

Orange County Auto Outlook™



Comprehensive information on the Orange County automotive market

FORECAST

County Market Predicted to Improve Again in 2016

New vehicle sales are expected to remain at strong levels for several years

The county new vehicle market has been on an amazing run, with new retail registrations increasing for six consecutive years. As shown on the graph below, the market fell to about 96,000 units in 2009 and recovered to more than 192,000 in 2015. That's a 100% increase over the six year period! With sales reaching such high levels, there are concerns that the market has peaked. And based solely on the primary predictors of core demand (i.e., the cyclical nature of sales and the release of pent-up demand) there are reasons to believe that sales will soon begin their inevitable cyclical downturn.

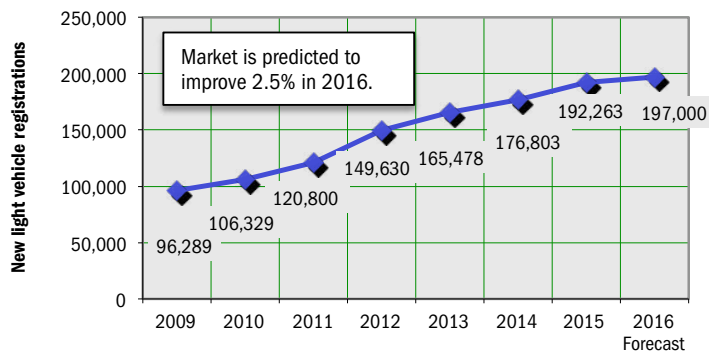
But predicting the course of new vehicle sales is not always as straightforward as it seems. Despite the concerns mentioned above, there are some compelling reasons to believe that the market still has some gas left in the tank. As mentioned previously in Auto Outlook, the impressive array of advanced safety features and infotainment offerings in new vehicles can make even three year old cars seem out-dated. This can provide strong motivation for consumers to enter the new vehicle market. In addition, manufacturers have generally stated a commitment to hold the line on incentives and emphasize profitability over sales volume. However, if demand starts to soften, the battle for market share could result in an opening of the incentives spigot, which would prolong the sales rebound.

Most likely scenario for the county market is slow growth this year, and perhaps in 2017 as well, with moderate easing to follow.

7 Key Market Trends

- 1. County new retail registrations increased 8.7% from 2014 to 2015, well above the 5.7% improvement in the U.S.
- 2. The market is predicted to increase 2.5% in 2016.
- 3. County light truck market share increased from 38.8% during 2014 to 41.8% last year.
- 4. Detroit Three brand registrations were up 13.5%, higher than the 8.7% improvement in the overall market
- 5. Hybrid and electric vehicle market share was 6.5% last year, down from 8.5% in 2014.
- 6. Toyota/Scion, Mercedes, Honda, Lexus, BMW, Hyundai, and Mazda are strong performing brands in the county market (see page 5).
- 7. SUVs have gained ground, with market share increasing 2.4 points from 2014.

Annual Trend in Orange County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2009 thru 2015 and Auto Outlook's for projection 2016.

Market Summary

| | 2013 Annual | 2014 Annual | 2015 Annual | % ch. '14 to '15 |
|---------------|----------------|----------------|----------------|---------------------|
| TOTAL | 165,478 | 176,803 | 192,263 | 8.7% |
| Car | 103,125 | 108,265 | 111,989 | 3.4% |
| Light Truck | 62,353 | 68,538 | 80,274 | 17.1% |
| Detroit Three | 32,601 | 36,601 | 41,533 | 13.5% |
| European | 33,311 | 33,659 | 36,961 | 9.8% |
| Japanese | 82,186 | 89,677 | 96,373 | 7.5% |
| Korean | 17,380 | 16,866 | 17,396 | 3.1% |

Detroit Three consists of vehicles sold by GM, Ford, and Chrysler.
Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER: MONTHLY MOVING AVERAGE

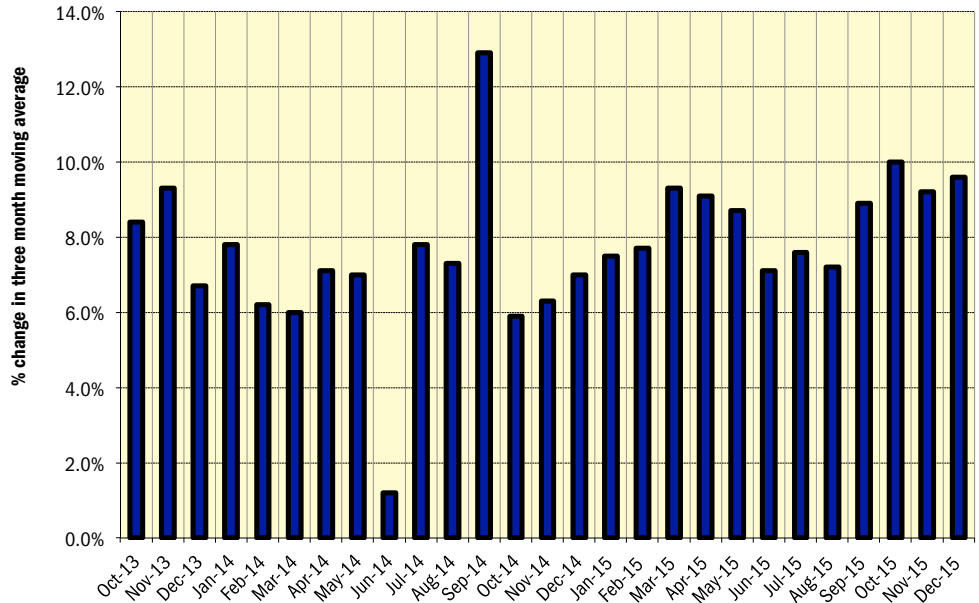
New Vehicle Market Maintains Impressive Winning Streak

Percent change in three month moving average has improved for 49 consecutive months!

