



Aftermarket Dashboard



Key highlights – July 2016

Welcome to Edition #5 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 1.1% in July and up 2.8% CYTD
- Ten of the last twelve months sales nationally have been up compared to previous year's sales
- Tasmania and Victoria had the largest falls in sales by 3.9% and 1.5% respectively compared to July 2015
- The Light Commercial market has risen 8.5% while the passenger market fell 8.2%
- The largest % falls in the Top 20 brands were Jeep (down 56.5%), Renault (down 32.2%) and Volkswagen (down 14.6%) compared to July 2015
- The largest % increases in the Top 20 brands were Kia (up 30.5%), Isuzu Ute (up 20.4%) and Ford (up 20.0%) compared to July 2015
- The Top 10 brands combined vehicle sales and brands 11 to 20 combined vehicle sales remains steady compared to July 2015
- Locally manufactured vehicles fell 11.2%
- Top three vehicles sold in July 2016 were Toyota Corolla (3,427 vehicles), Ford Ranger 4X4 (2,357 vehicles) and Toyota Hilux 4X4 (2,311 vehicles)
- Monitoring of import volumes shows increases in air intake and oil filters and spark plugs and a sharp decline in passenger vehicle batteries.
- With no new ASX data to report, our 'Financial Spotlight' focuses on the performance of New Zealand based Hellaby Holdings

Table 1 – Top brand sales for July 2016 and CYTD

Brand		Month Sales				CYTD Sales			
Standing	Brand	Movement	July 2016	July 2015	Variance (%)	Movement	2016	2015	Variance (%)
1	Toyota	▲	17,465	16,840	3.7%	▲	119,809	118,554	1.1%
2	Mazda	▼	8,460	9,356	-9.6%	▲	69,433	65,947	5.3%
3	Hyundai	▼	7,603	8,511	-10.7%	▲	61,953	58,610	5.7%
4	Holden	▼	7,071	7,895	-10.4%	▼	55,081	59,632	-7.6%
5	Ford	▲	6,894	5,747	20.0%	▲	47,277	40,557	16.6%
6	Mitsubishi	▲	5,412	5,189	4.3%	▲	42,677	41,055	4.0%
7	Nissan	▲	5,304	4,937	7.4%	▲	39,077	37,887	3.1%
8	Volkswagen	▼	4,193	4,908	-14.6%	▼	34,002	36,928	-7.9%
9	Subaru	▲	3,356	3,354	0.1%	▲	27,417	25,013	9.6%
10	Kia	▲	3,555	2,725	30.5%	▲	24,841	19,385	28.1%

Source: Vfacts

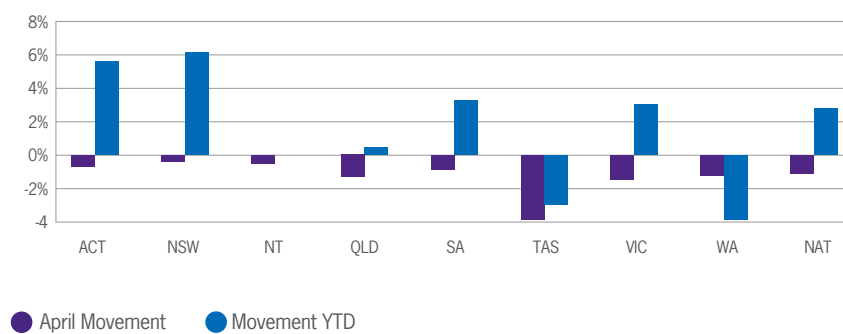
With respect to the top 10 brand sales, six of the top 10 brands experienced stronger sales in July 2016 compared with July 2015. Kia, Ford and Nissan experienced the strongest sales increase in July 2016 compared with July 2015 (30.5%, 20.0% and 7.4% respectively) and compared with CYTD sales. Interestingly, Hyundai and Mazda experienced significant reductions in sales comparing July 2016 to July 2015 (10.7% and 9.6% respectively), yet maintained growth rates of 5.7% and 5.3% respectively on a CYTD basis. Volkswagen and Holden continued to endure significant decreases in sales within July (14.6% and 10.4%) and CYTD comparisons (7.9% and 7.6%).



