



Blue Book MARKET REPORT

SECOND QUARTER 2017

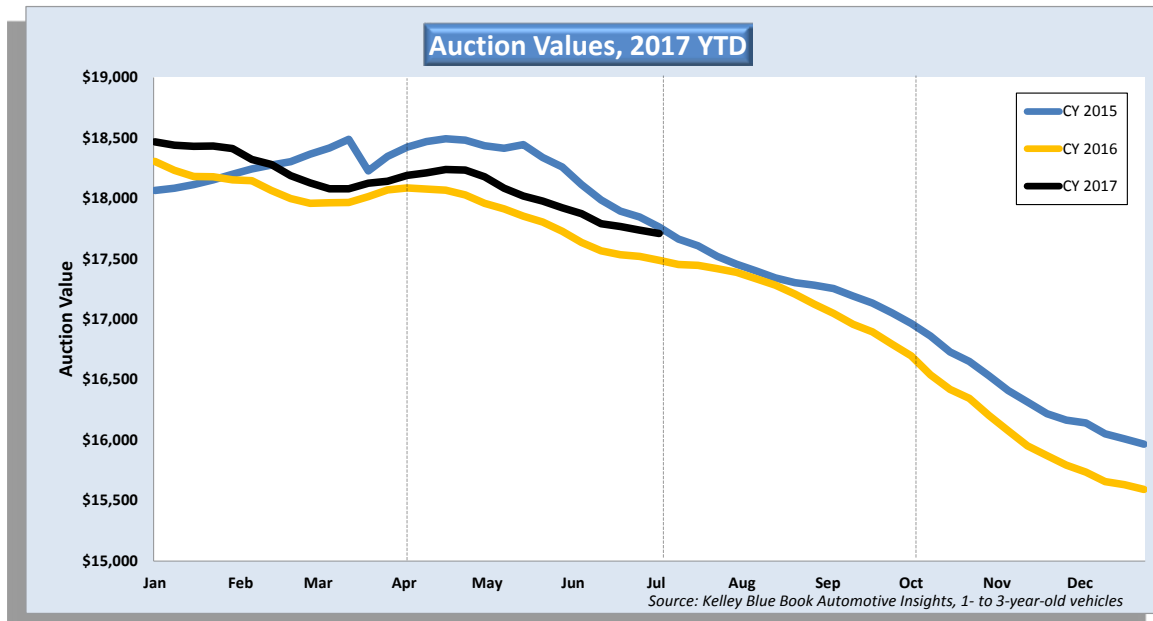
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IN THIS ISSUE:

- > Auction Values Drop by 2.6 Percent in Second Quarter of 2017
- > Average Retention Values for 1- to 3-Year-Old Vehicles Down Nearly 2 Percent
- > Hybrid/Alternative Energy Segment Sees Largest Year-Over-Year Increase in 2016 Model-Year Value Retention...**MORE**

