

AAAA Dashboard

Q4 2018



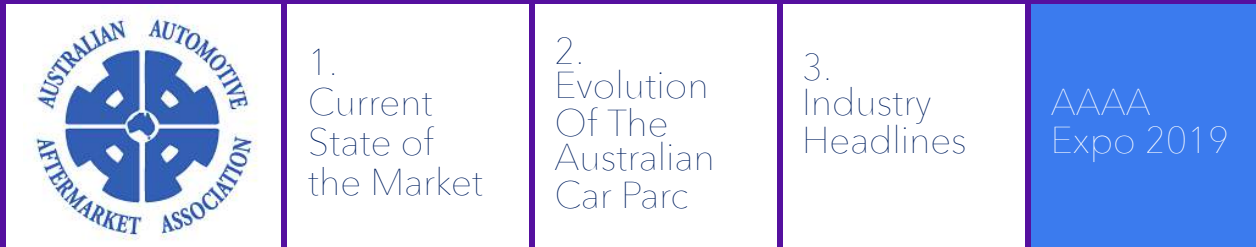
The voice of the independent aftermarket in Australia

Welcome to the Q4 2018 Edition of the Aftermarket Dashboard, a quarterly information service for 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.

Data sourced from VFACTS New Car Sales Data, ABS Motor Vehicle Census, ACA Research Consumer Automotive Survey





1. Current State of the Market

Australian economic indicators

Consumer Confidence



Consumer confidence continued to rise as we moved into the last quarter of 2018.

This was despite a broader context of ongoing concerns about the Australian and international economic environments, as well as frequently negative media coverage of the challenges facing retailers, and declining housing market.

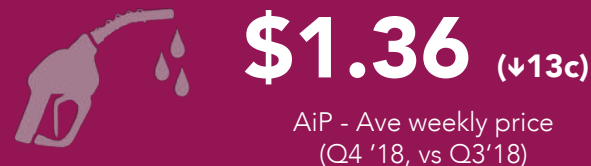
Business Confidence



Business confidence also regained some lost ground in Q4, breaking the downward trend we'd seen over the last two quarters.

As with the consumer result, this is despite a significant level of negativity in the media about Australian economic conditions, and suggests that businesses are maintaining a more positive outlook for the year ahead.

Fuel Prices



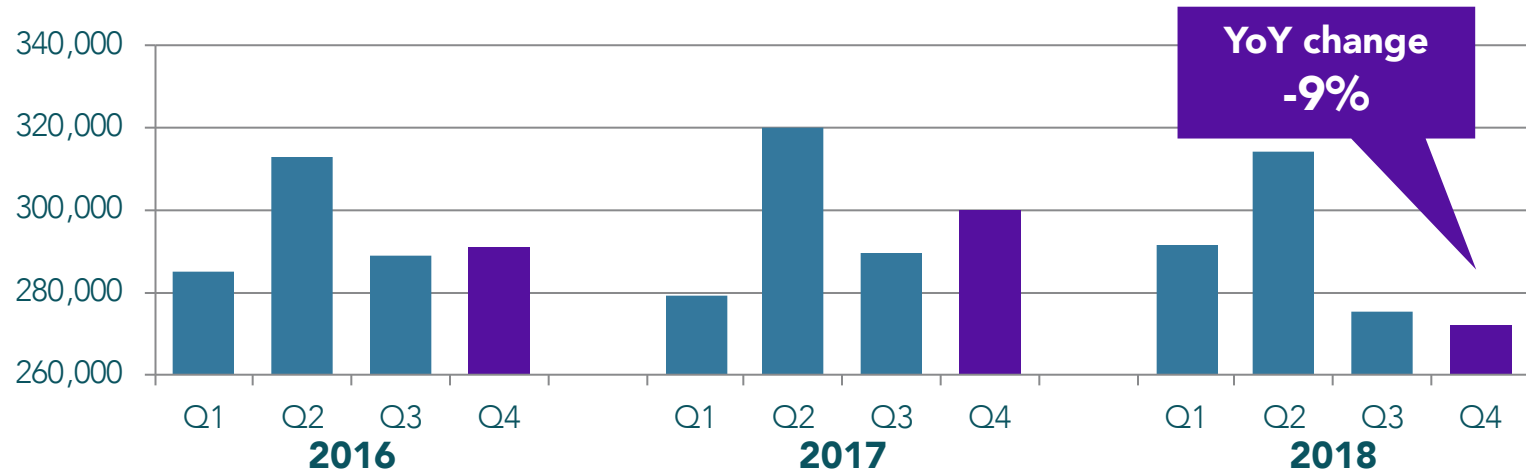
After hitting ten year highs in Q3, retail fuel prices dropped significantly in Q4, relieving consumers and business of the hip-pocket pain of recent months.

