

HEADLINE PARTNERS



PARTNERS

An abstract, dark background graphic composed of interconnected black and red lines forming a complex, crystalline or network-like structure.

IBIS | INTERNATIONAL
BODYSHOP
INDUSTRY
SYMPOSIUM
TÜRKİYE 2017

Global Macro And Autos Outlook

Anna-Marie Baisden

Head of Autos Research - BMI Research

Agenda

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

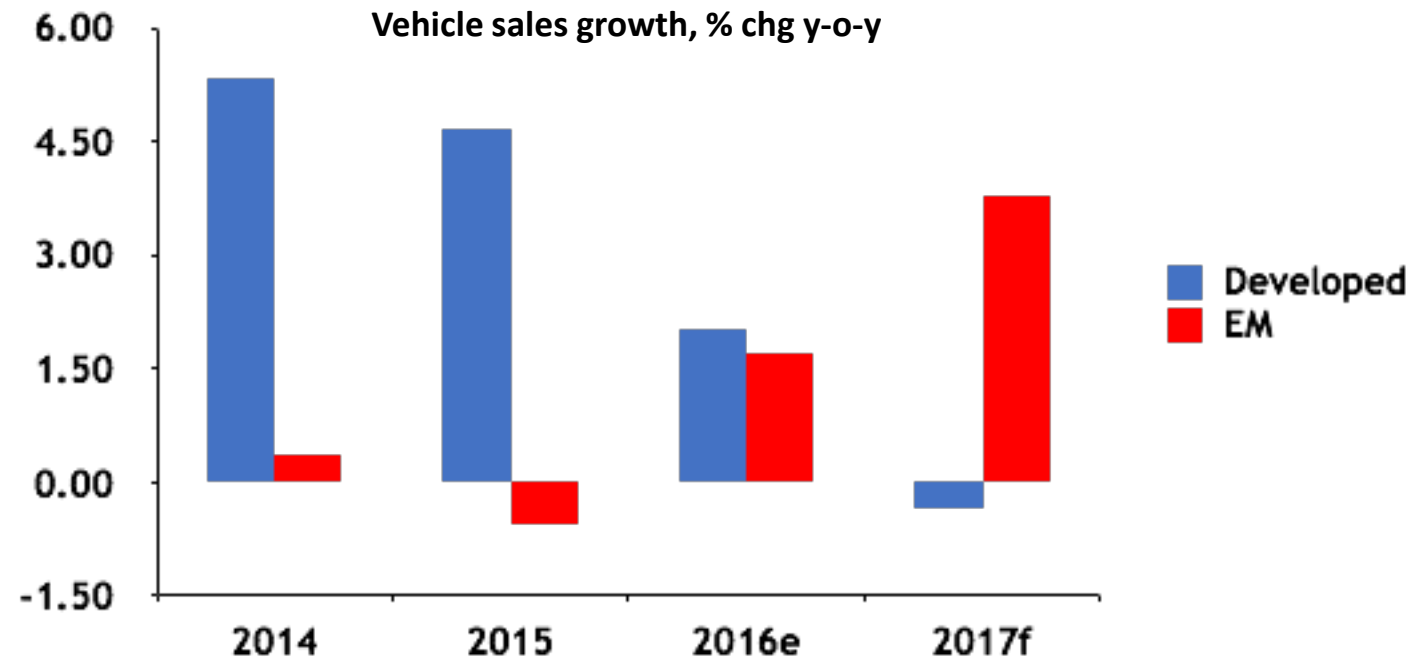
Global economy: growth to accelerate

