



MID-YEAR REVIEW

JUNE 27, 2023



COX AUTOMOTIVE

AGENDA

Time Check: 75 Minutes

Intro & Cox Automotive

The Economy

Electric Vehicles

New-Vehicle Market

Used-Vehicle Market

Outlook & Playlist

Q&A

Mark Schirmer, Director, Corporate Communications

Jonathan Smoke, Chief Economist

Jonathan Gregory, Senior Manager, Economic and Industry Insights

Charlie Chesbrough, Senior Economist

Chris Frey, Senior Manager, Economic and Industry Insights

Jonathan Smoke, Chief Economist and Resident DJ

w/ Michelle Krebs, Executive Analyst

Jeremy Robb, Senior Director, Economic and Industry Insights

Rebecca Rydzewski, Research Manager, Economic and Industry Insights

THE POWER OF COX AUTOMOTIVE

Harnessing the power of connected data for game-changing results

COX AUTOMOTIVE



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THE ECONOMY



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JONATHAN SMOKE

Chief Economist



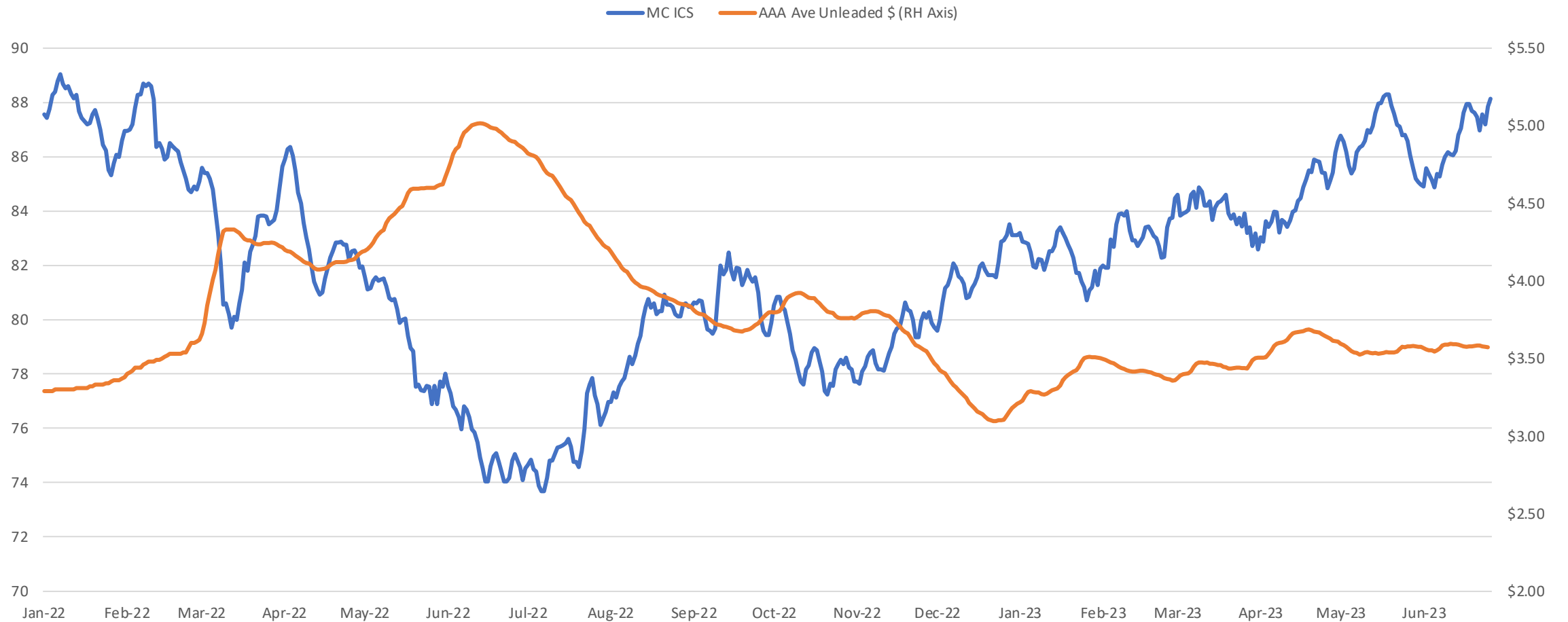
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CONSUMER SENTIMENT

Consumer sentiment has been up and down this year

Morning Consult Index of Consumer Sentiment vs. Average Price of Unleaded



3 BIG THINGS

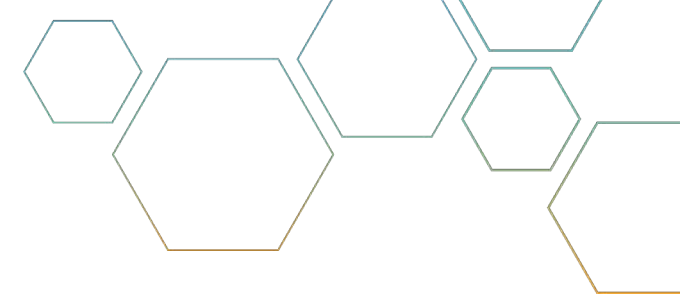
1. RISK OF RECESSION

2. AFFORDABILITY

3. LACK OF NEW SUPPLY

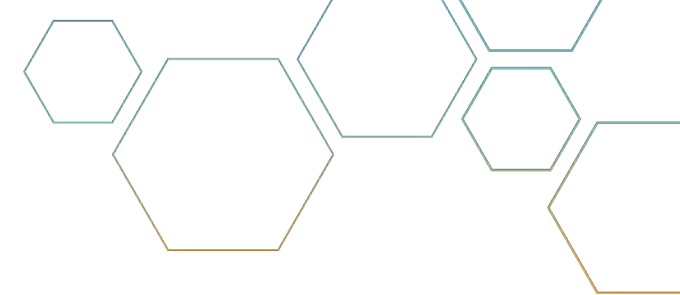


THE ECONOMY



Overall Economy	Real GDP Growth	-0.6% (Q2 '22)	1.3% (Q1 '22)	+1.4% (Q2 '23 F)	
Employment Conditions	U3 Unemployment Rate	3.6% (May '22)	3.4% (April '23)	3.7% (May '23)	
Buyer Confidence	UofM Consumer Sentiment	50.0 (Jun '22)	59.2 (May '23)	63.9 (Jun '23 P)	
Wages	Earnings Growth	5.5% (May '22)	4.4% (Apr '23)	4.3% (May '23)	
Buyer Ability	Disposable Income Y/Y	-1.5% (Apr '22)	7.9% (Apr '23)		

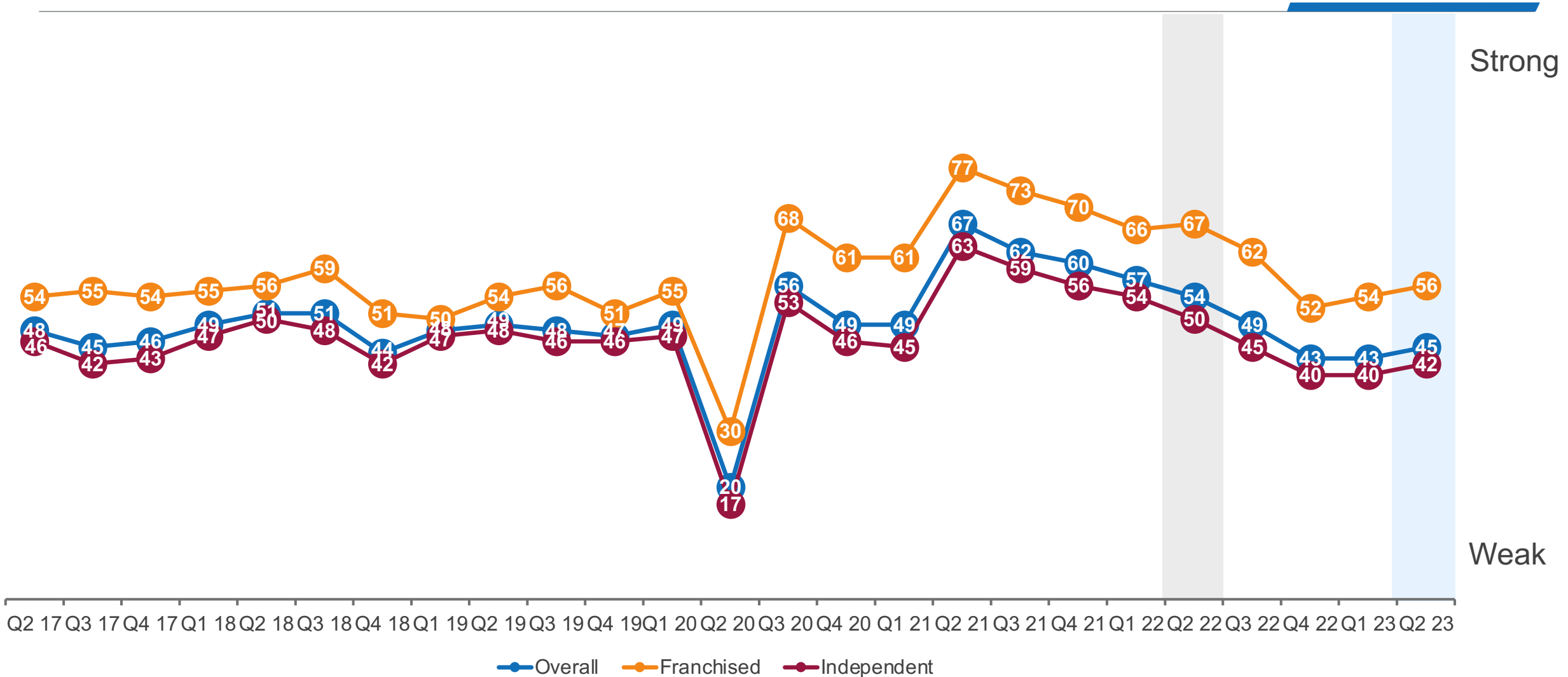
THE ECONOMY



Auto Finance	FRBNY	\$177 billion (Q1 '22)	\$162 billion (Q1 '23)		
Interest Rates	Effective Fed Funds Rate	0.76% (Jun '22)	5.08% (Jun '23)		
Borrowing Costs	Average New Auto Loan Rate	6.25% (Jun '22)	8.99% (Jun MTD '23)		
Mobility Costs	AAA Average Retail Unleaded Gasoline Price	\$4.84 (Jun '22)	\$3.57 (May '23)	\$3.58 (Jun MTD '23)	

