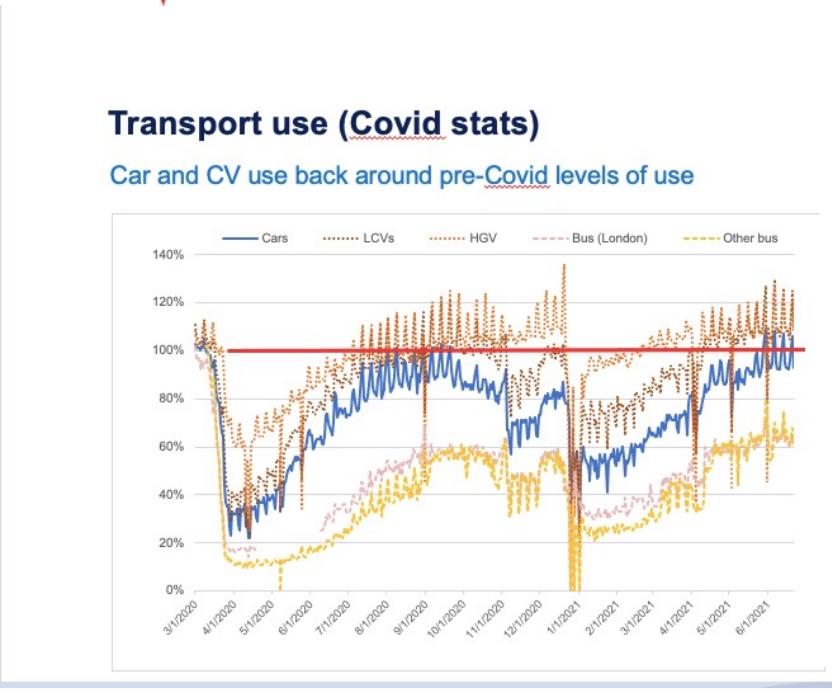
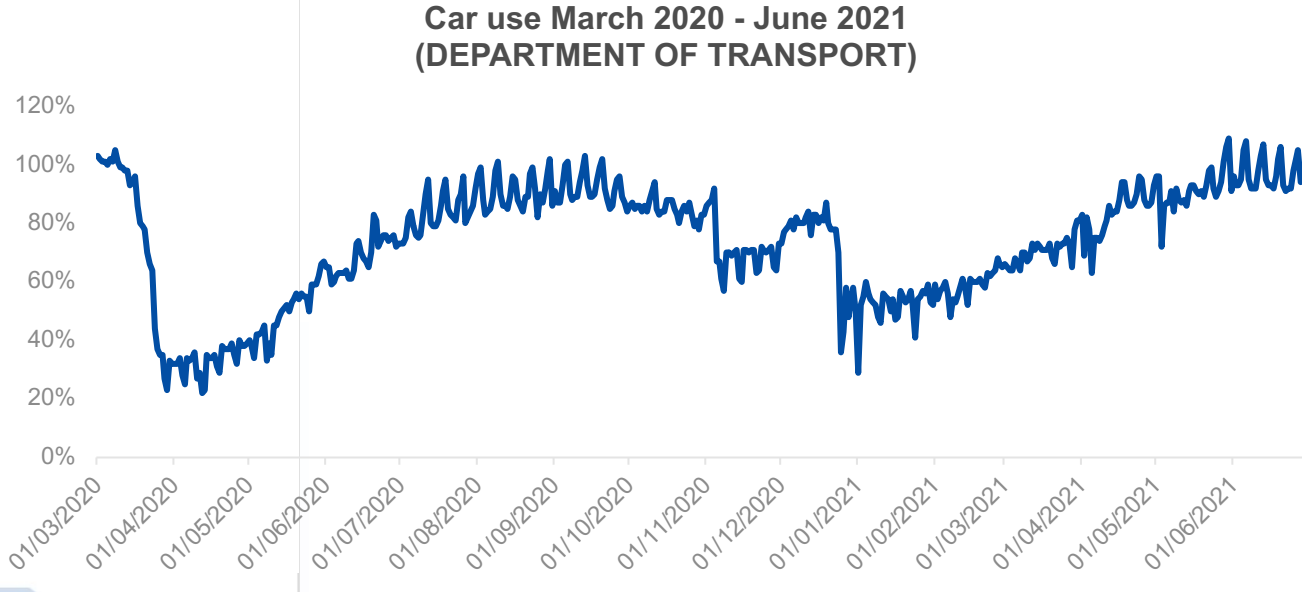

