Azərbaycan Beynəlxalq Bankı

RESEARCH SERIES

Automotive Industry Overview: Global Trends and Azerbaijan

September 2024

Summary

In this ABB report titled "Automotive Market Overview: Global Trends and Azerbaijan," we analyze the key trends in the global and Azerbaijani automotive sectors over the past five years, with a particular focus on the most popular car brands in the country. The report also examines the dynamics of car price increases in the local market.

The report includes extensive research on the import of hybrid and electric vehicles into Azerbaijan, as well as the fluctuations in their prices. Additionally, it provides a detailed analysis of the used car market in Azerbaijan.

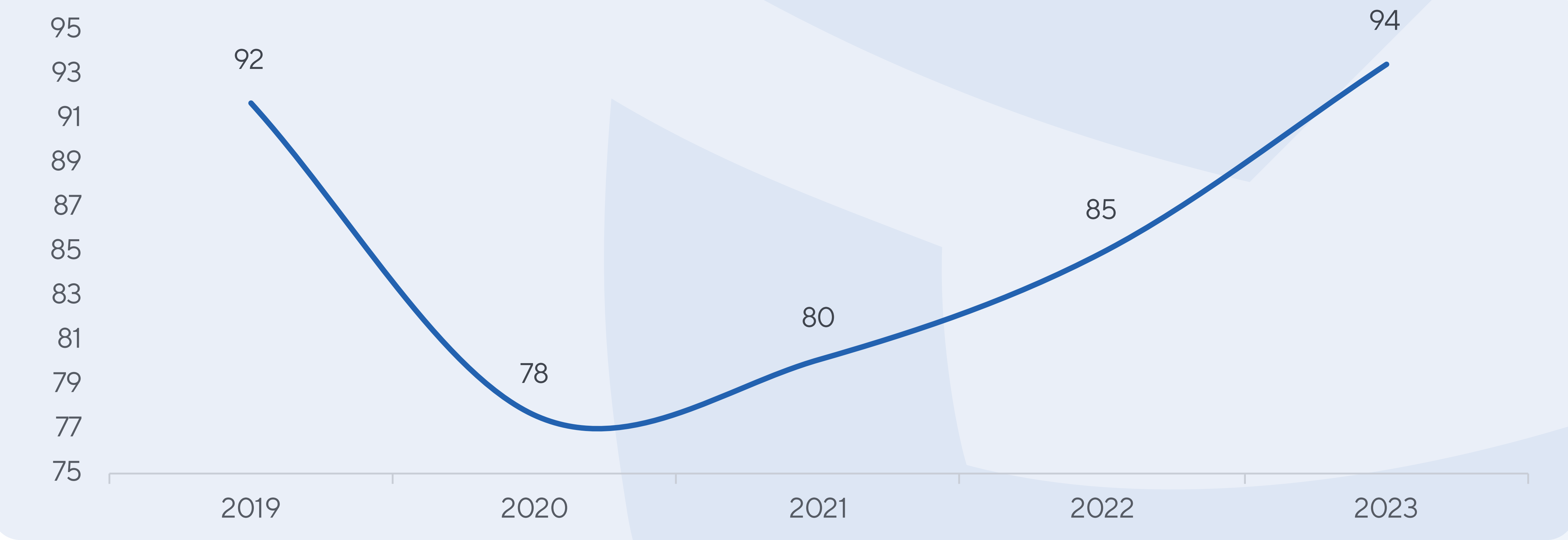
The preparation of research reports on various sectors is a practice commonly employed by many international banks. ABB is proud to be the first in Azerbaijan to adopt this approach. Earlier this year, the bank published reports titled "Insights into Baku's Real Estate Market," "Navigating Azerbaijan's Retail Landscape: Trends and Insights," and "Tourism in Numbers: Exploring Azerbaijan's Tourism Statistics"

We trust that this latest report will be a valuable resource for all interested stakeholders.

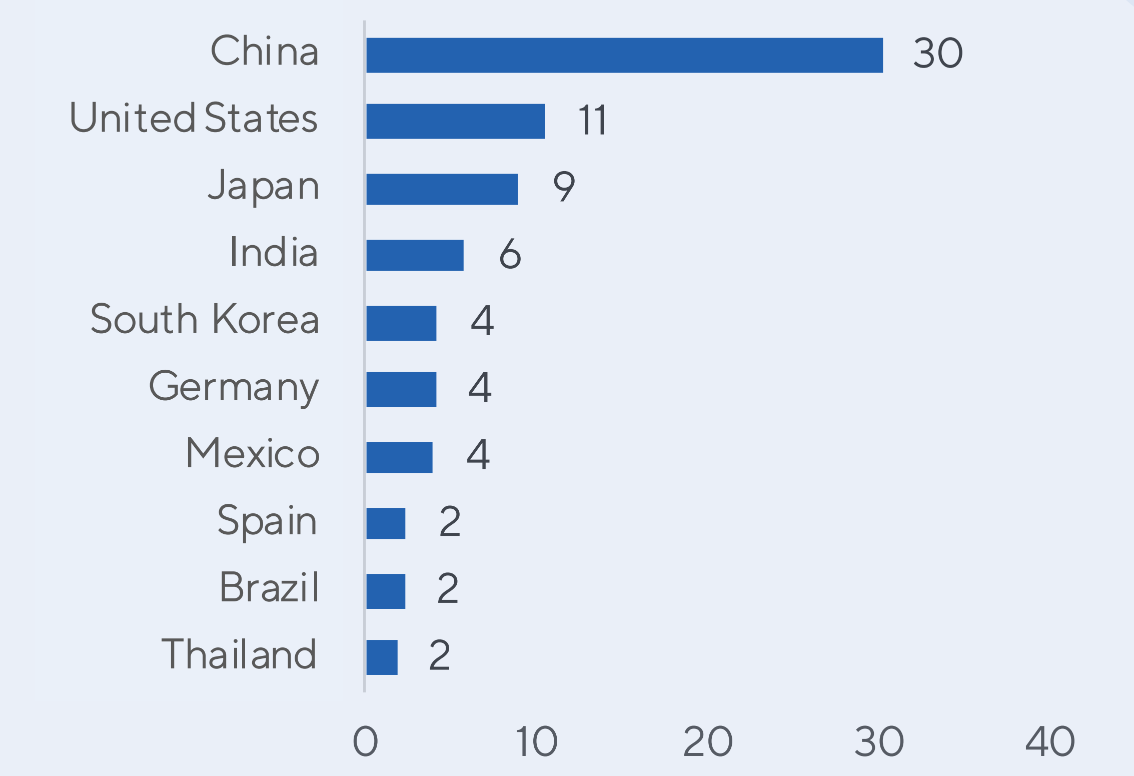
Global Automotive Industry

In the last 5 years, China, USA, and Japan maintained their leadership in automobile production

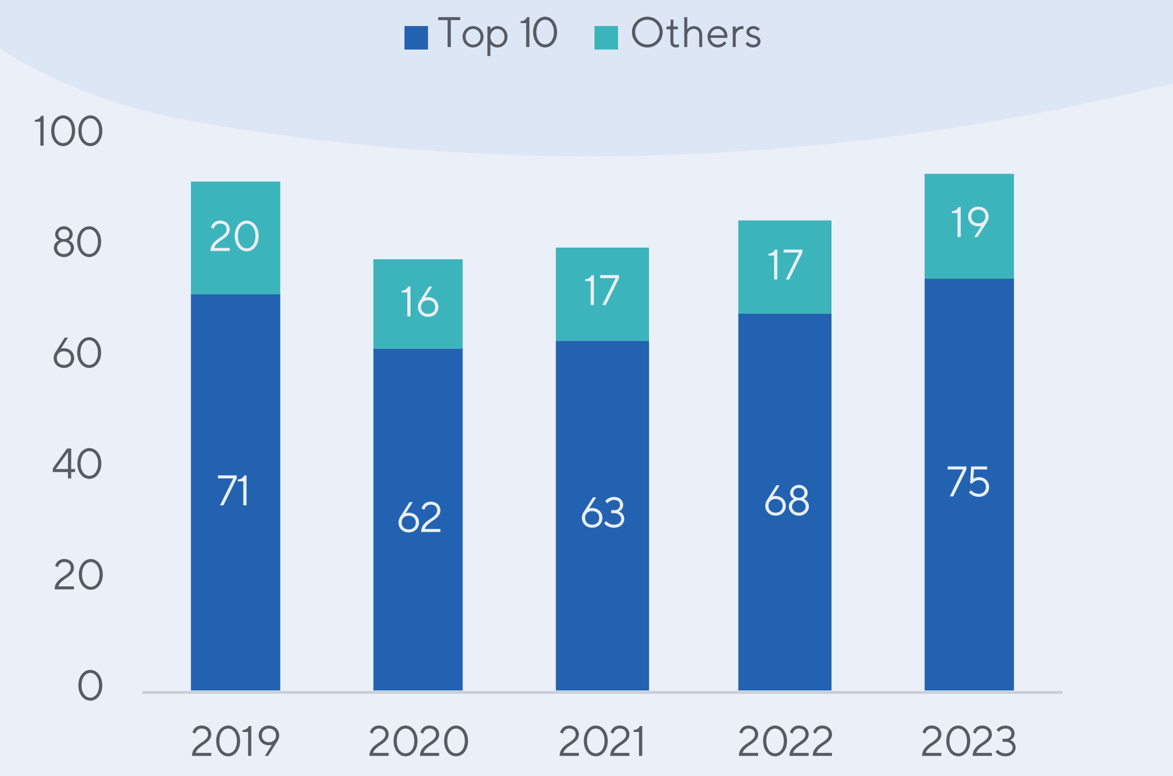
Global Automobile Production in 2019-2023 (in million units)



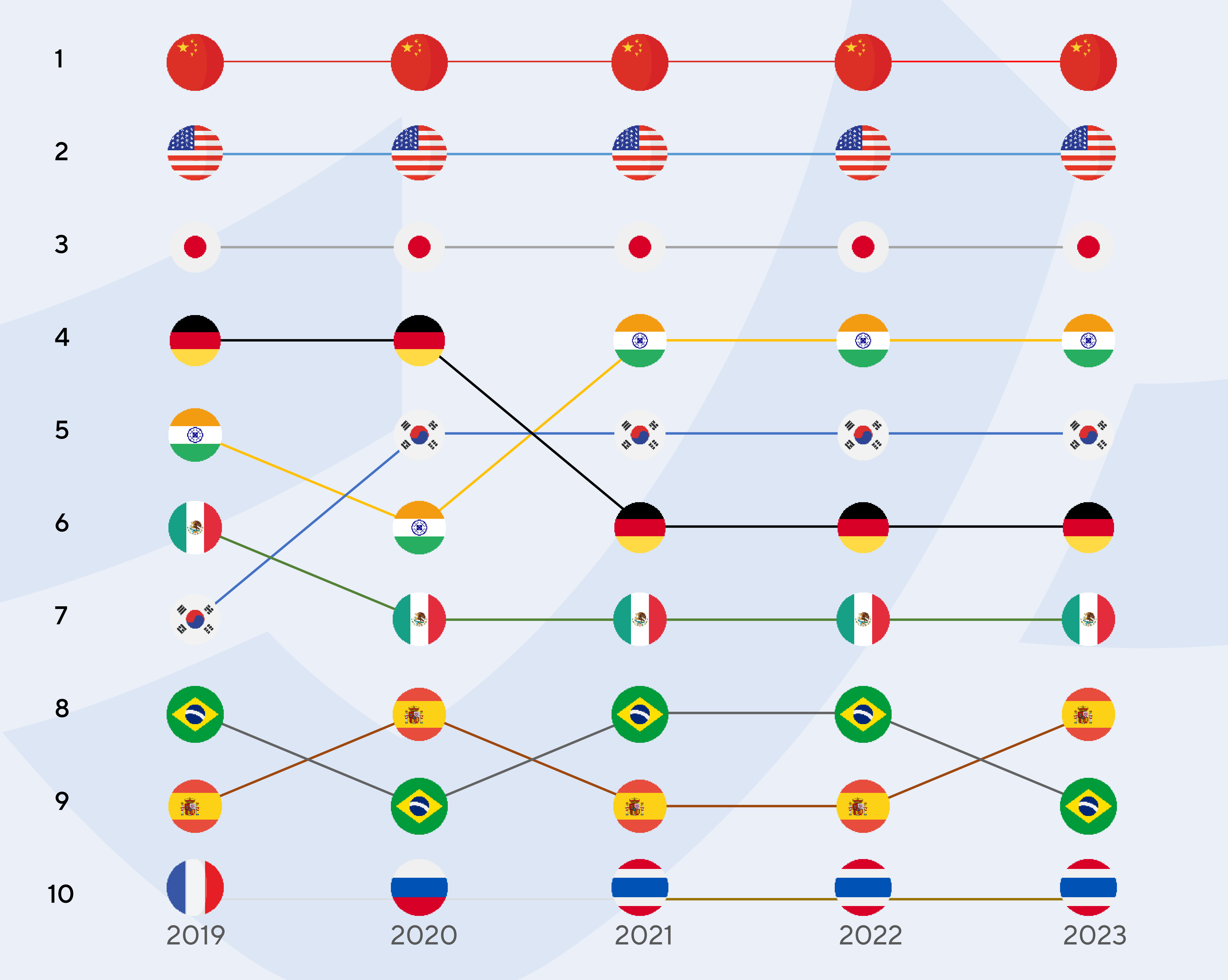
Top 10 Automobile Production in 2023 (in million units)



Concentration of Automobile Production in 2019-2023 (in million units)



Top 10 Automobile Producers in 2019-2023 Based on Quantity



- In 2020, due to the global pandemic, global automobile production decreased by approximately 15% compared to 2019.
- China has maintained significant dominance in automobile production over other countries during the last years.