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

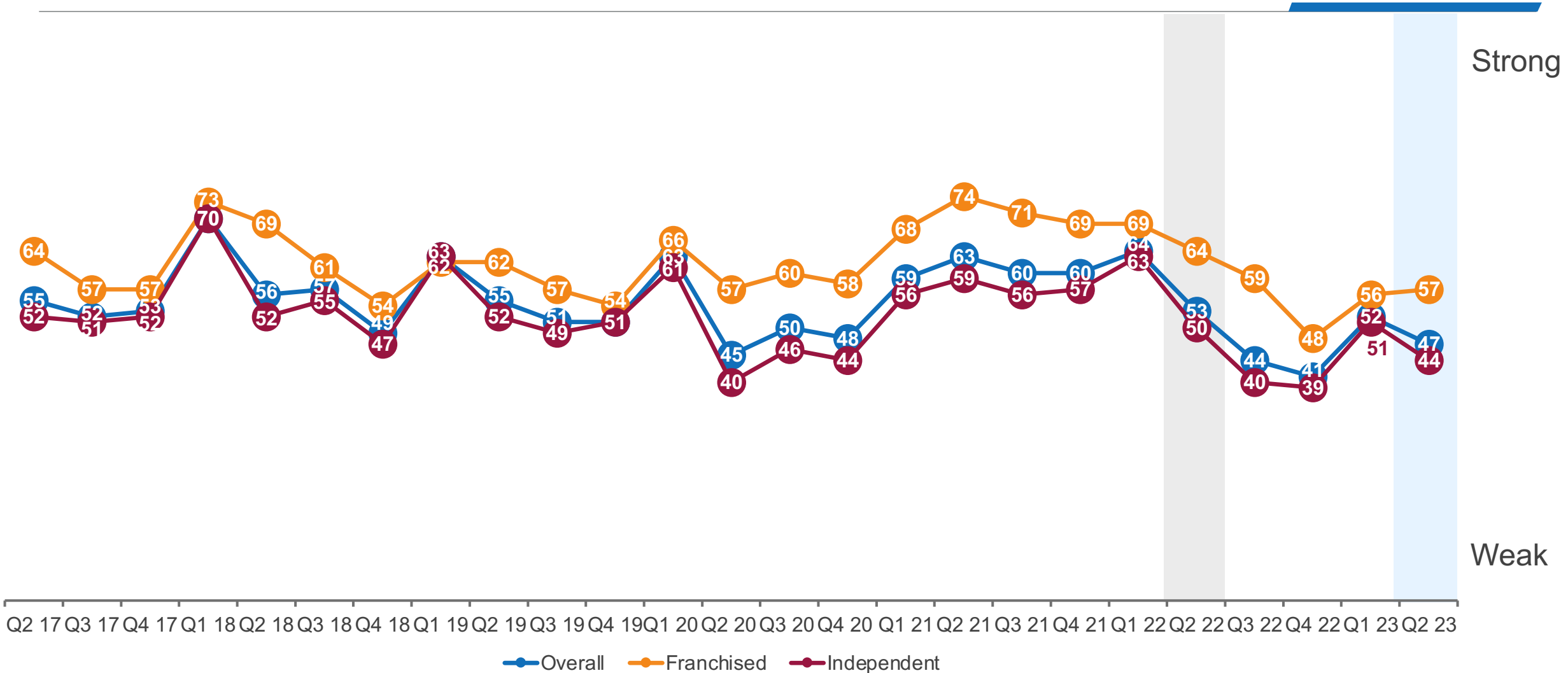
Dealer Sentiment Index SECOND QUARTER 2023



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 2023



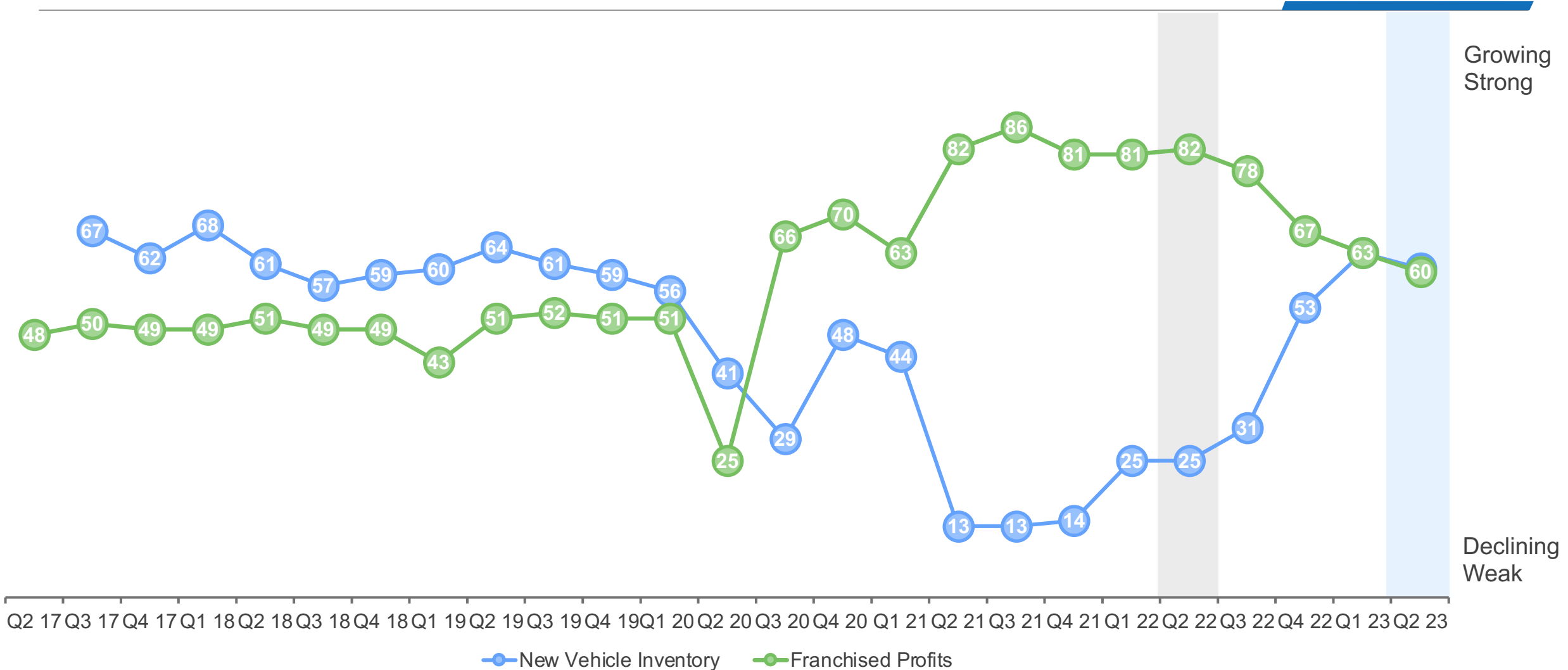
Note: Scale 1 - 100

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

SECOND QUARTER 2023



Note: Scale 1 - 100

Factors Holding Back Your Business?

OVERALL RANK

		Q2 '23	Q1 '23	Q2 '22	Q2 '21
1	Economy	55%	54%	46%	24%
2	Interest Rates	53%	55%	17%	3%
3	Limited Inventory	44%	43%	61%	64%
4	Market Conditions	42%	42%	44%	34%
5	Credit Availability for Consumers	30% ↑	26%	17%	14%
6	Expenses	30%	29%	28%	19%
7	Political Climate	29% ↑	25%	28%	18%
8	Consumer Confidence	26%	28%	22%	8%
9	Competition	12%	12%	11%	15%
10	Business Impacts From COVID-19/Coronavirus	11%	11%	20%	28%

Significant decrease vs previous quarter



Significant increase vs previous quarter





ELECTRIC VEHICLES



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JONATHAN GREGORY

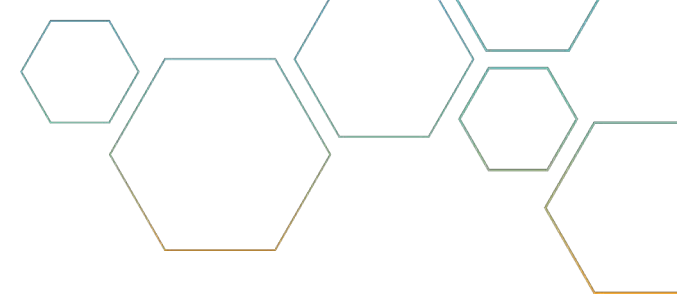
Senior Manager, Economic and Industry Insights



COX AUTOMOTIVE



Path to EV Adoption: Consumer and Dealer Perspectives



Background

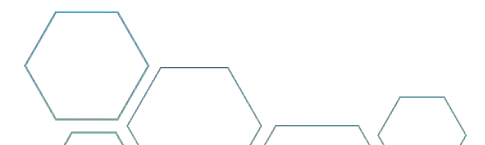
Cox Automotive started researching the EV market in 2019 and continues to monitor changing consumer and dealer sentiment. This research focuses on understanding how EVs will change the consumer shopping and ownership experiences along with impacts to the dealership.

Cox Automotive surveyed...

1,024	152
CONSUMERS	DEALERS

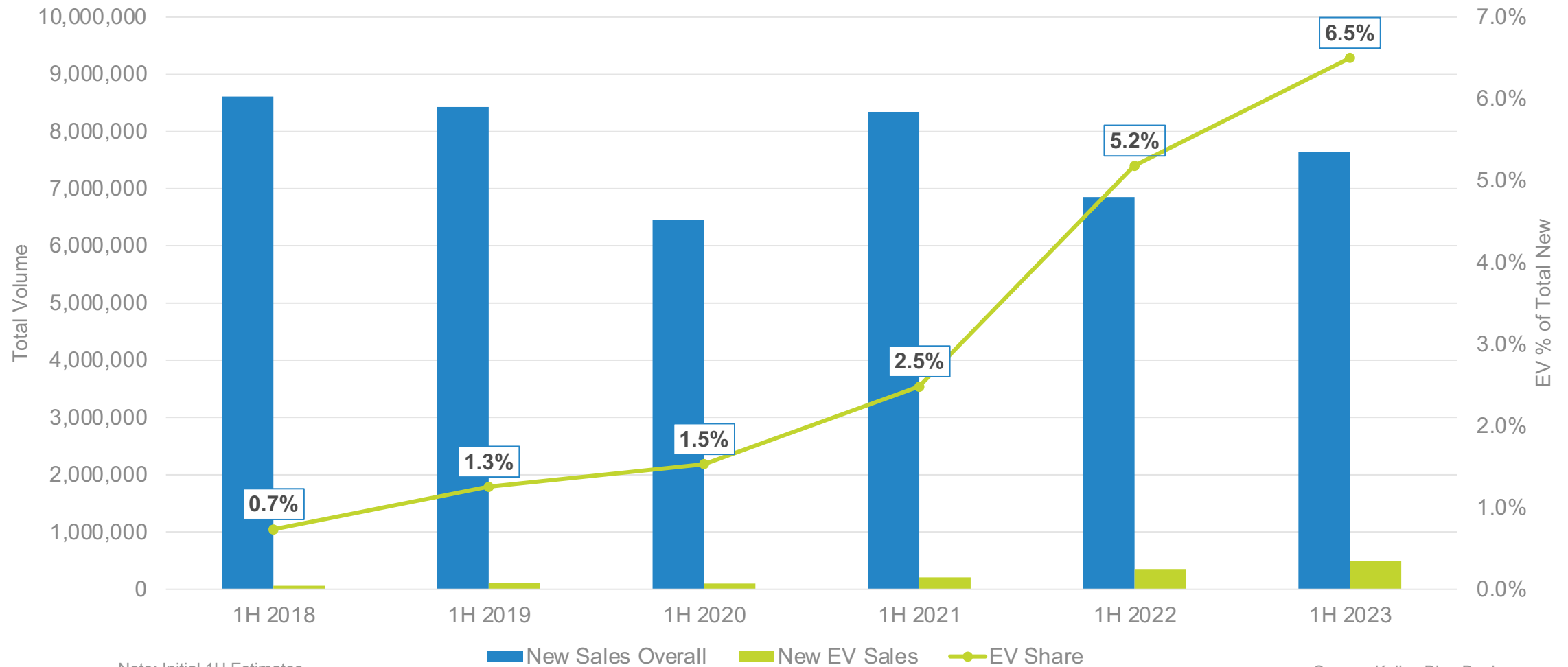
Now Available

Visit the Cox Automotive Newsroom for more information.



