



# Aftermarket Dashboard



## Key highlights – January 2017

Welcome to Edition #9 of the Aftermarket Dashboard, an information service for the members of the AAAA.

This industry publication captures useful statistical and related data as indicators of the unfolding trends and health of the automotive aftermarket industry, and has been designed to provide regular insight on our industry.

We value your suggestions for improvement or feedback regarding content.

- Vehicle sales were 0.6% up in January
- Eight of the last twelve months sales nationally have been up compared to previous year's sales
- Victoria and Australian Capital Territory had the highest increases in sales for January 2017 compared with January 2016, increasing 9.4% and 5.0% respectively
- The SUV segment rose by 3.2% whereas the Light Commercial and Passenger markets have fallen 3.9% and 0.8% respectively
- The largest fall in sales for the Top 10 brands were Nissan, (down 9.9%), Volkswagen (down 8.0%) and Hyundai (down 4.2%) compared to January 2016
- The largest increases in the Top 10 brands were Kia (up 28.9%), Subaru (up 17.7%) and Ford (up 7.4%) compared to January 2016
- Locally manufactured vehicle sales fell 9.4%
- The top three vehicles sold in January 2017 were the Mazda3 (3,473 vehicles), Toyota Corolla (2,943 vehicles) and Ford Ranger 4x4 (2,221)
- Monitoring of import volumes shows an overall decrease for each component monitored except air filters when comparing November 2016 to December 2016
- The Car Parc section focuses on the age and segment distribution within the SUV market

**Table 1 – Top brand sales for January 2017**

Brand		Month Sales			
Standing	Brand	Movement	Jan 2017	Jan 2016	Variance (%)
1	Toyota	▲	12,554	12,453	0.8%
2	Mazda	▲	10,067	10,016	0.5%
3	Holden	▲	7,184	6,824	5.3%
4	Hyundai	▼	6,705	7,001	-4.2%
5	Ford	▲	5,912	5,504	7.4%
6	Mitsubishi	▲	5,075	5,007	1.4%
7	Nissan	▼	5,012	5,563	-9.9%
8	Kia	▲	4,015	3,116	28.9%
9	Subaru	▲	4,009	3,405	17.7%
10	Volkswagen	▼	3,995	4,341	-8.0%

Source: Vfacts

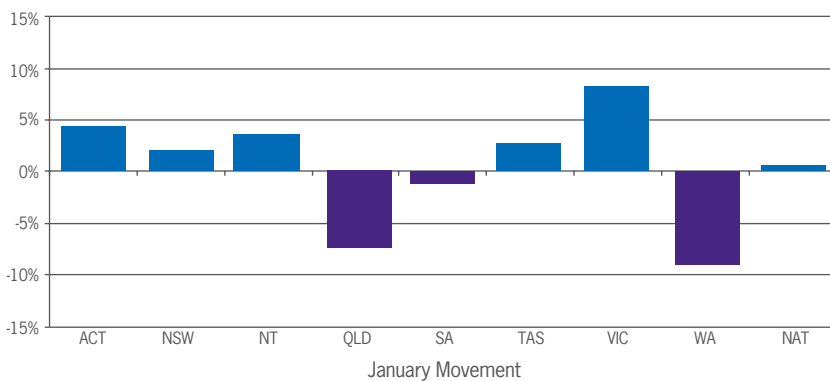
With respect to the top 10 brand sales, seven of the top 10 brands experienced stronger sales in January 2017 compared with January 2016. On the back of a strong 2016, Kia, Subaru, and Ford continued their sales growth and recorded 28.9%, 17.7%, and 7.4% increases compared to January 2016 respectively. Holden saw a 5.3% increase in sales in January 2017 compared to January 2016, which is in contrast with its previous year of decreased sales. Mitsubishi, Toyota, and Mazda saw little change when comparing January 2017 to 2016 (1.4%, 0.8% and 0.5% respectively). Nissan encountered the greatest reduction in sales when comparing January 2017 to January 2016 (down 9.9%), whilst Volkswagen and Hyundai saw decreases of 8.0% and 4.2% respectively.



# January results

January 2017 sales increased by 0.6% (537 vehicles) from January 2016. Outlined in Figure 1 are the state based movements for January. Figure 2 details the market share by state.

