



Aftermarket Dashboard



Key highlights – August 2016

Welcome to Edition #6 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 4.6% up in August and up 3% CYTD
- Ten of the last twelve months sales nationally have been up compared to previous year's sales
- Northern Territory and South Australia had the highest increases in sales for August 2016 compared with August 2015, increasing 14.9% and 13.7%
- The Light Commercial and SUV markets have risen 16.2% and 10.6% respectively
- The largest fall in sales for the Top 20 brands were Jeep (down 40.1%), Hyundai (down 31.2%) and Volkswagen (down 18.8%) compared to August 2015
- The largest % increases in the Top 20 brands were Toyota (up 28.6%), Ford (up 27.9%) and Kia (up 26.2%) compared to August 2015
- Locally manufactured vehicle sales fell 4.5%
- The top three vehicles sold in August 2016 were Toyota Corolla (3,554 vehicles), Mazda 3 (2,818 vehicles) and Toyota Camry 4 Cyl (2,458 vehicles)
- The ASX aftermarket portfolio saw overall increases in Revenue (12.7%) and EBITDA (6.6%) when comparing FY15/16 to FY14/15
- Monitoring of import volumes shows an overall decrease for each component monitored when comparing June 2016 to July 2016
- The "Financial Spotlight" section focuses on the performance of Australian listed AMA Group.

Table 1 – Top brand sales for August 2016 and CYTD

Brand		Month Sales				CYTD Sales			
Standing	Brand	Movement	Aug 2016	Aug 2015	Variance (%)	Movement	2016	2015	Variance (%)
1	Toyota	▲	18,650	14,505	28.6%	▲	138,459	133,059	4.1%
2	Mazda	▲	9,258	9,166	1.0%	▲	78,691	75,113	4.8%
3	Hyundai	▼	6,536	9,505	-31.2%	▲	68,489	68,115	0.5%
4	Holden	▼	7,667	7,870	-2.6%	▼	62,748	67,502	-7.0%
5	Ford	▲	6,849	5,354	27.9%	▲	54,126	45,911	17.9%
6	Mitsubishi	▲	6,136	5,574	10.1%	▲	48,813	46,629	4.7%
7	Nissan	▲	5,616	4,731	18.7%	▲	44,693	42,618	4.9%
8	Volkswagen	▼	3,893	4,794	-18.8%	▼	37,895	41,722	-9.2%
9	Subaru	▲	3,362	3,361	0.0%	▲	30,779	28,374	8.5%
10	Kia	▲	3,710	2,940	26.2%	▲	28,551	22,325	27.9%

Source: Vfacts

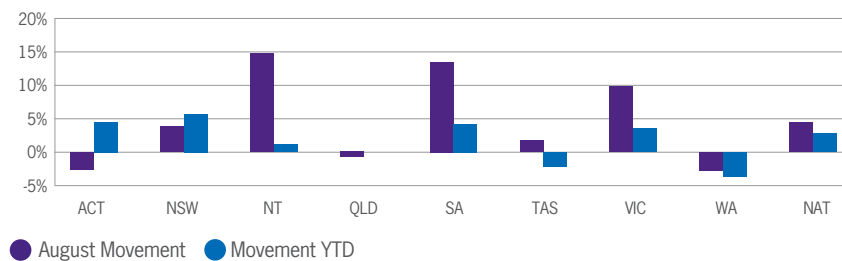
With respect to the top 10 brand sales, seven of the top 10 brands experienced stronger sales in August 2016 compared with August 2015. Toyota, Ford and Kia experienced the strongest sales increase in August 2016 compared with August 2015 (28.6%, 27.9%, and 26.2% respectively) and compared with CYTD sales. Hyundai has continued to experience a decline in monthly sales (-31.2%) comparing August 2016 to August 2015, and has seen little growth in sales on a CYTD basis (0.5%) compared to 2015. Volkswagen also suffered a significant decrease in sales in August (down 18.8%) and CYTD comparisons (down 9.2%).



