



2019 Q3 AUTO SALES CONFERENCE CALL

September 26, 2019


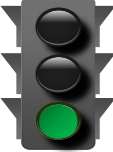

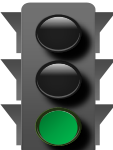
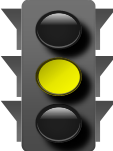
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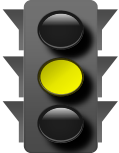

**ECONOMIC
CONDITIONS
Q3 2019**

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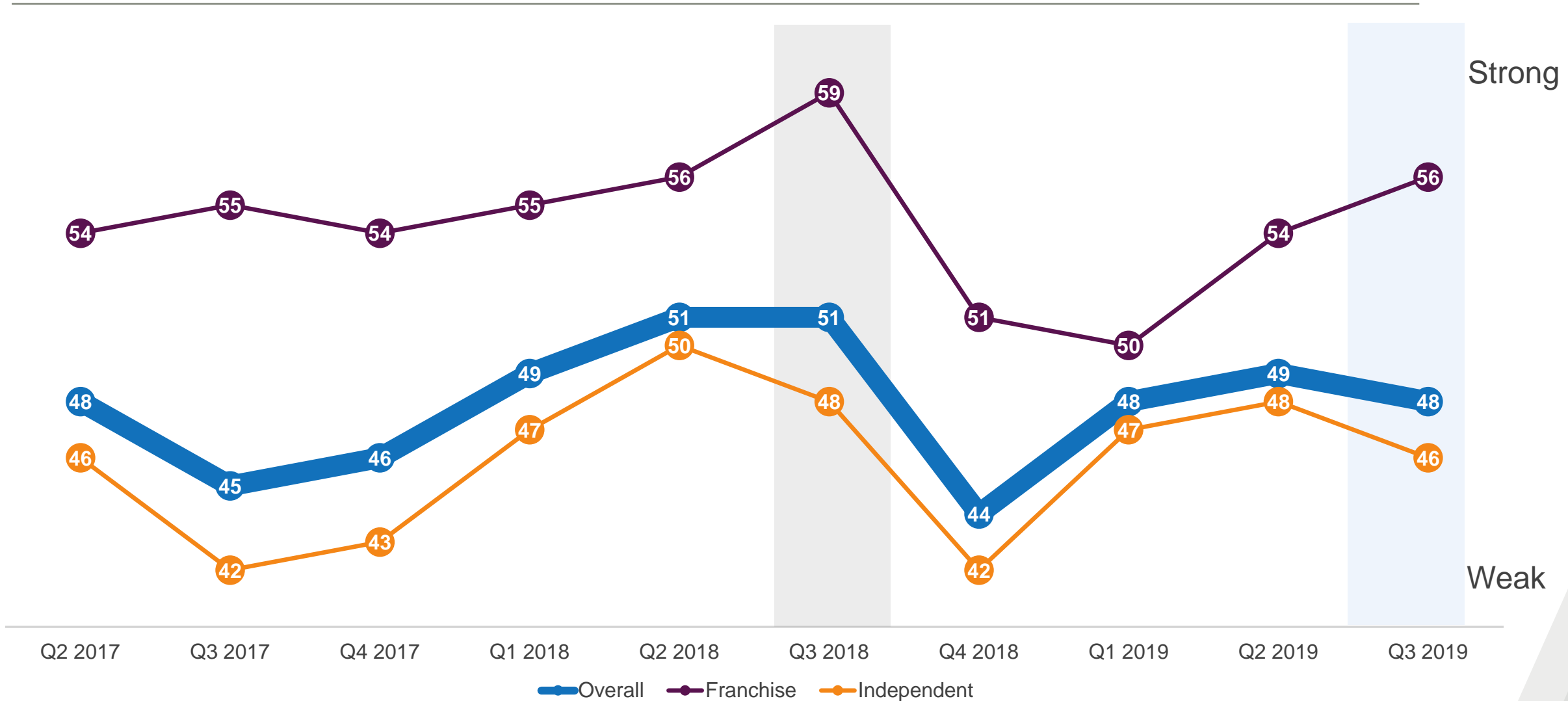
OUR ECONOMY: **Livin' On a Prayer**

Overall Economy	GDP Growth	2.2% (Q3 NY Fed Nowcast)	2.0% (Q2 '19) 2.9% (Q3 '18)	
Employment Conditions	U3 Unemployment Rate	3.7% (Aug '19)	3.7% (Sep '18)	
Buyer Confidence	UofM Consumer Sentiment	92.0 (Sep '19 Early)	89.8 (Aug '19) 100.1 (Sep '18)	
Wages	Earnings Growth	3.2% (Aug '19)	3.3% (Jul '19) 3.2% (Aug '18)	
Buyer Ability	Disposable Income Y/Y	4.5% (Jul '19)	6.1% (2018)	

