



# Aftermarket Dashboard



## Key highlights – March 2016

We are pleased to present a new 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.

Over the next 10 months, we will be progressively adding data sources and key industry intelligence.

We value your suggestions for improvement or feedback regarding content.

- Vehicle sales were down 0.5% in March and up 2.8% CYTD
- NSW and ACT had the largest increase in sales up 6.5% and 3.6% respectively, while WA and QLD had the largest decrease in sales (down 7.8% and 4.6% respectively) compared to March 2015.
- The SUV market has risen 8.3% while the passenger market fell 9.4%
- Among the Top 10 brands, the largest % falls in sales were Nissan (down 18.6%) and Honda (down 15.4%); the largest % increases was Subaru (up 20.6%), compared to March 2015
- Locally manufactured vehicles fell 12.8%
- Business buyers have risen 9.1% while private buyers fell 6.3% compared to March 2015
- Top three vehicles sold in March were Hyundai i30 (4,198 vehicles), Toyota Corolla (3,612 vehicles) and Mazda 3 (3,145 vehicles)
- ASX listed aftermarket companies generally posted stronger revenues for Dec 2015, with highest % increases on the previous year recorded for AMA (155.5%), Quickstep (81.9%), Burson (74.1%), PWR (45.2%), Schaffer (36.7%) and GUD (19.8%).
- Monitoring of replacement parts consumption shows volumes of air filters and disc brake pads rose whereas oil filters, spark plugs and car batteries all decreased over the last 12 months.

**Table 1 – Top 10 brand sales for March 2016 and CYTD**

Brand		Month Sales				CYTD Sales			
Standing	Brand	Movement	March 2016	March 2015	Variance (%)	Movement	2016	2015	Variance (%)
1	Toyota	▼	17,849	19,082	-6.5%	▼	46,493	48,986	-5.1%
2	Mazda	▲	10,228	10,217	0.1%	▲	30,449	28,280	7.7%
3	Hyundai	▲	9,700	8,709	11.4%	▲	24,402	23,613	3.3%
4	Holden	▼	8,355	8,571	-2.5%	▼	22,519	24,781	-9.1%
5	Ford	▲	6,481	6,023	7.6%	▲	18,641	16,402	13.7%
6	Mitsubishi	▲	6,519	6,307	3.4%	▲	18,207	16,629	9.5%
7	Nissan	▼	5,811	7,138	-18.6%	▼	17,363	17,659	-1.7%
8	Volkswagen	▼	5,316	5,525	-3.8%	▼	14,579	14,811	-1.6%
9	Subaru	▲	4,825	4,002	20.6%	▲	11,768	10,329	13.9%
10	Mercedes-Benz	▲	3,728	3,482	7.1%	▲	10,063	8,820	14.1%

Source: Vfacts

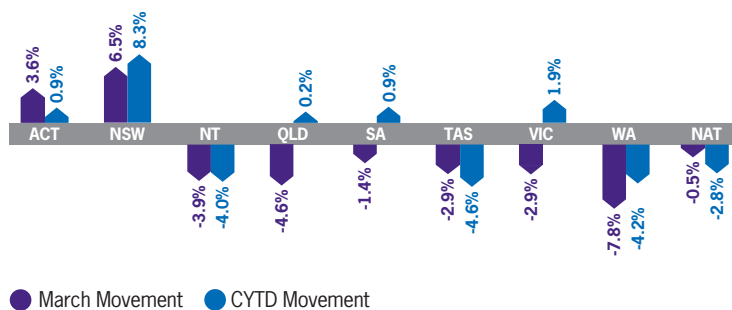
With respect to the Top 10 brand sales, Mazda and Hyundai experienced stronger sales in March 2016 compared with March 2015 and compared with CYTD sales. Conversely, both Toyota and Holden both experienced weaker sales as compared with March 2015 and CYTD sales.