August results

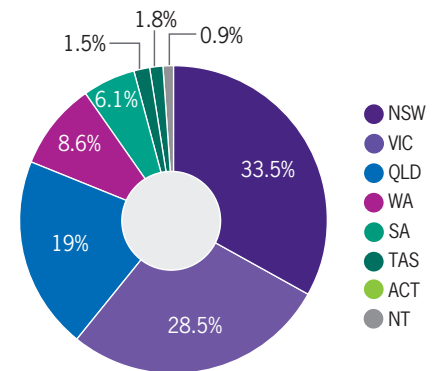
August 2016 sales increased 4.6% (4,204 vehicles) from August 2015, and are up 3% (22,940 vehicles) current year to-date compared to a record breaking 2015 calendar year. Outlined in Figure 1 are the state based movements for August and CYTD. Figure 2 details the market share by state.

Figure 1 – State based movements for August 2016 and CYTD



Source: Vfacts

Figure 2 – Market share by state



Source: Vfacts

The Northern Territory, South Australia and Victoria all saw large increases in sales (14.9%, 13.7% and 10.1% respectively) when comparing August 2016 to August 2015's performance. Despite a strong month nationally, the ACT (-2.7%) and Western Australia (-2.7%) both saw decreases in sales when comparing August 2016 to August 2015.

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

	SEP-15	OCT-15	NOV-15	DEC-15	JAN-16	FEB-16	MAR-16	APR-16	MAY-16	JUN-16	JUL-16	AUG-16
New South Wales	11.8	4.6	9.1	8.2	6.0	12.6	6.5	11.9	6.0	3.2	-0.4	4.1
Victoria	7.8	3.7	4.3	3.7	1.0	8.2	-2.9	8.1	3.5	5.0	-1.5	10.1
Queensland	7.9	7.4	14.5	-5.5	3.8	2.7	-4.6	2.4	1.3	0.0	-1.4	0.7
South Australia	-3.9	3.5	2.2	8.3	3.4	1.2	-1.4	6.8	9.6	4.5	-0.9	13.7
Western Australia	-8.8	-10.5	-1.7	-1.9	-3.0	-1.4	-7.8	-0.1	-5.0	-6.6	-1.3	-2.7
National	6.8	3.4	6.9	2.9	2.7	6.7	-0.5	7.2	3.6	2.2	-1.1	4.6

● Positive ● Negative

Source: Vfacts

Sales figures for September 2015 to August 2016 outline the last twelve months' movements. Sales nationally have experienced an average growth of 3.8% per month for the past year. The Victorian market has grown every month except for March and July 2016 with a notable 10.1% increase in August 2016. Conversely, the Western Australian market has fallen every month this past year-to-date with an average decrease of 4.2% per month.

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

	August Movement	CYTD Movement
Passenger	-4.2%	-5.5%
SUV	10.6%	10.3%
Light Commercial	16.2%	10.4%
Heavy Commercial	3.9%	2.4%

● Positive ● Negative

Source: Vfacts

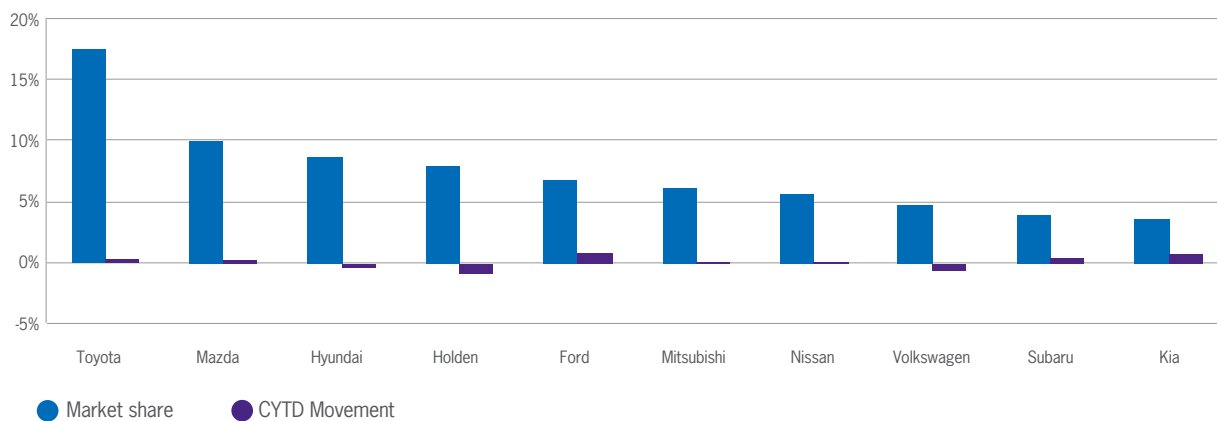
With regard to sales by automotive segments, Passenger vehicles have experienced declines in both August and CYTD movements (4.2% and 5.5% respectively). SUV sales are experiencing sustained growth with August and CYTD sales increasing by 10.6% and 10.3% respectively. The Light Commercial vehicle segment sales continued its growth, with August and CYTD growing by 16.2% and 10.4% respectively, largely influenced by strong demand for the Ford Ranger and Toyota Hilux. Heavy commercial vehicles sales experienced a 3.9% growth for August and remained up by 2.4% in CYTD movements.



