

WELCOME!

January 13, 2022

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AGENDA

Time Check: 75 Minutes

Intro & Cox Automotive

Mark Schirmer, Director, Public Relations

The Economy

Jonathan Smoke, Chief Economist

Market Performance: New Vehicles

Charlie Chesbrough, Senior Economist

Market Performance: Used Vehicles

Kayla Reynolds, Economic and Industry Insights Manager

2022 Outlook & Playlist

Jonathan Smoke, Chief Economist and Resident DJ

Q&A

Speakers joined by 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

 SPIER'S
NEW TECHNOLOGIES
COX AUTOMOTIVE / MOBILITY

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

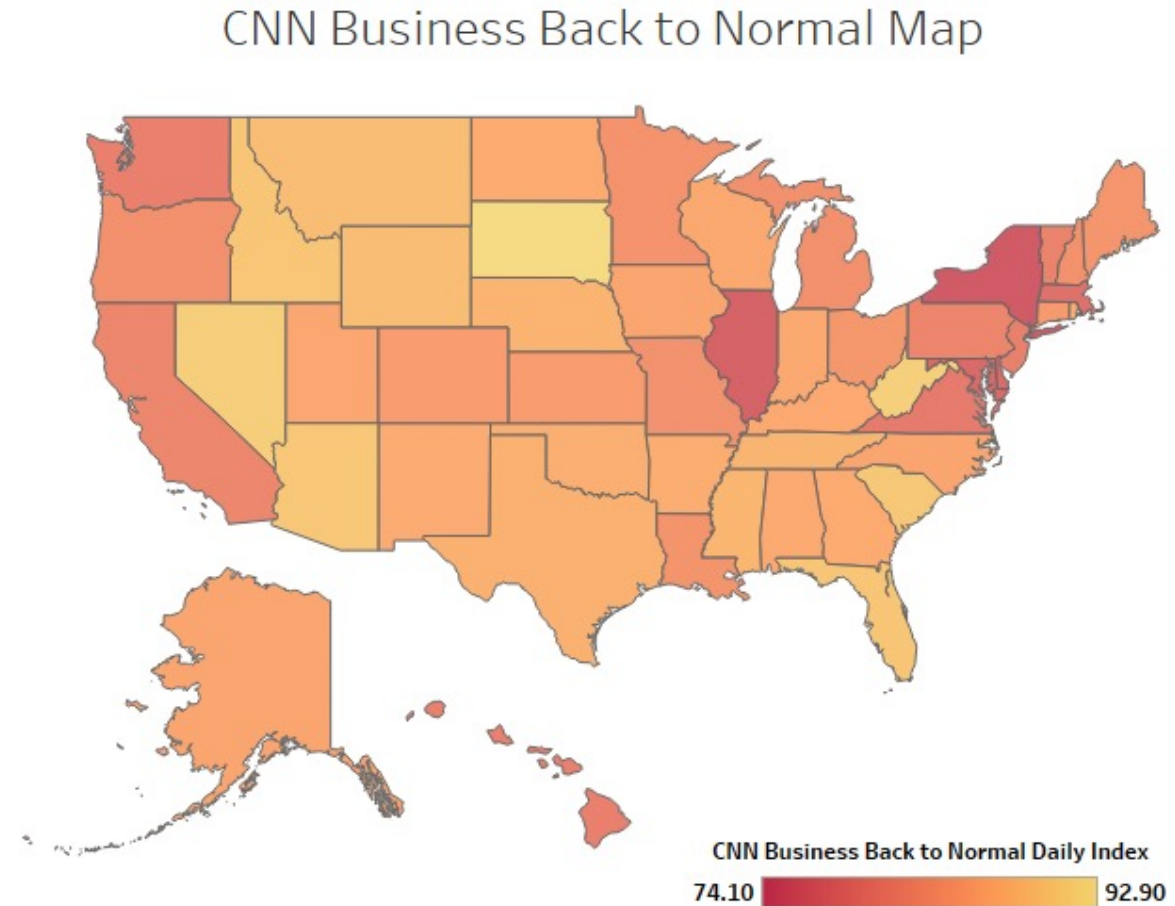
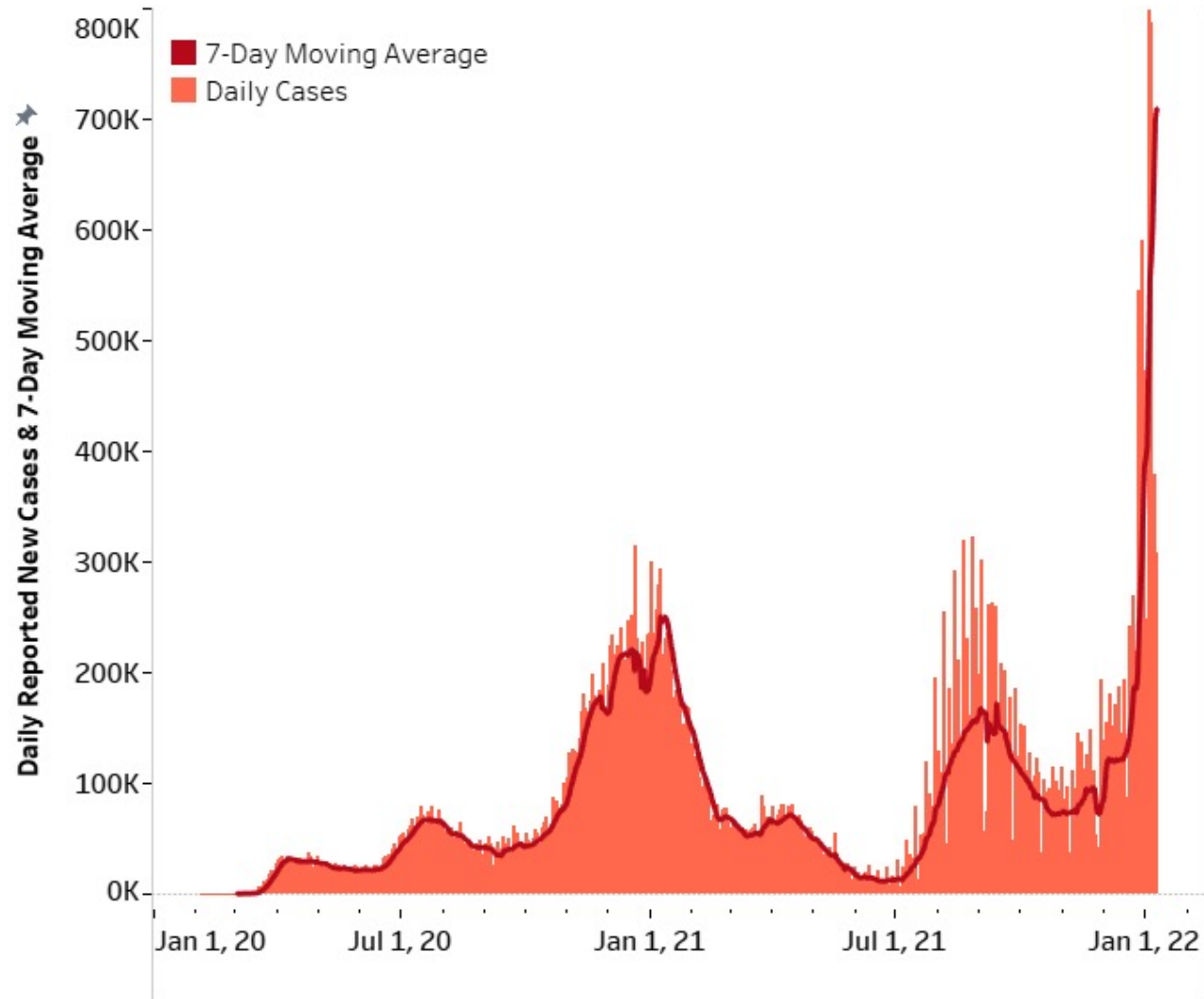
CHIEF ECONOMIST



@smokeoncars

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THE ECONOMY: Growth Strong and Most Factors Green

Overall Economy

Real GDP Growth

+6.7%
(Q2 '21)

+2.3%
(Q3 '21)

+6.7%
(Q4 '21 F)



Employment Conditions

U3 Unemployment Rate

6.7%
(Dec '20)

4.2%
(Nov '21)

3.9%
(Dec '21)



Buyer Confidence

UofM Consumer Sentiment

80.7
(Dec '20)

70.6
(Dec '21)



Wages

Earnings Growth

5.5%
(Dec '20)

4.7%
(Dec '21)



Buyer Ability





Disposable Income Y/Y

4.4%
(Nov '20)

5.8%
(Nov '21)

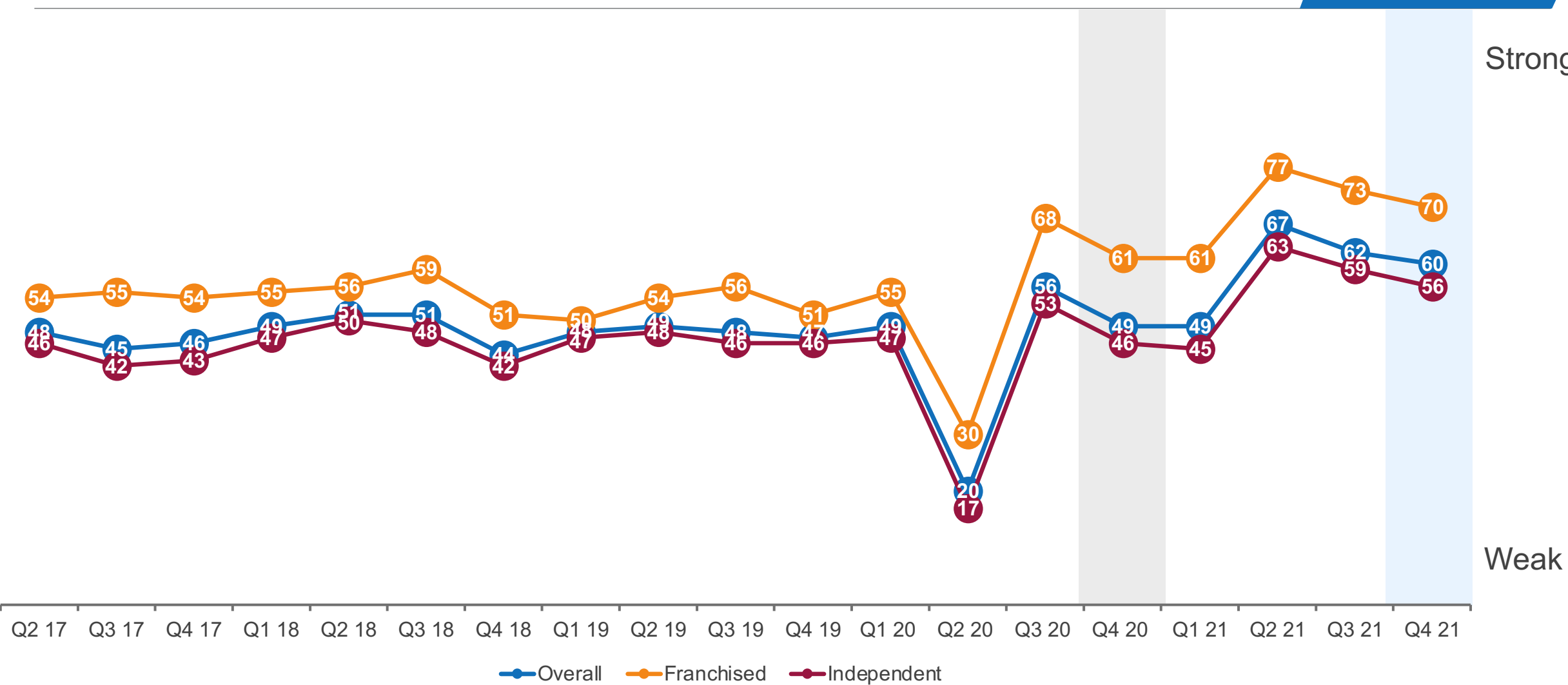


THE ECONOMY: Credit and Rates Have Been Very Favorable

Auto Finance	FRBNY	\$168 billion (Q3 '20)	\$199 billion (Q3 '21)	
Interest Rates	Effective Fed Funds Rate	0.09% (Dec '20)	0.08% (Dec '21)	
Borrowing Costs	Average New Auto Loan Rate	4.29% (Dec '20)	4.11% (Dec '21)	
Mobility Costs	Average Retail Unleaded Gasoline Price	\$2.25 (Dec '20)	\$3.29 (Dec '21)	

