



Q2 Manheim Used Vehicle Value Index Call

July 8, 2022

COX AUTOMOTIVE



Presenters

Mark Schirmer, Director, Corporate Communications

Jonathan Smoke, Chief Economist

Derek Hansen, Vice President of Operations, vAuto

Kevin Chartier, Vice President, Manheim Consulting

The Power of Cox Automotive

Harnessing the power of connected data for game-changing results



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Autotrader 

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DEALER.COM

Dealertrack 

 F&I Express

FYUSION

 Kelley Blue Book

 Manheim

NEXTGEAR
CAPITAL

 **SPIERS
NEW
TECHNOLOGIES**

vAuto
LIVE MARKET VIEW

VinSolutions

∞xtime

DRIVEQ
COX AUTOMOTIVE



Jonathan Smoke

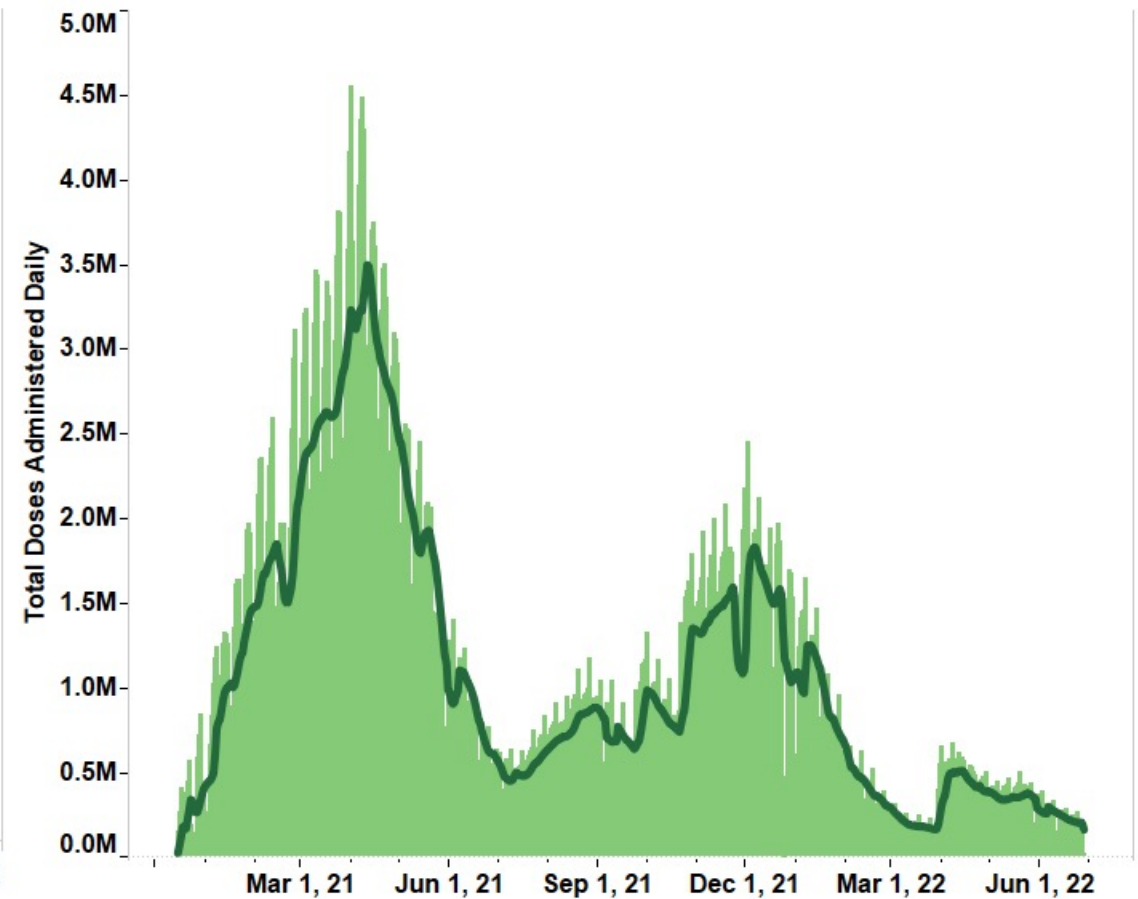
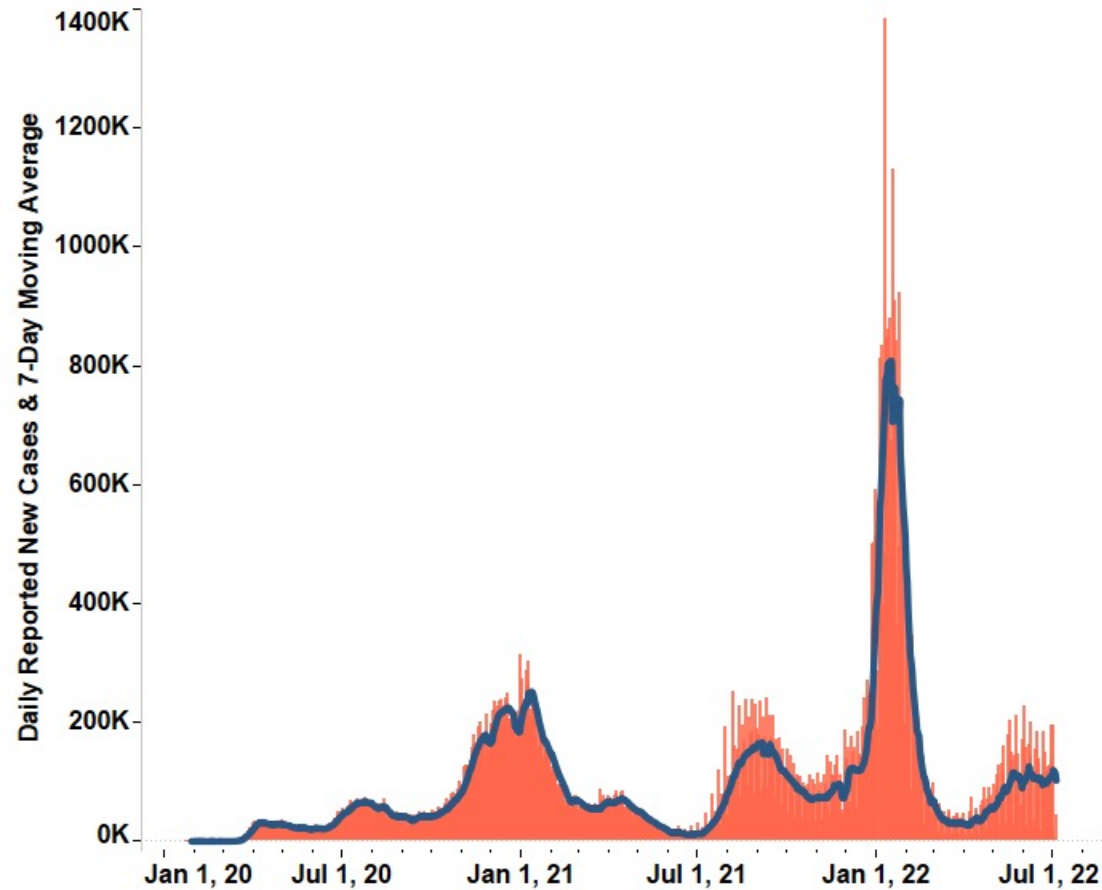
Chief Economist

 @smokeoncars

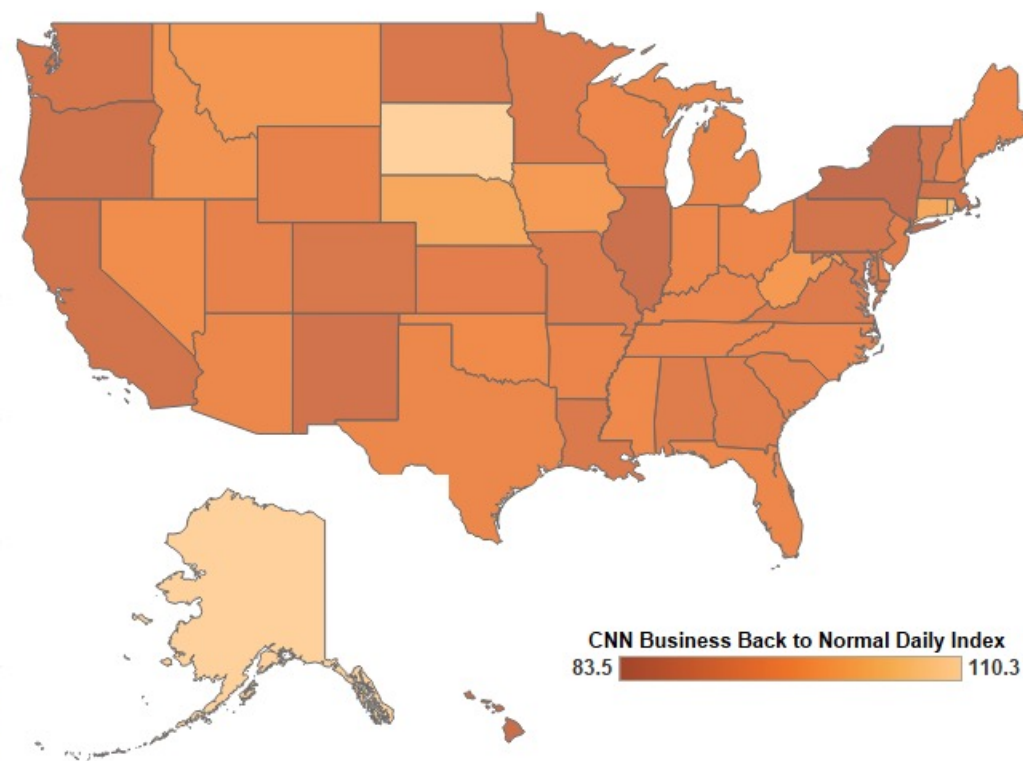
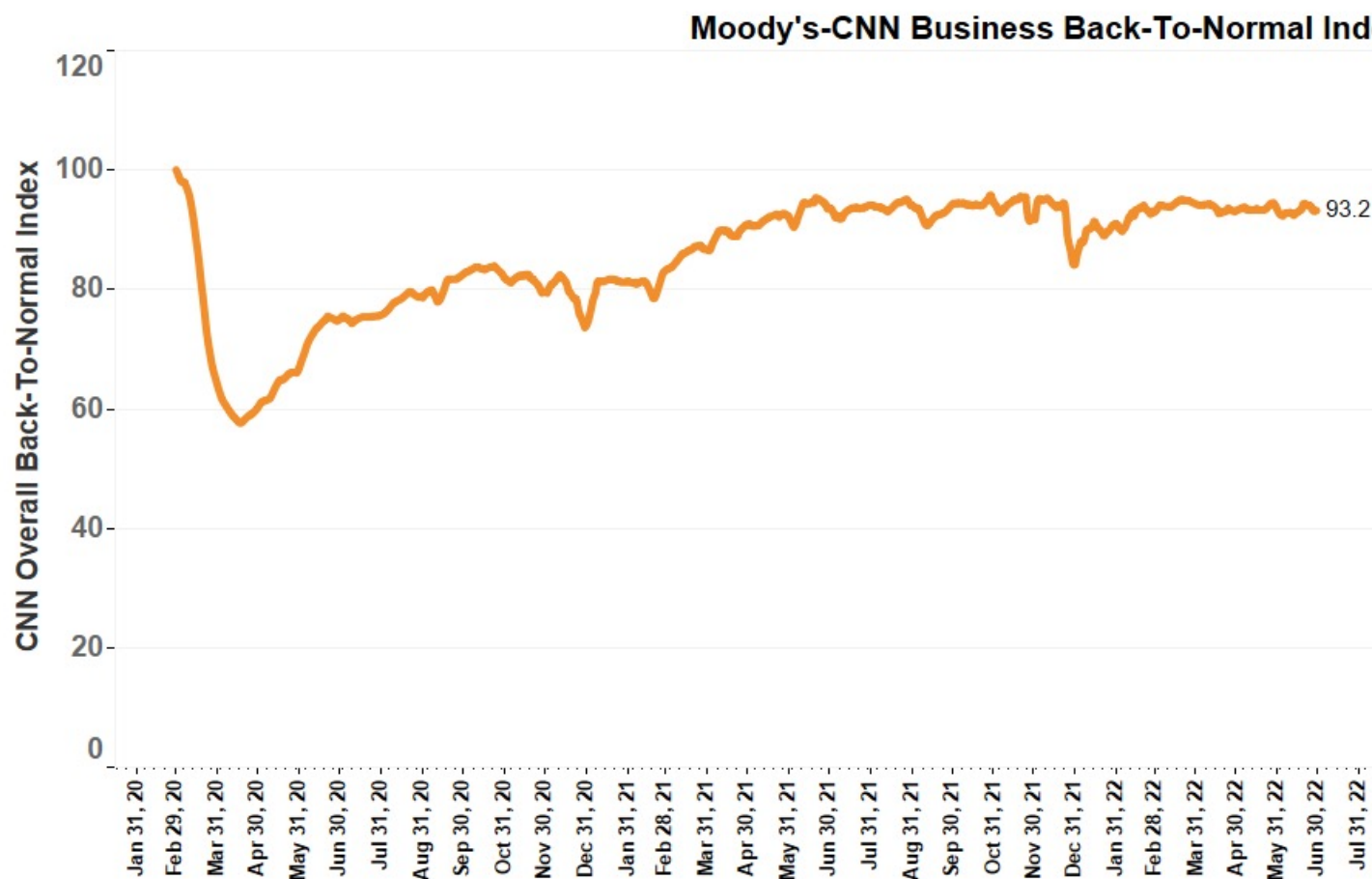
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COVID-19 Daily Cases and Vaccination Trends

