The Automotive Aftermarket's Only Independent News Source!!
THE GREENSHEET
Auto Care Week

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Quick Hits …

(A few short items to get us started this week)

• **NFADA Warehouse** of Williamsville, NY and **Parts Pro Automotive Warehouse** of Del Rey Beach, FL are now **Auto Pride** members of the **Automotive Distribution Network**.

• The **Automotive Parts Services Group** has honored **Friction One** as its "Co-Man Vendor of the Year" and **Stant Corp.** as its "Co-Man Vendor of the Year – Order Fill."

• **Meyer Distributing** has added a cross-dock in Kingman, AZ. The facility has a direct, next-day feed from Meyer's Ontario, CA distribution hub.

• **Remington Industries** has retained the **Marand Group** to rep Canada at mass merchant, big box, automotive, specialty, and farm and ranch retailers.

• **EnerSys**, the manufacturer of **Odyssey** batteries, has received "Approved Supplier" status at the **Mid-States Distributing Co.**, a buying co-op for retailers in the farm and home store channel with nearly 700 stores across 34 states and five provinces.

FTC Warns Hyundai About Warranty Claims;
Legal Action May Follow

The **Hyundai Motor Co.** was one of the companies the U.S. **Federal Trade Commission** (FTC) warned last month about potential violations of the **Magnuson Moss Warranty Act**. A "compliance warning" letter from the FTC to Hyundai dated April 9 was released earlier this month by the **Auto Care Association**, **Automotive Oil Change Association** (AOCA) and **Tire Industry Association** (TIA).

The letter informs the automaker that the Marketing Practices division of the FTC has reviewed written warranty and promotional material related to Hyundai's vehicles and products, and has concerns about certain representations made regarding warranty coverage. In particular, **FTC staffers are concerned about the following statement: "The use of Hyundai Genuine Parts is required to keep your Hyundai manufacturer's warranties and any extended warranties intact."**

The letter advises Hyundai that the Warranty Act prohibits warrantors from conditioning their written warranties on a consumer's use of any item or service identified by name, unless provided to the consumer for free or given a waiver by the FTC. Further, the automaker is warned that implying that a consumer must purchase a named item or service is prohibited.

Additionally, Hyundai is advised that claims by a warrantor that create the false impression that a warranty would be void because of the use of unauthorized parts or service — apart from the Warranty Act — may constitute a deceptive practice under the **Federal Trade Commission Act** (FTC Act).

The letter places Hyundai on notice that violations of the Warranty Act and FTC Act may result in legal action. The FTC writes that it plans to review the automaker's claims. **Hyundai is advised to review its own claims and, if necessary, revise its practices to comply with Warranty and FTC Act requirements.**

The Greensheet reached out to a Hyundai spokesman for comment, but received no response prior to publication.

In a joint press release dated May 4, the Auto Care Association, AOCA and TIA applaud the FTC's compliance warning to Hyundai but state that they wish that the FTC action had been stronger. The groups' release states: "The associations hope that the FTC action will serve as a wake-up call to the vehicle manufacturers and their authorized service providers about the [Warranty Act's] anti-tying provisions, and will also help educate consumers that they can have their vehicles maintained by their trusted independent technician using high-quality, non-original-equipment parts without fear of voiding their new car warranty."

As you may recall, the associations filed a complaint with the FTC and the **National Highway Traffic Safety Administration** in 2016 (and in 2012) over Hyundai and **Kia Motors**' Technical Service Bulletins (TSBs) that directed their dealerships to assume aftermarket oil filters were the cause of any engine knocking noise and to refuse warranty coverage associated with oil system maintenance and repairs.

According to the associations, many of the vehicles impacted by those TSBs became the subjects of class action lawsuits (Wallis v. Kia and Mendoza v. Hyundai) and subsequent recalls and settlements that determined the engine knocking noises were the result of engine defects.

Online Auto Parts/Accessories Sales To Exceed $10 Billion This Year

Online retail sales of auto parts and accessories in 2018 are forecast to exceed $10 billion for the first time, according to a new report from **Hedges & Co.**, a Hudson, OH-based digital marketing agency that has tracked online auto parts sales since 2007. That works out to a 16.3-percent increase over 2017, according to Hedges, which publishes an annual report about online auto parts and accessories retailing.

It's interesting to note that more than $5 billion of the agency's 2018 forecast for online parts and accessories sales would occur on mobile phones. Additionally, Hedges expects Amazon's first-party (direct fulfillment by Amazon) and third-party sales of auto parts and accessories to reach $6.90 billion this year.

Hedges also predicts that **nearly $138 billion in retail sales this year through all channels — including traditional retail — will be influenced by the internet**, attributable to online activity by consumers and service professionals. This comes from consumers doing online research before buying parts, browsing information and checking fitments on manufacturers' websites, exposure to online advertising, reading product and reseller reviews, reading automotive forums, and using search engines.

According to Hedges, the most popular methods of online research used by consumers prior to buying are …

- Search engines like Google or Bing (74 percent of all consumers);
- Online auto parts retailer websites (73 percent);
- Manufacturer websites (57 percent); and
- Automotive forums (47 percent).

Hedges also expects online sales of auto parts to approach $16 billion in 2021. And, the agency's research shows that, by 2021, online activity will influence nearly $152 billion in parts and accessory sales through all retail channels, including chain retail stores, automobile dealers, big-box retailers, independent brick-and-mortar retailers, jobbers and online sales. *(Note: Online sales includes online retailers, as well as manufacturers selling direct to consumers).*

Hedges' forecast is based on a combination of proprietary industry research, trends analysis, U.S. Census data, information from the U.S. Bureau of Economic Analysis, interviews with industry sources, analysis of third-party data and statistical modeling. The forecast does not include used or recycled parts, online auctions such as eBay Motors, or third-party marketplaces. Hedges' forecast includes the United States only.

Amazon Taps Sears Auto Centers For Ship-To-Store Tire Installation

Sears Holdings Corp. and **Amazon** have struck a deal making **Sears Auto Centers** the first nationwide repair shop network to offer Amazon customers a ship-to-store tire-buying option, along with full-service tire installation and balancing, for customers who purchase any brand of tires on Amazon.

The Sears Auto Centers option is integrated into the Amazon checkout process. Customers select their tires, the Sears Auto Centers location, and a preferred date and time for installation. Sears Auto Centers then contacts the customer to confirm the appointment.

This new ship-to-store capability is initially available at 47 Sears Auto Centers in the following metropolitan areas: Atlanta, Chicago, Dallas, Los Angeles, Miami, New York, San Francisco and Washington, DC. Following the initial launch, Sears Auto Centers plans to quickly expand the service to its 400-plus shops nationwide.

The deal also calls for DieHard all-season passenger tires to be sold on Amazon. This follows a series of tie-ups between Sears Holdings and Amazon, including the December 2017 addition of DieHard jump starters and battery chargers and the addition of DieHard Advanced Gold AGM automotive batteries in February 2018.

AutoZone Offering Free Next-Day Shipping In Select Markets

AutoZone Inc. is now offering [free overnight shipping] on select parts orders of $25 or more in about 31 markets. According to the company's website, the program will be expanding soon.

