

Automechanika Dubai
19 – 21 October 2020 | DWTC

Automechanika Riyadh
2021

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www.automechanikaDubai.com/Webinars

Africa's IAM Markets Current Situation & Future Potential



Agenda

- Presentations by



ABDELRAHMAN KURDIEH
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Director
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Group



MARC ZANDER
Managing Partner &
CEO
africon GmbH

- Panel discussion and Q&A Session

Automechanika Dubai

■ 19 – 21 October 2020

■ 2019 Show Statistics



32,720

Trade Visitors from



141

Countries



53%

International



1,880

Exhibitors from



63

Countries



92%

International

Automechanika Dubai

- Key Show Highlights:
 - Competencies:
 - Truck, motorcycle & agriculture
 - Academy:
 - Learning & development area of the show
 - Modern workshop:
 - Area for our garage/workshop audience – product demos & trainings
 - Product focus:
 - Body & paint
 - Oils & lubricants

Automechanika Riyadh 2020

- Exhibitors
 - 87 exhibitors from 13 countries
 - 52 exhibitors from 11 countries (Covid-19)
 - Country Pavilions: Turkey, USA, South Korea, China, Hong Kong, Taiwan

- Visitors
 - 2,470 visitors

- COVID-19 Effect
 - Lost 25 exhibitors due to travel restrictions
 - Rolled over China, Hong Kong and Taiwan to 2021

- New show dates in Q3 2021

automechanika

DUBAI



The IAM in Africa – Current situation and possible future scenarios

Automechanika Dubai - Webinar

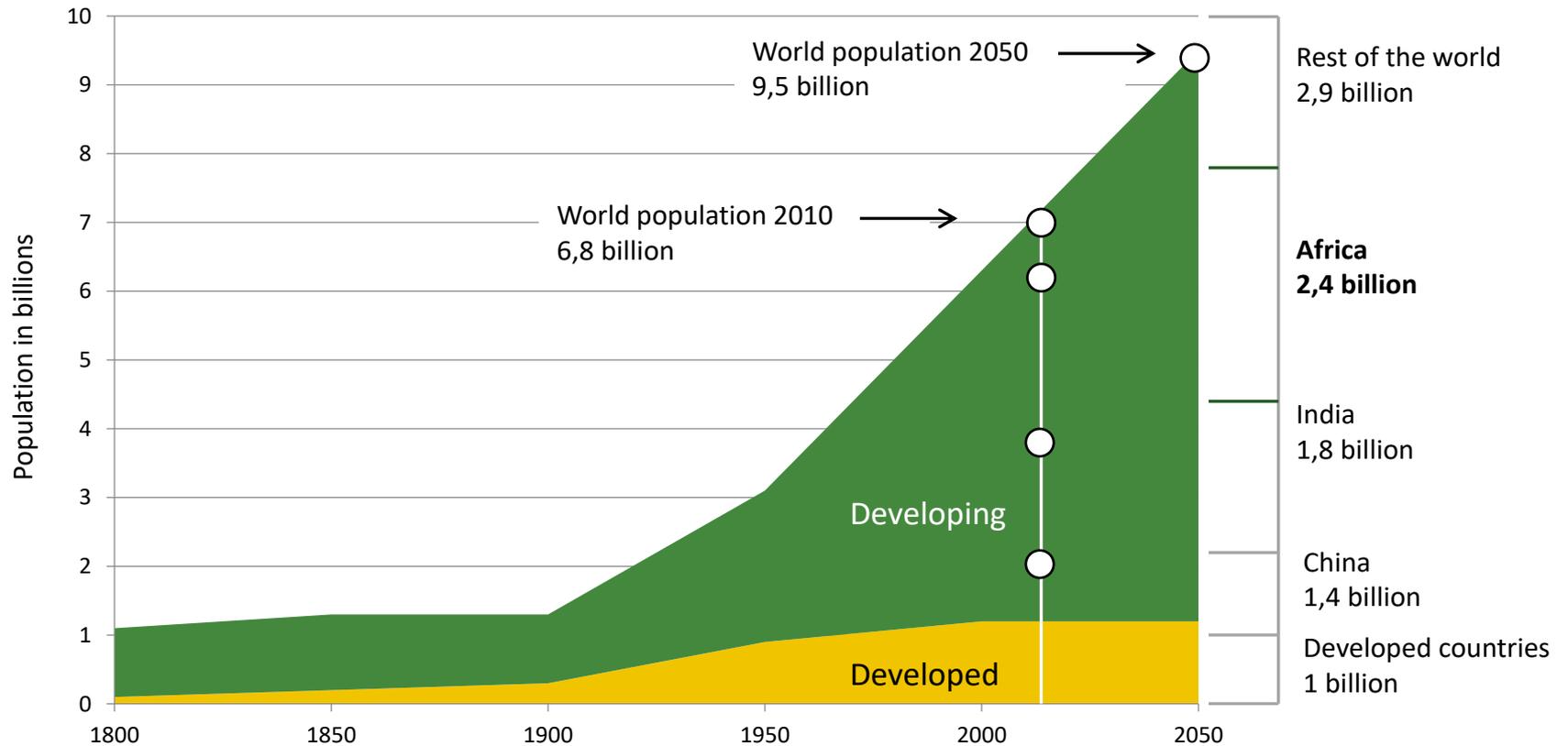
**africon is a consulting company with sole focus on Africa.
One key sector is automotive.**

WHO IS africon?	A hands on consulting team with extensive african experience	<ul style="list-style-type: none">● OEM (on-highway)● OEM (off-highway)● IAM (on-highway)● IAM (off-highway)		
ESTABLISHED	SOLE FOCUS AREA			KEY BENEFITS
2011				Reduction in costs Reduction in time Reduction in risk
EXPERIENCE	REPRESENTATION	AUTOMOTIVE	HANDS ON	
More than 21 years of experience in business with Africa.	Nigeria Kenya Tanzania South Africa	More than 30 projects in African countries.	From day one africon works hands on.	

Are you already active in
Africa and to which extent?

By 2050 Africa will hold the most world wide population with over 2,4 billion inhabitants.

