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***Market Overview
July 2018***

Philip Nothard



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AGENDA

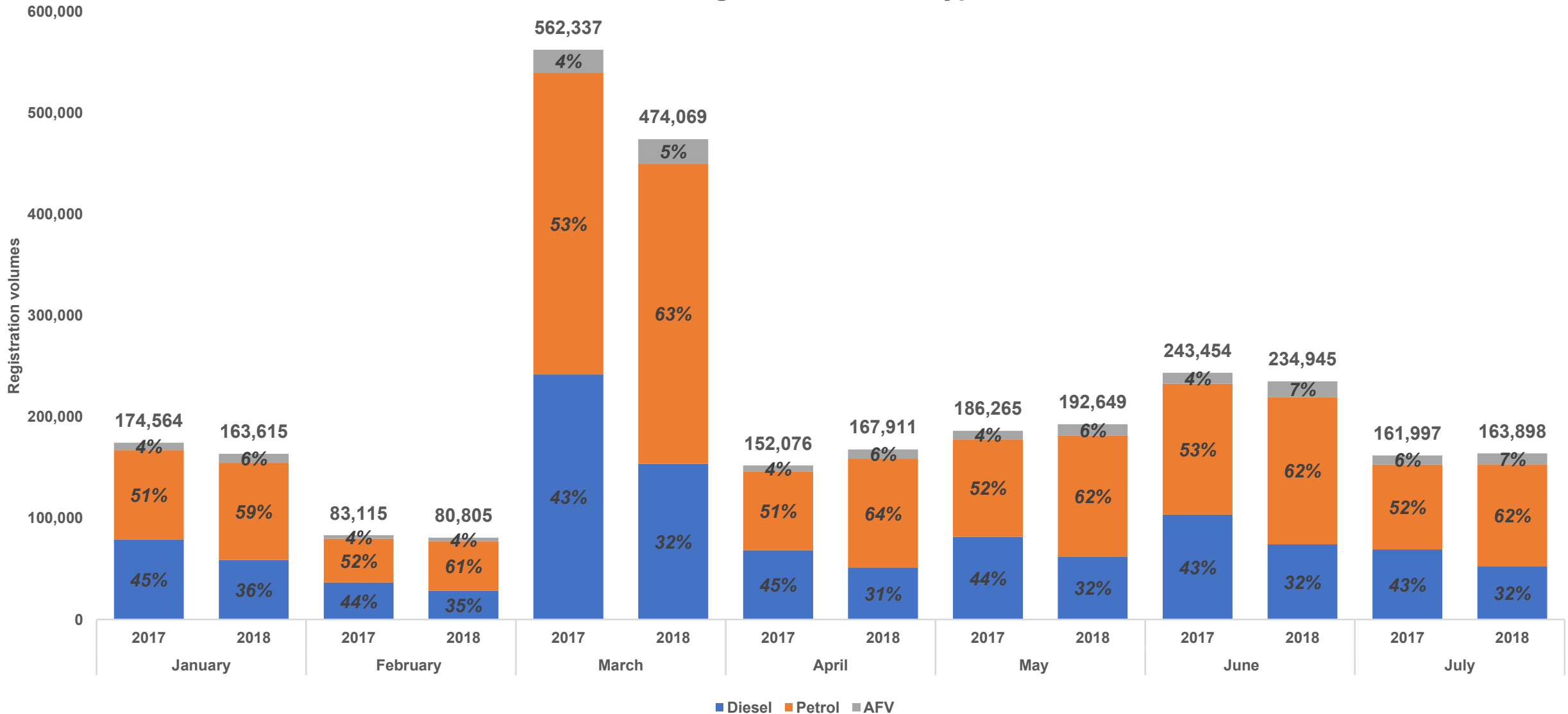
- Retail
- Wholesale
- Funding
- Dealers
- Outlook

// Market Overview

Retail

Diesel continues to experience pressure with further YoY volume decline of -24.4%, countered by an increase in petrol of 20.1%

