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# Understand the Value of Your Auto Dealership

**Understanding the value of an auto dealership requires an understanding of the industry's unique terminology, factory financial statements, and hybrid valuation methodologies.**

The valuation of auto dealerships can be unique. Unlike most valuations used in the corporate or M&A world, cash flow metrics such as Earnings Before Interest, Taxes and Depreciation ("EBITDA") are infrequently employed in auto dealership valuations. Further, the valuation of one auto dealership compared to another auto dealership can be completely different due to a variety of value drivers in the industry.

In this whitepaper, we break down the value drivers of a dealership, discuss when you might need a formal valuation, introduce the valuation methodologies used by professional business appraisers, and go into some depth about topics such as dealer financial statements and normalizing adjustments to the balance sheet and income statement. We hope that the information in this whitepaper will make you a more informed user of business valuation services.

To many people, auto dealerships are simple businesses that don't require explanation or understanding. Most of us have purchased a car or truck, so we have some familiarity with dealerships and their operations. However, upon closer examination, auto dealerships are complex businesses with several departments that typically operate independently (but can also be interdependent). The overall success of an auto dealership relies on the performance of all of the departments over time.

So, on one level, all auto dealerships are alike as there are significant similarities between revenue and profit centers and common expenses. Nonetheless, recognizing the distinct characteristics of a given auto dealership is necessary to understanding its value in the marketplace.

# The Value Drivers of an Auto Dealership

Auto dealership owners, like most business owners, are always curious about what their dealership might be worth. Certain life events require a valuation, such as a transaction (including buy-sell), litigation, divorce, wealth-transfer, etc. While valuations tend to be performed infrequently around these events, dealers can evaluate their business and improve its value by understanding and focusing on the value drivers of an auto dealership and addressing them on a consistent basis. So, what are some of the value drivers of a store valuation?

## Franchise

An auto dealership's franchise affiliation has a major impact on value. Each franchise has a different reputation, selling strategy, target consumer demographic, etc. Public value perception of franchises tend to be unique and are most easily illustrated through Blue Sky multiples. As the Haig Report and Kerrigan's Blue Sky Report indicate, Blue Sky multiples vary over time even if they are frequently stagnant from period to period. Often auto dealerships and franchises are grouped into broader categories, such as: luxury franchises, mid-line franchises, domestic franchises, import franchises, and/or ultra high-line franchises.


While dealers may not ultimately have significant influence over the value perception of their franchise, they do have the opportunity to make bolt-on acquisitions and expand their operations to more rooftops. This will likely improve foot traffic to the various franchises, in general, and ultimately, may improve the value of the business. Dealers should be cognizant of a franchise's reputation as well as its potential to perform in their local market when looking to add to their current offerings.

## Real Estate/Quality of Facilities

Most dealership operations are held in one entity, and the underlying real estate is held by a separate, often related entity. Several issues with the real estate can affect an auto dealership valuation. First, an analysis of the rental rate and terms should be performed to establish a fair market value rental rate (as discussed in normalization adjustments on page 8). Since the real estate is often owned by a related entity, the rent may be set higher or lower than market for tax or other motivations that would not reflect fair market value. Second, the quality and condition of the facilities are crucial to evaluate. Most manufacturers require facility and signage upgrades on a regular basis, often offering incentives to help mitigate these costs. It's important to assess whether the auto dealership has regularly complied with these enhancements and is current with the condition of their facilities.

Post pandemic, facility upgrades have become slightly less of a value driver. Dealers have shifted more to digital sales through omnichannel offerings, reducing foot traffic to the actual dealership. With the focus shifting away from the dealer's real estate and physical showroom, the importance of the latest and greatest signage is somewhat diminished. Perhaps of greater importance, are the substantial capital improvements required by the OEMs for the retail sales of electric vehicles. These requirements can vary greatly depending on the manufacturer and the elected involvement of the particular dealer.