Development of world's population
(in billion)

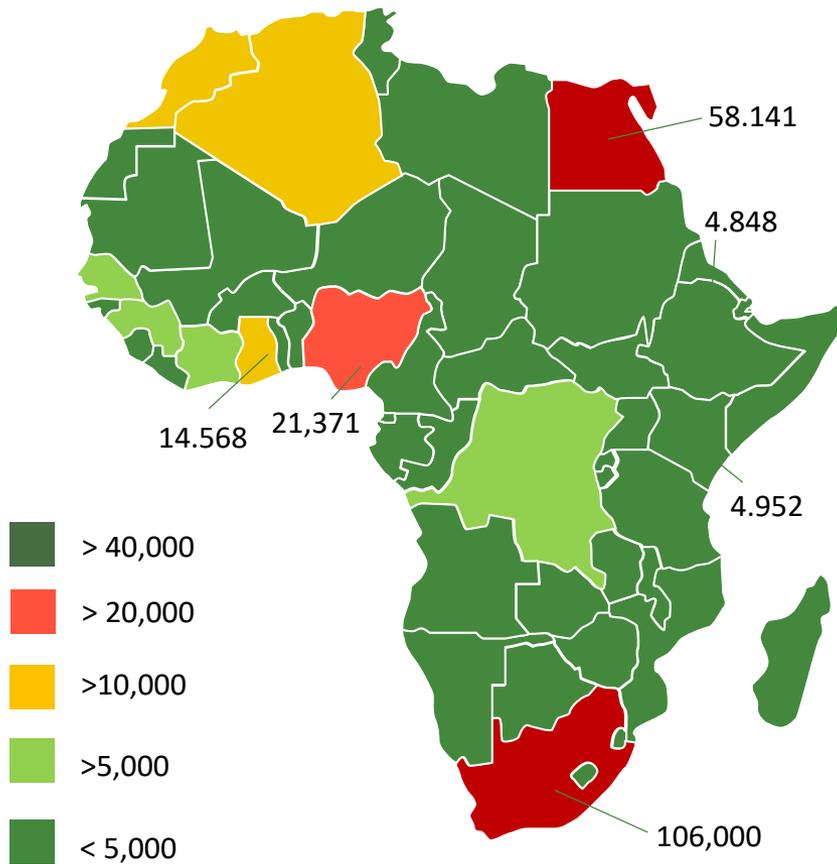


Source: United Nations (2014)

Current situation (as of June 24)

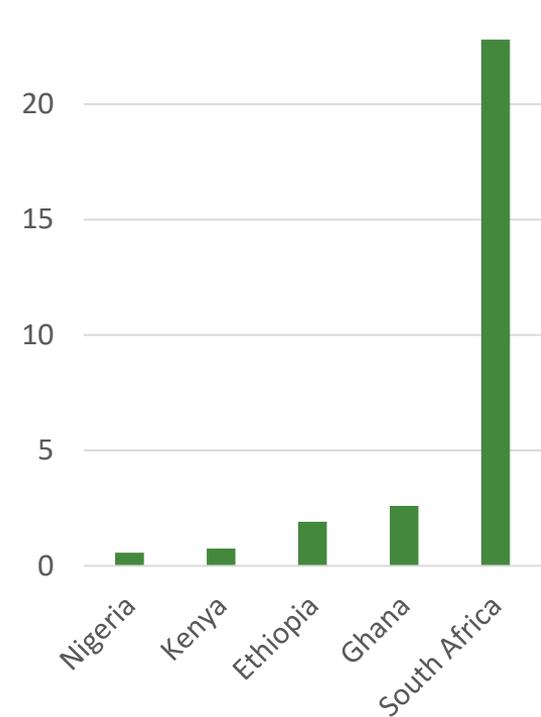
Corona cases in Africa are relatively low so far – but testing is as well.

Number of confirmed Corona virus cases
(total number: 324,524, confirmed deaths: 8,621)



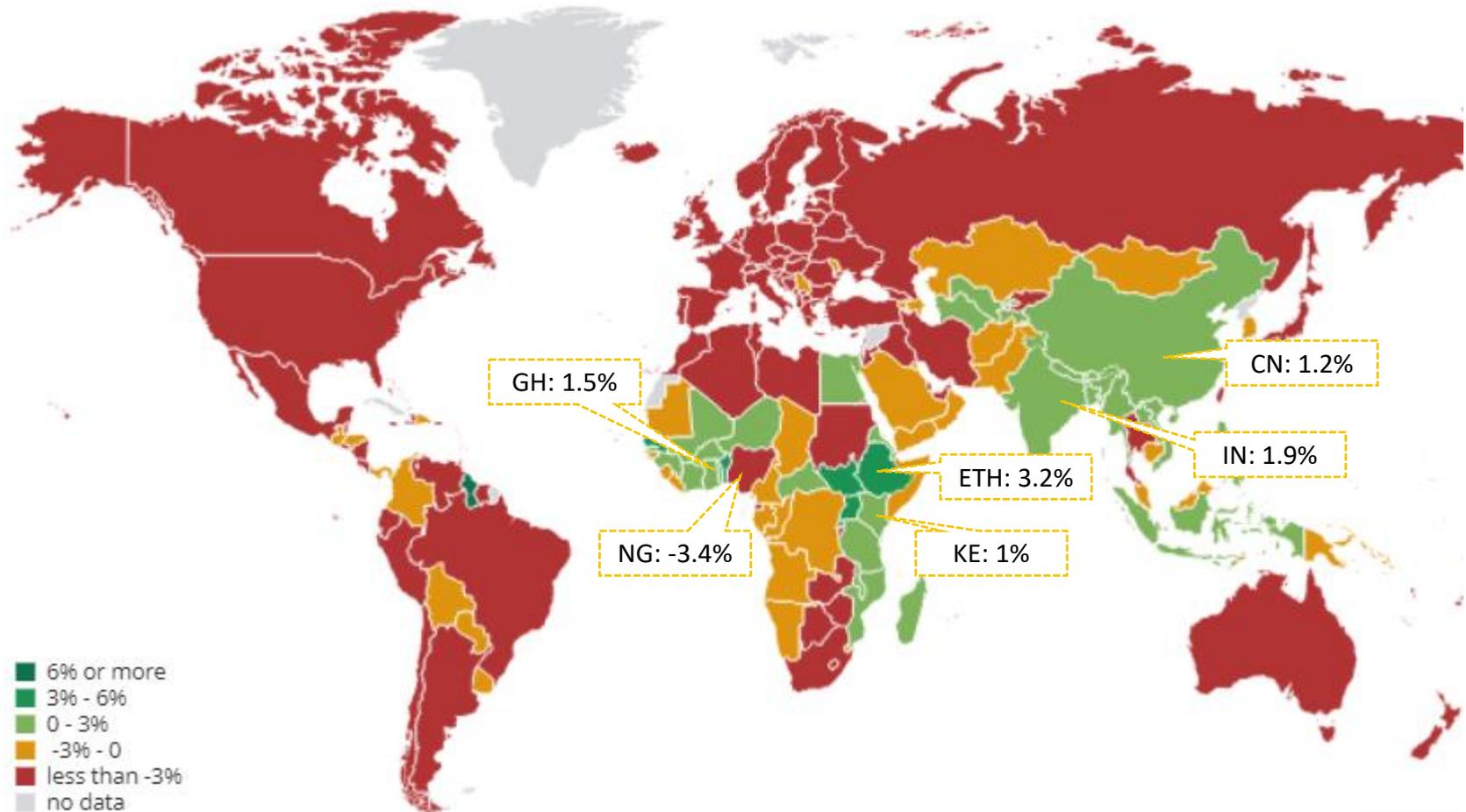
Corona testing
(rate of testing per 1,000 inhabitants)

Status: June 2020



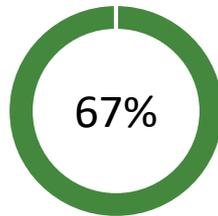
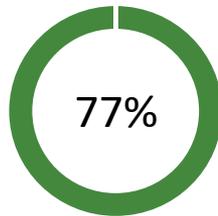
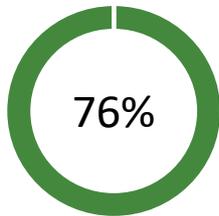
For comparison: Germany = 62.8
India = 5.7

Though lower than required, growth in Africa is still expected to remain in positive territory in 2020.



