



**COX**  
AUTOMOTIVE™

***Market Overview***  
***Q1 2018***

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## THE VEHICLE LIFECYCLE



### STOCK

Find, buy and fund the right vehicles



### MARKETING

Reach customers, market stock and drive business growth



### SALES & SERVICE

Make dealership and service operations quick and seamless



MANHEIM

NEXTGEAR  
CAPITAL

Dealer-Auction.com

RMS/  
AUTOMOTIVE

MOVEXX

Modix



MOTORS  
.co.uk

incadea  
DMS | SALES | SERVICE



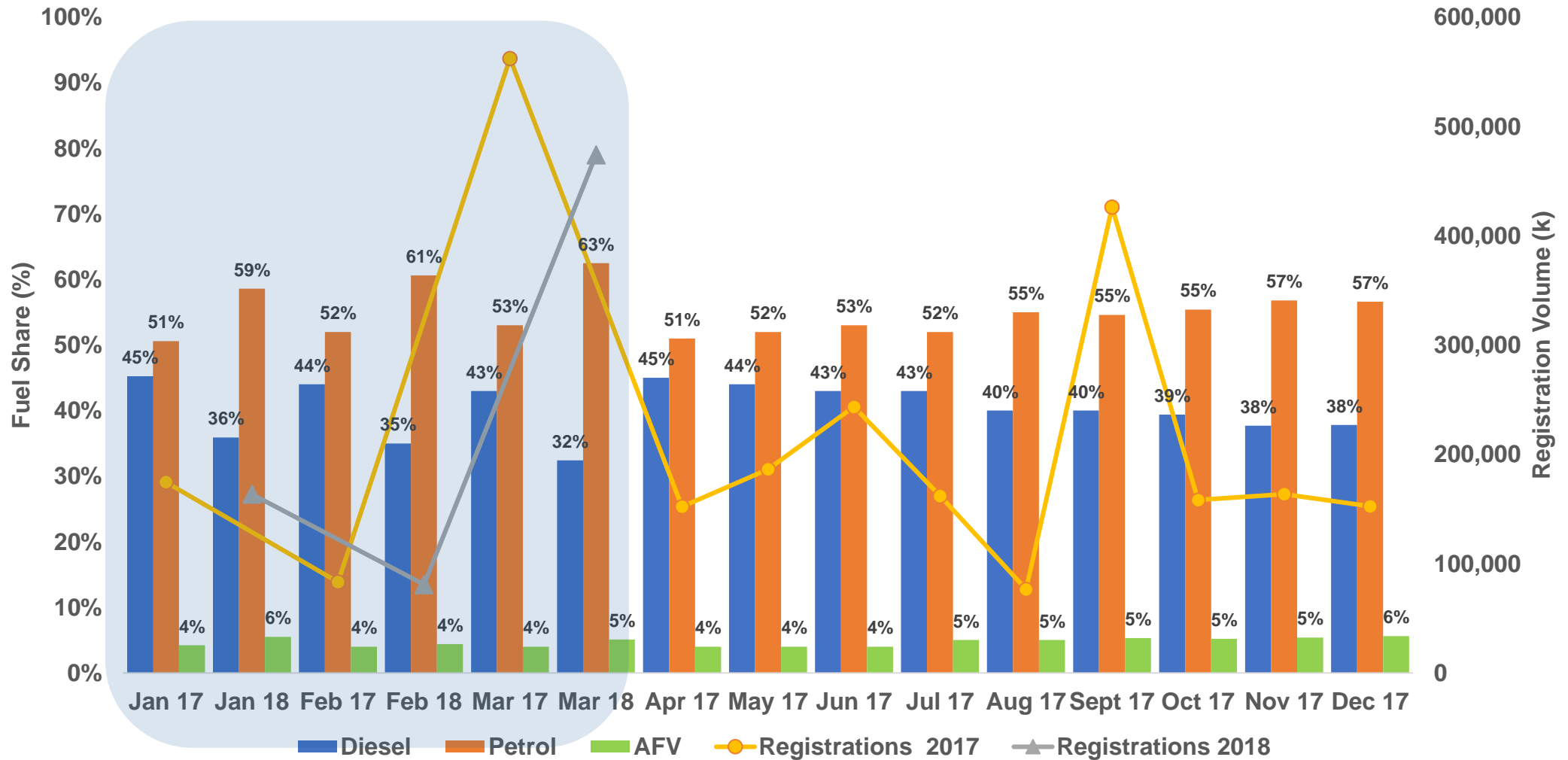
# ***AGENDA***

- Retail
- Wholesale
- Funding
- Dealers
- Outlook