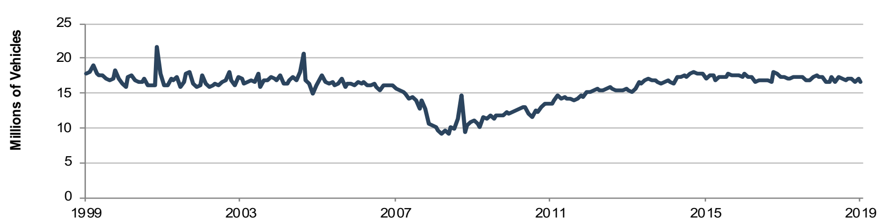
## Employees/Management

The quality and depth of management can have a positive impact on an auto dealership valuation. Auto dealerships with greater management depth and less dependence on a few key individuals will generally be viewed as less risky by an outside buyer. Also, an auto dealership's Customer Service Index ("CSI") and Service Satisfaction Index ("SSI") rating can influence incentives from the franchise and the overall perception of the consumer. A strong CSI and SSI are reflections of a strong service department and a commitment to quality customer service.

With the shift to digital retailing, the total number of employees and importance on overall employees has diminished. The dependence on key individuals at the general manager and department head positions will always remain critical to the success and profitability of a dealership.

## Recent Economic Performance

Like most industries, the auto industry is dependent on the national economy. The auto industry measures and tracks sales of lightweight automobiles and trucks in a Seasonally Adjusted Annual Rate ("SAAR"), which is an indicator of historical economic performance in the auto industry. In addition to monitoring and understanding the current month's SAAR, the longer-term history of the SAAR and its trends also provide insight into the auto industry and an auto dealership valuation. Below is a long-term graph of the SAAR from 1999 to 2019.




*Source: St. Louis Fed*

While dealerships tend to ebb and flow with the general economy, the industry can also be cyclical based upon the average age of cars owned. Consider a period with significant volumes over a number of years. Because cars are typically owned for several years, these customers are not repeat customers except to the extent they visit the parts and service departments. All else equal, periods with high volume sales tend to be followed by lower volume periods.

## Buyer Demand

Typically, buyer demand is measured by the deal activity in the M&A market. Buyer demand in the transaction market can illustrate the value climate to dealer valuations. The Haig report indicated that 2021 and 2022 were very active years in auto dealer transactions with 707 dealerships bought/sold in 2021 and 566 dealerships bought/sold in 2022. 2023 has also proved to be an active year so far in the auto dealership transaction space, albeit at slightly lower volumes than the last two years. While transaction volume is not something that dealers can directly influence themselves, adhering to the other aspects noted in this piece can increase the likelihood dealers receive a favorable multiple?

## Location/Market

The value of an auto dealership can be more complex than urban vs. rural or major metropolitan city vs. minor metropolitan city. Each store location is assigned a certain area or group of zip codes referred to as an area of responsibility ("AoR"). Particularly, how does a location's demographic characteristics line up with a certain franchise? For example, a high-line auto dealership would perform better and seemingly be more valuable in a major metropolitan area with a high median income level, such as Beverly Hills or South Beach in Miami, than in a mid-western city. Conversely, a mid-line store would probably fare better in areas with more moderate median income levels.

We've discussed how the national economy can affect an auto dealership's value, but in some instances, performance can also be greatly influenced by the local economy. Certain local markets are dominated by a particular trade or industry. For example, for a dealership located close to a military base there may be a jump in car sales as service members return home from deployment. In such an instance, a dealership is probably more dependent on local economy conditions than national economy conditions.

## Single-Point vs. Over-Franchised Market

The amount of competition in an auto dealership's AoR, as well as the nearest location of a similar franchised auto dealership, can have an impact. It's important to make the distinction that we are talking about a market and not a single-point store. A single-point market refers to a market where there is only one auto dealership of a particular franchise. An over-franchised market would be a larger market that may contain several auto dealerships of a particular franchise within a certain radius.

Often, an auto dealership in a single-point market would be viewed as more valuable than one in an over-franchised market that would be competing with its own franchise for the same consumers. Additionally, the auto dealerships of the same franchise in the same market could be drastically different in size. One may be part of a larger auto group of dealerships, while the other may be a single-point dealership location, meaning that owner only owns that one location. A dealer with one of many Ford dealerships in a city, for example, is likely to be worth less because customers that are going to buy a new Ford have many convenient options. Additionally, a dealer with a single point franchise is likely to lose out on customers that aren't yet sure what make or model they want if they only offer vehicles from one franchise at their location.

