

Automechanika Dubai

14 – 16 December 2021 | DWTC

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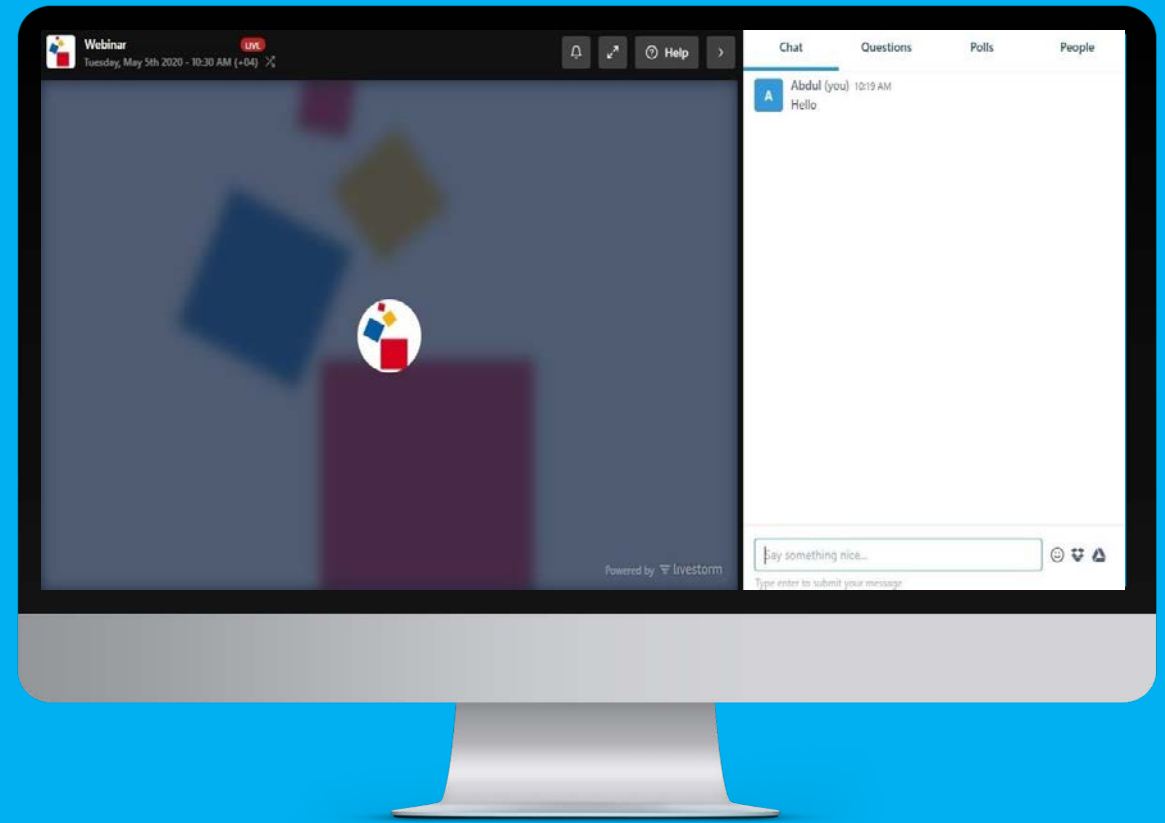
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Automechanika Dubai

■ 14 – 16 December 2021

■ 2019 Show Statistics



32,720

Trade Visitors from



141

Countries



53%

International



1,880

Exhibitors from



63

Countries



92%

International

Automechanika Dubai

Key Show Highlights:

- Automechanika Awards
- Foiling at its Finest
- Hybrid Matchmaking
- The Premium Club
- Tools & Skills Competition
- Automechanika Academy
- Innovation Zone
- Modern Workshop
- Automechanika Network
- Competencies

Collision Repair Series: Insights on what the data trends are showing us



Agenda

■ Panel Discussion by:



MICHEL A. MALIK
Group Publisher & CEO
BodyShop News
International



ROBERT SNOOK
Conference Moderator
IBIS



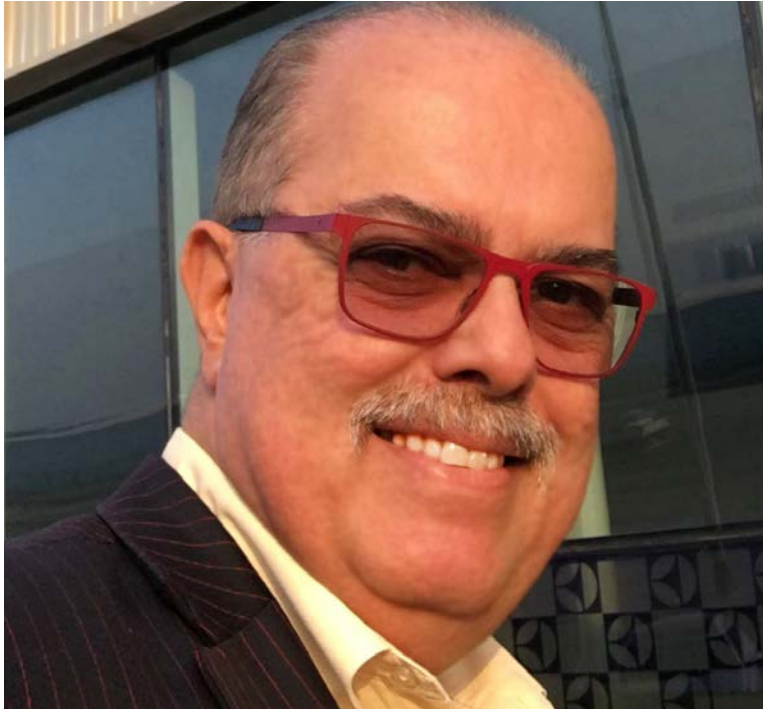
VISHAL PANDEY
Partner – Automotive &
Mobility Practice
Glasgow Consulting Group



STEPHEN LOUIS
Key Account Manager –
Refinish Systems (GCC)
Axalta Coating Systems



YOUSEF ABU ALAISH
General Manager –
Aftersales
Arabian Automobile Co.
Nissan & Infiniti



Michel Malik

Michel Malik has been involved in the collision repair industry for the last 30 years. He is the CEO of BodyShop News International, the company that produces the global BodyShop News collision repair magazines. Michel is a recognised speaker at various automotive conferences, symposiums and seminars all over the world including IBIS, NACE, Automechanika, AMR and more. Michel also produces and presents the longest running weekly motoring programme in the world – The World on Wheels – broadcast on Sydney radio and online.