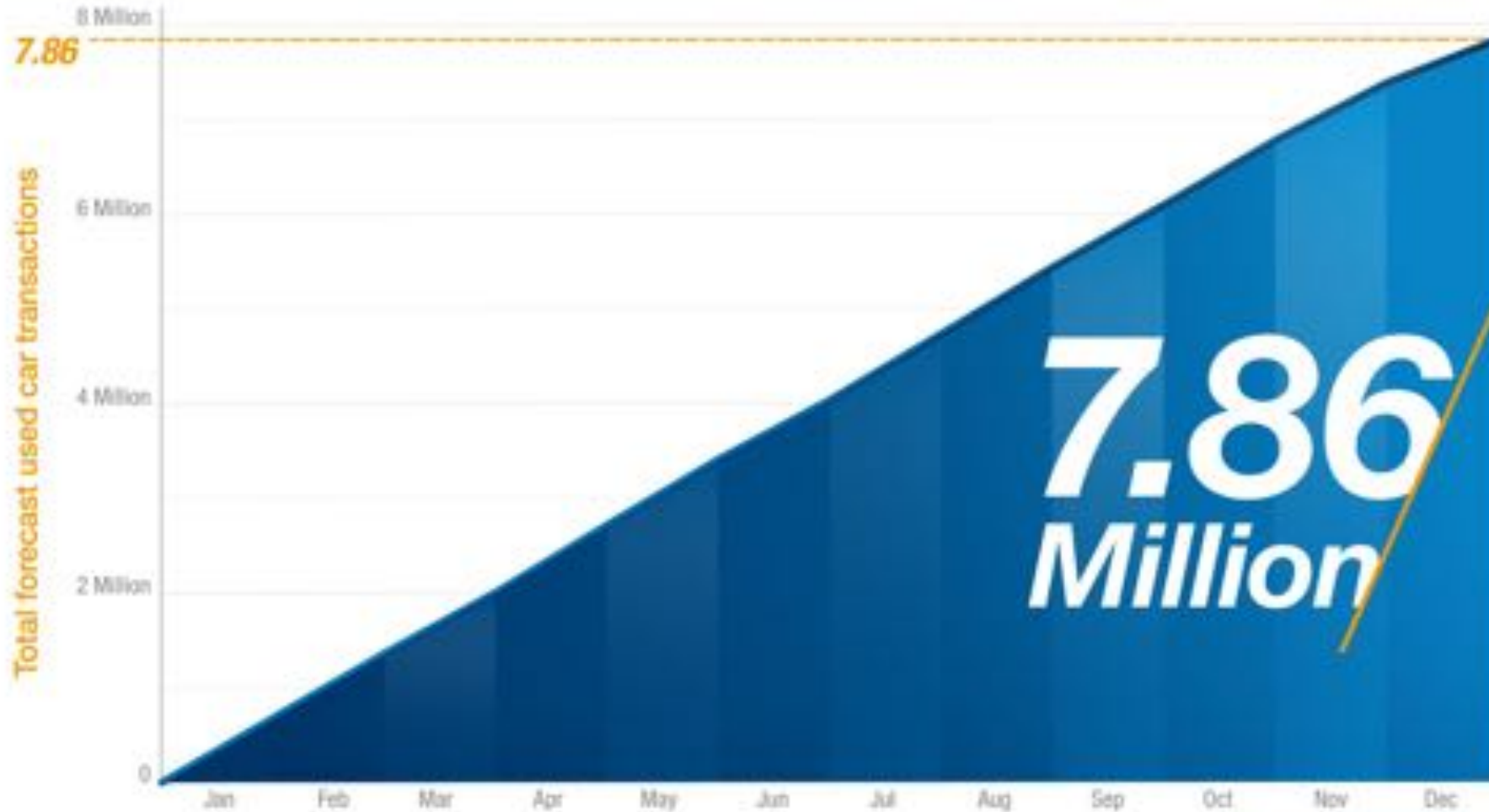
New Registrations - fuel type



Retail

The UK's used car market will reach 7.86 million units in 2018, if current market trends stay on track

Cox Automotive full-year used car market forecast 2018



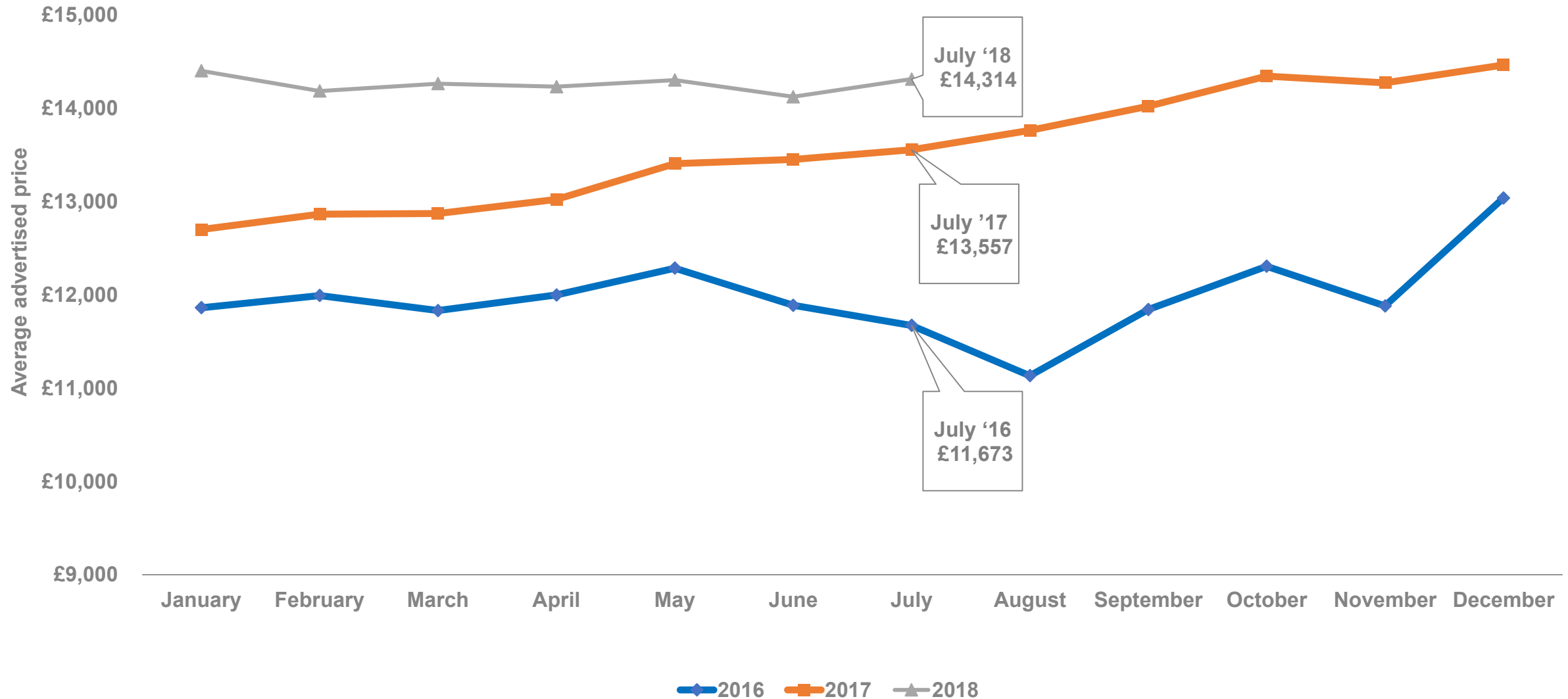
[Click here to download the graph as a pdf](#)