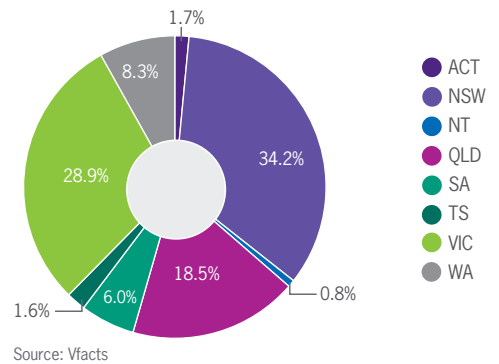
**Figure 1 – State based movements for January 2017**



Source: Vfacts

Victoria, the Australian Capital Territory, and the Northern Territory all saw significant increases comparing January 2017 to January 2016 (up 9.4%, 5.0%, and 4.2% respectively). While, Tasmania (3.0%) and New South Wales (up 2.4%) saw moderate increases comparing January 2016 to January 2017. Conversely, Western Australia, Queensland and South Australia experienced a decrease in sales by 10.5%, 8.6% and 1.4% respectively.

**Figure 2 – Market share by state**



Source: Vfacts

**Table 2 – Movement in sales (%) February 2016 – January 2017**

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
New South Wales	12.6	6.5	11.9	6	3.2	-0.4	4.1	1.3	2.1	-0.7	2.7	2.4
Victoria	8.2	-2.9	8.1	3.5	5	-1.5	10.1	3.9	3.9	5.7	5.7	9.4
Queensland	2.7	-4.6	2.4	1.3	0	-1.4	0.7	-3.4	-7.5	-2.7	-2.3	-8.6
South Australia	1.2	-1.4	6.8	9.6	4.5	-0.9	13.7	11.8	-6.4	4.0	2.4	-1.4
Western Australia	-1.4	-7.8	-0.1	-5	-6.6	-1.3	-2.7	-3.8	-11.2	-12.2	-10.5	-10.5
National	6.7	-0.5	7.2	3.6	2.2	-1.1	4.6	1.3	-1	0.3	-0.9	0.6

● Positive ● Negative

Source: Vfacts

Sales figures from February 2016 to January 2017 outline the last twelve months' movements. Sales nationally have experienced an average growth of 1.9% per month for the 12 months. The Victorian market has grown every month except for March and July 2016, averaging a growth rate of 6.5% each month over the past 6 months. Conversely, January marks the fifth consecutive month that Queensland has seen a decline in sales. Meanwhile the Western Australian market has not seen an increase in sales when comparing previous months during 2015 and 2016 and saw a 10.5% reduction in sales in January 2017.

**Table 3 – January Movement in sales and Total Yearly Sales by Segment**

	Jan 2017 Movement	2016	2015	% Variance
Passenger	-0.8%	486,257	515,683	-5.7%
SUV	3.2%	441,017	408,471	8.0%
Light Commercial	-3.9%	217,750	199,070	9.4%
Heavy Commercial	20.9%	33,109	32,184	2.9%

With regard to sales by automotive segments Light Commercial and Passenger vehicles experienced declines in January 2017 of 3.9% and 0.8% respectively. SUV sales continue their period of sustained growth, experiencing a 3.2% increase in January. Heavy Commercial vehicles sales also experienced a significant growth in sales of 20.9% for January.

