



MIDDLE EAST AND AFRICA AUTOMOTIVE AFTERMARKET

A KNOWLEDGE REPORT **automechanika**
PREPARED FOR **DUBAI**

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MIDDLE EAST

TOTAL ESTIMATED VEHICLE FLEET

42 Million*

TOTAL ESTIMATED No. OF
AFTERMARKET OUTLETS

50 Thousand**

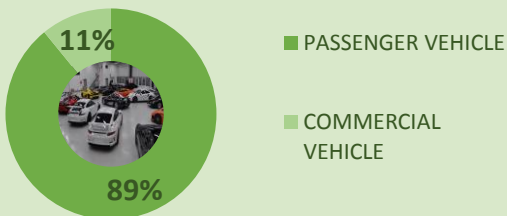
VEHICLE SALES VOLUME, 2017

3* Million Units

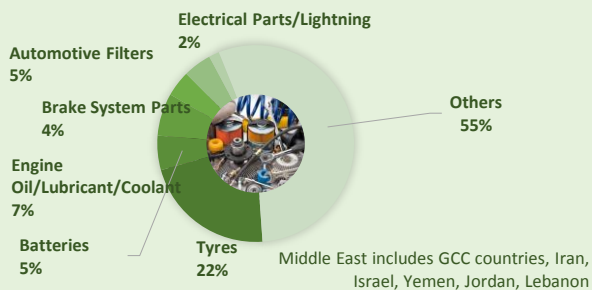
AUTOMOTIVE AFTERMARKET
SALES VALUE, 2017

\$ 12 Billion**

SHARE OF VEHICLE SEGMENT, VOLUME SALES



SHARE OF AFTERMARKET PARTS, VALUE SALES



*Includes both passenger and commercial vehicle

**Estimated figures

AFRICA

TOTAL VEHICLE FLEET

50 Million*

TOTAL No. OF
AFTERMARKET OUTLETS

45 Thousand**

VEHICLE SALE VOLUME, 2017

1.3* Million Units

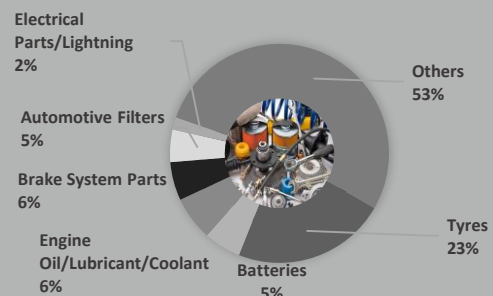
AUTOMOTIVE AFTERMARKET
SALES VALUE, 2017

\$ 10 Billion**

SHARE OF VEHICLE SEGMENT % SALES



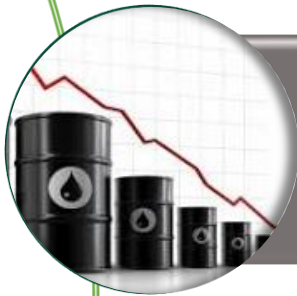
SHARE OF VEHICLE SEGMENT % SALES



Source: OICA, Whitepapers, Articles, TechSci Estimates



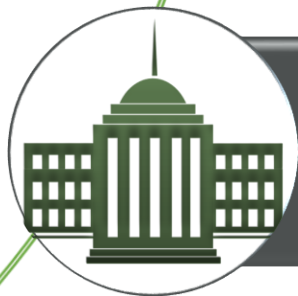
Middle East is witnessing a slowdown in its economy due to impact of lower oil prices and trying to manage by instituting some severe measures and exploring ways to make their economies less oil-dependent.



The decline in oil prices has resulted in the worst economic slowdown since the global financial crisis of 2009-2010. The downturn in oil prices impacted many small and medium enterprises, along with larger corporations.