Source: Cox Automotive

Retail

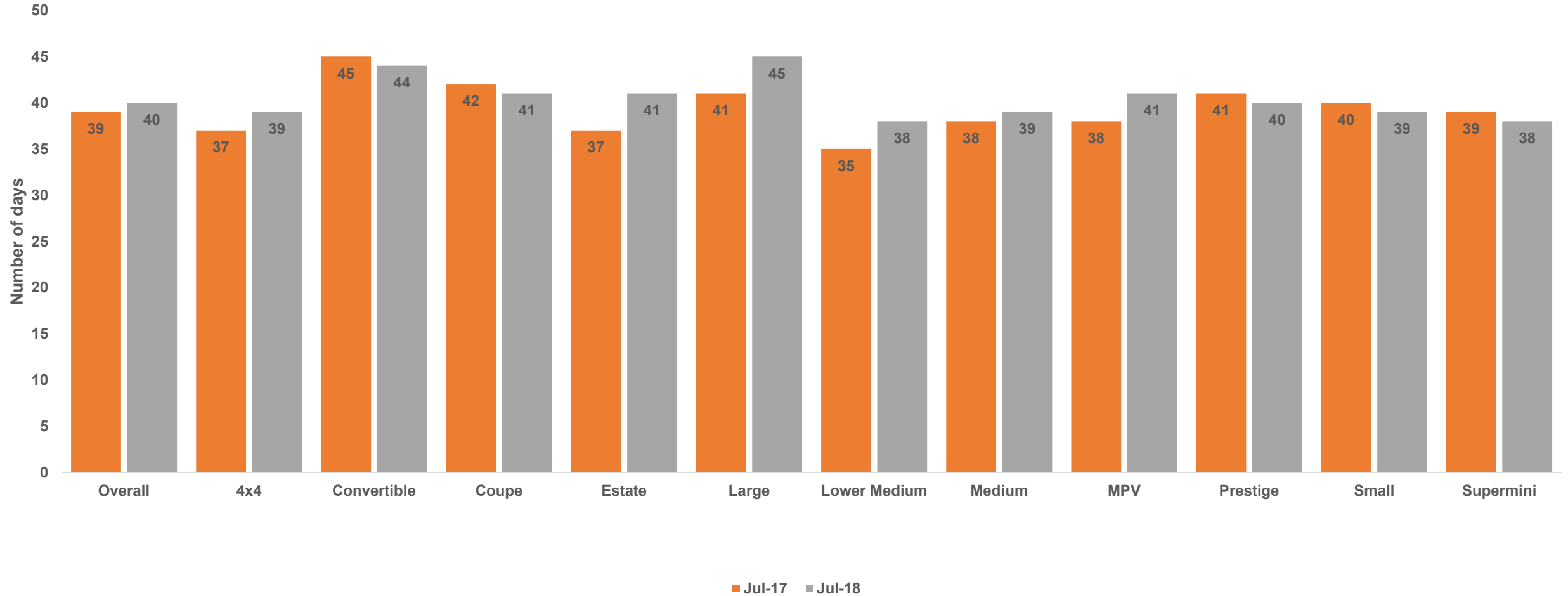
Stable retail market , with the average sold prices of vehicles up 1% to £14,314 (up 6% year on year)

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

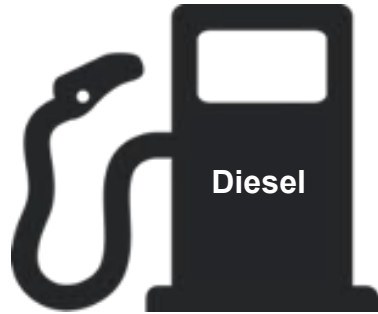


Overall days in stock increased marginally, weighted greatly by both Estate and Large, but not consistent across all sectors

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



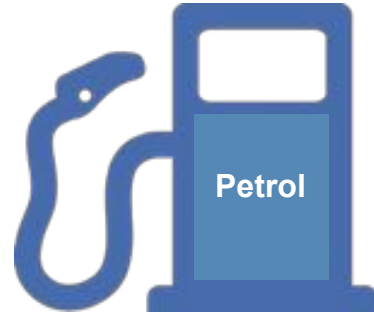
Diesel vehicles saw a slight reduction in days in stock, despite less stock listed compared to July '17



Stock Volume
July '18 - 50% of total
July '17- 57% of total

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

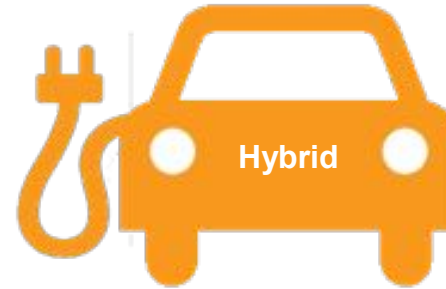
Days in stock
July '18 - 40 days
July '17 - 43 days



Stock Volume
July '18 - 49% of total
July '17- 41% of total

Vehicle Views
July '18 - 51% of total
July '17- 50% of total

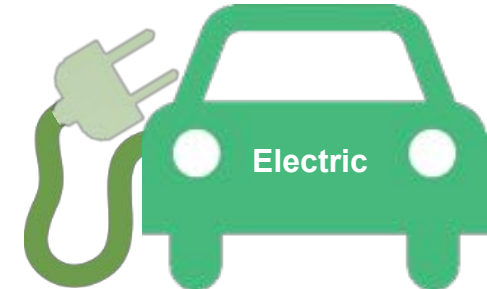
Days in stock
July '18 - 38 days
July '17 - 36 days



