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Market Overview
August 2018

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THE VEHICLE LIFECYCLE



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AGENDA

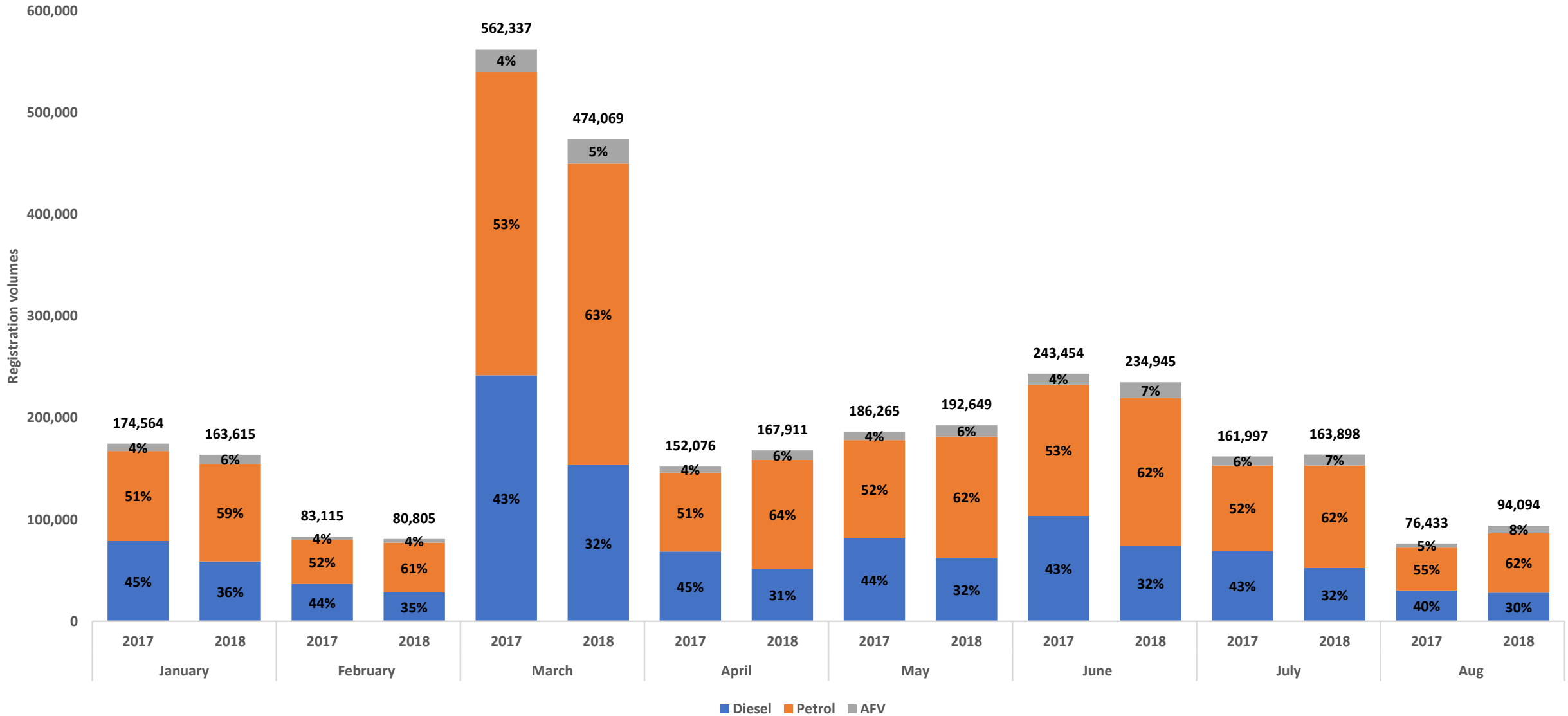
- Retail
- Wholesale
- Funding
- Dealers
- Outlook