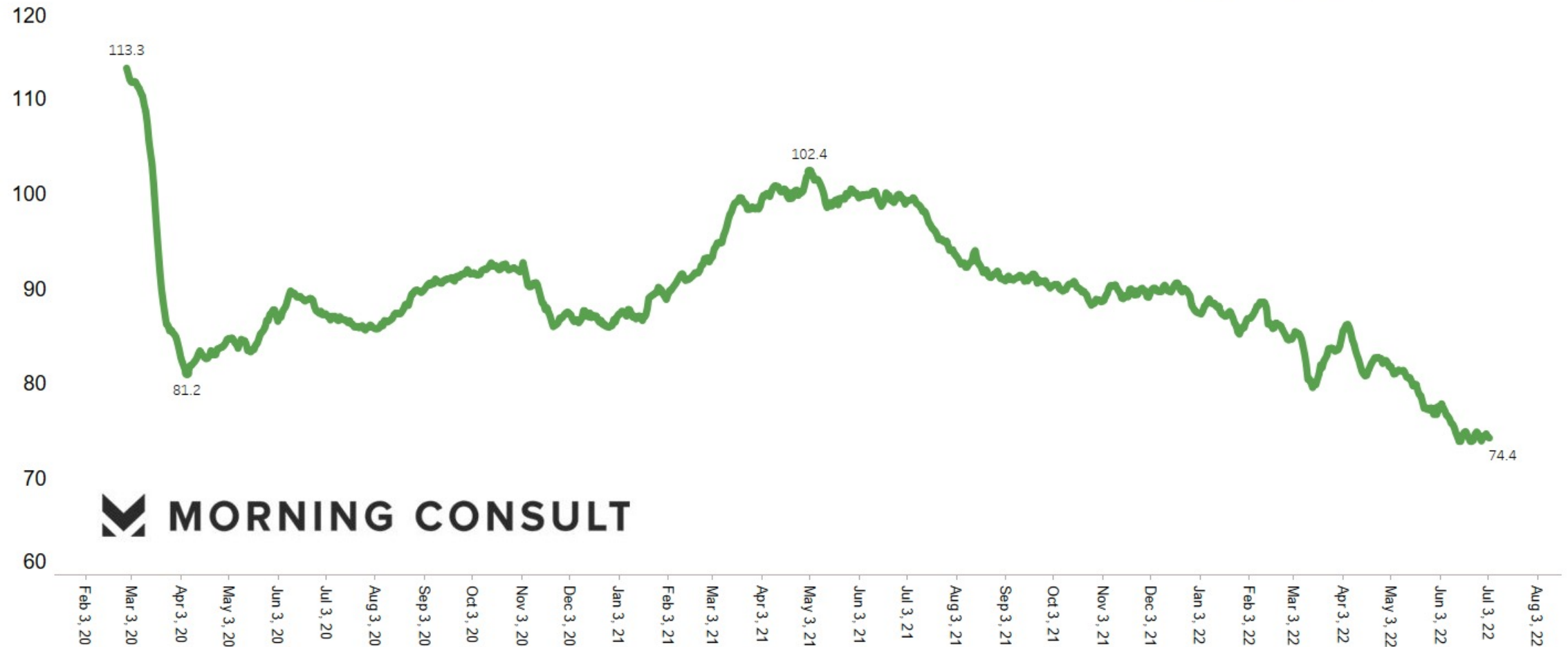


Activity Recovery Trend Stalled Out



Consumer Sentiment Near Record Low

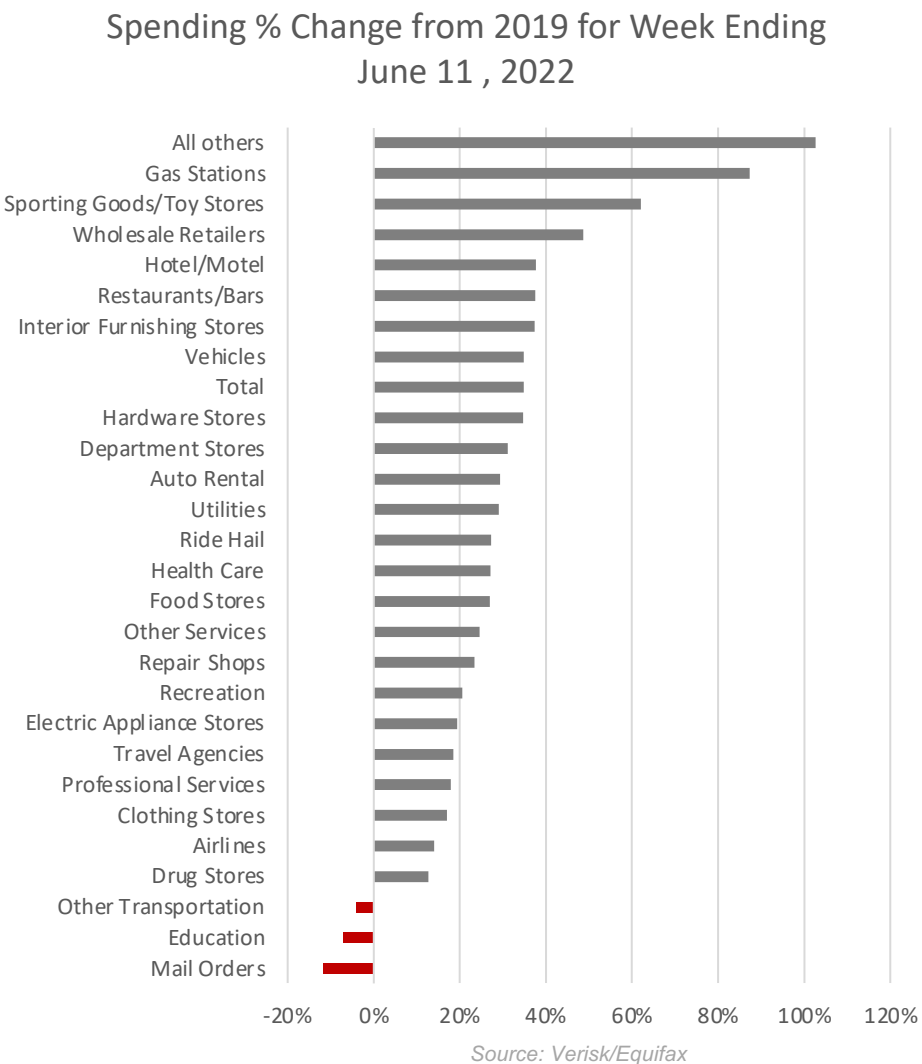
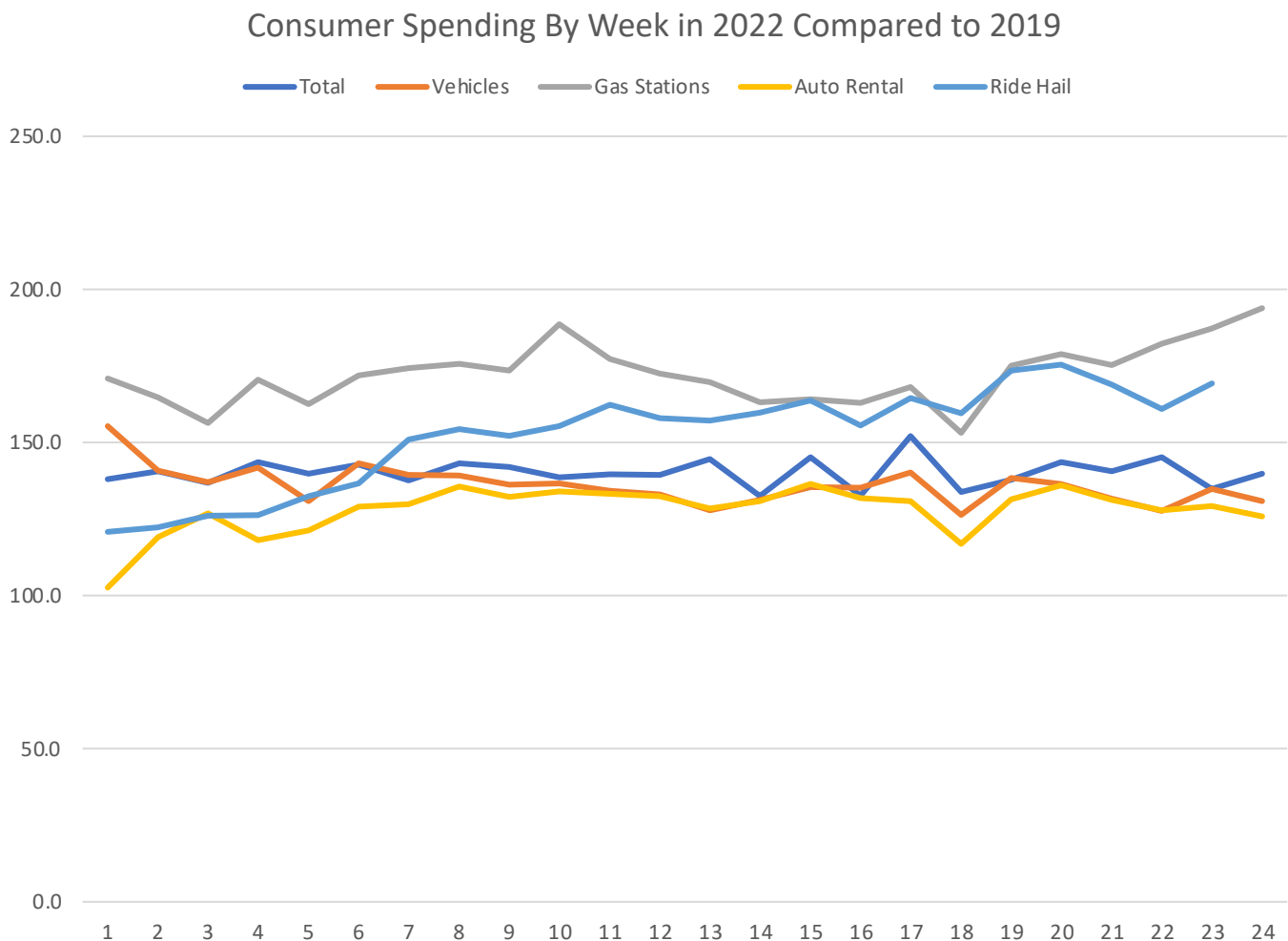
Morning Consult's Index of Consumer Sentiment on July 4 had declined 0.5% w/w



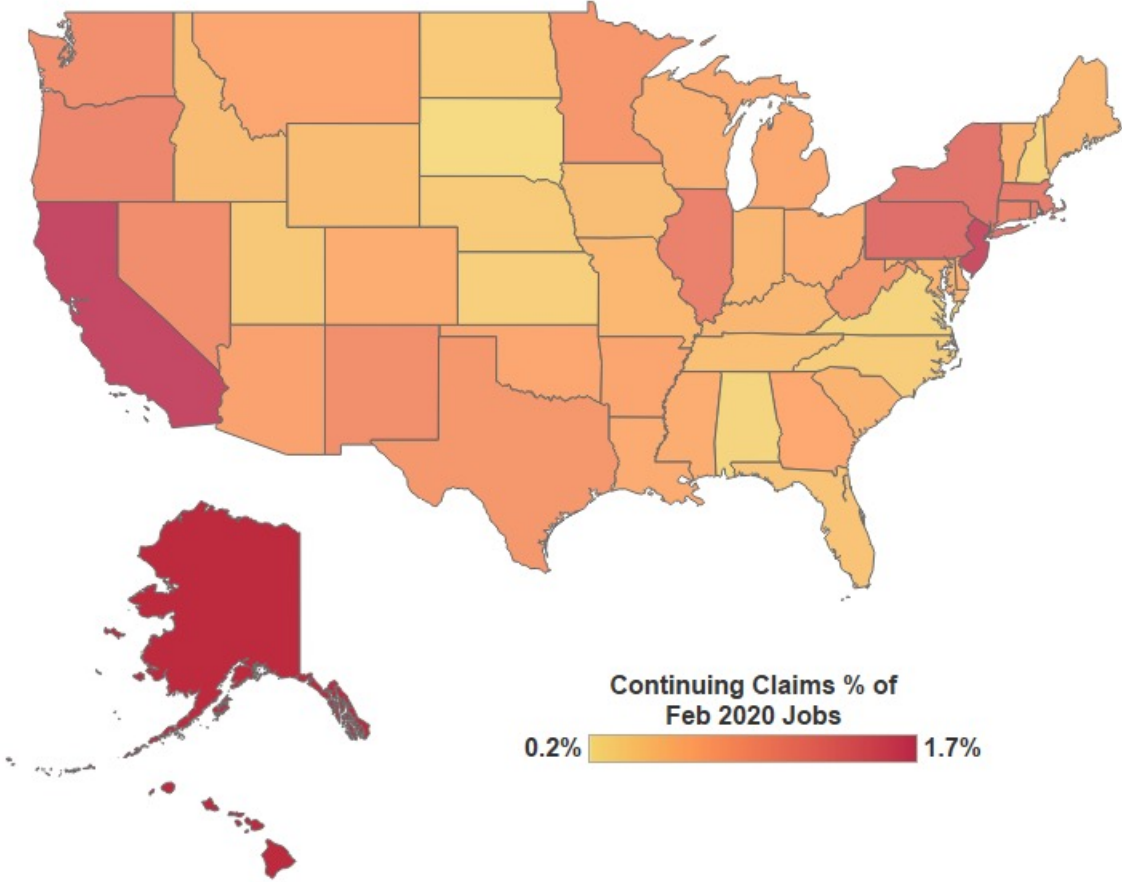
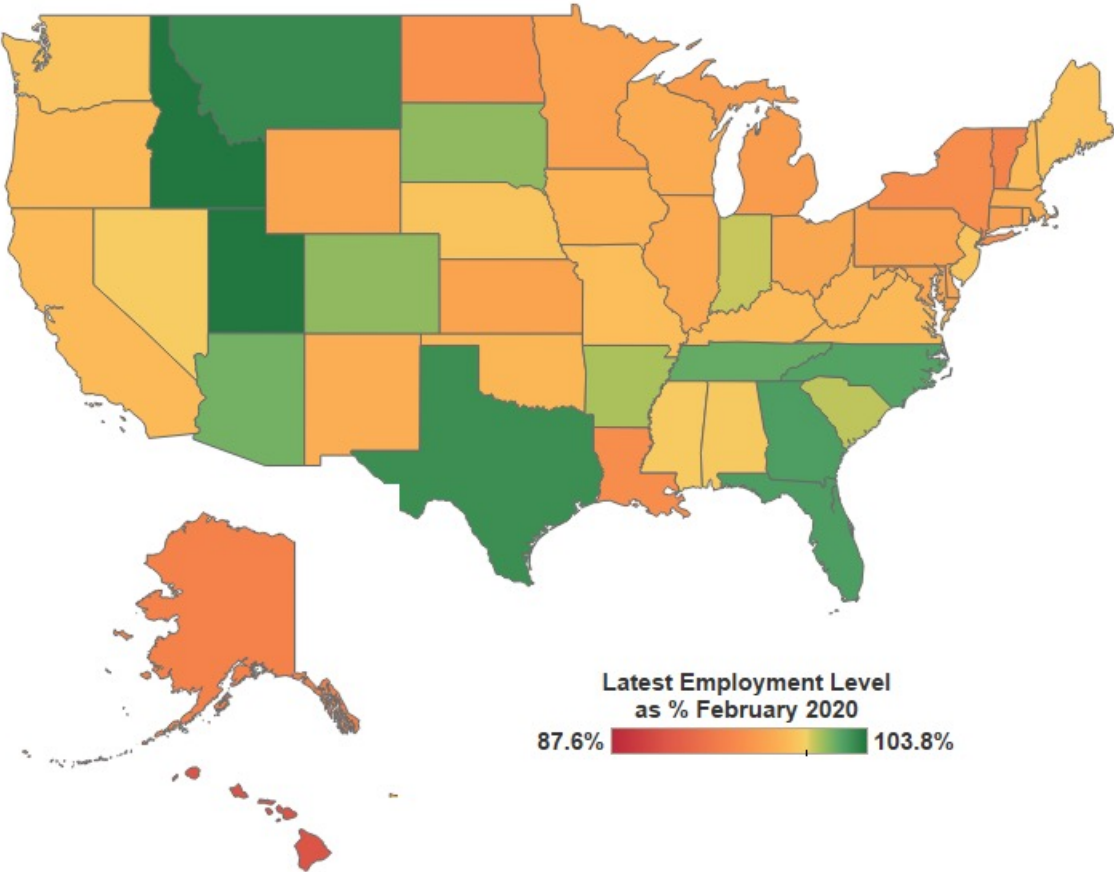
 **MORNING CONSULT**

Consumer Spending Remains Strong

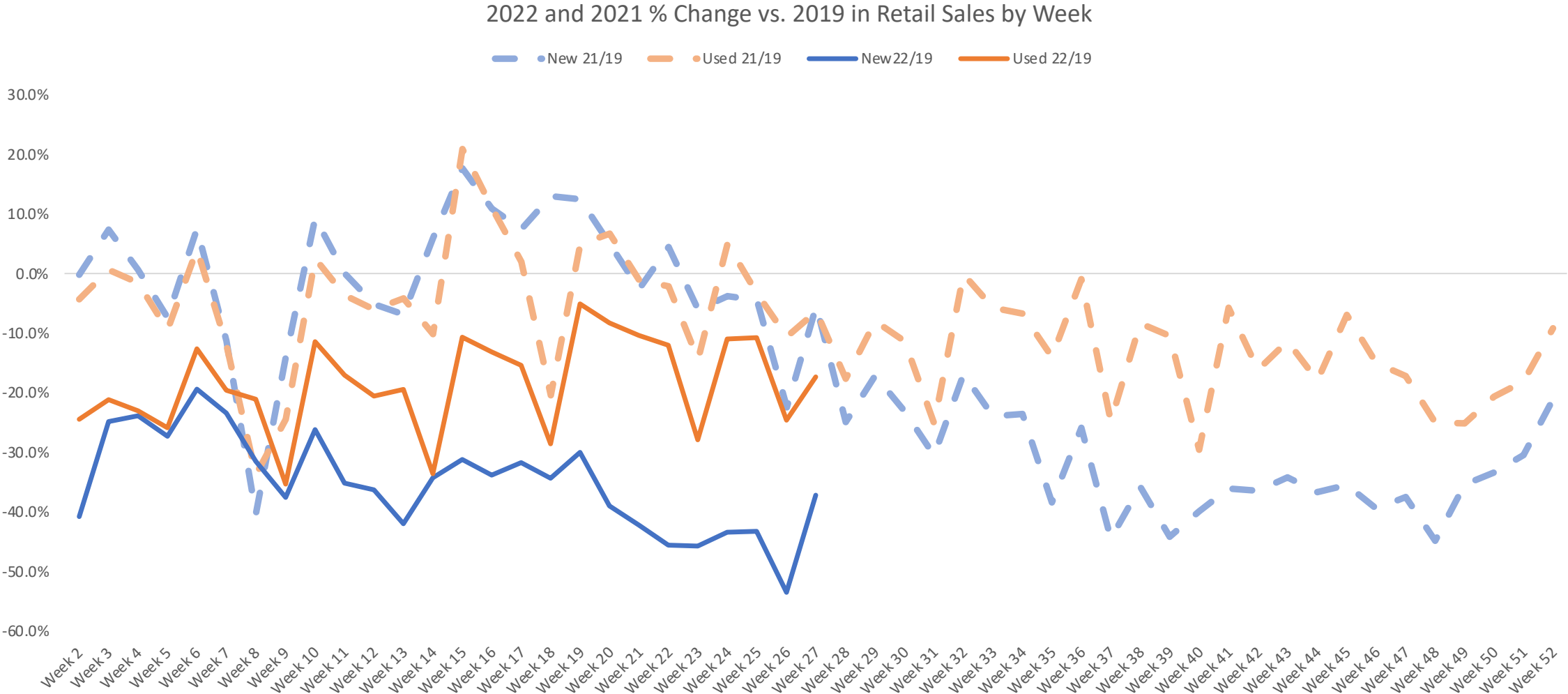
Total spending in 2022 has exceeded 2019 spending levels in almost all categories; no sign of collapse