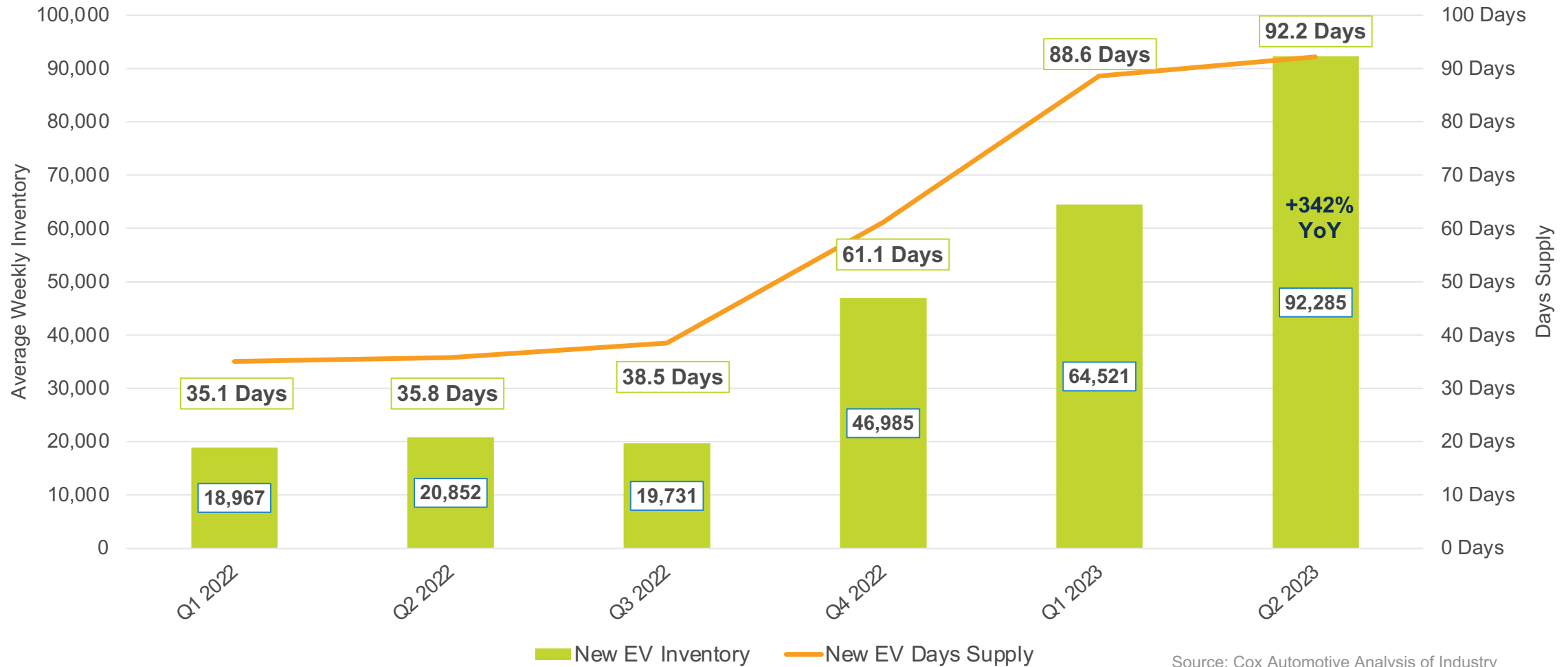
NEW EV SALES HIT CRITICAL MASS

Through 1st half, EV sales estimated at 6.5% of all new-vehicle sales



NEW EV INVENTORY & DAYS' SUPPLY ESTIMATES

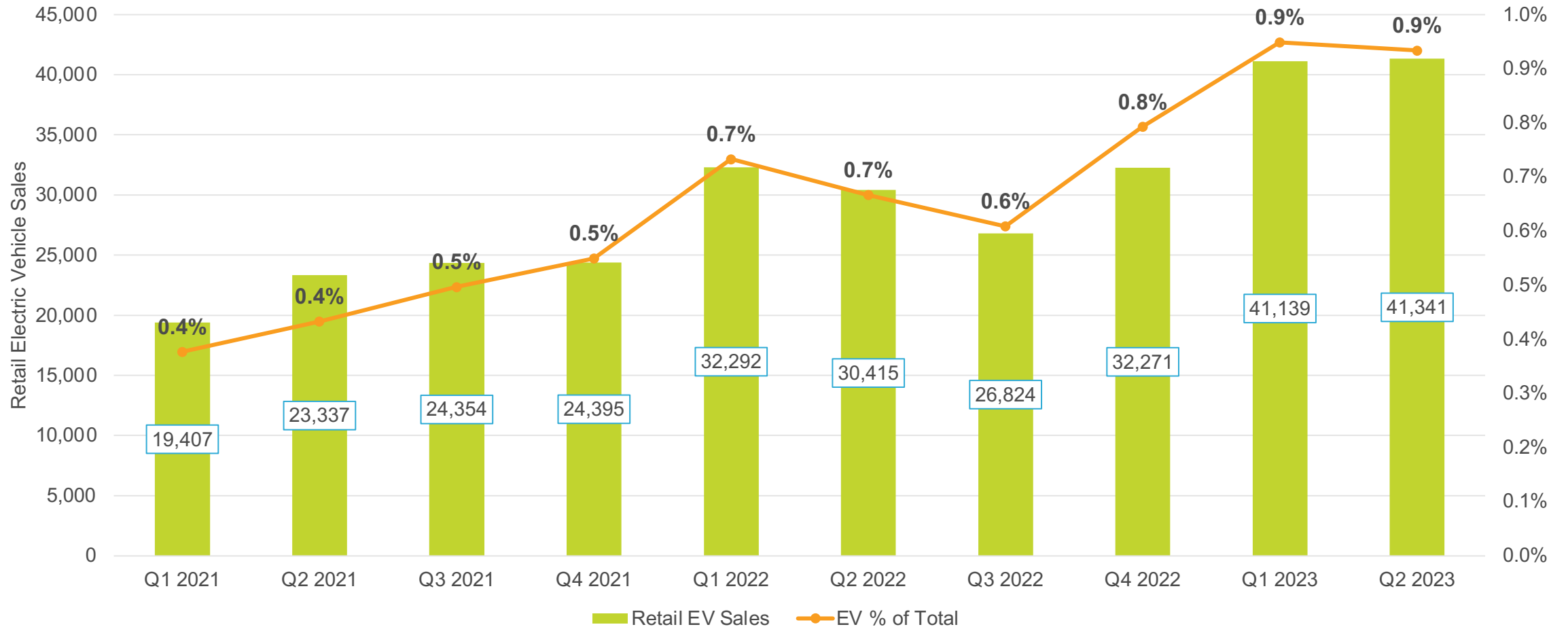
EV inventory is having a “Field of Dreams” moment – and days’ supply follows



Source: Cox Automotive Analysis of Industry

CONSUMER PURCHASES OF RETAIL USED EVS

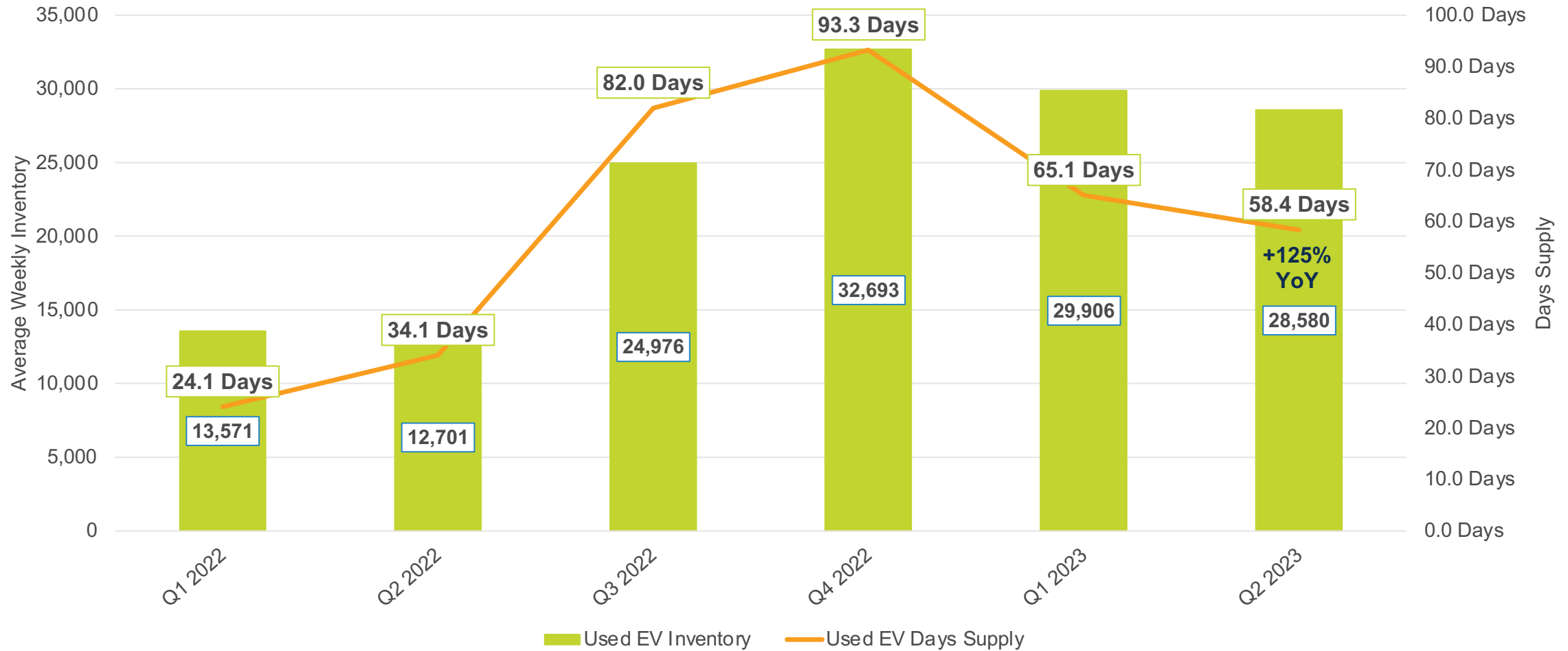
In Q2 2023, EV sales estimates show 36% growth as new units grow supply of used



