

AAAA Dashboard Q4 2017



The voice of the independent aftermarket in Australia

Welcome to the Q4 2017 Edition of the Aftermarket Dashboard, a quarterly information service for 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.

Data sourced from VFACTS New Car Sales Data, December 2017 & ABS Motor Vehicle Census, 31 Jan 2017
Cover Photo by Burak Kebapci from Pexels <https://www.pexels.com/photo/blue-forest-car-beetle-105032/>

	1. Current State of the Market	2. Purchasing Trends	3. State Servicing Forecasts	4. Industry Headlines
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1. Current State of the Market

Australian Economic Indicators

Consumer Confidence



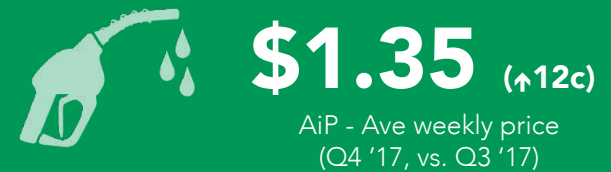
The Westpac Melbourne Institute consumer confidence index reversed direction in Q4 2017, posting strong gains. Despite some ongoing local concerns (e.g. housing affordability), results are underpinned by positive global sentiments.

Business Confidence



Despite consumer confidence trending up, business confidence remained stagnant in the final quarter of 2017. This reflects the continuing variations we're seeing by industry sector and state, with strength in some areas (e.g. retail) offset by weaker primary industry results.

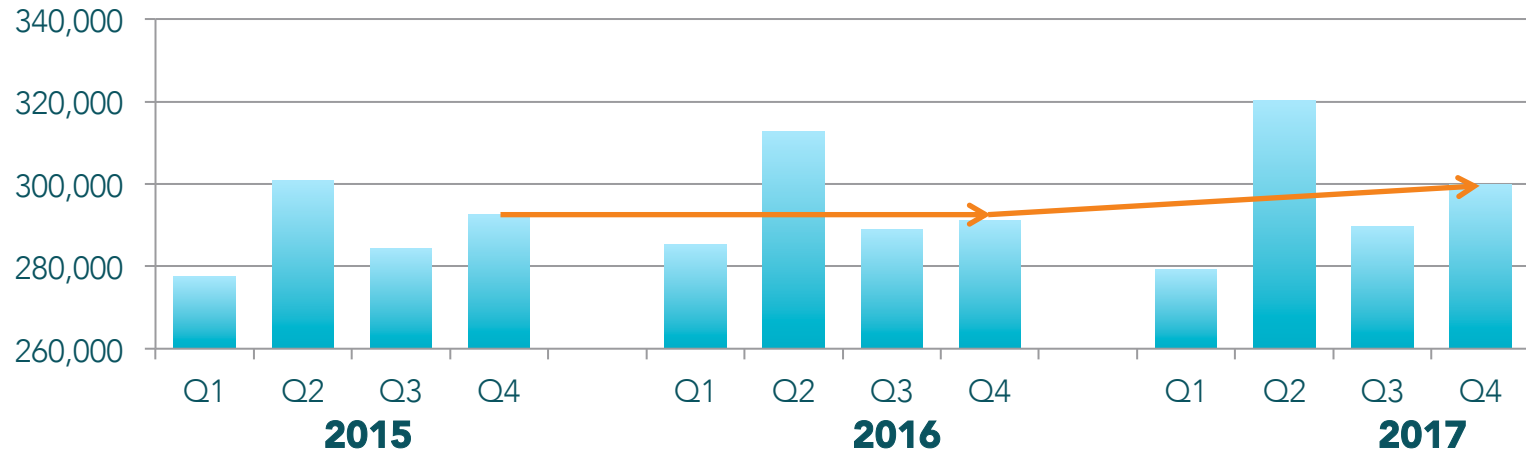
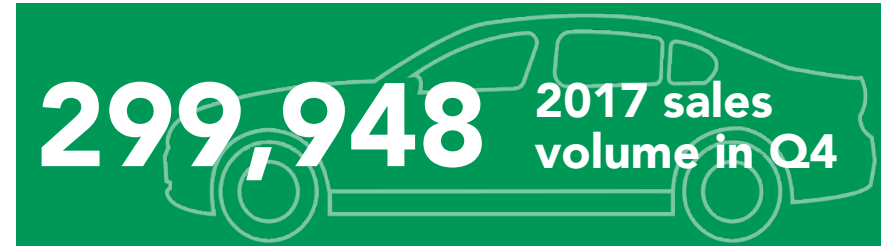
Fuel Prices



Australian fuel prices increased in Q4 2017, potentially driven by higher demand during the holiday period. The increasing trend towards diesel vehicles will however protect a segment of motorists from any further cost increases as we move into 2018.

