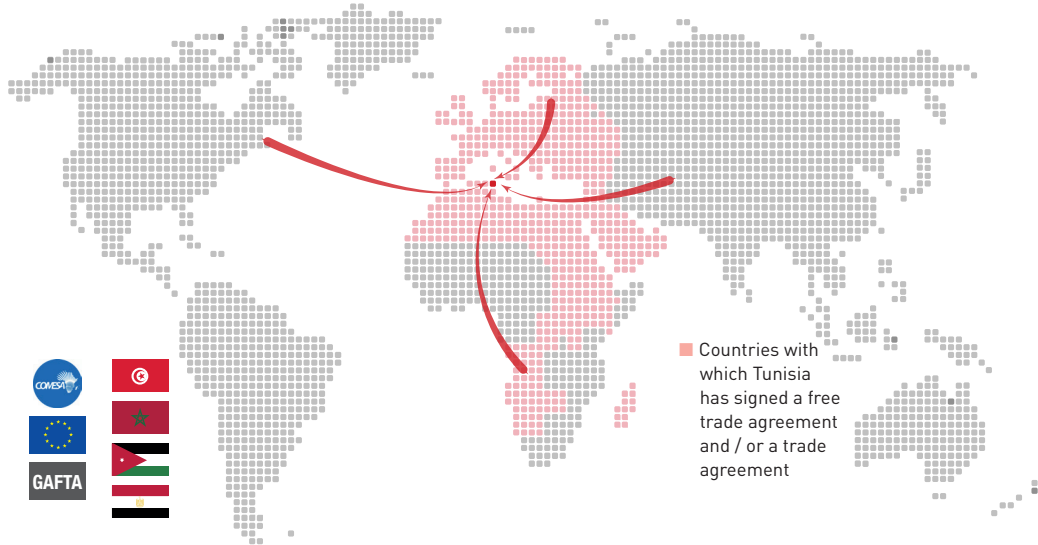


/ AUTOMOTIVE SECTOR
SECTOR PRESENTATION

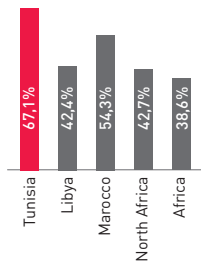
Tunisia benefits from a key geographic proximity to European countries and has signed free trade agreements with the markets of Sub-Saharan Africa, the Middle East and the European Union

A CENTRAL POSITION IN THE EUROMED AREA



Main free trade / trade agreements ratified by Tunisia

Stock of inward FDI in GDP % - 2018



Population (2018)
11,55 millions

Surface Area
163 610 km²

Time zone
GMT + 1 hour

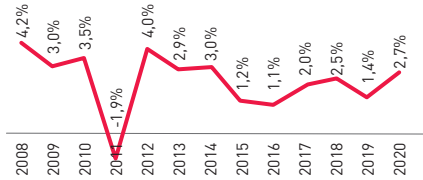
Capital Tunis
(1,07 m inhabitants)

Economic openness rate
87,7% (en 2017)

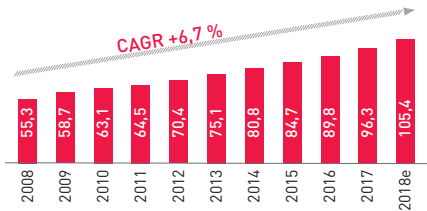
Free trade agreements
UE, COMESA, UMA, GAFTA

Source: World bank, Eurostat, CBT exchange rate on 24/07/19 1 Tunisian Dinar = 0,3119 €, INS, Deloitte analytics, World Investment Report 2019

Tunisia's growth rate rose from 1.5% in 2015 to 2.5% in 2018 - According to Government estimates, this trend is likely to continue, reaching 2.7% in 2020



Evolution of GDP in billion TND (2008-2018)



