

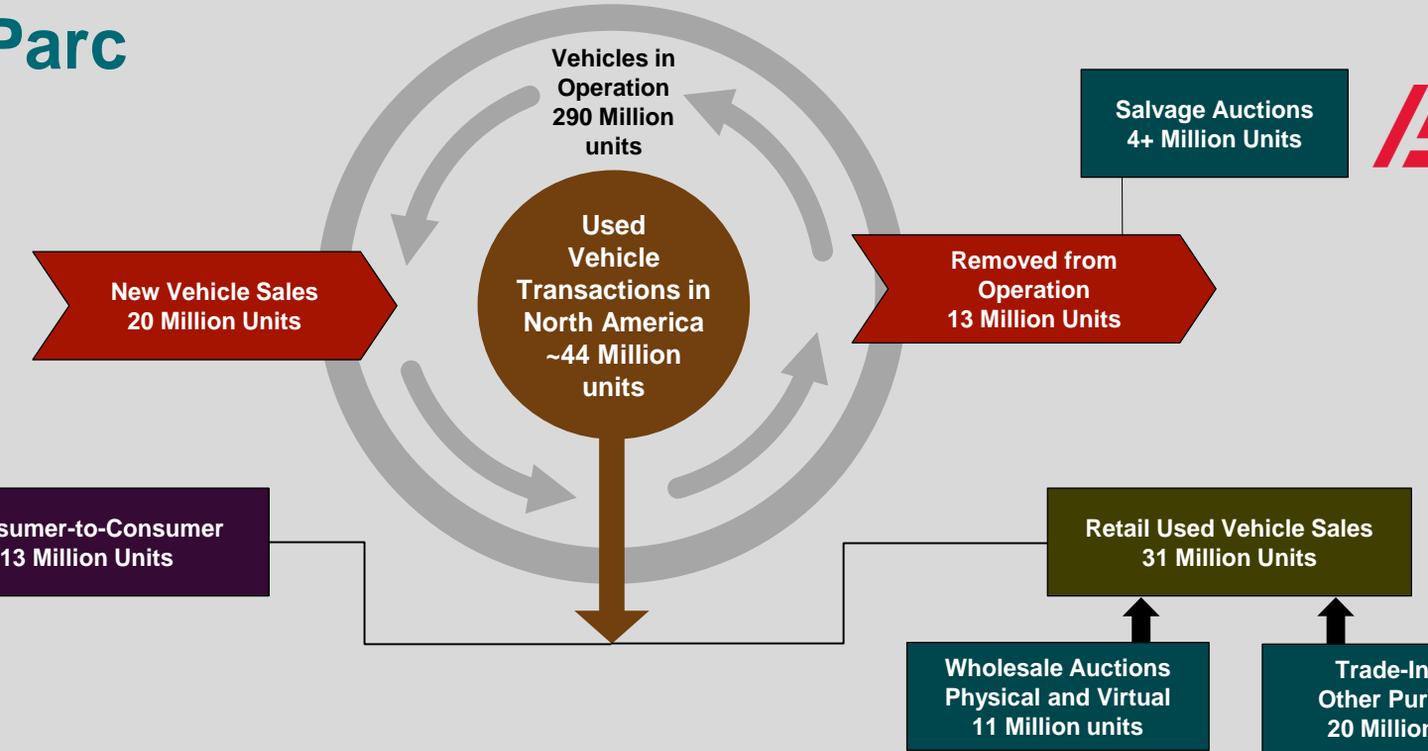
LATEST
ECONOMIC
INDICATORS

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PULSE

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Auction Association, R.L. Polk & Co., National Automobile Dealer's Association, e Consultants and Management estimates



Trac



Retail Vehicle Markets

Generating and absorbing used vehicles.

New vehicle sales fell somewhat in 2017, but used vehicle retail sales helped absorb used vehicle supply.

New and Used Vehicle Sales – U.S.