Current capacities of production in Kenya are declining.

Logistics for spare parts in Kenya
(% of respondents)

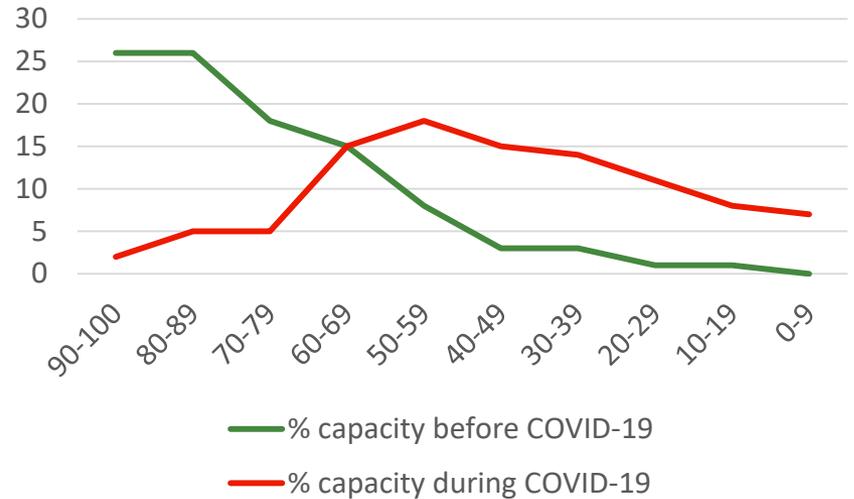


Challenges in sourcing raw materials

Increased cost of procuring spare parts

Outbound logistical challenges

Production capacities
(in percent)



Most of the companies have around 50% of their production capacity unused since the pandemic. The majority of participants see huge problems in sourcing, procuring and outbound logistics.



This is Africa

The African continent is not only about impressive savannahs but it is also home to astonishing cities and industrialized urban areas.

Nairobi, Kenya



Luanda, Angola



Dar es Salaam, Tanzania



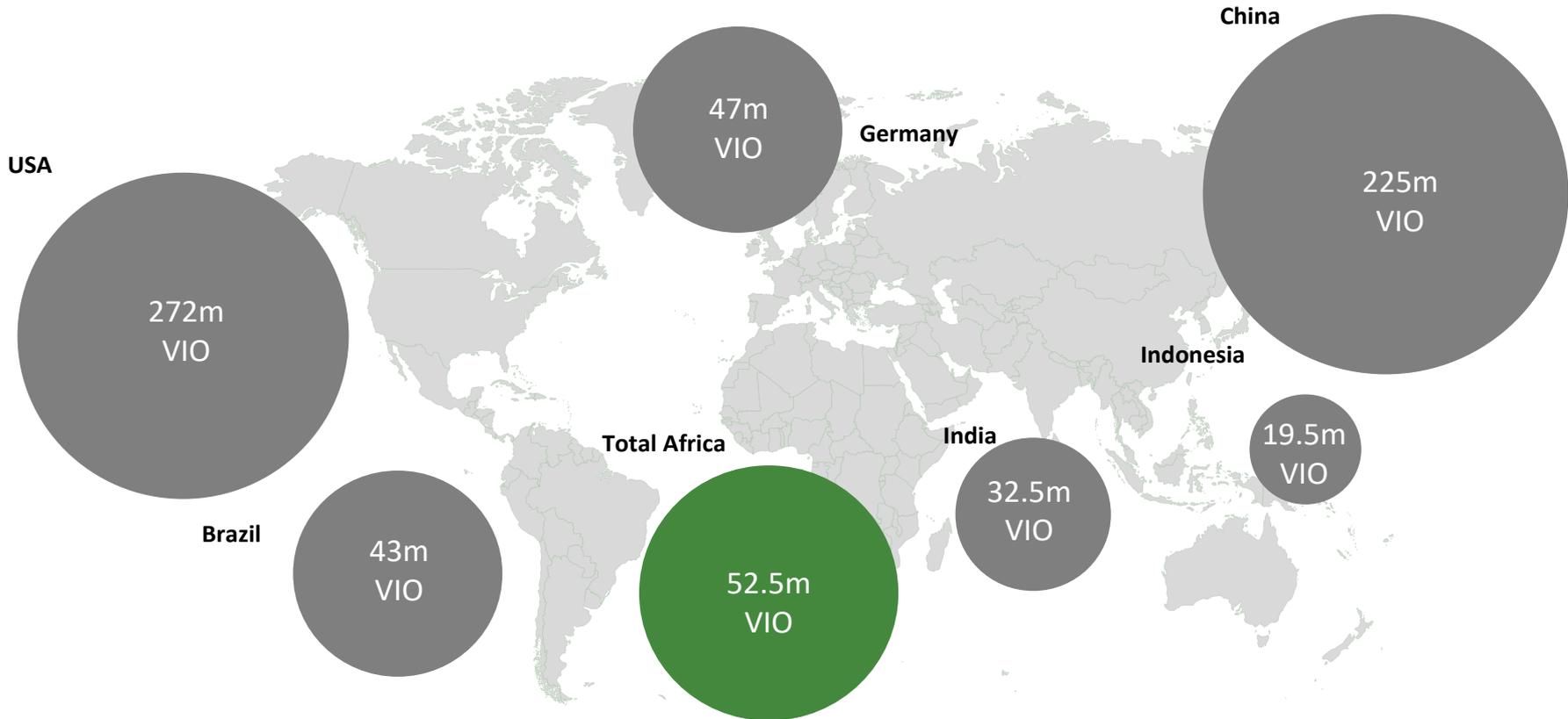
Lagos, Nigeria



VIO in Africa

The total of Africa has approx. 52.5m VIO in 2018 which is slightly higher Brazil and Germany.

