FOR IMMEDIATE RELEASE

EFG Companies Predicts Lengthy Road to Recovery and Advises Caution for Second Half of 2020

DALLAS, TX (August 5, 2020) EFG Companies, the innovator behind the award-winning Hyundai Assurance program, updated its 2020 predictions for the retail automotive and F&I market. As the United States economy experiences the pandemic-driven downturn, EFG predicts continued softness in light vehicle sales with greater downside performance risk than upside opportunity. While economic challenges may persist for the remainder of the year, EFG sees evidence that retail automotive dealerships are successfully managing the impact, and strength in F&I is boosting revenue.

In the United States, the first half of 2020 has seen a global pandemic, an economic shutdown, civil unrest and rising trade tensions with China. However, the S&P 500 Index has risen 1.2 percent year-over-year, and monthly consumer savings rates have exceeded historical levels according to the Bureau of Economic Analysis. Analysts attribute this dichotomy to federal economic stimulus measures as well as conflicting consumer confidence data.

"It is very difficult to interpret economic data in the current environment since we have no context for how an economy will or should perform during a pandemic of this magnitude," said John Pappanastos, President and CEO of EFG Companies. "New light vehicle sales are driven by consumer confidence, and we see that confidence waning as long as the pandemic continues to plague the U.S. We expect U.S. new light vehicle sales to finish 2020 at 14.0 million, representing a decline of 18 percent from 2019, and we expect a recovery to 15.6 million retail units in 2021. However, RV and powersports retailers are experiencing unprecedented demand and sales revenue."

On the automotive manufacturing side, the industry is restarting production while addressing coronavirus outbreaks at plants, as well as supplier disruptions due to financial constraints and bankruptcies. Growing unemployment rates are prompting auto lenders to tighten consumer credit as they brace for loan delinquencies and losses.

"As high unemployment continues, the health of the U.S. economy will depend on the sustained stimulus efforts of our government through early next year," Pappanastos continued. "As such, we believe that the hand-off back to the free markets will be challenging, and the road to recovery - to pre-pandemic levels - will take several years.

"Our dealers seem to be managing the downturn in demand very well," Pappanastos added. "Thanks to the Great Recession, our partners have become adept at controlling costs while taking a disciplined, aggressive investment strategy in boosting pre-owned inventory. We believe that government stimulus and growing consumer aversion to mass transit and ride-sharing will drive sales of used vehicles. Finally, stronger performance in F&I is also mitigating the decline in unit sales."

In closing, Pappanastos offered, "Perhaps a small 'positive' in our outlook for 2020 is that next year will have easier year-over-year comparables."

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About EFG Companies

EFG Companies drives the industry's highest-reported compliant F&I profitability through its distinct engagement model in which the company operates as an extension of the dealer's management team. EFG addresses total dealership performance, and its client satisfaction Net Promoter score is higher than national corporate leaders such as Nordstrom, Ritz Carlton, and Amazon. Learn more about EFG at: www.efgcompanies.com.