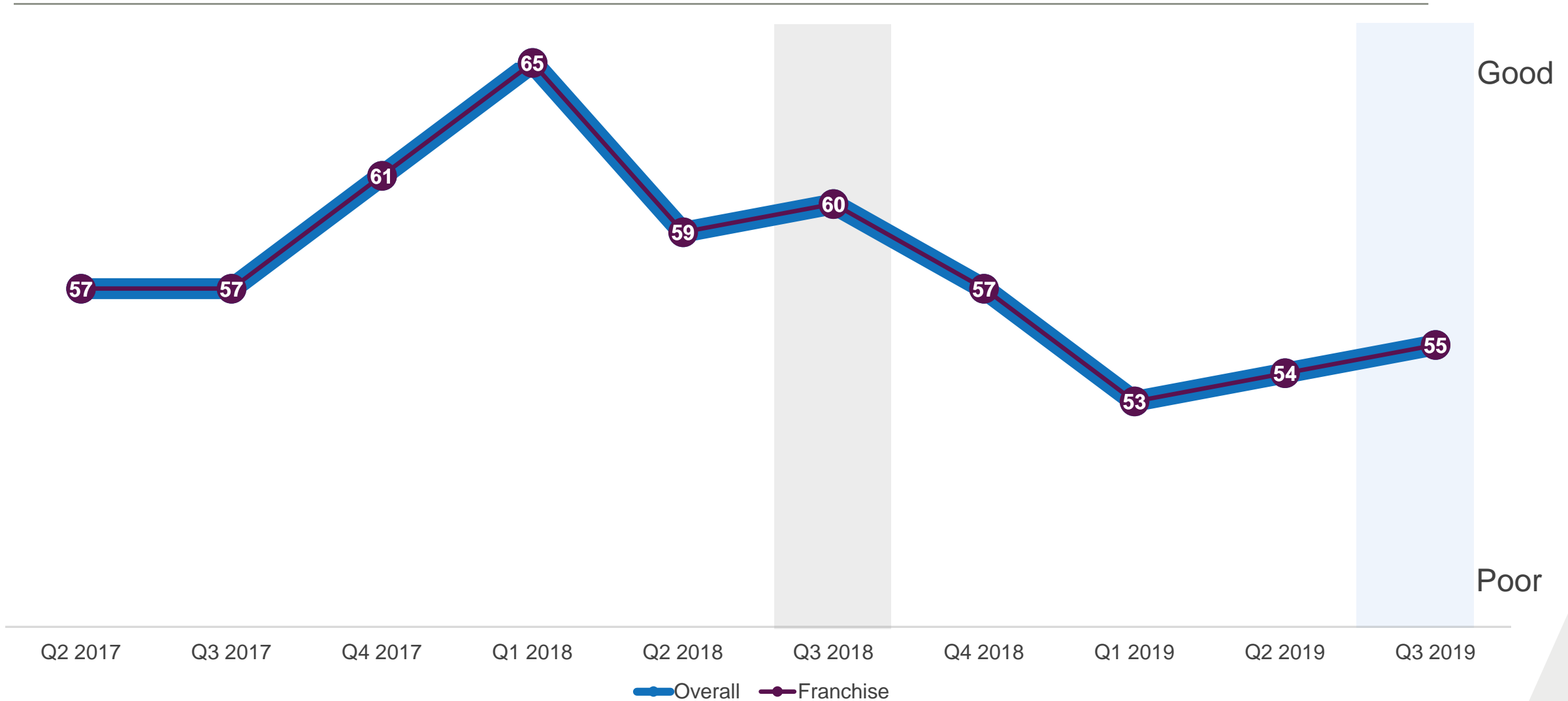
OUR ECONOMY: Livin' On a Prayer

Auto Finance	Equifax	\$1,260T (Aug '19)	\$1,221T (Sep '18)	
Interest Rates	Target Fed Funds Rate	1.75 -2.00% (Sep '19)	2.00 -2.25% (Sep '18)	
Borrowing Costs	Avg Rate New Auto Loan	5.82% (Aug '19)	5.90% (Sep '18)	
Ownership Costs	Retail Unleaded Gasoline Price	\$2.66 (Sep '19)	\$2.88 (Sep '18)	

