



ACQUIRING THE RIGHT INVENTORY

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Agenda

1 “Backgrounded”

4 Leading Indicators of a Stronger 2015

7 Strong Dealer Attributes

10 Q & A

2 NextGear Capital
(Market Positioning)

5 NextGear Capital
Forecasts a Solid 2015

8 Acquiring Inventory

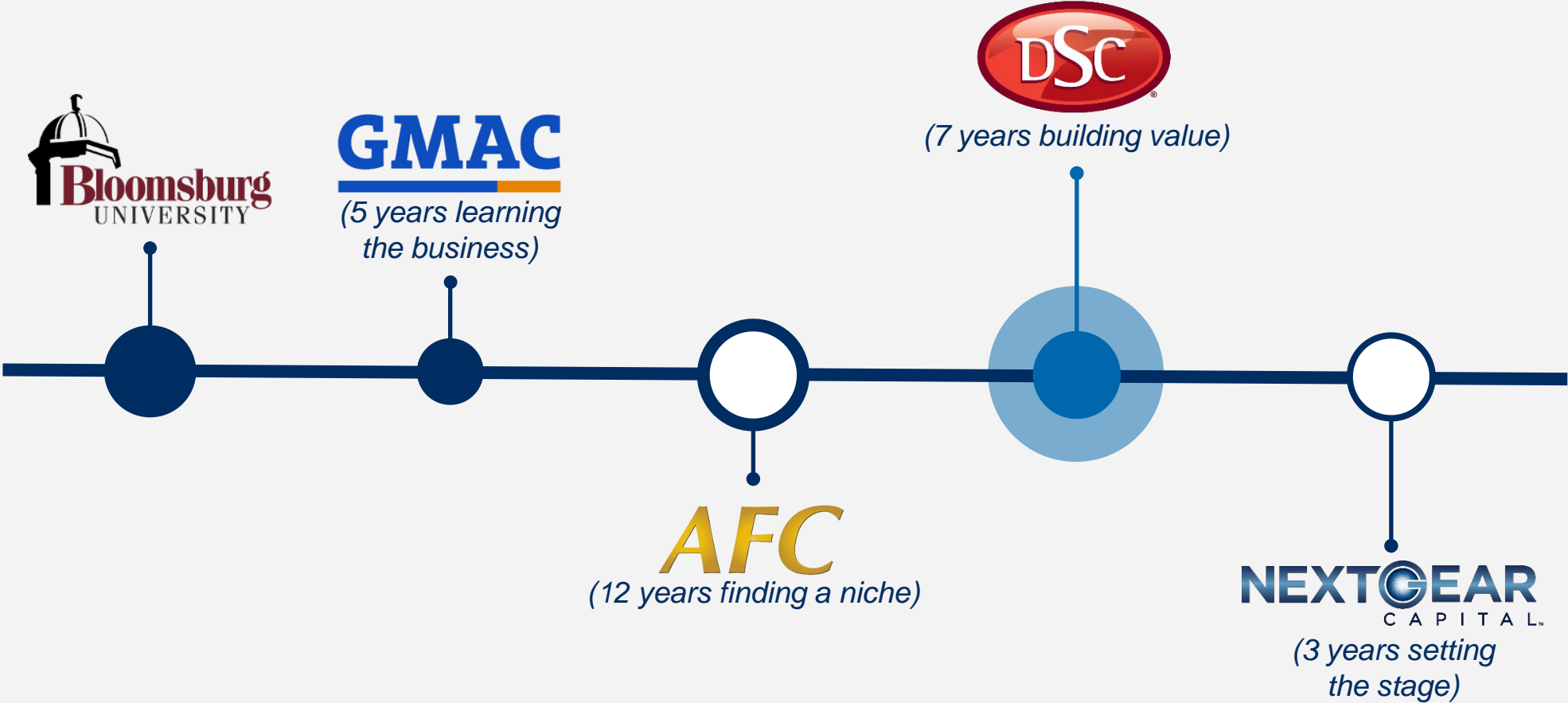
3 Economics

6 Subprime Dynamics
and 2015 Supply

9 Summary

Backgrounded in the Industry

27 years in the floor plan industry



NextGear Capital

Avg. Loan
\$10,142

20,103 BORROWING
DEALERS



Avg. LOC
\$266,461

698 EMPLOYEES

300,000 VINS
6x per year

Cox Automotive

24,000 employees strong

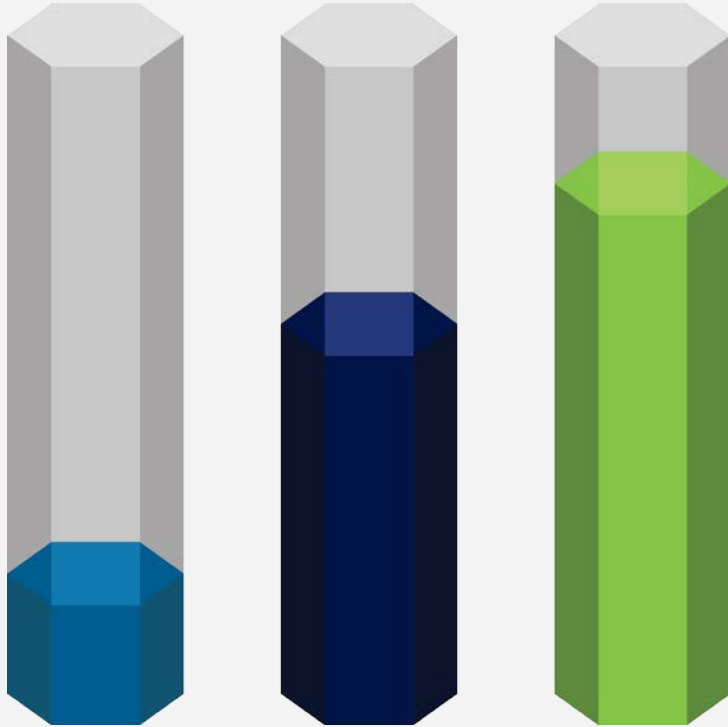


Cox Automotive

NextGear Capital leads the Financial Services Division



Economic Outlook



Sources: Cox Automotive Consulting

- Positive trends in 2014
- 2014's employment growth was the highest since 1999
 - 50 consecutive months of employment growth
- Payrolls set to show steady, slow growth in 2015
- Jobless claims at an all-time low

NextGear Capital 2015 Economic Growth

\$15 Billion in Sales to 22,000 unique dealers