The graph to the right provides a clear picture of the general trending direction of the Orange County new retail light vehicle market. And as highlighted in the graph, the trend over the past two years is decidedly positive. The graph shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average provides a clearer picture of the trending direction than individual monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather, and vehicle title processing delays by governmental agencies.

New vehicle registrations continued to post impressive gains, with the three month moving average increasing by more than 8% in each of the past four months.

Percent Change in Orange County New Retail Light Vehicle Registrations Three Month Moving Average versus Year Earlier



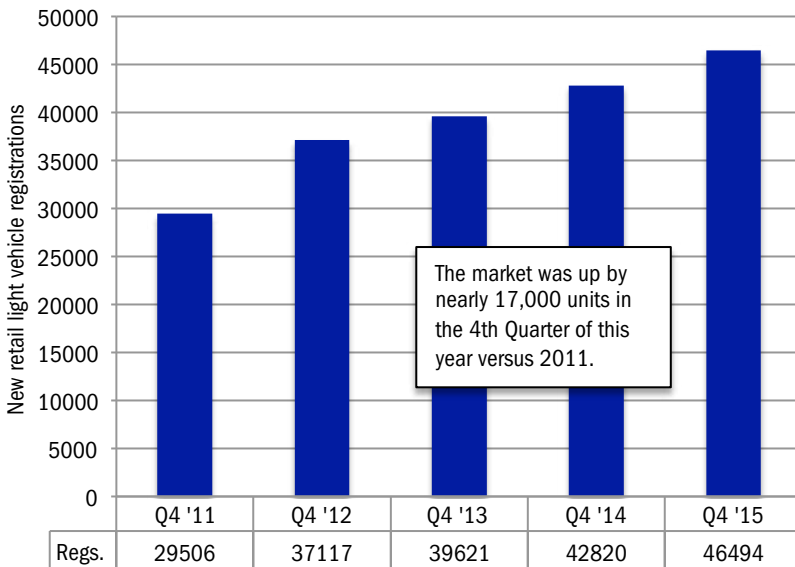
MARKET TRACKER: QUARTERLY PERSPECTIVE

4Q '15 Registrations Up From '14

Fourth Quarter total was up 58% from 2011

QUARTERLY PERSPECTIVE

Five Years of Fourth Quarter Results in Orange County Market



The market was up by nearly 17,000 units in the 4th Quarter of this year versus 2011.

Fourth Quarter registrations during past five years

WHAT
NEW AND USED
CARS SELL WELL
IN MY MARKETS?

WHO ARE
MY TOP
COMPETITORS?
-BY MARKET AREA?

ANSWERS DRIVE RESULTS.

You need insights into your marketplace to make the best decisions to maximize profits. The AutoCount® Dealer Report analyzes full details on new and used competitive dealer market share, down to specific areas you define. You bring the questions. We'll bring the answers.



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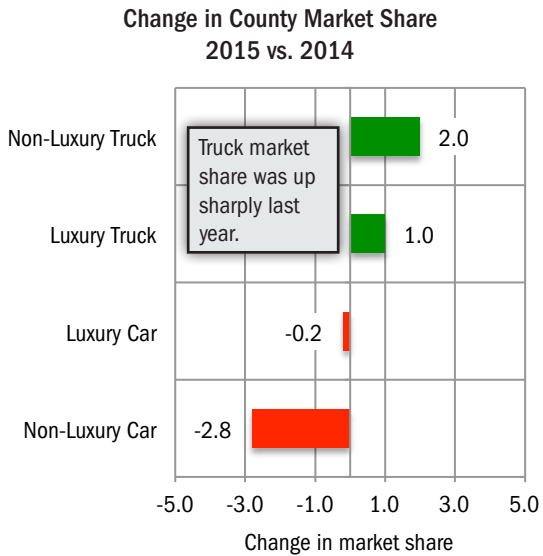
Details on Data

Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian Automotive.