July results

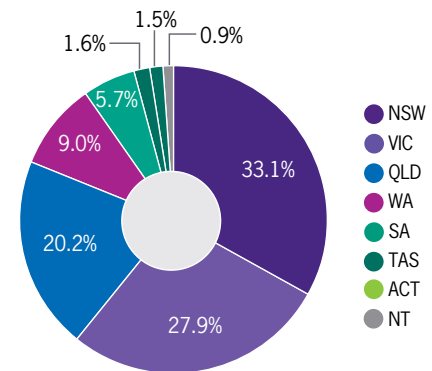
Sales for July 2016 fell 1.1% (977 vehicles) from July 2015, and are up 2.8% (18,736 vehicles) current year to-date compared to a record breaking 2015 calendar year. Outlined in Figure 1 are the state based movements for July and CYTD. Figure 2 details the market share by state.

Figure 1 – State based movements for July 2016 and CYTD



Source: Vfacts

Figure 2 – Market share by state



Source: Vfacts

All state based sales were down for July 2016. Tasmania (down 3.9%) and Victoria (down 1.5%) recorded the largest state decreases compared to July 2015 while New South Wales and Australian Capital Territory remained the most stable (down 0.4% and 0.6% respectively).

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

	AUG-15	SEP-15	OCT-15	NOV-15	DEC-15	JAN-16	FEB-16	MAR-16	APR-16	MAY-16	JUN-16	JUL-16
New South Wales	7.5	11.8	4.6	9.1	8.2	6.0	12.6	6.5	11.9	6.0	3.2	-0.4
Victoria	1.8	7.8	3.7	4.3	3.7	1.0	8.2	-2.9	8.1	3.5	5.0	-1.5
Queensland	5.9	7.9	7.4	14.5	-5.5	3.8	2.7	-4.6	2.4	1.3	0.0	-1.4
South Australia	-9.4	-3.9	3.5	2.2	8.3	3.4	1.2	-1.4	6.8	9.6	4.5	-0.9
Western Australia	-8.4	-8.8	-10.5	-1.7	-1.9	-3.0	-1.4	-7.8	-0.1	-5.0	-6.6	-1.3
National	2.9	6.8	3.4	6.9	2.9	2.7	6.7	-0.5	7.2	3.6	2.2	-1.1

● Positive ● Negative

Source: Vfacts

Sales figures for August 2015 to July 2016 outline the last twelve months' movements. Sales nationally have experienced growth in ten of the last twelve months. The New South Wales market has grown every month except for July 2016, while the Western Australian market has fallen every month this past year-to-date and remains 3.9% down on a year to date basis.

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

	July Movement	CYTD Movement
Passenger	-8.2%	-5.6%
SUV	3.5%	10.3%
Light Commercial	8.5%	9.7%
Heavy Commercial	-1.8%	2.2%

● Positive ● Negative

Source: Vfacts

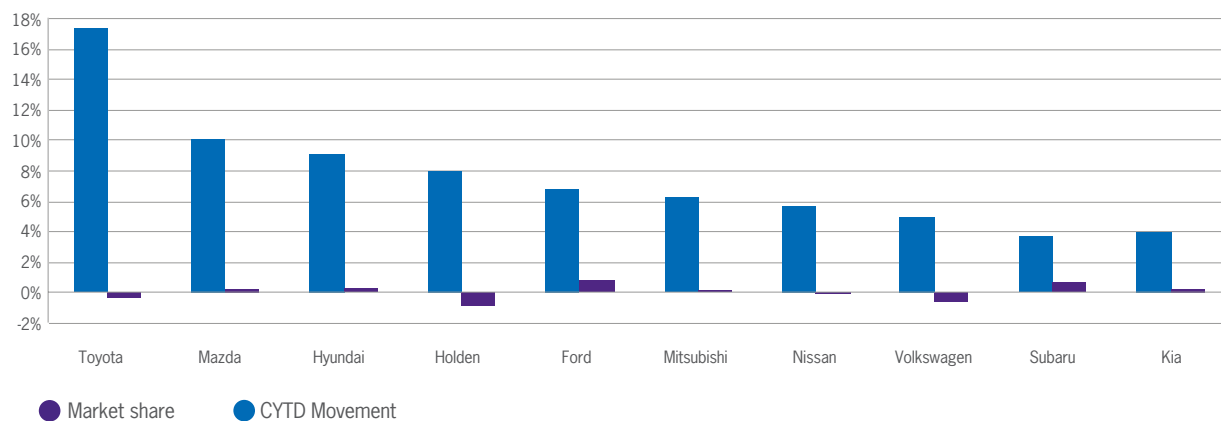
With regard to sales by automotive segments, Passenger vehicles have experienced declines in both July and CYTD movements (8.2% and 5.6% respectively). SUV sales are experiencing sustained strong growth with July and CYTD movements increasing by 3.5% and 10.3% respectively, largely influenced by strong demand for the Ford Ranger and Toyota Hilux. Heavy commercial vehicles sales experienced a 1.8% decline in movement for July however remained up by 2.2% in CYTD movements.



