

J.D. POWER

COVID-19: J.D. Power Auto Industry Impact Report

APRIL 29, 2020

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Agenda

1. Retail Sales Impact Through April 26

2. Used Market

3. Sales Outlook

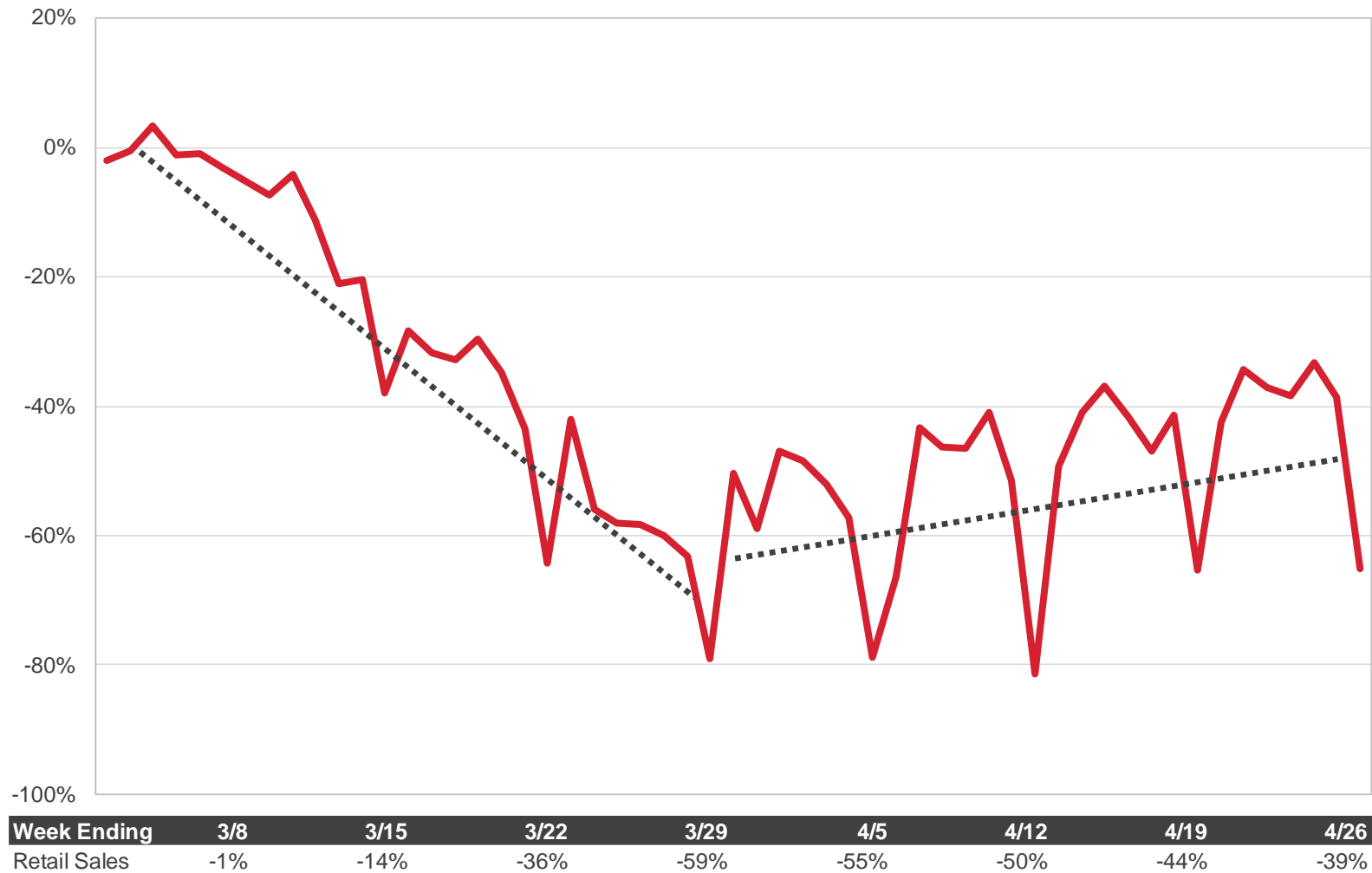
4. Q&A

Appendix

1. Retail Sales Impact Through April 26

IMPACT: Retail Sales Recovery Continues

Retail Sales: Actual over/(under) Pre-Virus Forecast



INSIGHT

April Month-to-Date

Retail sales through April 26 are 465,000 units, a decline vs. pre-virus forecast of 46% or 392,000 units.

Weekly Change vs. Forecast

- March 8: -1% or 1,000 units
- March 15: -14% or 35,000 units
- March 22: -36% or 95,000 units
- March 29: -59% or 189,000 units
- April 5: -55% or 142,000 units
- April 12: -50% or 107,000 units
- April 19: -44% or 110,000 units
- April 26: -39% or 103,000 units

Total Units Lost

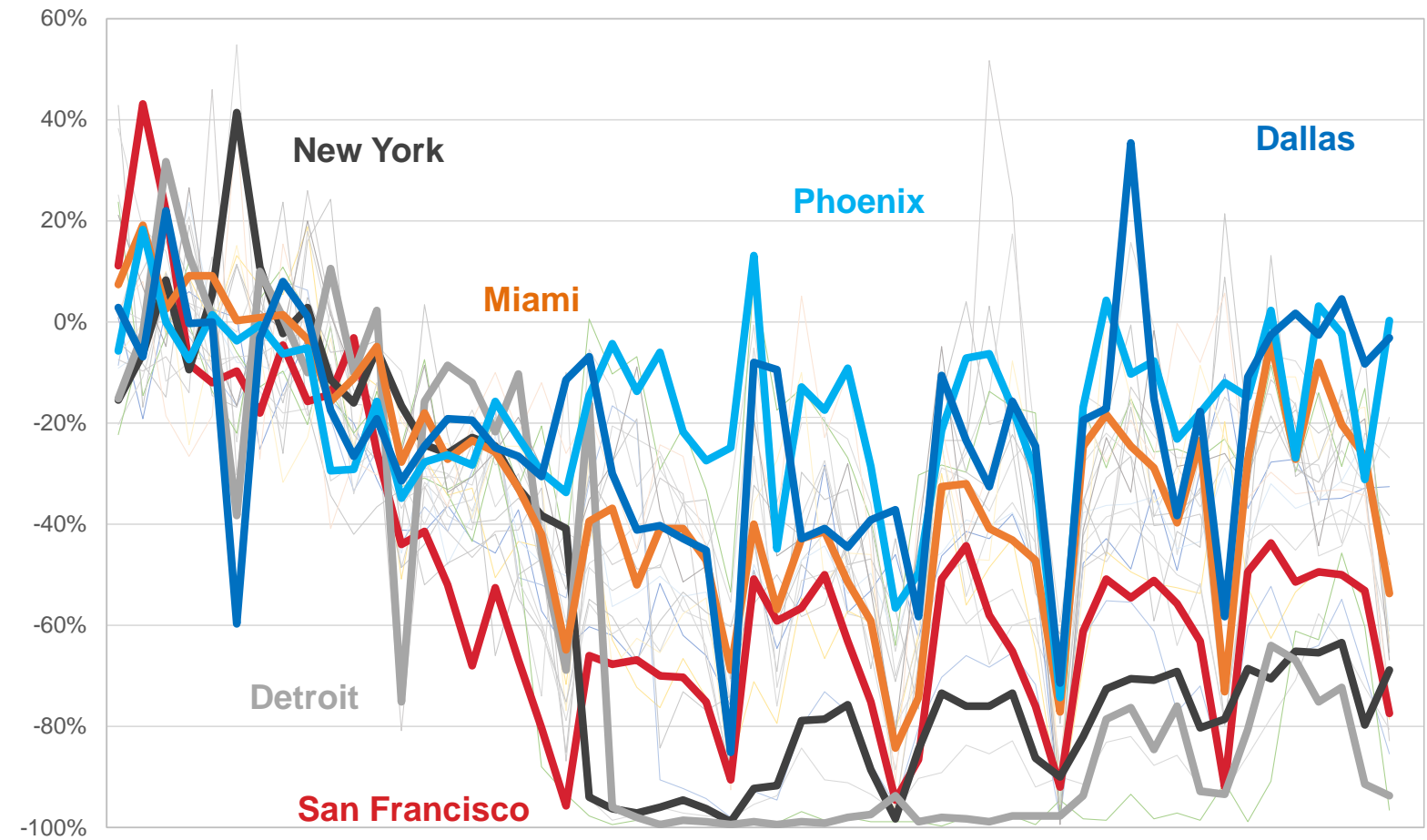
- March 2 – April 26: 782,000 units

KEY TAKEAWAY

The week ending April 26 marks four straight weeks of improving conditions. U.S. retail sales are now in recovery.

IMPACT: Sales Recovering Across Major Markets

Retail Sales: Actual over/(under) Pre-Virus Forecast



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26
Dallas	2%	-13%	-26%	-38%	-28%	-28%	-18%	-5%
Phoenix	0%	-18%	-27%	-18%	-28%	-25%	-8%	-13%
Miami	8%	-8%	-36%	-47%	-55%	-47%	-35%	-25%
San Francisco	-1%	-21%	-71%	-74%	-67%	-68%	-67%	-55%
New York	0%	-5%	-30%	-96%	-89%	-79%	-75%	-71%
Detroit	10%	1%	-19%	-86%	-99%	-98%	-84%	-75%

INSIGHT

Dallas, Phoenix
Pickup sales continue to drive two of the most resilient markets in the country.

Miami
Rapid recovery after very quick sales dip in one of strongest luxury markets in country.

San Francisco
California removed the remote sales only restriction.

New York, Detroit
Sales continue to improve as dealers shift to online sales in heavy lease market.

KEY TAKEAWAY

While several markets remain depressed, all major markets are showing recovery.

IMPACT: Regional Retail Sales

	Apr-20			Δ Y/Y	Week Ending			Δ W/W
	Apr-19	Mar-20	MTD		2019-04-28	2020-04-19	2020-04-26	
National	1,055.1	725.5	465.3	-47%	282.2	138.5	160.2	+16%
Pre-Virus Forecast	1,055.1	1,115.4	857.5	-2%	282.2	248.1	263.1	+6%
New York	80.8	44.0	15.3	-76%	21.5	4.6	6.0	+31%
Los Angeles	67.9	44.3	26.7	-55%	18.4	8.0	9.1	+14%
Chicago	30.8	19.4	14.7	-43%	7.7	4.5	4.8	+7%
Dallas	28.5	23.9	18.9	-22%	7.4	5.6	6.5	+17%
Philadelphia	29.7	14.5	3.9	-83%	7.6	0.8	2.1	+147%
Detroit	26.7	16.9	2.9	-86%	7.4	1.0	1.8	+79%
Boston	25.2	15.4	9.0	-57%	6.9	2.6	3.0	+16%
San Francisco	25.2	12.8	7.5	-66%	7.0	2.3	2.7	+16%
Houston	23.2	19.7	15.4	-22%	5.8	4.7	4.8	+2%
Miami	23.6	18.4	11.8	-41%	6.6	3.7	4.2	+14%
Washington, DC	22.6	15.2	10.6	-44%	6.5	3.1	3.6	+13%
Atlanta	20.2	15.4	10.6	-38%	5.4	3.4	3.5	+2%
Tampa	18.8	16.2	11.6	-26%	5.1	3.5	3.7	+7%
Phoenix	17.9	15.3	12.4	-20%	4.8	3.8	3.9	+3%
Orlando	17.3	13.5	9.7	-34%	4.7	2.8	3.1	+8%
Cleveland	15.9	11.8	8.9	-30%	4.3	2.6	3.3	+26%
Seattle	14.7	8.4	3.5	-73%	4.0	1.0	1.2	+21%
Minneapolis	14.7	11.2	7.6	-36%	4.2	2.3	2.8	+20%
Denver	12.9	8.5	6.5	-40%	3.4	1.8	2.3	+27%
Pittsburgh	11.5	5.5	1.0	-89%	3.1	0.1	0.9	+1363%
Sacramento	11.0	6.8	5.8	-39%	2.9	1.6	1.9	+17%
San Diego	11.4	7.2	4.4	-54%	3.2	1.2	1.7	+37%
West Palm Beach	10.2	8.1	5.6	-34%	2.9	1.6	2.0	+24%
Raleigh	10.3	8.0	6.0	-30%	3.0	1.9	1.7	-8%
Charlotte	10.0	8.0	5.6	-33%	2.7	1.7	1.8	+11%

INSIGHT

April Month-to-Date

While declines are severe, the majority of markets are outperforming the expected 80% decline in sales based on stay-home guidance, with 12 out of 25 top markets down less than 40%.

Week Ending April 26

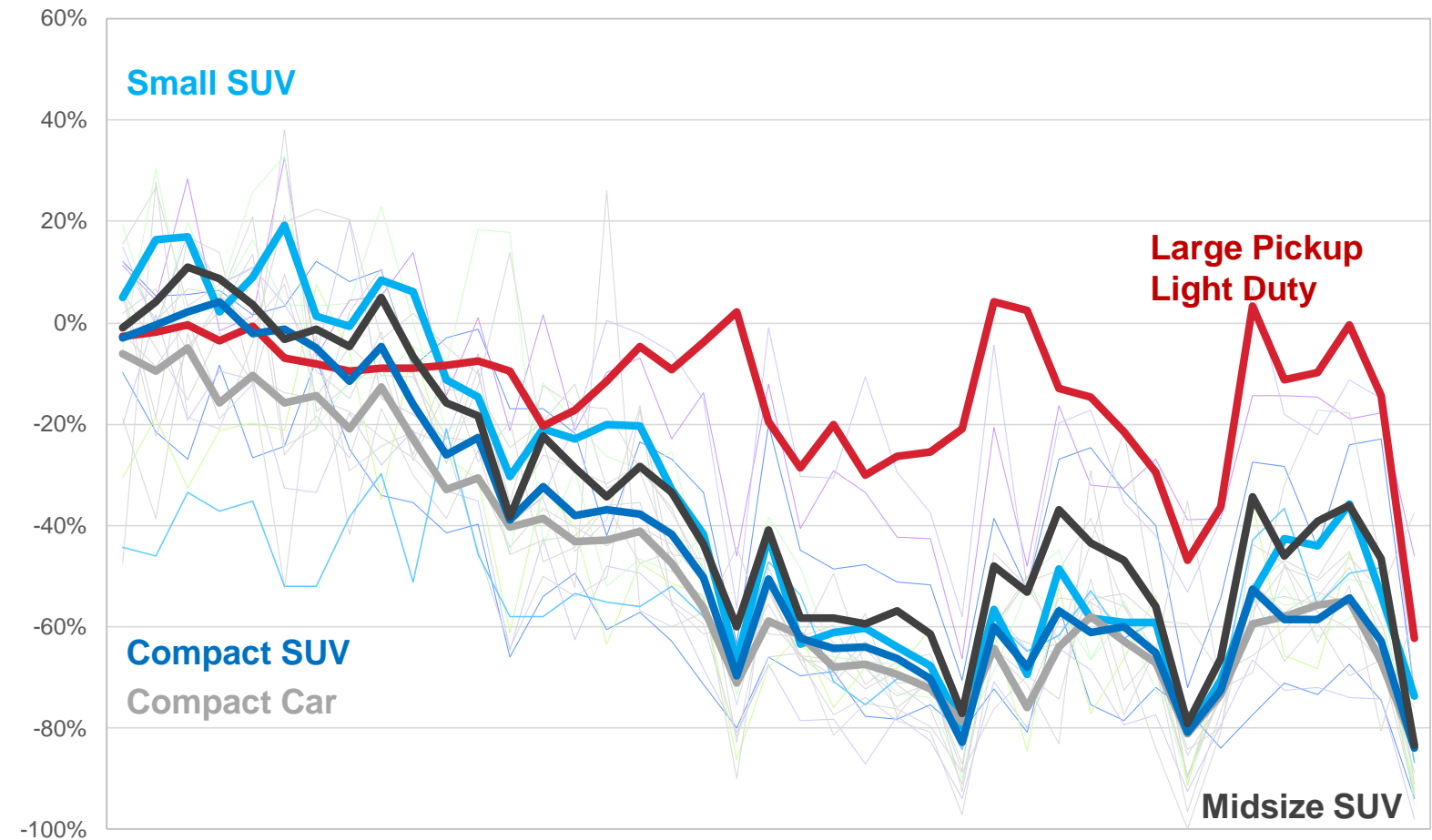
Nearly all markets are exhibiting growth (off of depressed volumes in prior weeks) as dealers adapt and/or selling regulations are clarified.

KEY TAKEAWAY

Volume grew in all top 25 markets last week, except Raleigh.

IMPACT: Sales Recovering Across Most Major Segments

Retail Sales: Actual over/(under) Pre-Virus Forecast



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26
Large Pickup	-2%	-9%	-10%	-25%	-9%	-12%	-10%	-9%
Small SUV	10%	-5%	-31%	-62%	-62%	-51%	-40%	-32%
Midsize SUV	5%	-11%	-35%	-58%	-51%	-46%	-38%	-35%
Compact SUV	0%	-17%	-43%	-65%	-64%	-61%	-55%	-48%
Compact Car	-11%	-25%	-48%	-68%	-69%	-63%	-58%	-53%

INSIGHT

Top Segments

The top 5 segments (60% of 2019’s retail sales) are down 37% for the week ending April 26, a 10ppt improvement from last week.

Large Pickup Light-Duty

Large Pickup remains the best performing segment, but sales have declined slightly for two straight weeks.

SUVs

All three major SUV segments have improved for three straight weeks, with the week ending April 26 showing another 5-8ppt increase for each segment.

Compact Car

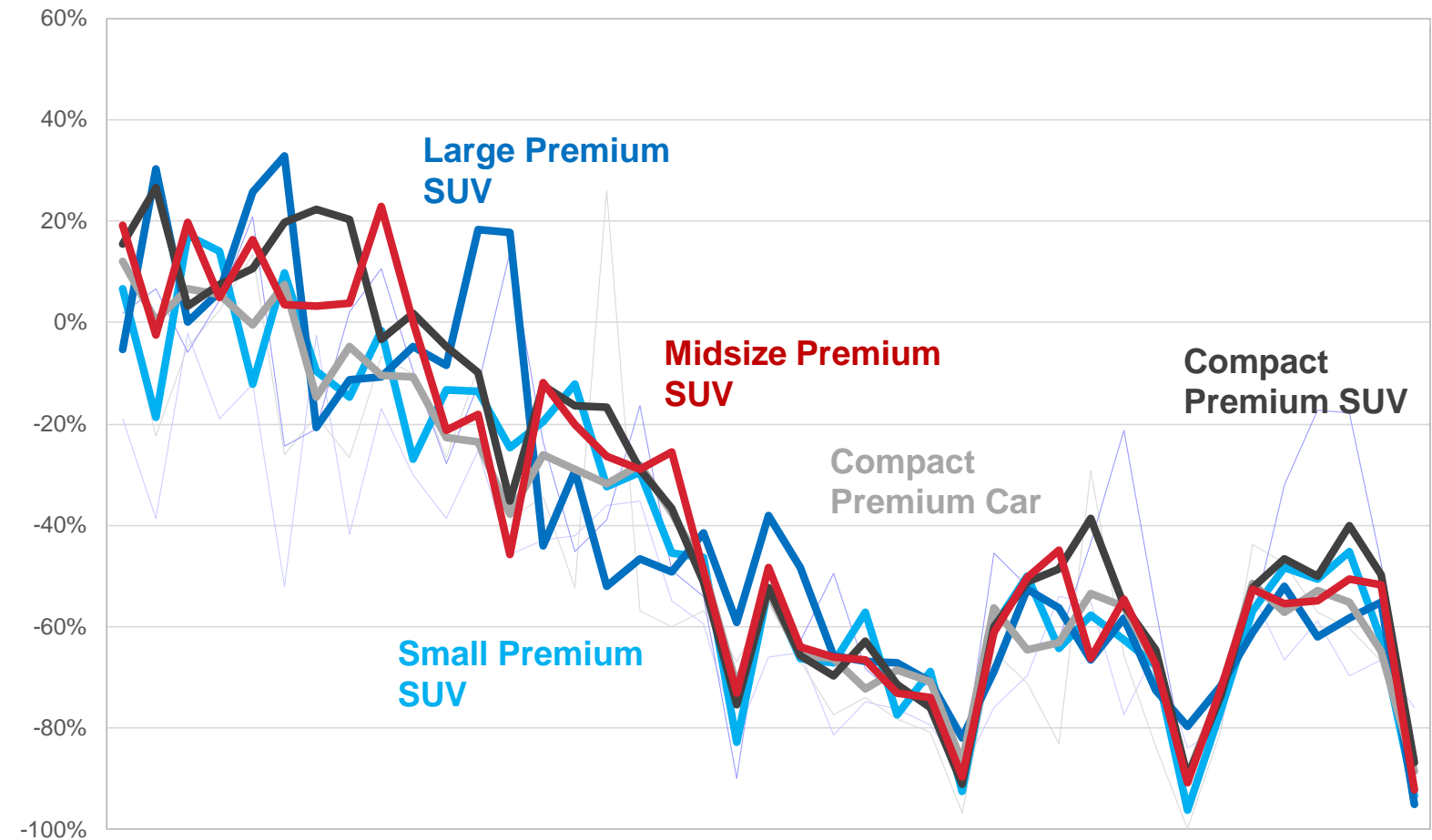
Remains among the hardest hit segments.

