



Aftermarket Dashboard



Key highlights – March 2017

Welcome to Edition #11 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 down 0.9% in March
- Eight of the last twelve months sales nationally have been up compared to previous year's sales
- Victoria, South Australia and Tasmania were the only three states to experience a positive movement in March 2017 (up 5.5%, 4.9%, 2.0% respectively) when compared to March 2016
- The SUV and Light Commercial vehicle segments rose by 2.6% and 2.0% respectively, while Passenger vehicles fell by 4.8%
- The largest fall in sales for the Top 10 brands were Holden (down 13.7%), Hyundai (down 10.7%) and Volkswagen (down 3.6%) compared to March 2016
- The largest increases in the Top 10 brands were Kia (up 39.2%), Mitsubishi (up 16.3%) and Toyota (up 10.1%) compared to March 2016
- Locally manufactured vehicle sales fell 26.8%
- The top three vehicles sold in March 2017 were the Toyota Corolla (3,574 vehicles), Ford Ranger 4x4 (3,304) and Toyota Hilux 4x4 (3,115)
- Monitoring of import volumes shows an overall decrease for each component monitored except oil intake filters and passenger vehicle batteries when comparing January 2017 to February 2017
- This month's car parc analysis will focus on the trends within the Australian ute segment

Table 1 – Top brand sales for March 2017

Brand		Month Sales				CYTD Sales			
Standing	Brand	Movement	Mar 2017	Mar 2016	Variance %	Movement	2017	2016	Variance %
1	Toyota	▲	19,652	17,849	10.1%	▲	48,514	46,493	4.3%
2	Mazda	▲	10,472	10,228	2.4%	▲	30,462	30,449	0.0%
3	Hyundai	▼	8,700	9,700	-10.3%	▼	22,406	24,402	-8.2%
4	Holden	▼	7,211	8,355	-13.7%	▼	20,119	22,519	-10.7%
5	Ford	▲	6,852	6,481	5.7%	▼	18,433	18,641	-1.1%
6	Mitsubishi	▲	7,583	6,519	16.3%	▲	18,416	18,207	1.1%
7	Nissan	▼	5,620	5,811	-3.3%	▼	15,057	17,363	-13.3%
8	Volkswagen	▼	5,122	5,316	-3.6%	▼	13,735	14,579	-5.8%
9	Kia	▲	4,684	3,366	39.2%	▲	12,873	9,549	34.8%
10	Subaru	▲	5,006	4,825	3.8%	▲	12,761	11,768	8.4%

Source: Vfacts

With respect to the top 10 brand sales, six of the top 10 brands experienced stronger sales in March 2017 compared with March 2016. Kia continued its strong performances in 2017 and experienced a significant increase in sales compared to March 2016 (up 39.2%). Mitsubishi (16.3%), Toyota (10.1%), Ford (5.7%), Subaru (3.8%) and Mazda (2.4%) also recorded increased sales compared to March 2016. Meanwhile, Holden (-13.7%), Hyundai (-10.3%), Volkswagen (-3.6%), and Nissan (-3.3%) experienced a reduction in sales compared to March 2016. The top 10 brands overall saw an increase of 3.1% in sales compared to March 2016.

On a CYTD basis, half of the top 10 brands have recorded reduced sales while the top 10 brands have experienced a 0.6% decline of sales compared to 2016. Nissan, Holden, Hyundai and Volkswagen saw the most significant reductions (-13.3%, -10.7%, -8.2% and -5.8% respectively). Contrary to recent strong performances, Ford is also slightly down in sales on a CYTD basis (1.1%). Conversely, Kia, Subaru, Toyota and Mitsubishi all saw an increase in sales on a CYTD basis (up 34.8%, 8.4%, 4.3% and 1.1% respectively).



March results

March 2017 sales increased by 0.9% nationally (898 vehicles) from March 2016 yet remain 2.1% down on a CYTD basis. Outlined in Figure 1 are the state based movements for March. Figure 2 details the market share by state.

