

Capitalizing on Growth in Vehicle Maintenance and Repairs in Turkey



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Thank



Who is Frost & Sullivan?

Leading Market Intelligence & Business Advisory Firm with 43 Offices in 30 Countries (including Turkey) and dedicated focus on Automotive & Transportation Sector



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55 years of Experience



10,000+ Clients Worldwide



Growth Partnership Services *(Market Research)*



Growth Consulting *(Advisory Services)*



Growth Implementation Solutions

Agenda – 3 Main Sections



Global Aftermarket Outlook

Increased OES participation along with consolidation of traditional distribution channels in developing markets were key highlights of 2015



Total Automotive Aftermarket: Top Five Predictions, Global, 2015, 2016



Lower than Expected Growth in China and Latin America



Strengthening of OES Channel across the globe



Traditional Aftermarket Participants explore geographic expansion options and venturing into new frontiers – Stan & Jan, Africa



eCommerce Channel Strengthening to Continue



Service Opportunity from Hybrid and Electric Vehicles

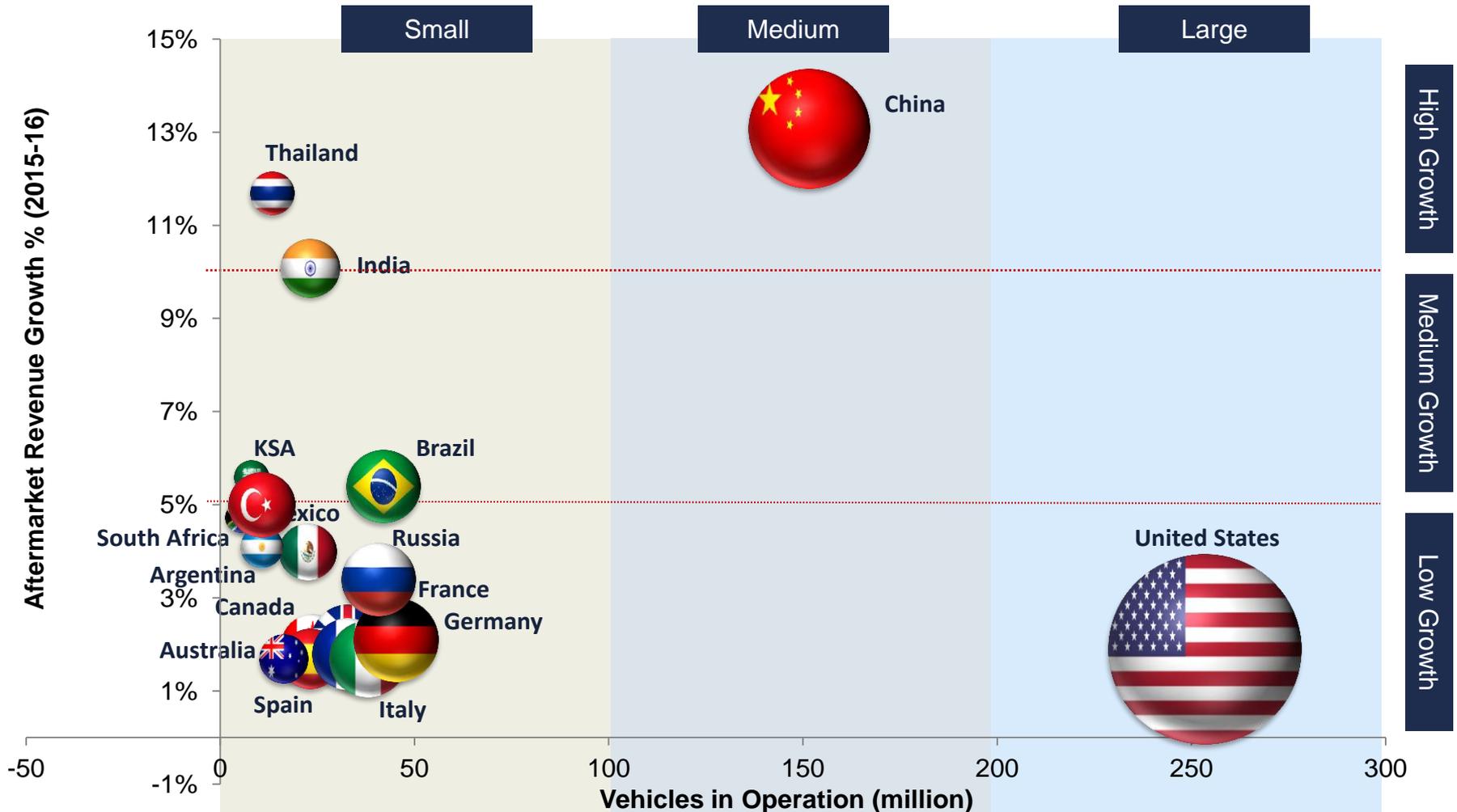
. Source: Frost & Sullivan

Global Aftermarket— Growth Opportunity Analysis

Despite local economic instability, the Chinese automotive aftermarket continues to offer maximum growth potential



