

The Lightstone Confidence Indicator

The forecasted activity for the next 3 months and next 6 months in the MBR and Dealer segment is flat, while the forecast by OEMs shows expected improvement.

MBR's reported an **improved activity** score from 5.7 in February to **6.2 in May** (+0.5).

Activity in the Dealer space **improved** from 5.3 in February to **5.6 in May** (+0.3).

OEMs reported the **best improvement** with activity levels improving by 1.3 since February to measure **7.2 in May**.



Markets are **currently quiet**, and there is a shortage of stock, both vehicles and parts.



While applications for finance is received, **few are approved** by the financial institutions.



There is hope that Covid-19's impact on business will be reduced through the suspension of the lockdown levels, the prevention of a third wave of infections and the successful implementation of the vaccination program (7.2%)



Negative factors

35.1% anticipate that the Covid-19 pandemic and the **threat of a third wave** of infections is the biggest barrier to economic recovery.

19.4% expressed concern that the **shortage of vehicle stock and parts** are further hampering opportunities to trade.

13.6% noted the **current economic situation** to be have the biggest effect on future activity.

Positive factors

Confidence that the economic situation **will improve sufficiently** (6.0%)

Current low interest rates is also expected to **boost vehicle sales** (5.2%)



The percentage of people who **believe that business will take more than 2 years to recover**, increased from 17% in February, to 21% in May.