MARKET TRACKER: PRIMARY SEGMENTS

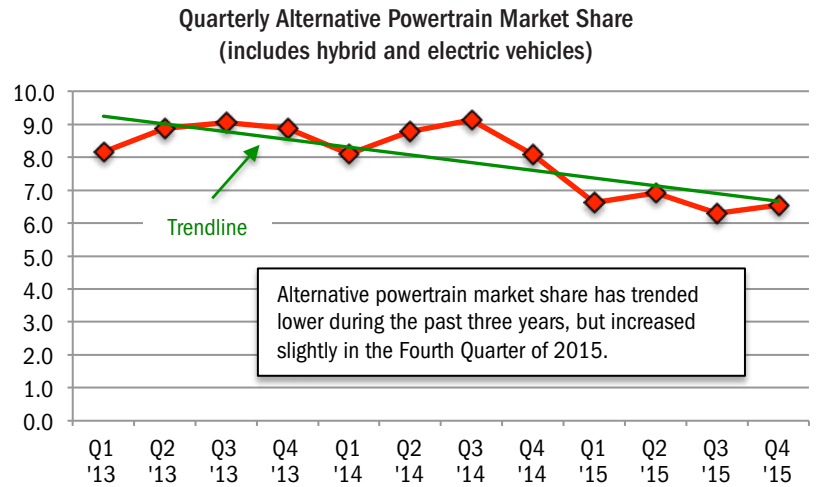
Non-Luxury Trucks Gain



Source: AutoCount data from Experian Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrids/Electric Share Up Slightly



The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. The line shows market share trend over the past 12 quarters.

Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER - SEGMENTS

SUV Market Share Increases by 2.4 Points in 2015

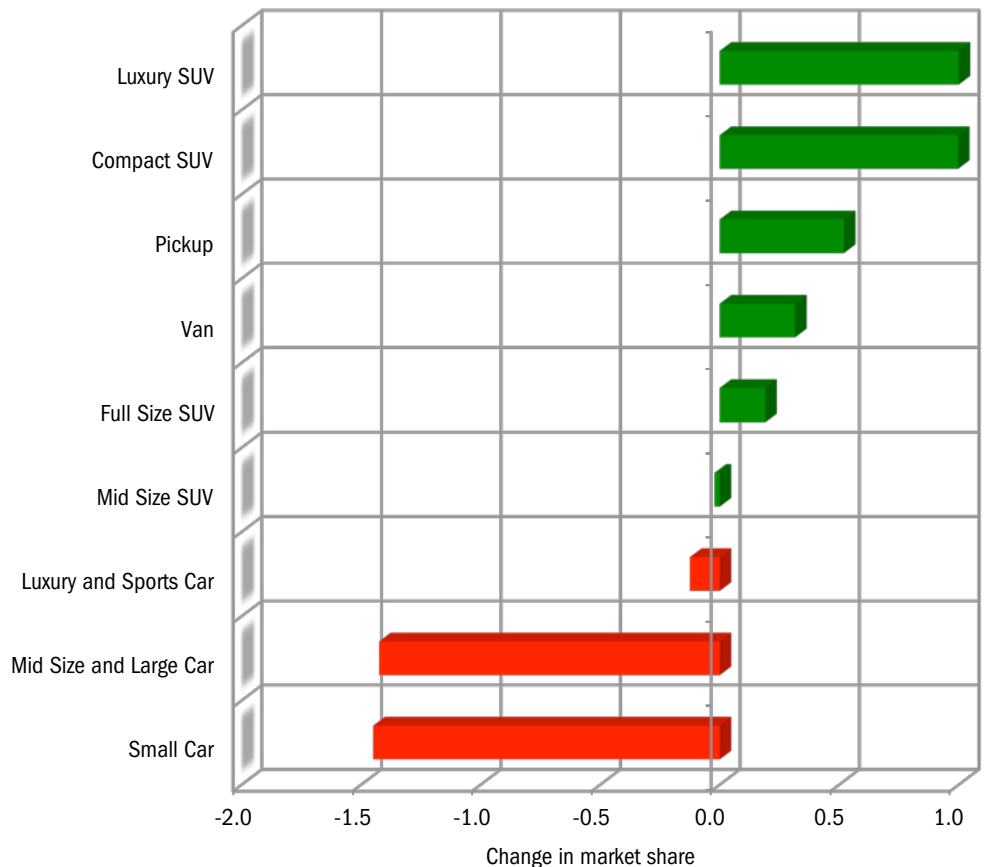
Change in Segment Market Share 2015 vs. 2014

Orange County Market

Typical models in segments:

- Small Car: Hyundai Elantra
- Mid Size & Large Car: Toyota Camry
- Luxury & Sports Car: BMW 3-Series
- Pickup: Ford F-Series
- Van: Honda Odyssey
- Compact SUV: Mazda CX5
- Mid Size SUV: Jeep Grand Cherokee
- Full Size SUV: Chevrolet Tahoe
- Luxury SUV: Lexus RX

Data Source: AutoCount data from Experian Automotive.



