J.D. POWER

Press Release

New-Vehicle Initial Quality is Best Ever, J.D. Power Finds

Kia Ranks Highest among Brands for Second Consecutive Year

COSTA MESA, Calif.: 21 June 2017 — New-vehicle quality is at its highest level ever, improving a significant 8% from last year, according to the J.D. Power 2017 U.S. Initial Quality Study,SM (IQS) released today.

Initial quality in this iconic study is measured by the number of problems experienced per 100 vehicles (PP100) during the first 90 days of ownership, with a lower score reflecting higher quality. In this year's study, quality improves across seven of the eight categories measured, with 27 of the 33 brands in the study improving their quality compared with 2016.

"Automotive manufacturers are responding to consumer feedback and producing vehicles of the highest quality," said **Dave Sargent, vice president, global automotive at J.D. Power**. "The industry has improved significantly in each of the past three years. Today's vehicles have more things that *could* go wrong but fewer things that actually *do* go wrong."

Following are some of the study's key findings:

- **Technology improving but still problematic:** Audio/communication/entertainment/navigation (ACEN) remains the area where new-vehicle owners experience the most problems. However, this category shows the most improvement since 2016 with a score of 22.8 PP100, or 2.7 PP100 better than last year.
- Early warning bells for autonomous technology: The only category to worsen this year is features, controls and displays. The largest increases in problems are for cruise control (primarily adaptive cruise); lane departure warning; collision avoidance/alert systems; and blind spot warning. These features comprise some of the building blocks of autonomous vehicles, and an increasing number of consumer-reported problems sounds warning bells for automakers and suppliers. Consumers will need to be convinced that these systems are foolproof before they will give up driving control to autonomous vehicles.
- **Domestic brands continue to show improvement:** The "Detroit Three" outperform import brands for the second year in a row but for only the third time since the study was first published in 1987. In 2017, domestic brands receive a score of 93 PP100 compared with 99 PP100 for import brands. Last year, domestic brands also had fewer problems (103 PP100) compared with import brands (106 PP100).

"The Initial Quality Study continues to demonstrate the critical importance of automakers responding to consumer feedback regarding vehicle quality," Sargent said. "Any automaker that stands still will quickly start to fall behind. For consumers, the great news is that significant improvements are occurring in all model segments, meaning that you don't have to spend a lot of money to get a quality vehicle."

Highest-Ranked Brands

Kia ranks highest in overall initial quality for a second consecutive year with a score of 72 PP100.

Genesis (77 PP100) ranks second overall followed by **Porsche** (78 PP100). **Ford** and **Ram** (86 PP100) tie for fourth.

MINI is the most improved brand, with owners reporting 33 PP100 fewer problems than in 2016. Other brands with strong improvement include **Ram** (28 PP100 improvement), **Acura** (19), **Volvo** (18) and **Ford** (16).

Segment-Leading Models

The parent company receiving the most model-level awards for its various brands is Hyundai Motor Co. (five model-level awards), followed by General Motors and BMW, each with four.

- Hyundai Motor Co. models that rank highest in their respective segments are the **Kia Cadenza**; **Kia Forte**; **Kia Niro**; **Kia Sorento**; and **Kia Soul**.
- General Motors models that rank highest in their segments are the **Chevrolet Silverado**; **Chevrolet Silverado**; **Chevrolet Sonic**; and **GMC Terrain**.
- BMW models that rank highest in their segments are the **BMW 2 Series**; **BMW 4 Series**; **BMW X6**; and **MINI Cooper**.

Other models that rank highest in their respective segments are the **Chrysler Pacifica; Ford Expedition; Ford Mustang; Infiniti QX80; Lexus GS; Mercedes-Benz GLA; Nissan Frontier; Porsche 911; Porsche Macan**; and **Toyota Camry.**

Plant Quality Awards

Toyota Motor Corp.'s Kyushu 2 plant (Japan), which produces the Lexus ES and Lexus RX, receives the Platinum Plant Quality Award for producing models with the fewest defects or malfunctions. Plant quality awards are based solely on defects and malfunctions and exclude design-related problems. General Motors' Fort Wayne (Ind.) plant, which produces the Chevrolet Silverado and GMC Sierra, receives the Gold Plant Quality Award for the Americas region, while Porsche's Leipzig plant, which produces the Porsche Cayenne and Macan, receives the Gold Plant Quality Award for the Europe/Africa region.