Market share

Toyota continues to hold its position as the market leader, with its market share sitting at 17.4% on a CYTD basis from January to July 2016. Mazda and Hyundai held on to their spots as number 2 and 3 in terms of market share (10.1% and 9.0% respectively). Amidst ongoing declines, Holden market share remained relatively stable at approximately 8.0%.

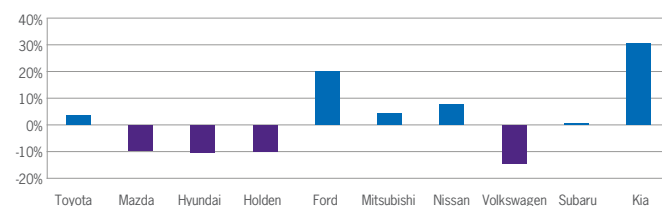
Figure 3 – Market share by brand – Top 10



Source: Vfacts

Toyota leads the market on a CYTD basis from January to July 2016 with 17.4% market share followed by Mazda on 10.1% and Hyundai on 9%. While market share remained relatively stable for the top 10 brands for July 2016, Holden and Volkswagen again experienced the biggest decline in market share (0.9% and 0.6% respectively).

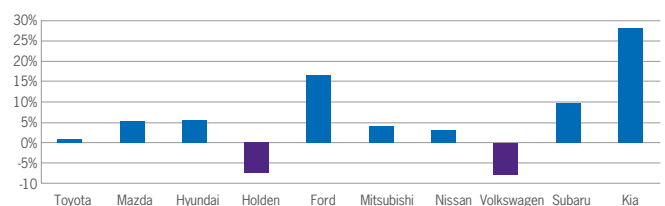
Figure 4 – July sales movement by brand – Top10



Source: Vfacts

Out of the top 10 brands, six brands experienced an increase in sales. Kia continues its strong growth (up 30.5%), while Ford bettered June's growth in July (20.0% compared to 14.7%), and Nissan experienced a 7.4% growth in sales. In contrast, sales declined again for Volkswagen (down 14.6%) and after strong sales earlier in the year, Hyundai and Mazda endured a decrease of 10.7% and 9.6% respectively in sales. Holden also continues to experience a decline in sales (down 10.4%).

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 sales compared to the 2015 calendar year. The standout performers include Kia (up 28.1%), Ford (up 16.6%) and Subaru (up 9.6%) which have all generated significant sales growth. Holden continues to experience significant contraction in sales on a CYTD basis down by 7.6%, whilst Volkswagen is also down on 2015 CYTD figures by 7.9%.



Market share

Sales for July varied greatly amongst the top 10 models with total sales for July 2016 (21,182) down by 5.2% on July 2015 sales (22,349). However, total CYTD sales saw a 5.9% increase, driven by strong growth in the light commercial vehicle sector.

