Motor Industry Services

September | 2024

Australian Listed Dealer Comparison

Executive summary *June 2024 results*

This is the fourth edition of the Pitcher Partners Motor Industry Services – Australian Listed Dealer Comparison, where we provide insight into the top three listed motor dealer groups and explore how the macroeconomic environment and inventory supply affected them in the 12 months ended 30 June 2024.

The listed groups – Eagers Automotive (ASX: APE), Autosport's Group (ASX: ASG), and Peter Warren Automotive Holdings (ASX: PWR) – all experienced the impacts from increasing stock levels coupled with increasing revenues for the fiscal year ending 30 June 2024 up by 13% for APE, 12% for ASG and 19% for PWR. However, despite revenue gains, cost of living pressures, stubbornly high inflation and elevated interest rates have compressed gross and net profit before tax margins across all groups.

The 2024 financial year has been set apart by record new vehicle sales and a return to pre-pandemic levels of gross profits in new and used car sales margins. CY23 had a strong second half of the year resulting in a record 1,174,876 units in CY23 (excluding heavy commercial vehicles), reflecting a 12.7% increase compared to CY22, according to VFacts. The first half of CY24 has been the highest on record, up 8.7% from 2023 and 4.4% from the previous peak in 2018. However, June 2024 saw a decline of 4.2% in monthly sales compared to June 2023, driven by weaker volumes in the SUV and Light Commercial segments. Encouragingly, 2024 year-to-date (YTD) figures remain on track for a record-breaking year for new car sales, with continued strong demand from fleet operators. Each of the listed dealership groups have indicated positive outlooks for their used vehicle departments, with volumes all increasing year on year (YOY). Echoing what we have been an advocate of, the focus on used vehicles presents opportunities to increase margins, through provision of aftersales services.

The increased vehicle volume and strategic acquisitions during the period have been vital growth drivers for the listed dealer groups, enabling them to achieve double-digit revenue growth on a YOY basis. However, the industry is now grappling with compressed front-end gross margins, prompting dealerships to focus more on higher margin products and services like Finance and Insurance (F&I) and aftermarket offerings to maintain profitability. Effective management of major expenses, such as floorplan costs, advertising, employee compensation and rent, has become crucial as dealerships strive to adapt to these new economic realities.

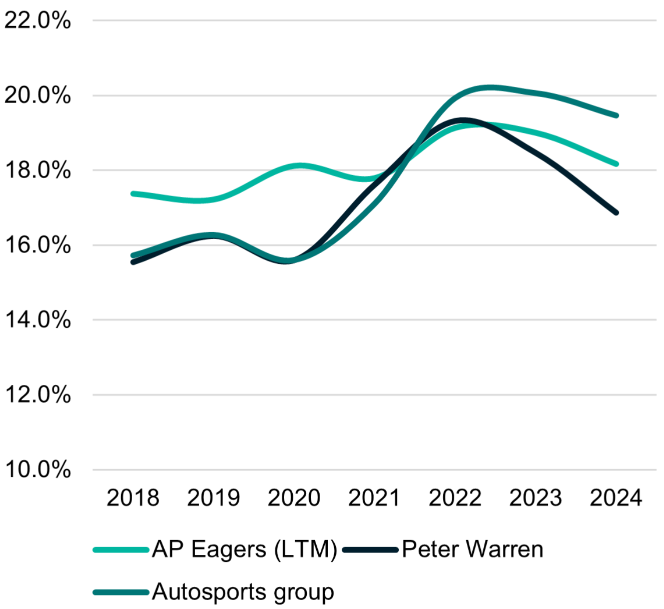
Interest rates are at their highest in over a decade to curb inflation, significantly impacting finance costs, including interest on loans and floorplan, as well as the affordability of consumer finance. Despite only one rate hike in the past 12 months, inflation remains well above the Reserve Bank of Australia's target range, putting pressure on both consumers and dealers. However, we remain optimistic, predicting that new vehicle sales could exceed 1.25 million units in CY24 with profitability decreasing from the pandemic records, however, remaining above 2019 levels.

Results *snapshot*

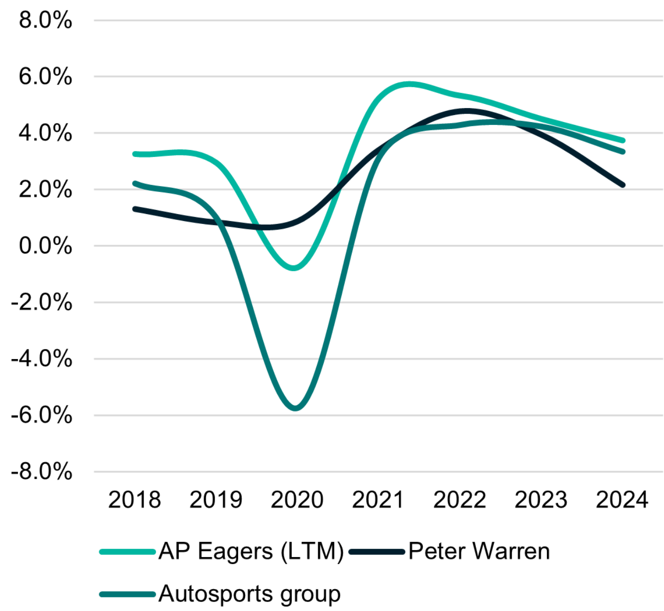
Listed Dealer Groups consolidated performance vs PCP

Total Revenue Growth	NPBT as % of Total Rev	Average Inventory Days
15.5%↑	3.1%	70.6 days
Revenue **increased to $15.62bn** across all listed entities. This was primarily driven by record car sales in 2024 and dealership acquisitions in CY23 and 1H24.	NPBT as a % of Total Revenue **decreased YOY by 1.1%** on average as revenue growth outpaced gross margin.	Inventory Days **increased by 21.0% YOY** as a result of stock oversupplying across the industry from multiple OEMs.
Average Cash Conversion Cycle Days	**Interest expense Growth YOY**	**Interest Coverage Ratio**
68.2 days	56.6%↑	2.9x
Cash conversion **increased by 13.3 days** driven mainly by increasing inventory days.	Interest Expense on average **increased from $50.60m to $79.24m YOY**. Alongside this average interest expense % of Gross increased from 5.9% to 8.3%.	Interest coverage **decreased from 4.52x** on the back of increased floorplan costs and declining profitability.

Listed Gross Margin %



Listed Stat NPBT Margin %



Source: Capital IQ, Pitcher Partners Analysis.

Results *snapshot* (cont.)

