



Aftermarket Dashboard



Key highlights – May 2016

Welcome to Edition #3 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 up 3.6% in May and up 3.8% CYTD
- Eleven of the last twelve months sales nationally have been up compared to previous year's sales
- South Australia and the Australian Capital Territory had the largest increase in sales up 9.6% and 8.9% respectively compared to May 2015
- Western Australia was the only state to decline in sales falling 5.0%
- The SUV market has risen 2.6% while the passenger market fell 4.0%
- The largest % falls in the Top 20 brands were Jeep (down 54.1%), Renault (down 29.5%) and Volkswagen (down 17.5%) compared to May 2015
- The largest % increases in the Top 20 brands were Kia (up 26.0%), Nissan (up 25.0%) and Mercedes-Benz (up 22.5%) compared to May 2015
- The Top 10 brands combined vehicle sales increased 5.7% while brands 11 to 20 combined vehicle sales fell 3.1% compared to May 2015
- Locally manufactured vehicles fell 6.9%
- The top three vehicles sold in April were Hyundai i30 (3,771 vehicles), Toyota Corolla (3,333 vehicles) and Mazda3 (3,243 vehicles)
- With no new ASX data to report, our 'Financial Spotlight' focuses on the performance of GPC
- Monitoring of import volumes of 5 replacement parts shows while some products' volumes fell and some rose in the last month; all monitored import products registered a declining trend rate over the last 12 months.

Table 1 – Top 10 brand sales for May 2016 and CYTD

Brand		Month Sales				CYTD Sales			
Standing	Brand	Movement	May 2016	May 2015	Variance (%)	Movement	2016	2015	Variance (%)
1	Toyota	▲	17,201	15,928	8.0%	▲	80,261	80,213	0.1%
2	Mazda	▲	9,608	8,717	10.2%	▲	48,518	45,065	7.7%
3	Hyundai	▲	9,005	8,269	8.9%	▲	42,050	39,092	7.6%
4	Holden	▼	7,405	7,956	-6.9%	▼	36,634	39,809	-8.0%
5	Ford	▲	6,584	5,994	9.8%	▲	32,067	27,559	16.4%
6	Mitsubishi	▲	6,154	6,149	0.1%	▲	28,539	26,855	6.3%
7	Nissan	▲	5,585	4,467	25.0%	▲	26,992	26,314	2.6%
8	Volkswagen	▼	4,565	5,534	-17.5%	▼	23,876	24,917	-4.2%
9	Subaru	▲	4,002	3,776	6.0%	▲	18,926	17,157	10.3%
10	Mercedes-Benz	▲	3,373	2,754	22.5%	▲	16,739	14,228	17.6%

Source: Vfacts

With respect to the top 10 brand sales, eight of the top 10 brands experienced stronger sales in May 2016 compared with May 2015. Toyota, Mazda, and Hyundai experienced stronger sales in May 2016 compared with May 2015 (8.0%, 10.2% and 8.9% respectively) and compared with CYTD sales. Nissan and Mercedes-Benz also saw significant growth in May 2016 compared to May 2015, with increases of 25.0% and 22.5% respectively. Conversely, Holden continues to experience weaker sales as compared with May 2015 (down 6.9%) and CYTD sales (down 8.0%) while Volkswagen also experienced a significant decrease for May 2016 (17.5%) and remains down on a year to date basis.



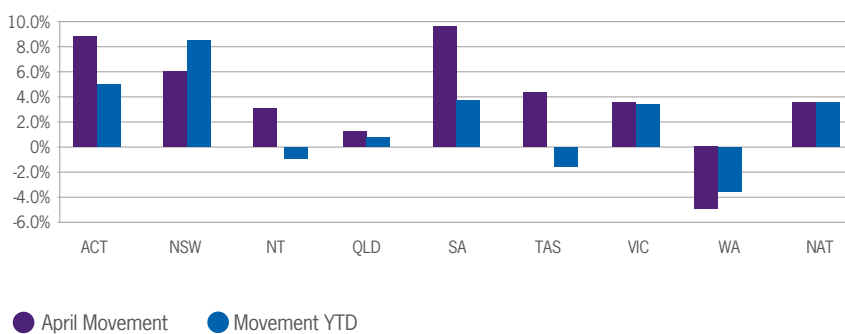
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May results