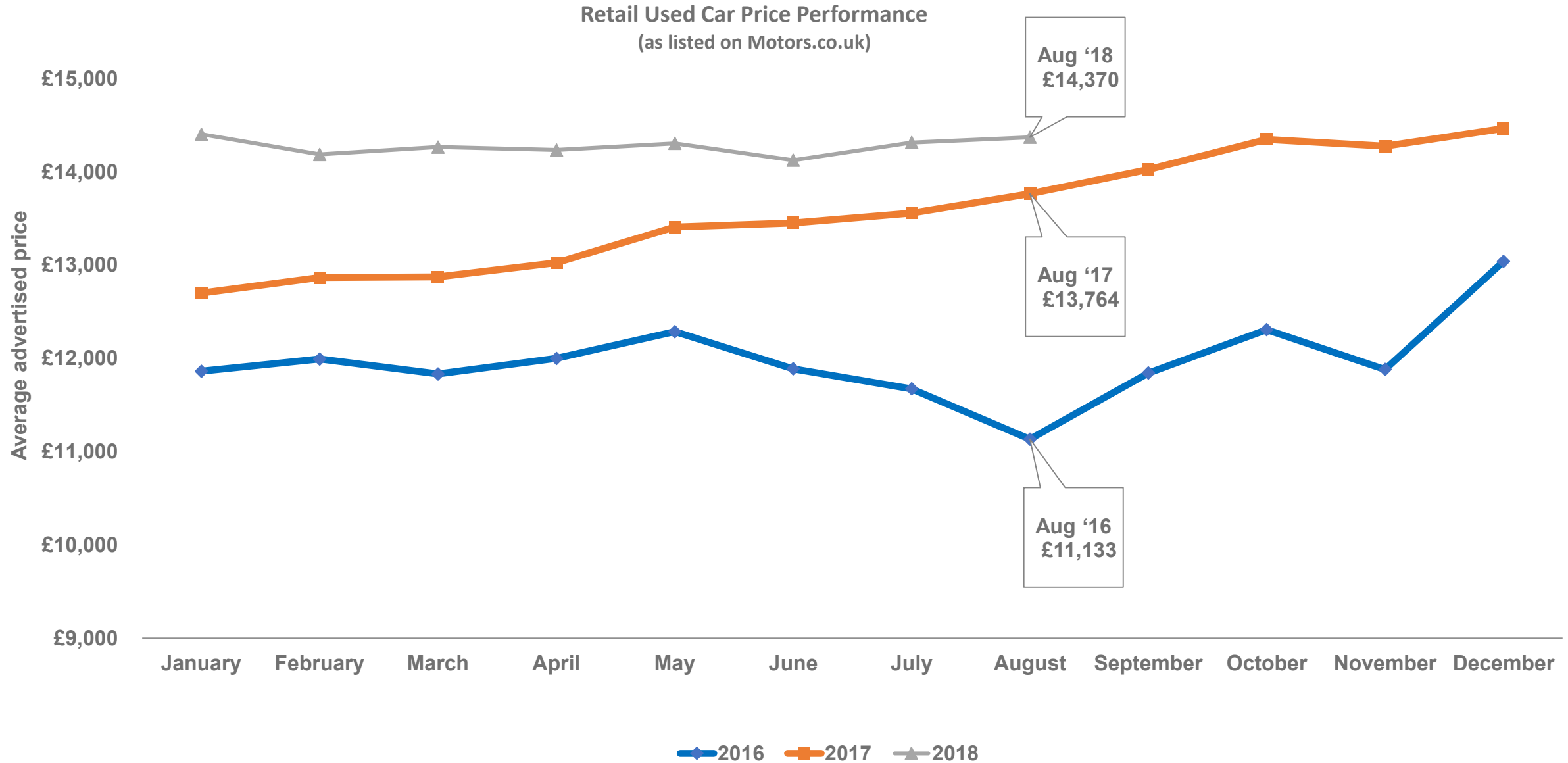
// Market Overview

Retail

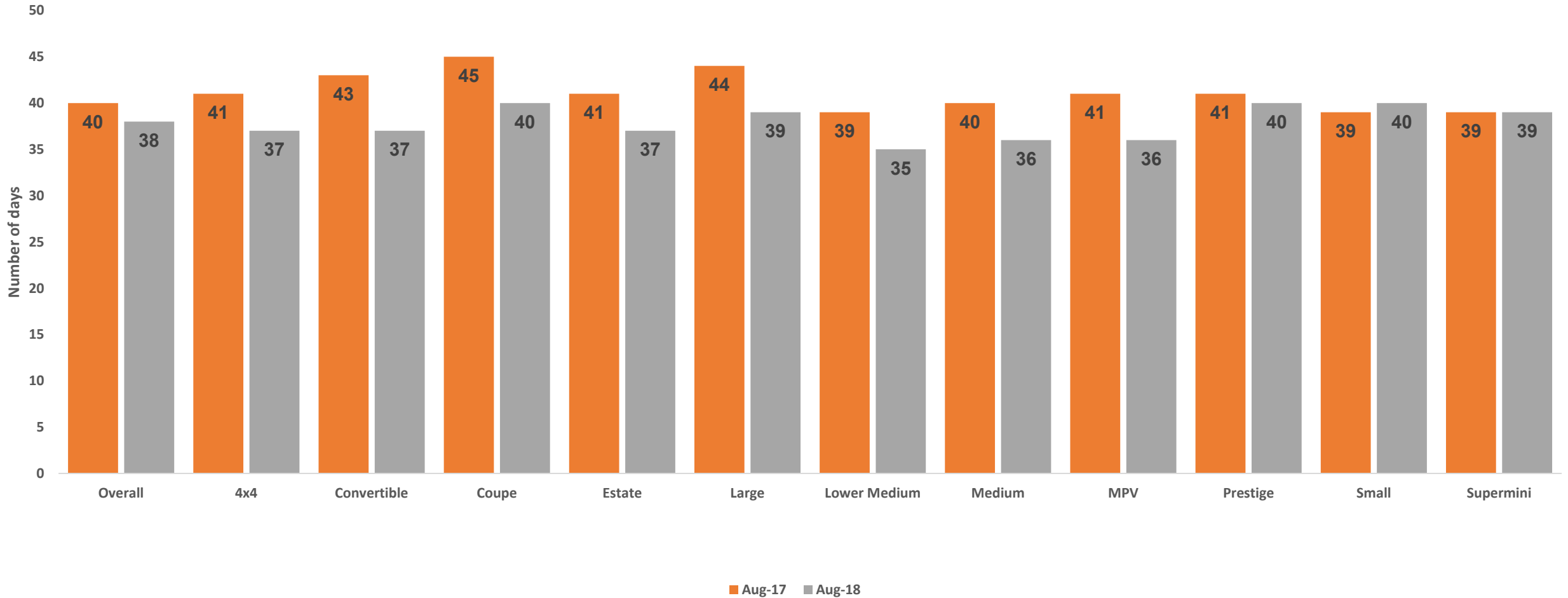
Year-to-date registrations down -4.2% as August rises 23.1% in the second smallest month of the year, with 94,094 units registered

New Registrations - fuel type

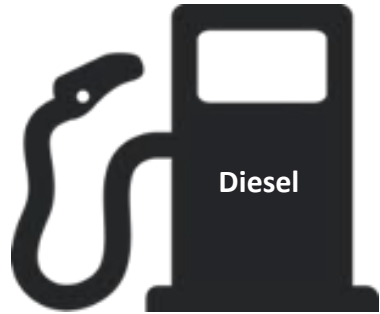




Retail days in stock August '17 vs. '18
(as listed on Motors.co.uk)



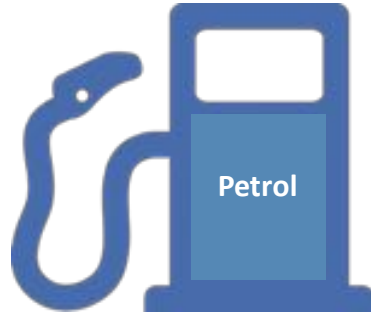
Diesel vehicles sold six days faster than the same period last year, reflecting a rebalancing of supply and demand



Stock Volume
Aug '18 - 49% of total
Aug '17- 57% of total

Vehicle Views
Aug '18 - 47% of total
Aug '17- 49% of total

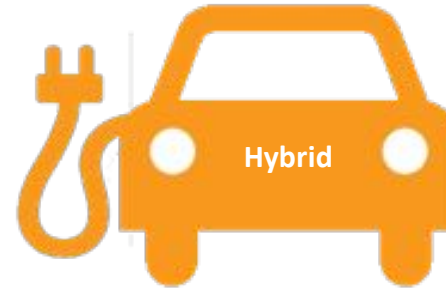
Days in stock
Aug '18 - 38 days
Aug '17 - 44 days



