



COX
AUTOMOTIVE™

Market Overview
May 2018

Philip Nothard - Head of External Relations



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

Modix



MOTORS
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MOVEXX

AGENDA

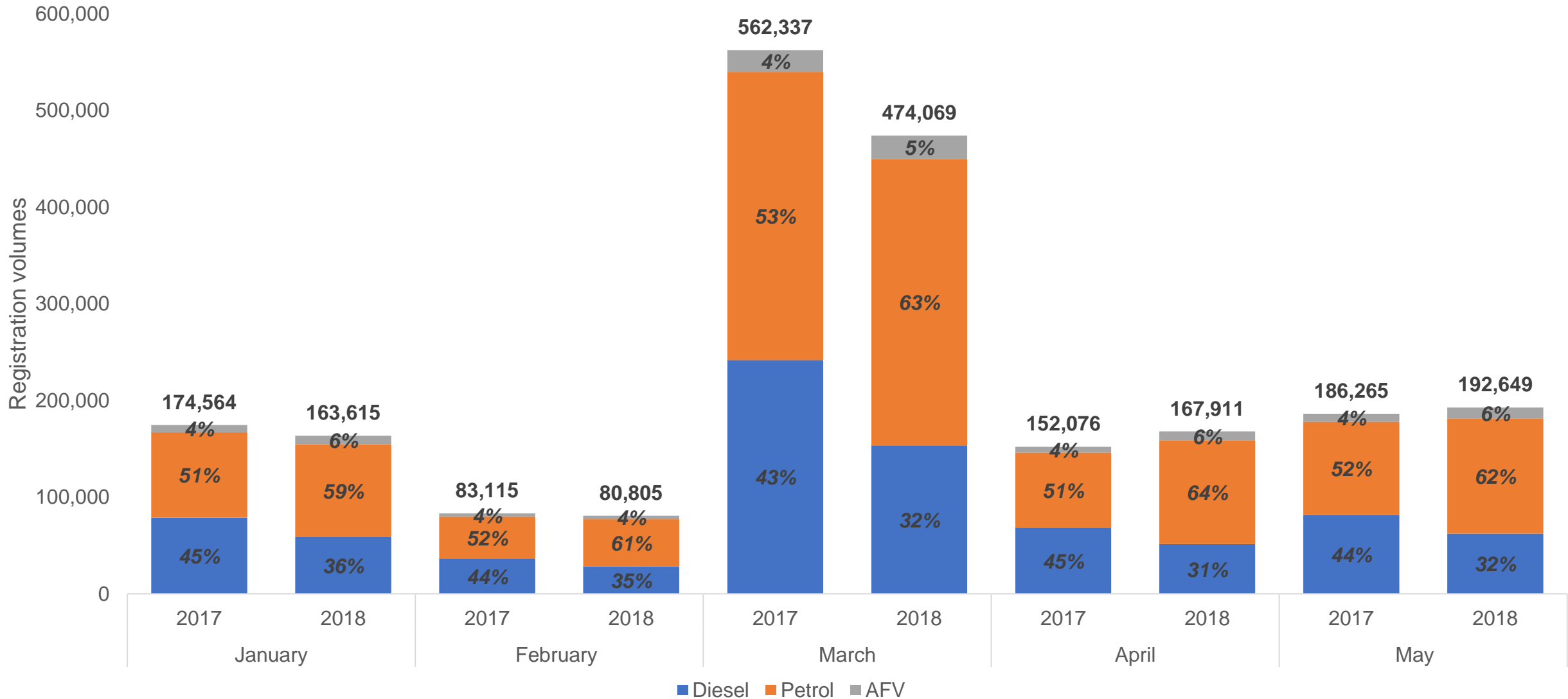
- Retail
- Wholesale
- Funding
- Dealers
- Outlook

// Market Overview

Retail

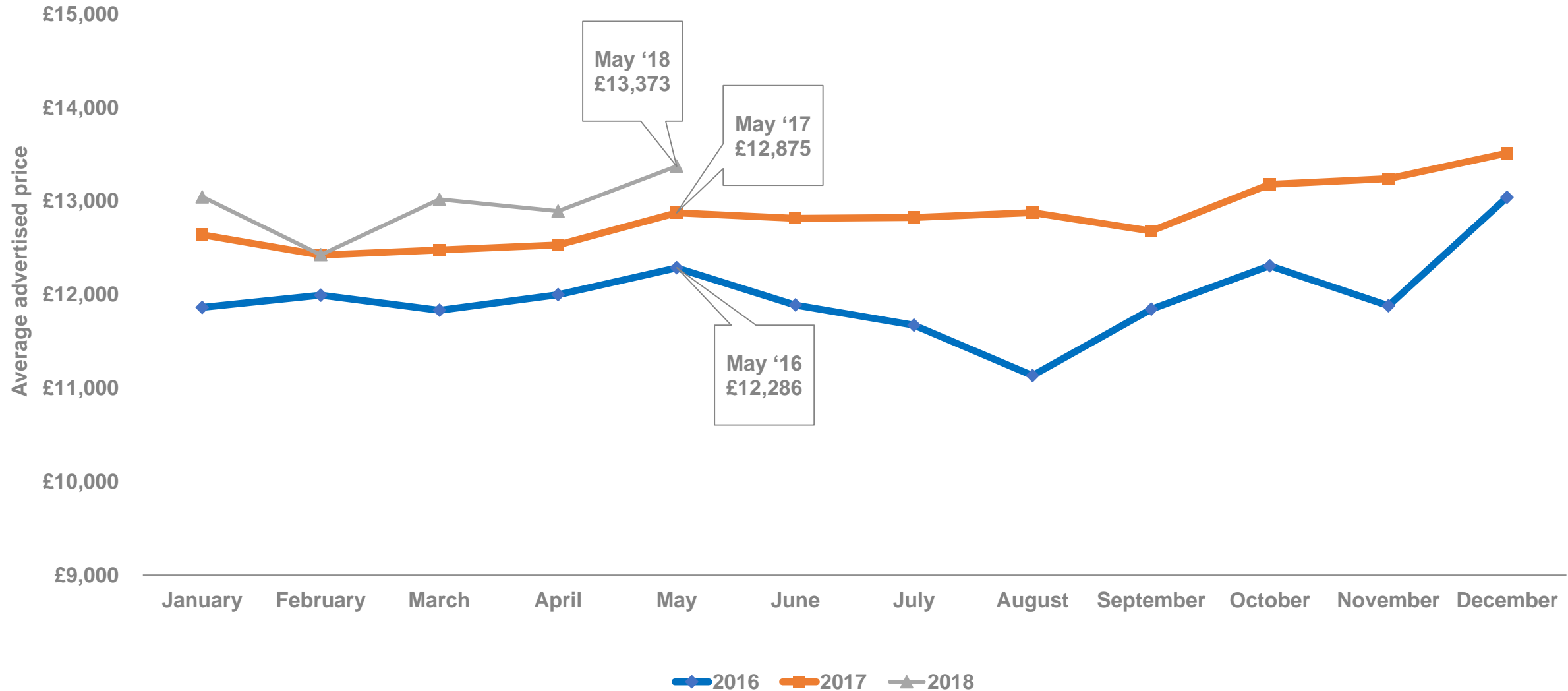
May illustrated continued appetite for Petrol and AFV whilst overall volumes exceed 2017 by 3.4%

