains grim, the SAAR hit 13.4M in July 2022, 9% below the July 2021 level. Many analysts have lowered their sales forecasts for 2022 and 2023 recently due to a protracted production recovery. With continued production issues, demand seems likely to exceed supply for the foreseeable future.

MONTHLY SAAR



Source: NADA

US LIGHT VEHICLE SALES



Source: IHS, Wards Auto, TrueCar, COX Automotive, NADA, J.D. Power

Pent Up Demand Is Still Growing So The Outlook For Future Profits Looks Bright

The chart above shows the combined amount of fleet and retail sales for light vehicles in the US over the past 17 years. You can see the impact of the Great Recession when sales dropped about 40% from 16-17M sales to 10.4M sales in 2009. This drop was caused by a lack of confidence, a lack of credit and a lack of capital on behalf of buyers.

The drop in sales today is solely caused by a lack of supply as the level of demand is high. Many in our industry wonder how much longer current conditions will continue. It appears to us as though demand will exceed supply for some time to come. Here is some data to consider.

- From 2015-2019, new vehicle sales in the US averaged 17.3M units. About 1.8M units went into rental car fleets per year.
- Due to the Pandemic and subsequent Chipdemic, we are in a 7.4 million post-Covid unit deficit and are poised to lose an estimated 100,000 units per month in 2022 according to Manheim Consulting. The total amount of lost sales over this three-year period could reach 8.2M units. To be conservative, let's eliminate the sales that would have gone to rental car fleets since demand for them truly dropped during the Pandemic as people stayed home. The combined lost sales to consumers over this three-year period could be 5.1M units.
- It's unclear how much production capacity the OEMs have now, given they are shifting over production lines to EVs. But let's assume their capacity is 10% above the average level produced from 2015-2019, so 19.1M units per year (1.7 million units over the 2015-2019 average).
- Assuming that the OEMs would be ready to produce at this estimated maximum capacity by the beginning of 2023, which seems very unlikely given the ongoing supply chain issues, it would take an estimated three years to catch up with the lost production from 2020-2022 (5.1M lost units / 1.7 M units excess capacity per year = 3 years). By this calculation, we will remain in a period where demand exceeds supply well into 2025. Margins and profits are likely to remain elevated. And even as supply comes back at higher levels and margins begin to drop, the total amount of gross profit from variable ops may remain close to current levels. The rise in sales could offset the decline in gross profit per unit. Of course, a BIG caveat to the last sentence is that these projections are based on unproven production assumptions, and we also don't know what other factors will be at play that will affect dealers, like the expansion of the war in Ukraine and / or a recession.

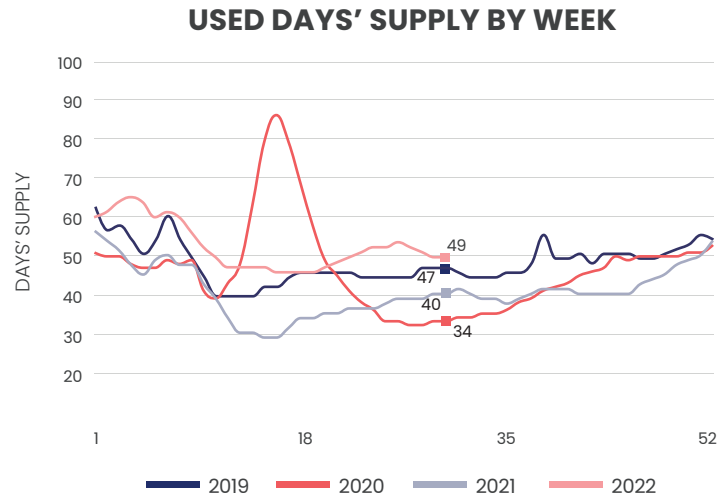
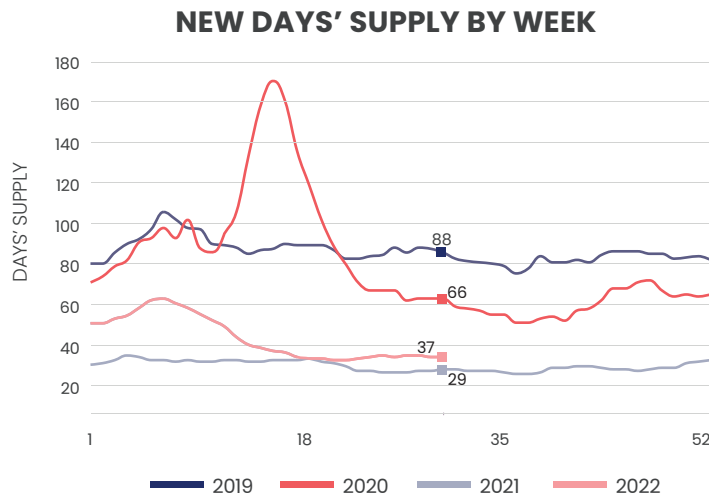
Inventories Remain Low

The combination of production shortfalls and high demand has led to significant inventory shortages at dealerships nationwide. According to Cox Automotive, the supply of new vehicles at the end of July 2022 was 2% above July 2021, at just 37 days supply. Although it is the first month in 2022 that new vehicle supply was higher than year ago levels, it is not due to increased inventory. This is an indication of how bad it was last year. With many lots close to empty, dealers are selling far into their allocations. Customers are pre-ordering more than ever before so they can have a shot at purchasing a vehicle they want. Dealers tell us they are enjoying the high margins, but are concerned that their profits will drop unless they get more to sell.

As a result of the strong demand and lack of supply, pricing on new vehicles has surged. JD Power data shows the average new-vehicle retail transaction price in July was expected to be \$45,869, slightly lower than the June price of \$45,988, a record high. OEM incentives are down to 1.9%, a record low. In addition to raising prices and reducing incentives, interest rate increases outpaced income growth and worsened the new-vehicle affordability situation.

The situation with used vehicles is starting to look more normal. Used inventory levels at the end of July were 5% above July 2021 levels and the days' supply for used vehicles hit 49 days. Used vehicle prices have begun to decrease slightly from the record high prices we experienced earlier this year. Cox estimates that the average used vehicle list price as July ended was \$28,219, 1% below May's record high level. However, used vehicle prices are still 11% above year ago levels. As more consumers are electing to purchase their vehicle upon lease expiration and until the supply of new units returns to more normal levels, we expect the value of used units to remain elevated.

One factor that is helping vehicle buyers is that they are benefiting from more equity on their trade-in vehicles. In July, J.D. Power reported that the average trade-in equity for vehicles was \$10,083, a 37.4% increase from year ago levels.

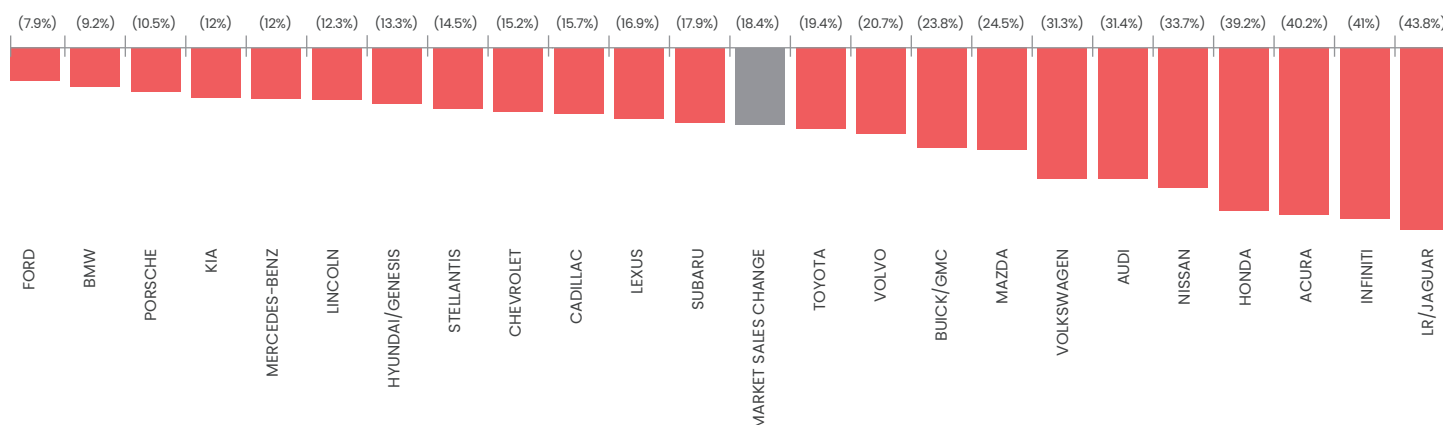


"Haig Partners understood and appreciated the gravity of our decision. True to their reputation, they led a smooth and comprehensive process that resulted in a very desirable outcome for our company. I am happy the Wylers are buying the stores as I know they will continue to build on the legacy our family has created."

