



2019 Q1 Market Review

Jonathan Smoke | Chief Economist

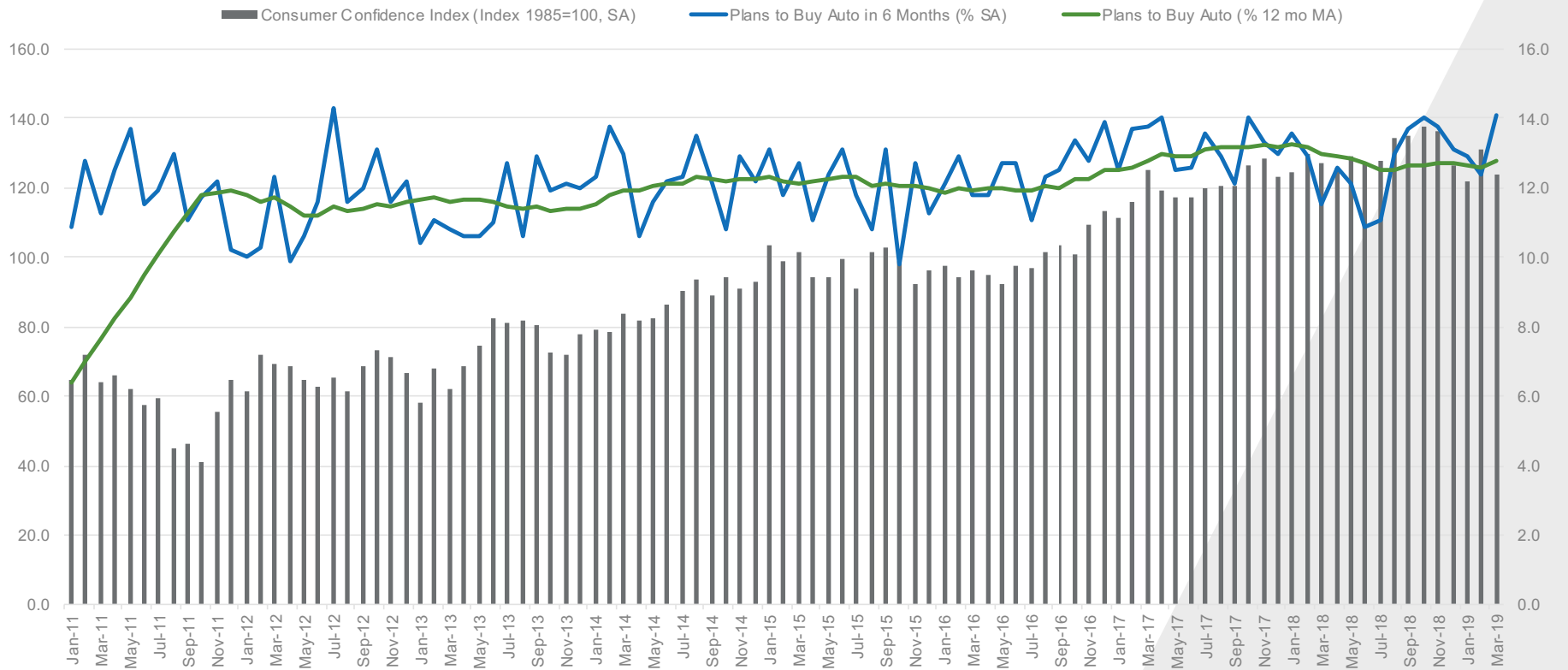
Karl Brauer | Executive Analyst

Zo Rahim | Manager, Economic & Industry Insights

COX
AUTOMOTIVE™

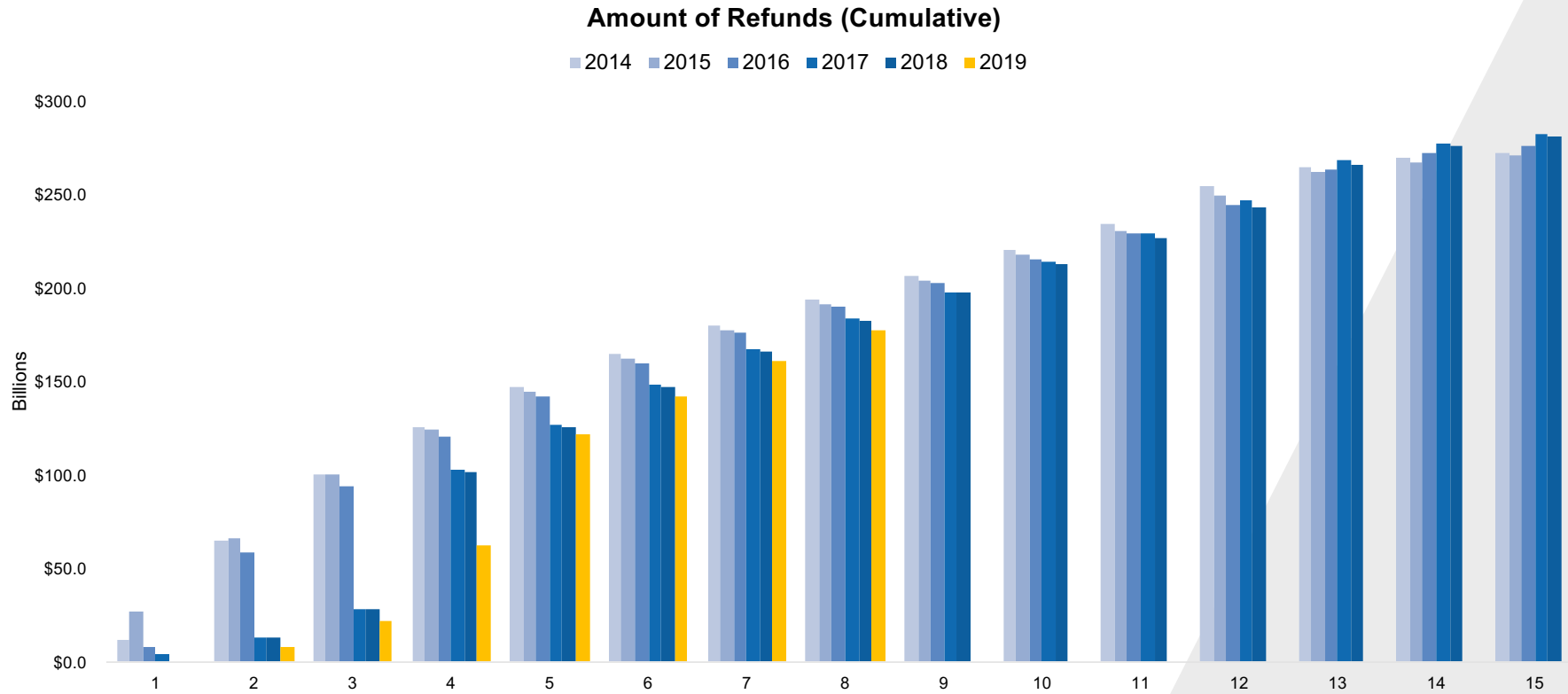
CONSUMER CONFIDENCE **DECLINED** IN MARCH; NOW DOWN Y/Y

Plans to purchase an auto have been on a roller coaster ride but increased substantially in March



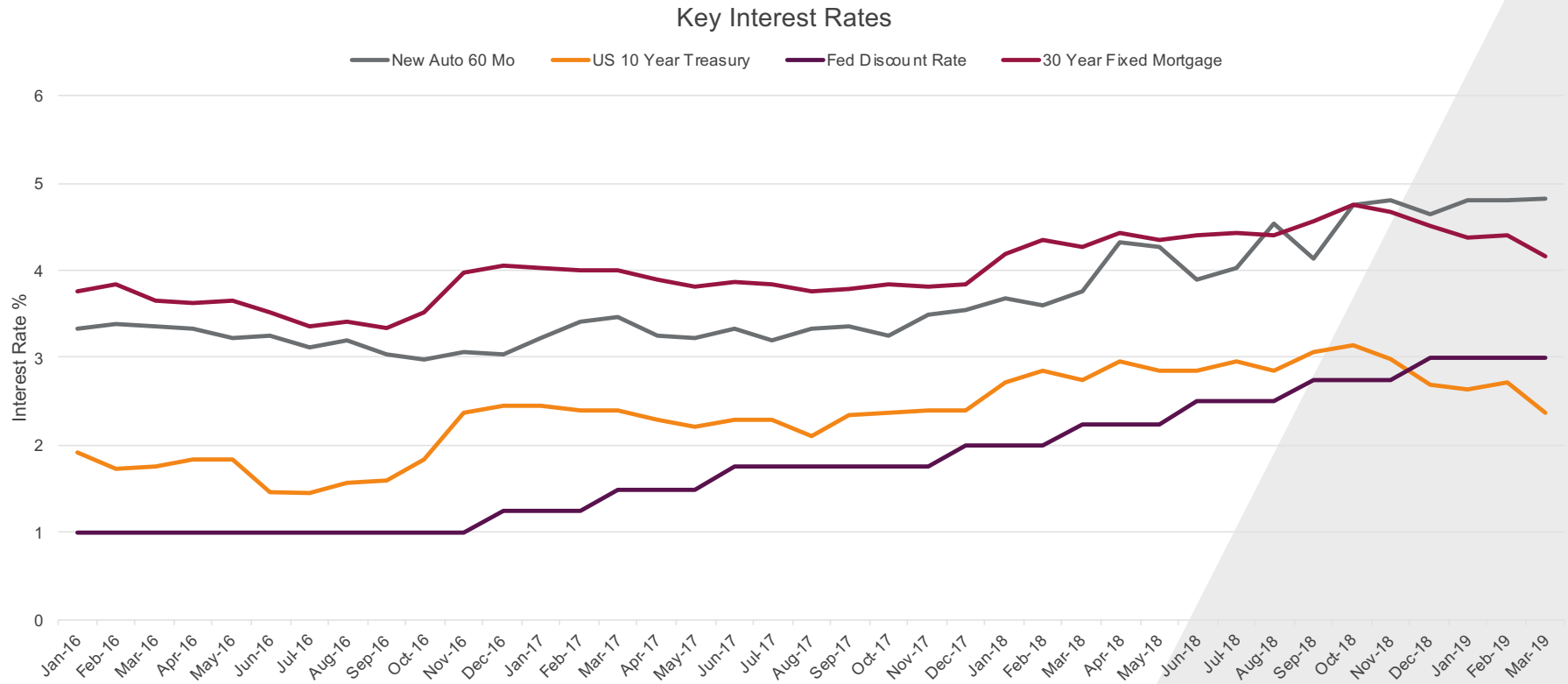
SLOWER AND LOWER TAX REFUNDS THROUGH MARCH 15

