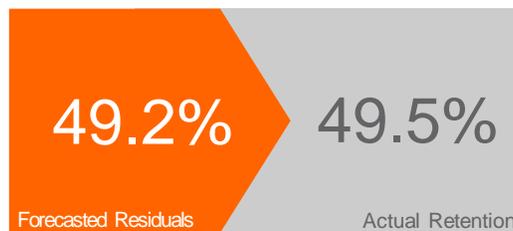


Residual Value Historical Accuracy: 2016MY Vehicles Returning 2019CY

Shown below is a snapshot of ALG's historical accuracy, comparing 2016MY 36 month residual values against auction values that returned in 2019CY. For the entire industry, returns for the 2016MY came back at 49.5%, a difference of only 0.3% from ALG's forecasted residuals. When expanded to the super segment level, retention for Pickups was roughly 1.5% higher than ALG's forecast, while both Sedan and Utility segments were equal to or less than a third of a point different from ALG's forecast, further lending credence to the strength of ALG's forecasting.

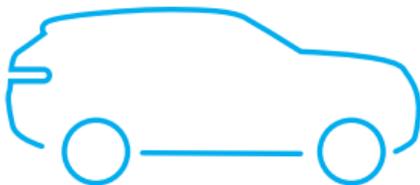
Industry



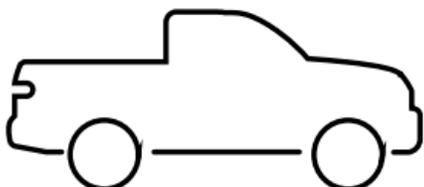
Sedan Segments



Utility Segments



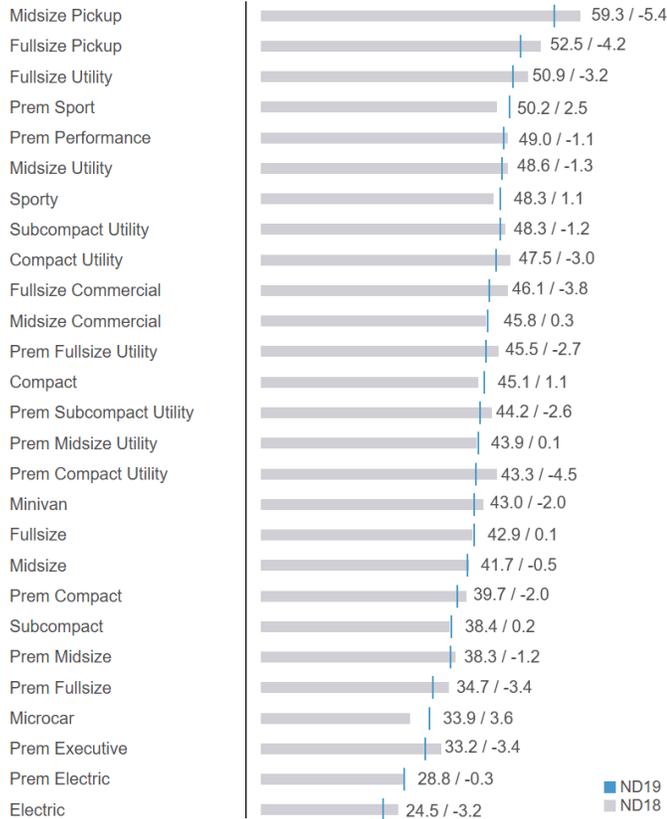
Pickup Segments



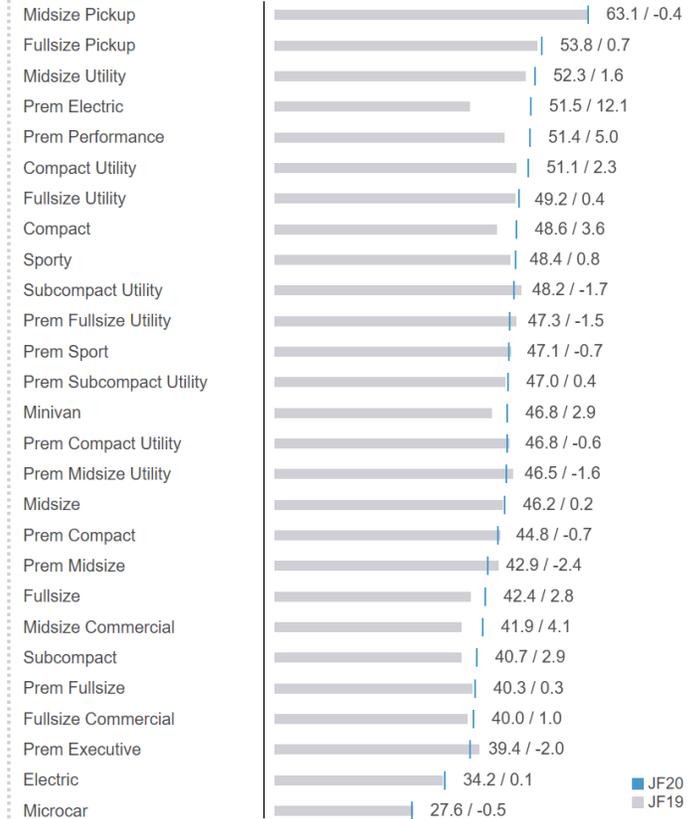
Residual Value & Retention Snapshot

Residual values are a combination of current auction performance, brand health and forecasted environment. Auction retention is sales weighted and measured as a percentage of the typically equipped MSRP.

3-Year Old Auction Retention



36-Month Forecast



Labels indicate current percent values compared to year-over-year percent change

Key Insights

- Auction retention for both the Mainstream and Luxury sectors declined by ~1.2-ppts over the previous year.
- Overall, the industry average is forecasted to increase ~1.3-ppts year-over-year.
- The Premium Sport, Compact, and Microcar segments continue to see strong gains in auction retention, driven by continued declines in used supply for those segments.
- Building off of previous trends, the Pickup segments, as well as most Utility segments, saw declines in auction performance, as increasing used supply has continued to drive down auction values for the most popular vehicles in the market. However, Utility vehicles are still performing strong at open auction despite these increases in used supply.
- Most premium segments continue to see declining performance at open auction for the majority of Car and Utility segments, with Premium Midsize Utilities seeing increased market saturation contribute to the negativity affecting forecasted residual values.
- Electric vehicle segments have historically been at the bottom of auction retention due to limited range and consumer demand. However Premium Electric received a substantial lift in forecasted residual values, driven by a slew of new luxury BEVs entering the market such as the Porsche Taycan and Audi e-tron.