

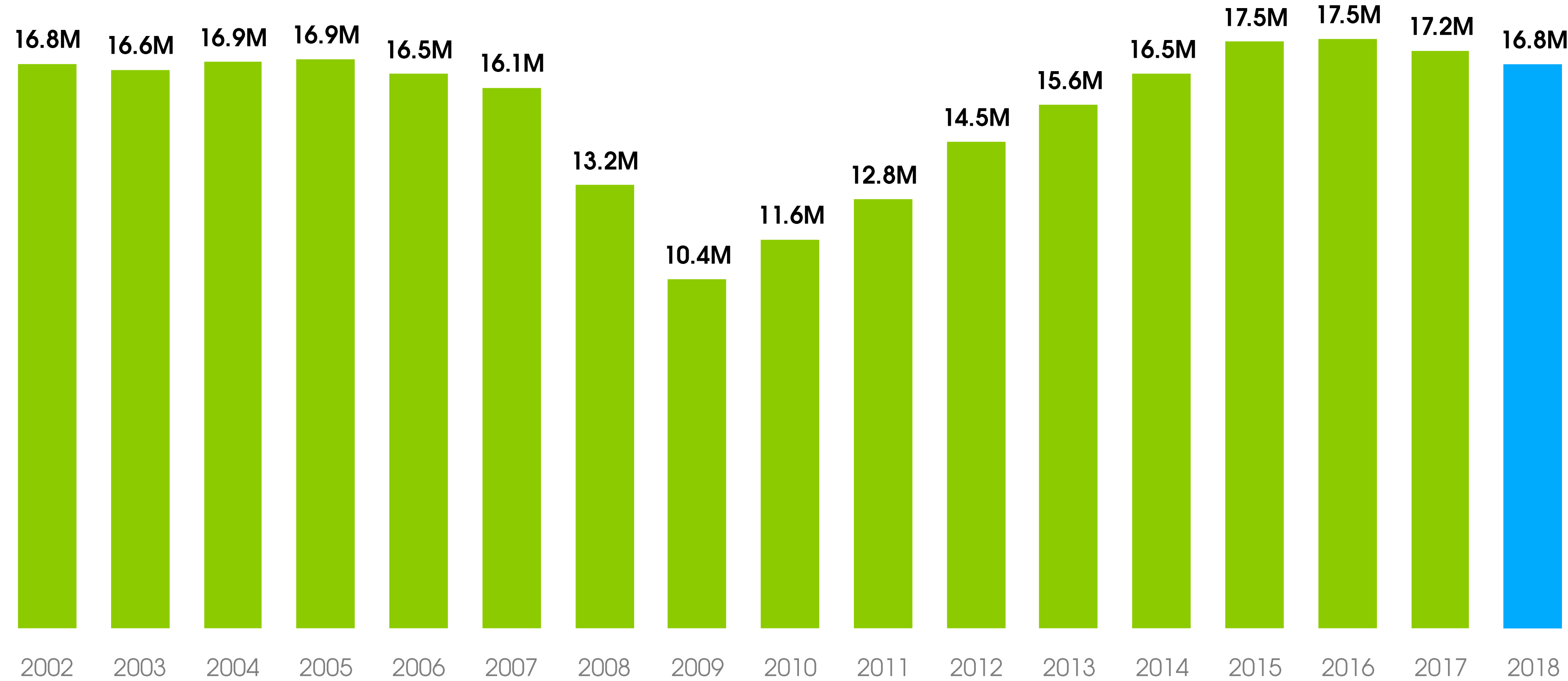


2018 Automotive Industry Trends: Midyear Update

June, 2018

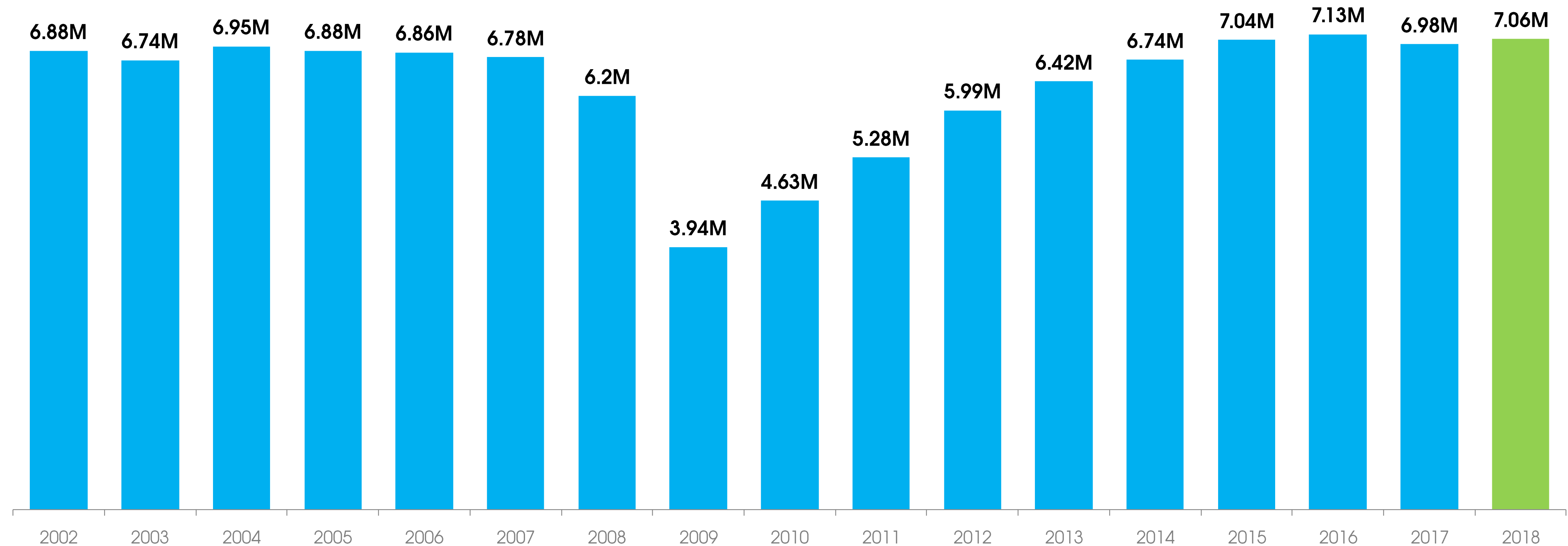
2018 Auto Sales and Market Update

Edmunds 2018 New Car Sales Forecast: 16.8M



Source: Edmunds

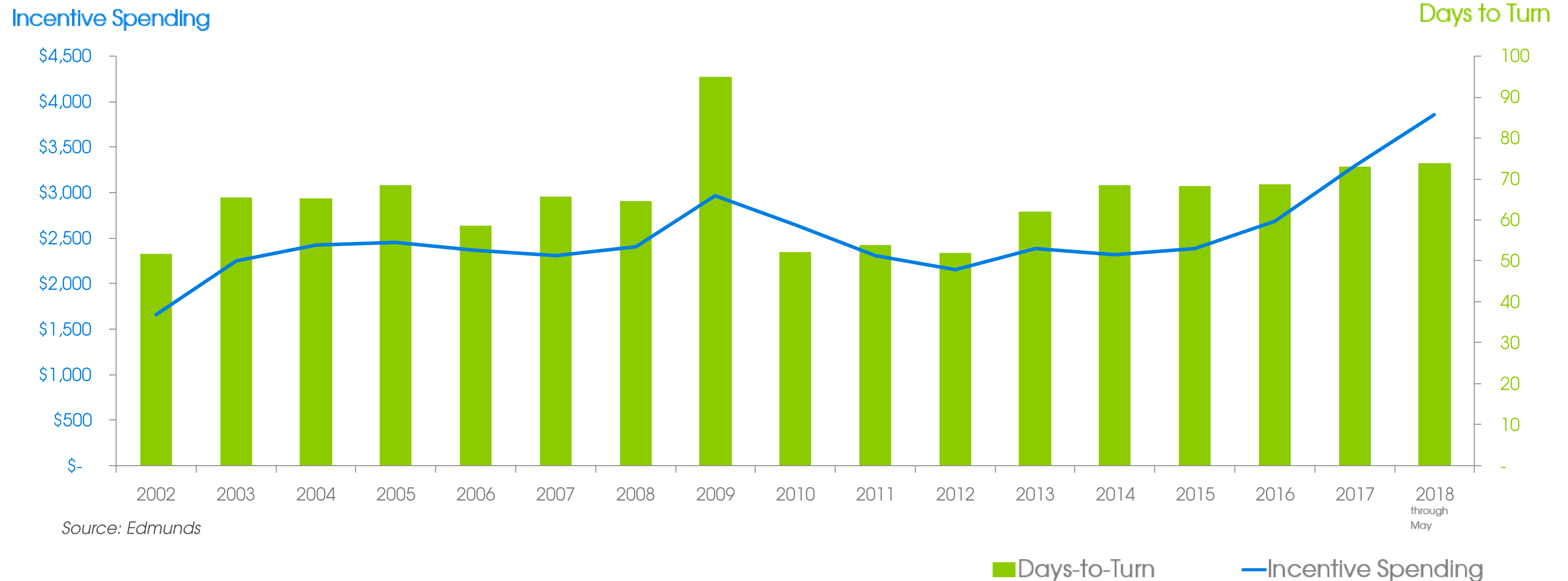
