

WELCOME!

COX
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2021 MID-YEAR REVIEW

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AGENDA

Time Check: 90 Minutes

Intro & Cox Automotive

Mark Schirmer, Director, Public Relations

The Economy

Jonathan Smoke, Chief Economist

Market Performance: Used Vehicles

Kayla Reynolds, Industry Intelligence Analyst

Market Performance: New Vehicles

Charlie Chesbrough, Senior Economist

**The Consumer, the Snapshot &
The Summer Playlist**

Jonathan Smoke, Chief Economist and Resident DJ

Q&A

Presenters plus Michelle Krebs, Executive Analyst

OUR PURPOSE

Empower clients to thrive in a rapidly changing marketplace



Autotrader 

DEALER.COM 

Dealertrack 

 DICKINSON FLEET SERVICES
COX AUTOMOTIVE / MOBILITY

 F&I Express

 HOMENET
AUTOMOTIVE

 Kelley Blue Book

 Manheim

NEXTGEAR
CAPITAL

PIVOT

 RideKleen

vAuto
LIVE MARKET VIEW

VinSolutions

∞xtime



OUR VISION

Transform the way the world buys, sells, owns and uses vehicles

THE ECONOMY

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JONATHAN SMOKE

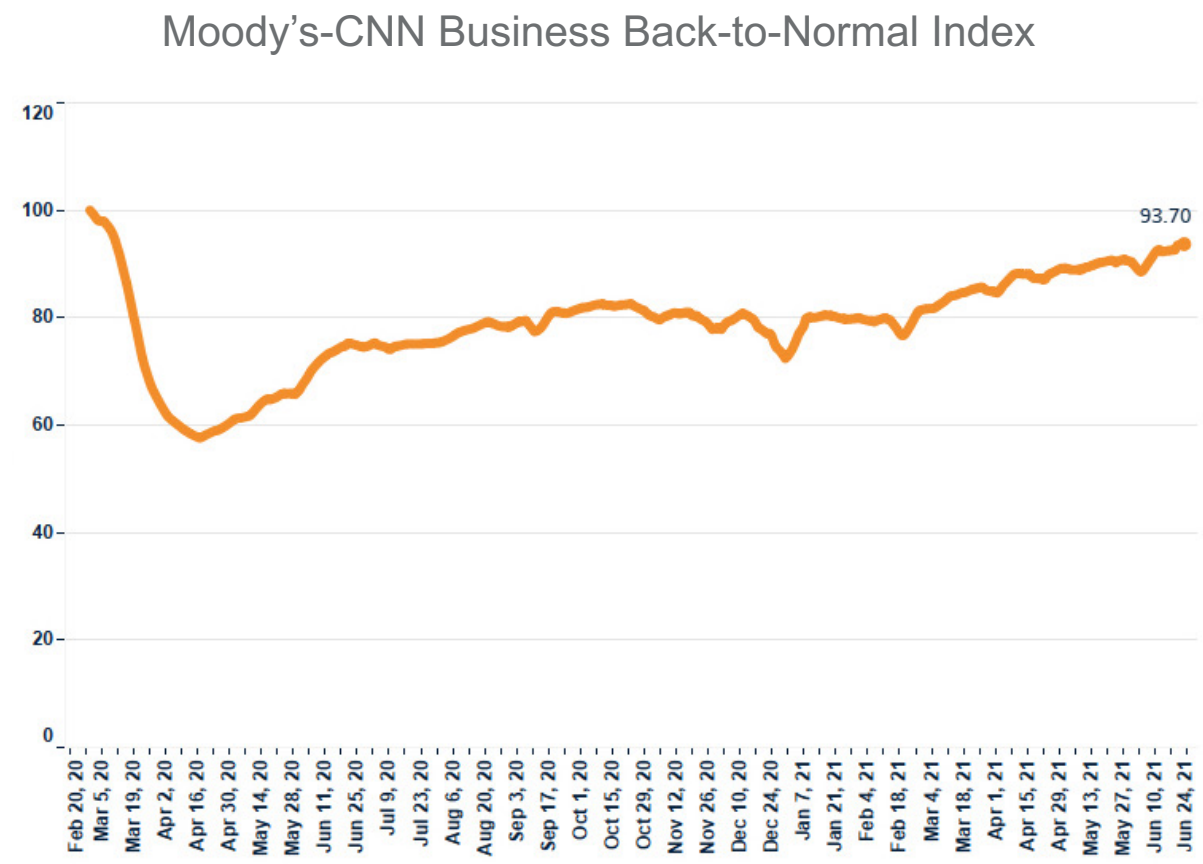
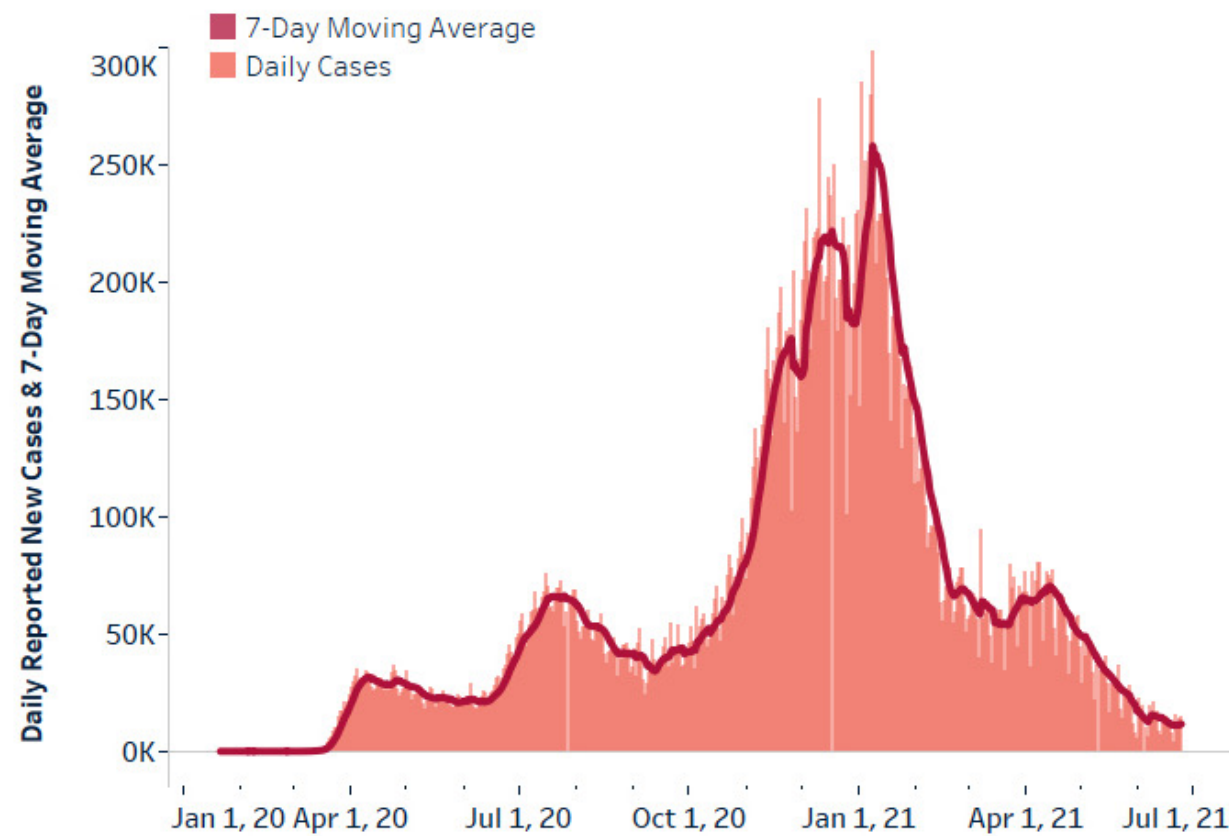
CHIEF ECONOMIST



@smokeoncars

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STATE OF THE INDUSTRY: Finding Normal



THE ECONOMY: Macro Signals Mainly More Favorable

Overall Economy

Real GDP Growth

+4.3%
(Q4 '20)

+6.4%
(Q1 '21)

+10.8%
(Q2 '21 F)



Employment Conditions

U3 Unemployment Rate

6.9%
(Jun '20)

5.8%
(May '21)

5.6%
(Jun '21 F)



Buyer Confidence

UofM Consumer Sentiment

78.1
(Jun '20)

85.5
(Jun '21)



Wages

Earnings Growth

6.7%
(May '20)

2.0%
(May '21)



Buyer Ability





Disposable Income Y/Y

11.7%
(May '20)

1.7%
(May '21)



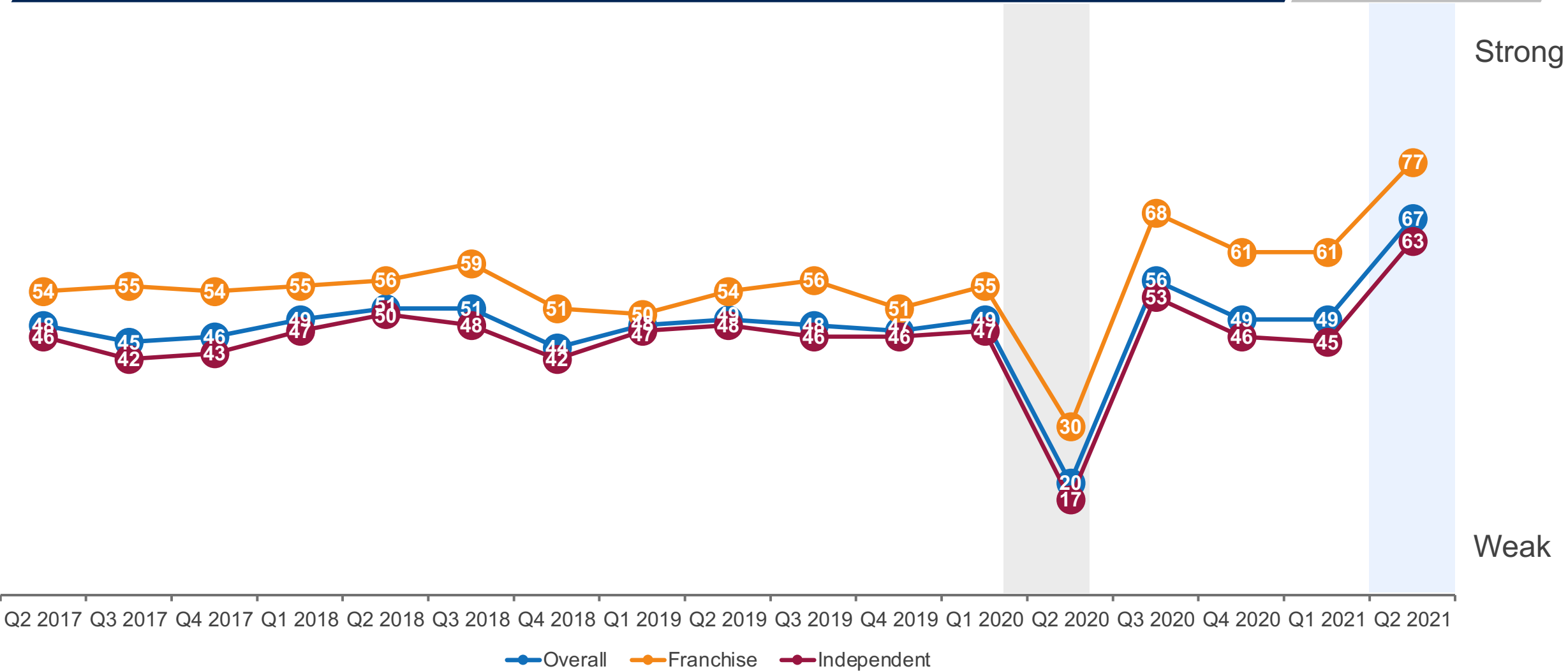
THE ECONOMY: Macro Signals Mainly More Favorable

Auto Finance	FRBNY	\$150 billion (Q1 '20)	\$153 billion (Q1 '21)	
Interest Rates	Effective Fed Funds Rate	0.05% (May '20)	0.06% (May '21)	
Borrowing Costs	Average New Auto Loan Rate	4.56% (May '20)	4.38% (May '21)	
Mobility Costs	Average Retail Unleaded Gasoline Price	\$1.98 (May '20)	\$3.05 (May '21)	

How would you describe the current market for vehicles in the areas where you operate?