DEALER SENTIMENT: Overall Market Conditions in Q3

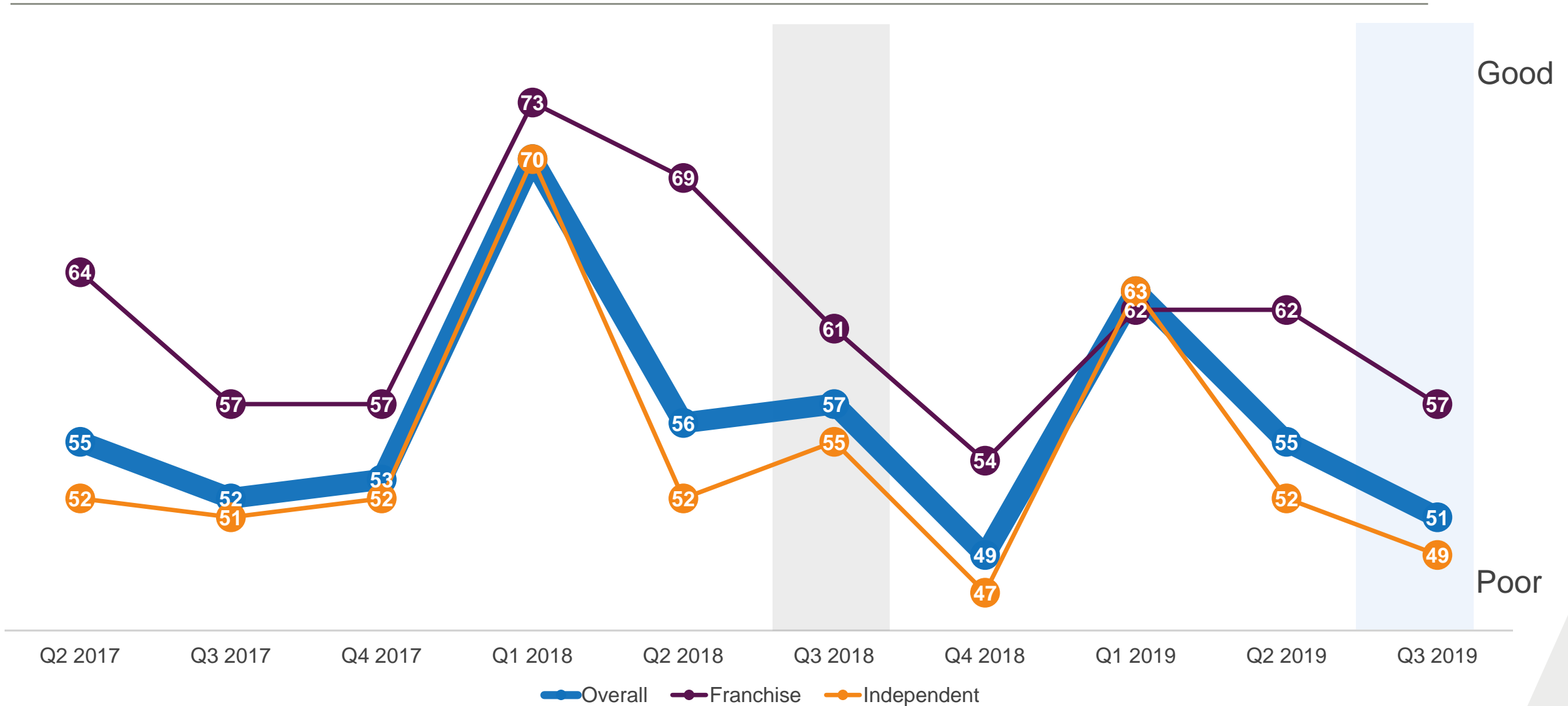


DEALER SENTIMENT: **New Vehicle Sales Q3**



Note: Scale 1 - 100

DEALER SENTIMENT: Overall Market Next 3 Months



Note: Scale 1 - 100

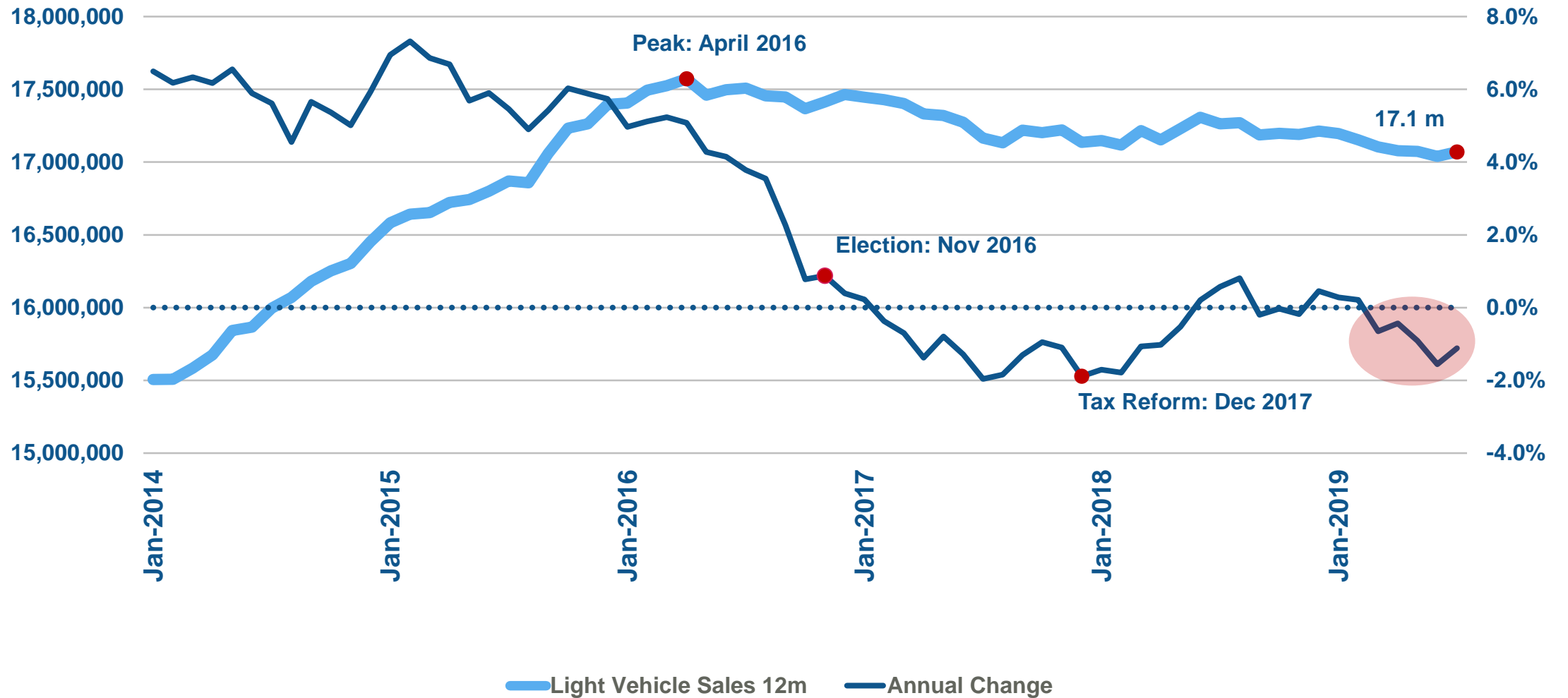
A close-up, artistic photograph of a car's exterior, focusing on the chrome trim and side mirror. The image is heavily blurred and has a strong blue color cast, creating a sense of depth and motion. The chrome elements are highly reflective, showing distorted reflections of the surrounding environment.

