

Auto Financing Becomes Growing Source of Revenue as Dealers in China Struggle for Profitability, J.D. Power FindsToyota Motor Finance Ranks Highest in Retail Credit and Floor Planning Segments

SHANGHAI: 5 June 2018 — Dealer profits from financing continue to grow year over year as overall dealer satisfaction with auto finance providers increases, according to the J.D. Power 2018 China Dealer Financing Satisfaction Study,SM released today.

According to the study findings, sales of financing products accounted for 11% of dealership profits by the end of last fiscal year, compared with only 5% in the 2013 fiscal year. According to the dealers surveyed, the percentage of new-vehicle buyers using a captive finance company to acquire or purchase their vehicle has reached a record high of 39% this year.

“As more automotive financing companies enter the market and as customers become more comfortable with financing their vehicle purchase, dealer profits from financing should continue to grow,” said **Jacob George, Vice President and General Manager at J.D. Power Asia Pacific**. “But in the meantime, dealers in China are still struggling with profitability as their core businesses—such as new vehicles, service and spare parts sales—remain sluggish.”

Overall dealership financial performance declined in the 2017 fiscal year, with 52% of dealerships operating profitably (down from 56% in the 2016 fiscal year), and the percentage of dealers operating at a loss increased by four percentage points.

Following are additional findings of the 2018 study:

- **Retail credit segment:** Captive finance companies continue to lead in market share by 51% and with a satisfaction score of 856 (on a 1,000-point scale), compared with 840 for bank/credit cards and 826 for online financing. Online financing has a small but growing share the retail credit market. Dealers continue to place the most importance on their finance provider’s application/approval process, which accounts for 37% of the overall satisfaction index.
- **Floor planning segment:** The overall dealer satisfaction score in the floor planning segment has increased 18 points from 2017 to 869. Sales representative relationship continues to grow in importance, which is now the highest-weighted factor in the overall satisfaction index of floor planning segment.

The China Dealer Financing Satisfaction Study examines dealer satisfaction with finance providers in two segments: retail credit and floor planning. In the retail credit segment, satisfaction is measured in three factors: application/ approval process; sales representative relationship; and finance provider offerings/products. In the floor planning segment, satisfaction is measured in four factors: finance provider credit line; floor plan portfolio management; floor plan support; and salesperson representative relationship.

The study is based on responses from 4,024 dealers, representing 49 vehicle brands across 84 cities throughout China, who were surveyed between December 2017 and March 2018.

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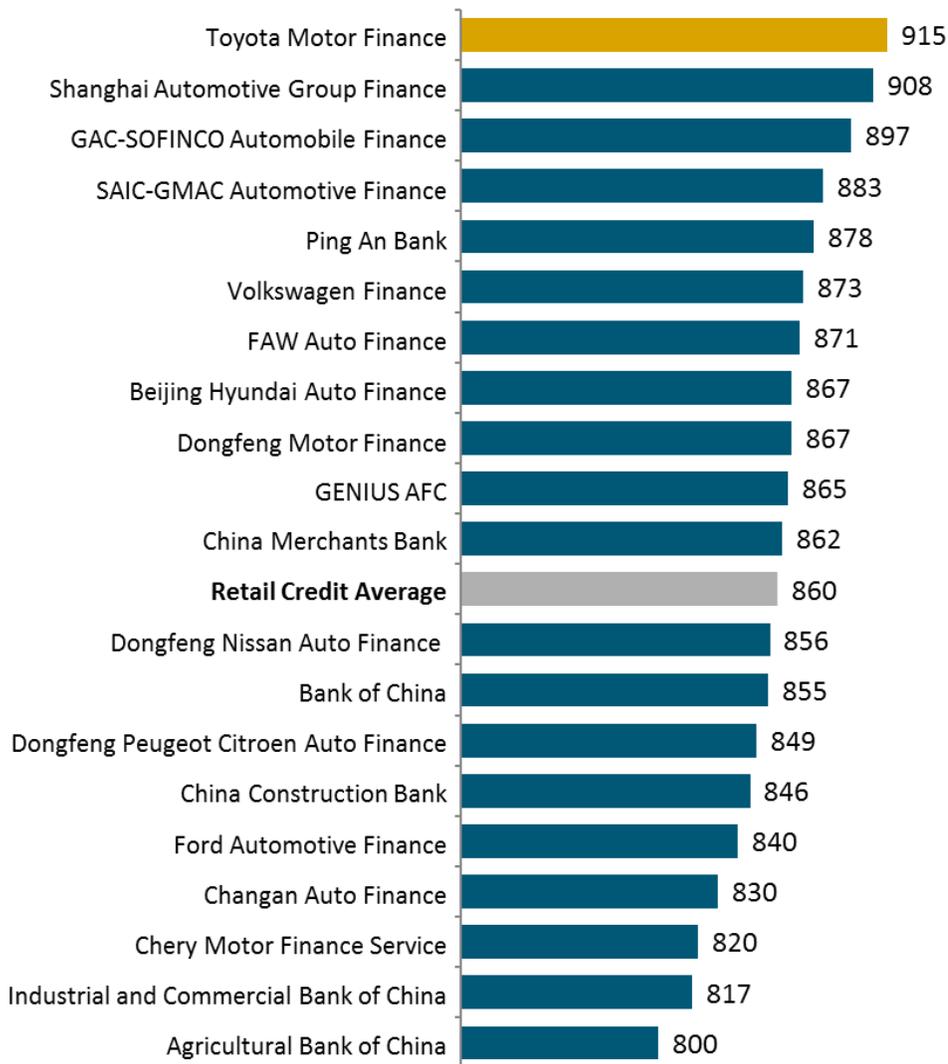
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NOTE: Two charts follow.