Auction Values Drop by 2.6 Percent in Second Quarter of 2017

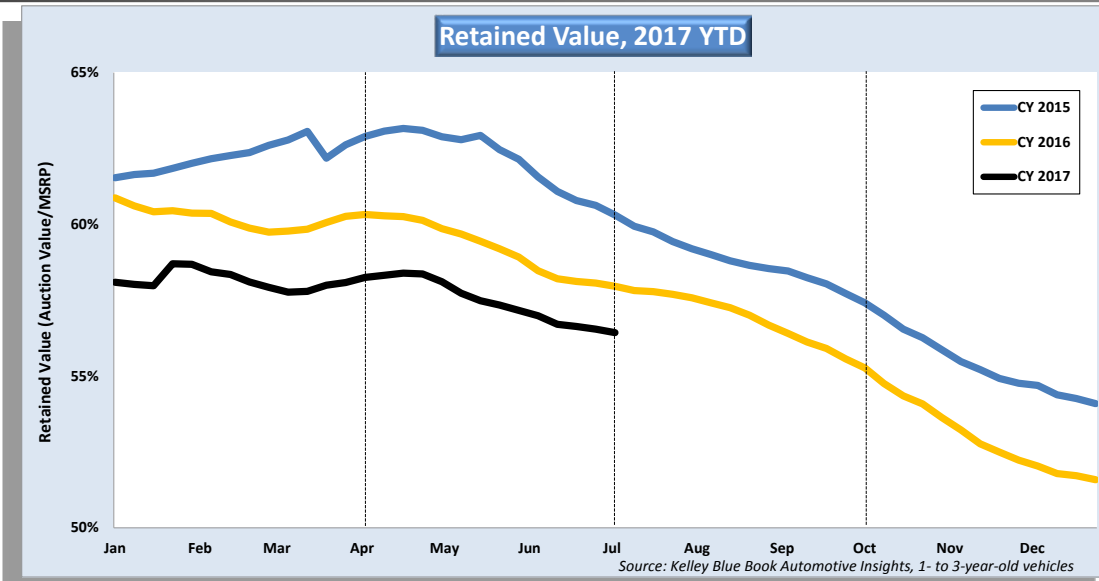


- Auction values for 1- to 3-year-old vehicles fell 2.6 percent, or roughly \$482 per unit, in the second quarter of 2017, compared to a 1.4 percent, or \$250, drop per unit in the first quarter.
- As we enter the second half of the year, auction values historically begin to fall at an increasing rate. Last year, auction values for a mix of 1- to 3-year-old vehicles fell 1.2 percent, 3.3 percent, 4.5 percent, and 6.6 percent in the first, second, third and fourth quarters respectively.
- The average cost per 1- to 3-year-old vehicle at the end of the second quarter was 1.3 percent, or \$221, higher than year-over-year and 0.3 percent, or \$53, lower than in the second quarter of 2015.
- Year-to-date, auction values for 1- to 3-year-old vehicles are down 4 percent, or \$731.

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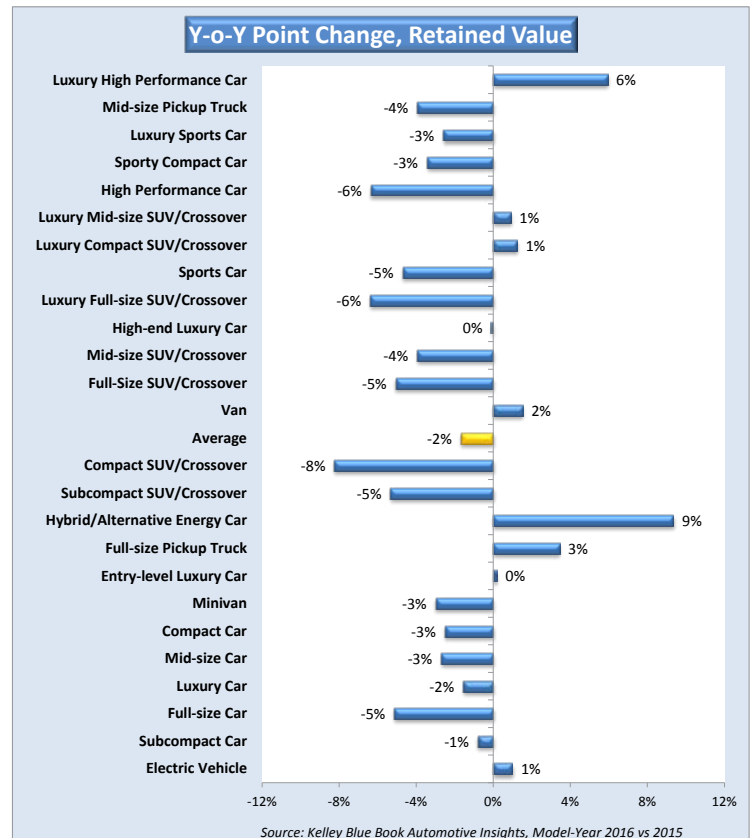
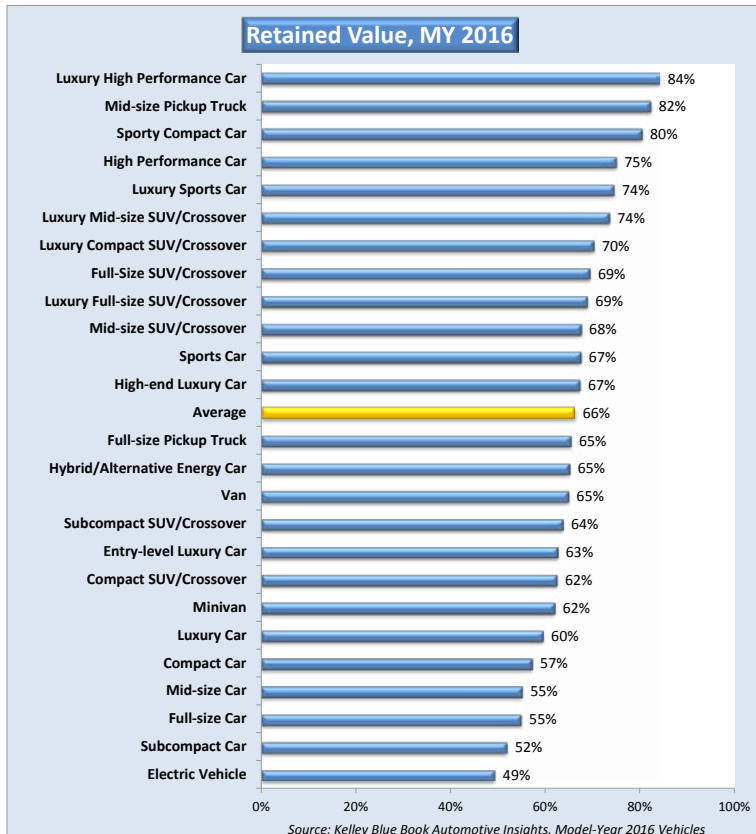
SEAN FOYIL, KELLEY BLUE BOOK ANALYST

Average Retention Values for 1- to 3-Year-Old Vehicles Down Nearly 2 Percent



- Average retention (Auction Value/MSRP) for 1- to 3-year-old vehicles closed the second quarter at 56.4 percent, a 1.7 percentage point decrease year-to-date.
- At the end of the second quarter of 2016, the average retained value for 1- to 3-year-old vehicles was 58 percent, and 60.3 percent in 2015.

