THE YEAR OF THE TWO ENVELOPES: U.S. AUTO OUTLOOK

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CUSTOMER SATISFACTION
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SINCE 1968
The Voice of
The Customer

The Industry Standard

Trusted by:

- Auto OEM industry leaders
- Capital Markets
- Government Agencies

SIZE	16,000+ Participating Franchises That Together Covers 42% of All U.S. and 25% of Canadian Retail Transactions
VOLUME	12M+ New- & Used-retail Transactions Per Year Examines 250+ Metrics Per Vehicle Transaction
FREQUENCY	Real-Time Data Transactions are Aggregated Daily With Results Reflected in Next Business Day Reports

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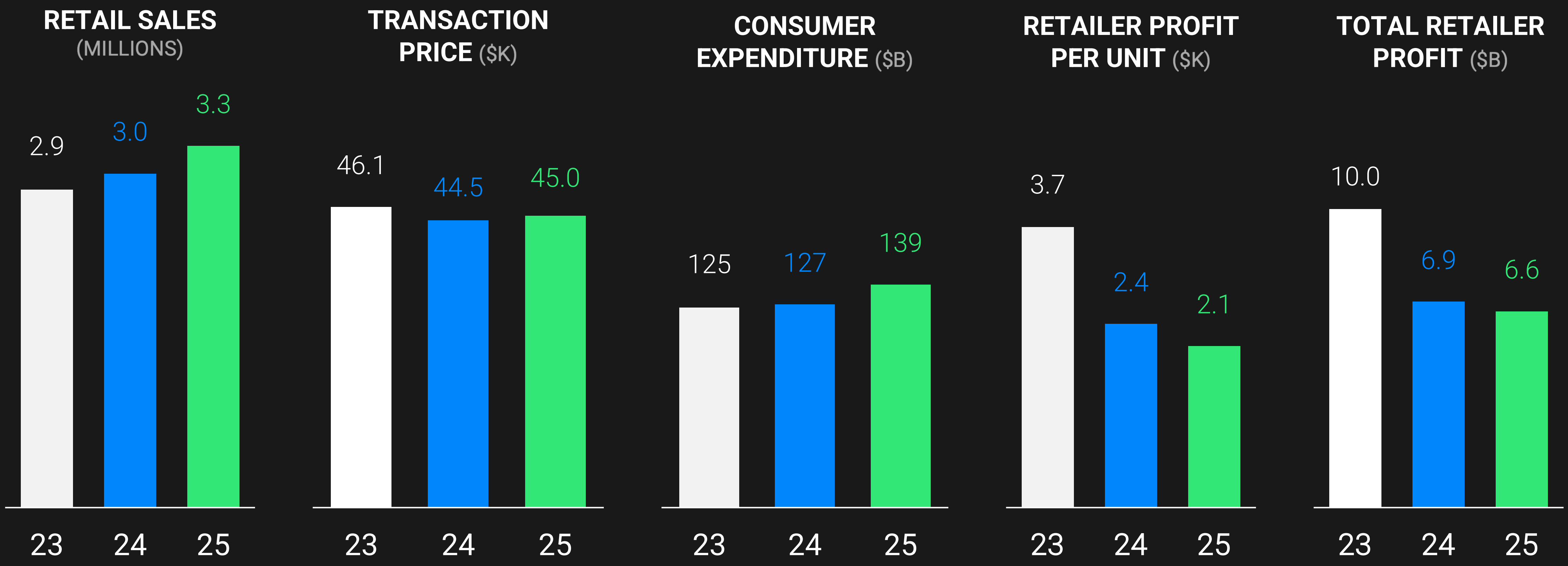
POWER INFORMATION NETWORK

