

PRESS RELEASE

FOR IMMEDIATE RELEASE | Thursday, June 01, 2023

“INTEREST RATE HIKES, GEOPOLITICS PERCEPTIONS AND LOADSHEDDING POTENTIAL DELETERIOUS EFFECTS ON SA’s AUTOMOTIVE OPERATIONS” naamsa NEW VEHICLE STATS RELEASE FOR MAY 2023

CITY OF TSHWANE: Thursday, June 01, 2023: **naamsa** CEO Mikel MABASA said “the automotive industry is facing multiple headwinds including: the recent escalation of interest rates hikes; the depreciation of the currency on the back of geo-political risk reputation around the Russia-Ukraine war; sectoral supply chain disruptions; as well as producer and consumer inflationary pressures. An unprecedented operational environment is now redefining the performance of the automotive industry, with record high externalities for decades. These ongoing negative domestic and global economic activities directly affect the production mechanisms of the industry and therefore, the cost of doing business in South Africa”.

Following the 10th consecutive interest rate hike announcement by the South African Reserve Bank [SARB] in May 2023 at 50 basis points resulting in a 14-year high 7,75% repo rate and 11,25% prime lending rate. For the first time, inconsistent with emerging market currencies, the Rand went into a free flow mode to record lows. To top it all, by 17:00pm on 09 May 2023, South Africa had been in the dark for as long as the entirety of 2022. To date, South Africans have spent 27% of the year without power, compared to 9,5% of 2022 and the situation is likely to get worse as the winter season intensifies. A loadshedding bound economy will cause irreparable harm to the automotive industry which has become the successful cornerstone of industrialisation and development in South Africa.

Globally, recession concerns have gained prominence, while concerns over the high inflation environment continue to persist. For SA, the risks are heavily tilted downwards, especially as debt levels continue to grow to record high levels. The likelihood of further monetary tightening is very high as inflation remains stickier than expected. On geo-political issues, the vehicle export performance continues to be affected by the stagflation shocks, amplified by the protracted Russia/Ukraine geo-political conflict. This has seen GDP growth in some of South Africa's key export destinations, such as the UK, the US, and Europe, moderate sharply compared to 2022 trends.

Page 1 of 3

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

Executive Director: Mikel MABASA [Chief Executive Officer]

Registered Information: **naamsa** NPC, trading as The Automotive Business Council
Registration No.: 2021/358607/08 | VAT No.: 4750308951 | PBO No.: 930/023/609

Business sentiment is riding a pessimistic tide, with threats on the certainty of South Africa's future participation in AGOA now entering a realm of speculation. An element now requiring a swift response from government to ease speculations. Equally so, the **naamsa** in-house leading business confidence indicator of current and future developments in the domestic automotive industry namely, the **naamsa** CEOs Confidence Index reflected a gloomy outlook for nearly all of the automotive industry's key performance indicators over the next three months.

MAY 2023 VEHICLE STATISTICS

Aggregate industry new vehicle sales for May 2023, at 43,060 units recorded a significant increase of 3,959 vehicles or a gain of 10,1% compared to the aggregate new vehicle sales of 39,101 units recorded for the corresponding month of May 2022. The May 2023 new passenger car market and light commercial vehicle market reflected year on year volume increase of 0,1% or 15 units in the case of new passenger cars, recorded at 27,401, from 27,386 recorded for May 2022, and a substantial increase in the case of light commercial vehicles of 38,5% or 3,564 units. Sales of medium commercial vehicles recorded an increase of 2,7% or 15 units at 580 compared to the corresponding month of May 2022 at 565. Heavy commercial segments, which include HCV, extra heavy duties, and Bus sales improved by 365 units, or 19,3% at 2,254 units in May 2023, compared to the same period last year recorded at 1,889 units.