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

Dealer Sentiment Index
FOURTH QUARTER 2021

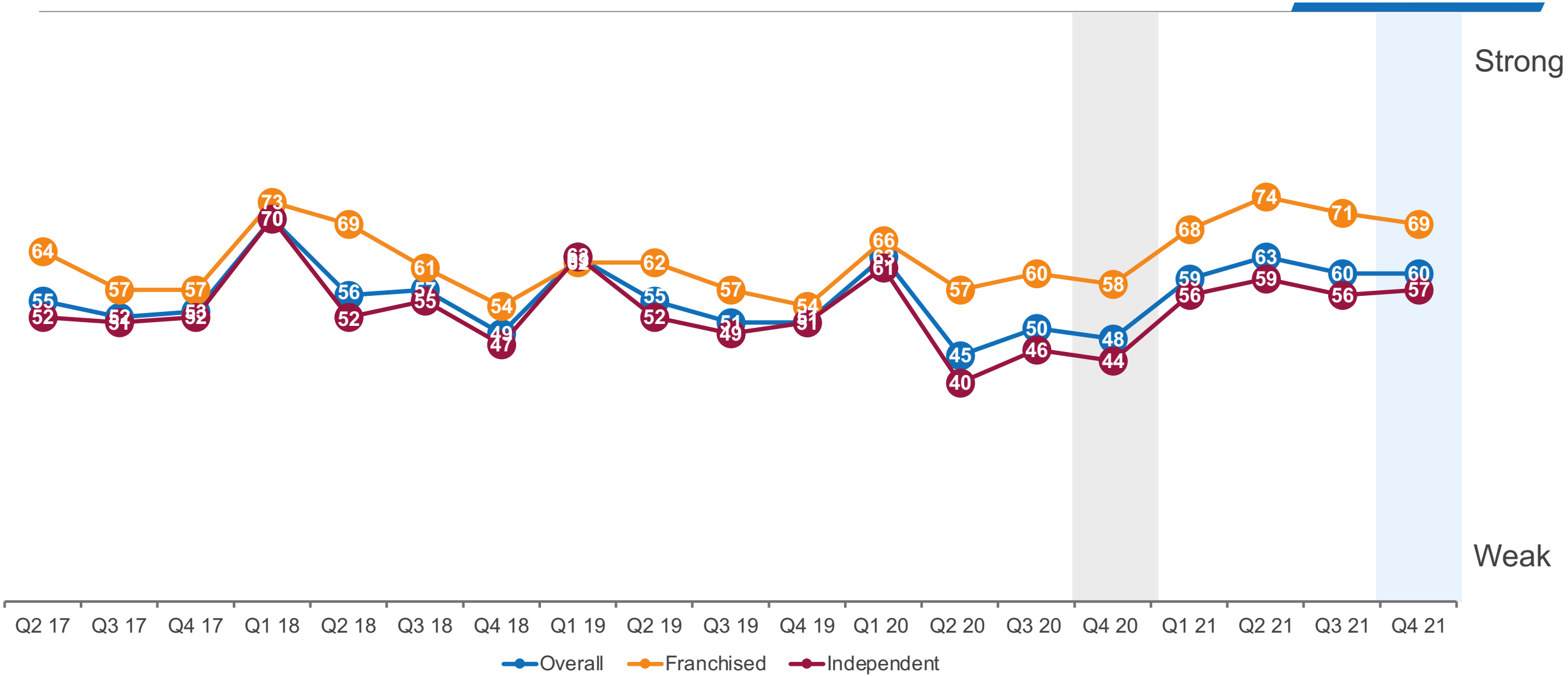


Note: Scale 1 - 100

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

Dealer Sentiment Index

FOURTH QUARTER 2021



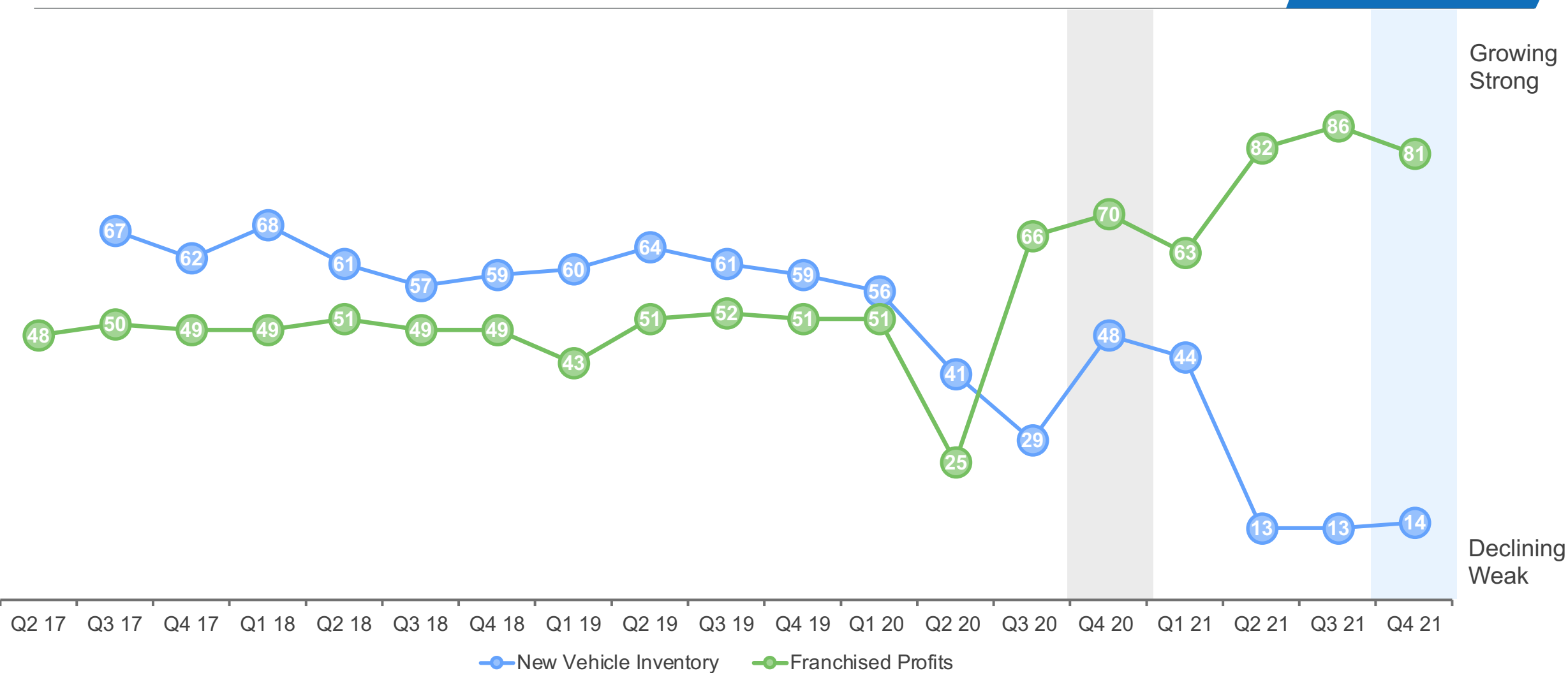
Note: Scale 1 - 100

Inventory/Profits

Q4: How would you describe your profits over the past 3 months?
Q8: How would you describe the current new-vehicle inventory levels?

Dealer Sentiment Index

FOURTH QUARTER 2021



Note: Scale 1 - 100

MARKET PERFORMANCE: NEW VEHICLES

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CHARLIE CHESBROUGH

SENIOR ECONOMIST



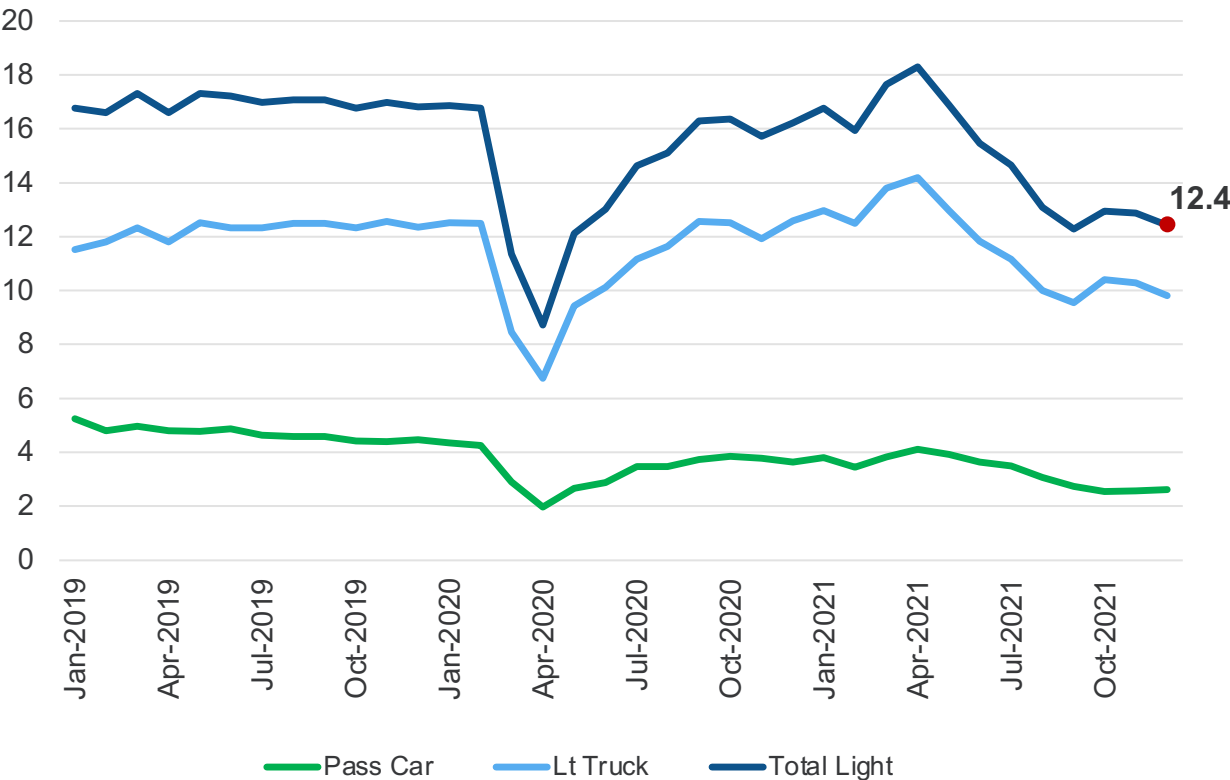
@Charlie_Ches

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DECEMBER SALES: Uptick In Volume Suggest Worst Likely Over

Averaging just over 1 million sales each month since August, but December had relatively large gains for domestic Truck/SUV sales

Monthly Light Vehicle Sales SAAR (millions)