BRAND SCOREBOARD - PART ONE

Honda Registrations Increase by More Than 2,400 Units

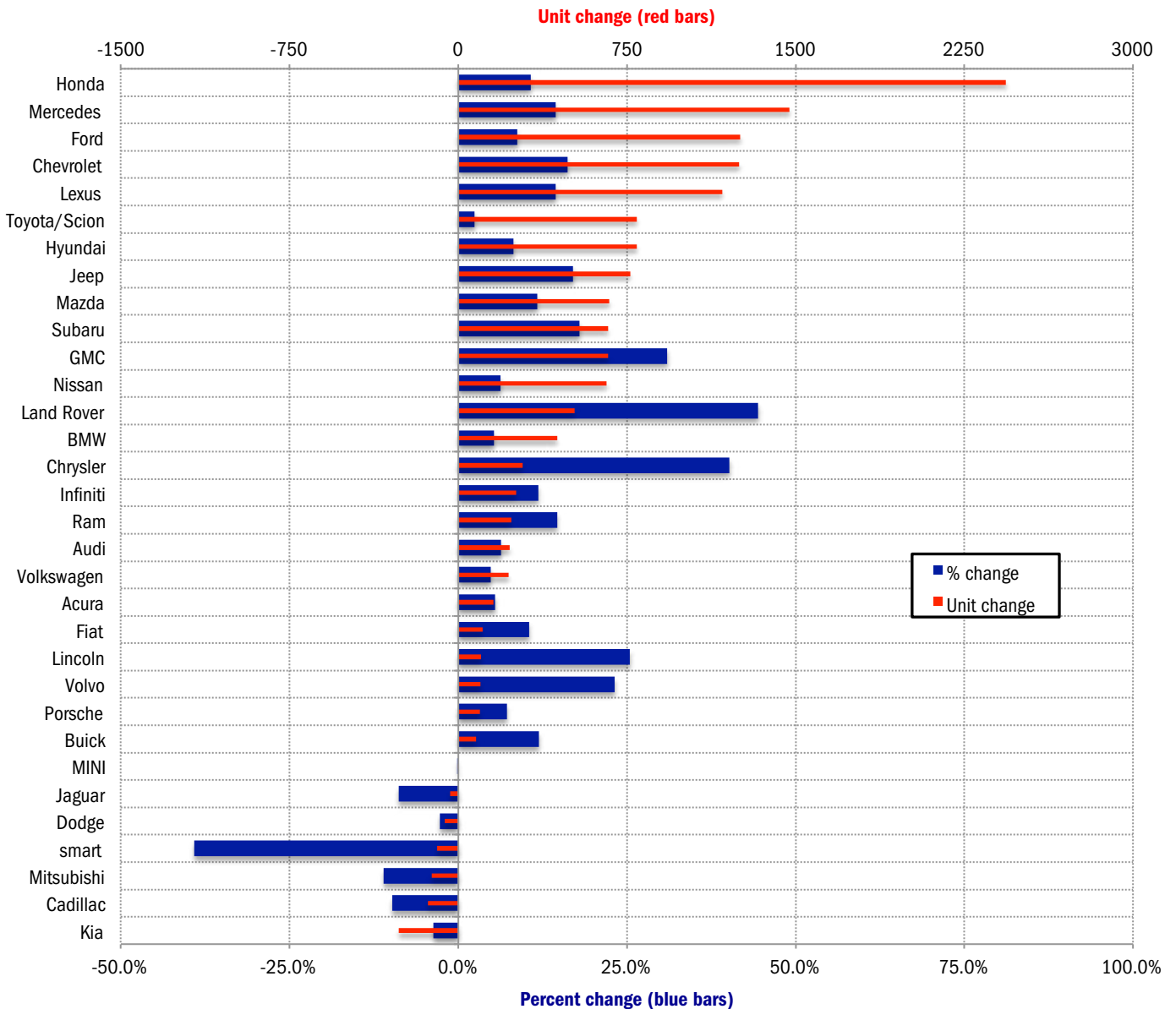
Land Rover had the largest percentage increase

The graph below presents a comprehensive picture of brands that are gaining (or losing) ground in the county market. It shows both the unit AND percent change in registrations from 2014 to 2015. Viewing both measures on the same graph provides a more clear-cut signal on how each brand is doing.

Here are a couple of examples: Land Rover had a sizeable percentage increase in 2015 (up 44.4%; shown by the thick blue bar on the graph), but it's not a top-selling brand. Land Rover registrations increased by just over 500 units. Honda's percentage increase was in the

middle of the pack (up 10.7%), but unit registrations were up by more than 2,400 units.

Change in New Retail Light Vehicle Registrations (2015 vs. 2014)



Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD - PART TWO

Toyota is a Top Performer in Orange County

Mercedes, Honda, Lexus, BMW, Hyundai, and Mazda also rank high

The graph below provides an indicator of brands that are popular in Orange County (relative to the National standard), and those that are not.

Here's how it works: For the top 30 selling brands in the county, each brand's share of the U.S. market is multiplied by retail registrations