Automotive Confidence Indicator

May 2021

Lightstone

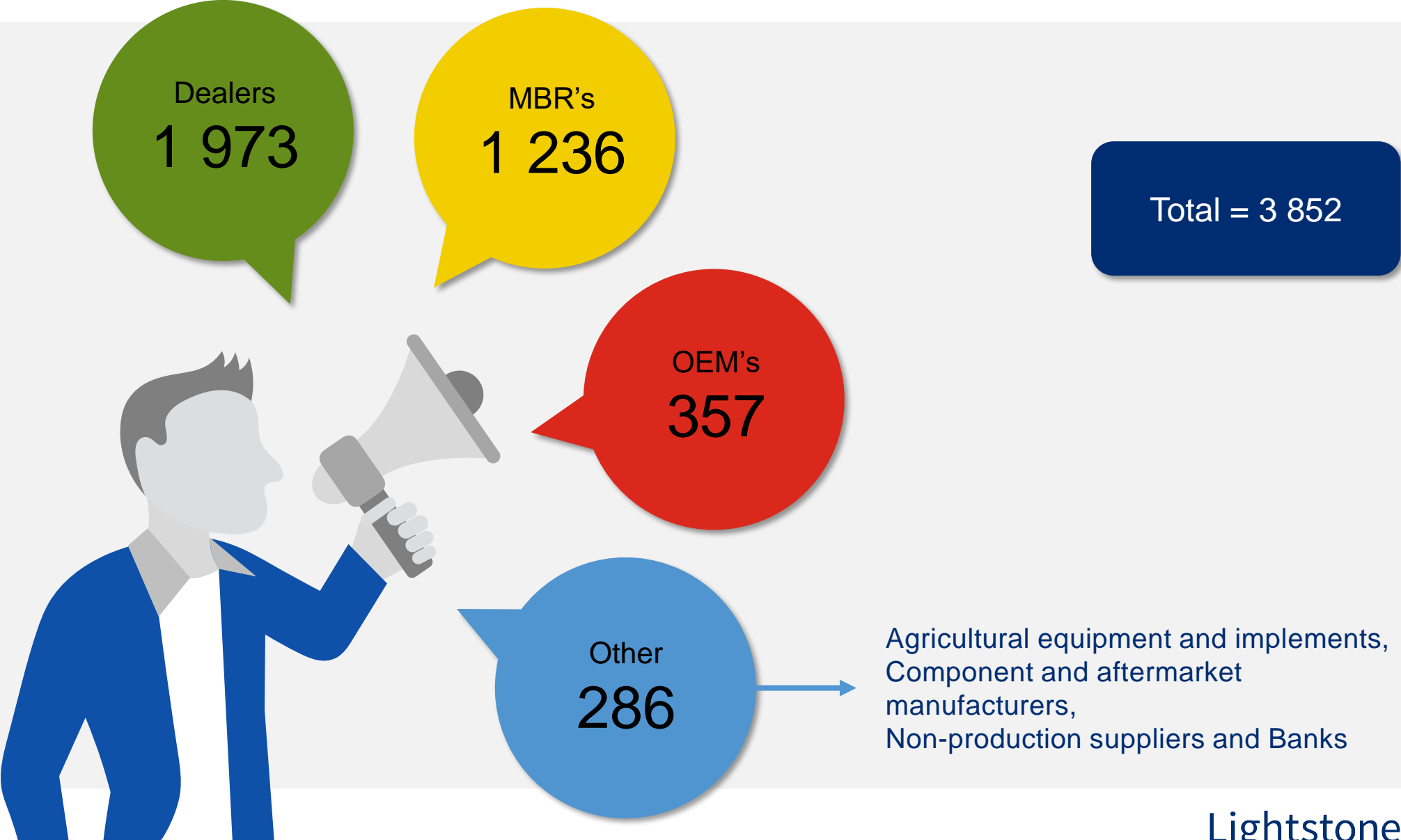
We simplify the complex