Continuing Claims at 1.3 Million Nationally



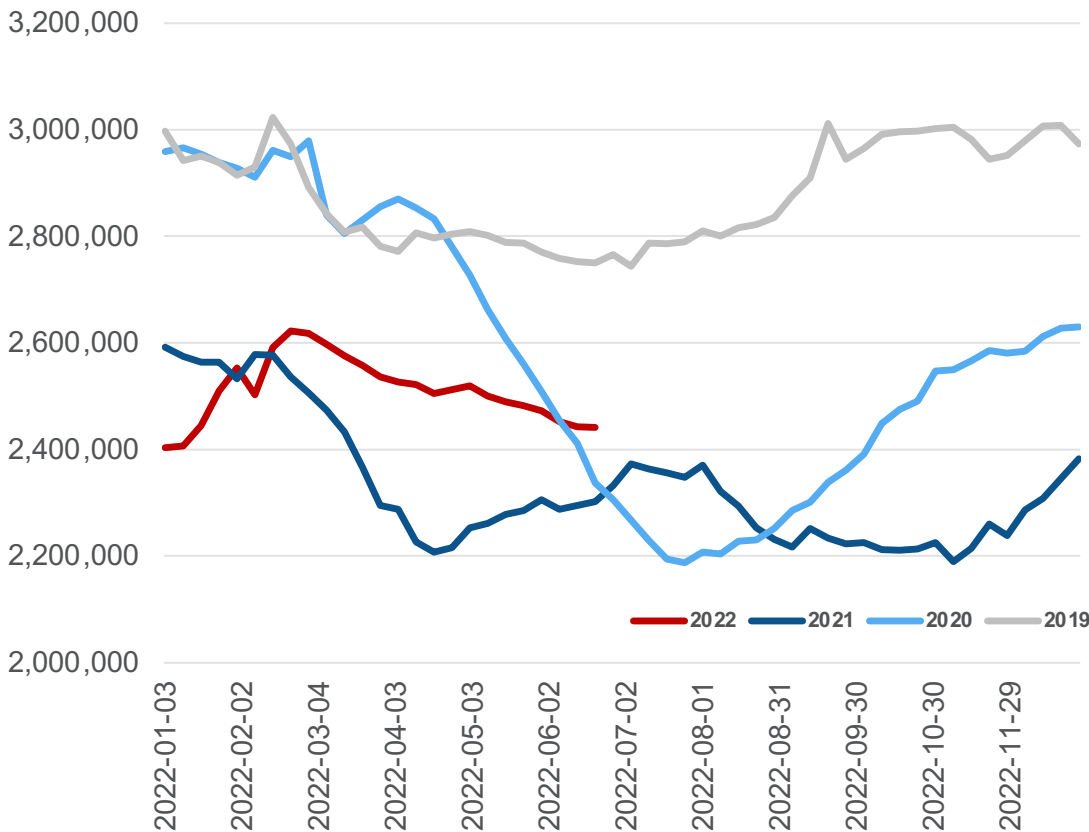
Retail Sales Estimates



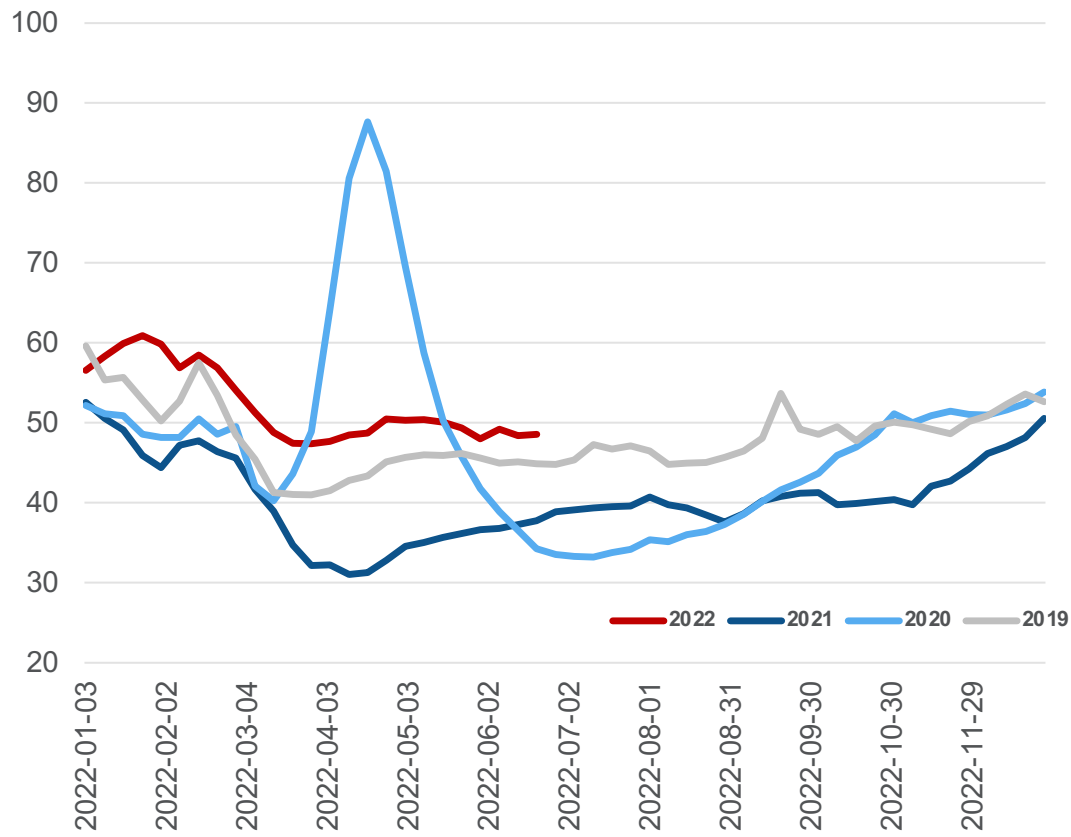
Used Days' Supply Only Slightly Above Normal

Days' supply at 48 days at end of June, same as end of May, up 9 days from last year, but only up 3 days from 2019

Available Supply weekly



Days of Supply weekly





Derek Hansen

Vice President, Operations, vAuto

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WHY

UPSIDETM

by COX AUTOMOTIVE



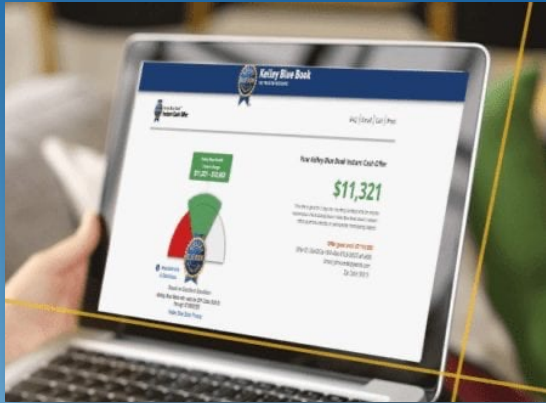
Manheim



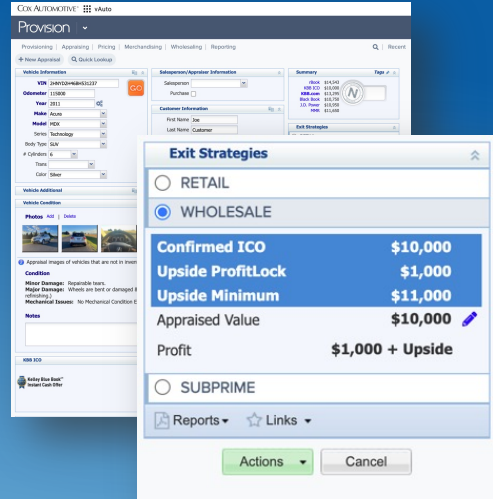
Kelley Blue BookTM
Instant Cash Offer

vAuto
LIVE MARKET VIEW

HOW UPSIDE WORKS



Consumer generates a Kelley Blue Book Instant Cash Offer



Dealer sees the guaranteed Upside offer in vAuto Provision



Manheim comes to dealer's lot to inspect and list the vehicle



Inventory is listed on UpsideDirect.com, OVE.com and Manheim.com



GOOD FOR SELLERS AND BUYERS

Seller Benefits:

- Guaranteed at least \$300 over the Kelley Blue Book Instant Cash Offer
- If vehicle sells for more than guaranteed, they get the lion's share of the profit
- Cox Automotive does all the listing legwork
- Once the vehicle is listed, it's out of the seller's hands for good

Buyer Benefits:

- Wide variety of vehicles available to purchase
- Comprehensive and consistent vehicle condition disclosure
- Every listing starts at 50% of MMR with NO reserve
- Any vehicle that doesn't match the condition report is easy to return

REAL EXAMPLE

\$8,400

Kelley Blue Book
Instant Cash Offer

\$9,300

Upside Minimum
to Dealer

\$4,500

Starting Bid in Upside Direct
Marketplace (50% of MMR)

\$11,800

Selling Price After
Receiving 25 Bids

\$2,200

Additional Upside
Profit Share

\$3,100

Total Profit
to Dealer



UPSIDETMDirect

Score	Similar Vehicles	Owners	Accidents	Title
93	79 - 89	1	0	

2016 FORD FUSION SE HYB
3FA6P0LUXGR318616
85,720mi • 2WD • 4 Cyl • Auto
CR 3.0
Pickup GA - Atlanta

White Gray

AutoCheck vehicle history report

UPSIDE RESULTS TO DATE

20K

BIDS PLACED IN THE
FIRST SIX UPSIDE
DIRECT SALES; AVG OF
17.8 BIDS PER VEHICLE

28K

USERS HAVE LOGGED
INTO THE MANHEIM
MARKETPLACE TO VIEW
UPSIDE INVENTORY

\$600K

PAID OUT TO SELLERS
ABOVE THE UPSIDE
MINIMUM IN THE FIRST
SIX SALES

WHAT'S NEXT FOR UPSIDE

- Currently available for sellers in Atlanta and Chicago markets
- Launching soon for sellers in Ohio, then Detroit
- More markets coming throughout 2023





Manheim Index and Key Trends

Jonathan Smoke & Kevin Chartier

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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

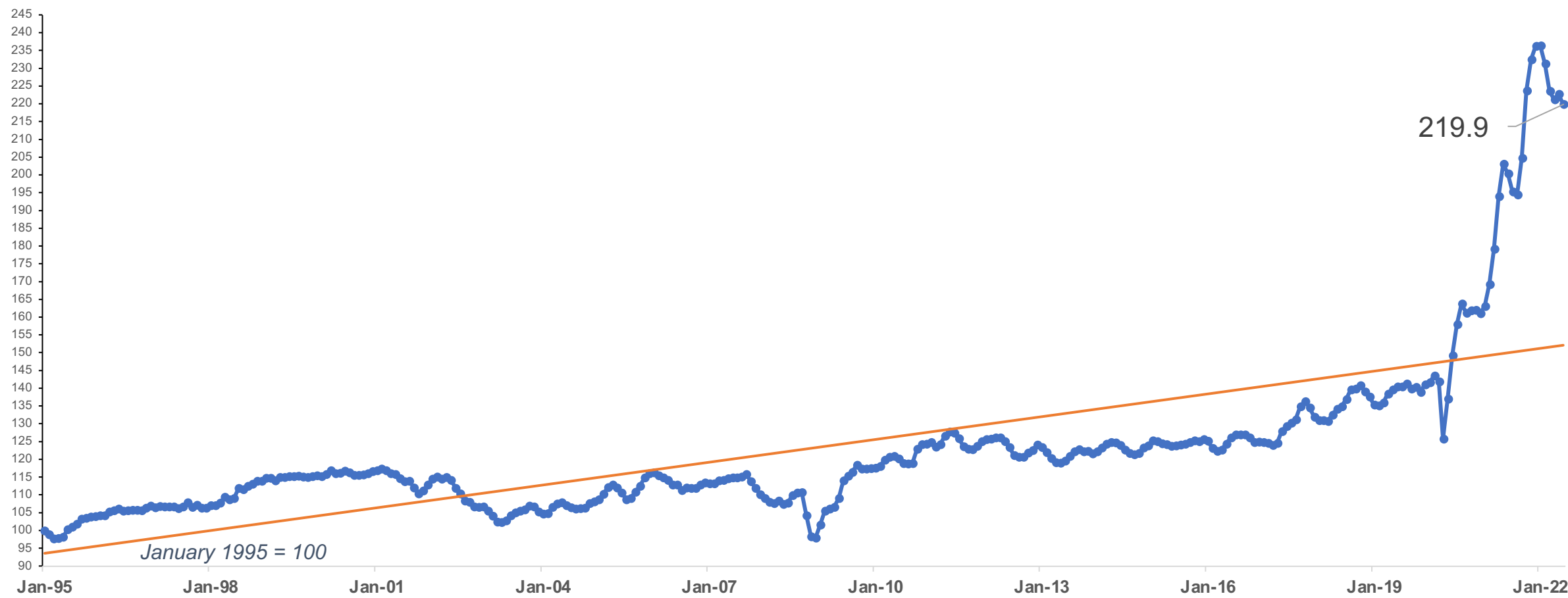
Steps

1. All Manheim U.S. sales
2. Classify by market segment
3. Account for differences in mileage
4. Weight to provide smoother segment mix
5. Seasonally adjust



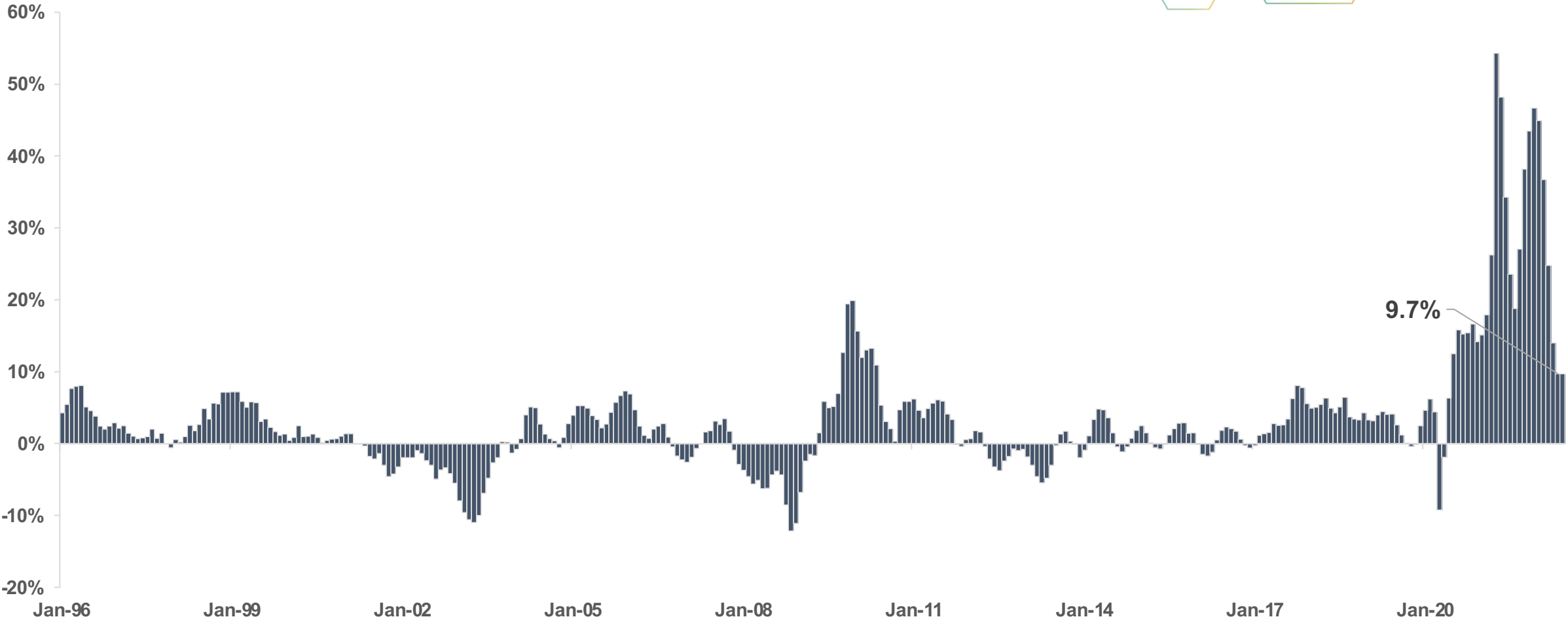
Wholesale Vehicle Values Decrease in June

Prices in June decreased 1.3% from May 2022 but were up 9.7% compared to June 2021



Year-Over-Year Performance Remains Elevated

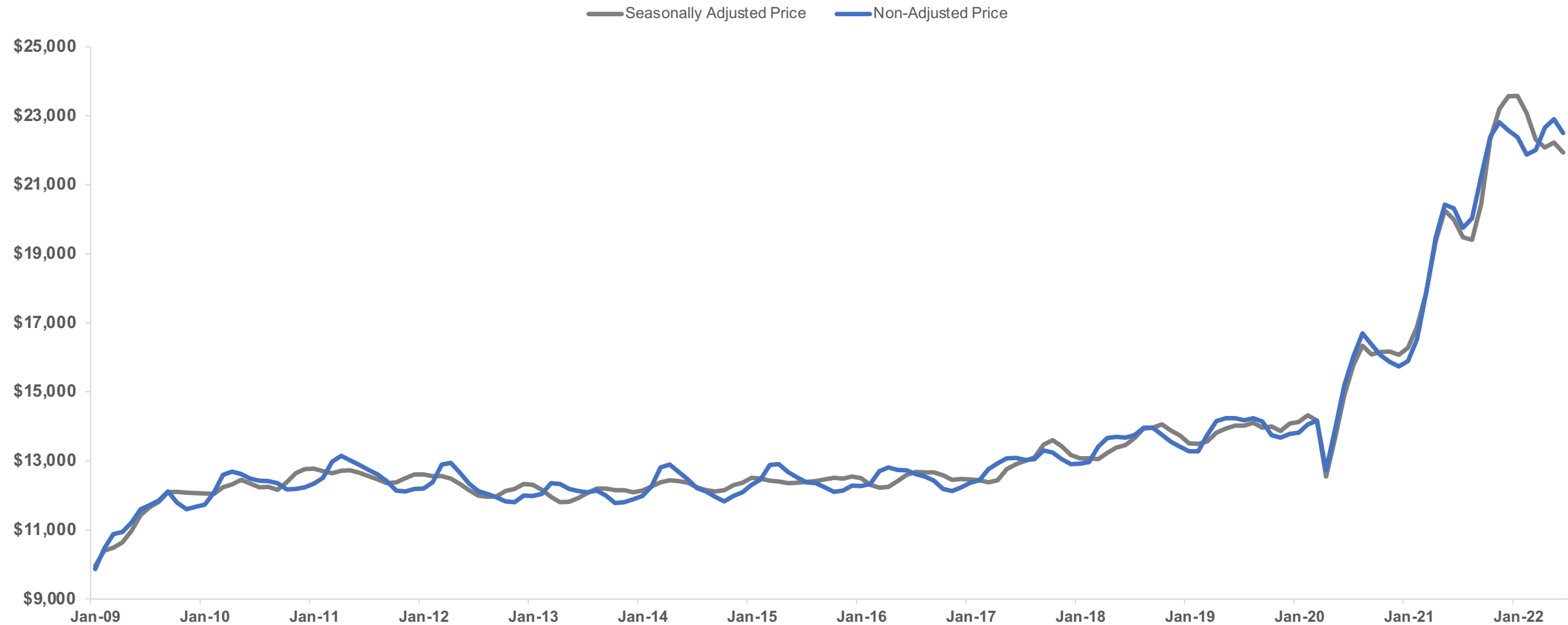
Year-over-year price performance flat with May against decline in values in June 2021