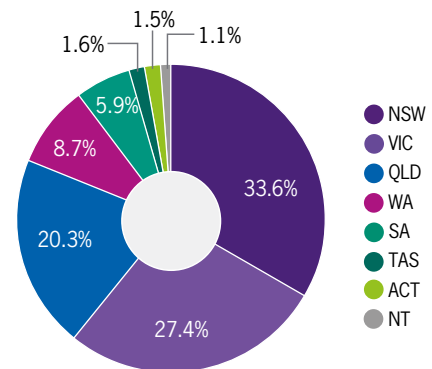
New motor vehicle sales continue to grow increasing 3.6% (3,345 vehicles) for May 2016 compared to May 2015, and are up 3.8% (16,994 vehicles) current year to-date. Outlined in Figure 1 are the state based movements for May 2016 and CYTD. Figure 2 details the market share by state.

Figure 1 – State based movements for May 2016 and CYTD



Source: Vfacts

Figure 2 – Market share by state



Source: Vfacts

All state based sales were up for May 2016 other than Western Australia (down 5.0%). South Australia (up 9.6%), Australian Capital Territory (up 8.9%) and New South Wales (up 6.0%) recorded the largest increases compared to May 2015.

Table 2 – Movement in sales (%) Jun 2015 – May 2016

	JUN-15	JUL-15	AUG-15	SEP-15	OCT-15	NOV-15	DEC-15	JAN-16	FEB-16	MAR-16	APR-16	MAY-16
New South Wales	12.1	6.1	7.5	11.8	4.6	9.1	8.2	6.0	12.6	6.5	11.9	6.0
Victoria	4.1	4.6	1.8	7.8	3.7	4.3	3.7	1.0	8.2	-2.9	8.1	3.5
Queensland	10.7	5.3	5.9	7.9	7.4	14.5	-5.5	3.8	2.7	-4.6	2.4	1.3
South Australia	-3.3	-4.7	-9.4	-3.9	3.5	2.2	8.3	3.4	1.2	-1.4	6.8	9.6
Western Australia	-7.5	-12.7	-8.4	-8.8	-10.5	-1.7	-1.9	-3.0	-1.4	-7.8	-0.1	-5.0
National	6.4	2.7	2.9	6.8	3.4	6.9	2.9	2.7	6.7	-0.5	7.2	3.6

● Positive ● Negative

Source: Vfacts

Sales figures for June 2015 to May 2016 outline the last twelve months' movements. Sales nationally have experienced positive growth in eleven of the last twelve months. New South Wales has shown positive growth every month this past year-to-date however the Western Australian market has inversely fallen every month this past year-to-date, including a 5.0% decrease for May 2016.

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

	May Movement	CYTD Movement
Passenger	-4.0%	-5.4%
SUV	11.4%	12.0%
Light Commercial	10.6%	11.1%
Heavy Commercial	5.9%	2.7%

