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Auto Dealer Industry

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Mercer Capital is a national business valuation and financial advisory firm. Valuations of auto dealers require special knowledge of the industry, hybrid valuation methods, and understanding of industry terminology. This newsletter provides useful statistical metrics of the auto industry as well as content about the unique industry factors and value drivers of business valuations. We can assist you and your clients in valuation and consulting matters within the auto industry.

We hope you find this newsletter to be a helpful resource and appreciate any feedback along the way. Please send suggested content topics or ideas that you'd like to see in future editions to Mercer Capital's Auto Dealer Industry Group Leader, Scott A. Womack, ASA, MAFF at **womacks@mercercapital.com**.

Tax Planning for Auto Dealerships

Why Auto Dealers Might Not Pay "Market" Rent

In business valuation, appraisers seek to normalize historical earnings to establish the level of earnings an investor might reasonably expect from an investment in the subject company. These adjustments may increase or decrease earnings, and they can be for a variety of reasons. Normalization adjustments include surveying various expense categories and determining whether the amount historically paid is considered "market rate."

Rent paid to a related party is frequently judged to be above or below market, which can be for a variety of reasons. Dealers' priorities lie more with sales and operating efficiency than tracking what the market says they should pay in rent. The rent paid also may be artificially high or low for tax purposes. In this article, we examine what exactly this means, and why auto dealers may hold real estate in a separate but related entity from the one that owns the dealership operations.

What Are the Options and Tax Implications?

To understand why paying above market rent might be advantageous for an auto dealer, we need to know the options available and the tax implications. There are a few ways for gross profits to end up in the pockets of dealers:

1. Retain as profit and pay a distribution (corporate income tax and personal dividend tax)
2. Pay as compensation to owner (personal income tax and payroll tax)
3. Pay as rent to related pass-through entity that owns the real estate (personal income tax)

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Tax Planning for Auto Dealerships

Why Auto Dealers Might Not Pay "Market" Rent

(continued)

Pay Corporate Taxes on Profits and Pay a Dividend

Making the decision for "tax purposes" has frequently implied avoiding the double taxation inherent in C corporations. A dealership organized as a C corporation would owe approximately 25% in state (assuming a 5% state tax rate) and federal corporate income tax, meaning $1,00,000 in pre-tax earnings would equate to a dividend of about $750,500. Then, the owner would likely owe an additional 15-20% in dividend taxes, meaning $1,000,000 may be closer to $600,400 in after-tax(es) proceeds. An all-in tax rate of approximately 40% in 2021 is much lower than what dealers would have paid prior to the 2017 Tax Cuts and Jobs Act as shown below:

Pay as Dividend		Today		Pre- TCJA
Pre-Tax Earnings		$1,000,000		$1,000,000
State Corporate Income Tax	5%	(50,000)	5%	(50,000)
		950,000		950,000
Federal Corporate Income Tax	21%	(199,500)	35%	(332,500)
Net Income		750,500		617,500
Dividend Tax	20%	(150,100)	20%	(123,500)
After-Tax(es) Distributions		600,400		494,000
Implied All-In Tax		40.0%		50.6%

The reduction in the federal corporate income tax itself was a fundamental change to how business owners think about these excess profits. While it significantly increased after-tax proceeds under this payment structure, many owners had already been using more advantageous tax strategies. That's why most private dealerships aren't organized as C corporations.

Pay Excess Profits as Compensation to Dealer

If excess profits are paid as compensation, a dealer is likely to owe the top marginal personal tax rate of 37%. While this appears better than the ~40% tax contemplated above, this fails to capture payroll taxes. Up to certain income levels, a payroll tax of 15.3% is split by employers and employees to fund Social Security (6.2% each) and Medicare (1.45% each). While companies' exposure to the social security tax is capped at $142,800 in compensation, there is no limit for individuals; in fact, there is an additional Medicare tax of 0.9% added on to the 1.45% on income over $200,000. These calculations can become more complicated depending on the level of payment, and the analysis gets further muddied by the level of pre-bonus compensation to the dealer (the analysis on the next page assumes no base salary).

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Tax Planning for Auto Dealerships

Why Auto Dealers Might Not Pay "Market" Rent

(continued)

Bonus to Dealer		$1,000,000	
Personal Income Tax	37%	(370,000)	
Social Security Taxes	6.20%	(8,854)	up to: $142,800
Medicare Taxes	1.45%	(21,700)	up to: $200,000
After-Tax Pay		599,446	then: 2.35%
Corporate Payroll Tax Paid		$23,354	
Value of Tax Shield		5,827	
After-Tax Pay, net of Tax Shield		605,273	
Implied All-In Tax		39.5%	

As seen above, the analysis becomes more nuanced, but there does not appear to be a huge opportunity for tax savings as the implied all-in tax is near the 40% calculated above post-TCJA.

Pay Excess Profits as Rent to a Pass-Through Owned by the Dealer

Paying higher rent is likely the cleanest way to transfer profits from the dealership to a separately held entity. If the rent paid on the property was $1,000,000 more than it otherwise would be with no commensurate increase in expenses to the entity, income would be passed through at personal rates, like compensation just without payroll taxes. While pass-through entities may also be able to benefit from the Qualified Business Income Deduction, we have not considered this in our calculations because the deduction phases out well before the contemplated $1,000,000 in excess profit/rent.