Objectives

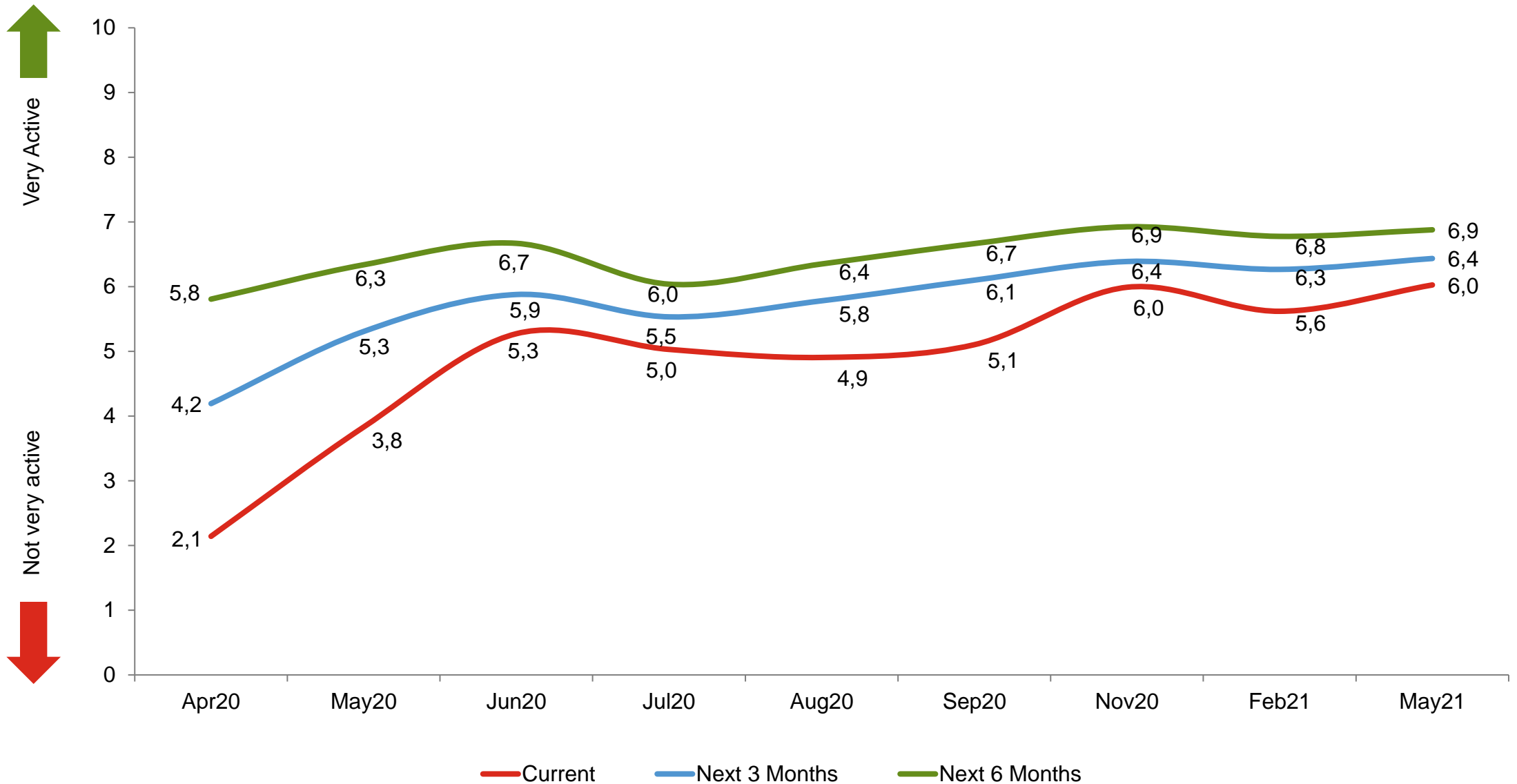
To measure
and track the
recovery of
the SA Motor
Industry