Stock Volume
July '18 - 1.18% of total
July '17- 1.19% of total

Vehicle Views
July '18 - 1.02% of total
July '17- 1.34% of total

Days in stock
July '18 - 41 days
July '17- 38 days



Stock Volume
July '18 - 0.19% of total
July '17- 0.27% of total

Vehicle Views
July '18 - 0.40% of total
July '17- 0.44% of total

Days in stock
July '18 - 52 days
July '17- 48 days

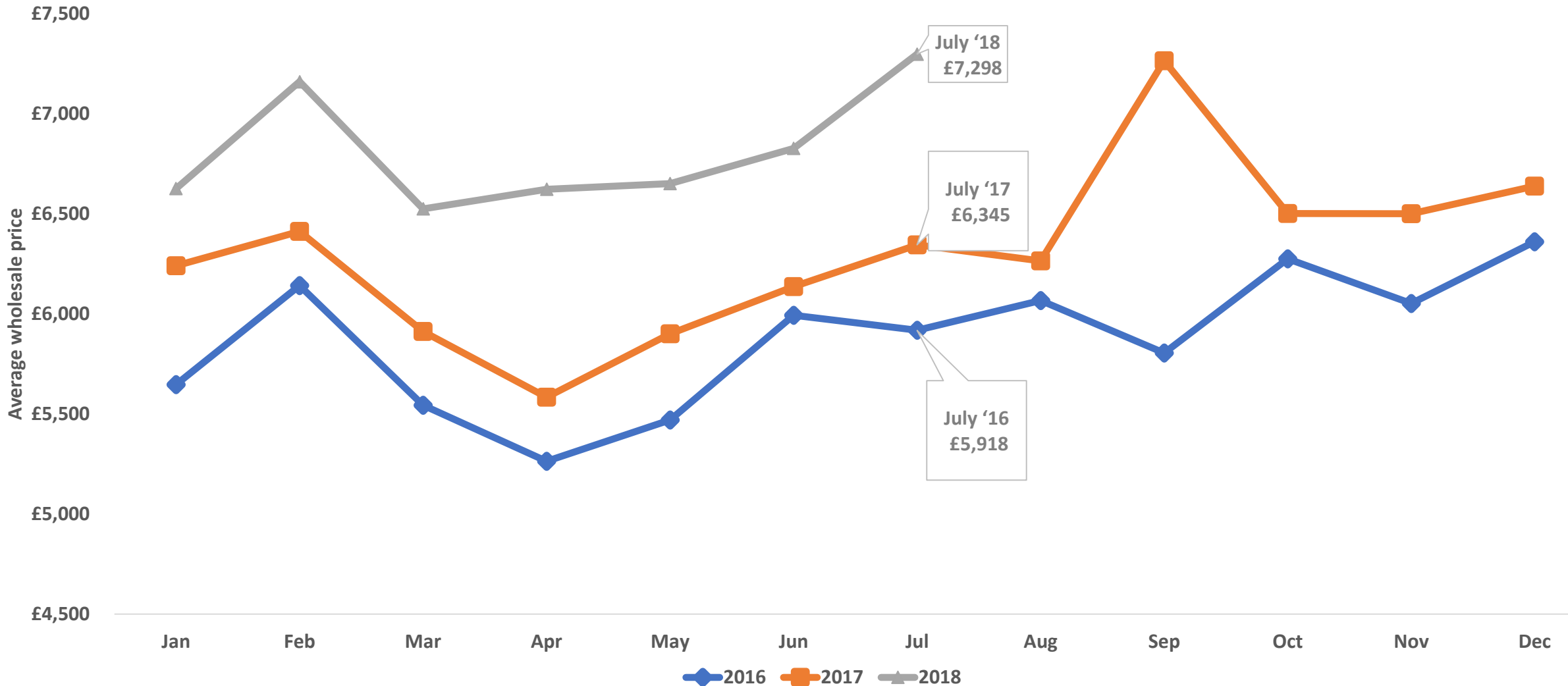
Retail

- *Supermarkets have increased their average stock volume by +15% relative to July '17*
- *Franchise and independent dealers have maintained consistent stock volumes year-on-year*
- *Supermarkets sold vehicles four days slower compared to July '17*
- *Independents have sold vehicles three days faster year-on-year*
- *Franchise performance remained consistent both month-on-month and compared to last year*
- *Larger and more prestige vehicles sold slower than other types*

Wholesale

Strong increases in the price of sold vehicles, up 7% to £7,298 (from £6,816 in June) - a 15% increase on the same period last year

Auction Wholesale Price



Wholesale Used Prices July '17 vs. '18

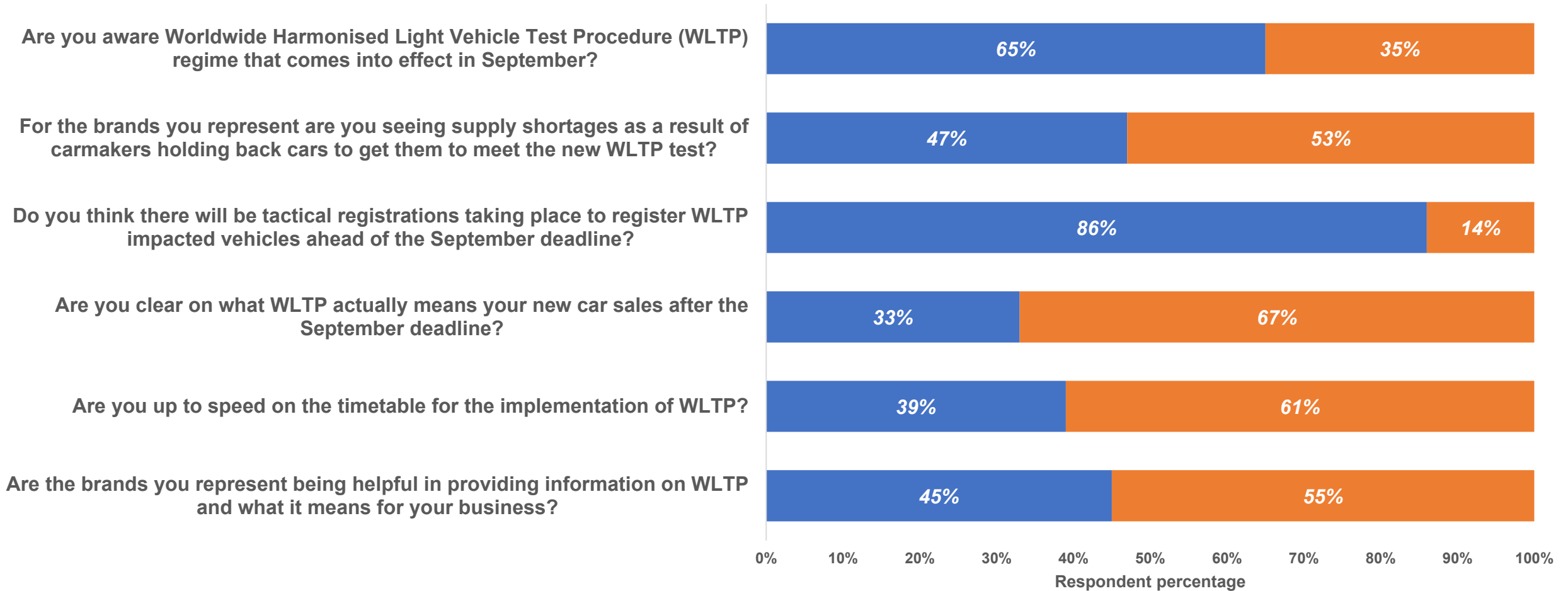
Diesel

Petrol



35% of dealers are not aware of when WLTP comes in to force; two-thirds are unclear on what it means for new car sales