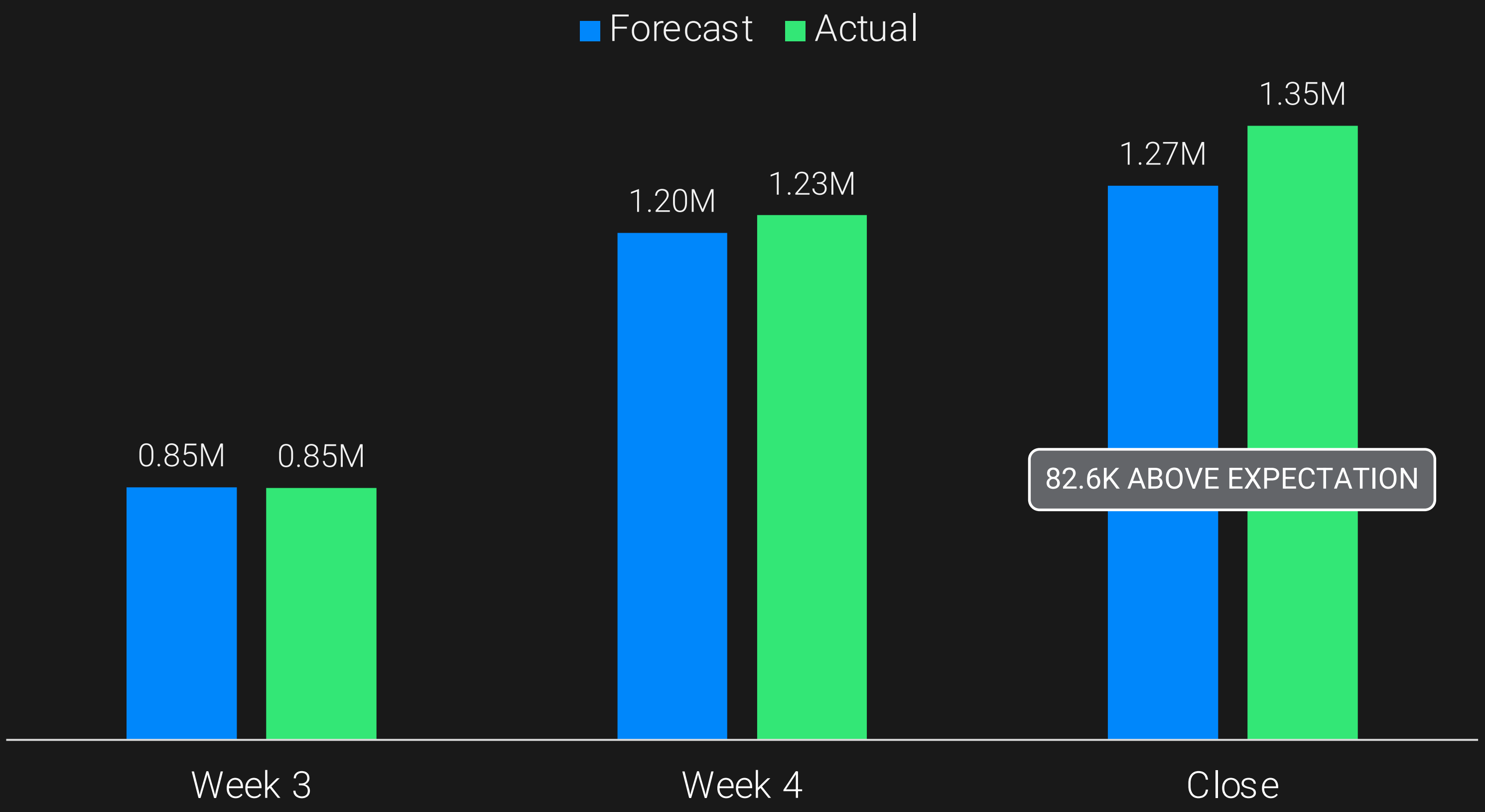
Q1 2025
RESULTS

1st QUARTER RESULTS



NOTE: FINANCIAL METRICS EXCLUDE NON-FRANCHISED BRANDS

CONSUMER RESPONSE IN MARCH



TARIFF EXPOSURE

VEHICLE TARIFF EXPOSURE (U.S. RETAIL SALES)

$62Bn
Industry Tariff Exposure

$4,782
Average Per Vehicle

10.6%
Tariff as % of Price

CURRENT TARIFFS BY COUNTRY OF PRODUCTION

REST OF WORLD

25% ON VEHICLE

CANADA & MEXICO

25% ON VEHICLE LESS U.S. PARTS CONTENT

U.S.

