A TRUECar COMPANY

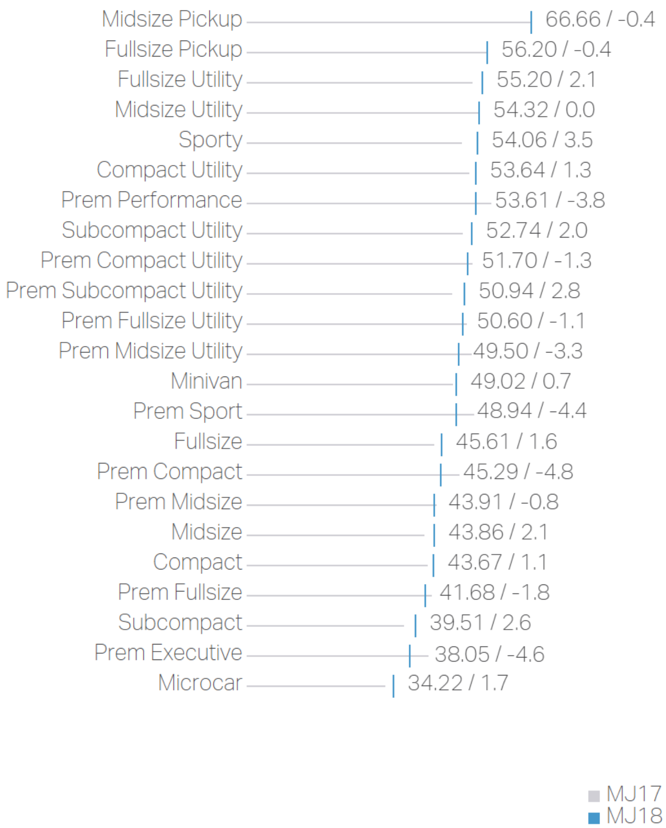
Quarterly Market Report

Q3 2018

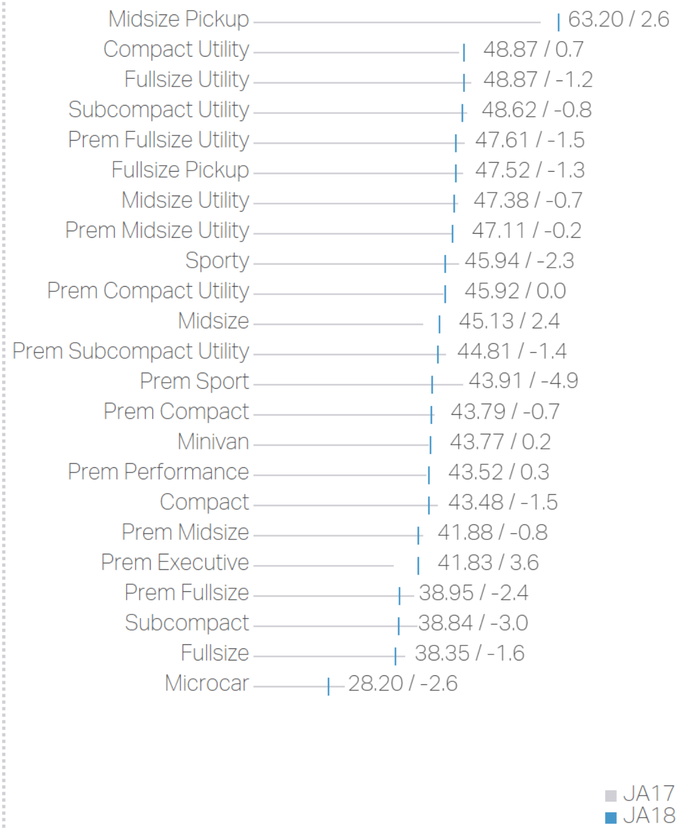
Residual Value & Retention Snapshot

Residual Values are a combination of current auction performance, brand/model strength and forecasted environment. Auction Retention is measured as a percentage of the typically equipped MSRP and is sales weighted.