– John Betagole, President, Superior Automotive Group

SUPERIOR
AUTOMOTIVE GROUP

YEAR/YEAR SALES PERFORMANCE – Q2 2022 YTD



Source: Automotive News

All Franchises Are Suffering A Drop In New Vehicle Sales

The chart above sets forth the change in new unit sales among the major franchises in Q2 2022 YTD compared to Q2 2021 YTD. Inventory shortages are biting further into new vehicle sales as the average franchised dealership sold 18.4% fewer new units in Q2 2022 YTD compared to Q2 2021 YTD. And all brands are now suffering as none had increased sales in the first half of the year. All dealers are wondering how to handle lower inventory levels. Those unwilling to push prices above MSRP may see a decline in profits. Plus, lower new vehicle sales today may mean lower used vehicle sales tomorrow since the number of units in operation will be declining.

Light Truck Sales Continue To Control The Market, But EV Sales Reach Record High

Even with the high gas prices we are seeing today, light trucks/CUVs/SUVs still dominate the market as they account for 76% of vehicle sales. Many OEMs have eliminated smaller ICE cars from their vehicle lineups and are pushing larger vehicles as they have higher margins. However, we are starting to see the light truck/CUV/SUV sales percentage plateau as electric vehicles come into the market and start to take share. In Q2 2022 YTD, EV sales were up 75.7% compared to Q2 2021 YTD based on Kelley Blue Book's data. EV sales accounted for 5.6% of the total market in Q2 2022, up from 2.7% in Q2 2021. New EV models continue to be released and there are now 33 EV models available for sale in Q2 2022, up from 19 EV models a year ago. Although Tesla is still the major player in the segment, its market share is decreasing as other OEMs start to release vehicles that are being well received by consumers. Chevrolet and Ford are gaining market share

due to the Chevrolet Bolt's production resuming and the popularity of Ford's Mach-E. Hyundai and Kia also have popular EV models and each of the brands' account for 5% of the EV market. EV sales help traditional OEMs meet their CAFÉ requirements and therefore reduce payments they have been making to Tesla and others from whom they have been purchasing emissions credit. It remains to be seen how the OEMs adjust their EV strategy in response to the new Inflation Reduction Act that requires vehicles to be assembled in North America. On January 1st, the requirements get even tougher as battery and mineral sourcing and income caps are put in place to be eligible for the credits. According to the Alliance for Automotive Innovation, the number of currently qualifying vehicles would drop to zero as the raw-materials rules take effect.

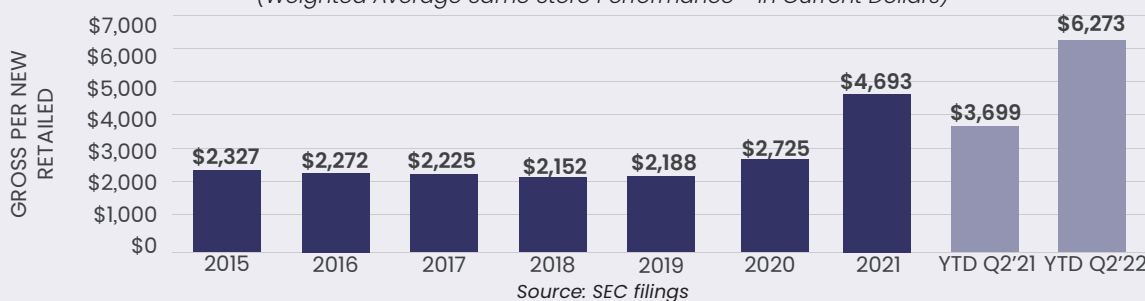
New Vehicle Gross Profits Remain Elevated

Pent up demand, combined with limited supply, has caused gross profits per new vehicle to skyrocket. The public companies made an average of \$6,273 in front-end gross profit per vehicle in the first half of 2022, an amazing figure and 70% higher than in the same period of 2021. OEMs don't know when they will be able to source enough components to resume full production. Each week we hear about new supply constraints, so the outlook for higher supply of new units remains cloudy. A number of economists are predicting that it will be years before the availability of vehicles meets the demand for them. During that time, barring a shock to demand, we expect that margins will remain well above pre-Pandemic levels. Dealers are facing a dilemma on pricing. Those who sell at MSRP bear the pain of seeing some of their customers

flip their vehicles for a quick profit. Those who charge over MSRP are worried their OEMs will cut their allocations, or that customers with long memories will defect to other retailers in the future. We wonder if MSRP should be abandoned for the next few years until supply can meet demand, otherwise we will continue to see unwanted tension between OEMs, retailers and customers. Let the market set the price for new vehicles, as in the used market. Unfortunately, the OEMs have been watching these elevated new vehicle margins with a combination of envy and resentment. Several are making changes to the ways they interact with consumers and dealers to make more money per car than in the past while GM is simply adding a 3-year OnStar subscription for \$1,500 to certain vehicles.

NEW GROSS PROFITS PER VEHICLE: PUBLIC COMPANY DATA

(Weighted Average Same Store Performance - In Current Dollars)

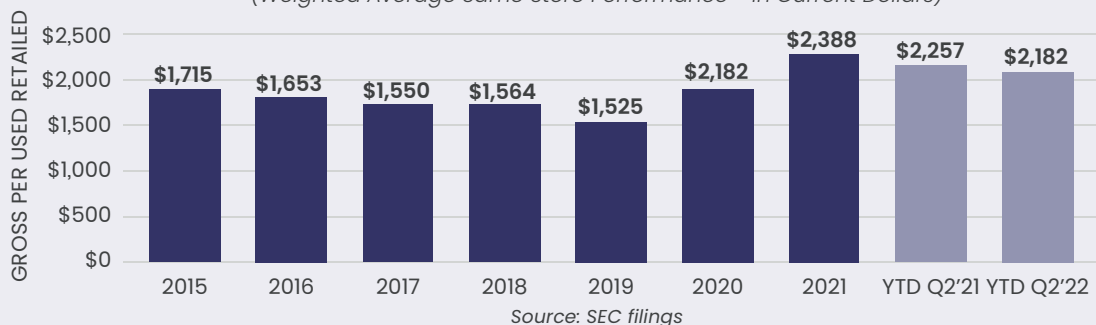


Used Vehicle Gross Profits Are Falling

With so few new vehicles to sell, many dealers have been trying to boost their used vehicle sales. They have been bidding aggressively for trades and lease returns, and buying more of their inventory directly from consumers. As they have been bidding up prices, their margins have begun to shrink recently. Gross profit per used unit sold in Q2 2022 YTD was 3% below the Q2 2021 YTD level. Used gross profits stayed relatively flat from Q1 2022. Gross profit per used vehicle is still 43% higher than in 2019, the last year before the Chipdemic.

