

COX AUTOMOTIVE

# Q2 MANHEIM USED VEHICLE VALUE INDEX CALL

July 9, 2024





# Agenda

Time Check: 60 Minutes

Intro & Cox Automotive

Mark Schirmer, Director, Corporate Communications

The Economy

Jonathan Smoke, Chief Economist

Driving Confidence in Wholesale

Brad Burns, Associate Vice President, Vehicle Information

Wholesale Market

Jeremy Robb, Senior Director, Economic and Industry Insights

Used-Vehicle Market

Scott Vanner, Senior Analyst, Economic and Industry Insights

Q&A

# The Cox Automotive Ecosystem

Together, our solutions deliver the connected experience that dealers, lenders, OEMs, and consumers and fleet operators expect.



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# The Economy

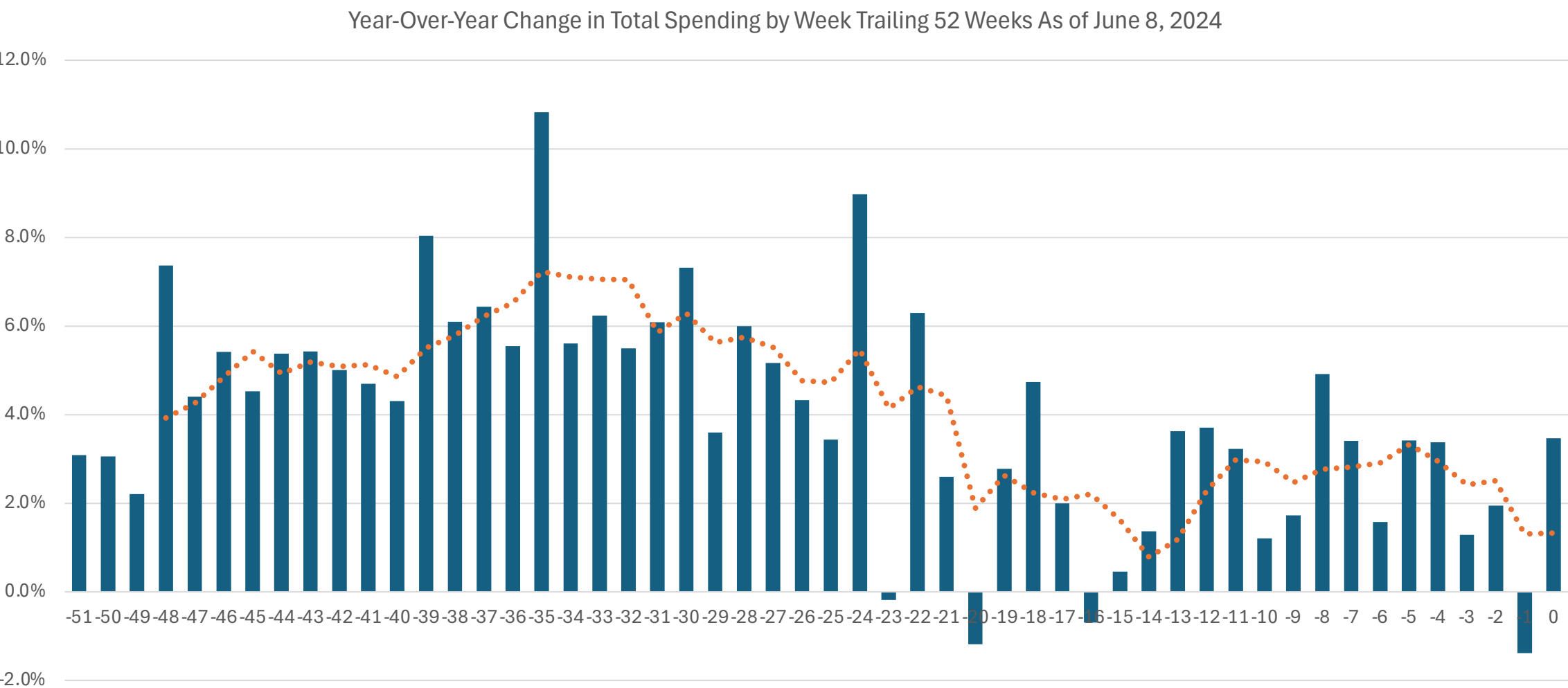
**JONATHAN SMOKE**  
Chief Economist





# Consumer Spending Slowed in May But Picked Back Up in June

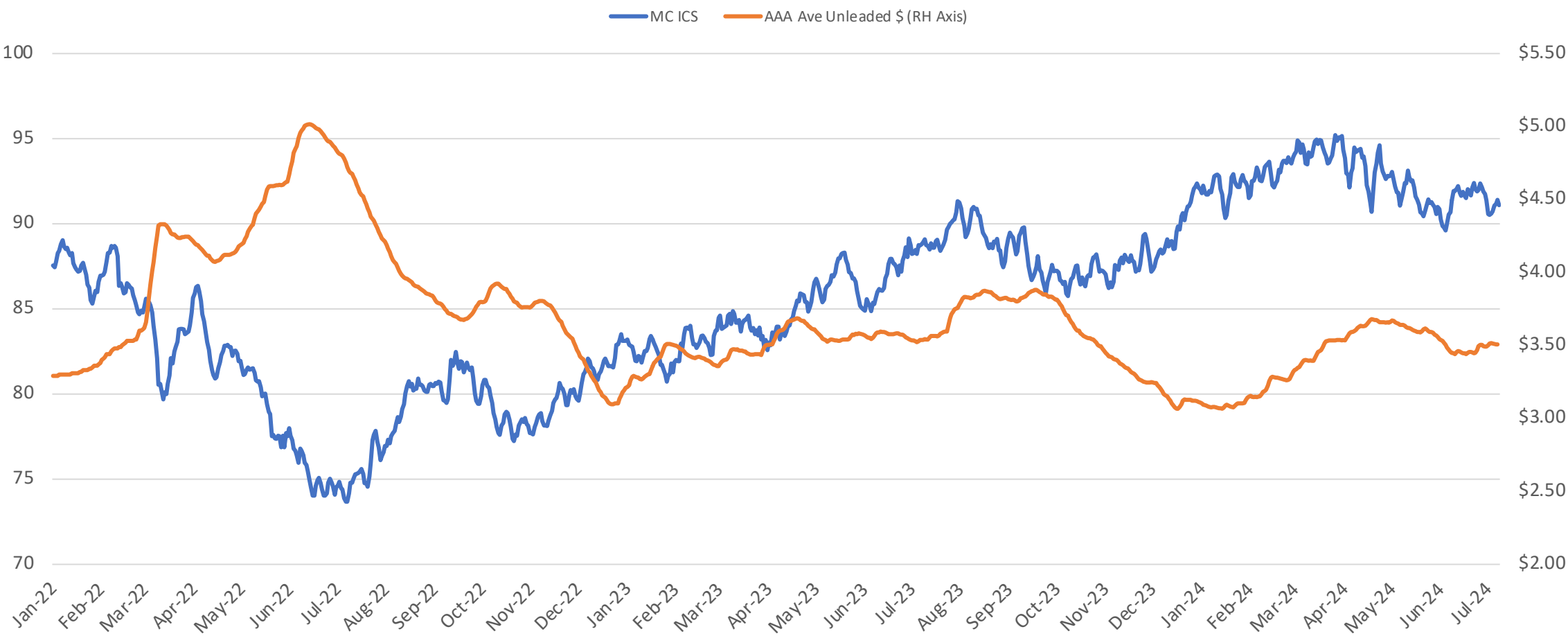
Total spending turned negative y/y in the final week of May as all major categories were down y/y



# Consumer Sentiment Moved Up Slightly in June

The Index of Consumer Sentiment increased 0.6% in June but faded at month end

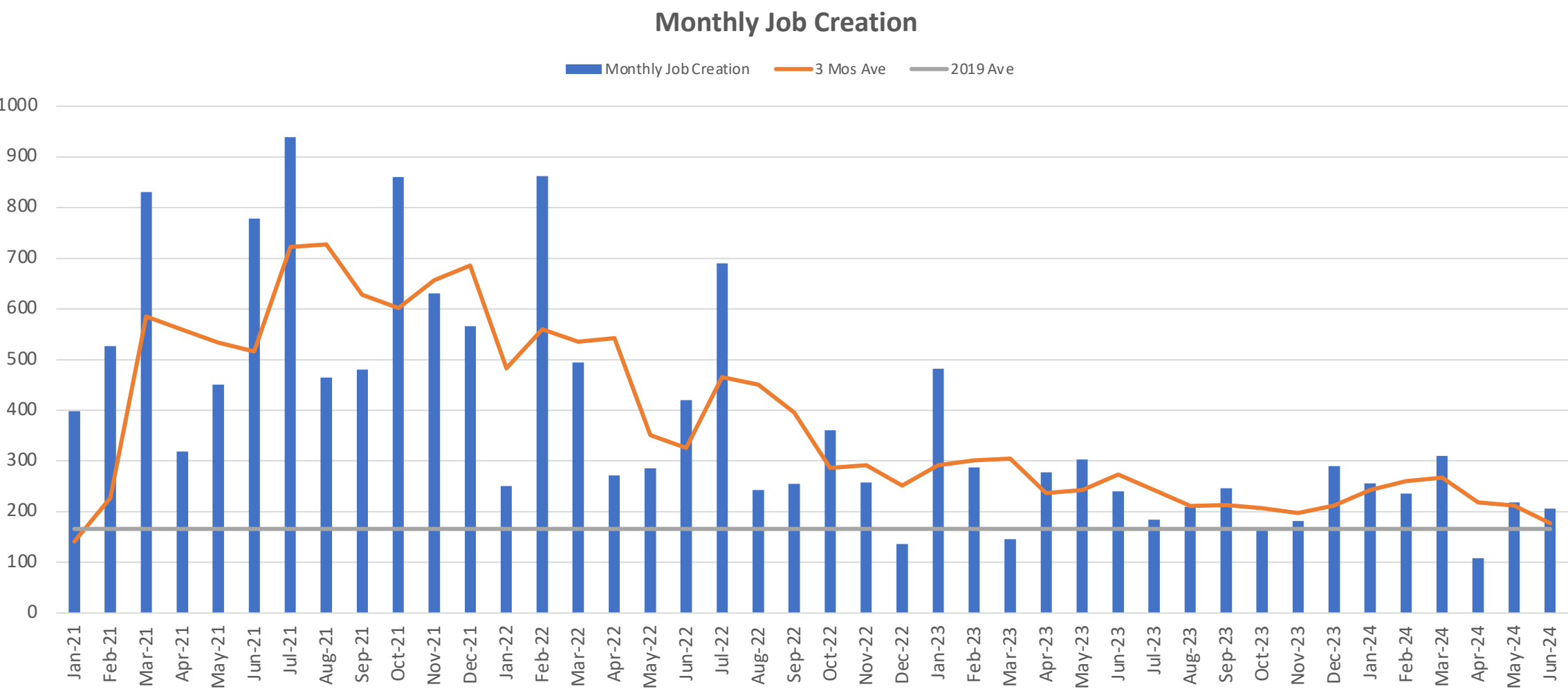
Morning Consult Index of Consumer Sentiment vs. Average Price of Unleaded





# Job Growth Decelerating Towards 2019 Average

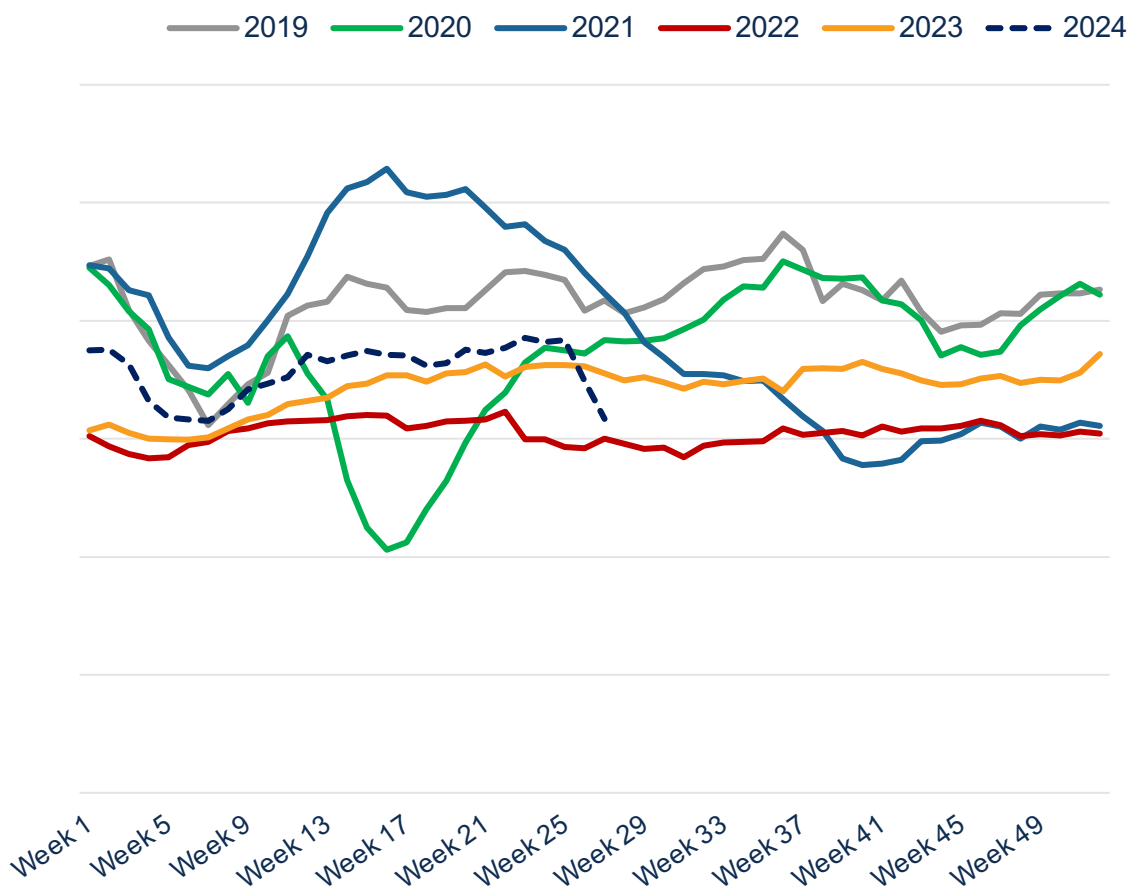
Last three months saw 177,000 new jobs average per month, weakest since January 2021; 2019 averaged 166,000



