WHERE IT ALL CONNECTS

The world’s largest automotive services and technology provider
BEST WISHES, MICHELLE!

Leader, mentor and trusted source for media and analysts

Michelle Krebs is ending a 10-year run with Cox Automotive where she has been a leader on the Industry Insights team, a mentor to many and a trusted source for media and analysts.

After an incredible 40-year career in the spotlight, Michelle is ready to step back and take some well-deserved time away from the auto business.
AGENDA

Time Check: 60 Minutes

Intro & Cox Automotive
- Mark Schirmer, Director, Corporate Communications

The Economy
- Jonathan Smoke, Chief Economist

Electrified Market
- Stephanie Valdez Streaty, Director, Industry Insights

New-Vehicle Market
- Charlie Chesbrough, Senior Economist

Used-Vehicle Market
- Jeremy Robb, Senior Director, Economic and Industry Insights

Q2 2024 Forecasts & Playlist
- Jonathan Smoke, Chief Economist and Resident DJ
  - w/ Erin Keating, Executive Analyst
  - Michelle Krebs, Executive Analyst

Q&A
STATE OF THE INDUSTRY

1. Slowing economy with high rates

2. Normalizing new vehicle supply

3. Declining pricing power/improving affordability
## THE ECONOMY

<table>
<thead>
<tr>
<th>Overall Economy</th>
<th>Real GDP Growth</th>
<th>2.2% (Q1 '23)</th>
<th>3.2% (Q4 '23)</th>
<th>+2.4% (Q1 '24 F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Conditions</td>
<td>U3 Unemployment Rate</td>
<td>3.5% (Mar ’23)</td>
<td>3.7% (Jan ’24)</td>
<td>3.9% (Feb ’24)</td>
</tr>
<tr>
<td>Buyer Confidence</td>
<td>UofM Consumer Sentiment</td>
<td>62.0 (Mar ’23)</td>
<td>76.9 (Feb ’24)</td>
<td>76.5 (Mar ’24 P)</td>
</tr>
<tr>
<td>Wages</td>
<td>Earnings Growth</td>
<td>4.6% (Mar ’23)</td>
<td>4.4% (Jan ’24)</td>
<td>4.3% (Feb ’24)</td>
</tr>
<tr>
<td>Buyer Ability</td>
<td>Disposable Income Y/Y</td>
<td>8.9% (Feb ’23)</td>
<td>4.5% (Feb ’24)</td>
<td></td>
</tr>
</tbody>
</table>
# THE ECONOMY

<table>
<thead>
<tr>
<th>Auto Finance</th>
<th>FRBNY</th>
<th>$186 billion (Q4 '23)</th>
<th>$165 billion (Q4 '23)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rates</td>
<td>Effective Fed Funds Rate</td>
<td>4.65% (Mar '23)</td>
<td>5.33% (Mar '24)</td>
</tr>
<tr>
<td>Borrowing Costs</td>
<td>Average New Auto Loan Rate</td>
<td>8.92% (Mar '23)</td>
<td>9.70% (Mar MTD '24)</td>
</tr>
<tr>
<td>Mobility Costs</td>
<td>AAA Average Retail Unleaded Gasoline Price</td>
<td>$3.50 (Mar ‘23)</td>
<td>$3.33 (Feb ’24)</td>
</tr>
</tbody>
</table>
HOW WOULD YOU DESCRIBE THE CURRENT MARKET FOR VEHICLES IN THE AREAS WHERE YOU OPERATE?

Dealer Sentiment Index

Q1 18  Q2 18  Q3 18  Q4 18  Q1 19  Q2 19  Q3 19  Q4 19  Q1 20  Q2 20  Q3 20  Q4 20  Q1 21  Q2 21  Q3 21  Q4 21  Q1 22  Q2 22  Q3 22  Q4 22  Q1 23  Q2 23  Q3 23  Q4 23  Q1 24

Overall  Franchised  Independent

Strong

Weak

Note: Scale 1 - 100
WHAT DO YOU EXPECT THE MARKET FOR VEHICLES IN YOUR AREA TO LOOK LIKE 3 MONTHS FROM NOW?