We've already discussed how certain brands tend to receive higher Blue Sky multiples and how that should factor into acquiring a new franchise. Owners looking to enhance the value of their dealership operations should also consider the saturation of franchises in their market. While a Lexus dealership may have a higher Blue Sky multiple than a Kia, if there is only one Kia dealership in the market, that dealership may be able to earn more in profits. Improving earnings is an easier way to improve the valuation of a dealership as multiples tend to represent other uncontrollable market influences.

## When You Need a Formal Valuation

Like all private companies, ownership interests in auto dealerships eventually transact. Whether voluntary or involuntary, these transactions tend to be among the most important of the owner's business life. When those transactions happen, a formal valuation is often necessary or desired. Your CPA or attorney can guide you in this regard. The *Business Transfer Matrix* below depicts events ranging from voluntary transfers, such as gifts to family members or an outright sale to a third party, to involuntary transfers, such as those precipitated by death or divorce. An understanding of the context of valuing your business is an important component in preparing for any of these eventualities.

| The Business Transfer Matrix | PARTIAL SALE/TRANSFER | TOTAL SALE/TRANSFER |
|---|---|---|
| THINGS YOU MAKE HAPPEN | ESOP<br>Outside Investor(s)<br>Sale to Insiders/Family<br>Combination Merger/Cash Out<br>Going Public | Sale of Business<br>Stock-for-Stock Exchange w/ Public Co.<br>Stock Cash Sale to Public Co.<br>Installment Sale to Insiders/Family<br>ESOP/Management Buyout |
| THINGS THAT HAPPEN TO YOU | Death<br>Divorce<br>Forced Restructuring<br>Shareholder Disputes | Death<br>Divorce<br>Forced Restructuring<br>Bankruptcy |

# Things Every Formal Valuation Must Contain

Many business owners are surprised to learn that there is not a single value for their business or a portion of their business. Numerous legal factors play important roles in defining value based upon the circumstances related to the transfer of equity ownership.

While there are significant nuances to each of the following topics, our main goal is to help you combine the economics of valuation with the legal framework of a transfer (whether voluntary or involuntary). When discussing a business appraisal with a valuation professional, make sure you understand the following.

## The Valuation Date

Every valuation has an “as of date” which, simply put, is the date at which the analysis is focused. The date may be set by legal requirements related to a certain event, such as death or divorce, or may be implicit, such as the closing date of a transaction.

## The Purpose of the Valuation

The purpose of the valuation is significant to how the valuation is performed. A valuation prepared for one purpose is not necessarily transferable to another. The purpose of the valuation is likely to determine the “standard of value.”

## The Standard of Value

The standard of value is a legal concept that influences the selection of valuation methods and the level of value. There are many standards of value, the most common being fair market value, which is typically used in tax matters. Other typical standards include investment value (purchase and sale transactions), statutory fair value (corporate reorganizations), and intrinsic value (public securities analysis). Using the proper standard of value is part of obtaining an accurate determination of value.

## The Level of Value

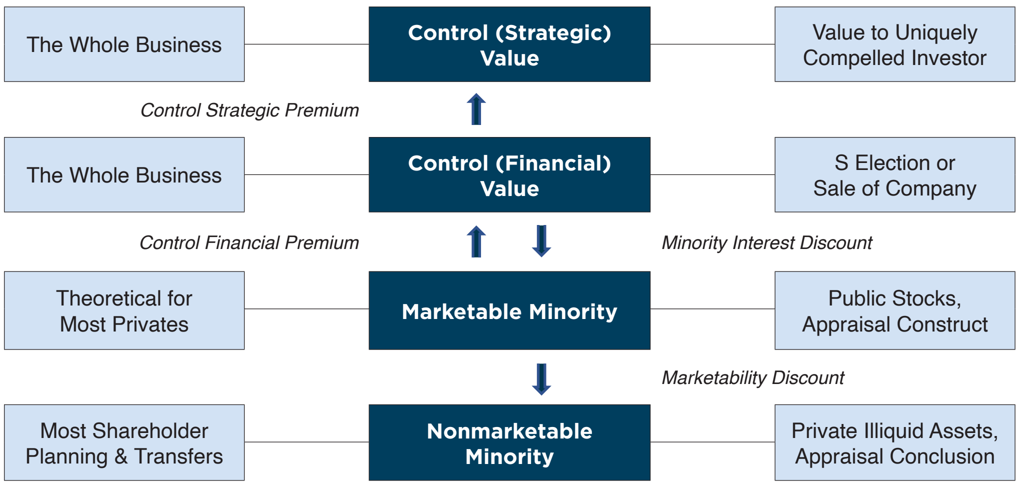
When business owners think about the value of their business, the value considered commonly relates to the business in its entirety. From this perspective, the value of a single share is the value of the whole divided by the number of outstanding shares. In the world of valuation, however, this approach may not be appropriate if the aggregate block of stock does not have control of the enterprise; in many cases, the fair market value of a single share will be less than the whole divided by the number of shares.

