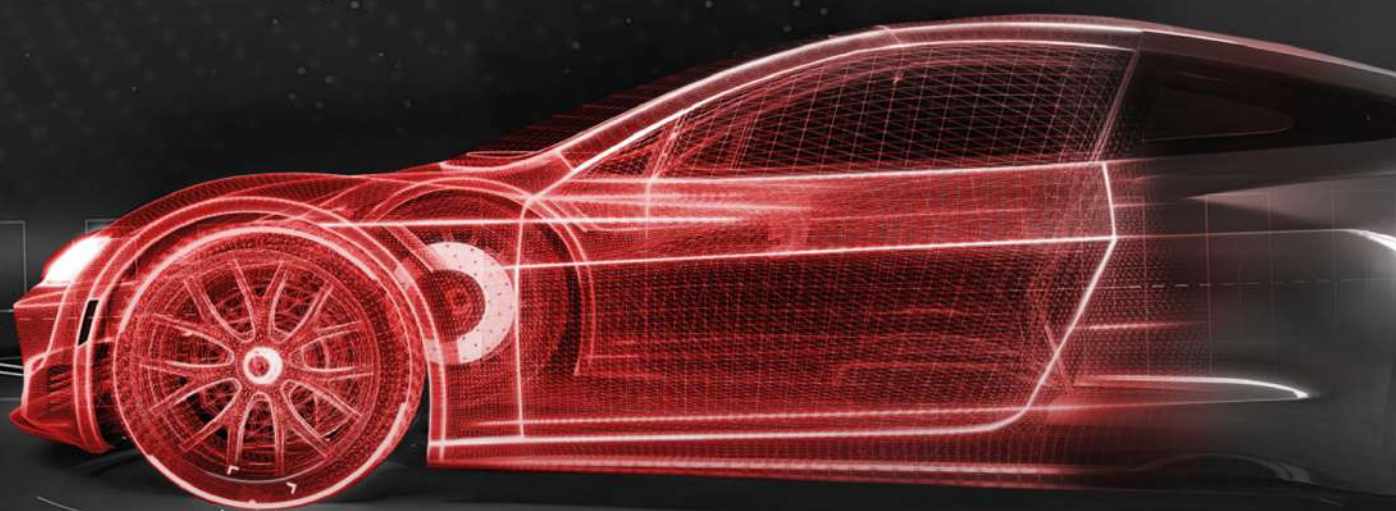


Q3 2020 REPORT

AUTOMOTIVE AFTERMARKET OVERVIEW



Organised By

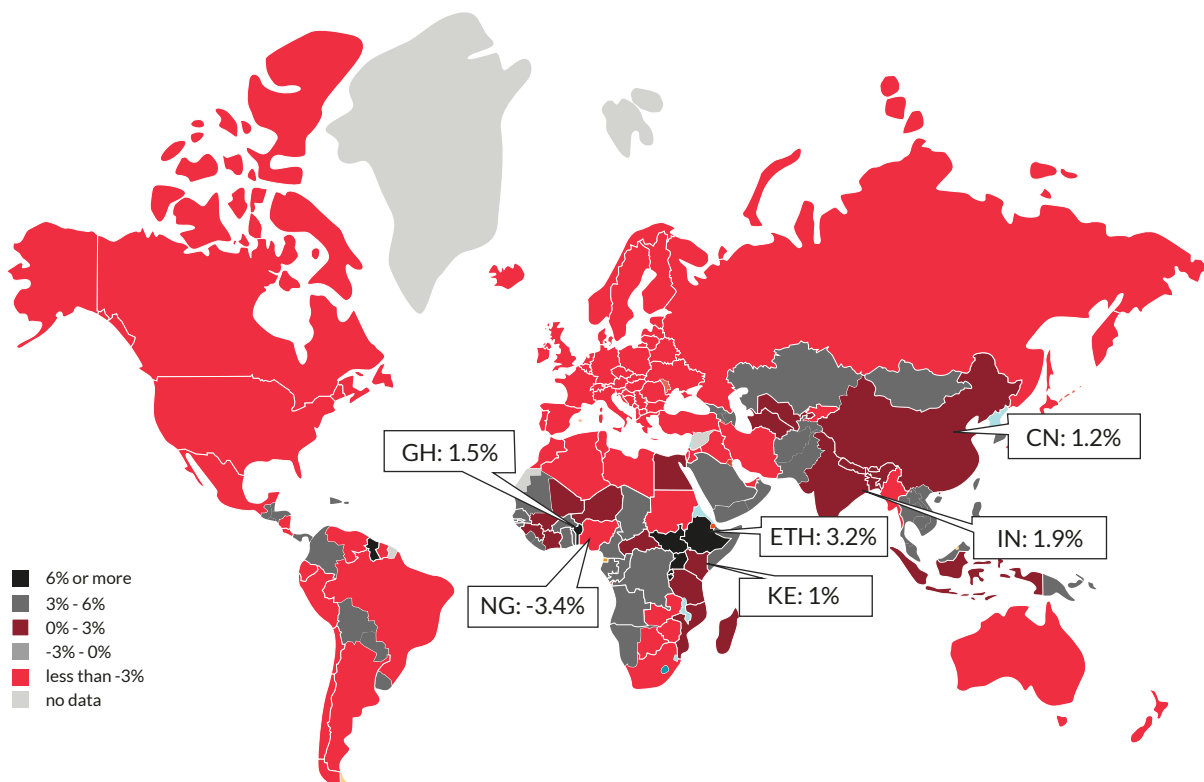


informa markets

WHAT'S HAPPENING REGIONALLY

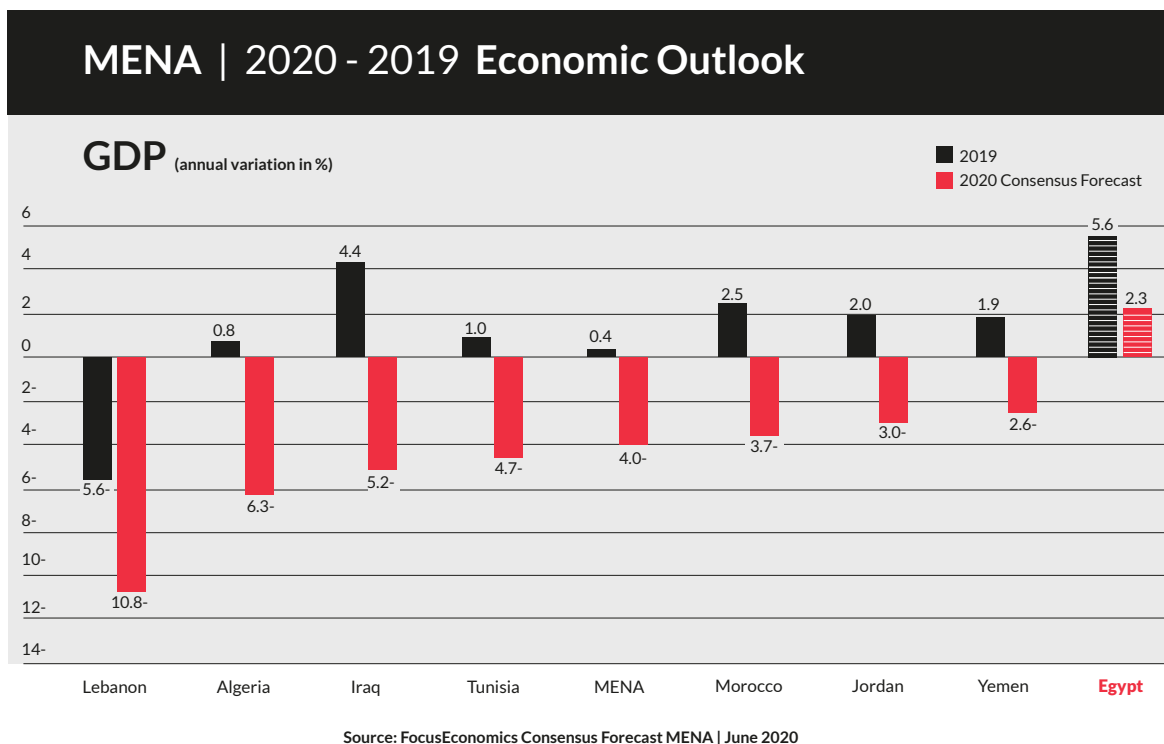
Egypt holds a prominent position in the aftermarket landscape regionally, as it is among the key players which include KSA and UAE. The retailing outlets and volume shed light on the importance of Egypt as a market for the region across various products including tyres, oils and batteries. The region held an optimistic forecast at the beginning of the year, ending 2019 strongly and beginning 2020 with a positive and optimistic forecast. Up until the pandemic started affecting the region by the end of the first quarter. COVID-19 disrupted what otherwise was shaping to be a thriving year.

