Used Vehicles Market in Africa

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15 March 2018
Africa Market Overview

- Rise in GDP per Capita should lead to TIV growth
- Potential TIV growth in the long run but drop in the short term

Diverse Markets

- 54 countries
- 7 major languages
- Various climates
- LHD/RHD
- Petrol/Diesel
- AT/MT
- Different fuel quality = Complexity

GDP per Capita

85% of TIV = 4 Major Countries

Reasons for TIV decline in FY15/16:
- Global crude oil price decline
- Forex Issues: Allocation restriction & local currency depreciation
### Projects

<table>
<thead>
<tr>
<th>Projects</th>
<th>Objective</th>
<th>Strategic Direction</th>
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</thead>
</table>
| 1. Manage Automotive policy in Africa | Control Importation of used vehicle in Africa countries;  
- Improve OEM share of market  
- Prevent illegal imports  
- Ensure duties are paid  
- Prevent brand destruction by poor quality imports | 1  
Control duties and value certification of all new and used imports, new to 2 years old.  
2  
Control duties and value certification of used imports, 2 to 4 years old  
3  
Restrict import of vehicles older than 4 years in Africa |
| 2. Create OEM trade in used vehicle channel | Develop used vehicle supply chain for products from main destinations. Create relationships with used traders in Africa.  
Create unique sales opportunity by providing customers with used vehicle disposal way. | • Develop a purchase, sales and aftersales system to focus on branded used vehicles in Africa  
• Develop unique Africa used vehicle disposal model alongside used imports |
| 3. OEM’s to provide aftersales support to all respective products | Prevent brand damage by supporting all automotive products irrespective | • Intensify and expand Aftersales “used car” |
Opportunities and Challenges

- **Political Social**
  - Provide support
  - Regulatory Framework

- **Economic conditions**
  - Increase access to finance
  - Logistics

- **New Approach**
  - Manage Automotive policy

- Create OEM trade in used vehicle channel
  - OEM’s to provide aftersales support
How do we mitigate– FTAs

- Some FTAs already activated (FTA with EU, Agadir & SADC)
- In future, FTAs are expected to expand geographically

<Current>

FTA with EU
EGP, MOR, ALG, TUN, SAF

Agadir
MOR, TUN, EGP, JOR

COMESA:
DJI, ERI, ETH, EGP, LBY, SUD, CMR, MLG, MTS, SEY, BRD, KNY, MLW, RWA, UGA, SWZ, ZAM, ZRO, ZAI

<Long-term Opportunity>

Continental Africa-FTA
(Framework targeted to be completed by 2017)

<Mid-term Opportunity>

Tripartite FTA:
COMESA, EAC, SADC
(Heads of agreement signed Jun ’15, details including automotive under negotiation)

ECOWAS
BEN, BRK, CAB, GAM, GHA, GUN, GBS, IVO, LIB, MAL, NGR, NIG, SEN, SRL, TGO

EAC:
KNY, BRD, RWA, TNZ, UGA

SADC:
SAF, ZAM, TNZ, BWA, MZQ, LSO, MLW, SWZ, ZRO, NAM, MTS, MLG

Expansion of FTAs
SSA Used Vehicle Customer – Key Factors

Affordability is a hygiene factor regardless of country, age, family size and income strata, but basic / primary needs are as follows:

<table>
<thead>
<tr>
<th>Space</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comfort</td>
<td>5</td>
</tr>
<tr>
<td>Durability</td>
<td>2</td>
</tr>
<tr>
<td>Safety &amp; Security</td>
<td>3</td>
</tr>
<tr>
<td>Economy</td>
<td>4</td>
</tr>
</tbody>
</table>

**WHY?**

<table>
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<tr>
<th>For comfort and space for people and luggage</th>
<th>Poor driving and road conditions, safety and longevity</th>
<th>Poor driving, safety and peace of mind</th>
<th>Limited income, high petrol and maintenance costs</th>
<th>Sit in traffic for a long time and high usage generally</th>
</tr>
</thead>
</table>

Whilst durability is a key need, people buy used cars because they are affordable and accessible, despite the risk that they may not be as durable in the long term.

Used cars are seen to be more economical due to lower purchase price. People are willing to trade the risks of higher maintenance costs later on.

The need to look and feel good / status and image is more of a secondary need and it is more prevalent in Nigeria. Other secondary needs include power and performance and investment / resale value.
The Africa We Want—Zero Emission

Emissions regulations
- “The Africa We Want” environmental protection measures
- Plans require private-public partnerships; inter-governmental working relationships

Industrialisation
- Improved infrastructure; energy supply; transport systems
Thank you!