● Positive ● Negative

Source: Vfacts

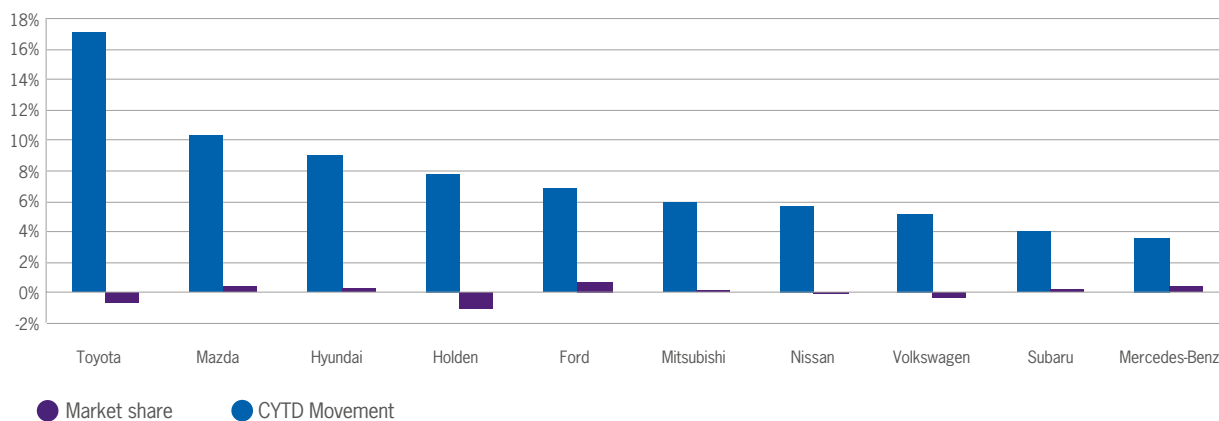
With regard to sales by automotive segments, while the passenger market is still the top selling segment it has lost 4.0% market share since April 2016. The strong growth in more versatile SUV and light commercial vehicles has seen these segments gain in total market share by 12.0% and 11.1% respectively on a calendar year to date 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 from January to May 2016. Holden sales continued to decline, decreasing by 1.0% in CYTD movement with market share holding at 7.8%. On the back of strong sales growth and newly gained market share, Mercedes-Benz, Subaru and Ford have seen somewhat of a plateau in May, with all respective CYTD movements increasing by less than 1.0%.

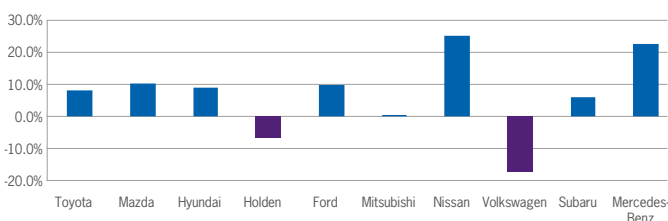
Figure 3 – Market share by brand – Top 10



Source: Vfacts

Toyota leads the market on a CYTD basis with 17.1% market share followed by Mazda on 10.4% and Hyundai on 8.9%. The largest increases in the Top 10 brand market share for the CYTD are Ford (up 0.8%), Mercedes Benz (up 0.4%) and Mazda (up 0.3%), while Toyota and Holden have experienced the largest decrease in market share (with both decreasing by 1.0%).

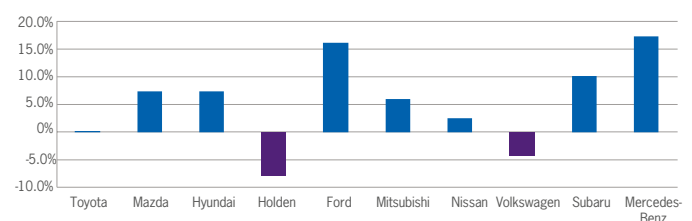
Figure 4 – May sales movement by brand – Top10



Source: Vfacts

Eight brands experienced an increase in sales for May 2016. Nissan (up 25.0%) and Mercedes-Benz (up 22.5%) were the biggest movers in the top 10, followed by Mazda, Ford, Hyundai, Toyota, and Subaru. However, the consistently performing Volkswagen saw a change in its recent sales trends, decreasing by 17.5%, whilst Holden experienced a further decline in sales of 6.9% for May 2016 compared to May 2015.

Figure 5 – CYTD sales movement by brand – Top 10



Source: Vfacts

In relation to the Top 10 brands, on a CYTD basis, eight brands have been able to increase market share compared to the 2015 calendar year. The biggest stand outs were Mercedes-Benz, Ford and Subaru which recorded increases on calendar year to date sales of 17.6%, 16.4% and 10.3% respectively. Holden continues to experience significant contraction in sales on a CYTD basis with a decrease of 8.0%, whilst Volkswagen also decreased by 4.2%.



