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On the Cover

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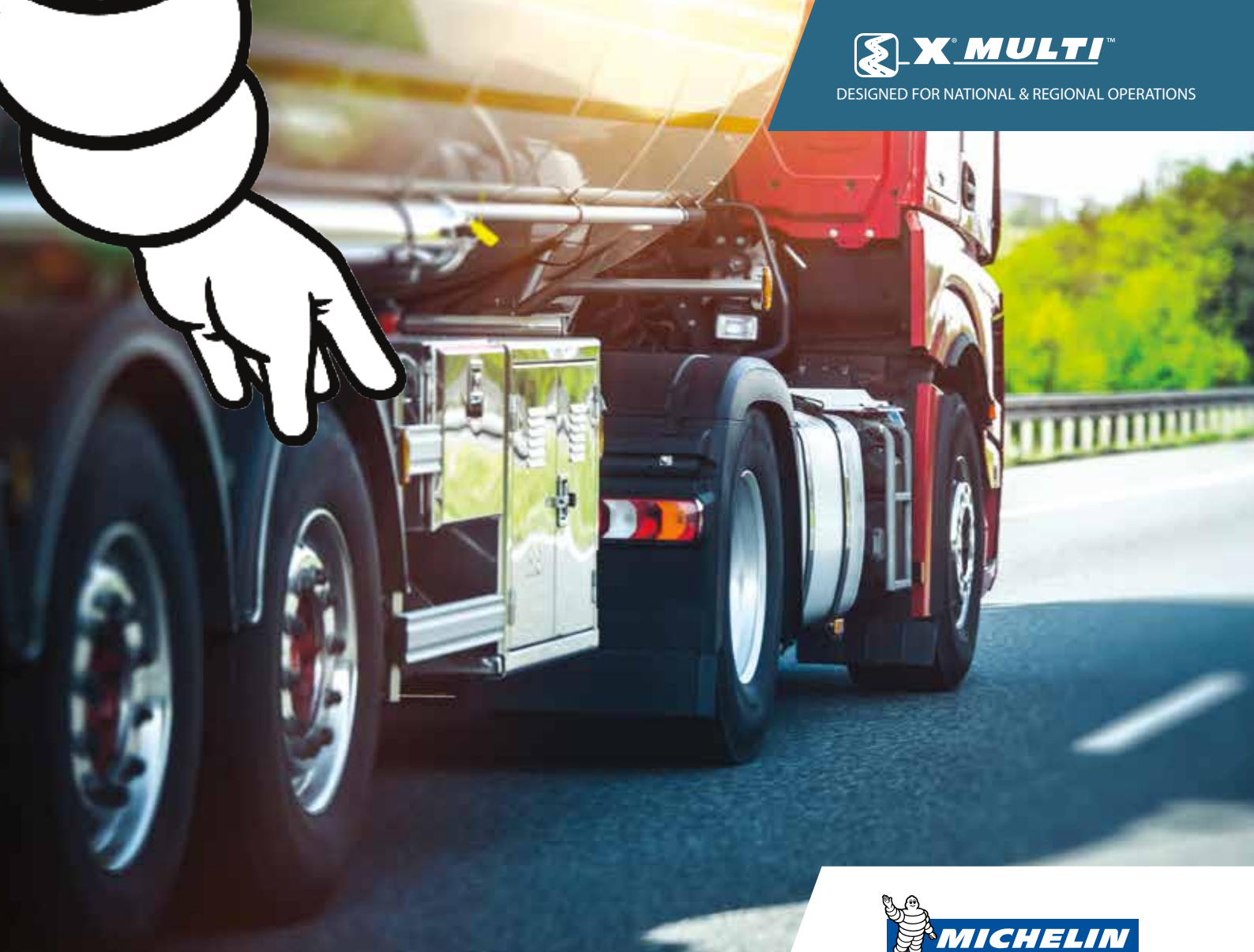


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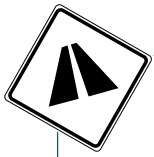
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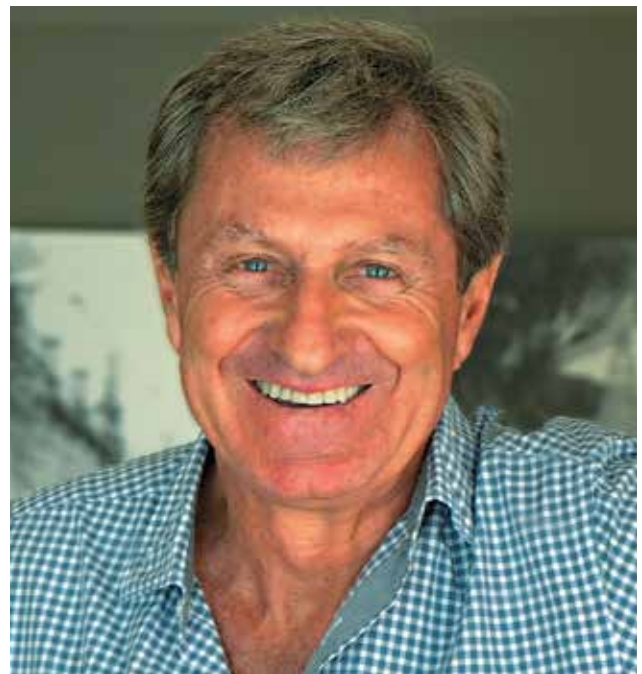
The Road Ahead: 20 years in focus

So perhaps it is appropriate, now, to look back and see how it all happened. It was a chance meeting at the Windhoek Airport that two strangers, Royston Lamond and Andrew Fehrsen, shared a ride into town. Being a publisher of several books, the conversation from Royston was ignited with instant enthusiasm from Andrew on a concept he encountered in Europe for doing business magazines. Would it work here?

It's a long drive in from the airport to the hotel but once kindled, the conversation was on fire. A Windhoek lager kept the exploration going. Then another. Beer coasters became handy memo pads.

Enthusiasm sells

Back in the hard reality of Cape Town we took the plunge, gave up our day jobs, drove the cars out of my double garage, pulled up trestles, laid down a spare door as a table top (replete



with handles!), rolled out a long extension cord from jack to the landline and lived on adrenalin and enthusiasm that refused to recognise tea breaks, lunch or a need to quit.

Andrew would direct sales. We chose road transport. The title was "The Road Ahead". My role was to create the finished magazine.

Soon it was obvious we would need a small team of salespeople so we hired a pocket-sized rented space that Telkom promised to connect within two weeks. They didn't come. We couldn't sit idle. From a friendly business upstairs we rented their spare line, ran the cable out their window and into our window downstairs where three eager hands grabbed the lifeline and connected with their prospective clients. At 5 o'clock the line was hauled upstairs. The next day, the routines began again.

The first magazine was a success. Had it not been I doubt we would have kept the enthusiasm alive. But the enthusiasm boiled into optimism that we could repeat the formula in another

business magazine. And yes, that worked. So another and another and another title was added to the stable, energetically attended to by a growing staff who shared our vision. Over a protracted period, and with just enough breathing space to check the business was not going to burst the pressure cooker, the one product became eight. Eight doubled again, and that 16 grew to 32 titles to a point where 57 titles currently keep the Cape Town printers busy on a 24-hour, 30-day regular schedule.

The Road Ahead was not only a success in its own right but it laid the foundation for a media company that, today, employs 300 people, has a radio station, television production, electronic communications, seminars, conferences, expos and glamorous red carpet awards evenings.