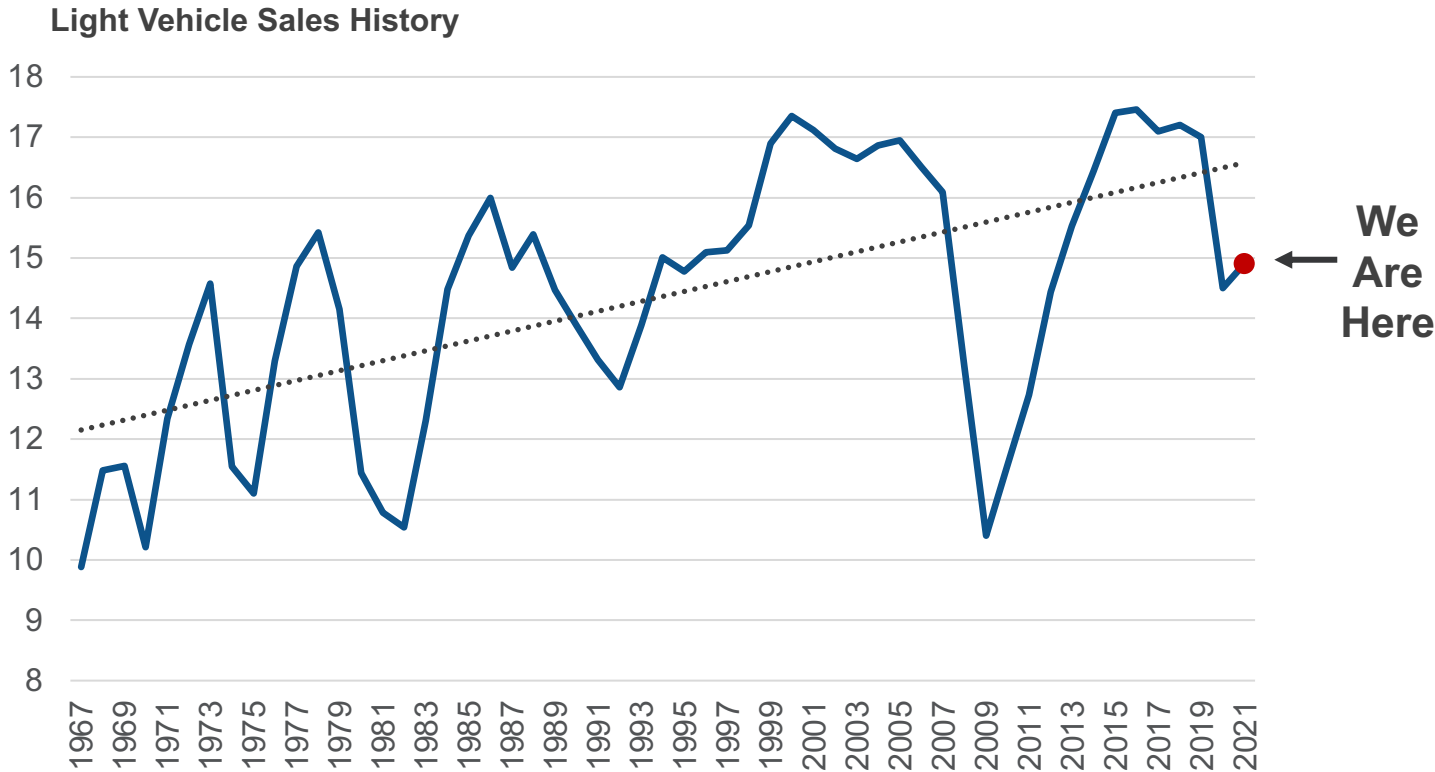


	SAAR In Millions	Volume in Millions
Q4-2019	16.9	4.3
Q4-2020	16.2	4.2
Q3-2021	13.3	3.4
Q4-2021	12.8	3.2
vs Q4-2019	-24.3%	-23.6%
vs Q4-2020	-21.0%	-22.0%
vs Q3-2021	-4.1%	-4.1%
Dec-19	16.9	1.5
Dec-20	16.3	1.6
Nov-21	12.9	1.0
Dec-21	12.4	1.2
vs Dec-19	-26.3%	-21.1%
vs Dec-20	-23.8%	-25.6%
vs Nov-21	-3.6%	19.0%

FINAL 2021 SALES VOLUME: 14.9 Million Finish After A Strong H1 and Weak H2

Market up over 3% from last year, but still 12% below 2019's 17.0 million

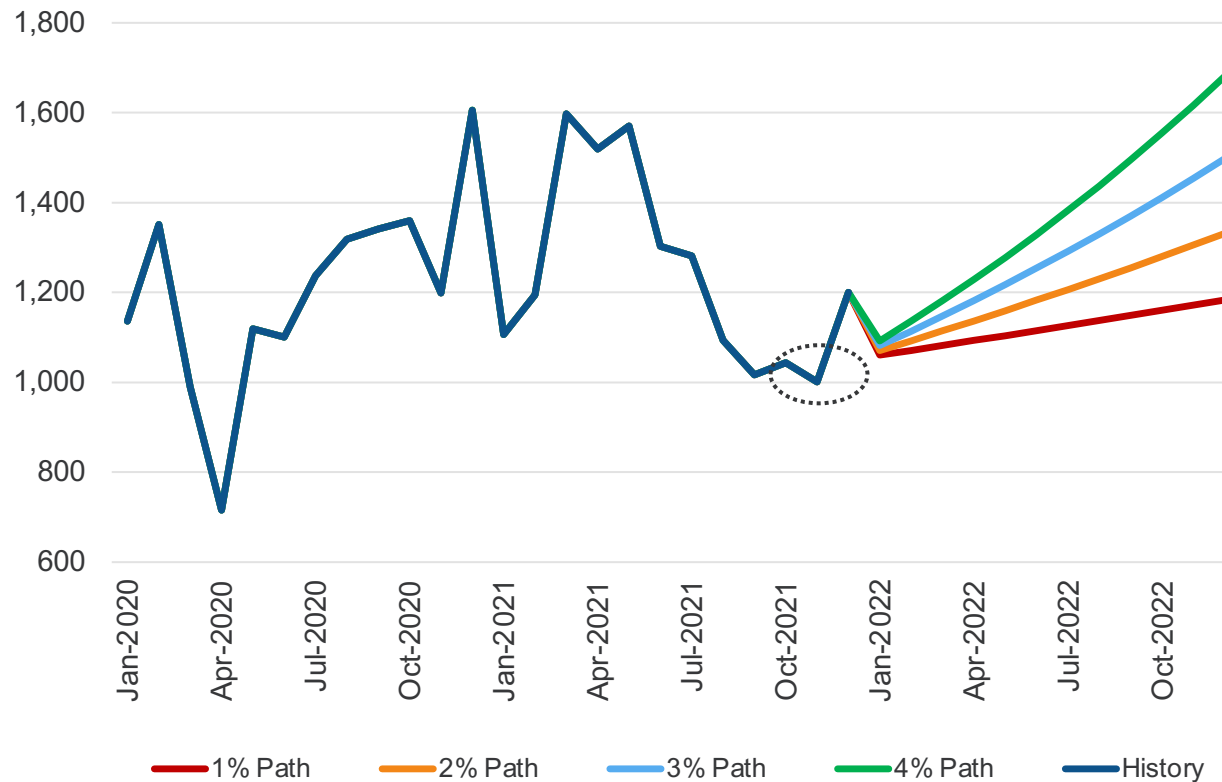
SALES VOLUME (millions)				
	Pass Car	Light Trucks	Total	Car Share
CY2019	4.7	12.2	17.0	27.8%
CY2020	3.4	11.1	14.5	23.5%
CY2021	3.3	11.6	14.9	22.4%
2021 v 2019	-29.2%	-5.3%	-12.0%	-5.5%
2021 v 2020	-1.8%	4.7%	3.1%	-1.1%



MARKET OUTLOOK: Demand Is There If Supply Can Be Too

How quickly the supply chain can recover will drive the market – should ramp up through the year

Monthly New Light Vehicle Sales (thousands)



Supply/Sales grows from current level at:

4% pace = 16.4 million

3% pace = 15.3 million

2% pace = 14.4 million

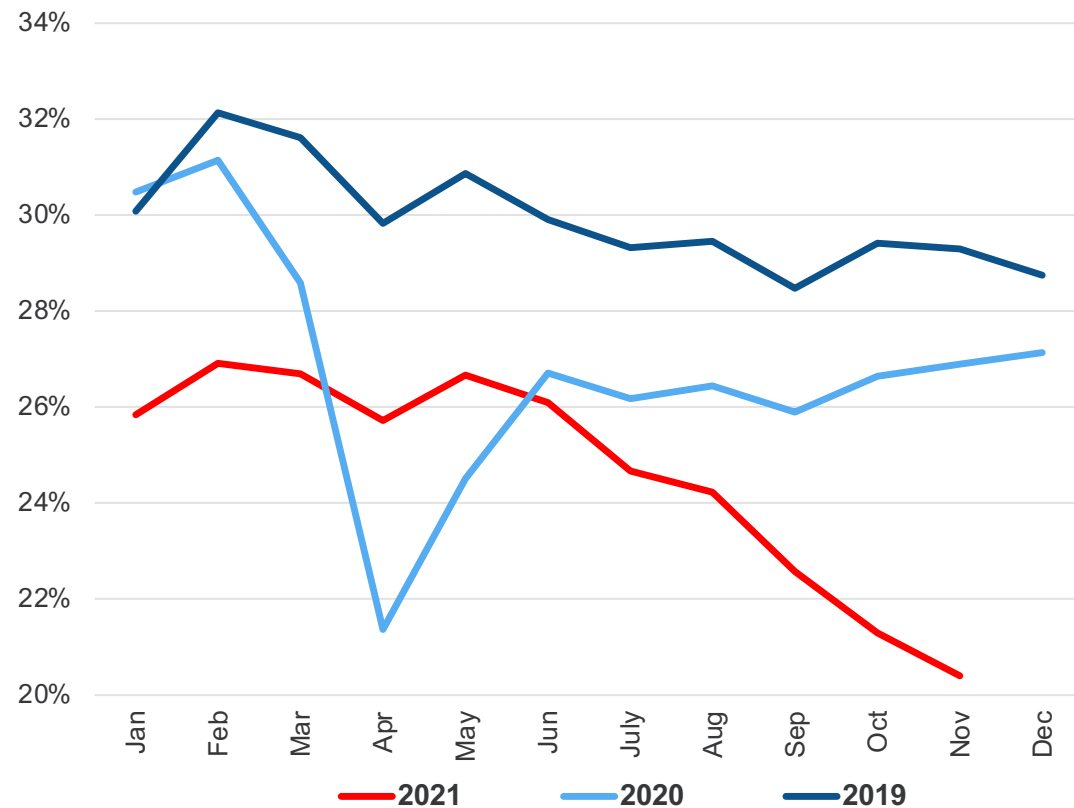
1% pace = 13.5 million

Cox Automotive 2022 Outlook:
16.0 million sales

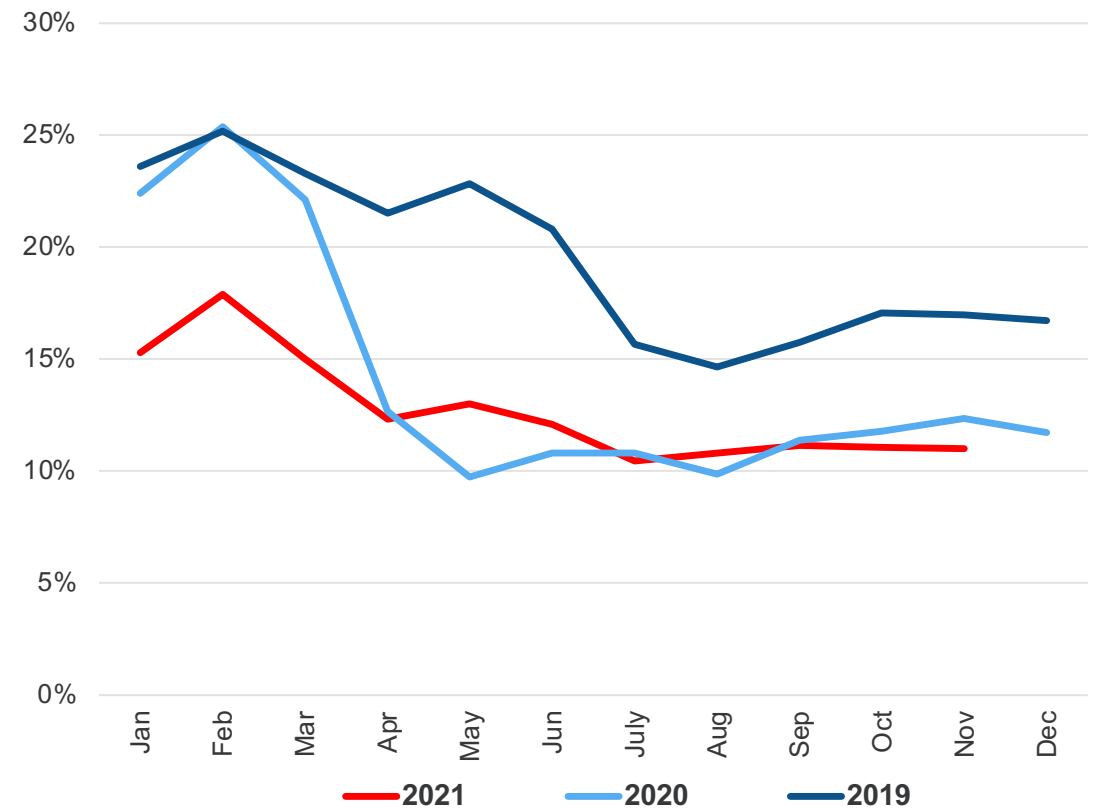
CHANGING CHANNELS: Covid Causing Massive Disruption

Declines in both Lease and Fleet share are low and present opportunities for OEMs – if retail purchasers pull back there are levers to pull