Vishal Pandey

Vishal drives the GCG Automotive & Mobility Practice that provides regional market intelligence, thought leadership and insights to the emerging & fast transforming sector in Middle East and Africa region. He is a leading MENA focused Market Entry & Go-To-Market Strategy Specialist who has been involved in over 100 Automotive, Mobility and Logistics related research & market entry engagements mostly across MENA. Vishal has worked across the value chain with original equipment manufacturers (OEMs) and tier one suppliers. He has led large-scale new market entry projects in the automotive sector and worked extensively in the aftermarket parts and digitalization of the value chain.

He is a regular industry leader contributing to PMV Middle East, Truck & Fleet Middle East and has an active involvement with Automechanika Dubai and Riyadh events as a Knowledge Partner. Vishal holds an MSc in Business and Real Estate the University of Glasgow, Scotland.



Robert Snook

A genuine collision industry fan with 35 years of experience including senior management, Director and business owner level roles in corporate and private companies. Today, Robert is a global speaker and conference moderator for IBIS as well as Group Director of MG Cannon, a multi-award winning MSO bodyshop group in the UK and Business Success Global, the collision industry business coaching, training and mentoring business. A globally respected and highly regarded businessman, speaker, moderator, coach and mentor, Robert's track record of industry success is recognised in the honours and awards his businesses have won and continue to win today



Yousef AbuAlaish

Yousef has more than 20 years of solid experience in automotive aftersales business in UAE, with engineering background and MBA. He is the general manager of aftersales for Arabian Automobiles Co. - Nissan & Infinity and responsible for Dubai and the northern emirates territory. He manages 11 branches with 1,000+ employees which services 1,000+ customers per day.



Stephen Louis

With 43 years of experience in the Bodyshop Industry, Stephen's career started in 1978 when he was qualified with City & Guilds Vehicle Body Repairer/Refinisher and spent 9 years in the Bodyshop at Ford and Rover dealerships in Technician and Bodyshop Manager Capacity. In 1987 he moved into the paint industry and spent 20 years in senior management roles across the UK & Ireland serving the Bodyshop Industry. His Middle East career started in 2007, running bodyshops in Saudi Arabia, Kuwait and the UAE before joining Axalta in 2013. Currently, he is managing the Axalta Premium Brands across the GCC countries.



automechanika
DUBAI

Collision Repair Series

Insights on What The Data Trends of Showing

Date: 29th June 2021



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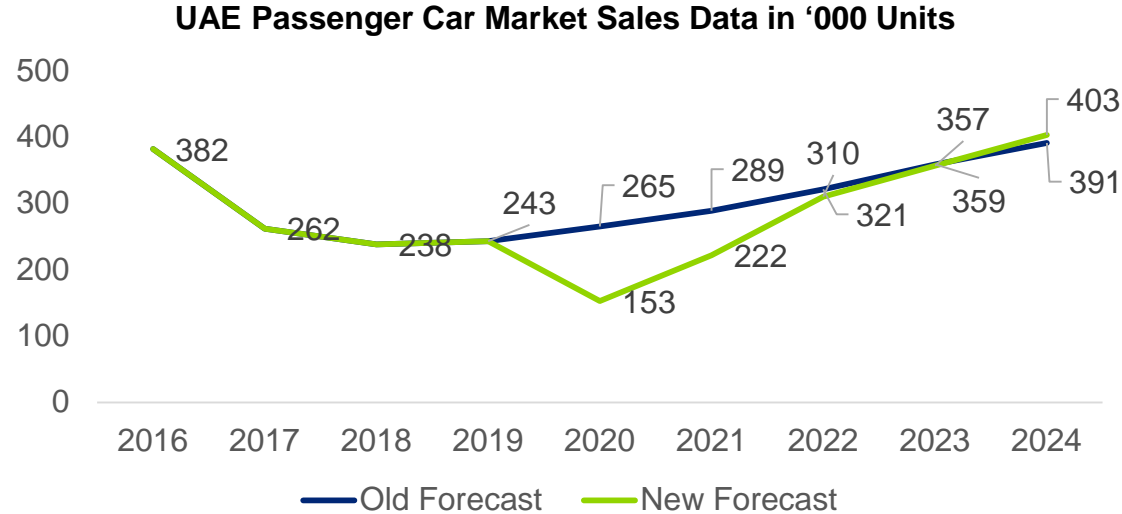
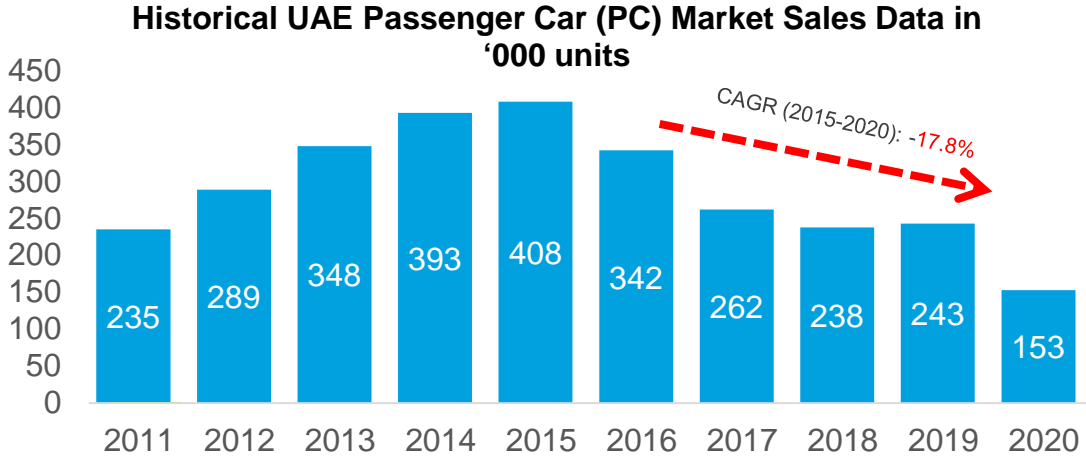
UAE Collision Repair Trends

