



Q2 MANHEIM USED VEHICLE VALUE INDEX CALL

July 10, 2023

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Chief Economist



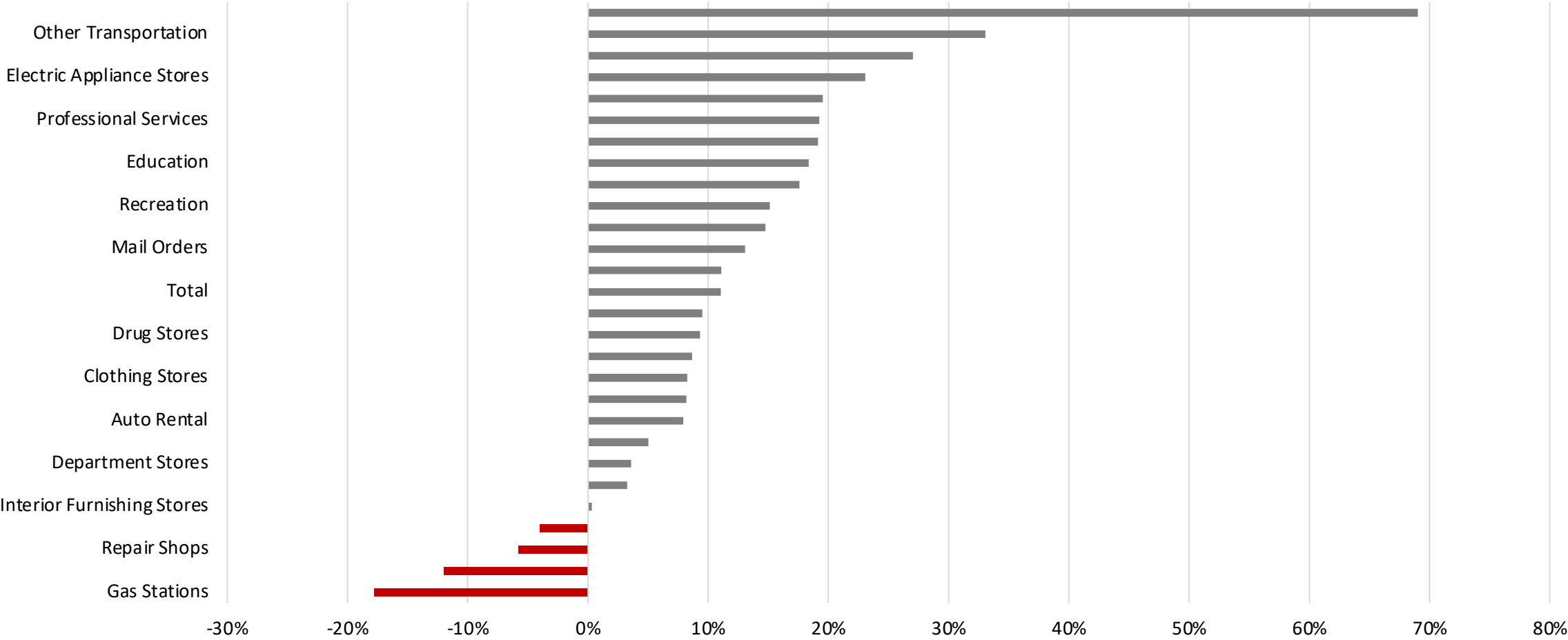
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CONSUMER SPENDING GROWTH SLOWING BUT STILL STRONG IN TRAVEL

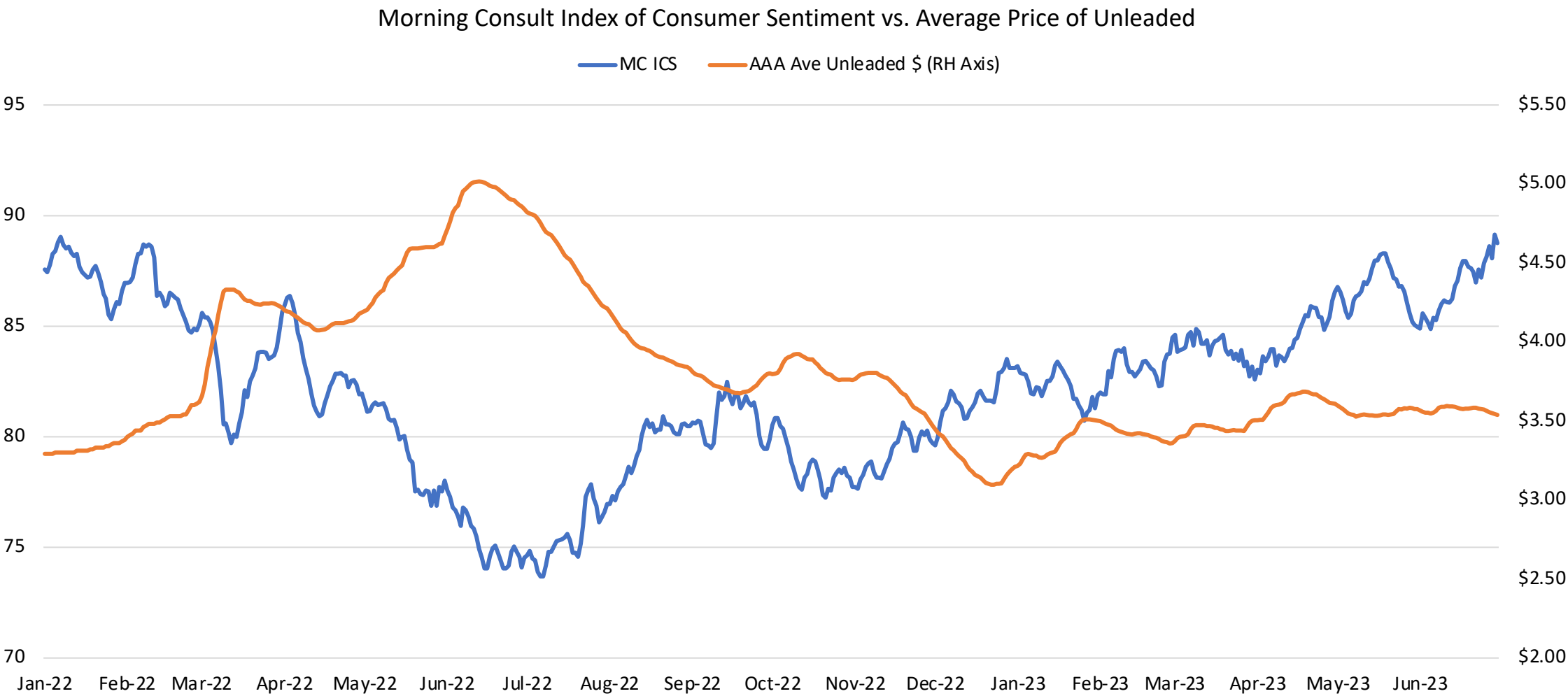
Total spending in mid-June was up 11% y/y with strength in travel, health care, and services

Y/Y Spending % Change for Week Ending June 17, 2023



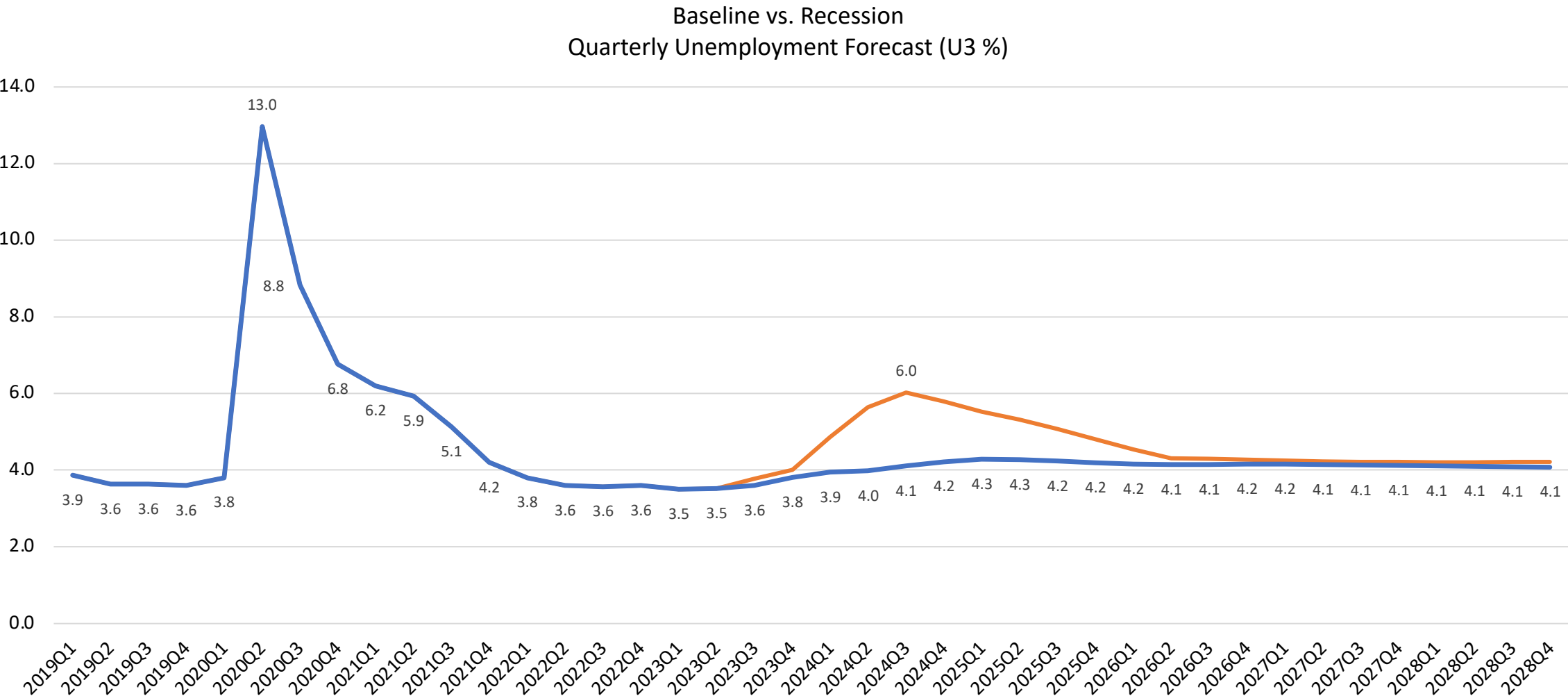
CONSUMER SENTIMENT IMPROVED IN JUNE

The Index of Consumer Sentiment declined 1.8% in May but increased 4.4% in June



JOB MARKET STARTING TO WEAKEN

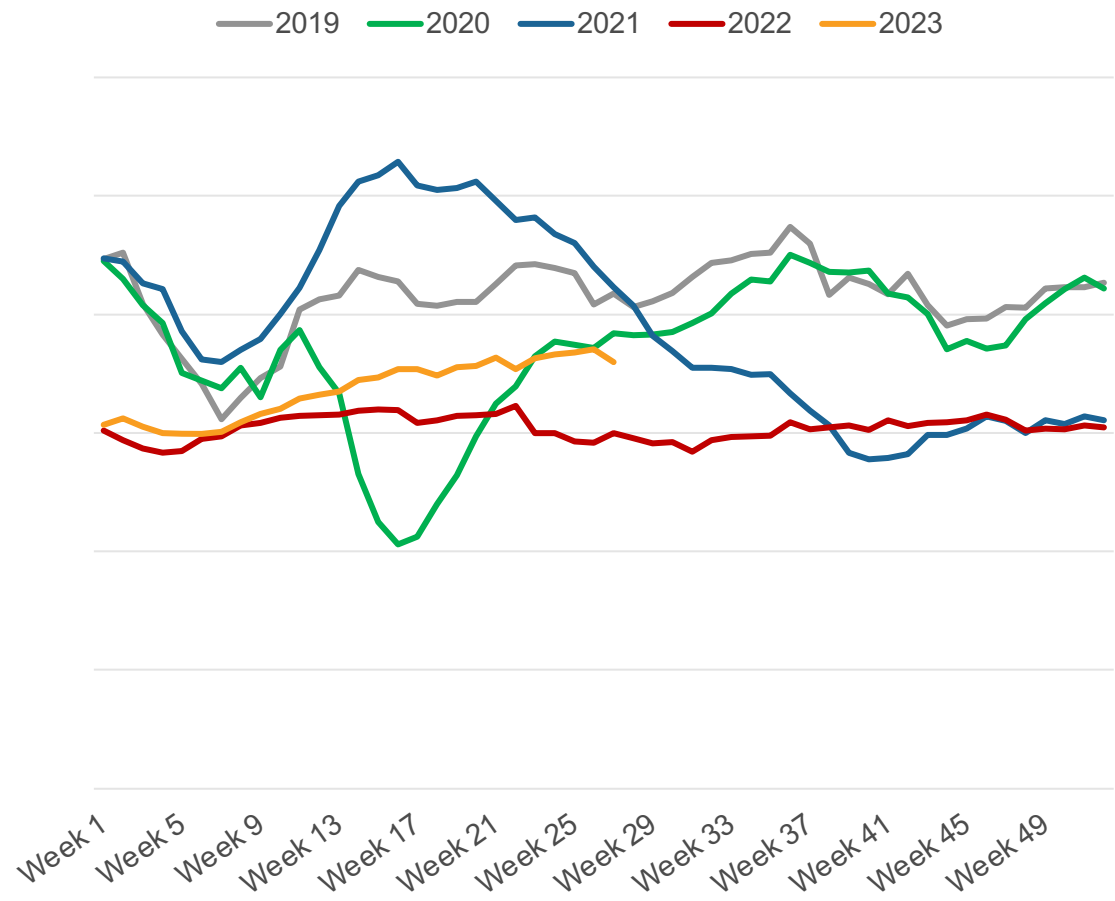
June saw 209,000 new jobs but the unemployment rate declined to 3.6%



