A sobering quarter for auto shareholders

The 14 companies in the global automakers category tend to have the most volatile shareholder returns of the three auto groups largely because the regions where they are based are so exposed to economic cycles. For example, France’s PSA Peugeot Citroën was the only automaker to lose shareholder value over the past three years due to a long European recession. It was one of only six in positive territory over the past year and middling in the third quarter when only three carmakers increased value.

Only two automakers gained in all three periods: China’s SAIC and Suzuki of Japan.

At the other end of the spectrum, South Korea’s Hyundai finished at the bottom for both the current and a year ago. Over three years, it is fifth behind No. 13, ahead of only Peugeot.

Shareholders

Regardless of where the 38 publicly owned suppliers are headquartered, the third quarter was sobering after generally strong gains for most of the past three years.

Last quarter, 27 suppliers had a negative shareholder return. Over three years, 32 suppliers were up on average, and a dozen have at least doubled their value.

Harman International was a top performer most of the time, almost half the past year and more than tripling since the third quarter of 2011. But in the last quarter, its value fell 6.5 percent, down almost as much as the sector average loss of 11.1 percent.

Retailers

The six U.S.-based public auto dealership companies that make up the retailer group had a worse third quarter than suppliers or automakers, off almost 15 percent. Although they had the farthest to fall due to exuberant results in recent years.

After surviving the recession, all six rode the long vehicle sales recovery to reward shareholders. Even with last quarter’s dip, returns were up on average, and a dozen have at least doubled their return since the second quarter of 2011.

With 53.5 percent growth, AutoNation is the only one of the group not to at least double in the past three years. Despite more than quintupling in value since the third quarter of 2011.

Kevin Frye, e-commerce director for the Jeff Wyler Automotive Family in Cincinnati, led discussion on his Facebook page criticizing the campaign.

He said the four videos perpetuate stereotypes of dealers as bargain hunters trying to take advantage of shoppers with outrageous markups.

Frye said Thursday, Oct. 23, that the Wyler dealership group had canceled its Edmunds.com subscriptions.

Edmunds.com has been marketing a no-haggle approach to shopping through its site for more than a year through a program called Price Promise.

Though it, an Edmunds shopper can get a guaranteed price from an Edmunds-participating dealer on a specific new vehicle. The service also provides prices of similar vehicles in the area — so the performance of dealers with larger market caps has a greater impact on the index.

The data on this page represent the third-quarter update of the Automotive News/PwC Shareholder Value Index. The index reflects total shareholder return, which is calculated separately for automakers, suppliers and retailers. Total shareholder return, considered the best indicator of shareholder value, shows the change in the value of an investment in a period. Each company on the Automotive News/PwC Shareholder Value Index is measured using share price movement, stock splits or buybacks and reinvestment of any cash dividends. The calculation assumes all dividends are reinvested in additional stock. The index value average is weighted by market capitalization — a company’s share price multiplied by shares outstanding — so the performance of dealers with larger market caps has a greater impact on the index.