

Average UK Car Retailer Profitability – March 2020

Preliminary results for March show 43% drop in profitability

14 key ratios	Rolling 12 months Mar 2020	Movement on prior month	Rolling 12 months Mar 2019	Benchmark
Net profit as % sales	0.60%	↓	1.02%	3.0%
Overhead absorption	48.1%	↓	52.7%	80%
Used: new sales	1.60:1	↓	1.45:1	1.5:1
Vehicle sales expenses as % gross	68.6%	↑	65.8%	50%
Sales per sales executive	152	↓	165	150
Used vehicle stockturn (days)	57.8	↑	59.7	45
Return on used car investment	77.0%	↓	77.9%	100%
Overall labour efficiency	83.3%	↓	85.3%	100%
Service gross profit % on labour	74.5%	↓	75.0%	75%
Service expenses as % gross	65.3%	↑	62.9%	40%
Hours per retail job card	1.56	↑	1.55	2.5
Parts gross profit %	20.5%	↑	20.6%	22%
Parts expenses as % gross	45.4%	↑	44.4%	40%
Parts stockturn	7.61	↑	7.37	8.00

! Caution over March results

With the industry going into lockdown before the end of March, there was an understandable 25% drop in submissions by retailers and a lower number of franchises finalising the retailer results for the month. It is very interesting to see the preliminary results, however they do not contain as complete a picture as normally presented.

↓ 43% drop in profit for the Month of March

Overall profitability for the month of March, for the retailers who submitted their results, fell by £50,000, compared to March 2019. This is no surprise, given the drop in volume both car sales and aftersales, with the industry missing out on what is normally the busiest, and most profitable, month of the year.

? How much of the missed March demand can we catch up?

A large number of customer orders were not able to be delivered at the end of March. Most of these vehicles are physical in the country and the fast sale and delivery of the missed March capacity is going to be vital to retailers achieving a fast start once we are able to sell and deliver vehicles once more.

↓ True impact will be seen in April

Coronavirus is clearly going to have a massive effect on retailer profitability for 2020. We will see the level of activity being maintained during lockdown and the associated cash burn when we analyse the April performance.

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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.