ARC 360 Repair Volumes
and costs review June 2021
Trend Tracker™
Is you finger
on the pulse?

Traffic congestion

(SMMT, Dept. Transport.gov)



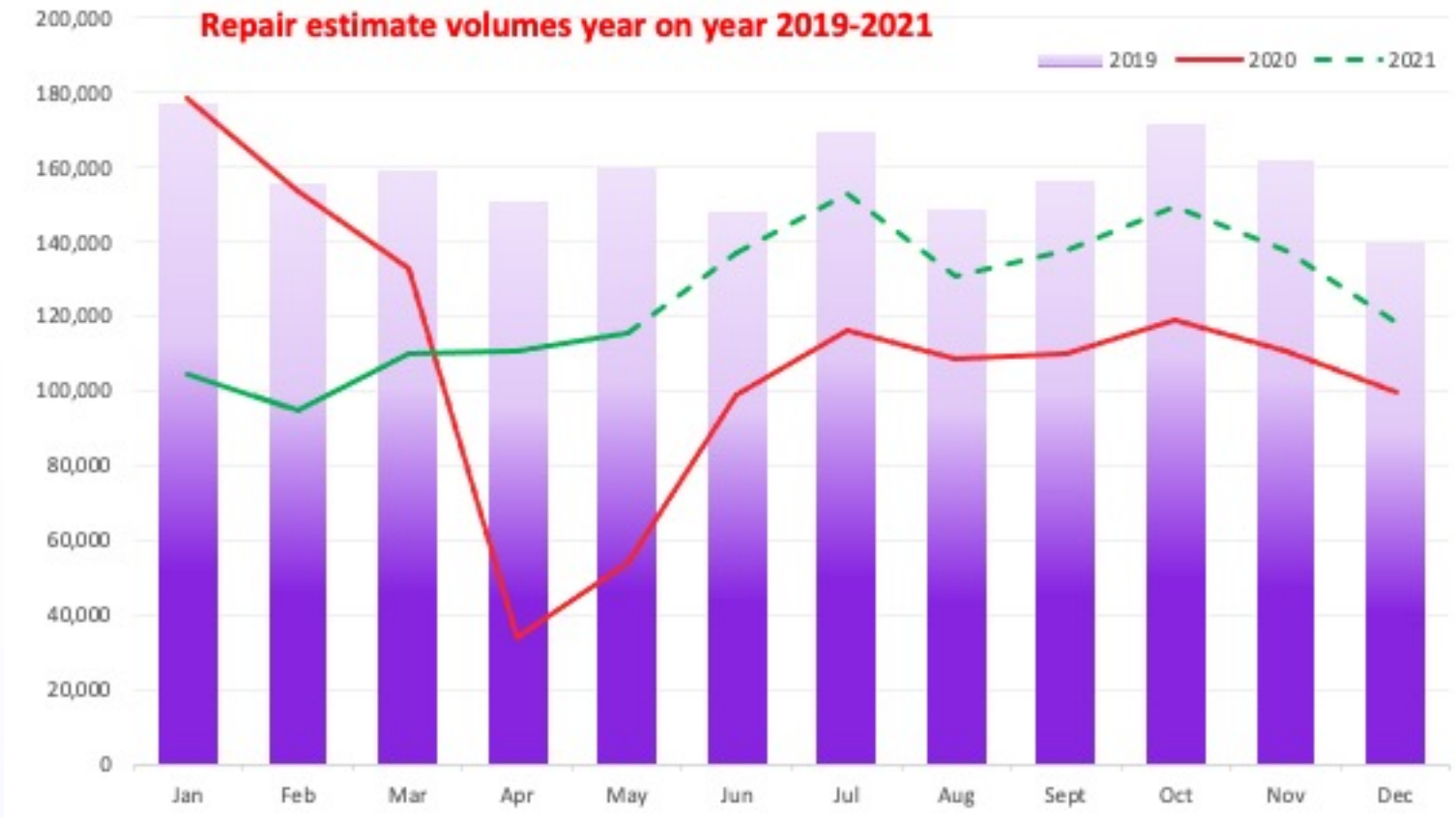


Vehicle use

- Car and CV use is back to around pre-pandemic levels, c95% of vehicle use.
- But the way consumers use their cars has changed, the types of journeys, the time of day, the commuting patterns.
- Flexible working and online shopping up impacting traffic volumes negatively. But less public transport use, less car sharing and decrease in urbanisation (as a result of flexible working) means more miles driven. Also, the combination of the financial impacts of the pandemic and increase in work from home could drive up the switch to BEVs with a drive to save money.

