



ALG Provides Third Revision of 2020 New Vehicle Sales Forecast Scenarios Based on Latest Impact of COVID-19

April 20, 2020

Forecast is updated with three scenarios with different outlooks

SANTA MONICA, Calif., April 20, 2020 (GLOBE NEWSWIRE) -- ALG Inc., a subsidiary of TrueCar Inc. and the industry benchmark for determining the future resale value of a vehicle, is providing a third revision of its initial 2020 new vehicle sales forecast to account for the quickly evolving Coronavirus (COVID-19) pandemic and the latest third-party economic outlooks.

13.1M (Optimistic): Probability Index: 10%

- o Movement restrictions slowly lifted nationwide through May
- o Multiple stimulus packages deployed and having a positive impact

12.6M (Mixed): Probability Index: 45%

- o Movement restrictions slowly lifted nationwide through May
- o Slow recovery through 2020 stimulus packages deployed and having a positive impact
- o Moderate disruptions from subsequent localized movement restrictions

11.3M (Cautious): Probability Index: 45%

- o Second round of national movement restrictions in early fall
- o Slower recovery through 2020 with increased unemployment

"COVID-19 continues to add pressure on economic health as many states extend stay-at-home restrictions well into May and unemployment and layoffs continue to expand into other industries, leading to a slower recovery," said Eric Lyman, Chief Industry Analyst for ALG, a subsidiary of TrueCar. "This completely diminishes the likelihood of recovering 2020 sales to pre-Coronavirus sales rates."

"We believe 12.6 million is now the most likely scenario," added Lyman. "However, for the U.S. market to achieve that figure this year, multiple rounds of stimulus must bridge business and household finances through the initial spring lockdowns. We will also need a sharp decline in unemployment over the summer as businesses reopen under modified operating rules to accommodate continued social distancing in an effort to avoid secondary outbreaks."

"Even in a contracting economy, the demand for new vehicles in the next three years will make up for many lost sales in 2020," said Morgan Hansen, Vice President, Data Science at ALG, a subsidiary of TrueCar. "ALG forecasts a cumulative shortfall of new sales of three to nine million units over the next three years, based on varied vehicle ownership patterns, scrappage, and population growth. Even accounting for diminished driving habits, a quick recovery of 15.5 million sales by 2022 is extremely likely, outpacing the year-over-year sales growth rates in the early 2010's."

Added Lyman, "We know that the threat of COVID-19 is not going away in 2020 and new car sales will depend on consumers' ability to adapt to new ways of conducting not just retail transactions but daily life. Automakers are extending financial support and providing various incentives to consumers. Dealerships are also quickly adapting with digital solutions during these times of social distancing."

Note: All scenarios are absent severe impacts and "speculative pessimism" from:

- Widespread supply chain or vehicle production disruption
- Prolonged social distancing beyond 6 months
- Prolonged closure of auto dealerships beyond 45-60 days
- Stimulus packages delayed or ineffective
- Significant and sustained declines in macro-economic fundamentals (demand)

Sign up today for ALG's Next Webinar:

"Natural Demand: Impact of 2020 Sales Decline and Consumer Behavior on Long Term Outlook through 2025"

Description: ALG captured unique historical data sets for driver behavior to estimate pent-up sales following the Great Recession and predict the rise of incentive spending in 2016. This webinar will take a deep dive into ALG's process of calculating "Natural Demand" and discuss how the COVID-19 crisis may influence key demand drivers and future new vehicle sales through 2025.

Date: Thursday, April 23, 2020

Time: 11a-12p PDT

Key Speakers:

Eric Lyman, Chief Industry Analyst, ALG

Morgan Hansen, Vice President, ALG Data Science

Registration: Click [here](#) to reserve your space in the webinar.

About ALG

Founded in 1964 and headquartered in Santa Monica, California, ALG is an industry authority on automotive residual value projections in both the United States and Canada. By analyzing nearly 2,500 vehicle trims each year to assess residual value, ALG provides auto industry and financial services clients with market industry insights, residual value forecasts, consulting and vehicle portfolio management and risk services. ALG is a wholly-owned subsidiary of TrueCar, Inc., a digital automotive marketplace that provides comprehensive pricing transparency about what other people paid for their cars. ALG has been publishing residual values for all cars, trucks and SUVs in the U.S. for over 55 years and in Canada since 1981.

About TrueCar

TrueCar is a leading automotive digital marketplace that enables car buyers to connect to our nationwide network of Certified Dealers. We are building the industry's most personalized and efficient car buying experience as we seek to bring more of the purchasing process online. Consumers who visit our marketplace will find a suite of vehicle discovery tools, price ratings and market context on new and used cars -- all with a clear view of what's a great deal. When they are ready, TrueCar will enable them to connect with a local Certified Dealer who shares in our belief that truth, transparency and fairness are the foundation of a great car buying experience. As part of our marketplace, TrueCar powers car-buying programs for over 250 leading brands, including AARP, Sam's Club, and American Express. Nearly half of all new-car buyers engage with TrueCar powered sites, where they buy smarter and drive happier. TrueCar is headquartered in Santa Monica, California, with offices in Austin, Texas and Boston, Massachusetts.

For more information, please visit www.truecar.com, and follow us on Facebook or Twitter.

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Source: TrueCar, Inc.