

THE KERRIGAN INDEX™

Second Quarter 2025

The Kerrigan Index™, a proprietary index of Kerrigan Advisors, is composed of the seven largest publicly traded auto retail companies with operations focused on the US market. While the auto retail industry remains highly fragmented and is influenced by thousands of small and mid-sized private companies, the publicly traded auto retail stocks provide strategic insight into the dynamics affecting US auto retail and expectations for the industry's earnings outlook.

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 & Driveway, Group 1 Automotive, Asbury Automotive Group and Sonic Automotive.

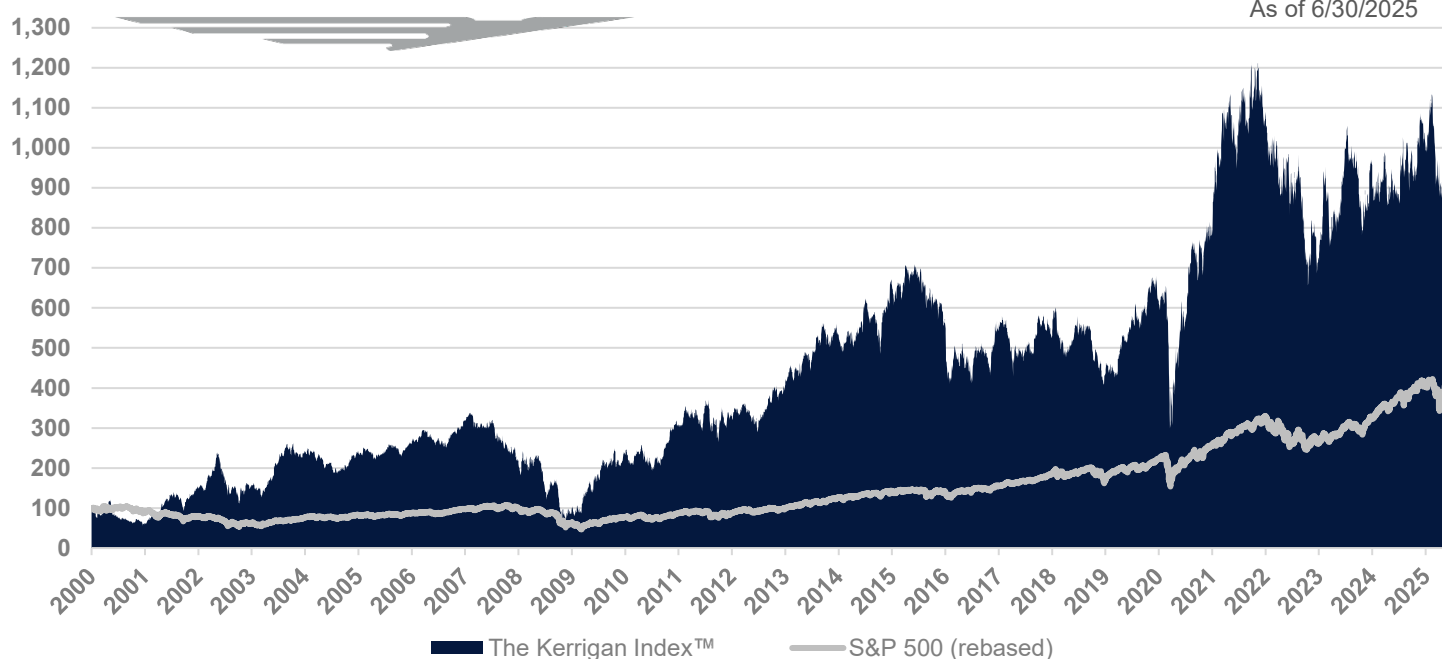
The Kerrigan Index™ is weighted by the market capitalization of each company and benchmarked at 100 on January 3, 2000.