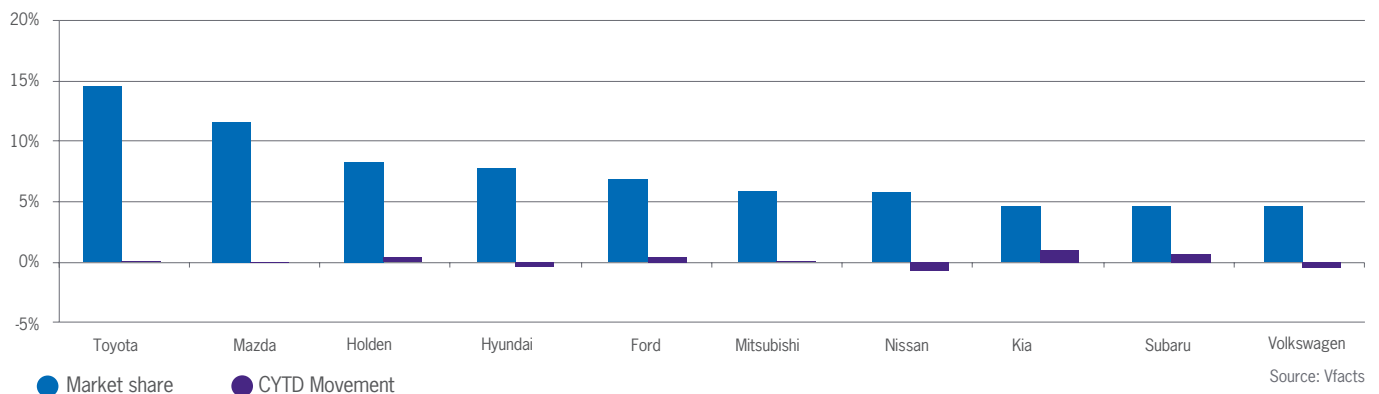
Comparing end of year sales, Passenger vehicles have experienced a 5.7% decline when comparing 2016 to 2015, while the SUV segment saw an 8.0% growth. Both Light and Heavy Commercial vehicle segments rose by 9.4% and 2.9% respectively from 2015 to 2016. The Passenger vehicle segment sales accounted for 41.3% of total vehicle sales in 2016 (down 3.6%) compared to end of year 2015 whilst the SUV segment rose from 35.4% in 2015 to 37.4% in 2016 (up 2.0%).



# Market share

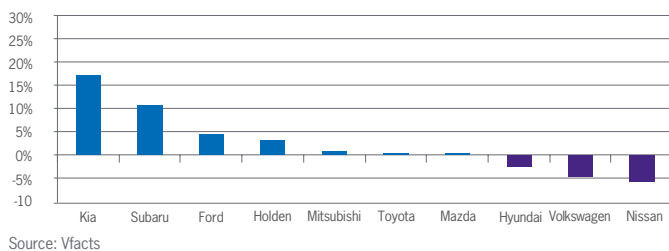
Toyota continues to hold its position as the market leader, with its market share sitting at 14.8% in January 2017 (slightly up compared to January 2016). Mazda held on to its number 2 spot (11.9% market share) while Holden took 3rd place from Hyundai with 8.5% market share. The top 10 brands reported account for 76% of the market share for new car sales in January 2017.

**Figure 3 – Market share by brand – Top 10**



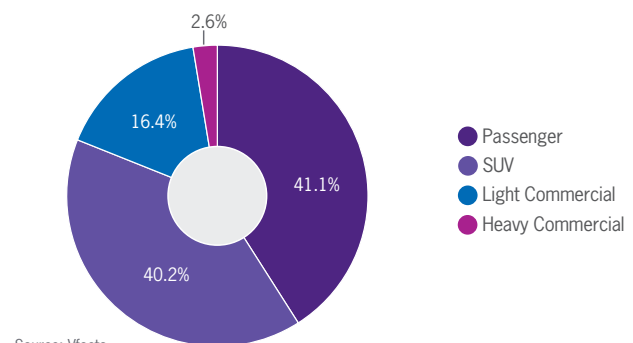
While market share remained relatively stable for the top 10 brands in January 2017, the greatest positive shifts on a CYTD basis were seen in Kia and Subaru gaining 1.0% and 0.7% respectively compared to January 2016. In contrast, Nissan and Volkswagen experienced a decline in market share based on January sales (0.7% and 0.4% respectively).

**Figure 4 – January sales movement by brand – Top 10**



Out of the top 10 brands, seven brands experienced an increase in sales during the month of January. Kia and Subaru continued to experience strong sales growth with both brands up 28.9% and 17.7% respectively during the month of January. Ford and Holden also saw significant improvements in sales compared to last month (up 7.4% and 5.3% respectively). In contrast, sales continued to decline for Volkswagen (down 8.0%), and Nissan and Hyundai also saw significant decreases (down 9.9% and 4.2% respectively). Mitsubishi, Toyota and Mazda saw little change with increases of 1.4%, 0.8%, and 0.5% respectively during January.