KEY FIGURES

GDP growth rate
(2018)
2,5%

GDP (\$, 2018)
39,86 m \$

GDP / capita
(PPA \$, 2018)
12 483 \$

CPI inflation
(2018)
7,3%

FDI inward stock
(2018)
26 792 m \$

Flow of foreign direct
investment (2018)
1 036 m \$

of FDI projects announced
(destination Tunisia 2018)
554

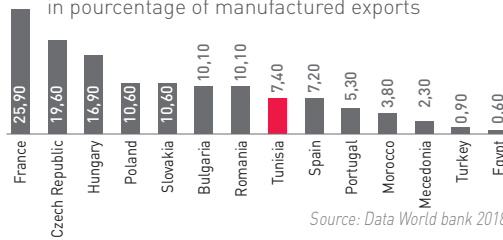
of FDI projects announced
(source Tunisia 2018)
93

Tunisia has a competitive edge compared to competing destinations on the basis of the most relevant international rankings

TUNISIA IN THE INTERNATIONAL RANKINGS

High-technology exports

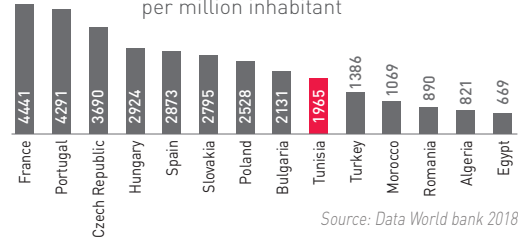
in percentage of manufactured exports



Source: Data World bank 2018

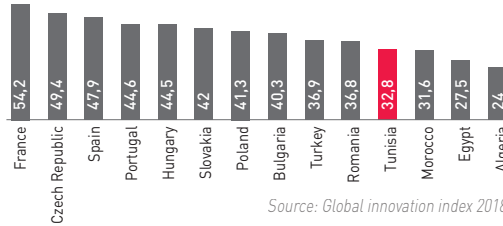
Number of researchers in R&D

per million inhabitant



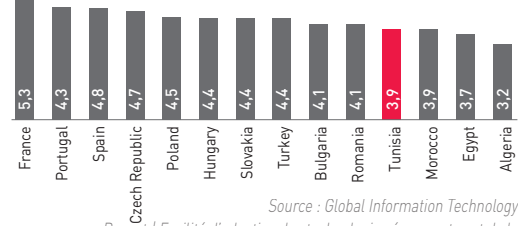
Source: Data World bank 2018

« Global innovation 2018 » Score



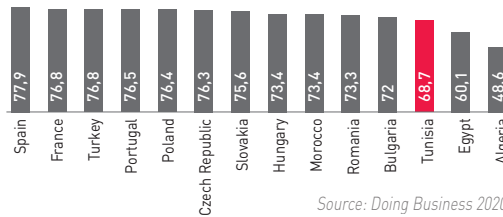
Source: Global innovation index 2018

Networked readiness index



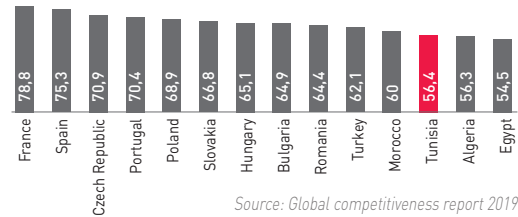
Source : Global Information Technology Report | Facilité d'adoption des technologies émergentes et de la transformation digitale = 7 étant le meilleur