AP Eagers performance vs PCP

Total Revenue Growth

14.7%↑

Revenue **increased to $10.50bn**. This was primarily driven by record car sales in 2024 and dealership acquisitions in CY23 and 1H24.

Gross Margin

18.2%

Gross Margin has decreased by 0.8% YOY (19.0% to 18.2%) despite Total Gross Profit **increasing by 9.7% YOY** demonstrating margin compressions.

EBITDA Margin

6.5%

EBITDA **increased by 46.98m YOY**. However, EBITDA margin **decreased by 0.4%** attributed to declines in gross margin demonstrating margin pressures within the market.

EBIT Margin

5.2%

EBIT **increased by $34.22m**. However, EBIT margin **decreased by 0.4%**.

NPBT as % of Total Rev

3.7%

NPBT as a % of Total Revenue **decreased YOY by 0.8%** on average as revenue growth outpaced gross margin.

Average Inventory Days

63.0 days

Inventory Days **increased by 28.3% YOY** as a result of stock oversupplying across the industry from multiple OEMs.

Average Cash Conversion Cycle Days

53.3 days

Cash conversion **increased by 12.6 days** driven mainly by increasing inventory days.

Interest expense Growth YOY

52.0%↑

Interest Expense **increased from $90.39m to $137.35m YOY**. Alongside this Interest expense % of Gross increased from 5.2% to 7.2%.

Interest Coverage Ratio

4.0x

Interest coverage **decreased from 5.7x** on the back of increased floorplan costs and declining profitability.

Return on Equity

21.1%

Return on Equity **decreased by 13.8% YOY**, mainly due to a decrease in earnings and increased interest costs.

Total Enterprise Value to EBIT

10.3x

EV to EBIT **decreased to 10.3x compared to 10.8x** at June 23. This is primarily attributed to an increase in EBIT.

Price to Earnings per Share

10.5x

The share price to earnings per share (before extraordinary items) is **10.5x** compared to **12.5x** at June 2023.

Results *snapshot* (cont.)

Autosports performance vs PCP

Total Revenue Growth	Gross Margin	EBITDA Margin
11.6%↑	19.5%	7.7%
Revenue **increased to $2.65bn**. This was primarily driven by record car sales in 2024 and dealership acquisitions in CY23.	Gross Margin has decreased by 0.6% YOY (20.1% to 19.5%) despite Total Gross Profit **increasing by 8.3% YOY** demonstrating margin compressions.	EBITDA **increased by $7.20m YOY**. However, EBITDA margin **decreased by 0.6%** attributed to declines in gross margin demonstrating margin pressures within the market.
EBIT Margin	**NPBT as % of Total Rev**	**Average Inventory Days**
5.5%	3.3%	74.1 days
EBIT **decreased by $0.13m**. Alongside this, EBIT margin **decreased by 0.6%**.	NPBT as a % of Total Revenue **decreased YOY by 0.9%** on average as revenue growth outpaced gross margin.	Inventory Days **increased by 30.2% YOY** as a result of stock oversupplying across the industry from multiple OEMs.
Average Cash Conversion Cycle Days	**Interest expense Growth YOY**	**Interest Coverage Ratio**
68.2 days	68.7%	2.6x
Cash conversion **increased by 18.9 days** driven mainly by increasing inventory days.	Interest Expense increased from $33.66m to $56.79m YOY. Alongside this Interest expense % of Gross increased from 7.1% to 11.0%.	Interest coverage **decreased from 4.3x** on the back of increased floorplan costs and declining profitability.
Return on Equity	**Total Enterprise Value to EBIT**	**Price to Earnings per Share**
12.6%	9.5x	7.2x
Return on Equity **decreased by 11.9% YOY**, mainly due to a decrease in earnings and increased interest costs.	EV to EBIT **increased to 9.5x compared to 8.7x** at June 23. This is primarily attributed to a decline in EBIT.	The share price to earnings per share (before extraordinary items) is **7.2x** compared to **6.2x** at June 2023.

Results *snapshot* (cont.)

Peter Warren performance vs PCP

Total Revenue Growth

20.0%↑

Revenue **increased to $2.47bn**. This was primarily driven by record car sales in 2024 and dealership acquisitions in CY23 and 1H24.

Gross Margin

16.9%

Gross Margin has decreased by 1.6% YOY (18.5% to 16.9%) despite Total Gross Profit **increasing by 9.6% YOY** demonstrating margin compressions.

EBITDA Margin

5.3%

EBITDA **decreased by $2.24m YOY**. EBITDA margin also **decreased by 0.9%** attributed to declines in gross margin demonstrating margin pressures within the market.

EBIT Margin

3.9%

EBIT **decreased by $1.56m**. Alongside this, EBIT margin **decreased by 0.9%**.

NPBT as % of Total Rev

2.2%

NPBT as a % of Total Revenue **decreased YOY by 1.8%** on average as revenue growth outpaced gross margin.

Average Inventory Days

74.6 days

Inventory Days **increased by 8.2% YOY** as a result of stock oversupplying across the industry from multiple OEMs.

Average Cash Conversion Cycle Days

83.0 days

Cash conversion **increased by 8.4 days** driven mainly by increasing inventory days.

Interest expense Growth YOY

57.1%

Interest Expense increased from $27.74m to $43.58m YOY. Alongside this Interest expense % of Gross increased from 7.3% to 10.5%.

Interest Coverage Ratio

2.2x

Interest coverage **decreased from 3.5x** on the back of increased floorplan costs and declining profitability.

Return on Equity

7.2%

Return on Equity **decreased by 36.5% YOY**, mainly due to a decrease in earnings and increased interest costs.

Total Enterprise Value to EBIT

11.0x

EV to EBIT increased to **11.0x** compared to **9.7x** at June 23. This is primarily attributed to a decline in EBIT.

Price to Earnings per Share

8.1x

The share price to earnings per share (before extraordinary items) is **8.1x** compared to **7.5x** at June 2023.