VIO worldwide
(2017, selected countries and regions)

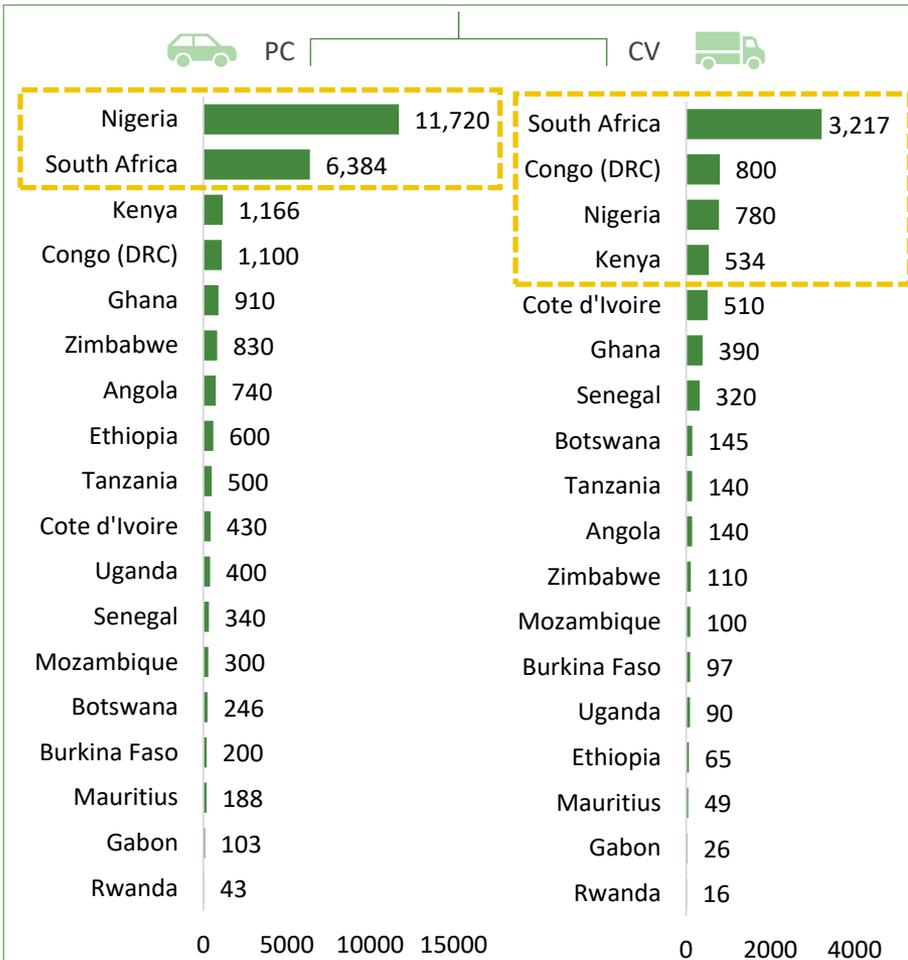


Note: VIO = Passenger cars and commercial vehicles

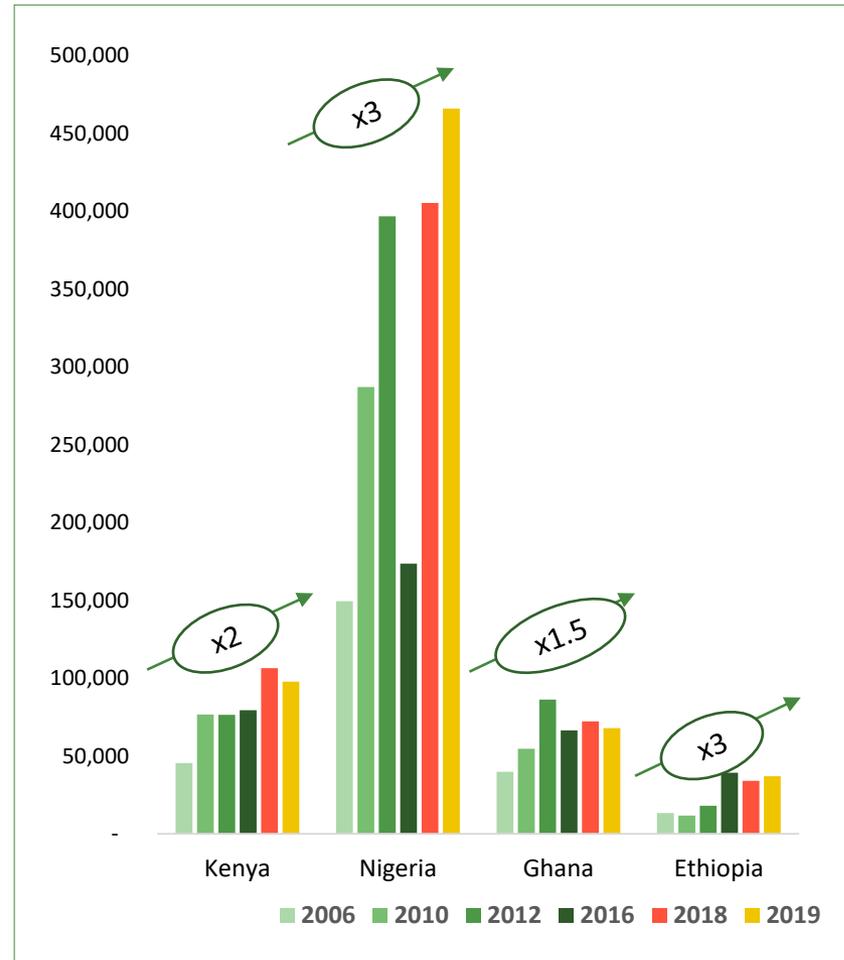
Overview: Automotive data

Vehicle inflows into Sub Sahara Africa are increasing. Countries are increasingly having sizable fleets.

Vehicles in operation in Sub-Saharan Africa
(2016, in thousand units)



Motor vehicle imports in Sub-Saharan Africa
(2006 – 2019) in thousand units



Source: africon research in Nigeria, Kenya and Tanzania (2016/17), OICA (2018), WHO (2016), africon analysis (2018)

10.06.2015 | Press release | *#Business/economy*

Bosch focusing on growing market in Africa

Branch office opened in Nigeria

- Excellent growth potential in Nigeria, Africa's largest and most populous economy
- Bosch to have a presence in ten African countries by end of the year
- Already 760 associates on the continent

Mann+Hummel to open aftermarket logistics centre in South Africa

By Marcus Williams



EXPORTSTATISTIK

Nigeria kauft mehr europäische Autos als Russland

**Nigeria gilt als Wachstumsmotor des afrikanischen Markts.
Für Europas Autoindustrie spielt das bevölkerungsreiche
Land eine immer wichtigere Rolle.**

Holger Holzer

09.04.2018 - 13:20 Uhr • [3 Kommentare](#) • [1 x geteilt](#)

