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Global and Regional Autos Outlook

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Agenda

- Global economic and autos outlook
- Key themes driving the global industry
- MENA autos outlook
- MENA's role in global industry trends
- Q&A

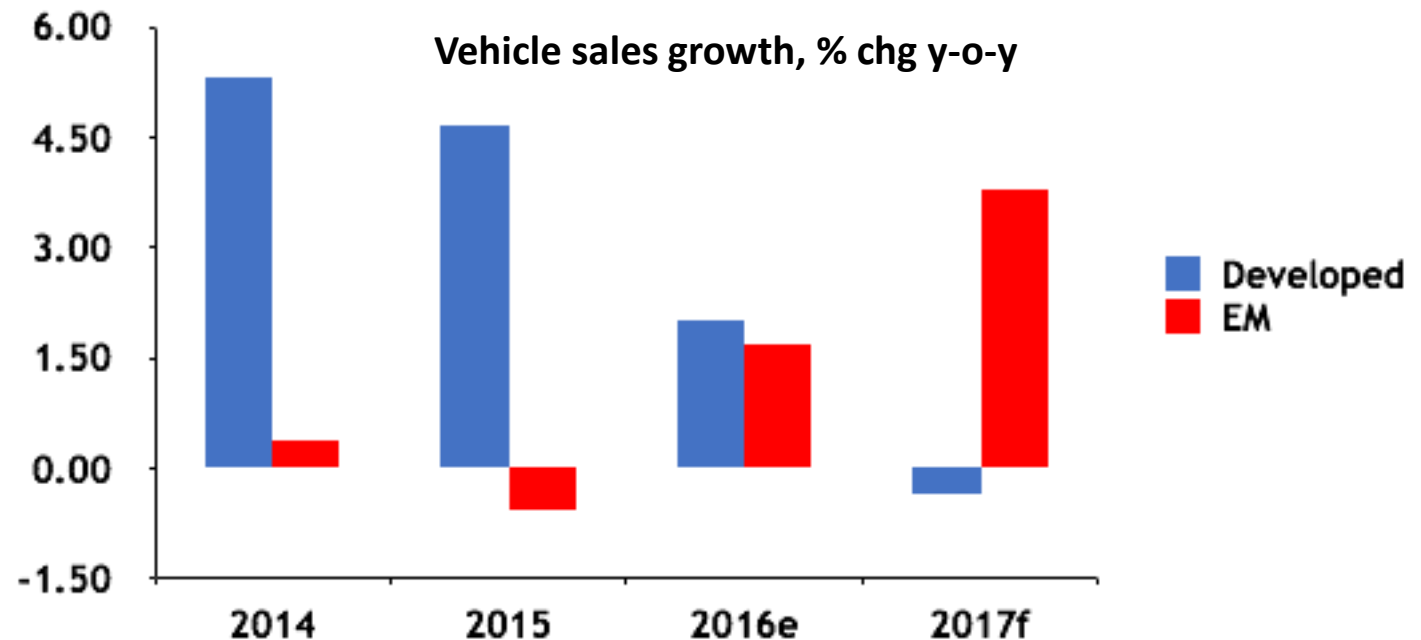
Global economy: growth to accelerate

- Global economic growth will accelerate in 2017 to 2.8%
- Below consensus forecast for the US – Q1 will tell the story
- Emerging markets to undergo long and painful recovery

GDP Growth (%)	2016e	2017f	2018f	2019f	2020f	2021f
USA	1.5	1.9	2.2	2	1.9	1.9
Eurozone	1.7	1.5	1.6	1.5	1.6	1.6
Japan	0.8	0.8	0.6	0.6	0.5	0.5
China	6.6	6.3	5.8	5.6	5.3	5.4
World	2.4	2.8	2.9	2.9	2.9	2.9