**Figure 5 – January market share by segment**



In relation to total market share by segment in January, Passenger vehicle sales remain the preferred class of vehicle (41.1% market share), closely followed by SUVs (40.2%). Meanwhile the Commercial market accounted for 19.0% of January 2017's sales which broken down comprises of 16.4% Light Commercial and 2.6% Heavy Commercial vehicles.

The top 10 models by sales in January included 4 Passenger vehicles, 4 SUVs and 2 Light Commercial vehicles.



# Market share

While total sales for the top 10 models in January 2017 were up by 9.2% compared to January 2016 sales, there was some variation within the top 10 models. January 2017 was a strong month with 8 out of the top 10 models seeing an increase in sales compared to January 2016.

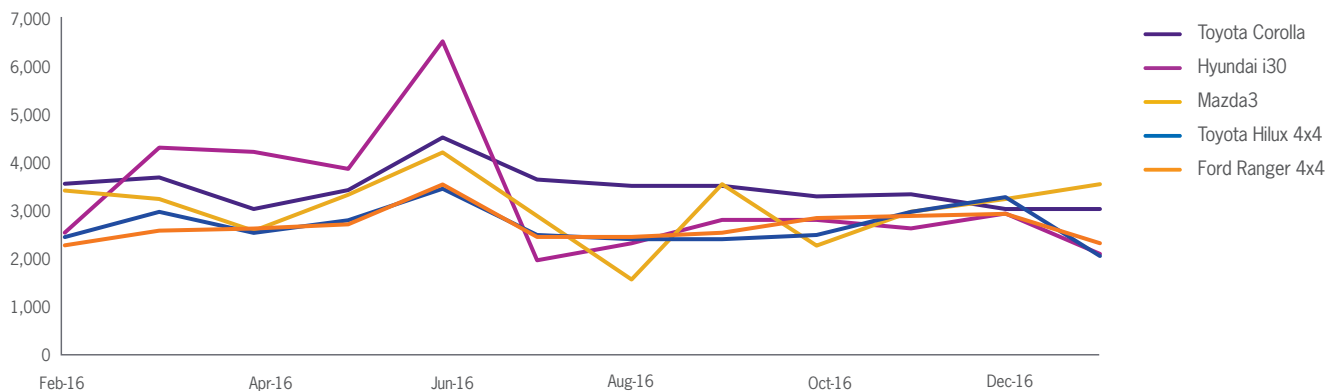
**Table 4 – Top 10 model sales for January 2017**

Model		Month Sales			
Standing	Brand	Movement	Jan 2017	Jan 2016	% Variance
1	Mazda3	▼	3,473	3,722	-6.7%
2	Toyota Corolla	▲	2,943	2,758	6.7%
3	Ford Ranger 4X4	▲	2,221	1,978	12.3%
4	Hyundai i30	▲	2,018	1,852	9.0%
5	Toyota Hilux 4X4	▲	1,964	1,665	18.0%
6	Holden Commodore	▲	1,960	1,242	57.8%
7	Mazda CX-5	▲	1,924	1,750	9.9%
8	Nissan X-Trail	▲	1,759	1,198	46.8%
9	Hyundai Tucson	▼	1,678	2,065	-18.7%
10	Mazda CX-3	▲	1,486	1,391	6.8%

Source: Vfacts. Note, Top 10 sales are ordered by CYTD sales.

Comparing sales for the top 10 models from January 2016 to January 2017, highlights growth across all segments with 8 out of the top 10 models seeing an increase in sales. After months of poor performances, the Passenger vehicle market showed positive signs with the Holden Commodore, Hyundai i30 and Toyota Corolla all experiencing increases compared to January 2016 (up 57.8%, 9.0%, and 6.7% respectively). The continued Light Commercial vehicle growth saw increases in sales for the Toyota Hilux (4x4) and Ford Ranger (4x4) by 18.0%, and 12.3% respectively. The SUV market also showed sustained growth with sales for the Nissan X-Trail, Mazda CX-5, and Mazda CX-3 increasing compared to January 2016 (up 46.8%, 9.9%, and 6.8% respectively). Meanwhile, the Hyundai Tucson and Mazda3 saw a decrease in sales of 18.7% and 6.7% respectively when comparing January 2017 to January 2016.