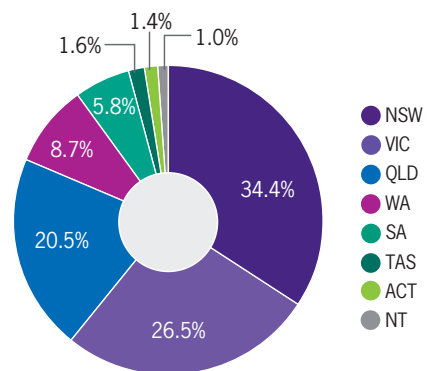
# March results

New motor vehicle sales have returned to normality in March 2016 after surging sales in January and February. While total sales fell 0.5% (542 vehicles) for March 2016 they were up 2.8% (7,734 vehicles) current year to-date. Outlined in Figure 1 are the state based movements for March and CYTD. Figure 2 details the market share by state.

**Figure 1 – State based movements for March 2016 and CYTD**



**Figure 2 – Market share by state**



Source: Vfacts

Source: Vfacts

All state and territory based sales were down for March 2016 compared with March 2015 other than New South Wales (up 6.5%) and the Australian Capital Territory (up 3.6%). On a calendar year to-date basis, the larger market share states of New South Wales (up 8.3%), Victoria (up 1.9%) and Queensland (up 0.2%) are up on 2015 sales.

**Table 2 – Movement in sales (%) April 2015 - March 2016**

	APR-15	MAY-15	JUN-15	JUL-15	AUG-15	SEP-15	OCT-15	NOV-15	DEC-15	JAN-16	FEB-16	MAR-16
New South Wales	2.5	4.1	12.1	6.1	7.5	11.8	4.6	9.1	8.2	6.0	12.6	6.5
Victoria	5.0	-3.1	4.1	4.6	1.8	7.8	3.7	4.3	3.7	1.0	8.2	-2.9
Queensland	1.7	0.3	10.7	5.3	5.9	7.9	7.4	14.5	-5.5	3.8	2.7	-4.6
South Australia	-1.1	-5.8	-3.3	-4.7	-9.4	-3.9	3.5	2.2	8.3	3.4	1.2	-1.4
Western Australia	-11.6	-15.8	-7.5	-12.7	-8.4	-8.8	-10.5	-1.7	-1.9	-3.0	-1.4	-7.8
National	1.2	-1.3	6.4	2.7	2.9	6.8	3.4	6.9	2.9	2.7	6.7	-0.5

● Positive ● Negative

Source: Vfacts

Sales figures April 2015 to March 2016 above outlines the last twelve months' movements. March 2016 was the first monthly fall in total sales nationally since May 2015. New South Wales has shown positive growth for 12 consecutive months while the Western Australian market has fallen every month for the previous 12 months.

**Table 3 – Movement in sales (%) by Segment (Jan – Mar 2016)**

	March Movement	CYTD Movement
Passenger	-9.4%	-8.0%
SUV	8.3%	13.8%
Light Commercial	7.1%	10.3%
Heavy Commercial	-8.7%	1.2%

● Positive ● Negative

Source: Vfacts

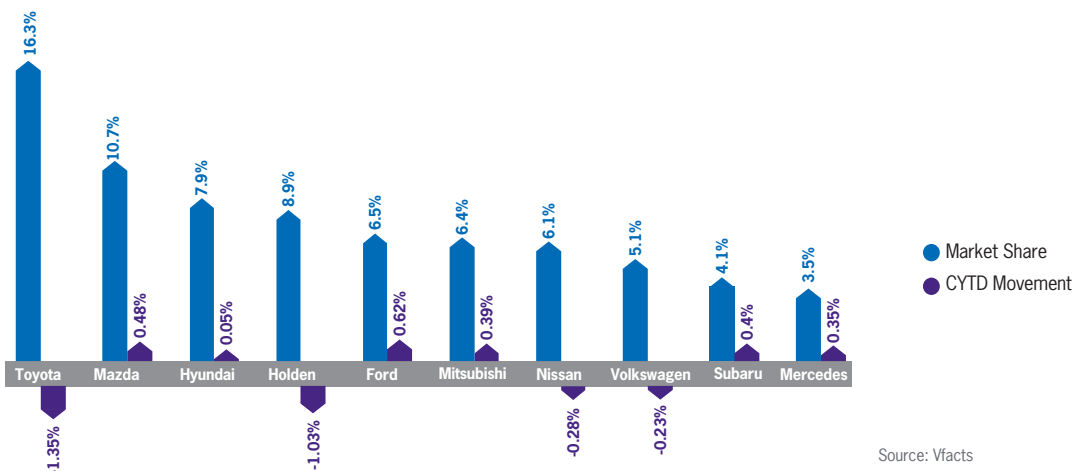
As table 3 highlights, passenger motor vehicles continued their downward trend for 2016, decreasing by 9.4% for the month of March 2016. SUV and Light Commercial vehicles continued their upward trend this year, recording increases of 8.3% and 7.1% respectively. Heavy Commercial vehicle sales fell sharply by 8.7% for March but remain up 1.2% on a CYTD basis.