25% ON REST OF WORLD PARTS CONTENT

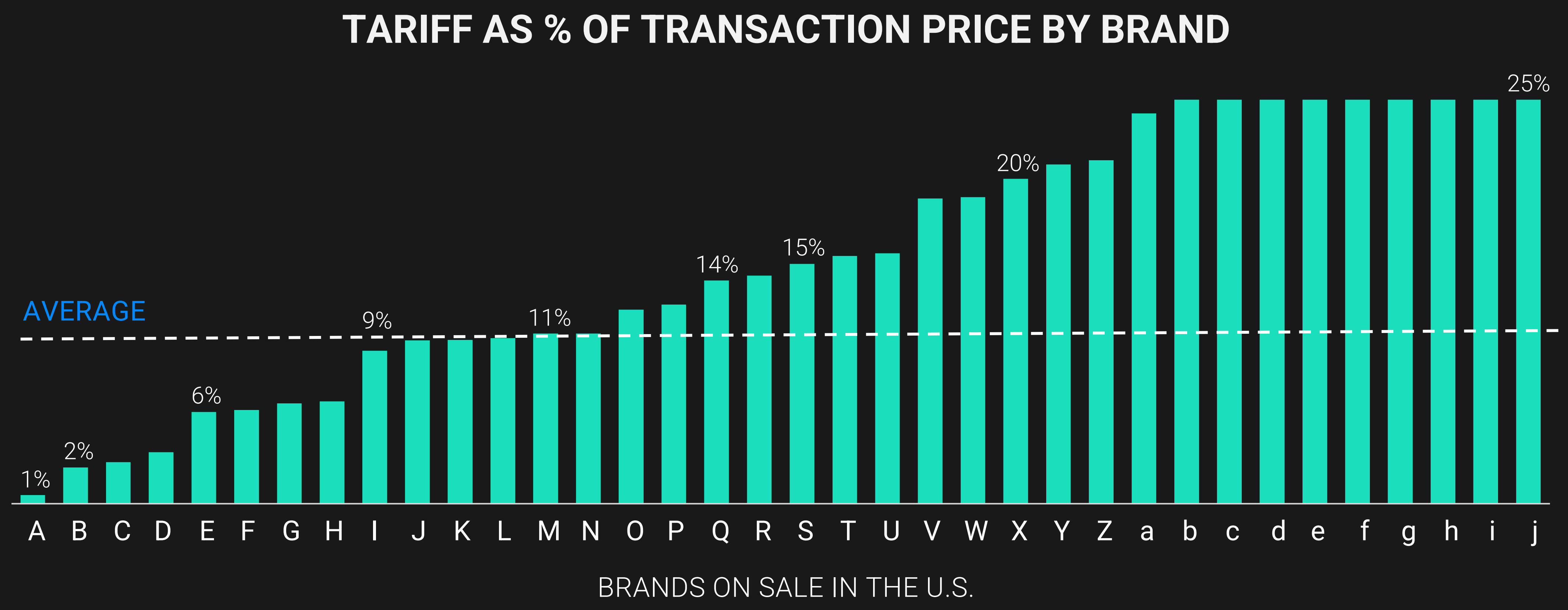
TARIFF EXAMPLES

US-BUILT	SOURCE	F-150	RAM 1500
Vehicle Cost	PIN	$59,299	$62,076
Parts value of vehicle %	Std	65%	65%
Non-USMCA part %	NHTSA	45%	7%
"Major parts" %	Std	50%	50%
Tariff %	Std	25%	25%
Tariff $	Std	$2,168	$353
Effective tariff %		*3.7%*	*0.6%*

SILVERADO	SOURCE	US	CAN/MEX
Vehicle Cost	PIN	$55,450	$55,450
Parts value of vehicle %	Std	65%	65%
Non-US part %	NHTSA	n/a	82%
Non-USMCA part %	NHTSA	27%	n/a
"Major parts" %	Std	50%	n/a
Tariff %	Std	25%	25%
Tariff $	Std	$1,216	$7,344
Effective tariff %		*2.2%*	*13.2%*

AVERAGES HIDE MASSIVE ASYMMETRY

ASYMMERTY ACOSS BRANDS



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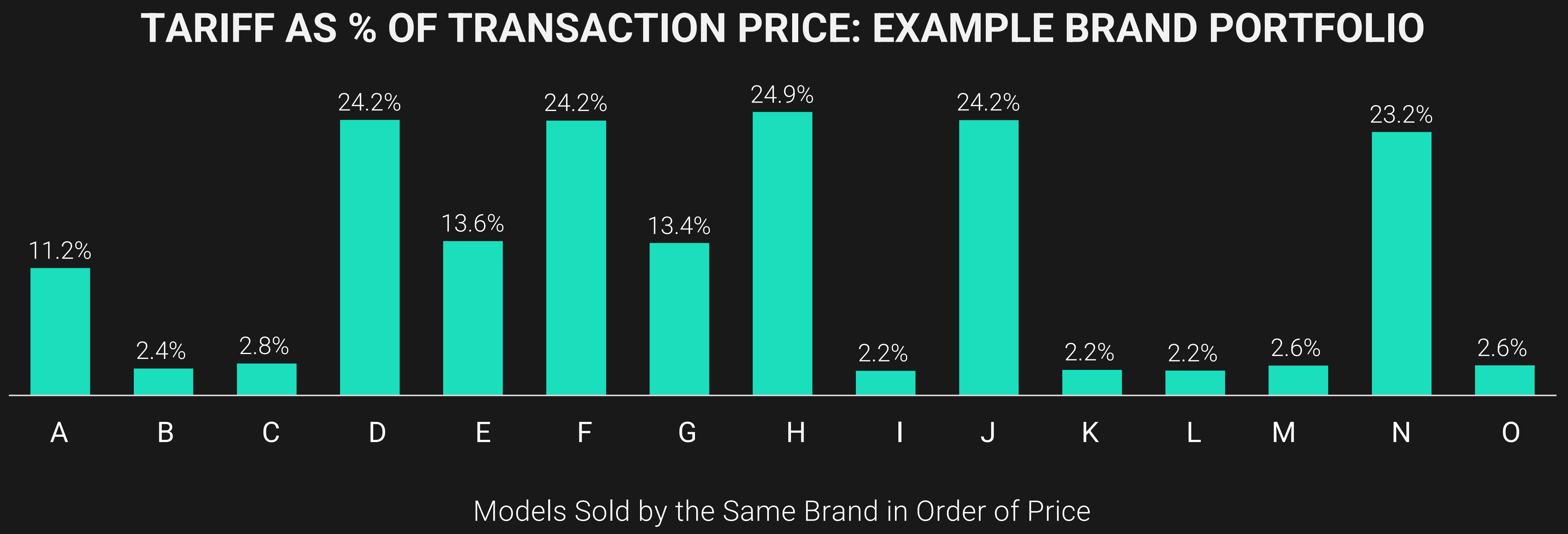
ASYMMERTY WITHIN BRANDS