Retail Lease Share of Retail



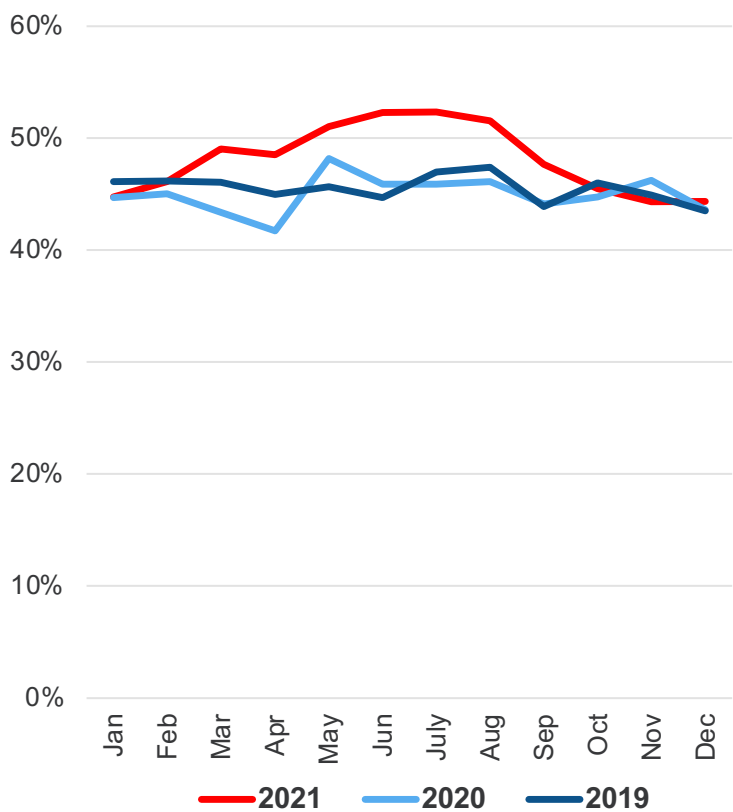
Fleet Share of Total Vehicle Sales



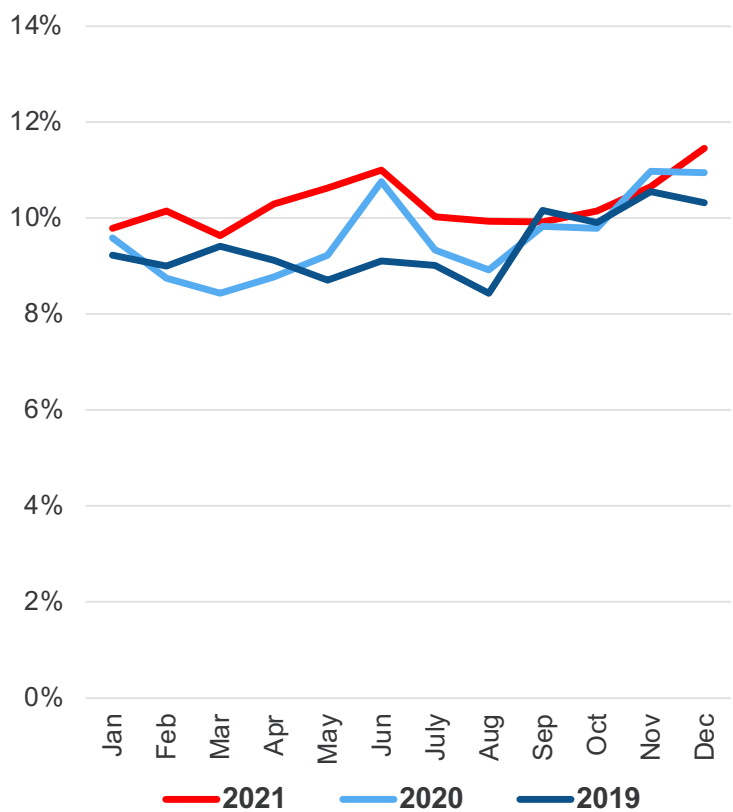
MARKET SHARE: Asian/EU Brands Gained From American Brands – At First

OEMs hit early are now recovering share – 2022 likely to be a volatile year again as pace of stock rebuild will vary

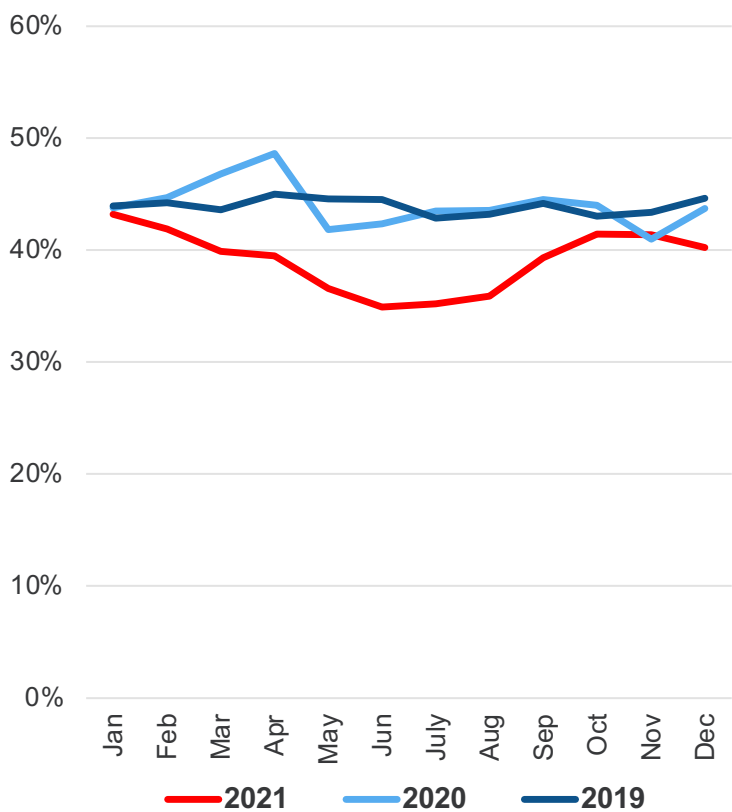
Asian Brands



European Brands



American 3 Brands (no Tesla)



OEM PERFORMANCE: Toyota Is The New Champ, Hyundai Gained Most Share

GM, Ford, Stellantis combined lose nearly 5% share in 2021 – Tesla had a huge year, but more competition in 2022

OEM	Q4 2021	2021 vs 2019	2021 vs 2020	CY2021	2021 vs 2019	2021 vs 2020	Share2021	Share2020	Difference
Toyota	474,379	-21.5%	-28.2%	2,332,263	-2.1%	10.4%	15.5%	14.5%	1.0%
GM	436,358	-40.4%	-43.1%	2,202,577	-23.5%	-13.1%	14.6%	17.4%	-2.8%
Ford	504,138	-15.8%	-6.4%	1,891,753	-21.4%	-7.0%	12.6%	14.0%	-1.4%
Stellantis	411,513	-24.1%	-17.6%	1,777,393	-19.3%	-2.4%	11.8%	12.5%	-0.7%
Hyundai	313,638	-7.9%	-8.2%	1,489,118	12.4%	21.6%	9.9%	8.4%	1.5%
Honda	287,206	-28.5%	-21.5%	1,466,630	-8.8%	8.9%	9.7%	9.2%	0.5%
Nissan-Mitsu	219,844	-32.7%	-14.8%	1,079,676	-26.4%	9.4%	7.2%	6.8%	0.4%
Volkswagen	130,860	-21.8%	-25.0%	636,032	-2.0%	11.6%	4.2%	3.9%	0.3%
Subaru	121,008	-30.8%	-31.0%	583,810	-16.6%	-4.6%	3.9%	4.2%	-0.3%
BMW	100,891	0.2%	-6.0%	366,574	1.6%	19.5%	2.4%	2.1%	0.3%
Tesla	115,248	114.4%	69.0%	352,471	83.3%	71.4%	2.3%	1.4%	0.9%
Mazda	59,543	-15.4%	-21.4%	332,756	19.5%	19.2%	2.2%	1.9%	0.3%
Daimler	79,067	-24.5%	-17.0%	332,610	-7.2%	2.1%	2.2%	2.2%	0.0%
Volvo-Geely	28,236	-8.3%	-22.7%	124,692	15.4%	13.2%	0.8%	0.8%	0.1%
Tata	17,101	-53.4%	-43.7%	92,380	-26.6%	-5.2%	0.6%	0.7%	-0.1%
Rivian	583	-	-	584	-	-	0.0%	0.0%	0.0%
Lucid	577	-	-	577	-	-	0.0%	0.0%	0.0%
Nation	3,300,190	-23.0%	-21.3%	15,061,896	-11.6%	3.4%	100.0%	100.0%	0.0%

TOP SELLING VEHICLES: F-Series Wins Again, But Ram Making Gains

Toyota wins other categories, but while Camry sales gained in 2022, RAV4 lost its big lead

Truck Race	CY 2021	Lead	CY 2020	Lead	Y/Y Change
Ford F-Series	726,004		787,422		-7.8%
Ram Pickup	569,388	156,616	563,676	223,746	1.0%
Chevrolet Silverado	519,774	206,230	586,675	200,747	-11.4%

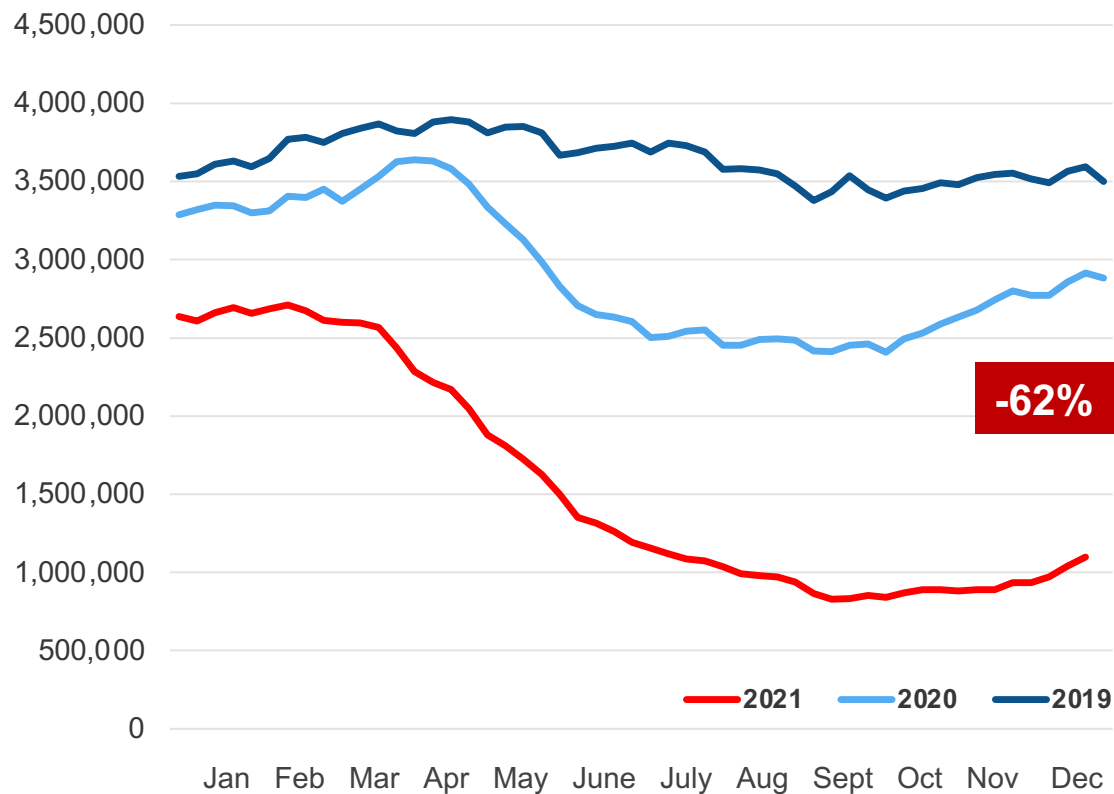
SUV Race	CY 2021	Lead	CY 2020	Lead	Y/Y Change
Toyota RAV4	407,739		430,387		-5.3%
Honda CR-V	361,271	46,468	333,502	96,885	8.3%
Nissan Rogue	285,602	122,137	227,935	202,452	25.3%

Car Race	CY 2021	Lead	CY 2020	Lead	Y/Y Change
Toyota Camry	313,795		294,348		6.6%
Honda Civic	263,787	50,008	261,225	33,123	1.0%
Toyota Corolla	229,785	84,010	217,712	76,636	5.5%

