



Israel Vehicle Importers Association – Monthly Review October 2020

Preface – Economic Climate

The Israeli economy is an advanced economy that belongs to the OECD organization. The GDP per capita is \$ 41,884 and the growth rate in 2010-2019 was the average annual growth rate of 3.3% per year. At the beginning of the Corona crisis, the debt-to-GDP ratio was 60% and was one of the lowest in the Western world. The government deficit was 3.7% and the unemployment rate was 3.4%.

The Corona crisis has affected the Israeli economy significantly, as have other economies in the world. The deficit in 2020 is expected to reach 14% from the GDP and the debt-to-GDP ratio will grow to 76% by the end of 2020 and 78% by the end of 2021. The unemployment rate rose to 5% but the unofficial unemployment rate climbed to about 19% with the second lockdown in September. Along with the economic crisis in Israel, there is also a political complexity that makes it difficult for the government to pass a budget and formulate a coherent economic policy. On the other hand, from a monetary point of view, the crisis is being managed professionally by the Bank of Israel, which is monitoring the local credit market and solving liquidity problems through plans to purchase bonds and keep interest rates low.

At this point, Israel is coming out of the second lockdown and economic indicators show a slow return to routine. Purchases of products and services in Israel that decreased during the second lockdown phase are gradually rising to their level before it begins, and there are reports of an increase in the purchase of apartments and cars. The rating agency S&P has at this stage left Israel's credit rating at the same level, and does not anticipate significant problems at this stage, certainly not in an international comparison. The local currency also maintains its stability relative to the Dollar and Euro

reference currencies and there are no sharp movements. The domestic capital market has also been stable in the recent months.

Statistical Profile: Israel October 2020

Society

Population: 9.254 Million

Economy

GDP per capita: \$ 41,884

Inflation: -0.69% Annual Growth Rate Index based on 2015=100

Current Account Balance (Q4 2019): 3.01% of GDP

Trade in Goods and Services: \$ 47.2 billion

Finance

US Dollar Exchange rate: NIS 3.39

Euro Exchange rate: NIS 4.00

Long-term interest rates: 0.76% Per Annum

Short-term interest rates: 0.03% Per Annum

Government

Debt to GDP ratio: 70.5% (Q2 2020)

Deficit to GDP: 10.1%

Motorization

Level of Motorization (Q4 2019): 394 Vehicles/1,000 Residence

Innovation and Technology

Gross Domestic Spending on R&D (2018): 4.94% of GDP

Environment

CO2 Emissions (2017): 7.3 Tonnes Per Capita

Jobs

Employment Rate (Q3 2020): 66.15% of Working Age Population

Official Unemployment Rate (September 2020): 4.69% of Labour Force

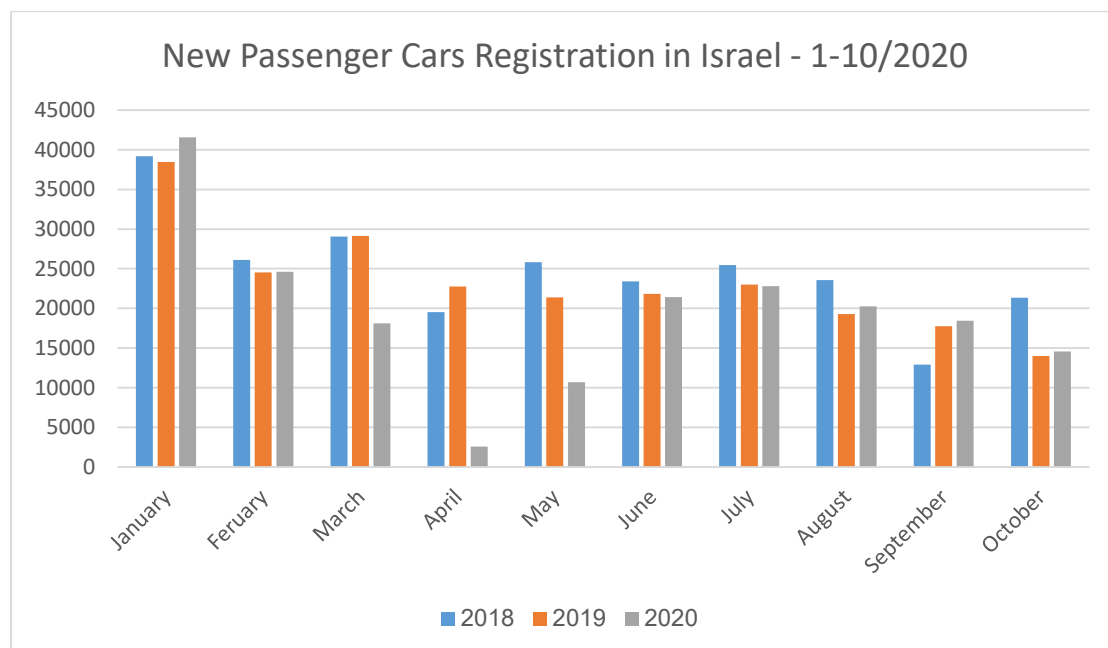
Unofficial Unemployment Rate (including non-paid absence due to Corona)
(September 2020): 19%