The humble road transport magazine was created to form

a bridge of knowledge and information, connecting those vitally interested in South Africa's road haulage, the state of its roads, legislation, new trucks, trailers, tyres and systems, the personalities that drive the industry and the issues of the day. From its inception, the minister of transport recognised its value and Mac Maharaj penned the first introduction.

The reach has been wide. The business to business connections have been vast. The journey remains adventurous.

The past 20 years have seen some robust changes and improvements in the road haulage industry: satellite navigation; vehicle security tracking; anti-hijacking devices; cleaner, more efficient engines; safety measures; new highways and toll roads; greater driving skills; truck brands that have come onto the market and some that have gone.



“I would like to pause and recognise the teams that have put our programmes together, who have connected with our clients and kept working relationships and friendships together and all the businesses that play a part in our continuing road ahead.”

Royston Lamond





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Transport on the move

Ed's letter

Change is in the air

Welcome to another edition of South Africa's favourite logistics quarterly, as we celebrate 20 fruitful years of the Road Ahead, with many changes sweeping the industry since 1997.

Technology has exploded since then, with a plethora of tracking and surveillance assistance helping fleet managers keep better tabs on their operations. Technology has also improved skills development, with driver behaviour being tracked by the minute. There is no room for speeding and non-compliance in today's industry when you are working for law-abiding companies.

We are seeing more positive reinforcement of economical driving, bonus systems are now in place for the most efficient and punctual drivers. Time is money in this game, and with margins being ever tighter it is essential that companies save at every opportunity.

The wellness of drivers has improved over the last 20 years, and more attention is being given to a balanced lifestyle, regular rest stops and the reduction of driving while under the influence. You could argue that SA's roads should be safer than ever, but as with everything, not all fleet owners do things by the book. Some will plot routes for their drivers to avoid weighing stations so they can overload and miss toll roads, forcing the drivers to take dangerous back roads and negotiate dangerous mountain passes that their trucks are not designed for, increasing the chance of a crash.

We still see countless un-roadworthy vehicles booming between Joburg and Durban, the drivers are not licensed and trucks are overloaded. It is essential that police know what to look for when pulling over trucks. A colleague of mine, Patrick O'Leary, is doing a tremendous job working with police to better train officers to keep un-roadworthy trucks off the road.



Gregory Simpson

Having said that, reputable logistics companies in SA follow the rules and are some of the best in the world. This is evident in the many homegrown logistics companies expanding into Africa and beyond. However, the industry is feeling the pinch of rising operational costs and political uncertainty. The sooner we get some leadership that inspires confidence and more FDI the better.

In 20 years of transformation, 20 years was a mere three after the first democratic election and empowerment policies had not kicked-in yet. Currently, we are slowly seeing more and more black-owned logistics companies. You could argue that the municipalities of SA have the largest multiracially owned fleets of trucks, if you consider the many functions of the cities and towns of this great land.

So here's to another 20 years, happy trucking.



“Can you help my
logistics company gain
a competitive edge?” / “Consider it done.”

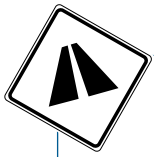
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Celebrating 20 years of change

Looking back over the last 20 years of my career in Logistics, it has been without a doubt a very interesting one, with so much change: some for the good and some not so good. I remember the days when logistics was simple all we had to do was take products and get it to the clients ASAP and then invoice.



Oh yes... and somewhere along the line we have to invoice the client. Stock-take was a manual process with lists and lists of Lotus 123 spread sheets that we had, and normally the entire process. Oh those poor stock controllers! Remember the time we still had to function without cell phones? It's not that long ago – 1993. All we had then was the amazing fax machine, branch spread sheets where faxed, email was not even working properly at the time.

Then came the cell phone and Internet, with normal dial up modems and we thought we have arrived : all of a sudden communication was so easy, until we discovered ADSL and Fibre. Well things have most defiantly changed, Warehouse management systems became the new buzz word and everyone was on a mission to book a trip to Europe to see how the first world was doing thing. I remember being part of the first project team for SAP implementation back in the early 90's... Man! Was this now a complicated process, and so cumbersome, and the computers was so slow.

Well how things have changed in the last 20 years. Today, if you do not run the latest WMS system you will not survive, if you do not have the latest in Vehicle Telematics you are behind and then there are all the links in between. Live product scanning, live picking and in some instances robots doing the picking. The reality is everything has become instant and our reliance on absolute real-time information has become the number one priority, we want to know things before they have even happened.

The logistics arena has become so specialised that there is no way that you can even try and be an expert in all the areas, outsourcing has become the name of the game

Digressing a little, I remember many years back we had to send a 40ft container from Johannesburg to Kampala in Uganda. What a mission! It took us just over a month to get it there with the truck driver having to phone us from pay phones whenever he could find one with, hopefully, enough of the correct change. The one thing that has seen major changes are the border crossings; it still takes just as long with the only difference being the cost of the crossing (now you pay more for the same delay). I remember my transport manager at the time, had to use a map



book and a landline to see where he could get fuel on route as well as what routes where usable. Today? Programs such as Road Show and the like have made this massive task a non event, and if you still don't know, well Google is an amazing friend, or so I have been told.

The reality is, as one of my previous mentors told me, the only certain thing in life is that everything will change, and logistics is no exception. Today, I can with the press of a button know exactly where my container is and if I am really clever, then I can even remotely open the lock on the back of my container from anywhere in the world.

Things like biometrics and facial recognition have become a common occurrence, (not at the border posts though), technology has become the modern day fax machine, we just cannot be without it. The stock take that took us a week now takes us a day with final figures available immediately, what a difference.

The one thing that did not change, is the fact that the more technology we use, the more clever the people become that want to steal and this has been the same throughout the years. All that happened is that the thieves also started using technology, just think about it this way: 20 years ago when someone wanted to



steal your car they had to use a coat hanger and hotwire, today, they just use a remote scanner and voila. The same with logistics.

Now onto the more serious stuff. How has legislation not evolved over the past two decades? 20 years ago our biggest fear was the dreaded weigh bridge and the traffic official – well, we still don't like them. Now we are bombarded with things like Labour laws basic conditions of Employment, Road transportation legislation, SOLAS (Safety of Life at Sea) CTPAT, ICAO (talking of which 20 years ago it was still fine to smoke on board a flight), OSH/COID Act but to name a few.

The logistics arena has become so specialised that there is no way that you can even try and be an expert in all the areas, outsourcing has become the name of the game, with 2, 3 and 4 PL logistics models being the Buzz words.

Warehousing has become an absolute speciality by itself with companies specialising in Warehousing, and outsourcing every thing else, even the major retail groups has started to do their own warehousing, and here jumps to mind Woolworths, Pick 'n Pay, Shoprite, Makro but to name a few, and yet if you go into these facilities you will find that the transport has been outsourced the picking, the dispatching and even the reverse

logistics has been outsourced, again proving the point of how specialised this has become (Just bearing in mind that the outsourcing has been done to companies specialising in these specific areas).

Where is this then moving to, you might ask. Well that is a good question and the answer is only time will tell, there is, however, a couple of brave souls that are attempting to predict the future, with the world becoming a very small place and countries opening up, that has previously been impossible to trade with it seems that the general consensus is that technology is only the beginning and that artificial intelligence is around the corner, so imagine a warehouse being completely operated by robots, autonomous trucks driving around, drones flying doing door to door deliveries, does this sound to much like science fiction? Maybe.

