

Wholesale Market Insights

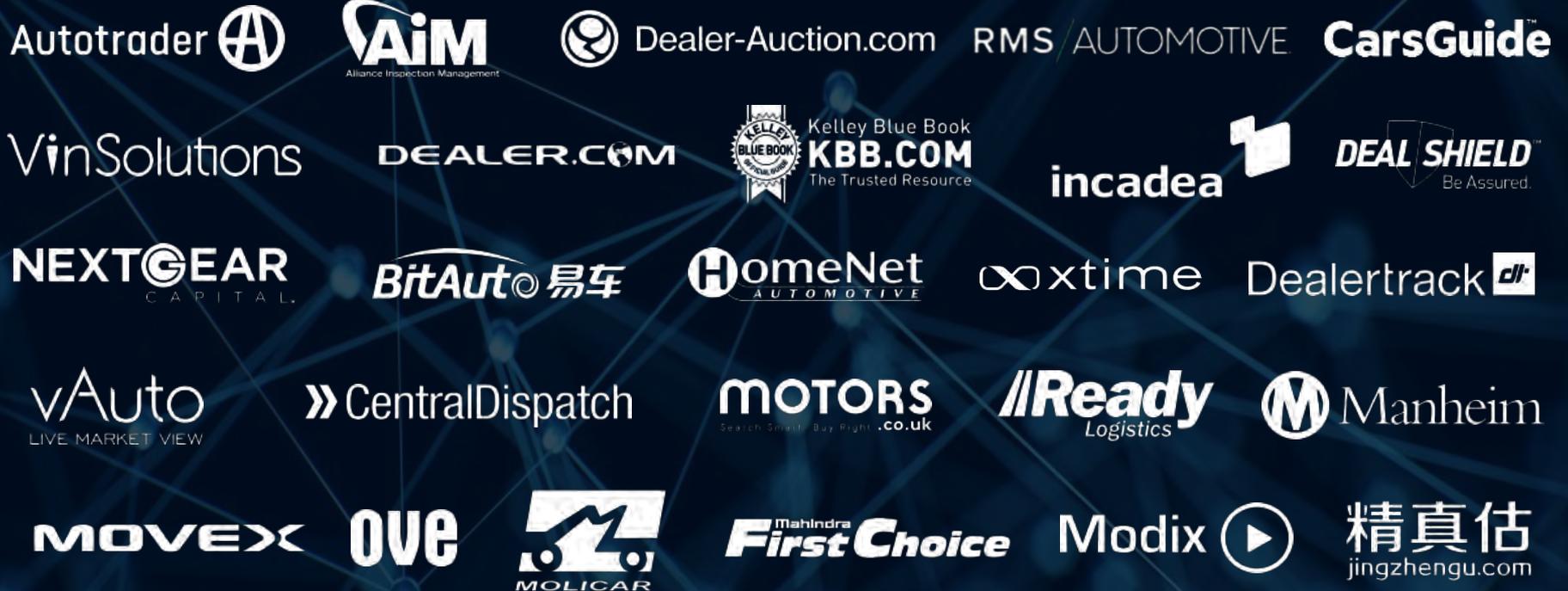
Through June 2019

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COX AUTOMOTIVE™

TRANSFORMING THE WAY THE WORLD BUYS, SELLS & OWNS CARS



Manheim Used Vehicle Value Index

Concept:

A single measure of used vehicle price change that is independent of underlying segment shifts in the characteristics of vehicles being sold

Steps:

All Manheim U.S. sales

Classify by market segment

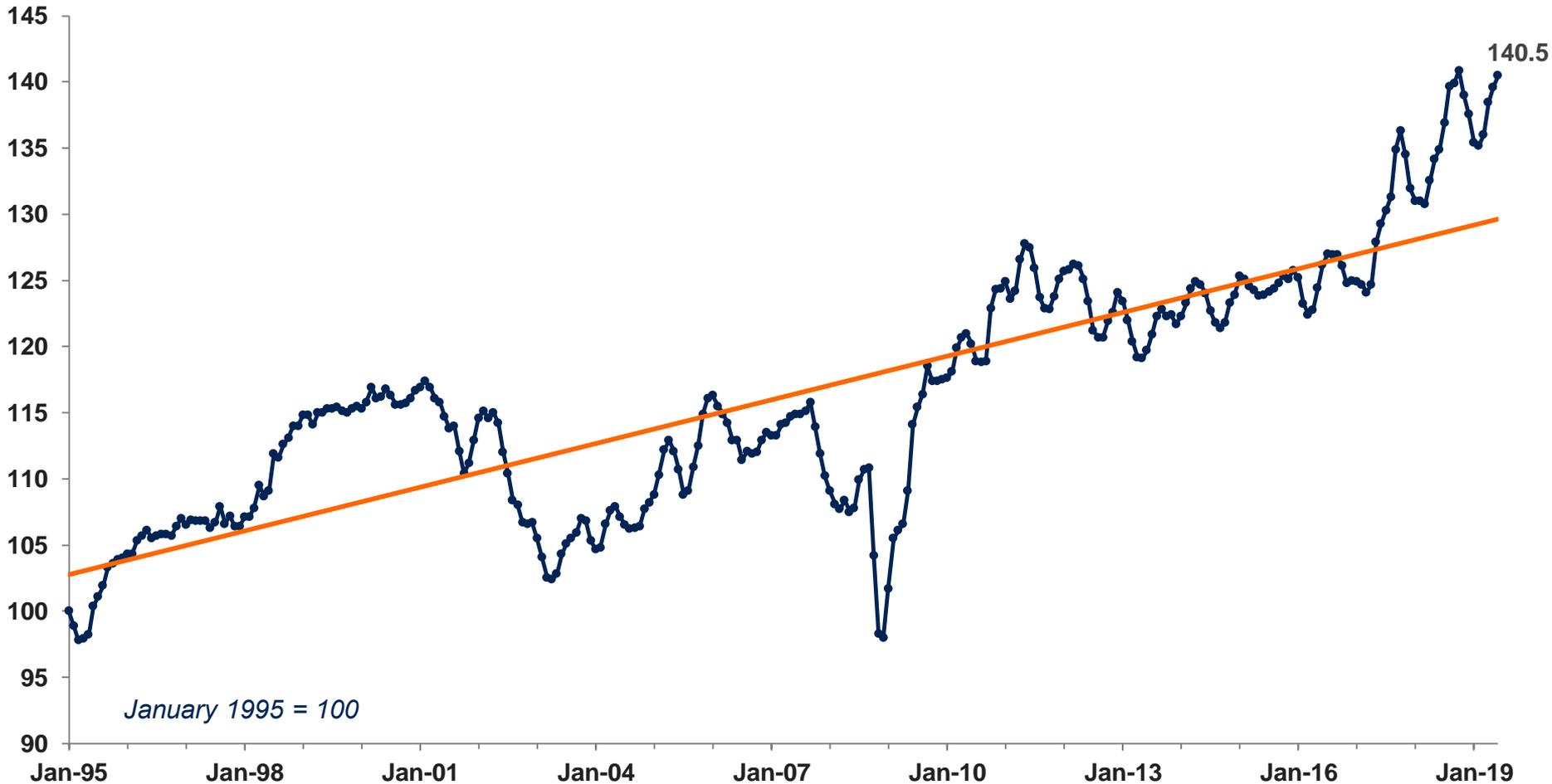
Account for differences in mileage

Weight to provide smoother segment mix

Seasonally adjust

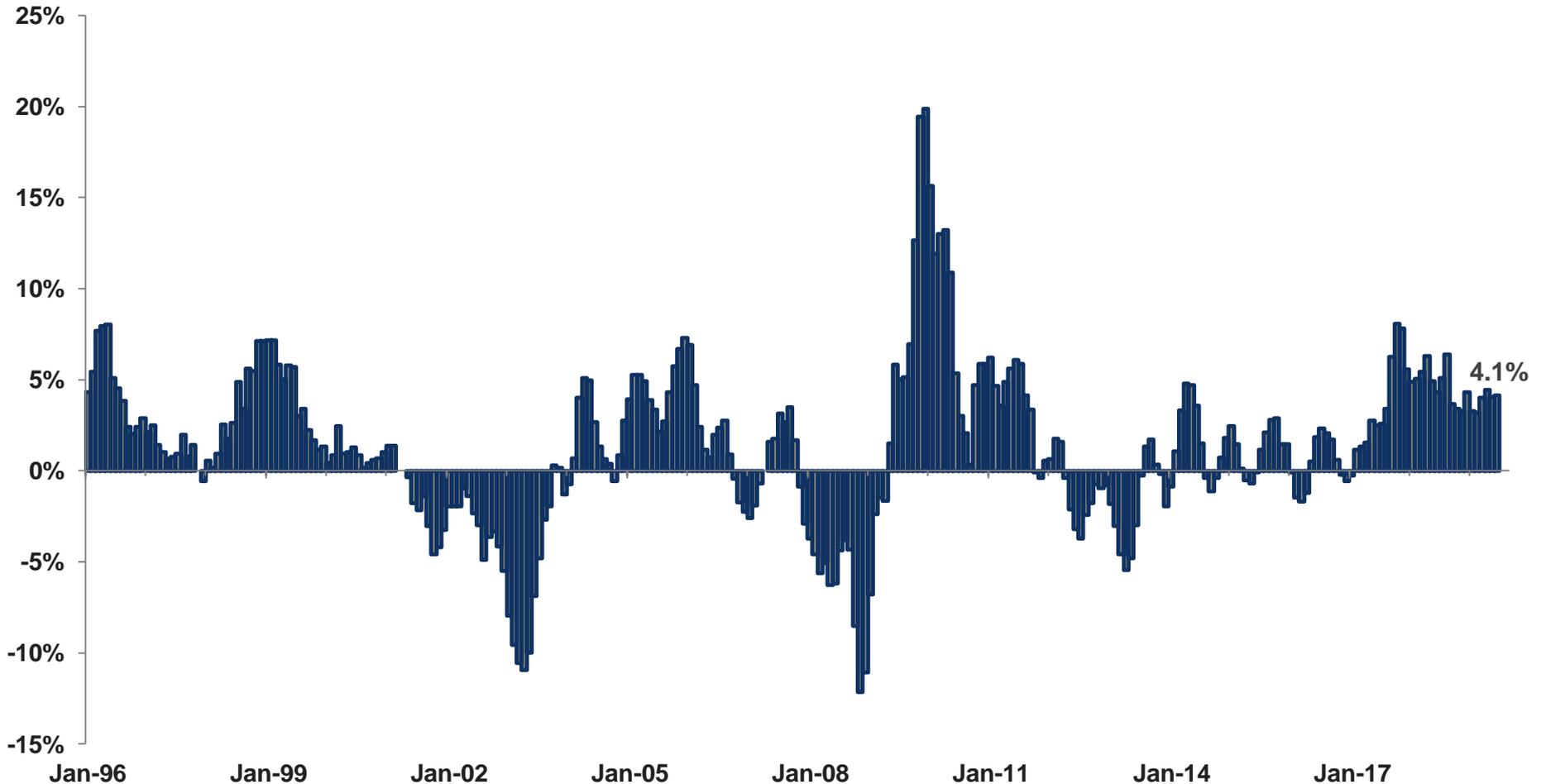
Spring Bounce Fading

Prices in June increased 0.61% versus May 2019 and were up 4.1% compared to June 2018