Global Automotive Aftermarket Outlook: Regional Growth Opportunity Analysis, 2015



Note: Size of the bubble is representative of the regional aftermarket revenue in 2015

Source: Frost & Sullivan



Global Automotive Aftermarket Trends

Stark difference between Developed and Developing Economies



US



EU



China



Latin America



India



Service Aggregation



Technological Sophistication



Explosive VIO Growth



Unstructured Market creates Opportunities for Consolidation



Explosive VIO Growth



Aftermarket Telematics



eRetailing



Young Vehicle Population



Maintenance Related Demand from Aging Parc



Policy Push



eRetailing



Aftermarket Telematics



eRetailing Potential



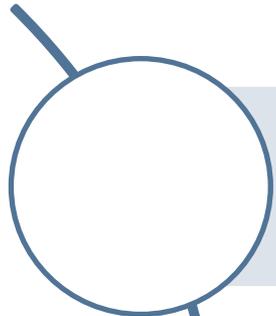
eRetailing Potential



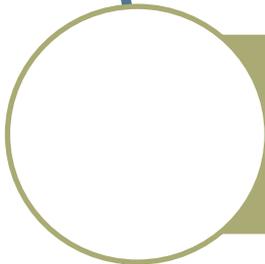
Regular Service and Maintenance

. Source: Frost & Sullivan

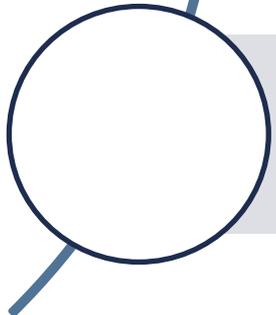
Agenda – 3 Main Sections



Snapshot of Global Aftermarket Opportunities and Trends



Review of Turkish Aftermarket Potential and Trends



Future of Aftermarket – New Entrants and Disruptive Business Models

Market Size Potential - Turkey

In parallel with global aftermarket, the estimated top 5 revenue of parts are tires, oil, collision body, batteries, and brake parts.



	2014 Revenue (\$ Million)	2015 Revenue (\$ Million)	2021 Revenue (\$ Million)	CAGR (2015–2021)
Tires	786.3	831.9	1,168.00	5.8%
Batteries	276.8	285.9	347.6	3.3%
Oil	422.6	446.3	617.8	5.6%
Brake Parts	223.4	239.9	368.2	7.4%
Filters	146.2	155.1	221.9	6.2%
Collision Body	337.2	346.6	409.5	2.8%
Starters and Alternators	60.2	61.7	71.6	2.5%
Lighting	45.2	45.7	49.3	1.3%
Wheels	42.5	43.4	49.4	2.2%
Exhaust Components	37.3	42.9	99.3	15.0%
Spark Plugs	27.6	29.1	39.7	5.3%
Others	2,108.9	2,208.0	2,907.00	4.7%
Total	4,514.2	4,736.7	6,349.4	5.0%

Note: All figures are rounded. The base year is 2015. Source: Frost & Sullivan

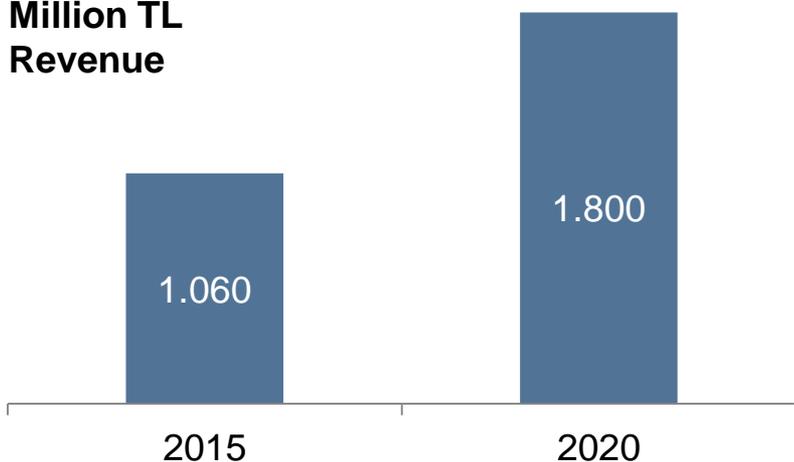


PC and CV Lubricants (Engine Oil)

Growing vehicle parc and new sales directly boost the engine oil market.