New Car Sales By Quarter

Australian new car sales regained lost ground in Q4 2017, increasing to 299,948 vehicles. This is up 3.6% on Q3, also clearly outperforming Q4 2016. This resulted in Australia recording record annual sales of 1,189,116 vehicles (up 0.9% on 2016).





New Car Sales By State

New car sales are up in most states and territories (even including WA), although Queensland recorded flat quarter on quarter sales off the back of its 17% slide from Q2. Tasmania was the only region to record double digit growth in Q4, with Victoria and South Australia the next strongest performers.

State	Q4 Volume	% Chng from LQ	Q4 Share
New South Wales	97,931	1%	33%
Victoria	88,766	8%	30%
Queensland	56,537	0%	19%
Western Australia	25,085	3%	8%
South Australia	18,772	7%	6%
Tasmania	6,057	23%	2%
Australian Capital Territory	4,557	1%	2%
Northern Territory	2,243	-15%	1%
TOTAL	299,948	4%	

New Car Sales By Marque

Q4 Rank	Make	Q4 Volume	% Chng from LQ	Q4 Share
1	Toyota	53,721	0%	18%
2 ^{↑2}	Holden	27,860	37%	9%
3 ^{↓1}	Mazda	26,486	-7%	9%
4 ^{↓1}	Hyundai	23,763	1%	8%
5 ^{↑1}	Mitsubishi	21,247	8%	7%
6 ^{↓1}	Ford	17,696	-10%	6%
7 ^{↑2}	Volkswagen	15,441	15%	5%
8 ^{↑2}	Nissan	14,223	17%	5%
9 ^{↑2}	Honda	13,342	15%	4%
10 ^{↓3}	Subaru	13,064	-3%	4%
TOTAL		299,948	4%	



HOLDEN

27,860

Holdens sold this quarter

Toyota was again the sales leader, selling over 50,000 units, which made up almost one in five new vehicles.

The big mover in Q4 however was Holden, recording impressive 37% quarter on quarter sales growth. Reports suggest though that this was driven by OE incentives, leaving dealers overstocked into the new year.

Holden Astra discounted by more than \$6000 as dealers choke on supplies

Holden dealers are overstocked and have slashed the price of one popular car – but you won't see the deal advertised.

At the other end of the list, Honda was a new entrant in Q4, overtaking Subaru and Kia (which dropped to 11th), to take 9th spot based on double digit quarter on quarter growth.