Figure 1 – State based movements for March 2017

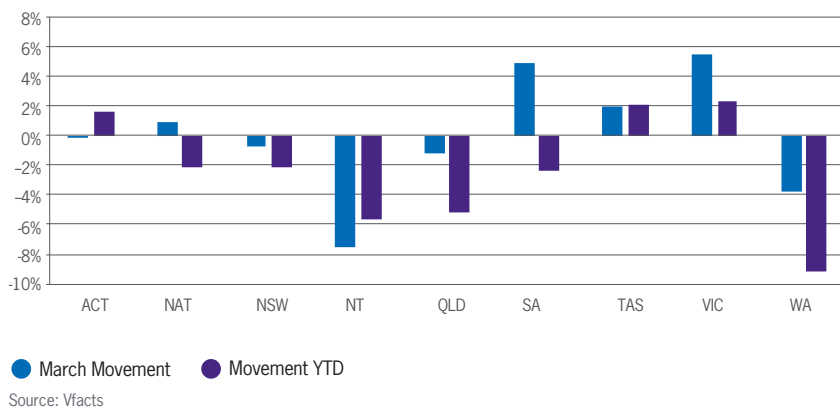
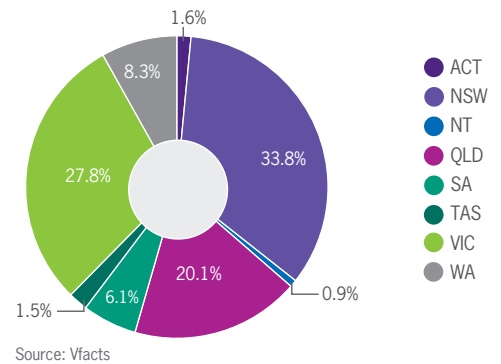


Figure 2 – Market share by state



Victoria, South Australia and Tasmania were the only three states to experience a positive movement in March, up 5.5%, 4.9%, 2.0% respectively. In contrast, Northern Territory (-7.5%), Western Australia (-3.8%), Queensland (-1.2%), New South Wales (-0.8%), and Australian Capital Territory (-0.1%) all experienced a reduction in sales during the month of March, continuing a slow start to 2017.

Table 2 – Movement in sales (%) April 2016 – March 2017

	APR-16	MAY-16	JUN-16	JUL-16	AUG-16	SEP-16	OCT-16	NOV-16	DEC-16	JAN-17	FEB-17	MAR-17
New South Wales	11.9	6	3.2	-0.4	4.1	1.3	2.1	-0.7	2.7	2.4	-7.4	-0.8
Victoria	8.1	3.5	5	-1.5	10.1	3.9	3.9	5.7	5.7	9.4	-7.0	5.5
Queensland	2.4	1.3	0	-1.4	0.7	-3.4	-7.5	-2.7	-2.3	-8.6	-6.6	-1.2
South Australia	6.8	9.6	4.5	-0.9	13.7	11.8	-6.4	4.0	2.4	-1.4	-10.6	4.9
Western Australia	-0.1	-5	-6.6	-1.3	-2.7	-3.8	-11.2	-12.2	-10.5	-10.5	-13.7	-3.8
National	7.2	3.6	2.2	-1.1	4.6	1.3	-1	0.3	-0.9	0.6	-7.7	0.9

Source: Vfacts

Sales figures from April 2016 to March 2017 outline the last twelve months' movements. Sales nationally have experienced an average growth of 0.8% per month for the past 12 months. Half of the major states experienced a modest increase in sales during March 2017. The Victorian market has seen growth every month except for July 2016 and February 2017, averaging a growth rate of 4.7% each month over the past 12 months. Meanwhile, the Queensland market has experienced an average reduction of -2.4% across the past 12 months and has not seen an increase in sales when comparing previous months for the last 7 months.

Table 3 – Movement in sales (%) by segment (March and CYTD)

	March Movement	CYTD Movement
Passenger	-4.8	-2.6
SUV	2.6	1.8
Light Commercial	2.0	0.6
Heavy Commercial	0.3	0.2

Source: Vfacts

With regards to sales by automotive segments, all segments aside from Passenger vehicles saw a modest increase in sales during March 2017. SUVs (2.6%), Light Commercial (2.0%) and Heavy Commercial (0.3%) experienced an increase in sales. Meanwhile Passenger vehicles continued to experience a reduction in sales (down 4.8%) when comparing March 2017 to March 2016.

