

# finance & insurance

## Group 1 hits \$2,000 F&I profit

### 3 other publics within \$200 of mark

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Group 1 joined AutoNation in surpassing the \$2,000 mark for same-store average F&I profit per vehicle in the second quarter, while Sonic's franchised dealers have drawn within \$16 of that threshold.

Group 1 Automotive Inc. said July 29 that gross F&I profit per unit rose \$250 to \$2,125, a 13.4 percent increase. The Houston-based company ranks fourth on *Automotive News'* list of the top 150 U.S. dealership groups based on 2020 new-car sales.

AutoNation Inc. said its F&I departments averaged a record \$2,342 in same-store gross profit per vehicle in the second quarter. The additional \$167 on each average unit sold represented an 18 percent increase over 2019 and a 21 percent increase over the pre-pandemic second quarter of 2019, AutoNation said July 19. AutoNation ranks first on the *Automotive News* top 150 list.



**Holzshu: "Area of opportunity"**

"The increase in finance and insurance gross profit [per vehicle retailed] was primarily due to higher realized margins on vehicle service contracts, including our AutoNation Vehicle Protection Plan product, and an increase in product penetration," AutoNation wrote in a July 21 filing. Finance and insurance gross profit [per vehicle retailed] also benefited from increases in gross profit per transaction associated with arranging customer financing and amounts financed per transaction."

AutoNation CEO Mike Jackson said on a July 19 earnings call he saw no reason "why F&I profits won't continue to climb."

"It's not that we're raising prices on F&I," he said. "It's that the adoption rate of our products is going up and up."

The Fort Lauderdale, Fla.-based company continued to improve its products and their value, as well as employees' skill in presenting them to consumers, Jackson said.

per vehicle rose 14.9 percent, or \$258, in the second quarter to \$1,984. It said those gains were "primarily due to an increase in gross profit per contract and an increase in the other after-market contract penetration rate."

Sonic, based in Charlotte, N.C., also said July 29 that it broke the \$2,000 mark and set a record overall F&I gross profit per vehicle of \$2,110 when all franchised dealer results are included. This represented a 14.7 percent gain from the second quarter of 2020 and a 33.5 percent increase from 2019, the company said.

Sonic said it expected to grow F&I revenue, including with more products sold on each vehicle. The company ranks seventh on the 2020 *Automotive News* Top 150 dealer list.

"We believe that our proprietary software applications, playbook processes and guest-centric selling approach enable us to optimize F&I gross profit and [products per vehicle] across our F&I product lines," Sonic wrote in a quarterly filing. "We believe that we will continue to increase revenue in this area as we refine our processes, train our associates and continue to sell a high volume of retail new and used vehicles at our stores."

### 'Area of opportunity'

Two other public groups were less than \$200 from the \$2,000 mark.

Asbury Automotive Group Inc. on July 27 reported same-store F&I gross profit per unit of \$1,898, up 9.2 percent, or \$160. The Duluth, Ga.-based company ranks sixth on the *Automotive News* top 150 list.

Lithia Motors Inc. said July 21 it grew same-store profit per vehicle \$219 to \$1,818, a 13.7 percent increase. It said in a July 28 filing the gain was "primarily due to an increase in service contract revenue per unit."

Lithia COO Chris Holzshu told a July 21 earnings call that the \$1,818 represented a \$360 increase from 2019's tally.

"While we are pleased with this progress, we acknowledge that F&I remains an area of opportunity to expand additional product offerings," he said.

### Smaller slice of profits

Group 1 Automotive cracked \$2,000 in F&I gross profit per vehicle in the second quarter. The company reported the largest improvement from the year-ago period. Sonic's franchised dealers had a smaller slice of overall gross profit at all 6 public dealership groups.

	Q2 2021
<b>AutoNation</b>	
Avg. F&I gross profit per vehicle retailed	\$2,342
F&I % of revenue	5.3%
F&I % of gross profit	28%
<b>Group 1 Automotive</b>	
Avg. F&I gross profit per vehicle retailed	\$2,125
F&I % of revenue	4.9%
F&I % of gross profit	26%
<b>Sonic Automotive</b>	
Avg. F&I gross profit per vehicle retailed	\$1,984
F&I % of revenue	4.2%
F&I % of gross profit	25%
<b>Asbury Automotive Group</b>	
Avg. F&I gross profit per vehicle retailed	\$1,898
F&I % of revenue	4.6%
F&I % of gross profit	24%
<b>Lithia Motors</b>	
Avg. F&I gross profit per vehicle retailed	\$1,818
F&I % of revenue	4.4%
F&I % of gross profit	24%
<b>Penske Automotive Group*</b>	
Avg. F&I gross profit per vehicle retailed	\$1,604
F&I % of revenue	3.4%
F&I % of gross profit	20%

\*Figures include data for dealerships outside the U.S. Source: Company reports

Penske Automotive Group Inc., in July 28 global results, reported an increase in same-store profit per vehicle of 20.6 percent, or \$274, to \$1,604. The Bloomfield Hills, Mich.-based chain ranks second on the *Automotive News* top 150 list.

"We believe the increase in same-store finance-and-insurance revenue per unit is primarily due to our efforts to increase finance-and-insurance penetration, which include implementing interactive digital customer sales platforms, additional training, and targeting underperforming locations — coupled with the increase in average selling prices," the company wrote in a July 29 filing. **AN**

### Sonic booms

Sonic Automotive Inc. reported same-store franchise F&I gross profit