Dealer Sentiment Index

SECOND QUARTER 2021

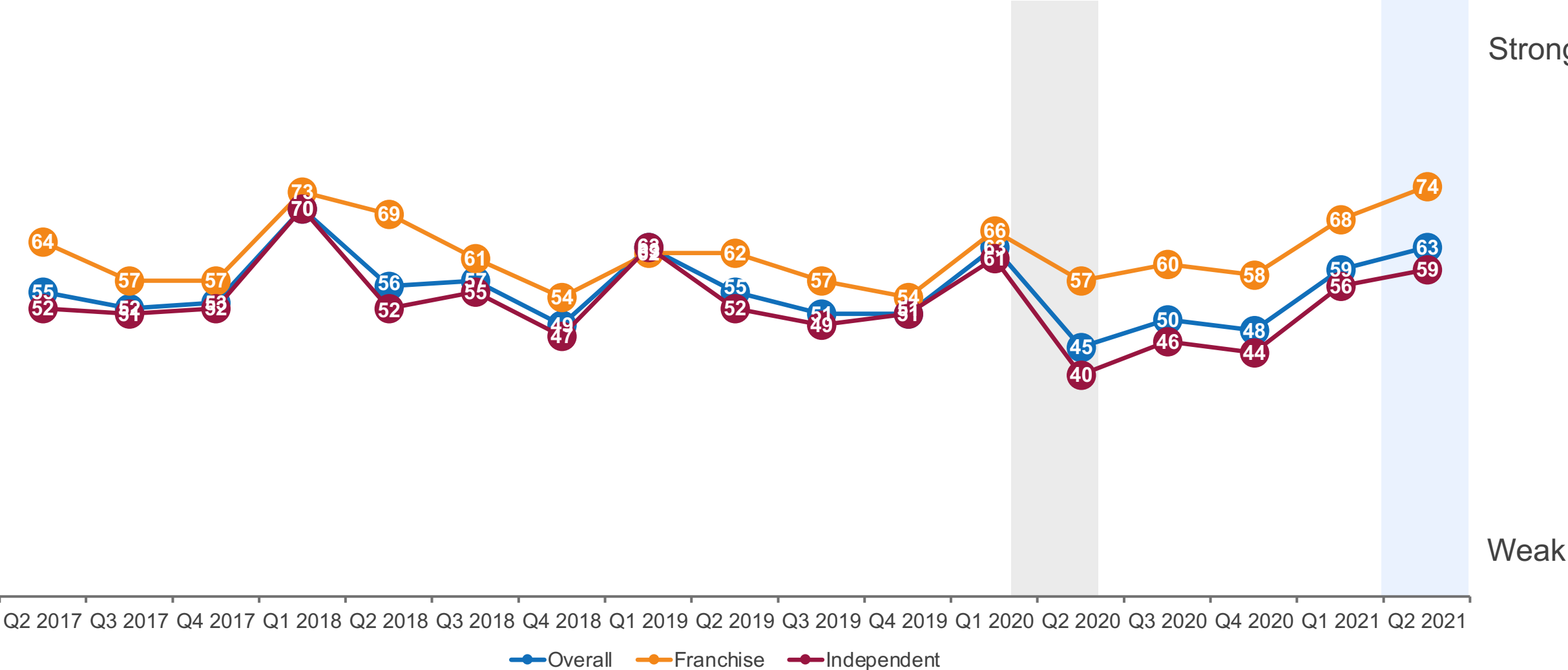


Note: Scale 1 - 100

What do you expect the market for vehicles in your area to look like 3 months from now?

Dealer Sentiment Index

SECOND QUARTER 2021



Note: Scale 1 - 100

INVENTORY/PROFITS

How would you describe your profits over the past 3 months?
How would you describe the current new-vehicle inventory levels?

Dealer Sentiment Index

SECOND QUARTER 2021

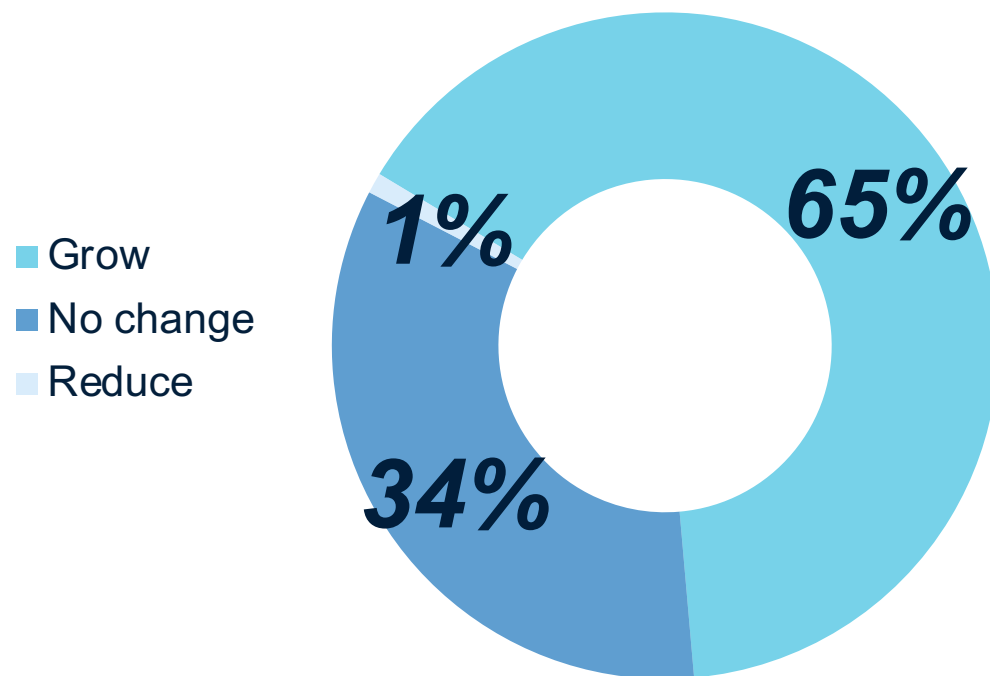


Note: Scale 1 - 100

HELP WANTED: Dealers Struggle to Hire Employees While Business Booms

THE STATE OF DEALERSHIP STAFFING – Released June 2021

A majority of franchised dealers want to grow their ranks in 2021



72%

of franchised dealers say finding and hiring the right employees is currently a challenge

MARKET PERFORMANCE: USED VEHICLES

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KAYLA REYNOLDS

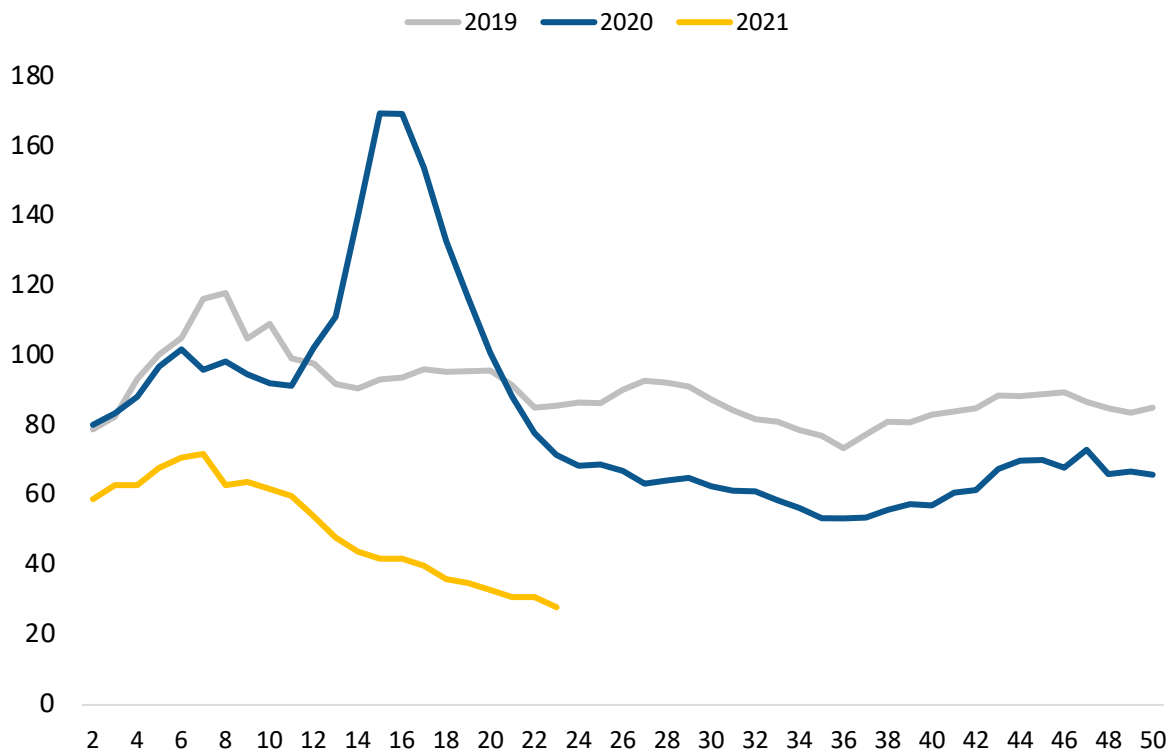
INDUSTRY INTELLIGENCE ANALYST

QUARTERLY SALES PACE: The Frenzy Passes

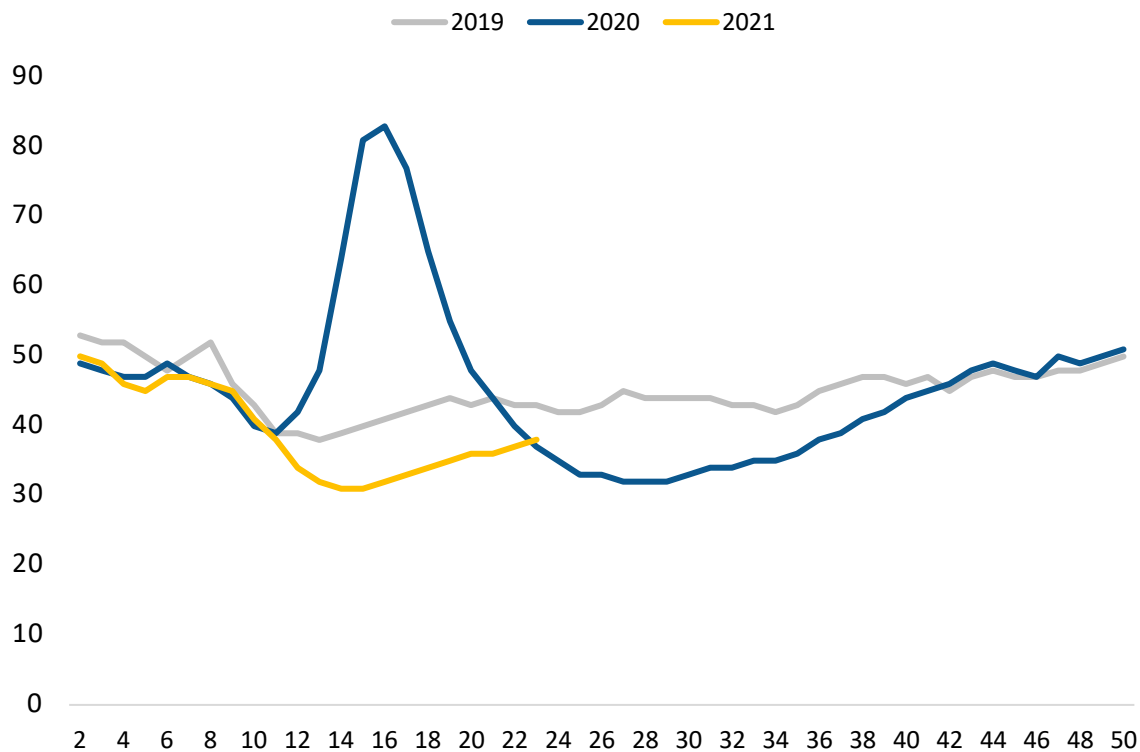
		Total Used SAAR	Retail Used SAAR
Q1	January	39.3	21.5
	February	37.3	20.4
	March	43.1	23.5
Q2	April	43.7	23.9
	May	40.0	21.9
	June Forecast	39.0	21.3