Market share

May was a strong month for the top 10 models with total sales for May 2016 (25,163) up by 30.7% on May 2015 sales (19,247). CYTD sales were also strong as at May, up by 16.5% on the same period in 2015.

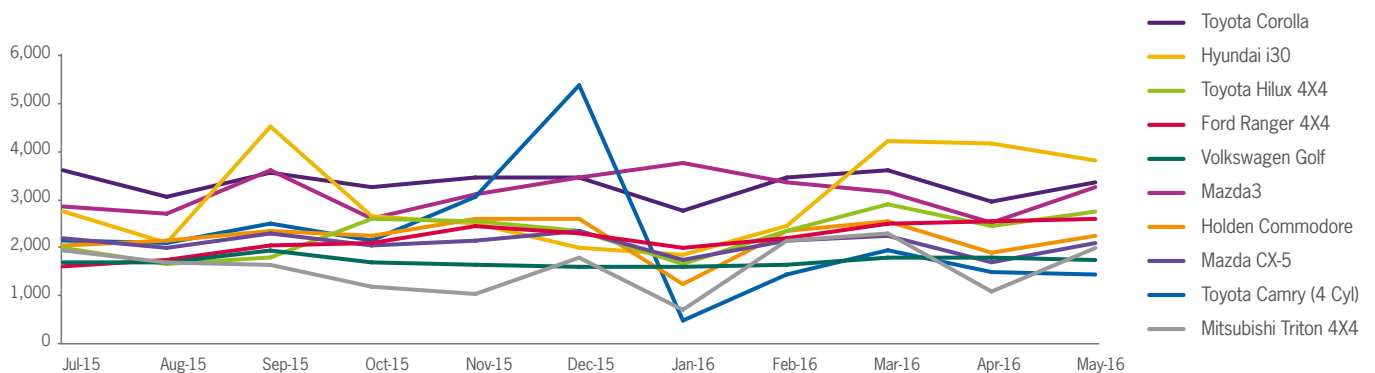
Table 4 – Top 10 model sales for May 2016 and CYTD

Model		Month Sales				CYTD Sales			
Standing	Brand	Movement	May 2016	May 2015	% Variance	Movement	2016	2015	% Variance
1	Hyundai i30	▲	3,771	1,666	126.4%	▲	16,425	10,280	59.8%
2	Toyota Corolla	▲	3,333	2,688	24.0%	▼	16,117	17,598	-8.4%
3	Mazda3	▲	3,243	2,876	12.8%	▼	15,976	16,300	-2.0%
4	Toyota Hilux 4X4	▲	2,736	2,177	25.7%	▲	12,099	10,172	18.9%
5	Ford Ranger 4X4	▲	2,617	1,916	36.6%	▲	11,789	8,558	37.8%
6	Holden Commodore	▲	2,255	2,217	1.7%	▼	10,295	10,997	-6.4%
7	Mazda CX-5	▲	2,117	1,981	6.9%	▼	9,950	9,977	-0.3%
8	Volkswagen Golf	▼	1,753	2,093	-16.2%	▼	8,597	9,147	-6.0%
9	Hyundai Tucson (2015)	▲	1,643	0	N/A	▲	8,128	0	N/A
10	Toyota RAV4	▲	1,695	1,633	3.8%	▲	7,640	7,411	3.1%

Source: Vfacts

With regard to the Top 10 model sales, the strongest performance for model based sales was the Hyundai i30, which increased by 126.4% in May 2016 compared to May 2015 and an increase of 59.8% on a CYTD basis from. While the Toyota Corolla and Mazda3 also saw improvements from May 2015 to May 2016, they have encountered weaker CYTD sales (down 8.4% and 2.0% respectively). The growing demand for SUV and light commercial vehicles in 2016 has seen the likes of the Toyota Hilux, Ford Ranger, Mazda CX-5, Hyundai Tucson and the Toyota Rav4 continue to generate strong sales.