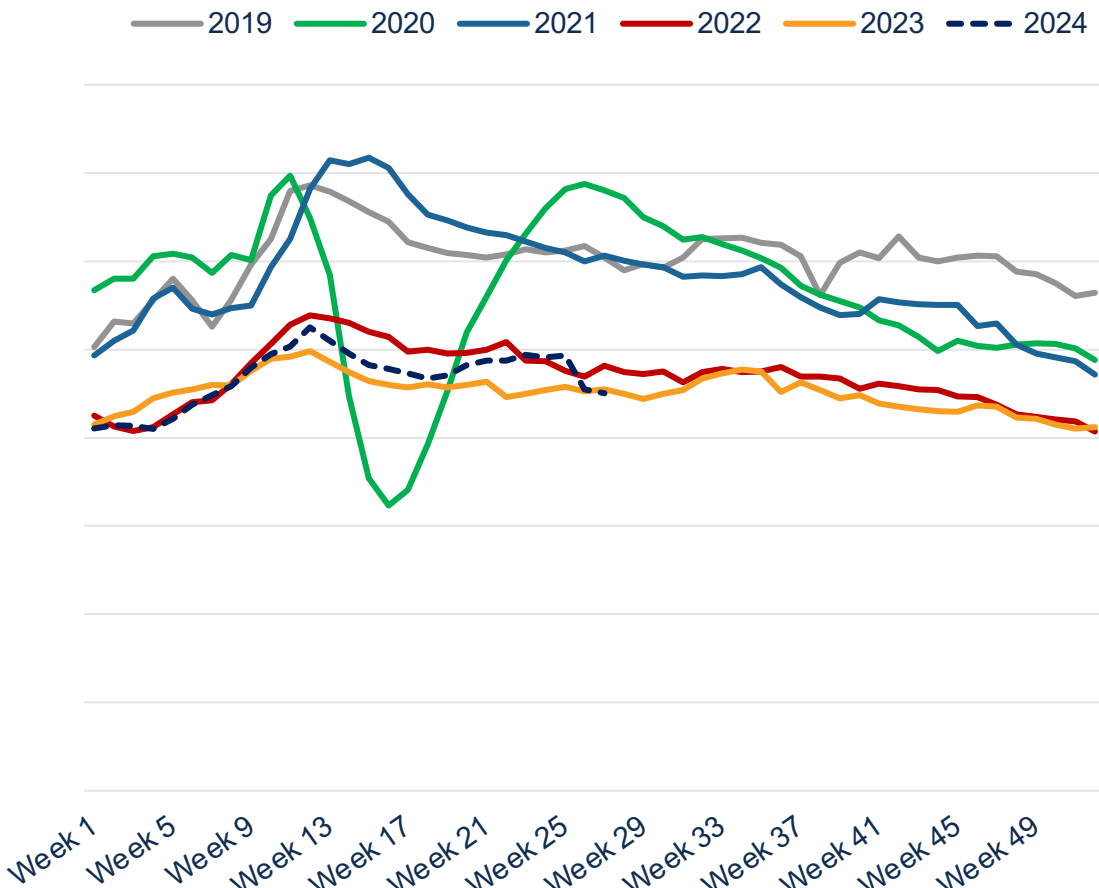
# Retail Vehicle Sales Impacted By DMS Software Outage

New sales were down 9% in the latest week of data and used sales were down 1%, impacted by the software outage

New Retail Sales



Used Retail Sales

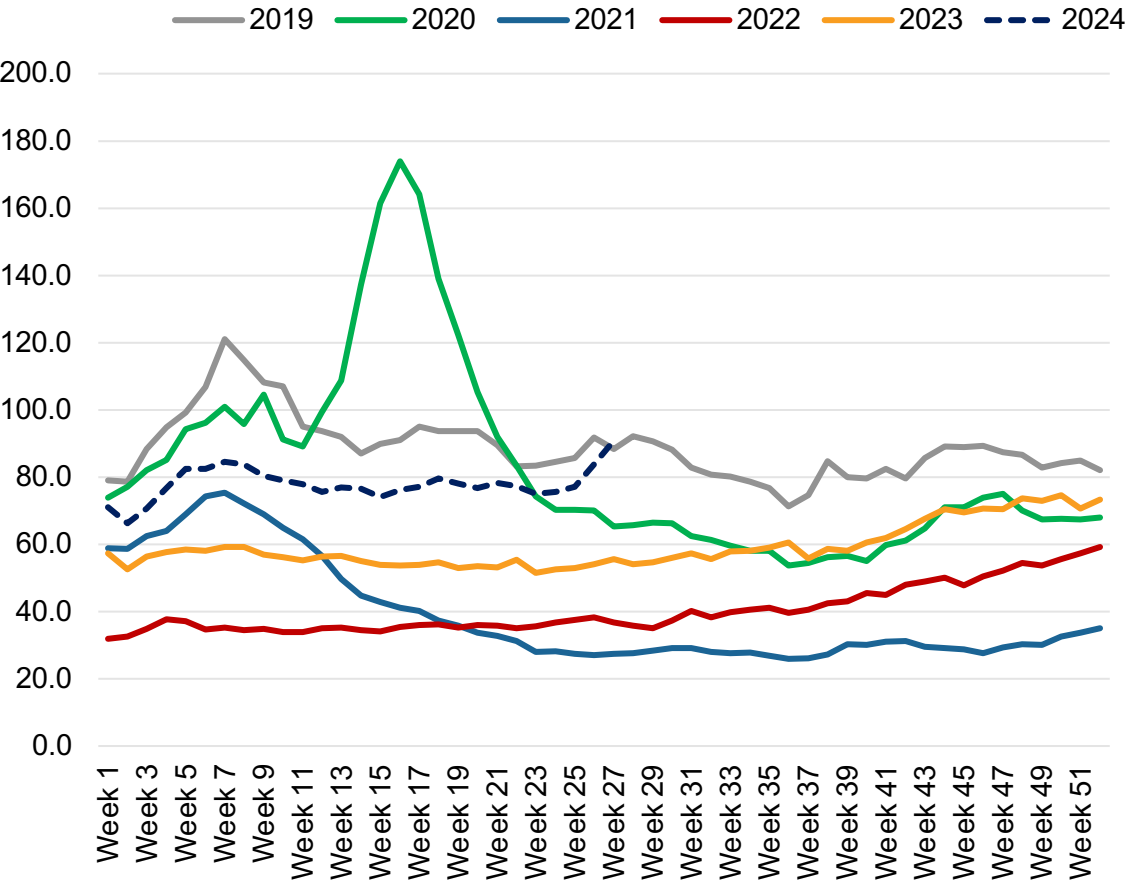




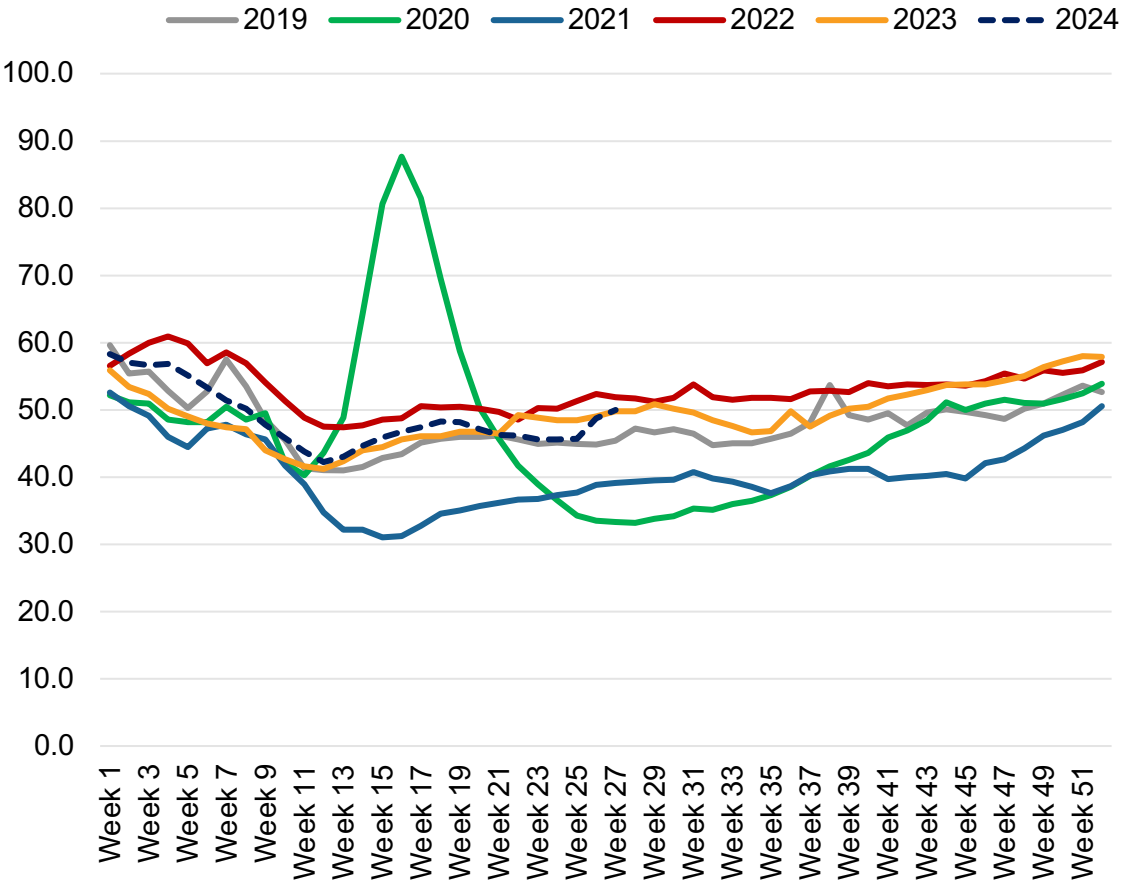
# Supply Impacted by DMS Software Outage

New supply is 35 days higher y/y and up 8% w/w while used supply rose 2% in the last week

New Days' Supply



Used Days' Supply



## Driving Confidence in Wholesale

**Brad Burns**

Associate Vice President,  
Vehicle Information



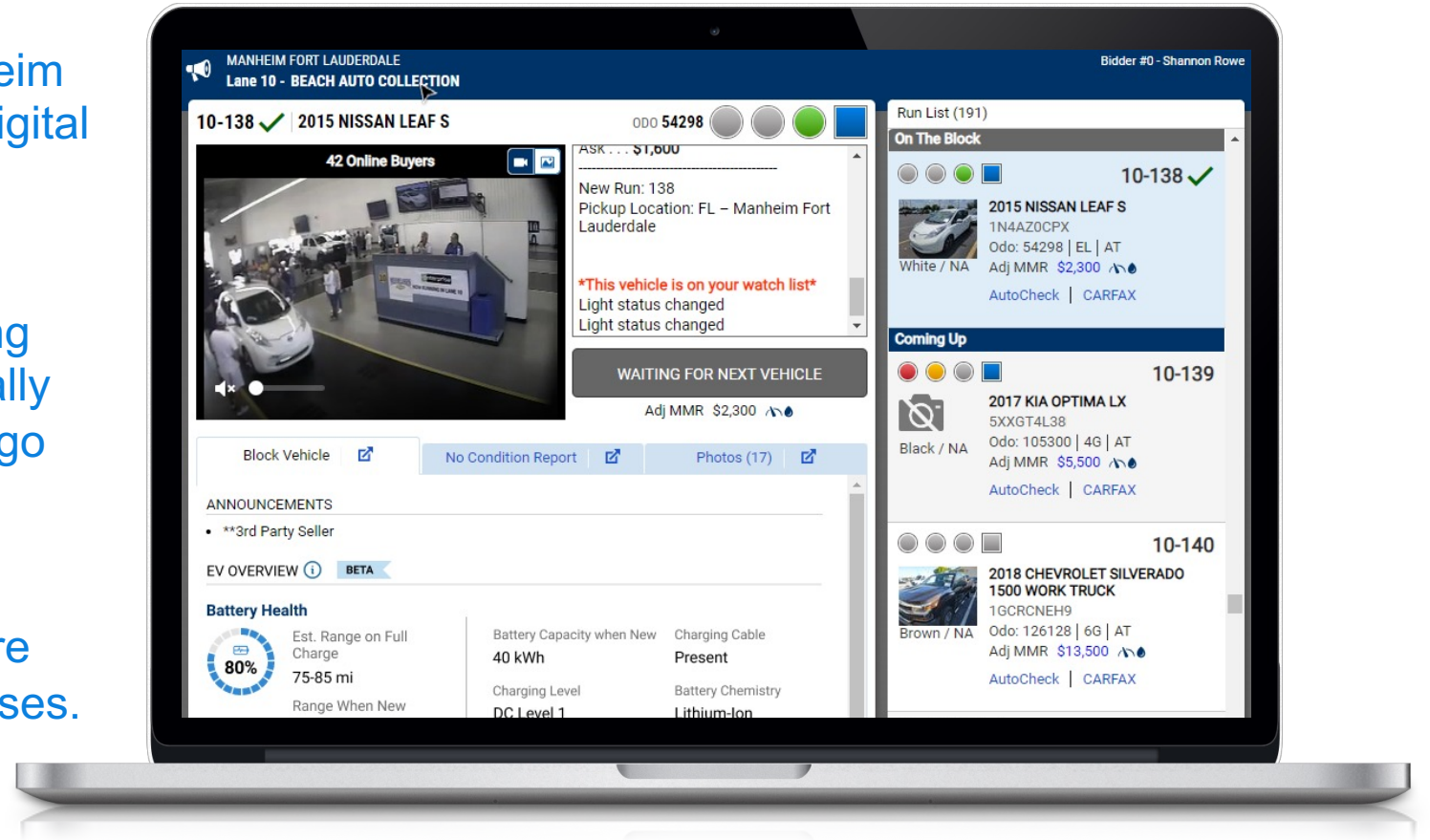


# Digital Wholesale Continues to Dominate

**72%** of vehicles at Manheim have been sold to digital buyers YTD in 2024

**38%** of dealers are buying more vehicles digitally today than a year ago

**350 miles** average distance Simulcast buyers are transporting purchases.





## Advanced Imaging: Driving Confidence with AI





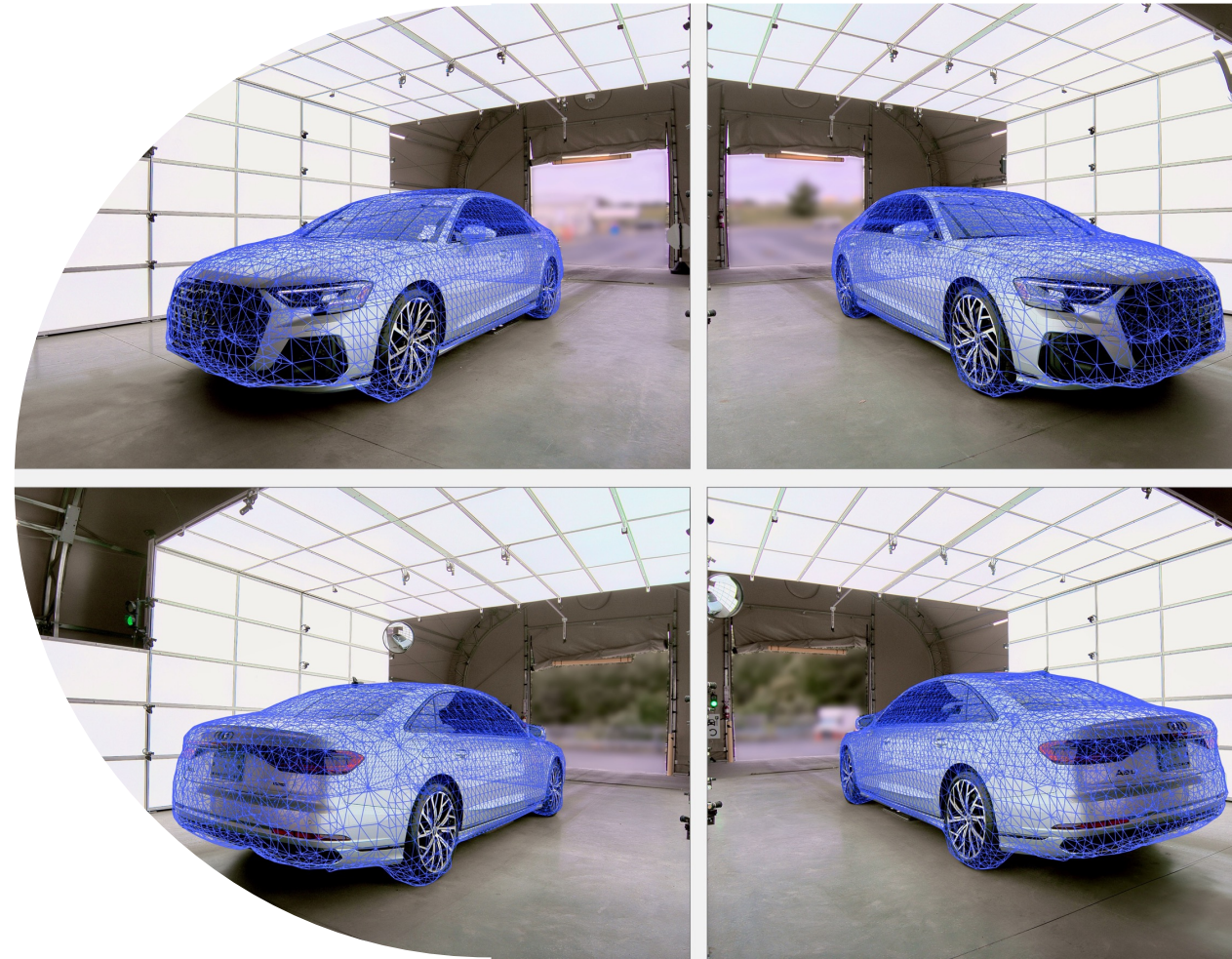
## Fixed Imaging Tunnel Expansion Continues