2018 is Off to a Strong – But Inconsistent – Start



Source: Edmunds

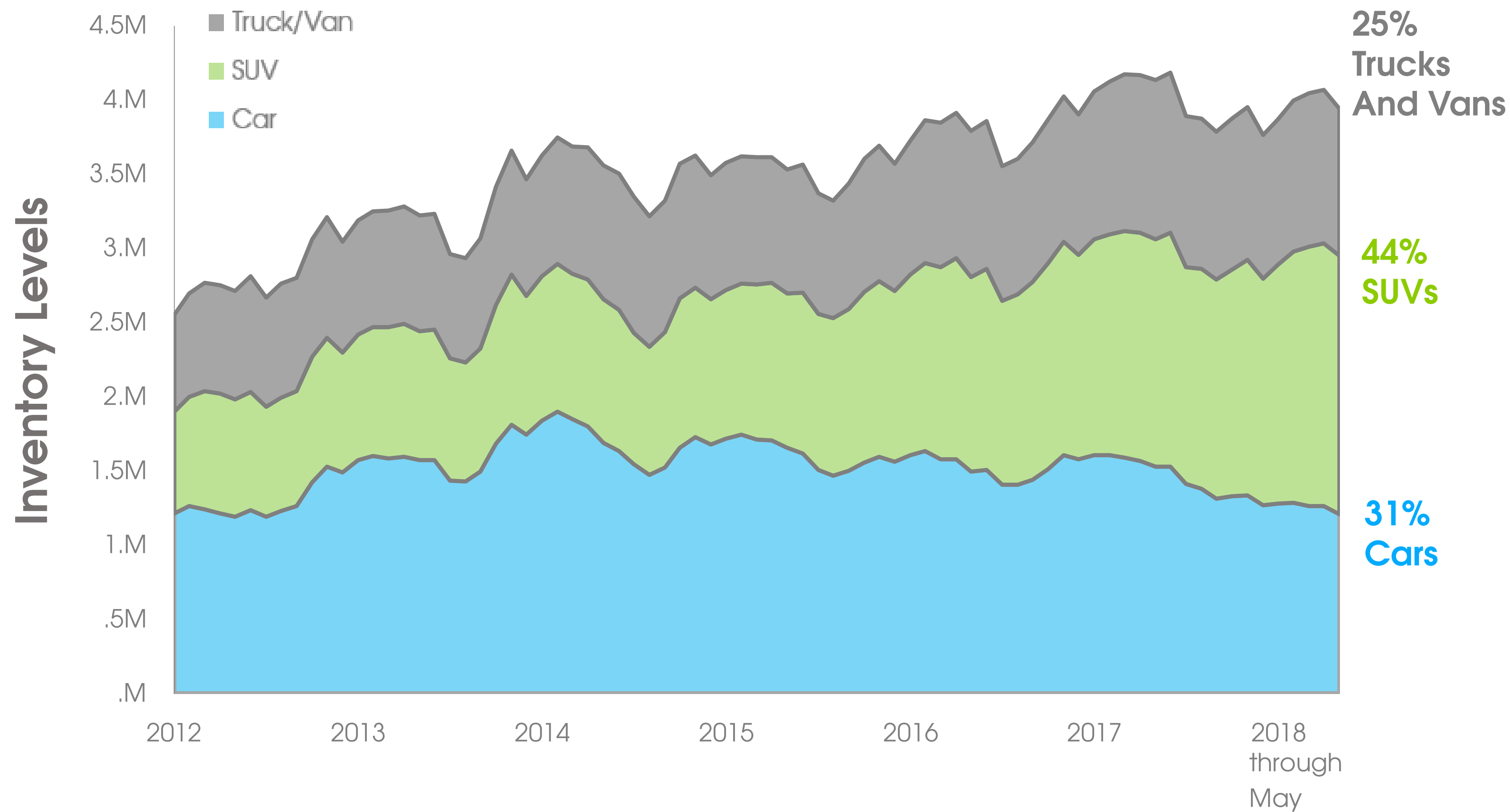
2018 sales through May are up by 1.1% compared to the same time period in 2017, however, month-over-month fluctuations are enough to give pause