New Registrations - fuel type



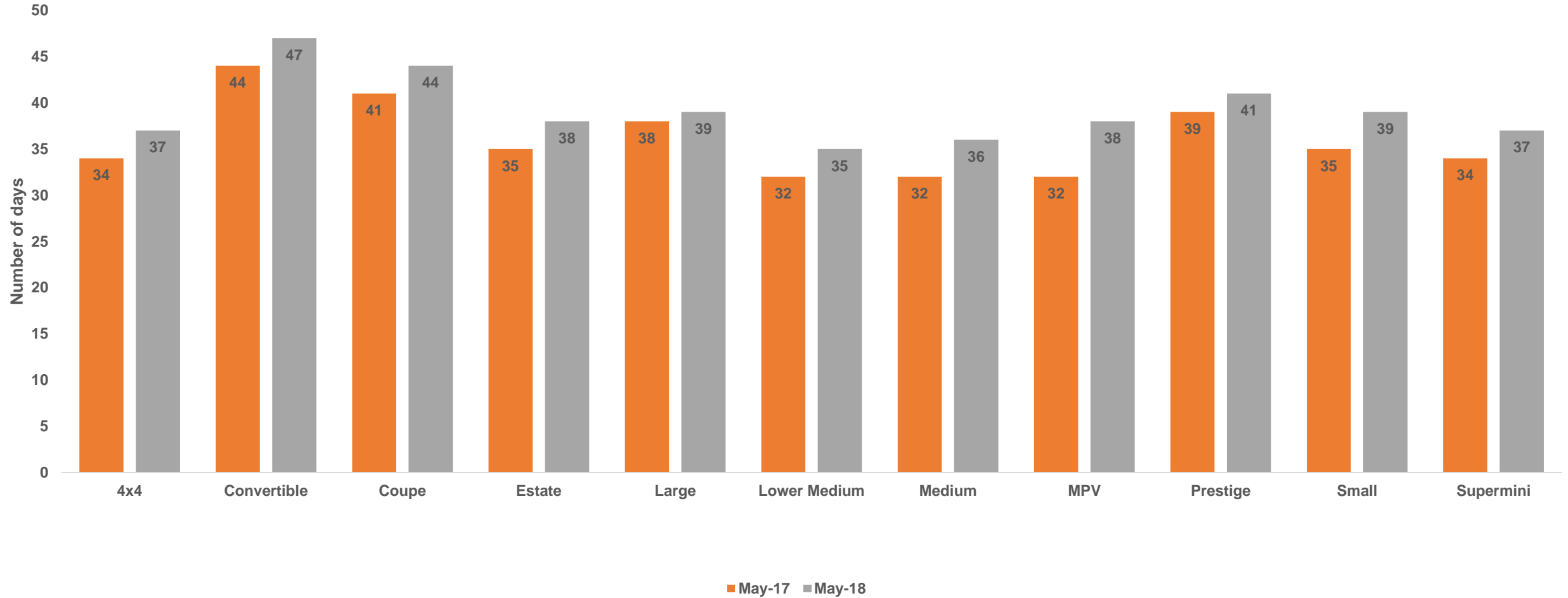
The average sold price of vehicles increased by 3.7% from April to £13,373. Diesel and petrol prices increased 12.6% and 23.3%

Retail Used Car Price Performance (as listed on Motors.co.uk)

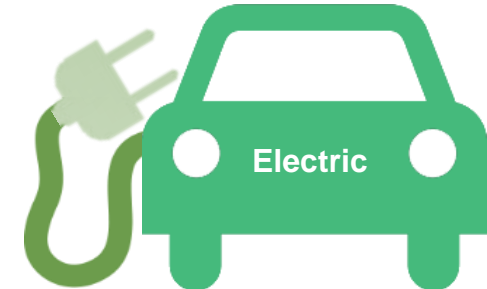
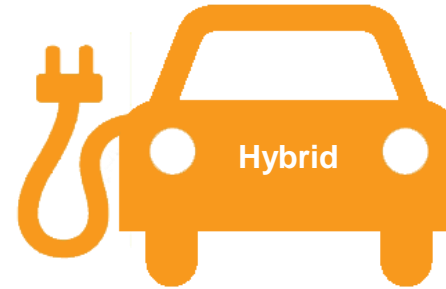
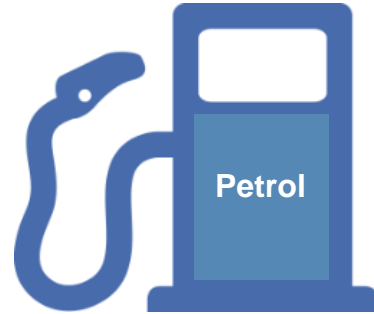
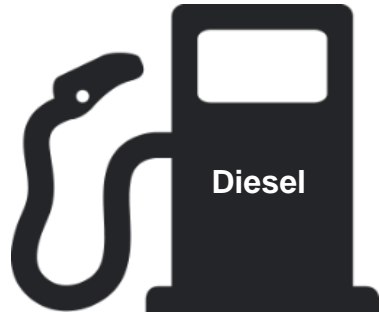


Days in stock increased across all sectors, with MPV suffering the toughest YoY increase by 6 days

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



Diesel stock levels achieve parity with petrol vehicles following 7% fall in volume YoY