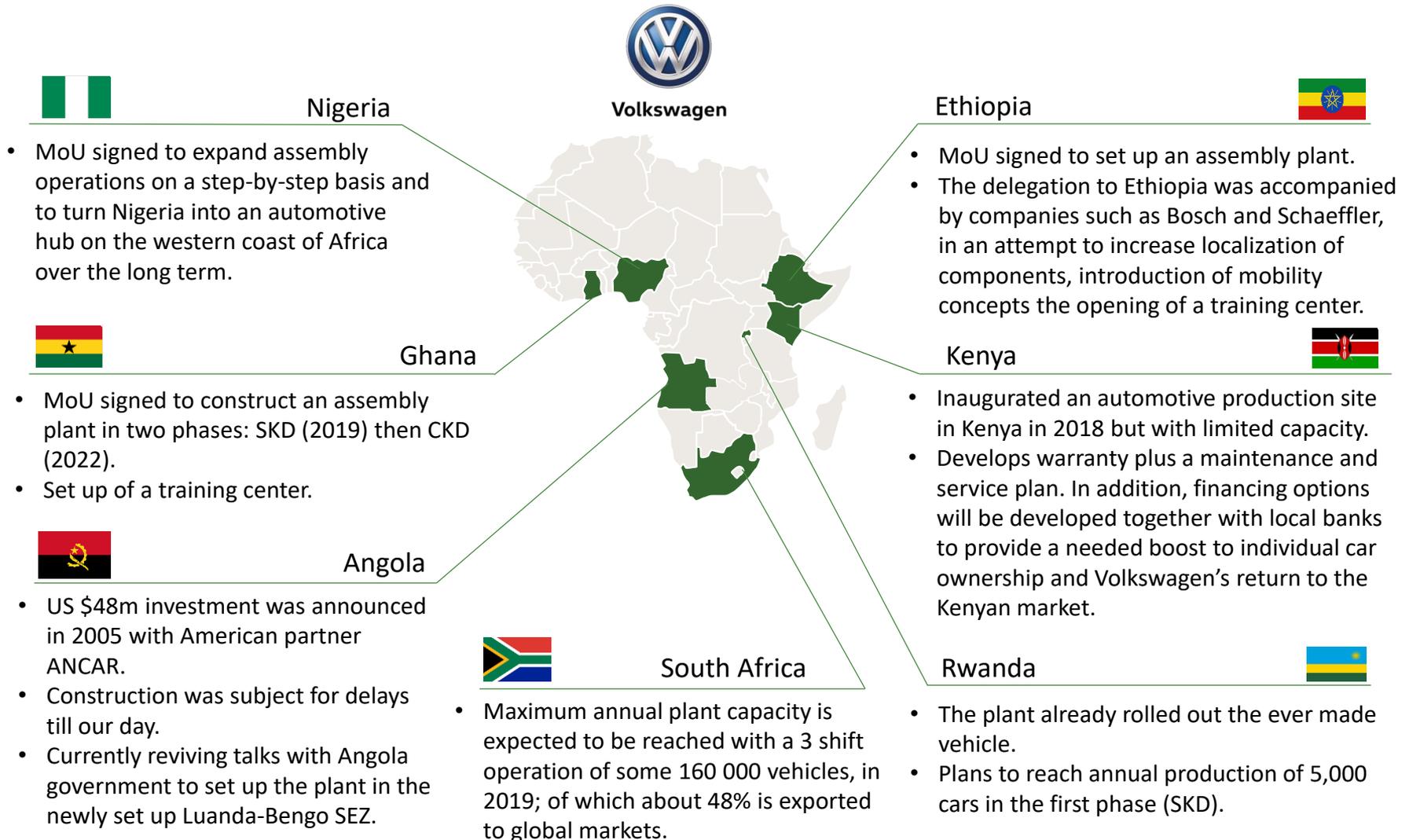
Quelle: Spotpress



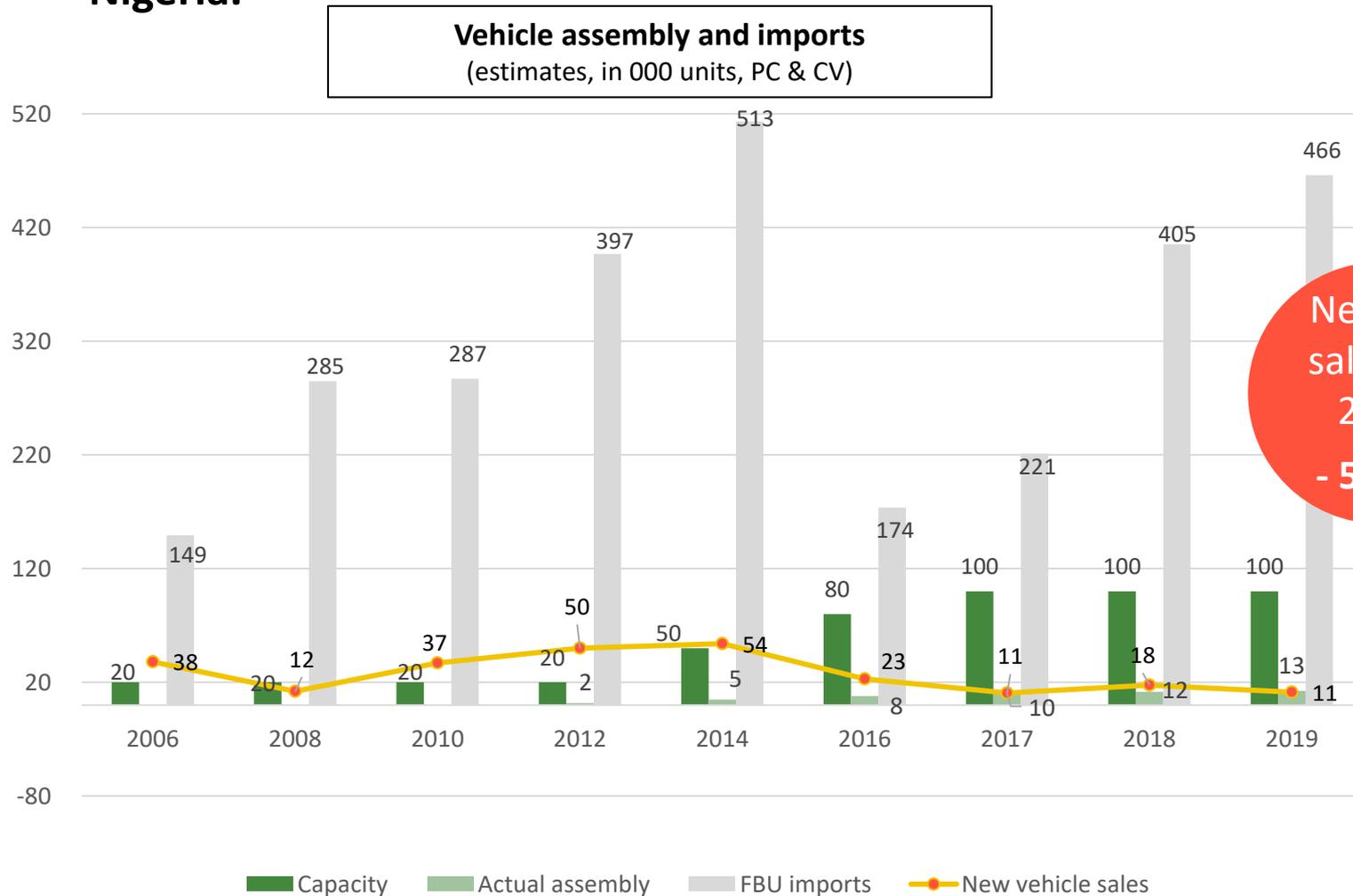
Volkswagen expands its engagement in Africa: memorandums of understanding signed with Ghana and Nigeria

- New plants are to be built in Ghana and Nigeria
- Ghana teams with Volkswagen to test new mobility solutions
- Memorandums of understanding signed in the presence of government officials

VW positions itself in 7 African markets under its TRANSFORM 2025+ brand strategy.



While new vehicle sales declined, used vehicle sales surged in Nigeria.

