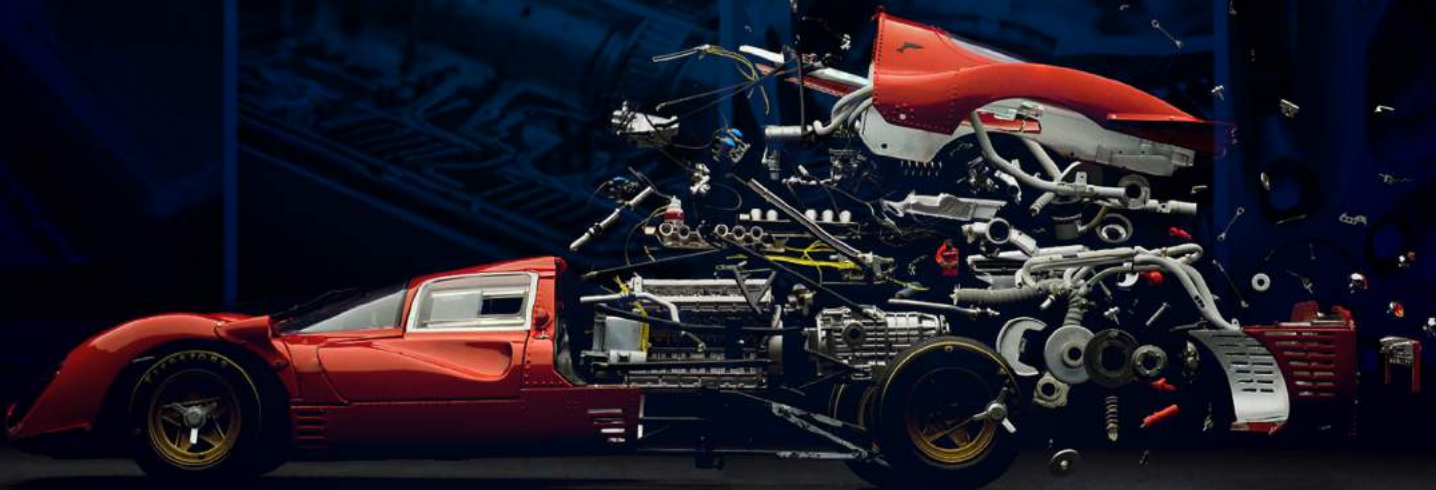


**automechanika**  
DUBAI

**TECHSCI RESEARCH**  
*from NOW to NEXT*

# MIDDLE EAST AND AFRICA AUTOMOTIVE AFTERMARKET



## **Middle East**

- Automotive industry outlook | 03
- Overview of Middle East vehicle fleet analysis | 06
- Automotive aftermarket overview | 08
- Market trends & developments | 10
- Automotive aftermarket future opportunities | 11

## **Africa**

- Automotive industry outlook | 12
- Overview of Africa vehicle fleet analysis | 15
- Automotive aftermarket overview | 17
- Market trends & developments | 19
- Automotive aftermarket future opportunities | 20



# Middle East Automotive Industry Outlook



“

**Middle East automotive market is forecast to grow at a CAGR of 5.12%, in volume terms, during 2018-2024, with sales volume projected to reach 3.68 million units by 2024.**

Anticipated market growth can be attributed to stability in oil prices, increasing number of construction and infrastructure projects, rising female driver population and upcoming vehicle manufacturing/assembly plants in some major countries of the Middle East.

”



## Passenger Car (Million Units)

**4.97%**

CAGR 2018-2024F

2.30

2018

3.07

2024F



62.23%

Pickup/SUV  
(2018)

32.69%

Sedan  
(2018)

3.67%

Hatchback  
(2018)

1.41%

MPV  
(2018)