The positive takeaway regionally is that even during the pandemic in 2020 Q2, many regional markets still showed growth rates even if smaller than initially expected. Which shows an obvious difference between the region's forecast and the rest of the world in the magnitude of the adverse impact.



EGYPT MARKET OVERVIEW

The Egyptian market shows a paradox of a challenging market yet full of potential and unique strengths, even as it is hit by a pandemic still signs of continuity and resilience prevail. It is still the only market within the region holding a positive 2020 forecast.



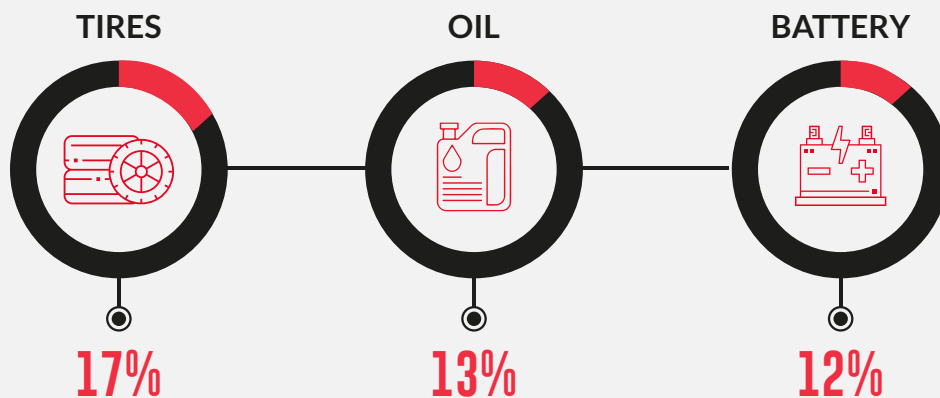
- In 2019 declining inflation rates reaching a 9 year low of %3 and an average GDP growth rate of %5 showed Egypt is growing more rapidly than the rest of MENA.
- Total investment in automotive industry at USD 3 billion; USD 1.6 billion in the automotive industry and USD 1.4 billion in the feeding industries.
- Despite Covid19- outbreak, in Q1 the vehicle market grew %28.3 and GDP lowering yet still positive at %2.3 unlike the rest of the region negative outlook
- Over 50 % of Passengers' cars in Egypt are over 15 years old, a true drive for the local aftermarket

KEY FIGURES

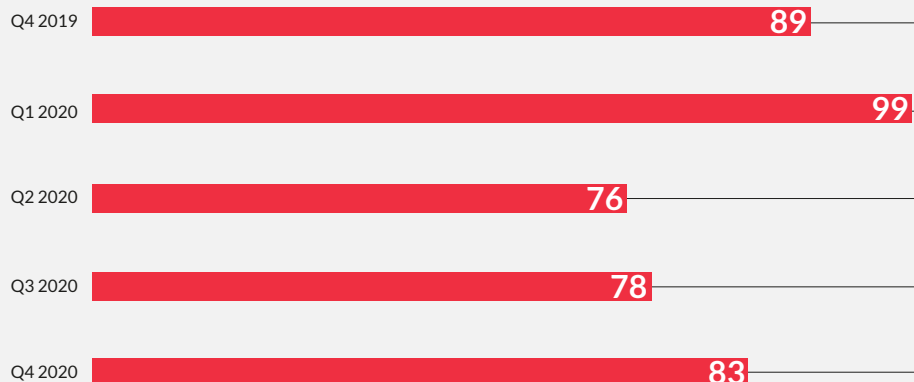
Egyptian vehicle market reported an outstanding trend in the first two months of the year, with sales growth at 61.9%, which then decelerated due to Coronavirus outbreak, ending the first quarter still at a positive growth rate at 28.3%.