**Figure 6 – Top 5 model sale trends from February 2016 – January 2017**



Source: Vfacts

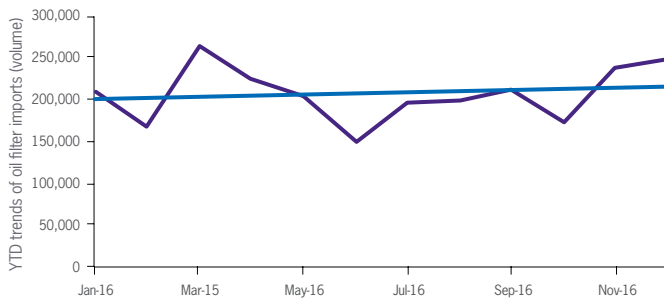
Monitoring the top 5 models, January 2017 overall noted a 15.9% decrease in sales compared to December 2016 in which 2 models saw an increase in sales, the Mazda3 (10.6%) and Toyota Corolla (0.5%). The Toyota Hilux (4x4), Hyundai i30, and Ford Ranger (4x4) experienced a significant reduction in sales compared to December 2016 (down 39.1%, 28.8% and 22.6% respectively). Despite sustained growth from the SUV market and decreasing sales from Passenger vehicles, no SUVs have reached the top 5, while the Toyota Corolla (40,515), Hyundai i30 (37,938) and Mazda3 (35,858) remain the top 3 vehicles in terms of new car sales over the last 12 months.



# Consumer Demand Indicators

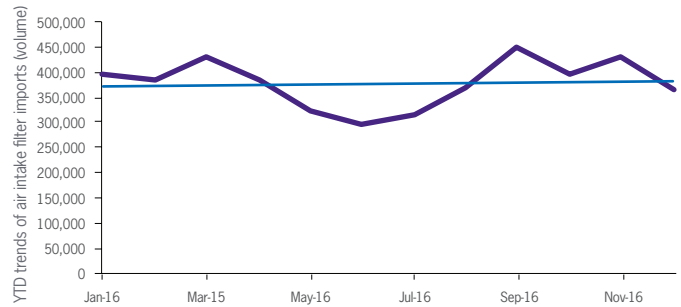
Import volumes for the current month and 12 month historical trends are shown below for five common replacement parts. This import activity is provided as an indicator of consumption trends.

**Figure 7 – Imports of oil filters**



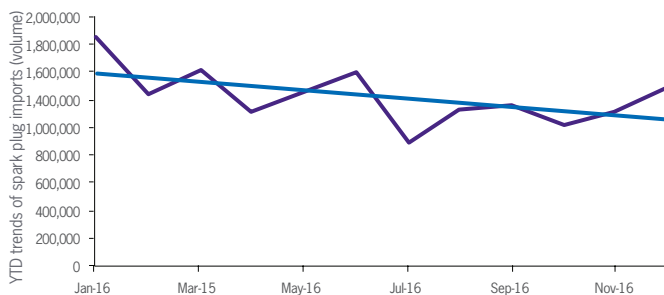
Top 5 countries of import by volume December 2016: China (176,454), Mexico (23,844), Korea (9,938), USA (8,019), Romania (7,410) and total all countries (254,434)

**Figure 8 – Imports of air intake filters**



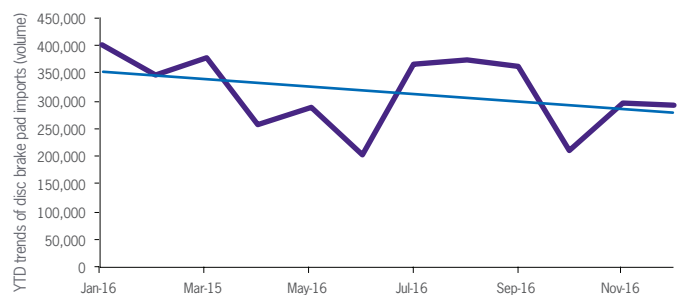
Top 5 countries of import by volume December 2016: China (233,606), South Korea (45,033), Japan (40,896), Thailand (29,671), Indonesia (14,812) and total all countries (425,147)