Source: Cox Automotive

USED EV INVENTORY & DAYS' SUPPLY ESTIMATES

Used retail EV inventory down since year end and days' supply has declined



Source: Cox Automotive Analysis of Industry

RETAIL EV PRICE TRENDS

The ratio of new to used EV price has continued to drop



Source: Cox Automotive

WITH NEW PRODUCT LAUNCHES, THE EV MARCH IS WELL UNDERWAY

30+

Launches
In 2023

50+

In 2024

U.S. NEW EV SALES WILL
SURPASS 1 MILLION UNITS
FOR THE FIRST TIME IN 2023.
– Cox Automotive





NEW-VEHICLE MARKET



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CHARLIE CHESBROUGH

Senior Economist



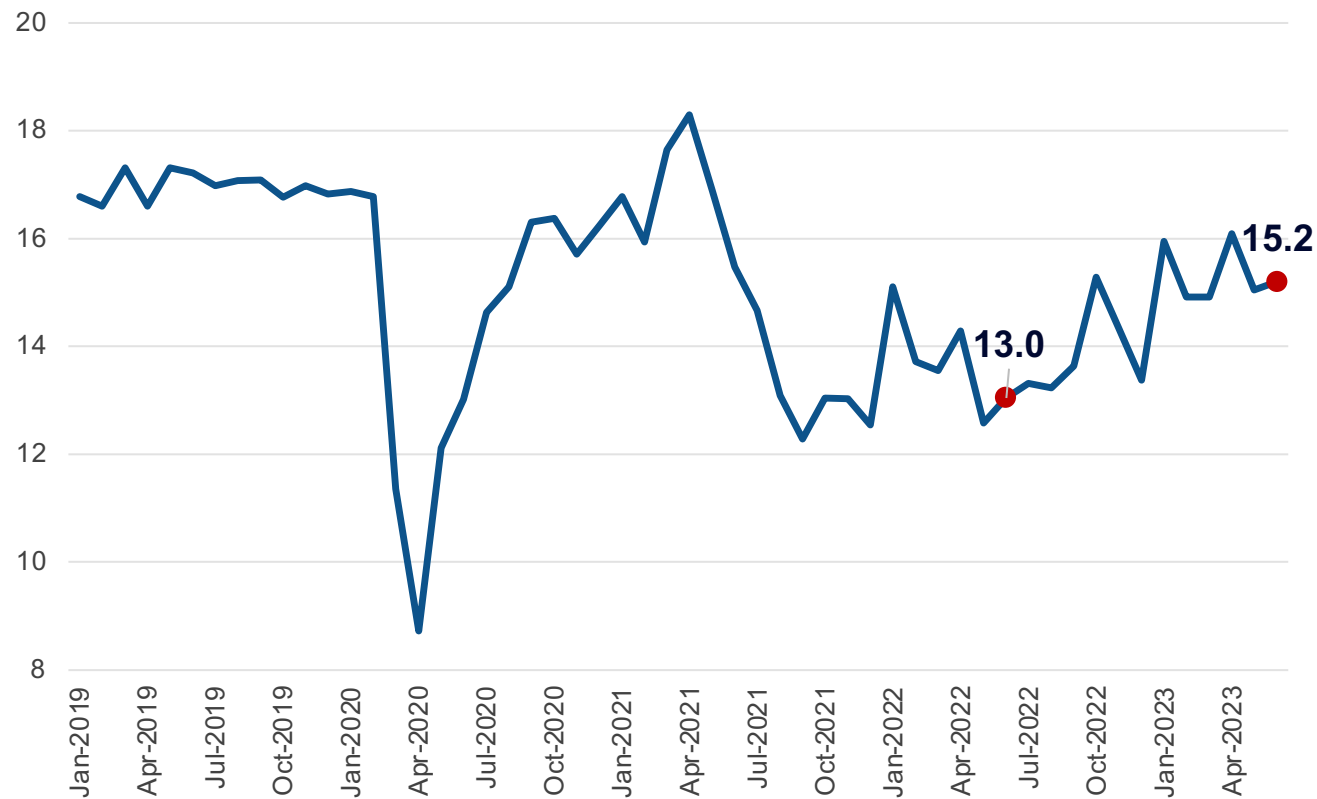
COX AUTOMOTIVE



NEW-VEHICLE SALES | Strong First Half – Forecast Now 15.0M

Pace average 15.4 million in H1 but H2 expected to slow

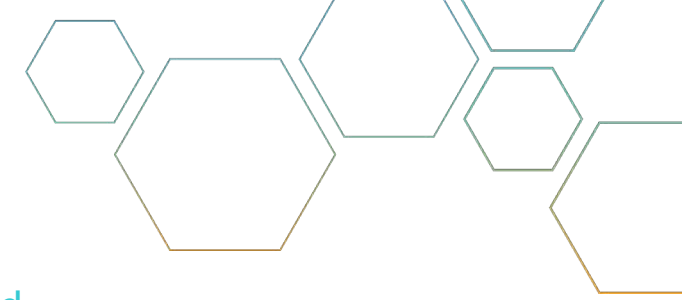
Monthly Light Vehicle Sales SAAR (millions)



Period	Sales millions	SAAR millions
June 2022	1.14	13.0
June 2023	1.33	15.2
<i>Change</i>	16.3%	2.2m
Q2 2022	3.52	13.3
Q1 2023	3.59	15.3
Q2 2023	4.06	15.4
<i>Y/Y change</i>	15.3%	2.1m
<i>Q/Q change</i>	13.2%	0.1m
H1 2022	6.78	13.7m
H2 2022	6.97	13.9m
H1 2023	7.61	15.4m
<i>Y/Y change</i>	12.3%	1.7m
<i>H/H change</i>	9.2%	0.1m
CY 2022	13.8 million	
CY 2023	15.0 Forecast	14.2 F
<i>Change</i>	9.2%	

MARKET CHANGES | More Fleet, More Discounts As Expected

Consumers surprisingly shrug off higher payments and fleet recovery stronger than expected



Pricing Changes

	YTD Avg 2022	YTD Avg 2023	Difference	YTD Change
Incentives	\$1,468	\$1,613	\$145	9.9%
Transaction Price	\$46,512	\$48,564	\$2,052	4.4%
MSRP	\$45,849	\$48,867	\$3,018	6.6%
<i>Premium</i>	+\$663	-\$303	\$966	
Loan Payment	\$691	\$784	\$93	13.5%
Lease Payment	\$568	\$684	\$117	20.6%
Avg Loan APR	4.86	7.09	2.23	45.8%

Channel Changes

Channel	YTD Sales Change	YTD Share 2022	YTD Share 2023	Share Difference
Retail Purchase	3.6%	68.6%	65.5%	-3.1%
Retail Lease	-0.0%	17.0%	15.6%	-1.4%
<i>Retail Total</i>	2.8%	85.7%	81.1%	-4.6%
Fleet Rental	52.4%	7.8%	11.0%	3.2%
Fleet Other	31.7%	6.5%	7.9%	1.4%
<i>Fleet Total</i>	43.0%	14.3%	18.9%	4.6%

OEM PERFORMANCE | Most Show Gains Over Last Year

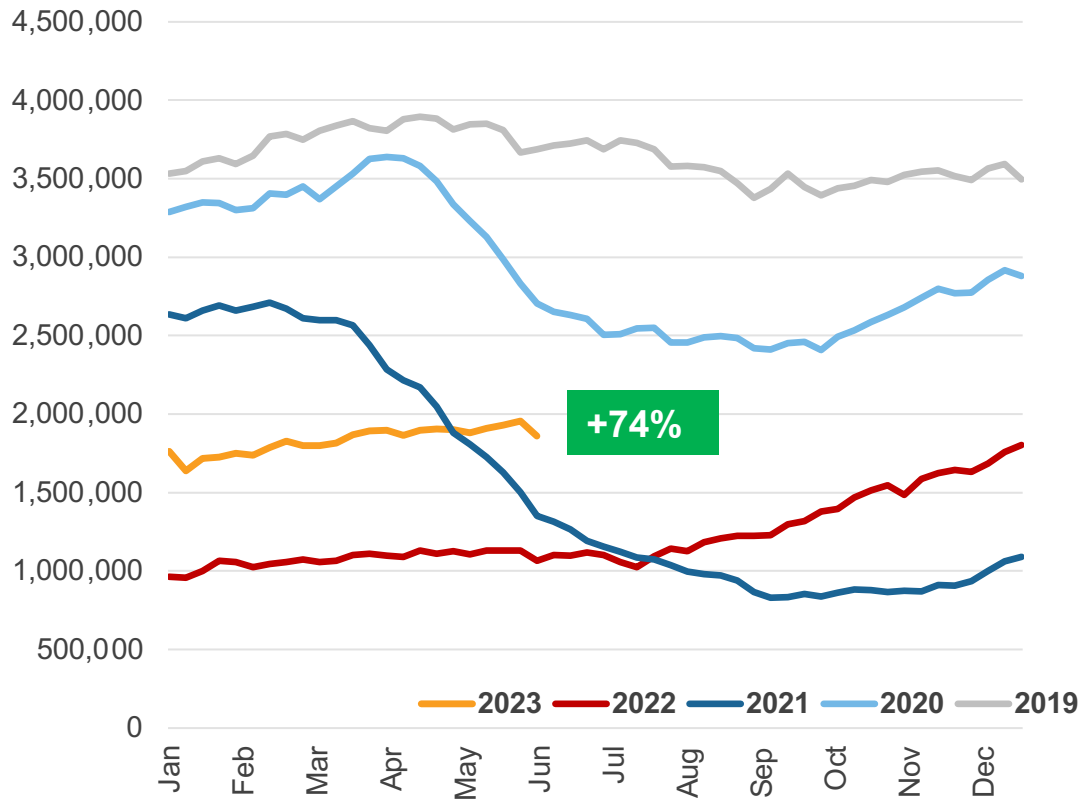
GM wins H1 sales, but Tesla and Honda see strong gains