Call Center

Ended the year taking 599,628 calls

↑ 20%

Customer Relationships

Ended the year with 20,013 Dealers

↑ 12%

Loan Portfolio

Ended the year with 299,647 Units

↑ 36%

Accounts Receivables

\$3 Billion


↑ 53%

Job Creation

Ended the year with 698 employees

↑ 124/22%

Bigger and Longer Subprime Loans



**Subprime car
loans make up
1 in 4 auto
loans made**

“The average auto loan today is getting longer (about 5 years). Twenty + percent of all auto loans are subprime. Plus, the average dollar amount of these subprime loans – more than \$16,000”

Source: Stansberry & Associates Investment Research

Subprime Customers climbing back!

“Finally, the percentage of subprime borrowers (23%) is growing steadily but still remains below pre-recession levels.”

Source: Stansberry & Associates Investment Research

Used Vehicle Outlook - 2015



Sources: Cox Automotive Consulting, Auto Remarketing, Dealer.com

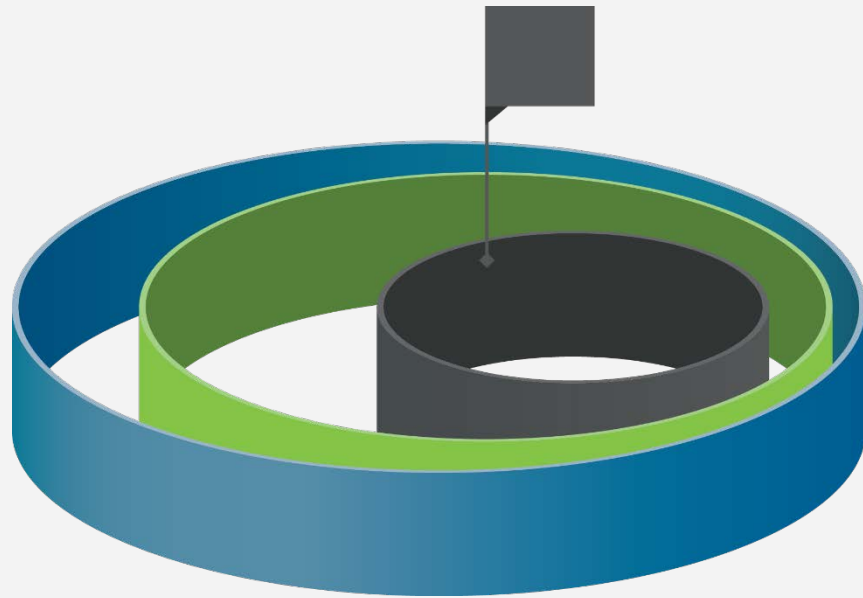
A surplus of inventory available

- Lease term-ends should be high in 2015
 - More supply entering the market with 2.5 million units set to return

