

Automotive

...Africa's Next Automotive Hub



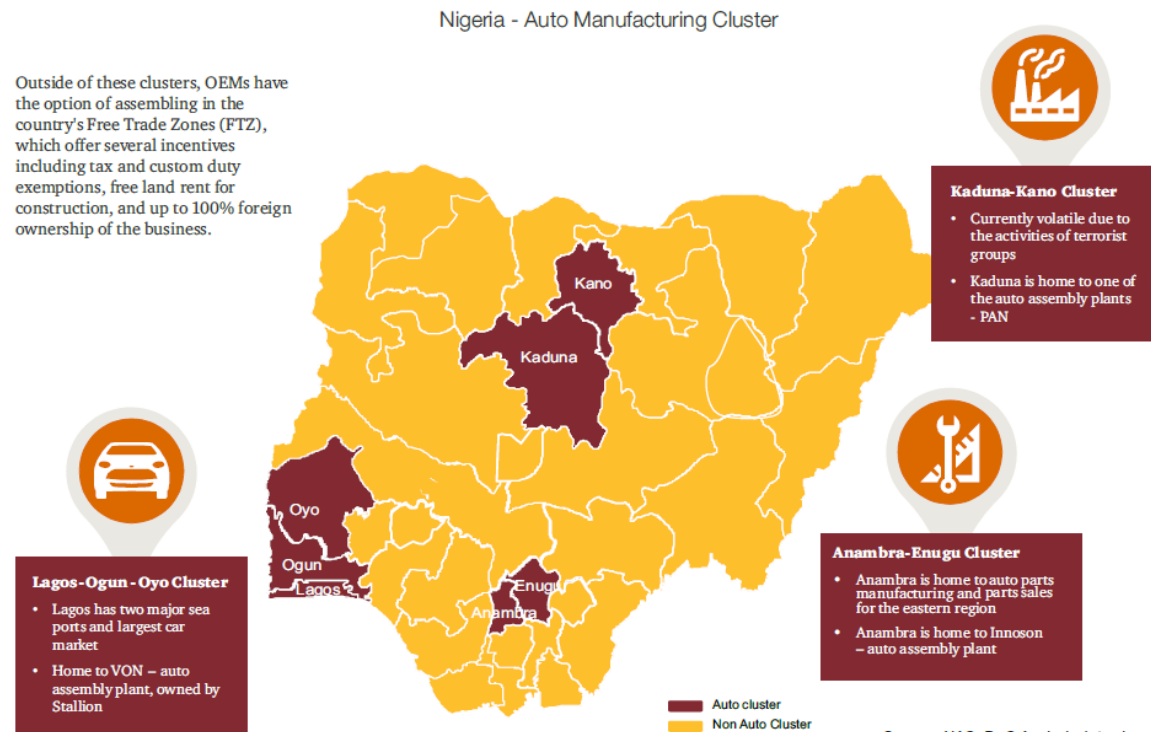
Overview

Nigeria is on course to becoming the hub of Africa's automotive industry. With over 182 million people and a fast growing middle class, Nigeria is definitely the right choice for investors in the automotive sector.

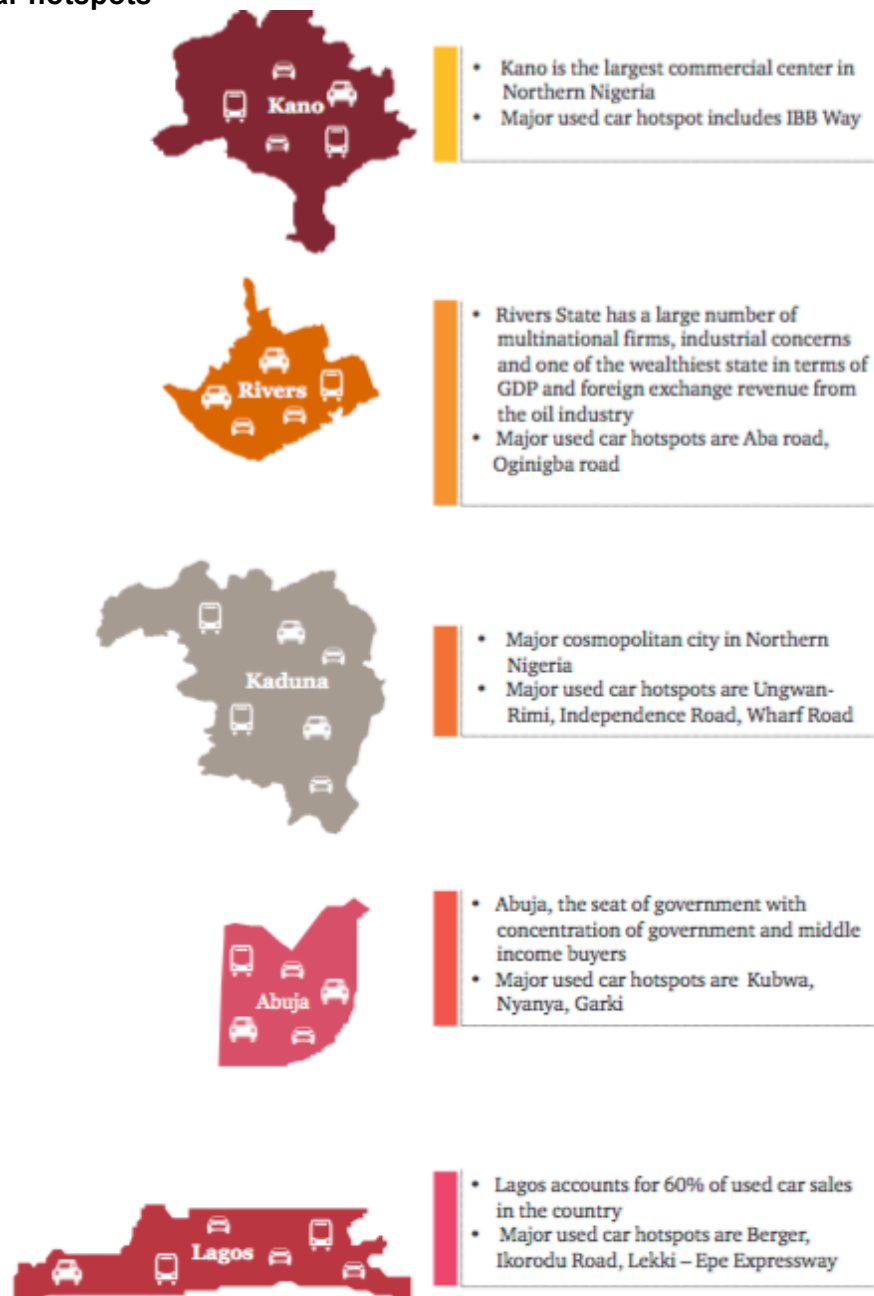
The Nigerian auto industry has for years been largely import driven, however, in the early 80's, the Federal Government set up state-owned plants across the country via agreements with European Original Equipment Manufacturers (OEM): Peugeot Nigeria Limited (PAN), Styer Nigeria Limited and National Truck Manufacturers (NTM) in Northern Nigeria; Volkswagen of Nigeria Limited (VON) and Leyland Nigeria Limited in the South; Anambra Motor Manufacturing Company (ANAMMCO) in the East.