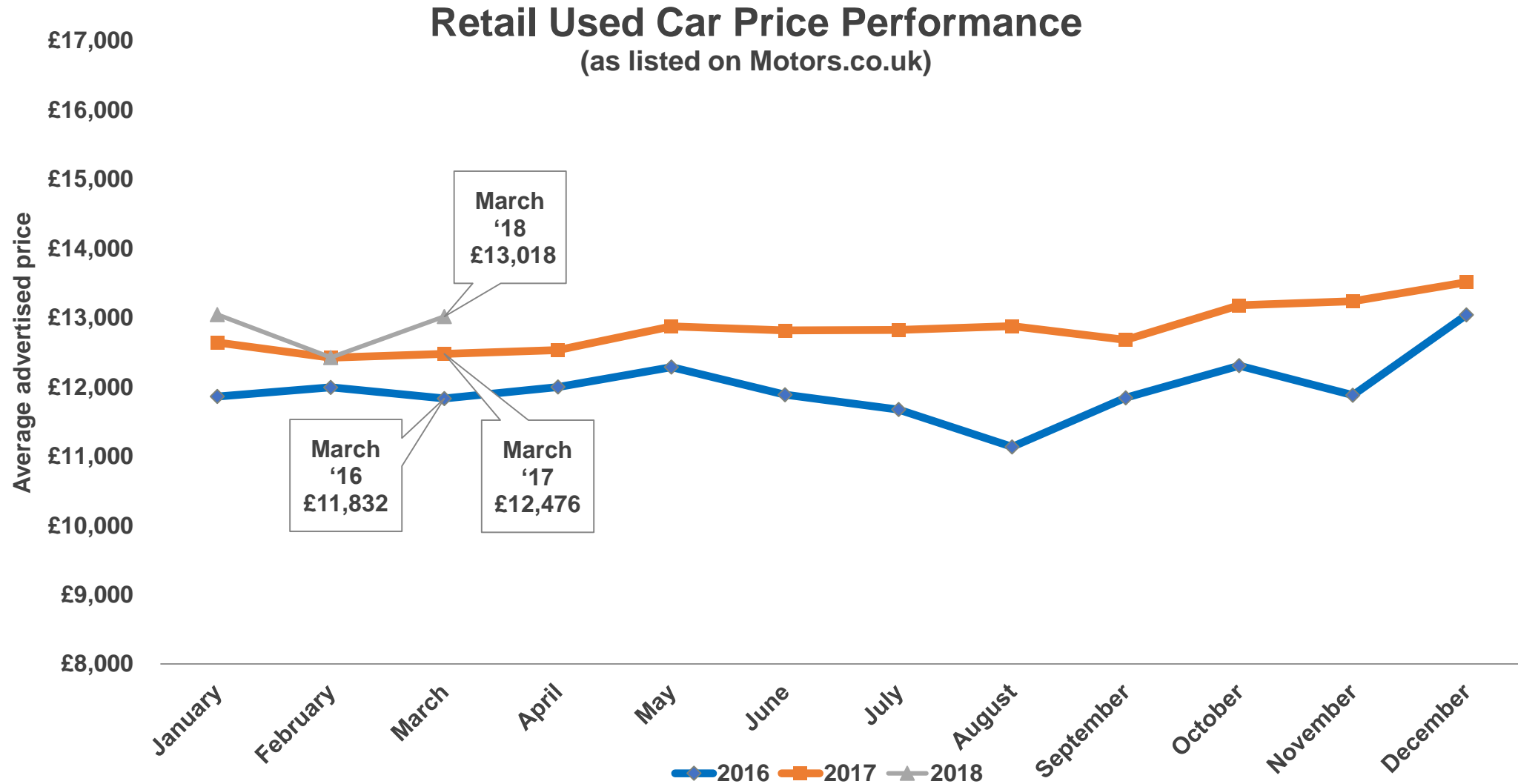
// Market Overview

# *Retail*

## New Registrations - fuel type



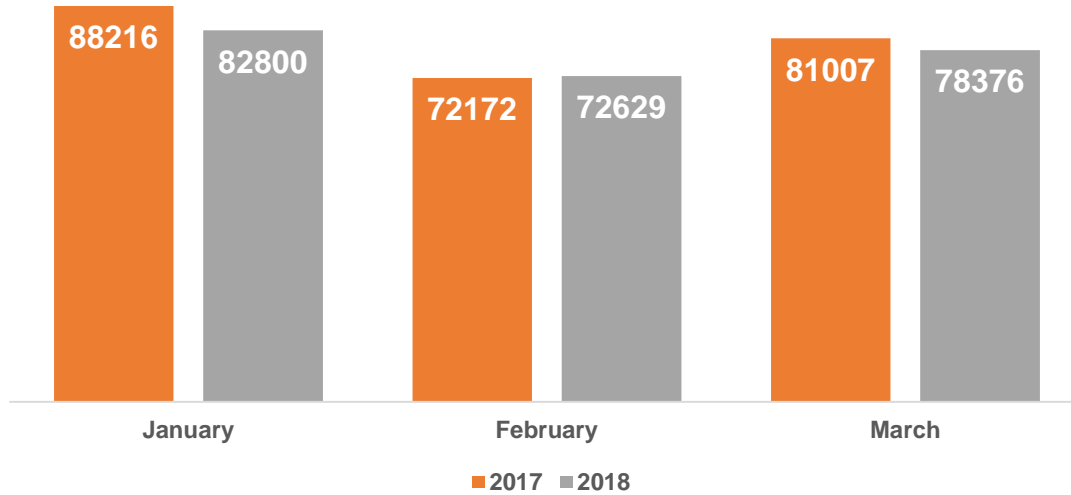
Average advertised prices increase of 4.3% YoY in Q1 and return to January '18 performance



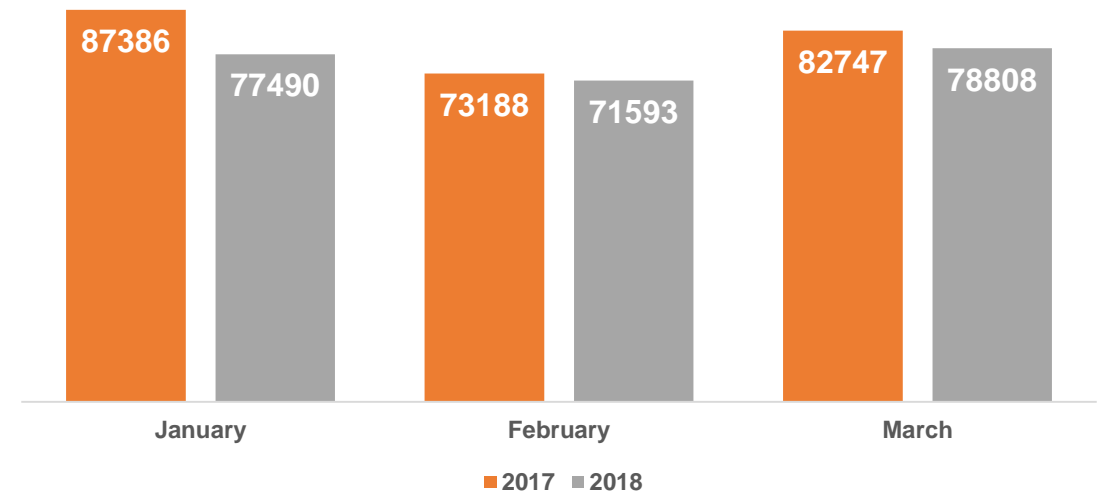
Petrol volumes ease -6.3% YoY in Q1 whereas diesel reduces by -3.1%

## Retail Used Volumes (as listed on Motors.co.uk)

### Diesel



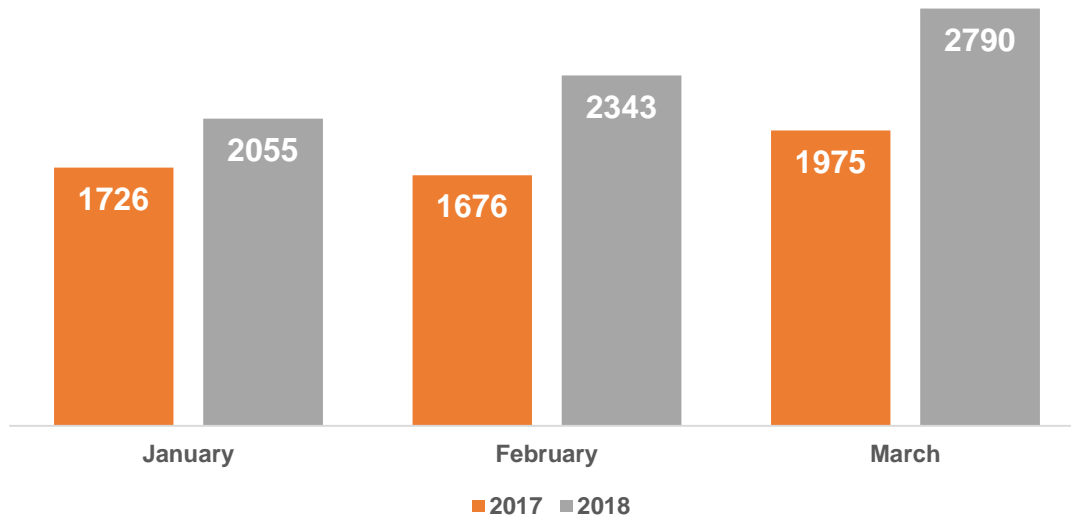
### Petrol



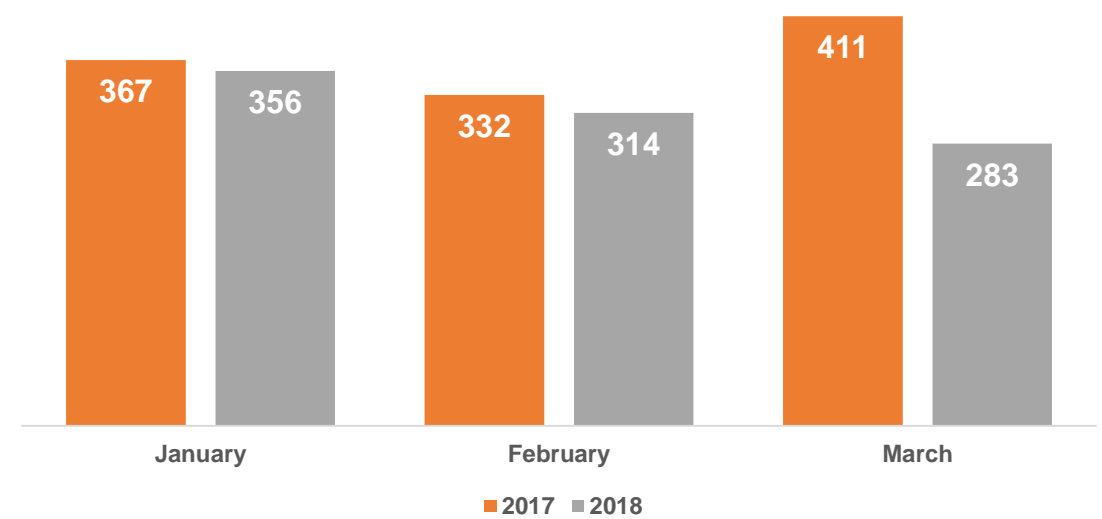
Hybrid volumes increase +33.7% in Q1 YoY, in contrast, EV declines by -14.1%, although volumes remain low