Strong Production, Record Incentives Bolster Sales



Days-to-Turn as of May 2018 highest since 2009

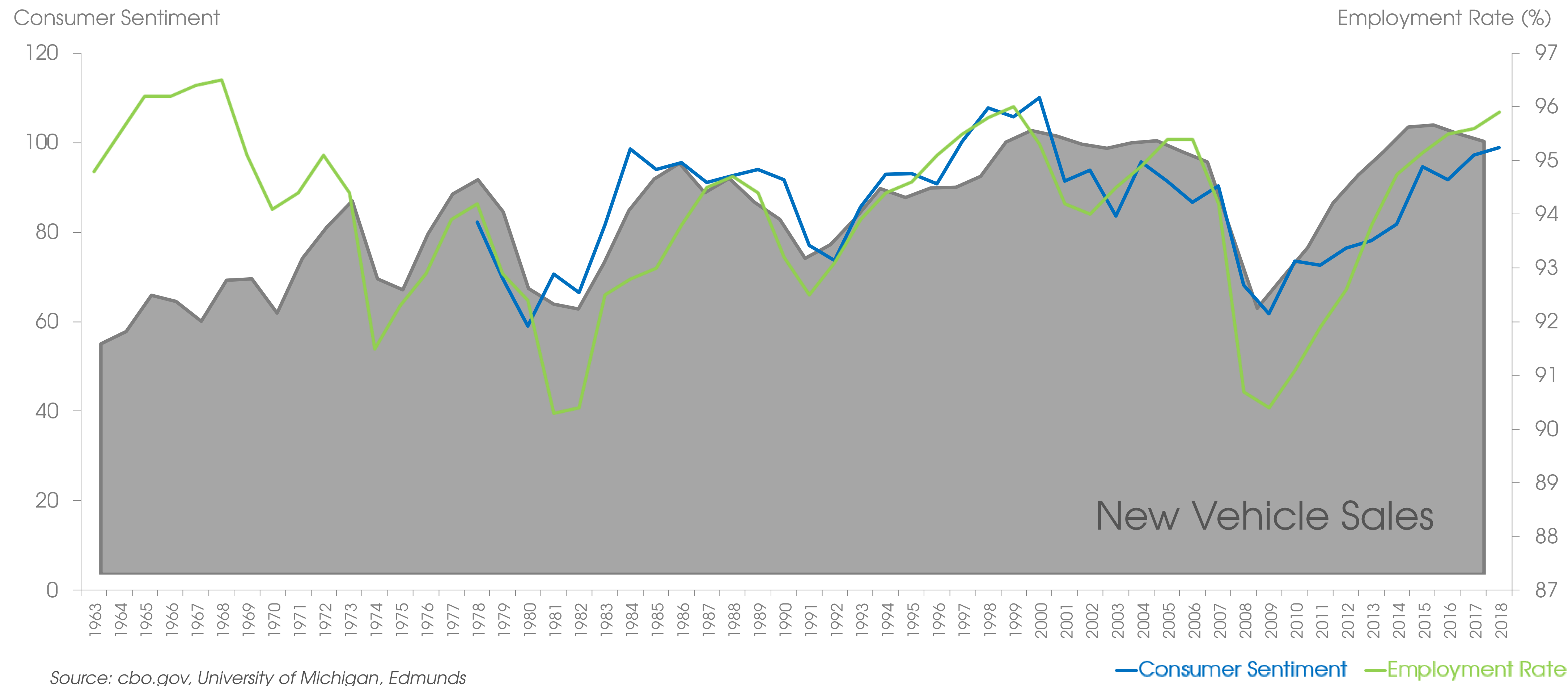
OEMs Find the Right Mix: Inventory Aligns with What Buyers Want



