

Vehicle Market Insights

*Manheim Used Vehicle Value Index
Call – October 7, 2020*

Jonathan Smoke & Zo Rahim
Special Guest: Zach Hallowell

COX AUTOMOTIVE™



INVENTORY



RETAIL



FINANCIAL



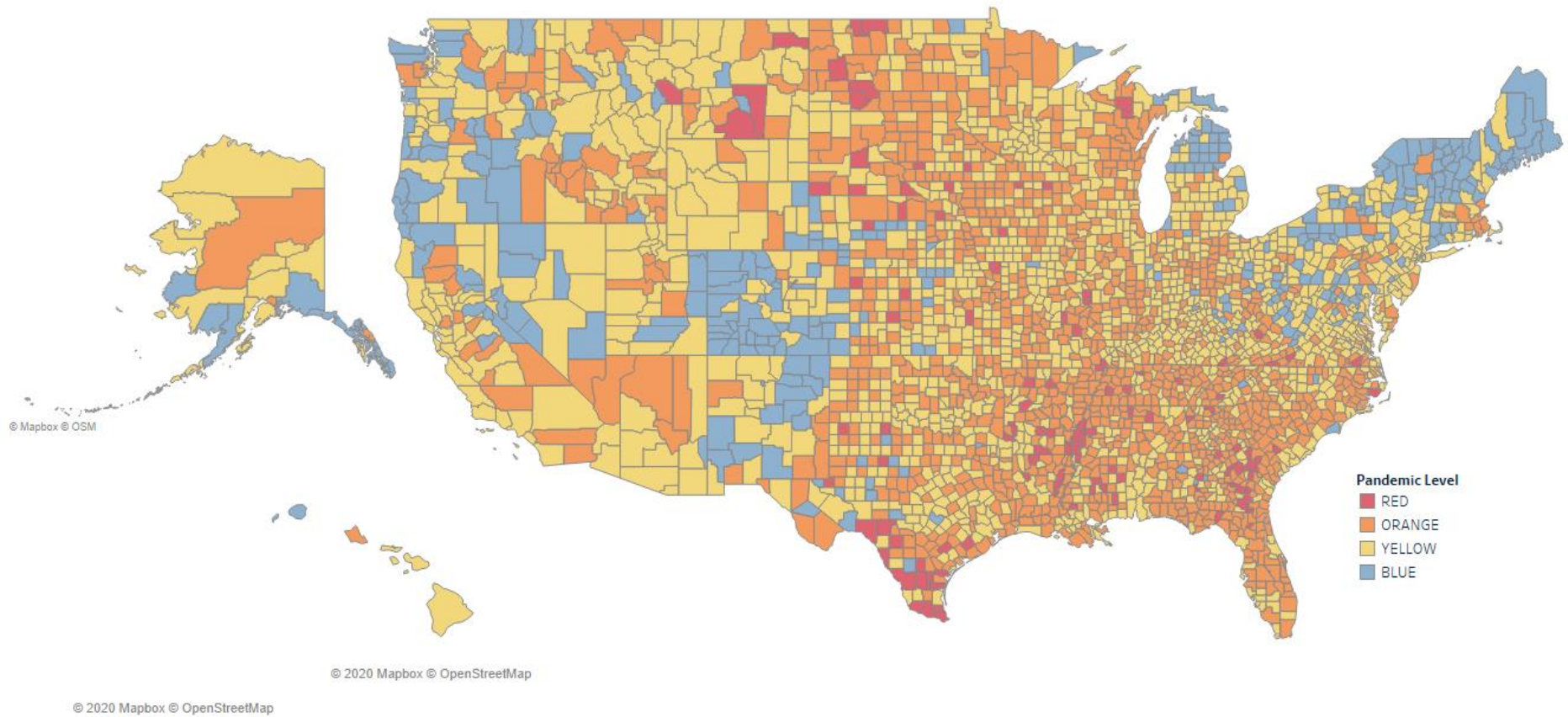
MOBILITY



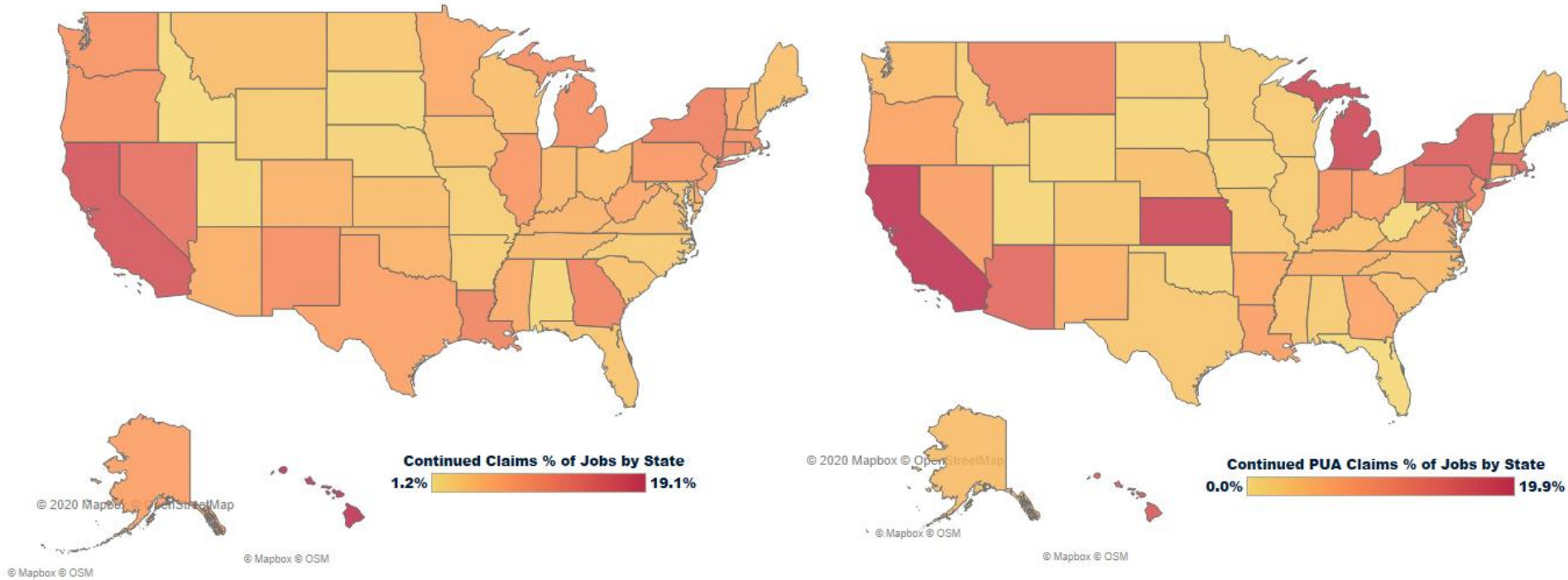


COVID-19 Market Update

Covid-19 Local Impact Assessment



Continuing Claims At 11.8 Million Nationally



Data as of October 1, 2020

Note: Unemployment Data For Week Ending September 19

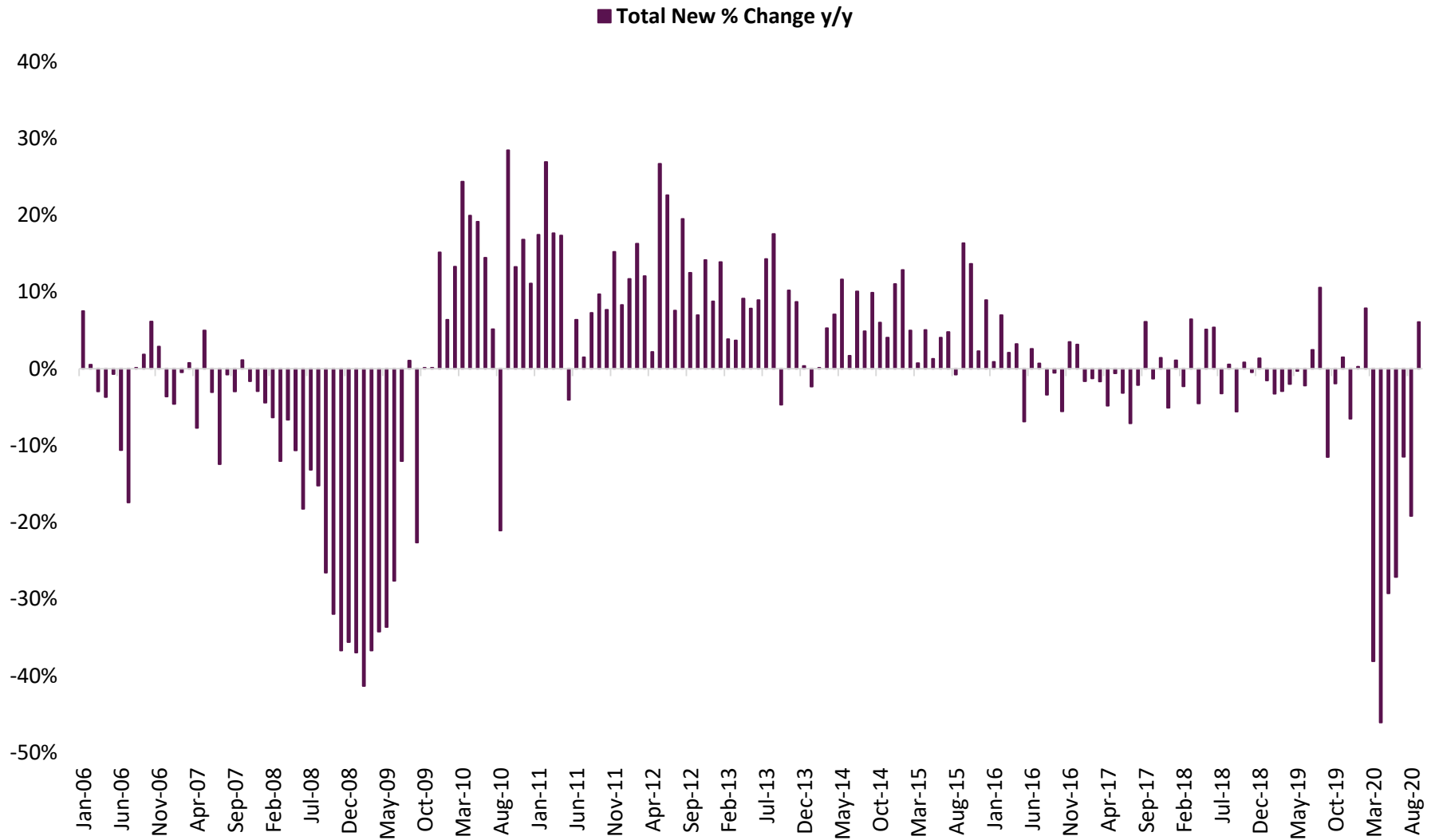
Consumer Sentiment Improved In Summer

Morning Consult's Index of Consumer Sentiment on Monday was down 19.1% since February 29