Note: Scale 1 - 100
INVENTORY AND 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
FIRST QUARTER 2024

Growing
Strong

Declining
Weak

Note: Scale 1 - 100
## Dealer Sentiment Index

### FIRST QUARTER 2024

### FACTORS HOLDING BACK BUSINESS

<table>
<thead>
<tr>
<th>Factor</th>
<th>Q1 '24</th>
<th>Q4 '23</th>
<th>Q1 '23</th>
<th>Q1 '22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rates</td>
<td>62%</td>
<td>65%</td>
<td>55%</td>
<td>5%</td>
</tr>
<tr>
<td>Economy</td>
<td>55%</td>
<td>61%</td>
<td>54%</td>
<td>37%</td>
</tr>
<tr>
<td>Market Conditions</td>
<td>40%</td>
<td>48%</td>
<td>42%</td>
<td>40%</td>
</tr>
<tr>
<td>Political Climate</td>
<td>33%</td>
<td>32%</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Expenses</td>
<td>32%</td>
<td>31%</td>
<td>29%</td>
<td>23%</td>
</tr>
<tr>
<td>Credit Availability for Consumers</td>
<td>31%</td>
<td>34%</td>
<td>26%</td>
<td>13%</td>
</tr>
<tr>
<td>Limited Inventory</td>
<td>31%</td>
<td>33%</td>
<td>43%</td>
<td>62%</td>
</tr>
<tr>
<td>Consumer Confidence</td>
<td>31%</td>
<td>29%</td>
<td>28%</td>
<td>15%</td>
</tr>
<tr>
<td>Weather</td>
<td>14%</td>
<td>6%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Competition</td>
<td>14%</td>
<td>13%</td>
<td>12%</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Overall Rank**

- Significant decrease vs previous quarter
- Significant increase vs previous quarter

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**FACTORS**

- Interest Rates
- Economy
- Market Conditions
- Political Climate
- Expenses
- Credit Availability for Consumers
- Limited Inventory
- Consumer Confidence
- Weather
- Competition

**Q1 '24 vs Q4 '23**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rates</td>
<td>↓</td>
</tr>
<tr>
<td>Economy</td>
<td>↓</td>
</tr>
<tr>
<td>Market Conditions</td>
<td>↓</td>
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<tr>
<td>Political Climate</td>
<td>↓</td>
</tr>
<tr>
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<tr>
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<td>↓</td>
</tr>
<tr>
<td>Weather</td>
<td>↑</td>
</tr>
<tr>
<td>Competition</td>
<td>↑</td>
</tr>
</tbody>
</table>
ELECTRIFIED MARKET

STEPHANIE VALDEZ STREATY
Director, Industry Insights
EV SALES ESTIMATES | Growth Slows

Estimating year over year growth of 15%. Potential volume decline versus Q4

Source: Kelley Blue Book
EV SALES GROWTH ESTIMATES | Tesla’s Influence

15% year-over-year growth; Take out Tesla and it increases to 33%

Q1 EV Sales Growth Comparison

<table>
<thead>
<tr>
<th>Year</th>
<th>Total EV Sales</th>
<th>EV Sales w/o Tesla</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2023</td>
<td>15%</td>
<td>+33%</td>
</tr>
<tr>
<td>Q1 2024</td>
<td>+15%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Kelley Blue Book
EV days’ supply in March down from peak level of 159 days in February, varies by model

Source: Cox Automotive Analysis

Note: Tesla, Rivian and Brands with a “Direct to Consumer Platform” are not represented.
EV TRANSACTION PRICES | Premium Shrinking

Tesla prices rise, but EV prices continue to decline. EV transaction prices in February were lower year over year by 12.8%.

Source: Kelley Blue Book
EV LEASING | Expected to Rise Further in 2024

Electric vehicle leases continue to increase with stricter eligibility for IRA tax credits – more than 200K EVs leased during 2023

Lease Share of Sales

Treasury announces leased EVs not assembled in North America can receive IRA tax credit. December 2022

211,360 EVs leased

Source: Kelley Blue Book
**ALTERNATIVE FUEL SHARE | Gaining Quickly, Now 18+%**

Role of alternatives rising and will accelerate in coming years

**Fuel Type Market Share of Sales**

**Q4 2023: Y/Y Vol. Growth**

- **HEV**: 69%
- **PHEV**: 49%
- **BEV**: 38%
- **ICE**: 2%

**Source**: Kelley Blue Book
ELECTRIFICATION DRIVERS | Growth Driven By Key Products

Eight vehicles driving market electrification

Fuel Share of OEM Sales

- **EV**: Tesla Model 3, Tesla Model Y
  - 52% Share in 2023
- **PHEV**: Jeep Wrangler, Jeep Grand Cherokee, Toyota RAV4
  - 45% Share in 2023
- **HEV**: Honda CR-V, Honda Accord, Toyota RAV4
  - 38% Share in 2023
- **ICE**: <3% Electrified (GM, Nissan, JLR, Mazda, Subaru)