New Cars and CV Registrations

Israel New Passenger Car Registration – October 2020

Passenger car registration: -15.9% ten months into 2020; +4.12% in October

In October, the Israeli passenger car market registered an increase of 4.12% compared with October 2019, with 14,559 new registrations. From January 2020, the market dropped 15.9% - 195,086 units in 2020 compared with 232,077 last year.



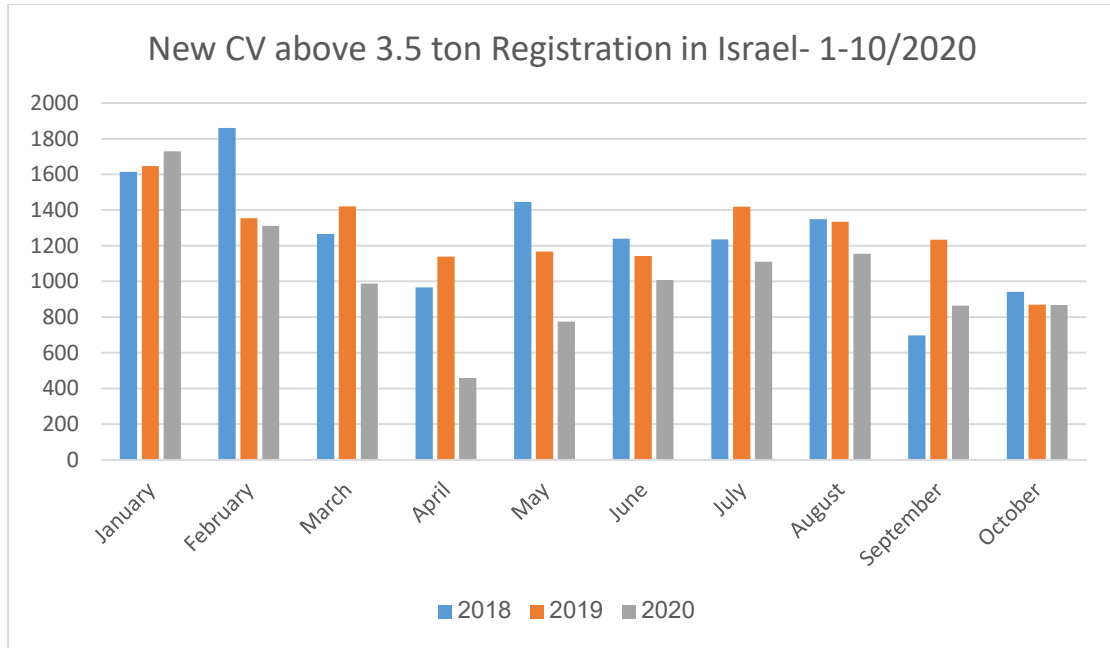
New Passenger Cars Registration in Israel 1-10/2020 According to Brands