## Retail Used Volumes (as listed on Motors.co.uk)

### Hybrid

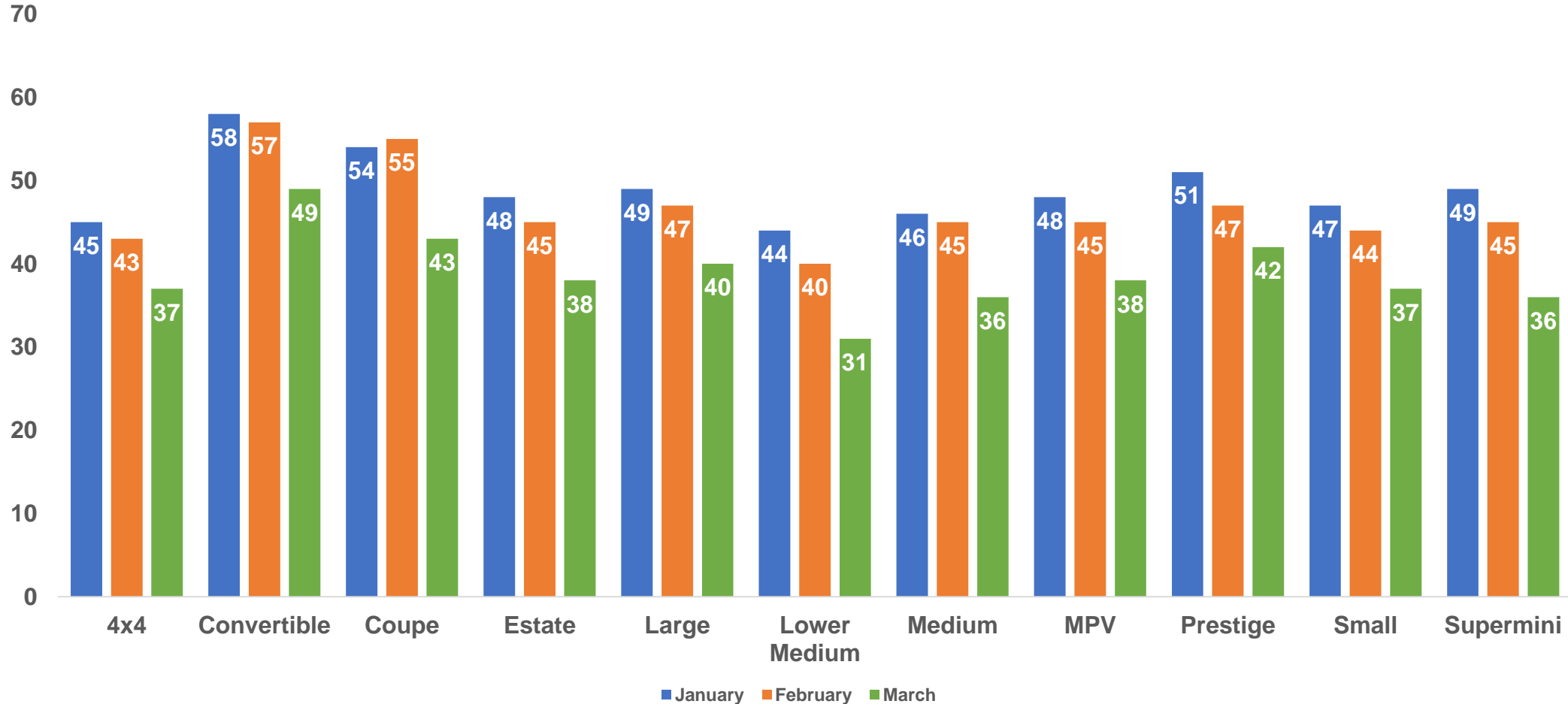


### EV



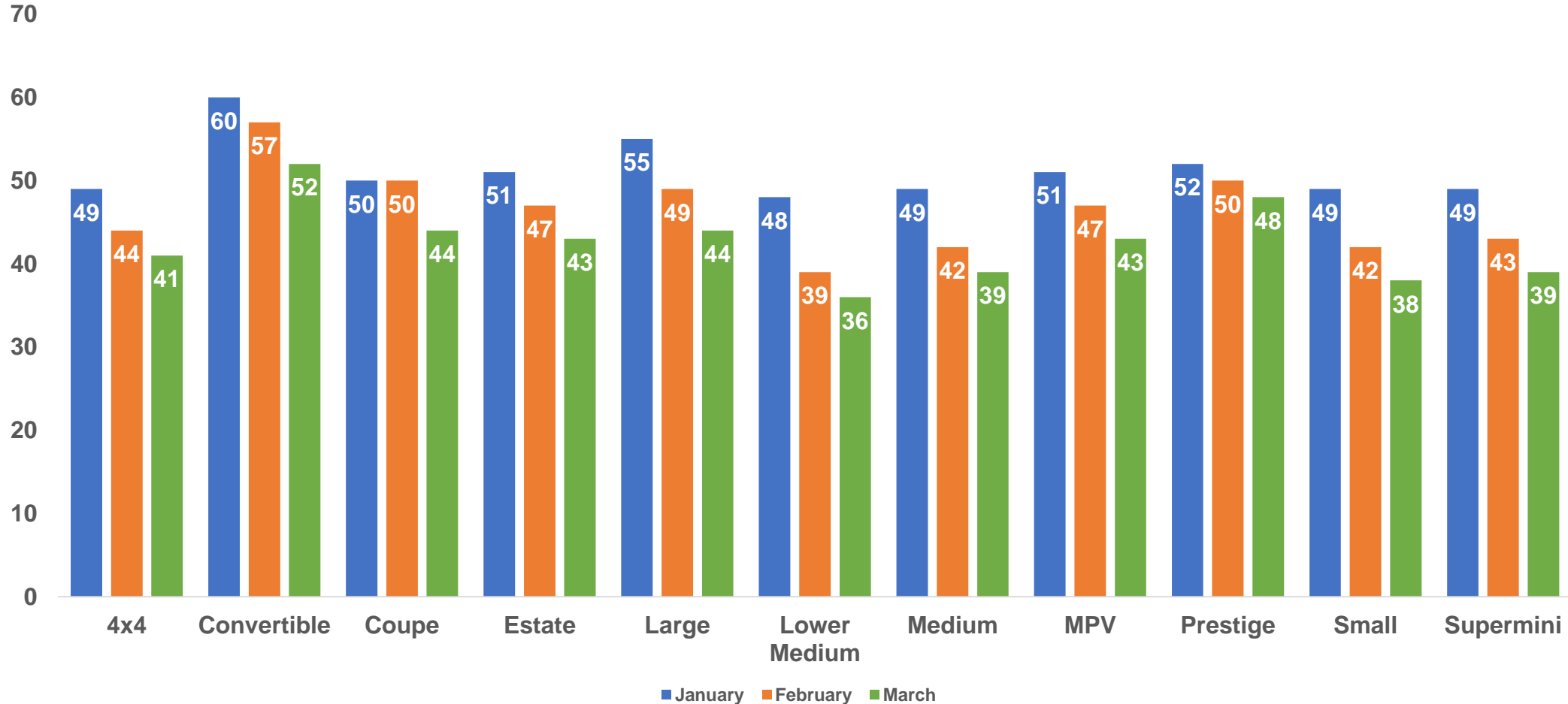
2017 - average days in stock reduced in Q1 in line with expectations as demand improves into spring

## Retail days in stock Q1 '17 (as listed on Motors.co.uk)



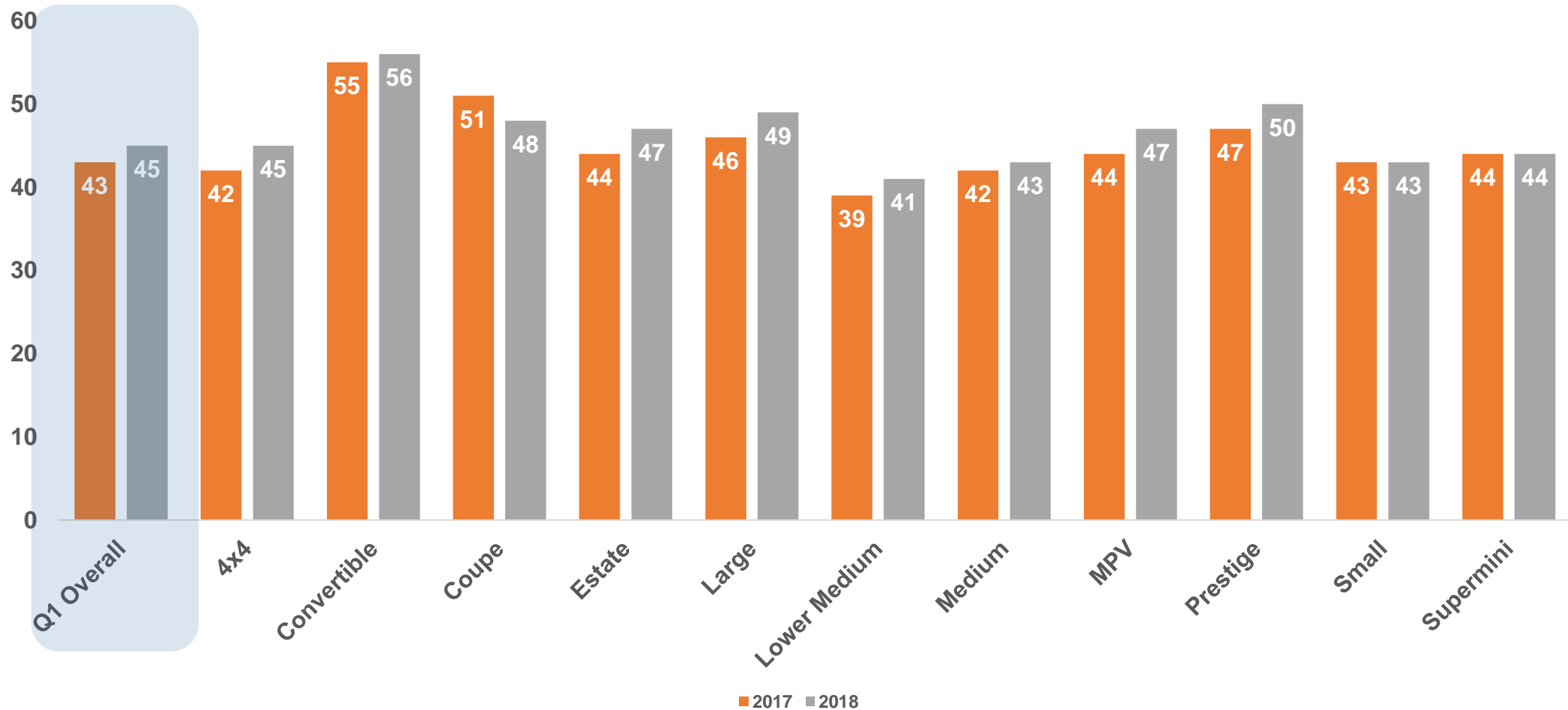
2018 - days in stock reduced overall in Q1, with the lowest level of improvement in prestige

