



NATIONAL ASSOCIATION OF AUTOMOBILE MANUFACTURERS OF SOUTH AFRICA

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PRESS RELEASE

FOR IMMEDIATE RELEASE | Monday, June 01, 2020

NAAMSA RELEASES MAY 2020 NEW VEHICLE STATS

PRETORIA: Monday, June 01, 2020: NOTE TO THE MEDIA - NAAMSA has introduced a new way of reporting and is currently renovating its data management offering to the market and will be introducing a number of value adding services that will be announced shortly. FOR THIS MONTH ONLY, NAAMSA has included the detailed breakdown of all vehicles sold by make and manufacturer during May 2020. However, it is worth noting that this information will be securely migrated and housed in our new website which will be introduced to the market soon. An announcement in this regard will be made by NAAMSA. Watch this space.

The National Association of Automobile Manufacturers of South Africa [NAAMSA] has reaffirmed the automotive industry's commitment that all health and safety measures introduced previously under the strict Alert Level 4 restrictions will remain in place during Alert Level 3 which began this morning [Monday, June 01, 2020]. It is our considered view that the robust measures we've put in place since May 05 for our manufacturers and again on May 13 for our retailers have been extensively tested and they have proven to be effective. As an industry, we will maintain and strengthen all our health and safety measures across the entire value chain as we ramp up our operations to 100% of employment under Alert Level 3.

The sector continues to take the health and safety of all its employees, suppliers, contractors, and partners very seriously and the systems we have put in place are not only robust but effective in assisting us to manage the risk of infection across the entire manufacturing environment.

"While we are under no illusion that the risk of infection remains possible as the number of new cases increase nationally and particularly across the hotspot areas, the automotive industry will stay vigilant during this time and maintain current protocols in the health and safety of all its employees who have returned to work", said Michael Mabasa, NAAMSA CEO.

Although new vehicle sales for May 2020 still reflects a substantial decline of 27 496 units or 68,0% from the 40 428 vehicles sold in May last year compared to the aggregate domestic sales of 12 932 units in May 2020, this was a noteworthy improvement from the April 2020 performance. Similarly, although export sales, at 10 819 units, also registered a big fall of 19 333 units or a decline of 64,1% compared to the 30 152 vehicles exported in May last year, this was an improvement on April 2020 considering that many of the vehicle manufacturers will only commence production in June 2020.

Overall, out of the total reported industry sales of 12 932 vehicles, an estimated 11 289 units or 87,3% represented dealer sales, 7,9% sales to government, 2,9% to industry corporate fleets, and an estimated 1,9% represented sales to the vehicle rental industry.

The May 2020 new passenger car market had registered a substantial decline of 17 083 cars or a fall of 65,4% to 9 019 units compared to the 26 102 new cars sold in May last year.

Domestic sales of new light commercial vehicles, bakkies and mini-buses at 3 073 units during May 2020 had recorded a huge decline of 9 128 units or a fall of 74,8% from the 12 201 light commercial vehicles sold during the corresponding month last year.

Sales for medium and heavy truck segments of the industry also remained weak and at 304 units and 536 units, respectively, reflected a substantial decline of 379 vehicles or a fall of 55,5% in the case of medium commercial vehicles, and, in the case of heavy trucks and buses a huge decline of 906 vehicles or a fall of 62,8% compared to the corresponding month last year.

The performance of vehicle exports over the course of 2020 remains linked to the duration of the Covid-19 pandemic and its impact on the global economy. With all the OEMs gearing up for full production from 1 June 2020 onwards and with the domestic automotive industry's major export destinations starting to ease their lockdown restrictions, vehicle export numbers are anticipated to start gaining momentum again.

New vehicle sales for May 2020 continue to reflect persistent demand weakness due to the impact of the COVID-19 pandemic as consumer and business sentiment remain severely depressed. The motor industry is currently experiencing uncharted conditions given the current unpredictability in these uncertain times. New vehicle sales are generally linked to the strength of the economy and the anticipated extent of the negative annualised GDP growth in the country therefore does not bode well for the industry over the medium term. Under normal market circumstances positive indicators such as sharp petrol price decreases, substantial interest rate drops, below-inflation vehicle price increases, dealer incentives and low inflation would support the new vehicle market. However, how far these dynamics will move consumers and businesses into new vehicle purchases over the balance of the year remains unclear. Suffice to say, the impact of COVID-19 on the new vehicle market and when the level of factory output will return to where it was before the lockdown will only become clearer once the entire motor industry becomes fully operational and prepares itself for the "new normal".

The performance of exports remains reliant on the performance and direction of global markets. The industry's export sales for the year will most likely be affected by the projected fall in global vehicle demand as a result of the impact of COVID-19.

ABOUT THE SA AUTOMOBILE INDUSTRY

- the automotive industry contributes 6.4% to GDP [4.0% manufacturing and 2.4% retail];
- total automotive revenue in South Africa amounted to R500 billion in 2019;
- in 2019, the export of vehicles and automotive components reached a record amount of R201.7 billion, equating to 15,5% of South Africa's total exports;
- the industry accounts for 27.6% of the country's manufacturing output;
- vehicles and components are exported to 151 international markets;
- we are the country's 5th largest exporting sector out of all 104 sectors;
- the manufacturing segment of the industry presently employs more than 110,000 people across its various tiers of activity [from component manufacturing to vehicle assembly];
- combined with the industry's strong multiplier effect, the industry is responsible for approximately 457,000 jobs across the South African economy's formal sector.

NOTES FOR EDITORS

- NAAMSA is a pre-eminent industry representative that actively and responsibly represents, promote, advance, and protect the interests of local manufacturers and assemblers of passenger, light and heavy commercial vehicles as well as major importers and distributors of new vehicles in South Africa. We represent 41 companies;
- Our vision is to be the most credible and respected thought leader and partner of a globally competitive and transformed automotive industry that actively contribute to the sustainable development of South Africa;
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