VEHICLE SALES AND FORECAST

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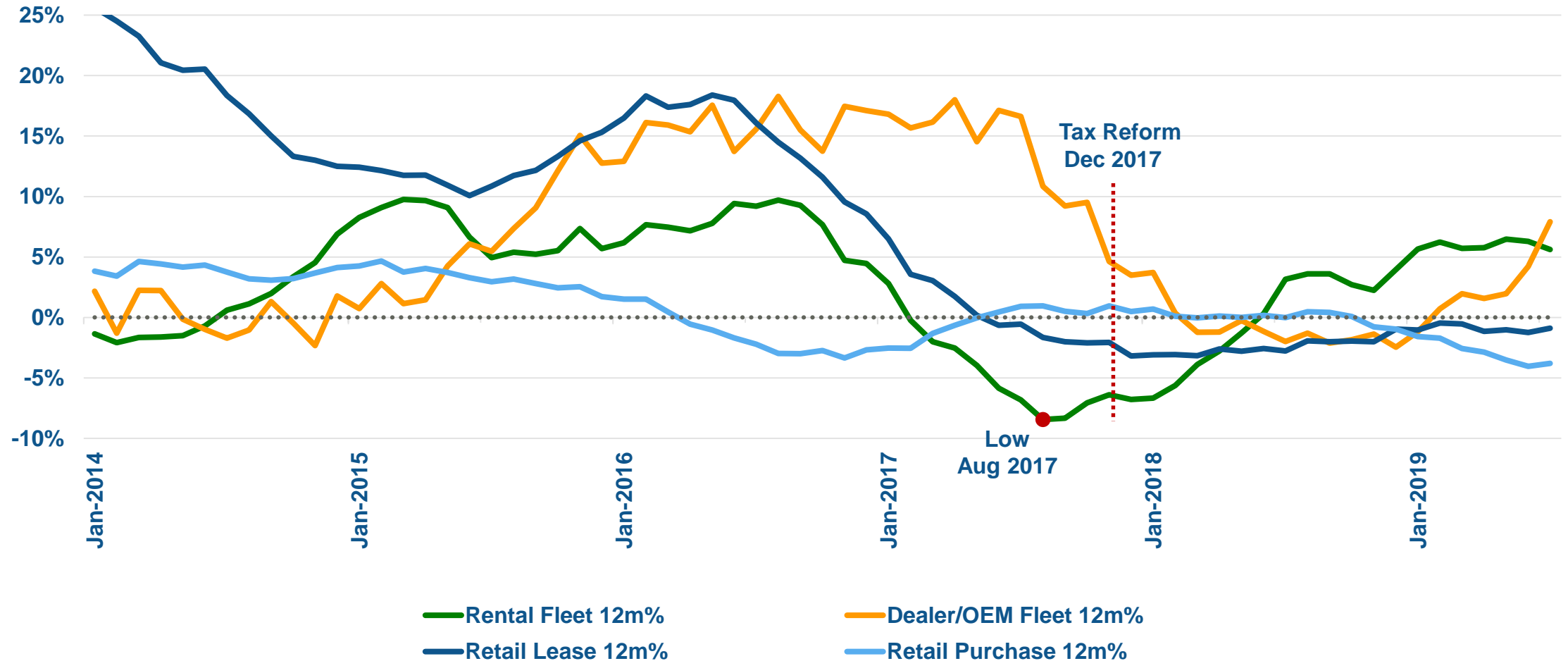
U.S. SALES GROWTH: Contracting After Tax Reform Sugar High

US Light Vehicle Sales (moving 12 month total)



U.S. SALES CHANNEL: Fleet Providing Sales Support

Registrations Growth By Sales Channel (annual change)



U.S. SALES YTD: Likely To Beat Our Forecast, Helped By Fleet

	New Market	Fleet	Retail Purchase	Retail Lease	Cox Automotive Sales Forecast 2019 = 16.8 million 2020 = 16.5 million
2018	0.5%	4.3%	-0.4%	-0.2%	
2019 <small>January Forecast</small>	-2.4%	4.0%	-3.5%	-4.6%	
YTD	-1.6%	9.1%	-4.7%	-2.0%	

↑

Tax Reform

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Vehicle Affordability

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Residual Values

U.S. SALES YTD: September Will Be Down Due To Sales Calendar

Month	Sept-18	Sept-19	YOY	Aug-19	MOM Change
Sales Millions	1.44	1.25	-14%	1.65	-24%
Selling Day	25	23		28	
Quarter		2018	2019	Change	
Sales	Q1	4.1	4.0	-3.1%	
	Q2	4.5	4.4	-1.3%	
	Q3	4.3	4.3F	-0.4%	
	Q4	4.4	4.1F	-6.0%	
	Year	17.3	16.8F	-2.4%	
	YTD	12.9	12.7F	-1.6%	