The determination of whether the valuation should be on a controlling interest or minority interest basis can be a complex process, and it is also essential.

A minority interest value often includes discounts for a lack of control and marketability; therefore, it is quite possible for a share of stock valued as a minority interest to be worth far less than a share valued as part of a control block, which makes intuitive sense.

If you don't have control and can't influence the operations of a business that needs improvement or compel dividends to be paid, the value of that interest would be lower.

Grasping the basic knowledge related to these issues can help you understand the context in which the value of a business interest is developed.




# Valuation Approaches for Auto Dealerships

Within the common valuation lexicon, there are three approaches to valuing a business: the asset approach, the income approach, and the market approach. Auto dealers also typically think of value in terms of Blue Sky multiples.

In this section, we discuss the three main valuation approaches as well as the concept of Blue Sky. The application and use of these approaches and the related methods under each approach are unique to valuing auto dealerships, including a hybrid asset/market approach.

## Blue Sky Concept

The auto dealership industry communicates value in terms of Blue Sky value and Blue Sky multiples. What is Blue Sky value? Any intangible/goodwill value of the auto dealership above the book value of the tangible assets is referred to as Blue Sky value. Typically, Blue Sky value is measured as a multiple of pre-tax earnings, referred to as a Blue Sky multiple. Blue Sky multiples vary by franchise/brand and fluctuate year-to-year.

## The Asset Approach

The asset-based approach is a general way of determining a value indication of a business or a business ownership interest using one or more methods based on the value of the assets net of liabilities. Asset-based valuation methods include those methods that seek to adjust the various tangible and intangible assets of an enterprise to fair market value.

In auto dealership valuations, the asset method is utilized to establish the fair market value of the tangible assets. This value is then combined with a Blue Sky "market" approach to conclude the total fair market value of the auto dealership.

## The Income Approach

The income approach is a general way of determining a value indication of a business or business ownership interest using one or more methods that convert anticipated economic benefits into a single present amount.

The income approach can be applied in several different ways. Valuation methods under the income approach include those methods that provide for the direct capitalization of earnings estimates, as well as valuation methods calling for the forecasting of future benefits (earnings or cash flows) and then discounting those benefits to the present at an appropriate discount rate. The income approach allows for the consideration of characteristics specific to the subject business, such as its level of risk and its growth prospects relative to the market.

How is the income approach unique to the auto dealership industry? First, projections are rarely produced or tracked by auto dealers, so historical capitalization methods are mostly used. Second, most auto dealerships are dependent on the national economy, and sometimes to a larger degree, their local economies. What impact does this have on the income approach? Business valuation appraisers need to analyze the dependence of each auto dealership on the national and local economy which usually affects the seasonality and cyclicality of operations and profitability. For auto dealers, operations tend to fluctuate over a longer period (roughly five to seven years), which aligns with the shelf life of vehicles. If a dealership has a record year of performance, it is unlikely they can repeat it when customers in their local area have all just purchased a vehicle. As vehicles age, customers need more service and maintenance which is a profitable department for dealerships, but also tends to fluctuate over the life cycle. For this reason, valuation experts tend to consider the context of the company's recent history to establish an expectation for an ongoing, sustainable level of future performance.

## The Market Approach

The market approach is a general way of determining the value indication of a business or business ownership interest by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

The market approach includes a variety of methods that compare the subject with transactions involving similar investments, including publicly traded guideline companies and sales involving controlling interests in public or private guideline companies. Consideration of prior transactions in interests of a valuation subject is also a method under the market approach.