Global autos: stable growth, balance shifts

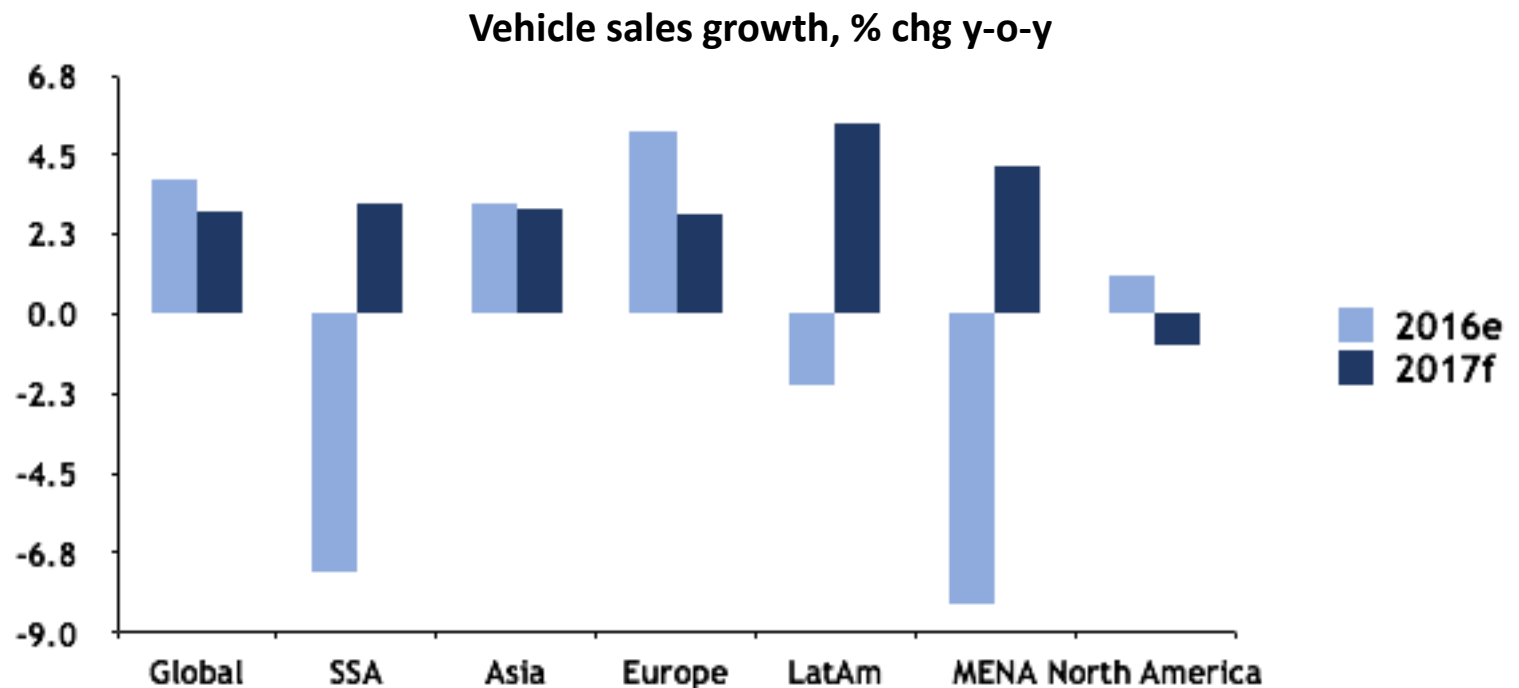
- Global vehicle sales growth will be relatively stable in 2017 at 2.8%
- Balance of growth shifting from developed back to emerging markets
- Emerging markets combined returned to growth in 2016, but growth will double in 2017