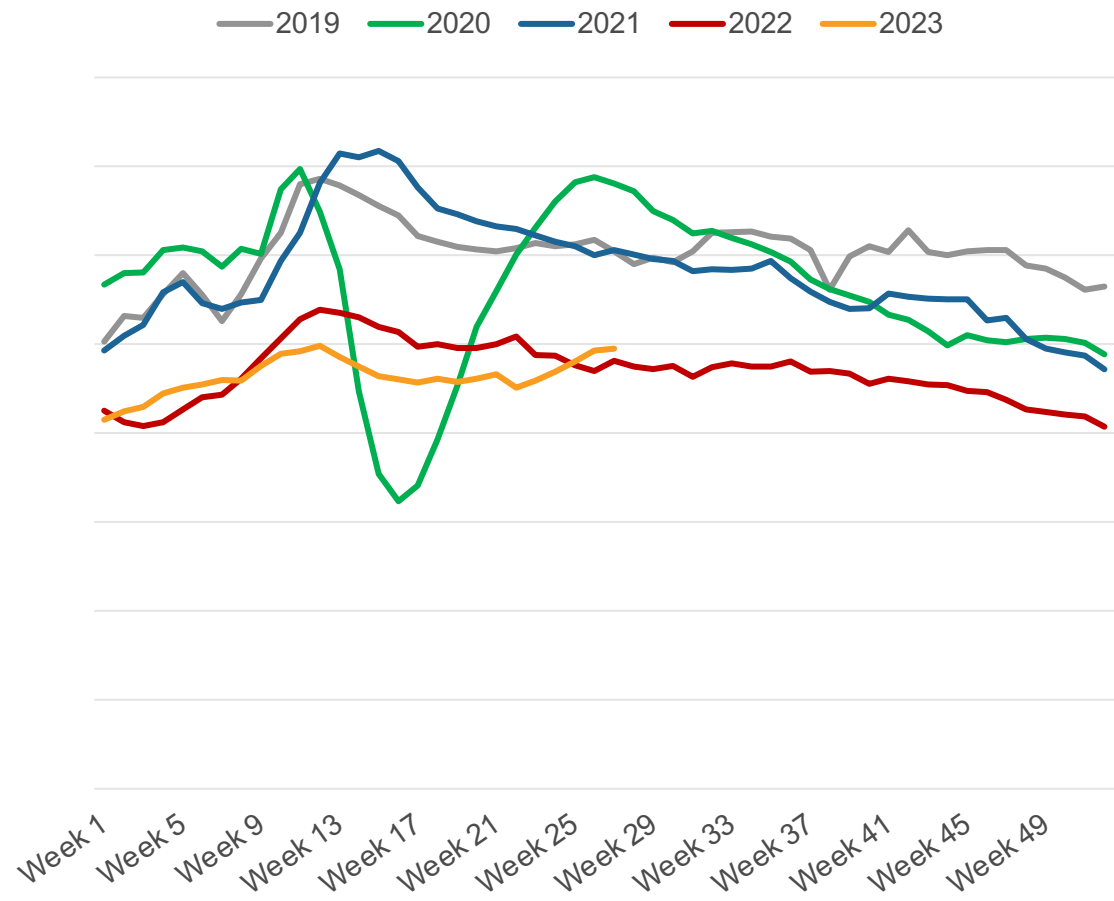
RETAIL VEHICLE SALES ESTIMATES

Compared to 2022, new sales the first week of July were up 20% but down 2.9% w/w: used were up 2.8% and +0.6% w/w

New Retail Sales



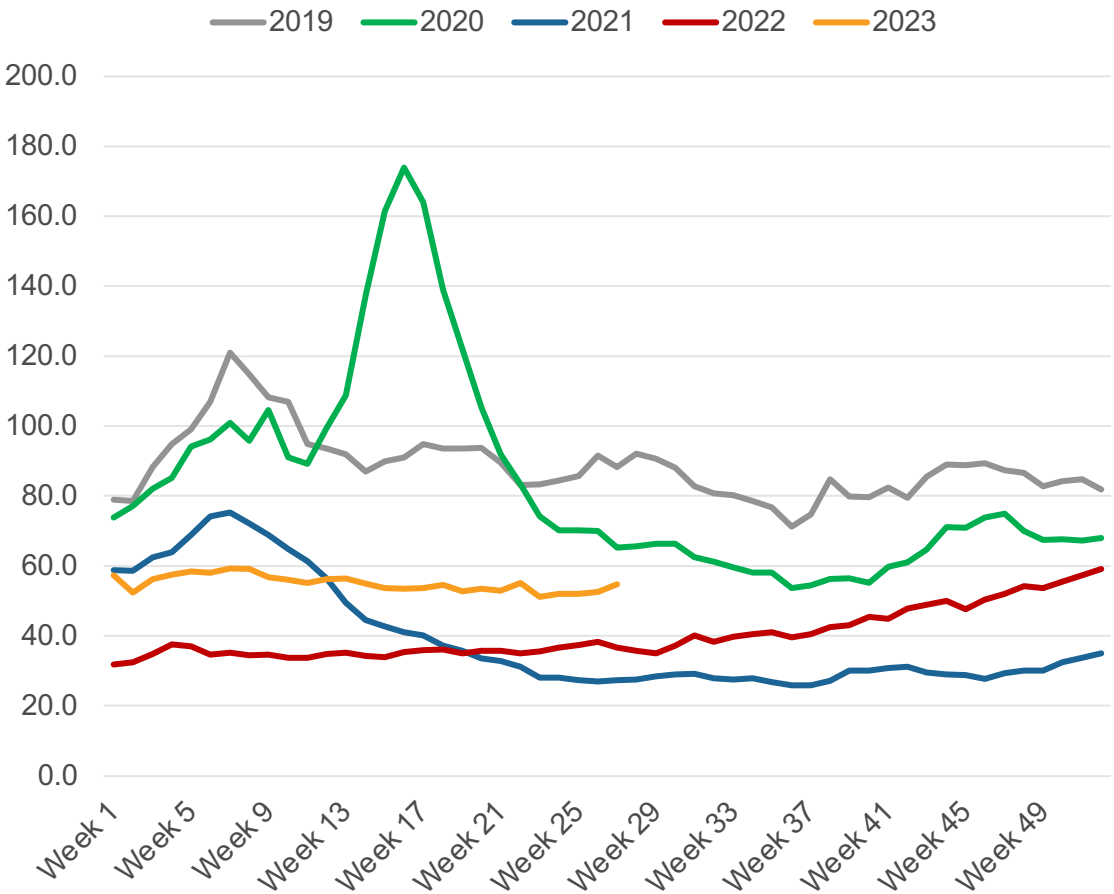
Used Retail Sales



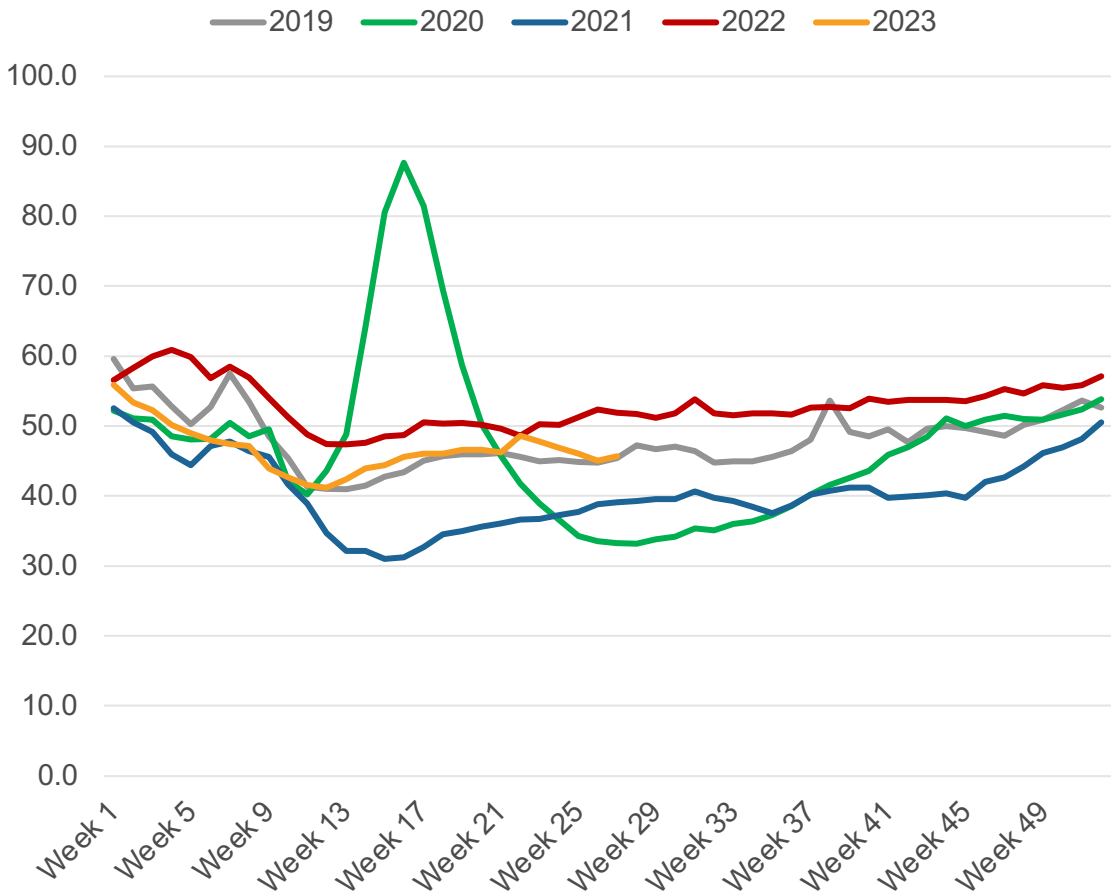
SUPPLY BETTER THAN LAST YEAR FOR NEW BUT TIGHTER FOR USED

New supply is up 18 days y/y and up 2 days from June; used supply is down 6 days y/y and up 1 day from June

New Days' Supply



Used Days' Supply





JOE KICHLER

Vice President, Logistics



Cox AUTOMOTIVE



COX AUTOMOTIVE AND MANHEIM OFFER COMPREHENSIVE LOGISTICS SOLUTIONS FOR CLIENTS AND THE INDUSTRY



Full-service Logistics Provider

- “Do it for me” model
- White glove service primarily serving OEM Captives, Financial Institutions, Dealers
- 6,500+ transport partners
- ~1.1M cars will be transported in 2023 (2.5M pre-pandemic)



Self-service Marketplace

- “Do it myself” model
- Industry leading website load board connecting shippers and transporters
- ~13 million cars to be posted in 2023
- 32,500+ subscribers

We touch 3 out of 4 wholesale vehicles in the U.S.

SUPPLY CHAIN TRENDS



**More Offsite Volume
vs. Vehicles Flowing
into an Auction**



**Greater % of Repo
& Hard-to-Move
Vehicles than Before**



**Transition to
Digital Retailing
Requires Changes**

VIEW ON FUTURE PRICING

SUPPLY



Fewer Drivers and Carriers Available



Driver Wages Increasing Across Industries

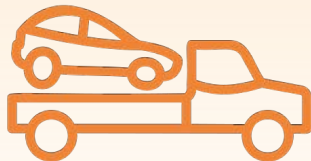


Insurance Costs Have Increased



**Fuel Prices are Flat
*...For Now***

DEMAND

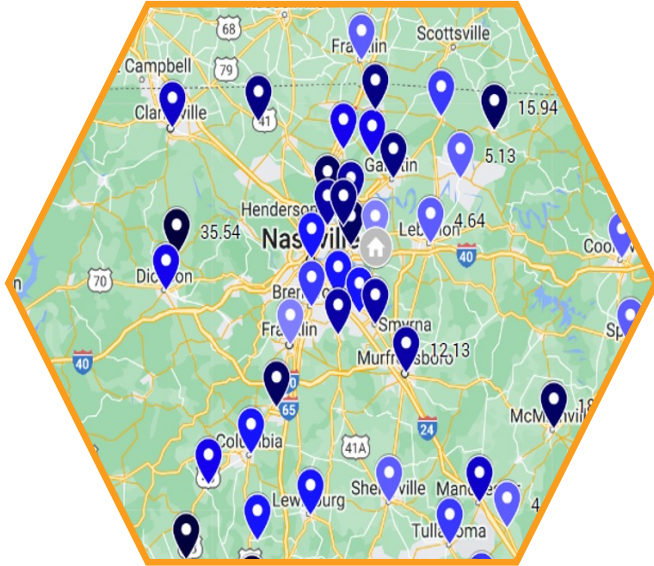


Vehicle Transport Volume & Distance Traveled Continuing to Increase



More Onesy-Twosey Moves Means Less Full Loads

WHAT'S NEXT FOR LOGISTICS



**Load Building /
Optimization /
Dedicated Fleet**



**AI
Pricing Tools**



**EV
Transportation**



CHRIS FREY

Senior Manager, Economic and Industry Insights



Cox AUTOMOTIVE



MANHEIM USED VEHICLE VALUE INDEX

Concept

A single measure of used vehicle price change that is independent of underlying segment shifts in the characteristics of vehicles being sold

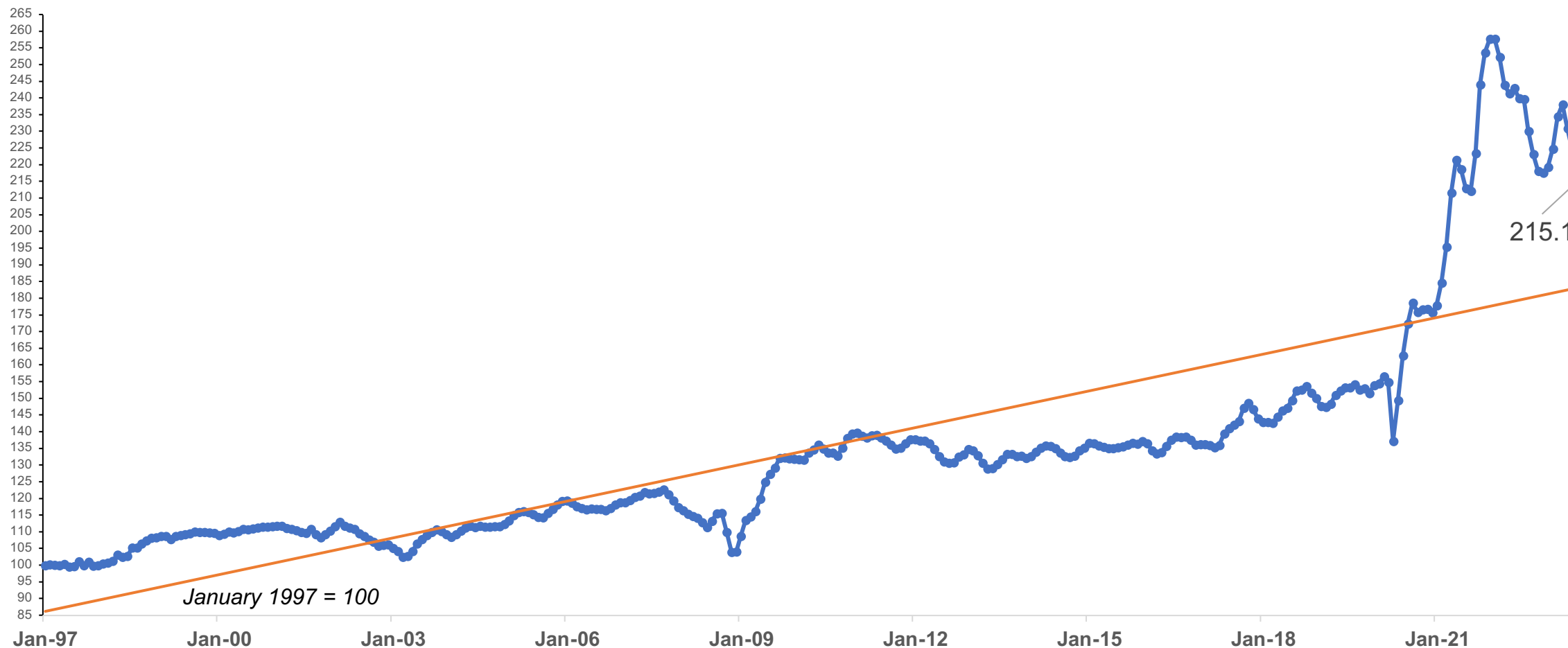
Steps

1. All Manheim U.S. sales
2. Classify by market segment
3. Account for differences in mileage
4. Weight to provide smoother segment mix
5. Seasonally adjust