## Retail days in stock Q1 '18 (as listed on Motors.co.uk)

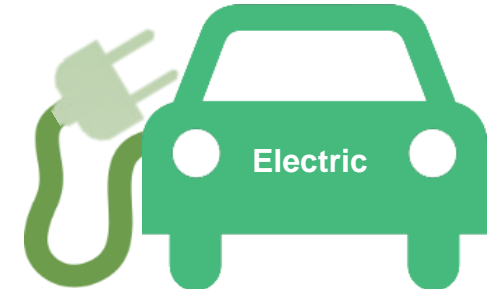
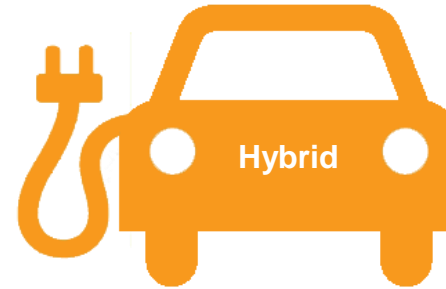
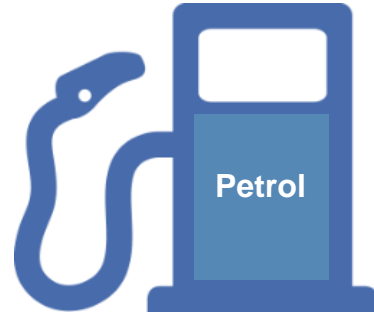
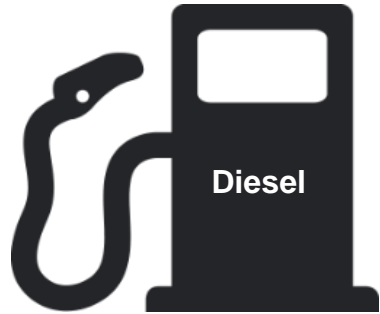


YoY the average days in stock increased by two days in Q1 with exception of Coupe reducing by -6%

### Retail days in stock Q1 '17 vs. '18 (as listed on Motors.co.uk)



Q1 stock volumes remain stable, albeit with increased days in stock for Diesel and Hybrid vehicles



### Stock Volume

Q1 '18 - 54% of total  
Q1 '17- 56% of total

### Vehicle Views

Q1 '18- 48% of total  
Q1 '17- 47% of total

### Days in stock

Q1 '18- 47 days  
Q1 '17- 45 days

### Stock Volume

Q1 '18 - 45% of total  
Q1 '17- 43% of total

### Vehicle Views

Q1 '18- 50% of total  
Q1 '17- 51% of total

### Days in stock

Q1 '18- 43 days  
Q1 '17- 43 days

### Stock Volume

Q1 '18 - 1.04% of total  
Q1 '17- 1.02% of total

### Vehicle Views

Q1 '18- 1.10% of total  
Q1 '17- 0.99% of total

### Days in stock

Q1 '18- 45 days  
Q1 '17- 41 days

### Stock Volume

Q1 '18- 0.22% of total  
Q1 '17- 0.28% of total

### Vehicle Views

Q1 '18- 0.36% of total  
Q1 '17- 0.45% of total

### Days in stock

Q1 '18- 41 days  
Q1 '17- 52 days

## Retail

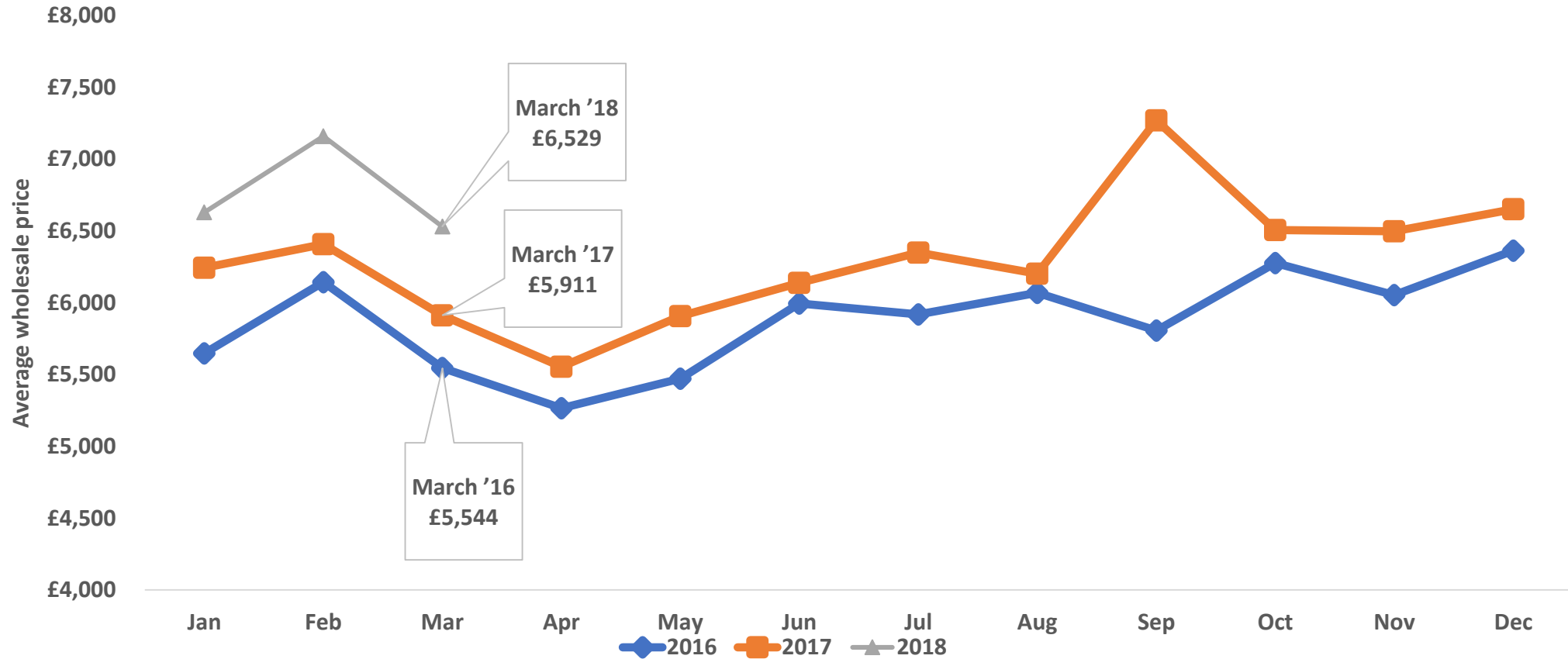
- *Overall, stock volumes are similar YoY, but it has taken slightly longer to sell vehicles in Q1 2018 compared to 2017 except for Small and Supermini, which remained the same*
- *The adverse weather conditions experienced March '18 could be a factor in the YoY stock variances*
- *Franchise dealers and supermarkets have been hit hardest, despite the slight dip in stock compared to the previous year*
- *Supermarkets have more stock YoY, with franchises and independents' stock remaining consistent*
- *Days in stock is up for all models but overall the market remains stable*
- *Smaller, lower value, vehicles have taken less time to sell than larger, more prestige ones YoY and month-on-month throughout Q1 2018*