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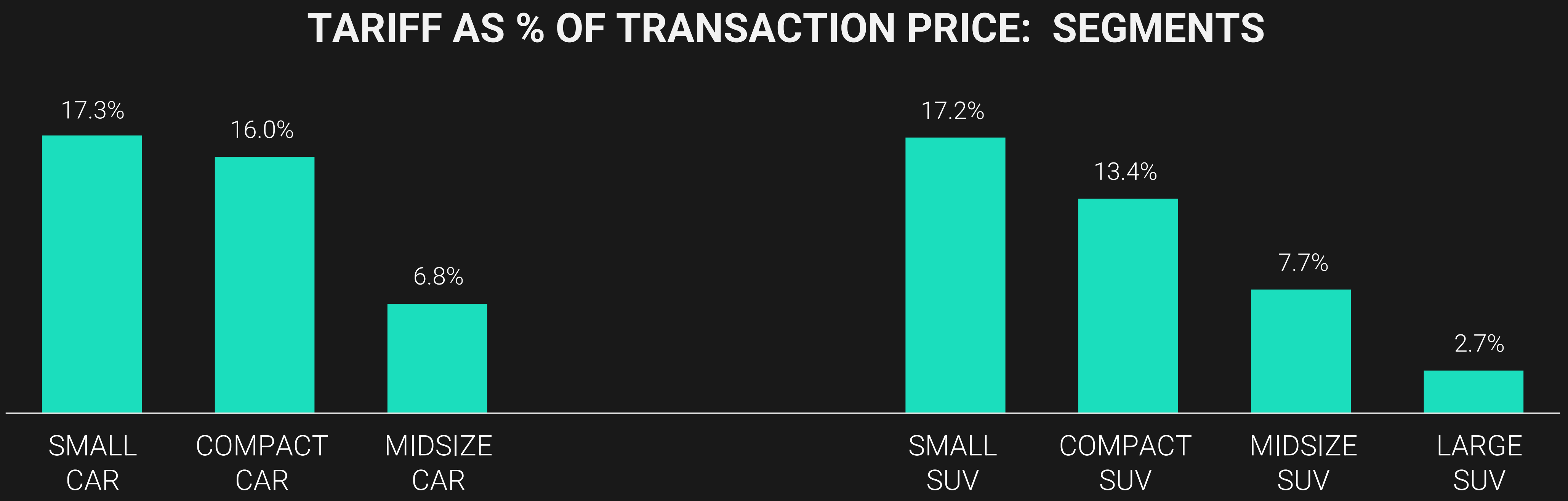
ASYMMERTY ACROSS SEGMENTS



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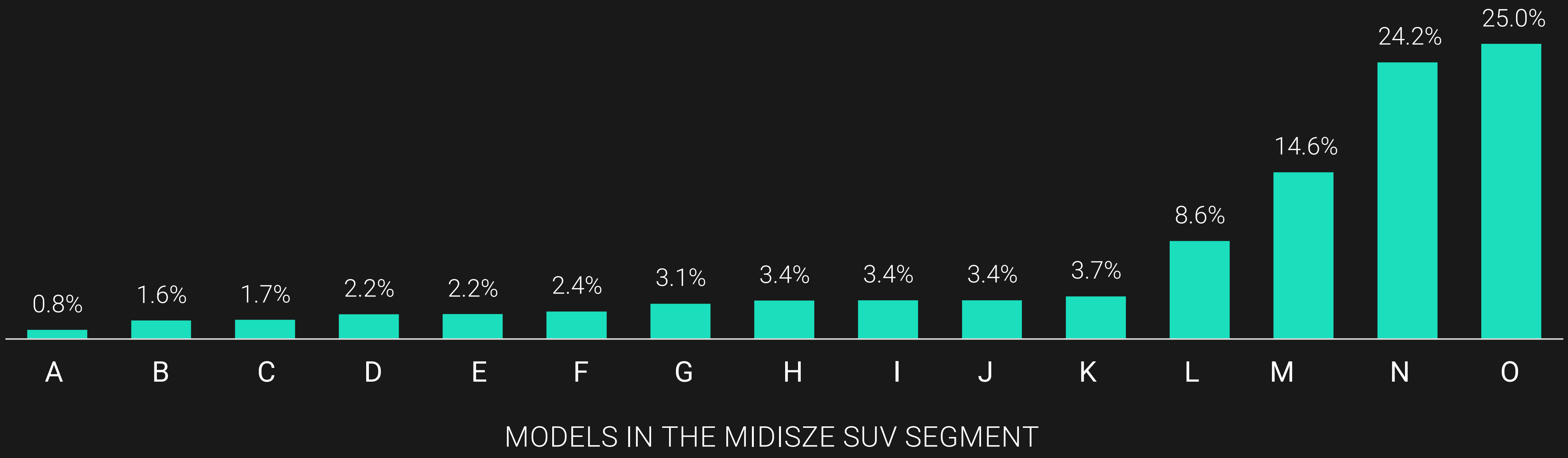
ASYMMERTY WITHIN SEGMENTS

