SA AUTO
MARKET ANALYSIS

naamsa AUTOLYTICSBANK

naamsa-Absa Vehicle and Asset Finance BULLETIN | December 2021

naamsa AUTO INDUSTRY PERFORMANCE OVERVIEW

Absa VEHICLE AND ASSET FINANCE CONSUMER INSIGHTS REPORT

Absa ECONOMIC OUTLOOK

absa

PARTNERSHIP | CONSISTENCY | TRUST

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INTRODUCTION

Sharon MODIBA
Executive: Economic Policy and Data Management Solutions

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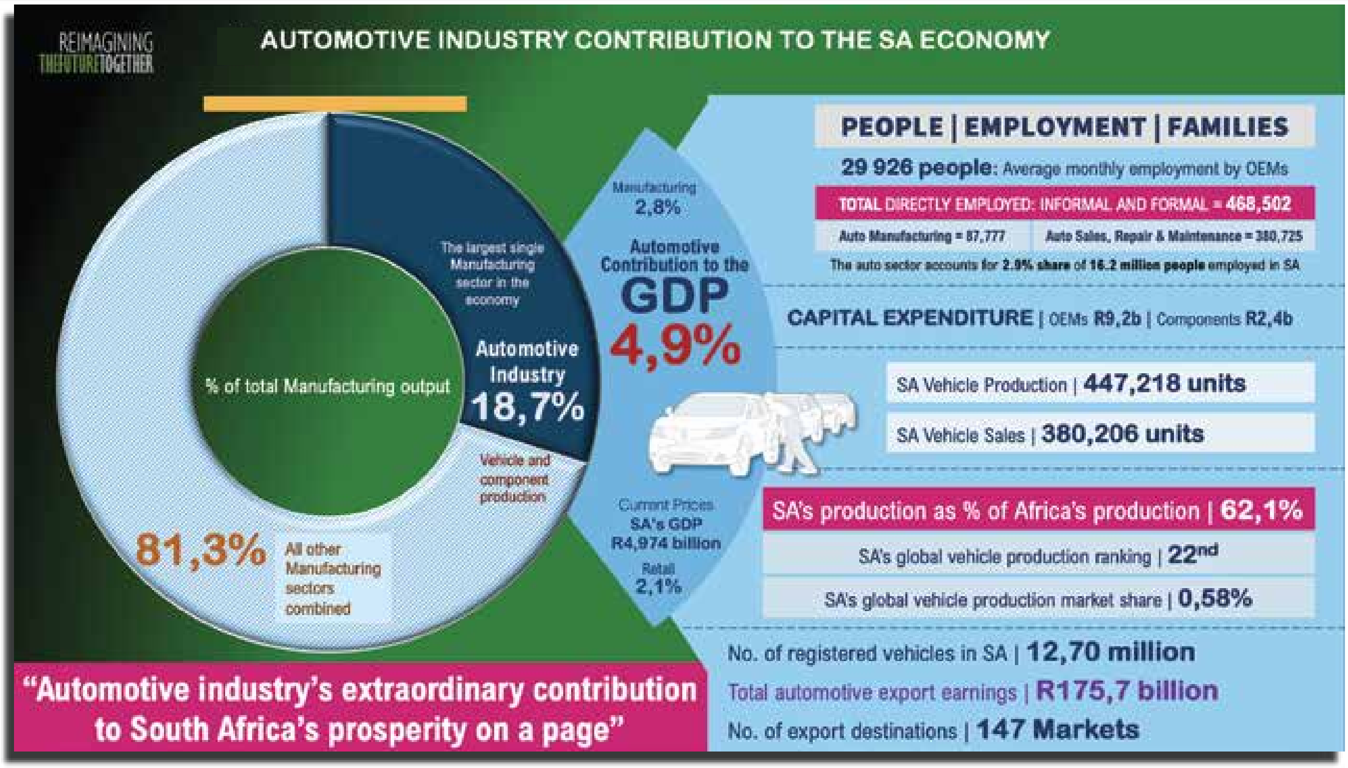
After a bleak 2020, compounded by the weak South African economy as a result of domestic and global Covid-19 fueled lockdowns and market shutdowns, the South African vehicle market saw a decline of almost 100% during the hard lockdown in April 2020, leading to an overall decline in the automotive industry key performance indicators. The decreases were recorded at -29,5% for production volumes (441 823), -29,1% for the overall domestic sales (380 206), -29,9% for the export market (271 288), and -29,3% for imports (209 671) in December 2020, all compared to the previous year's vehicle markets.

