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EXCELLENCE IN TALENT ACQUISITION

WHEN IT'S NEVER MATTERED MORE

Vehicle Remarketing Association 25th January 2023

James Hopkins

How Does De-fleet & Remarketing handle an ageing vehicle parc?

Agenda

- Introduction
- Ageing vehicle parc and remarketing supply in 2023-25
- Implications for vehicle collection & inspection
- Implications and options for de-fleet
- Remarketing considerations and implications
- Conclusions

Introduction: James Hopkins

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8th January 2023

23 Years

Automotive Experience
UK & Europe: Cologne & Budapest

Joined industry Jan 2000

Ford

mazda

CarNext by LeasePlan

BVRLA

BCA

CAZOO
Search. Drive. Smile.

cinch
Cars without the faff

Online Analysis 22/01/23

Provider	Total Stock	Over 4y	%age	3y 60k	%age	BEV	%age
Company 1	9,514	6,245	66%	244	2.5%	571	6%
Company 2	6,713	4,787	71%	169	2.5%	187	2.8%
Company 3	2,144	929	43%	85	4%	254	11.8%
Total	18,389	11,961	65%	498	2.7%	1012	5.5%

- 65% of all available stock over 4 years old
- Only 2.7% in the historic ‘sweet spot’ of 3 yrs 60k miles
- 5.5% of all available stock is BEV and typically less than 4 years old
- Of under 4 year old stock, BEV accounts for 16% (1 in 6 vehicles)

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Ageing vehicle parc & lack of supply

1. 2m+ new cars and vans missing from registrations 2020-2022

2. Reports of significant contract extensions within FN49 companies c20+% of portfolio in some cases.

3. Significant growth in C2B car buying: Motorway, Carwow, Cazoo, all major car supermarkets (Motorpoint/BIG MW etc) now have ‘online’ Car Buying functions. Most franchise dealers also focusing on direct sourcing.

4. Cazoo publish direct sourced metric as %age of retail sales c40% claimed Q3 ‘22

Implications for collection and inspection

1. Older vehicles will have more ‘wear & tear’ although severity may be tempered by reduced mileage during the pandemic.

2. Significant rise in the percentage of BEVs requiring collection and inspection – increase in driver communication required to confirm correct charge levels, cables etc

3. Fewer end of lease vehicles could lead to logistics planning issues for I&C providers eg flat or under-charged BEVs

Implications and options for defleet

1. Even more focus on initial inspection at point of rest (defleet or auction house) as older stock will have more damage.

2. Older stock requires more attention on vehicle interiors, and less obvious signs of damage

3. Significant rise in the percentage of BEVs at defleet requires a different approach. Industry still fine tuning battery health check consistently? No independent trusted reliable source? How does the industry manage transparency and trust on battery health?

4. Infrastructure requirements to battery charging and top-up. Electricity supply to each centre, right locations and process for recharge rotation.

5. Capability of mechanical checks beyond standard assured processes? Implications – plant, process, people?

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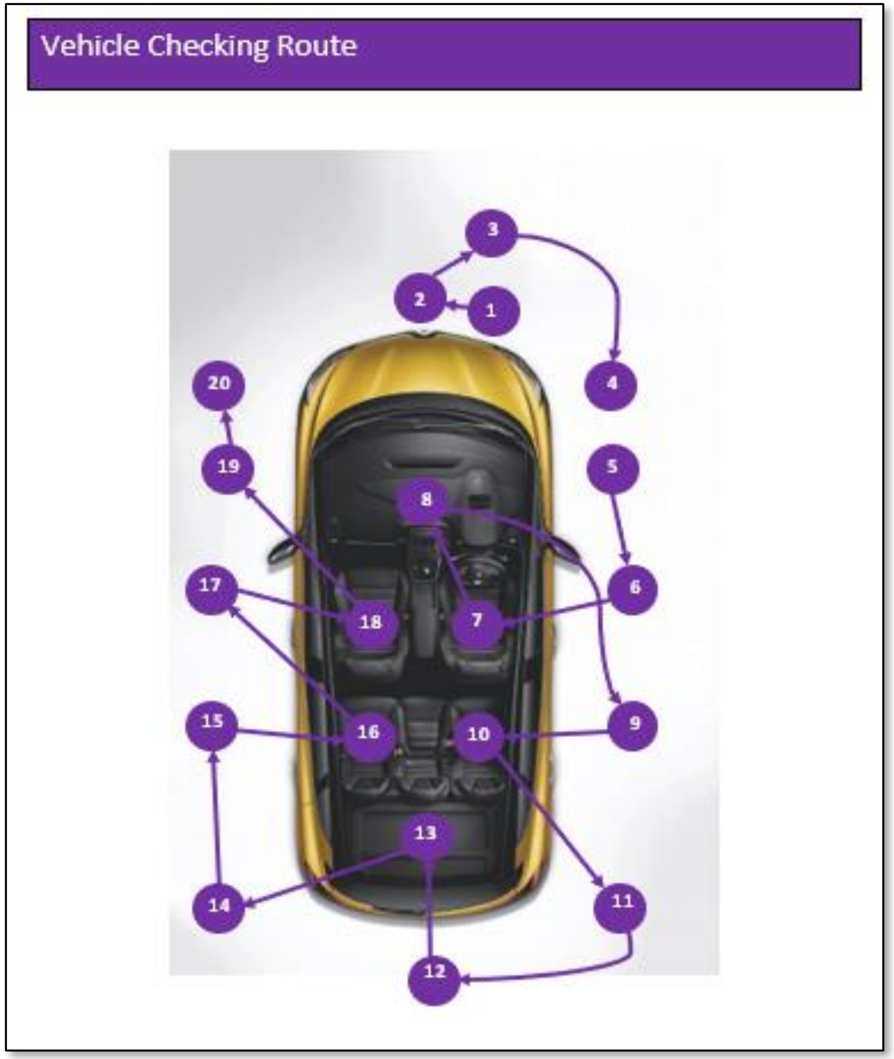
Vehicle Inspection Process Standardisation



