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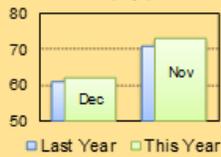
Valuation Services Automotive Industry Perspective

4TH QUARTER 2018

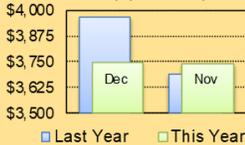


INDUSTRY INFORMATION

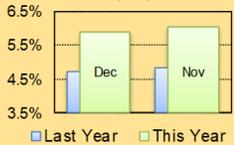
Dealer Inventory (Days)



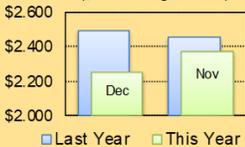
Incentives (\$ per Vehicle)



Finance Cost (APR)



Fuel Cost (\$/Gallon Regular Gas)



VALUATION EXPERIENCE

- FleetPride
- Gates Corporation
- GST AutoLeather
- Mefro Wheels
- Motovan
- Navistar
- Roadtrek
- Tesla
- Thor Industries
- TI Automotive

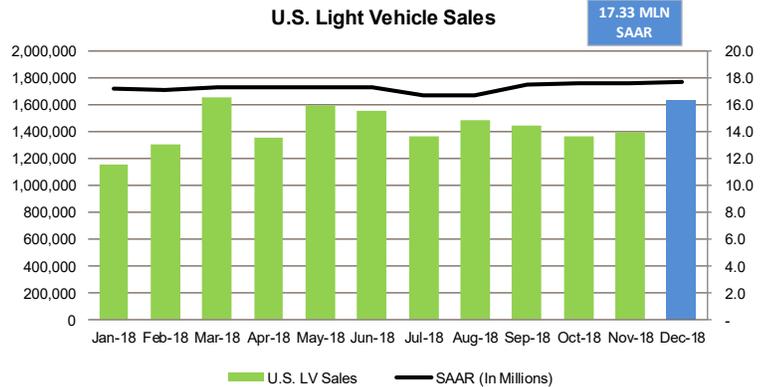
U.S. Light-Vehicle Sales Exceed 17 Million Units

By Keith Spacapan

This time last year, most industry experts were not optimistic that vehicle sales would again exceed 17 million units. However, additional used vehicles coming off lease and four interest rate hikes by the Federal Reserve were not enough to quell consumer demand buoyed by tax reforms and low unemployment. U.S. light vehicle sales totaled 17.33 million units in 2018, an increase of 0.6% over the prior year and only 1.3% below the all-time high set in 2016.

Most market fundamentals remained positive in December. Average incentive spending per unit declined year-over-year for the sixth consecutive month, while overall dealer inventories were at a manageable level, particularly cars that are at their lowest level since 2012. In addition, the national average price of gas is currently the lowest in three years and the cost to finance dipped back below 6% thanks to Black Friday deals. Nonetheless, according to the latest Cox Automotive Dealer

U.S. Light Vehicle Sales



Sentiment Index, more dealers now feel the current market is weak compared to those that feel it is strong.

Original equipment manufacturers also appear to sense the domestic economy will succumb to the same market forces that have gripped most world economies. On May 13, 2018, the president of Toyota declared the company was in a “life-or-death battle” to re-establish earnings power in North America; On September 6, Ford confirmed it was stopping national advertising for all its car models to focus its resources where it can make money, trucks, crossovers, and SUVs; and on November 29, General Motors

announced it will close up to five assembly plants in North America to ensure GM is “lean and agile.” Automakers appear to be preparing for the day when there are fewer cars and more trucks (SUVs and crossovers included), fewer gas tanks and more electric batteries, and fewer two car garages and more ride-sharing options.

Looking ahead to 2019, most industry insiders expect U.S. vehicle sales to fall short of 17 million units for the first time in five years. According to a recent Wall Street Journal/NBC News poll, one-third of Americans say the economy will worsen in 2019, the highest level of wariness in five years.

Keith Spacapan is Vice President of Hilco’s automotive practice. Keith has more than 30 years of automotive industry experience, including 15 years with General Motors as a divisional director of operations and finance. He has also worked with a wide range of automotive suppliers. His unique dual perspective—original equipment manufacturing and related suppliers—fosters a full understanding of the dynamics which impact asset value.

