



THE MEETING WHERE CONSIGNORS CONNECT

THE CONFERENCE OF
**AUTOMOTIVE
REMARKETING**

MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL



Forecast of Residual Values for 2014-2015

Moderator: Tom Cornellier, Ford Motor Company

Today's Panelists:

- **Rene Abdalah**, Vice President, RVI
- **Ricky Beggs**, Senior VP, Editorial Dir., Black Book
- **Laurence E. Dixon III**, Senior Manager, Market Intelligence, NADA
- **Eric Ibara**, Director, Residual Value Consulting, Kelley Blue Book
- **Eric Lyman**, VP, Partner Development and Editorial, ALG



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Panel Format & Topics

- How last year's forecasts are comparing to actual results
- 2014 – 2015 Vehicle Segment Forecasts:
 - Subcompact and Minivans: Rene Abdalah
 - Pickup Trucks: Ricky Beggs
 - Luxury: Larry Dixon
 - Mid-size sedan: Eric Ibara
 - Compact Utilities: Eric Lyman
- Q&A



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Last year's forecast vs. actuals

Panelists observations & trends



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Vehicle Segment Review Past Trends, Forecast & Why



BOBIT
BUSINESS
MEDIA

CONFERENCE OF
AUTOMOTIVE
REMARKETING



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Rene Abdalah

Vice President, RVI Group

177 Broad Street, 9th Floor

Stamford, CT 06901

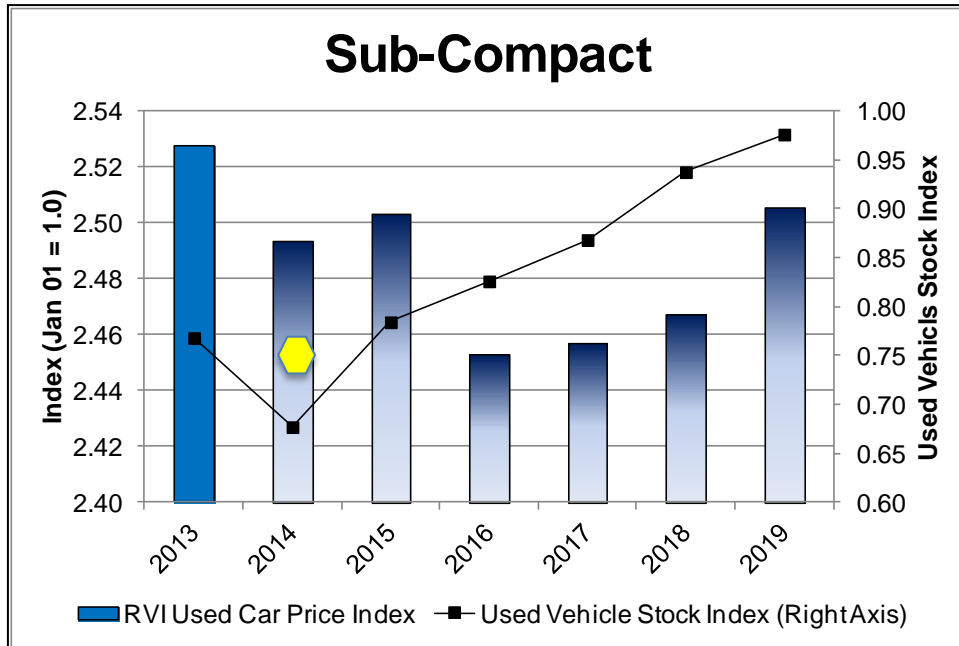
Phone: 203-975-2147

Email: rabdalah@rvigroup.com



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Sub-compacts: on an annual basis, prices will drop 1.3% in 2014 vs 2013, but up 3.4% from January 2014 to January 2015.



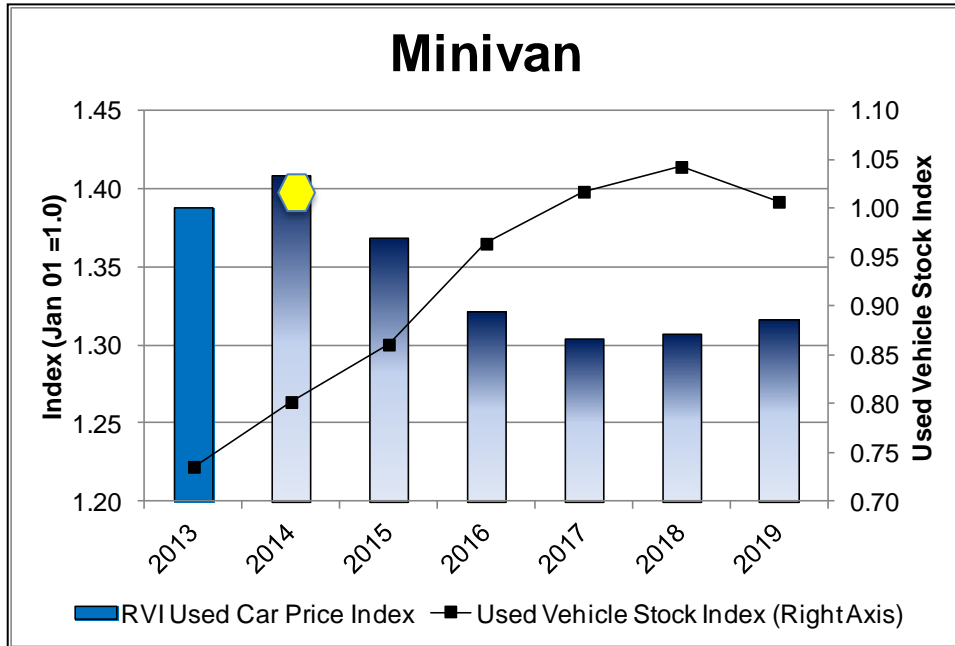
 Jan 2014 RVI Used Car Price Index

RVI Used Car Price Index Factors - Sub-Compact		
Impact from Jan -14		
Variable	Jan-15	Jan-17
GDP Growth	0.6%	0.2%
Retail Sales (SAAR)	0.9%	-0.5%
Unemployment	-0.2%	-0.5%
Gas Prices (\$ per Gallon)	4.7%	7.7%
Used Vehicle Stock Index	-0.7%	-1.6%
Competitive Index	-1.8%	-4.8%
RVI Used Car Price Index	3.4%	0.0%



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Minivans: on an annual basis, prices will increase 1.5% in 2014 vs 2013, but down 1.2% from January 2014 to January 2015.