Stock Volume

May '18 – 50% of total
May '17– 57% of total

Vehicle Views

May '18– 47% of total
May '17– 47% of total

Days in stock

May '18– 39 days
May '17– 37 days

Stock Volume

May '18 – 48% of total
May '17– 42% of total

Vehicle Views

May '18– 51% of total
May '17– 52% of total

Days in stock

May '18– 37 days
May '17– 33 days

Stock Volume

May '18 – 1% of total
May '17– 1% of total

Vehicle Views

May '18– 0.95% of total
May '17– 1% of total

Days in stock

May '18– 44 days
May '17– 31 days

Stock Volume

May '18– 0.22% of total
May '17– 0.26% of total

Vehicle Views

May '18– 0.32% of total
May '17– 0.39% of total

Days in stock

May '18– 48 days
May '17– 51 days

Retail

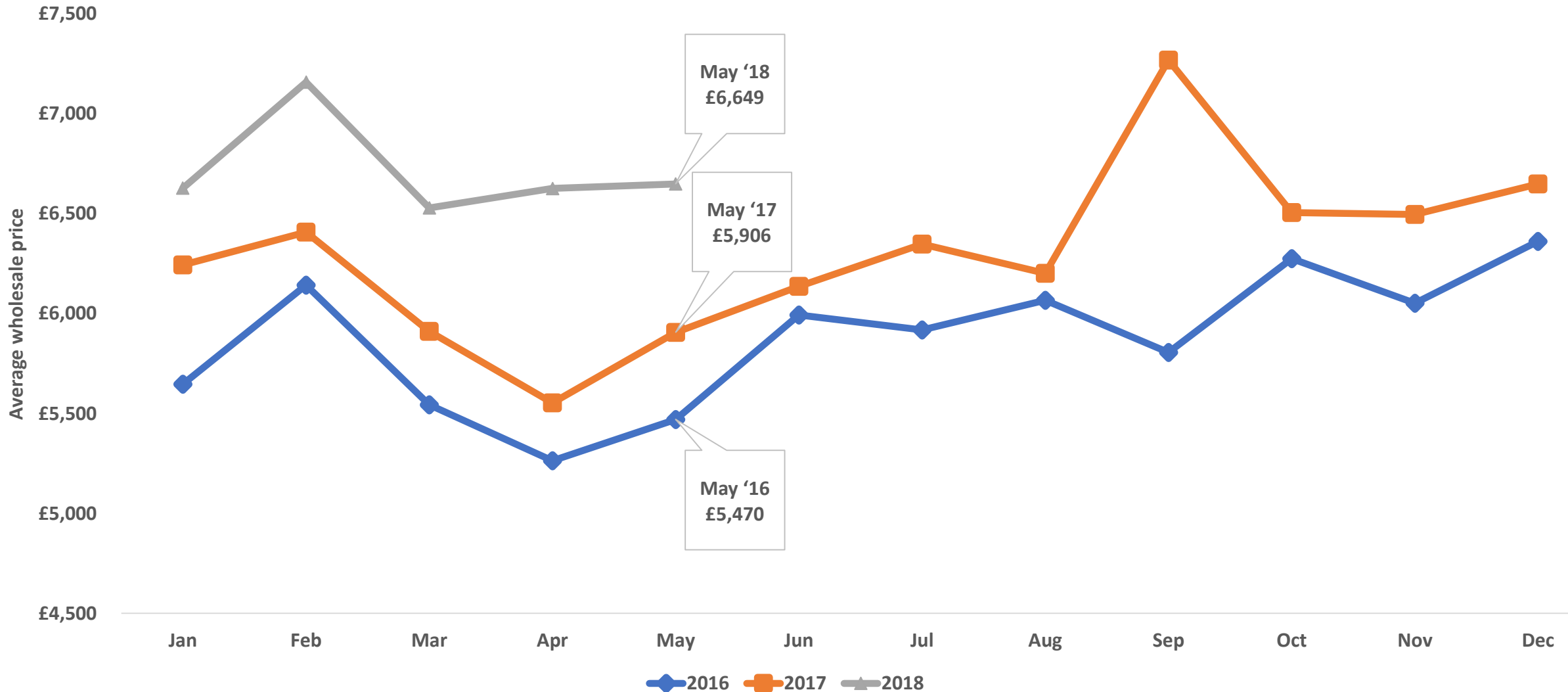
- *Dealers are better managing their diesel stock to meet consumer demand following negative headlines over emissions*
- *There is now a balance between petrol and diesel listed vehicles, with dealers buying less diesel stock and setting more appealing price points for consumers*
- *Alternatively fuelled vehicles continue to struggle compared to diesel and petrol*
- *Supermarkets selling 7 days slower YoY, with independents and franchises managing more stable stock turn (avg. 2 days slower)*
- *All car segments selling slower year-on-year with consumer demand slightly higher for smaller vehicles*

Wholesale

Wholesale

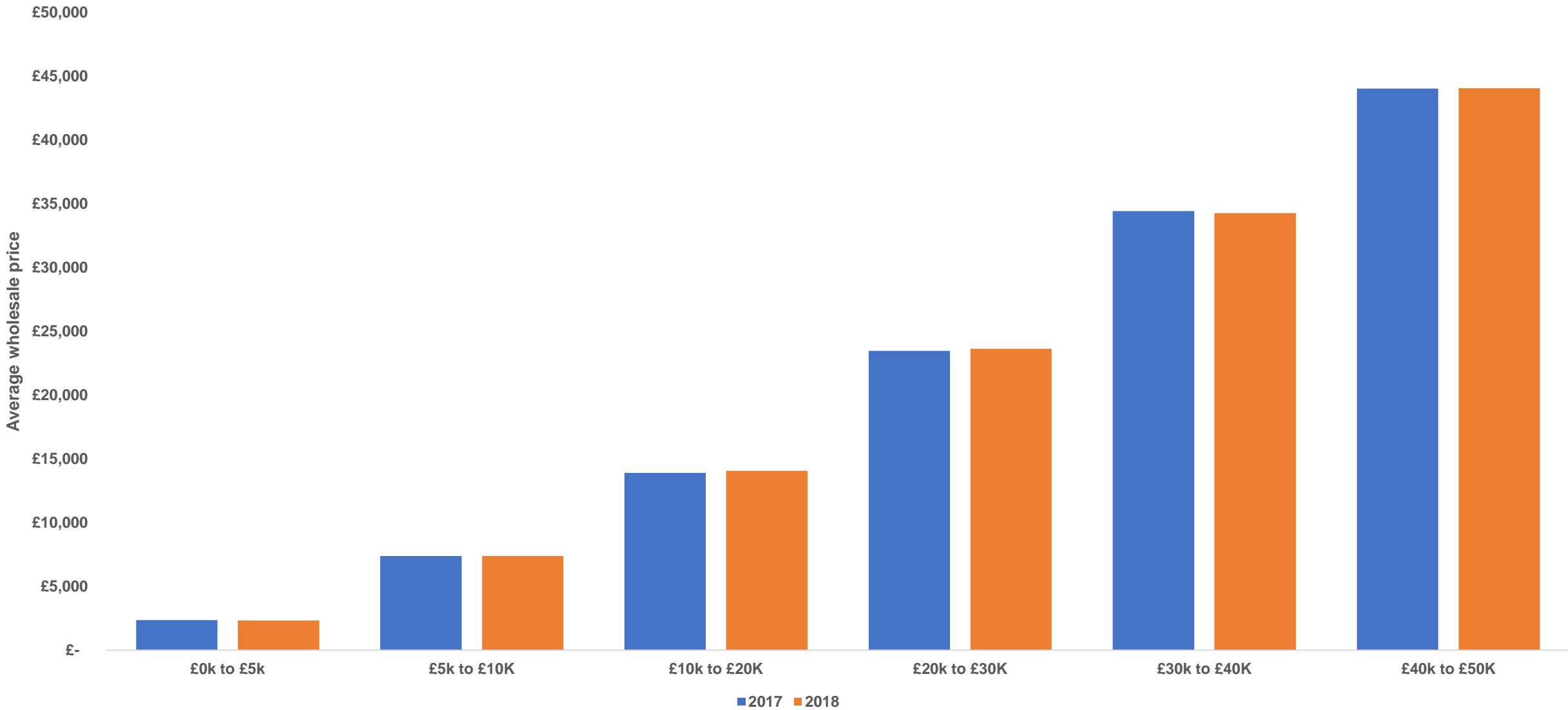
Average auction wholesale prices increased 12.6% in May YoY and out of seasonality increased 0.3% since April

