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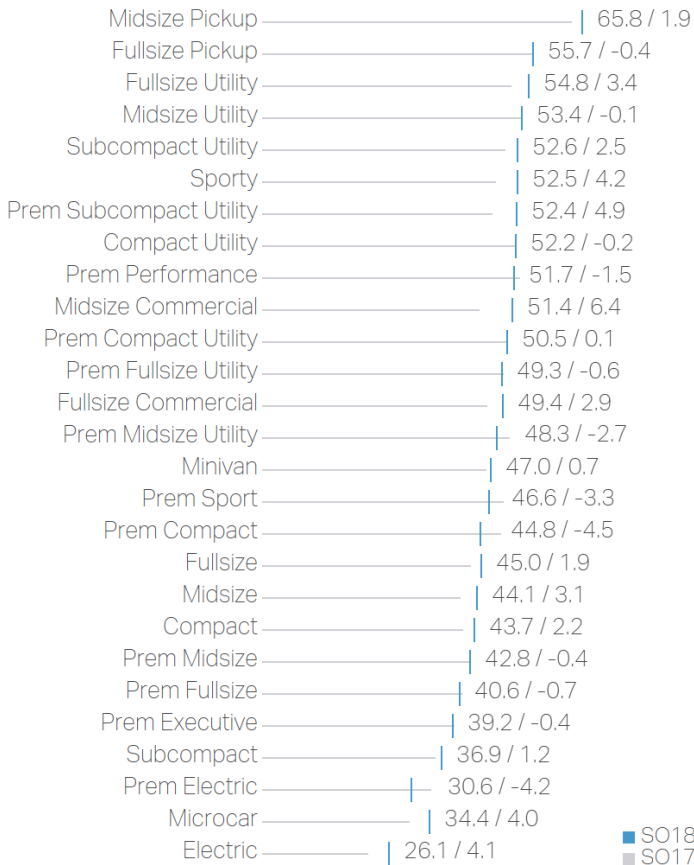
Quarterly Market Report