UAE Collision Repair Trends

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UAE Passenger Car Overview

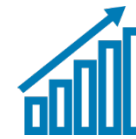
Passenger Car (PC) Market in UAE



PC Market in UAE to **recover by 2022**, after **initial dip in 2020**



Shift to Electric vehicle and luxury cars will **drive the demand of automotive sales in future**



Owing to high dependence on personal cars for commutation in UAE, the **demand for PC is not likely to be muted for long**



Economic slowdown and changing consumer pattern **leading to dip in UAE's car market between 2015 and 2020**

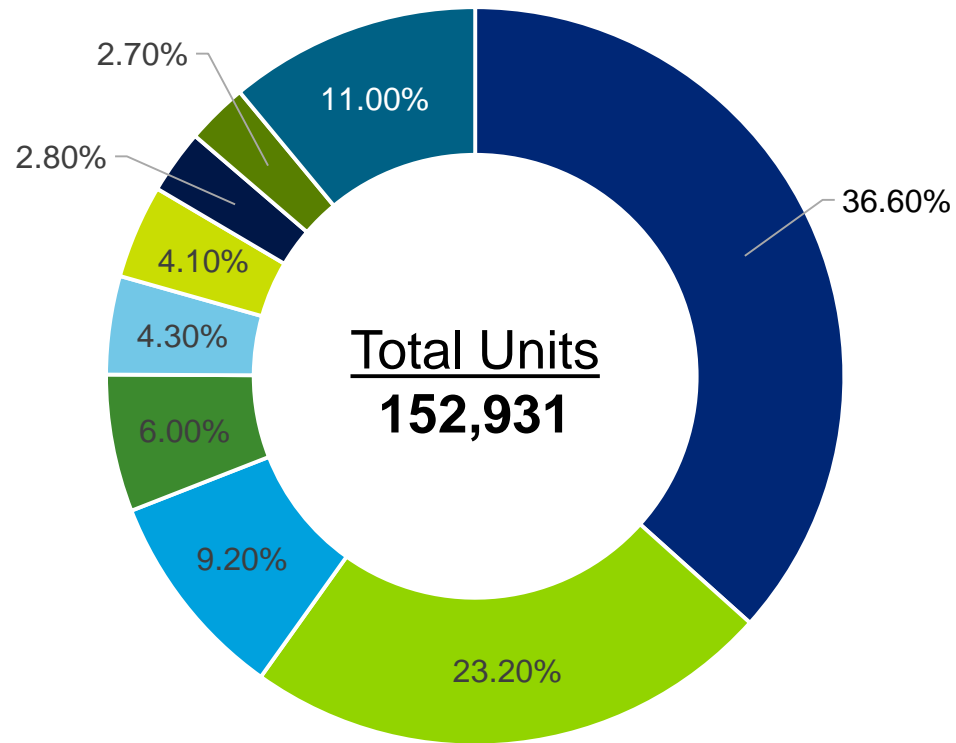


Shift from ownership to usership, adoption of mobility services and **digitalization leading to fall in new car sales**

Source: GCG Analysis, MEAC

Market share of key players in New Cars market

Market share of UAE OEM (2020)



- Toyota
- Renault/ Nissan
- Mitsubishi
- Hyundai
- BMW
- General Motors
- Ford
- Fiat
- Others

TOYOTA

NISSAN

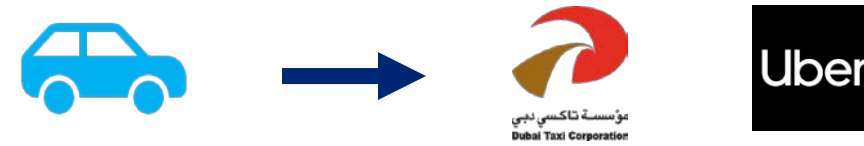
HYUNDAI

With a market share of 70%, Japanese brands dominate the UAE market.

MITSUBISHI

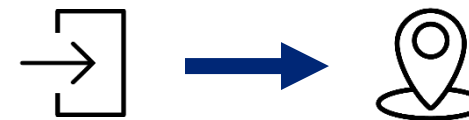
HONDA

South Korean car manufacturers gaining positive market share in UAE



Rise in car sharing and mobility solutions is likely to drive the demand for more cars in the UAE

Future technology: Increasing Encouragement for Autonomous Vehicles

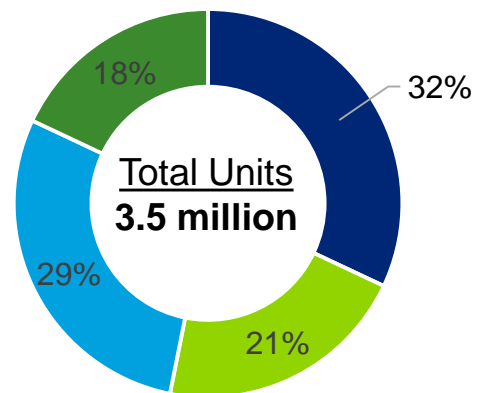


Changing trend from relying on imports to local production and expansion for vehicles in the UAE