Source: International Organization of Motor Vehicle Manufacturers (OICA)

Most of the top automobile exporters are also top importers of the industry

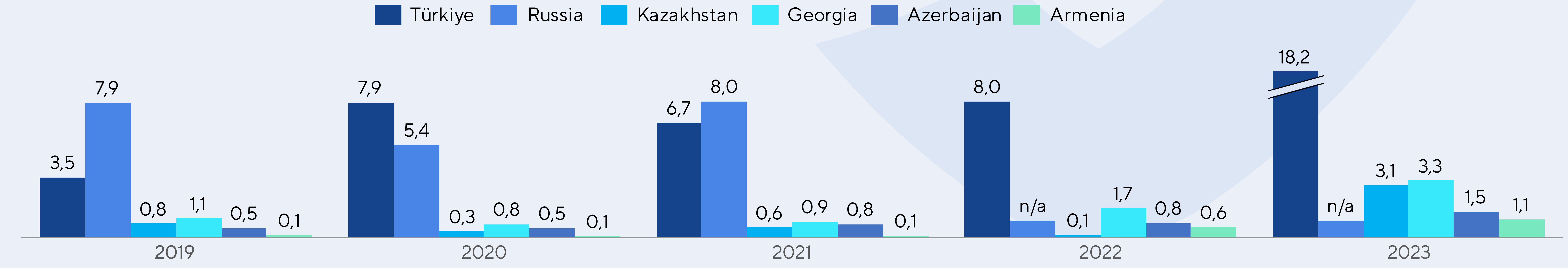
Top 10 Automobile Exporters in 2022 (in billions USD)

#	Country	2019	2020	2021	2022
1	Germany	143.9	122.8	140.3	157.3
2	Japan	98.0	81.0	85.5	86.6
3	USA	56.2	45.6	54.7	57.9
4	Republic of Korea	40.5	35.6	44.3	51.7
5	Mexico	50.6	40.2	39.9	46.9
6	China	8.6	9.9	24.4	44.7
7	Spain	34.4	31.5	33.9	32.9
8	Canada	40.7	32.0	29.1	29.4
9	United Kingdom	38.6	26.6	30.2	29.4
10	Slovakia	23.2	24.3	26.6	26.2

Top 10 Automobile Importers in 2022 (in billions USD)

#	Country	2019	2020	2021	2022
1	USA	179.5	145.7	148.1	168.3
2	Germany	72.5	66.0	67.7	69.4
3	China	47.1	44.9	52.9	52.3
4	United Kingdom	43.8	34.7	34.1	44.2
5	France	38.5	36.5	40.4	37.4
6	Canada	28.5	22.0	28.6	32.6
7	Italy	30.9	23.0	25.9	25.6
8	Belgium	26.8	22.3	24.0	25.0
9	Australia	15.3	13.2	18.1	19.8
10	Spain	20.9	13.8	15.3	17.4

Value of Imported Automobiles by Peer Countries (in billions USD)

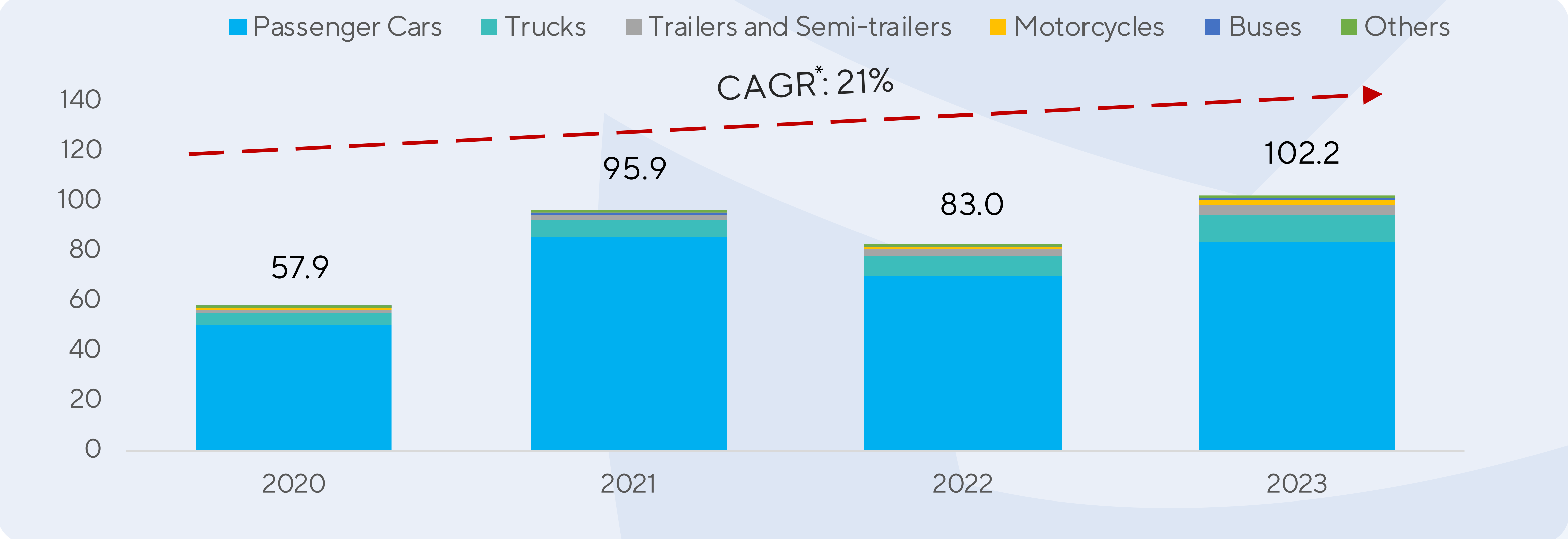


Source: United Nations - Department Of Economic and Social Affairs

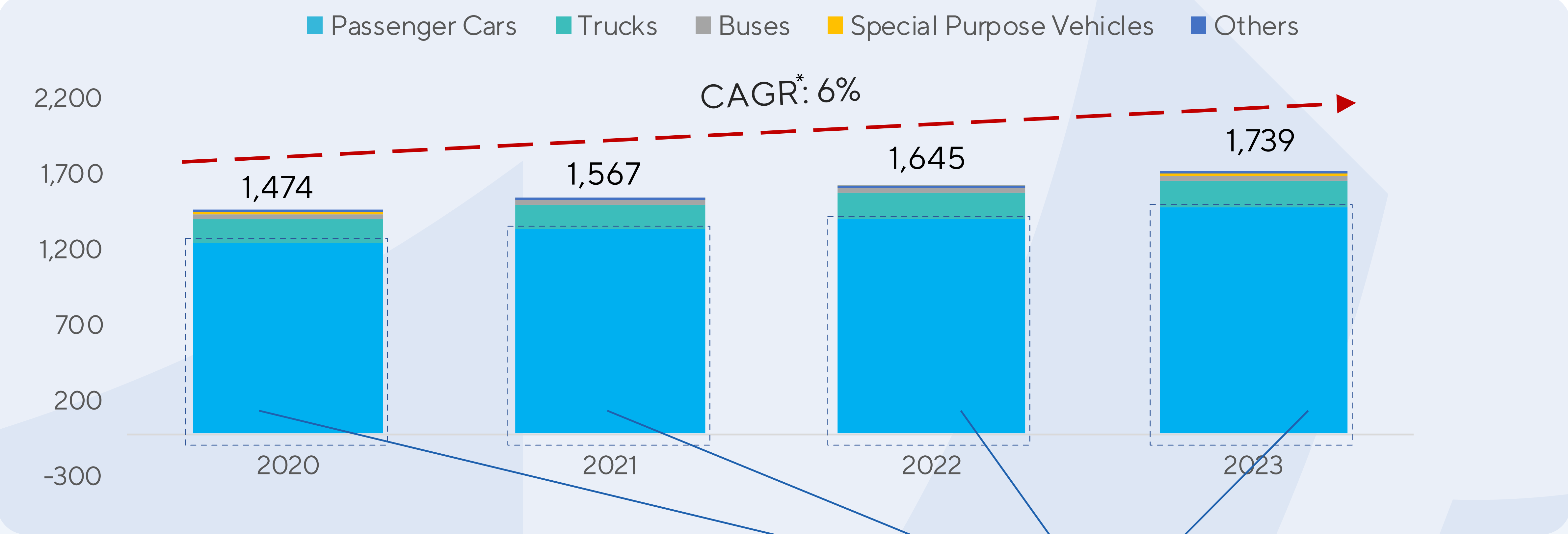
Azerbaijani Automotive Industry

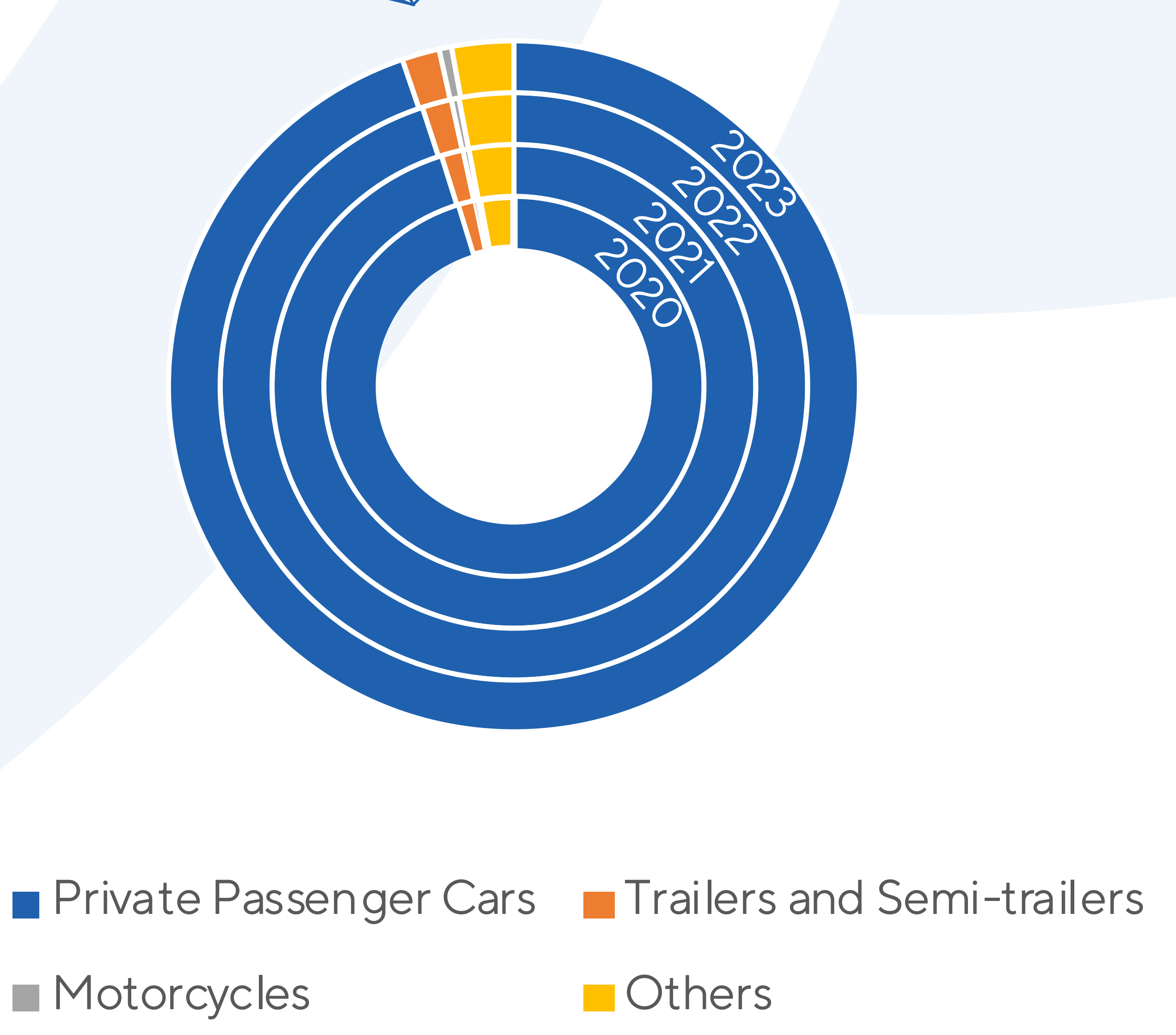
The number of the vehicles in 2023 has increased 6% compared to previous year

First Registrations of Vehicles by Type (in '000 units)