COVID impacted the consumers habits in the aftermarket as well with a trend towards delayed car maintenance for tyres, oils and batteries

% of consumers who wanted to change, but due to hygiene factors, did not feel safe to visit garages/workshops:



Consumer confidence projected to recover in H2 2020:



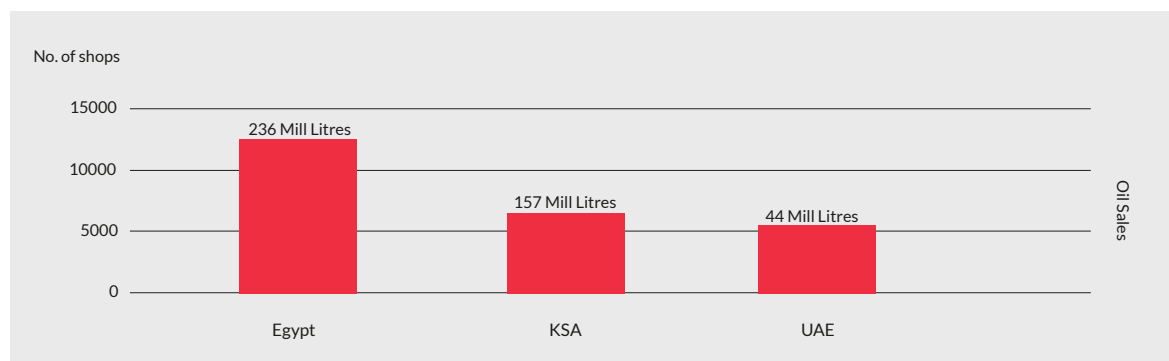
*Source: GfK

AUTO FEEDING INDUSTRY

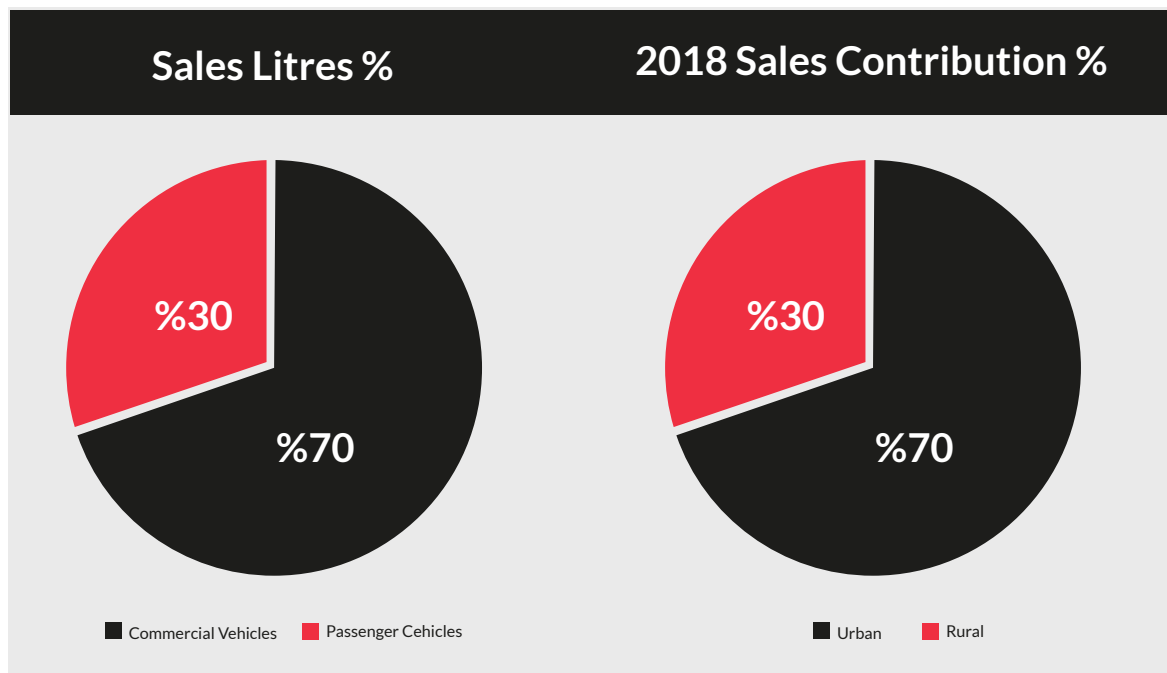
- An important source of foreign currency for Egypt's economy.
- Auto feeders are the second biggest exporter in the engineering industries category, accounting for 27% of engineering exports in 2017.
- 500 automobile feeding companies in Egypt today, serving 16 assembly plants.