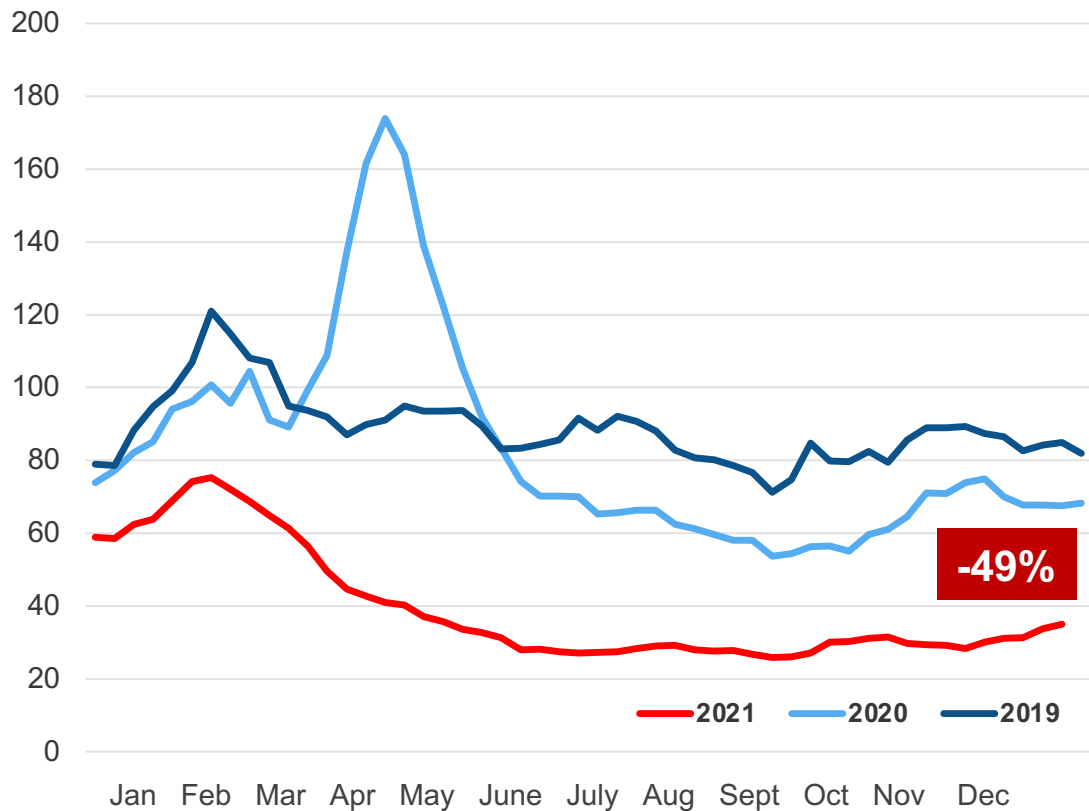
NEW VEHICLE INVENTORY: Slowly Starting To Show Some Improvement

Supply situation remains bad – 1.8 million fewer vehicles than 2020, and over 2.5 million lower than 2019

Available Supply weekly



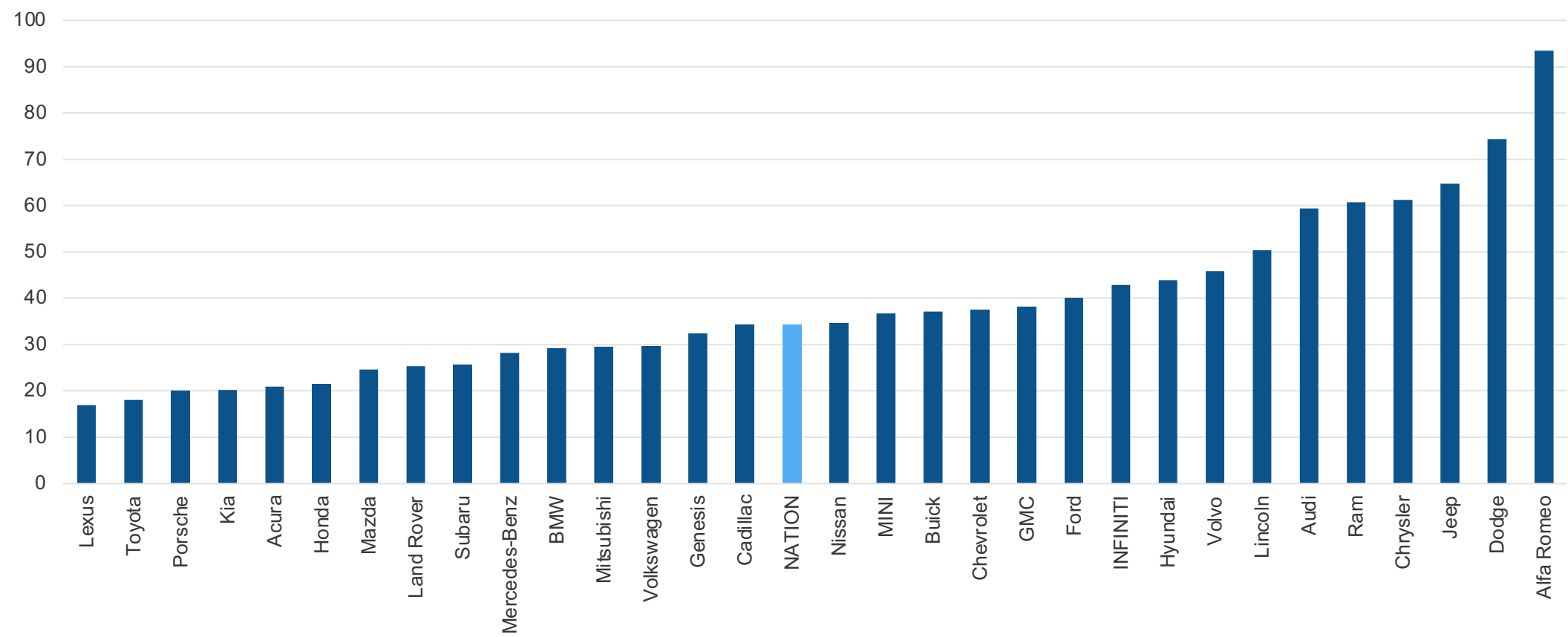
Days of Supply weekly



BRAND INVENTORY: Toyota Wins Sales Title With Tightest Supplies

Toyota and Honda very tight while Stellantis in a much different position

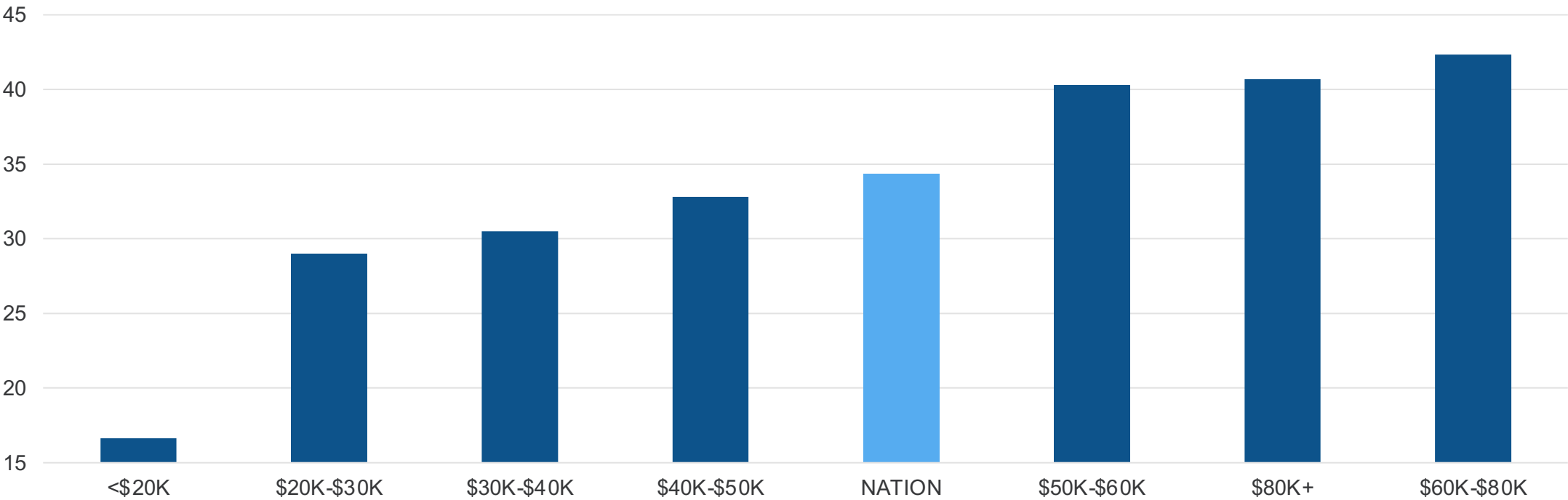
Days of Supply



PRICE CATEGORY INVENTORY: Most Affordable = Least Available

Demand for lower priced vehicles remains robust but not many products to choose from – not now and likely not ever

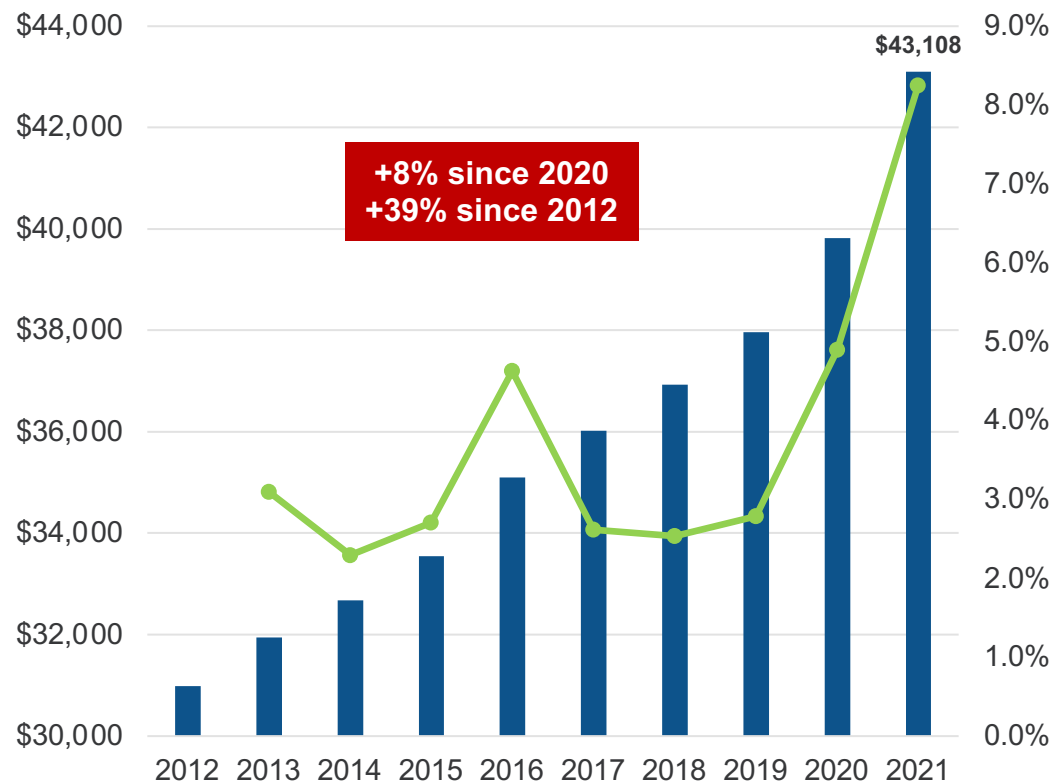
Days of Supply



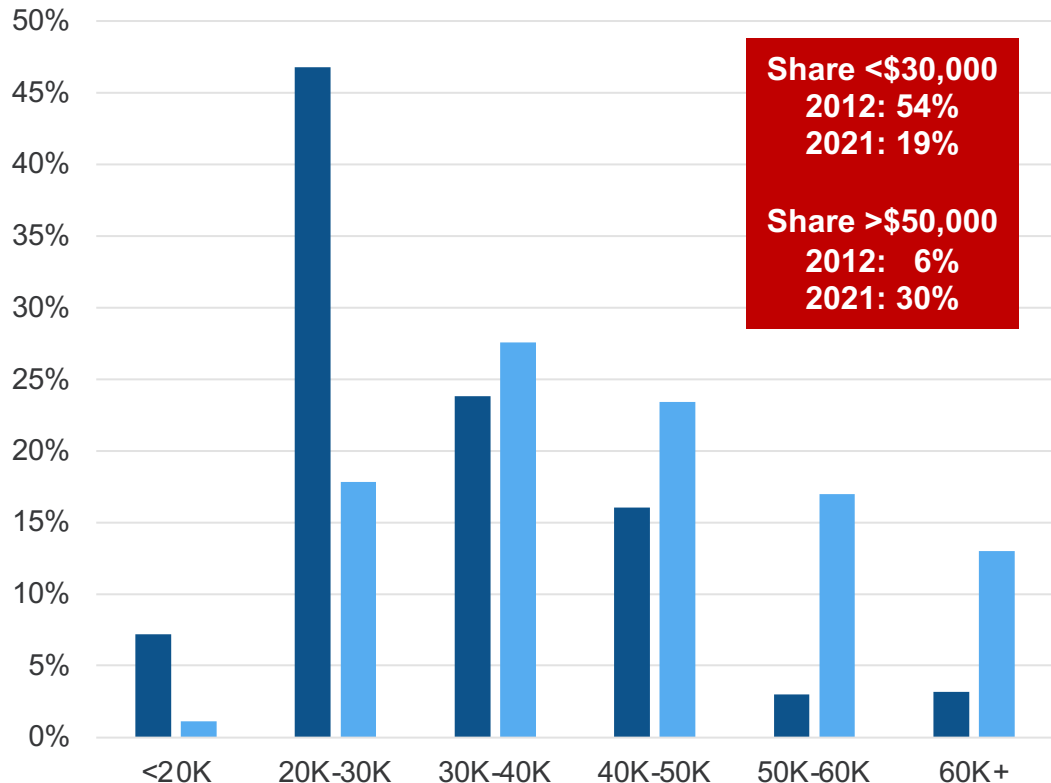
VEHICLE AFFORDABILITY: Rising Prices Transforming Marketplace