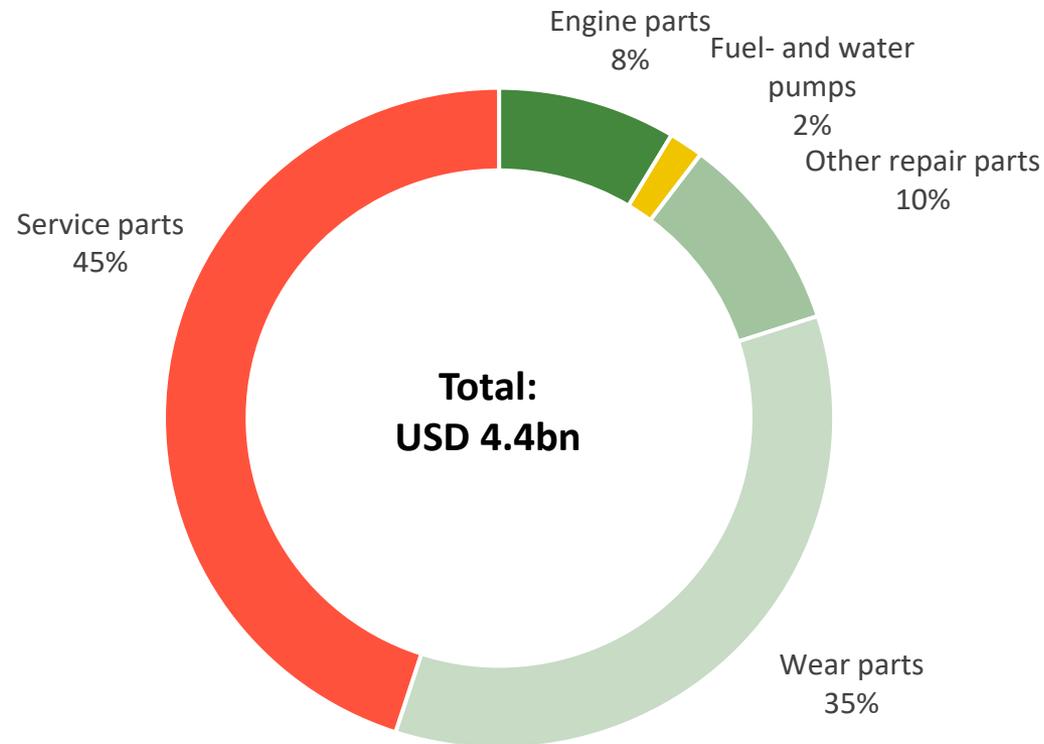


Note: Total vehicle inflow based on trade statistics, in which numerous reporting errors were replaced by africon data modelling.

2019 data is an estimate based on Q3 data. No full year data available yet

The aftermarket in Nigeria is already worth approx. \$4.4bn.

The Nigerian automotive parts market by market segments
(2018, in % of USD value)



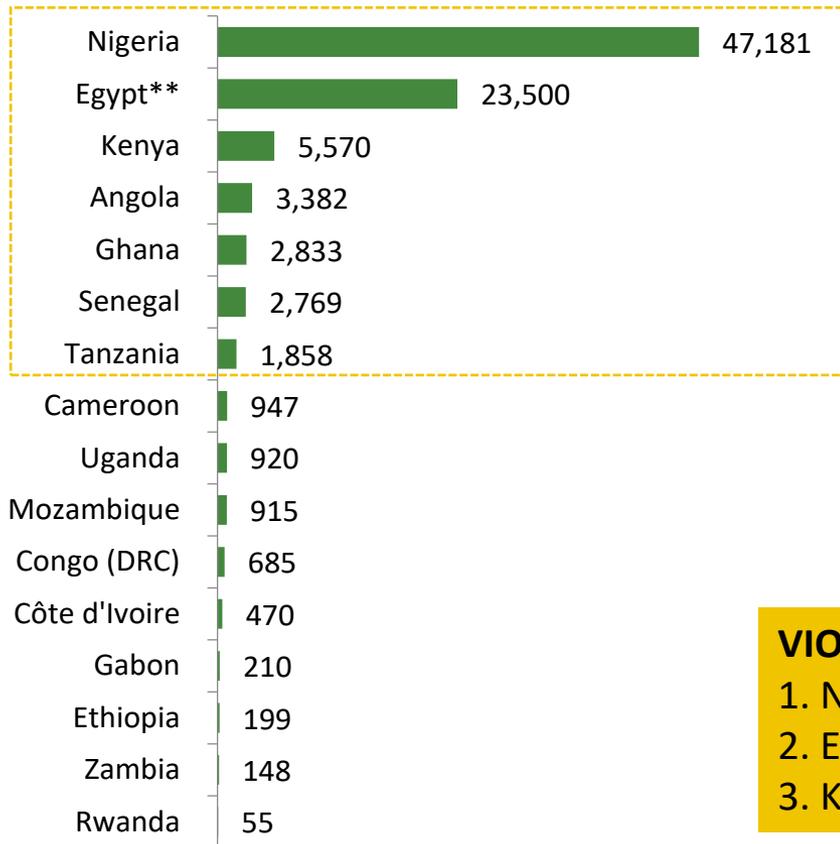
- Engine parts
- Fuel- and water pumps
- Other repair parts
- Wear parts
- Service parts

Source: africon expert and distributor interviews (2018), africon consumer survey (2018), africon workshop survey (2018), africon fleet operator survey (2018), Nigerian vehicle registration database (2018), africon analysis (2018)

