

Average UK Car Retailer Profitability – August 2019

● Tough August sees UK Motor Retailers lose £14,000

ASE's 14 key ratios	Rolling 12 months August 2019	Rolling 12 months August 2018	Benchmark
Net profit as % sales	0.84%	0.99%	3.0%
Overhead absorption	51.6%	53.0%	80%
Used: new sales	1.44:1	1.43:1	1.5:1
Vehicle sales expenses as % gross	67.1%	66.2%	50%
Sales per sales executive	162	160	150
Used vehicle stockturn (days)	59.2	56.5	45
Return on used car investment	77.2%	84.7%	100%
Overall labour efficiency	84.7%	84.8%	100%
Service gross profit % on labour	74.8%	75.0%	75%
Service expenses as % gross	63.3%	62.3%	40%
Hours per retail job card	1.54	1.52	2.5
Parts gross profit %	20.2%	23.1%	22%
Parts expenses as % gross	44.9%	43.0%	40%
Parts stockturn	7.40	7.11	8.00



Significant increase in August losses

The average UK motor retailer lost £14,000 in August 2019, a significant deterioration from the breakeven position achieved in August 2018. Whilst this represents a return to more historic levels of profitability after the WLTP assisted marginal profit of the prior year, we have now seen a significant drop in the average return on sales compared to the previous rolling 12 period.



Losses return to previous levels

Whilst the overall loss is significant, it is on a par with the losses historically made during the month of August with 2018 representing a WLTP generated anomaly.



Retailer stock levels fall by over 6%

Whilst used car returns have remained under pressure, retailers did manage to significantly reduce their stock investment during August, dropping the average investment by 6.2%. This is traditional in a pre-plate change month, however is pleasing to see given the level of pressure to register vehicles we are currently seeing.



Tough outlook for the rest of 2019

With September not seeing the expected RDE based boost to registrations and expected profitability in September, the outlook for the remainder of the year looks tough. The one counter to this is that brands have started to introduce network support payments to compensate for the poor year. If this becomes widespread the overall profit drop will be mitigated.

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.