- 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

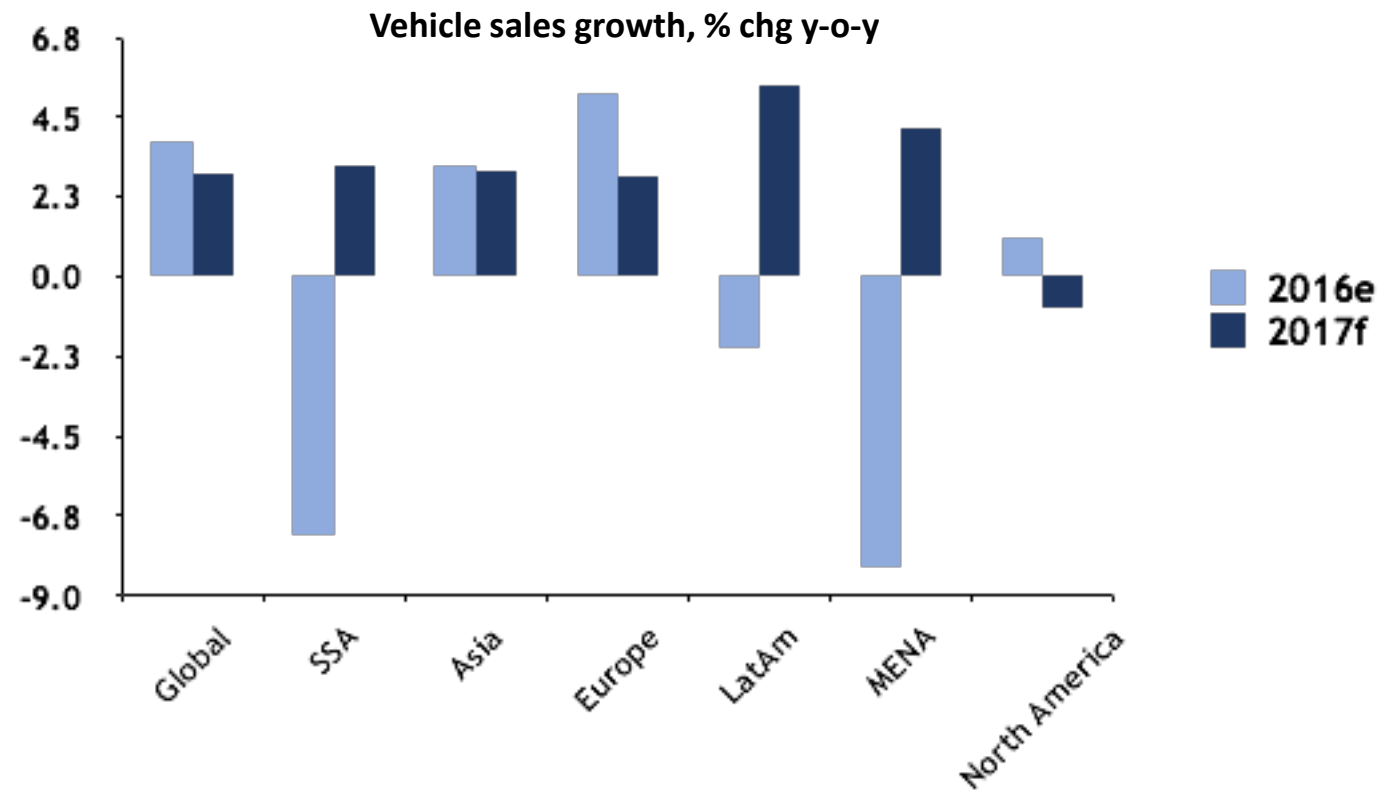
Global autos: stable growth, balance shifts

- 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



Global autos: regions highlight trend

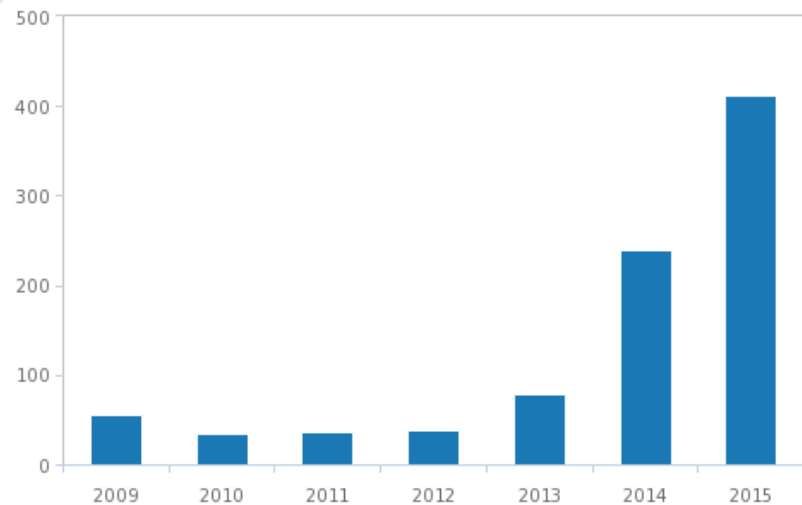
- Trend is most obvious when comparing regions with a mix of markets
- Totally emerging regions show bigger bounce back
- Mixed regions are more stable



