

Marshall Motors 'chips' in with all-time record interims

As global demand for semiconductors across multiple technology markets contributes to a shortage in new cars for sale, Marshall Motor Holdings in Cambridge has cashed in on a used car sales resurgence that has resulted in a phenomenal set of record interims.

Group CEO Daksh Gupta told Business Weekly that while no-one could be certain what the future holds for used and new cars, MMH was in pole position to continue to thrive whichever way the wind blows.

First the headlines: Revenue for the first half of 2021 to June 30 rocketed 49 per cent to £1.334.1 billion. Gross profit hit the afterburners to soar 65.3 per cent to £157.4 million.

A loss of £10.7m last time rocketed 467.8 per cent to a profit of £39.5m – a truly staggering turnaround.

Not surprisingly, the UK share price passed its 52-week high of 248p and was sailing northwards from 250p at the start of play on Tuesday. Gupta told me: "We are not saying we have turned into the god of automotive retailing but after all my years in the industry I have never witnessed anything like this.

"We are trading massively ahead of the market overall, have revolutionised our website and promotions and our fantastic team has put the company in a position of strength for the foreseeable future.

"While no-one can predict exactly where the market will go next we believe we hold all the aces. Having said that, the current market dynamic is incredible.

“No-one could have predicted how the pandemic would impact the sector or say hand on heart that they saw this situation coming.”

A worldwide shortage of chips across so many technology sectors has resulted in sales being geared towards major players such as Apple. Makers of elite cars have therefore been forced to prioritise whatever chips they can buy to their prime models at the expense of their across-the-board marques.

As fewer new cars have been built so thousands of customers have had to revise their options to focus on prime used models. Gupta says that there can be as many as 1200 chips in some top-of-the-range cars these days.

Whichever way the pendulum swings, MMH would appear to be in the land of silk and money! It has around 150 million used cars on its forecourts across the UK, which is an unbelievable base.

Marshall's strength is underpinned by a strong cash position of £57.2m and a balance sheet blushing with assets of £239.3m. The group has restored dividends with an H1 payout of 8.86p per share.

The company says that continuing underlying pre-tax profit for the full financial year is expected to be no less than £40m.

For the record, used car sales were up 51.7 per cent – hammering the overall market registrations of 31.1 per cent. New car sales were 46.1 per cent head, again outstripping the market average of 39.2 per cent.

Gupta told shareholders: “The group's record performance in the first half of the year was exceptional. Whilst we acknowledge that this has been largely driven by unprecedented market conditions, particularly the used car market, we are proud of the contribution of our operational teams across the country for another period of strong market outperformance.

“There remains a high level of uncertainty over the second half of 2021 and into 2022 given well documented vehicle supply issues, an expected realignment of used vehicle values (the timing of which is uncertain) and the continuing impact of the COVID-19 pandemic.

“Given these uncertainties, there remains a range of possible outcomes for the year: however the board expects that continuing underlying profit before tax for 2021 will be not less than £40 million.”