What do you know about WLTP



*State of the market dealer survey June '18

■ YES ■ NO

Wholesale

- *The market remains steady in terms of volume, demand for vehicles is heating up and dealers are now willing to pay more for quality vehicles that match their requirements*
- *July signaled a positive upturn in demand for ready to retail vehicles, offering dealers and vendors positivity as we head towards Q4*
- *Volumes of vehicles coming through the lanes also remained stable, in line with the previous month*
- *Dealer Auction reports a 2% month on month increase in the average selling price of vehicles to £4,630, in addition to a 10% increase in volumes through the online lanes*

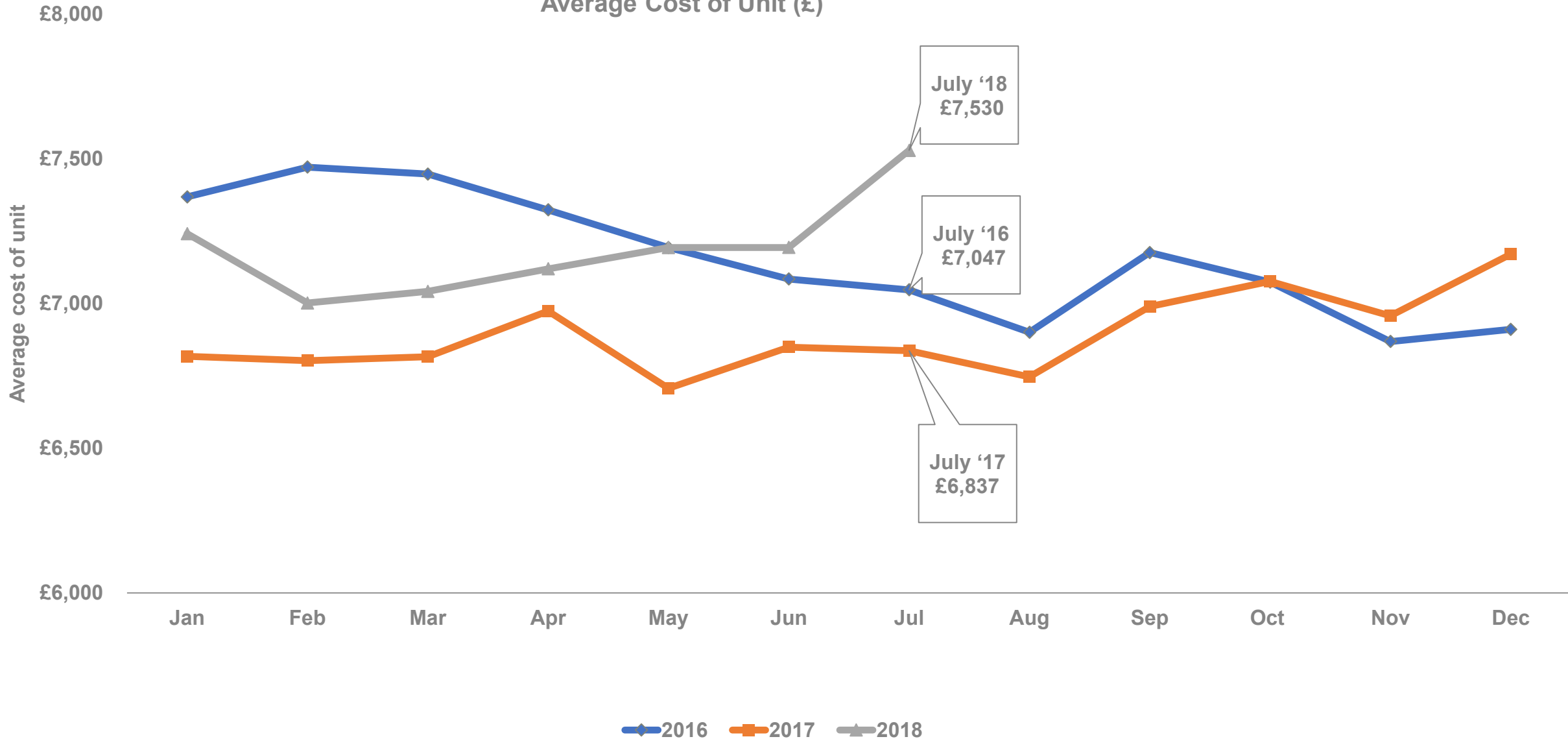
// Market Overview

Funding

Funding

The average cost per unit increased 17.9% year-on-year to £7,530, the highest observed in a 31-month period