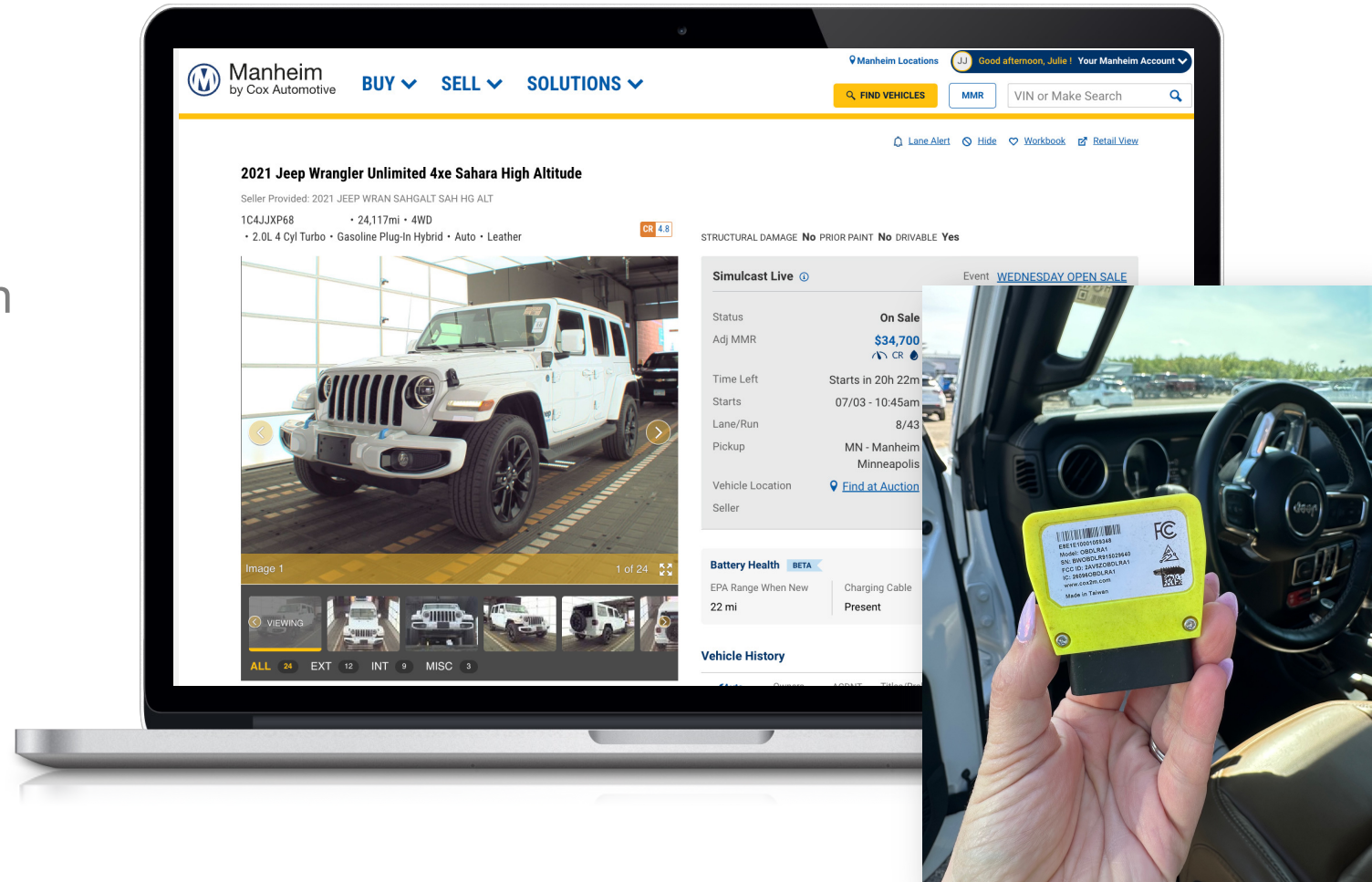
# Automated Damage Detection Designed for Remarketing

- Manheim is delivering **next generation vehicle information**.
- AI technology **analyzes thousands of images from each vehicle and presents damages** to inspectors.
- We've trained our AI technology for years on **hundreds of millions of images**.
- Damage Detection for remarketing requires a **higher standard**.



# Industry First: VIN-Specific Battery Health Solution

- VIN-specific solution **directly measures** the state of health for each EV
- In-depth battery health information is **automatically sent** to vehicle listings on Manheim.com over the air
- Solution is **fully deployed** across Manheim's entire network.



## Wholesale Market

**Jeremy Robb**

Senior Director of Economic and  
Industry Insights





# 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

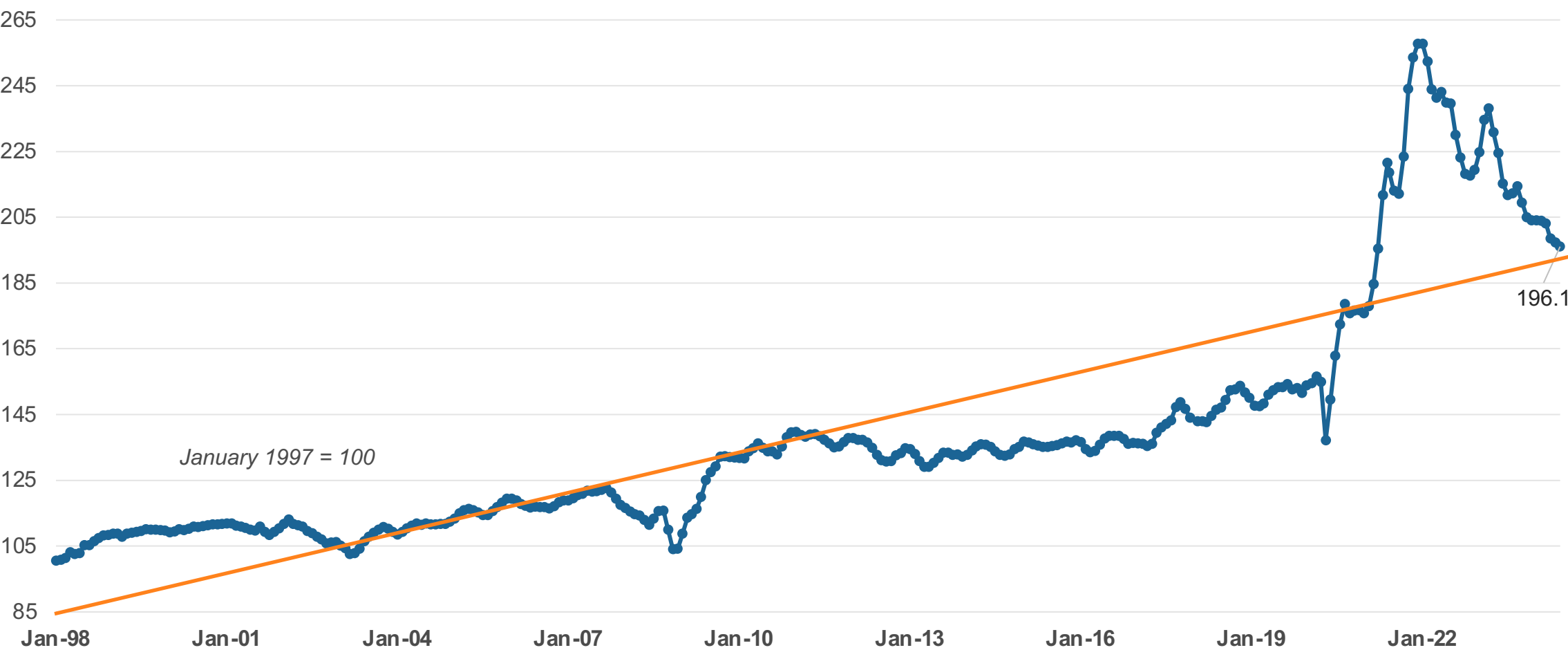
## Steps

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



# Manheim Used Vehicle Value Index

Prices declined 0.6% in June and are down 8.9% against 2023



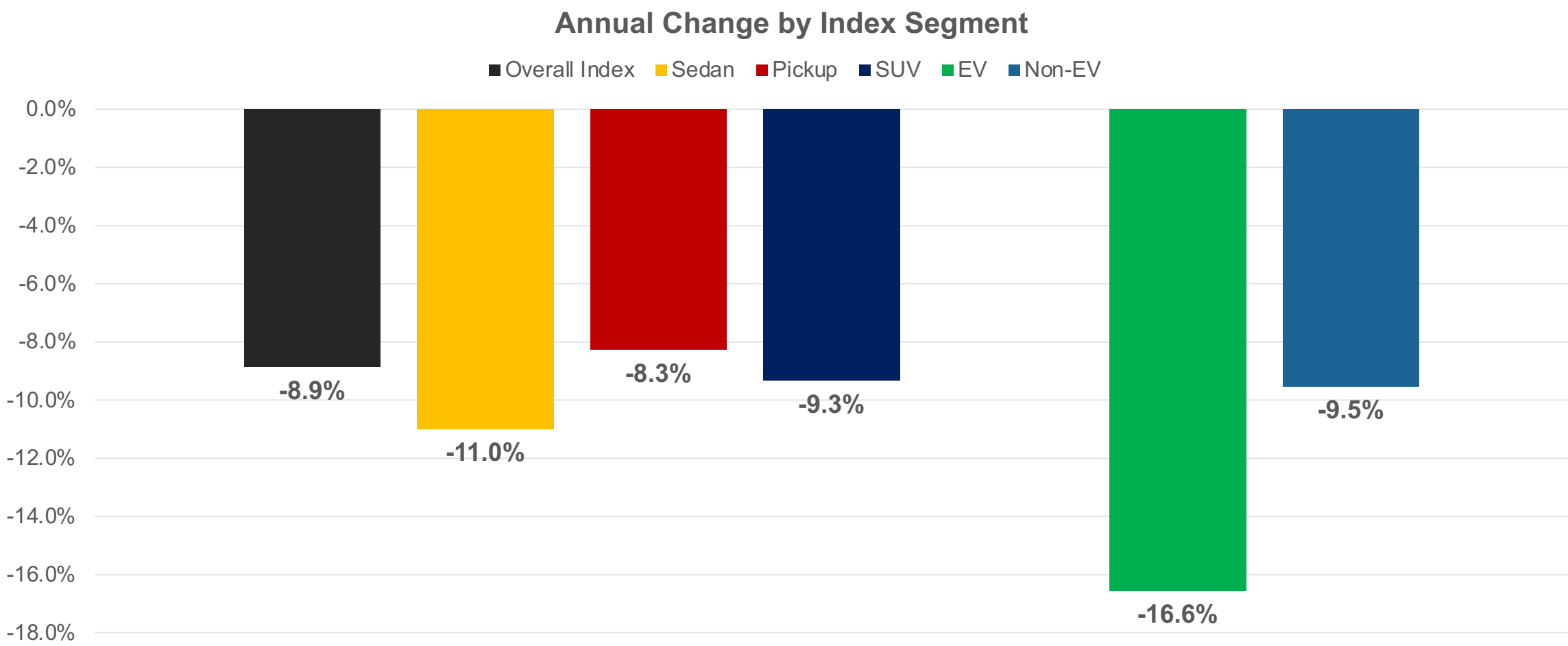
# Year-Over-Year Performance Trend

The index has shown year-over-year declines since September 2022, but the pace has slowed from April onward



# MUVVI Index Trends By Key Segment

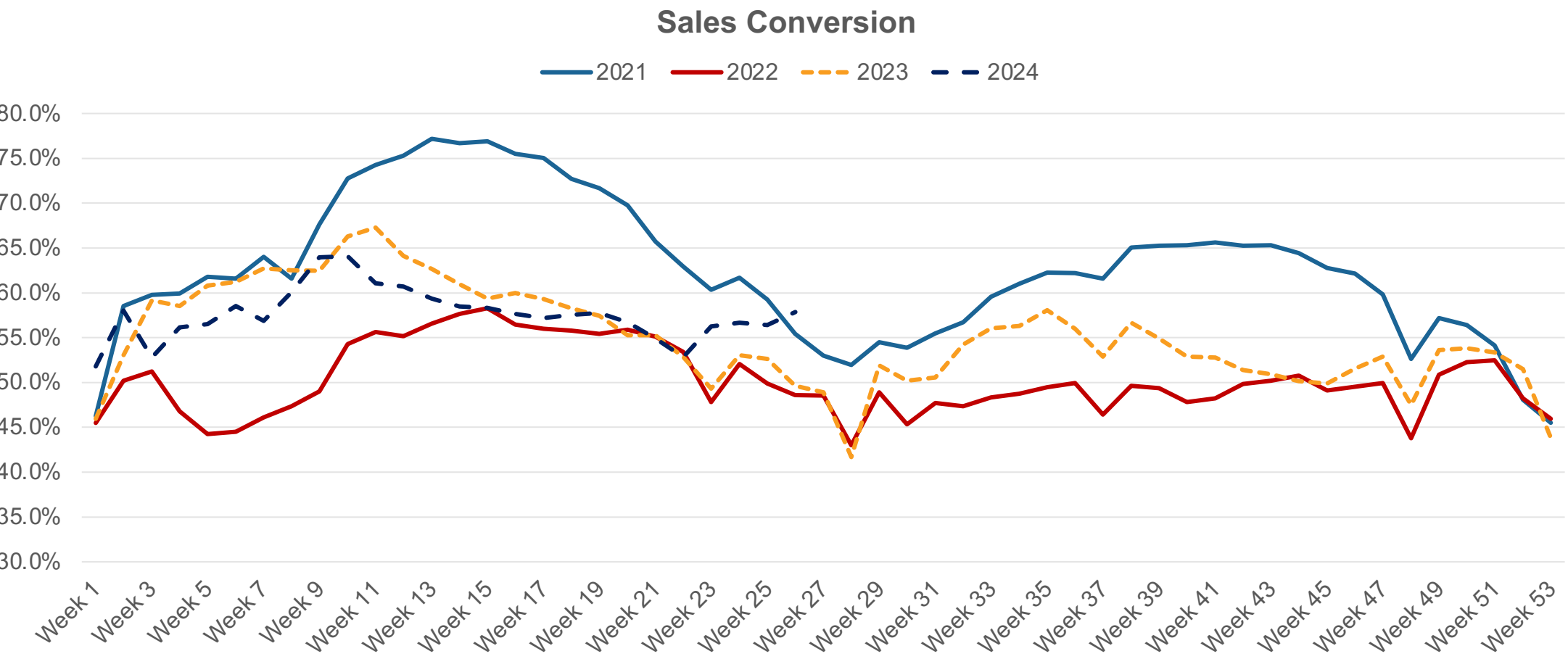
Pickups outperformed the market while sedans were weaker as EVs hit 2.5% of all wholesale transactions