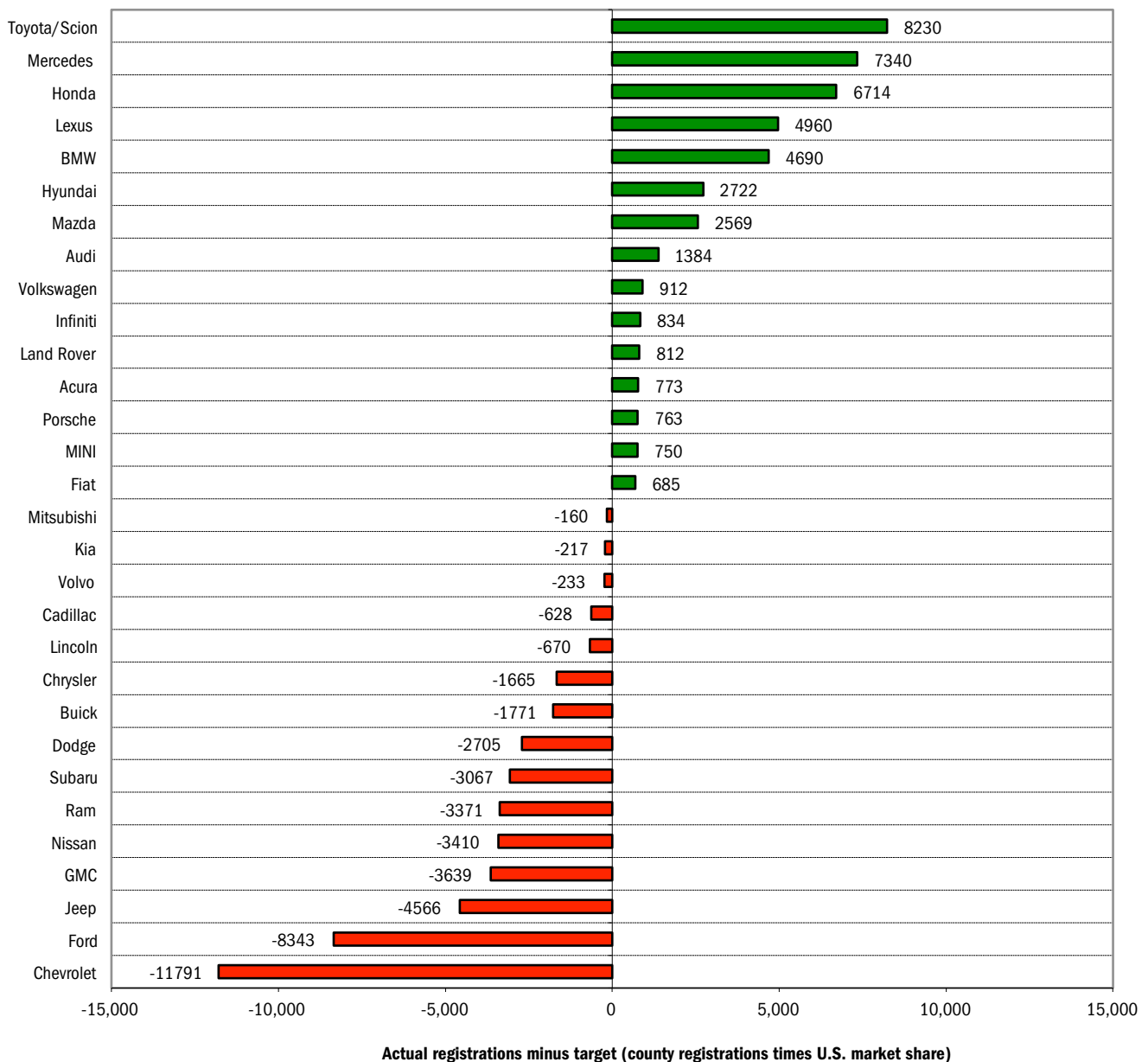
in the county during 2015. This yields a "target" for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

Brands at the top of the graph (i.e., Toyota/Scion, Mercedes, Honda, Lexus, BMW, Hyundai, and Mazda) are relatively strong sellers in

the county, with actual registrations exceeding calculated targets by large margins. For instance, Toyota/Scion registrations exceeded the target by 8,230 units.

Data Source: AutoCount data from Experian Automotive.

Orange County Retail Market Performance based on registrations for 2015
Actual registrations minus target (county industry registrations times U.S. market share)