I can just remind you of the fact that if someone in 1985 said that we will be able to communicate with anyone anywhere in the world with a watch, he would have probably been shot. The only piece of advice I can offer is try and keep up.

Gerhard van Zyl, Group Operations Director Professional Group of Companies

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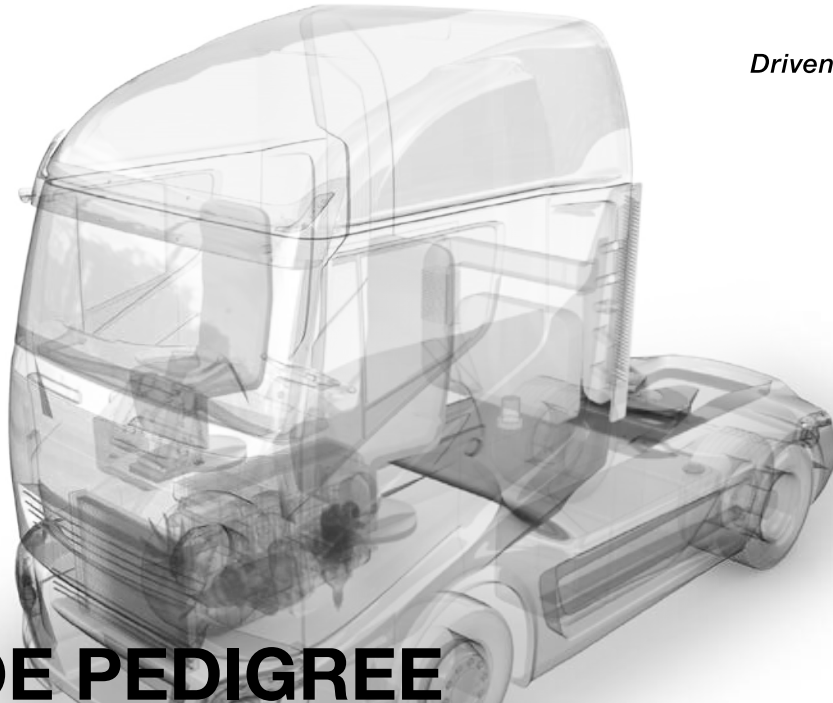


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Inside the taxi industry

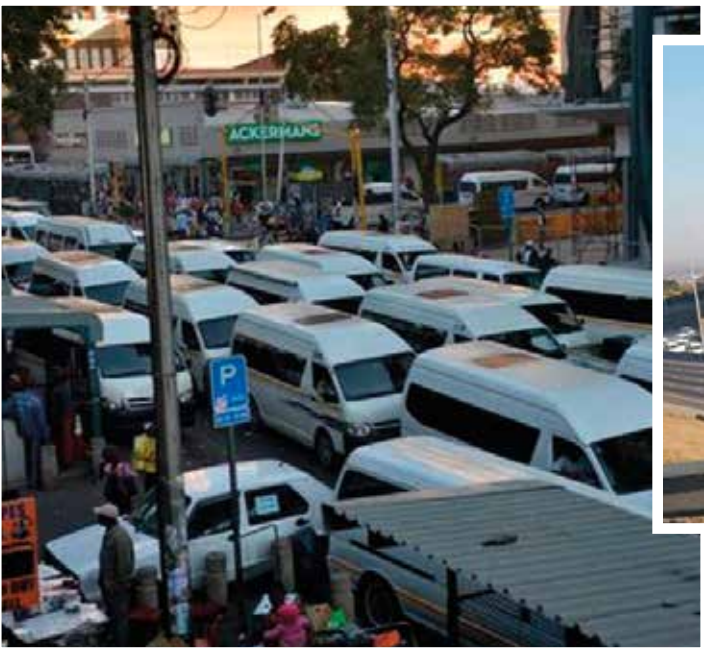
I'm sure you will agree that those two words don't have too much trouble conjuring up a cauldron of nightmares for most of South Africa: strikes, protests, gang wars, shootings – the list is endless. The ROAD AHEAD team was lucky enough to snatch time with Mr Thulani Qwabe, CEO of Taxi Choice for a deeper insight into the taxi industry.

Thulani explained that one of the challenges and opportunities of 2017 is the “cashless system”, which he is particularly excited about as it leads to seeing problems as actually being opportunities.

One of the opportunities is the huge value chain represented by the taxi industry – a large consumer of various products and services, ranging from purchasing of vehicles, tyres and fuel right through to the financing and insurance arenas.

As you will agree, this is a large engine which is believed to be a huge opportunity for the taxi industry to take on, an opportunity to change the status quo in terms of how the industry relates to the value chain. They need to become owners of the value chain and not participants.

While chatting about this chain, we asked how much the taxi industry is worth. Thulani revealed that fares generate R120 billion, R7 billion in terms of the value of vehicles purchased per annum, R600 billion in terms of vehicle finance and R2.4



billion in terms of short term insurance. In addition to this an average of R39 billion is spent on fuel every year. And there are other items to take into consideration including spare parts, trackers, tyres, etc.

We then tackled the topic of integrating taxis into the mainstream private transport system and what the main keys are to facilitating that. Thulani revealed that government has come up with ideas around the problem and how it can be done. It is believed that the solutions that are being explored, and even implemented in some instances, may not be 100% fit for the South African context.

These solutions may have worked and continue to work in other countries, but in South Africa, the taxi industry is so dynamic and the whole commuter stage so vast that you cannot come up with a single solution that is going to be “one size fits

Government, as well as all those stakeholders, needs to take the taxi industry more seriously

all” solution across the country. Careful consideration needs to be given to the various theories before they are implemented.

There is obviously some kind of relationship with the manufacturers, and we probed further. We learned that apart from Toyota, discussions are underway with Nissan and other Chinese brands. Meetings have been scheduled with other existing OEM's as well, and the outcome will be dictated by what comes out of the above-mentioned negotiations.

This led to the question that is burning in everyone's mind: Will there be more regulations and will there be more stringent roadworthy tests on the vehicles? Thulani didn't hesitate in confirming that the image of the taxi industry has to improve. To improve the quality of vehicles it is very important that taxis become the transport mode of choice for South Africans, as it is believed that taxis are quick, dynamic and affordable.

He further confided that government is currently looking at constructing a model and how they can enhance a certain model in order to scrap more vehicles until we are rid of all the old vehicles and have replaced them with newer vehicles, which are safer and more comfortable for commuters.

Thulani further shared that he hopes to see the above taking place within the next nine to 18 months. Thulani believes that there will soon be a time when drivers are salaried employees thereby reducing the need to speed around to make as much money as possible, per day.

The electronic payment and collection system will allow employment formalisation for the driver as every taxi bearing this system will enable full monitoring—tracking units whereby

you can track the drivers, check their acceleration, how corners are handled, all of which will improve driver behaviour.

You will now be able to track how much money the driver makes from the system and thereby formalise employment, giving him/her a proper employment contract, pay more, offer insurance and unemployment benefits, and provide medical aid and pension plans. We learnt that when buying a vehicle it is already checked, which ensures comfort and safety of the commuter due to government specifications.

This makes the decision making process easier when purchasing a taxi: “can I afford the taxi; does the taxi have the lifespan that I need in order to pay it off, etc, thereby ensuring the purchase of a high performance vehicle. Tackling the strike and protest problem, Thulani firmly believes that it would require a collective effort from all the stakeholders—the taxi industry itself, the taxi leadership and the corporates in Africa that are linked to the taxi industry offering products and services. Government, as well as all those stakeholders, needs to take the taxi industry more seriously.

