

**August 2022 profit results, net percentage sales 4.7%.** July 2022 profit results net 4.3% of sales remain very good. In June it was 4.6% and in May 2022 it was 5.0%. It is too soon to tell if there is a downward trend but it appears the monthly net profit percentage sales is trending downward slightly based on our over 200 new vehicle dealers. Dealers tell us as of the date this was written in October, the sales are materially down. Only time will tell. As a reminder historical net percentage sales was in the range approximately 2.4% from 2010–2019 while in 2020 it approximated 3.6% and in 2021 it was 5.0%. The enclosed survey based on a limited number of dealer financial statements for August 2022 reflected the pre-tax net profit percentage of sales for August was 5.2%. This survey also reflects the total and warranty parts sales gross profit margin (warranty sales less warranty cost of sales/warranty parts sales). You can see this margin for Chrysler is 40%; Ford is 38%; G.M. is 39%; Imports 39%, and overall average and median is 39%. For dealers' percentage that is less than 35% or more than 45%, we might suggest you review with your accounting office and service department.

## MONTHLY FINANCIAL RESULTS – JULY 2022

	July Better Than June	July Worse Than June	July Best Month 2022	Net Profit % Sales July	New Units	Used Units
CHRYSLER	40%	60%	20%	4.5%	41	48
FORD	35%	65%	0%	3.4%	29	50
G.M.	30%	70%	5%	3.6%	33	56
IMPORTS	45%	55%	10%	5.5%	50	56
OVERALL	40%	60%	10%	4.5%	40	53

## MONTHLY FINANCIAL RESULTS – AUGUST 2022

	August Worse Than July	August Worse Than July	August Best Month 2022	Net Profit % Sales August	New Units	Used Units
CHRYSLER	60%	40%	10%	4.3%	31	47
FORD	75%	25%	25%	4.6%	22	40
G.M.	80%	20%	20%	4.3%	44	58
IMPORTS	60%	40%	25%	5.6%	54	55
OVERALL	70%	30%	20%	4.9%	41	51

	Net < 3.0%	Net 3.0 – 3.99%	Net 4.0 – 4.99%	Net + 5.0%
CHRYSLER	33%	13%	13%	41%
FORD	19%	12%	19%	50%
G.M.	32%	11%	19%	38%
IMPORTS	16%	13%	6%	65%
OVERALL	25%	12%	14%	49%

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## National Financial Metrics Survey

We sent out a survey for a financial institution. Below are the results of those dealers responding mainly for the Midwest through August 2022:

1. Total retail vehicle sales y-t-d compared to last year.
  - a. Up more than 10%
  - b. Up 0-10%
  - c. Down 0-10%
  - d. Down more than 10%

**Results: a=1; b=1; c=12; d=15**

2. How did 2022 August and September combined compare total vehicle sales same period 2021?
  - a. Up more than 10%
  - b. Up 0-10%
  - c. Down 0-10%
  - d. Down more than 10%

**Results: a=2 ; b=7; c=8; d=12**

3. How does new and used inventory compare with pre-pandemic "normal" levels?
  - a. Less than 10% of normal
  - b. 10-25% of normal
  - c. 26-50% of normal
  - d. 51-75% of normal
  - e. 76-100% of normal
  - f. Back to normal

**Results: a=5 ; b=6; c=13; d=3; e=2; f=0**

4. In August and September how did the final transaction price of new vehicles compare with MSRP?
  - a. 110% of MSRP
  - b. 101-110% of MSRP
  - c. 91-100% of MSRP
  - d. <90% pf MSRP

**Results: a=1 ; b=8; c=19; d=1**

5. How much longer are lead times to obtain parts for service department work?
  - a. Normal lead times
  - b. 1-2 weeks longer
  - c. 3-6 weeks longer
  - d. 6-12 weeks longer
  - e. Longer than 12 weeks

**Results: a=2 ; b=16; c=9; d=2; e=0**

Most businesses expect small decrease in economic activity and in overall demand, no change in overall prices, a small increase in 12-month prices, no change in employment, and no change in capital spending.