Market share

Toyota continues to hold its position as the market leader, with its market share sitting at 17.7% on a CYTD basis from January to August 2016. Mazda and Hyundai held on to their spots as number 2 and 3 in terms of market share (10.0% and 8.7% respectively). Amidst ongoing declines, Holden market share remained relatively stable at approximately 8.0%.

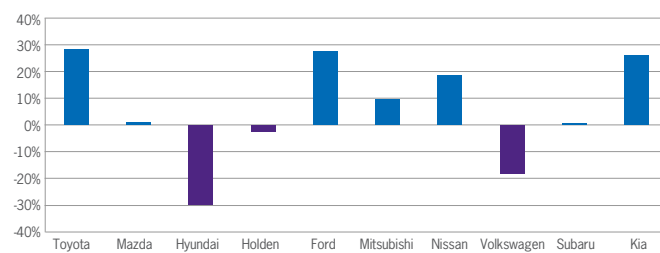
Figure 3 – Market share by brand – Top 10



Source: Vfacts

While market share remained relatively stable for the top 10 brands for August 2016, the greatest shifts on a CYTD basis were seen in Ford and Kia gaining 0.9% and 0.7% respectively. Holden and Volkswagen continued to see a decline in market share based on CYTD movement (0.9% and 0.6% respectively).

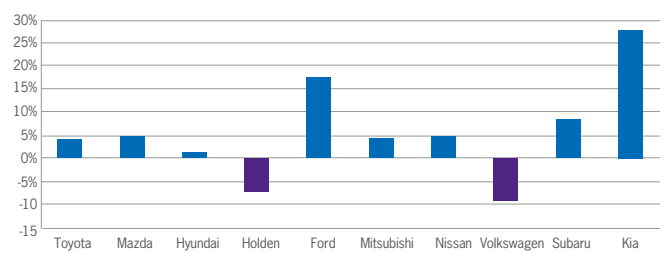
Figure 4 – August sales movement by brand – Top10



Source: Vfacts

Out of the top 10 brands, seven brands experienced an increase in sales. Toyota saw a growth in sales (up 28.6%) while Kia continues its strong performance (up 26.2%), Ford again bettered its July's growth in August (27.9% compared to 20.0%), and Nissan experienced an 18.1% growth in sales. In contrast, sales declined again for Volkswagen (down 18.8%) and after strong sales earlier in the year, Hyundai and Mazda endured a decrease of 31.2% and 2.6% respectively in sales.

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 27.9%), Ford (up 17.9%) and Subaru (up 8.5%) who all have bettered their growth compared to last month. Holden continues to experience significant contraction in sales on a CYTD basis down by 7.0%, whilst Volkswagen is also down on 2015 CYTD figures by 9.2%.



Market share

While total sales for August 2016 (22,491) were up by 9.3% on August 2015 sales (20,571), there was some variation within the top 10 models. Total CYTD sales saw a 6.3% increase, driven by a strong growth in demand for the Hyundai i30 and within the light commercial vehicle sector.

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

Model		Month Sales				CYTD Sales			
Standing	Brand	Movement	Aug 2016	Aug 2015	% Variance	Movement	2016	2015	% Variance
1	Toyota Corolla	▲	3,554	3,050	16.5%	▼	27,525	28,373	-3.0%
2	Hyundai i30	▼	1,864	2,098	-11.2%	▲	26,937	20,649	30.5%
3	Mazda3	▲	2,818	2,673	5.4%	▼	24,407	25,925	-5.9%
4	Toyota Hilux 4X4	▲	2,418	1,674	44.4%	▲	20,213	16,696	21.1%
5	Ford Ranger 4X4	▲	2,364	1,740	35.9%	▲	19,987	14,561	37.3%
6	Holden Commodore	▼	1,952	2,144	-9.0%	▼	17,175	17,943	-4.3%
7	Mazda CX-5	▼	1,902	1,980	-3.9%	▼	16,428	16,692	-1.6%
8	Toyota Camry (4 cyl)	▲	2,458	2,095	17.3%	▼	14,535	14,645	-0.8%
9	Volkswagen Golf	▼	1,395	1,703	-18.1%	▼	13,854	15,207	-8.9%
10	Toyota RAV4	▲	1,766	1,414	24.9%	▲	13,319	12,119	9.9%