Stock Volume
Aug '18 - 49% of total
Aug '17- 42% of total

Vehicle Views
Aug '18 - 51% of total
Aug '17- 49% of total

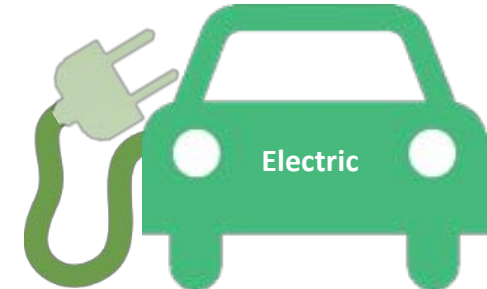
Days in stock
Aug '18 - 37 days
Aug '17 - 37 days



Stock Volume
Aug '18 - 1.32% of total
Aug '17- 1.09% of total

Vehicle Views
Aug '18 - 1.12% of total
Aug '17- 1.35% of total

Days in stock
Aug '18 - 41 days
Aug '17- 39 days



Stock Volume
Aug '18 - 0.20% of total
Aug '17- 0.28% of total

Vehicle Views
Aug '18 - 0.42% of total
Aug '17- 0.43% of total

Days in stock
Aug '18 - 38 days
Aug '17- 47 days

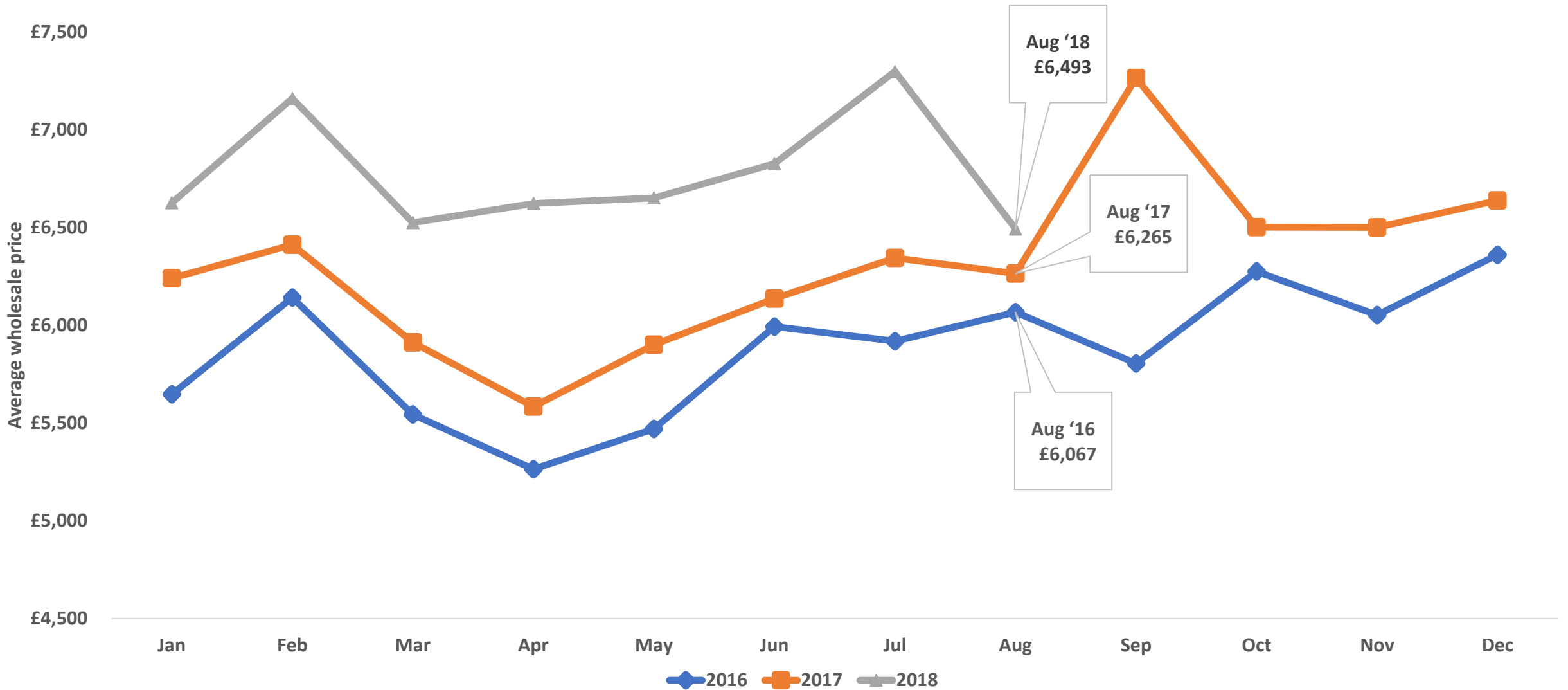
Retail

- *Overall, with a YoY reduction in days in stock, vehicles sold on average 3% quicker in August 2018 vs. August 2017 (down two days to 38 days), while the average sold prices of vehicles held steady at £14,370 (up 4.4% on August 2017)*
- *Despite ongoing media pressures, diesel vehicles continued to sell well (six days faster than the same period last year), while petrol vehicles remained on forecourts for an average of 37 days (the same as last year)*
- *In contrast, hybrids sold two days slower (41 days) than last year*
- *Both Franchise and Independent dealers saw a decrease in days in stock in August 18 versus last year whilst supermarkets saw an increase in days in stock of 5 days versus last year*
- *In contrast to previous months, demand for larger vehicles - including 4x4s and estates - was comparatively strong YoY, outperforming Small and Superminis in relative terms*

Wholesale

The wholesale market remained more buoyant than the same period last year, up 3.6% although average prices down by 11% month on month