Auction Wholesale Price



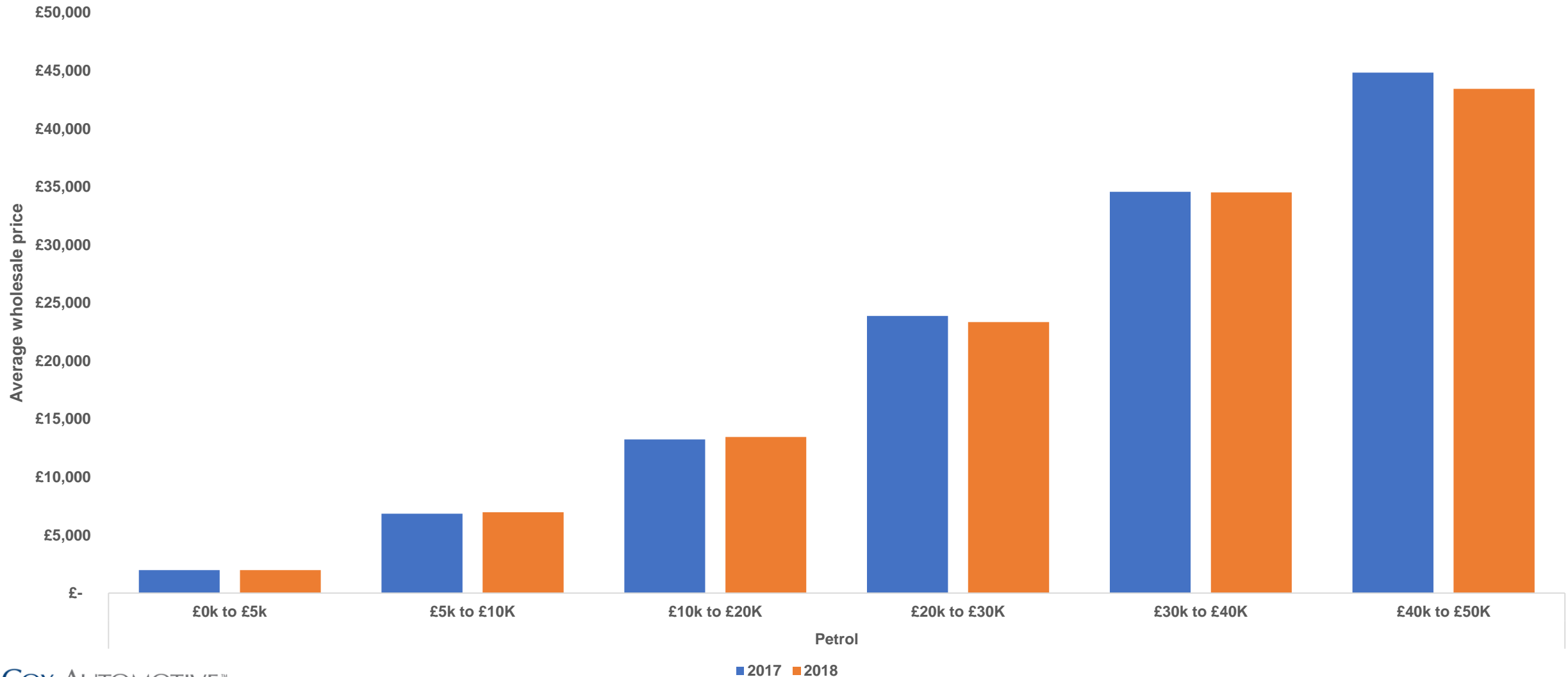
Diesel prices throughout the wholesale market remain stable with a slight increase of 1.24% in the £10 - £20k banding

Diesel Wholesale Used Prices May '17 vs. '18



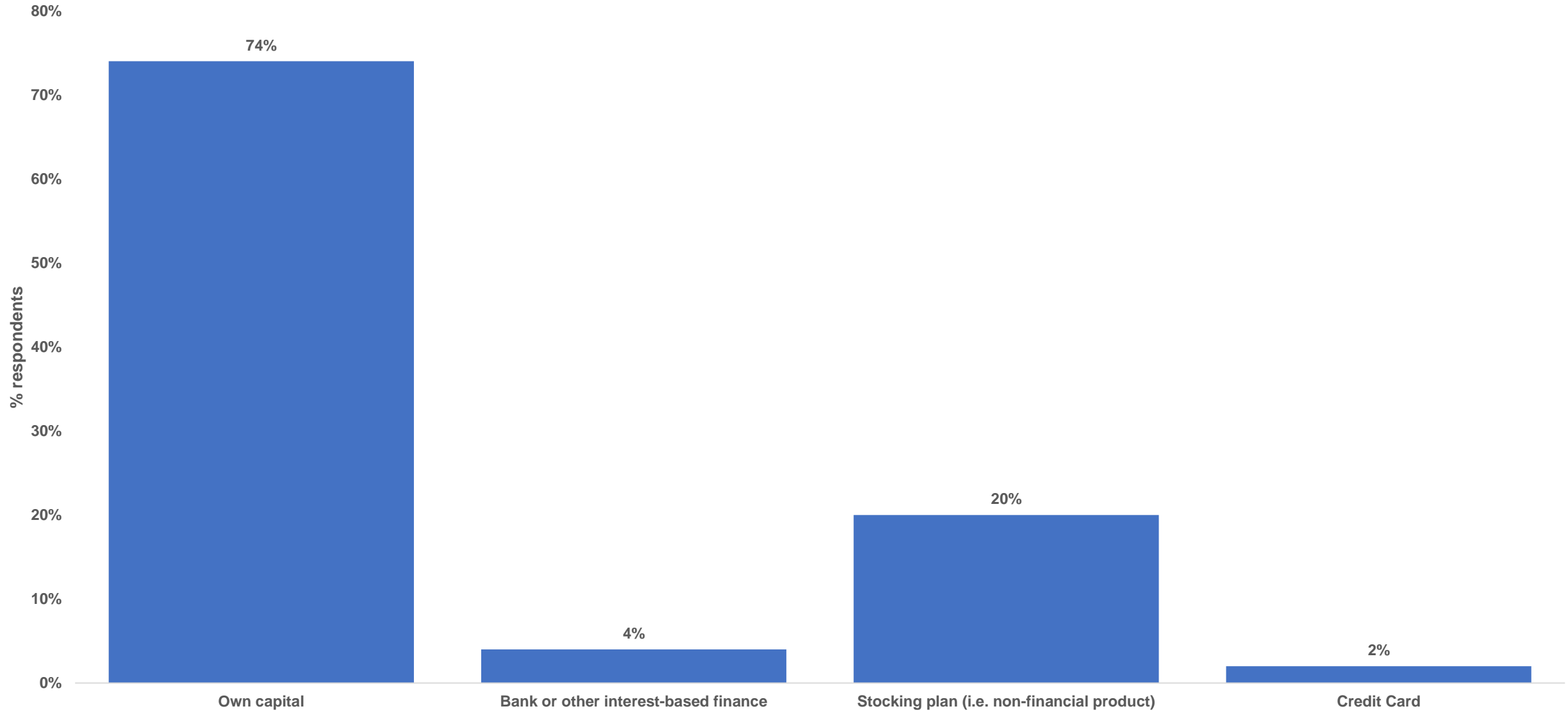
Petrol wholesale prices remain stable with easing slightly in the £20 - £30K and £40K - £50K