TARIFF AS % OF TRANSACTION PRICE: TOP-15 MIDSIZE SUVS BY VOLUME



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IMPLICATION

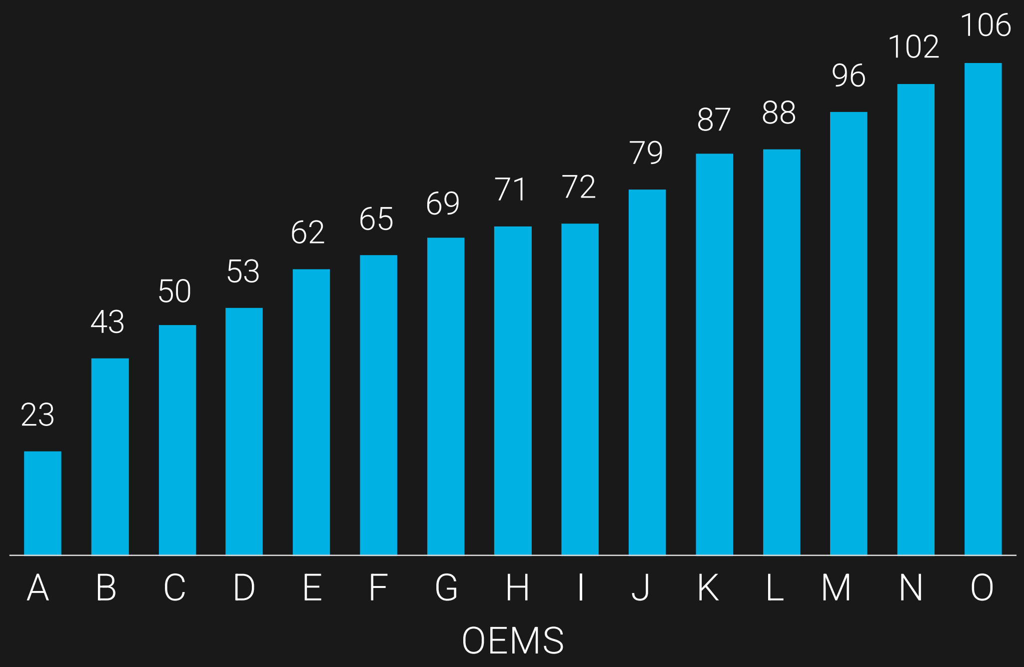
Asymmetry makes it almost impossible for **HIGHLY TARIFFED** brands & models to **INCREASE PRICES** without **LARGE VOLUME DECLINES** …

… so, to maintain reasonable volumes, a **LARGE PORTION OF TARIFFS MUST BE ABSORBED**

HOW WILL OEMS, DEALERS & CONSUMERS RESPOND?

PRESSURE ON OEMS TO RESPOND (ALSO ASYMETRIC)

RETAILER DAYS SUPPLY (APRIL 1st)



TYPICAL PRODUCTION-TO-DELIVERY TIME

U.S. PRODUCTION	1-2 WEEKS
CANADA/MEXICO PRODUCTION	2-3 WEEKS
REST OF WORLD PRODUCTION	5+ WEEKS

KEY OEM DECISIONS TO BE MADE

IMMEDIATE IMPACT → LONG TERM IMPACT

Pricing Incentives Production Shipping

- Profit vs. Volume
- Aggressive vs. Defensive
- Tariffs stay or go?
- Foreign gov. help?

Rationalize Portfolio

- Eliminate low margin, high tariff models?
- Carb / co_2 / cafe compliance?

Leverage Global Sales Footprint

- Change global prices?
- Reallocate to other markets?

Right Size Local Production

- Leverage excess capacity to increase us production

Optimize Parts Sourcing

- Balance parts cost vs tariff costs

New Production Facilities

2025 IMPLICATIONS

2025 CY IMPACT: EVOLUTION THROUGHOUT THE YEAR

AS EXPECTED

Q1

- Volume Improved
- Financials Softened

PRE-TARIFF BUMP

Q2

- Elevated sales while pre-tariff inventory exists
- Initial price increases (May/June)

EMERGING CLARITY

Q3

- OEM Strategies Revealed
- Payback from pre-tariff bump
- Prices Up 3-5%
- General Economic Impact Emerges

NEW NORMAL

Q4

- OEMs react to respective strategies
- Tariff Mitigation Benefits Emerge
- Prices up 5%
- General Economic Impact Clearer

LIKELY AUTO TARIFF NET IMPACT BY YEAR END

Average New Vehicle Price Increase

+5%

(+$2,300)

Range:
+3% to +7%
$1,400 to $3,200 UNIT

Annualized Retail Sales Pace (Saar)

-8%

(-1.1M)

