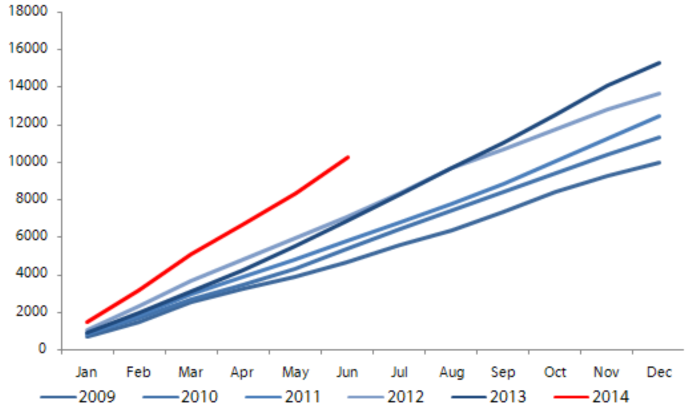
June 2014 New Vehicle Sales

Jan-Hendrik Conradie - *15July 2014*

Sales hits record high

Vehicle sales	Units	2014 YTD	May14 y/y %	Jun14 y/y %	Sentiment*
Passenger	828	4,787	26.5	42.5	✓
Light Commercial	945	4,994	31.8	43.8	✓
Medium Commercial	39	156	-22.2	77.3	✓
Heavy Commercial	72	341	54.3	80.0	✓
Total	**1,884**	**10,278**	**28.6**	**44.9**	✓



Source: Naamsa
**Sentiment describes the y/y% movement*

1,884 new vehicles were sold in Namibia during June, the highest vehicle sales figure recorded in our 19 year history, reflecting an increase of 14.1% m/m, off an already high base. The higher monthly figures were caused by an uptickin both passenger vehicle sales and commercial vehicle sales. As expected, Junesales increasedafter theseasonal slowdown in April-May, and the monthly figures expanded to beat the previous record sales level as set in March. On an annual basis growth accelerated to 44.9%, bouncing back from28.6% y/y in May on account of base effects. At this point, 10,278 vehicles have been sold so far in 2014, up 50.3% on the comparable period of 2013.

The 12-month cumulative measure increased further to 18,699and is now 39.3% higher than a year ago and up 3.2% on the previous month.The increase in the 12m cumulative figure is a combination of a low base and strong results in the current period.

Sales of passenger vehicles increased, up 7.1% m/m to 828 vehicles sold, coming off the May slowdown. Passenger vehicle sales are 42.5%higher than a year ago. Commercial vehicle sales increased 20.3% to a record 1,056 vehicles sold, the increase was on account of higher numbers recorded in the light, mediumand heavy categories.

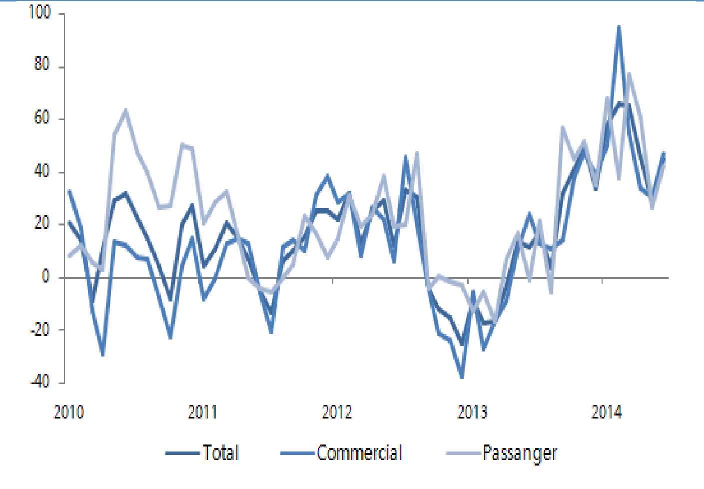
Toyota and Volkswagen dominated the passenger market,selling themost vehicles in May, with the two brandsclaiming 31.8% and 26.8% of sales respectively. Toyotaonce againwas the market leader in light commercial vehicles, having the lion's share of sales at 44.3% of the market, followed by Nissanat 13.0%.