(000s of Units Sold)

	<u>YTD Through December</u>		<u>Increase/(Decrease)</u>
	<u>2017</u>	<u>2016</u>	<u>Amount</u>
Vehicle Sales	17,246	17,553	(308)
Vehicle Sales	41,383	40,555	827
Franchised Dealers	15,108	14,968	140
Independent Dealers	14,107	13,893	214
Private Individuals	12,169	11,694	474
Vehicle Sales	58,629	58,109	520

The decline in new vehicle sales is largely accounted for by the decline in fleet sales, and specifically, rental sales. Also, there has been an ongoing shift from cars to trucks.

per YTD	Sales Volume		'17 vs '16 Variat	
	2017	2016	Units	
	1,592,380	1,814,924	-222,544	-1
ercial	682,971	673,679	9,292	
ment	261,892	279,740	-17,848	
	2,537,243	2,768,343	-231,100	

States	YTD Through December		Increase/(Decrease)		% of Total	
	2017	2016	Amount	%	2017	2016
Vehicle Sales	6,120,774	6,895,771	(774,997)	-11.2%	35.5%	3
cks	11,125,098	10,657,658	467,440	4.4%	64.5%	6
	17,245,872	17,553,429	(307,557)	-1.8%	100.0%	10

Certified Pre-Owned (CPO) sales have been a real success story in absorbing used vehicle supply, setting new records every year.

	YTD Through December		Increase/(Decrease)
	2017	2016	Amount
Used Sales	2,645,718	2,642,986	2,732
Wholesale	15.3%	15.1%	
Franchised Used	17.5%	17.7%	
Direct Franchised	8.2%	8.1%	
Retail Used	9.1%	9.2%	

Retail used vehicle sales have slowed but are still helping absorb supply.

New and Used Vehicle Sales - U.S.

(000s of Units Sold)

	YTD Through April		Increase/(Decrease)	
	2018	2017	Amount	%
New Vehicle Sales	5,476	5,462	14	0.2%
<u>Used Vehicle Sales</u>	13,479	13,986	(506)	-3.6%
Franchised Dealers	4,976	5,123	(147)	-2.9%
Independent Dealers	4,886	4,863	23	0.5%
Private Individuals	3,618	4,000	(382)	-9.6%
Total Vehicle Sales	18,955	19,448	(493)	-2.5%

Retail Inc
(124)

Source: Automotive News Data Center, National Automobile Dealers Association, and ADESA Analytical Services.

Certified Pre-Owned (CPO) sales continue to grow.

	YTD Through April		Increase/(Decrease)	
	2018	2017	Amount	%
	Certified Sales	895,523	882,343	13,180

% of:

New	16.4%	16.2%
Franchised Used	18.0%	17.2%
Total Franchised	8.6%	8.3%
Retail Used	9.1%	8.8%

Lease penetration reached a peak in 2016 and remains high. Softening used vehicle prices may cause contract residuals to decrease, but higher new vehicle prices will keep lease penetration around 30%. (Apr=31.6%)

Edmunds Lease Penetration Rates



Incentives have climbed, but this is partly due to sales weighted more heavily towards trucks.

