



Aftermarket Dashboard



Key highlights – June 2016

Welcome to Edition #4 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 2.2% in June and up 3.4% CYTD
- Eleven of the last twelve months sales nationally have been up compared to previous year's sales
- Australian Capital Territory and Victoria had the largest increase in sales up 12.7% and 5.0% respectively compared to June 2015
- Tasmania and Western Australia had the largest falls in sales up 6.8% and 6.6% respectively compared to June 2015
- The SUV market has risen 8.9% while the passenger market fell 4.5%
- The largest % falls in the Top 20 brands were Jeep (down 55.1%), Volkswagen (down 16.5%) and Lexus (down 14.9%) compared to June 2015
- The largest % increases in the Top 20 brands were Kia (up 41.0%), Land Rover (up 30.3%) and BMW (up 15.7%) compared to June 2015
- The Top 10 brands combined vehicle sales increased 4.4% while brands 11 to 20 combined vehicle sales fell 3.5% compared to June 2015
- Locally manufactured vehicles grew 2.0%
- Top three vehicles sold in June 2016 were Hyundai i30 (6,432 vehicles), Toyota Corolla (4,427 vehicles) and Mazda3 (4,112 vehicles)
- With no new ASX data to report, our 'Financial Spotlight' focuses on the performance of ARB
- Monitoring of import volumes of 5 replacement parts shows an increase across all imports in the last month; however the 12 month trend rate across all goods continues to fall.

Table 1 – Top brand sales for June 2016 and CYTD

Brand		Month Sales				CYTD Sales			
Standing	Brand	Movement	June 2016	June 2015	Variance (%)	Movement	2016	2015	Variance (%)
1	Toyota	▲	22,083	21,501	2.7%	▲	102,344	101,714	0.6%
2	Mazda	▲	12,455	11,526	8.1%	▲	60,973	56,591	7.7%
3	Hyundai	▲	12,300	11,007	11.7%	▲	54,350	50,099	8.5%
4	Holden	▼	11,376	11,928	-4.6%	▼	48,010	51,737	-7.2%
5	Ford	▲	8,316	7,251	14.7%	▲	40,383	34,810	16.0%
6	Mitsubishi	▼	8,726	9,011	-3.2%	▲	37,265	35,866	3.9%
7	Nissan	▲	6,781	6,636	2.2%	▲	33,773	32,950	2.5%
8	Volkswagen	▼	5,933	7,103	-16.5%	▼	29,809	32,020	-6.9%
9	Subaru	▲	5,135	4,502	14.1%	▲	24,061	21,659	11.1%
10	Kia	▲	5,170	3,666	41.0%	▲	21,286	16,660	27.8%

Source: Vfacts

With respect to the top 10 brand sales, seven of the top 10 brands experienced stronger sales in June 2016 compared with June 2015. Kia, Ford and Subaru experienced the strongest sales increase in June 2016 compared with June 2015 (41.0%, 14.7% and 14.1% respectively) and compared with CYTD sales. Hyundai, Mazda, Toyota and Nissan also saw significant growth in June 2016 compared to June 2015, with increases of 11.7%, 8.1%, 2.7% and 2.2% respectively. Conversely, Holden continues to experience weaker sales as compared with June 2015 (down 4.6%) and CYTD sales (down 7.2%) while Volkswagen also experienced a significant decrease for June 2016 (16.5%) and remains down on a year to date basis.



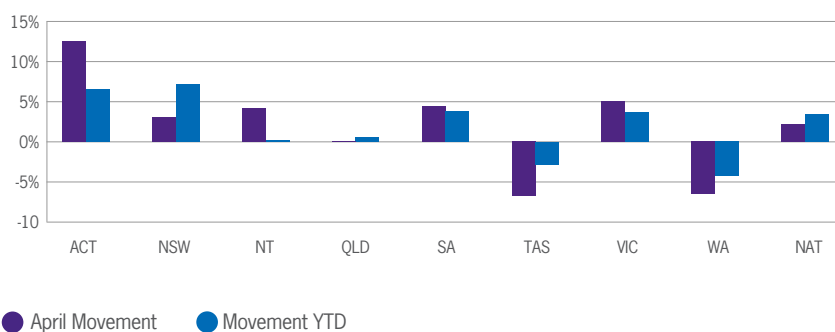
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June results