Ticker	Company	6/30/2025 Stock Price	6/30/2025 Market Cap.	Jun-2025 Monthly % Change	Jun-2025 YTD % Change
KMX	CarMax	\$67.21	\$10.26B	+4.3%	-19.0%
PAG	Penske Automotive Group	\$171.81	\$11.37B	+4.7%	+11.7%
LAD	Lithia & Driveway	\$337.82	\$8.79B	+6.6%	-7.6%
AN	AutoNation	\$198.65	\$7.49B	+8.1%	+11.2%
GPI	Group 1 Automotive	\$436.71	\$5.65B	+3.0%	+0.6%
ABG	Asbury Automotive Group	\$238.54	\$4.69B	+4.7%	-1.5%
SAH	Sonic Automotive	\$79.93	\$2.71B	+14.3%	+25.3%

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996.72

As of 6/30/2025



The Automotive Rollercoaster: Highs, Lows and an Exciting Ride

The Kerrigan Index™ ended the second quarter of 2025 at 996, up 8.5% from the first quarter, underperforming the S&P 500, which was up 10.6% during the same period. It is worth noting that the S&P 500 Index ended the second quarter at an all-time high, while The Kerrigan Index is down 12.0% from its all-time high, which was achieved in September 2021.

The six publicly-traded new car retailers posted gains in the second quarter led by Sonic Automotive (+40.7%), followed by Penske Automotive Group (+18.3%), AutoNation (+17.9%), Lithia & Driveway (+14.0%), Group 1 Automotive (+11.7%) and Asbury Automotive Group (+8.1%). Sonic and AutoNation both hit all-time highs during the quarter on June 24th. The only component stock to post a loss was CarMax, which was down 14.4%.

The auto retail sector entered 2025 on a high note with strong momentum and enthusiasm for the newly-elected Trump administration and some of its policy plans, particularly as it related to EV mandates. In concert with the industry-wide optimism, The Kerrigan Index™ surged to a near all-time high on February 14, 2025.

Those positive expectations hit an unexpected roadblock in March, when the administration announced sweeping tariffs with a particular focus on the automotive sector, exacerbated further on April 2nd - Liberation Day. The tariffs created an almost unprecedented sense of instability, and triggered immediate reforecasting across the entire automotive sector. In response, The Kerrigan Index tumbled 23% from its February highs to the April lows, before rebounding 14% by the end of the quarter.

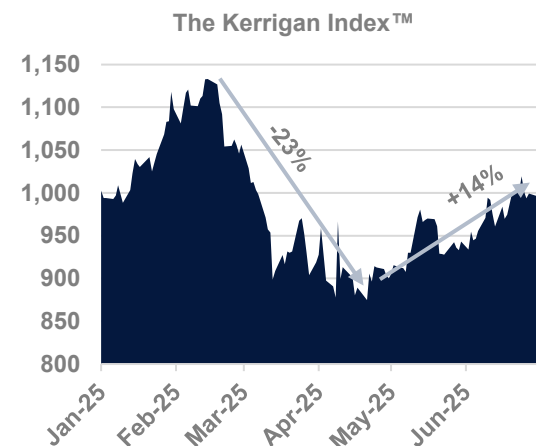
The Kerrigan Index's volatility is indicative of an auto retail industry facing multiple issues as it navigates the new world trade environment, including short-term inventory management and cost implications on new car inventory, as well as the ultimate impact of the Big Beautiful Bill and its elimination of the federal EV tax credit.

Vehicle sales for the full year 2025 are now projected at 15.7 million per Cox Automotive, a 2% decline from last year's 16 million. The second quarter's sales pace rose approximately 2% year-over-year driven by a strong March and April. Analysts attribute most of that growth to pull-forward buying, as consumers rushed to avoid tariff-driven price increases. By June, SAAR had fallen to 15.3 million from March's 17.8 million. With tariff uncertainty, high vehicle prices, elevated borrowing costs, and consumer caution, much of the expected volume decline is anticipated in the second half of the year.