## Commercial Vehicle (Million Units)

5.88%

CAGR 2018-2024F

0.43

2018

0.61

2024F

Bus  
9.10%

M&HCV  
18.56%

LCV  
72.34%



### Drivers

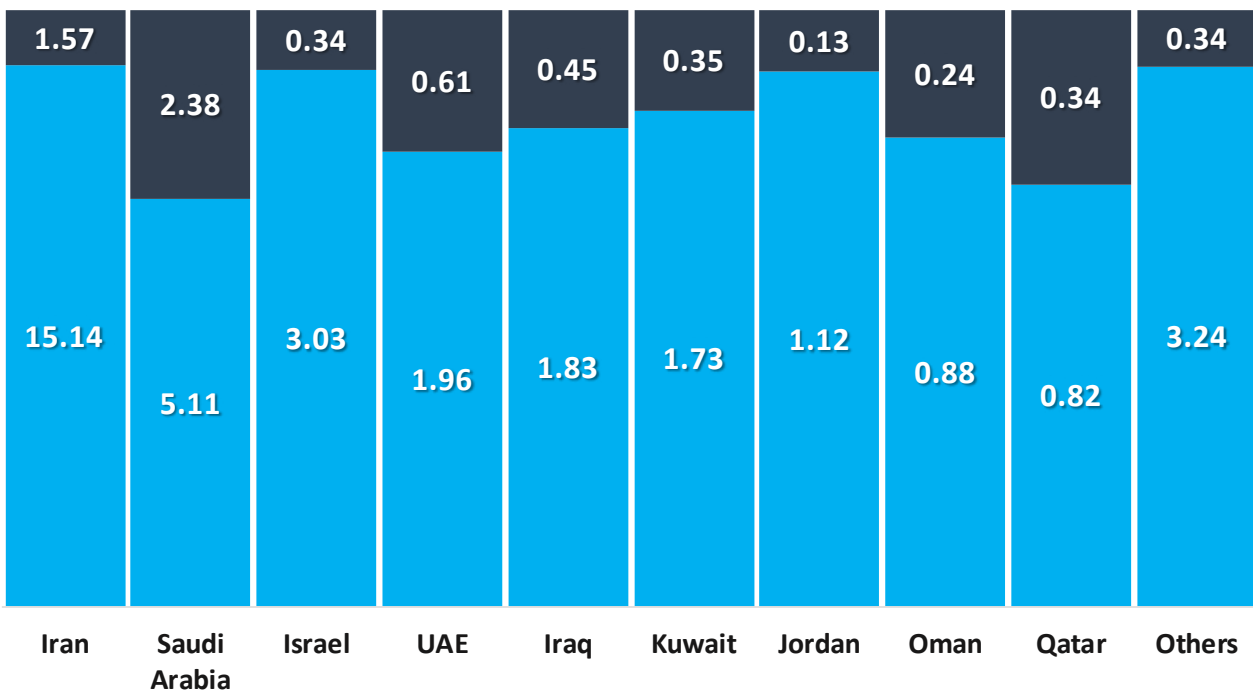
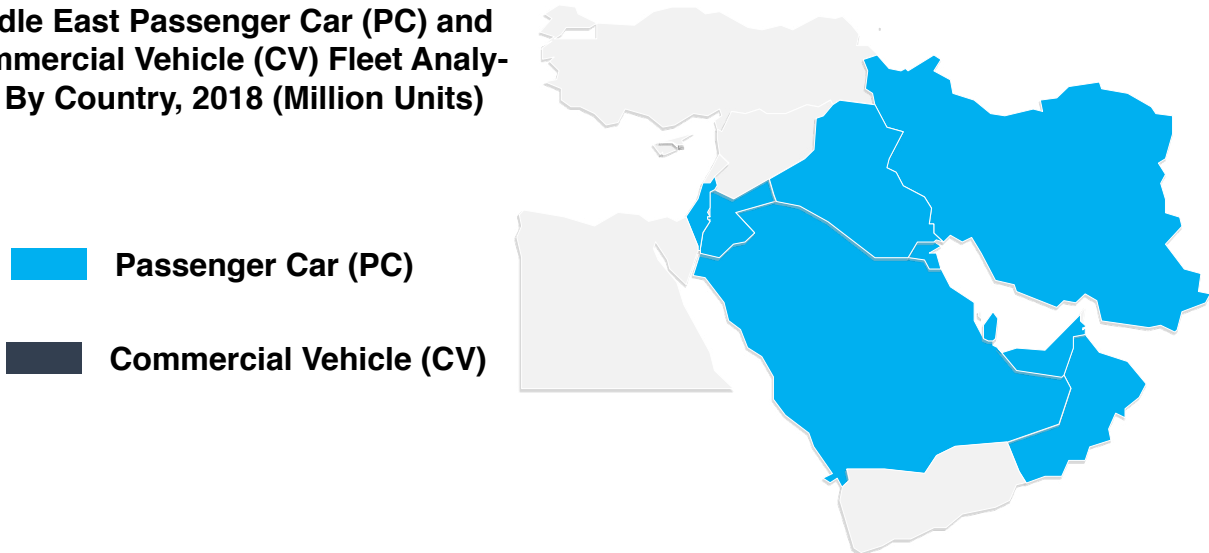
- Infrastructure Development
- Economic Recovery
- Growing Logistics, E-commerce and Tourism Sectors
- Increasing Number of Educational Institutions

### Challenges

- Lack of Domestic Automobile Production
- Fluctuation in Oil Prices

# Overview of Middle East Vehicle Fleet Analysis

Middle East Passenger Car (PC) and Commercial Vehicle (CV) Fleet Analysis, By Country, 2018 (Million Units)



Growing demand for passenger cars in the Middle Eastern countries is backed by factors such as increasing per capita income and growing number of CKD plants. In coming years, demand for commercial vehicles is expected to increase across the region, driven by recovering economic conditions in major markets. Growing construction activities in major markets are anticipated to boost demand for heavy trucks, buses and other commercial vehicles during the forecast period.



#### Major Players Passenger Car (PC)

Toyota

Hyundai

Nissan

Lexus

Kia

Honda

Mazda

#### Major Players Commercial Vehicle (CV)

Toyota

Hyundai

Isuzu

Hino

Daimler

King Long

Mitsubishi Fuso



- Middle East GDP Growth - 2.8% and 3.6% in 2018 and 2019E, respectively
- Saudi Arabia and UAE implemented VAT of 5% from 1st Jan 2018 on the sale of motor vehicles and parts, repair services, etc.
- VAT implementation has increased the nominal purchase price of luxury cars
- Middle East Inflation Rate - 3.6% and 3.8% in 2018 and 2019E, respectively