USED GROSS PROFITS PER VEHICLE: PUBLIC COMPANY DATA

(Weighted Average Same Store Performance - In Current Dollars)



Finance & Insurance Income Is Rising Along With Higher Transaction Values

F&I profits per vehicle continue to increase as transaction values go up and retailers do a better job on product penetration. The public companies earned a record-high \$2,345 per vehicle retailed in F&I gross profit in Q2 2022 YTD, up an impressive 22% from year ago levels.

Privately owned dealerships are also enjoying stronger F&I gross profits. As their volume has fallen, dealers have had more time to focus on their F&I processes and training. They have developed new strengths that should endure.

PUBLIC COMPANY F&I PER UNIT RETAILED

(Weighted Average Same Store Performance - In Current Dollars)

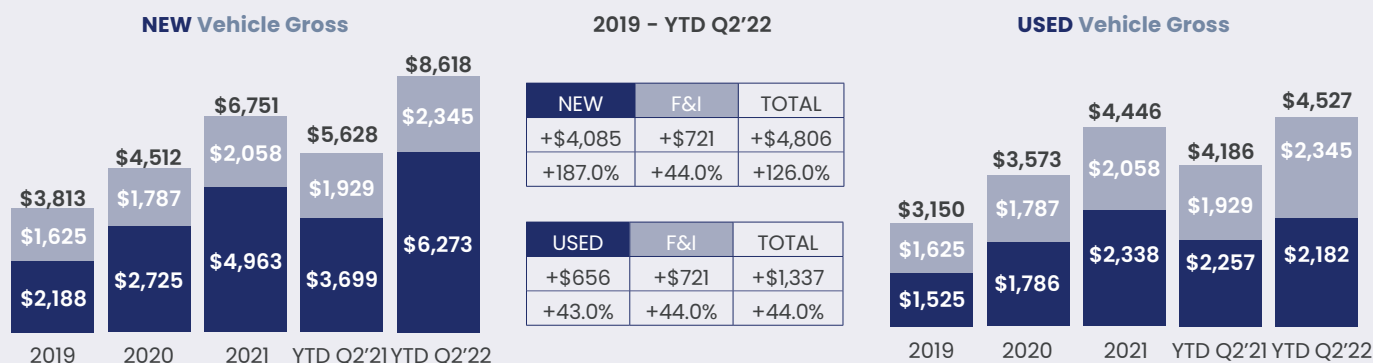


Combined Front And Back Gross Profits Per Vehicle Retailed Remain High

The tables below track total profits per vehicle retailed back to 2019. In Q2 2022 YTD, the public retailers made a mind-blowing total of \$8,618 in front and back gross profit per new vehicle retailed, up 53% from Q2 2021 YTD. And the public retailers made a record high total of \$4,527 in front and back gross profits per used vehicle retailed, up 8% from Q2 2021 YTD.

PUBLIC COMPANY VEHICLE GROSS + F&I PVR

(Weighted Average Same Store Performance - In Current Dollars)



Note: Front-end gross profit includes manufacturer incentives and other income.

Source: SEC filings; F&I as reported for new and used combined

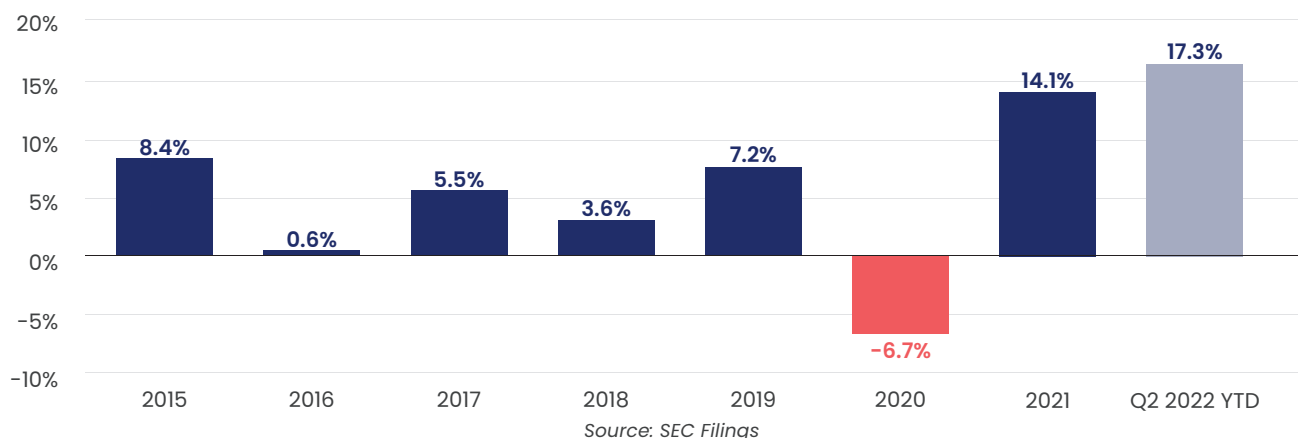
Fixed Operations Are Up Due To Higher Customer Pay, Recalls And Higher Labor Rates

Fixed operations are hitting on all cylinders for dealers right now. Due to the lack of supply and high prices, many owners are hanging onto their vehicles for a longer period of time and spending more money to maintain them. Plus, the level of recalls on increasingly complex vehicles has gone up recently. And finally, due to the high demand from vehicle owners and a limited number of available workers, dealers have been charging more for their services by

pushing up labor rates. As a result of these three factors, fixed operations have been booming for dealers and gross profits are up an impressive 17.3% in Q2 2022 YTD compared to Q2 2021 YTD. The growth in fixed operations is another example of the strength and flexibility of the auto retail model: when the supply of new vehicles falls, consumers spend more to maintain their current vehicles.

FIXED OPERATIONS GROSS PROFIT GROWTH: PUBLIC COMPANY DATA

Same Store Performance- In Current Dollars



Customized F&I That Can Increase Dealership Margins

When acquiring a new dealership, owners need to examine their F&I strategy and processes to find efficiencies and modern approaches to profitability. As you scale operations across multiple rooftops, Virtual F&I provides a seamless, flexible model to ensure consistency in the sales process while prioritizing customer experience and saving time. With several customizable models available, you can optimize key customer touchpoints while maximizing profit opportunities.

Finding the perfect F&I provider shouldn't be an added stress to your dealership. With nearly 4,000 partners nationwide, JM&A Group takes pride in being an F&I industry leader. Our success is measured by the profitability of our dealers.

From compiling key business data and observing your dealership's process, to providing a customized growth plan, we create uniquely tailored processes aligned to your sales model, strengths and opportunities.

Every dealership is unique in market, size and goals, but there's one common thread to success: *an efficient, scalable and engaged sales process built for continuous improvement.*

Our proven playbook and dedicated experts create a win-win scenario for dealership growth. That's why dealers have successfully used the Virtual F&I process 20,000+ times.

Don't just take our word for it. See how Hall Automotive experienced measurable growth by [centralizing their virtual F&I process with JM&A Group](#).