In the auto dealership industry, traditional market approaches are not frequently employed. While there are a few publicly traded companies in the industry, they are large consolidators and own numerous dealership locations of many franchises in many geographic areas. Data on private transactions from traditional sources exist, but is generally not in a large enough sample size of the particular franchise of the subject interest to provide meaningful comparisons.

How does a business valuation expert utilize the market approach in the valuation of an auto dealership? The answer is a hybrid method utilizing published Blue Sky multiples from transactions of various franchise dealership locations. Two primary national sources, Haig Partners and Kerrigan Advisors, publish Blue Sky multiples quarterly by franchise. As discussed earlier, these multiples are applied to pre-tax earnings and indicate the Blue Sky or intangible value of the dealership. When combined with the value of the tangible assets determined under the asset approach, an experienced business valuation expert can conclude a total value for the dealership using this hybrid approach.

# Information Specific to the Auto Dealer Industry

## Dealer Financial Statements

The reported financial statements of auto dealerships are important to understand. Unlike valuations in other industries where financial statements might be internal, compiled, reviewed, or preferably audited, most reputable valuations of auto dealerships rely upon the financial statements that each dealer reports to the franchise, referred to as dealer financial statements.

Why are dealer financial statements preferred? These statements provide much more detailed information pertaining directly to the operations of the dealership than any audited financial statement. Valuable information includes the specific operations and profitability of the various departments including, new vehicle, used vehicle, parts and service, and finance and insurance. Each department has a different impact on the overall success and profitability of the entire dealership.

Dealerships are required to report these financial statements to the factory on a monthly basis. However, an experienced business valuation expert knows to request the 13th month dealer financial statements. If a year only has twelve months, what are 13th month dealer financial statements? The 13th month dealer financials typically include year-end tax adjustments, such as adjusting the value of new/used vehicles to fair market value by reflecting current depreciation and other adjustments. Audits sometimes capture these items, but internal financial statements almost certainly wouldn't. Audited financial statements frequently include the dealer financial statements at the back, further illustrating the importance of the additional insight they provide.

## Normalizing Adjustments

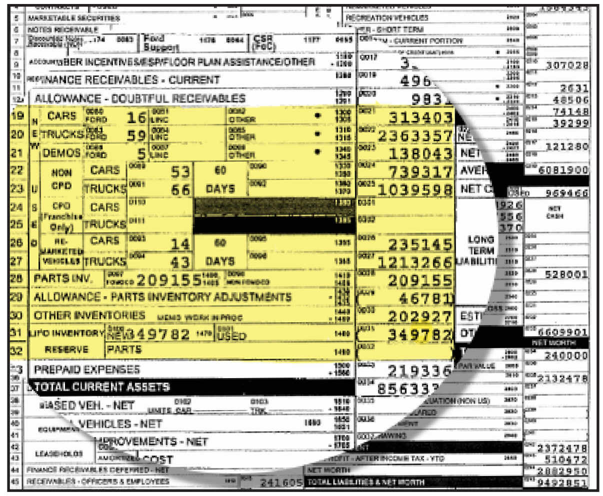
Normalizing adjustments take private company financials and adjust the balance sheet and income statement in order to view the company from the lens of a "public equivalent." Adjustments are often interrelated; a change to the balance sheet frequently will affect the income statement as we'll discuss.

Normalizing adjustments are a critical step in auto dealer valuations for multiple reasons. When using Blue Sky multiples to capture intangible value, the multiple is applied to a pre-tax earnings stream. If the pre-tax earning stream is not appropriately adjusted (normalized), this approach will not properly determine the tangible value (or the intangible value). Normalizing adjustments also adjust the private dealer's financial statements to a public equivalent upon which a third party would rely to develop its offer. If a minority owner does not have the ability to adjust operations to reflect these earnings, their interest would be worth less.

Typical areas of potential normalizing adjustments for auto dealerships include, but are not limited, to the following.

## The Balance Sheet

**Inventories** – Most auto dealerships report the value of their new and used vehicle inventories on a last in, first out ("LIFO") basis.