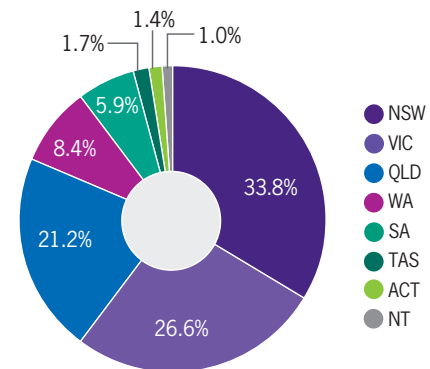
It was a record month for new motor vehicle sales setting an industry record of 128,569 sales. June 2016 sales increased 2.2% (2,719 vehicles) from June 2015, and are up 3.4% (19,713 vehicles) current year to-date compared to a record breaking 2015 calendar year. Outlined in Figure 1 are the state based movements for June and CYTD. Figure 2 details the market share by state.

Figure 1 – State based movements for June 2016 and CYTD



Source: Vfacts

Figure 2 – Market share by state



Source: Vfacts

All state based sales were up for June 2016 other than Western Australia (down 6.6%) and Tasmania (down 6.8%). The Australian Capital Territory (up 12.7%) and Victoria (up 5.0%) recorded the largest state increases compared to June 2015.

Table 2 – Movement in sales (%) July 2015 – June 2016

	JUL-15	AUG-15	SEP-15	OCT-15	NOV-15	DEC-15	JAN-16	FEB-16	MAR-16	APR-16	MAY-16	JUN-16
New South Wales	6.1	7.5	11.8	4.6	9.1	8.2	6.0	12.6	6.5	11.9	6.0	3.2
Victoria	4.6	1.8	7.8	3.7	4.3	3.7	1.0	8.2	-2.9	8.1	3.5	5.0
Queensland	5.3	5.9	7.9	7.4	14.5	-5.5	3.8	2.7	-4.6	2.4	1.3	0.0
South Australia	-4.7	-9.4	-3.9	3.5	2.2	8.3	3.4	1.2	-1.4	6.8	9.6	4.5
Western Australia	-12.7	-8.4	-8.8	-10.5	-1.7	-1.9	-3.0	-1.4	-7.8	-0.1	-5.0	-6.6
National	2.7	2.9	6.8	3.4	6.9	2.9	2.7	6.7	-0.5	7.2	3.6	2.2

● Positive ● Negative

Source: Vfacts

Sales figures for July 2015 to June 2016 outline the last twelve months' movements. Sales nationally have experienced growth in eleven of the last twelve months. New South Wales has shown 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 6.6% decrease for June 2016.

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

	June Movement	CYTD Movement
Passenger	-4.5%	-5.2%
SUV	8.9%	11.4%
Light Commercial	5.9%	9.9%
Heavy Commercial	3.4%	2.9%

● Positive ● Negative

Source: Vfacts

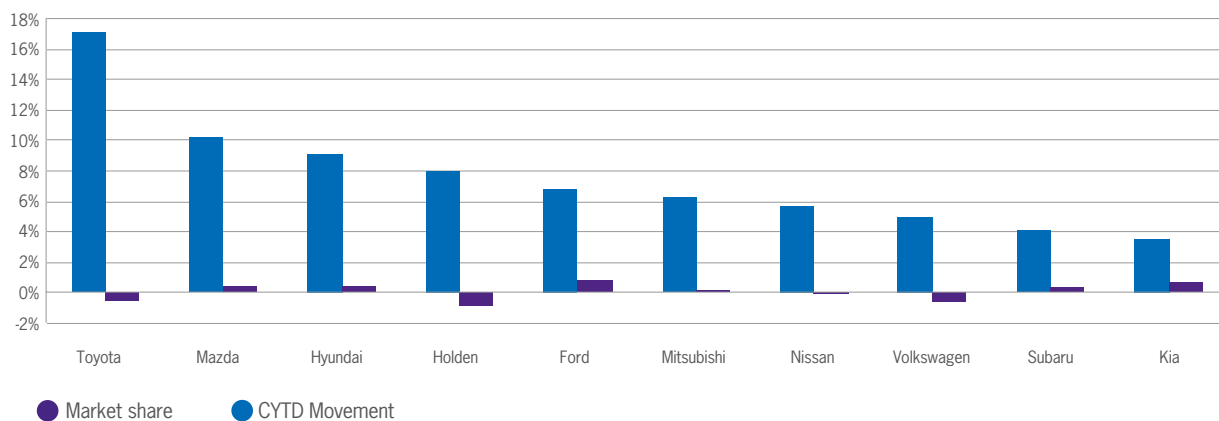
With regard to sales by automotive segments, while the passenger market is still the top selling segment (41.3% market share) sales decreased 4.5% during June 2016. The strong growth in more versatile SUV and light commercial vehicles has seen these segments gain in total market share by 11.4% and 9.9% 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 June 2016. Holden sales continued to decline, decreasing by 0.9% in CYTD movement with market share holding at 8.0%. On the back of strong sales growth and newly gained market share, Kia and Ford have increased their market share by 0.7% each on a CYTD basis.