The number of refunds so far is down 3.0%, total refund \$ down 3.1%, and the average refund is down 0.1%



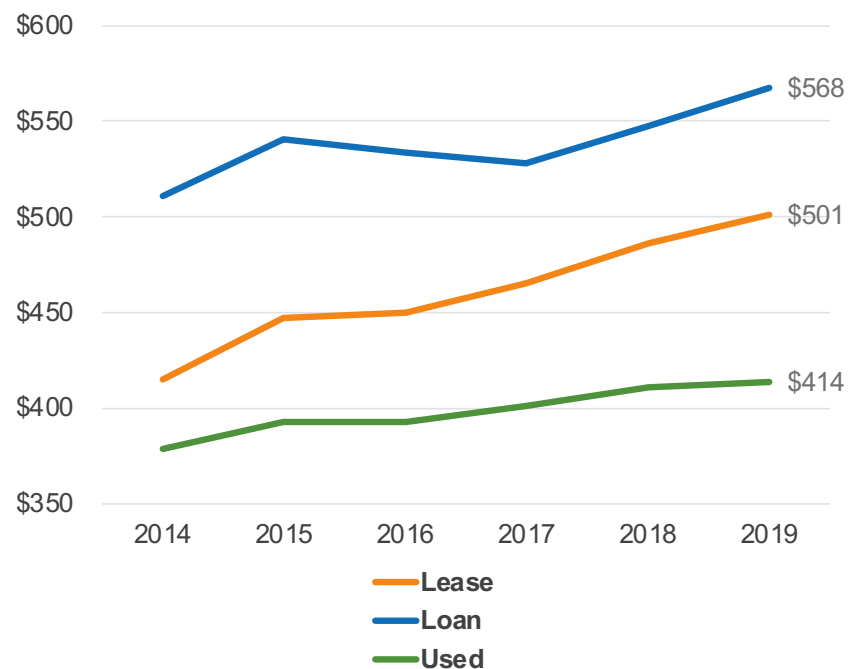
AUTO RATES REMAIN **AT SEVEN-YEAR HIGHS**

Despite declines in Treasury and Mortgage rates, best available auto rates remain higher, now up 2.38% from low