At a *glance*

Australia Listed Dealer Groups Comparison – 12 months to 30 June 2024

	ASX:APE		ASX:ASG		ASX:PWR		FY24
	2024	2023	2024	2023	2024	2023	Average
Financial Performance							
Total Revenue	**10,503.0**	**9,154.8**	**2,646.8**	**2,371.3**	**2,473.7**	**2,061.2**	**5,207.8**
Total Revenue Growth YOY	14.73%		11.62%		20.01%		15.45%
Gross Profit	**1,908.4**	**1,739.3**	**514.9**	**475.5**	**417.2**	**380.7**	**946.8**
Margin %	18.17%	19.00%	19.45%	20.05%	16.86%	18.47%	18.18%
EBITDA	**681.4**	**634.5**	**205.1**	**197.9**	**130.9**	**128.6**	**339.1**
Margin %	6.49%	6.93%	7.75%	8.35%	5.29%	6.24%	6.51%
EBIT	**549.3**	**515.0**	**145.7**	**145.9**	**96.3**	**97.8**	**263.8**
Margin %	5.23%	5.63%	5.51%	6.15%	3.89%	4.75%	5.06%
NPBT	**392.5**	**411.8**	**88.4**	**100.3**	**53.4**	**81.1**	**178.1**
Margin %	3.74%	4.50%	3.34%	4.23%	2.16%	3.94%	3.42%
Net Income	**259.4**	**274.8**	**60.9**	**65.4**	**36.1**	**56.4**	**118.8**
Margin %	2.47%	3.00%	2.30%	2.76%	1.46%	2.73%	2.28%
Return on equity	21.09%	24.47%	12.65%	14.37%	7.21%	11.35%	13.65%
Capital Structure and Funding Ratios							
Total Debt	3,203.2	2,415.6	991.9	903.0	790.6	575.5	1,661.9
Total Equity	1,308.8	1,269.9	493.7	478.4	524.9	514.2	775.8
Total Debt/Equity	244.74%	190.22%	200.94%	188.75%	150.61%	111.91%	198.76%
Total Assets	5,364.0	4,347.8	1,728.4	1,619.3	1,452.2	1,204.9	2,848.2
LT Debt/Equity	112.02%	94.86%	75.26%	86.89%	59.39%	49.32%	82.22%
Total Liabilities/Total Assets	75.60%	70.79%	71.44%	70.46%	63.85%	57.32%	70.30%
EBIT / Interest Exp	4.0	5.7	2.6	4.3	2.2	3.5	2.9
Interest Expense	(137.3)	(90.4)	(56.8)	(33.7)	(43.6)	(27.7)	(79.2)
Common Dividends Paid	(191.0)	(181.6)	(40.2)	(36.2)	(33.6)	(41.3)	(88.3)
Total Funding Costs	(4.29%)	(3.74%)	(5.72%)	(3.73%)	(5.51%)	(4.82%)	(5.17%)
Market Capitalization	**2,716.0**	**3,444.4**	**436.2**	**408.0**	**290.7**	**422.3**	**1,147.6**
- Cash & Short-Term Investments	(297.5)	(353.0)	(36.3)	(42.0)	(35.2)	(50.6)	(123.0)
+ Total Debt	3,203.2	2,415.6	991.9	903.0	790.6	575.5	1,661.9
+ Pref. Equity	-	-	-	-	-	-	-
+ Total Minority Interest	29.9	38.7	(0.9)	5.9	8.5	-	12.5
Total Enterprise Value (TEV)	**5,651.6**	**5,545.7**	**1,391.0**	**1,274.9**	**1,054.6**	**947.2**	**2,699.1**
Management Efficiency Ratios							
Inventory Turnover	5.8x	7.4x	4.9x	6.4x	4.9x	5.3x	5.2x
Accounts Receivable Turnover	26.3x	27.4x	30.4x	35.9x	29.0x	33.0x	28.6x
+ Average Inventory Days' Supply	63.0	49.1	74.2	56.9	74.6	68.9	70.7
+ Avg. Days Sales Out.	13.9	13.3	12.0	10.2	12.6	11.1	12.9
- Avg. Days Payable Out.	23.6	21.6	18.0	17.8	4.2	5.3	15.2
= Average Cash Conversion Cycle	**53.3**	**40.8**	**68.2**	**49.3**	**83.0**	**74.7**	**68.2**
Liquidity Ratios							
Working Capital	39.7	42.8	(208.1)	(193.5)	21.5	59.3	(39.7)
Current Ratio	1.0x	1.0x	0.8x	0.7x	1.0x	1.1x	0.9x
Quick Ratio	0.3x	0.4x	0.2x	0.2x	0.2x	0.3x	0.3x
Cash from Ops. to Curr. Liab.	0.1x	0.3x	0.1x	0.2x	0.1x	0.2x	0.2x

Source: Capital IQ.

At a *glance* (cont.)

Australia Listed Dealer Groups Comparison – 12 months to 30 June 2024 (cont.)

Income Statement ('000s)	APE		ASG		PWR	
For the Fiscal Period Ending	LTM 30 June 2024	% of sales (expenses shown % of GP)	LTM 30 June 2024	% of sales (expenses shown % of GP)	LTM 30 June 2024	% of sales (expenses shown % of GP)
Currency	**$AUD**		**$AUD**		**$AUD**	
Revenue	10,498.3		2,646.8		2,473.5	
Interest And Invest. Income (Rev)	4.8		-		-	
Other Revenue	-		-		0.1	
Total Revenue	**10,503.0**		**2,646.8**		**2,473.7**	
Cost Of Goods Sold	8,594.7		2,131.9		2,056.5	
Gross Profit	**1,908.4**	**18.17%**	**514.9**	**19.45%**	**417.2**	**16.86%**
Selling General & Admin Exp.	751.7	39.39%	212.9	41.35%	235.8	56.52%
Depreciation & Amort.	132.2	6.93%	59.4	11.53%	34.6	8.29%
Other Operating Expense/(Income)	473.4	24.81%	96.9	18.82%	50.5	12.11%
Stock-based Compensation	1.8	0.10%	-	-	-	-
Other Operating Exp., Total	**1,359.1**	**71.22%**	**369.2**	**71.70%**	**320.9**	**76.92%**
Operating Income	**549.3**	**5.23%**	**145.7**	**5.51%**	**96.3**	**3.89%**
Interest Expense	137.3	7.20%	56.8	11.03%	43.6	10.45%
Interest and Invest. Income	-	0.00%	(0.1)	(0.02%)	(0.9)	(0.21%)
Net Interest Exp.	**137.3**	**7.20%**	**56.7**	**11.01%**	**42.7**	**10.24%**
Income/(Loss) from Affiliates	1.2		-		-	
Other Non-Operating Inc. (Exp.)	(22.8)		-		0.6	
NPBT Excl. Unusual Items	**390.3**	**3.72%**	**89.0**	**3.36%**	**54.1**	**2.19%**
Merger & Related Restruct. Charges	(2.3)		(0.7)		(0.7)	
Gain (Loss) On Sale of Assets	4.5		-		-	
Asset Writedown	-		-		0.0	
Other Unusual Items	-		-		0.0	
NPBT Incl. Unusual Items	**392.5**	**3.74%**	**88.4**	**3.34%**	**53.4**	**2.16%**
Income Tax Expense	120.6	6.32%	26.9	5.22%	16.0	3.83%
Earnings from Cont. Ops.	**271.9**	**2.59%**	**61.5**	**2.32%**	**37.4**	**1.51%**
Earnings of Discontinued Ops.	-		-		-	
Net Income to Company	**271.9**	**2.59%**	**61.5**	**2.32%**	**37.4**	**1.51%**
Minority Int. in Earnings	(12.6)		(0.6)		(1.4)	
Net Income	**259.4**	**2.47%**	**60.9**	**2.30%**	**36.1**	**1.46%**

In millions of $AUD, except per share items.
Source: Capital IQ.