LUBRICANTS MARKET

Egypt is a prominent lubricant market across the region



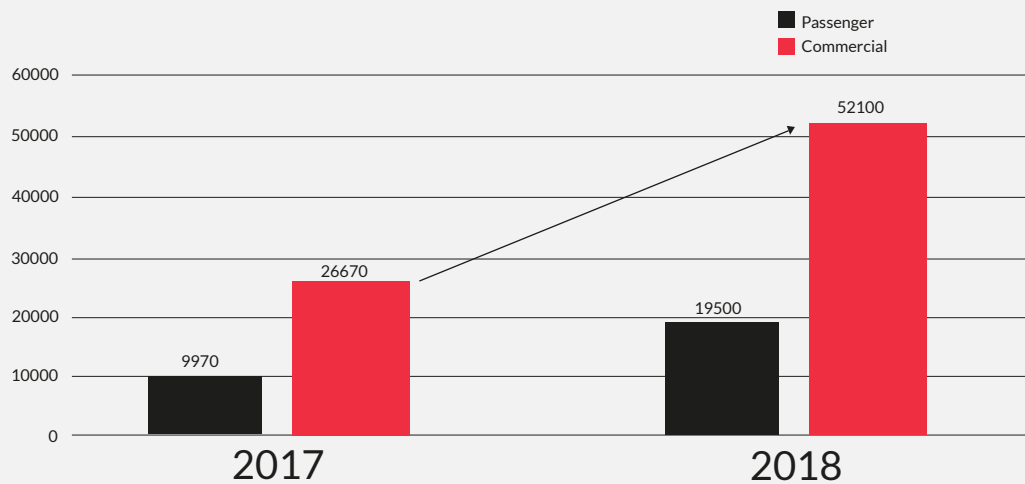
*Source: GFK



COMMERCIAL VEHICLES

Egypt is a growing market for commercial vehicles as the sector increased by a massive 95% in 2018