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

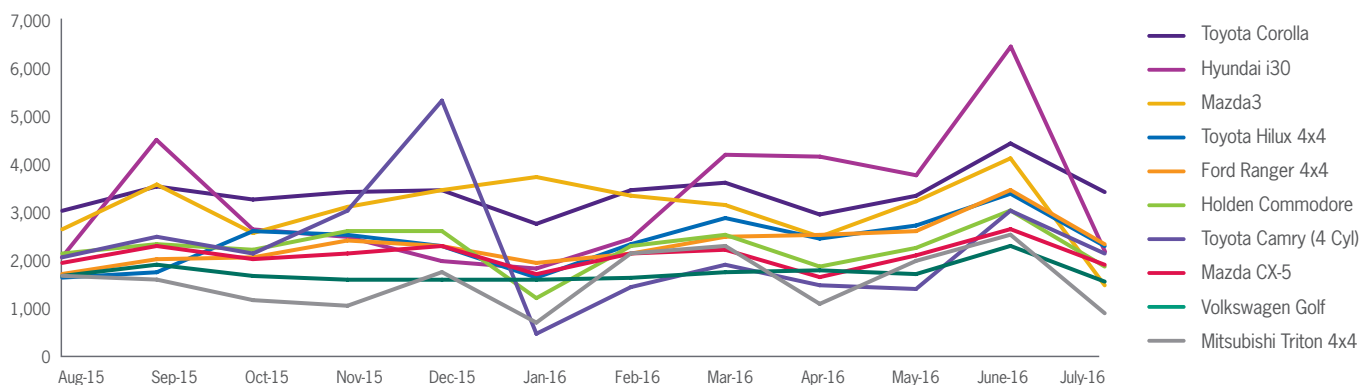
Model		Month Sales				CYTD Sales			
Standing	Brand	Movement	July 2016	July 2015	% Variance	Movement	2016	2015	% Variance
1	Hyundai i30	▼	2,216	2,750	-19.4%	▲	25,073	18,551	35.2%
2	Toyota Corolla	▼	3,427	3,573	-4.1%	▼	23,971	25,323	-5.3%
3	Mazda3	▼	1,501	2,825	-46.9%	▼	21,589	23,252	-7.2%
4	Toyota Hilux 4X4	▲	2,311	1,988	16.2%	▲	17,795	15,022	18.5%
5	Ford Ranger 4x4	▲	2,357	1,616	45.9%	▲	17,623	12,821	37.5%
6	Holden Commodore	▼	1,874	2,030	-7.7%	▼	15,223	15,799	-3.6%
7	Mazda CX-5	▼	1,933	2,223	-13.0%	▼	14,526	14,712	-1.3%
8	Volkswagen Golf	▼	1,566	1,675	-6.5%	▼	12,459	13,504	-7.7%
9	Toyota Camry (4 Cyl)	▲	2,172	2,124	2.3%	▼	12,077	12,550	-3.8%
10	Toyota RAV4	▲	1,825	1,545	18.1%	▲	11,553	10,705	7.9%

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

Source: Vfacts

Comparing sales for the top 10 models for July 2015 to July 2016 highlights significant variation, with most significant decreases occurring in the passenger vehicle markets. This was somewhat offset by significant increases in sales occurring in the light commercial and large vehicle segments. The Mazda3 (46.9%), Hyundai i30 (19.4%), Mazda CX-5 (13.0%), and Holden Commodore (7.7%) saw the greatest reductions in sales. In contrast, the Ford Ranger (45.9%), Toyota RAV4 (18.1%), and Toyota Hilux (16.2%) experienced an increase in sales compared to July 2015. With regard to the Top 10 model CYTD sales, while there has been growth overall, this has been driven by four models; the Ford Ranger (37.5%), Hyundai i30 (35.2%), Toyota Hilux (18.5%), and Toyota Rav4 (7.9%) reflecting the strong growth within the 4x4 market.

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



Source: Vfacts

Coming off the end of financial year sales, there was a significant drop in sales for July 2016 compared to June 2016. Overall, the top 10 models saw reductions in sales by 42.7%. The Hyundai i30, Mazda3 and Mitsubishi Triton saw the greatest reductions following June 2016 (65.5%, 63.5%, and 62.9% respectively). The Toyota Corolla, Mazda CX-5, and Toyota Camry were the least impacted by reductions in sales (22.6%, 26.9% and 28.8% respectively).

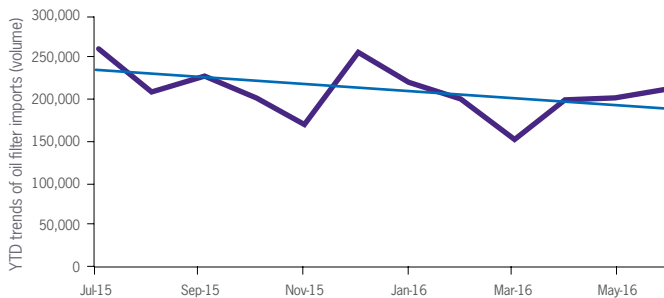
Despite sustained growth from the light commercial vehicles segment, and decreasing sales from passenger vehicles, the Toyota Corolla (40,721), Hyundai i30 (38,828), and Mazda3 (36,981) remain the top 3 in terms of new car sales.