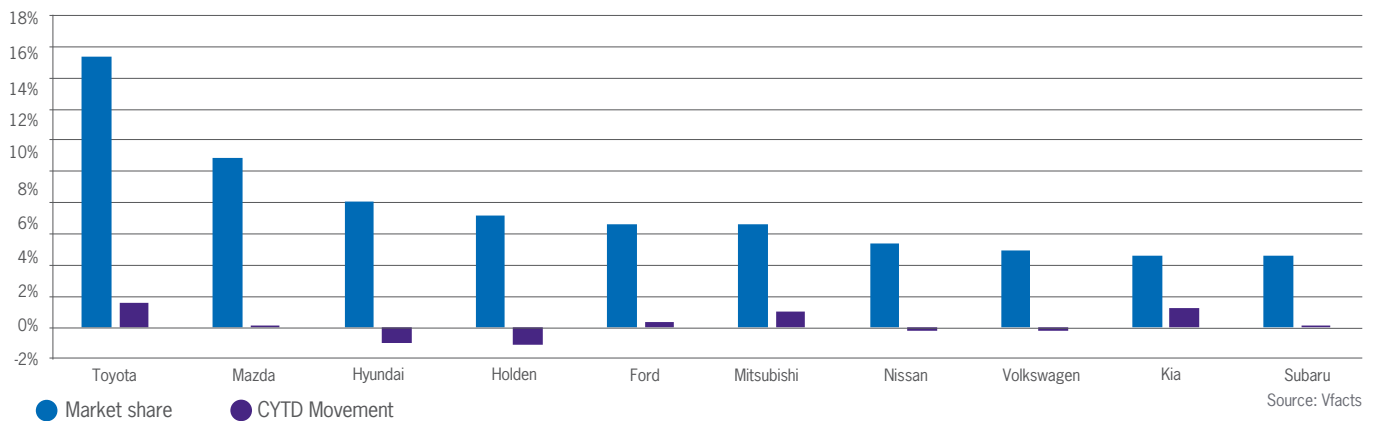
On a CYTD basis, the Passenger vehicle segment remains the only segment to post a negative movement when comparing 2017 to 2016, down 2.6%. While the SUV, Light Commercial and Heavy Commercial segments show a slight increase in sales (up 1.8%, 0.6% and 0.2% respectively) on a CYTD basis.



Market share

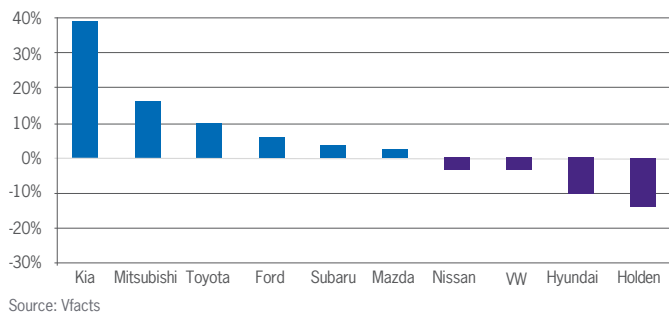
Toyota continues to hold its position as the market leader, with its market share sitting at 17.1 % on a CYTD basis in March 2017 (up by 1.1% compared to March 2016). Mazda held on to its number 2 spot (9.8% market share) while Hyundai retained 3rd place with 9.3% market share. The top 10 brands reported account for 76.2% of the market share for new car sales in 2017.