Seasonal Adjustment Expected Greater Spring Uplift

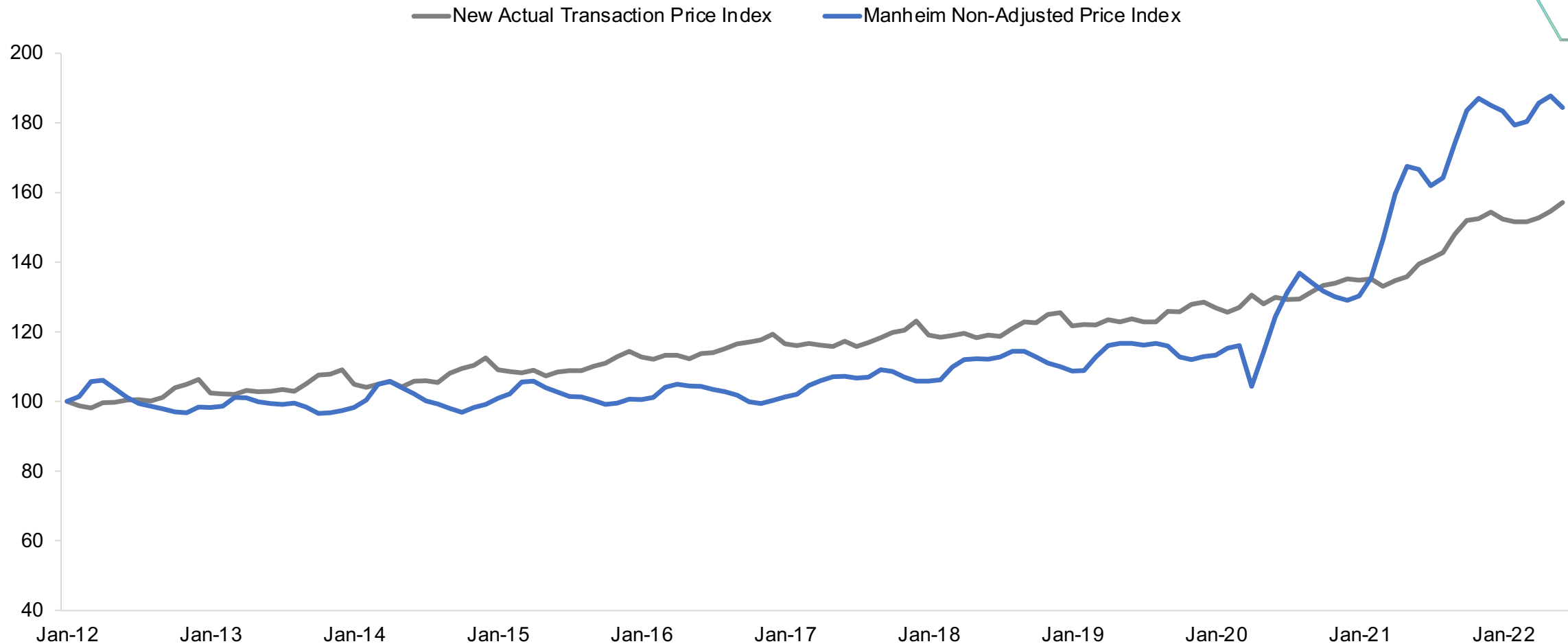


Adjusted prices were more negative in Q2, while non-seasonally adjusted prices were more positive



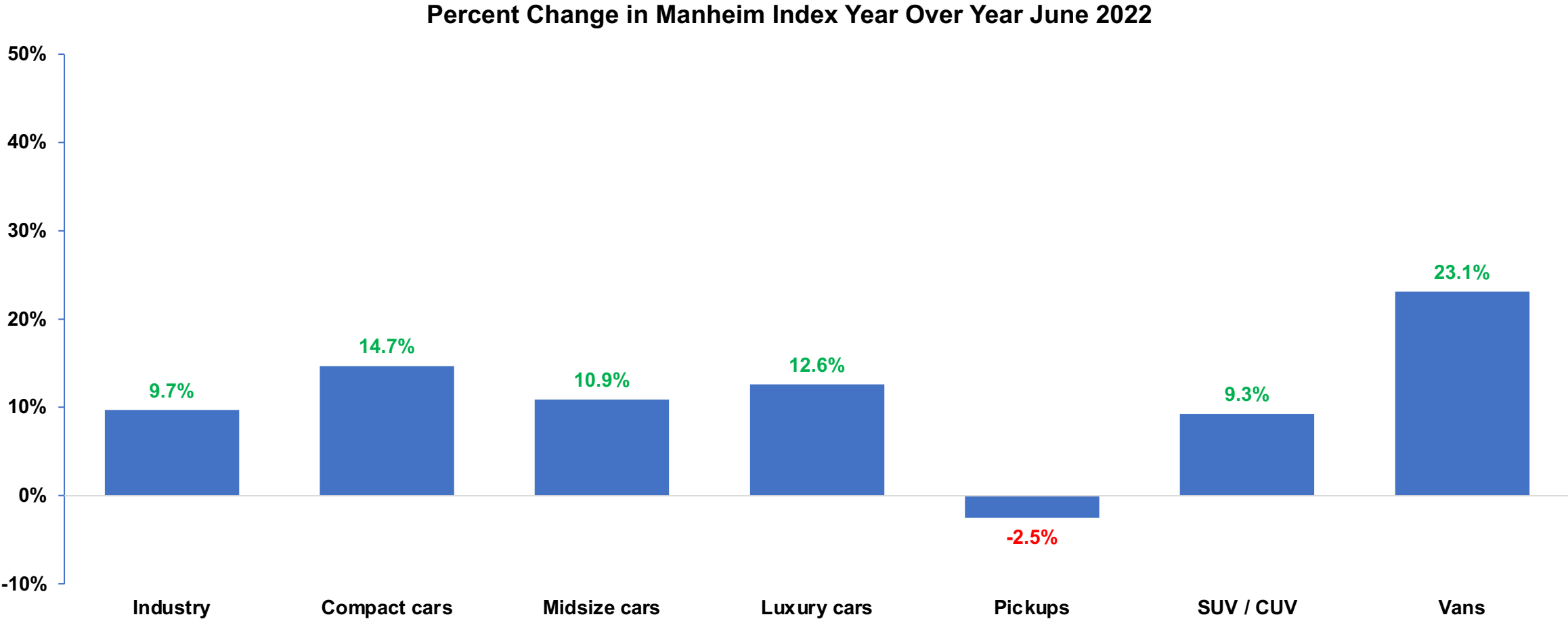
Wholesale Used Vehicle Price Index Versus New-Vehicle Price Index

New retail prices continue upward after winter pause; wholesale lower for first half despite some up months



Vans Continue Outperforming Other Segments, Again

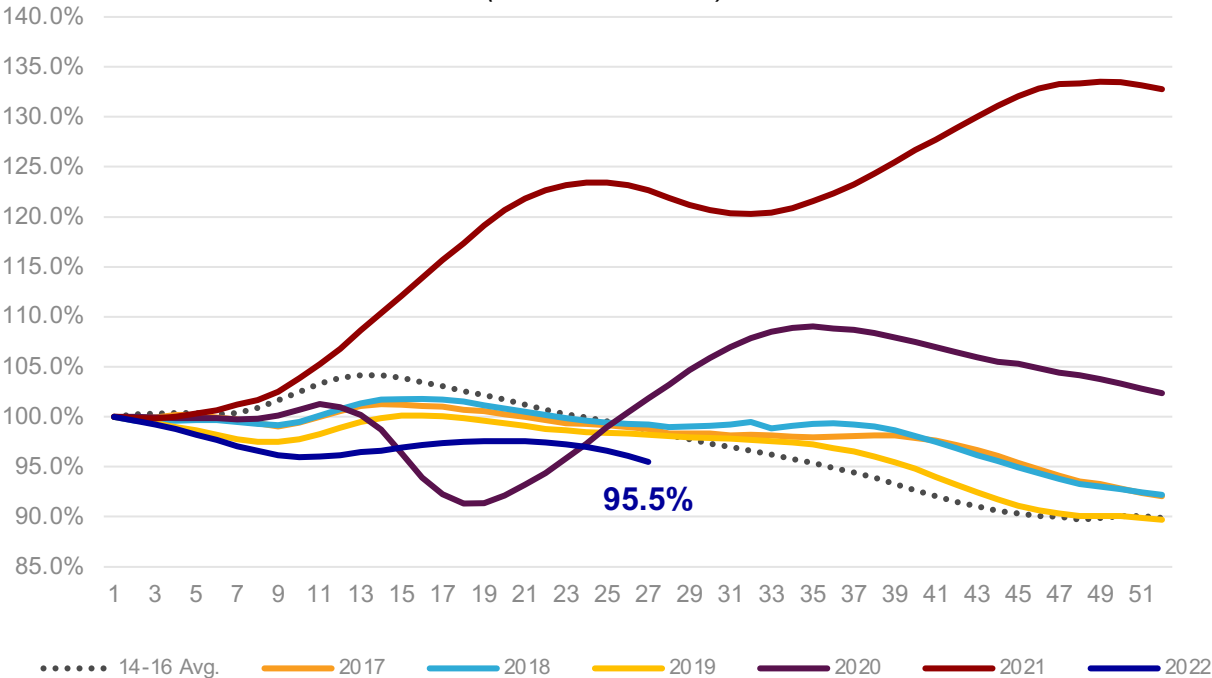
Pickups lost ground since March 2022, while cars and vans outperform



Later, Flatter Spring Selling Season in 2022

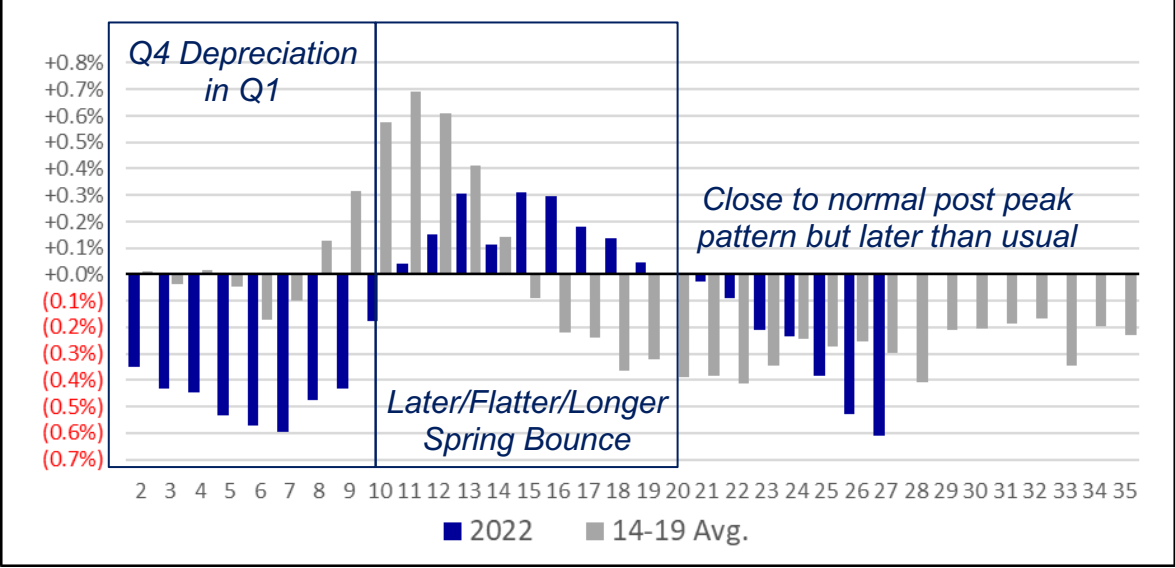
Following close to normal “post peak” spring seasonal pattern after peaking in week 20 (mid-May)

Overall MMR Index Trends
(All Model Years)



Resale Values are NOT following typical seasonal patterns in 2022

Weekly Change In Resale Value
All Model Years

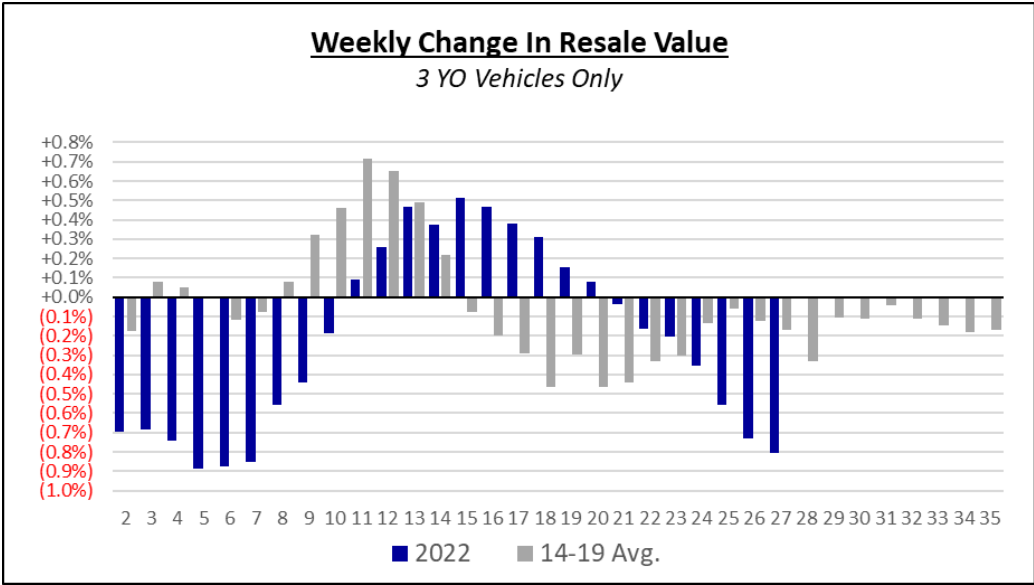
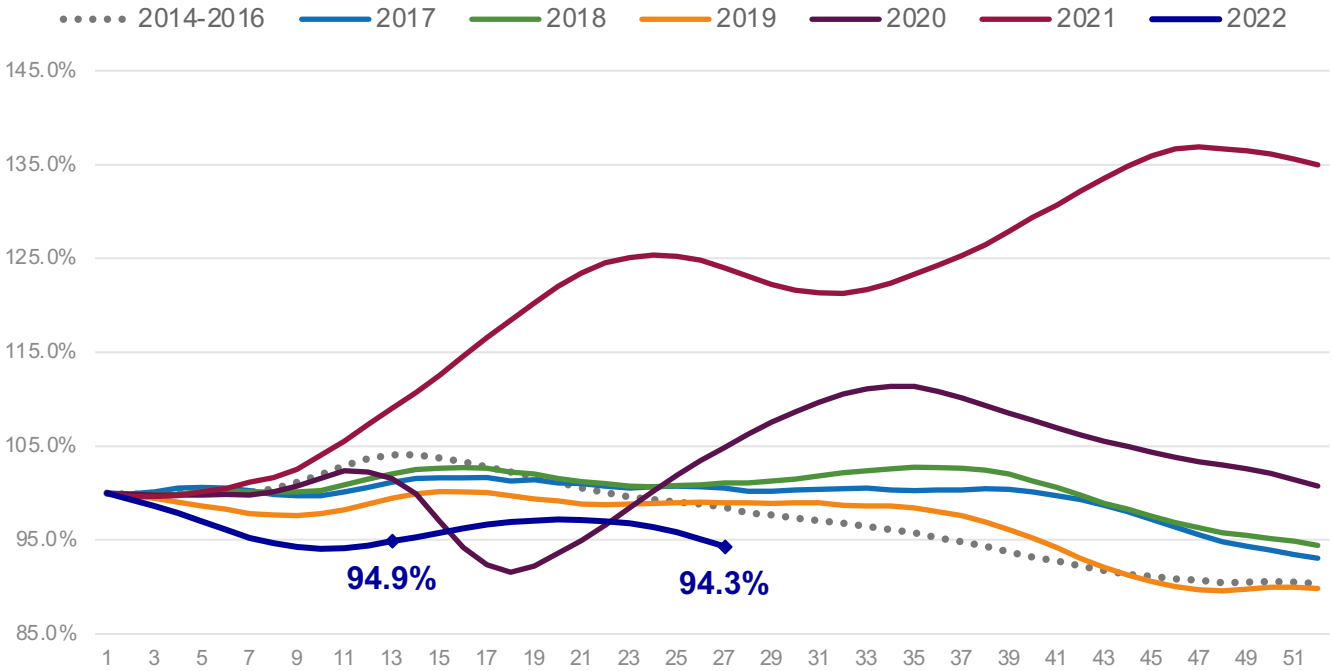


3-Year-Old MMR Index Trends

Stronger than typical “post-peak” depreciation on 3-year-old vehicles as we exit June