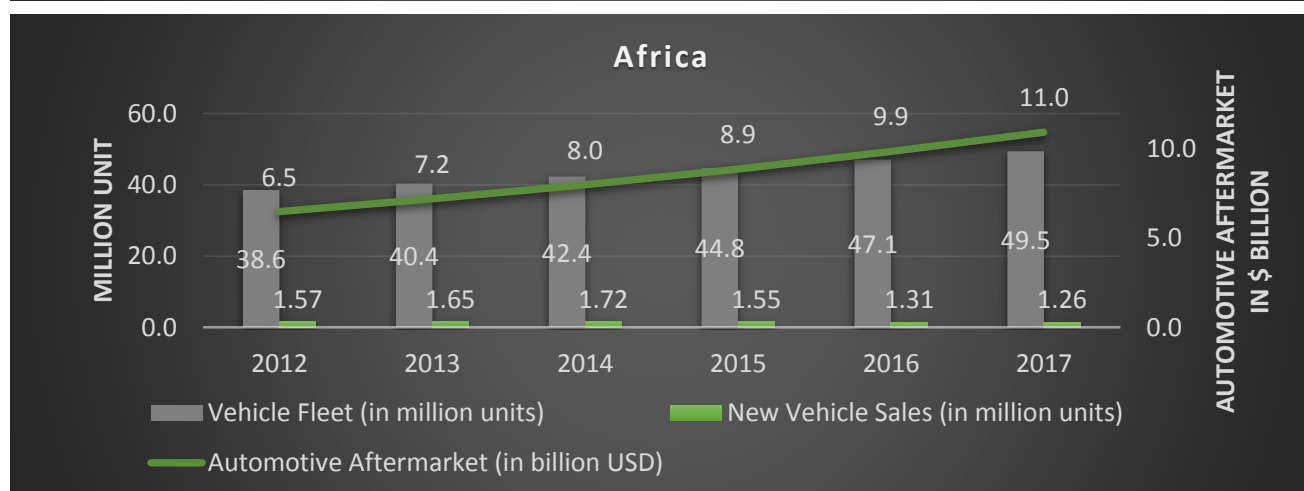
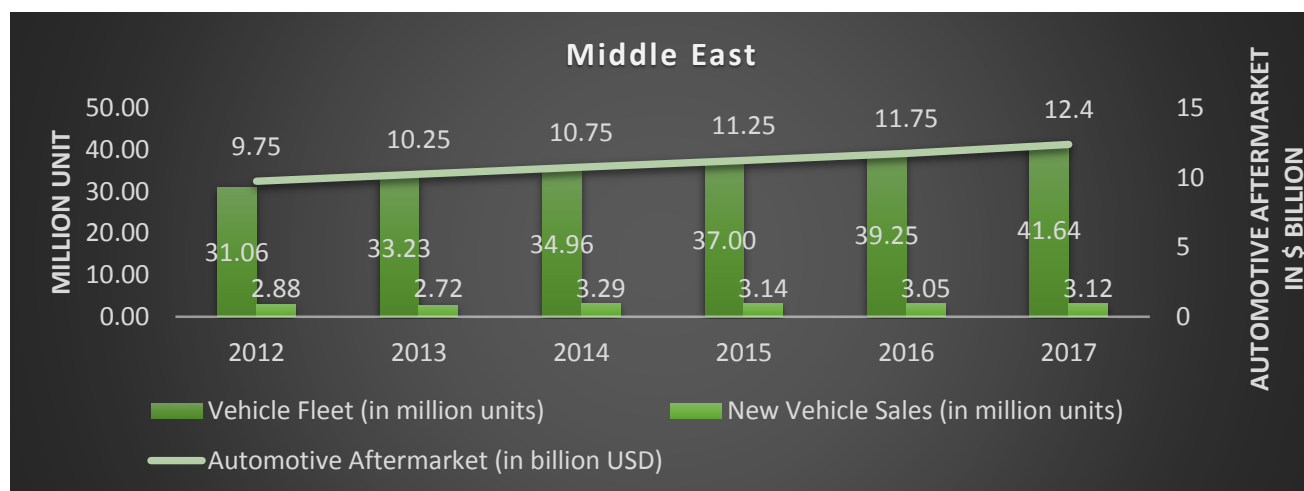
Some of these corporates in vehicle fleet business had large contracts with oil related businesses. Timelines of these oil projects extended due to economic downturn. This made some of the vehicle fleet companies to extend lease terms because payments were not released and their was large payables owed by governmental entities. This forced fleets to keep vehicles in service longer, extending the vehicle's lifecycle costs.



In addition, earlier stern steps taken by the government diminished consumer sentiments deferring automotive purchases. However, these strict steps have since been somewhat relaxed. One recent development that may spur future sales is that, for the first-time ever, women will be allowed to drive in Saudi Arabia starting in June 2018.

OVERVIEW OF VEHICLE FLEET, SALES AND AUTOMOTIVE AFTERMARKET

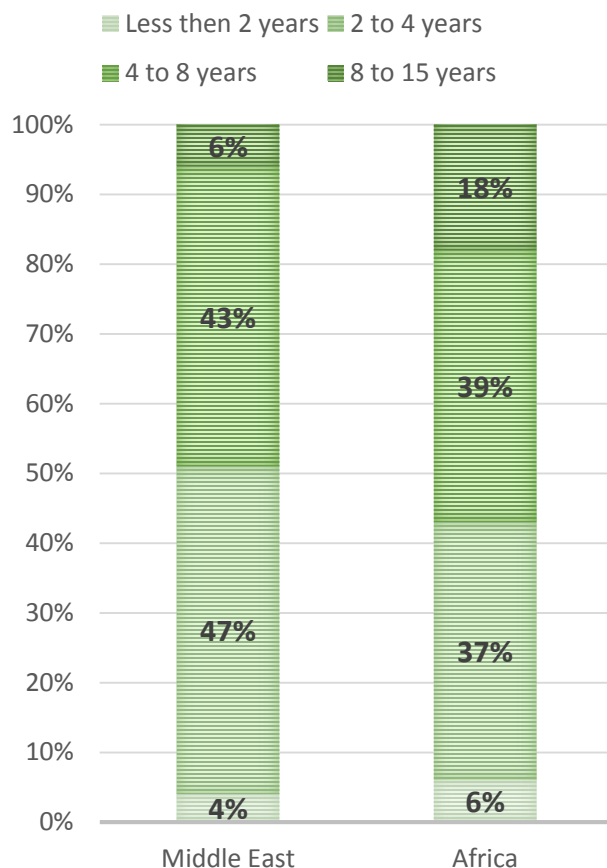




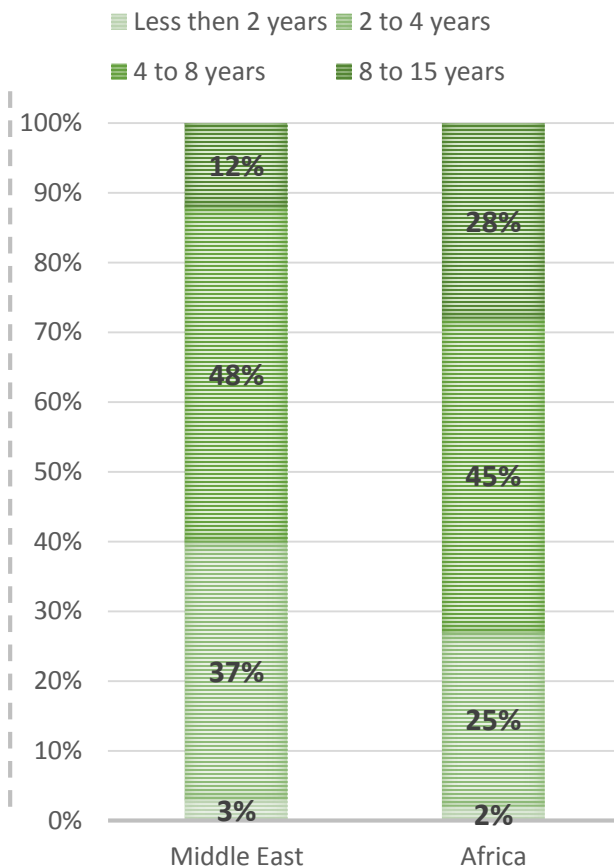
Source: OICA, Whitepapers, Articles, TechSci Estimates

