Car Market Overview

September, 2019

Derren Martin – Head of Valuations - UK

CONFIDENTIAL INFORMATION

Solera | cap hpi
FOR SMARTER AUTOMOTIVE DECISIONS™

0

Agenda

1. New Car Registrations
2. Used Car Depreciation by Sector and Fuel-type
3. What's Next..........?

CONFIDENTIAL INFORMATION

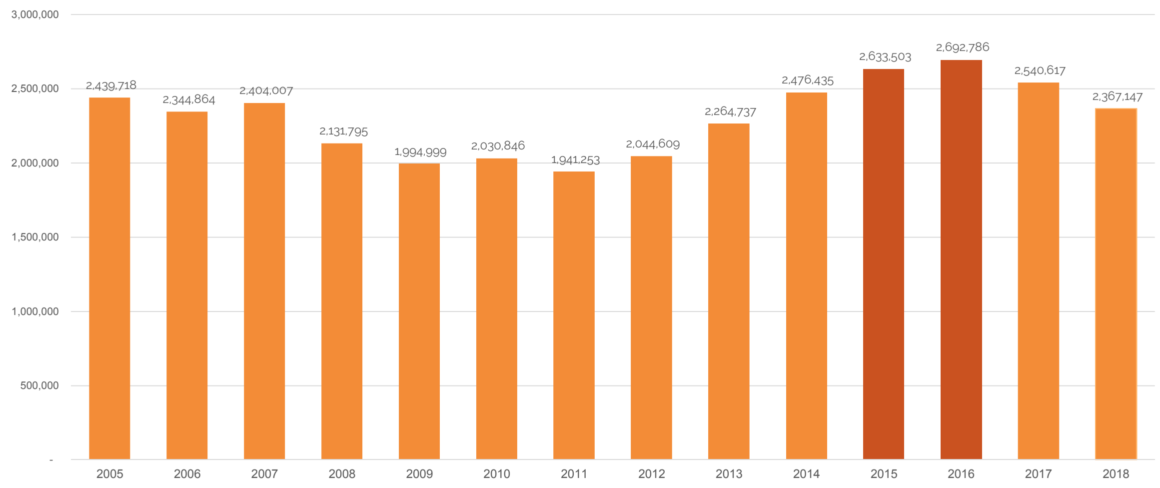
Solera | cap hpi
FOR SMARTER AUTOMOTIVE DECISIONS™