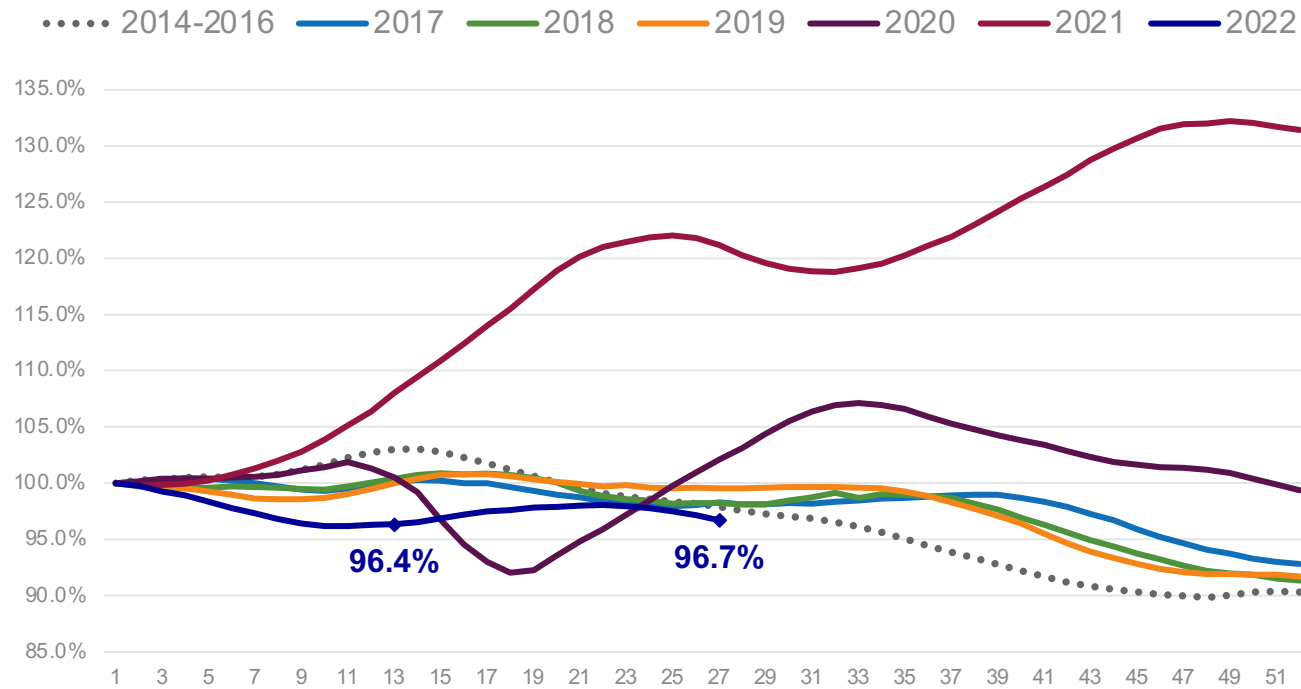
3-Year-Old Model MMR Index by Week



1-Year-Old MMR Index Trends

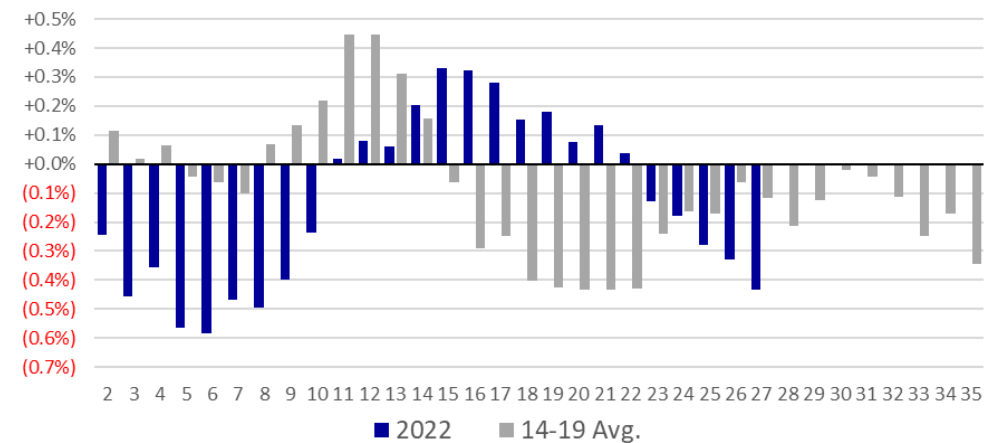
Weaker/longer spring bounce followed by normal post-peak depreciation pattern

1-Year-Old Model MMR Index By Week



Weekly Change In Resale Value

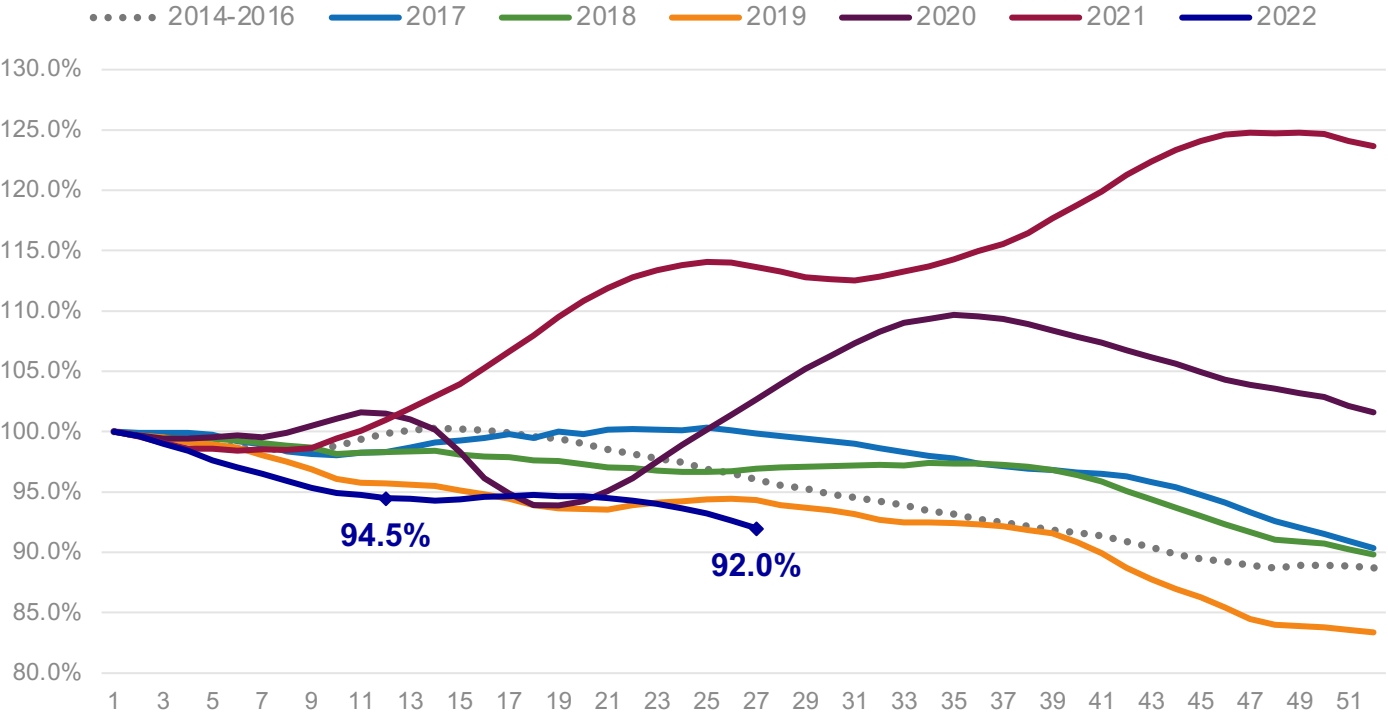
1 YO Vehicles Only



3-Year-Old Luxury Vehicle MMR Index Trends

Post spring peak depreciation pattern much steeper for luxury vehicles

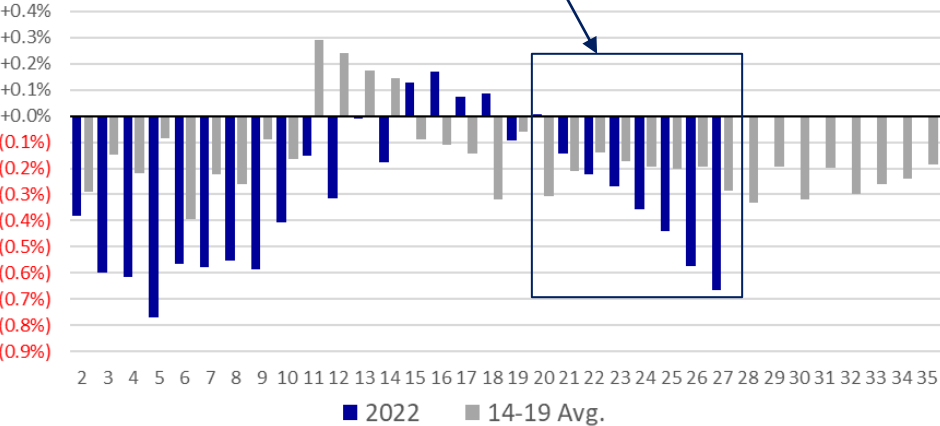
3-Year-Old Luxury Vehicle MMR Index By Week



Total Wk 20-27 Depreciation

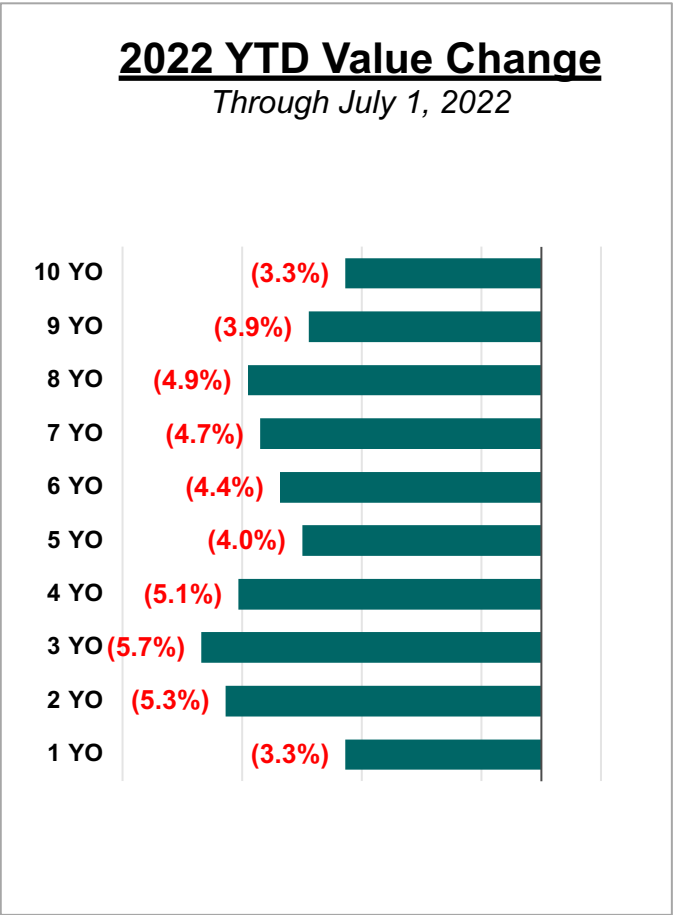
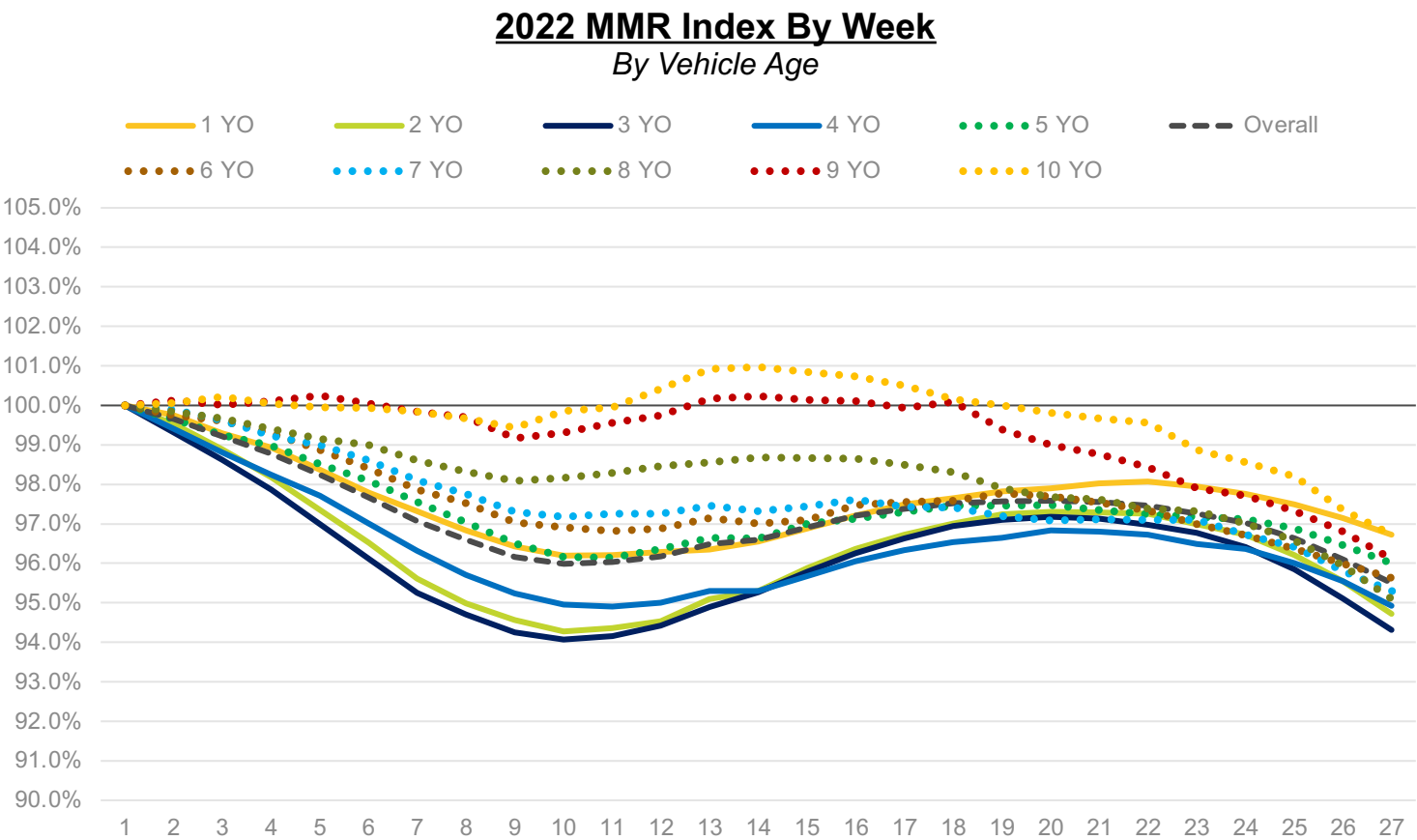
14-19 Avg.	2022
-1.7%	-2.7%

Weekly Change In Resale Value
3 YO *Luxury* Vehicles Only



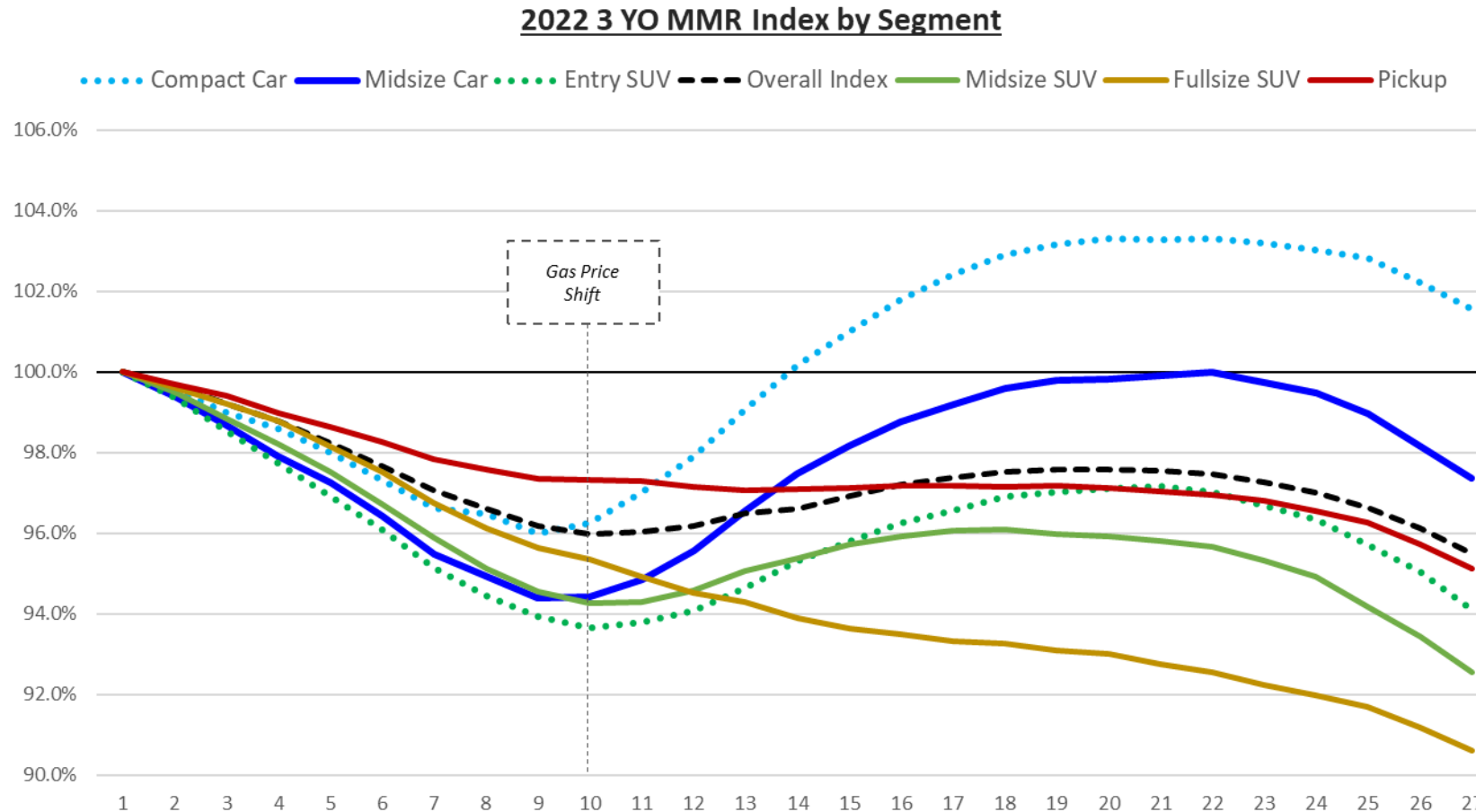
2022 Depreciation Patterns Differ Greatly By Age Group