For more information, visit imagroup.com/haig-vfi *



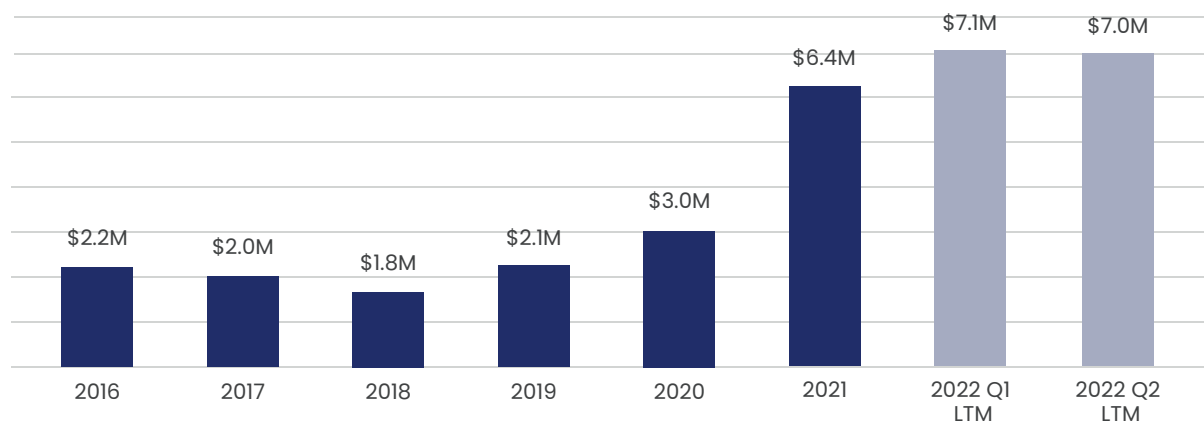
*While JM&A Group can assist you with setting up a virtual F&I process, JM&A cannot provide legal advice regarding state-specific regulatory requirements relating to the online selling process. Please consult your dealer counsel and dealer association for information on your state's regulatory requirements.

Dealership Profits Remain At Record Highs But May Have Peaked

The net outcome of the trends listed on the previous pages is that profits remain at record levels. For many years we have referenced a composite of the financial results of privately owned dealerships that NADA shared on its website. But NADA stopped releasing the composite in October 2021 and has announced that it will no longer be sharing this information with the public. In order to track trends in profits per dealership, we are now analyzing the financial statements released by the publicly traded franchised retailers and are breaking their statements down to the individual store level. We had to make a number of adjustments and estimates to make the financial statements of publicly owned dealerships comparable to privately owned dealerships.

We won't be able to get completely accurate information on per store performance, but what is most important to us is the trend in dealership profits. From this analysis, we estimate that profits per rooftop for publicly owned dealerships exploded to an estimated \$7.0M for the most recent twelve-month period ended Q2 2022, an increase of 235% (3.4x!) compared to 2019, the last year before the Chipdemic and 8% higher than full year 2021. Profits per rooftop were nearly flat from the Q1 LTM period, potentially signifying that we may have reached peak profits. The table below shows the estimated earnings at publicly owned dealerships since 2016. We believe the profits at privately owned dealerships have also tripled since 2019, based upon data NADA released up to October 2021.

PUBLIC GROUP ADJUSTED EARNINGS PER DEALERSHIP



Source: Haig Partners & SEC Filings



CROWN TOYOTA
A JOHN ELWAY DEALERSHIP

A Majority Stake
Acquired By

John K. Swickard

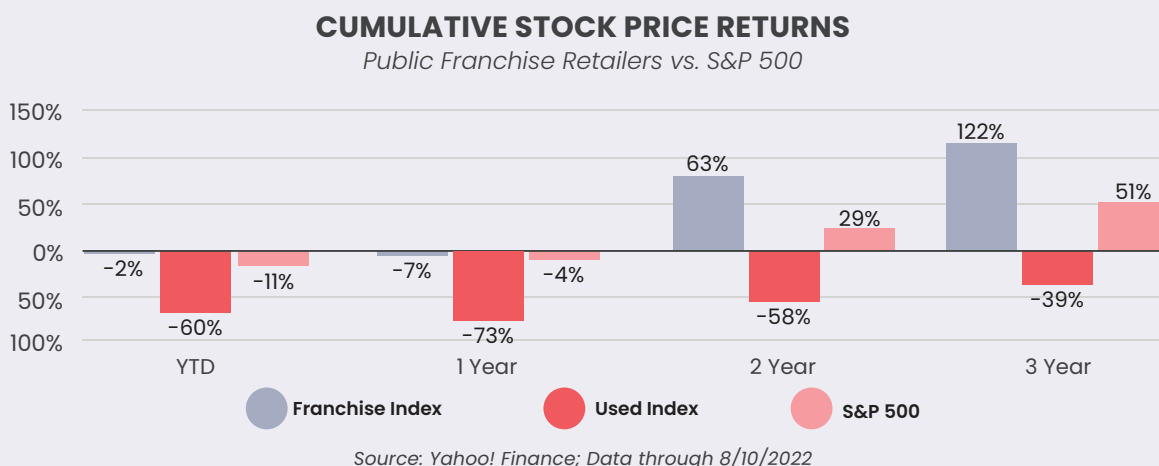
SWICKARD AUTO GROUP

Record High Prices Being Paid For Dealerships

The recent transaction involving the sale of a majority stake in John Elway's Crown Toyota located in Ontario, CA, to Swickard Auto Group reflects a growing trend toward partnerships in automotive retail. The total value paid for John Elway's Crown Toyota is believed to be the second highest all-time for any dealership franchise in the U.S. The transaction also demonstrates that Toyota is perhaps the most desired brand in the industry today. Toyota is fully committed to supporting its retailers and is not dabbling in the agency model or other ideas that could harm both the retailer and the OEM. Toyota's long-term commitment to the health of the dealer is a critical reason that Toyota sells more vehicles than any other brand. It's a win-win-win for the customer, the dealer, and the OEM.

Public Auto Retailers Stocks Continue To Outperform The Market

The average share price of the franchise retailer index has decreased 2% so far in 2022, outperforming the S&P 500 which has declined 11% due to fears of inflation, rising rates, the war in Ukraine and other factors. Note the significant underperformance in the three-company index of Used Auto Retailers: CarMax, Carvana and Vroom. This decline is mostly due to the big decline in the value of Carvana and Vroom as they fell far short of investor expectations. But CarMax's stock has also underperformed franchised auto retailers.



The Agency Model Remains a Threat to Franchised Dealers

There are two trends that are occurring now that may have grave consequences for franchised auto dealers. First, EVs produced by traditional OEMs are starting to be produced in higher numbers. Many consumers are very attracted to these vehicles and there are long waiting lists for some of the most anticipated products, such as the Ford Lightning F-150. Second, a number of OEMs are taking advantage of this inventory shortage to develop ties directly to consumers. They are pushing consumers to order vehicles from OEM websites as opposed to going through dealers. Their goal appears to be orchestrating a shift in the relationship that has existed for over 100 years in which the factory makes the product and the dealer sells it. In the agency model, consumers buy from the OEM and the dealer delivers the product for a pre-set margin. Jim Farley, CEO at Ford Motor Company, has divided his company into three segments and is taking personal control of the division that is building EVs. His comments indicate to many that he wants to pursue the agency model for sales of all EVs in the US. In addition, certain OEMs are setting up new brands that may sell directly to consumers with no dealers involved at all. VW may be pursuing this objective with its new Scout brand that it announced.

There is evidence that the agency model could result in materially lower earnings for dealers, and therefore materially lower value for their businesses when they want to sell. Last year Mercedes-Benz announced to its dealers in Australia that it was changing to the agency model, despite dealers reportedly voting against such a change. Within months of the change, dealers became so upset with their reduced earnings that 80% of them banded together and are now suing Mercedes-Benz for \$650M to cover the diminution in goodwill value for their dealerships, according to a report in February by Financial Review. Mercedes-Benz has announced it plans to move to the agency model in Germany and the UK by the end of 2023, so they are also likely eyeing the US, also.

The good news is that it is not too late for dealers to act. They can support their state dealer associations to lobby members of their state legislatures to preserve the current model. And dealers can directly support legislators and remind them of the many benefits that dealers provide to their local communities and consumers. All dealers share a common cause here, and we hope they will all be active in preserving this amazing business model that benefits consumers, dealers and OEMs.