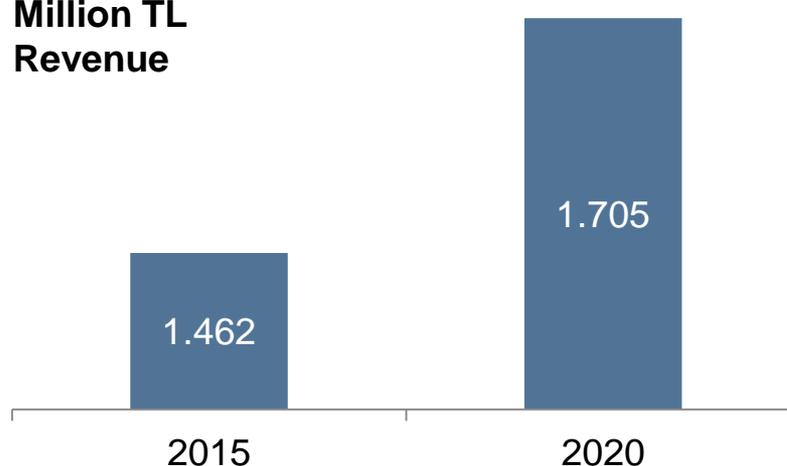
PC

Million TL
Revenue

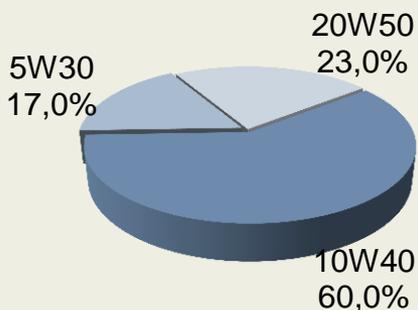


CV

Million TL
Revenue



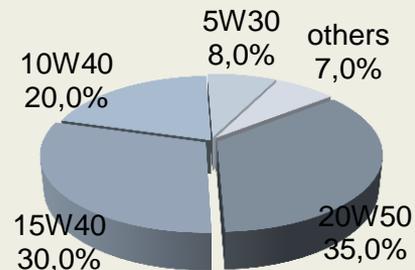
Oil Grade



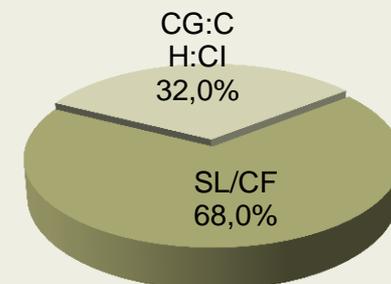
Oil Specification



Oil Grade



Oil Specification



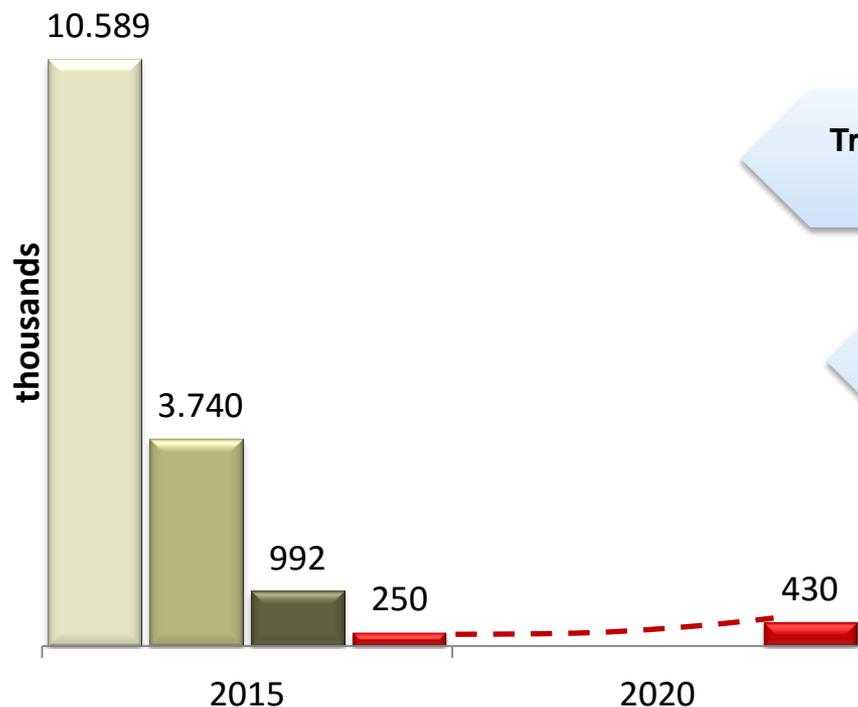
Source: Frost & Sullivan



Increasing Fleet Vehicles and its influence on Aftermarket

Evolvement in servicing options are pushed by increasing fleet penetration.