Older vehicles turned down earlier and sharper in Q2; YTD value changes are converging which is more normal



Still No Clear Evidence Of Price Shifts Due To Accelerating Gas Prices

Most vehicle segments continue to follow a delayed but typical spring pattern

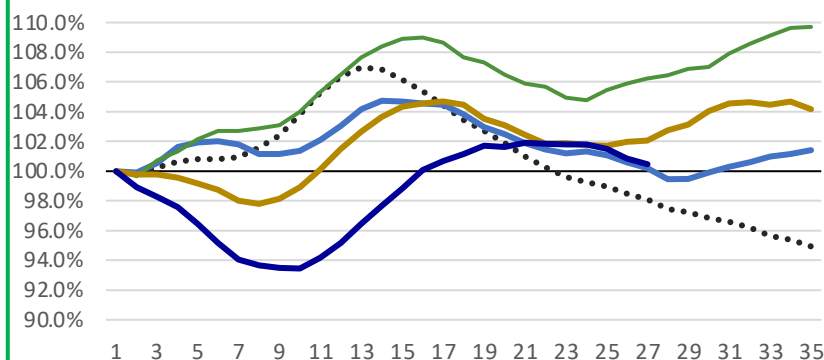


Pricing Trends Are Not Showing A Demand Shift Into Fuel Efficient Vehicles

Truck & Full-Size SUV Weakness Likely More Affordability Related

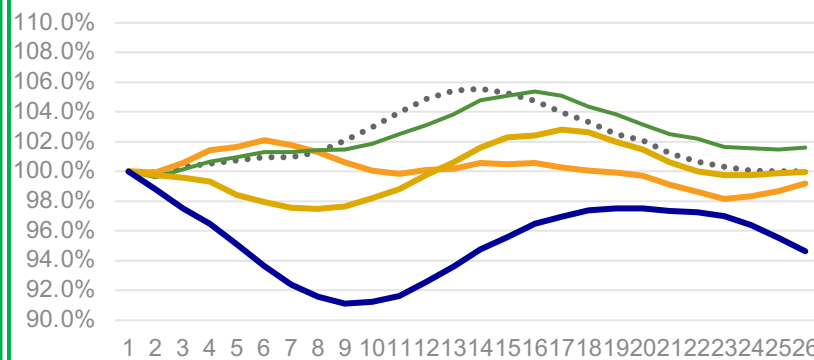
3-Year-Old MMR Index by Week

Compact Cars



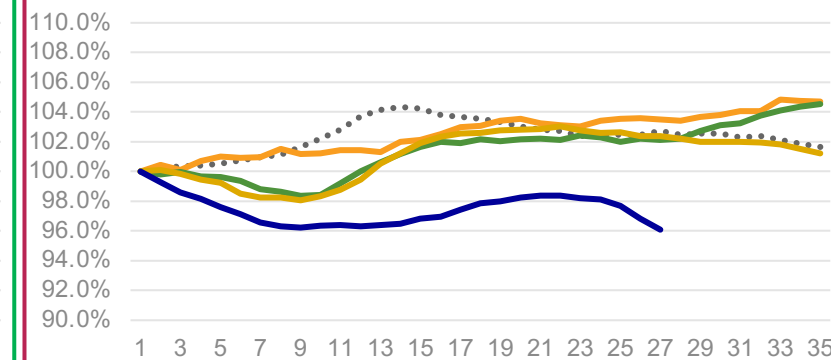
3-Year-Old MMR Index by Week

Entry SUVs



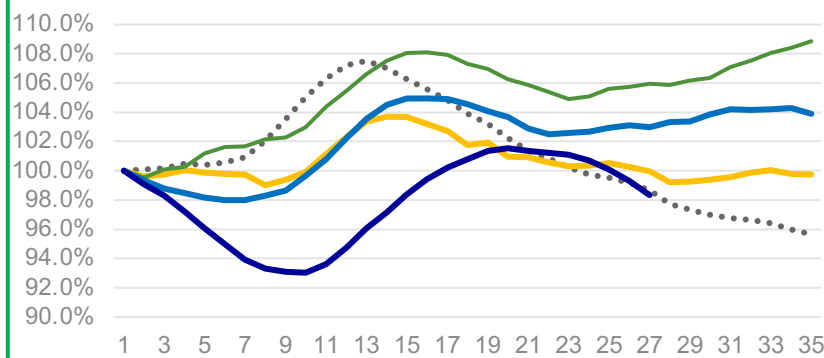
3-Year-Old MMR Index by Week

Pickups



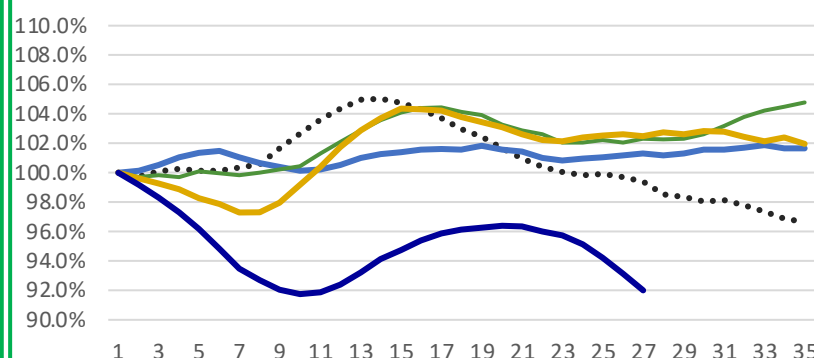
3-Year-Old MMR Index by Week

Midsize Sedans



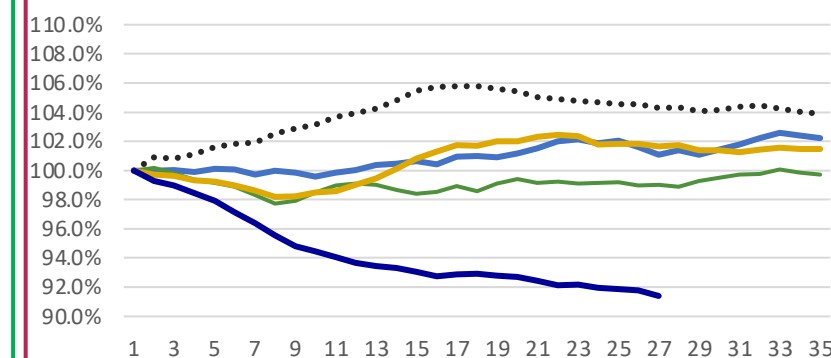
3-Year-Old MMR Index by Week

Midsize SUVs



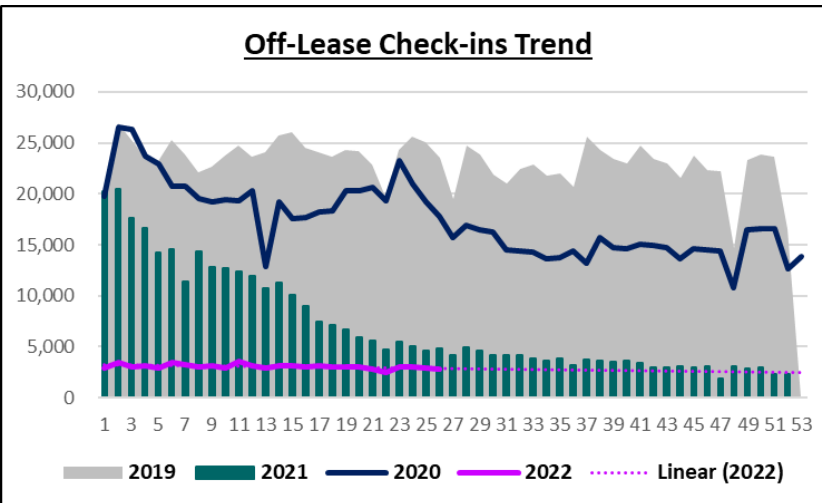
3-Year-Old MMR Index by Week

Full-Size SUVs



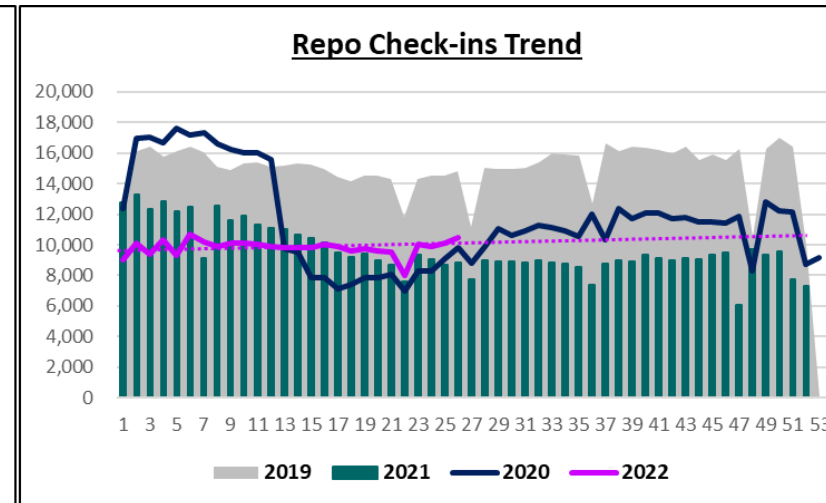
Commercial Supply Sources Remain Well Below Historical Norms

Repos following long, slow recovery path while Rental recovers a bit and Off-lease remains near all-time lows



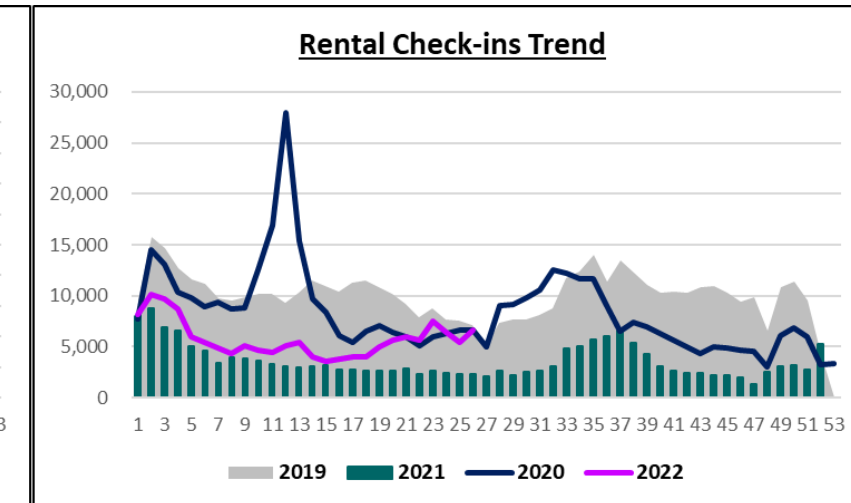
YTD 16% of 2019

No Change in Off-Lease check-ins trends as equity positions remain near historic highs



YTD 81% of 2019

Repo Volumes Slowly Recovering But Still Well Below Pre-Covid Levels



YTD 65% of 2019

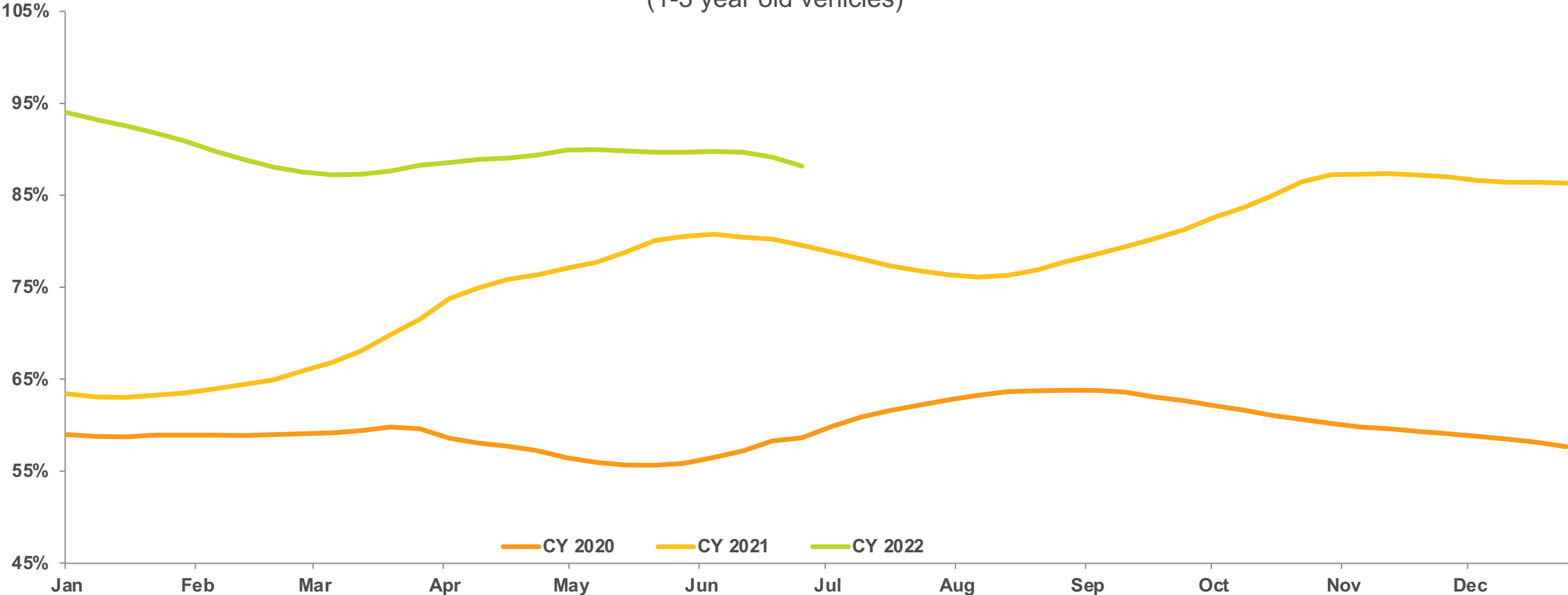
Rental De-Fleeting volumes rising recently but the de-fleeted vehicles are older with higher mileage than the historical norm

Retention Values Now Slowly Coming Down

Retention values peaked at 94% in January; now 88%

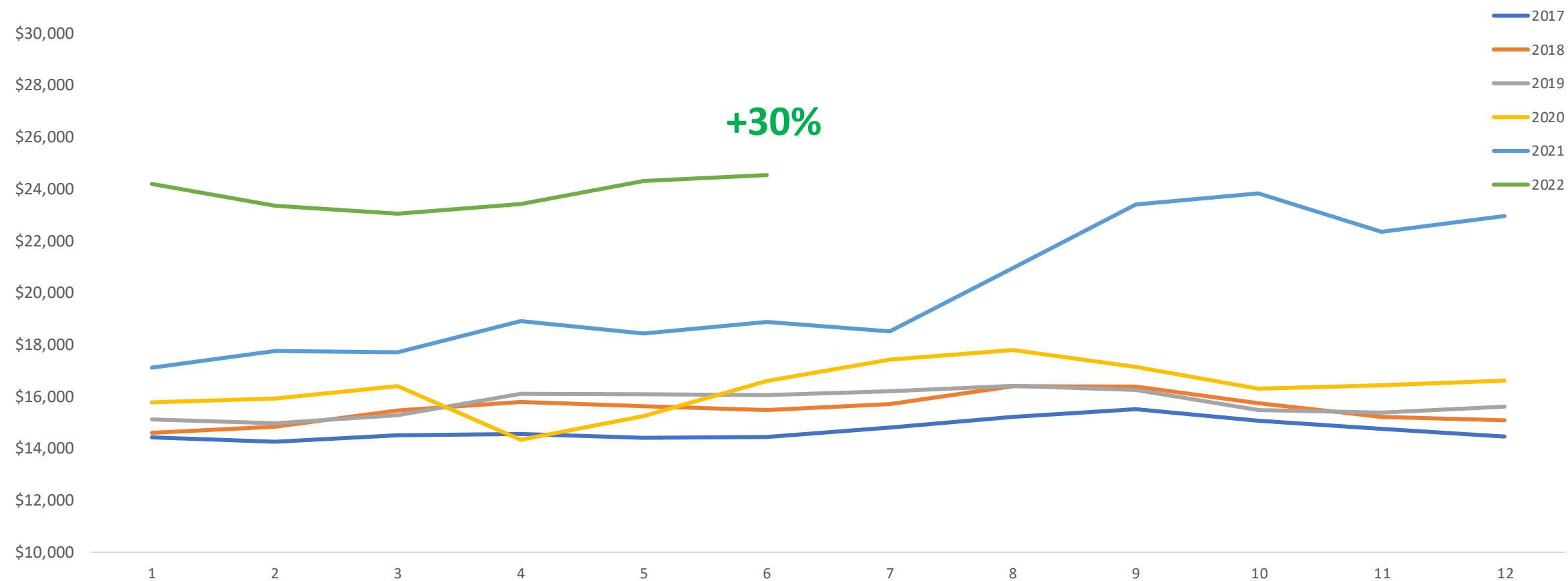


Auction Retention Value
(1-3 year old vehicles)



