

Average UK Car Retailer Profitability – January 2020

Steady January sees average UK motor retailers match 2019 performance

14 key ratios	Rolling 12 months Jan 2020	Movement on prior month	Rolling 12 months Jan 2019	Benchmark
Net profit as % sales	0.81%	↑	0.98%	3.0%
Overhead absorption	50.7%	↓	52.3%	80%
Used: new sales	1.55:1	↑	1.46:1	1.5:1
Vehicle sales expenses as % gross	67.4%	↓	66.0%	50%
Sales per sales executive	154	↓	156	150
Used vehicle stockturn (days)	57.7	↓	58.0	45
Return on used car investment	78.4%	↑	85.6%	100%
Overall labour efficiency	84.1%	↓	85.0%	100%
Service gross profit % on labour	74.6%	↓	75.0%	75%
Service expenses as % gross	63.8%	↑	63.0%	40%
Hours per retail job card	1.55	↑	1.55	2.5
Parts gross profit %	20.4%	↑	20.7%	22%
Parts expenses as % gross	45.1%	↓	44.7%	40%
Parts stockturn	7.52	=	7.26	8.00

Steady January matches 2019

The average UK motor retailer made a profit of £9,000 for the month of January, matching the result from the prior year. This represents a healthy start to the year, building on the optimism which we have seen since the decisive general election result at the end of last year.

Used car gross profit earned up

Overall used car gross profit earned in the month of January rose 6% on the prior year during the month, reflecting both the focus on this area by retailers and the strength of the used car market at the start of the year.

Continued growth in used car investment

The used car return on investment statistic continued to nudge higher as we saw increased gross profits generated from a slightly lower investment in stock. The rolling 12 month figure will jump back above 80% once the poor months we saw in Q2 2019 disappear from the figures.

Where will Q1 finish?

The results from January are steady and early indications for February seem to mirror this with registrations slightly down but profit holding steady. March will be the key, however and this will all depend on the new car profitability, with some retailers already reporting that order banks are building slower than in prior years.

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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.