Q4 2018

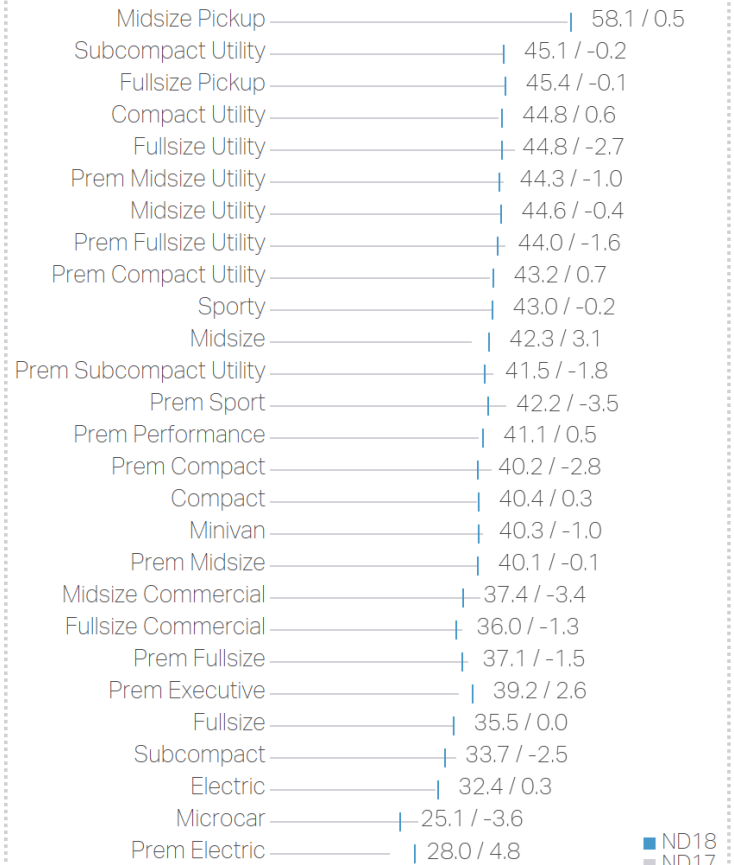
Residual Value & Retention Snapshot

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



Labels indicate current percent values compared to year-over-year percent change

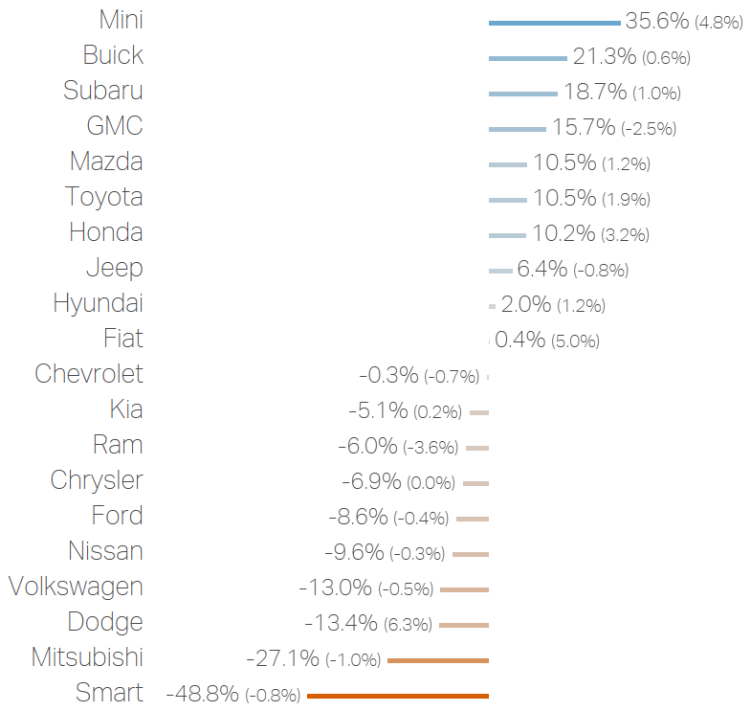
Key Insights

- Forecasts for the majority of utility segments in the Mainstream and Luxury sectors declined or remained relatively neutral year-over-year as organic demand was largely met
- With resilient demand relative to growing supply in the Midsize Pickup segment, ALG still expects new entrants to take advantage of the historically strong retention
- Mainstream passenger car segments saw year-over-year growth and began to level off in the 36-month forecast
- Premium Subcompact Utility led the Premium Sector in retention, however with additional entries and increased used supply for the segment, ALG expects it to fall below larger utilities
- Overall industry average for retention rose ~1.3-ppts over the previous year and the forecast increased ~0.3-ppts

Brand Pricing Score – New Vehicles

Brand Pricing Score (BPS) measures the inherent value of a brand versus other brands within its competitive sector and super segment by analyzing average transaction prices for new vehicles and holding measurable factors constant.

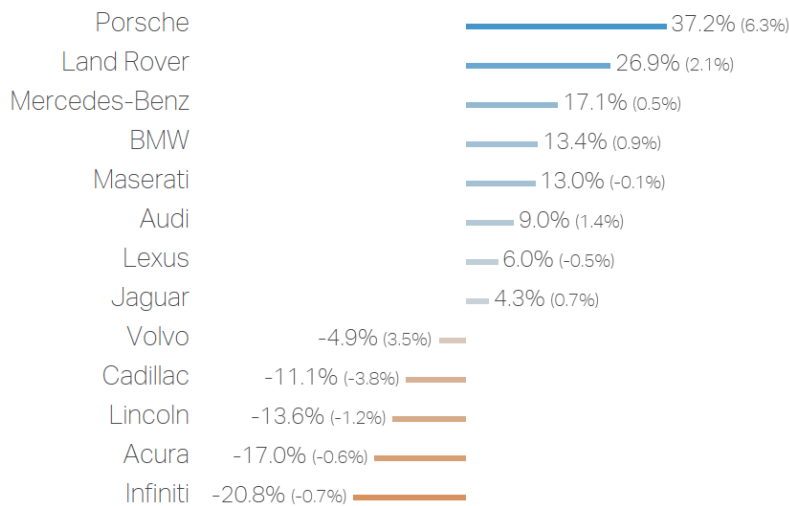
Mainstream Q3 2018



Key Insights

- Buick captured some positivity from Q2 to Q3 as the brand introduced fresh design language into all-new and refreshed vehicles
- The sell down of the outgoing pickup trucks has hit scores going into Q3. Look for Ram and GMC to show recovery as the all-new Sierra and Ram 1500 make up a larger share of the brands' sales volume
- Hyundai's recent product achievements with the all-new Kona and redesigned Santa Fe boost BPS as the brand inches closer to its Japanese competitors