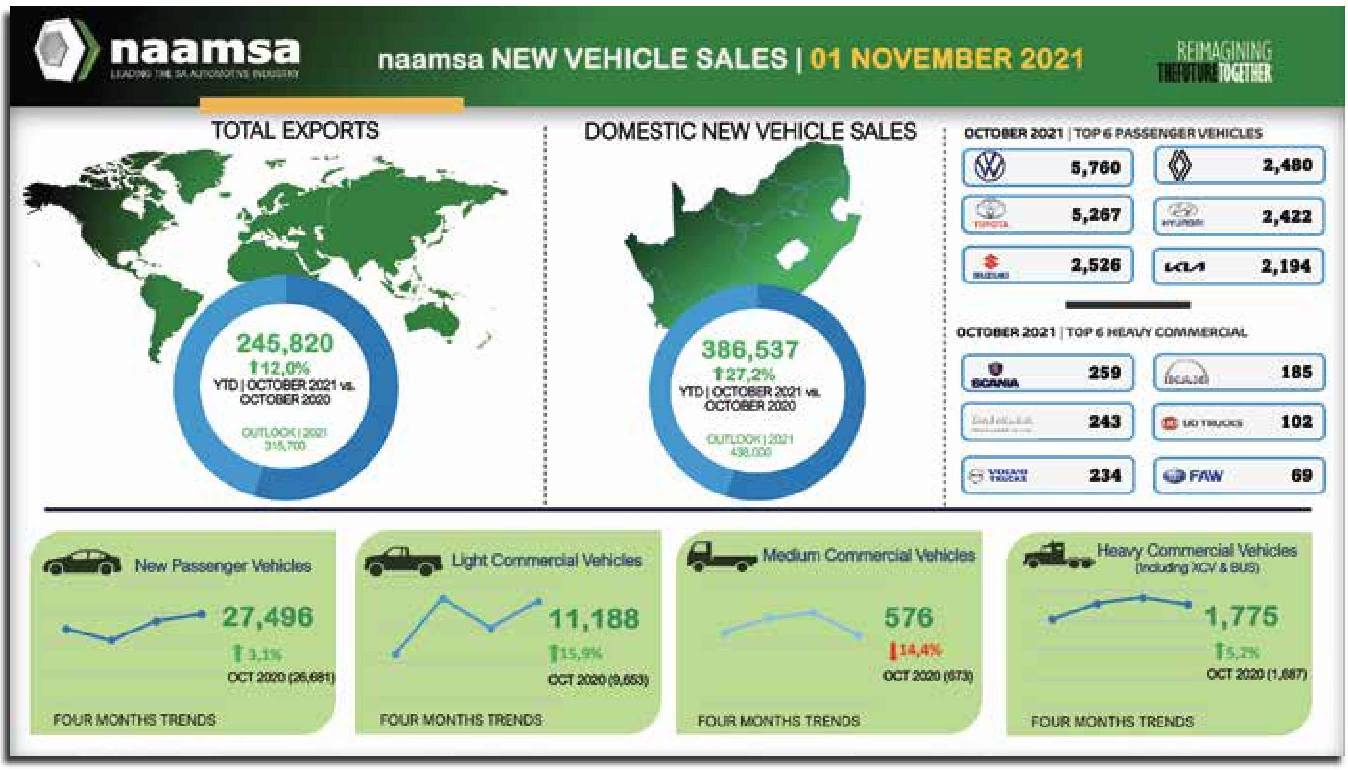
A strong rebound in global economic activities and SA's consecutive two-quarters economic growth in 2021 saw the vehicle market key performance indicators increase by 30,3% for the new vehicle sales; 19,6% for exports; 21,7% for vehicle production; and imports increased by 34,4%, compared to the corresponding period last year [YTD September 2020]. Notable was the rapid increase in the electric, plug-in hybrid, and traditional hybrid vehicles, which recorded increases for September YTD 2020 and 2021 at 13,4% (250) and 28,8%(322), respectively. The increase in EVs, Hybrid and traditional vehicles is expected considering that SA's export market accounts for 60% of the overall domestic market. The DTIC's New Energy Vehicle Green paper published in May 2021 will establish a policy foundation that will enable the country to coordinate a long-term strategy for the New Energy Vehicles.

From an African perspective, despite the harsh impact of Covid-19 in 2020 contributing to the 35% sharp decline of Africa' production volumes, South Africa's automotive industry accounted for 62,1% of the African continent aggregate production volumes and 41,4% of Africa's aggregate sales volumes in 2020. This signifies that SA plays a developmental role in the country and contributes immensely to the industrial capacity of the rest of the African continent. According to the OICA global statistics, the aggregate global vehicle production declined by 15,8% in 2020 at 77 621 581 compared to the 92 175 805 global vehicle production recorded in 2019. The overall aggregate global sales declined by 13,8% at 77 971 234 units, compared to the 90 423 687 aggregate sales units recorded in 2019.

At the back of a promising global Covid-19 vaccination rollout start, projected global economic recovery, and a boost in global export activities, the first half of 2021 recorded the global sales volumes increase of 29,4% at 44 401 850 and the global production increase of 29,2% at 40 338 546. **naamsa** forecasts that the SA domestic aggregate market will increase by more than 15,2% year-on-year for 2021, with full recovery to pre-Covid-19 vehicle market records expected by 2023 for domestic and global vehicle statistics. In the first semester of 2021, the African continent's vehicle sales increased by more than 50%, recorded at 555 988 units, compared to the same period in 2020, which was recorded at 369 571 vehicle sales units.

Just as the global market is beginning to adapt to the fourth industrial revolution requirements and progress to NEVs, the global automotive market has been hit by the scarcity of semiconductor chips. The automotive industry utilises about 10% of semiconductors. It is projected that the semiconductor shortages will result in an estimated loss of between 6,3 and 7,1 million vehicle in production for 2021. As a small open economy, South Africa is likely to be affected by the shortage with time lags if the problem persists over time.


REIMAGINING THEFUTURETOGETHER
AUTOMOTIVE INDUSTRY CONTRIBUTION TO THE SA ECONOMY
The largest single Manufacturing sector in the economy
% of total Manufacturing output
Automotive Industry 18,7%
Vehicle and component production
81,3%
All other Manufacturing sectors combined
Manufacturing 2,8%
Automotive Contribution to the GDP 4,9%
Current Prices SA's GDP R4,974 billion
Retail 2,1%
PEOPLE | EMPLOYMENT | FAMILIES
29 926 people: Average monthly employment by OEMs
TOTAL DIRECTLY EMPLOYED: INFORMAL AND FORMAL = 468,502
Auto Manufacturing = 87,777
Auto Sales, Repair & Maintenance = 380,725
The auto sector accounts for 2.9% share of 16.2 million people employed in SA
CAPITAL EXPENDITURE | OEMs R9,2b | Components R2,4b
SA Vehicle Production | 447,218 units
SA Vehicle Sales | 380,206 units
SA's production as % of Africa's production | 62,1%
SA's global vehicle production ranking | 22nd
SA's global vehicle production market share | 0,58%
No. of registered vehicles in SA | 12,70 million
Total automotive export earnings | R175,7 billion
No. of export destinations | 147 Markets
"Automotive industry's extraordinary contribution to South Africa's prosperity on a page"