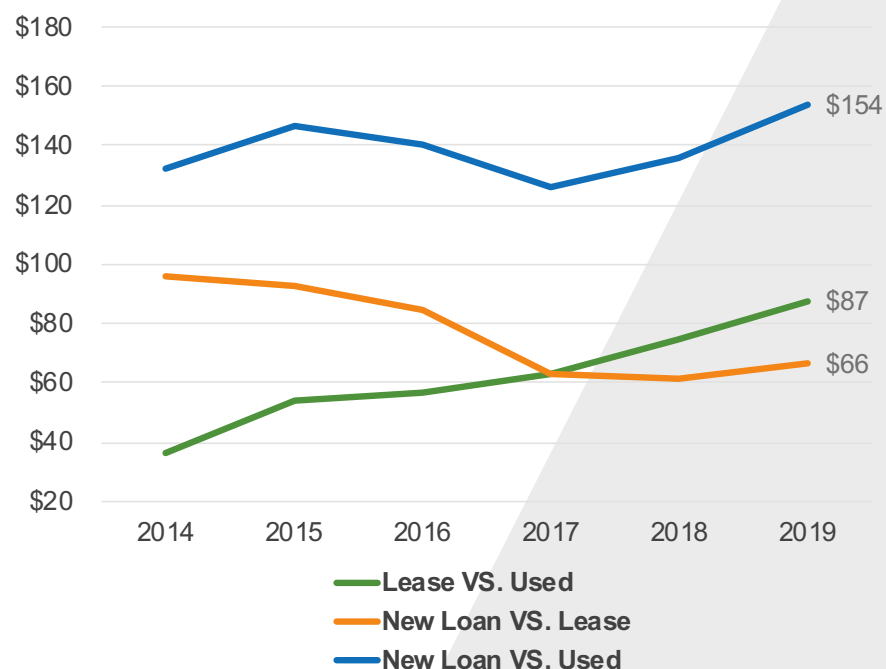


PAYMENT INFLATION CONTINUES TO IMPACT CONSUMERS

MONTHLY PAYMENT



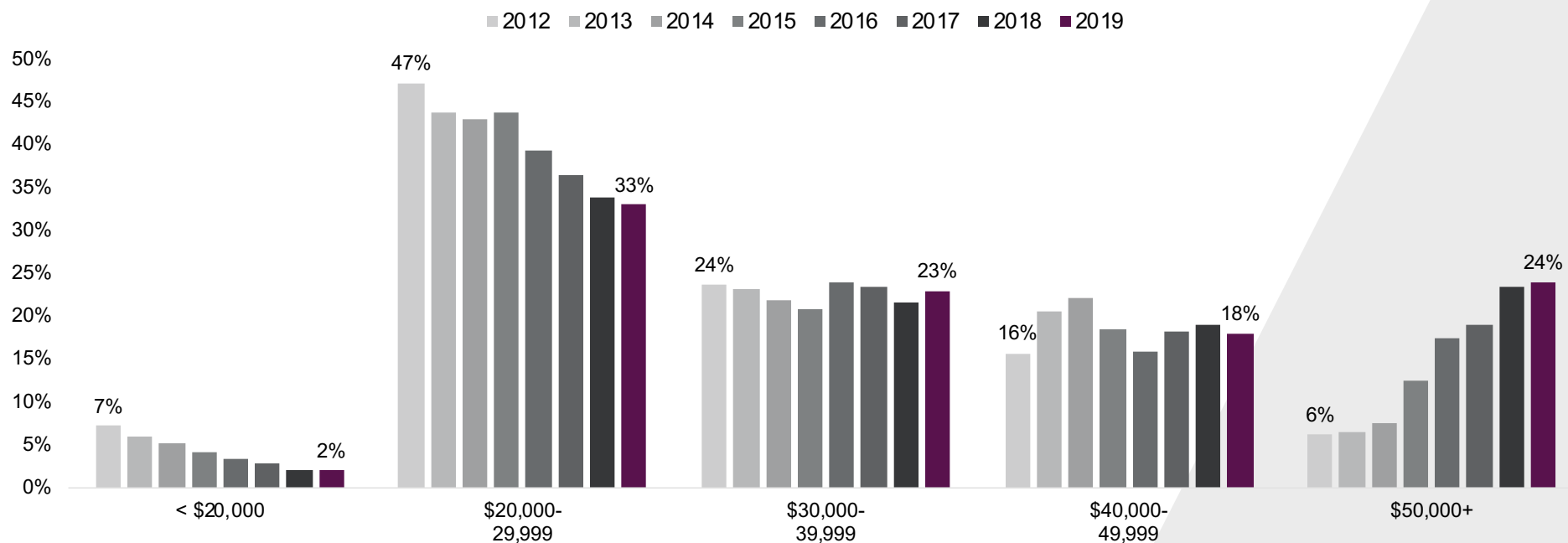
PAYMENT DIFFERENCES



AFFORDABILITY CONTINUES TO WORSEN

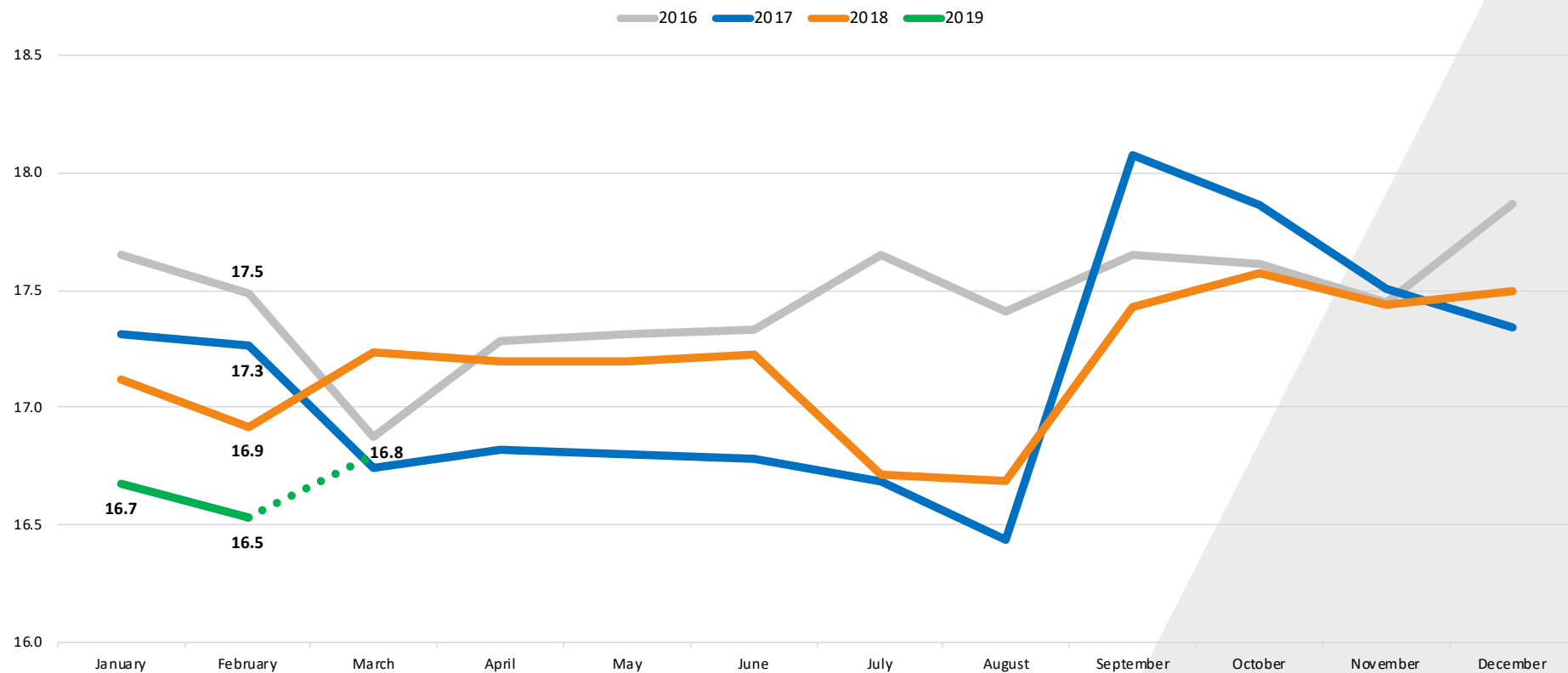
The rise in dominance of the SUV has contributed to a substantial shift away from lower priced vehicles

CONTINUED SHIFT TO EXPENSIVE VEHICLES



NEW VEHICLE SALES PACE SHIFTS TO MUCH LOWER LEVEL

New Light Vehicle Seasonally Adjusted Annualized Rate (Millions)



FLEETING STRATEGY

OEMs pulling the fleet lever in 2019

FLEET SALES **UP**

7%

VS.

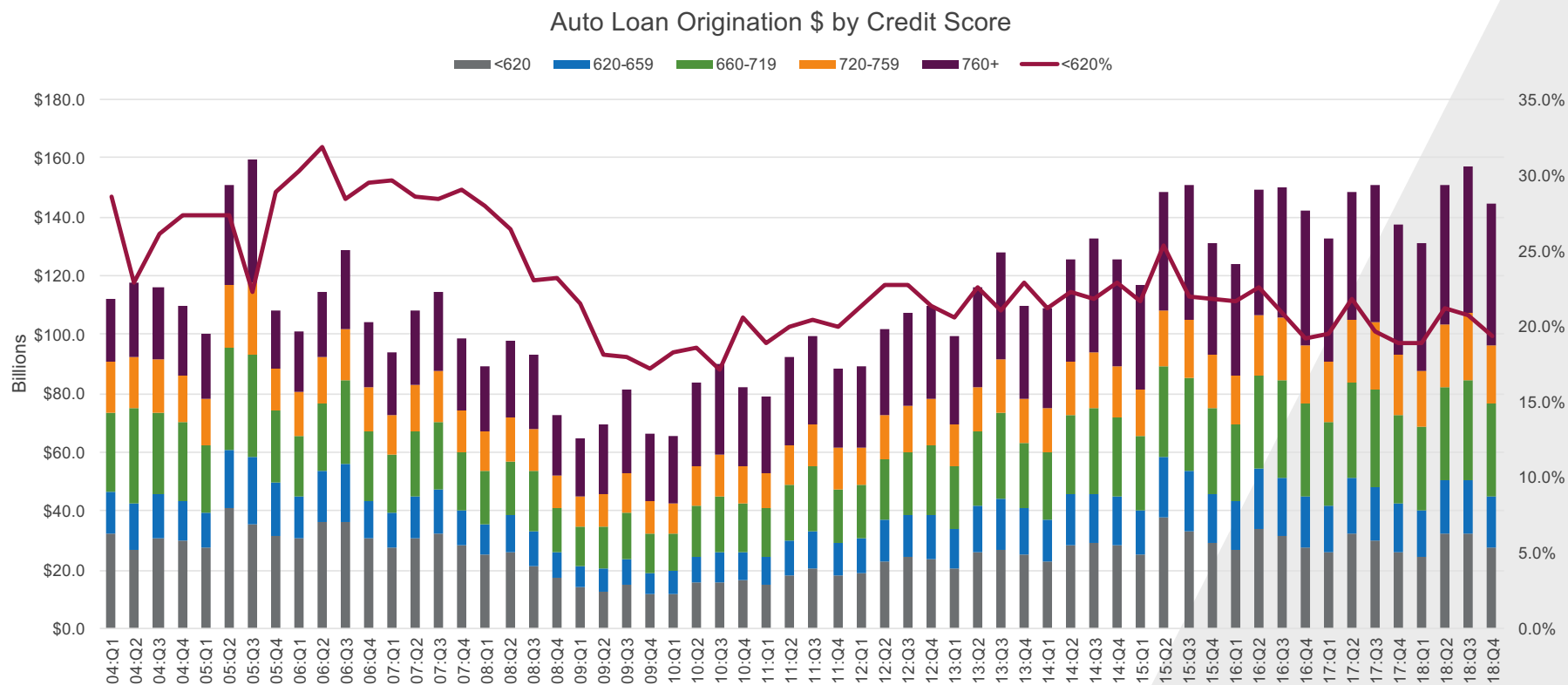
RETAIL SALES **DOWN**

4%

THE MARKET'S RELATIVE
STRENGTH HAS BEEN
SUPPORTED BY GROWTH IN
FLEET SALES

EASIER LENDING SUPPORTED PEAK SALES; SUBPRIME EXPANDED IN '18

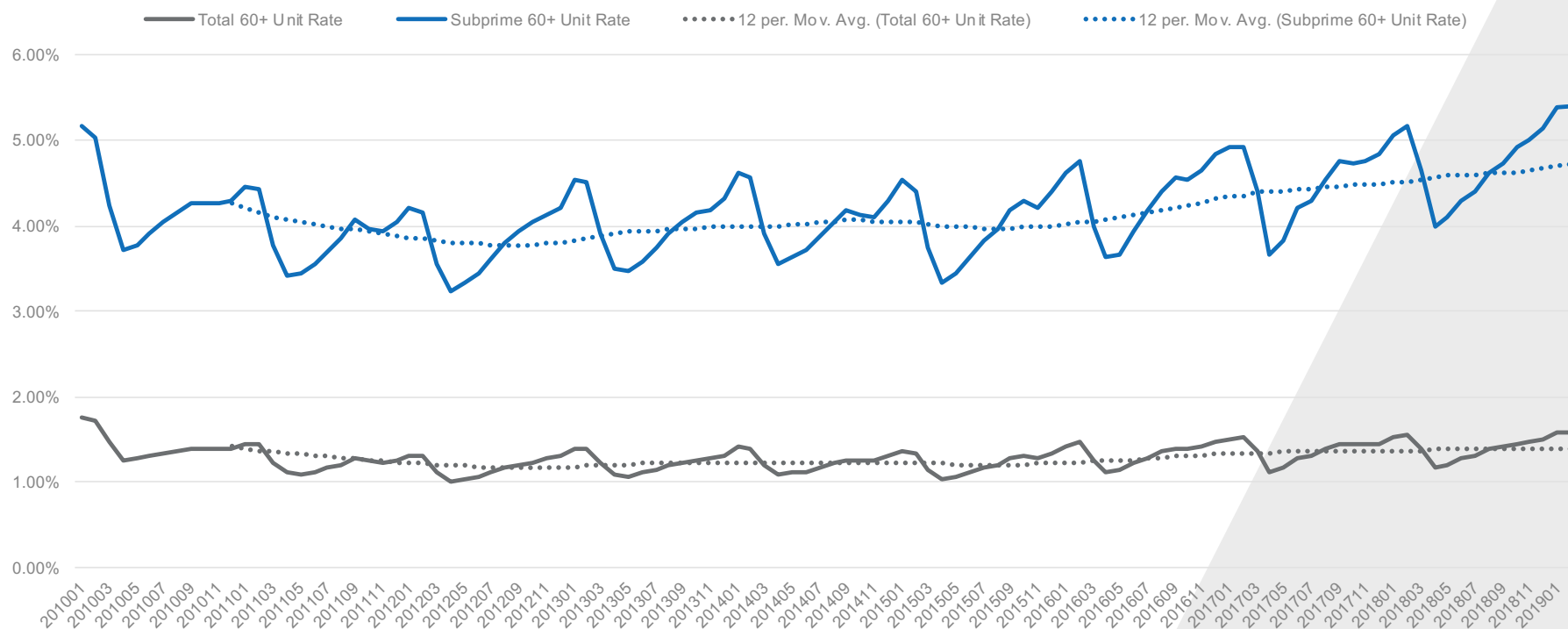
Auto lending grew by 2.7% in 2018 led by 7.4% gains in superprime and 3.1% gains in subprime \$ volumes