New Servicing Models



Transition to Maintenance & Service Contracts
OEM's offering service packages for fleets

New Business Models
Agreements with independent service dealers to have wider network

New Offerings
Agreements with franchised dealers allows franchise services to have campaigns

Online B2B Tracking
90% of service entries come from online service tracking system reminders.

- PV Vehicle Parc
- 0-5 year old
- # Fleet Vehicle Parc (Company Cars)
- Operational Leasing Vehicles

. Source: Frost & Sullivan

Regional Attractiveness for Remanufacturing

North America and Western Europe are still the most attractive markets for remanufacturing because of their maturity, while a continuing preference for rebuilding and the threat of counterfeiting continues to hold the industry back in emerging countries.



Remanufactured Automotive Aftermarket: Regional Attractiveness, Global, 2015-2022

Regional Attractiveness (Ranked on a scale of 1 to 10 where 10 is highest)	North America	European Union	China	Brazil
VIO growth	4	3	9	6
Average vehicle age growth	8	7	5	6
Degree of Market Maturity	2	6	10	9
Acceptance of Remanufactured Parts	4	8	9	8
Revenue growth	4	6	9	7
Ease of doing business	10	10	5	3
Presence of global remanufacturers	10	6	2	3
Core availability and logistics	9	7	5	4
Preference for rebuilt or repaired components	8	6	2	2
Impact of Counterfeiting & Grey Market	7	6	2	2
TOTAL Ranked Score (100)	1 66	2 65	3 58	4 50

Key High Low

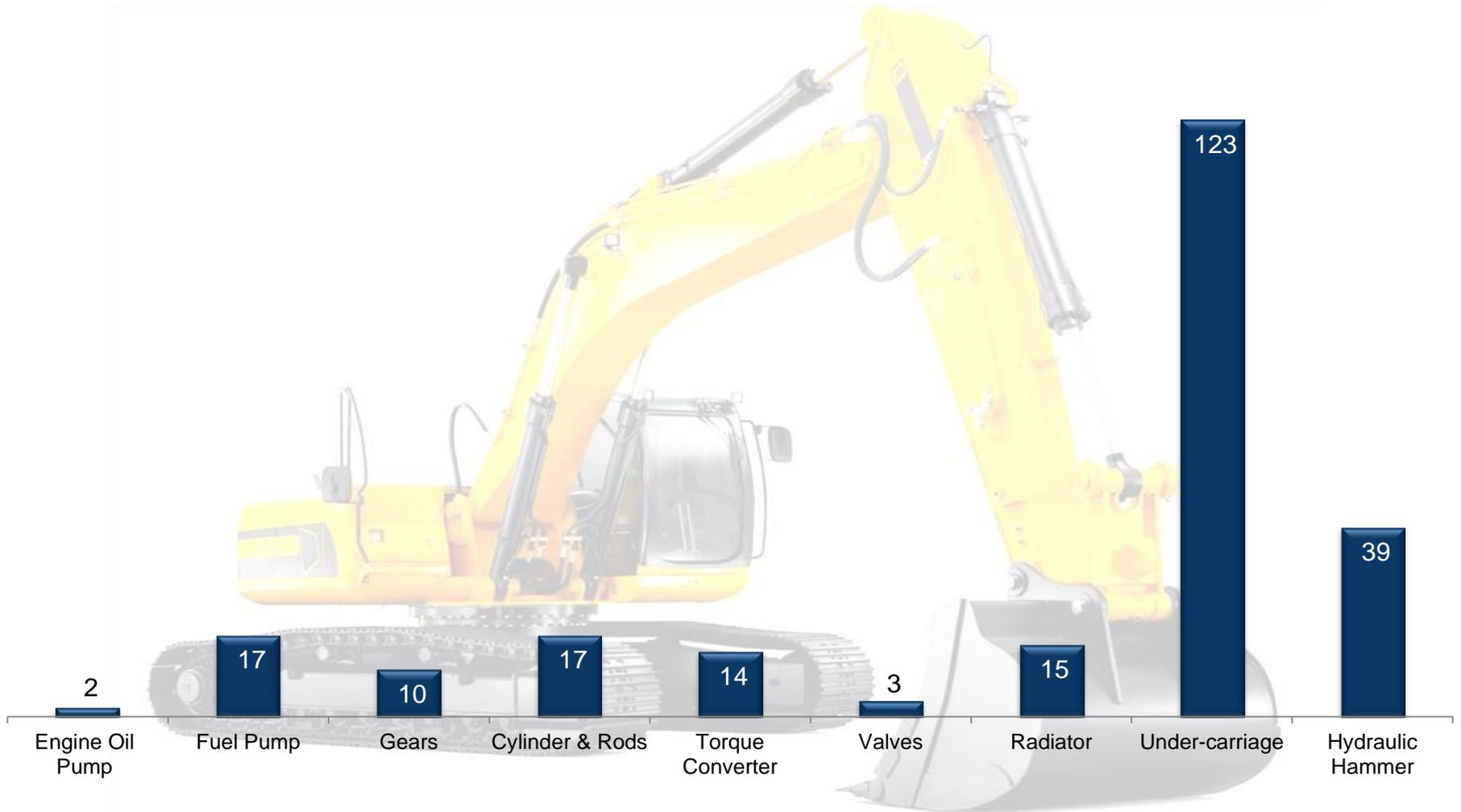
Note: Comparative Ranking on a scale of 1 to 10. Source: Frost & Sullivan Analysis