INVENTORY MANAGEMENT: Used-Vehicle Supply Healthier Than New

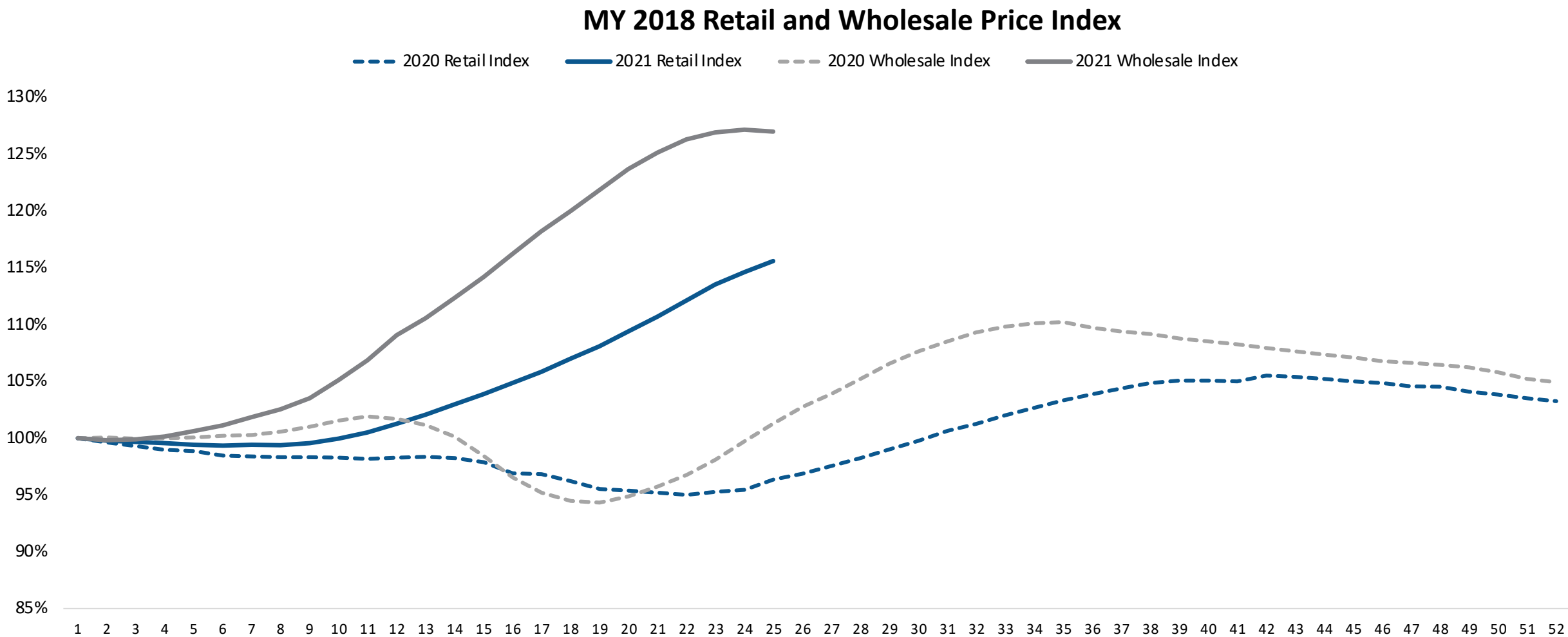
New Days' Supply



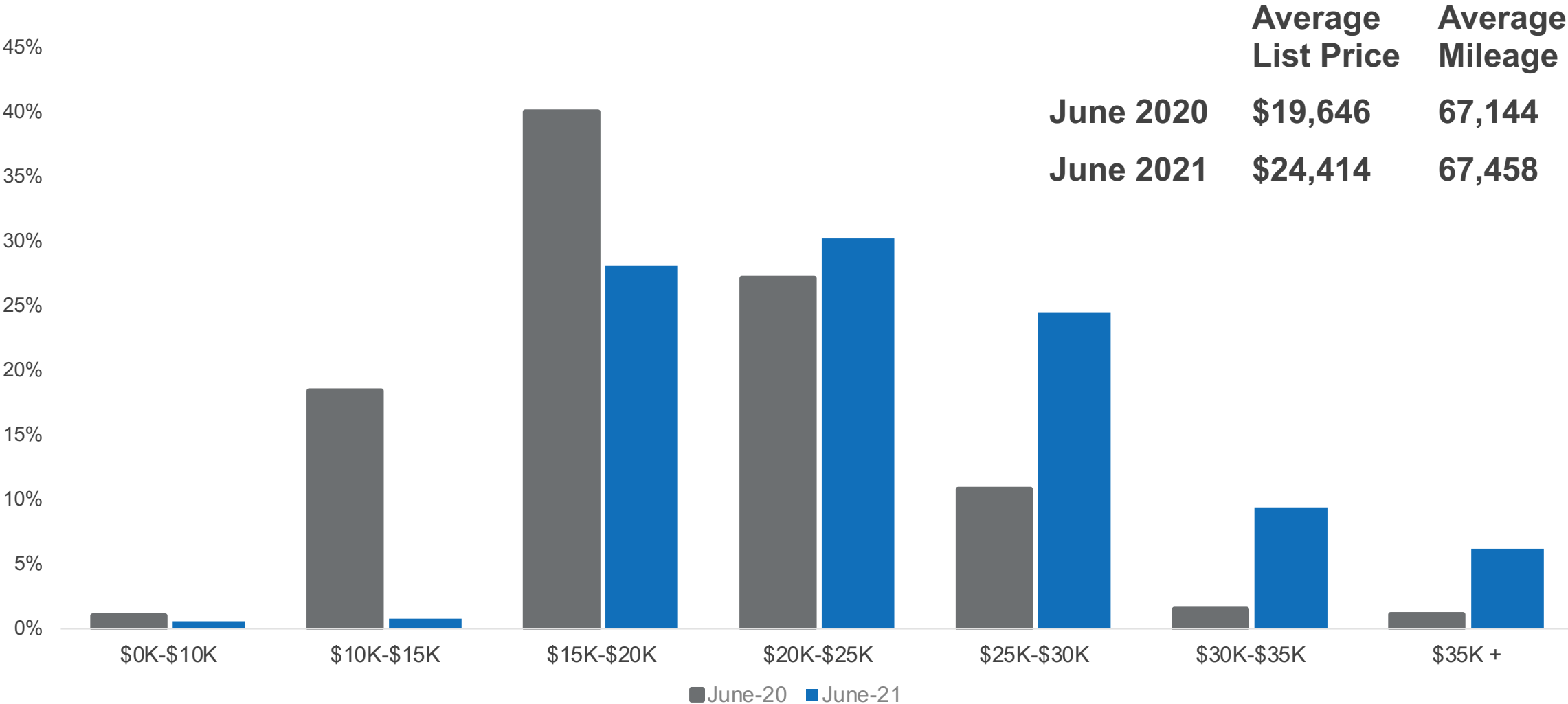
Used Days' Supply



PRICE MOVEMENT: Record-Setting First Half

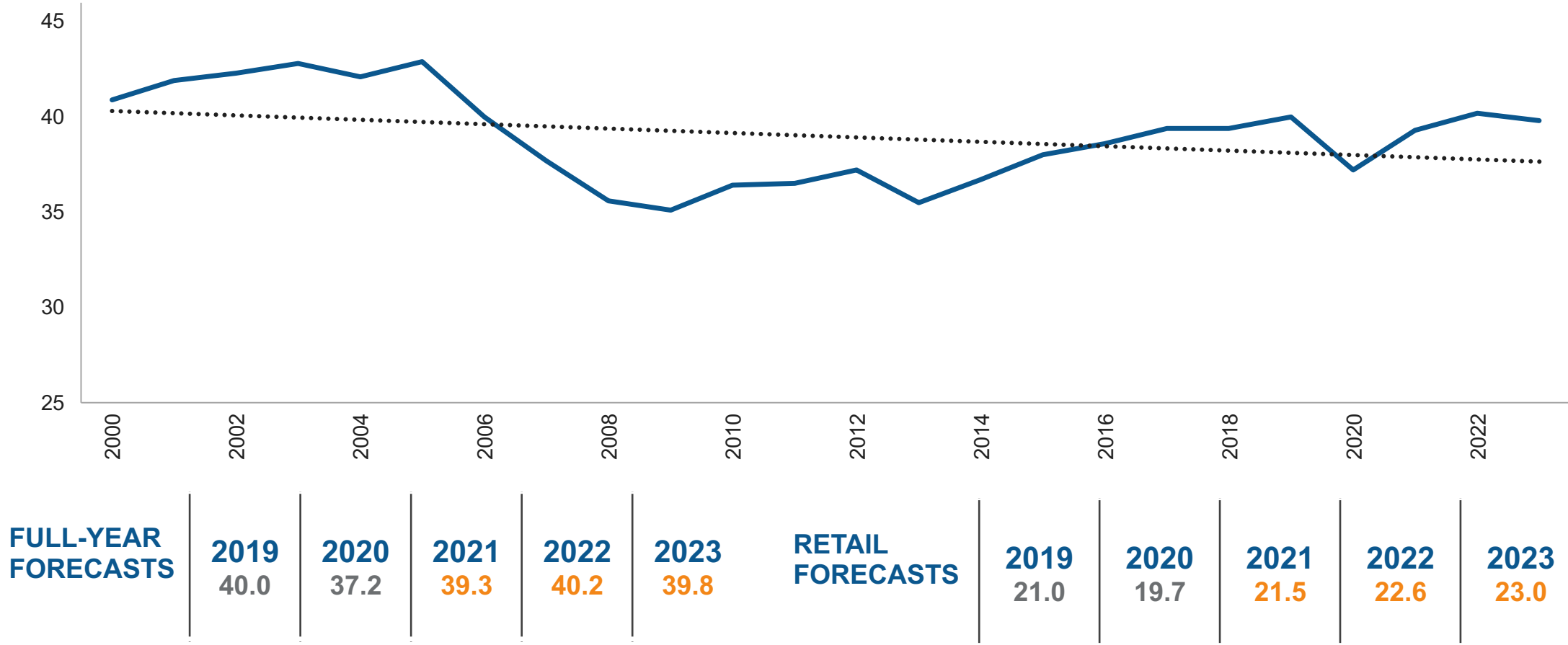


RETAIL INVENTORY: Lower-Priced Used-Vehicle Supply Depleted



USED-VEHICLE SALES AND FORECAST: Healthy Market and Outlook

USED-VEHICLE SALES OUTLOOK (MILLIONS)