- › Measure current market activity.
- › Measure expected market activity over the next 3 months.
- › Measure expected market activity over the next 6 months.
- › Identify the factors that will have the biggest effect on future activity.
- › Measure how long it will take business to recover from the impact of the Covid-19 pandemic.

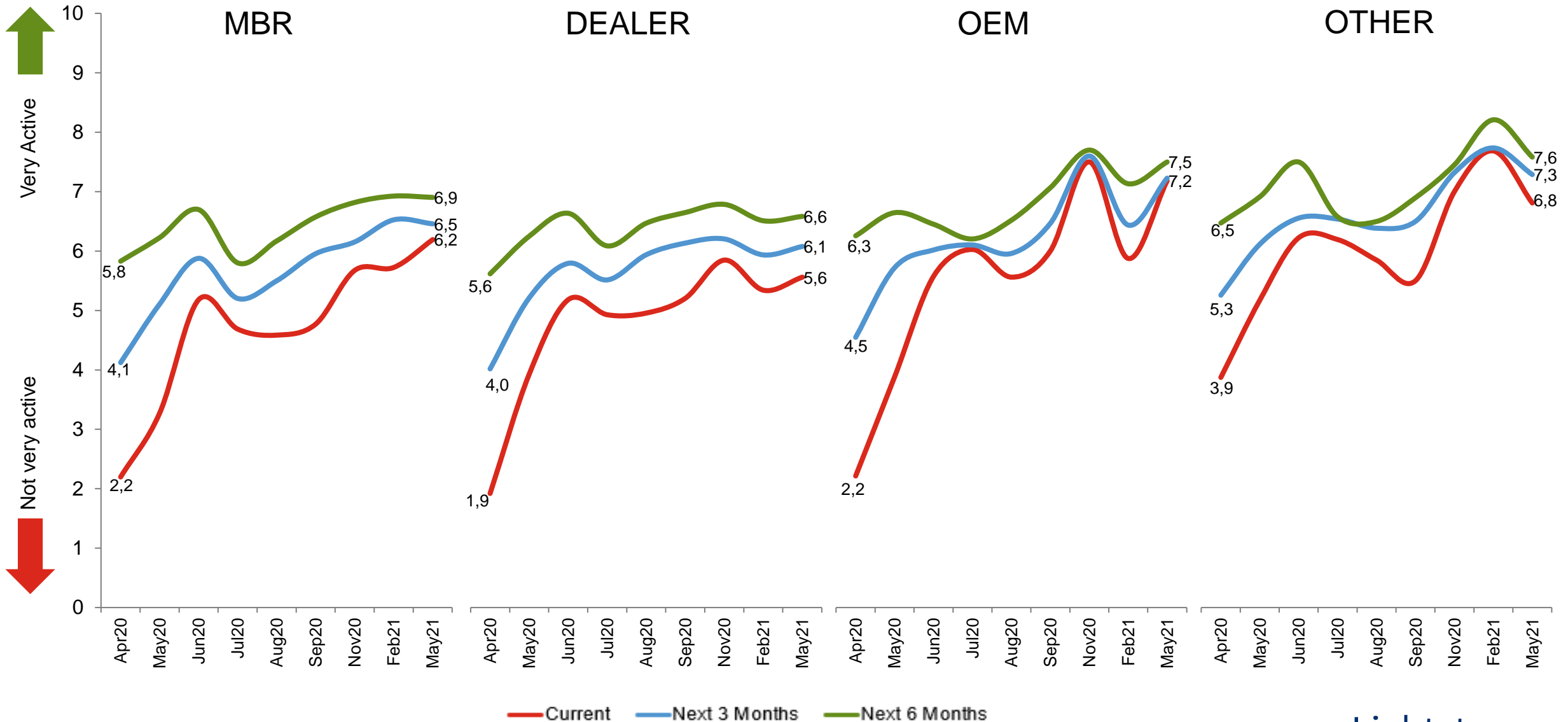
Survey respondents



Current and expected levels of market activity



Current and expected levels of market activity by segment



May 2021 level of activity: Top 5 themes and comments

01

The markets are very quiet

- “Phone not ringing, no walk-ins, no enquiries to ads.”
- “We are not getting many vehicles in, especially from Insurance Companies.”
- “Customers are still concerned about moving around, under the current situation they prefer to stay away from public spaces.”

02

Business is doing well

- “Activities have increased substantially and are up to pre-Covid volumes.”
- “Some brands are doing really well because they are doing the basics right.”
- “Demand from customer is still positive, trending is still up from end of 2020.”

03

Shortage of stock experienced

- “Demand is still good, but stock supply is a concern.”
- “Supply under constraint from India and Europe on both vehicles and parts.”
- “There is customer activity but there is a shortage of new vehicles to meet demand.”

04

Many applications are declined

- “Quality of applications are not as good recently. Customers’ affordability is not what they think.”
- “We do receive applications, but very little go through on final validations.”
- “Applications are very slow, and a lot are declined.”

05

Consumer confidence remains low

- “Buyers are more cautious purchasing luxury goods with the unstable economy as it is.”
- “The threat of the third wave of Covid seems to be having an effect on spending and confidence.”
- “There is interest, but clients are reluctant to commit.”

3 months level of activity: Top 5 themes and comments

01	<p>Hoping for a gradual increase in activity</p> <ul style="list-style-type: none">• “April onwards business increases traditionally, together with a slowly recovering economy we should see an increase.”• “With the Covid-19 vaccines being rolled out we might not experience any further lockdowns.”• “Praying business picks up and we start getting some good clients. Clients should start getting their finances in place and accounts in line. Most people have gone back to work.”
02	<p>There is a shortage of stock and parts which is hampering activity</p> <ul style="list-style-type: none">• “Difficulty of stock availability put more stress on dealers.”• “It should improve when we can get more stock, and new model launches help improve sales and Covid-19 numbers falls again.”• “Stock is said to be a challenge due to knock on supply/production issues.”
03	<p>Threat of 3rd Covid-19 wave curbs enthusiasm for improvement</p> <ul style="list-style-type: none">• “Covid-19 picking up again, might lower human activity and the number of claims.”• “Expect 3rd wave Covid-19 and restrictions to be put in place again.”• “Fear of 3rd wave. People permanently working from home now means less travelling and a decline in risk of accidents.”
04	<p>Not anticipating much activity in the months to come</p> <ul style="list-style-type: none">• “Outlook negative due to excessive debt levels, poor service delivery and political outlook.”• “I don’t think that business will improve over current levels. There may be a decline.”• “It may slow down a little for winter.”
05	<p>Consumers remain under pressure financially</p> <ul style="list-style-type: none">• “A lot of people lost their work or work hours were reduced and that comes with less pay.”• “Don’t see a short-term increase in demand from customers - household income still under severe pressure.”• “Most clients cannot afford to pay the excess on the insurance work we get.”

6 months level of activity: Top 5 themes and comments

01

Hoping for an improvement in market activity

- “Expecting an improvement in Q4 2021, launching some exciting new products.”
- “More stability in the markets, rate is stable, clients are more relaxed about debt.”
- “It is hard to say as we are in very uncertain times, but we are hoping for it to stay busy.”

