



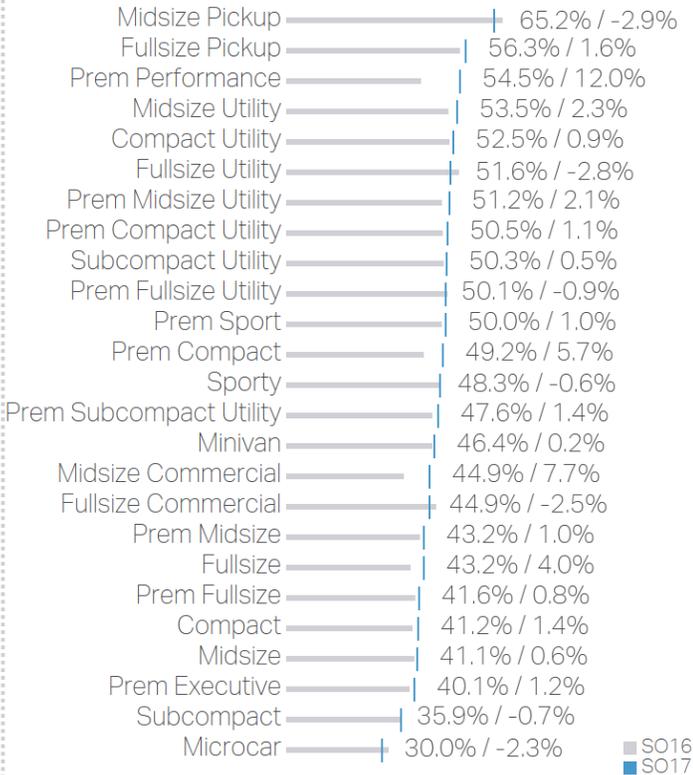
A TRUECar. COMPANY

Quarterly Market Report

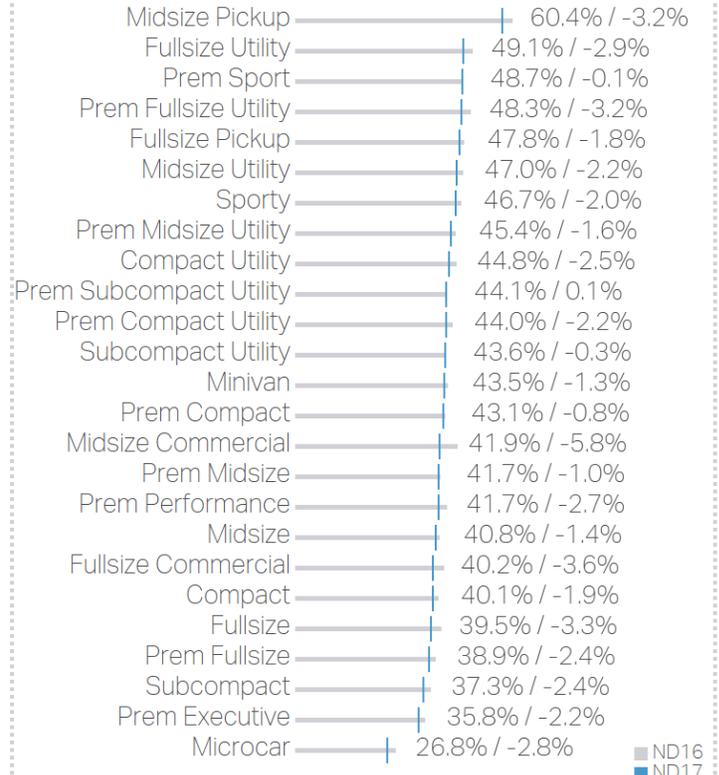
Q4 2017

Residual Value & Retention Snapshot

3-Year Old Auction Retention



36-Month Forecast



Key Insights

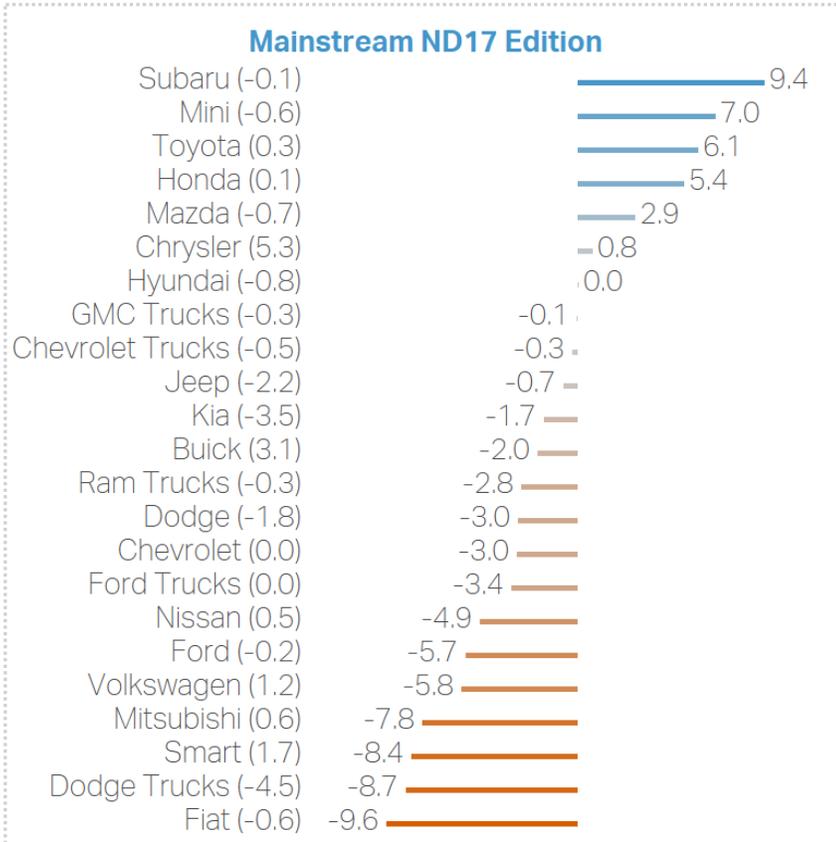
- For this reporting period, retention improved in both the Luxury (+1.1ppt) and Mainstream (+1.8ppt) sectors
- Pickup/Utility segments continue high levels of retention
- Strong returns of the Porsche 911 and Mercedes-Benz SL along with the redesigned 2014MY Corvette contribute to year over year growth in the Premium Performance segment
- Premium Compact saw a significant increase in retention as a result of the Mercedes-Benz CLA and BMW 2 Series entering the used market as 3-year old vehicles for the first time