KEY TAKEAWAY

Recovery is gaining steam among SUV segments. Large Pickup has declined slightly.

IMPACT: Premium Sales Improving Across Major Segments

Retail Sales: Actual over/(under) Pre-Virus Forecast



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26
Compact SUV	12%	-1%	-35%	-71%	-57%	-52%	-48%	-42%
Small SUV	-1%	-15%	-37%	-70%	-62%	-59%	-50%	-43%
Midsize SUV	11%	-8%	-33%	-70%	-60%	-56%	-50%	-48%
Large SUV	14%	-4%	-44%	-64%	-62%	-60%	-57%	-49%
Compact Car	4%	-18%	-38%	-69%	-63%	-61%	-57%	-54%

INSIGHT

Top Segments

These 5 premium segments (86% of premium sales in 2019) have all improved for third consecutive week however are still 48% lower than expected.

Premium sales remain lower than industry overall, but have lower variability in results than mainstream segments.

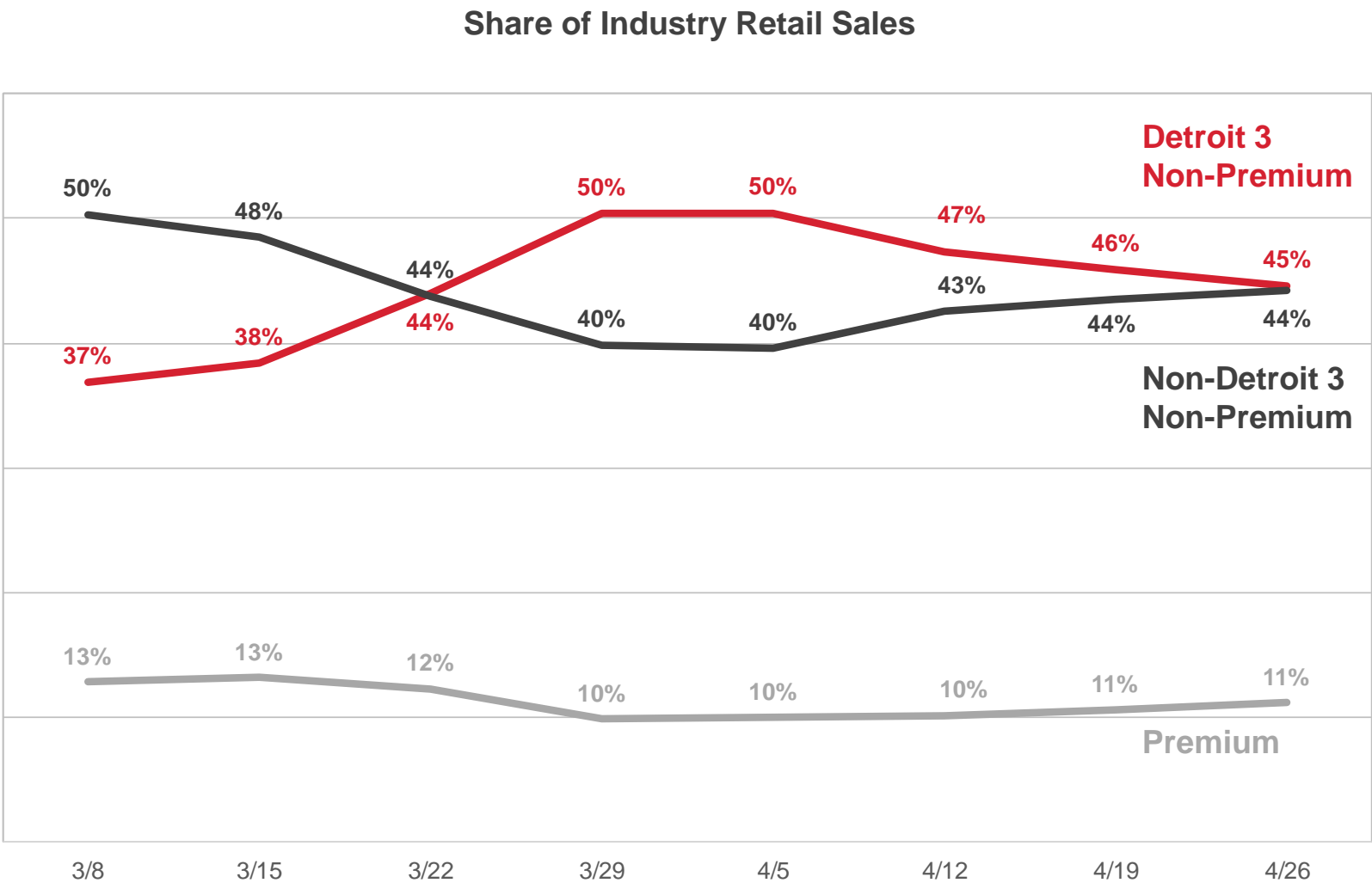
Impact of Extending Leases

Many premium lessees extended their leases at end of March. Automatic extensions offered by many premium brands may keep customers out of showrooms longer, further building demand.

KEY TAKEAWAY

Premium segments have been steadily improving but are still lagging non-premium.

IMPACT: Non-Detroit 3 Regaining Market Share



INSIGHT

GM, Ford, and FCA retail market share declined slightly in week ending April 26, but remained elevated vs. pre-virus levels.

The decline in Detroit 3 share was due to gains by other non-premium brands, several of whom have launched additional incentive programs.

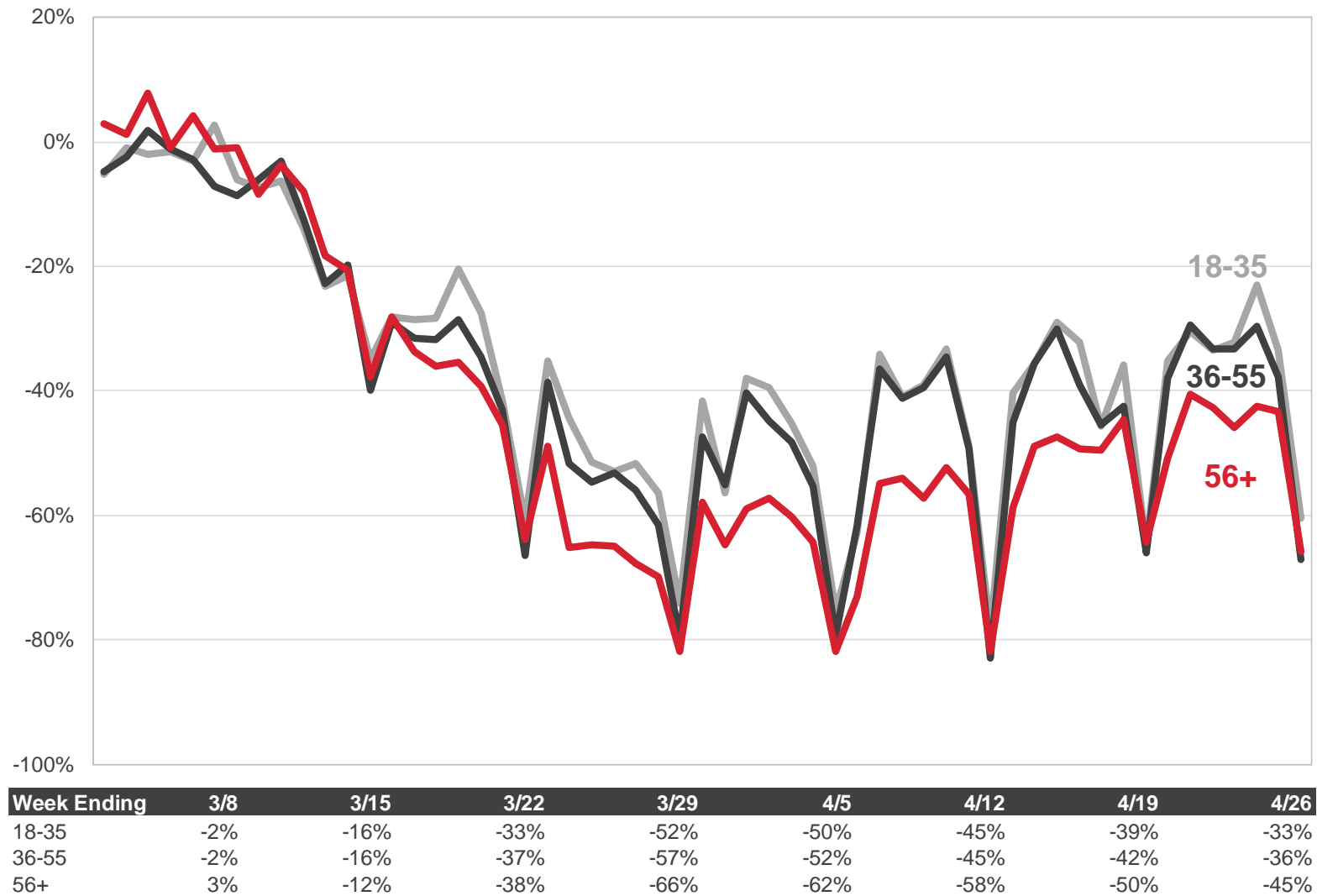
Premium market share remains depressed, in part due to their heavier reliance on lease customers who are extending their leases.

KEY TAKEAWAY

Non-Detroit 3 have improved offers on several models and are starting to regain share.

IMPACT: Declines Most Severe For Buyers Over 55

Retail Sales: Actual over/(under) Pre-Virus Forecast



INSIGHT

Sales Decline by Buyer Age

Buyers over 55 accounted for 37% of new-vehicle sales in 2019 and was the only age group that grew.

April Month-to-Date

- 18-35 years: -40% or 81,000 units
- 36-55 years: -43% or 148,000 units
- 56+ years: -52% or 164,000 units

Week Ending April 26

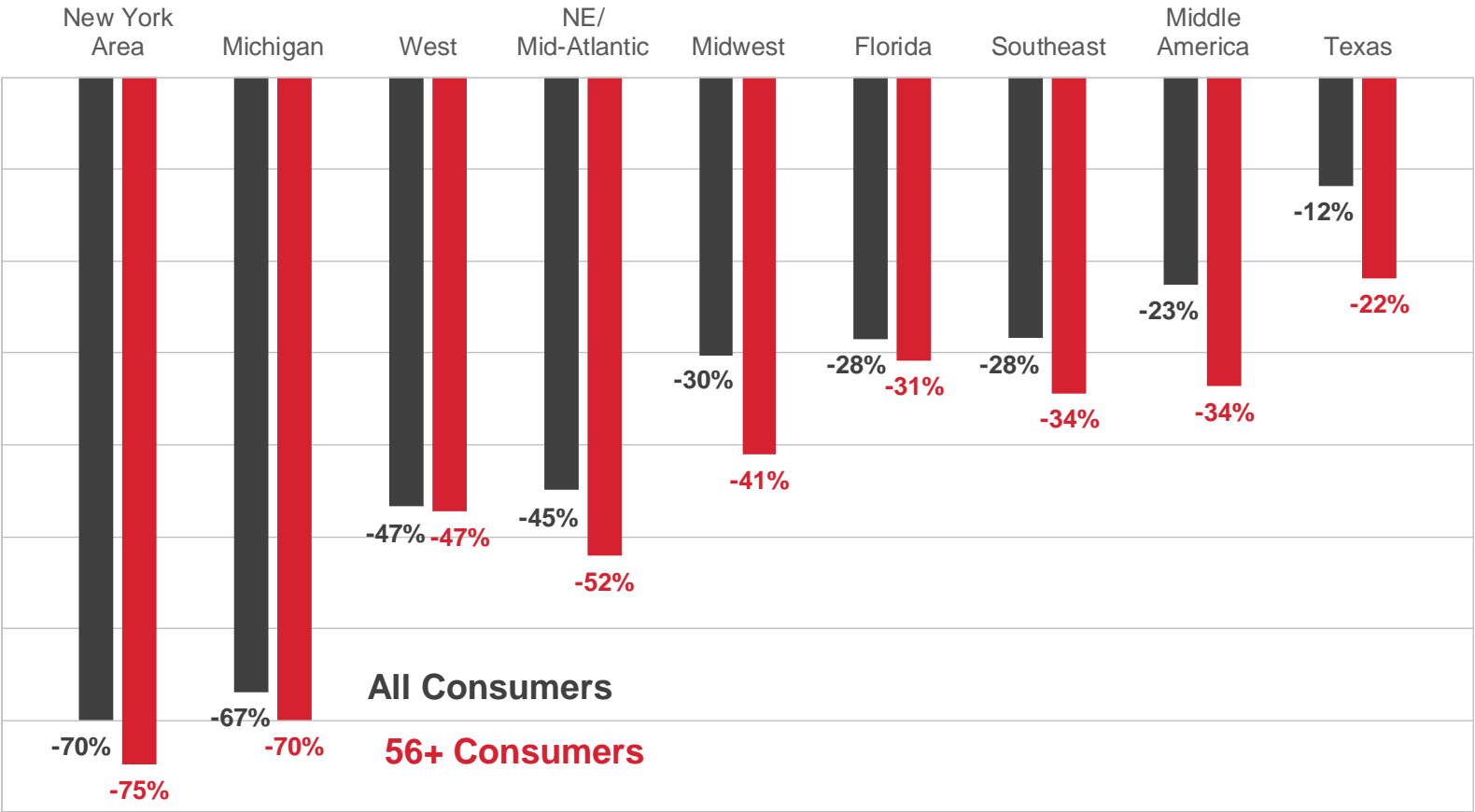
- 18-35 years: -33% or 20,000 units
- 36-55 years: -36% or 38,000 units
- 56+ years: -45% or 45,000 units

KEY TAKEAWAY

Retail sales to buyers over 55 remain the hardest hit part of the market.

IMPACT: Sales to Mature Buyers Are Recovering More Slowly

Retail Sales: Actual over/(under) Pre-Virus Forecast (Week Ending Apr 26)



INSIGHT

Mature Buyers Are Key Part of Demand

Buyers over 55 accounted for 37% of new-vehicle sales in 2019.

Week Ending April 26

Sales to buyers over 55 declined 44%, while sales to all other buyer age groups dropped only 39%.

Differentiation in performance is more pronounced in markets that are more resilient (Middle America, Southeast, Texas, Midwest).

Michigan, NY, and the West Coast show sales declines to 56+ buyers on par with all age groups.

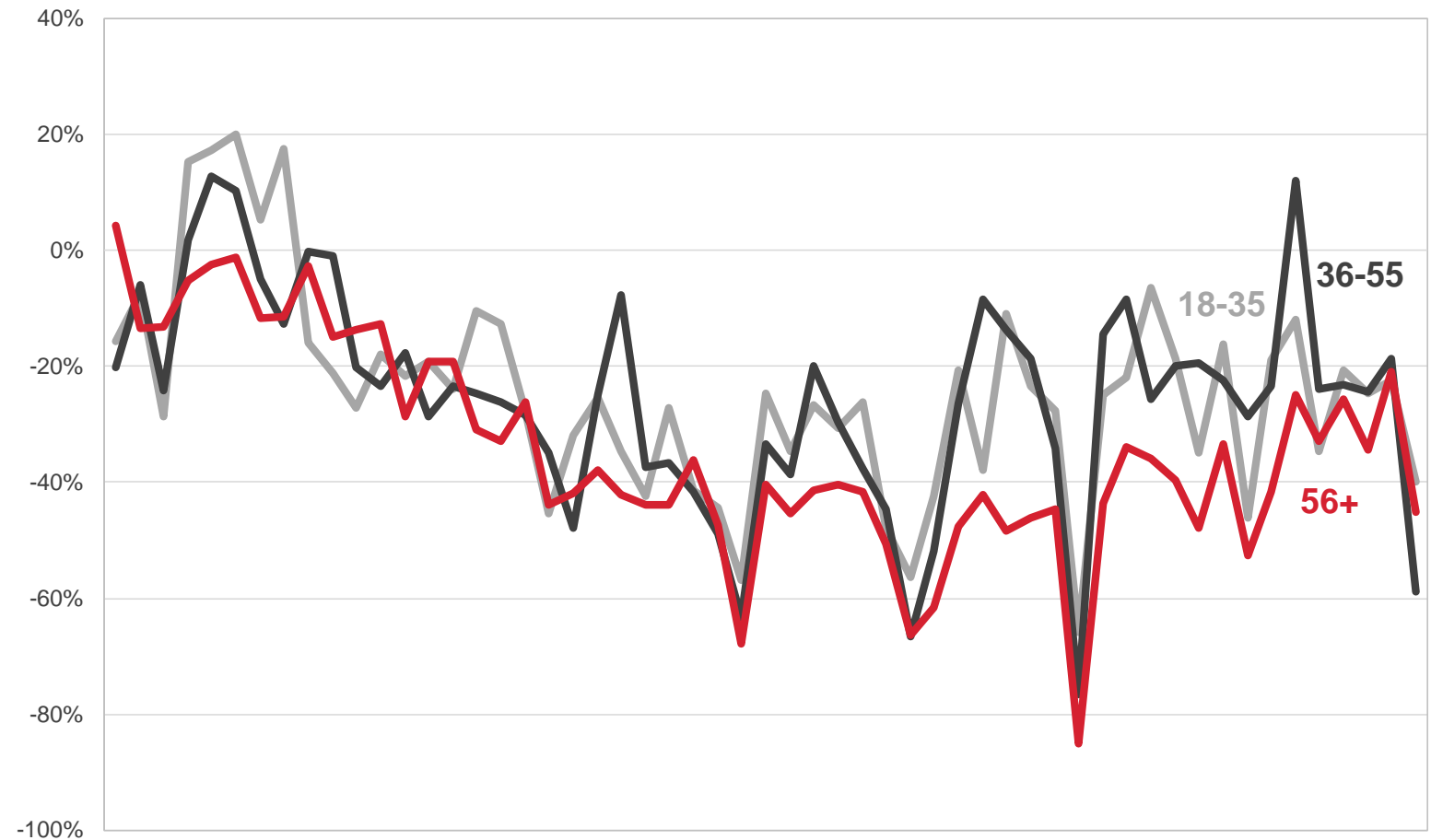
Sales to 56+ buyers in Florida improved in week ending April 26.

KEY TAKEAWAY

In most markets that are recovering, sales to mature buyers are lagging significantly behind younger buyers.

IMPACT: Sales to Buyers Over 55 Improved in Florida

Retail Sales: Actual over/(under) Pre-Virus Forecast



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26
18-35	2%	-13%	-28%	-41%	-35%	-29%	-23%	-25%
36-55	-2%	-14%	-31%	-41%	-39%	-29%	-20%	-23%
56+	-5%	-13%	-31%	-45%	-45%	-49%	-40%	-31%

INSIGHT

Florida Sales Decline by Buyer Age

In Florida, buyers over 55 accounted for 42% of new-vehicle sales in 2019.