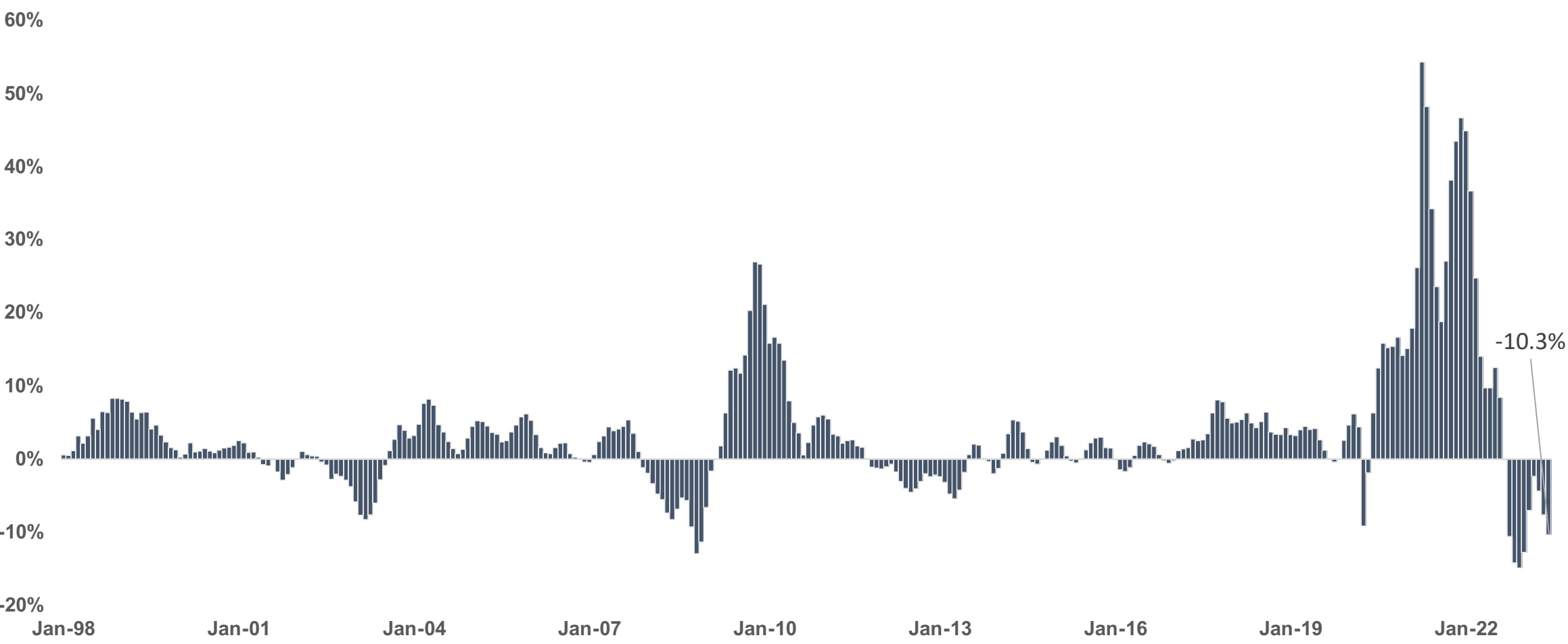
WHOLESALE VEHICLE VALUES DECLINE IN JUNE

Prices in June decreased 4.2% from May and were down 10.3% from June 2022



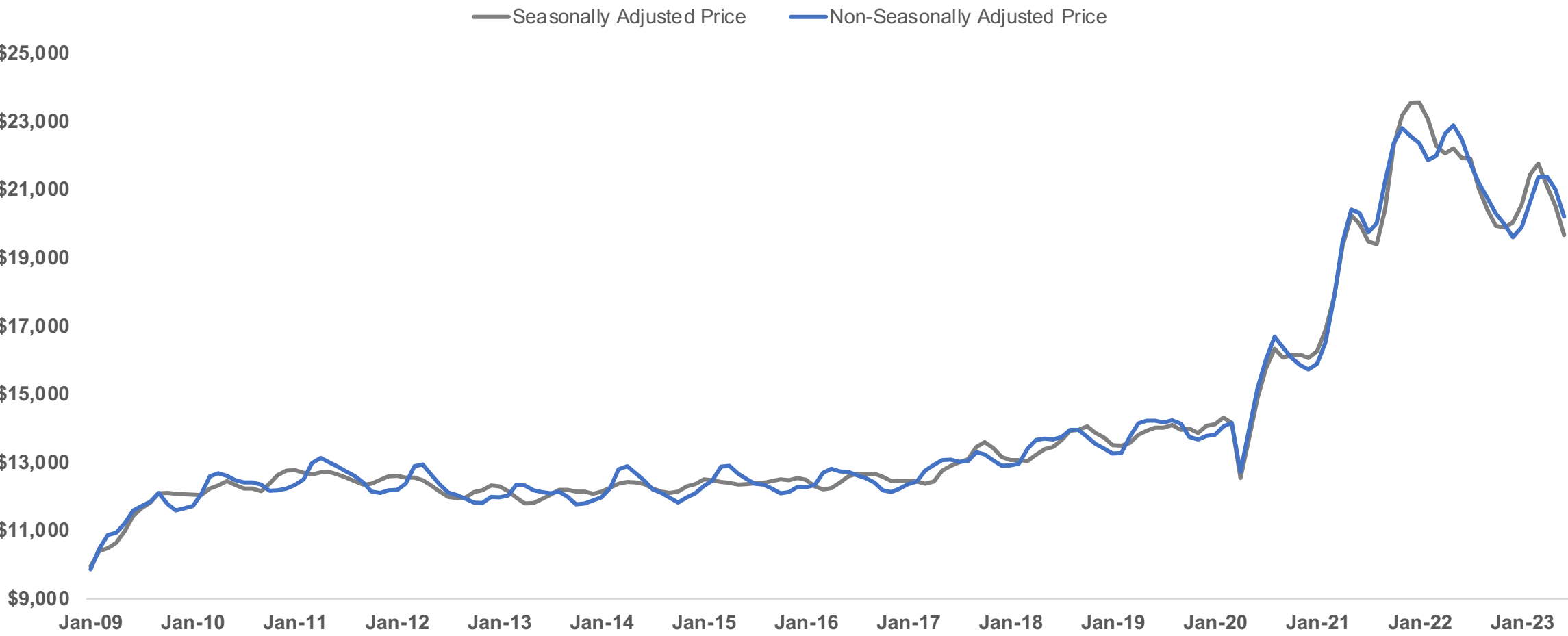
YEAR-OVER-YEAR PERFORMANCE SLIPPING AFTER SPRING

Price differences were expanding since March, approaching fall and winter values



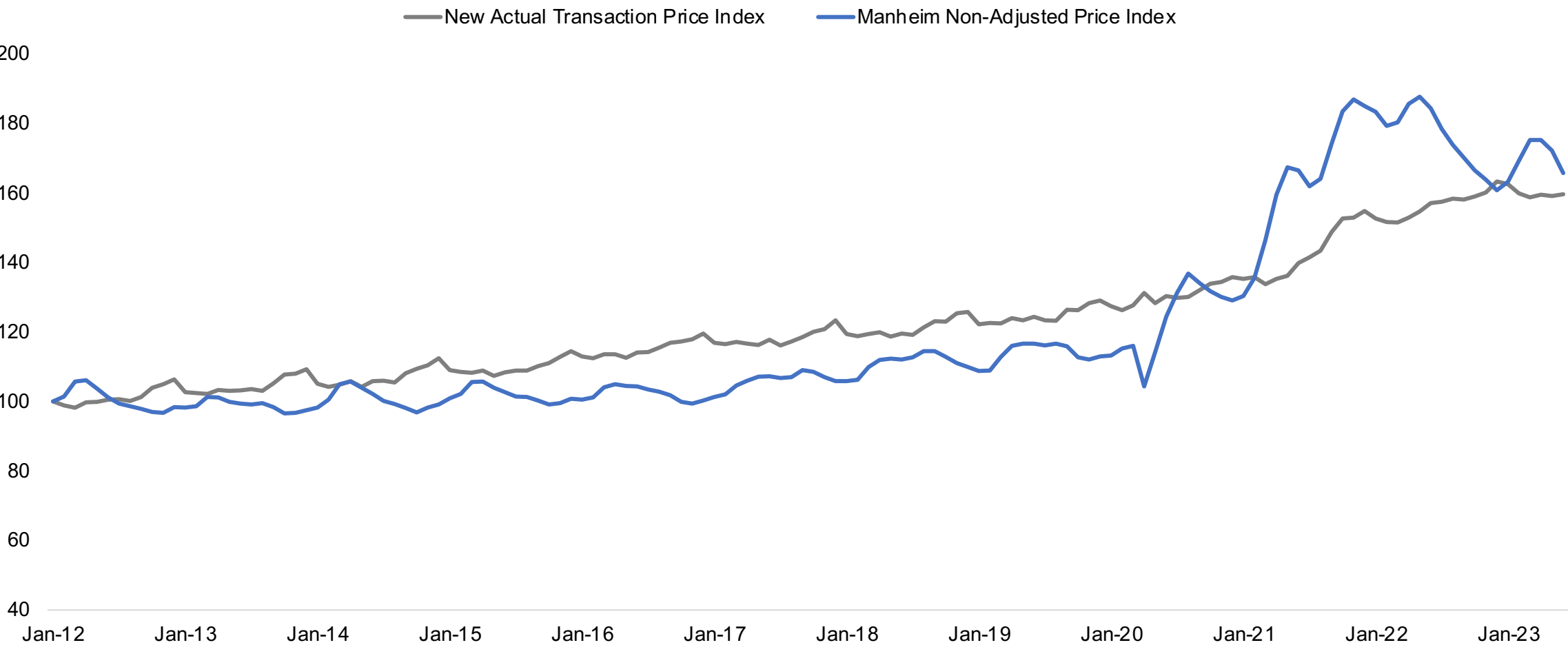
SEASONALLY ADJUSTED PRICE MOVING MORE CLOSELY WITH NON-ADJUSTED PRICE, AGAIN

Price movements still large compared to history, but more normal recently



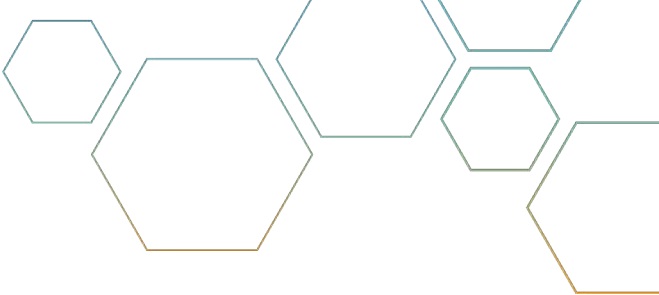
WHOLESALE PRICE VERSUS KELLEY BLUE BOOK NEW AVERAGE TRANSACTION PRICE

Wholesale quickly losing advantage to new price, though not expecting major losses