OEM	Q2 2022	Q1 2023	Q2 2023	Q/Q	Y/Y	H1 2022	H2 2022	H1 2023	Y/Y	H/H	Share CY2022	Share H1 2023	Change
GM	578,639	599,187	675,417	12.7%	16.7%	1,087,761	1,170,668	1,274,604	17.2%	8.9%	16.3%	16.7%	0.4%
Toyota	531,105	469,558	555,402	18.3%	4.6%	1,045,697	1,062,760	1,024,960	-2.0%	-3.6%	15.2%	13.4%	-1.8%
Ford	480,558	471,861	523,717	11.0%	9.0%	909,732	941,193	995,578	9.4%	5.8%	13.3%	13.0%	-0.3%
Hyundai	380,282	382,354	434,160	13.5%	14.2%	702,875	771,349	816,514	16.2%	5.9%	10.6%	10.7%	0.1%
Stellantis	408,521	368,327	433,992	17.8%	6.2%	813,742	733,334	802,319	-1.4%	9.4%	11.1%	10.5%	-0.7%
Honda	239,789	284,507	350,220	23.1%	46.1%	506,207	477,300	634,727	25.4%	33.0%	7.1%	8.3%	1.2%
Nissan-Mitsu	205,043	256,756	268,330	4.5%	30.9%	432,524	382,636	525,086	21.4%	37.2%	5.9%	6.9%	1.0%
Tesla	130,047	161,630	167,507	3.6%	28.8%	259,790	262,654	329,137	26.7%	25.3%	3.8%	4.3%	0.5%
Subaru	131,449	143,376	156,942	9.5%	19.4%	263,795	292,786	300,318	13.8%	2.6%	4.0%	3.9%	-0.1%
VW	145,822	138,056	151,094	9.4%	3.6%	259,362	298,647	289,150	11.5%	-3.2%	4.0%	3.8%	-0.2%
Mazda	60,535	88,384	97,564	10.4%	61.2%	142,803	152,106	185,948	30.2%	22.2%	2.1%	2.4%	0.3%
BMW	84,036	89,750	93,294	3.9%	11.0%	164,626	197,266	183,044	11.2%	-7.2%	2.6%	2.4%	-0.2%
Daimler	98,835	75,701	91,207	20.5%	-7.7%	174,774	176,175	166,908	-4.5%	-5.3%	2.5%	2.2%	-0.3%
Geely	30,055	28,823	33,298	15.5%	10.8%	54,322	57,187	62,121	14.4%	8.6%	0.8%	0.8%	0.0%
Tata	12,545	20,077	18,779	-6.5%	49.7%	30,738	37,808	38,856	26.4%	2.8%	0.5%	0.5%	0.0%
Rivian	4,467	7,946	8,171	2.8%	82.9%	5,694	14,638	16,117	183.1%	10.1%	0.1%	0.2%	0.1%
Nation	3,522,210	3,587,809	4,061,201	13.2%	15.3%	6,855,384	7,030,221	7,649,010	11.6%	8.8%	100%	100%	

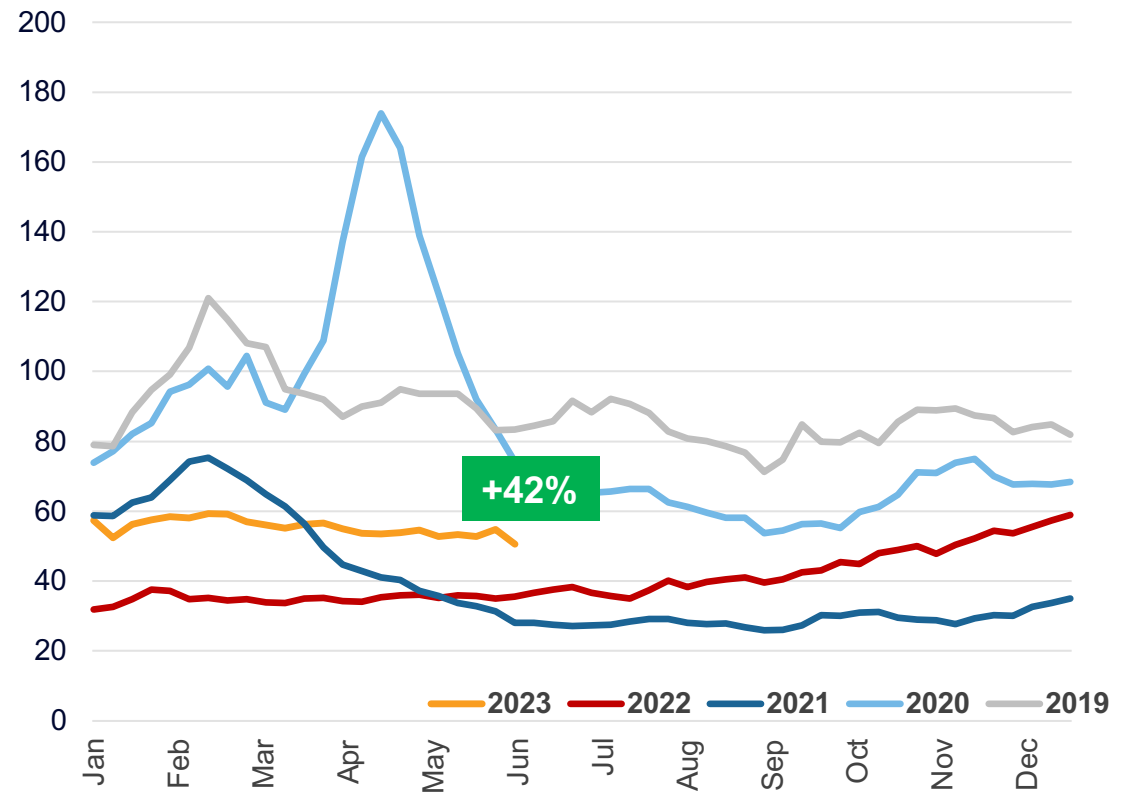
NEW-VEHICLE INVENTORY | Up 74% From Last Year