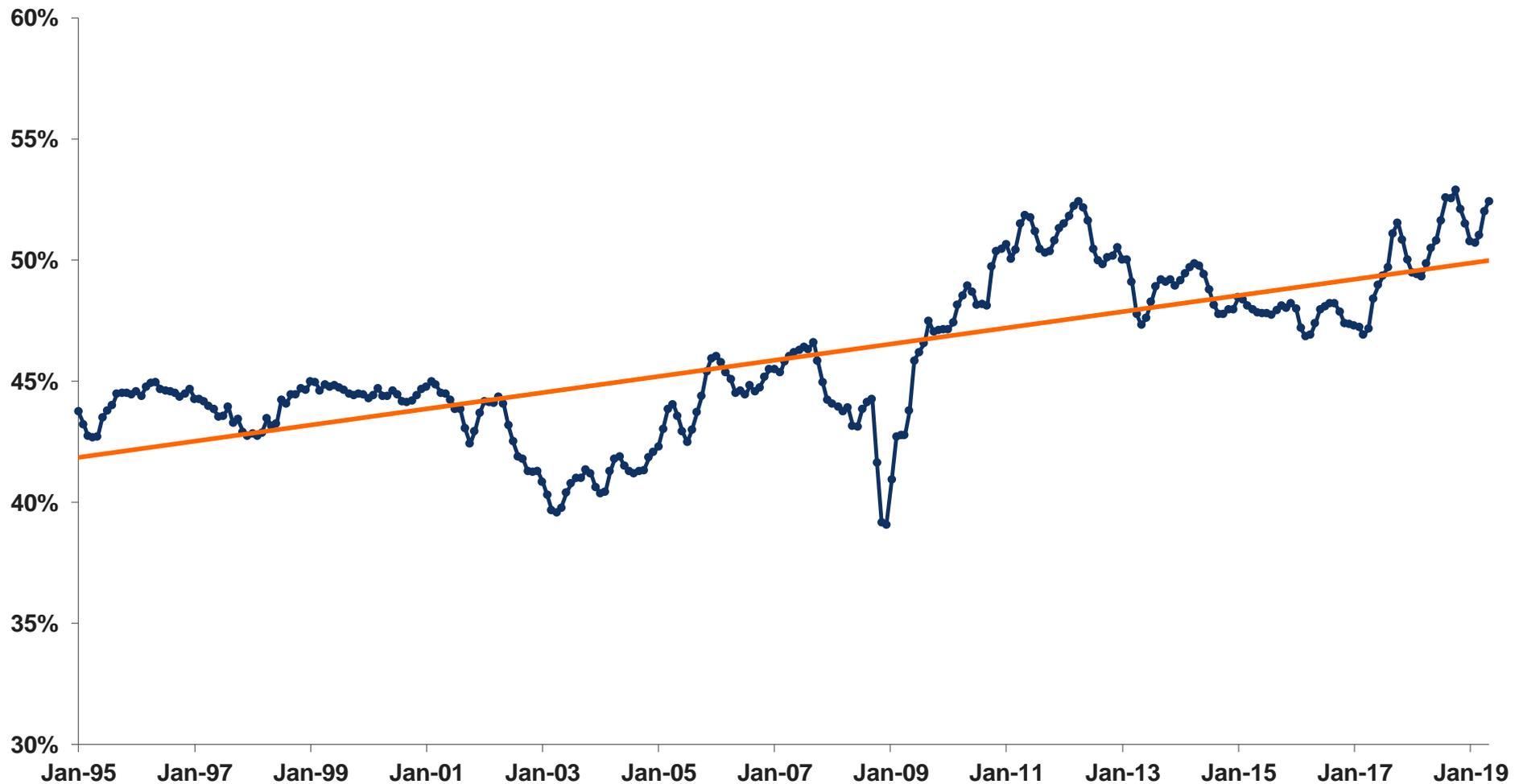
Used Vehicle Values Continue to Stay Above Average

Year-over-year price performance has been much stronger than average over the last 24 months

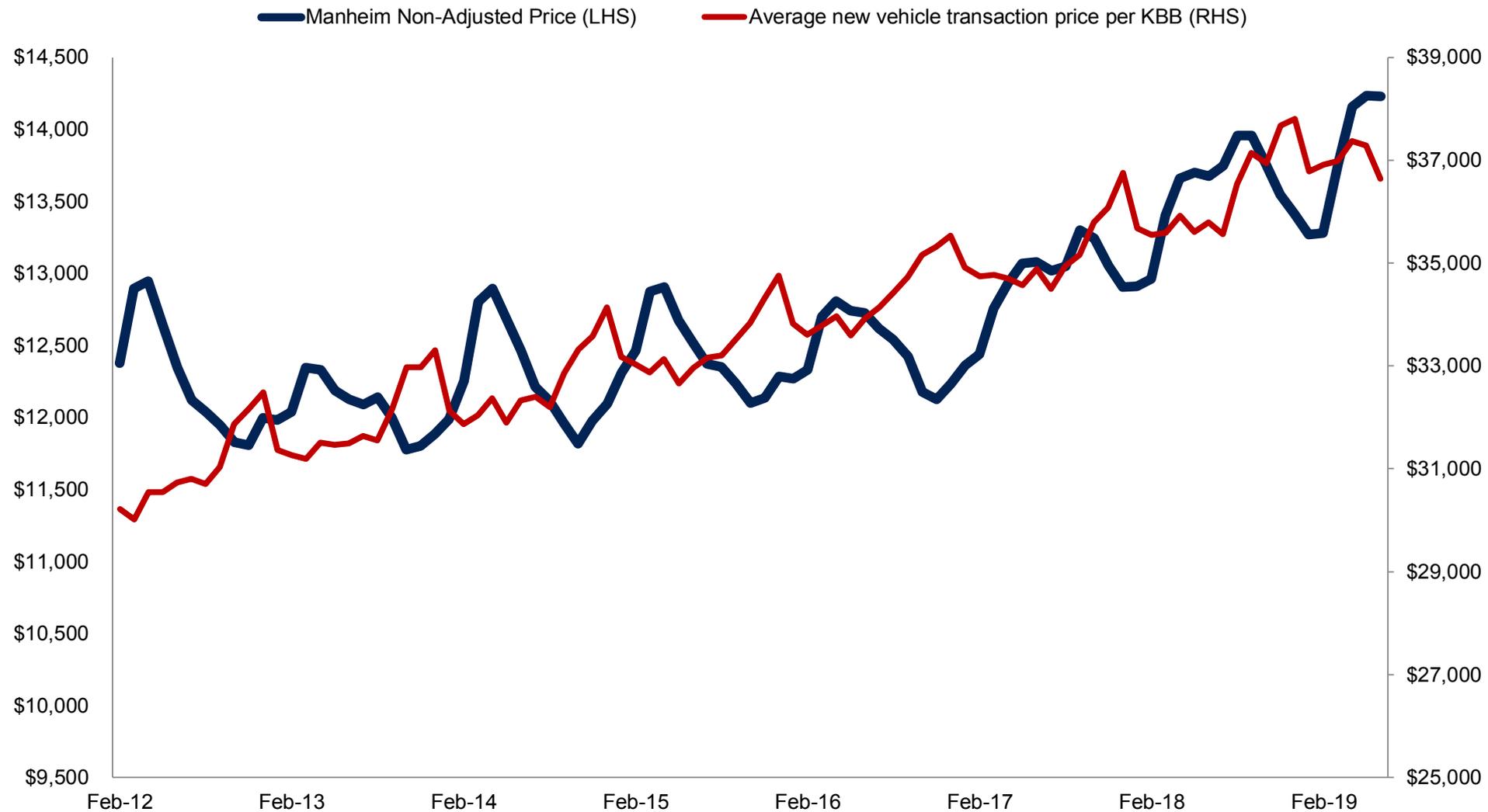


Manheim Index versus Mix & Quality Adjusted New Vehicle Price with 3 ½ year Lag

Used vehicle prices stay above the historical new vehicle price relationship trend



Wholesale Used Vehicle Prices vs. New Vehicle Prices

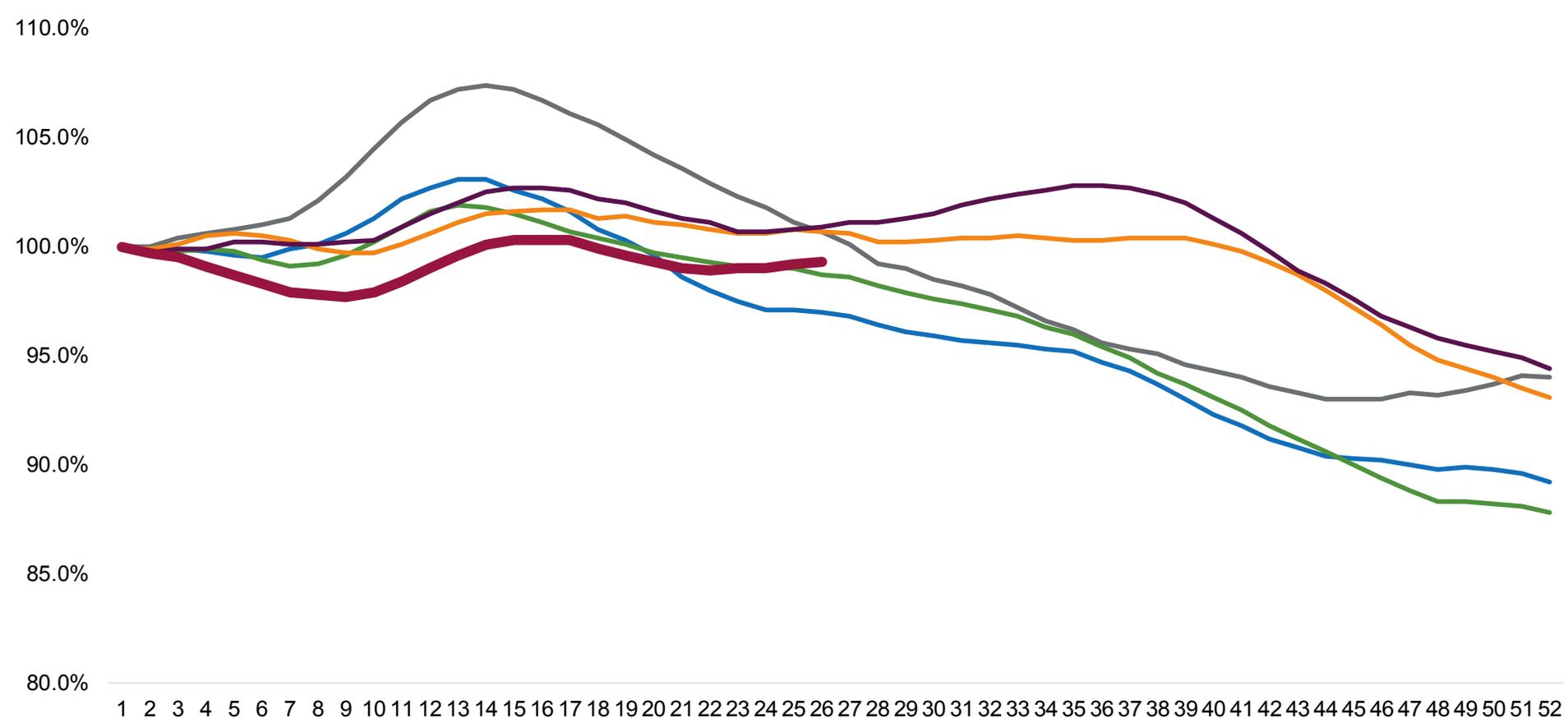


2019 Weekly Price Trend Looking Like Last Two Years

Much higher than normal depreciation for start of year, then strong spring bounce, and now low appreciation