Prices should remain in check

- Higher supplies in spring

Successful Dealer Attributes



Be Ready to Capitalize

(Poise yourself within your comfort zone)

- Have enough dry powder, i.e., cash, floor plan, lenders, etc. to leverage market condition (local/national)
- Investigate technologies such as mobile and DMS to find more efficiencies in acquiring/managing inventory
- Align with stable, innovative vendors along the entire remarketing cycle

Successful Dealer Attributes



Source: Ken Chilson, NABD

Know your customer

- Who is your typical buyer?

Match the right customers with vehicles they can afford

- The definition of good underwriting is properly “matching the customer with the vehicle they can afford and not necessarily the one the customer picks out”

Successful Dealer Attributes

PRICING MATTERS	MANAGE TURN TIME
<p>Fresh Cars Sell Quicker</p> <ul style="list-style-type: none">▪ Selling more cars in less time advances the broader “turn and earn” goal <p>Price-to-market metrics can help guide pricing decisions</p>	<p>45 days</p> <p>Vehicles lose front-end profit</p> <ul style="list-style-type: none">▪ High cost to acquire units▪ Price competition▪ Carrying costs▪ Depreciation

Source: vAuto

Tip:

1

Create A Broader Acquisition Strategy

The screenshot shows the Manheim website's search interface. At the top, there's a navigation bar with 'BUY', 'SELL', 'SERVICES', 'MY MANHEIM', and 'LOCATIONS'. A search bar contains 'Vehicle Search'. Below the navigation, there are sections for 'Welcome' (with 'Forgot Password?' and 'LOGOUT'), 'Location Finder' (with 'LOCATE'), and 'Sales and Promotions'. The main content area is titled 'Search All Manheim Inventory' and includes filters for Make, Model, Years, Pickup Location, and Inventory Source. A large blue arrow points to the 'SEARCH' button.

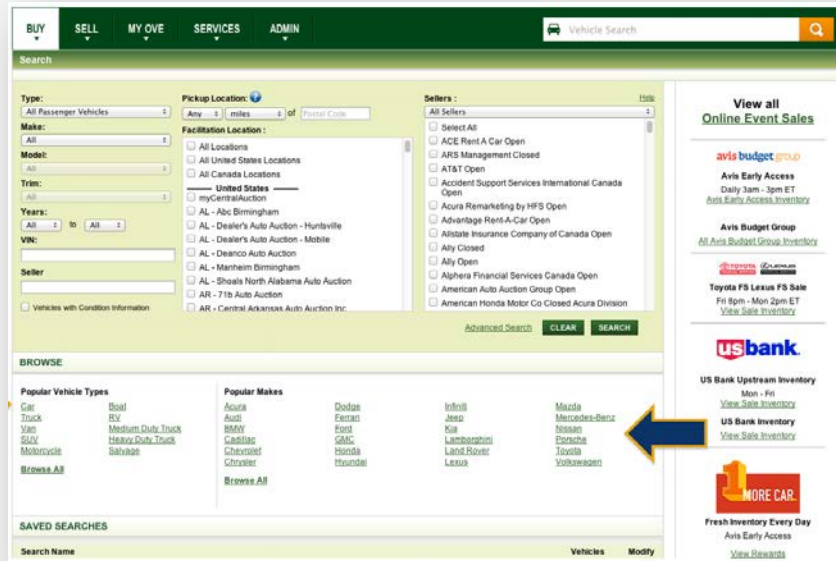
Source: Manheim

- Utilize the auctions' search functions
 - “Kicking tires” less necessary due to technology
 - Ability to “attend” auctions in multiple locations
 - View real-time values on all units
 - Find the vehicles selling in your market
 - Research by make, model, year or pickup location
 - Search on the go with mobile technology

Tip:

2

Recognize Multiple Avenues For Buying Inventory



Source: Manheim

- Online buying growing leaps and bounds
 - Freshest inventory and best prices online
- Many sources exist to help you find the right inventory
 - Examples - Ove.com, Simulcast
- Bring the inventory to your desktop or mobile device
 - “Buy smarter, not harder”
- Connect your treasury to your buying platforms

