SEPTEMBER 2025

Monitor
Automotive

SALES SHOW UNEXPECTED HORSEPOWER

SALES DRIVE ON
New vehicle sales remained relatively strong through the first half of 2025 despite threats of tariffs and economic uncertainty

BREAKING RECORDS
The EV segment set another record month of sales in August as buyers rushed to market ahead of federal tax credit cuts

RACE TO THE TOP
GM, Toyota, Ford, and Honda held on to the top spots with robust year-over-year sales gains amid pent-up demand

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Deals are a moving target with a constantly shifting mix of people, numbers and timing. We are here to simplify this process for you. Our associates are experts at analyzing situations and quantifying values you need on the most complex deals, so you can leverage our extensive industry knowledge to close the deal.

Industry Trend Tracker

	OEM Parts	Aftermarket Replacement Parts and Accessories	Tires
Net Orderly Liquidation Values	Mixed ▲▼	Mixed ▲▼	Mixed ▲▼
Sales Trends	Mixed ▲▼	Increasing ▲	Mixed ▲▼
Gross Margins	Decreasing ▼	Decreasing ▼	Mixed ▲▼
Inventory	Mixed ▲▼	Mixed ▲▼	Increasing ▲

OEM PARTS

Net orderly liquidation values ("NOLVs") for original equipment manufacturer ("OEM") parts were mixed in the first half of 2025, flat or down as many as three percentage points. NOLV trends by company are highly dependent on the programs or customers served. However, margins at several companies were under pressure during the six-month period.

Sales of OEM parts were mixed in the beginning half of the year, fluctuating up to 10% year-over-year. While OEM production thus far in 2025 was below 2024 levels, individual company results were highly dependent on the specific programs and customers served. Some programs were reshuffled due to tariffs, while others showed significant growth. Although not included in current sales trends, several companies reported new program launches as a result of reshoring activity, which are expected to bolster sales in the coming months.

Gross margins for OEM parts decreased between one and three percentage points in the first half of 2025 as many companies battled rising costs amid mounting tariffs. As a result, OEMs have begun asking suppliers to absorb more of the cost increases.

Inventory levels for OEM parts were mixed in the first half of the year, up or down 10% to 15%. Companies reported cost increases related to aluminum inputs and tariffs, supply chain delays amid uncertainty surrounding tariff announcements, and subsequent shortages or delays of certain electronic components from overseas suppliers.

AFTERMARKET PARTS AND ACCESSORIES

NOLVs for aftermarket replacement parts and accessories were mixed in the first half of 2025, up or down as many as five percentage points. This segment tends to experience greater fluctuations due to the wide variety of product categories and customer bases served. Large swings in NOLVs were driven by changes in excess inventory levels, exposure to more discretionary product categories, inventory mix, and gross margins.

Sales increased 5% to 10% year-over-year due to the average age of vehicles on the road continuing to increase. Companies also attributed sales growth to an increase in do-it-yourself consumer demand, though price-sensitive individuals often opted for value brands. Nonetheless, more discretionary items, such as performance parts and luxury aftermarket accessories, saw reduced demand.

Aftermarket gross margins decreased between two and four percentage points in the beginning half of the year. Margins for most companies have been under pressure due to tariffs, competitive pricing pressures, and discounting to combat consumer price sensitivity.

Aftermarket inventory levels were mixed, up or down 10% as companies grapple with supply chain disruptions related to tariffs, which have led to variability in inventory levels. Shifts in consumer demand toward lower-priced value and private label products have also led to inventory fluctuations. However, inventory for many companies seems to be normalizing ahead of the winter season.

Industry Trend Tracker

TIRES

NOLVs for tire manufacturers and distributors were mixed in the first half of 2025, up or down as many as two percentage points. Any changes in NOLVs were fairly modest and dependent on product mix and customer base. Heavier exposure to heavy-duty and agricultural tires generally weighed on NOLVs, while several companies saw expanded margins on lower-cost import offerings.