Auction Wholesale Price



Wholesale Used Prices August '17 vs. '18

Petrol

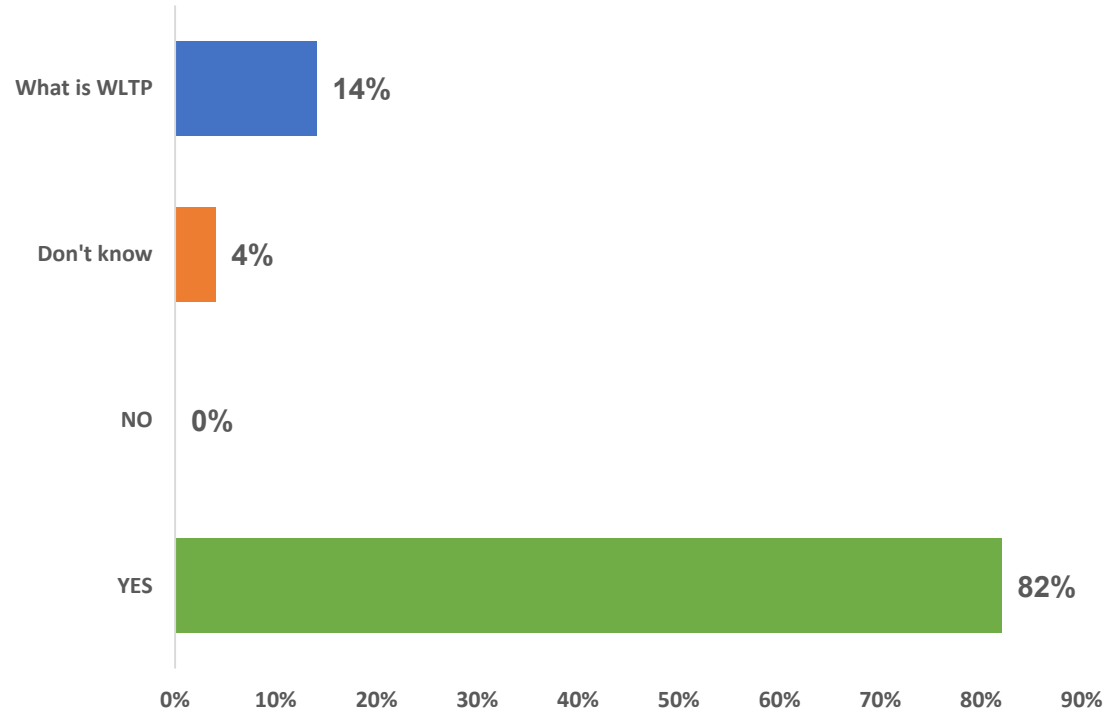
Diesel



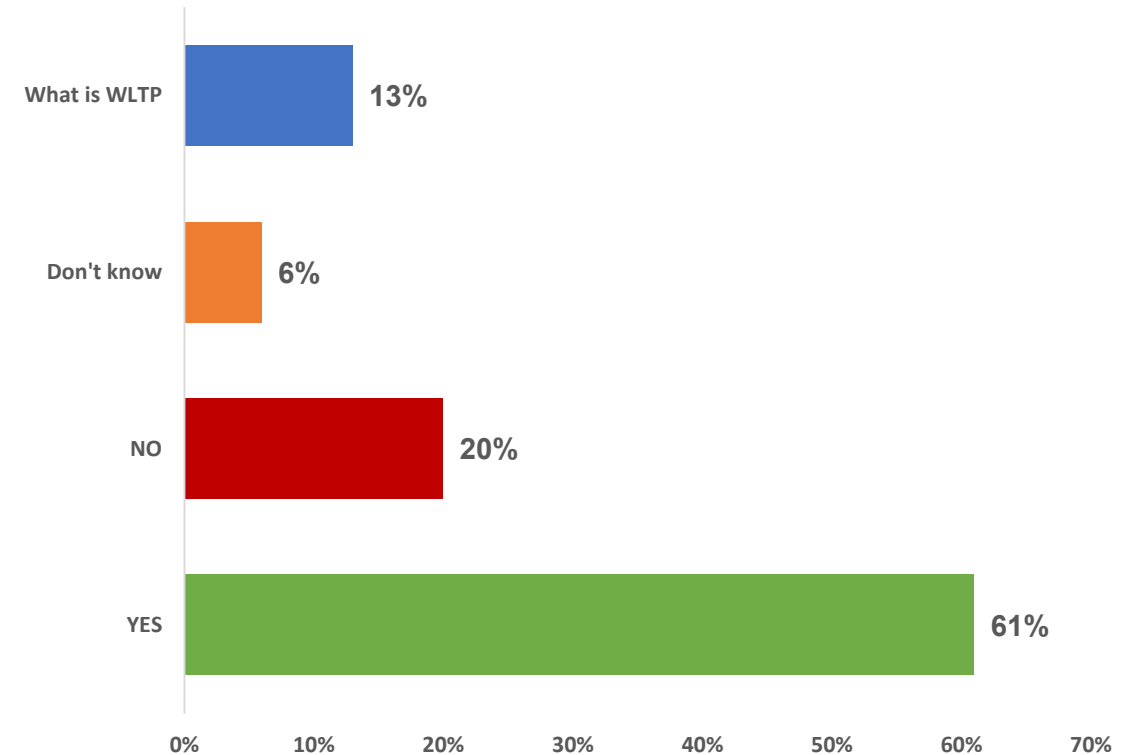
August new car registration increase of 23.1% reinforced by 61% of dealers surveyed*, reporting potential pre-registration activity

The impact of WLTP

Should the introduction of WLTP have been scheduled to avoid the September plate change period?



