What is the difference between Operating Profit and Net Profit?
- The reason for the discrepancies between operating profit and net profit numbers stems from the fact that we receive financial statements from dealerships of nearly all brands for sale in the US. All of these financial statements are different not just in the format, but in the way they report certain accounts. When we process the financial statement data we take the data and organize it into one format that we can use it to create the average dealership profile series. The discrepancy between operating profit and net profit arises because of the way certain brands report incentive money from an OEM in their financial statements. For some brands, the money is reflected in operating profit, while others report it in their overall dealership net profit. With the average dealership profile statements, you will not be able to use any of the line items to bridge between the two measures of profit.

What is the formula for SG&A Expense?
- Total Dealership expense less the sum of Floor Plan Interest, Floor Plan Interest Rebates, Rent, Amortization – Leaseholds & Improvements, Depreciation of Building & Improvements, and Interest – Mortgages

Why is Floorplan Interest a negative number?
- Floor plan interest is a negative number if the dealership receives more in floor plan interest rebates from an OEM than they pay out in floor plan interest.

What is included in the “Total Expense” number?
- Variable Selling Expense – Advertising; Advertising Rebates; Sales Promotion; Managers Commissions & Incentives; Salespeople Commissions & Incentive; Finance & Insurance Commissions & Incentives; Floor Plan Interest; Floor Plan Interest Rebates; Delivery Expense; Delivery Allowance; Policy Expense
- Personnel Expense – Compensation – Owners; Compensation – Supervisors; Salaries – Salespeople, Salaries – F&I; Compensation – Clerical; Compensation – Other; Leave – Vacation, Sick and Holiday Pay; Taxes – Payroll; Training Expense; Uniforms & Laundry; Employee Benefits; Worker’s Compensation; Pension & Profit Sharing; Demo Expense
- Semi-Fixed Expense – Company Vehicle & Service Loaner Expense; Office Supplies & Stationary; Small Tools & Other Supplies; Repairs & Maintenance – Equipment; Depreciation – Equipment; Rental – Equipment; Bad Debts; Bad Debts Recovered; Data Processing; Credit Company Service Fees; Travel – Lodging & Transportation; Meals& Entertainment; Memberships, Dues, Publications; Postage; Freight; Contributions; Legal & Accounting Services; Telephone; Management Company Fees; Outside Services; Bank Fees; Insurance – Other; Taxes – Other; Miscellaneous; Memo – Internet Advertising Expense
- Fixed Expense – Rent; Amortization – Leaseholds & Improvements; Repairs & Maintenance – Real Estate; Depreciation – Buildings; Taxes – Real Estate; Insurance – Buildings; Interest – Mortgages; Rent & Rent Equivalent; Utilities

Is floorplan interest expense/profit part of net?
- Yes. It would be counted in total expenses and thus be in net profit

What goes into gross profit?
- It is total sales – cost of sales. Some brands include incentive money in gross profit, others include it in net additions and deductions which are tacked on to net profit, the formula for which is below.

What goes into net profit before tax?
- Net profit before tax = total gross profit – total expenses + net additions and deductions - bonuses
What goes into operating profit?
  o Operating profit = Total gross profit – total expenses
Lists of Brands in Average Dealer Profiles:

**Average Dealer Profile:** Acura, Audi, BMW, FCA, Ford, GM, Honda, Hyundai, Infiniti, Jaguar/Land Rover, Kia, Lexus, Mazda, Mercedes, Mitsubishi, Nissan, Porsche, Subaru, Toyota, Volkswagen, Volvo

**Domestic Dealer Profile:** FCA, Ford, GM

**Import Dealer Profile:** Acura, Audi, BMW, Honda, Hyundai, Infiniti, JLR, Kia, Lexus, Mazda, Mercedes, Mitsubishi, Nissan, Porsche, Subaru, Toyota, Volkswagen, Volvo

**Luxury Dealer Profile:** Acura, Audi, BMW, Infiniti, JLR, Lexus, Mercedes, Porsche, Volvo

**Mass Market Dealer Profile:** FCA, Ford, GM, Honda, Hyundai, Kia, Mazda, Mitsubishi, Nissan, Subaru, Toyota, Volkswagen