Sales volumes for tires were mixed, with some companies reporting flat year-over-year sales, while others saw decreases of up to 5%. Industry volumes were down primarily due to lower OEM and fleet volumes, though overall replacement demand remained steady. Product mix was a significant driver, as economic uncertainty and higher prices squeezed premium tire brands, while demand for lower-cost imports grew.

Gross margins for most tire manufacturers and distributors were mixed in the beginning half of the year, up or down two percentage points, with margins highly dependent on product mix and customer mix. For some companies, lower-cost import and budget brands carried significantly higher margins this year.

Inventory levels for tires increased 5% to 10% in the first half of 2025. In earlier months, companies reported the pausing of some orders in light of tariff announcements and subsequent economic uncertainty. However, inventory levels quickly rebounded as tariffs were paused.

Automotive Overview

The U.S. automotive industry stayed the course in the first half of 2025, with a short surge in springtime sales amid looming tariffs and economic uncertainty, followed by slow but steady growth as buyers shook off fears of price hikes.

The first quarter of the year kicked off with consumers rushing to buy new vehicles ahead of any tariff impacts on vehicle prices. In particular, the industry saw its sixth-best March in the last five decades with 11% sales growth year-over-year, which was also fueled by a flurry of OEM incentives and tax refunds.

Sales continued to climb into the summer months, albeit at a slower pace, as higher interest rates and tighter new vehicle inventory, especially among the more affordable low end of the market, weighed on consumer sentiment.

Nonetheless, new vehicle retail prices remained relatively strong over the first half of 2025 despite the administration's increasingly aggressive announcements on tariff policy, with pauses in tariffs and pent-up demand driving many consumers to shake off fears of vehicle price increases. Still, experts caution that OEMs are beginning to pass along increased costs to consumers as tariffs impact production costs.

New light vehicle sales in the U.S. ended June with a seasonally adjusted annual rate ("SAAR") of 15.3 million vehicles, down from the SAAR in May, but on pace with the same period in 2024. July sales finished stronger than expected, buoyed by strong fleet sales. However, industry experts expect the remainder of 2025 will be marked by slower sales as the impact of tariffs drives up vehicle prices on the low end of the market, while inflation and a weak job market take their toll on consumer demand.

More recently, electric vehicle ("EV") automakers enjoyed their second consecutive month of robust demand in August, as consumers flocked to purchase new EV rides and take advantage of tax credits before they expire at the end of September. However, EV dealers remain guarded in their outlook for the remainder of the year, with the end of the EV tax credit expected to cause a slowdown in EV demand in an already price-sensitive market.

New Vehicle Market

Despite economic uncertainty being a common theme across most industries in the first half of 2025, most U.S. automakers have proven resilient with year-over-year growth of new vehicle sales in most months.

The industry reported a 4% sales gain for the six months ended June 2025 versus the same period in the prior year as vehicle sales surged in March and April, with many consumers seeking out new rides ahead of announced tariffs and potential subsequent price hikes on vehicles.

The industry finished June with a SAAR of new vehicle sales of 15.3 million units, down from May's SAAR of 15.6 million, but still on pace with the same period in 2024. July sales were predicted to exhibit more of the same with sluggish growth. However, pent-up demand and strong fleet sales resulted in a stronger-than-expected SAAR of 16.4 million vehicles in July, up 7.1% from June's SAAR and reflecting a 3.7% increase year-over-year. Analysts note that the year-over-year comparison may have been larger, as July 2024 data included sales that would have actually occurred in June 2024 were it not for the massive software outage at dealerships across the country in June 2024.

More recently, robust EV sales pushed new vehicle sales higher in August as consumers rushed to make new EV purchases and take advantage of federal tax credits before their expiration at the end of September 2025.

Experts expect the final months of 2025 will be marked by slower sales as the impact of tariffs drives up vehicle prices, particularly on the low end of the market, while inflation and a weak job market take their toll on demand.