Doing Business Score



Source: Doing Business 2020

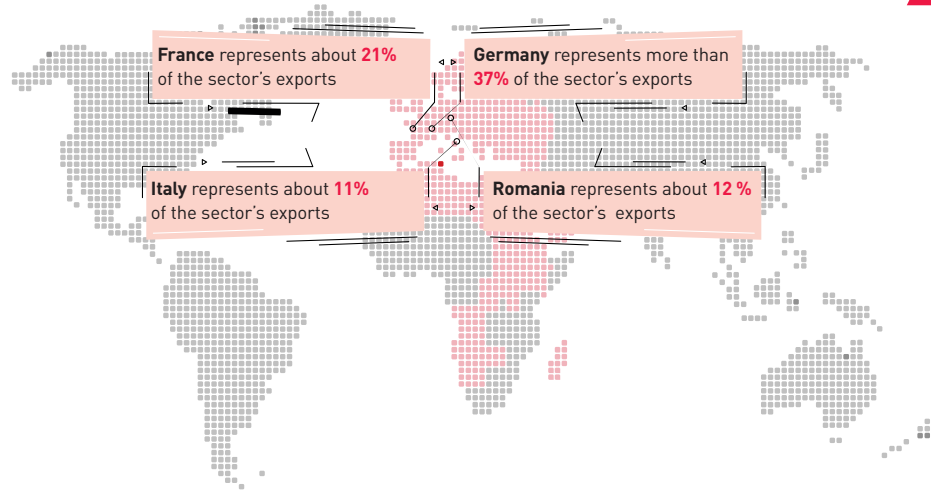
Global competitiveness index



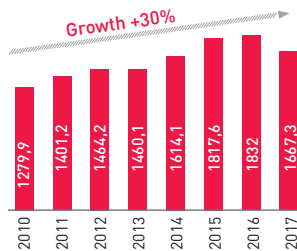
Source: Global competitiveness report 2019

The sector's exports represent around 14% of the country's total exports, growing strongly by more than 30% over the 2010 – 2017 period

BREAKDOWN OF THE SECTOR'S EXPORTS



Progress of exports
in M TND



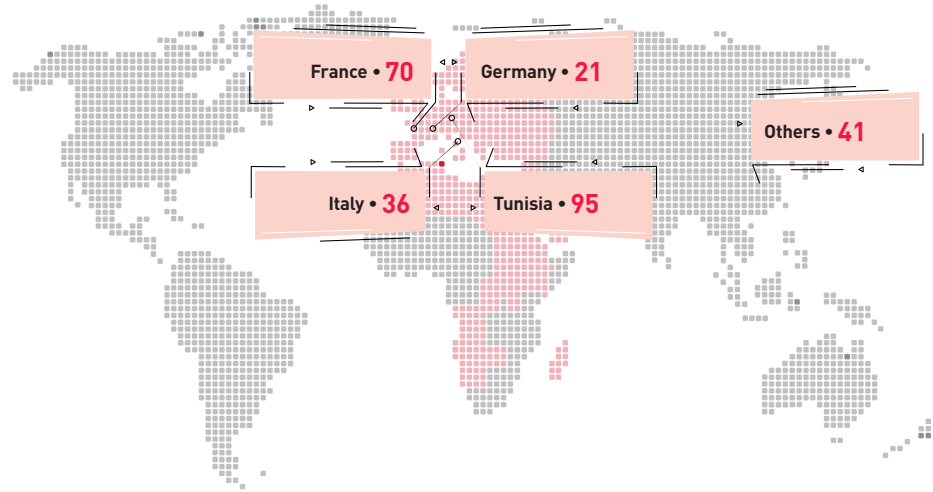
MAIN EXPORTED PRODUCTS

Tunisia ranks among the top 3 exporters of automotive components in Africa, including:

- Electrical and electronic components
- Engines and Engine components
- Design, development and industrialization
- Plastics and rubber
- Chassis and body
- Textiles and leathers
- Spare Parts

In 2018, there were more than 260 companies operating throughout the value chain, counting for nearly 4% of the Tunisian GDP

BREAKDOWN OF ESTABLISHED COMPANIES BY ORIGIN



PROGRESS OF THE NUMBER OF AUTOMOTIVE SECTOR COMPANIES



- The automotive sector contributed to **4% of the GDP**
- The automotive sector has experienced a **strong growth** and a **densification of its industrial fabric for years**, driven in particular by the establishment of new leading foreign players
- The sector now has more than **263 national and international companies** operating **throughout the entire value chain** - **65% of companies in the sector are fully exporters**

«The Tunisian Automotive Association (TAA) » is a Tunisian non-profit association bringing together key players of the automotive industry present in Tunisia

TAA THE « TUNISIAN AUTOMOTIVE ASSOCIATION »

- The Tunisian Automotive Association (TAA) is a **non-profit Tunisian association** bringing together key players from the automotive industry present in Tunisia
- The TAA aims to:
 - **Promote exchanges**, collaboration and synergy between companies in the automotive industry in Tunisia
 - **Support** the Tunisian authorities in the creation of a **favorable environment** for the development of the automotive sector in Tunisia
 - **Promote** the Tunisian automotive industrial fabric on an **international scale**
 - **Attract international investors** operating in the sector in order to strengthen local integration



