

Your story matters



Absa Business Banking

Enterprise Development

Kgalaletso Tlhoaele

Executive : Enterprise Development

02 October 2025

An introduction to the sector

The Automotive Sector is a dynamic industry which can experience rapid change in a short space of time, making it lucrative for the right type of investment

Growth in this industry is largely explained by the nature of competition and changing consumer demands. The industry is made up of an entire value chain which includes players from various sectors from Manufacturing to Trade. This industry has seen a transition over the past few years, driven by various factors that have contributed to changes in the economy.

The proportion of income generated by large enterprises (**R1bn turnover p.a. +**) has **declined over time**. In contrast, the contribution of both **medium and small enterprises (between R5m and R500m turnover p.a.)** to total income has increased. This shift suggests two possibilities – large enterprises downsizing operations and/or the industry opening up to more medium and small firms.

The tyre segment is the largest followed by vehicles parts, lubricants, batteries, brake parts and paint

What drives change in this sector?

There are various drivers of growth and change in this industry, which can be divided into two main categories. Consumer preferences are a major influencer of decisions that affect change as consumers are ultimately the biggest group of end users in the value chain. It follows that the economy will also have an impact on the performance of this industry.

Consumer preferences	Economic influences
Styling	Inflation
Safety	Interest rates
Fuel efficiency	Disposable income
Environmental friendliness	Taxation
Comfort	Political and social influence
Value/price	Government involvement and support
Parts and Service accessibility	Epidemics

The players in this industry

- Manufacturers, Exporters and importers (factories and warehouses)
- Dealer groups/OEM joint ventures, agencies and franchises
- Brokers, auction houses and wholesalers
- Independent dealers and distributors
- Equipment and parts suppliers
- Motor care industry
- After-market services (modifications e.g. sound and accessories)
- Services and repairs operators (general repairs, suspension etc.)

Quick facts



The motor trade industry is an employer of note, contributing to 3.4% of total formal employment. This equates to around 250k jobs



Profit margins are generally very low in this industry (around 2-3% net) (used cars, parts and accessories show double digit margins)



The industry is quite resilient and relatively immune to tough times, as it contains many defensive, inelastic income contributors (used vehicles, parts and accessories)



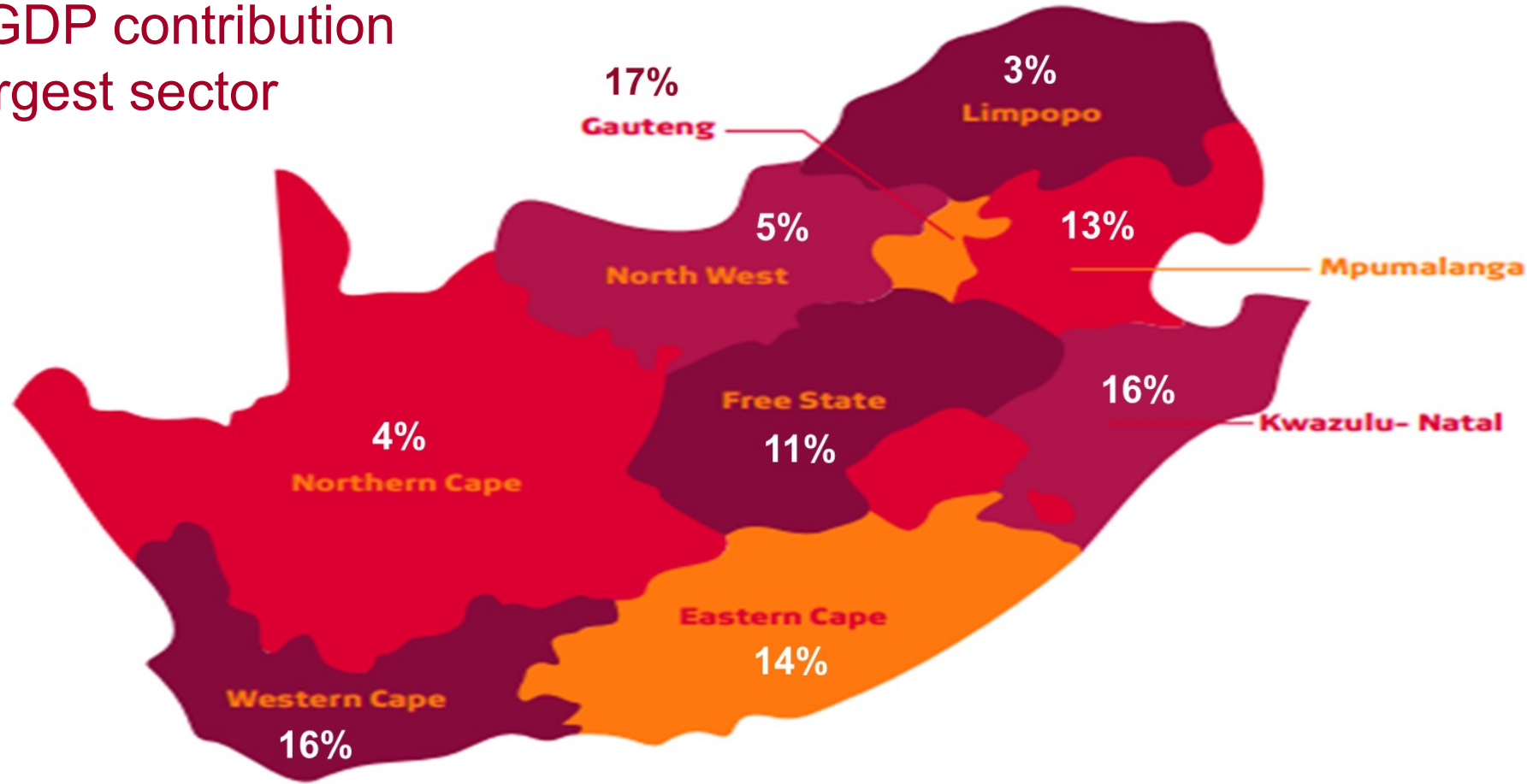
There are high levels of competition within the industry, as barriers to entry in some subsectors are very low – anyone can buy, sell and fix cars