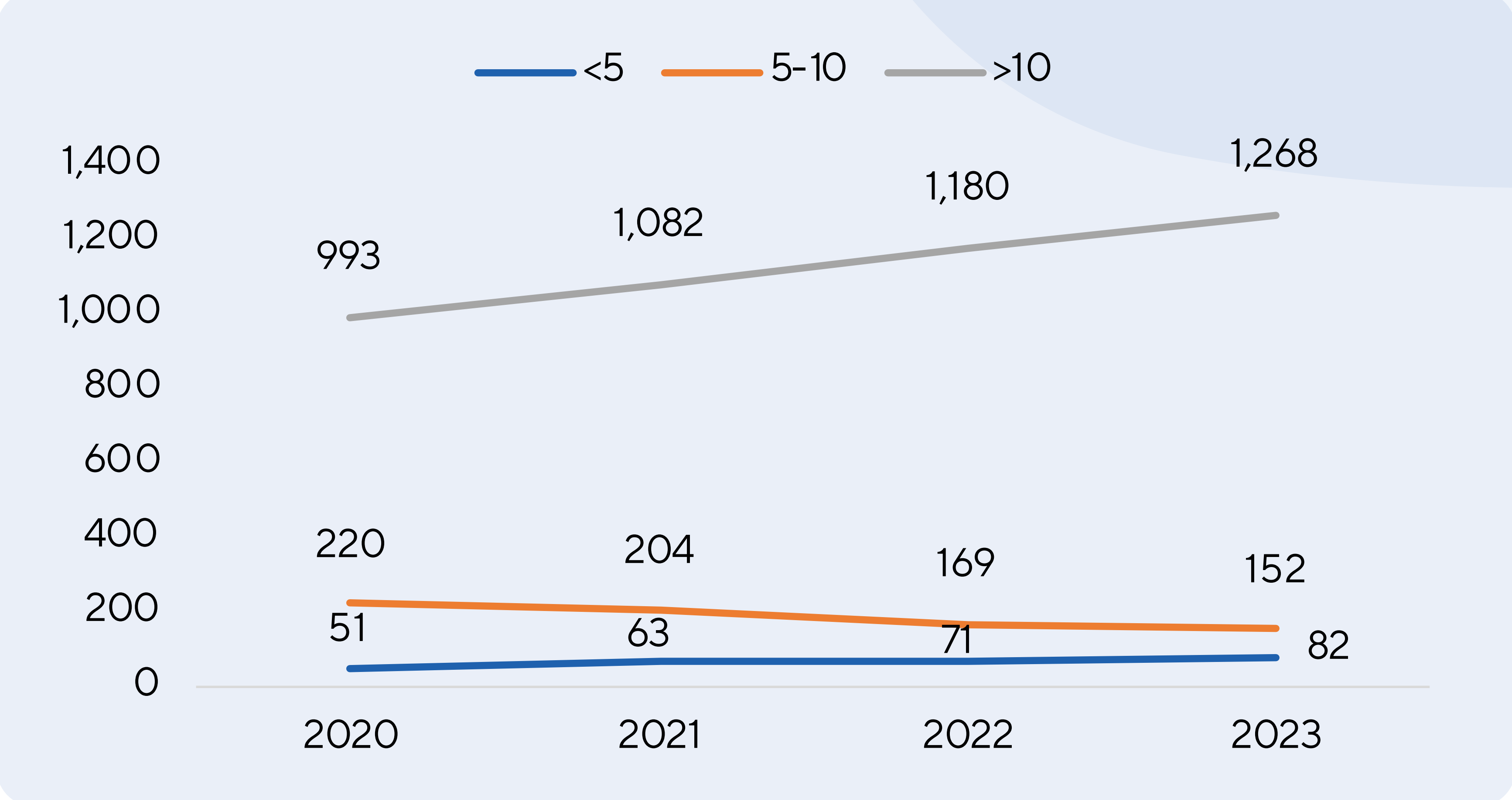


Number of Vehicles by Type (in '000 units)

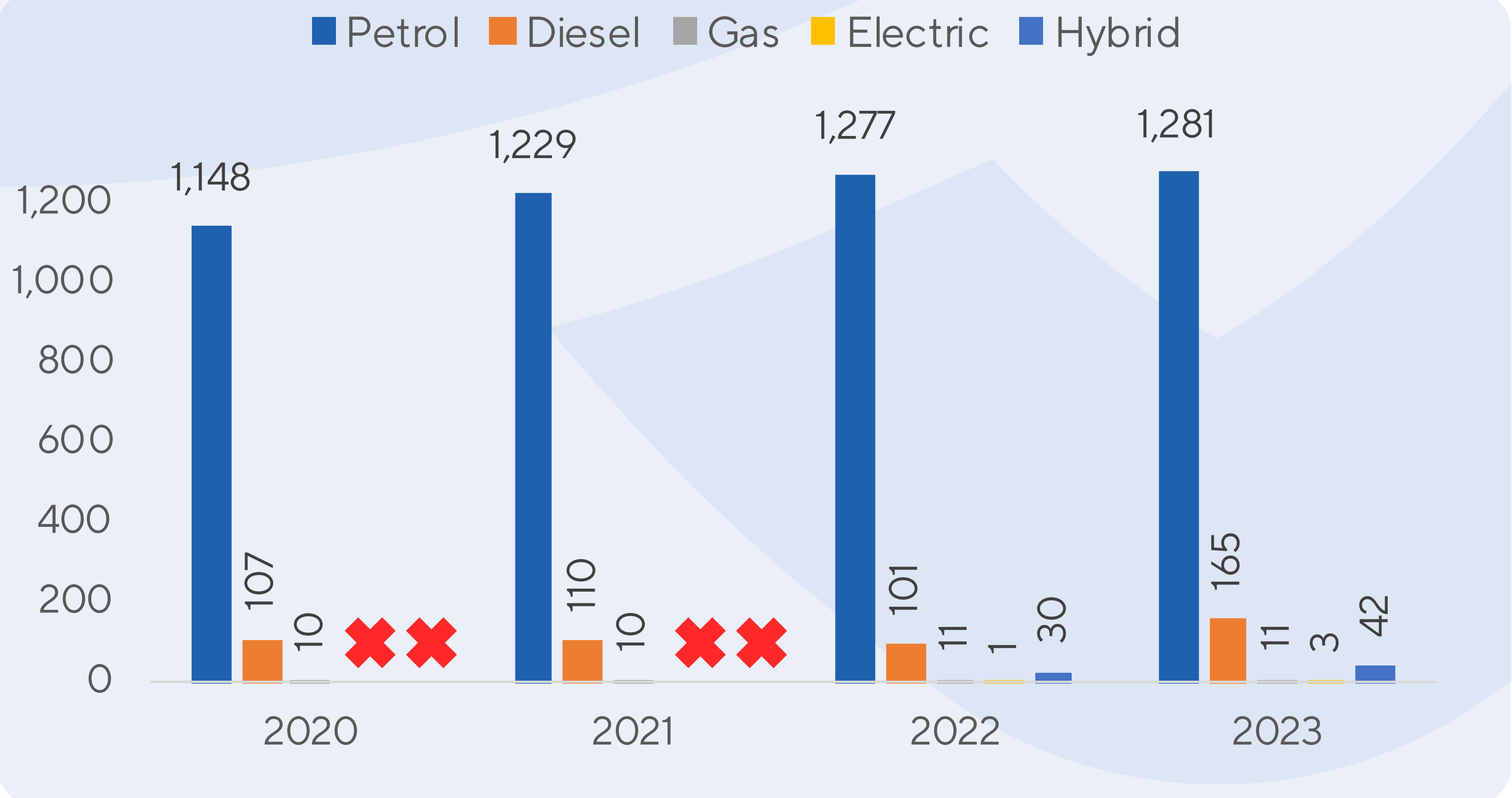




Passenger Cars by Age (in '000 units)



Passenger Cars by Fuel Type (in '000 units)



- Passenger cars produced in between 2013-2018 are decreasing, while 2 other age groups are increasing.
- Petrol automobiles are still the most demanded. It should be noted that hybrid cars are also gaining popularity.

*Compound Annual Growth Rate
Source: State Statistical Committee

Lada (VAZ), Mercedes-Benz, Hyundai, and Toyota were in top 4 of registered vehicles in the last 5 years

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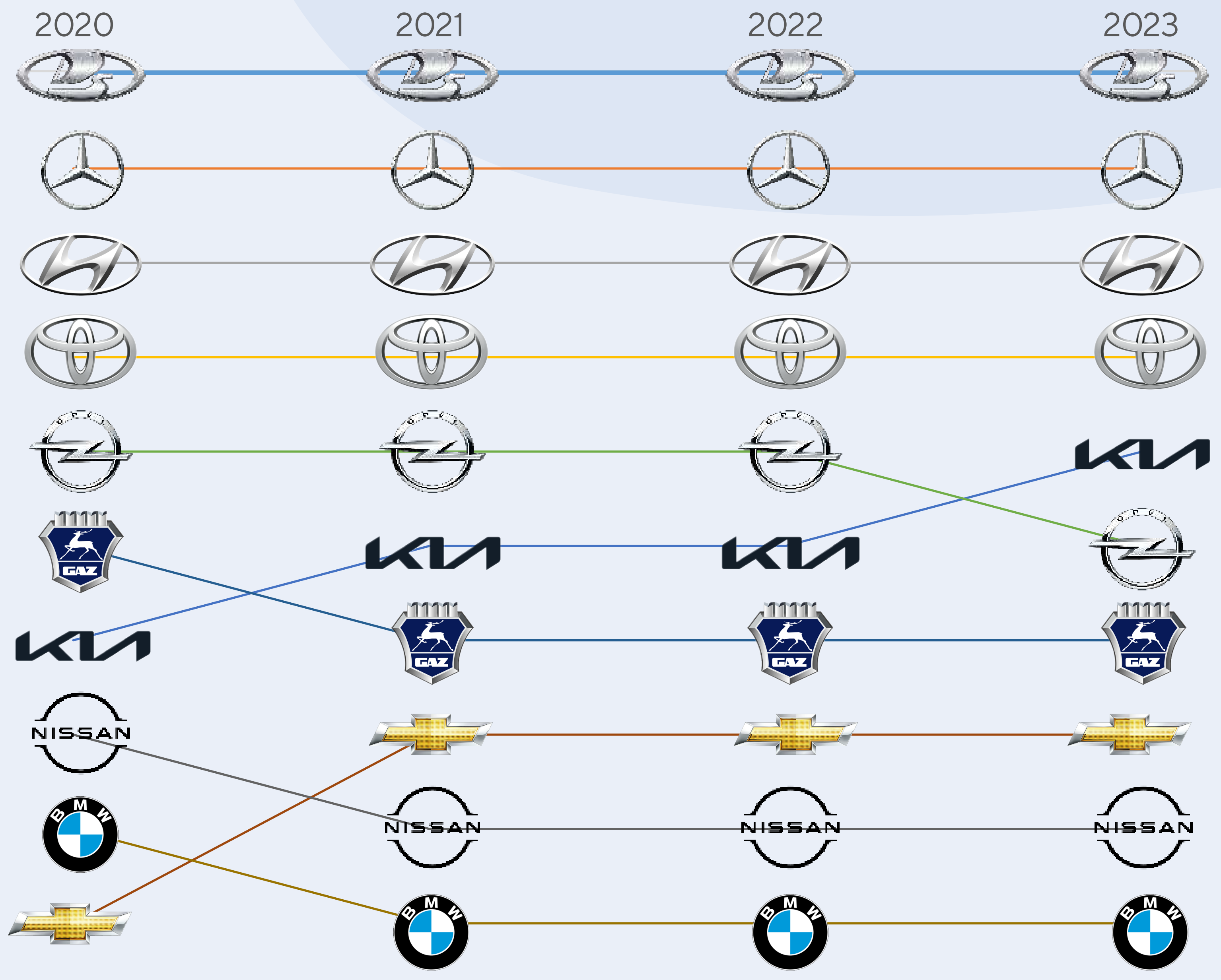
Quick Statistics

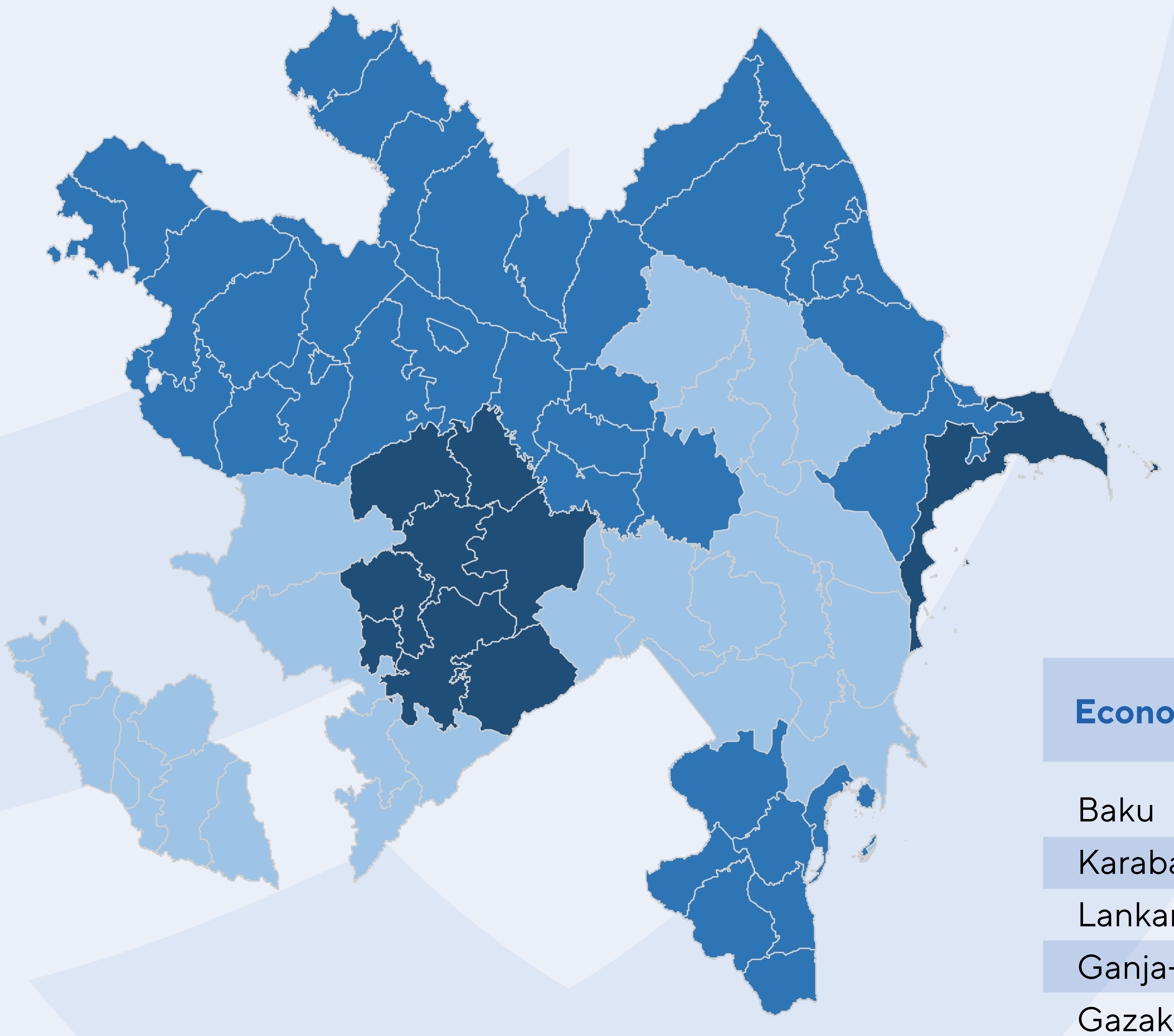
	2020	2021	2022	2023
Automobiles per 1000 People	148	156	162	171
Automobiles per 1 kilometer of Highways	77	81	87	91
Passenger Cars per 1000 People	127	135	141	148
Private Passenger Cars per 100 Households	56	59	58	62