Source: GCG Analysis, Ministry of Economy

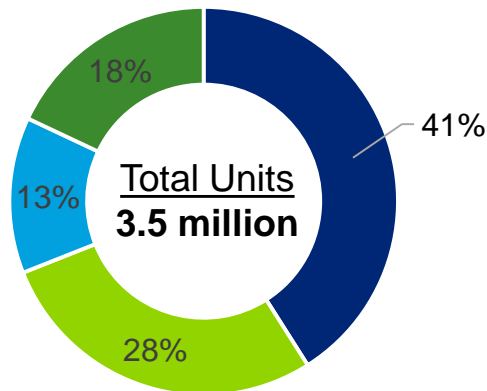
Vehicle Parc (based on 15 year sales) available in UAE for servicing

Vehicle Market Size by Age in UAE (2020) in Million Units



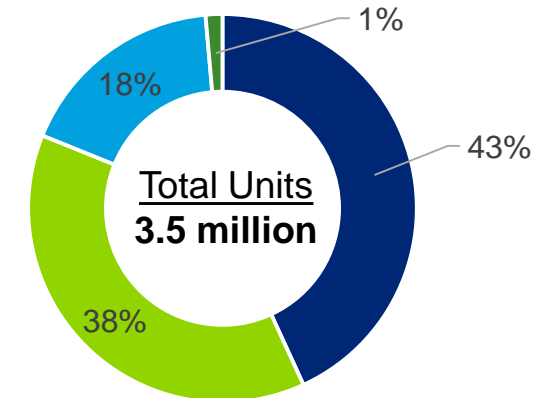
- 9 to 15 years
- 7 to 8 Years
- 4 to 6 years
- 0 to 3 years

Vehicle Market Size by Region in UAE (2020) in Million Units



- Dubai
- Abu Dhabi
- Sharjah
- Rest of UAE

Vehicle Market Size by Body Type in UAE (2020) in Million Units

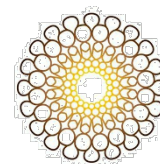


- SUV
- PC
- Commercial Vehicle
- MPV



Focus on Tourism

Stimulating growth of Taxi and Rental Fleet



Expo 2020

Expo 2020 to provide significant opportunity with boost in various sectors



Encouraging Automotive Sector

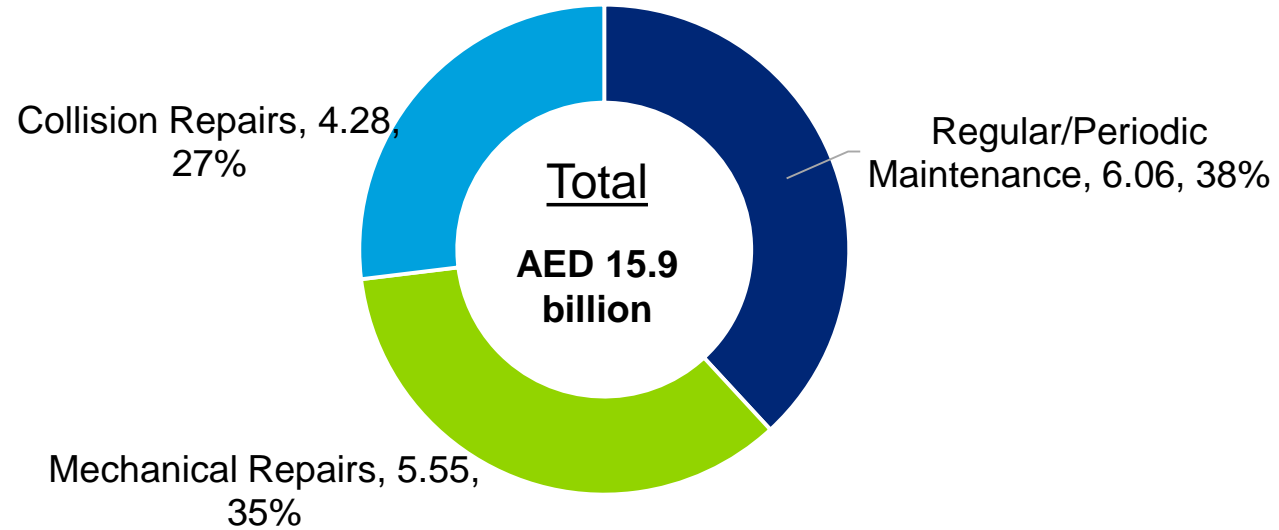
Handful of vehicle assembly unit and growing



Demand for SUV

Increasing demand for SUVs and Sedan to contribute to majority of sales

UAE Car Service Market size (2020)