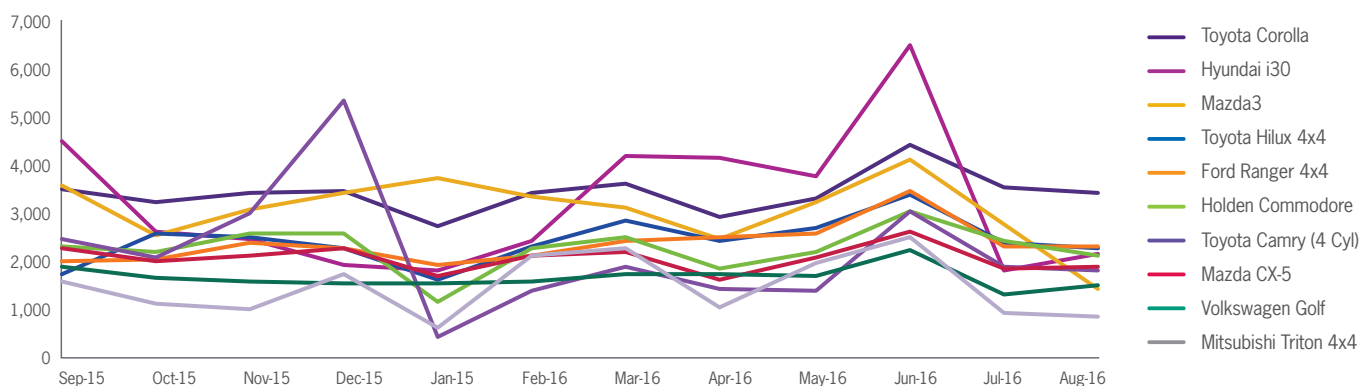
Source: Vfacts. Note, Top 10 sales are ordered by CYTD sales.

Source: Vfacts

Comparing sales for the top 10 models for August 2015 to August 2016 highlights sustained growth within the light commercial vehicle market and mixed results for the passenger vehicles. The continued light commercial vehicle growth saw increases in sales for the Toyota Hilux and Ford Ranger by 44.4%, and 35.9% respectively. Meanwhile, the passenger vehicle market saw a growth in sales for August 2016 compared with August 2015 for the Toyota Camry, Toyota Corolla, and Mazda3 (17.3%, 16.5% and 5.4% respectively). In contrast, the Volkswagen Golf (18.1%), Hyundai i30 (11.2%), and Holden Commodore (9.0%) experienced lower sales when comparing August 2015 to August 2016.

The Top 10 model CYTD sales show growth overall, however this has been driven by four models; the Ford Ranger (37.3%), Hyundai i30 (30.5%), Toyota Hilux (21.1%), and Toyota Rav4 (9.9%), reflecting the strong growth within the 4x4 market.

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



Source: Vfacts

Coming off the end of financial year sales, sales continued to drop for August 2016 compared to July 2016 (down 6.6%). The Mazda3, Toyota Camry, and Mitsubishi Triton saw the greatest reductions following July 2016 (46.7%, 11.6%, and 6.9% respectively). The Hyundai i30, Volkswagen Golf, and Mazda CX-5 all saw increase in sales when comparing to July 2016 (18.9%, 12.3% and 1.6% respectively).

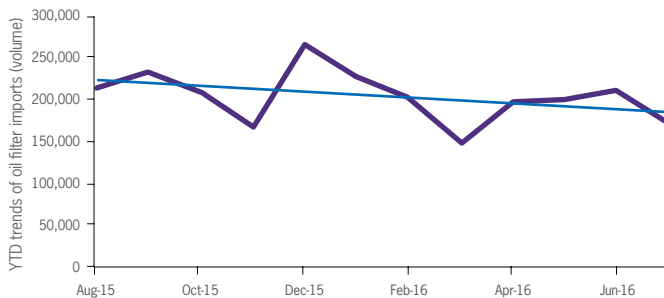
Despite sustained growth from the light commercial vehicles segment, and decreasing sales from passenger vehicles, the Toyota Corolla (41,225), Hyundai i30 (38,594), and Mazda3 (37,126) remain the top 3 in terms of new car sales over the last 12 months.