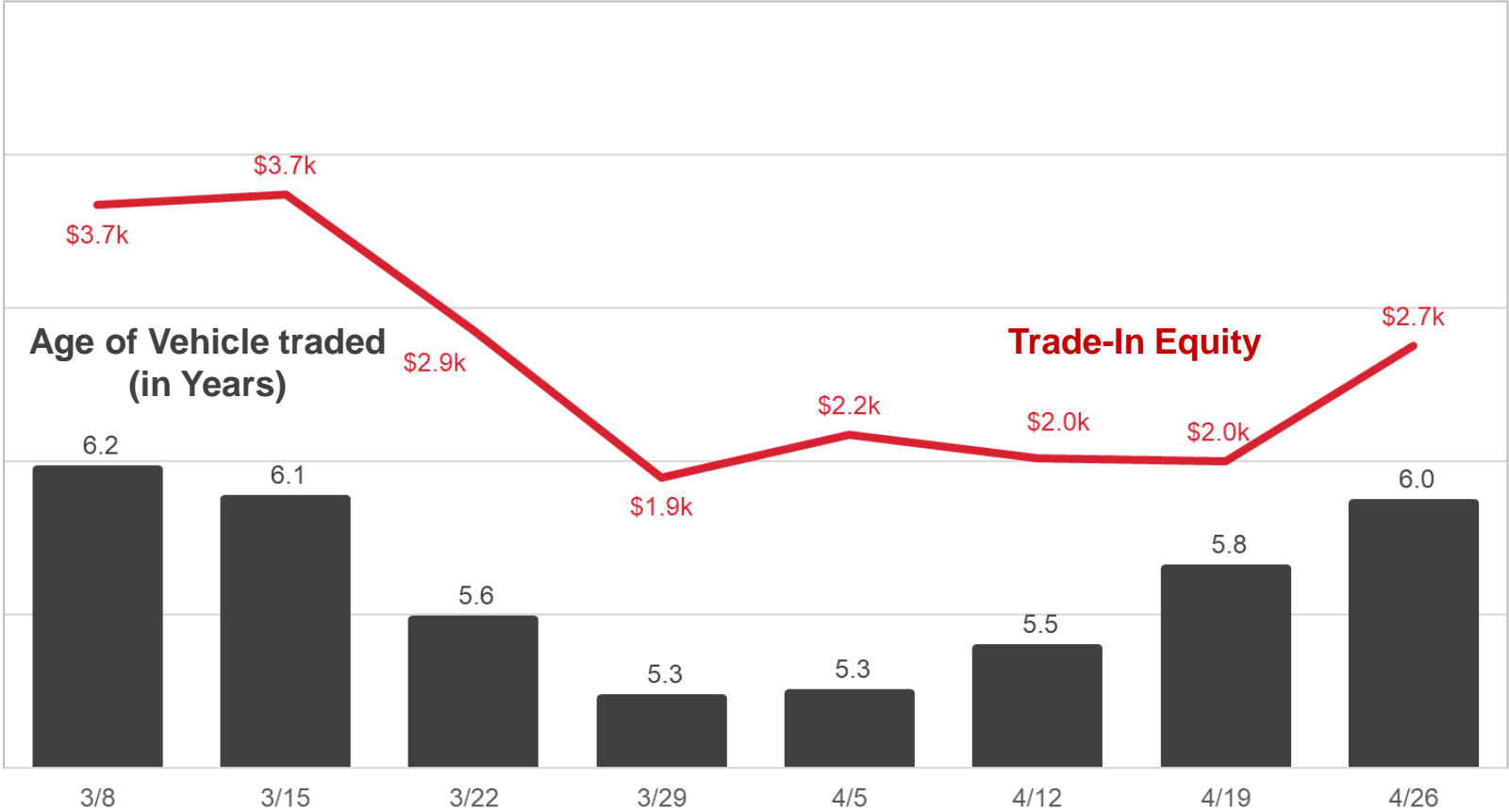
In week ending April 26, sales to the oldest buyer group improved 9ppts while sales to buyers 55 and younger deteriorated more than in the prior week.

KEY TAKEAWAY

Florida retail sales to buyers over 55 improved relative to younger buyer groups in week ending April 26.

IMPACT: Trade Equity and Trade-In Age Continue to Rebound

Average Trade-In Equity and Trade-In Vehicle Age



INSIGHT

Trade-In Age

The average age of all vehicles traded in dropped by nearly a full year to the lowest level since the recession by the end of March. Since then, vehicle age has been rebounding towards pre-virus levels.

Trade-In Equity

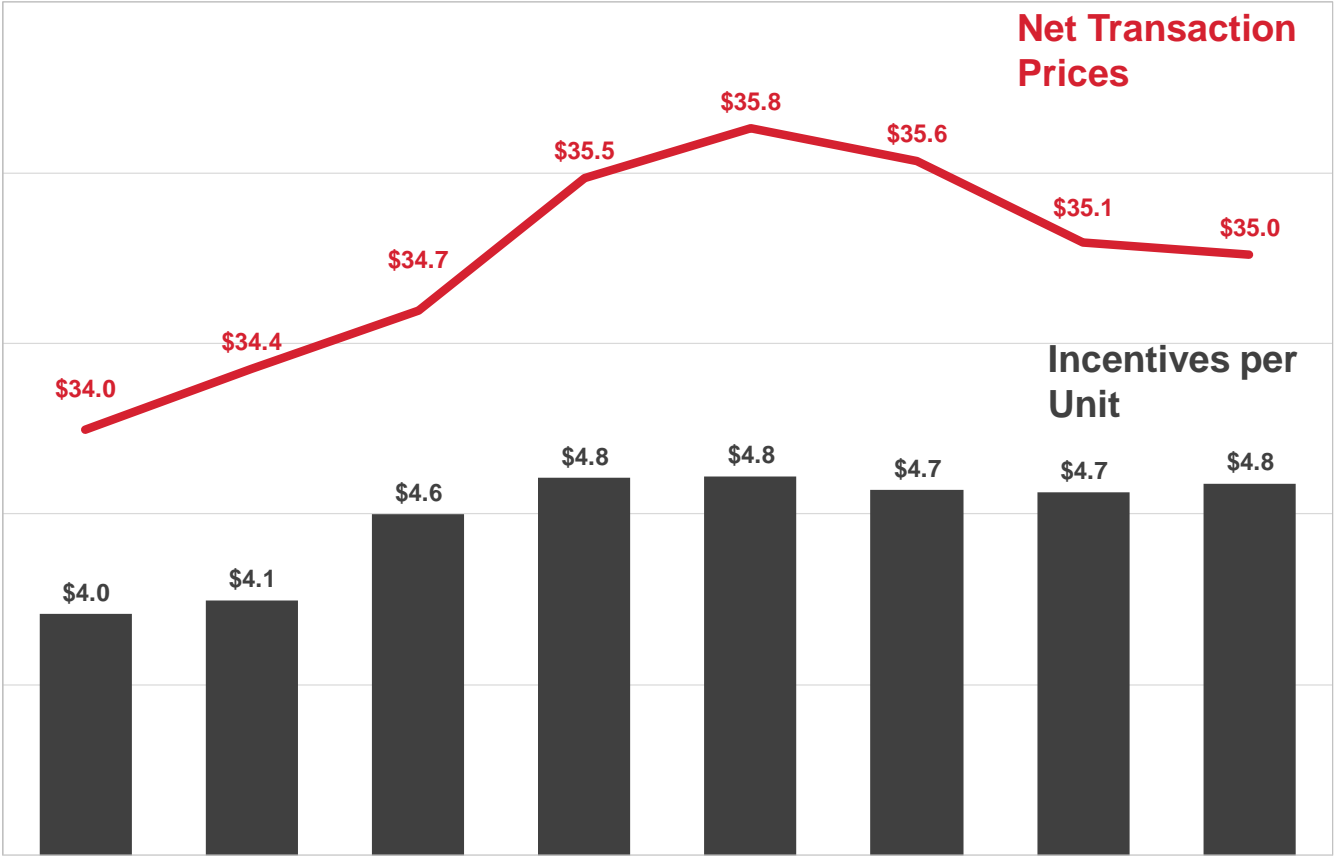
The decline in equity reflects higher loan balances carried on vehicles traded in and lower trade values on used vehicles.

KEY TAKEAWAY

Incentive programs are helping keep monthly payments affordable despite buyers having less equity on their trade-in.

IMPACT: Transaction Prices & Incentive Spend

Net Transaction Prices and Incentive Spending (000s)



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26
Incentives % MSRP	10.0%	10.0%	11.1%	11.3%	11.3%	11.1%	11.2%	11.3%

INSIGHT

Net Transaction Prices

Transaction prices reached their highest-level on record at \$35,800 during the week ending April 5.

While average transaction prices declined week-over-week in week ending April 19, the variance was driven largely by changes in vehicle mix rather than lower prices. Prices were roughly flat week-over-week in week ending April 26.

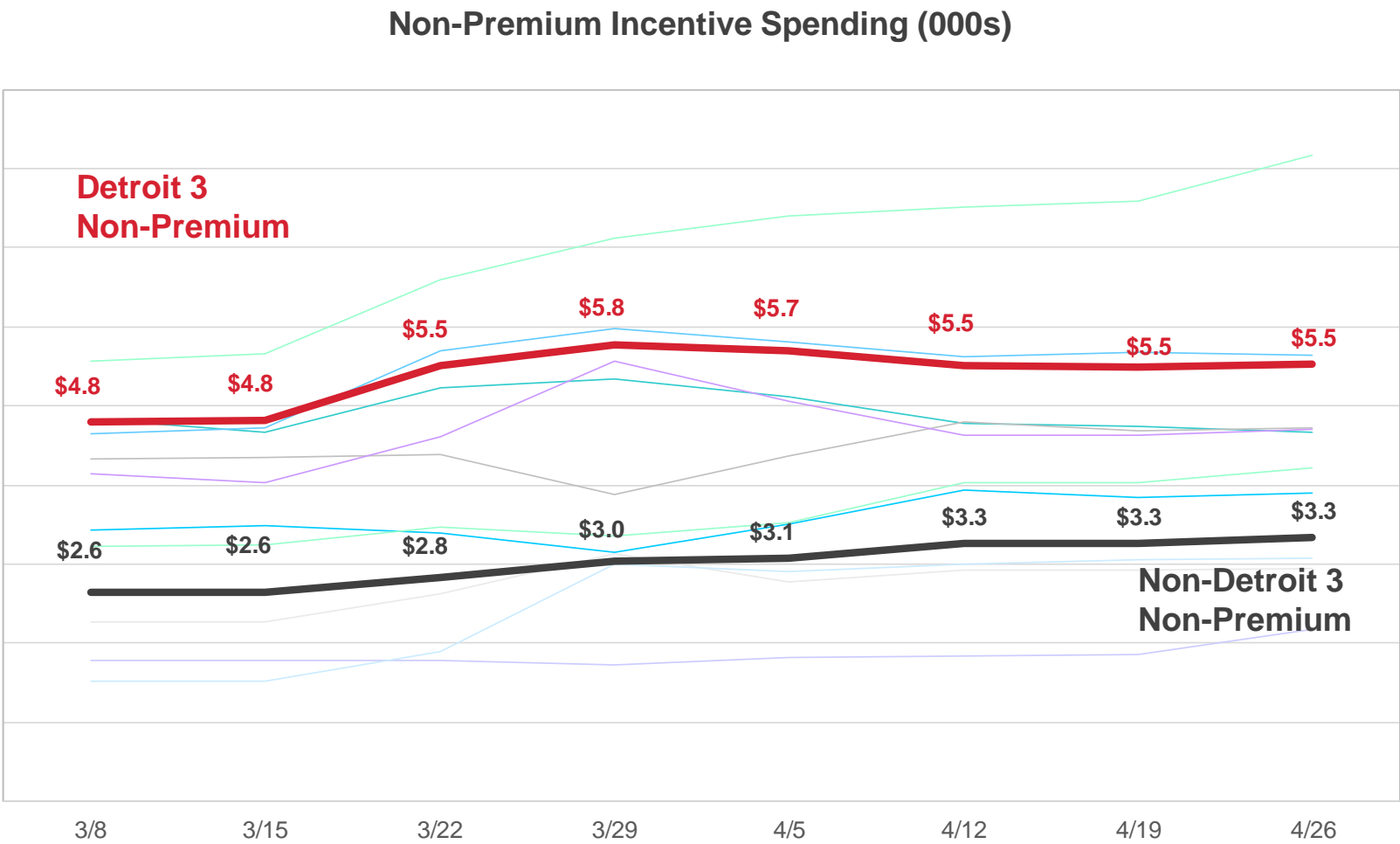
Incentive Spending

Incentives remained near record levels at \$4,800 per unit during the week ending April 26. Week-over-week increases were driven by higher incentive offers on Compact SUVs.

KEY TAKEAWAY

Unlike previous downturns, COVID-19 has not yet led to lower prices. Price contraction remains a risk. Significant potential for incentive escalation in the coming weeks.

IMPACT: Non-Detroit 3 OEMs Are Escalating Incentives



INSIGHT

GM, Ford, and FCA spending has leveled off starting week ending April 12, but still remains elevated vs. pre-virus levels.

The other non-premium OEMs have escalated their spending levels the past three weeks in an effort to regain the lost market share from the D3 OEMs.

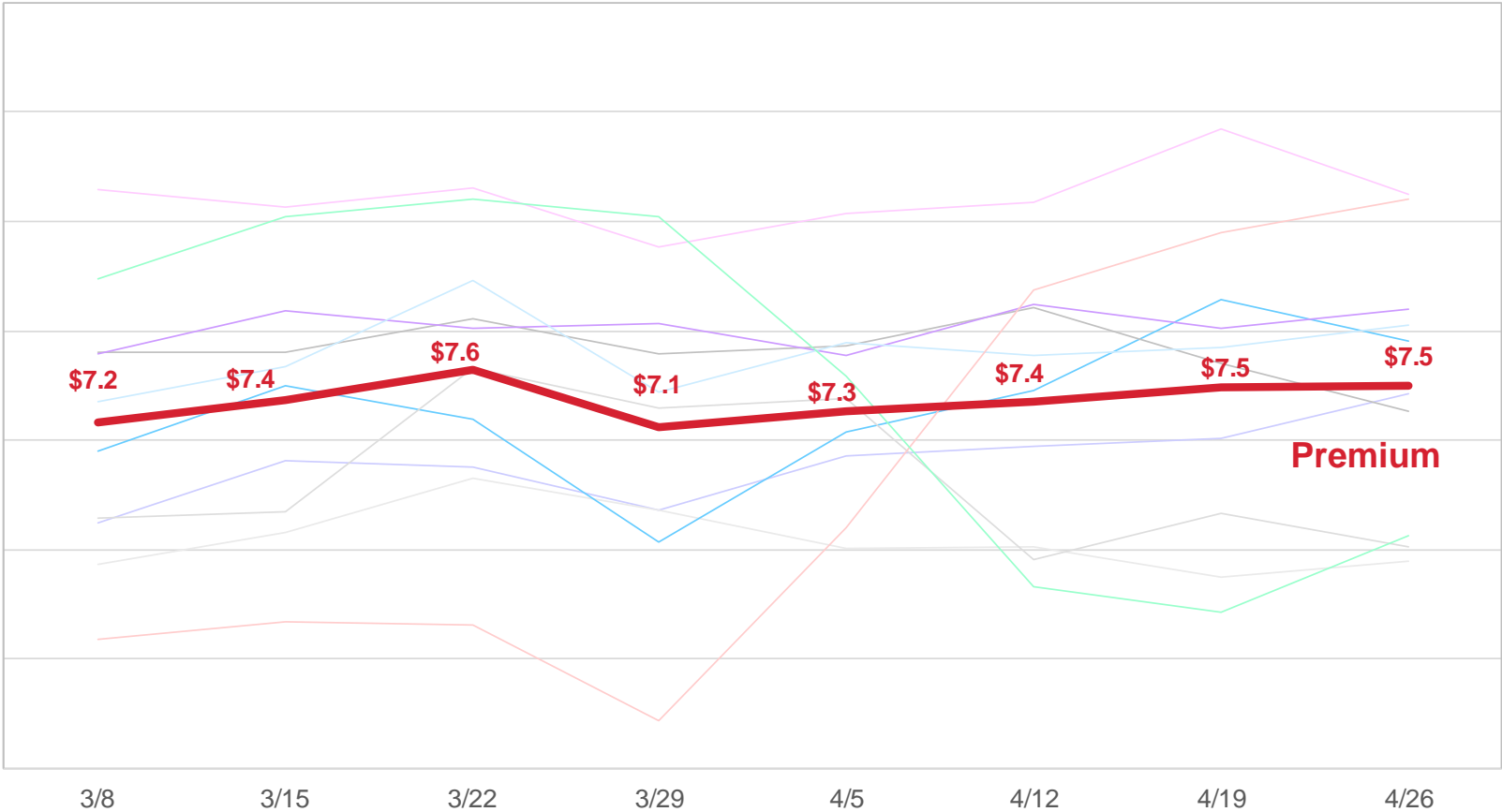
Note: Model mix effects are driving down average spending.

KEY TAKEAWAY

Non-Detroit 3 automakers are escalating incentives on many models.

IMPACT: Premium Spending Modestly Higher in April

Premium Incentive Spending (000s)



INSIGHT

Premium brands have enhanced incentives the past two weeks with 0% for 72-month offers that increased spending to \$7,500 per unit.

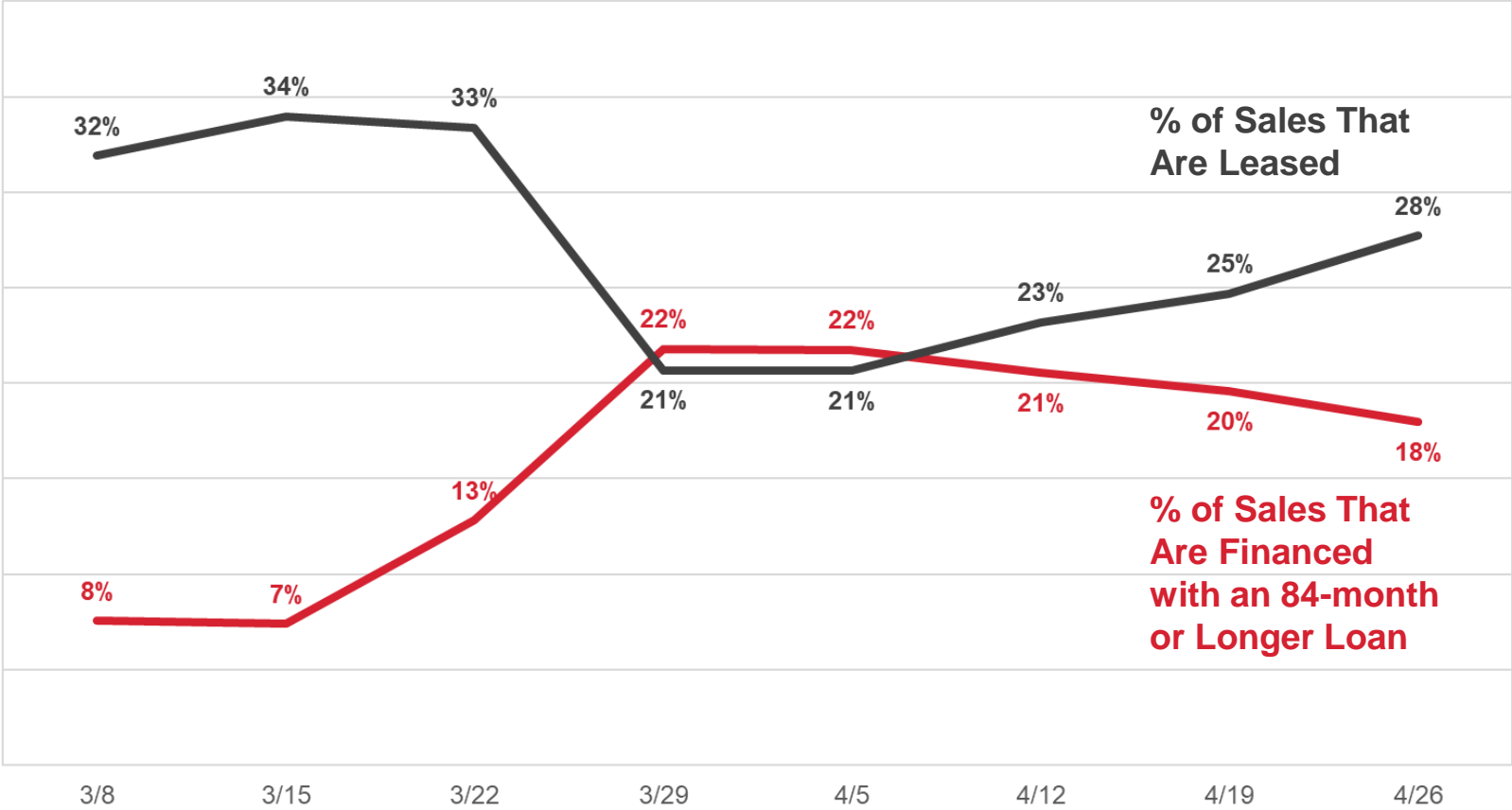
The increased finance offers have more than offset the lower lease mix the past couple of weeks.