New vehicle inventory, while up from a year ago, has declined month to month since March from about 3 million to just under 2.5 million by the end of June. Toyota, Honda, BMW, Subaru, Chevrolet and Kia had the leanest inventories at the end of the quarter averaging 60 days' supply, while Hyundai, Ram, VW, Jeep and Mercedes-Benz had some of the highest stockpiles averaging 107 days' supply. Among major brands, only VW saw monthly stockpiles rise in the quarter.

Index	Q2 2025 % Change
The Kerrigan Index™	+8.5%
S&P 500 Index	+10.6%

Company	Q2 2025 % Change
CarMax	-14.4%
Penske Automotive Group	+18.3%
Lithia & Driveway	+14.0%
AutoNation	+17.9%
Group 1 Automotive	+11.7%
Asbury Automotive Group	+8.1%
Sonic Automotive	+40.7%



While the full impact of tariffs remains uncertain, early indicators suggest that automotive OEMs, rather than dealers or consumers, are most likely to bear the increased cost this year. This expectation is largely driven by heightened consumer concerns around new vehicle affordability. The Cox Automotive and Moody's Analytics' Vehicle Affordability Index spiked in April and May, reaching a recent high, and OEMs are increasing incentives to make their models more affordable (the average incentive per new vehicle was on track to reach \$2,727 in June, an increase of \$93 from May per J.D. Power).

Additionally, OEMs are highly motivated to preserve market share, especially in a competitive pricing environment. This dynamic is already playing out among Japanese automakers: according to the Bank of Japan's Corporate Goods Price Index, the export price index for vehicles shipped to North America dropped over 19% year-over-year on a contract currency basis, the steepest decline since 2016 – suggesting OEMs are actively cutting prices to offset the 25% tariff.

All these factors point to potential opportunity in the quarters ahead for dealers, reflected in several of the public's rising stock prices toward the end of June. And, preliminary second quarter earnings estimates are also turning out favorably – On July 15th, Lithia reported a preliminary 23-27% rise in net income per share for the second quarter of 2025.

US Publics' Acquisition Update:

Despite auto retailers' rollercoaster stock prices, the public companies remain committed to growing through acquisition, with three groups completing US acquisitions in the second quarter, and one completing an international acquisition. Interestingly, all were in the luxury segment.

- **Sonic** acquired Jaguar Land Rover in Newport Beach, Los Angeles, San Jose and Pasadena, California from US Auto Trust (a Kerrigan Advisors client).
- **Group 1** acquired Mercedes Benz in Austin, Texas and Lexus and Acura in Fort Myers, Florida.
- **Lithia** acquired Mercedes-Benz in Memphis, Tennessee and Jackson, Mississippi.
- **Penske** also announced the acquisition of a Ferrari dealership in Italy in July.

Also, on July 21st, Asbury closed on its major acquisition of Boston, Massachusetts-based The Herb Chambers Companies – a \$1.45 billion transaction comprised of 30+ dealerships, one of the largest in industry history.

In summary, the automotive sector is taking global center stage in 2025, with a variety of factors impacting its performance. Nevertheless, the fundamentals of the dealership business model remain strong given diversification and adaptability across multiple business segments. The public auto retailers' recent stock price uptick could be a sign of an improved car market in the second half of 2025 and into next year.

Sources: Microsoft Finance, Yahoo Finance, Automotive News, J.D. Power & LMC Automotive, Cox Automotive, Kerrigan Advisors

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An aerial photograph of a two-lane road that curves through a dense green forest. To the left of the road is a calm body of water. Several cars are visible on the road, including a red car in the distance and a dark car in the foreground. The overall tone is serene and professional.

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We have your interests.

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KERRIGAN ADVISORS

A stylized graphic element consisting of three horizontal lines that taper to a point on the right side, positioned below the company name.

At Kerrigan Advisors, we pride ourselves on our singular focus—working with dealers and their families throughout the US to enhance the value of their enterprise. From growth through exit, our firm supports generations of dealers through the lifecycle of owning and operating their businesses. We hope for the opportunity to work with you as you chart your course in the evolving auto retail landscape.

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