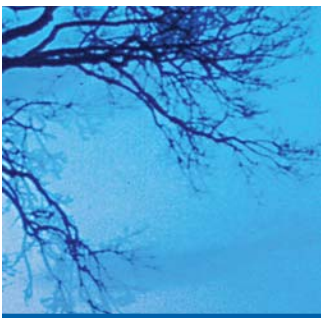


# 0% Financing - Grand Theft Auto of Tomorrow's Revenues

## A Look into the Auto Industry using StockVal

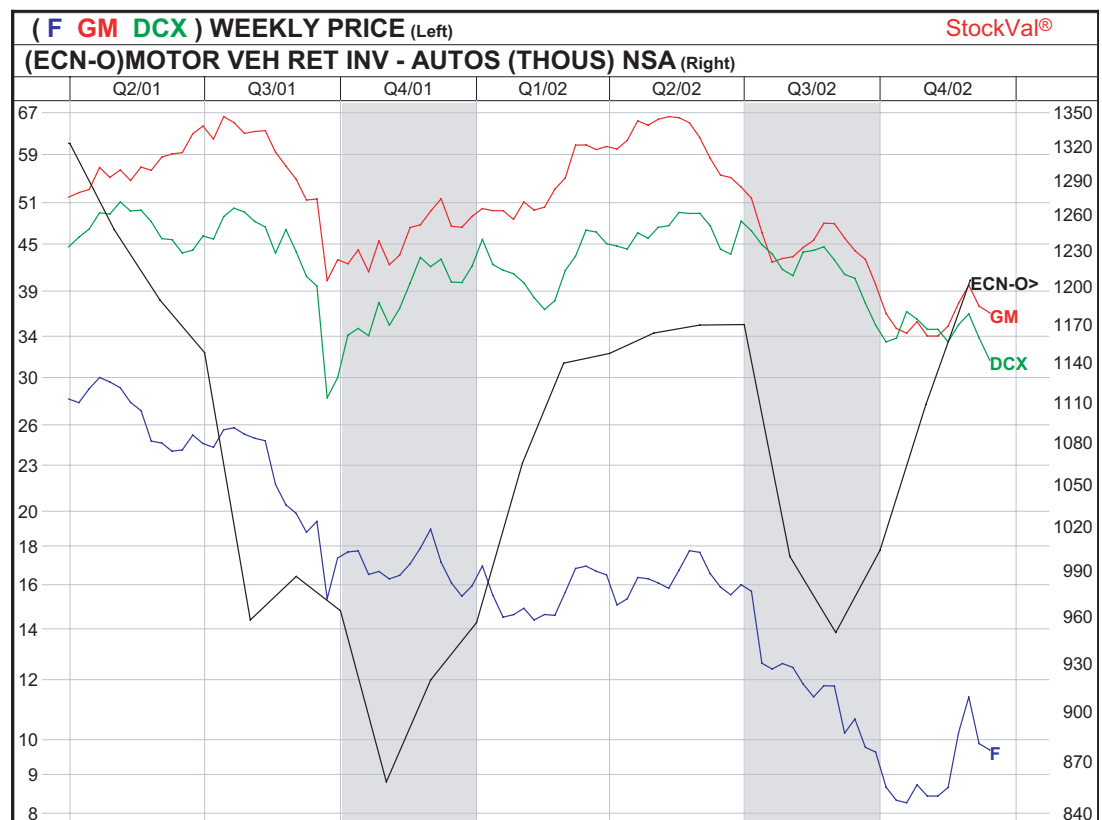


### ABOUT STOCKVAL

Since 1985, StockVal has offered comprehensive equity analysis and portfolio management tools to the investment management community through distinctive software and database products.

Automakers turn to 0% financing in order to keep dealers competitive and sales volume strong. The incentives launched by Ford, General Motors, and Daimler Chrysler over the past two years have helped the companies expand their market share within the US market and also have helped increase customer loyalty. Additionally, the costs associated with 0% financing have been decreased by record low interest rate levels.