Petrol Wholesale Used Prices May '17 vs. '18



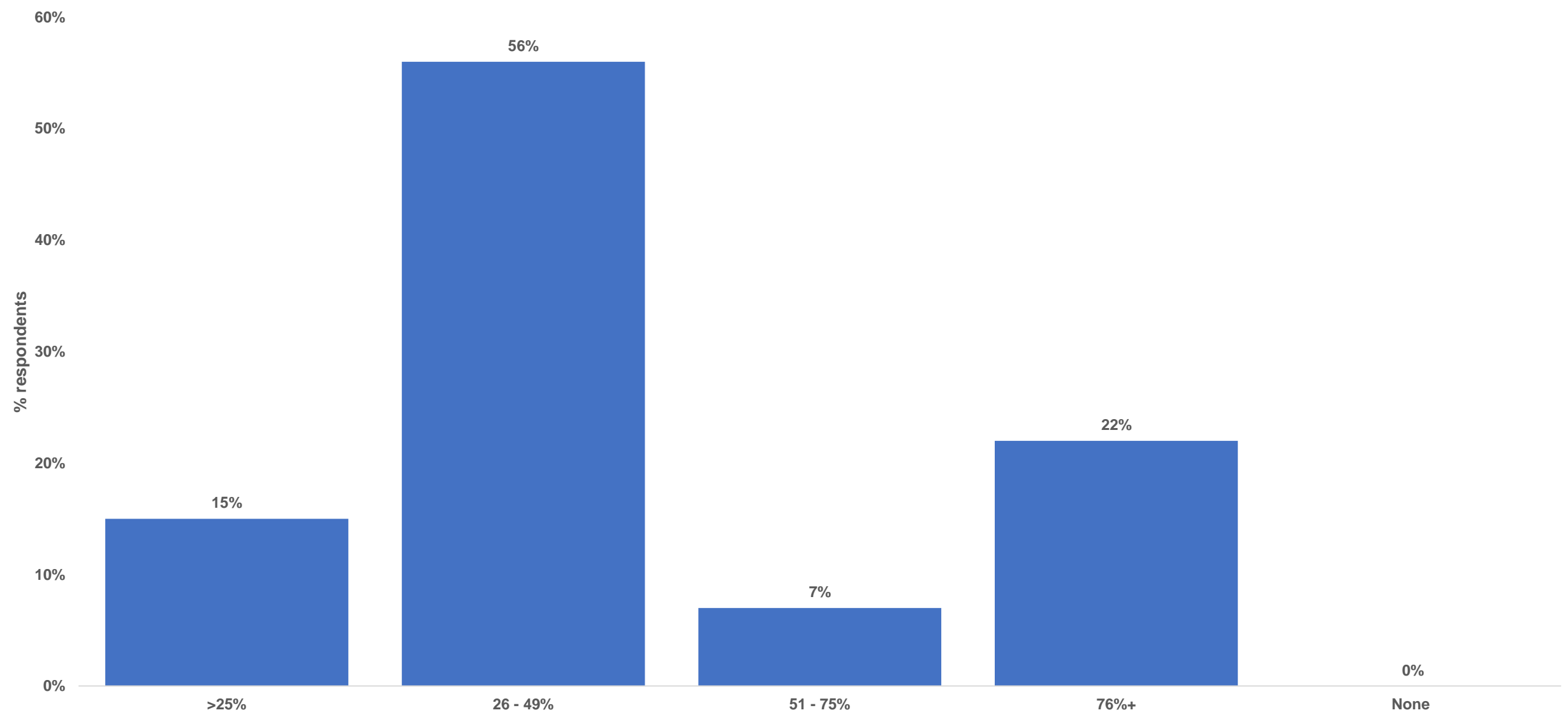
One in five dealers use a stocking plan whereas only a tiny minority (4%) use bank finance

How do you typically finance auction purchases?



85% dealers retain at least 1 in 4 part-exchanges for resale

Percentage of part exchanges retained for resale



Wholesale

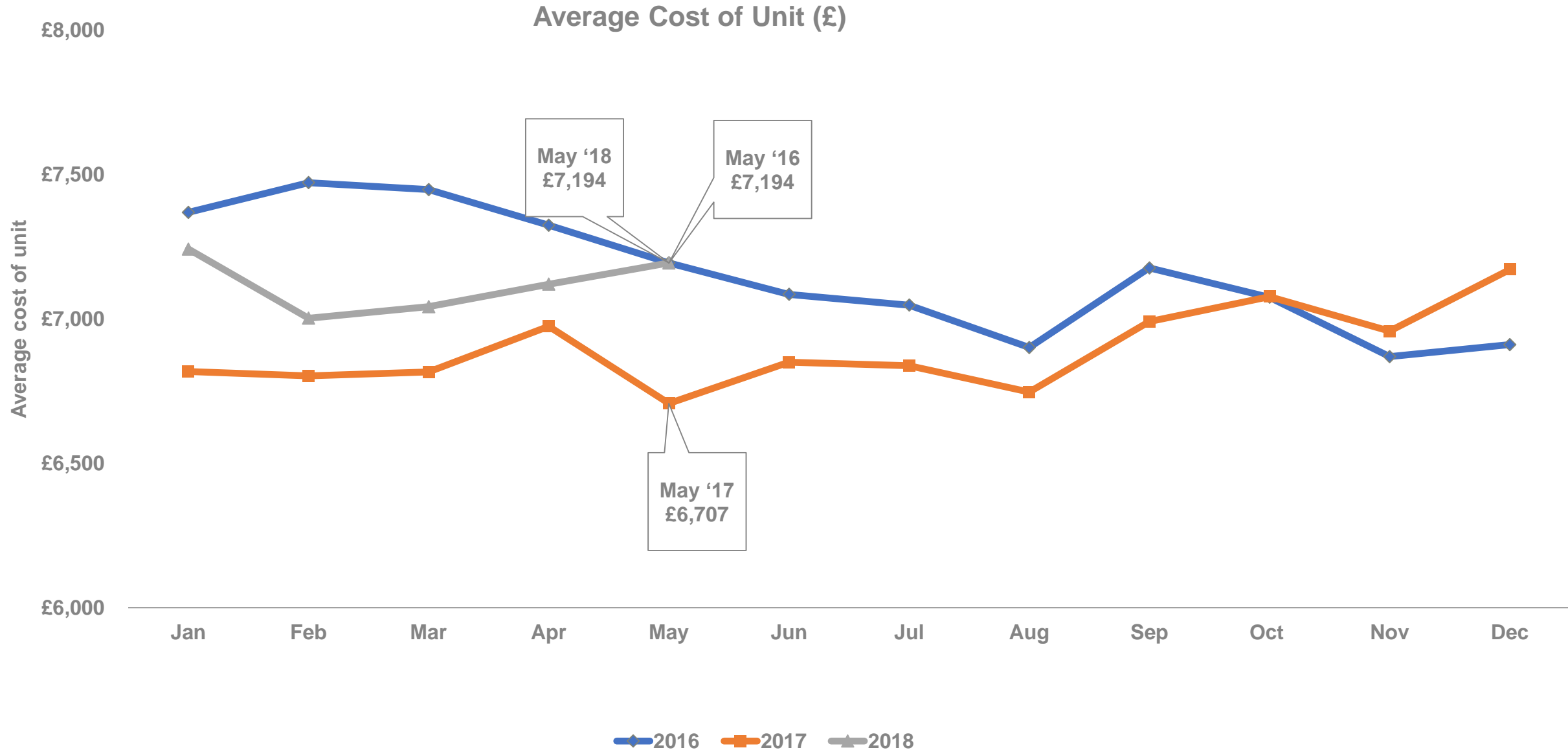
- *The average sold price for both ex-fleet and part exchange vehicles remained on par with April (£6,649), and up 12.6% on May 2017 (£5,906)*
- *Wholesale volumes increased in May, up 7.3%, with a clear growth in vehicles in the £10-40k price brackets (up 25.6% year on year)*
- *13% year on year increase in volumes and an average sale price increase of £510 to £4,440 through Dealer Auction, the trade-to-trade online auction platform, proving that the adoption of digital bidding is gaining pace*