No.	Brand	October					Jan-Oct				
		Share%		Units		Change%	Share%		Units		Change%
		2020	2019	2020	2019		2020	2019	2020	2019	
1	Hyundai	18.7	11.3	2716	1578	72.1	15.7	16.1	30638	37416	-18.1
2	Toyota	19.3	13.3	2805	1855	51.2	12.7	14.0	24688	32555	-24.2
3	Kia	10.9	15.6	1585	2177	-27.2	12.0	12.4	23358	28888	-19.1
4	Skoda	7.4	7.6	1076	1069	0.0	8.7	7.1	17042	16463	3.5
5	Mitsubishi	4.4	4.4	643	622	3.3	6.3	5.8	12330	13555	-9.0
6	Seat	3.9	6.3	573	874	-34.4	5.1	3.6	9902	8244	20.1
7	Mazda	3.2	3.7	465	518	19.2	4.5	4.4	8745	10157	-13.9
8	Suzuki	3.3	5.0	476	698	-33.3	3.9	4.9	7698	11293	-31.8
9	Nissan	3.3	4.5	480	623	-23.0	3.3	4.3	6484	9996	-35.1
10	Renault	4.0	2.1	577	287	101.0	3.3	3.4	6367	7892	-19.3
11	Chevrolet	1.9	2.1	272	293	-7.2	3.2	2.5	6226	5881	5.9
12	Citroen	2.3	3.1	329	433	-24.0	2.8	2.7	5380	6202	-13.3
13	Peugeot	2.7	3.0	397	418	-5.0	2.6	2.8	5161	6409	-19.5
14	Volkswage	2.9	2.6	424	370	14.6	2.1	1.6	4081	3719	9.7
15	Subaru	1.4	2.3	203	319	-36.4	1.7	1.7	3312	3847	-13.9
16	Audi	0.8	1.4	123	198	-37.9	1.6	1.6	3130	3663	-14.5
17	Mercedes	1.0	1.2	145	165	-12.1	1.5	1.3	2856	2985	-4.3
18	Honda	0.9	1.7	137	242	-43.4	1.2	2.1	2313	4811	-52.0
19	BMW	0.7	1.3	106	183	-42.1	1.0	1.1	1982	2480	-20.0
20	Dacia	0.8	1.5	112	206	-45.6	0.9	1.2	1761	2786	-36.8
21	Other	7.9	6.1	915	855	7.0	6.0	5.5	11632	12835	-9.4

New CV above 3.5 ton Registration in Israel 1-10/2020

Commercial Vehicles above 3.5 ton registration: -19.3% ten months into 2020; similar amount of registrations in October

In October, the Israeli market for CV above 3.5 ton registered a similar amount of registrations compared with October 2019, with 868 new registrations. From January 2020, the market dropped 19.3% - 10,271 units in 2020 compared with 12,729 last year.



New CV above 3.5 ton Registration in Israel 1-10/2020 According to Brands

No	Brand	October					Jan-Oct				
		Share%		Units		Change%	Share%		Units		Change%
		2020	2019	2020	2019		2020	2019	2020	2019	
1	Mercedes	13.7	10.5	102	69	47.8	12.9	13.8	1098	1346	-18.4
2	Chevrolet	16.6	9.9	124	65	90.8	13.2	11.3	1126	1096	2.7
3	DAF	10.5	12.0	78	79	-1.2	10.5	10.2	899	993	-9.5
4	Volvo	9.5	9.4	71	62	14.5	10.0	10.4	851	1016	-16.2
5	Scania	7.4	5.8	55	38	44.7	7.8	7.2	668	705	-5.2
6	Isuzu	5.8	7.9	43	52	-17.3	7.5	8.4	638	814	-21.6
7	Renault	6.6	2.9	49	19	157.9	6.5	7.5	559	731	-23.5
8	MAN	4.6	4.6	34	30	13.3	5.5	5.1	471	494	-4.7
9	Dodge-Ra	3.2	3.3	24	22	9.1	5.0	3.5	425	342	24.3
10	FIAT	7.6	7.1	57	47	21.3	5.3	5.6	455	549	-17.1
11	Ford	3.4	2.0	25	13	92.3	4.5	3.4	381	335	13.7
12	VW	3.1	6.8	23	45	-48.9	3.4	2.7	290	267	8.6
13	Iveco	2.3	3.0	17	20	-15.0	2.8	3.4	235	332	-29.2
14	Peugeot	2.7	1.2	20	8	150.0	2.1	2.1	181	206	-12.1
15	HINO	1.7	1.7	13	11	18.1	1.5	1.3	127	130	-2.3
16	Hyundai	0.8	10.6	6	70	-91.4	0.8	2.4	69	231	-70.1
17	Fuso	0.3	1.1	2	7	-71.4	0.4	0.9	37	92	-59.8
18	JAC	0.3	0.2	2	1	100.0	0.2	0.0	21	1	2000.0
19	TATRA	0.0	0.2	0	1	-100.0	0.1	0.0	5	1	500.0
20	Sinotruk	0.0	0.0	0	0	0.0	0.0	0.0	1	0	100.0
21	Dennis Eagl	0.1	0.2	1	1	0	0.011712	0.0	1	1	0
22	Navistar	0.0	0.0	0	0	0	0	0.0	0	0	0