## National New Vehicle Unit Sales

As reported by Automotive News, the nine months of new unit sales for 2022 was 8,073,000 and for 2021 it was 9,041,000. Based on units, the following were increased minimally: Ford, Hyundai, Kia, Tesla, Mercedes, and BMW.

## Ford Electric Vehicle (E.V.) Program

As many of you have read Ford has come out with a program for its production and sale of its electric vehicles. They have stated they will be following some of the processes/programs like Tesla. They must believe that Tesla is the way to go. We do not know if they understand that with Tesla being the real first E.V. producer and the huge income tax credits that will expire that maybe the Tesla way is not the way for other E.V. manufacturers. Ford bought into Rivian, an electric truck producer, and sold out of the Rivian investment and lost a lot of money. Ford is trying to get its dealers to buy into its program. As we read it, knowing their program will change, dealers will not really be dealers anymore on E.V. sales, but just a delivery center earning some kind of incentive. Dealers have a choice of signing up for the program paying approximately \$500,000 for equipment and programs or paying \$1,000,000. Ford has already changed the program with a revised signup date in December from October. We sent out a survey to Ford dealers and the 27 dealers that responded is as follows: 12 plan on doing nothing, they will not sign up and wait to see what happens, 2 plan to sign up for the \$500,000 plan, 5 plan to sign up for the \$1,000,000 plan, and 8 plan to sign up for the program and will likely cancel later.



