Press release

2 JULY 2021

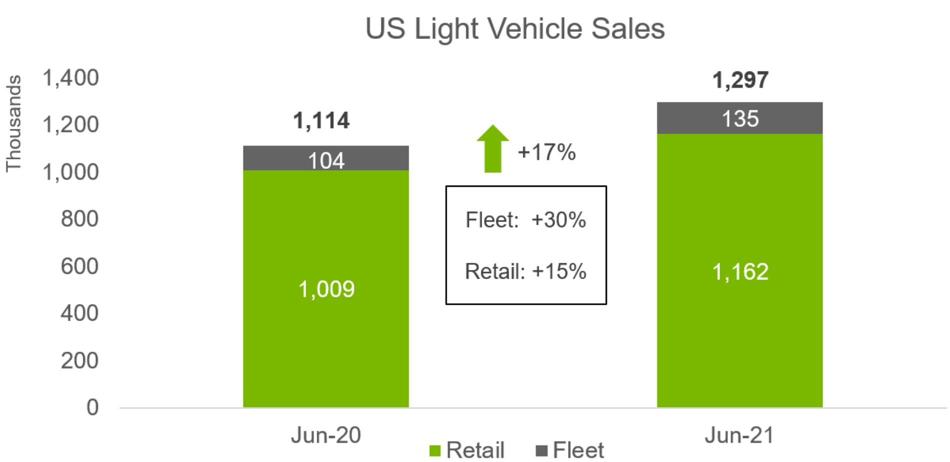
Lean inventories cool down US Light Vehicle sales in June, dragging the annual selling rate down to its lowest point since August 2020.

- **Total Light Vehicle sales of 1.3 million units in June represented a 17% increase from last year and pushed H1 2021 up 30% from H1 2020. However, the SAAR for the month fell to 15.4 million units, down from a peak of 18.7 million in April.**
- **The Detroit 3 continue to be impacted the most from the chip shortage, with Toyota outselling General Motors and Ford falling behind Honda and Hyundai. Large Pickups lost 1.6 pp of share, while Compact Non-Premium Cars gained 1.6 pp.**
- **Global update – The global Light Vehicle sales outlook for 2021 is holding at 87.4 million units, consistent with last month, despite the slower reopening in parts of Europe and new restrictions across Asia due to the COVID-19 Delta variant.**

(DETROIT, MI): The chip shortage that has plagued global production for months is finally impacting sales in the US. According to LMC Automotive, the leading independent automotive global forecasting and market intelligence company, 1.3 million Light Vehicles were sold in June, up by 17% from last year, but down by 14% from June 2019. The Seasonally Adjusted Annualized Rate of sales (SAAR) highlights this slowdown: at 15.4 million units, it was the lowest since 15.2 million units in August 2020 and the SAAR fell by 1.7 million units from May.

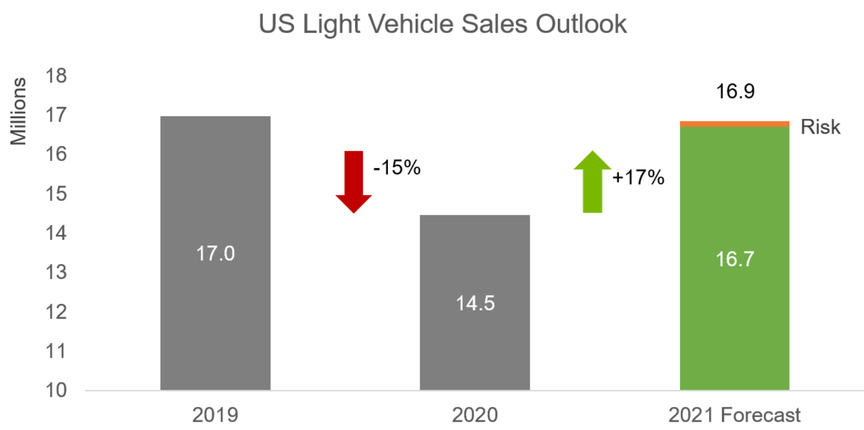
With little inventory to spare, OEMs continue to focus on retail. Fleet accounted for just over 10% of total Light Vehicle sales, the lowest share in nearly a year. Retail volumes totalled 1.16 million vehicles, growing at half the fleet rate (15% vs. 30% YoY). Higher trade-in values and ultra-low interest rates are keeping monthly payments at the same levels from 2019 and 2020, despite average transaction prices breaking the US$40,000 threshold for the first time ever.