- ✓ Middle east market is witnessing a slow growth pertaining to vehicle sales. GCC market is under tremendous pressure to regain the pace which it has lost in last 3 years. Iran and Israel are the only two countries which had given a boost to the overall vehicle market.
- ✓ Automotive aftermarket growth is directly associated with vehicle fleet. With inclusion of new taxes and revised registration rates in GCC countries, vehicle owners are less interested in buying new vehicles and are focusing more on maintaining older vehicles which will eventually boost the automotive aftermarket in the long run
- ✓ Furthermore new automotive technologies & accessories like infotainment, telematics, dashcam etc. are in great demand which has further enhanced the growth prospects.
- ✓ Africa is a huge market for used vehicles imported from different countries. Current infrastructure, usage pattern etc. have increased the pace of aftermarket growth in the country.

PASSENGER CARS

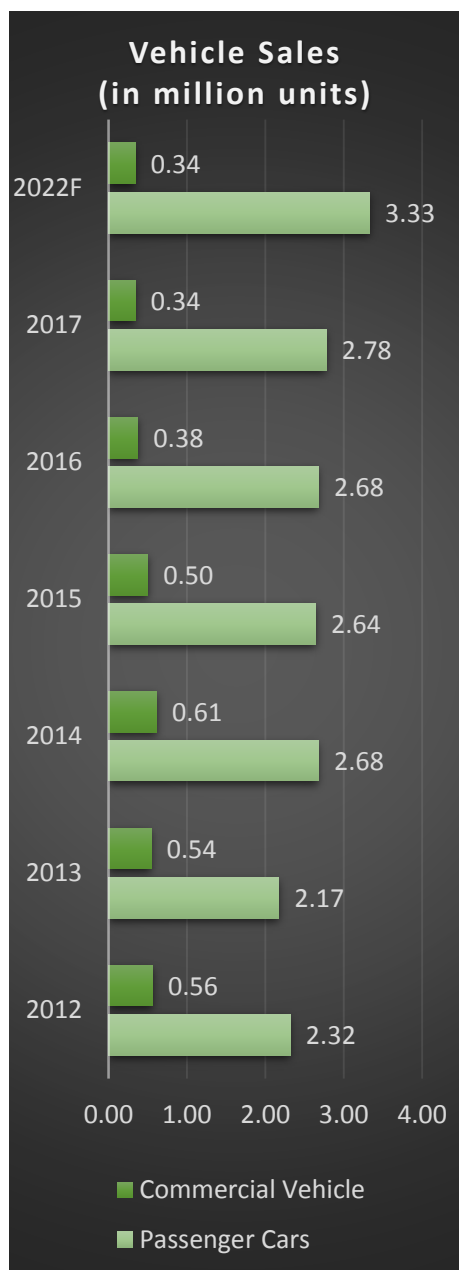


COMMERCIAL VEHICLES

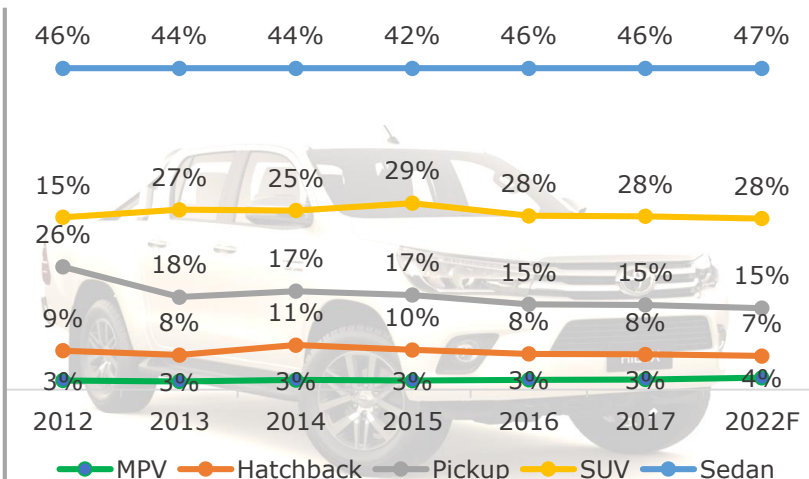


Source: Whitepapers, Articles, TechSci Estimates

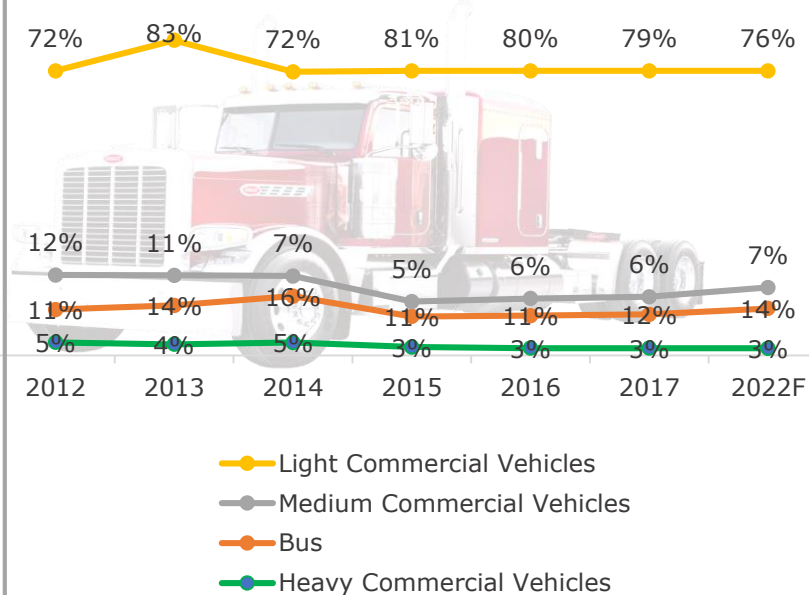