Repair volumes – Audatex data

(Factoring in June MTD as of 1st July)



Repair volumes tracker

Slower growth than predicted following lockdown ending in March, 109k, 110k, 115k respectively.

- April – 73% of 2019
- May – 72% of 2019

A big jump up in June, so desperately needed by the industry with over 137k repairs in June 93% of June 2019.

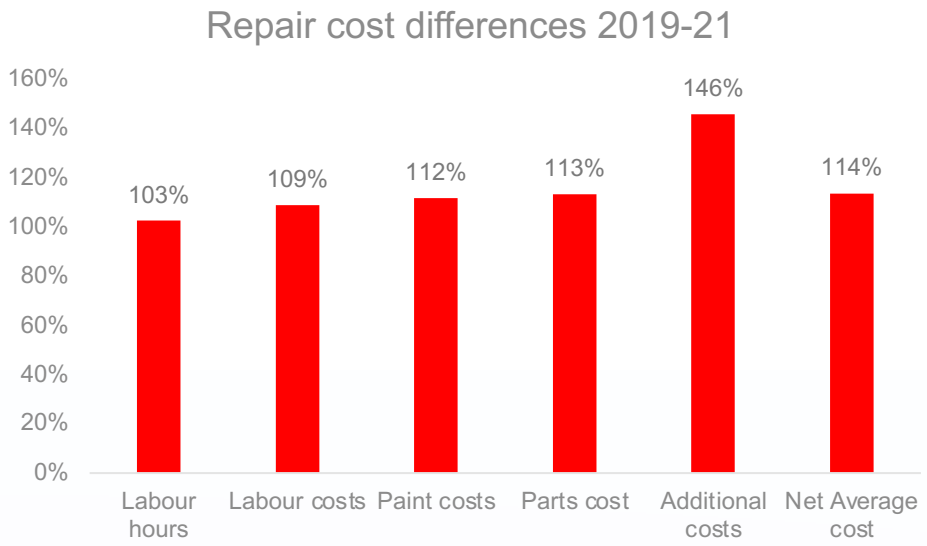
A predicted increase reflecting the previous information about traffic levels being almost back to pre-pandemic levels. With traffic patterns being different it was hard to accurately forecast and 93% of June 2019 was certainly an optimistic level.

