

# THE KERRIGAN AUTO RETAIL INDEX

November 2019

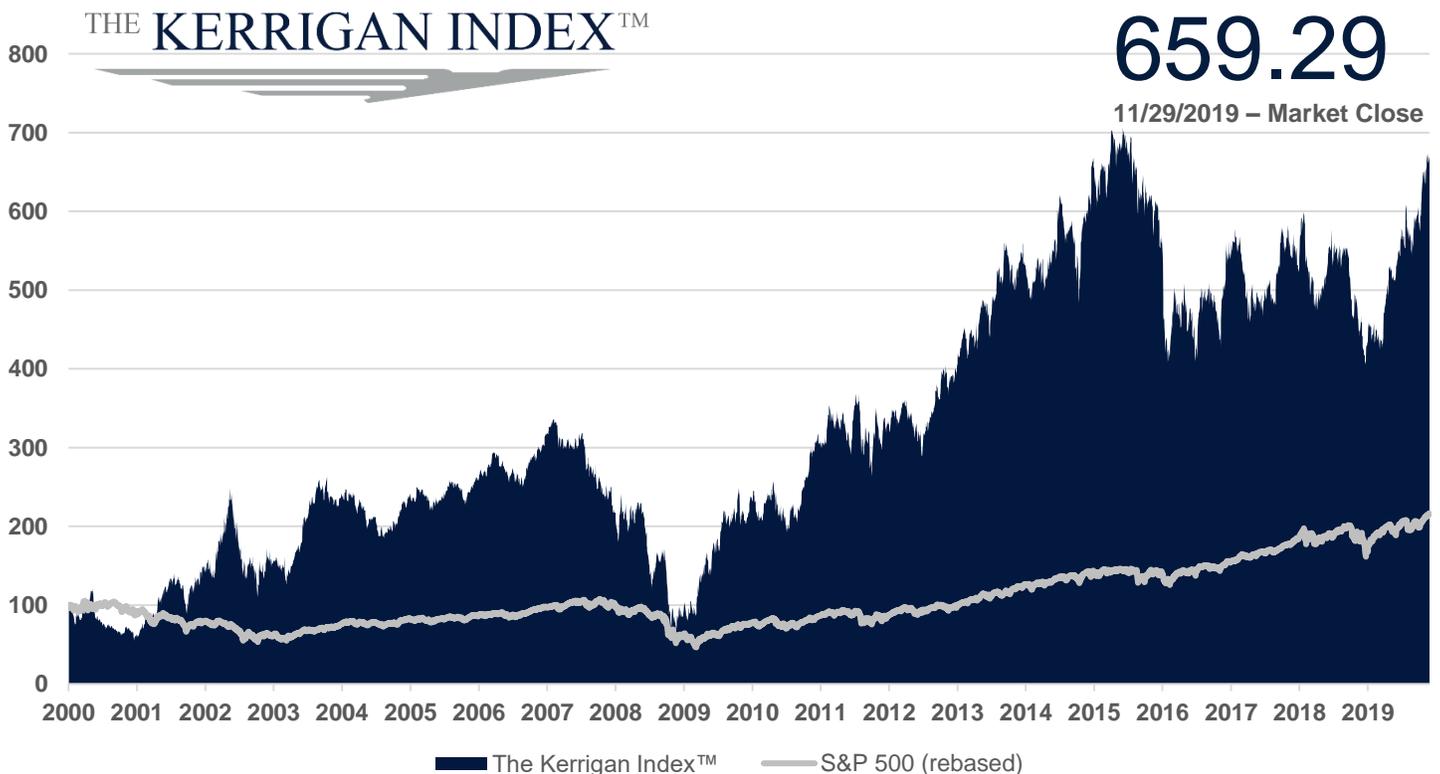
In this monthly issue of The Kerrigan Auto Retail Index, we are pleased to continue coverage of the best public market data available to those involved in the auto retail industry. While the auto retail industry remains highly fragmented and is influenced by thousands of small and mid-sized private companies, the seven publicly traded auto retail stocks provide a special insight into the dynamics affecting US auto retail. These stocks are “marked-to-market” every business day with the cumulative data and wisdom available to those investing.

## Methodology

The Kerrigan Index™ is composed of the seven publicly traded auto retail companies with operations focused on the US market, including CarMax, AutoNation, Penske Automotive Group, Lithia Motors, Group 1 Automotive, Asbury Automotive Group and Sonic Automotive.

The Kerrigan Index™ is weighted by the market capitalization of each company and benchmarked at 100 on 1/3/2000.

Ticker	Company	11/29/2019 Stock Price	11/29/2019 Market Cap.	Monthly Change
KMX	CarMax	\$97.26	\$15.99B	4.39%
AN	AutoNation	\$51.09	\$4.56B	0.63%
PAG	Penske Automotive Group	\$50.49	\$4.09B	4.53%
LAD	Lithia Motors	\$160.58	\$3.73B	1.97%
ABG	Asbury Automotive Group	\$110.84	\$2.14B	7.22%
GPI	Group 1 Automotive	\$103.09	\$1.92B	3.94%
SAH	Sonic Automotive	\$32.75	\$1.41B	1.61%



## Solid Month for Auto Retailers, 2019 Pacing for 5<sup>th</sup> Year of 17 Million SAAR

The Kerrigan Index™ ended November 2019 at **659.29**, up 3.64% for the month and 53.34% year-to-date. The Kerrigan Index is now only 6.6% below its all-time high of 706.16, reached in June 2015. The S&P 500 Index increased 3.40% for the month and 25.30% year-to-date.

