



NATIONAL ASSOCIATION OF AUTOMOBILE MANUFACTURERS OF SOUTH AFRICA

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PRESS RELEASE

FOR IMMEDIATE RELEASE | Wednesday, July 01, 2020

NAAMSA RELEASES JUNE 2020 NEW VEHICLE STATS

PRETORIA: Wednesday, July 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. However, it is worth noting that this information will be securely migrated and housed in our new website that will be launched soon.

The entire motor industry was able to resume full operation in June 2020 under the current COVID-19 country lockdown restrictions. Although markedly up from the previous two months, the new vehicle market continued to remain under severe pressure. June 2020 new vehicle sales still reflects a substantial decline of 14 086 units or 30,7% from the 45 953 vehicles sold in June last year compared to the aggregate domestic sales of 31 867 units in June 2020. Export sales, at 18 796 units, also registered a fall of 11 871 units or a decline of 38,7% compared to the 30 667 vehicles exported in June 2019.

Overall, out of the total reported industry sales of 31 867 vehicles, an estimated 29 100 units or 91,3% represented dealer sales, 4,6% sales to government, 3,7% to industry corporate fleets, and an estimated 0,4% represented sales to the vehicle rental industry.

The June 2020 new passenger car market had registered a substantial decline of 9 667 cars or a fall of 33,4% to 19 264 units compared to the 28 931 new cars sold in June last year. With the tourism sector still under lockdown restrictions, there was virtually no contribution by the car rental industry to support the market as is normally the case this time of the year.

Domestic sales of new light commercial vehicles, bakkies and mini-buses at 10 189 units during June 2020 had recorded a sizeable decline of 4 308 units or a fall of 29,7% from the 14 497 light commercial vehicles sold during the corresponding month last year.

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Elected Office Bearers: President | **Tim ABBOTT**, Chief Executive Officer, BMW Group South Africa, and Sub Saharan Africa;
Vice-President: Manufacturers | **Neale HILL**, Managing Director, Ford Motor Company of Southern Africa;
Vice-President: Importers and Distributors | **Gary SCOTT**, Chief Executive Officer, Kia Motors South Africa [Pty] Ltd;
Immediate Past President | **Andrew KIRBY**, Chief Executive Officer, Toyota South Africa [Pty] Ltd.

Executive Director: **Michael M. MABASA**: NAAMSA Chief Executive Officer | PBO No.: 930/023/609 | VAT No.: 4070109972

Sales for medium and heavy truck segments of the industry reflected a mix performance and at 611 units and 1 803 units, respectively, reflected a huge decline of 221 vehicles or a fall of 26,6% in the case of medium commercial vehicles, and, in the case of heavy trucks and buses a welcomed increase of 110 vehicles or a gain of 6,5% compared to the corresponding month last year.

Vehicle exports for the first half of year currently reflects a massive decline of 40,3% compared to the same period 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 health of the global economy. With the entire motor industry easing into full operation from 1 June 2020 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.

The outlook on domestic demand for new vehicle continues to remain under severe pressure. Middle class disposable income was already under huge strain prior to the national lockdown resulting from COVID-19, which has significantly exacerbated the already weak macro-economic climate in the country. National Treasury now expects the local economy to shrink by 7,2% in 2020, its largest contraction in almost a century. Although the ABSA Purchasing Managers' Index (PMI) shows that conditions continued to improve in the South African manufacturing sector, this should be seen in the context that most of the sector came to a near standstill during the nationwide Level 5 lockdown in April and only partially returned to normal production levels in May 2020. Despite the monthly uptick, production still remained below pre-COVID-19 capacity. The uncertainty of the anticipated impact and extent of COVID-19 cause planning constraints and the industry's responsiveness to react and adapt to market changes remain imperative going forward. 2020 will be a difficult year for the industry with a significant projected decline in the new vehicle market and will be testing the renowned resilience of the industry.

As far as vehicle export sales are concerned, economic activity has declined drastically in countries and regions where lockdowns have been enforced and the recovery timeframe is difficult to predict. The industry's export sales for the year will be impacted by the health of global economy and vehicle exports will likely decline due to 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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- More information can be found on www.naamsa.co.za.

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