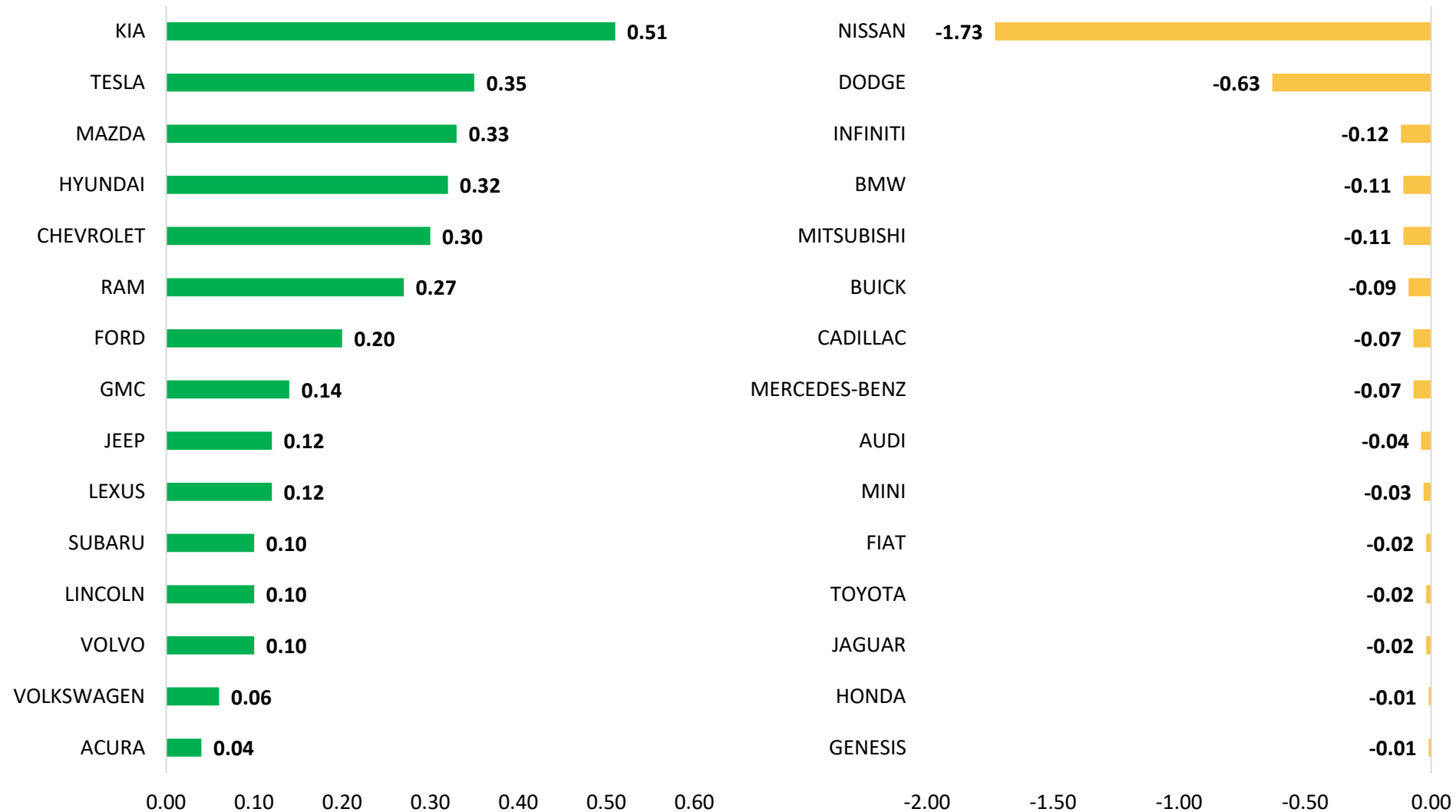
ICS Value (7-Day Average)



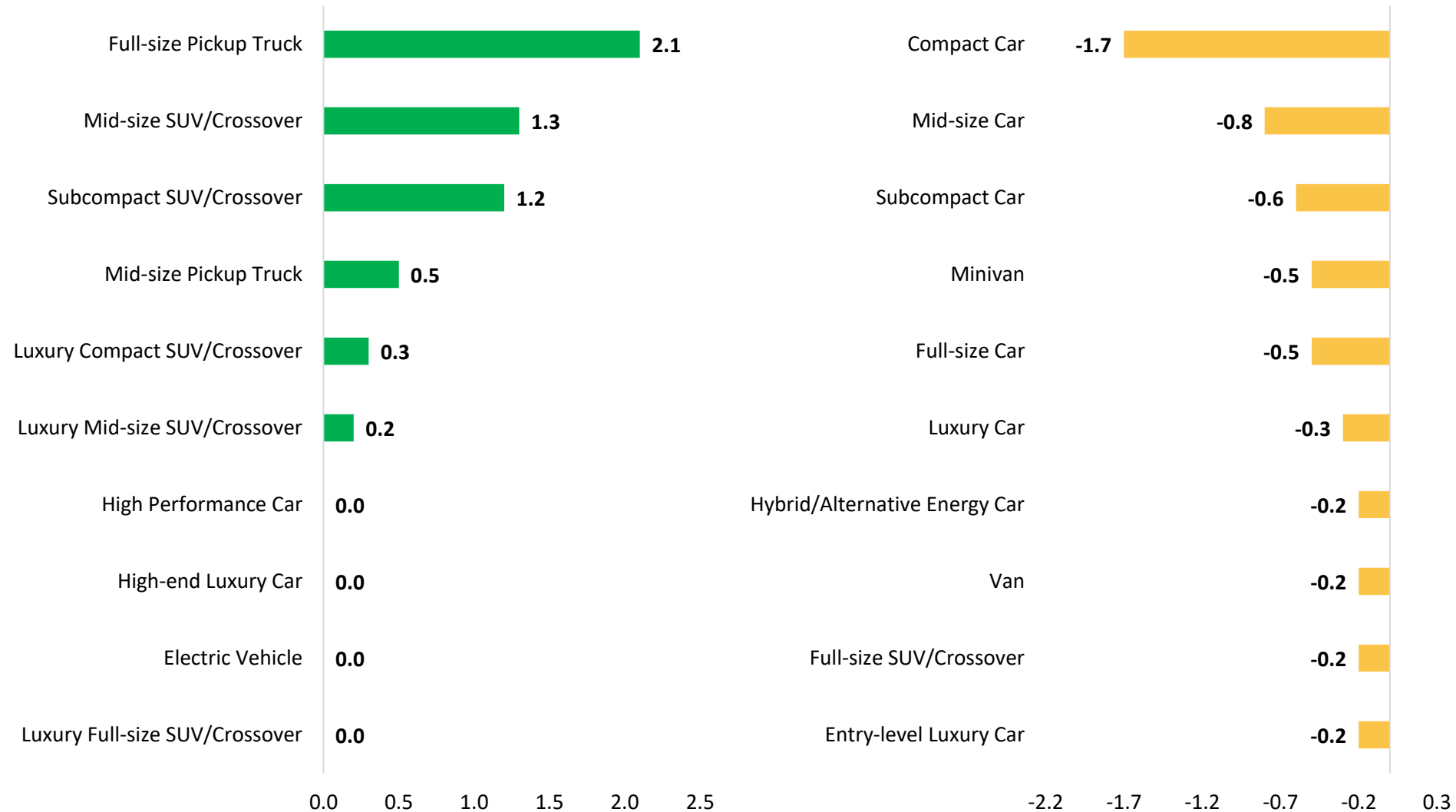
New Vehicle Sales Down But Recovering



New Vehicle Market Share Performance – YTD 2020 (Sept)



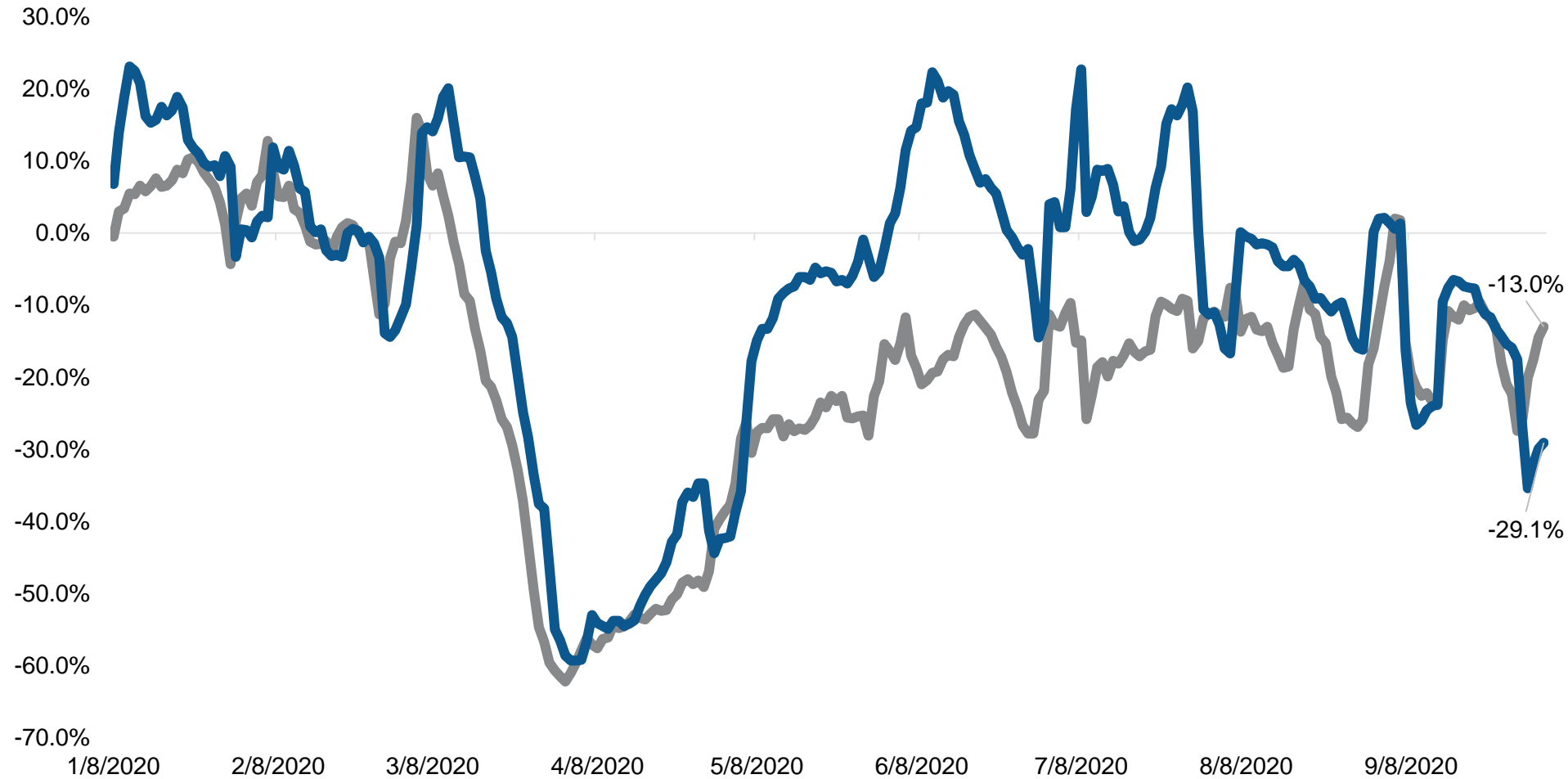
New Vehicle Market Share Performance – YTD 2020 (Sept)