CARTOGRAPHIE DES MEMBRES DE LA TAA



Tunisia has several «success stories» and international champions who have experienced strong growth in recent years



EXAMPLES OF SUCCESS STORIES AND INTERNATIONAL CHAMPIONS

- With a market share of around **19% worldwide**, COFICAB Group is one of the world leaders in **the development and production of electric cables** for motor vehicles with **connected and autonomous thermal or electric motors**
- COFICAB is the technological partner of the biggest players in the automotive industry in its sector. **The Center of Excellence of Mjez El Beb specializes in the R&D** of electrical conductors (copper, aluminum and alloys) and the design of new cables, with the aim of reducing the **space and weight of cables within vehicles, to improve their performance and reduce CO₂ emissions**

- Established since 2008, **KROMBERG & SCHUBERT** has developed a large-scale unit located on a site with a surface area exceeding 22,000 m²
- The Tunisian subsidiary **specializes in the production of cable lines** and has more than 4,000 employees as well as a regional Research and Development unit «**Kromberg & Schubert Technology Center**» located in El Ghazala Park



- **The German giant** of the cable industry for the automotive industry, **established in Tunisia since 1977**, owns **3 production units** located in **Sousse** (61,000 m²), **Mateur** and **Ezzahra**
- The company grew from 500 employees in 1996 **to the largest employer after the Tunisian state** with its **16,500 Tunisian workers and employees**
- In 2017 and on the occasion of the celebration of **40 years of existence in Tunisia**, the group reaffirmed its **will to invest in Tunisia** through extensions in Sousse and in other regions of Tunisia

The logo for LEONI, consisting of the word "LEONI" in a bold, blue, sans-serif font.

- With a production covering **95% of the European filtration system market** and a customer base in nearly 60 countries, Misfat filtration has become a recognized supplier of "Brand-name Equivalent" quality products
- Founded in 1979, the Tunisian company **employs more than 1,000 people** and produces more than **16 million filters per year**, mainly for export
- The company has developed its own **R&D center** with advanced IT and software resources for design, 3D design, digital simulation as well as its own resources for producing prototypes

The logo for misfat FILTRATION, featuring a stylized square icon with a blue and orange gradient to the left of the word "misfat" in a bold, blue, sans-serif font, with "FILTRATION" in a smaller, blue, sans-serif font below it.

A multitude
of leading
international
players based in
Tunisia

MAIN PLAYERS IN THE AUTOMOTIVE SECTOR IN TUNISIA



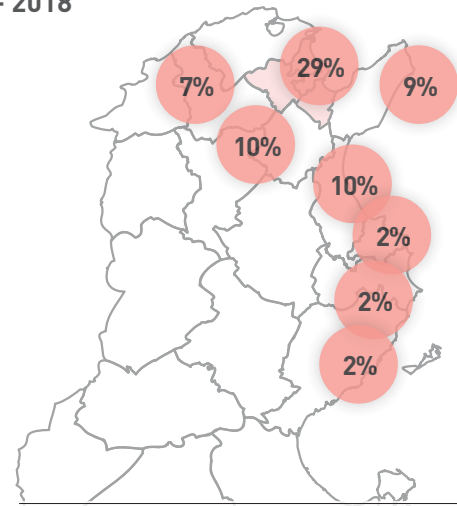
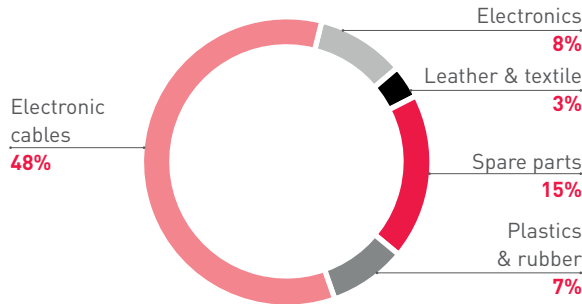
With more than 80,000 direct jobs, the sector grew by more than 130% over the 2010 - 2018 period - the wire and cable, mechanical and spare parts sectors are counting for more than 80% of the jobs

