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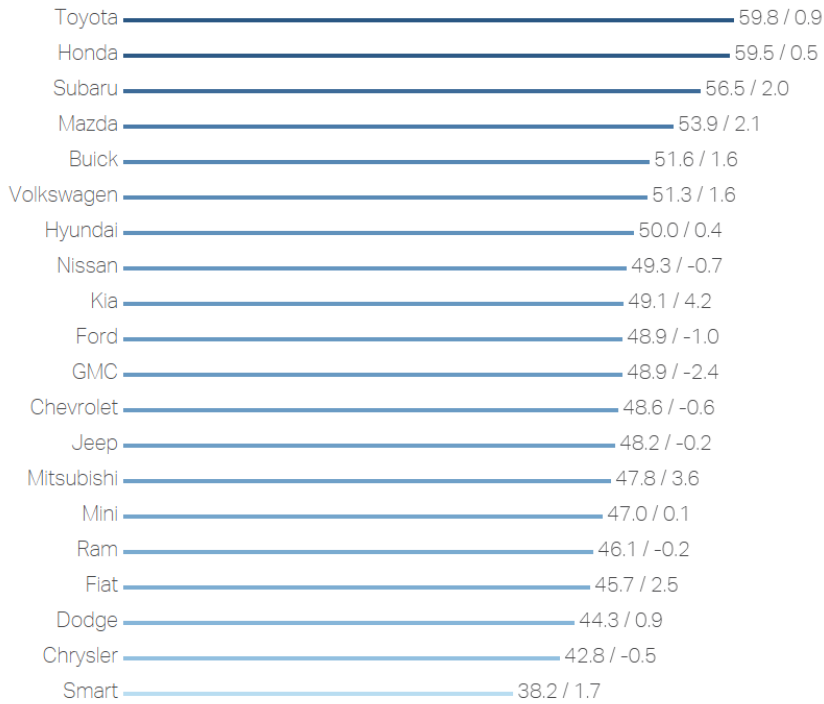
Quarterly Market Report

Q2 2019

Brand Perception of Quality

ALG's Brand Perception of Quality is a proprietary metric derived by surveying recent car purchasers on their thoughts regarding the quality of a given brand. The survey is conducted in waves with an average sample size of over 30,000 respondents. Consumers who have recently purchased a vehicle are asked to rate their opinion/perception of the product quality associated with all automotive brands. To eliminate bias, ALG removes rankings for the brand just purchased, as new buyers may feel the need to defend their purchase.

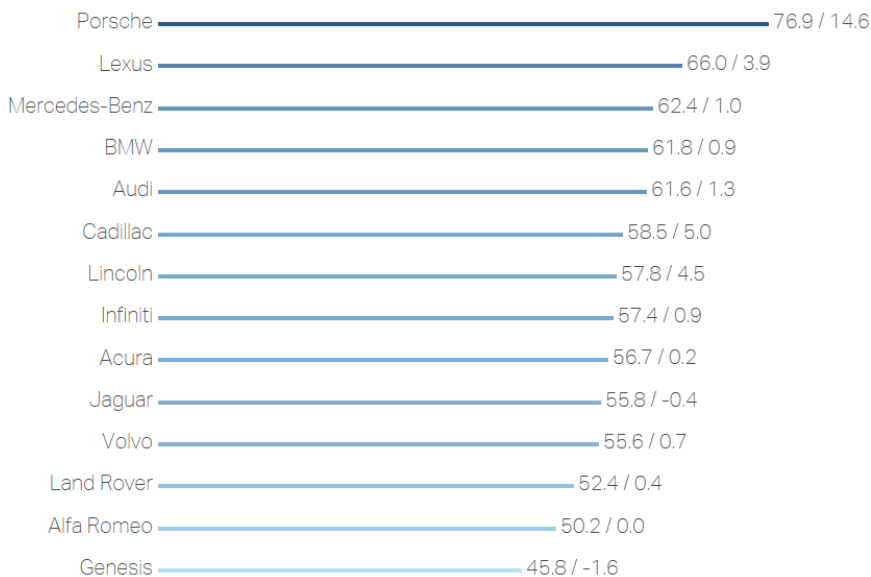
Mainstream Sector 2019 Survey



Key Insights

- Toyota and Honda remain perched at the top of BPQ close together, however other Japanese brands, Subaru and Mazda, have narrowed the gap with strong YoY gains
- Conversely, FCA brands continue to struggle despite YoY gains for Fiat and Dodge, with Fiat, Chrysler, Dodge and Ram ranking only ahead of Smart. The most successful FCA brand, Jeep, saw a small YoY decline
- Kia (+4.2-ppts) and Mitsubishi (+3.6-ppts) buoyed their position with significant YoY gains, behind the redesigned K900 and Forte, and the all-new Eclipse Cross respectively