1

1 New car market

2

Total car registrations 2005 to 2018

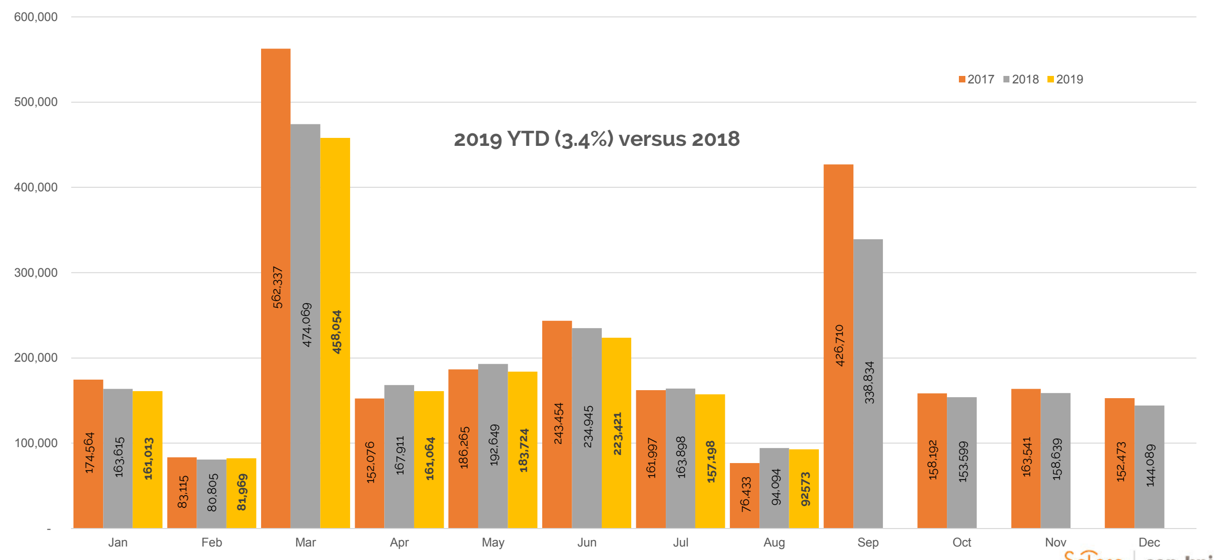


CONFIDENTIAL INFORMATION

Solera | cap hpi
FOR SMARTER AUTOMOTIVE DECISIONS™

3

Registrations by Month, 2017-19

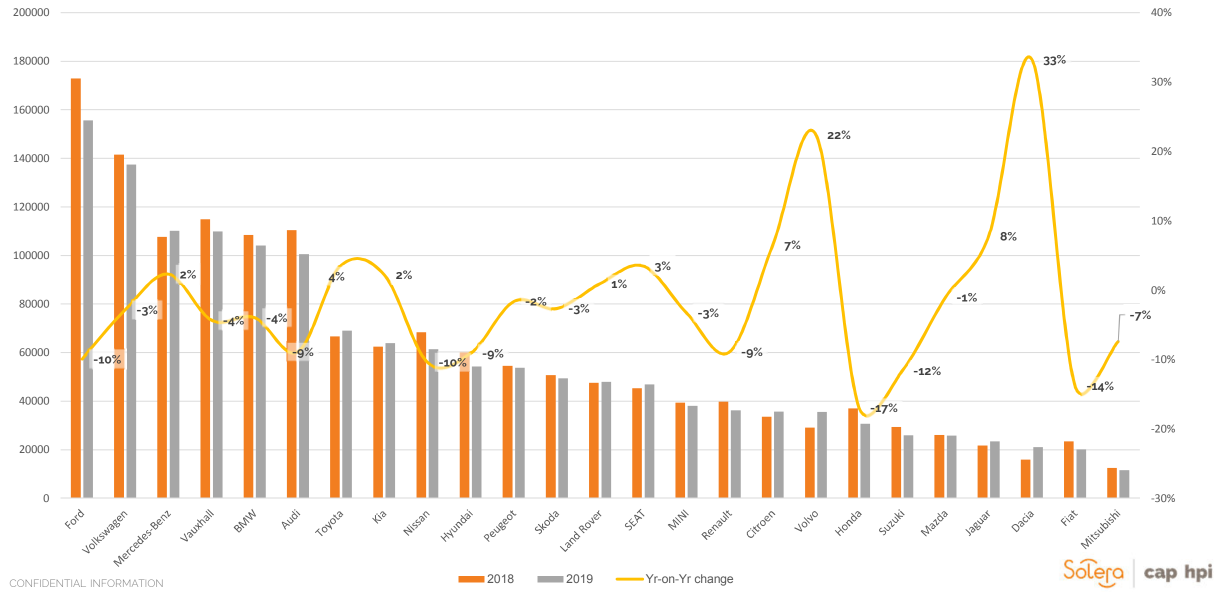


CONFIDENTIAL INFORMATION

Source: SMMT