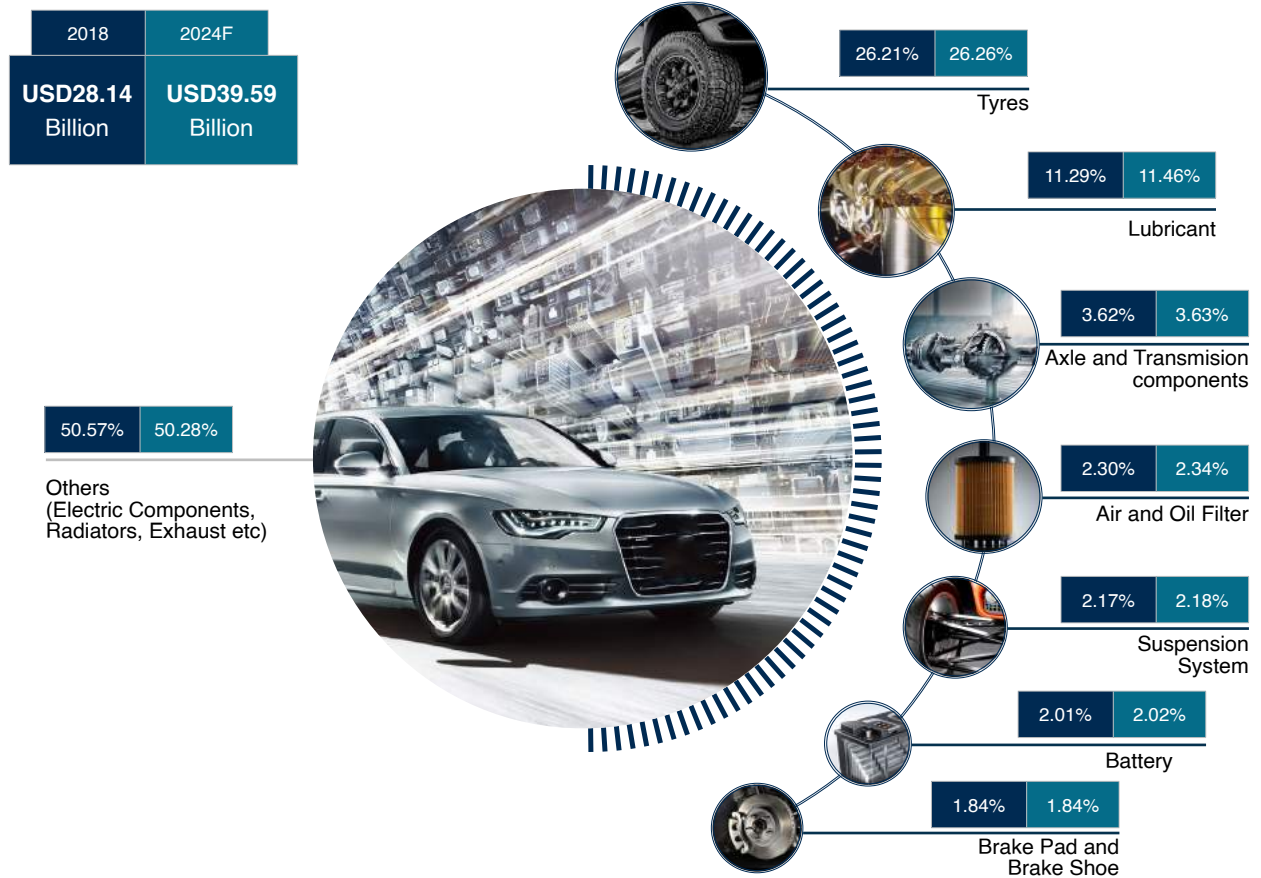
Company	Launch Month	Development
GAC	Nov 2018	GAC launched its new SUV model GAC Motor GS7 in Kuwait.
Hyundai	Nov 2018	Hyundai Motor Company's distributor Skyline Automotive launched the All-New Hyundai Santa Fe for Qatar market.
Renault	Nov 2018	Gulf Advantage Automobiles (GAA), which is the imported of Renault cars in Saudi Arabia, launched the new Renault Duster SUV in the market.
GM	July 2018	The company released its all electric model Chevrolet Bolt EV in Dubai.
Toyota	July 2018	Toyota's distributor in Saudi Arabia, Abdul Latif Jameel Motors, launched new Toyota Rush in the market.

# Middle East Automotive Aftermarket Overview





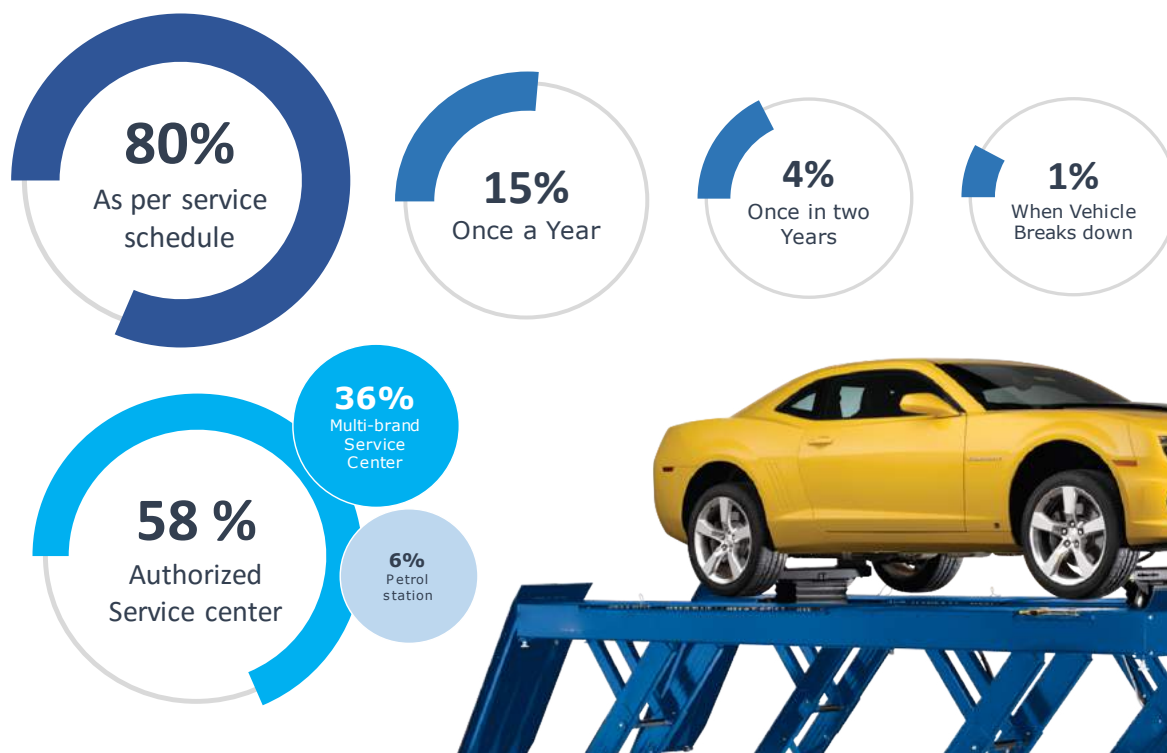
## Middle East Automotive Aftermarket Share, By Component, By Value