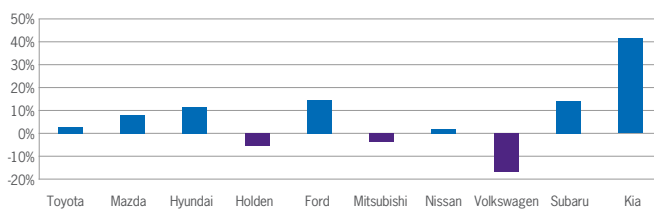
Figure 3 – Market share by brand – Top 10



Source: Vfacts

Toyota leads the market on a CYTD basis from January to June 2016 with 17.1% market share followed by Mazda on 10.2% and Hyundai on 9.1%. The largest increases in the Top 10 brand market share for the CYTD are Ford and Kia (both up 0.7%), and Mazda and Hyundai (both up 0.4%), while Holden, Volkswagen and Toyota have experienced the largest decreases in market share (0.9%, 0.6% and 0.5% respectively).

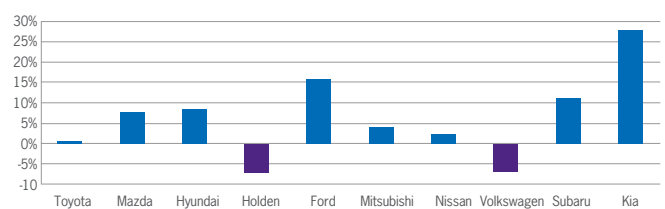
Figure 4 – June sales movement by brand – Top10



Source: Vfacts

Out of the top 10 brands, seven brands experienced an increase in sales. Kia (up 41.0%) was clearly the biggest mover for June 2016, while Ford (14.7%), Subaru (14.1%) and Hyundai (11.7%) all experienced significant sales growth in the top 10 brands. In contrast, sales declined again for Volkswagen (down 16.5%) after strong sales earlier in the year and Holden continues to experience a decline in sales (down 4.6%).

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 standout performers include Kia (up 27.8%), Ford (up 16.0%) and Subaru (up 11.1%) which have all generated significant sales growth. Holden continues to experience significant contraction in sales on a CYTD basis with a decrease of 7.2%, whilst Volkswagen also decreased by 6.9%. The Top 10 brands account for 75.6% of the total market share in 2016.



Market share

June was a strong month for the top 10 models with total sales for June 2016 (35,408) up by 7.8% on June 2015 sales (32,859). CYTD sales were also strong as at June, up by 6.2% on the same period in 2015.

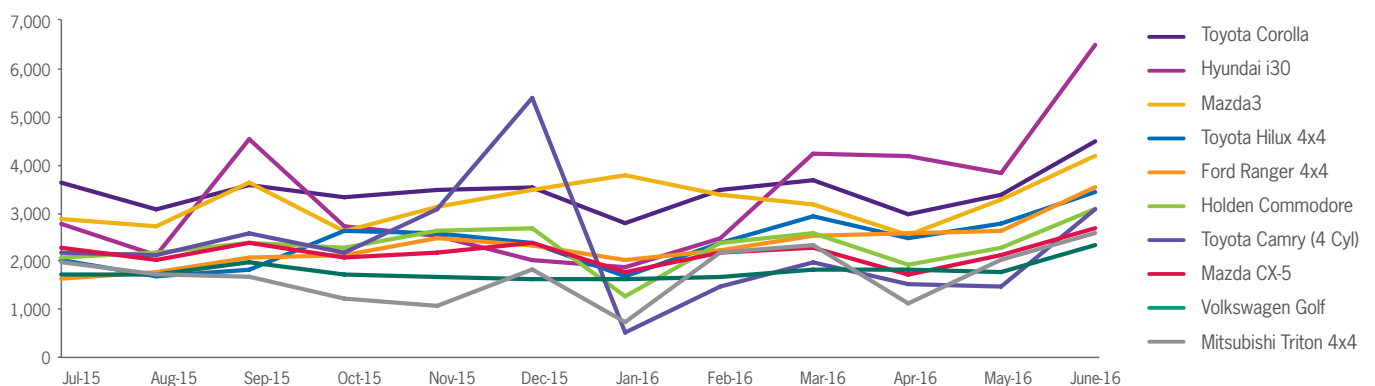
Table 4 – Top 10 model sales for June 2016 and CYTD