3-Year Old Auction Retention



36-Month Forecast



Key Insights

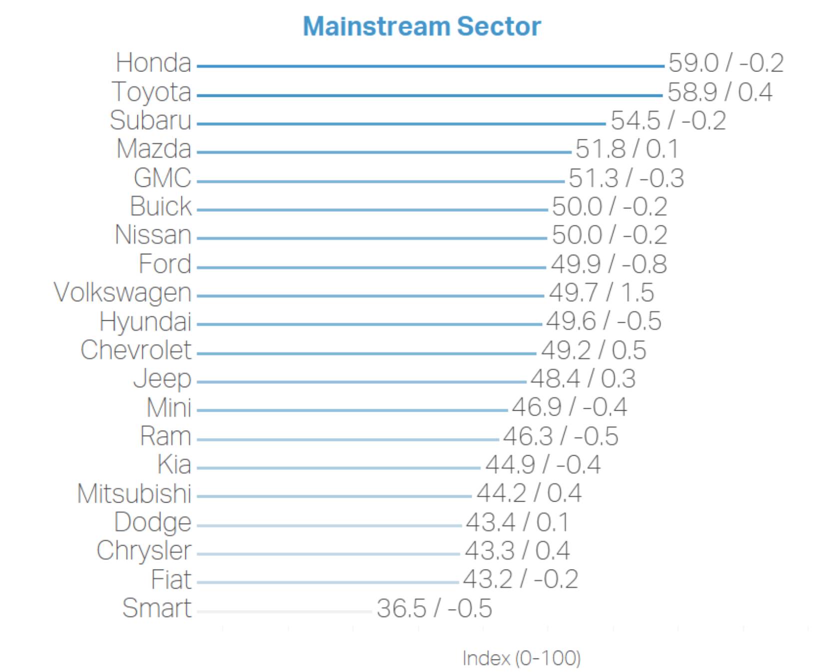
- Lifecycle product actions and shifts in used supply drive volatility in Year-over-Year (YoY) comparisons
- Trucks continue to lead the industry in 3-year retention, with only a modest YoY decline
- The Midsize Pickup auction retention leadership is driven by the dominance of the Toyota Tacoma, a long standing leader in resale values
- The demand for utilities continues as these segments outperformed all car segments with the exception of sporty and premium performance segments
- Weak demand and aggressive incentive spending among Premium passenger car segments are not enough to overcome the positive impact of declining used supply
- Overall industry average rose ~0.2-ppts YoY

Key Insights

- The Midsize segment experiences a YoY increase with product updates for Toyota Camry and Honda Accord, the segment sales leaders
- Used supply, rising incentives and a more cautious economic outlook contribute to the negativity affecting forecasted residual values in most segments
- Shifts in production strategies by automakers for the small passenger car segments (Microcar, Subcompact and Compact) are not enough to overcome declines in consumer demand, leading to YoY declines
- Overall industry average is forecasted to level off approximately ~0.7-ppts over the previous year

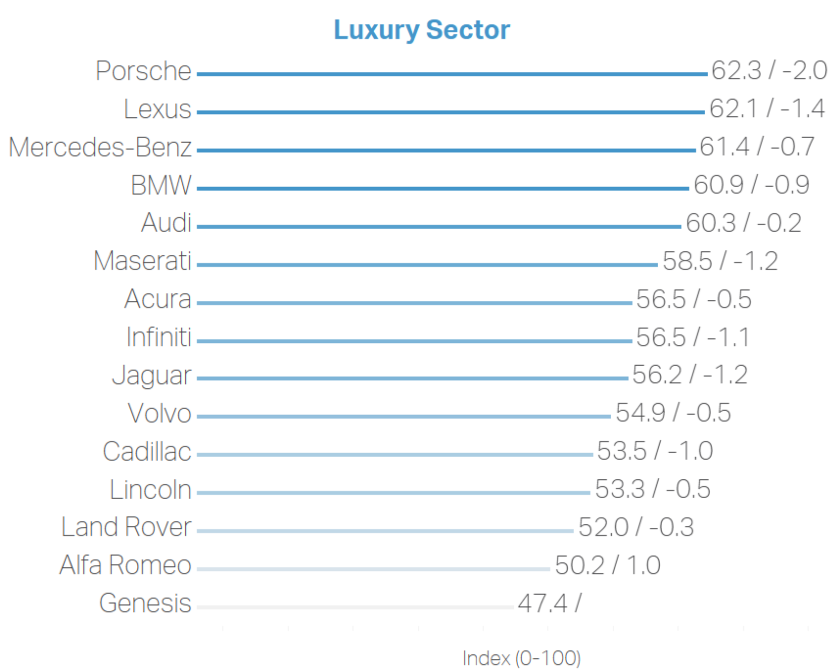
Brand Perception of Quality

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 30,000 respondents.



Key Insights

- Volkswagen saw a 1.5-ppt increase YoY focusing on models that meet current consumer preferences like the Atlas, Alltrack, and all-new redesigned Tiguan
- Japanese OEMs sit atop the sector with longstanding reputations for innovation and reliability
- GMC and Buick represent the domestic OEMs in the upper echelon with niche product lineups and luxury offerings
- Ram sees YoY declines, but with the all-new redesigned Ram 1500 debut, the OEM has an opportunity to regain brand perception