Opportunities in the Turkish Off-Highway Vehicles Market

Radiators and Control Valves are the highly attractive components with gross margin over 30%, while under-carriage offers high market potential

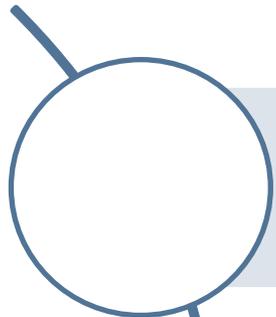


Revenue Million USD

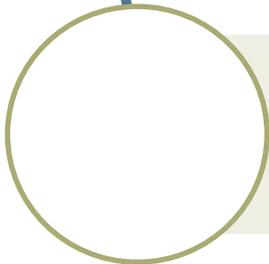


. Source: Frost & Sullivan

Agenda – 3 Main Sections



Snapshot of Global Aftermarket Opportunities and Trends



Review of Turkish Aftermarket Potential and Trends

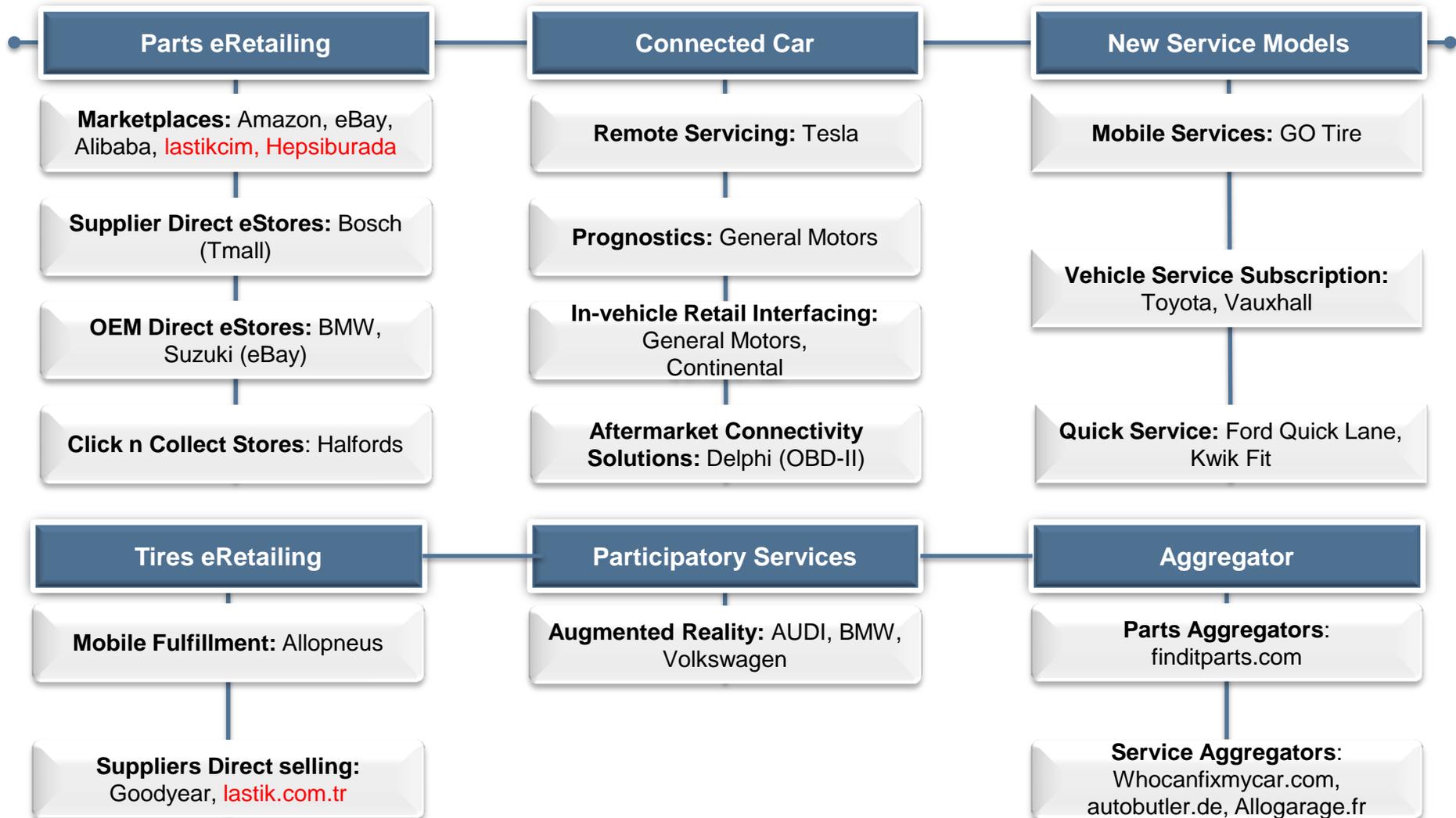


Future of Aftermarket – New Entrants and Disruptive Business Models

Global Aftermarket Trends - New Entrants and Disruptive Models



Traditional participants will need to invest or acquire new entrants in order to survive and grow

