

## Average UK Car Retailer Profitability – September 2020

# Record September profitability as retailers prosper in post-lockdown boom

14 key ratios	Rolling 12 months Sept 2020	Movement on prior month	Rolling 12 months Sept 2019	Benchmark
<b>Net profit as % sales</b>	<b>0.74%</b>	<b>↑</b>	<b>0.85%</b>	<b>3.0%</b>
<b>Overhead absorption</b>	<b>47.7%</b>	<b>↑</b>	<b>51.7%</b>	<b>80%</b>
Used: new sales	1.64:1	↓	1.45:1	1.5:1
Vehicle sales expenses as % gross	66.0%	↓	67.2%	50%
Sales per sales executive	133	↑	163	150
Used vehicle stockturn (days)	62.6	↑	59.7	45
Return on used car investment	76.5%	↑	76.9%	100%
Overall labour efficiency	84.9%	↑	84.6%	100%
Service gross profit % on labour	74.8%	↑	74.8%	75%
Service expenses as % gross	63.1%	↓	63.2%	40%
Hours per retail job card	1.59	↓	1.54	2.5
Parts gross profit %	21.7%	↑	20.2%	22%
Parts expenses as % gross	44.0%	↓	45.1%	40%
Parts stockturn	7.73	↑	7.39	8.00



### Average profits of £110,000

The average UK motor retailer built on the strong profitability generated since the lockdown lifting, generating record profits for the month of September of £110,000 per site. As in previous months this profit came from strong results across the dealership, with particular strength in vehicle sales.



### Rolling 12 month ROS rises to 0.74%

This strong profitability performance pushed the rolling 12 month return on sales up to 0.74%. This is now back within touching distance of the ratio for the prior year. Actual profitability levels per site are lower than last year, as a result of the lower overall turnover levels, but this remains a very creditable performance in a highly turbulent year.



### 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 September. Return on investment continued to climb and the overall return for the month of September, taken in isolation, was 105%



### Second lockdown will hit Q4 profitability

The announcement of a return to lockdown will undoubtedly increase losses in Q4. Whilst retailers are much better equipped to continue trading during lockdown as a result of digital advances made during 2020, the great momentum which retailers had built since June will be checked by lockdown 2 leading to increased losses in November.

### For further information please contact:

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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.