Trucks and SUVs comprised a **record 69.3%** of vehicle inventory in May

Source: Edmunds

Strong Economy Gives Auto Industry a Boost

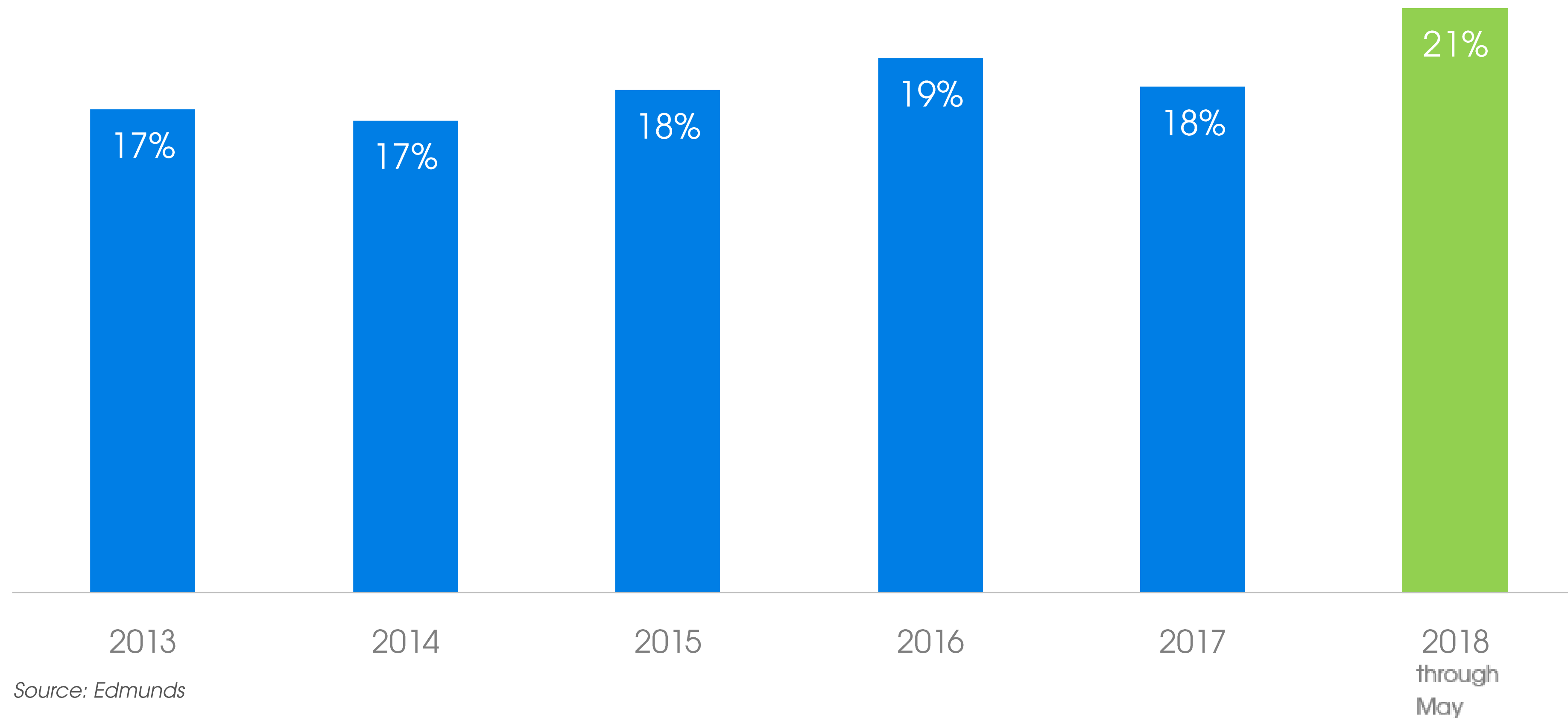


Unemployment hit 3.8% this year, the lowest rate since 2000

Consumer sentiment hit an 18-year high

Millennial New Vehicle Purchases Hit Record High

Through May of 2018, **21%** of Millennial car purchases were a new vehicle

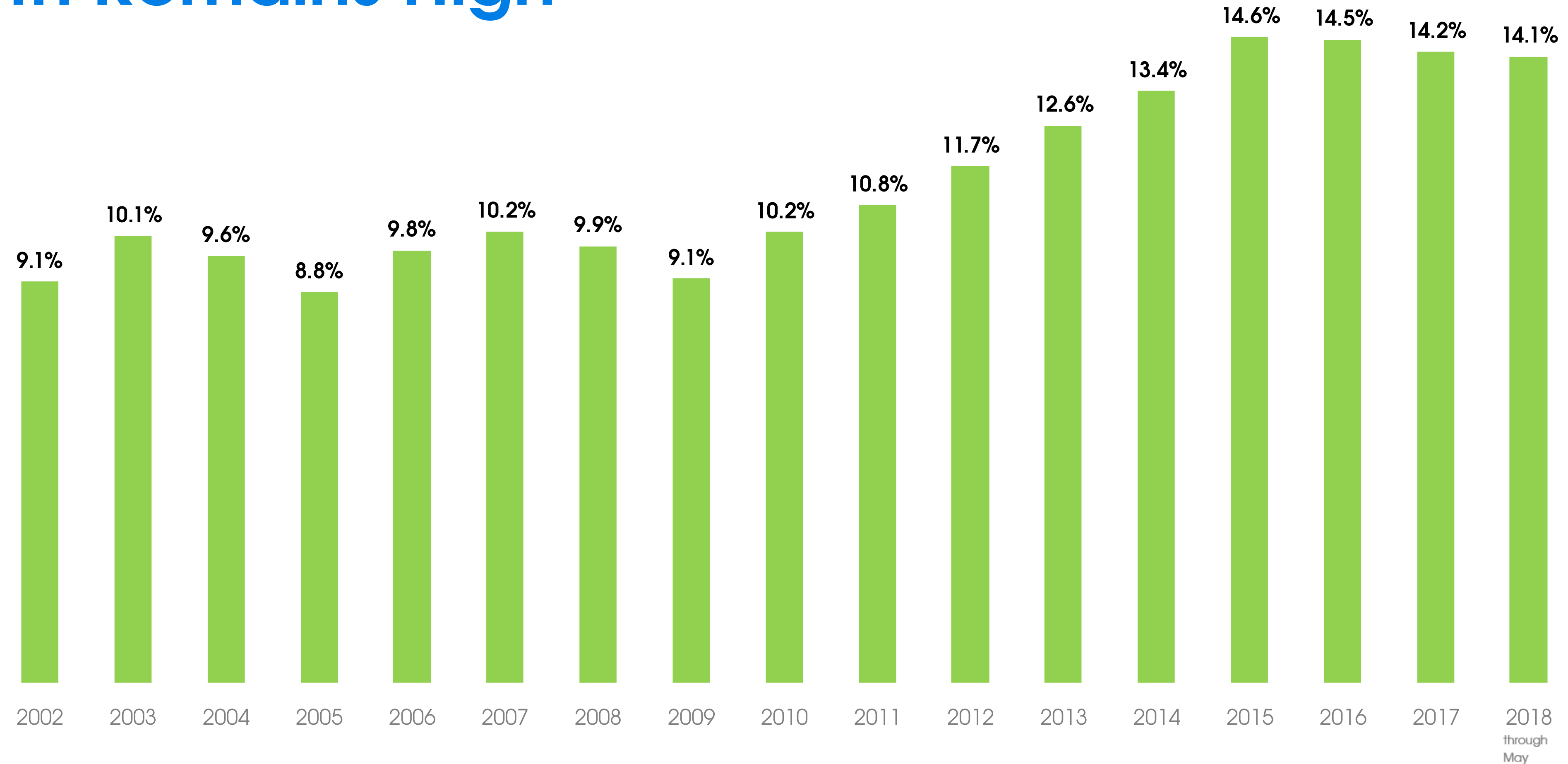