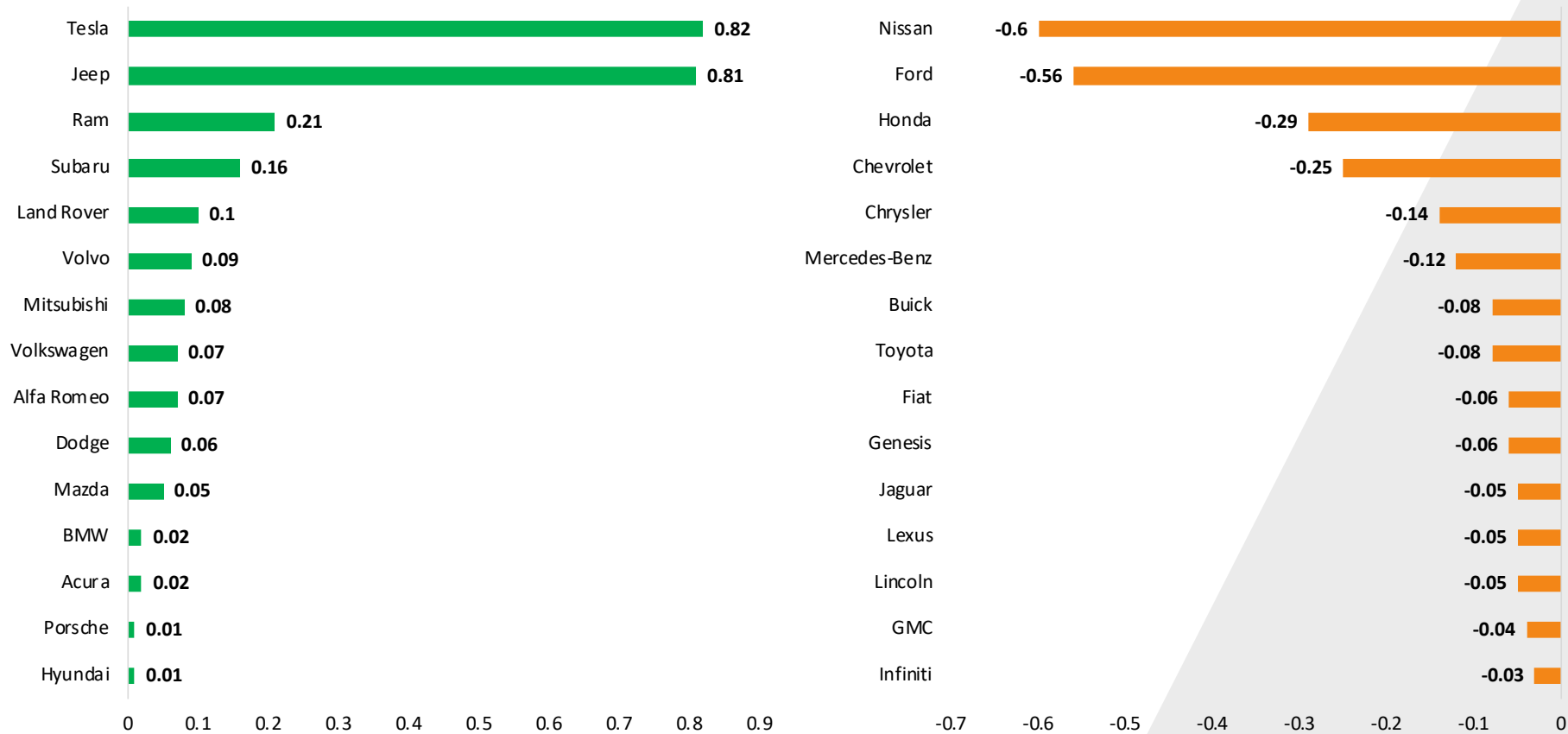
SUBPRIME AUTO LOANS CONTINUE TO SEE RISING DELINQUENCY RATE

Subprime severe delinquency rate 5.4%, highest level in a decade

AUTO LOAN SEVERE DELINQUENCIES UNIT RATE



NEW VEHICLE MARKET SHARE 2018 – TOP BRANDS BY SHARE GAIN AND LOSS



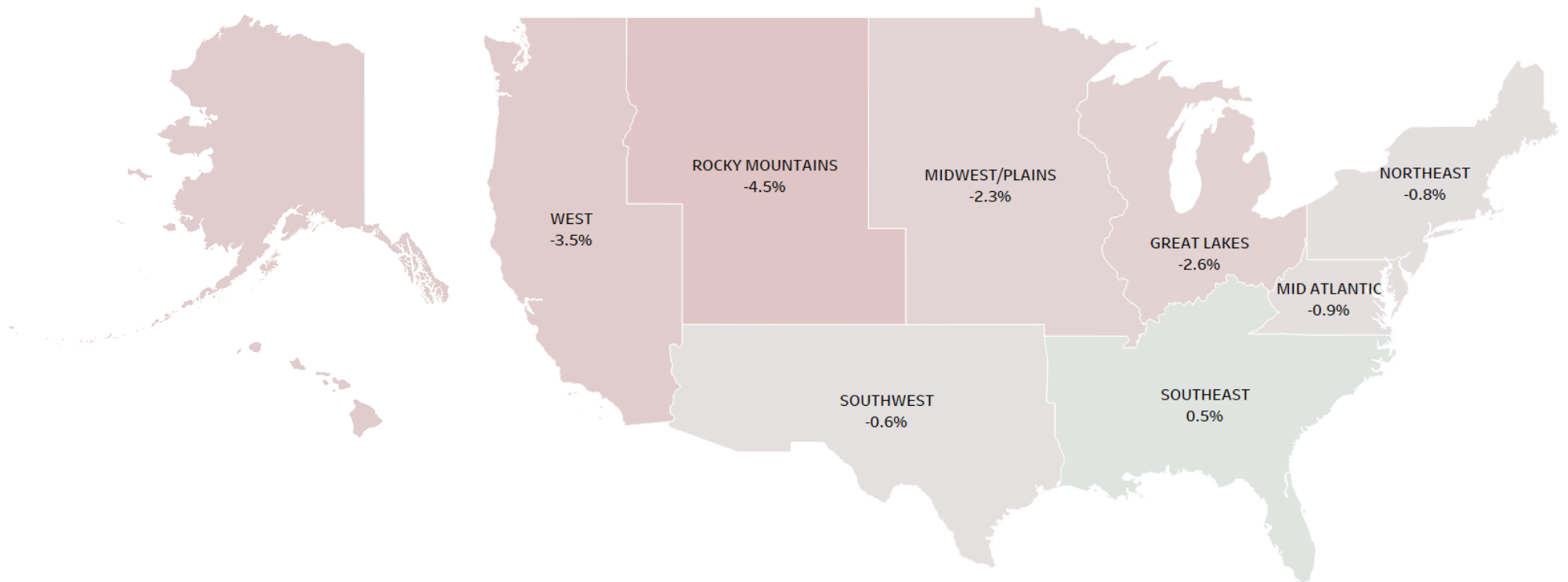
OEMs GROWING SO FAR IN 2019 *(based on Jan/Feb, plus March Forecast)*