 Jan 2014 RVI Used Car Price Index

RVI Used Car Price Index Factors - Minivan		
Impact from Jan -14		
Variable	Jan-15	Jan-17
GDP Growth	0.6%	0.2%
Retail Sales (SAAR)	0.9%	-0.5%
Unemployment	-1.4%	-3.2%
Gas Prices (\$ per Gallon)	0.2%	-0.3%
Used Vehicle Stock Index	-1.0%	-3.1%
Competitive Index	-1.0%	-0.8%
RVI Used Car Price Index	-1.2%	-7.5%



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Black Book®

DATA DRIVING INNOVATIONSM

Ricky Beggs

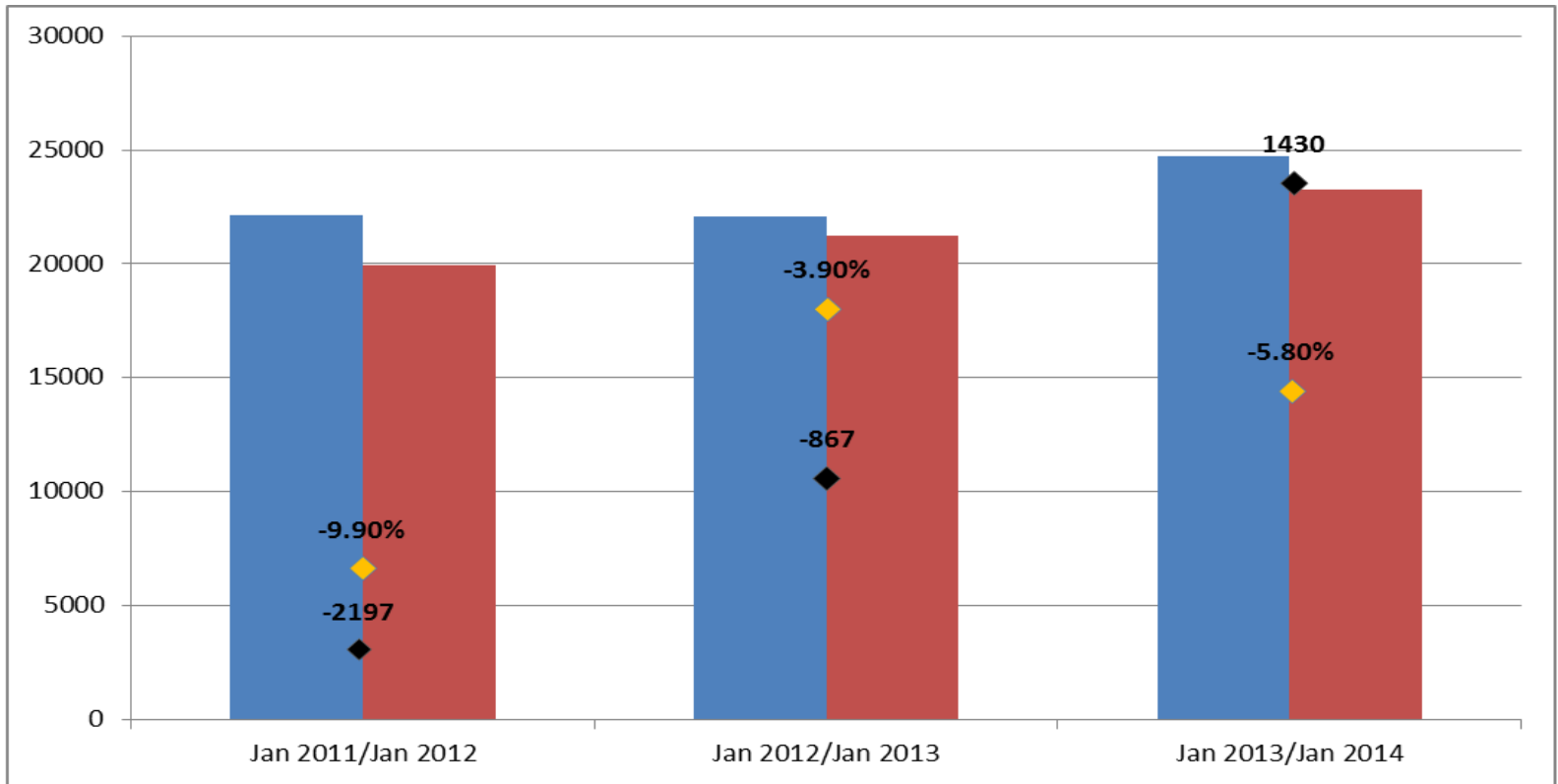
Sr. VP, Editorial Director

Pickup Trends & Forecast



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Full Size Pickup Trucks



Overall market change: -7.7%

-12.4%

-12.8%



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL



DATA DRIVING INNOVATIONSM

Why the FPT have and will do better than the market?

Factors:

- Economy: construction within the commercial and residential markets, and service industry demand
- Supplies/Volumes
- Gas Prices
- Revised Models
- Increase in average used pricing

Forecast:

- Jan 2014/Jan 2015 overall: -13.5%
- FPT forecast: -9.0% to -10.5%



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL



DATA DRIVING INNOVATIONSM

NADA Used Car Guide

Laurence Dixon

Senior Manager, Market Intelligence



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Luxury Car Prices

- Expanding supply will apply downward pressure to used luxury prices going forward; more so in 2015 and 2016.
- Improvements in the economy and high lease subvention creating stronger preference for new purchase; detrimental to used luxury prices in general.
- Luxury Large prices hurt more significantly by lower home values (greater sensitivity); higher home prices will help support to the segment going forward.
- Luxury Compact and Midsize prices aided more by gains in employment and in new vehicle prices. To continue through 2015.

