The European Truck Aftermarket

Key Facts, Future Outlook and Need for Action

BBE Automotive

5th CLEPA Aftermarket Conference

Brussels, November 28, 2013

BBE – Company Profile

FOUNDATION 1982

FOCUS:
Automotive Industry

MARKET INTELLIGENCE
CONSULTING
TRAINING / COACHING

Agenda

A Key Facts

What is it about in the truck aftermarket?

B Future Outlook

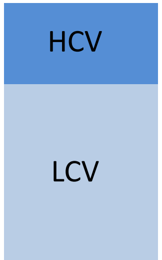
What are basic trends shaping the market?

C Need for Action

What are levers of success for the relevant market player?

What is it About? – The Structure of the Car Parc

European Growth Engine
with a high HCV parc



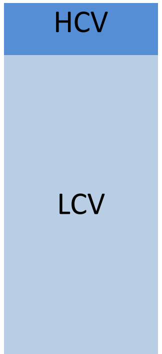
		in%
PC	43.431.128	93,3
LCV	2.130.027	4,6
HCV	977.093	2,1
Total Car Parc	**46.538.248**	

HCV > 6 t

Share of HCV	86%

Age: 1-3 Years	28%
Average Age	7,7

Out of the Crisis
with a higher share of LCV

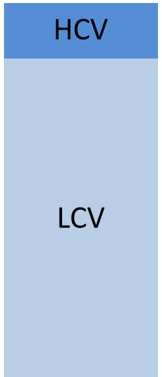


		in%
PC	22.770.213	84,3
LCV	3.614.987	13,4
HCV	630.672	2,3
Total Car Parc	**27.015.872**	

Share of HCV	86%

Age: 1-3 Years	11%
Average Age	7,9

On the Island
with the oldest HCV parc



		in%
PC	32.152.742	87,7
LCV	3.856.732	10,5
HCV	665.550	1,8
Total Car Parc	**36.675.024**	

Share of HCV	87%

Age: 1-3 Years	20%
Average Age	8,2

Source: Polk 2011/ 2012, car parc including unspecified HCV; BBE Automotive

What is it About? – The Aftermarket Volume (Billion €)

PC	11,46	4,19	9,34
LCV (- 3,5 t)	1,12	1,33	2,24
HCV (> 3,5 t)	2,76	1,34	1,89

Minimum	**∅ per HCV**	**Maximum**
HCV (3,5-7,5 t): 2.250 €	**= 3.454 €**	**Bus: 6.000 €**

Source: BBE Automotive; Market volume = net value at end consumer level in €LK; parts only without labor

The Struggle for Market Shares

OE = > 1.600 Service Contracts

IAM = > 300 Full Service + 1.400 with detail system, > 1.000 others

Market Share IAM (Parts)

HCV	Bus	Trailer	Tires
2010: 36%	2010: 58%	2010: 80%	95% (90% Tire Dealers)
2015: 34%	2015: 59%	2015: 77%	

Source: BBE Automotive study on the truck aftermarket; BRV market analysis 2013

And What Comes Further Down the Road?

Increasing Focus on Fleet Efficiency

"The purchase decision is no gut decision, it is made with the sharp pencil."

Dr. Wolfgang Bernhard
Member of the Board of Management of Daimler AG
Daimler Trucks

Decision Criterion **Total Cost of Ownership**	Fuel efficiency, warranties and service flat rates, remanufactured parts
Decision Criterion **Operating Time of the Fleet**	Availability of parts, quick completion of repairs, replacement car, downtimes

Source: FAS October 27, 2013; BBE Automotive survey of commercial vehicle fleets

Growth Prospects Subdued

	Piece Level	Value Level
Increasing Freight Traffic	+ +	
Volatility/ Vulnerability of Goods Exchange	−	
Increasing Complexity of the Vehicles		+
Connected Vehicles		+
Increasing Pressure on Fleet Efficiency		−
B2B Online platforms to compare prices and products		−
Rise of Remanufacturing		−


After the crisis: Back on track


At best timid growth perspectives for 2014


Increasing tendency to budget service

Source: BBE Automotive

Levers to Increase Aftermarket Performance

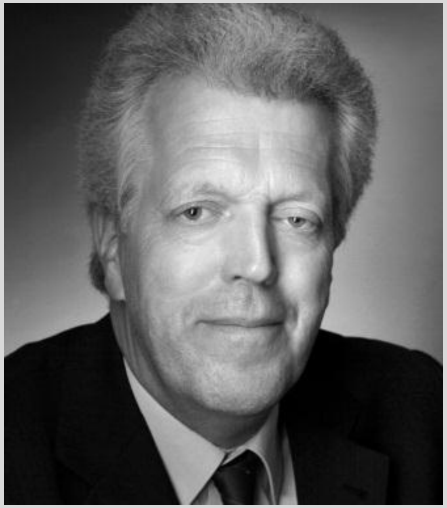
Levers to Improve Aftermarket Performance

LEVERS		POSSIBLE ACTIONS
1	Availability of Parts	– Online ordering – Offer of vendor managed inventory (VMI) to dealers – Offer of economy parts/ remanufactured parts
2	Easy Access to Services	– National network – Online appointment booking – Service card with interregional acceptance
3	Quick Completion of Repairs	– Breakdown service within 3 hours – Overnight repairs – 24-hour-service – Mobile on-site service
4	Added Services	– Pick-up and delivery service – Differentiated range of courtesy vehicles
5	Pricing/ Billing	– National uniform prices – Separate discounts for labor and parts – Offer of flat rates/service packages – Long-term payment options

Key Takeaways

1. The truck aftermarket is a billion Euro opportunity
2. The future outlook is rather cloudy
   The perspectives for market growth are mixed
3. The struggle for market share has only just begun
   Cutthroat competition will start
4. But there are main levers to improve aftermarket performance and to fight back the competition
5. Market insights and cooperation are proven weapons

Contact



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