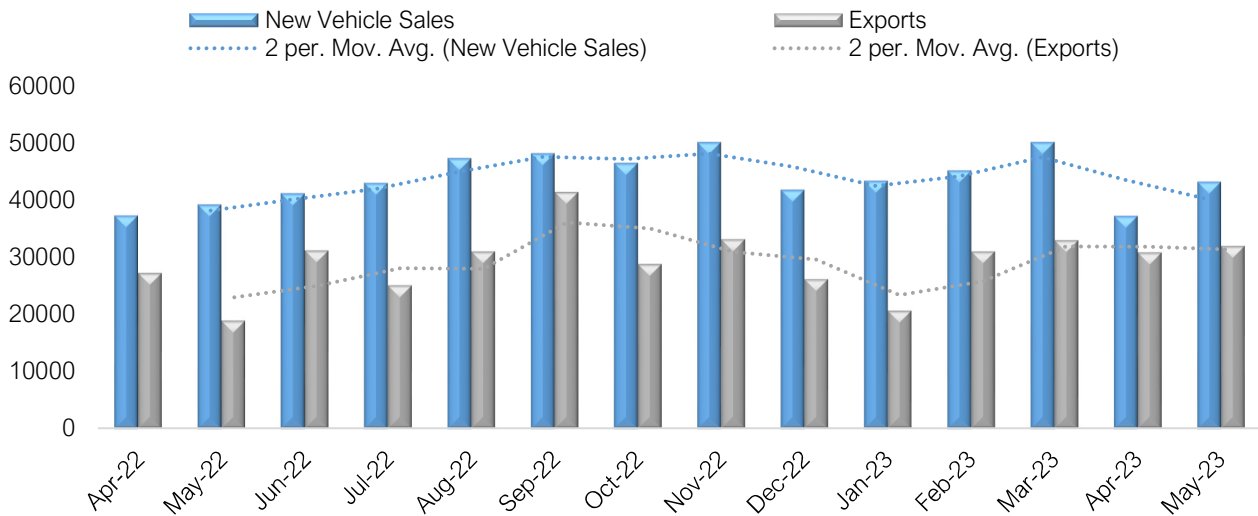
Out of the total reported Industry sales of 43,060 vehicles, an estimated 38,872 units or 90,2% represents dealer sales, 4,9% represents vehicle rental industry sales at 2,100 units, 2,7% represents industry corporate fleets at 1,164 units and 2,2% represents government sales at 924 units.

For the Year-To-Date vehicle statistics, the domestic vehicle sales for May 2023 YTD, at 218,869 units, signifies an increase of 6,381 units, or 3,0% compared to the same period last year recorded at 212,488 units. In terms of the month-on-month comparison, May 2023 new vehicle sales recorded at 43,060 units signifies an increase of 5,822 units or volume increase of 15,6% compared to the April 2023 vehicle sales recorded at 37,238 units. The month-on-month passenger car increased by 3,042 units or 12,5% from 24,359 units recorded in April 2023 to 27,401 units recorded in May 2023. Month-on-month light commercials improved by 2,226 units or a gain of 21,0% from 10,599 units recorded for April 2023, to 12,825 units recorded for May 2023.

May 2023 export sales recorded 31,437 showed a record high improvement at 12,498 vehicles or a remarkable gain of 67,5% compared to the modest vehicles exports during May 2022 at 19,007 units. Ford and Amarok new bakkies manufacturing boosted the vehicle export numbers for May 2023, while the significant marginal difference in exports stats between May 2023 and low-base May 2022 was as a result of last year's [2022] vehicle export knock-on effects of the severe floods disruptions in KwaZulu-Natal on the automotive supply chain and damages to the Toyota facility, along with a widespread decline in economic momentum around the globe, weighed severely on vehicle exports.

The May 2023 year-to-date [May 2023 YTD] vehicle exports at 146,985 units, reflected an increase of 12,498 units or 9,3% volume increase from the 134,487 units recorded for May 2022 YTD. The month-on-month export sales reflected an increase of 1,492 units or 4,9% from 30,341 export vehicle units recorded for April 2023, to 31,833 units recorded for May 2023.

Monthly Vehicle Sales and Exports Trends May 2022 - May 2023



The Year-to-Date NEV Sales Stats [as at April 2023] are recorded as follows:

Fuel Type	YTD April 2022	YTD April 2023	% Change
Electric	138	284	105,8%
Plug-in Hybrid	55	43	-21,8%
Traditional Hybrid	1,599	1,725	7,9%
Total	1,792	2,052	14,5%

On a positive note, New Energy Vehicle [NEV] sales volume by 16 industry brands increased by 14,5% or 260 units from 1,792 recorded for YTD April 2022, to 2,052 units recorded in YTD April 2023. Electric vehicle volumes increased by 105,8% for YTD 2023, compared to the same period last year, traditional hybrid increased by 7,9%, while plug-in vehicles decreased by 21,8%.

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;
- Enquiries: Mikel M. MABASA, Chief Executive Officer, mikel@naamsa.co.za,
- Contact Numbers: +27128070152 or +27829096621;
- More information can be found on www.naamsa.co.za.

naamsa OFFICES: PRETORIA | Thursday, June 01, 2023