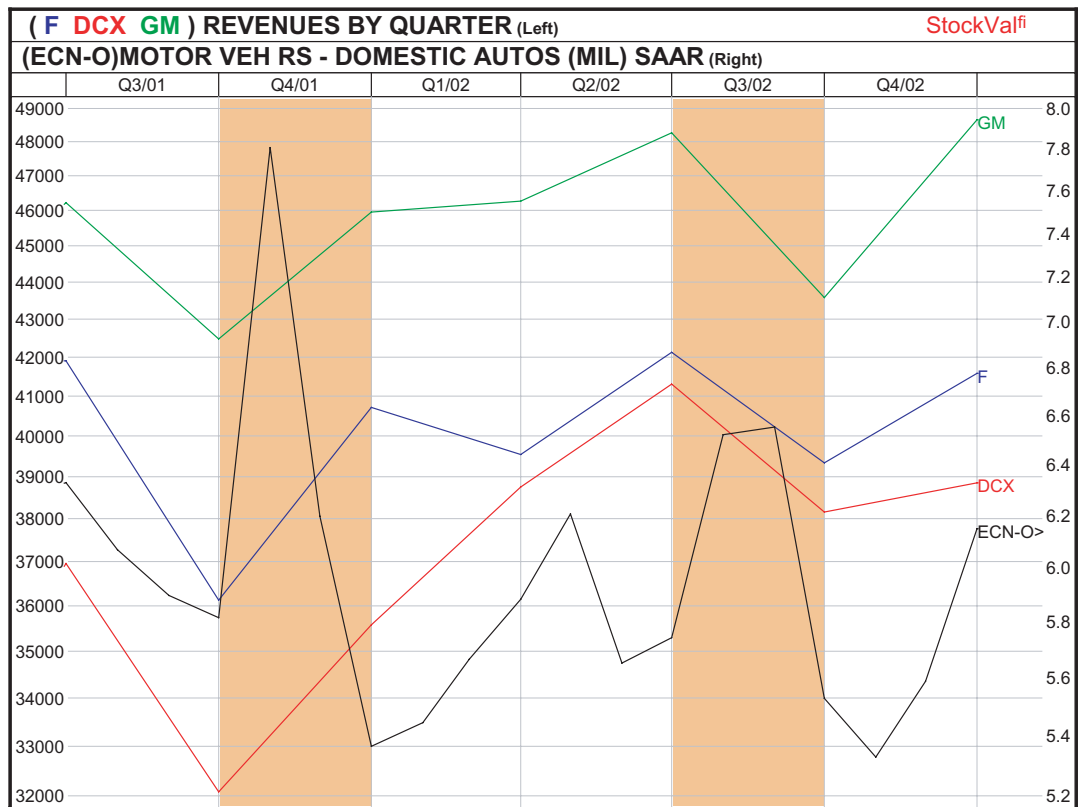
The graph below illustrates the price performance of the Big 3 automakers and includes an economic overlay of motor vehicle retail inventories. In the fourth quarter of 2001 the financing incentives helped revive depressed price performance caused largely in part by the events of September 11<sup>th</sup>. However, a similar reaction never occurred when the automakers re-introduced the financing incentives almost a year later.



Shaded areas represent approximate periods of 0% financing

QUICKTAKE - APRIL 2003  
THE 0% FINANCING EFFECT

The 0% financing has also boosted sales to record levels and has enabled dealers to unload leftover models and hard to sell inventory. The graph below illustrates the last seven quarters of sales reported by Ford, General Motors and Daimler Chrysler and overlays seasonally adjusted motor vehicle retail sales. Similar to the effects seen with price performance, 0% financing specials weren't able to elevate revenues to prior year levels. 0% financing pulls auto sales to the present from the future. In addition, low inventory levels created by 0% financing cause lower retail sales volume in future periods.



Shaded areas represent approximate periods of 0% financing

Now the automobile industry must determine if it can sustain itself long-term without incentives such as 0% financing. Meanwhile, investors need to determine if the sheer volume of sales created by 0% financing enables the automakers to keep profit margins high; or are the financing incentives nothing more than a price reduction further requiring the Big 3 to focus on improving margins to remain competitive with their foreign counterparts?



StockVal

Lance Finke  
Regional Sales and Support Manager

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