Hybrid/Alternative Energy Segment Sees Largest Year-Over-Year Increase in 2016 Model-Year Value Retention



- Model-year 2016 vehicles closed out the second quarter of the year with an average retention (Auction Value/MSRP) of 66 percent, a 2 percent decline since the end of the first quarter.
- From a year-over-year perspective, the largest increase in retention by segment was a 9 percent increase in the hybrid/alternative energy segment. Year-over-year gains are seen in the Toyota Prius (+10.5 percent) and the Ford C-Max Hybrid (+4.2 percent).
- The largest segment decrease in retention year-over-year was the compact SUV/crossover having decreased 8 percent. The largest year-over-year declines are seen in the Nissan Rogue (-16.5 percent), Kia Sportage (-13.2 percent) and the Jeep Wrangler (-12.6 percent).
- While SUVs and crossovers generally do well, compact SUVs and crossovers typically are in lower favor with consumers than their mid- and full-size counterparts, which may be putting downward pressure on the segment.

2016 Model-Year Retained Value, Continued

Top 10 2016 Model-Year Vehicles by Value Retention

VEHICLE SEGMENT	MANUFACTURER	MODEL	VALUE RETENTION (%)
Luxury Sports Car	Porsche	Cayman	93.5%
Luxury High Performance Car	Porsche	911	92.9%
Luxury Sports Car	Porsche	Boxster	91.9%
Luxury Compact SUV/Crossover	Porsche	Macan	91.6%
Luxury Mid-size SUV/Crossover	Land Rover	LR4	88.0%
Compact SUV/Crossover	Subaru	Crosstrek	87.9%
Mid-size Pickup Truck	Toyota	Tacoma Double Cab	87.0%
Mid-size Pickup Truck	Chevrolet	Colorado Crew Cab	86.2%
Luxury Mid-size SUV/Crossover	Lexus	RX	85.9%
Luxury Mid-size SUV/Crossover	Land Rover	Range Rover Sport	85.7%

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Bottom 10 2016 Model-Year Vehicles by Value Retention

VEHICLE SEGMENT	MANUFACTURER	MODEL	VALUE RETENTION (%)
Electric Vehicle	Nissan	LEAF	39.1%
Electric Vehicle	Mitsubishi	i-MiEV	40.6%
Subcompact Car	FIAT	500	42.3%
Mid-size Car	Chrysler	200	48.3%
Compact Car	Dodge	Dart	48.6%
Luxury Car	Cadillac	XTS	50.3%
Subcompact Car	Chevrolet	Sonic	50.4%
Compact Car	Mitsubishi	Lancer	50.5%
Subcompact Car	Ford	Fiesta	51.1%
Luxury Car	Cadillac	CTS	51.5%

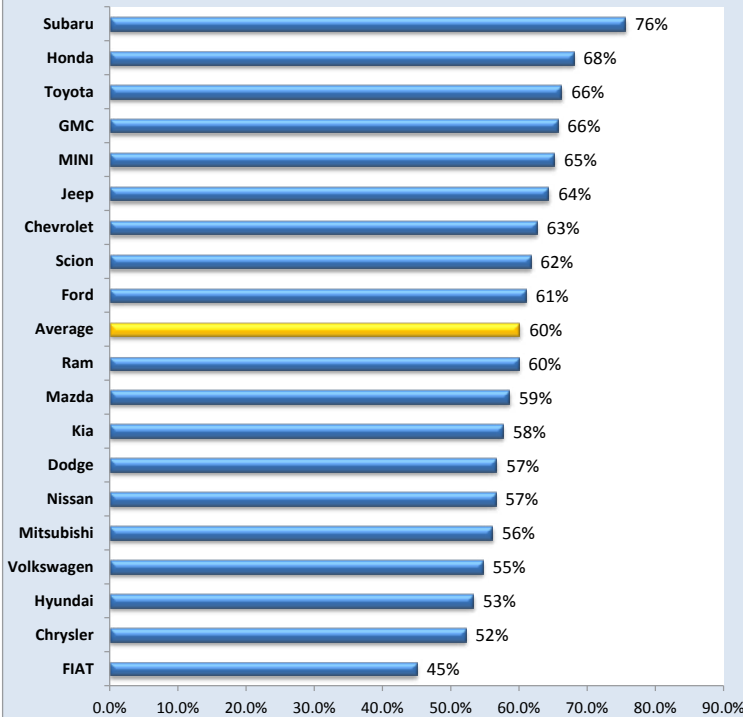
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Average Vehicle Value Retention by Model-Year