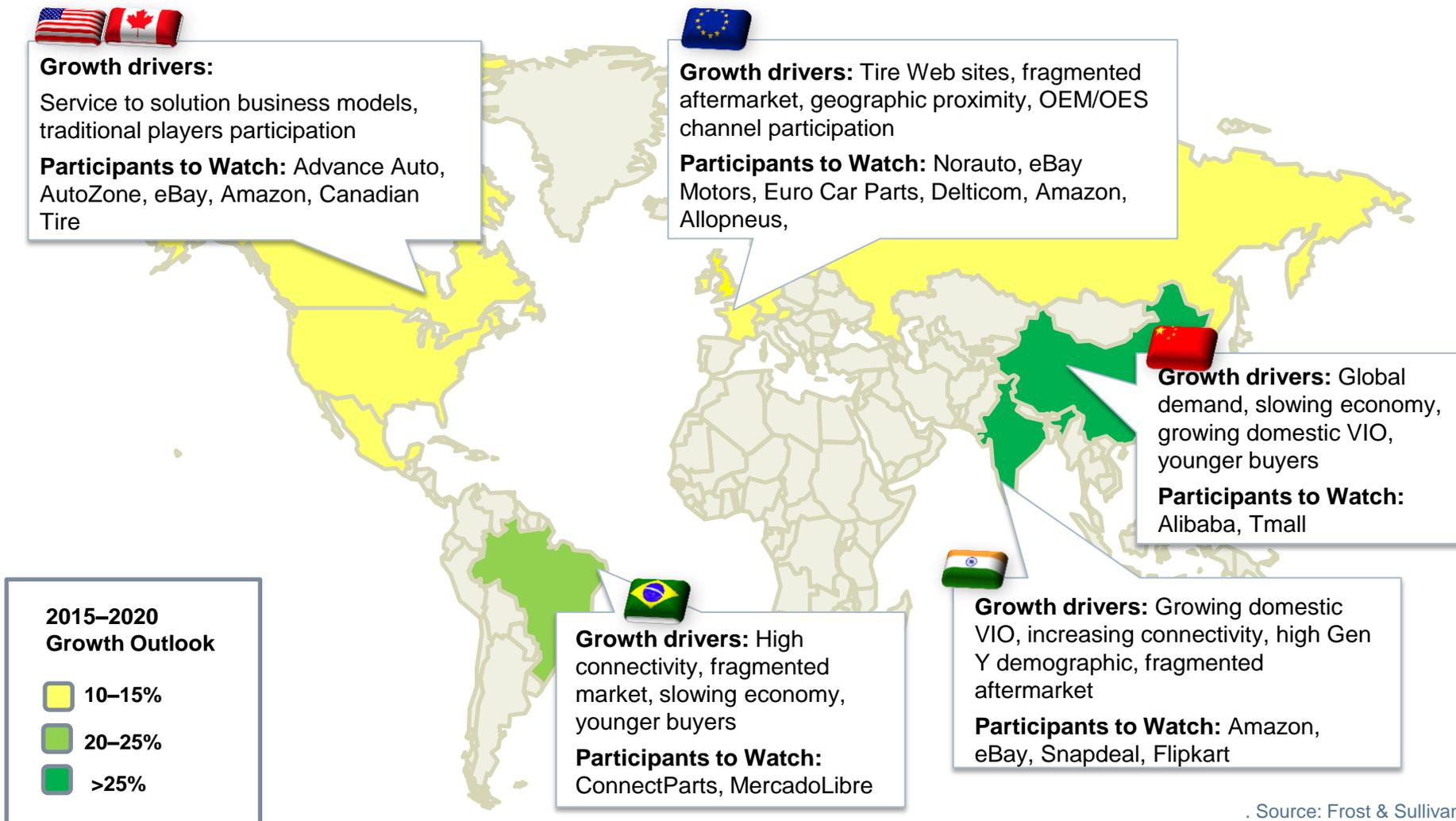


. Source: Frost & Sullivan

Global Aftermarket Trends - Parts eRetailing Key Transformative