In order to harness the potential of the automotive sector, the Nigerian government in 2013 announced a new national automotive policy, the National Automotive Industry Development Plan (NAIDP), which seeks to dissuade vehicle importation and inspire local production. The National Automotive Design and Development Council (NADDCC) seek to ensure the timely implementation of the provisions of the policy as part of its mandate to revitalize the auto industry.

Nigeria imports about 400,000 vehicles (100,000 new and 300,000 used) annually, valued at about US\$3.45 billion. The automotive industry currently generates around 2,600 jobs but has the potential to create about 70,000 direct jobs and 210,000 indirect jobs.



Nigeria used car hotspots



Source: PwC

Investment Opportunities

The auto industry presents a **US\$3.45 billion** opportunity in import substitution. With over 182 million people of whom over 40 million are in the growing middle class, Nigeria represents a major potential opportunity for investments in the auto sector.

Nigeria's potential new annual new-car market could be circa one million. However, it currently sits at about 56,000 in a market dominated by used cars. The current

administration is making strong efforts to discourage importation and has revived 14 assembly plants for local production.

Investment Incentives

- Pioneer Status (tax holiday) granted for 3 years and renewed for the next two years
- 100 percent repatriation of profit net of taxes
- Capital allowance not restricted. Granted in full -100%
- Investment Promotion and Protection Agreement: The IPPA helps to guarantee the safety of investment of the contracting parties in the event of war, revolution, expropriation or nationalization.

Testimonials



Sunil Vaswani, Chairman Stallion Group

“Stallion has tied up with global auto majors seeking a strategic advantage in the competitive regional market to assemble their products in Nigeria.”

Stallion Group is one of the best-managed conglomerates in West Africa handling key products like rice, fertilizers, edible oil, sugar, building materials and others. The group also manages an exclusive brand portfolio of automobiles including Honda, Hyundai, Porsche, Volkswagen, Audi, Skoda, Mahindra and Ashok Leyland.

Stallion commissioned an ultra modern vehicle assembly plant in Lagos, Nigeria. The plant is equipped with the latest machinery and tools to be able to assemble a range of branded vehicles with the highest quality standards.

The plant has the ability to produce City Buses, Pick Ups, Trucks and other similar vehicles, replacing import of fully built up vehicles.

The facility also includes training and maintenance facilities and aims to complement the federal government's efforts to enhance public transportation systems in Nigeria through its BRT scheme.

For more information, please visit:

<http://stalliongroup.com/assembly.html>



Takahiro Hachigo, CEO, Honda

“Establishment of the first Honda Automobile production plant in Africa is an epoch-making challenge for us. This production operation incorporates know-how Honda has amassed through its long history of motorcycle business in this market, and we could re-discover the strengths of Honda at the spot of manufacturing operations. I expect that this initiative will lead to a great leap in our automobile business in Nigeria and become a first step toward expansion to the entire African market.”

Honda Motor Co., Ltd. (本田技研工業株式会社) is a Japanese public multinational corporation primarily known as a manufacturer of automobiles, motorcycles and power equipment.

Honda has been the world's largest motorcycle manufacturer since 1959, as well as the world's largest manufacturer of internal combustion engines measured by volume, producing more than 14 million internal combustion engines each year. Honda became the second-largest Japanese automobile manufacturer in 2001.

In 2015, Honda Motor Co., Ltd. began local production of the Accord Sedan in Nigeria. The car plant is expected to be the first assembling attempt of the firm in Africa.

Honda Automobile Western Africa Limited (HAWA) has installed automobile production facilities and equipment within the property of the existing Honda motorcycle production

plant in Nigeria and began Accord production with yearly production capacity of 1,000 units.

For more information, please visit:

<http://world.honda.com/group/Nigeria/>