Retail Sales Recovery Estimates

Y/Y % Change in 7-Day Moving Average of Retail Sales

— New — Used



Update: Manheim's Shift to All-Digital



Zach Hallowell
Vice President, Manheim Digital



COX AUTOMOTIVE™



DEALERS
ARE CHOOSING
DIGITAL OVER
PHYSICAL

95%

of Manheim locations
now offer **in-lane bidding**

BUT

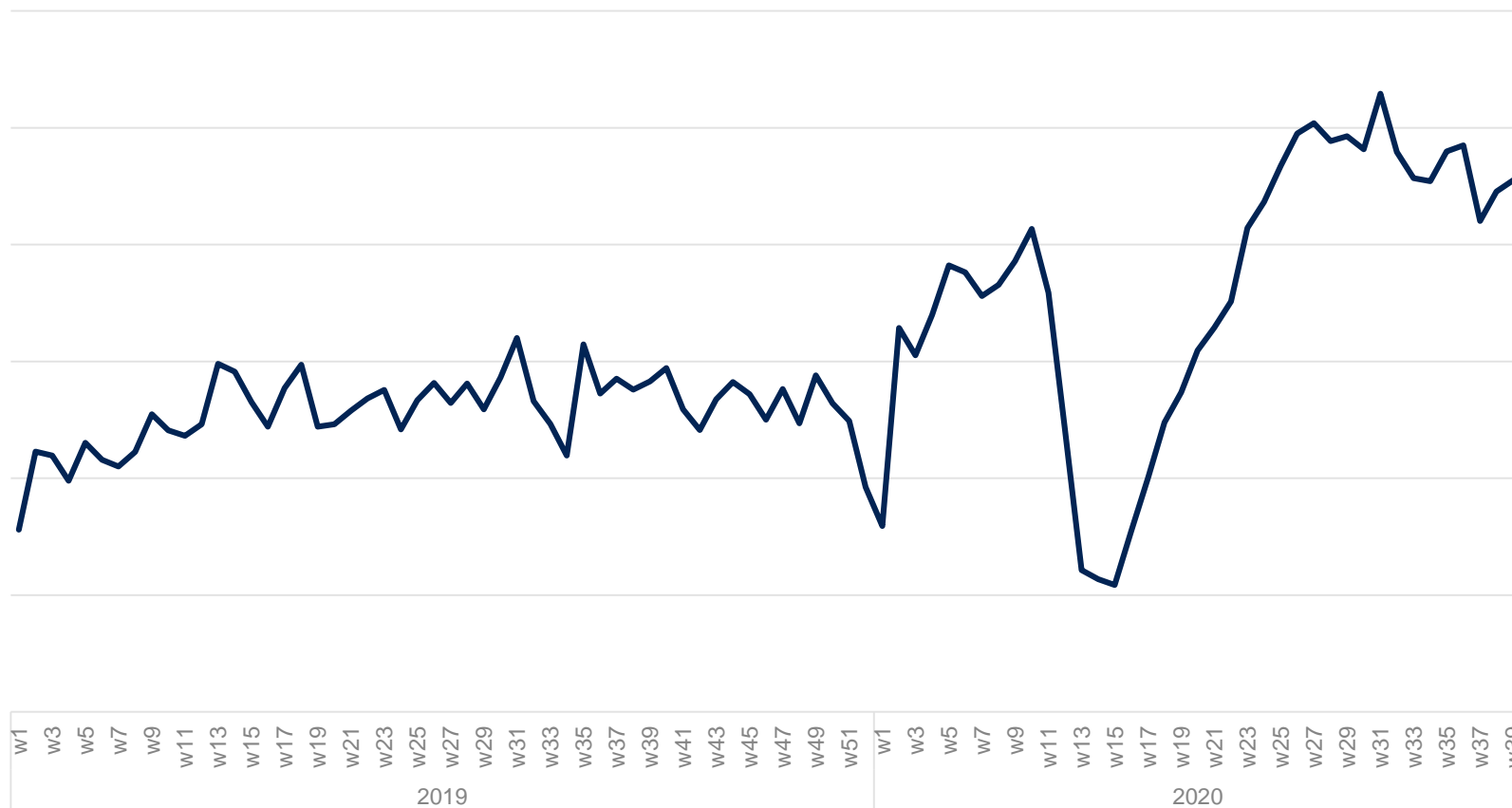
87%

of purchases are still
from **digital buyers**

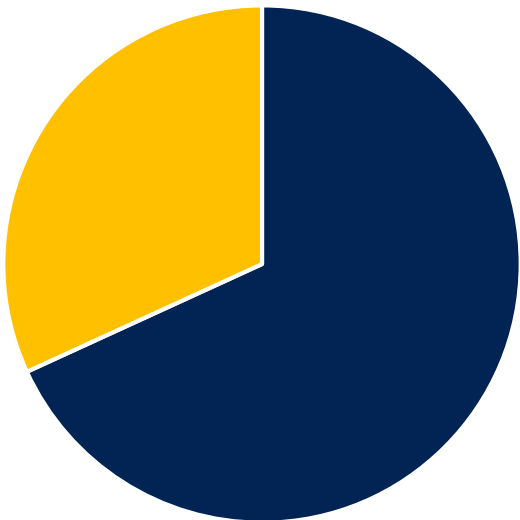
OFFSITE WHOLESALE IS SETTING NEW RECORDS



42% Increase in Offsite Transactions YoY



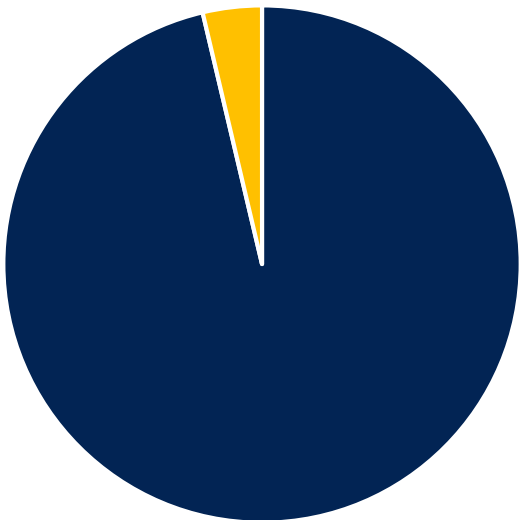
MANHEIM AUDIENCE HAS GROWN



83.8K

Pre-COVID Average Attendance

Weeks 1-11, 2020



87.9K

Current Average Attendance

Weeks 22-39, 2020

 Digital  Physical

IMAGING IS CRITICAL TO DIGITAL SUCCESS



Committed Investment:

\$20M invested in better,
faster imaging

Expanded Image Package:

15+ images on condition
reports (2X higher)

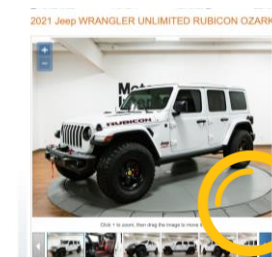
COMING SOON



Undercarriage
imaging pilot



Automated
image capture



High-res imaging
across platforms



Manheim Used Vehicle Value Index

Concept:

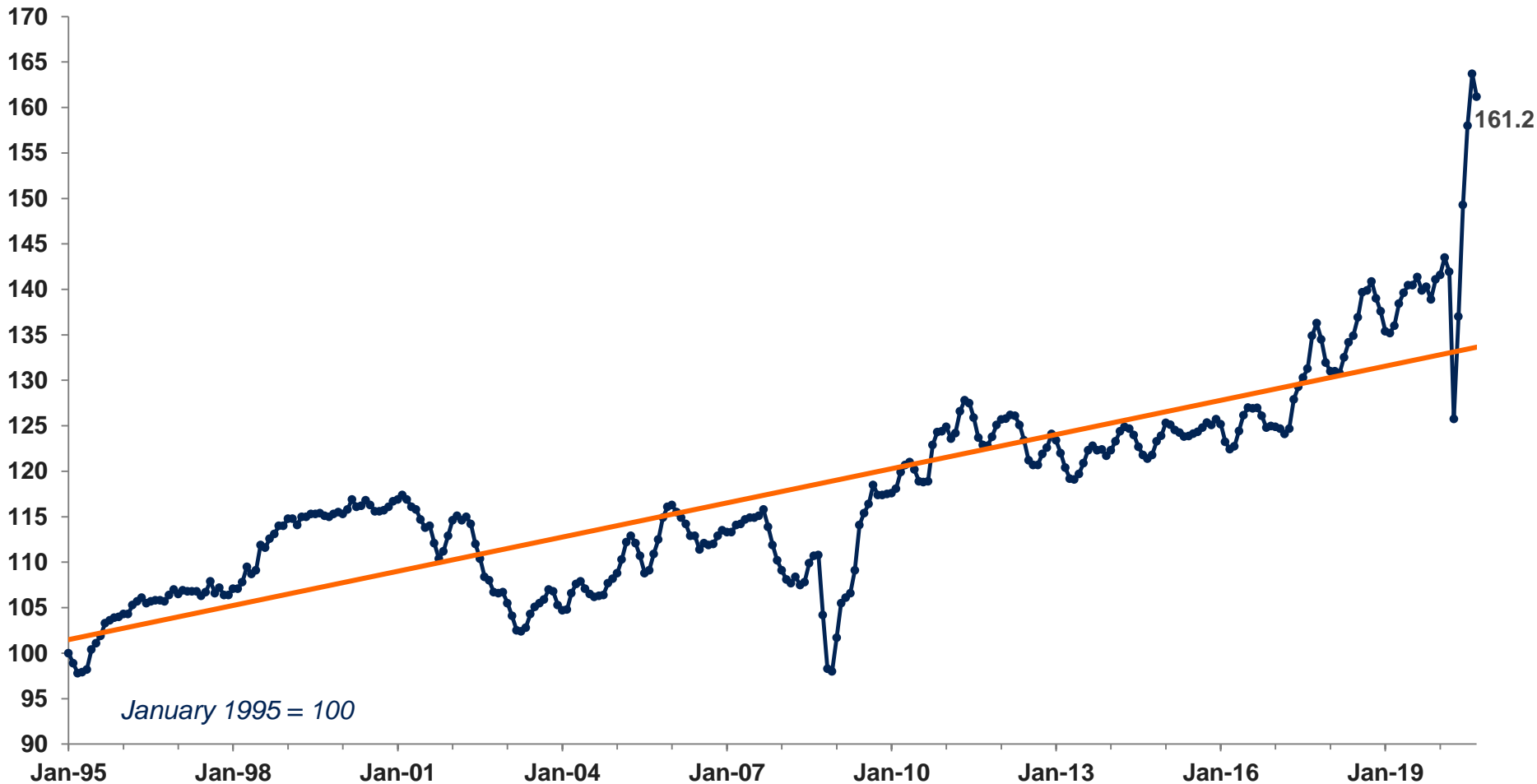
A single measure of used vehicle price change that is independent of underlying segment shifts in the characteristics of vehicles being sold

Steps:

- All Manheim U.S. sales
- Classify by market segment
- Account for differences in mileage
- Weight to provide smoother segment mix
- Seasonally adjust

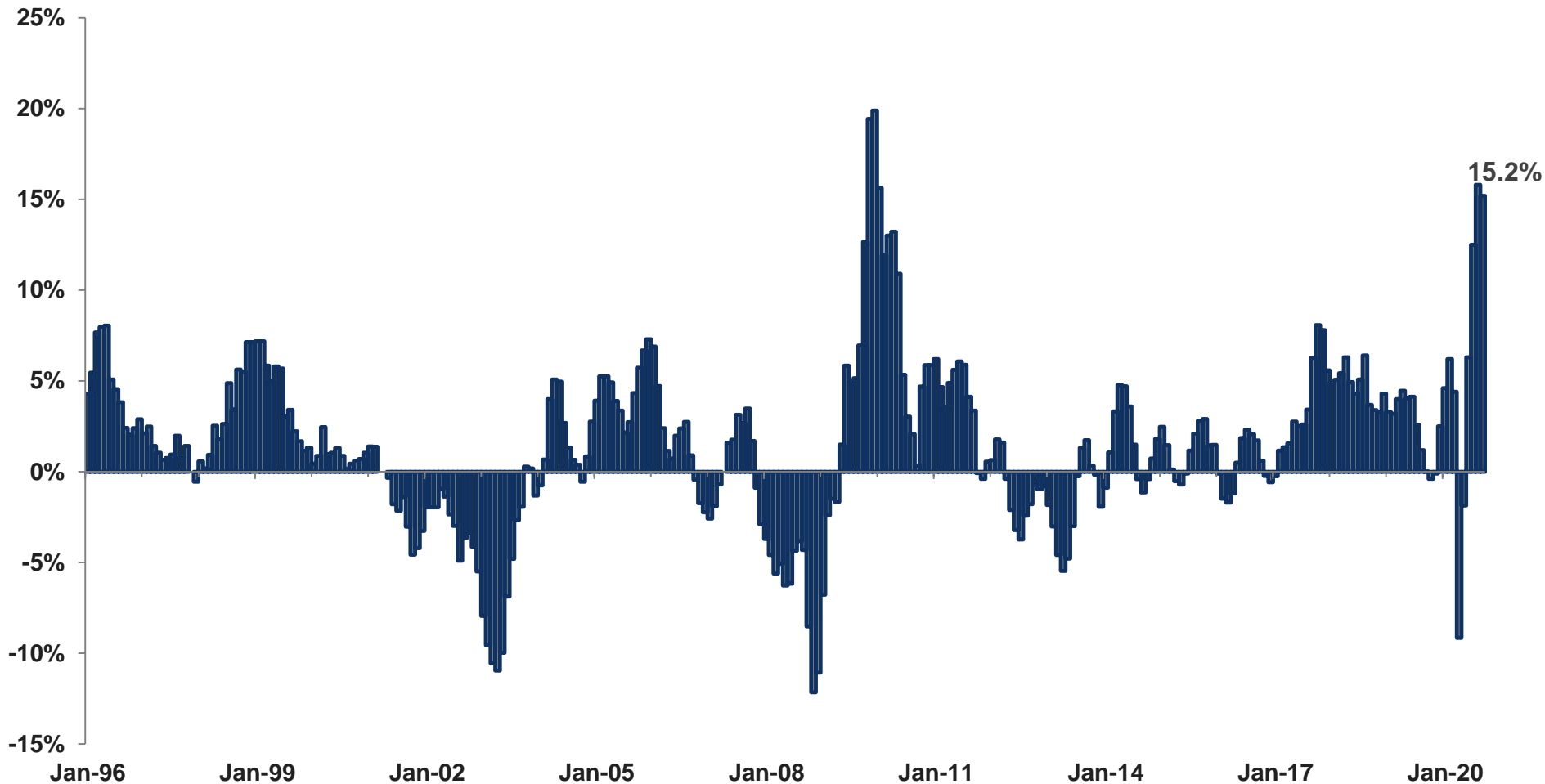
Wholesale Prices Begin To Cool

Prices in September decreased 1.58% from August 2020 and were up 15.2% compared to September 2019