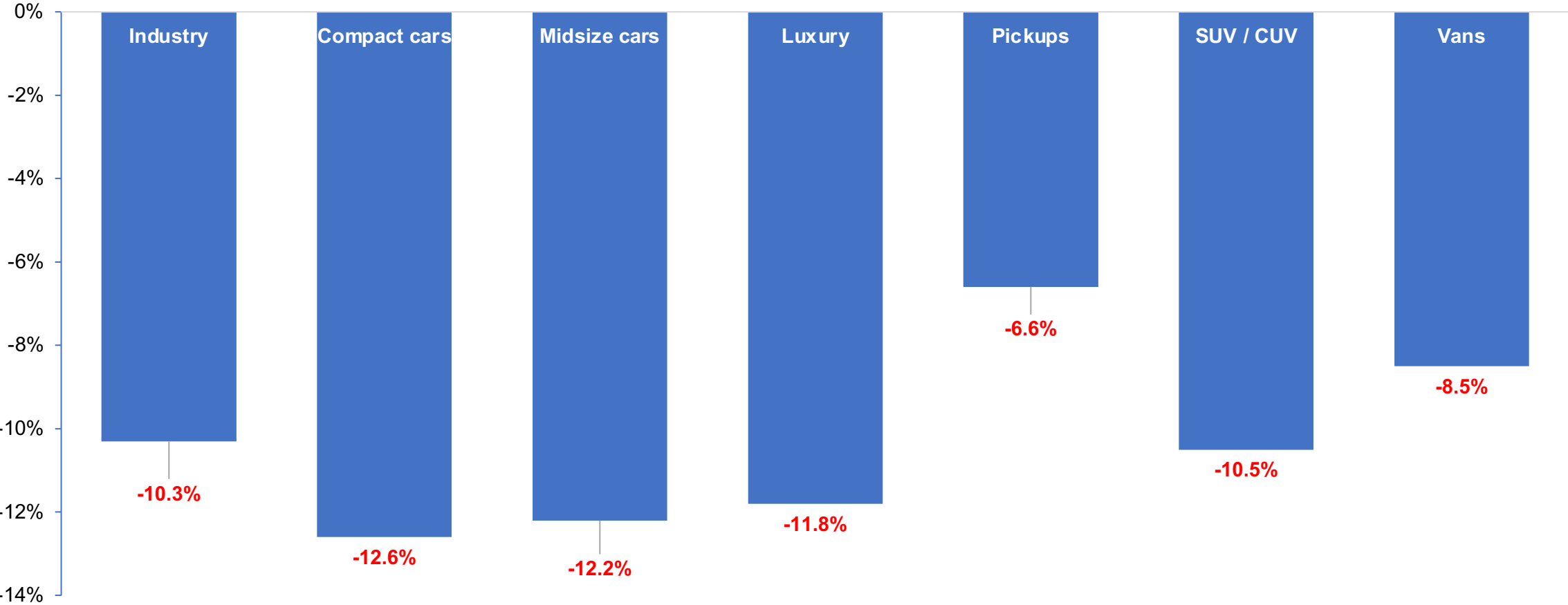


WORK-RELATED UNITS SHOWING MORE RESILIENCY THAN OTHER SEGMENTS

Pickups and Vans losing less than more affordable and consumer-related vehicles

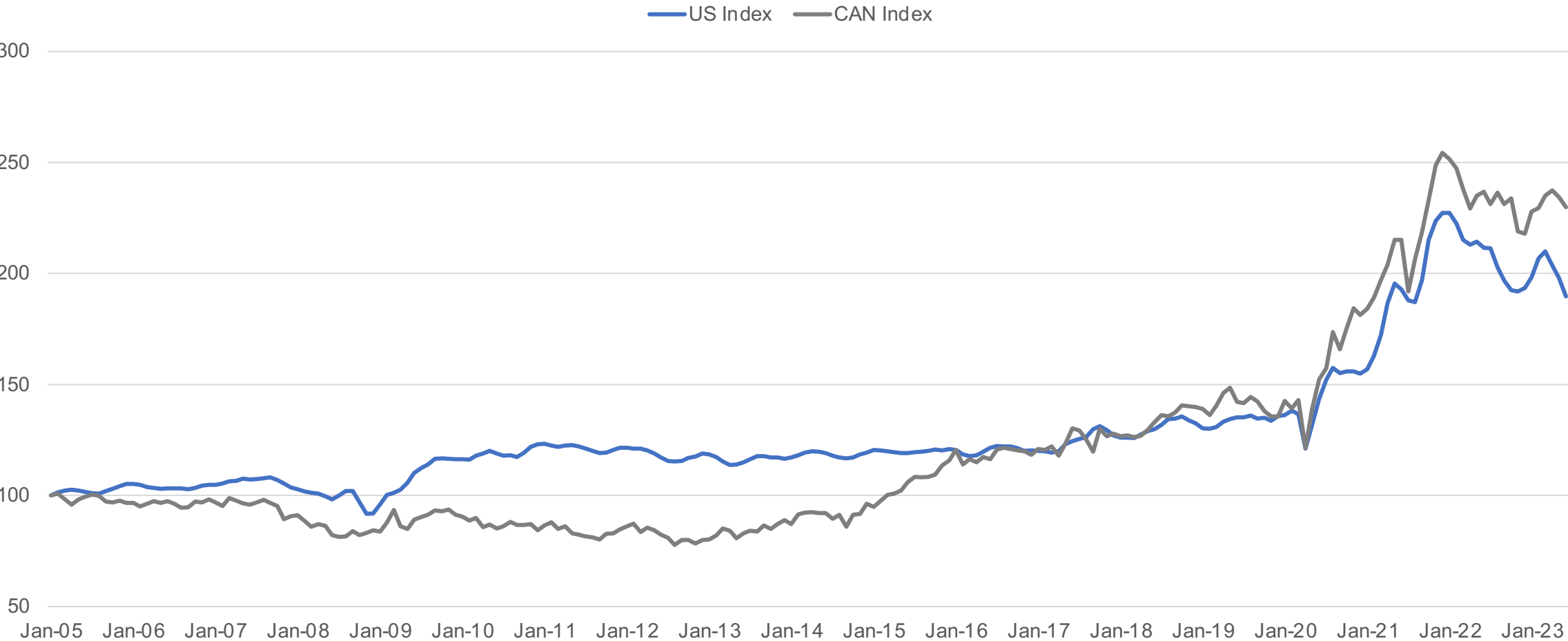


Percent Change in Manheim Index Year Over Year June 2023



WHOLESALE PERFORMANCE, U.S. VERSUS CANADA

Canada showing stronger price resiliency in second quarter





JEREMY ROBB

Senior Director, Economic and Industry Insights



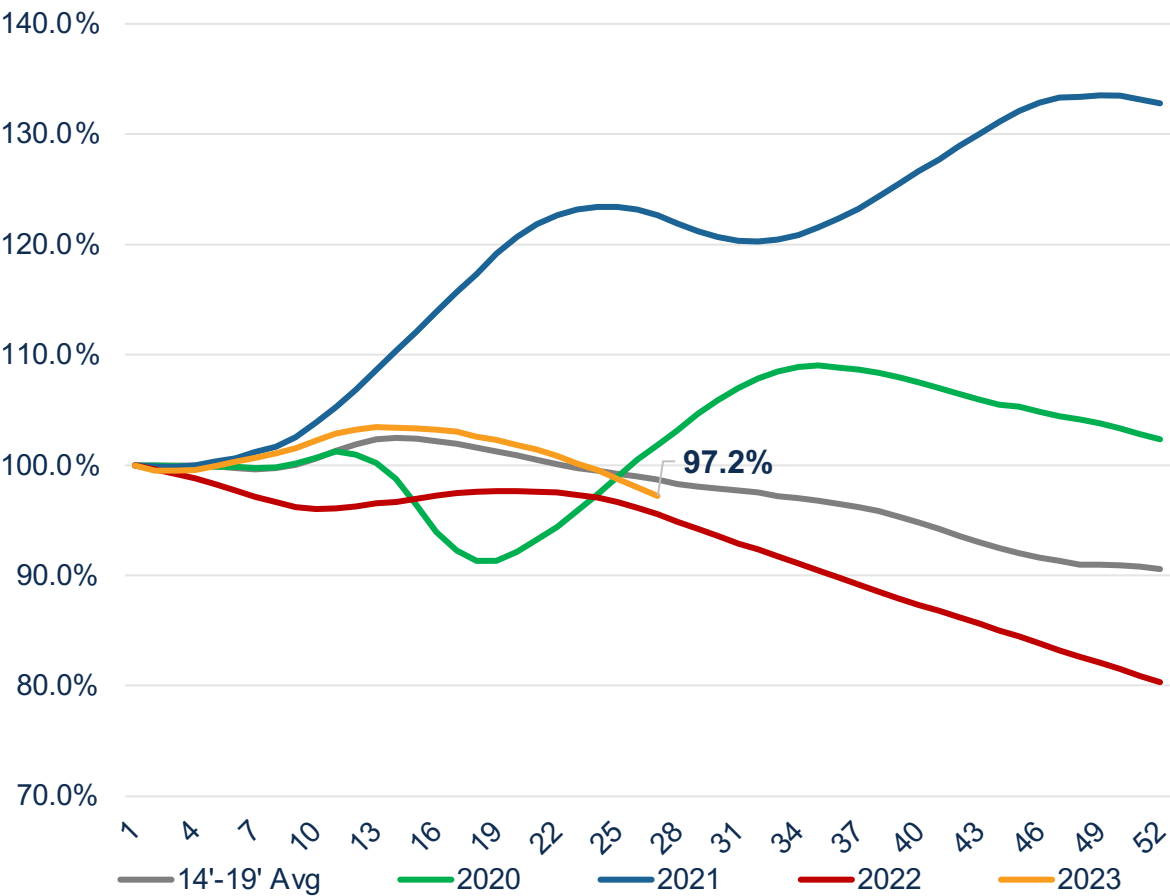
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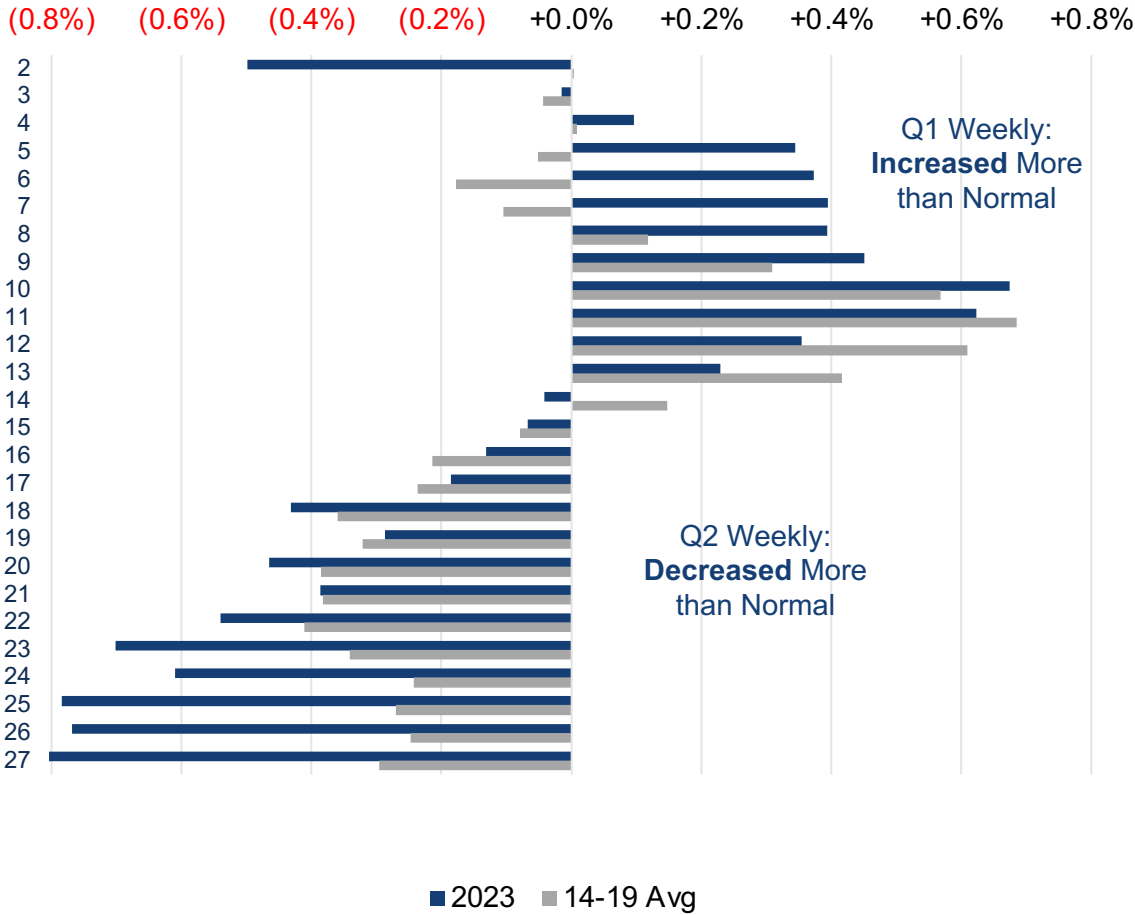
OVERALL WHOLESALE MMR VALUE TRENDS

Volatility: Values rose faster to start the year, then declined much faster as well

MMR Index Trends
Overall

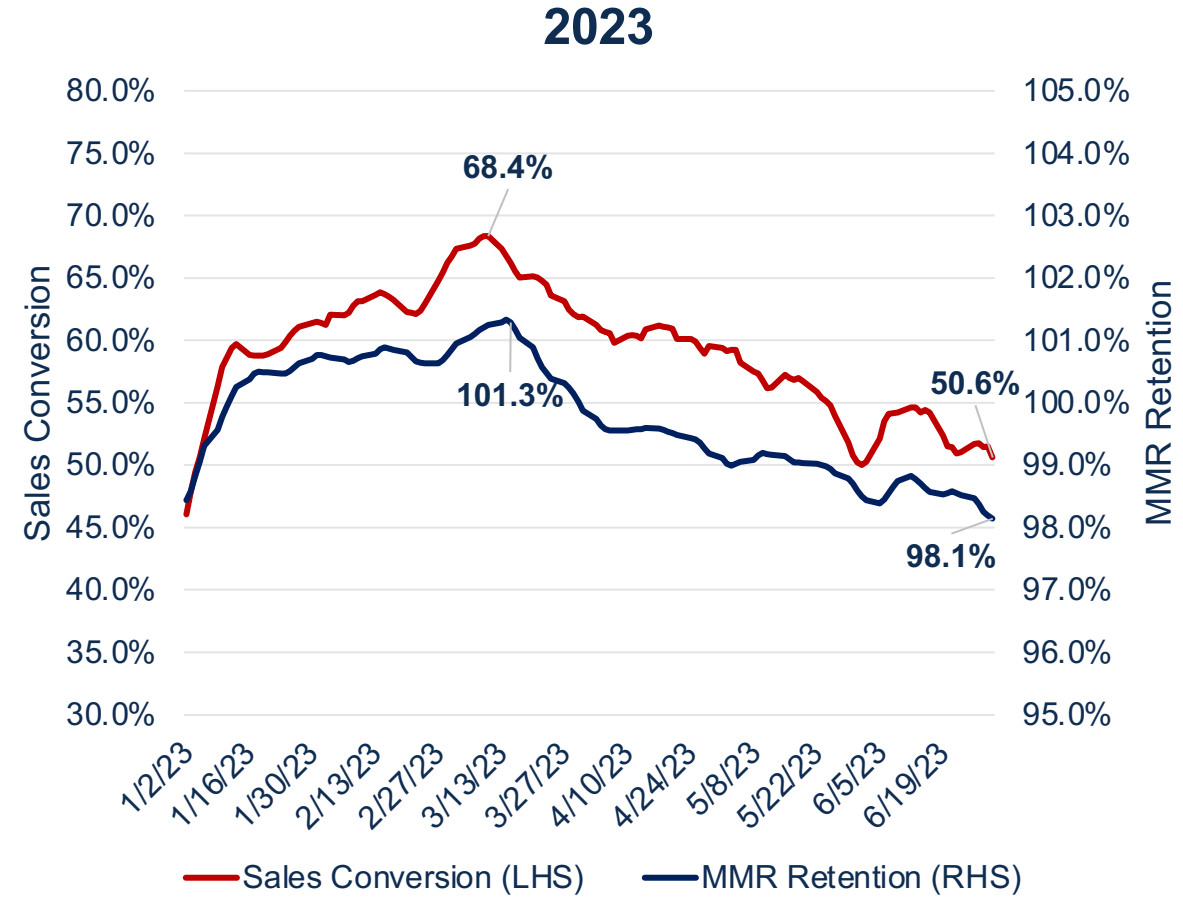
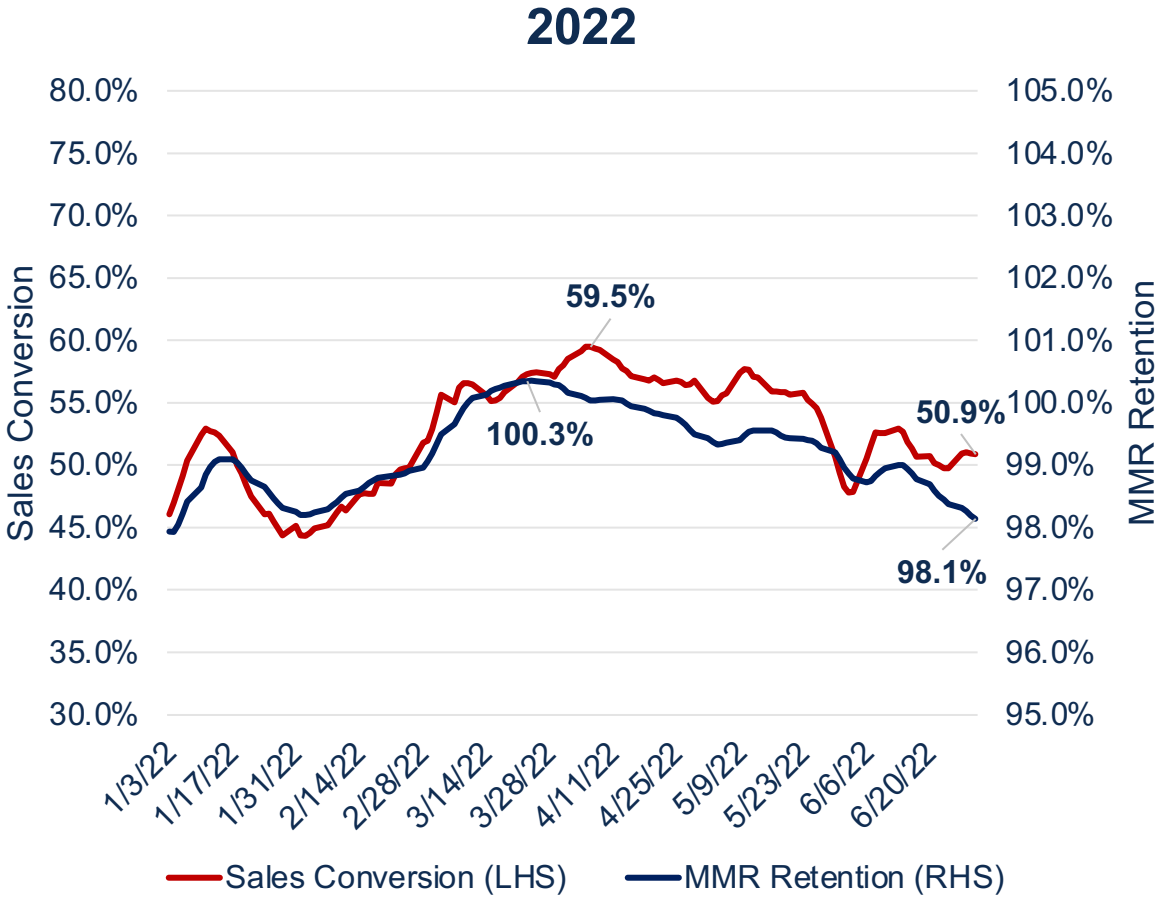


