Israel Vehicle Importers Association –

Monthly Review November 2020

Preface – Economic Climate

The Israeli economy is an advanced economy that belongs to the OECD organization. The GDP per capita is $ 44,566 and the growth rate in 2010-2019 was the average annual growth rate of 3.3% per year. At the beginning of the Corona crisis, the debt-to-GDP ratio was 60% and was one of the lowest in the Western world. The government deficit was 3.7% and the unemployment rate was 3.4%.

The Corona crisis has affected the Israeli economy significantly, as have other economies in the world. The deficit in 2020 is 11.1% from the GDP and expected to grow up to 12% by the end of the year. The debt-to-GDP ratio is 71.7% will grow by the end of 2021 up to 78%. The unemployment rate rose to 4.7% but the unofficial unemployment rate climbed to about 14.7%. Along with the economic crisis in Israel, there is also a political complexity that makes it difficult for the government to pass a budget and formulate a coherent economic policy. On the other hand, from a monetary point of view, the crisis is being managed professionally by the Bank of Israel, which is monitoring the local credit market and solving liquidity problems through plans to purchase bonds and keep interest rates low.

The second lockdown introduced in Israel since mid-September has preceded many developed countries that have entered the lockdown or significantly increased the restrictions in recent weeks. Similar to the first lockdown, the recovery from the second lockdown in Israel appears to be rapid in a variety of economic indicators, such as purchases with credit cards and fuel consumption. However, the harm to employment continues to be significant, especially in industries that are still subject to health restrictions. Global forecasts have been updated upwards for 2020 but they anticipate a slower

recovery in 2021, in light of the estimate that it will take several months for the vaccines to be distributed to an extent that will avoid restrictions on economic activity.