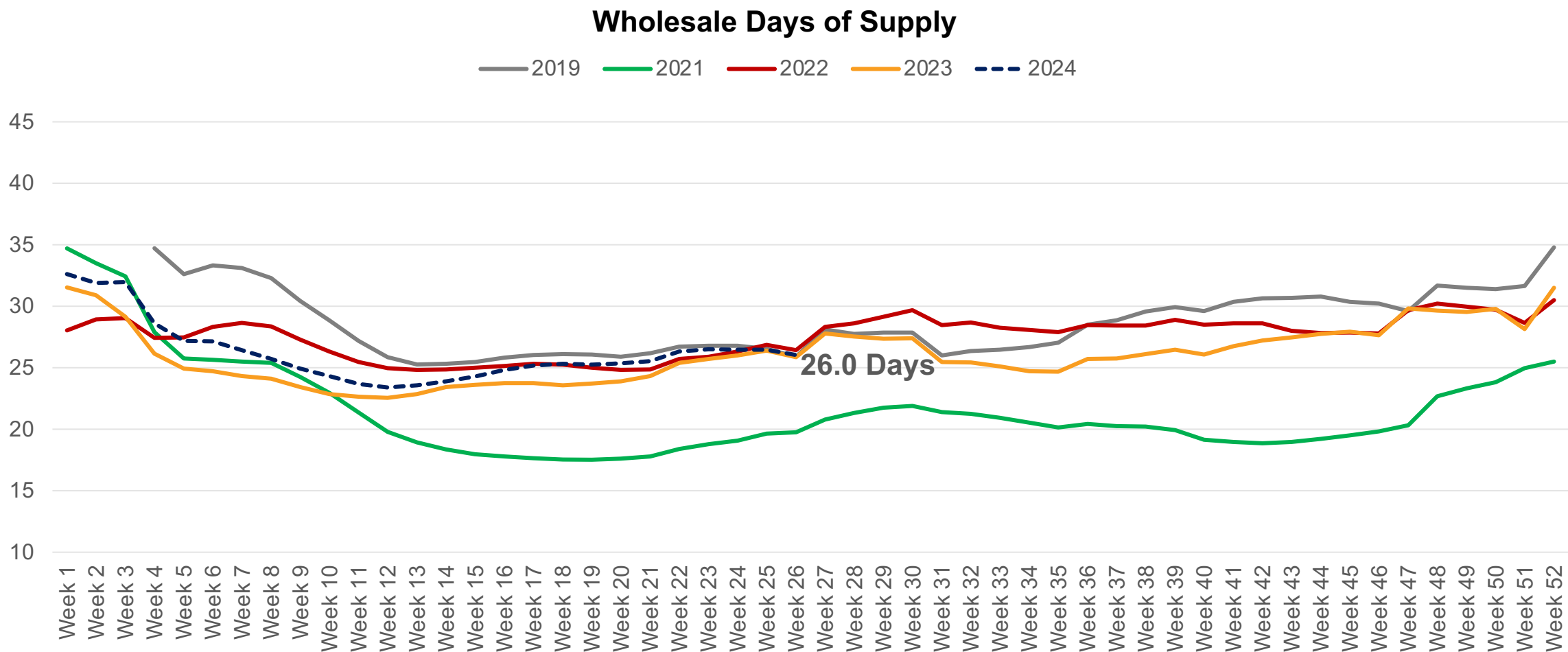
# Wholesale Sales Conversion

Sales conversion has moved higher recently to 57.8%, now running several points above last year



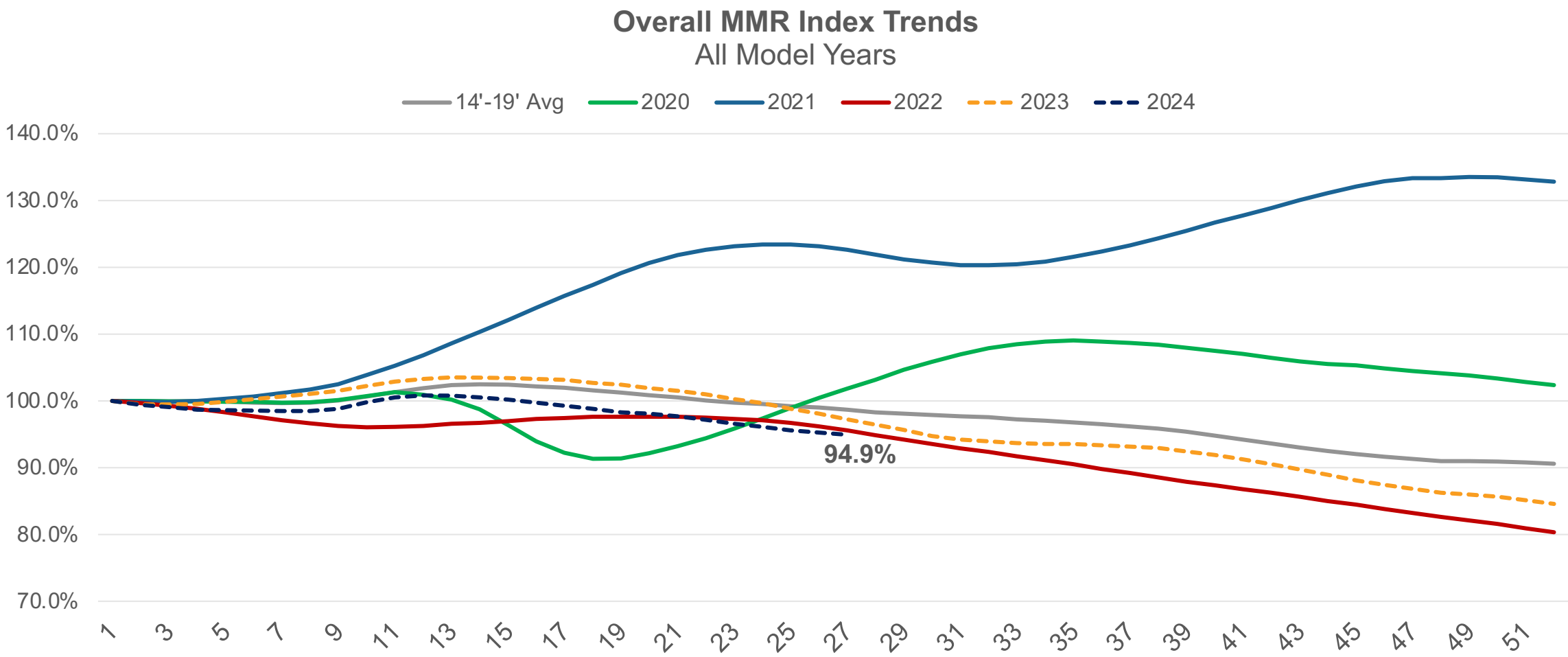
# Wholesale Supply

Inventory is +15% year-over-year and sales are +14% as days' supply falls to 26.0 Days, flat vs 23'



# Overall Wholesale MMR Value Trends

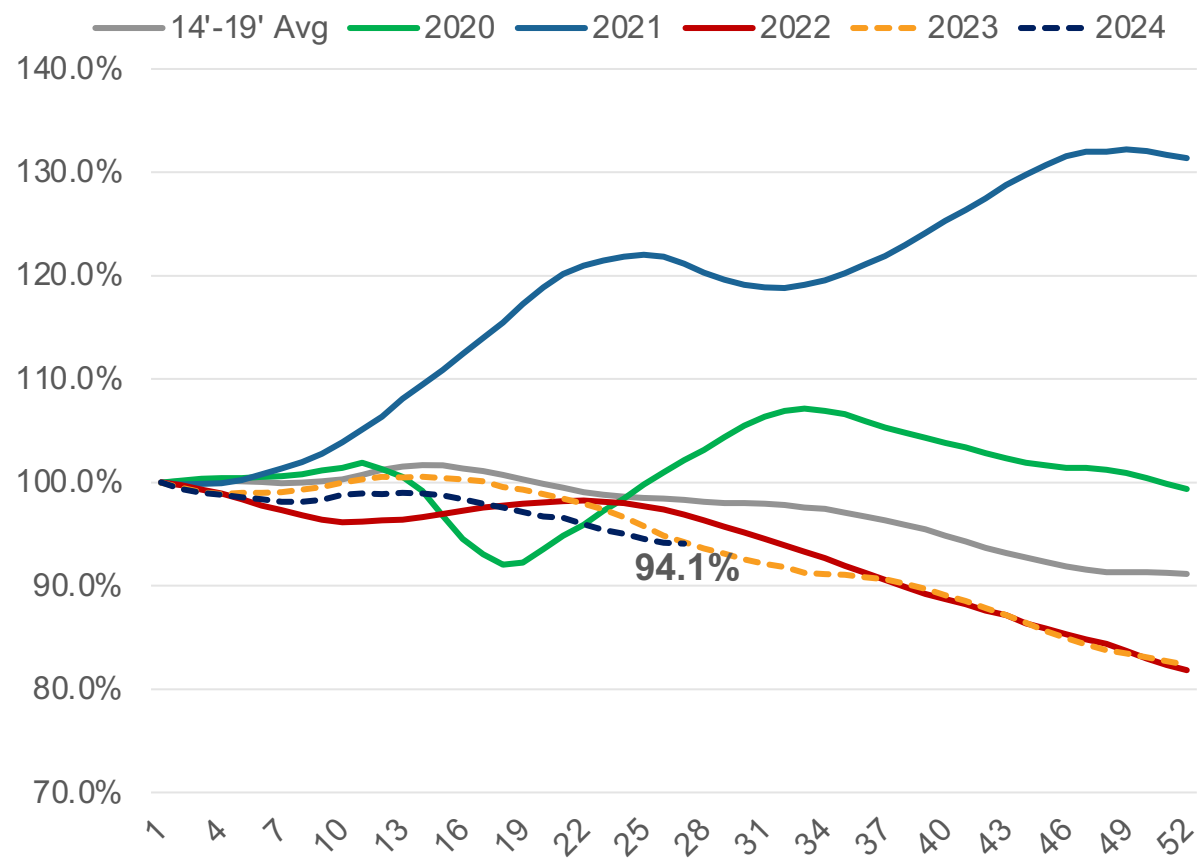
Depreciation trends are running a bit higher than long term averages and now below 2022



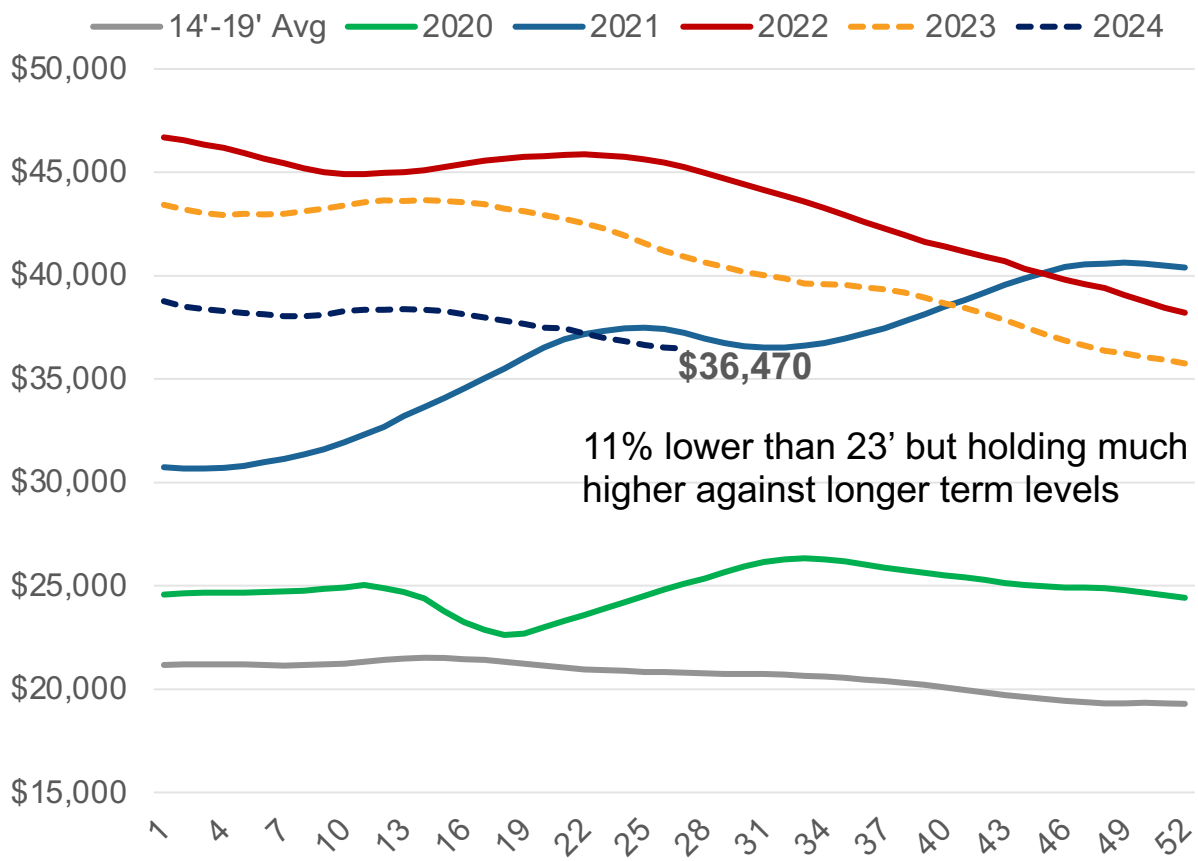
# 1YO MMR Index With Resale Values By Calendar Year

The 1YO shows higher depreciation overall but weekly declines slowed in the last week of June