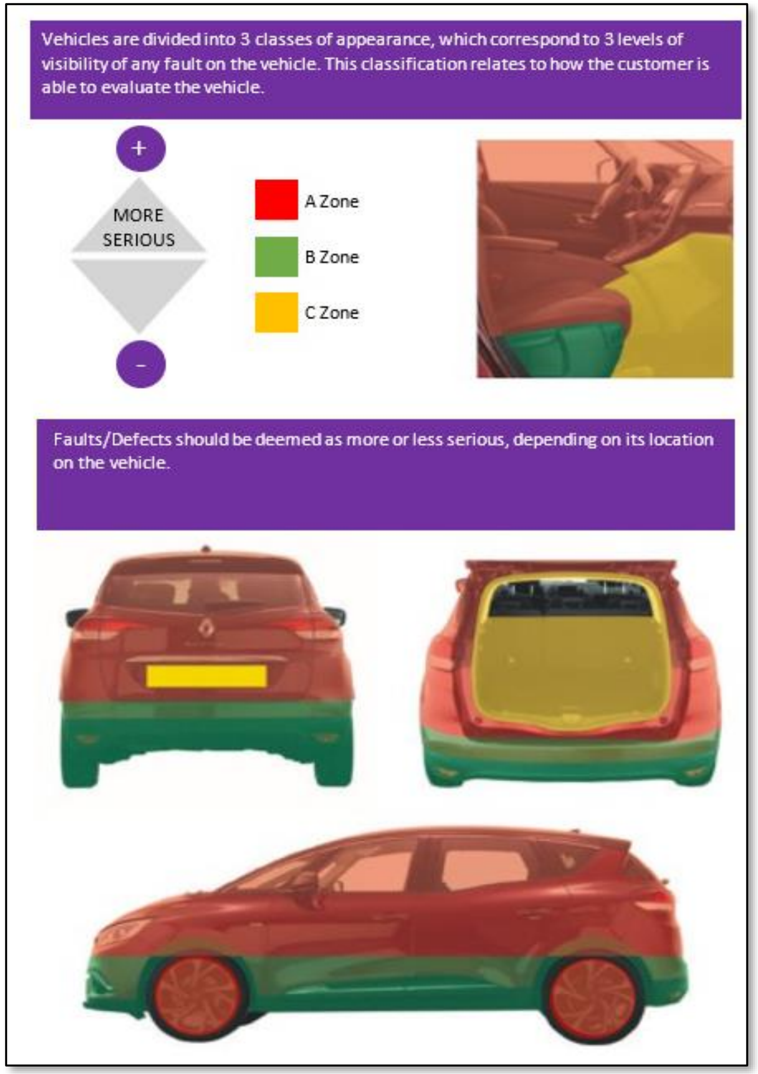
Repeatable consistent inspection processes are essential

Battery Health Check solutions

Interior condition reports more transparency

People vs technology on inspection, how to blend

AI – many trials ongoing in the industry….



Implications and considerations for Remarketing

1. Potentially greater proportion of higher (worse) graded vehicles cosmetically? Does this offer opportunities for 'grade enhancement'? Have you got the smart repair and cosmetic capability onsite?

2. Significant rise in the percentage of BEVs requiring inspection and assessment of battery health? Have you got the right charging infrastructure onsite to support, mix of 7.2khw and higher voltage charging options? Probably requires 24 hour operation to support efficient usage of overnight charge and vehicle rotation

3. More traditional ICE mechanical checks beyond the standard 'Assured' programmes? Capability to fix issues based on the findings?

Conclusion

- There will be pressure on used volumes as 'wholesale' in the next 3 years
- Significant increase in age and cosmetic damage of those vehicles returning more cosmetic grade 4a and 4s
- As the parc ages, greater emphasis on wholesale ICE mechanical condition- speed to retail
- BEV to make increasing proportion of wholesale remarketing stock especially in the newer segments – infrastructure and process/people changes required in Remarketing businesses
- Opportunities to 'improve' quality of stock by value enhancement both cosmetically and mechanically

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