- Passenger vehicle fleet in middle east is relatively young with more than half of the fleet under 4 years of vehicle age. Most of the older vehicles are either exported to Africa or are scrapped.
- Africa on the other hand is driven by some of the major countries like South Africa, Egypt etc. where new vehicle sales is on the rise but parallel import of used vehicles to some of the less developed countries have increased the average age of the vehicle in use.



PASSENGER VEHICLE – Share by Vehicle Type



COMMERCIAL VEHICLE – Share by Vehicle Type

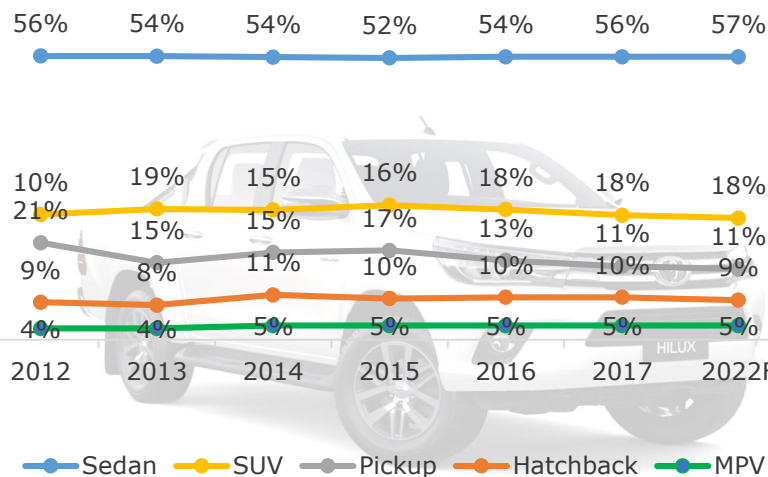


While there has been drastic drop in sales of commercial vehicles across middle east, passenger vehicle sales increased due to demand in countries like Iran & Israel. Sales in GCC countries is largely affected due to sluggish economy, oil prices and regulatory & policy revisions.

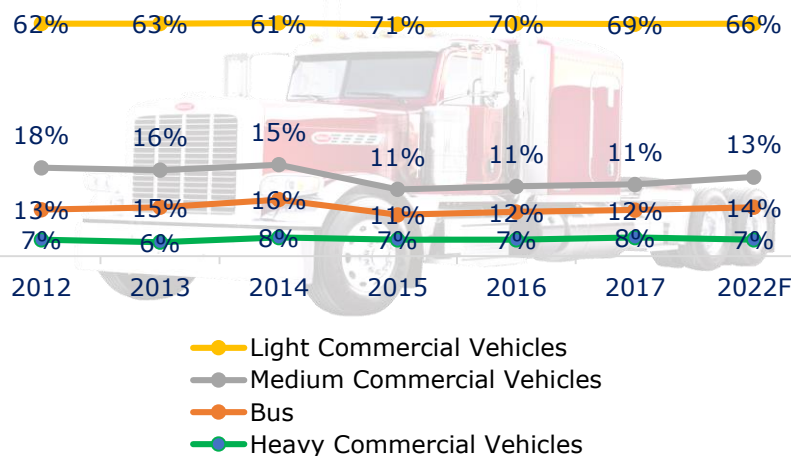
Source: OICA, Whitepapers, Articles, TechSci Estimates



PASSENGER VEHICLE



COMMERCIAL VEHICLE



The market figures continued to reflect subdued investment sentiment in the economy. Global economic pressure coupled with collapse in global commodity prices have slowed the growth in African continent.