3-Year-Old Model MMR Index by Week

— 2014 — 2015 — 2016 — 2017 — 2018 — 2019

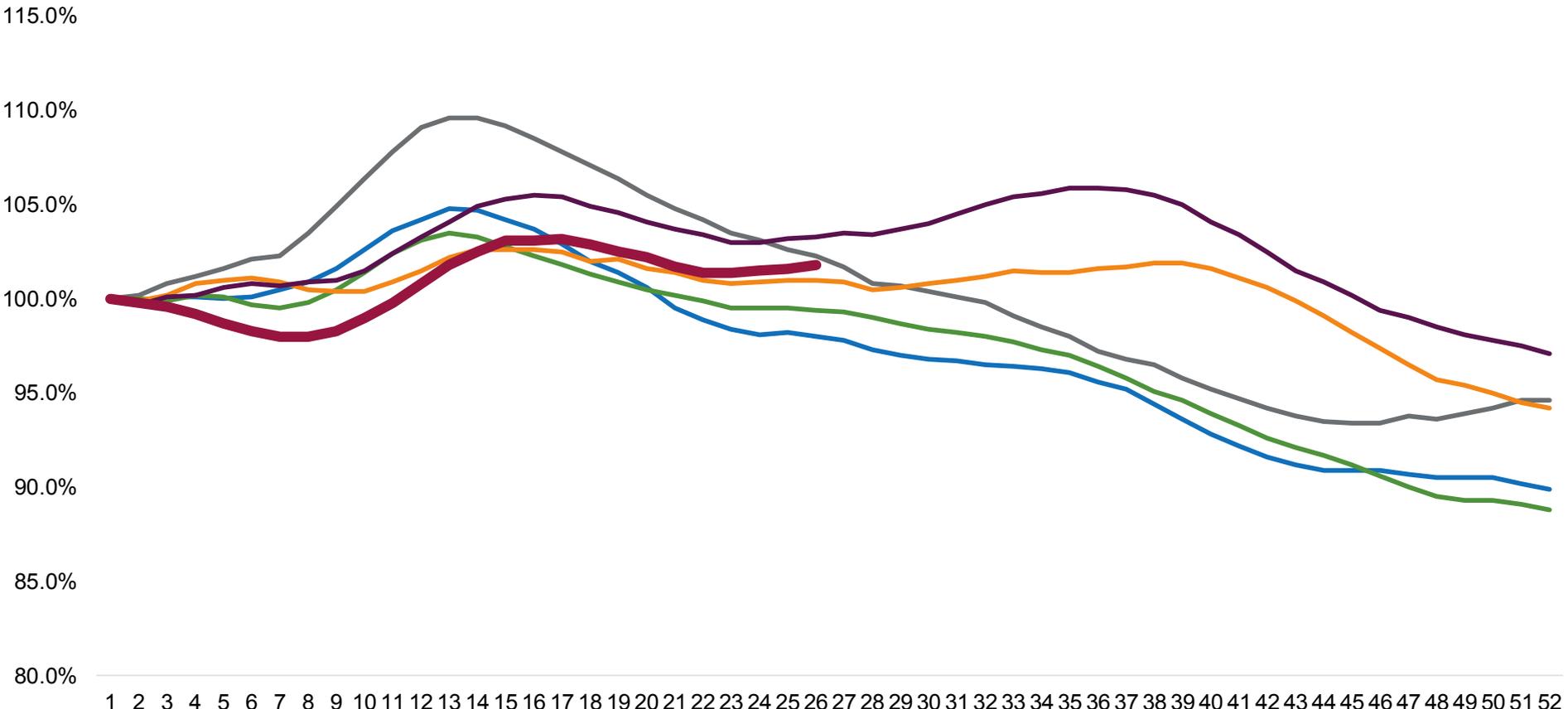


Weekly Price Trend Up in Non-Luxury

Despite weak start of the year, prices remain above January levels and trending higher

Non-Luxury 3YO Model MMR Index by Week

— 2014 — 2015 — 2016 — 2017 — 2018 — 2019

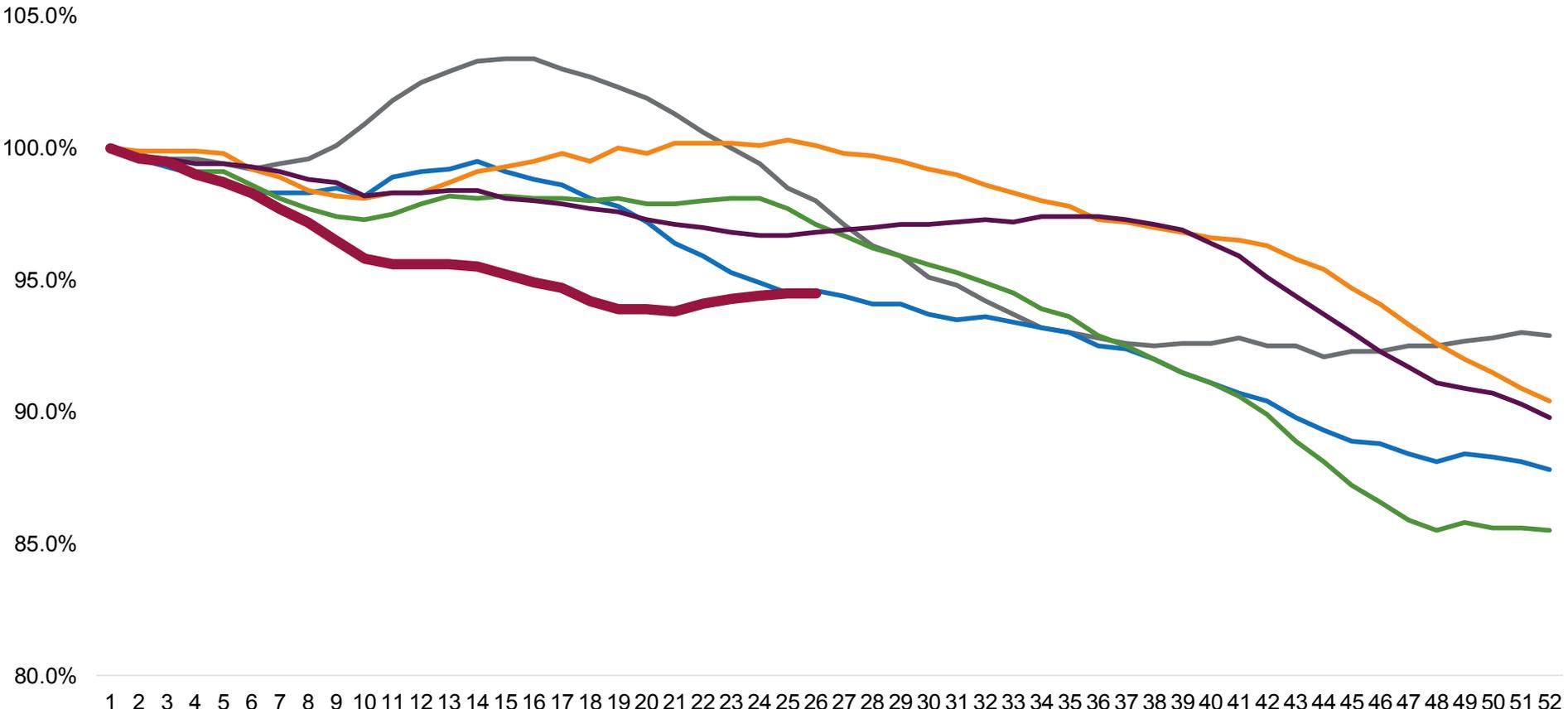


Luxury Now Seeing Improving Trend

Luxury vehicles saw steep depreciation in first quarter, then stabilization, and now appreciation