# Monthly Sales and Profit Survey

## August 2022

Make	New Units	Gross New	Used Units	Gross Used	YTD Sales	YTD Net Profit %	YTD Parts Sales	YTD Net Profit % Parts Sales	Net Profit % Warranty Parts Sales
CHRYSLER	156	\$3,782	145	\$2,366	\$146,070,000	3.6%	\$10,687,000	28.9%	38.8%
CHRYSLER	59	\$3,774	155	\$2,800	\$79,250,000	7.9%	\$2,676,000	36.1%	40.8%
CHRYSLER	68	\$3,908	111	\$3,032	\$63,720,000	5.6%	\$3,216,000	34.5%	41.6%
CHRYSLER	62	\$4,912	68	\$3,321	\$60,750,000	7.6%	\$2,319,000	35.9%	43.0%
CHRYSLER	46	\$3,347	9	\$5,513	\$41,890,000	5.5%	\$2,349,000	36.1%	44.8%
CHRYSLER	34	\$3,048	56	\$3,017	\$31,110,000	7.2%	\$1,190,000	30.2%	28.5%
CHRYSLER	32	\$5,382	32	\$3,431	\$27,610,000	1.6%	\$1,503,000	26.8%	32.8%
CHRYSLER	27	\$1,692	55	\$1,273	\$26,880,000	2.3%	\$2,650,000	25.7%	31.6%
CHRYSLER	18	\$2,016	57	\$2,150	\$25,850,000	4.7%	\$1,123,000	29.6%	43.3%
CHRYSLER	24	\$4,214	34	\$3,475	\$25,510,000	5.9%	\$881,000	29.9%	27.0%
CHRYSLER	18	\$6,718	20	\$3,545	\$19,800,000	9.3%	\$1,718,000	34.3%	39.1%
CHRYSLER	23	\$4,808	20	\$475	\$19,460,000	4.9%	\$1,391,000	40.7%	52.3%
CHRYSLER	12	\$4,896	20	\$3,124	\$19,160,000	3.1%	\$940,000	32.7%	43.9%
CHRYSLER	13	\$4,287	50	\$2,574	\$18,200,000	7.2%	\$1,267,000	43.6%	58.3%
<b>AVERAGE CHRYSLER</b>	<b>42</b>	<b>\$4,056</b>	<b>59</b>	<b>\$2,864</b>	<b>\$43,232,857</b>	<b>5.5%</b>	<b>\$2,422,143</b>	<b>33.2%</b>	<b>40.4%</b>
FORD	76	\$3,824	108	\$2,897	\$67,740,000	5.3%	\$7,431,000	31.2%	46.1%
FORD	68	\$4,006	75	\$3,533	\$51,360,000	3.8%	\$1,091,000	33.3%	38.8%
FORD	44	\$2,593	78	\$3,666	\$43,620,000	3.7%	\$1,840,000	33.2%	35.8%
FORD	31	\$3,398	59	\$567	\$30,920,000	3.0%	\$1,544,000	34.1%	38.6%
FORD	24	\$4,495	30	\$5,135	\$27,430,000	3.1%	\$1,784,000	31.3%	38.9%
FORD	24	\$3,850	52	\$2,383	\$27,060,000	6.4%	\$1,472,000	36.3%	47.4%
FORD	41	\$11,864	34	\$2,604	\$24,880,000	4.6%	\$1,312,000	32.9%	39.6%
FORD	21	\$3,006	46	\$2,672	\$24,450,000	5.2%	\$1,600,000	40.2%	37.7%
FORD	22	\$5,811	58	\$2,403	\$22,350,000	4.0%	\$1,381,000	30.3%	24.3%
FORD	35	\$3,263	25	\$2,384	\$21,360,000	5.2%	\$1,457,000	28.1%	23.5%
FORD	32	\$3,320	36	\$2,908	\$19,060,000	6.4%	\$1,281,000	31.7%	29.9%
FORD	5	\$7,056	49	\$2,305	\$18,500,000	3.9%	\$949,000	37.6%	50.9%
<b>AVERAGE FORD</b>	<b>35</b>	<b>\$4,707</b>	<b>54</b>	<b>\$2,788</b>	<b>\$31,560,833</b>	<b>4.6%</b>	<b>\$1,928,500</b>	<b>33.4%</b>	<b>37.6%</b>
GM	150	\$5,286	109	\$3,176	\$94,290,000	7.8%	\$3,615,000	37.1%	41.7%
GM	112	\$3,638	191	\$1,402	\$91,220,000	4.8%	\$4,229,000	32.5%	41.1%
GM	55	\$3,175	51	\$2,279	\$68,250,000	1.1%	\$3,357,000	30.4%	39.5%
GM	67	\$3,857	178	\$2,086	\$63,650,000	6.3%	\$2,993,000	36.1%	46.8%
GM	29	\$2,676	134	\$928	\$55,760,000	2.1%	\$3,785,000	35.7%	38.9%
GM	36	\$2,887	68	\$1,468	\$45,440,000	2.8%	\$3,129,000	39.1%	40.6%
GM	42	\$3,784	64	\$4,299	\$44,960,000	3.9%	\$2,482,000	36.1%	39.4%
GM	75	\$3,286	56	\$1,954	\$43,050,000	5.0%	\$2,170,000	36.5%	41.3%
GM	39	\$3,522	52	\$3,121	\$37,160,000	3.5%	\$4,232,000	32.3%	35.3%
GM	28	\$2,705	62	\$1,928	\$34,680,000	4.5%	\$2,219,000	33.0%	42.3%