02

Shortage of stock and parts should be resolved

- “As we work towards year end the current semi-conductor supply issues should improve, and more stock should become available.”
- “Stock availability in the new car space should return, in turn easing the supply constraints in the pre-owned market.”
- “The only issue is parts being made available in the country, so we finish on time and reach our target.”

03

Covid-19, lockdown levels and vaccinations to shape future activity

- “This depends entirely upon the impact of Covid and the possibility of a third wave, but the thinking is positive given the vaccine to prove its worth.”
- “Hopefully Covid won't influence business so much anymore. People will have been vaccinated.”
- “Hopefully Covid-19 restrictions are eased as vaccines are rolled out.”

04

Not expecting much activity

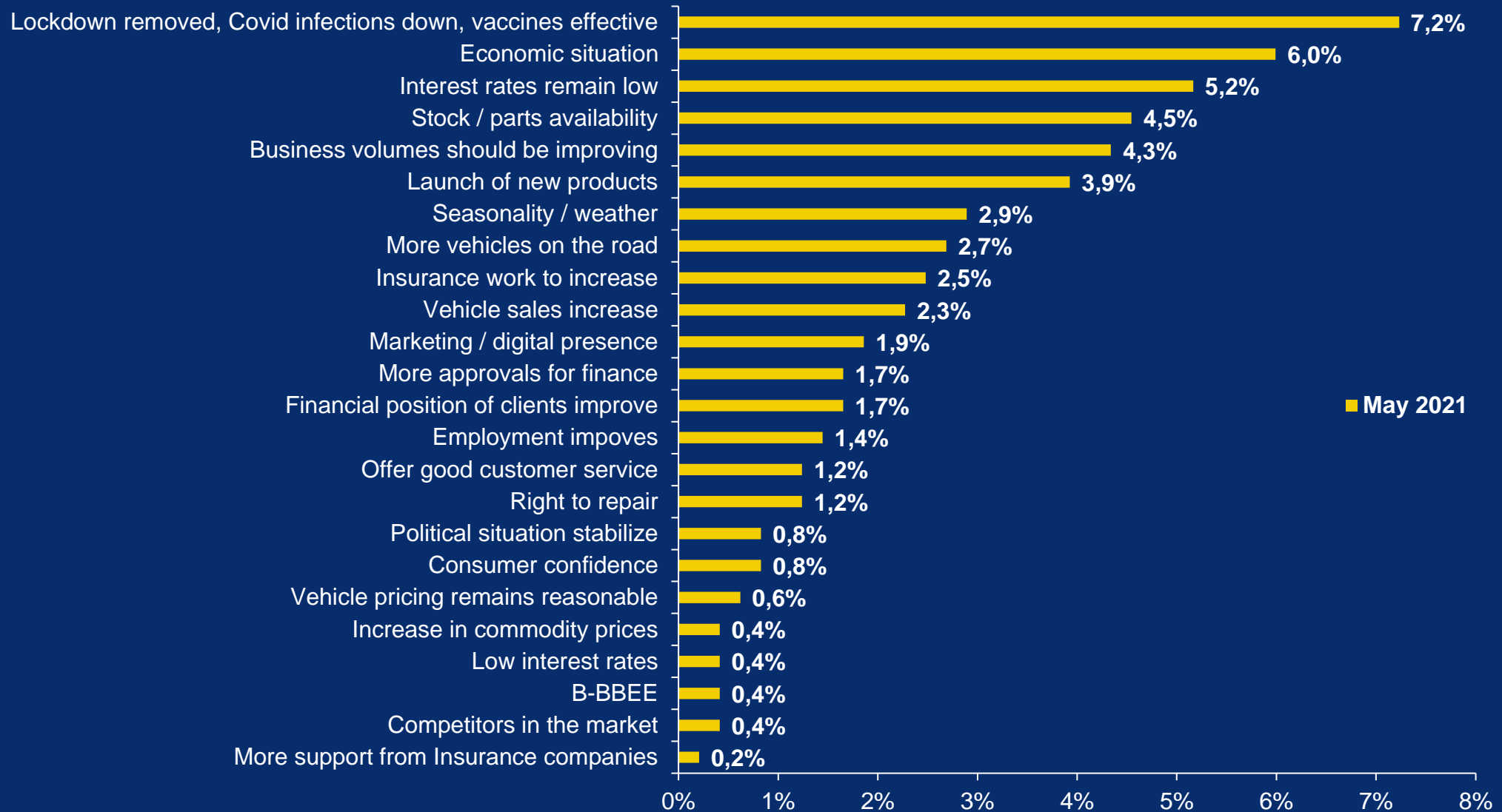
- “Do not expect much to change and there is the risk of further impact from a 3rd wave of Covid-19.”
- “Not being very optimistic, as there is much uncertainty within the market which could be attributed to the pandemic.”
- “The focus will change from Covid-19 to the real situation of the economy, which is dire.”