Weekly Change in Resale Value
All Model Years



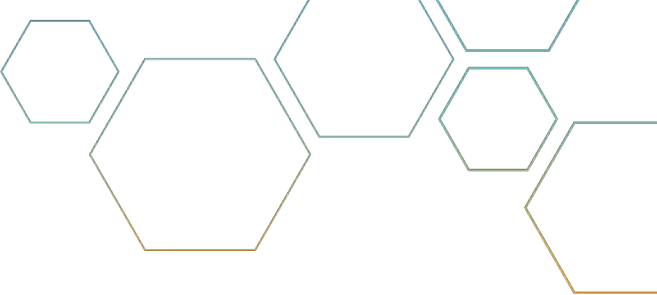
KPIS: MMR RETENTION & SALES CONVERSION

Sales conversion rebounded in early June then continued to fall, relatively flat to 2022

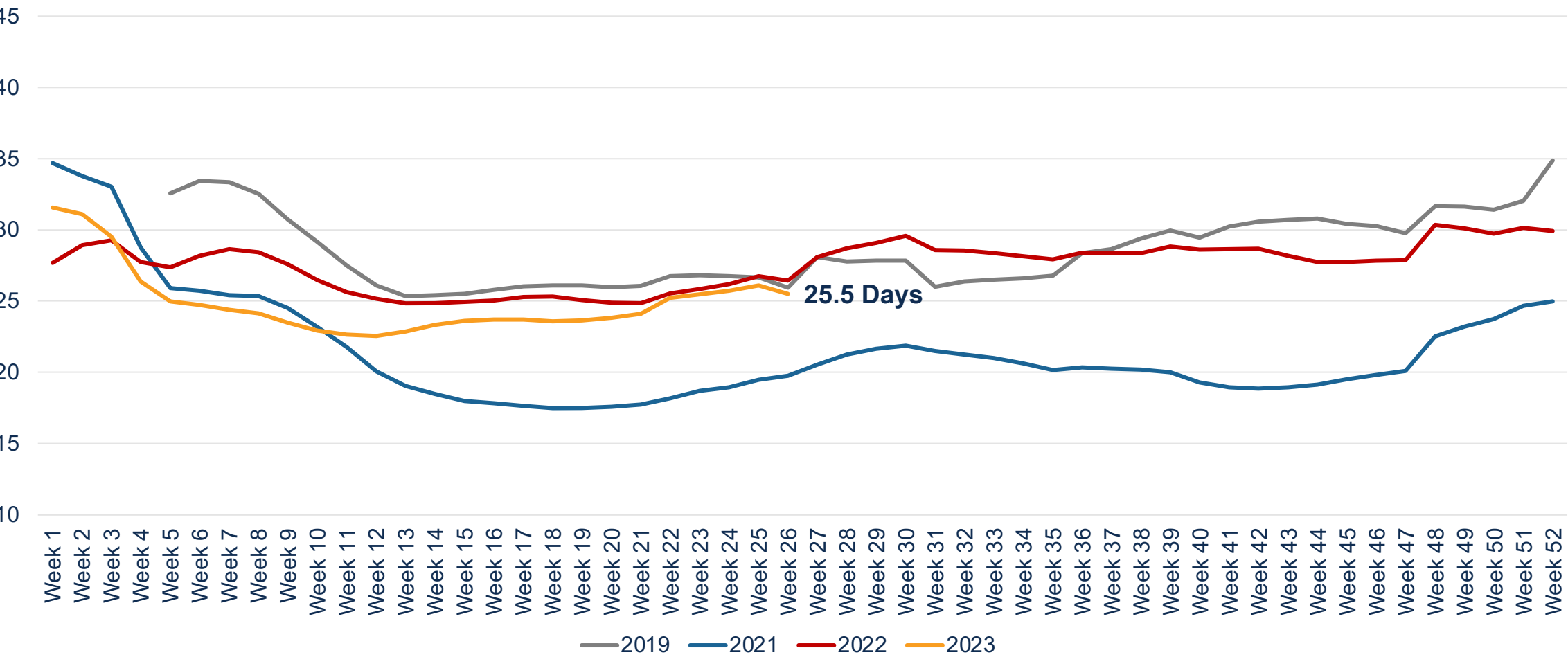


WHOLESALE SUPPLY

Inventory down 5% Y/Y with sales running down 11% versus '22, supply tight but in range



Wholesale Days of Supply

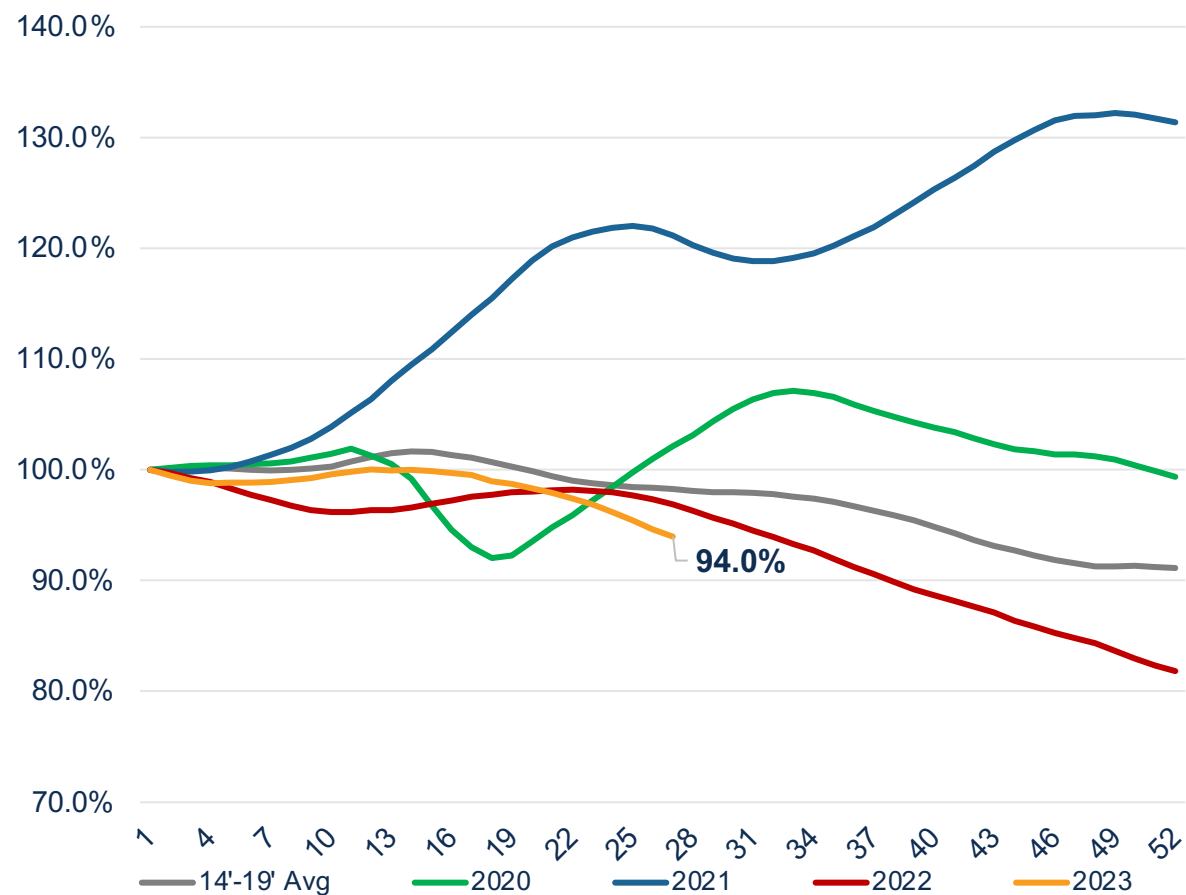


1YO MMR INDEX & RESALE VALUES BY YEAR

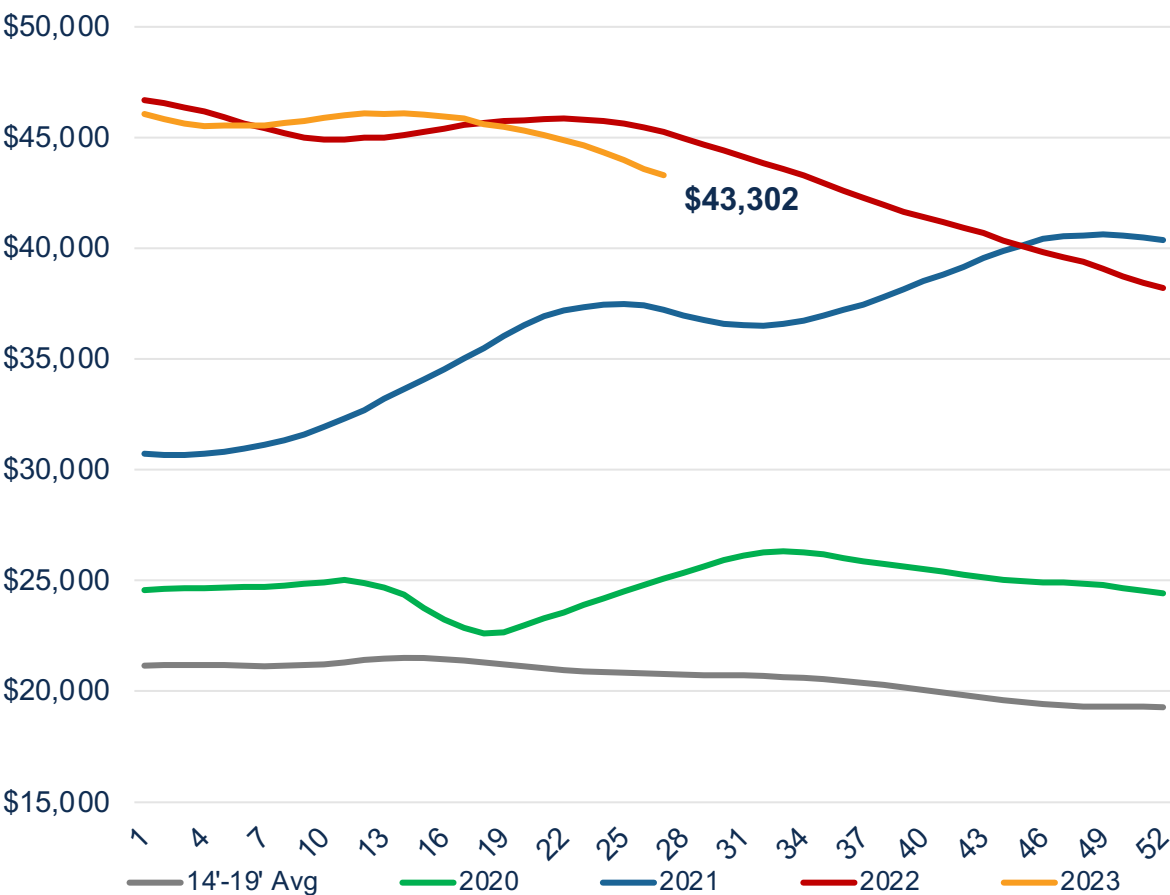
This year, the 1YO has been the weakest – prices now down 4% versus 2022