F = BMI forecast; Source: BMI

Global autos: regions highlight trend

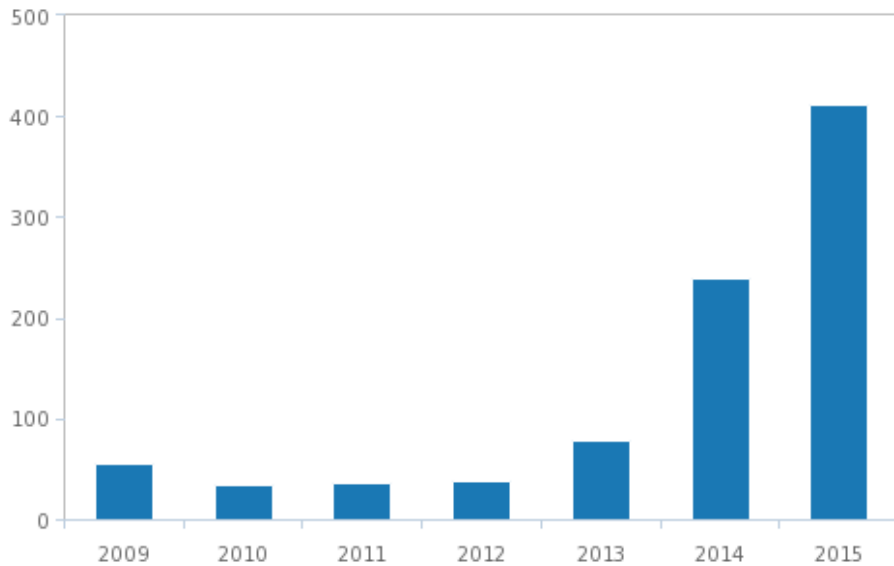
- Trend is most obvious when comparing regions with a mix of markets
- Totally emerging regions show bigger bounceback
- Mixed regions are more stable



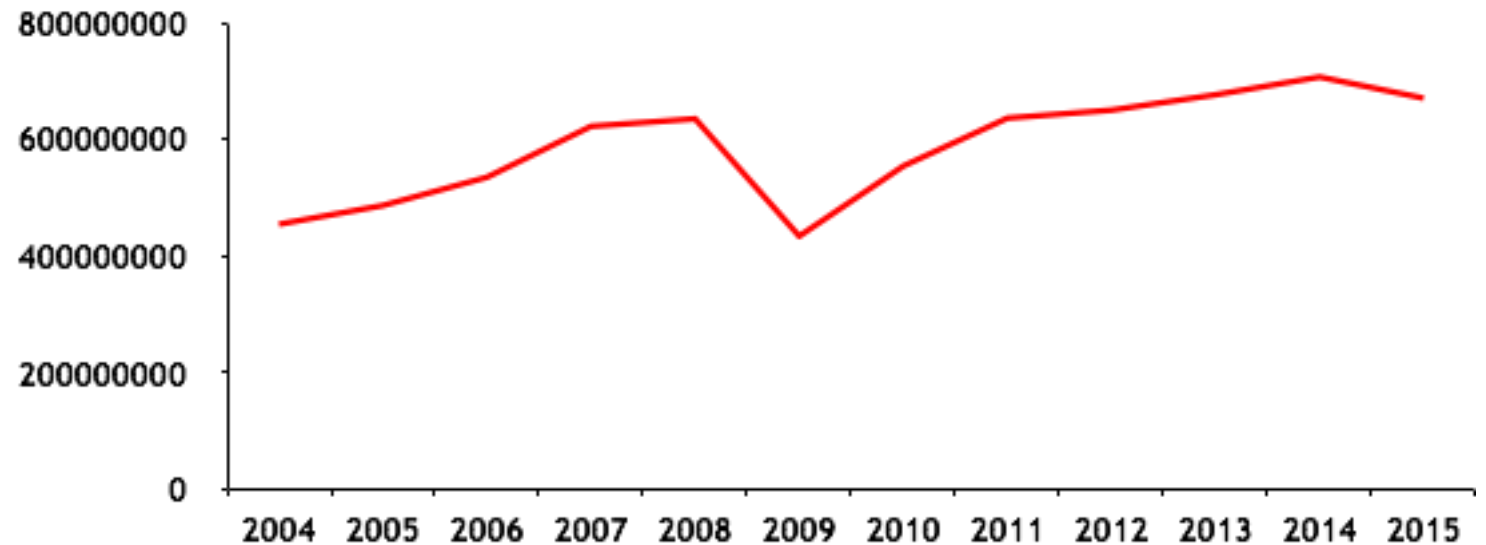
Global key theme: trade uncertainty

- Global trade has lagged economic growth for the last five years
- Protectionist measures among biggest five developed markets on the rise
- Autos sector has largely bucked the trend and is highly globalised – time for a shift?