Nearly 793K more vehicles than year ago – Days of Supply at 51

Available Supply weekly

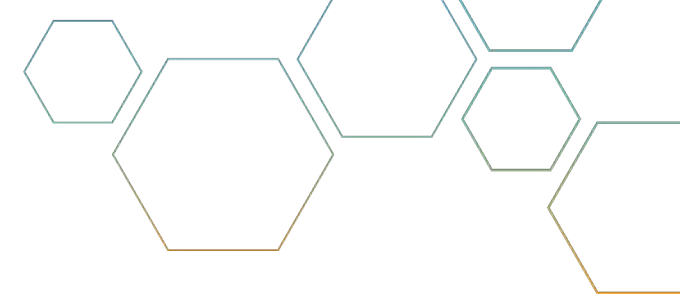


Days of Supply weekly



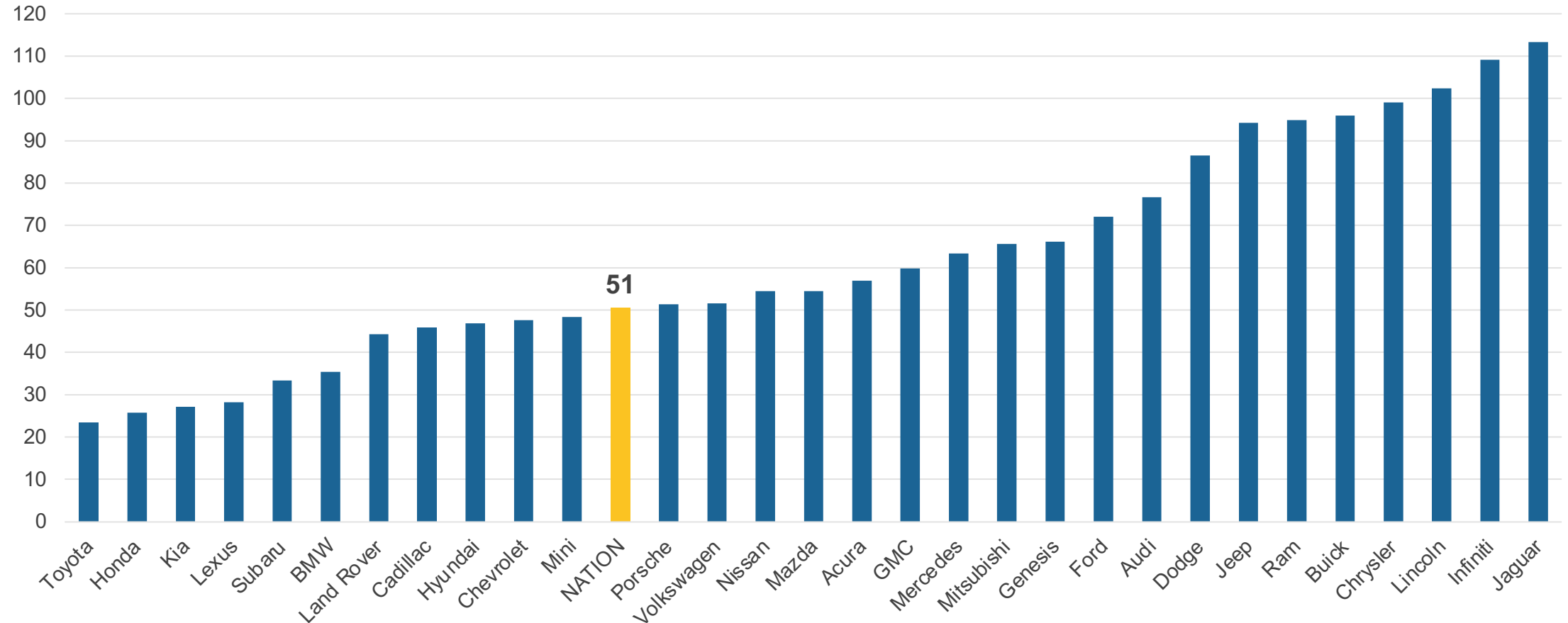
Source: Cox Automotive, vAuto

BRAND INVENTORY | Supply Situation Remains Varied

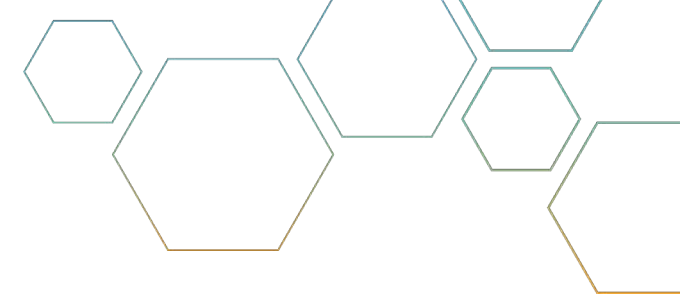


Many brands have returned to pre-covid levels while others remain constrained

Days Of Supply

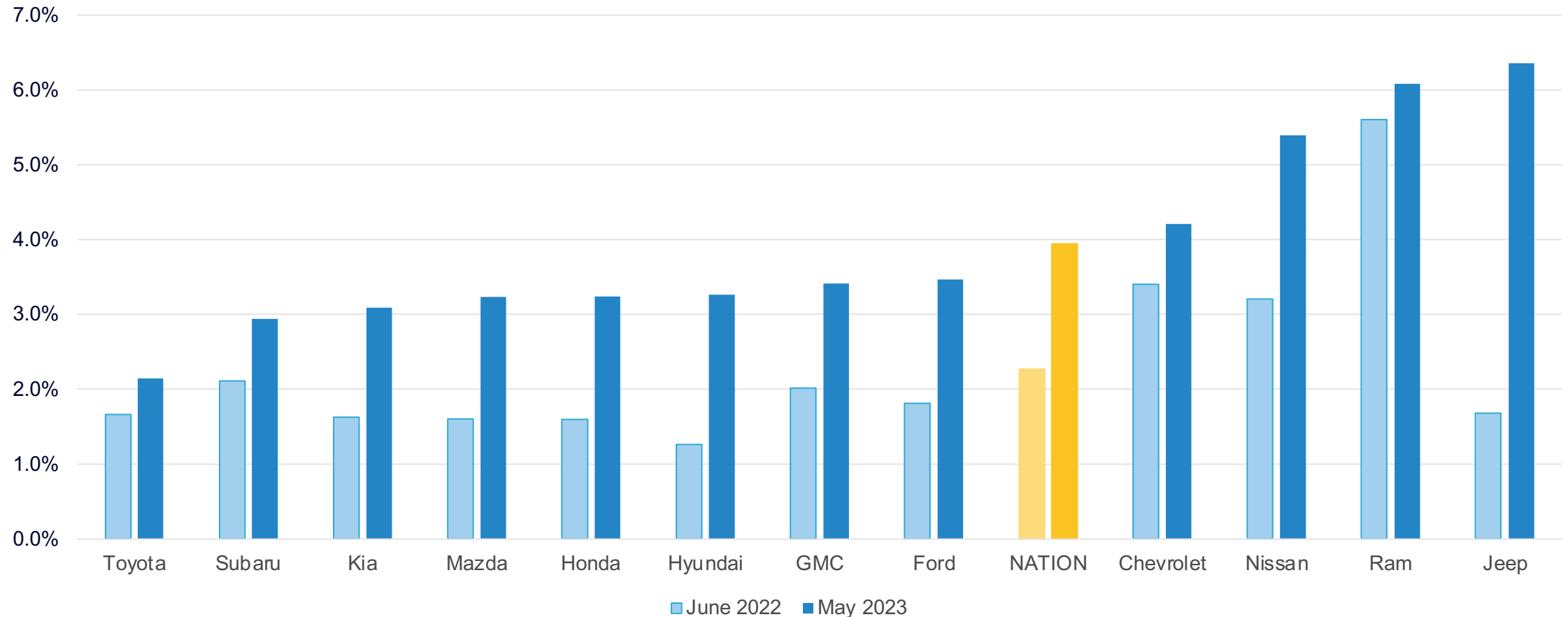


BIG BRAND DISCOUNTING | As Supply Changes, So Does Pricing



All increasing incentives but some much more than others

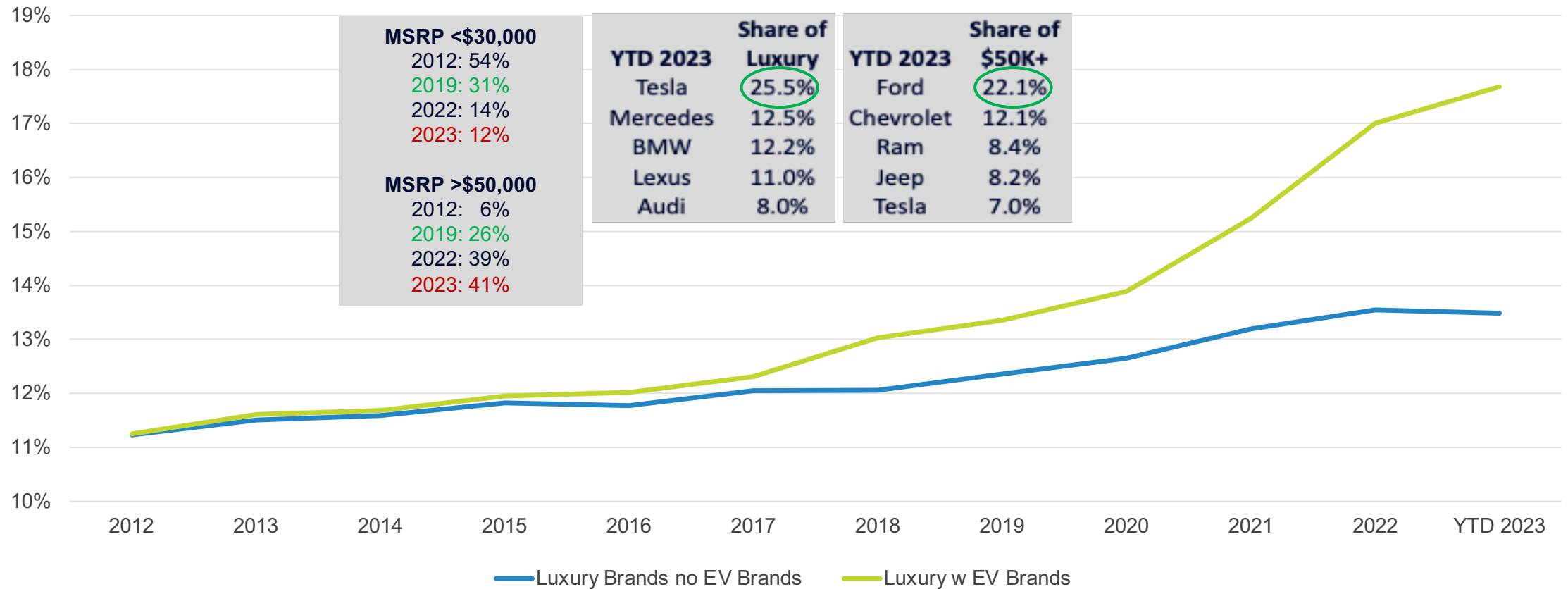
Incentive % of Transaction Price



LUXURY BRAND SHARE | Lines Blurring As Prices Rise

Higher-end brands gaining, but Tesla is clearly a significant force

Luxury Brands' Share of US Sales





USED-VEHICLE MARKET

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CHRIS FREY

Senior Manager, Economic and Industry Insights



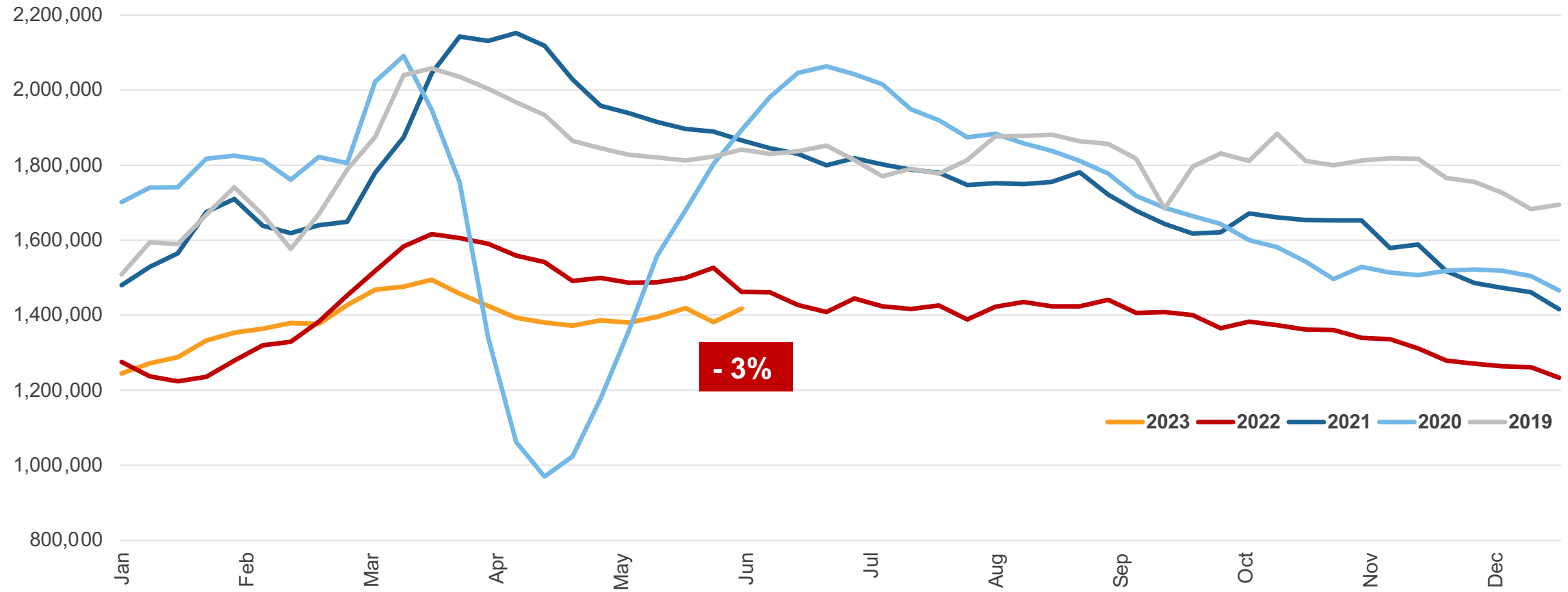
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USED-VEHICLE SALES PERFORMANCE