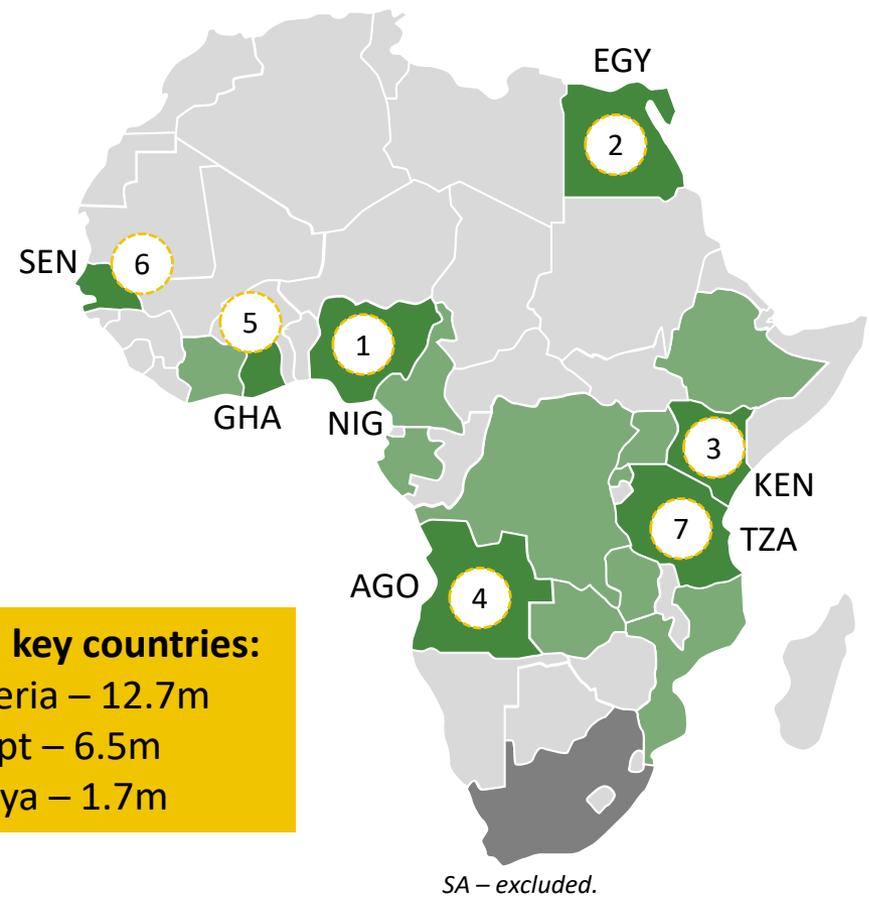
Spark plug imports across Africa

There are at least 7 countries in Africa importing more than 1.5m spark plugs per year.

Approx.* spark plug imports
(2016, in thousands of units)



VIO in key countries:
 1. Nigeria – 12.7m
 2. Egypt – 6.5m
 3. Kenya – 1.7m



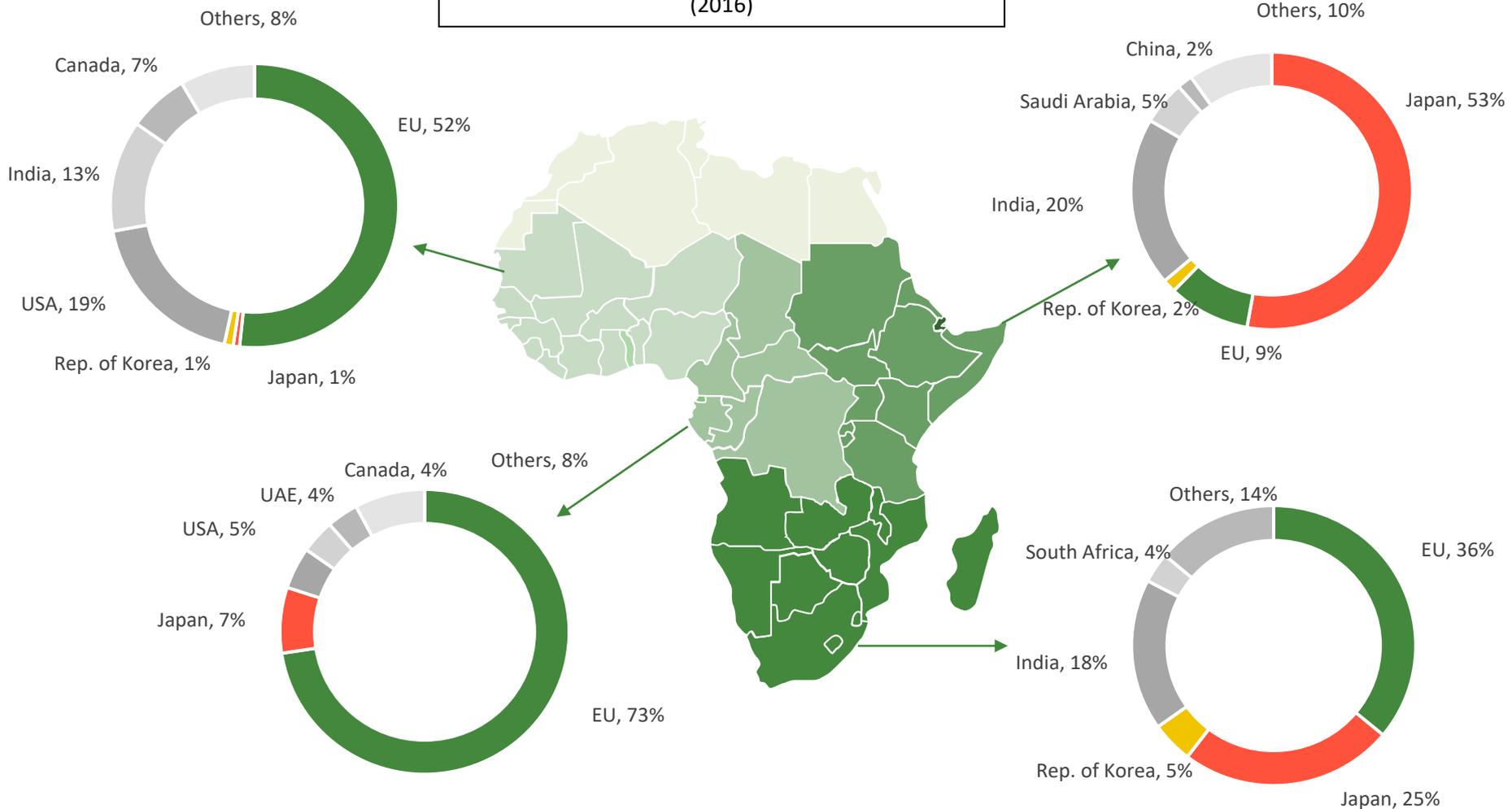
*Note: based on UN Comtrade data, Excl UAE export data (reporting gap)

**Egypt data based on research

Though opportunities exist, markets are very heterogenous.



PCs exported to SSA by origin of exports (2016)



Source: africon research (2018), UN Comtrade (2018)

Most brands are already represented in African markets. Recently various companies appointed new distributors in Nigeria.

Company name	Vehicle focus		Engine part, fuel- and water pump brands carried	Other IAM parts brands carried	Interest in new IAM
	PC	CV			
1 A	X	✓			✓
2 B	(✓)	✓			✓
3 C	(✓)	✓	None in automotive		✓
4 D	(✓)	✓			✓
5 E	✓	(✓)			✓
6 F	✓	✓	None		✓
7 G	✓	✓			✓

