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HONDA BUSINESS INVOLVEMENT IN SOUTH AFRICA CHANGES

DaimlerChrysler SA (DCSA) and Honda Motor Co., Ltd. (HONDA) jointly announced today that a strategic agreement has been reached.
HONDA will from January 1, 2001 operate independently in South Africa.
The local production of the Honda Ballade and Civic models at DCSA's East London manufacturing facility will be phased out during 2000.

Mr Fritz van Olst, Management Board Member for Sales and Marketing DCSA said: "DaimlerChrysler SA and Honda Motor Co., Ltd. have mutually agreed that the long-term relationship will be terminated.

"To be successful in the long term it is important that a mother company is directly involved with its South African subsidiary. The long term solution for HONDA is to establish its own subsidiary in South Africa."

Mr Shigeo Hirose, General Manager: European Operations, the Middle East, the Near East and Africa Sales Division of HONDA said: "HONDA and DCSA are pleased with the decision for HONDA to open its own new company in South Africa. The automobile market here is of a considerable size and very important for us. We will scrutinize the potential of the market and establish our future business strategy by 2001."

Mr van Olst said: "The customer's interest will be foremost during the transition process and there is every intention by DCSA and HONDA to ensure customer's interests are fully protected."

As a result DCSA and its dealer network will continue to market new Honda products for the balance of 2000 and will honor the maintenance and Warranty for the three year contract period until it expires. DCSA dealers will continue to handle normal services. By 2001 Honda will have established its own South African company and dealer network and will then underwrite the warranty for new cars sold by HONDA dealers. Customers can get their Hondas serviced at both DCSA and Honda dealers .

"HONDA really appreciates DCSA's effort to manufature and market our products for a long time as well as establishing our brand image in this country," said Mr Hirose.

The brand has proved to be one of South Africa's most successful and reliable brands, selling exceptionally well over the past 18 years with more than 175 000 Hondas sold since 1982. In South Africa, HONDA achieved relatively high market share in the world with its products sold through DCSA.

"We are proud of relationship and its achievements that we have had with Honda over the years. It has been a part of our family and it is with great regret that local assembly of Honda is ceased. However, Honda products will still be available in South Africa and we are very pleased that a smooth transition can be achieved to fully protect and cater for our customers," said Mr. van Olst in conclusion.

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