# Market share

While Toyota's market share has decreased 1.4% from January to March 2016, it continues to dominate the local market with 16.3% market share. Holden and Toyota sales have contracted significantly over the last 12 months, whereas Mercedes-Benz, Subaru and Ford recorded the strongest increases.

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



Toyota lead the market on a CYTD basis with 16.3% market share followed by Mazda on 10.7% and Hyundai on 8.6%. The largest increases in the Top 10 brands for the CYTD are Ford (up 0.62%) and Mazda (up 0.48%), while Toyota and Holden have experienced the largest decrease in market share (1.35% and 1.03% respectively).

**Figure 4 – March sales movement by brand – Top10**

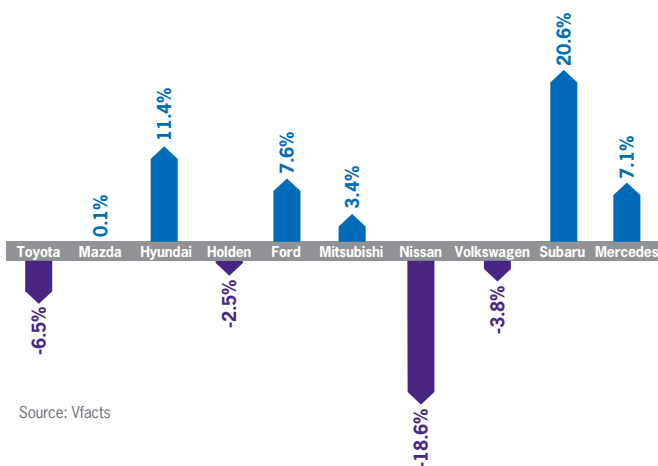
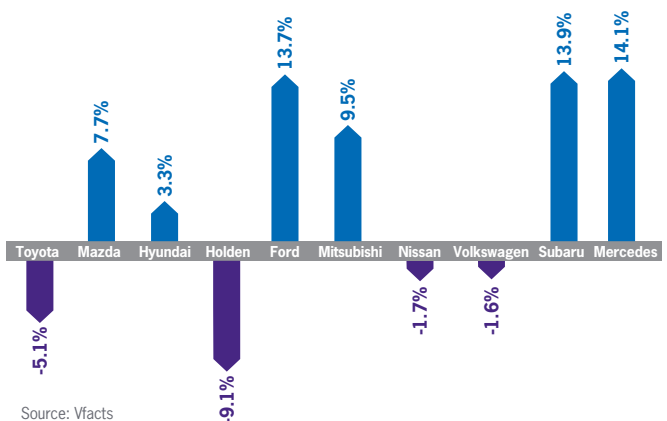


Figure 4 “March sales movement by brand – Top 10” demonstrates that six brands experienced an increase in sales. Subaru (up 20.6%) and Hyundai (up 11.4%) were the biggest movers in the top 10, followed by Ford, Mercedes-Benz, Mitsubishi and Mazda.

**Figure 5 – CYTD sales movement by brand – Top 10**



In relation to the Top 10 brands, on a CYTD basis, six brands have been able to increase market share compared to the 2015 calendar year. Mercedes-Benz, Subaru and Ford have recorded increases on calendar year to date sales of 14.1%, 13.9% and 13.7% respectively. Holden and Toyota sales have contracted significantly on a calendar year to date basis (-9.1% and -5.1% respectively).