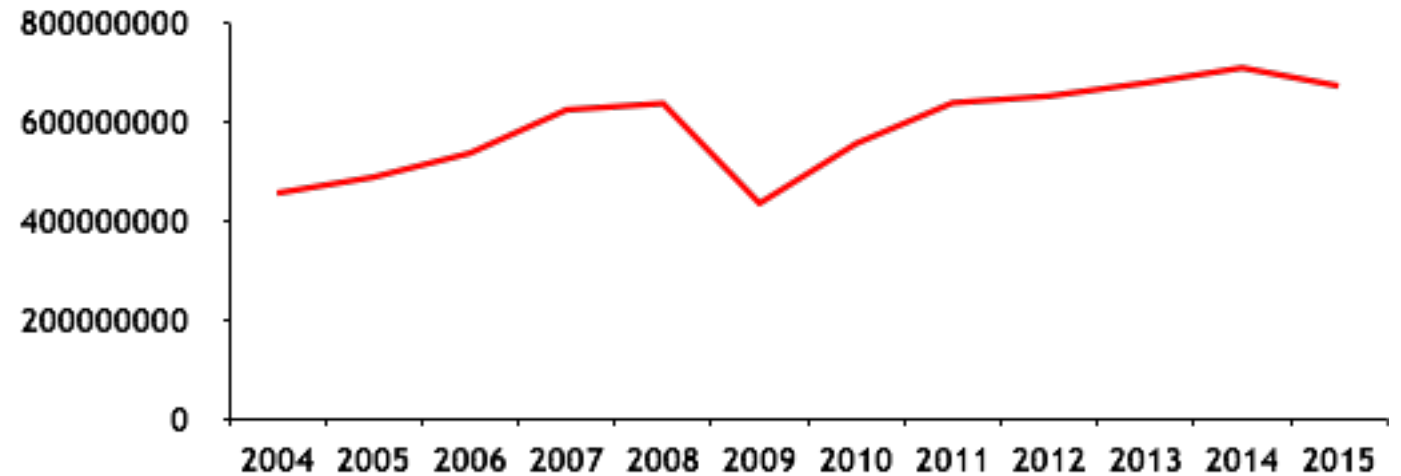
Global key theme: trade uncertainty

- 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

Largest Five Developed Markets - Number Of Protectionist Measures



WTO Vehicle Exports To The World, USD'000

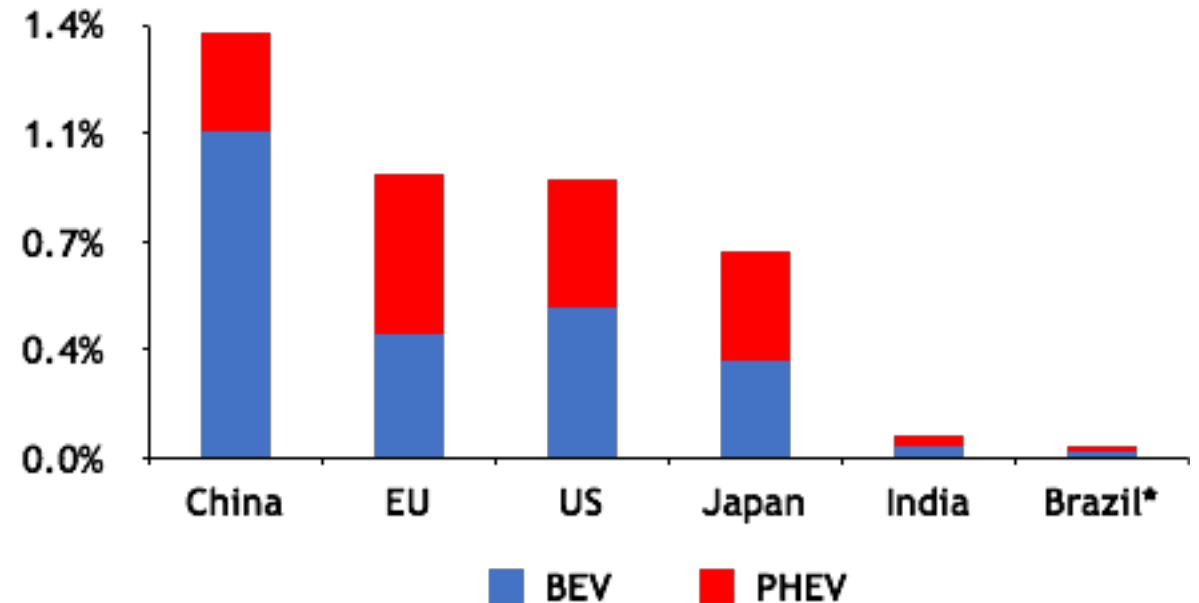


Note: Protectionist measures are those deemed 'almost certainly discriminatory towards foreign commercial interests'. Largest five DM markets are US, Japan, EU, Australia and Canada. Source: Global Trade Alert, Trade Map, BMI