Top 10 Auto Brands by Popularity

1. Lada
2. Mercedes Benz
3. Hyundai
4. Toyota
5. Opel
6. Gaz
7. KIA
8. Nissan
9. BMW
10. Chevrolet



Quantity of Automobiles Registered by Region in 2023 (in units)



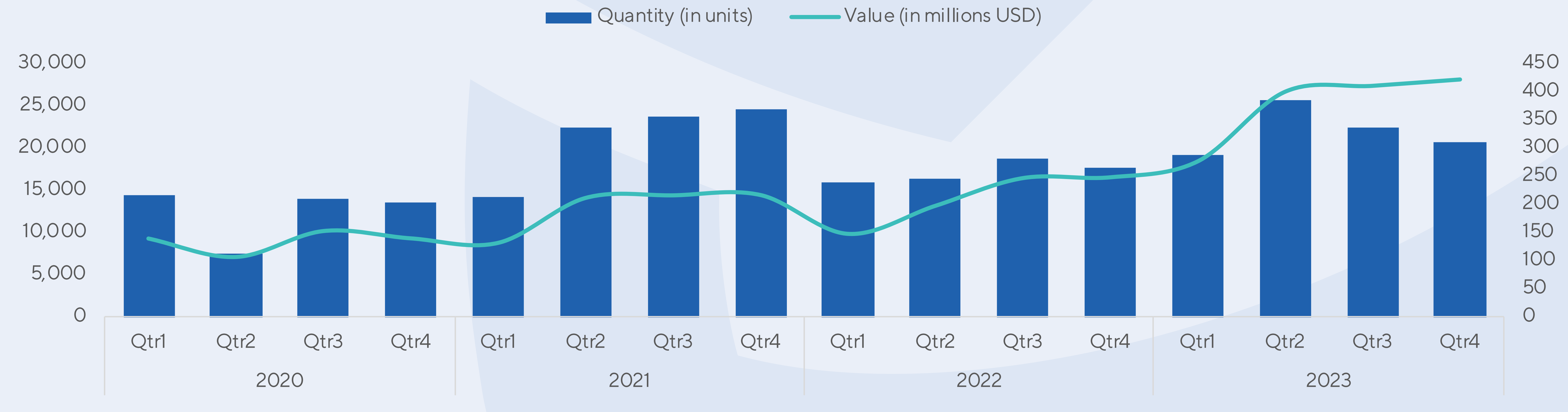
0-50,000
50,000-100,000
100,000+

Economic District	2023
Baku	646,482
Karabakh	102,291
Lankaran-Astara	85,874
Ganja-Dashkasan	84,835
Gazakh-Tovuz	84,635
Absheron-Khizi	81,502
Central Aran	73,083
Sheki-Zagatala	70,711
Guba-Khachmaz	58,570
Mil-Mughan	49,601
Shirvan-Salyan	48,575
Eastern Zangezur	43,735
Nakhchivan	37,378
Mountainous Shirvan	34,685

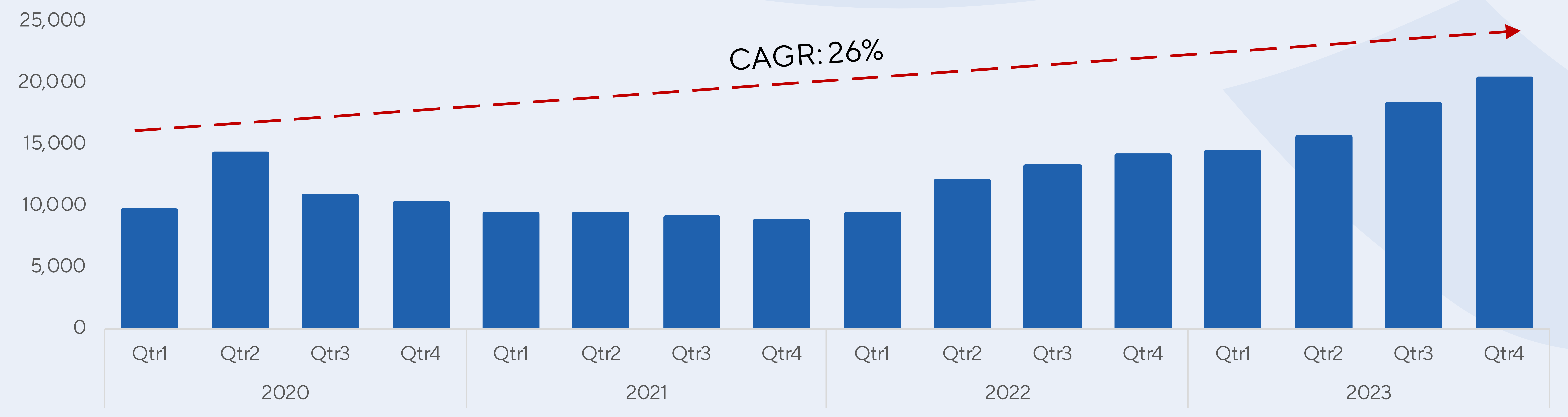
Source: State Statistical Committee

The price of automobiles imported to Azerbaijan is increasing

Total Quantity and Value of Imported Automobiles



Average Price of Imported Automobiles (in USD)



While a fluctuation is observed in quantity of imported automobiles, there is a steady growth in the value of imported automobiles:

% Difference from Previous Year

	2021	2022	2023
Import Quantity	71%	-19%	28%
Import Value	44%	8%	79%

CAGR of import quantity is 21% whereas CAGR of import value is 41%.

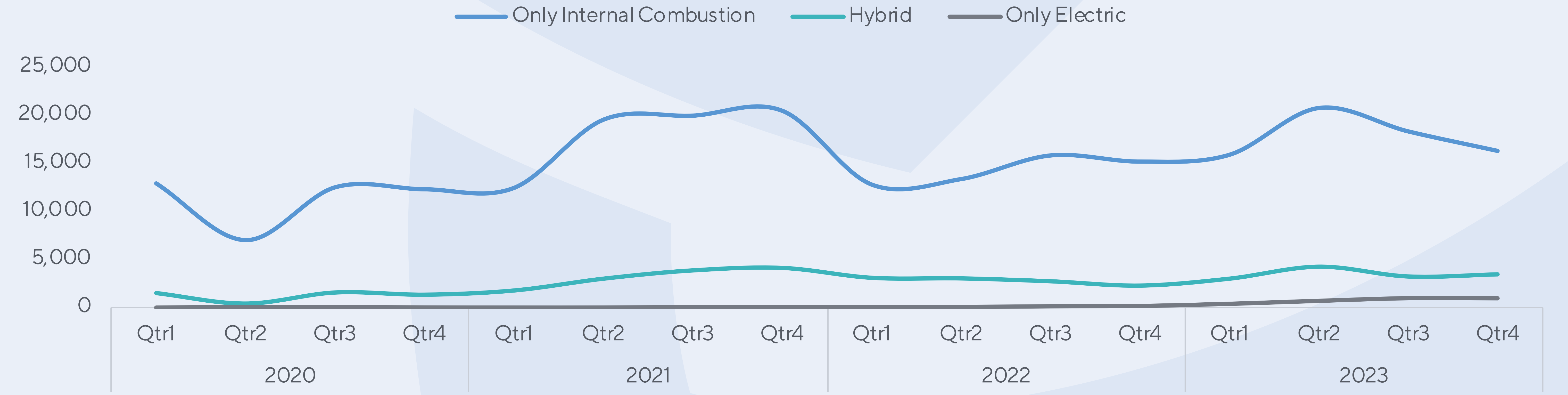
This phenomenon can be explained by increasing price of imported automobiles. CAGR of average price is equal to 26%.

The lowest average price observed during the period was $8,851 (Q4 2021) and the highest average price was $20,464 (Q4 2023).

Source: State Customs Committee

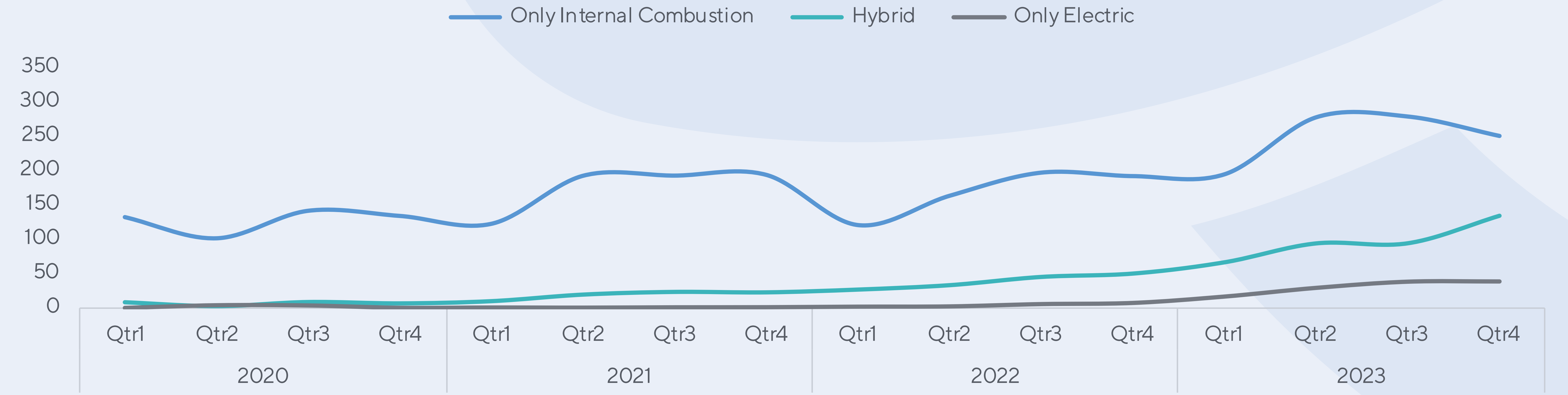
Number of electic vehicles imported rises dramatically

Trend in Import of Automobiles by Engine Type (in units)



% Difference from Previous Year				
	2021	2022	2023	CAGR
Only Internal Combustion	62.2%	-21.1%	24.8%	16.9%
Hybrid	154.6%	-12.4%	24.4%	40.5%
Only Electric	-4.2%	203.8%	538.3%	164.8%

Trend in Import of Automobiles by Engine Type (in millions USD)