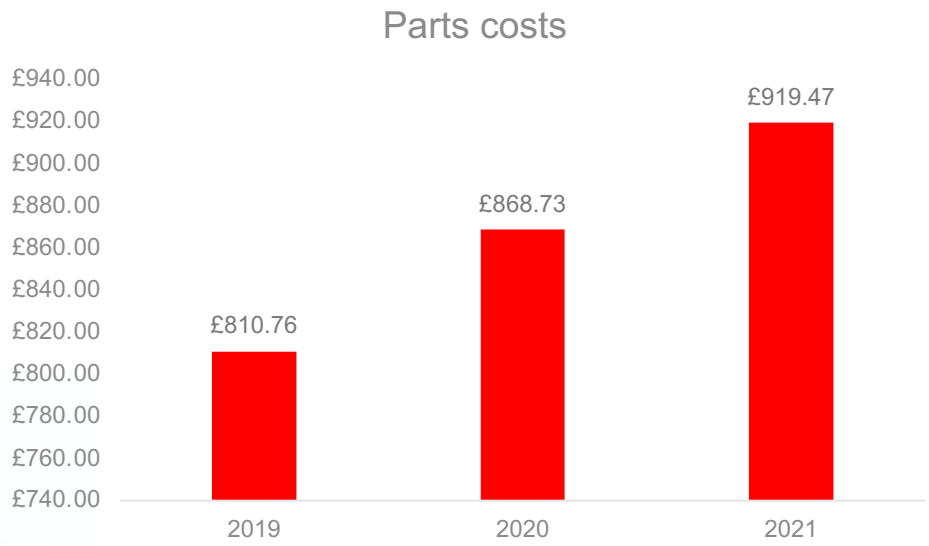
Could June be the start of the bounce-back the industry needs, a summer spike or the start of the new normal?

Impact on Repairs 2019 to 2021

Audatex data analysis

(22nd June 2021)