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)



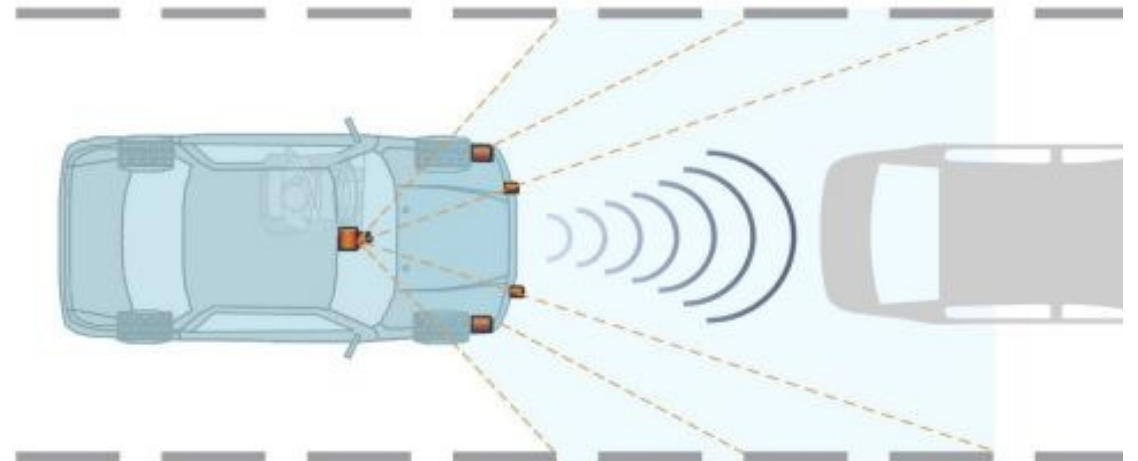
Global key theme: autonomy

- 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"

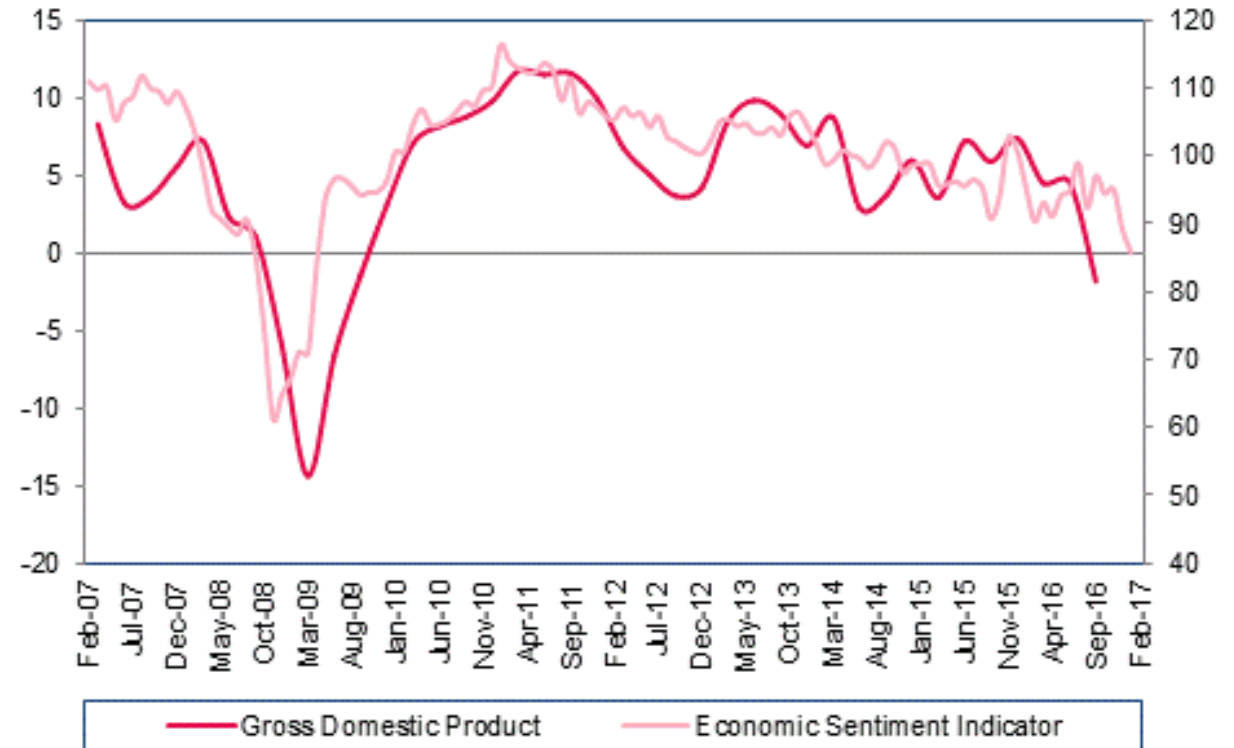
"Super Cruise" does full-speed range adaptive cruise control and lane centering, using cameras and other sensors to automatically steer and brake in highway driving.



