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OFFICE OF THE CFO

Fleet and Mobility

OCTOBER 2025 NEWSLETTER

MARKET UPDATE

Auto Index Performance

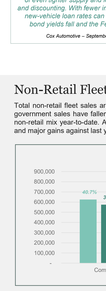
The auto index **outperformed** the broader S&P 500 and NASDAQ markets over the past three months posting a gain of 19.8%

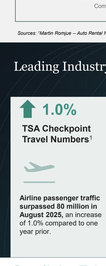
Stock	Price Change
HTZ – Hertz Global Holdings	8.1%
SIXZ – Sixt SE	10.5%
UBER – Uber Technologies	12.7%
LYFT – Lyft Inc.	24.4%
TSLA – Tesla Inc.	20.3%
GM – General Motors	18.7%
Auto Sub Index	**19.8%***

*Weighted change of S&P Composite 1500 Automobile & Components (^SPF1500-2310). *Source: Capital IQ as of September 2025*

State of the Vehicle Market

The tariff and trade outlook continues to pose challenges in global vehicle production and imports into the U.S. market. While the Fed Funds rate was cut by 25 bps on Sept. 17 and is expecting cuts later in the calendar year, OEMs are likely to remain cautious until tariffs stabilize. Production hesitations may in turn result in continued price increases, on top of the expected "tax" from tariffs.





Sources: [1]*Manheim Used Vehicle Value Index*
[2]*Cox Automotive Incorporated*
[3]*Federal Reserve Bank of St. Louis*

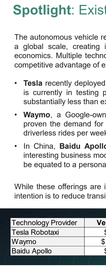
Jonathan Smoke
(Chief Economist – Cox Auto)

"Retail demand continues to ride a roller coaster. With new-vehicle supply tight and production on the decline because of changes in regulations and trade, the retail story is shifting to one of even tighter supply and lower incentives and discounting. With fewer incentives in place, new-vehicle loan rates can rise even when bond yields fall and the Fed cuts rates."

Cox Automotive – September 17, 2025

Non-Retail Fleet Sales

Total non-retail fleet sales are up year-to-date 2.3% through August versus 2024. Additional rental and government sales have fallen, rental vehicles sales are 100,000 greater than 2024, making up 54.7% of the non-retail mix year-to-date. According to Jeremy Robb, Cox Automotive, while rental fleets had a big month and major gains against last year, it is likely representative of a catch up from minimal gains in 2024.[1]



Sources: *[1]Martin Romjue – Auto Rental News (Sep 03, 2025)*

Leading Industry Indicators

Sources: *[1]TSA Checkpoint Travel Numbers, [2]Ankura Monthly Economic Indicators Overview [3]Manheim Used Vehicle Value Index*

1.0%
TSA Checkpoint Travel Numbers[1]

Airline passenger traffic surpassed 80 million in August 2025, an increase of 1.0% compared to one year prior.

8.0%
Price of Air Travel[2]

As of August 2025, the **price of air travel was up 8.0% vs. the previous year** and increased 3.2% from the previous month.

0.6%
Consumer Sentiment[3]

Per the August reading, **Consumer Sentiment increased 0.6% from July** as the views of current conditions remain steady.

Spotlight: Existential Threat of Autonomous Vehicles

The autonomous vehicle revolution has transitioned from future speculation to present commercial reality on a global scale, creating immediate pressures that threaten traditional rental car and broader mobility economics. Multiple technology approaches are converging toward cost structures that could challenge the competitive advantage of existing players.

- **Tesla** recently deployed its robotaxi service, which uses its in-house low-cost manufactured vehicles and is currently in testing phase in Austin, TX. Estimates suggest that, at scale, pricing per ride will be substantially less than existing mobility options.[1]
- **Waymo**, a Google-owned business leveraging large sensors on custom manufactured Jaguars, has proven the demand for driverless ride-hailing across several metro areas, providing more than 250,000 driverless rides per week.[2]
- In China, **Baidu Apollo** is producing autonomous vehicles cheaply, while also experimenting with an interesting business model in which vehicles can be rented by consumers for multi-day bookings. This can be equated to a personal chauffeur for renters.[3]

While these offerings are in relatively early stages, commerciality has been proven, and it is clear that the intention is to reduce transit pricing and create better experiences for consumers.