BUY-SELL TRENDS

Public Retailers Are Still Spending, But Less

Prior to the Pandemic, the public retailers were spending between \$700M and \$1B on domestic auto acquisitions per year. In 2021, however, we saw the highest level of spending from the publicly traded retailers ever, with nearly \$9.1B spent on domestic acquisitions. This year is off to a much slower start with \$1.1B spent on domestic acquisitions, 73% lower than the \$4.0B spent during the same period of 2021. We may never again see the level spent in 2021, but current levels are still more than twice the average the publics were spending prior to the Pandemic.

Transaction Volume Is Climbing

Before the Pandemic, we saw about 25-30 dealerships being sold per month. That pace jumped to over 50 dealerships per month in 2021. This year is off to a strong start, as we estimate that 225 dealerships traded hands through the first half of 2022, up 3% from the number acquired through the first half of 2021. Private buyers have driven the increase, acquiring 202 dealerships, 28% higher than the 158 dealerships they acquired in the first half of 2021. Private dealers are still extremely active in the acquisition market and believe that the future is bright for the industry.

Larger Deals Can Bring Higher Multiples

One important caveat that we would like to make is that we are seeing higher multiples being paid for larger transactions. This can happen when a buyer feels the transaction is strategic to its future, such as entering a new market with a large platform of attractive dealerships. A single transaction can accomplish what would otherwise be years of work accumulating stores via acquisitions of single stores or small groups. These extra high values can help to explain why several large dealer groups have elected to sell in this environment.

Dealership Values Are Holding Steady

Many factors drive the blue sky value of dealerships. A buyer's expectations of future profits are foremost, as are interest rates, the amount of capital a buyer has and how much financing is available. Let's start first with a buyer's expectations of future profits. Prior to the Pandemic, there were several years when we enjoyed annual sales of over 17M new units and average profits per publicly owned dealership were between \$1.8M and \$2.1M. As a result, goodwill/blue sky values per dealership were also very steady during this period. The Pandemic, and now the Chipdemic, have significantly altered valuations for dealerships. Profits have more than tripled over the past two years. Dealers know these record profits won't last forever, but they are optimistic they can generate very high profits in the near term thanks to inventory shortages. Further, profits will level out at a higher level than they were before the Pandemic. Plus, dealers have plenty of cash on hand and less debt thanks to high profits, PPP forgiveness and low taxes. Finally, lenders have told us that they are also bullish about the future and are supportive of acquisitions. When dealers can finance a large portion of acquisitions with debt, they can pay more. For these reasons, the value of dealerships has increased significantly. The harder question is, by how much?

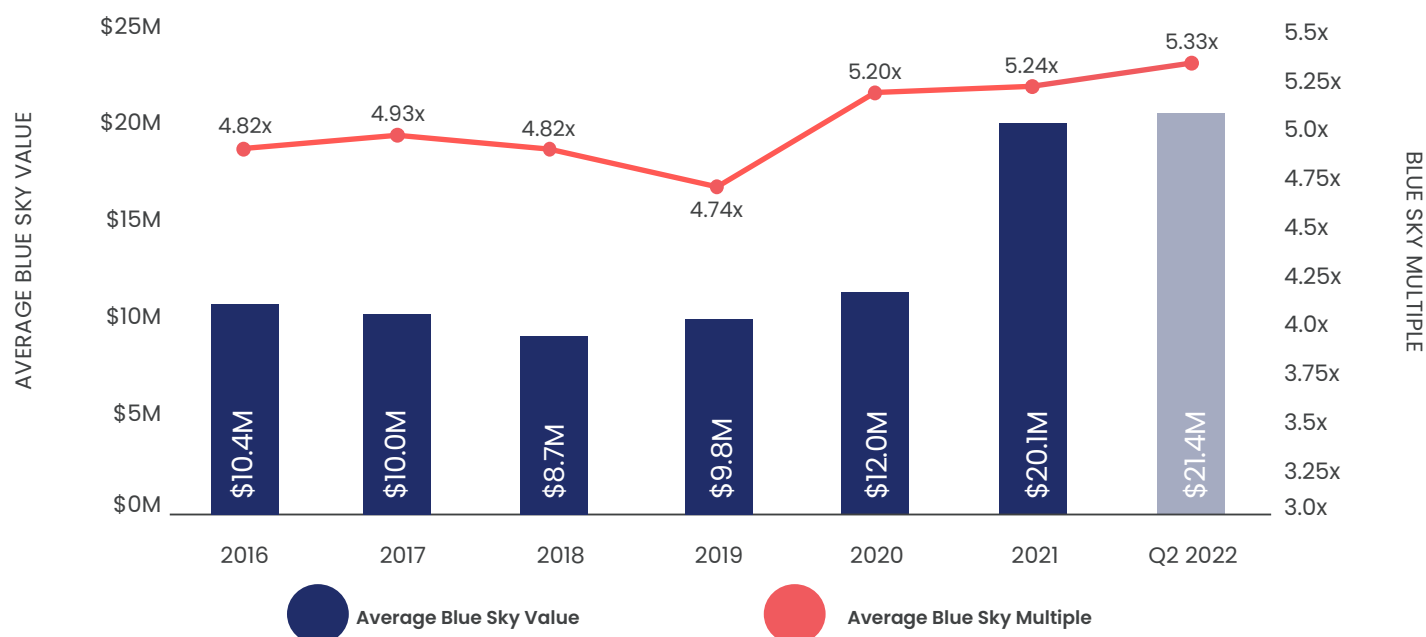
Dealership valuations are challenging today, given the huge run up in profits and the uncertainty of how long these good times will continue. Our team has spoken to many dealership buyers so far in 2022 discussing with them how they are valuing dealerships today. And we have analyzed our recent closed transactions to reverse-engineer the offers we accepted compared to the current and historical adjusted earnings of the dealerships that we were selling. Based on this analysis and research, we believe that in most cases buyers are using an average of the adjusted pretax profit from 2019, 2020 and the last twelve-month period multiplied by a franchise-specific blue sky multiple to determine how much they

will pay for the blue sky of the dealerships they wish to acquire. So an average of one year of Pre-Pandemic profits and two years of Chipdemic era profits. These buyers expect that profits are likely to remain at or near current levels for the next year and will remain elevated for years afterward. But in other cases it appears that buyers are willing to use current earnings as the basis of their offer. These are situations where the buyer has decided the particular dealership they are interested in is strategically important to them, so they are willing to pay a big premium to acquire it.

The other part of the equation is the blue sky multiple that is applied to the expected earnings of the dealership. In the graph below we show that our research and experience indicate that the average blue sky multiple for dealerships today is 5.33X. Based on this data, we estimate that the average publicly owned dealership has a blue sky value of \$21.4M, up an estimated 117% from year-end 2019, up 6% from year-end 2021, and flat from Q1 2022. The average privately owned dealership is smaller than the average publicly owned dealership, so its value is lower, but we believe its blue sky value has also more doubled since before the Pandemic hit, and may have reached a peak.

ESTIMATED AVERAGE BLUE SKY VALUE

Based on Public Group Earnings



Buy-Sell Outlook For 2022

The conditions that drive a healthy buy-sell market are all still present. Profits are high, dealers want to grow and credit remains plentiful. In addition, buyers are open to more franchises and more markets than before the Chipdemic since almost all dealerships are making strong profits and are likely to do so for the foreseeable future. Plus, the high value for stores today is motivating dealers to consider exiting even if they are not at retirement age. Average single-point dealerships are worth around \$25M including real estate and other assets. Mid-sized groups are valued in the hundreds of millions of dollars. Large groups bring billions of dollars. At these values, dealers and their families are having conversations about the benefits of being in the industry, but also the risks and capital investments required if they wish to remain dealers. Some dealers are considering selling a portion of their groups and retaining equity stakes. That way they can take advantage of elevated valuations today, but retain most of the benefits of being a dealer for years to come. We are currently working on multiple transactions where our clients are considering partial sales. With plenty of buyers and sellers in the market right now, we expect the rest of 2022 to be another excellent year for transactions: likely not as active as 2021, but more than 2020 which was also an excellent year. Haig Partners has benefitted from these robust conditions, selling 50 dealerships in 2021 and 31 rooftops so far in 2022.