New Bus Registration in Israel 1-10/2020 According to Brands

No.	Brand	October					Jan-Oct				
		Share%		Units		Change%	Share%		Units		Change%
		2020	2019	2020	2019		2020	2019	2020	2019	
1	Ford	0.0	0.0	0	0	0.0	0.6	0.2	11	7	57.1
2	Isuzu	0.0	0.0	0	0	0.0	1.2	3.3	20	98	-79.6
3	Mercedes	26.2	24.6	32	52	-38.5	47.0	39.8	815	1188	-31.4
4	Renault	0.0	0.0	0	0	0.0	0.5	0.8	9	25	-64.0
5	VW	4.1	23.7	5	50	-90.0	5.5	7.1	95	211	-55.0
6	Volvo	2.5	5.2	3	11	-72.7	12.3	7.9	213	235	-9.4
7	Iveco	1.6	0.0	2	0	200.0	1.6	1.4	28	41	-31.7
8	MAN	18.0	11.8	22	25	-12.0	10.7	10.7	186	321	-42.0
9	Scania	0.0	0.9	0	2	-100.0	2.8	3.8	48	113	-57.5
10	Golden Dragon	24.6	27.0	30	57	-47.4	6.2	10.5	108	314	-65.6
11	Yutong	0.0	4.3	0	9	-100.0	3.1	7.4	53	221	-76.0
12	Solaris	3.3	8.5	4	18	-77.8	1.7	0.6	29	18	61.1
13	King Long	0.0	0.5	0	1	-100.0	0.1	2.1	2	63	-96.8
14	BYD	0.0	0.0	0	0	0.0	0.1	0.2	1	7	-85.7
15	Higer	13.1	0.0	16	0	1600.0	2.8	2.4	49	71	-31.0
16	Zhong Tong	0.0	0.5	0	1	-100.0	2.0	0.2	34	7	485.7
17	IRIZAR	0.0	1.4	0	3	-100.0	0.8	0.7	14	21	-33.3
18	Otokar	6.6	0.0	8	0	800.0	1.0	0.6	18	19	-5.2
19	VDL	0	0	0	0	0	0	0.3	0	8	-100

Monthly review – Israel's Auto and Auto-Tech industry

Knesset State Audit Committee Discusses Promoting Renewable Energies and Electric Cars

Two sessions of the Knesset Audit Committee were dedicated recently to discussing the promotion of renewable energies and electric vehicles. The committee discussed tax benefits and pricing of electric vehicles, and some decisions were forwarded to the taxing committee. The CEO of the I-via (Israeli Vehicle Importers Association), Hezi Shayb, participated in the discussions and commented on the policy and the promotion of electric vehicles. Shayb reminded the committee members that less than 1,500 EVs were sold in Israel this year – less than 1% of the total new cars. The reasons for that, maintained Shayb, is that the government doesn't support the purchase, in contrast to OECD countries in which consumers receive benefits worth tens of thousands of Euros when purchasing electric cars. Shayb also mentioned that contrary to the belief that electric cars receive reduced purchasing tax of 10%, the tax in fact is 17% since an additional 7% is applied to the battery. He concluded by calling government officials to give personal example and drive EVs.