Statistical Profile: Israel November 2020

Society

Population: 9.267 Million

Economy

GDP per capita (Q3 2020): $44,566

Inflation: -0.79% Annual Growth Rate

Current Account Balance (Q4 2019): 3.01% of GDP

Trade in Goods and Services (Q3 2020): $50.2 billion

Finance

US Dollar Exchange rate (Q3 2020): NIS 3.36

Euro Exchange rate (Q3 2020): NIS 3.97

Long-term interest rates: 0.82% Per Annum

Short-term interest rates: 0.03% Per Annum

Government

Debt to GDP ratio (November 2020): 71.7%

Defecit to GDP (November 2020): 11.1%

Motorization

Level of Motorization (Q4 2019): 394 Vehicles/1,000 Residence

Innovation and Technology

Gross Domestic Spending on R&D (2018): 4.94% of GDP

Environment

CO2 Emissions (2017): 7.3 Tonnes Per Capita

Jobs

Employment Rate (Q3 2020): 66.15% of Working Age Population

Official Unemployment Rate (October 2020): 4.7% of Labour Force

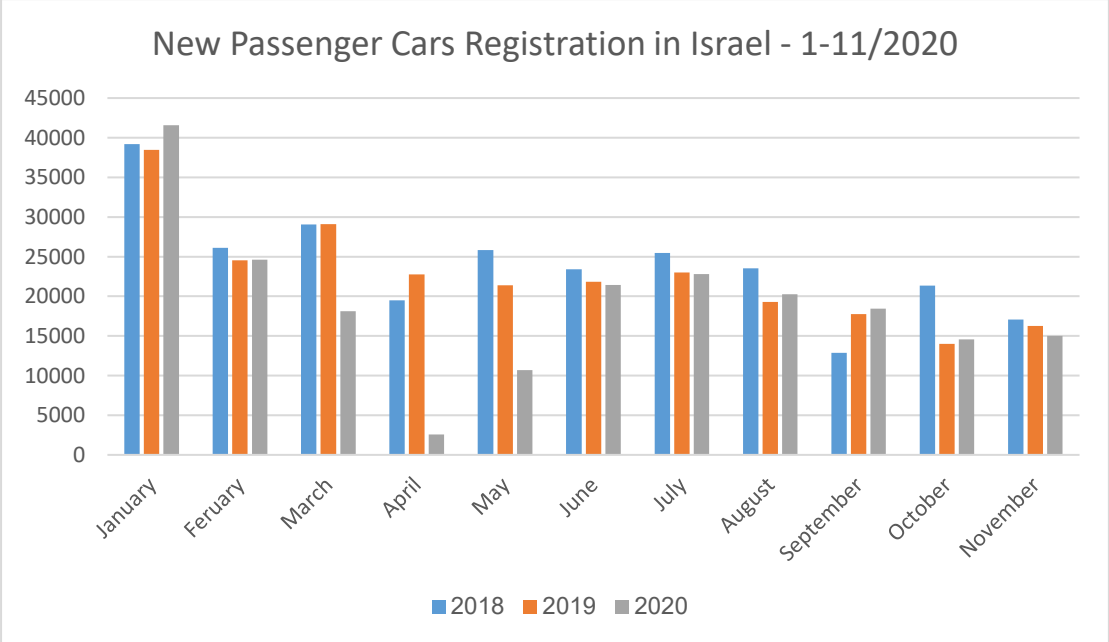
Unofficial Unemployment Rate (including non-paid absence due to Corona): 14.6%

New Cars and CV Registrations

Israel New Passenger Car Registration – November 2020

Passenger car registration: -15.4% eleven months into 2020; -7.86% in November.

In November, the Israeli passenger car market registered a decrease of 7.86% compared with November 2019, with 15,000 new registrations. From January 2020, the market dropped 15.4% - 210,086 units in 2020 compared with 248,357 last year.



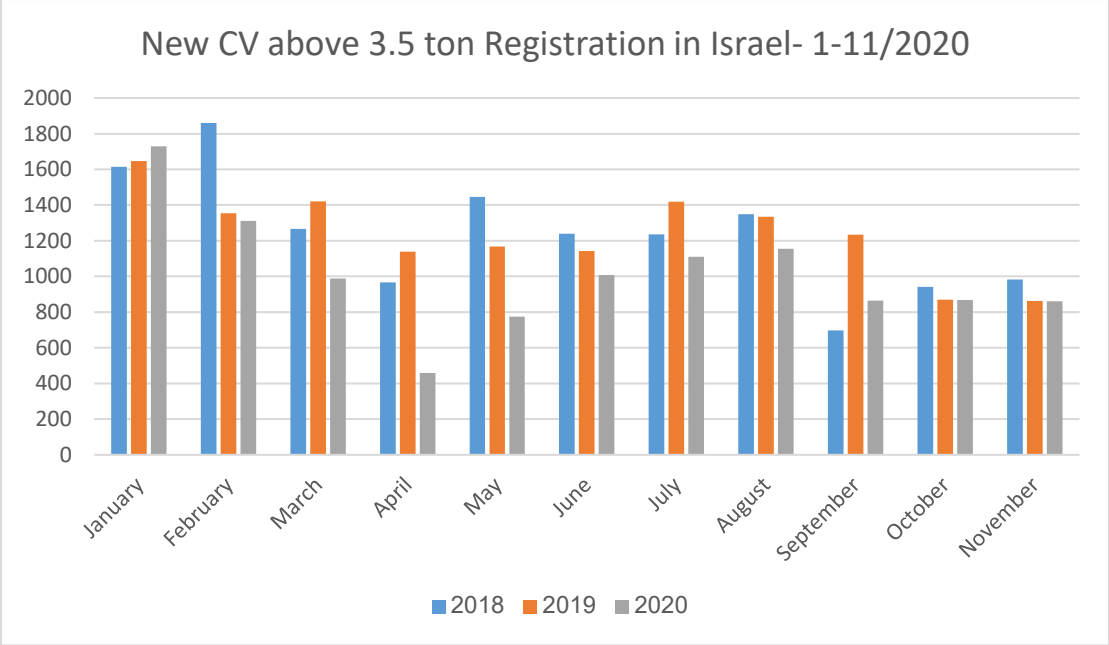
New Passenger Cars Registration in Israel 1-11/2020
According to Brands