Figure 6 – Top 10 model sale trends July 2015 – May 2016



Source: Vfacts

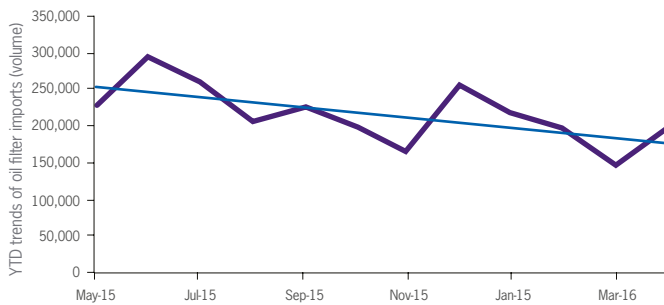
On a financial year to date basis, the Toyota Corolla (36,440), Mazda3 (34,193) and Hyundai i30 (32,930) have experienced the strongest sales. The Hyundai i30, Volkswagen Golf, and Toyota Camry were the only models to decrease their sales for May compared to April 2016. The remaining seven models experienced an increase from April 2016. After a sizeable decrease in April, the Mitsubishi Triton showed signs of a recovery, seeing 80.2% increase in sales from April 2016 – May 2016.



Consumer Demand Indicators

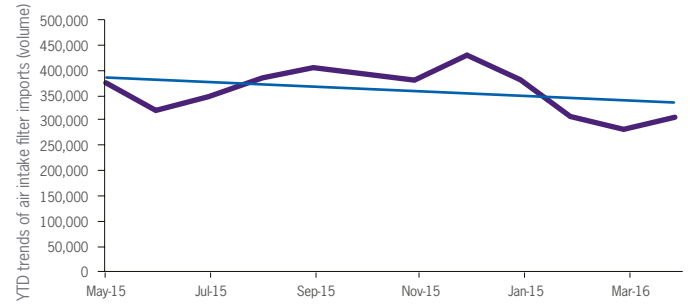
Import volumes for the current month and 12 month historical trends are shown below for five common replacement parts. This import activity is provided as an indicator of consumption trends.

Figure 7 – Imports of oil filters



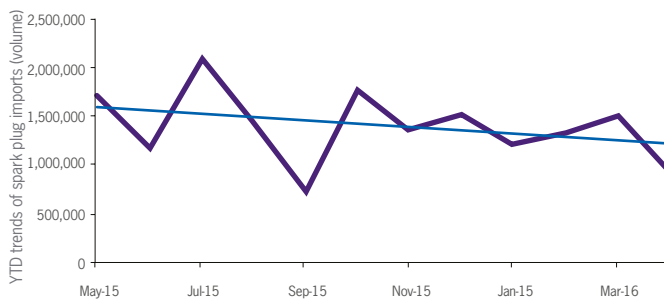
Top 5 countries of import by volume April 2016: China (130,811), Mexico (19,248), Romania (10,898), Thailand (8,585), USA (4,918) and total all countries (197,619).

Figure 8 – Imports of air intake filters



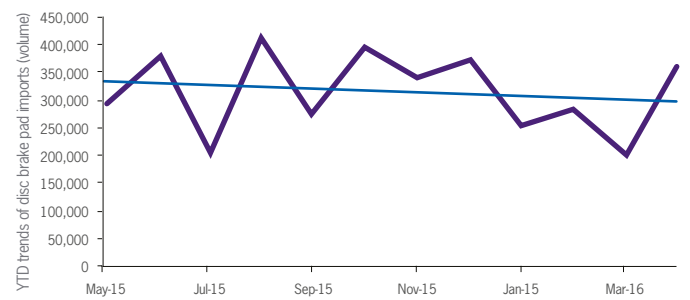
Top 5 countries of import by volume April 2016: China (118,680), Japan (49,763), Thailand (42,104), USA (18,720), Korea (15,206) and total all countries (304,891).