Trends Across Regions



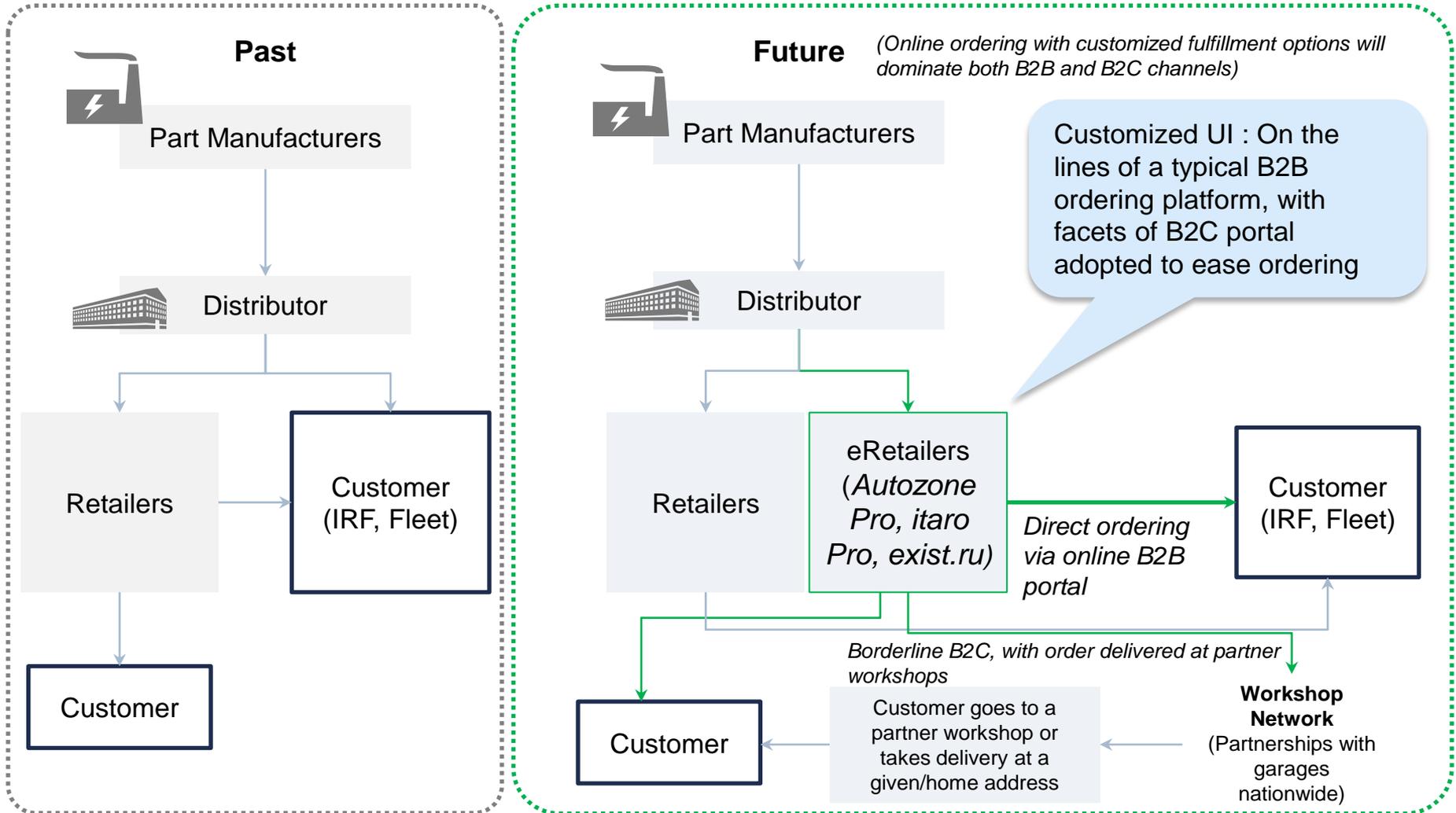
Global Automotive Aftermarket Outlook: eRetailing Trends, 2015



