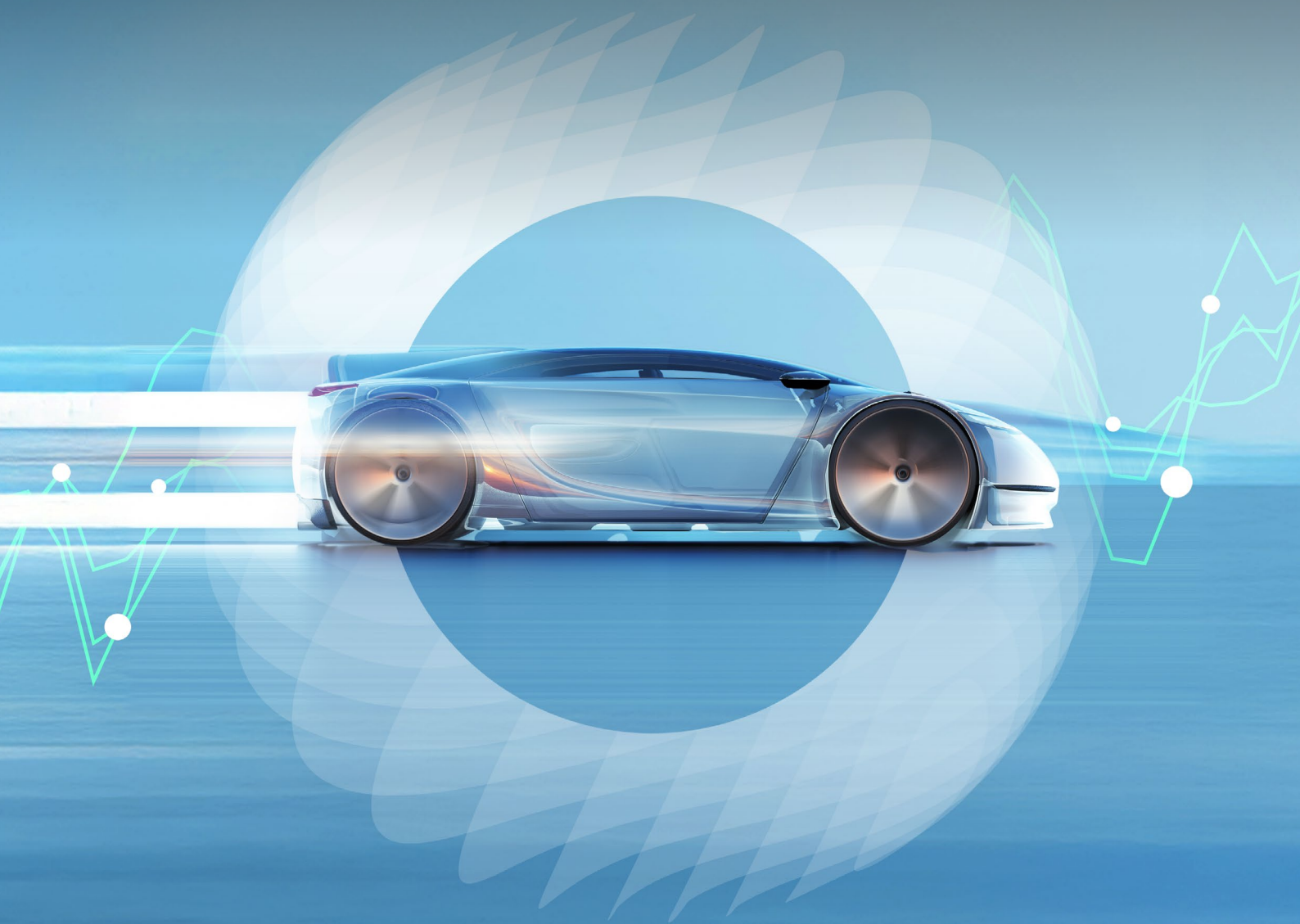


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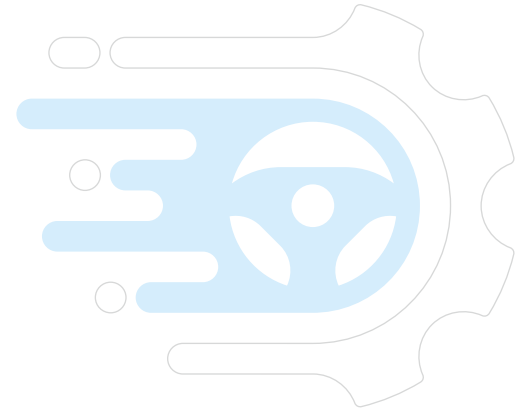
2025 Dealership Benchmarks

Deloitte | New Zealand

Profit*focus*[™]

Introduction

To help navigate these changing times, we are delighted to present our 2025 Dealership Benchmarks for the New Zealand car market.