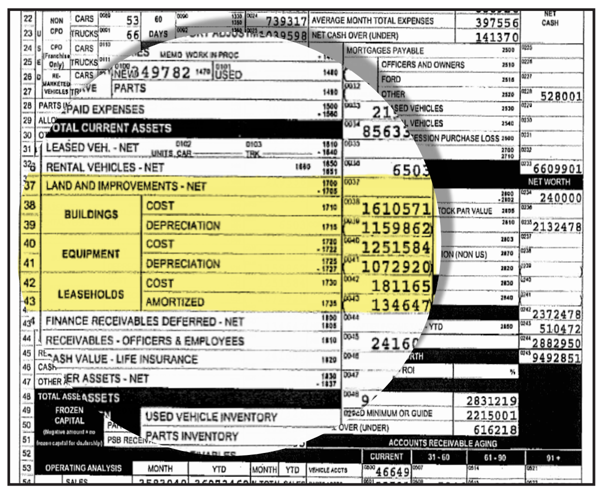


LIFO accounting allows the dealership to reduce the value of their inventories and pay fewer taxes. General valuation theory calls for inventories to be restated at first in, first out ("FIFO") basis.

The FIFO adjustment affects both the balance sheet and the income statement. On the asset side of the balance sheet, we add the LIFO reserve amount to the reported LIFO inventory, raising the value of the inventory.

Liabilities also increase due to the additional taxes that would be paid on a FIFO-equivalent inventory, calculated as the LIFO Reserve multiplied by the corporate tax rate.

**Fixed Assets** – Frequently, dealers own everything in two separate, but related entities. One entity owns the operations of the dealership and another owns the underlying real estate.

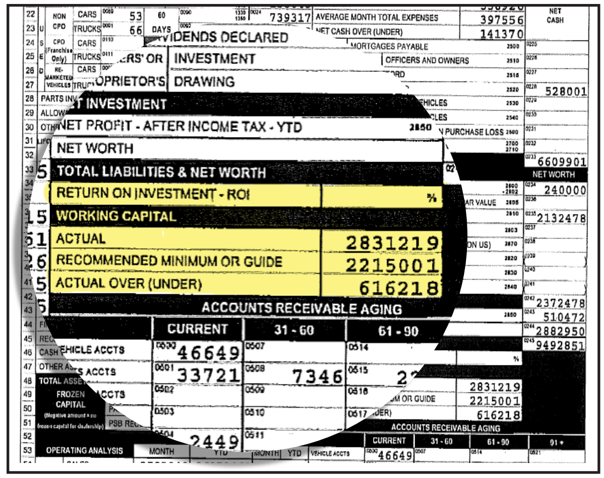


In those cases, most dealerships still report some cost value of land or leasehold improvements on their factory dealer financial statements.

The business valuation expert must determine who owns the real estate, and if not owned by the dealership, the value of the land and leasehold improvements need to be adjusted/removed.

This adjustment reflects the true value of the tangible assets of the dealership. Failure to properly assess and make this adjustment will skew the implied Blue Sky multiple on the concluded value of the dealership.

**Working Capital** – Most factory dealer financial statements list the dealership's actual working capital, along with the requirements from the factory on the face of the dealer financial statement, as seen in the graphic to the right.

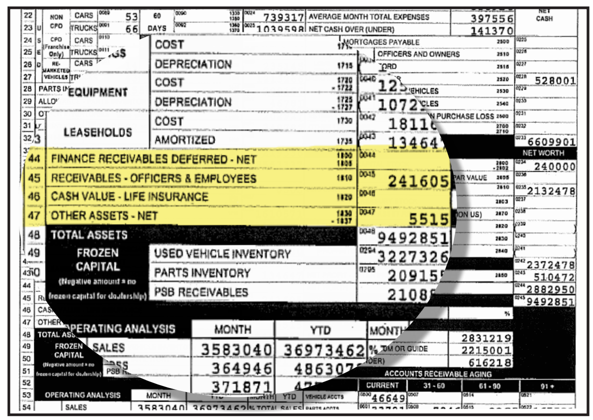



It is important for the business valuation expert to assess whether the dealership has adequate working capital, or perhaps an excess or deficiency.

Comparisons to required working capital are not always rigid.

