



A **TRUE**Car. COMPANY

Quarterly Market Report

Q2 2018

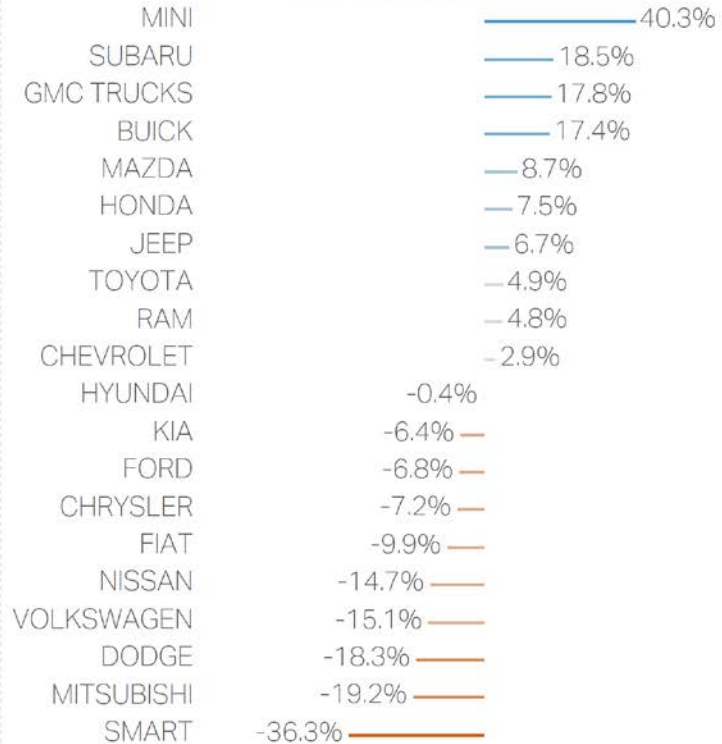
BPS-New

Brand Pricing Score - New measures the inherent value of a brand versus other brands within its competitive sector. BPS - N is based on retail Average Transaction Prices for new vehicles.

Key Insights

- Niche brands, MINI, Subaru, GMC Trucks, and Buick dominate the top four spots in the Mainstream sector with products that appeal to particular buyers
- Dodge occupies a spot near the bottom with an aging lineup and no compact utility vehicles to take advantage of the competitive light-truck market

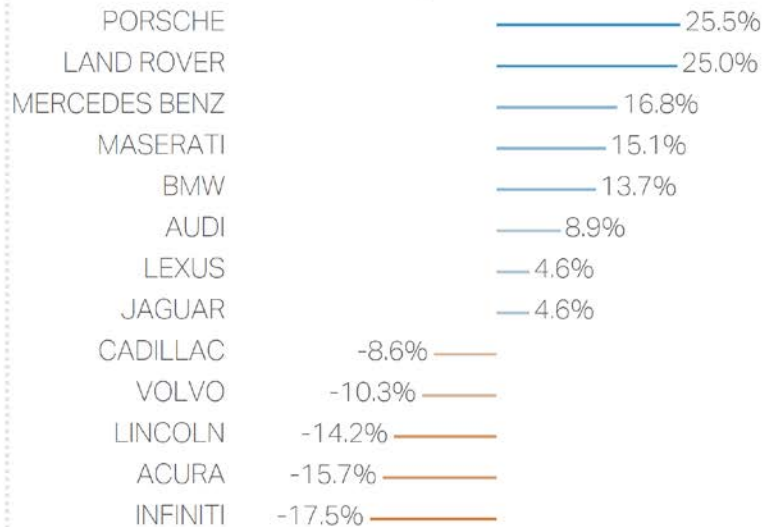
Mainstream Q1 2018



Key Insights

- Porsche's brand power and high average transaction prices positions it atop the Luxury sector
- Cadillac's transaction prices and underperforming portfolio bring it below average within the sector