Excess Rent		$1,000,000
Personal Income Tax	37%	(370,000)
Entity After-Tax Distributions		630,000
Implied All-In Tax		37.0%

Tax Planning for Auto Dealerships

Why Auto Dealers Might Not Pay "Market" Rent

(continued)

While this appears most advantageous, we should caveat that the IRS may not take to kindly to egregious overpayments of rent to shelter income. Regardless, income and payroll taxes aren't the only reason a dealer might own the dealership's real estate operations in a separate entity. There are other strategic reasons it makes sense for auto dealers to have the real estate held in a separate entity, as is common in the industry. An example of this is legal protection from creditors by separating assets. It also enables dealers to retain upside in valuable real estate if they choose to divest of their dealership but retain steady income. As discussed below, there are also other tax planning benefits from this structure.

Tax Planning Benefits of Using Multiple Entities

Earnings on real estate may **receive a higher multiple** in the marketplace than a business, including auto dealership real estate. This is because rents are paid before equity holders and are therefore viewed as less risky. These steady earnings streams can be beneficial from a financial planning standpoint. In the case of a divorce, the "out-spouse," or the divorcing party that doesn't actively participate in the business, might receive alimony, or an equitable division of the marital estate. It may make sense for an auto dealer's spouse to receive an interest in a real estate entity, receiving more steady cash flows, while the auto dealer would retain the upside of their work in the business.

There may also be estate planning benefits that similarly align incentives. If an auto dealer has numerous children and one works in the business, it may similarly make sense for them to either purchase or be gifted an equity interest in the dealership as they actively contribute to its profitability. For a child not involved in the business, it may be the most equitable solution to instead allow them to receive an interest in the real estate, receiving both a steady income and also passive appreciation.

Tax Planning for Auto Dealerships

Why Auto Dealers Might Not Pay "Market" Rent

(continued)

Conclusion

As we've seen, auto dealers have numerous considerations and options when it comes to excess profits that might be paid as a bonus, dividend, or rent. As appraisers, we are unlikely to opine a higher or lower valuation to a dealership's operations based on these decisions. While the calculations can become more complex, it is unlikely one of these will increase the value of the enterprise for two reasons: a buyer is less likely to care about the current ownership structure, and if one structure always resulted in greater value, wouldn't everyone simply choose that structure?

As we've discussed in a **previous blog post,** it appears the Federal Corporate tax rate does not materially impact valuations. If tax rates change again, auto dealers will again have to consider what works best in their unique situation. This can be complicated when there are numerous owners and other life events can impact what makes the most sense from a strategic standpoint.

Mercer Capital provides business valuation and financial advisory services, and our auto team helps dealers understand the value of their business as well as the greater implications of its value. Contact a Mercer Capital professional today to learn more about the value of your dealership.

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Auto Dealer Valuation Insights Blog

A weekly update on issues important to the Auto Dealer industry.

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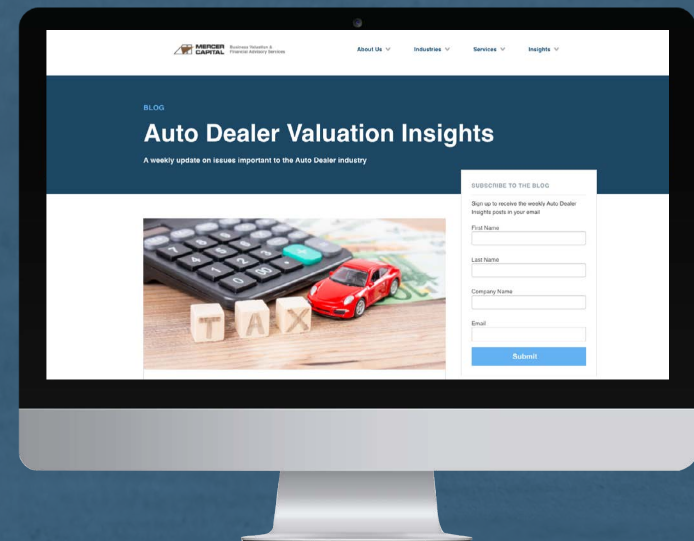
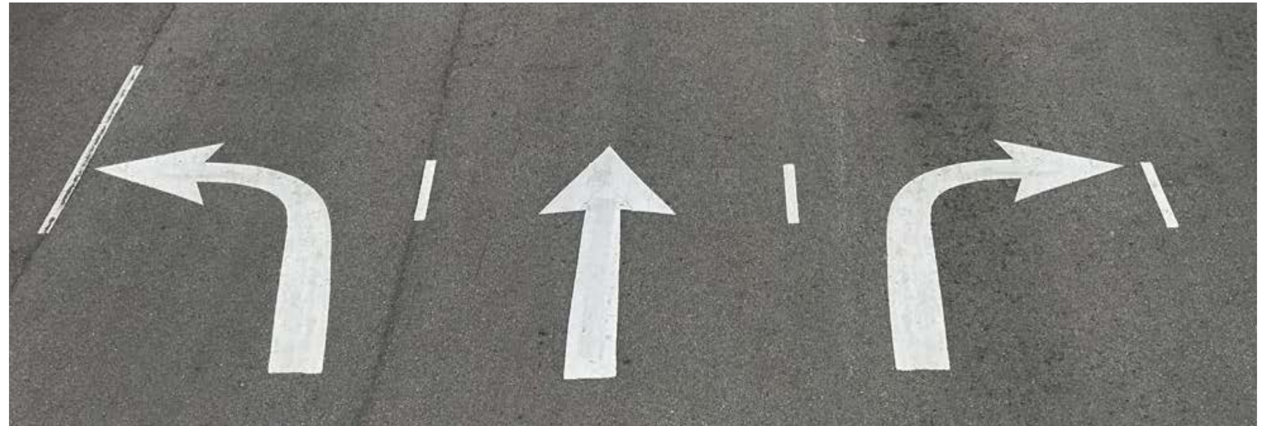


M&A, Reinvesting in Core Operations, or Paying Dividends

How Public and Private Dealerships Should Think About Allocating Capital Amidst Excess Liquidity



Over the past year or so, many auto dealers "outperformed" particularly as inventory shortages have raised margins on new and used vehicles in 2021. Additionally, cost cutting initiatives have dealerships running more efficiently, leading to record profitability. The question now comes for public and private auto dealerships alike: what do I do with this excess liquidity?