MARKET PERFORMANCE: NEW VEHICLES

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CHARLIE CHESBROUGH

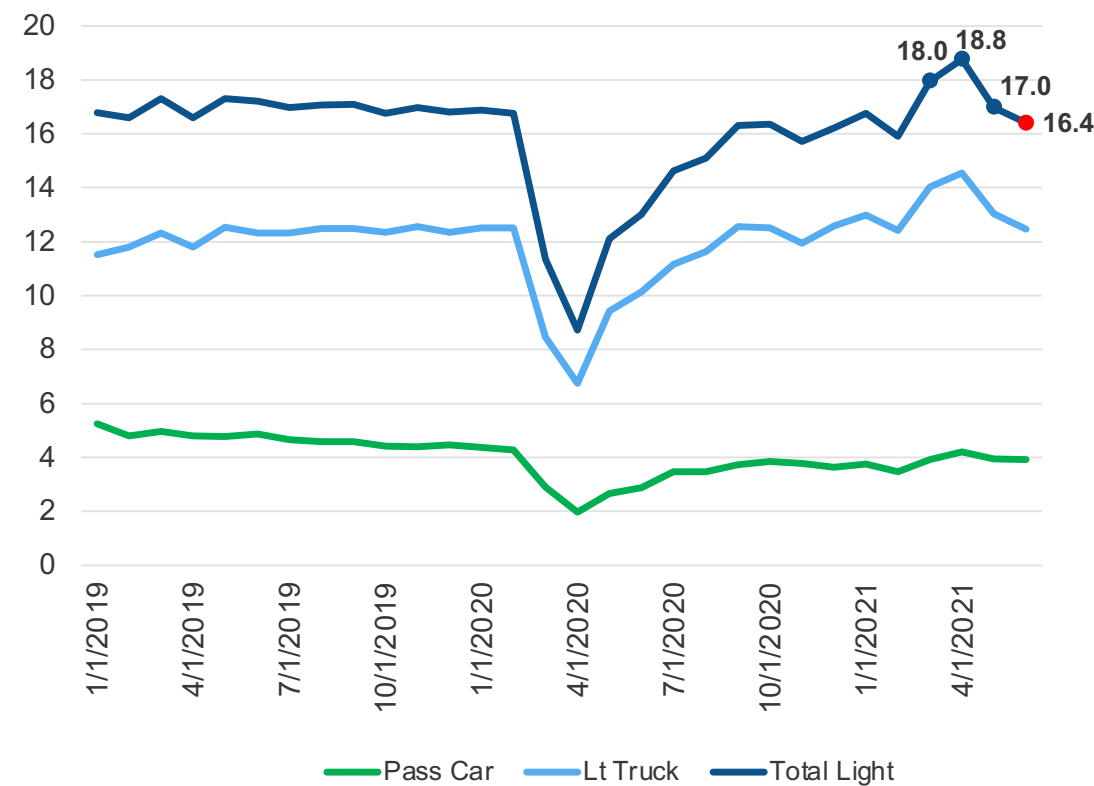
SENIOR ECONOMIST



JUNE SALES FORECAST: Green Spring Season Is Approaching Summer Drought

We just had the best three-month pace since 2005 – but rising car share suggests a brick wall lies ahead

Monthly Light Vehicle Sales SAAR (millions)

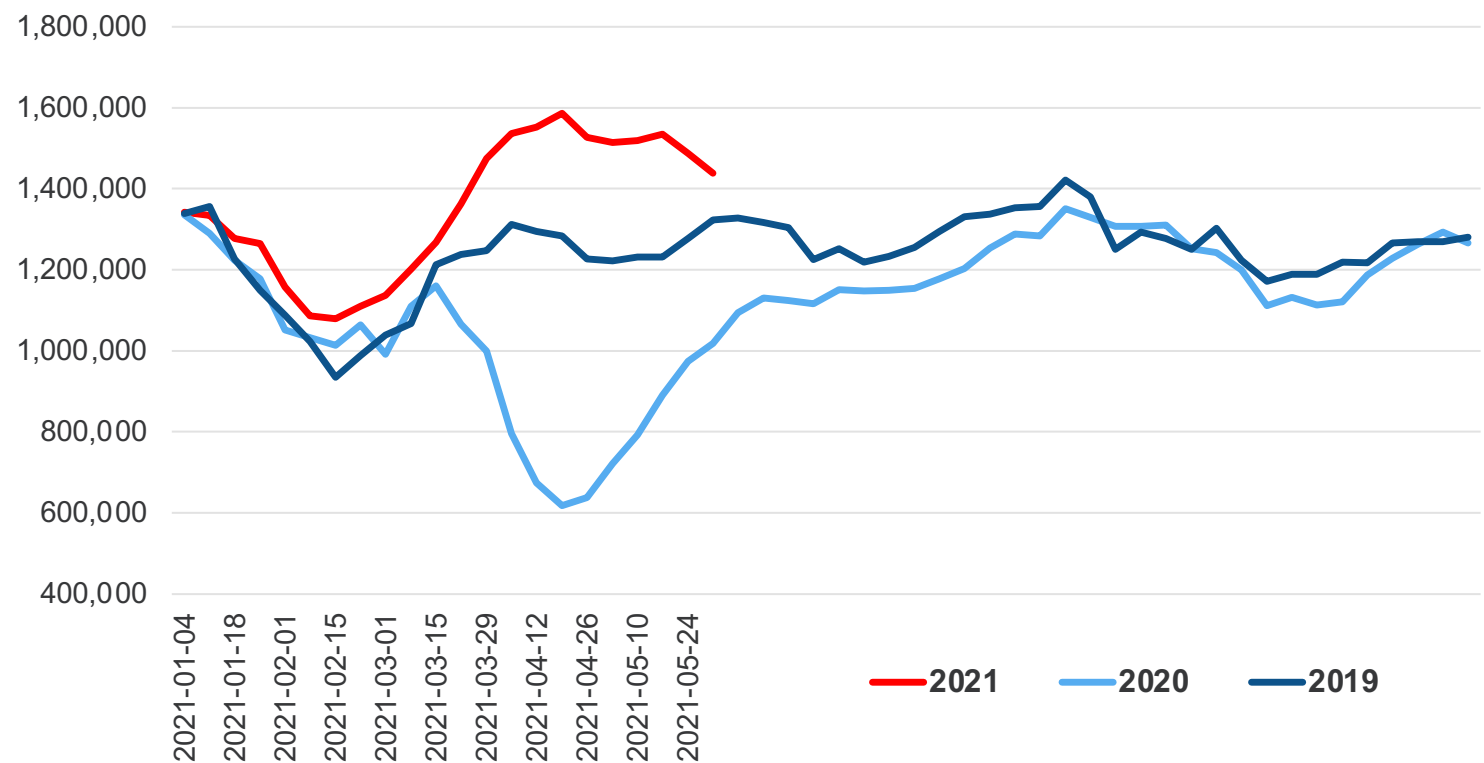


Jan-May	Pass Car	Lt Trucks	Total	Car Share	SAAR
YTD2019	2.05m	4.84m	6.89m	29.8%	16.9
YTD2020	1.33m	3.98m	5.31m	25.0%	13.2
YTD2021	1.61m	5.40m	7.01m	23.0%	17.3
'21 v '19	-21.4%	11.5%	1.7%		2.1%
'21 v '20	21.3%	35.6%	32.0%		31.2%
19-Jun	0.44m	1.07m	1.51m	29.1%	17.2
20-Jun	0.25m	0.85m	1.10m	22.8%	13.0
21-Jun	0.33m	1.05m	1.38m	24.0%	16.4
'21 v '19	-25.0%	-1.4%	-8.3%		-4.7%
'21 v '20	31.4%	24.1%	25.8%		26.2%

LIGHT VEHICLE OUTLOOK: Supply Constrains Sales In H2

16.4 million pace expected for June – and slower pace in H2 likely

30 Day Retail Sales weekly



	SAAR In Millions	Volume in Millions
Q2-2019	17.0	4.4
Q2-2020	11.3	2.9
Q1-2021	16.9	3.9
Q2-2021	17.4	4.5
vs Q2-2019	2.4%	1.7%
vs Q2-2020	54.0%	53.2%
vs Q1-2021	3.0%	15.3%
H2-2019	17.0	8.6
H2-2020	15.7	8.1
H1-2021	17.1	8.4
2021 FINAL RANGE		
If H2 like 2019 =		17.0
If H2 like 2020 =		16.5
If H2 like 90% of 2019 =		16.1

VEHICLE MARKET FORECAST: Supply Constrains Sales In H2

Strong retail, improving fleet take market to a forecast 16.5 million sales in 2021

<i>In millions</i>	<u>2019</u>	<u>2020</u>	<u>Volume Change</u>	<u>2021</u>	<u>Volume Change</u>
New Total	17.0	14.5	-14.7%	16.5	13.8%
Fleet	3.3	2.0	-37.6%	2.5	22.1%
Retail	13.7	12.4	-9.2%	14.0	12.7%
<i>Retail Lease Share</i>	29.9%	26.8%	-18.4%	28.0%	17.8%
Used Total	40.0	37.3	-7.2%	39.3	5.9%
Total Vehicles Sold	57.0	51.6	-9.5%	55.8	7.8%
Franchise Retail	23.9	22.0	-7.9%	24.3	10.0%
Used Share	42.8%	43.6%		42.4%	

OEM SALES FORECASTS: Toyota, Hyundai Recovery Winners – So Far

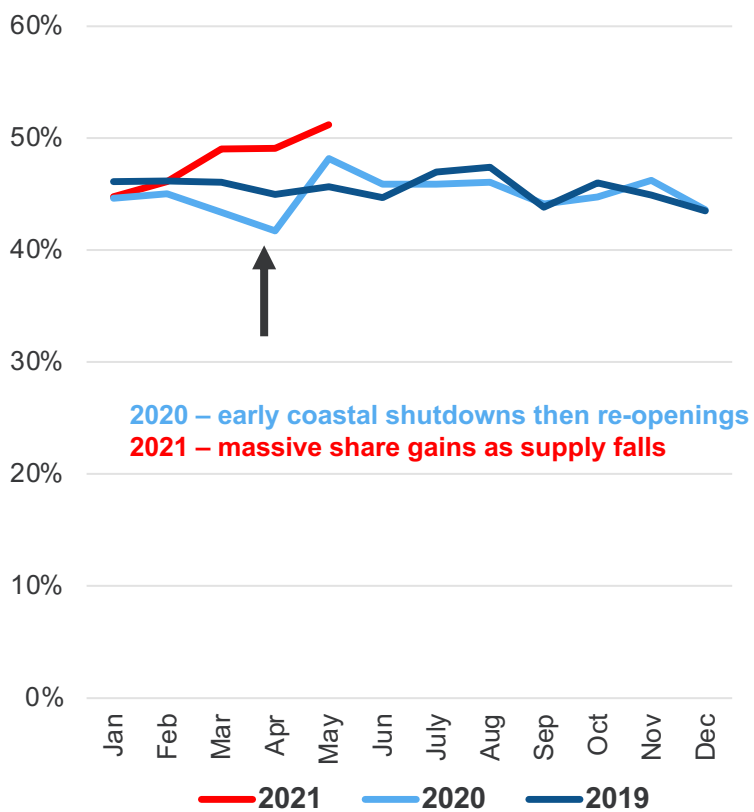
Detroit 3 losing market share as chip shortage lingers and exit from car segments haunts sales