Funding



Funding

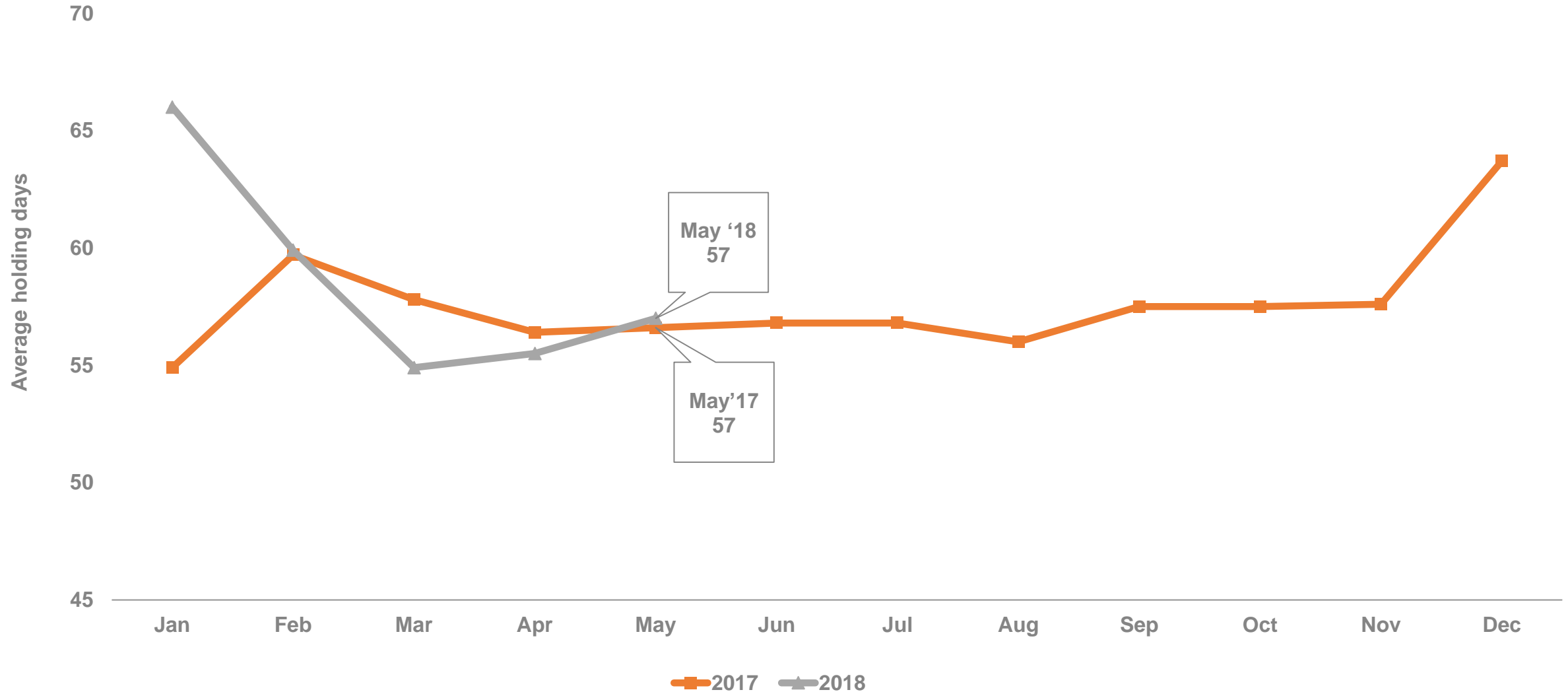
A 7% increase in average cost per unit compared to the same period in 2017, equalling those seen in 2016



Funding

Average holding days also increased to 57 from 55 in April, returning to the figures experienced in the same period in 2017

Average Holding Days



Funding

In May '18 the average age funded, and mileage remains in line with '17 May figures

