

Lookers CEO predicts 'exceptional' used car market will boom for a while longer

Lookers' boss has said he expects the "exceptional" used car market boom to last into next year amid an ongoing chip shortage.

Global semiconductor production has slowed amid supply chain and logistics issues, stymieing production and supply of new cars.

UK new car sales slumped to the lowest level in more than 20 years in July. Consumers are now facing long wait times for new models and this, along with pandemic savings and wariness of public transport, has helped the used car market soar.

Established listed dealership Lookers, which has a market cap of around £244 million, saw revenues up 37% to £2.15 billion in the six months to July amid the boom. The company swung to a record pre-tax profit of £50.3 million in the half, from a £36.5 million pre-tax loss in the same period a year earlier.

Trading over summer exceeded expectations "primarily driven by unprecedented used vehicle margins", with a strong order book for the rest of 2021.

READ MORE

- [Bosses fear supply chain disruption as one of top threats to growth – poll](#)
- [City broker Cenkos is on the up, but markets wobble, FTSE 100 tumbles](#)
- [High street betting shops saved as 888 lands William](#)

[Hill in £2.2bn deal](#)

▪ SPONSORED

Why you won't want to miss the Canary Wharf Fashion Event

The company said that due to supply of both new and used cars now being tight, vehicle delivery dates are volatile and its board "retains its cautious approach".

Chief executive Mark Raban told the Standard car manufacturers are even retro-fitting cars to save on chips – such as giving fewer options on lane control – and then offering to update the models later, in order to get cars into the market.

He said Lookers is being cautious because "what goes up must come down", but said: "I don't see it [the used car boom] curtailng in the short term – order take is particularly strong. I would definitely say it will last this year and probably into next year as well.

"What we're trying to signal is that this is exceptional."

Lookers faces a market disrupted by the likes of Cazoo and Cinch.

Tech entrepreneur Alex Chesterman's Cazoo was only founded last year but is now the UK's biggest online-only secondhand car dealer. Bankers estimate it is worth £5 billion.

Lookers operates a hybrid model. Raban argues its structure and size gives it an advantage over online rivals, and says their disruption to the industry is "welcome".

He added that there will always be a "bunch of people" who want to see cars in person.

Lookers has updated its online offering since the pandemic hit, including home delivery, online financing applications

and the chance to scan a QR code and make a deposit on forecourts outside opening hours.

Last year the firm was hit by an accounting scandal that saw the accounts delayed and shares suspended at 21p.

The Financial Conduct Authority launched a full investigation after the group identified potentially fraudulent transactions.

On Thursday the company named Ian Bull as its new non-executive chairman from October, succeeding Phil White, and the hiring of Oliver Laird as its new chief financial officer.

Raban said: "It has been a difficult couple of years, but we are coming out of the pandemic with a strong balance sheet and over £30 million in cash.

"We are looking at how we might acquire new parts of the business and expand in the next few years... I hope people will be looking at us with interest."

Shares rose by as much as 1.2% on Thursday morning.