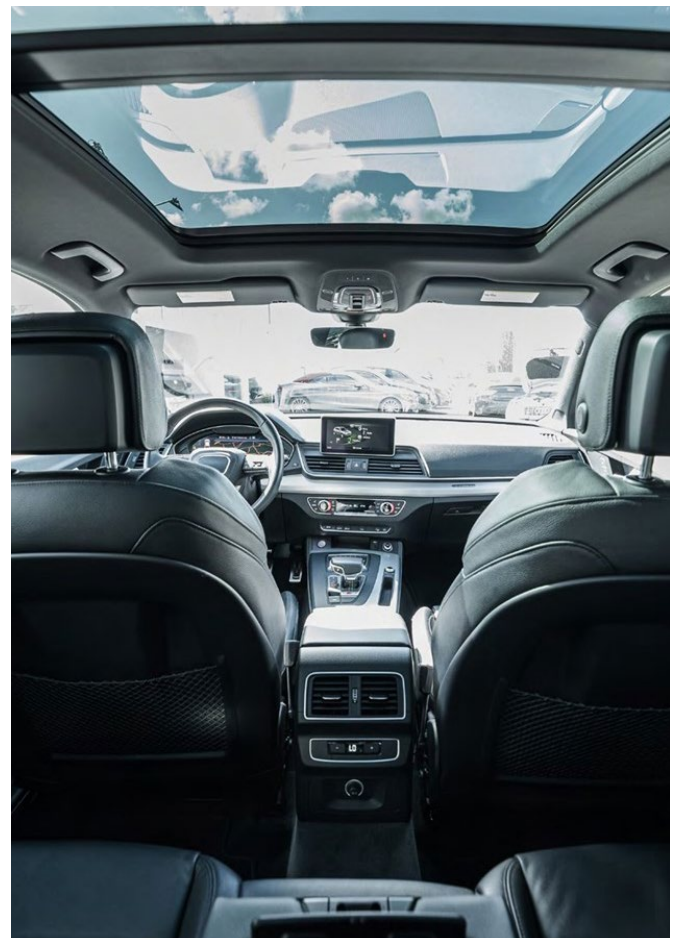
2024 continued to be a challenging market for New Zealand dealers. The overall economy was subdued, although interest rate relief came in the second half of the year. The sudden changes to the clean car standards also left dealer stock imbalance (including some distributor stocks) which led to increased operating expenses and dramatic actions to meet the market and retail these stocks.

A clear trend evolved after the second half with increased focus on the Used car market and seizing the opportunity finance and insurance (F&I) presents whilst maintaining focus on Aftersales.

The starting point for these benchmarks is the data uploaded to the ProfitFocus system by more than 180 dealers in the New Zealand market in the 12 months leading up to the benchmark period. The actual results of the top 30% of dealers in each key department (new, used, parts, service and finance & insurance), as well as the top performers overall, form the reference point.

This ensures that the benchmarks are always tied to actual levels of performance that are achievable in the prevailing market. We then review this raw data in the light of industry trends and long-held best practices to derive a set of benchmarks.