- **Hyundai/Kia:** +0.8% (really flat) – New Kona/Niro; -7% last year, creating easier numbers to beat this year
- **Mitsubishi:** +1.8% -- New Eclipse Cross SUV; momentum has slowed (2018 Q1 Mitsubishi was up 22.7%)
- **Subaru:** +2.3% – SUV-heavy line up; predicting Subaru slightly down in March (first time in over a decade)
- **Jaguar Land Rover:** +8.6% – Land Rover's SUV line-up now supported by new Jaguar SUVs
- **Tesla:** +72.3% – Model 3

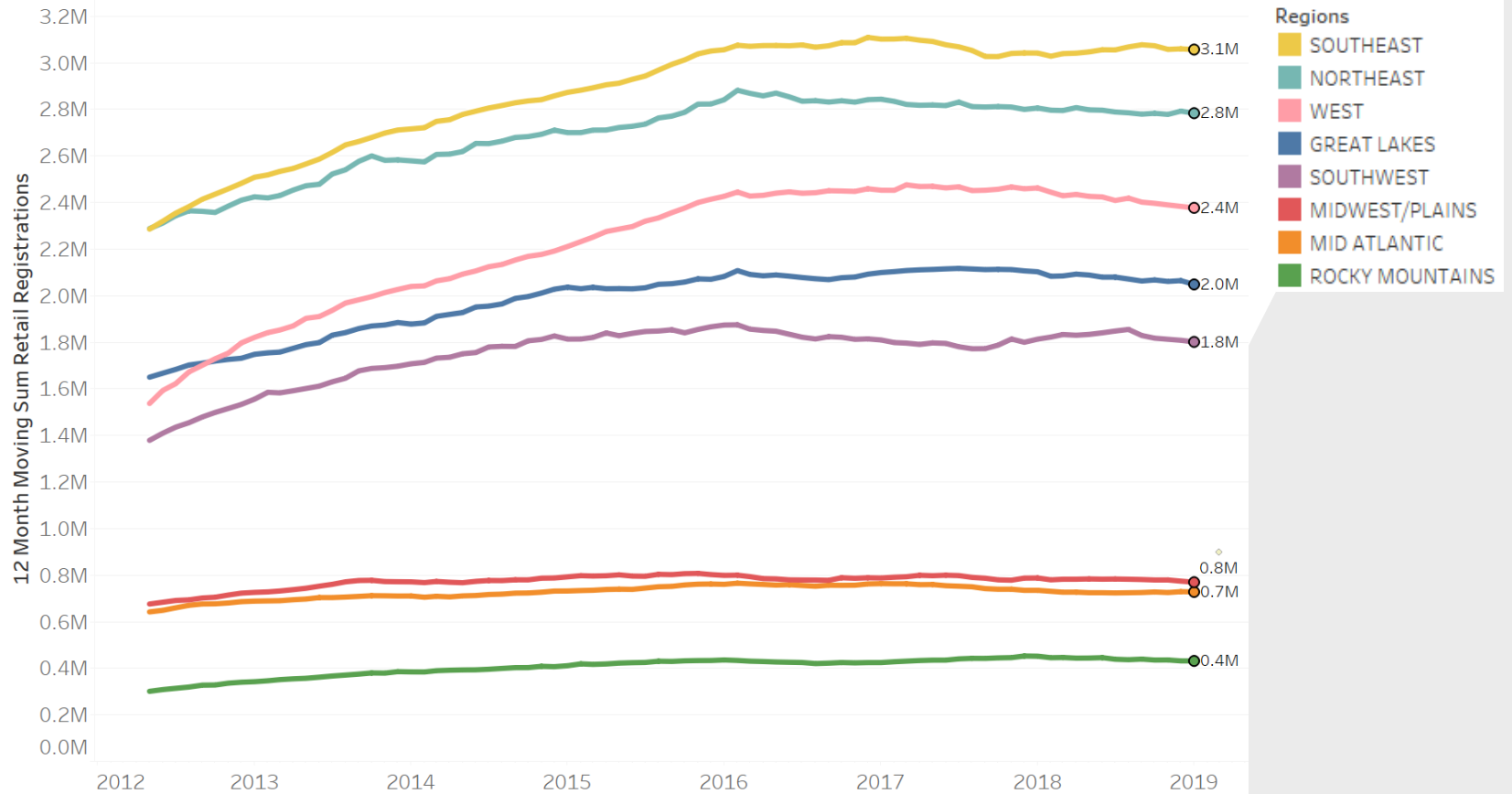
Every other automaker is down between 0.3% (Honda) to 14.2 % (Nissan), with most down between 2% and 6%.



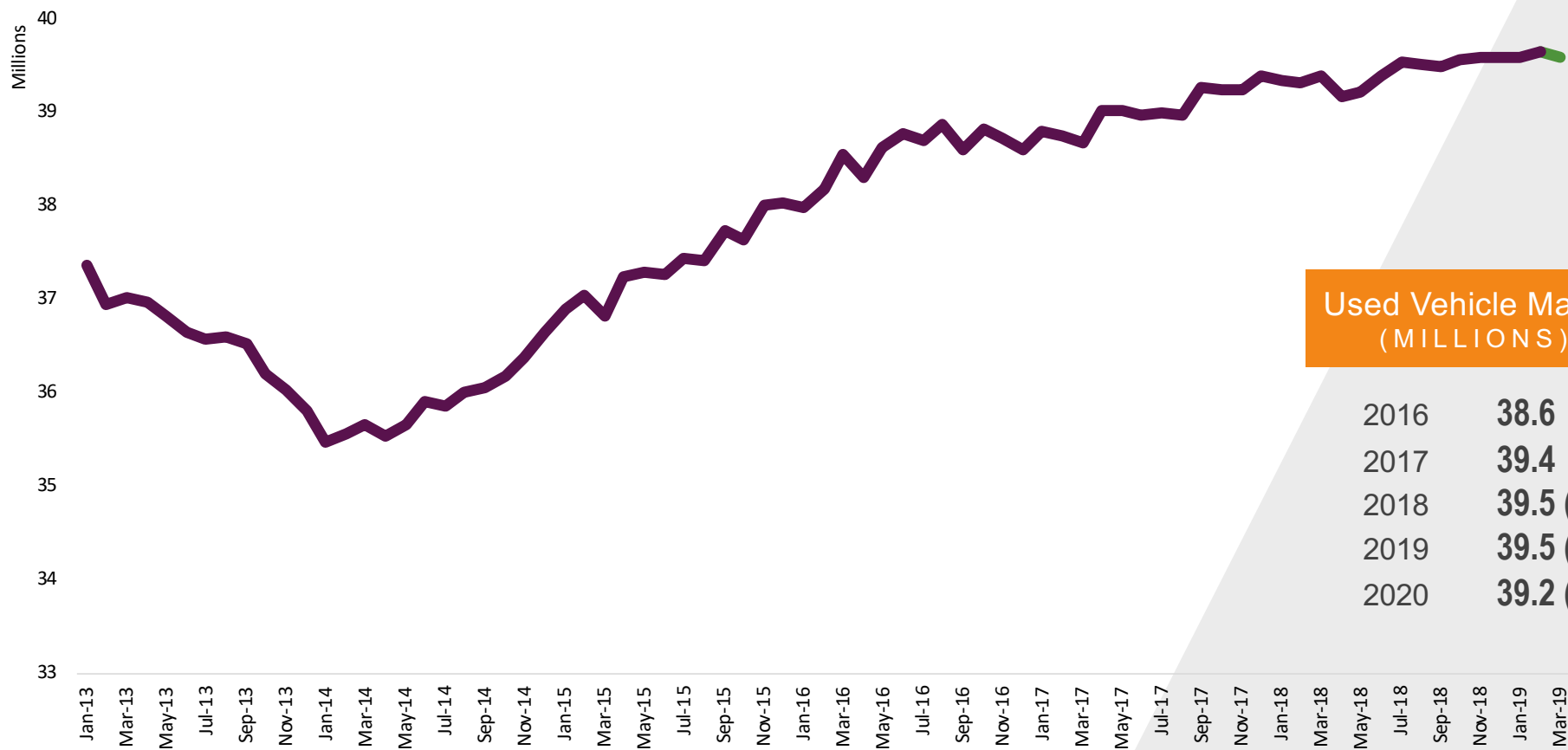
RETAIL NEW VEHICLE REGISTRATIONS – YOY % CHG (12 months ending Jan 2019)