At a *glance* (cont.)

Australia Listed Dealer Groups Comparison – 12 months to 30 June 2023

Income Statement ('000s)	APE		ASG		PWR	
For the Fiscal Period Ending	LTM 30 June 2023	% of sales (expenses shown % of GP)	LTM 30 June 2023	% of sales (expenses shown % of GP)	LTM 30 June 2023	% of sales (expenses shown % of GP)
Currency	**$AUD**		**$AUD**		**$AUD**	
Revenue	9,143.7		2,371.3		2,060.4	
Interest And Invest. Income (Rev)	11.1		-		-	
Other Revenue	-		-		0.9	
Total Revenue	**9,154.8**		**2,371.3**		**2,061.2**	
Cost Of Goods Sold	7,415.5		1,895.8		1,680.6	
Gross Profit	**1,739.3**	**19.00%**	**475.5**	**20.05%**	**380.7**	**18.47%**
Selling General & Admin Exp.	704.7	40.52%	197.0	41.42%	210.9	55.41%
Depreciation & Amort.	119.4	6.86%	52.0	10.94%	30.8	8.09%
Other Operating Expense/(Income)	397.8	22.87%	80.7	16.96%	41.1	10.80%
Stock-based Compensation	2.4	0.14%	-		-	
Other Operating Exp., Total	**1,224.3**	**70.39%**	**329.6**	**69.32%**	**282.8**	**74.30%**
Operating Income	**515.0**	**5.63%**	**145.9**	**6.15%**	**97.8**	**4.75%**
Interest Expense	90.4	5.20%	33.7)	7.08%	27.7	7.29%
Interest and Invest. Income	-	-	(0.1)	(0.03%)	(0.5)	(0.14%)
Net Interest Exp.	**90.4**	**5.20%**	**33.5**	**7.05%**	**27.2**	**7.15%**
Income/(Loss) from Affiliates	1.3		-		-	
Other Non-Operating Inc. (Exp.)	(16.9)		-		11.3	
NPBT Excl. Unusual Items	**409.0**	**4.47%**	**112.3**	**4.74%**	**81.9**	**3.97%**
Merger & Related Restruct. Charges	(4.9)		(6.0)		(0.8)	
Gain (Loss) On Sale of Assets	7.6		-		-	
Asset Writedown	-		(6.0)		0.0	
Other Unusual Items	-		-		0.0	
NPBT Incl. Unusual Items	**411.8**	**4.50%**	**100.3**	**4.23%**	**81.1**	**3.94%**
Income Tax Expense	115.6	6.64%	33.7	7.08%	24.8	6.50%
Earnings from Cont. Ops.	**296.2**	**3.24%**	**66.6**	**2.81%**	**56.4**	**2.74%**
Earnings of Discontinued Ops.	-		-		-	
Net Income to Company	**296.2**	**3.24%**	**66.6**	**2.81%**	**56.4**	**2.74%**
Minority Int. in Earnings	(21.3)		(1.2)		-	
Net Income	**274.8**	**3.00%**	**65.4**	**2.76%**	**56.4**	**2.74%**

In millions of $AUD, except per share items.
Source: Capital IQ.

Listed results *summary*

The good

Revenue growth

- Despite challenges, all three listed dealer groups (PWR, APE and ASG) reported significant revenue growth YOY ($15.62bn combined increase), driven primarily by strong performances in new car sales, back-end services, and parts sales. This suggests that demand, while under pressure, remains robust enough to support topline growth.

Cost management

- Effective cost management is a recurring theme, with all companies reducing their operating expense ratios. Operating expenses as a percentage of revenue have declined on average by (2.8%) from an average of 13.67% in 2023 to 13.29% in 2024. This focus on cost efficiency is helping to partly offset the impact of declining gross margins, preserving profitability in a challenging environment.

Back-end revenue expansion

- Across the board, there has been strong growth in higher-margin back-end services (e.g. service and parts), which has been a key contributor to mitigating/minimising the overall gross margin compression. This area continues to provide a reliable revenue and gross profit streams for dealerships.

The not so good

Gross Margin compression and NPBT pressures

- All companies reported declines in gross profit (GP) margins, largely due to pressures on new car margins due to increased new vehicle stock and cost of living pressures on demand. Rising costs, primarily driven by increasing interest/floorplan costs due to higher inventory levels have impacted NPBT for all three dealer groups when compared to PCP.

Inventory management challenges

- While inventory has been well managed in some areas, the industry as a whole has well and truly entered a period of oversupply. This oversupply has led to increased bailment expenses and inventory holding costs, further straining profit margins.

Increased finance costs

- Rising interest costs associated with higher inventory levels and acquisitions are impacting profitability. The industry has seen increases in interest expenses on average of 56.6% YOY, which is eroding profit margins displayed in the decreases in NPBT margins across all three companies. Interest expenses as a proportion of GP has grown on average 45.9%, increasing from an average 6.52% of GP in 2023 to 9.56% of GP in 2024.

The interesting

Resilience amidst economic headwinds

- Despite pressures on gross margins, increased inventory management challenges and rising finance costs, all of the listed companies have managed to sustain growth and profitability above pre-COVID levels. This resilience, even in tough economic conditions, is a testament to the strength of the Australian automotive industry and its ability to adapt to changing times.
- In a historical context, NPBT levels at June 2024 are relatively strong.

Insurance / Other costs

- Other expenses have noticeably increased across all three of the listed businesses, growing 10.1% YOY on average from 16.9% of GP in 2023 to 18.6% in 2024.
- We suspect that this could be attributed to increases in insurance costs, however due to the fact that ASG and APE do not segregate insurance costs, we are unable verify.
- Peter Warren has separated insurance expenses from other costs seeing an increase in insurance of 41.0% YOY in real terms and as a percentage of gross growing 28.6% from 2.3% of gross in 2023 to 3.0% in 2024.
  - This is likely attributed to higher inventory days resulting in more stock requiring insurance than 2023.
  - It could also be attributed to increases in cyber insurance costs/spending and general insurance cost increases.