FRANCHISE VALUATION RANGES

LUXURY FRANCHISE BLUE SKY MULTIPLES

Porsche

Porsche sales were down 10.5% in Q2 2022 YTD compared to last year. The Macan and Cayenne make up 60% of total volume, but the Taycan EV now represents 13% of total sales, demonstrating the demand for this technology in performance brands. Porsche dealerships continue to bring the highest blue sky multiples other than Ferrari stores thanks to their scarcity, high profits, and ease of operation. Expensive facilities take a bite, however. **Same multiple range on average adjusted pre-tax profit: 9.0x-10.0x.**

Lexus

Sales at Lexus were down 16.9% for Q2 2022 YTD compared to the prior year. Lexus is finally launching new products to refresh a dated model lineup, including two revamped SUVs. Management has announced a balanced approach to future powertrains, offering customers the choice of gas, hybrid, plug-in hybrid or fully electric vehicles. We believe this is the smart strategy rather than putting too much emphasis on EVs like other brands. Lexus received the #1 ranking in terms of dealer optimism about the franchise. Based on this confidence, and the long-term love for anything Toyota-Lexus among dealers, we are seeing very strong demand for the franchise. **Same multiple range on average adjusted pre-tax profit: 8.0x-10.0x.**

Mercedes-Benz

Mercedes-Benz sales decreased 12% in Q2 2022 YTD compared to Q2 2021 YTD. Dealers are concerned about management turnover at MBUSA and the brand has slipped from the #1 luxury brand in 2020 to #3 in Q2 2022 behind Tesla and BMW in terms of sales. The silver star still has powerful cache with dealership buyers, however. We are concerned that MB management is overusing/abusing its Rights of First Refusal in buy-sells to replace the original buyer with a preferred buyer. If this continues, it will chill the demand for MB stores as dealers outside the MB franchise system will turn down MB acquisition opportunities since they won't want to waste time and the risk of embarrassment of being denied at the end of a buy-sell process. Sellers will have fewer buyers. **Same multiple range on average adjusted pre-tax profit: 7.5x-9.0x.**

BMW

Sales were down 9.2% for the first half of 2022, putting BMW as the #2 brand overall for the first half of the year. BMW has done an excellent job on both supplying vehicles to its dealers and designing compelling products for consumers so dealers are happy with this franchise. BMW came in just behind Lexus and Porsche in dealer optimism in a recent NADA survey. BMW has many EV units coming, so the showdown with Tesla is now beginning. **Same multiple range on average adjusted pre-tax profit: 7.5x-9.0x.**

Audi

Audi sales were down 31.4% in Q2 2022 YTD compared to Q2 2021 YTD. The products are excellent but Audi has done a weak job supplying its dealers with products. Nevertheless, dealers ranked Audi 4th in terms of their optimism about the franchise. We hope the volume will recover soon as dealers have made big investments in facilities. **Same multiple range on average adjusted pre-tax profit: 6.25x-7.25x.**

Jaguar / Land Rover

JLR saw unit sales decrease 43.8% in Q2 2022 YTD compared to Q2 2021 YTD, the worst performance of all brands we track. The demand for Range Rovers, Range Rover Sports and the new Defenders is sky high, but JLR has done perhaps the worst job of any OEM in supplying its dealers with vehicles. Customers are complaining about year long waits for the new products. Dealers are also wondering if JLR will be pursuing the agency model or making other changes that could impact profits. That said, JLR stores remain remarkably profitable due to their extremely high gross profits on vehicles, trailing just Porsche for mainstream franchises. Busy service departments also help. **Same multiple range on average adjusted pre-tax profit: 6.25x-7.25x.**

Volvo

Volvo saw a 20.7% decrease in sales in Q2 2022 YTD compared to the same period last year. Some dealers are excited by this franchise which has a unique niche in the market: luxurious, but in a quiet way. Profits are strong and the new facilities around the country are attracting higher end customers. Other dealers are concerned about Volvo's emphasis on EVs and hybrids and its interest in selling direct to consumers (the agency model). **Same multiple range on average adjusted pre-tax profit: 4.0x-5.0x.**

Acura

Acura's sales decreased 40.2% in the first half of 2022 compared to the same time last year. This decline comes after a strong 2021, due to new products. Acura stores are now nicely profitable and dealers ranked the brand 5th in terms of their optimism for luxury brands. **Same multiple range on average adjusted pre-tax profit: 3.0x-4.0x.**

Cadillac

Cadillac sales declined 15.6% in Q2 2022 YTD compared to Q2 YTD in the prior year. Like all GM brands, Cadillac has suffered from production woes far worse than average. Dealers are doing well with the SUVs and some in metro areas are reporting high interest in the soon-to-be-launched Lyriq SUV, Cadillac's first EV. We believed that many Cadillac dealerships were losing money before the Pandemic, so we valued them between \$0-\$1.5M. But thanks to strong margins on new vehicles and healthy fixed operations, most Cadillac stores are now profitable. **Same multiple range on average adjusted pre-tax profit: 3.0x-4.0x.**

Infiniti

Infiniti sales fell 41.0% in Q2 2022 YTD compared to Q2 2021 YTD, the second worst performance for any brand we track. The QX60 and QX55 brought many Infiniti stores back into the black, but they are in short supply and no new products are coming for another year or so. Profits per store are likely the lowest for any major franchise, and many locations are primarily used vehicle stores at this point. **Increased from dollar value to multiple range on average adjusted pre-tax profit: 3.0x–4.0x.**

Lincoln

Lincoln sales were down 12.3% in the first half of 2022. Its SUV/CUVs have been well-reviewed, but, like Ford, Lincoln has suffered greater production shortages than other brands so it is not able to capitalize on improved products. While markets like Texas have a few high-volume Lincoln dealerships, the average Lincoln store is very small, selling an average of 10 units a month in 2021. **Increased from dollar value to multiple range on average adjusted pre-tax profit: 3.0x–4.0x.**

MID-LINE IMPORT FRANCHISE BLUE SKY MULTIPLES

Toyota

Toyota announced a 19.4% decrease in sales in Q2 2022 YTD compared to Q2 2021 YTD. In a recent NADA survey, dealers ranked Toyota #2 behind Lexus in terms of their optimism about the franchise. Dealers who have seen the upcoming products like Tundra and Sequoia are very bullish about the franchise. Also, Toyota dealers are highly supportive of the management team at Toyota. They like that Toyota has not moved too fast towards EVs. It will offer customers powertrains based on gas, hybrid, plug-in hybrid and electric. Toyota also affirmed its commitment to keeping its franchise model intact with no interest in moving to an agency model and selling directly to customers. Toyota views dealers as partners and a core part of its competitive advantage in the marketplace. We've had the privilege of selling eight Toyota dealerships over the past year and enjoyed strong offers on each one. This is the franchise that all dealers want to own. **Same multiple range on average adjusted pre-tax profit: 6.5x–7.5x.**

Honda

Honda sales were down 39.2% in the first six months of 2022 compared to the same period last year. Although it has been losing share to Toyota, Hyundai and Kia, dealers are feeling good about Honda, ranking it #5 in terms of their optimism for the future in a recent NADA survey. Honda products remain strong sellers and the business model is nicely balanced. Like Toyota, Honda is taking a "go slow and let the customer decide" approach to powertrains. We also liked the recent news

that Honda may be reducing its facility commitments given that it expects dealers to stock fewer cars and more commerce to be done online. **Same multiple range on average adjusted pre-tax profit: 6.0x–7.0x.**