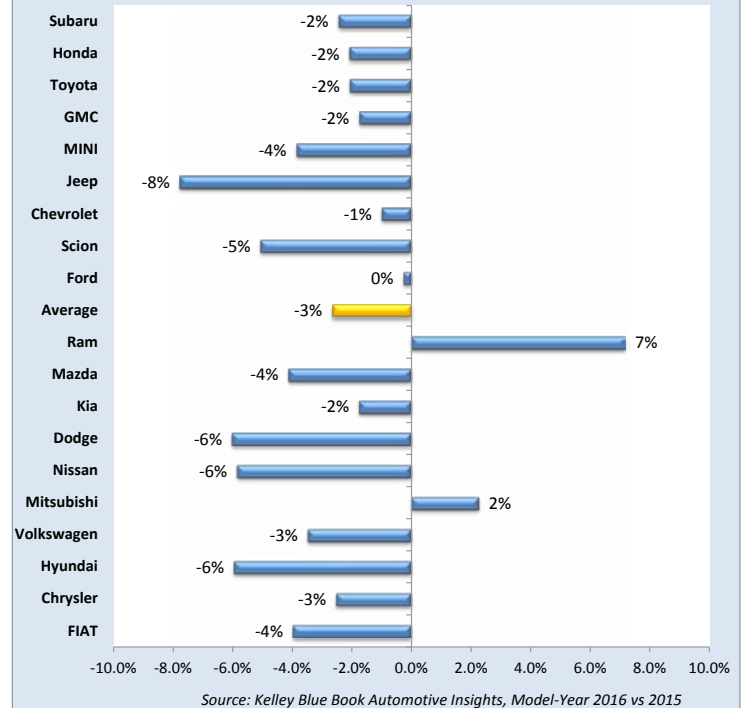
MODEL YEAR	AVERAGE RETENTION (%)
2017	74%
2016	66%
2015	59%
2014	52%
2013	46%
2012	39%
2011	35%

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Retained Value, MY 2016 Non-Luxury Brands

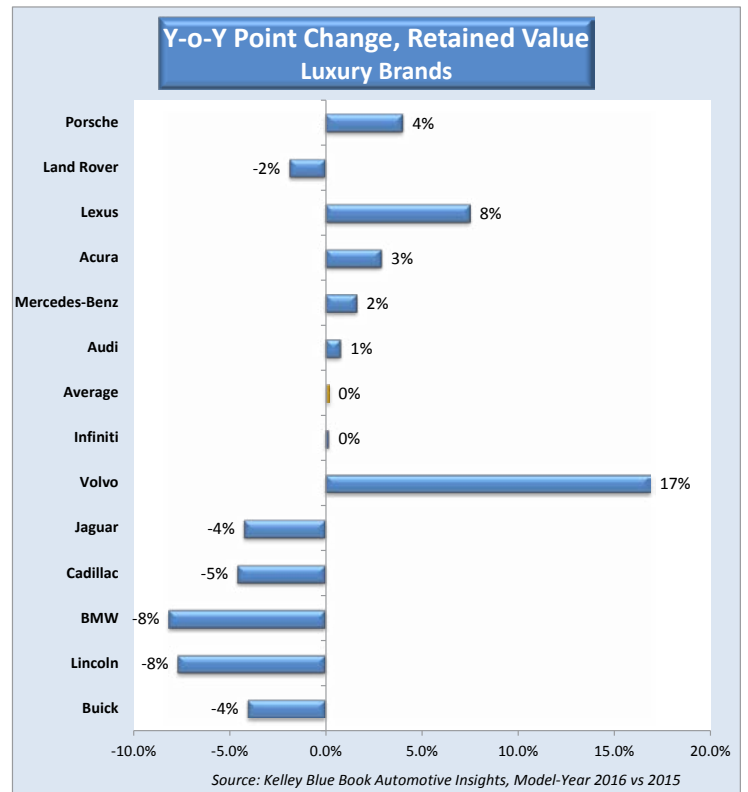
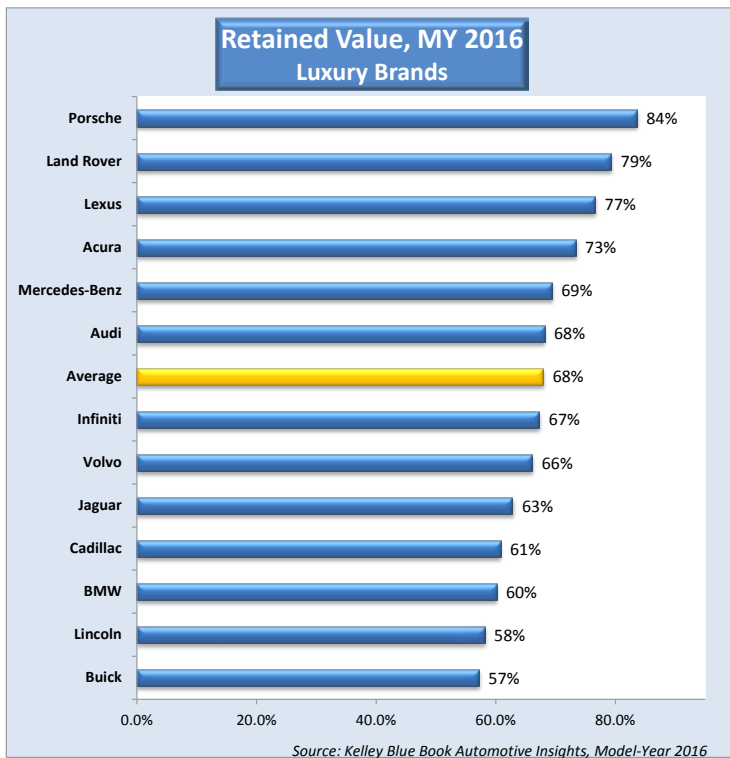