NADA Wholesale Price Index

Annual change in wholesale prices; vehicles to eight years in age

CY	Luxury Compact	Luxury Mid-Size	Luxury Large	Overall Market
2010	3.6%	1.2%	-2.0%	11.5%
2011	9.0%	4.6%	2.0%	11.4%
2012	1.1%	-1.2%	-5.5%	2.5%
2013	-0.2%	-1.7%	-5.1%	0.4%
2014	-1.6%	-2.3%	-3.3%	-0.4%
2015	-3.2%	-3.6%	-3.8%	-3.2%

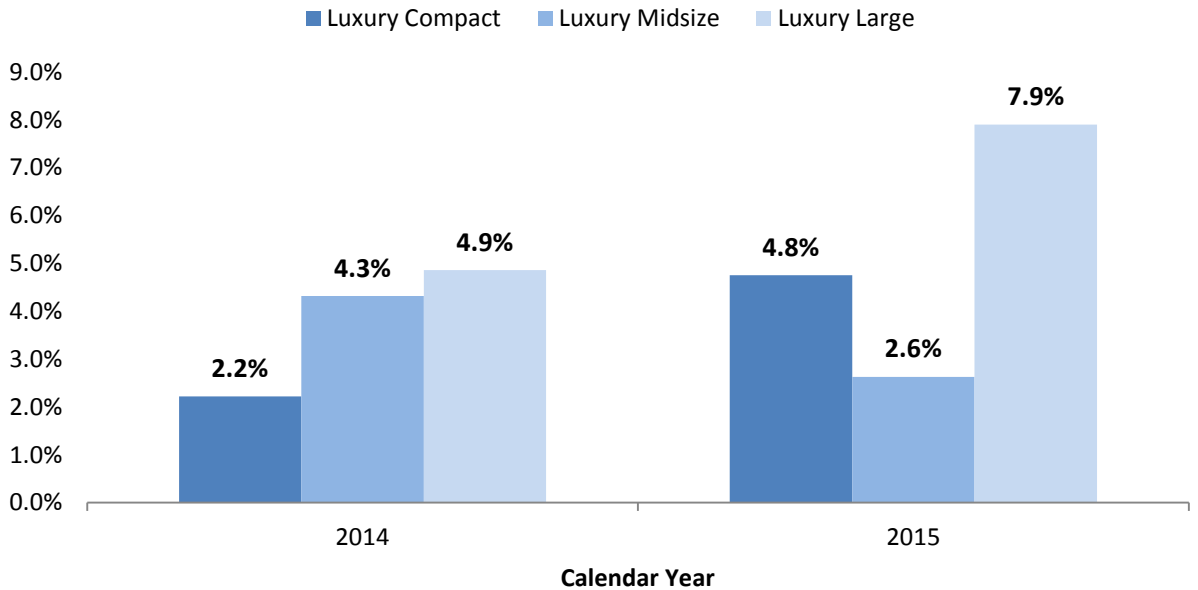


MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Luxury Car Supply

Annual Change in Used Supply: Luxury Cars

Vehicles to five years in age



- Supply for all segments is scheduled to rise over the next two years
- Luxury compact supply is expected to grow by 2% this year; growth leaders include Cadillac ATS, Audi A5, Lincoln MKZ
- Luxury midsize supply up by ~4%; leaders include Cadillac CTS, Jag XF, MBZ E Class
- Luxury large supply up by 4.9% in 2014; led by Cadillac XTS, Audi A7/A8, MBZ CLS Class
- Supply in 2015 grows more substantially for compact and large lux



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Luxury Car Retention

Luxury Compact Retention

Avg. Retention for 3-Year-Old Units, Q1 2010-2014

Make	Model	CY '12/MY	CY '13/MY	CY '14/MY
		'09	'10	'11
Lexus	IS	61.2%	61.2%	57.1%
Audi	A4	52.0%	57.5%	53.0%
Lexus	ES	58.6%	56.3%	51.5%
Volvo	S60	48.8%	NA	51.4%
Mercedes-Benz	C-Class	53.7%	55.1%	50.7%
Acura	TL	59.5%	55.6%	49.6%
BMW	3 Series	49.7%	51.6%	48.3%
Infiniti	G	52.1%	56.6%	47.3%
Lincoln	MKZ	44.5%	41.4%	39.4%
Saab	9-3	38.6%	33.8%	34.8%

Luxury Mid-Size Retention

Avg. Retention for 3-Year-Old Units, Q1 2010-2014

Make	Model	CY '12/MY	CY '13/MY	CY '14/MY
		'09	'10	'11
BMW	5 Series	50.6%	50.2%	54.2%
Lexus	GS	56.4%	58.3%	52.4%
Audi	A6	57.2%	55.3%	52.3%
Acura	RL	49.6%	52.5%	51.3%
Mercedes-Benz	E-Class	47.2%	55.8%	49.9%
Infiniti	M	46.6%	47.1%	49.3%
Jaguar	XF	50.3%	49.9%	48.2%
Mercedes-Benz	CLS-Class	49.9%	46.2%	44.0%
Cadillac	CTS	42.5%	46.4%	43.3%
Saab	9-5	36.1%	32.9%	36.0%

Luxury Large Retention

Avg. Retention for 3-Year-Old Units, Q1 2010-2014

Make	Model	CY '12/MY	CY '13/MY	CY '14/MY
		'09	'10	'11
Hyundai	Equus	NA	NA	51.7%
Lexus	LS	55.6%	57.7%	50.6%
Audi	A8	49.2%	57.7%	50.5%
Jaguar	XJ8	48.1%	NA	46.4%
Mercedes-Benz	S-Class	53.8%	50.3%	44.7%
BMW	7 Series	52.4%	44.9%	43.7%
Lincoln	Town Car	38.8%	34.8%	42.2%
Cadillac	DTS	34.2%	37.8%	37.9%
Lincoln	MKS	42.4%	40.5%	37.8%
Cadillac	STS	35.7%	36.3%	35.4%

- Lexus' IS dominates the luxury compact car segment, followed by Audi's A4
- Top rankings much tighter for luxury midsize cars; BMW's 2011 redesign of the 5 Series provided large bump
- Premium luxury large cars remain among the poorest retaining segments (segment mean = 44.1%)
- Hyundai Equus tops; Lexus and Audi again score highly
- Domestic brands lag the group average in all segments