Orders placed online by 10:00 pm local time are eligible, with **FedEx Express** making the deliveries. The deal covers more than 80,000 in-stock parts, including spark plugs, brake pads and rotors, alternators, light bulbs, and wiper blades.

O'Reilly Completes Leadership Succession

O'Reilly Automotive has completed its previously announced leadership succession, as **Greg Henslee** — who has been the company's CEO since 2005 — was elected to the board of directors and appointed executive vice chairman. In conjunction with Henslee's election to the board, **Greg Johnson** was promoted to CEO and co-president and **Jeff Shaw** was promoted to chief operating officer and co-president.

Additionally, Charles O'Reilly Jr. and Paul Lederer have completed their final terms as board members, consistent with the board's mandatory retirement age policy. The move returned the size of the board to nine members.

Charles O'Reilly Jr. has been a director since 1966. He was chairman of the board from 1993-'99 and president and CEO of the company from 1975-'93. He retired from active company management in 2002.

Lederer has been a director since 2001. He also served on the board from 1993-'97. Lederer is a former executive vice president – worldwide aftermarket for **Federal-Mogul** and a former president and chief operating officer of **Fel-Pro**.

Uni-Select Reports Flat Organic Sales Growth

Uni-Select Inc. (Boucherville, Quebec) reported $422.09 million in consolidated net sales for the first quarter of 2018 — an increase of $124.89 million, or 42 percent, compared to the previous year. The vast majority of the year-over-year increase was attributable to sales generated from recent business acquisitions, which accounted for $122.64 million in additional sales ($110.05 million of which came from the company's new **The Parts Alliance U.K.** segment).

Organic sales growth was essential flat, with Canadian Automotive Group organic sales up 5.9 percent and the FinishMaster U.S. segment down 2.8 percent.

UNITED STATES … FinishMaster U.S. sales increased by $1.68 million, or 0.8 percent, to $201.38 million, as acquisitions added $7.32 million in sales, offsetting a $5.65-million decline in organic sales for the quarter.

Segment earnings before interest, taxes, depreciation and amortization (EBITDA) decreased 14.8 percent to $19.86 million, and EBITDA margin slipped from 11.7 percent to 9.9 percent on a year-over-year basis. Management attributed the margin decline to lower special buys in the quarter, as well as a change in customer mix tied to recent business acquisitions that have a higher percentage of MSO customers (for which discounts are more significant). These negative elements were partially compensated by savings from the integration of three stores, changes in employee benefits and operating expenses, as well as delivery route optimization and bar coding across the network.

According to management, **FinishMaster U.S. will benefit from new business volume starting in the second quarter that's expected to progressively offset the impact of the first quarter by the end of the third quarter.** Additionally, Uni-Select reports that FinishMaster U.S. is on track with a variety of organic growth initiatives, and management expects to see a "progressive improvement" throughout the year.

CANADA … Canadian Automotive Group sales increased by $13.17 million, or 13.5 percent, to $110.67 million. Aside from the aforementioned 5.9-percent organic sales growth, the segment also benefitted from recent business acquisitions, as well as the conversion of the Canadian dollar to the U.S. dollar. EBITDA rose 7.7 percent to $3.16 million; however, EBITDA margin declined 10 basis points to 2.9 percent.

Management reports that integration of Canadian Automotive Group company-owned stores — including store rebranding, store processes and the implementation of a new POS system — is progressing "as per plan." Additionally, the group's solid organic sales growth came from sales to independent customers as well as sales through its company-owned stores network.

UNITED KINGDOM … The Parts Alliance U.K. reported $110.05 million in sales for the quarter and $9.60 million in EBITDA with an EBITDA margin of 8.7 percent.

It's interesting to note that the business model of The Parts Alliance U.K. segment generates a higher gross margin than the other segments of Uni-Select, but also requires a higher level of employee benefits and operating expenses. The peak season for The Parts Alliance U.K. typically covers the first and second quarters, which allows for the leverage of its cost base. Further supported by cost actions taken during the last quarter of 2017, the result was the EBITDA margin of 8.7 percent for the first quarter of 2018 in contrast to the 4 percent EBITDA margin recorded for the fourth quarter of 2017.

MARGINS, EARNINGS & GUIDANCE … For the three months ended March 31, 2018, Uni-Select's gross margin rose 52 percent to $142.77 million, while gross margin (as a percentage of sales) increased 220 basis points to 33.8 percent, benefiting from The Parts Alliance U.K. acquisition and its higher gross margin relative to the company's other segments.

Uni-Select's net earnings decreased 5.5 percent to $10.39 million; however, its adjusted net earnings rose 10.2 percent, resulting from The Parts Alliance U.K.'s contribution and a reduction in the corporate income tax rate for the company's U.S. operations.

The company's EBITDA rose 16.5 percent to $27.00 million, while its EBITDA margin declined from 7.8 percent to 6.4 percent on a year-over-year basis.

President and CEO Henry Buckley said that Uni-Select's first-quarter results were in line with management's overall expectations considering the seasonality of the company's business. "The Parts Alliance continued its strategy of network expansion by opening four greenfields and generated an EBITDA margin of 8.7 percent in a seasonally strong quarter, as expected," Buckley said. "The Canadian business demonstrated robust organic growth of 5.9 percent and generated an EBITDA margin in line with last year, representative of its seasonally softest quarter of the year. Finally, FinishMaster continued to face some headwinds as it rebuilds sales momentum, with early signs of success as a result of winning new business volume."

Management's guidance for the full year calls for the following …
• FinishMaster U.S. organic sales growth of 2 percent to 4 percent;
• Canadian Automotive Group organic sales growth of 2.5 percent to 4 percent;
• The Parts Alliance U.K. organic sales growth of 3 percent to 4 percent; and
• Consolidated organic sales growth of 2.25 percent to 4 percent.

Major Upset: Meyer Distributing CEO Wins U.S. Senate Primary

Meyer Distributing founder and CEO **Mike Braun** has won the U.S. Senate Republican primary in Indiana. He will face incumbent U.S. Sen. **Joe Donnelly**, a Democrat, in the fall general election. Braun won the GOP primary over current U.S. Reps. **Todd Rokita** and **Luke Messer**. Click here to read about Braun's victory.

Jasper, IN-based Meyer Distributing is an automotive specialty products marketing and distribution business with over 65 locations nationwide.

NPW Expands In Idaho

National Auto Parts Warehouse (NPW) has added **Ann's Auto Parts** to its chain of stores in the Northwest. Shoshone, ID-based Ann's Auto Parts, which has been in business for 10 years, will continue to be led by **Anne Eschliman**, alongside NPW. The move gives Ann's Auto Parts access to a larger and more diverse inventory.

This acquisition brings NPW's total store count in Idaho and Utah to 20. Ann's Auto Parts will be serviced out of NPW's Salt Lake City distribution center.

Icahn Automotive Segment Sales Rose 6.1% In Q1

The automotive segment of **Icahn Enterprises** — which, for the time being*, is comprised of two wholly owned subsidiaries: **Federal-Mogul** and the **Icahn Automotive Group** — saw its net sales and automotive services labor revenue increase 6.1 percent to $2.74 billion in the first quarter of 2018. Management attributed the increase to acquisitions at the Icahn Automotive Group and favorable foreign exchange rates at Federal-Mogul.

