

Average UK Car Retailer Profitability – August 2020

Profitable August shows extent of the Motor Retail Covid rebound

14 key ratios	Rolling 12 months Aug 2020	Movement on prior month	Rolling 12 months Aug 2019	Benchmark
Net profit as % sales	0.50%	↑	0.84%	3.0%
Overhead absorption	46.0%	↑	51.6%	80%
Used: new sales	1.67:1	↓	1.44:1	1.5:1
Vehicle sales expenses as % gross	67.7%	↓	67.1%	50%
Sales per sales executive	130	↑	162	150
Used vehicle stockturn (days)	60.8	↑	59.2	45
Return on used car investment	75.6%	↑	77.2%	100%
Overall labour efficiency	84.1%	↓	84.7%	100%
Service gross profit % on labour	74.5%	↑	74.8%	75%
Service expenses as % gross	64.3%	↓	63.3%	40%
Hours per retail job card	1.59	↑	1.54	2.5
Parts gross profit %	21.5%	↑	20.2%	22%
Parts expenses as % gross	44.4%	↓	44.9%	40%
Parts stockturn	7.70	↓	7.40	8.00



Average profits of £14,000

The average UK motor retailer built on the strong profitability generated in July, making a profit of £14,000 during the month of August. This represents a £28,000 swing on the prior year result, with August traditionally producing a significant loss, being impacted by holidays and the impending plate-change month of September.



Rolling 12 month ROS now back to 0.50%

The £14,000 profit generated in what is traditionally a loss making month saw the average retailer Return on Sales continue its recovery to 0.5%. Whilst Q4 trading is uncertain, a profitable 2020 seems very much in reach for the average retailer which is a very creditable performance given the disruption wrought by the Covid crisis.



Continued strong used car performance

Used car performance has been the real shining star since the lockdown was lifted and this continued during the month of August. Used car return on investment continued to climb and is now within touching distance of the prior year result, even despite retailers being practically closed for two months.



September should be strong, but Q4 uncertain

Despite the fall in new car registrations we have seen in September, anecdotal feedback on profitability points to a continuation in the trend we have seen in July and August. As we look further into Q4 the outlook is slightly more uncertain, with local lockdowns already having an impact on trading performance in the areas they have been implemented.

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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.