	Q2 2019	Q2 2020	Q2 2021	v 2019	v 2020		H1 2019	H1 2020	H1 2021	v 2019	v 2020		H1Share 2019	H1Share 2020	H1Share 2021	v 2019	v 2020
Toyota	608,392	398,029	698,838	14.9%	75.6%		1,152,108	893,776	1,301,904	13.0%	45.7%		13.7%	13.8%	15.5%	1.8%	1.6%
Hyundai	359,413	270,699	471,769	31.3%	74.3%		648,111	543,474	806,671	24.5%	48.4%		7.7%	8.4%	9.6%	1.9%	1.2%
Honda	407,208	293,502	483,758	18.8%	64.8%		776,995	592,286	830,849	6.9%	40.3%		9.2%	9.2%	9.9%	0.6%	0.7%
Volkswagen	167,294	116,968	208,896	24.9%	78.6%		316,305	245,404	371,965	17.6%	51.6%		3.8%	3.8%	4.4%	0.7%	0.6%
Telsa	53,975	25,500	65,880	22.1%	158.4%		83,875	81,700	135,180	61.2%	65.5%		1.0%	1.3%	1.6%	0.6%	0.3%
BMW	91,230	56,245	103,278	13.2%	83.6%		174,023	120,937	180,996	4.0%	49.7%		2.1%	1.9%	2.1%	0.1%	0.3%
Mazda	67,722	61,199	106,396	57.1%	73.9%		138,555	128,869	189,654	36.9%	47.2%		1.6%	2.0%	2.3%	0.6%	0.3%
Nissan/Mits	380,215	189,525	327,280	-13.9%	72.7%		788,136	482,694	641,064	-18.7%	32.8%		9.3%	7.5%	7.6%	-1.7%	0.1%
Volvo	28,062	23,770	35,207	25.5%	48.1%		50,120	43,255	62,446	24.6%	44.4%		0.6%	0.7%	0.7%	0.1%	0.1%
Tata	27,155	18,850	25,849	-4.8%	37.1%		62,405	44,279	53,799	-13.8%	21.5%		0.7%	0.7%	0.6%	-0.1%	0.0%
Subaru	182,772	136,523	171,192	-6.3%	25.4%		339,526	267,114	331,618	-2.3%	24.1%		4.0%	4.1%	3.9%	-0.1%	-0.2%
Daimler	84,774	70,221	78,231	-7.7%	11.4%		163,421	145,487	168,146	2.9%	15.6%		1.9%	2.3%	2.0%	0.1%	-0.3%
Stellantis	597,685	367,086	504,683	-15.6%	37.5%		1,096,040	813,854	974,334	-11.1%	19.7%		13.0%	12.6%	11.6%	-1.4%	-1.0%
GM	744,316	489,264	700,978	-5.8%	43.3%		1,409,321	1,105,696	1,340,384	-4.9%	21.2%		16.7%	17.1%	15.9%	-0.8%	-1.2%
Ford	644,498	432,317	519,007	-19.5%	20.1%		1,231,454	946,931	1,036,718	-15.8%	9.5%		14.6%	14.7%	12.3%	-2.3%	-2.4%
Nation	4,444,711	2,949,698	4,501,243	1.3%	52.6%		8,430,395	6,455,756	8,425,729	-0.1%	30.5%		100.0%	100.0%	100.0%	0.0%	0.0%

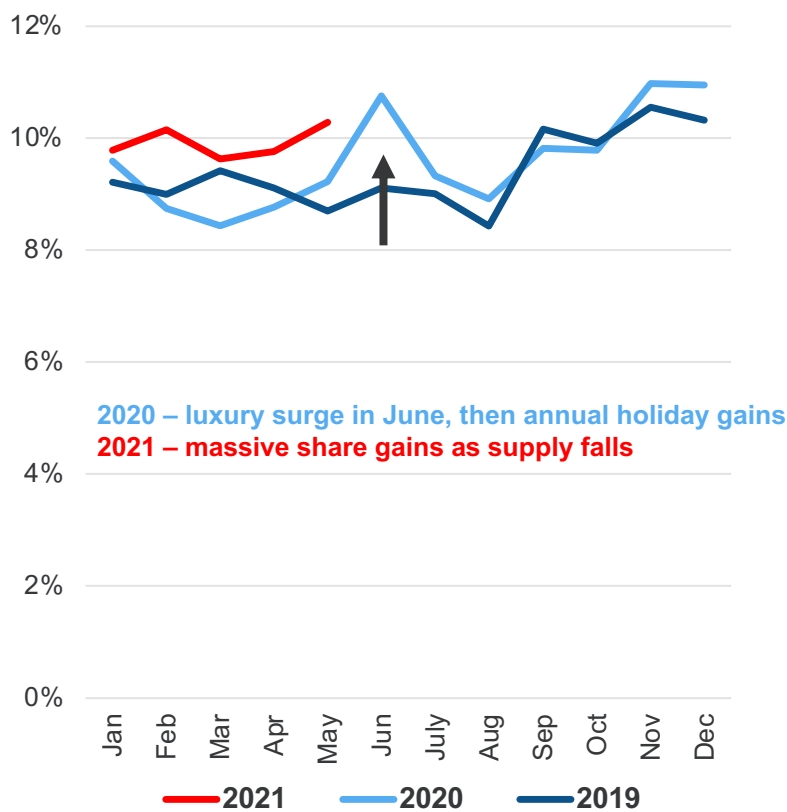
MARKET SHARE COMPARISON: COVID-19 Impact “Stories” Revealed

Supply impact on sales not equal - Asian and European brands elevated since January - Detroit 3 not

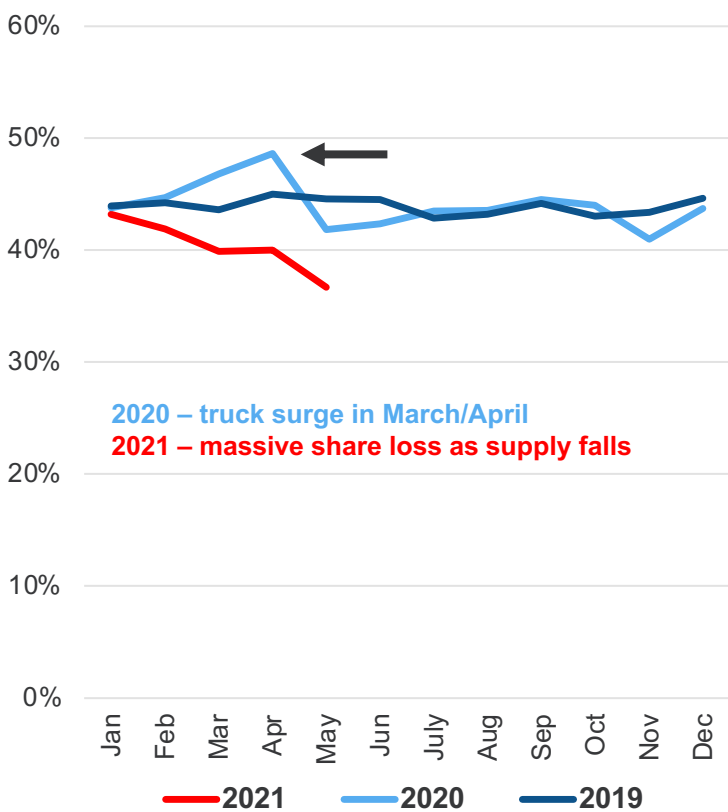
Asian Brands



European Brands

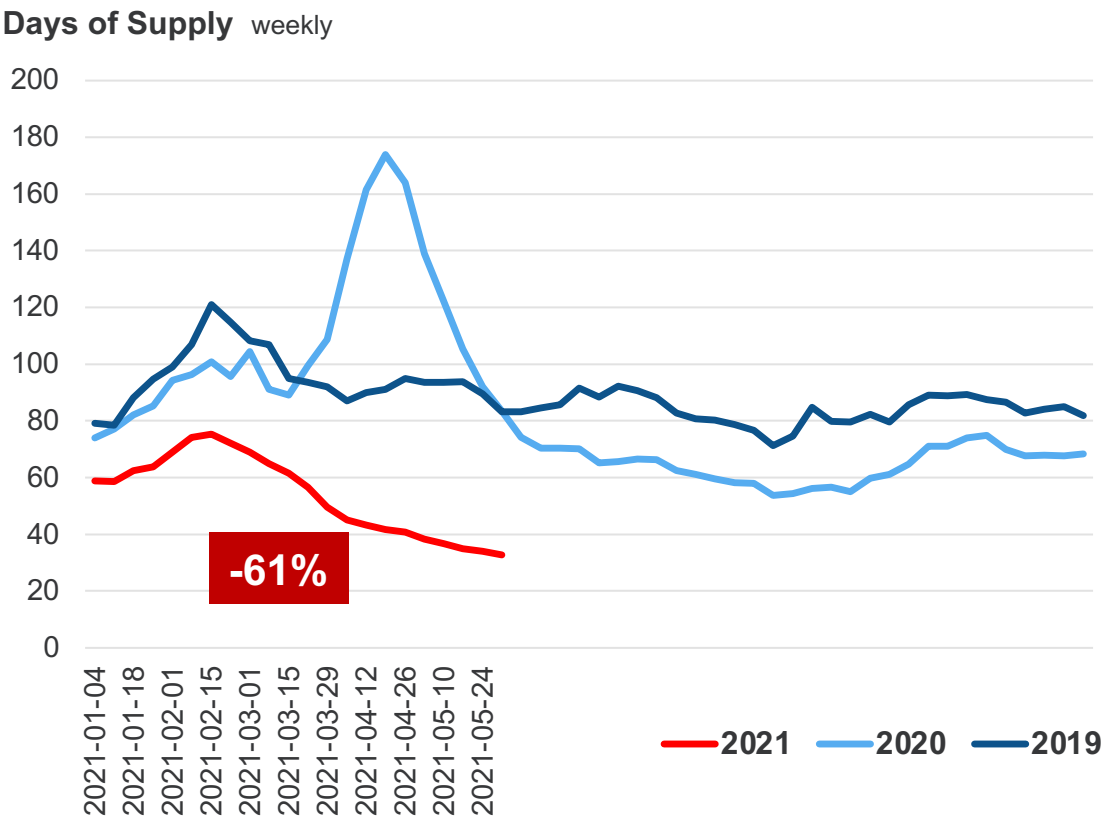
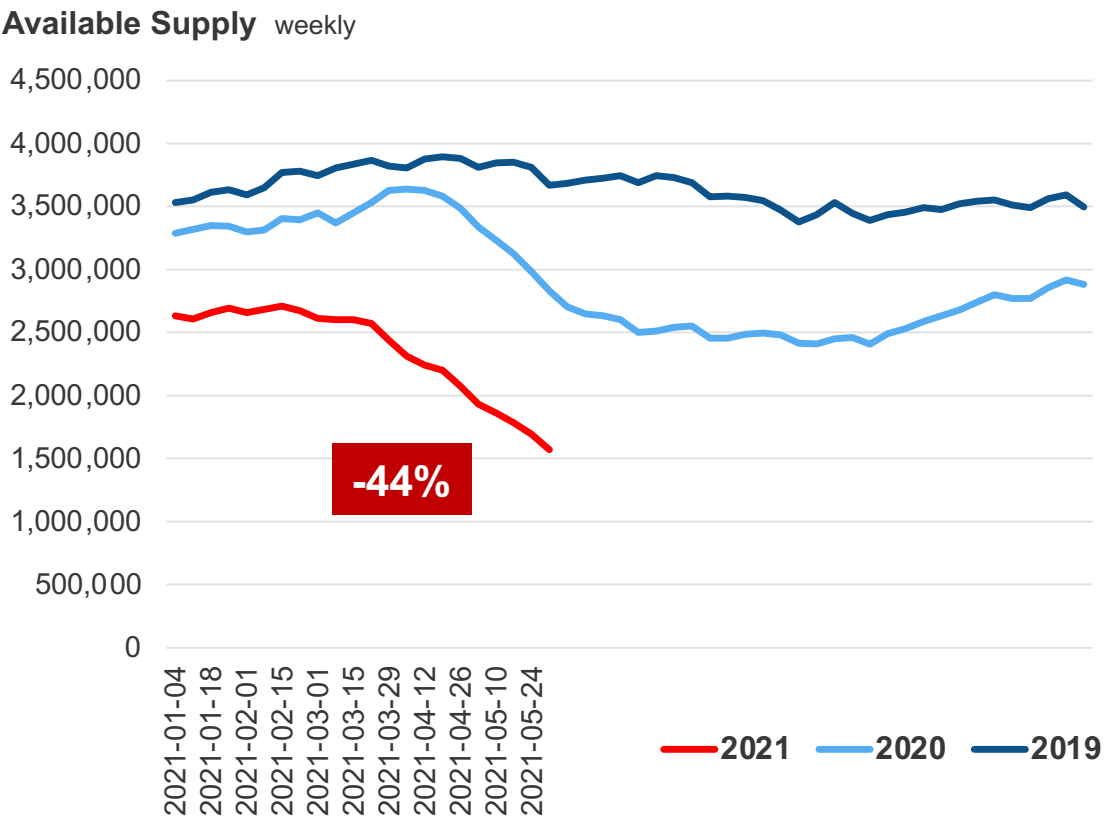