Federal-Mogul's net sales increased 5.5 percent to $2.06 billion, primarily from the favorable effect of foreign currency translation and higher OE sales, offset in part by lower aftermarket sales in the United States and in Europe, the Middle East and Africa (EMEA).

The Icahn Automotive Group's net sales rose 7.7 percent to $686 million, mainly because of acquisitions made in 2017. Taking a closer look at the Icahn Automotive Group's results, we see that parts and tires sales increased 2.5 percent to $542 million, while services labor revenue rose 18.5 percent to $128 million.

The Icahn Automotive Group is comprised of Pep Boys, Auto Plus, AAMCO Transmissions & Total Car Care, Precision Tune Auto Care, Cottman Transmission & Total Auto Care, Just Brakes and Consumer Auto Parts.

Icahn Enterprsies' automotive segment gross margin increased 1.8 percent to $503 million in the first quarter of 2018, primarily related to higher margins from acquired businesses that have products with higher sales margins (including franchisor revenue, which has low costs of revenue) and the favorable effect of foreign currency exchange.

Segment gross margin, as a percentage of sales, slipped from 19 percent to 18 percent on a year-over-year basis, attributable to lower margin percentages tied to the pricing of auto parts sold, offset in part by higher margin percentages from franchisor operations and automotive services labor because of pricing increases.

** Note: As you likely will recall, Icahn has reached a definitive agreement to sell Federal-Mogul to Tenneco.*

Andrysick Out As Spectrum's Global Auto Care President

As part of a larger reorganization, **Spectrum Brands Holdings** has announced that **Global Auto Care** president **Guy Andrysick** has left the company. Andrysick has been with Spectrum since 2015. Prior to that, he was the chief operating officer of the **Armored AutoGroup**.

Andrysick's background includes time as the senior vice president of global sales for the **Honeywell Consumer Products Division**, which marketed such automotive aftermarket products as **Prestone** antifreeze and car care products, **Fram** oil and air filters, and **Autolite** spark plugs.

Spectrum's Global Auto Care business is comprised of **ArmorAll** car care appearance products; **STP** additives, fluids and motor oil; and **A/C Pro** air conditioning products. It acquired the businesses, then known as the Armored AutoGroup, from **Avista Capital Partners** in 2015.

Andrysick's exit comes amid a global reorganization of Spectrum around two divisions focused on consumer products and home improvement. **Randy Lewis** will be the president of the new Consumer Products group, comprised of Spectrum's Pet Supplies, Home & Garden and Auto Care businesses. **Philip Szuba** will lead the Hardware & Home Improvement (HHI) division, comprised of the Security, Plumbing and Builders' Hardware businesses.

Both Lewis and Szuba will report directly to **David Maura**, Spectrum's executive chairman, who has been appointed as the company's CEO. Maura succeeds **Andreas Rouvé**, who has stepped down as CEO and a director. Rouvé has been with the company since 2002, when he became CFO of its European battery division.

"Randy brings strong, fresh leadership to this group, and he will drive efficiency to better leverage the shared manufacturing and distribution expertise across these businesses," Maura told analysts on the company's April 26 quarterly report conference call.

"Let me give you an example. **The industrial production of our aerosol products, liquid fills and our canister wipe lines in both Home & Garden and Auto Care are essentially identical**," he explained. "This will allow us to expand and further leverage our centers of excellence and best practices between both our St. Louis facility, which is run like a military operation, and our new Dayton facility, which needs discipline.

"Randy is a seasoned and highly capable operating leader, and he's now going to oversee the corrective actions being implemented in our new Auto Care facility in Dayton, OH. While it will take time to achieve full efficiency levels at this facility, I have every confidence that Randy and his team will accomplish the task."

Later on the call, Maura said: "When I see an operational issue like that in Dayton, I take pretty swift, decisive, corrective action. And, **given the similarities in the operations, right — it's just putting liquid in bottles; it's just canister wipes; it's just aerosol going into a can — Randy's team knows how to do that better than anybody."**

Maura, who has served as Spectrum's executive chairman since 2016, joined the company's board in 2010. He was a managing director and executive vice president of investments at **HRG** from 2011-'16. Maura also was vice president and director of investments of **Harbinger Capital** from 2006-'12.

Production Struggles Send Spectrum's Global Auto Care Income Lower

Spectrum Brands Holdings' Global Auto Care segment (**Armor All**, **STP** and **A/C Pro**) net sales decreased 0.6 percent to $118.30 million in the fiscal second quarter ended April 2, 2018. Organic sales declined 1.7 percent.

Auto appearance product sales increased $1.10 million, attributable to promotional volume with retail partners. **Refrigerant product sales decreased $2 million**, primarily because of a delay in seasonal sales in the face of cooler weather conditions. And, **auto performance product and other sales decreased $1.10 million** tied to non-recurring promotional activity from the prior year.

Global Auto Care's operating income fell 64.9 percent to $12.10 million, and operating income margin dropped from 29 percent to 10.2 percent on a year-over-year basis. Management attributed the decreases to operating inefficiencies, as well as an unfavorable product mix and incremental product costs.

Segment adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) decreased 56.4 percent to $19.80 million. Adjusted EBITDA margin declined from 38.2 percent to 16.7 percent.

Notably, **Global Auto Care's facility in Dayton, OH "struggled" as it ramped up seasonal production and distribution in March, which led to significant inefficiencies and shipping challenges, according to Spectrum CEO David Maura.**

Roughly $9 million in Global Auto Care orders were in-house and unable to be shipped at the end of the quarter because of higher order backlogs that developed late in the quarter during work to complete the Dayton facility consolidation project. *(The work of five separate facilities were being consolidated into the Dayton location).*

To rectify these issues, Spectrum has, in recent weeks, made changes to front-line management at the facility, along with new plans and more oversight. **Management expects Global Auto Care to ship most of these orders in the current quarter and complete a return to normal operating rhythms by the end of September.**

Horizon President/CEO Mark Zeffiro Is Out; Interim CEO Appointed

On the morning of its annual stockholders meeting, **Horizon Global Corp.** announced the resignation of President and CEO **Mark Zeffiro**, who also has resigned from the company's board of directors. Zeffiro has been the company's president and CEO since 2015. He previously was group president of **Cequent** and CFO of **TriMas Corp.**

In his place, the board has appointed **Carl Bizon** as its interim president and CEO. Bizon joined Horizon Global in January as the president of its Horizon Americas segment. Prior to Horizon Global's spinoff from TriMas, Bizon led its international businesses (from 2008-'15). Before re-joining the company this year, Bizon was the CEO of **Jayco Corp.**, a large Australian manufacturer of camper trailers, caravans and motorhomes.

The board has begun a search for a permanent CEO.

In a related move, **James Tindell is now the interim president of Horizon Americas** in addition to his role as divisional finance officer. Tindell has worked with Bizon to develop and implement a restructuring of the company’s North American operations.

Denise Ilitch, chair of Horizon’s board of directors, said now is the right time to bring in a leader who can “rapidly advance the company’s progress” and “intensify” its focus on executing the targeted action plan underway across the company.