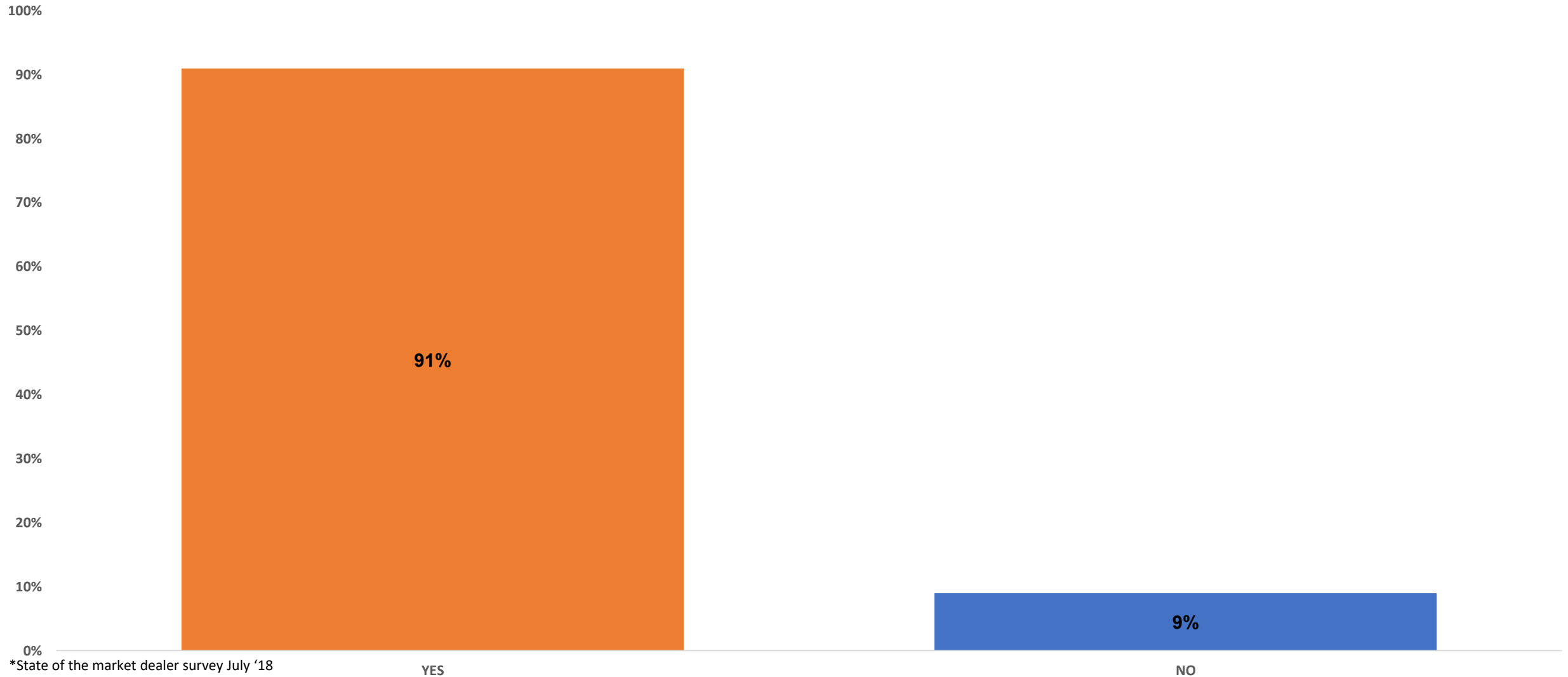
Will you be pre-registering stock this month to overcome WLTP-related issues?



*State of the market dealer July '18

Overwhelming nine in 10 dealers* (91%) also believe WLTP and the economic climate has resulted in a lower September order bank

Has the current economic climate and WLTP created a lower September order take at this point compared to last year?



*State of the market dealer survey July '18

Wholesale

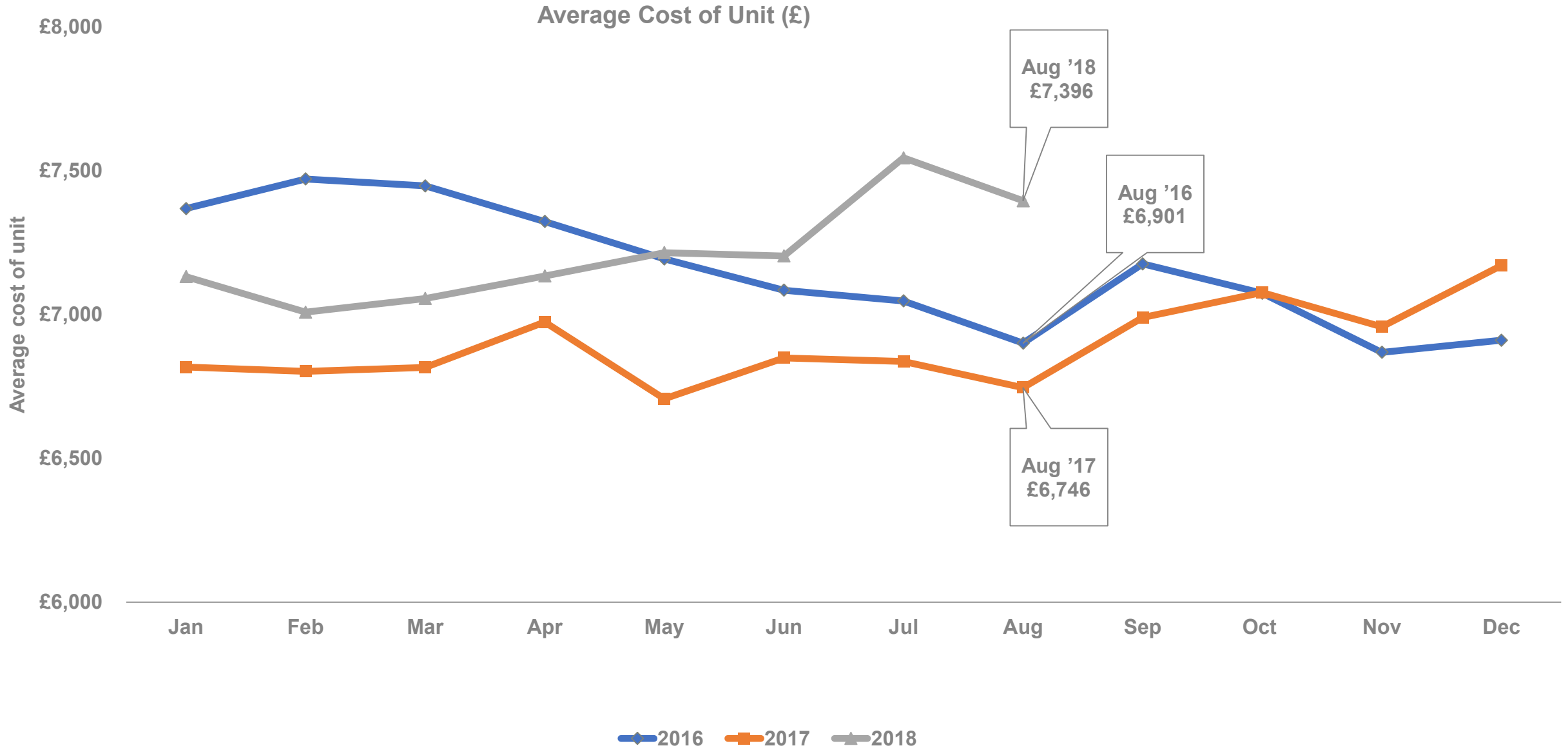
- *Diesel vehicles continued to make ground despite ongoing market pressures, as average wholesale prices increased by 3.4% on 2017 at £8,335. Petrol also remained positive, up 6.1% to £4,730*
- *Dealer Auction reported the average selling price of vehicles remained steady at £4,607 whilst volumes increased 11%*
- *Vendors have been willing to sell vehicles for less to offload stock during the month of August but could toughen in September as demand increases*
- *The market is holding steady and volumes coming through the lanes continue to interest buyers, especially car supermarkets who have been tempted by the varied mix of brands on offer*
- *Supply shortages in the new car market, caused by the pressures of the WLTP regulations, will help increase demand in used cars for the short to medium term, potentially beyond the year-end*