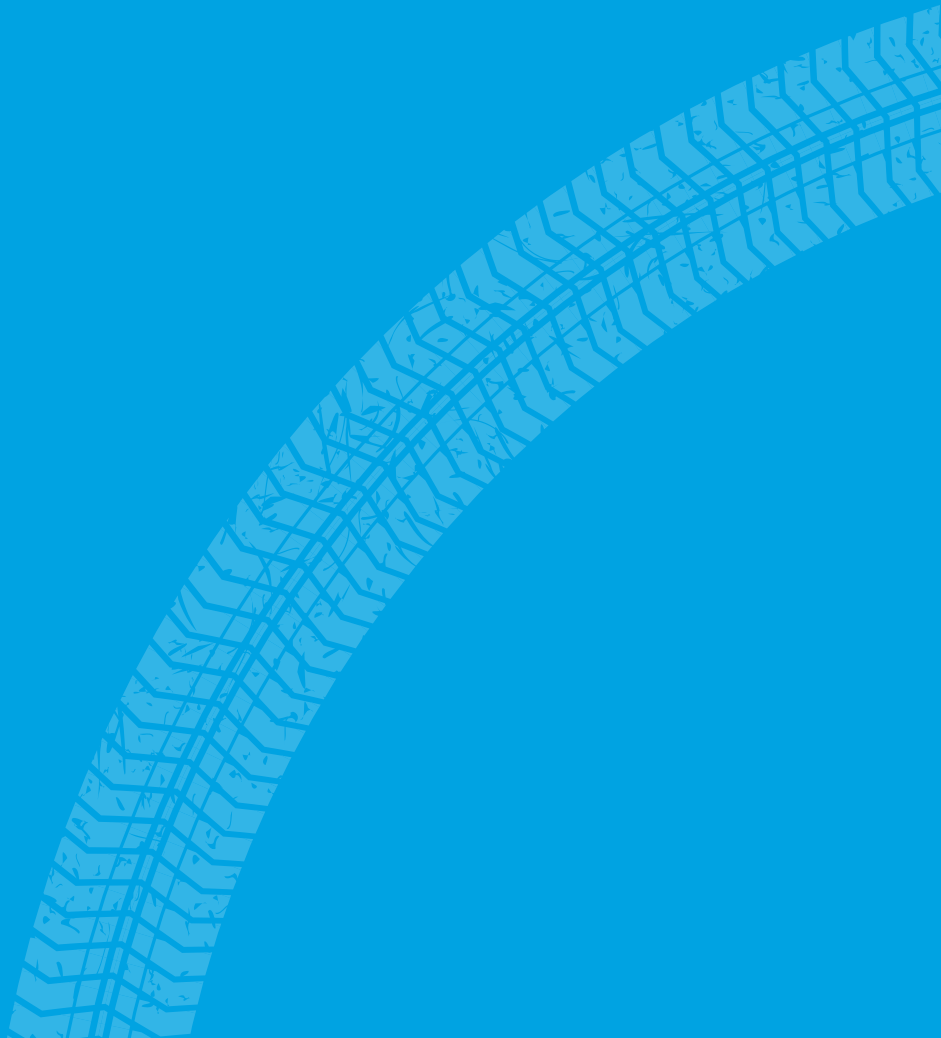
We are always happy to discuss any aspect of these benchmarks, so please feel free to contact a member of the Deloitte team listed at the back of this booklet or at nzprofitfocus@deloitte.co.nz.