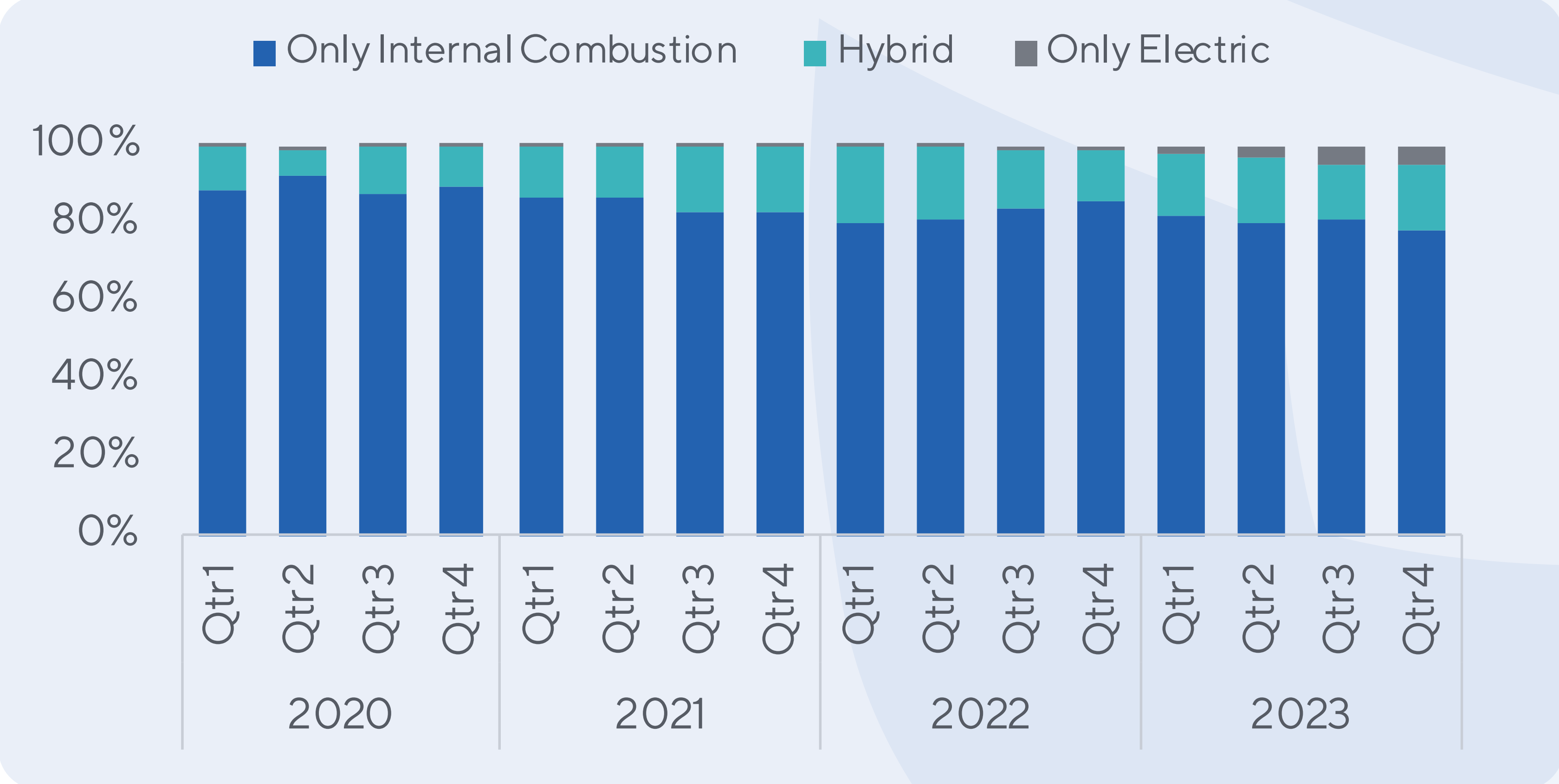
% Difference from Previous Year				
	2021	2022	2023	CAGR
Only Internal Combustion	38.4%	-4.1%	49.4%	25.6%
Hybrid	173.2%	102.8%	148.6%	139.7%
Only Electric	-58.4%	410.0%	609.3%	146.8%

- Electric vehicles are worthy of attention: in 2023, their import quantity increased 5 times while import value increased 6 times from the previous year.
- Hybrid vehicles are also gaining traction in their import share.
- The increasing popularity of electric and hybrid vehicles can be attributed to their (a) low fuel consumption and (b) advanced technological development. Additionally, various government incentives for the import of hybrid and electric vehicles positively impact their demand.

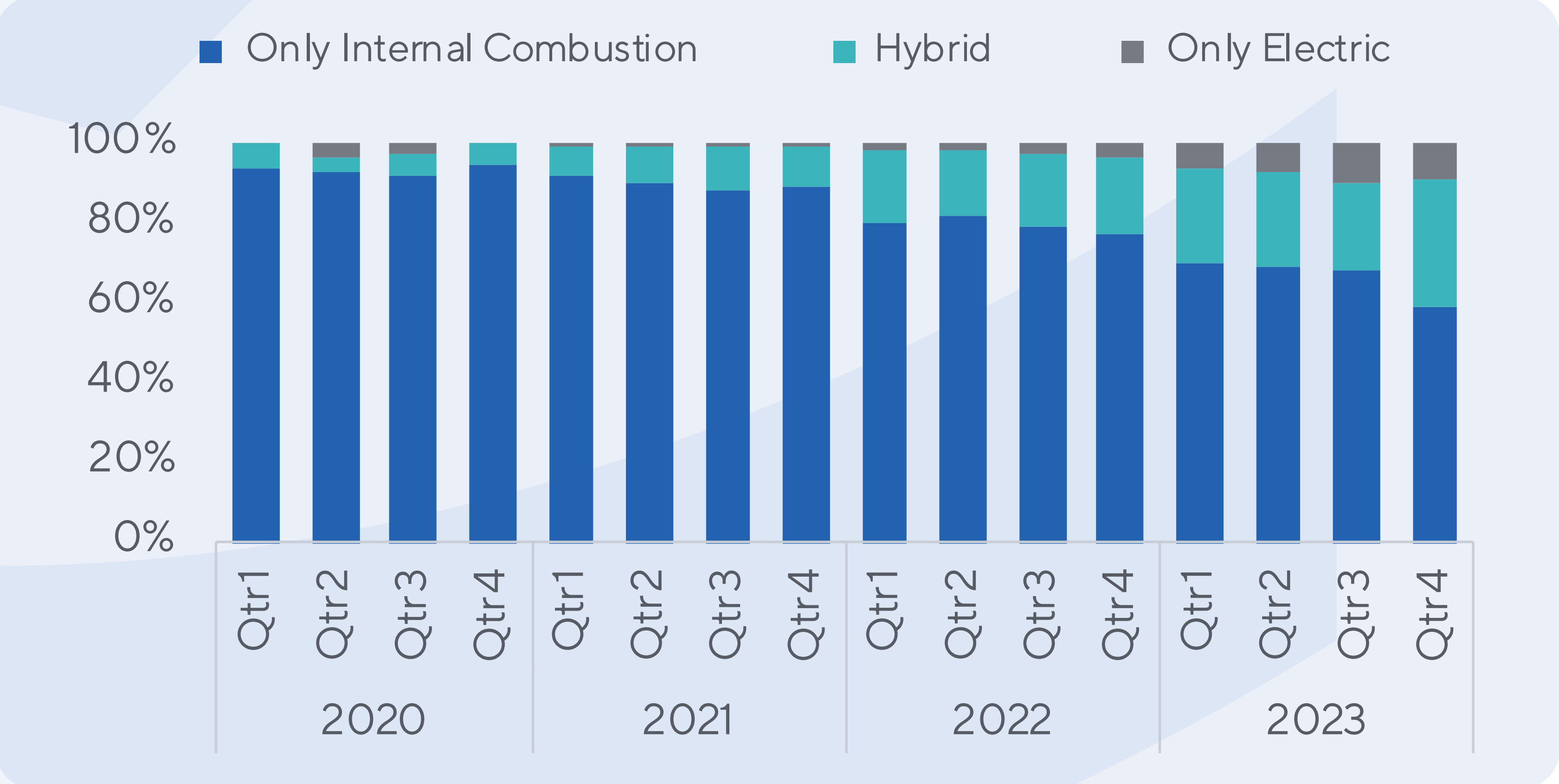
Source: State Customs Committee

Price of imported hybrid and electric vehicles are higher

Automobile Import and Its Decomposition by Engine Type (in units)

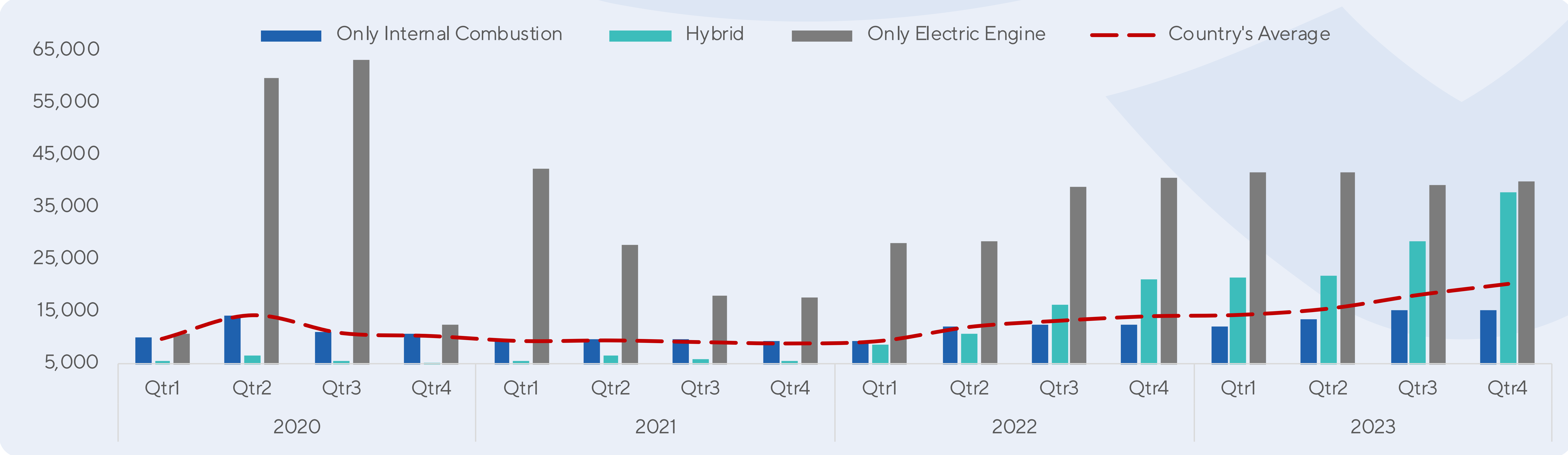


Automobile Import and Its Decomposition by Engine Type (in millions USD)



Over the period, the market shares of both hybrid vehicles (those with internal combustion and electric engines) and electric vehicles are growing, while the share of automobiles with internal combustion engines is decreasing.

Average Price of Imported Automobiles by Engine Type (in USD)



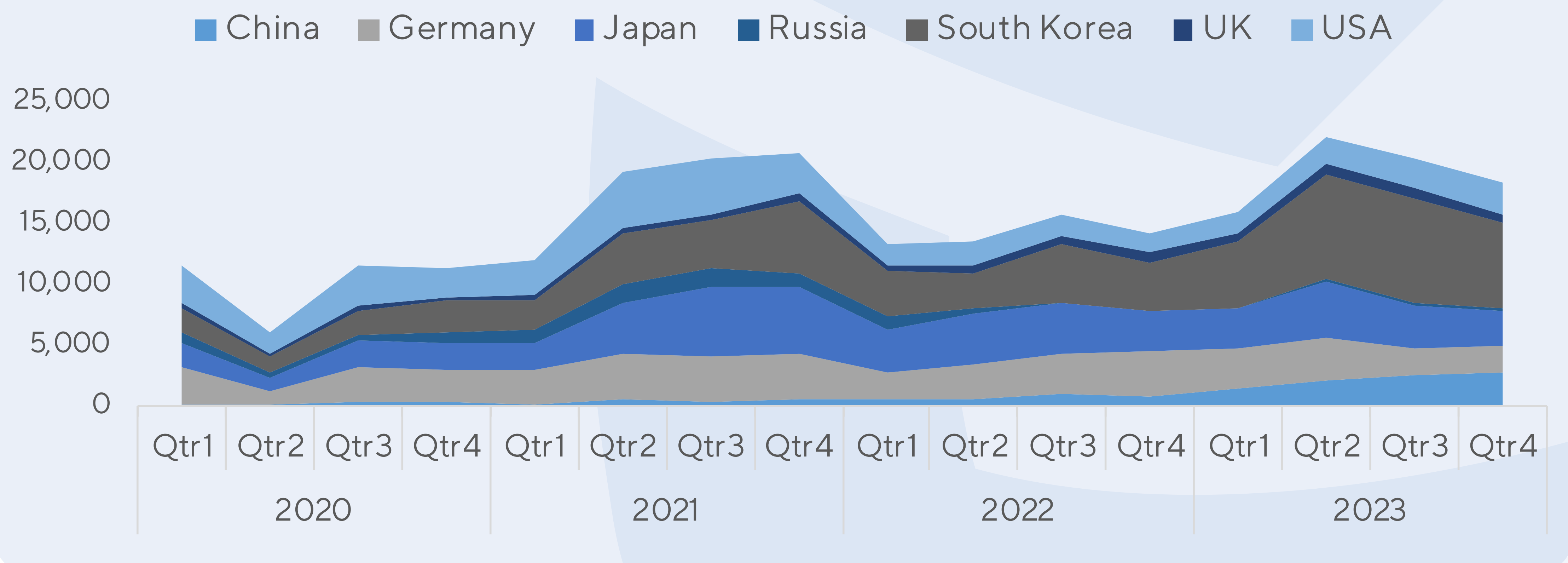
Electric cars have consistently been more expensive than other vehicles.

Until 2022, only low-budget hybrid cars were imported to Azerbaijan. However, since then, due to their increasing popularity, more expensive hybrid models have also begun to be imported.