While the fall in global crude oil prices was driven by increasing global production, Australia still holds relatively limited on-shore fuel reserves, meaning it is still highly vulnerable to future price fluctuations.

New car sales by quarter

Another weak result in Q4 saw 2018 end with 1,153,111 new vehicles sold, down by 36,000 units from the 1,189,116 sold in 2017. While confidence is trending up, consumers still appear hesitant about making significant purchases, particularly in light of tightening bank lending criteria and changing dealer finance regulations.

272,106 2018 sales volume in Q4



New car sales by state

Year on year results are down around the country, with all states and territories underperforming against Q4 2017. While NSW and Victoria were hit particularly hard, South Australia was the only state to see sales decline by less than 5%.

State	Q4 Volume	% Chng (YoY)	Q4 Share
New South Wales	84,641	-14%	31%
Victoria	79,938	-10%	29%
Queensland	53,758	-5%	20%
Western Australia	23,565	-6%	9%
South Australia	18,220	-3%	7%
Tasmania	5,656	-7%	2%
Australian Capital Territory	4,252	-7%	2%
Northern Territory	2,076	-7%	1%
TOTAL	272,106	-7%	

Buyer types

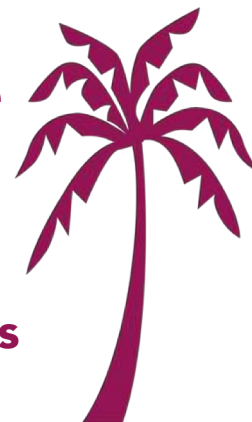
Reflecting the overall market, most buyer categories purchased less vehicles in Q4 2018 than the equivalent period in 2017.

The largest year-on-year decline is however among private buyers, with consumers potentially waiting to see how economic conditions changed in early 2019.

Looking to a successful cohort, the only growth category in Q4 2018 was Heavy Commercial Vehicles, selling 446 more vehicles than on their way to setting a single year record for most trucks sold.

Fleet sales* outperform private by almost











30,000 units



*Excluding Heavy Commercial Vehicles

Buyer Type	Q4 Volume	% Chng (YoY)	Q4 Share
Private	114,405	-12%	42%
Business	116,574	-9%	43%
Government	9,762	-4%	4%
Rental	20,403	-4%	7%
Heavy Commercial Vehicles	10,962	4%	4%
TOTAL	272,106	-9%	

New car sales by marque

Q4 Rank	Make	Q4 Volume	% Chng YoY	Q4 Share
1	 Toyota	52,073	-3%	19%
2	 Mazda	25,206	-5%	9%
3	 Hyundai	21,067	-11%	8%
4	 Mitsubishi	20,476	-4%	8%
5	 Ford	16,111	-9%	6%
6 ^{↑3}	 Holden	15,203	-45%	6%
7	 Nissan	14,105	-1%	5%
8	 Volkswagen	13,839	-10%	5%
9 ^{↓3}	 Kia	13,441	7%	5%
10	 Subaru	11,741	-10%	4%
TOTAL		272,106	-11%	


+7% Q4 year on year results

The top five brands in market remain unchanged, with Toyota selling more than 50,000 vehicles in the quarter, despite a 3% YoY decline. Mazda clearly retains second spot, with Hyundai just 591 units ahead of Mitsubishi in 3rd.