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Light vehicle market



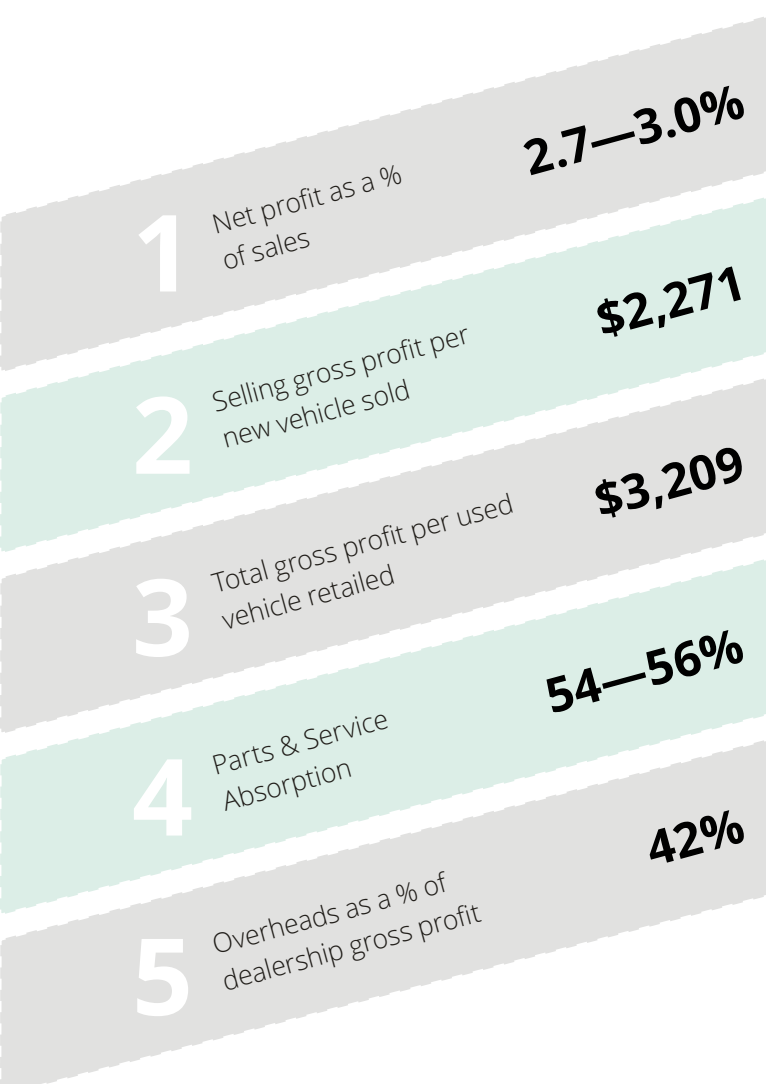


Light Vehicle Market benchmarks

On balance the New car market was subdued comparing headline figures with past years. However, the mix of these retails was quite telling with the market aligning to the new buying habits of hybrid and reduced EV's, and the noted operational cost (one-offs) to align dealer stocks accordingly.

Opportunities in the Used car market remained strong, providing dealers maintained a laser focus on their vehicle ageing to ensure they were buying and selling within the same market. F&I continued to present good opportunity for dealers, however a number of sub-vented programs impacted profitability. Service bookings rebounded in the second half, enabling net profits for the year to remain above pre-covid levels.

For New Zealand dealers, these are the top five benchmark metrics to focus on in 2025:



A note about these benchmarks

Benchmarking is an excellent method of monitoring performance and setting goals. These benchmarks are a measure of better practice drawn from the top 30% of dealers in the ProfitFocus database, which features more than 180 dealers.

This booklet is intended as a guide to dealership performance. Some dealerships, due to certain geographic or demographic circumstances, cannot achieve all the guidelines. For help clarifying and interpreting these benchmarks please contact us at nzprofitfocus@deloitte.co.nz.

Total dealership

Trading summary

| | |
|-------------------------------|----------|
| Net profit as % of sales | 2.7-3.0% |
| Days to dealership breakeven* | 26 |

* Based on a standard month of 30 days

| Dealership structure | Orientation | GP % |
|--------------------------------|-------------------|--------|
| New | 31% | 8-11% |
| Used | 22% | 10-12% |
| Parts | 17% | 26-28% |
| Service | 31% | 60-62% |
| | 100% | 13-15% |
| Front end (vehicle operations) | 52% | |
| Back end (fixed operations) | 48% | |
| Finance and insurance income | 9% of total gross | |
| Other income and incentives | 5% of total gross | |

Orientation = Where does the gross profit come from?

GP% = Gross Profit % Sales. How strong are my gross margins?

Note these orientation benchmarks provide a guide for achieving above average results in the market today. However, businesses that deliver sustainable results over a longer time frame tend to have a slight front-end bias to their operations.

People

| | |
|-----------------------------------|----------|
| Gross per employee per month | \$11,234 |
| Net profit per employee per month | \$2,018 |

Vehicle operations

| Product | New | Used |
|-------------------------|-------------|-------------|
| Gross profit per unit* | 4,000-6,000 | 3,200-3,400 |
| Used/new ratio (retail) | n/a | 0.90 |
| Days supply | 50-60 | 50-60 |
| Stock turns p.a. | 6 to 7 | 6 to 7 |
| Gross ROI** | 64% | 61% |

* Includes holdback, bonuses, aftermarket, and load reversals but excludes F&I.

** Gross as a % of cost of sales x turns p.a.

| People | New | Used |
|--|----------|----------|
| Units per sales staff per month* | 8-13 | 8-11 |
| Gross profit per salesperson per month | \$41,945 | \$25,722 |

* The Volume market tends to see 10-13 new units / month, with 8-10 in Luxury.
Used units tend to be 10-11 in the Volume market and 8-9 in the Luxury market.