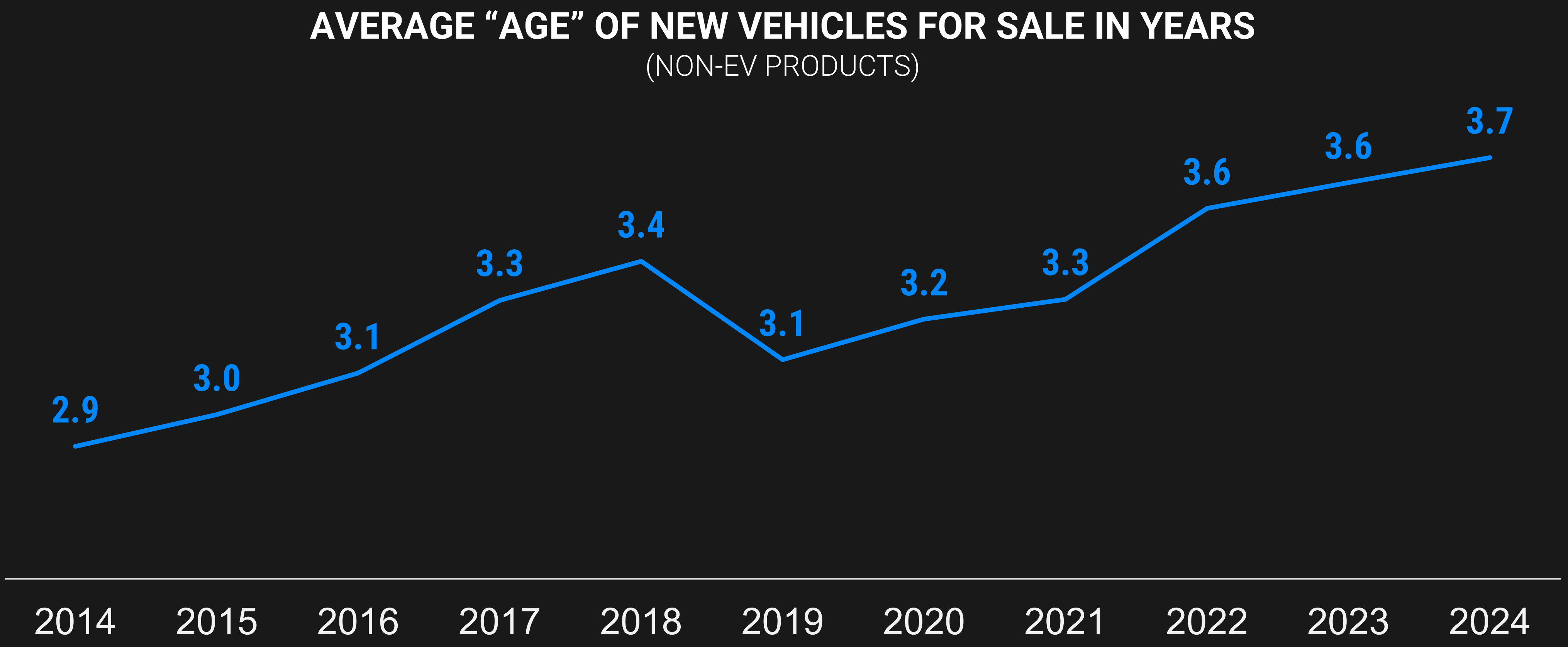
Range:
-5% to -12%
-0.7M to -1.6m sales

From tariffs currently announced

**Excludes any general economy effects*

OTHER KEY MARKET DYNAMICS

EV INVESTMENT HAS LEFT ICE PRODUCTS OLDER THAN EVER



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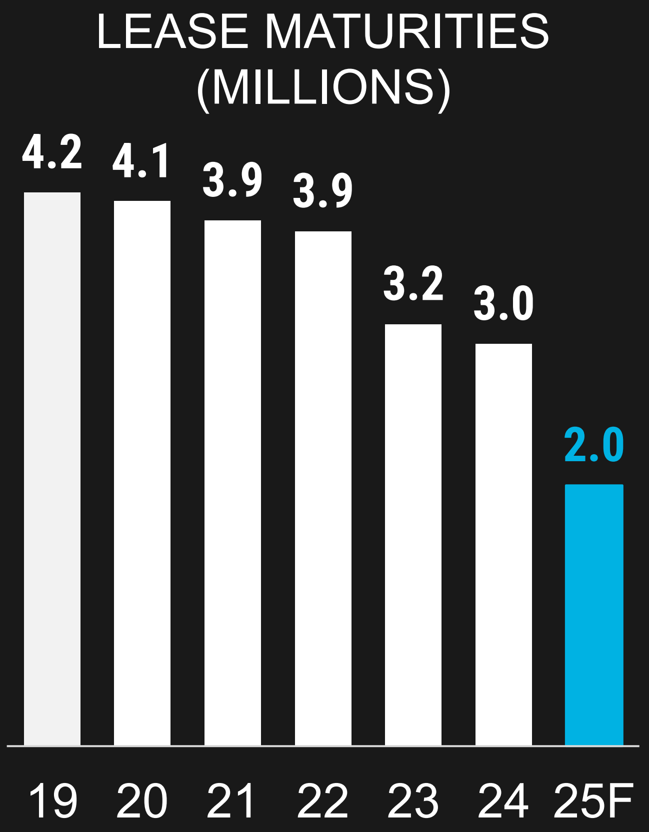
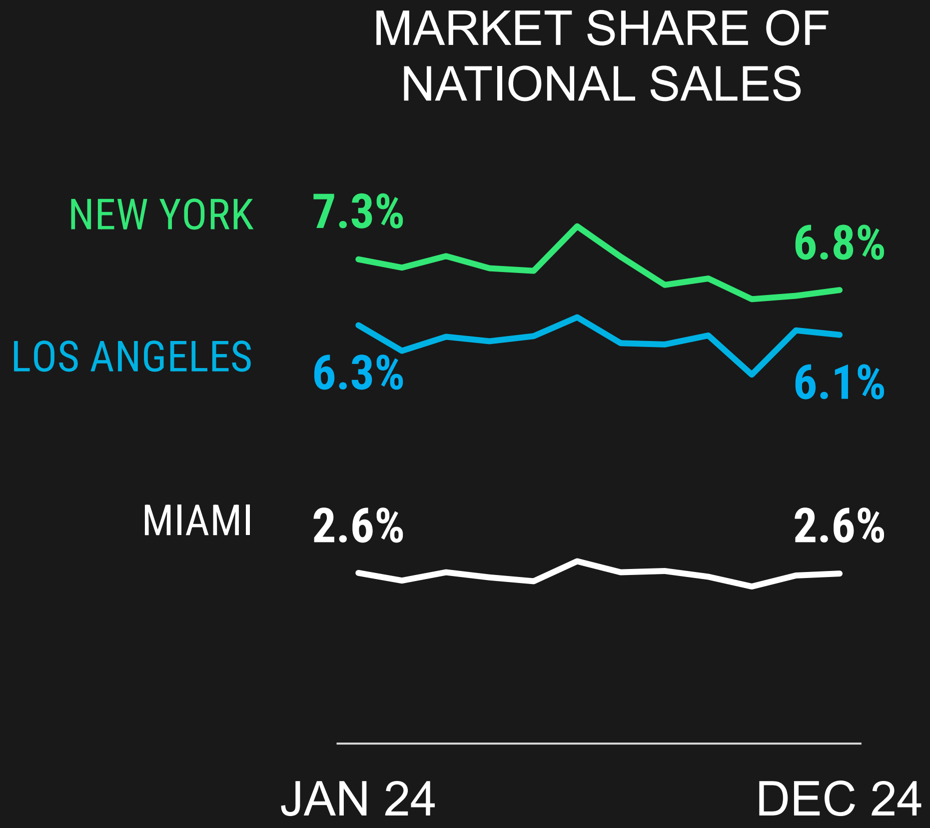
LEASE MARKETS WEATHERING DROP IN MATURITIES (FOR NOW)