Consumer Demand Indicators

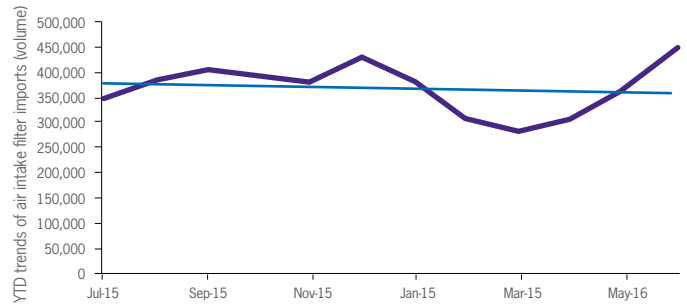
Import volumes for the current month and 12 month historical trends are shown below for five common replacement parts. This import activity is provided as an indicator of consumption trends.

Figure 7 – Imports of oil filters



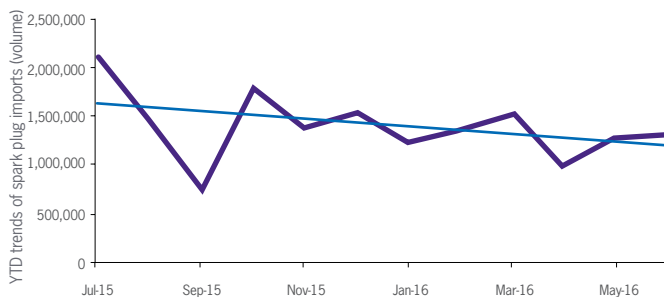
Top 5 countries of import by volume June 2016: China (99,290), Thailand (67,937), Mexico (17,266), USA (8,200), United Kingdom (4,752) and total all countries (211,070)

Figure 8 – Imports of air intake filters



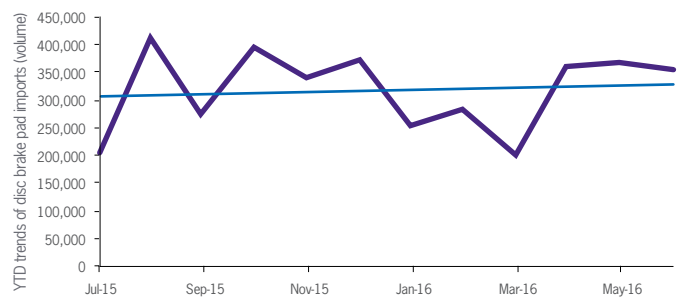
Top 5 countries of import by volume June 2016: China (204,739), Thailand (59,623), Japan (52,331), Korea (46,528), Indonesia (32,531) and total all countries (451,346)

Figure 9 – Imports of spark plugs



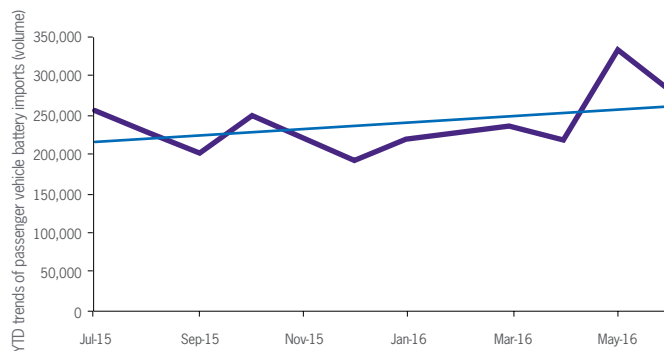
Top 5 countries of import by volume June 2016: Japan (1,003,180), Indonesia (77,200), USA (42,989), Mexico (39,854), China (38,449) and total all countries (1,285,563)

Figure 10 – Imports of disc brake pads



Top 5 countries of import by volume June 2016: Japan (149,393), China (97,928), Korea (32,513), Taiwan (32,112), Thailand (18,024) and total all countries (357,569)

Figure 11 – Imports of passenger vehicle batteries



Top 5 countries of import by volume June 2016: Korea (181,165), Philippines (57,437), China (10,279), Indonesia (9,243), Japan (5,077) and total all countries (281,532)

Monitoring of import volumes of replacement parts shows increases in air intake and oil filters, spark plugs, with a sharp decline in passenger vehicle batteries and little change within disc brake pads compared to last month.

In June 2016:

- Imports of air intake filters continued its strong growth, further improving on last month's importation by 24.6%, largely due to increased exports by China and Indonesia
- After a rapid increase, passenger vehicle battery imports decreased by 14.6% compared to May. However, YTD trend lines show positive growth since July 2015.
- Historically, Passenger Vehicle Batteries were the only Indonesian component to feature in the Top 5 imports. In June 2016, Air Intake Filters and Sparkplugs imported from Indonesia also featured in their respective Top 5 categories.