Turkey economy: risk dampens growth

- Economic growth has been resilient but Q316 marked first contraction since 2009
- Fixed investment is the biggest drag as a result of uncertainty surrounding the April referendum
- BMI forecasts below consensus at 2.3% and 2.8% for 2017 and 2018

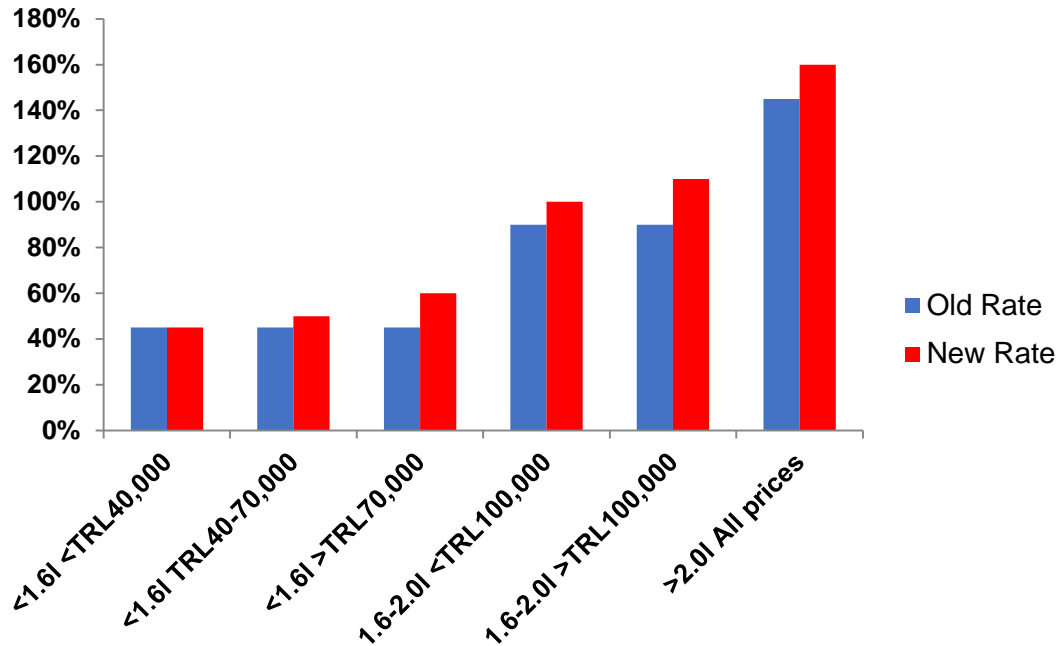
Turkey - Real GDP, % chg y-o-y (LHS) & Economic Sentiment Index (RHS)



Turkey autos: tax hikes threaten growth

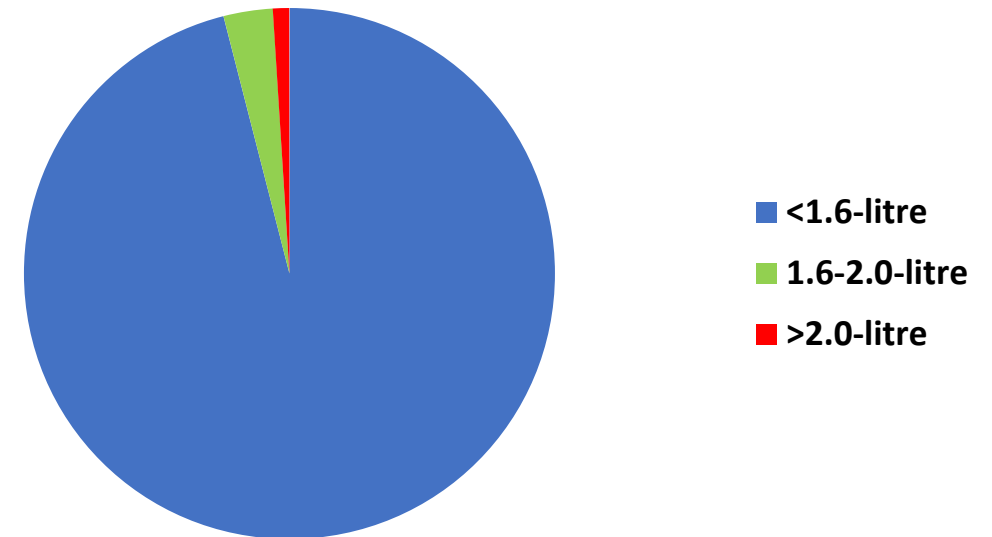
- Special Consumption Tax raised on all but smallest, cheapest car segment
- Positive is the smallest engine size dominates sales