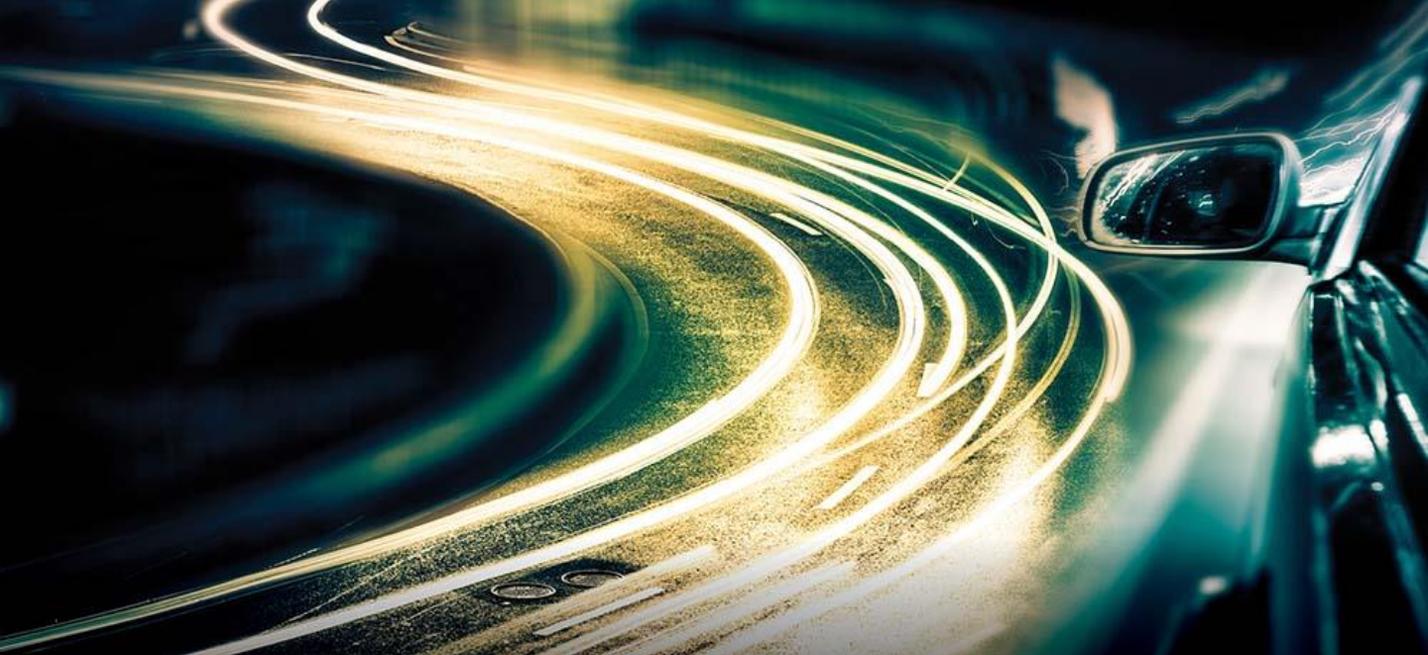
Average New-Vehicle Incentives



As a percentage of the sales price of the average new vehicle, incentives are up more modestly, but are nevertheless near levels reached during the recession.

