

## Metair sees massive growth in SA vehicle production

JSE-listed Metair Investments believes vehicle production volumes in South Africa could exceed 750 000 by 2023, a new record following the record 631 921 vehicles produced domestically in 2019.

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If achieved, this will be a significant growth on the 447 218 units produced in South Africa in 2020, which automotive business council Naamsa is projecting to grow to 556 900 in 2022.

Metair chief financial officer Sjoerd Douwenga's bullish production forecast is based on volume model launches being planned by Ford, Toyota and Mercedes-Benz, with the majority of these vehicles destined for the export market.

Douwenga believes domestic vehicle production in 2021 will be close to 90% of the production volumes achieved in 2019.

The Ford Motor Company announced earlier this year that it was investing a further R15.8 billion in its South African operations as it defined an exciting new era for Ford in South Africa.

In addition, 12 automotive component suppliers, including existing and new suppliers, are investing R4.33 billion in facilities and setting up their businesses adjacent to the Ford plant in Silverton to produce components for the new Ford Ranger and Volkswagen Amarok product.

Mercedes-Benz Cars announced in June this year that it had invested a further R3 billion in South Africa to boost its investment in the country to R13 billion for the production of the new generation C-Class at its production plant in East London, while Toyota South Africa Motors (TSAM) reported in January this year that it had invested almost R3 billion in South Africa for the production of the new Corolla Cross sport utility vehicle (SUV) at its manufacturing plant in Prospecton in Durban.



Ford is investing over R15 billion in expanding its production in South Africa and that bodes well for component manufacturers, says Metair.

Metair CEO, Riaz Haffeejee, said this week that Metair would be creating more than 3 000 new jobs in South Africa this year through major investments for a new project for Ford SA.

Haffeejee said Metair's is investing in:

- A 35 000 m<sup>2</sup> facility in Stanger for Hesto Harnesses, which will employ 300 000 people by the end of this year.
- A 7 500 m<sup>2</sup> warehouse in the Tshwane Automotive Special Economic Zone (TASEZ) next to Ford SA's plant in Silverton.
- Another facility in the TASEZ for Automould, which will supply plastic injection moulding parts to Ford SA.

Haffeejee said wiring harness produced in the new Hesto Harnesses facility in Stanger will be shipped to the warehouse in the TASEZ for sequenced delivery to the Ford SA plant. Metair has approved capital expenditure of R1.6 billion in the current financial year, and a further R272 million in capital expenditure was approved in the first half of 2021.

Douwenga said about R1.1 billion of the total capital expenditure approved would be invested over three years in land, plant and equipment for Hesto Harnesses for the Ford project.

He said the Ford project "was transformational from a Metair perspective".