

MERCER CAPITAL

Valuation of Auto Dealerships

Valuation and Corporate Finance Services for the Auto Dealership Industry

Mercer Capital provides auto dealerships with business valuation and financial advisory services related to corporate disputes, litigated matters, tax compliance, and financial reporting requirements. Mercer Capital also provides transaction advisory and consulting-related services. Our experience includes:

- Providing valuations for corporate purposes including estate planning and buy-sell agreement consulting and review
- Providing expert witness testimony for purposes of marital dissolution and shareholder disputes
- Negotiating transactions involving dealerships from sell-side, buy-side, and mutually retained perspectives

Segments Served:

New Car Dealers

Domestic • Import • Luxury • High-Line / Ultra High-Line

Used Car Dealers



Mercer Capital's auto dealership group publishes research related to the industry via its semiannual newsletter, *Value Focus: Auto Dealer Industry* and weekly blog, *Auto Dealer Valuation Insights*

Auto Industry Team



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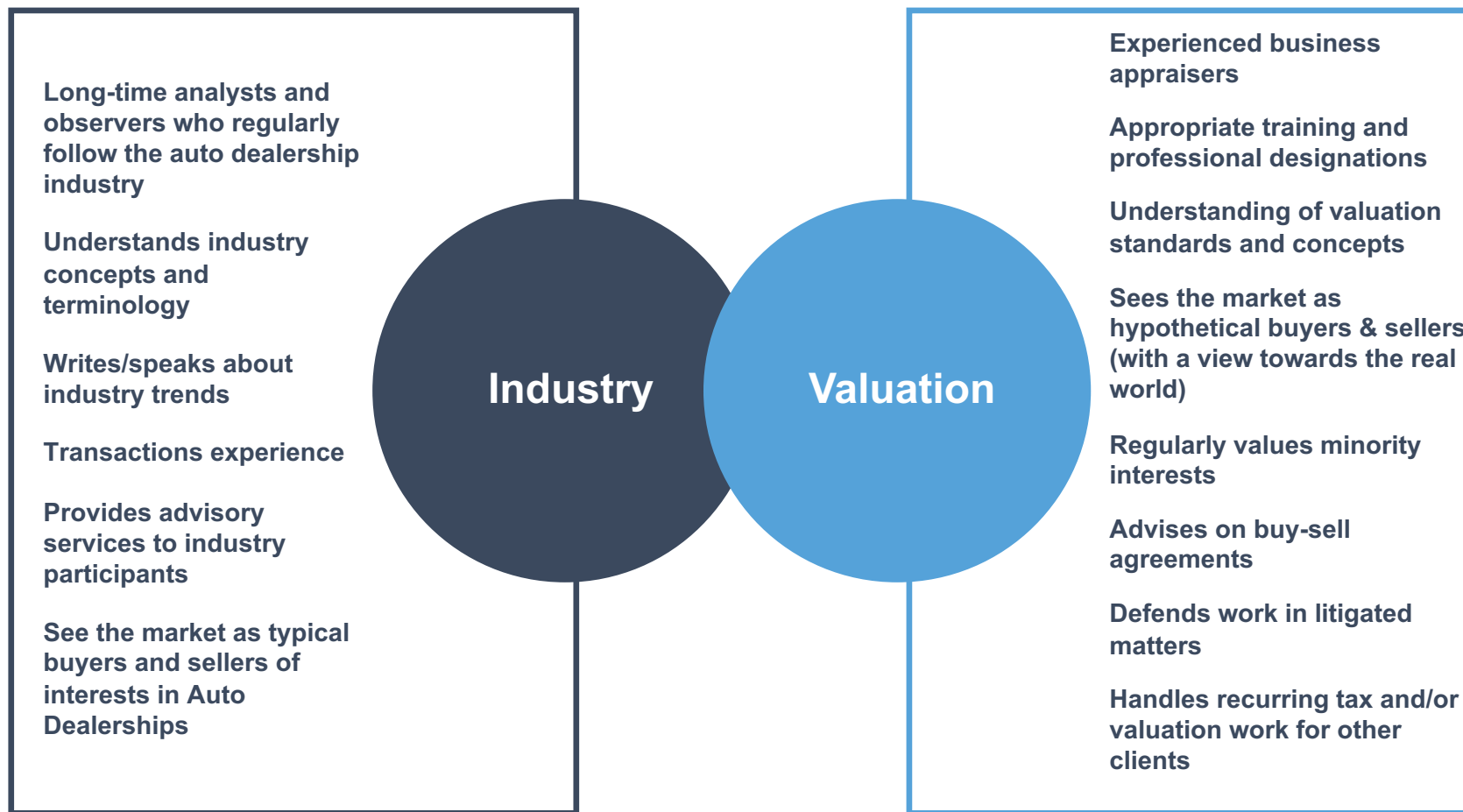