Finance and insurance (F&I)

| F&I product | New | Used |
|---|-------------|-------------|
| Finance penetration** | 30-40% | 27-30% |
| Finance income per contract | 2,900-3,100 | 2,000-2,200 |
| Finance per retail unit sold | 1,307 | 574 |
| Insurance per retail unit sold | 50 | 97 |
| F&I selling gross per vehicle retailed (new & used) | | \$741 |

| People | |
|---|--------|
| Vehicles retailed per F&I staff per month | 25-35 |
| Salaries and commissions as a % of income | 23% |
| F&I income per dept employee per month | 25,000 |

**NV Penetration 30 - 31% for Volume, 35 - 40% for Luxury

Fixed operations

| Parts department | Sales mix % | GP % |
|----------------------------|-------------|----------|
| Retail/counter | 10% | 26% |
| Wholesale/trade | 28% | 23% |
| Workshop | 36% | 31% |
| Warranty | 17% | 16% |
| Internal | 10% | 20% |
| Total | 100% | 26-28% |
| Operational benchmarks | | |
| Days supply | | 28-35 |
| Stock turns p.a. | | 11 to 13 |
| Monthly sales per employee | | 93,098 |
| Monthly gross per employee | | 24,850 |
| \$ Sales per \$ salary | | \$12.8 |

| Service department | Sales mix % | GP % |
|---|-------------|----------|
| Labour | | |
| • Retail | 72% | 70% |
| • Warranty | 9% | 50% |
| • Internal | 19% | 64% |
| Total labour sales | 100% | 64% |
| Sublet sales | | 14% |
| Total gross profit (% sales) | | 60-62% |
| Operational benchmarks | | |
| Performance index (productivity x efficiency) | | 95-105% |
| Monthly labour sales per technician | | \$18,500 |
| Monthly labour gross per technician | | \$11,793 |
| Parts/labour ratio | | 0.76 |
| Ratio of chargeable to non-chargeable | | 1.4-1.6 |
| Parts and service absorption | | 54-56% |
| Retention—relative service size** | | \$4,491 |

** Labour sales per new retail unit sold per month.

This tends to be \$2500 - \$3500 in Volume and \$3500 - \$4500 in Luxury

Department profitability

| Vehicle operations | New | | Used | |
|--------------------------------------|--------------|--------------|--------------|--------------|
| | % Gross | \$/Unit | % Gross | \$/Unit |
| Gross Profit* | 100% | 4,000-6,000 | 100% | 3,200-3,400 |
| Sales staff salaries and comms | 22.0% | 1,086 | 17.3% | 602 |
| Manager salaries and comms | 4.8% | 240 | 5.5% | 190 |
| Aftermarket salaries and comms | 0.2% | 10 | 0.0% | 0 |
| Other salaries | 3.7% | 181 | 1.0% | 33 |
| Pre-delivery costs | 3.5% | 175 | - | - |
| Free service/policy | 0.9% | 47 | - | - |
| Used warranty | - | - | 1.7% | 60 |
| Advertising | 9.2% | 456 | 3.9% | 137 |
| Training | 0.1% | 5 | 0.1% | 5 |
| Floorplan | 8.6% | 423 | 2.6% | 92 |
| Demonstrator expenses | 1.1% | 53 | 3.1% | 106 |
| Selling gross profit | 46.0% | 2,271 | 64.7% | 1,981 |
| Selling gross profit per salesperson | | \$19,588 | | \$18,275 |
| Selling gross profit per employee | | \$10,802 | | \$9,486 |

