Vehicle Sales

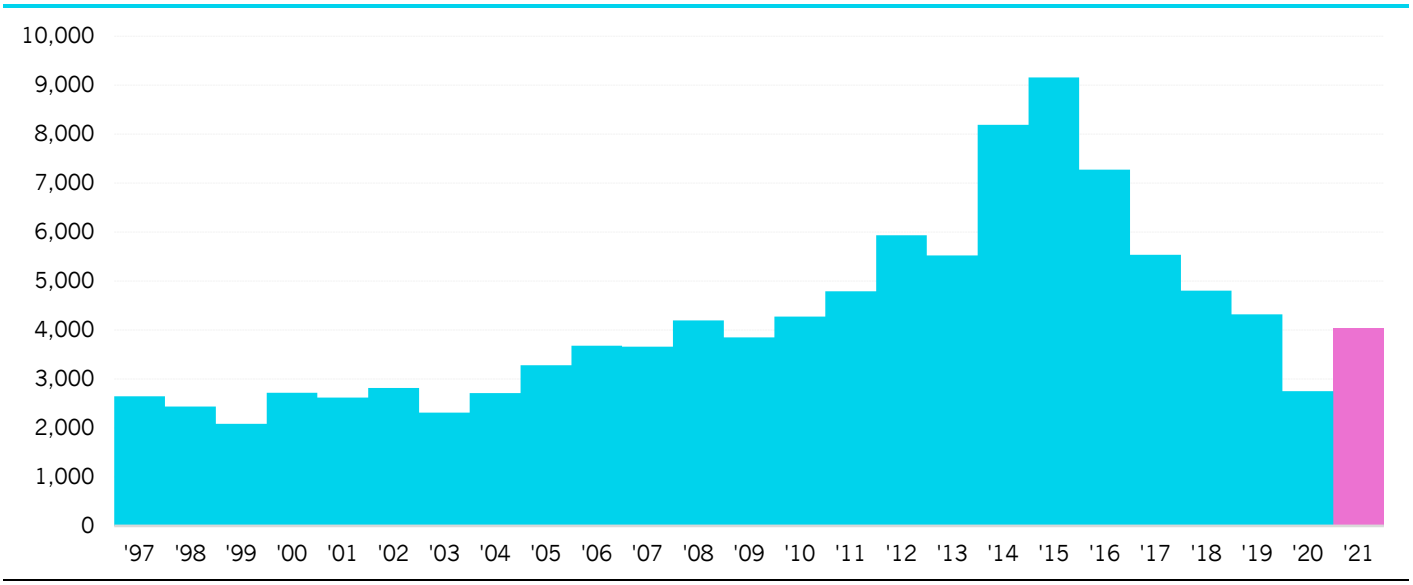
11 Jun '21

May 2021

May saw vehicle sales increase m/m, with growth of 4.9%. Moreover, vehicle sales reported growth of 68.5% y/y. This growth should be taken in light of the fact that the country was under lockdown restrictions in May '20. Moreover, on a YTD basis, sales grew 47.0%, with 792 new vehicles being sold in May '21 alone.

A total of 792 new vehicles were sold in May, resulting in monthly and annual growth of 4.9% and 68.5%, respectively. Moreover, YTD new vehicle sales grew by 47.0% compared to the period in 2020. This positive annual growth in May should, however, be taken with a grain of salt as the country was under restrictions during the comparable period in '20. Commercial vehicle sales saw increases on both a monthly and annual basis, with respective growth rates of 72.1% and 8.8% - amounting to 432 vehicles sold. Similarly, new passenger vehicle sales also increased both on a monthly and annual basis, growing by 0.6% and 64.4%, respectively, amounting to 360 passenger vehicles sold.

Total Vehicle Sales
May YTD vehicle sales, barring '20, are the lowest since '09.



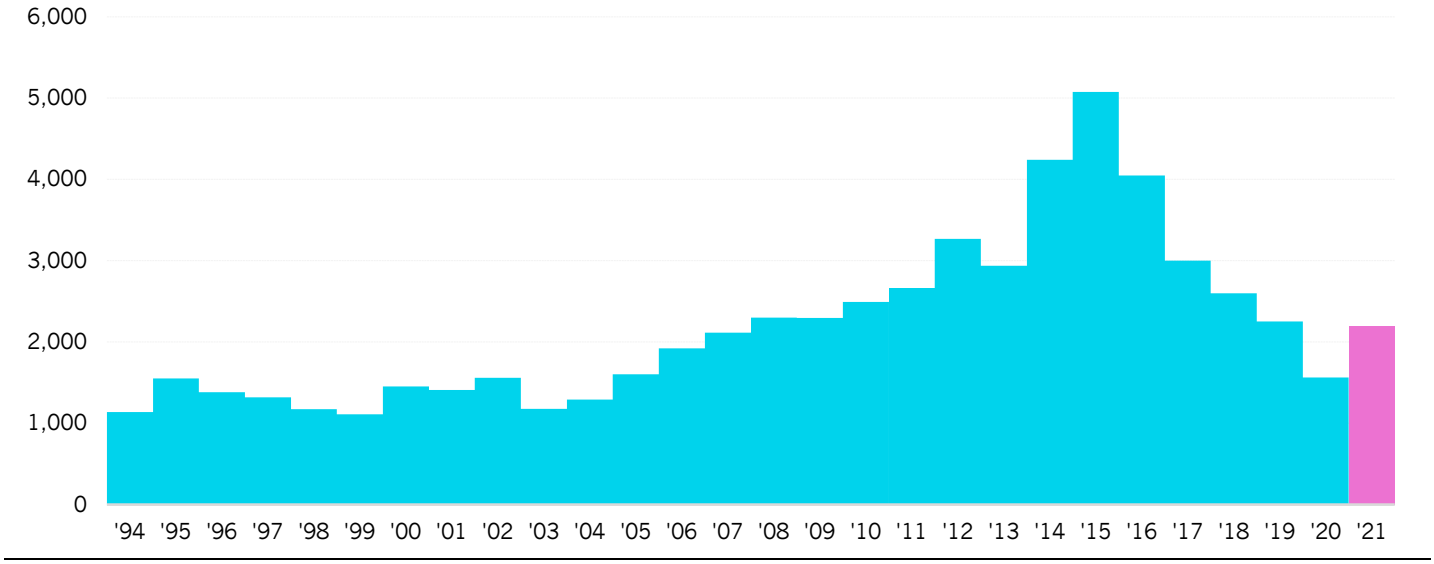
Source: Cirrus Securities, Lightstone Auto