05

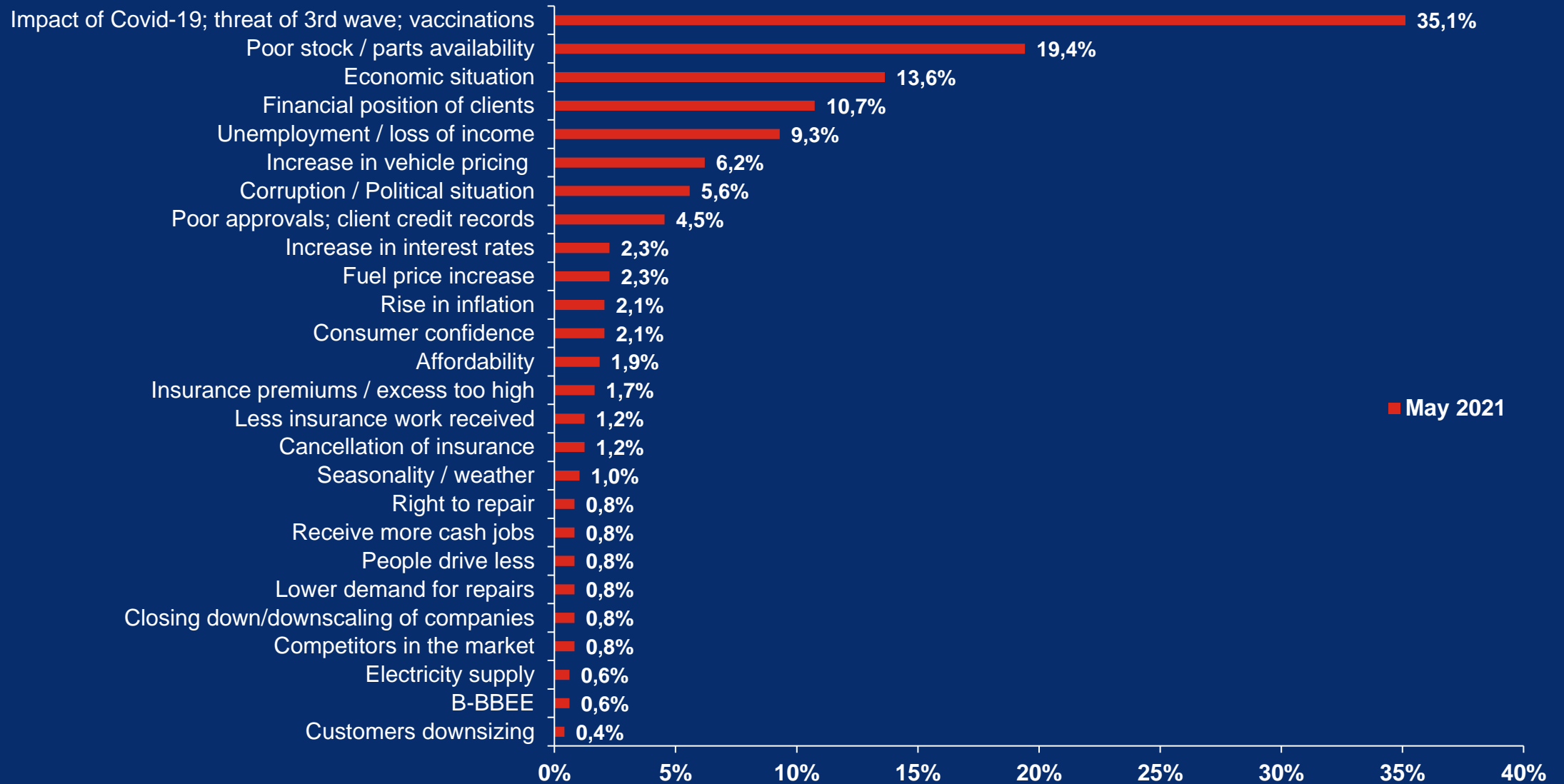
Customers' financial position and consumer confidence