MMR Index Trends  
1YO



MMR Resale Value Trends  
1YO

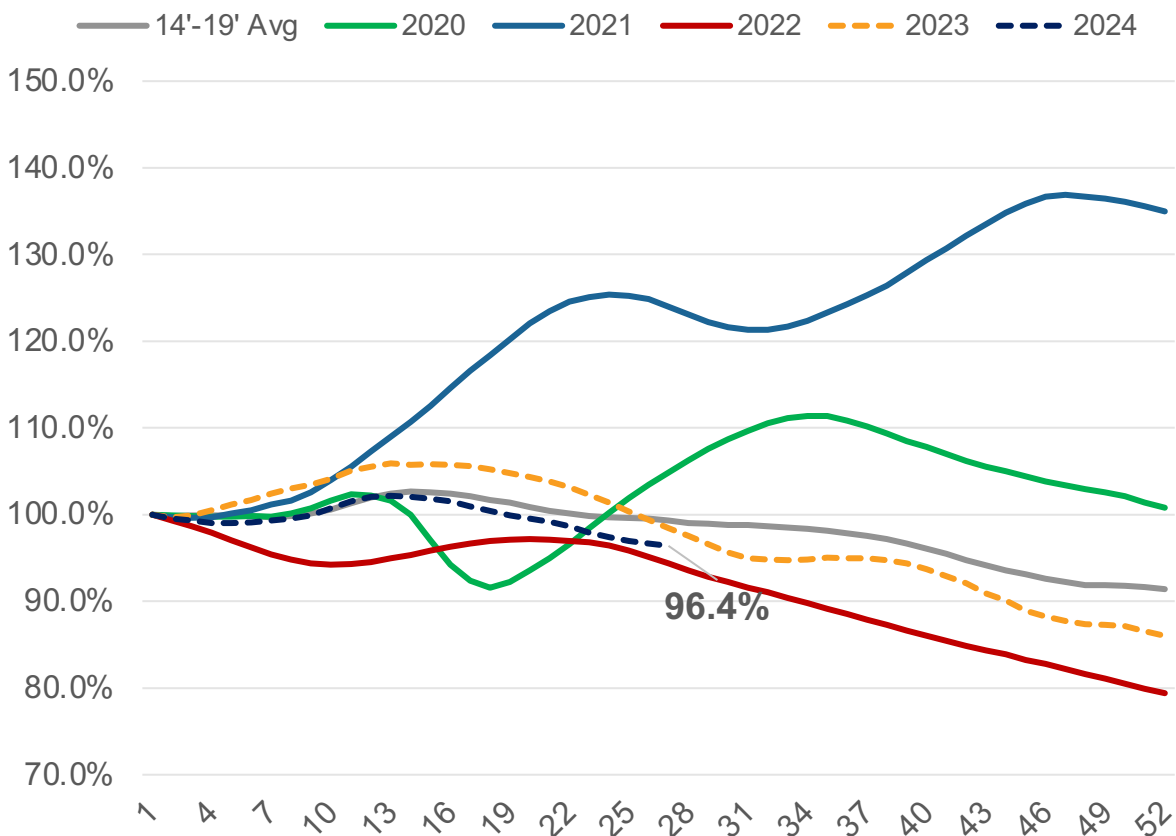




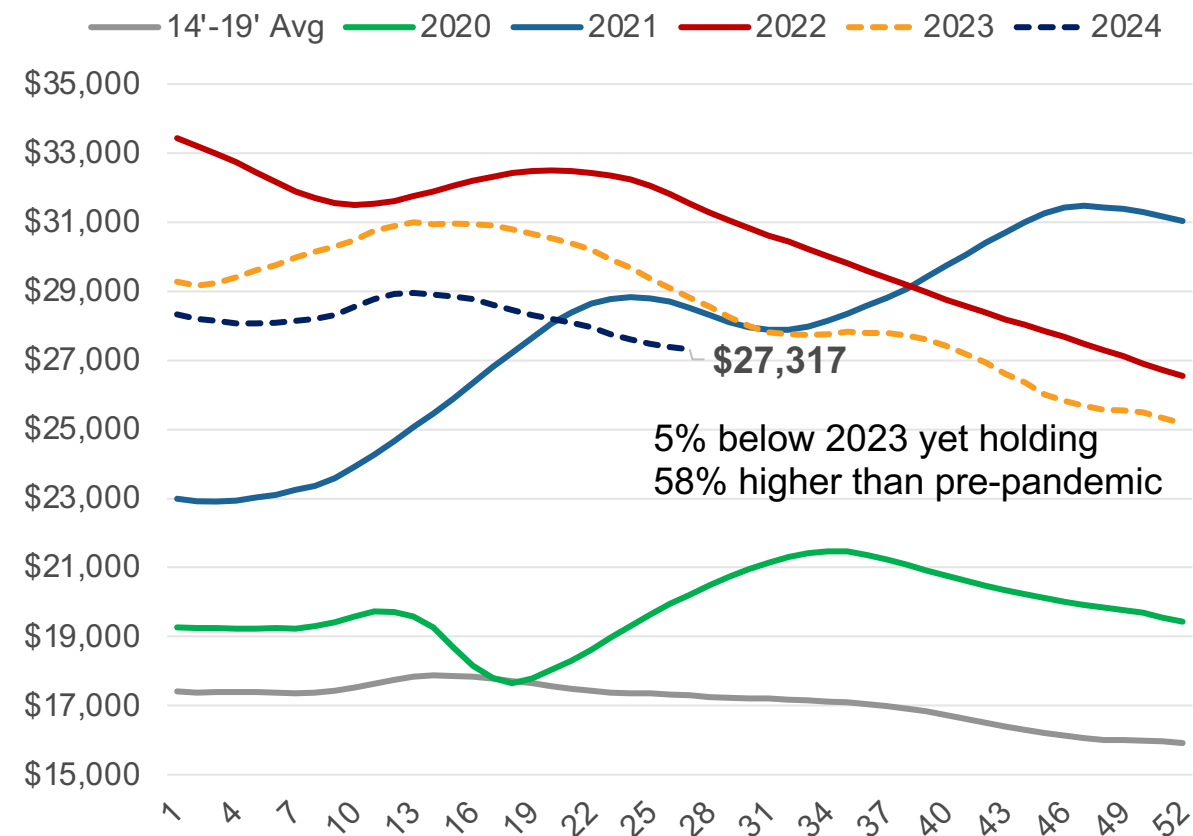
# 3YO MMR Index With Resale Values By Calendar Year

3YO values declined more in May but weekly depreciation trends have decelerated in recent weeks

### MMR Index Trends 3YO

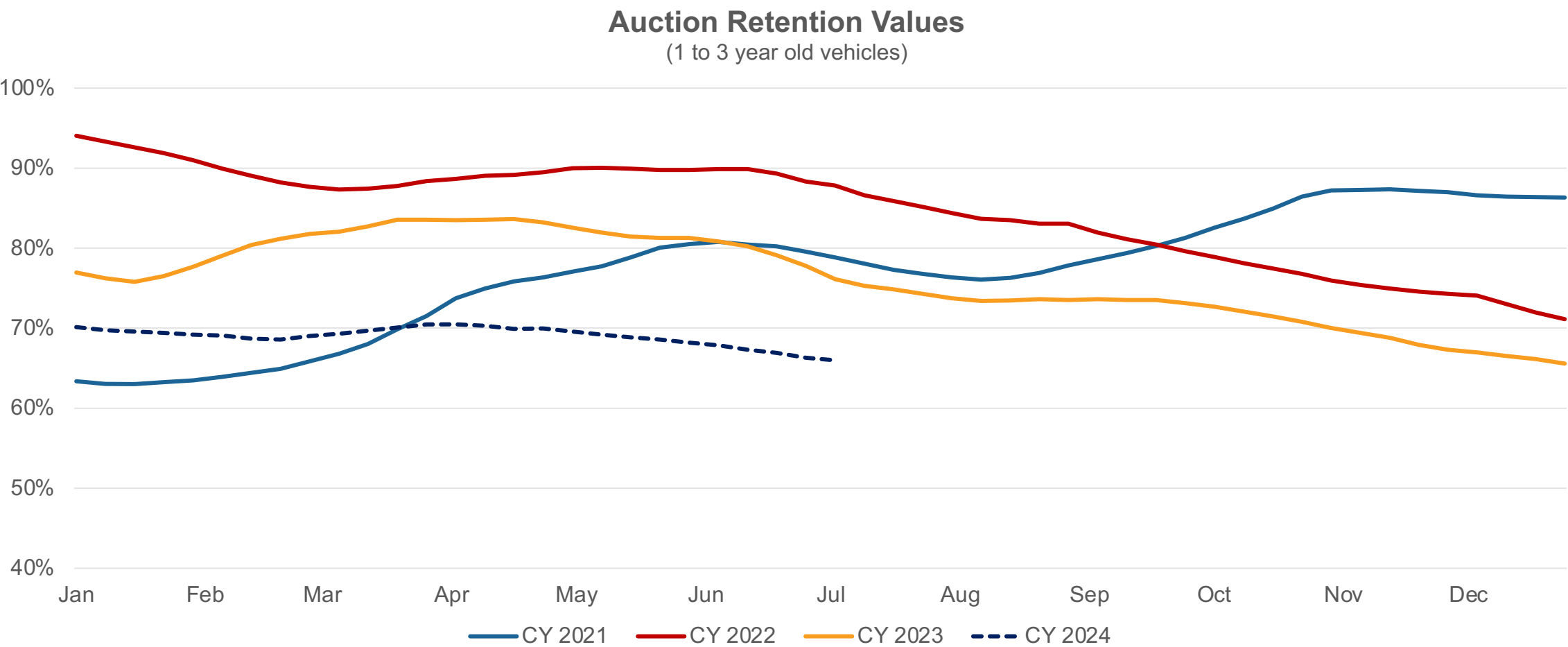


### MMR Resale Value Trends 3YO



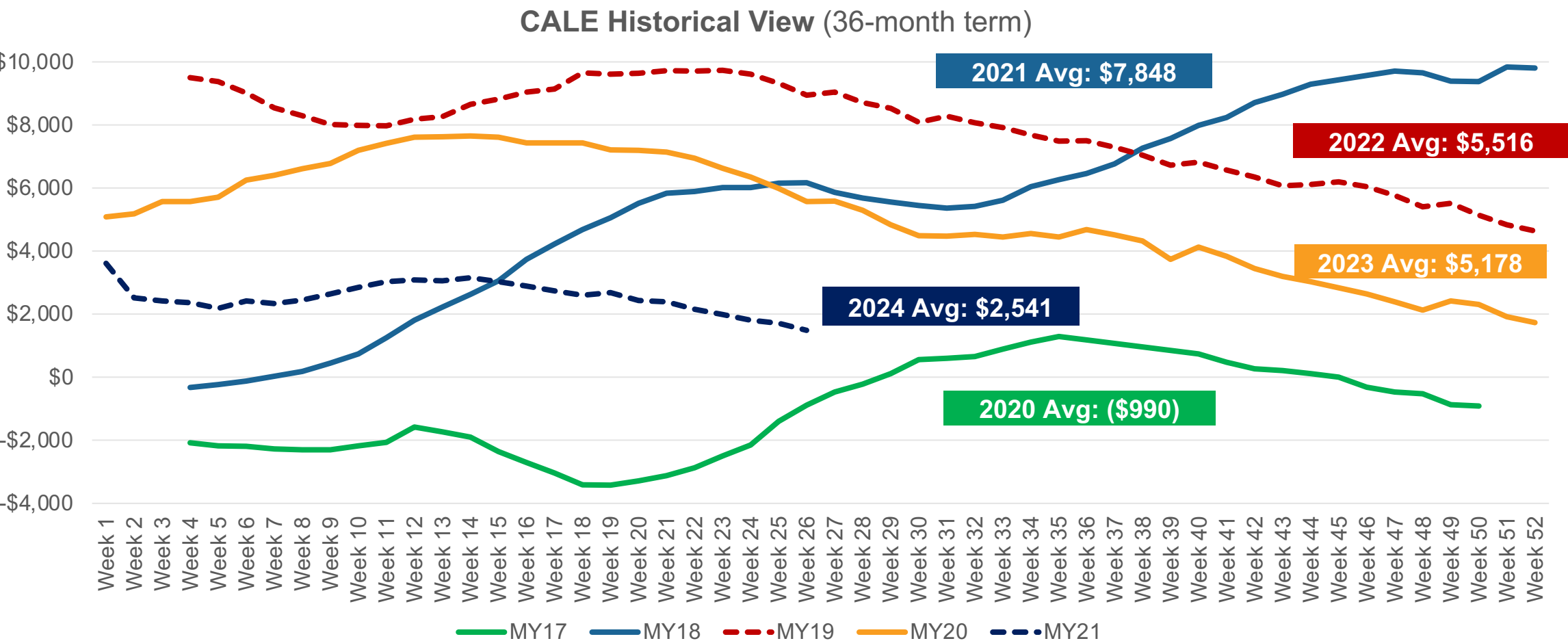
# Retention Values at Auction

Retention metrics declined in the second quarter and remains lower than the last few years



# CALE: Lease Equity

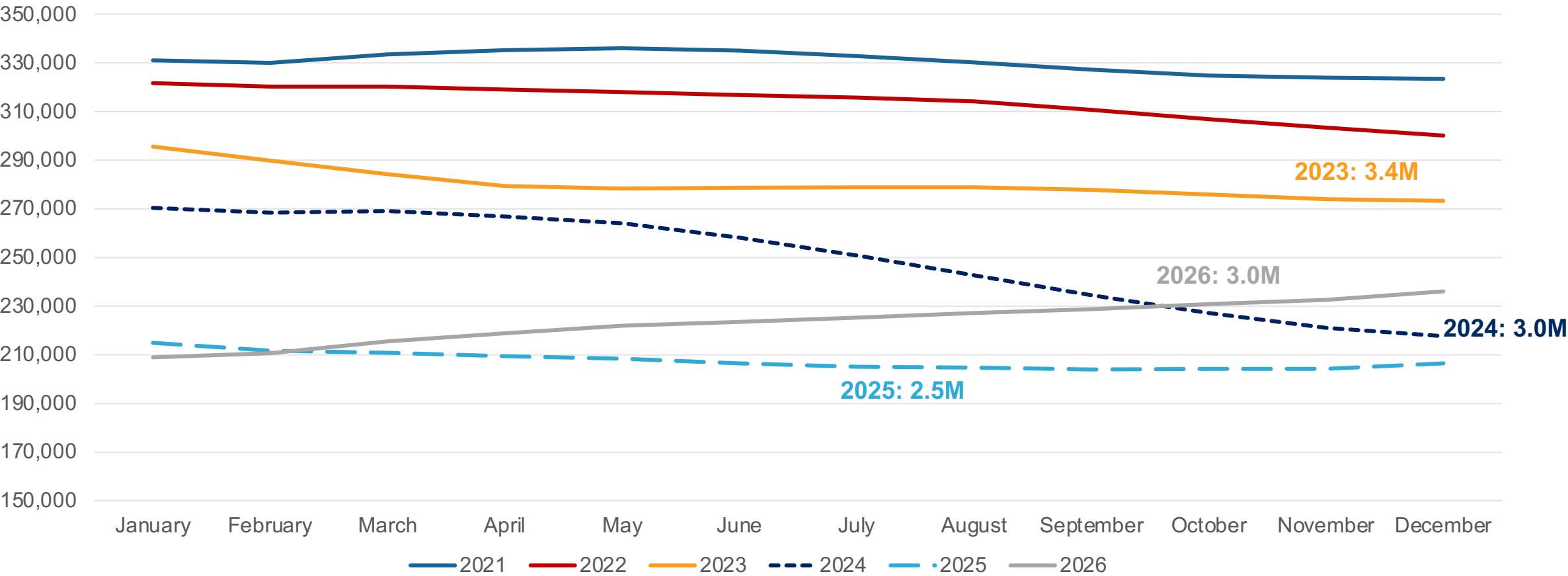
Lease equity has been slowly declining while a few brands are now negative



# Lease Maturities

In the 2<sup>nd</sup> half of 2024, Lease maturities will drop substantially and remain lower for several years

Monthly Estimated Lease Maturities





## Auction Data and Rental Market

**Scott Vanner**

Senior Analyst of Economic and  
Industry Insights

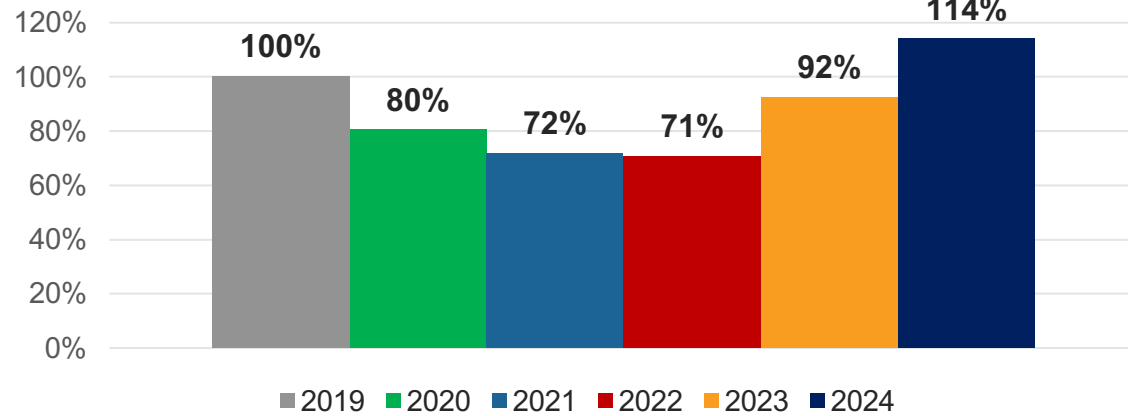


# Auction Check-Ins for Commercial Segments

Repo now up +14% v 2019 levels, as Lease increases 94% vs 23' yet much lower against Pre-Covid