A Lot Must Happen In Q4 To Reach Our 16.8 Million Forecast

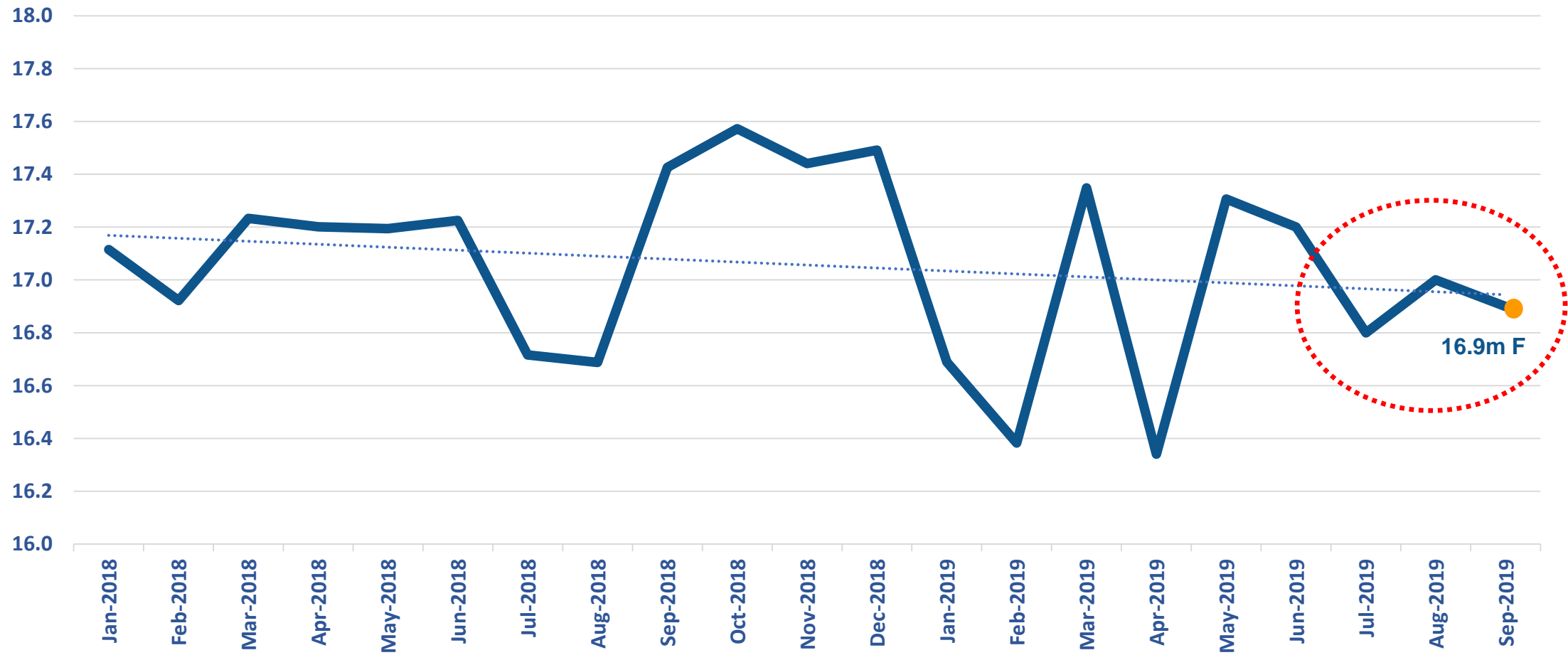
Pace of sales decline expected to increase in Q4 – credit tightening, less fleet, rising recession fears all reduce volume

Additional Threats

- Oil price spike
- Prolonged GM Strike
- Aggressive Incentive Pricing
- Trump Tariffs: China and EU
- Impeachment: Impact Unknown

U.S. SALES SAAR: Volatility Likely To Continue After Short Respite

New Light Vehicle Seasonally Adjusted Annualized Rate (Millions)