Luxury 3YO Model MMR Index by Week

— 2014 — 2015 — 2016 — 2017 — 2018 — 2019

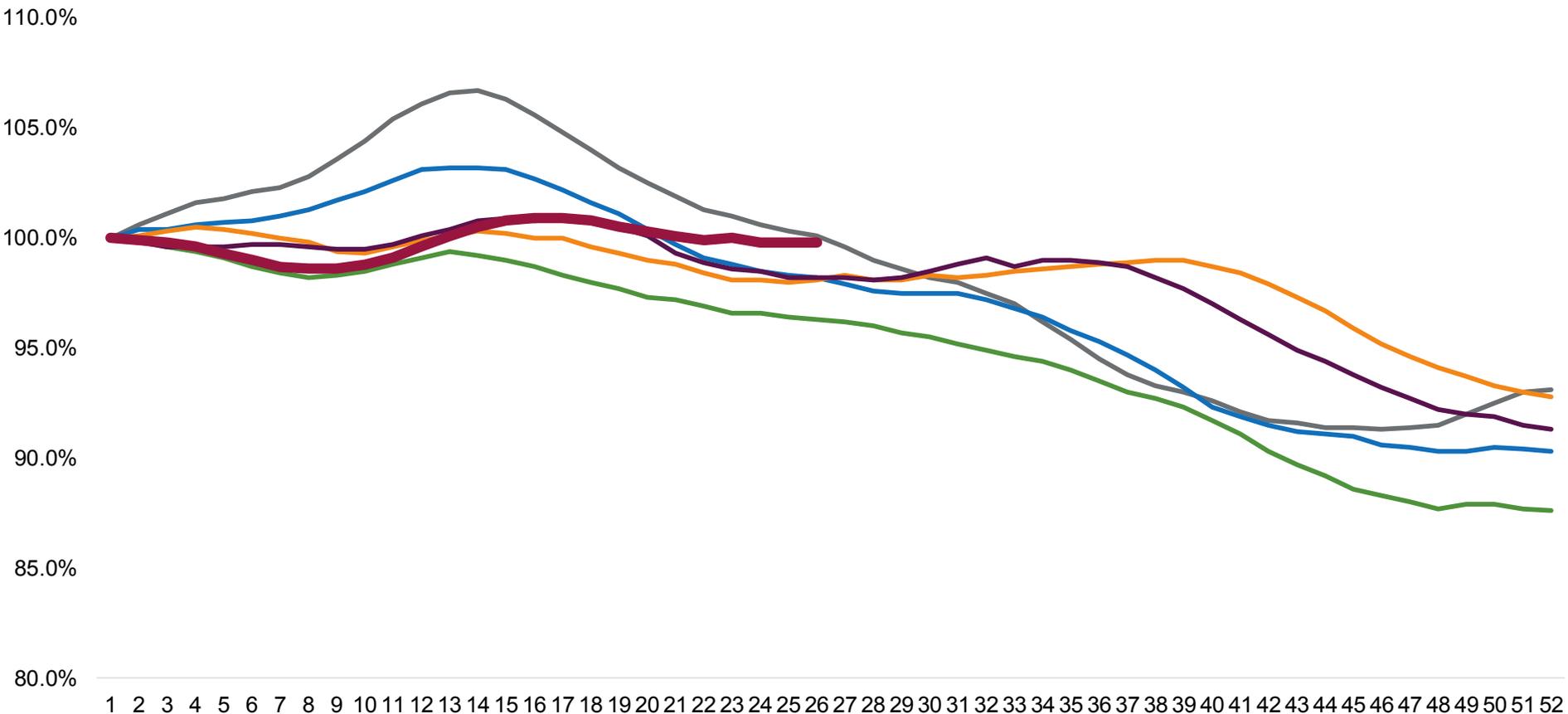


2019 Weekly Price Trend Stable on One-Year-Old Vehicles

One-year-old vehicle prices have been very stable with little to no depreciation

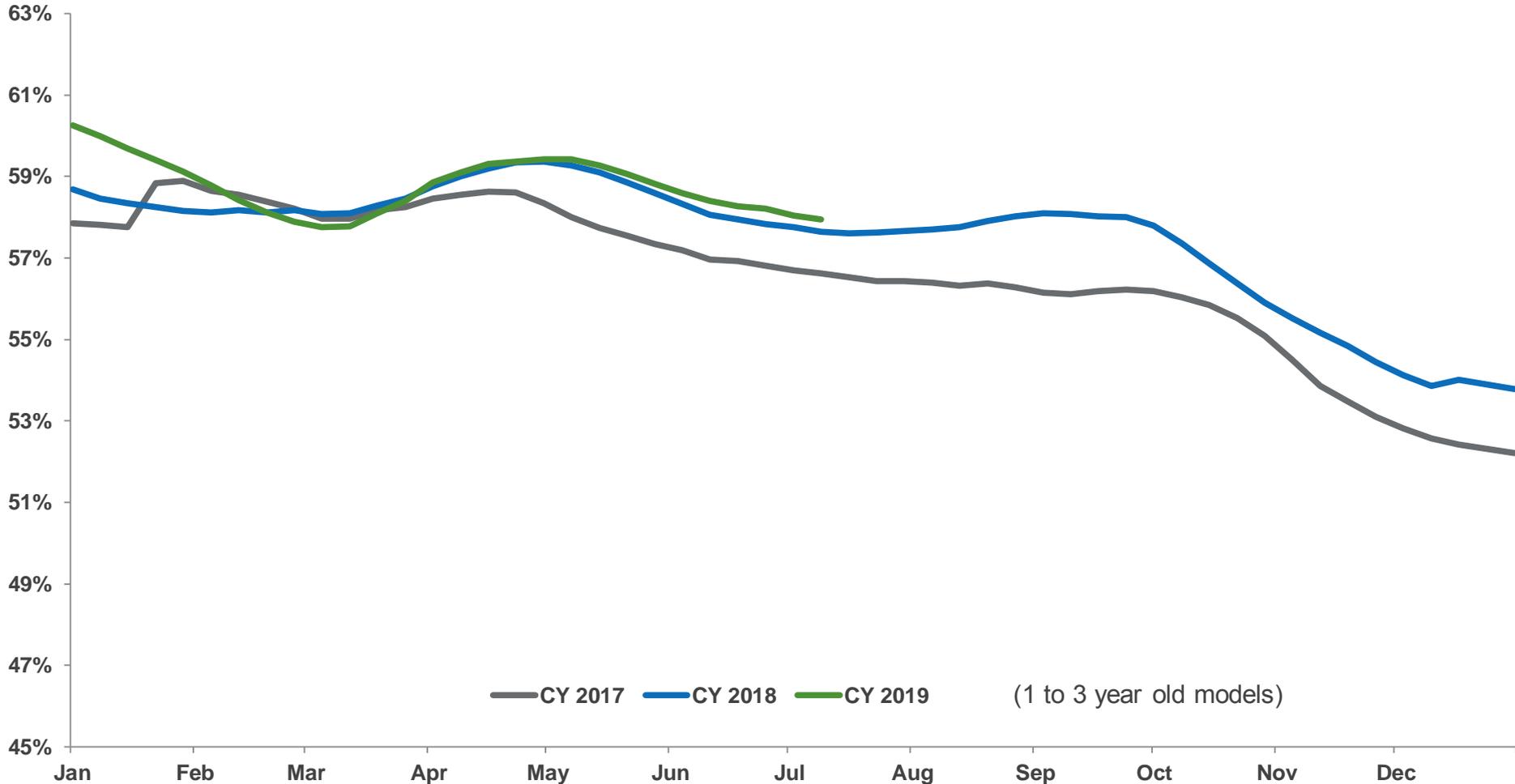
1-Year-Old Model MMR Index by Week

— 2014 — 2015 — 2016 — 2017 — 2018 — 2019

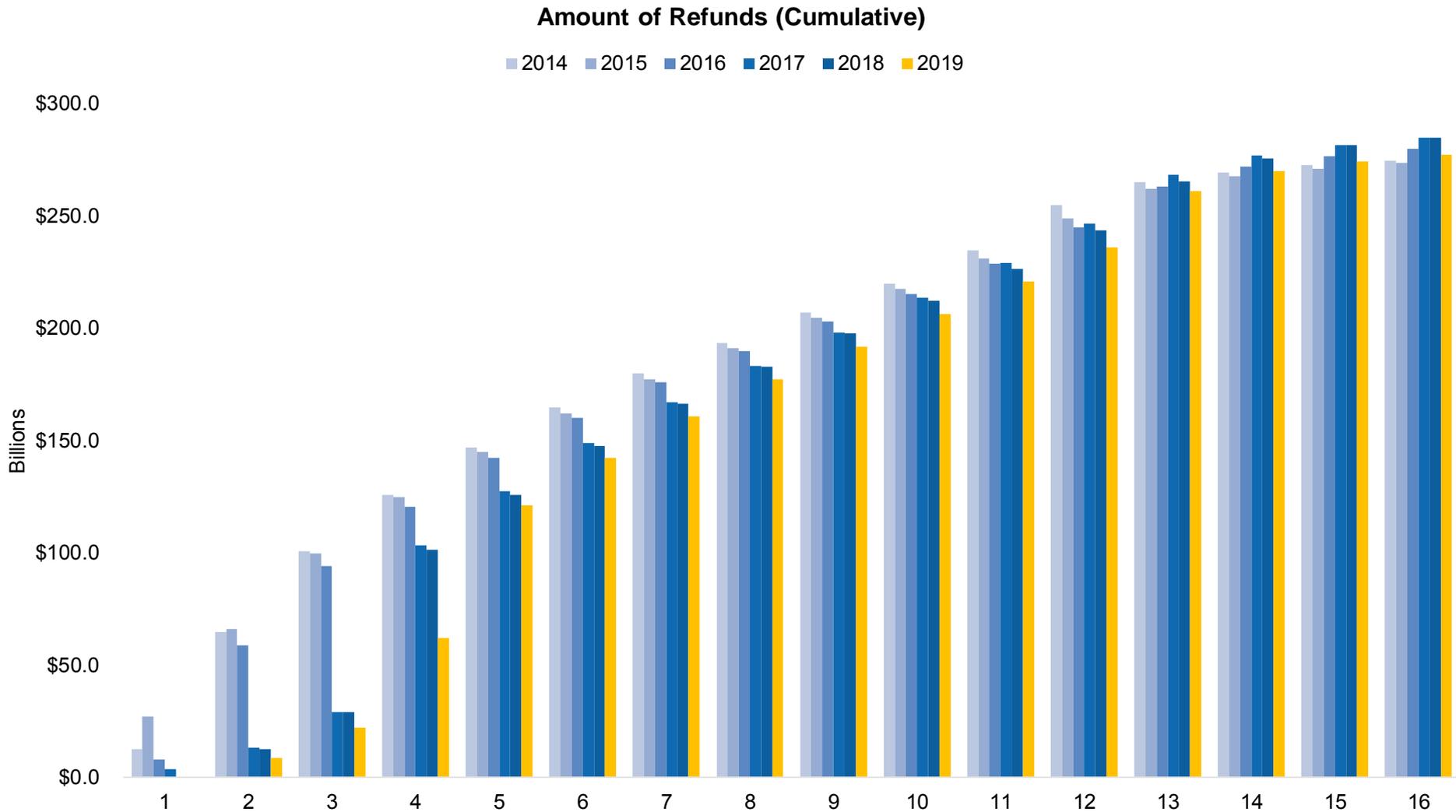


Retention Values Holding Up Relative to Last Year

Adjusting for MSRP and fixing the basket of vehicles by what was sold remain just above last year