The biggest cost element in this industry by far is purchases, followed by salaries and wages, and rental

Manufacturing sector contribution to provincial GDP

13% GDP contribution
4th Largest sector



Province contribution to GDP

GP: 33%
KZN: 15.9%
WC: 13.9%
MP: 8.0%
LP: 7.7%
EC: 7.6%
NW: 6.6%
FS: 4.9%
NC: 2.2%

13.9%

Manufacturing Sector Support Programms

AIDC Partnership - Absa & AIDC have signed an MOA where they will collaborate to develop SMEs through the following .



Business Development Support:

Training, Coaching & mentorship

The objective is to assist SMMEs to: Grow into profitable and sustainable businesses, be lending and supplier ready based on the client's needs.

Access to markets

The objective is to: Position the beneficiaries as suitable suppliers to potential buyers within their target markets, creating different market opportunities

Access to finance

The Objective is to assist SME's to: Be funding ready and easily access funding, educating clients to understand the requirements for applying for credit

Growing your Business Through Enterprise Development

Non-financial Support

In 2025 the bank has supported the following initiatives in partnership with AIDC



Best Practice Tour – Absa collaborated with AIDC Gauteng and sponsored 5 SMEs to India. The objective was for the SMEs to learn from World Class Manufacturing Companies their strategies and methods with the intention of implementing similar practices in their businesses



Smart Procurement Indaba
Sponsored 5 SMEs to exhibit at the leading market access platform connecting SMME suppliers with key buyers and industry leaders.



NAACAM - Exhibition opportunity to 3 SMEs

Enterprise and Supplier Development

Key Support Elements

Specialist Teams

- Trade and working capital
- Commercial Asset Finance
- Commercial Property Finance
- Structured finance
- Foreign exchange
- Coverage

We partner with our corporate clients to develop SMEs in their supply & distribution chains through providing:

- Development finance solutions
- Access to market opportunities
- Technology platforms to facilitate corporate lending to the SMEs
- Access to business development services, including incubation, training, mentoring
- Access to tools & infrastructure

Enterprise Development

Post Lending Management

- Monitor and anticipate events in SME financials
- Performance analysis discussions with SMEs (outline plans on how to deal with identified opportunities and challenges)
- Sessions with relevant corporates re: affected SMEs to discuss their performance reports (outline plans on how to deal with identified opportunities and challenges)
- Action all commitments relating to the business