Further down the list, Kia was the only brand in the top 10 to record YoY growth, selling 874 more vehicles in Q4 2018 than last year, on its way to a total of 58,815 for the 2018 calendar year.

Despite jumping back up four places, Holden again recorded a steep sales decline, down 45% on Q4 2017. This is however largely due to aggressive sales activity in late 2017, with the 2018 result probably more accurately reflecting the brand's current position.

2. Evolution Of The Australian Car Parc (2013 – 2018)



Distribution

The Australian car parc increased by almost 1.8 million passenger and light commercial vehicles between 2013 and 2018, taking the total vehicles on road to more than 17.5 million.

Looking at the consistent growth across the country, this highlights the need for a strong independent mechanical sector, with dealer workshops clearly not geared to cater to the more than 35 million service interactions occurring each year.

State	2013	2018	Change (n)	Change (%)
New South Wales	4,598,368	5,152,696	554,328	12%
Victoria	4,043,077	4,541,420	498,343	12%
Queensland	3,267,423	3,662,430	395,007	12%
Western Australia	1,824,566	1,991,141	166,575	9%
South Australia	1,198,384	1,303,309	104,925	9%
Tasmania	398,106	437,010	38,904	10%
Australian Capital Territory	256,410	284,701	28,291	11%
Northern Territory	131,361	144,846	13,485	10%
AUSTRALIA	15,717,696	17,517,565	1,799,869	11%



Vehicle age

While vehicles aged under five years old remain the single largest group, more than two thirds of the vehicles on road are six or more years old (typically beyond manufacturer warranties).

Digging into the data, we can also see that vehicles aged 11 – 15 years old are growing faster than the average, meaning that independent workshops will also see a number of cars manufactured between 2003 and 2007 (as well as those built in 2002 or earlier). This means that while we spend a lot of time talking about the 'workshop of the future', delivering to the vehicles of today remains a key role for independent mechanics.

State	2013	2018	Change (n)	Change (%)
Up to 5 years old	4,782,154	5,414,953	632,799	13%
6 – 10 years old	4,487,804	4,650,816	163,012	4%
11 – 15 years old	3,284,026	3,887,326	603,300	18%
More than 15 years old	3,147,079	3,544,352	397,273	13%
AUSTRALIA	15,717,696	17,517,565	1,799,869	11%

Fuel type

While we've talked a lot about Australian's ongoing love affair with diesel, the data highlights this, with almost 1.5m more diesel vehicles on the road compared to 2013. On the flipside, LPG is definitely fading, declining by 35% over the same period.











This again demonstrates that while diesel is likely to become less common in coming years, in line with more stringent emission standards, there will still be around four million vehicles requiring ongoing servicing and support.

It's also worth noting the 166% growth in electric vehicles. While the numbers remain small, 2019 will see the launch of a wide range of more affordably priced EVs, meaning this will start growing more rapidly over the next few years.

State	2013	2018	Change (n)	Change (%)
Petrol	12,916,516	13,392,673	476,157	4%
Diesel	2,310,943	3,765,138	1,454,195	63%
LPG / Dual fuel	460,654	300,928	-159,726	-35%
Electric	2,976	7,916	4,940	166%
AUSTRALIA	15,717,696	17,517,565	1,799,869	11%



Top marques

2013 Rank	Make	2018 Volume	% Chng (vs. 2013)	2018 Share
1	 Toyota	3,828,454	11%	22%
2	 Holden	2,286,735	-11%	13%
3	 Ford	1,740,470	-13%	10%
6↑2	 Mazda	1,388,990	37%	8%
5	 Nissan	1,159,646	10%	7%
4↓2	 Mitsubishi	1,140,998	2%	7%
7	 Hyundai	1,100,288	36%	6%
8	 Honda	713,649	14%	4%
9	 Subaru	664,443	25%	4%
10	 Volkswagen	581,513	70%	3%
TOTAL		17,517,565	11%	



+70%
Vs. 2013

Looking at the top 10 brands, it's no surprise they're closely aligned with new car sales. The only difference is Honda's presence on the list (instead of Kia), with the standings also largely consistent compared to 2013.