There is a need to sit down and look at solutions and to do it sincerely. Otherwise, the taxi industry is trivialised and undermined when taking strike action. If taken seriously and treated with respect and the dignity it deserves, strike action should not take place going forward. When quizzed about the taxi industry in 10 years' time, Thulani reckons that taxis will run on gas, while electric taxis are definitely a possibility, and there will be fewer diesel-powered vehicles. There will be Wi-Fi with charging ports available. Drivers will be more professional and you will be paying by card and not with cash. Mobile phones will be used to either criticize or compliment a driver and there will be solar panels, which will enable phone charging. The taxi itself will be bought with a more affordable, cheaper finance package, the driver will be making more money and the owners will be happy to offer a much better service.

Linda Smith

To improve the quality of vehicles it is important that taxis become the transport mode of choice for South Africans

The Nestlife Assurance Young Business Achiever Award 2014, which is bestowed on a young entrepreneur for doing business in a new, cutting-edge 21st century arena, was given to Thulani Qwabe of Taxi Choice.

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New Eicher trucks hit SA shores

VE Commercial Vehicles (VECV), the joint venture of Volvo Group & Eicher Motors Ltd launched Eicher trucks (pronounced ‘eye-sher’) at a mega event called the TruckX Expo, Kyalami Grand Prix Circuit

Eicher showcased its Pro series range of trucks including the Pro 6000 heavy duty freight carrier and construction tipper range. Globally, Eicher trucks are known for their fuel efficiency. This attribute of the trucks was experienced by visitors and fleet company CEOs at the event through live tracking of fuel consumption in collaboration with Ctrack, at the Dynamic Handling track of the circuit.

The joint venture has already set up its base in the country in form of a 100% wholly owned subsidiary known as VECV South Africa (PTY) Ltd with the vision of ‘Integrating global technology with local commercial transportation ecosystems.’

VECV brings together, the Volvo Group’s global expertise and world-class technology along with the innovative engineering and proven DNA of fuel efficiency from Eicher. This approach has resulted in the development of Eicher Pro series, a range of next generation trucks, which together with a growing service network in South Africa, is ushering in a Pro League of Trucking. Eicher Pro Series has been designed and developed in a modern, high-tech, multi-facility manufacturing plant which also houses

a next-generation engine plant - built in collaboration with the Volvo Group. The facility not only manufactures heavy duty engines, but also supplies Euro VI compliant automotive engines internationally to the Volvo Group. On the Pro Series assembly line, the state-of-the-art production processes include a robotic cab weld shop, a CED paint shop and a 100% hot test facility, all of which are aimed at achieving quality and reliability in line with top international standards.

The massive product development initiative for the entire Pro series range involved an investment of 3 million hours of engineering effort, 7.7 million kilometres of testing and 50,000 hours of engine development. The new trucks will meet the needs of discerning customers, who demand vehicles with higher fuel efficiency, durability, greater comfort and safety, as well as intelligent features. These new generation Eicher trucks are designed to improve transportation efficiency through superior uptime, thereby reducing logistics costs leading to better profitability for the operators.

In the first phase of its introduction, Eicher is introducing the Pro Series of haulage trucks, which will be followed by construction tippers. The haulage trucks have been tested



for more than 500 000 kilometres across Africa and Asia, and subjected to rigorous endurance & performance testing for over 200 000 kilometres in South Africa. This truck has been put into actual usage across various applications of few well renowned fleet operators. Testing results have turned out extremely positive especially in terms of fuel efficiency and uptime of the trucks.

Eicher Pro series is a complete range of new generation trucks that is set to deliver non-stop performance. It is powered with a next-generation engine with common rail technology and Volvo Group Engine Management System (EMS 3.0). This world-class technology has high processing capability, optimum balance between load demands, fuel efficient operation and emissions control with the added advantage of quick and guided diagnostics—all leading to higher fuel efficiency, superior uptime and lower maintenance. The Eicher Pro series trucks come equipped with an ergonomically designed cabin, with AC and heater options, meeting AIS 029 safety standards. The trucks are also equipped with Airbrakes, ABS and exhaust brakes to ensure driver safety.

Eicher trucks will be available across the country at 14 strategic locations in South Africa, which are expanding rapidly, ensuring

a high level of Sales and aftersales support for best uptime of the vehicle. VECV has joined hands with country's well-established dealership groups such as AAD Group, BB Motor group, Billson Trucks, CMH Group, Fleet Dynamics, Imperial Group & Premier Truck and Bus.

At the launch, Mr. Surender Singh Rajpurohit (Vice President and Country Head at VECV South Africa (Pty) Ltd) said "Its indeed is a proud moment for us to launch the Eicher Pro Series range of trucks in South Africa. This is a strategic market and it will play a critical role in Eicher Trucks & Buses international business. The company plans to continuously invest in the introduction of country specific products and aftermarket infrastructure."

Further commenting on the aftersales he said "The local team has been proactively ensuring parts availability and technical training to technicians before start of sales as its primary focus area. To further enhance a high level of professionalism and quality of support for Eicher trucks, we have joined hands with Bidvest Panalpina Logistics (BPL) as its 3PL partner. A huge investment has already been made to ensure parts availability. Currently the warehouse has a parts availability of over 2600 line items."

Eicher is present in more than 30 countries, including key regions such as South East Asia, Africa and the Middle East with on road population of 500,000 trucks and buses. Eicher is growing its presence internationally at a rapid pace.

Nadine Arendse

About VE Commercial Vehicles Limited (VECV):

VE Commercial Vehicles Limited (VECV) is a joint venture between Eicher Motors Limited and the Volvo Group. In operation since July 2008, the company includes the complete range of Eicher branded trucks and buses, VE Powertrain, Eicher's components and the sales and distribution business of Volvo Trucks as well as aftermarket support to Volvo Buses in India. VECV vision is to be recognized as the industry leader driving modernization in commercial transportation in India and the developing world.

About Eicher Trucks & Buses

Eicher Trucks and Buses has the lineage of three decades of operations in India. Eicher Trucks and Buses (ETB) is present in the L/MD segment with a strong presence in the 4.9T-15T truck segment and an ever increasing market share in 16T-49T heavy duty trucks segment. Eicher has unveiled its entire new range of future generation trucks and buses, named the "Eicher Pro" series. Adopting the most professional and holistic approach to modernize the Indian trucking industry, the new brand philosophy is to "Go Pro". Eicher's new Pro series trucks and buses promise to deliver best-in-class fuel efficiency, higher loading capacity, superior uptime and overall vehicle life time profitability.



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Hino has a long and illustrious history

Hino Motors, which has been the top-selling heavy and extra-heavy truck manufacturer in the Japanese market for the past 44 years, has a long and illustrious history which can be traced back 100 years

The company's beginning came with the formation of the Tokyo Gas Electric Engineering Company, abbreviated to Gasuden, in 1917.

Isamu Hoshiko, who is considered the father of the Hino truck brand, had joined this company as its technical officer for automobile development, and in that year, it produced the first local trucks in Japan that went on sale to the public. They were named the TGE, which stands for Tokyo Gas Electric.

A replica of this vehicle is on display at Hino's museum in Tokyo. Known as the Hino Auto Plaza this modern facility highlights a host of relevant, historic models and components such as engines, with both indoor and outdoor exhibits.