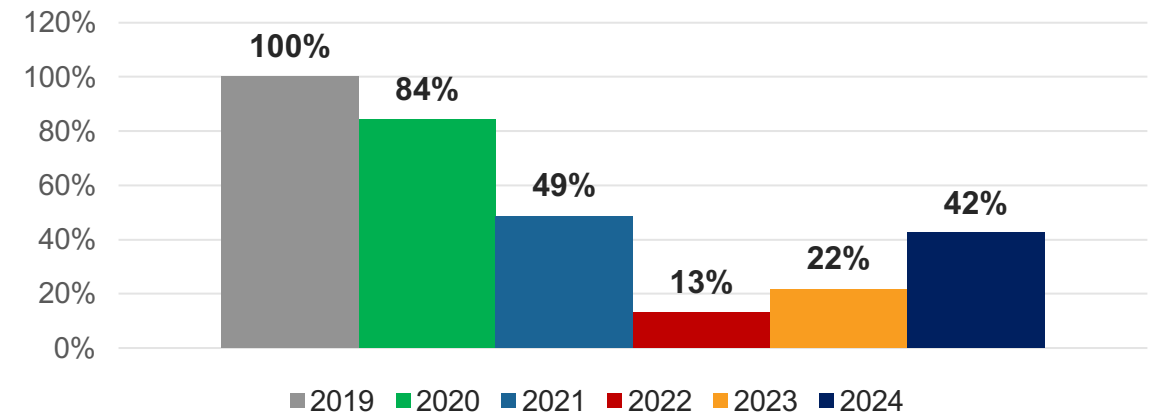
## Repo Check-In Index

2019=100



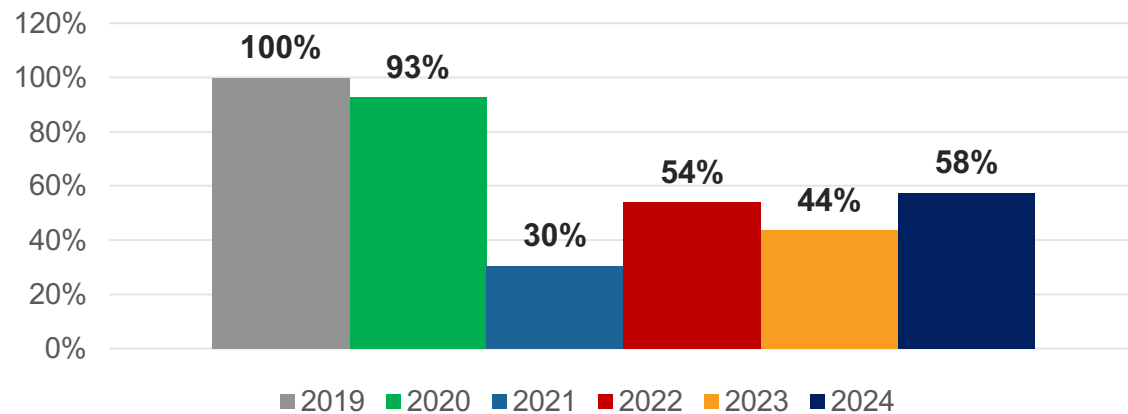
## Lease Check-In Index

2019=100



## Rental Check-In Index

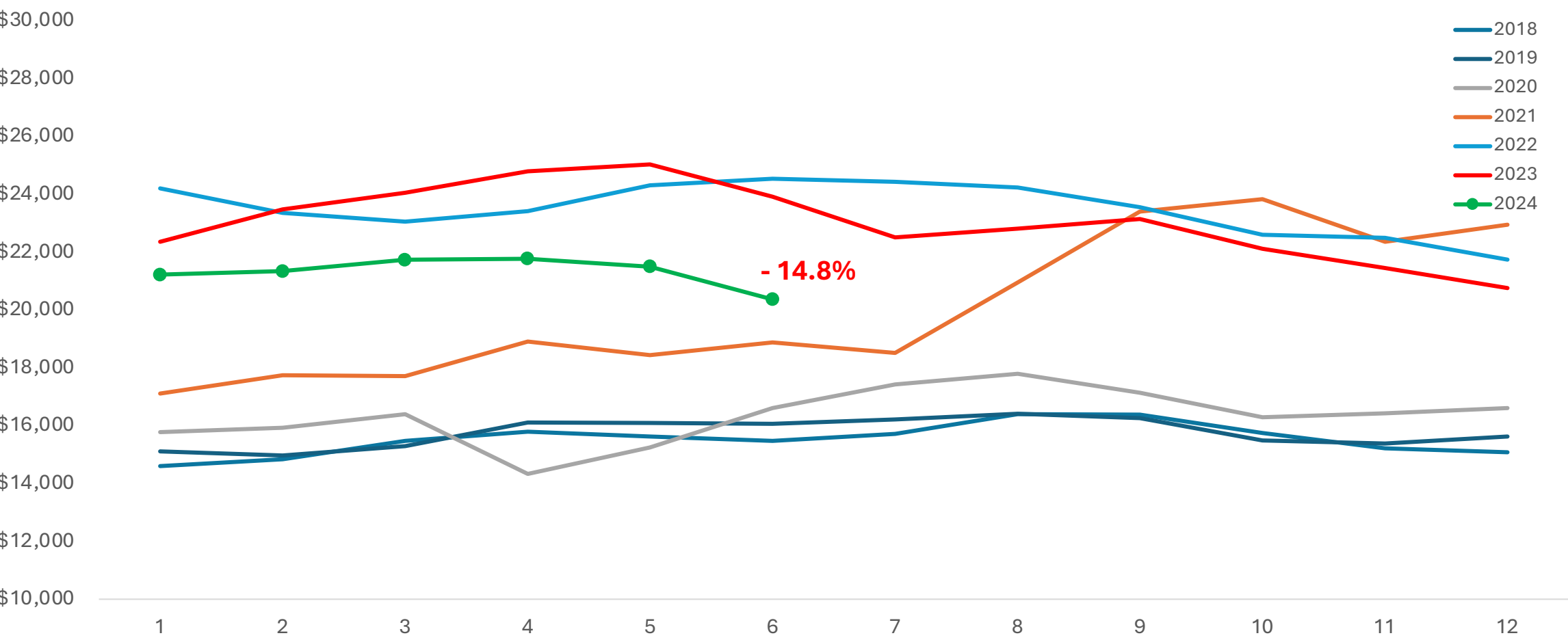
2019=100



- Repo +23% vs 23' & up +14% vs 19'
- Lease +94% vs 23' yet down (58%) vs 19'
- Rental up 32% vs 23' and down (42%) vs 19'

# Rental Risk Average Auction Prices

Prices for units sold in June were down 14.8% year-over-year and down 5.3% from May



# Rental Risk Vehicle Variety Increasing

Shares of top configurations increased versus 2023 with unique configurations up 59% year over year

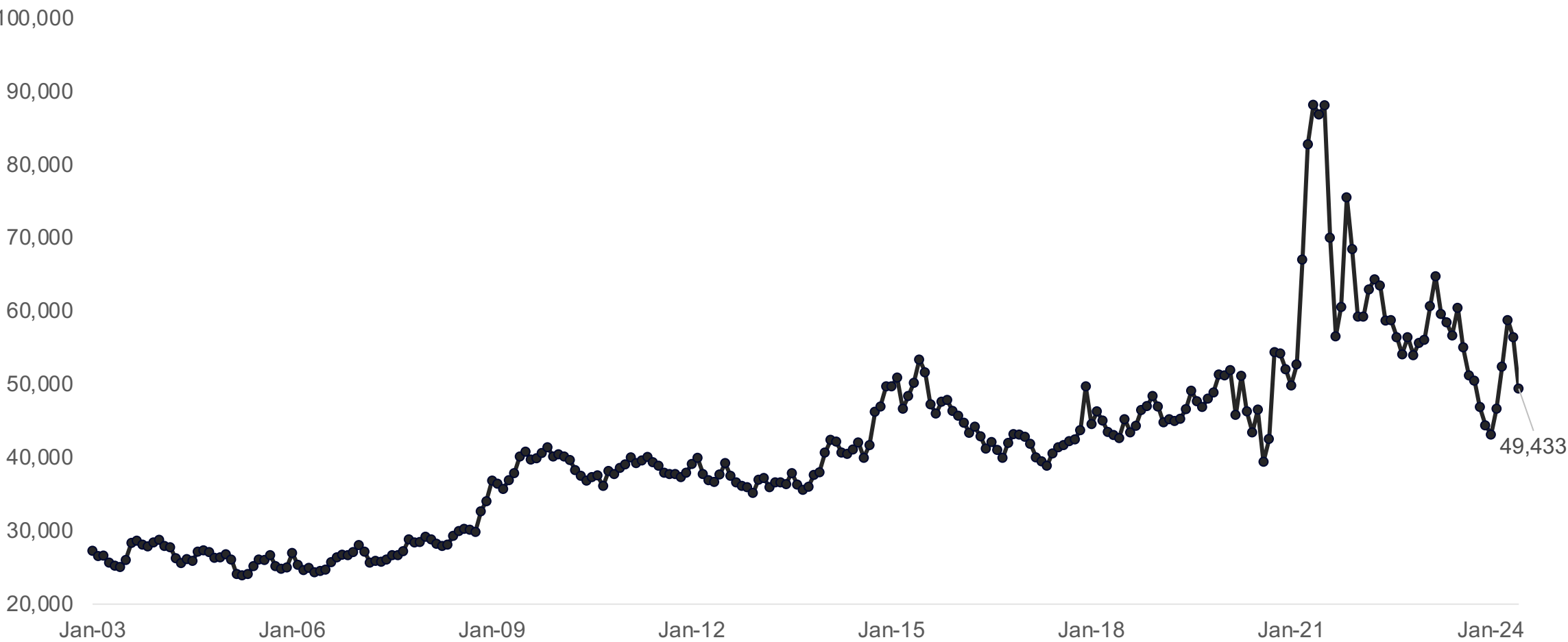
Rank	2022 Q2	2023 Q2	2024 Q2
Number of unique year, make, model, body configurations sold	3,472	3,422	5,433
Share accounted for top 10 YMMB	13.9%	7.2%	13.3%
Share accounted for top 25 YMMB	24.5%	13.7%	19.5%
Number of YMMB to reach 50% share	94	468	225