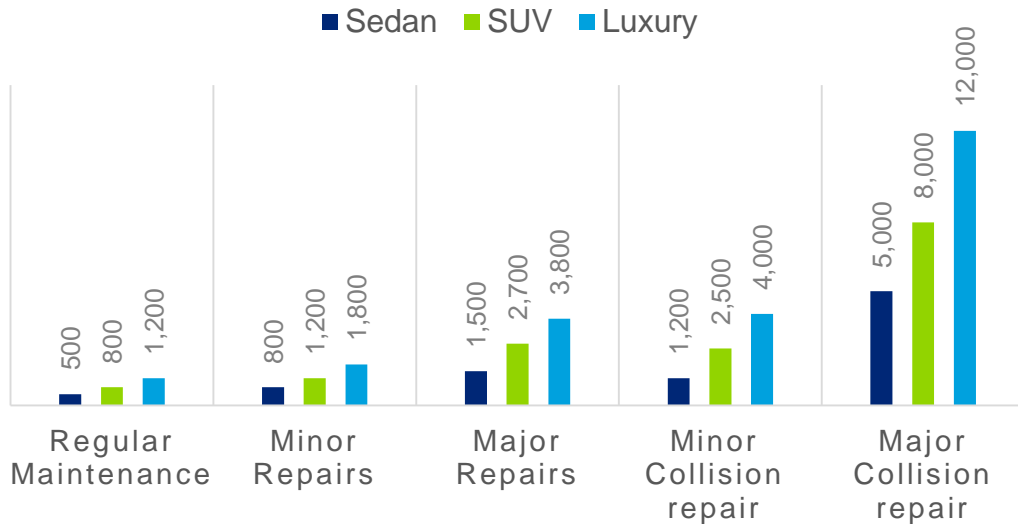
27% of vehicle servicing revenue comes from **Collision repair** which are majorly governed by **Insurance companies in the UAE**



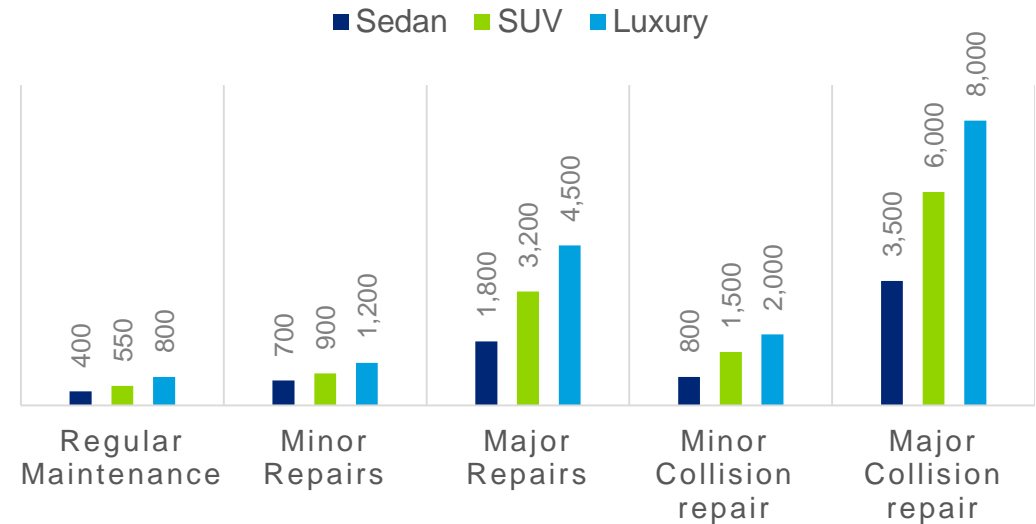
OEM authorized workshop charge labour cost which is directly proportional to the man-hours spent in the collision service of the car therefore **invoice value of collision repair at OEM outlets is quite high.**

Average Billing Rates by type of service and type of garage

Average Invoice Value of Car Service by SUV, Sedan, Luxury per month (in Dirhams) – Dealer, 2020



Spend Pattern of Car Service by SUV, Sedan, Luxury per month (in Dirhams) – Organized, 2020



