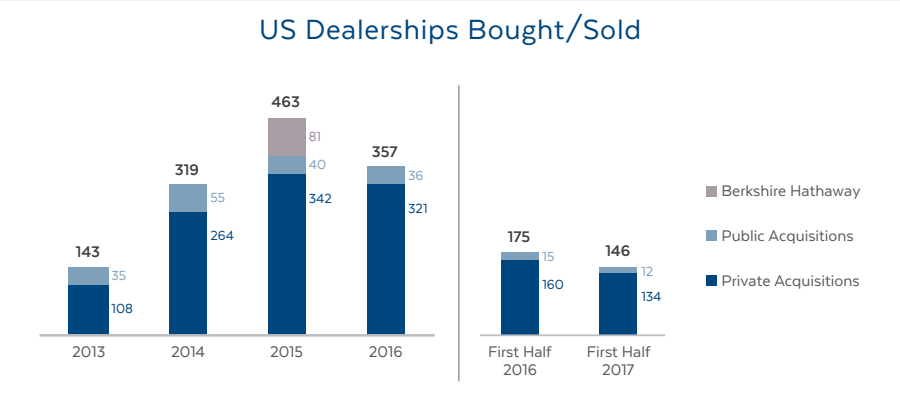


Dealership M&A Market: Downshifting but Still Active

Years of record-breaking automotive sales have increased dealer revenue and profit and pushed dealership valuations to all-time highs. While sales volumes remain strong, there has been a decline in overall new vehicle sales and increased pressure on dealership profit levels recently, making now a good time to assess your business and its future.

Dealership Acquisitions in Flux

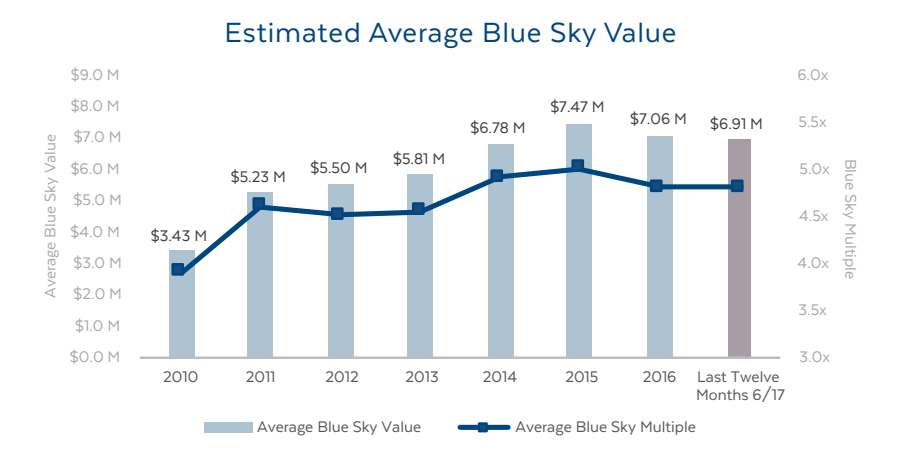
The number of dealerships purchased through June 2017 is slightly lower than in 2016, however the public companies appear to be ramping up U.S. purchases, indicating a strong M&A market during the second half.



Source: The Banks Report and Haig Partners; The Haig Report: Trends in Auto Retail and Their Impact on Dealership Values – Q2 2017, Ft. Lauderdale, FL, 2017

Dealership Valuations and Multiples Still High, but Waning

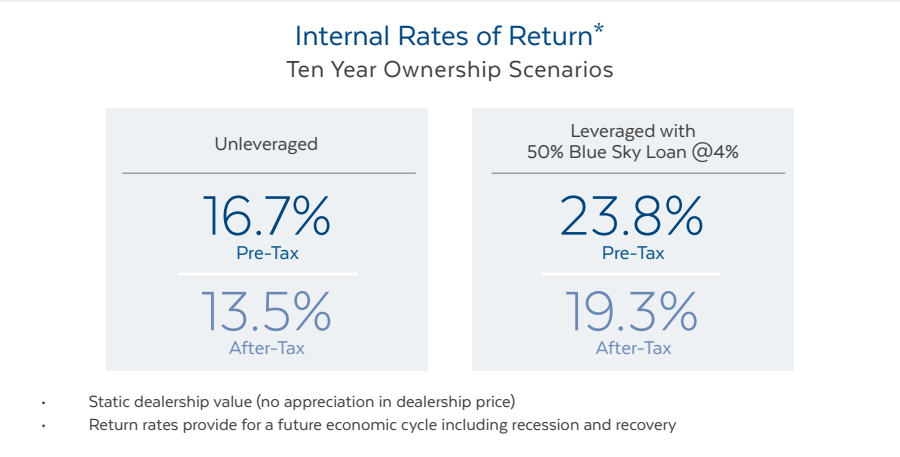
Rising dealership expenses have put pressure on dealership profits, causing a 2.1 percent decline from 2016 (rolling 12 months through June 2017). While multiples remain stable, valuation due to shrinking profits have lowered private dealership values, and public dealership stock prices continue to underperform the S&P 500.



Source: The Haig Report: Trends in Auto Retail and Their Impact on Dealership Values – Q2 2017, Ft. Lauderdale, FL, 2017.

Dealership ROIs Attractive for Purchasers*

Returns from dealership investments — driven by annual cashflow to owners — are still exceptional, even in a peaking market.



*ROI over 10-year period which includes a recession. Leveraged scenarios assume a 10-year loan of 50 percent of the total purchase price at a rate of 4 percent.)

Source: The Haig Report: Trends in Auto Retail and Their Impact on Dealership Values – Q2 2017, Ft. Lauderdale, FL, 2017.

Ready to learn what today’s market conditions mean for your dealership and its value?
Talk to your SunTrust Relationship Manager or Dealership Industry Specialist

