

Looking Ahead: An Update from Manheim President Grace Huang – March 2021

What a difference a year makes!

Last March, we were preparing to kick off Manheim's 75th anniversary at our flagship location in Pennsylvania. It was going to be a year of celebrating our team members and clients who invested in our success. Then, the pandemic hit and everything changed.

A historical milestone year became one of extraordinary change. *One year ago* today, we made the unprecedented decision to convert all 76 Manheim sites to digital-only sales. Over time, we gradually began to provide dealers with safe access to our locations and added buying and selling choices, including running cars down lanes in November. This progress would not have been possible without our dealers' patience and commitment to our safety protocols. Delivering a trusted wholesale vehicle marketplace that works for everyone remains Manheim's top priority.

The year of COVID-19 taught us key lessons. We learned that:

- **Our clients can thrive in an all-digital marketplace** if provided with the right tools and technology, while understanding that some may still prefer more traditional options to buy and sell cars. That's the goal behind our commitment to deliver a more effective, efficient and connected client experience. Similar to connecting the pieces of a puzzle, Manheim is investing nearly \$100 million in 2021 to continue integrating our digital and physical offerings to better align with the varied needs of our clients, regardless of how they choose to do business. Among the initiatives already underway are:
 - **Vehicle Arbitration**: Manheim understands the importance of having consistent processes, policy interpretations and timely resolutions across our entire auction network. To deliver on this need, we have invested in a more streamlined solution that combines enhanced technology and digital tools to keep team members connected to each other and our clients. It supports vehicles purchased at both physical locations and through digital channels.
 - **Client Response Center (CRC)**: Investments in cloud technology are making it possible to route calls quickly and seamlessly to the right expert who can best resolve an issue, regardless of where it originates. Not only does this process improvement save time for dealers, it also strengthens relationships and drives increased satisfaction.
 - **Virtual Block Specialists**: Originally created to address the rise in offsite auction sales, this solution became essential during COVID-19. Today, our flexible workforce of nearly 200 specialists supports multiple Simulcast-only sales to keep clients connected while moving their businesses forward.
 - **Market Centers**: Introduced in 2019 to share resources and support functions across field locations, Manheim's 24 Market Centers provide a more seamless delivery of team member expertise, improved service consistency and greater time savings to help clients achieve their business goals.
- **Thinking outside the box has benefits**. With the pandemic limiting how we travel and interact with clients, Cox Automotive created a one-of-a-kind virtual selling event in January; timed to prepare our sellers to roll right into a virtual NADA in February. The Cox Automotive Experience allowed us to visit with 7,000+ clients, conduct over 1,000 demos and connect Manheim sales leaders with dealers via Facetime to learn about new products, offer feedback and answer questions.
- **The used vehicle market remains as critical as ever**. With used vehicle sales accounting for roughly 70 percent of industry volume in 2020, what we do matters to our employees, clients, industry and future.

Manheim launched these regular updates in the early days of COVID-19 when so much was still unknown. They were designed to offer ongoing communications to our clients and industry partners as the pandemic and our response evolved. It seems only fitting that one year later, we close the book on these updates and look ahead to brighter days, healthier tomorrows and mutual success.

All the best,

Grace Huang
President, Manheim