Market *share* VFACTS National – June 2024

	Month		YTD		Variance +/- VOL		%		MTD%		+/-	YTD%		+/-
Total Market	**2024**	**2023**	**2024**	**2023**	**Month**	**YTD**	**Month**	**YTD**	**Mshare 24**	**Mshare 23**	**%**	**Mshare 24**	**Mshare 23**	**%**
Alfa Romeo	64	86	371	267	(22)	104	(25.58%)	38.95%	0.06%	0.07%	(0.02%)	0.06%	0.05%	0.01%
Aston Martin	24	42	-	3	(18)	(3)	(42.86%)	(100.00%)	0.02%	0.03%	(0.01%)	0.00%	0.00%	(0.00%)
Audi	1,668	1,841	8,183	9,336	(173)	(1,153)	(9.40%)	(12.35%)	1.44%	1.53%	(0.09%)	1.34%	1.67%	(0.33%)
Bentley	24	42	-	3	(18)	(3)	(42.86%)	(100.00%)	0.02%	0.03%	(0.01%)	0.00%	0.00%	(0.00%)
BMW	3,146	3,038	13,641	12,502	108	1,139	3.55%	9.11%	2.72%	2.53%	0.20%	2.23%	2.24%	(0.01%)
BYD	1,743	1,532	9,548	6,196	211	3,352	13.77%	54.10%	1.51%	1.27%	0.23%	1.56%	1.11%	0.45%
Chery	1,079	603	4,295	1,612	476	2,683	78.94%	166.44%	0.93%	0.50%	0.43%	0.70%	0.29%	0.41%
Chevrolet	383	452	2,018	1,713	(69)	305	(15.27%)	17.81%	0.33%	0.38%	(0.04%)	0.33%	0.31%	0.02%
Citroen	21	19	74	116	2	(42)	10.53%	(36.21%)	0.02%	0.02%	0.00%	0.01%	0.02%	(0.01%)
CUPRA	151	359	1,150	1,586	(208)	(436)	(57.94%)	(27.49%)	0.13%	0.30%	(0.17%)	0.19%	0.28%	(0.10%)
Dodge	-	255	-	3	(255)	(3)	(100.00%)	(100.00%)	0.00%	0.21%	(0.21%)	0.00%	0.00%	(0.00%)
Ferrari	28	14	215	-	14	215	100.00%	-	0.02%	0.01%	0.01%	0.04%	0.00%	0.04%
Fiat	62	66	290	413	(4)	(123)	(6.06%)	(29.78%)	0.05%	0.05%	(0.00%)	0.05%	0.07%	(0.03%)
Fiat Professional	87	95	533	595	(8)	(62)	(8.42%)	(10.42%)	0.08%	0.08%	(0.00%)	0.09%	0.11%	(0.02%)
Ford	9,493	7,753	49,622	38,182	1,740	11,440	22.44%	29.96%	8.22%	6.45%	1.77%	8.10%	6.83%	1.27%
Genesis	135	238	710	871	(103)	(161)	(43.28%)	(18.48%)	0.12%	0.20%	(0.08%)	0.12%	0.16%	(0.04%)
GWM	4,173	3,897	21,524	17,548	276	3,976	7.08%	22.66%	3.61%	3.24%	0.37%	3.51%	3.14%	0.38%
Honda	1,498	1,116	8,705	6,758	382	1,947	34.23%	28.81%	1.30%	0.93%	0.37%	1.42%	1.21%	0.21%
Hyundai	6,552	8,215	36,082	37,707	(1,663)	(1,625)	(20.24%)	(4.31%)	5.67%	6.83%	(1.16%)	5.89%	6.74%	(0.85%)
Isuzu Ute	4,445	3,611	25,903	20,357	834	5,546	23.10%	27.24%	3.85%	3.00%	0.84%	4.23%	3.64%	0.59%
Iveco Bus	-	255	-	3	(255)	(3)	(100.00%)	(100.00%)	0.00%	0.21%	(0.21%)	0.00%	0.00%	(0.00%)
Jaguar	91	47	403	238	44	165	93.62%	69.33%	0.08%	0.04%	0.04%	0.07%	0.04%	0.02%
Jeep	174	655	1,282	2,669	(481)	(1,387)	(73.44%)	(51.97%)	0.15%	0.54%	(0.39%)	0.21%	0.48%	(0.27%)
Kia	8,225	7,551	41,300	39,160	674	2,140	8.93%	5.46%	7.12%	6.28%	0.84%	6.74%	7.00%	(0.26%)
Lamborghini	35	74	-	3	(39)	(3)	(52.70%)	(100.00%)	0.03%	0.06%	(0.03%)	0.00%	0.00%	(0.00%)
Land Rover	995	742	4,018	3,714	253	304	34.10%	8.19%	0.86%	0.62%	0.24%	0.66%	0.66%	(0.01%)
LDV	1,657	2,760	8,796	11,250	(1,103)	(2,454)	(39.96%)	(21.81%)	1.43%	2.30%	(0.86%)	1.44%	2.01%	(0.58%)
Lexus	1,209	1,491	6,286	6,910	(282)	(624)	(18.91%)	(9.03%)	1.05%	1.24%	(0.19%)	1.03%	1.24%	(0.21%)
Lotus	18	14	215	-	4	215	28.57%	-	0.02%	0.01%	0.00%	0.04%	0.00%	0.04%
Maserati	39	105	200	319	(66)	(119)	(62.86%)	(37.30%)	0.03%	0.09%	(0.05%)	0.03%	0.06%	(0.02%)
Mazda	9,483	9,706	48,547	50,424	(223)	(1,877)	(2.30%)	(3.72%)	8.21%	8.07%	0.14%	7.92%	9.02%	(1.09%)
McLaren	14	10	41	46	4	(5)	40.00%	(10.87%)	0.01%	0.01%	0.00%	0.01%	0.01%	(0.00%)
Mercedes-Benz Cars	1,951	2,455	9,613	12,671	(504)	(3,058)	(20.53%)	(24.13%)	1.69%	2.04%	(0.35%)	1.57%	2.27%	(0.70%)
Mercedes-Benz Vans	461	561	2,345	2,418	(100)	(73)	(17.83%)	(3.02%)	0.40%	0.47%	(0.07%)	0.38%	0.43%	(0.05%)
MG	4,224	6,016	24,593	26,692	(1,792)	(2,099)	(29.79%)	(7.86%)	3.66%	5.00%	(1.35%)	4.01%	4.77%	(0.76%)
MINI	304	587	1,576	2,136	(283)	(560)	(48.21%)	(26.22%)	0.26%	0.49%	(0.23%)	0.26%	0.38%	(0.12%)