RETAIL BY REGION – ROLLING 12-MONTH SUM ENDING JAN 2019



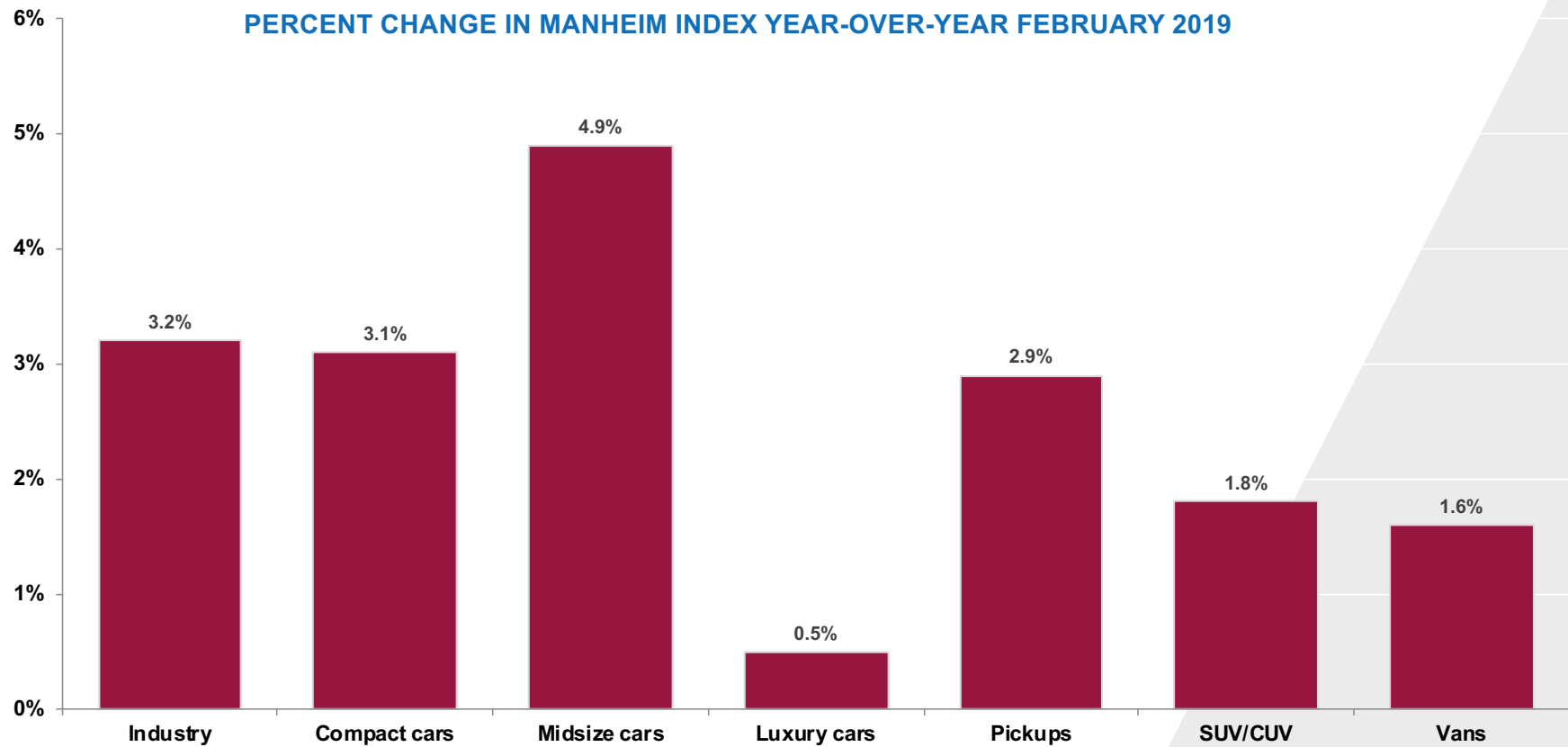
USED SALES PEAKING



Used Vehicle Market
(MILLIONS)

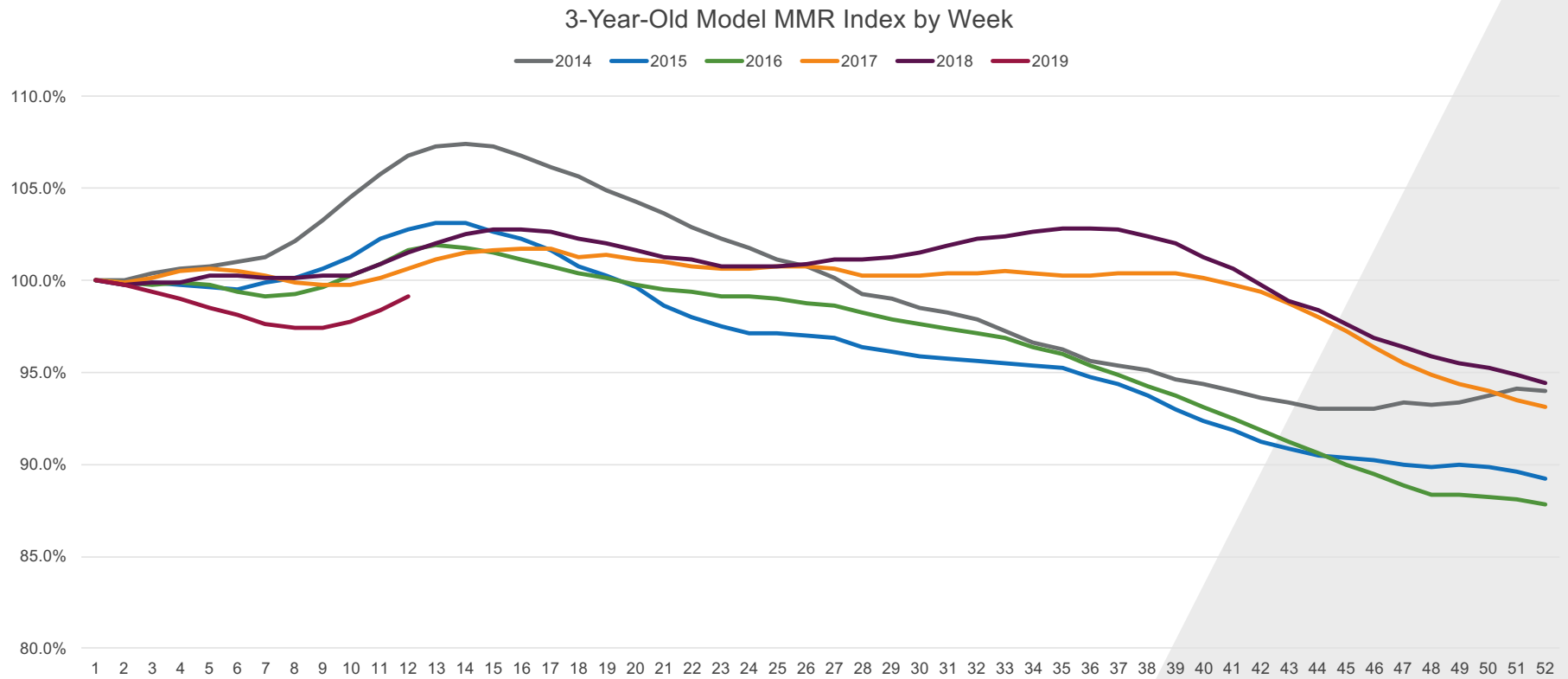
2016	38.6
2017	39.4
2018	39.5 (E)
2019	39.5 (F)
2020	39.2 (F)

AFFORDABLE CARS CONTINUE OUTPERFORMING OTHER SEGMENTS



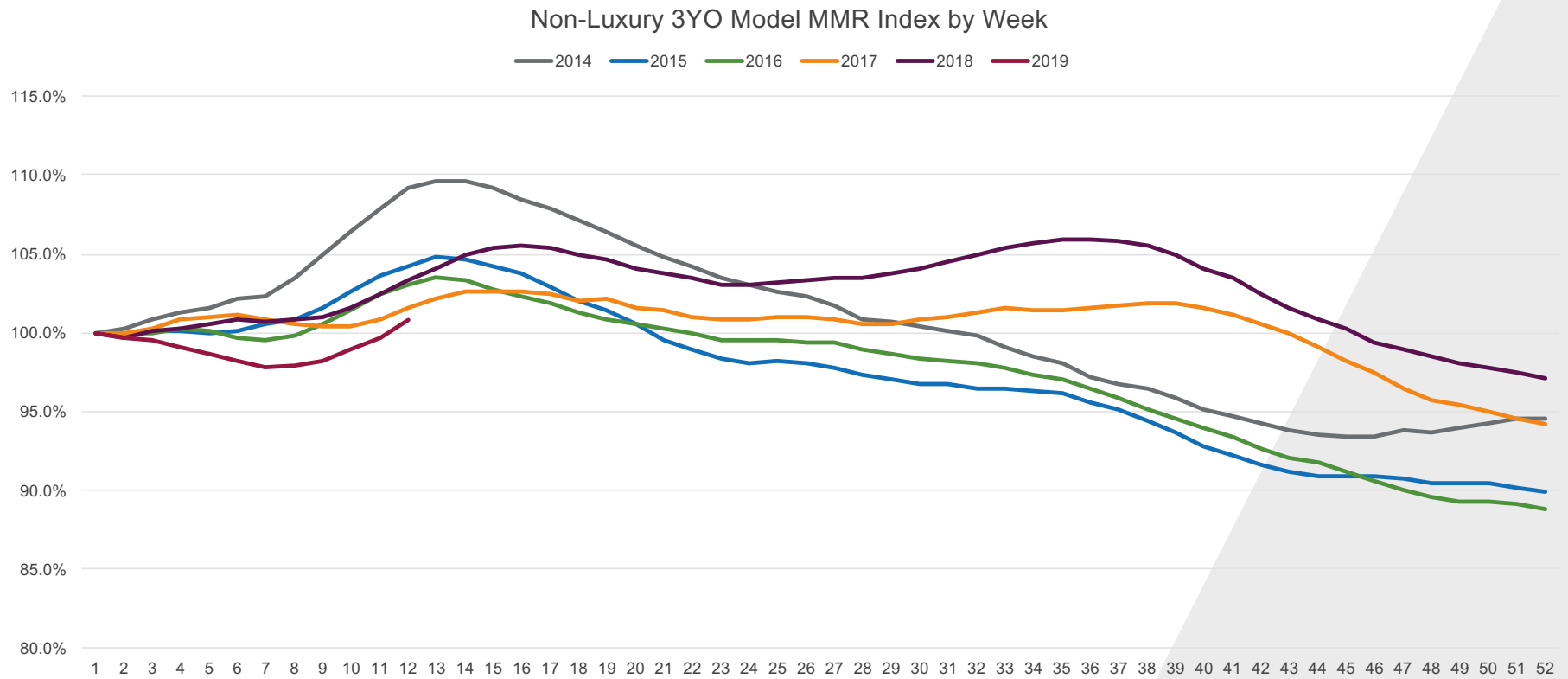
2019 WEEKLY PRICE TREND STARTED WEAK BUT NOW MOVING UP