Key Insights

- Top 5 segments are dominated by Mid/Fullsize Utility and Pickup Truck segments resulting from sustained demand along with modest increases in gas price forecast
- Expected seasonal shifts in pricing going into the November/December selling period is the single biggest driver of edition over edition declines

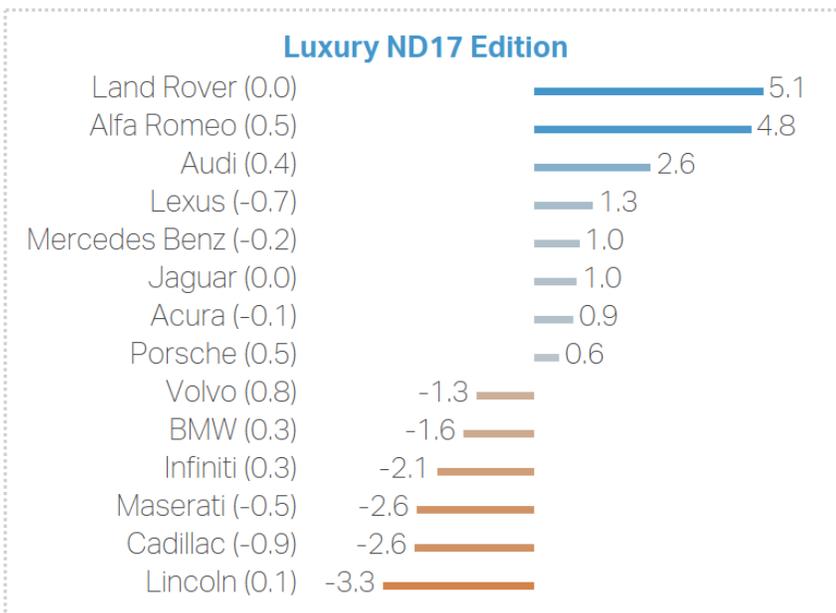
Competitive Residual Index

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.



Key Insights

- Subaru retains the top spot in the Mainstream Sector, supported by the Impreza and all new Crosstrek
- Chrysler shows the strongest YoY improvement with sales of the new Pacifica gaining momentum and the 200 sedan being discontinued
- Dodge Trucks falls 4.5 ppts as auction values weaken for the brand amid an aging lineup of utility vehicles
- Volkswagen shows modest gains as the brand recovers from the diesel emission scandal



Key Insights

- In the Luxury Sector, the gap between the top and bottom performers is less than half of the gap among Mainstream brands, conveying the competitiveness amongst premium vehicles
- Additionally, YoY shifts are considerably modest despite new product launches
- Volvo posted the strongest gains as it continues to cascade the brand’s new redesign language into other products such as the V90, S90 and XC60

* Values appearing next to manufacturer represent Edition over Edition change from SO17 to ND17

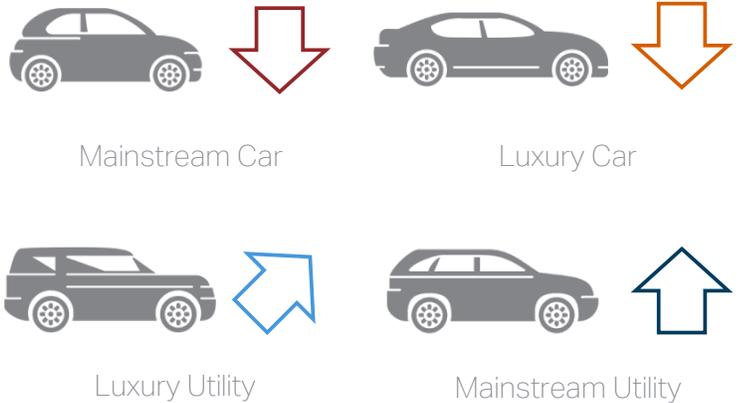
Lease Portfolio Outlook 2018

ALG conducted a survey approximately 70 clients to gauge lease portfolio expectations for the 2018 calendar year.

Key Takeaways

- Overall, clients expect moderate growth industry-wide
- Utilities in both mainstream and luxury sectors will continue to increase their percent composition of client portfolios
- Passenger cars in the mainstream and luxury sectors are expected to continue to comprise a smaller share of client lease books

Super Segment Snapshot



Glossary of Terms