Kelley Blue Book

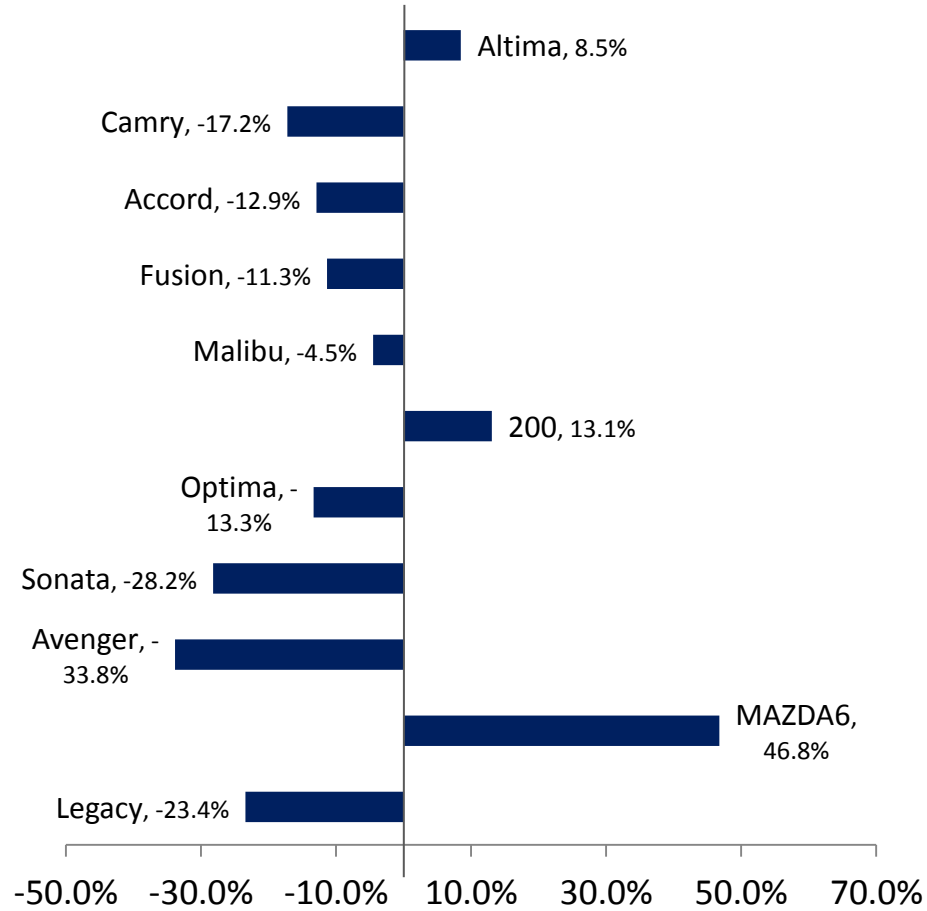
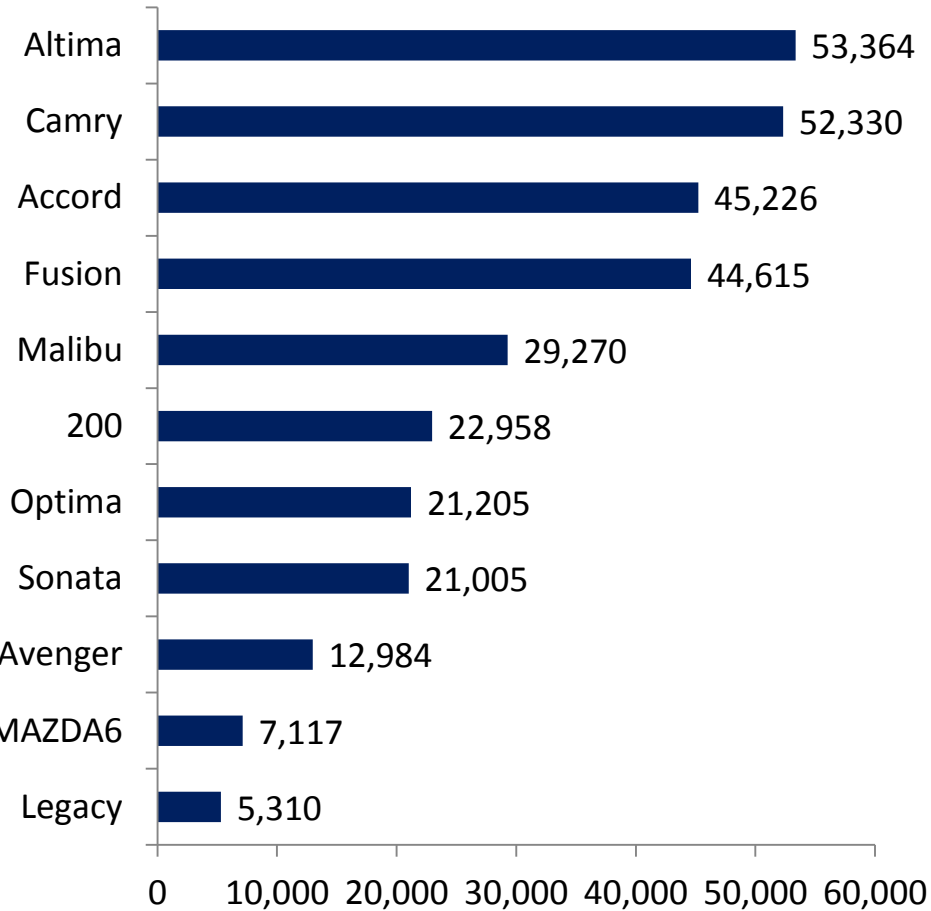
Eric Ibara

Director, Residual Value Consulting



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Altima, Camry, Accord, & Fusion Vie For Sales Lead However, Segment Is Down 10% From Last Year