“Carl has extensive knowledge of our products, customers and suppliers, as well as the overall industry. His experience running each of our three divisions — coupled with a long track record of achievement in manufacturing and operations — make him an excellent fit to lead Horizon Global during this period,” Ilitch said in a statement.

Horizon adjourned the May 8 stockholders meeting, with plans to reconvene on Tuesday, May 15.

Horizon Americas Reports $5.11M Q1 Operating Loss

Net sales at **Horizon Americas** decreased by $1.61 million, or 1.6 percent, to $96.22 million in the first quarter of 2018, primarily because of declines in the retail and aftermarket channels, partially offset by an increase from the industrial channel.

Net sales in Horizon Americas’ retail channel came in at $32.15 million — down approximately $1.10 million, as product rollouts at an undisclosed mass merchant and automotive retail customer were more than offset by point-of-sale weakness with farm and fleet retailers, lost business with an unidentified home improvement customer, as well as the sale of the Broom & Brush product line during the fourth quarter of 2017. Further contributing to lower net sales in the retail channel were delivery delays during the first quarter of 2018 tied to transition to a new distribution facility in Kansas City.

Horizon Americas aftermarket channel sales came in at $26.52 million — down roughly $700,000, as increased sales with WD partners were more than offset by inefficiencies caused by the closure of the company’s Dallas distribution center.

E-commerce sales for Horizon Americas came in at $6.02 million for the quarter. Automotive OES sales were $870,000. *(Note: No prior-year comparisons or information on increased/decreased sales were offered for e-commerce and OES).*

Segment gross profit margin dropped from 27.3 percent a year ago to 19.8 percent for the three months ended March 31, 2018 due, in part to unfavorable input costs (including higher commodity prices in advance of pricing actions), higher freight costs, and fines and penalties tied to fulfillment rates in the retail channel.

Horizon Americas turned in an operating loss of $5.11 million, compared to $5.16 million in operating profit a year ago, primarily attributable to unfavorable commodity prices, higher freight costs, and costs incurred for ongoing operational improvement projects.

In the first quarter of 2018, parent company Horizon Global Corp. announced **plans to close its shared service facility in Solon, OH along with an engineering center in Mosinee, WI. The service center and engineering activities are to be consolidated and moved to the headquarters of the**

Horizon Americas segment, located in Plymouth, MI. Management expects Horizon to complete the move and vacate the Solon and Mosinee facilities by June 30.

This is part of a larger targeted action plan that includes a 30-percent reduction in the U.S.-based salaried work force at Horizon Americas.

Horizon Americas designs, manufactures and distributes a wide range of towing, trailering, and cargo management products and related accessories. Products include brake controllers, heavy-duty towing products, jacks and couplers, tow bars, vehicle roof racks, and vehicle trailer hitches, to name a few.

ElringKlinger Adds To U.S. Team

ElringKlinger AG, a German supplier of gaskets and related products to the global aftermarket, has added a sales manager and product manager to its U.S. team as it expands its aftermarket presence in North America.

Bill Atkinson is now sales manager – IAM North America. Atkinson is responsible for communicating the Elring message and supporting the domestic customer base in the United States and Canada. He's also tasked with growing the team as business requires.

Prior to joining ElringKlinger, Atkinson worked for **MSX International** as the Motorcraft program group marketing and sales manager for Ford. He also has been the senior director of OE solutions for the **Auto-Wares Group**, and has held various management and sales positions with **NAPA**, **Delphi Integrated Service Solutions**, **iStarSystems** and more.

Clay Rosette is now product manager for Elring Gaskets in the United States. Rosette came from **Federal-Mogul**, where he was North American product manager – filtration and marketing product manager – engine and ignition.

Atkinson and Rosette join **Harald Reinhardt**, who is sales manager – IAM and responsible for import segment customers in the United States.

With roots going back to 1879, ElringKlinger has operations around the globe, supporting most OEMs with Tier-1 products and services. The company has been stateside in production engineering and customer service since 1995. Locations include Southfield and Plymouth, MI; Freemont, CA; Buford, GA; and Fort Wayne, IN.

"The USA aftermarket project has been building for 18 to 24 months, and is now ready for prime time and USA management," Atkinson said. — *Sarah Hollander*

Saver Automotive Adds Matt Broderick As President

Matt Broderick is now the president of **Saver Automotive Products**, the Halethorpe, MD-based manufacturer and marketer of **Goodyear**-branded wiper blades. Broderick brings domestic and international marketing, sales, and general management expertise in the consumer products market. At Saver, he also will lead the company's new product development team.

Broderick was a senior vice president of sales and marketing for **Pylon Manufacturing**. His background also includes time as the senior vice president of global sales and marketing at **Turtle Wax**.

KYB Promotes Shaffer To Director Of Product, Ops.

KYB Americas has promoted **Aaron Shaffer** to director of product and operations, responsible for product development, as well as overseeing the day-to-day operations of KYB's customer support department and distribution facility. Shaffer began his career with KYB in 2002 as a territory sales manager after graduating from **Northwood University** with a degree in economics. He most recently was a business development manager for KYB.

Shaffer is a past recipient of the **Import Vehicle Community**'s "Young Executive of the Year" award.

Aftermarket Analytics Launches Inventory Planning Software

Aftermarket Analytics (Pueblo, CO) has launched **Inventory Analyst** (IA), web-based software designed to help aftermarket companies with inventory planning. The goal is to help companies turn massive amounts of data into actionable knowledge, Aftermarket Analytics CEO Justin Holman said. The company designed IA primarily for parts manufacturers that distribute in the United States, but thinks retailers and distributors may find value as well.

"Inventory Analyst provides an affordable solution for companies of all sizes who want help solving their supply chain efficiency challenges," Holman said. "It's no secret that excess inventory has eroded industry profits, which means suppliers must improve their sales forecasting and inventory planning activities."

IA includes demand analysis at the county and ZIP code levels, as well as vehicles in operation (VIO) data, and allows users to develop customized replacement rate modeling forecasts by year, make and model. Users pay a monthly subscription fee.

Aftermarket Analytics was established in 2012 as a subsidiary of **TerraSeer**. It also offers custom software development and data analysis services.

Over the past several years, the company has worked with various aftermarket companies, including **Advance Auto Parts**, **Affinia**, **Brake Parts Inc.**, **Carquest**, **Federal-Mogul**, **Remy** and **Tenneco**, Holman said.

Prior to becoming CEO, Holman consulted with aftermarket companies for about a decade. He managed corporate consulting for the Strategy & Analytics division at **MapInfo Corp.** and served as vice president of software development at **LogicTools**, which was acquired by **IBM**'s supply chain application software group.

Other team members include **Chris Harman**, director of software development, and **Robert Valentine**, director of data analytics.

Timing And Temporary Issues Send SMP's Sales, Earnings Lower

A series of events — weather-related, timing-related and temporary — helped pave the way for **Standard Motor Products** (SMP) to report lower earnings, margins and sales for the first quarter of 2018. Net income fell 49.2 percent to $7.99 million. Excluding non-operational gains and losses, the company's earnings from continuing operations declined 38.5 percent to $10.53 million.

Gross margins decreased 13.7 percent to $72.59 million. As a percentage of sales, gross margins declined from 29.8 percent to 27.7 percent. SMP's net sales decreased 7.3 percent to $261.83 million.