Working with the Ministry of Commerce and Industry, Gasuden developed a range of standard trucks under the Isuzu brand name in 1932. The corporate name was changed to the Tokyo Automobile Industry in 1937 and then to Diesel Motor Company in 1941, with its factory in the Hino area of Tokyo.



The following year, in 1942, Diesel Motor Industry, which was making Isuzu trucks, was split off from a new entity, named Hino Heavy Industries, and the Hino truck brand was born, based at the Hino City factory. This means that 2017 marks the 75th anniversary of Hino as a standalone truck band.

Hino made a brief sortie into building and selling cars in 1953, starting with a tie-up with Renault, of France. It later developed its own range of cars, called Hino Contessa, and a pick-up, the Hino Briska.

The company was renamed Hino Motors in 1959 and set up a business partnership with Toyota, which included building Hilux pick-ups for its partner. Hino stopped building cars under its own name in 1967, but continues contract assembly for Toyota at its Hamura plant, with Toyota models made there currently being the Land Cruiser Prado, FJ Cruiser, and Dyna light truck.

Hino's own focus has been on designing and making trucks and buses since 1967. It became a subsidiary of Toyota Motor Corporation in 2001. Hino's cumulative unit sales reached 3-million units in 2009. Over the years Hino has made many important technological advances, the most noteworthy being production of the world's first diesel-electric bus, the Hybrid-Inverter-controlled Motor and Retarder (HIMR) in 1991 – six years before Toyota launched its Prius hybrid passenger car.

Hino also entered the Dakar Rally for the first time that year and has continued to do so every year since then, amassing an amazing

record for performance and reliability.

Hino developed the world's first engine equipped with electronically-controlled, common rail fuel injection—the J08C—in 1995.

Another breakthrough came in 2010 when several Hino buses using fuel cells went into service on Tokyo airport routes.

Diesel-electric hybrid power-trains have been expanded to include trucks and by 2012 more than 10 000 Hino hybrids had been sold, while a full electric Poncho bus went into pilot service that same year. Electric and plug-in hybrid trucks are also under development.

Hino has put increasing focus on exports in recent years and in 2007 the cumulative total of its vehicles exported from Japan, either built up or in kits, exceeded one million units. The number of exports also exceeded sales on the Japanese domestic market for the first time in 2007. Hino now exports its trucks and buses to more than 90 countries world-wide. Last year it sold 170 000 units, with 107 000 exported. The company employs 31 000 people worldwide. Hino now operates four plants in Japan and has several full-scale manufacturing facilities in other countries, including Thailand, Pakistan, China, and the United States. In addition, it exports semi-knocked-down (SKD) or Knocked Down (KD) kits to several other countries for local assembly. This includes South Africa, where Hino has been a strong competitor in the local market since 1972.

Higher profits for first half of 2017 – outlook confirmed

The European truck market expanded slightly in an economic environment of stable growth, while order intake at MAN Truck & Bus rose by 2 404 units or 5% year-on-year. By contrast, the Brazilian economy remained mired in recession, although the decline in economic output was less significant than in previous quarters.



Weak domestic demand and political uncertainty had a negative impact. In this environment, registration volumes for commercial vehicles were again noticeably below the previous years figures. Nonetheless, MAN Latin America lifted its order intake by 1 619 units or 16%. In addition to slight growth in Brazil, this is primarily attributable to a sharp increase in export volumes to other South American markets. In the Power Engineering business area, the marine and turbo machinery markets remained at a low but stable level, while the energy generation market recovered slightly as against the previous year.

Overall, MAN Diesel & Turbo significantly increased its order intake. Orders in the Power Plants strategic business unit in particular rose considerably, while Engines & Marine Systems recorded sharp declines. Renk's order intake was down significantly on the high prior-year level. The Special Gear Units and Vehicle Transmissions strategic business units were unable to match the high prior-year figures. The order backlog amounted to 6.4 billion as of June 30, 2017, up 13% compared with December 31, 2016 (5.6 billion). The Commercial Vehicles business area recorded an increase of 19% and the Power Engineering business area an increase of 8%. In the 2017 half-yearly Financial Report MAN SE 5 the MAN Group generated sales. Unit sales in the Commercial Vehicles business area rose by 7% to 52 723 vehicles (previous year: 49 331). MAN Latin America sold 11 750 vehicles, 16% more than in the previous year (10 131). Currency effects from the appreciation of the Brazilian real as against the prior-year period also had a positive impact on sales revenue. MAN Truck & Bus's sales revenue rose by 8%. It sold 41 702 vehicles (previous year: 39 701). Sales revenue in the Power Engineering business area declined noticeably in the first six months.

MAN Diesel & Turbo's sales revenue declined following the low order intake in the Engines & Marine Systems and Turbomachinery strategic business units in previous years, while Power Plants posted higher sales revenue. The MAN Group's operating profit rose to €73 million in the first half of 2017 (previous year: €36 million). The increase is primarily attributable to a considerable improvement in operating profit at MAN Latin America. However, the comparable prior-year figure was negatively impacted by expenses of €0 million for

Dave van Graan, head of sales at MAN Truck & Bus South Africa: "We're very proud and thankful for the support of our customers, year-on-year our volumes, trucks and busses are up 18%, we've improved our market share by 1.5% in a declining market. We really are having a good run at the moment, we've got a very healthy order backlog and it should equate to a growth of some 300 units or 20% for MAN year-on-year, compared to 2016—very thankful for that."

restructuring measures at MAN Latin America.

Adjusted for this special item, the MAN Group's operating profit declined slightly year-on-year. MAN Latin America recorded a further loss of €8 million (previous year: €12 million), but reduced this through higher unit sales as well as the absence of restructuring expenses. MAN Truck & Bus's operating profit was on a level with the previous year. Operating profit in the Power Engineering business area deteriorated, mainly due to volume- and margin-related factors at MAN Diesel & Turbo. The operating loss attributable to others widened compared with the prior-year figure, which was impacted by the reversal of provisions, among other factors.

The MAN Group's gross cash flow deteriorated year-on-year despite significant improvement in profit before tax to €65 million (previous year: €01 million). This was due in particular to high tax refunds in the prior-year period. Income tax of €1 million was paid in the first half of the current fiscal year, compared with a net inflow of €37 million in the prior-year period. Operating cash flow in the first half of the year was also negatively impacted by the higher level of funds tied up in working capital, which amounted to €77 million (previous year: €95 million).

Report on expected developments

For 2017, the global economic growth will be slightly above the prior-year level. We see risks in protectionist tendencies, volatility on the financial markets, and structural deficits in individual countries. In addition, geopolitical tensions and conflicts will continue to weigh on growth prospects.

In the majority of the industrialised nations, we expect the economic upturn to continue with growth rates stable overall. Most of the emerging economies are likely to record stronger growth than in the previous year, with the highest rates expected in the emerging economies of Asia. Assuming that the moderate growth is not negatively impacted by these risks, MAN SE's Executive Board currently forecast the following:

"We anticipate slight year-on-year growth in the MAN Group's sales revenue in 2017. Unit sales and sales revenue in the Commercial Vehicles business area are expected to increase noticeably, with contributions from both MAN Truck & Bus and MAN Latin America. In contrast, we expect order intake on a level with the previous year in the Power Engineering business area. Sales revenue will be down significantly on the 2016 figure following the low order intake in previous years." [DdK1]

The MAN Group's risk position has not changed significantly as against the assessment contained in that report. For information regarding "litigation/legal proceedings", please see the "Notes to the Condensed Half-Yearly Consolidated Financial Statements". With respect to current developments in connection with the economic situation and their effects on MAN's order situation in particular, as well as on its sales revenue and earnings, please see the sections entitled "The MAN Group's results of operations" and "Report on expected developments", along with

the information provided on the individual segments in “The Divisions in Detail”.