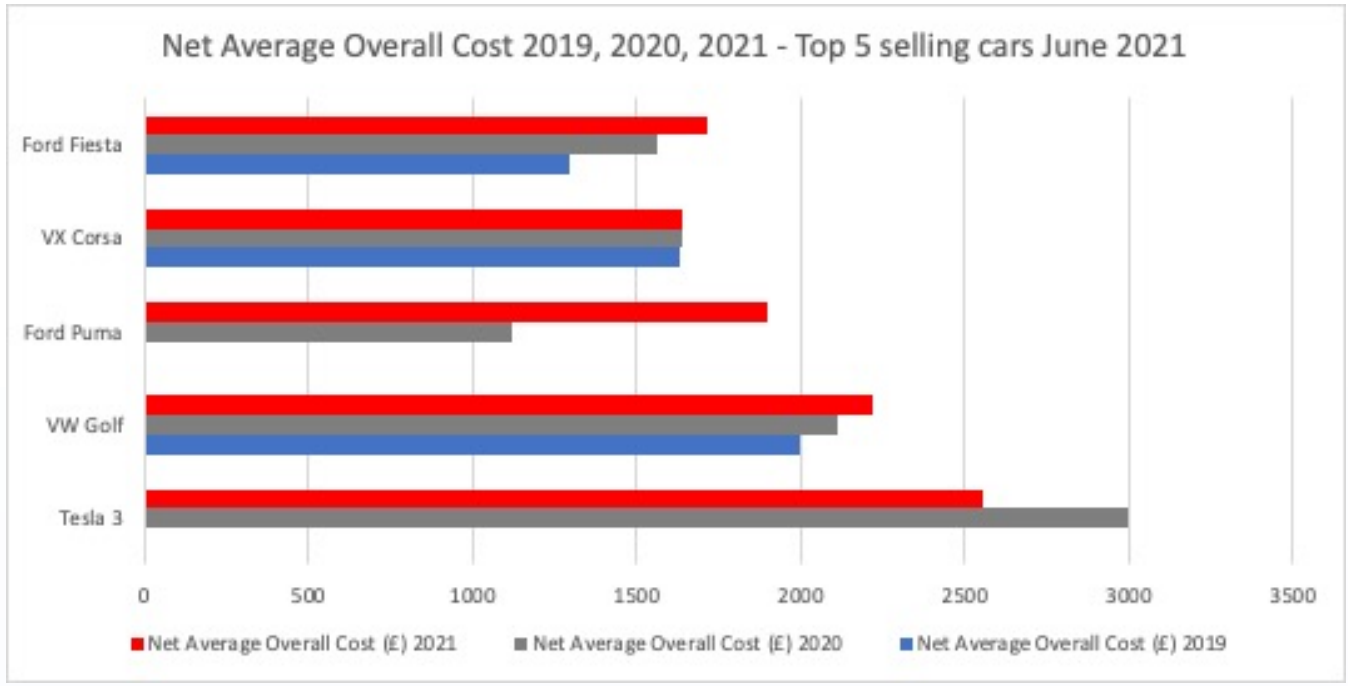


Summary-

- Rising repair costs year on year, overall 14% increase 2019 to 2021 (H1 2019 vs. H1 2021)
- Parts, and Paint 12% and 13% respectively, reflective of the supply chain issues described in the report
- Additional charges significantly increased too, this will include any COVID-19 charges applied & increased ADAS recalibrations
- Parts increase is £13.7m 2020 to 2021, but from 31k less repairs which means if 2021 volume was not suppressed as a result of Q1 lockdown and continued restrictions the increase would have been a total of £42m

Impact on repairs by marque

Audatex data analysis
(June 2019, 2020, 2021)



BEST SELLERS

JUNE 2021

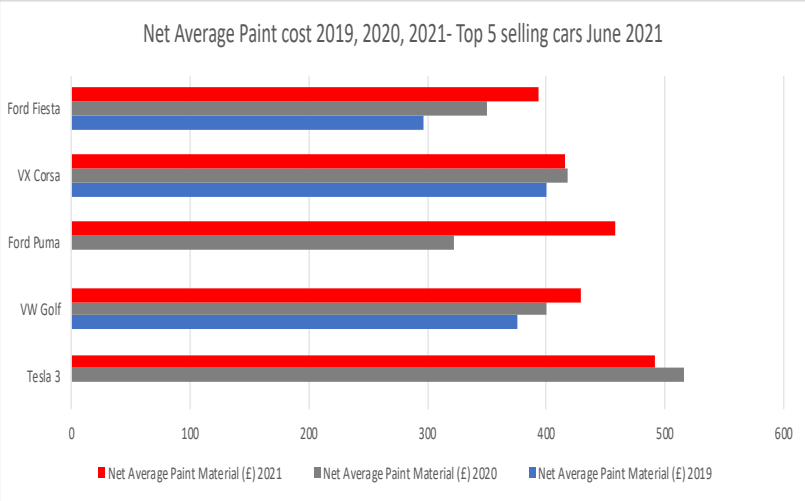
1	Tesla Model 3	5,468
2	Volkswagen Golf	4,629
3	Ford Puma	4,477
4	Vauxhall Corsa	4,375
5	Ford Fiesta	3,811
6	Volkswagen Polo	3,752
7	Toyota Yaris	3,546
8	MINI	3,506
9	BMW 3 Series	3,048
10	Kia Sportage	2,947