ENGINE MANAGEMENT … SMP's total Engine Management segment sales decreased 5.6 percent to $199.49 million. **Ignition, emission and fuel system parts sales declined 2.7 percent to $160.73 million, while wire and cable sales decreased 16 percent to $38.76 million.**

The company attributed the decrease in Engine Management's net sales to a few large customers placing "heavy" pipeline orders during the early months of 2017 — a move that was not repeated in 2018, leading to a difficult year-over-year comparison. Another factor, according to management, was a general decline in the wire and cable business, attributable to the product lifecycle.

"Overall, our major customers reported a sales increase in Engine Management in the low-single digits during the first quarter — in line with our long-term forecasts," President and CEO **Eric Sills** said. "As we have said, our customers' sales are a better indicator of our results than their purchases, which can vary significantly quarter to quarter based on ordering patterns."

Analysts with **Jefferies LLC** pointed out in a May 3 *Company Note* that the large pipeline orders continued into the second quarter of 2017 and will remain a slight headwind to segment sales growth in the 2018 second quarter. "On a more positive note, channel sell out appears to be accelerating, as customers' sales of Engine Management segment products improved month-over-month during Q1 — a positive for near-term restocking orders," analysts **Bret Jordan** and **Mark Jordan** wrote. "We believe Q1 was a low-water mark for both sales and profits in the Engine Management segment."

Engine Management gross margins declined 11.9 percent to $56.47 million. As a percentage of sales, segment gross margins decreased from 30.3 percent to 28.3 percent, attributable to temporary costs associated with multiple plant moves.

In 2017, SMP initiated a plant rationalization program at a facility in Orlando, FL. It involved relocating production from Orlando to Independence, KS followed by the closure of the Orlando facility. Also, certain production activities were to be relocated from the Independence manufacturing plant to a manufacturing facility in Reynosa, Mexico.

"On a positive note, in March of this year, we were able to fully exit both the Orlando and Nogales facilities, and, going forward, we will have eliminated these duplicate plant expenses," Sills explained. "The receiving locations are doing well and showing continuous improvement, but are still working toward returning to historic run-rate efficiencies, which we expect to achieve by year-end."

Engine Management operating income decreased 36.3 percent to $17.38 million.

TEMPERATURE CONTROL … SMP's total Temperature Control sales declined 14.3 percent to $60.23 million. **Compressor sales decreased 21.2 percent to $29.90 million, while other climate control parts sales declined 6.3 percent to $30.33 million.**

"The Temperature Control business in the first quarter is comprised almost entirely of pre-season build orders, which reflect the previous year's selling season and resulting customer inventory levels. 2016 was a very warm summer, and our customers ended that year with below-average inventories," Sills explained. "Their first quarter 2017 orders were, therefore, very strong — up 24 percent from the first quarter of 2016, which makes the comparisons this year quite difficult.

"Again, these sales are merely positioning our customers for the summer. Ultimately, **our year is determined by how hot it gets in-season, and time will tell for 2018."**

Analysts from Jefferies expect relatively soft sell-in to remain a headwind during early Q2, as channel inventories remain high following a mild/cool summer in 2017. "We note that **retail sales of A/C products begin to face a 'low bar' year-over-year in Q2, with Q3 a particularly easy comp, which bodes well for Temperature Control segment sales recovery in 2018,"** Bret Jordan and Mark Jordan wrote.

Temperature Control gross margins decreased 22.8 percent to $13.67 million. As a percentage of sales, segment gross margins declined from 25.2 percent to 22.7 percent. "Temperature Control gross margin reductions were entirely due to our decreasing of production in response to the cooler 2017 season and the resulting under-absorption of overhead in our factories," Sills said.

As part of another plant rationalization initiative, all of the company's Grapevine, TX production activities have been relocated to facilities in Greenville, SC and Reynosa, Mexico. Additionally, certain production activities were relocated from Greenville to a manufacturing facility in Bialystok, Poland, and, certain service functions were relocated from Grapevine to SMP's administrative offices in Lewisville, TX.

The Grapevine facility has closed, and, as of March 31, 2018, this plant rationalization program was substantially complete. "Now that the closure of Grapevine is complete and our two Chinese joint ventures are performing well, we expect a return to our more recent healthy margin performance," Sills said.

Temperature Control operating income fell 79.1 percent to $831,000.

"In conclusion, while we are not satisfied with our first quarter results, we believe that the causes are relatively short-term in nature," Sills said, "and that — as we continue to implement the initiatives we have begun — we anticipate gradual improvement throughout the balance of the year."

RELATED ITEMS … A few other items of interest from SMP's first-quarter 2018 quarterly report …
• The company's U.S. sales declined 8.3 percent to $230.16 million;
• SMP's aftermarket channel sales decreased 5.8 percent to $223.05 million; and
• The company's OE/OES channel sales declined 5.5 percent to $33.16 million.

During the quarter, SMP increased its equity investment in the **Foshan GWO YNG SMP Vehicle Climate Control & Cooling Products Co.**, a joint venture formed in 2014 between SMP and the **Gwo Yng Enterprise Co.**, a China-based manufacturer of air conditioner accumulators, filter driers, hose assemblies and switches. It was originally a 50/50 joint venture.

In March 2018, SMP acquired an additional 15-percent equity interest for roughly $4.20 million. It should be noted that, although SMP has increased its equity interest to 65 percent, Gwo Yng maintains rights that allow it to participate in certain "significant" financial and operating decisions. — *Marc Vincent*

LKQ Reports Record Revenue, Higher Net Income Despite Execution Issues

Chicago-based **LKQ Corp.** saw its net income increase 12.1 percent to $152.76 million for the first quarter of 2018, while consolidated revenue rose 16.1 percent to a record $2.72 million. LKQ's parts and services revenue rose 15.7 percent to $2.56 billion in the quarter. Excluding gains from acquisitions made and foreign currency exchange, organic parts and services revenue was up 3.7 percent.

The company's consolidated gross margin increased 13.3 percent to $1.05 billion; however, gross margin as a percentage of sales slipped 100 basis points to 38.7 percent. Roughly 60 basis points of the decrease came from the company's North America segment, with the balance relating to its European segment.

NORTH AMERICA … North American parts and services revenue increased 8.6 percent to $1.17 billion. **Organic revenue growth came in above expectations at 6.5 percent**, mainly attributable to increased sales volumes from LKQ's wholesale operations. Management identified two principal drivers of this growth: severe winter weather in the 2018 period compared to mild winter weather a year ago; and, to a lesser extent, incremental sales related to an agreement signed in December 2017 for the distribution of batteries.

Regarding the batteries deal, **LKQ's PGW business has landed an exclusive agreement with Mopar for the distribution of Mopar batteries through the FCA dealer network.** This made PGW the exclusive OE supplier of aftermarket glass as well as batteries to FCA dealerships.

By region, the Midwest, Northeast and Canada were extremely strong in the first quarter of 2018, while revenue growth in the South, East and West was more tempered. President and CEO **Dominick Zarcone** told analysts on the company's April 26 quarterly report conference call that achieving this robust level of organic growth came at a cost, particularly in the collision parts business.

