



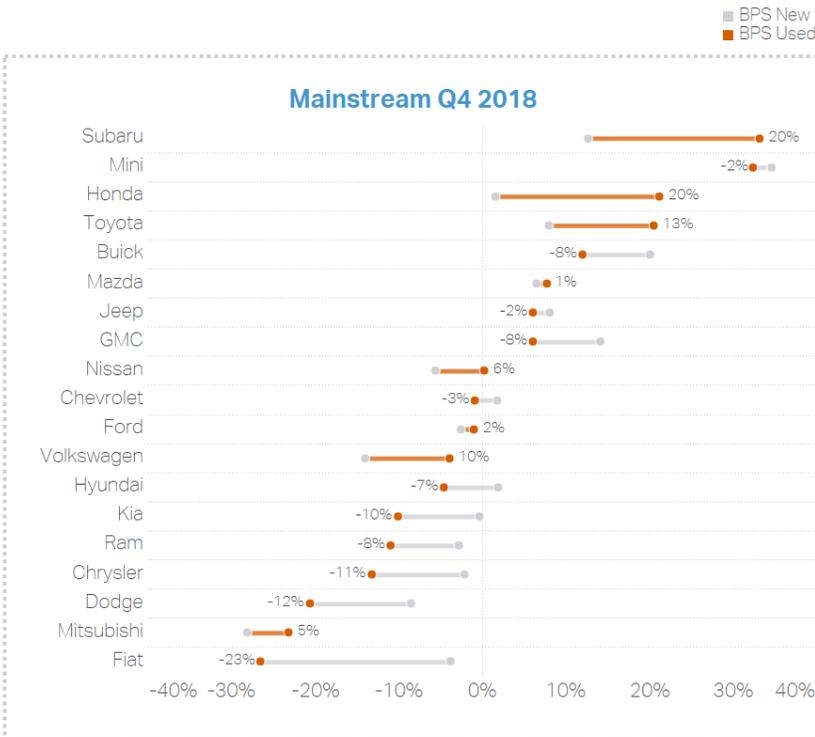
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Quarterly Market Report

Q1 2019

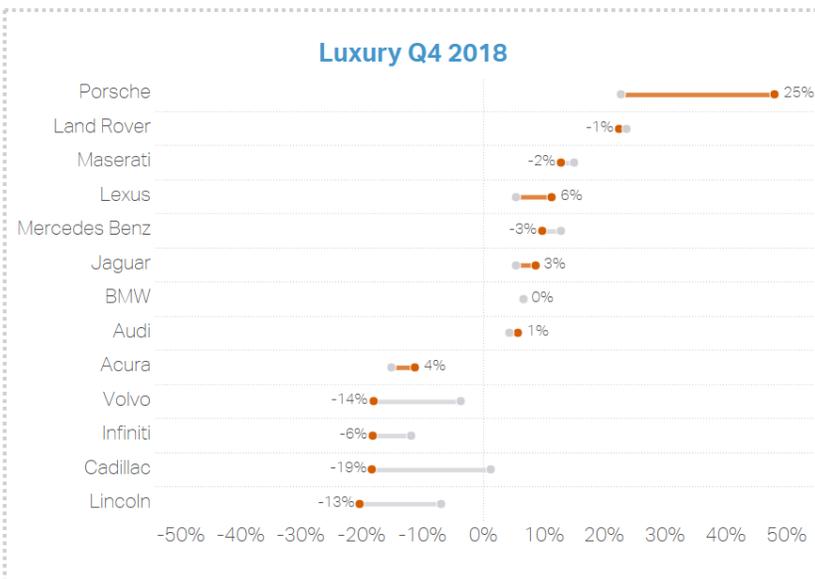
Brand Pricing Score Variance – New vs. Used

ALG's Brand Pricing Score (BPS) is a ranking of relative brand value. By taking an eight-quarter moving average of new market transaction prices (BPS-N) and used market transactions for vehicles 1-3 years old (BPS-U), adjusted for measurable differences, ALG can measure the pricing power associated with a brand's nameplate.



Key Insights

- Subaru, Honda, & Toyota not only display strong BPS-N figures, but their long standing reputation for reliability and resale prices drive even higher levels in the BPS-U metric, resulting in exceptional used market performance
- Stronger performance in the BPS-New metric for GM and FCA likely indicate that these brands will become more competitive in the future used environment, as 2019 model year vehicles start to mature in the secondary market