No.	Brand	November					Jan-Nov				
		Share%		Units		Change%	Share%		Units		Change%
		2020	2019	2020	2019	20/19	2020	2019	2020	2019	20/19
1	Hyundai	18.6	14.8	2640	2409	9.6	15.8	16.0	33278	39825	-16.4
2	Toyota	22.6	14.2	3203	2311	38.6	13.3	14.0	27891	34866	-20.0
3	Kia	12.0	14.9	1707	2424	-29.6	11.9	12.6	25065	31312	-20.0
4	Skoda	5.7	4.2	813	688	18.1	8.5	7.1	17855	17751	0.6
5	Mitsubishi	3.3	4.0	470	652	-27.9	6.1	5.7	12800	14207	-9.9
6	Seat	2.1	4.4	299	713	-58.0	4.9	3.6	10201	8957	13.9
7	Mazda	4.3	3.2	608	514	18.3	4.5	4.3	9353	10671	-12.4
8	Suzuki	5.8	4.8	825	784	5.2	4.1	4.9	8523	12077	-29.4
9	Nissan	4.7	4.9	670	800	-16.3	3.4	4.3	7154	10796	-33.7
10	Renault	4.6	4.1	648	674	-3.9	3.3	3.4	7015	8566	-18.1
11	Chevrolet	1.9	1.4	264	228	15.8	3.1	2.5	6490	6109	6.2
12	Citroen	2.9	3.1	417	510	-18.2	2.8	2.7	5797	6712	-13.6
13	Peugeot	3.4	2.1	479	347	38.0	2.7	2.7	5640	6756	-16.5
14	Volkswage	2.1	2.1	303	343	-11.7	2.1	1.6	4384	4062	7.9
15	Subaru	2.3	2.5	331	400	-17.3	1.7	1.7	3643	4247	-14.2
16	Audi	0.3	0.9	44	145	-69.7	1.5	1.5	3174	3808	-16.6
17	Mercedes	0.5	0.6	74	96	-22.9	1.4	1.2	2930	3081	-4.9
18	Honda	1.2	1.7	167	274	-39.1	1.2	2.0	2480	5085	-51.2
19	BMW	0.4	1.8	57	301	-81.1	1.0	1.1	2039	2781	-26.7
20	Dacia	1.2	1.5	168	244	-31.1	0.9	1.2	1929	3030	-36.3
21	Other	5.7	8.7	813	1423	-42.9	5.9	5.5	12445	13658	-8.9

New CV above 3.5 ton Registration in Israel 1-11/2020

Commercial Vehicles above 3.5 ton registration: -18.1% eleven months into 2020; similar amount of registrations in November.

In November, the Israeli market for CV above 3.5 ton registered a similar amount of registrations compared with October 2019, with 860 new registrations. From January 2020, the market dropped 18.1% - 11,131 units in 2020 compared with 13,591 last year.



