



NATIONAL
AUTOMOBILE
DEALERS
ASSOCIATION

Top Trends That Will Drive the Used Vehicle Market



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OBJECTIVES:

- Identify key industry trends and used car market shifts impacting the automotive ecosystem.
- Share 7 tips to drive efficiency into your wholesale operations.

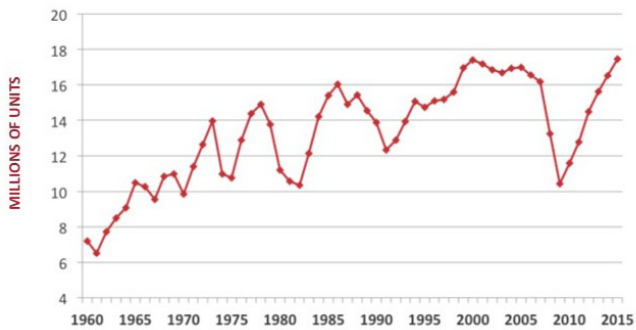


WHAT YOU NEED TO KNOW:

- Coming increases in wholesale supplies will put pressure on wholesale pricing and, more importantly, retail margins.
- To relieve that pressure dealers will need to secure and manage inventory more efficiently and effectively.

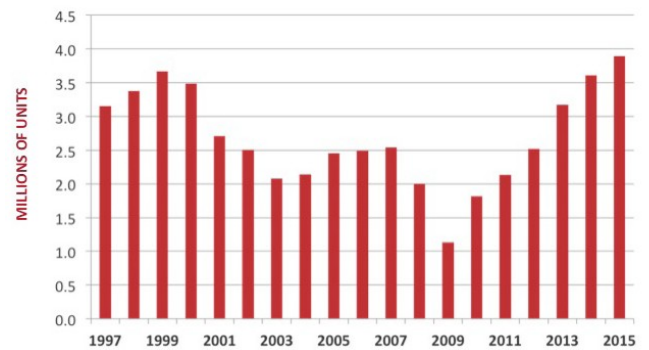
1. STATE OF THE USED CAR INDUSTRY:

1.0 | USED VEHICLE PRODUCTION



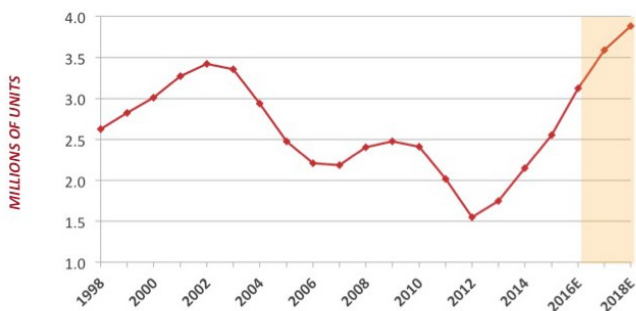
Source: Automotive News

1.1 | NEW VEHICLE LEASE ORIGINATIONS



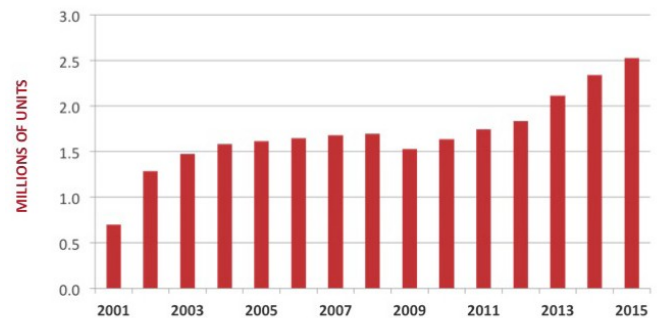
Source: Manheim Consulting

1.2 | TOTAL WHOLESALE SUPPLY: OFF-LEASE



Source: Manheim Consulting

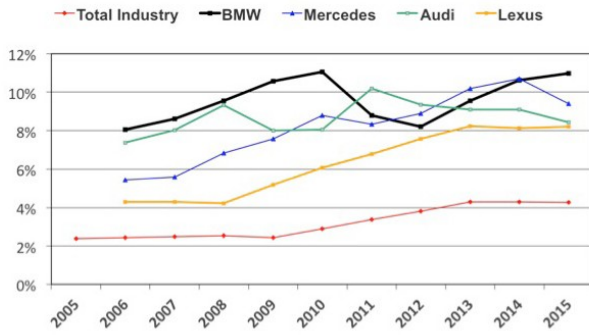
1.3 | CERTIFIED PRE-OWNED SALES



Source: Automotive News

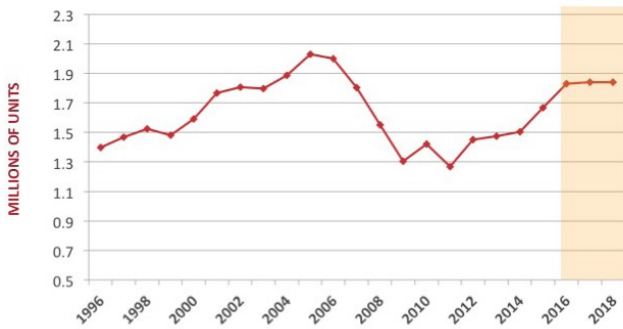
1. STATE OF THE USED CAR INDUSTRY (CONT.):

1.4 | CPO AS % OF NEW VEHICLE SALES OVER PRIOR 4 YEARS



Source: Manheim Consulting

1.6 | TOTAL WHOLESALE SUPPLY: OFF-RENTAL



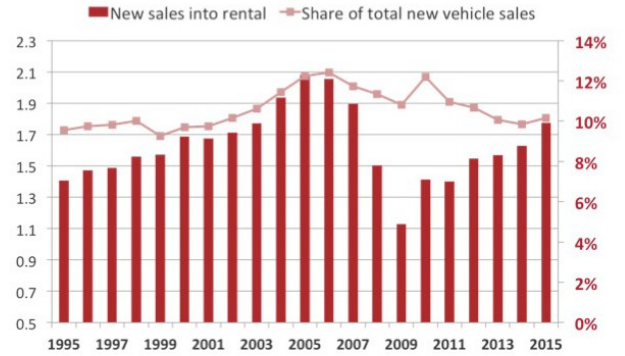
Source: Manheim Consulting

1.8 | RENTAL RISK VEHICLES REMARKETED AT AUCTIONS

	2011 Q3	2014 Q3	2015 Q3
Number of unique year, make, model, body configurations sold	2,216	3,303	3,756
Share accounted for top 10 YMMB	28.2%	17.3%	15.6%
Share accounted for top 25 YMMB	46.5%	21.7%	26.9%
Number of YMMB to reach 50% share	31	86	85

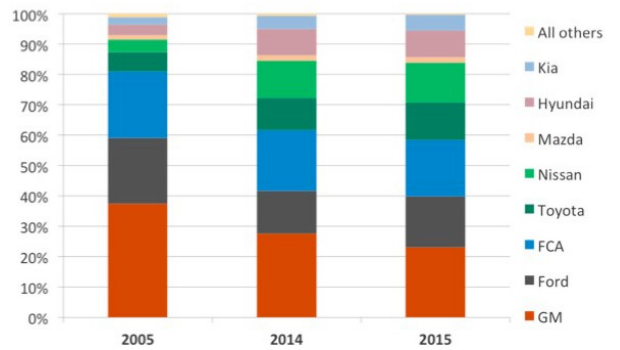
Source: Manheim Consulting

1.5 | NEW VEHICLE SALES INTO RENTAL



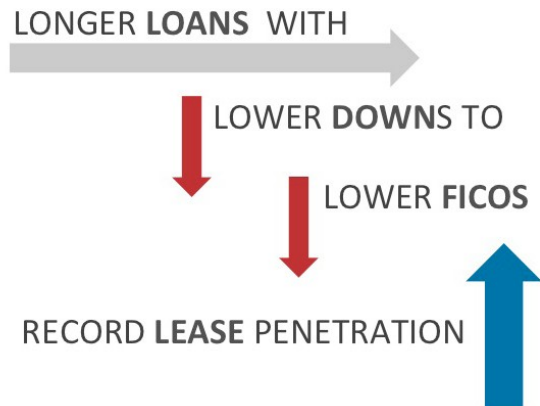
Source: Auto Rental News & Automotive News