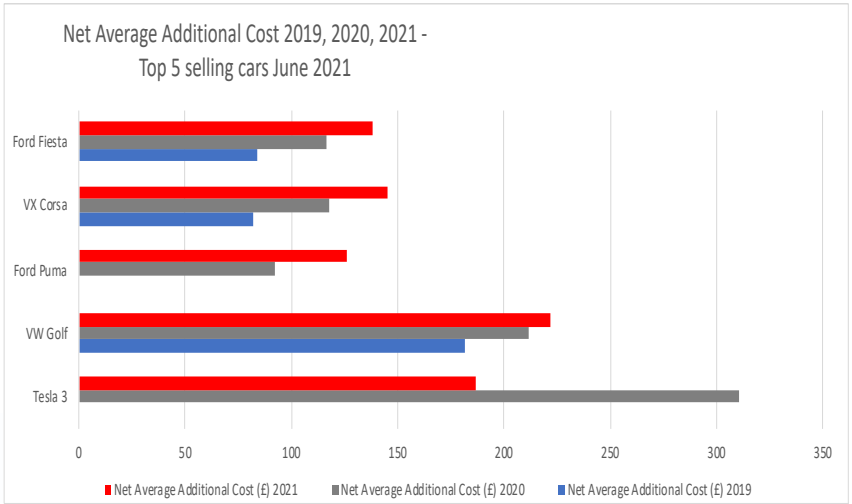
Summary-

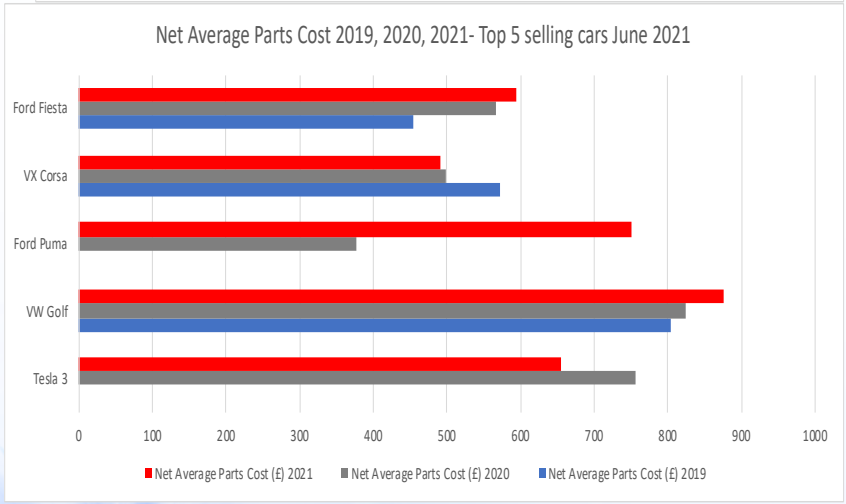
- Puma and Tesla new models from 2020, but included as a comparison to the other ICE vehicles
- VW Golf & Ford Fiesta increasing year on year, Corsa not moving much.
- Puma costs more than fiesta to repair, Tesla costs more than all of them but has come down in 2021 (greater volume of repairs)

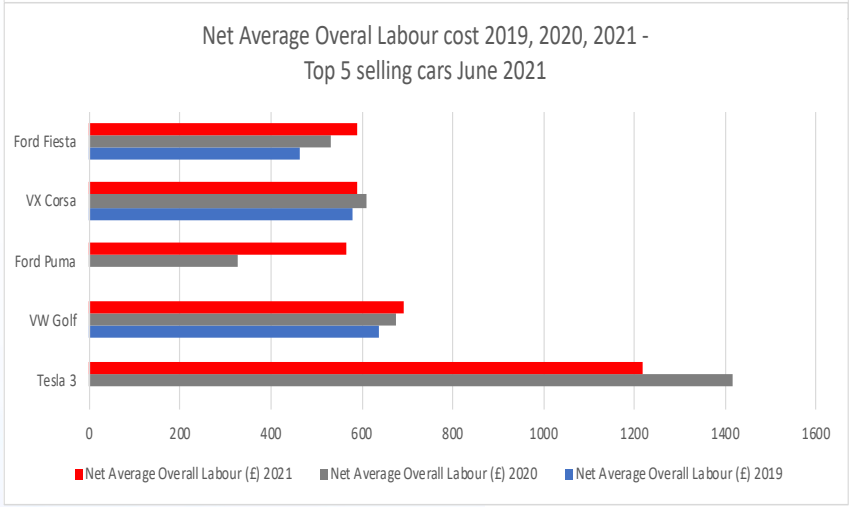
Impact on repairs by marque

Audatex data analysis
(June 2019, 2020, 2021)









Summary-

- Parts costs up year on year for Fiesta and Golf, Corsa static 2020-21.