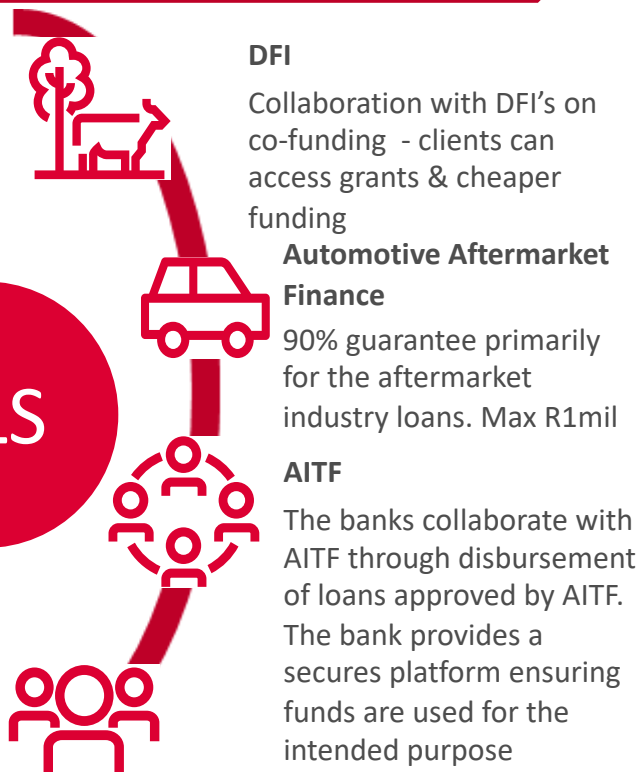
- Access to markets through exhibitions platforms for SME's
- Access to online procurement platforms
- Access to funding through lending backed grants
- Access to business insights, thought leadership, compliance and accounting packages

Business Development Support

Funding Partnerships

The fundamental objective of the Alternative Lending Solutions is to provide access to finance opportunities to profitable 50%+ BEE existing and new companies that do not qualify for finance because of lack of or insufficient collateral, when it is required.

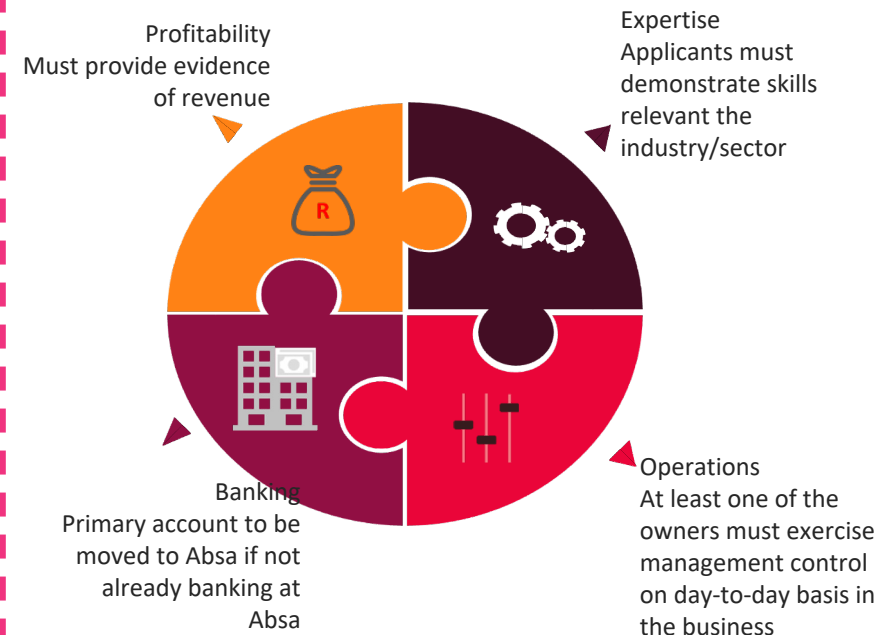
Solutions



Benefits



Basic Criteria⁴



Minimum loan amounts: R150 thousand to R30 million

Products: Term Loans, Commercial Asset Finance, Overdrafts. All products for Agriculture.

Exclusions: Non-SA residents | Non-profit organizations. | Gambling/Casinos | Finance for Weapons & Ammunition | Self-enrichment (Where own security exists) | Financing existing debt

) Thank you (