## Middle East Passenger Car Components Replacement Rate (Kms), 2018

Component	Kms
Avg Kms Run in a year	18000
Tyres	40000
Lubricant	8000
Axle and Transmission components	80000
Oil Filter	8000
Air Filter	20000
Battery	75000
Brake Pad and Brake Shoe	25000
Electric Components	30000

## Middle East Passenger Car Service Scenario, 2018



## Market Trends & Developments

- **Significant Number of Female Drivers to be added in Saudi Arabia**  
With Saudi Arabia lifting its ban on women driving in June 2018, an estimated 3 million plus female drivers are expected to be added on the roads by 2020. As a result, the automotive and its spare parts markets would register growth in the country.
- **Localized Production by OEMs**  
Localization of auto spare parts in the Middle East would curb import costs, activate local investments, and minimize imitation and manipulation. OEMs such as Toyota are considering localized production of their vehicles in Saudi Arabia. Such an investment by a major OEM is expected to boost the auto parts manufacturing supply chain in the country.
- **Increasing Demand for Spare Parts for Vehicle Modifications**  
Over the years, demand for spare parts has increased in the Middle Eastern countries such as Saudi Arabia, Iran, UAE and Oman, as customers are also looking to make performance modifications in their vehicles by customizing and enhancing the look of their vehicles. Vehicle modifications have been in high demand in recent years, especially among the youth population, in the region. This trend is expected to continue in coming years, thereby boosting demand for auto components in the Middle East.
- **Rising Investments in New Sales Channels**  
Increasing investments are being witnessed in new channels of customer engagement such as quick delivery modes and online sales of spare parts in Middle Eastern countries such as Saudi Arabia. Babatin Auto Parts, Souq (an Amazon company), Desertcart, Awok and ACDelco are some of the websites selling automotive spare parts.
- **Growing Second Hand Auto Spare Parts Market**  
Second hand auto spare parts market in the Middle East has developed into a full-fledged multi-million dollar industry, boasting more than 100 small and medium-sized enterprises spread across the region. UAE is the major supplier of automotive spare parts within the Gulf region as well as for Iran, CIS, Indian sub-continent and Africa.

## Middle East – Automotive Aftermarket Future Opportunities

2017-18



- In 2017, Qatar government opened a USD41 million tire recycling plant to recycle tires and other rubber materials into new products.
- Dubai Electricity and Water Authority (DEWA) completed the installation of 200 EV charging stations by end-2018. The 'Green Charger Initiative' is aimed at driving the EV and auto component markets.

2019-20



- British Petroleum will expand its presence in Abu Dhabi with an investment of USD1 billion in 2019.
- Karwa Motors plans to produce Oman's first assembled bus in 2020. The company aims to produce 1,000 buses every year once the Phase 1 operations commence.
- Bosch plans to expand its presence in Saudi Arabia to 46 service centers by 2020 from 23 in 2015.
- In May 2018, Saudi Arabian National Tire Company (NTC) announced its plan to build a tire manufacturing plant in Jubail by 2020. The plant will have an annual production capacity of 20 million tires.

2021-22



- Barez Industrial Group is planning to expand its tire manufacturing facilities in Iran, with an aim to produce 150,000 tons of tires per annum by 2021.
- Qatar Quality Trading, in collaboration with Japanese company ARM, plans to produce Qatar's first electric car 'KATARA' from the company's USD9 billion factory in 2022.
- Major infrastructure development projects such as stadiums, expressways and local road projects are being undertaken in Qatar for FIFA World Cup 2022, which will boost the commercial vehicles industry.

2024  
Onwards

- Saudi Arabia's car density is expected to increase from **220 per 1000 adults** in 2017 to **300** in 2025.



# Africa Automotive Industry Outlook



“

With increasing number of manufacturing/assembly plants, government initiatives to improve domestic manufacturing of automobiles, and growing construction and infrastructure projects in Africa, sales volume in the region's automotive market is projected to reach 1.56 million units by 2024, growing at a CAGR of 4.68% during 2018-2024.

”

**Passenger Car**  
(Million Units)

0.85

2018

1.13

2024F

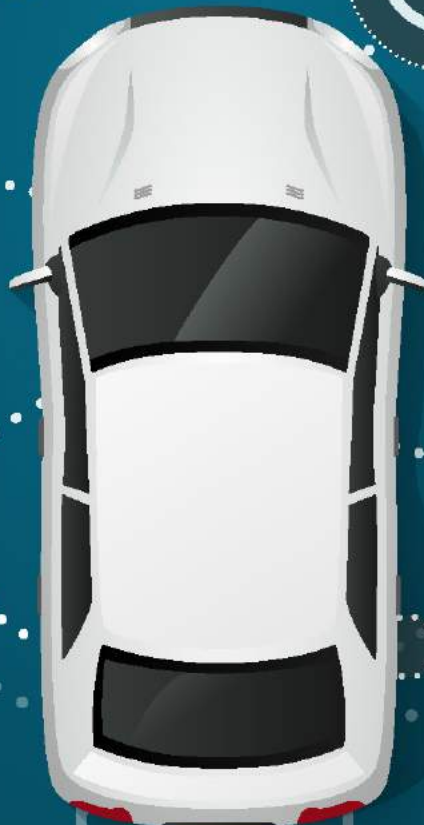
**4.81%**

CAGR 2018-2024F

**68.56%**  
Pickup/SUV  
(2018)

**10.12%**

Hatchback  
(2018)