Consumer Demand Indicators

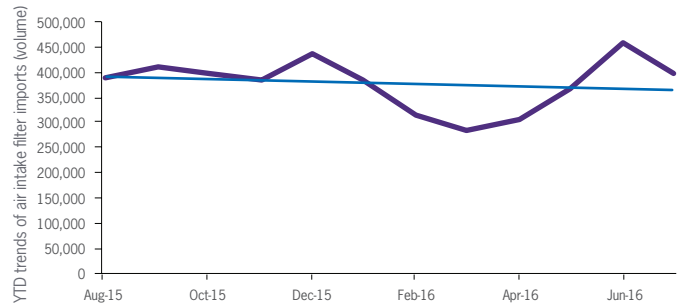
Import volumes for the current month and 12 month historical trends are shown below for five common replacement parts. This import activity is provided as an indicator of consumption trends.

Figure 7 – Imports of oil filters



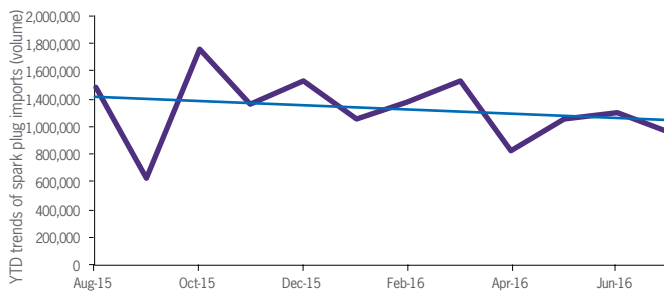
Top 5 countries of import by volume July 2016: China (110,464), Thailand (21,476), South Korea (8,776), Mexico (8,334), USA (7,537) and total all countries (175,197)

Figure 8 – Imports of air intake filters



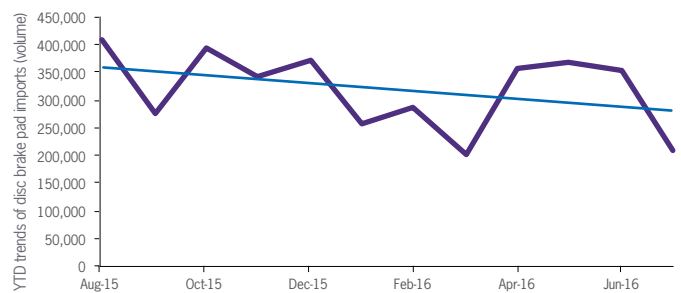
Top 5 countries of import by volume July 2016: China (171,447), Japan (56,230), Thailand (50,367), South Korea (42,394), USA (15,100) and total all countries (392,282)

Figure 9 – Imports of spark plugs



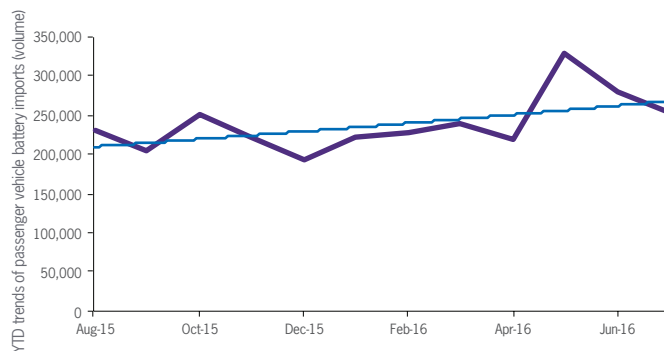
Top 5 countries of import by volume July 2016: Japan (950,090), Germany (41,964), USA (40,365), China (39,721), South Korea (17,337) and total all countries (1,140,799)

Figure 10 – Imports of disc brake pads



Top 5 countries of import by volume July 2016: China (74,692), Japan (45,862), Thailand (34,319), South Korea (32,513), UK (9,087) and total all countries (209,634)

Figure 11 – Imports of passenger vehicle batteries



Top 5 countries of import by volume July 2016: South Korea (157,891), Philippines (64,316), Japan (9,508), China (5,104), Indonesia (3,575) and total all countries (254,316)

Monitoring import volumes of replacement parts shows a reduction of importation figures in July 2016 for all automotive components compared to last month with a sharp decline in disc brake pads.