New CV above 3.5 ton Registration in Israel 1-11/2020 According to Brands

		November					Jan-Nov				
		Share%		Units		Change%	Share%		Units		Change%
No	Brand	2020	2019	2020	2019	20/19	2020	2019	2020	2019	20/19
1	Chevrolet	15.4	13.2	113	86	31.4	13.4	11.4	1239	1182	4.8
2	Mercedes	12.1	14.6	89	95	-6.3	12.8	13.9	1187	1441	-17.6
3	DAF	10.3	10.7	76	70	8.6	10.5	10.2	975	1063	-8.3
4	Volvo	6.9	9.5	51	62	-17.7	9.7	10.4	902	1078	-16.3
5	Scania	3.5	4.3	26	28	-7.1	7.7	7.1	714	737	-3.1
6	Isuzu	6.3	12.6	46	82	-43.9	7.4	8.6	684	896	-23.7
7	Renault	7.6	2.0	56	13	330.0	6.6	7.2	615	744	-17.3
8	MAN	4.2	4.6	31	30	3.3	5.4	5.0	502	524	-4.2
9	FIAT	6.3	3.5	46	23	100.0	5.4	5.5	501	572	-12.4
10	Dodge-Ra	8.6	3.7	63	24	162.5	5.3	3.5	488	366	33.3
11	Ford	4.2	5.8	31	38	-18.4	4.4	3.6	412	373	10.5
12	VW	3.5	5.1	26	33	-21.2	3.4	2.9	316	300	5.3
13	Iveco	2.7	2.0	20	13	53.8	2.7	3.3	255	345	-26.1
14	Peugeot	1.9	2.9	14	19	-26.3	2.1	2.2	195	225	-13.3
15	HINO	2.4	1.8	18	12	50.0	1.6	1.4	145	142	2.1
16	Hyundai	0.4	1.5	3	10	-70.0	0.8	2.3	72	241	-70.1
17	Fuso	0.5	1.2	4	8	-50.0	0.4	1.0	41	100	-59.0
18	JAC	0.3	0.0	2	0	200.0	0.2	0.0	23	1	2200.0
19	TATRA	0.0	0.2	0	1	-100.0	0.1	0.0	5	2	150.0
20	Dennis Eagl	0.1	0.0	1	0	100	0.0	0.0	2	1	100
21	Sinotruk	0.0	0.0	0	0	0.0	0.0	0.0	1	0	100.0
22	Navistar	0.0	0.0	0	0	0.0	0	0.0	0	1	-100

New Bus Registration in Israel 1-11/2020 According to Brands

No.	Brand	November					Jan-Nov				
		Share%		Units		Change%	Share%		Units		Change%
		2020	2019	2020	2019	20/19	2020	2019	2020	2019	20/19
1	Mercedes	39.5	56.7	49	119	-38.5	46.5	40.9	864	1307	-33.9
2	Volvo	4.8	4.8	6	10	-40.0	11.8	7.7	219	245	-10.6
3	MAN	9.7	8.6	12	18	-33.3	10.7	10.6	198	339	-41.6
4	Golden Dragon	29.8	6.7	37	14	164.3	7.8	10.3	145	328	-55.8
5	VW	0.0	8.1	0	17	-100.0	5.1	7.1	95	228	-58.3
6	Higer	6.5	5.2	8	11	-27.3	3.1	2.6	57	82	30.5
7	Yutong	0.0	3.8	0	8	-100.0	2.9	7.2	53	229	-76.9
8	Scania	0.0	0.0	0	0	0.0	2.6	3.5	48	113	-57.5
9	Zhong Tong	0.0	0.5	0	1	-100.0	1.8	0.3	34	8	325.0
10	Iveco	1.6	2.4	2	5	-60.0	1.6	1.4	30	46	-34.8
11	Solaris	0.0	1.9	0	4	-100.0	1.6	0.7	29	22	31.8
12	Otokar	5.6	0.0	7	0	700.0	1.3	0.6	25	19	31.6
13	Isuzu	0.8	0.0	1	0	-100.0	1.1	3.1	21	98	-78.6
14	Ford	1.6	0.5	2	1	-50.0	0.7	0.3	13	8	62.5
15	IRIZAR	0.0	0.0	0	0	0.0	0.8	0.7	14	21	-33.3
16	Renault	0.0	0.0	0	0	0.0	0.5	0.8	9	25	-64.0
17	King Long	0.0	1.0	0	2	-100.0	0.1	2.0	2	65	-96.9
18	BYD	0.0	0.0	0	0	0.0	0.1	0.2	1	7	-85.7
19	VDL	0	0	0	0	0	0	0.3	0	8	-100

Monthly review – Israel's Auto and Auto-Tech industry

"Netivey Israel" Intends to install 130 fast-charging stations Along Israeli roads

"Netivey Israel", a governmental company in charge of 8,500 Km of roads, issues a RFI concerning the installment of 130 fast-charging stations for electric cars along Israeli roads. The charging stations the company intends to install will be equipped with fast-chargers that are able to charge 80% of the car's battery within half an hour, or a quarter of the full capacity within 10 minutes. Most of the stations are intended for central and northern Israel, but the plan also includes Road 90 that reaches Eilat in the far south. The company aims to install the first stations, in inter-urban roads first, starting a year from now.

