

## Average UK Car Retailer Profitability – February 2020

It was all looking positive as February 2020 outperforms the prior year

14 key ratios	Rolling 12 months Feb 2020	Movement on prior month	Rolling 12 months Feb 2019	Benchmark
<b>Net profit as % sales</b>	<b>0.82%</b>	<b>↑</b>	<b>0.99%</b>	<b>3.0%</b>
<b>Overhead absorption</b>	<b>50.9%</b>	<b>↑</b>	<b>52.5%</b>	<b>80%</b>
Used: new sales	1.55:1	↓	1.46:1	1.5:1
Vehicle sales expenses as % gross	67.4%	=	66.0%	50%
Sales per sales executive	159	↑	161	150
Used vehicle stockturn (days)	57.5	↓	57.7	45
Return on used car investment	79.4%	↑	80.3%	100%
Overall labour efficiency	84.3%	↑	85.0%	100%
Service gross profit % on labour	74.6%	↑	75.1%	75%
Service expenses as % gross	63.6%	↓	63.1%	40%
Hours per retail job card	1.54	↓	1.55	2.5
Parts gross profit %	20.4%	=	20.6%	22%
Parts expenses as % gross	45.2%	↑	44.6%	40%
Parts stockturn	7.54	↑	7.28	8.00

### ↑ Improvement in February performance

February is always a tough month for UK motor retail, with a short month combined with eyes looking towards March. 2020 was comparatively good, however, with a loss of £17,500 in the month, an improvement of over £2,000 over the loss made in the prior year.

### ↑ Steady climb in Used Car Return on Investment

The strength of the used car market continued during February, with return on investment coming within touching distance of 80%. This represents its highest levels since the used car market drops in Q2 of 2019.

### ↑ Used Car Stock healthy entering March

Retailers have been working hard over recent months to move towards a strong used car stock profile and this continued in February. Average stand-in-values were their at their lowest since mid-2019 reflecting the lower proportion of nearly new stock and improvements in stockturn.

### ↓ What will be the Coronavirus impact?

Coronavirus is clearly going to have a massive effect on retailer profitability for 2020. It hit during the busiest month of the year and will undoubtedly see a large decrease in profit for March, even with manufacturers guaranteeing retailer bonuses. How quickly we get going and how fast we bounce back will clearly be critical.

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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.