Figure 3 – Market share by brand – Top 10



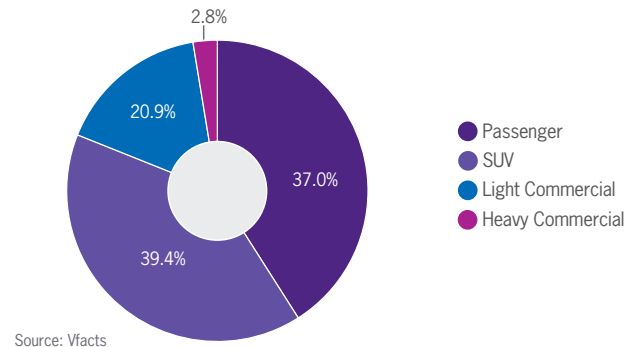
While market share remained relatively stable for the top 10 brands in March 2017, the greatest increases on a CYTD basis were seen in Kia, Toyota and Subaru gaining 1.3%, 1.1%, and 0.4% respectively compared to March 2016. In contrast, Nissan, Holden and Hyundai experienced the greatest declines in market share based on March sales (down 0.7%, 0.7% and 0.5% respectively).

Figure 4 – March sales movement by brand – Top 10



Out of the top 10 brands, six brands experienced an increase in sales during the month of March. With a stronger month across the top 10 brands, Kia, Mitsubishi, Toyota, Ford experienced the strongest sales growth with the respective brands up 39.2%, 16.3%, 10.1% and 5.7%. Conversely, Holden, Hyundai, Volkswagen and Nissan saw decreases in sales compared to March 2016 (down 13.7%, 10.3%, 3.6%, and 3.3% respectively). Meanwhile, Subaru and Mazda experienced a slight increase in sales (up 3.8% and 2.4% respectively)

Figure 5 – March market share by segment



In relation to total market share by segment in March 2017, SUVs bettered their position over Passenger vehicles as the preferred class of vehicle holding 39.4% market share, while Passenger Vehicles accounted for 37.0% of new car sales. Meanwhile the Commercial market accounted for 23.7% of March 2017's sales which is comprised of 20.9% Light Commercial and 2.8% Heavy Commercial vehicles.

The top 10 models by sales in March included 4 Passenger vehicles, 3 SUVs and 3 Light Commercial vehicles.



Market share

While total sales for the top 10 models in March 2017 were down by 3.0% compared to March 2016; there was some variation within the top 10 models. March 2017 was a mixed month with 6 out of the top 10 models seeing a reduction in sales compared to March 2016.

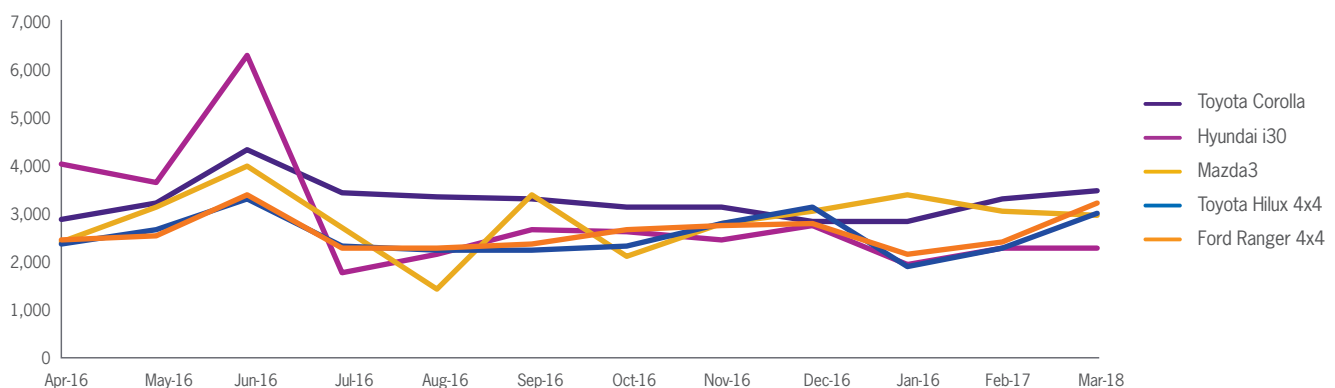
Table 4 – Top 10 model sales for March 2017