COVID accelerating longer-term trends – 30% of sales now above \$50,000

Average Vehicle Transaction Price



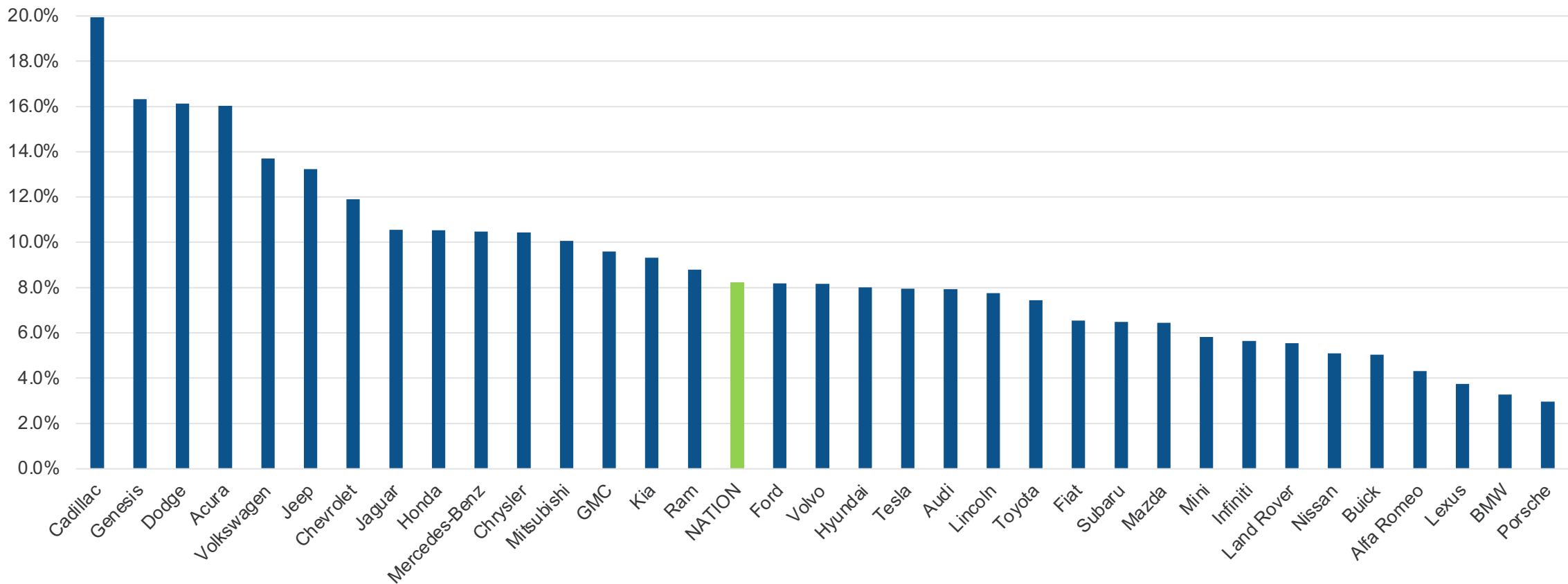
Share of Market by MSRP Price Range 2012 – 2021



BRAND PRICE INCREASES: Big Variation – Cadillac and Porsche At Extremes

Nationally, transaction prices rose over 8% but some brands – due to product mix – saw much larger/smaller changes

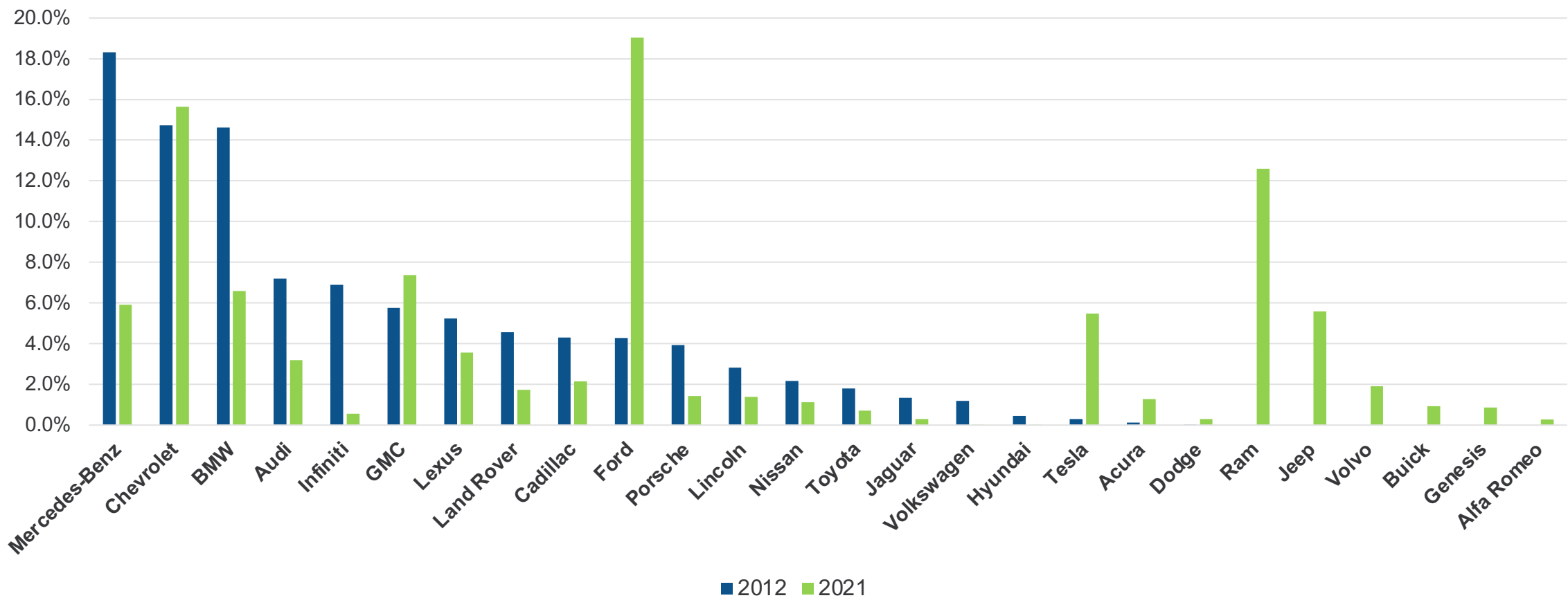
YOY Change in Transaction Price



“LUXURY” MARKET: Mercedes Once Ruled – Now It’s Ford

Competition rising with more brands entering higher price points

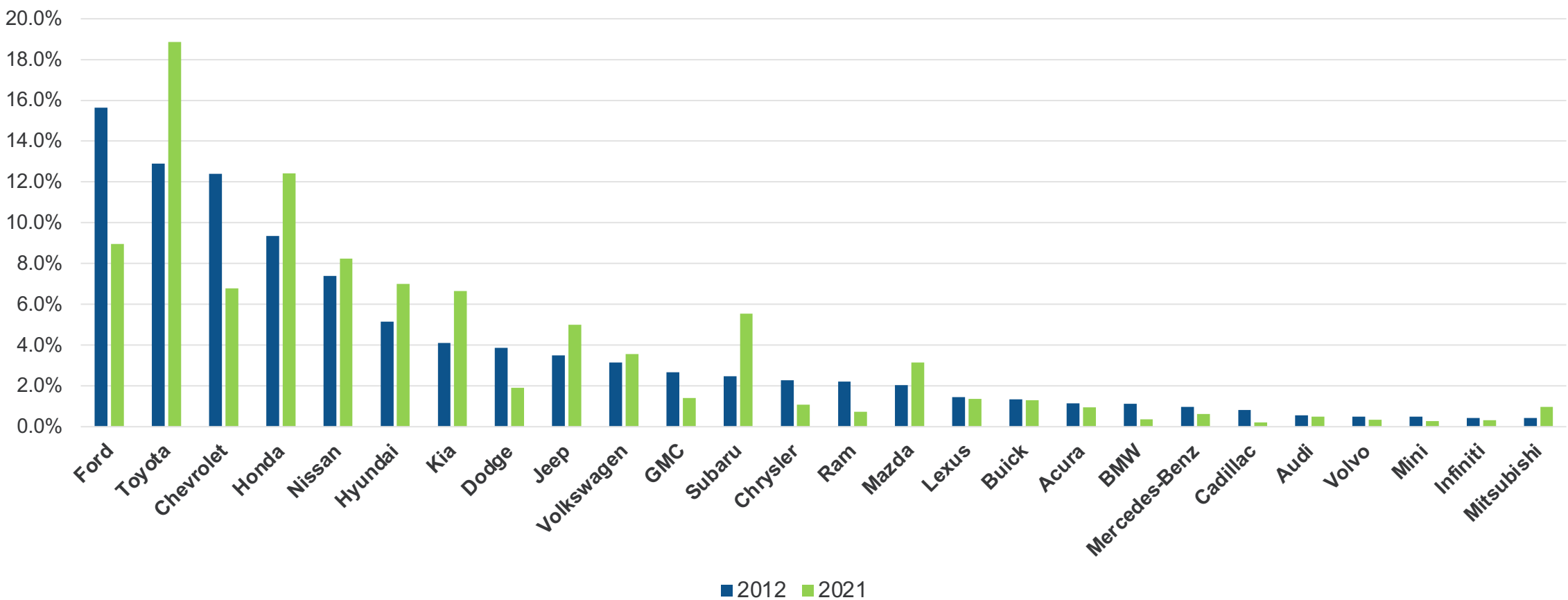
Share of MSRP \$50K+ Market



NON-LUXURY MARKET: Toyota Leads The “Affordable” Market

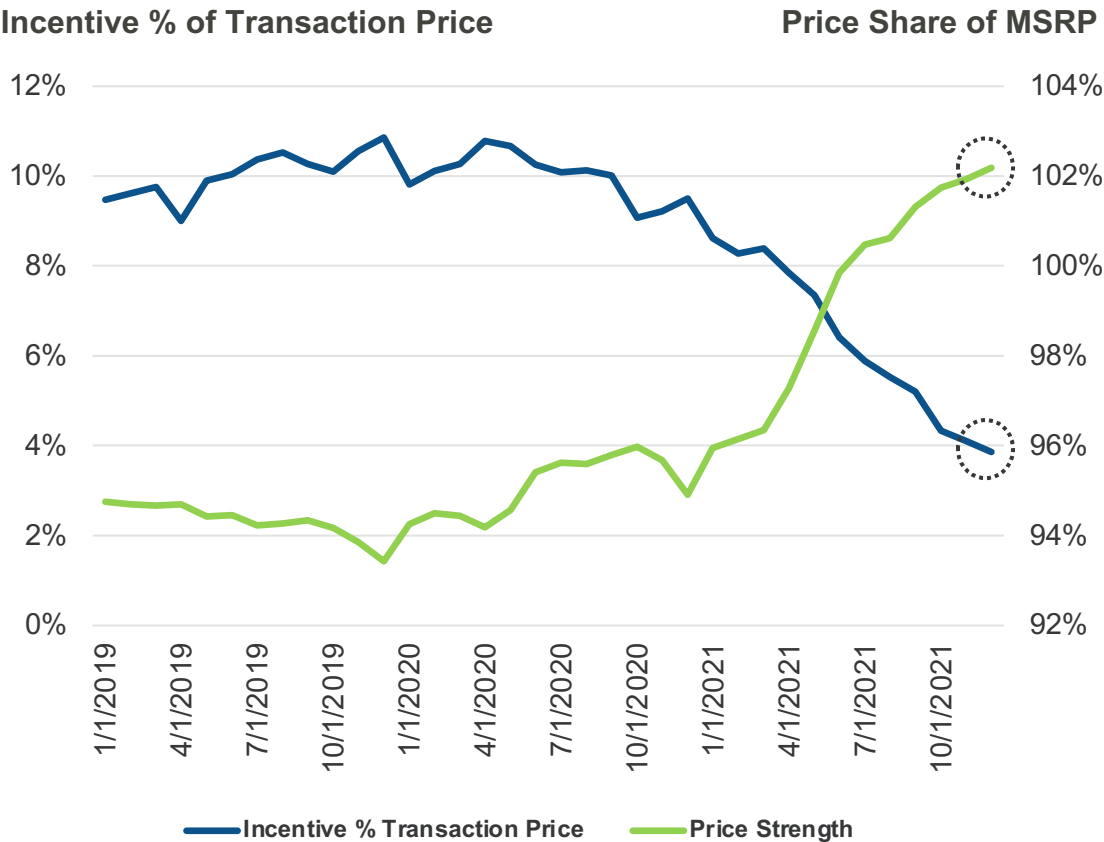
Asian brands gaining share as Americans move to higher priced product segments