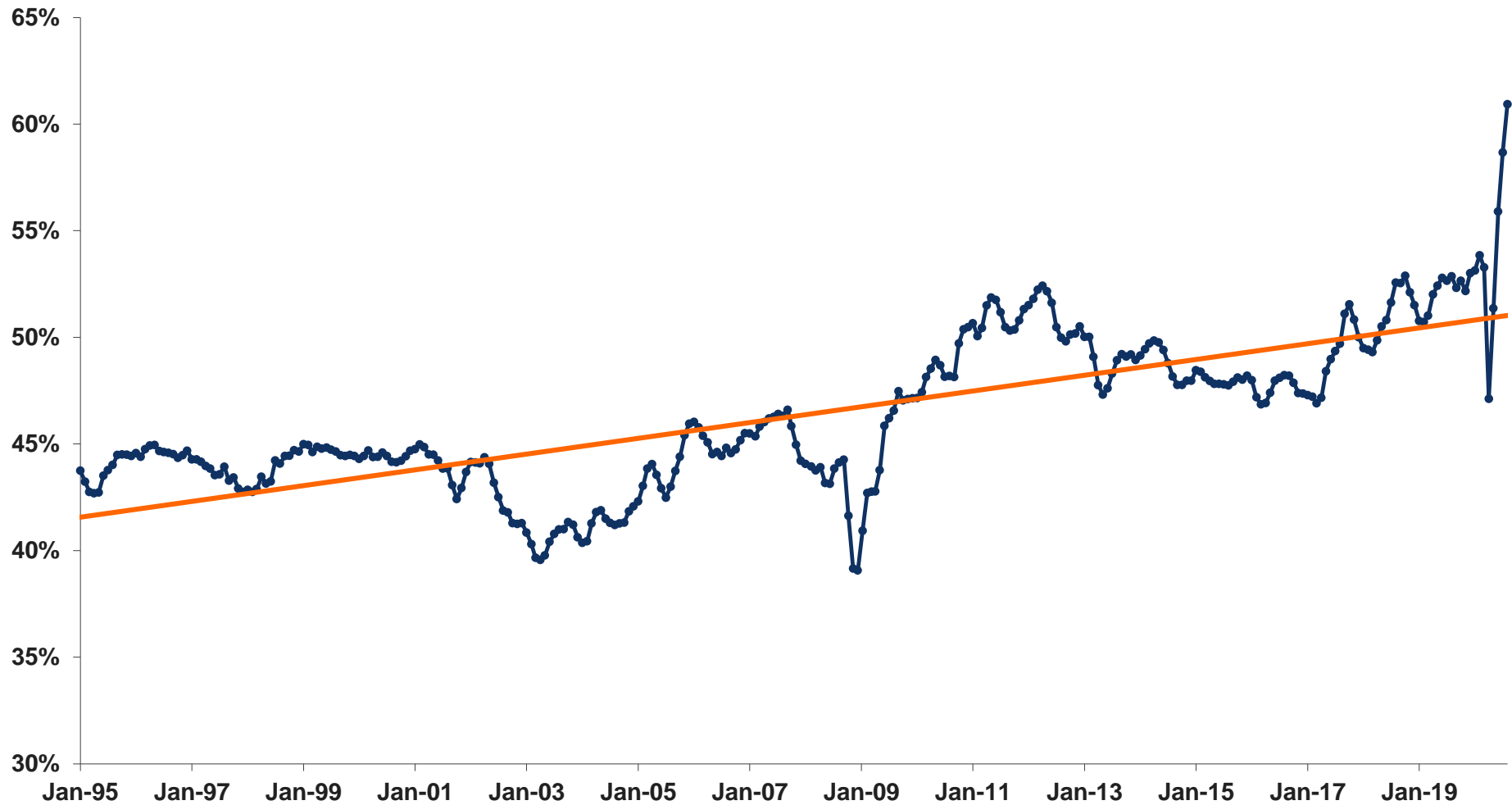
Used Vehicle Values Showing Seasonal Strength

Year-over-year price performance stronger than average

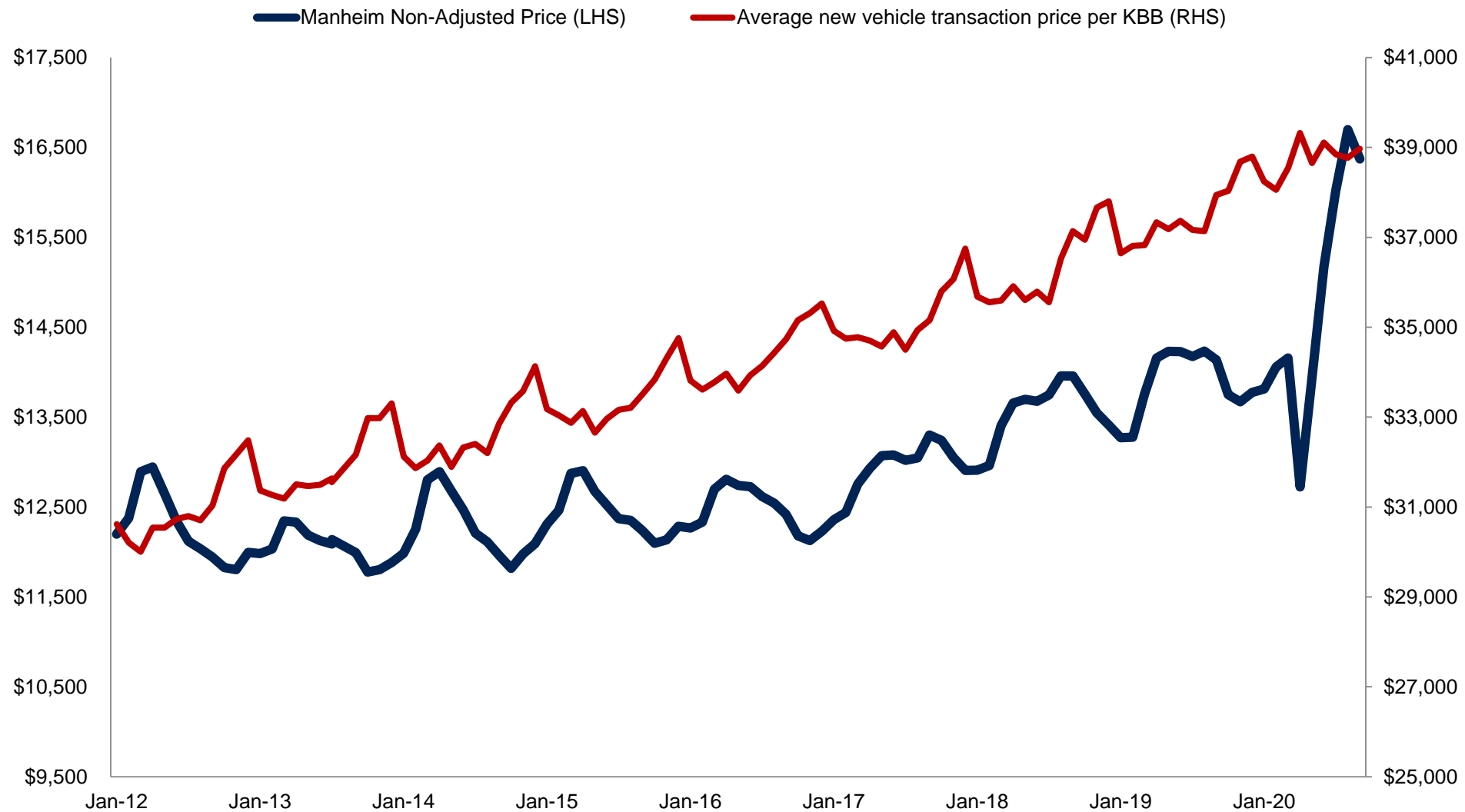


Manheim Index versus Mix & Quality Adjusted New Vehicle Price with 3 ½ year Lag

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



Wholesale Used Vehicle Prices vs. New Vehicle Prices

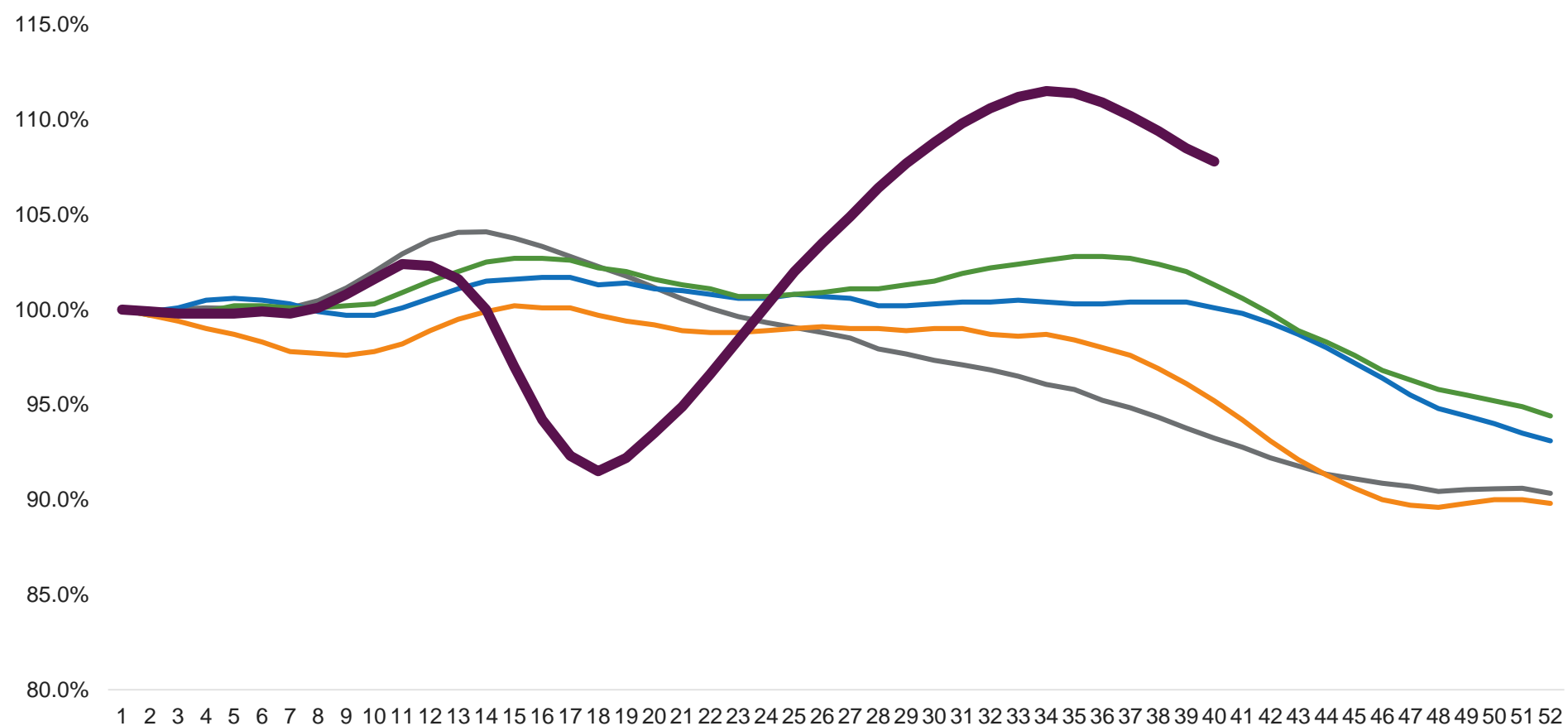


2020 Weekly Price Trend Continues Fall Decline

After 16 weeks of price appreciation, weekly values continue to see a fairly typical fall decline