In a previous blog post, we looked at second quarter earnings calls from public franchised auto dealers. Several themes were present in these calls, one of which was the movement toward share repurchases in several firms' capital allocation approach over the quarter. Many CEOs implied that high multiples and frenzied activity in the M&A market was a determinant in the decision to repurchase shares.

In this article, we consider what options are available to both public and private dealers. We look at what decisions the publics are making, and what that could mean for private dealers.

M&A, Reinvesting in Core Operations, or Paying Dividends

How Public and Private Dealerships Should Think About Allocating Capital Amidst Excess Liquidity

(continued)

Capital Allocation Options

Auto dealers, and many other businesses more broadly, have numerous options when it comes to allocating capital, including:

1. Reinvest in the business
    - Expand organically (including adding rooftops to current locations or adding new locations)
    - Acquire other dealerships/companies to increase revenue and earnings
2. Return capital to providers of capital
    - Debt repayments
    - Dividends
    - Share repurchases

Reinvesting in the Business

During the depths of the pandemic, M&A activity plummeted as significant uncertainty created a chasm between what buyers were willing to pay and what sellers were willing to sell for. As the operating environment stabilized and ultimately improved, deal activity picked up considerably. For the public auto dealers and larger private auto groups, acquisitions have been a clear way to reinvest in automotive retail. However, if recent earnings calls are any indication, this activity may begin too slow as sellers seek peak multiples on peak earnings, something we've discussed as unlikely to be palatable for acquirers for obvious reasons.

Outside of M&A, options for growth or reinvesting in the business may be limited particularly for private auto dealerships with only a few stores/rooftops. Auto dealers, like other retail businesses have four **primary avenues for growth**:

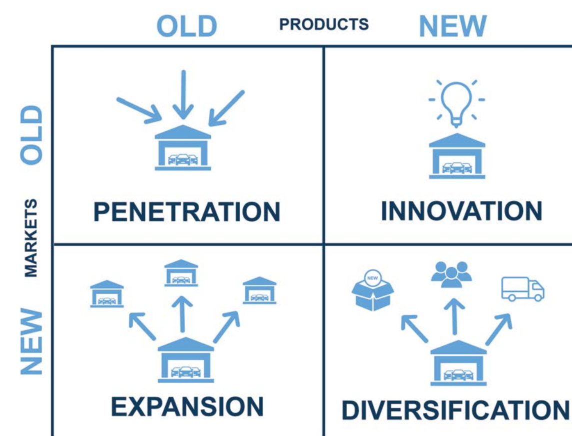
1. **Penetration** (same product, same markets: increase frequency of trips or size of transactions to get an increased share of discretionary spending). Auto dealers can focus advertising spend to seek to capture more market share, particularly on fixed operations side where there are more regular interactions with consumers.

M&A, Reinvesting in Core Operations, or Paying Dividends

How Public and Private Dealerships Should Think About Allocating Capital Amidst Excess Liquidity

(continued)

2. **Expansion** (same product, new customers: adding new store locations in different markets to get new customers with current product offerings). Auto dealers can look to open points in adjacent markets. This can also include investing in the Company's digital sales strategy, if we consider the digital ether as another "market" itself even if the dealership location doesn't change.



3. **Innovation** (new product, same customers: to offer in their existing footprint or additional sales channels). This can be somewhat limited for auto dealers as OEMs exert control over what vehicles are produced. However, dealer principals can improve their product offering by adding new rooftops, whether connected to their existing footprint, or nearby. There are also opportunities to introduce or refine the suite of F&I products offered to consumers.

4. **Diversification** (new product, new customers: companies can seek to vertically integrate their supply chain or enter adjacent/new lines of business in order to diversify both their product offerings and customer base). Auto dealers aren't able to vertically integrate as they are dependent on their OEM. However, entering adjacent industries that may have synergies is still possible, whether that be a heavy truck dealership, powersports dealership, or business interest entirely.

OEMs have significant power when it comes to awarding new points, which can limit expansion. OEMs are also in charge of product innovation (what new models will be available), and OEMs and competitive market forces can leave relatively little wiggle room on vehicle pricing (part of penetration). Even capital expenditure decisions can be influenced by imaging requirements.

M&A, Reinvesting in Core Operations, or Paying Dividends

How Public and Private Dealerships Should Think About Allocating Capital Amidst Excess Liquidity

(continued)

Dealer principals seeking growth are likely to look at adding rooftops or new locations, increasing market share, or adding new business lines. However, efficient allocators of capital seek to hit certain return thresholds. Absent attractive prospects, it may be wise to instead return capital to its providers.

Returning Capital to Debt Providers and Shareholders

Industries have been impacted by the pandemic in various ways. While some saw material declines in activity, others have performed greater than they did in 2019, which has been the case for many auto dealerships. Companies that received PPP loans are likely to have even more liquidity, which has caused business owners to contemplate what to do with the funds once they've been forgiven. Many have chosen to pay down debt, reducing ongoing interest costs and helping the owners of more heavily indebted companies to sleep better at night.

However, since inventory is financed by floor-plan debt and many auto dealers opt to hold the real estate in a separate entity, many do not carry material third party debt related to the core operations of the auto dealership. That leaves two options: paying dividends/distributions or share repurchases.