February 2014 Total Sales Year-to-Date

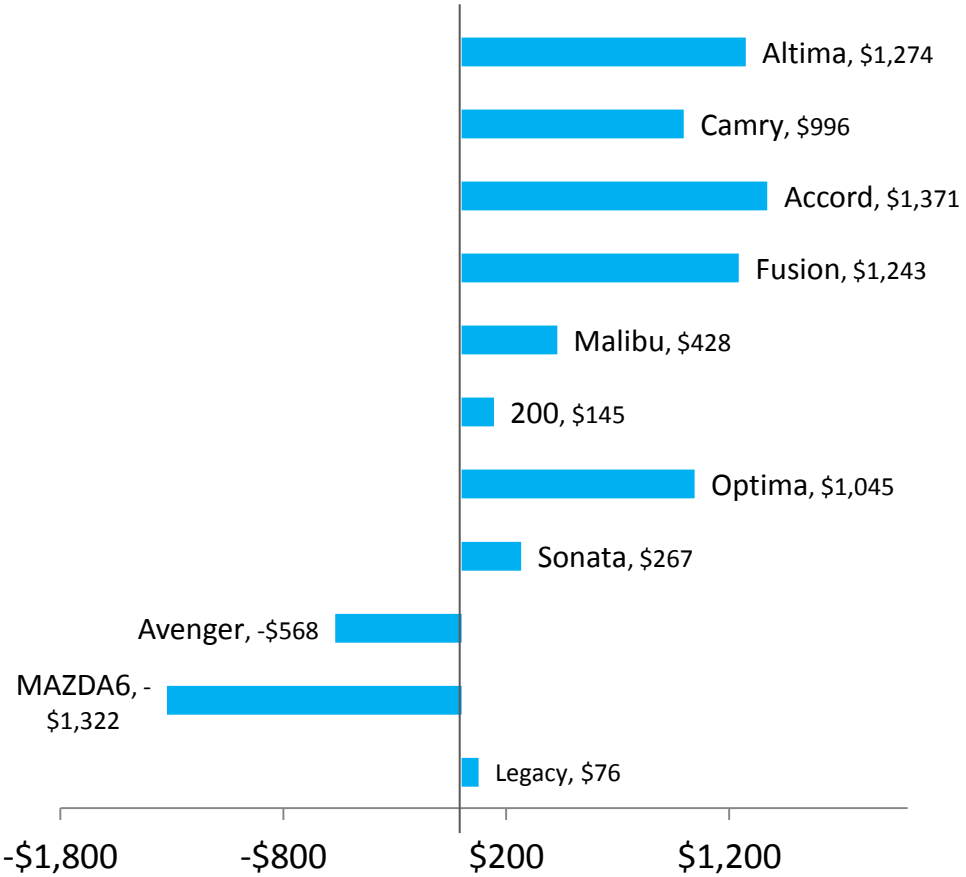
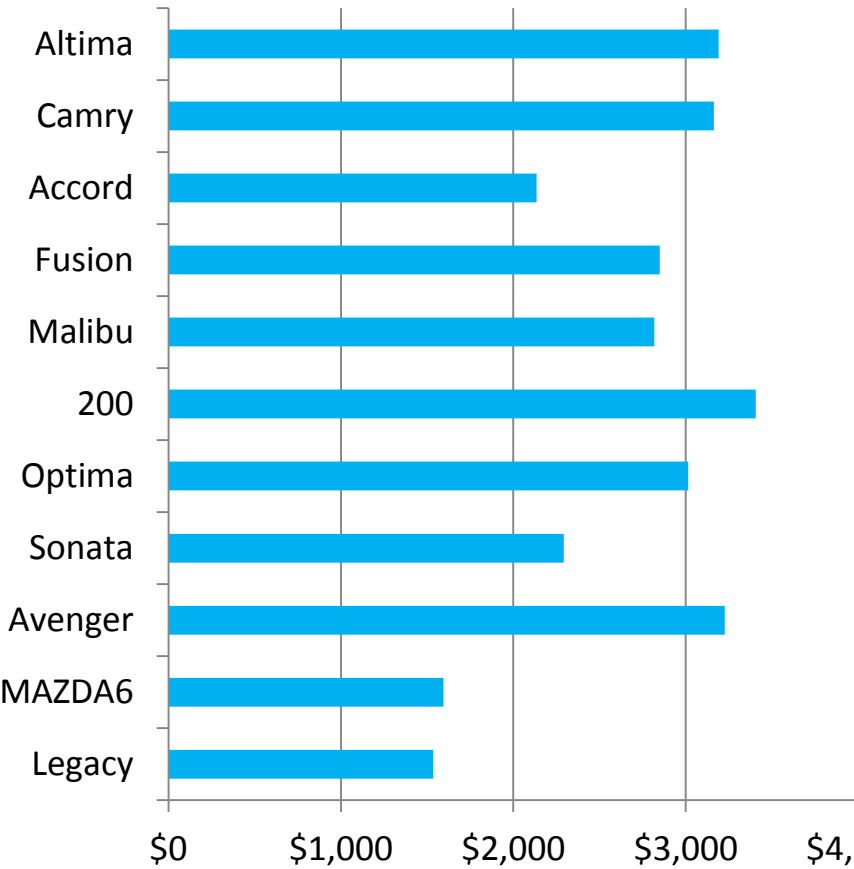
Feb. 2014 Year-Over-Year % Change in Total Sales



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Incentives Already Exceed \$3k On Some Models