*\*all plates and mileages*

# *Wholesale*

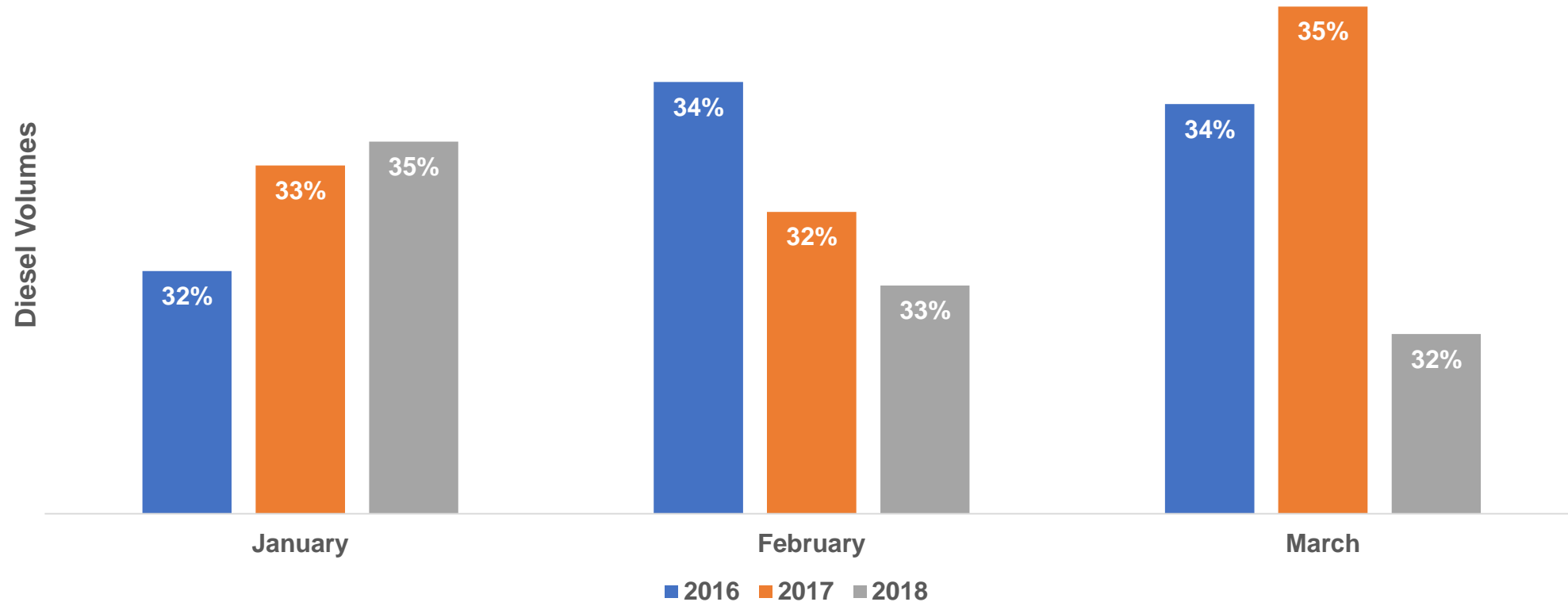
Average auction wholesales prices increase 9.4% in March YoY whilst Q1 follows seasonal expectation

## Auction Wholesale Price



January '18 highest diesel % share at 35% and volume in 3-years whilst February and March '18 volumes ease

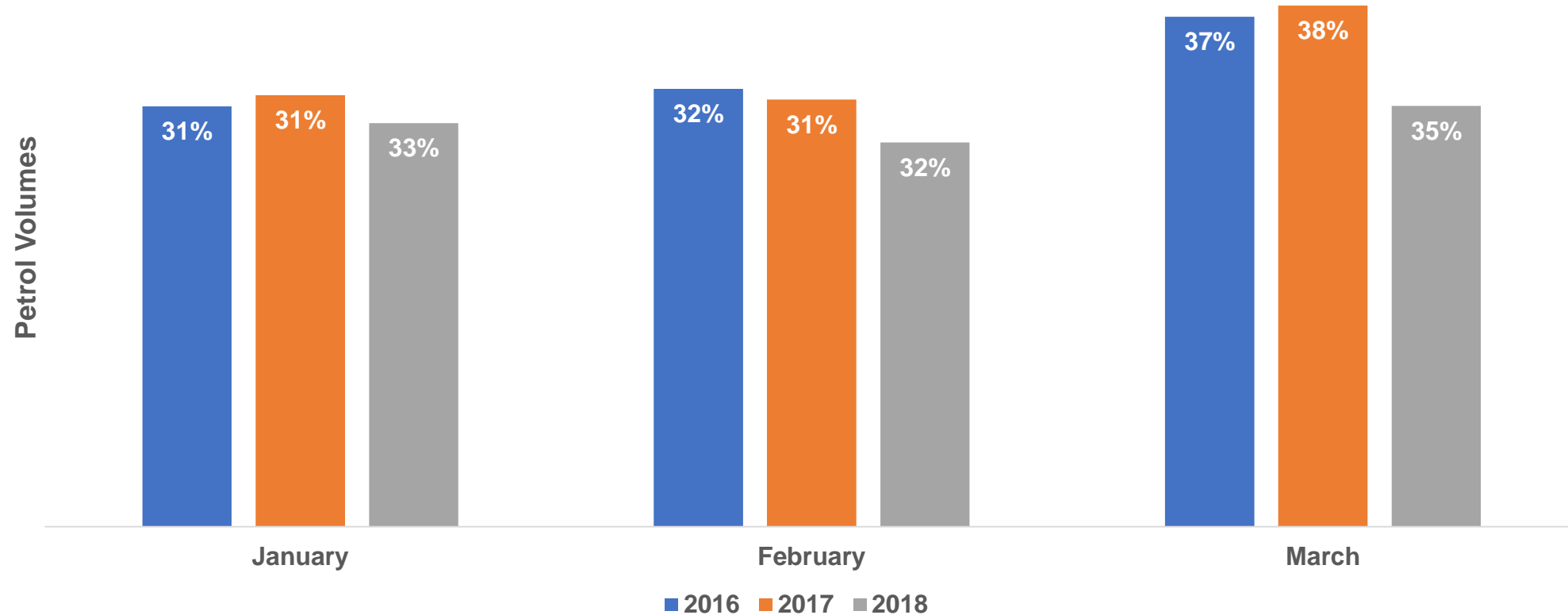
## Wholesale Used Volumes – Diesel



*\*% denotes share of total quarter volume for the fuel type*

Petrol % share remains stable throughout Q1 and ahead of '17 in both January & February as volumes ease

## Wholesale Used Volumes – Petrol

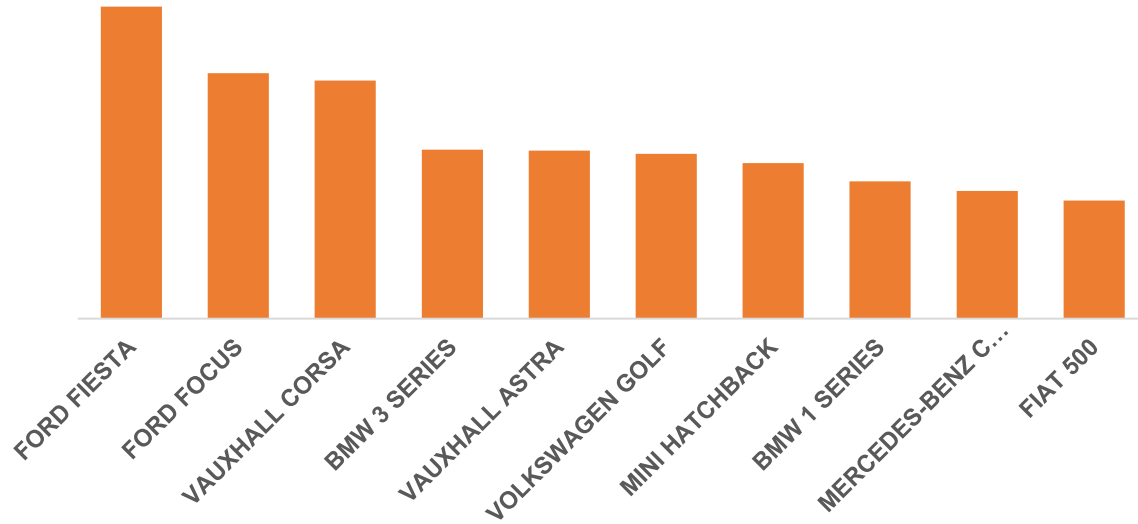


*\*% denotes share of total quarter volume for the fuel type*

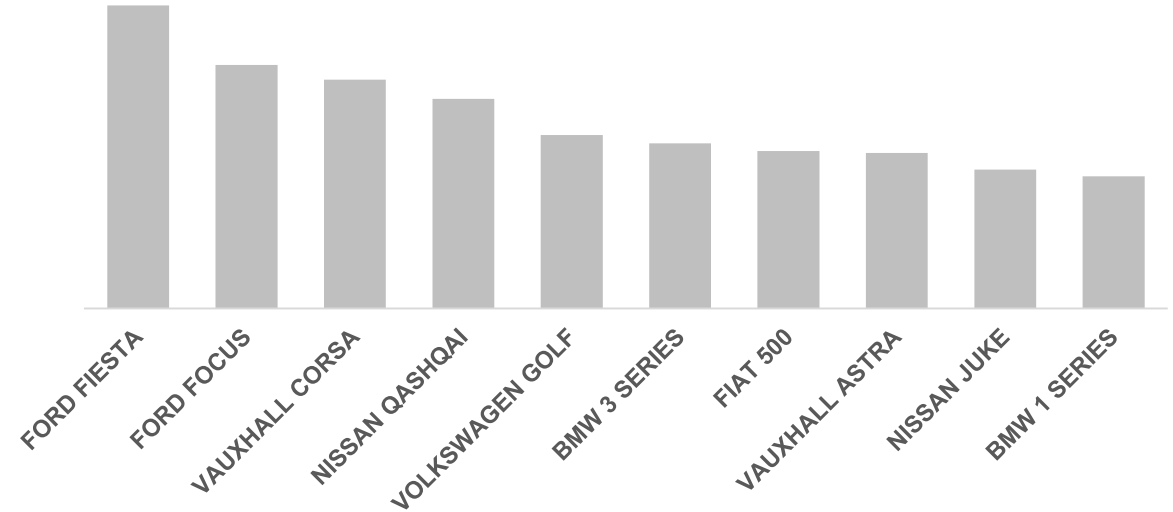
Top 3 remain constant with the Qashqai substituting the BMW 3 Series in 4<sup>th</sup> best-seller in Q1 2018