**1.20%**

MPV  
(2018)



**20.12%**

Sedan  
(2018)

**Commercial Vehicle**(Million Units)  
**4.36%**  
CAGR 2018-2024F



**75.25%**  
LCV



**15.94%**  
M&HCV



**8.81%**  
Bus



## Drivers

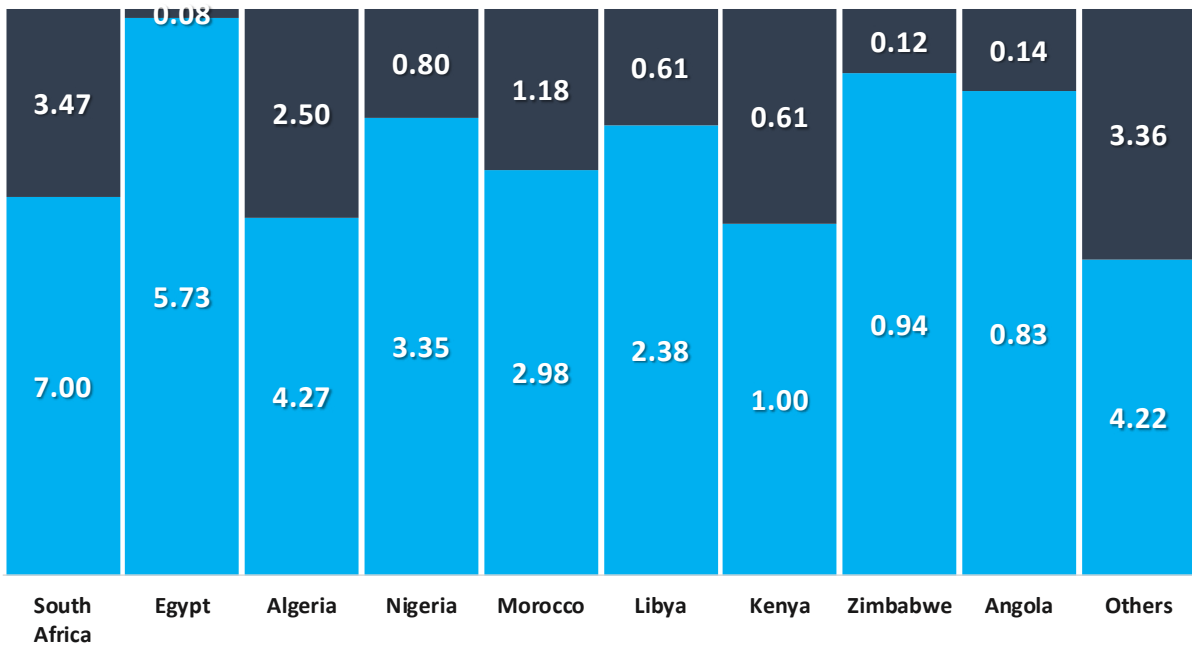
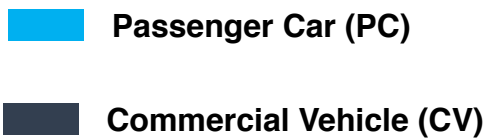
- Increasing Investments by major Automakers
- Major Infrastructure Investments
- Economic Stability
- Rising middle-class population aspiring and seeking to own a vehicle

## Challenges

- Imports of Used Vehicles from the US, Europe and Japan impacting the sales of New Vehicles

# Overview of Africa Vehicle Fleet analysis

Africa Passenger Car (PC) and Commercial Vehicle (CV) Fleet Analysis, By Country, 2018 (Million Units)



Global automotive manufacturers such as BMW, Toyota, Ford and Mercedes-Benz have made substantial investments in automotive production facilities in different African countries. Under the right government policy framework, African countries can leverage the momentum of urbanization to accelerate industrialization for a more prosperous and profitable future.

By 2035, Africa's urban population is projected to reach 49%, resulting in considerable demand for employment in various services, manufacturing, construction and infrastructure sectors, thereby positively impacting the African automotive market.