Competition In A Shrinking Segment Will Be Tough



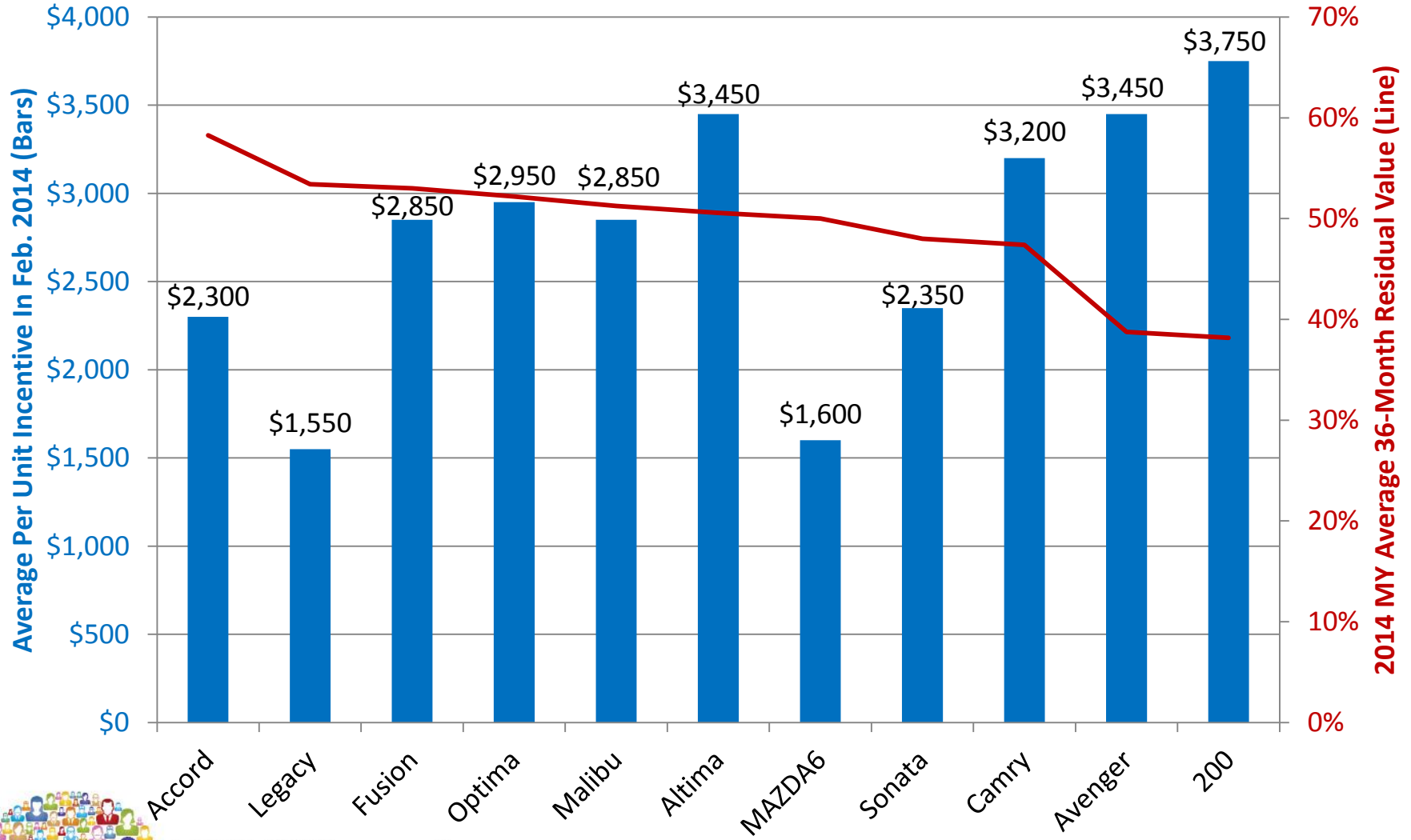
February 2014 YTD Incentive Spend Per Unit

Feb. 2014 Yr-Over-Yr Change In Incentive Spend



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

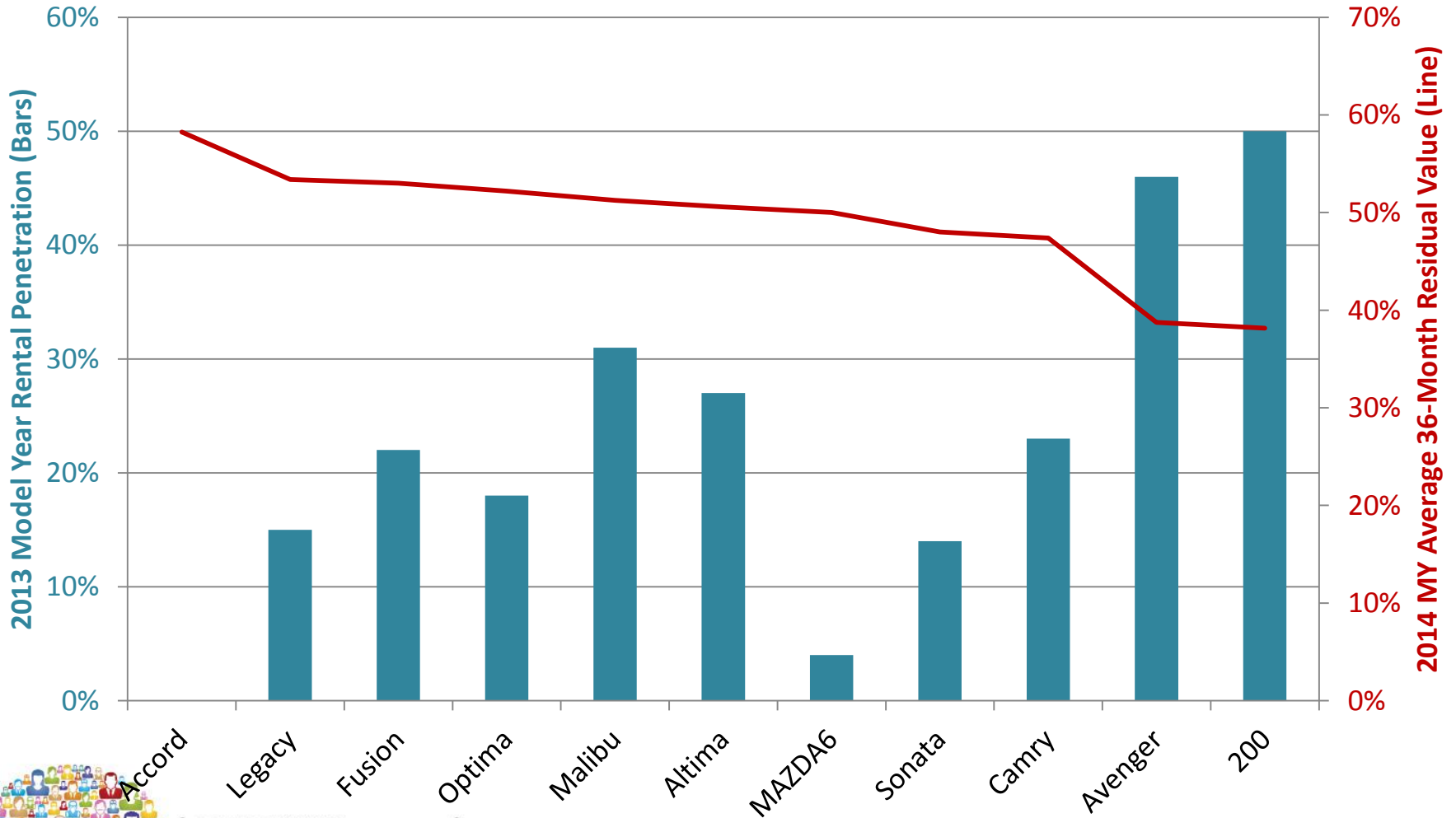
Higher Incentives Lower Residual Values



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Competitive Strategy Determines Rental Penetration