With that said, consumer brand preferences are clearly changing, with Holden and Ford's presence on Australian roads declining. On the flipside, Mazda, Hyundai, Subaru and Volkswagen all outperformed the market, recording substantial growth (albeit less than Isuzu's increase from 24,140 vehicles in 2013 to 119,569 today).

Looking to the future, this means that while the traditional 'Australian' brands will keep turning up in workshops, they also need to cater to the newer Japanese, Korean (and further down the track Chinese?) vehicles, as they claim an increasing share of the Australian parc.

3. Industry Headlines

AAAA NEWS



AAAA Welcomes Release Of Consultation Paper On A Mandatory Scheme For The Sharing Of Motor Vehicle Service & Repair Information

Australia's peak body representing independent automotive repairers, the Australian Automotive Aftermarket Association (AAAA), welcomes today's release by the Federal Government of a Consultation Paper relating to the introduction of a Mandatory Scheme for the Sharing of Vehicle Service and Repair information between car companies and Australia's 23,000 independent automotive repair businesses.



NSW Government To Deny Rego For Takata Airbag Recall Holdouts

The owners of up to 1600 cars will not have their NSW registration renewed, as the NSW government joins the fight to find and destroy the last of Japanese company Takata's so-called 'alpha' airbags.

The Takata airbag recall is the biggest such recall in the history of the automotive industry, with millions of dollars spent by every car company to track down and replace Takata-branded airbag inflators.



The Australian Automotive Industry Event of 2019 is just around the corner

Taking place at the Melbourne Convention and Exhibition Centre from April 4 to 6, 2019 and being held in conjunction with the 2019 Collision Repair Expo, this complete automotive aftermarket industry event provides instant trade customer access to products, services and training expertise from hundreds of leading industry companies across three busy days.



AAAA NEWS



Automotive 'Black Box' Recorders Could Become Mandatory In Europe

Proposed legislation being put to the parliament next month could see data recorders, along with a raft of active safety equipment, installed in all new cars sold within the EU.



Europe To Cut Truck And Bus Emissions By 30 Per Cent By 2030

Europe is getting closer to enacting its first restrictions on carbon dioxide emissions from heavy trucks and buses.

Two of Europe's key governing bodies, the European Parliament and Council, have agreed to a provisional deal, which will see the 28 member bloc **cut carbon dioxide emissions** from heavy trucks and buses **by 30 percent** from 2019 levels by 2030.



Holden Chief Plays Down Inchcape Takeover Rumours

GM HOLDEN chairman and managing director Dave Buttner has played down reports that General Motors is looking to hand over importation and distribution of the Australian brand to UK-headquartered Inchcape, saying he had not been involved in any discussions on the matter.

Australian Auto Aftermarket Expo 2019



Be a part of our Biggest Industry Event

The Australian Automotive Aftermarket Association (AAAA) is gearing up for the industry's biggest showcase event, the 2019 Australian Auto Aftermarket Expo, to be held at the Melbourne Convention and Exhibition Centre from April 4 to 6, 2019.

For remaining 2019 AAA Expo exhibitor space enquiries contact Nina Roberts at IEC – **03 9596 9205** or by email: nina@iecgroup.com.au.

To discuss the remaining 2019 Expo sponsorship opportunities that are available, contact Michelle Vizzuti at the AAAA on **03 9545 3333** or by email michelle@aaaa.com.au.

About AAAA

The Australian Automotive Aftermarket Association, is the national industry association representing manufacturers, distributors, wholesalers, importers and retailers of automotive parts and accessories, tools and equipment, as well as providers of vehicle service, repair and modification services in Australia.

For more information, please contact:

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About ACA Research

With over 20 years of automotive experience, ACA Research has developed a detailed understanding of the automotive sector, Using this market knowledge, we design and deliver research that helps our clients understand and overcome their business issues, empowering them to move forward with confidence.

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