Technology Provider	Vehicle Cost	Approach	Commercial Status	Weekly Operations
Tesla Robotaxi	$30,000	Camera-only	Austin deployment	Limited testing
Waymo	$120,000+	Full sensor	6 cities	250k rides
Baidu Apollo	$28,150	AI-optimized sensors	Live rental service	TBD

While incumbent ride hailing platforms, like Uber, already pose a threat to traditional rental demand and economics, even they are not immune to disruption. The standard ride hailing business model builds marginal pricing based upon a cost structure that includes both labor and vehicle expenses, usually at the whim of macro economic conditions. Now, with companies like Tesla vertically integrating manufacturing, deploying autonomous vehicles, and cutting out labor costs, pricing models and consumer expectations will shift dramatically. Traditional rental car businesses and ride hailing platforms alike will have to rethink unit economics and tap into this wave of disruptive technology before it's too late. Notably, there is public consideration for Hertz and Uber to partner on autonomy given the inevitable change on the way.[4]

As of early 2025, Waymo's ride-hailing market share in San Francisco has already exceeded Lyft.[1]

Sources: *"Ark invest. Tesla Has Launched Its Robotaxi…Now What? August 2025*
[1] Yahoo Finance. "How Waymo got the edge on the competition and Tesla's robotaxi (so far). August 2025
[2] Electrive - Baidu, Apollo and CAR launch autonomous rental car service, September 2025
[4] Pershing Square CEO Bill Ackman Suggests Hertz-Uber Partnership on Autonomous Vehicles

Dara Khosrowshahi, CEO of Uber, recently stated at the All-In Summit on Sept 17, 2025

"… at this point they're looking to go it alone and I think the market is large enough to carry a number of winners."

when referring to his desire to partner with Tesla on autonomous vehicles.

Cheaper mobility options are inevitable

Below we've prepared a hypothetical analysis to illustrate the changes to unit economics that are on the horizon and potential disruption. The **values are illustrative** but directionally in line with publicly available cost data and industry benchmarks for **mobility services at scale, in a semi-mature state**.

The analysis reveals the fundamental economic reality driving the mobility revolution: labor represents the largest single cost component for traditional ride-hailing, accounting for $30,000 in annual driver costs that autonomous vehicles simply eliminate. This creates a huge unit economics gap. Uber and Lyft face high structural costs that operational efficiency alone cannot overcome. Tesla's Robotaxi demonstrates how removing the human driver unlocks cost advantages that make current ride-hailing models economically obsolete.

Perhaps most intriguing is while traditional car rentals prove durable in the overall mobility landscape, they may be undercut by low-cost autonomous options. It may ultimately come down to qualitative factors for the renter or rider, such as preferences for longer trips and the flexibility — or lack thereof — to park their vehicle. Nonetheless, the mobility space will become ever more competitive.

Illustrative Analysis Price per Mile	Incumbent Players		Autonomous Disruptors		
	Traditional Rental	**Uber/Lyft**	**Tesla**	**Waymo**	**Assumptions**
Vehicle Cost	*$45,000*	*$45,000*	*$30,000*	*$120,000*	
Vehicle Depreciation	$9,000	$9,000	$6,000	$24,000	20% of Vehicle Cost
Insurance	$3,500	$3,500	$2,000	$2,000	Autonomous safety benefit
Maintenance	$2,500	$2,500	$5,000	$5,000	More complexity
Fuel/Energy	$4,000	$4,000	$2,500	$2,500	Electric efficiency
Labor	$2,000	$30,000			Driverless vehicles
Technology/Software			$2,000	$2,000	Sensors and AI cost
Overhead	$3,000		$3,000	$3,000	Facilities
Operating Costs	**$24,000**	**$49,000**	**$20,500**	**$38,500**	
Fee/Markup	$6,000	$12,250	$5,125	$9,625	25% of Operating Costs
Price to Consumer	**$30,000**	**$61,250**	**$25,625**	**$48,125**	
Consumer Price per Mile	**$0.60**	**$1.23**	**$0.51**	**$0.96**	Avg 50k miles per year

But consumer adoption barriers may extend timelines...

While autonomous vehicle technology costs are reaching economic viability, significant consumer resistance — **safety being the top concern** — provides incumbents additional runway to implement defensive strategies and partnerships. Multiple consumer surveys reveal substantial adoption barriers that could extend the transition timeline beyond pure technology capabilities.

Only **17%** of consumers across the US are comfortable with fully autonomous vehicles.[1]

43% → 47%
Limited change between 2023 to 2025 in consumers who stated "I would ride in a self-driving vehicle, and I would purchase one."[2]

By 2030, optimistic projections forecast only **2.5%** of new vehicle sales will be fully (level 4) autonomous.[3]

Sources: *[1] Autonomous vehicles: How do consumers really feel about self-driving cars in 2025?*
[2] S&P Global – Autonomous vehicles: On the road to rising consumer trust
[3] Partially autonomous cars forecast to comprise 10% of new vehicle sales by 2030, August 2024

How We Support Fleet, Rental Car, and Mobility Clients

✓ Unit Economics

- **Create** bottoms-up income statement sensitivity analyses to manage input price fluctuations and seamlessly react to evolving outlooks
- **Develop** cash forecasting models to drive working capital improvements and support complex asset-backed securitization (ABS) financing structures
- **Standardize** and streamline forecasting processes and train company on tools to ensure sustainable improvements

✓ Fleet Forecasting and Cost Management

- **Construct** KPI reporting to analyze margins, detect operational inefficiency, and increase enterprise value
- **Build** models to maximize Asset Backed Securitization funding availability, minimize funding costs, and maintain compliance with covenants
- **Analyze** fleet depreciation curves and capitalized costs to maximize defleet residual value capture

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