**Figure 9 – Imports of spark plugs**



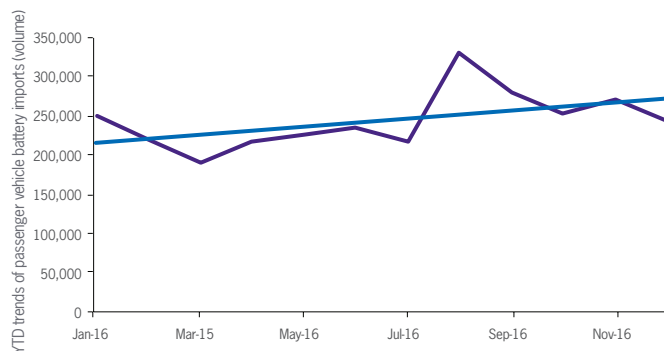
Top 5 countries of import by volume December 2016: Japan (743,770), China (109,969), USA (81,528), Germany (49,716), Mexico (25,048) and total all countries (1,067,840)

**Figure 10 – Imports of disc brake pads**



Top 5 countries of import by volume December 2016: Japan (121,689), China (61,577), Germany (10,878), South Korea (9,818), Thailand (7,161) and total all countries (240,559)

**Figure 11 – Imports of passenger vehicle batteries**



Top 5 countries of import by volume December 2016: South Korea (118,418), Philippines (42,618), Bangladesh (6,693), Japan (5,512), Thailand (2,933) and total all countries (187,529)

Monitoring import volumes of replacement parts shows a decrease in importation quantities for December 2016 compared to prior month, with the exception of Air Intake Filters. The sharpest declines were observed in importation of Spark Plugs and Passenger Vehicle Batteries.

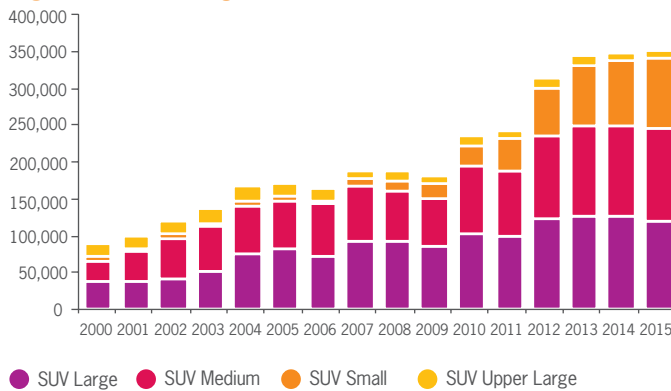
In December 2016:

- Spark Plugs saw the greatest decline out of the monitored components, decreasing  $\rightarrow$ 40.5% in import volume when compared to November. This reduction was driven by decrease imports from Japan (-51.7%) which generally accounts for around 70% of Australia's imported spark plugs. Conversely China (209.4%), USA (123.1%) and Mexico (57.1%) saw the greatest increases.
- Importation of Oil filters saw an overall decrease of 12.5% when compared to November 2016; the most notable changes were China up by 69.6% and Thailand down -97.3%.
- Importation quantities for Disc Brake Pads (-4.6%, and Passenger Vehicle Batteries (-33.6%) also saw declines while Air Filters increased by 11.0% when comparing to November 2016.