The European truck market was up slightly on the prior-year level in the first six months of the current fiscal year. For full-year 2017, MAN Truck & Bus expects the truck market to be on a level with the previous year, buoyed by the economic upturn in Europe. The European bus market was up slightly on the prior-year level in the first half of 2017. It is assumed that the European market will remain unchanged for full-year 2017. Order intake at MAN Truck & Bus rose sharply year-on-year to € 733 million in the first half of 2017 (previous year: € 250 million). Measured in terms of units, order intake was up 5% on the previous year, at 46 957 vehicles (previous year: 44 553). The trucks business recorded an order intake of € 767 million (previous year: € 471 million). The unit figure rose by 5% compared with the first half of 2016 to 43 349 trucks (previous year: 41 319).

This was mainly driven by positive year-on-year growth in Russia, France, Spain, and Austria. By contrast, order intake declined in the United Kingdom in particular. The figures for the trucks business also include the new MAN TGE van series for the first time. At €66 million, order intake in the bus business in the first half of 2017 was up 24% on the prior-year figure (€79 million).

The unit figure rose significantly year-on-year to 3 608 buses (previous year: 3 234). This was due to positive developments in Saudi Arabia, Israel, and the Netherlands, among other factors. MAN Truck & Bus generated sales revenue of € 784 million, a year-on-year increase of 8% from € 443 million. At 41 702 vehicles (previous year: 39 701), unit sales grew in line with sales revenue. Sales revenue in the trucks business rose to € 048 million (previous year: € 788 million). At 39 080 trucks, unit sales were up 6% on the prior-year figure (37 009) with particularly healthy growth in Russia, Spain, and Austria. By contrast, unit sales declined in the United Kingdom and Poland. Overall, MAN Truck & Bus’s share of the European market for trucks over 6t was 15.6% in the first half of 2017 (previous year: 15.2%). Sales revenue in the bus business increased to €37 million (previous year: €55 million).

It sold 2 622 buses (previous year: 2 692), a year-on-year decline of 3%. Among other things, this was attributable to lower unit sales in Mexico, which were partially offset by high sales volumes in Spain and Georgia.

In the European bus market, MAN Truck & Bus had a market share of 13.1% (previous year: 12.4%).

At €69 million, operating profit in the first half of 2017 was on a level with the previous year (€68 million). This corresponds to an operating return on sales of 5.6% (previous year: 6.0%). Higher sales revenue and the PACE 2017 programme for the future, which covers all areas in the company, had a significant positive impact on profitability. Offsetting factors included the year-on-year increase in expenses for new products and expenses relating to the digital transformation.



Dave van Graan

Latin America market

The economic environment in which MAN Latin America operates began to stabilise slightly in the first half of 2017. Although the Brazilian economy remained mired in recession, the decline in economic output was less significant than in previous quarters. Weak domestic demand and political uncertainty had a negative impact, while exports provided positive momentum.

MAN Latin America sold 11 750 commercial vehicles in the first half of 2017 (previous year: 10 131). This 16% increase

Dave van Graan, head of sales at MAN South Africa: “If you take our production plant environment we comply with the VW exacting production standards for basic skills that we put our production workers through. It’s not only about the hard skills in terms of manufacturing, it’s also about the soft skills and the adult development that is required by our workforce. I’ve got a very nice stable workforce down in Pinetown as well, on average 15 years plus service to the company.”



is primarily attributable to the export business. Sales revenue improved to €52 million (previous year: €98 million). In addition to the increase in unit sales, the considerable appreciation of the Brazilian real compared with the prior-year period also had a positive effect on sales revenue. New registrations for trucks weighing 5t and over in Brazil declined by 17% to 20 794 units. MAN Latin America sold 6 467 trucks in the Brazilian truck market (previous year: 6 395). With a total of 5 421 new truck registrations (previous year: 6 954), MAN Latin America achieved a market share of 26.1% (previous year: 27.8%) and defended its prominent position in the Brazilian truck market in a very competitive market environment.

New registrations in the Brazilian bus market decreased by

Higher sales revenue and the PACE 2017 programme for the future, had a significant positive impact on profitability

14% to 4 896 vehicles. MAN Latin America sold 1 129 bus chassis (previous year: 822) and increased its market share to 18.3% (previous year: 16.2%) in a declining market with 896 new bus registrations (previous year: 922). The company maintained its number two position in the Brazilian bus market. In the 2017 half-yearly Financial Report MAN SE 14 Brazil's commercial vehicle exports increased significantly, lifted by the recently more stable environment throughout Latin American markets. Registration volumes rose clearly in the first half of the year, particularly in Argentina. MAN Latin America sold 4 154 vehicles outside Brazil (previous year: 2 914), securing its position as one of Brazil's leading exporters with 17.2% (previous year: 16.8%) of the country's vehicle exports. The operating loss amounted to €8 million compared with an operating loss of €2 million before special items in the prior-year period. The continued loss is primarily attributable to weak demand and the resulting price pressure. Nonetheless, MAN Latin America's operating loss improved as against the first half of 2016 following higher unit sales. MAN Latin America continued to implement an extensive programme to strengthen the company in a competitive market environment with the aim of systematically improving its earnings quality.

Dave van Graan, head of sales at MAN South Africa: "We are totally free from the grid at our Pinetown Assembly plant, we actually put some power back into the grid, which in a South African context is nice to do and we're very proud of the environmentally friendly nature of that."



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BUILDING TRUST





New Sasol Euro 6 truck fleet demonstrates the benefit of 10ppm diesel

Sasol unveiled the first of its newly acquired road tankers at Truck X 2017 at Kyalami Raceway. These trucks are the first MAN Euro 6 vehicles to operate in South Africa.



These vehicles are of course standard and mandatory in Europe, so the technology is reliable, tried and tested, but requires a high quality enabling fuel to allow the vehicles to operate in South Africa, without harm and under warranty conditions. The acquisition of these Euro 6 vehicles demonstrates Sasol's confidence in operating these vehicles on locally available 10ppm diesel as manufactured and supplied by Sasol.

The diesel engine is renowned for its excellent fuel efficiency performance and as such it presents a very attractive solution to the commercial transport business. This is unlikely to change in the foreseeable future as it currently remains the best solution to move heavy goods on our roads. When it comes to environmental concerns however, the diesel engine is largely perceived as a "dirty" engine due to unwanted exhaust emissions if not controlled by modern emissions control technology.

Euro 6 emission regulations were introduced in Europe in January 2014 and superseded Euro 5 emission regulations with even lower limits for various exhaust gas emissions. Truck manufacturers have developed their engines to meet these emissions standards. This is achieved primarily through exhaust

after treatment technology which involves a combination of catalytic converters and a diesel particulate filter.