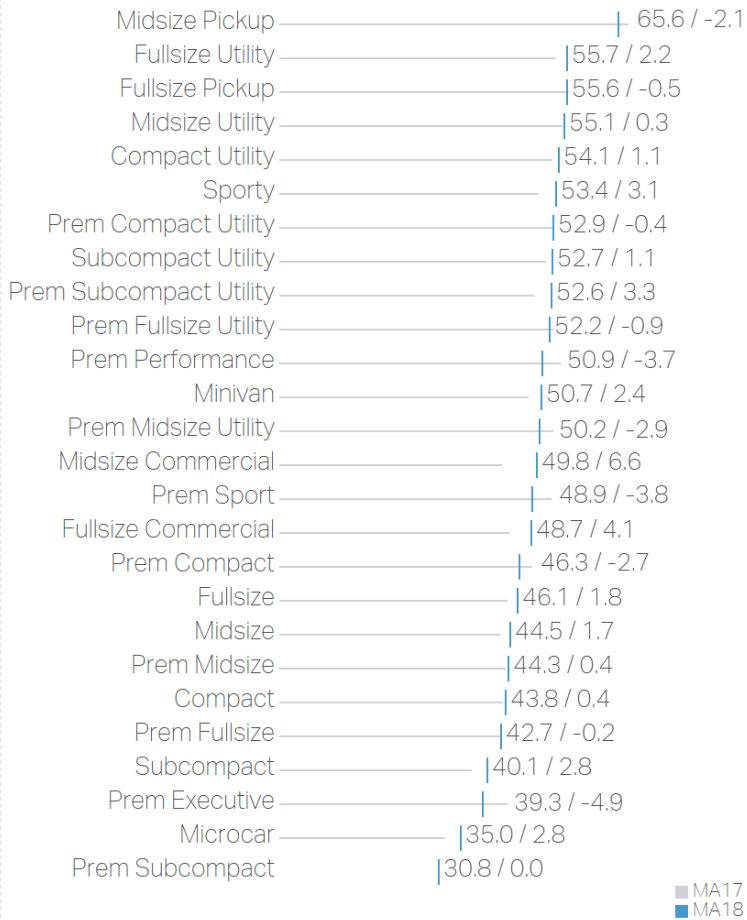
Luxury Q1 2018



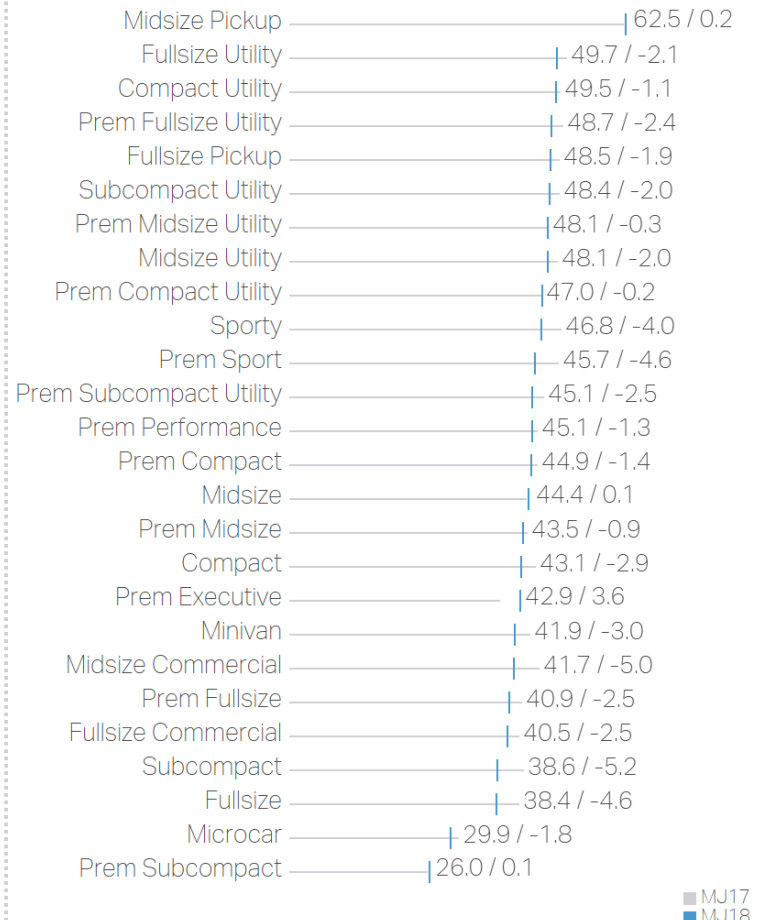
Residual Value & Retention Snapshot

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

3-Year Old Auction Retention



36-Month Forecast



Key Insights

- For this reporting period, retention improved for Mainstream (+1.8ppt) but Luxury fell (-1.5ppt)
- Pickup and Utility segments continue to have high levels of retention as supply continues to fall short of consumer demand
- Further growth in used inventory will put downward pressure on the Utility and Pickup Trucks segments
- Vans including Fullsize Commercial, Midsize Commercial, and Minivans saw significant increases in retention
- Overall industry average rose ~0.4-ppts YoY