# Market share

March was a strong month for the top 10 models with total sales for March 2016 (26,491) up by 12.9% on March 2015 sales (23,456). CYTD sales were also strong as at March, up by 10.4% on the same period in 2015.

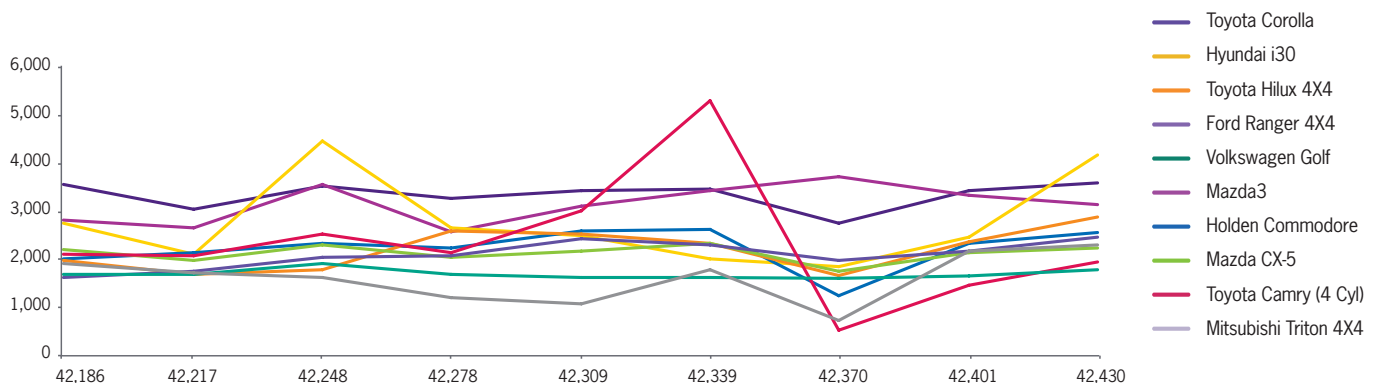
**Table 4 – Top 10 model sales for March 2016 and CYTD**

Brand		Month Sales				CYTD Sales			
Standing	Brand	Movement	March 2016	March 2015	% Variance	Movement	2016	2015	% Variance
1	Mazda3	▼	3,145	3,558	-11.6%	▼	10,221	11,059	-7.6%
2	Toyota Corolla	▼	3,612	4,261	-15.2%	▼	9,825	11,672	-15.8%
3	Hyundai i30	▲	4,198	2,098	100.1%	▲	8,511	6,316	34.8%
4	Toyota Hilux 4X4	▲	2,886	2,341	23.3%	▲	6,911	6,057	14.1%
5	Ford Ranger 4X4	▲	2,485	1,882	32.0%	▲	6,638	4,932	34.6%
6	Mazda CX-5	▼	2,252	2,344	-3.9%	▲	6,158	6,128	0.5%
7	Holden Commodore	▲	2,559	2,436	5.0%	▼	6,132	6,737	-9.0%
8	Mitsubishi Triton 4x4	▼	2,303	2,452	-6.1%	▲	5,191	4,947	4.9%
9	Hyundai Tucson	▲	1,269	0	n/a	▲	5,183	0	n/a
10	Volkswagen Golf	▼	1,782	2,084	-14.5%	▼	5,033	5,357	-6.0%

Source: Vfacts

With regard to the Top 10 model sales, the two strongest models (Mazda3 and Toyota Corolla) experienced weaker sales in March 2016 compared with March 2015 and compared with CYTD sales. Conversely, the next three strongest selling models, Hyundai i30, Toyota Hilux 4x4 and Ford Ranger 4x4 all experienced stronger sales as compared with March 2015 and CYTD sales.