Arbe Launches New Radar Platform Supporting 2K Resolution

Arbe, an Israeli company, which is a leader in the development of Radar technology, is launching its new development platform for Radar systems to be used in ADAS and Autonomous vehicles. The platform includes the first Radar processing chip compatible with AEC-Q100 standard, supporting 2K resolution and over 100,000 identifications per frame. According to Arbe, more than 20 leading auto manufacturers and Tier-1 companies already purchased the platform, in order to use it as a base for their next generations Radar systems. The company added that their platform will comply with the new NCAP standards, due to take effect in 2022.

Delek Drilling to Co-operate with SNAM and Dan in the Development of NLG Technology for Buses

Delek Drilling, which is the leading Israeli energy partnership in the exploration, development, production and sale of natural gas and condensate, signed a memorandum with Italian energy company SNAM and Israeli public transportation company Dan, to jointly develop NLG (Natural Liquid Gas) technologies to be used in buses. The three companies will leverage Delek Drilling's partnership in Leviathan gas reservoir, SNAM's technical abilities and Dan's transportation array, in order to research and pilot NLG operated buses.

Tesla Chooses Israeli Start-Up Augmind to Prepare its Virtual Auto Seminar

Israeli start-up Augmind, developing innovative AR (Augmented Reality) simulations, was chosen by Tesla as the developer for its first virtual auto seminar in which Tesla models will be presented in VR (Virtual Reality). Augmind's technology combines VR with AR to create 3 dimensional representations that provides highly realistic VR experience.

Israeli Adasky's Round B raises 15M\$

Israeli start-up Adasky raised 15M\$ in round B, following 55M\$ already raised in earlier rounds from Japanese corporation Kyocera and South-Korean auto parts manufacturer Sungwoo Hitech, among others. The company develops heat sensing systems for the car industry, using LWIR technology, and its leading product is the "Viper" sensor, designed to be used in ADAS systems and autonomous vehicles.

Soon: Autonomous Vehicle Use in Israel Will No Longer Be Defined as "Experimental"

According to Calcalist daily newspaper, the Israeli ministry of transportation intends to re-define the use of autonomous vehicles on Israeli roads, reduce the number of relevant rules and regulations, and thus hasten the use of this innovative technology. Re-defining autonomous driving as similar to normal driving will enable the cancelation of many restrictions, and will give Israel a competitive advantage in the field of autonomous driving.

Tomcar Negotiating a Plant in Dubai

Israeli All-Terrain vehicle manufacturer Tomcar is negotiating the establishment of a production factory in the United Emirates. The new plant will be a joint venture between the Israeli company, and two American companies – Comprime Solutions and Prince Manufacturing, both owned by American businessman Eric Prince. Tomcar recently signed a contract to supply ATV to the American Marine Corps, and production of the vehicles is due to begin soon in the USA and Mexico.

Innoviz Launches New Generation Product: InnovizTwo

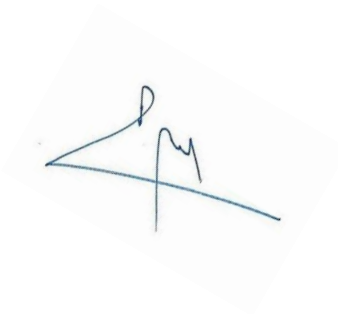
Israeli company Innoviz, developer of Lidar sensors, announced its new generation product InnovizTwo. The company stated that the new sensor is 70% cheaper compared with the previous generation, and provides substantially upgraded performance. According to Innoviz, the sensor is highly suitable for autonomous vehicles level

2+, and in the future the upgrade to level 3 will be done using software update, with no additional hardware.

MediaTek Invests in VisIC Series E Round

Israeli company VisIC, a leader in the use of GaN technology for electric vehicles, completed a series E round with the participation of semi-conductor giant MediaTek. The money raised in this round will enable VisIC to expand its offerings in the growing market for electric vehicles. New products will be developed based on VisIC's D³GaN technology and its' innovative GaN transistor.

Dr. Hanan Golan



Mr. Hezi Shayb
CEO – IVIA



The economic chapter of the review was edited by Mr. Nadav Caspi, the I-via's Chief Economist.