



MOTOR RETAIL

# BDO MOTOR 150 REPORT AND SECTOR OUTLOOK

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# INTRO

- ▶ Welcome and intro
- ▶ Background to the Motor 150 report
- ▶ Opportunities and challenges
- ▶ Impact of COVID-19
- ▶ 12<sup>th</sup> April reopening & outlook



# MOTOR 150 REPORT 2020

A brave new world

- ▶ Key sector report issued annually usually in November
- ▶ Consolidates largest 150 groups in the UK

KEY PERFORMANCE INDICATORS					
	2019	2018	2017	2016	2015
Turnover	£69.7bn	£68.8bn	£67.8bn	£62.8bn	£58.6bn
Change in turnover	1.4%	1.4%	8.0%	7.1%	6.0%
Gross profit	£7.5bn	£7.5bn	£7.3bn	£6.9bn	£6.5bn
Operating profit	£624m	£807m	£1,032m	£1,146m	£1,107m
Profit/(loss) before tax	£369m	£565m	£840m	£959m	£922m
Return on sales	0.53%	0.82%	1.24%	1.53%	1.57%

- ▶ Continuing pressure on margins

# MOTOR 150 REPORT

## ANALYSIS OF TURNOVER

	2019 TURNOVER	2018 TURNOVER	2017 TURNOVER	2016 TURNOVER	CHANGE 2018-2019	CHANGE
	£	£	£	£	£	%
Positions 1-15	36,783,056,003	36,551,007,819	36,655,121,306	33,527,382,141	232,048,184	0.6%
Positions 16-30	10,328,733,170	9,906,106,972	9,199,248,877	8,488,856,740	422,626,198	4.3%
Positions 31-45	6,858,415,532	6,528,548,219	6,289,313,795	5,750,196,097	329,867,313	5.0%
Positions 46-60	4,364,752,570	4,414,979,298	4,378,374,421	3,798,116,602	(50,226,728)	-1.1%
Positions 61-75	3,213,371,223	3,282,468,773	3,097,554,534	3,048,632,057	(69,097,550)	-2.1%
Positions 76-90	2,559,764,748	2,506,182,080	2,440,709,232	2,429,668,206	53,582,668	2.1%
Positions 91-105	1,961,940,189	1,925,777,470	1,949,980,514	1,936,573,066	36,162,719	1.9%
Positions 106-120	1,466,127,434	1,478,400,477	1,578,247,418	1,552,561,320	(12,273,043)	-0.8%
Positions 121-135	1,223,693,976	1,209,764,078	1,239,947,670	1,255,673,145	13,929,898	1.2%
Positions 136-150	983,891,802	959,194,802	1,002,014,337	990,670,265	24,697,000	2.6%
	<b>69,743,746,647</b>	<b>68,762,429,988</b>	<b>67,830,512,104</b>	<b>62,778,329,639</b>	<b>981,316,659</b>	<b>1.4%</b>

# MOTOR 150 REPORT

## ANALYSIS OF MARGINS

	2019 MARGIN	2018 MARGIN	CHANGE 2018-2019	CHANGE
	%	%		%
Positions 1-15	0.15	0.79	(0.65)	-81.6%
Positions 16-30	1.07	1.13	(0.06)	-5.1%
Positions 31-45	1.07	0.69	0.38	54.4%
Positions 46-60	1.35	1.33	0.02	1.6%
Positions 61-75	0.77	0.71	0.05	7.5%
Positions 76-90	0.05	(0.20)	0.26	126.0%
Positions 91-105	0.43	0.44	(0.01)	-2.1%
Positions 106-120	1.11	0.77	0.34	44.7%
Positions 121-135	0.93	0.99	(0.06)	-6.4%
Positions 136-150	1.08	1.04	0.03	3.3%
	<b>0.53</b>	<b>0.82</b>	<b>(0.29)</b>	<b>35.4%</b>
Positions 1-75	0.52	0.87	(0.35)	-40.2%
Positions 76-150	0.59	0.45	0.13	29.1%