Private companies are much more likely to be paying distributions as there is either not an active market for their shares, or those holding minority positions in the company are not interested in selling. There's been much talk about restrictions on share buybacks in industries that received considerable stimulus (like airlines). Since executives of the auto dealers have begun buying back shares instead of splurging on what they view as expensive M&A, we give some thoughts on stock buybacks below.

Stock Buybacks

For public companies, management teams may elect to buy back shares for a number of reasons. First, they likely will not buy back shares if they think the market is overvaluing their stock. As a corollary, buying back shares can serve to raise the stock price as it provides a signal to the market that they believe the stock is undervalued. Signaling is important in the presence of asymmetric information, which exists when corporate insiders have access to better information about the company's prospects than outside investors.

M&A, Reinvesting in Core Operations, or Paying Dividends

How Public and Private Dealerships Should Think About Allocating Capital Amidst Excess Liquidity

(continued)

While the company may not receive any direct benefit from an increase in the stock price (no cash received), this can lower the cost of capital for the company. If the company takes on debt to repurchase shares, this shifts the weighted average cost of capital more towards debt than equity, which can lower the cost of capital if it helps achieve a more optimal capital structure. So long as the debt does not become burdensome to the point it leads to higher interest rates or increases the equity discount rate, this can be advantageous.

Fundamentally, share buybacks are another form of distributing capital to remaining shareholders. While some investors pick companies for dividends, many investors, particularly in recent years, are investing for long-term capital appreciation. Share buybacks is a tax-advantaged way to return capital to shareholders that does not trigger dividend taxes. Instead, a company that elects to buy back shares instead of paying dividends would be expected to see higher levels of share price appreciation, and capital gains taxes are deferred until the investor decides to sell their shares.

Conclusion

At Mercer Capital, we follow the auto industry closely in order to stay current with trends in the marketplace. These trends give insight to the market that may exist for a private dealership which informs our valuation and litigation support engagements. To understand how the above themes may or may not impact your business, contact a professional at Mercer Capital to discuss your needs in confidence.

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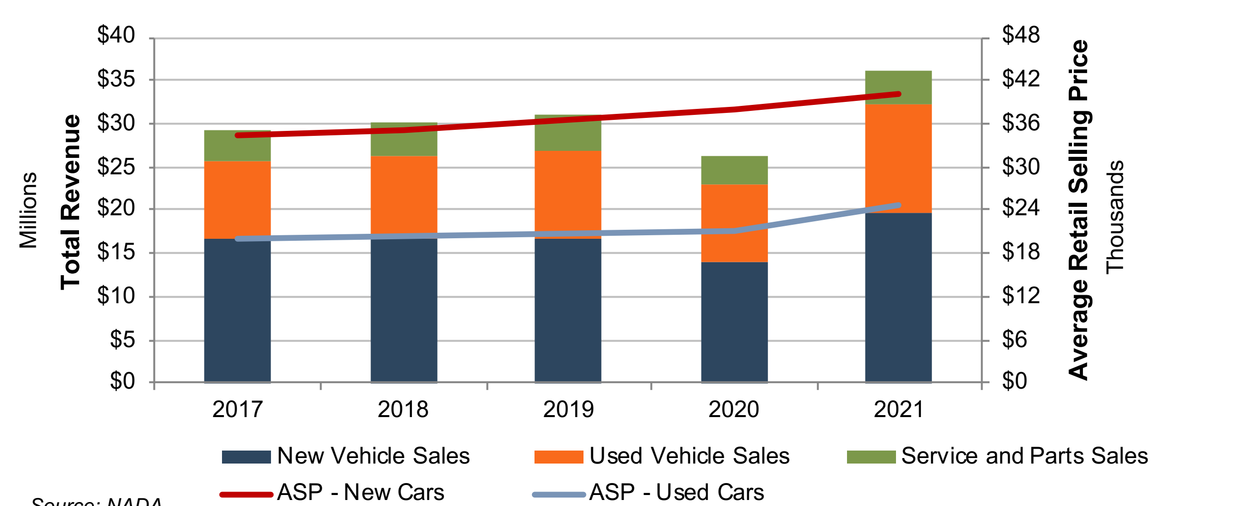
Average Annual Auto Dealer Profile

As of Mid-Year 2021

Average auto dealer total sales in the first half of 2021 were $36 million per dealer, 16.3% higher from average sales in the first half of 2019 and 37.1% higher than the first half of 2020. Sales of new vehicles made up 54.5% of total sales compared to used vehicles at 34.7% of total sales. Service and parts departments made up the remaining approximately 10.6% of sales for the average dealer. Over the last five years, revenue increased steadily before taking a large dip in 2020 related to the COVID-19 pandemic. However, heightened demand and short supply increased sales volumes and transaction prices in the first half of 2021. While service and parts revenue also rebounded in the first half of 2021, revenue was still below 2019 levels for the comparable period. Since 2017, revenue in the first half of the year has grown at a compound annual rate of 5.2%, driven by 8.1% growth in used vehicle sales.

In the first half of 2021, the average retail selling price of new cars and trucks increased 5.8% while the average price of used vehicles increased 15.7%. Near zero interest rates have contributed to these boosts in price, as have inventory constraints from manufacturing slowdowns. Used vehicles in particular have benefited from a shortage in new vehicles, as many consumers have decided to buy used in the wake of heightened prices and competition. Due to these forces, the gap in average selling price (ASP) between new and used cars narrowed as new cars retail for an average of over $40 thousand while used cars on average sell for just over $24.5 thousand. As a percentage of new vehicle ASP, used vehicles in the first half of 2021 were 61% of new vehicle ASPs, the highest figure for the first half of the year in the past five years.

