COVID-19 and Impact to Dealerships
Monthly New Light-Vehicle Sales

Source: U.S. Bureau of Economic Analysis, NADA
New Vehicle Sales

Historical Light Duty
Forecast Light Duty

Source: Wards Auto; NADA
Sales and General Operational Changes

• Store operating hours cut
• Nationwide, dealerships offering online sales with delivery
• Where still open, in person sales done by appointment only
• In stores with layoffs, dealers are using skeleton crews to run the store
  – Staff split into two teams that alternate days in case one team member gets sick, the whole staff isn’t exposed.
Service Department Changes

• Online service scheduling with vehicle pickup and drop off
• Vehicle sanitizing services offered as well
  – Pre- and post-service visit
• Several dealers commented about the need to retain service techs due to the industry’s high demand and difficulty finding new techs
  – Customer pay and warranty work off dramatically
Do you believe there is increased demand for full online buying with delivery?

<table>
<thead>
<tr>
<th>Week</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week of March 30</td>
<td>45.3%</td>
<td>54.7%</td>
</tr>
<tr>
<td>Week of April 6</td>
<td>47.6%</td>
<td>52.4%</td>
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<tr>
<td>Week of April 13</td>
<td>63.3%</td>
<td>36.7%</td>
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<tr>
<td>Week of April 20</td>
<td>57.8%</td>
<td>42.2%</td>
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</tbody>
</table>

Source: NADA
Do you believe there is increased demand for online service scheduling with vehicle pickup and drop off?

<table>
<thead>
<tr>
<th></th>
<th>Week of March 30</th>
<th>Week of April 6</th>
<th>Week of April 13</th>
<th>Week of April 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled Lease Maturities</td>
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<tr>
<td>(thousands)</td>
<td></td>
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</tr>
<tr>
<td>Yes</td>
<td>52.3%</td>
<td>59.4%</td>
<td>55.6%</td>
<td>60.9%</td>
</tr>
<tr>
<td>No</td>
<td>47.7%</td>
<td>40.6%</td>
<td>44.4%</td>
<td>39.1%</td>
</tr>
</tbody>
</table>

Source: NADA
Incentives

• 0% finance offers for up to 84 months have helped drive sales despite lockdowns

• Gives consumers more buying power and has continued to push average transaction prices higher

• A $460 monthly payment will get you
  – $25,000 CPO vehicle financed at 3.9% for 60 months
  – $38,500 new vehicle financed at 0% for 84 months
New Vehicle Inventory

• End of April – 3.28 million new units on the ground
• 120-day supply based on reduced selling rate
  – Pickup supply at 92 days
• Pickup supplies will be tight in certain parts of the country following relatively strong sales throughout April
• 60-day supply is normal/healthy for industry

Source: Wards Intelligence
Used Vehicle Inventory

- Used vehicle wholesale values down around 14-15%
- Auction conversions down significantly due to closures of physical auctions and value uncertainty
- Opportunity for dealers with the cashflow to buy at a good price
  - Current owned inventory likely to take a hit though