### Major Players Passenger Car (PC)

Toyota
Volkswagen
Renault
Hyundai
Dacia
Ford

### Major Players Commercial Vehicle (CV)

Daimler
Volvo
Isuzu
Scania
Tata Motors
Ashok Leyland

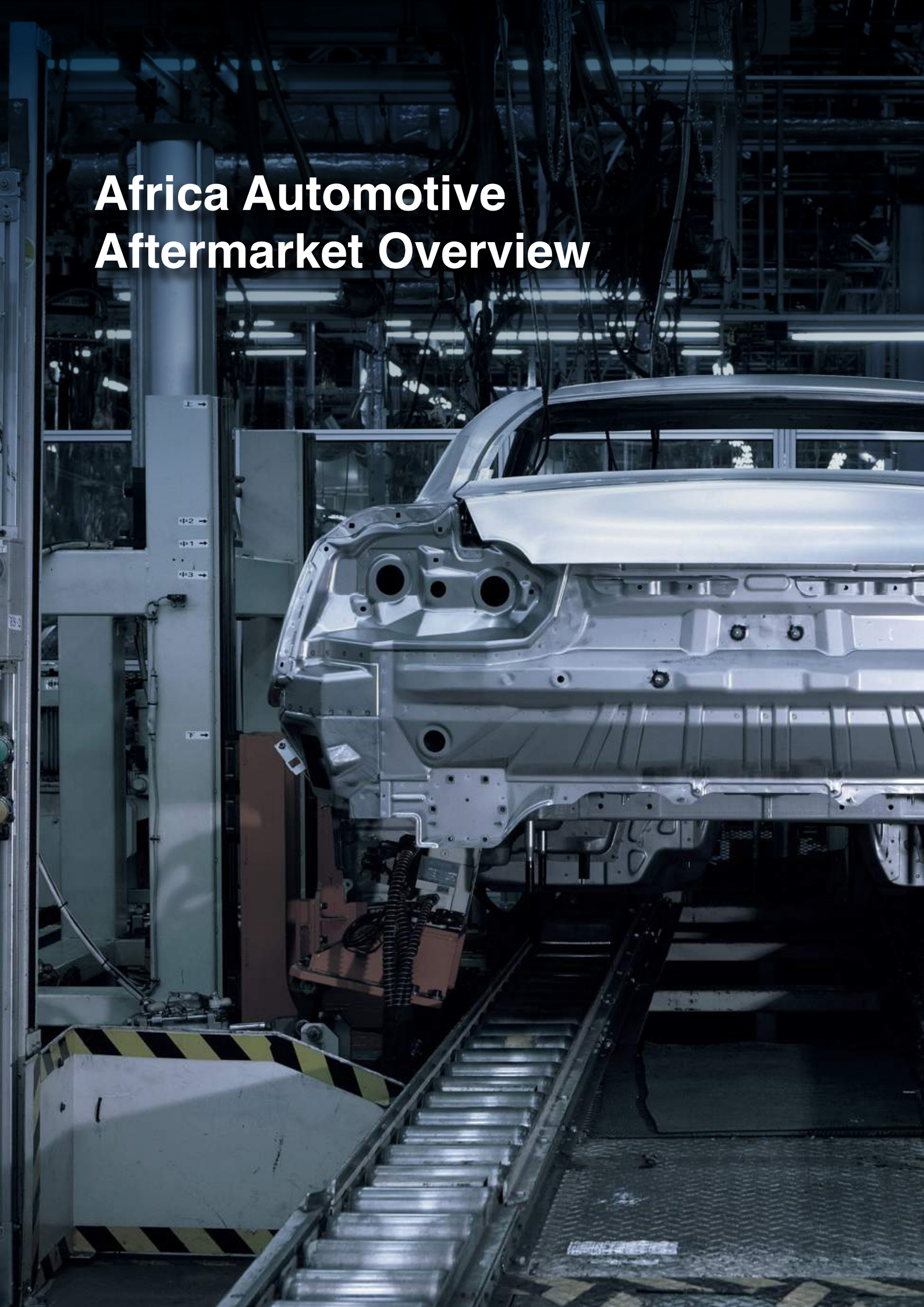


- Africa GDP Growth - 4.0% and 4.1% in 2018 and 2019E, respectively
- 1.2 million direct employment from automotive sector
- Automotive sector contributes 6% of African GDP in 2018
- 1.2 billion estimated population in 2018
- Africa Inflation Rate - 4.5% and 4.4% in 2018 and 2019E, respectively

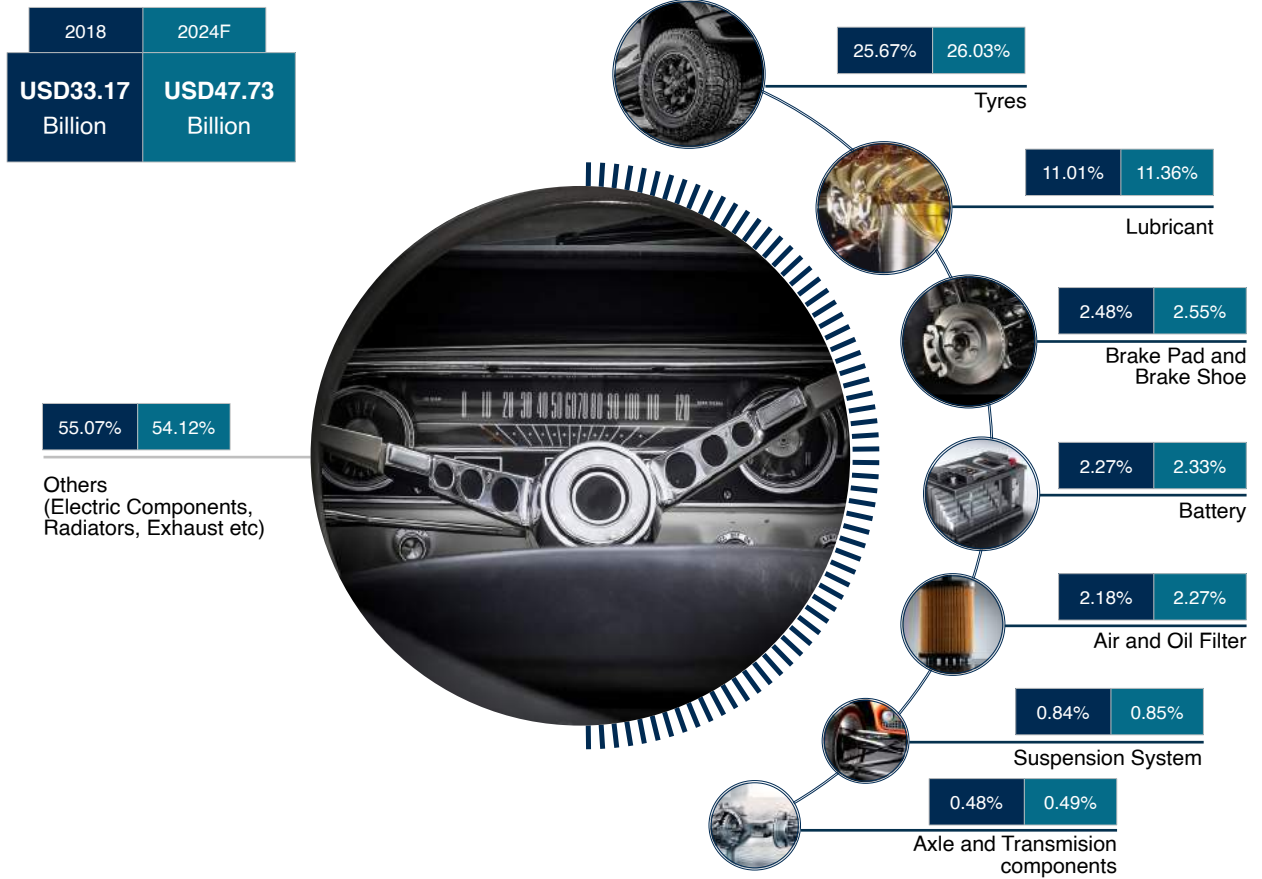
Company	Launch Month	Development
Datsun	Nov 2018	Datsun launched its new models GO and GO+ in South Africa.
Tata Motors	Nov 2018	Tata Motors launched two models Tata NEXON and Tata HEXA in Tanzania through its distributor Tata Africa Holdings (Tanzania) Limited.
Toyota	Aug 2018	Toyota Nigeria Limited (TNL) launched its new Camry car model in Nigeria.
Toyota	July 2018	Toyota launched its Rush SUV to target the small SUV market in South Africa.
Ford	June 2018	Ford revealed its new Figo sedan model for the South African market.