**Figure 6 – Top 10 model sale trends July 2015 – March 2016**



Source: Vfacts

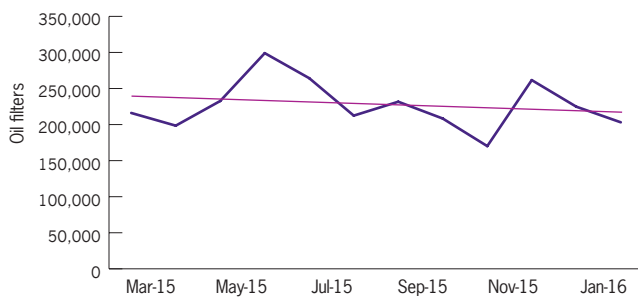
On a financial year to date basis, the Toyota Corolla (30,148), Mazda3 (28,438) and Hyundai i30 (25,016) have experienced the strongest sales. The Hyundai i30 has bounced back strongly from a poor December and January while the Toyota Camry has experienced a significant drop in sales for calendar year 2016.



# Consumer Demand Indicators

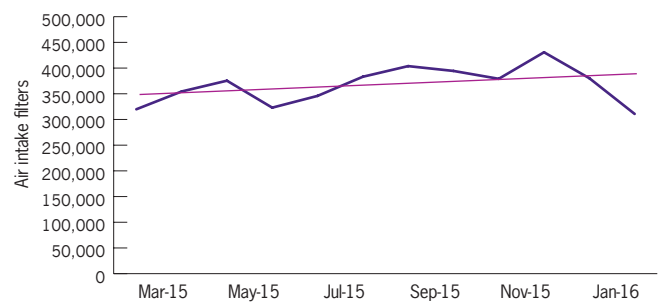
Import volumes for the current month and 12 month historical trends are shown below for five common replacement parts. This import activity is provided as an indicator of consumption trends.

**Figure 7 – Imports of oil filters**



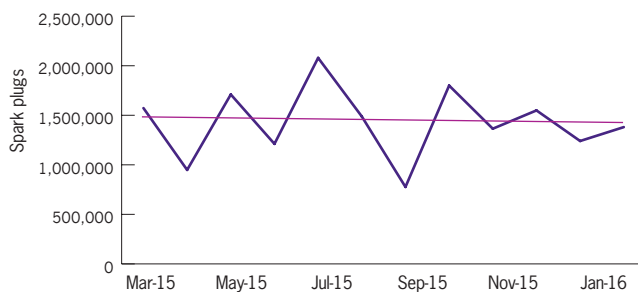
Top 5 countries of import by volume February 2016: China (95,208), Thailand (61,949), Mexico (17,388), USA (5,525), Korea (4,142) and total all countries (203,128).

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



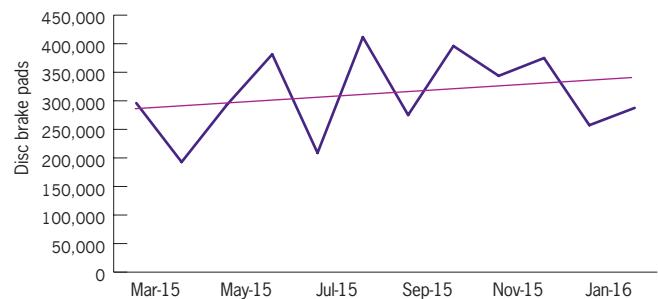
Top 5 countries of import by volume February 2016: China (112,078), Korea (61,536), Thailand (42,245), Japan (42,018), USA (11,868) and total all countries (310,779).

**Figure 9 – Imports of spark plugs**



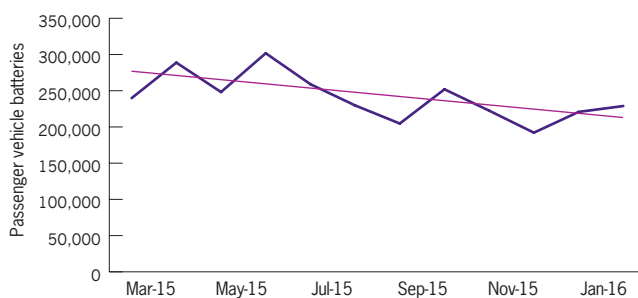
Top 5 countries of import by volume February 2016: Japan (1,097,778), China (73,326), Indonesia (54,400), USA (44,998), Mexico (29,033) and total all countries (1,380,615).

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



Top 5 countries of import by volume February 2016: Japan (153,531), China (71,098), Thailand (16,909), Germany (11,309), Taiwan (10,660) and total all countries (287,554).