Stock funding

May 2017



6.4 years

Ave. Age Funded



60,393

Ave. Mileage

May 2018



6.2 years

Ave. Age Funded



61,522

Ave. Mileage



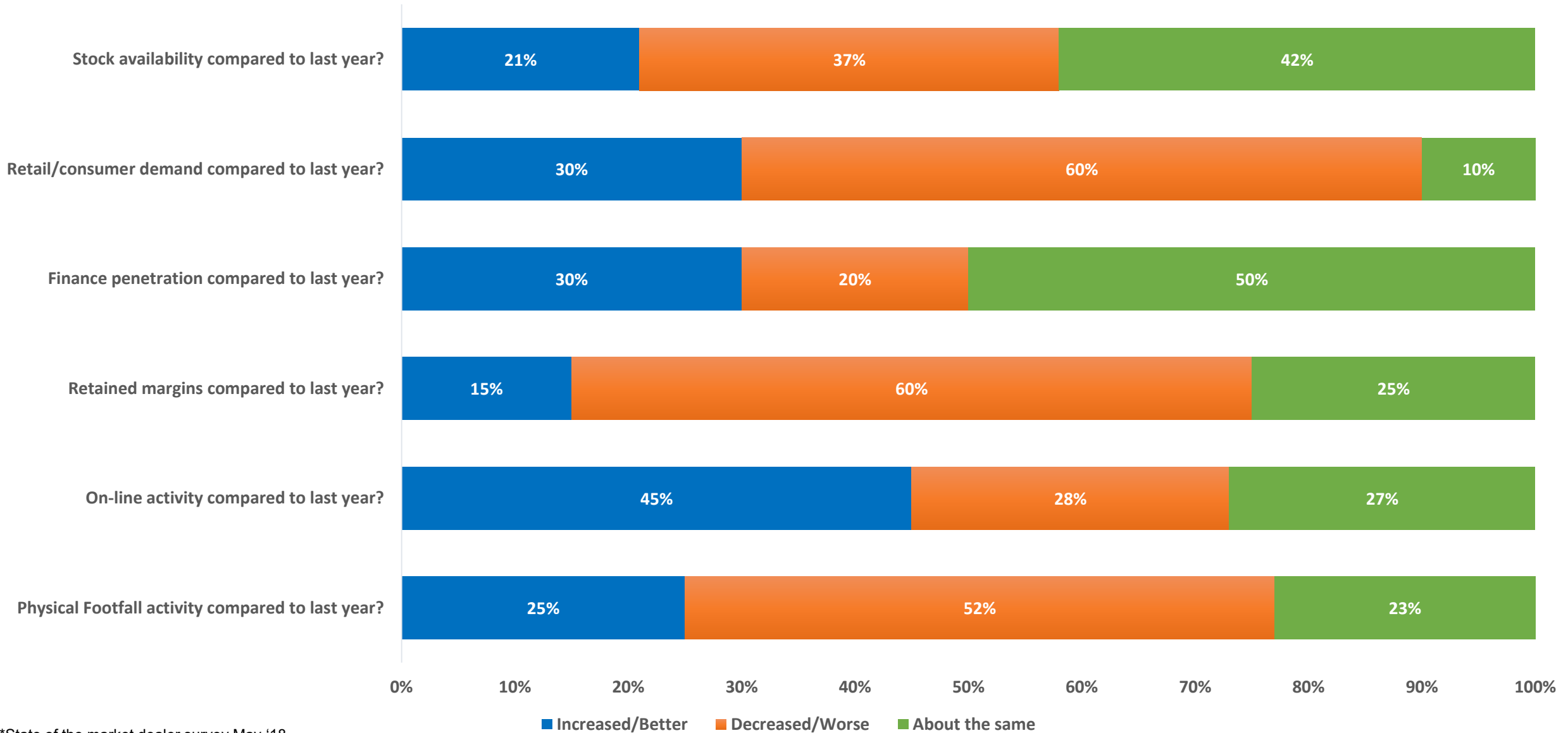
MANHEIM
Auctions



Dealers

Dealers

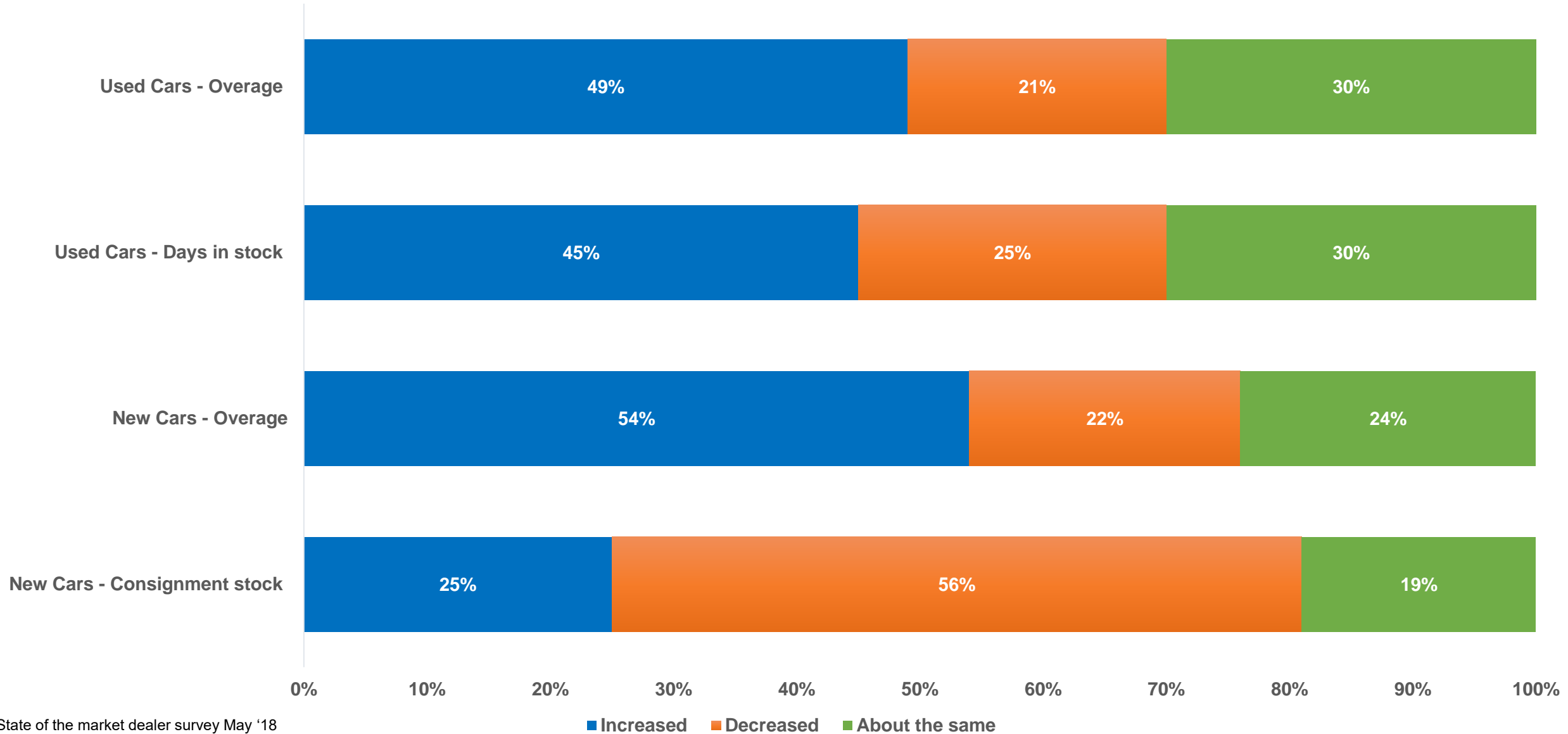
Three in five dealers surveyed reported margin pressures. In addition, over half indicated footfall had worsened compared to 2017*



*State of the market dealer survey May '18

Dealers

45% of dealers* indicated an increase in days in stock, echoing data revealed in Motors.co.uk across all sectors