Brand		Month Sales				CYTD Sales			
Standing	Brand	Movement	Mar 2017	Mar 2016	Variance %	Movement	2017	2016	Variance %
1	Toyota Corolla	▼	3,574	3,612	-1.1%	▲	9,909	9,825	0.9%
2	Mazda3	▼	3,039	3,145	-3.4%	▼	9,655	10,221	-5.5%
3	Ford Ranger 4X4	▲	3,304	2,485	33.0%	▲	8,022	6,638	20.8%
4	Toyota Hilux 4X4	▲	3,115	2,886	7.9%	▲	7,459	6,911	7.9%
5	Hyundai i30	▼	2,383	4,198	-43.2%	▼	6,404	8,511	-24.8%
6	Mazda CX-5	▼	2,116	2,252	-6.0%	▼	5,973	6,158	-3.0%
7	Holden Commodore	▼	2,081	2,559	-18.7%	▼	5,607	6,132	-8.6%
8	Hyundai Tucson	▲	2,156	1,269	69.9%	▲	5,430	5,183	4.8%
9	Mitsubishi Triton 4X4	▲	2,350	2,303	2.0%	▼	5,075	5,191	-2.2%
10	Nissan X-Trail	▼	1,780	1,991	-10.6%	▲	5,039	4,858	3.7%

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

Comparing sales for the top 10 models from March 2016 to March 2017, highlights a variety of movements across all vehicle segments, with 6 out of the top 10 models experiencing a decrease in sales. The Passenger vehicle market continued its poor performance from last month with the Hyundai i30, Holden Commodore, Mazda3 and Toyota Corolla all experiencing decreases compared to March 2016 (down 43.2%, 18.7%, 3.4% and 1.1% respectively). The SUV market also showed mixed results with the Hyundai Tucson up 69.9% while the Nissan X-Trail and Mazda CX-5 and were down in March 2017 sales by 10.6% and 6.0% respectively compared to March 2016. However, Light Commercial vehicles sales continued their growth with increases for the Ford Ranger (4x4), Toyota Hilux (4x4), and Mitsubishi Triton (4x4) up by 33.0%, 7.9% and 2.0% respectively.

Figure 6 – Top 5 model sale trends from April 2016 – March 2017



Source: Vfacts

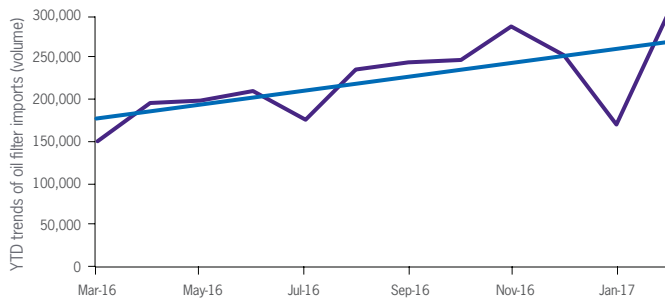
Despite a mixed month for new car sales nationally, March 2017 overall noted an 11.8% increase in sales compared to February 2017 for the top 5 models. Four out of the top 5 models saw an increase in sales including the Ford Ranger (4x4), Toyota Hilux (4x4), Toyota Corolla, and Hyundai i30 (4x4) (up 32.3%, 30.9%, 5.4% and 0.1% respectively). In contrast, the Mazda3 continued to experience reduction in sales, down 3.3% compared to February 2017. Despite sustained growth from the SUV market and decreasing sales from Passenger vehicles, no SUVs have reached the top 5. The Toyota Corolla (40,414), Hyundai i30 (36,042) and Mazda3 (35,541) remain the top 3 vehicles in terms of new car sales over the last 12 months.



Consumer Demand Indicators

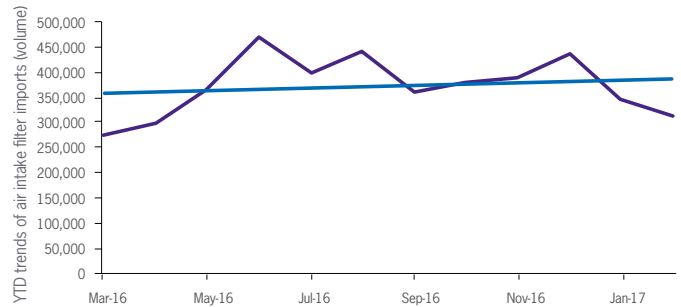
Import volumes for the current month and 12 month historical trends are shown below for five common replacement parts. This import activity is provided as an indicator of consumption trends.