KEY TAKEAWAY

Multiple premium OEMs have launched 0% for 72-month programs in an effort to drive more premium sales and offset the reduced the lower leasing activity.

IMPACT: How People Are Buying Vehicles

Share of New Vehicle Sales by Purchase Type



INSIGHT

% of Buyers Taking 84-Month Loans

18% of buyers during the week ending April 26 took an 84-month loan, remaining near record-level and over 2x pre-virus levels of 7-8%.

0% for 84-month loans are available on a variety of vehicles, but are particularly popular with pickup truck buyers.

% of Buyers Leasing Their Vehicles

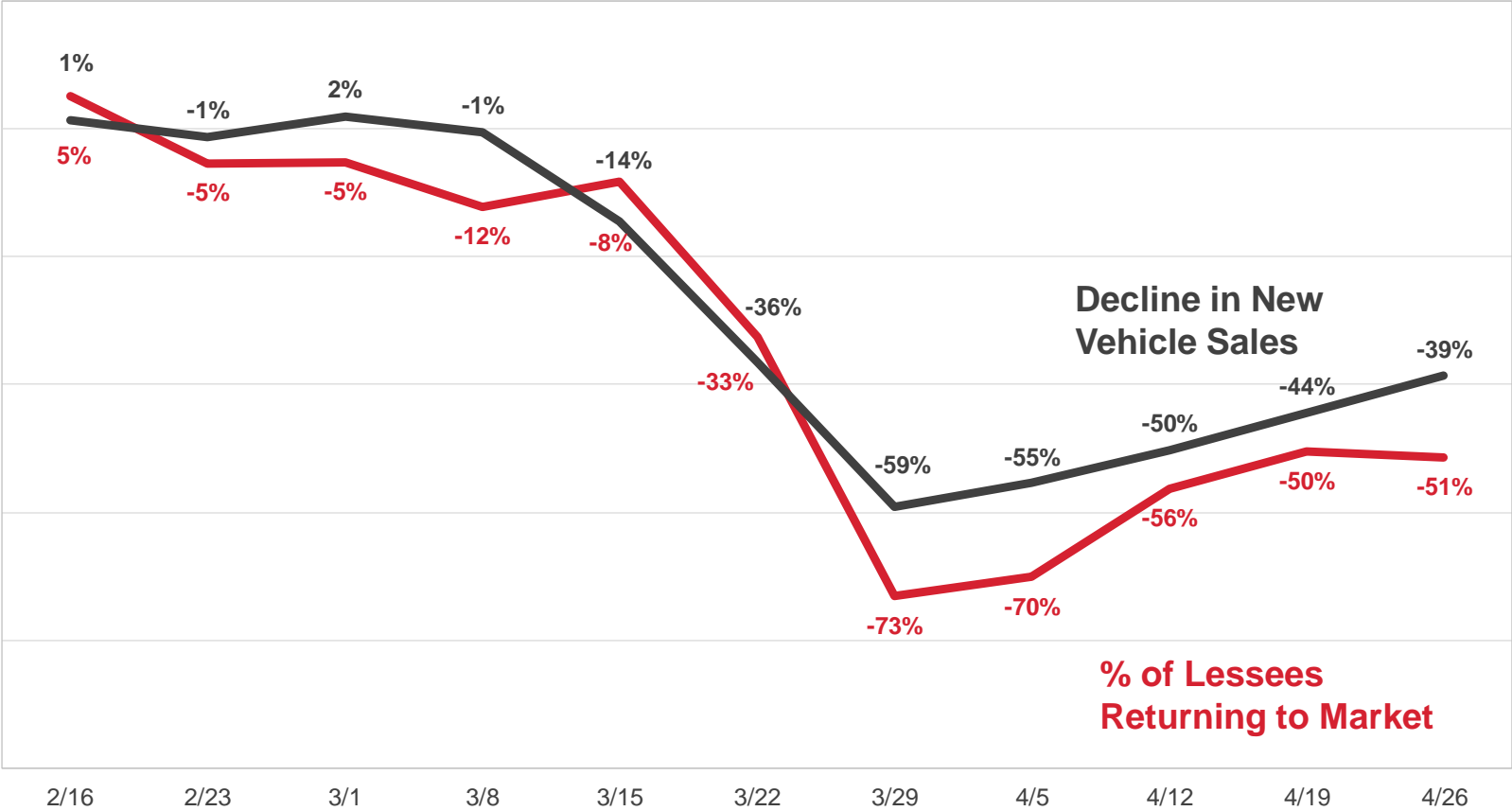
28% of buyers during the week ending April 26 took a lease. While trending higher, leases remain well below normal levels of 30-35%. Many lessees who extended their leases have not yet returned to market, due to the monthly cadence of lease extensions.

KEY TAKEAWAY

Leasing mix is recovering rapidly, while 84-month loans continue to fall from record levels.

IMPACT: Lessees Returning to Market

% of Lessees Returning to Market vs. Decline in New Vehicle Retail Sales



INSIGHT

Returning lessees in market dropped by 73% during the last week of March, a rate that is 14ppts worse than the new vehicle sales decline.

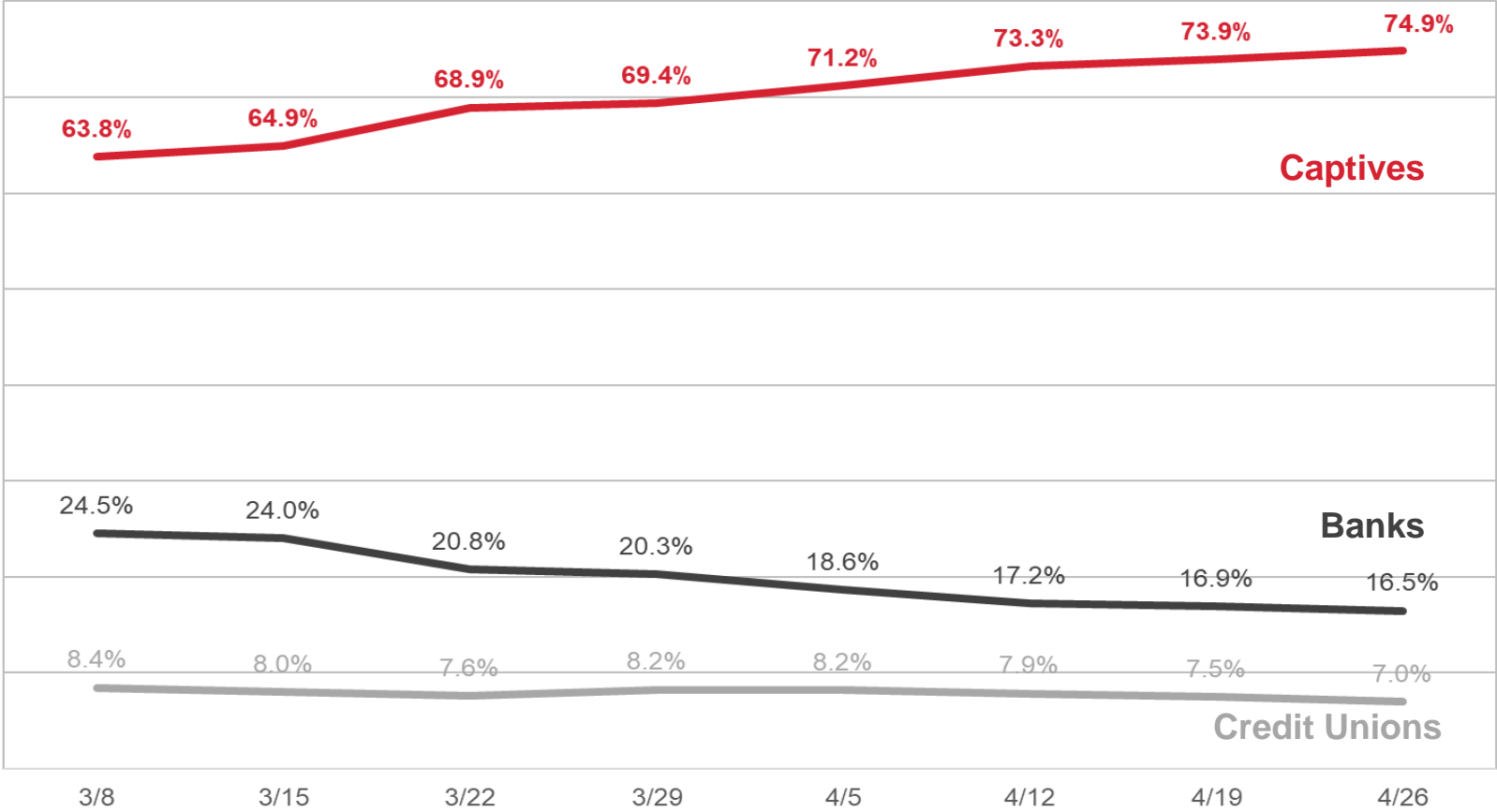
In April, there has been improvement in the number of lessees returning to market. Returning lessees for last week, however, were flat and the lag to overall sales increased to 12ppts. (-51% vs -39% in new vehicle sales).

KEY TAKEAWAY

Almost 75% of lessees have stayed out of the market due to their ability to extend leases. As April progresses, the return to market is improving.

IMPACT: Captive Lenders Benefit From Strong APR Offers

Share of New Vehicle Loans and Leases



INSIGHT

Captive %
Captive lenders captured 74.9% of loans and leases in week ending April 26, the highest level in recent history.

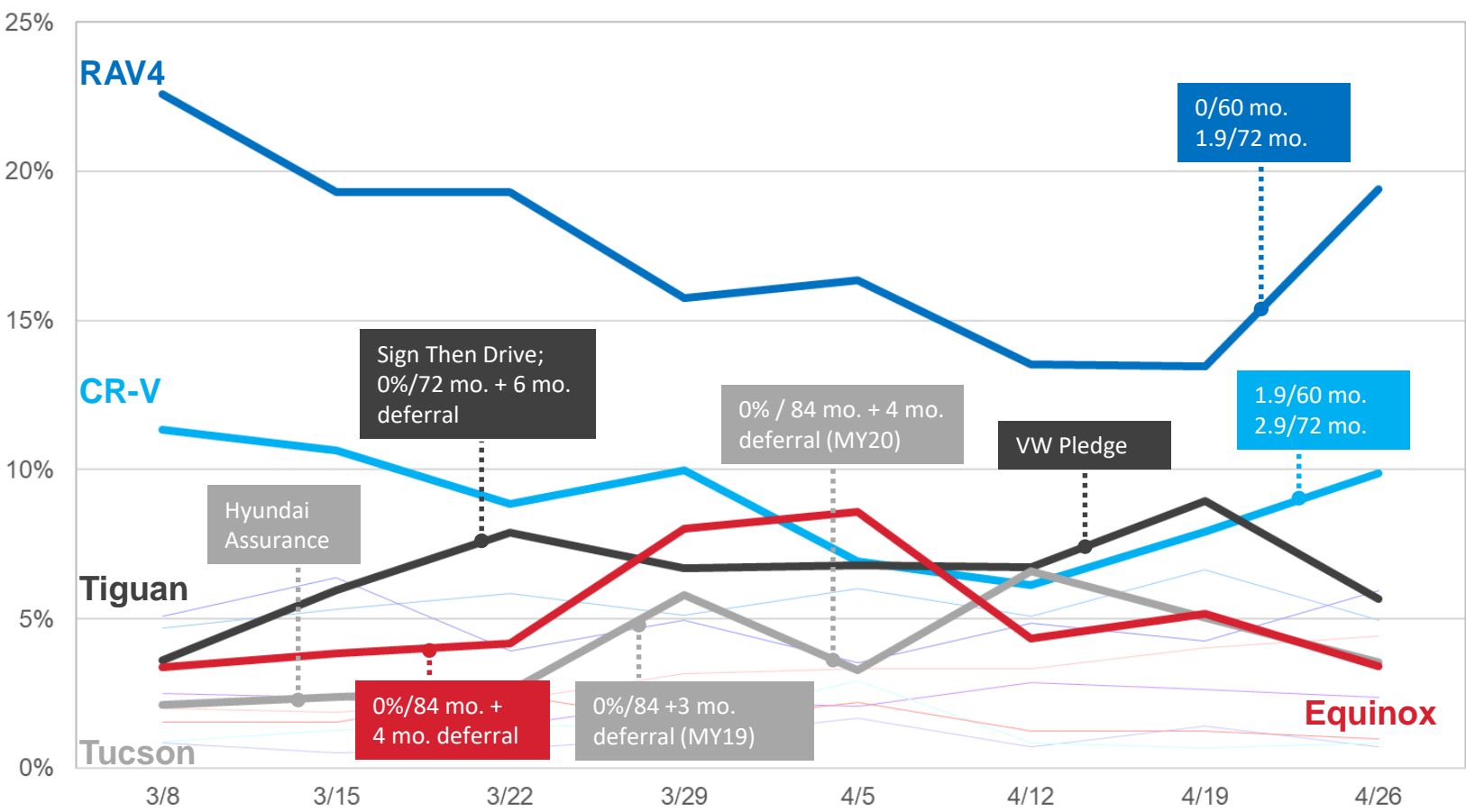
Higher captive mix is due to supported 84-month loans from the Detroit 3 and continued rebound in leasing across larger SUV & pickup segments.

KEY TAKEAWAY

Strong finance offers are supporting sales and enabling captives to increase their share of loans.

IMPACT: Impact of Discounts Varies by Region

Retail Share of Segment: Small / Compact SUV (LA+SF)



INSIGHT

Incentive programs are driving volatility in share performance.

Equinox: 0%/84 offers drove Equinox share higher than CR-V in March, but improved offers from competitors muted the effect in April.

Tiguan/Tucson: Tiguan and Tucson nearly doubled share with aggressive incentive offers. Incentive spending rose between 25% and 40%.

RAV4/CR-V: RAV4 and CR-V lost share in their traditional dominant markets with flat incentive spending until week ending April 19. Recent incentive enhancements lifted share in week ending April 26

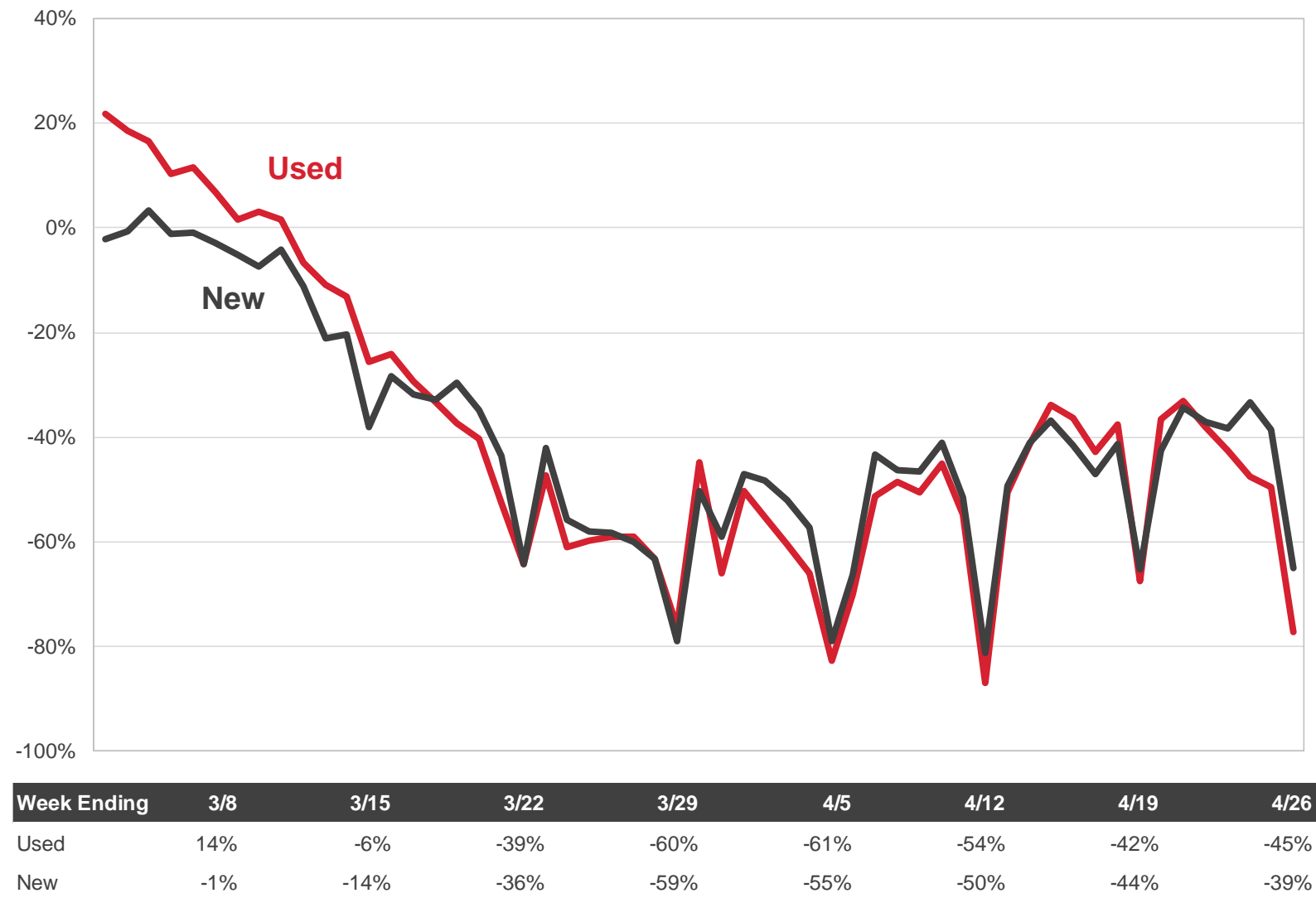
KEY TAKEAWAY

The two different strategies for approaching the crisis were to spend more or to hold the line. 84-month offers are not necessary in all segments to gain share, but higher spending is.

2. Used Market

IMPACT: Used Vehicle Sales At Franchised Dealers

Retail Sales: Actual over/(under) Pre-Virus Forecast



INSIGHT

Month-to-Date Impact

Used-vehicle sales are falling at a similar rate to new vehicle sales.