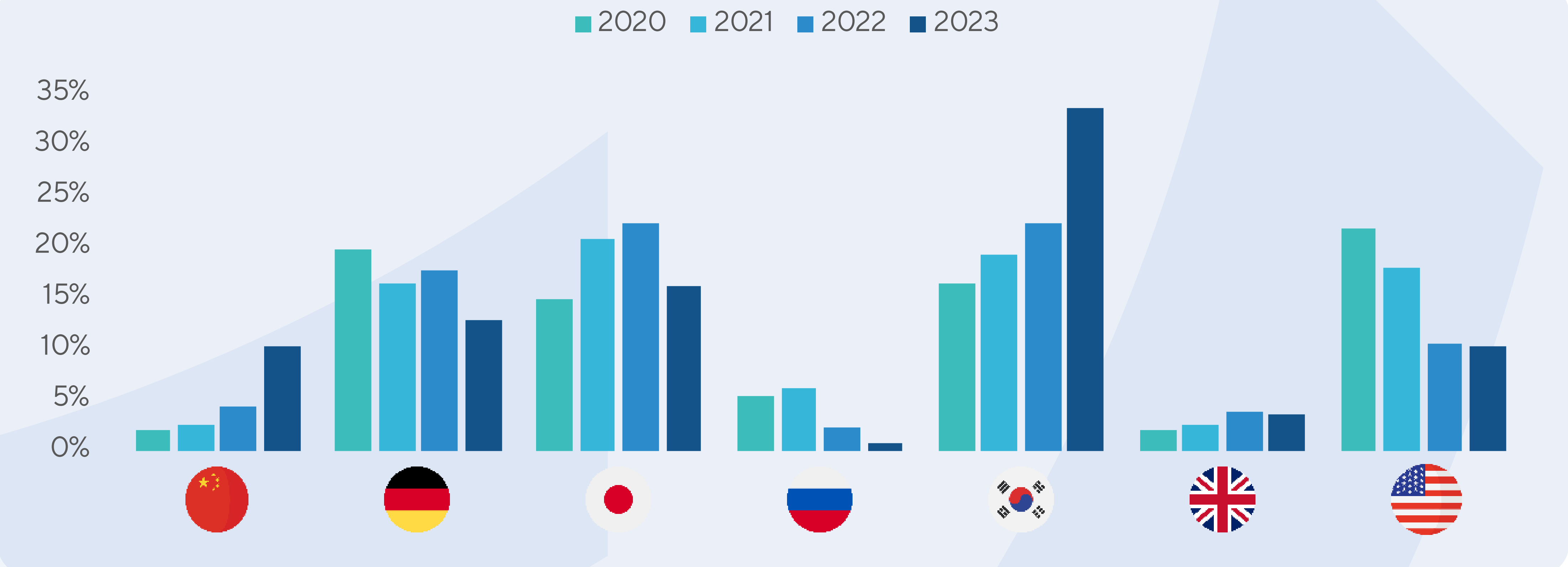
Source: State Customs Committee

Automobiles are imported from mainly 7 countries

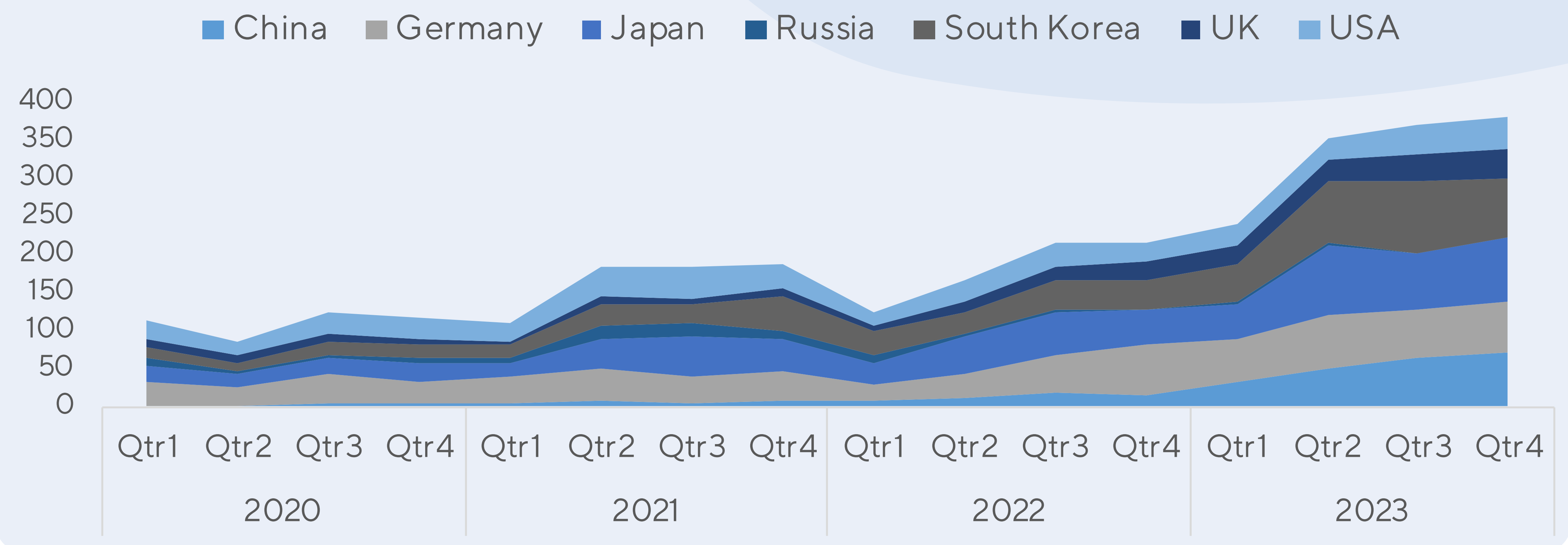
Quantity of Imported Automobiles by Country (in units)



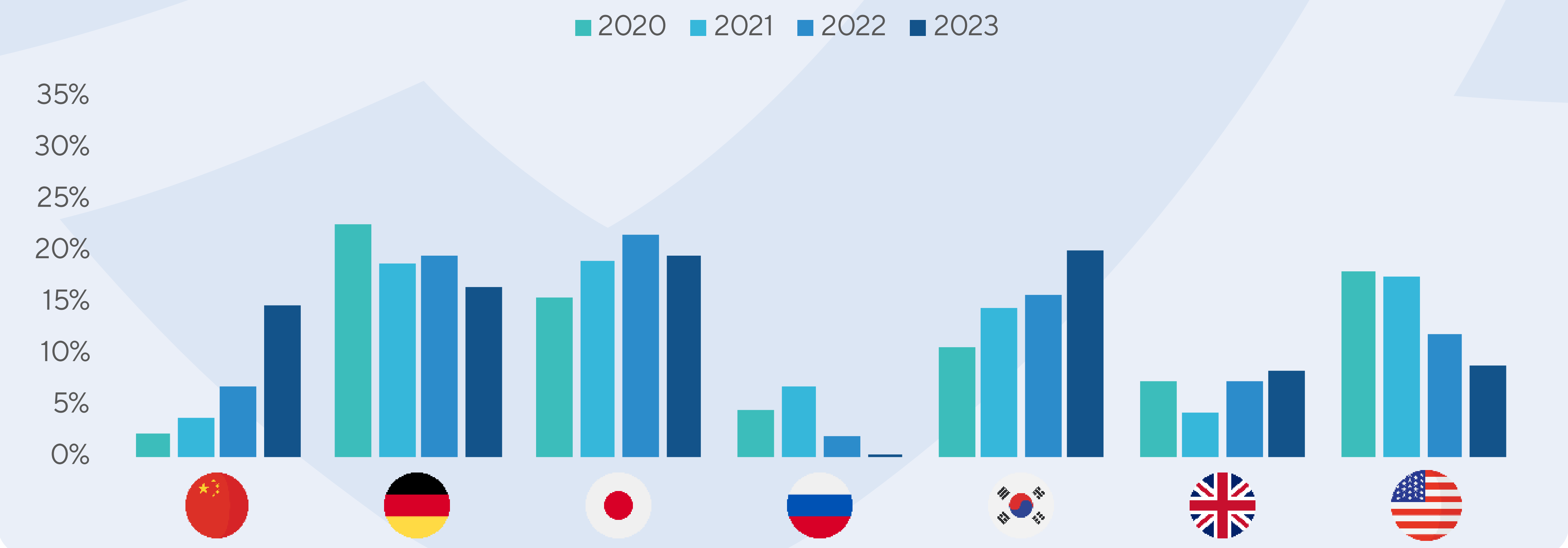
Change in Market Shares Over Time Based on Quantity



Value of Imported Automobiles by Country (in millions USD)



Change in Market Shares Over Time Based on Value

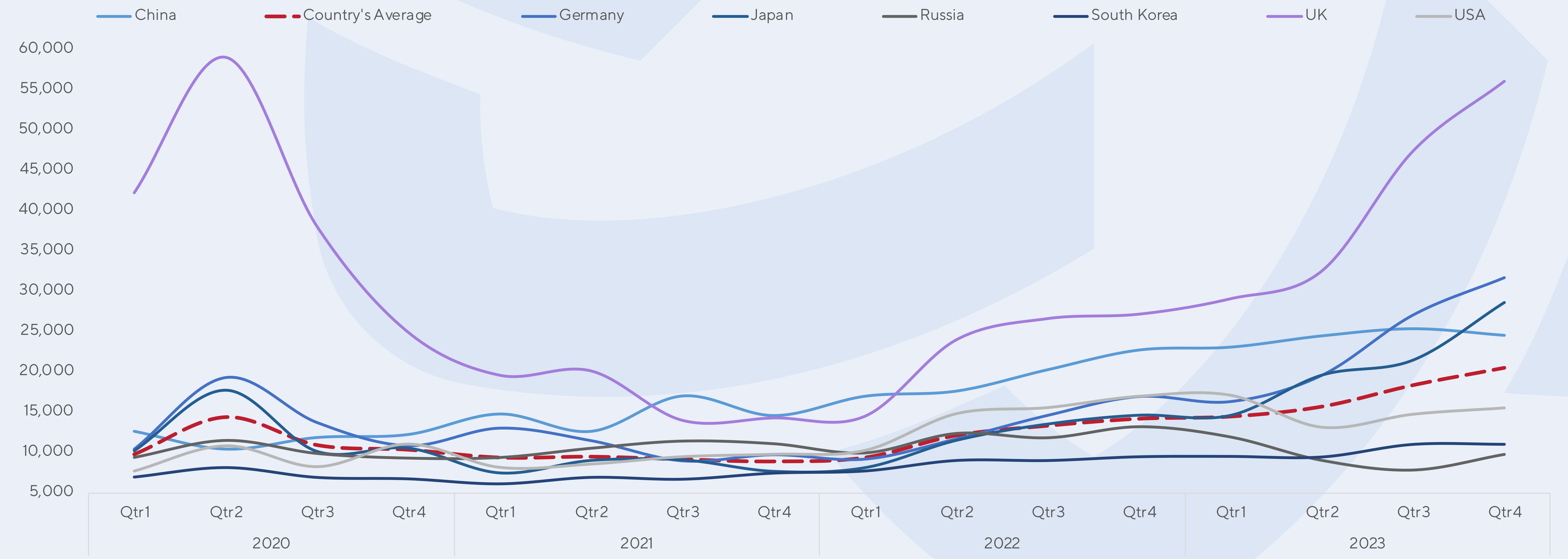


- In 2023, the number of imports of Chinese and Korean cars increased sharply.
- The aforementioned countries are the primary automobile importers to Azerbaijan, with their cumulative imports accounting for more than 80% of the total automobile imports over the period.

Source: State Customs Committee

Among main exporters, UK cars are the most expensive ones

Average Price of Imported Automobiles by Country (in USD)



- Luxurious automobiles are primarily imported from the UK.
- As indicated on the previous page, the share of China in import value is greater than its share in import quantity over the entire period. This phenomenon suggests that more expensive cars are imported from China, and the graph above further reinforces this point.