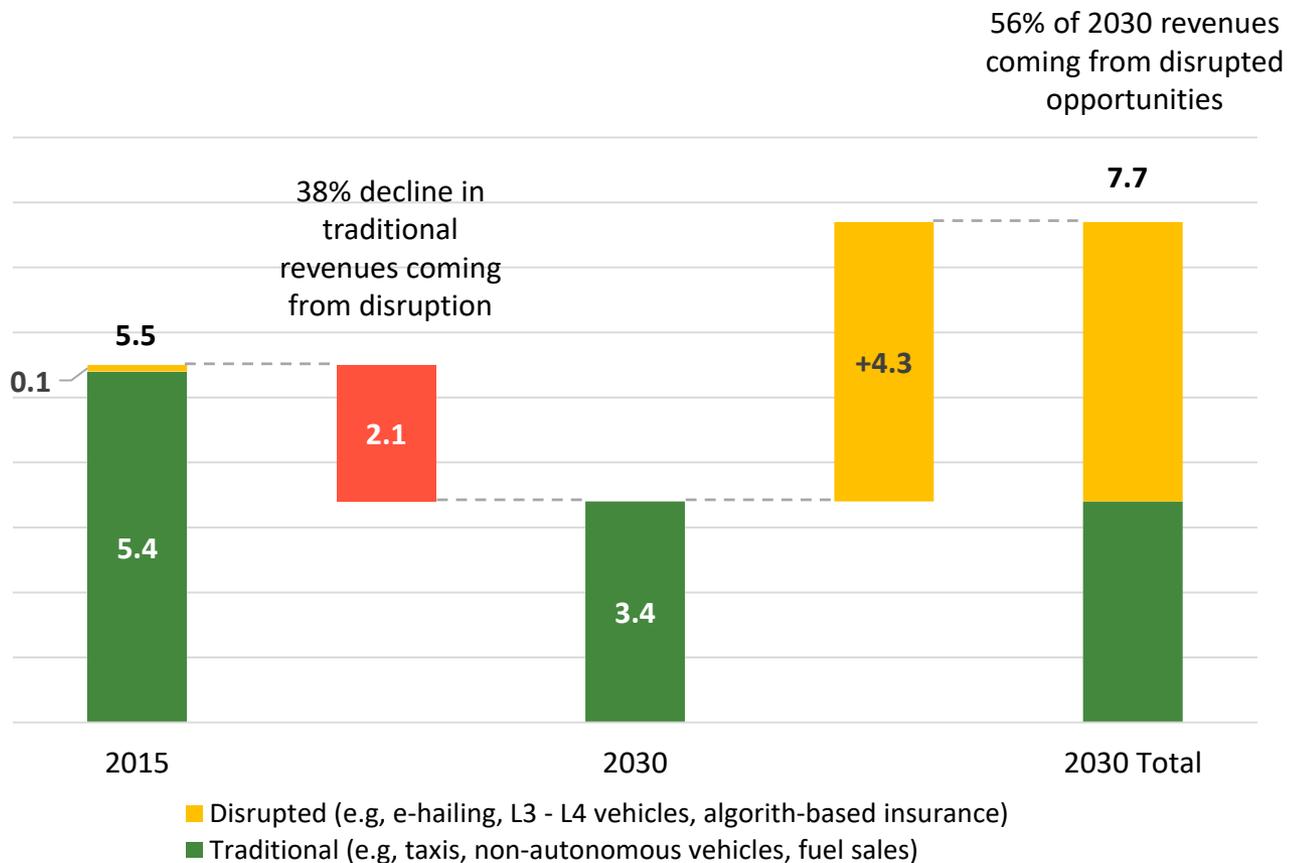
Source: africon distributor interviews (2018)

A local warehouse with a distribution partner is key to success.



As the automotive markets disrupt, traditional business models will be declining with 38%.

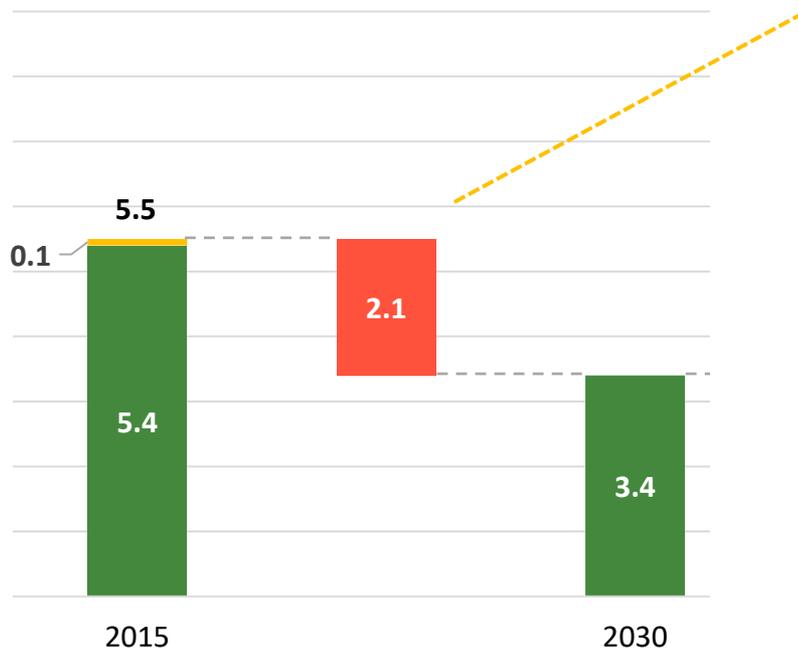
Global automotive ecosystem revenues
(in \$ trillion)



Source: McKinsey & company's "Africa: Bigger challenges, bigger opportunities" article (2019)

Africa is one of the last markets still providing growth opportunities for more traditional aftermarket business models.

Global automotive ecosystem revenues
(in \$ trillion)



- Disrupted (e.g. e-hailing, L3 - L4 vehicles, algorithm-based insurance)
- Traditional (e.g. Taxis, Non-autonomous Vehicles, Fuel sales)

- 1 Africa will need time to develop a sufficient **power** network. Until then combustion engines cars will likely dominate in Africa.
- 2 Last mile, broadband **internet** will take more than 10 years to be distributed within Africa. Traditional cars will still dominate the markets
- 3 **Affordability** for new cars is still low. Therefore, the continent will still import 2nd hand cars
- 4 New technologies in **services** concepts will be expensive and difficult to apply in Africa.

Source: McKinsey & company's "Africa: Bigger challenges, bigger opportunities" article (2019)

Will the African automotive
aftermarkets play an
important role for your
business in a post-covid
future?

Covid 19 can offer an opportunity to establish contacts with African companies.

1

LOCAL PRODUCTION WILL RISE IN FUTURE

African governments will further promote local production to reduce the dependency from the imports. This also applies for “easy to produce spare parts”.

2

MORE TRADING WITHIN AFRICA

Distribution partners will increase their footprint within Africa to serve the markets locally. Larger orders will be placed to serve the surrounding markets with hubs e.g. Nigeria.

3

MIDDLE EAST WILL SERVES AS A HUB FOR AFRICA

Trading through Dubai etc. is very favourable especially with local warehouses. East Africa will continue to be served from ME. West Africa might turn to Europe directly.

4

AFRICAN COMPANIES WILL WANT MORE DIRECT CONTACT

African companies gain in international importance and will seek a direct contact to the OE suppliers instead of trading partners.

5

AFRICA WILL PLAY A MORE VITAL ROLE FOR IAM COMPANIES

As Africa's VIO is strongly growing and local laws will reduce the import of used cars there are more opportunities for international IAM companies.

There are a lot of challenges in Africa and we need to see on how we can bring European solutions to Africa.

We do not want Europeans trying to bring European solutions. We want people wanting to know how to do business in Africa!



Questions?

Marc-Peter Zander
Erik Deitersen



Thank you for joining us!

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- Follow us [@automechanikaDu](https://twitter.com/automechanikaDu) for all updates
- Email us at automechanika@uae.messefrankfurt.com

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