The Selective Catalytic Reduction (SCR) catalyst is designed to reduce the Nitrous Oxide (NOx) emissions and requires the injection of a product known as AdBlue®* into the exhaust system. AdBlue® needs to be filled into a separate tank by the truck user and it is consumed at a rate of roughly 2-3% of the diesel consumption. Euro 6 engines do typically have much lower diesel consumption compared to older technology vehicles. Euro 6 trucks require high quality diesel with as little sulphur as possible. A maximum of 10 parts per million (ppm) sulphur is the current European diesel sulphur specification. Sulphur can be considered to be a contaminant that occurs naturally in crude oil and it poisons the exhaust after treatment catalysts. Sulphur reacts with precious metal such as platinum in exhaust catalysts and engine sensors, thereby reducing their useful life. It also forms sulphuric acid in various parts of the engine, especially in Exhaust Gas Recirculation (EGR) systems and can increase wear and corrosion. There are no obvious benefits to having sulphur in fuel and contrary to popular belief, it is NOT a lubricant. Modern diesel fuel gets its lubricating properties from carefully designed additives to protect the modern fuel

pumps and common rail injectors. Emission legislation and new vehicle technology has prompted a global trend to produce cleaner fuels that enable these latest exhaust after treatment devices end engine technology. South African fuel specifications are some way behind the specifications in Europe and the rest of the world. All new vehicles sold in South Africa need to at least comply with Euro 2 exhaust emissions standards. These Euro 2 standards were introduced in Europe in 1996 and being more than 20 years behind, many vehicles on the South African roads emit far higher emissions than Euro 2, as we all experience with the visible black smoke from many truck on the roads. This has a big impact on air quality, resulting in exposure to pollutants that are potentially dangerous to human health, especially in busy cities. The good news is that nothing stops truck manufacturers from supplying higher specification vehicles such as Euro 3, 4, 5 or 6 into the local market, provided that the correct quality fuel can be sourced to enable these vehicles to operate in South Africa.

The next wave of fuel specifications will bring South Africa in line with the strictest fuel specifications in the world; however, the date for the implementation of these new fuel specifications is still uncertain. Despite this, Sasol introduced a 10ppm diesel to the South African market in 2013 already.

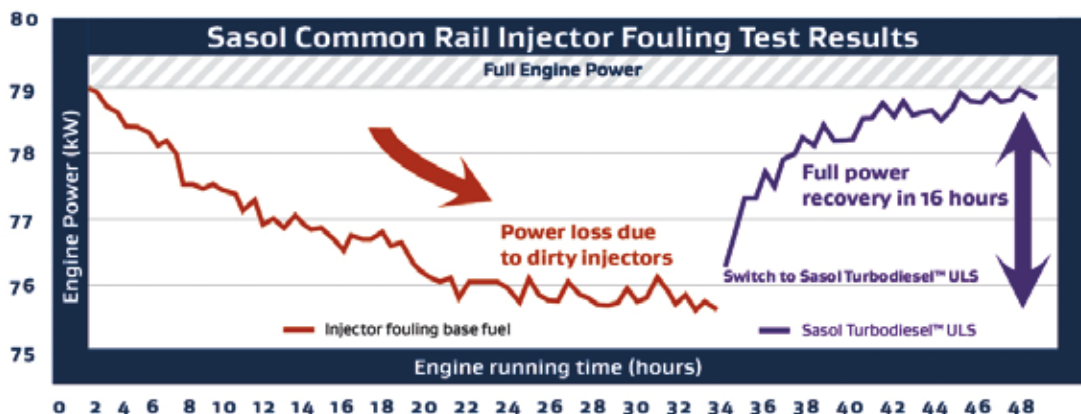
Sasol Turbodiesel™ ULS 10ppm already conforms to the maximum sulphur requirement of the latest European specifications and will allow transport operators to exploit the fuel efficiency of these latest technology vehicles while contributing towards a sustainable future in reducing their environmental footprint. It is for this reason that Sasol has decided to specify Euro 6 exhaust emissions standards for its internal truck fleet from this point forward on all new fleet acquisitions. Sasol's new fleet of Euro 6 trucks will run exclusively on Sasol Turbodiesel™ ULS 10ppm to demonstrate to the South African market that it is possible to run these vehicles in South Africa. Apart from the sulphur content of diesel, additives are another area where fuel technology has advanced considerably. For modern engines, fuel with advanced additive technology has become essential rather than a 'nice to have'. The main benefit of a quality branded fuel is carefully researched and tested deposit control additives

that clean diesel fuel injectors continuously. This keeps the sophisticated fuel injection system of the modern engine clean, producing the correct injector spray patterns for optimum combustion, fuel efficiency, power and low emissions. Additised fuel offers better performance, lubricity, friction modification, deposit control and foam reduction amongst others.

Sasol prides itself by continuously searching for the best additive technology available globally and testing them locally for South African conditions. Sasol operates world-class fuels research and development facilities in South Africa, including a state-of-the-art engine testing and emissions measurement facility in Cape Town, the only fuel testing facility of its kind in South Africa. The additive formulations and locally developed fuel innovations tested here are blended into all Sasol fuels, making them ideal for both older and modern technology engines. Given the careful research and expensive additive blends that are already in premium fuels such as Sasol Turbodiesel™ ULS 10ppm, there is no need for aftermarket additives or the addition of anything else to the fuel as it would merely be a waste of money. Sasol Turbodiesel™ ULS 10ppm and 50ppm have a purple colour to indicate the ultra-low sulphur quality as well as the fact that the optimum additive package is blended into the fuel. Sasol Turbodiesel™ ULS 10ppm is currently the only commercially available diesel in South Africa with a maximum sulphur content of 10ppm. This fuel enables the industry to make use of the latest truck engine technology that is available from truck manufacturers. Operators could enjoy the benefit of improved fuel efficiency offered by these modern engines as well as being content in the knowledge that they are not polluting the air with harmful poisonous exhaust emissions.

10ppm diesel is not only beneficial for Euro 6 trucks, but for all vehicles and especially modern diesel passenger cars and light delivery vehicles which have similar engine and exhaust after-treatment technology. These expensive assets should be protected by using only the highest quality diesel with the lowest sulphur content available.

Adrian Velaers, Senior Technical Advisor for Retail and Commercial Fuels of Sasol Energy



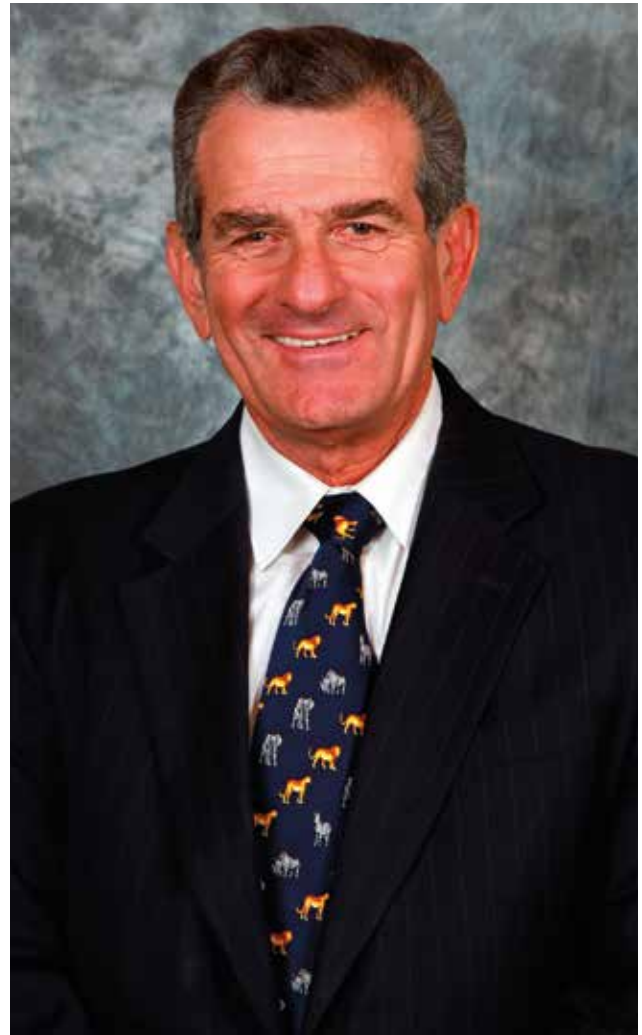
SA motor industry holding up well in turbulent economic environment

The South African motor industry is holding up surprisingly well in a tough economic environment that is being exacerbated by political turmoil. This is the opinion of renowned economics commentator Dr Azar Jammie, Director and Chief Economist at Econometrix.