Figure 7 – Imports of oil filters



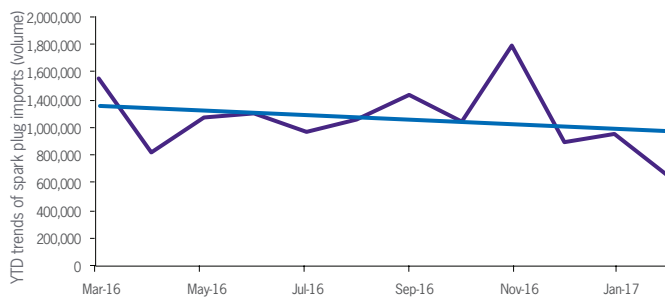
Top 5 countries of import by volume February 2017: China (198,156), Thailand (55,741), Mexico (16,536), USA (7,805), France (4,921) and total all countries (300,139)

Figure 8 – Imports of air intake filters



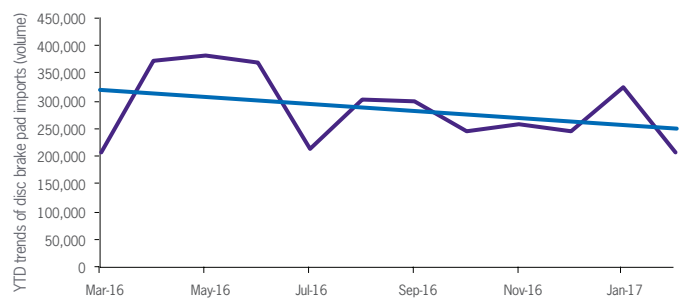
Top 5 countries of import by volume February 2017: China (143,045), Japan (42,359), South Korea (40,582), Thailand (22,200), USA (16,781) and total all countries (319,044)

Figure 9 – Imports of spark plugs



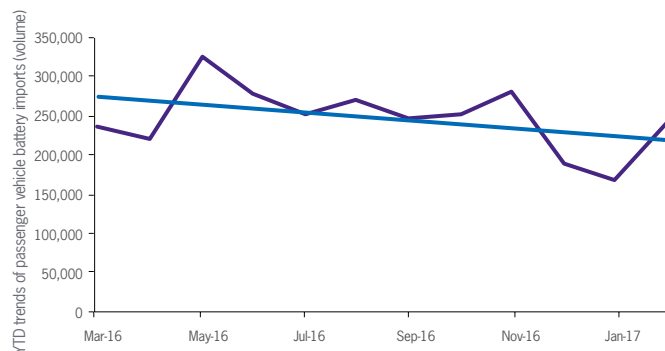
Top 5 countries of import by volume February 2017: Japan (577,475), USA (71,966), Indonesia (45,200), China (44,423), Mexico (30,784) and total all countries (824,999)

Figure 10 – Imports of disc brake pads



Top 5 countries of import by volume February 2017: Japan (72,907), China (70,597), Thailand (14,020), Taiwan (10,260), South Korea (8,126) and total all countries (202,134)

Figure 11 – Imports of passenger vehicle batteries



Top 5 countries of import by volume February 2017: South Korea (133,138), Philippines (85,207), Indonesia (8,957), Japan (3,933), India (2,276) and total all countries (242,056)

Monitoring import volumes of replacement parts shows a decrease in importation quantities for February 2017 compared to prior month, with the exception of Oil Filters and Passenger Vehicle Batteries. The sharpest declines were observed in importation of Disc Brake Pads and Spark Plugs

In February 2017:

- Oil Filters saw the greatest increase out of the monitored components, growing 74.6% in import volume when compared to January. This growth was driven by an increase of imports from China and Thailand (194.7% and 349.5% respectively) which combined accounts for around 84.6% of Australia's imported Oil Filters in February. Meanwhile, Mexican imports decreased by 49.3% in February.
- Importation of Passenger Vehicle Batteries saw an overall increase of 46.9% when compared to January; with Filipino imports up 182.8%
- Importation quantities for Disc Brake Pads (-35.8%), Spark Plugs (-26.8%) and Air Intake Filters (-7.5%) all saw declines when comparing February 2017 to January 2017 import volumes.