Average New-Vehicle Incentive as a Percentage of Average Transaction Price





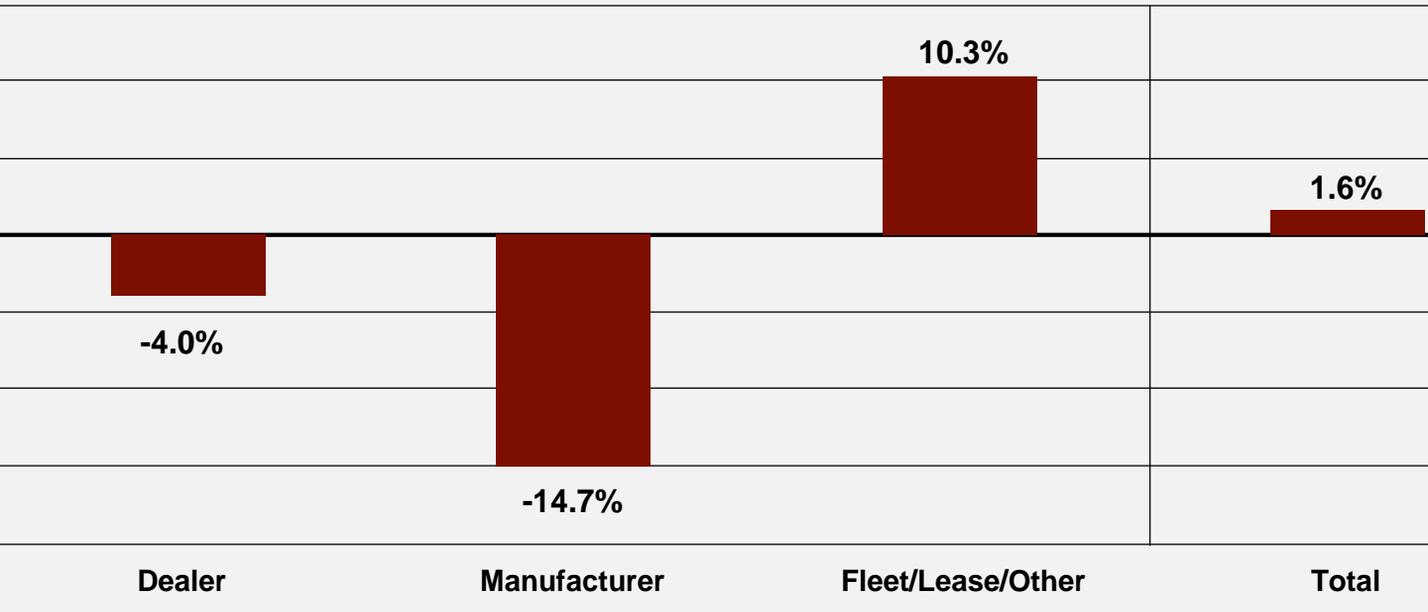
WHOLESALE

The Wholesale Market

Supply growth; price softening

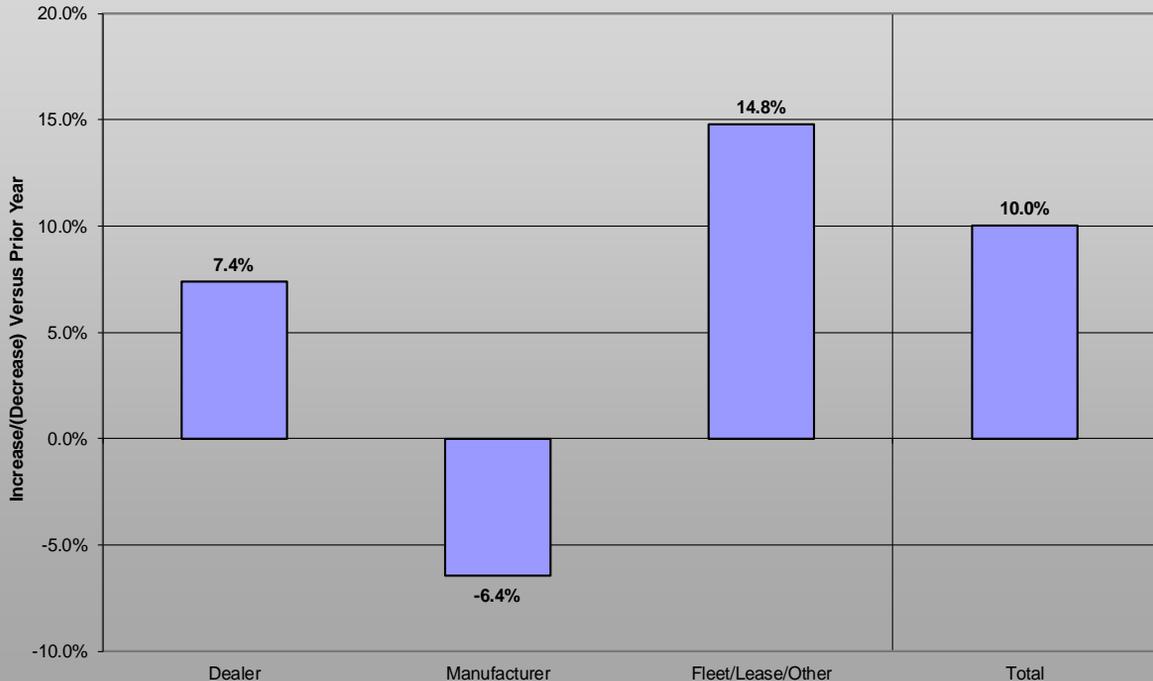
Dealer consignments are down as dealers take fewer new-car sales. Declining manufacturer volumes reflect lower rental sales and all delays.
Fleet and repo volumes are reflected in growing fleet/lease sales.

U.S. Auction Industry Sales Volume by Seller Type
(Year-to-Date December 2017)



Lease volume continues to generate supply growth at auction.

U.S. Auction Industry Sales Volume by Seller Type
(Year-to-Date April 2018)



The hurricanes boosted used vehicle prices, especially for trucks.

Wholesale Price Trends for Cars vs Trucks



Outlook

Solid U.S. economy.

Solid new vehicle sales at close to 17 million.

Wholesale used vehicle supply growing ~5% yoy. More re
well as off-lease.

Wholesale prices soften ~2-3% yoy.

Cars and trucks moving towards parity in terms of wholesa
ce softening as oversupply transfers from cars to trucks

Harvey/Irma had some short-term, regional, positive impac
17; be aware of the unforeseen in 2018 as well.