- “Customers are worried about financial security. Affordability is a big issue and Covid-19 impacted many people's credit profiles.”
- “Don't see any reason why things would change. People are struggling to make ends meet.”
- “The effects of unemployment and inflationary pressures will start to show.”

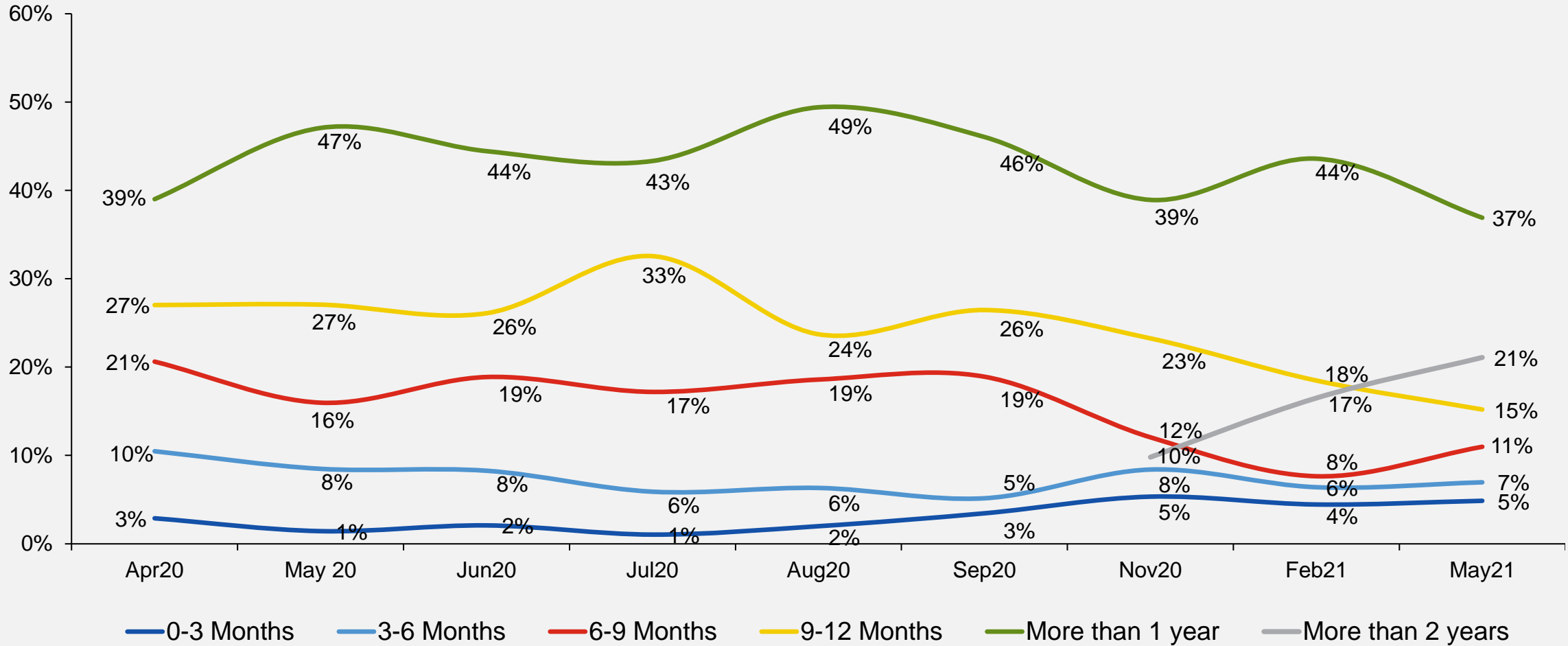
Positive factors anticipated to have the biggest effect on future activity