Tight supply and high prices limiting sales

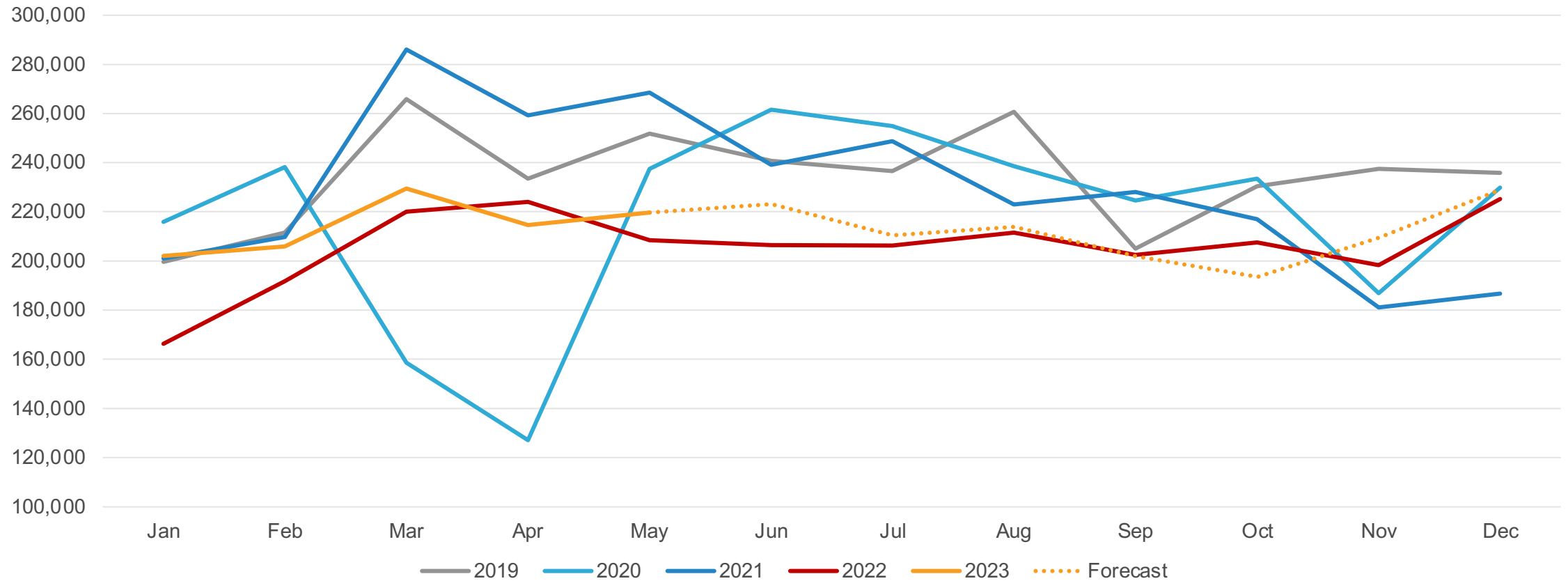
Rolling 30 Day Retail Sales weekly



CERTIFIED PRE-OWNED (CPO) MARKET

Outlook difficult to assess – limited off-lease supply in coming years, but expanded eligibility supporting sales