naamsa
LEADING THE SA AUTOMOTIVE INDUSTRY
naamsa NEW VEHICLE SALES | 01 NOVEMBER 2021
REIMAGINING THEFUTURETOGETHER
TOTAL EXPORTS
245,820
12,0%
YTD | OCTOBER 2021 vs. OCTOBER 2020
OUTLOOK | 2021 315,700
DOMESTIC NEW VEHICLE SALES
386,537
27,2%
YTD | OCTOBER 2021 vs. OCTOBER 2020
OUTLOOK | 2021 438,000
OCTOBER 2021 | TOP 6 PASSENGER VEHICLES
5,760
2,480
TOYOTA 5,267
HYUNDAI 2,422
SUZUKI 2,526
KIA 2,194
OCTOBER 2021 | TOP 6 HEAVY COMMERCIAL
SCANIA 259
MAN 185
243
UD TRUCKS 102
VOLVO TRUCKS 234
FAW 69
New Passenger Vehicles
27,496
3,1%
OCT 2020 (26,681)
FOUR MONTHS TRENDS
Light Commercial Vehicles
11,188
15,9%
OCT 2020 (9,653)
FOUR MONTHS TRENDS
Medium Commercial Vehicles
576
14,4%
OCT 2020 (673)
FOUR MONTHS TRENDS
Heavy Commercial Vehicles (Including XCV & BUS)
1,775
5,2%
OCT 2020 (1,687)
FOUR MONTHS TRENDS

Between September 2021 YTD and September 2020 YTD, the new vehicle sales increased by 31,6%, 28,5%, and 24,8% for passenger cars, light commercial and commercial vehicles, respectively. The overall new vehicle sales market recorded for YTD September 2021 is 13,3% lower than the pre-covid19-2019 September YTD vehicle sales stats.

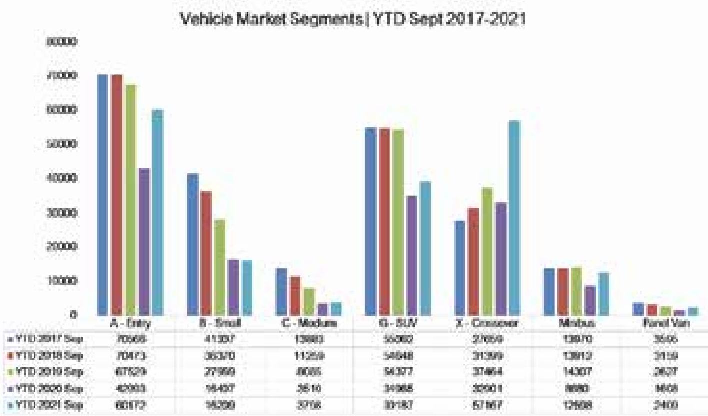
The YTD September 2021 export sales increased by 3,2% or 4 099 units for passenger cars, 54,1% or 32 312 for light commercial vehicles, and 12,6% or 48 units for commercial vehicles, compared to the YTD September 2020 export sales for the respective markets. The overall export market 2021 September YTD sales are 25,4% below the 2019 September YTD pre-covid19 overall market export sales.

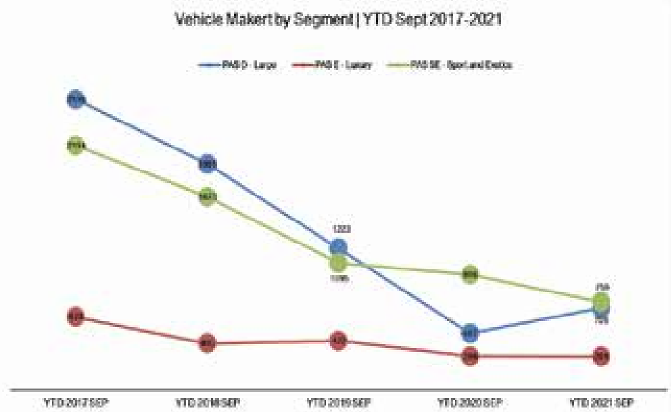
Between September 2021 YTD and September 2020 YTD, vehicle import sales increased by 34,3%, 37,7%, and 22,9% for passenger, light, commercial, and commercial vehicles. The vehicle import sales for September 2021 YTD are 8,9% lower than those recorded in the same period 2019.

The 2021 YTD September Local Production increased by 22,9% for passenger vehicles, 26,8% for light commercial vehicles, and 25,2% for commercial vehicles, all compared to last year's same period. The 2021 YTD September domestic production is 18,4% lower than the 2019 YTD September domestic production units.

The patterns observed in the overall market data trends suggest that the SA auto industry sells and produces more passenger vehicles than other vehicle market segments.

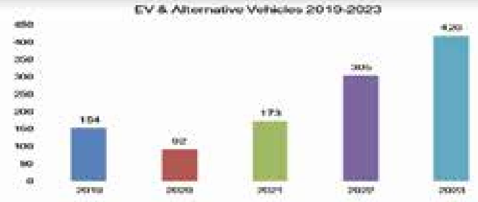
SA VEHICLE SEGMENTS | 5 YEAR-to-DATE TREND ANALYSIS

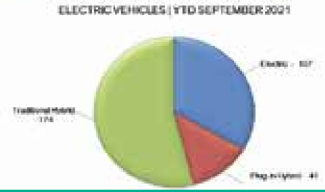


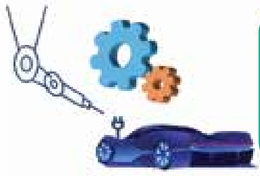


Between 2021 YTD September and 2020 YTD September, entry vehicles increased by 39,9% or by 17,179 units, medium vehicles increased by 8,2% or 288 units, and SUV's have increased by 12% or 4,222 units. The highest increases for 2021 YTD September were seen in crossovers, minibuses and panel vans at 73,7%, 45,1%, and 49,8%, compared to the same period last year. The entry segment vehicle sales have significantly increased, standing at 10% below the 2019 pre-covid19 entry vehicle market segment. Crossovers have increased by 52,5% from the pre-covid 2019 September YTD sales, while Small vehicles and SUVs are still 42,0% and 27,6% lower than the pre-covid19 2019 YTD September vehicle sales, respectively. The vehicle sales differentials indicate that the impact of covid19 has led to the market demand favouring crossovers in replacing medium and SUV vehicles.