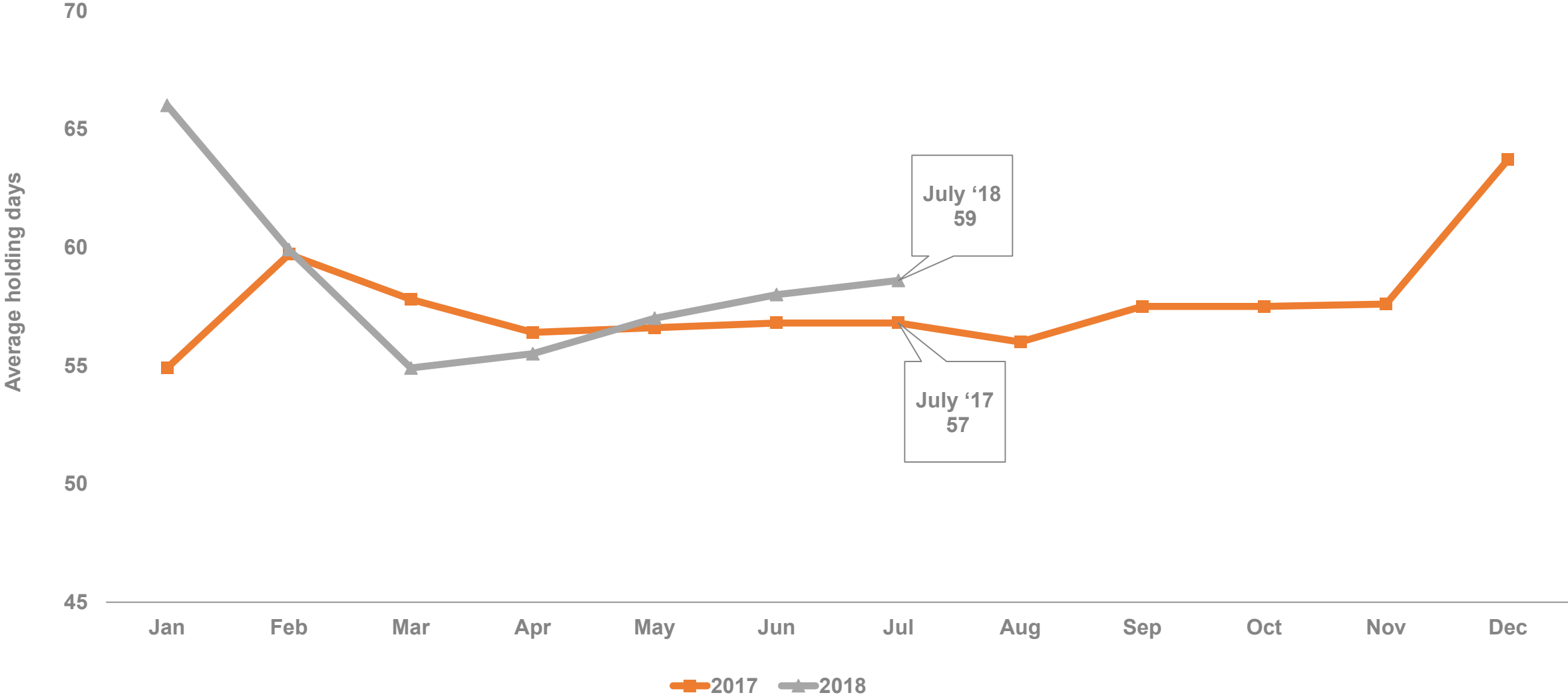
Average Cost of Unit (£)



Funding

Average holding days increased marginally to 59 - two more than experienced in July 2017

Average Holding Days



Funding

1 month decrease on the average age of vehicles funded, and the average mileage holds above 60k