GM	44	\$2,500	64	\$2,815	\$34,640,000	4.2%	\$1,492,000	32.3%	27.8%
GM	38	\$3,038	55	\$2,649	\$32,010,000	4.6%	\$1,890,000	34.8%	28.7%
GM	50	\$4,268	40	\$4,274	\$31,920,000	6.8%	\$1,310,000	30.5%	35.8%
GM	32	\$3,443	31	\$1,725	\$31,700,000	1.7%	\$1,829,000	34.6%	52.4%
GM	28	\$3,590	37	\$2,594	\$28,810,000	5.3%	\$2,961,000	39.4%	41.9%
GM	29	\$3,575	60	\$1,274	\$27,780,000	4.6%	\$1,130,000	35.6%	44.7%
GM	23	\$4,959	39	\$768	\$25,660,000	4.7%	\$1,925,000	36.4%	45.0%
GM	35	\$2,776	37	\$3,253	\$23,050,000	5.3%	\$1,863,000	37.7%	30.7%
GM	25	\$5,240	46	\$2,303	\$20,610,000	5.8%	\$1,329,000	32.1%	35.2%
GM	25	\$4,679	31	\$2,839	\$19,840,000	3.5%	\$1,197,000	31.1%	30.8%
<b>AVERAGE GM</b>	<b>48</b>	<b>\$3,644</b>	<b>70</b>	<b>\$2,357</b>	<b>\$42,724,000</b>	<b>4.4%</b>	<b>\$2,456,850</b>	<b>34.7%</b>	<b>39.0%</b>
IMPORT	157	\$3,557	143	\$2,457	\$110,080,000	10.7%	\$8,600,000	37.1%	33.7%
IMPORT	42	\$7,159	74	\$4,675	\$81,890,000	6.6%	\$7,607,000	30.4%	36.2%
IMPORT	142	\$3,670	74	\$3,791	\$80,060,000	5.8%	\$6,085,000	26.0%	38.2%
IMPORT	164	\$3,645	93	\$2,404	\$67,590,000	7.5%	\$3,626,000	36.0%	36.2%
IMPORT	169	\$2,901	69	\$2,375	\$62,810,000	6.9%	\$3,975,000	33.8%	44.7%
IMPORT	49	\$5,865	83	\$2,422	\$57,980,000	6.8%	\$6,876,000	26.6%	36.3%
IMPORT	72	\$2,373	63	\$3,421	\$57,600,000	6.7%	\$3,573,000	31.8%	33.0%
IMPORT	70	\$3,124	60	\$3,356	\$56,990,000	5.4%	\$2,397,000	35.2%	43.0%
IMPORT	87	\$4,871	69	\$3,290	\$50,810,000	9.3%	\$1,571,000	33.6%	31.9%
IMPORT	50	\$870	41	\$1,471	\$46,820,000	4.1%	\$11,725,000	23.5%	38.0%
IMPORT	37	\$5,053	74	\$2,796	\$42,940,000	8.3%	\$2,826,000	35.7%	38.5%
IMPORT	86	\$1,955	48	\$662	\$38,210,000	2.8%	\$4,696,000	24.3%	38.8%
IMPORT	35	\$3,751	45	\$3,300	\$33,760,000	2.6%	\$2,499,000	32.3%	37.4%
IMPORT	75	\$2,182	32	\$3,853	\$31,880,000	9.0%	\$1,052,000	33.1%	28.1%
IMPORT	40	\$46,335	55	\$1,332	\$28,740,000	3.2%	\$3,868,000	24.5%	39.4%
IMPORT	41	\$4,329	51	\$3,281	\$27,970,000	5.4%	\$1,342,000	24.6%	39.5%
IMPORT	18	\$2,530	101	\$2,394	\$27,430,000	3.5%	\$1,240,000	32.1%	33.5%
IMPORT	44	\$3,207	24	\$3,646	\$24,870,000	6.1%	\$1,429,000	40.1%	46.3%
IMPORT	34	\$2,779	21	\$2,911	\$20,840,000	6.6%	\$1,552,000	38.2%	37.4%
IMPORT	53	\$4,748	35	\$3,996	\$20,170,000	<b>8.2%</b>	<b>\$950,000</b>	<b>40.2%</b>	<b>42.2%</b>
<b>AVERAGE IMPORT</b>	<b>73</b>	<b>\$5,745</b>	<b>63</b>	<b>\$2,892</b>	<b>\$48,472,000</b>	<b>6.3%</b>	<b>\$3,874,450</b>	<b>32.0%</b>	<b>37.6%</b>
<b>AVERAGE</b>	<b>52</b>	<b>\$4,561</b>	<b>63</b>	<b>\$2,705</b>	<b>\$42,544,091</b>	<b>5.2%</b>	<b>\$2,783,000</b>	<b>33.3%</b>	<b>38.6%</b>
<b>MEDIAN</b>	<b>40</b>	<b>\$3,657</b>	<b>55</b>	<b>\$2,734</b>	<b>\$31,965,000</b>	<b>5.2%</b>	<b>\$1,876,500</b>	<b>33.3%</b>	<b>38.9%</b>

## Factory Franchise Buy Back

G.M. is making offers to many of its Buick dealers to give up the franchise for a one-time payment. We find when analyzing the financial amount that often it does not make sense to sell out for the offer made by G.M. to give up Buick. Feel free to call us 7 days a week to discuss.