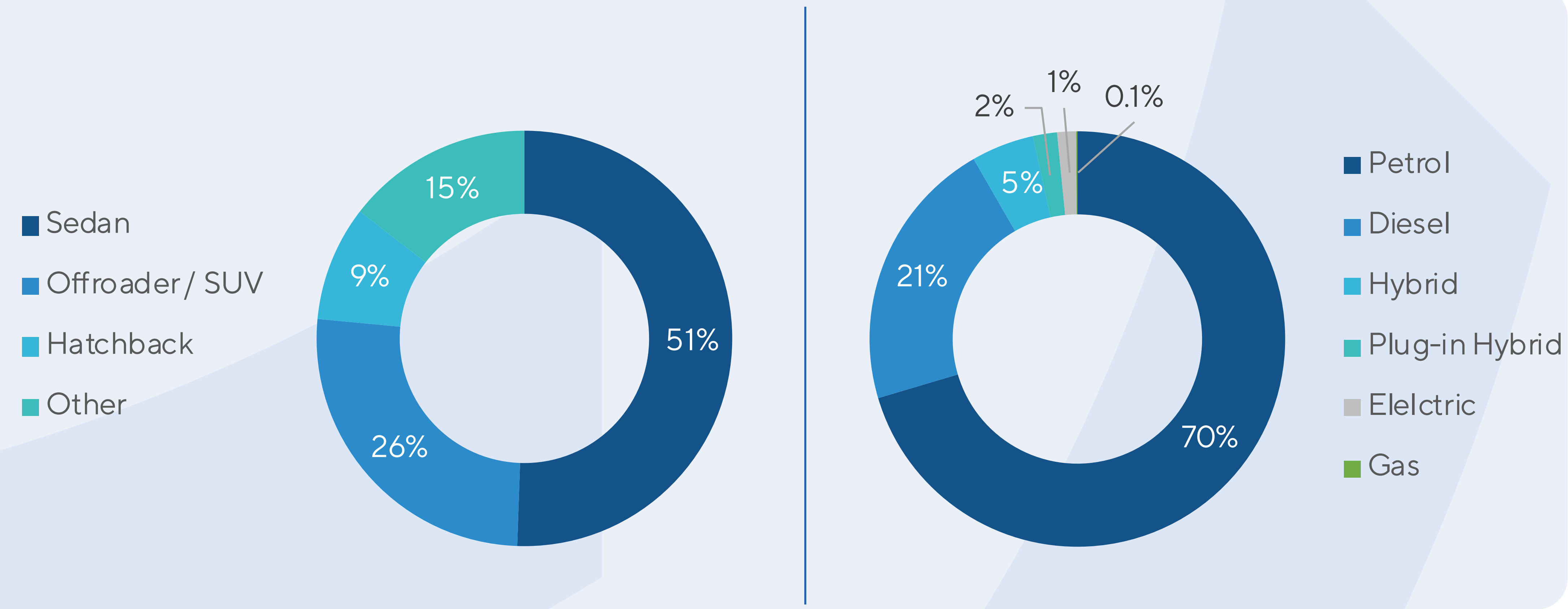
Source: State Customs Committee

Secondary Automobile Market in Azerbaijan

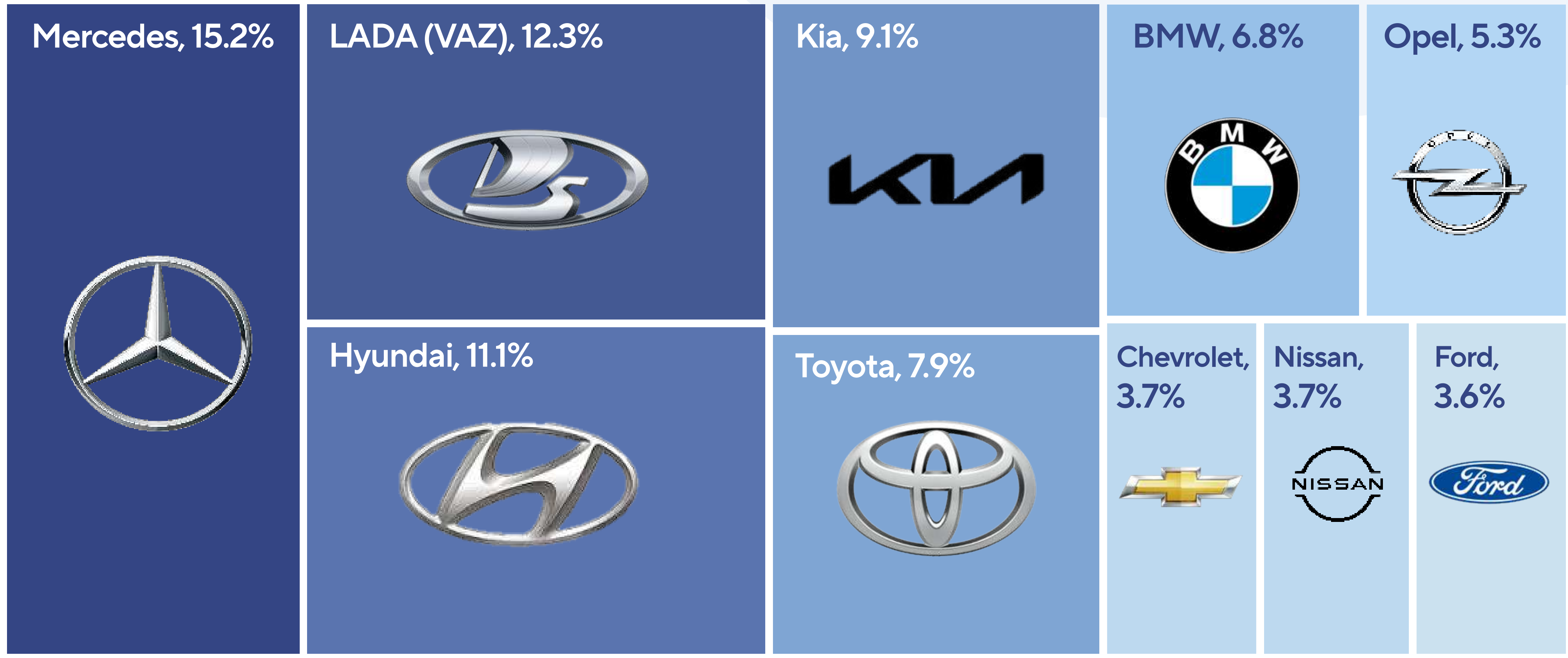
Top Represented Countries

#	Country	Number of Brands	Average Price (in AZN)	Average Age (in years)
1	Germany	10	31,538	17.9
2	South Korea	7	25,001	10.9
3	Japan	12	32,592	11.8
4	Russia	5	6,436	22.8
5	United States	13	24,473	11.5
6	United Kingdom	8	103,537	8.7
7	China	49	49,096	2.9

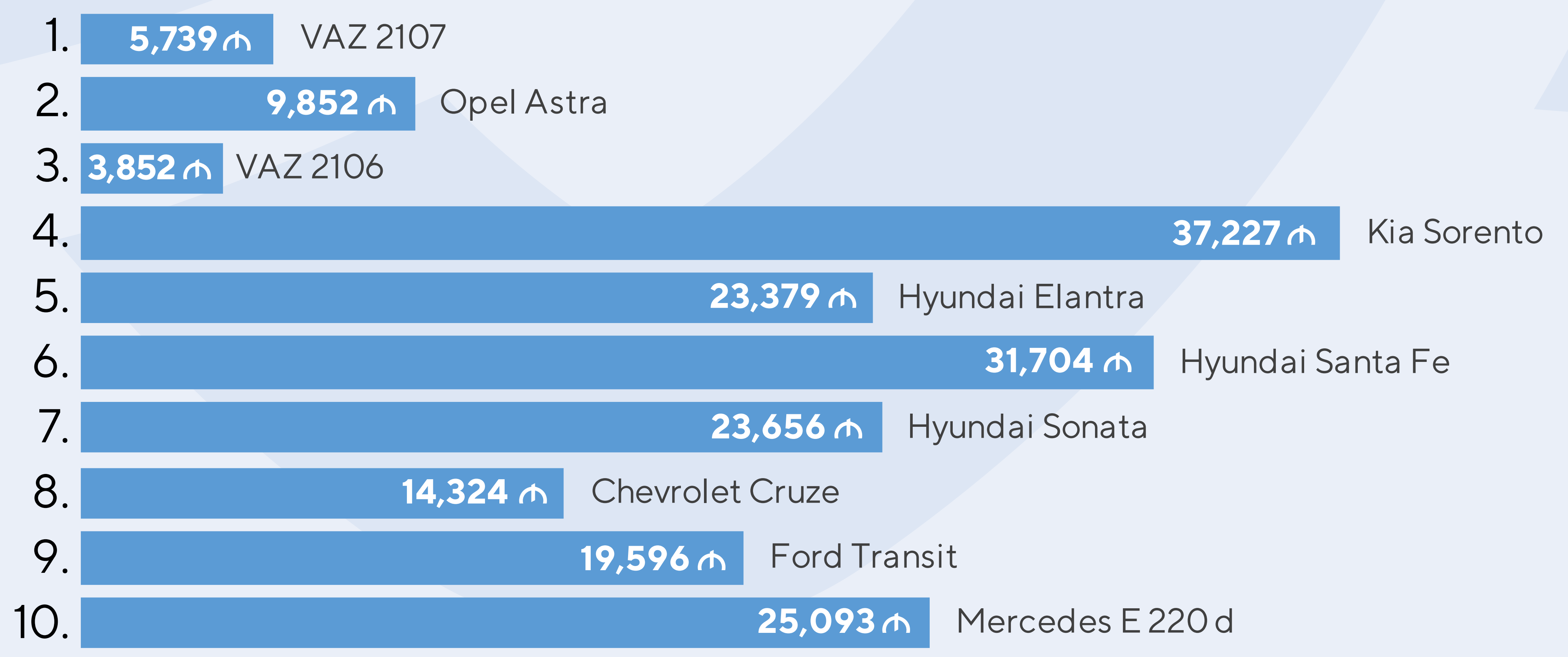
Distribution of Automobiles by Body and Fuel Type



Top 10 Auto Brands by Popularity



Top 10 Models by Popularity and Their Average Prices

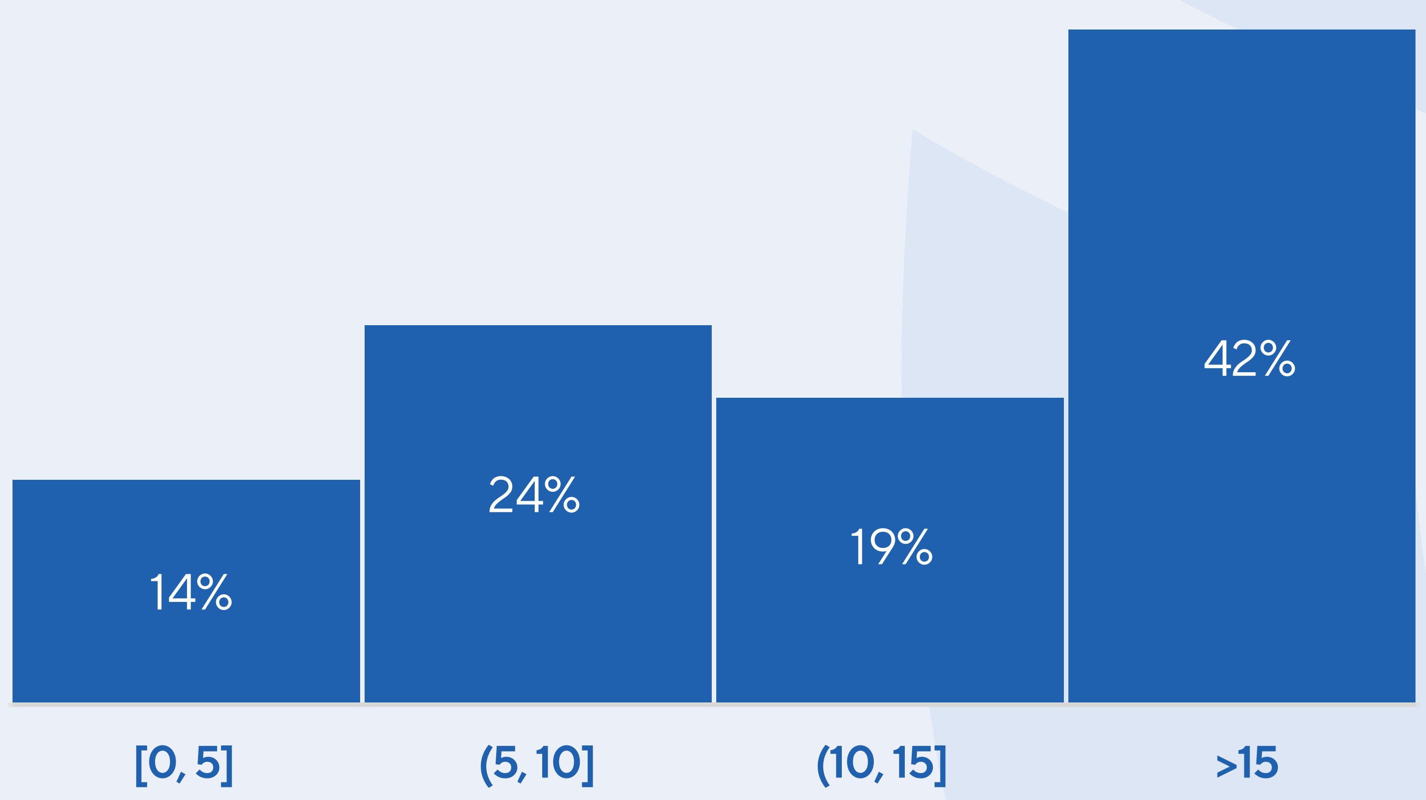


- Chinese automobiles are the newest ones in the market.
- Despite being old, Russian "VAZ" is still popular in Azerbaijan.