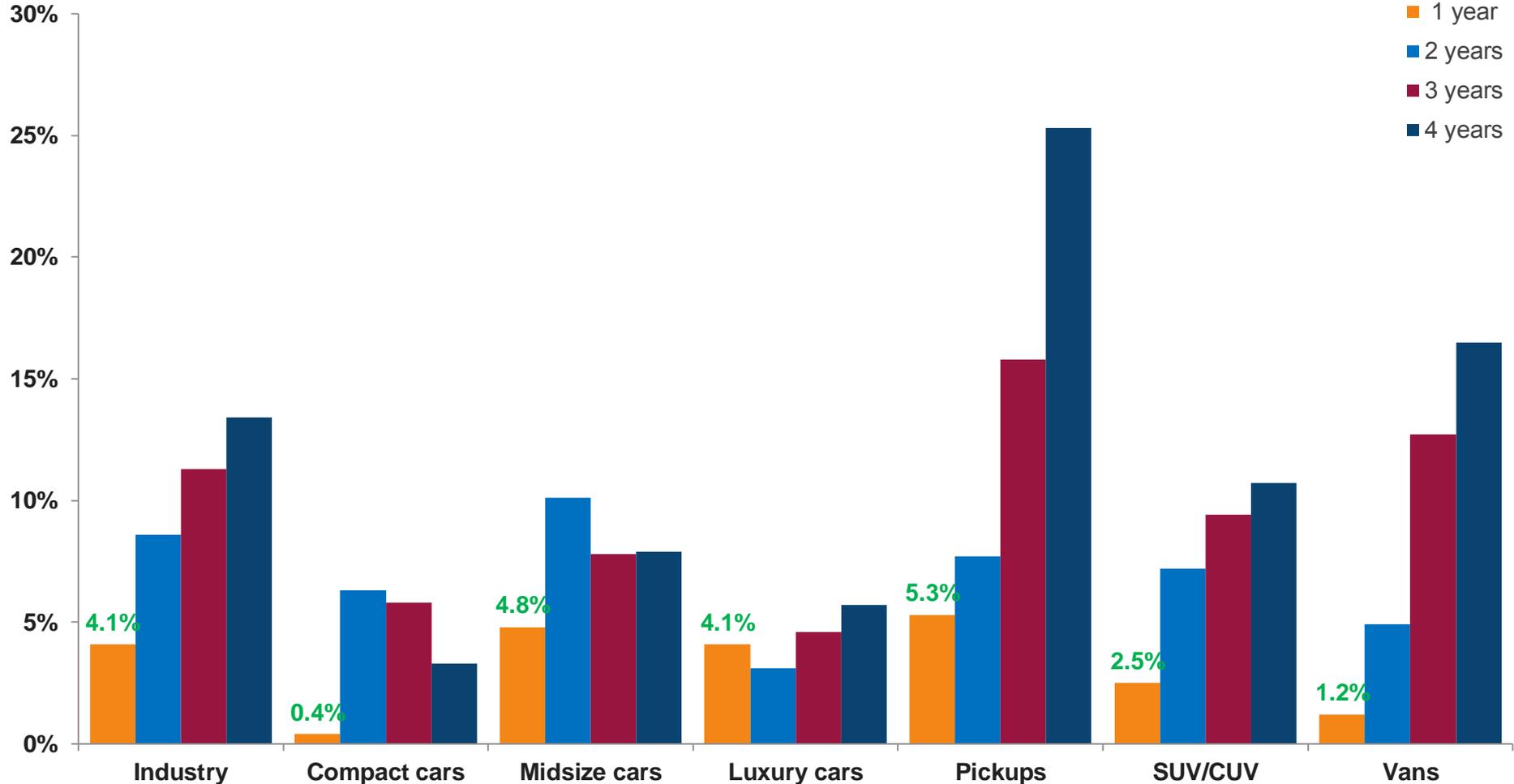


Tax Refunds by Week in Recent Years



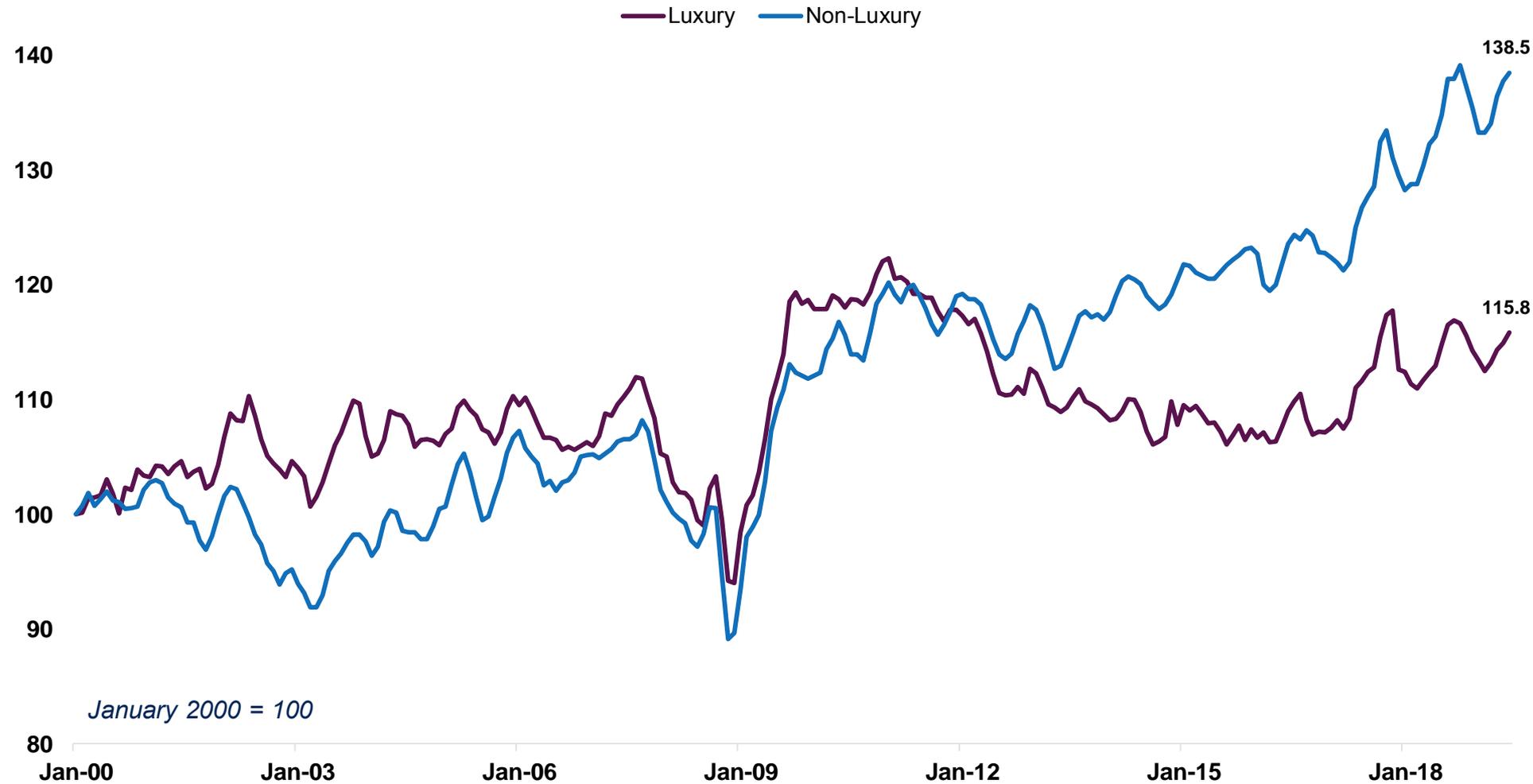
Percent Change in Wholesale Prices for Major Market Segments

All major segments saw year-over-year gains in June



Spring Bounce Stronger In Non-Luxury

Luxury prices in June were up 2.5% compared to June 2018, while non-luxury prices increased 4.2%

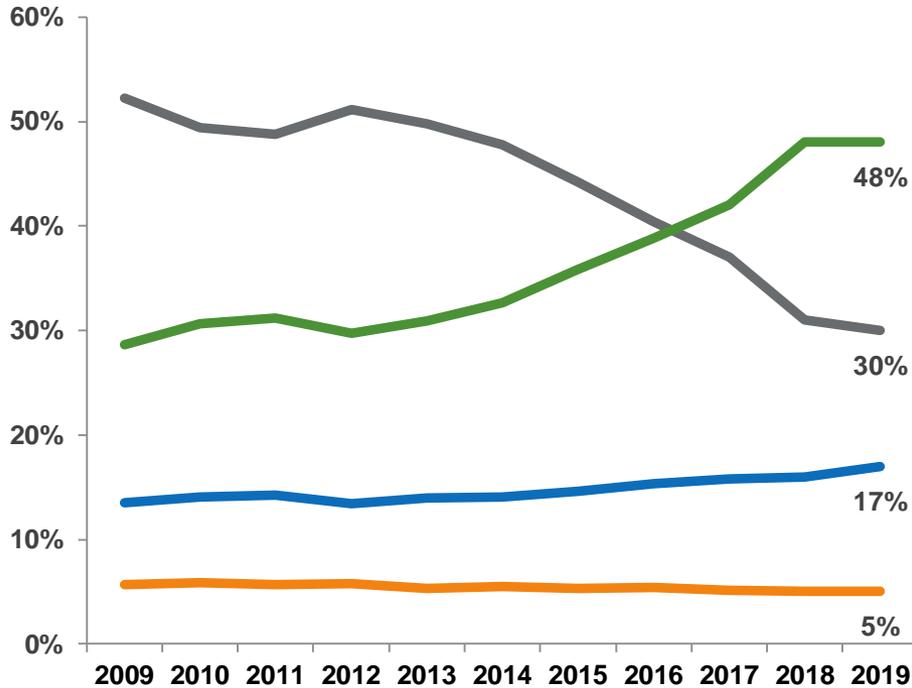


Shifting Consumer Preferences Not Reflected in Wholesale Market Volumes

The SUV reigns supreme in new vehicle sales while cars still dominated the used car market