Rising Interest Rates Boost Sales Now, Could Cost Sales Later

Average Annual Percentage Rate
(APR) of New Vehicles



Number of Buyers Who Owe More Than Their Car is Worth Remains High



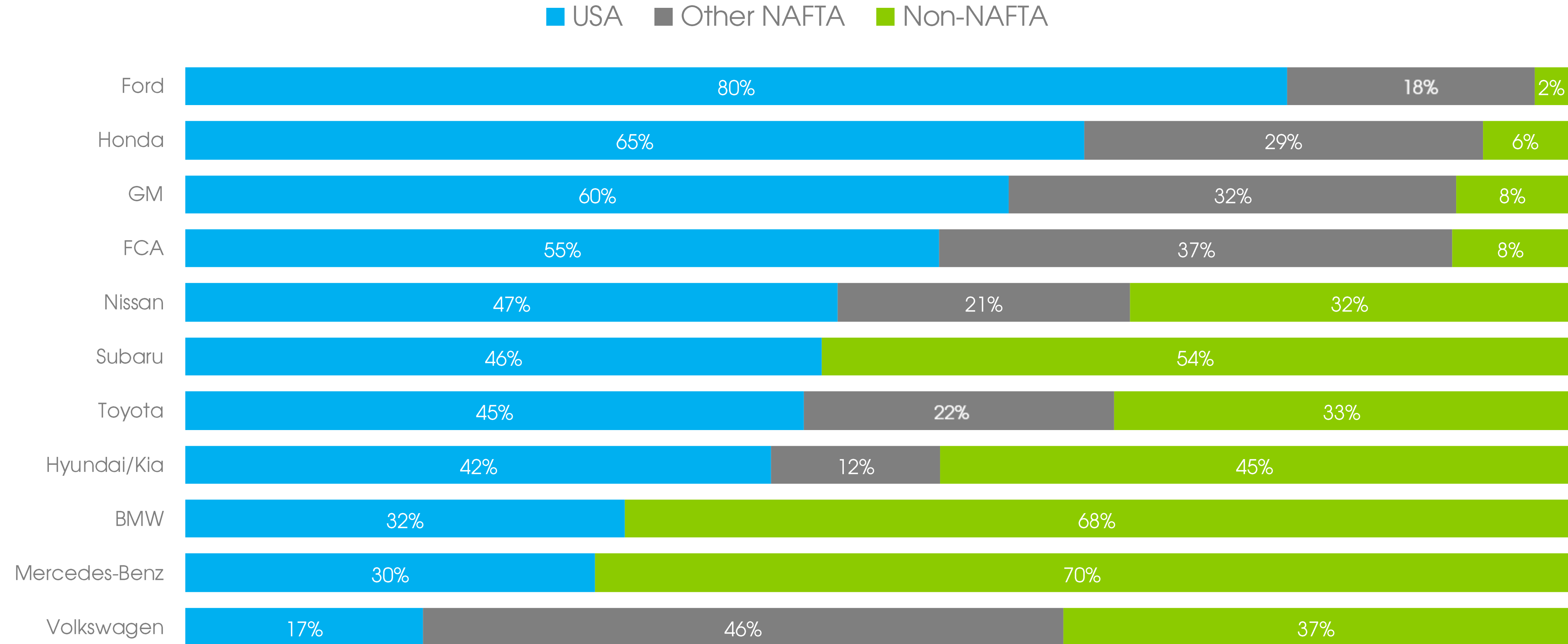
Source: Edmunds

Share of New Vehicle Loans with Negative Equity

Market Trends

**Trade Wars: Every OEM Will Pay
the Price of Higher Tariffs**

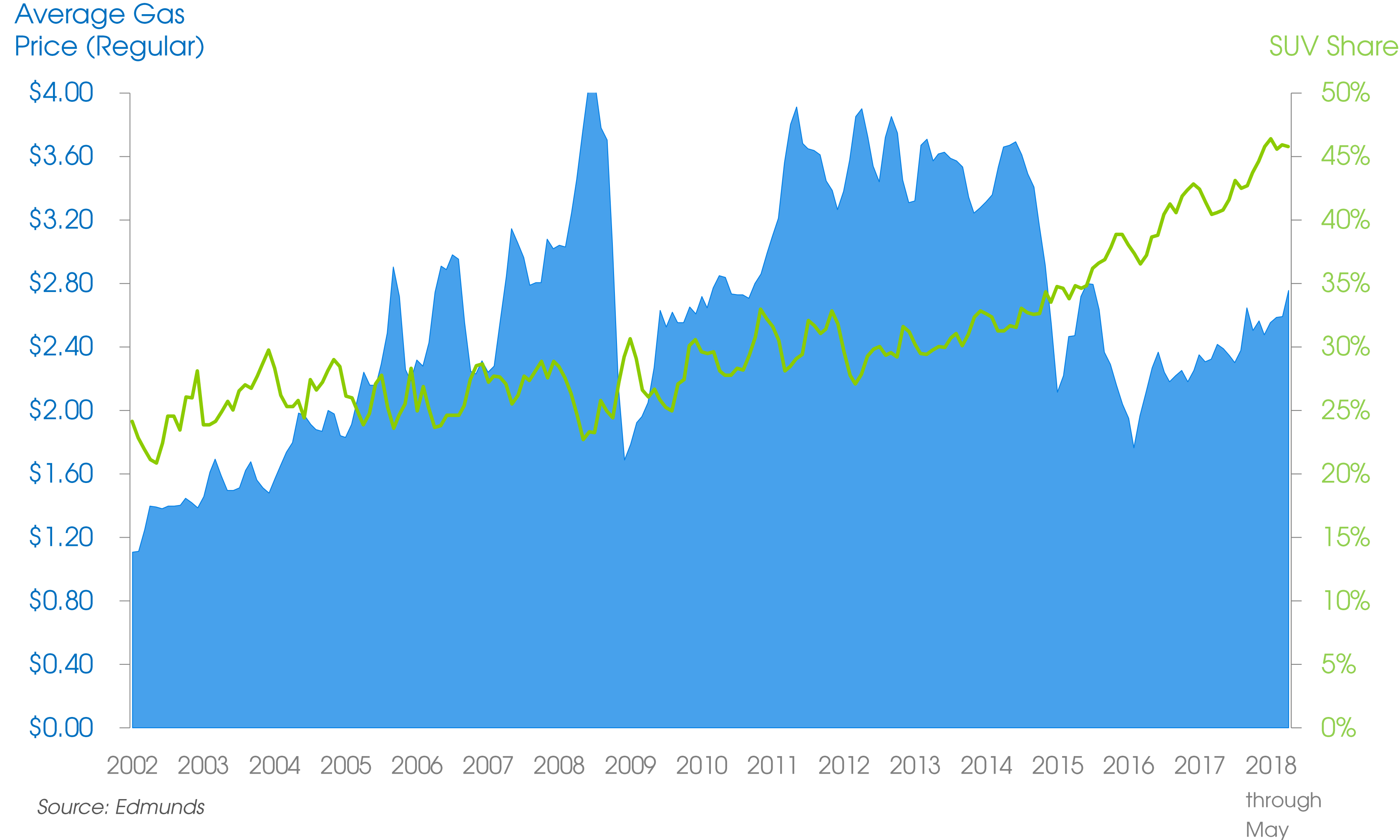
German OEMs Would Be Hit Hardest by Tariffs, But No One is Insulated