All seven component stocks were up in November. Asbury Automotive Group posted the largest increase of 7.22%, followed by Penske Automotive Group (+4.53%), CarMax (+4.39%), Group 1 Automotive (+3.94%), Lithia Motors (+1.97%), Sonic Automotive (+1.61%) and AutoNation (+0.63%).

US new vehicle retail sales were forecasted to rise slightly in November, helped by an extra selling day and larger discounts, according to analysts at JD Power, LMC Automotive and ALG. November's seasonally adjusted annualized rate of sales (SAAR) is projected to come in between 16.9 and 17.5 million. SAAR has topped 17 million five out of the first 10 months this year, a sign that the market remains healthy and that SAAR could top 17 million for the fifth consecutive year.

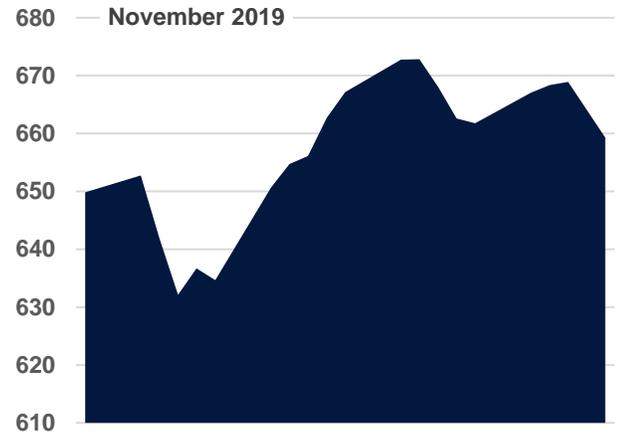
According to Charlie Chesbrough, senior economist at Cox Automotive, "The US consumer, motivated in part by low unemployment rates, continues to drive the economy forward. Strong labor and equity markets continue to provide the foundation for robust vehicle demand. Until either of those changes substantially, strong vehicle markets are likely to continue."

Incentives required to spur current sales volumes continue to be a concern. Average incentive spending per unit is on pace to reach \$4,538 in November, an increase of more than 12% from last year and the first time ever above \$4,500. The previous high for the industry was \$4,378 set in December 2017.

While the public did not release financial results, there were a few announcements made in November.

- **AutoNation** has named Joseph Lower, previously CFO of Office Depot, as CFO to fill the role vacated by Cheryl Miller when she was named CEO of the group in July.
- **Lithia Motors** promoted executive vice president Chris Holzshu to Chief Operating Officer at the company, with responsibility for regional platforms and operations teams.
- **Lithia Motors** also announced its first acquisition in the state of Florida, acquiring three dealerships in the Tampa market: Wesley Chapel Toyota, Wesley Chapel Honda and Tampa Honda.
- **Sonic Automotive** sold five dealerships in Ohio to Germain Automotive. The stores, purchased in 1998, represented 3% of the company's total revenue.

Index	Monthly Change	YTD Change
The Kerrigan Index™	3.64%	53.34%
S&P 500 Index	3.40%	25.30%



**Other significant industry data include:**

- Per JD Power, the average new vehicle retail transaction price in November was estimated to reach \$34,217, up 1.7% from last November's level of \$33,488.
- Days to turn, the average number of days a new vehicle sits on a dealer lot before being sold to a retail customer, was 76 days through November 17<sup>th</sup>, up six days from 2018.
- In November, average incentive spending on cars is expected to be up \$454 to \$4,185, while spending on trucks/SUVs is expected to be up \$503 to \$4,658.
- Consumer spending on new vehicles is expected to total \$40.3 billion in November, up \$2.7 billion from 2018.
- Trucks and SUVs accounted for 72.7% of new vehicle retail sales through November 17<sup>th</sup>, the highest level ever for November.
- Fleet sales declined 3.5% in November and are expected to be 261,800 units for the month, representing 18% of total light vehicle sales.

*Sources: Automotive News, JD Power, LMC Automotive, Cox Automotive and Yahoo Finance*

**About Kerrigan Advisors:**

Kerrigan Advisors has the honor of advising the industry's leading dealers through the lifecycle of growing, operating and, when the time is right, monetizing their businesses. In the last five years, we have represented on auto retail's largest transactions, including five of the Top 100 Dealership Groups, *more than any other firm in the industry*. Kerrigan Advisors works with auto retail's leading families on their growth strategy, capital allocation, real estate and buy/sell transactions. Kerrigan Advisors is often asked to keynote top auto retail conferences, as well as leading manufacturer events. In addition to The Kerrigan Index™ monthly, the firm publishes a quarterly Blue Sky Report®, the industry authority on blue sky multiples and buy/sell trends. To sign up to receive both reports, please email your contact information to [info@kerriganadvisors.com](mailto:info@kerriganadvisors.com) or visit our website at [www.kerriganadvisors.com](http://www.kerriganadvisors.com).