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**Tested by Authorities
Trusted by Clients**

Traditionally, There Are Two Types of Experts



You Need Both

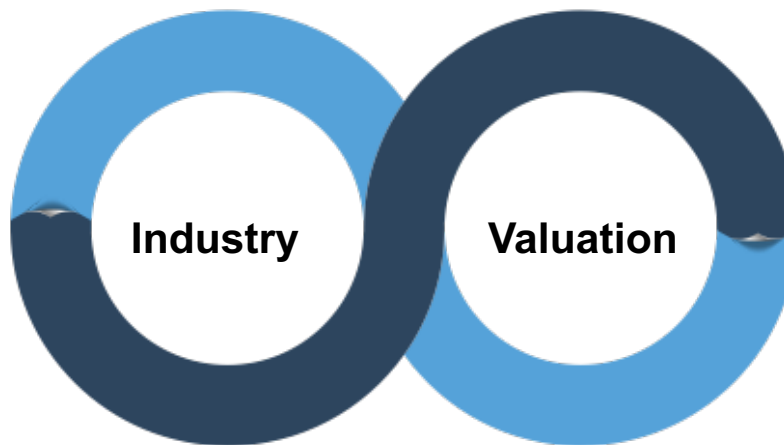
We Are Industry Specialists

We are a valuation firm that is organized according to industry specialization

We value auto dealerships for purposes of buy-sell agreements, equity compensation, dispute resolution, and financial reporting

We regularly publish information pertaining to the auto industry on our weekly blog and semiannual newsletter

We are members of the National Auto Dealers Counsel and attend industry conferences and events, and are actively involved in several auto associations



We Are Valuation Specialists

We provide valuations of auto dealerships for gift and estate tax planning, buy-sell agreements, and litigation support for economic damages and shareholder disputes

Since our founding in 1982, Mercer Capital has provided expert valuation opinions to over 15,000 clients throughout the U.S. and on six continents

We are active in leadership roles throughout the valuation profession

Levels of Value

Valuation theory suggests that there are various “levels” of value applicable to a business or business ownership interest. The levels of value can be described as:

Controlling Interest Basis (levels)

Refers to the value of the enterprise as a whole. The controlling interest level of value is considered to include two components, the **financial control level** and the **strategic control level**

The financial control level is the initial objective of most auto dealership valuations (and the source of Blue Sky Value)