## Wholesale best sellers

### Top 10 Q1 2017



### Top 10 Q1 2018



## Wholesale

- *The market continues to remain strong, especially on the 3-year-old product up to 60k miles and ready to retail stock*
- *Conversion ratios have remained very strong throughout the quarter*
- *Higher mileage and sub-standard vehicles are increasingly tougher to find buyers*
- *Late plate and low mileage product entering the market in higher volumes and are in good demand currently*
- *Scrappage schemes continue to starve the wholesale market of cheaper, higher mileage vehicles*
- *Positive growth for part exchange volumes, with double-digit growth in March '18 at 17.5%\* compared to February '18*

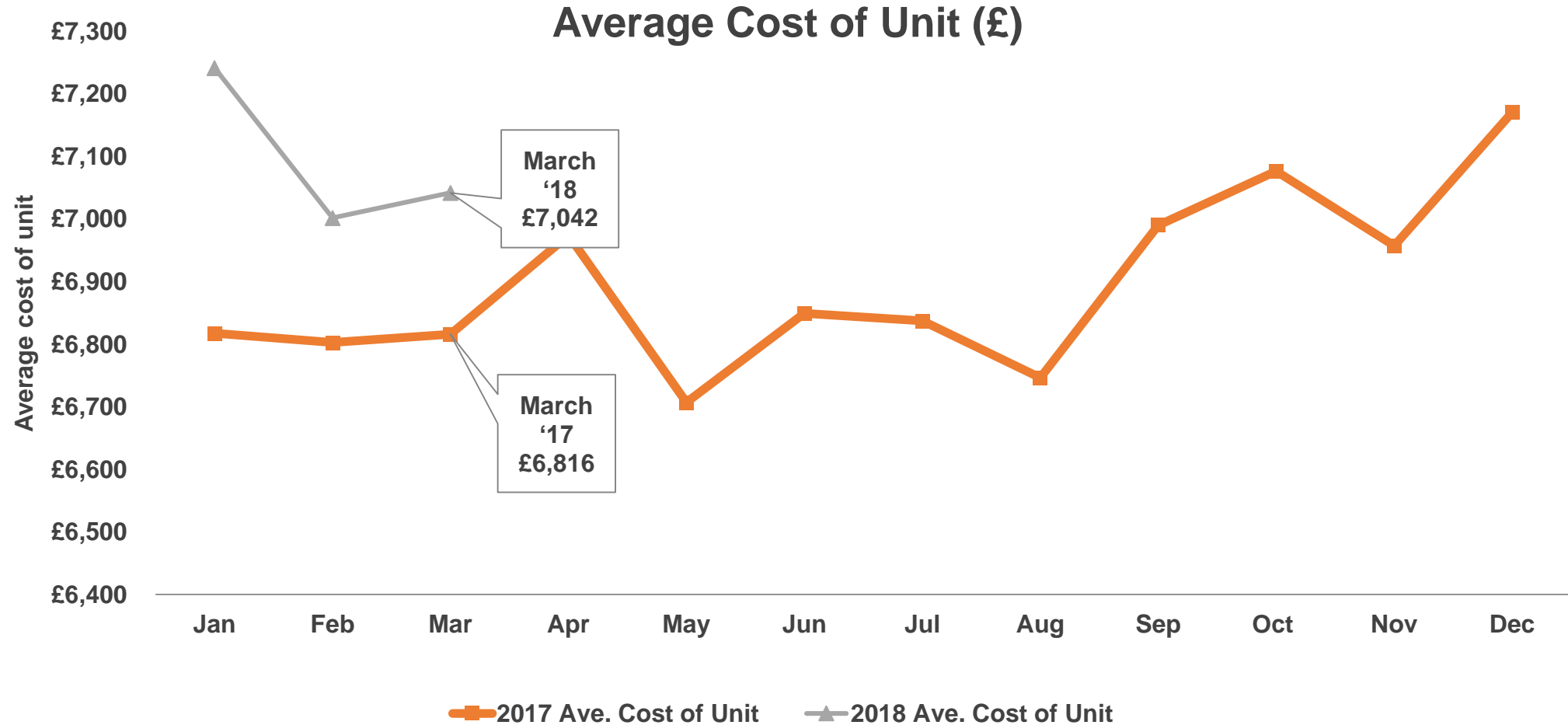
*\*all plates and mileages*

# *Funding*



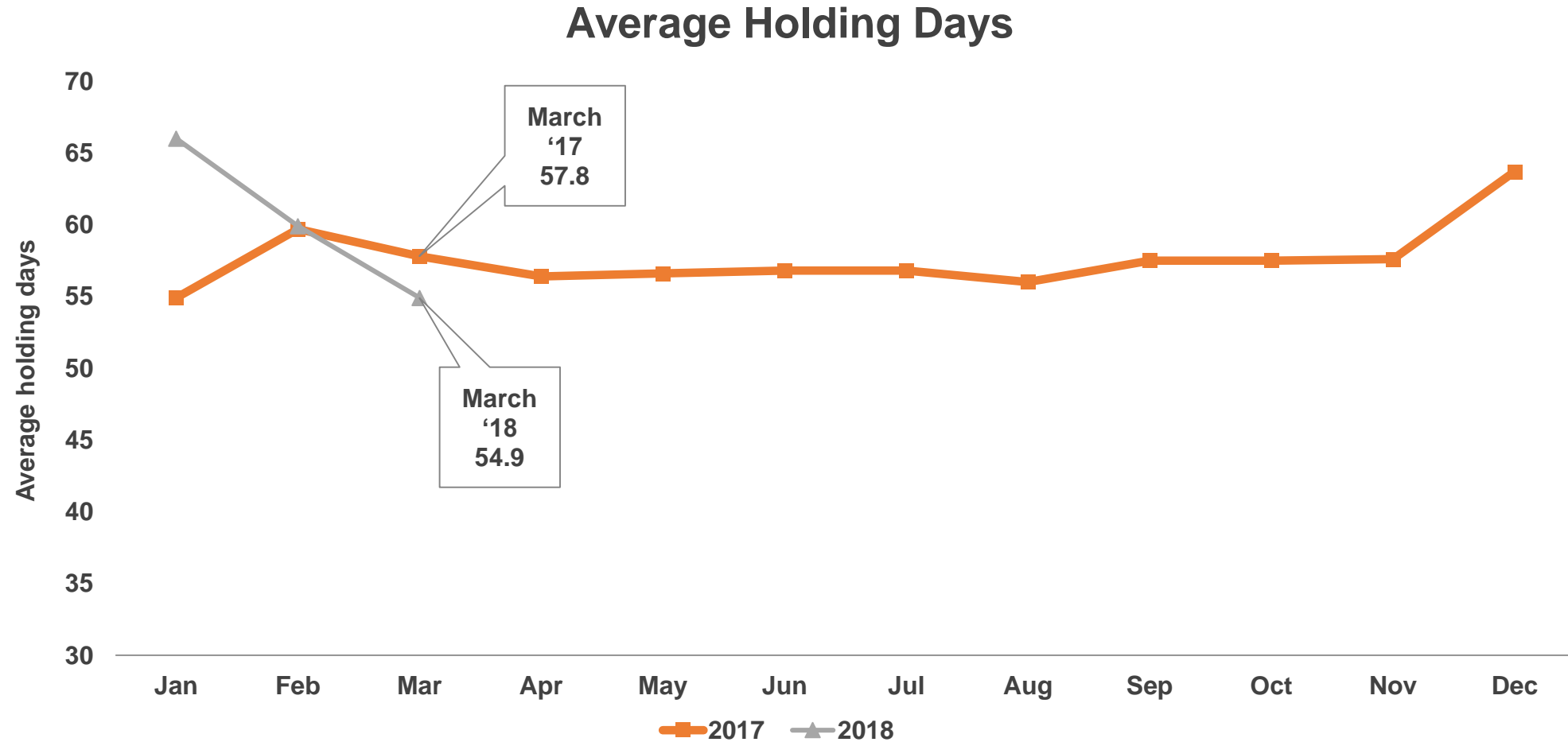
# Funding

Average cost per unit hits £7,042 in 2018, ahead of 2017 by 4.2% in Q1 with an older profile of vehicles



# Funding

Average holding days -2.9 in March '18 as overall Q1 average increase by 2.8 days was driven by January performance