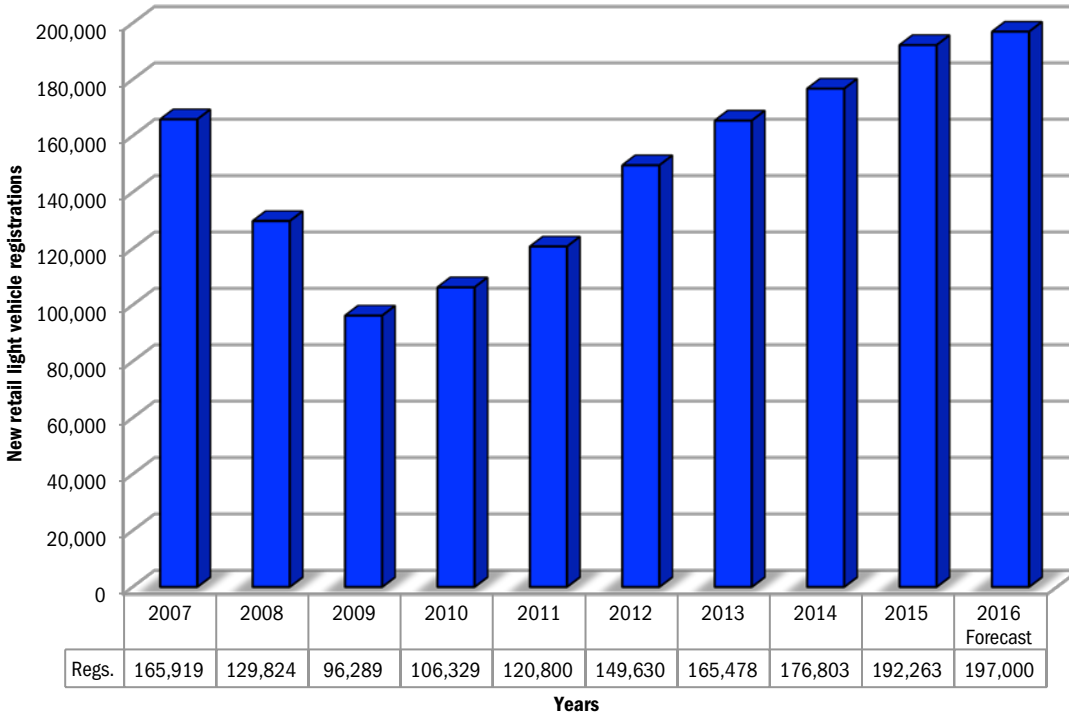
LONG TERM TRENDS

New Vehicle Sales Have a Chance to Improve Again in 2016

Increase would mark seventh consecutive annual increase

The two graphs below provide a long term perspective of trends in the Orange County new retail light vehicle market. The first graph shows historical registrations from 2007 thru 2015, along with Auto Outlook’s forecast for 2016. The second graph shows light truck share of the overall light vehicle market.

County New Retail Light Vehicle Registrations - 2007 thru 2015, 2016 Forecast



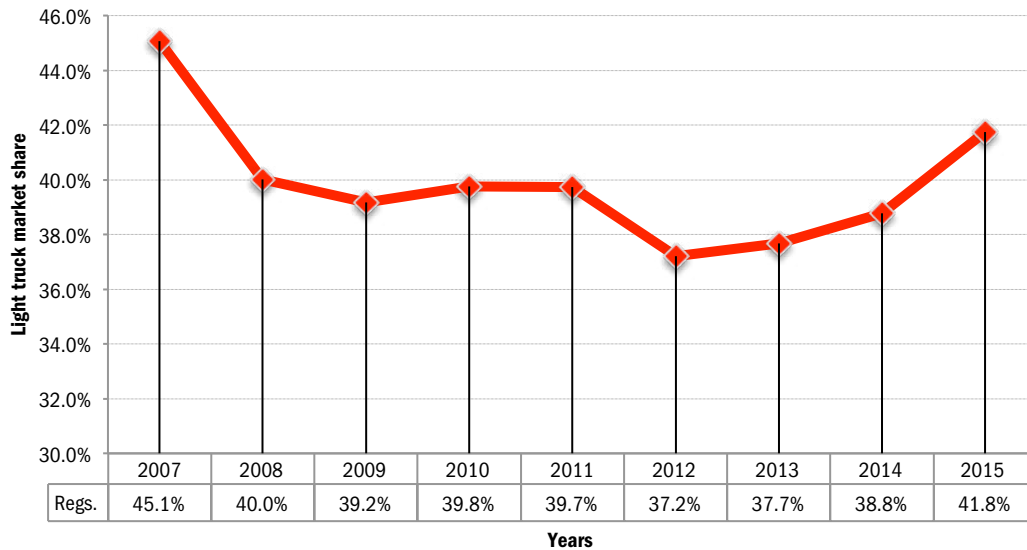
Key Trends

Between 2009 (the low point during the market downturn) and 2015, county new retail light vehicle registrations have increased by nearly 96,000 units, an increase of 100%!

The market was up 8.7% last year versus 2014, and Auto Outlook is predicting a slight increase this year.

Following a wild roller-coaster ride during the 10 year period, county registrations this year should exceed 2007 levels for the third consecutive year.

County New Retail Light Truck Market Share - 2007 thru 2015



Key Trends

Light truck share of the Orange County light vehicle market declined by nearly six market share points between 2007 and 2009.

After declining from 2011 to 2012, light truck share increased to 41.8% in 2015, and was up 4.6 points from 2012.

COMPARISON OF ORANGE COUNTY AND U.S. MARKETS

Orange County Market Was Up 8.7% in 2015

U.S. market increased 5.7%

| | Orange County Retail Market | U.S. Market* |
|---|-----------------------------|--------------|
| Market Growth % change in registrations 2015 vs. 2014 | 8.7% | 5.7% |
| Car Market Share Car share of industry retail light vehicle 2015 | 58.2% | 43.3% |
| Domestic Brand Market Share Domestic brand share of industry retail light vehicle registrations - 2015 | 21.6% | 45.1% |