Luxury Sector 2019 Survey



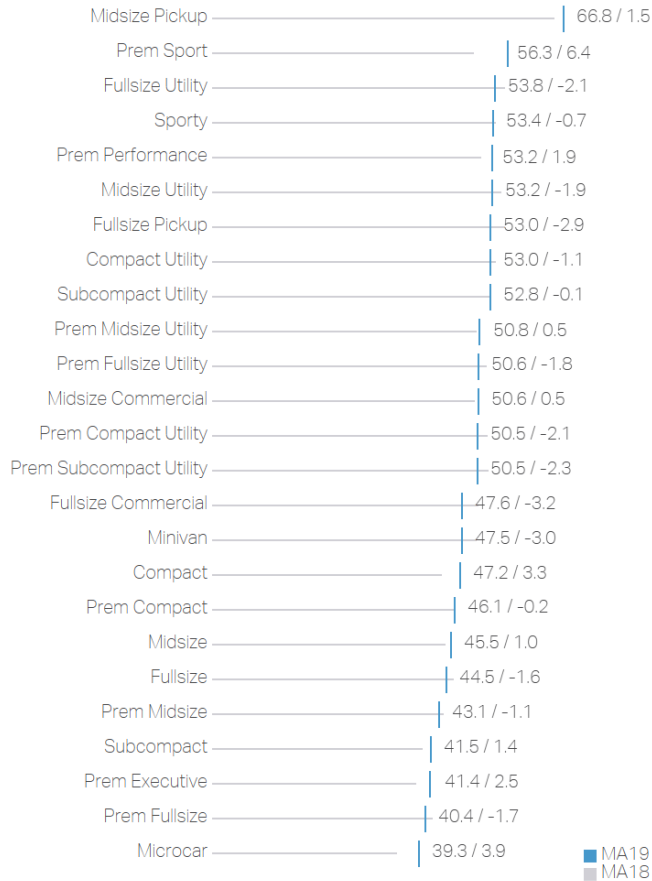
Key Insights

- Porsche, which introduced a redesigned Cayenne for the 2019 model year, solidified its place at the top of the rankings, with a YoY gain of over 14-ppts
- Cadillac (+5.0-ppts), Lincoln (+4.5-ppts) and Lexus (+3.9-ppts) also realized strong YoY gains, launching new products such as the XT4, and UX, and strong redesigns like the Navigator
- As a newer brand, Genesis is still trying to find its footing among consumers, with a YoY decline positioning it at the bottom of the rankings

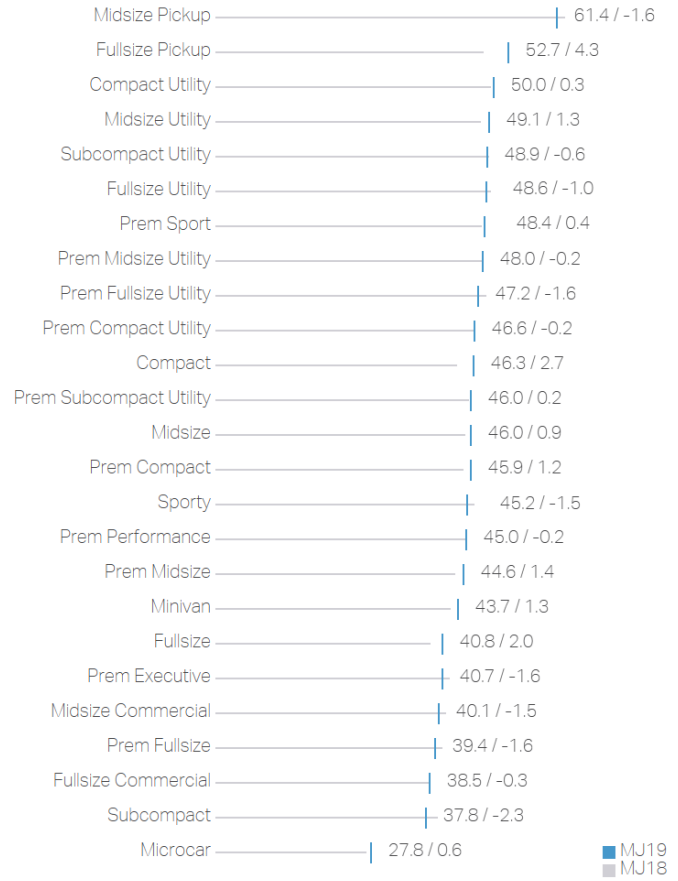
Residual Value & Retention Snapshot

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.

3-Year Old Auction Retention



36-Month Forecast



Key Insights

- For this reporting period, retention stayed essentially flat for the Mainstream sector (-0.04-ppt), and the Luxury sector (-0.12-ppt)
- Overall, the industry average is forecasted to increase ~1.0-ppt year-over-year
- The Premium Sport and Premium Performance segments saw strong gains in retention, driven by successful redesigns returning to auction
- Solidifying its position near the top of the forecast, the Fullsize Pickup segment continued to leverage redesigns from GM and Ram
- Passenger car segments continued to see positivity both in auction retention and in the forecast, as a result of declines in used supply
- Utility vehicles conversely experienced diminished retention at auction, with large increases in used supply across most utility segments

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