BREAKDOWN OF JOBS BY REGION - 2018

Progress of sector employability - 2018



Breakdown of jobs by branch



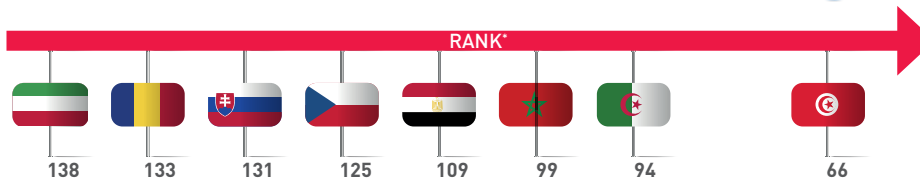
Governorate	jobs	%
Grand Tunis	19 962	29 %
Bizerte	11 291	17 %
Sousse	7 015	10 %
Zaghouan	6 735	10 %
Nabeul	5 512	9 %
Beja	4 657	7 %
Monastir	1 581	2 %
Mahdia	1 263	2 %
Sfax	1 234	2 %
Autres	8 377	13 %

According to the «Global Competitiveness Report», Tunisia ranks first in North Africa in terms of the quality of vocational training, graduates' skills and ease of access to skilled employees

A POOL OF TALENTS COVERING THE AUTOMOTIVE SECTOR'S NEEDS

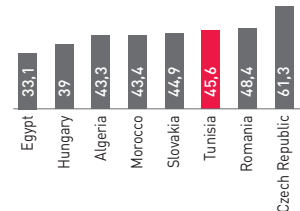
- **Over 7,500 engineers graduates annually**
- **47 Schools and establishments** (public and private), **offering engineering training**
- **25 Higher institutes of technological studies** ensuring the training of qualified middle managers and technicians and meeting the needs of companies
- **+ 60 public vocational training centers**, covering the entire Tunisian territory

Ranking of countries by ease of finding skilled employees

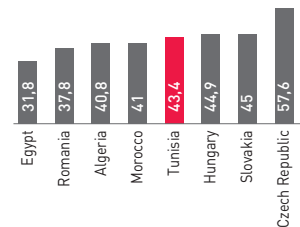


Rank « 1 » means the best

Quality of vocational training (score)

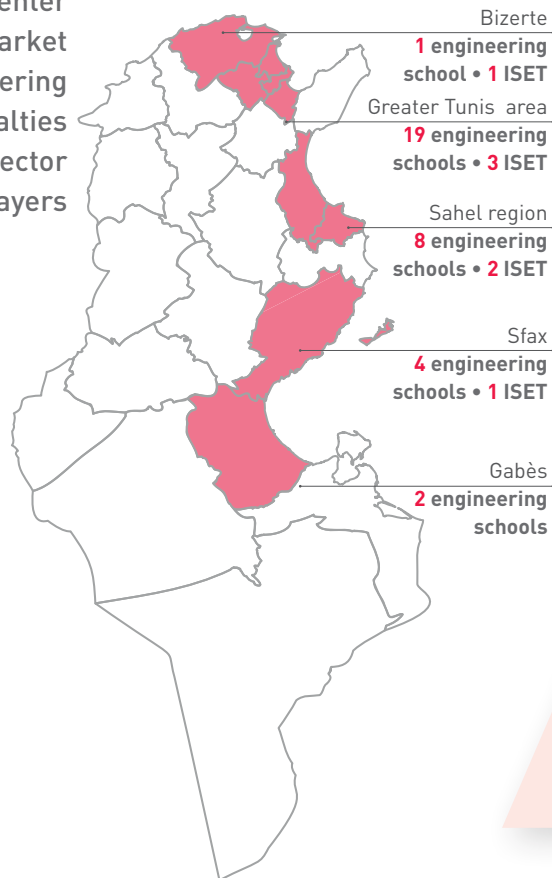


Graduates' skills (score)