"We incurred incremental operating expense as a percent of revenue to maintain our industry-leading service levels for our customers," he explained. "Some regions exhibited much better-than-expected volume, and we had to move inventory around the system in order to have the right parts in the right place to satisfy customer demand. This dynamic had a negative impact on operating margins in the quarter."

Later on the call, Zarcone expanded on the issue of having the right parts in the right place. “We buy our aftermarket inventory from Taiwan. We do that literally a couple of months in advance because it takes time, not only to get it onto the ship, but over to our facilities,” he noted. “Most of our aftermarket inventory is shipped directly to specific warehouses in the U.S., and those purchases and shipments were put in place back in Q4 in anticipation that we were going to have a normal winter.

“The reality is the winter hit harder in some places than others, and we had to spend a reasonable amount of money moving inventory around in our system — particularly getting it up into the Midwest and Northeast where there was significant demand.”

LKQ’s North American segment gross margins fell 110 basis points to 43.3 percent in the quarter. Segment earnings before interest, taxes, depreciation and amortization (EBITDA) increased 0.9 percent to $177.71 million. However, its EBITDA margin declined from 14.6 percent to 13.4 percent.

EUROPE … The company’s European segment parts and services revenue rose 26.6 percent to $1.04 billion, but organic revenue growth came in below expectations at 1.2 percent.

According to management, revenue at existing locations grew primarily because of increased volumes in the company’s Benelux operations tied to favorable weather and market conditions. In Eastern Europe, organic revenue growth was in the high-single digits, mainly due to the 41 branches the company has opened since the beginning of 2017.

Organic revenue growth from LKQ’s U.K. operations (its largest European business) was essentially flat, mainly due to replenishment issues and related stock availability at its highly automated, national distribution center and branches that led to temporary service issues that had an unfavorable impact on revenue.

“While we remain highly confident in the long-term benefits related to the new U.K. warehouse project known as T2, we have to acknowledge that the full conversion to automation became more difficult than we initially modeled,” Zarcone told analysts on the call, particularly when it came to getting all orders in the queue loaded onto trucks and out for delivery.

“This project involves moving from the utilization of three smaller legacy warehouses to the utilization of the new, large, highly automated T2 facility,” he explained. “T2 is not only a major logistics initiative but also a complex software project. While we and our vendors did extensive testing, it was only once the system was under the full load of all the ECP branches earlier this year that some issues began to surface.

“In particular, we experienced some replenishment issues and related stock availability at both T2 and some of our branches, which in turn led to temporary service issues. We immediately increased headcount at T2 to keep the product flowing and implemented key promotional programs to maintain our customer relationships.”

Zarcone said the final software patch has been installed, the company has worked through the backlog and the system is now fully functional. “That said, we are not fully optimized yet. It will take a couple of quarters to continue to improve the efficiency at T2,” he explained. “Based on our early April results, it appears that the sales disruption has been rectified, but we still have work to do on the cost side.”

“In the coming quarters, we will move the Andrew Page national distribution center functions and related branch network replenishment to T2,” Zarcone told analysts on the call. “We’re confident these will be executed without the same issues we experienced during the first quarter.” *(Note: LKQ is selling 11 Andrew Page branches, including the nine required by U.K. regulators).*

It should be added that harsh winter weather — which closed some branches for a couple of days — and the timing of the Easter holiday also had a negative impact on LKQ’s U.K. revenue. Notably, the first quarter of 2018 was the softest quarter for the U.K. business since LKQ acquired it in 2011.

European segment gross margin declined 110 basis points to 35.9 percent. Segment EBITDA decreased 4 percent to $75.53 million, and EBITDA margin declined from 9.6 percent to 7.3 percent.

SPECIALTY … LKQ’s specialty segment parts and services revenue increased 11.7 percent to $350.67 million. Organic revenue growth was 0.3 percent. Management attributed the essentially flat organic sales growth to unfavorable weather conditions experienced across most of the United States, pointing out that — unlike LKQ’s other segments, which typically benefit from inclement weather — harsh winter weather negatively impacts demand for the segment’s products (RV products, for example) and affects the ability to distribute in certain markets.

Specialty segment EBITDA rose 18.4 percent to $41.97 million, while EBITDA margin climbed from 11.3 percent to 11.9 percent.

RELATED ITEMS …In light of the LKQ’s first-quarter performance, management has adjusted certain aspects of its 2018 guidance. Notably, **its expectation for full-year parts and services organic revenue growth has been reset from a range of 4 percent to 6 percent (prior guidance) to a range of 4 percent to 5.5 percent (new guidance).** Management anticipates that North America will remain “reasonably strong,” and that the European and specialty segments will show improvement over the course of 2018.

During the three months ended March 31, 2018, LKQ completed one acquisition: an aftermarket radiator and related products distributor in Tennessee. Also, the company’s European operations opened one branch in western Europe and four branches in eastern Europe. *— Marc Vincent*

American Axle & Manufacturing Sells Aftermarket Division Of Cloyes

Hidden Harbor Capital Partners (Ft. Lauderdale, FL), a private equity firm, has acquired the aftermarket division of **Cloyes Gear & Products** from **American Axle & Manufacturing** for approximately $50 million.

Based in Fort Smith, AR, Cloyes designs, develops, manufactures and distributes timing drive systems and components for replacement applications in the automotive aftermarket and high-performance racing segment.

Hidden Harbor is an operationally focused private equity firm that specializes in control investments in lower middle-market companies.

“In partnership with Cloyes’ management, we look forward to continuing to provide superior service and products to our existing customers, as well as executing on geographic and product expansion growth opportunities,” said **Chris Paldino**, a founding partner at Hidden Harbor.

“Working in conjunction with the Hidden Harbor team will allow us to achieve our sales growth initiatives, including an expanded product line and new global distribution,” added **Mick Jordan**, president of Cloyes.

LBC Credit Partners provided financing for the transaction. **Configure Partners** was financing advisor to Hidden Harbor. **Donnelly Penman & Partners** was an advisor to American Axle & Manufacturing.

Johnson Controls Power Solutions’ Organic Sales Decreased 1.9% In Q1

The **Power Solutions** (automotive batteries) segment of **Johnson Controls Inc.** came through with $1.85 billion in net sales for the fiscal second quarter ended March 31, 2018 — an increase of $149 million, or 8.8 percent, over the previous year. But, excluding the impact of higher lead pass-through and foreign currency, **Power Solutions’ organic sales declined 1.9 percent**, as lower unit volumes offset favorable price and technology mix.

Global aftermarket battery shipments declined 6 percent (primarily because of weather), and OE battery shipments decreased 2 percent. Start-stop battery shipments were up 14 percent, led by growth in China and the Americas.

Power Solutions’ adjusted earnings before interest, taxes and amortization (EBITA) increased 3.6 percent to $314 million. However, adjusted segment EBITA margin decreased 90 basis points to 17 percent due, in part, to a 60-basis-point headwind related to the impact of foreign currency and lead prices. Power Solutions’ underlying margin declined 30 basis points, as higher transportation costs and planned incremental investments offset favorable mix and productivity savings.