He made this statement when addressing guests at the launch breakfast for Automechanika Johannesburg recently. The biennial Automechanika Johannesburg trade fair for the automotive aftermarket will be held at Expo Centre from September 27-30. This year it will be co-located with Futuroad, a truck, bus and trailer show and Scalex, a trade fair for transport systems, infrastructure, and logistics solutions.

Jammie explained that the decline in new vehicle sales in recent years had affected the retail sellers negatively, but it would provide a boost for the after-sales market as people would now keep their current vehicles longer which meant they would require added maintenance and service.

The economist said although the country was technically in a recession, with negative growth for two consecutive quarters, there were some bright points in the local economy with the motor industry being one of them. Encouragement also comes from a rise in the demand for electricity, a lower-than-expected



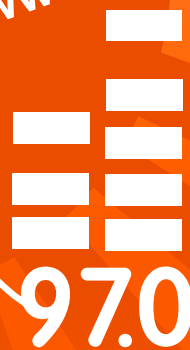
“Another inhibiting economic growth factor is the fact that education in South Africa has been found wanting, with very poor results in terms of learners matriculating with good marks for maths and science.”

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60	Adverts per month	R 350.00	R 21 000.00
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inflation rate, vehicle price increases slowing, the price of fuel falling, a big improvement in the motor industry trade balance and a brighter outlook for the global economy.

He noted that South Africa remained the biggest vehicle market in Africa by far, accounting for 37% of new vehicle sales on the continent. North African countries Egypt, Morocco, Algeria, Tunisia, and Libya followed it. Interestingly, the island of Reunion, in seventh place, recorded more new vehicle sales (27 697) than eighth-placed Nigeria (20 000), which had been seen as Africa’s powerhouse, but is now battling with a big downturn in its economy as the oil price stays comparatively low.

Jammine said that unemployment remained a major challenge for economic growth in South Africa, while services continued growing faster than manufacturing, which provided proportionately more jobs.

“Another inhibiting economic growth factor is the fact that education in South Africa has been found wanting, with very poor results in terms of learners matriculating with good marks for maths and science,” explained Jammine. “Only one learner in 40 gets a matric with a maths mark of 60% or higher.

“Although the effect of the downgrade by the ratings agencies have not been unduly dramatic yet, they will obviously impact on future investment decisions as does the current political turmoil, which is affecting business confidence negatively.”

However, the Econometrix Chief Economist said he still expected new vehicle sales to move into a growth phase next year, while the vehicle manufacturing industry continued to grow its share within overall manufacturing and as a contributor to the gross domestic product (GDP). He added that the local motor industry remained a very important player in terms of exports from South Africa of built-up vehicles, automotive components and replacement parts which was good news for the overall health of the industry. Automotive exports had grown 80.3% between 2012 and 2016, while the rate of imports was slower with an increase of 48.7%. This had resulted in a significant drop in the motor industry’s trade deficit over the past five years, going from R42.3-billion in 2012 to R32.9-billion in 2016.

Philip Otto

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BMW 530d X Drive: The upper limit

When approaching the new BMW 530d X Drive, the stunning good looks of the vehicle are immediately apparent, from the adaptive LED headlights, with selective beam and high beam assistant, which automatically switch from high to low beam to the L-shaped tail lights and everything in between



The aerodynamic body styling draws you to the car and accentuates the BMW evolution protocol, common with all BMWs. Even the door handles light up at night for ease of operation, while the quadrilateral exhaust pipes promise a driving experience not often encountered. The 2.2 inch colour LCD keypad provides a whole array of information.

Open the driver's door and slip into the luxurious leather interior, with climate-controlled air conditioning for the front and rear passengers. The fine-line ridge wood interior finish with pearl chrome high-lite, extends into the door, giving a rich feeling to the overall luxury of the car.

Electronically adjustable seating ensures the driver and front seat passenger can adjust their seats perfectly for their comfort and safety, while the steering can be adjusted to suit the driver.

The dashboard is clean and concise with all of the instruments and dials easily accessible. A dial next to the gear selector allows easily dialled-in information for the radio or on-road information. This is all instantly available on the heads-up display directly in front of the driver.

The aerodynamic body styling draws you to the car and accentuates the BMW evolution protocol

The heads-up display is an innovative feature that allows the driver to watch the road, but at the same time keep his/her eye on the speed and other critical information. Radio channels and fuel consumption, distance to empty and other vital signs are available without taking your eyes off the road. When engaging cruise control all the vital information is also displayed here.

The electronic dashboard also changes depending on the mode set. In economy mode, the rev counter makes way for eco-friendly dials that instantly measure the amount of fuel being used, and helps control the amount of throttle used to save fuel. In the sport mode the dials light up and show that you now mean business.

The normal mode, which is where most people will operate the vehicle, has more than enough power. The centre console also features GPS navigation as well as radio/media controls and visuals. Bluetooth phone connections also feature in the consol.

Touch the starter button on the dashboard and the 3 litre V6 twin turbo engine springs to life. The exhaust note is not too high, but just enough to show this vehicle means business. On tap is 195Kw of power @ 4 000 rpm and a dazzling 620Nm of torque at between 2 000 and 2 500 rpm. Pulling away can be

a gentle affair, luxuriously smooth in normal or eco mode or electrifying in sport mode.

Once on the open road—this is where the 530 excels—the suspension comes to life. The front has an aluminium double track control axle with a separate lower track arm. A small steering roll radius with traverse force compensation ensures perfect control at all times while the five link aluminium lightweight construction air suspension ensures a smooth comfortable ride on all surfaces and road conditions. Vented disc brakes all round ensure smooth stopping at all times.

From a driving dynamics point of view, all the standard systems are installed for safety and comfort—ABS (anti-skid braking system), DTC (dynamic traction control), CBC (cornering brake control) as well as DBC (dynamic brake control) to mention but a few. Safety features include a full range of airbags including head airbags for the front and rear occupants. A belt latch tensioner and a belt force limiter in the front as well as crash active front head restraints, crash sensors and tyre pressure monitor are all standard fitments.

The 8-speed steptronic transmission effortlessly changes gears depending on the road conditions. If required, the automatic can be changed to manual and the driver can change gears depending on his or her needs.

The different driving modes can be changed on the go depending on driver needs. By touching the sport mode the gears immediately reset themselves and feed more power through the transmission. At the same time, if the driver would like to change to eco mode on the drive all that is needed is a touch of the button next to the gear shift, and the car immediately switches to eco mode.

With all of the features that abound in the 530 “sheer driving pleasure”, although a cliché, perfectly explains the 530d. Powerful, economical, comfortable and safe, the superlatives go on forever.

Marketed as a luxury executive sedan, the BMW 530d has all of the hallmarks of a product perfectly designed and manufactured to the highest standards.

John Elford



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