The June results brought the Q2 Light Vehicle sales tally to 4.4 million units, a 50% increased from the pandemic-induced low in 2020. However, compared to 2019, sales were down by just 0.1%, or 4,000 units. Looking at the H1, sales in the US reached 8.3 million vehicles, up by 30% from last year, but down by 1% from 2019.



Augusto Amorim, Senior Manager, Americas Vehicle Sales Forecasts, LMC Automotive, adds:

"The chip shortage continues to impact the Detroit 3 particularly hard. Toyota outsold General Motors for the third time this year, and Honda, Hyundai and Stellantis Groups sold more than Ford, which saw their share at a low of just 8.4% of Light Vehicles. The lumpy sales performance across the groups and severe shortages in the truck segments led to growth on the car side of the market. Although Compact Non-Premium SUVs, Midsize Non-Premium SUVs and Large Pickups remained the three top segments in June, Compact and Midsize Non-Premium Cars grew faster than the total market. Large Pickup sales were up by just 4% YoY, and Midsize Non-Premium Sporty volumes plunged by 18% YoY – both segments are dominated by GM, Ford and Stellantis. On the other hand, companies such as Tesla, Hyundai, BMW, Toyota and Renault-Nissan-Mitsubishi all grew by more than 35% YoY. This June cooldown was certainly a function of the lack of inventory, as consumers continue to prove that they will buy anything that was available for sale."



After measurable pullback in June's sales volume and the expected continuation of extremely low inventory levels, July is at risk for an encore performance, despite efforts from manufacturers to restart production and even source additional inventory from other markets. July is forecasted to rebound slightly from June to a 16.0 million unit selling rate, but the volume forecast has been cut by nearly 50,000 units since last month. On a YoY basis, volume is projected to still be up by 14% from July 2020. The lack of an industry-wide improvement to the outlook for North American production levels, and thus inventory, is expected to be a drag on the pace of demand through Q3.

Our forecast for 2021 US Light Vehicle sales has been trimmed for the first time since January, with total Light Vehicle sales expected to now fall short of the 17.0-million-unit mark, and round down to 16.9 million units, an increase of 17% from 2020. The downward revision is concentrated in the retail market given dealer stock has essentially dried up. Retail sales are now expected to be at 14.5 million units, an increase of 17% from 2020 and still a record year. Fleet sales have been adjusted downward slightly but remain on track to grow by 14% this year, though they will only account for 14% of total sales, even below 2020's record low.

Jeff Schuster, President, Americas Operations and Global Vehicle Forecasts, LMC Automotive said:

“Historically low inventory is currently the only obstacle in the way of much stronger demand for autos in the US, but it is wreaking havoc on the industry’s recovery, as vehicle manufacturers and suppliers scramble to replenish vehicle stock. Fleet has been constrained as much as possible to preserve availability for consumers and, even with some plants restarting production, it will take several months before there is enough rebuilt inventory to feed what natural recovery demand would be at. Optimism last month has paused and the probability that a portion of the automotive recovery gets delayed into 2022 has increased. In addition, the likelihood that some of the 17 new or redesigned vehicles expected to start production in NA during H2 are delayed or running at well below ramp-up levels is quite high.”

ENDS

About LMC Automotive: For over 30 years, LMC’s mission has been to provide the most comprehensive, timely and actionable services to all sectors of the auto industry. Focusing exclusively on this sector, while being highly responsive to our large and growing client base of car and truck makers, component manufacturers and suppliers, and financial and government institutions, has fostered our rapid growth. Today, from offices in all the major automotive markets, LMC provides insights and forecasts for both the Light Vehicle and Commercial Vehicle sectors, with specific emphasis on vehicle sales, production and propulsion systems. Our experts examine global industry dynamics from every angle – be they macroeconomic trends, market and production developments or regulatory and technological changes. These insights are shaped into a comprehensive suite of services that can be tailored to an individual client’s needs and are delivered in a range of flexible and sophisticated formats.

As a company, we pride ourselves on the quality of our products, as well as our commitment to customer service. Our team, and our carefully selected partner companies, are dedicated to what they do – bringing the most accurate information to market and helping our clients to gain maximum benefit from our insights.

For more information about LMC Automotive, visit www.lmc-auto.com, email us at media@lmc-auto.com or follow @LMCAutomotive on Twitter and LinkedIn.

Media Contact:

Volker Krueger: vkrueger@lmc-auto.com