Subaru

Subaru reported a 17.9% decrease in Q2 2022 YTD unit sales. Subaru has long had among the lowest days supply of any franchise, and unfortunately, it still does, down to just a few days at most lots. Subaru dealers have a long list of orders from customers looking for many of its higher end variants. This is frustrating for all concerned, but as the order backlog grows, so does the promise of healthy future sales when production rebounds. Dealers are complimentary of Subaru management and the overall business model, ranking it #4 in the overall NADA rating category. We've been involved in the sale of several Subaru stores recently and demand was high. **Same multiple range on average adjusted pre-tax profit: 6.0x–7.0x.**

VW

Volkswagen saw unit sales decrease by 31.3% in the first half of 2022 versus the prior year. VW is highly focused on EVs, perhaps too much for some parts of the country. If consumers choose to buy EVs then VW could take a significant share since it will likely have more EV models for consumers than most other brands. But if not, VW dealers will have little to sell. One area for concern for VW dealers has to do with the Scout brand. VW acquired this long-retired auto brand as a part of an acquisition of a heavy truck manufacturer. It appears that it won't use the Scout brand on new products intended for current VW dealers, but may try to set up a different model where it could be sold direct to consumers, like Tesla, and so avoid going through the dealer network. If so, money spent on developing and promoting new products would be siphoned away from VW dealers which could badly use some additional products to boost volumes and therefore profits. **Same multiple range on average adjusted pre-tax profit: 3.0x–4.0x.**

Kia

Kia sales decreased by 11.9% in Q2 2022 YTD compared to Q2 2021 YTD, continuing to outperform the market average. Dealers have become big fans of the Kia dealership model over the past 24 months, ranking it just behind Lexus and Toyota in terms of their optimism for the future. Kia dealership profits have jumped substantially thanks to higher volumes, better margins, and higher fixed operations. Kia currently plans to offer all ICE and EV products through the same franchise agreements with dealers, making the future more predictable. **Same multiple range on average adjusted pre-tax profit: 4.0x–5.0x.**

Hyundai/Genesis

Hyundai/Genesis unit sales decreased by 13.3% the first six months compared to the first six months of 2021. Hyundai dealerships may have appreciated in value more than any franchise we track, given their surge in volume and margin. Like Kia, we are seeing Hyundai stores in some markets making over \$10M per year, rarified air that was previously reserved for luxury and Toyota stores. But there are concerns. Dealers are complaining that Hyundai is using strong arm tactics to force dealers into pricey facility upgrades and improved sales performance. Those who refuse may see their allocation cut or add-points arrive nearby. Hyundai is essentially testing the agency model on its Ioniq brand for EVs. This could lead to lower overall gross profits for dealers if Ioniq models become a bigger part of Hyundai's sales, which seems likely. And Genesis is still a messy situation with far too many points and too few units being produced. Dealers are still being pressured to build exclusive facilities that may never be profitable. Several leading dealers are suing Hyundai, a reflection of the poor relationship that Hyundai has with some of its dealers. But despite all these issues, buyers are still interested in owning more of these stores. **Same multiple range on average adjusted pre-tax profit: 4.0x-5.0x.**

Mazda

Mazda sales decreased by 24.5% in Q2 2022 YTD versus Q2 2021 YTD. Mazda stores have become sneakily profitable, given their high margins for mid to high selling stores. Mazda's CX50 model is now being produced at its new plant in AL that is a joint venture with Toyota. **Same multiple range on average adjusted pre-tax profit: 3.0x-4.0x.**

Nissan

Nissan announced a 33.7% decrease in unit sales for the first half of 2022. While falling further behind their peers, there are some promising new products. Also, Nissan management has said it will put dealer profits and sustainable growth at the forefront of its strategy, so we have hopes that better times are ahead. Value-seeking dealers are interested in acquiring this franchise again. Hope has returned for Nissan dealers. **Same multiple range on average adjusted pre-tax profit: 3.25x-4.25x.**

DOMESTIC FRANCHISE BLUE SKY MULTIPLES

Ford

Sales fell 7.9% in Q2 2022 YTD compared to Q2 2021 YTD, the best performing brand that we track. Ford is a confusing franchise at the moment. Ford has suffered more recalls than any other major OEM, which is good in the short term for dealers' service departments but is surely frustrating for customers. On the other hand, the Ford F-Series was the top selling pick-up truck and the only full-size truck to post a year-over-year sales increase. And Ford's new

EV models like the Mustang Mach E and the F-150 Lightning look to be hot sellers. Some dealers believe CEO Jim Farley is taking actions that threaten the long-time franchise model, and therefore make predicting future profits more difficult. Fortunately, Ford's commercial business is very strong. We still see buyers for this franchise, although some are taking a "wait and see" approach. **Same multiple range on average adjusted pre-tax profit: 3.5x-4.5x.**

Chevrolet

Chevrolet saw sales decrease by 15.2% in the first six months of 2022. Customers are clamoring for the newly redesigned full-size trucks and SUVs, but frustrated dealers have little to offer. Almost every incoming unit is pre-sold at full sticker, plus some. We are hearing from some dealers that believe GM is investing too much of its engineering talent to develop EVs and not enough in producing vehicles customers want to buy today. GM has lost significant amounts of market share during the Pandemic era. These dealerships may enjoy a bigger than average rebound in sales when production returns to more normal levels. **Same multiple range on average adjusted pre-tax profit: 3.5x-4.5x.**

Stellantis (Chrysler-Dodge-Jeep-RAM-Fiat)

Stellantis reported a 14.5% decline in sales for the first half of 2022. Stellantis continues to push dealers to carve out a separate showroom for Jeep which it plans to take more upscale. The reward for the investment is a significantly higher allocation of Jeeps. We recently sold a CJDR dealership in MN that had recently built a new showroom for Jeep. It was the first time in a couple of years we have attended a closing when there was plentiful inventory on hand. Those dealers who don't make the investment may see their allocations shrink significantly as more of the new showrooms open and Stellantis rewards those dealers. Some dealers tell us the higher priced Wagoneers are sitting while supply of lower priced units desired by consumers is lacking. Dealers ranked Jeep 7th in terms of optimism for the future, higher than any other domestic brand. Stellantis assured its dealers that it has no plans to pursue the agency model, although it is requiring dealers to deliver better CSI in order to retain full margin on new vehicles. **Same multiple range on average adjusted pre-tax profit: 3.5x-4.5x.**

Buick-GMC

Combined Buick-GMC sales declined 23.8% in the first half of 2022 compared to the same time period in 2021. The demand was there for much higher sales, but Buick-GMC dealers are suffering from the same lack of inventory as Chevrolet dealers. The new GMC Hummer EV SUV is finally under production and GM states that output will increase sharply in the second half of the year. **Same multiple range on average adjusted pre-tax profit: 3.25x-4.25x.**

KEY TAKEAWAYS

Despite a lot of bad news in the economy and weak consumer sentiment, the second quarter of 2022 brought more good times for auto dealers. Profits remained high although even lower supply of new vehicles and some rising costs have slowed the growth in profits that dealers have enjoyed since Q2 2020. We may have reached a plateau in terms of profits. What the future holds is hard to predict. It's possible that profits could go higher if dealers could get more units. On the other hand, if dealers get too many new units then these healthy margins could deteriorate faster than volume can grow.

Many buyers are not waiting around to see what happens. They are in the market and paying healthy prices for all kinds of franchises in just about every market in the US. The number of dealerships acquired by private dealers jumped 28% in the first half of 2022 compared to the same period in 2021. The publics have been less active, digesting

some massive deals they closed last year, but they are still in the market. Almost every public company CEO has outlined plans to continue to acquire stores as they seek greater scale across the US, at the same time they are investing in their digital retailing strategies. Our view is that current conditions in the buy-sell market are robust and are likely to remain so, at least for the rest of 2022.