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Funding

Funding

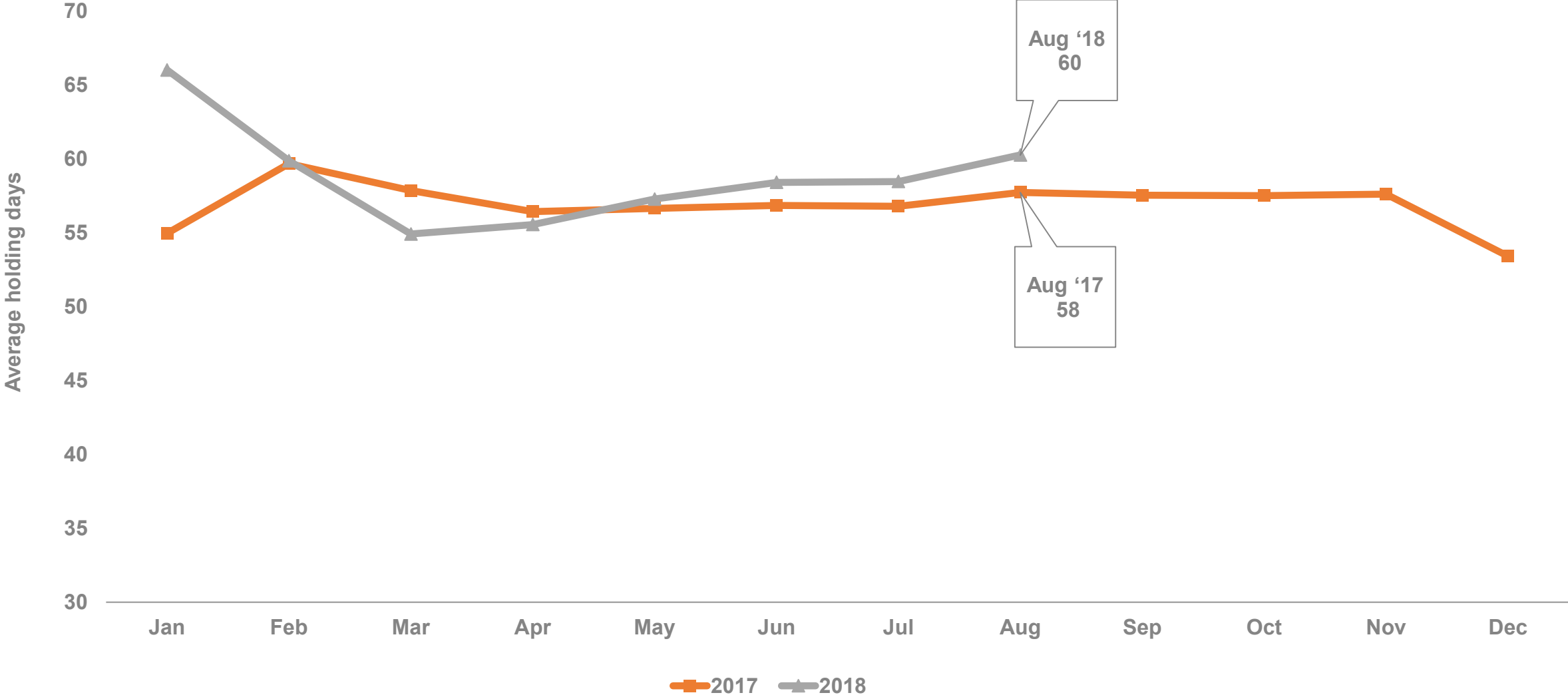
9.6% year on year increase in the average cost per unit, to £7,396 (from £6,746 In August 2017)



Funding

Average holding days increased marginally from July to 60 days – two days more than experienced in August 2017

Average Holding Days



Funding

The average age of funded units decreased to 5.8 years from 6.1 years in the same period last year, signifying the demand for newer models on forecourts