In addition to uncertainty surrounding tariffs, the industry continued to contend with labor shortages and inflationary pressures in the first half of the year, but new product launches and relatively stable vehicle inventory led many automakers to still post sales gains as the new vehicle market remained healthy with pent-up demand.

Crossovers remained America's most popular segment in 2025, accounting for nearly half of all new vehicle sales, due to a winning combination of cabin space, generous ground clearance, all-wheel drive options, accessible cargo loading, and fuel-efficient design.

The average transaction price ("ATP") of a new vehicle continued to creep higher in 2025, from $48,641 in January (up 1.3% year-over-year) to $49,077 in August (up 2.6%). Experts predict the ATP could move past $50,000 by the end of 2025, surpassing the all-time high of $49,926 in December 2022.

OEM incentive spending peaked in July at 7.3% of the ATP, with the amount of discounting in the market varying widely across automotive brands.

Sales By Automaker

General Motors ("GM") finished the second quarter with 746,588 vehicles sold in the U.S., up 7.3% versus Q2 2024. The automaker continued to be the market leader in full-size pickup trucks and SUVs, reporting its best mid-year full-size pickup sales since 2005 and best-ever sales of the Chevy Silverado HD and GMC Sierra in two decades.

Meanwhile, GM's U.S. EV sales totaled 46,280 units for Q2 2025, a 111% increase year-over-year, driven by the company's Chevrolet and Cadillac EV offerings. Overall, GM's consolidated year-to-date ("YTD") June 2025 sales were up 11.7% versus the same period in the prior year.

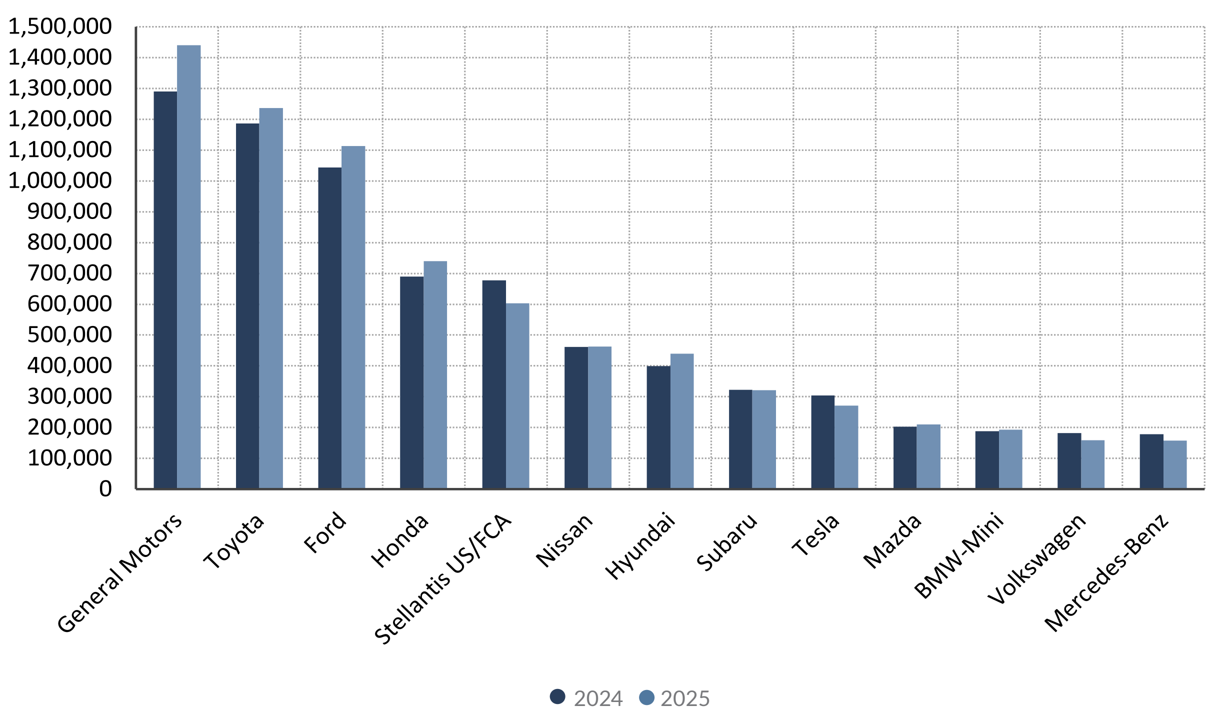
Toyota North America sold 666,469 vehicles in the U.S. in Q2 2025, up 7.2% versus Q2 2024, due to steady demand for the automaker's Toyota and Lexus brands. Toyota finished the second quarter with 320,817 EVs sold in the U.S., up 29.7% versus Q2 2024 and comprising 48.1% of the automaker's total sales volume.

