

## Average UK Car Retailer Profitability – April 2020

# Small volumes of data, initial indications show April producing a £63,000 loss

With the majority of the industry on lockdown, it was unsurprising that the volume of retailer financial submissions fell significantly during the month of April. It was when many businesses had closed down their service departments and we had not yet had official clearance to commence click and collect services. As a result, whilst overall submission levels were over 50%, for some brands this was as low as 10%. I have therefore decided not to publish the full suite of KPIs for the month as they may not have been representative, however there are a few interesting insights into the performance of retailers which are worthy of note. Given that these retailers were open enough to submit financial data, they are likely to slightly overstate the overall average picture for the industry.



### £63,000 loss for the month

The average loss for April for submitting retailers was £63,000, compared to an average profit of £5,000 during April 2019.



### Negligible volumes of new car sales

Unsurprisingly given the closure of the showrooms, the level of new cars sales was very low during the month of April, with the average retailer averaging 4 sales in the month, down from 38 during April 2019



### Low level of used car sales

Used car sales fared marginally better than new car sales with an average of 8 cars sold. With click and collect starting in earnest in May, I would expect this number to increase and used car sales in June have started very strongly.



### Low level of service hours

Despite the fact that workshops could legally remain open, the volume of service hours delivered by the average retailer was 15% of the total for the previous April indicating that most businesses closed to practically close.



### Progress made in reducing overheads

Unsurprisingly, given the closure of the showroom and the focus across the industry on costs, we saw a reduction in overheads in April, mainly through a drop in headcount costs.



### Cash remains the concern

Having survived the shock of lockdown, retailers need to spend significant time forecasting their cash position. Many working capital balances will deteriorate as we ramp up trading and retailers need to plan to mitigate.

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The ASE Key Ratios are a simple way to benchmark performance and quickly assess the strengths and weaknesses of a motor retail dealer. ASE plc collect in excess of 17,000 composite submissions on a monthly basis across the world, whilst ASE Audit LLP offers professional advisory services to over 320 privately owned UK motor businesses.