Figure 9 – Imports of spark plugs



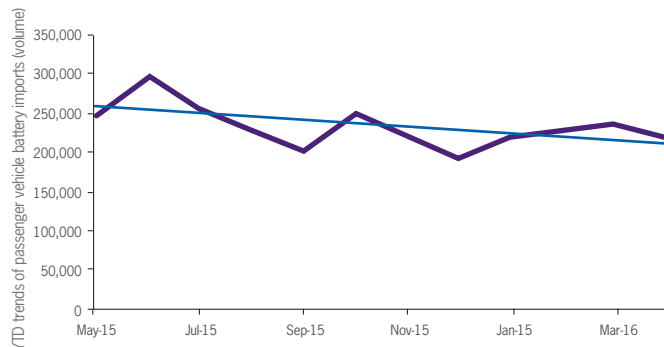
Top 5 countries of import by volume April 2016: Japan (777,573), China (69,610), USA (47,005), Russia (28,310), Mexico (24,232) and total all countries (996,152).

Figure 10 – Imports of disc brake pads



Top 5 countries of import by volume April 2016: Japan (173,848), China (122,554), Thailand (32,454), Germany (7,724), Taiwan (4,964) and total all countries (360,598).

Figure 11 – Imports of passenger vehicle batteries



Top 5 countries of import by volume April 2016: Korea (115,019), Philippines (44,581), China (19,405), Indonesia (15,024), Japan (7,271) and total all countries (219,092).

Monitoring of import volumes of replacement parts shows while movement was inconsistent in the last month (passenger vehicle batteries and spark plugs were down, and disc brake, oil and air intake filters were up), the 12 month trend rate across all goods continues to fall.

In April 2016:

- Imports of disc brake pads soared by 78.2% with Japan nearly tripling its volumes and Thai exports increasing by 150% compared to March.
- Spark plug imports decreased by 35.1% compared to March, largely driven by a decrease in exports from Japan of 42%.
- Both oil and air intake filters are showing early signs of recovery in April, with China still holding the greatest share of both import markets.

Source: ABS – International Trade (Customised Report)



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 2014 and 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	85.8%	(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%
Supply Network Limited	ASX:SNL	42.4	43.6	2.7%	3.7	4.4	19.2%
Super Retail Group Limited	ASX:SUL	1,148.1	1,216.3	5.9%	109.6	113.1	3.2%

Source: CapitalIQ

Note: Supply Network Limited (ASX: SNL) data was extracted from their Half Year Reports

Revenue for the six months ending December 2015 showed excellent growth across the ASX aftermarket portfolio, with modest to significant increases compared with the six months ending December 2014 for all but three entities (Coventry Group Limited, Fleetwood Corporation Limited and Advanced Braking Technology Limited). Total revenue generated over this period by the ASX aftermarket portfolio increased \$575.8 million (increase of 11.6%) which drove an increase in EBITDA of \$27.3 million (6.8%).

Financial spotlight

Genuine Parts Company [NYSE: GPC]

Genuine Parts Company is a US listed distributor of automotive replacement parts in the U.S., Canada, Mexico and Australasia. GPC services the Australasian market through the brand name Repco. The company also has industrial parts, office products and electrical materials operating segments. GPC Asia Pacific operations in Australasia include 8 distribution centres, 417 Repco Auto Parts stores, 55 Ashdown Ingram Branches and 25 Motospecs, McLeod and RDA Facilities.

GPC recorded a slight decrease in revenues from USD\$15.28 billion for 2015 compared to USD\$15.34 billion in 2014 (0.4%). GPC also saw a 0.8% decrease in net income to USD\$705.7 million. This is in contrast to significant growth rates in revenue (9.0%) and net income (3.8%) from FY2013

to FY2014. GPC has also experienced an increase in its share price in 2016, growing from USD\$84.03 per share (04/01/2016) to USD\$96.97 per share (06/06/2016). The automotive group is the largest segment within GPC, representing 52% of consolidated income for FY2015 (USD\$8.1billion). The company noted in its FY15 Annual Report that underlying fundamentals in the automotive aftermarket (including age and volume of the vehicle population) would serve as a foundation for sustained demand for automotive aftermarket maintenance and supply items in 2016.