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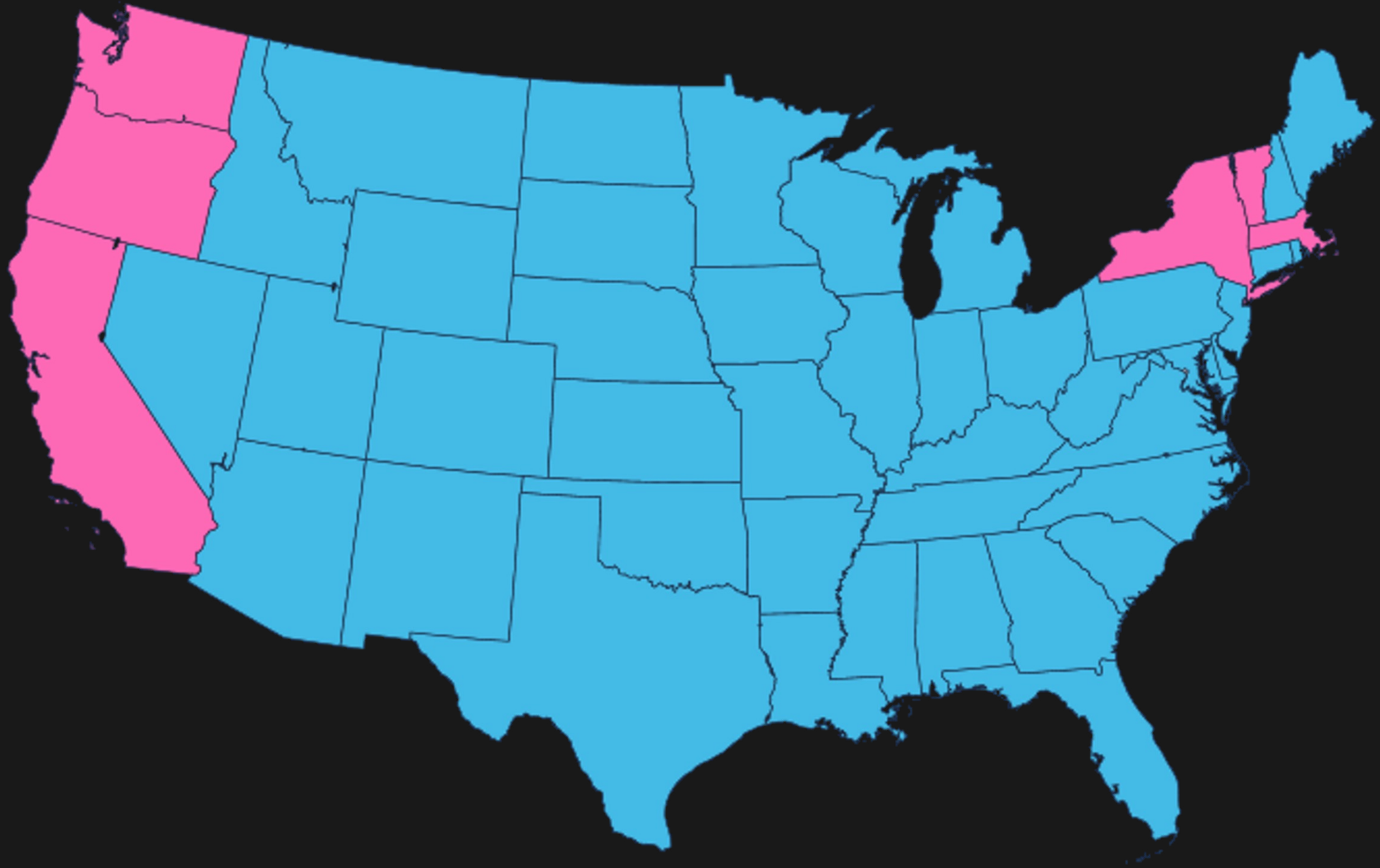
ZEV
MADNESS