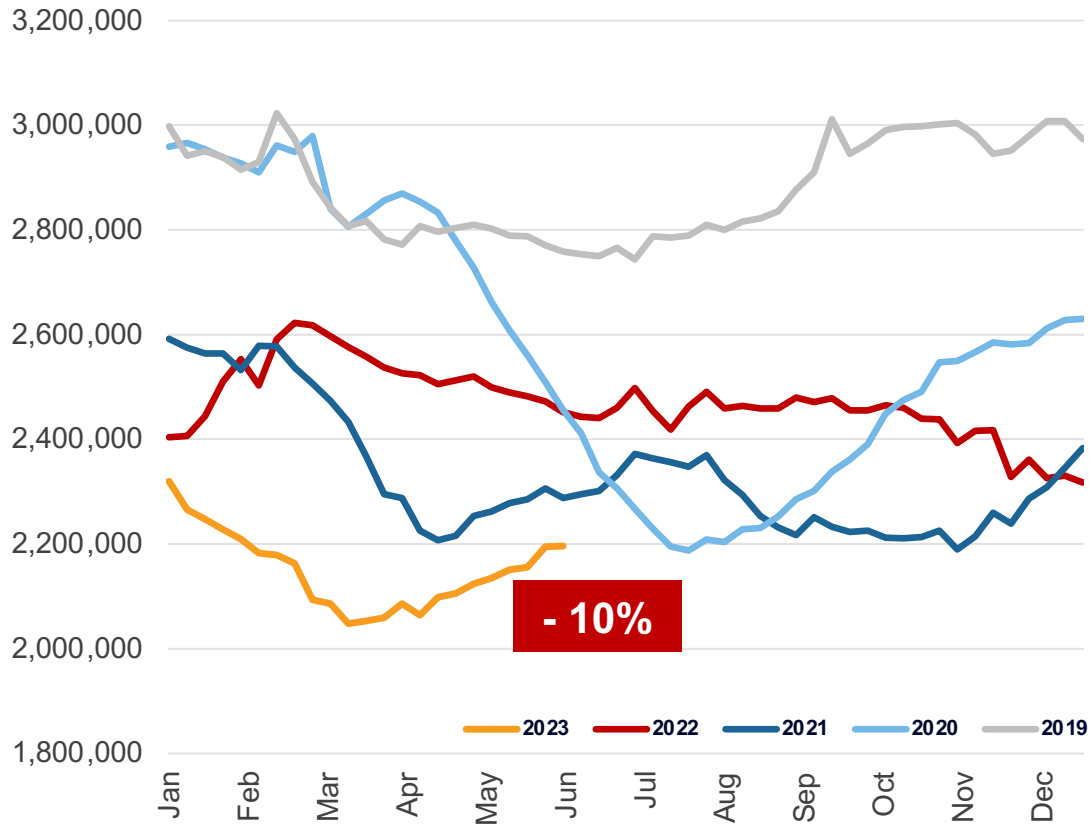
CPO Monthly Sales



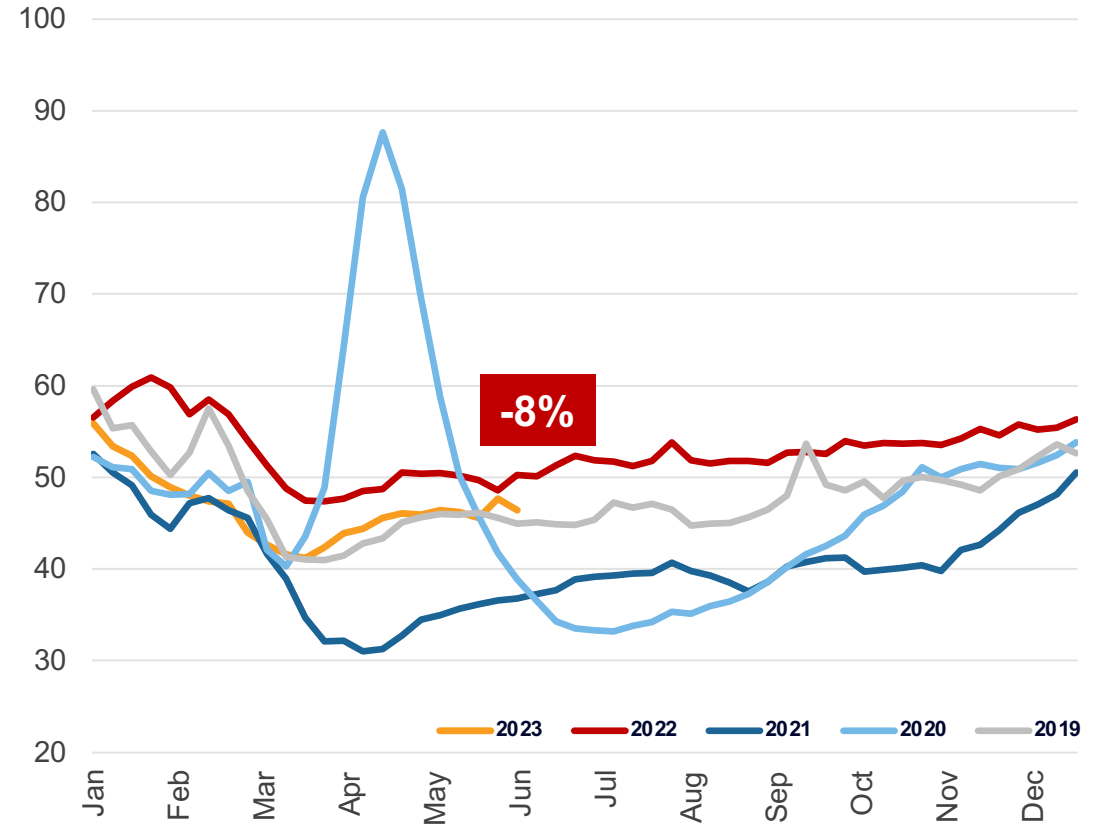
USED-VEHICLE INVENTORY MOVEMENT

Total supply down 256K, and days' supply now at 46

Available Supply weekly

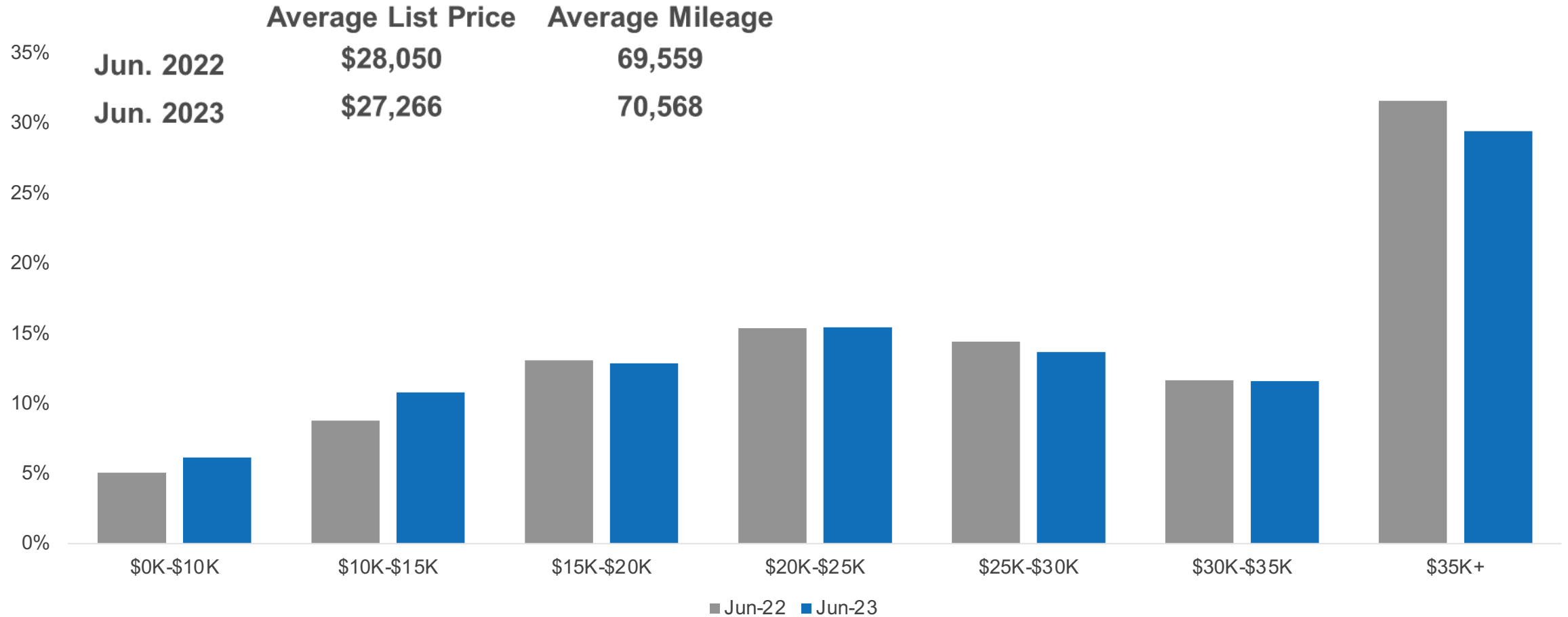


Days of Supply weekly



RETAIL INVENTORY BY PRICE SEGMENT

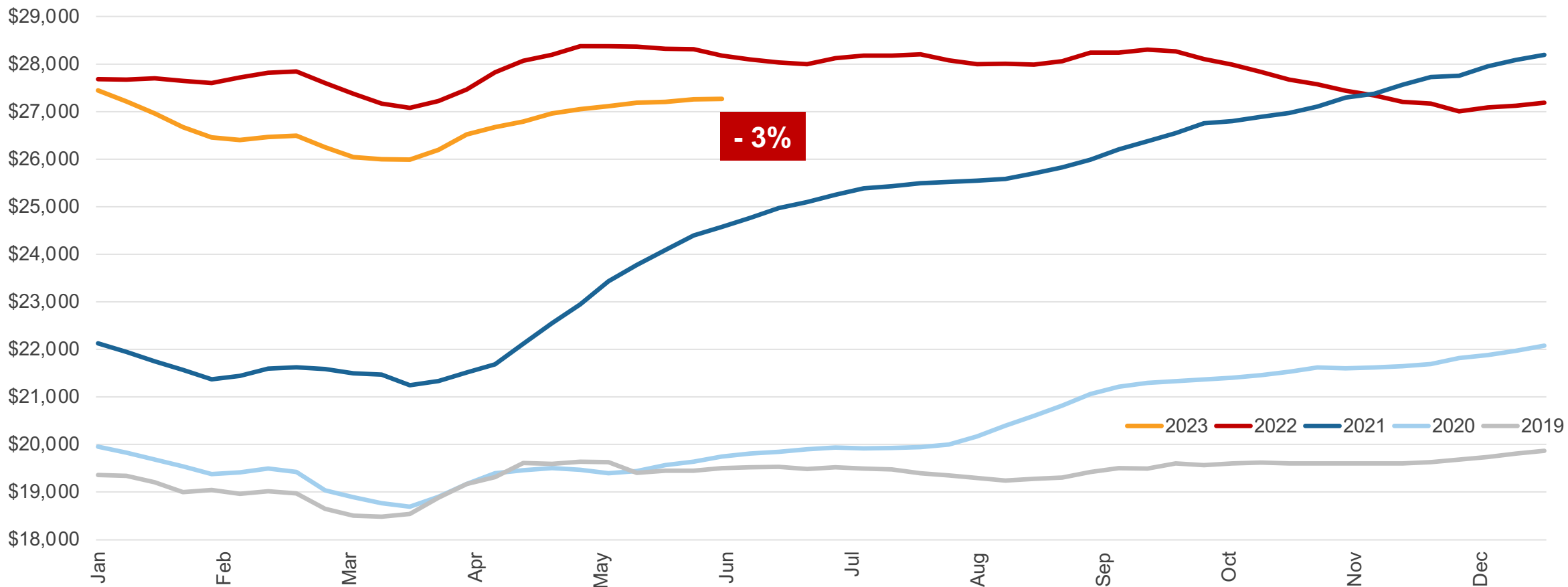
Similar pattern to our March data – YoY price down ~\$800 but mileage up by 1,000.



USED-VEHICLE PRICE MOVEMENT

Settling into last year's trend, but slightly lower

Average Listing Price weekly



WHOLESALE AND RETAIL PRICE MOVEMENT

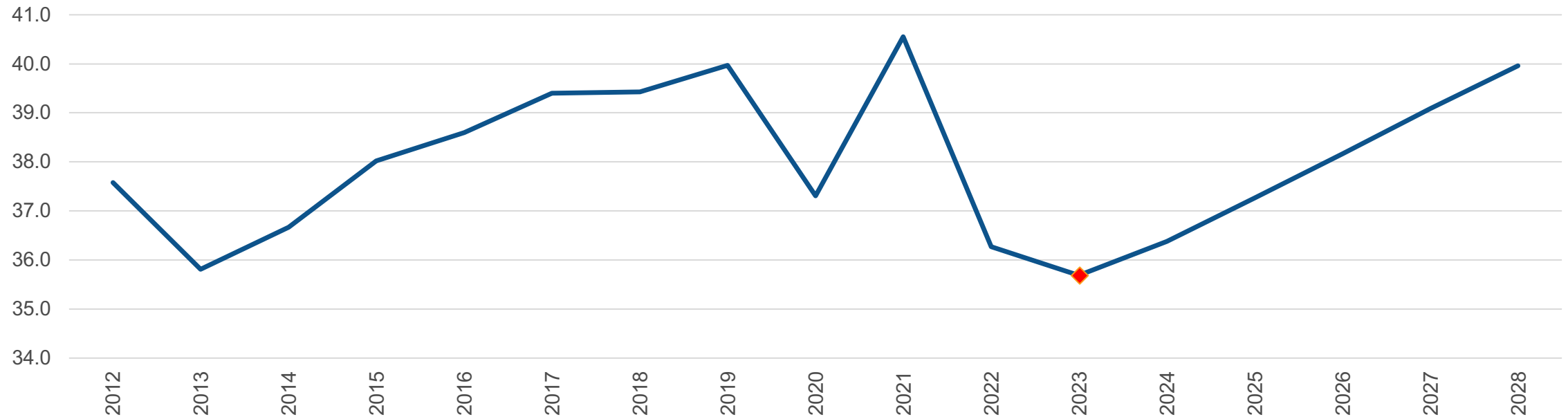
Trends are converging, though the dip in wholesale suggests a dip in retail is on the way



USED-VEHICLE OUTLOOK

High new prices pushing more buyers into used market, but rates will impede sales recovery

USED-VEHICLE SALES OUTLOOK (MILLIONS)



COX AUTOMOTIVE
FULL-YEAR FORECASTS

2020	2021	2022	2023	2024
37.3	40.6	36.3	35.7	36.4

COX AUTOMOTIVE
RETAIL FORECASTS

2020	2021	2022	2023	2024
19.8	21.2	19.1	18.9	19.4



OUTLOOK & PLAYLIST

COX AUTOMOTIVE



JONATHAN SMOKE

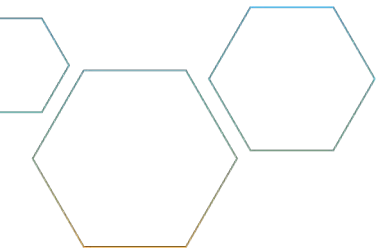
Chief Economist



COX AUTOMOTIVE



2023
FORECASTS
First Half Update



New

15.0M
NEW SALES

(original 2023: 14.1M)

New

12.4M
NEW RETAIL SALES

(original 2023: 11.9M)

New

2.6M
FLEET SALES

(original 2023: 2.2M)

New

2.3M
NEW LEASE
VOLUME

(original 2023: 2.5M)

19%
LEASE
PENETRATION

(original 2023: 21%)

2.6M
CPO SALES

(original 2023: 2.2M)

New

35.7M
USED SALES

(original 2023: 35.6M)

New

18.9M
USED RETAIL SALES

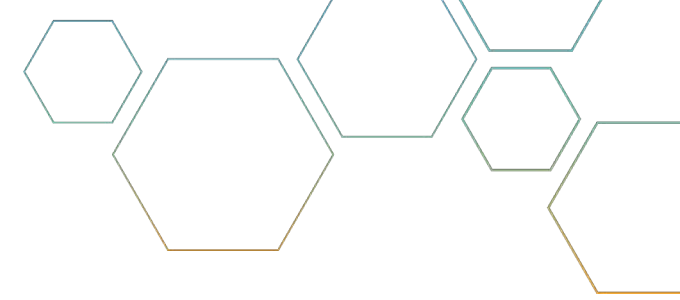
(original 2023: 18.9M)

New

-1.1%
DEC 2023 Y/Y MANHEIM
USED VEHICLE
VALUE INDEX

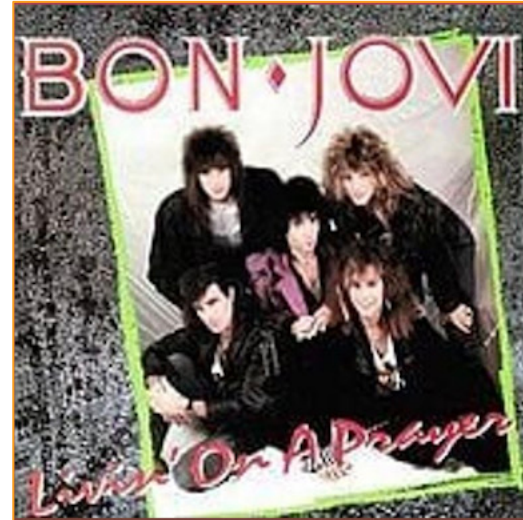
(original 2023: -4.3%)

SUMMER PLAYLIST



Dancing on the Ceiling
By Lionel Richie

US credit-default-induced recession is off the table



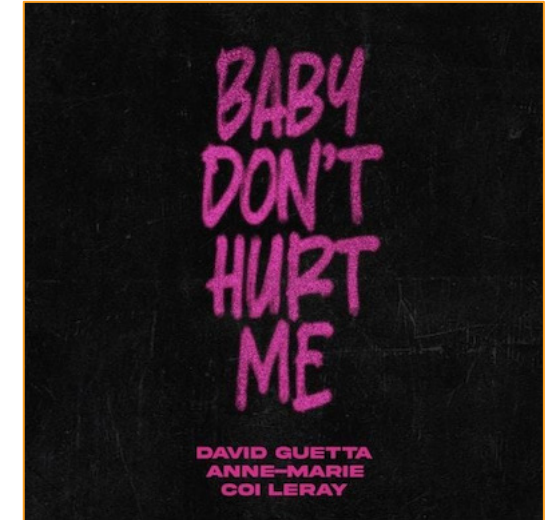
Livin' On a Prayer
By Bon Jovi

A slowing economy but we're halfway through 2023 and no recession



Meltdown
By Niall Horan

Wholesale used car prices falling again, but just know this too shall pass



Baby Don't Hurt Me
By David Guetta, Anne-Marie, and Coi Leray

Dear Fed, resist the urge to raise again



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/

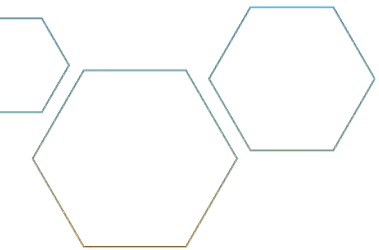
Fresh content from Chief Economist Jonathan Smoke and the Industry Insights team is published regularly.

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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