Service Interval



5000 KM



10,000 KM



Lower Cost of Maintenance for Japanese Cars



Reliable



Easy availability of spare parts



Affordable



Abundance of specialized mechanics



Organized Garage



Affordable Cost



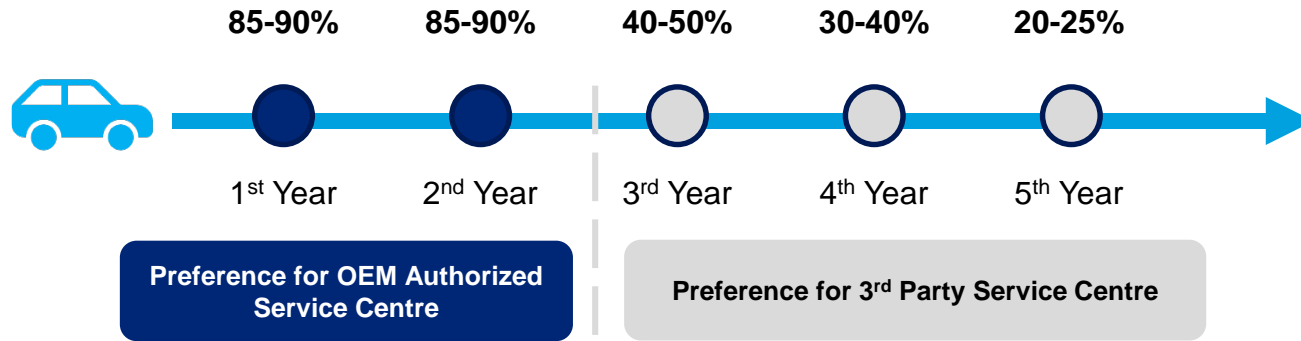
Lesser time for service

Source: GCG Analysis, Ministry of Economy

UAE Collision Repair Trends

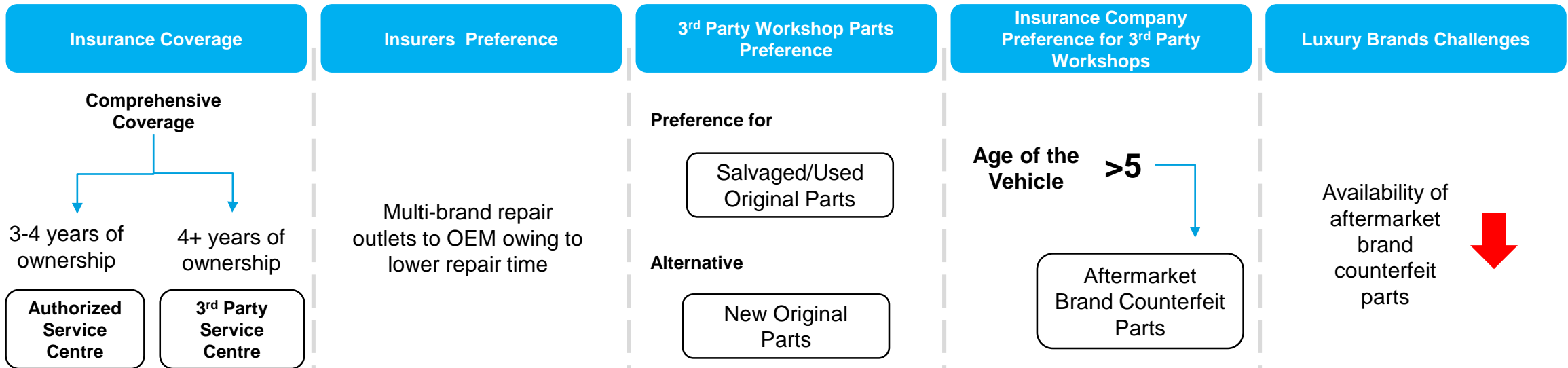
Car Collision Repair Market (1/2)

Percentage of Passenger Vehicles Reporting at OEM authorized service centers for collision repair



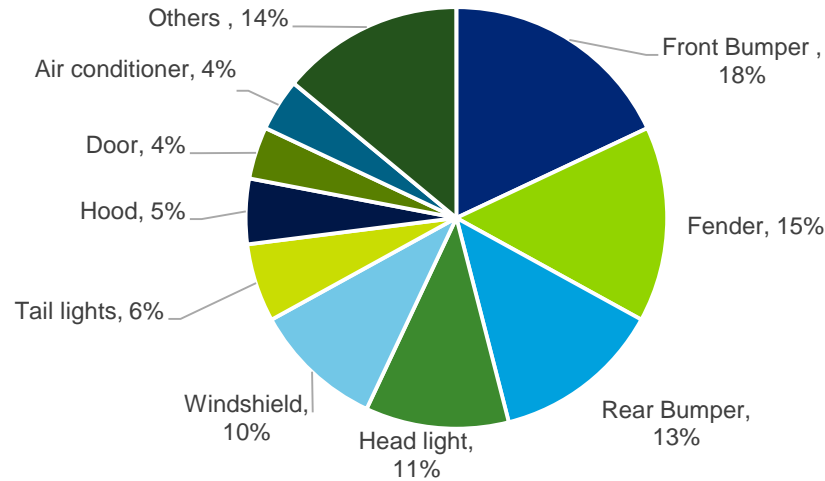
○ Age of the Vehicle

Time taken to Repair	OEM Authorized Workshop	VS	Third Party Service Centre
Minor Repairs (up to 2 panels)	2-3 days	VS	1-2 days
Medium Repairs (3-5 panels)	5-8 days	VS	2-3 days
Major Repairs (Above 5 panels)	10-15 days	VS	3-5 days



Source: GCG Analysis

Prominent damaged parts in collision



Japanese cars are dominant in the UAE market due to low cost of ownership, easy availability of spare parts, **10-20% lower servicing cost** and better fuel mileage

Cost of Repair at
OEM Authorised
Workshop

= 2 X

Cost of Repair at
Medium Sized 3rd
Party Service
Centres

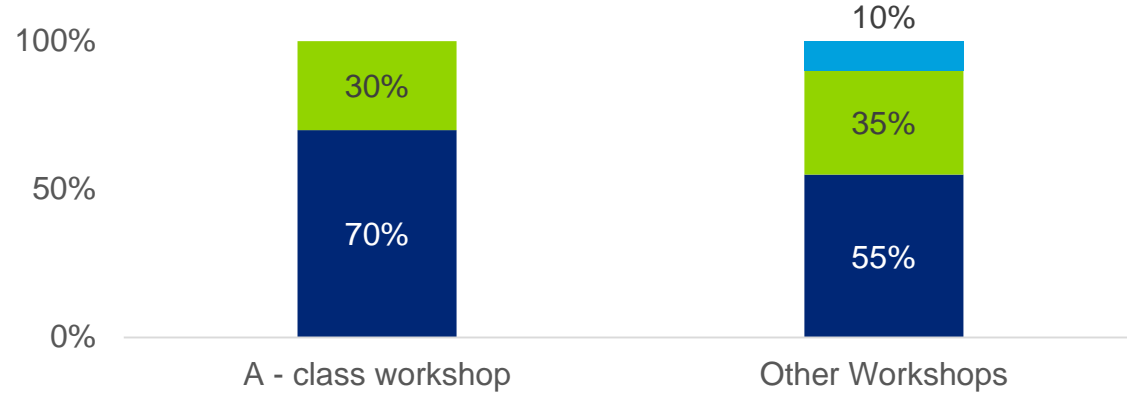


- Only original parts are used at dealerships
- Higher replacement time leading to higher total labor cost
- Most of the parts are replaced, rather than repaired which in turn increases the overall invoice value.