Source: OICA, Whitepapers, Articles, TechSci Estimates

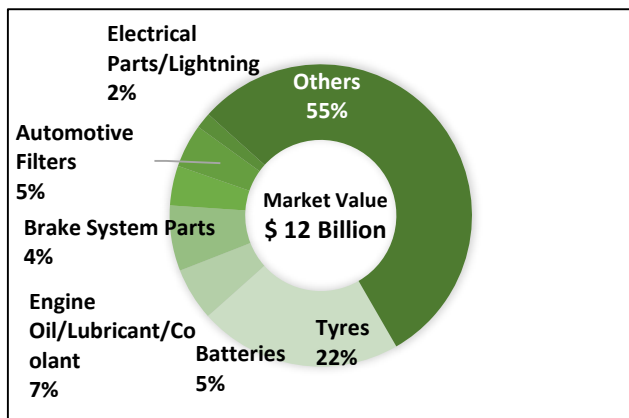
MIDDLE EAST & AFRICA AUTOMOTIVE

AFTERMARKET OVERVIEW



MIDDLE EAST

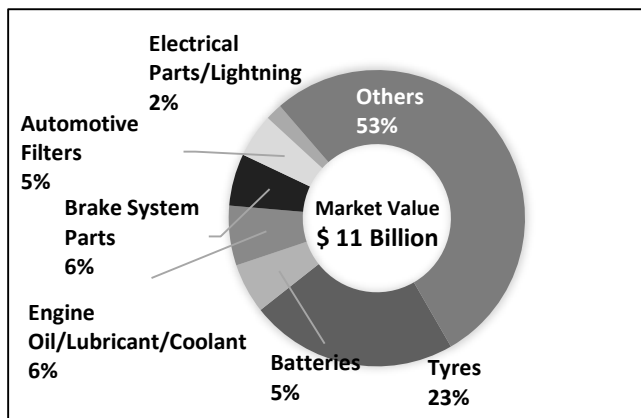
2017



Middle east automotive aftermarket is forecasted to reach 16 Billion USD by 2022. This market will majorly be driven by existing vehicle parc coupled with improving vehicle sales.

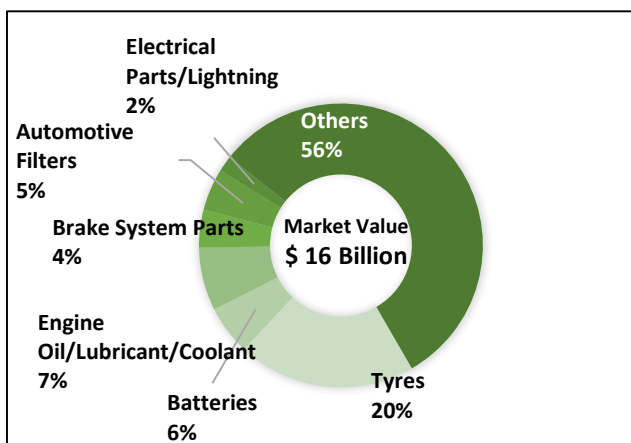
AFRICA

2017



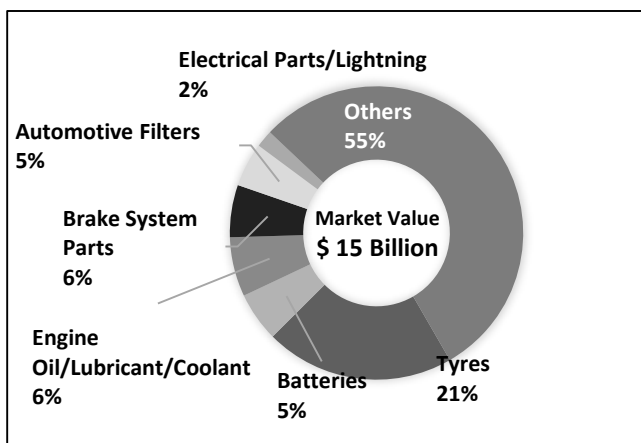
Africa automotive aftermarket is forecasted to reach 15 Billion USD by 2022. Increase in vehicle parc owing to new as well as used vehicle sales have improved the demand for aftermarket components and accessories

2022F



Others – Includes engine parts, maintenance parts, mechanical parts, accessories etc.

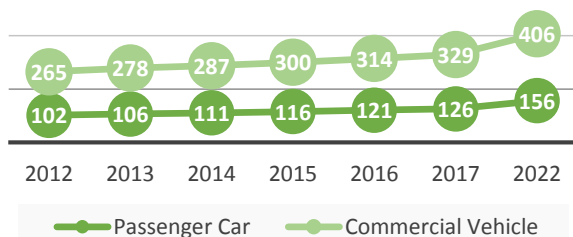
2022F



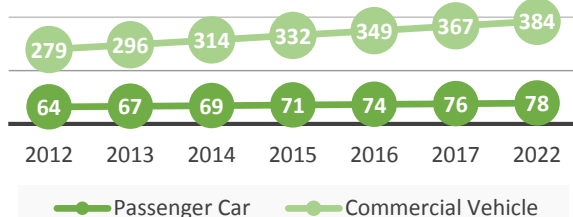
Source: OICA, Whitepapers, Articles, TechSci Estimates