SEPTEMBER & Q3 YTD: Cox Automotive Forecast

Cox Automotive Forecast: September Auto Sales to Fall Significantly For Everyone

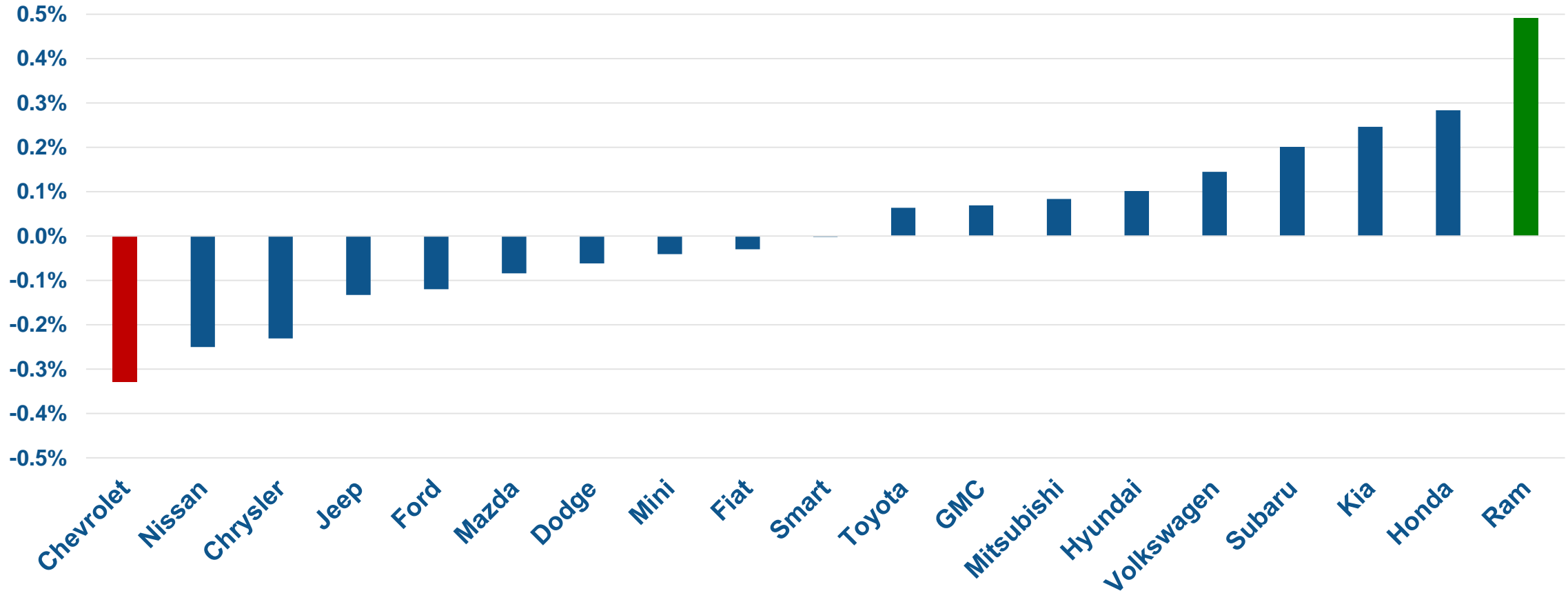
	Sep'19	Sep'18	YOY%	Q3'19	Q3'18	YOY%	Jan-Sep '19	Jan-Sep '18	YOY%
GM	213,000	235,000*	-9.7%	736,507	694,054	6.1%	2,145,828	2,167,468	-1.0%
Ford Motor Co	170,000	196,000*	-13.5%	572,673	606,939	-5.6%	1,804,127	1,878,653	-4.0%
Toyota Motor Co	175,000	203,098	-13.8%	632,538	634,923	-0.4%	1,783,243	1,824,232	-2.2%
FCA Group	165,000	199,819	-17.4%	550,450	564,507	-2.5%	1,646,560	1,679,983	-2.0%
American Honda	125,000	132,668	-5.8%	440,289	419,173	5.0%	1,217,284	1,206,997	0.9%
Nissan NA	95,000	122,819	-22.7%	321,110	343,987	-6.7%	1,038,146	1,124,682	-7.7%
Hyundai Kia	100,000	108,862	-8.1%	338,555	325,132	4.1%	986,351	953,744	3.4%
Subaru	54,000	57,004	-5.3%	188,145	180,558	4.2%	527,671	503,418	4.8%
VW	47,000	55,007	-14.6%	164,093	166,013	-1.2%	480,398	476,274	0.9%
Grand Total	1,250,000	1,448,309	-13.7%	4,297,675	4,316,731	-0.4%	12,726,918	12,931,991	-1.6%

September 2019 Cox Automotive Industry Insights Forecast; all historical data from OEM sales announcements