Stock funding

July 2017



6.1 years

Ave. Age Funded



60,447

Ave. Mileage

July 2018



6.0 years

Ave. Age Funded



60,100

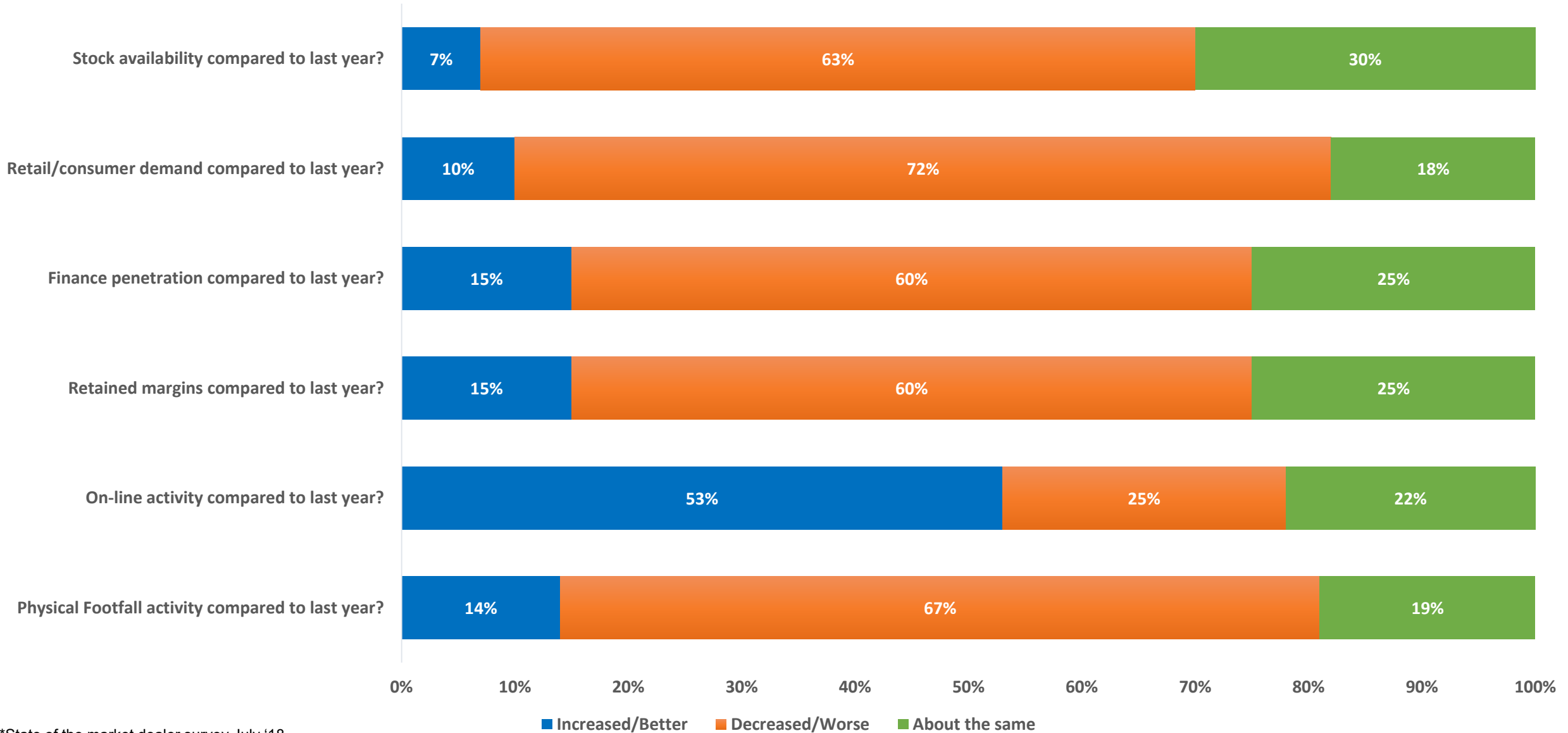
Ave. Mileage



Dealers

Dealers

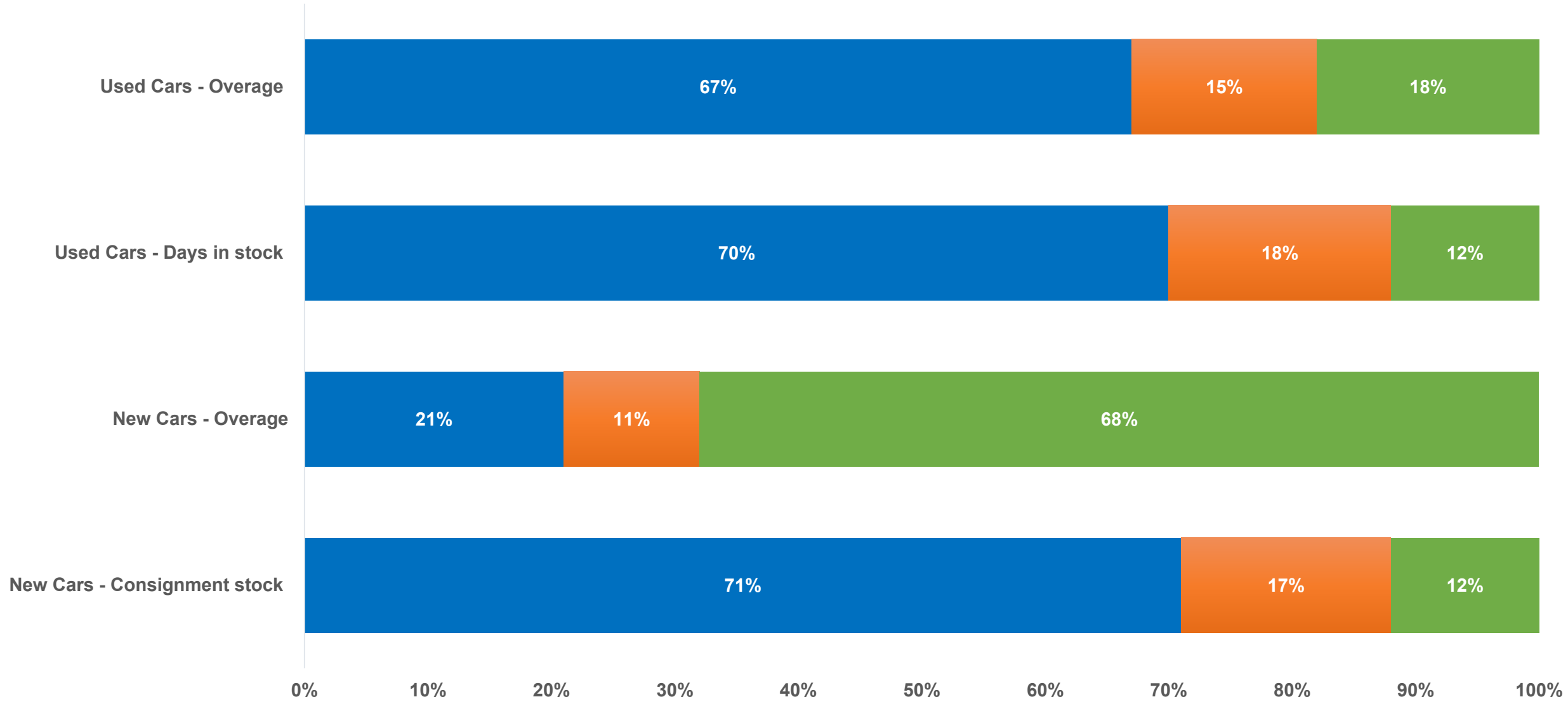
On-line activity bucks the trend in July 2018, with 53% of dealers surveyed* reporting an increase compared to this time in 2017



*State of the market dealer survey July '18

Dealers

As days in stock and overage increases for used cars, the inception of WLTP in September keeps overage new car stock to a minimum*