Old And New Tax Rates By Engine Size And Price



Source: BMI

Market Share By Engine Size 2016

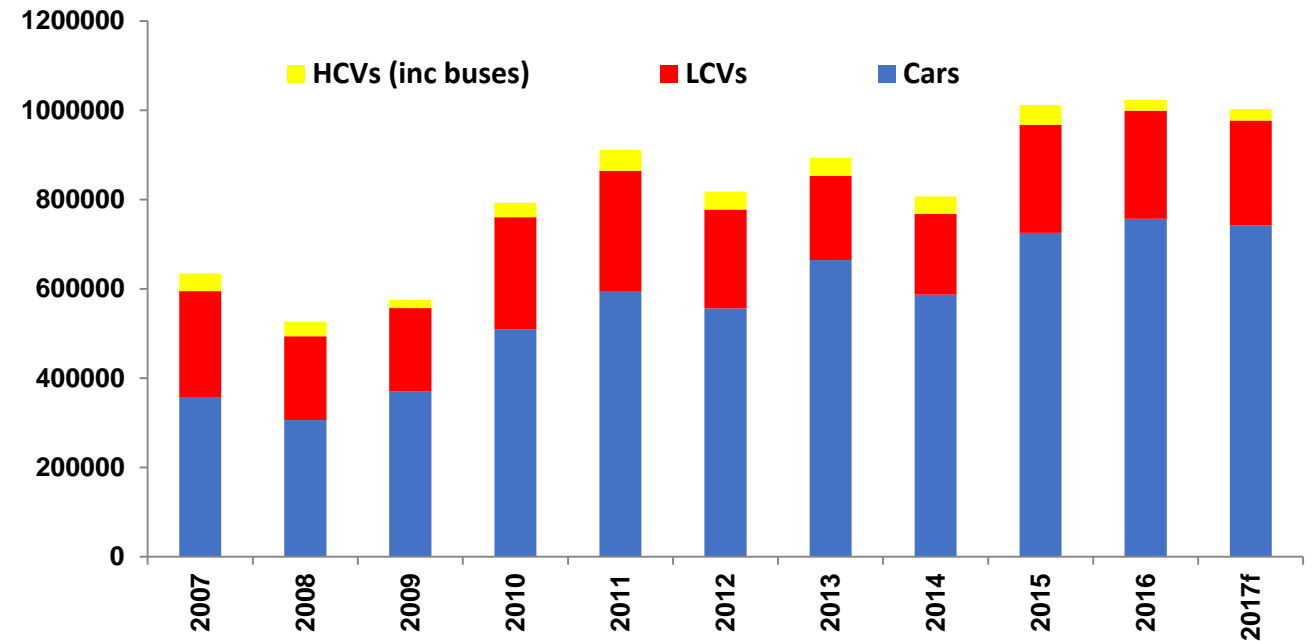


Source: ODD

Turkey autos: end of the growth run

- Total vehicle sales will decline in 2017, forecast -2.0%
- Biggest impact on the light market, trucks and buses have some room to grow
- Heavy CVs are adjusting to new Euro VI regulations