Y-o-Y Point Change, Retained Value Non-Luxury Brands



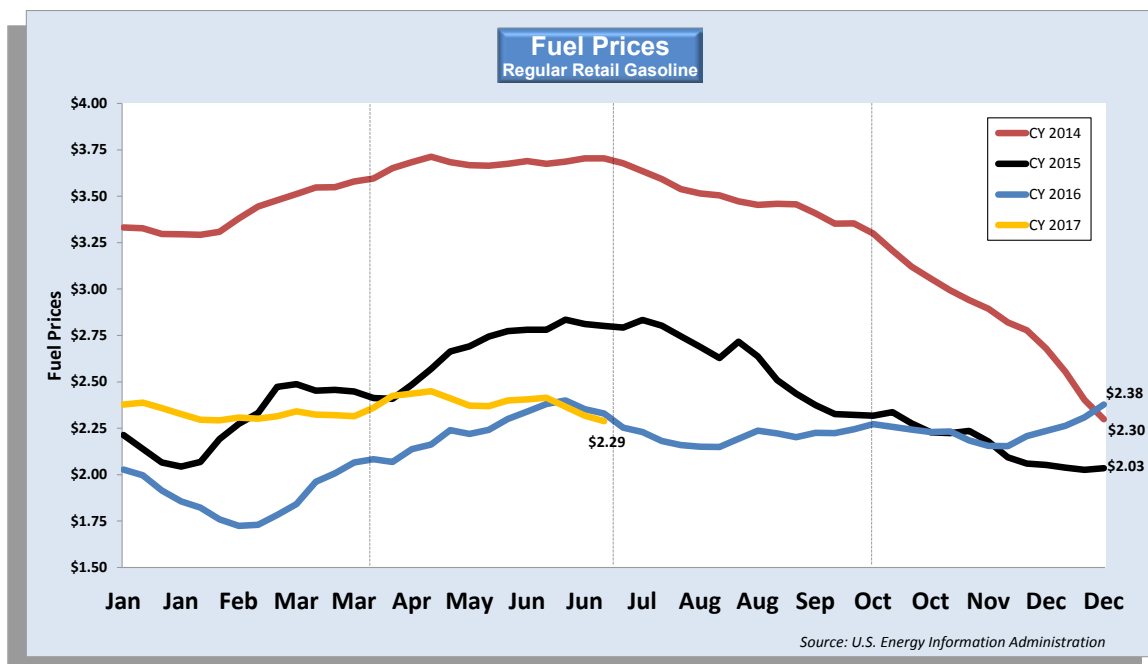
- The average retained value for model-year 2016 non-luxury brands came in at 60 percent in June 2017, a 3 percent decrease year-over-year.
- Of the 19 non-luxury brands compared, Subaru had the highest overall retention at 76 percent, 8 percent higher than the second highest brand, Honda at 68 percent.
- Ram saw the largest year-over-year gain at 7 percent, with the ProMaster City increasing 8 percent.
- Jeep saw the largest year-over-year decline, dropping 8 percent, with the largest year-over-year decrease coming from the Jeep Wrangler, falling 13 percent, followed by the Patriot (-9 percent).

2016 Model-Year Retained Value, Continued



- The average retained value for model-year 2016 luxury brands came in at 68 percent in June, a 0 percent change year-over-year and 8 percent higher than their non-luxury counterparts.
- Of the 13 luxury brands compared, Porsche had the highest overall retention at 84 percent, 5 percent higher than the second-highest brand, Land Rover, at 69 percent.
- Volvo saw the largest year-over-year gain at 17 percent, primarily due to the all-new XC90 being introduced into the 2016 model-year mix. The XC90 has the highest retained value for Volvo at 83 percent.
- BMW and Lincoln saw the largest year-over-year declines, falling 8 percent each, with the largest year-over-year drops coming from the BMW i8 (-8 percent) and the Lincoln MKC (-17 percent).