Historical Notes

- In 1987, when the IQS was first published, **Mercedes-Benz** ranked highest as a nameplate while the **Toyota Cressida** was the highest-ranked model.
- Domestic brands have scored better than imports in only three years (2010, 2016 and 2017).
- Mass market brands have scored better than premium brands in only three years (2006, 2016 and 2017).
- There have been four generations of the study (IQS1: 1987-1997; IQS2: 1998-2005; IQS3: 2006-2012; IQS4: 2013-present). The industry has shown significant improvement in each iteration, with the best IQS scores occurring in the most recent year for each generation.

The U.S. Initial Quality Study is based on responses from nearly 80,000 purchasers and lessees of new 2017 model-year vehicles who were surveyed after 90 days of ownership. The study is based on a 233-question

battery organized into eight problem categories designed to provide manufacturers with information to facilitate the identification of problems and drive product improvement. The study was fielded from February through May 2017.

Find detailed information on vehicle quality, as well as model photos and specs, at *idpower.com/quality*

For more information about the 2017 U.S. Initial Quality Study, visit <u>http://www.jdpower.com/resource/us-initial-quality-study-iqs</u>

See the online press release at <u>http://www.jdpower.com/pr-id/2017085</u>.

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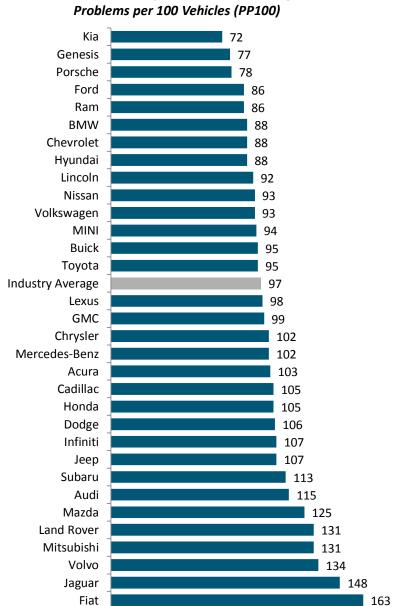
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Note: Five charts follow.

J.D. Power 2017 U.S. Initial Quality Study[™] (IQS)



2017 Nameplate IQS Ranking

Note: Included in the study, but not ranked due to insufficient sample size is smart.

Source: J.D. Power 2017 U.S. Initial Quality StudySM (IQS)

J.D. Power 2017 U.S. Initial Quality Study[™] (IQS)

Top Three Models per Segment Car, MPV, Van Segments

Small Car

Highest Ranked: Chevrolet Sonic Toyota Yaris Honda Fit

Small Premium Car

Highest Ranked: BMW 2 Series BMW i3

Lexus CT

Compact Car

Highest Ranked: Kia Forte Chevrolet Cruze (tie) Toyota Corolla (tie) Volkswagen Jetta (tie) **Compact Sporty Car***

Highest Ranked: MINI Cooper

Compact MPV*

Highest Ranked: Kia Soul

Compact Premium Car

Highest Ranked: BMW 4 Series Lexus ES Cadillac ATS

* No other model in this segment performs above segment average.

Note: There must be at least three models with 80% of market sales in any given award segment for an award to be presented. The City Car and Compact Premium Sporty Car segments did not meet criteria to be award eligible, thus no awards will be issued.