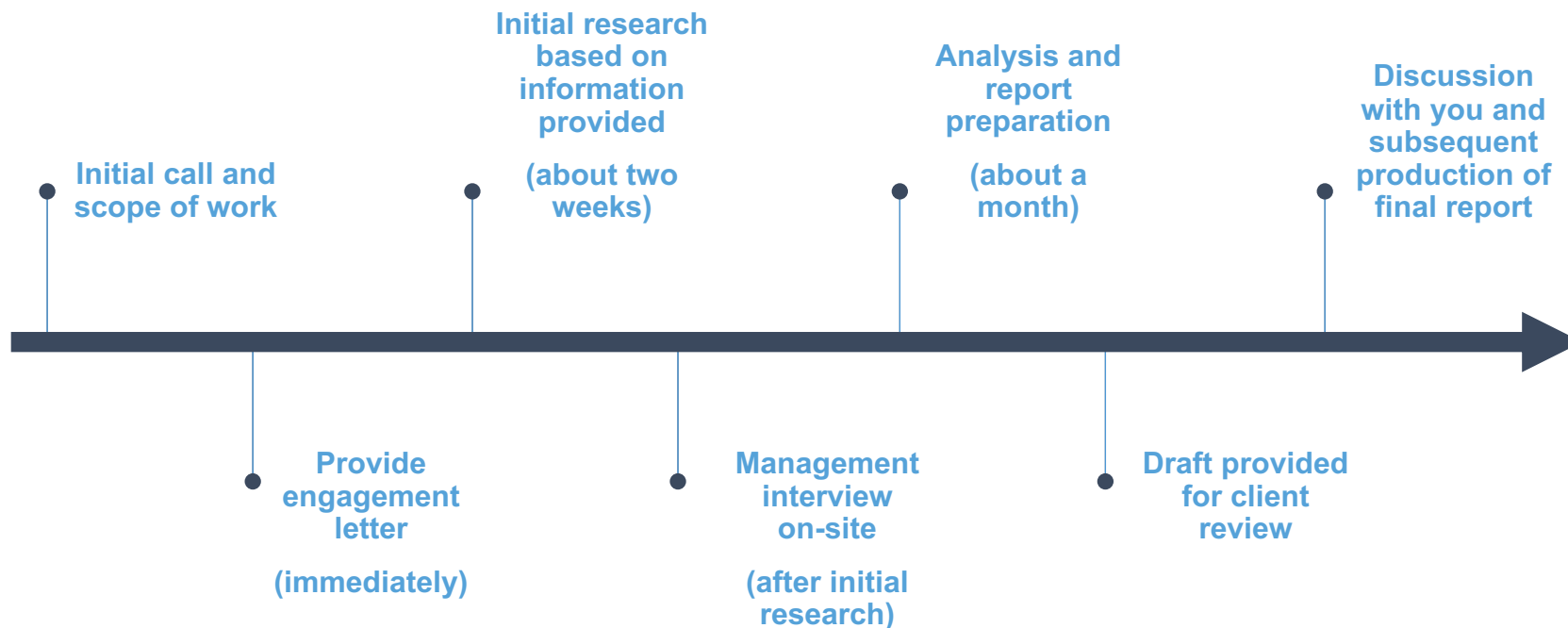
Marketable Minority Interest Basis (level)

Refers to the value of a minority interest, lacking control, but enjoying the benefit of liquidity as if it were freely tradable in an active market. The marketable minority level of value is also on an enterprise level of value, meaning that it is developed based on 100% of the expected cash flows of the enterprise

Nonmarketable Minority Interest Basis (level)

Refers to the value of a minority interest, lacking both control and market liquidity

The typical valuation process takes six to eight weeks (depending on your needs)




Select Representative Experience

Ultra High-Line

Litigation Support Services

Provided valuation and expert witness testimony in shareholder oppression matter

Location: South



Domestic / Import

Litigation Support Services

Provided valuations and expert testimony of multiple dealerships in family law matter

Location: Texas



Domestic

Litigation Support Services

Provided valuations and consulting on multiple dealerships and two real estate holding entities in a family law matter

Location: Kansas & Oklahoma



Domestic

Litigation Support Services

Provided valuation and expert testimony on dealership in a family law matter

Location: Tennessee / South



Luxury / Import / Domestic

Litigation Support Services

Provided valuations of multiple dealerships in contested estate tax litigation matter that led to favorable settlement for client

Location: Florida / Southeast




Luxury

Tax Reporting

Provided valuations of multiple family-owned dealerships for gift and estate tax purposes

Location: Tennessee / South




Luxury / High-Line

Tax Reporting

Provided valuations of multiple dealerships for corporate restructuring purposes

Location: Texas / South



Luxury / Domestic

Tax Reporting

Provided valuations of multiple dealerships for estate planning purposes

Location: Louisiana / South



Industry & Professional Leadership

Mercer Capital's *Auto Dealer Valuation Insights* is a weekly blog covering valuation issues in the auto industry