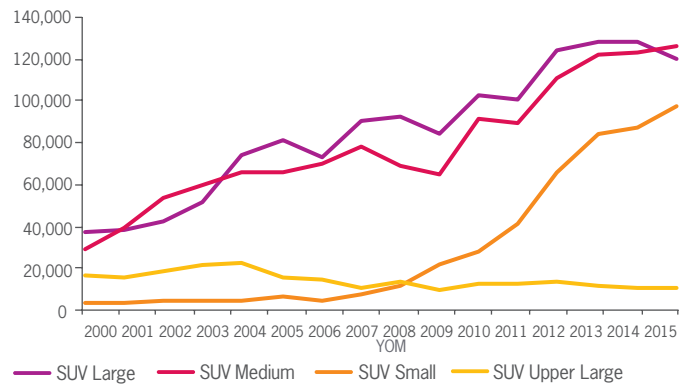


# Car Parc: SUV Market snapshot – size matters

**Figure 12 – SUV Segment Share from 2000 – 2015**



**Figure 13 – Registrations by Segment - SUV**



The SUV market has experienced a great deal of change over the past 15 years. While SUVs account for 16.0% of vehicles on the road produced in 2000, in 2016, SUVs accounted for 37.4% of new car sales (up from 35.4% in 2015) and are expected to become the preferred vehicle of choice within the near future. Drilling into the data further, there is a significant change in the popularity of the different SUV segments. Historically, Large SUVs (such as the Toyota Prado and Ford Territory) have been the preferred vehicle of choice as evidenced by their share of total SUV sales (43.9%) between YOM 2000 to 2008. Yet as of around 2009, there has been a shift in consumer preference with more people driving Small sized SUVs. From YOM 2015, Medium SUVs account for a greater share of vehicles than Large SUVs. Additionally, there has been an explosive growth of the proportion of Small SUVs on the road registered from 2008 onwards. Small SUVs account for 6% of vehicles on the road YOM 2008 and account for approximately 25% of SUVs on the road produced from 2013. The models attributed to this dramatic growth in demand include the Hyundai IX35, Subaru XV, Mitsubishi ASX and the Nissan Dualis.

## Australia's top SUV models

**Table 5 – Top 10 SUV Models YOM 2008–2011**

Total YOM 2008–2011				
Standing	Model	Vehicles	SUV % Share	Segment
1	Toyota Prado	54,722	4.0%	Large
2	Subaru Forester	53,017	3.9%	Medium
3	Toyota Rav4	52,472	3.9%	Medium
4	Toyota Kluger	49,401	3.6%	Large
5	Ford Territory	46,936	3.5%	Large
6	Holden Captiva 7	40,982	3.0%	Large
7	Nissan Xtrail	38,767	2.9%	Medium
8	Toyota Landcruiser	33,730	2.5%	Upper large
9	Mitsubishi Outlander	29,570	2.2%	Medium
10	Mazda Cx7	29,125	2.1%	Medium

The top 10 models within the vintage being currently serviced by the independent market (YOM 2008-2011), account for 31.6% of the total SUV market. Within the top 10 of YOM 2008-2011, Toyota has the greatest presence accounting for 4 models, with Subaru, Ford, Holden, Nissan, Mitsubishi and Mazda having one model each to round out the top 10. The top 3 all hold similar market share and include the Toyota Prado (4.0%), Subaru Forester (4.0%), and Toyota Rav4 (4.0%). Two of the top 3 (the Forester and Rav4) are Medium SUVs.

**Table 6 – Top 10 SUV Models YOM 2012-2015**

Total YOM 2012–2015				
Standing	Model	Vehicles	SUV % Share	Segment
1	Mazda Cx5	82,113	6.0%	Medium
2	Toyota Rav4	65,511	4.8%	Medium
3	Hyundai Ix35	62,017	4.6%	Small
4	Toyota Prado	61,617	4.5%	Large
5	Nissan Xtrail	53,986	4.0%	Medium
6	Subaru Xv	51,837	3.8%	Small
7	Toyota Kluger	50,058	3.7%	Large
8	Subaru Forester	48,737	3.6%	Medium
9	Jeep Grand Cherokee	48,416	3.6%	Large
10	Ford Territory	44,089	3.2%	Large

When comparing to YOM 2012-2015 (an indicator of what's to come for repairers), the top 10 listing indicates a greater preference for smaller SUVs within the near future, with two spots now being held by Small SUVs (Hyundai IX35 and Subaru XV). Despite the changes within the market, Toyota has sustained a significant presence, accounting for 3 vehicles in the top 10. The top 10 models account for 41.9% of the SUV market, which compared to 31.6% for YOM 2008-2011, indicates some consolidation of consumer preferences. In addition, end of year (2016) VFACTS sales figures show that 4 of the top 10 SUVs are now Small vehicles, with only one Large SUV (Toyota Prado, which holds 3.3% SUV market share in 2016) remaining in the list. The shift in consumer preference highlights a clear trend towards smaller SUVs.