Ford sold 612,095 vehicles in the U.S. in Q2 2025, up 14.2% versus Q2 2024. The automaker's YTD June 2025 sales were up 6.6% versus the same period in 2024. The automaker attributed the sales growth to its large current lineup of trucks, hybrids, and SUVs, with the F-Series truck posting its best second-quarter sales since 2019, Ford Pro Super Duty sales at their highest since 2004, and EV sales up 6.6% year-over-year.

Honda finished its Q2 with 387,574 vehicles sold in the U.S., up 8.7% versus Q2 2024. The automaker's YTD June 2025 sales were up 7.1% versus the same period in the prior year. The automaker benefited from the success of its new Honda Passport and Acura ADX lines, as well as record EV sales, which were up 66.1% year-over-year.

Meanwhile, Stellantis US/FCA's sales fell 10% in Q2 2025, due to high vehicle prices, underwhelming lineups, low incentives, and marketing cuts. The loss marked the eighth consecutive quarter of sales declines for the automaker.

1 U.S. Light Vehicle Retail Sales by Automaker
Year-to-Date June 2025 versus 2024 (in Units Sold)



Industry Spotlight

BUZZING WITH URGENCY

After a shocking year of sales growth in the U.S. EV segment in 2024, total new EV sales in the U.S. continued to set new records with 607,089 vehicles sold through the first half of 2025, marking a 1.5% year-over-year increase.

While the second quarter of 2025 delivered a 6.3% decline in new EV sales year-over-year, the decrease was only the third decline on record, with experts attributing the trend to a more mature EV market. However, sales in Q2 2025 were still 4.9% higher than in the prior quarter.

The EV segment went on to set yet another record month of sales in August, with 146,332 new EVs sold and a 9.9% share of total new vehicle sales in the U.S, the highest share to date.

With the Inflation Reduction Act's federal EV tax credit set to expire at the end of September 2025, experts noted the third quarter of the year is poised to be the strongest quarter for EV sales in U.S. history.

Despite ongoing concerns of affordability in the greater automotive market, prices for EVs continued to increase in Q3 2025. The ATP for a new EV in August reached $57,245, up 3.1% from the revised ATP of $55,562 in the prior month. However, new EV prices have largely been flat through the year. Experts also noted that EV sales growth pushed the ATP upward for the overall market.

In addition to buyers' urgency to purchase new EVs while tax credits are still active, OEMs have kept the incentives coming in 2025. Consumers received discounts averaging 16% of ATPs in August, with most buyers saving up to $9,000 on new EV rides, which is more than twice the incentive rate in the greater automotive market.

Another major driver of growth in the overall EV market has been the influx of EV offerings from more automakers. As competition has continued to heat up in 2025, U.S. EV leader Tesla gradually lost more of the market.

Tesla's August sales declined 6.7% year-over-year, with market share slipping to 38%, the EV giant's lowest share to date.