Aquarius Engines readies for IPO

The innovative company Aquarius Engines, developing linear internal combustion engines, published a draft for a public prospectus on its way to a first IPO. The company already secured $65M according to an estimated value of $260M, but could raise additional funds during the public phase. Aquarius currently employs 40 workers, most of them in R&D, and among its investors is the Japanese automotive company Musashi Seimitsu.

WATT Presents an Innovative Two Seater Electric Vehicle

Israeli start-up WATT developed an innovative two-seater electric urban vehicle, combining the advantages of a motorcycle, Segway and automobile. The WATT vehicle consists of a round capsule with two small wheels, each of them equipped with an electric motor. It weighs 450 Kg and can reach a top speed of 120 Kmh. The urban vehicle is in prototype stage, but already registered as a patent.

DENSO chooses Israeli company Foretellix

Japanese Automotive giant DENSO chose Israeli Foretellix to supply smart automation solutions for its ADAS systems. The platform developed by Foretellix allows for cost reduction, and also reduces the number of recalls, diagnostics costs and TTM (Time to Market) . The collaboration follows a successful pilot phase that was carried out with DENSO Germany earlier this year.

Globes Daily Newspaper: Mobileye to Collaborate with NIO

According to Globes daily newspaper, Israeli auto-tech Mobileye will collaborate with Chinese electric cars brand NIO in developing a driverless taxi. The project started in 2018 as a joint venture between Mobileye and the VW group, but since the VW electric car platform hasn't arrived in Israel yet, Mobileye signed a strategic cooperation agreement with NIO and two electric cars made by NIO are already employed in trials by Mobileye. Globes newspaper reports that the agreement with VW is still valid and that VW electric cars will join the development process in the future.

"Made in Israel" Buses Destined for Dubai

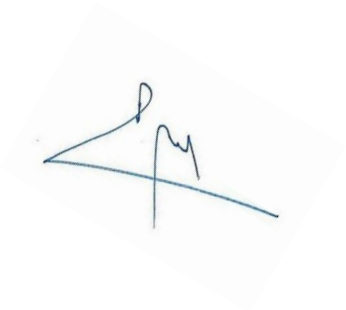
Israeli Weiss Group, holder of the franchise for distributing HIGER buses in Israel, Bulgaria and Serbia, is negotiating a pilot for operating an electric bus in Dubai with the road and transportation authority of the United Emirates. HIGER offers electric buses equipped with ultra-capacitors and suited for the extreme weather conditions of the UA. Following the pilot stage, the UA that supports the shift to zero emissions public transportation, may purchase large amounts of buses from the Weiss Group. These buses will most likely be assembled in Israel, where local company Merkavim has already developed an electric bus based on HIGER components for the local market.

Israeli Ministry of Transportation Promotes Safety for Bicycle Riders

The Israeli ministry of transportation operates a pilot test aimed at enhancing the safety of bicycle riders, especially around buses. Four public buses were equipped with a smart blind-spot monitoring system, and the bus drivers will monitor its performance and report it to the ministry in order to assess its effectiveness. Bicycle riders are at risk of accidents, especially during winter, and according to the latest report by the Israeli central Bureau of Statistics, there has been an increase of 26.2% in bicycle riders that died and 26.8% in bicycle riders severely injured in road accidents in recent months.

Dr. Hanan Golan

Mr. Hezi Shayb
CEO – IVIA



The economic chapter of the review was edited by Mr. Nadav Caspi, the I-via's Chief Economist.