Rental Risk Average Auction Prices

Average price for rental risk units sold in June up 30% year over year and up 1% month over month



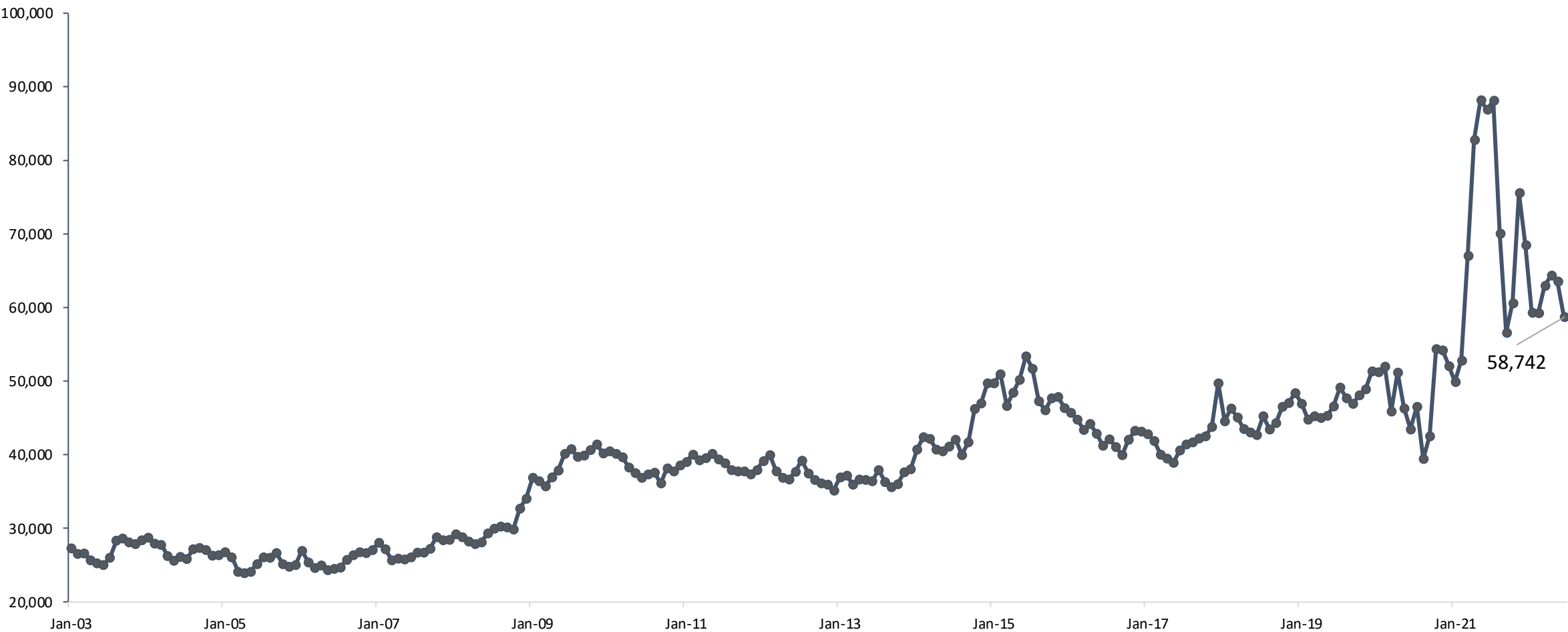
Rental Risk Vehicle Variety Represented in Sales

Configuration distribution moving back toward 2020 levels, but with >10% more variety in YMMB sales

	2020 Q2	2021 Q2	2022 Q2
Number of unique year, make, model, body configurations sold	3,090	2,800	3,472
Share accounted for top 10 YMMB	14.0%	10.0%	13.9%
Share accounted for top 25 YMMB	25.9%	18.7%	24.5%
Number of YMMB to reach 50% share	86	204	94

Rental Risk Average Mileage

Average mileage for rental risk units in June was down 32% compared to a year ago and down 8% month over month



Rental Risk Sales Condition



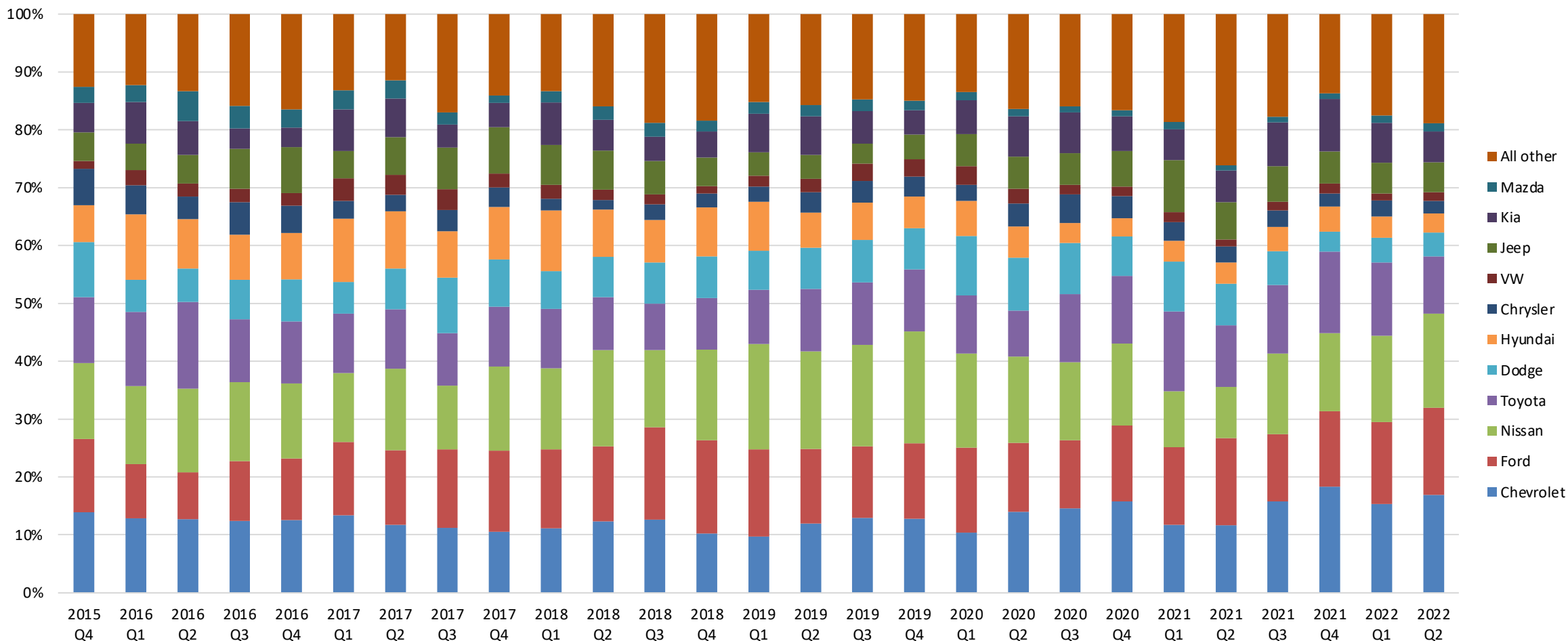
Q2 2022 distribution almost identical to Q3 2021



Rental Risk Sales By Make



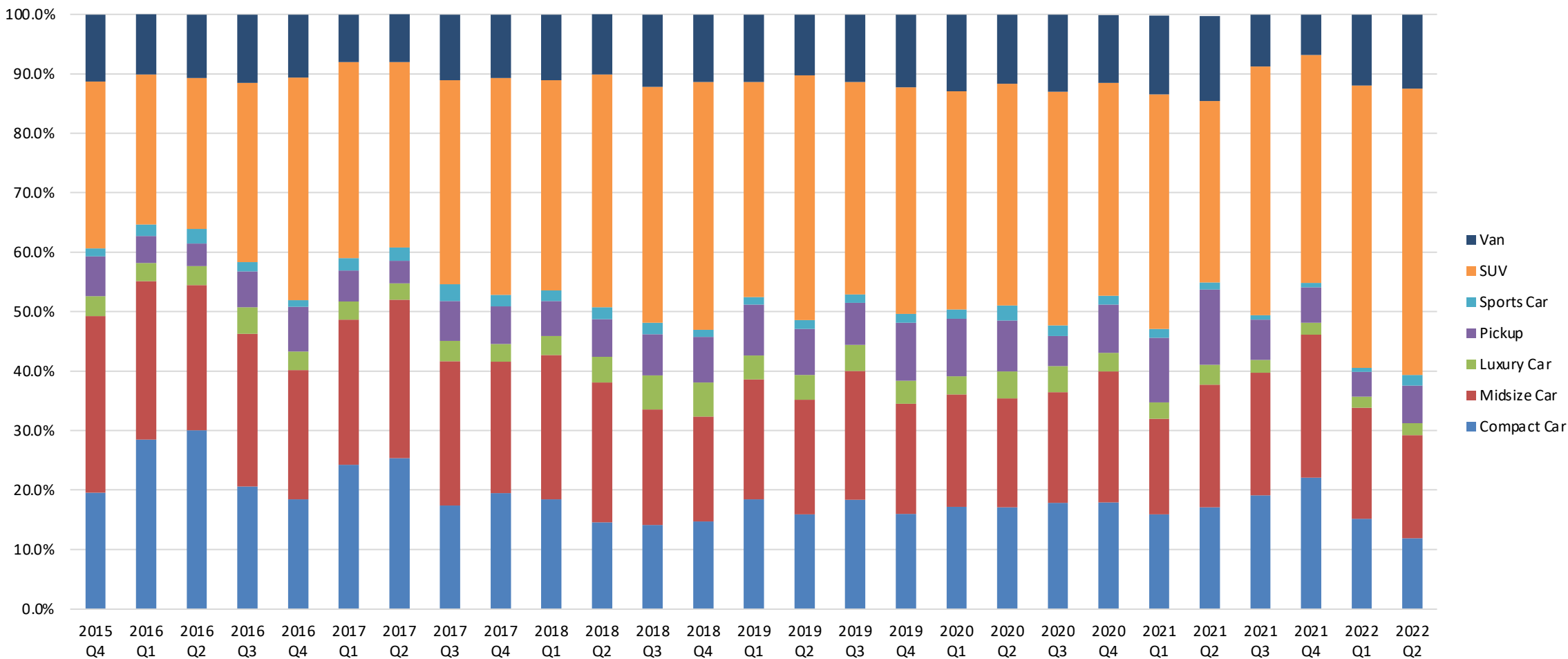
Chevy, Nissan, and Ford increased share by 1%+ since Q1, while Toyota share declined nearly 3%



Rental Risk Sales By Vehicle Segment



Pickup, Sports Car share increased from Q1, while Compact and Midsize Car share declined again



Manheim MMR Insights on Top Volume Vehicles

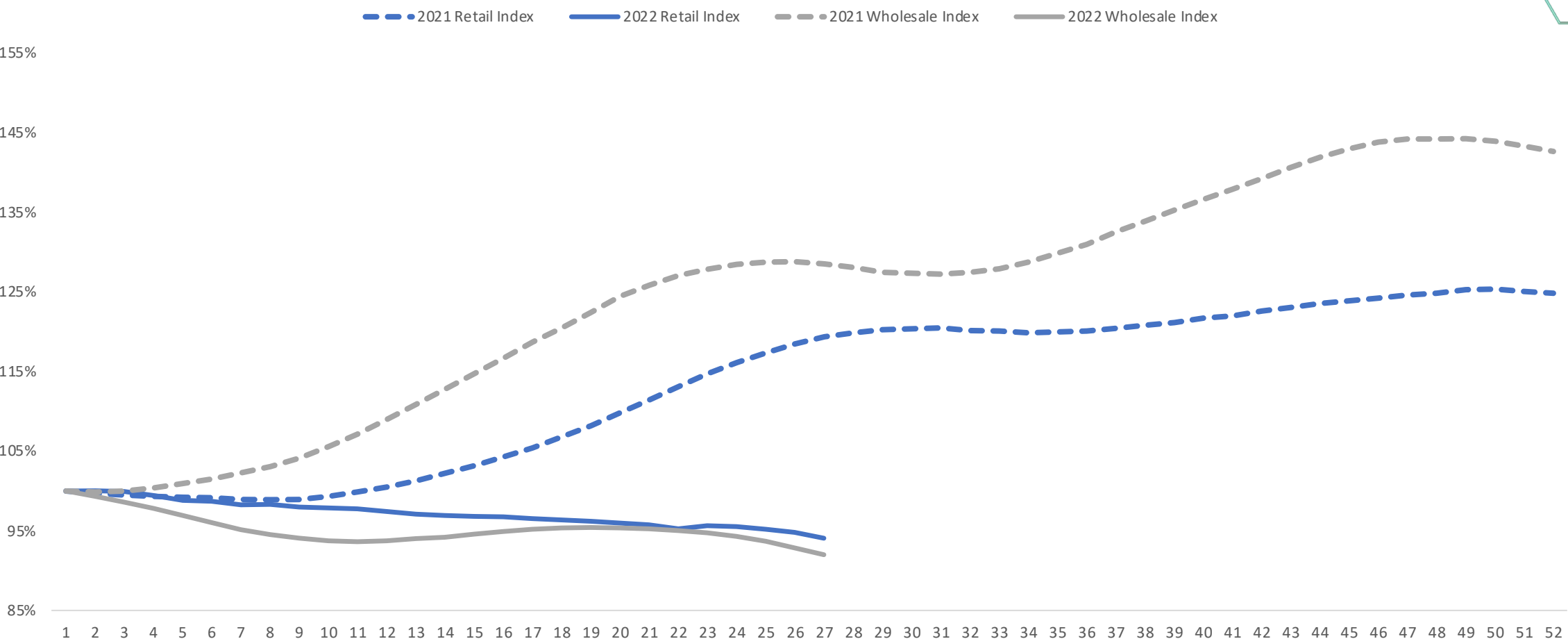
Price trends on top selling vehicles in June at Manheim showed declining values for the month

Rank	Source(Rank)	Category	Subcategory	Vehicle	1-Jul	Past 30 Days	Last Year	Current Dep	L12M Dep/Mo
1	All	Midsize Car	Midsize Car Entry	2020 CHEVROLET MALIBU 4D SEDAN LT	\$20,700	\$21,000	\$18,800	-1.4%	0.8%
2	All	Compact Car	Compact Car Premium	2020 TOYOTA COROLLA 4D SEDAN LE	\$20,200	\$20,300	\$18,150	-0.5%	0.9%
3	All	SUV	SUV Midsize	2019 CHEVROLET EQUINOX FWD 4D SUV 1.5L LT	\$20,100	\$20,800	\$20,400	-3.4%	-0.1%
4	All	Midsize Car	Midsize Car Premium	2020 NISSAN ALTIMA FWD 4D SEDAN 2.5L S	\$22,900	\$23,000	\$22,000	-0.4%	0.3%
5	All	SUV	SUV Midsize	2020 CHEVROLET EQUINOX AWD 4D SUV 1.5L LT	\$23,000	\$23,600	\$21,200	-2.5%	0.7%
1 Dealer	Dealer	SUV	SUV Midsize	2019 CHEVROLET EQUINOX FWD 4D SUV 1.5L LT	\$20,100	\$20,800	\$20,400	-3.4%	-0.1%
1 Lease	Lease	SUV	SUV Luxury	2019 VOLVO XC90 AWD 4D SUV T6 MOMENTUM	\$38,900	\$39,800	\$43,500	-2.3%	-0.9%
1 Rental	Rental	Midsize Car	Midsize Car Entry	2020 CHEVROLET MALIBU 4D SEDAN LT	\$20,700	\$21,000	\$18,800	-1.4%	0.8%