Largest Five Developed Markets - Number Of Protectionist Measures



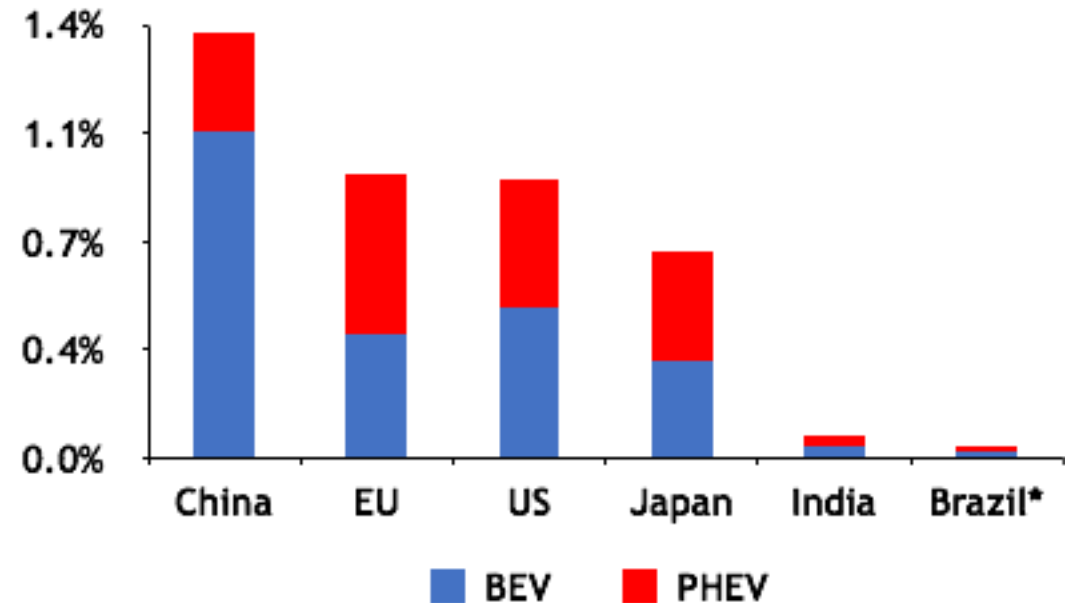
WTO Vehicle Exports To The World, USD'000



Global key theme: electrification

- Year of the PHEV? Share of EV market to grow
- More plug-ins coming to market, both volume and luxury
- China an exception
- Battery EV focus in 2017 – long range, low cost

Market Share of Electrically-Chargeable Cars (% of new car sales)



