

# MAN Automotive South Africa

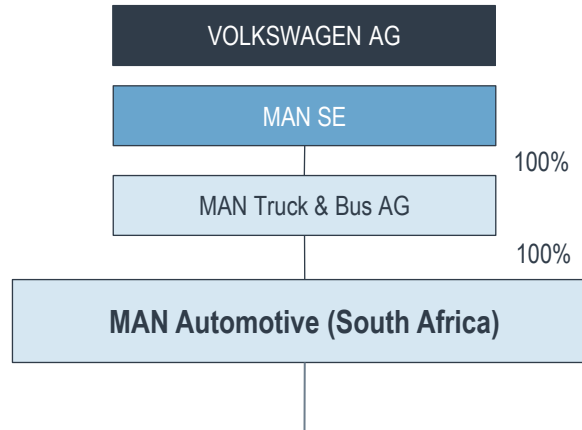
## **BUS BODY LOCAL CONTENT**










**MAN Automotive SA &  
Enterprise & Supplier  
Development**

# Company Structure

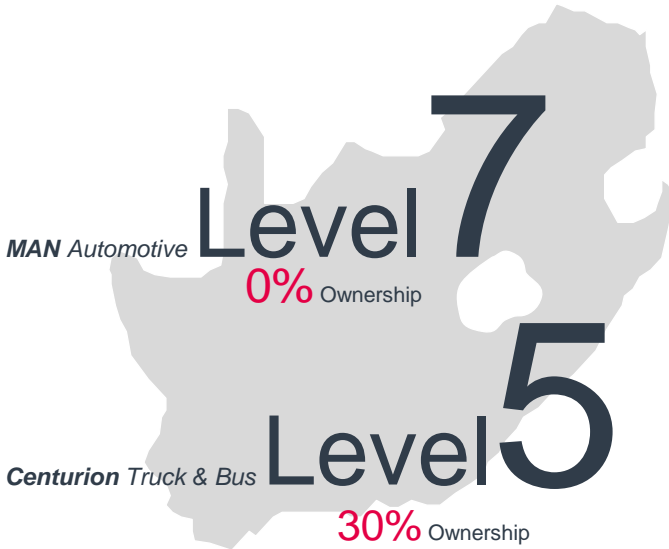


**Mr. Markus Geyer – Managing Director**  
**Mr. Arshad Hassim – Finance Director**

<b>Sales &amp; Support Admin H/O</b> Modderfontein - JHB	<b>Truck &amp; Bus Assembly Plant</b> Pinetown - KZN	<b>Bus Body Assembly Plant</b> Olifantsfontein - JHB	<b>PDC - Central parts (Local)</b> Isando - JHB	<b>Dealer Network</b> Nationwide
				
149 Staff	133 Staff	233 Staff	75 Staff	250 Staff

Local Spend - ZAR1.3bio with **970** various South African Suppliers

# B-BBEE



## MAN Automotive 2016 vs 2017 Scorecard

	Ownership 26 pts possible	Management Control 19 pts possible	Skills Development 25 pts possible	Ent. & Supp. Development 44 pts possible	Socio Econ. Development 5 pts possible
2017	0 pts achieved	12.1 pts achieved	23.6 pts achieved	29.5 pts achieved	5 pts achieved
2016	0 pts achieved	10.3 pts achieved	17.2 pts achieved	30.8 pts achieved	5 pts achieved

## Centurion Truck & Bus 2016 vs 2017 Scorecard

	Ownership 26 pts possible	Management Control 19 pts possible	Skills Development 25 pts possible	Ent. & Supp. Development 44 pts possible	Socio Econ. Development 5 pts possible
2017	25 pts achieved	14.1 pts achieved	18.9 pts achieved	22.2 pts achieved	5 pts achieved
2016	25 pts achieved	11.8 pts achieved	18.7 pts achieved	21.9 pts achieved	5 pts achieved

- + Absorb **90%** of learners after completion – Technical & Admin
  - 4 year dual program (Theory & Practical)
  - **8.3%** of all MAN employees are learners
- + Donation of engines and gearboxes to Ekurhuleni West College as SED initiative
  - Opportunity for learners to familiarize themselves with **state of the art technology** and not only in theory
- + 8% of local spend is on **EME & QSE** Suppliers, **R100mil p.a.**
  - ESD down at MAN Automotive due to new codes at our suppliers

# Enterprise & Supplier Development Initiatives

2015

**Kunene  
Manufacturing**  
Level 2 EME



✓ **R1.3mil** investment on Tube Laser Cutter to supply steel components

2016

**Chassis  
Carriers**  
Level 1 EME



✓ **R2.4mil** investment on 2 x VW Trucks & 2 x Car Carriers to provide bus chassis transport from Pinetown to Olifantsfontein

