

Booming used car market and online shift rev up Auto Trader

Auto Trader saw [shares](#) surge as much as 10% this morning after reporting record half-year [profits](#) on the back of [Britain's](#) used car market boom.

The [FTSE 100](#) online car marketplace, which has 436,000 mostly second-hand for [sale](#), said [revenues](#) soared by 82% to £215 million in the six months to end September. Operating profits were up 121% year-on-year to just over £151 million.

Chief executive Nathan Coe told the Standard the [health](#) of the firm, which has a market cap of £5.9 billion, is demonstrated by both revenues and profits being 15% above those seen in the “more normal” 2020 half.

Global chip output has slowed amid supply chain and logistics issues in the pandemic, stalling production and supply of new cars. Consumers face long wait times for new models and this, along with pandemic savings, has seen the used car market soar.

In October the average price for a used car was up 26% year-on-year, Coe said. The CEO predicted the boom will continue for “a few more months” as “the new car supply is not coming back anytime soon, probably not until the back half of next year”.

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Coe said: “Those dynamics that have played out over the last few months we expect to continue.

“There may be some moderation, but I think you’re still looking at an unusually strong car market until you start to get that new car supply getting back to that 2.2-4 million cars it would normally be, not the 1.7 million that it is.”

Auto Trader profits had taken a hit earlier in 2021 from offering free listings to retailer customers during lockdowns at a cost of £5-7 million per month.

The company bolstered its balance sheet through a £183 million share placing in April 2020 and has since used cash to boost its online offering. Customers can now reserve cars through the site, and the firm is soon to launch a vehicle finance offering after buying financing platform AutoConvert.

The firm has also seen a “huge spike” in interest in electric vehicles in recent months, with fuel shortages “the biggest catalyst” Auto Trader had ever seen for driving interest in EVs.

Auto Trader faces competition online from start-ups like Cinch and tech tycoon Alex Chesterman’s Cazoo.

Coe said: “We’re ahead of where we were pre-Covid, margins are back, and the business is in very, very good health.”