Total Sales and ASP for Average Light Vehicle Dealers



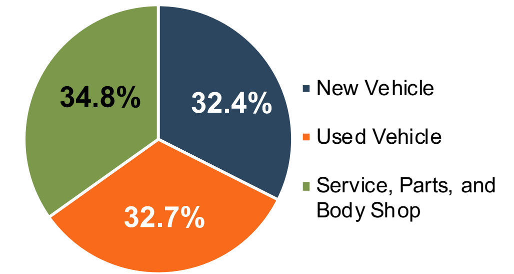
Source: NADA

Domestic Dealerships

As of Mid-Year 2021

Gross Profit Trends

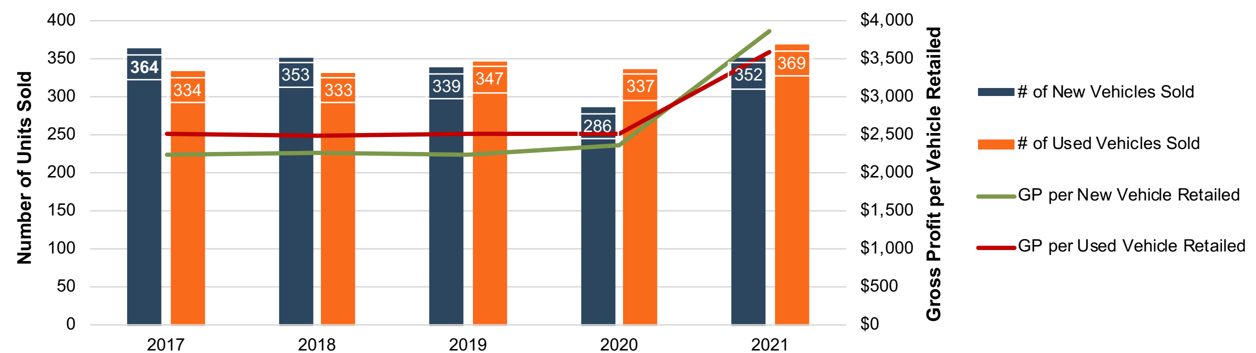
Gross Profit by Segment



Source: NADA

Gross profit per new vehicle retailed ("GPU") for domestic dealerships in the first half of 2021 was $3,869, up 64.1% from $2,357 in 2020. This major increase in the metric is a product of heightened pricing coupled with lower incentives on vehicles sold. Gross profit per used vehicle retailed was $3,602, similarly up 43.1% from 2020. Unlike increases in sales levels, GPU for both new and used in the first half of 2020 was higher than the preceding periods, further highlighting the shift in operating conditions in 2021, not simply a rebound from the shutdown periods of 2020. Increased sales prices have not necessarily led to increased vehicle acquisition expenses, as gross margins on new and used vehicles both increased. These widening margins have made for increased profitability across the board for domestic sales, also increasing the share of profit from these segments of the dealership's P&L. For example, new vehicle sales comprised 32.4% of total gross profit in 2021 compared to 24.5% in 2020. Gross profit contribution from the used vehicle department also hit a recent peak for domestic dealerships at 32.7%. Since 2017, gross profit per unit has been higher for used vehicles than new vehicles. Amidst the expanding margins in the industry, however, new vehicle GPUs exceeded used GPUs in 2021.

New and Used Vehicles Sold and Gross Profit per Unit



Source: NADA

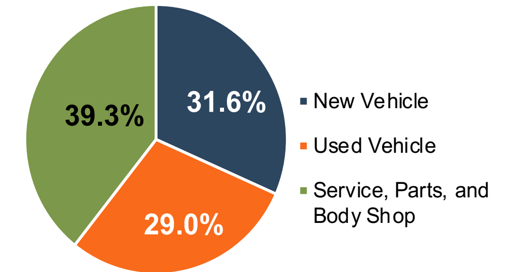
Import Dealerships

As of Mid-Year 2021

Gross Profit Trends

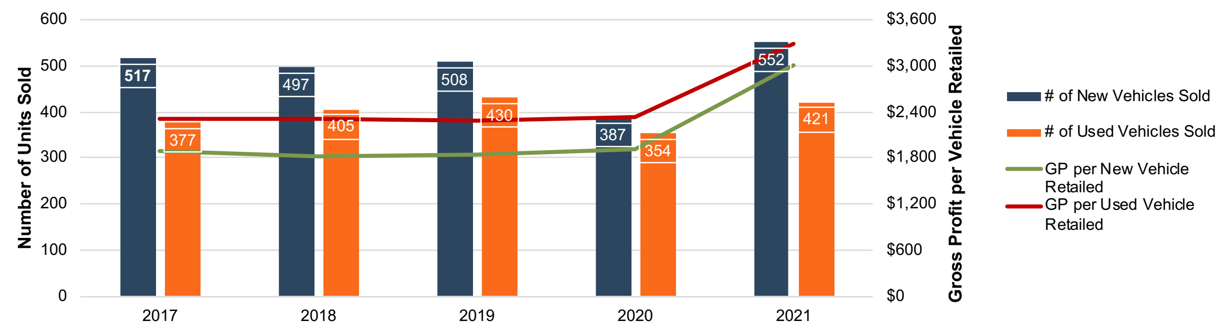
Like domestic dealerships, import dealerships also experienced significant growth in the first half of 2021. Trends in the sale of imports have generally followed the automotive trends outlined previously. The number of new vehicles sold by the average import dealer was 552, up 8.7% from 2019 and 42.6% from 2020. Used vehicle sales grew 18.9% over the first half of 2020 but were down 2.1% from sales levels in 2019. All other types of dealerships saw modest growth in used volumes over 2019. Gross profit per unit on new and used vehicles also hit a recent peak in the first half of 2021. GPU for new vehicles had not reached over $2,000 per new unit retailed in recent years, yet it just crested $3,000 in 2021. The share of profit for new vehicles expanded from a recent low of 22.6% of total gross profit in 2020 to 31.6% in 2021, becoming a much more significant share of import dealer's gross profit. For example, gross profit contribution from the service and parts division of the average import dealer has historically been over 50% for import dealers, coming in at 51.5% of total gross profit in the first half of 2020 despite dealership shutdowns, before declining to 39.3% of total gross profit in the first half of 2021.