Stock funding

August 2017



6.1 years

Ave. Age Funded



59,957

Ave. Mileage

August 2018



5.8 years

Ave. Age Funded



59,787

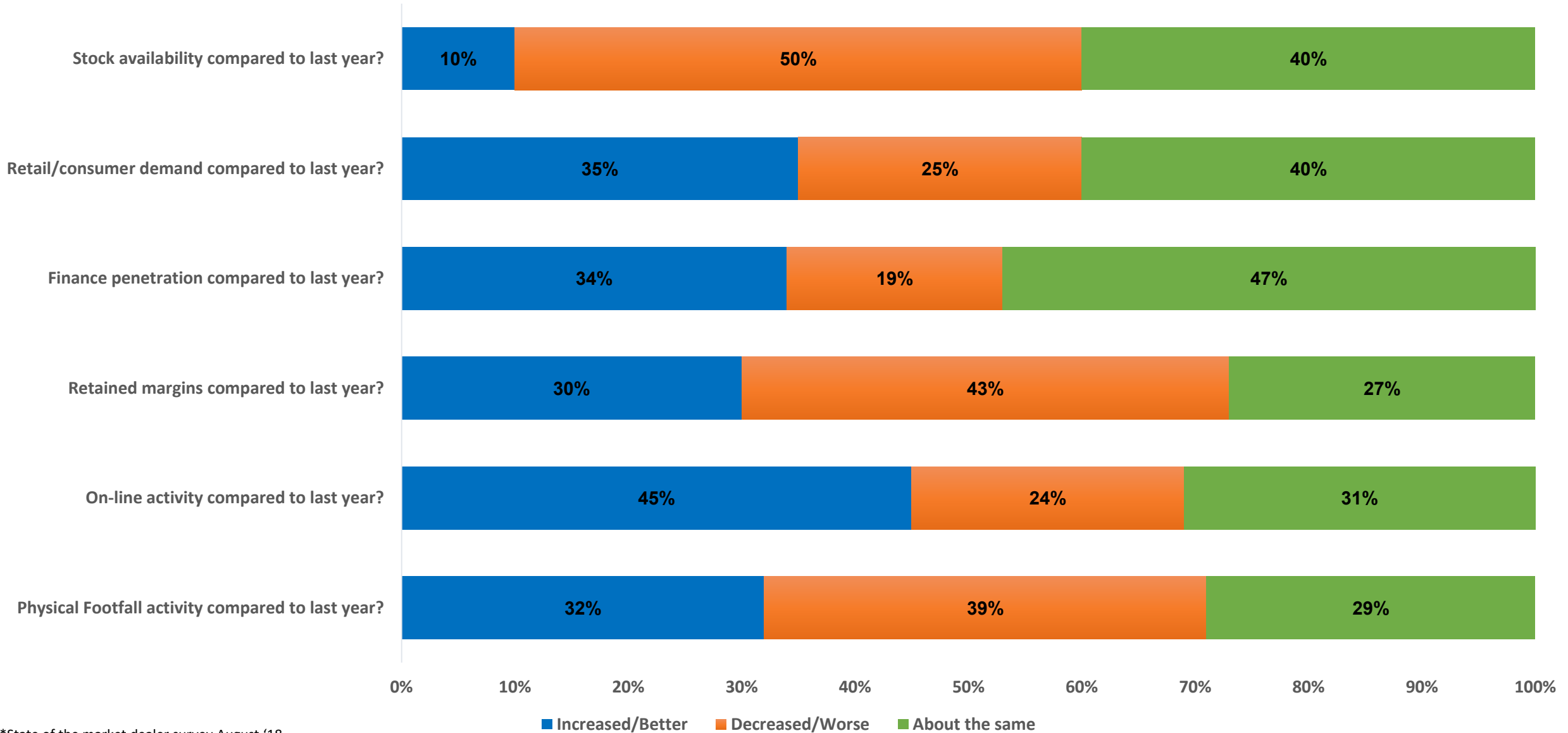
Ave. Mileage



Dealers

Dealers

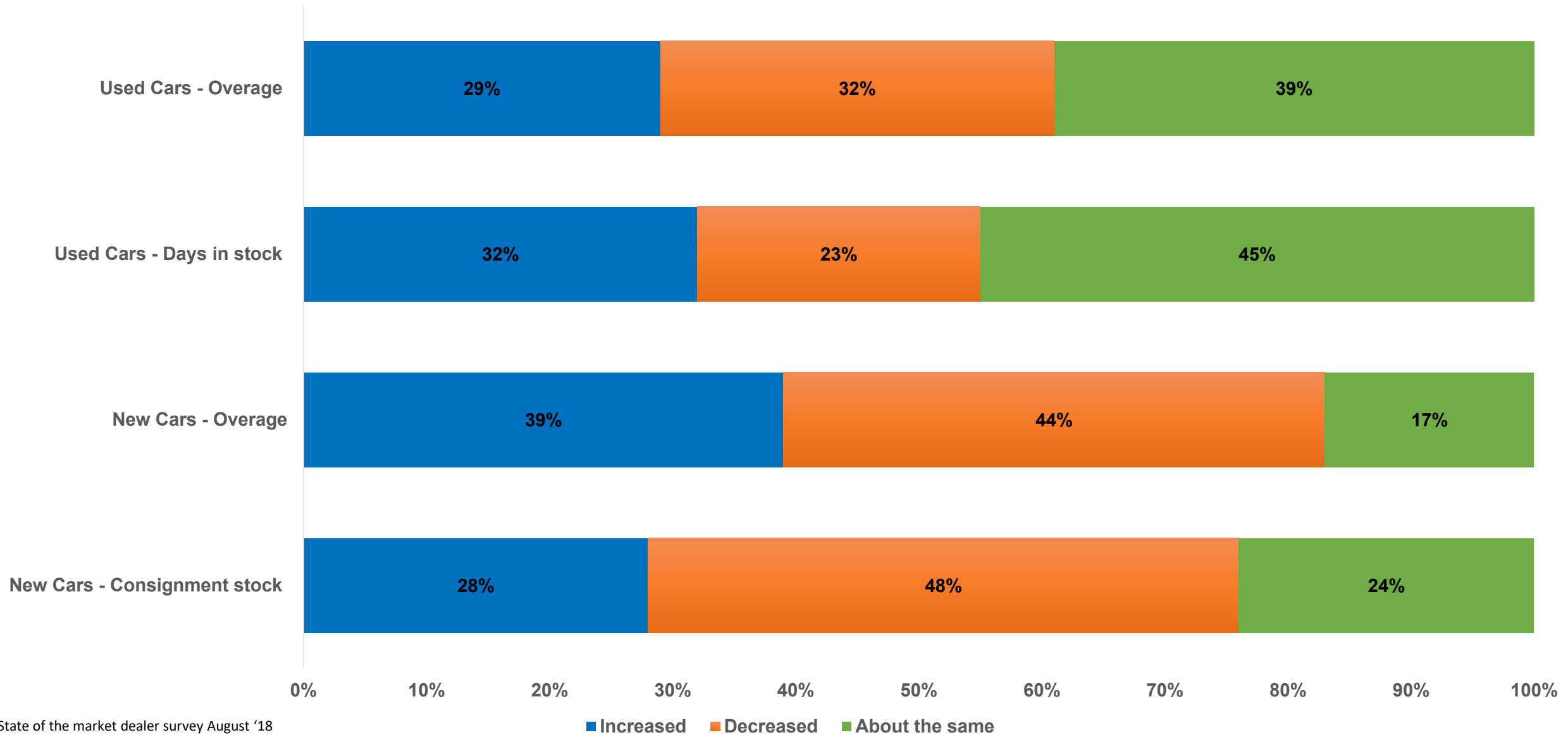
43% of dealers* report margin pressures as half indicate stock availability toughening compared to the same period 2017