“Although we experienced a softer-than-planned start to the year, I’m encouraged by the progress our team has made securing new OE and aftermarket business. We will see the benefits of those wins beginning in the second half, as top-line growth accelerates to +5 percent,” Chairman and CEO **George Oliver** told analysts on the company’s May 1 quarterly report conference call. “The underlying fundamentals within the Power Solutions business are extremely strong, which will help deliver solid volume leverage as growth accelerates.”

Management didn’t offer much by way of an update on Johnson Controls’ decision to review strategic alternatives for its Power Solutions business other than to say the review is ongoing.

Johnson Controls Wins Battery Contracts With Navistar, MAN Truck & Bus

Johnson Controls Power Solutions has landed contracts to supply absorbent glass mat (AGM) and flooded batteries to two heavy-duty commercial truck and bus companies: **Navistar** and **MAN Truck & Bus**.

The company will supply AGM and flooded batteries under the **Fleetrite** brand to Navistar's three North American OE production plants and to the aftermarket through its more than 700 truck and bus dealerships. Johnson Controls' batteries are now the standard offering for Navistar's OE **International** models.

Johnson Controls will supply AGM truck batteries to MAN Truck & Bus' European OE production plants and aftermarket service centers. To meet this demand, Johnson Controls is investing in new AGM manufacturing capabilities at its plant in Hanover, Germany.

AASA: Engagement & Member Services – Coordinator

Automotive Aftermarket Suppliers Association – A division of Motors & Equipment Manufacturers Association. Position Summary: The Automotive Aftermarket Suppliers Association (AASA) has a mission to advance the supplier industry and the business interests of our members. We seek to exceed member expectations. … (more) … ***Click here to find out more*.**

MANN+HUMMEL: Sales Account Manager — Western U.S.

As worldwide experts in filtration, MANN+HUMMEL develops solutions for vehicles, industrial applications, clean air inside vehicles and the sustainable use of water. With team spirit and an open culture of communication, we are continuously working towards achieving our vision of 'leadership in filtration'. Become part of the team as a Sales Account Manager. … (more) … ***Click here to find out more*.**

BBB Industries: Senior Interactive/Digital Media Designer

Rare opportunity to join a talented marketing team for a growing and influential manufacturer in the automotive aftermarket. You will be part of a team that creates, innovates and experiments with the path forward for the company's digital landscape. A dream job for someone … (more) … ***Click here to find out more***.

Remington Retains Canadian Reps

Remington Industries (Ooltewah, TN) has retained the **Marand Group** to rep Canada at mass merchant, big box, automotive, specialty, and farm and ranch retailers. Marand specializes in relationships, category and data management, quality control, and supply chain management. Remington, an automotive accessory company, specializes in floor protection, interior organization and sun protection products, as well as transport hardware.

Rally Mfg. Secures License For Goodyear Floor Mats

Rally Manufacturing has announced a licensing agreement with the **Goodyear Tire & Rubber Co.** for a new branded automotive floor mat program. Goodyear floor mats will be available at various retailers, such as **Walmart**, **AutoZone**, **Pep Boys**, **Menards** and **Canadian Tire**. Miami-based Rally Manufacturing engages in the engineering, manufacture and supply of automotive accessories for retail customers worldwide. Aside from floor mats, the company offers wiper blades, marine products and 12-volt products.

Daystar Buys BumperSuperstore.com

Daystar Products International (Phoenix) has acquired the assets of e-commerce site **BumperSuperstore.com**. Financial terms of the transaction were not disclosed. BumperSuperstore offers aftermarket bumpers from over two dozen manufacturers for most models of trucks and Jeeps. Its catalog also includes winches, grille guards, fog lights, light bars, running boards, and tonneau covers.

Matco Core Sales ‘Flattish’ In Q1

Everett, WA-based **Fortive Corp.** saw its vehicle repair market sales increase 0.6 percent to $158.80 million in the first quarter of 2018. According to management, **Matco** core sales were “flattish,” as double-digit growth in hardline tools and market share gains were offset by continued softness in tool storage due, in part, to customer deferrals.

“Distributor sentiment coming out of our annual expo is positive. We recorded our second-highest order results in expo history, and we expect to continue to outperform the market,” President and CEO **Jim Lico** told analysts on the company’s April 26 quarterly report conference call.

Matco ‘Tools For The Cause’ To Support Military Members, Families

Matco Tools (Stow, OH) is donating 15 percent of the proceeds from sales of “Tools for the Cause” products and merchandise to the **Fisher House Foundation**, which provides a home away from home for families of patients receiving medical care at major military and Veterans Administration medical centers. Items in the “Tools for the Cause” program include t-shirts, caps, mugs, decals and can koozies.

Since the program began in 2012, Matco has donated nearly $800,000 to research and community-based organizations, including the **Breast Cancer Research Foundation**.

Record Revenue, Pretax Profits For PACCAR Parts

PACCAR Parts came through with a record $939.90 million in worldwide net sales and revenues for the first quarter of 2018 — an increase of 19.5 percent over the previous year. According to management, the increase was attributable to higher aftermarket demand and successful marketing programs in all markets. Favorable foreign currency translation also was a factor, accounting for $33.80 million of the $153.20-million total year-over-year revenue increase.

Aftermarket parts sales volume grew by $97 million in the quarter, while related cost of sales increased by $62.70 million because of higher demand in all markets. Additionally, **average aftermarket parts sales prices increased sales by $22.40 million**, primarily due to higher price realization in the United States and Canada. Average aftermarket parts direct costs rose by $16.60 million on higher material costs, while warehouse and other indirect costs increased by $5 million because of higher salaries and related expenses and higher maintenance costs.

PACCAR Parts' income before taxes rose 27.2 percent to a record $191.80 million. Pre-tax return on revenue grew from 19.2 percent to 20.4 percent, attributable to higher sales volume and favorable currency translation.

For the full year, management expects PACCAR Parts sales to grow 10 percent to 12 percent.

Seidel Diesel Group Adds Marketing Manager, Product Manager

The **Seidel Diesel Group** (Bolingbrook, IL) has hired **Sharon Young** as its turbocharger manager, responsible for managing all of the group's turbocharger business, including the sales team. Young comes to Seidel with more than 15 years of experience in turbocharger and engine-related business, including time with **Mitsubishi Engine & Turbo** and **Fiat Powertrain Technologies**.

Seidel also has added **Jaime Rogan** as its marketing manager, responsible for directing marketing strategies and programs and developing branding for all of the group's affiliates. Rogan comes to Seidel with 16 years of transportation and parts experience, including time with **Schneider National** and **Vipar Heavy Duty**.

Seidel Diesel Group companies include **Midwest Fuel Injection**, **Metro Fuel Injection**, **Pacific Fuel Injection** and **International Fuel Injection**. Its Bolingbrook location also is home to **Action Truck Parts**, a Vipar member, as well as the **Diesel Service Center**, a full-service diagnostic and repair facility.

Inland Truck Parts Makes A Move In South Dakota

Inland Truck Parts & Service (Overland Park, KS) has acquired **Logan's Truck & Auto**, a Rapid City, SD business that performs heavy- and light-duty truck service. The move allows Inland, which already has a store in Rapid City, to offer a full range of truck services in addition to its current offerings of parts and shop services. For now, the two businesses will remain in their current locations. Inland plans to build a new facility to house them under one roof.