An understanding of the auto dealer's historical operating philosophy can help determine whether there is an excess or deficiency as different sales strategies can require different levels of working capital, regardless of the factory requirements.

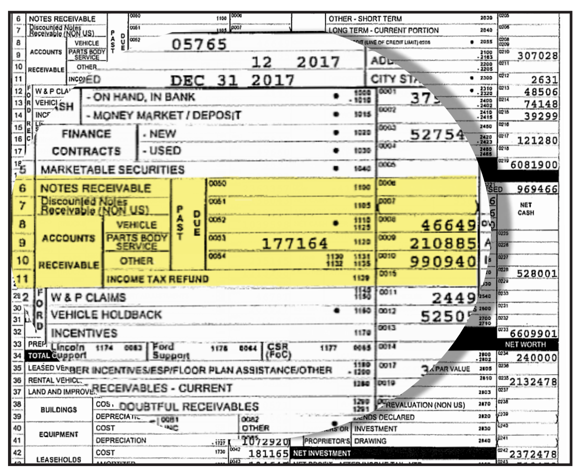
**Goodwill / Intangible / Non-Operating Assets** – Often auto dealers might have intangible and non-operating assets such as goodwill from a prior acquisition, cash surrender value of life insurance, personal seat licenses ("PSLs"), excess/non-operating land, airplanes, etc.




These assets do not contribute to the cash flow from operations and/or are not included in the tangible assets of the business. Blue Sky multiples inherently capture the intangible value of a dealership's expected future earnings.

The appraiser must remove goodwill and intangibles on the balance sheet to establish the tangible asset base of the dealership before any application of a Blue Sky multiple.

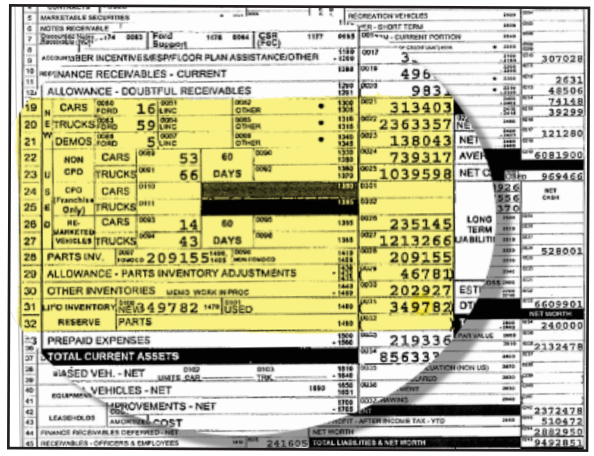
**Owner Accounts Receivable** – Occasionally, auto dealers loan money into the dealership with no intention of ever repaying those funds, and dealers sometimes misplace or disguise items on the dealer financial statement which overstates working capital.




Valuation analysts have to ask about these items specifically during their management interviews with the dealer principal or controller to know if adjustments to the dealer financial statement are warranted.

## The Income Statement

**Inventories** – As discussed earlier, the use of LIFO inventory systems creates normalizing adjustments on both the balance sheet and the income statement.



On the income statement, the inventory adjustment affects the cost of goods sold ("COGS"), and ultimately, the gross profit margin. The shortcut method to the adjustment analyzes the change in the LIFO reserve year-over-year. If the LIFO reserve increases, the resulting normalization adjustment decreases COGS and increases profits. Conversely, if the LIFO reserve decreases, the resulting normalizing adjustment increases COGS and decreases profits.

**Officer / Dealer Compensation** – Like all valuations, the compensation of the dealer principal or officers must be considered for potential adjustment. Typically, a business valuation expert will review actual compensation paid and determine a replacement or market equivalent compensation level. Experienced business valuators in the auto dealer industry have techniques and benchmarks to determine a reasonable replacement cost. In addition, some auto dealers have non-active employees or family members on the payroll. The salaries of non-active employees must also be normalized by adding back those expenses as they would not be included for a public equivalent.

**Rent** – As noted previously, the underlying real estate utilized by the auto dealer is frequently owned in a separate, related entity. As such, the dealership pays rent to the related party entity. The business valuation expert needs to determine if the rental rate paid is equivalent with a market rental rate. Often, this rental rate creates additional profitability at either the dealership entity or the real estate entity. Experienced business valuators in the auto dealer industry have several techniques and benchmarks to determine a fair market rental rate for the facilities.