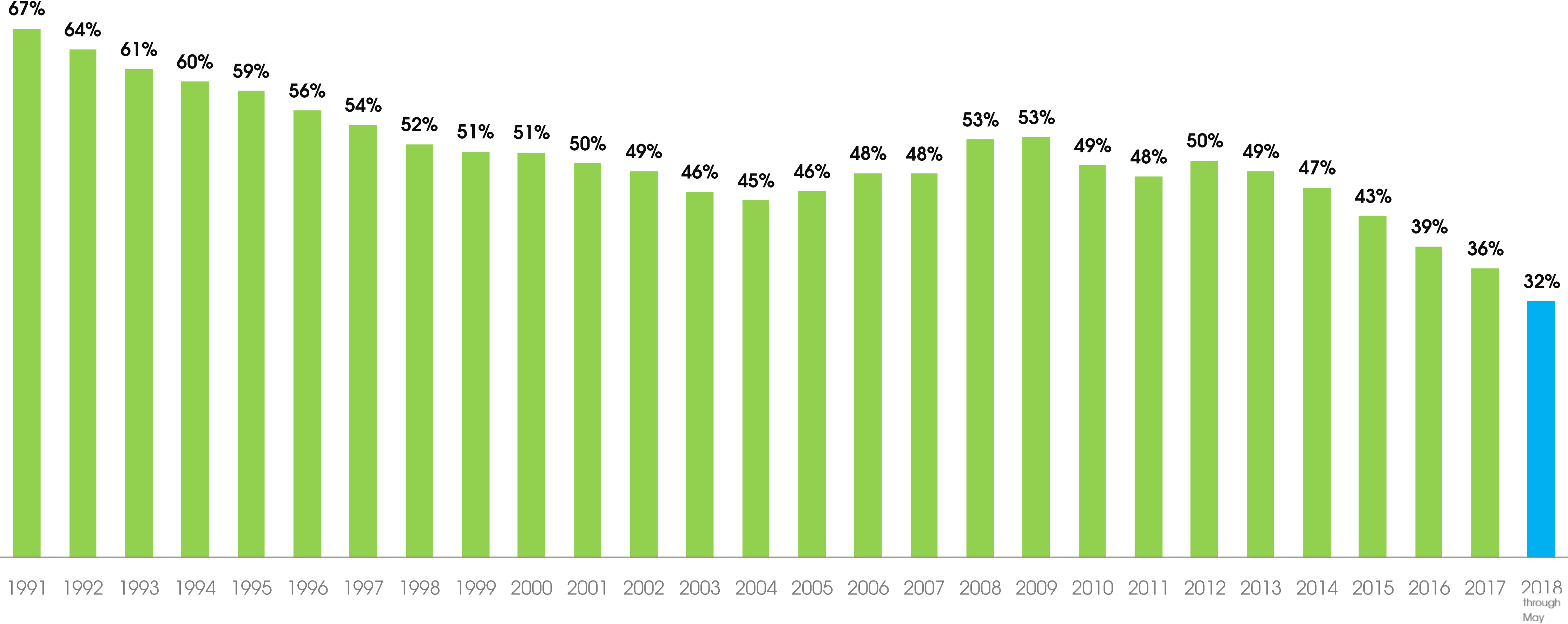
Source: Edmunds

Cars Reinvent Themselves as SUVs

Rising Gas Prices Aren't Deterring SUV Shoppers



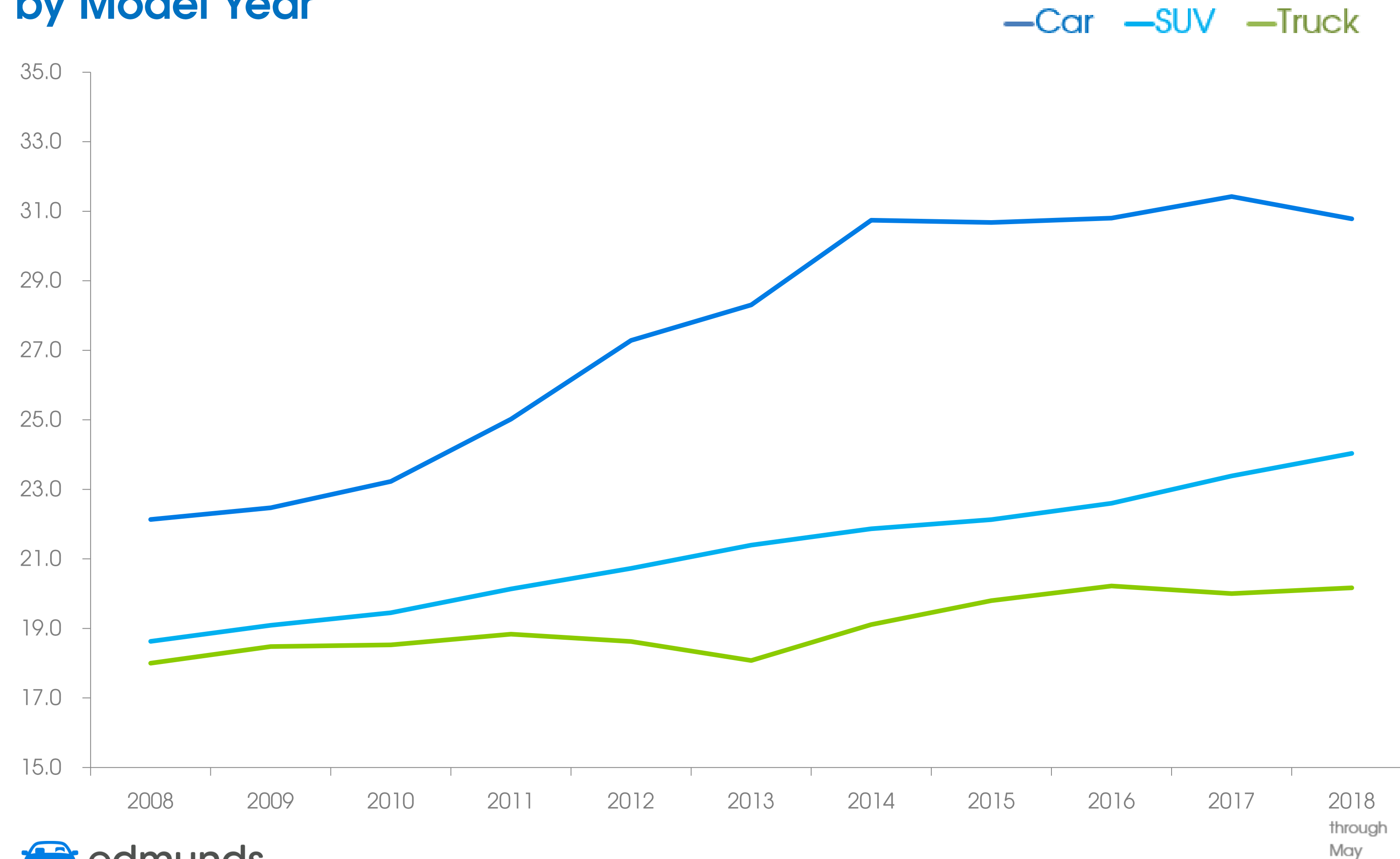
Cars Hit Record Low Segment Share



Source: Edmunds

Déjà vu: Are We Setting Up for a Repeat of 2008?

Average Miles Per Gallon
by Model Year



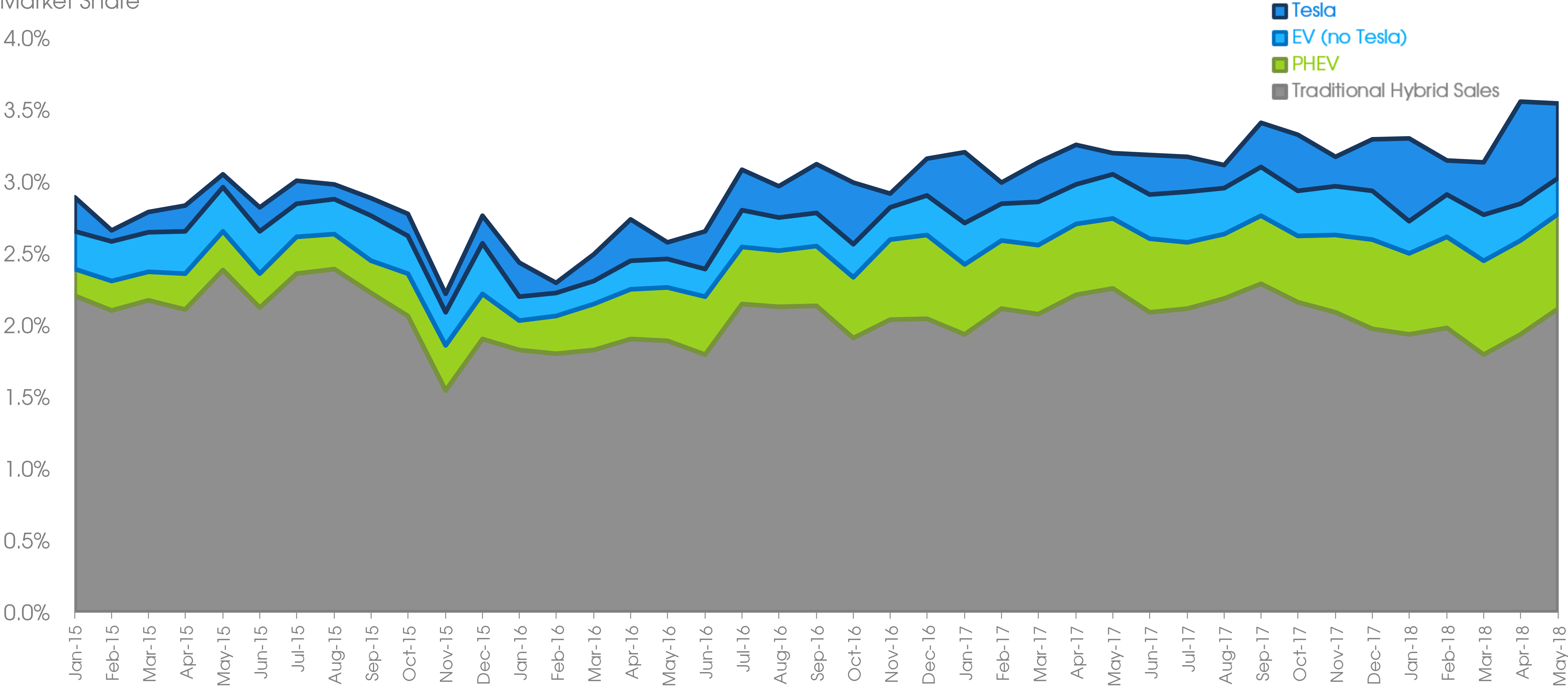
SUVs today on average are 2 MPG more efficient than passenger cars were in 2008