MIDDLE EAST

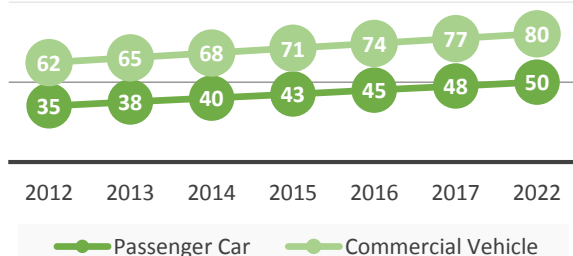
Tire ASP in USD



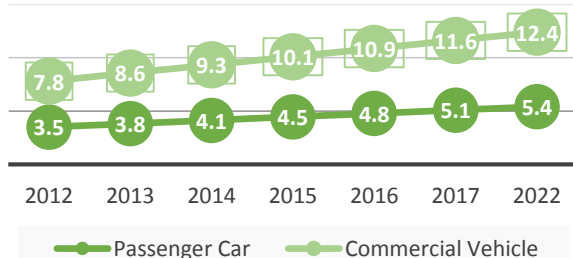
Batteries ASP in USD



Engine Oil/Lubricant ASP in USD

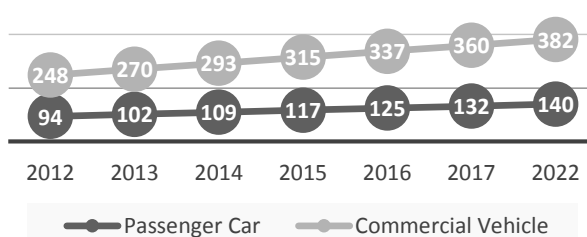


Automotive Filter ASP in USD

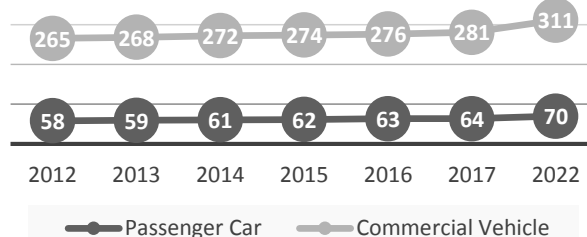


AFRICA

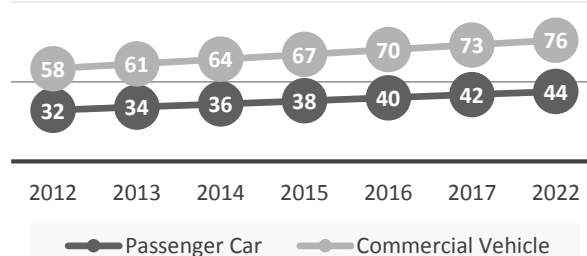
Tire ASP in USD



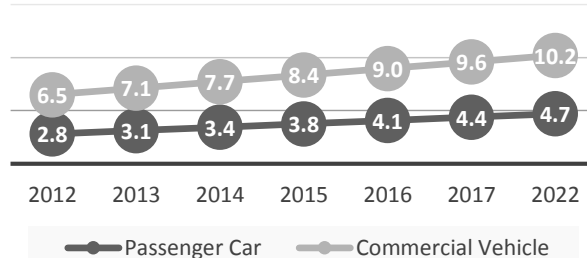
Batteries ASP in USD



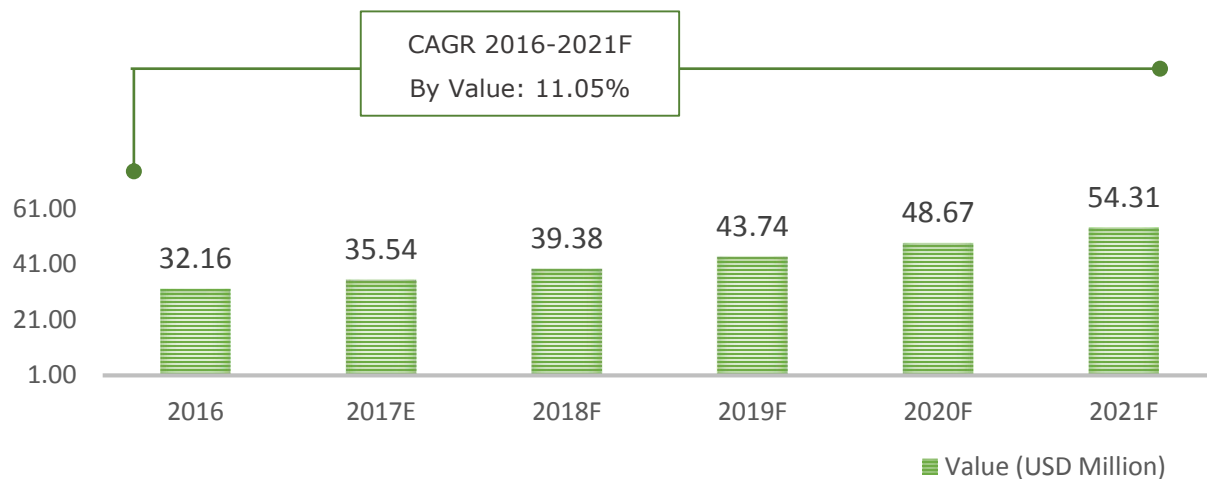
Engine Oil/Lubricant ASP in USD



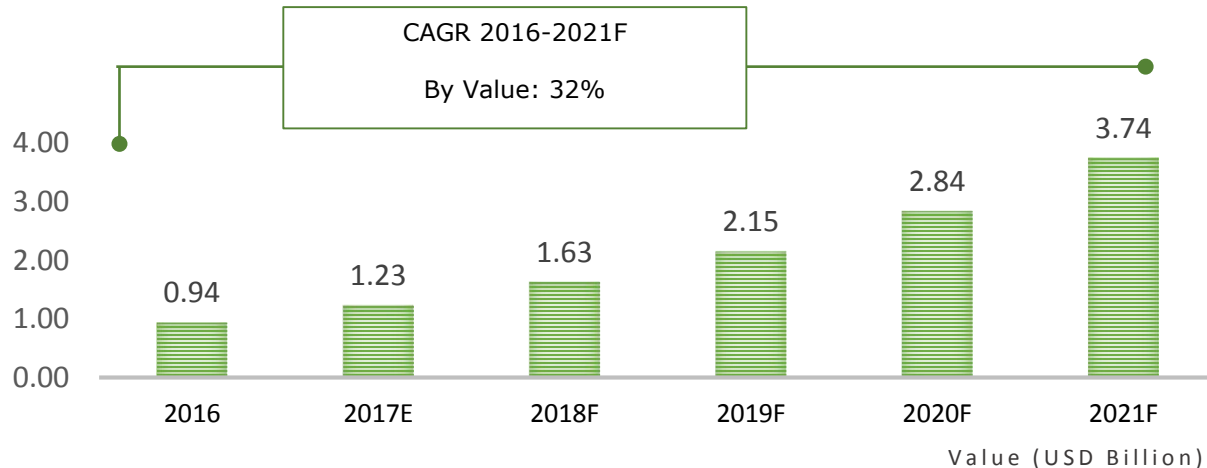
Automotive Filter ASP in USD



Middle East and Africa Dashboard Camera Market

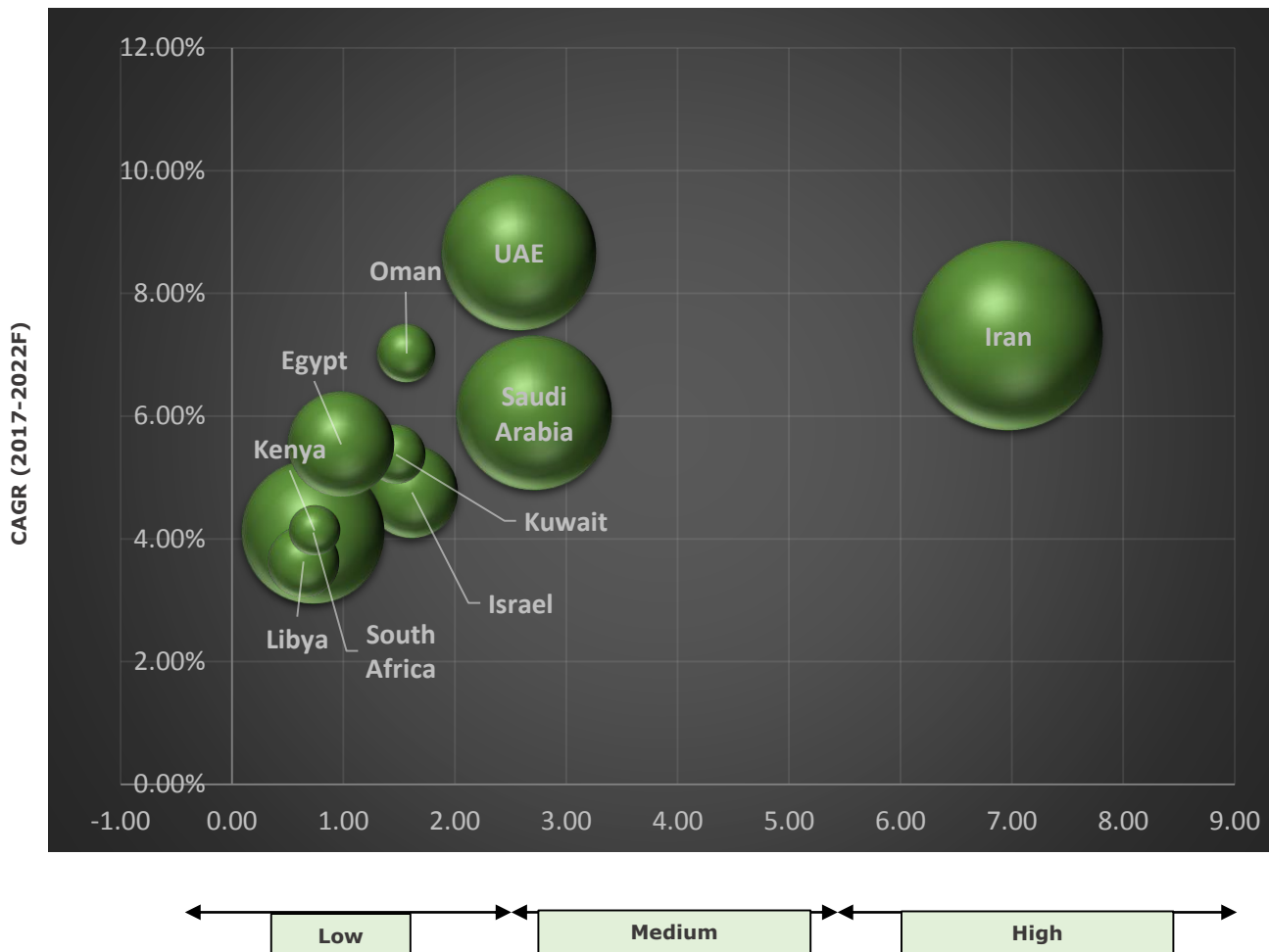


Middle East and Africa Connected Cars Market



Source: TechSci Research

- ✓ According to TechSci research, the growing demand for safety and vehicle assist features specially in countries like Saudi Arabia where government have allowed women drivers is a point of inflection for connected cars market which is projected to grow at a CAGR of 32% and reach 3.74 billion USD by 2021.
- ✓ Automotive technologies such as telematics, advanced infotainment systems, ADAS etc. are increasingly becoming popular among masses. While some of basic features are available across most of the vehicles present in middle east, advanced technologies like ADAS is yet to penetrate in a big way.



Note: The size of the bubble corresponds to the market size in 2017

Iran, Saudi Arabia, UAE and South Africa are top 4 markets which will continue to generate new demand for aftermarket auto components. While Iran and Israel are two of the countries with encouraging vehicle demand, Saudi & UAE though under tremendous market pressure will continue to generate the demand for auto component aftermarket.



Increase in Vehicle Registration/License Fess

- ✓ Countries like UAE are witnessing revision of vehicle licensing, license renewal fees etc.. This will significantly affect the decision of customers in buying a new or used vehicle.
- ✓ While new car license has gone down from Dh460 to Dh400, the second hand car carries an additional transfer ownership fee of Dh350 bumping up the overall fees to Dh750.
- ✓ Similarly vehicle testing and driver license fees has also gone up adding to the dismay of customers.