2. Purchasing Trends



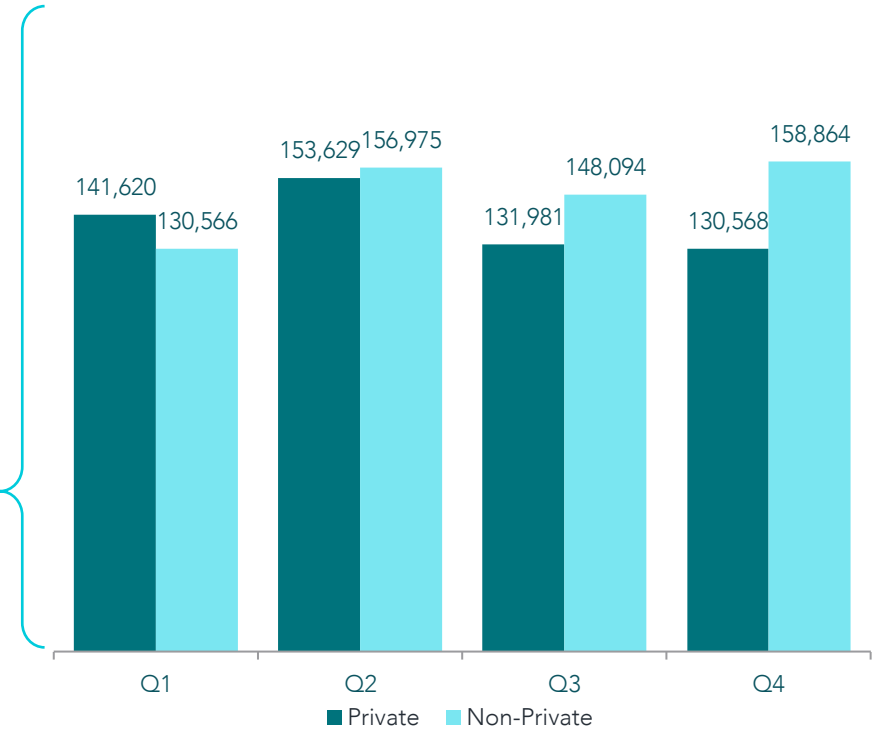
New Car Sales By Buyer Type

Private sales remain the largest single cohort within the market, although business buyers were just 2,352 sales behind in Q4 2017.

Considering the non-private market as a whole however, fleet buyers again outperformed private buyers, with the gap between the two segments almost reaching 30,000 units. This again highlights the significant aftermarket requirements commercial fleets will continue to have in years ahead.

Vehicle Type	Q4 Volume	% Chng from LQ	Q4 Share
Private	130,568	-1%	45%
Business	128,216	10%	44%
Government	9,397	0%	3%
Rental	21,251	-2%	7%

Note: Excludes Heavy Commercial Vehicles

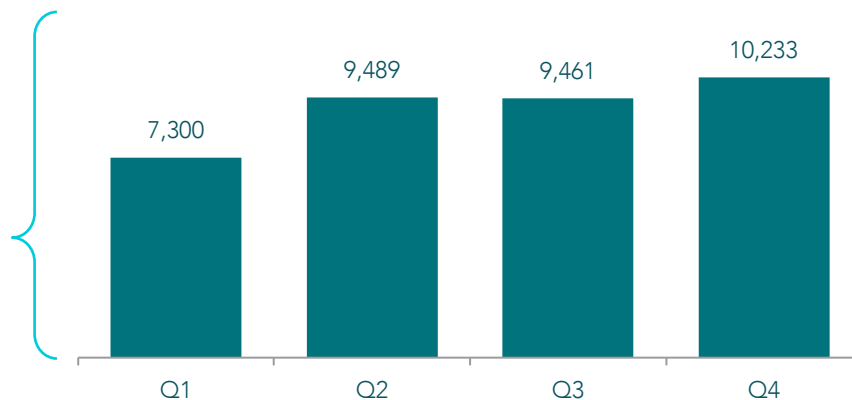


HCV Sales By Marque

Q4 Rank	Make	Q4 Volume	% Chng from LQ	Q4 Share
1	Isuzu	2,372	3%	23%
2	Hino	1,364	10%	13%
3	Mitsubishi Fuso	915	0%	9%
4↑1	Kenworth	858	40%	8%
5↓1	Mercedes-Benz Vans	712	-17%	7%
6	Volvo	581	14%	6%
7	Iveco	512	0%	5%
8↑1	Renault	418	37%	4%
9↑3	Fiat Professional	394	48%	4%
10↓2	Man	332	6%	3%
TOTAL		10,516	10%	

Heavy Commercial Vehicles also hit a milestone in Q4 2017, recording 8% growth to break 10,000 units sold for the quarter. Isuzu continues to lead this segment of the market (underpinned by its N-Series), while Hino and Mitsubishi Fuso round out the top three.

Despite growth in Heavy Duty truck sales, the bulk of sales are still Light or Medium duty trucks, with this sector of the market requiring greater levels of servicing and support moving forward.





3. State Servicing Forecasts

Vehicle Distribution

State	Q4 Volume	Q4 Share	Car Parc Volume	Car Parc Share	Variation
New South Wales	97,931	33%	5,509,181	29%	+4%
Victoria	88,766	30%	4,798,097	26%	+4%
Queensland	56,537	19%	3,948,169	21%	-2%
Western Australia	25,085	8%	1,386,004	7%	+1%
South Australia	18,772	6%	2,219,291	12%	-6%
Tasmania	6,057	2%	469,467	2%	0%
Australian Capital Territory	4,557	2%	155,362	1%	+1%
Northern Territory	2,243	1%	295,633	2%	-1%
Australia	299,948	100%	18,781,204	100%	

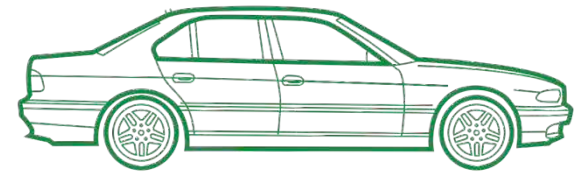


Despite strong results for Q4, South Australia sales still lag their share of the Australian car parc.