Model		Month Sales				CYTD Sales			
Standing	Brand	Movement	June 2016	June 2015	% Variance	Movement	2016	2015	% Variance
1	Hyundai i30	▲	6,432	5,521	16.5%	▲	22,857	15,801	44.7%
2	Toyota Corolla	▲	4,427	4,152	6.6%	▼	20,544	21,750	-5.5%
3	Mazda3	▼	4,112	4,127	-0.4%	▼	20,088	20,427	-1.7%
4	Toyota Hilux 4X4	▲	3,385	2,862	18.3%	▲	15,484	13,034	18.8%
5	Ford Ranger 4X4	▲	3,477	2,647	31.4%	▲	15,266	11,205	36.2%
6	Holden Commodore	▲	3,054	2,772	10.2%	▼	13,349	13,769	-3.1%
7	Mazda CX-5	▲	2,643	2,512	5.2%	▲	12,593	12,489	0.8%
8	Volkswagen Golf	▼	2,296	2,682	-14.4%	▼	10,893	11,829	-7.9%
9	Mitsubishi Triton 4X4	▼	2,533	2,982	-15.1%	▼	10,104	11,470	-11.9%
10	Toyota Camry (4 cyl)	▲	3,049	2,602	17.2%	▼	9,905	10,426	-5.0%

Source: Vfacts

With regard to the Top 10 model sales, while there has been growth on a CYTD basis, this has been largely driven by two models. The Hyundai i30 and Ford Ranger experienced strong sales in June 2016 (up 16.5% and 31.4% compared with June 2015) which continues the strong sales growth on a calendar year to date basis (up 44.7% and 36.2% respectively). While the Toyota Corolla (up 6.6%), Holden Commodore (up 10.2%) and Toyota Camry (4 cyl) (up 17.2%) also saw increased sales for June 2016 compared with June 2015, they have encountered weaker CYTD sales (down 5.5%, 3.1% and 5.0% respectively). The growing demand for SUV and Light Commercial vehicles in 2016 has seen the likes of the Toyota Hilux (up 18.3% for June 2016), Ford Ranger, and Mazda CX-5 (up 5.2% for June 2016) continue to generate strong sales.

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



Source: Vfacts

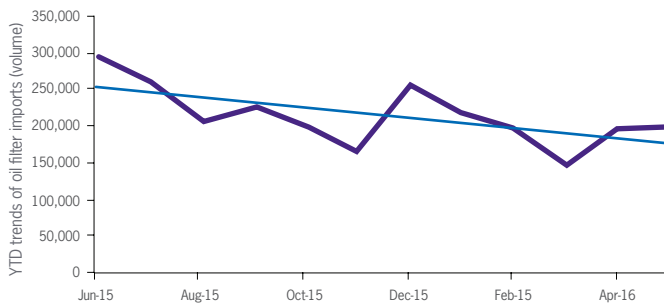
On a financial year to date basis, the Toyota Corolla (40,867), Hyundai i30 (39,362) and Mazda3 (38,305) have experienced the strongest sales. All models within the top 10 experienced an increase in sales in June from May 2016. After experiencing a decrease in sales for May, the Toyota Camry (4 cyl) showed strong signs of recovery with a 110.9% increase in sales from May 2016 – June 2016.