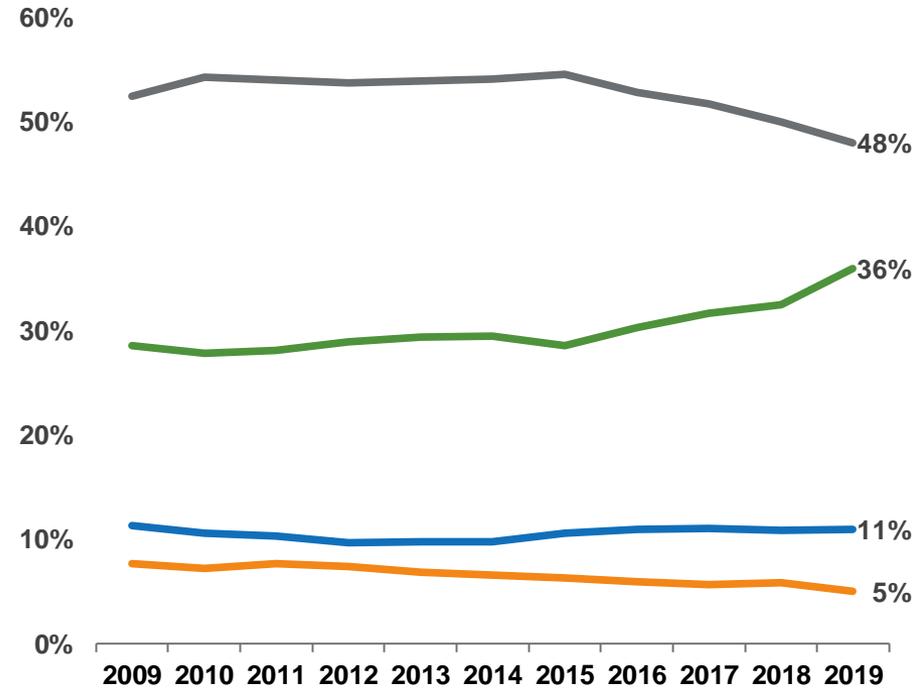
New Vehicle Sales by Category

CAR PICKUP SUV VAN



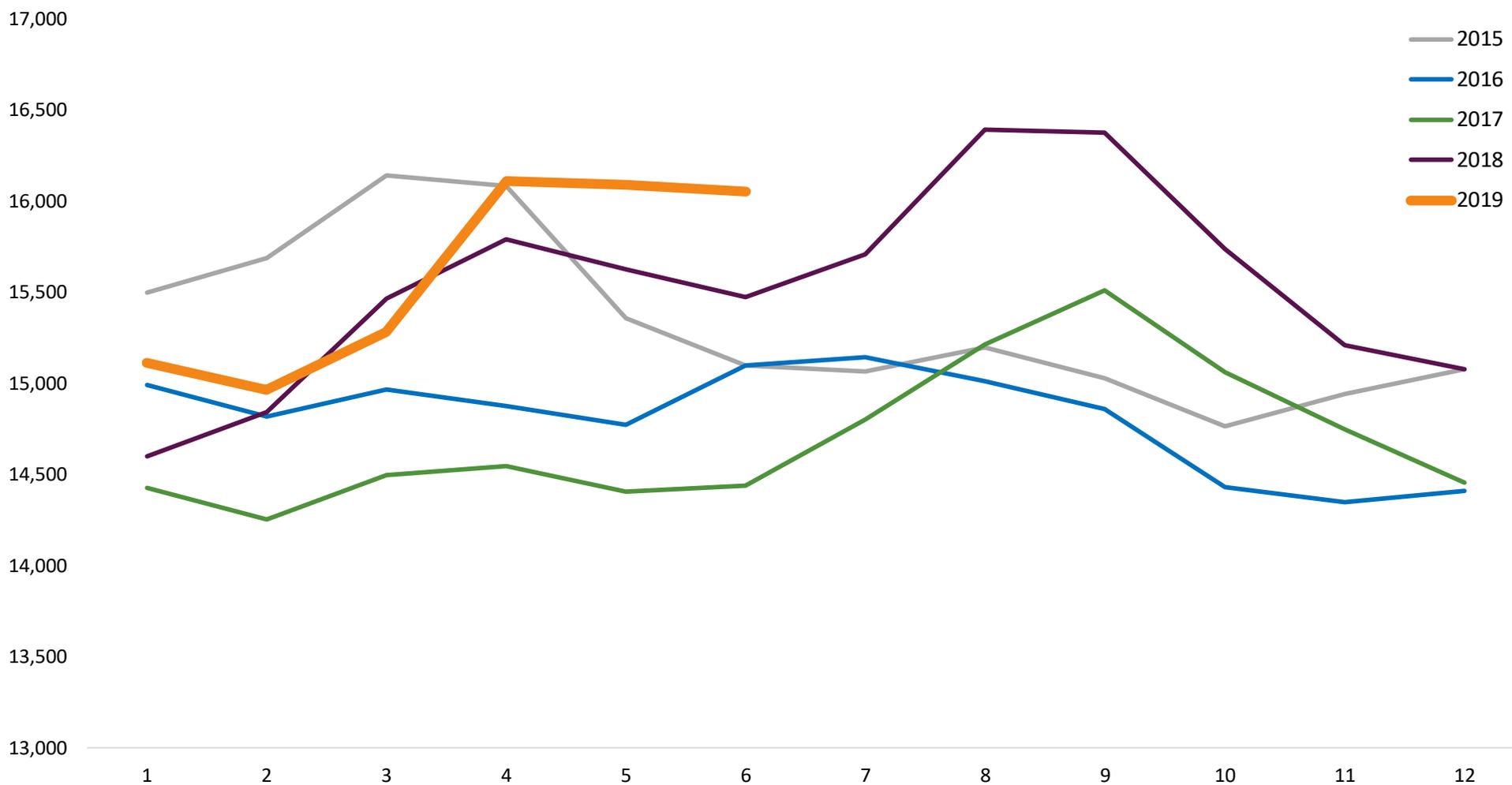
Manheim Sales by Category

CAR PICKUP SUV VAN



Average Auction Price – Rental Risk Units

Average price for rental risk units sold in June up 4% y/y and down 0.2% m/m



Average Mileage – Rental Risk Units Sold at Auction

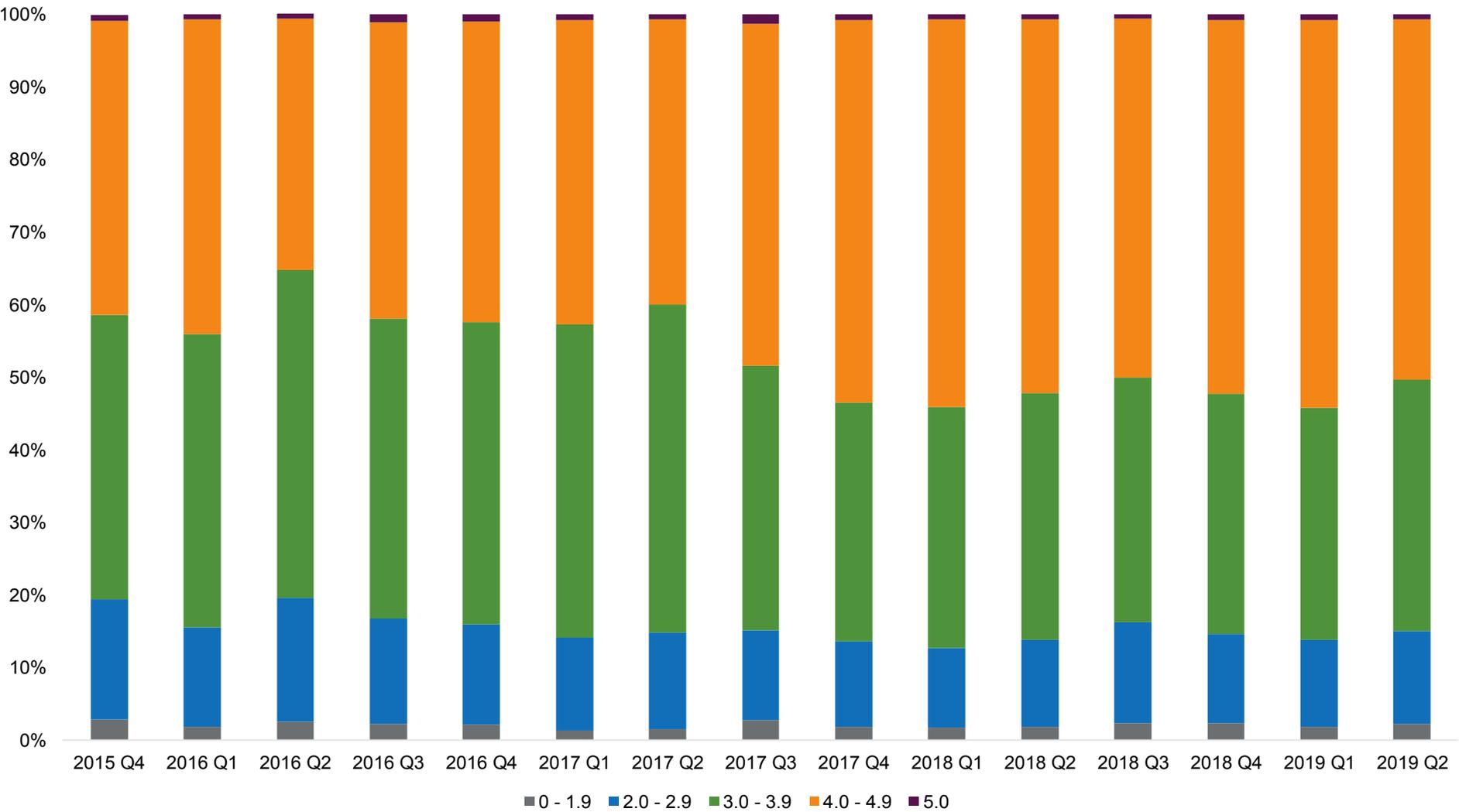
Average mileage for rental risk units in June was up 9% compared to a year ago and up 3% m/m