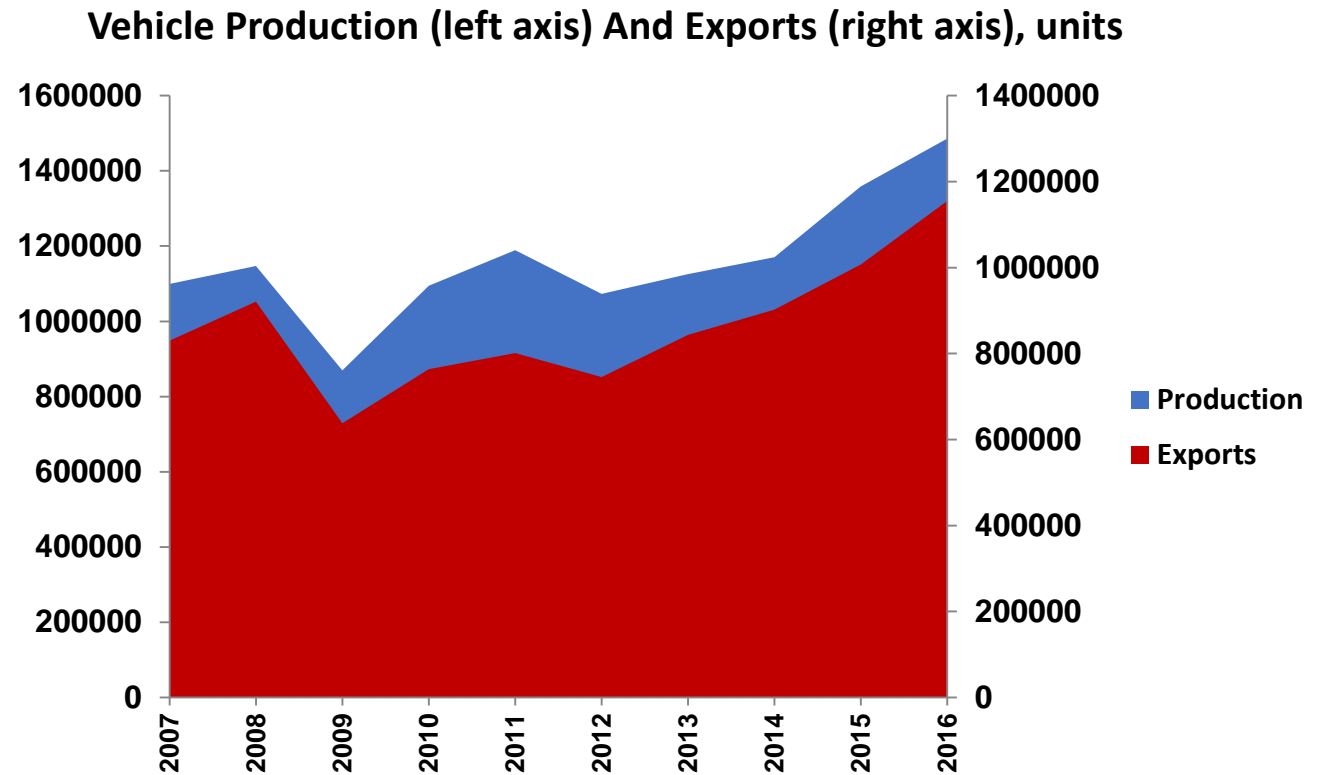
Vehicle Sales By Segment, units



Source: OSD; f = BMI forecast

Turkey autos: brighter for production

- Total vehicle production has grown 38% in the last five years
- Exports are largely driving this growth in output as the domestic market slows
- New models are diversifying the local production industry