**Other Income Items** – Most factory dealer financial statements have a line item on the income statement for other income items/additions. This category can be sizeable for a dealership depending on its sales volume and level of profitability. It's important for a business appraiser to determine the items that comprise this category and how likely they are to continue at historical levels. Some common items that appear in this category include factory dealer incentives on sales volume levels for vehicles, factory dealer incentives for service performance, document/preparation fees on the sale of new and used vehicles, and additional costs for financing and other services sold as a part of the vehicle transaction ("PACKs").

**Discretionary / Non-Recurring / Personal Expenses** – Like all valuations of privately held companies, auto dealership valuations should normalize all expenses that are discretionary, non-recurring, or personal in nature. Often, these expenses can be identified during the management interview phase of the business valuation.

**Expected Industry Profitability vs. Actual Profitability** – For auto dealerships, stores can often be more "valuable" than stores performing at or above the market from a multiple perspective.  One reason for this is that hypothetical buyers recognize the improvements they can make to profitability for underperforming stores. Experienced business valuators in the auto dealer industry know to consult expected industry profitability levels depending on the manufacturer, geographic region, and competition.  Expected profitability levels can be an added benchmark to the totality of the other normalization adjustments determined in the valuation process.

## Putting It All Together

A proper valuation is the synthesis of indications of value developed utilizing the three approaches outlined in this whitepaper. However, a valuation is much more than these calculations. Industry rules of thumb are dangerous to rely on in any meaningful transactions as they fail to consider the specific characteristics of the business. Be wary of reports that offer indications of value that significantly vary across valuation approaches.

Business appraisers must consider normalizing adjustments and determine how the outlined value drivers apply to the subject dealership. A valuation requires an underlying analysis of a business and its unique characteristics that provide relevance and credibility to these indications of value.

### Do You Need an Industry Expert or a Valuation Expert?

Industry experts are typically analysts and observers who regularly follow the auto dealership industry, who understand industry concepts and terminology, and who write and/or speak about industry trends. Many have transaction experience and provide advisory services to industry participants.

Valuation experts are experienced in business valuation, hold professional designations, and have an understanding of valuation standards and concepts. Valuation experts regularly value minority interests in a broad range of businesses across many industries.

Do you need an industry or valuation expert? We, of course, believe you need both – a valuation expert who has deep industry expertise. Mercer Capital is one of the premier independent business valuation firms in the country and we have auto dealership expertise. We regularly value auto dealerships for purposes of buy-sell agreements, equity compensation, dispute resolution, and financial reporting. Our professionals are members of the National Auto Dealers Counsel, attend industry conferences and events, and are actively involved in several auto associations.

In addition, we speak and publish on valuation topics of importance to auto dealers. In fact, subscribe to our blog, ***Auto Dealer Valuation Insights,*** which provides weekly updates on issues important to owners and managers of auto dealerships.

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# Valuation & Corporate Finance Services for the Auto Dealership Industry

Mercer Capital provides business valuation and financial advisory services to auto dealerships throughout the nation. We provide valuation services for tax purposes, buy-sell agreements, partner buyouts, and other corporate planning purposes. Mercer Capital also works with owners who are considering the sale of their dealership or the acquisition.

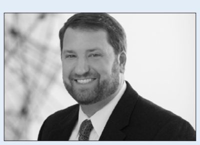
## Sectors Served

- New Car Dealers (Domestic, Import, Luxury, High-Line / Ultra High-Line)
- Used Car Dealers

## Services Provided

- Corporate Valuation Services
  Buy-sell Agreements, Gift & Estate Tax, Equity Comp, Reorganization/Recapitalization, Income Tax
- Transaction Advisory Services
  M&A Advisory, Fairness Opinions, Restructuring Services, Due Diligence
- Financial Reporting Valuation Services
  Purchase Price Allocations, Impairment Testing
- Litigation Support Services
  Economic Damages, Shareholder Disputes, Divorce, Tax-Related

## Auto Dealer Industry Professionals



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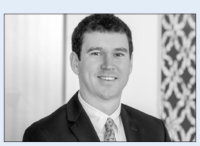

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