Mitsubishi	7,723	5,187	39,634	30,849	2,536	8,785	48.89%	28.48%	6.69%	4.31%	2.37%	6.47%	5.52%	0.95%
Nissan	4,293	2,759	24,916	17,278	1,534	7,638	55.60%	44.21%	3.72%	2.29%	1.42%	4.07%	3.09%	0.98%
Peugeot	255	336	1,190	1,186	(81)	4	(24.11%)	0.34%	0.22%	0.28%	(0.06%)	0.19%	0.21%	(0.02%)
Polestar	-	255	-	3	(255)	(3)	(100.00%)	(100.00%)	0.00%	0.21%	(0.21%)	0.00%	0.00%	(0.00%)
Porsche	683	726	3,400	3,231	(43)	169	(5.92%)	5.23%	0.59%	0.60%	(0.01%)	0.55%	0.58%	(0.02%)
RAM	407	1,172	2,044	4,156	(765)	(2,112)	(65.27%)	(50.82%)	0.35%	0.97%	(0.62%)	0.33%	0.74%	(0.41%)
Renault	650	972	2,969	4,425	(322)	(1,456)	(33.13%)	(32.90%)	0.56%	0.81%	(0.25%)	0.48%	0.79%	(0.31%)
Rolls-Royce	6	5	26	21	1	5	20.00%	23.81%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Skoda	446	810	2,946	3,967	(364)	(1,021)	(44.94%)	(25.74%)	0.39%	0.67%	(0.29%)	0.48%	0.71%	(0.23%)
SsangYong	746	751	3,199	3,319	(5)	(120)	(0.67%)	(3.62%)	0.65%	0.62%	0.02%	0.52%	0.59%	(0.07%)
Subaru	4,460	4,920	21,743	22,502	(460)	(759)	(9.35%)	(3.37%)	3.86%	4.09%	(0.23%)	3.55%	4.02%	(0.47%)
Suzuki	1,770	1,655	10,486	8,814	115	1,672	6.95%	18.97%	1.53%	1.38%	0.16%	1.71%	1.58%	0.14%
Tesla	4,683	7,018	23,116	25,577	(2,335)	(2,461)	(33.27%)	(9.62%)	4.05%	5.84%	(1.78%)	3.77%	4.57%	(0.80%)
Toyota	20,903	20,948	121,301	92,235	(45)	29,066	(0.21%)	31.51%	18.09%	17.42%	0.67%	19.80%	16.49%	3.31%
Volkswagen	3,758	5,125	18,870	20,970	(1,367)	(2,100)	(26.67%)	(10.01%)	3.25%	4.26%	(1.01%)	3.08%	3.75%	(0.67%)
Volvo Car	1,082	1,304	4,741	6,290	(222)	(1,549)	(17.02%)	(24.63%)	0.94%	1.08%	(0.15%)	0.77%	1.12%	(0.35%)
Total Cars	**115,521**	**120,246**	**612,660**	**559,244**	**(4,725)**	**53,416**	**(3.93%)**	**9.55%**	**100.00%**	**100.00%**		**100.00%**	**100.00%**	
Daf	75	112	359	427	(37)	(68)	(33.04%)	(15.93%)	1.81%	2.01%	(0.20%)	1.87%	2.05%	(0.18%)
Dennis Eagle	10	9	32	27	1	5	11.11%	18.52%	0.24%	0.16%	0.08%	0.17%	0.13%	0.04%
Foton Mobility	9	20	52	20	(11)	32	(55.00%)	160.00%	0.22%	0.36%	(0.14%)	0.27%	0.10%	0.17%
Freightliner	34	60	159	209	(26)	(50)	(43.33%)	(23.92%)	0.82%	1.08%	(0.26%)	0.83%	1.01%	(0.18%)
Fuso	453	689	1,962	2,698	(236)	(736)	(34.25%)	(27.28%)	10.95%	12.39%	(1.44%)	10.22%	12.98%	(2.76%)
Hino	568	882	2,576	3,166	(314)	(590)	(35.60%)	(18.64%)	13.73%	15.86%	(2.13%)	13.42%	15.24%	(1.81%)
Hyundai Commercial Vehicles	35	74	-	3	(39)	(3)	(52.70%)	(100.00%)	0.85%	1.33%	(0.48%)	0.00%	0.01%	(0.01%)
Isuzu	1,364	1,594	6,635	7,099	(230)	(464)	(14.43%)	(6.54%)	32.96%	28.66%	4.30%	34.57%	34.16%	0.41%
Iveco Trucks	336	249	1,219	1,091	87	128	34.94%	11.73%	8.12%	4.48%	3.64%	6.35%	5.25%	1.10%
Kenworth	409	473	1,711	1,759	(64)	(48)	(13.53%)	(2.73%)	9.88%	8.51%	1.38%	8.92%	8.46%	0.45%
Mack	102	168	525	533	(66)	(8)	(39.29%)	(1.50%)	2.46%	3.02%	(0.56%)	2.74%	2.56%	0.17%
Man	37	28	153	138	9	15	32.14%	10.87%	0.89%	0.50%	0.39%	0.80%	0.66%	0.13%
Mercedes-Benz Trucks	136	107	599	469	29	130	27.10%	27.72%	3.29%	1.92%	1.36%	3.12%	2.26%	0.86%
Scania	164	162	779	625	2	154	1.23%	24.64%	3.96%	2.91%	1.05%	4.06%	3.01%	1.05%
SEA Electric	-	255	-	3	(255)	(3)	(100.00%)	(100.00%)	0.00%	4.59%	(4.59%)	0.00%	0.01%	(0.01%)
UD Trucks	103	156	513	610	(53)	(97)	(33.97%)	(15.90%)	2.49%	2.81%	(0.32%)	2.67%	2.94%	(0.26%)
Volvo Commercial	272	502	1,789	1,814	(230)	(25)	(45.82%)	(1.38%)	6.57%	9.03%	(2.45%)	9.32%	8.73%	0.59%
Western Star	31	21	129	90	10	39	47.62%	43.33%	0.75%	0.38%	0.37%	0.67%	0.43%	0.24%
Total Heavy / Commercial	**4,138**	**5,561**	**19,192**	**20,781**	**(1,423)**	**(1,589)**	**(25.59%)**	**(7.65%)**	**100.00%**	**100.00%**		**100.00%**	**100.00%**	
Total Market	**119,659**	**125,807**	**631,852**	**580,025**	**(6,148)**	**51,827**	**(4.89%)**	**8.94%**						