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



Top 5 countries of import by volume February 2016: Korea (140,229), Philippines (56,145), China (14,186), Indonesia (6,997), Japan (4,623) and total all countries (228,885).

Monitoring of replacement parts consumption shows volumes of air filters and disc brake pads rose over the last 12 months, whereas oil filters, spark plugs and car batteries all decreased over the same period.

In February 2016 the leading source country for:

- oil filters and air intake filters was China (46.9% and 36.1% of total volumes respectively)
- spark plugs and disc brake pads was Japan (79.5% and 53.4% of total volumes respectively)
- passenger motor vehicle batteries was Korea (61.3% of total volume).



# Financial performance

The following ASX listed companies are wholly dedicated to the aftermarket industry or contain one or more aftermarket companies in their portfolios. The data is provided as an indicator of the financial health of the industry.

**Table 5 – Financial performance for the six months ending December 2015**

Company	ASX Code	Revenue			EBITDA		
		Dec-14	Dec-15	% variance	Dec-14	Dec-15	% variance
		(\$million)	(\$million)		(\$million)	(\$million)	
Automotive Holdings Group Limited	ASX:AHG	\$2,565.9	\$2,750.9	7.2%	\$103.6	\$108.6	4.8%
AMA Group Limited	ASX:AMA	\$42.3	\$107.8	155.1%	\$6.7	\$9.6	43.2%
ARB Corporation Limited	ASX:ARB	\$162.3	\$175.5	8.1%	\$29.5	\$34.8	18.0%
Burson Group Limited	ASX:BAP	\$185.0	\$322.2	74.1%	\$19.8	\$34.0	71.4%
carsales.com Limited	ASX:CAR	\$150.9	\$167.3	10.9%	\$72.9	\$81.5	11.7%
Coventry Group Ltd.	ASX:CYG	\$99.6	\$92.1	-7.5%	-\$1.7	\$1.2	-171.8%
DataDot Technology Limited	ASX:DDT	\$3.4	\$3.5	3.4%	-\$0.2	-\$1.1	434.5%
Fleetwood Corporation Limited	ASX:FWD	\$157.0	\$147.1	-6.3%	\$18.9	\$8.4	-55.7%
GUD Holdings Limited	ASX:GUD	\$297.1	\$355.9	19.8%	\$34.1	\$23.3	-31.8%
Advanced Braking Technology Limited	ASX:ABV	\$2.8	\$1.8	-37.8%	-\$0.2	-\$0.6	215.1%
Orbital Corporation Limited	ASX:OEC	\$3.8	\$7.1	n/a	-\$2.9	-\$3.4	15.9%
PWR Holdings Limited	ASX:PWHL	\$12.7	\$18.5	45.2%	\$5.8	\$5.3	-8.4%
Quickstep Holdings Limited	ASX:QHL	\$13.4	\$24.3	81.9%	-\$1.6	\$2.1	-226.5%
Schaffer Corporation Limited	ASX:SFC	\$75.7	\$103.4	36.7%	\$8.0	\$10.0	24.2%
Sprintex Limited	ASX:SIX	\$0.3	\$1.0	251.9%	-\$2.6	-\$0.3	-86.9%
Super Retail Group Limited	ASX:SUL	\$1,148.1	\$1,216.3	5.9%	\$109.6	\$113.1	3.2%

Source: CapitalIQ

## Financial spotlight

### Burson Group Limited (“Burson”)

Burson posted significantly stronger revenues for the 6 months ending December 2015 (\$322.2mil) compared with the six months ending December 2014 (\$185.0mil) representing a 74.1% increase (sourced from CapitalIQ). Stronger revenues drove an improved Earnings Before Income Tax, Depreciation and Amortisation (EBITDA) result, recording \$34.0mil for the 6 months ending December 2015 compared with \$19.8mil for the same period in 2014.

Burson Auto Parts (“BT”) represents the traditional trade segment of Burson’s Business. BT revenue for the six months ended December 31 2015 was \$202.9m, up 9.7% compared to the corresponding period in 2014. Same store sales contributed 4.5% of the increase with the balance of the sales increase due to new stores added to the Burson network in both FY2015 and H1 FY2016 (as per “Burson Group Limited: Interim Financial Report for the half year ended 31 December 2015”).