Car Parc: Ute Trend Analysis

The demand for utes has traditionally been driven by commercial sales for trade purposes, however there is an emergence of buyers now using utes as a hybrid for work and leisure. This segment has seen significant growth over the past few years, typified by the Toyota Hilux recording the highest new car sales for the year of 2016.

Table 5 – Top 5 Utes (total vehicles)

Total Vehicles			
Standing	Model	Vehicles	% Share
1	Hilux 4x4	359,315	12.5%
2	Triton	240,739	8.4%
3	Navara	235,648	8.2%
4	Hilux 4x2	234,212	8.1%
5	Falcon (ute)	206,735	7.2%

Table 6 – Top 5 Utes (YOM 2008-2011)

Total Vehicles			
Standing	Model	Vehicles	% Share
1	Hilux 4x4	91,478	13.4%
2	Navara	76,901	11.3%
3	Triton	64,533	9.4%
4	Ranger	55,549	8.1%
5	Hilux 4x2	54,185	7.9%

Table 7 – Top 5 Utes (YOM 2012-2015)

Total Vehicles			
Standing	Model	Vehicles	% Share
1	Hilux 4x4	108,384	14.4%
2	Ranger	92,375	12.2%
3	Triton	87,636	11.6%
4	Navara	66,720	8.8%
5	Colorado	63,848	8.5%

Over the past 20 years, the top 5 utes have increased their share of the total proportion of vehicles within the Light Commercial segment. The top 5 utes, account for 44.4% of vehicles within the Light Commercial segment across Year of Manufacture (YOM) 1992-2015 on Australian roads. When segmenting Utes by age, the top 5 utes account for over half of the Light Commercial vehicle segment within vehicles aged 5-8 (50.1%) and 1-4 years old (55.5%).

The most significant model trends are the sustained dominance by the Toyota Hilux (with 42,104 vehicles sold and 19.3% market share when combining the 4x2 and 4x4 models); the rise in popularity of the Ford Ranger and the Holden Colorado; as well as the decline of the Ford Falcon “ute” as a Light Commercial vehicle.

In addition to gaining greater market share within the Light Commercial vehicle segment, there has also been a major shift in the approach to manufacturing utes, referred to as “badge engineering”. Badge engineering has resulted in several models across different brands utilising the same production facility and sharing common vehicle platforms. Some of these shared platforms including partnerships between: Isuzu and Mazda, Holden and Isuzu, and Nissan and Renault. The points of difference between brands are generally minor but can range from subtle grille and trim changes to an entirely unique drivetrain.

This emergence of badge engineering has also benefitted Thai vehicle manufacturing. Thailand is the major producer of utes on Australian roads, currently accounting for 73.3% of Australia’s Light commercial vehicles aged 1-4 years old.

Other ute market trends to note

Table 8 – LHD Vehicles under full volume import scheme

It is interesting to note that the LHD cars approved for full volume importation are exclusively large American pick-up trucks (utes). According to websites of notable importers, approved vehicles for full volume importation are:

Make	Model
Fiat Chrysler (Dodge)	RAM 2500 and 3500
Ford	Super Duty (F-Series)
General Motors (Chevrolet)	Silverado
General Motors (GMC)	Sierra 2500 and 3500

Table 9 – Top 10 yearly ute sales (2016 and 2015)

There has been strong increase in sales when comparing 2016 to 2015 for the top 10 utes, averaging a growth rate of 8.8%.