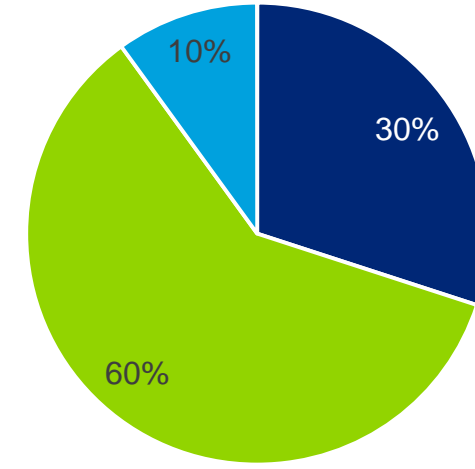
Parts Sourcing Organized Garages

Organized Garages - Parts Sourcing (2020)



■ OE GenuineParts ■ IAM ■ Cheap Parts

Organized Garages – Collision Repair (2020)



■ Genuine parts ■ Used Parts ■ Non Genuine Parts



Parts Margin



20-30%

Organized Garage

30-50%

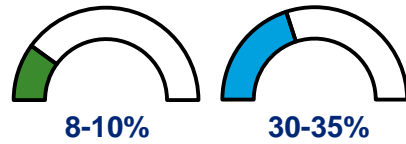
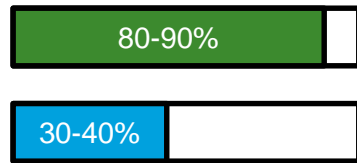
Authorised Garage

Penetration of Selected Digital Solutions in Body Shops



Digital Vehicle Inspection

Digital record of vehicle inspection with real-time update

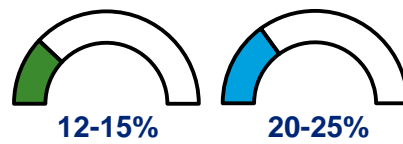
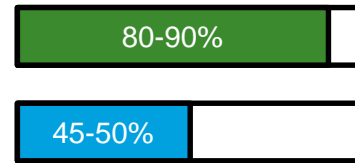


- Improved transparency between body shops and customers
- Time Savings - ~50%
- Enables Tracking history of repairs



Digitalized OEM Repair Procedures

Digital manuals and procedures with timely updates

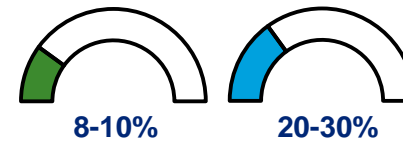
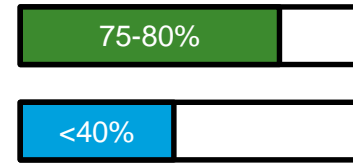


- Increasing vehicle complexity – Will require OEM support
- Aggressive push by OEMs, association and states for collision repair

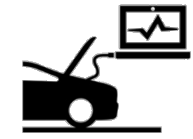


Workflow Management Software

Track repair journey, cost estimation, part sourcing and order management

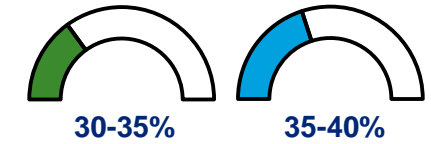
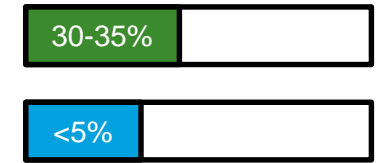


- Push from Insurance companies to reduce cycle time
- Optimized resource allocation, process control, better order history tracking



Scanning, Diagnosis and Calibration

Diagnostics pre/post-scanning, ADAS calibration/re-calibration



- Increasing ADAS penetration in parc
- Higher share of scanning requirement for repair shops
- Transition from OBD to OTA diagnostics

Factors

Penetration Level

Growth Rate

Tailwinds

█ Developed Markets
 █ Developing Markets



Factors Impacting Average Cost of Collision Repair

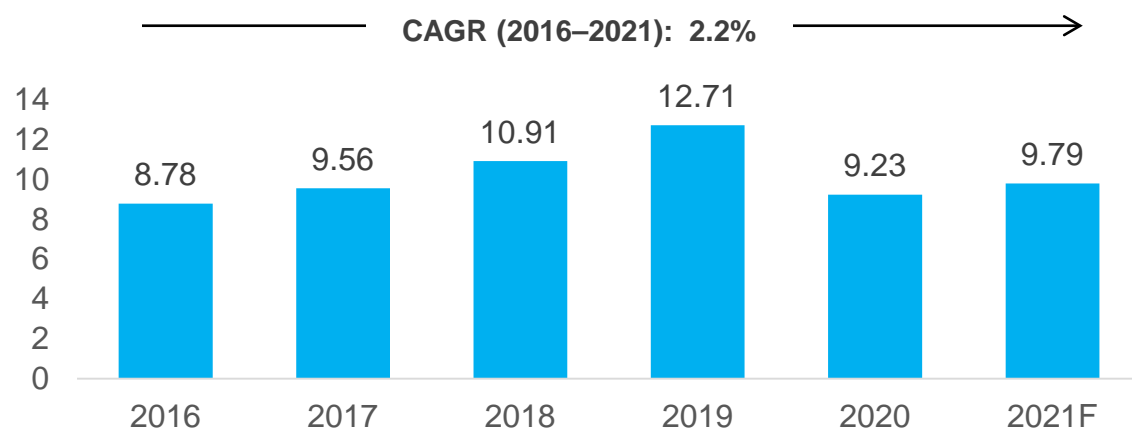
	Scenario	Impact
<p>Cost of Vehicle Component and Parts</p>	<ul style="list-style-type: none"> • Sensor based parts (bumper, windshield etc) incur additional replacement cost <ul style="list-style-type: none"> • Cost of Sensors: \$400-1,600 depending on the application • Light-weight and dissimilar materials raise panel cost by up to 50% • Different parts required to cater to electric vehicles 	<p>Average part replacement cost </p> <p>\$500-1,200</p>
<p>Vehicle Complexity Impacting Skills and Infrastructure</p>	<ul style="list-style-type: none"> • Labor Rates: 20-25% • Training Expense: 50% • Capital Investment: 1.3-1.5X 	<p>Operating Expense for Collision Repair Shop </p> <p>1.3X</p>
<p>Additional Service Requirements</p>	<ul style="list-style-type: none"> • Addition of ADAS recalibration as a new service in repair shops • Increase in average share of scanning and recalibration service from <1% of total repair cost to ~10% by 2025 	<p>Cost of Repair Service </p> <p>10-20%</p>