* Includes holdback, bonuses, aftermarket and load reversals but excludes F&I

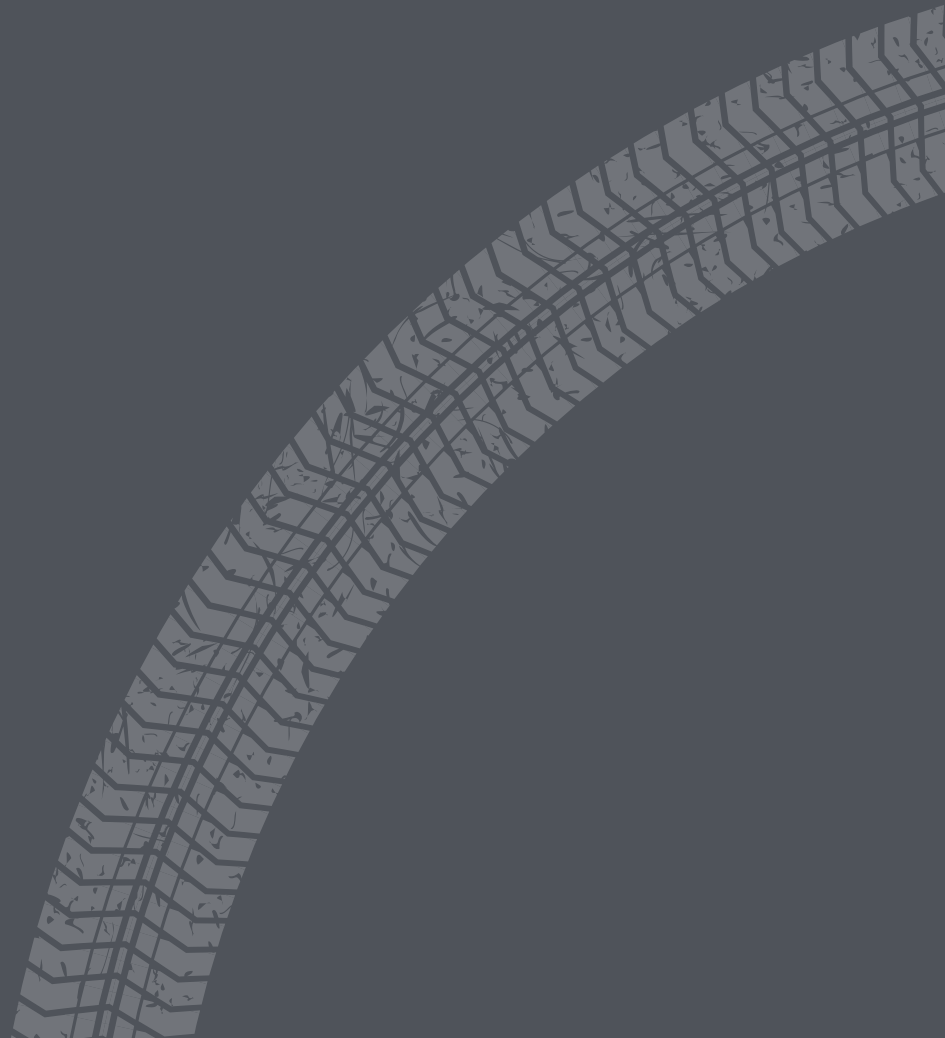
| Fixed operations | Parts % gross | Service % gross |
|-------------------------------------|----------------------|------------------------|
| Salaries (non-chargeable) | 24.2% | 23.8% |
| Advertising and promotion | 0.3% | 0.9% |
| Training | 0.1% | 0.8% |
| Policy/freight | 0.9% | 0.3% |
| Tools and supplies | 0.1% | 1.4% |
| Equipment and vehicle maintenance | 0.9% | 3.2% |
| Sick/holiday - technicians | – | 5.1% |
| Selling gross profit | 73.5% | 64.5% |
| Selling gross profit per technician | – | \$10,002 |
| Selling gross profit per employee | \$18,300 | \$6,061 |

Dealership overheads

| | % Gross |
|--|----------------|
| Administration and salaries | 7.1% |
| Training | 0.1% |
| FBT (net of contributions) | 0.8% |
| Payroll tax | 0.0% |
| Superannuation | 1.0% |
| Long service leave | 0.0% |
| Rent (or mortgage interest) | 12.3% |
| Rates and taxes | 1.3% |
| Property maintenance/outside services | 2.2% |
| Telephone | 0.5% |
| Insurance (including workers compensation) | 2.2% |
| Office supplies/stationery | 0.6% |
| Professional fees | 1.3% |
| Data processing | 1.8% |
| Bank charges and taxes | 0.4% |
| Interest (overdraft/working capital) | 2.1% |
| Bad debts | 0.1% |
| Depreciation | 2.8% |
| Electricity | 1.0% |
| Travel and entertainment | 0.6% |
| Management fees | 0.8% |
| Miscellaneous | 3.2% |
| Total fixed expenses | 42.2% |

Overheads are shown as a percentage of total dealership gross profit. This includes gross profit from the New, Used, Parts and Service departments, but excludes net F&I income which is brought into dealership profit at a selling gross level.

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