J.D. Power 2018 China Dealer Financing Satisfaction StudySM

Retail Credit

(on a 1,000-point scale)



Note: Included in the study but not ranked due to small sample size are daikuan.com, Mercedes-Benz Auto Finance, CITIC Bank and Bank of Communications..

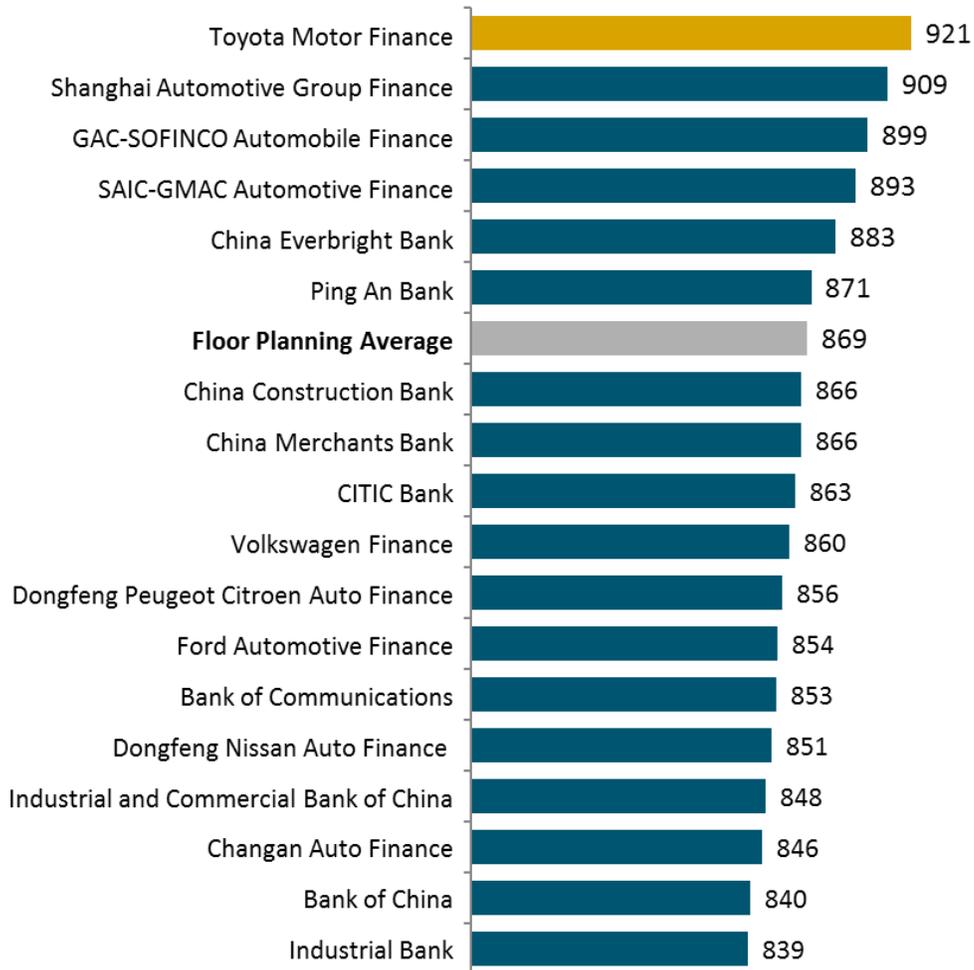
Source: 2018 China Dealer Financing Satisfaction StudySM

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J.D. Power 2018 China Dealer Financing Satisfaction StudySM

Floor Planning

(on a 1,000-point scale)



Note: Included in the study but not ranked due to small sample size are Dongfeng Motor Finance, Agricultural Bank of China, Mercedes-Benz Auto Finance, FAW Auto Finance, Beijing Hyundai Auto Finance and Chery Motor Finance Service.

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