Solera | cap hpi FOR SMARTER AUTOMOTIVE DECISIONS

Registration "winners & losers", 2019 vs 2018

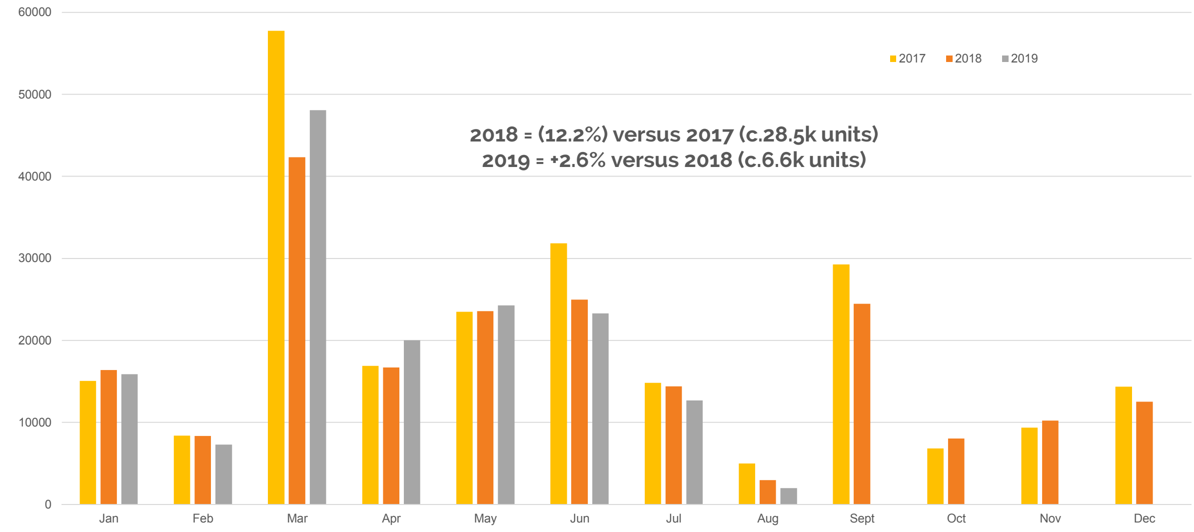


CONFIDENTIAL INFORMATION

Source: SMMT

Solera | cap hpi FOR SMARTER AUTOMOTIVE DECISIONS

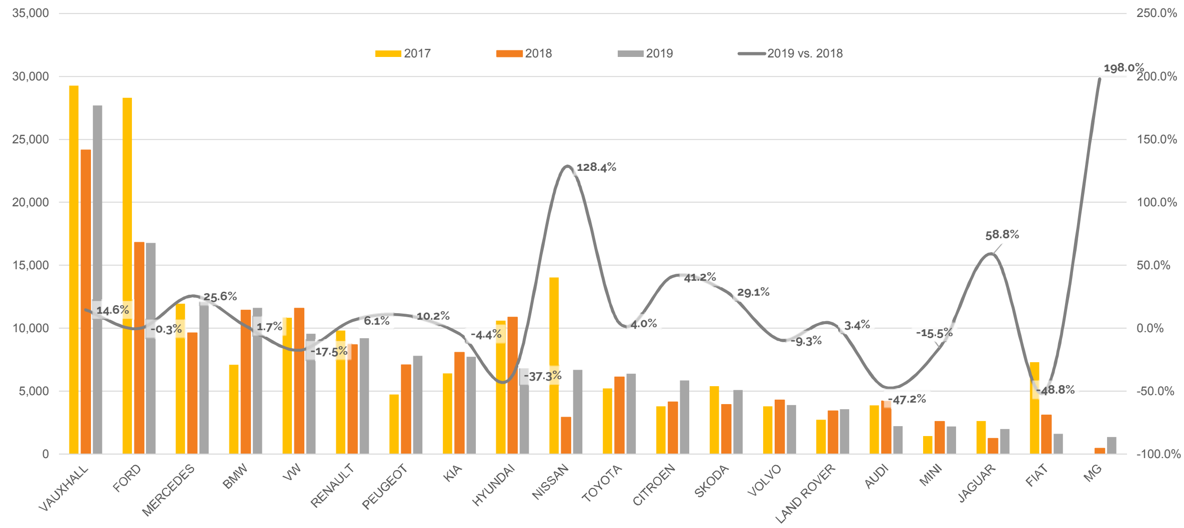
Daily Rental registrations slowing down……