Note: Total includes brands not shown. GM and Ford monthly sales are estimated

BRAND SHARE GAINS: Ram Wins Big, Chevy Declines

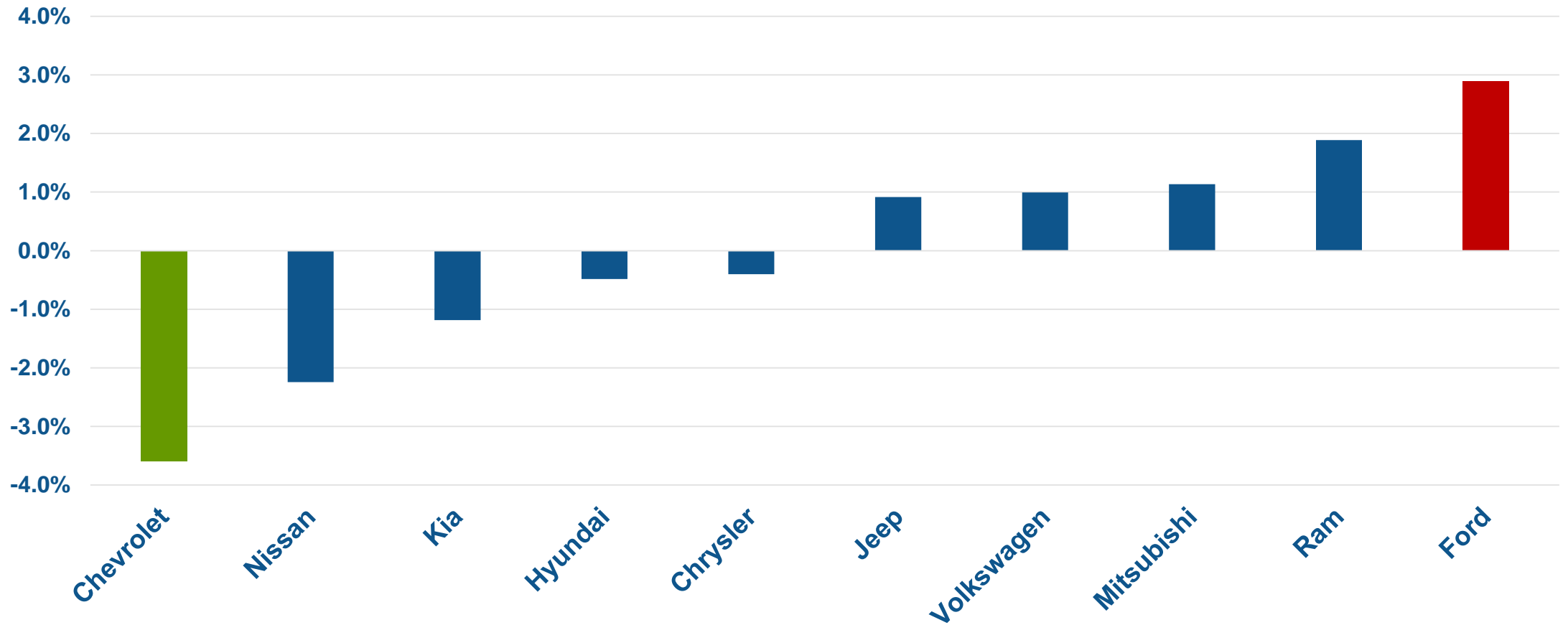
YTD 2019 Market Share Gain From CY 2018



SHARE OF RENTAL: Ford Increasing, Chevy Pulls Back

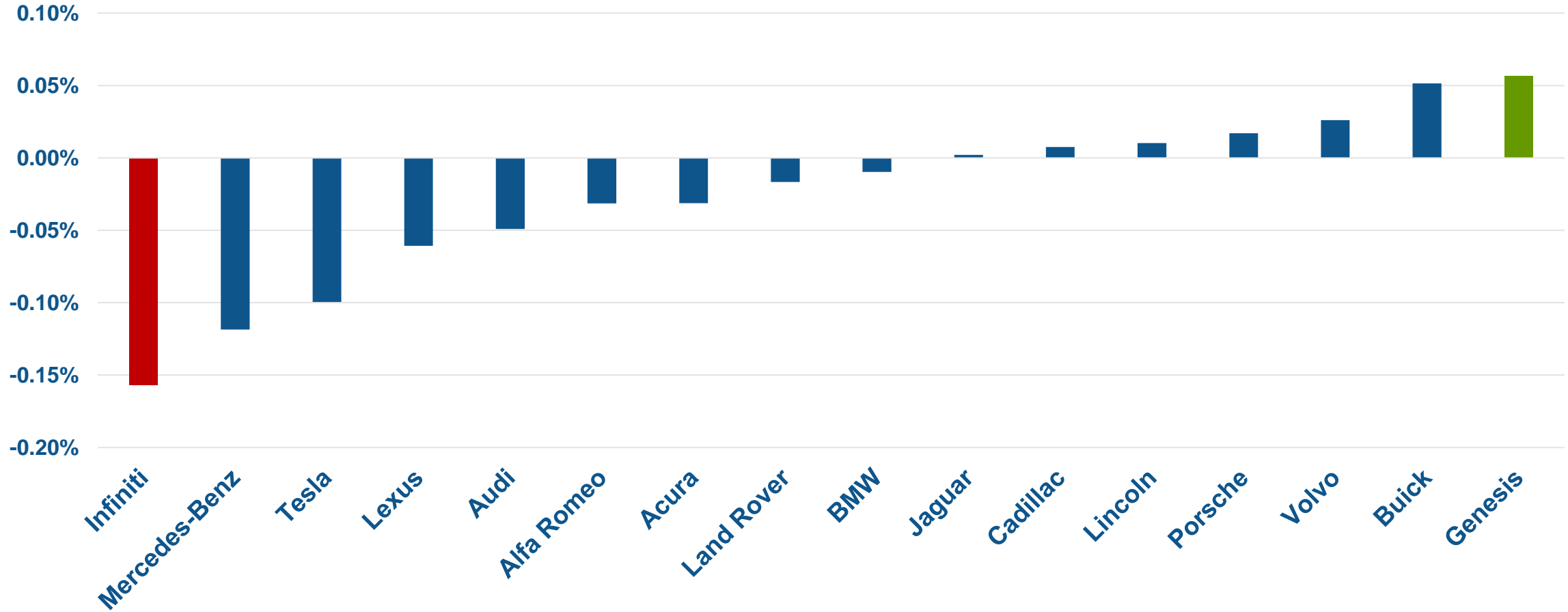
Share Of Rental Fleet Activity (Difference YTD 2019 vs 2018)