Tip:

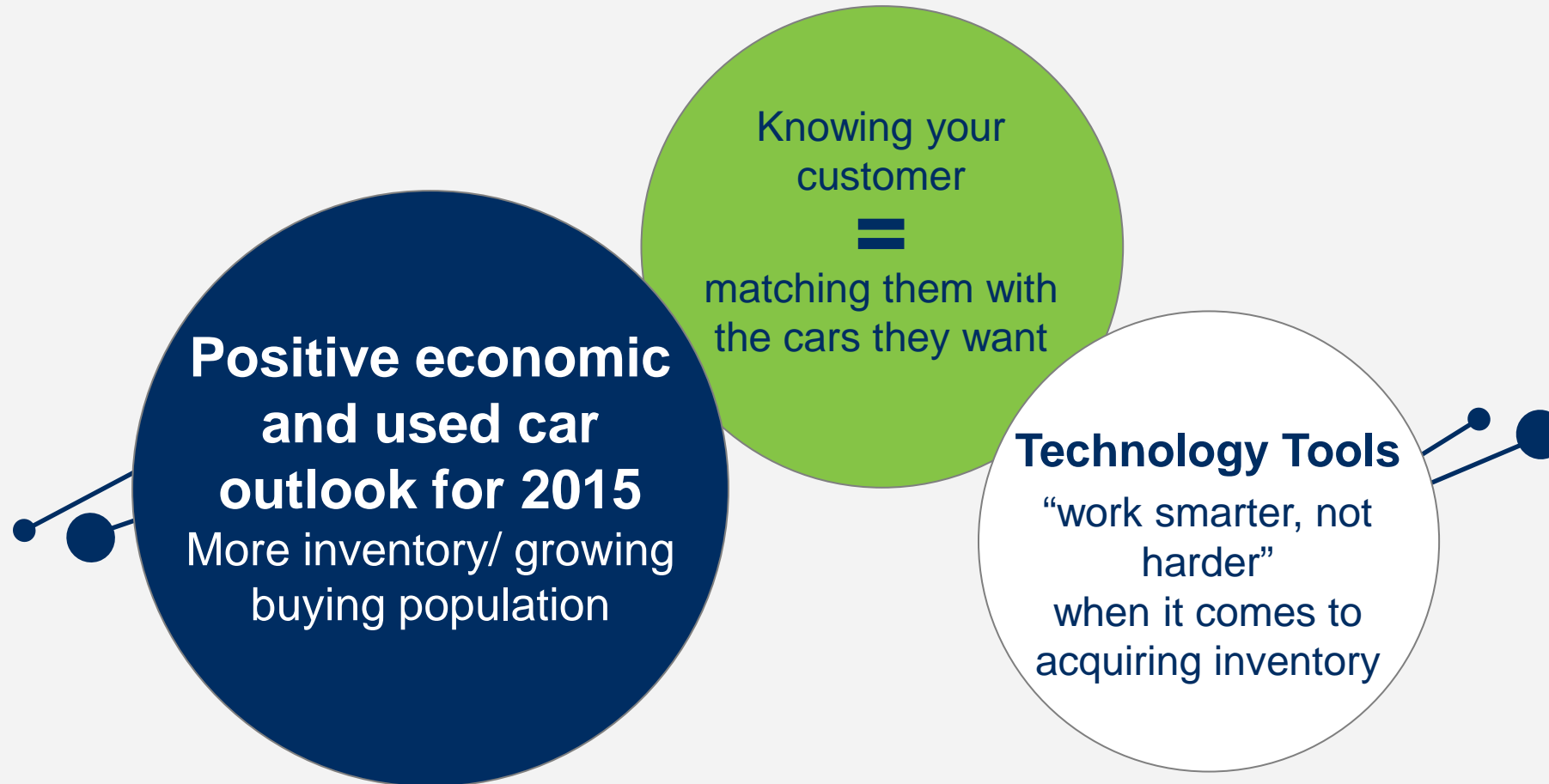
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Save Time – Connect Acquisition And Inventory Stocking

Invest in a software solution for inventory management

- Efficiently run operations
- Monitor market inventory trends
 - Purchase inventory selling in your market
- Track sales to find tendencies
 - Discover where to back off and where to be aggressive
- Use metrics to monitor portfolio performance and to adjust underwriting
 - Price vehicle to maximize search hits

Summary





QUESTIONS