CONFIDENTIAL INFORMATION

Source: SMMT

Daily Rental – 2019 vs 2018 YTD - Volume Manufacturers



CONFIDENTIAL INFORMATION

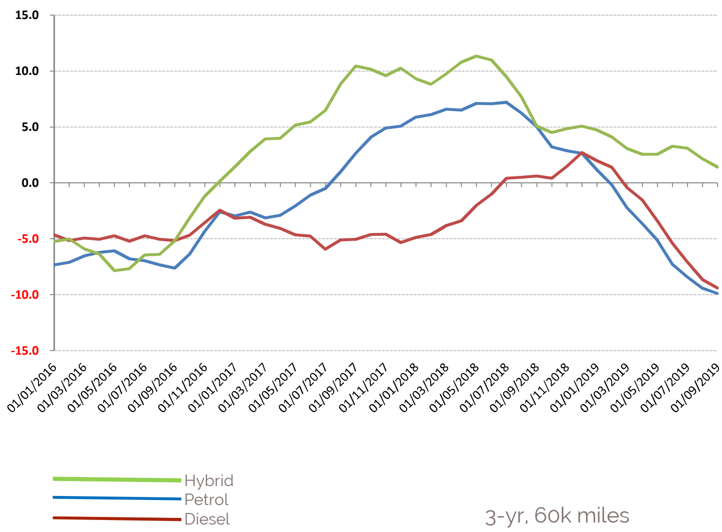
Source: SMMT

2

Used car depreciation

8

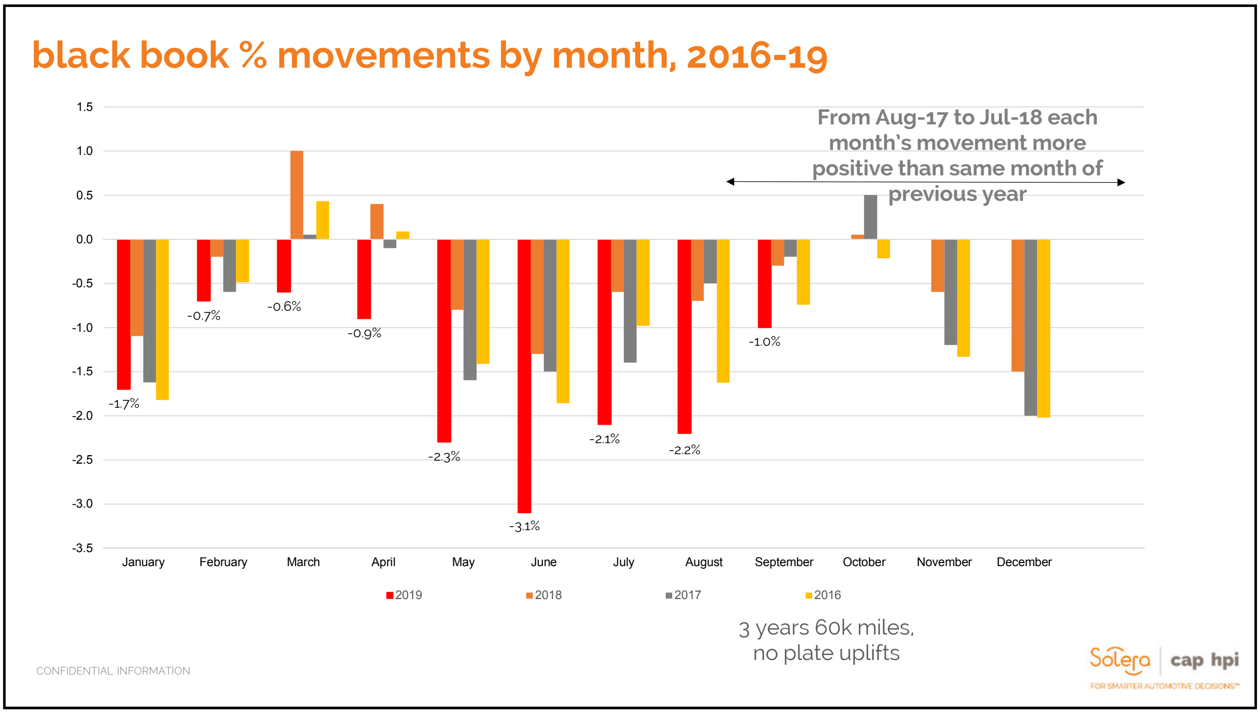
Year-on-Year % Changes in Value by fuel type