Fuel Prices Down Despite Typical Summer Trends

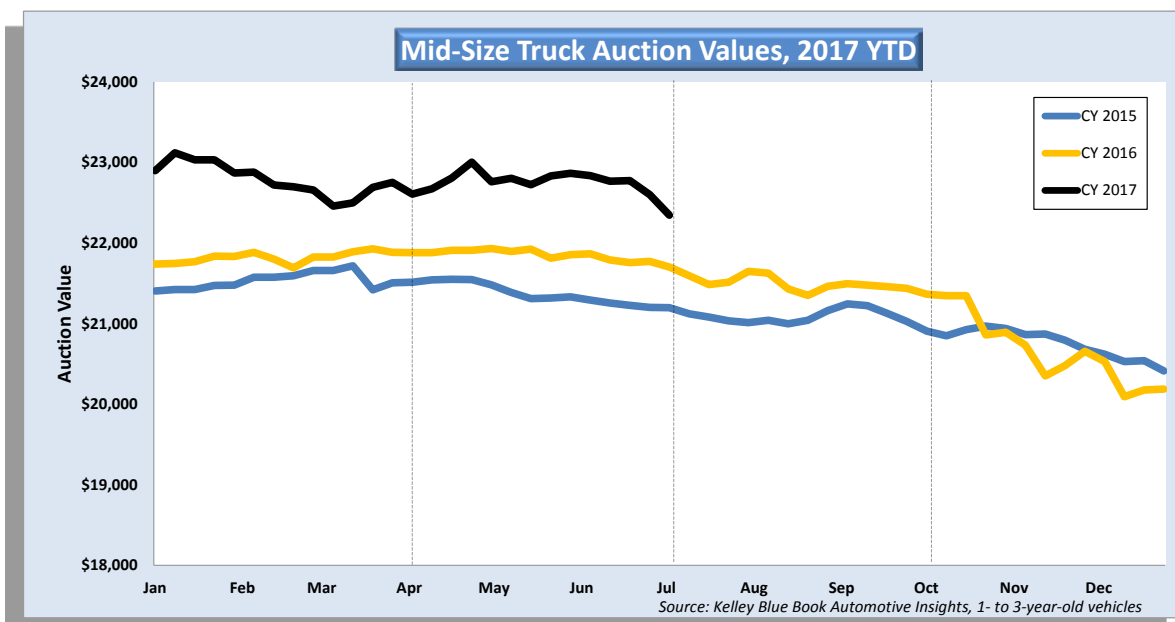
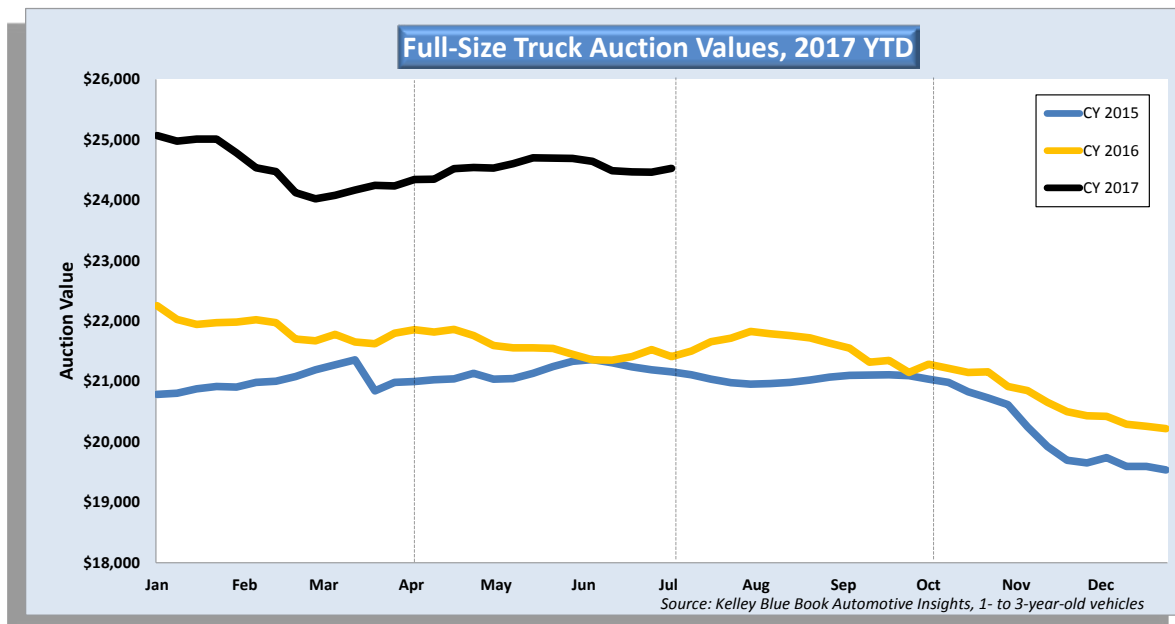


Fuel Prices Down Despite Typical Summer Trends, Continued

- During summer months fuel producers switch from winter-blend fuel to the more costly summer blend fuel. This switch historically causes fuel prices to rise throughout the second quarter of the year, typically hitting its peak between June and August. This year, fuel prices remained relatively flat throughout the second quarter, breaking the typical seasonal patterns.
- Fuel prices hit a 4-year low in June 2017, ending the second quarter at \$2.29 per gallon, down 3.7 percent or \$0.09 year-to-date.
- At \$2.29 per gallon in late July, fuel prices are 1.8 percent or \$0.04 lower than last year, 18.3 percent or \$0.51 lower than 2015, and 38.2 percent or \$1.42 lower than 2014.
- The U.S. Energy Information Administration (EIA) projects fuel prices will have peaked in July and will continue to decline roughly an additional 13 percent through the second half of the year.
- Continued lower fuel prices will be welcome news for truck and large SUV owners and can incentivize shoppers to continue to spur growth in these vehicle segments.