- Paint costs up year on year for Fiesta and Golf and Corsa

- Additional costs up year on year for all- Impact of Covid fees and recalibrations

- Labour up year on year , but driven by labour hours moving up, for example on fiesta repairs - 2019 7.8 hours on average to 9 hours in 2021

Supply Chain Impacts

Supply vs. Demand catch up

(H1 2021)

"The Biden Administration has ordered a 100-day review of critical supply chains. It includes the private companies that supply materials for the chips making today's vehicles. But that's just one solution to the many exposures that enterprises around the world will need to identify and mitigate."

Pete Tantillo, Chief Financial Officer, Rapidratings, via Supplychainbrain
https://www.supplychainbrain.com/articles

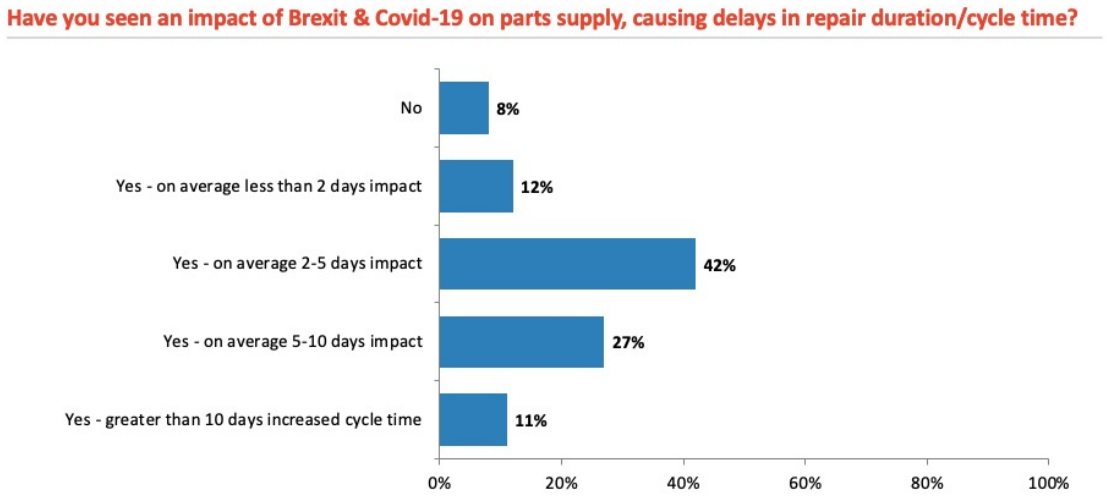
"Brexit and COVID-19 have thrown another spanner in the works for the UK car industry as several factories have been forced to limit or shutter production.
Parts shortages and ports delays have already caused issues for the automotive industry, now Jaguar, Land Rover, Nissan (NSANY) and Vauxhall are all curbing activity supply chain issues are ironed out.
According to The Sunday Times, Jaguar is halting production of its XE and XF saloons for two weeks amid staff shortages due to COVID-19. Its Castle Bromwich factory is in Birmingham.
Extra shifts were scrapped at Nissan's Sunderland factory because of shortages of parts at ports caused by Brexit."