The opposite is evident in New South Wales and Victoria, with new car sales outperforming share of vehicles in the car parc, and more reflective of current population distribution.

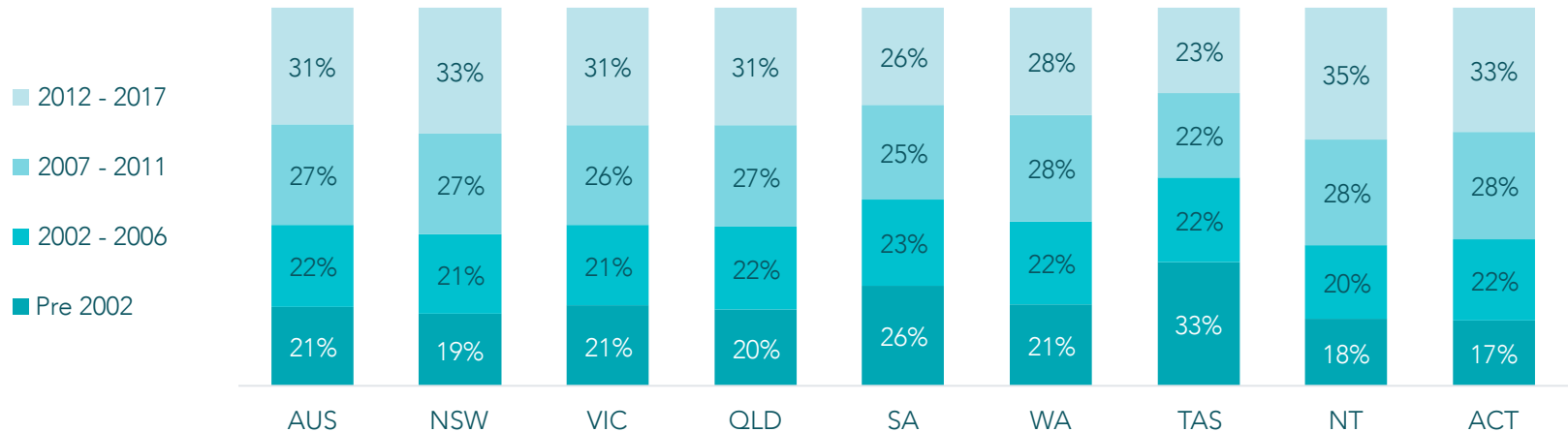
With both states forecast to continue growing over the next decade (focused to Sydney and Melbourne), an ongoing redistribution of vehicles will drive increased servicing needs in the east coast capital cities.

Year of Manufacture



South Australia, Western Australia and Tasmania also lag the east coast states on vehicle age. Registration data shows that around half of vehicles in SA and TAS are more than 10 years old, with one in three Tasmanian vehicles more than 15 years old.

With Australian vehicles travelling an average of 15,000km a year, this suggests a significant proportion will have reached 150,000 – 200,000km milestones for major servicing work (e.g. engine rebuilds).