Standing	Model	2016 Sales	2015 Sales	% Change
1	Toyota Hilux 4X4	31,076	25,939	19.8%
2	Ford Ranger 4X4	30,880	23,436	31.8%
3	Mitsubishi Triton 4X4	17,969	20,795	-13.6%
4	Holden Colorado 4X4	16,353	15,963	2.4%
5	Nissan Navara 4X4	13,863	12,272	13.0%
6	Isuzu Ute D-Max 4X4	11,321	11,301	0.2%
7	Toyota Hilux 4X2	11,028	9,222	19.6%
8	Mazda BT-50 4X4	9,489	8,680	9.3%
9	Volkswagen Amarok 4X4	7,498	7,630	-1.7%
10	Toyota Landcruiser (Crew)	7,031	6,544	7.4%



Sector Highlights

Mergers and acquisitions

Marcopolo buys remaining 25% stake in Volgren Australia Pty Ltd for AUD\$8.5 million

Marcopolo S.A., a listed company on the Brazilian stock exchange, has exercised its option to acquire its remaining 25% stake in Volgren Australia for approximately AUD\$8.5 million. Prior to the acquisition, in December 2011, Marcopolo acquired a 75% stake in Volgren Australia from Grenda Corporation for a consideration of AUD\$52.5 million. Marcopolo stated that this acquisition into the Australian market reaffirmed its commitment to geographical diversification within the bus related goods and services industry.

Marcopolo, which manufactures and sells; buses, vehicles, vehicle bodies, parts, and agricultural and industrial machinery will hold 100% of Volgren Australia post-acquisition. Volgren Australia produces bus bodies and provides bus repair services.

Source: Marcopolo Press Release. Retrieved from: <http://ri.marcopolo.com.br/ptb/3194/Comunicado%20ao%20Mercado%20%28participao%20remanescente%2025%20Volgren%29-na.pdf>

Inenco 35% stake acquired by Genuine Parts Company for USD 70m

Genuine Parts Company [NYSE: GPC] has announced it has entered into an agreement with Inenco Group which will issue new shares to GPC representing a 35% stake in Inenco for approximately USD\$70 million in cash, with an option to acquire the remaining 65% at a later date.

Inenco Group is one of Australasia's leading industrial distributors of products such as bearings, power transmission and seals. It has 161 locations across Australia and New Zealand as well as an emerging presence in Asia, and generates estimated annual revenues of approximately USD\$325 million.

Source: Merger Market

Other news of note

NSF International Introduces Australian, New Zealand Automotive Parts and Recycler Certification Program

NSF International, a global organisation which provides independent product testing and audit and certifications of products has recently certified over 340 automotive aftermarket parts within Australian and New Zealand markets. NSF's certification of automotive parts ensures that the parts are equivalent in form and function to original equipment parts' standards within Australia. NSF's certification also satisfies other compliance requirements, such as the Australian Design Rules.

In addition to automotive parts certification, NSF has announced it will implement its recycling certification program which ensures the highest quality recycled parts and services are within the automotive supply chain. Certification helps insurers, regulators and consumers identify recyclers that meet extensive grading, labelling and traceability requirements as well as Australian recycler regulations.

Source: CollisionWeek

ASG goes on tour

Recently listed public company Automotive Solutions Group Ltd (ASG) has begun showcasing its products utilising a modified Toyota dual-cab LandCruiser 200 Series. ASG was formed by merging eight Australian 4WD and SUV accessory and services specialists late last year. The demonstrator vehicle has been modified with a 650mm chassis extension, ASG designed and built under-seat and under-tray toolboxes and storage, and a custom built canopy. The vehicle has also had its engine remapped by ASG's subsidiary Roo Systems. After receiving positive feedback at the recent Brisbane National 4x4 show, ASG plans to travel to South Australia and Western Australia to attend a number of events that promote the company and its products.

Source: GoAutoNews



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 or any of the contacts below.

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Our B2G (Business to Government) team, led by Jacky Millership, specialises in assisting business to fully leverage the very diverse range of grants and incentives available at both State and Federal level.

The Manufacturing and B2G teams have worked with automotive participants across the value chain with grant access, diversification opportunities and strategic planning activities.



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