



# OVERDRIVE

## AVID Sales Performance & Outlook

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### “AVID WRAPPED THE FIRST HALF OF 2018 WITH 43,138 UNITS SOLD”

“First semester AVID sales reached 43,138 units sold as the consumers are still adjusting to new income and new commodity price levels. Nevertheless, we see this as a transitional period and may soon normalize as both supply and demand factors stabilize.”

**Ms. Ma. Fe Perez-Agudo**

President, Association of Vehicle Importers and Distributors

## PERFORMANCE & DRIVERS

The Association of Vehicle Importers and Distributors (AVID) sales momentum waned by 11% as it reported 43,138 units sold in the first half of 2018 from 48,344 units sold for the comparable period in 2017. The tempered consumer demand for vehicles cannot be attributed to TRAIN alone. Higher petroleum prices raise the total cost of owning vehicles and the indirect impact of higher interest rates that affect buyer preferences and priorities. Some also advanced their purchases late in 2017 to take advantage of the lower prices and lower interest rates. Still, the association expects the effects of the TRAIN law to be short-term and transitional, foreseeing that the need for vehicles will continue to rise and that the market will eventually adjust to the new tax regime.

The additional excise tax has had immediate impact on the Passenger Car and Light Commercial Vehicle segments. However, tax exemptions on hybrid and electric vehicles have placed AVID in a favorable position to break into this emergent market. The new tax bracket on luxury vehicles is also expected to make this segment very competitive.

A total of 16,176 units of passenger car were sold from January to June in 2018 against the 18,769 units sold from the previous year, declining by 14%. Volume continues to be mainly driven by Hyundai as it recorded 10,838 units sold in the first six months of the year.

On the other hand, Light Commercial vehicles (LCV) sales went down by 10% across segments with the exception of Pick-ups as these are exempted from paying excise taxes under TRAIN. The segment hit 26,528 units sold in 2018 versus the 29,575 units sold in the first semester of 2017. Ford continues to dominate the LCV segment, selling a total of 12,155 units sold.

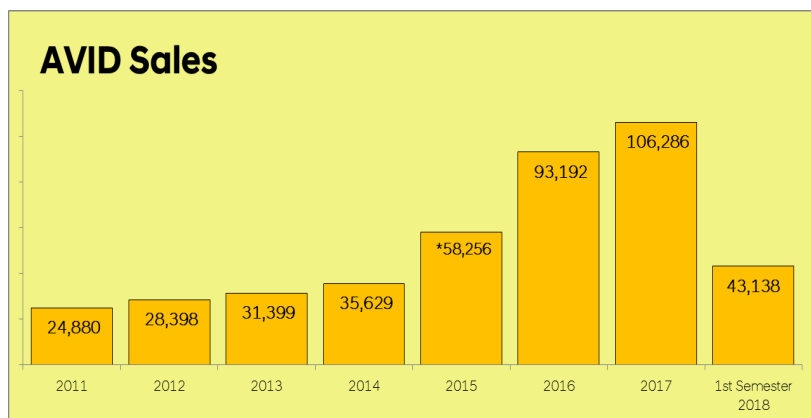
Representing AVID's Commercial Vehicle (CV) Segment, JAC Automobile Int'l Philippines Inc. sold 434 units from January to June 2018. AVID has welcomed JAC Automobile Int'l Philippines Inc., the exclusive distributor of JAC models - light and heavy vehicles, bus, coach and heavy equipment, into its fold in May 2018.

## OUTLOOK

A 7.0-8.0 GDP growth is still doable over the medium term amidst the five-year high inflation print and depreciating peso which prompted the Central Bank to introduce a back to back rate hike this year. The economic growth is expected to be sustained, mainly fueled by the aggressive public spending in support of the administration's 'Build, Build, Build' program. This, coupled with robust private consumption, will enable the economy to expand by 7.0% as forecasted by the state economic managers.

A demographic sweet spot, underpinned by the young and agile workforce, will help buoy household spending. Moreover, consumer confidence improved in Q2 2018 owing to the optimism on income and jobs. This augurs well for the local automotive industry as each AVID member company fine-tune its product lineup in light of the evolving consumer preferences.

## OVERVIEW CHARTS



AVID Members	1st Semester (units)	
	2017	2018
Auto Nation Group, Inc.	717	590
British Bespoke Automobiles, Inc.	2	2
British United Automobiles, Inc.	79	108
DBPHILS Motorsports, Inc.	10	15
Ford Group Philippines, Inc.	16,695	12,508
Hyundai Asia Resources, Inc.	17,366	15,957
JAC Automobile Int'l Phils. Inc.	-	446
Motor Image Pilipinas, Inc.	1,522	1,611
PGA Cars, Inc.	242	261
Scandinavian Motors Corporation	63	55
Suzuki Philippines, Inc.	8,947	9,455
The Covenant Car Company, Inc.	2,701	2,130
<b>Total</b>	<b>48,344</b>	<b>43,138</b>

\*Ford Group Philippines, Inc. (FGPI) joined AVID in May 2015; FGPI figures represent sales from May 2015 onwards.  
Suzuki Philippines, Inc. (SPI) joined AVID in July 2015; SPI figures represent sales from July 2015 onwards.  
JAC AUTOMOBILE INT'L PHILS. INC. (JAIFI) joined AVID in May 2018. JAIFI figures represent sales from January 2018 onwards.

