

Average UK Car Retailer Profitability – November 2020

Despite lockdown checking momentum average UK retailer cuts November losses

14 key ratios	Rolling 12 months Nov 2020	Movement on prior month	Rolling 12 months Nov 2019	Benchmark
Net profit as % sales	0.95%	↑	0.84%	3.0%
Overhead absorption	52.4%	↑	51.6%	80%
Used: new sales	1.56:1	↓	1.49:1	1.5:1
Vehicle sales expenses as % gross	65.9%	↓	67.4%	50%
Sales per sales executive	141	↑	162	150
Used vehicle stockturn (days)	63.0	↑	59.5	45
Return on used car investment	81.7%	↓	76.9%	100%
Overall labour efficiency	85.9%	↑	84.5%	100%
Service gross profit % on labour	74.5%	↑	74.8%	75%
Service expenses as % gross	61.5%	↓	63.2%	40%
Hours per retail job card	1.56	↑	1.54	2.5
Parts gross profit %	20.3%	↑	20.2%	22%
Parts expenses as % gross	44.9%	↑	45.0%	40%
Parts stockturn	7.83	↑	7.42	8.00



Average loss reduced to £8,000

Despite being locked down across the UK for the majority of November, retailers still managed to maintain some of the momentum from earlier months. November is always a loss-making month, however retailers were able to cut their losses to just under £8,000, down from over £11,000 in the prior year.



Turnover levels down, reflecting lockdown conditions

Despite the fact that losses were reduced for the month of November, the impact of the Covid19 trading conditions can be seen in the average retailer turnover, which fell by 19% on the prior year. The fact that retailers managed to contain costs to minimise losses shows the extent to which the furlough scheme has been vital to overall retailer profitability in 2020.



Return on Sales up to 0.95%

The reduction in losses and the fall in overall turnover has produced a rise in the rolling 12 month return on sales to 0.95%. This represents the highest level this ratio has been since Q2 2019. Whilst overall retailer profitability has fallen, the dropoff in turnover has been most severe in low margin activities producing this growth in return on sales.



Year-end outlook uncertain

As we progressed through Q3 and into the start of Q4 it looked like retailers were on track to match their 2019 profitability, despite the Covid crisis. With the emergence of the second wave and the associated national lockdowns, this is now unachievable, albeit retailers will achieve the considerable feat of staying profitable despite the pandemic.

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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.