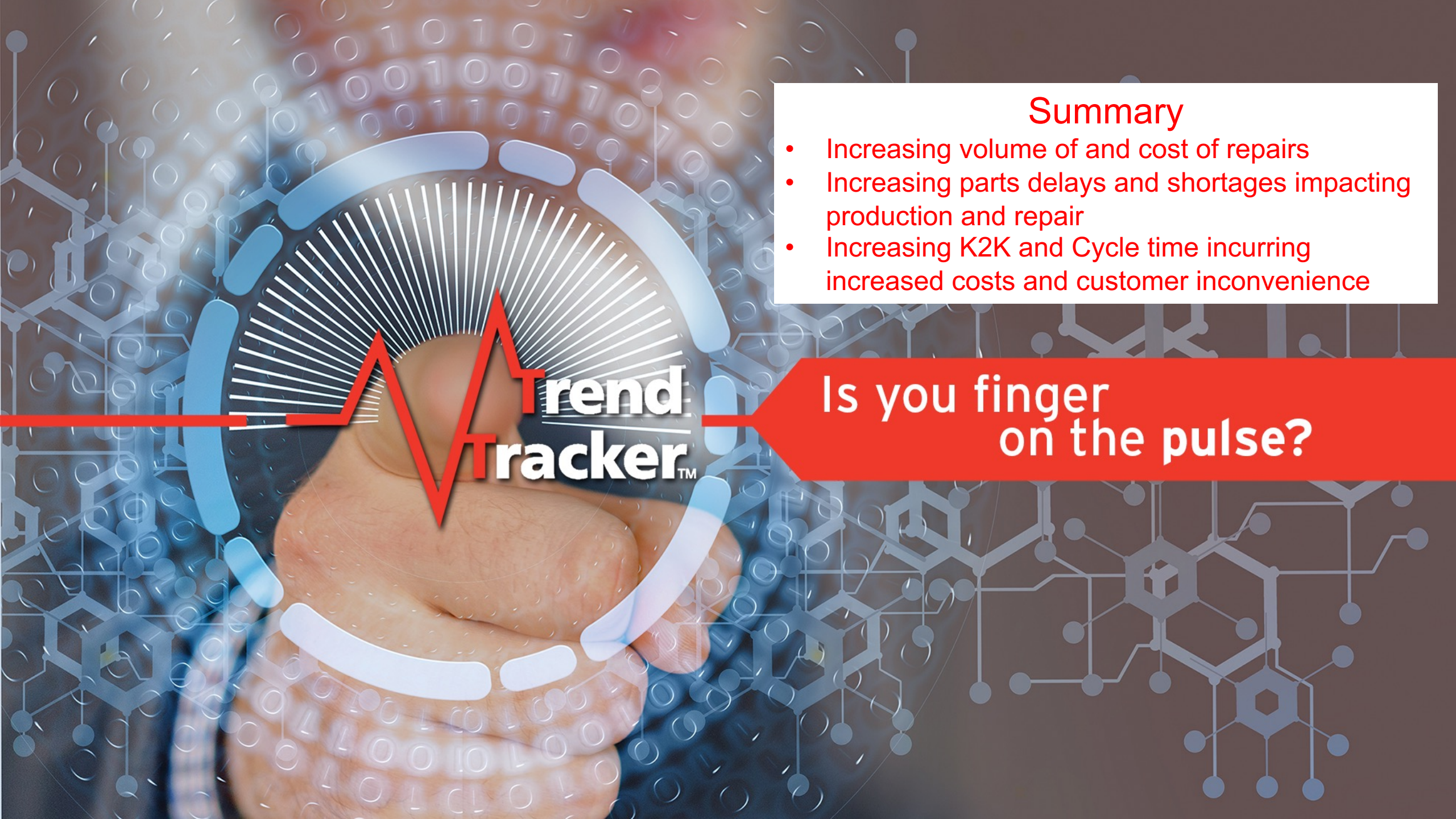
Lucy Harley-Mckeown Yahoo Finance

"The recovery of car production is, however, still massively challenged here and abroad by global supply shortages, particularly semiconductors." – Mike Hawes, SMMT Chief Executive

"Foley & Lardner's annual Automotive white paper reveals a number of factors that are causing pain for automotive manufacturers, ranging well beyond the impacts of the COVID-19 pandemic and initial factory shutdowns. Miller describes a "domino effect" of severe shortages of parts caused by multiple shipping issues, including lack of adequate ocean containers, heavy congestion at major U.S. ports, and the temporary blockage of the Suez Canal by the Ever Given megaship."

Supplychainbrain- https://www.supplychainbrain.com/articles/33030-watch-the-impact-of-the-pandemic-on-the-automotive-supply-chain





Summary

- Increasing volume of and cost of repairs
- Increasing parts delays and shortages impacting production and repair
- Increasing K2K and Cycle time incurring increased costs and customer inconvenience