Week-over-Week Impact

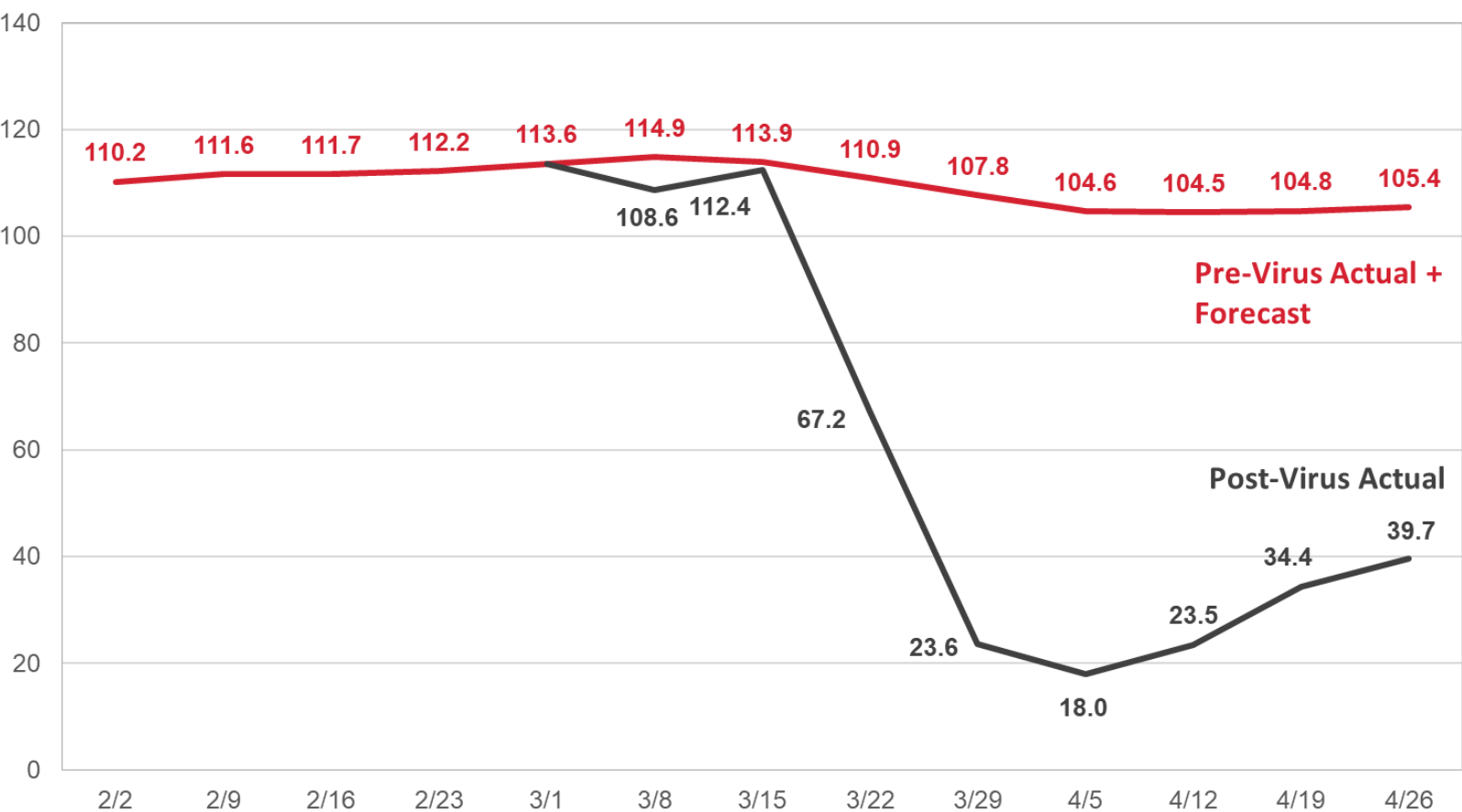
In the past week, used vehicle sales have declined more than new vehicle sales as states have begun to ease restrictions on new vehicle sales

KEY TAKEAWAY

Used sales at franchised dealers are rebounding slower than new-vehicle sales.

IMPACT: Wholesale Auction Sales Tick Up

Weekly Wholesale Auction Sales (000s)



Notes: Simulcast and physical auction sales for vehicles up to 8 years in age; Lagging reported sales will impact previously reported results; Actual figures through March 1, 2020.

INSIGHT

Wholesale Auction Sales Results

Wholesale auction sales continue to recover. Sales reached nearly 40,000 units the week ending April 26, more than double the 18,000 sales recorded the week ending April 5.

Last week’s sales results comprised 40% of pre-virus expectations, an improvement over the 20% level recorded at the post-virus low point.

Impact-to-Date

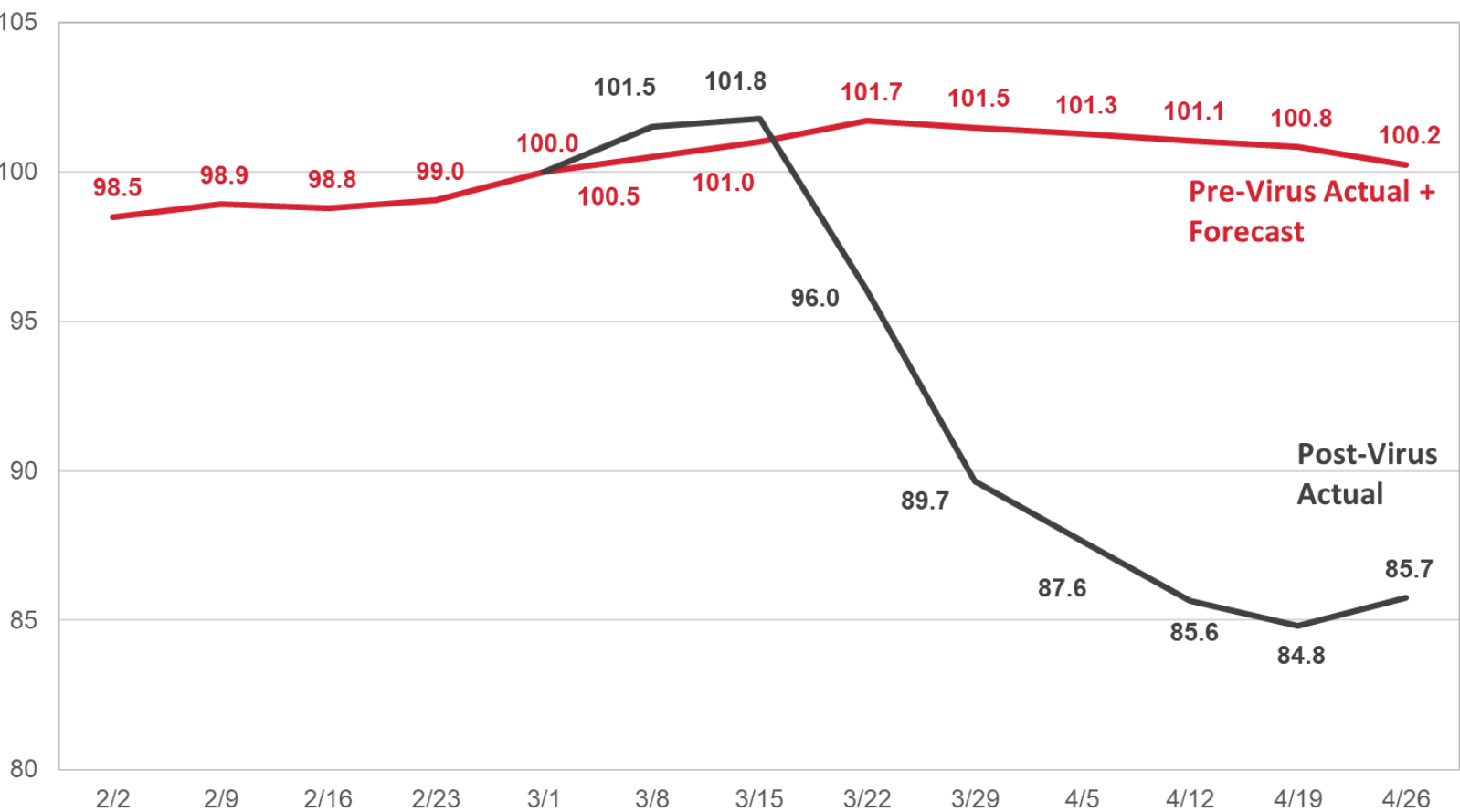
Wholesale auction sales have totaled roughly 207,000 units since mid-March, a decline of 480,000 versus the same period in 2019 and a loss of 430,000 units versus our pre-virus expectations.

KEY TAKEAWAY

Auction sales volume increased for the 3rd straight week as channels open and dealer demand increases.

IMPACT: Wholesale Auction Prices Improve Slightly

Weekly Wholesale Auction Price Index
March 1 = 100



Notes: Simulcast and physical auction sales for vehicles up to 8 years in age; Lagging reported sales will impact previously reported results; Actual figures through March 1, 2020

INSIGHT

Wholesale Auction Prices

Wholesale auction prices grew just over 1% on a weekly basis the week ending April 26. While modest, the week’s result marks the first improvement observed since mid-March.

The week closed with prices down 14% versus our pre-virus forecast for the week. So while a slight improvement was observed last week, results represent a massive discount versus pre-virus levels.

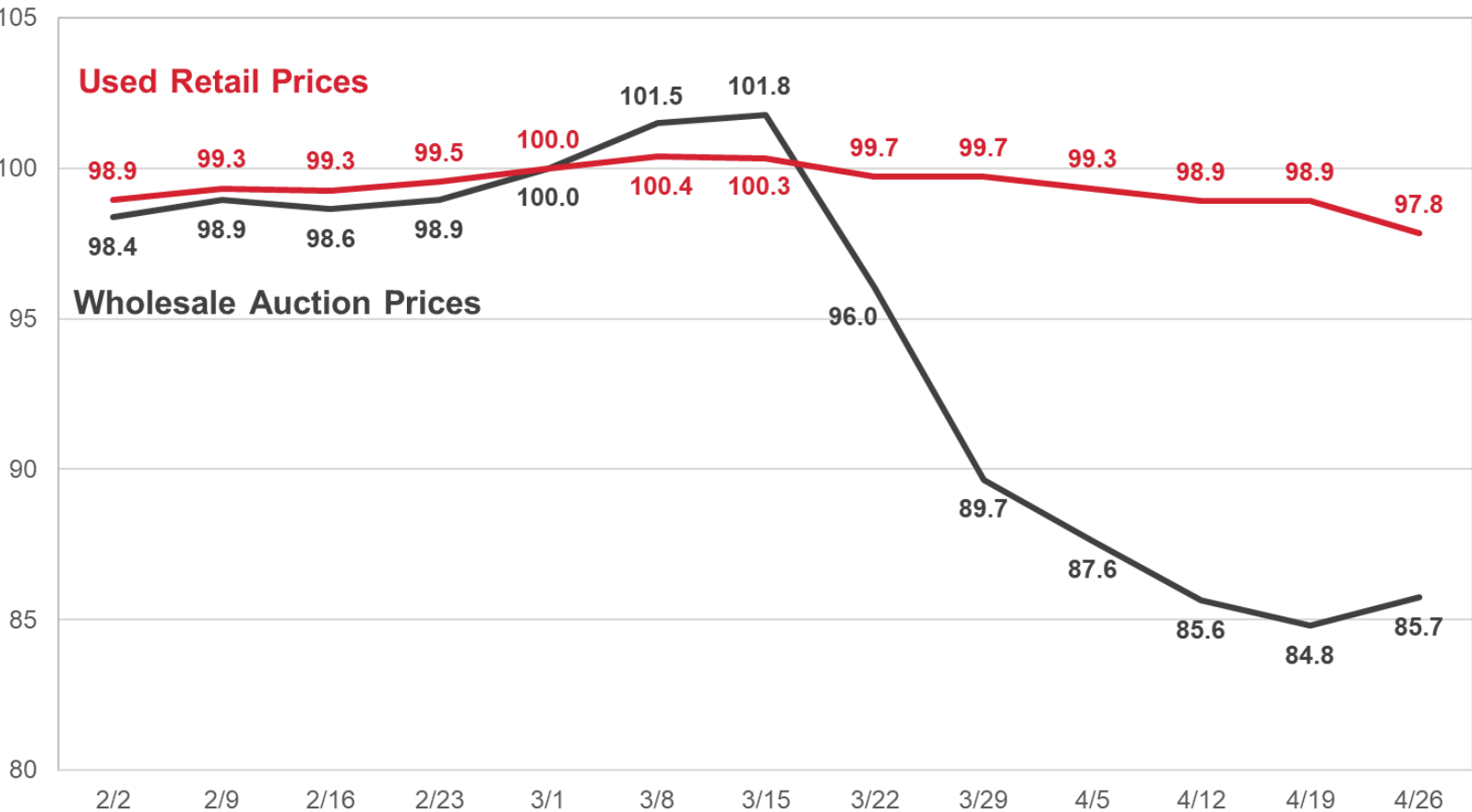
KEY TAKEAWAY

Prices stabilized this week at a higher sales volume and are expected to follow this trend in upcoming weeks as used demand increases.

IMPACT: Wholesale Auction Prices vs. Used Retail Prices

Weekly Wholesale Auction & Used Retail Sales Price Indices

March 1 = 100



Notes: Simulcast and physical auction sales for vehicles up to 8 years in age. Figures are mix-adjusted.

INSIGHT

Used Retail Prices

While continuing to hold up relatively well, used retail prices fell 1% the week of April 26 versus the week prior, reflecting the largest single week drop since mid-March.

Retail sales moving forward will gradually reflect inventory purchased at lower wholesale prices after the widespread onset of stay at home orders. As such, retail prices for these units can drift lower without materially compromising dealer margins.

KEY TAKEAWAY

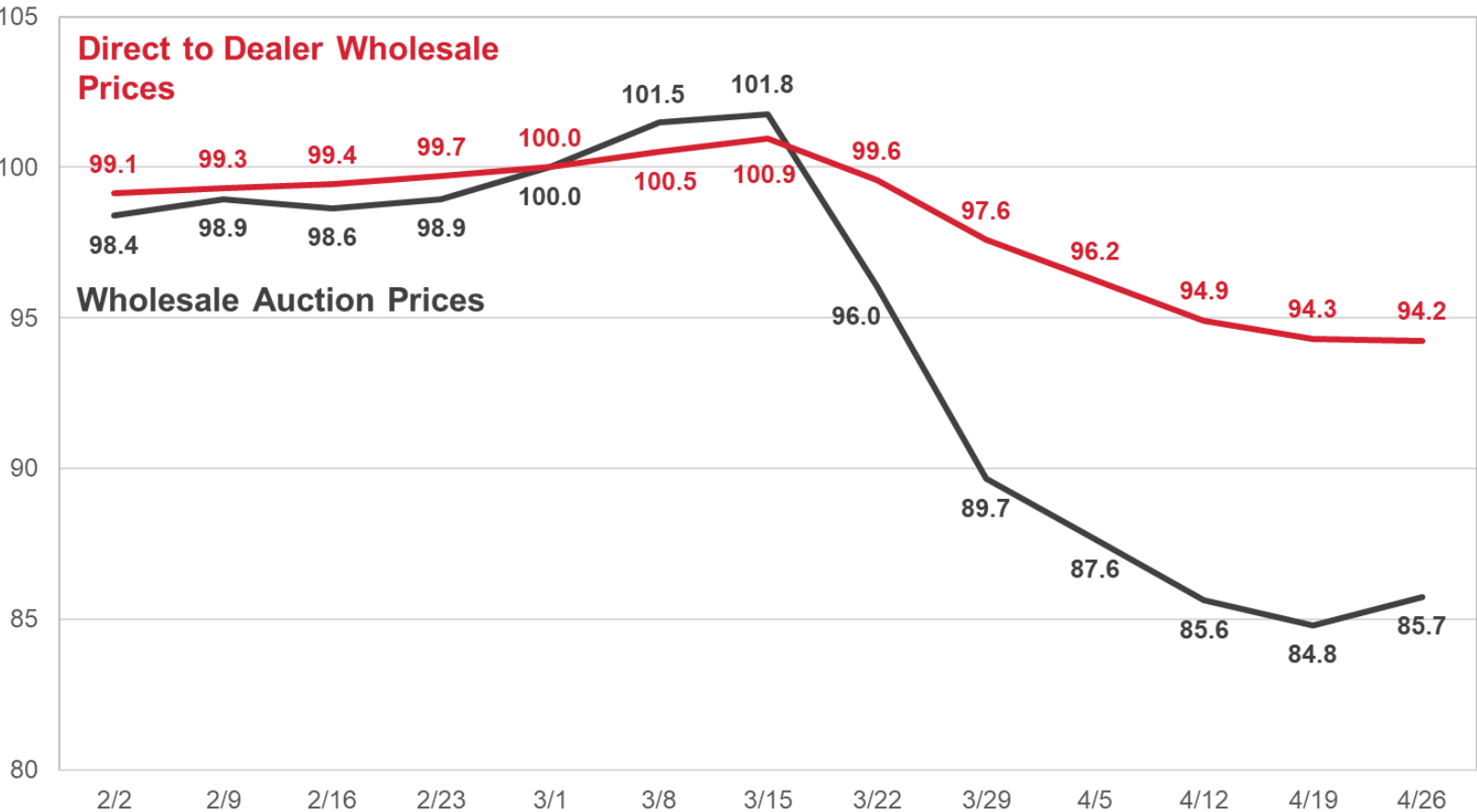
The convergence of wholesale and retail prices has begun and is expected to move closer as the economy continues to open and dealers start to add new inventory to satisfy demand.

IMPACT: Wholesale Auction Prices vs. Direct to Dealer Wholesale Prices

INSIGHT

Weekly Wholesale Auction & Direct to Dealer Wholesale Price Indices

March 1 = 100



Notes: Wholesale auction results include simulcast and physical auction sales. Upstream results include direct-to-dealer sales and online auction sales. Data covers vehicles up to 8 years in age. Figures are mix-adjusted.

Online Direct to Dealer Sales Outperforming Wholesale Auction

Direct to Dealer sales describe wholesale sales usually facilitated by online tools that occur in advance or outside of a physical auction sale.

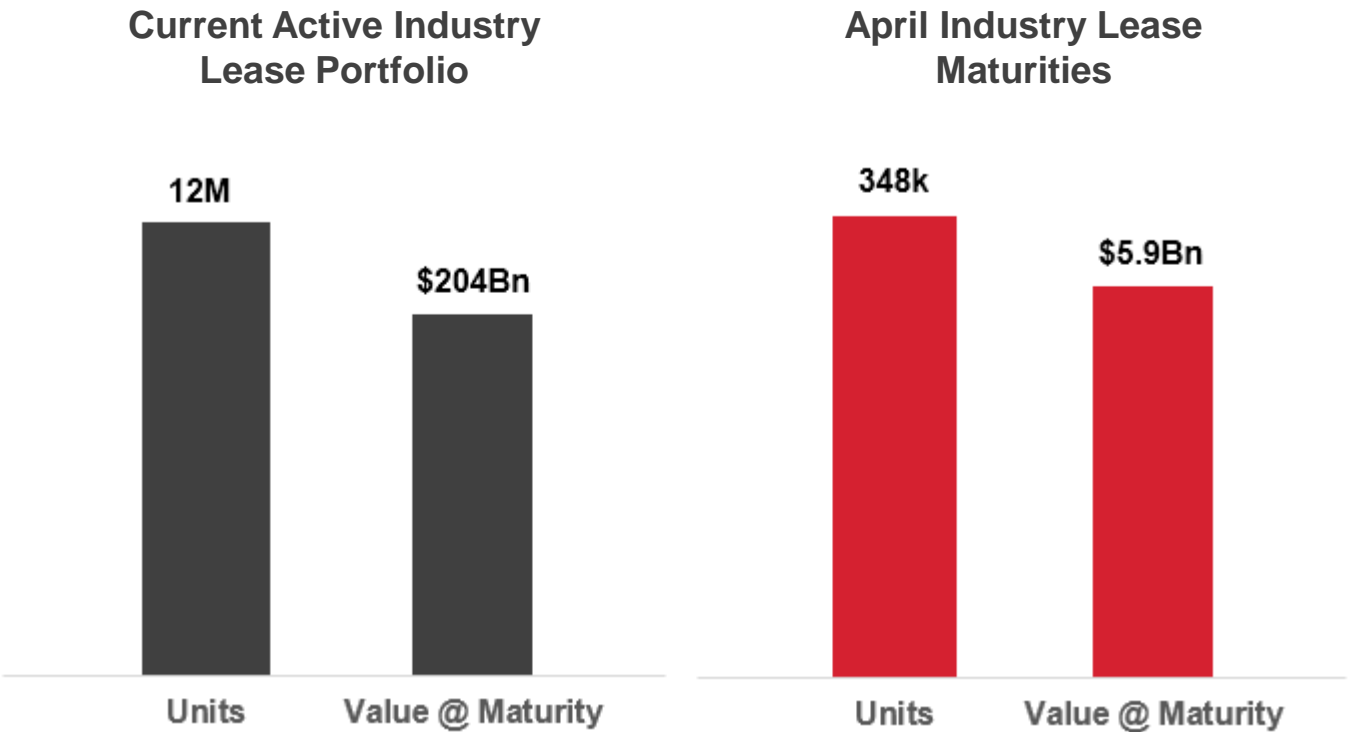
Since mid-March, Direct to Dealer wholesale prices have held up much better than prices at physical wholesale auctions.