| Brand | New Retail Registrations - 2015 | | | | Market Share (2015) | |
|---------------------|---------------------------------|-------------------|-----------|-------------------|---------------------|------|
| | Orange County | | U.S.* | | Orange County | U.S. |
| | Regs. | % ch. from '14 | Sales | % ch. from '14 | | |
| Acura | 3,017 | 5.5% | 177,165 | 5.6% | 1.6 | 1.0 |
| Audi | 3,828 | 6.3% | 202,202 | 11.1% | 2.0 | 1.2 |
| BMW | 8,776 | 5.3% | 346,023 | 1.8% | 4.6 | 2.0 |
| Buick | 741 | 11.9% | 223,055 | -2.6% | 0.4 | 1.3 |
| Cadillac | 1,248 | -9.8% | 175,267 | 2.6% | 0.6 | 1.0 |
| Chevrolet | 8,972 | 16.2% | 2,125,347 | 4.5% | 4.7 | 12.2 |
| Chry Dodge Jeep Ram | 10,247 | 13.6% | 2,200,834 | 7.7% | 5.3 | 12.6 |
| Chrysler | 998 | 40.2% | 324,846 | 5.2% | 0.5 | 1.9 |
| Dodge | 2,155 | -2.8% | 517,153 | -9.9% | 1.1 | 3.0 |
| Jeep | 5,253 | 17.0% | 865,028 | 24.9% | 2.7 | 5.0 |
| Ram | 1,841 | 14.6% | 493,807 | 5.3% | 1.0 | 2.8 |
| Fiat | 1,138 | 10.5% | 42,410 | -8.0% | 0.6 | 0.2 |
| Ford | 15,565 | 8.8% | 2,501,855 | 5.3% | 8.1 | 14.3 |
| GMC | 2,817 | 31.0% | 558,697 | 11.3% | 1.5 | 3.2 |
| Honda | 25,177 | 10.7% | 1,409,386 | 2.6% | 13.1 | 8.1 |
| Hyundai | 10,487 | 8.2% | 761,710 | 5.0% | 5.5 | 4.4 |
| Infiniti | 2,416 | 11.9% | 133,498 | 13.8% | 1.3 | 0.8 |
| Jaguar | 370 | -8.9% | 14,466 | -8.3% | 0.2 | 0.1 |
| Kia | 6,909 | -3.7% | 625,818 | 7.9% | 3.6 | 3.6 |
| Land Rover | 1,684 | 44.4% | 70,582 | 37.1% | 0.9 | 0.4 |
| Lexus | 9,324 | 14.4% | 344,601 | 10.7% | 4.8 | 2.0 |
| Lincoln | 503 | 25.4% | 101,227 | 7.1% | 0.3 | 0.6 |
| Mazda | 6,411 | 11.7% | 319,183 | 4.4% | 3.3 | 1.8 |
| Mercedes | 11,698 | 14.4% | 372,977 | 4.7% | 6.1 | 2.1 |
| MINI | 1,463 | -0.2% | 58,514 | 4.3% | 0.8 | 0.3 |
| Mitsubishi | 951 | -11.0% | 95,342 | 22.8% | 0.5 | 0.5 |
| Nissan | 11,198 | 6.3% | 1,351,420 | 6.4% | 5.8 | 7.7 |
| Porsche | 1,430 | 7.2% | 51,756 | 10.1% | 0.7 | 0.3 |
| smart | 148 | -39.1% | 7,484 | -28.4% | 0.1 | 0.0 |
| Subaru | 4,377 | 17.9% | 582,675 | 13.4% | 2.3 | 3.3 |
| Toyota/Scion | 33,499 | 2.4% | 2,154,712 | 4.5% | 17.4 | 12.3 |
| Volkswagen | 4,890 | 4.8% | 349,440 | -4.8% | 2.5 | 2.0 |
| Volvo | 526 | 23.2% | 70,047 | 24.3% | 0.3 | 0.4 |
| Other | 2,453 | 43.9% | 42,966 | 9.8% | 1.3 | 0.2 |

The two tables above provide a comparison of the Orange County and U.S. new light vehicle markets.

*U.S. figures include fleets

Data Source for Orange County: AutoCount data from Experian Automotive. Source for U.S. figures: Automotive News.