Top and Bottom Five Brands



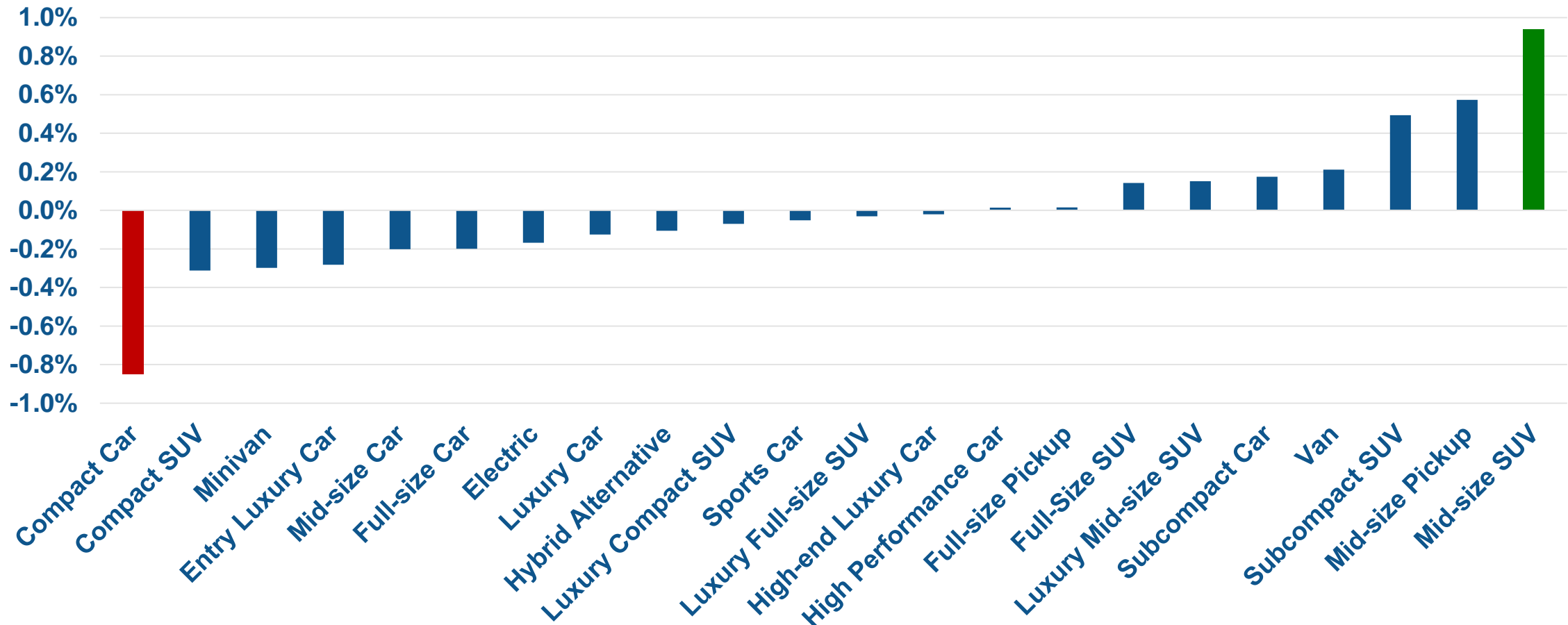
LUXURY SHARE GAINS: “Value Luxury” Seems To Be Winning

YTD 2019 Market Share Gain From CY 2018



SEGMENT SHARE: Cars Continue To Lose Share To Crossovers

YTD 2019 Market Share Gain From CY 2018





THE
ROAD
AHEAD

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THE ROAD AHEAD: A Highly EVENTFUL Calendar

- Fed meetings on October 30 and December 11
- Section 232 Action on EU and Japan Deadline November 18
- Brexit October 31 (or not)
- Congressional debate on USMCA
- Ongoing NHSTA / EPA battle, multiple moves in Q4
- UAW Contract Negotiations Across all 3 Detroit Companies

The political landscape:

- Impeachment hearings
- Middle East / Fuel Prices
- Election Season

Dependence on Q4 to reach 17 million again

New and used price trends far less favorable

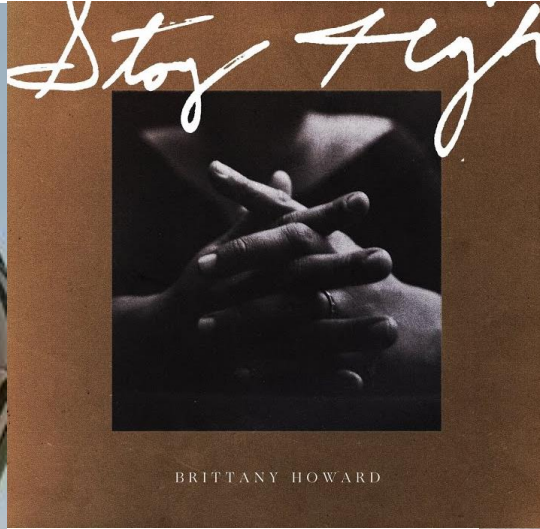
FIVE TAKEAWAYS: September Year To Date 2019

MONETARY POLICY & THE ECONOMY



The Git Up
Blanco Brown

CREDIT CRUNCH



Stay High
Brittany Howard

THERE ARE STILL WINNERS



Subaru Crosstrek XV
Hobo Johnsen

RETAIL USED MARKET



One Thing Right
Marshmello,
Kane Brown

TARIFF THREAT



Never Really Over
Katy Perry

A close-up, artistic photograph of a car's exterior, focusing on the chrome trim and a side mirror. The image is heavily stylized with a blue color cast and a soft, blurred background, creating a sense of depth and luxury. The chrome elements are highly reflective, showing distorted reflections of the surrounding environment.

Q&A

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