Detroit 3 Brands



NEW-VEHICLE INVENTORY: Days Of Supply Still Tightening

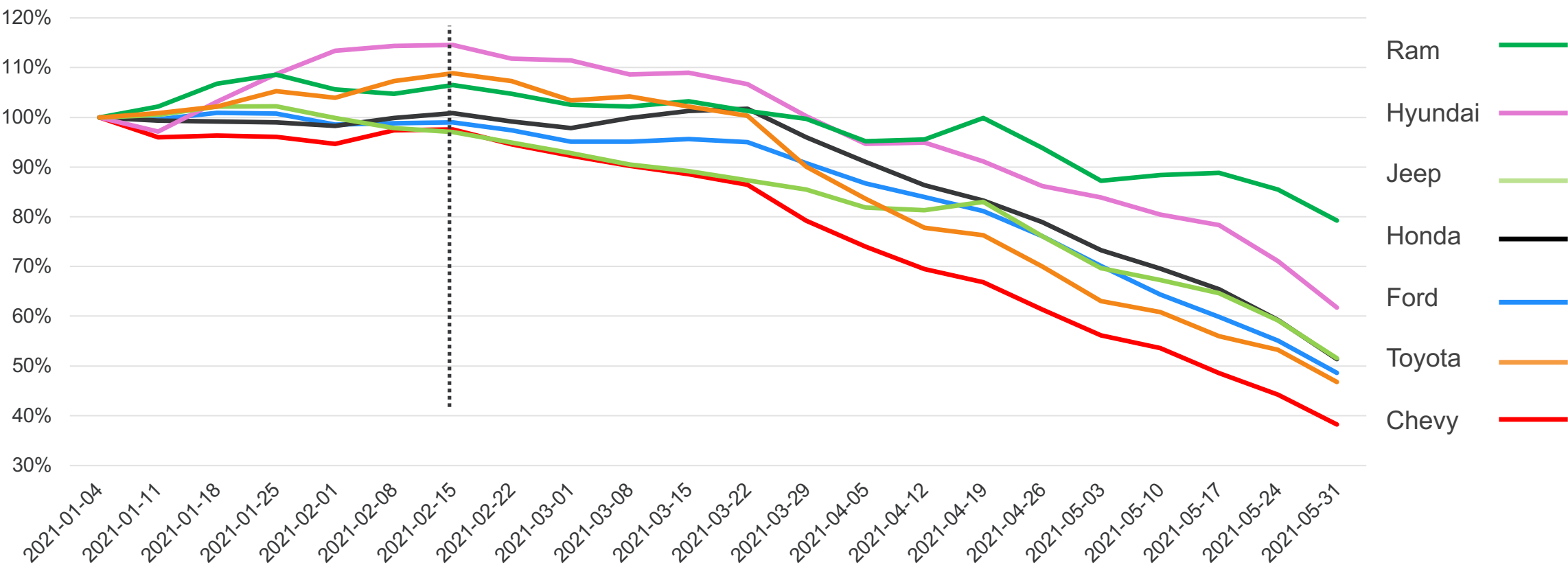
Supply situation worsening – today 1.3 million fewer vehicles on dealer lots than 2020, and over 2 million lower than 2019



AVAILABLE SUPPLY BY WEEK: Crisis Accelerated In February, Impact Varied

Chevrolet has less than 40% of what it started 2021 with – Ram in much better situation

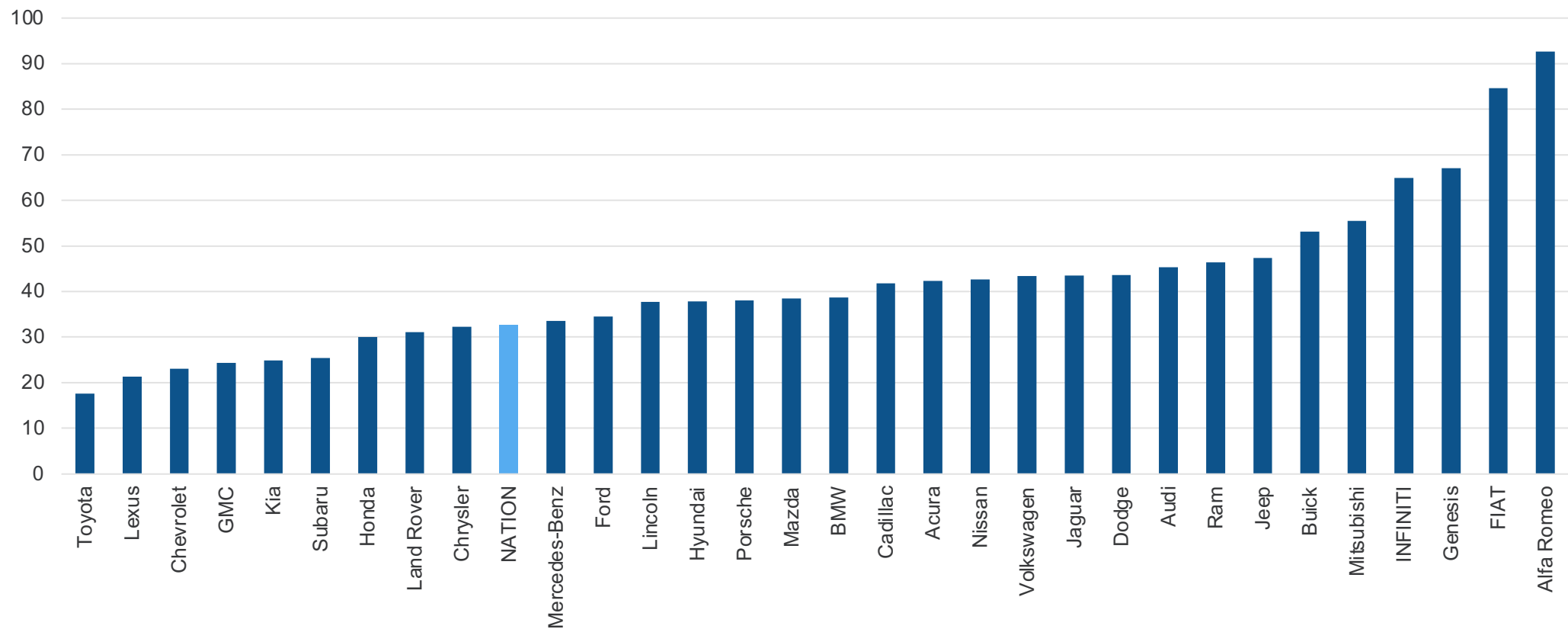
Available Supply – indexed to Jan 4, 2021



BRAND INVENTORY: Supply Situation Varies Significantly

Toyota, Chevrolet and some imported luxury brands have extremely tight inventories

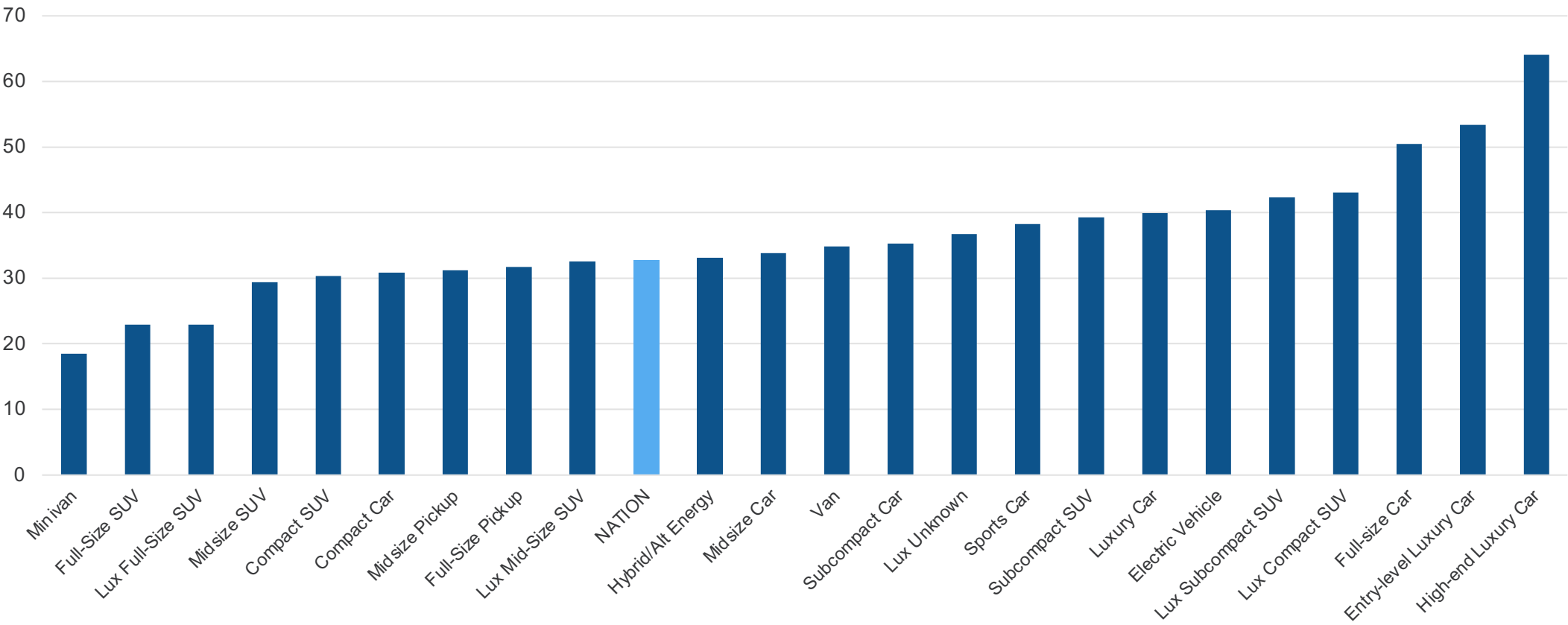
Days Of Supply



SEGMENT INVENTORY: Large SUVs, Minivans Tight, Cars Much Less So

Relatively inexpensive segments and alternatives have more supply

Days Of Supply

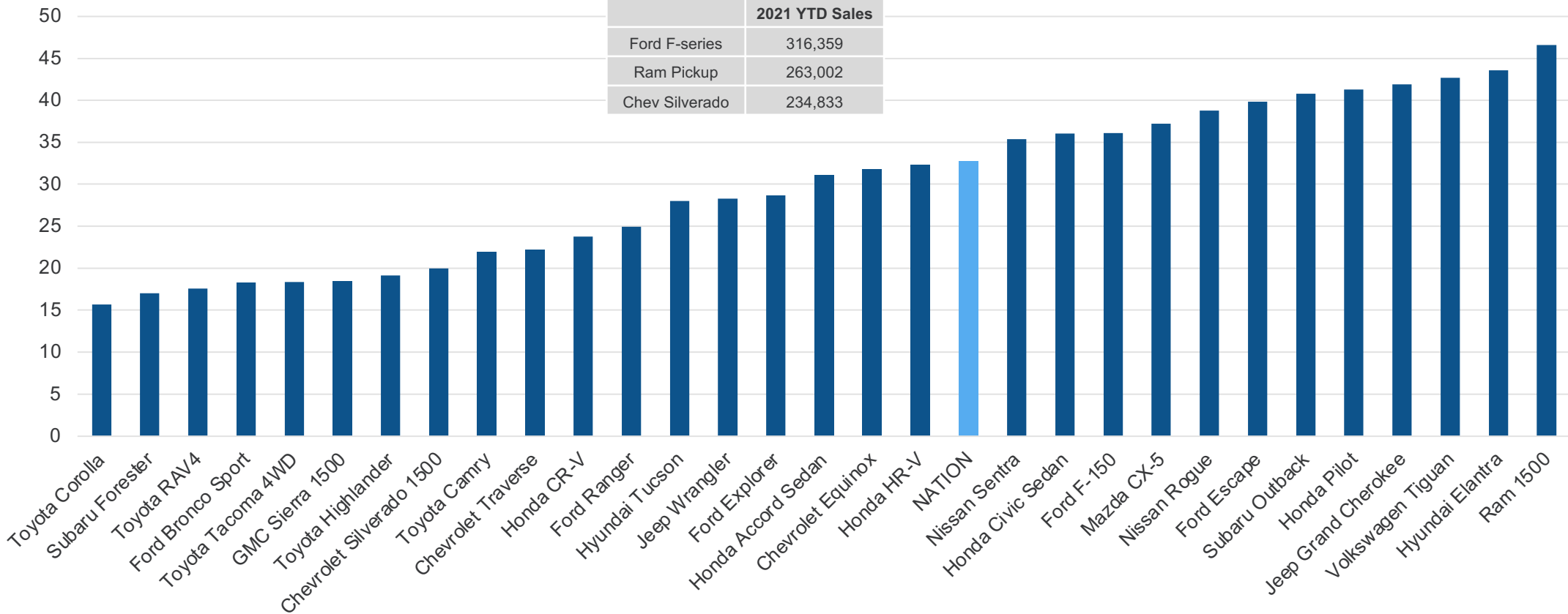


TOP 30 NAMEPLATE INVENTORY: Many Big Sellers Hard To Find

Toyota having strong year with limited supply – SHOULD start to feel impact this month; F-Series sales streak at risk?