Source: VFACTS June 2024.

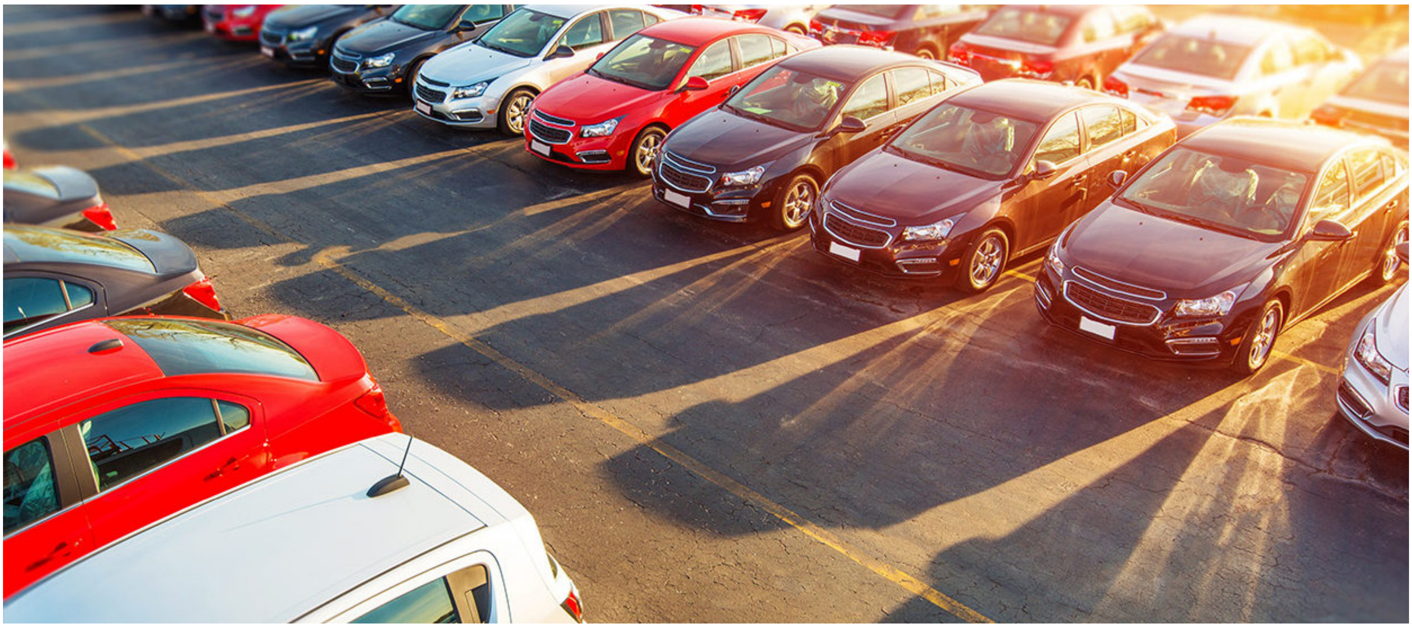
VFACTS June 2024 *summary*

Key takeaways for the month of June 2024

- June 2024 monthly figures were down 4.2% compared to June 2023, due to weaker volumes across SUV and Light Commercial segments
- Ford continued to hold a slim lead over Mazda with continual impressive sales in the Ranger and Everest ranges.
- Kia showed up its bigger sister brand Hyundai, with a monthly 8.9% unit growth compared to Hyundai's 20.2% slump for June 2024 (+5.5% vs -4.3% YTD respectively).

Dealer performance

- Front-end gross margins continue to compress, forcing dealers to look at the back-end, F&I and aftermarket to maintain best practice profitability.
- Dealers should also be reviewing the big four expenses (floorplan, advertising, employee and rent) and generate well-developed strategies to manage these effectively.
- The return to pre-pandemic gross profits and return on sales are now here. Dealers must focus on pro-active generation of gross and expense management is paramount.
- If you are only just starting these processes you are already behind!



VFACTS June 2024 *summary* (cont.)

VFACTS analysis

We remain bullish on its prediction that new vehicle sales will be 1.25million+ units in CY24 despite June being the first month of underperformance compared to CY23. Much has been said of high interest rates and cost of living pressures finally applying the handbrake on new car sales in Australia. However, these factors have been apparent with only one interest rate rise in the past 12 months and inflation well above RBA target ranges.

"One month doesn't make a trend!"

June VFACTS commentary from the industry has been particularly concerned about the decrease in units from 2023. Doom and gloom on the industry seems to be predicted, with the 'good times' officially over. Reducing gross margins and units surely spells the end.

We believe that this is not necessarily the case and there is one reason which may be the cause of the temporary blip – the Instant Asset Write Off (IAWO). The generous measure was significantly pared back from 30 June 2023 (see below). This no doubt influenced businesses to take advantage and pull forward capital expenditure. This is reflected in the Business and Rental units, down 4.4% and 26.5% respectively in June, despite recording better results YTD (Business +11.8% and Rental -2.6%).

	Turnover limit	Instant asset write off
Before 30 June 2023	$500m	$150,000
From 1 July 2023	$10m	$20,000

The good news is twofold; 2024 YTD is still on track for a record and there still exists the demand from fleets.

To quell any concerns about the trajectory that the Australian market is on, we analysed the last 15 years of monthly June and YTD June VFACTS data. Given the records have continued to fall in 2024 with four of six months the highest on record (January, February, March and May) you should be surprised that 2023 and 2024 June month figures rank 5th and 6th respectively. June 2023 YTD was also 5th and came home with a wet sail to be the record-breaking year on the back of supply easing up. In contrast, June 2024 YTD was the highest half year result on record, up 8.7% on 2023 and 4.4% on the previous highest 2018. June 2024 also marked only the second month of negative growth year on year since June 2022.

Population growth will also continue to contribute to increasing unit sales. The population grew by a record 583,000 people in CY23, meaning 26,000 more new vehicles were sold by virtue of population growth alone. That means 4.58% of the Australian population bought a new car in CY2023.