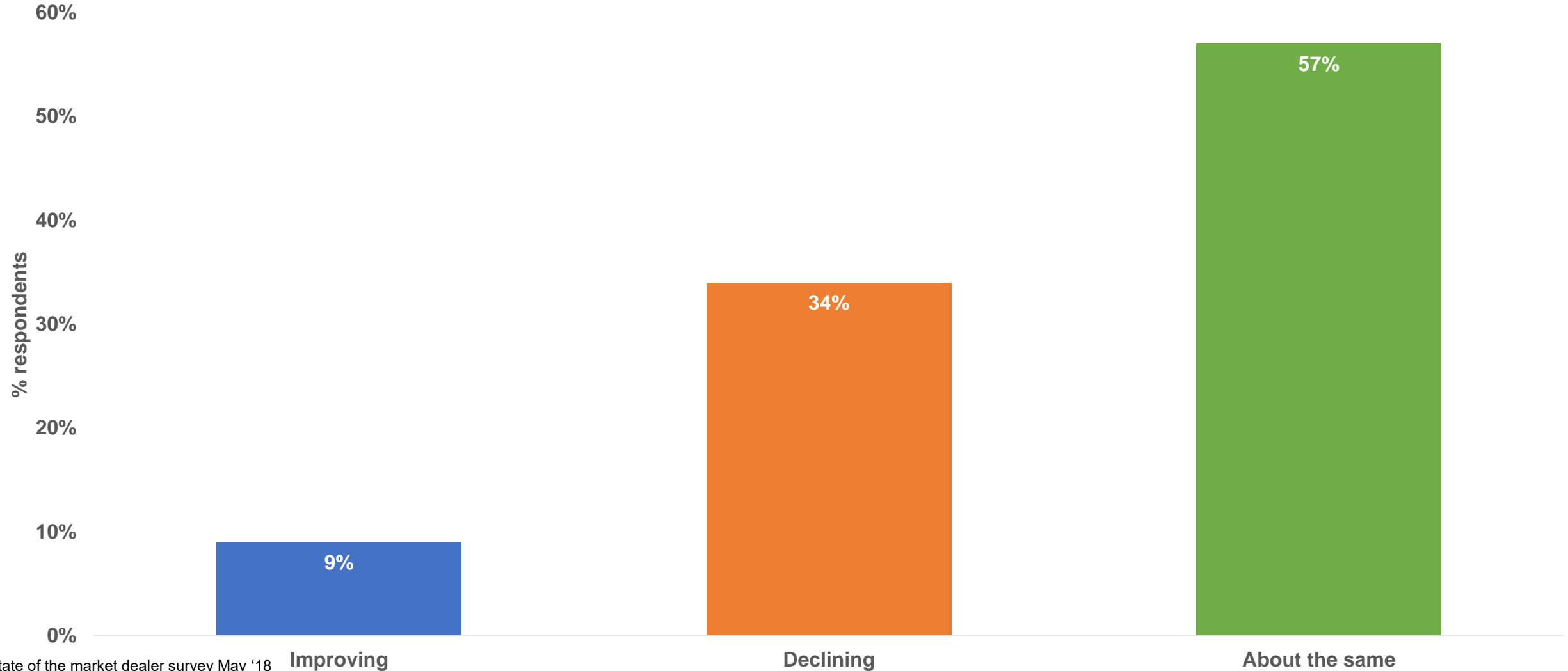


*State of the market dealer survey May '18

Dealers

The economic outlook remains similar with only 9% anticipating improvement and 34% expectant of further decline*

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

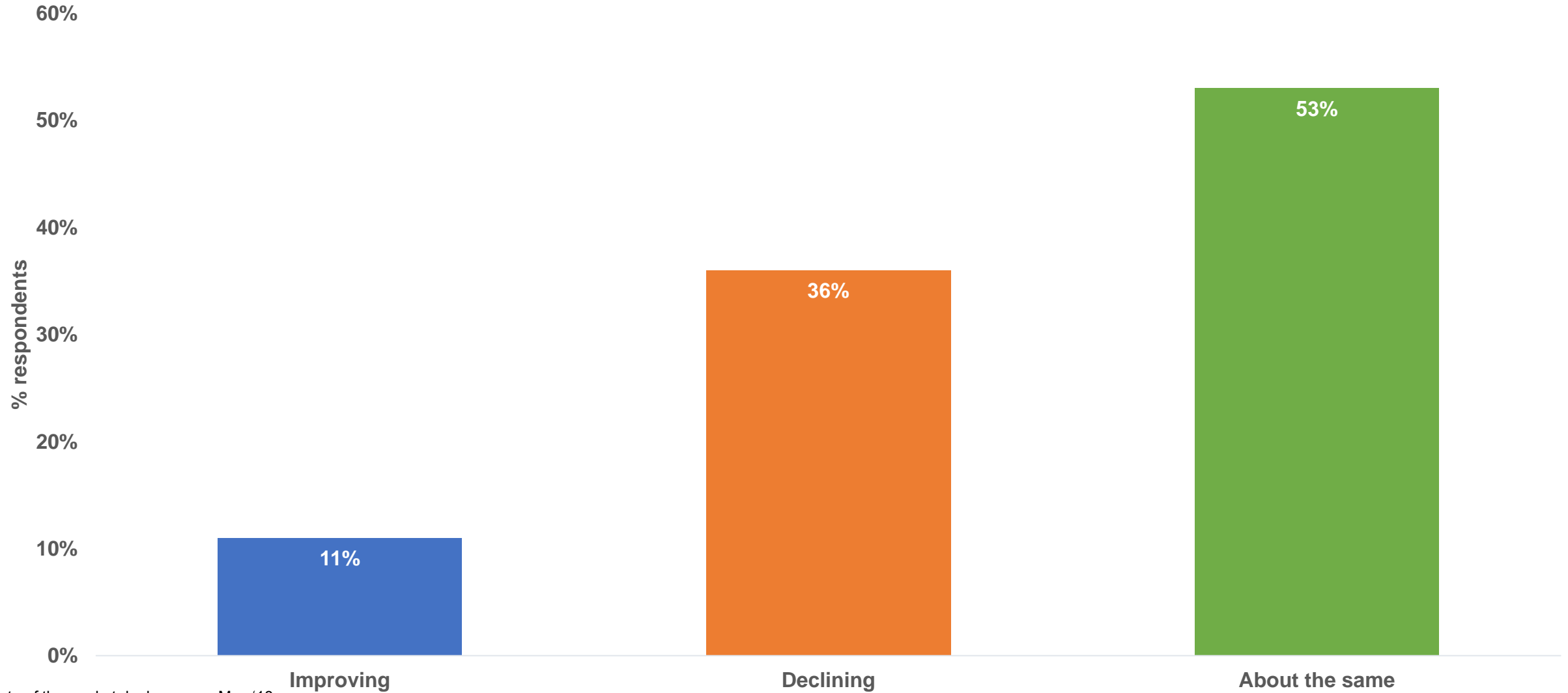


*State of the market dealer survey May '18

Dealers

36% of dealers envisage sourcing stock to worsen while 11% foresee improvement over the coming months*

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



*State of the market dealer survey May '18

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

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

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