# Sector Highlights

## Merger and Acquisition Activity

### Hankook Tire Worldwide agrees to acquire JAX Tyres

Hankook Tire Worldwide Co Ltd has entered into a binding agreement to acquire a 100% stake of Australian counterparts JAX Tyres. Hankook, the South Korean tyre producer aims to strengthen its global distribution business model as a new retail growth engine. Hankook expects to gain large-scale synergies as a result of the merger by combining JAX's franchise and digital capabilities with Hankook's global footprint.

The CEOs of both Hankook and JAX highlighted the acquisition as a win-win scenario, one that allows Hankook to diversify into non-tyre business segments whilst allowing JAX to continue to grow its franchise within Australia and elsewhere.

Source: Merger Market



## Other news of note

### Automotive Solutions Group geared for growth through a major acquisition

Automotive Solutions Group [ASX: 4WD] listed on the ASX in December 2016 and has flagged its intention to raise further capital to finance a large acquisition to continue building its scale and national reach. Following the December 2016 IPO, it raised \$30.9 million to fund the roll up of eight small aftermarket accessory companies spread across Victoria, New South Wales, Western Australia, and Queensland. The aggregated companies are associated with the manufacturing, supply and fitting of four-wheel drive aftermarket parts and providing mechanical/electrical servicing to vehicles.

The group aims to further drive its growth through the purchase of a large Australian company with a complementary product mix and distribution channels. CEO Tanya Mason noted that ASG had identified a target company which designs, manufactures, distributes and retails parts and accessories, as well as performance and safety technology for motor vehicles, focussing on four-wheel drives and SUVs.

Automotive Solutions Group reported \$39.9 million in revenue and an EBITDA of \$6.4 million in FY16 and forecasts revenue of \$42.7 million and EBITDA of \$6.9 million in FY17. However, Mason aims to increase the group's revenues to around \$100-150 million after the proposed acquisition.

Source: Merger Market and Automotive Solutions Group's Second Replacement Prospectus. Retrieved from: <http://www.asx.com.au/asxpdf/20161219/pdf/43dv571kg6xd8k.pdf>



### Holden Special Vehicles (HSV) to shift focus following local closures

HSV has outlined it will diversify its future range, which currently focuses on the Holden Commodore. CEO Tim Jackson stated that HSV was going to live beyond the closure of local car manufacturing and highlighted the booming growth of the SUV segment as an opportunity for HSV. Jackson admitted it was a likely target for HSV as a result of recent popularity for SUV performance models such as the Jeep Grand Cherokee SRT8. However, Jackson declined to comment on the likelihood of entering the dual cab market, which would likely involve the Holden Colorado and be a direct competitor to Tickford's modified Ford Ranger. Due to ongoing discussions with Holden, HSV was unable to set a date for confirming any future plans.

Source: Drive



### Toyota and Holden announce their October closure dates

Toyota has confirmed that it will cease manufacturing at its Altona site on the 3rd of October. The Altona site has been operating since 1978 and the closure will end Toyota's 53 year history of manufacturing within Australia. Toyota will ensure a smooth closure by ceasing production of the V6 Aurion in August, the Camry Hybrid in September and finally the petrol-fuelled Camry in October. Toyota Australia President Dave Buttner outlined that the future employment of its staff remains the focus at this stage.

Meanwhile Holden has announced the 20th of October to be the closure date of its Elizabeth plant, which has been building cars since 1963. Holden has declared its intention of producing more than 30,000 vehicles before manufacturing ends and that there are no plans to lay off the 1,000 staff remaining before October.

Source: Cars Guide and The Advertiser



# Contacts

This newsletter is a new service for AAAA Members only, conceived by AAAA and executed by Grant Thornton. This industry publication is designed to capture useful statistical and related data as indicators of the unfolding trends and health of the automotive aftermarket industry.

AAAA will issue 10 editions over a 12 month period, including an annual "Auto Fact Book".

As a new Member offering, we are very keen to embrace your feedback as we seek to ensure the newsletter delivers valuable insights. Recognising this publication only reflects data that is available in the public domain; your feedback will also help us plan for additional information gathering exercises, such as industry surveys, to meet your information needs.

Please provide your feedback to [mford@aaaa.com.au](mailto:mford@aaaa.com.au) or any of the contacts below.

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