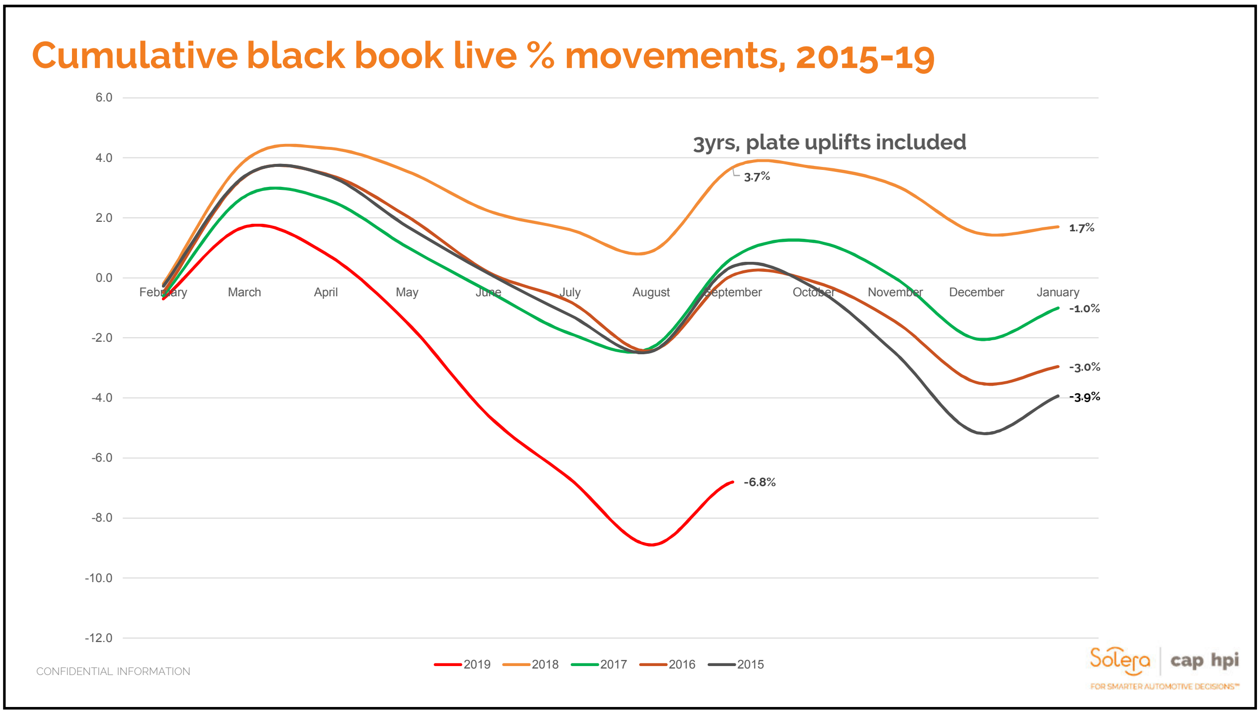
3-yr, 60k miles

CONFIDENTIAL INFORMATION

9

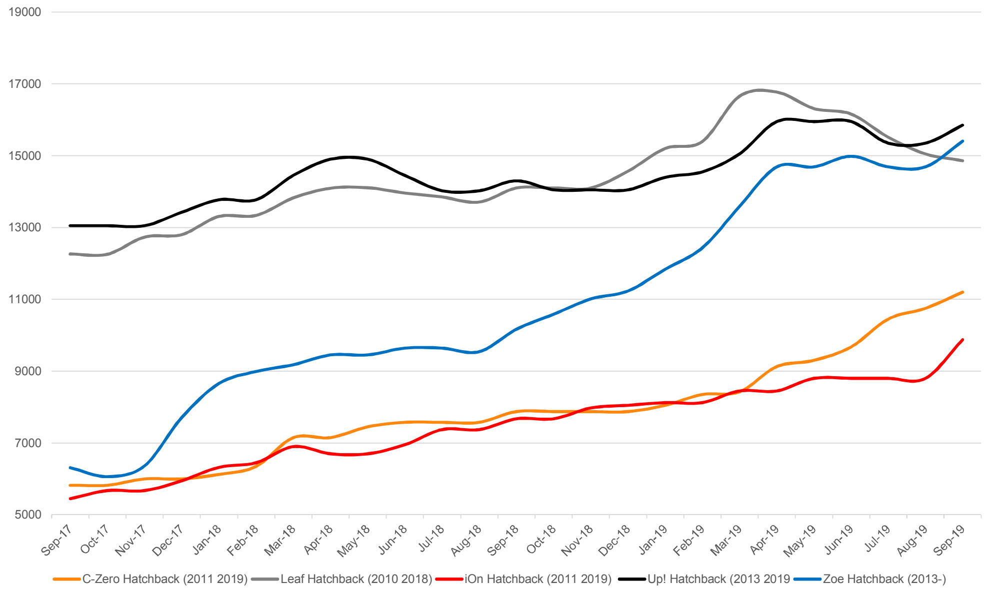

black book % movements by month, 2016-19
From Aug-17 to Jul-18 each month's movement more positive than same month of previous year
1.5
1.0
0.5
0.0
-0.5
-1.0
-1.5
-2.0
-2.5
-3.0
-3.5
-1.7%
-0.7%
-0.6%
-0.9%
-2.3%
-3.1%
-2.1%
-2.2%
-1.0%
January
February
March
April
May
June
July
August
September
October
November
December
2019
2018
2017
2016
3 years 60k miles, no plate uplifts
CONFIDENTIAL INFORMATION
Solera | cap hpi
FOR SMARTER AUTOMOTIVE DECISIONS™

10


Cumulative black book live % movements, 2015-19
3yrs, plate uplifts included
6.0
4.0
2.0
0.0
-2.0
-4.0
-6.0
-8.0
-10.0
-12.0
3.7%
1.7%
-1.0%
-3.0%
-3.9%
-6.8%
February
March
April
May
June
July
August
September
October
November
December
January
2019
2018
2017
2016
2015
CONFIDENTIAL INFORMATION
Solera | cap hpi
FOR SMARTER AUTOMOTIVE DECISIONS™