People Watching 5/10/18

• **Jay Litsey** has left **Factory Motor Parts** to become the vice president of marketing and strategic planning for **Mahindra USA**. Litsey was vice president of sales and marketing for Factory Motor Parts. He also is a former senior vice president of sales and marketing for the **Technical Chemical Co.**

• **Erika Marquez** has joined **Warn Industries** as its international sales manager for Latin America. Marquez most recently was national sales manager for **BOLT Locks** at **Strattec Security Corp.**

• **NTN Americas Region** CEO **Tetsuya Sogo** is leaving to become the corporate general manager of NTN's financial headquarters in Japan. Sogo, a senior executive officer of **NTN Corp.**, will be succeeded as CEO by **Katsuaki Miyake**, an executive officer of NTN Corp., who most recently was president of the NTN Iwata Works in Japan and deputy corporate general manager of the automotive headquarters.

• **DMA Sales LLC** (Tabor City, NC) has added **Falin Bowers** as its manager of supply chain and logistics, tasked with monitoring customer demand patterns and keeping supply in balance with demand. Bowers previously was a supply chain planner at **Husqvarna**.

• **ATEQ TPMS Tools** (Livonia, MI) has hired **Emily Larouche** as an administrative assistant, responsible for assisting the sales and logistics team with inventory control and order acknowledgment. Larouche previously worked for the **Integrated Supply Network** (ISN) in Florida as a purchasing agent.

News Briefs 5/10/18

• The **Seidel Diesel Group** (Bolingbrook, IL) is now a **Honeywell Garrett** master distributor for the United States and Canada.

• The **Donaldson Co.**, a Minneapolis-based filtration products specialist, has expanded its distribution center in Brugge, Belgium from 237,000 square feet to 484,000 square feet. The facility serves 164 countries and has an annual outbound goods volume of 17 million units.

• A new campaign has debuted for **NAPA Echlin** and **NAPA Belden**, a series of product-centric ads designed to communicate the unique benefits for each product, including coils, TPMS sensors, electronic throttle bodies, ABS sensors, camshaft and crankshaft sensors, and spark plug wires. The ads feature a series of shapes based on the NAPA Echlin logo in NAPA gold and blue.

• **Grote** has launched a distributor locator website, https://distributors.grote.com.

• **Alltrade Tools** is making available $500 **Powerbuilt** gift certificates to **CAWA** scholarship recipients this year. Award winners will be announced later this month. CAWA received 57 scholarship applications from students in California, Nevada and Arizona — the highest number in recent years.

Financial Briefs 5/10/18

• **O'Reilly Automotive** has a new targeted rent-adjusted debt to EBITDAR leverage ratio. The previous target range (originally established in 2011) was 2.00 times to 2.25 times. The new target ratio is 2.50 times. "We believe it is appropriate to update our target leverage ratio to 2.50 times, which will provide us with increased financial flexibility and liquidity while also maintaining our historically prudent financial policies," said CEO and Co-President **Greg Johnson**. "We believe this updated ratio is the appropriate capital structure for our company, and we remain committed to maintaining our investment-grade credit ratings."

• For the first quarter of 2018, **Fox Factory Holding Corp.**'s powered vehicle product sales increased by $18.10 million, or 33.5 percent, to $72.10 million, attributable to higher demand for its on- and off-road suspension products, as well as the inclusion of sales from the **Tuscany Motor Co.**, in which Fox acquired an 80-percent stake on Nov. 30.

• **Illinois Tool Works** (ITW) reports that organic revenue for its automotive aftermarket businesses decreased 0.4 percent in the first quarter of 2018, primarily because of a decline in the car care, engine and body repair businesses in North America. This was partially offset by an increase in the tire repair businesses in North America and the additives businesses in Europe.

• **ITT Inc.** reported that its sales to the independent aftermarket channel declined 6 percent in the fiscal second quarter ended March 31, 2018, attributable to phasing and destocking by distributors. Revenue from **Wolverine** increased 2 percent because of stronger sales from OE brake shims in Europe and Asia. OEM friction sales were up 9.5 percent.

• The Aftermarket & Industrial segment of **Meritor Inc.** saw its total sales (external and intersegment) increase 13.3 percent to $256 million in the fiscal second quarter ended March 31, 2018, mainly due to higher sales on the industrial side, which included sales from an acquired business (**Fabco Holdings**). Segment adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) rose 12.5 percent to $36 million. However, segment adjusted EBITDA margin declined from 14.2 percent to 14.1 percent due, in part, to higher material and freight costs.

• The **Spectrum Brands Holdings** board of directors has authorized a new three-year, $1-billion common stock repurchase program, effective immediately. It replaces a previous three-year program, which had a remaining available authorization of $93 million.

Event & Trade Show Briefs 5/10/18

• Registration is now open for the **2018 AWDA Business & Education Conference** taking place Oct. 27-29 at the Venetian Resort & Casino in Las Vegas.

• **SEMA** has released the **2018 SEMA Show** education schedule, which will include over 100 professional development and industry-focused sessions on such topics as automotive electronics, engine technology, online marketing and talent management, to name a few.

• Almost 80 percent of **ASE Training Managers Council** (ATMC) members reportedly attended the group's annual conference April 11-13 in Atlanta. About a third of the participants were from the OE realm, with a third coming from the aftermarket. The remainder were from training vendors, software developers, publishers, industry organizations, and other groups that serve the training industry.

• Some 2,000 people reportedly attended the **STX 2018 Training & Supplier Expo**, which took place May 3-6 in Grapevine, TX. The event, hosted by **WORLDPAC**, included 167 instructor-led technical training and business courses, as well as a supplier expo featuring over 200 manufacturers, suppliers and brands. Additionally, more than 100 local high school and college students attended the event to learn about automotive industry careers.

• The first meeting for the newly formed **Vipar Heavy Duty** Supplier Advisory Council took place May 2-3 in Chicago. The group, composed of senior executives from Vipar Heavy Duty supplier partners, will meet on a regular basis to share ideas and address such industry topics as technology, end-user programming, data and strategies. The next meeting will be held during Vipar's **Annual Business Conference** in October.

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‹ FTC Warns Hyundai About Warranty Claims; Legal Action May Follow   The Greensheet Issue #18-18 (Headlines) ›

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Opportunities/Employment Classifieds

AASA: Engagement & Member Services – Coordinator

A new position has been created to assist in: growing AASA membership; growing existing member engagement; achieving sponsorship targets; assist in supporting our councils, which is a key vehicle for member engagement and delivering member relevance.

MANN+HUMMEL: Sales Account Manager — Western U.S.

The Account Manager serves as the primary business contact for the client and is responsible for client satisfaction by developing relationships within the assigned base to promote, sell and support product lines in the assigned territory of Pacific Northwest, Southwest and Rocky Mountain region.

BBB Industries: Senior Interactive/ Digital Media Designer

This position is hands-on and will serve as creative designer for digital projects, participating in execution from design to deployment.

Tweets by @The_Greensheet

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May has been especially busy in the auto care industry. Get caught up on what's happening with THE GREENSHEET. New issue! autocareweek.com/?p=47609 #aftermarket #autocare

7m

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Nominations now being accepted for the Auto Care Association's "Impact Award" program. The deadline to

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