Consumer Demand Indicators

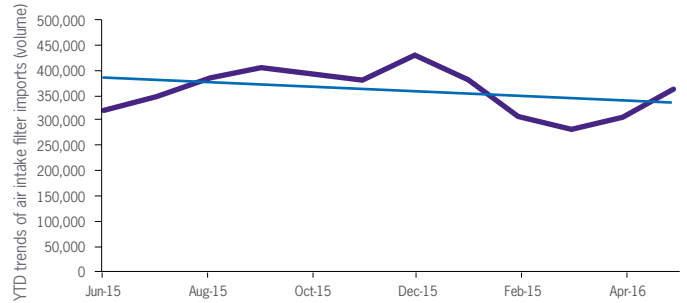
Import volumes for the current month and 12 month historical trends are shown below for five common replacement parts. This import activity is provided as an indicator of consumption trends.

Figure 7 – Imports of oil filters



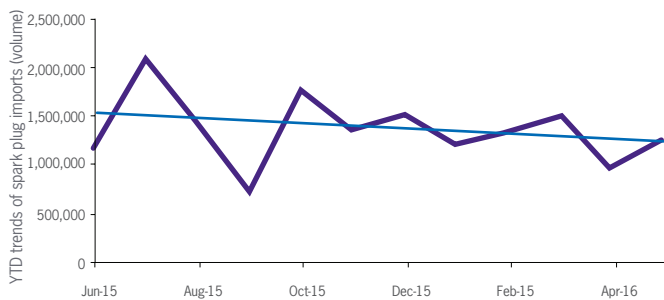
Top 5 countries of import by volume May 2016: China (111,112), Mexico (23014), USA (16100), Thailand (15,644), Taiwan (7,400) and total all countries (199,304).

Figure 8 – Imports of air intake filters



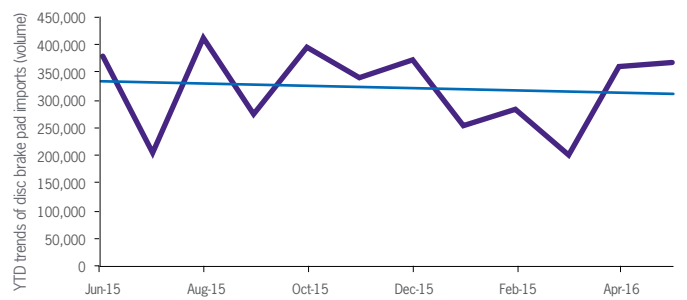
Top 5 countries of import by volume May 2016: China (175,678), Korea (45,726), Japan (42,104), Thailand (28,278), USA (20,304) and total all countries (362,071).

Figure 9 – Imports of spark plugs



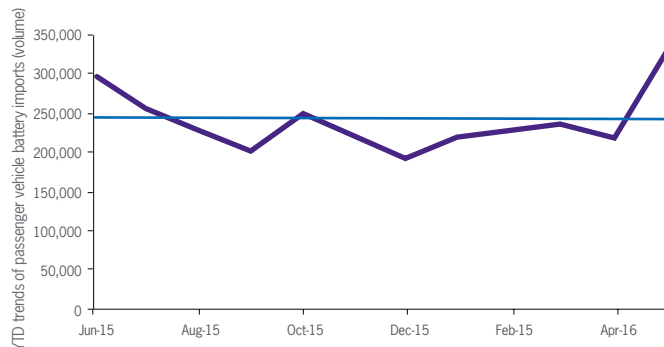
Top 5 countries of import by volume May 2016: Japan (961,970), USA (76052), China (61,700), Germany (48,830), Indonesia (35,600) and total import for all countries is 1,247,131.

Figure 10 – Imports of disc brake pads



Top 5 countries of import by volume May 2016: Japan (128,491), China (123,487), Korea (56,868), Thailand (32,953), Germany (7,522) and total all countries (369,760).

Figure 11 – Imports of passenger vehicle batteries



Top 5 countries of import by volume May 2016: Korea (211,076), Philippines (73,181), China (15,482), Japan (11,751), Germany (7,299) and 329,940 imports total for all countries.

Monitoring of import volumes of replacement parts shows an increase across all imports in the last month (passenger vehicle batteries, spark plugs, disc brake, oil and air intake filters); however the 12 month trend rate across all goods continues to fall.

In May 2016:

- Imports of passenger vehicle batteries soared by 50.4%, notably with Korean imports increasing by 45.5% compared to April.
- Spark plug imports increased by 25.2% compared to April, largely driven by a 23.7% increase in Japanese imports.
- Both oil filters and disc brake pads imports only rose marginally in May 2016 on the previous month.