Source: GPC Annual Report 2015 and Genuine Parts Company website Retrieved from: <http://www.genuineparts.investorroom.com/2016-02-16-Genuine-Parts-Company-Reports-Fourth-Quarter-and-Full-Year-Results-for-2015>



Sector highlights

Other news of note

Tomcar Launches All-Terrain EV

After two years of research and development with Electronic Vehicle (EV) technology developers Energetique, Melbourne-based Tomcar is about to kick-start the manufacturing of the LV-1, a fully electric All-Terrain-Vehicle designed for the mining industry. According to Tomcar, the “world’s toughest EV” is hand built from around 60% Australian parts. Tomcar plans to release more consumer-focused EVs by the end of 2017, which aligns with its plan to switch its entire range to its patented full-electric drivetrain by 2018.

Source: caradvice.com



Almost 1.2 million cars within Australia are affected by the recall for Takata airbags

The number of cars affected by the recall among the Honda, Mazda, Nissan and Toyota brands has steadily increased since the scandal broke in November 2008. Honda and Nissan have reportedly fixed 25% and 40% of impacted vehicles respectively; while Toyota has not recorded an official tally of the total cars fixed, it reportedly repaired 16,162 of its 258,000 cars last month. There are said to be close to 900,000 cars on Australian roads that have not yet had impacted airbags replaced, with further repairs certain to continue into 2017.

Source: news.com.au, Reuters



GM, Ford turn to Carbon Wheel Revolution

Demand for carbon-fibre wheels is set to soar for Geelong-based Carbon Revolution. General Motors is following Ford’s lead in aiming to fit the world-leading rims to their high-performance models. Carbon Revolution, which supplied the wheels for the highly praised Ford Mustang Shelby GT350R, is continuing to set itself as a large-scale carbon fibre supplier within the automotive aftermarket.

Carbon Revolution is also continuing to pursue developments on various other fronts, including ramping up production, pushing hard into the US performance vehicle aftermarket, developing new resins and fibres and securing supply contracts with global car-makers.

Source: GoAuto.com.au



Global Automotive Passive Keyless Entry System Market 2016-2020

“Research and Markets”, international research specialists, have forecast the passive keyless entry system market to grow at a CAGR of 10.6% during the 4 year period 2016-2020. This projection is largely due to growing automotive demand in emerging economies, particularly BRIC countries. However growth in demand in emerging economies is set to be offset by demand volatility in developed economies.

Source: PR Newswire



Merger and Acquisition Activity

City Mazda dealership to be acquired by Automotive Holdings Group

Automotive Holdings Group [ASX: AHG], an Australian based automotive retailing and logistics group has agreed to acquire the City Mazda dealership in South Melbourne. AHG managing director Bronte Howson said the transaction represented a valuable addition to the company’s presence in the Victorian capital. The opportunity is located adjacent to an existing AHG automotive hub which is expected to further drive revenue and cost synergies in both locations. The acquisition involves a total consideration of AUD \$24.4m for goodwill plus stock assets at valuation. It is subject to manufacturer approval and is expected to settle in July.

Source: Mergermarket



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 or any of the contacts below.

Australian Automotive Aftermarket Association (AAAA)

www.aaaa.com.au



Stuart Charity
Executive Director
T +61 3 9545 3333
E scharity@aaaa.com.au



Lesley Yates
Government Relations and Advocacy
T +61 3 9545 3333
E lyates@aaaa.com.au

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The AAAA plays an important role in the recognition, development and support of the automotive aftermarket industry. We welcome your support and participation in the Association that represents your interests and your business.

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Grant Thornton Australia

www.grantthornton.com.au



Mark Phillips
National Manufacturing Industry Lead
T +61 3 8663 6328
E mark.phillips@au.gt.com



Jacky Millership
National Business to Government Lead
T +61 3 8663 6723
E jacky.millership@au.gt.com

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Our Manufacturing Team, led by Mark Phillips, has deep practical knowledge of the Australian manufacturing industry, with a key automotive sector focus. We have provided advisory services across the automotive OE and aftermarket value chain, including related industry associations.

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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