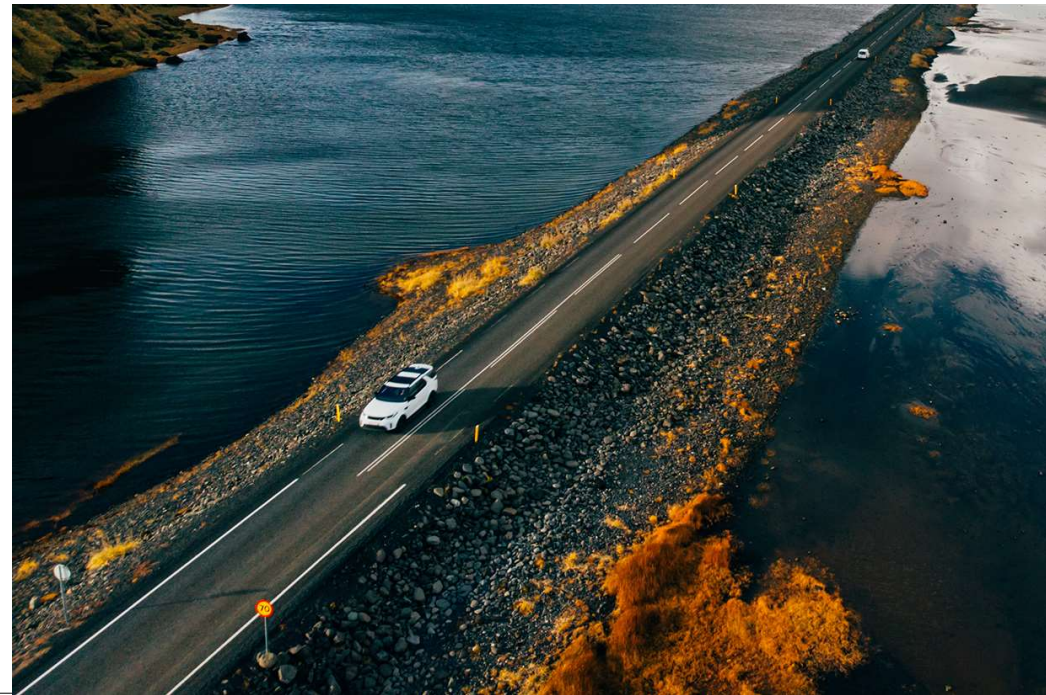
## OPPORTUNITIES

- ▶ Attitude to mobility
- ▶ Pent up customer demand
- ▶ Electrification
- ▶ C-19 has changed the way dealers interact with customers
- ▶ Leaner operations and less pre-registered cars
- ▶ Consolidation of the sector



## CHALLENGES

- ▶ The economy
- ▶ Perception of motor sector
- ▶ Electrification/ESG agenda
- ▶ Showroom model
- ▶ Changing customer
- ▶ Staff retention
- ▶ OEM relationship
- ▶ Continued compliance - FCA and others



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## IMPACT OF C-19

### Lockdown from March 2020

- ▶ Closure of sales - and lost March
- ▶ Aftersales reopen
- ▶ Rates and furlough relief
- ▶ VAT deferments
- ▶ Funding holidays

### Return to full trading 1 June 2020

- ▶ Great return - less cars/higher margins
- ▶ Used car process increased/ relaxed targets

### Lockdown 2.0 November

- ▶ Little impact

### Lockdown 3.0 in 2021

- ▶ Sales c60% of normal trading
- ▶ Lost March 2021 plate change
- ▶ Ageing and valuation of vehicles
- ▶ Less support

### WHAT NEXT?

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## 12<sup>TH</sup> APRIL REOPENING & OUTLOOK

- ▶ Some pent up demand
- ▶ Used car prices
- ▶ Consolidation
- ▶ Careful cashflow management
- ▶ Will manufacturers revert back to previous trading patterns?





QUESTIONS?



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