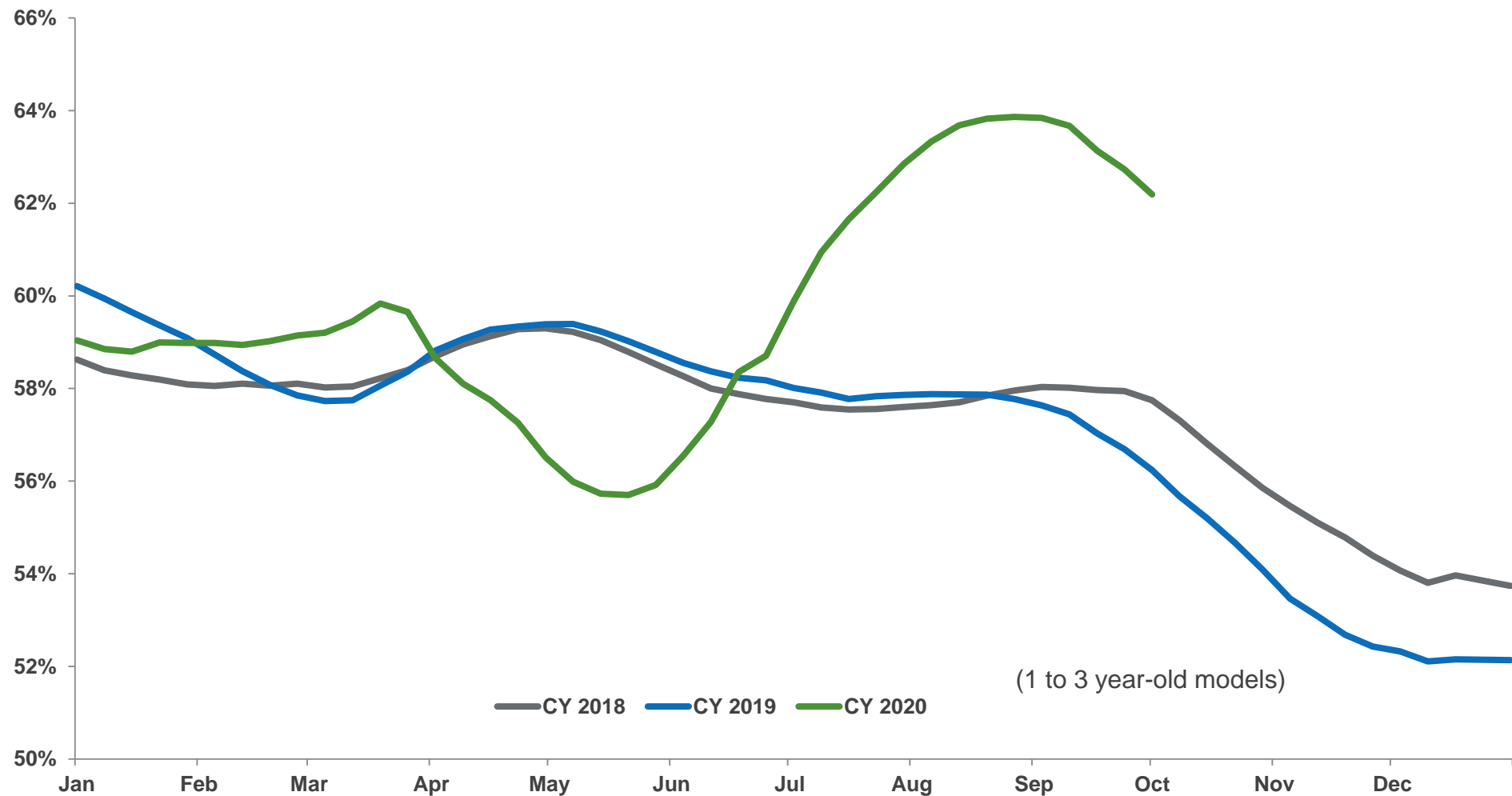
3-Year-Old Model MMR Index by Week

— 2014-2016 — 2017 — 2018 — 2019 — 2020



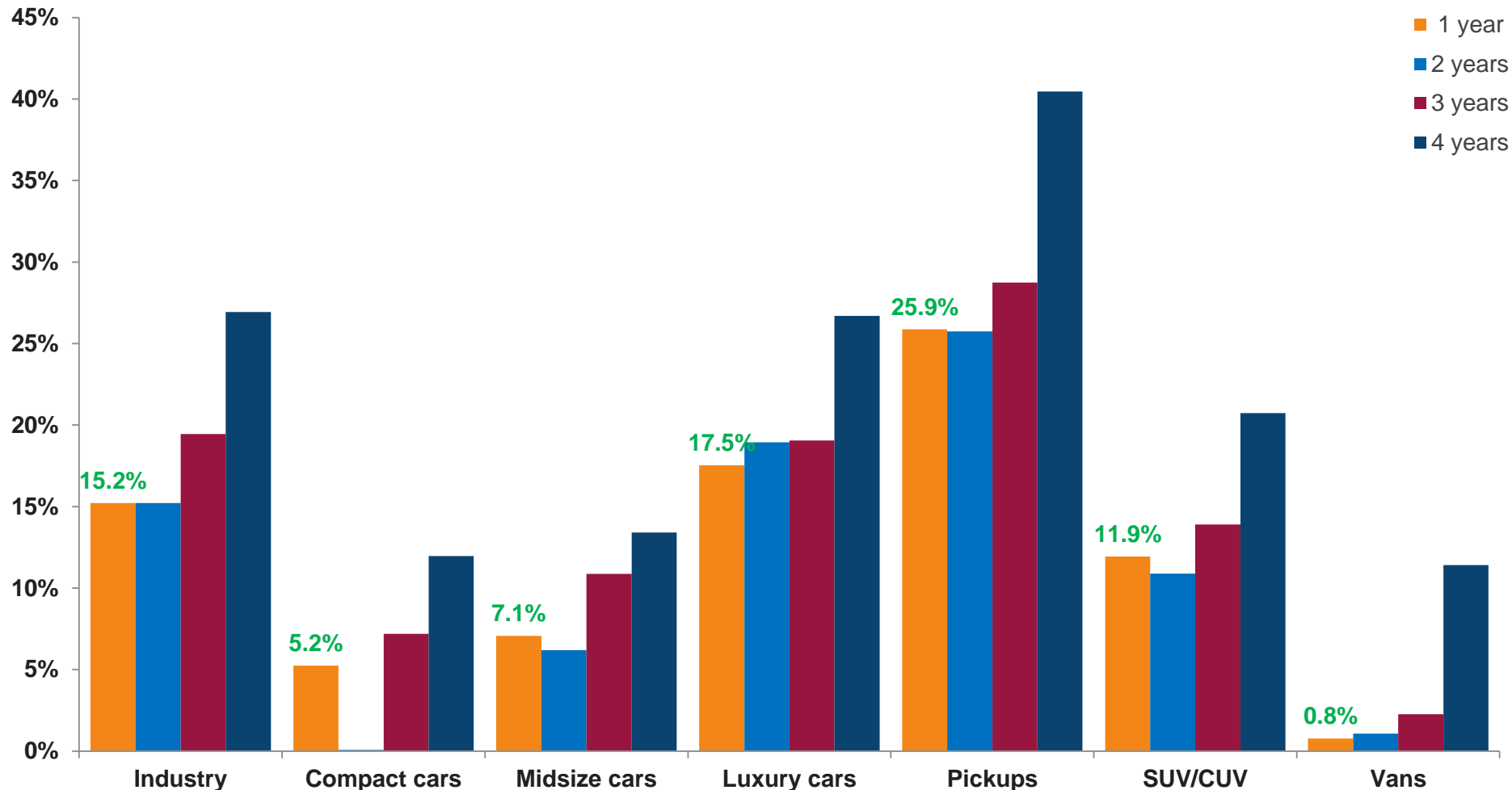
Retention Values Ended September Up 5.5% Relative to 2019

Retention values are up 5.5 percentage points compared to last year at the beginning of October



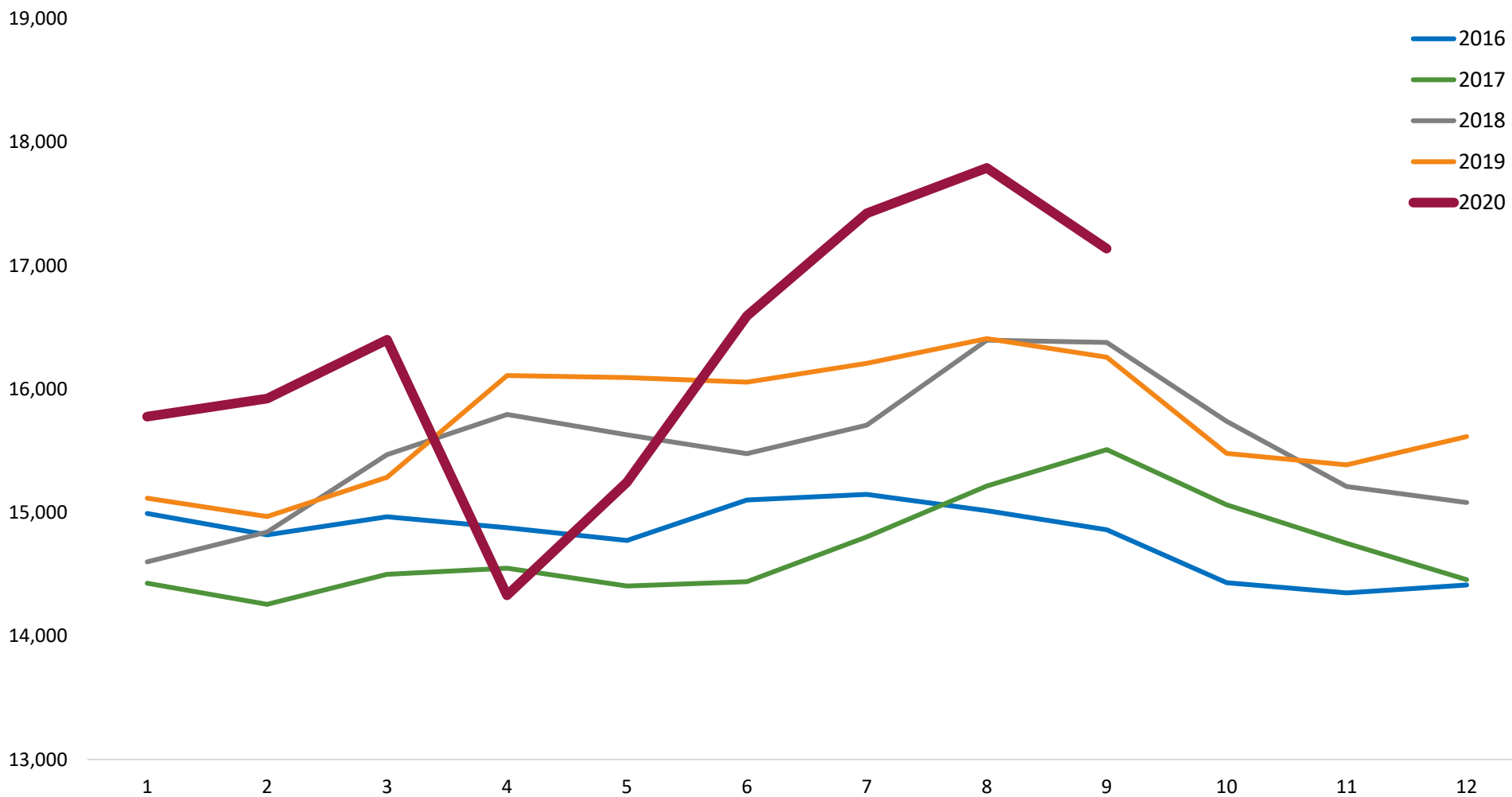
Percent Change in Wholesale Prices for Major Market Segments

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



Average Auction Price – Rental Risk Units

Average price for rental risk units sold in September up 5.4% y/y and down 4% m/m



Distribution of Rental Risk Vehicles

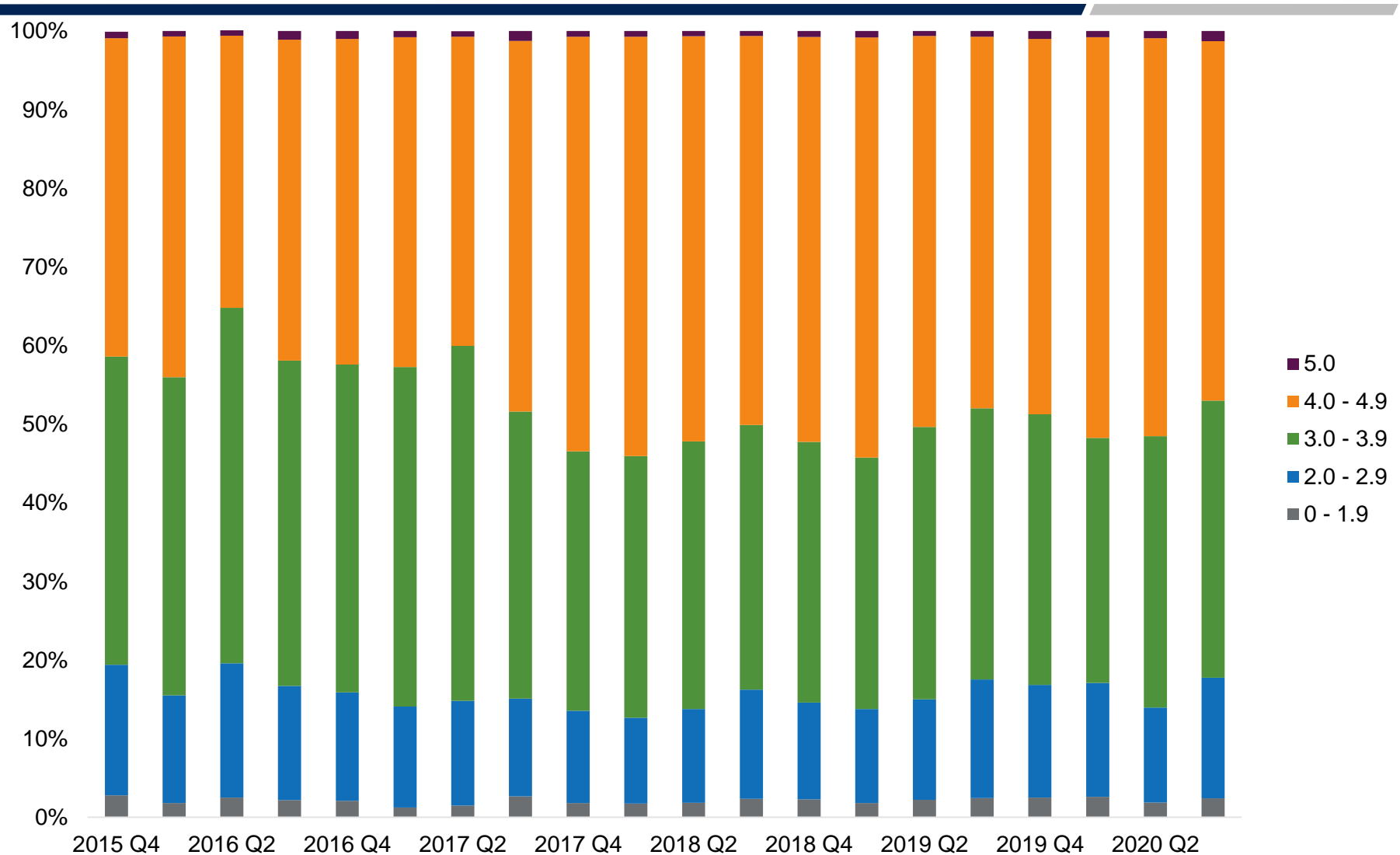
	2018 Q3	2019 Q3	2020 Q3
Number of unique year, make, model, body configurations sold	2,980	3,496	3,903
Share accounted for top 10 YMMB	11.1%	12.7%	16.9%
Share accounted for top 25 YMMB	20.6%	23.6%	30.0%
Number of YMMB to reach 50% share	132	106	75

