

PRESS RELEASE

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NEW VEHICLE SALES STRAINED BY SARB INTEREST RATES HIKES AND THE NATIONAL SHUTDOWN naamsa RELEASES NEW VEHICLE STATS FOR MARCH 2023

CITY OF TSHWANE: Monday, April 03, 2023: naamsa | The Automotive Business Council said that the South African Reserve Bank [SARB] interest rates increase by 50-basis point to 7,75% repo rate and prime lending rate at 11,25% is already having an impact on a shrinking disposable income purse many consumers rely on when making new vehicle sales decisions. Reflecting on the March 2023 vehicle sales, naamsa CEO, Mikel MABASA said for many South African households, buying a brand-new car is the second most-important investment. The perceived continued increase in interest rates would likely have a negative impact on the already severely financially constraint consumers' affordability to purchase vehicles and/or to service their car loan repayments.

Coupled with the effects of interest hikes and the Human Rights Day holiday, the new vehicle sales and exports sales modest performance were also impacted by the National Shutdown on 20 March 2023, as many dealers opted to close shop and vehicle manufacturers operating in hotspot metros also halted production during the shutdown.

For the period under review, aggregate domestic new vehicle sales, recorded at 50,157 units reflected a decline of 308 units, or 0,6%, from the 50,465 new vehicles sold in March 2022. Overall, out of the total reported industry sales of 50,157 vehicles, an estimated 43,801 units or 87,3% represented dealer sales, an estimated 6,1% represented sales to the vehicle rental industry, 4,1% to government, and 2,5% to industry corporate fleet.

For vehicles segmentation, the March 2023 new passenger car market at 31,631 units had registered decline of 2,157 cars, or 6,4%, compared to the 33,788 new passenger cars sold in March 2022. The car dealer industry supported the new passenger car market for March 2023 and accounted for 85,9% of sales. Domestic sales of new light commercial vehicles, bakkies and minibuses at 15,529 units during March 2023, had increased by 1,556 units, or 11,1%, from the 13,973 light commercial vehicles sold during March 2022.

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Non-Executive Directors: Neale HILL [President] | Billy TOM [Vice-President: Manufacturing OEMs] | Gary SCOTT [Vice-President: Retailing OEMs] | Filip VAN DEN HEEDE [Vice-President: Heavy Commercial OEMs] | Andrew KIRBY [Immediate Past President]

Executive Director: Mikel MABASA [Chief Executive Officer]

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Sales for medium and heavy truck segments of the industry reflected a good performance for March 2023, recorded at 870 units and 2,127 units, respectively, which is an increase of 80 units, or 10,1% in the case of medium commercial vehicles, and, in the case of heavy trucks and buses an increase 213 vehicles, or 11,1%, compared to the corresponding month last year. For the year-to-date vehicle statistics, the domestic vehicle sales for March 2023, at 139,437 units, recorded an increase of 3,245 units, or 2,4% compared to the same period last year. In terms of the month-on-month comparison, March 2023 increased by 4,959 units or 10,9% compared to 45,198 new vehicle sales units recorded for February 2023.

The export sales recorded an increase of 1,026 units, or 3,1% to 34,134 units in March 2023 compared to the 33,108 vehicles exported in March of last year. The year-to-date vehicle exports recorded at 84,774 units were 4,2% below the level of the corresponding period 2022, recorded at 88,363 units. The month-on-month export sales reflected an increase 3,922 units or 12,9% for March 2023 at 34,134 units, compared to the 30,212 export vehicle units recorded for February 2023.

Notwithstanding the geographical disparities in the global pace of New Energy Vehicles transformation, the SA automotive industry, like all other car production markets globally is currently undergoing an exciting industry re-invention and transformation cycle marked by carbon neutrality goals, cutting edge technology, and an electrified propulsion moment for transportation. The following table summarises the New Energy Vehicles annual aggregate industry sales in SA by market for the past 5 years, including YTD February 2023:

Fuel Type	2018	2019	2020	2021	2022	YTD 2023 Feb
Electric	58	154	92	218	502	160
Plug-in Hybrid	89	72	77	51	122	23
Traditional Hybrid	55	181	155	627	4050	990
Total	202	407	324	896	4674	1173

Source: naamsa, Lightstone Auto, 2023

While vehicle production is ramping up and the overall performance vehicle sales and exports sales has been steadily increasing, the continued monetary policy tightening, domestic and global slowing growth, as well as energy shortages will have greater spill over to the overall performance of the industry. With this being said, **naamsa** remains upbeat that our forecast for domestic sales will grow by 6,3% [at 563,000 units] for 2023 and export sales will grow by 8,3% [380,900 units] - **ENDS**.

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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