MMR Index Trends
1YO



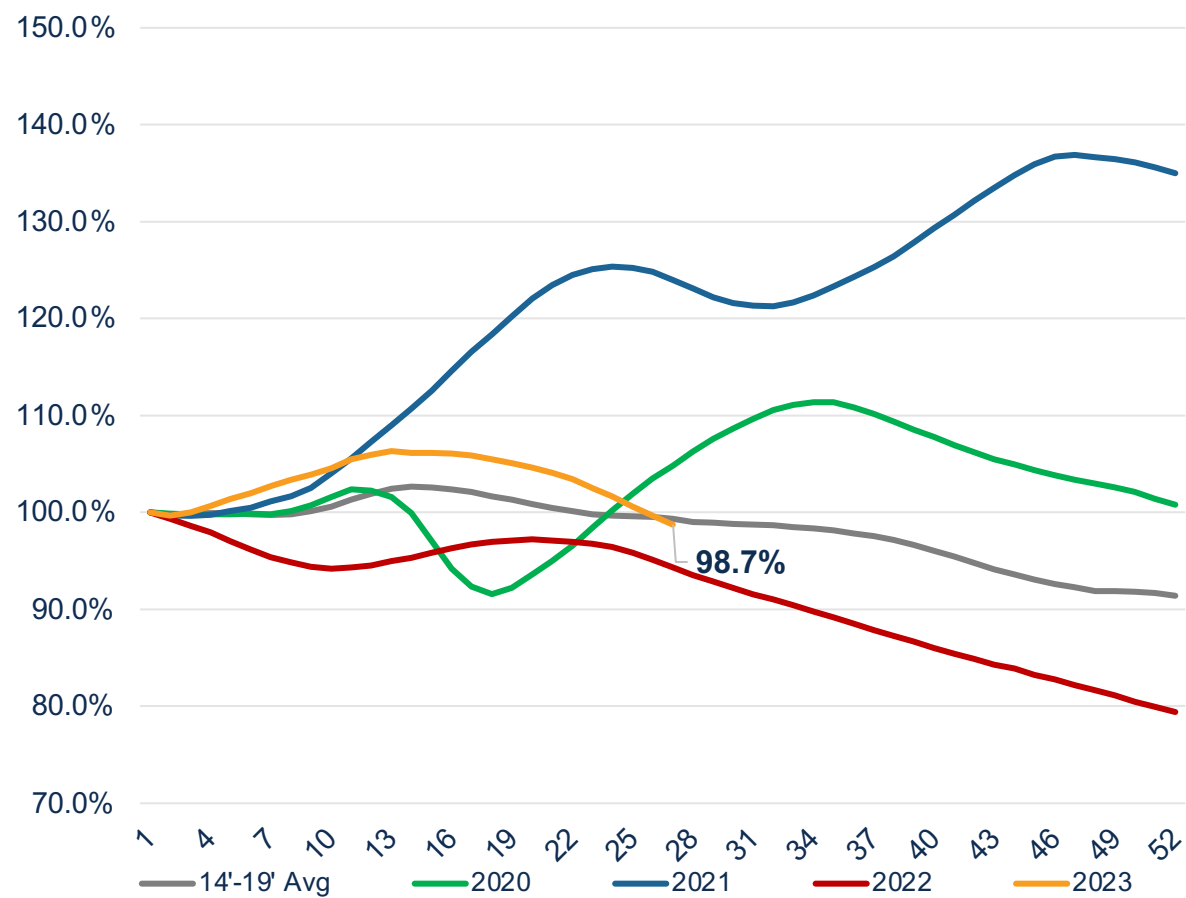
MMR Resale Value Trends
1YO



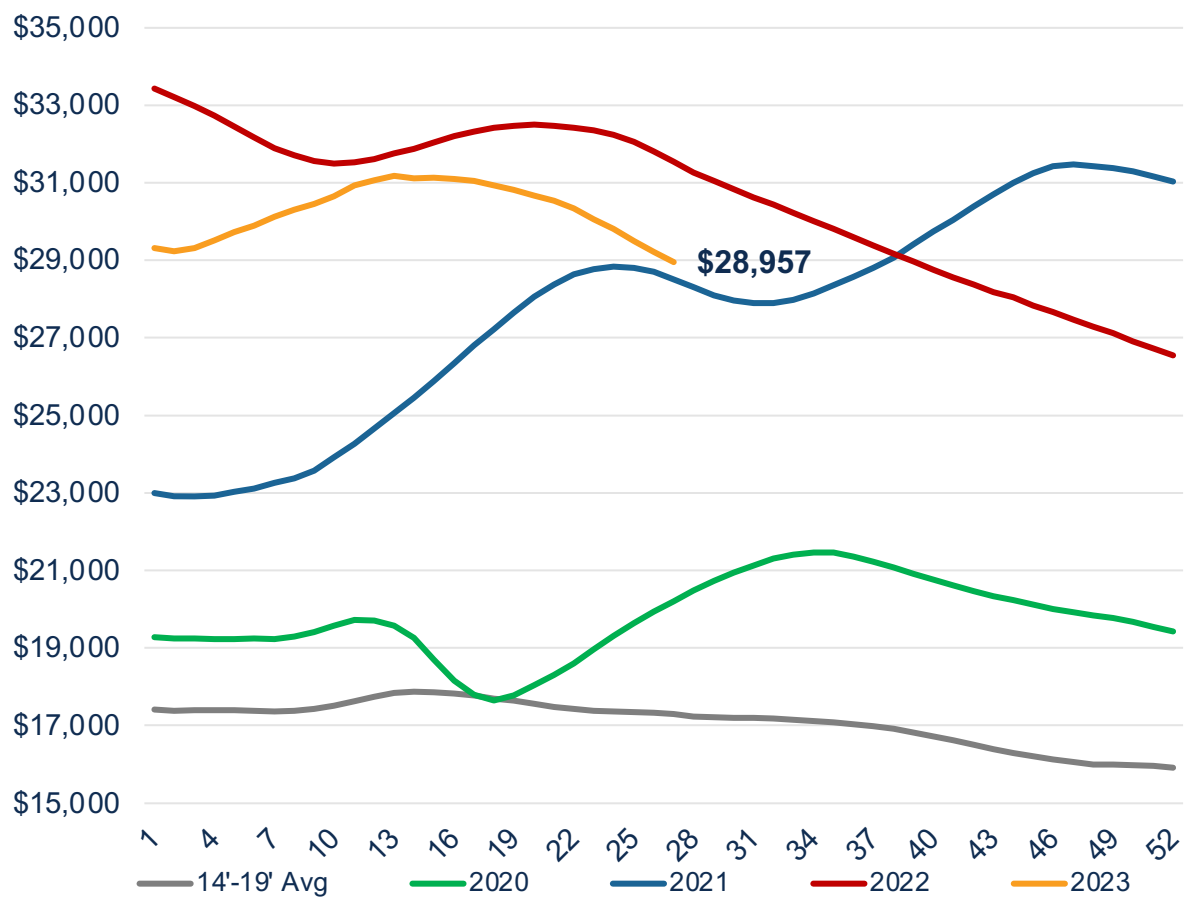
3YO MMR INDEX & RESALE VALUES BY YEAR

The 3YO was the strongest segment for most of the year but back to average levels now

MMR Index Trends
3YO

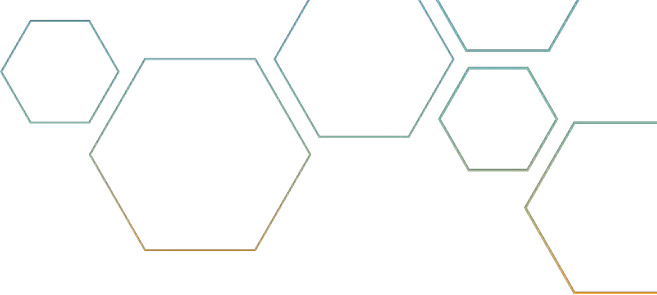


MMR Resale Value Trends
3YO

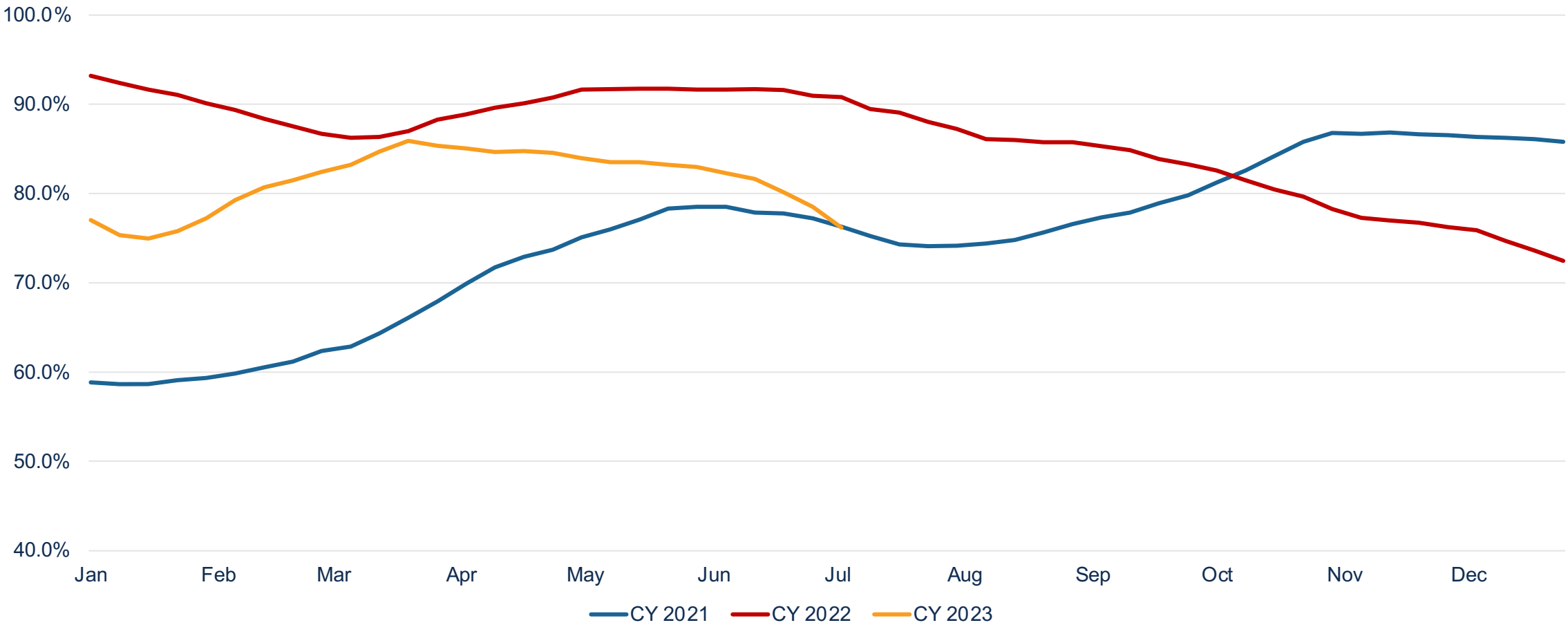


RETENTION VALUES AT AUCTION

Auction Retention Values declined in Q2 and accelerated in June

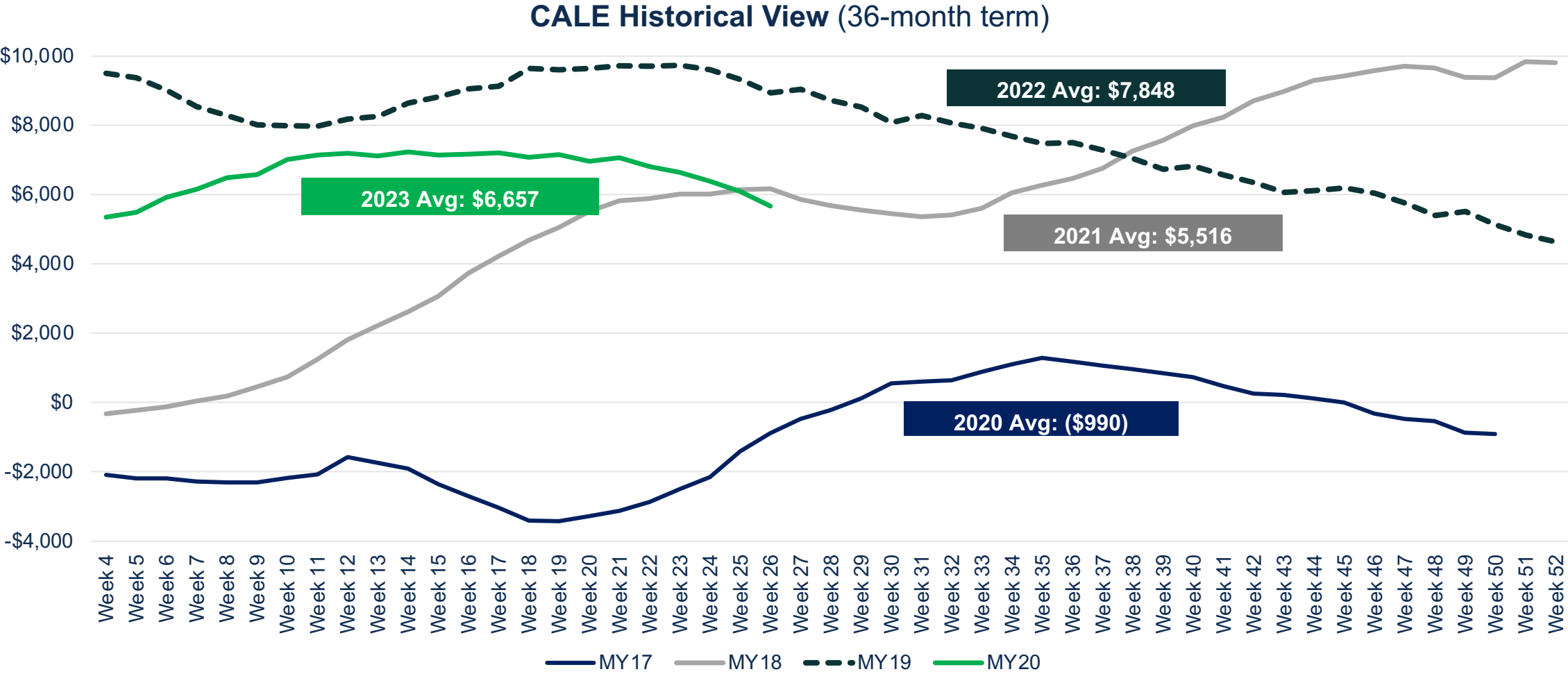


Auction Retention Values
(1 to 3 year old vehicles)