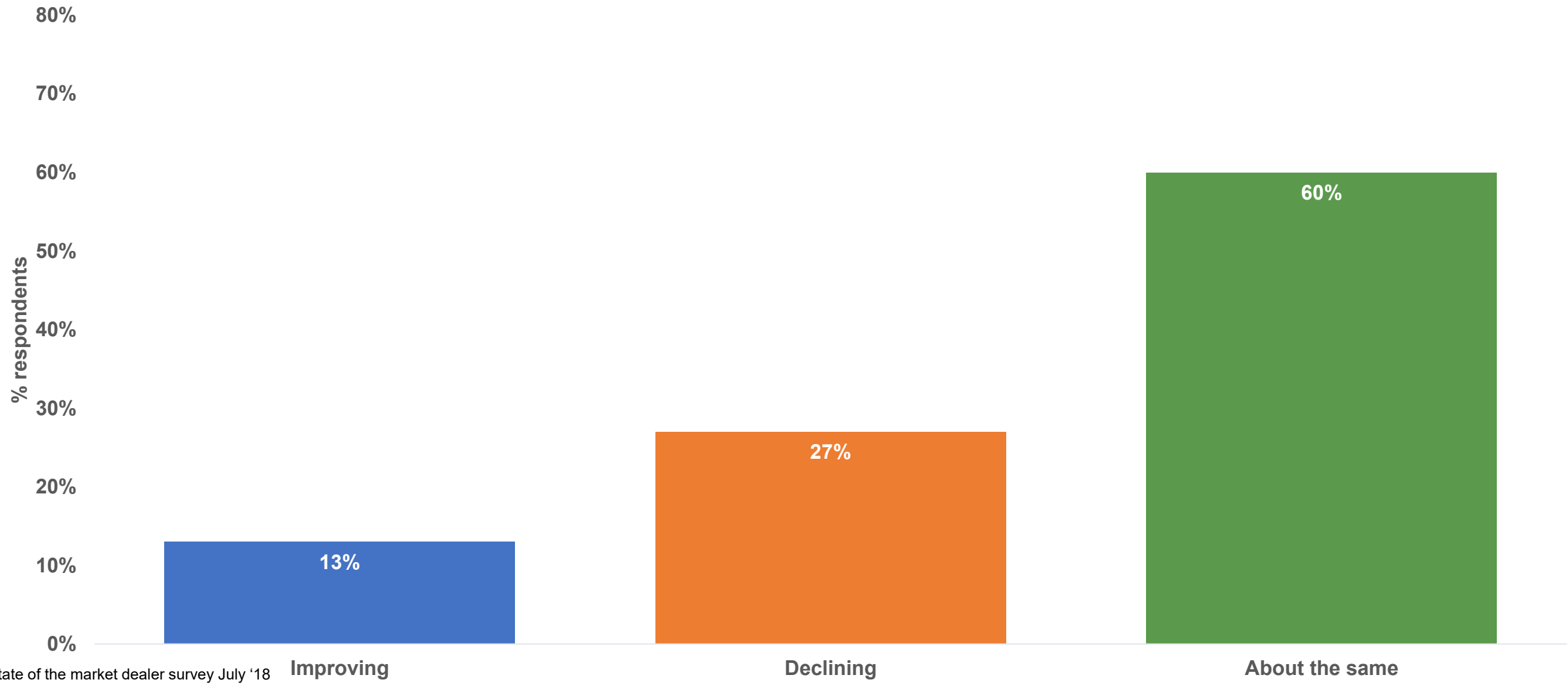


*State of the market dealer survey July '18

Dealers

60% of dealers* report that the economic outlook is no worse whilst 27% believe it could deteriorate and 13% optimistic about improvement

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

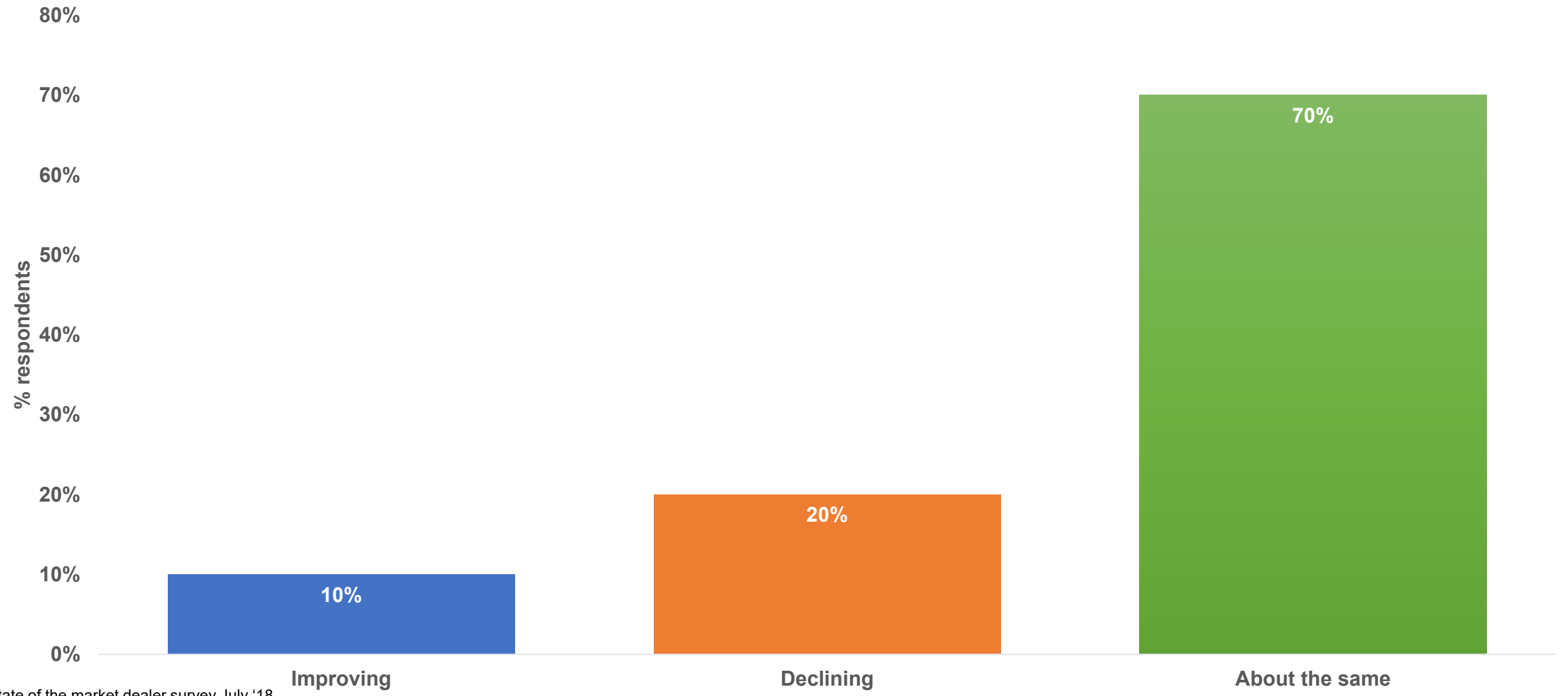


*State of the market dealer survey July '18

Dealers

Whilst 70% of dealers* expect sourcing stock to remain tough due to the impact of WLTP and high values, a fifth believe it could worsen

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



*State of the market dealer survey July '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

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