Share of MSRP <\$50K Market

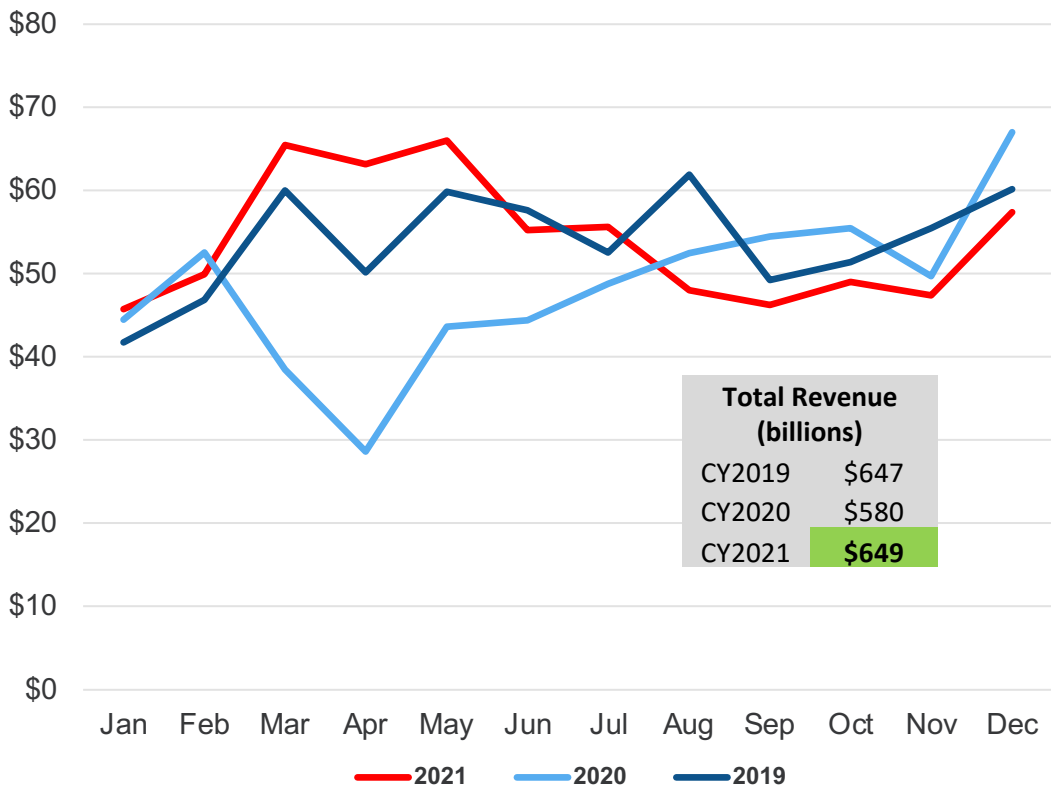


TOTAL REVENUE: Strong Margins And Prices Offset Lower Volumes

No hurry to return to “normal” - Industry revenue higher than 2019 with nearly 2 million fewer vehicles sold



Estimated Monthly Transaction Revenue (\$ billions)



SUMMARY

- Demand for vehicles in 2022 to remain robust thanks strong economic growth, improving labor markets, and exciting new products.
- Biggest threats to 2022 remain COVID and the economy – new variants could disrupt the economic recovery and supply chain, and higher interest rates likely to impact affordability.
- Key unknowns for 2022:
 - How quickly can the industry re-stock dealer lots
 - How much do manufacturers really want to

MARKET PERFORMANCE: USED VEHICLES

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KAYLA REYNOLDS

MANAGER, ECONOMIC AND INDUSTRY INSIGHTS



@AutoKayla

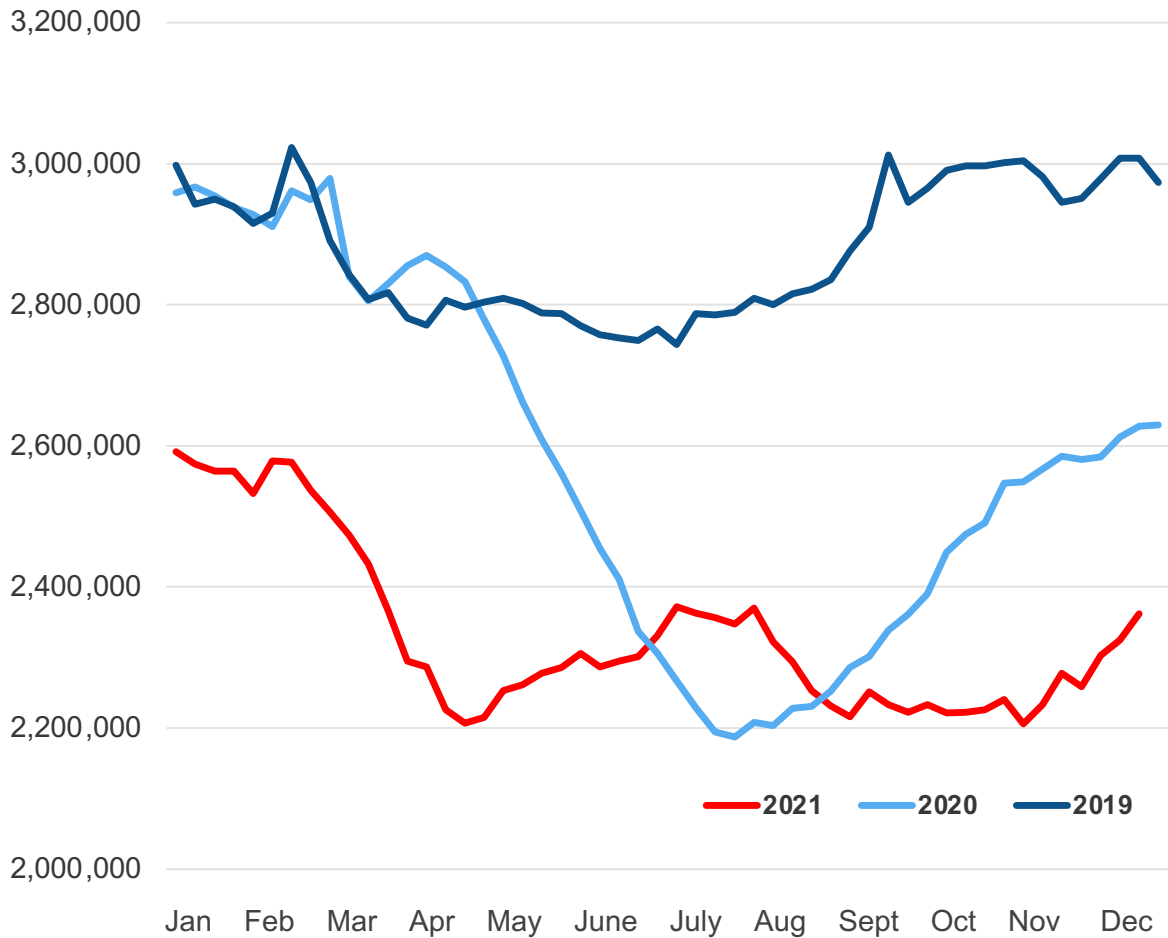
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QUARTERLY SALES PACE: Slowing After A Spring Frenzy

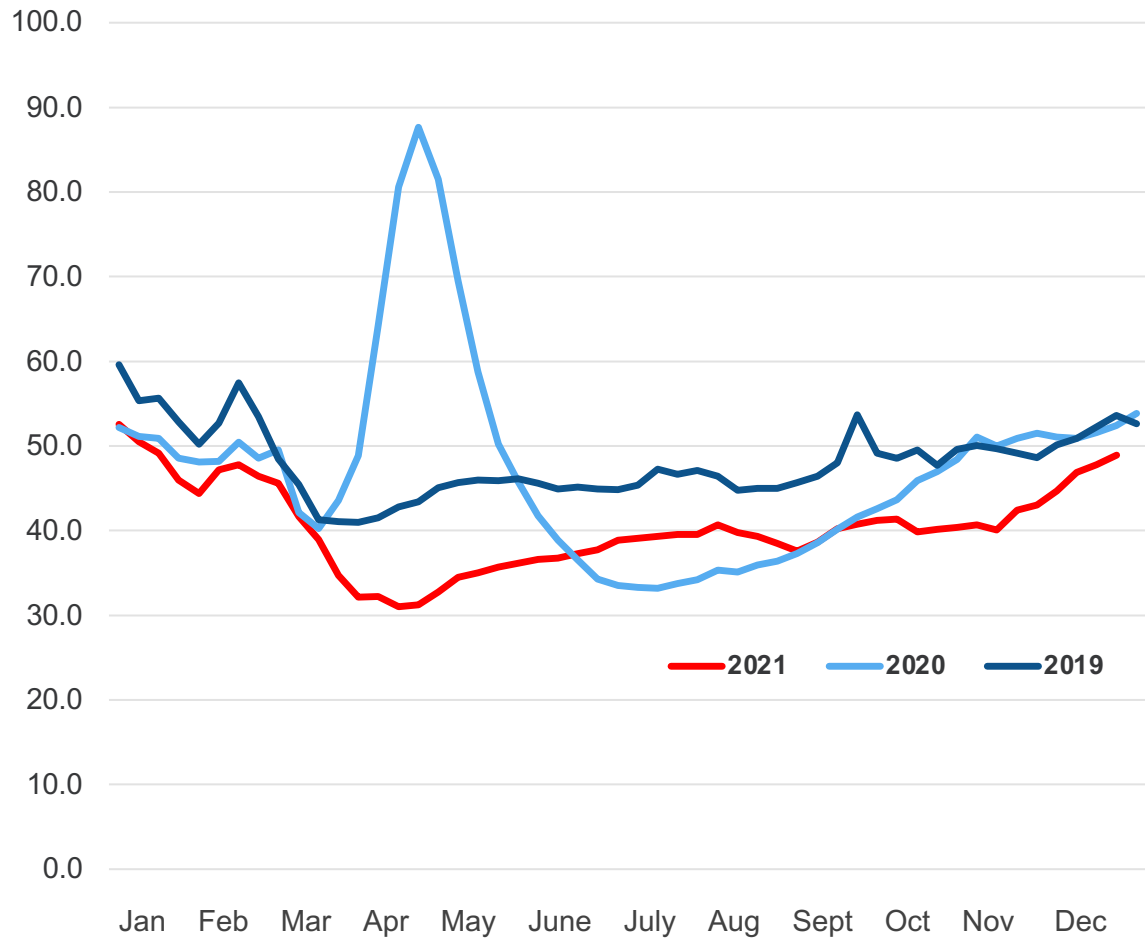
		Total Used SAAR	Retail Used SAAR
Q3	July	41.8	21.8
	August	40.9	21.3
	September	39.7	20.7
Q4	October	40.7	21.2
	November	39.1	20.4
	December Forecast	39.1	20.4