The big risks to us no longer seem like autonomous vehicles or even EVs. Rather, the risks are coming from some OEMs who see current conditions as a ripe time to try to restructure the relationship between consumers, retailers and themselves. If dealers can fight off the agency model to preserve the value they provide to consumers and the OEMs, then we should have an excellent run over the next few years. Let it be.



Haig Partners LLC helps dealers maximize the value of their businesses. We have unmatched auto retail buy-sell experience with executives from leading retail dealer groups AutoNation and Asbury, and financial institutions including Bank of America Dealer Financial Services, FORVIS (previously DHG), Deloitte, and JP Morgan. The team at Haig Partners has advised on the purchase or sale of more than 575 dealerships totaling \$9.0 billion. We leverage our expertise and relationships to lead clients through a confidential and customizable sales process, yielding the best price successfully.



Higher Prices

You benefit from a customized sales process. Detailed offering materials are created to provide buyers with a compelling investment thesis and a sales process is run that creates competition to generate highly attractive offers.



Confidentiality

You get an additional layer of protection. You have access to potential buyers who have been carefully selected based on your goals and objectives and that have been confidentially pre-screened.



Speed

You can stay focused on dealership operations. You continue to stay involved in the day-to-day as we focus on the transaction from beginning to closing.



Relationships With Buyers

You have access to many of the best buyers. You gain the benefit of our reputation with buyers who respect our team, our process, and our commitment to maximizing the value of your life's work.



<https://www.autoteamamerica.com/checkout/>



AutoTeamAmerica

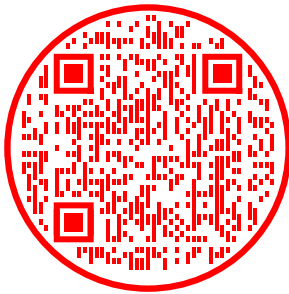


29th Annual Dealer/CEO/CFO Forum & 10th Annual Buy-Sell Summit

Space is Limited – Reserve Your Seat Today.

January 26th, 2023 – The Room on Main Dallas, TX

Register Here!



Keynote Speaker: Bryan DeBoer, CEO and President, Lithia Motors

8:00–9:00 Registration and Networking

9:00–4:00 Dealer CEO | CFO Forum & Buy-Sell Summit
(Lunch to be served onsite)

4:00–5:00 Cocktail Reception

NOTE: Attendance limited to dealers, dealership management and investors. Allied industry may attend as sponsors.

UPCOMING EVENTS

ASOTU CON – Speaker

September 11–13th, 2022 | Philadelphia, PA

NADC 2022 Fall Conference – Speaker

October 9–11th, 2022 | Chicago, IL

NYSADA 99th Annual Convention and Business Meeting – Sponsor

October 9–13th, 2022 | Orlando, FL

AICPA Annual Dealership Conference– Speaker

October 27–28th, 2022 | New Orleans, LA

AutoTeam America Dealer/CEO/CFO Forum & Buy-Sell Summit – Speaker

January 26th, 2023 | Dallas, TX

NADA 2023 – Speaker

January 26–29th, 2023 | Dallas, TX

CONGRATULATIONS AND THANK YOU TO OUR 2022 CLIENTS!

To See All Of Our Transactions Visit www.haigpartners.com/transactions

FLORIDA

Lehman
AUTO WORLD

Largo Honda
FLORIDA CITY

Doral Hyundai
DORAL

Doral Kia
DORAL

Doral Genesis
DORAL

Lehman Subaru
MIAMI

Lehman Buick-GMC
MIAMI

Lehman Mitsubishi
MIAMI

Lehman Hyundai
MIAMI GARDENS

Lehman Genesis
MIAMI

Essexman Acura
DORAL

Essexman VW
DORAL

ACQUIRED BY:
LITHIA

HAIG PARTNERS EXCLUSIVE SELL-SIDE ADVISOR

CALIFORNIA

CROWN TOYOTA
A JOHN ELWAY DEALERSHIP

HAS BEEN ACQUIRED BY:
John Elway
SWICKARD AUTO GROUP

HAIG PARTNERS EXCLUSIVE ADVISOR

TEXAS

GROUP 1
AUTOMOTIVE
Sterling McCall Hyundai

HAS BEEN ACQUIRED BY:
Steele
AUTO GROUP

HAIG PARTNERS EXCLUSIVE SELL-SIDE ADVISOR

IOWA

TOYOTA
of Iowa City

HAS BEEN ACQUIRED BY:
McGrath
Family of Dealerships

HAIG PARTNERS EXCLUSIVE SELL-SIDE ADVISOR

VIRGINIA

JUSTINE
TOYOTA

HAS BEEN ACQUIRED BY:
OURISMAN

HAIG PARTNERS EXCLUSIVE SELL-SIDE ADVISOR

TENNESSEE

TOYOTA
of BRISTOL

HAS BEEN ACQUIRED BY:
TAL VICKERS
OF SPRINGHILL
AUTOMOTIVE GROUP

HAIG PARTNERS EXCLUSIVE SELL-SIDE ADVISOR

MINNESOTA

FOREST LAKE
AUTO GROUP

HAS BEEN ACQUIRED BY:
MORRIE'S
AUTO GROUP

HAIG PARTNERS EXCLUSIVE SELL-SIDE ADVISOR

MISSOURI

THE EXCHANGE
Audi, Infiniti, Chevrolet

HAS ACQUIRED:
KIRKWOOD

HAIG PARTNERS EXCLUSIVE BUY-SIDE ADVISOR

SOUTH CAROLINA

SUMMERVILLE
Ford

HAS BEEN ACQUIRED BY:
Hudson
Automotive Group

HAIG PARTNERS EXCLUSIVE SELL-SIDE ADVISOR

CONNECTICUT

PSD
AUTOMOTIVE GROUP

HAIG PARTNERS EXCLUSIVE SELL-SIDE ADVISOR

OHIO

SUPERIOR
AUTOMOTIVE GROUP

CINCINNATI

DAYTON

ACQUIRED BY:
Jeff Wyler
AUTOMOTIVE FAMILY

HAIG PARTNERS EXCLUSIVE SELL-SIDE ADVISOR

"It has been a great honor to work with an incredible team to build John Elway's Crown Toyota into one of the top performing Toyota dealerships. We thank all those who have contributed to its mighty success. But we are not retiring! We continue to own an equity stake in Crown Toyota and we want to continue to build our dealership group in the Mountain States and the Southwest. We enjoy the car business and are investing for the long-term. Many thanks to Alan Haig, who knew the one, very best, counterparty for us out of all the buyers in the market. His knowledge of the landscape of auto retailers is remarkable and his commitment to confidentiality and ability to navigate a smooth and successful transaction was invaluable for us during this process."

- Mitch Pierce, President and Partner, and John Elway, Partner at Elway Dealers

CROWN TOYOTA
A JOHN ELWAY DEALERSHIP



515 E. Las Olas Blvd.
Suite 860
Ft. Lauderdale, FL 33301

PRSRT STD
U.S. POSTAGE
PAID
FT. LAUDERDALE,
FLPERMIT 2429

Contact Us Today

To Learn How We Can Maximize the Value of Your Life's Work



Alan Haig
(954) 646-8921
Alan@HaigPartners.com



Mike Toth
(561) 302-1413
Mike@HaigPartners.com



Nate Klebacha
(917) 288-5414
Nate@HaigPartners.com



Kevin Nill
(904) 234-0008
Kevin@HaigPartners.com



Anne Haig
(954) 803-8837
Anne@HaigPartners.com



John Davis
(404) 406-7110
John@HaigPartners.com



Pete Thiel
(954) 478-5784
Pete@HaigPartners.com



Derek Garber
(407) 949-2549
Derek@HaigPartners.com



Aimee Allen
(603) 933-2194
Aimee@HaigPartners.com



Matt DeSantis
(727) 507-1859
Matt@HaigPartners.com