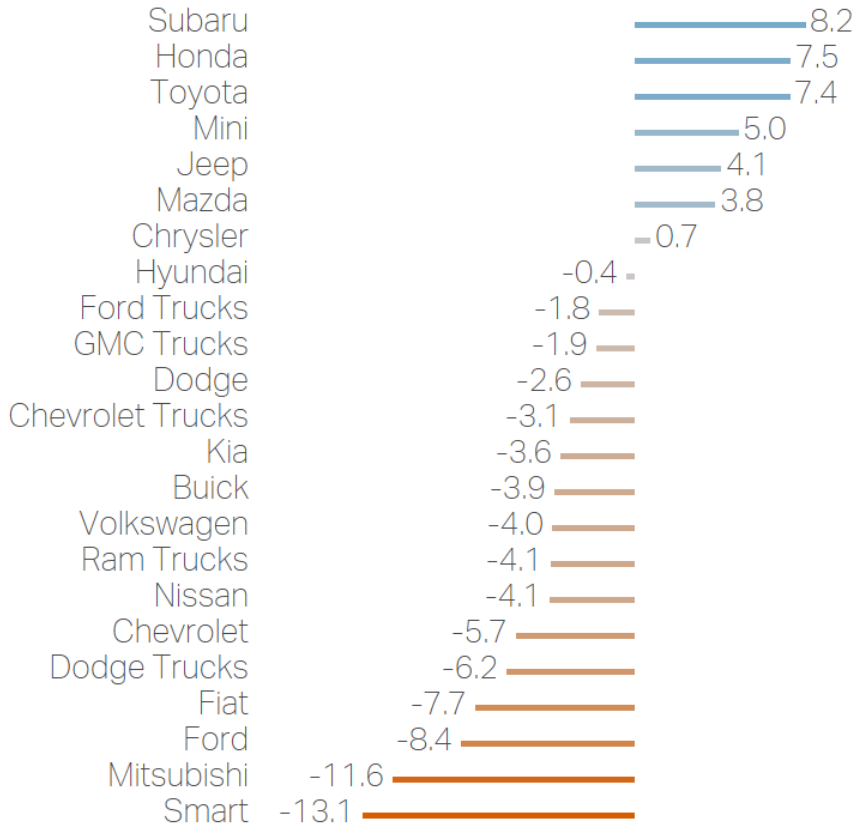
Key Insights

- Top 9 segments are dominated by Pickup Trucks and Mid/Fullsize Utilities resulting from consumer demand and minor forecasted gas price increases
- Used supply, higher interest rates, and market saturation contribute to the negativity affecting forecasted residual values in most segments
- The Premium Executive segment is highly sensitive to product age and lifecycle and sees the highest YoY gains in residual forecast due to product improvements
- The Sporty segment is impacted by consumer demand for Utilities and OEMs developing sport-oriented SUVs to meet those needs
- Overall industry average is forecasted to decline ~2-ppts

Competitive Residual Index

Competitive Residual Index (CRI) measures the relative competitiveness of each brand's residual value only within the context of the segments in which the brand competes.

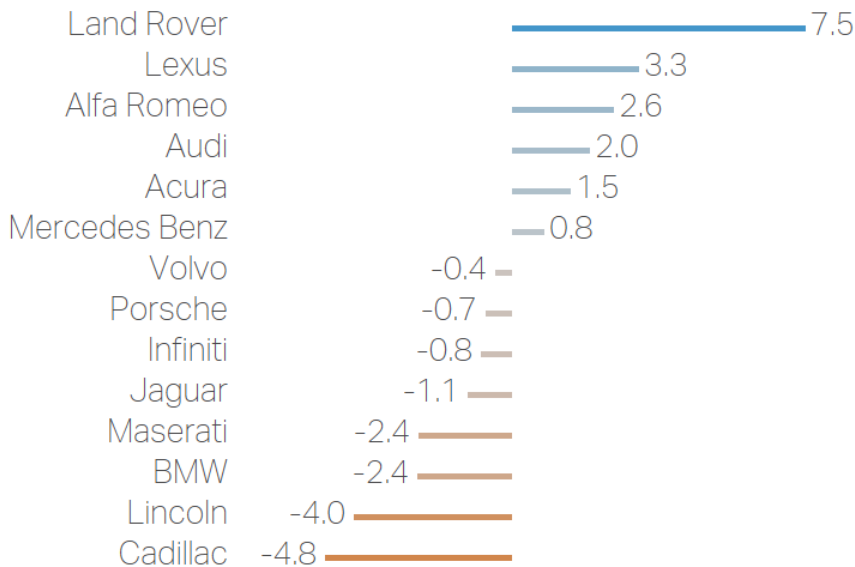
Mainstream MJ18 Edition



Key Insights

- High residuals and sales volume for the redesigned Accord and Camry drive high positioning for Honda and Toyota within the Mainstream Sector
- Jeep's all-new or refreshed lineup of Utility vehicles represents the highest rated domestic brand
- Increased Truck and Utility demand create a high separation between automakers' truck and car lineups. For example, Ford's truck lineup is 6.6-ppts higher than its car lineup