Comparing vehicle sales to '19 figures illustrates that new vehicle demand remains subdued. New vehicle sales contracted by 24.9% compared May '19. Moreover, YTD sales compared to the same period in 2019 are 6.6% lower. Moreover, May YTD sales (barring '20) are the lowest they have been since '09.. Another dynamic is increased demand in the second-hand vehicle sales market. Anecdotal evidence indicates that the second-hand market has become extremely competitive, with a surge in demand as consumers opt for cheaper substitutes. Additionally, with poor new vehicle sales in recent years, there are fewer vehicles coming to the second-hand market as vehicles are retained for longer and purchases are put on hold. A further challenge is availability of stock for new vehicles, driven by logistics and distribution challenges with the ongoing pandemic.

Nonetheless, vehicle sales are expected to rebound in '21, largely due to base effects as business operations are not expected to be halted abruptly. Moreover, vehicle sales growth will be further fuelled by the release of pent-up demand created in '20. Despite the expected artificial spur for new vehicles, expectations are that vehicle sales will remain subdued compared to '19, as the economy recovers very slowly. This is because many households remain at risk of retrenchments, are constrained by high debt levels (relative to disposable income), and face greater difficulty accessing finance given the riskier macro environment.

Commercial Vehicles

Commercial Vehicles
YTD sales amount to 2201 commercial vehicle sold.



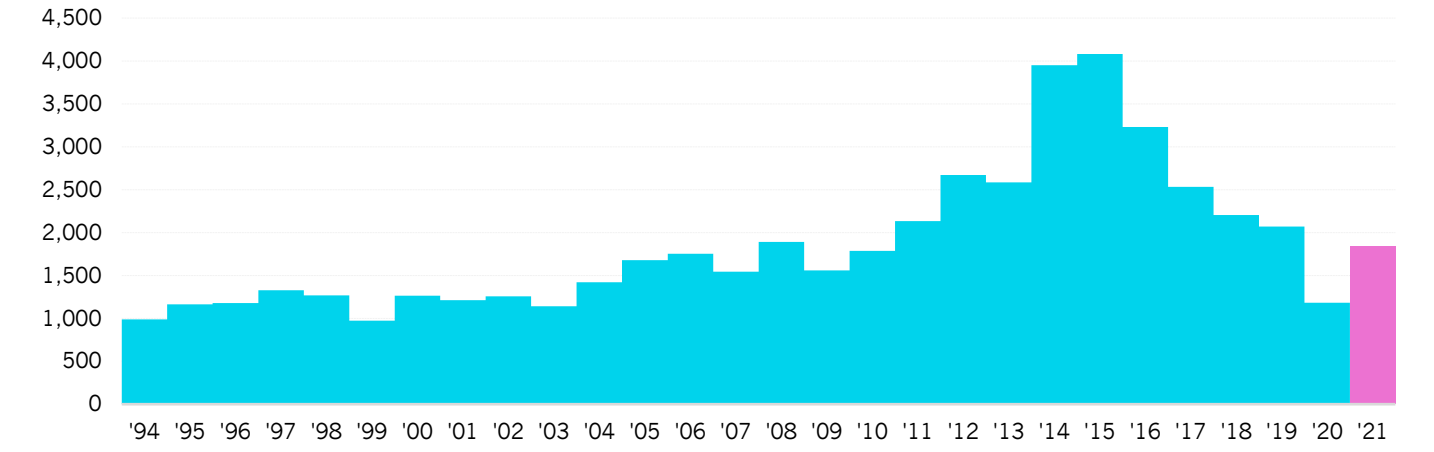
Source: Cirrus Securities, Lightstone Auto

A total of 432 new commercial vehicles were sold in May, a 72.1% increase y/y. Moreover, commercial vehicle sales saw significant growth of 8.8% m/m. This strong growth is indicative of released demand as conditions normalise over the year. However, the figures are concerning as YTD commercial vehicle sales remain at a 14-year low – barring '20.

Light commercial vehicle (LCV) sales saw increases both on a monthly and annual basis, with growth of 15.2% and 6.1%, respectively. A total of 15 medium commercial vehicles were sold in May, representing a growth rate of -25.0% m/m. Finally, 12 heavy commercial vehicles, 33 extra heavy vehicles and 1 bus were sold in May.

Passenger Vehicles

Passenger Vehicles
409 Passenger vehicles were sold in February with annual growth of 17.9%.



Source: Cirrus Securities, Lightstone Auto

A total of 360 passenger vehicles were sold in May. This resulted in growth of -26.7% and 64.4% on a monthly and annual basis, respectively. This is the second consecutive month of strong annual growth. Base effects are expected to see passenger vehicle sales improve during '21, as pent-up demand is eased. However, passenger vehicles will remain subdued on a normalised basis partly as May YTD sales remain on a 12-year low. This historically weak demand is a result of increased cheaper substitutes available on the market, but also due to weaker balance sheets of households as high household debt, high unemployment and a relatively weak macroeconomic environment persist.

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