Source: National Sources, BMI

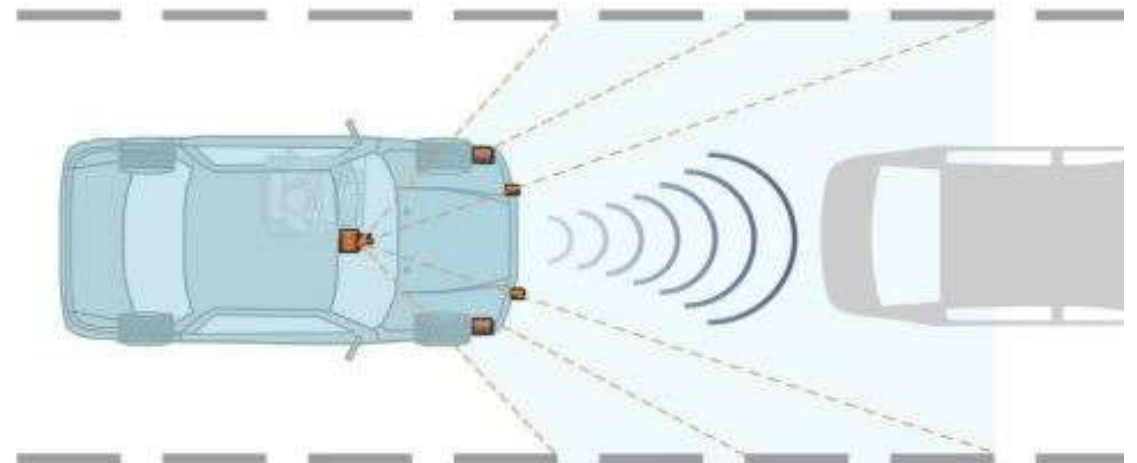
Global key theme: autonomy

- Turning hype into marketable products in 2017 focus
- Luxury brands take on Tesla through ADAS
- Strategy announcements focus on monetising autonomy eg ride-sharing and logistics tests



CADILLAC DEVELOPING "SUPER CRUISE"

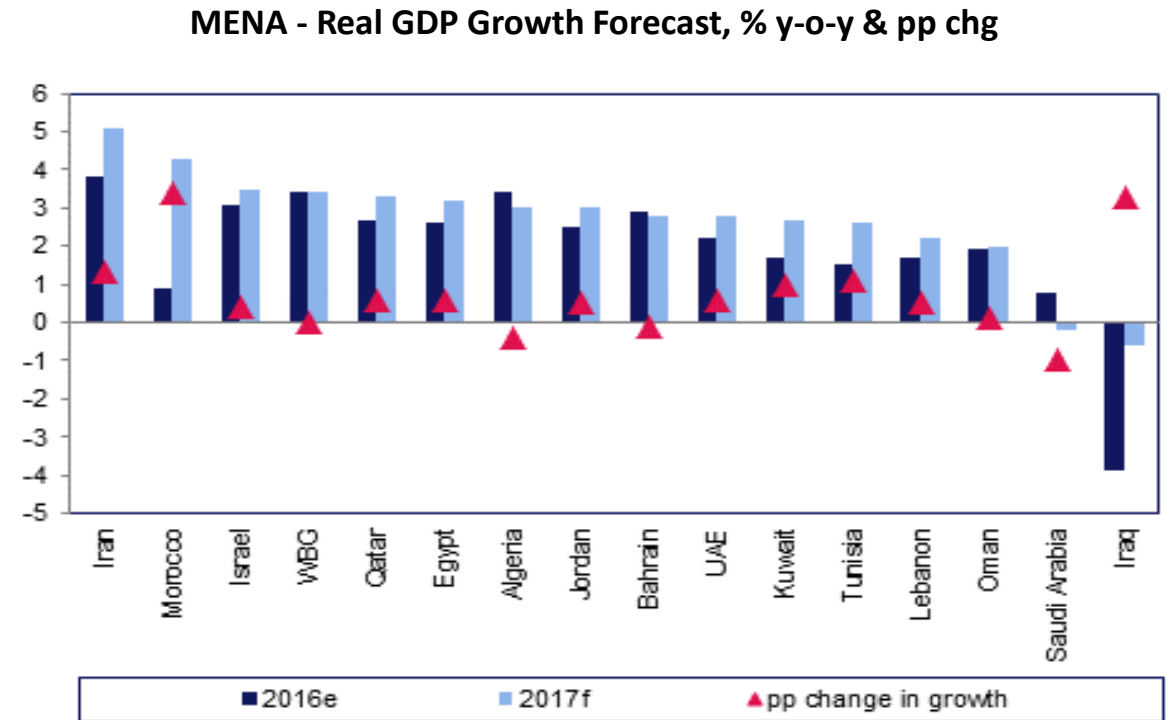
"Super Cruise" does full-speed range adaptive cruise control and lane centering, using cameras and other sensors to automatically steer and brake in highway driving.