2017

**Imtimo  
Logistics**  
Level 1 EME



✓ **R2.6mil** investment on 2 x MAN Trucks to provide FMCG distribution

## MAN Bus Body Plant Olifantsfontein

- Employs **198** direct & **35** indirect staff
- Producing **7** different MAN & VW bus body models for Rural & City Application
- Capacity **1000** buses p.a.
- Currently producing **430** buses p.a.
  - Export **50**
  - Local **380**
- **R254mil** Spend p.a. with **147** local suppliers
- **R28mil** Spend p.a. with **8** international suppliers
- In-house Design and Engineering team
- MAN Germany decides on the look and MAN SA **designs and develops components** to suit South African Market



**RURAL EURO 2**



**SPECIALISED BUSES – 27M Bi-Art**





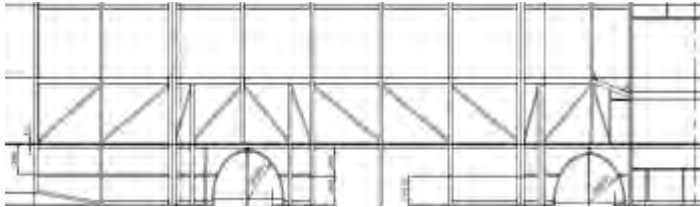
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## ▶ Bus Body Local Content

## Compliance with SATS 1286

- MAN was already able to **comply** to minimum **80%** with **no additional measures**

Steel parts



- ✓ **98%** steel purchased from local mills
- ✓ Steel forms **50%** of complete bus

Windows



- ✓ **80%** local
- ✓ High element of local value add

Seats



- ✓ **85%** local
- ✓ Very labour intensive

Fibre & Plastic parts



- ✓ **80%** local
- ✓ Very labour intensive

- When sourcing a component, suppliers have to declare their local vs imported content
- Our suppliers provide us with Annex C declarations for every tender that is awarded to MAN



## Challenges

- Price **Competitiveness** of South African suppliers is very poor
- Local Content comes **at a cost** vs. importing e.g.



Local approx. **R200**  
for 30 000 units p.a.



**R70** produced in EU for  
500 000 units p.a.



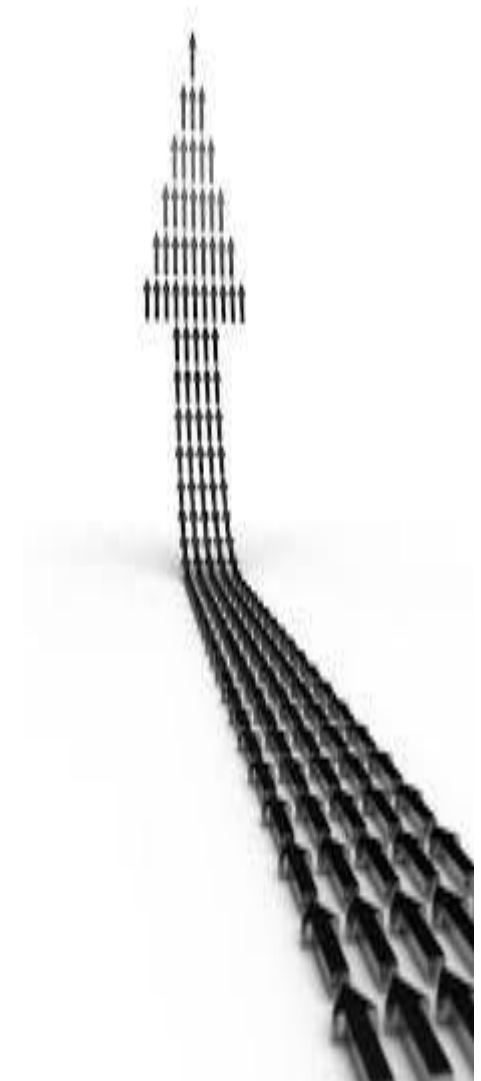
Bus Bodies, Bus produced in Brazil **10-20%**  
**more competitive** than South African local  
equivalent



- No Government incentive for purchasing Bus parts locally like **APDP**
- **Regional requirements** per municipality i.e. setting of Bus Plants per city
- Bus Tenders that require very **complex B-BBEE & Local Content initiatives**, qualifying the best suited solution for SA could take more than the **time** permitted
- Decisions on procurement of buses are still based on the **best price**, companies that are excelling on local content and B-BBEE don't get any **additional credit**
- Calculation of local content is very **complex** and **administrative** heavy

## Way Forward

- **Think Bigger Picture** i.e. Export Opportunities
  - Currently MAN AG imports engine blocks from SA, why cant we do more?
    - Set **trade agreements** & framework for export of complete buses into Africa
    - **Incentivize** suppliers who export components to rest of world
- Implement **APDP** for Bus Body Manufacturers in order to improve competitiveness
- Increase **minimum local content** requirement to **90%**, creating more jobs & know-how
- **Investment** in Public Transport infrastructure
- Define **National approach** for local content requirements





**Thank you for your  
attention!**