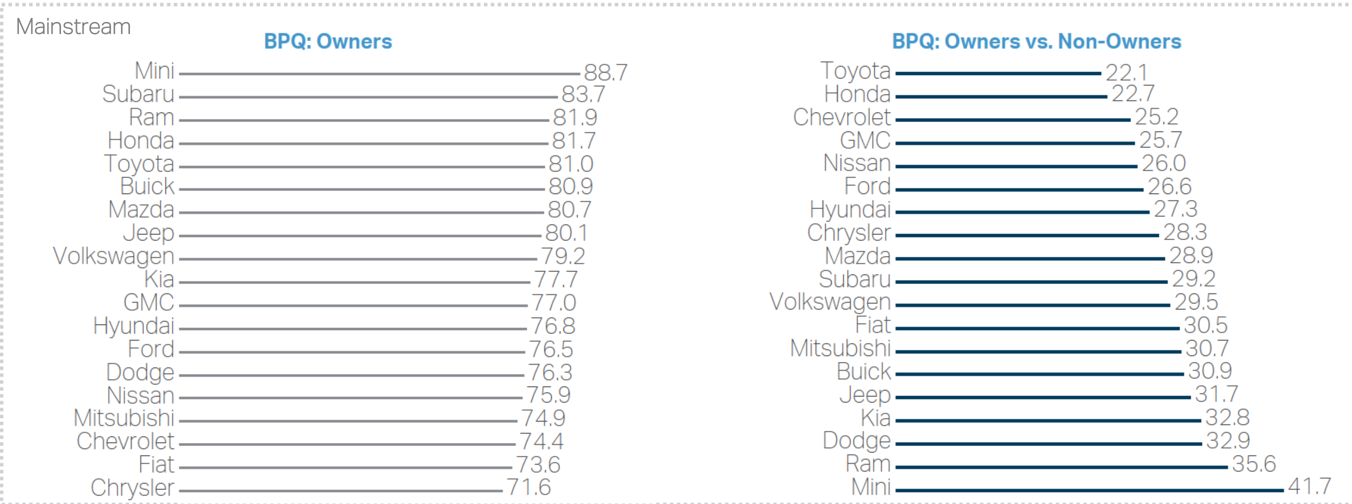
Key Insights

- Genesis' first year in the survey offers plenty of room for improvement as the OEM begins to market itself apart from its parent company, Hyundai
- With the largest YoY increase (1.0-ppt), Alfa Romeo settles into the U.S. market with significant marketing investments and expanding product offering
- Despite Porsche's 2.0-ppt YoY decrease, the brand tops the sector with its legacy of performance innovation and forward-thinking

** Survey results captured during the 2017CY*

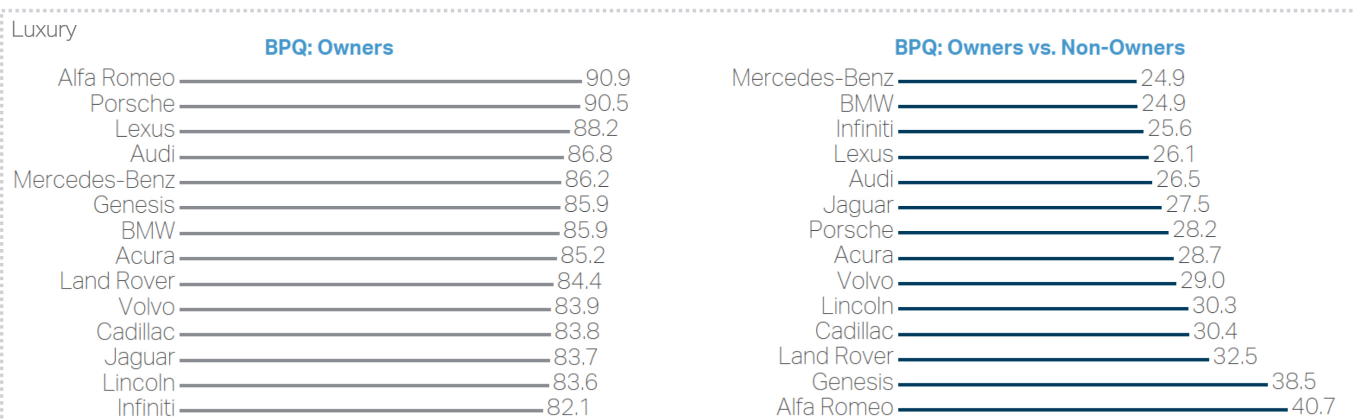
Brand Perception of Quality: Owners vs. Non-Owners

ALG's Brand Perception of Quality compliments actual quality surveys by reporting on consumer opinion about a broader set of brands for which they do not have tangible ownership experience. The Owners vs. Non-Owners metric (below right) displays the difference in responses between these groupings and presents the opportunity to improve the brand's perception for potential buyers.



Key Insights

- With Mini Owners' perception of the brand far outweighing those who drive competitive products, building on the positive ownership experience could break down a stigma of small vehicles lacking build quality
- Similarly, Ram sits atop Owners' perception, however truck loyalty from Non-Owners presents the OEM with a challenge of convincing buyers to cross-shop their vehicles



Key Insights

- Genesis realizes success with those that purchase their vehicles, but the brand faces challenges in breaking away from their mainstream history wearing a Hyundai badge. Marketing and awareness will help to improve but come with the challenge of sharing dealer lots with Hyundai vehicles
- Despite success with Owners, Alfa Romeo must restore the brand perception of the wider market after a 2 decade absence from selling vehicles in the U.S.