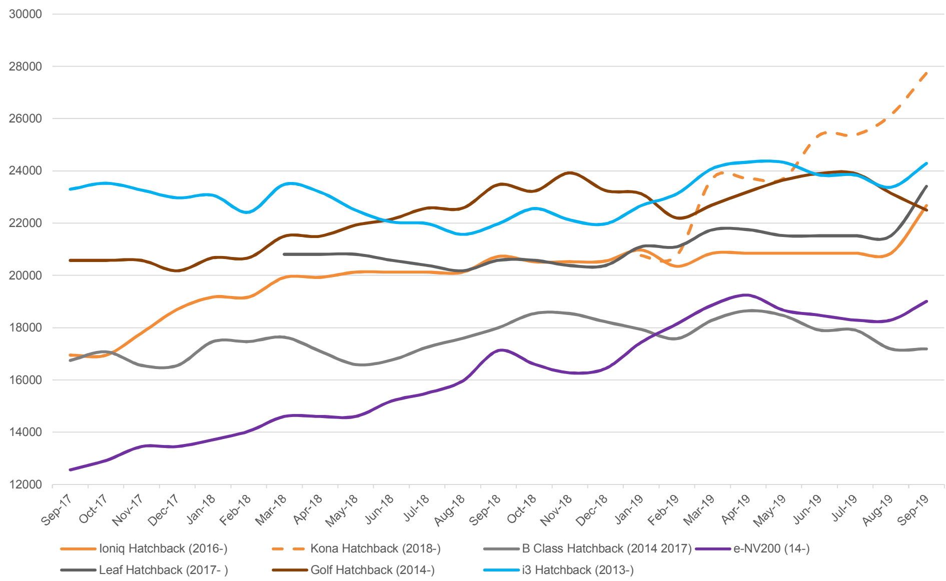
11

Value Movements - Mainstream Electric Vehicle - <£16K



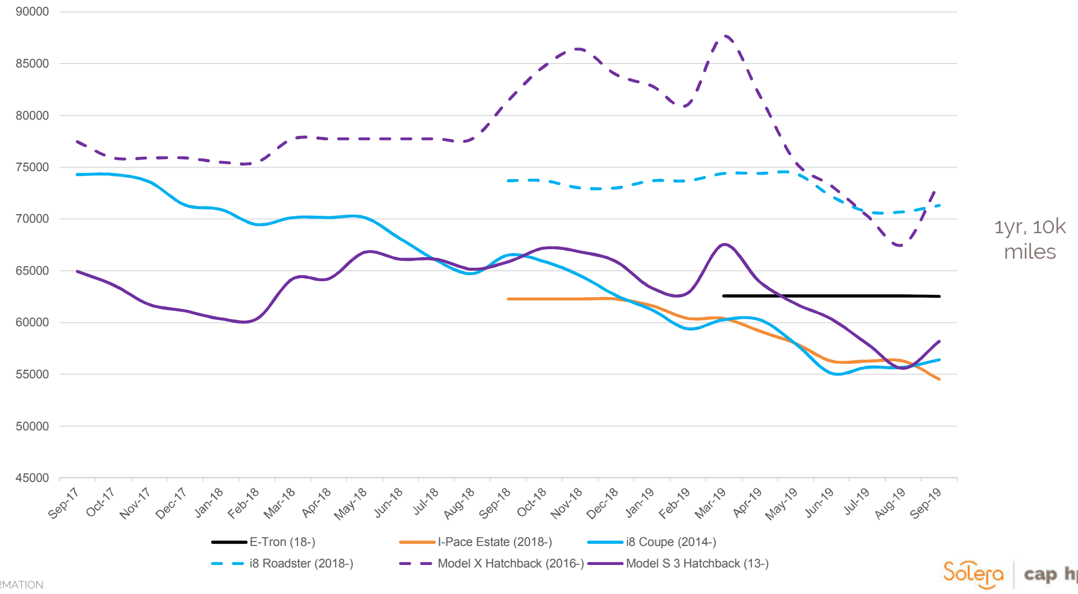
1yr, 10k miles

Value Movements - Mainstream Electric Vehicle - >£16K



1yr, 10k miles

Value Movements - Premium Electric Vehicles



In summary

- Unprecedented strength in used car values in 2017/18.
  - Petrol values over performed, particularly small cars.
  - Diesel values experienced normal deflation, followed by strength.
  - Hybrids strong.
  - EVs becoming ever more popular, but inconsistency between different models.
- 2019 - 8-months of weakness after previous strength.
- Value movements in May '19 were the largest monthly drop since December '14.
  - Downward movements in June & July heavier than the norm.
  - More stable August.
  - September strong.
- Over next few months……. stability……. but it is Q4……… and there might be a Brexit!!!

Longer Term....

- Latest independent forecasts (August 2019) out to 2023:
  - GDP growth from 1.2 to 1.7.
  - CPI to remain low at around 2%.
  - Unemployment expected to remain around 4%.
  - Interest rates expected to remain low.

- Exchange rate:
  - Expected to continue at around 1.15 Euros to the Pound for the foreseeable future.
  - Continuing to make the UK less profitable for OEMs.
  - Discouraging forced registrations.

- Brexit:
  - Forecasts show no significant downturn in UK Economy, despite uncertainty over Brexit outcome.
  - A pragmatic deal for the automotive sector, avoiding tariffs and price increases?
    - European manufacturers and their governments will seek to avoid these.
  - But if list prices do increase, this will help support current and future used values.
  - Only a long term recession would create a negative impact on future used values.

- Conclusion:
  - Underlying economic drivers suggest a healthy car market, but with uncertainty over Brexit.

Questions?