Our opinions have been reviewed and accepted by: State and federal courts and the Internal Revenue Service

Experience in all major categories of auto dealers: Ultra High-Line, Luxury, Import, and Domestic across all regions of the United States



Sponsor and frequent involvement with the National Association of Dealer Counsel



Members of the Tennessee Automotive Association and the Greater Memphis Auto Dealers Association



Frequently speaks to industry and professional service audiences

Trusted by:

- Clients
- Accounting Firms
- Legal Community
- Board of Directors
- Wealth Management Firms

Teachers and trainers for CLE and CPE approved courses

About Mercer Capital

We offer a broad range of services, including corporate valuation, financial institution valuation, family business advisory services, financial reporting valuation, gift and estate tax valuation, M&A advisory, fairness opinions, ESOP and ERISA valuation services, and litigation and expert testimony consulting.

We have provided thousands of valuation opinions for corporations of all sizes in a wide variety of industries. Our valuation opinions are well-reasoned and thoroughly documented, providing critical support for any potential engagement.

Our work has been reviewed and accepted by the major agencies of the federal government charged with regulating business transactions, as well as the largest accounting and law firms in the nation in connection with engagements involving their clients.

For over 35 years, Mercer Capital has been bringing uncommon professionalism, intellectual rigor, technical expertise, and superior client service to a broad range of public and private companies and financial institutions located throughout the world. Feel confident in our experience and expertise

Mercer Capital's Core Services

Valuation & Financial Opinions

- Litigation-Related Expert Witness Opinions
- Succession & Shareholder Planning
- Valuations for Corporate Tax Planning
- Valuations for Gift & Estate Tax Planning
- Fairness Opinions
- ESOP & ERISA Advisory Services
- Bankruptcy-Related Valuation Services
- Valuations for Buy-Sell Agreements

Transaction Advisory Services

- M&A and Investment Banking Services
- Bankruptcy/Restructuring Advisory
- Fairness Opinions
- Solvency Opinions

Financial Reporting Valuation Services

- Purchase Price Allocation Services
- Impairment Testing Services
- Portfolio Valuation Services
- Equity-Based Compensation Valuation

Family Business Advisory Services

- Customized Board Advisory Services
- Management Consulting
- Independent Valuation Opinions
- Transaction Advisory Services
- Confidential Shareholder Surveys
- Benchmarking/Business Intelligence
- Shareholder Engagement
- Shareholder Communication Support

Litigation Support Services

- Business Damages & Lost Profits
- Corporate Restructuring & Dissolution
- Statutory Fair Value
- Valuation, Labor & Contract Disputes
- Family Law & Divorce
- Tax-Related Controversies
- Initial Consultation & Analysis
- Testimony & Trial Support

Clients & Capabilities

Who We Serve

- Publicly & Privately Held E&P Companies
- Private Equity Firms
- C-level Executives
- Accounting Firms
- Law Firms
- Wealth Management

Solutions

Services Across Regulatory Spectrum

- Treasury Reg. 1.611-2
- ASC 932; ASC 805; ASC 820; ASC 360
- Ad Valorem Tax Valuations
- Fair Value Statutes in Judicial Matters
- Bankruptcy and Reorganizational Statutes

Sophisticated Strategic & Advisory Capabilities

- Acquisition Due Diligence
- Option Modeling
- Production Metrics and Acreage Values

Services

Corporate Valuation

(Buy-Sell, ESOP, Equity Compensation, Enterprise Value)

Transaction Advisory

(Fairness and Restructuring Opinions, Due Diligence, M&A Advisory)

Financial Reporting

(Purchase Allocation, Portfolio Valuation, Impairment Testing, Equity Comp.)

Litigation Support

(Shareholder Disputes, Damages & Lost Profits, Tax, Family Law)

Asset Valuation

(Working Interests, Undeveloped, JVs, Farm-In / Farm-Out)

Tax Valuation Issues

(Gift & Estate, Ad Valorem, Income Tax, Capital Gains, Reorganization / Recapitalization)

Auto Dealers Valuation Group



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