Source: GM

MENA economy: better year ahead

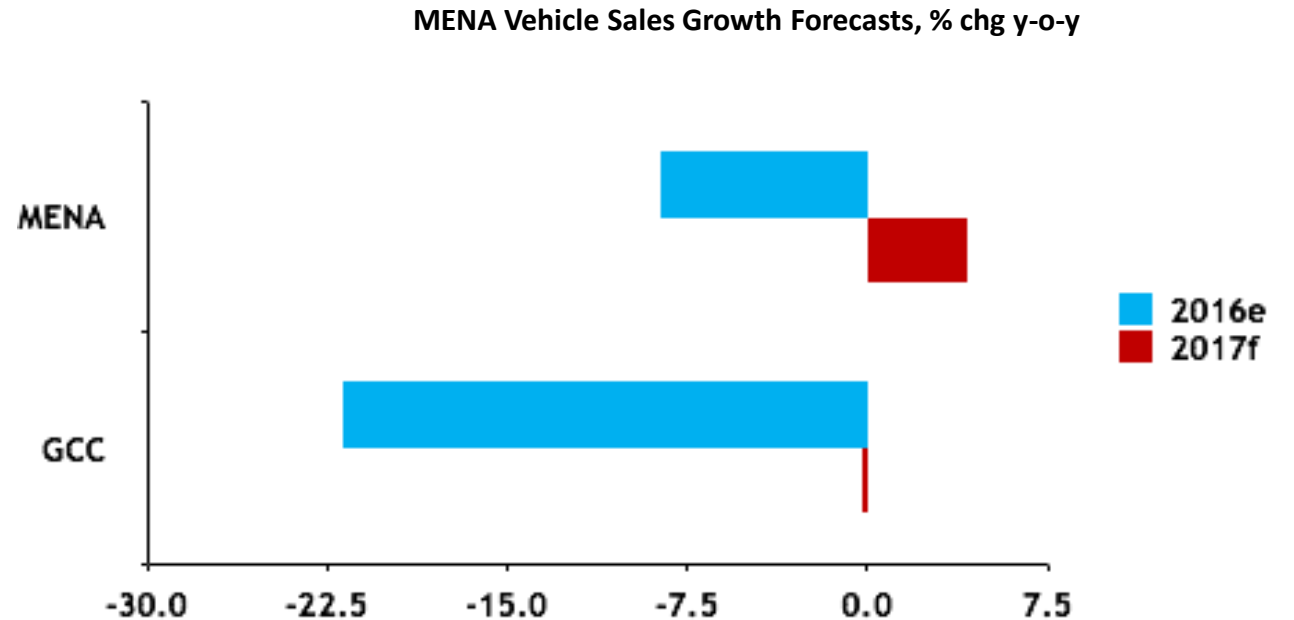
- Broad regional uptick in growth from base effects and gradual oil price increase
- Bulk of fiscal consolidation complete
- Iran will be the growth outperformer



e/f = BMI estimate/forecast. Source: Respective national statistics agencies, BMI

MENA autos: growth hides weak spots

- Regional vehicle sales growth of 4.2% will be the second-highest globally
- GCC will continue to lag the region led by another contraction in the Saudi market
- Passenger car sales outperform commercial vehicle sales as government spending still limited