Direct to Dealer wholesale prices are down 5.8% versus beginning of March, while wholesale auction prices have fallen more than 14%.

KEY TAKEAWAY

Direct to Dealer prices have been significantly more resilient than wholesale auction prices post-virus.

IMPACT: Lease Portfolio Losses Real Near-Term, Unlikely Long-Term



Portfolio Loss per % Decline in Used Price*

% Decline in Price	Loss
-1%	-\$2Bn
-5%	-\$10Bn
-10%	-\$20Bn
-15%	-\$31Bn

% Decline in Price	Loss
-1%	-\$59M
-5%	-\$296M
-10%	-\$591M
-15%	-\$887M

*Versus pre-virus expectations.

INSIGHT

Active lease portfolios are valued at ~\$200 Billion. The value of the portfolios are directly related to used price performance.

The current environment has created significant downside risk for portfolios, especially in the next few months. Small changes in used prices relative to expectations results in declines in value for lease portfolios.

The realized losses will occur for the leases maturing in the next few months with significant risk for maturities during April, May and June.

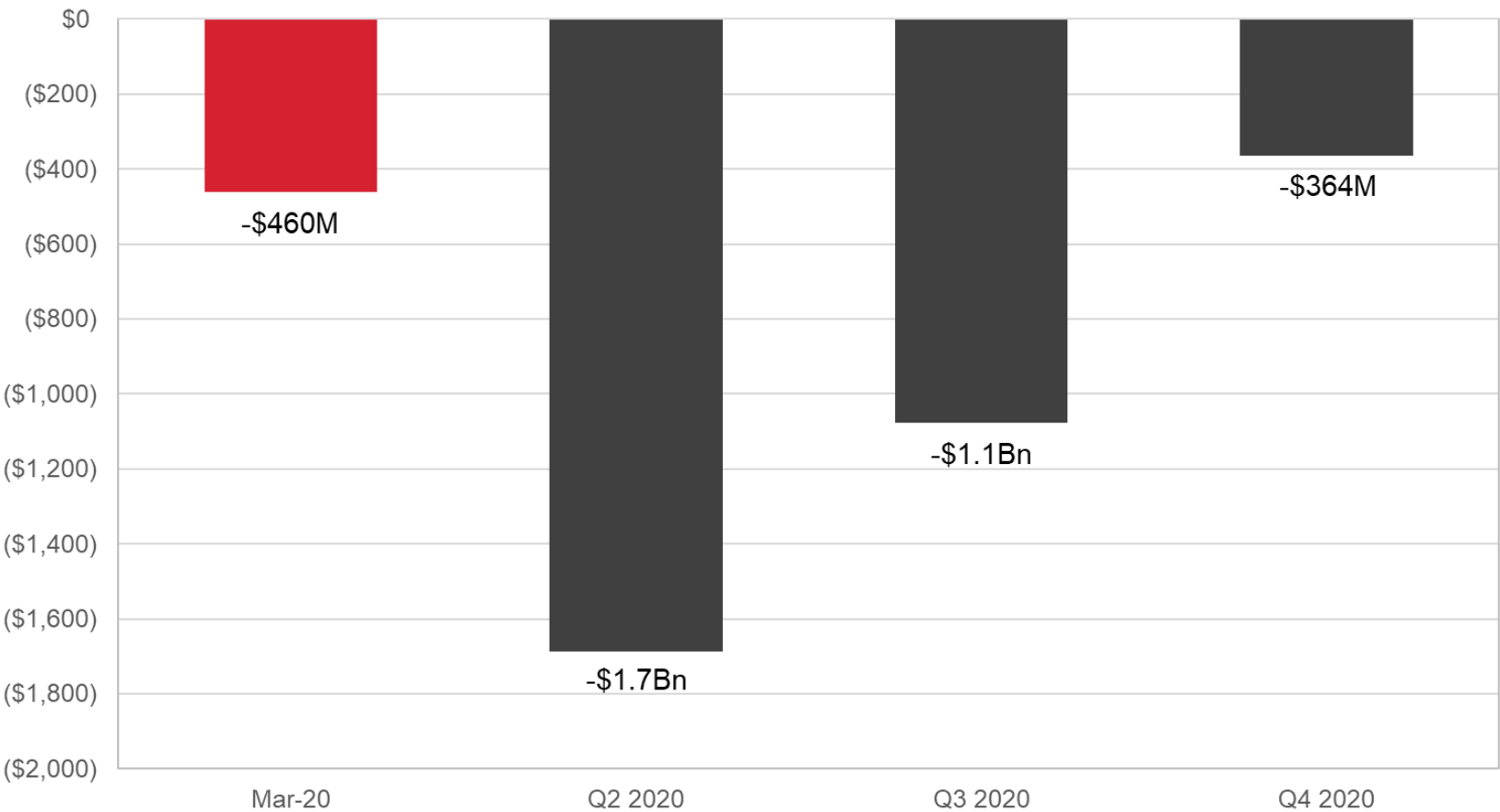
Most of the losses are unrealized due to later maturities but require auto lenders to increase the amount of capital to reserve for potential future losses.

KEY TAKEAWAY

Declines in used prices drives down the value of lease portfolios. This creates potential short-term losses for vehicles returning to the market and requires additional capital to cover future risk.

IMPACT: Lease Portfolio Losses Expected to Peak in Q2

Industry-wide Lease Portfolio Loss Expectations



Notes: Figures are relative to pre-virus expectations and assume that 20% of consumers will elect to purchase their vehicle at lease end.

INSIGHT

Industry-wide Residual Impact

Portfolio losses for lease maturities (including deferrals) are estimated to reach \$1.7Bn in Q2 versus our pre-virus expectations under our Likely used wholesale price forecast scenario.

Losses on a full-year basis are estimated at \$3.6Bn.

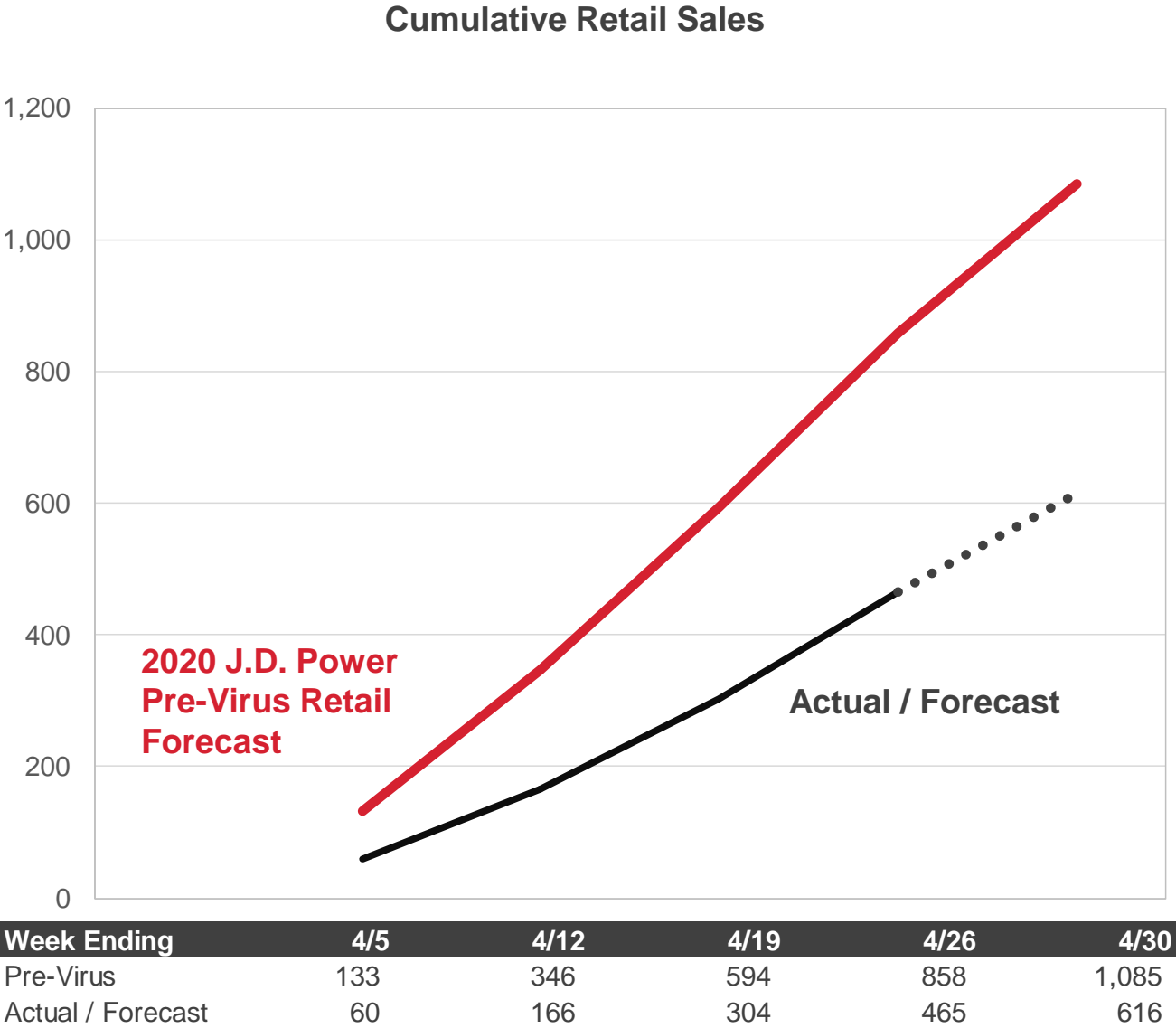
An anticipated recovery in used vehicle demand as economic conditions improve and a reduction in used vehicle supply should support lease portfolios in 2021 and beyond.

KEY TAKEAWAY

Lease portfolios will experience substantial losses near-term, but the long-term outlook is significantly better.

3. Sales Outlook

OUTLOOK: April Full-Month Retail Sales Forecast



INSIGHT

April Forecast

J.D. Power April retail sales outlook is 616,000 units. This is a decline of 43% from our pre-virus forecast, or a sales drop of 469,000 units.

Sales through April 26 were 465,000 units.

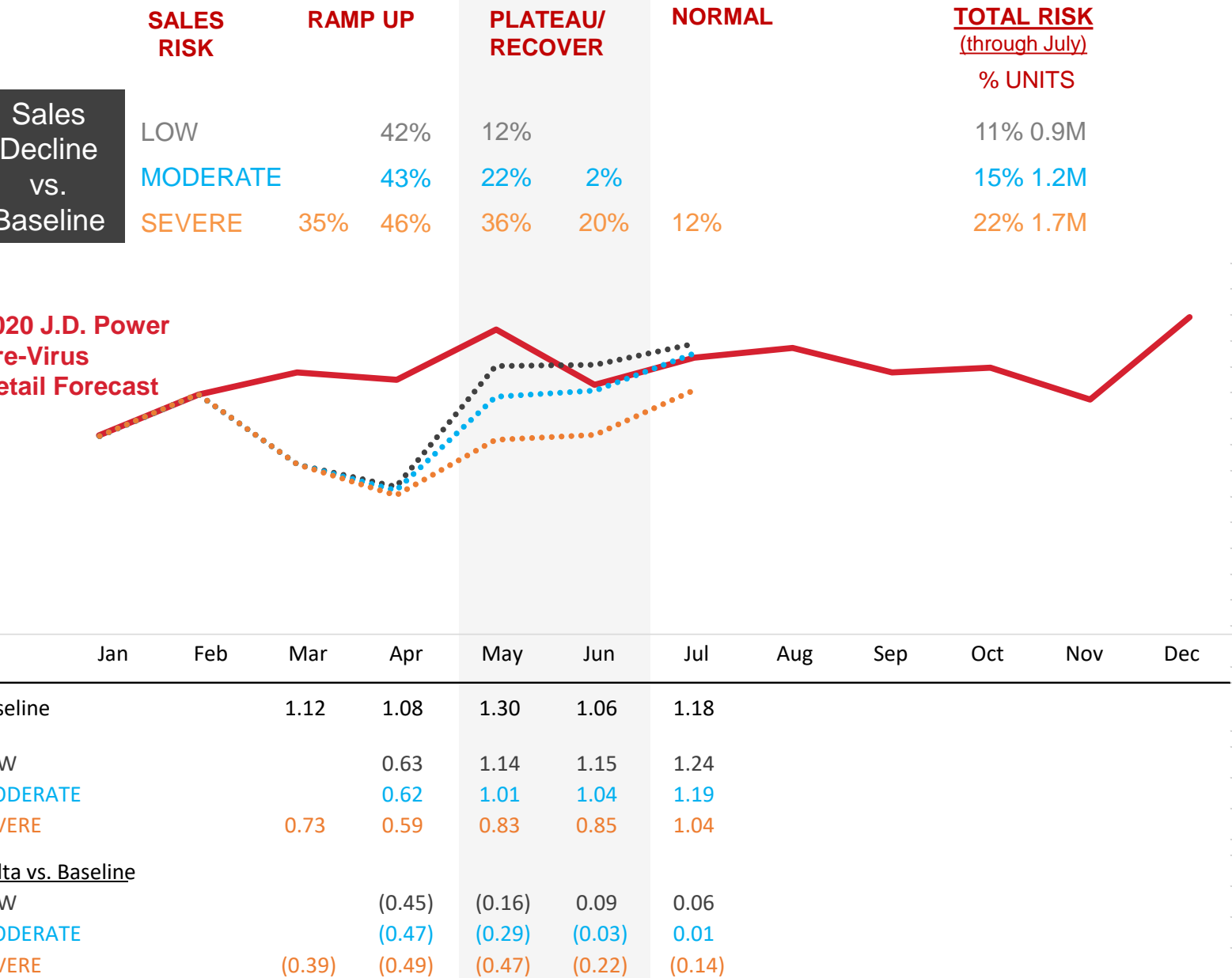
Comparison to April 2019

Compared to April 2019 retail sales of 1,055,100, the forecast represents a decrease of 42%.

KEY TAKEAWAY

Sales are expected to decline 43% in April compared to pre-virus forecast.

OUTLOOK: March–July Retail Sales Scenarios



INSIGHT

Sales Impact March-July

The virus is projected to remove 0.9-1.7 million sales over the five months of March-July.

- ### Full-Year Outlook
- Recovery/full-year sales will be determined by:
- Deterioration of economic conditions
 - Mitigation of economic conditions through government and OEM stimulus actions
 - Recovery of sales postponed during March-July
 - 2020CY retail sales: 11.3-12.5 million retail sales vs. baseline of 13.4 million
 - 2020CY total sales: 12.7-14.5 million total sales vs baseline of 16.8 million

KEY TAKEAWAY

Potential for lost sales through July ranges from 0.9M – 1.7M units.

OUTLOOK: OEM Production Statements

	OEM	Proposed US Mfg. Start Date
Domestic	FCA	May 18 (earliest)
	Ford	May 18 (earliest)
	GM	May 18 (earliest)
	Tesla	May 4
Japanese	Honda	May 11
	Nissan	Mid-May
	Toyota	May 4
	Subaru	May 11
Korean	Hyundai	May 4
	Kia	May 4
European	BMW	May 4
	Mercedes-Benz	April 27
	Volkswagen	May 3
	Volvo	May 4

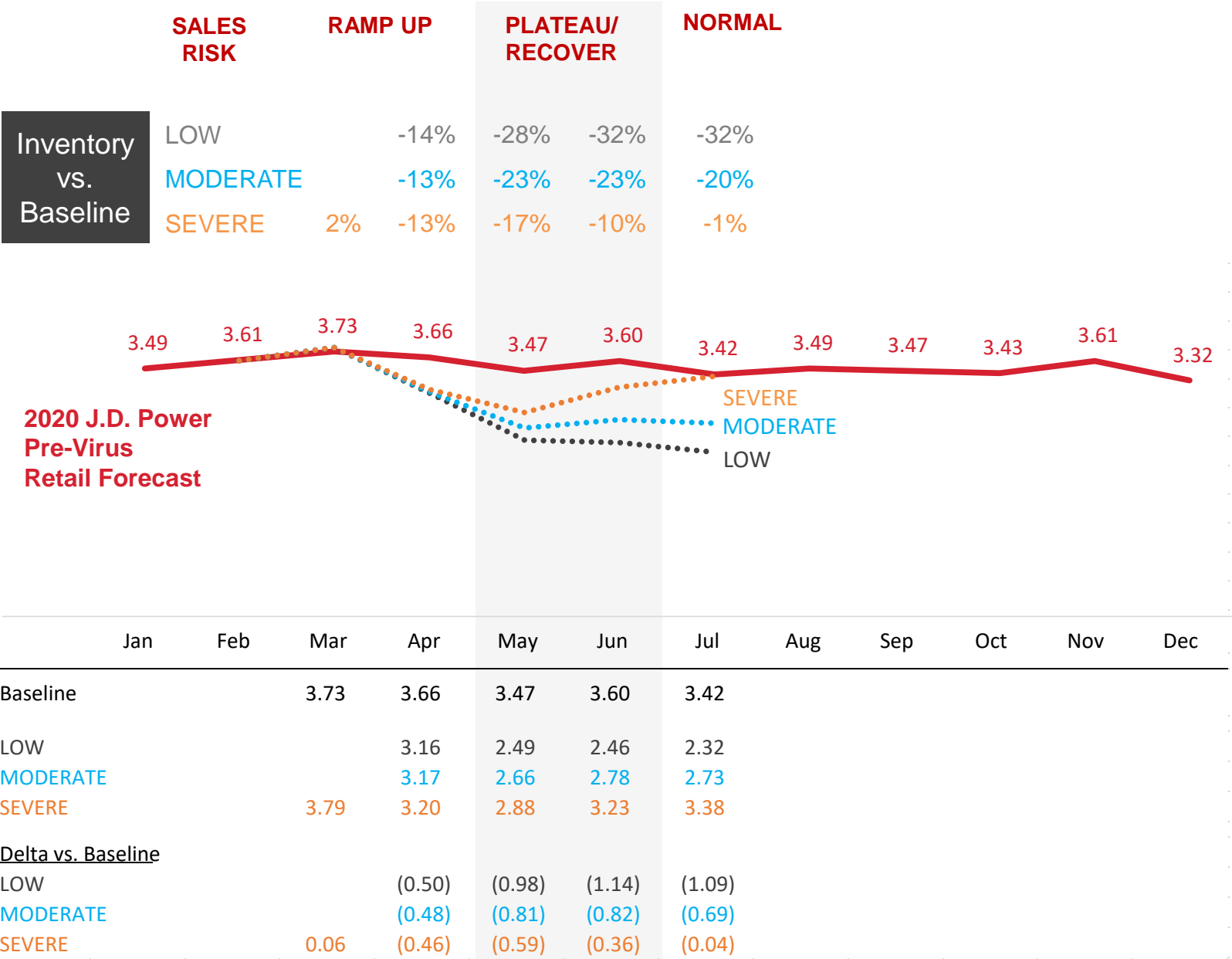
INSIGHT

OEMs are preparing to restart their US manufacturing operation between April end and mid-May depending on the plant location and other safety factors.

KEY TAKEAWAY

Production outlook is uncertain but is likely to resume in May.

OUTLOOK: New Vehicle Inventory



INSIGHT

Scenario Assumptions

Production outlook is uncertain but expectation is that it will resume in May based on the latest proposed start dates as of April 28. May production will likely be at lower run rates and/or disrupted by supply chain issues once plants re-open.

Outcome

Inventory projections indicate that additional demand-driven production cuts will not be necessary over and above those already in effect. If sales rebound faster than expected, inventory may fall by 1.1 million units to the 2.3 million level. This remains a sufficient level for the overall industry since it is equivalent to a 56 day supply. However, there will likely be constraints for select vehicles.

KEY TAKEAWAY

Production is expected to align with overall demand for most vehicles, but some will be inventory constrained. Resumption of production in May is key to maintaining normal levels of supply.