Gross Profit by Segment



Source: NADA

New and Used Vehicles Sold and Gross Profit per Unit



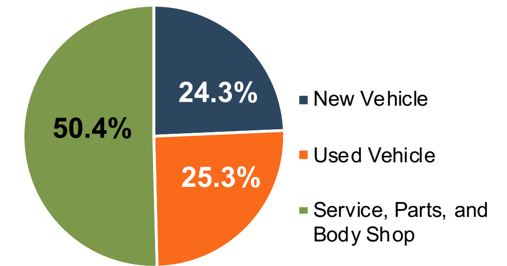
Source: NADA

Luxury Dealerships

As of Mid-Year 2021

Gross Profit Trends

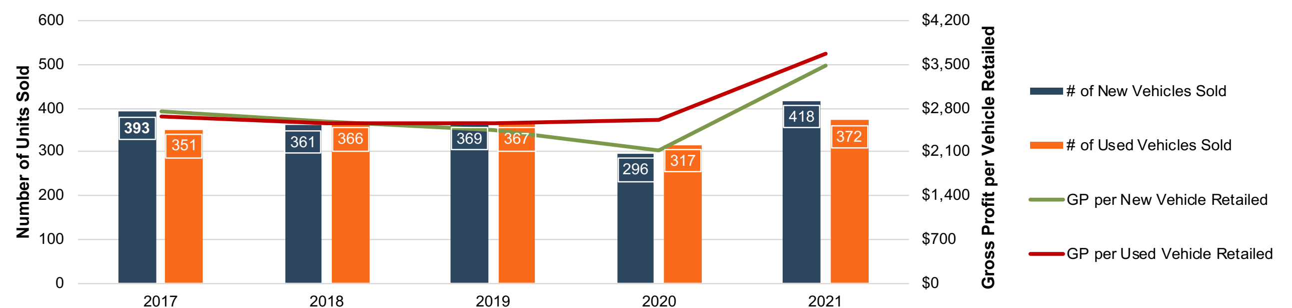
Gross Profit by Segment



Source: NADA

Luxury vehicle dealers also saw raised GPUs and sales during the first half of 2021. The number of new vehicles sold for the average luxury dealer in 2021 increased 13.3% from 2019, the largest growth for all types of dealerships. This illustrates the strength of volumes in March and April 2021 as volumes for the first half of the year were still up despite lower levels in February and June. While new vehicles reached a recent peak for the first half of 2021, used luxury volumes only rebounded to five more vehicles retailed than 2019. Gross profit per new vehicle retailed increased 42.1% from 2019. While this is a relatively significant improvement, it was lower than the 43.1% growth seen in GPU on used vehicles from luxury dealerships over the same periods. For all other dealerships, GPU for new vehicles increased on the order of 70% compared to the approximately 43% growth for used vehicles. While fixed operations contributed less to gross profit than historical levels due to elevated profits from vehicle sales, luxury dealerships still received over 50% of gross profit from service, parts, and body shop departments.

New and Used Vehicles Sold and Gross Profit per Unit



Source: NADA

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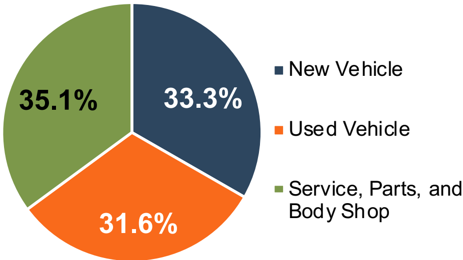
Mass Market Dealerships

As of Mid-Year 2021

Gross Profit Trends

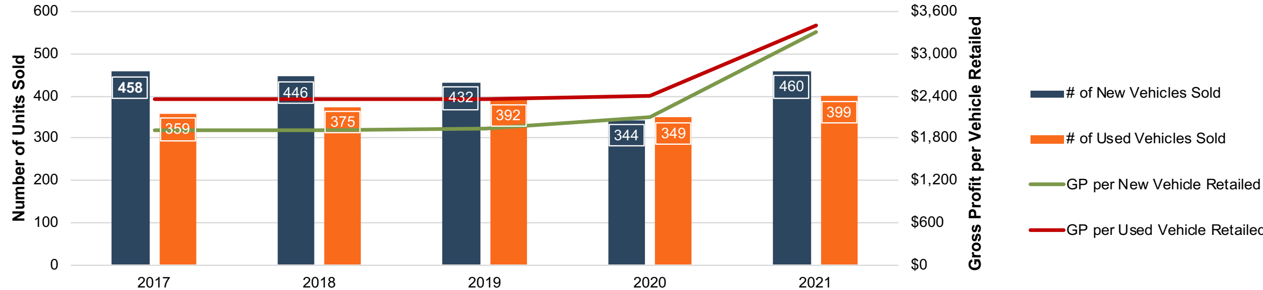
Mass market dealerships have always been a cost-effective option in the market for new and used vehicles, but prices of mass market vehicles have not been immune to the unique supply and demand environment during the first half of 2021. During this period, GPUs of $3,499, and $3,668 for new and used vehicles retailed, respectively, also represented recent peaks. Similar to other types of auto dealers, mass market dealerships have raised vehicle prices faster than acquisition expenses, leading to gross margins of 8.7% and 14.5% for new and used vehicles, respectively. These represent highs for all types of dealerships for the first half of each of the past five years. Like domestic dealerships, gross profit contribution was relatively evenly split between new vehicles, used vehicles, and fixed operations.