Source: Edmunds

Green Cars Still on Record Pace

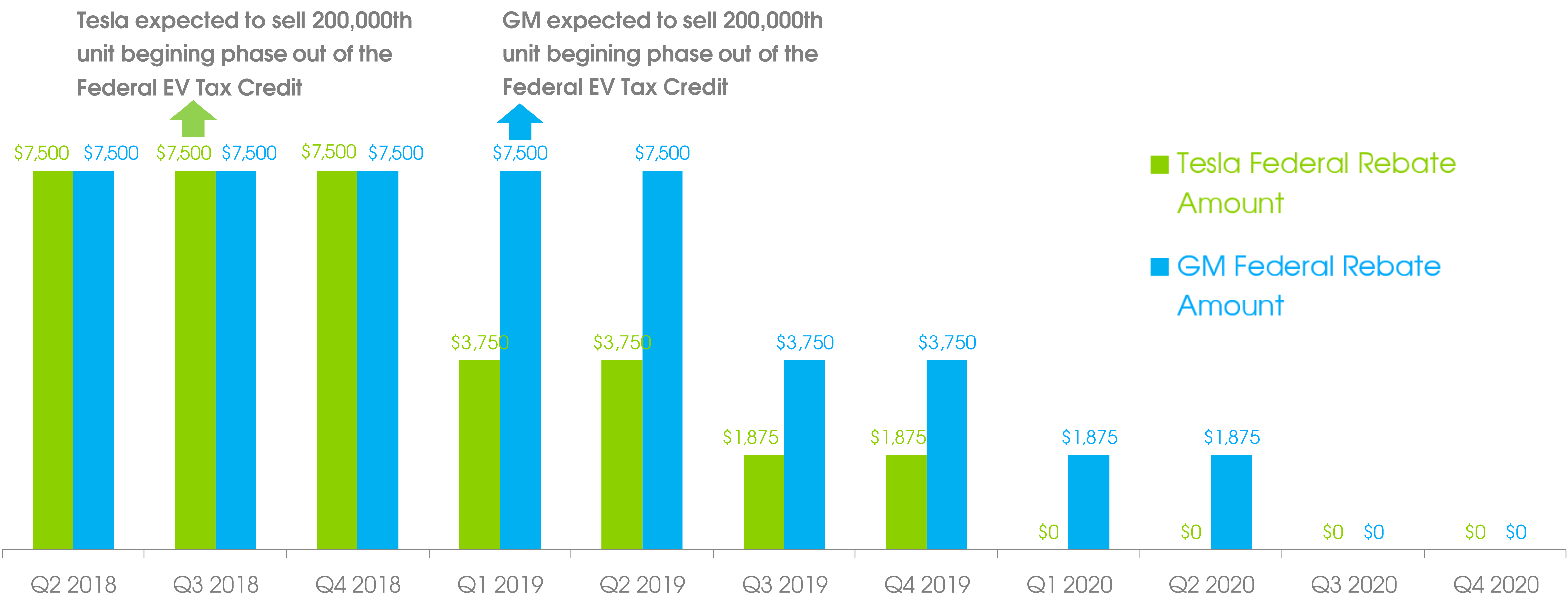
Despite Slow Start, Green Cars on Pace for Record Year