Average Mileage – Rental Risk Units Sold at Auction

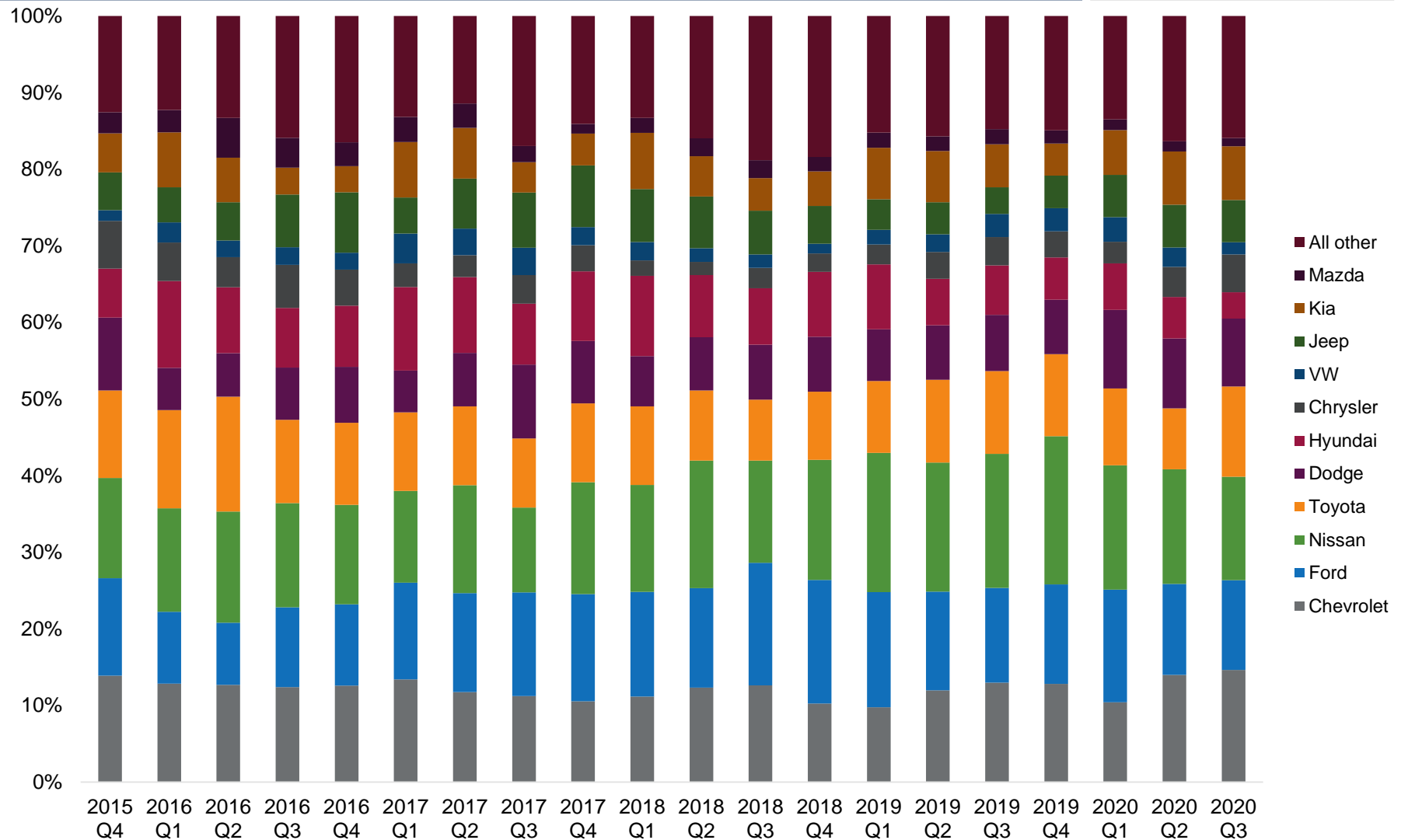
Average mileage for rental risk units in September was down 9% compared to a year ago and up 8% m/m



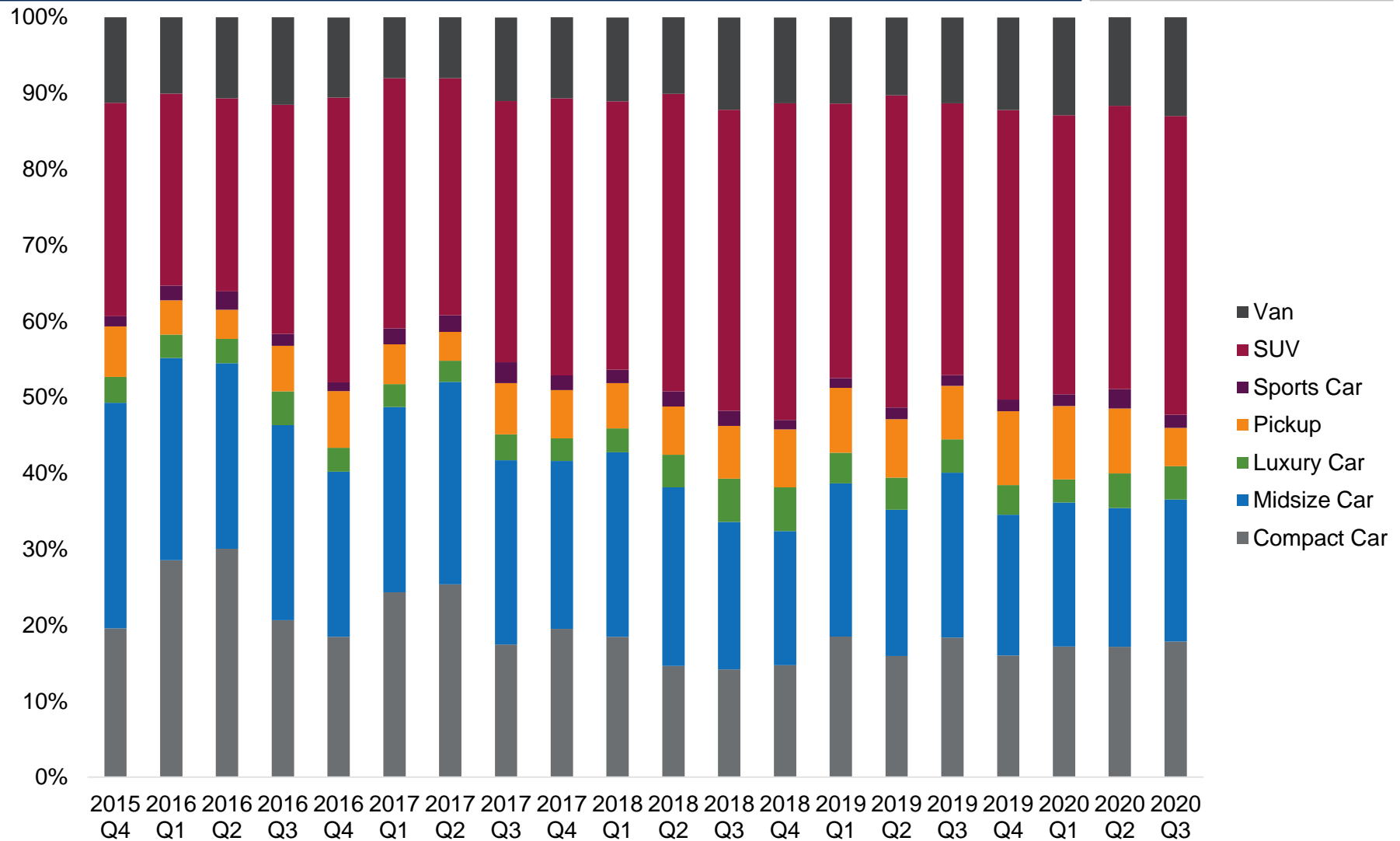
Rental Risk Units Sold by Condition



Rental Risk Units Sold by Make



Rental Risk Units Sold by Segment



Manheim Market Report (MMR) Vehicle Insights

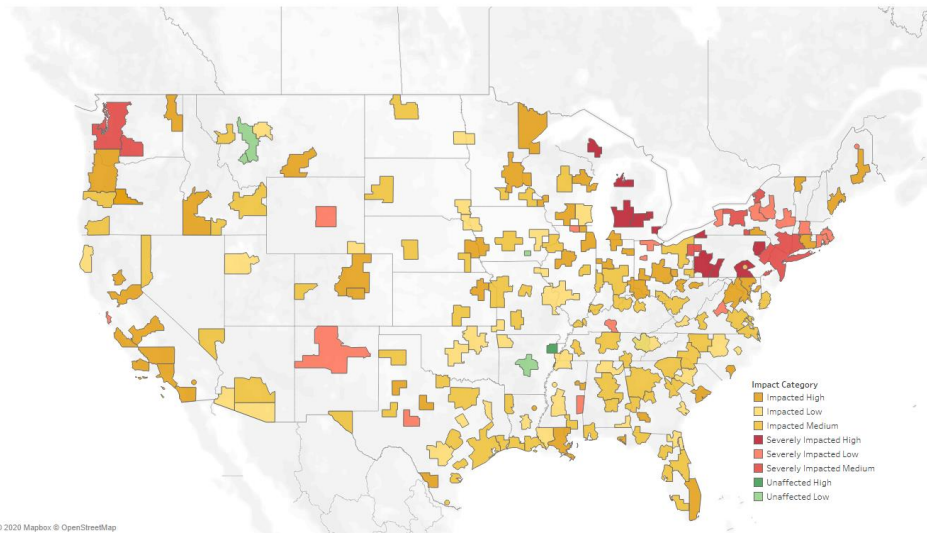
Price trends on top selling vehicles in September at Manheim was very consistent over the last 30 days (September 1 – October 1). Prices year-over-year also saw appreciation while higher than normal depreciation was evident in the last 30 days for most.