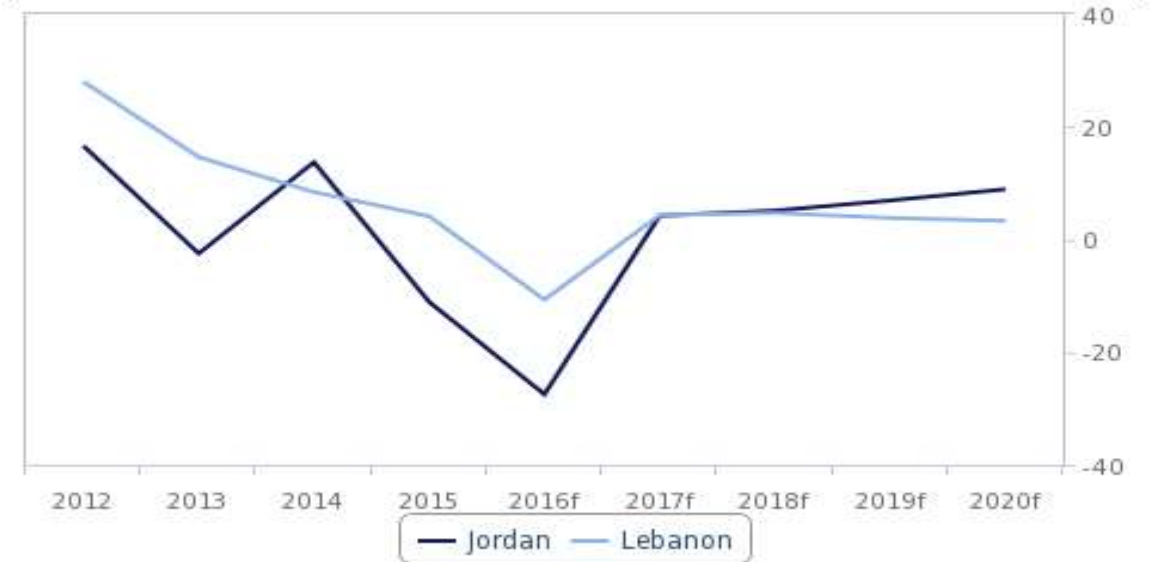


e/f = BMI estimate/forecast

MENA autos: slow but steady elsewhere

- Jordan and Lebanon to show mild return to growth
- Jordan's growth (4.2%) driven by return to trade with Iraq
- Limits on credit in Lebanon will see small car segment grow

Jordan And Lebanon Vehicle Sales Growth Forecasts, % chg y-o-y

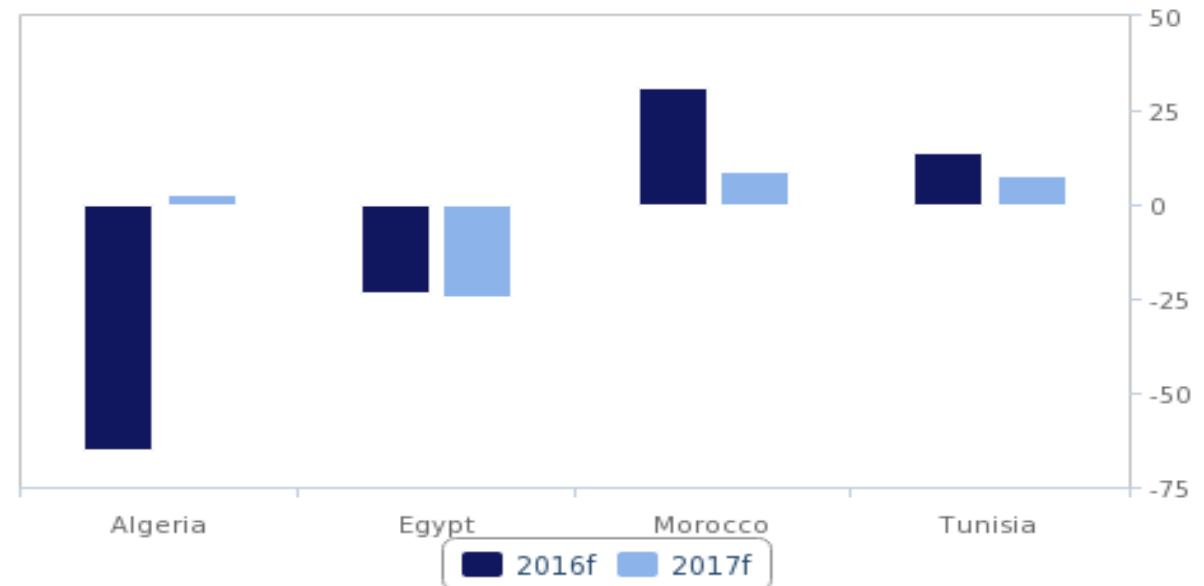


e/f = BMI estimate/forecast. Source: Respective national industry sources

MENA autos: Egypt weighs on North Africa

- North Africa sales to decline 4.5%, but without Egypt +7.2%
- Free float of Egyptian pound will see sales decline 24.2%
- Morocco is North African and MENA outperformer with sales growth of 8.8%