| Orange County New Retail Car and Light Truck Registrations | | | | | | | | | |
|--|---------------|--------|--------|---------------|---------|--------|-------------------------|------|------|
| | December | | | Annual Totals | | | Annual Market Share (%) | | |
| | Orange County | | | Orange County | | | Orange County | | |
| | 2014 | 2015 | % chg. | 2014 | 2015 | % chg. | 2014 | 2015 | Chg. |
| MARKET SUMMARY | | | | | | | | | |
| TOTAL | 16,121 | 17,894 | 11.0% | 176,803 | 192,263 | 8.7% | 0.0 | 0.0 | 0.0 |
| Cars | 9,777 | 10,200 | 4.3% | 108,265 | 111,989 | 3.4% | 61.2 | 58.2 | -3.0 |
| Light Trucks | 6,344 | 7,694 | 21.3% | 68,538 | 80,274 | 17.1% | 38.8 | 41.8 | 3.0 |
| Domestic | 3,274 | 3,849 | 17.6% | 36,601 | 41,533 | 13.5% | 20.7 | 21.6 | 0.9 |
| European | 3,342 | 3,569 | 6.8% | 33,659 | 36,961 | 9.8% | 19.0 | 19.2 | 0.2 |
| Japanese | 8,064 | 8,915 | 10.6% | 89,677 | 96,373 | 7.5% | 50.7 | 50.1 | -0.6 |
| Korean | 1,441 | 1,561 | 8.3% | 16,866 | 17,396 | 3.1% | 9.5 | 9.0 | -0.5 |
| BRAND REGISTRATIONS | | | | | | | | | |
| Acura | 304 | 244 | -19.7% | 2,861 | 3,017 | 5.5% | 1.6 | 1.6 | 0.0 |
| Audi | 357 | 393 | 10.1% | 3,600 | 3,828 | 6.3% | 2.0 | 2.0 | 0.0 |
| BMW | 977 | 916 | -6.2% | 8,337 | 8,776 | 5.3% | 4.7 | 4.6 | -0.1 |
| Buick | 52 | 75 | 44.2% | 662 | 741 | 11.9% | 0.4 | 0.4 | 0.0 |
| Cadillac | 112 | 151 | 34.8% | 1,384 | 1,248 | -9.8% | 0.8 | 0.6 | -0.2 |
| Chevrolet | 699 | 944 | 35.1% | 7,723 | 8,972 | 16.2% | 4.4 | 4.7 | 0.3 |
| C/D/J/R | 822 | 813 | -1.1% | 9,023 | 10,247 | 13.6% | 5.1 | 5.3 | 0.2 |
| Chrysler | 100 | 66 | -34.0% | 712 | 998 | 40.2% | 0.4 | 0.5 | 0.1 |
| Dodge | 193 | 184 | -4.7% | 2,216 | 2,155 | -2.8% | 1.3 | 1.1 | -0.2 |
| Jeep | 389 | 405 | 4.1% | 4,489 | 5,253 | 17.0% | 2.5 | 2.7 | 0.2 |
| Ram | 140 | 158 | 12.9% | 1,606 | 1,841 | 14.6% | 0.9 | 1.0 | 0.1 |
| Fiat | 64 | 102 | 59.4% | 1,030 | 1,138 | 10.5% | 0.6 | 0.6 | 0.0 |
| Ford | 1,209 | 1,373 | 13.6% | 14,311 | 15,565 | 8.8% | 8.1 | 8.1 | 0.0 |
| GMC | 219 | 253 | 15.5% | 2,151 | 2,817 | 31.0% | 1.2 | 1.5 | 0.3 |
| Honda | 2,059 | 2,224 | 8.0% | 22,743 | 25,177 | 10.7% | 12.9 | 13.1 | 0.2 |
| Hyundai | 948 | 1,016 | 7.2% | 9,693 | 10,487 | 8.2% | 5.5 | 5.5 | 0.0 |
| Infiniti | 230 | 269 | 17.0% | 2,160 | 2,416 | 11.9% | 1.2 | 1.3 | 0.1 |
| Jaguar | 24 | 47 | 95.8% | 406 | 370 | -8.9% | 0.2 | 0.2 | 0.0 |
| Kia | 493 | 545 | 10.5% | 7,173 | 6,909 | -3.7% | 4.1 | 3.6 | -0.5 |
| Land Rover | 86 | 199 | 131.4% | 1,166 | 1,684 | 44.4% | 0.7 | 0.9 | 0.2 |
| Lexus | 876 | 981 | 12.0% | 8,151 | 9,324 | 14.4% | 4.6 | 4.8 | 0.2 |
| Lincoln | 42 | 66 | 57.1% | 401 | 503 | 25.4% | 0.2 | 0.3 | 0.1 |
| Mazda | 557 | 671 | 20.5% | 5,739 | 6,411 | 11.7% | 3.2 | 3.3 | 0.1 |
| Mercedes | 891 | 1,058 | 18.7% | 10,225 | 11,698 | 14.4% | 5.8 | 6.1 | 0.3 |
| MINI | 121 | 124 | 2.5% | 1,466 | 1,463 | -0.2% | 0.8 | 0.8 | 0.0 |
| Mitsubishi | 89 | 87 | -2.2% | 1,069 | 951 | -11.0% | 0.6 | 0.5 | -0.1 |
| Nissan | 880 | 889 | 1.0% | 10,538 | 11,198 | 6.3% | 6.0 | 5.8 | -0.2 |
| Porsche | 157 | 135 | -14.0% | 1,334 | 1,430 | 7.2% | 0.8 | 0.7 | -0.1 |
| smart | 14 | 16 | 14.3% | 243 | 148 | -39.1% | 0.1 | 0.1 | 0.0 |
| Subaru | 358 | 443 | 23.7% | 3,711 | 4,377 | 17.9% | 2.1 | 2.3 | 0.2 |
| Toyota/Scion | 2,711 | 3,107 | 14.6% | 32,705 | 33,499 | 2.4% | 18.5 | 17.4 | -1.1 |
| Volkswagen | 514 | 400 | -22.2% | 4,666 | 4,890 | 4.8% | 2.6 | 2.5 | -0.1 |
| Volvo | 48 | 69 | 43.8% | 427 | 526 | 23.2% | 0.2 | 0.3 | 0.1 |
| Other | 208 | 284 | 36.5% | 1,705 | 2,453 | 43.9% | 1.0 | 1.3 | 0.3 |

Orange County Auto Outlook

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Phone: 800-206-0102 Email: jfoltz@autooutlook.com

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Explanation of Data

Data presented in Auto Outlook measures new vehicle registrations in Orange County. Monthly recording of registrations occurs when vehicle title information is processed.

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Data Source: AutoCount data from Experian Automotive.