Three-Year Old Average Prices Now Seeing Above Average Declines

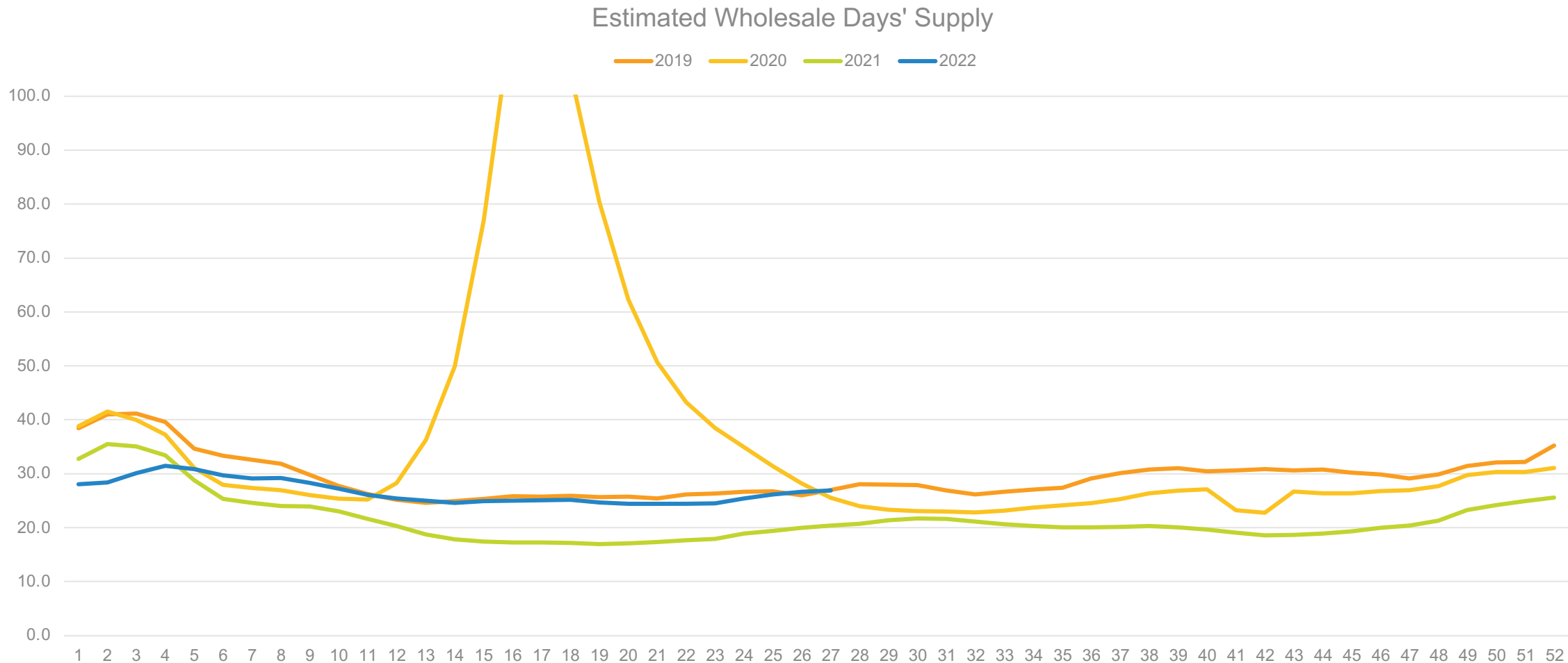
Following spring uplift in wholesale prices, last two weeks have seen higher than normal declines

MY 2019 Retail and Wholesale Price Indices



Wholesale Days' Supply Normalized This Spring

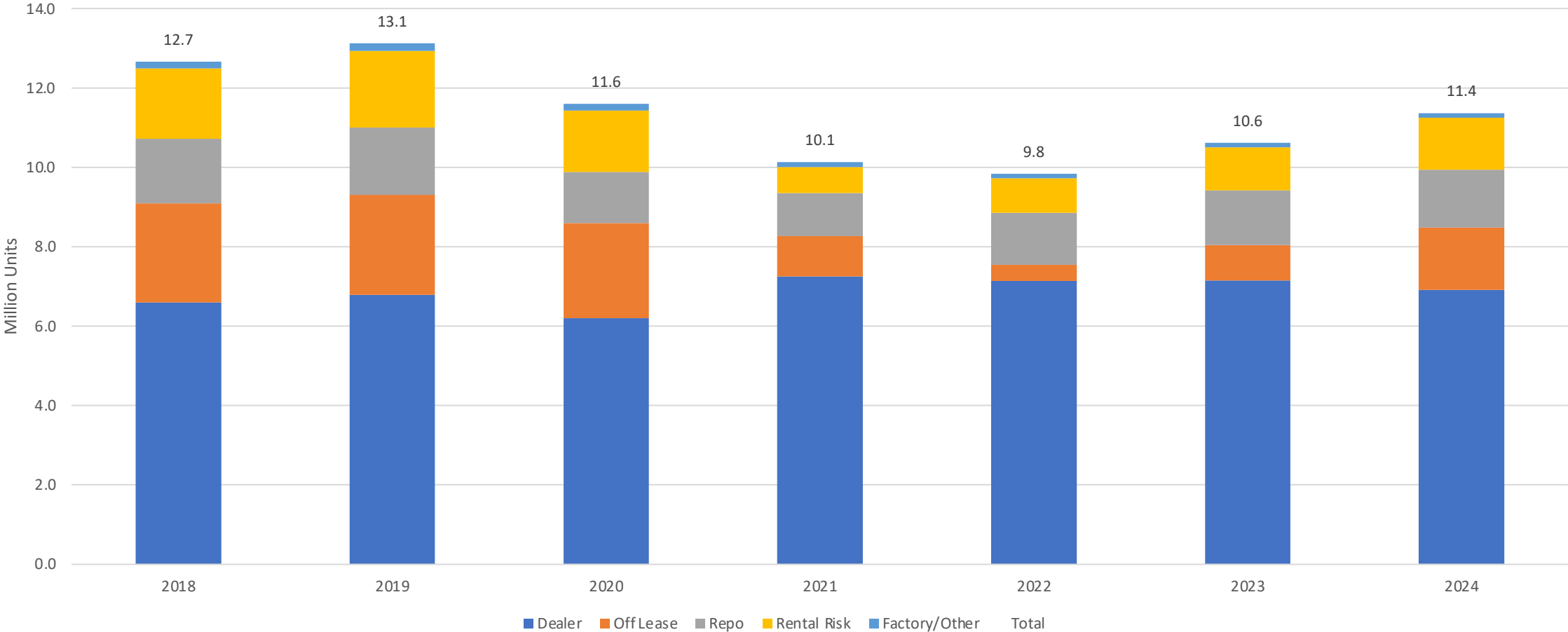
Level of supply suggests balance between sellers and buyers



Wholesale Flows at Tightest Point

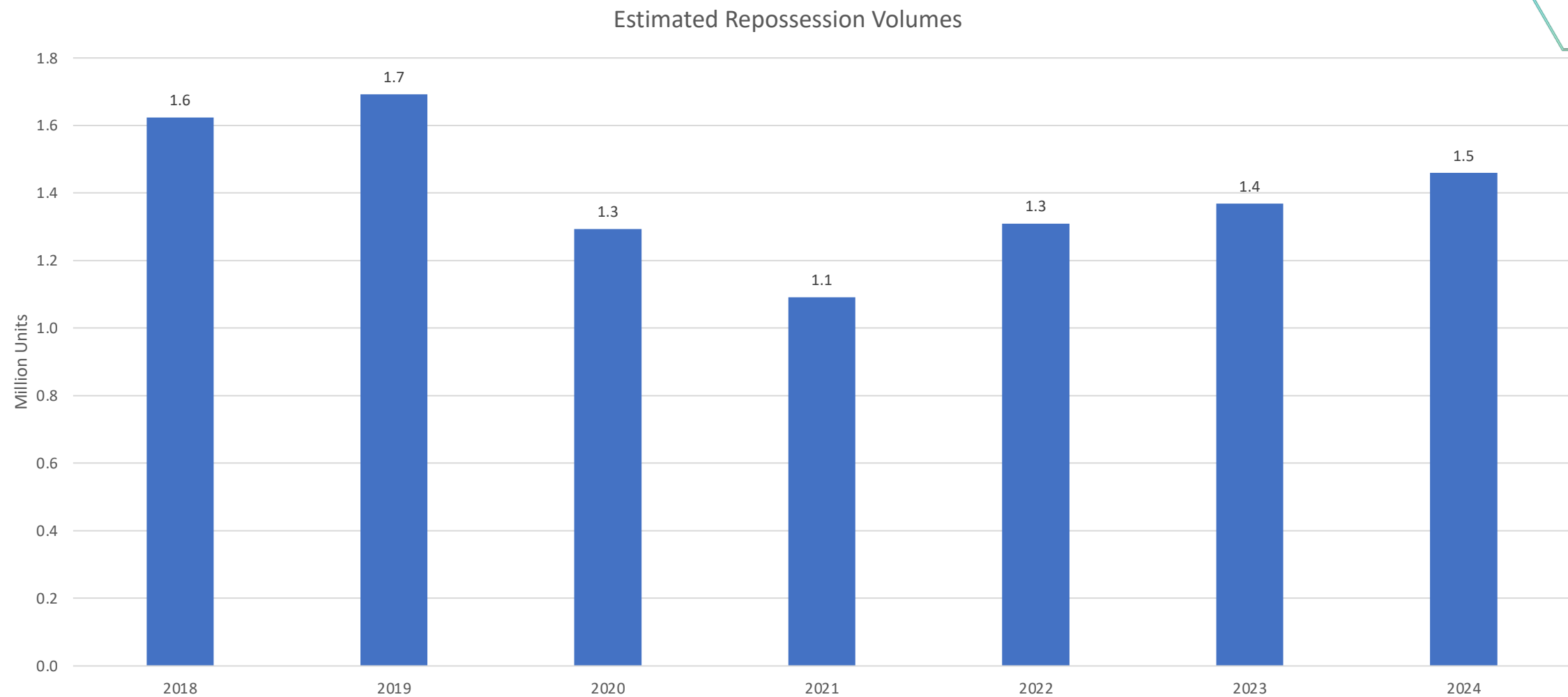
2022 will see 3% decline from 2021; recovery begins in 2023 but remains below 2019 through 2024

Estimated Wholesale Volumes by Inflow Channel (Annual Volume)



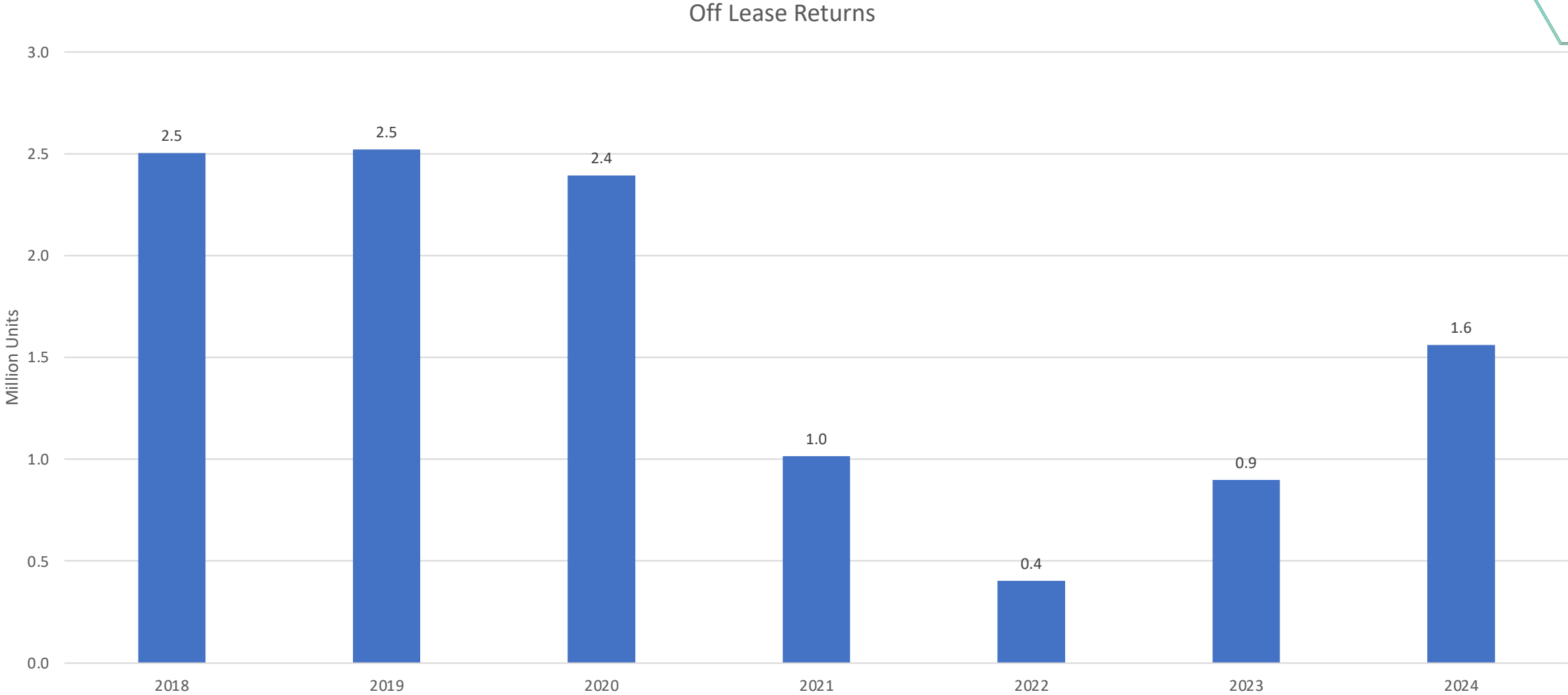
Repo Dip in 2020-2021 Followed by Slow Recovery

Repossessions in 2020 and 2021 impacted by stimulus support, accommodations, and record values



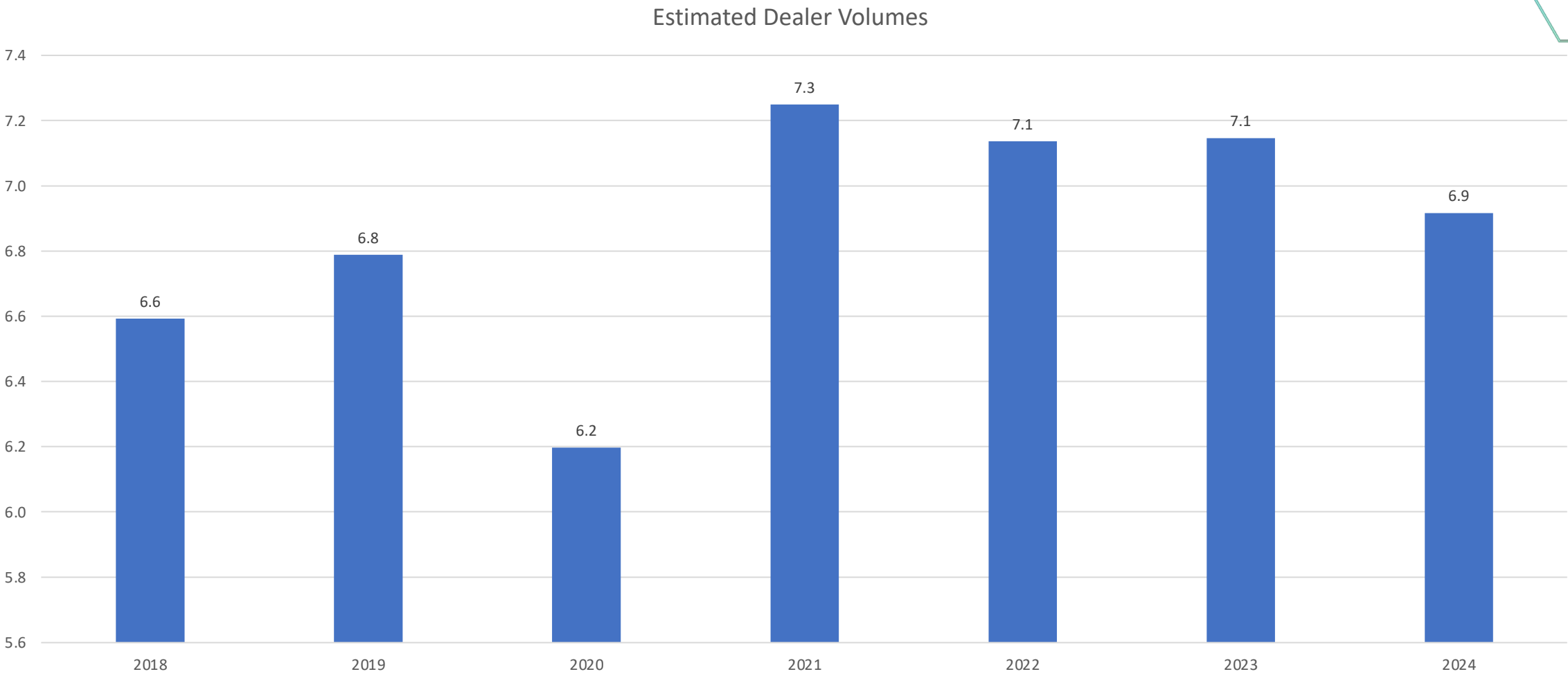
Off Lease Peaked in 2019 and Collapsed with Record Values

Return rate expected to hit historical low of 10% in 2022 following 15% in 2021; normal is >65%



Dealer Volumes Surged in 2021

Off-lease arbitrage and record retail sales powered 18% jump in dealer consignments in 2022



2022 FORECASTS Q2 UPDATE

New
14.4M ↓
NEW SALES

New
12.6M ↓
NEW RETAIL SALES

New
1.8M ↓
FLEET SALES

New
2.7M ↓
NEW LEASE
VOLUME

New
21% ↓
LEASE
PENETRATION

New
2.3M ↓
CPO SALES

New
37.1M ↓
USED SALES

New
19.6M ↓
USED RETAIL SALES

New
-6% ↓
DEC 2022 Y/Y MANHEIM
USED VEHICLE
VALUE INDEX

↓ Indicates decrease from Q1 forecast



Q&A

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More Auto Industry Data and Insights from Cox Automotive

The go-to source for insights based on the largest breadth of first-party data in the automotive ecosystem

Cox Automotive Newsroom: www.coxautoinc.com/newsroom/

Fresh content from Chief Economist Jonathan Smoke and the Industry Insights team is published regularly.

Auto Market Snapshot: www.coxautoinc.com/marketsnapshot

This dashboard is a one-stop dashboard for the most recent data points our team is tracking.

From the Newsroom: www.coxautoinc.com/signup

The Cox Automotive biweekly newsletter, published every other Tuesday, is a round-up of news from Cox Automotive and perspectives from its analysts and experts on topics dominating the automotive industry.





Thank you for attending!

**Contact us with questions or to speak
with an expert:**

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