For YTD September 2021, the Luxury and Sports & Exotic vehicle segments declined by 0,69% and 23,7%, respectively, compared to the previous YTD September 2020. On the other hand, the YTD September 2021 Large vehicles increased by 44,7%, compared to the same period last year. On average, the YTD September 2021 Large, Luxury, and Exotic Sports vehicle segments are 38,2% less than the respective segments sold for the 2019 pre-covid19 period.



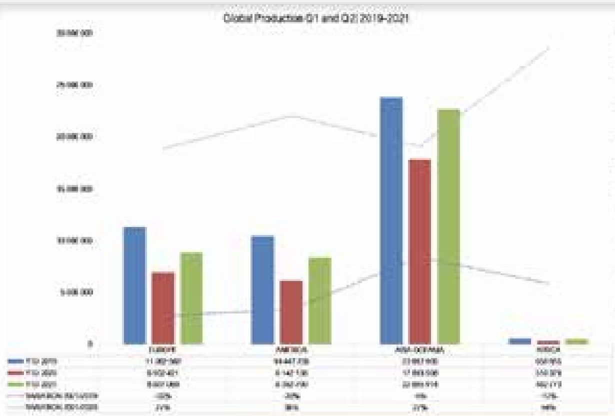


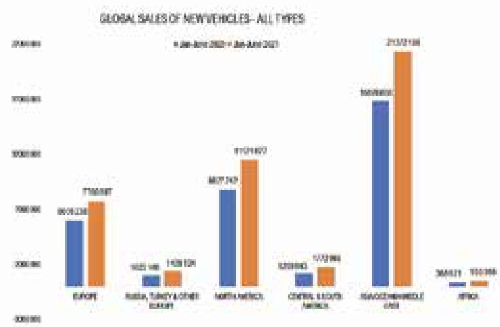


The Aggregate market forecasts are a summary depiction of the naamsa Quarterly review publication. The forecasts for the aggregate vehicle market (2021-2022) and the new energy vehicle (2021-2023) are based on the 4,2% GDP estimates announced by the South African Reserve Bank (SARB) at the beginning of 2021. By the second quarter of 2021, industry new vehicle sales recorded a robust rebound of 148,6% compared to the severely COVID-19 affected corresponding quarter of 2020. However, compared to the first quarter of 2019, the new vehicle sales show a decline of 2,9%, signalling the slowdown in the pace of recovery. As a result, the naamsa forecast suggests that the aggregate market, aggregate exports and aggregate production are expected to increase by 15,2%, 16,4%, 17,1% in 2021, respectively, compared to 2020. By 2022, the aggregate automotive market is expected to grow by 21,8% compared to the 2020 Covid19 period. naamsa predicts that full recovery to pre-covid19 vehicle stats is likely to be protracted until around 2023.

SA Electric zVehicles sales comprised only 92 units, or 0,02% of the total 380,206 vehicles sold in the domestic market in 2020, down from 154 units in 2019. The Electric Vehicle market is expected to account for only 0,04% or 173 units of the overall 463 000 aggregate vehicle market in 2021 and 0,07% or 305 units of the overall aggregate vehicle market in 2022. The YTD September 2021 total NEV market is 322, with electric vehicles recorded at 107 units, plug-in hybrid at 41 units, and traditional hybrid at 174 units.

Aggregate Market Forecast & Electric Vehicles

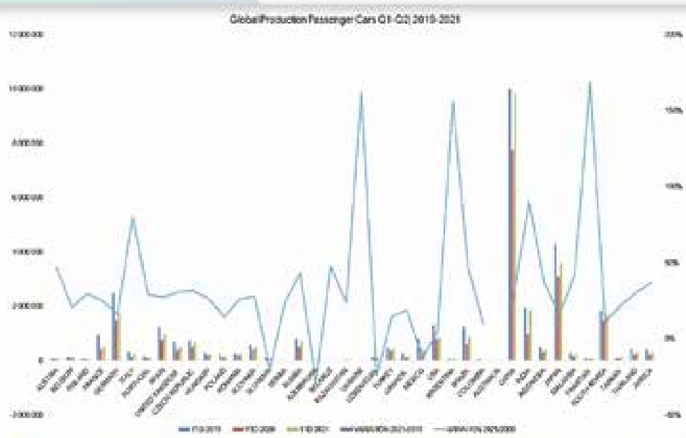


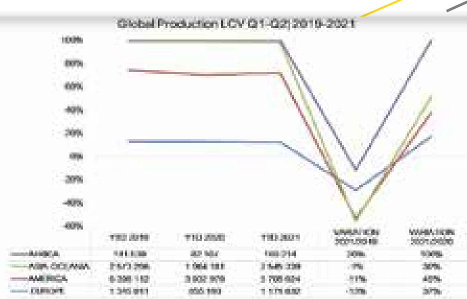


Available data on global vehicle production and sales for the first half of 2021 reflects a sound recovery from the corresponding period in 2020. However, the figures remain subdued below the pre-Covid-19 corresponding quarter 2019. For Jan-June 2021, The global sales stood at 44 401 850, which is an increase of 29,4%, compared to the 34 321 700 global sales recorded for 2020. Asia/Oceania and the middle east increased by 26,6%, recording the highest first-half sales vehicle volume at 21 372 188. The second-highest increase was seen in Africa, averaging 50,4%, and the third-highest recorded vehicle sales volumes were recorded for Central and South America.

