



MEDIA INFORMATION

FOR IMMEDIATE RELEASE

South Africa's new vehicle dealers expected to get back on the gas in 2021

- **Industry body predicts sales improvements after a crippling 2020, but not quite back to 2019 levels**
- **Vehicle servicing and parts sales slowly returning to normality**
- **NADA credits banks and government with providing recovery support structure**
- **A number of forces, some uncontrollable, could still impact the domestic economy and motor industry**

Johannesburg, 23 February 2021: The National Automobile Dealers' Association (NADA) foresees an improved, but by no means smooth, road ahead for South African new car dealers in 2021.

“Along with so many other industries, the hard lockdown at the pandemic’s onset forced us into a dire situation,” says NADA chairperson Mark Domisse. *“For a very uncomfortable period new vehicle sales were brought to a virtual standstill. Between April and October there were six amalgamations, 19 dealership sales and 38 closures as a result of the economic slowdown.*

“Midway through 2020 we began recovery phases and franchise dealers have done everything in their power to transition from pure survival mode to finding their feet in tough trading conditions, even if it has meant evolving into leaner, more efficient businesses. This right-sizing, combined with government and rental agencies reopening fleet acquisitions, has resulted in dealers experiencing some stability over the past four to six months.

“The return in appetite from the car-buying public, no doubt stimulated by low interest rates and many banks’ financial relief plans, has also been crucial to recent recovery. In fact, NADA credits the South African government and financiers for providing a strong foundation upon which our industry can rebuild.”



MEDIA INFORMATION

FOR IMMEDIATE RELEASE

Dommissie stresses, however, that any market predictions are risky given the many uncertainties both locally and globally. A number of forces, some of which are outside South Africa's control, could still impact the economy and dampen recovery efforts.

"We need to be cautious of a third wave, which is almost inevitable in the winter months. The roll-out of the vaccine in South Africa will go a long way to keeping us out of further lockdowns, and we're looking forward to the opportunity to put this in place in the coming months and create the necessary immunity to strengthen the economy."

Of course, the success of franchise dealers is not measured only on sales, but also services and parts. A dealer's income is split roughly fifty-fifty between vehicle sales and revenue generated by workshops and parts counters.

"We saw a sharp decline in servicing during initial lockdown phases, as work-from-home arrangements meant far less commuting and most drivers simply weren't accumulating distance," said Dommissie. *"The panel beating industry was also severely affected, as fewer cars on the road saw fewer accidents - a grim fact perhaps, but a fact nonetheless."*

"Since September, NADA's member dealers have returned to near normality in workshops as a result of more regular commuting patterns. We also saw pre-holiday services close to normal numbers ahead of the December holidays."

Dommissie notes that supply challenges with regard to new vehicle stock across brands are also impacting negatively on business. This is mostly due to global supply chain challenges, including a chip shortage which has and will continue to have an effect on global supply for the foreseeable short-term future.

NADA is however encouraged by a healthy used car market, as many consumers are reviewing household budgets and downscaling monthly vehicle expenses.



MEDIA INFORMATION

FOR IMMEDIATE RELEASE

“Demand for second-hand cars is particularly strong, and potential is high for used car departments and dedicated used car dealers. Unfortunately this does pose another challenge as demand is outstripping supply at the moment. We expect buoyancy in used car sales to continue, provided the flow of good quality second-hand vehicles entering the dealer ecosystem is sustained,” concluded Dommissie.

NADA is a constituent association of the Retail Motor Industry Organisation (RMI).

ENDS

NOTES TO EDITORS

ABOUT NADA

The National Automobile Dealers' Association (NADA) is a professional body representing the interests of business persons who own, operate and manage new passenger and commercial vehicle franchise motor dealerships and qualifying used vehicle only outlets in South Africa. There are currently 1,326 NADA members. NADA members make up 85% of all new franchise dealerships in South Africa. South Africa currently has approximately 1,600 new franchised automotive dealerships comprising R48-billion worth of investment. It employs 60,000 personnel directly and a further 25,000 indirectly.

NADA is a proud constituent association of the Retail Motor Industry Organisation (RMI) and has affiliations with a number of similar organisations world-wide. NADA is committed to enhancing the image of the retail motor business; facilitating the interface between dealers and the motor manufacturers and importers who supply them; building rewarding relationships between dealers and their customers; and bringing relevant issues facing its members to the attention of government at all levels.

As a major role player in the automotive industry, NADA and its members are strong supporters of complying with the Retail Motor Industry Organisation and the Consumer Protection Act's Codes of Conduct for the Automotive Industry. In all forums, NADA is the fully representative and respected voice of the retail motor industry in South Africa.

PLEASE NOTE: This content is relevant for February and March 2021. Please contact Meropa Communications for any updates if the content is going to be utilised thereafter.

Issued for and on behalf of NADA by:
Meropa Communications

For further Information Contact:
Ilana Salant
Meropa Communications
E-mail: ilanas@meropa.co.za