Gross Profit by Segment



Source: NADA

New and Used Vehicles Sold and Gross Profit per Unit



Source: NADA

Light Weight Vehicle Sales: Autos And Light Trucks (SAAR)

As of Mid-Year 2021

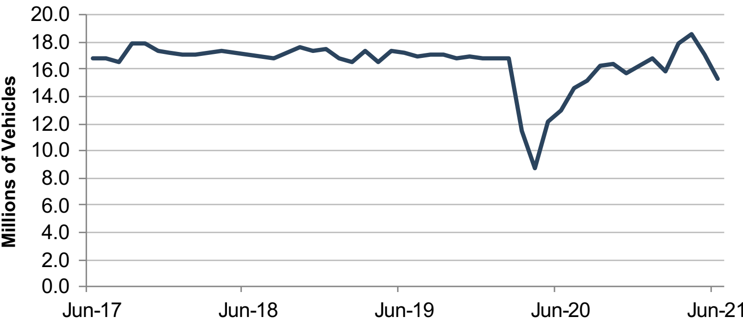
A Seasonally Adjusted Annual Rate (SAAR) is defined as a rate adjustment used for economic or business data, such as sales or employment figures that attempts to remove seasonal variations in the data. In the automotive space, it is understood to mean the number of light weight vehicles sales (autos and light trucks) sold in a given month, adjusted for seasonal factors and scaled up to a year's worth of sales based on that month.

SAAR, an oft quoted figure for auto dealers, stood at 15.4 million units in June 2021, down from 17.2 million units in June 2019 but up from 13.0 million units in June 2020. The first half of 2021 has been a volatile period for the SAAR, as record highs in March and April were soon dampened by the lack of available inventory in May and June.

As the economy began to recover from the COVID-19 pandemic, the pent-up demand for vehicles and a return for many to the office drove up the need for new and used vehicles. However, after April, many dealers had sold through much of their inventory, and dealers struggled to get new cars on the lot. It remains to be seen when inventory levels will "normalize" and for that matter, what the "new normal" will be as both OEMs and dealers have been profitable at leaner levels, which could alter the status quo for inventory levels industry-wide.

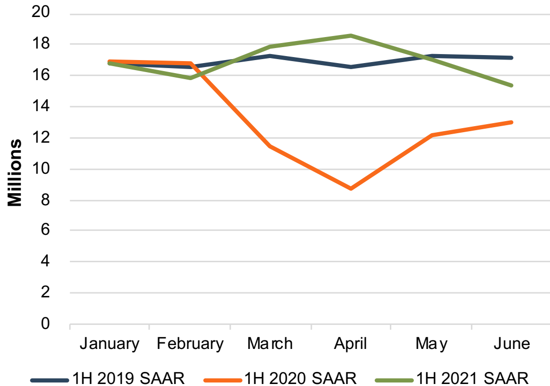
Because of the pandemic, observing growth rates from month-to-month can be somewhat misleading. However, a look at the SAAR for the first six months of 2019, 2020, and 2021 is provided below. It is clear to see the difference in trends from a typical year in 2019 to a large dip in 2020 followed by a resurgent 2021.

Light Weight Vehicle Sales: Autos and Light Trucks, Seasonally Adjusted Annual Rate



Source: St. Louis Fed

First Half SAAR 2019-2021



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Blue Sky Multiples

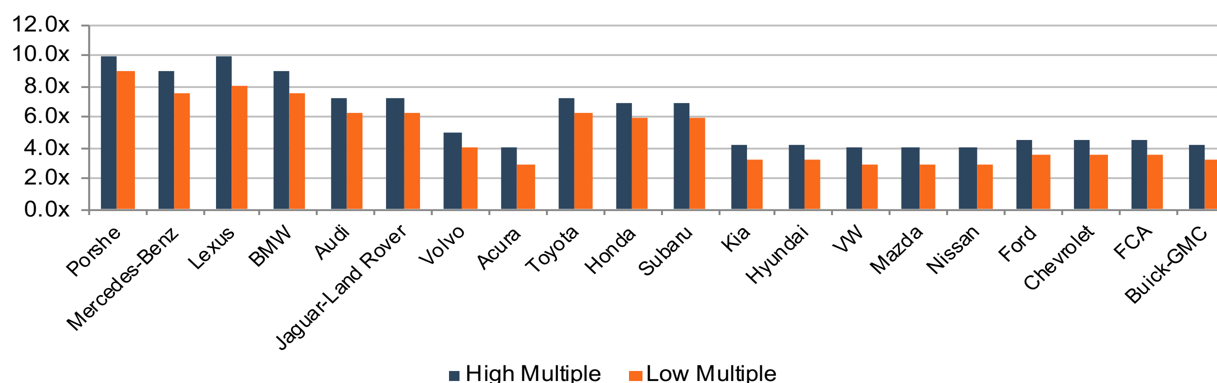
As of Mid-Year 2021

Blue sky multiples come from the Haig Report and are calculated as a multiple of adjusted pre-tax profits. The ranges are an expression of what buyers in a competitive situation will pay for the goodwill of dealerships. Dealerships that are underperforming or in desirable markets will have high multiples while those that are over-performing, are in less desirable markets, or have significant real-estate issues will have lower multiples. In some cases, only a franchise value range is reported, indicating underperforming brands that potentially have negative earnings for which a pre-tax multiple would be non-meaningful.