CALE: LEASE EQUITY DECLINING BUT HIGH

2023 began declining in May and dipped under 2021 levels two weeks ago

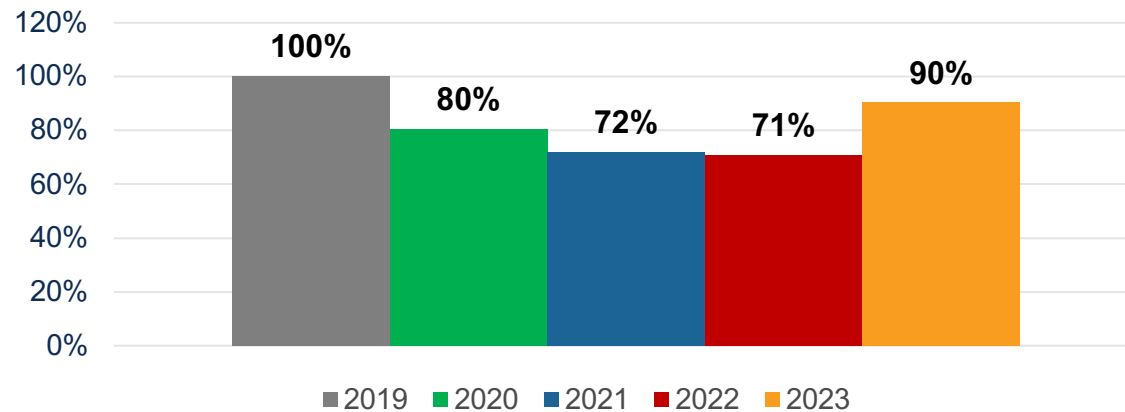


AUCTION CHECK-INS FOR COMMERCIAL SEGMENTS

Repo & Lease Check-In Rates rise versus last year, but lag against normal

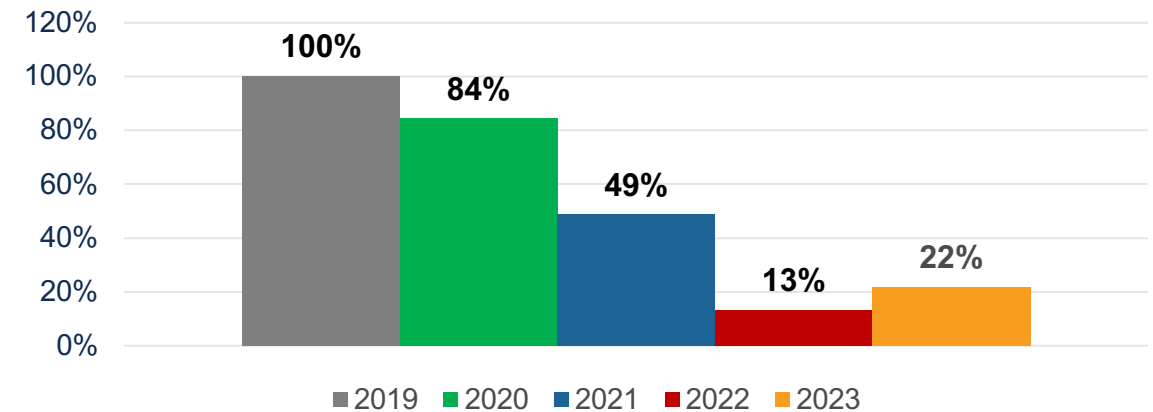
Repo Check-In Index

2019=100



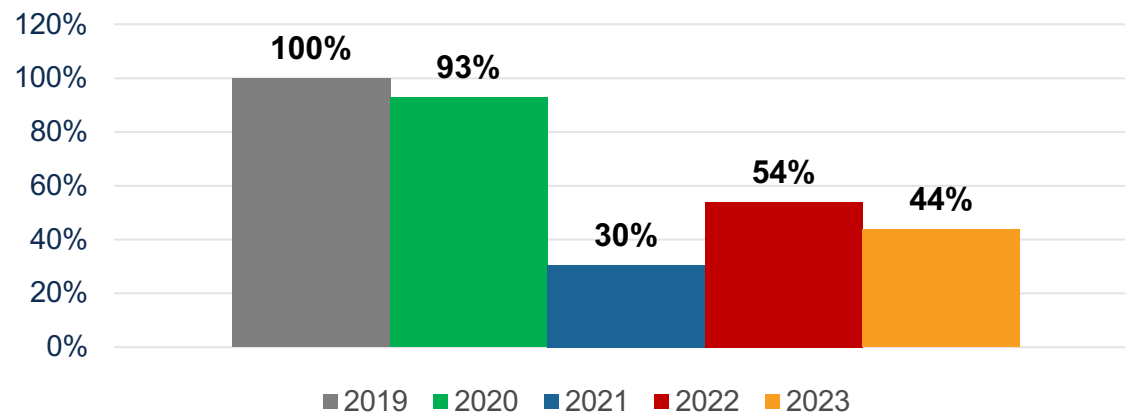
Lease Check-In Index

2019=100



Rental Check-In Index

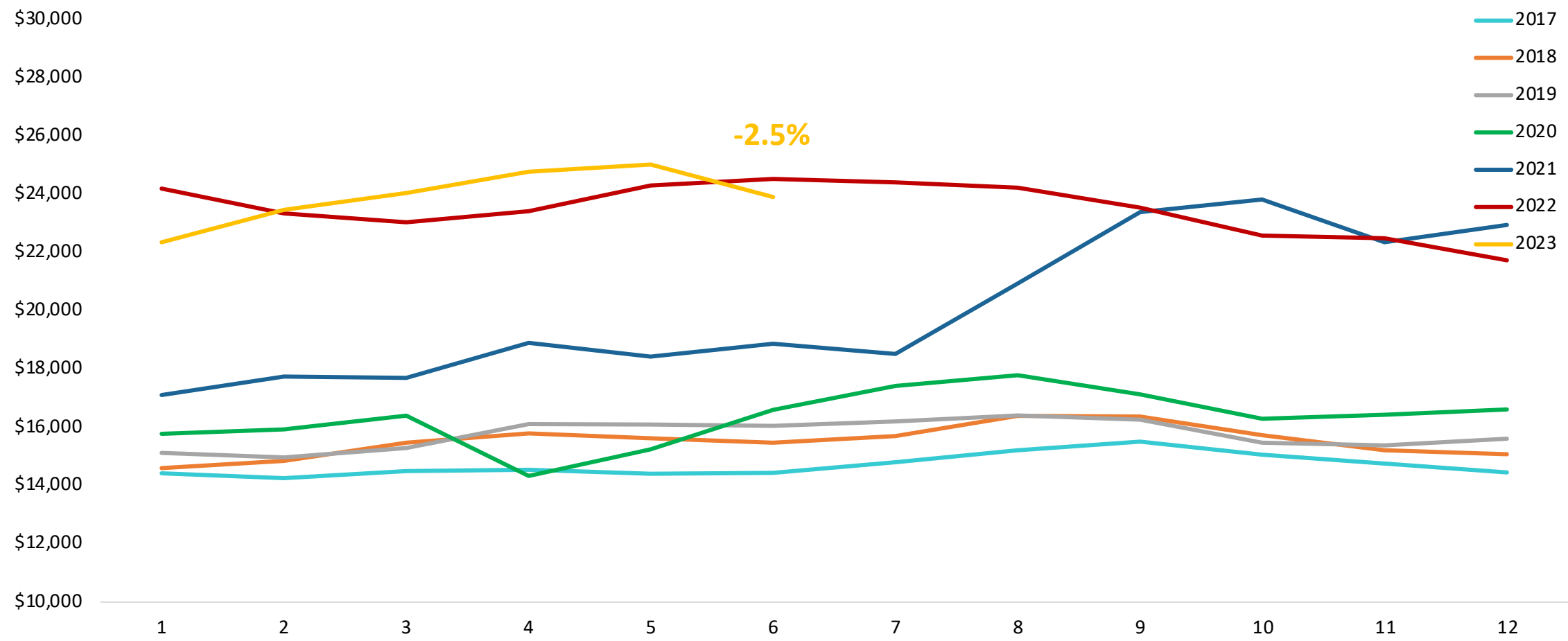
2019=100



- Repo +27% vs '22 but down (10%) vs '19
- Lease +65% vs '22 yet down (78%) vs '19
- Rental down (19%) vs '22 and down (56%) vs '19

RENTAL RISK AVERAGE AUCTION PRICES

Prices for units sold in June were down 2.5% year-over-year and down 4.5% from May



RENTAL RISK VEHICLE VARIETY INCREASING

Shares of top configurations declining

	2021 Q2	2022 Q2	2023 Q2
Number of unique year, make, model, body configurations sold	2,800	3,472	3,422
Share accounted for top 10 YMMB	10.0%	13.9%	7.2%
Share accounted for top 25 YMMB	18.7%	24.5%	13.7%
Number of YMMB to reach 50% share	204	94	468

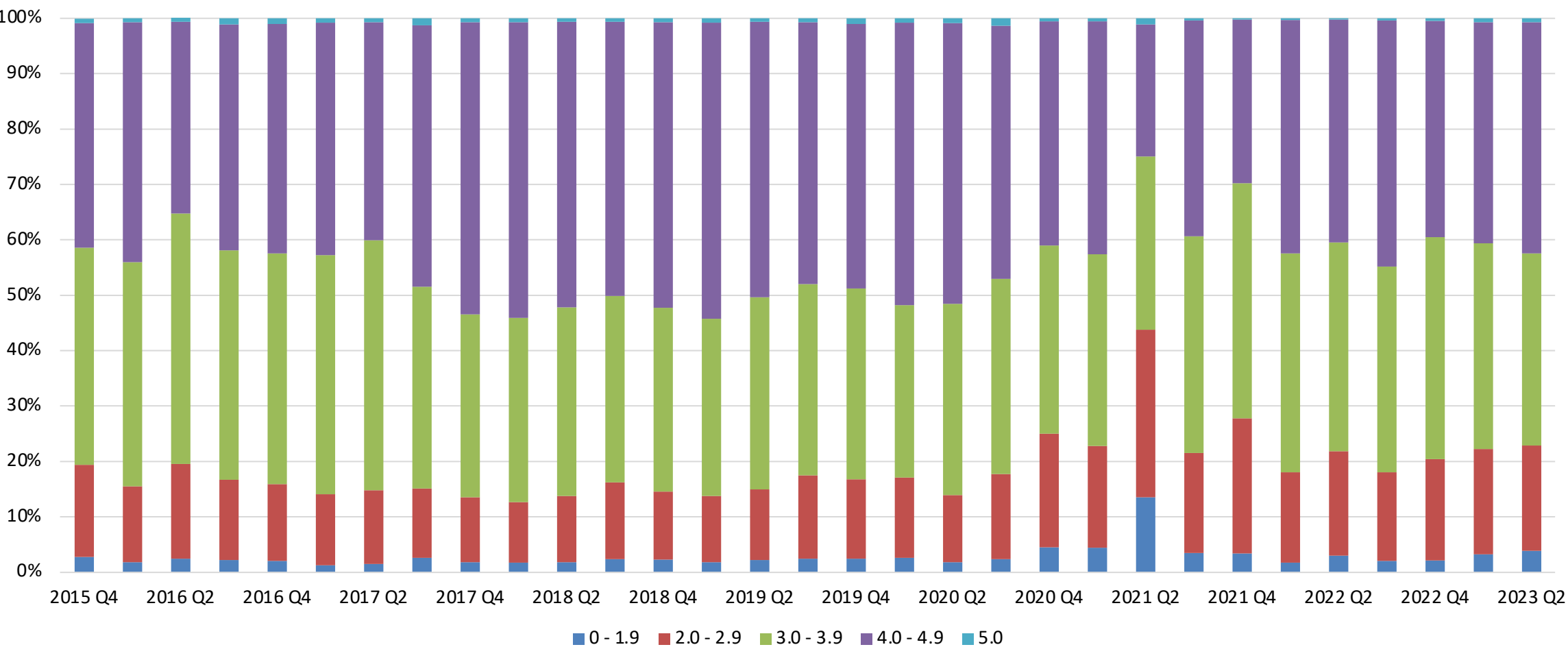
RENTAL RISK AVERAGE MILEAGE

Average mileage was down 3.1% from May and down 3.5% from June 2022



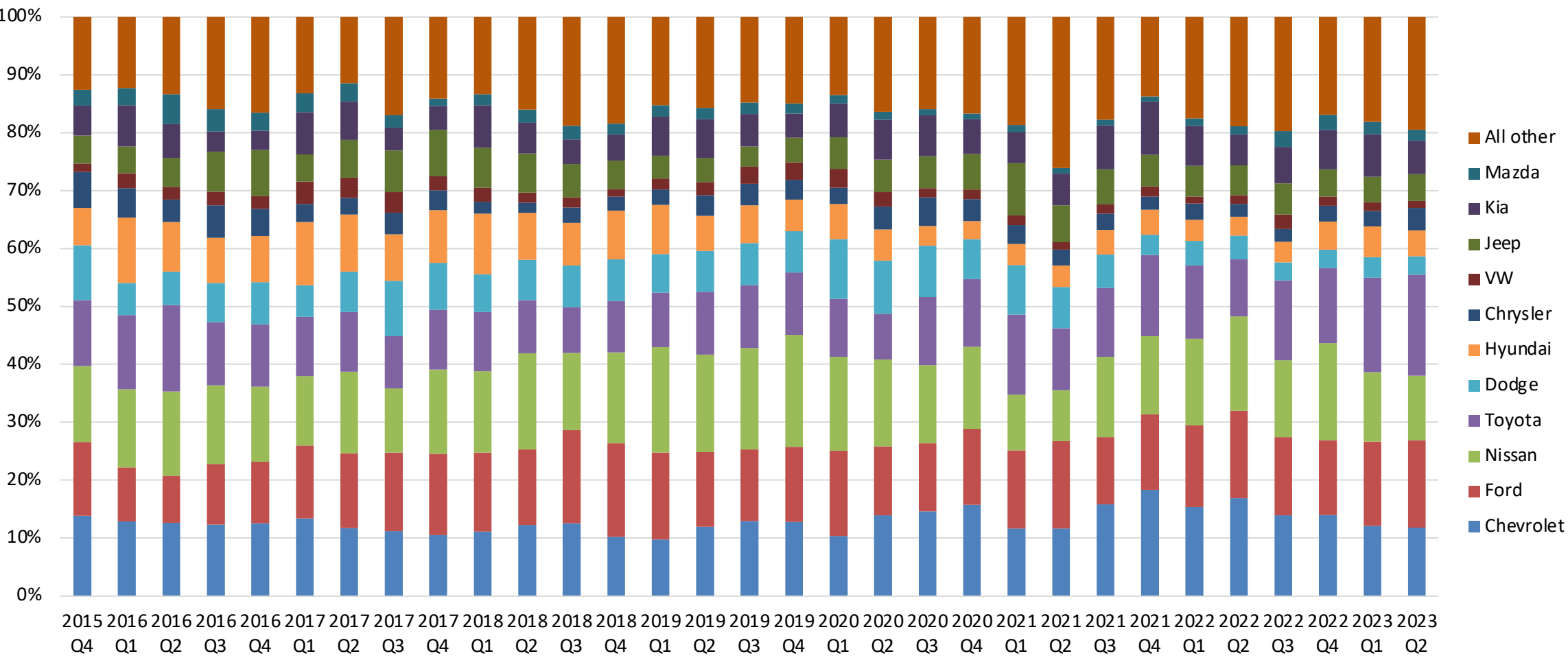
RENTAL RISK SALES CONDITION

Minimal changes since last quarter and Q4 2022 indicating some stability in de-fleeting sales