Source: Cox Automotive analysis of KBB Data, CY2023
NEW-VEHICLE MARKET

CHARLIE CHESBROUGH
Senior Economist
NEW-VEHICLE SALES | Still On The Recovery Path

A bumpy recovery since hitting bottom, and expected to continue through 2024

Source: Cox Automotive, Bureau of Economic Analysis

<table>
<thead>
<tr>
<th>Period</th>
<th>Sales millions</th>
<th>SAAR millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2023</td>
<td>1.38</td>
<td>14.9</td>
</tr>
<tr>
<td>March 2024</td>
<td>1.44</td>
<td>15.5</td>
</tr>
<tr>
<td>Change</td>
<td>4.7%</td>
<td>+0.6m</td>
</tr>
<tr>
<td>Q1 2023</td>
<td>3.56</td>
<td>15.0</td>
</tr>
<tr>
<td>Q4 2023</td>
<td>3.89</td>
<td>15.7</td>
</tr>
<tr>
<td>Q1 2024</td>
<td>3.76</td>
<td>15.4</td>
</tr>
<tr>
<td>Change Y/Y</td>
<td>5.5%</td>
<td>+0.4m</td>
</tr>
<tr>
<td>Change Q/Q</td>
<td>-3.5%</td>
<td>-0.3m</td>
</tr>
<tr>
<td>CY2023</td>
<td>15.5m</td>
<td></td>
</tr>
<tr>
<td>CY2024F</td>
<td>15.7m</td>
<td>+200K or &lt; 2%</td>
</tr>
</tbody>
</table>
OEM SALES | GM Wins Q1 Title – Toyota Seeing Big Gains

Hyundai and Stellantis expected to see declines from last year

<table>
<thead>
<tr>
<th>OEM</th>
<th>Q1 2023</th>
<th>Q4 2023</th>
<th>Q1 2024</th>
<th>Y/Y Change</th>
<th>Q/Q Change</th>
<th>Share Q1 2023</th>
<th>Share CY 2023</th>
<th>Share Q1 2024</th>
<th>Difference Y/Y Versus CY2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>GM</td>
<td>599,188</td>
<td>619,848</td>
<td>594,442</td>
<td>-0.8%</td>
<td>-4.1%</td>
<td>16.7%</td>
<td>16.5%</td>
<td>15.7%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Toyota</td>
<td>469,558</td>
<td>619,661</td>
<td>570,499</td>
<td>21.5%</td>
<td>-7.9%</td>
<td>13.1%</td>
<td>14.4%</td>
<td>15.1%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Ford</td>
<td>471,861</td>
<td>484,458</td>
<td>509,352</td>
<td>7.9%</td>
<td>5.1%</td>
<td>13.2%</td>
<td>12.7%</td>
<td>13.4%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Hyundai</td>
<td>382,354</td>
<td>402,339</td>
<td>369,645</td>
<td>-3.3%</td>
<td>-8.1%</td>
<td>10.7%</td>
<td>10.6%</td>
<td>9.8%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Stellantis</td>
<td>368,327</td>
<td>343,552</td>
<td>334,831</td>
<td>-9.1%</td>
<td>-2.5%</td>
<td>10.3%</td>
<td>9.8%</td>
<td>8.8%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Honda</td>
<td>284,507</td>
<td>337,511</td>
<td>331,219</td>
<td>16.4%</td>
<td>-1.9%</td>
<td>7.9%</td>
<td>8.4%</td>
<td>8.7%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Nissan Mitsu</td>
<td>256,756</td>
<td>221,351</td>
<td>264,793</td>
<td>3.1%</td>
<td>19.6%</td>
<td>7.2%</td>
<td>6.3%</td>
<td>7.0%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Subaru</td>
<td>161,630</td>
<td>161,375</td>
<td>166,734</td>
<td>3.2%</td>
<td>3.3%</td>
<td>4.5%</td>
<td>4.2%</td>
<td>4.4%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>VW</td>
<td>143,376</td>
<td>164,863</td>
<td>149,382</td>
<td>4.2%</td>
<td>-9.4%</td>
<td>4.0%</td>
<td>4.1%</td>
<td>3.9%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Mazda</td>
<td>88,384</td>
<td>90,737</td>
<td>100,604</td>
<td>13.8%</td>
<td>10.9%</td>
<td>3.8%</td>
<td>4.1%</td>
<td>3.8%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>BMW</td>
<td>89,750</td>
<td>118,609</td>
<td>92,035</td>
<td>2.5%</td>
<td>-22.4%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.4%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Mercedes</td>
<td>75,701</td>
<td>90,014</td>
<td>85,722</td>
<td>13.2%</td>
<td>-4.8%</td>
<td>2.1%</td>
<td>2.3%</td>
<td>2.3%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Geely Volvo</td>
<td>28,823</td>
<td>39,912</td>
<td>31,611</td>
<td>9.7%</td>
<td>-20.8%</td>
<td>0.8%</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Tata JLR</td>
<td>20,077</td>
<td>22,994</td>
<td>25,669</td>
<td>27.9%</td>
<td>11.6%</td>
<td>0.6%</td>
<td>0.5%</td>
<td>0.7%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Rivian</td>
<td>7,946</td>
<td>13,972</td>
<td>16,608</td>
<td>109.0%</td>
<td>18.9%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.2%</td>
</tr>
<tr>
<td>NATION</td>
<td>3,587,810</td>
<td>3,911,748</td>
<td>3,789,802</td>
<td>5.6%</td>
<td>-3.1%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Source: Cox Automotive/Kelley Blue Book
SEGMENT SHARE | Smaller Gaining