Much higher than normal depreciation for start of year led to lower prices but prices have since turned



2019 WEEKLY PRICE TREND SHOWING BIGGER BOUNCE IN NON-LUXURY

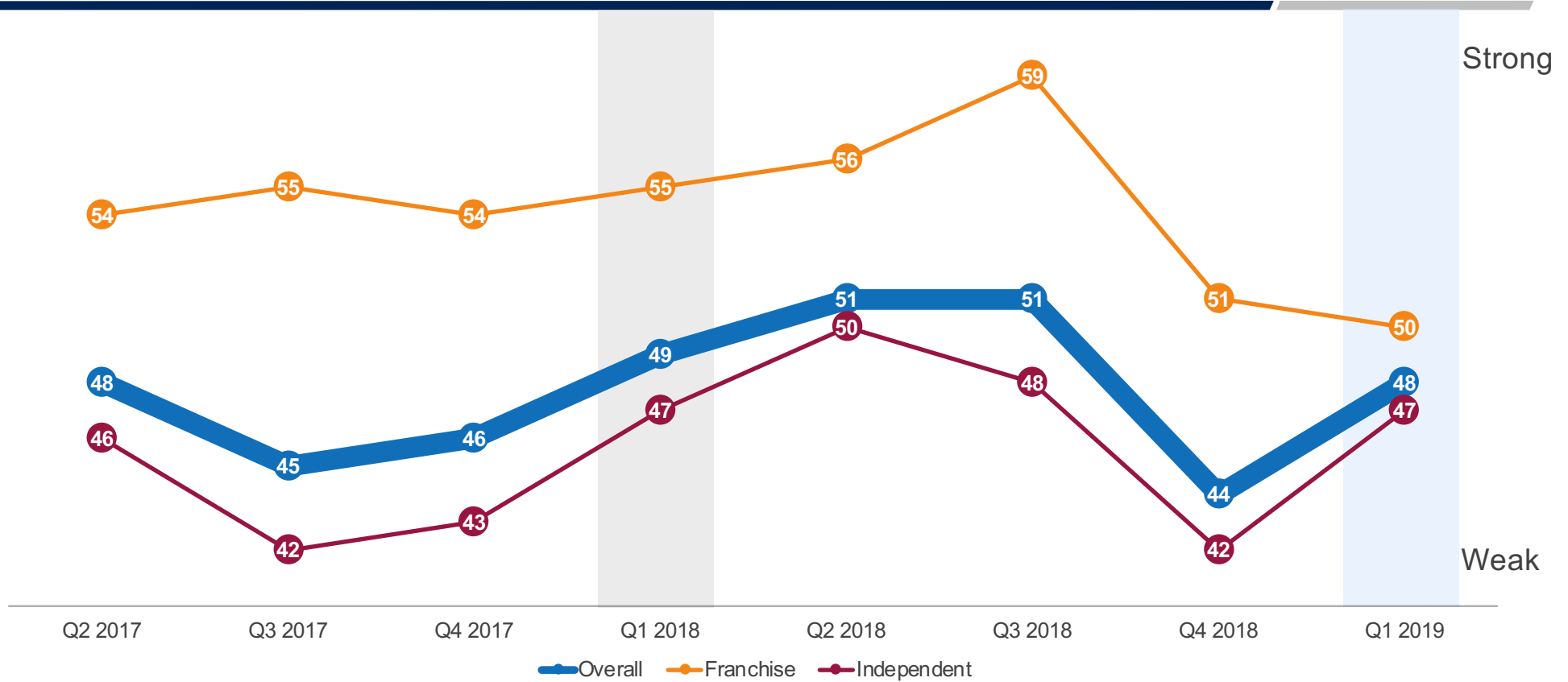
Much higher than normal depreciation for start of year but now also improving



Q1: How would you describe the current market for vehicles in the areas where you operate?

Dealer Sentiment Index

FIRST QUARTER 2019

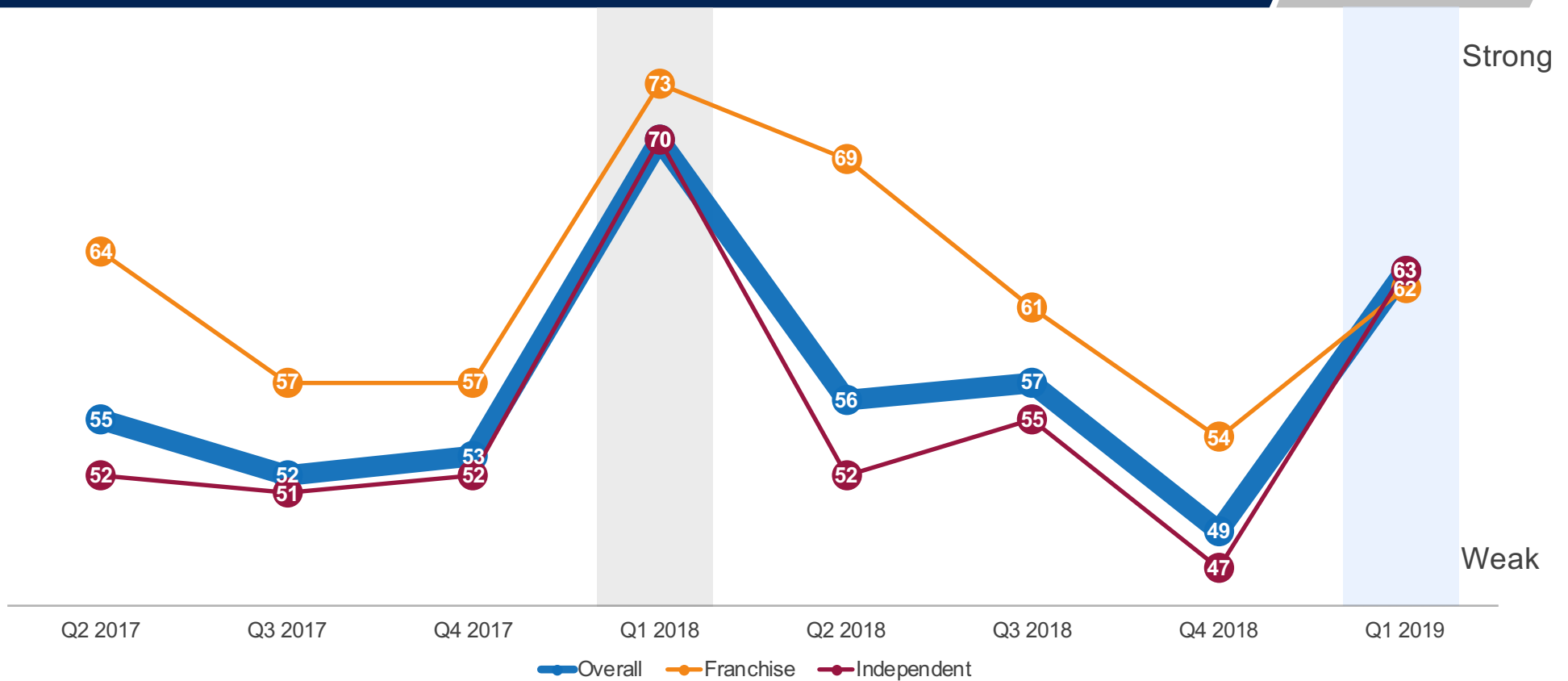


Note: Scale 1 - 100

Q2: What do you expect the market for vehicles in your area to look like 3 months from now?

Dealer Sentiment Index

FIRST QUARTER 2019



Note: Scale 1 - 100

What are the Factors Holding Back Your Business?