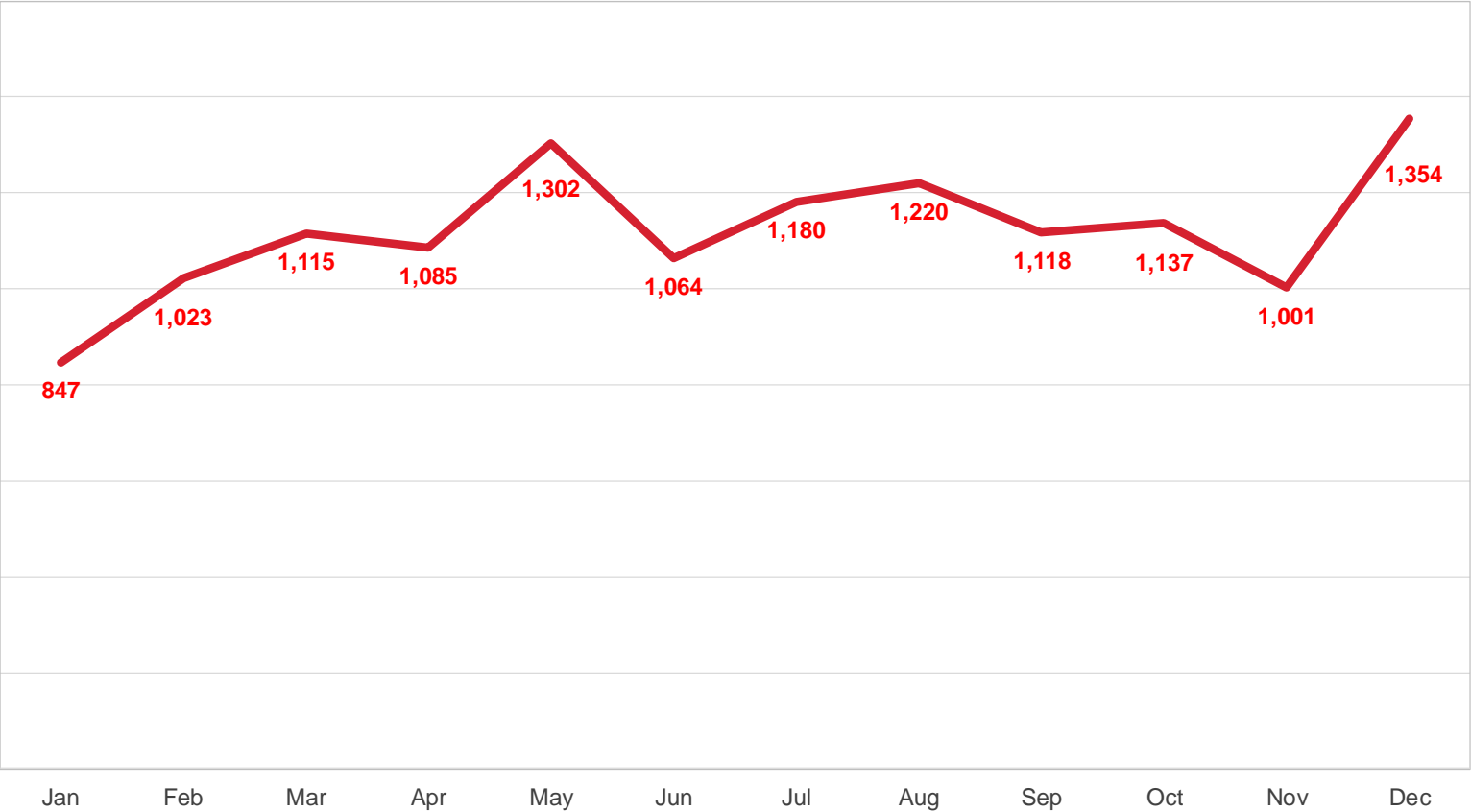
4. Q&A

Next Briefing: May 6, 2 pm EDT

Appendix

IMPACT: J.D. Power 2020 Pre-Virus Retail Forecast

Retail Sales Forecast (000s)



INSIGHT

2020 Pre-Virus Full Year Forecast

Prior to the escalation of COVID-19 in the U.S., J.D. Power expected annual total sales of 16.8 million and retail sales of 13.4 million, declines of 1.9% and 2.6% respectively from 2019.

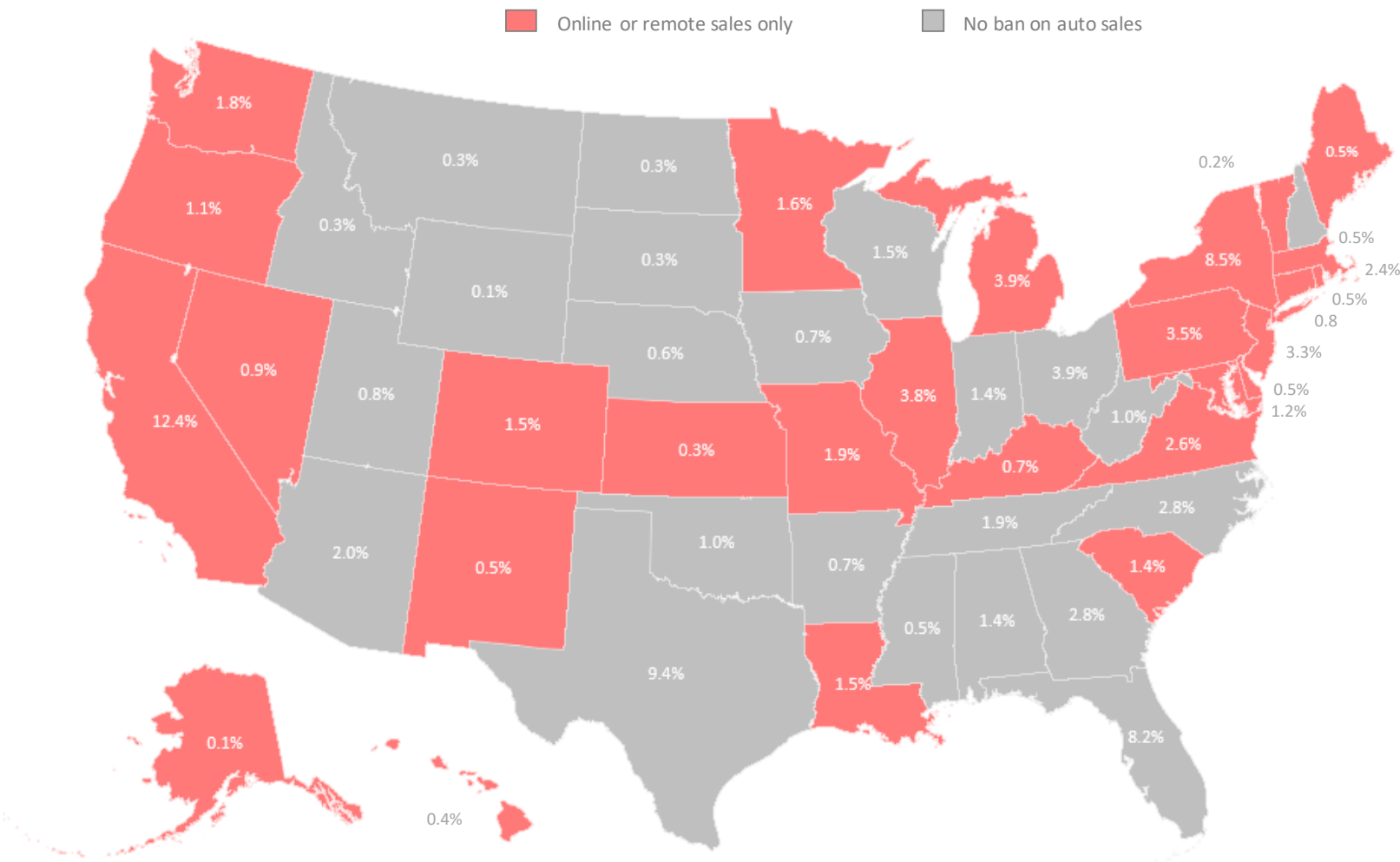
Pre-Virus April Forecast

The pre-virus forecast for April 2020 was 1.36 million total sales and 1.09 million retail sales, declines of 0.8% and 1.1% respectively from April 2019.

KEY TAKEAWAY

Prior to the virus, April new-vehicle retail sales were forecasted to fall 1.1% from last year. This forecast is the baseline expectation for all sales analyses in this presentation.

IMPACT: Dealership Sales Operations by State



INSIGHT

Dealership Sales Operations

- 23 states (42% of 2019 sales) allow dealership sales operations to remain open
- 27 states (58%) allow only online or remote sales

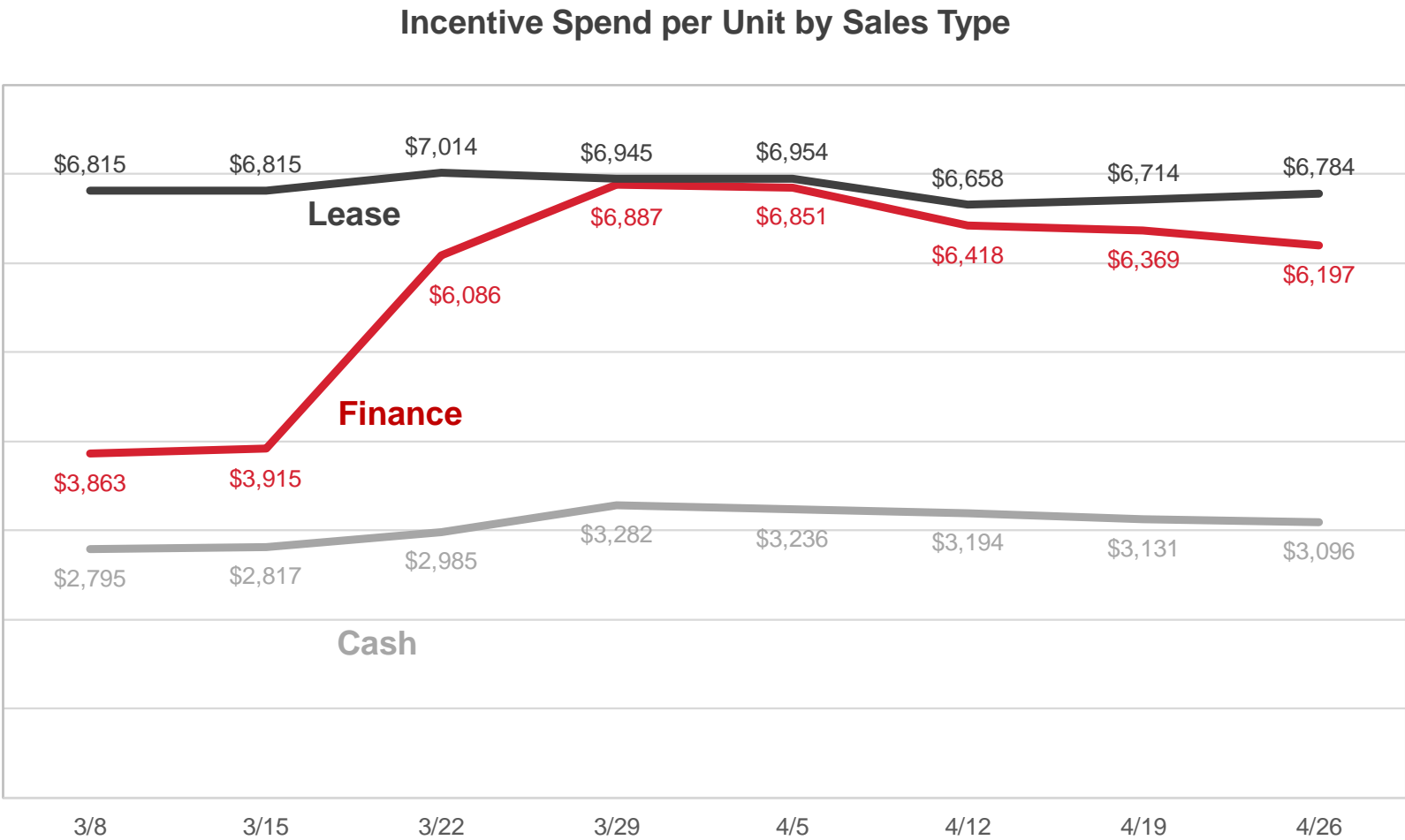
Changes This Week:

- South Carolina clarified to show that sales remain online only
- Phased restarts of state economies in Georgia, South Carolina and Montana

KEY TAKEAWAY

All states now allow for car sales either in a showroom or remote/online.

IMPACT: Loan Deals Have Improved, Cash/Lease Deals Stable



INSIGHT

0% for 84 months finance terms are the primary driver of the recent rapid escalation of incentives.

Discounts for cash and lease customers have not yet risen to match the escalation available to finance customers.

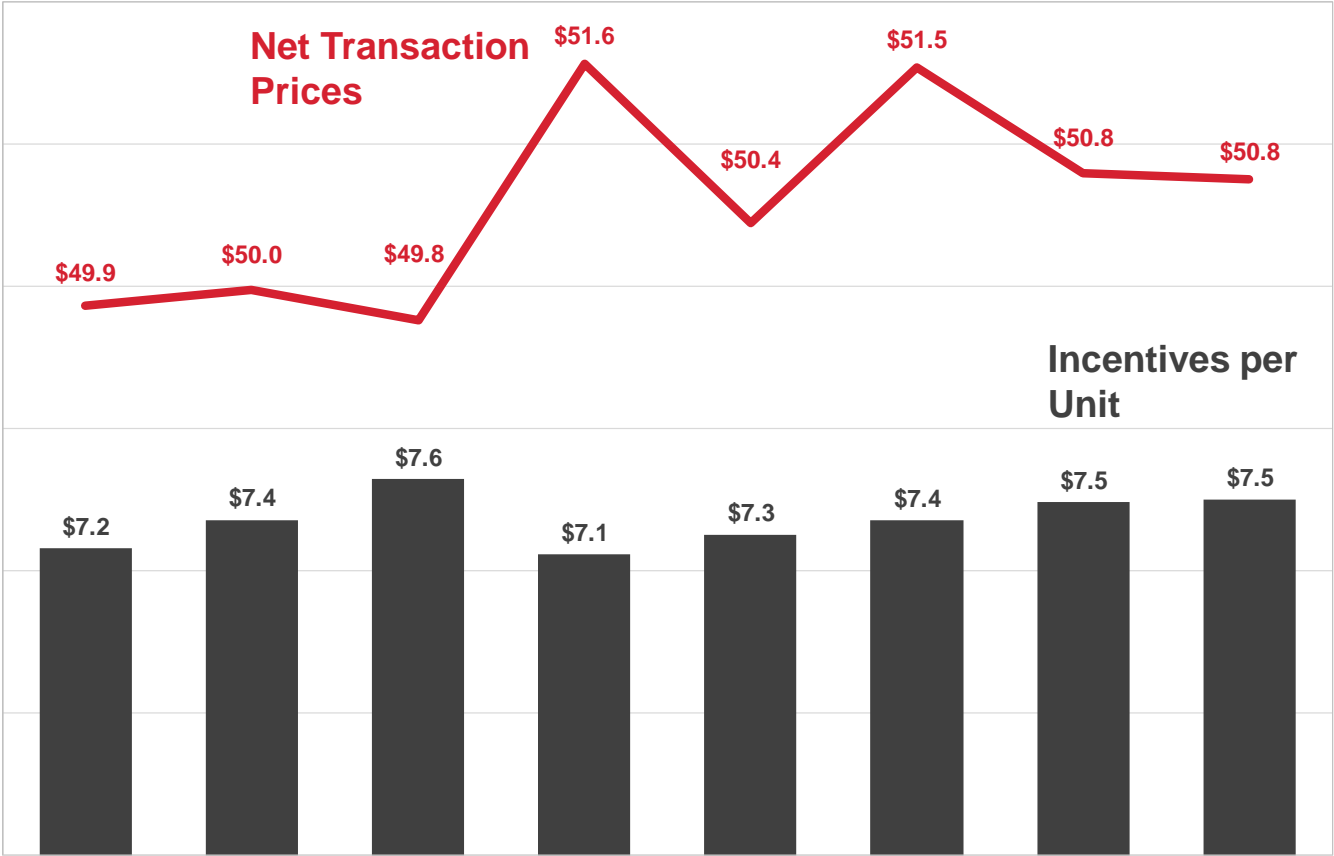
A key variable for the coming weeks and months will be the extent to which manufacturers maintain the current strategy vs. escalating cash and lease incentives.

KEY TAKEAWAY

The current dominant tactic of 0% for 84 months is appropriate to maintain sales though the current crisis. However, it is only relevant to non-cash and non-lease customers.

IMPACT: Premium Transaction Prices & Incentive Spend

Net Transaction Prices and Incentive Spending (000s)



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26
Incentives % MSRP	12.1%	12.4%	12.8%	11.8%	12.2%	12.2%	12.4%	12.6%

INSIGHT

Net Transaction Prices

Premium transaction prices grew to \$51,600 during the week ending March 29 driven by a week-over-week drop in lease mix and a higher sales mix of Large SUVs. Prices remained elevated through the week ending April 26.

Incentive Spending

Incentives dropped to \$7,100 in the week ending March 29 due to lower lease spending and mix. Spending increased in the following four weeks as premium nameplates enhanced their supported finance offers to keep up with mainstream nameplates.

Supported finance mix grew from 10% in the week ending March 29 to 20% in the week ending April 26.

KEY TAKEAWAY

Premium nameplates are following the lead of mainstream in offering enhanced supported finance offers.

IMPACT: Regional Premium Retail Sales

	Apr-19	Mar-20	Apr-20				Week Ending		
			MTD	Δ Y/Y			2019-04-28	2020-04-19	2020-04-26
National	134.9	86.8	48.3	-56%	<div></div>		37.0	14.4	17.6
Pre-Virus Forecast	134.9	144.9	107.7	-2%	<div></div>		37.0	31.6	34.1
New York	18.8	10.8	3.2	-78%	<div></div>		5.1	0.9	1.2
Los Angeles	15.1	9.8	5.0	-62%	<div></div>		4.2	1.5	1.9
Chicago	5.0	2.9	2.0	-52%	<div></div>		1.3	0.7	0.7
Dallas	4.4	3.5	2.9	-22%	<div></div>		1.2	0.9	1.1
Philadelphia	4.6	2.1	0.5	-85%	<div></div>		1.2	0.1	0.3
Detroit	2.8	1.5	0.3	-85%	<div></div>		0.8	0.1	0.2
Boston	3.3	2.0	0.9	-64%	<div></div>		0.9	0.3	0.3
San Francisco	5.2	2.4	1.3	-72%	<div></div>		1.5	0.4	0.5
Houston	3.8	3.0	2.5	-20%	<div></div>		1.0	0.8	0.8
Miami	6.1	4.7	2.9	-43%	<div></div>		1.8	0.9	1.1
Washington, DC	3.4	2.2	1.5	-45%	<div></div>		1.0	0.4	0.5
Atlanta	2.8	2.2	1.5	-36%	<div></div>		0.8	0.4	0.6
Tampa	2.6	2.2	1.4	-34%	<div></div>		0.7	0.3	0.5
Phoenix	1.9	1.5	1.1	-33%	<div></div>		0.6	0.3	0.4
Orlando	1.9	1.4	0.9	-44%	<div></div>		0.5	0.3	0.3
Cleveland	1.4	1.1	0.7	-33%	<div></div>		0.4	0.2	0.3
Seattle	1.6	0.9	0.4	-71%	<div></div>		0.4	0.1	0.1
Minneapolis	1.1	0.7	0.4	-54%	<div></div>		0.3	0.1	0.2
Denver	1.6	0.9	0.6	-53%	<div></div>		0.4	0.2	0.3
Pittsburgh	1.1	0.5	0.1	-90%	<div></div>		0.3	0.0	0.1
Sacramento	1.2	0.6	0.5	-48%	<div></div>		0.3	0.2	0.1
San Diego	1.9	1.1	0.6	-64%	<div></div>		0.5	0.2	0.2
West Palm Beach	2.6	2.1	1.3	-35%	<div></div>		0.7	0.3	0.5
Raleigh	1.1	0.8	0.4	-47%	<div></div>		0.3	0.1	0.1
Charlotte	1.2	0.9	0.5	-41%	<div></div>		0.3	0.2	0.2

	Δ W/W
	+22%
	+8%
	+28%
	+31%
	-3%
	+26%
	+111%
	+91%
	+20%
	+25%
	-4%
	+21%
	+30%
	+39%
	+66%
	+6%
	+1%
	+23%
	+47%
	+20%
	+50%
	+604%
	-10%
	+12%
	+52%
	-0%
	+1%

INSIGHT

April Month-to-Date

Premium declines remain more severe than the industry overall with the sales decline running 9ppts worse.