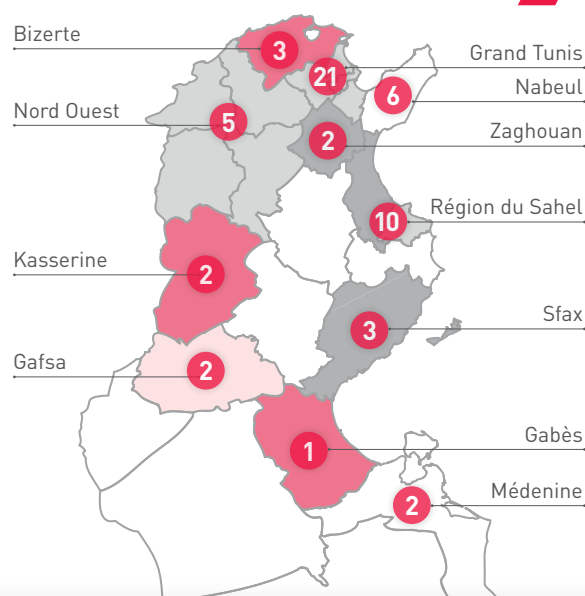


More than 7000 engineers enter the job market each year covering all the specialties sought by the sector players

DISTRIBUTION OF ENGINEERING AND ISET SCHOOLS



DISTRIBUTION OF STATE VOCATIONAL TRAINING CENTERS



+60 State vocational centers distributed all over the tunisian territory

- Automobile inspection training
- Maintenance training
- Technology training
- Electromecanical training

The cost of labor is one of the main assets of the Tunisian market - The average annual cost of a Tunisian engineer is highly competitive compared to the main competing destinations

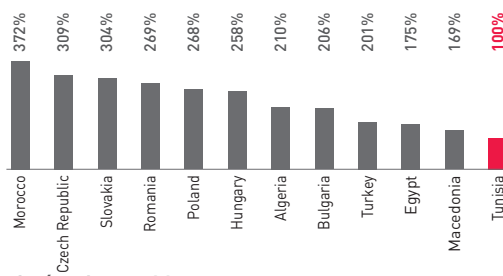
...

... the same applies to operators and technicians (1/2)

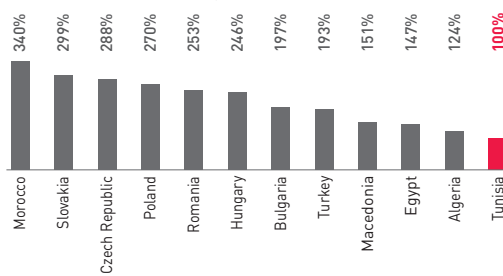
... the same applies to operators and technicians(2/2)

COST OF THE LABOR

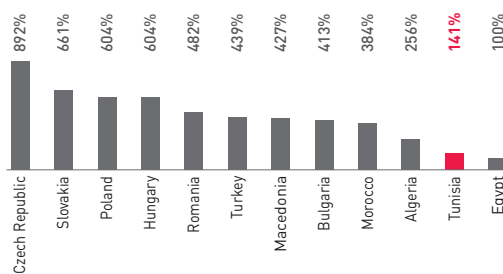
Engineer - Manager



Opérations - Manager



Operations - Operator - Professional



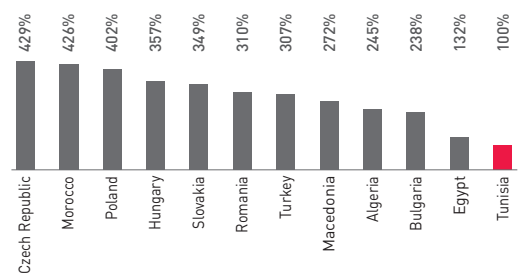
Engineer - Senior Professional



Opérations - Supervisor



Technician - Senior professional



The country has also many integrated and developed facilities promoting R&D, production and training activities ...

COMPETITIVENESS CENTERS, TECHNOPOLES AND CYBER PARKS

- **10 Competitiveness centers and Technopoles** spread over the whole Tunisian territory focusing on the promising sectors of the Tunisian economy
- **18 regional cyber parks** support new business creators during the incubation phase of business projects



