

## 2017 Automotive Industry Guidelines

Sales - Merchandising and Staffing Guidelines			
New Vehicle			
	Domestic Dealer	Import Dealer	Highline Dealer
New Vehicle Supply in days	108.4	56.3	65.1
Gross Cars - before F&I	\$ 827	\$ 936	\$ 1,924
Gross Trucks - before F&I	\$ 1,501	\$ 1,482	\$ 2,544
Sales Ratio: new to used	1.3	1.7	1:7.1
Gross Productivity			
New Vehicle			
Gross profit as a % of sales	4.7%	5.1%	5.7%
Net profit as a % of sales	0.7%	1.1%	2.5%
F&I penetration Rate%			
Finance contract (exc retail lease)	75.3%	68.9%	51.8%
Finance contract (inc retail lease)	76.3%	76.1%	70.6%
Insurance	17.7%	36.5%	42.8%
Extended Service	52.8%	38.4%	21.0%
Finance Gross per financed veh.	\$ 644	\$ 625	\$ 756
Insurance Gross per insured veh.	\$ 656	\$ 523	\$ 755
Ext. Service Gross per contract	\$ 860	\$ 873	\$ 845
Expense Control Structure Guidelines			
New Vehicle			
Total expense as a % of vehicle G/P	94.5%	100.7%	83.4%
Compensation as a % of veh GP			
Salesperson	21.5%	27.5%	21.3%
Supervision	24.0%	19.4%	15.3%
F&I comp as % of F&I income	22.3%	20.2%	21.4%
Personnel Exp as a % of G/P	43.3%	46.5%	38.7%
Advertising as a % of Veh G/P	34.9%	21.5%	16.6%
Advertising per retail unit sold	\$ 347	\$ 289	\$ 297
Floor plan int as a % of Veh G/P	7.7%	-3.8%	10.0%
Performance Measures			
Key Indicator Ratios			
Current Ratio	1.21	1.31	1.32
Debt to Equity Ratio	5.53	3.36	2.87

Sales - Merchandising & Staffing Guidelines			
Used Vehicle			
	Domestic Dealer	Import Dealer	Highline Dealer
Used Vehicle supply (in days)	56.6	57.0	58.6
Units per salesperson ( Overall N&U Retail)	13.0	12.5	11.3
Gross Cars - Before F&I	\$ 1,407	\$ 1,856	\$ 1,927
Gross Trucks - before F&I	\$ 1,808	\$ 1,756	‡
Gross Productivity			
Used Vehicle			
Gross profit as a % of sales	8.7%	9.1%	7.1%
Net profit as a % of sales	3.2%	2.7%	0.3%
F&I Penetration Rate %			
Finance Income (excludes retail lease)	61.7%	64.2%	64.1%
Insurance	22.5%	33.8%	23.8%
Extended Service	46.7%	42.2%	28.7%
Finance Gross per financed vehicle	\$ 769	\$ 689	\$ 718
Insurance Gross per insured vehicle	\$ 616	\$ 455	\$ 760
Ext Service Gross per contract	\$ 982	\$ 968	\$ 1,077
Expense Control Structure Guidelines			
Used Vehicle			
Total Expense as a % of Total G/P	97.0%	91.1%	103.0%
Compensation as a % of veh GP			
Salesperson	29.1%	28.4%	27.3%
Supervision	20.0%	16.4%	13.5%
F&I comp as % of F&I income	24.3%	19.9%	18.8%
Personel Exp as a % of G/P	41.1%	46.2%	44.3%
Advertising as a % of Veh G/P	8.6%	13.7%	12.4%
Advertising per retail unit sold	\$ 210	\$ 242	\$ 188
Floor plan int as a % of Veh G/P	1.6%	1.2%	2.0%
Reconditioning - Cars	\$ 784	\$ 1,265	\$ 1,256
Reconditioning - Trucks	‡	‡	‡
Performance Measures			
Key Indicator Ratios			
Return on Equity (ROE)	47.4%	37.9%	38.9%
Return on Assets (ROA)	7.8%	11.6%	10.3%