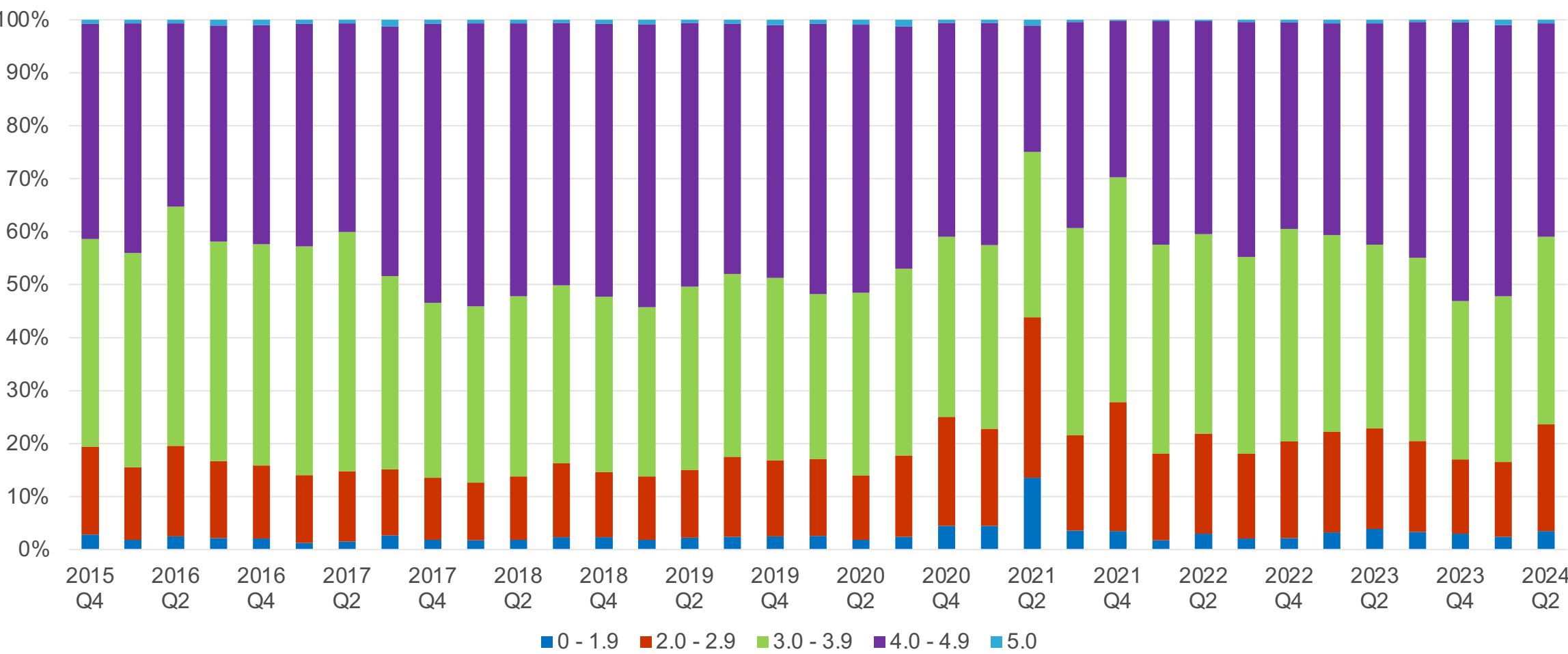
# Rental Risk Average Mileage

Average mileage was down 12% from May and down 13% from June 2023



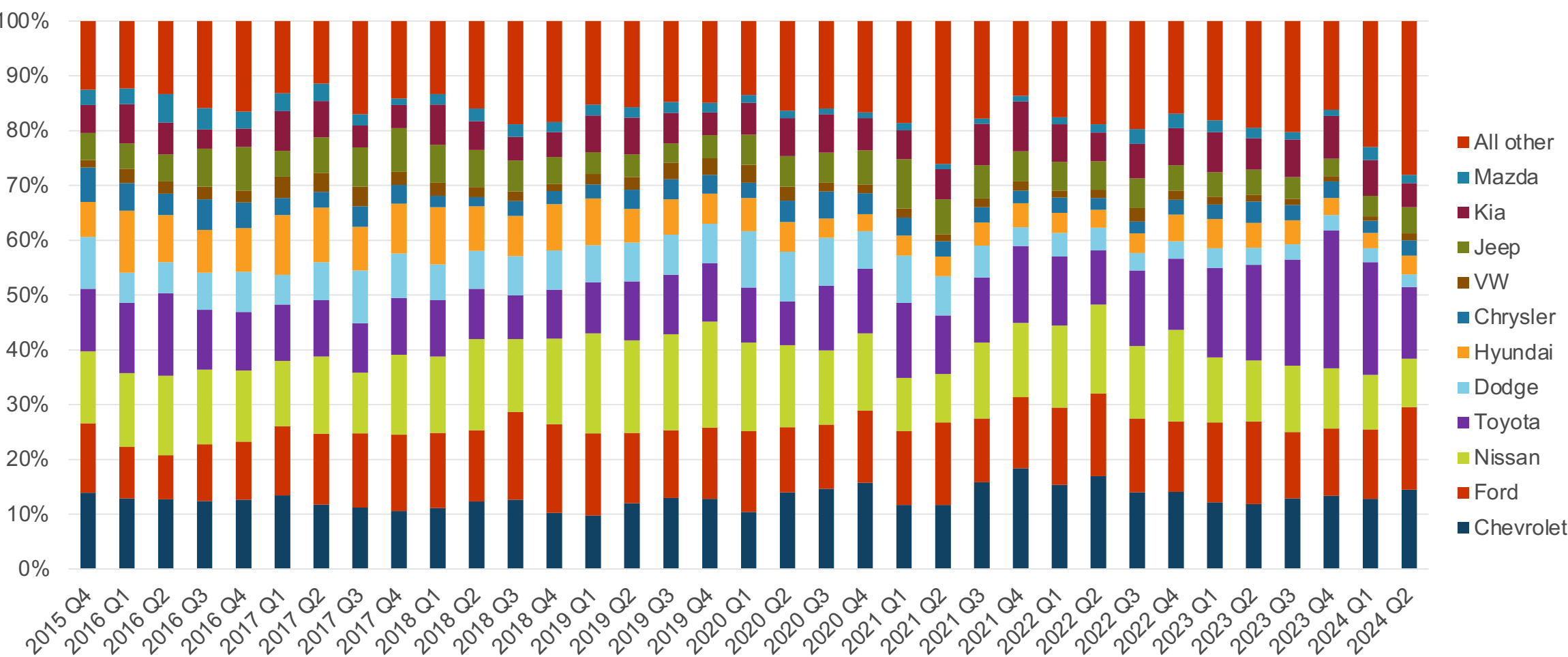
# Rental Risk Sales Condition

Share of higher graded units drops from previous quarter



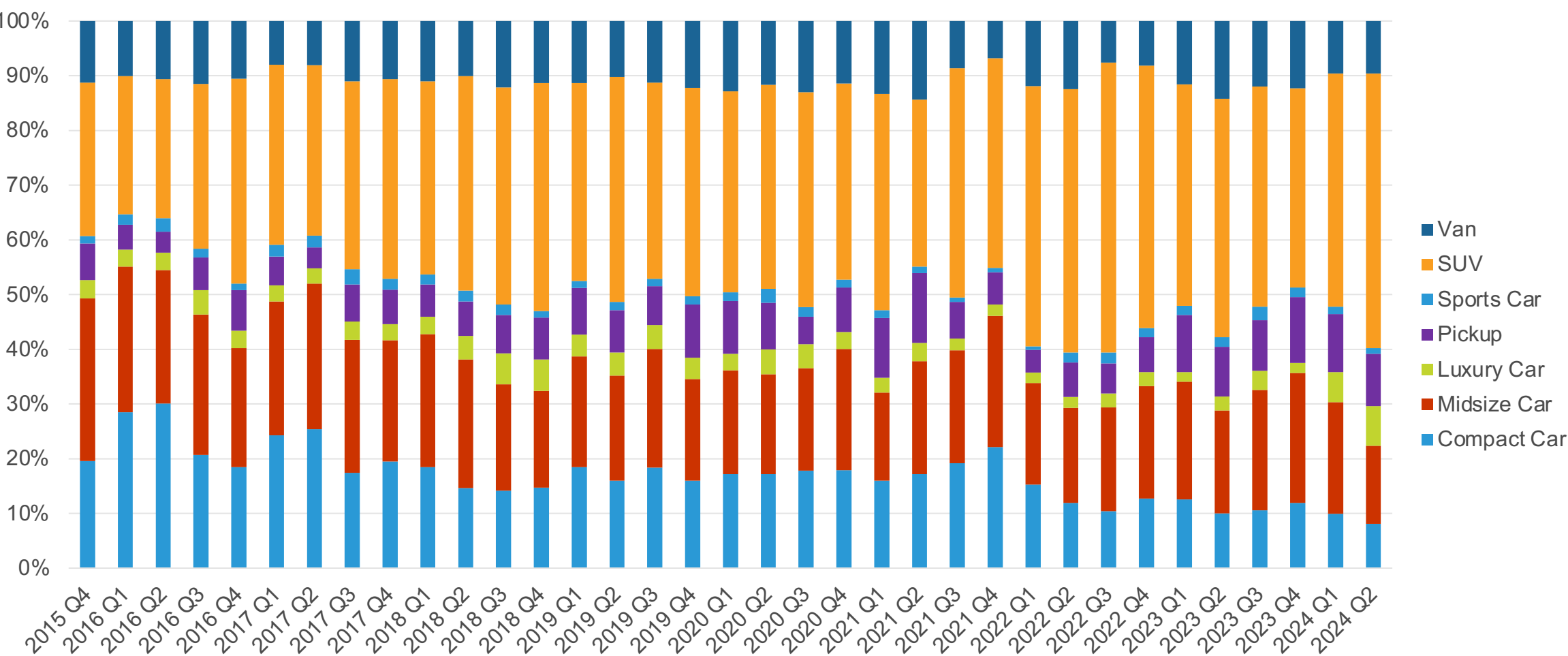
# Rental Risk Sales By Make

“All other” continues gains, while Toyota continues to drop



# Rental Risk Sales by Vehicle Segment

Luxury and SUVs are up, while all other segments are down from Q1 2024



# Manheim Insights on Top Volume Vehicles

Price trends on top selling vehicles in June were lower across the board but two of the top 5 were EVs

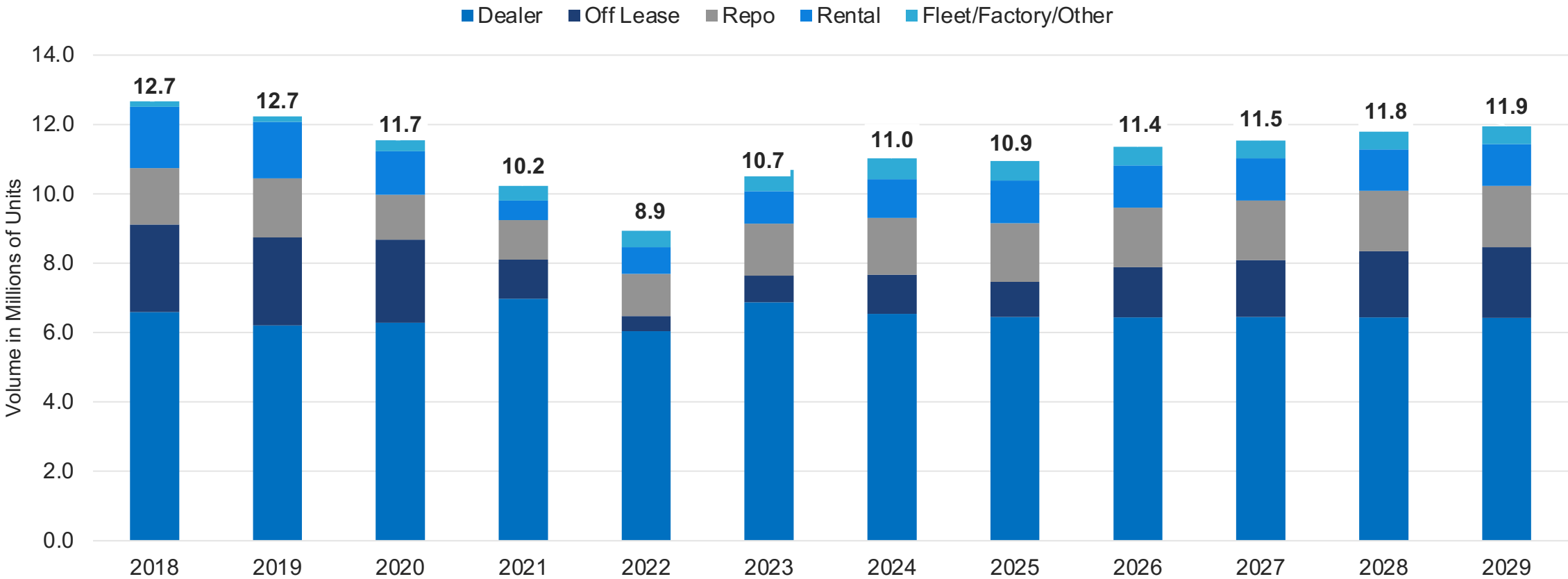
Rank	Source(Rank)	Category	Subcategory	Vehicle	1-May	Past 30 Days	Last Year	Current Dep	L12M Dep/Mo
1	All	Luxury	LUXURY CAR PREMIUM	2023 TESLA MODEL 3 2WD 4D SEDAN	\$22,464	\$25,619	\$37,645	-12.3%	-3.4%
2	All	SUV	SUV MIDSIZE	2021 FORD EXPLORER 4WD 4C 4D SUV XLT	\$25,181	\$26,425	\$32,119	-4.7%	-1.8%
3	All	Compact Car	COMPACT CAR PREMIUM	2023 CHEVROLET BOLT EUV 4D SUV LT	\$15,514	\$17,066	\$27,279	-9.1%	-3.6%
4	All	SUV	SUV MIDSIZE	2023 NISSAN ROGUE AWD 3C 4D SUV SV	\$21,402	\$22,506	\$29,485	-4.9%	-2.3%
5	All	Truck	PICKUP LITE DUTY FULLS	2021 FORD F150 4WD V6 CREW CAB 2.7L XLT	\$33,353	\$34,858	\$40,432	-4.3%	-1.5%
1 Dealer	Dealer	Compact Car	COMPACT CAR PREMIUM	2021 TOYOTA COROLLA 4D SEDAN LE	\$15,576	\$15,776	\$19,081	-1.3%	-1.5%
1 Lease	Lease	SUV	SUV MIDSIZE	2023 NISSAN ROGUE AWD 3C 4D SUV SV	\$21,402	\$22,506	\$29,485	-4.9%	-2.3%
1 Rental	Rental	Luxury	LUXURY CAR PREMIUM	2023 TESLA MODEL 3 2WD 4D SEDAN	\$22,464	\$25,619	\$37,645	-12.3%	-3.4%



# Wholesale Volume Estimates

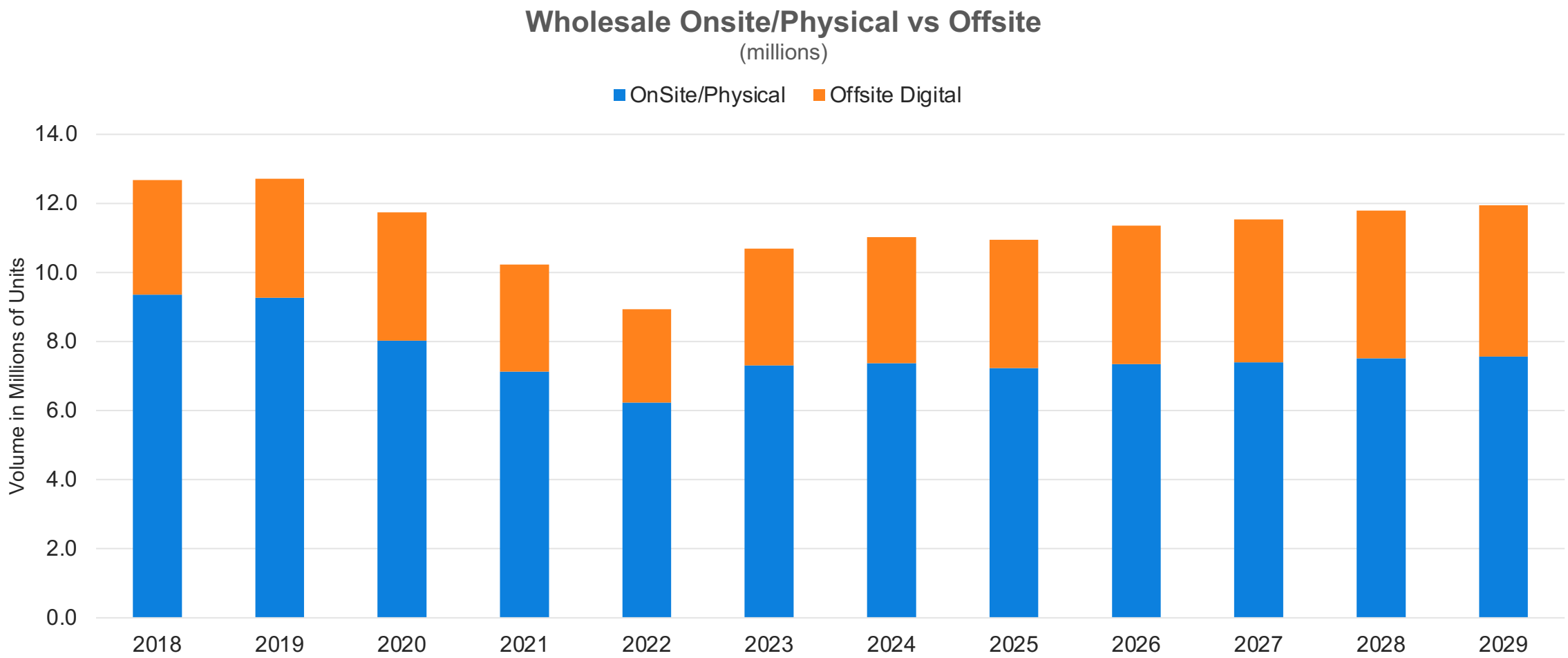
After the 13% decline in 2022, the market should gradually recover as the 2021/2022 impact continues for used

Estimated Wholesale Volumes by Inflow Channel (Annual Volume)  
(millions)



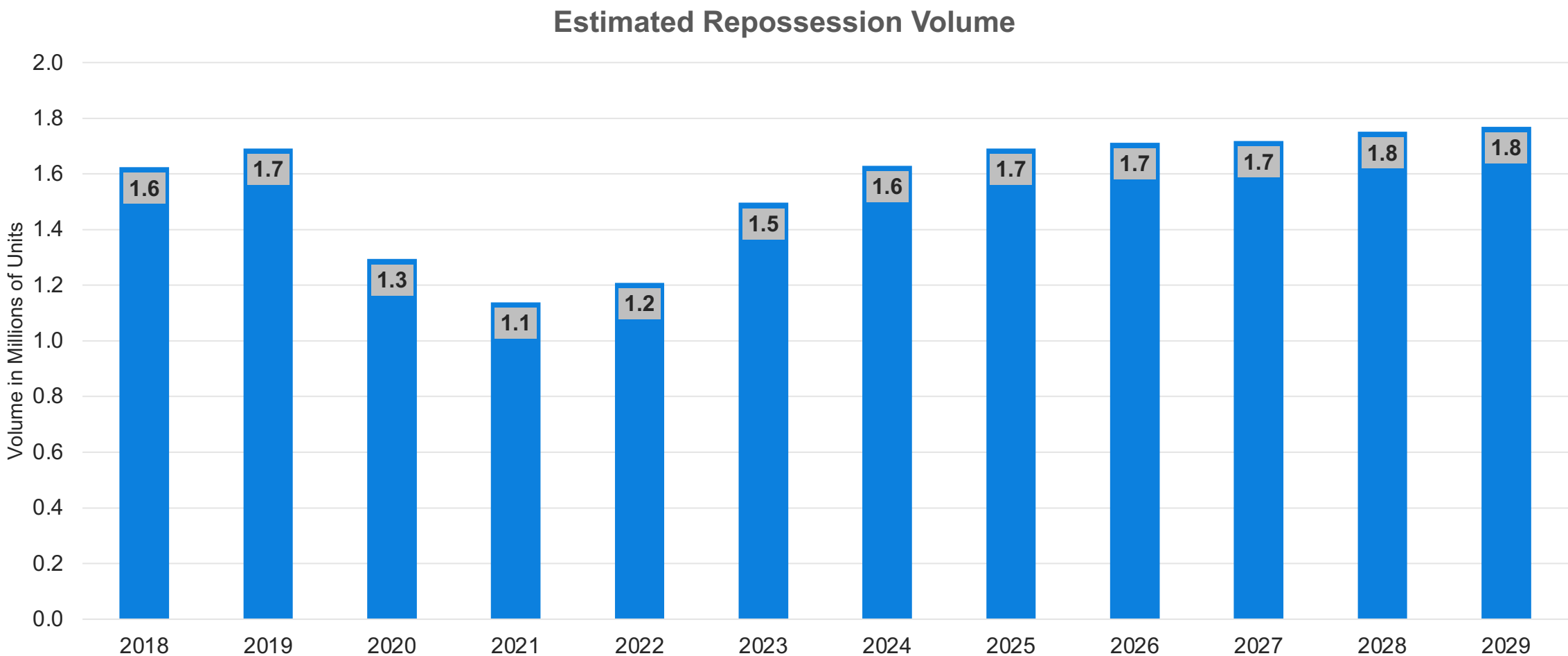
# On-Site Physical Versus Offsite Auction Volumes

With a gradual shift of transactions offsite and fully digital, onsite volume in 2029 is expected to be down 18% vs 2019