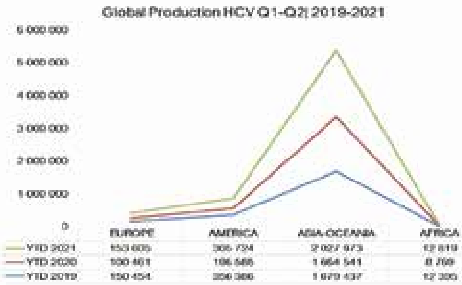
The 2021 first-half aggregate global production market at 40 338 546 units increased by 29,1%, compared to the 31 223 533 units recorded in 2020. However, the registered 2021 first-half production units' numbers are still 12,4% lower than the 46 074 647 recorded in 2019, the pre-Covid-19 period. In 2021Q1-Q2, Emerging countries vehicle production units increased by 33% and Developed countries by 25%, compared to 2020Q1-Q2.

GLOBAL OVERVIEW





The Global vehicle production growth was mainly driven by China, where the COVID-19 pandemic impact ended earlier than in other vehicle producing countries. By the end of 2021Q2, China had a record increase of 90% at 1 856 964 passenger vehicle production units recorded compared to 975 610 units registered for the same period in 2020 first, and 4% less than the 1 907 744 passenger vehicle production units recorded for first-year 2020. Total global production for passenger cars increased by 26% in the first half of 2021, compared to 2020 same period. The variation between 2021 and 2019 global passenger car production was -15%. Total global light commercial vehicle production significantly increased by 40% in the first half of 2021, compared to last year's same period. The variation between 2021Q1-Q2 and 2020Q1-Q2 global LCV production was -8%. For 2021 Jan-June 2021, the global heavy commercial vehicle production recorded an increase of 27%.



Absa Vehicle and Asset Finance consumer insights

The insights displayed in the bulletin below are in an aggregated form and reflect vehicle finance over an 18-month period commencing shortly after the hard lockdown ended in May 2020. This period is characterized by a strong recovery from a low base as has been reported in Chapter 1. One of the key take-outs of this report is the growth that has come from women vehicle finance customers, across all age groups.

The views created for this chapter show the gender, age groups and residential province of vehicle finance customers in South Africa. When it comes to vehicles being financed (fig 1), in provinces such as Free State, Mpumalanga and Northern Cape, women remain under-represented as a percentage of total vehicles financed. There has been a marginal increase of 2-3% in KwaZulu-Natal, Eastern Cape, Free State, Mpumalanga and the North West Province over the past 18 months.
The highest women contribution came from the Eastern Cape at 43% and the lowest from the Northern Cape at 30%. The Northern Cape was also the only province to show a decline in the contribution from vehicle finance to women.

Fig. 1: % of women financing vehicles, Provincial view

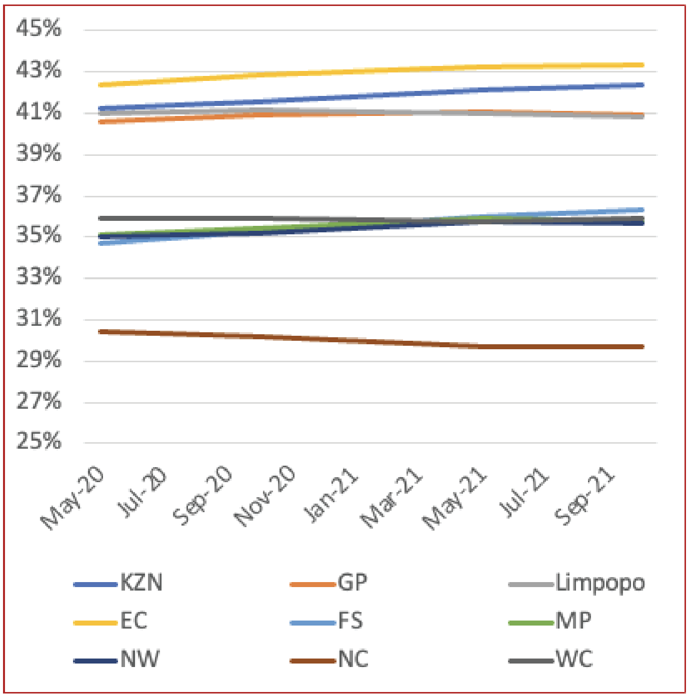
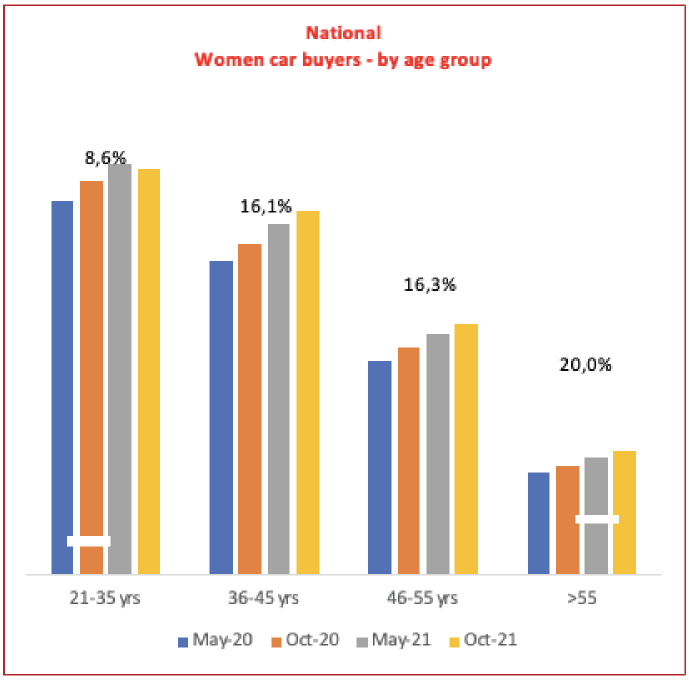


Fig. 2: % growth in vehicle financed by females since May 2020



The average growth in vehicle finance to women was 13.8% over the past 18 months since the hard lockdown ended. This compares to an average of 11.4% in male vehicle finance growth over that same period.The highest growth by age group in women vehicle owners came from the 55+ at 20% (Fig 2) and the lowest growth came from the 21 to 35 year-olds at 8.6%.