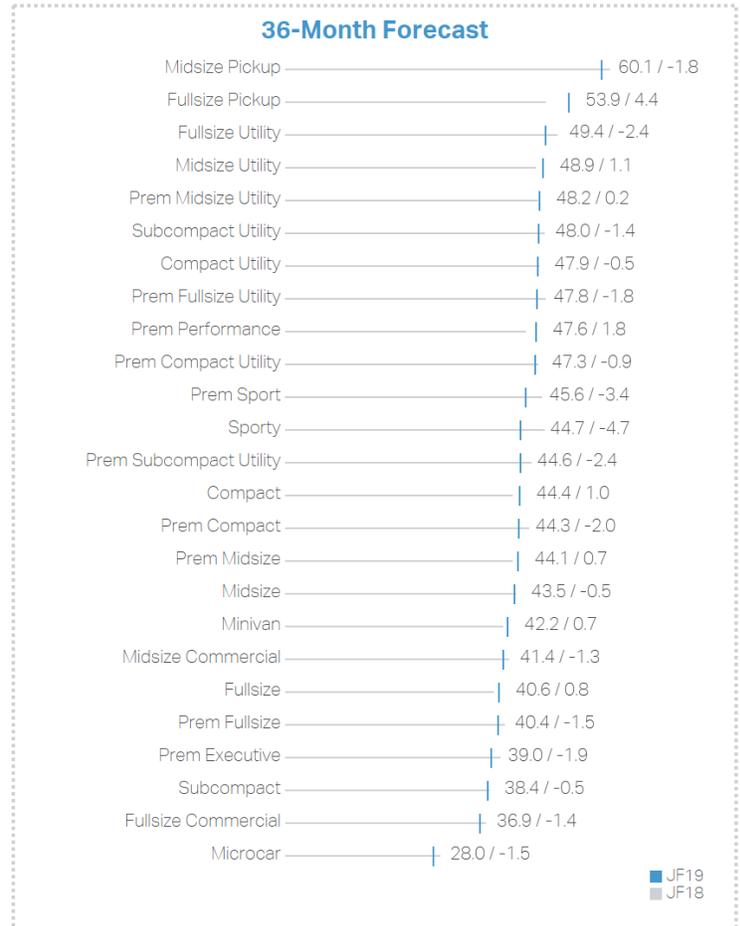
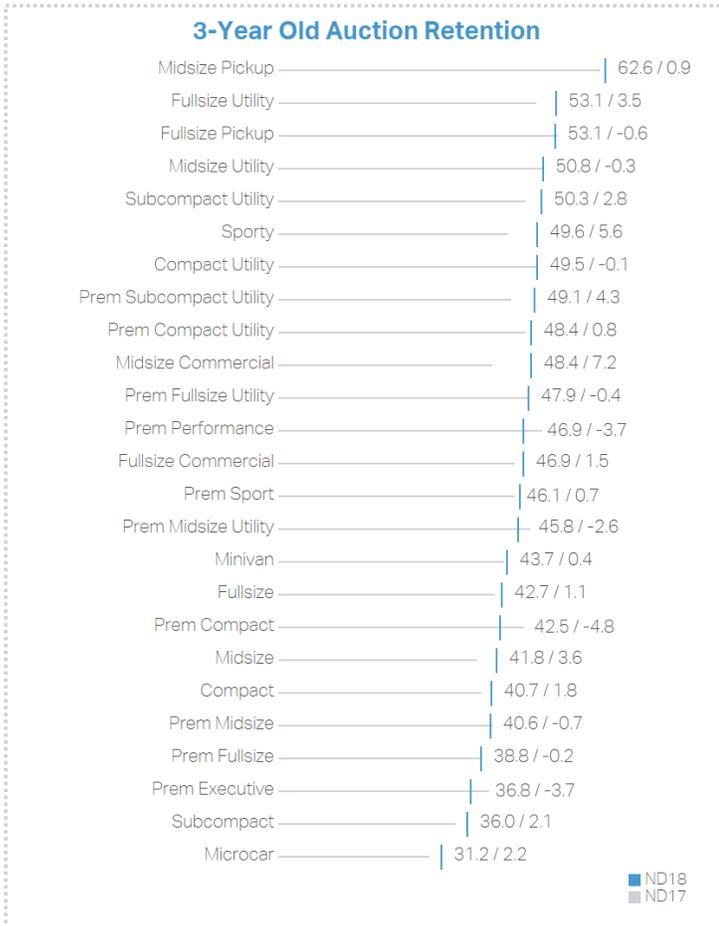
Key Insights

- Porsche's willingness to adapt to consumer preference with earlier entry into the utility segments proves noteworthy performance in both the new and used markets
- Lincoln and Cadillac both fall towards the bottom in BPS-U as they lack a significant mix of utility offerings in the preowned market
- BPS-U for Volvo will likely close the gap between its BPS-N score once recent redesigned vehicles come back to the preowned marketplace

Labels next to plotted bars represent the variance between a manufacturer's BPS New and Used score, while the overall score is measured on the X-axis

Residual Value & Retention Snapshot

Residual values are a combination of current auction performance, brand health and forecasted environment. Auction retention is sales weighted and measured as a percentage of the typically equipped MSRP.



Key Insights

- For this reporting period, retention improved for the Mainstream sector (+1.6ppt), but the Luxury sector fell (-0.7ppt)
- Overall, the industry average is forecasted to increase ~0.9-ppts year-over-year
- Redesigns from GM and Ram drove significant increases to the Fullsize Pickup forecast
- Utility segments continued to dominate the higher end of ALG’s residual value forecast, driven by superior returns in the auction lanes for used vehicles
- Declines in the used supply of passenger car segments, especially Compact and Midsize segments, are driving increases in auction retention for used vehicles

For more information, please visit alg.com or contact an ALG expert at industrysolutions@alg.com