Revised Vehicle Licensing Fees (AED)

Type of vehicle	First time	Renewal	Transfer ownership	Re-registering
Licensing a light vehicle	400	350	350	400
Licensing a vehicle that weighs 3 to 12 tons	500	400	400	500
Licensing a vehicle that weighs more than 12 tonnes	900	800	800	900
Licensing a light mechanical vehicle	600	500	500	600
Licenisng a heavy mechanical vehicle	1,000	800	800	1,000
Licensing Trailers and semi-trailers	120	120	120	120
Licensing a bus with 14-26 passenger capacity	500	300	300	500
Licensing a bus that exceeds 26 passenger capacity	1,200	600	600	1,200

Introduction of Value Added Taxes

- ✓ VAT of 5% is imposed on new vehicle sales, fuel consumption and after sales services/parts as well. This has significantly impacted the demand of new cars in the region. The market sentiments are low but it is anticipated that as the market matures the taxes will be accepted.

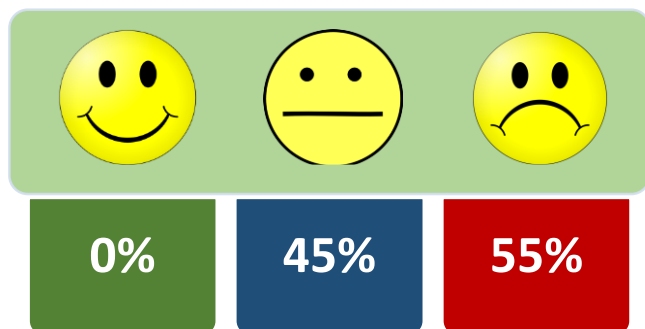
Regulation Allowing Saudi Women To Drive

- ✓ Saudi Arabia is the major market for passenger vehicles and half of the GCC vehicle market is captured by this country. With new regulation allowing Saudi women to drive vehicles is expected to boost vehicle sales and more importantly segments like hatchbacks will witness higher growth in comparison to previous years. It is also expected that demand for new vehicle technologies like telematics, advanced infotainment systems, autonomous vehicle etc. with enhanced safety features will be on a rise as women drivers will prefer to have these features in the vehicles they'll drive.

- The outlook for future sales of vehicles in Middle East is positive. Anticipated stabilization of crude oil prices, implementation of favorable government initiatives, growing infrastructure construction and logistics industry will drive sales of trucks, buses, and vans in the region. In order to accommodate growing vehicle demand of the Kingdom, countries like Saudi Arabia plans to increase investments toward strengthening and expanding the country's road infrastructure.
- The Dubai Chamber of Commerce and Industry has formed the Automotive Manufacturers Business Group, which will be tasked with developing and advancing Dubai's automotive industry and provide a platform for industry stakeholders to collaborate.
- Rapid industrialisation and modernisation currently sweeping through many African countries has resulted in an increased demand for capital goods such as machinery, lubricants, spare parts, ball bearings and other mechanical goods and accessories. The market for automobile spare parts, in particular, has been an attractive sector for UAE-based enterprises, who have emerged as the leading supplier of these goods to many countries in East, Central and Southern Africa
- Saudi Arabia plan to develop an entertainment city with an investment of 64 Billion USD will pave the way for increased tourist movement as well as local transportation. It will increase demand for private as well as public transportation in the country. This is well backed up by introduction of tourist visa for other nationals from 1st April, 2018 onwards.

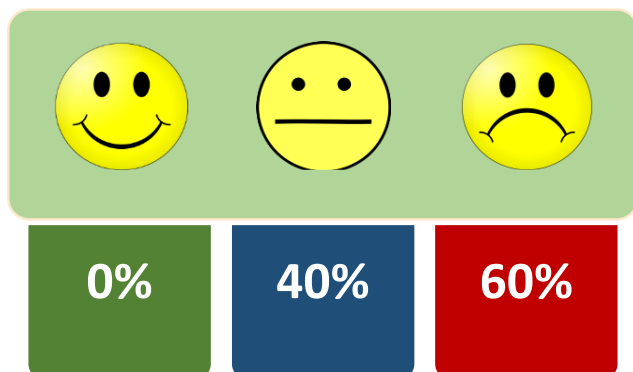
HOW DO YOU FEEL ABOUT VAT INCLUSION IN AUTOMOTIVE?

Base: 30 Passenger Car Dealers



Post VAT inclusion of 5% imposed on new vehicle sales, fuel consumption and after sales services/parts, TechSci had a small survey done with some of the dealers in GCC to understand their perception over this new regulation. Out of 60 dealers interviewed for both passenger and commercial vehicle segment none was found to be positive about VAT inclusion. More than half of the dealers showed negative sentiments.

Base: 30 Commercial Vehicle Dealers



ABOUT TECHSCI RESEARCH

TechSci Research is a global market research and consulting company with offices in the US, the UK and India. TechSci Research provides market research reports in a number of areas to organizations. The company uses innovative business models that focus on improving productivity, while ensuring creation of high-quality reports. The proprietary forecasting models use various analyses of both industry-specific and macroeconomic variables on a state-by-state basis to produce a unique 'bottom-up' model of a country, regional and global industry prospects. Combined with the detailed analysis of company activity and industry trends, the result is a uniquely rich evaluation of the opportunities available in the market.

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ABOUT AMDU 2018

As the largest international automotive aftermarket trade show in the Middle East, Automechanika Dubai serves some of largest automotive markets such as Saudi Arabia and Iran. The show also acts as the central trading link for markets that are difficult to reach connecting the wider Middle East, Africa, Asia and key CIS countries.

Now in its 16th edition, the exhibition offered trade professionals the chance to meet face-to-face 1,955 key exhibitors across the three day show held from 1 - 3 May 2018.

The trade show is a good platform to find out more about the latest products and services, find new suppliers, source products and compare product alternatives.

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