

## Average UK Car Retailer Profitability – July 2021

# Strong July sees retailers further increase record Return on Sales

14 key ratios	Rolling 12 months July 2021	Movement on prior month	Rolling 12 months July 2020	Benchmark
Net profit as % sales	2.17%	↑	0.35%	3.0%
Overhead absorption	66.1%	↑	44.6%	80%
Used: new sales	1.62:1	↑	1.67:1	1.5:1
Vehicle sales expenses as % gross	57.9%	↓	68.8%	50%
Sales per sales executive	138	↓	121	150
Used vehicle stockturn (days)	40.9	↓	59.8	45
Return on used car investment	99.6%	↑	73.9%	100%
Overall labour efficiency	88.1%	↑	83.4%	100%
Service gross profit % on labour	74.9%	↓	74.4%	75%
Service expenses as % gross	56.0%	↓	65.4%	40%
Hours per retail job card	1.56	↓	1.58	2.5
Parts gross profit %	24.6%	↑	21.2%	22%
Parts expenses as % gross	40.6%	↓	45.1%	40%
Parts stockturn	7.7	↓	7.72	8.00



### July 2021 outperforms the prior year

July 2020 was a strong performing month, marking the end of lockdown one and the release of significant pent-up demand. It is a sign of the strength of the current market that retailers improved profitability by nearly £14,000 to £65,000 for the month during July 2021. This pushed rolling 12 month average Return on Sales up further to 2.17%



### Stellar used car performance continues

Phenomenally strong used car performance continued to be the principal driver behind the current strong profitability, with rolling 12 month return on investment now practically up to 100%. Stockturn is now below the benchmark of 45 days, reflecting the strength of current market demand.



### Overhead absorption continues to rise

Overhead absorption continued to rise during July, with practically two thirds of the overhead costs of the business now covered by aftersales profits. We continue to see managed overheads with strong aftersales profits, even despite the MOT holiday hangover from the prior year.



### Limited rise in overheads

July represented the first month where the Government's COVID rates rebate started to taper off, producing a fear that we would see a spike in costs. Whilst we saw a small increase in the month, there was not the leap in overheads fear and keeping costs down will be vital to protect the recent gains made in Overhead Absorption.

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. The analysis and commentary has been performed by Mike Jones utilising data generated by ASE plc and others.