Rank	Source(Rank)	Category	Subcategory	Vehicle	1-Oct	Past 30 Days	Last Year	Current Dep	L12M Dep/Mo
1	All	SUV	SUV Midsize	2017 NISSAN ROGUE AWD 4D SUV 2.5L SV	\$15,150	\$15,450	\$14,650	-1.9%	0.3%
2	All	SUV	SUV Entry	2017 FORD ESCAPE FWD 4D SUV 1.5L SE	\$13,050	\$13,300	\$12,700	-1.9%	0.2%
3	All	SUV	SUV Midsize	2017 FORD EXPLORER 4WD V6 4D SUV XLT	\$24,000	\$24,400	\$23,100	-1.6%	0.3%
4	All	Compact Car	Compact Car Premium	2017 NISSAN SENTRA 4D SEDAN SV	\$9,625	\$9,800	\$9,250	-1.8%	0.3%
5	All	Midsize Car	Midsize Car Entry	2017 VOLKSWAGEN JETTA 4D SEDAN S	\$10,600	\$10,800	\$9,600	-1.9%	0.9%
1 Dealer	Dealer	Pickup	Pickup Lite Duty Full	2018 FORD F150 4WD V8 FFV CREW CAB 5.0L XLT	\$32,200	\$32,700	\$27,800	-1.5%	1.3%
1 Lease	Lease	SUV	SUV Midsize	2017 NISSAN ROGUE AWD 4D SUV 2.5L SV	\$15,150	\$15,450	\$14,650	-1.9%	0.3%
1 Rental	Rental	Midsize Car	Midsize Car Entry	2019 CHEVROLET MALIBU 4D SEDAN LT	\$13,650	\$14,100	\$14,500	-3.2%	-0.5%

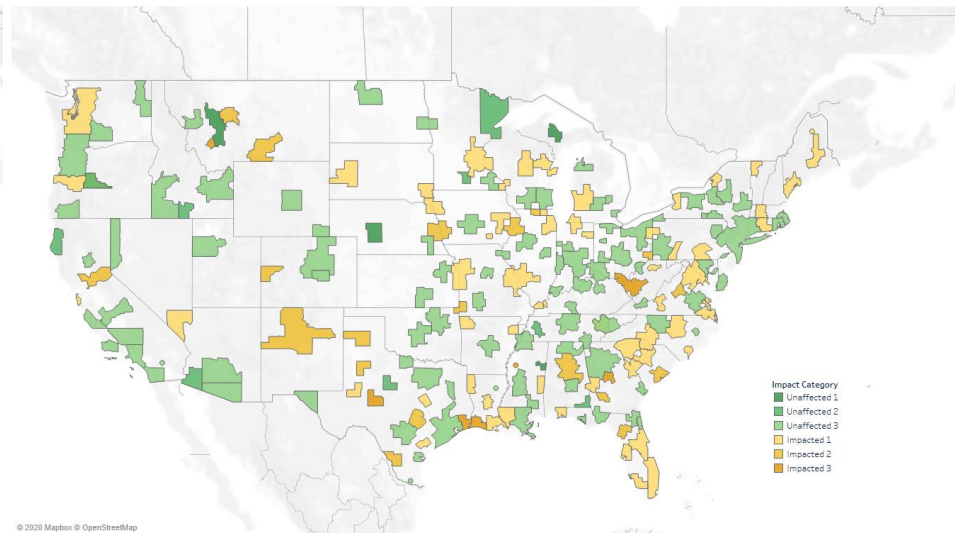


Sales Impact Varies by DMA As Evidenced By Unique Credit Apps

April 5th



October 4th



Appendix

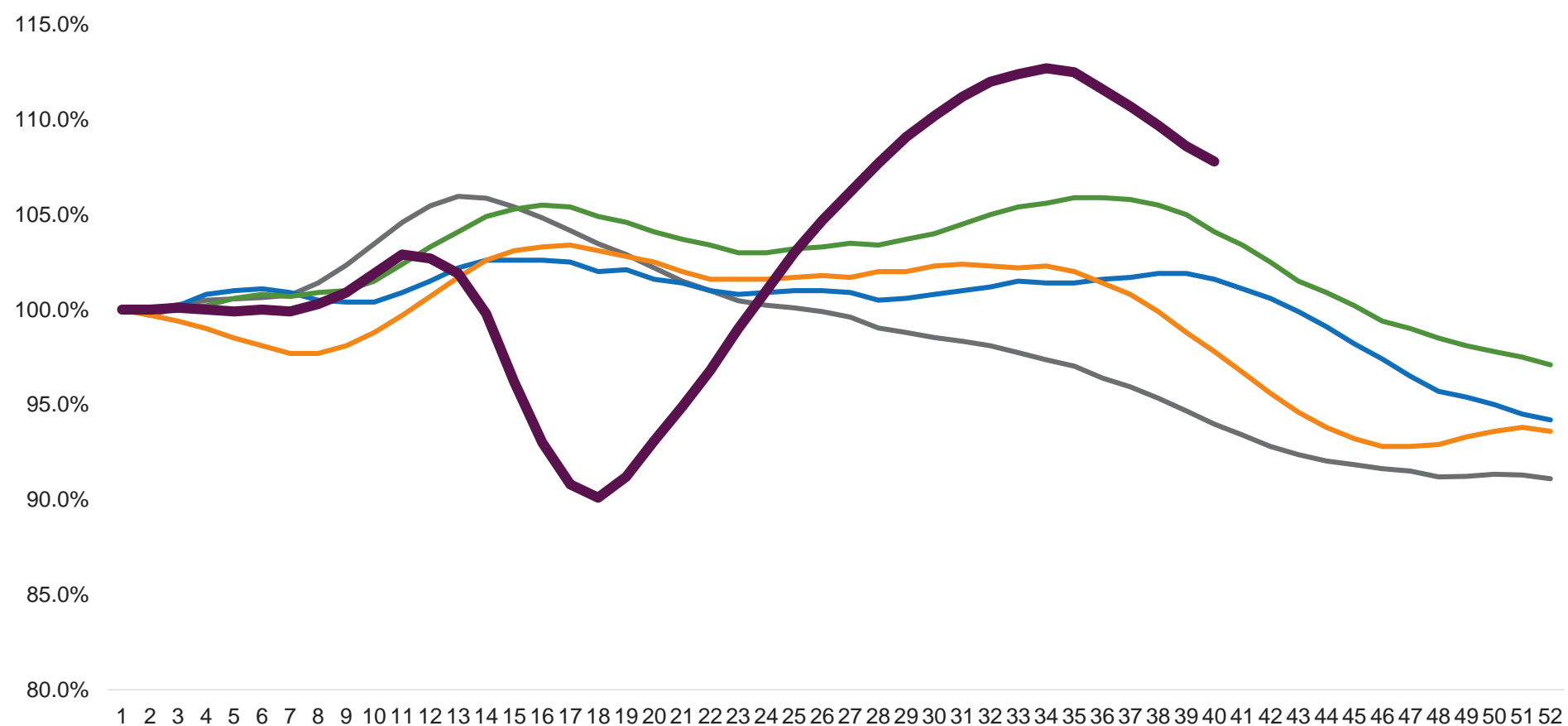


Weekly Price Trend Similar For Non-Luxury

Slightly stronger declines followed by stronger recovery and now declining at a slightly higher pace

Non-Luxury 3-Year-Old Model MMR Index by Week

— 2014-2016 — 2017 — 2018 — 2019 — 2020

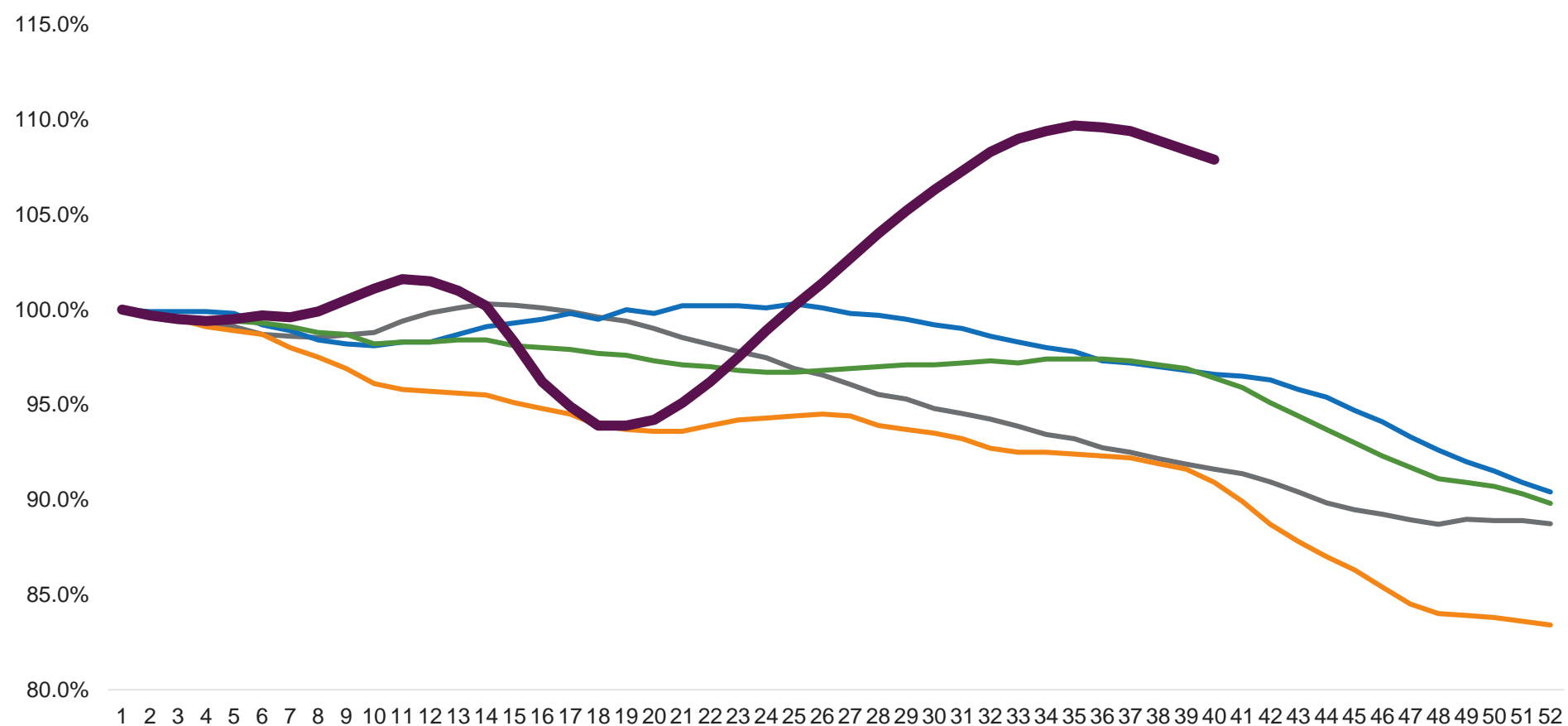


Weekly Price Trend Less Severe For Luxury

Luxury vehicles have outperformed by not declining as much and now seeing smaller declines

Luxury 3-Year-Old Model MMR Index by Week

— 2014-2016 — 2017 — 2018 — 2019 — 2020

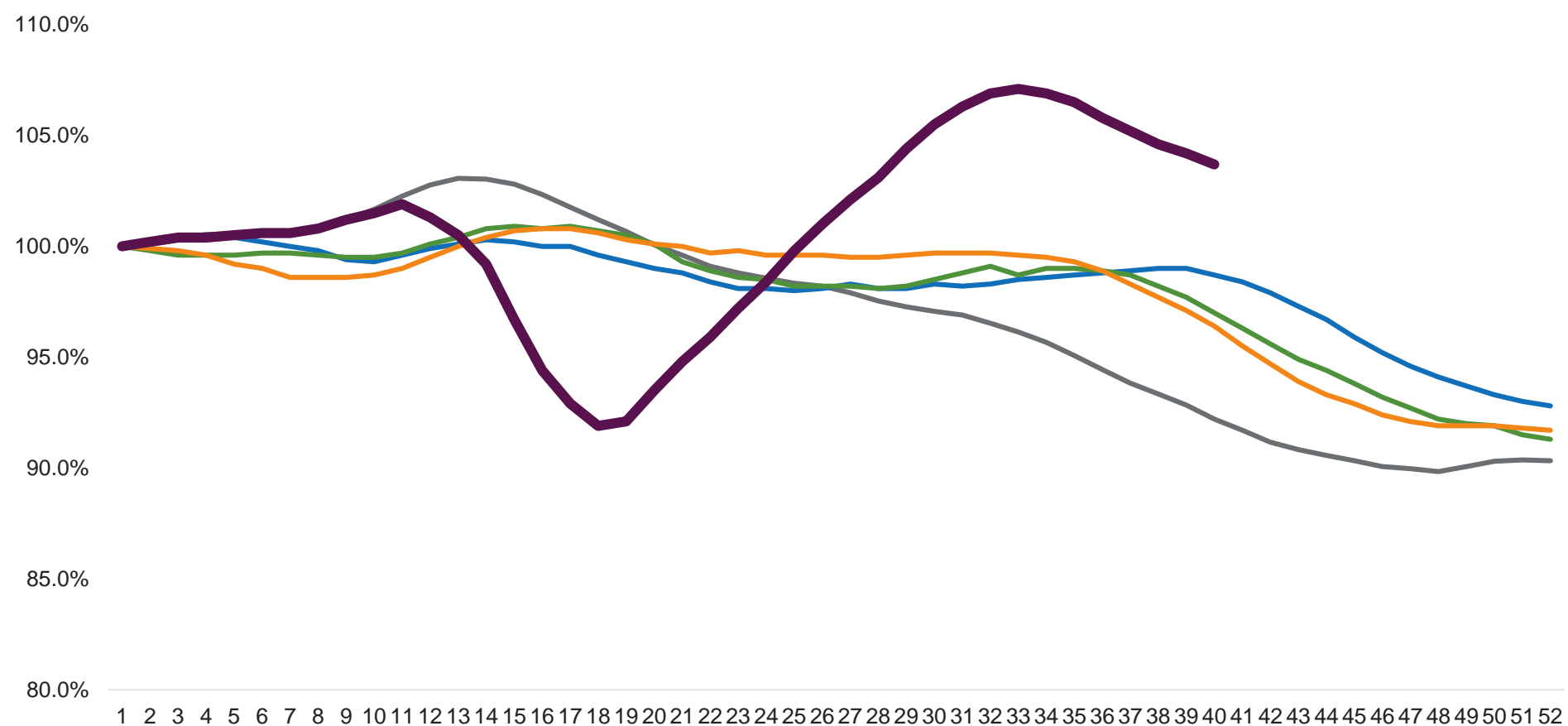


Weekly Price Trend for One-Year-Old Vehicles

One-year-old vehicle prices fell more in March and April but now seeing smaller declines