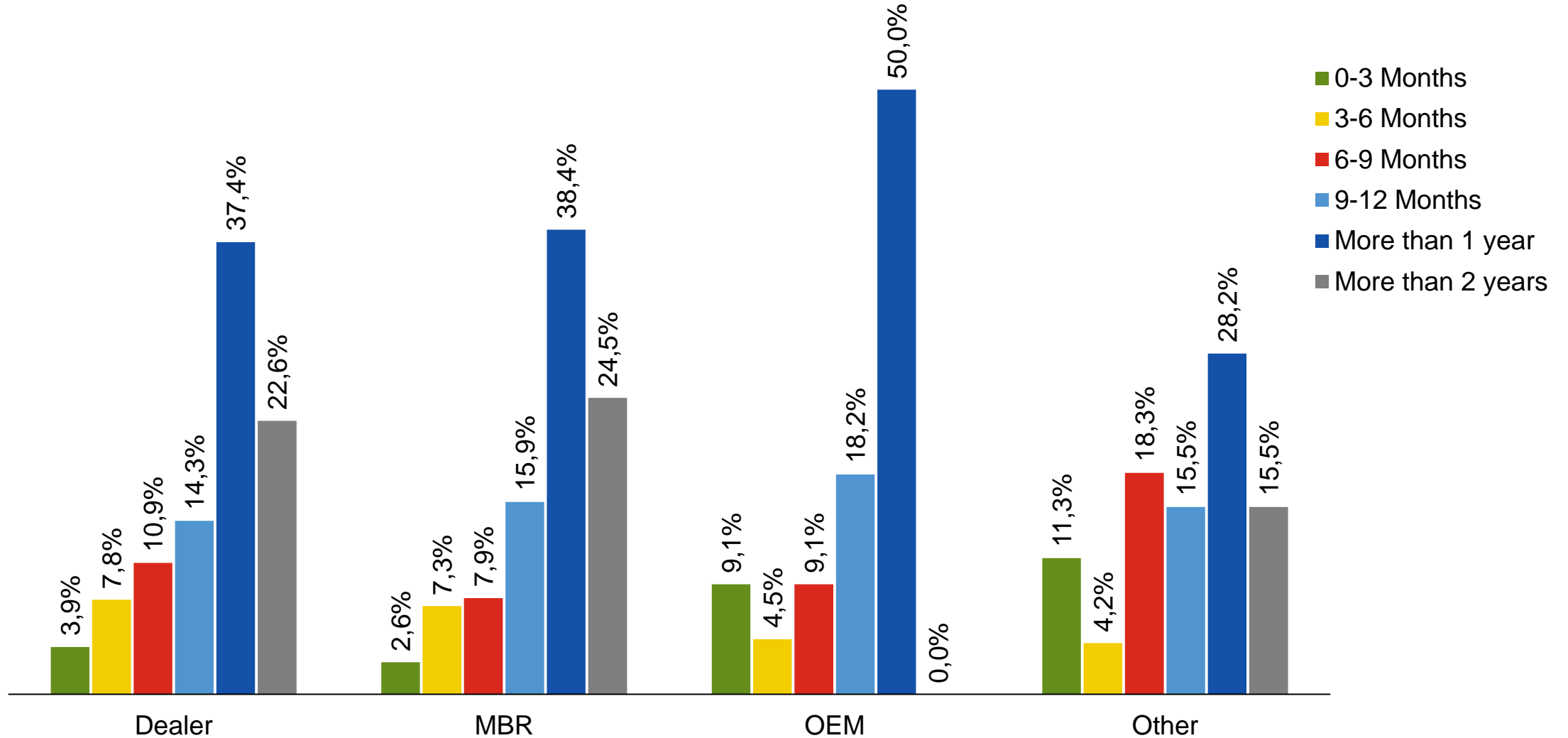
Negative factors anticipated to have the biggest effect on future activity



Time needed by business to recover from the impact of COVID-19



Time needed by business to recover from the impact of COVID-19, by segment for May 2021



Contact us if you have any questions

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