. Source: Frost & Sullivan

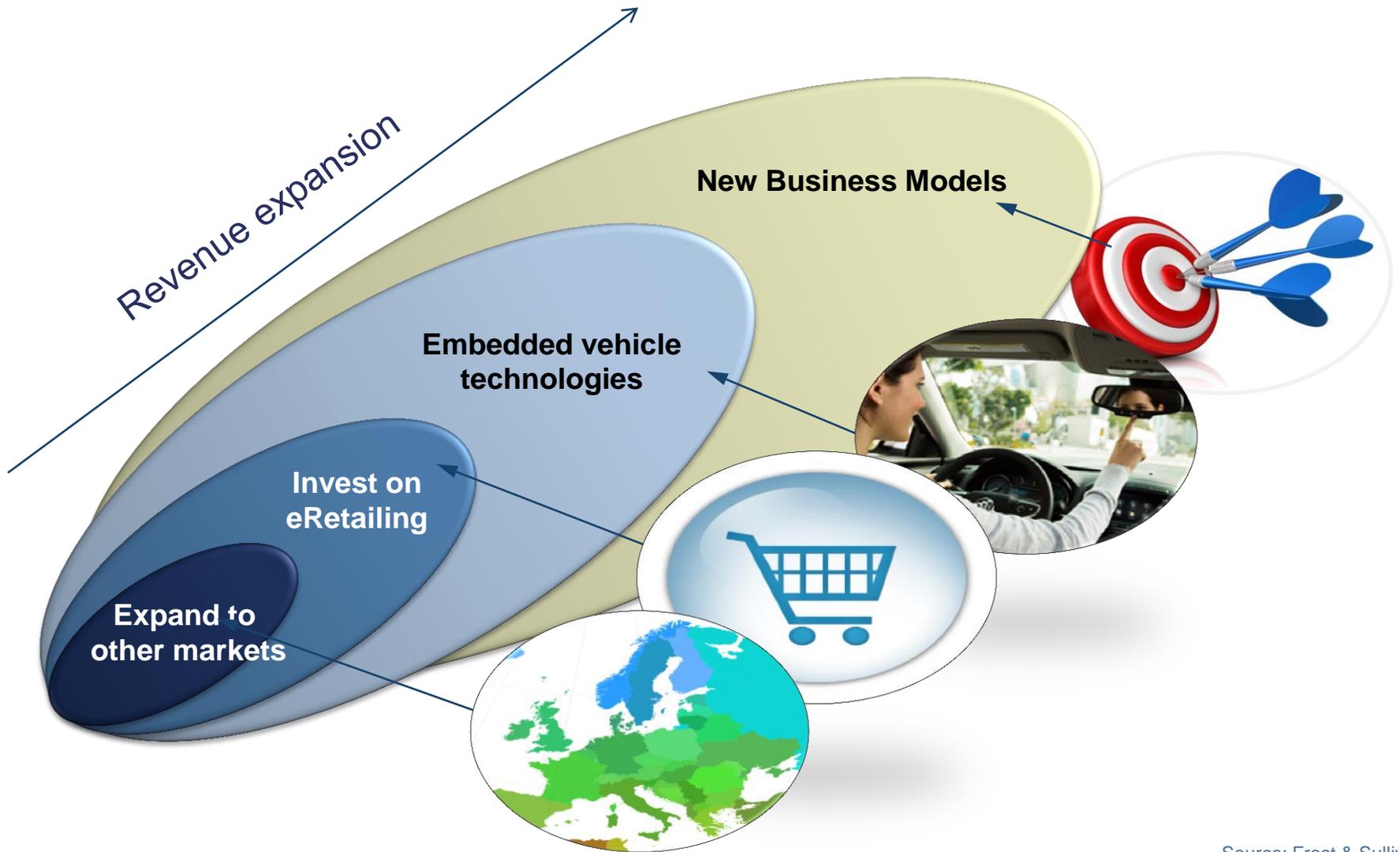
Aftermarket 2025: B2B eCommerce Transforming Channel

eRetailers expanding into B2B channel sales will create niche service areas within the ecommerce space, and help boost revenues for all stakeholders involved



Source: Frost & Sullivan

To Conclude...



. Source: Frost & Sullivan

Contact Us

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