There was a decline in the number of vehicles financed by women in the 21 to 35 year-old category over the past six months whilst all other age categories continued to grow over the same period.

Fig. 3 shows the detail growth of the vehicle finance recovery since hard lockdown, by gender, province and age groups.
The provinces with the strongest growth in the 21 to 35 year-old age segment came from the Limpopo, Eastern Cape and North-West and Northern Cape Provinces. The weakest growth in financing to both genders in the 21 – 35 year-old segment came from two of the highest populated provinces, the Western Cape and Gauteng.

The biggest discrepancy between men and women lies within the 55+ year segment where the growth in women vehicle finance was consistently higher than that of men. In KwaZulu-Natal the growth was more than four times higher for women than for men.

We know that over the past 12 months there has been increased pressure on new vehicle inflation, brought on by supply chain disruptions and a weaker rand-dollar exchange rate. This situation has been further exacerbated by a shortage in used vehicle stock that has also inflated prices of used vehicles. This is likely part of the reason why the recovery and growth in vehicle financing has come from higher age groups who generally have better affordability and less debt than younger age groups.

We can only assume that the increasing contribution from women buyers is a continued trend of households acquiring an additional vehicle even though work from home has become a reality for many and that mobility needs extend far beyond the requirements to travel for work purposes.

Additionally, improved career progression prospects in the workplace, offering women more lucrative and influential job opportunities, is a possible further underlying factor.

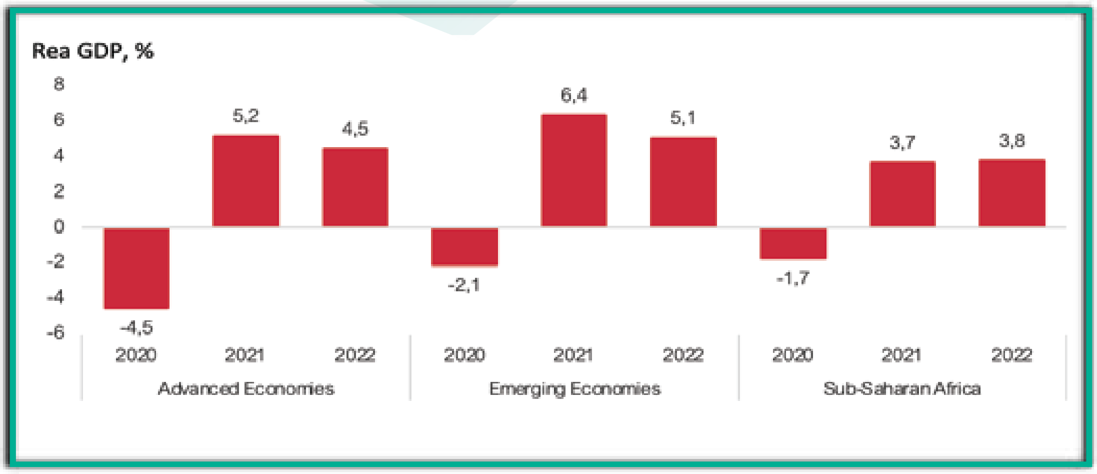
% change in vehicle finance customers by gender and age, between May 2020 and Oct 2021 (18 months)

	21-35 yrs	36-45 yrs	46-55 yrs	>55 yrs	Total
National					
Women	8,6%	16,1%	16,3%	20,0%	**13,8%**
Men	7,8%	15,4%	12,2%	9,8%	**11,4%**
KZN					
Women	10,5%	20,1%	19,8%	21,4%	**16,7%**
Men	7,1%	16,8%	13,6%	4,5%	**11,1%**
GP					
Women	4,8%	14,4%	15,7%	17,6%	**11,0%**
Men	4,4%	13,0%	11,3%	10,4%	**9,3%**
Limpopo					
Women	11,8%	17,4%	13,1%	26,1%	**15,5%**
Men	16,0%	21,3%	9,9%	16,0%	**16,1%**
EC					
Women	13,1%	17,7%	19,6%	20,5%	**17,0%**
Men	11,1%	18,2%	10,4%	9,0%	**12,6%**
FS					
Women	9,9%	17,6%	20,7%	24,7%	**16,0%**
Men	8,2%	16,7%	16,6%	10,7%	**12,9%**
MP					
Women	9,9%	17,6%	20,7%	24,7%	**16,0%**
Men	8,2%	16,7%	16,6%	10,7%	**12,9%**
NW					
Women	17,3%	19,5%	17,3%	23,8%	**18,7%**
Men	9,5%	20,1%	17,1%	14,3%	**15,3%**
NC					
Women	11,5%	12,5%	6,4%	9,0%	**10,4%**
Men	11,6%	18,9%	14,5%	8,5%	**14,0%**
WC					
Women	6,3%	11,1%	14,1%	15,9%	**10,6%**
Men	8,7%	13,1%	11,2%	9,6%	**10,7%**

The COVID-19 pandemic has presented a global health challenge unlike anything in the recent past. From an economic perspective, the pandemic morphed into a complex combination of supply and demand shocks on the world economy as containment measures and fear of contagion put the brakes on big parts of economic activity. But almost two years into the pandemic, the world economy has recovered faster than initially feared. This recovery has been supported by the combination of large-scale monetary and fiscal policy easing and more recently the discovery of vaccines, which has reignited confidence in some economies.