# Africa Automotive Aftermarket Overview



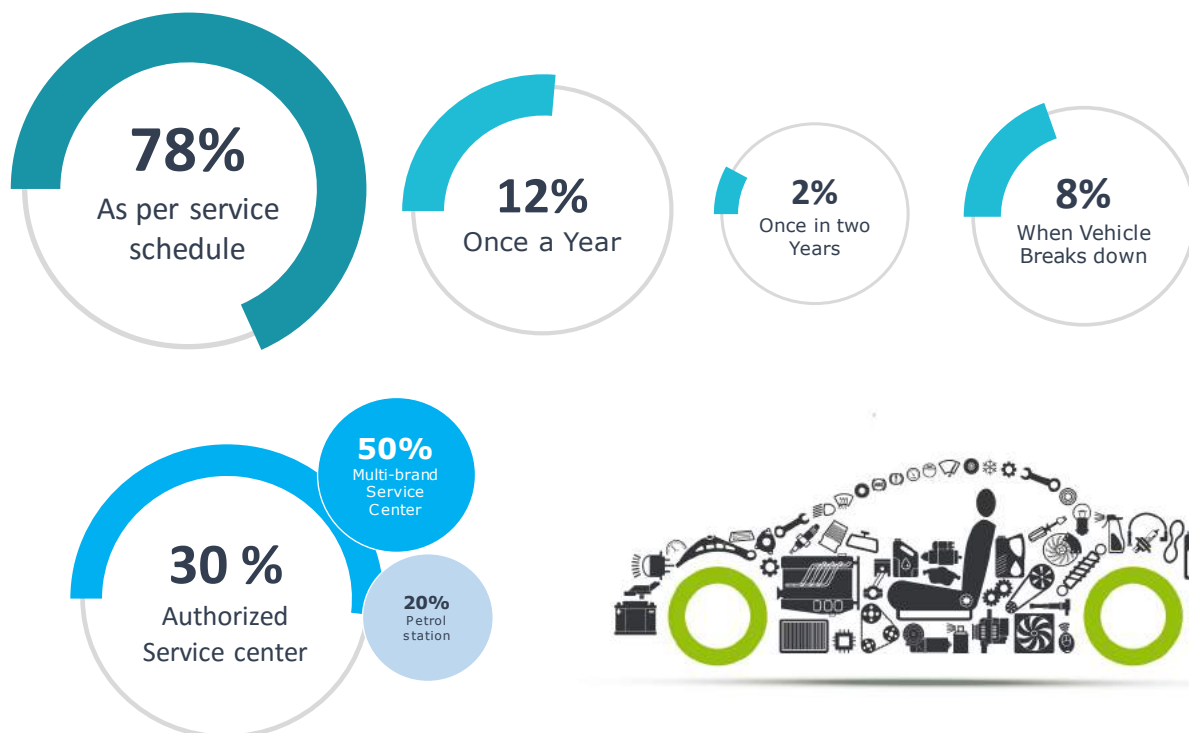
## Africa Automotive Aftermarket Share, By Component, By Value



## Africa Passenger Car Components Replacement Rate (Kms), 2018

Component	Kms
Avg Kms Run in a year	20000
Tyres	50000
Lubricant	9000
Axle and Transmission components	80000
Oil Filter	9000
Air Filter	30000
Battery	75000
Brake Pad and Brake Shoe	28000
Electric Components	32000