Average Fuel Prices By Month (\$)															
Year	Chart (Hi/Lo)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	
2017		\$2.35	\$2.30	\$2.33	\$2.42	\$2.39	\$2.36								\$2.36
2016		\$1.98	\$1.76	\$1.93	\$2.11	\$2.25	\$2.36	\$2.21	\$2.18	\$2.22	\$2.25	\$2.18	\$2.28	\$2.14	
2015		\$2.14	\$2.22	\$2.46	\$2.47	\$2.72	\$2.80	\$2.79	\$2.67	\$2.41	\$2.29	\$2.18	\$2.04	\$2.43	
2014		\$3.32	\$3.36	\$3.53	\$3.66	\$3.67	\$3.69	\$3.61	\$3.49	\$3.42	\$3.17	\$2.91	\$2.54	\$3.36	

Full-Size, Mid-Size Trucks Remain Strong at Auction



Full-Size, Mid-Size Trucks Remain Strong at Auction, Continued

- Full-size and mid-size trucks have seen significant strength in auction lanes this year when compared to the past two years.
- It's no surprise to see the truck segments performing so well, especially with continued lower fuel prices and consumer demand being met with a number of newer generations available as seen with the Toyota Tacoma, Honda Ridgeline, Nissan Titan, and Chevrolet Canyon and Colorado.
- The full-size truck segment was the all-around best performing segment in the second quarter, with 1- to 3-year-old full-size truck values having increased 0.8 percent, or \$183 per unit. That's 14.5 percent, or \$3,112, higher than in 2016 and 15.9 percent, or \$3,367, higher than in 2015.
- The mid-size truck segment was the fourth best performing segment throughout the second quarter of 2017 but is still averaging a significant premium to previous year's values. 1- to 3-year-old mid-size truck values decreased 1.2 percent, or \$264. Mid-size truck values are averaging 3 percent, or \$644, higher than in 2016, and 5.4 percent, or \$1,147, higher than in 2015.
- The EIA is projecting average fuel cost to remain below \$2.70 per gallon throughout 2018. These lower fuel prices will likely continue to drive sales of trucks and larger SUVs, as shoppers will be willing to opt for lower MPG vehicles if they feel less pain at the pump.

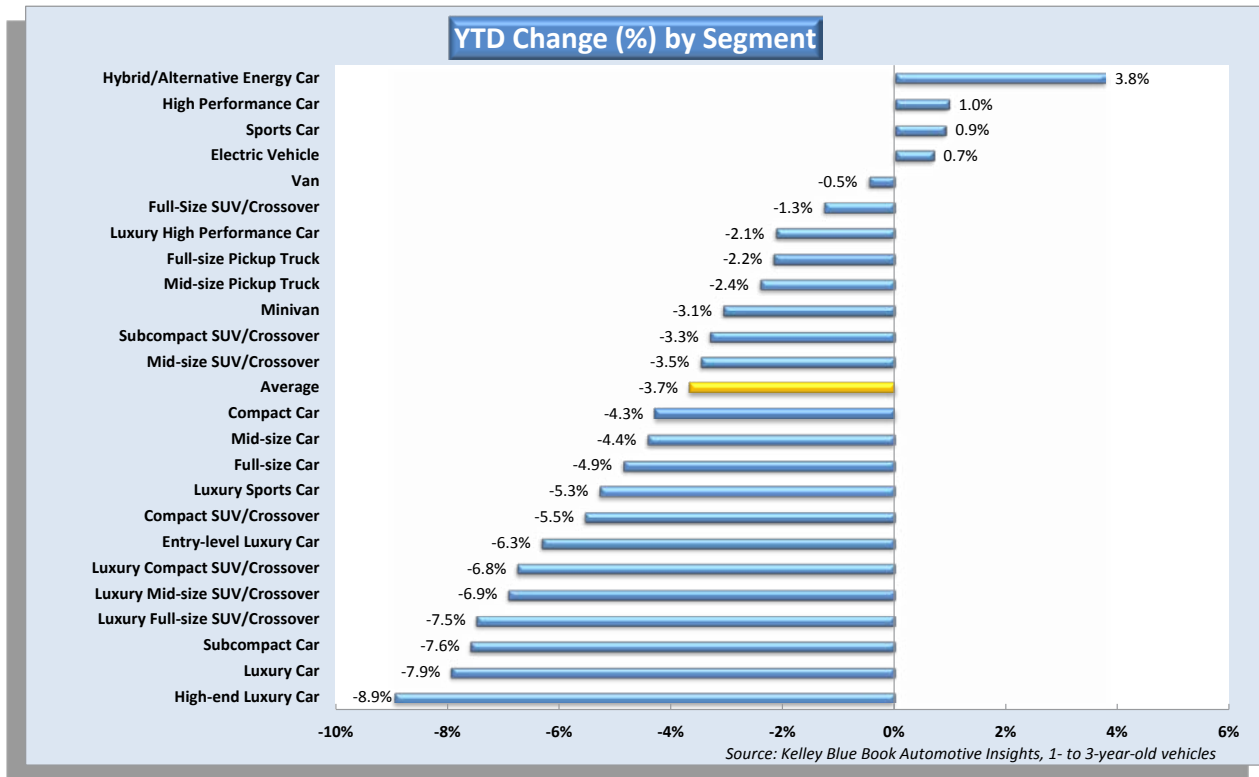
Top 5 Performing Full-Size Trucks in the Second Quarter of 2017 (1- to 3-year-old vehicles)