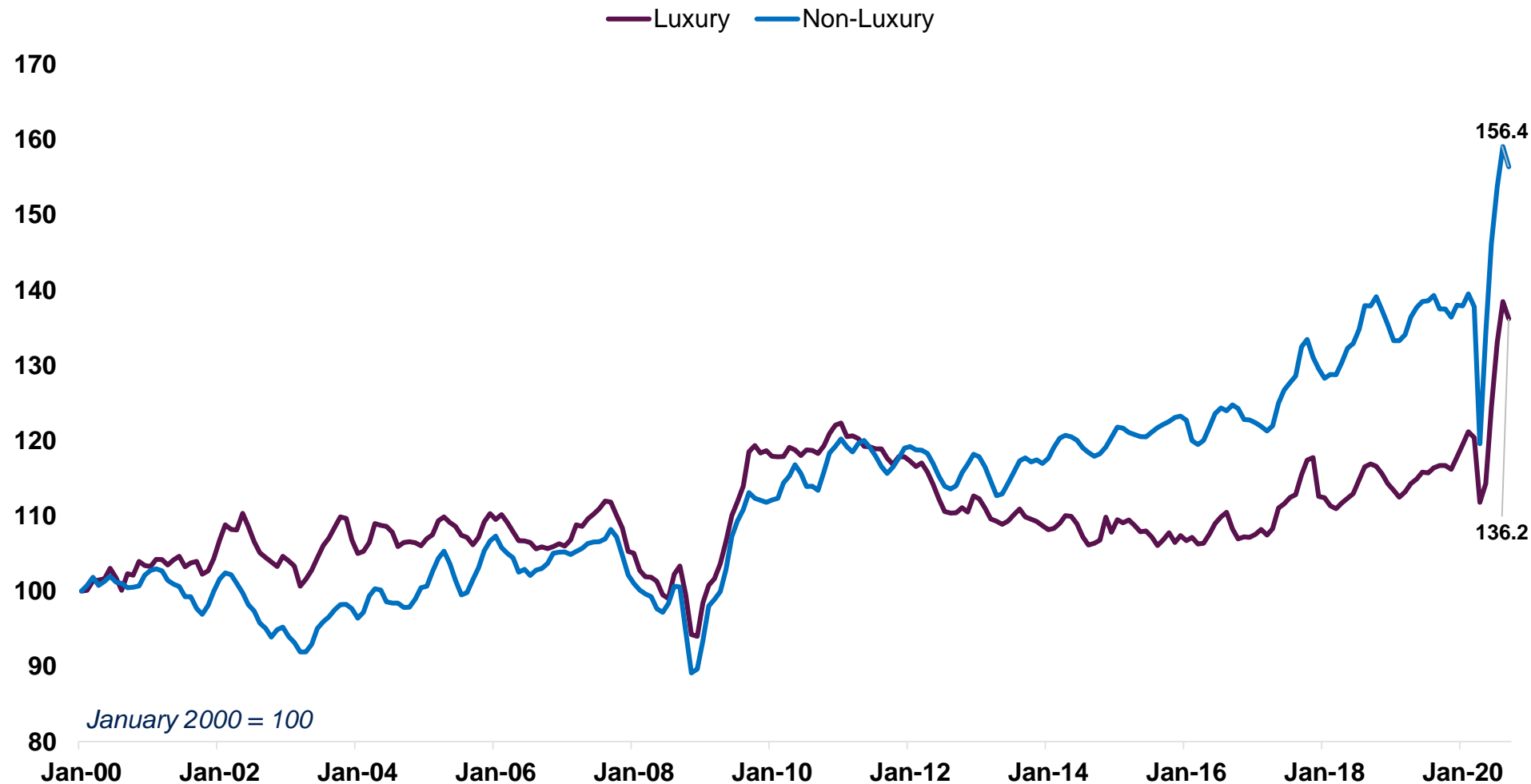
1-Year-Old Model MMR Index by Week

— 2014-2016 — 2017 — 2018 — 2019 — 2020



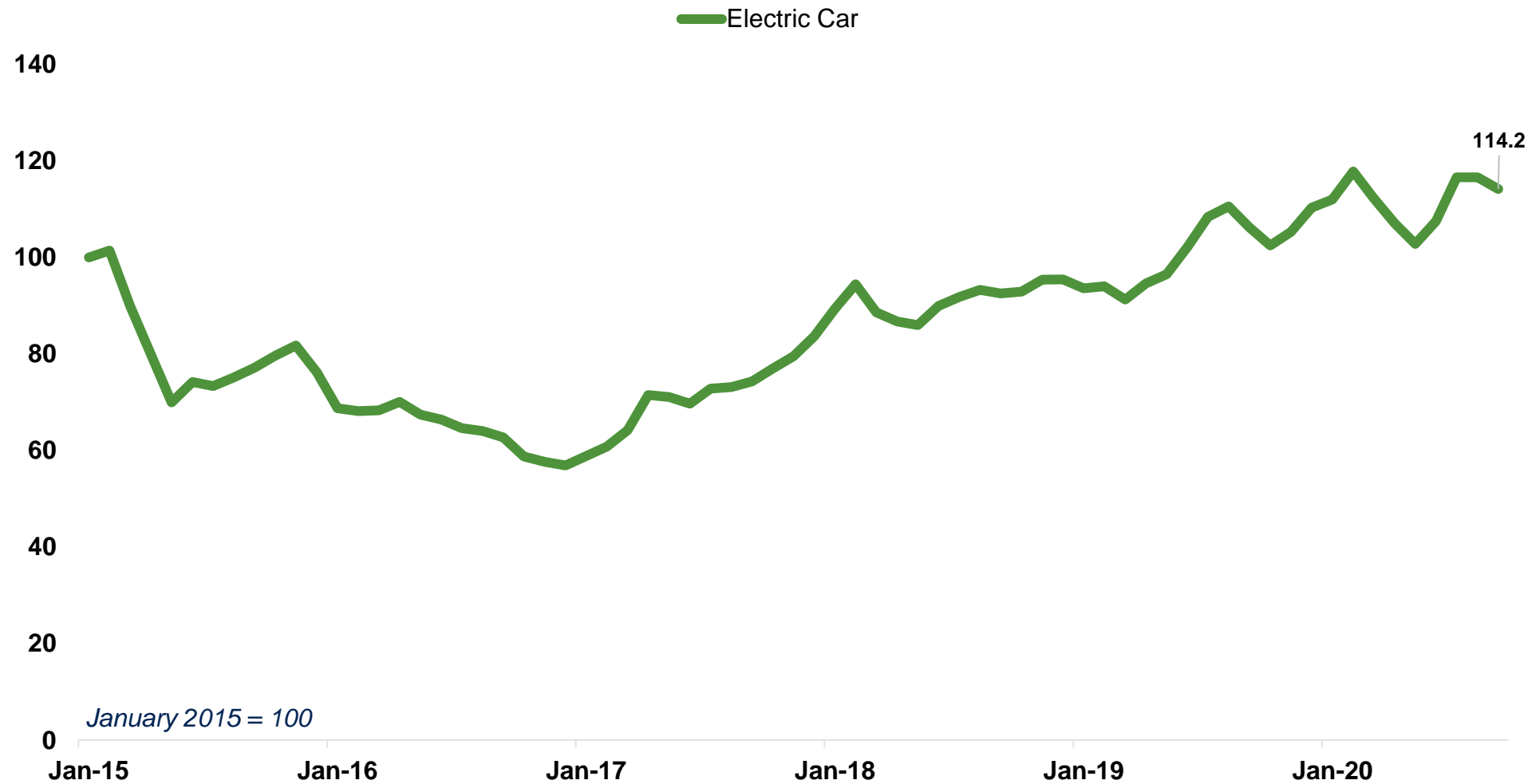
Luxury Prices Move Higher Than Non-Luxury In September

Luxury prices in September were up 17% compared to September 2019, while non-luxury prices increased 14%



Electric Car Prices Up In September

Electric car prices in September were up 8% compared to September 2019

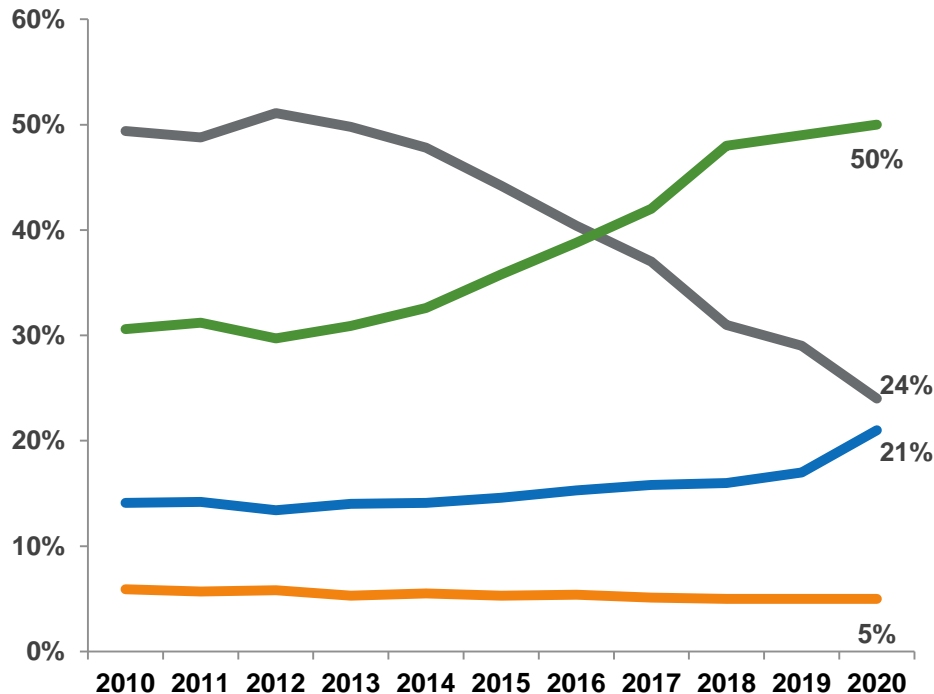


Rise of SUV Not Yet Fully Reflected in Wholesale Market

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

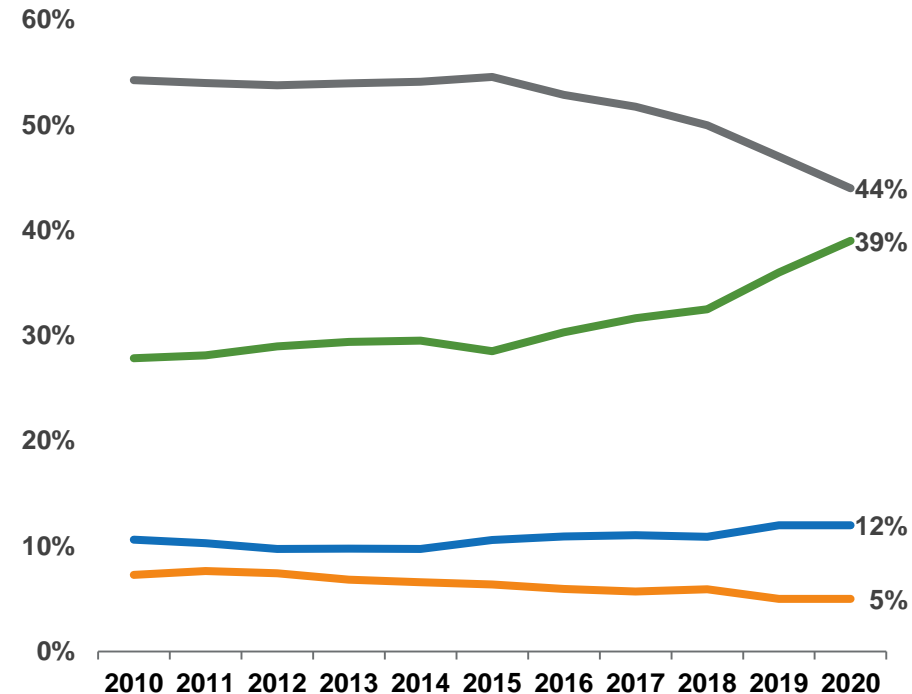
New Vehicle Sales by Category

CAR PICKUP SUV VAN



Manheim Sales by Category

CAR PICKUP SUV VAN



Thank You

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Economic Industry Insights

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