Luxury Q3 2018



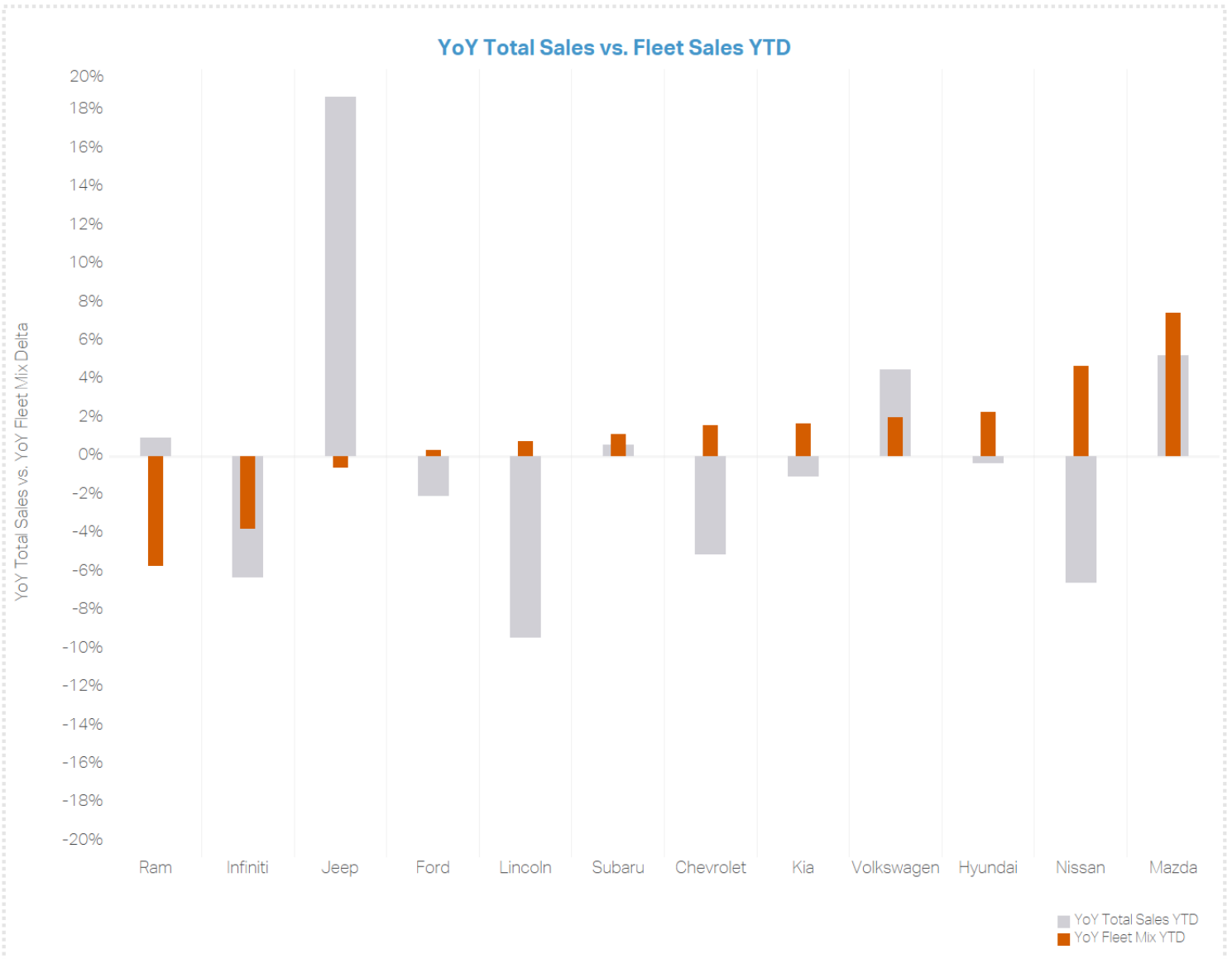
Key Insights

- Jaguar, Porsche, and Volvo all increased with successful shifts to product lineups appealing consumer preferences for utilities
- Porsche continued to lead the sector, largely due to high transaction prices from the automaker's passenger vehicles
- Volvo climbed the ladder as its evolutionary design cues resonate with consumers in the luxury sector

Values in parenthesis equal difference from previous quarter

Vehicle Total Sales vs. Fleet Sales YTD

ALG presents a year-over-year view of changes in total sales and fleet mix in order to visualize OEM sales strategies for 2018 versus 2017 through October. Grey bars indicate percentage movements for total sales including both retail and fleet, while the orange represents the year-over-year fleet mix. Fleet includes commercial, government, and rental.



Fleet mix values extrapolated for September and October 2018

Key Insights

- As overall sales decrease for OEMs like Nissan, Kia, and Chevrolet, fleet sales inflate to meet volume targets
- Despite increasing overall sales by ~5% from 2017 to 2018, Mazda has pushed over 7% of their mix to fleet
- Infiniti's overall sales trend downward, however a significant portion of the decrease is due to a reduction in fleet sales
- Jeep's successful, longtime utility only strategy has allowed for substantial increases in sales year-over-year with the majority going into the retail channel