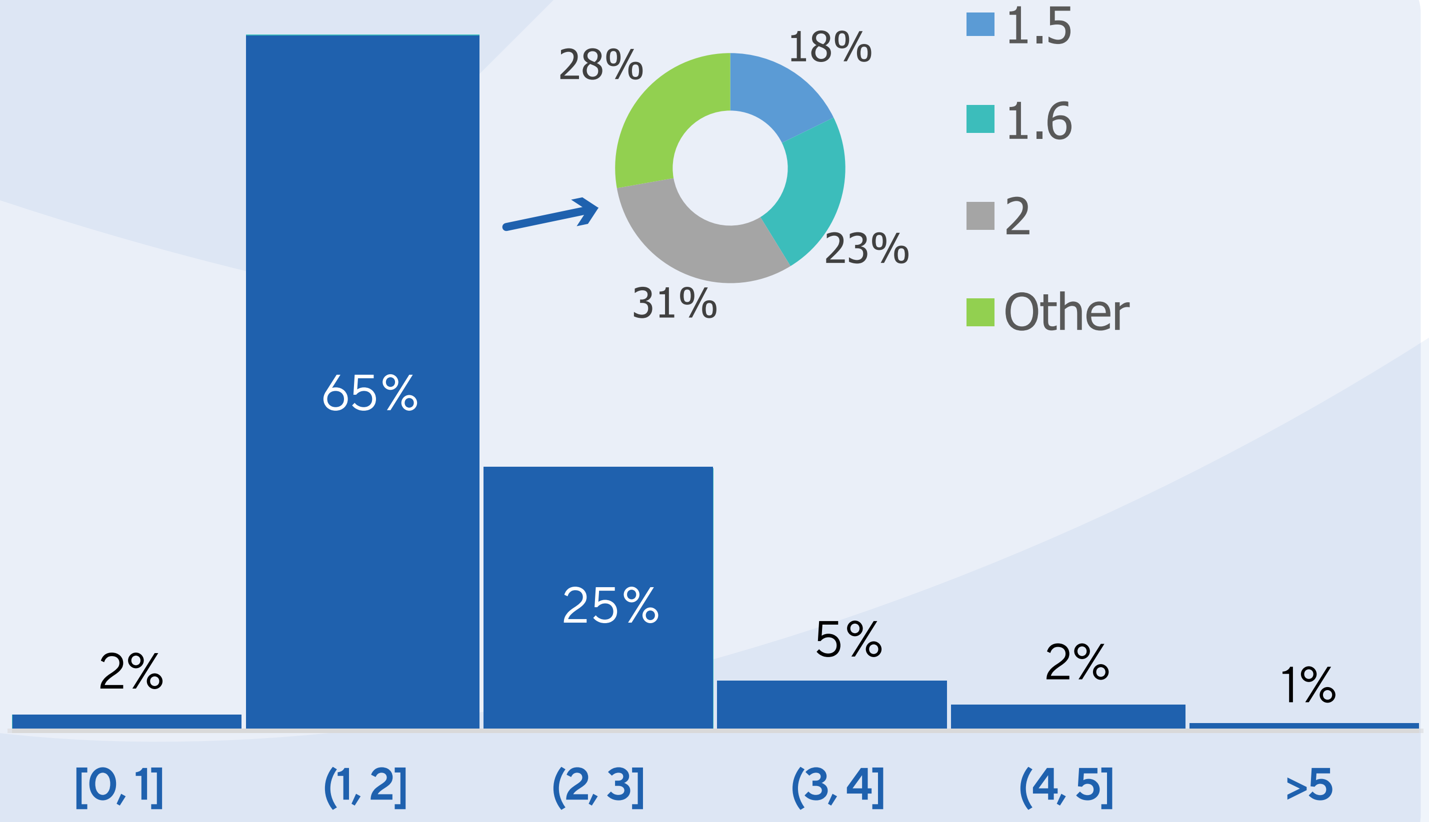
Source: turbo.az

Secondary Automobile Market in Azerbaijan

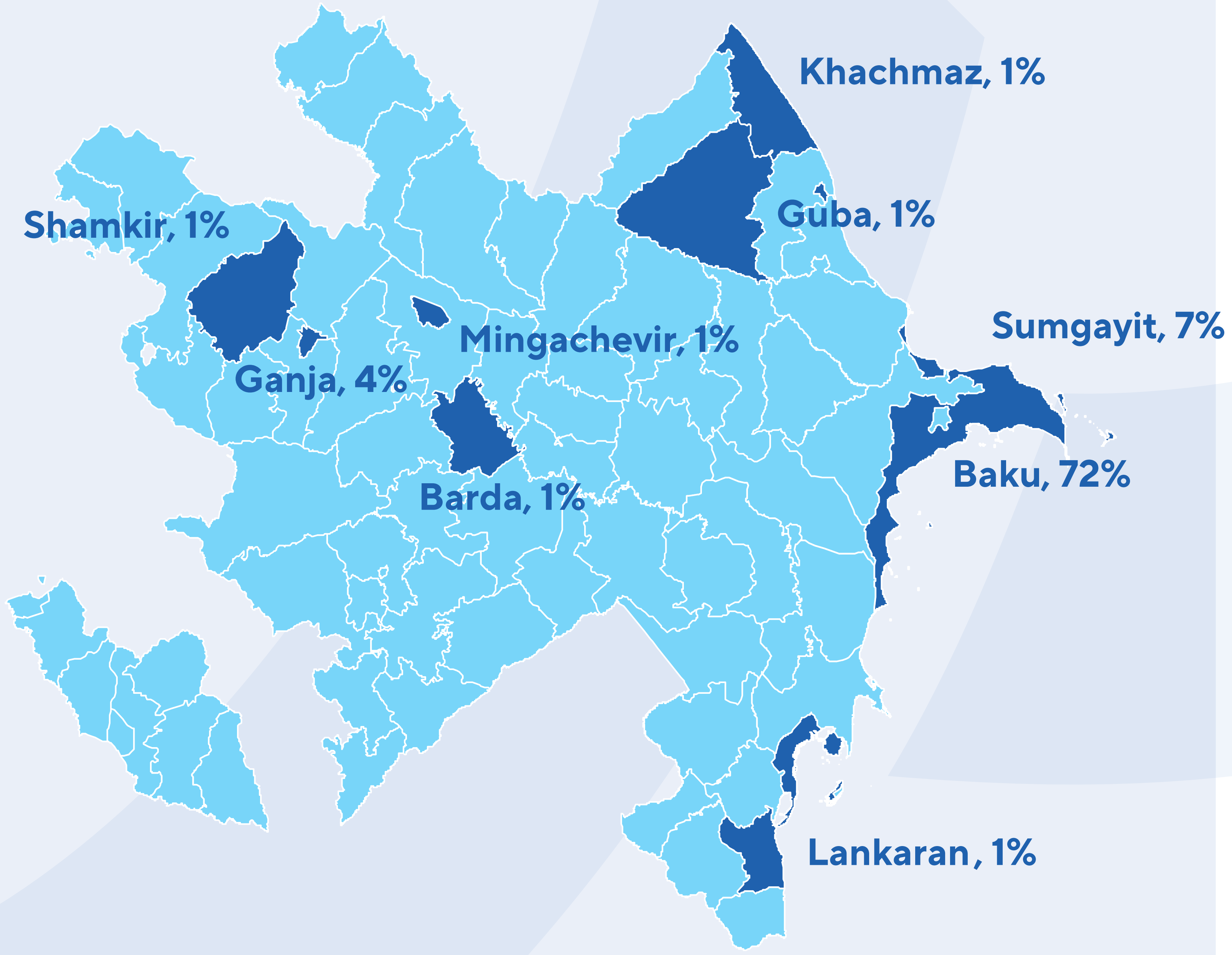
Distribution of Automobiles by Age



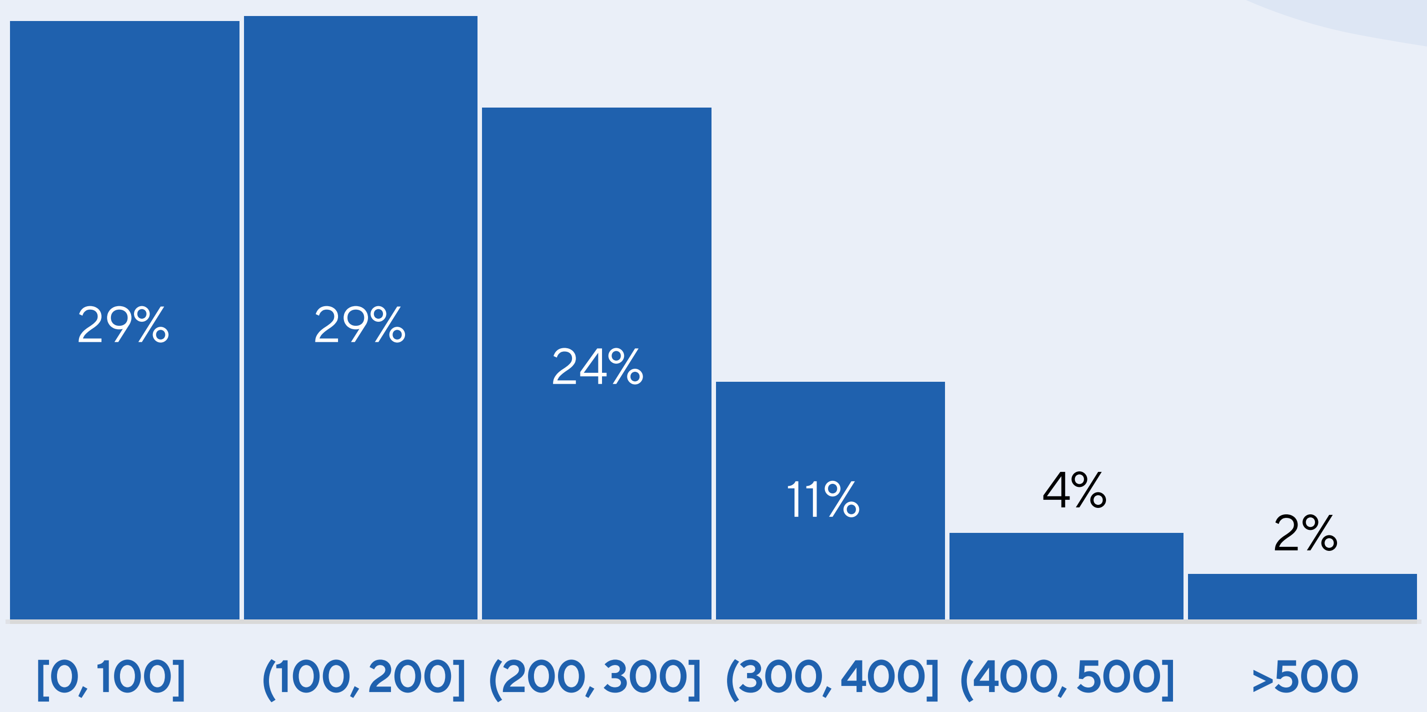
Distribution of Automobiles by Engine Capacity (in litres)



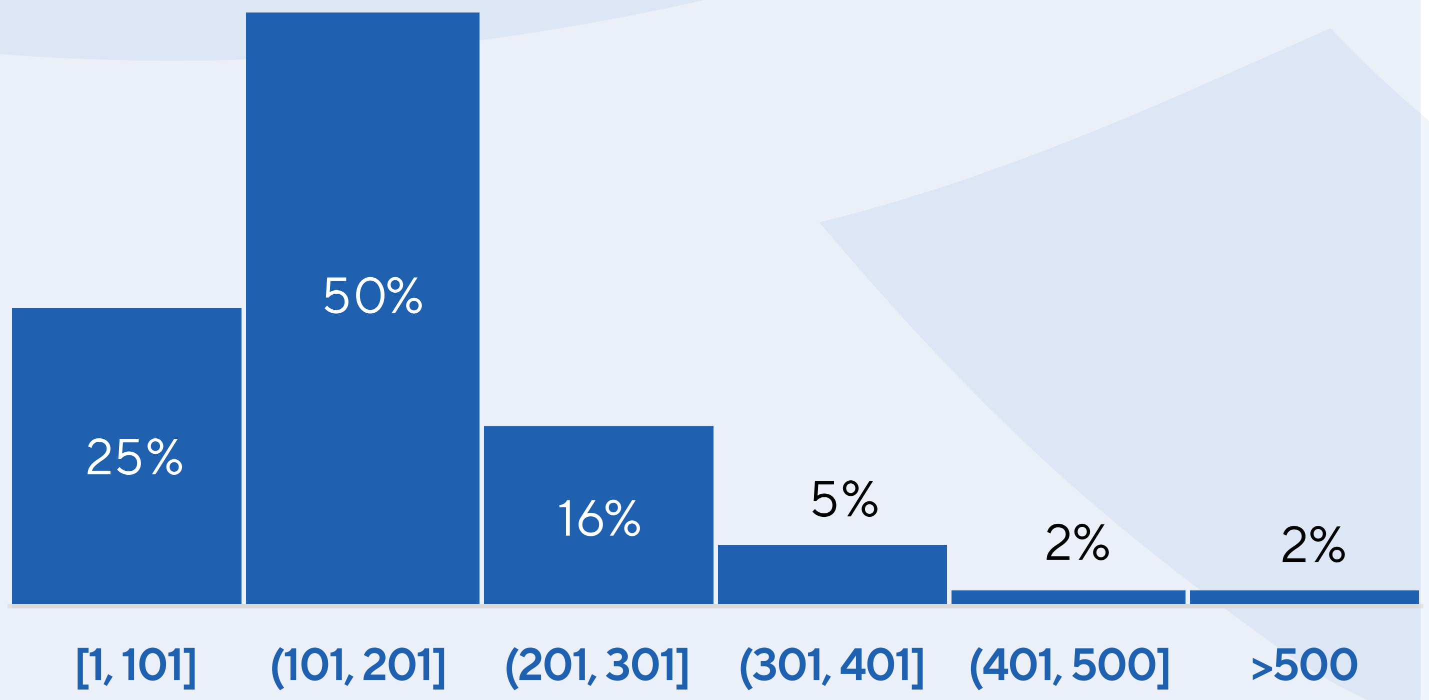
Top Districts Participating in Secondary Automobile Market



Distribution of Automobiles by Mileage (in '000 kilometers)



Distribution of Automobiles by Horsepower



- In the secondary market, 61% of cars are over 10 years old.
- Baku is the main destination in secondary automobile market.

Source: turbo.az

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Contact person:

Sabuhi Hamidli
Risk Management Department
Market Risk Management Division

Kamran Huseynov
Risk Management Department
Market Risk Management Division

67, Nizami str.,
AZ1005 Baku, Azerbaijan

+99412 493 00 91 (ext.: 1416)
abb-research@abb-bank.az

+99412 493 00 91 (ext.: 1440)
abb-research@abb-bank.az

The State Statistical Committee of the Republic of Azerbaijan

Thank you for your attention

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