



2019-20 Industry Snapshot: Automotive Industry in Australia (Source: IBISworld)

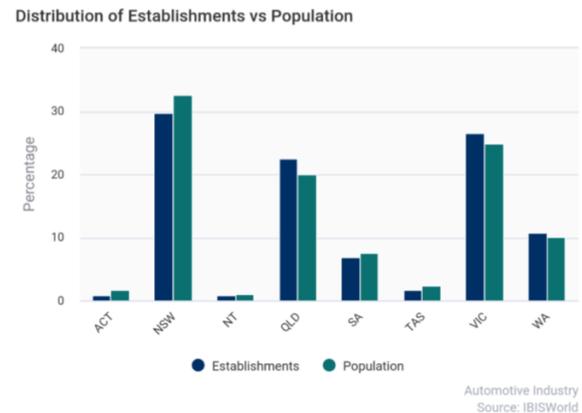
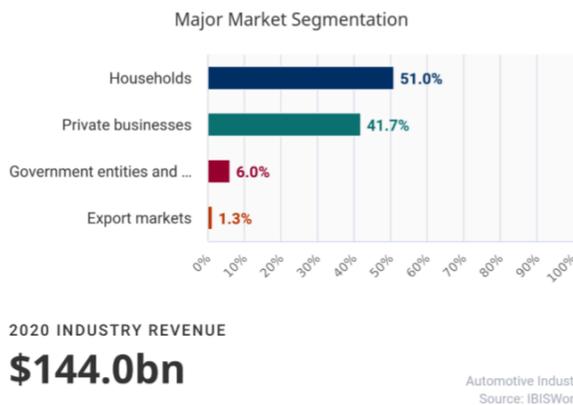
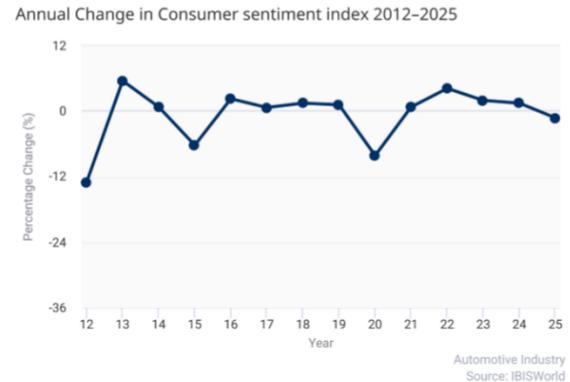
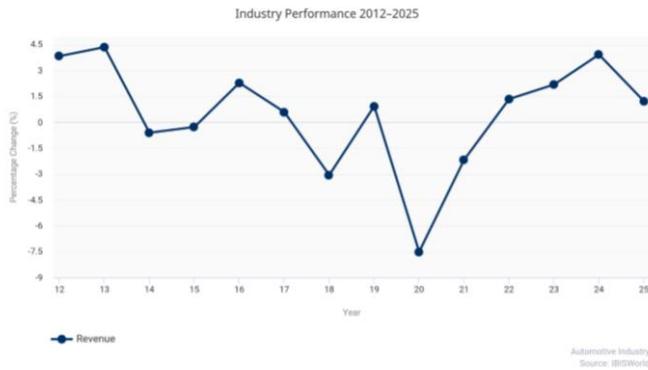


Industry Definition

The automotive industry includes motor vehicle manufacturers, wholesalers, retailers, parts suppliers, and mechanics that design, research, develop, manufacture, sell and maintain motor vehicles and parts. Motor vehicles are passenger moving cars, trucks, buses, motorcycles, and other recreational motorised vehicles sold to households, businesses, and governments (Yeoh, Y.H. IBISworld. Jun, 2020).

Total Revenue 2020: -\$144.0bn	Annual Growth 2015-20: -1.4%	Annual Growth 2020-25: +1.4%
Profit Margin 2020: -3.4%	Wages as a share of Revenue 2020: +11.4%	Number of Businesses 2015-20: +2.1%

(Yeoh, Y.H. IBISworld. Jun, 2020)



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Industry Summary

- The automotive industry has slowly grown over the five years through 2019-20.
 - Growth was supported by the strong sales of new cars which benefited motor vehicle wholesalers and dealers.
 - As of January 2020, there were 19.8 million registered vehicles on Australian roads which are growing at a rate of 1.5% (Source: ABS, 2020).
- Prior to the COVID-19 pandemic, smaller, fuel efficient cars and SUVs were in high demand which supported motor vehicle wholesalers and dealers. The increasing number of registered motor vehicles on Australian roads supported the profitability of the repair and servicing industries (Yeoh, Y.H. IBISworld. Jun, 2020).
- A strong Australian dollar, changing consumer preferences and reduced import tariffs have contributed to manufacturing firms exiting the industry during 2017-18 (Yeoh, Y.H. IBISworld. Jun, 2020).
- After Australia's largest automotive manufacturers (Toyota, Holden and Ford) ceased manufacturing in late 2017, trucks, buses and engines have been the primary focus in the Motor Vehicle Manufacturing industry.
- Automotive revenue is projected to decrease at an annualised 1.4% over the five years through 2019-20 to \$144.0 billion. This includes an anticipated decline in the current year of 7.5% due to the 2019-20 bushfire season and the COVID-19 pandemic (Yeoh, Y.H. IBISworld. Jun, 2020).

- The automotive industry will continue to change over the next five years, with manufacturers (particularly parts manufacturers) likely to decline during this period. This is due to being unable to replace the revenue derived from local motor vehicle manufacturers and will also affect parts wholesalers that previously contributed in local motor vehicle manufacturing (Yeoh, Y.H. IBISworld. Jun, 2020).
- Overall, industry revenue is forecast to rise at an annualised rate of 1.3% over the five years through 2024-25, to reach \$153.5 billion (Yeoh, Y.H. IBISworld. Jun, 2020).

Sources:

Yeoh, Y.H. (June 2020). IBISWorld industry report X0014: Automotive Industry in Australia

Australian Bureau of Statistics (2020). Motor Vehicle Census Australia 2020.