	Month	Units
1	Jun-17	134,171
2	Jun-18	130,300
3	Jun-16	128,569
4	Jun-15	125,850
5	Jun-23	124,926
6	Jun-24	119,659
7	Jun-13	118,758
8	Jun-14	118,309
9	Jun-19	117,817
10	Jun-12	112,566
11	Jun-21	110,664
12	Jun-20	110,234
13	Jun-10	108,722
14	Jun-22	99,974
15	Jun-11	96,157

	YTD	Units
1	Jun-24	632,412
2	Jun-18	605,522
3	Jun-17	599,552
4	Jun-16	598,140
5	Jun-23	581,759
6	Jun-15	578,427
7	Jun-13	573,711
8	Jun-21	567,468
9	Jun-14	559,951
10	Jun-19	554,466
11	Jun-12	547,854
12	Jun-22	537,858
13	Jun-10	531,168
14	Jun-11	496,236
15	Jun-20	442,415

About *Pitcher Partners*

Sydney statistics

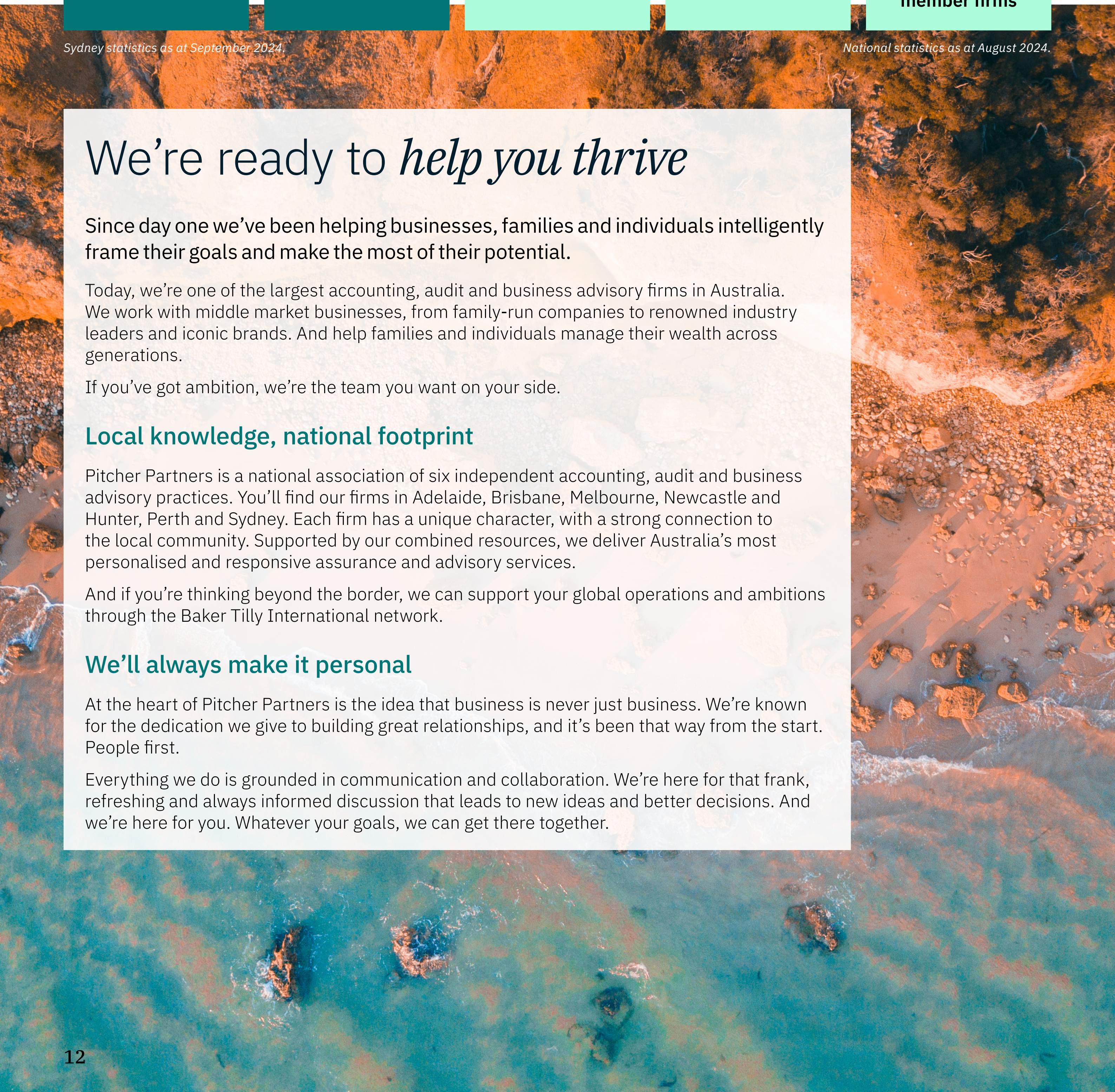
35	partners
300+	Sydney people

National statistics

140+	partners
1,500+	people
6	independent member firms

Sydney statistics as at September 2024.

National statistics as at August 2024.



We're ready to *help you thrive*

Since day one we've been helping businesses, families and individuals intelligently frame their goals and make the most of their potential.

Today, we're one of the largest accounting, audit and business advisory firms in Australia. We work with middle market businesses, from family-run companies to renowned industry leaders and iconic brands. And help families and individuals manage their wealth across generations.

If you've got ambition, we're the team you want on your side.

Local knowledge, national footprint

Pitcher Partners is a national association of six independent accounting, audit and business advisory practices. You'll find our firms in Adelaide, Brisbane, Melbourne, Newcastle and Hunter, Perth and Sydney. Each firm has a unique character, with a strong connection to the local community. Supported by our combined resources, we deliver Australia's most personalised and responsive assurance and advisory services.

And if you're thinking beyond the border, we can support your global operations and ambitions through the Baker Tilly International network.

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At the heart of Pitcher Partners is the idea that business is never just business. We're known for the dedication we give to building great relationships, and it's been that way from the start. People first.

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Our global *reach*

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Every day, 43,000+ people in 141 territories share experiences and expertise to help privately held businesses and public interest entities meet challenges and proactively respond to opportunities. International capability and global consistency of service are central to the way we work.

3,380+	43,000+	141	$5.2bn
partners	**experienced professionals**	**territories**	**worldwide revenue 2023 (USD)**

Global statistics as at August 2024.

Baker Tilly International

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Pitcher Partners

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We help you thrive

We're experts here to help you and your business be the best it can be. Wherever you are on your journey, we can support you to navigate challenges and create solutions that make sense for your business.

Our difference is the relationship

When you work with us, you'll enjoy friendly, responsive service and all the technical skills and experience you'd expect from a leading firm. But what sets us apart is the effort we put into building great relationships. The way we listen. The questions we ask. And our determination to understand every part of your business. Especially you.

Success is better shared

Our success comes from the client first, partner led approach we bring to every engagement. Our partners invest time in getting to you know you, your business and your goals. Because we know our clients well, we deliver tailored commercial advice to help you make the best decisions.

Personal is great for business

The better we know you, the more we can help. The depth of insight we gain as we work collaboratively with you allows us to identify better opportunities. Challenge you when it makes sense. And offer clarity when it's critical. Our difference is the relationship we build together and the way it will drive you forward. It's the way we make business personal.

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