For more detailed findings on vehicle quality and dependability performance, visit www.jdpower.com/quality

Source: J.D. Power 2017 U.S. Initial Quality StudySM (IQS)

J.D. Power 2017 U.S. Initial Quality Study[™] (IQS)

Top Three Models per Segment Car, MPV, Van Segments (continued)

Midsize Car

Highest Ranked: Toyota Camry Kia Optima Nissan Altima

Midsize Sporty Car*

Highest Ranked: Ford Mustang Dodge Challenger

Minivan*

Highest Ranked: Chrysler Pacifica Dodge Grand Caravan

Midsize Premium Car

Highest Ranked: Lexus GS Lincoln Continental Audi A7 **Midsize Premium Sporty Car***

Highest Ranked: Porsche 911

Large Car

Highest Ranked: Kia Cadenza Toyota Avalon Nissan Maxima

* No other model in this segment performs above segment average. Note: There must be at least three models with 80% of market sales in any given award segment for an award to be presented. The Large Premium Car segment did not meet criteria to be award eligible, thus no awards will be issued.

For more detailed findings on vehicle quality and dependability performance, visit www.jdpower.com/quality

Source: J.D. Power 2017 U.S. Initial Quality StudySM (IQS)

J.D. Power 2017 U.S. Initial Quality Study^s(IQS)

Top Three Models per Segment SUV, Pickup Segments

Small SUV

Highest Ranked: Kia Niro

Kia Sportage Buick Encore (tie) Volkswagen Tiguan (tie)

Small Premium SUV*

Highest Ranked: Mercedes-Benz GLA BMW X1

Compact SUV

Highest Ranked: GMC Terrain Ford Escape Chevrolet Equinox

Compact Premium SUV

Highest Ranked: Porsche Macan BMW X3

BMW X4

Midsize SUV

Highest Ranked: Kia Sorento Toyota Highlander Buick Enclave

Midsize Premium SUV

Highest Ranked: BMW X6 BMW X5 Porsche Cayanne

Midsize Pickup

Highest Ranked: Nissan Frontier Chevrolet Colorado Honda Ridgeline

Large SUV Highest Ranked: Ford Expedition Chevrolet Tahoe Toyota Sequoia

Large Premium SUV

Highest Ranked: Infiniti QX80 Lincoln Navigator Mercedes-Benz GLS

Large Light Duty Pickup

Highest Ranked: Chevrolet Silverado Ram 1500 Toyota Tundra

Large Heavy Duty Pickup*

Highest Ranked: Chevrolet Silverado HD Ford Super Duty

* No other model in this segment performs above segment average.

For more detailed findings on vehicle quality and dependability performance, visit www.jdpower.com/quality

Source: J.D. Power 20167U.S. Initial Quality StudySM (IQS)

J.D. Power 2017 U.S. Initial Quality Study[™](IQS)

2017 Plant Assembly Line Quality Award Recipients

Based on Models Produced for U.S. Market

Problems per 100 Vehicles (Defects/Malfunctions Only)		Model(s) Produced at Plant
Platinum Award		
Toyota Motor Corporation —Kyushu 2, Japan (TMK)	15	Lexus ES, Lexus RX
North/South America		
General Motors Corporation—Fort Wayne, IN Gold	17	Chevrolet Silverado, Chevrolet Silverado HD, GMC Sierra, GMC Sierra HD
Toyota Motor Corporation—Georgetown 3, KY (TMMK) Silver	18	Lexus ES
Toyota Motor Corporation—Georgetown 1, KY (TMMK) Bronze	19	Toyota Avalon, Toyota Camry
Asia Pacific*		
Toyota Motor Corporation—Motomachi 1, Japan Silver	17	Lexus GS
Toyota Motor Corporation—Takaoka 2, Japan Bronze	17	Toyota Corolla, Toyota Prius v, Toyota RAV4
Europe and Africa		
Porsche AG—Leipzig, Germany(P) Gold	17	Porsche Cayenne, Porsche Macan
BMW AG—Dingolfing 02, Germany Silver	18	BMW 6 Series, BMW 7 Series
Daimler AG—Sindelfingen 2, Germany Silver	18	Mercedes-Benz AMG GT, Mercedes-Benz S-Class

*Because Toyota Motor Corporation is awarded the Platinum Plant Quality Award, which represents the highest-performing assembly plant in the world for initial quality, no Gold Plant Quality Award is issued for Asia Pacific.

Source: J.D. Power 2017 U.S. Initial Quality StudySM