Market Share



Source: Edmunds

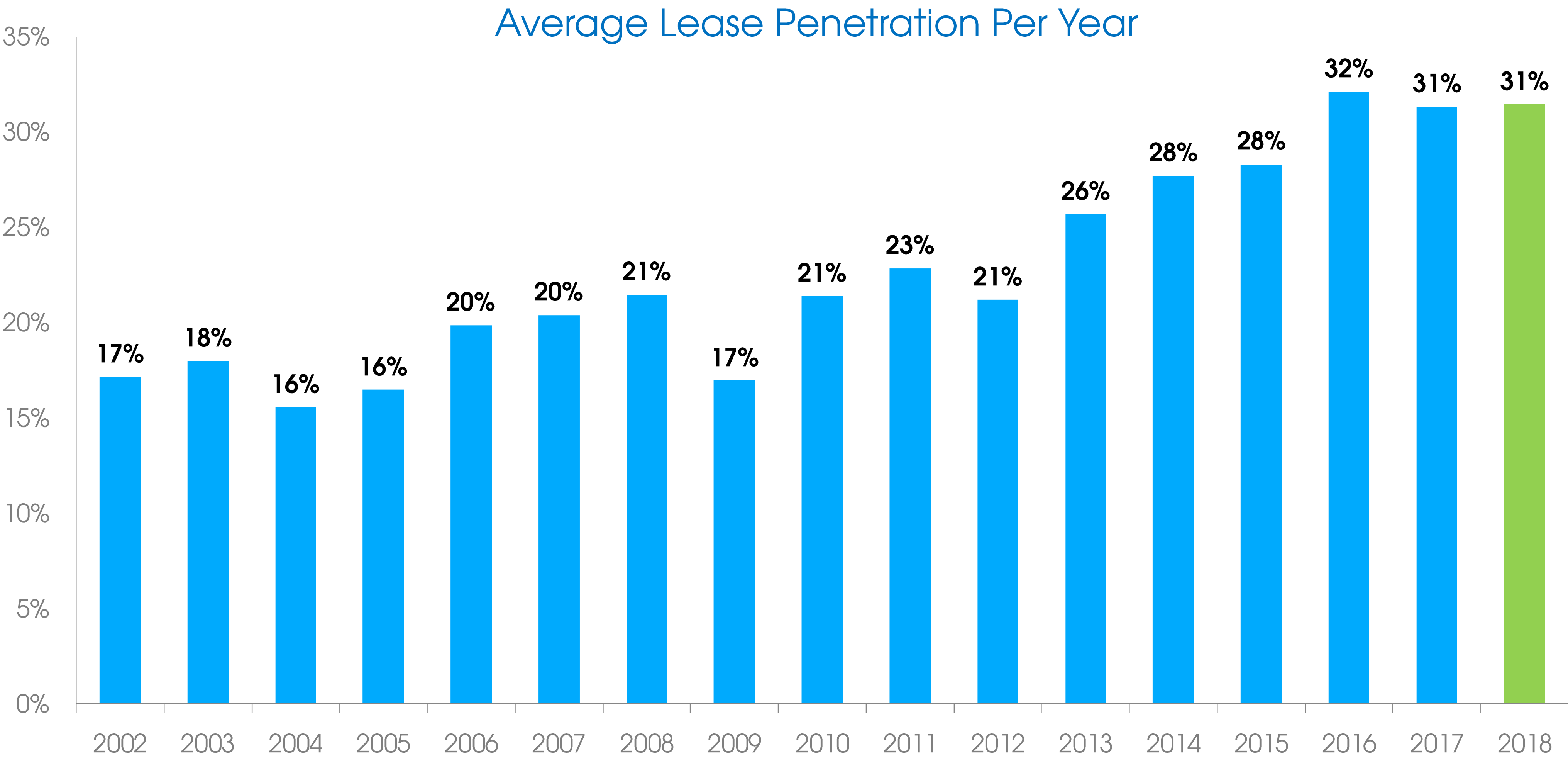
EV Tax Credits Are On The Way Out



Source: Edmunds

Lease Vs. Subscribe













Automakers Need to Find Homes for Off-Lease Vehicles



Source: Edmunds

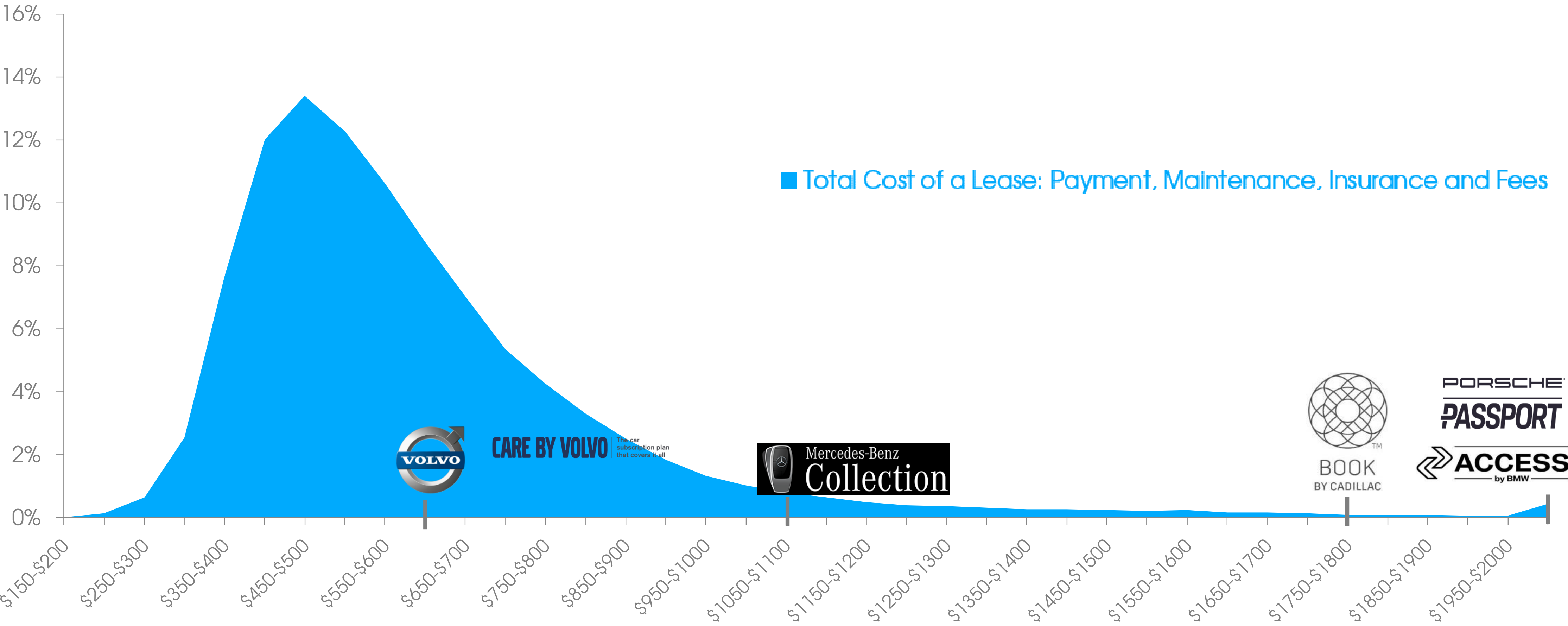
through
May

Automakers Test New Waters in Metro Hubs

Program	New/Used	Region	Starting Fee	Monthly Cost	Models
 	New	Nashville, TN	\$575	\$2,000 - \$3,700	530e, 540i, X5, M2 Coupe M4, M5, X5 M, X6M
 	New	Dallas, TX Los Angeles, CA New York, NY	\$500	\$1,800	ATS-V, CT6, CT6 PI, CTS-V, Escalade/ESV , XT5
 	Used	Los Angeles, CA San Francisco, CA	Varies	Varies	Escape, Explorer, Focus, Fusion MKC, MKX, MKZ, Continental, Navigator
 	New	Nashville, TN Philadelphia, PA	\$495	\$1,095 - \$2,995	AMG CLA, C-Class, GLC, SLC 300 AMG C43, AMG GLC, AMG SLC, E-Class, GLE AMG C63, AMG E63, AMG GLE, G 550, GLS, S-Class
 	New	Atlanta, GA	\$500	\$2,000 - \$3,000	718 Boxter, 718 Cayman, Cayenne, Macan 718, 911, Cayenne, Macan, Panamera
 	New	Nationwide	\$500	\$650 - \$750	XC 40, V60

Majority of Subscription Services Appeal to Only Niche Shoppers

Share of Leases by Monthly Cost



Source: Edmunds

Shoppers End Up Paying a Premium for Convenience and Flexibility

Model	3 Year Lease Total For Use	3 Year Subscription Cost	Subscription Premium
Cadillac Escalade	\$48,932	\$65,300	\$16,368
BMW X6 M	\$68,974	\$133,200	\$64,226
Mercedes Benz SLC 300	\$35,031	\$39,915	\$4,884
Volvo XC40	\$25,489	\$23,900	(\$1,589)
Porsche 718 Boxster	\$49,481	\$72,500	\$23,019



Thank you.

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