‡ = Too few data points to arrive at a meaningful average

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Service Dept.			
Flat Hrs/RO	1.4	1.2	1.7
Technician efficiency	107.0%	110.7%	70.5%
RO's/Day/Svc Advisor - Cust Pay, Warr, Int.	13.5	15.0	14.9
Technicians per Service Advisor	3.5	3.4	3.6
Labor Gross per Tech	\$ 9,976	\$ 11,920	\$ 15,870
Labor Gross per Advisor	\$ 35,354	\$ 37,154	\$ 55,228
Gross Productivity			
Service Dept.			
G/P as a % of sales			
Customer Pay	71.2%	75.5%	79.1%
Warranty	73.7%	78.2%	80.6%
Internal	72.6%	71.1%	76.7%
Sublet Repairs	10.2%	10.9%	13.4%
Total Department	66.2%	68.3%	72.5%
Net Profit as a % of Sales	20.4%	14.4%	20.0%
Expense Control Structure Guidelines			
Service Dept.			
Total expense as a % of Total GP	90.4%	75.6%	78.4%
Personnel Exp as a % of G/P	40.1%	31.9%	32.3%
Advertising as a % of G/P	6.0%	5.4%	4.2%
Training as a % of G/P	0.0%	0.0%	‡
Tools, Supp, Freight as a % of G/P	2.3%	-0.8%	1.2%

Fixed Expenses - Percent of Total Gross	Domestic Dealer	Import Dealer	Highline Dealer
Rent Factor			
Percent of Total Gross	8.5%	8.9%	10.2%
Absorption %	77.5%	81.0%	81.5%
Net Earnings			
% of Total Sales	2.5%	2.9%	3.7%
% of Total Gross	24.6%	22.4%	29.8%
Personnel Expense as a % of Gross profit	49.4%	40.2%	45.0%
Office Compensation as a % of Total Gross	3.8%	4.1%	3.6%

Sales - Merchandising and Staffing Guidelines	Domestic Dealer	Import Dealer	Highline Dealer
Parts Dept.			
<b>Parts \$ sold per Labor \$ sold</b>			
Cust. Repair	1.0	0.9	0.8
Warranty	1.1	1.6	1.3
Internal	\$ 0.9	\$ 0.7	\$ 0.7
Dept Gross per Employee	\$ 15,276	\$ 18,110	\$ 26,957
Gross Productivity			
Parts Dept.			
<b>G/P as a % of Sales</b>			
Customer Pay	40.2%	39.8%	40.7%
Warranty	32.1%	34.3%	37.3%
Internal	28.1%	31.7%	29.8%
Counter Retail	32.5%	33.1%	36.7%
Wholesale	18.6%	18.3%	25.6%
Customer Pay - Body Shop	‡	‡	‡
Warranty - Body Shop	‡	‡	‡
Total Dept GP%	31.8%	32.1%	34.6%
Net profit as a % of Sales	12.8%	10.3%	11.4%
Expense Control Structure Guidelines			
Parts Dept.			
<b>Total Exp as % of Total G/P</b>			
Personnel Exp as a % of G/P	34.5%	33.2%	35.1%
Advertising as a % of G/P	3.7%	3.8%	3.4%
Training as a % of G/P	‡	‡	‡
Tools, Supp, Freight as a % of G/P	1.6%	1.1%	1.2%

Fixed Expenses - Percent of Total Gross	Domestic Dealer	Import Dealer	Highline Dealer
Office Staff to Total Dealership	1:10	1:11	1:10
Total Expenses as a % of Total Gross	89.2%	88.0%	91.8%
Payroll Taxes as a % of Total Gross	4.1%	4.4%	4.5%
Owners Compensation as a % of Sales	0.3%	0.2%	0.3%
Gross Per Employee (total deal)	\$ 8,625	\$ 8,606	\$ 9,232
All Other Income Per Retail Unit Sold less LIFO & Gains on Fixed	\$ 514	\$ 738	\$ 1,149
Retail Units Sold / Administrative	\$ 206	\$ 243	\$ 134

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