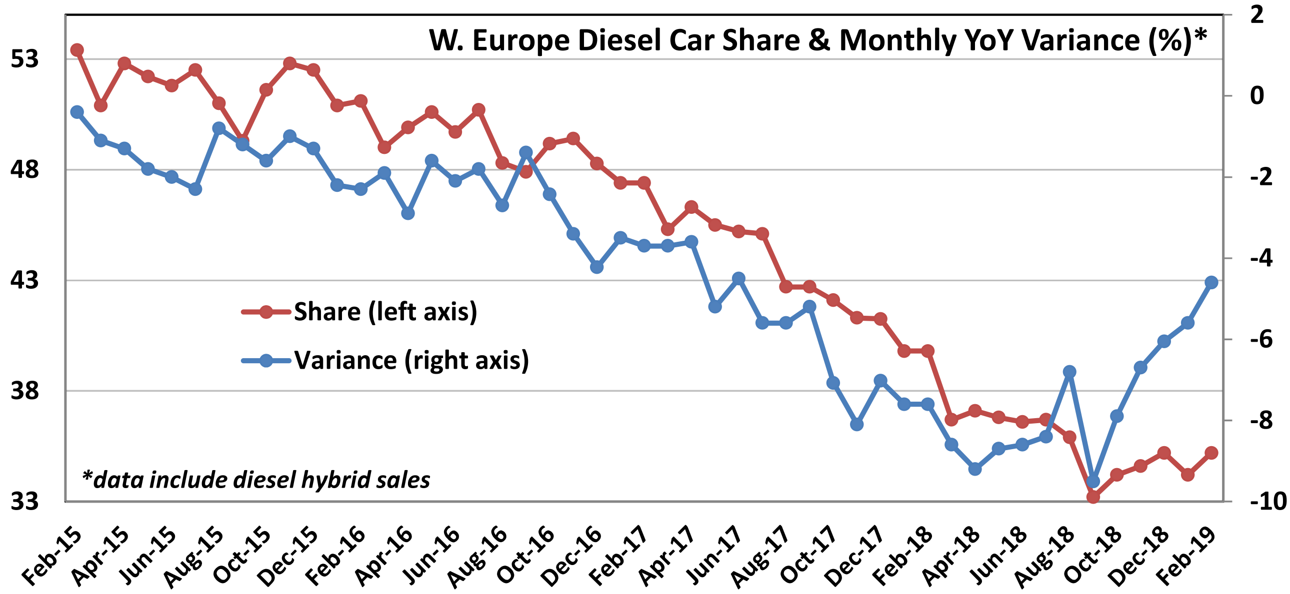
February 2019

LMC AUTOMOTIVE

Western European Diesel Car Market

February's Diesel Car Market Revealed Further Stability, and a Modest YoY Decline



- February's new car diesel market has come in at a provisional 35.2% with all data collected apart from three smaller markets which we have estimated. It should be noted that the diesel data we report includes sales of diesel hybrids. Hence it may differ from statistics quoted by national vehicle data registration bodies. However, there does not appear to be consistency in the reporting of those bodies. For example, Germany's KBA does not appear to include diesel hybrids in its figures and so the February figure quoted on their website (32.6%) is lower than the 34.4% seen in this report. However, the policy at the UK's SMMT & France's CCFA is different and so the two sets of figures are in line with each other. LMCA prefers to include diesel hybrids since the vast majority of them on sale are 48V mild hybrids. The level of electrification in these cases is low and so our view is that these vehicles are fundamentally diesel cars, not electric cars and should be counted as diesel cars. For the sake of completeness, were we to use the KBA's figure for diesel car penetration in February, the region-wide diesel share would be reduced by 0.4pp to 34.8%. This problem will be exacerbated in the future as more diesel cars become hybridised. Omitting such cars would portray an increasingly pessimistic picture of the diesel market.
- As for market trends, the slowdown in diesel decline continues. Even Volkswagen is reporting that diesel car orders in its home market of Germany are up on last year, especially in the private sector. Huge efforts have been made to ensure that diesel cars are able to meet and often exceed future emissions standards and we see some recognition of this in the market, helped no doubt by the need to rebalance new car sales toward a lower (than gasoline) CO_2 technology. Our base diesel forecast still indicates continued decline, but at a far slower pace than that seen over the last 2 years. However, there is an alternative scenario which results in a diesel share almost static at circa 30% of the market for the medium-term. The likelihood of that scenario becoming reality is growing. Diesel cars are strongly in evidence at the International Motor Show currently underway in Geneva and diesel powertrains continue to be the subject of evolution and optimisation. Perhaps a telling example is Renault's all-new Clio. 18 months ago one might have been excused for thinking that a new small car from this OEM would not be offered with a diesel engine, such was the message from inside the industry at the time. Instead, 2 diesel options are available. While they may not account for as large a share of sales in this segment as they did at the time of peak diesel, they continue to be a vital part of the powertrtain portfolio.