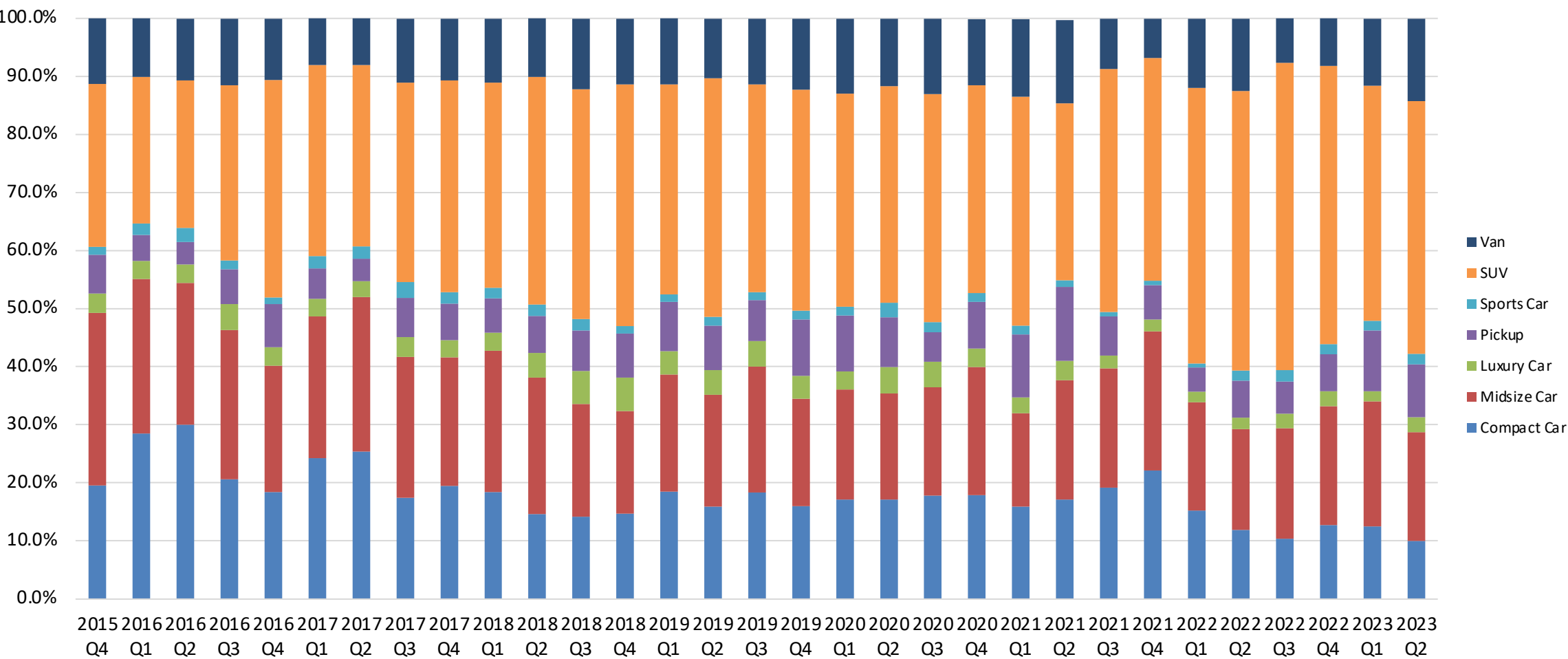
RENTAL RISK SALES BY MAKE

“All other” had largest gain from Q1 2023; Top four makes remain the same



RENTAL RISK SALES BY VEHICLE SEGMENT

Trend reversal in some large segments from Q1 – SUVs up, while Pickups, Midsize, and Compacts down



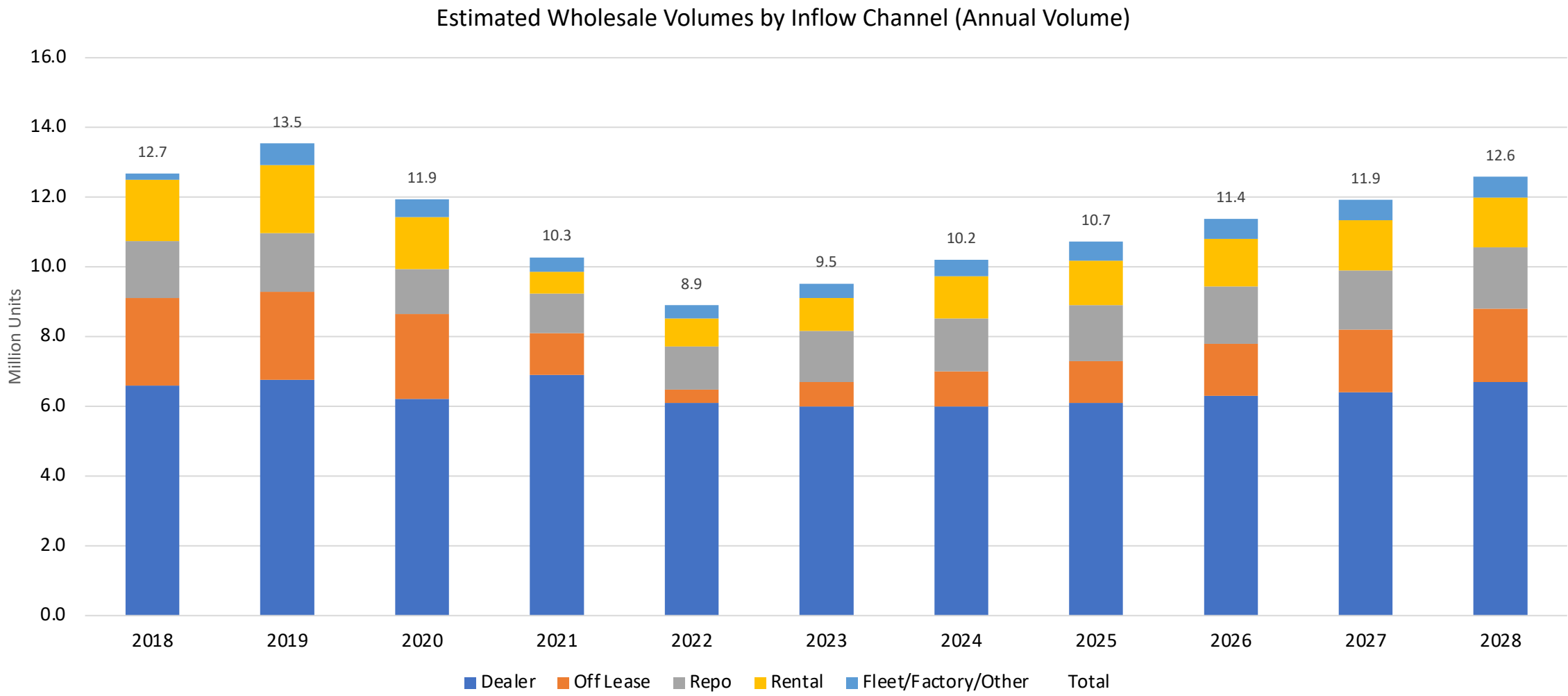
MANHEIM INSIGHTS ON TOP VOLUME VEHICLES

Price trends on top selling vehicles in June at Manheim showed declining values for the month

Rank	Source(Rank)	Category	Subcategory	Vehicle	5-Jul	Past 30 Days	Last Year	Current Dep	L12M Dep/Mo
1	All	SUV	SUV Midsize	2020 FORD EXPLORER 4WD 4C 4D SUV XLT	\$28,400	\$28,900	\$36,500	-1.7%	-1.8%
2	All	Pickup	Pickup Lite Duty Full	2020 FORD F150 4WD V6 CREW CAB 2.7L XLT	\$35,300	\$35,900	\$40,700	-1.7%	-1.1%
3	All	SUV	SUV Midsize	2020 CHEVROLET EQUINOX AWD 4D SUV 1.5 LT	\$18,150	\$18,700	\$21,300	-2.9%	-1.2%
4	All	SUV	SUV Midsize	2021 CHEVROLET EQUINOX AWD 4D SUV LT	\$20,100	\$20,700	\$23,800	-2.9%	-1.3%
5	All	Compact Car	Compact Car Premium	2021 TOYOTA COROLLA 4D SEDAN LE	\$17,450	\$18,000	\$21,900	-3.1%	-1.7%
1 Dealer	Dealer	Pickup	Pickup Lite Duty Full	2020 FORD F150 4WD V6 CREW CAB 2.7L XLT	\$35,300	\$35,900	\$40,700	-1.7%	-1.1%
1 Lease	Lease	SUV	SUV Midsize	2020 FORD EXPLORER 4WD 4C 4D SUV XLT	\$28,400	\$28,900	\$36,500	-1.7%	-1.8%
1 Rental	Rental	Van	Van Compact	2022 TOYOTA SIENNA FWD HYBRID MINIVAN XLE	\$40,100	\$40,800	\$55,400	-1.7%	-2.3%

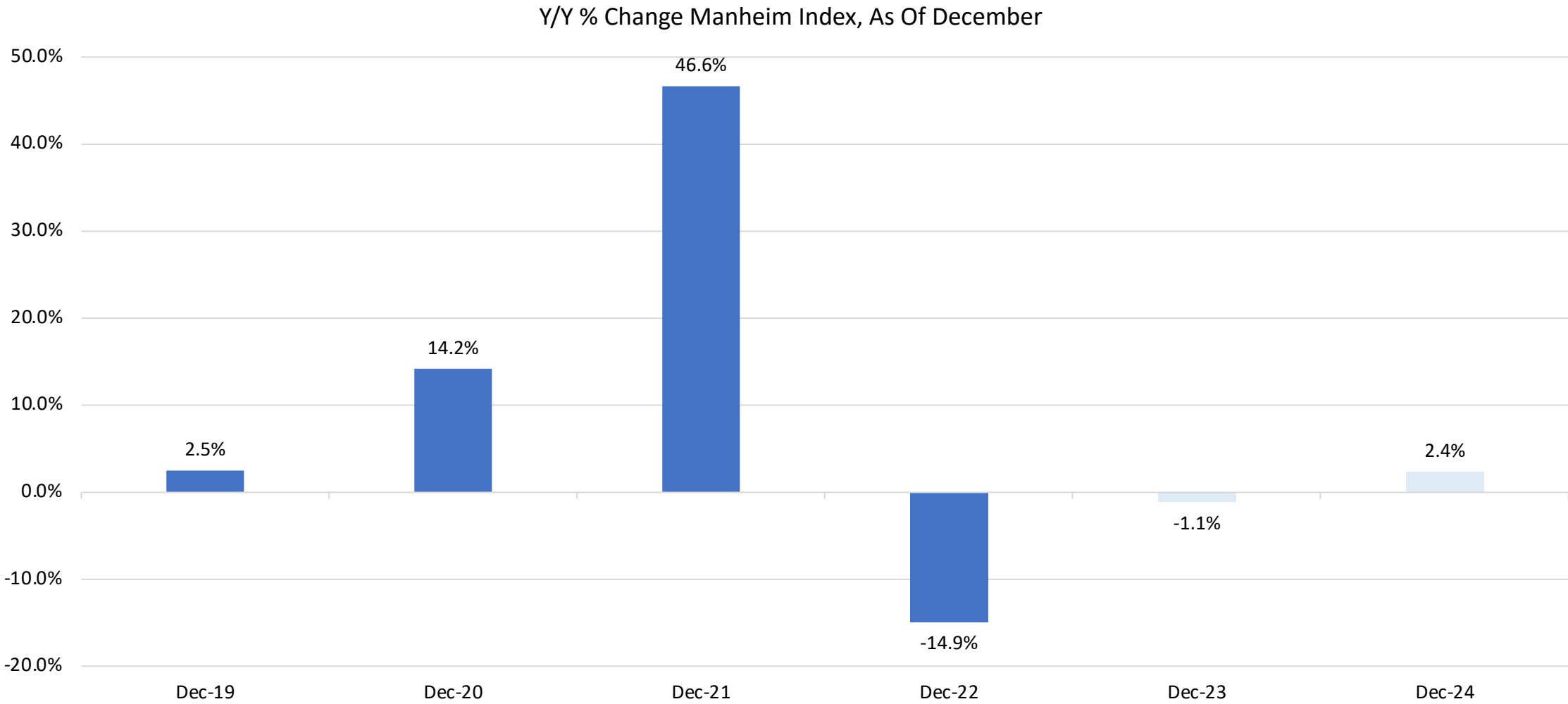
WHOLESALE FLOWS BOTTOMED IN 2022

After 13% decline in 2022, the wholesale market should see a slow and gradual recovery to 2018 levels by 2028

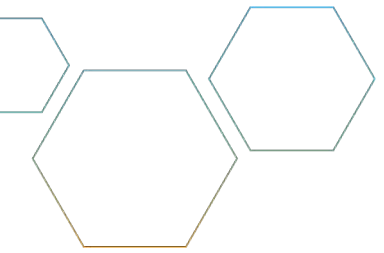


USED VEHICLE VALUE OUTLOOK SEES SLIGHTLY HIGHER DEPRECIATION

Strong start followed by weaker spring and summer leads to a slightly below average year on Manheim Index



2023
FORECASTS
First Half Update



New
15.0M
NEW SALES
(original 2023: 14.1M)

New
12.4M
NEW RETAIL SALES
(original 2023: 11.9M)

New
2.6M
FLEET SALES
(original 2023: 2.2M)

2.3M
NEW LEASE
VOLUME
(original 2023: 2.5M)

19%
LEASE
PENETRATION
(original 2023: 21%)

New
2.6M
CPO SALES
(original 2023: 2.2M)

New
35.7M
USED SALES
(original 2023: 35.6M)

New
18.9M
USED RETAIL SALES
(original 2023: 18.9M)

New
-1.1%
DEC 2023 Y/Y MANHEIM
USED VEHICLE
VALUE INDEX
(original 2023: -4.3%)



Q&A

Cox AUTOMOTIVE

MORE AUTO INDUSTRY DATA AND INSIGHTS FROM COX AUTOMOTIVE

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Fresh content from Chief Economist Jonathan Smoke and the Industry Insights team is published regularly.

Auto Market Snapshot: www.coxautoinc.com/marketsnapshot

This dashboard is a one-stop dashboard for the most recent data points our team is tracking.

From the Newsroom: www.coxautoinc.com/signup

The Cox Automotive biweekly newsletter, published every other Tuesday, is a round-up of news from Cox Automotive and perspectives from its analysts and experts on topics dominating the automotive industry.



THANK YOU FOR ATTENDING!

Contact us with questions or to speak with an expert:

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