The International Monetary Fund (IMF) World Economic Outlook from October projects that the world economy will expand at a rate of 5.9% in 2021 after a contraction of 3.1% in 2020. Growth of 4.9% is expected in 2022. However, some divergence in growth is expected with countries that have achieved higher rates of vaccination seeing more broad-based recoveries while countries with relatively low rates of vaccination likely to lag. Sub-Saharan Africa remains one of the regions with the lowest rates of vaccination.

Figure 1: Growth recovery is expected to diverge



Source: IMF

Source: IMF

In South Africa, the effects of the pandemic have also been severe. The South African economy recorded a GDP contraction of 6.4% in 2020, one of the worst rates of contraction ever recorded. However, the South Africa economy has also recovered faster than expected, supported by recovering exports, strong export commodity prices and supportive domestic monetary and fiscal policies. That said, the overall level of economic activity has not returned to pre-pandemic levels. But another important feature of South Africa's recovery has been its divergence across the different sectors. The production side of the economy, particularly mining and manufacturing, with stronger links to the global economy and the commodity cycle have recovered strongly. However, services sectors with relatively high levels of contact or personal interaction have lagged significantly. This includes sectors linked to tourism such as accommodation services and passenger transport services. More widespread rates of vaccination will be required to rebuild confidence amongst local and international consumers to support a stronger economic recovery in these sectors. Moreover, faster rates of vaccination will be needed to lower the risk of additional waves of COVID-19, which could derail the recovery. Construction sector activity has also taken a severe blow and recovery has been slow, highlighting ongoing uncertainty about the outlook.

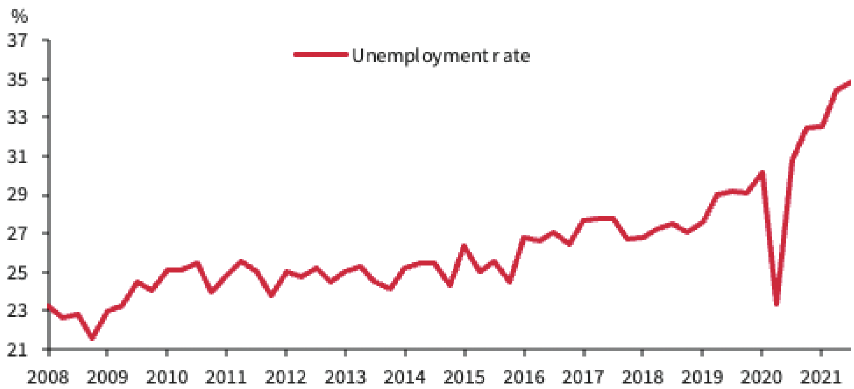
Figure 2: A strong but varied recovery in South Arica

% q/q sa	Q3 20	Q4 20	Q1 21	Q2 21	Q2 21/ Q4 19
Agriculture	-0.1	6.6	-1.0	6.2	17.6
Mining and quarrying	45.0	-0.9	4.3	1.9	0.2
Primary sector	**25.0**	**1.8**	**2.4**	**3.4**	**6.0**
Manufacturing	35.3	5.3	0.5	-0.8	-3.2
Utilities	12.6	-0.1	-0.3	0.7	-1.0
Construction	16.0	1.9	0.5	-1.4	-20.0
Secondary sector	**28.3**	**4.0**	**0.4**	**-0.7**	**-5.8**
Trade & accommodation	25.1	1.5	2.6	2.2	-3.1
Transport / Telecoms	17.3	2.9	-1.1	6.9	-7.7
Finance, real estate	6.6	2.9	1.3	-0.4	1.7
Govt services	0.2	0.2	0.3	-0.9	-0.2
Personal services	4.1	1.7	0.6	2.5	2.6
Tertiary sector	**9.1**	**2.0**	**1.0**	**1.5**	**-0.4**
GDP	**13.9**	**2.5**	**1.0**	**1.2**	**-1.3**

Source: StatsSA

The pandemic has also brought significant damage to South Africa's labour market, which was already characterised by high rates of joblessness prior to the pandemic crisis. Notably, after some modest recovery in the second half of 2020, the recovery appears to have stalled into 2021 with job losses recorded in the first three quarters of the year. In the third quarter of 2021 alone, a further 660 thousand jobs were lost. In short, the relatively robust recovery seen in GDP has not been matched by jobs with total employment remaining 2.1 million lower compared with the pre-pandemic level. This has resulted in the unemployment rate rising to a record high of 34.9% on the official definition. On the broader definition of unemployment, which includes discouraged work-seekers, the unemployment rate was nearly 47% in the third quarter of 2021.

Figure 3: Unemployment rate at a record high



Source: Stats SA

The detailed employment data also show that that most of the job losses that South Africa has experienced since the onset of the pandemic have been concentrated amongst low-skilled workers. In contract, high-skilled workers who have relatively lower exposure to the sectors that have suffered the most during the pandemic have seen minimal job losses. While temporary measures of income support from the government such as grants and TERS have helped to ease the income strain in the short-term, it is important to highlight that sustained improvement in household consumption expenditure, which is over 60% of GDP when viewed from the expenditure side, will require faster recovery in jobs over the coming quarters and years. This in turn will require stronger rates of investment, especially in the private sector where business confidence has been especially subdued. Lifting business confidence and investment will require the alleviation of long standing infrastructure constraints, including in energy supply.