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Diesel Share of New Car Sales (%)

	Feb-19	Feb-18	YoY	YTD Feb-19	YTD Feb-18	YoY
Austria	39.8	43.0	-3.2	40.8	43.2	-2.4
Belgium*	31.0	36.6	-5.6	31.5	38.5	-7.0
Denmark	26.1	35.9	-9.8	26.0	36.3	-10.3
Finland	23.1	24.8	-1.7	23.6	25.3	-1.7
France	36.2	41.2	-5.0	35.4	41.2	-5.8
Germany	34.4	32.5	1.9	35.4	33.0	2.4
Greece*	32.0	39.5	-7.5	33.0	40.9	-7.9
Ireland	48.4	57.9	-9.5	49.1	57.1	-8.0
Italy	45.9	56.2	-10.3	43.8	55.7	-11.9
Luxembourg	43.5	47.6	-4.1	46.5	49.3	-2.8
Netherlands	9.3	15.2	-5.9	10.1	16.2	-6.1
Norway	16.8	20.8	-4.0	17.0	20.5	-3.5
Portugal*	50.0	55.3	-5.3	51.5	55.4	-3.9
Spain	30.7	38.4	-7.7	30.6	40.1	-9.5
Sweden	37.1	43.8	-6.7	37.7	42.5	-4.8
Switzerland	29.8	31.4	-1.6	31.2	32.9	-1.7
UK	29.6	35.0	-5.4	29.3	35.6	-6.3
W. Europe	**35.2**	**39.8**	**-4.6**	**34.7**	**39.8**	**-5.1**

Diesel Car Sales Volume ('000s)

	Feb-19	Feb-18	YoY	YTD Feb-19	YTD Feb-18	YoY
Austria	9.4	11.4	-2.0	20.0	23.8	-3.8
Belgium*	15.5	18.5	-3.0	31.8	41.3	-9.5
Denmark	4.9	6.2	-1.3	10.4	13.5	-3.1
Finland	1.9	2.3	-0.4	4.7	5.8	-1.1
France	61.8	70.1	-8.2	115.2	134.6	-19.3
Germany	92.4	85.1	7.3	189.1	175.3	13.8
Greece*	1.9	2.6	-0.7	4.5	5.5	-1.0
Ireland	7.3	9.8	-2.5	23.3	30.9	-7.6
Italy	81.6	102.4	-20.8	150.3	200.8	-50.6
Luxembourg	2.2	2.2	0.0	4.3	4.4	-0.1
Netherlands	2.8	5.4	-2.6	7.9	15.3	-7.5
Norway	1.9	2.1	-0.3	3.4	4.0	-0.6
Portugal*	9.4	11.5	-2.0	17.8	19.5	-1.7
Spain	30.9	43.5	-12.6	59.9	86.3	-26.5
Sweden	8.6	11.9	-3.3	16.4	21.3	-4.9
Switzerland	6.6	7.0	-0.4	13.4	14.6	-1.2
UK	24.3	28.3	-4.0	71.2	87.0	-15.8
W. Europe	**363.4**	**420.2**	**-56.8**	**743.5**	**883.9**	**-140.4**

**** Estimated for February 2019***

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LMC Automotive

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