

Vehicle Sales

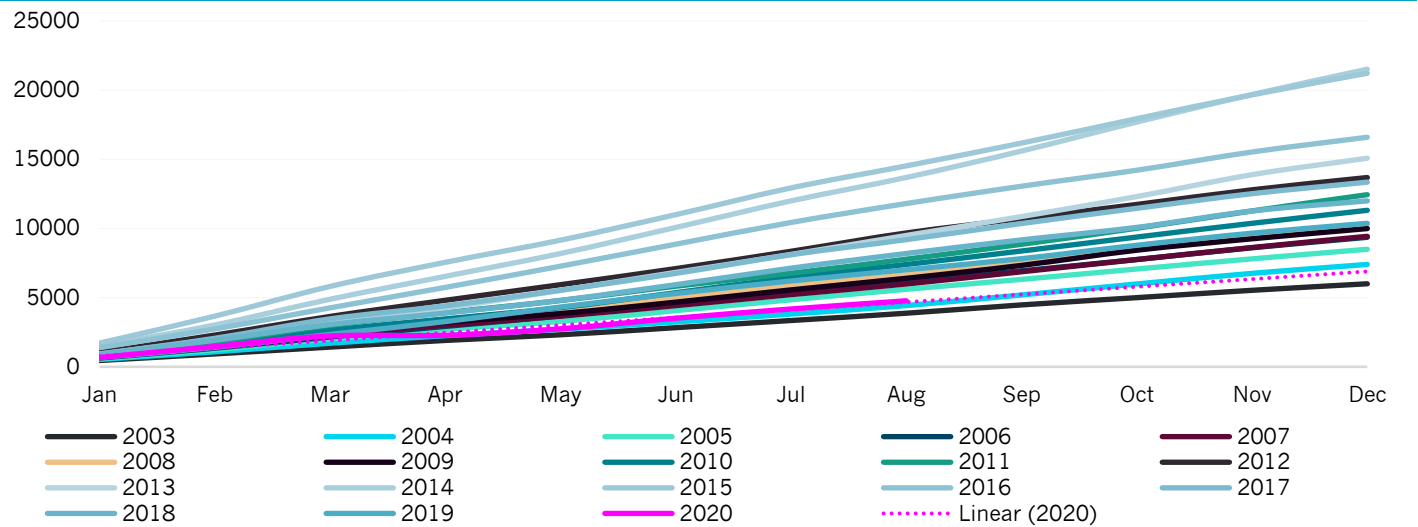
10 Sep '20

August 2020

The month of August saw vehicle sales slow significantly on a monthly, annual and year-to-date basis with growth rates of -11.0%, -26.6% and -31.9%, respectively. This amounted in 593 vehicle sold over the month – the third lowest sales of the year.

YTD Vehicle Sales

Linear trends suggest that vehicle sales in 2020 will be the lowest since 2003



Source: Cirrus Securities, Lightstone Auto

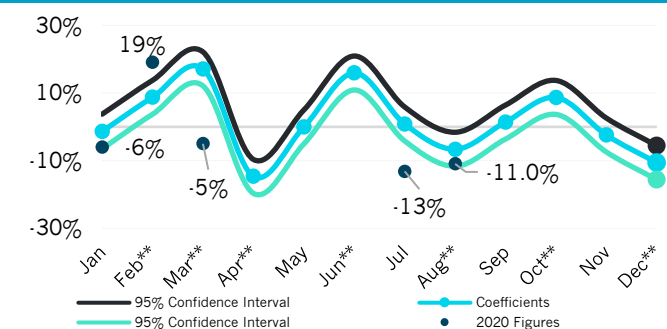
In the month of August a total of 593 new vehicle were sold resulting in monthly, annual and year-to-date contractions of 11.0%, 26.6% and 31.9%, respectively. Moreover, the linear trend – with approximately 66% of the year complete – suggests that new vehicle sales in 2020 will likely be the lowest observable value since 2003.

In context of the existing trend, households remain characterised by risk of either retrenchments or wage reductions, high debt levels (relative to disposable income) and greater difficulty accessing finance given the riskier macro environment. Moreover, new vehicle sales will also continue to be hindered by increased supply of second-hand vehicles from the tourism industry, as many participants opt to reduce their fleet size – thereby providing a cheap substitute.

The lower vehicle sales in August comes as no surprise given the seasonality of historical vehicle sales. Vehicle sales in the month of August have historically been weaker, with statistical significance, as compared to the rest of the year as the month often see weaker vehicle sales.

Vehicle Sales Seasonality

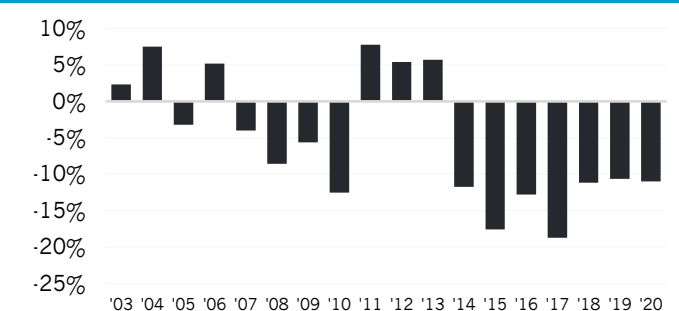
August shows statistically weaker vehicle sales