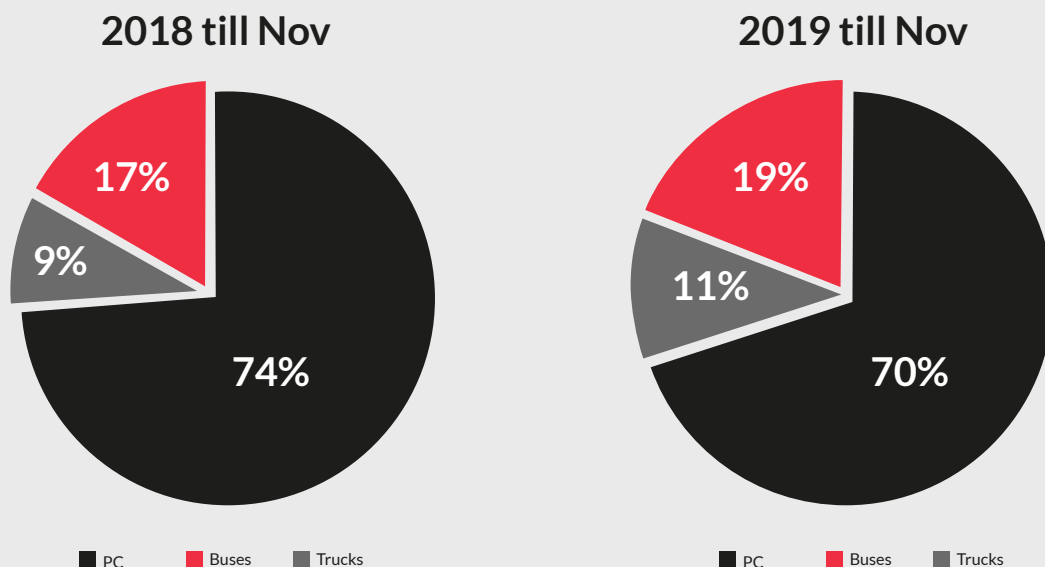
Locally Produced Vehicles



*Source: GFK

In 2019, AMIC reported commercial vehicles is growing compared to 2018

Total Market Split

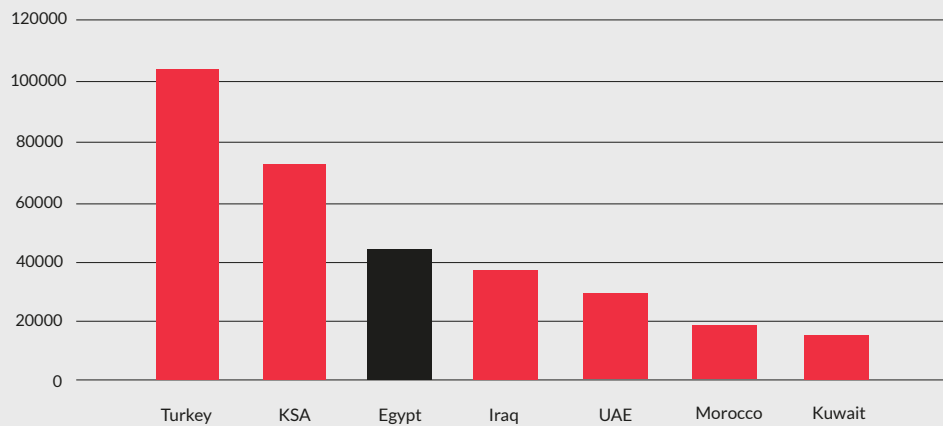


*Source: AMIC

COMMERCIAL VEHICLES

Regionally, Egypt is a strong market player in commercial vehicles, as most of Egypt's auto exports are in the form of buses, while new CV sales ranking third in region at 43,569 vehicles in 2019 after Turkey and Saudi Arabia.

New CV Sales



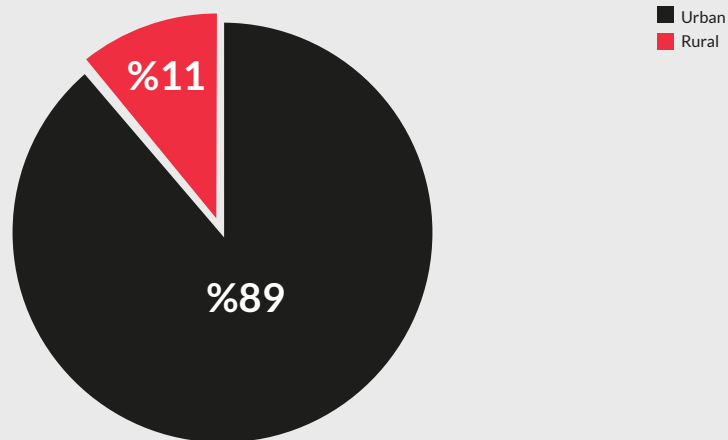
**Source: TheGlobalEconomy.com*



TYRES MARKET

- Passenger car tyre is the dominant segment in the country's tyre market followed by commercial vehicle tyre and two-wheeler tyre.
- Egypt OTR tyre market size is projected to grow at a CAGR of 4.0% during 2019-25, expected to be one of the fastest-growing OTR tyre markets in the African region
- Independent aftermarket segment is expected to accelerate faster than the OEM channels fuelled by the OTR tyre market and the growth in the independent service centers
- Rural areas in Egypt are gaining more importance and contributing to the tyre market

2018 Sales Contribution %



*Source: GfK

ELECTRIC VEHICLES

- Egyptian national strategy supports transformation to electric vehicles which is bound to reflect on the aftermarket as more demand is created for the batteries and powertrains required for EV
- A partnership agreement has been signed with China for manufacturing of 2,000 electric buses in Egypt
- A number of Chinese, Italian, and German companies have begun negotiating with Egyptian institutions to supply power units
- Egypt is the first in the region to manufacture EVs
- For Infrastructure, Revolta, provides the largest EV charging network in Egypt and North Africa through 130+ charging points covering 18 Egyptian cities
- The House of Representatives' Energy Committee is drafting a law that will regulate the import, sale, and after-sales services of all electric vehicles.



AUTO TECH

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