# Funding

The average age of vehicles funded increases YOY whilst both mileage and cost per unit increase

## Stock funding

### YTD 2017



**6.7 years**

Ave. Age Funded



**61,417**

Ave. Mileage

### YTD 2018



**7.3 years**

Ave. Age Funded



**61,861**

Ave. Mileage

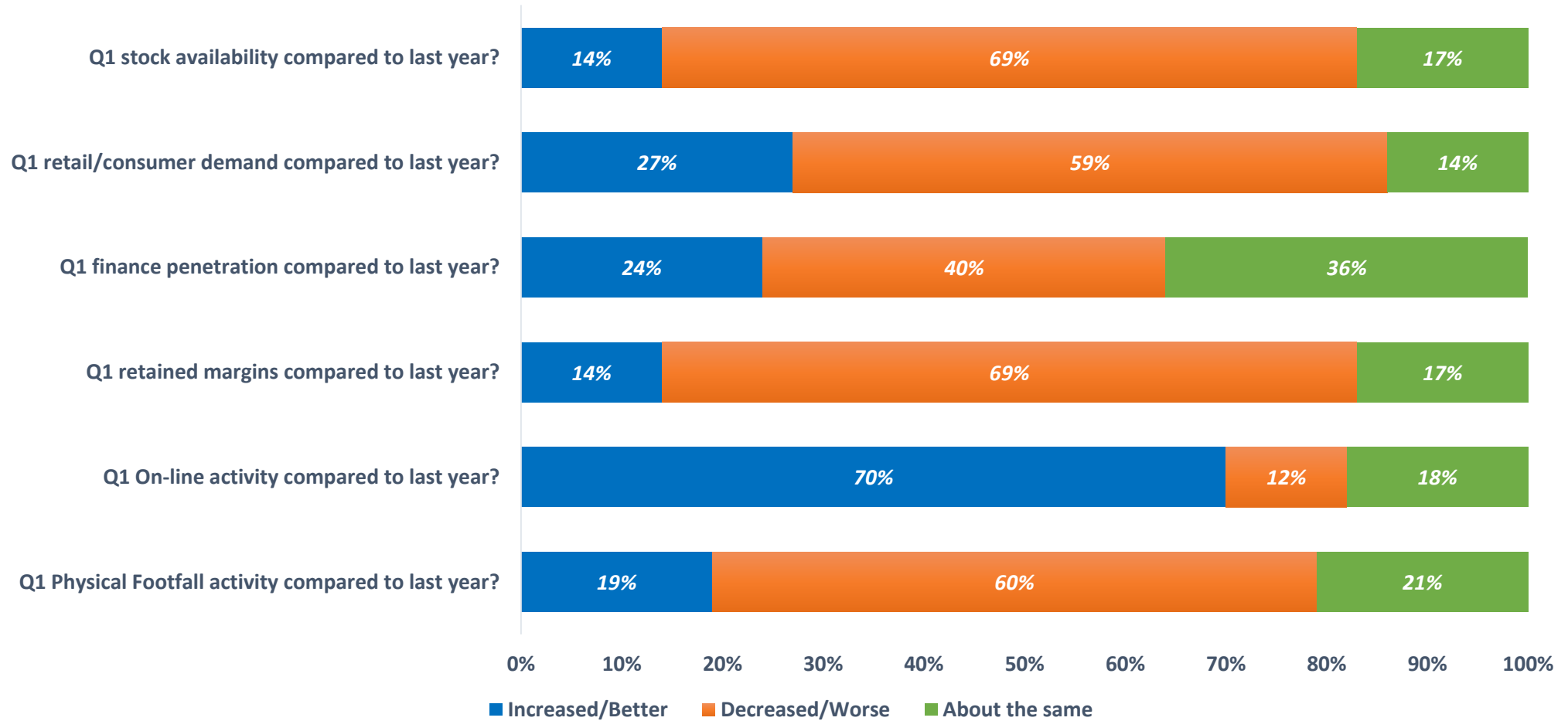




# *Dealers*

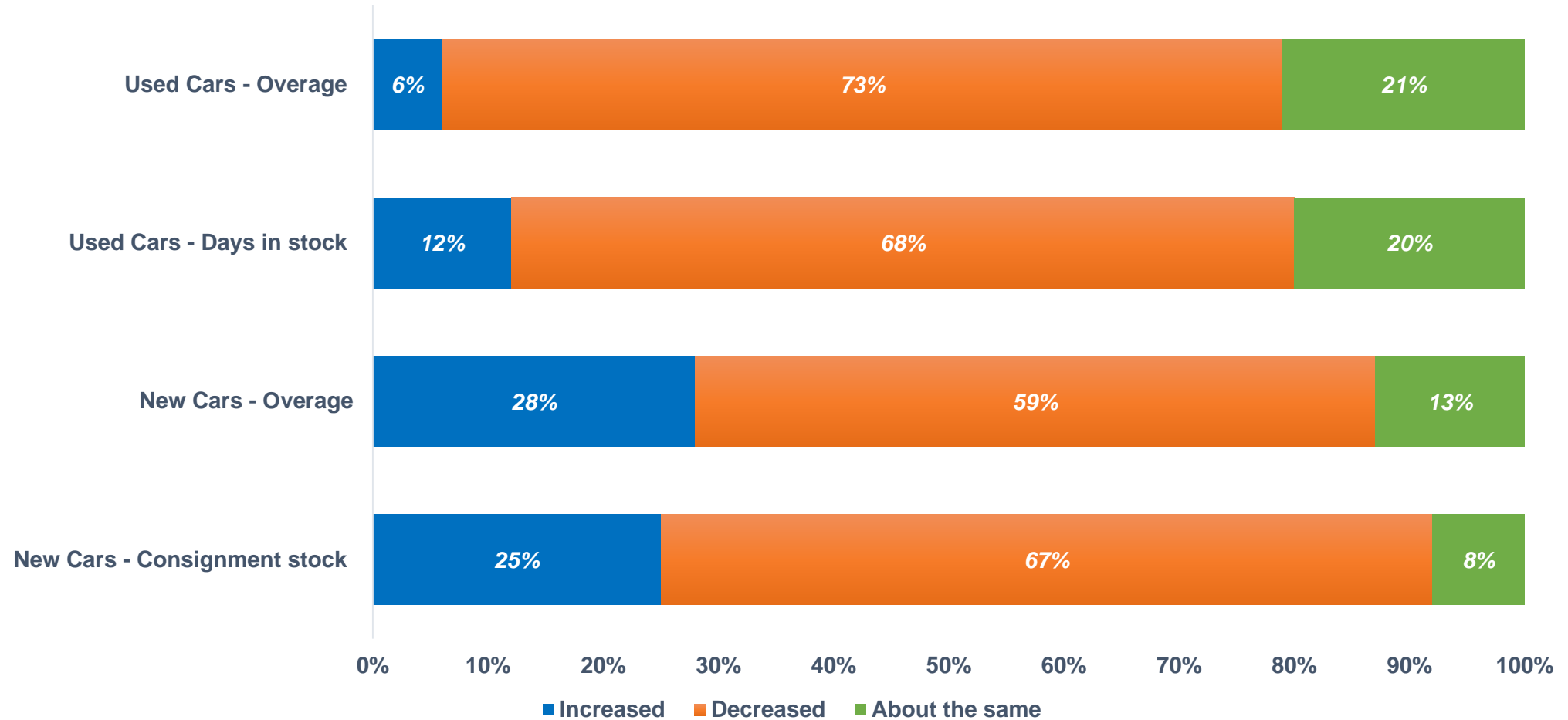
# Dealers

Overall a challenging quarter, as 69% of dealers surveyed reported a YoY decline in margin retention and stock availability in Q1