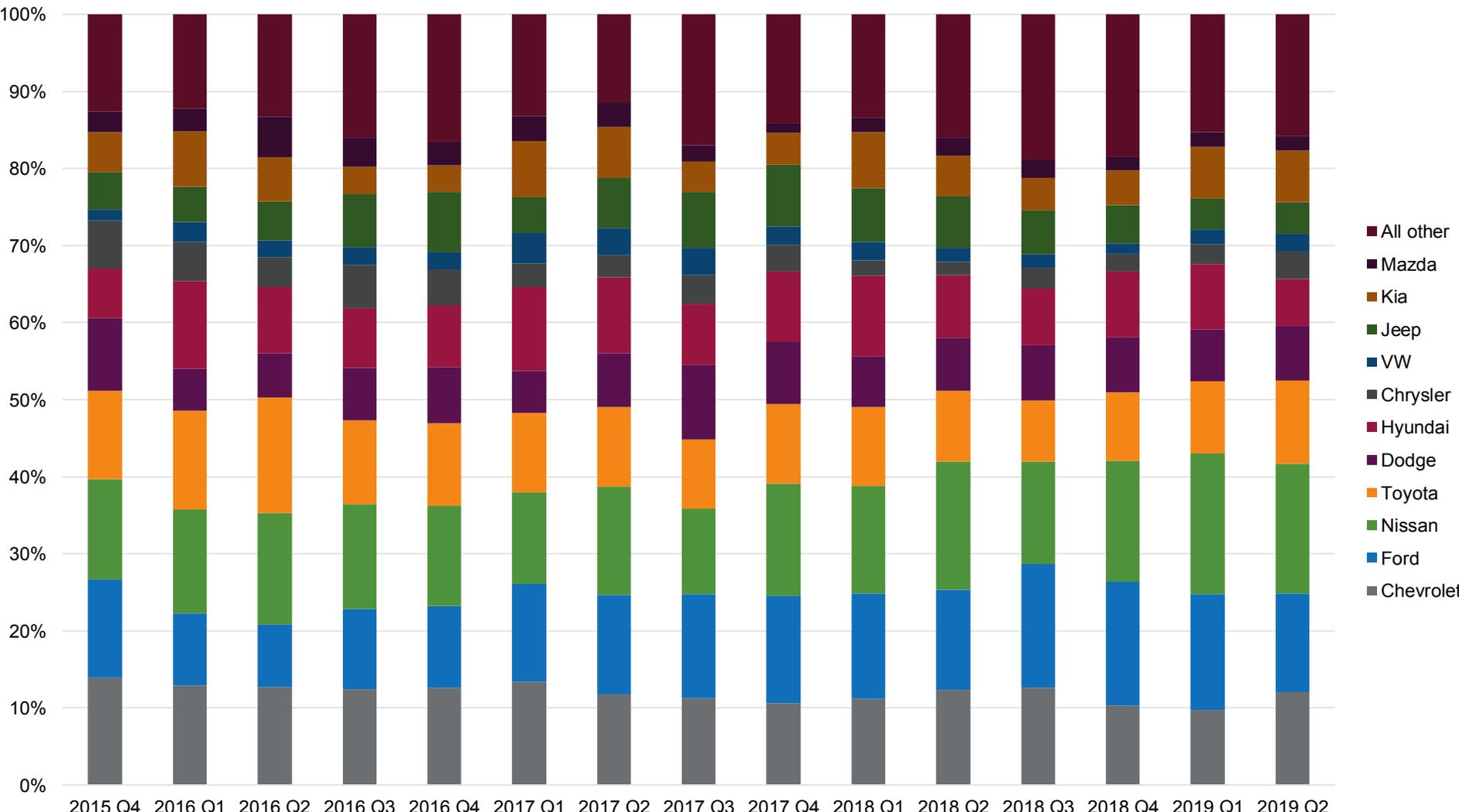
Distribution of Rental Risk Vehicles

	2017 Q2	2018 Q2	2019 Q2
Number of unique year, make, model, body configurations sold	2,624	3,023	3,337
Share accounted for top 10 YMMB	16.0%	13.5%	12.0%
Share accounted for top 25 YMMB	29.6%	22.9%	22.3%
Number of YMMB to reach 50% share	70	109	106

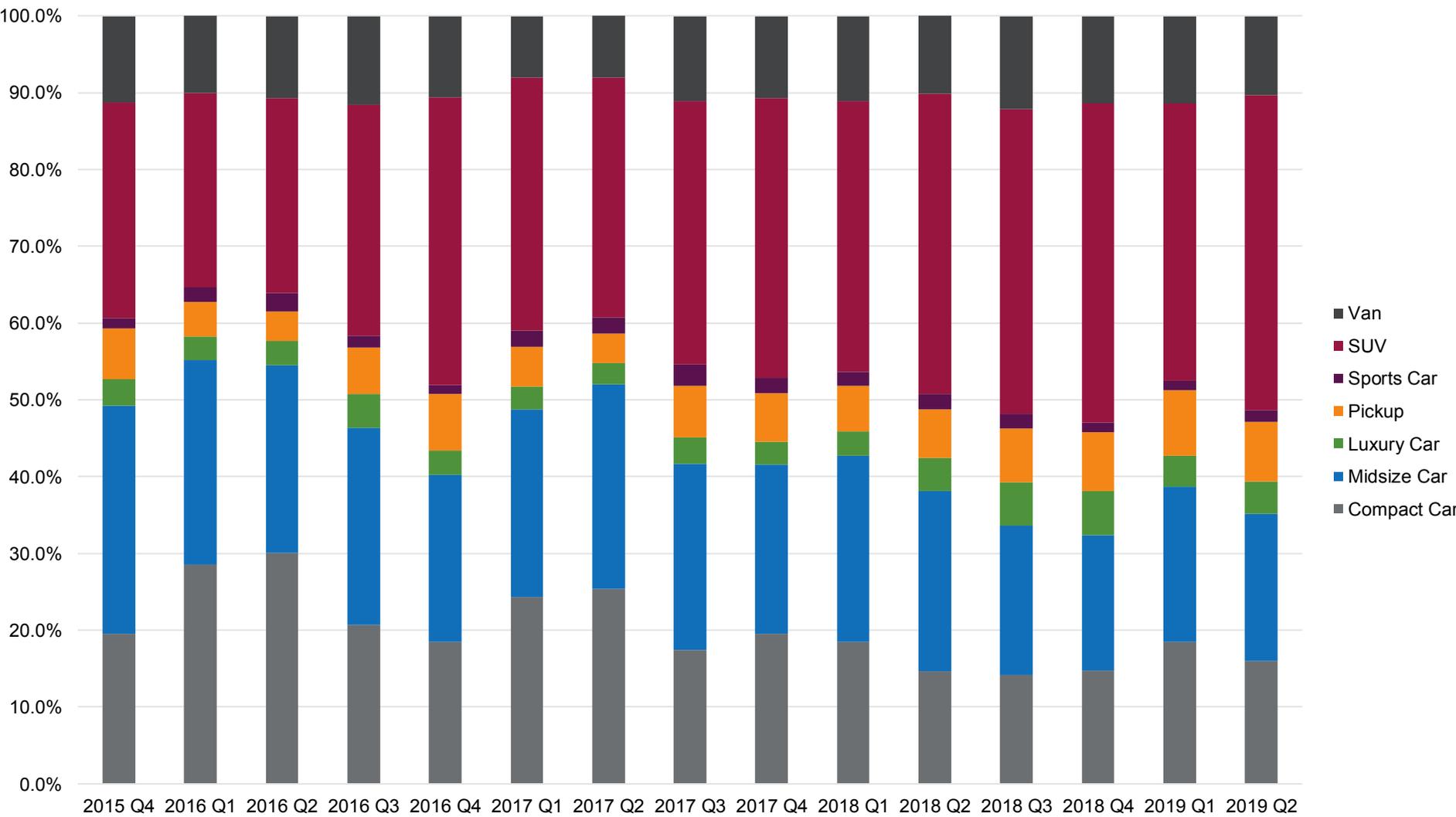
Rental Risk Units Sold by Condition



Rental Risk Units Sold by Make



Rental Risk Units Sold by Segment



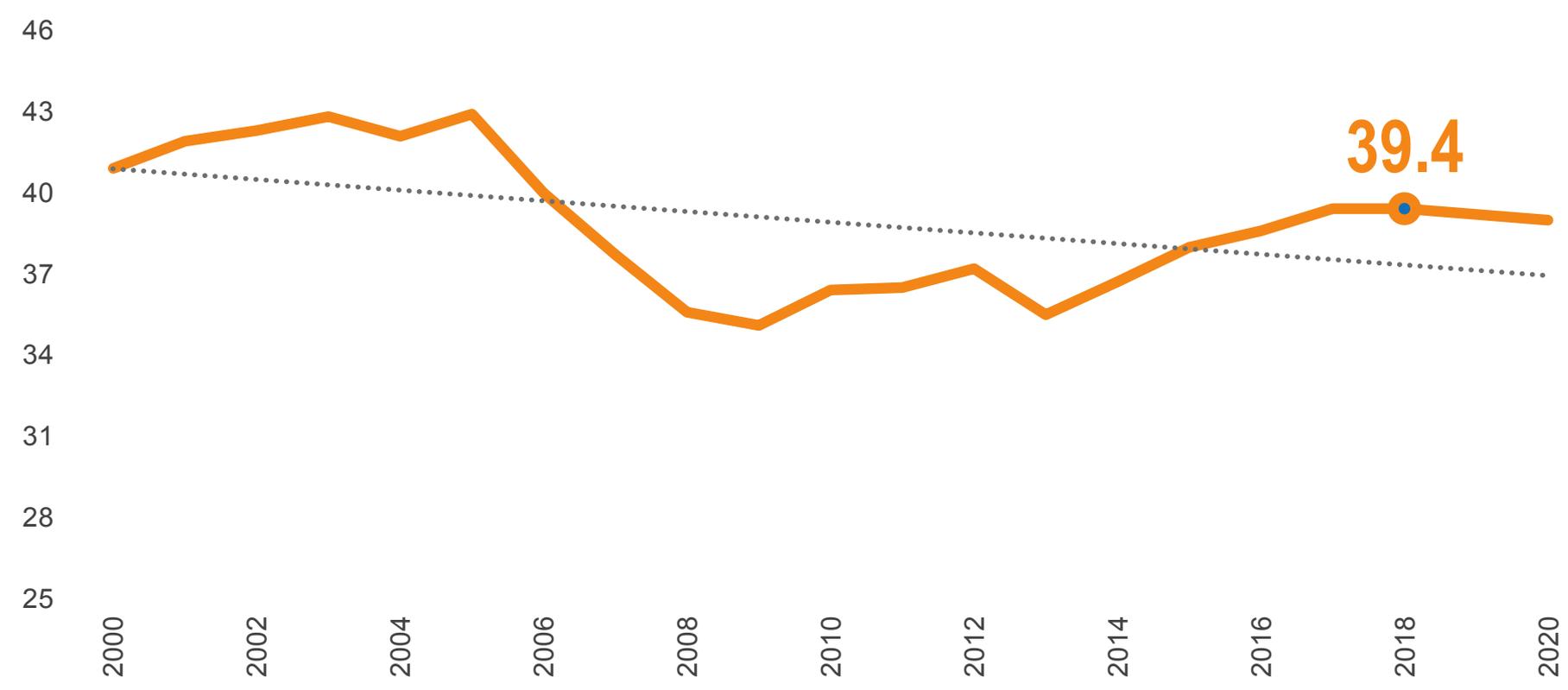
Manheim Market Report (MMR) Vehicle Insights

Top selling vehicles in June at Manheim saw mixed levels of low depreciation and appreciation in the last 30 days (June 3 – July 2) as sedans dominated and saw low depreciation to slight appreciation, and luxury vehicles again were not represented in top volume list. Prices year-over-year were also quite varied but generally lower than normal.