With respect to the manufacturing sector, the Absa PMI data remain an important barometer for understanding short-term trends. The most recent Absa PMI data manufacturing activity improved in November as adverse supply shocks eased. The seasonally adjusted Absa PMI increased to 57.2 in November from 53.6 in October. This likely reflects the fact that the three-week strike in the steel and engineering sector ended in late October, providing a foundation for some recovery in November. The business activity sub-index of the PMI rose to 53.6 in November from 46.1 in October. Given the continued bouts of loadshedding in November, the strength of the rebound in business activity suggests that some businesses may be becoming more resilient against power cuts. In addition to this, the Absa PMI data conitnue to show two other broad important themes. Firstly, the data show that supply chain bottlenecks remain persistent as the pandemic continues around the world. Secondly, input cost pressure also appears to be rising as prices of raw materials and fuel rise. The emergence of the omicron variant of COVID-19 has added uncertainty to the near-term outlook.

Figure 4: PMI data show the damage of power cuts

	Wgt.	Aug 21	Sep 21	Oct 21	Nov 21
Manufacturing PMI*		56.2	54.7	53.6	57.2
Business activity*	0.20	54.0	49.9	46.1	53.6
New sales orders*	0.20	55.0	53.0	48.0	54.0
Employment*	0.20	48.5	47.2	47.0	50.6
Suppliers' performance*	0.20	70.1	73.6	72.5	70.4
Inventories*	0.20	53.2	50.0	54.4	57.2
Purchasing commitments	-	54.9	53.5	59.0	65.0
Expected business conditions	-	59.7	62.3	62.1	56.8
Backlog of sales orders	-	41.8	42.1	53.2	52.5
Prices	-	84.2	85.5	84.4	86.7

*seasonally adjsuted; Source: Bureau for Economic Research

The outlook for interest rates is also key going into 2022. At the onset of the pandemic, the South African Reserve Bank (SARB) reduced the repo rate sharply in order to provide income relief for households and support the recovery. The low interest rates have been a key support factor for the recovery. However as economic activity recovers, the SARB appears to be shifting to withdraw some of this monetary policy support. The SARB MPC has already increased the repo rate by 25 basis points at its November MPC to 3.75%. A key determinant for how fast interest rates will rise going forward is the rate of inflation.

The recent increase in international oil prices, which has pushed local fuel prices to record highs will add some upward pressure to CPI inflation in the short-term. However, given contained wage growth and muted demand pull pressure, overall inflation is likely to remain within the target range of the central bank. Agianst this backdrop, consensus amongst economists is for interest rates to rise gradually. The latest survey from Thomson Reuters shows that economists are expecting a total of 75bp worth of interest rates hikes over the cousre of 2022.

CLOSING REMARKS

As society set about to redefine the new business 'normal' amid challenging conditions wrought by the Covid-19 pandemic, our interconnectedness as businesses and industries has been an inescapable feature.

In these uncertain times, collaboration in many forms has strengthened and new relationships formed have unlocked possibilities across the fault lines of competition. This interdependency across the industry has highlighted the need for data sharing along the spectrum of collaboration.

The insights necessary to understand and build this industry up to compete optimally globally in an ever-evolving terrain pivots on the availability of good data and that is where the strength of collaboration is manifest. It is against this backdrop that Absa Vehicle and Asset Finance is actively pursuing and supporting collaboration within the sector.

We are encouraged that naamsa as an industry leader and partner has assumed a unifying role and has stimulated collaboration by expansion of its membership base into non-OEMs. A multi-dimensional view creates a richer perspective.

If we are to improve the attractiveness of the automotive sector, secure further investment and lift the industry contribution to the economy then we ought to look beyond the envelope to achieve even greater.

At Absa Vehicle and Asset Finance we are committed to moving the nation forward through financing solutions that make a difference to society. Absa Vehicle and Asset Finance is committed towards providing solutions to contribute towards fortifying a resilient motor industry.

Faisel MKHIZE
Managing Executive: Absa Relationship Banking

Dear Valuable Partners,

During the past 20-months, Covid-19 has continued to pose unprecedented challenges for our economy, our industry, our individual businesses, our people and the communities we serve. Our employees across the automotive industry value chain have shown tremendous resilience and dedication, making sacrifices and contributions to alleviate the public health emergency while supporting our industry the best way they can, often under very difficult circumstances. We appreciate and thank to all our employees and partners across the entire auto value chain, for their care to one another, to our suppliers, to our customers and to society at large.

In addition to the automotive industry's extraordinary contribution to South Africa's economy, particularly with regard to international trade, employment, capital expenditure, compensation of employees, government [tax] revenue, trade/retail output, manufacturing output and gross domestic product [GDP] / gross value added [GVA], the industry also plays an indispensable role in the upliftment of its employees and the communities it serves.

The industry employs over 468,502 employees and contributes about 4,9% to the country's GDP, accounts for 30,1% of the country's manufacturing output, it is the 5th largest exporting sector out of all 104 industries and accounts for 13,9% of the overall total exports in South Africa As an industry and throughout the pandemic, our first collective priority has been the health, safety and wellbeing of our people.

We have truly displayed the culture of partnership, consistency and trust, we moved at pace to adapt new ways of working, we captured emerging opportunities with our partners in Government, the union movement, with our consumers and trade partners, delivering further efficiencies and continuing to invest in the foundations of our long-term success. These gains should be celebrated.

Notwithstanding the significant contribution of the industry to the SA economy and the rest of the continent, the unprecedented Covid-19 interruptions, the inevitable fourth industrial revolution, and the move to new energy vehicles have necessitated the SA automotive industry to adapt to newer ways of working, with specific focus on digital transformation innovative cycles in both production measures and the customers reach initiatives. The solutions required for the transformation of the industry requires robust collaboration strategies across the value chain.

Data is the new currency and the fact that the strength of industry policy and business decision-making strategy lies at the back of data analytics, naamsa in collaboration with the Absa Vehicle Finance and Asset has launched this trail-brazing Bulletin, which aims to deliver customer categorisation interest data, automotive key performance indicators breakdown, and economic operating environment analytics.

We are very excited about the naamsa-Absa Vehicle and Asset Finance Bulletin and we look forward to bringing more data trend analysis naamsa Autolytics Bank interactive website platform.

Mikel M. MABASA
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