*State of the market dealer survey August '18

Dealers

Nearly half of dealers* indicate a reduction in consigned stock as WLTP forces registration activity and a third report used car coverage reduction

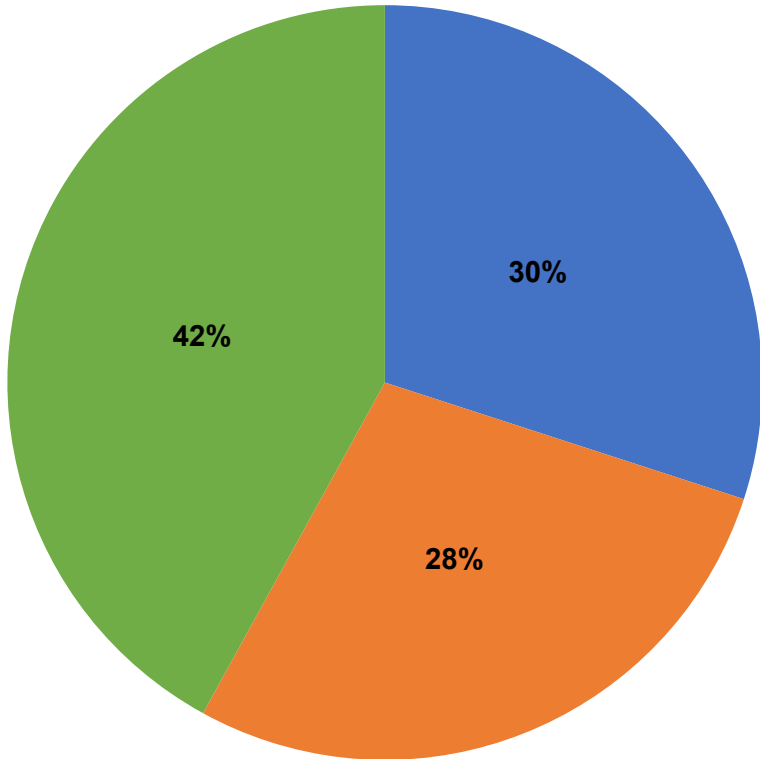


*State of the market dealer survey August '18

Dealers

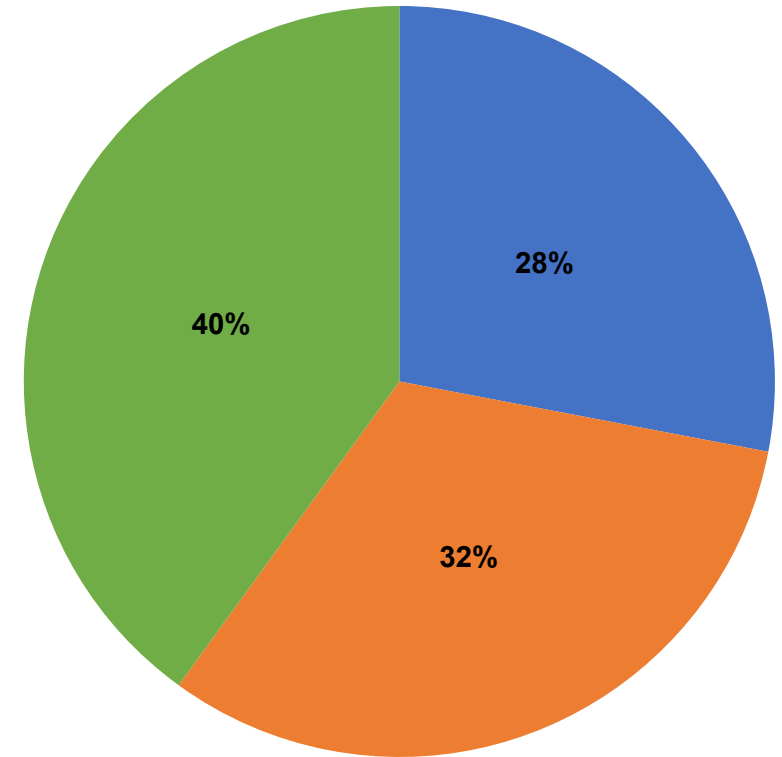
32% of dealers* support indications that sourcing 'ready to retail' stock will toughen and mixed opinion towards the economy in the final quarter of the year

What are your expectations for economic conditions over the coming months?
(as a proxy for demand)



■ Improving ■ Declining ■ About the same

What are your expectations for sourcing used vehicles over the coming months?
(as a proxy for supply)



■ Improving ■ Declining ■ About the same

*State of the market dealer survey August '18

// Market Overview

Outlook

Retail

Used cars sales to improve as consumers are confused over updated tax rules for new vehicles

Dealers urged to adjust stock volumes to match consumer demand for smaller used cars

Strong appetite for vehicle insight from dealers, to support both buying and selling

Wholesale

An increase in the diversity of stock acquisition through physical and digital channels

Scale operations will drive demand for refurb and retail-ready through efficiency and logistics costs

An increasing desire for enhanced imagery and 'ready for retail' inventory

Funding

Cash flow and digital integration remain priority for dealers in the year ahead

Dealers are looking for complementary sources to ensure they have sufficient liquidity to buy the stock they need

Ease and flexibility remains key for dealers

Dealers

Further dealership consolidation in line with the long term trend of declining franchised dealer numbers

Improving the digital retailing experience and enabling consumers to do more online to provide a competitive edge is increasingly important

Challenging environment of evolving technology and ever changing consumer expectations



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THANK YOU