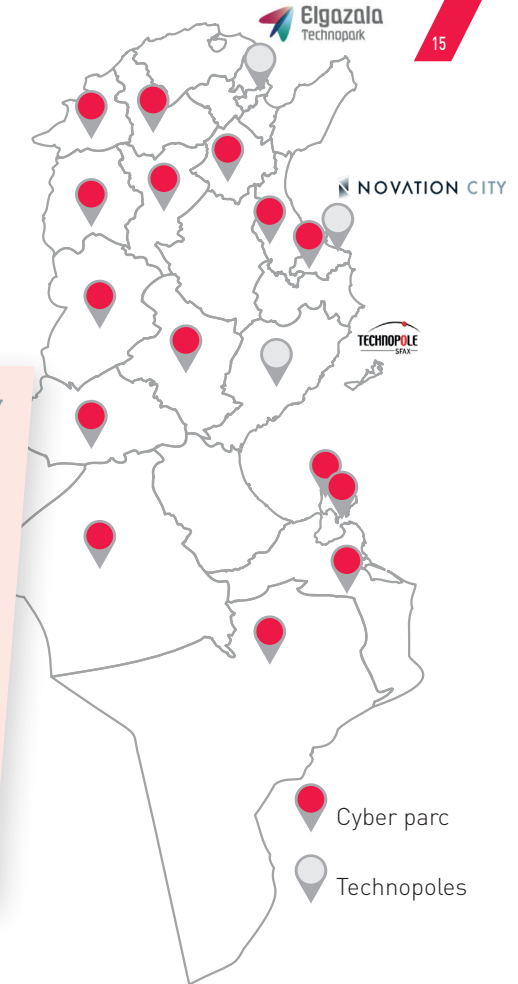
- One of the biggest technology parks in Africa
- A surface area of 155 hectares
- More than 100 national and foreign ICT companies



- A surface area of 10,5 hectares
- A R&D center
- An integrated facility to host:
 - Academic and research training activities
 - Innovation and transfer of technology activities
 - Production and development activities



- A surface area of 60 hectares
- More than 65 companies
- The technopole has 3 laboratories:
 - Microelectronic systems
 - Advanced Material Systems and nano-physical systems
 - Microsystems of physical chemical and biological weapons

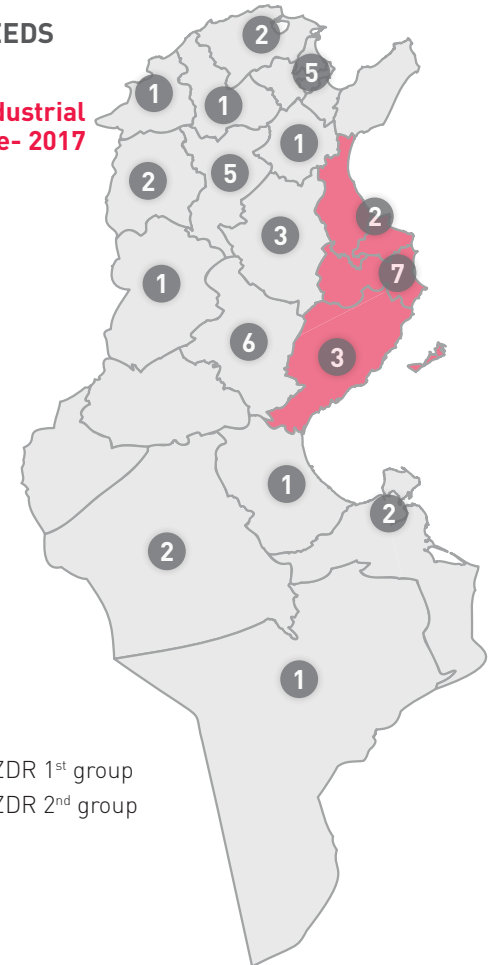


... and has set up a development program for industrial parks, in line with its national strategy for regional development

A LAND DEVELOPMENT PLAN THAT MEETS THE INDUSTRIAL SECTOR'S NEEDS

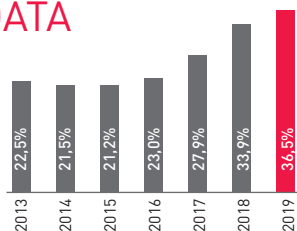
New industrial parks and industrial parks currently up for sale- 2017