In July 2016:

- Imports of Disc Brake Pads continued to sharply decline, seeing a 41.4% reduction in import volume compared to June 2016. This was largely influenced by decreases of imports from Japan (69.3%) and China (23.7%) to Australia.
- For the first time in 5 months, imports of Air Intake Filters experienced a reduction in volume for July 2016, 13.1% down compared to June 2016.
- Passenger Vehicle Batteries remain the only automotive component to present a positive trend line based on the last 12 months. Since August 2015, Passenger Vehicle Batteries have seen a 10.7% increase in import volumes.

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 twelve months ending June 2015 and 2016

Company	ASX Code	Revenue			EBITDA		
		FY14/15 (\$'million)	FY15/16 (\$'million)	% variance	FY14/15 (\$'million)	FY15/16 (\$'million)	% variance
Automotive Holdings Group Limited	ASX:AHG	5,245.8	5,626.0	7.2%	209.6	221.5	5.7%
AMA Group Limited	ASX:AMA	93.2	264.3	183.6%	14.2	24.7	73.8%
ARB Corporation Limited	ASX:ARB	329.8	356.9	8.2%	64.1	69.3	8.1%
Bapcor Limited	ASX:BAP	375.3	685.6	82.7%	40.9	76.8	88.0%
carsales.com Limited	ASX:CAR	311.8	344.0	10.3%	151.5	166.2	9.7%
Coventry Group Ltd.	ASX:CYG	190.7	176.8	-7.3%	(8.4)	(4.6)	44.5%
DataDot Technology Limited	ASX:DDT	7.0	6.6	-5.6%	(1.0)	(2.1)	-112.9%
Fleetwood Corporation Limited	ASX:FWD	302.0	287.3	-4.9%	37.3	9.2	-75.3%
GUD Holdings Limited	ASX:GUD	497.1	595.5	19.8%	58.3	77.8	33.5%
Advanced Braking Technology Limited	ASX:ABV	5.9	4.4	-25.1%	(0.3)	(1.1)	-278.9%
Orbital Corporation Limited	ASX:OEC	9.6	11.6	21.8%	(6.5)	(7.5)	-15.0%
PWR Holdings Limited	ASX:PWH	32.5	47.3	45.6%	13.0	17.0	30.2%
Quickstep Holdings Limited	ASX:QHL	39.5	50.1	26.9%	1.8	(2.0)	-211.8%
Schaffer Corporation Limited	ASX:SFC	157.2	213.5	35.8%	14.2	13.4	-5.7%
Sprintex Limited	ASX:SIX	1.3	2.2	75.2%	(3.0)	(2.3)	22.8%
Supply Network Limited	ASX:SNL	85.3	87.2	2.2%	9.2	8.1	-12.4%
Super Retail Group Limited	ASX:SUL	2,240.6	2,423.8	8.2%	196.8	179.3	-8.9%
Total		9,924.5	11,183.2	12.7%	791.7	843.6	6.6%

Source: CapitalIQ

Revenue for the twelve months ending June 2016 showed positive growth across the ASX aftermarket portfolio, with modest to significant increases compared with twelve months ending June 30 2015 for all but four entities (Coventry Group Limited, DataDot Technology Limited, Fleetwood Corporation Limited and Advanced Braking Technology Limited). Total revenue generated over this period by the ASX aftermarket portfolio increased \$1,258.7 million (up 12.7% compared to FY14/15) which drove an increase in EBITDA of \$51.9 million (up 6.6%). The strongest performers included Bapcor Limited and AMA Group Limited with both heavily involved in acquisition activity through the period FY2016.

Financial spotlight

AMA Group Limited [AMA: ASX]

AMA is an Australian listed company that focuses on the wholesale vehicle aftercare and accessories sector, including vehicle panel repair, vehicle protection products and accessories, automotive electrical and cable accessories and automotive component remanufacturing. The brands that operate under AMA include Mr Gloss, Gemini, BMB Prestige Collision Repairs, Shipstone, Browns Motors, Gemini, Repair Management Australia, Repair Process Management, GoRapid, East Coast Bullbars, Custom Alloy, KT Cable Accessories, Alanco, qest@ and FluidDrive.