Source: Cirrus Securities, Lightstone Auto

Month-on-month August Growth

Since 2003, 67% of August monthly growth in vehicle sales were negative



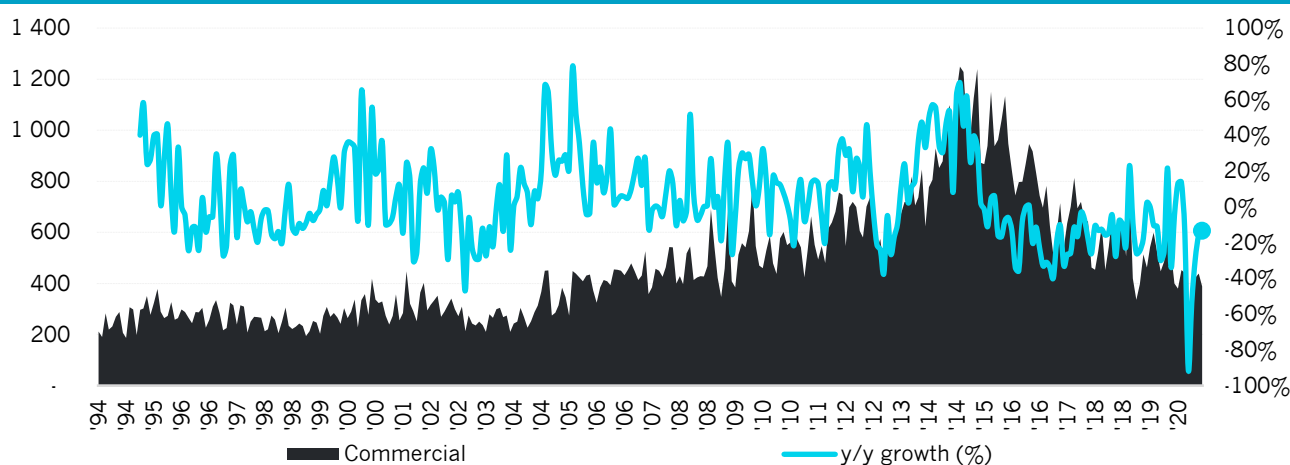
Source: Cirrus Securities, Lightstone Auto

Commercial Vehicles

A total of 388 commercial vehicles were sold in August. This is a 13.4% decrease on an annual basis. Moreover, commercial vehicle sales saw a 11.6% decrease over the month of August. Cumulative sales for the year amount to 2,814 units, significantly fewer than the 3,821 units sold over the comparable period in 2019. Light commercial vehicle (LCV) sales decreased 17.0% on an annual basis and also decreased by 17.1% on a monthly basis. This amounted to 323 LCVs sold in August. 21 Medium commercial vehicles were sold in August, with YTD sales amounting to 117 units. Finally, 4 heavy commercial vehicles, 39 extra-heavy vehicles (the highest extra heavy figure of the year) and 1 bus were sold in August. The dampened economic outlook does not bode well for commercial vehicle sales as many businesses face reduced activity. This will lead to ongoing supply on the second-hand market and will depress demand for any new vehicles.

Commercial Vehicles

388 Commercial vehicles were sold in August with annual growth of -13.4%



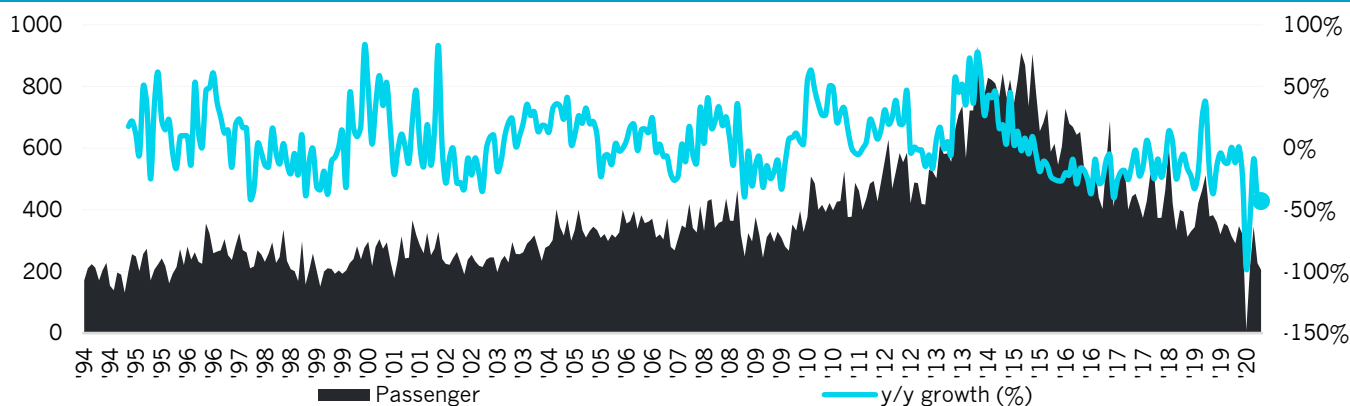
Source: Cirrus Securities, Lightstone Auto

Passenger Vehicles

A total of 205 passenger vehicles were sold in August, a significant decrease of 9.7% on a monthly basis. Moreover, barring April and May 2020 sales, passenger vehicle sales were the lowest observable figure since May 2003 which saw 198 units sold in that month. August sales represent a 38.0% decrease on an annual basis and a 38.6% decrease on a year-to-date basis. Weak sales can be attributed to weaker balance sheets of households which are further exacerbated by the increase in cheaper substitutes, as previously mentioned.

Passenger Vehicles

205 Passenger vehicles were sold in August with annual growth of -43.1%



Source: Company data