Source: GCG Analysis

UAE Vehicle Insurance Trends

UAE Motor Insurance Market Expected to Recover by End of 2021

UAE Motor Insurance Market (2016-2021) in Million AED



Motor Insurance Premium



Intense Price Competition leading to High Loss Ratios



Demand for Motor among Expatriates



New Car Sales 2020 Vs 2021



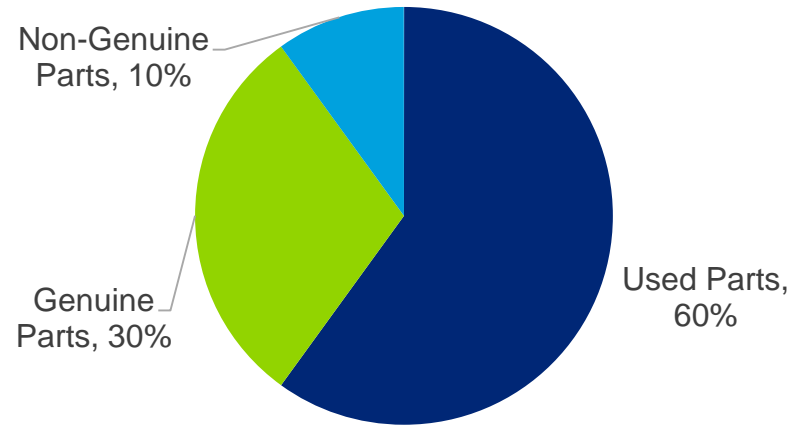
Preference for **3rd Party** as compared to **Comprehensive** Insurance

Major Motor Insurance Companies



AL DHAFRA INSURANCE COMPANY P.S.C.

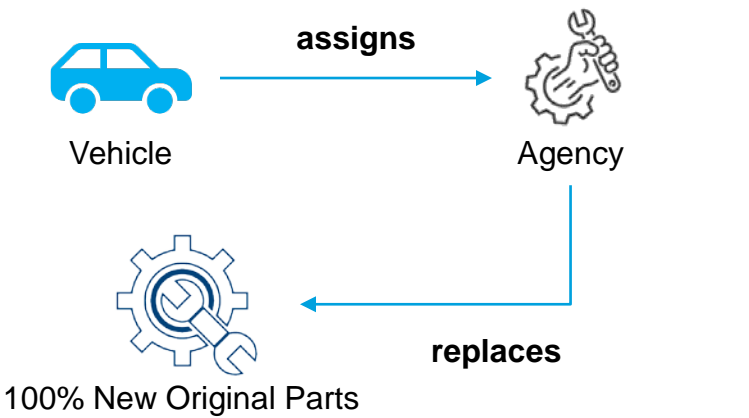
Parts installed in for insurance claim in Mass market Brands



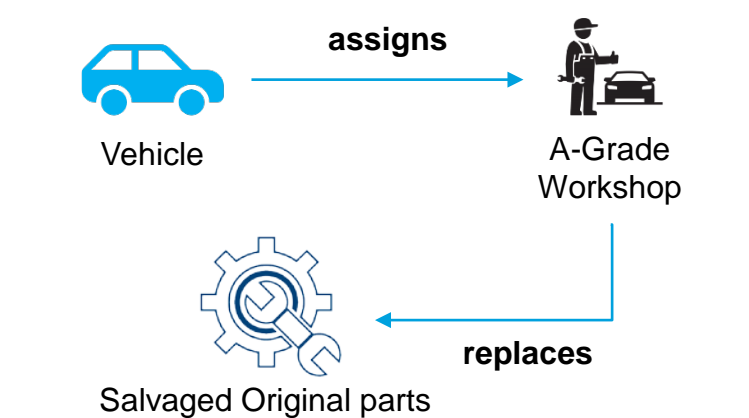
40% of the parts fitted for insurance claim are **non-genuine parts and aftermarket brand parts**

- Customers **often opt for non-genuine parts** where the customer has to pay a large amount for **part depreciation (~30%)**
 - In such a case the **customer has to sign a transfer of liability document**, where by the insurance firm is not responsible for such parts failing or causing other failures and **upon sign-off only non-genuine parts are fitted**

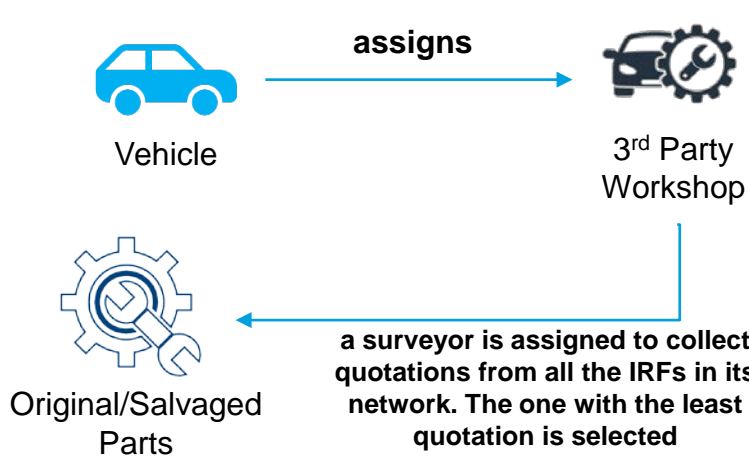
Comprehensive coverage – Agency repair



Comprehensive coverage –any A-grade workshop



Third party coverage



Source: GCG Analysis, Alpen Capital, Gulf News

Contact Information

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