FOR MY26, 6 STATES ADOPTING STRICTER RULES

Six states representing 27% of industry sales aim to raise EV and PHEV share of new sales to 35% for MY26



10-YEAR ZEV TIMELINE DRIVES TO INCREASE ANNUAL CONSUMER SPEND ON BEV BY 10X

35%
$25B

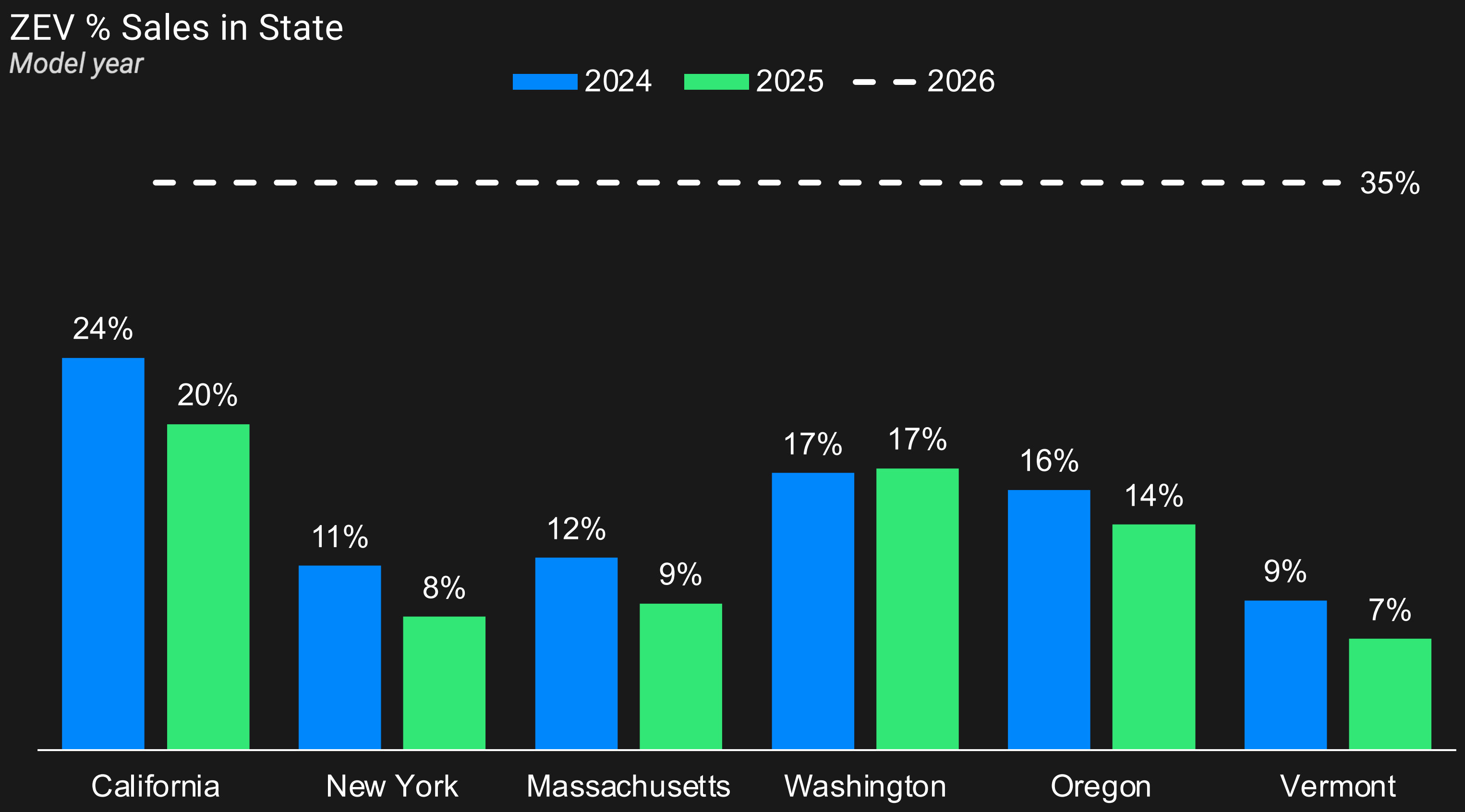
MY26

100%
$250B

MY35

ZEV requirements: EV & PHEV sales % requirements based off sales

ZEV PHASE 2 TARGET WILL LIKELY RESULT IN COST PENALTIES



The penalty for not reaching ZEV requirements is $5K per missed credit.

CA: $1.0B Penalty
NY: $1.4B Penalty

States adopting ZEV Phase 2 currently fall significantly below the 35% ZEVs required for MY26.
If BEV sales remain relatively flat, penalties could reach $1.4B per state.

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THANK YOU