1.7 | DISTRIBUTION OF NEW VEHICLE SALES INTO RENTAL BY MANUFACTURER



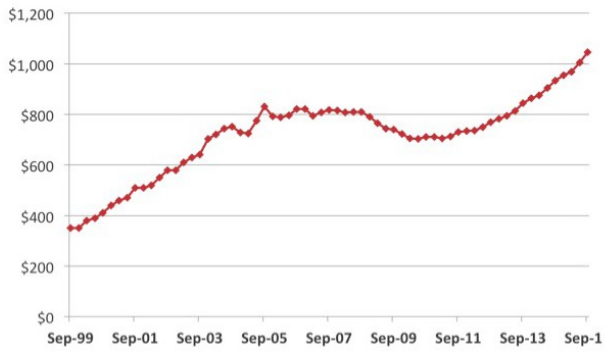
Source: Bobit Business Media

1.9 | THE RETAIL FINANCING MARKET



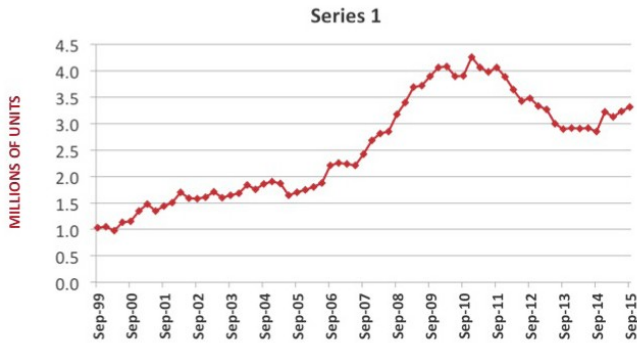
1. STATE OF THE USED CAR INDUSTRY (CONT.):

1.10 | AUTO LOANS OUTSTANDING



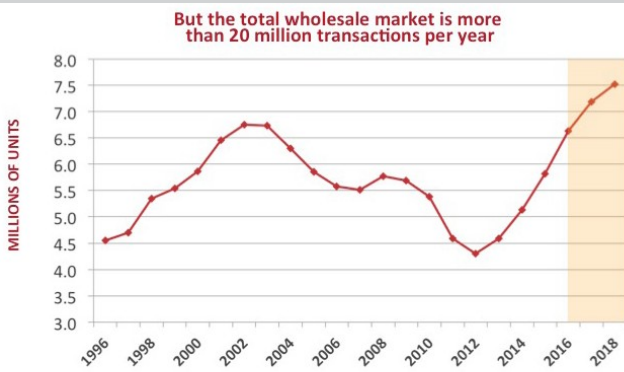
Source: Federal Reserve Bank of New York

1.12 | NUMBER OF AUTO LOANS OUTSTANDING 90+ DAYS DELINQUENT



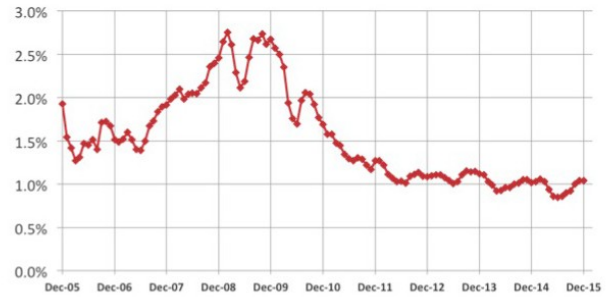
Source: Federal Reserve Bank of New York

1.14 | TOTAL WHOLESALE SUPPLY: OFF-RENTAL, OFF-LEASE & REPOS



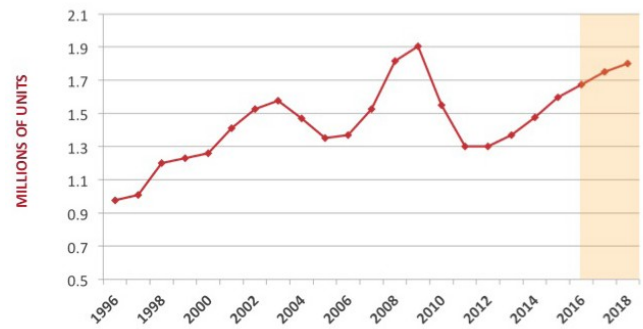
Source: Manheim Consulting

1.11 | S&P AUTO CREDIT DEFAULT INDEX



Source: S&P

1.13 | NUMBER OF REPOSSESSIONS



Source: Manheim Consulting

1.15 | % CHANGE USED UNITS RETAILED — SAME STORE BASIS



Source: Company filings

*KMX shifted forward one month to correspond with calendar quarter
Weighted average for KMX, AN, PAG, SAH, GPL, ABS, and LAD