1. Ram 1500 Quad Cab: 2.9 percent, \$636
2. Nissan Titan Crew Cab: 1.7 percent, \$370
3. Ford F150 Super Cab: 1.4 percent, \$337
4. Toyota Tundra Double Cab: -0.1 percent, -\$22
5. Chevrolet Silverado 1500 Double Cab: -0.2 percent, -\$62

Top 5 Performing Mid-Size Trucks in the Second Quarter of 2017 (1- to 3-year-old vehicles)

1. GMC Canyon Crew Cab: 2.5 percent, \$612
2. Chevrolet Colorado Crew Cab: -0.2 percent, -\$47
3. Toyota Tacoma Double Cab: -0.7 percent, -\$176
4. Honda Ridgeline: -2.9 percent, -\$722
5. Nissan Frontier King Cab: -3.7 percent, -\$687

Year-to-Date Value Change by Segment



- Year-to-date, the average segment change for 1- to 3-year-old vehicles is -3.7 percent, a 1.1 percent increase from the same time last year.
- The hybrid/alternative energy segment tops the list with an overall increase of 3.8 percent. The Toyota Prius leads this segment with a year-to-date change of 4.2 percent.
- The high-end luxury car segment saw the largest decline in auction value year-to-date with the BMW 7-series seeing the largest drop at -15.8 percent followed by the Porsche Panamera at -11.3 percent.

Top 5 Performing Segments - Auction Value

SEGMENT	Second Quarter 2017 Change (%)
Full-Size Pickup Truck	0.8%
Full-Size SUV/Crossover	0.3%
High Performance Car	-0.8%
Mid-Size Pickup Truck	-1.2%
Entry-Level Luxury Car	-2.0%

MY 2014-2016, Kelley Blue Book® Auction Value

Bottom 5 Performing Segments - Auction Value

SEGMENT	Second Quarter 2017 Change (%)
Mid-Size Car	-5.7%
Compact Car	-5.7%
Subcompact Car	-5.5%
Electric Vehicle	-4.9%
Full-Size Car	-4.5%

MY 2014-2016, Kelley Blue Book® Auction Value

Top 5 Performing Brands - Auction Value

SEGMENT	Second Quarter 2017 Change (%)
Ram	2.5%
smart	-0.2%
Chevrolet	-0.6%
GMC	-1.0%
MINI	-1.1%

MY 2014-2016, Kelley Blue Book® Auction Value

Bottom 5 Performing Brands - Auction Value

SEGMENT	Second Quarter 2017 Change (%)
Mazda	-8.4%
Alfa Romeo	-7.4%
Hyundai	-6.9%
Volkswagen	-5.8%
Honda	-5.2%

MY 2014-2016, Kelley Blue Book® Auction Value

Top 10 Performing Models - Auction Value

MAKE	MODEL	Second Quarter 2017 Change (%)
Mercedes-Benz	GLK-Class	6.0%
Nissan	370Z	4.6%
Land Rover	LR4	3.2%
INFINITI	Q60	3.1%
Ram	1500 Quad Cab	2.9%
Mercedes-Benz	CLA-Class	2.8%
GMC	Acadia	2.5%
GMC	Canyon Crew Cab	2.5%
Lincoln	MKS	2.2%
Nissan	GT-R	2.2%

MY 2014-2016, Kelley Blue Book® Auction Value

Bottom 10 Performing Models - Auction Value

MAKE	MODEL	Second Quarter 2017 Change (%)
Mitsubishi	i-MiEV	-30.2%
Nissan	cube	-16.5%
Cadillac	ELR	-15.5%
BMW	i3	-12.9%
Mazda	MAZDA5	-10.8%
BMW	7 Series	-10.3%
Scion	xD	-10.0%
GMC	Savana 2500 Cargo	-9.9%
Mazda	MAZDA3	-9.9%
Mercedes-Benz	B-Class	-9.6%

MY 2014-2016, Kelley Blue Book® Auction Value

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