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:PWH	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

Hellaby Holdings Limited (“Hellaby”) [NZSX: HBY]

Hellaby is a New Zealand listed company that holds substantial investment within three core groups, being Automotive, Energy and Resources and Equipment. Hellaby’s Automotive Group comprises a group of wholesale distribution companies, which supply replacement parts, agricultural and materials handling, tyres and wheel componentry, batteries and auto componentry to trade repairers and resellers through a network of over 85 branches in New Zealand and 25 in Australia.

Total group sales were \$378.8 million for the half year ending December 2015 compared with \$386.9 million for the half year ending December 2014 (down 2.1%). However, the automotive group saw an increase in sales of 27.5% to \$126.5 million for

half year ending December 2015. EBITDA of \$13.2 million for the six months ending December 2015 also increased by 7.1% from 2014 (\$12.4 million).

Hellaby Holdings attributed the performance of the automotive group to strong trading activities and the acquisition of Australian auto electrical wholesaler, JAS Oceania. This acquisition is a strong reflection of Hellaby Automotive’s intention to further grow and cement itself within the Australasian automotive sector through future acquisitions. According to the company’s interim report for 2016, JAS Oceania has integrated well and is providing cross-selling opportunities within the broader automotive group.

Source: Hellaby Interim Report and Hellaby website.

Retrieved from: <http://www.hellabyholdings.co.nz/Reports.php>



Sector highlights

Other news of note

Connected vehicle standard agreed

Connected driverless vehicles are one step closer to reality with a global standard “language” for vehicle-to-cloud data agreed to by more than 11 major automotive manufacturers and suppliers. The open data standard called Sensoris, originally developed by cloud company Here, has the support from industry leaders such as Bosch, Daimler, Jaguar Land Rover and TomTom. Here APAC director Brent Stafford says, “The Sensoris data standard will enable driverless connected vehicles to prepare for changing conditions and hazards well before the vehicle, be it a truck, or car, can see them.”

Source: Autotalk



Lubricants market size is likely to grow

The market size for lubricants was estimated as 37.73 tons in the year 2014 and is predicted to grow to 47.75 million tons by 2022. Increases in demand in 3D printing in conjunction with medical appliances is likely to further fuel growth in the market with revenue anticipated to increase by 8.5% per annum, from USD 37 billion (2014) to USD 74 billion in 2022. India and China are noticing significant expansion in sectors like metal forming, mining, machining and plastic industries and the demand of these sectors is looking to increase over the next few years.

Source: Global Market Insights



Fit My Car set sights on US market

As an online retailer of aftermarket automotive accessories, Fit My Car specialises in vehicle specific fitment products. The company also supplies its custom made car mats to dealerships in Australia and New Zealand, and is now looking to hit the US market. Its recent success can be attributed to the growth in car sales particularly within fleet and 4x4 vehicles.

The Melbourne based company owns the end-to-end manufacturing process from raw materials through to finished goods. James Tinsely (Director of Fit My Car) stated “This allows us to back up our products with extensive wear out warranties and a fitment guarantee on all products”.

Source: Autotalk



Consolidation of Global Ute Market

Amid the announcement that Mazda will source its next BT-50 from Isuzu, there is a growing development in “badge engineering”. This badge engineering could lead to multiple dealerships selling virtually the same vehicle with a different badge and slightly modified interior. The prospects of consolidation within the Ute market would resemble the van market where Fiat’s Ducato van is badged as a Peugeot, Citroen or Ram. There are inherent benefits with such arrangements, allowing the vehicles to be priced much more competitively through enhanced economies of scale, which may see standalone producers such as the Ford Ranger or Volkswagen Amarok pushed out of the market based on price.

Source: GoAutoNews Premium Newsletter



Merger and Acquisition Activity

Bapcor to acquire Roadsafe Automotive Products and Baxters

Bapcor Limited (previously named Bursons) has announced that it has entered into binding agreements to acquire the specialist wholesalers Baxters auto electrical and Roadsafe Automotive Products. Subject to fulfilment or waiver of a number of customary closing conditions, the acquisitions are expected to be completed by 31st of July 2016. Bapcor’s total investment for the acquisitions is estimated to be a minimum of AUD 22 million based on FY16 earnings. Baxters is a specialist distributor of rotating electrical, electrical accessories and lighting to workshops, fleets, OE and defence. Roadsafe is a specialist distributor of steering and suspension products, along with 4x4 spare parts and accessories.

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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