Rank	Source(Rank)	Category	Subcategory	Vehicle	2-Jul	Past 30 Days	Last Year	Current Dep	L12M Dep/Mo
1	All	SUV	SUV Midsize	2016 NISSAN ROGUE AWD 4D SUV 2.5L SV	\$14,450	\$14,500	\$16,150	-0.3%	-0.9%
2	All	Compact Car	Compact Car Premium	2017 HYUNDAI ELANTRA 4D SEDAN SE	\$10,700	\$10,700	\$10,500	0.0%	0.2%
3	All	Midsize Car	Midsize Car Premium	2016 NISSAN ALTIMA 4C 4D SEDAN S	\$10,650	\$10,600	\$10,900	0.5%	-0.2%
4	All	Compact Car	Compact Car Premium	2016 HONDA CIVIC 4D SEDAN LX	\$11,750	\$11,800	\$12,050	-0.4%	-0.2%
5	All	SUV	SUV Midsize	2016 NISSAN ROGUE AWD 4D SUV 2.5L S	\$13,200	\$13,200	\$14,450	0.0%	-0.7%
1 Dealer	Dealer	Pickup	Pickup Lite Duty Fulls	2016 FORD F150 4WD V8 FFV CREW CAB 5.0L XLT	\$27,400	\$27,500	\$28,900	-0.4%	-0.4%
1 Lease	Lease	SUV	SUV Midsize	2016 NISSAN ROGUE AWD 4D SUV 2.5L SV	\$14,500	\$14,500	\$16,150	0.0%	-0.9%
1 Rental	Rental	Van	Van Compact	2018 CHRYSLER PACIFICA MINIVAN TOURING L	\$21,700	\$21,800	\$24,600	-0.5%	-1.0%

Used Vehicle Sales Plateau

USED VEHICLE SALES OUTLOOK (MILLIONS)



COX AUTOMOTIVE FULL-YEAR FORECASTS	2018	2019	2020*	COX AUTOMOTIVE USED RETAIL FORECASTS	2018	2019	2020*
	39.4	39.2	39.0		19.5	19.8	20.0

Q2 2019 Cox Automotive Dealer Sentiment Index

U.S. auto dealer sentiment in Q2 2019 remained similar to Q1, as the overall current market index remained in negative territory on the Cox Automotive Dealer Sentiment Index (CADSI). The index reading of 49 indicates that slightly more dealers feel that the current market is weak compared to the number who feel that the current market is strong.

The slight increase from last quarter's 48 was not statistically significant. Year-over-year, the current market index was down two points, which was also not statistically significant.

Improvements in key drivers supported the slight upturn in the current market view. The customer traffic index and profit index both saw statistically significant gains from Q1. At the same time, the costs index saw a decline. Both the traffic and profit indexes are at their highest readings ever, dating back to the start of the quarterly survey in Q2 2017. The cost index is at its lowest point.

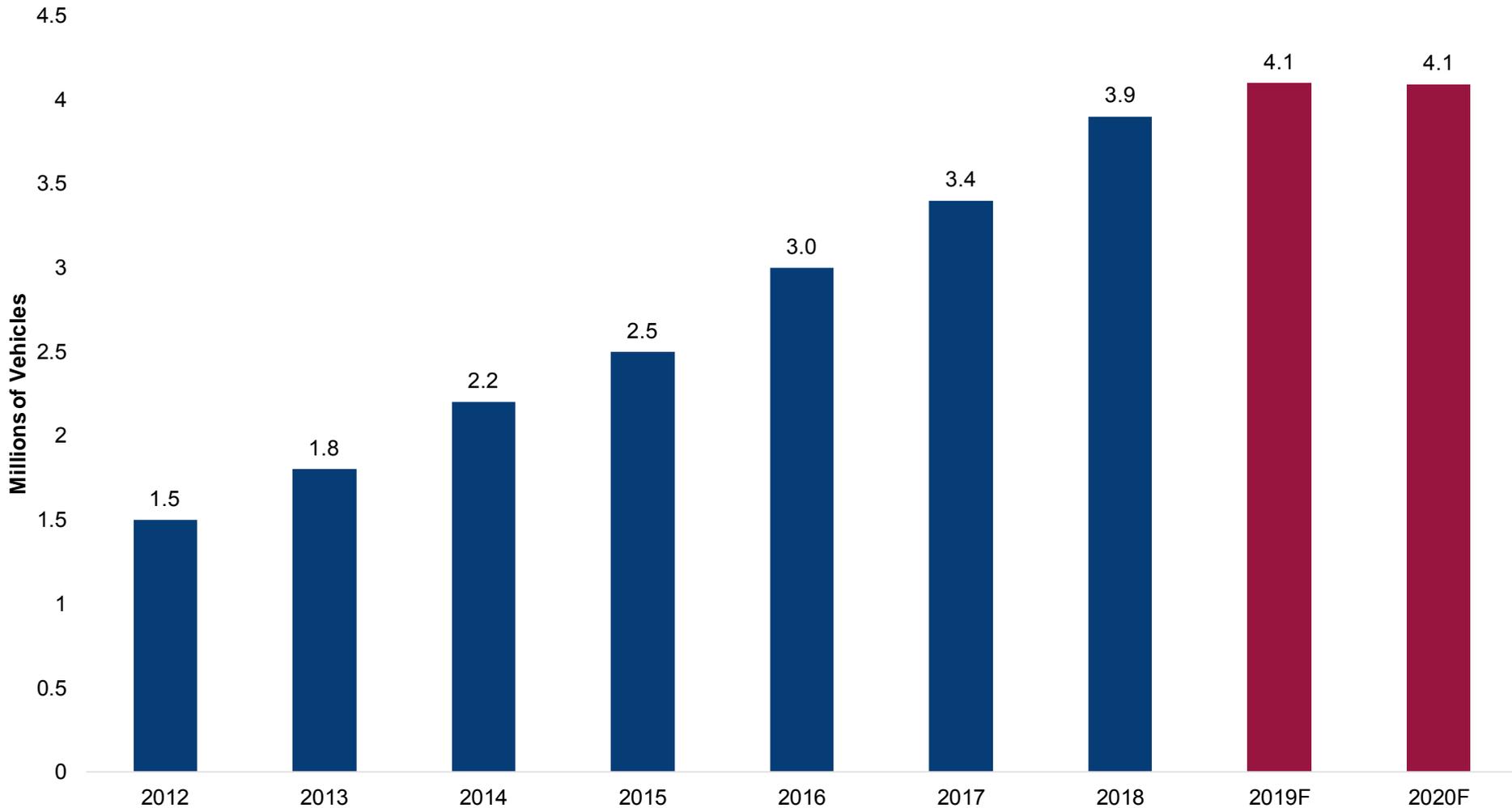
Based on the way dealers describe the market, used-vehicle sales saw gains in Q2 from Q1 but remained similar to last year. The index on used-vehicle inventory, however, fell and was noted as declining, which was a reversal from the growth trend last quarter. That trend draws into question whether strong used-vehicle sales can continue as inventories tighten.

Expectations for the next quarter fell but remained in positive territory at 55. The decline was driven by a big drop in expectations by independent dealers. By contrast, expectations for the next 90 days was unchanged among franchise dealers.

The top 5 factors holding back the business across all dealers remained the same in Q2 as Q1, but relative positions changed. Market Conditions remained in the top spot as the most cited negative factor. Competition remained in second place. Limited Inventory jumped up to number 3, moving ahead of Credit Availability for Consumers, now number 4, and Expenses, which dropped to fifth place.

Growth of Off-Lease Has Reached Its Peak

Estimated Off-Lease Maturities



TARIFF ACTIONS & KEY DATES

Ratification of USMCA (ITC Report Delivered)

Immigration Related Tariffs on Mexico

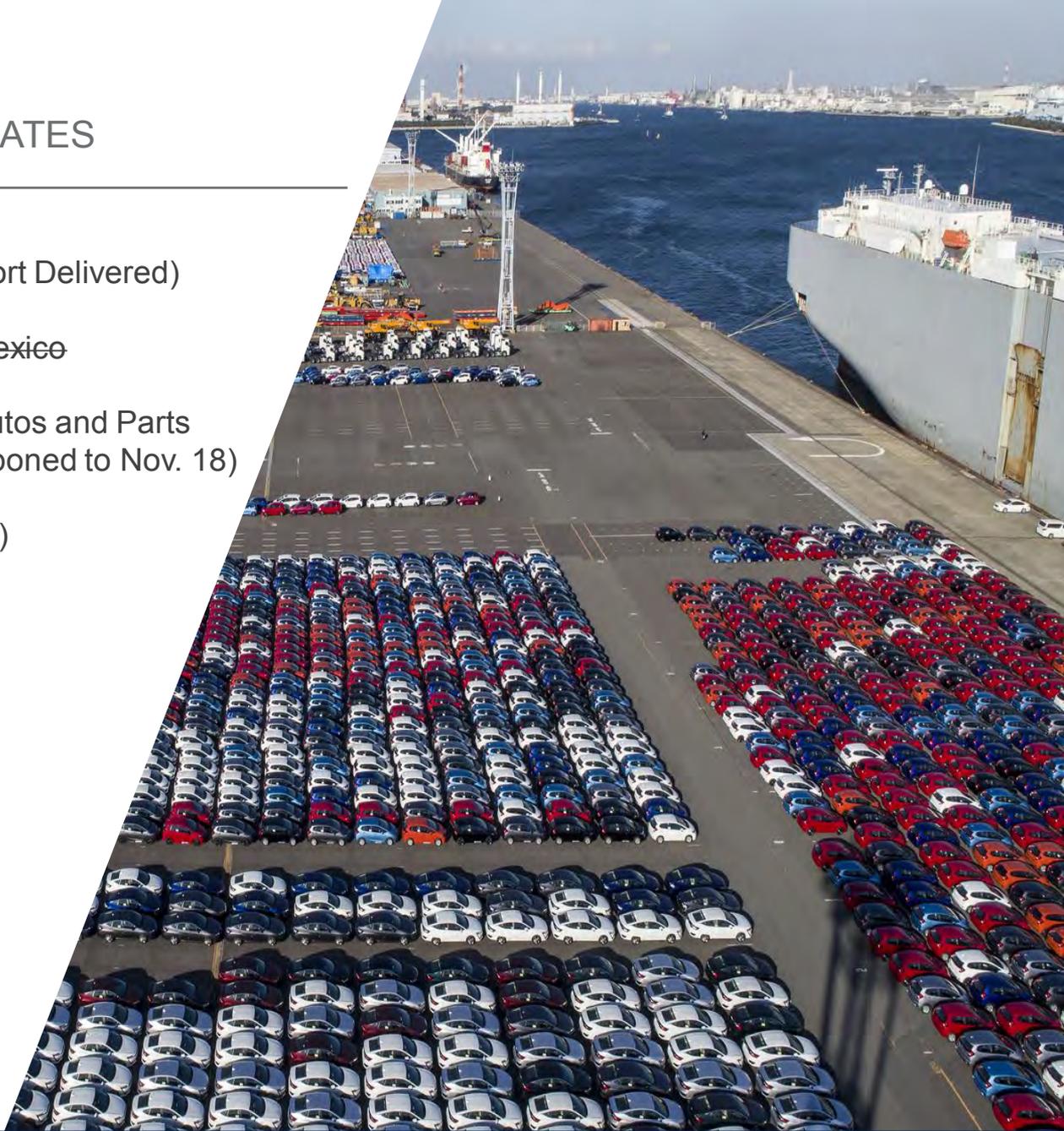
Section 232 Tariff on Imported Autos and Parts
(Action on EU and Japan Postponed to Nov. 18)

China Trade Deal (March 4; TBD)

EU Trade Deal

Japan Trade Deal

UK Trade Deal Post Brexit?



Thank You

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Economic Industry Insights

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