# Dealers

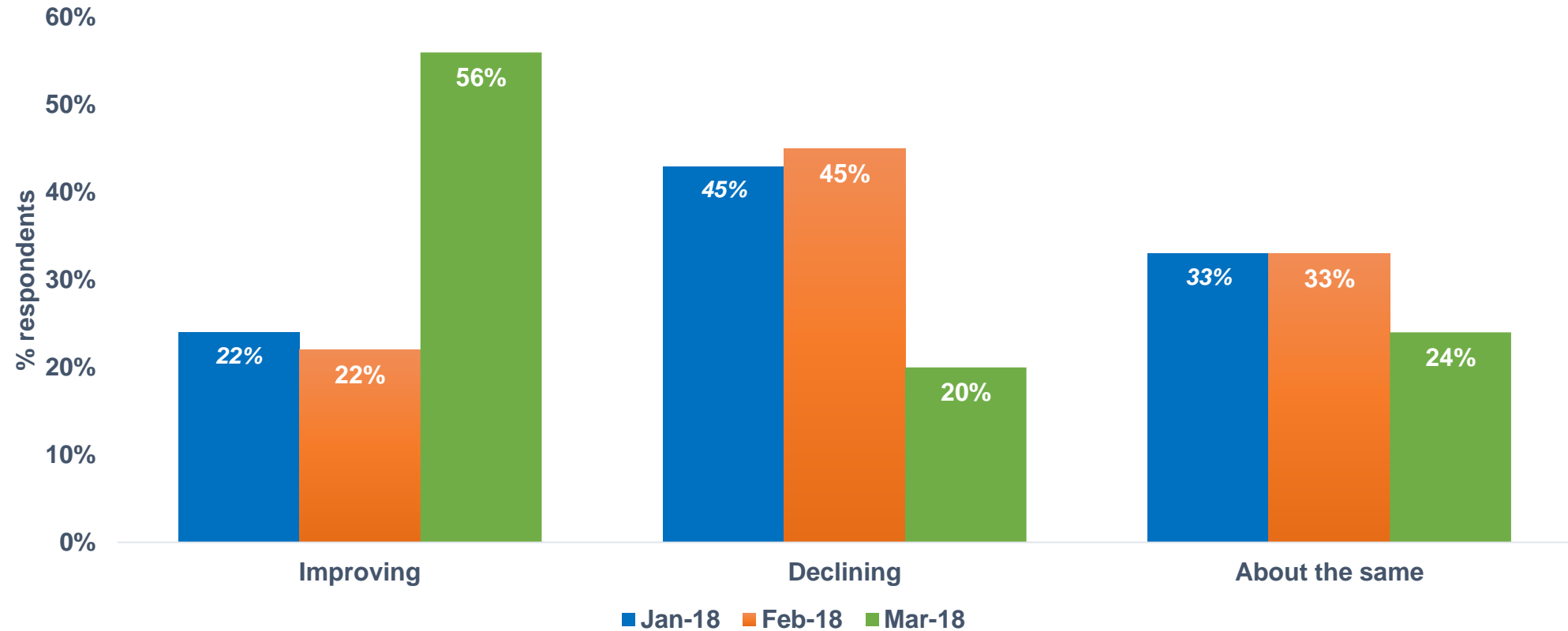
73% of dealers surveyed reported a decrease in overage used cars, and a quarter indicated an increase in new car consignment stock



# Dealers

56% of dealers report optimism about the economic conditions as Q1 of 2018 closes in contrast to daily pressures

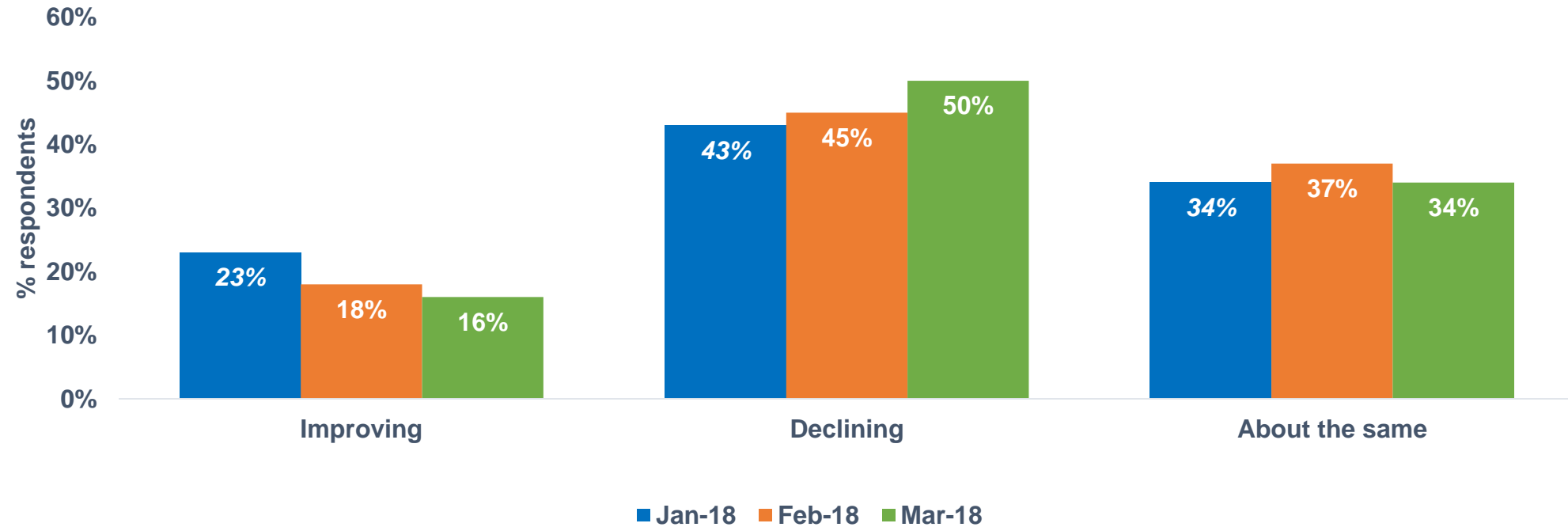
## What are your expectations for economic conditions over the coming months (as a proxy for demand)?



# Dealers

Expectations of pressure on sourcing stock over the coming months increased throughout Q1

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

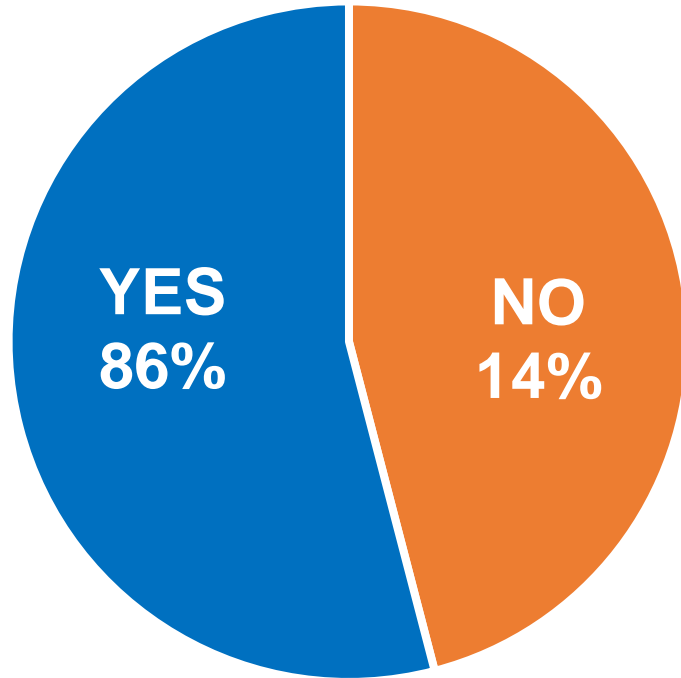


# Dealers

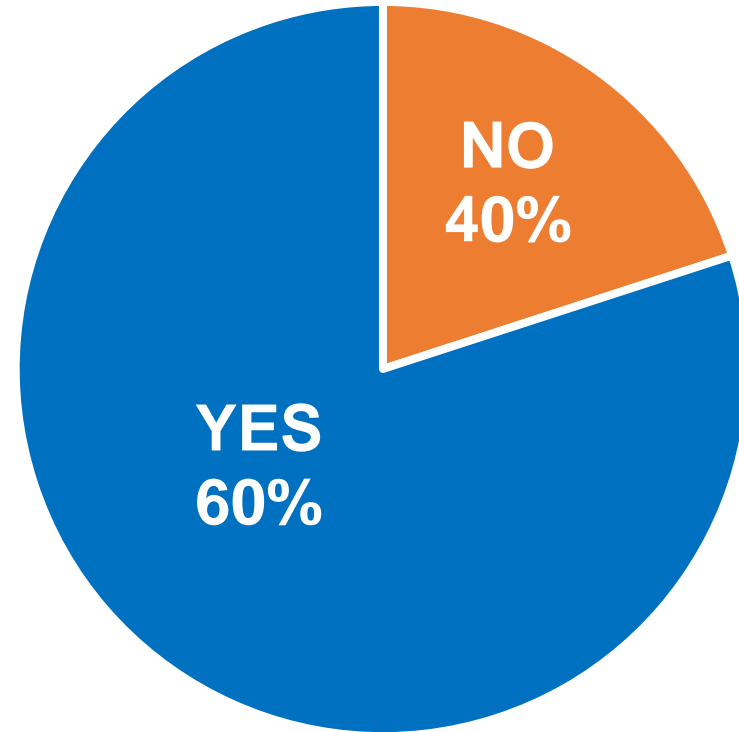
Pre-registrations and Scrappage triggering pressures in Q1 for dealers

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**Target pressures and lead times causing higher levels of pre-registrations**



**Scrappage causing a shortage of sub 2K trade cars**



# *Outlook*

## Retail

Used cars sales to improve with consumers 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

# Outlook

Our viewpoint – 2018 the wholesale market



## 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

# Outlook

Our viewpoint – 2018 the Dealers market

## Dealers

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

Improved analytical understanding of an ever diverse sector, to help find and price stock better

Challenging new car market whilst uncertainty remains



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