- Tunisia has more than **150 industrial parks** covering **more than 10 thousand hectares**. The average price per square meter in the areas currently up for sale is about 40 TD / m² equivalent to **around 12 € / m²**
- Tunisia has set up a **2016-2020 program for the development of industrial parks** aiming to develop **more than 65 industrial parks** for a total **surface area of more than 2,000 ha** at an estimated cost of more than 650 million Dinars, distributed as follows :
 - **51 regional development zones** over a surface area of 1,508 Ha
 - **18 industrial parks** over a surface area of 746 Ha in the rest of the country
- ...as well as a **program to renovate 60 industrial parks** for a total surface area of over 1,576 ha at an estimated cost of more than 150 million Dinars, distributed as follows :
 - **20 regional development** areas over a surface area of 400 Ha
 - **40 industrial parks** over a surface area of 1,176 Ha in the rest of the country



The penetration rates of fixed and mobile internet have been growing strongly over the 2013 – 2019 period driven by the democratization of 4G and Data Boxes

PENETRATION RATE FOR FIXED TELEPHONY DATA

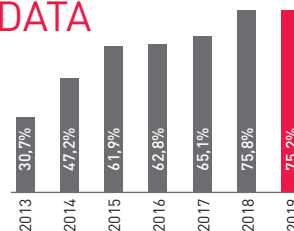


DISTRIBUTION OF SUBSCRIBERS IN FIXED TELEPHONY DATA BY CONNECTION

	4Mb/s	8Mb/s	12Mb/s	Other
2017	67,5% ▼	24,7% ▲	3,6% ▲	4,2%
2018	54,2% ▼	34,1% ▲	8,0% ▲	3,7%
April 2019	47,2% ▼	38,0% ▲	11,3% ▲	3,5%

- The **fall in internet access costs** was accompanied by a significant improvement in ADSL access with speeds of 8.MB / s and 12MB / s

PENETRATION RATE FOR MOBILE TELEPHONY DATA



- The growth in the number of internet connections **is driven by the democratization of mobile data**
- The mobile data penetration** rate was **75.2%** at the end of April 2019
- Tunisia has started preparations for the launch of **5G networks** - a study on the advisability and the technical and economic conditions for the introduction of 5G is **scheduled for the end of 2021**

The automotive sector is one of the priority sectors mentioned in the new investment law which aims to promote investment, regional development and innovations (1/2)

Type of incentive	Rate of incentive / Tax Incentives	Incentive limit
Regional Development (except negative list)	Zone 1 : 15%/ investment cost Zone 2 : 30%/ investment cost	Zone 1: 1,5 MDT Zone 2: 3 MDT
	Zone 1: Total deduction at 100% from the tax base for 5 years and payment of 10% after Taking in charge of the employer's contribution= 5 years Zone 2: Total deduction at 100% from the tax base for 10 years and payment of 10% after Taking in charge of the employer's contribution = 10 years Deduction from the corporate tax base, revenues or profits reinvested in the subscription to the initial capital or in its increase	
Priority sectors	15% /investment cost	1 MDT
	Taking in charge of the employer's contribution= 3 ans	
Economic branches	15% /investment cost	1 MDT
Infrastructure subsidy (DR)	Zone 1: 65%	10% /project cost
	Zone 2: 85%	Maximum limit 1MD

The automotive sector is one of the priority sectors mentioned in the new investment law which aims to promote investment, regional development and innovations (2/2)

Incentive Type	Incentive rate / Tax Incentives	Incentive limit
Material investment : New technologies and productivity enhancement	50% component cost	500 KD
Intangible investment	50% component cost	300 KD
Research and development expenses	50% component cost	500 KD
Certified trainings expenses	70% component cost	20 KD/company
Employability incentive	Taking in charge of the of salaries according to management rate	
Sutaible development incentives	50% component cost	300 KD

Mapping of bonuses and incentives for projects of national interest (PNI)

PROJECTS OF NATIONAL INTEREST PIN

Eligibility criteria	Process for obtaining bonuses and incentives	Bonuses and incentives
Investment cost is higher than 50 MTD or creation of minimum of 500 jobs over 3 years	Study of projects at the level of the l'Instance Tunisienne de l'Investissement (Tunisian Investment Authority)	Investment incentives within the limit of 1/3 of the investment cost with a maximum 30 MTD Tax exemption over a period up to 10 years
Meets one of the 4 objectives of the investment law	Submission to the Investment Council for approval of advantages	Infrastructure works taken in charge by the State Support for the employer's contribution to the social security scheme up to 10 years Granting of non-agricultural state land: long-term rental or in symbolic dinar

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