Compact/Subcompact segments gaining from Mid-Size – lower price likely key driver

Source: Cox Automotive/Kelley Blue Book, YTD February 2024

Segment Share of Total Light Vehicle Sales

Top 8 Segments = 80% of the market
NEW-VEHICLE INVENTORY | Now Up 50% From Last Year

Currently 940,000 more units than last year, days of supply at 73 days, +30% year over year

Available Supply  weekly

Days of Supply  weekly

Source: Cox Automotive/vAuto Live Market View
BRAND INVENTORY | Supply Situation Remains Varied

Days supply rising for all, but some brands remain in limited availability, others not

New Vehicle Days Of Supply

Inventory Tight

Inventory Accumulating

Source: Cox Automotive/vAuto Live Market View
Note: Days Supply calculation includes vehicles in dealer inventory and in-transit/pipeline
TRANSACTION PRICES | Near $47,244 – Down 5% from Peak

Near $50K in December 2022 - discounting and return of full product portfolio leading decline
SPRING FEVER | Tax Refunds Driving Consumer Demand

46% of refunds are estimated to have been processed, but the average refund is now +6% year over year
Used sales are up 9% vs 2023 current driving days’ supply lower for the last several weeks.

**Used Retail Sales**

**Used Days’ Supply**
PRICE MOVEMENT | Retail Versus Wholesale
The average MY21 wholesale price declined 0.2% last week, average retail price declined 0.1%
CPO STRENGTH | Strong Demand, Short Supply

CPO sales strength was better than the market last year, but lagging in early 2024
Manheim EV sales are up 70% in Q1 Y/Y as used retail EV growth is up 44%
FORECASTS & SPRING PLAYLIST

JONATHAN SMOKE
Chief Economist
**Forecast: 2024**

5 themes to look for in ‘24

1. **Slow Growth Ahead;** Now Less Slowing in 2024.

2. **Vehicle Supply Is Back to Favoring Consumers,** with Downward Pressure on Prices. ✔

3. In 2024, We Officially **Bid Farewell to the Seller’s Market.** ✔

4. In the Electric Vehicle Market, 2024 Will Be the **Year of More.** ✔

5. Car Buying in America: **Normal Is Nice.** ✔

COX AUTOMOTIVE
2024 FORECASTS
Updated March 25, 2024

- **NEW SALES**: 15.7M (2023: 15.5M)
- **NEW RETAIL SALES**: 12.9M (2023: 12.7M)
- **FLEET SALES**: 2.9M (2023: 2.8M)
- **NEW LEASE VOLUME**: 2.9M (2023: 2.6M)
- **LEASE PENETRATION**: 23% (2023: 20%)
- **CPO SALES**: 2.7M (2023: 2.6M)
- **USED SALES**: 36.6M (2023: 35.9M)
- **USED RETAIL SALES**: 19.6M (2023: 19.0M)
- **DEC 2024 Y/Y MANHEIM USED VEHICLE VALUE INDEX**: -0.7% (2023: -7.0%)
SPRING PLAYLIST

No Sleep Till Brooklyn
By Beastie Boys
The Fed

It’s Tricky
By Run DMC
Rising Supply and Incentives but High Rates

The Breaks
By Kurtis Blow
Dealer Profitability

Going Back to Cali
By LL Cool J
EV Market (and What We Can Learn)
Q&A
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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