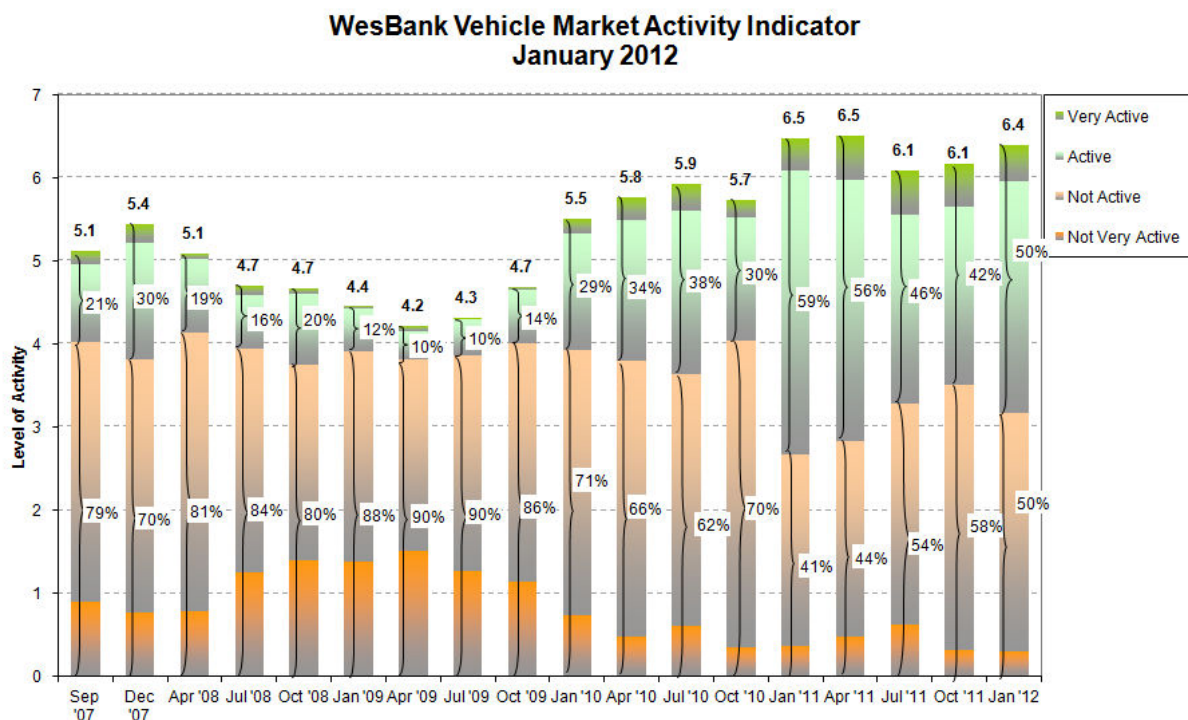


17th edition, 1st Quarter 2012

SA VEHICLE SALES OUTLOOK BRIGHT AS DEALER CONFIDENCE LEVELS SURGE

15 February 2012: Following the double digit growth in vehicle sales recorded last year, the outlook for South Africa’s automotive sector continues to remain positive at the start of 2012, with confidence levels among dealers increasing for the first three months of the year.



According to results from the latest *WesBank Vehicle sales Confidence Indicator (WVsCI)** for the first quarter of 2012, overall confidence levels in sales activity amongst dealers increased to 6.4 out of 10 compared to 6.1 in the final quarter of 2011.

According to Chris De Kock, Executive Head of Sales and Marketing at WesBank, the increase in confidence levels among dealers is reflective of the fact that the high levels of sales activity within the automotive sector last year appears to have continued into 2012.

“The local vehicle sales market has showed unexpected, continued growth at the start of the new year, with total industry vehicle sales increasing by 8.8% year-on-year in January 2012 compared with the same period a year earlier,” says De Kock.

“This growth has been stronger than expected due to the continuing demand by consumers for vehicles. This can be attributed to an improvement in the affordability factor with manufacturers continuing to launch new models at extremely affordable prices and new car prices growing significantly slower than those of used vehicles. “To put this in context, the CPI on new vehicles has

decreased from 8.7% in the 4th quarter of 2009 to just 4% for the same period 2011. As a result, we are seeing a continued shift by consumers from used to new vehicles.”

The latest WVsCI results also reveal the highest ever confidence levels for future vehicle sales activity, with confidence levels in future sales activity of 7.1 and 7.4 for the next three and six months respectively. De Kock says other economic data is also pointing to an improved outlook for consumers. Recent statistics by the National Credit Regulator show a rise in the number of consumers in good standing from 10.04 million in June 2011 to 10.27 million consumers in September. Insolvencies among private individuals have also consistently reduced in recent years - all good indications that consumer spending will remain positive.

“This is further supported by WesBank book data that shows an increase of more than 6% in monthly applications in January 2012 to 98 000, compared to the same month last year” adds De Kock.

He says 34% of dealers cite new products and supply of stock as the driving factor for continued activity in car sales, compared with 45.1% previously. “While this is a decrease on the previous quarter, it is still the main reason cited as driving sales. In addition, 9.7% dealers also cite vehicle pricing as having a positive effect on sales activity, up from 5.2% previously.”

On the main factors that may prevent consumers from completing a purchase, 7.5% of dealers cite interest rates, up from just 3.3% in the previous quarter. “The low interest rate environment has supported sustained growth in the local automotive industry during the last year and we expect this low rate cycle to continue for most of 2012. However, speculation of a possible rise in interest rates later in the year may act to curb consumer buying down the line.”

De Kock notes that whilst confidence levels among dealers continue to remain positive, growth in vehicle sales is likely to remain in single digits throughout 2012. “It must be remembered that 2011 saw exceptional growth in new vehicle sales. As a result, single digit growth is still very positive and should be welcomed by the automotive industry given that we are coming off a comparably high base.”

**The WesBank Vehicle sales Confidence Indicator (WVsCI) polls over 250 new car dealerships throughout South Africa on issues such as current and expected sales activity levels, as well as factors affecting purchasing decisions amongst buyers.*

-Ends-

About WesBank:

With over 40 years of experience WesBank has become the leader in asset-based finance solutions in South Africa. The company is focused on providing quality asset finance and fleet management solutions for a number of market sectors. WesBank’s asset finance portfolio includes Aviation, Agriculture, Commercial and Company Vehicles, Plant and Office Equipment, Public Sector and Franchise finance solutions. Visit www.wesbank.co.za for more information.