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 (\$'million)	Dec-15 (\$'million)	% variance	Dec-14 (\$'million)	Dec-15 (\$'million)	% variance
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

ARB Corporation Limited [ASX: ARB]

ARB Corporation Limited (ARB) is Australia's largest manufacturer and distributor of 4x4 accessories including bullbars. ARB also has a significant distribution network, reaching over 100 countries.

Total revenue for the six months ending December 2015 totalled \$175.5 million compared with \$16.23 million for December 2014 (an increase of 8.1%). EBITDA for the six month period also increased 18.0% from \$29.5 million to \$34.8 million. While sales figures indicated modest growth, the ARB half-yearly report highlighted that further sales growth was hampered by the release of an "unusually high number"

of 4WD models, which made it difficult to manufacture and supply the required range of accessories to customers in a timely manner.

Among ARB's total sales for the six months ending December 2015, 68.2% was generated through sales to the Australian Aftermarket (5.0% growth on prior year) with a further 7.9% of sales relating to Original Equipment sales (15.1% growth on prior year). Finally, the weaker dollar assisted in driving export sales, which increased 15.1% to account for 23.9% of ARB sales as at December 31, 2015.

Source: ARB Half Year Information and ARB website: Retrieved from: <http://www.arb.com.au/about/investor-relations/>



Sector highlights

Other news of note

U.S. Aftermarket to Grow at an Annual Rate (CAGR) of 3.7% through 2019

According to the Automotive Aftermarket Suppliers Association (AASA) and Auto Care Association, the U.S. Aftermarket will grow from \$257.4 billion (2015) to \$296.3 billion in 2019. The 2016 Joint Channel Forecast Model showed that despite strong new vehicle sales, stable gas prices and more efficient miles driven, there is still steady growth for the industry. One of the primary contributors to its stable growth is the age mix of U.S. vehicles currently on the road. The average vehicle age of 11.6 years is the oldest to date, which is creating a sweet spot for service and repair.

Source: Autocare Association | Note: values stated are USD



Lotus Changing Hands

Distribution of Lotus cars in Australia and New Zealand changed hands from Ateco Automotive's "European Automotive Imports (EAI)" to Sydney based "Simply Sports Cars (SSC)" as of 1 July 2016. It is reported that all existing stock and parts will be managed by SSC. The transfer of distribution stemmed from initial discussions between the parties around ways to improve EAI distribution processes, and culminated in SSC taking over the distribution rights.

Source: GoAuto



"Brexit" effects unknown

"Brexit" has caused concerns with some car manufacturers believing it may cause uncertainty within the industry. In the short term, a weaker pound would make it easier for British carmakers to export vehicles, which could affect prices in Australia. However, in the longer term, negotiations will be required to decide on tariff structures for importing and exporting which could have major repercussions for the industry.

Source: Drive



Tritium gets \$5million Capital Injection

Queensland based electric vehicle charger manufacturer Tritium, has raised \$5 million to bring two new products to the global market. The capital injection has come from the Queensland government's \$40 million Business Development Fund (BDF) and from Tritium's existing shareholders. Tritium's new products include a faster charger (three times faster than current market leader), which will go from the current 50km travel range to 150km travel range in the same 10 minute charge timeframe; and a home/small office system which allows the vehicle's battery to power their houses and also recharge their vehicle's battery from solar panels.

Source: Go Auto



MHG pivots business model

Victoria's MHG Asia Pacific has continued its diversification into a specialist window fabrication business with the acquisition of previously ASX-listed Flat Glass Industries. The company stated that it was a deliberate move into an industry with sustainable growth prospects. Mark Phillips (National Head of Manufacturing for advisory firm Grant Thornton) said the higher quality production demanded by large carmakers from their suppliers had laid a strong foundation for MHG in the manufacture of glass for the building sector.

Source: Australian Financial Review



Merger and Acquisition Activity

WorldMark Owner Navis Capital Considering Sale

Navis Capital Partners is considering the sale of WorldMark, whose primary business unit is "MotorOne". MotorOne sells after-market products such as window tint, electronic accessories and paint protection for approximately 25% of all new cars sold in Australia.

Navis Capital is likely to consider an IPO for WorldMark along with any trade sale, which is valued at approximately AUD \$230 million. Reports suggest Repco [NYSE: GPC], Burson Auto Parts [ASX: BAP] and Carsales.com [ASX: CAR] are potential buyers.

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.

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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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