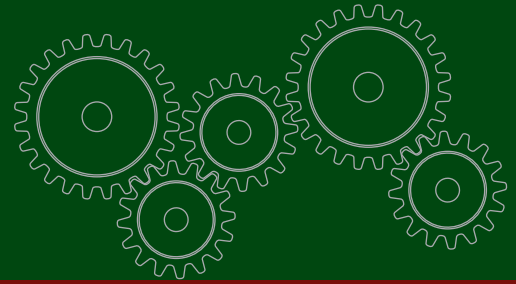




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Auto Industry Factoids

February 2007

OVERALL INDUSTRY:

- For full-year 2006, the Detroit Three saw new-vehicle sales fall 8.1% and their market share dropped 3.2 points (each one point = 170,000 vehicles on an annual basis) to 56.4%. For the month of January 2007, it dropped further to 50.6%, an all-time low.
- "Detroit's Automakers Are Heading Into A Fierce Storm," Kiplinger Letter, February 2, 2007. Big drops in January sales, with more expected in the coming months, production cuts, showdown labor talks this summer with the UAW where they need to extract concessions, etc.
- January new vehicle sales down 5%, with the Detroit Three down the most. GM down 20%, Ford down 23% and the Chrysler division of Daimler Chrysler down 4% (DaimlerChrysler in total down just 1%). Main cause was a big decrease in fleet sales, particularly to daily rental companies. GM's daily rental sales in January were off 40% from a year ago, Ford's down 60% (30,000 fewer cars). The daily rental decreases accounted for 75% of GM's total decline and 80% of Ford's drop, DaimlerChrysler did not offer specifics on fleet sales in January. In January 2006, fleet sales (car rental, government and businesses) accounted for nearly 40% of sales by GM, Ford and Chrysler; in January 2007, it was 28% for Ford and 32% for GM.
- National Auto Auction Association member auctions reported their 2006 sales at 9.5 million vehicles valued at \$86.9 billion, both up 2% from 2005.

GENERAL MOTORS:

- In 2006, GM's global vehicle sales totaled 9.1 million, about 250,000 more than Toyota. With Toyota adding 320,000 vehicles worth of production capacity in North America this year, the race to be # 1 is "going to be a dog fight" according to GM CEO Rick Wagoner.
- GM Lowering Sales To Rental Fleets: GM has been cutting them (as has Ford) because they have lower margins than retail sales and hurt the vehicles' residual values. In the first half of 2007, GM expects their daily rental sales to be down about 38%-from 200,000 to 120,000 units. In total, GM plans to sell 596,000 daily rental units in 2007 vs. 700,327 last year.





- GM's reduction of total fleet sales (car rental, government and businesses): cut 75,000 in 2006 and will cut another 200,000 for combined 2007-2008. That will leave GM with total fleet volume of about 688,000 at the end of 2008.

FORD:

- Ford to resurrect the Taurus name as the name for the replacement for the 2008 Five Hundred.

DAIMLERCHRYSLER:

- In 2006, the company lost about \$1.2 billion and fell behind Toyota to become the # 4 automaker in the U.S. It is counting on its redesigned minivan to recapture some of that share. Minivans represent 20% of Chrysler's sales and upwards of \$2.5 billion in profits in good years. Ford and GM have announced that they are getting out of the minivan business, so Chrysler should pick up some of that as well.
- Chrysler plans to cut 10,000 jobs. As part of its restructuring plan to be announced on February 14 in conjunction with its year-end earnings report, Chrysler is expected to cut more than 10,000 jobs and close at least two plants. Its product mix is top-heavy with light duty trucks (70-75% of its sales are pickups, minivans and SUVs) which have suffered with the run-up in fuel prices.
- Since Dieter Zetsche took over as the head of Daimler Chrysler on January 1, 2006- their market share has dropped from 14.5% to 12.9% (that 1.6 point drop translates into 272,000 fewer sales on an annual basis). Other issues: an antiquated system for ordering vehicles built at the plant to match consumer specifications: Chrysler's finance and procurement departments order a mix of cars to be built at the factory to maximize profit rather than closely following consumer preferences (for example, loaded \$40,000 minivans or Dodge Ram pickups and SUVs with no navigation systems). In addition, their dealers remain very disgruntled about the 100,000 "sales bank" vehicles Chrysler forced on them last year (vehicles that Chrysler built on their own last winter and spring without dealer orders, convinced that the market would snap back-which it did not). Chrysler had them stored in lots at the Detroit airport and at their assembly plant in Toledo, Ohio, then ultimately forced them on the dealers.
- It currently takes Dodge and Chrysler dealers nearly four months to sell a car on their lot, the worst rate in the industry. And that's while Chrysler offers the highest cash incentives in the business-\$3,500-about \$850 more per vehicle than GM and about \$2,000 more than Toyota.



- "Chrysler is still built for a 16% market share and its profitable share is probably around 10%," according to James Schroer, former sales and marketing chief.
- Chrysler and Dodge brands score about 50% below the industry average for "trust" according to Strategic Vision Inc.

TOYOTA:

- For the three years 2004-2006, Toyota recalled 9.3 million vehicles compared to 2.5 million in the three prior years.
- Toyota's third-quarter profit for the three months ending December 31, 2006 (their fiscal year ends 3/31/07) was up 7.3% to \$3.6 billion. Vehicle sales were up 15.2% for the period. Its full-year earnings forecast remains unchanged at \$12.9 billion. Toyota will essentially make the same amount that Ford lost for the year.
- For its all new full-size Tundra pickup, which goes on sale this month, Toyota is focusing on the most profitable feature-laden models and is essentially abandoning the low end of the market. Toyota is including as standard equipment many features that domestic pickup OEMs charge extra for, such as side-curtain air bags, stability control, towing equipment, easy-lift tailgate and seat-side airbags. On an apples to apples identically equipped basis, the Tundra stickers for about \$2,300 less than the domestic full-size trucks (one example: a four-door Tundra with two rows of seats, standard bed and a 5.7 liter V-8 engine stickers at \$2,325 less than a comparable Silverado and \$3,620 less than a comparable Dodge Ram).
- Between now and 2009, Toyota is expected to add about 450,000 units of North American capacity: the new Tundra plant in San Antonio, a new RAV4 plant in Canada and Camry units from the Subaru Indiana plant this spring.

NISSAN:

- Renault-Nissan is on the edge of displacing Ford as the # 3 global seller of vehicles. As Ford shrinks to projected sales of 6.2 million vehicles worldwide this year, Renault-Nissan is likely to grow to 6.4 million, according to data from Morgan Stanley and UBS