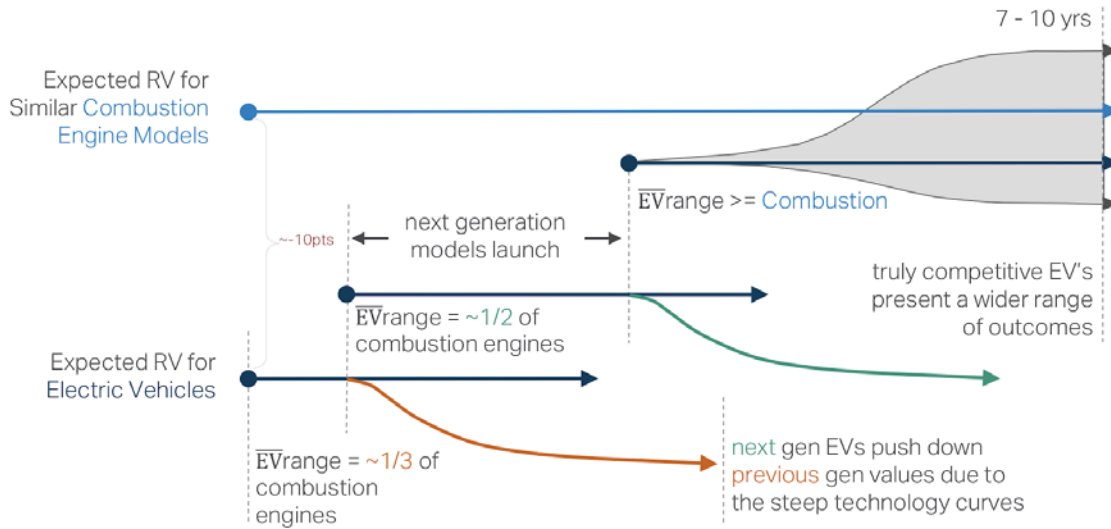
Luxury MJ18 Edition



Key Insights

- Land Rover continues to maintain its lead with an all-Utility lineup and the introduction of the Velar
- Domestic automakers, Lincoln and Cadillac, struggle with aging lineups and car-dominated portfolios
- Alfa Romeo's expanding lineup including the Giulia and Stelvio is competitive in its appropriate segment

Electric Vehicles Forecast



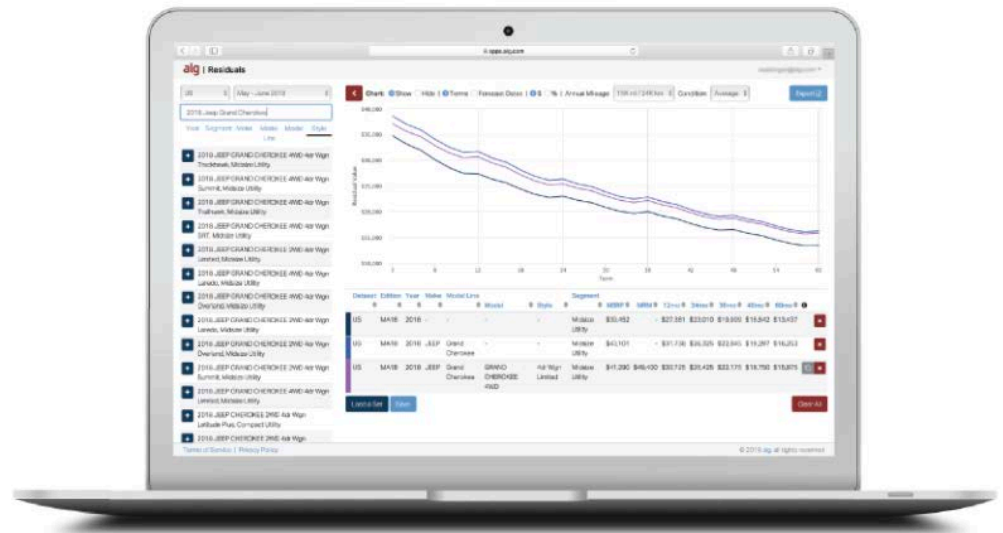
Key Insights

- Electric Vehicles (EVs) are a hot topic lately with concerns that EVs will impact residuals for gas combustion vehicles
- First-gen EVs such as the original LEAF, had ranges of 100 miles or less, hardly competitive with their gas counterparts, which limited appeal to mostly early adopters and EV enthusiasts
- Second-gen models such as the Chevrolet Bolt have ranges between 150-250 miles per charge. These new models create downward pressure on first-generation EV used values and support residual values closer to gas models
- In the future, as EV range becomes equal to or greater than Internal Combustion Engine counterparts, a more competitive landscape will emerge but EVs have an uphill battle as economic factors, pricing, and widespread availability of charging stations has yet to be determined

Introducing the All-New Residuals App

Key Insights

- Interact with values at Year, Segment, Make, Model Line, Model, and Style levels
- Ability to change vehicle options to customize RVs
- Individual monthly terms from 0 to 60
- New search-based interface
- Improved load performance
- Detailed data exports in a single file



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