OPENING

• The State of the Dealers
• Competition
• Sales Forecast
Gross Margin

- Wal-Mart: 26.7%
- Target: 30.4%
- Autonation: 15.8%
- Dealer Avg.: 13.4%
COMPAARED TO OTHER RETAIL

Net Margin

- Wal-Mart: 3.8%
- Target: 4.1%
- Autonation: 2.1%
- Dealer Avg.: 2.2%
YES THERE HAS BEEN A RECOVERY...THANKFULLY

Net Margin

It’s a recovery from the great recession
THE RECOVERY HAS NOT BEEN IN CARS THEMSELVES

Net Profit per New Vehicle

- $400
- $200
- $0
- $200
- $400

IF ITS NOT NEW CARS

F&I Income as a % of New and Used Vehicle Profit
20 year average is 15.6%
New Vehicle Service Contract Penetration Rate
20 year average is 31.5%
NOT SURPRISINGLY MANY DEALERS ARE GONE

Number of New Car Dealers

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Dealers</th>
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<tbody>
<tr>
<td>2004</td>
<td>21,650</td>
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<td>2005</td>
<td>21,640</td>
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<td>2006</td>
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<td>2008</td>
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<td>2009</td>
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<td>2010</td>
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<td>2011</td>
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<td>2012</td>
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<td>2013</td>
<td>17,635</td>
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<td>2014</td>
<td>17,665</td>
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</tbody>
</table>
BUT EMPLOYMENT IS BACK UP
HIGHLY COMPETITIVE INDUSTRY

• Low Margins, Typical for Retail
• Active Competition
• Driving Out Costs, Weak Competitors
Free & Transparent Pricing
COMPETITION

Ford

Toyota

Chevrolet

Honda

Chrysler

Hyundai
Source: FRBNY Consumer Credit Panel, Equifax
Productive & Income Boosting Assets
FIRST COMES MARRIAGE?

Source: U.S. Census American Community Survey
AND FINALLY
HIGHLY COMPETITIVE INDUSTRY

• Remnants of the Recession
• Dynamics are Fundamentally Changed
• Regulation
SALES ARE STILL GOOD

It’s Delayed
not Gone

(we mean the customers)
• Expect 16.4 million light vehicles, and 16.7 total vehicle sales in 2014
  – Heavy Duty forecast at 0.309 million
HOME PRICES ARE CLIMBING

Graph showing trends in home prices and existing home sales.
INFLATION REMAINS TAME
FOR FURTHER INFORMATION

Steven Szakaly
National Automobile Dealers Association
sszakaly@nada.org
703-821-7000