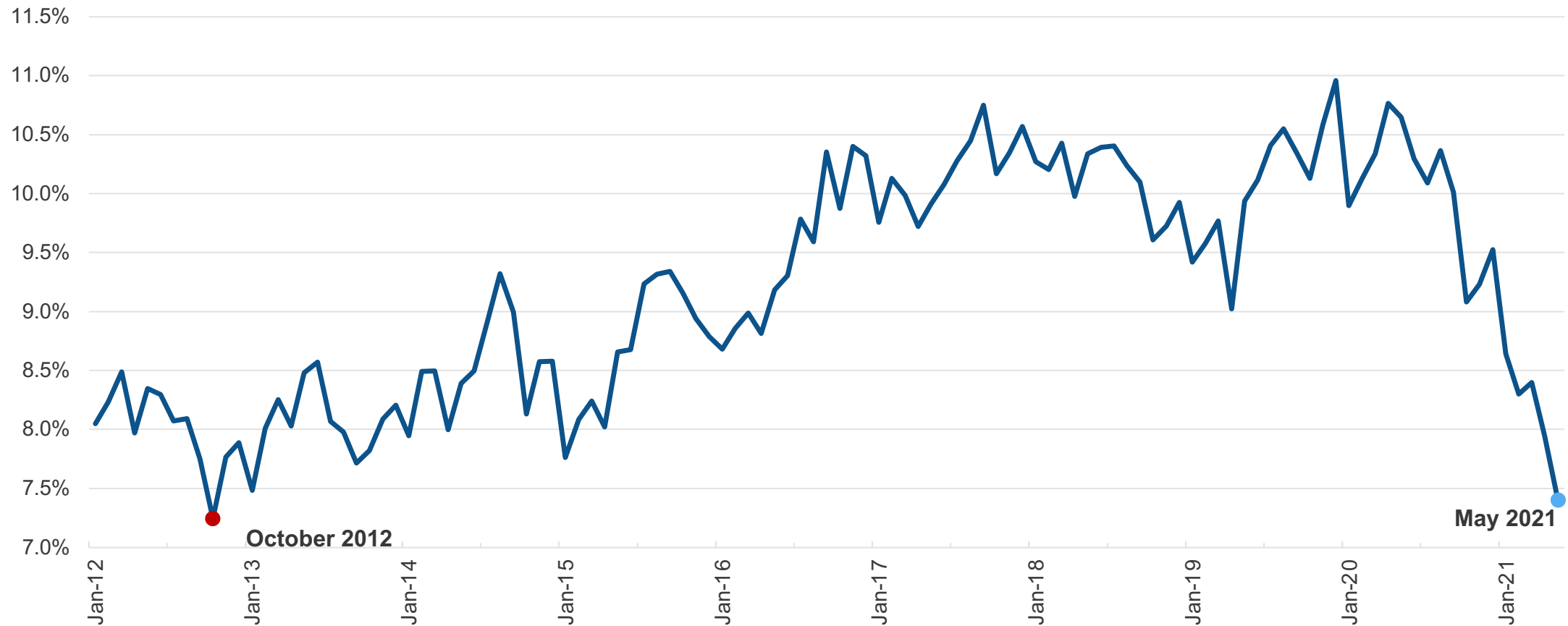
Days Of Supply

A Real Race For #1:	
	2021 YTD Sales
Ford F-series	316,359
Ram Pickup	263,002
Chev Silverado	234,833



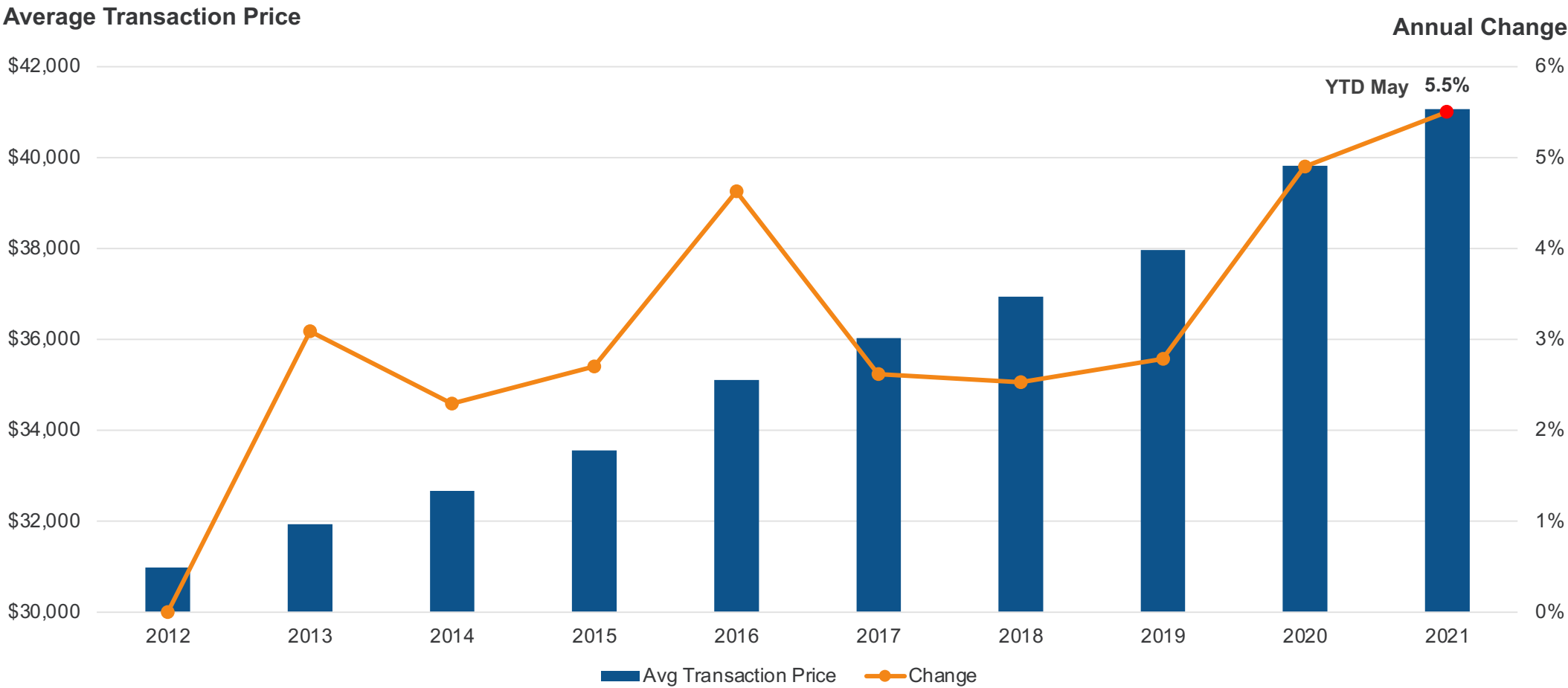
INCENTIVES: Tight Inventory Isn't All Bad – If You Are A Dealer or Manufacturer

Incentives as a % of average transaction price fell to a 9-year low in May – lowest since October 2012



PRICING AND INFLATION: Elevated And Going Higher

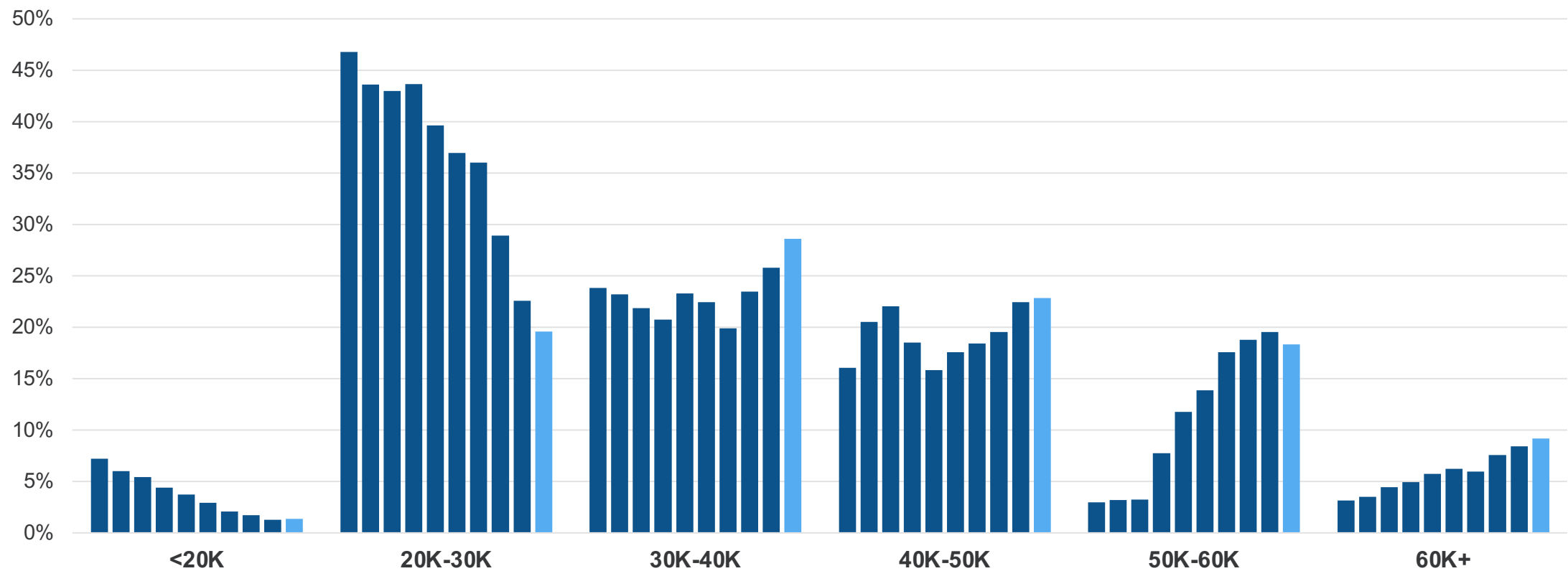
YTD 2021 transaction price above \$41,000 – up 5.5% over first five months of 2020



VEHICLE PRICING: Pandemic Accelerated Shift To More Expensive Products

YTD 2021, 21% nameplates sold were priced below \$30,000, down from 54% in 2012 and down 24% from just last year