Week Ending April 26

Nearly all markets are exhibiting growth (off of depressed sales in prior weeks) as dealers adapt and/or selling regulations are clarified.

KEY TAKEAWAY

Every top 25 market is off for the month and any weekly gain is from depressed levels.

IMPACT: Regional Large Light Duty Pickup Retail Sales

	Apr-19	Mar-20	Apr-20						
			MTD		Δ Y/Y		Week Ending		Δ W/W
							2019-04-28	2020-04-19	2020-04-26
National	104.5	103.7	75.8		-12%		27.8	22.4	24.4
Pre-Virus Forecast	104.5	117.4	83.7		-2%		27.8	24.7	26.9
New York	3.0	1.9	1.1		-54%		0.8	0.3	0.4
Los Angeles	3.2	2.9	2.5		-11%		0.8	0.7	0.7
Chicago	1.6	1.5	1.3		+1%		0.4	0.4	0.4
Dallas	3.5	4.8	3.6		+23%		0.9	1.1	1.2
Philadelphia	1.8	1.1	0.5		-69%		0.5	0.1	0.2
Detroit	4.2	3.3	0.6		-82%		1.2	0.2	0.4
Boston	1.9	1.6	1.3		-17%		0.5	0.4	0.4
San Francisco	1.0	0.8	0.5		-40%		0.3	0.2	0.2
Houston	3.4	4.7	3.5		+23%		0.9	1.1	1.0
Miami	1.3	1.2	1.0		-11%		0.4	0.3	0.3
Washington, DC	1.2	1.1	1.0		-0%		0.3	0.3	0.3
Atlanta	1.8	1.9	1.6		+4%		0.4	0.5	0.5
Tampa	1.5	1.7	1.4		+14%		0.4	0.5	0.4
Phoenix	1.7	2.1	1.7		+13%		0.5	0.5	0.5
Orlando	1.3	1.4	1.1		-2%		0.4	0.3	0.3
Cleveland	1.4	1.5	1.2		+7%		0.4	0.4	0.4
Seattle	1.0	0.7	0.4		-56%		0.3	0.1	0.1
Minneapolis	2.4	2.2	1.5		-25%		0.7	0.4	0.5
Denver	1.4	1.2	1.2		-3%		0.4	0.3	0.4
Pittsburgh	1.3	0.7	0.2		-83%		0.4	0.0	0.2
Sacramento	1.0	0.9	0.8		-2%		0.2	0.2	0.2
San Diego	0.6	0.5	0.4		-15%		0.2	0.1	0.2
West Palm Beach	0.6	0.6	0.5		+5%		0.2	0.1	0.2
Raleigh	0.9	1.1	1.0		+31%		0.2	0.3	0.3
Charlotte	0.8	1.1	0.8		+13%		0.2	0.2	0.2

INSIGHT

April Month-to-Date

Truck markets in Texas and other sunbelt states are growing this month as incentives keep consumers in market.

Week Ending April 19

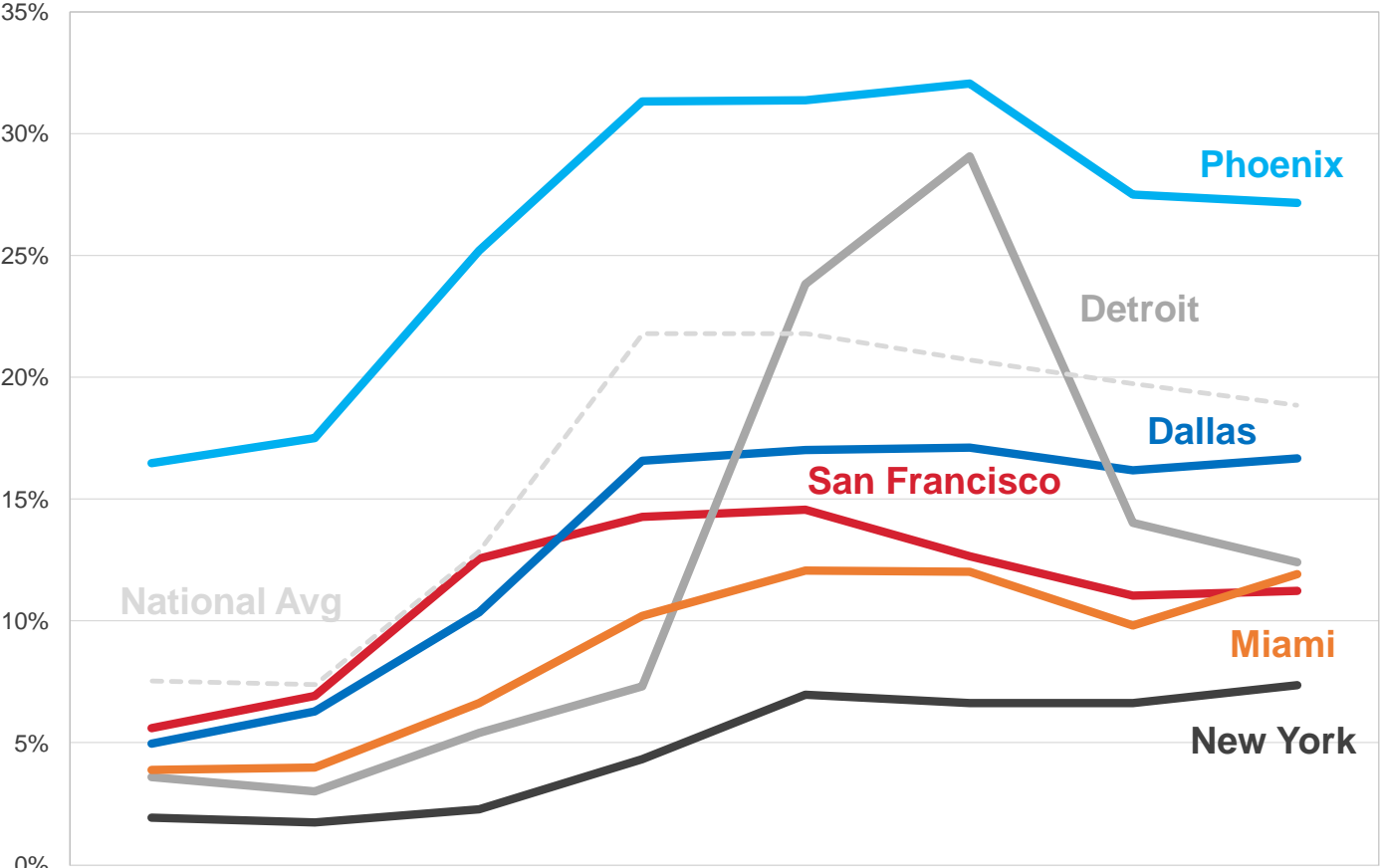
On a weekly basis, most top truck markets continue to show growth, as volumes in 11 out of 25 markets eclipse the same week last year.

KEY TAKEAWAY

The pickup segment remains the most resilient in the industry but not every market is showing strength.

IMPACT: 84 Month Loans Rose In More Resilient Markets

% of Sales That Are Financed with an 84-month or Longer Loan



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26
San Francisco	6%	7%	13%	14%	15%	13%	11%	11%
New York	2%	2%	2%	4%	7%	7%	7%	7%
Detroit	4%	3%	5%	7%	24%	29%	14%	12%
Miami	4%	4%	7%	10%	12%	12%	10%	12%
Phoenix	16%	17%	25%	31%	31%	32%	28%	27%
Dallas	5%	6%	10%	17%	17%	17%	16%	17%
National	8%	7%	13%	22%	22%	21%	20%	19%

INSIGHT

Markets that have demonstrated the greatest resilience in the downturn, such as Dallas and Phoenix, are demonstrating high reliance on 84 month and longer loans.

Use of 84 month loans has nearly doubled in Phoenix and remains near 30% in the fifth week since 0% for 84 month programs launched.

Sales volume in Detroit was extremely low in weeks ending 4/5 and 4/12, but consumers that managed to purchase vehicles in those weeks went into 84 month and longer loans at high rates.

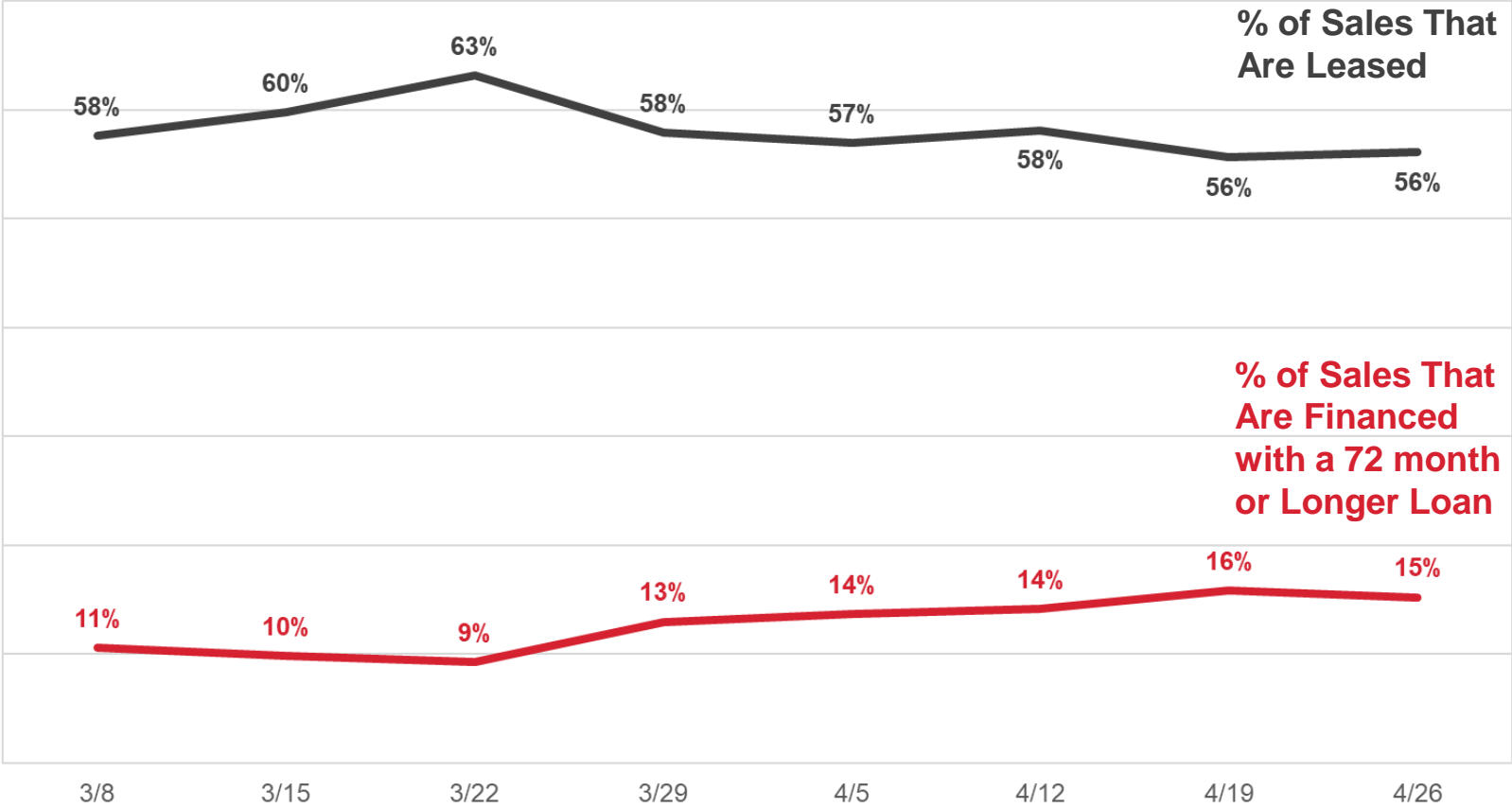
While 84 month loan mix in New York has risen, it is not approaching levels of resilient markets.

KEY TAKEAWAY

While 84 month loan usage has increased in most markets, more resilient markets relied heavily on this tactic to maintain relatively higher sales volume.

IMPACT: How People Are Buying Premium Vehicles

Share of New Vehicle Sales by Purchase Type



INSIGHT

% of Premium Buyers Taking 72 month or Longer Loans

15% of buyers during the week ending April 26 took a 72-month or longer loan, the highest ever level for premium and 60% above pre-virus levels.

Unlike non-premium segments, 0% for 84 month loans are not currently available, with 0% for 72 month loans only available on a modest portion of premium vehicles.

KEY TAKEAWAY

While still low relative to mainstream vehicles, the number of luxury buyers opting for long-term loans is up 40% from pre-virus levels.

IMPACT: Regional Used Sales

	Apr-19	Mar-20	Apr-20						
			MTD		Δ Y/Y		Week Ending		Δ W/W
							2019-04-28	2020-04-19	2020-04-26
National	134.9	86.8	48.3	-56%			37.0	14.4	17.6
Pre-Virus Forecast	134.9	144.9	107.7	-2%			37.0	31.6	34.1
New York	18.8	10.8	3.2	-78%			5.1	0.9	1.2
Los Angeles	15.1	9.8	5.0	-62%			4.2	1.5	1.9
Chicago	5.0	2.9	2.0	-52%			1.3	0.7	0.7
Dallas	4.4	3.5	2.9	-22%			1.2	0.9	1.1
Philadelphia	4.6	2.1	0.5	-85%			1.2	0.1	0.3
Detroit	2.8	1.5	0.3	-85%			0.8	0.1	0.2
Boston	3.3	2.0	0.9	-64%			0.9	0.3	0.3
San Francisco	5.2	2.4	1.3	-72%			1.5	0.4	0.5
Houston	3.8	3.0	2.5	-20%			1.0	0.8	0.8
Miami	6.1	4.7	2.9	-43%			1.8	0.9	1.1
Washington, DC	3.4	2.2	1.5	-45%			1.0	0.4	0.5
Atlanta	2.8	2.2	1.5	-36%			0.8	0.4	0.6
Tampa	2.6	2.2	1.4	-34%			0.7	0.3	0.5
Phoenix	1.9	1.5	1.1	-33%			0.6	0.3	0.4
Orlando	1.9	1.4	0.9	-44%			0.5	0.3	0.3
Cleveland	1.4	1.1	0.7	-33%			0.4	0.2	0.3
Seattle	1.6	0.9	0.4	-71%			0.4	0.1	0.1
Minneapolis	1.1	0.7	0.4	-54%			0.3	0.1	0.2
Denver	1.6	0.9	0.6	-53%			0.4	0.2	0.3
Pittsburgh	1.1	0.5	0.1	-90%			0.3	0.0	0.1
Sacramento	1.2	0.6	0.5	-48%			0.3	0.2	0.1
San Diego	1.9	1.1	0.6	-64%			0.5	0.2	0.2
West Palm Beach	2.6	2.1	1.3	-35%			0.7	0.3	0.5
Raleigh	1.1	0.8	0.4	-47%			0.3	0.1	0.1
Charlotte	1.2	0.9	0.5	-41%			0.3	0.2	0.2

INSIGHT

April Month-to-Date

Used vehicle sales declined more than new vehicle sales in 21 out of 25 markets. Used sales are significantly lagging new sales in Texas, Florida, Denver, Phoenix and Cleveland.

Week Ending April 26

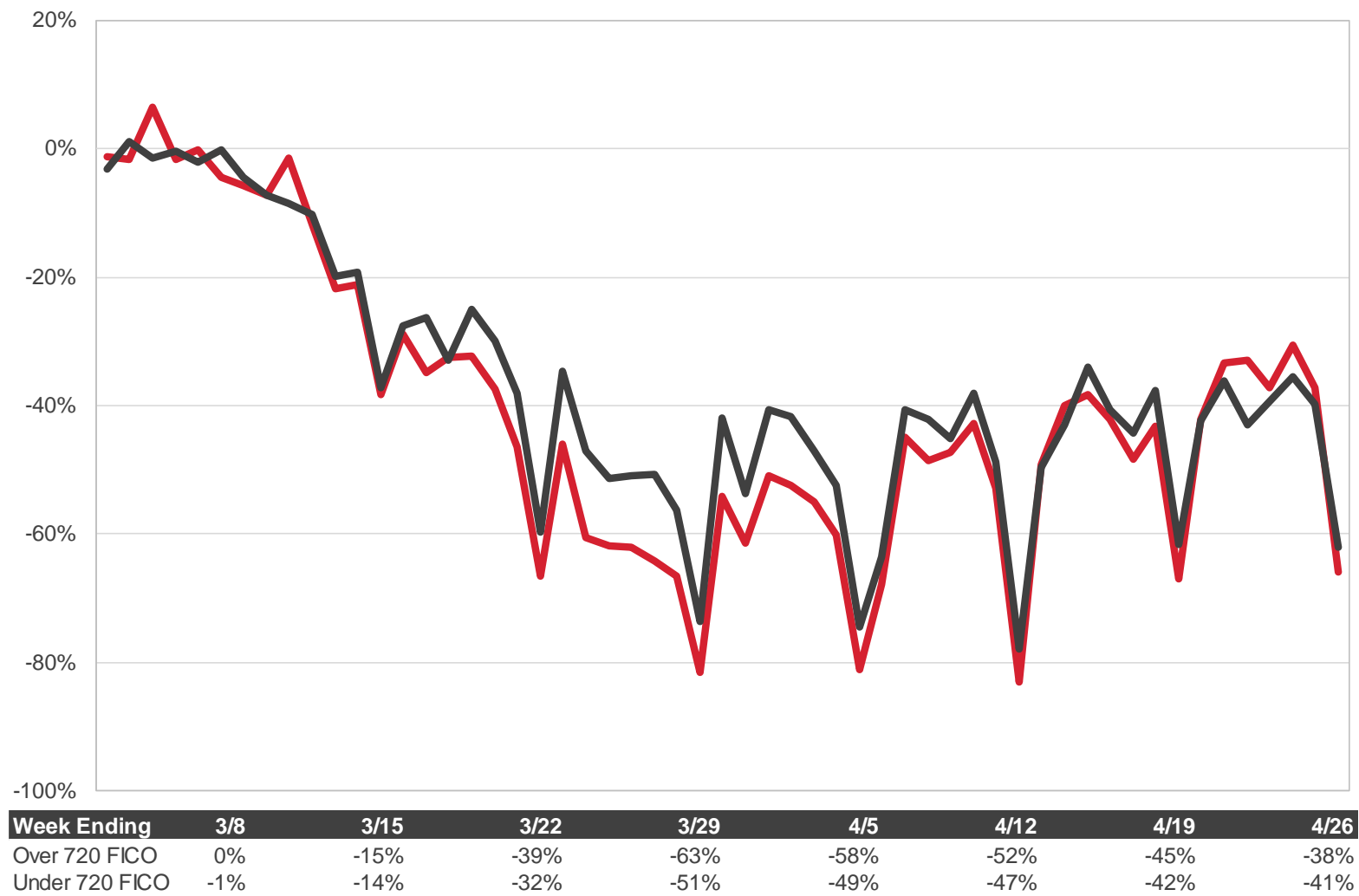
Markets with recent cessations of sales bans such as Philadelphia, Detroit and Pittsburgh are rebounding strongly, but performance in other markets is mixed.

KEY TAKEAWAY

Every top 25 market is under stay-home orders and experiencing declines. However, the impact of recent stay-home guidance has been less than expected.

IMPACT: Retail Sales by Credit Score

Retail Sales: Actual over/(under) Pre-Virus Forecast



INSIGHT

Credit Tier Variation

Since mid-March, retail sales to buyers with the best credit (FICO scores over 720) declined at a faster pace than those with worse credit. 720+ FICO buyers account for about 65% of new-vehicle sales.

April MTD Sales Change

- Over 720 FICO: -46% or 258,000 units
- Under 720 FICO: -44% or 132,000 units

Week Ending April 26 Sales Change

- Over 720 FICO: -38% or 65,000 units
- Under 720 FICO: -41% of 36,000 units

KEY TAKEAWAY

For the week ending April 26, retail sales to buyers with credit scores over 720 overperformed the rest of the industry by 3ppts.