North Africa Vehicle Sales Growth Forecasts, % chg y-o-y

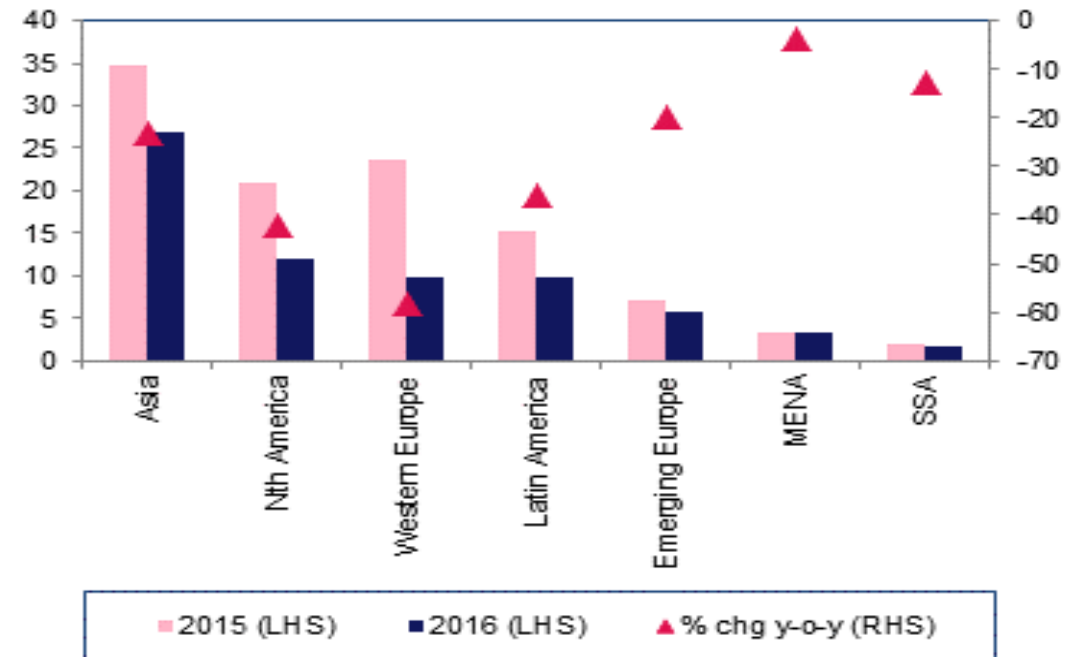


e/f = BMI estimate/forecast. Source: Respective national industry sources, BMI

MENA autos: production a hedge against trade uncertainty

- MENA most consistent for investment over 2016
- Not just North Africa and Iran - Oman increasing influence
- French presence a risk if they are forced to invest more domestically

Value Of Investment Project Announcements, USDbn (LHS) & % chg y-o-y (RHS)



Source: BMI

MENA autos: EV bright spots

Jordan



Tax cuts



Infrastructure



Fleet purchases

Dubai



Standardised policy



Charging convenience



Increased choice

Iran
(one to watch)



Taxes lifted



IKCO car project



Alternative fuel culture

MENA autos: Dubai - autonomy leader

- Supported by Dubai Autonomous Transportation Strategy
- Four pillars of the strategy cover biggest challenges to autonomy: Individuals, Technology, Legislation, Infrastructure
- Trials aimed at testing vehicles in the climate, exposing consumers to the technology



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Thank you