This result is also on the back of the acquisition of the Opposite Lock specialist 4x4 franchisor and wholesaler business from Metcash Limited in July 2015 (as detailed in the ‘Sector Highlights’ section below). The acquisition of a further two specialist wholesale businesses in April 2016 (Bearing Wholesalers and Precision Automotive Equipment) is expected to further drive revenue, adding approximately \$40 million in annual sales.

BT is expected to continue to perform strongly in the second half of FY2016 and will benefit from a general selling price increase implemented in January 2016. Burson also has a stated growth strategy, targeting a total of 175 trade stores across Australia by June 2019 (total number of stores at current is 127). Refer Burson website: “Burson Group Limited to acquire Metcash Automotive Holdings, 23/06/2015.



# Sector highlights

## Merger and Acquisition Activity

### Locomotive Seats Australia acquired by McConnell Seats Australia Pty Ltd

McConnell Seats Australia Pty Ltd acquired Locomotive Seats Australia from RBC Bearings Pty Ltd for AUD 1.7 million on March 9, 2016. The consideration will be financed from internally generated funds of McConnell Seats Australia. The transaction is not expected to have any material effect on the earnings per share, net assets per share and gearing.

Source: CapitalIQ



### Covs Parts Pty Ltd acquired by GPC Asia Pacific Ltd

GPC Asia Pacific Ltd (NYSE:GPC) has acquired 21 of the 25 Covs Parts stores from Automotive Holdings Group Ltd (ASX: AHG), all of which are located in Western Australia. Following ACCC scrutiny, the four 'retained' stores will be operated by AHG's AMCAP division on the basis that they will be operated in substantially the same manner in which they were operated prior to the transaction. A press release of 18 February 2016 confirmed the transaction price of USD 31.7727 million. The acquisition is in line with GPC's strategy to create a strategic alliance with its businesses in Australia and New Zealand. GPC will also become preferred supplier for aftermarket parts, equipment and consumables requirements for AHG.

Source: Merger Market



## Other news of note

### ARB Corporation

ARB Corporation (ARB) share prices are likely to increase over the next few months, after an unusually high number of 4WDs and utes were released in the second half of the 2015 financial year. Those models included the Nissan Navara, Mitsubishi Triton, an updated Ford Ranger, Toyota Hilux, Toyota Forerunner, Ford Everest and an updated Toyota LandCruiser 200 Series.

ARB revenues grew by 7.4% in the first half of the 2016 financial year (FY16), evidently in part because the company couldn't keep up with demand for specialist products to fit the new models being released in Australia.

Source: Australian Financial Review; autotalk.com.au



### Burson Group

Burson Group and its Opposite Lock specialist 4x4 franchisor and wholesaler business, which was acquired from Metcash Limited in July 2015, is likely to also be a large beneficiary of this trend (as per above). Burson paid an additional \$12 million for Opposite Lock on top of the \$275 million for the rest of Metcash's automotive assets. Re-named as Aftermarket Network Australia (ANA), the Metcash purchase also included Autobarn, Autopro, Midas and ABS.

In addition, Burson Group has acquired two specialist wholesale businesses (April 2016): Bearing Wholesalers and Precision Automotive Equipment. The acquisitions are expected to add approximately \$40 million in annual sales and \$6 million in annual EBITDA to the Burson Group on a consolidated basis. Bearing Wholesalers has 8 branches across Australia and annual sales of \$30 million. Precision Automotive Equipment imports, distributes and services automotive workshop equipment, with annual sales of \$10 million.

Source: Australian Financial review; Burson 2015 AGM Presentation



### GUD Holdings

GUD Holdings Limited share price rose as high as \$7.96 on 14 April after the announcement that the company had sold its remaining share in the Sunbeam business. GUD has now sold its 51% stake in Sunbeam along with its 49% stake in Jarden Consumer Solutions and is expected to receive cash of approximately \$35 million on completion of the transaction (July 2016).

Source: The Motley Fool



# 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 [liam.manton@au.gt.com](mailto:liam.manton@au.gt.com) or any of the contacts below.

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