

## Average UK Car Retailer Profitability – November 2019

# Losses increase for average UK Motor Retailer during quiet November

14 key ratios	Rolling 12 months Nov 2019	Movement on prior month	Rolling 12 months Nov 2018	Benchmark
<b>Net profit as % sales</b>	<b>0.85%</b>	<b>↑</b>	<b>0.97%</b>	<b>3.0%</b>
<b>Overhead absorption</b>	<b>50.7%</b>	<b>↓</b>	<b>53.0%</b>	<b>80%</b>
Used: new sales	1.47:1	↓	1.46:1	1.5:1
Vehicle sales expenses as % gross	67.0%	↑	66.2%	50%
Sales per sales executive	165	↑	160	150
Used vehicle stockturn (days)	59.2	↑	57.2	45
Return on used car investment	75.3%	↓	83.2%	100%
Overall labour efficiency	84.2%	↓	85.0%	100%
Service gross profit % on labour	74.8%	↑	75.1%	75%
Service expenses as % gross	63.8%	↓	62.6%	40%
Hours per retail job card	1.54	↑	1.55	2.5
Parts gross profit %	20.2%	=	21.5%	22%
Parts expenses as % gross	45.2%	↓	44.8%	40%
Parts stockturn	7.47	↑	7.26	8.00



### Monthly losses increase by £3,000

The average UK retailer produced a loss of £11,000 for the month of November, a £3,000 increase on the prior year. Being a mid-quarter month always makes November a challenge for retail profitability and 2019 proved no different. When looking at the comparative we should remember that results were boosted by the delayed delivery of some WLTP cars during November 2018.



### Turnover drop produces rise in return on sales

Somewhat surprisingly we saw an increase in the return on sales during November, despite the increased loss in the month. This was a result of turnover falling by more than 10% in the month, more than outweighing the fall in profits in the return on sales equation.



### Fall in Used Car Return on Investment

During November we saw used car return on investment fall once more to just above 75%. This was a result of a drop in sales volumes in the month compared to the prior year. Whilst not yet significant this is an area to watch closely.



### Full year profitability to end down

With these November results it is now certain that the full year profitability results will be down on the prior year, marking the second year of decline. Whilst the drop in turnover masks some of the decline when we look at the return on sales, retailer profitability certainly reflects the challenges we have seen in vehicle supply and consumer demand.

For further information please contact:

Mike Jones BSc FCA  + (0)161 493 1930  mike.jones@ase-global.com

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.