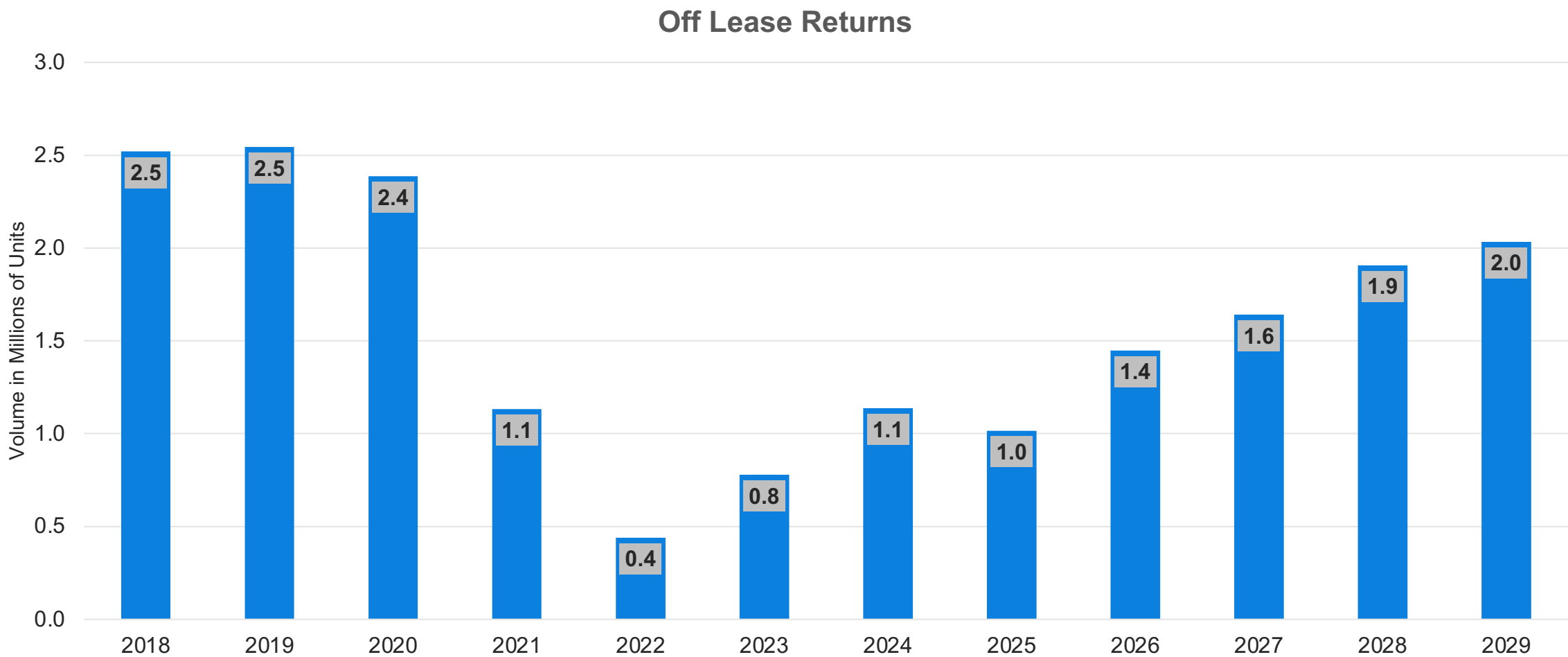
# Repossessions

Longer term expect normalized default rates by credit tier resulting in higher overall defaults in 2025



# Off Lease Returns

Return rate hit a historical low of 11% in 2022 vs. 62% in 2019 but lower maturities start in 2H 2024

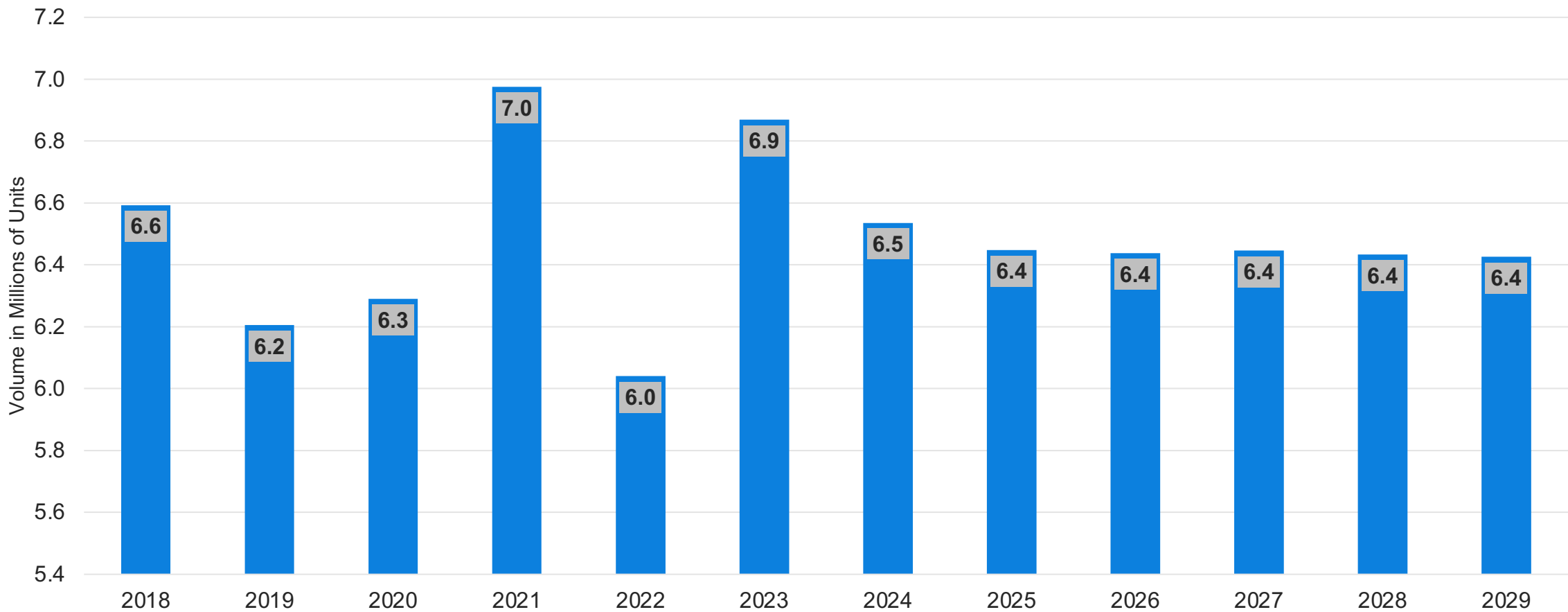




# Dealer Volumes

Off-lease arbitrage and record retail sales powered dealer consignments +11% in 2021 but lower in the future

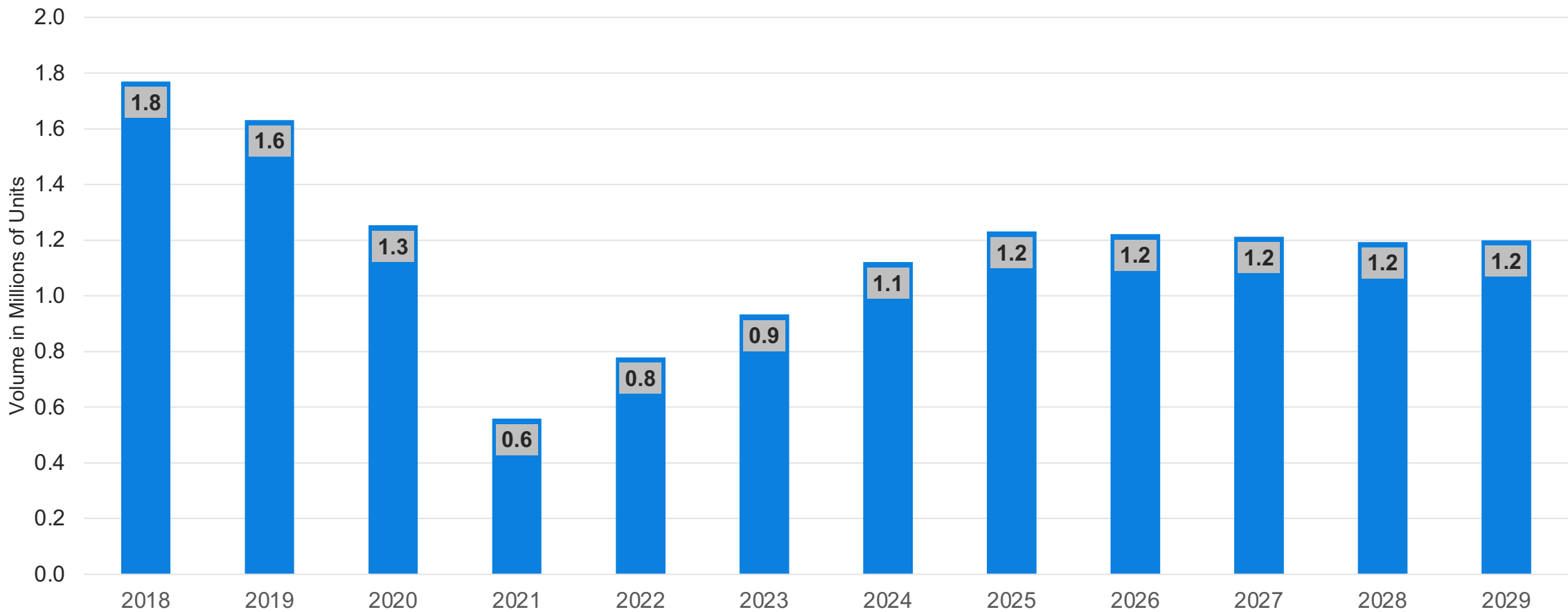
Estimated Dealer Volumes



# Rental Volumes

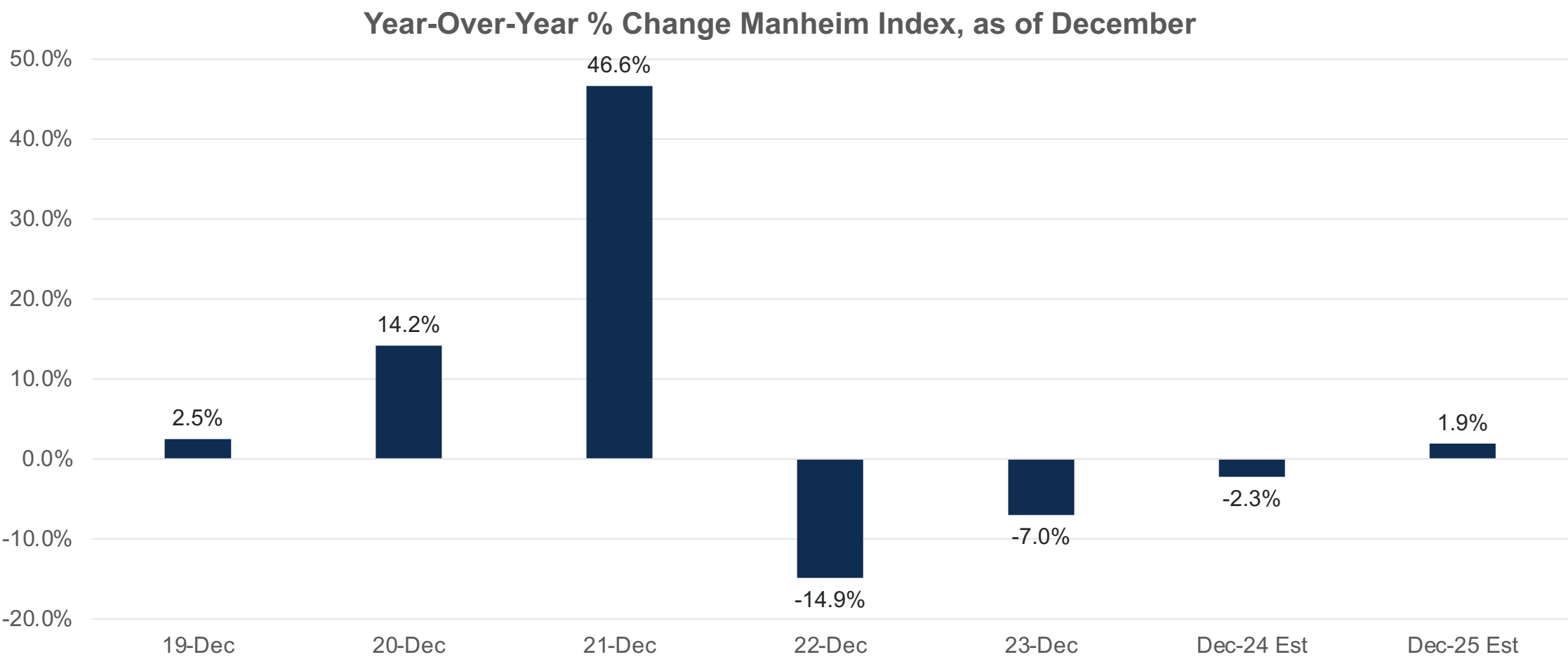
Total fleet size will expand but still fall short of pre-pandemic levels as share of the new market recovers slowly

Estimated Rental Volumes



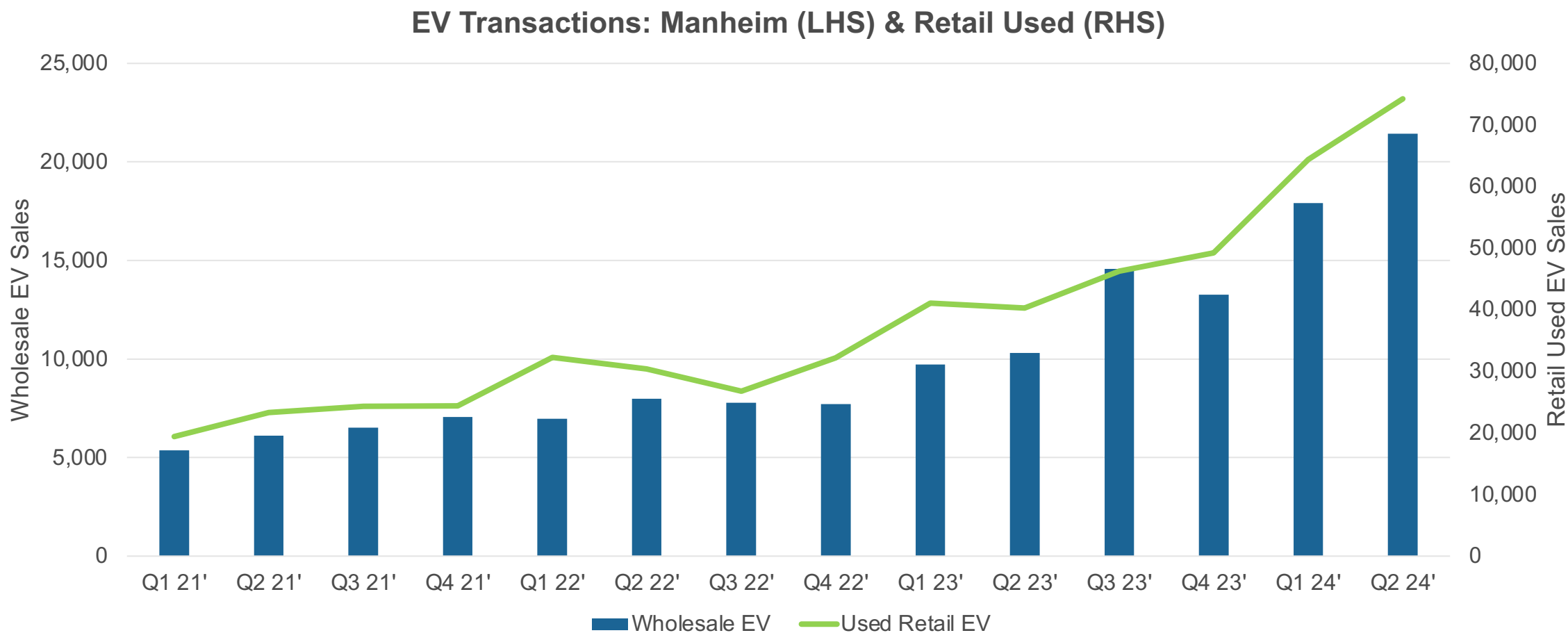
# Depreciation

2024 depreciation forecast is lower yet it remains higher than historical average moves



# EV Transactions

1H 2024 Used Retail EV sales have grown 70% with wholesale volume up 97% vs 1H 2023





# 2024 Forecasts

Updated June 24, 2024

15.7M  
NEW SALES  
(2023: 15.5M)

12.8M  
NEW RETAIL SALES  
(2023: 12.7M)

3.0M  
FLEET SALES  
(2023: 2.8M)

2.9M  
NEW LEASE  
VOLUME  
(2023: 2.7M)

23%  
LEASE  
PENETRATION  
(2023: 21%)

2.7M  
CPO SALES  
(2023: 2.6M)

36.8M  
USED SALES  
(2023: 36.4M)

19.6M  
USED RETAIL SALES  
(2023: 19.3M)

-2.3%  
DEC 2024 Y/Y MANHEIM  
USED VEHICLE  
VALUE INDEX  
(2023: -7.0%)

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## Q&A





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

**Auto Market Snapshot:** [www.coxautoinc.com/marketsnapshot](http://www.coxautoinc.com/marketsnapshot)

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

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# THANK YOU FOR ATTENDING!

Contact us with questions or  
to speak with an expert:

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