Most experts cite several factors for Tesla's continued declines. The company has shifted its focus from updating its aging EV portfolio to further development of robotaxis and humanoid robots, resulting in the delay or outright termination of plans for more affordable EV models that could better compete with current lower-priced rivals. Additionally, Tesla CEO Elon Musk's foray into politics, particularly his efforts to reduce the size of the U.S. government and his close association with the current administration, had negative effects on his company's brand in 2025, with Musk eventually exiting the administration in May.

The EV segment has continued to make notable strides in core technologies thus far in 2025. Toyota has been hard at work developing a solid-state prototype battery, which will provide EV owners with a 750-mile driving range and ultra-fast charging capabilities. The new battery technology is slated to make its debut as early as next year and would potentially revolutionize the EV charging industry. Other advancements include predictive analytics driven by artificial intelligence, which will manage charging software and cut charging prices for EV owners by calculating the best charging times against grid capacity.

The automotive industry has yet to realize the full impact of new executive orders, tariff policy, and priorities of the current administration, as well as the expiration or rollback of initiatives from the previous administration as they pertain to greenhouse gas emissions and the sector's production road map for the coming years.

Despite current uncertainty in the U.S. economy, the largely positive momentum of the past several months is expected to pave the way for continued EV adoption.

Appraisal and Liquidation Experience

GA Group has worked with and appraised numerous companies within the automotive industry. While our clients remain confidential, they include companies throughout the automotive supply chain, such as manufacturers, importers, distributors, and retailers of aftermarket, performance, replacement, and OEM parts and accessories.

GA Group's appraisal experience includes the following sampling:

- A remanufacturer and distributor of alternators and starters for imported and domestic vehicles with over $170 million in sales and over $60 million in inventory, including $20 million of core inventory.
- An Internet retailer of aftermarket replacement automotive parts, including auto body and engine parts, as well as accessories, to customers worldwide. The company's $50 million of inventory includes approximately 1.8 million types of aftermarket auto parts for nearly all makes and models of domestic and foreign cars and trucks.
- OEM parts suppliers to top U.S. automakers, which includes manufacturers of transmission, interior, wheel, and accessory products.
- A full-line automotive core supplier scrap processor, and a processor of catalytic converters.
- An importer and wholesaler of specialized aftermarket automotive wheels and parts, including wheels for the U.S. auto market available in a variety of specifications.
- A designer, manufacturer, and distributor of specialty products for the performance automotive aftermarket, including fuel, air, and internal engine management systems, which are sold to retailers and distributors.
- A retailer and wholesaler of aftermarket auto parts, including engine, wiper, undercar, heat, and cooling parts and accessories, as well as electrical supplies, oil, filters, tools, equipment, paint, chemicals, and more, all sold under well-known national brands.
- A processor and distributor of precision automotive components designed for various automotive assemblies, such as transfer cases, transmissions, and air conditioners, selling to Tier 1 and Tier 2 suppliers.
- A U.S.-based producer and recycler of automotive and industrial lead acid batteries, with locations throughout North America and the world, an inventory of approximately $200 million, and sales of $1.2 billion.
- A distributor of tires, wheels, and assemblies for utility trailers, recreational vehicles, livestock trailers, mobile homes, and other applications.

GA Group has also liquidated a number of manufacturers and distributors of OEM and aftermarket parts, including Midas Corporation, Trak Auto, Smittybilt Outland Automotive Group, Inc., and American Products Company, Inc. In addition to our vast liquidation and appraisal experience, GA Group utilizes input from our staff of automotive experts.

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About GA Group

GA Group is a privately held financial services company offering a comprehensive set of tailored solutions to meet our clients' diverse needs. Our experts value, monetize, lend against, or acquire assets across a broad range of sectors from both healthy and distressed companies.

GA Group and its predecessors are celebrating 50 years of client service, and the company's current leadership has over 100 years of collective experience in the industry. GA Group is majority-owned by funds managed by Oaktree Capital Management, L.P. To learn more, visit www.gagroup.com.

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