Total group revenues in FY16 were \$264.3 million compared to \$93.2 million in FY15 (up 183.6%). This growth can be attributed to growth within its Vehicle Repair Segment, which saw an increase of 398.3% comparing FY15 to FY16. This growth in revenue also drove an increase in EBITDA

from \$14.2 million to \$24.7 million from FY15 to FY16 (up 73.8%).

Growth within the Vehicle Repair Segment was due to an aggressive acquisition strategy (acquiring 63 sites within the last two years) and a strong relationship with major insurers and prestige car manufacturers. Additionally, AMA noted increases in sales for two of its three other divisions (Vehicle Protection Products and Accessories and Automotive Component Remanufacturing up 3.1% and 19.5% respectively) when comparing FY15 to FY16. Conversely, within its Automotive Electrical and Cable Accessories division, AMA experienced a 6.8% reduction in sales; largely due to a Goodwill impairment of \$2 million and attempts to diversify its offering.

Source: AMA Annual Report 2016 and AMA Full Year Results Presentation 2016. Retrieved from: <http://www.amagroupltd.com/financial-reports>



Sector highlights

Other news of note

SA Company Redarc's \$20m expansion to create 100 jobs

Lonsdale electronics manufacturer Redarc expects to create another 100 jobs by 2020 underpinned by a \$20 million plus expansion of its facility. The 2014 Telstra Business of the Year, which makes automotive voltage converters, inverters, power supplies, battery chargers, turbo timers, grow plug timers, LED lighting control systems and trailer braking solutions has a \$40 million turnover and employs 130 staff. Redarc states that it plans to further diversify its offering into the defence space, and will explore exporting opportunities with an automotive manufacturer in Detroit. Its expansion is backed by a \$2.5 million grant from the Federal Government's Next Generation Manufacturing Investment Fund.

Source: Adelaide Now



Holden hangs up 'for sale' sign at \$400m engine plant

Holden has listed the Port Melbourne plant's contents up for sale through Maynards Industries in conjunction with Liquidity Services, as Holden prepares for a late 2017 closure after nearly 70 years of local car manufacturing. Instead of listing set prices for the equipment, Holden is inviting potential buyers to nominate how much they would like to bid for the line (bidding closes on November 30 2016). According to Wheels the terms of settlement are in Australian Dollars, which may suggest that Holden will retain proceeds from the sale (rather than its parent company, General Motors).

Source: Wheelsmag



ACCC takes action against Volkswagen over diesel emission claims

The Australian Competition and Consumer Commission (ACCC) has instituted proceedings in the Federal Court of Australia against German company Volkswagen Aktiengesellschaft (VWAG) and its Australian subsidiary, Volkswagen Group Australia Pty Ltd (VGA), alleging they engaged in misleading or deceptive conduct, made false or misleading representations and engaged in conduct liable to mislead the public in relation to diesel emission claims. The ACCC stated that the allegations involve extraordinary conduct of a serious and deliberate nature and that it is seeking declarations, pecuniary penalties, corrective advertising, findings of fact and costs. The Volkswagen branded vehicles effected from the diesel emissions scandal include: Amarok 2.0 litre, Caddy 1.6 and 2.0 litre, Eos 2.0 litre, Golf 1.6 and 2.0 litre, Jetta 1.6 and 2.0 litre, Passat 2.0 litre, Passat CC 2.0 litre, Polo 1.6 litre, Tiguan 2.0 litre, and the CC 2.0 litre.

Source: ACCC



Large SUVs battle lines drawn

Ford and Holden look set to contest for a greater share of the SUV market, shifting their focus away from large sedans. Both brands have recently announced new models due to launch in 2018 in the high-volume SUV segment. While Ford will offer the Edge as a replacement for the Australian-built Territory, which reaches the end of the line next month, Holden has revealed it will replace the Captiva with a lion-badged version of the GMC Arcadia (as seen to the right). Both vehicles are North American developed 'soft roader' models that will sit alongside their more rugged off-road counterparts in the Ranger-based Everest and Colorado-based Trailblazer. The offerings have worked well for other carmakers such as Toyota who offers the Kluger (aka Highlander), the Prado, the HiLux based Fortuner and outgoing FJ Cruiser, which account for more than a quarter of all sales across the entire segment. Following the announcement of these new models, competition is expected to intensify in the months ahead within the high growth SUV segment.

Source: GoAutoNews Premium Newsletter



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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