## Africa Passenger Car Service Scenario, 2018



## Market Trends & Developments

- **Government Incentives on Locally Assembled Vehicles**  
Various incentive programs have been introduced by the African government to promote domestic production and assembly of vehicles and auto components. For instance, Kenyan government has introduced incentive plans on locally assembled vehicles and auto parts manufacturing, aimed at replacing imported vehicles with vehicles assembled locally.
- **Growing Demand for Chinese Auto Components**  
South Africa is witnessing increased imports of auto parts such as OE components, transmission shafts, engines parts, axles and tires from China and decreased trade from traditional markets such as the US, UK and Germany, primarily owing to the cost competitiveness of auto parts from China.
- **South Africa Dominates Africa Automotive Aftermarket**  
Auto component sales in South Africa are mainly concentrated in three of the country's provinces - Gauteng, Eastern Cape and KwaZulu-Natal, due to the presence of major auto OEMs in these regions. In Gauteng, BMW, Nissan/ Renault and Ford Motor Company have their plants. Volkswagen Group, Mercedes-Benz, General Motors and Ford Motor Company have their plants in Eastern Cape. Moreover, Bell Equipment Co, Hino, MAN truck & bus and Toyota Motors are concentrated in KwaZulu-Natal.
- **Manufacturing /Assembly Plants by Major OEMs**  
Global OEMs are establishing their assembly plants in African countries such as Ethiopia, Egypt, Kenya and Algeria. Hyundai Motor Co has opened an assembly plant in Ethiopia with an annual production capacity of 10,000 vehicles. The plant will assemble passenger hatchback cars and trucks. Nissan is also building a new plant in Algeria in a joint venture with Hasnaoui Group to meet the growing demand in African countries. The plant, which will be operational in 2020, will have an annual capacity of 63,500 vehicles.

# Africa– Automotive Aftermarket Future Opportunities

## 2017-18



- Summito Rubber's tire manufacturing plant started tire production for trucks and buses for the African markets with an investment of USD168 million in 2018.
- Algeria has shifted its auto industry focus to the local manufacturing of vehicle components to create jobs. The government capped vehicle imports to 50,000 units in 2018 from 79,000 units in 2016.
- Ficosa inaugurated its first production plant in Africa in 2018. The plant would produce complex vision systems, rear-view mirrors, shifter systems and washer systems.
- Ashok Leyland opened its new headquarters in West Africa, Ivory Coast, in 2019.
- Kia Sorento's passenger car assembly line was opened on 6th Oct 2018 in Egypt.

## 2019-20

- Casablanca road network project, entailing an estimated investment of USD316 million, is set for completion by 2020. The project would benefit commercial vehicle and overall auto industry of Morocco.
- JTEKT's new steering system production facility in Morocco is scheduled to start production in 2020. The facility will have an annual capacity of 230,000 electric power steering systems.
- British Petroleum is set to expand its presence in Egypt, with an investment of USD1.8 billion in 2019.

## 2021-22

- Kenya's National Automotive Policy targets to increase exports of automotive products to East Africa region from 5% in 2018 to 15% by 2022.

## 2024 Onwards

- South Africa plans to increase local content of its assembled cars to 60% by 2035 from 38% in 2018.
- On 26th July 2018, China's CITIC signed an investment agreement with Morocco to build two passenger car manufacturing plants by 2028.





## WE ARE TECHSCI RESEARCH



TechSci Research is a research-based management consulting firm providing market research and advisory solutions to its customers worldwide, spanning a range of industries. TechSci Research's core values are value, integrity and insight. Led by a team of dynamic industry experts, TechSci Research provides its customers with high value market research and advisory services that helps them identify new market opportunities, growth engines and innovative ways to capture the market share. As a result, TechSci's client leads rather than follow market trends. Not bound by legacy, TechSci's cutting-edge research model leverages its decades of research knowledge and an increased use of technology as engines of innovation to deliver unique research value. Provided as an alternative to traditional market research, TechSci Research reports do not just deliver data and knowledge rather highlights the insights in a more usable and interactive format for its clients.

TechSci Research – North America  
708 Third Avenue, Manhattan,  
New York, United States  
Email: [sales@techsciresearch.com](mailto:sales@techsciresearch.com)  
Tel: +1- 646- 360- 1656

TechSci Research – Europe  
54, Oldbrook, Bretton,  
Peterborough, United Kingdom  
Email: [sales@techsciresearch.com](mailto:sales@techsciresearch.com)

TechSci Research – Asia-Pacific  
B- 44, Sector -57, Noida,  
National Capital Region, U.P. - India  
Tel: +91-120-4523900  
Email: [sales@techsciresearch.com](mailto:sales@techsciresearch.com)

[www.techsciresearch.com](http://www.techsciresearch.com)

## ABOUT "AUTOMECHANIKA DUBAI"

The logo for Automechanika Dubai features the word "automechanika" in a bold, blue, lowercase sans-serif font. Below it, the word "DUBAI" is written in a smaller, red, uppercase sans-serif font.

Automechanika Dubai offers aftermarket professionals a chance to meet over 1,800 exhibitors – both manufacturers and suppliers – from over 60 exhibiting countries and 20+ country pavilions.

The show acts as the central trading link for markets that are difficult to reach connecting the wider Middle East, Africa, Asia and key CIS countries. As the only trade show in the wider Middle East, the show covers the full range of products and services available in the automotive aftermarket industry. This covers the wide variety of consumables and equipment across 6 distinct product sections - parts & components, electronics & systems, repair & maintenance, tires & batteries, accessories & customizing and car wash, care & reconditioning industries. This edition of the show will feature new focus sections such as body and paint, agricultural parts and equipment, motorcycle competence, oils and lubricants, and truck competence to cater to different product segments and industry needs.

### Automechanika Dubai

10 – 12 June 2019

Dubai World Trade Centre

The largest international trade exhibition

for the automotive service industry

[www.automechanikadubai.com](http://www.automechanikadubai.com)



**automechanika**  
**DUBAI**