Dealer Sentiment Index

FIRST QUARTER 2019

OVERALL RANK

		Q1 '19	Q4 '18	Q1 '18
1	Market Conditions	45%	44%	40%
2	Competition	37%	33%	35%
3	Credit Availability for Consumers	33%	36%	36%
4	Expenses	30%	27%	28%
5	Limited Inventory	29% ↓	35%	27%
6	Interest Rates	22%	23%	9%
7	Consumer Confidence	24% ↑	19%	15%
8	Consumer Transparency in Pricing	14%	12%	16%
9	Staff Turnover	11%	11%	10%
10	Regulations	10% ↑	7%	11%
11	Credit Availability for Business	7%	8%	7%
12	Dealership Systems/Tools	6%	6%	8%
12	Tariffs on Imported Vehicles and Parts	6%	6%	N/A
12	Too Much Retail Inventory	6%	6%	7%
15	OEM Mandates/Restrictions	5%	5%	6%
16	2018 Tax Law Changes*	4% ↑	2%	N/A

Significant decrease vs previous quarter





Significant increase vs previous quarter

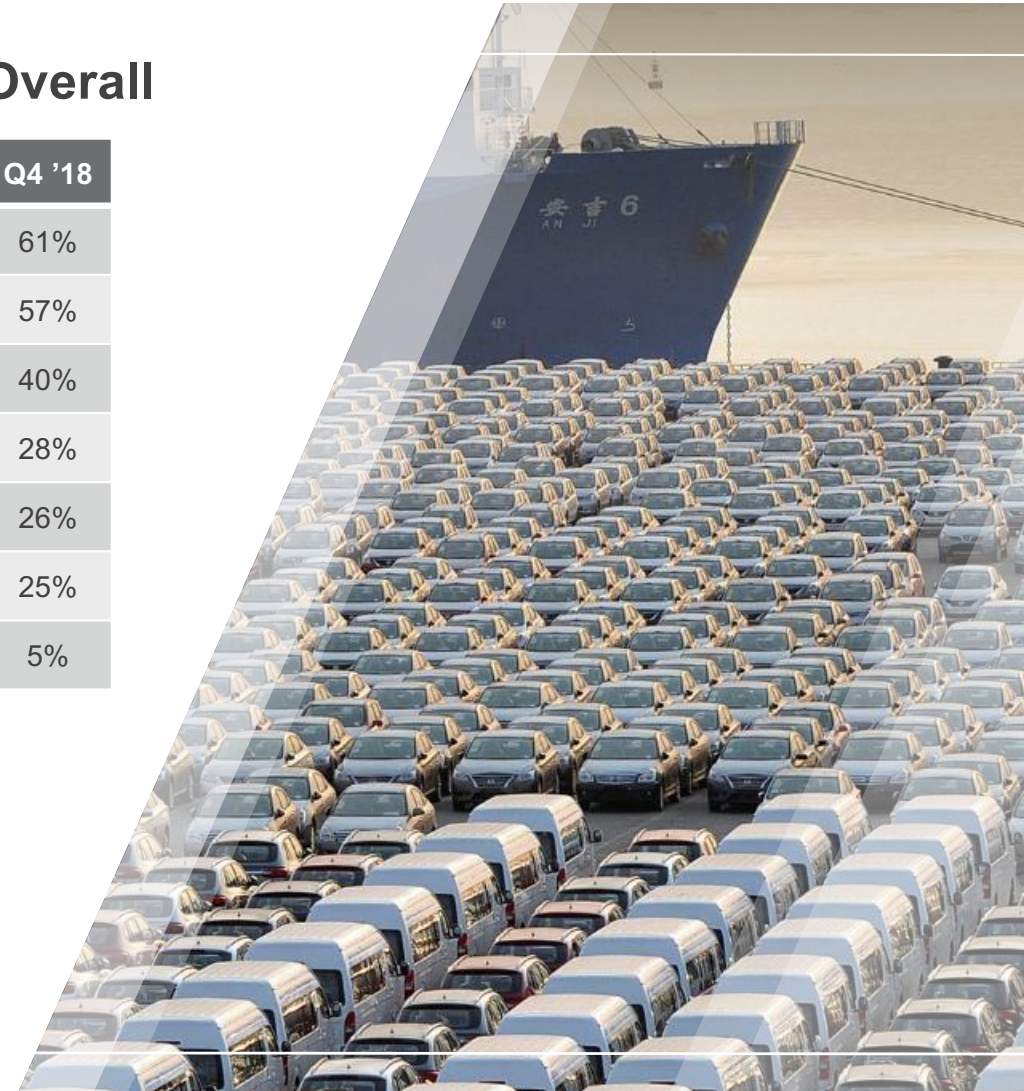


Negative Impact of Import Tariffs – Overall

	Q1 '19	Q4 '18
Higher prices on all used vehicles as market adjusts	58%	61%
Higher prices on imported vehicles	52%	57%
Higher prices on all new vehicles as market adjusts	45%	40%
Lower (or delayed) used vehicle sales	23%	28%
Lower (or delayed) new vehicle sales	23%	26%
Higher prices on domestic vehicles	18% ↓	25%
Other	6%	5%

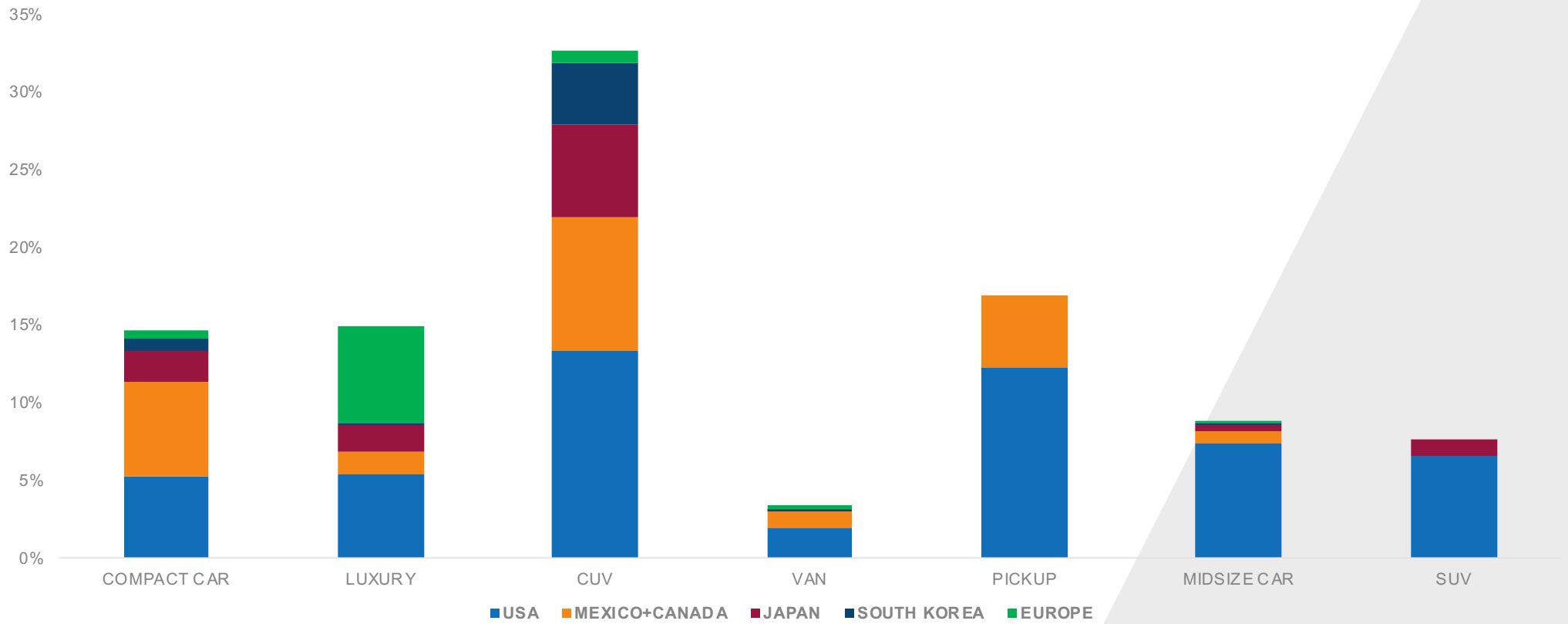
Q: What, if any, negative impacts would imposing tariffs on imported vehicles and parts have on your business? Please select all that apply.

 Arrows indicate significant increase vs previous quarter
 Arrows indicate significant decrease vs previous quarter



INDUSTRY DEPENDENT ON GLOBAL SUPPLY CHAIN

Composition of New Vehicles Sold Retail in 2018 in the US by Major Segments and Major Regions of Origin



TARIFF OPEN QUESTIONS TO BE RESOLVED SOON BUT WITH IMPACTS

Ratification of USMCA (Report on April 19)

Section 232 Tariff on Imported Autos and Parts
(Details by May 18; 15 days to implement)

China Trade Deal (March 4; TBD)

EU Trade Deal

Japan Trade Deal

UK Trade Deal?



Q&A

Contact Information:

Dara Hailes
Manager, Public Relations
Cox Automotive
dara.hailes@coxautoinc.com

Mark Schirmer
Director, Public Relations
Cox Automotive
mark.schirmer@coxautoinc.com

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