INVENTORY MANAGEMENT: Used Days' Supply Near Normal

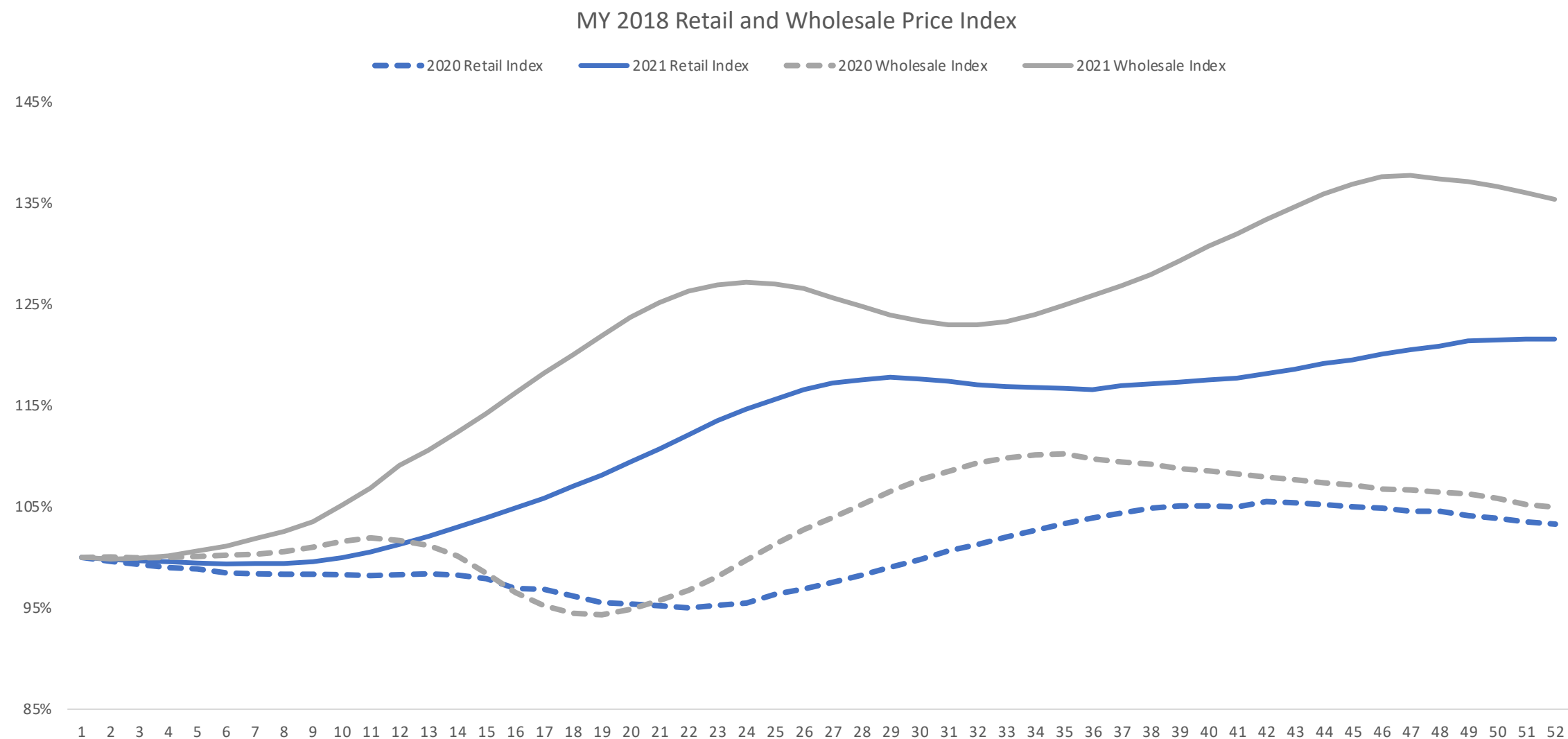
Available Supply weekly



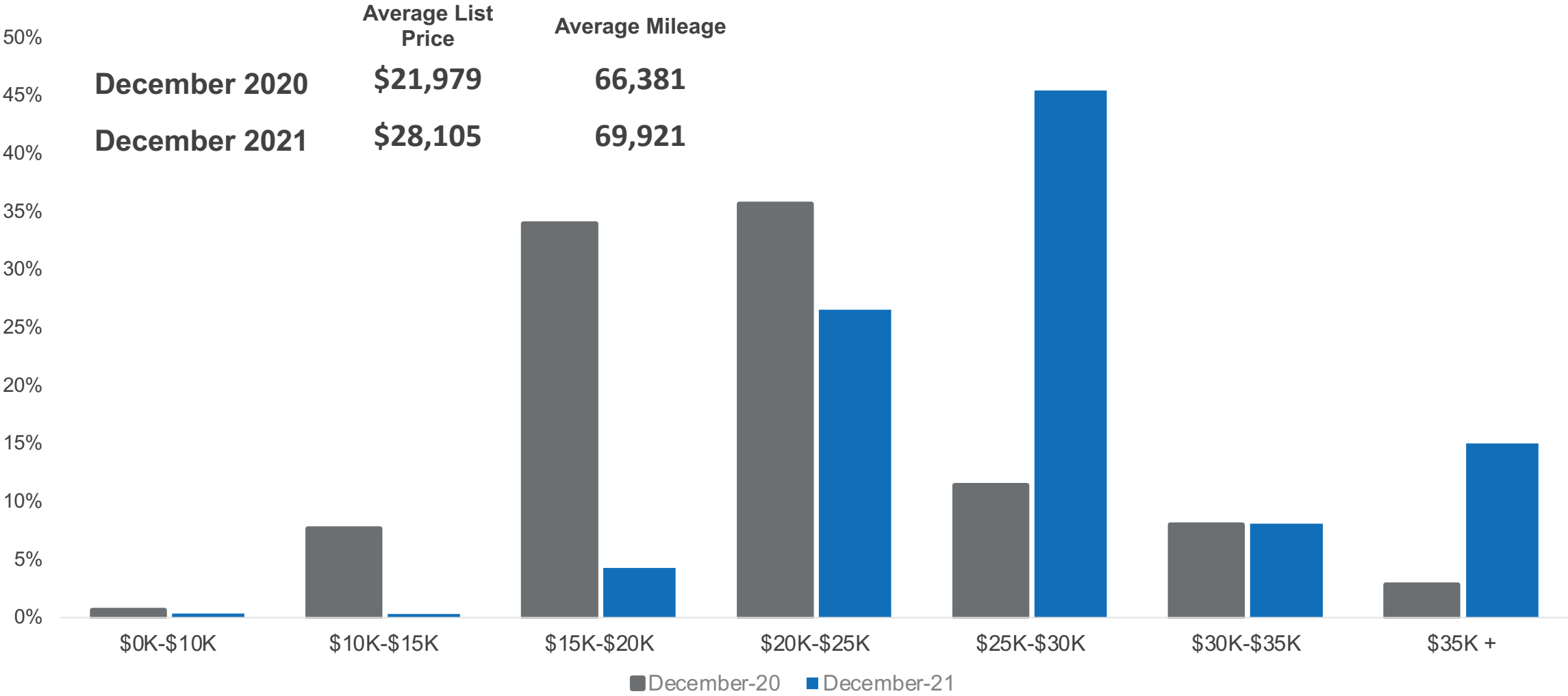
Days of Supply weekly



PRICE MOVEMENT: Upward Trend Leads to Record Highs

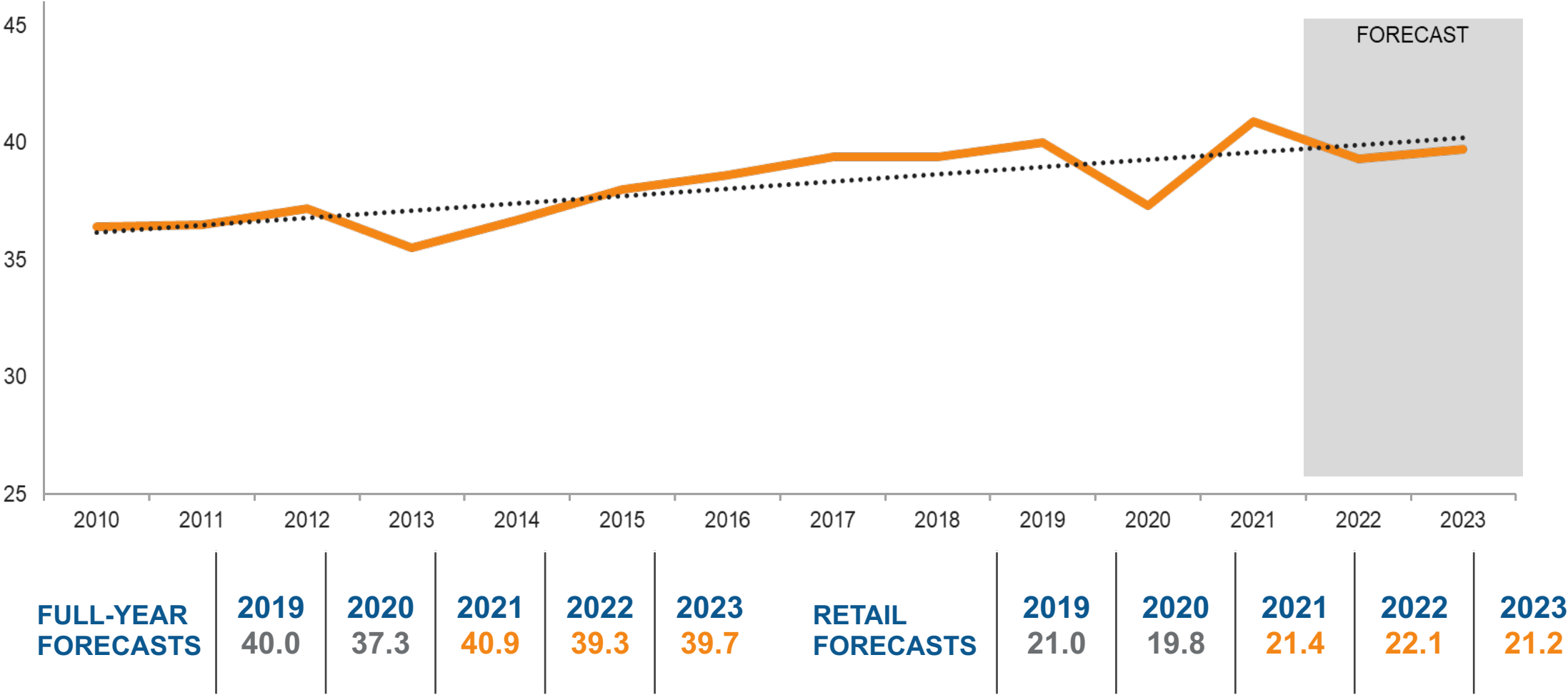


RETAIL INVENTORY: Affordability Decreasing for Used Vehicles



USED-VEHICLE SALES AND FORECAST

USED VEHICLE SALES OUTLOOK (MILLIONS)



2022 OUTLOOK & PLAYLIST

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JONATHAN SMOKE

CHIEF ECONOMIST



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2022
FORECASTS

16.0M
NEW SALES

13.6M
NEW RETAIL SALES

2.4M
FLEET SALES

3.7M
NEW LEASE
VOLUME

27%
LEASE
PENETRATION

3.0M
CPO SALES

39.3M
USED SALES

22.1M
USED RETAIL SALES

-3%
DEC 2022 Y/Y
MANHEIM USED
VEHICLE VALUE
INDEX

TEN PREDICTIONS FOR 2022



#1: Vehicle Demand Will Remain Robust, Especially Through the First Half



#2: Used-Vehicle Values Will Depreciate Again, After the Spring



#3: Tight Vehicle Supply Will Gradually Improve



#4: EV Growth Will Outpace Industry Growth



#5: Auto Loan Rates Will Rise



#6: Lease Demand Will Improve in 2022



#7: The Service Revenue Opportunity Will Continue To Be Robust For Dealers



#8: Robust Dealership Consolidation Will Continue



#9: Consumer Shift To Online Becomes Dominant



#10: Direct-To-Consumer Model Will Force Dealers To Adapt

PLAYLIST: Riding the Anti-Crash Wave



I Feel Good
By Pitbull,
Anthony Watts &
DJ White Shadow

Dealer Optimism



Do It To It
By ACraze Featuring
Cherish

Economic Health



Sunshine
By OneRepublic

Vehicle Demand



No
By Little Mix

Used-Vehicle Market



Q&A

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THANK YOU!

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