1. STATE OF THE USED CAR INDUSTRY (CONT.):

1.16 | USED VEHICLE RETAIL GROSS MARGIN



2. CURRENT STATE OF DEALERSHIP SALES & PROFITABILITY

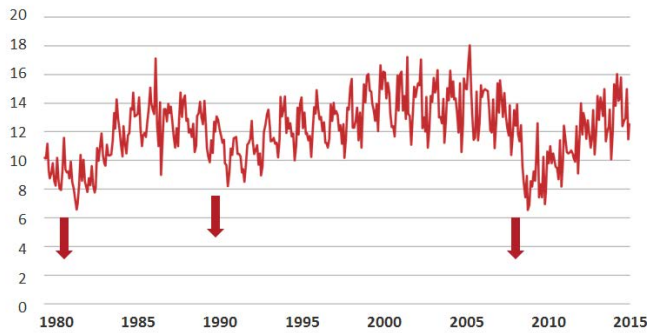
- Used Car Sales expected to continue to soar
- Off-lease volumes are high
- Lot of opportunity with CPO



3. CURRENT STATE OF CAR BUYING:

3.0 | CYCLICAL MARKET: WHAT GOES UP MUST COME DOWN

U.S. LIGHT VEHICLE SALES



Source: Bureau of Economic Analysis (BEA)

—Light Total --not seasonally adjusted

3.1 | TIME SPENT SHOPPING

Consumers spend
**14hrs
44min**
shopping for a car

with
59%
of it online

They visit
an average of
5.2
sites

77%
that did visit a dealer
group site also visited
a third-party site

Source: 2016 Car Buyer Journey Study

3.2

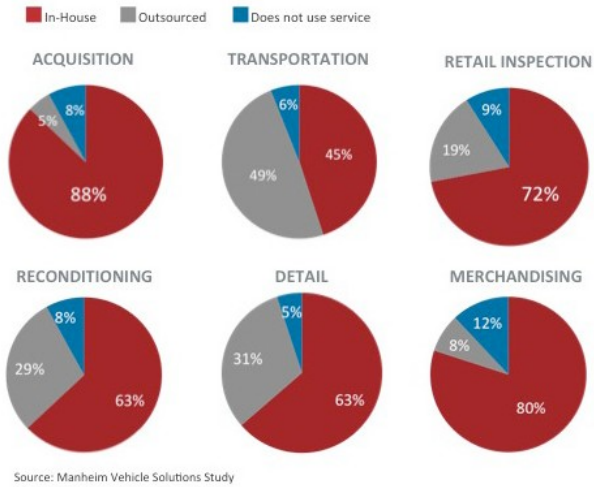
70% of car buyers did not know
what vehicle they wanted
when they started shopping

Source: 2016 Car Buyer Journey Study

71% purchased the vehicle they
then intended to buy

3. CURRENT STATE OF CAR BUYING (CONT.):

3.3 | CURRENT WHOLESALE ACTIVITIES



ONLY
52%
are satisfied with your
current wholesale process

Source: Manheim Vehicle Solutions Study

4. SEVEN WAYS TO SPEED UP YOUR WHOLESALE OPERATIONS:

1. Use stocking tools to identify in-demand vehicles
2. Use online channels to buy
3. Use condition reports & purchase protection to prevent arbitration
4. Get vehicles reconned & detailed at the auction
5. Get your vehicles online before leaving the auction
6. If you can't get vehicles online before leaving the auction, detail them before recon, take pictures and get them online!
7. Tweak your transportation & logistics model

3. CURRENT STATE OF CAR BUYING (CONT.):