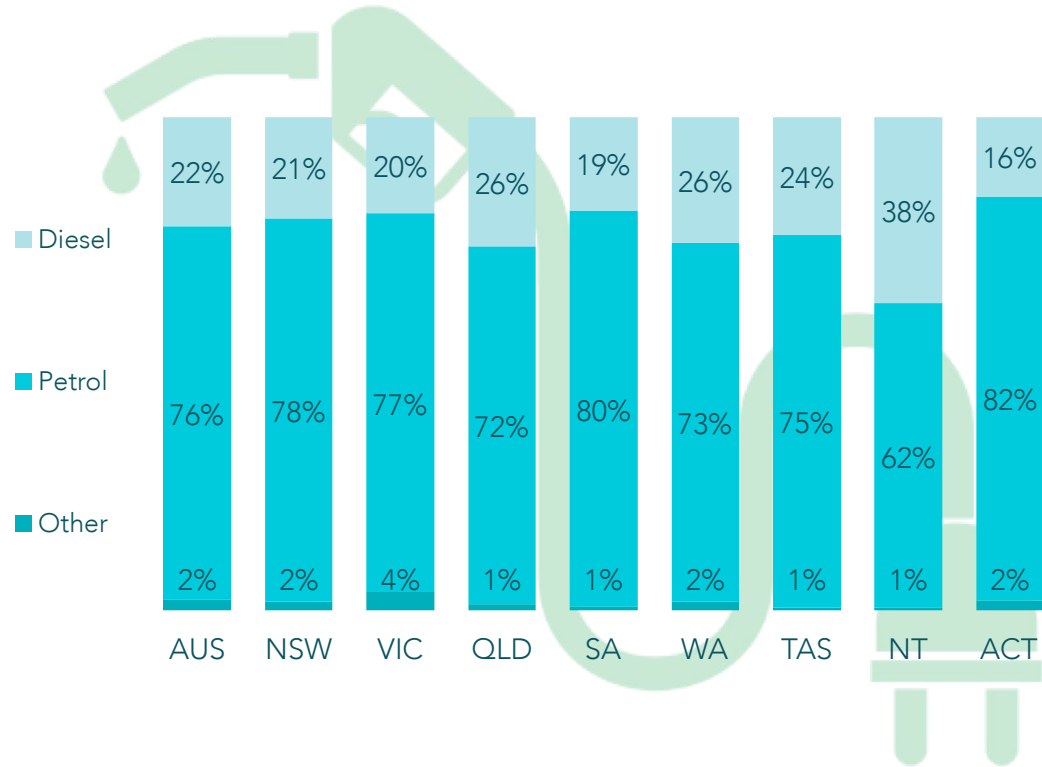


Fuel Type

The make-up of the state car parcs also vary by fuel type, with higher penetration of diesel vehicles into QLD, WA, TAS and (particularly) the NT reflecting the more dispersed nature of these states and territories.

Despite these trends, the overall figures highlight the fact that while diesel vehicles remain a popular choice across the country, the bulk of vehicles in the car parc contain petrol engines.

In the short term, diesel vehicles may increase towards one in four vehicles in the Australian car parc, but the global shift away from diesel is then likely to erode this over the longer term.



4. Industry Headlines

UTO NEWS

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ACCC backs consumers

Two of Australia's leading automotive industry bodies have come out swinging following the publication of the long-awaited Australian Competition and Consumer Commission (ACCC) report into new-vehicle retailing industry after an 18-month investigation.

Transport costs up during the December quarter

The average Australian metropolitan household spends \$17,606 on transport costs, which accounts for 14.2 per cent of household income, analysis by the Australian Automobile Association (AAA) has shown.

First imported Holden Commodore to land in Australia with 5 stars

Independent vehicle safety authority, ANCAP, today released its first safety rating for the year, awarding 5 stars to the Holden Commodore. The first imported Commodore model arrives onto the Australasian market with high safety scores.

Oz Government Not on Same Electric-Vehicle Page

The Australian government says it won't ban the sale of new gasoline- and diesel-powered cars, but it's divided on whether to encourage the electric-vehicle industry.

Acquisitions Key To GUD Holdings Outlook

Brokers suggest the growth outlook for GUD Holdings (ASX:GUD) is attractive, as the company consolidates the automotive aftermarket. Yet, several have lingering concerns regarding margins.



AAAA NEWS



Powerdown Australia picks one-third equity in Sabo Hema Automotive India

The move will not only help Powerdown to further manufacture its product range in India, but will supply to demands encountered all over the world.

Financial Review reports US Service King interested in AMA Group

The Financial Review's 'Street Talk' ran a story that AMA Group is 'believed to be in the crosshairs of a private equity suitor' last Sunday 28 January.

Bogged-down Automotive urges shareholders to wait on takeover bid

Kenneth Carr is rallying the troops at 4WD mechanic Automotive Solutions Group to fight off a second takeover attempt from crash repairer AMA Group.

Tale Of Two Consumer Stocks

One of the stocks included is Bapcor (ASX:BAP), a regularly recurring name in my All-Weather Performers research. I have stated many times in the past, and haven't changed my view to date, this company is blessed with one of the most resilient operations on the Australian Stock Exchange (hence its inclusion in my selection of All-Weather Performers).





About AAAA

The Australian Automotive Aftermarket Association, is the national industry association representing manufacturers, distributors, wholesalers, importers and retailers of automotive parts and accessories, tools and equipment, as well as providers of vehicle service, repair and modification services in Australia.

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About ACA Research

With over 20 years of automotive experience, ACA Research has developed a detailed understanding of the automotive sector, Using this market knowledge, we design and deliver research that helps our clients understand and overcome their business issues, empowering them to move forward with confidence.

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