The Bottom Line

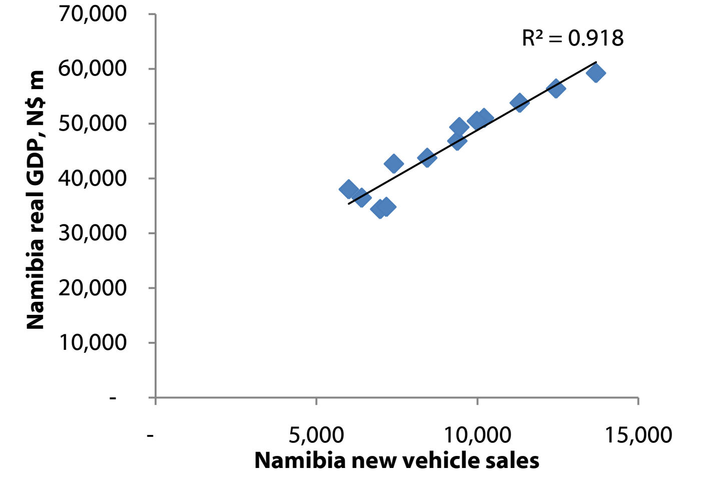
The strong increase in vehicle sales is attributed to a number of factors, namely the on-going expansive fiscal and monetary positions of the Ministry of Finance and Bank of Namibia, as well as purchase of vehicles by Government.The Ministry of Finance has allocated N$984.5m to vehicle purchases in the 2014/15 National Budget,aN$517.8m or 111.0% increase on the vehicle expenditure budget of the 2013/14 financial year. Additionally, vehicle sales at the Bank Windhoek-Republikein Motor show also contributed to the June numbers. According to DaleenBlaauw, head of vehicle financing division at Bank Windhoek, 300 applications were received during the Bank Windhoek-Republikein Motor show of which 184 were approved. This is an increase of 10.0% when compared to last year.

We expect sales to pick up further during the motor show season that is in full swing, as it offers appealing deals on new vehicles. The strong growth trend is expected to continue, however sales may slow towards the end of the year as monetary policy tightening is likely to continue. Nevertheless, government tenders yet to be delivered will maintain the momentum of vehicle sales through 2014.

