Edmunds forecasts 17.1M new vehicle sales in 2020

New vehicle sales expected to be flat from 2019

Source: Edmunds
Factors influencing 2020 sales pace

**Tailwinds**
- Strong economic indicators
- Stable finance rates
- Election year

**Headwinds**
- Lower projected fleet sales
- Swelling new vehicle prices
Employment and shopper outlook stay high

Source: CBO.gov, University of Michigan,
Fed rate reduction revives sales

Source: Edmunds, FRED Federal Reserve Bank of St. Louis

[Graph showing APR and Federal funds rate from Jan-08 to Sep-19]
Election years spur auto sales
Autos have seen a y-o-y bump every election year except 1980 and 2008

Election year vs. prior year sales

Source: Edmunds
Fleet sales likely to dip in 2020

Fleet percentage of new vehicle sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>17.4%</td>
</tr>
<tr>
<td>2015</td>
<td>17.3%</td>
</tr>
<tr>
<td>2016</td>
<td>17.9%</td>
</tr>
<tr>
<td>2017</td>
<td>17.0%</td>
</tr>
<tr>
<td>2018</td>
<td>18.0%</td>
</tr>
<tr>
<td>2019</td>
<td>19.3%</td>
</tr>
</tbody>
</table>

Source: IHS Markit
Rising transaction prices could shut out shoppers

Average new-vehicle transaction price

Source: Edmunds
Green car segment sees boost from the old guard
Hybrid resurgence powers green car growth
Sales in traditional hybrid segment expected to grow 18%

Source: Edmunds
Flashy entrants bolster consideration
Buzz around new models helps create consumer interest in electrification
New players execute differently in 2020
Automakers try different formulas to achieve success in the electric market

- **Porsche Taycan (EV)**
  - “Cheaper” version planned for H2 2020

- **Mercedes-Benz EQC (EV)**
  - Est. starting price of 70K

- **BMW 330e (PHEV)**
  - No visible “green” exterior cues

- **Mini Cooper SE (EV)**
  - Priced under $30K
Pickups and SUVs continue to be strong in 2020
Passenger cars to hit all-time-low market share

Segment share by vehicle type

Source: Edmunds
Loss of domestics hurts segment, helps competitors

Share of passenger car market

Source: Edmunds
Trucks offer an alternative to the SUV
Crew cabs are consumers’ overwhelming favorite

Share of truck sales by cab type

<table>
<thead>
<tr>
<th>Year</th>
<th>Crew Cab</th>
<th>Extended</th>
<th>Regular</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>66%</td>
<td>26%</td>
<td>8%</td>
</tr>
<tr>
<td>2015</td>
<td>70%</td>
<td>23%</td>
<td>7%</td>
</tr>
<tr>
<td>2016</td>
<td>72%</td>
<td>22%</td>
<td>6%</td>
</tr>
<tr>
<td>2017</td>
<td>74%</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td>2018</td>
<td>77%</td>
<td>18%</td>
<td>5%</td>
</tr>
<tr>
<td>2019</td>
<td>80%</td>
<td>16%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: IHS Markit
CPO emerges as best deal
CPO sales expected to grow in 2020

Annual certified pre-owned sales

Source: Edmunds
High sustained leasing creates more CPO inventory

Lease volume and penetration

Source: Edmunds
Gap widens between new and 3-year-old used
The price disparity turns more shoppers to the used market

Source: Edmunds
Thank you