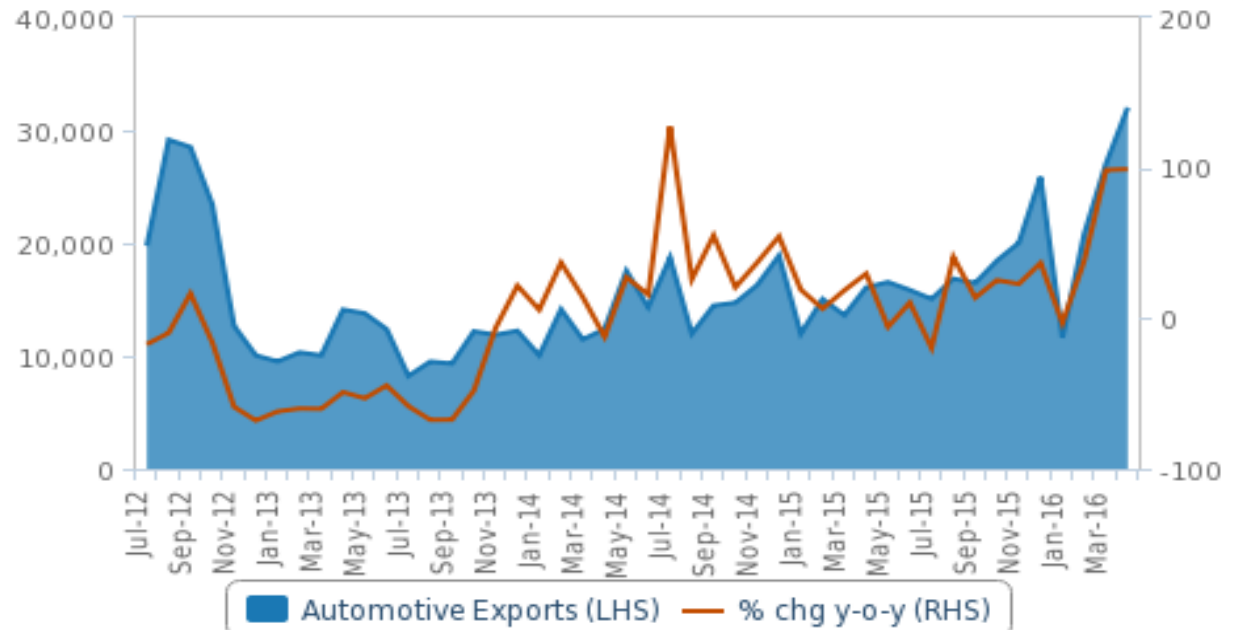


Source: OSD

Turkey autos: new trade opportunities

- Opening up of Iranian market has increased export opportunities for Turkish companies
- Component and vehicle exports to Iran accounted for less than % of exports 2013-15
- Biggest uptick in activity coming from component sector for now

Total Automotive Exports (inc Components) From Turkey To Iran, USD'000



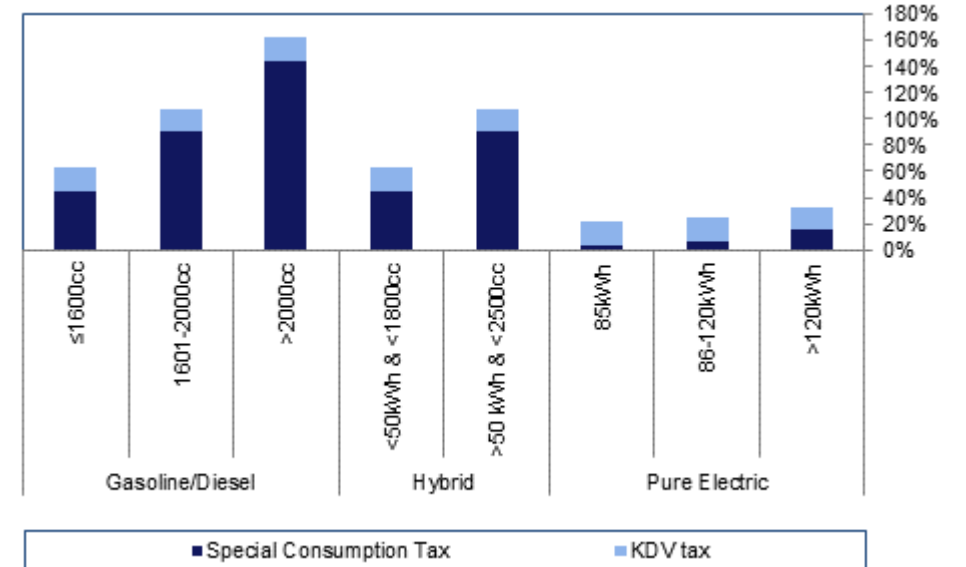
Turkey autos: electrification

- Electrified vehicles still account for a tiny proportion of new vehicle sales
- New tax rates on hybrids introduced in 2016 increases competitiveness with ICEs

New Sales By Fuel Type

Fuel Type	2015	2016
Petrol/Diesel	724502	755884
Hybrid	974	1010
Electric	120	44

New Taxes By Fuel And Tax Type



Turkey autos: autonomy

- Several national companies involved in developing connected and autonomous cars – Turkcell, Tofas, TUBITAK
- Total M2M modules in Turkey forecast to triple over the next five years
- Marmara University wins Valeo innovation prize

Turkcell, teknolojinin gücünü hayatımıza katarak farklı alanlarda inovatif çözümler geliştirmeye devam ediyor. Turkcell'in yeni çözümü Akıllı Otomobil Platformu ile araç içerisinde geçirdiğiniz zamanı daha verimli kullanabileceğiniz ve ihtiyaç duyduğunuz birçok şeye tek bir dokunuşla ulaşabileceksiniz.



Source: Turkcell

HEADLINE PARTNERS



PARTNERS



IBIS | INTERNATIONAL
BODYSHOP
INDUSTRY
SYMPOSIUM
TÜRKİYE 2017

Thank you