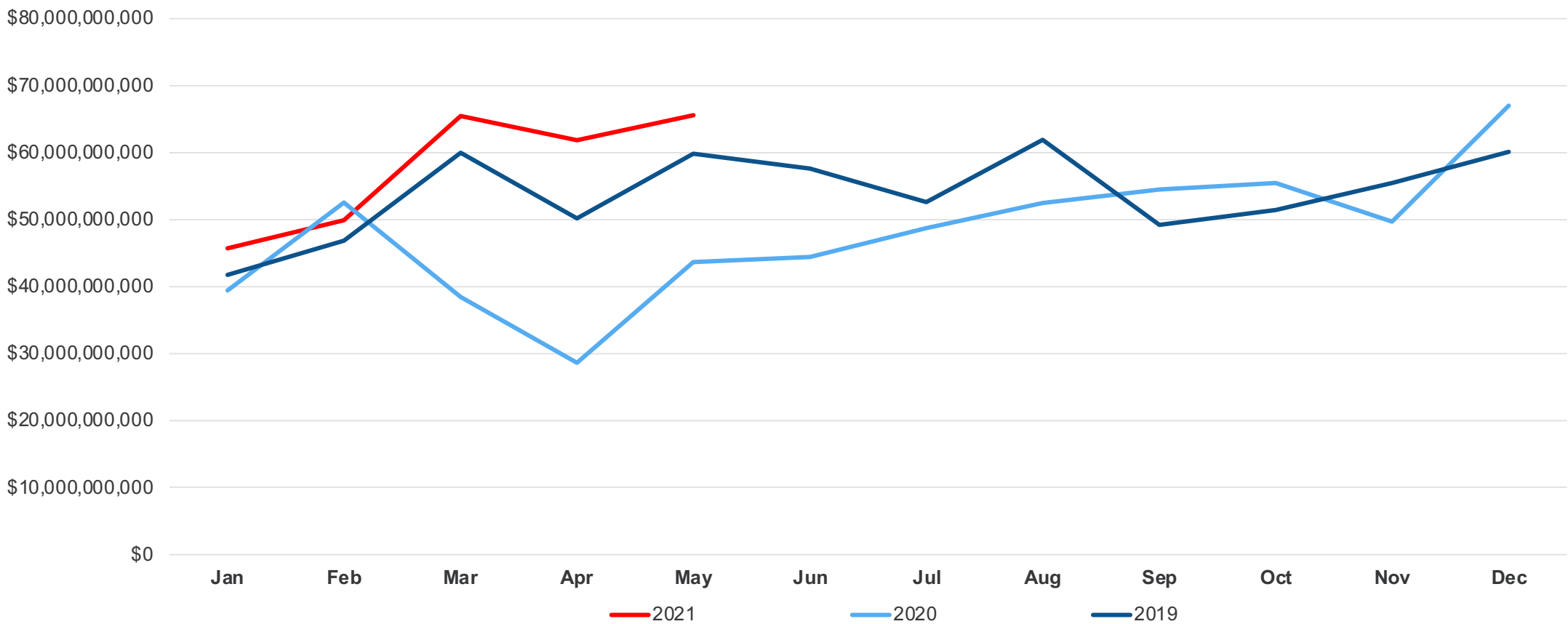
Share of Market by MSRP Price Range 2012 – 2021



REVENUE: High Demand And High Prices Equal \$60+ Billion Monthly Market

YTD revenue ahead of last year by 39%, and 2019 by 12%

Estimated Monthly Transaction Revenue



THE CONSUMER, AUTO MARKET SNAPSHOT AND PLAYLIST

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JONATHAN SMOKE

CHIEF ECONOMIST AND RESIDENT DJ



@smokeoncars

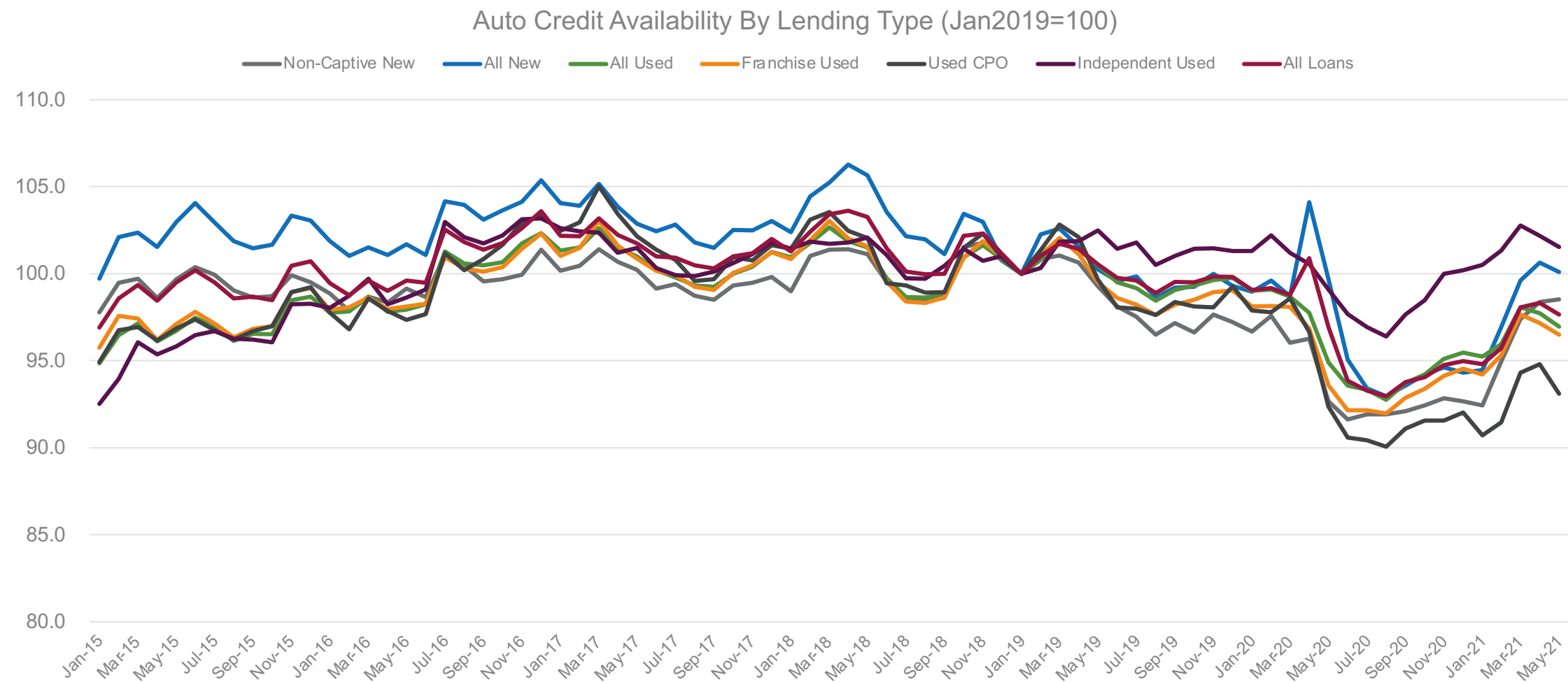
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VEHICLE AFFORDABILITY INDEX: Back to Concerning Levels

Weeks of Income Needed to Purchase a New Light Vehicle

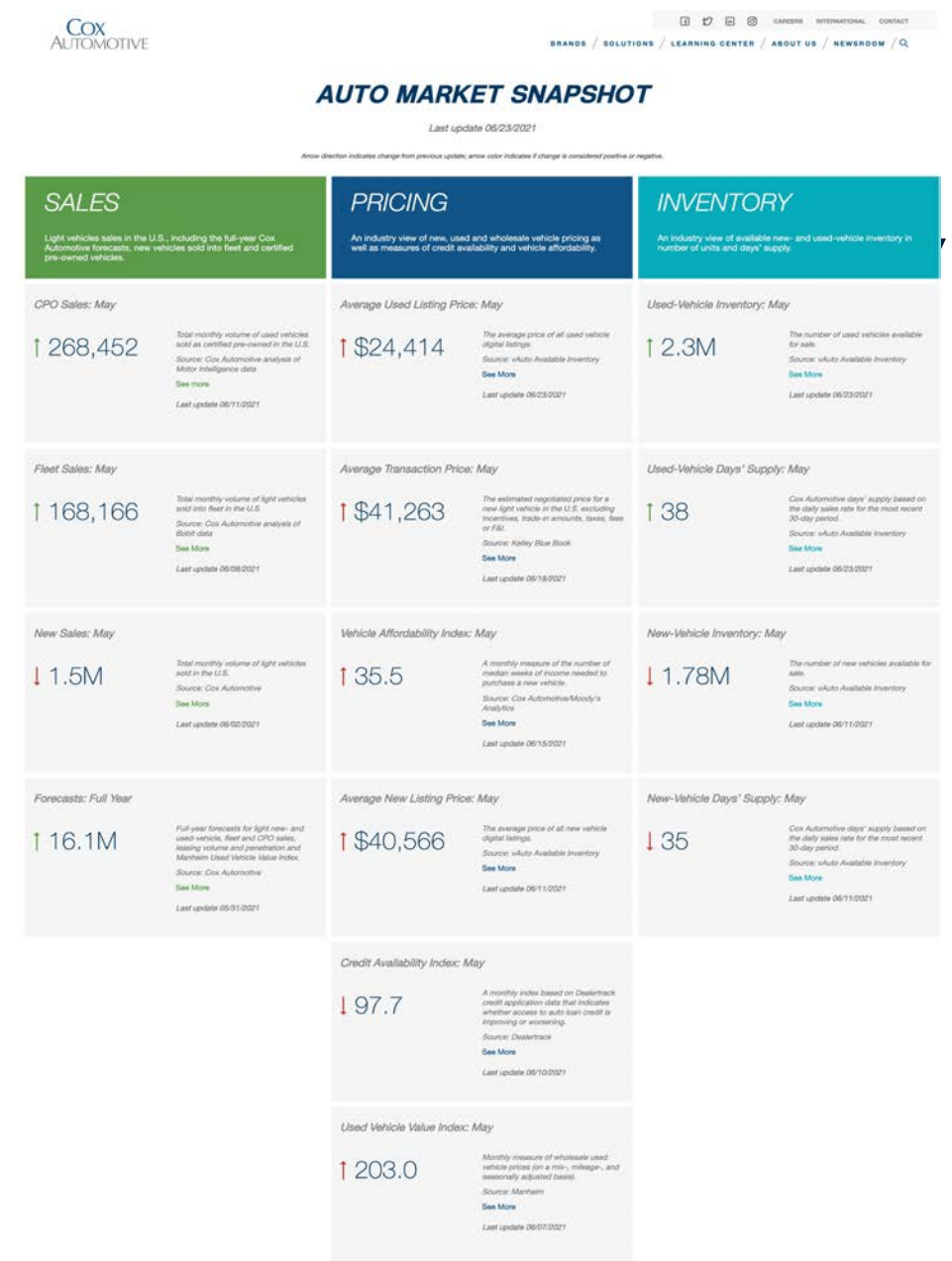


CREDIT AVAILABILITY INDEX: Favorable to Demand This Spring



AUTO MARKET SNAPSHOT: Live Today!

- New live-market view of key industry metrics tracked by Cox Automotive Industry Insights team
- Updates aligned to posts in Cox Automotive Newsroom
- Refreshed throughout the month
- Visit: www.coxautoinc.com/marketsnapshot



PLAYLIST: Sizzling Summer Soundtrack



**Going Up the Country
by Canned Heat**

U.S. Economy



**You Can't Always Get
What You Want
by The Rolling Stones**

Vehicle Inventory



**The Best of Times
by Styx**

Dealer Sentiment



**Don't Bring Me Down
by Electric Light
Orchestra**

Vehicle Demand

Q&A

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THANK YOU!

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