In the first half of 2021, every brand covered in the Haig Report saw no change to its Blue Sky multiple. It is common to see only minimal changes on a quarter-to-quarter basis. While multiples have been relatively stagnant since Q3 2020, the basis for determining an expectation of ongoing earnings continues to shift, from only using 2019, to an average of 2018-2020 to most recently an average of 2018, 2019, and LTM 6/30/2021. Until industry conditions stabilize, negotiations are most likely to fall through if buyers and sellers can't agree on what level of earnings to apply a multiple.

Generally, multiples are at or near their highest points in recent years. This means dealerships are selling for higher prices, especially when combined with the presence of record-high earnings metrics across the industry. High earnings multiplied by high multiples, to the extent sellers are able to negotiate this, makes for elevated prices on the dealerships, a potential deterrent for industry aggregators and other potential buyers of auto dealerships.

New and Used Vehicles Sold and Gross Profit per Unit



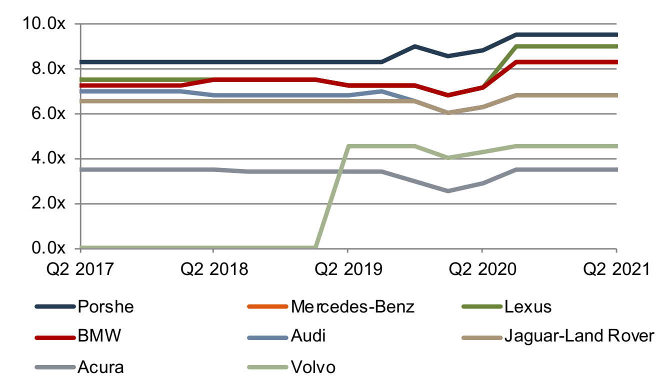
Source: Haig Report

Blue Sky Multiples History

As of Mid-Year 2021

Luxury Blue Sky History

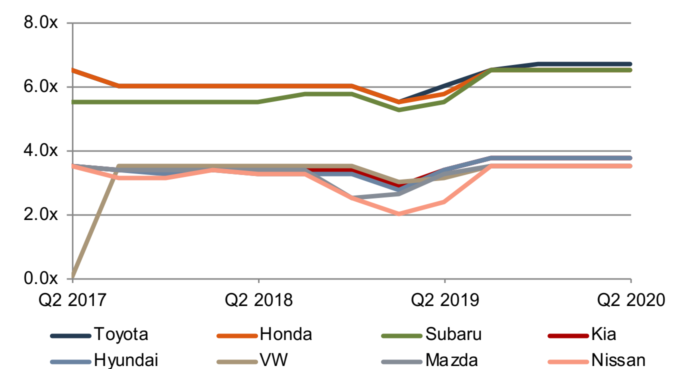
Since Q2 2017, all luxury dealerships except Audi have seen their Blue Sky multiples increase. Current average multiples for Porsche, Lexus, Jaguar-Land Rover, Mercedes-Benz, BMW, Acura and Volvo are all at their highest value over the period since Q2 2017. This can be compared to Q2 2020, when multiples were at their lowest levels over the period. Volvo had no published multiples until 2019.



Source: Haig Report

Mid-Line Import Blue Sky History

While upper-end mid-line imports (Toyota, Honda, and Subaru) have also seen multiple expansion since Q2 2017, other mid-line import dealers were flat to modestly positive. Like luxury multiples, mid-line import multiples were low across the board in 2020 before expanding in 2021 to a max for the period for all dealerships.



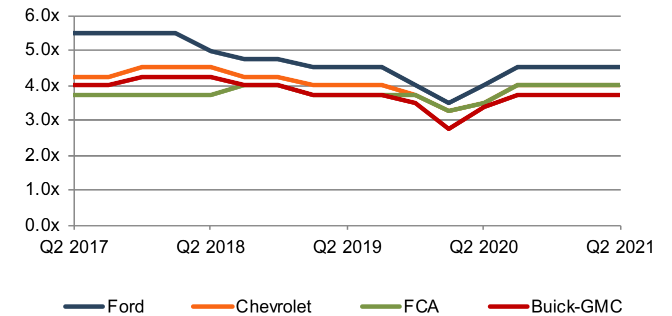
Source: Haig Report

Blue Sky Multiples History

As of Mid-Year 2021

Domestic Blue Sky History

Domestic franchises continue to move largely in lockstep with each other as Buick-GMC remains just below the others who command a 3.5x to 4.5x multiple. Domestics continue to outpace many of the mid-line imports, reminding everyone that vehicle pricing power is not the sole consideration in these multiples. Luxury vehicles frequently receive the highest multiples. However, three luxury brands continue to not even receive a multiple while Volvo and Acura are on par or below their domestic counterparts.



Source: Haig Report

Auto Dealer Industry

Mercer Capital has expertise providing business valuation and financial advisory services to companies in the auto dealer 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. of other dealership(s).

Services Provided

- Valuation of auto dealer industry companies
- Transaction advisory for mergers, acquisitions and divestitures
- Valuations for purchase accounting and impairment testing
- Fairness and solvency opinions
- Litigation support for economic damages and valuation and shareholder disputes

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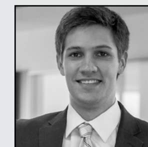

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