Brand & Styling Focus Yields Higher Residual Values



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

ALG

Eric Lyman

Vice President, Editorial & Consulting



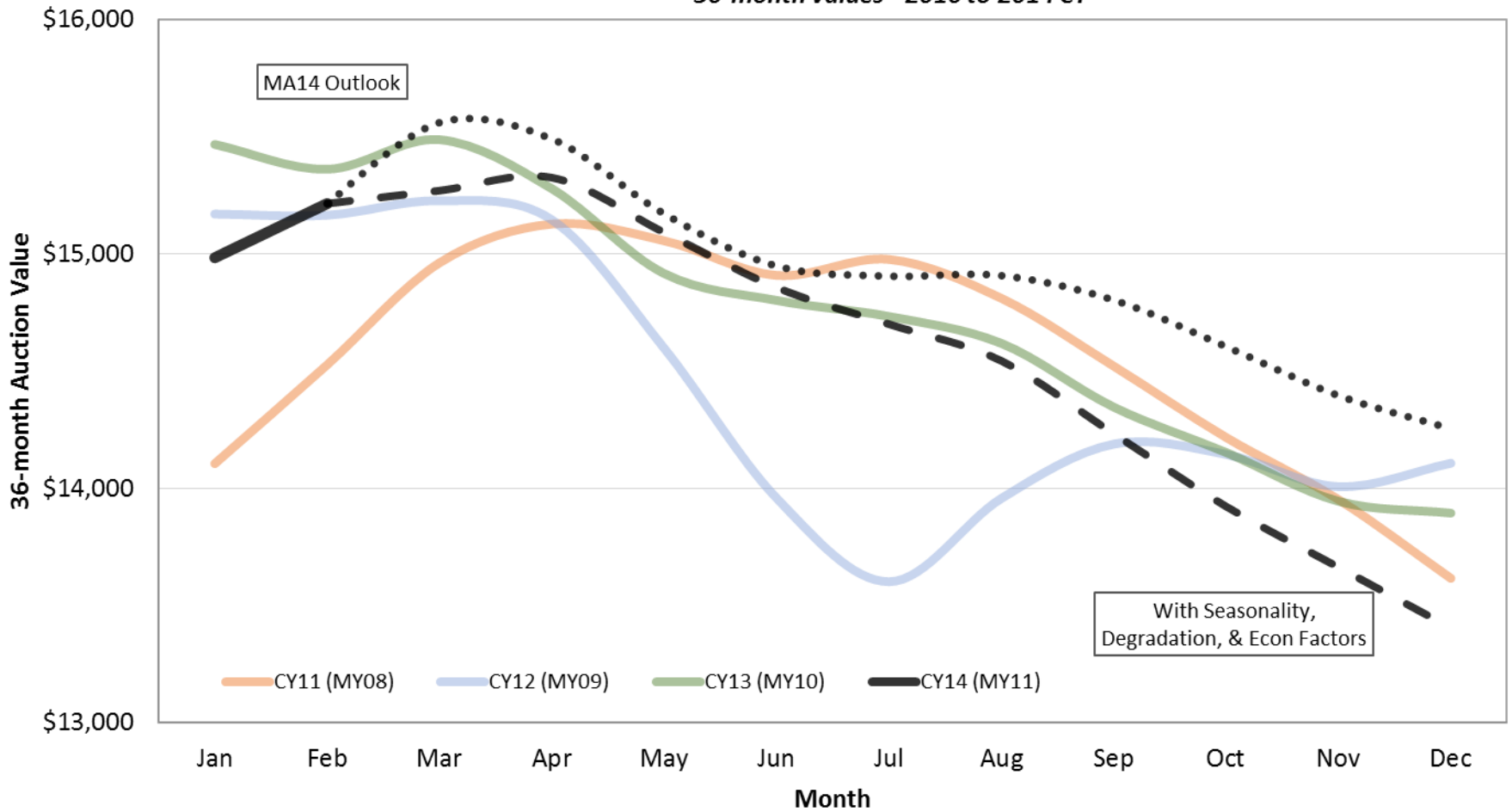
MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL



US Auction Data

Compact Utility Segment

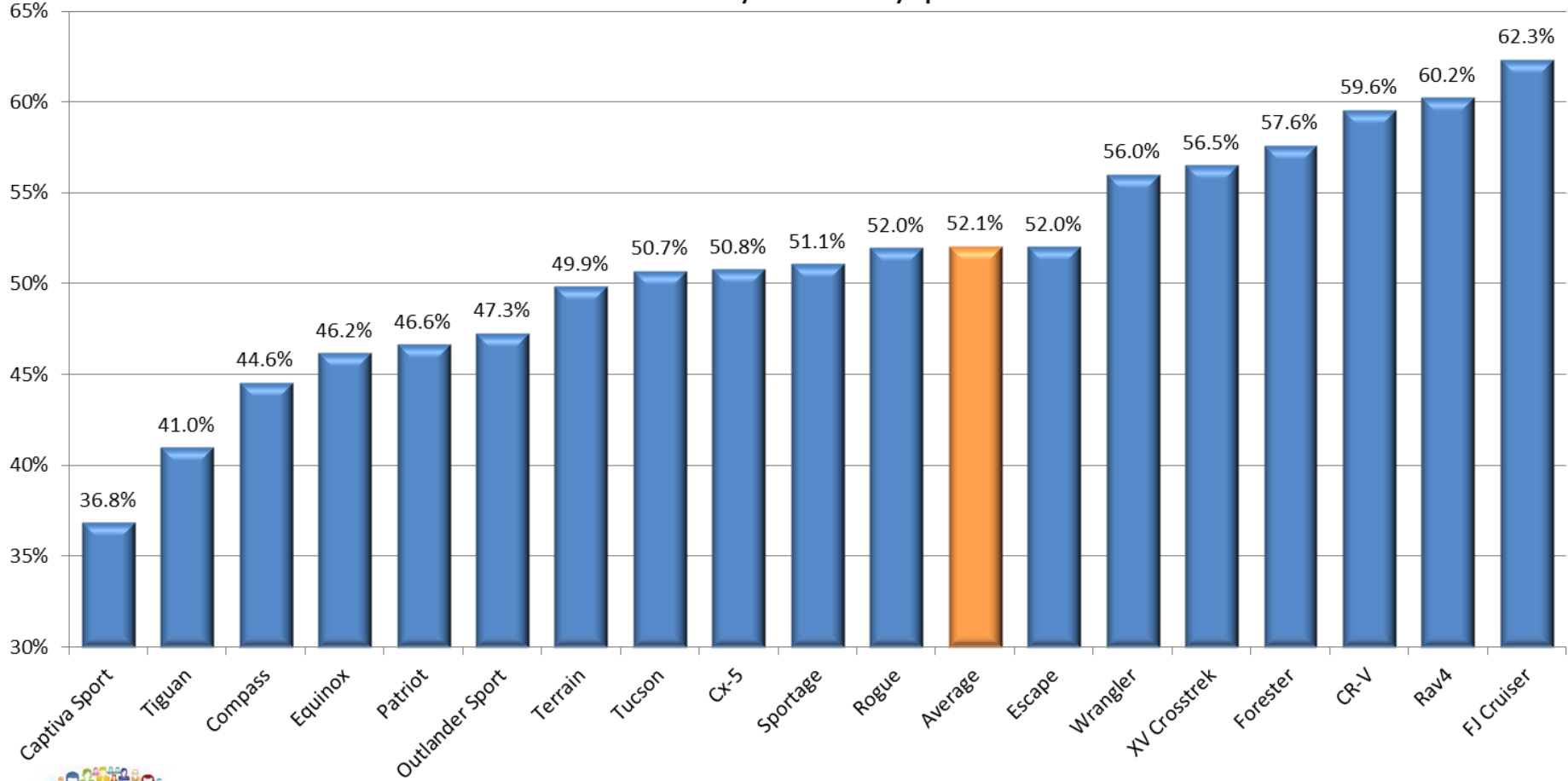
36-month values - 2010 to 2014 CY



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL



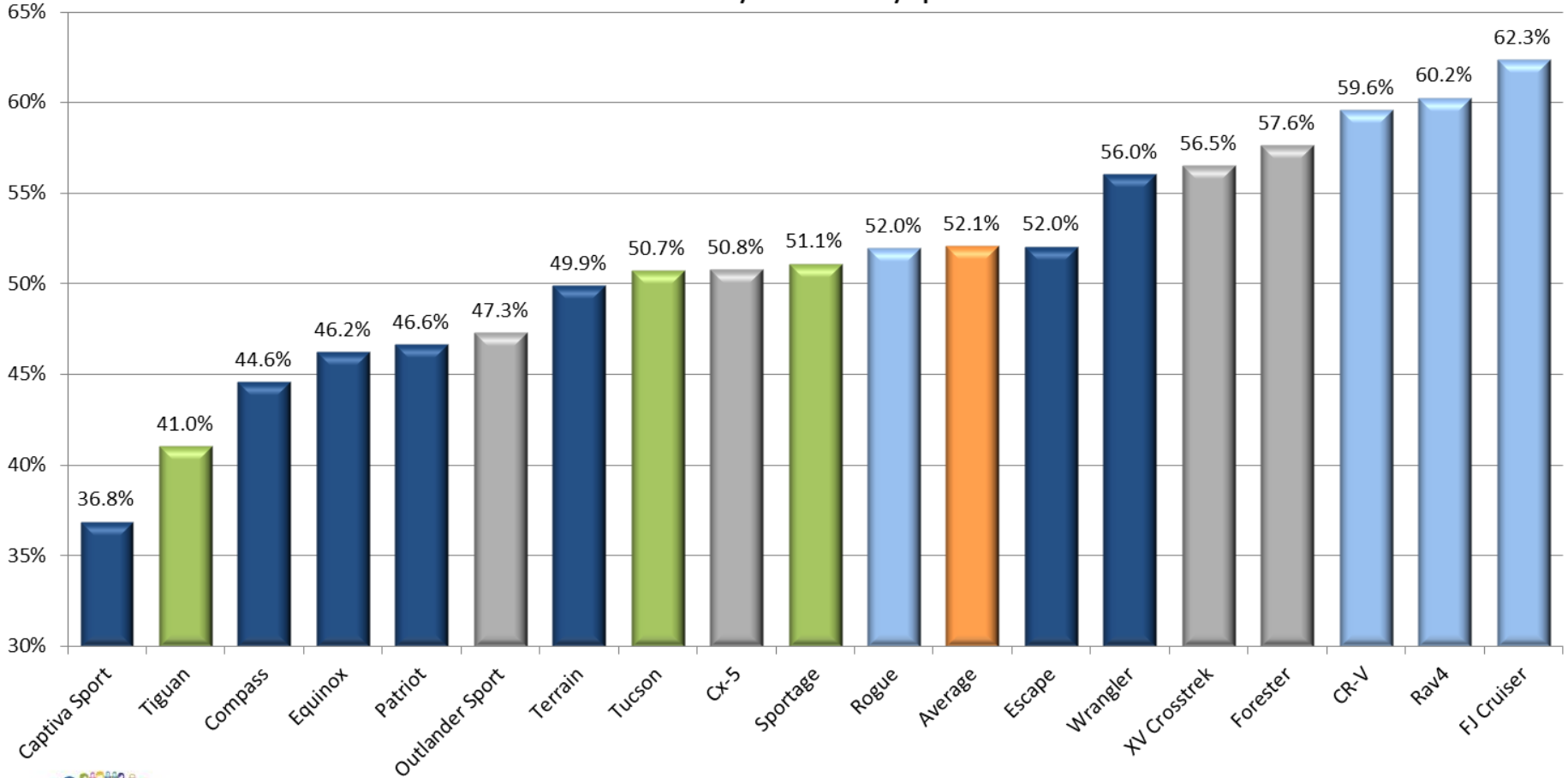
36m Residual Forecast Compact Utility Segment Jan/Feb & March/April 2014 Editions



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL



36m Residual Forecast Compact Utility Segment Jan/Feb & March/April 2014 Editions



BOBIT BUSINESS MEDIA CONFERENCE OF AUTOMOTIVE REMARKETING
CAR
NAAA NATIONAL AUTO ASSOCIATION
IN CONJUNCTION WITH IARA

MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Q & A



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL

Thank You!



MARCH 5-6, 2014
PARIS LAS VEGAS HOTEL