Vehicle sales growth y/y % change

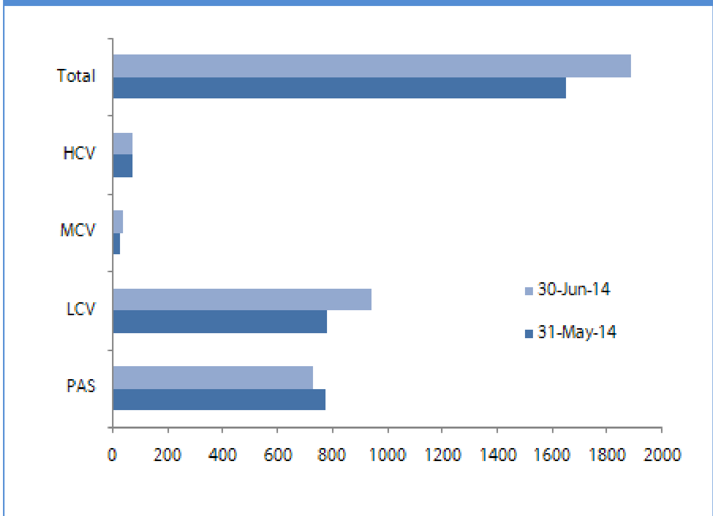


Annual new vehicle sales vs Namibian real GDP

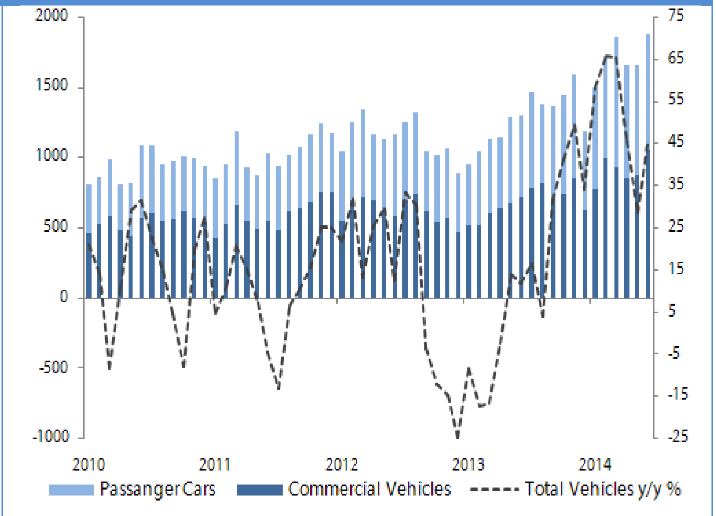


Source: NAAMSA

Vehicle Sales Volume

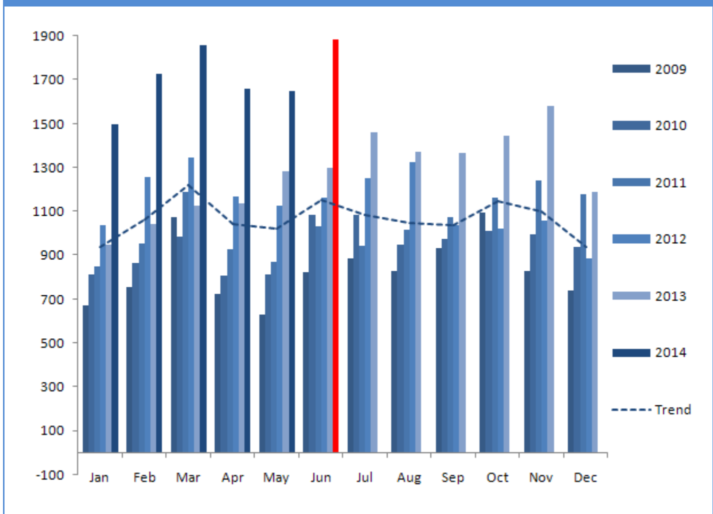


Sales Volume

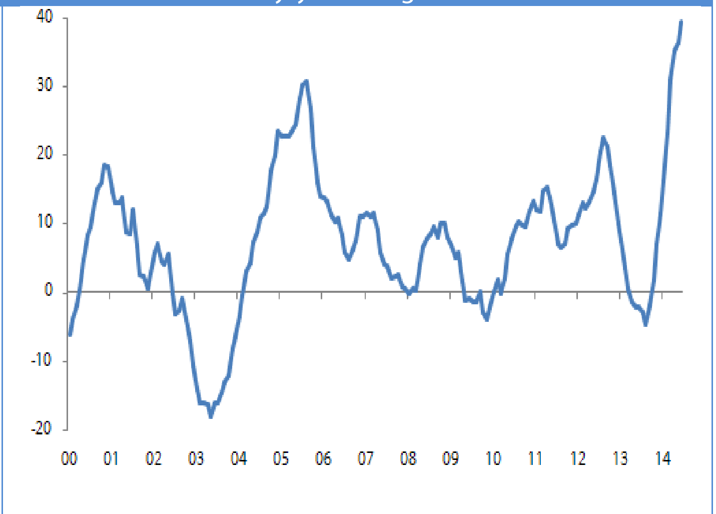


Source: NAAMSA

Total Vehicle Sales



12-month Cumulative y/y % change



Source: NAAMSA

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