Western European Passenger Car Sales Update

March 2022
LMC Automotive

LMC Automotive provides the highest quality global sales and production forecasts for Light Vehicles and Medium and Heavy commercial vehicles, along with forecasts of engine and transmission supply and demand.

Recognised as leading experts in forecasting, LMC Automotive provides the automotive industry with strategic insights unavailable elsewhere.

Our regular forecasting products include:

- Light Vehicle Sales Forecasts
- Light Vehicle Production Forecasts
- Light Vehicle Powertrain Forecast
- Automotive Market Updates and Forecasts (China, India and ASEAN)
- Global Light Vehicle Forecast
- Global Commercial Vehicle Forecast
- Hybrid & Electric Vehicle Forecasts
- Global Automotive Scenarios Service
- European Trade & Inventory Service

LMC Automotive has offices worldwide, as well as representation through MarkLines in Tokyo and CARCON in São Paulo.

More information on LMC Automotive and our forecasting services can be found at the end of this report or at www.lmc-auto.com
WESTERN EUROPEAN PASSENGER CAR SALES UPDATE

March 2022
Summary

- The West European selling rate increased only slightly to 10 mn units/year in February, from 9.7 mn units/year in January. Last month’s result reflects the fact that supply constraints faced by the automotive industry remain a significant headwind to sales volumes.

- In Germany, the selling rate improved slightly to 2.7 mn units/year in February, from 2.6 mn units/year previously. The UK PV selling rate increased to 1.9 mn units/year in February from January’s 1.7 mn units/year. For France, the selling rate fell to just below 1.4 mn units/year. In Spain, the selling rate remained at a disappointing level, only improving slightly to 700k units/year. Finally, in Italy, the selling rate dropped to an all-time February low of just below 1.2mn units/year.

- Our 2022 PV forecast has become more cautious since last month as supply bottlenecks are expected to be exacerbated from Russia’s invasion of Ukraine and the resulting sanctions. The selling rate is still anticipated to improve over the course of 2022 but at a slower rate than we forecast last month. Aside from the supply disruption, downward pressure is building on underlying demand through inflation and confidence.
Commentary

West Europe’s PV February selling rate saw only a modest increase to 10 mn units/year, from 9.7 mn units/year in January. The German selling rate picked up to 2.7 mn units/year last month, from 2.6 mn units/year in January. While this can be considered a step in the right direction, selling rates remain below the December 2021 figure of 3.1 mn units/year or indeed the pre-crisis result of 3.6 mn units in 2019. What the latest result continues to demonstrate is that the supply constraints faced by the automotive industry remain a significant headwind to sales volumes. For the UK, the February PV selling rate rose to 1.9 mn units/year, though one should be cautious in reading too much into this uptick due to February’s relative low volume nature. In YoY terms, sales rose 15% on last year’s locked-down month, with the more appropriate comparison to 2019 showing a 26% YoY decrease in monthly sales.

Meanwhile, the Spanish market saw another weak selling rate performance in February due to the same supply-side problems. At 700k units/year, last month’s result was only a modest improvement on January’s figure and was likely made worse by the increase in registration tax at the start of the year, as well as the impact of Omicron.

The Italian PV market continued to struggle at the start of 2022 as the selling rate dropping to an all-time February low of just below 1.2mn units/year. Recent poor figures show the continued effect that supply shortages are having on the sales of new vehicles, with additional downward pressure on sales provided by the ending of EV subsidies (more support will follow from this month). Finally, the French PV market continued its slow start to 2022 as the February selling rate fell to just below 1.4mn units/year. While a strong finish to 2021 suggested that supply shortages were easing somewhat, this poor start to 2022 shows that constraints to production are still very much present and affecting new vehicle sales.

West European Car Sales
# West European Car Sales

<table>
<thead>
<tr>
<th>Country</th>
<th>Sales (units)</th>
<th>Selling rate (Units/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Feb 2022</td>
<td>Feb 2021</td>
</tr>
<tr>
<td>WESTERN EUROPE</td>
<td>714,743</td>
<td>758,081</td>
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<tr>
<td>AUSTRIA</td>
<td>16,159</td>
<td>19,912</td>
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<td>BELGIUM</td>
<td>32,201</td>
<td>36,536</td>
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<td>DENMARK</td>
<td>10,203</td>
<td>9,912</td>
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<tr>
<td>FINLAND</td>
<td>6,303</td>
<td>8,175</td>
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<td>FRANCE</td>
<td>115,386</td>
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<td>GERMANY</td>
<td>200,512</td>
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<td>GREECE</td>
<td>5,953</td>
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<td>IRELAND</td>
<td>12,031</td>
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<td>ITALY</td>
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<td>LUXEMBOURG</td>
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<td>NETHERLANDS</td>
<td>22,860</td>
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<td>NORWAY</td>
<td>8,147</td>
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<td>PORTUGAL</td>
<td>11,571</td>
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<td>SPAIN</td>
<td>62,103</td>
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<td>SWEDEN</td>
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<td>SWITZERLAND</td>
<td>16,606</td>
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<tr>
<td>UK</td>
<td>58,994</td>
<td>51,312</td>
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</table>

Notes:
- Greece & Luxembourg data: estimate for latest month.
- Greece data source has changed to Sales from Registrations.
- The percent change in the final column compares the average selling rate in the year-to-date with the last full year.
- The average of the seasonally adjusted selling rate for an entire year is by definition the total of sales in the year.
For over 30 years, LMC’s mission has been to provide the most comprehensive, timely and actionable services to all sectors of the auto industry. Focusing exclusively on this sector, while being highly responsive to our large and growing client base of car and truck makers, component manufacturers and suppliers, and financial and government institutions, has fostered our rapid growth. Today, from offices in all the major automotive markets, LMC provides insights and forecasts for both the Light Vehicle and Commercial Vehicle sectors, with specific emphasis on vehicle sales, production and propulsion systems. Our experts examine global industry dynamics from every angle – be they macroeconomic trends, market and production developments or regulatory and technological changes. These insights are shaped into a comprehensive suite of services that can be tailored to an individual client’s needs and are delivered in a range of flexible and sophisticated formats.

As a company, we pride ourselves on the quality of our products, as well as our commitment to customer service. Our team, and our carefully selected partner companies, are dedicated to what they do – bringing the most accurate information to market and helping our clients to gain maximum benefit from our insights.

LMC Automotive is part of the LMC group, originally founded in 1980, which provides market intelligence, analysis and advice to clients around the world involved with agricultural commodities, foods, industrial materials, biofuels and their end-markets. A separate company in the group specialises in the coverage of the rubber and tyre sectors.

**LMC Automotive services include:**

The **Global Light Vehicle Forecast**. LMC’s entry-level service designed for automotive industry executives and decision makers who need to see global coverage of Light Vehicle sales and production in one single publication with detailed forecasts going out seven years into the future, and indicative forecasts for 10 and 15 years. However, the core of the service is the associated database providing sales and production of Light Vehicles, the former by marque and the latter by model. These forecasts are supplemented by detailed reviews of the economic drivers of vehicle demand and of the major OEMs. The service, which is updated quarterly, includes introduction and run out dates for all new models.

The **Global Light Vehicle Production Forecast**. LMC’s premium vehicle production forecasting service. Published monthly, forecasts are provided by manufacturer, make, model, model generation, platform, design lead, assembly plant with capacity and utilisation, in monthly, quarterly and annual time slices and with a 7-year forecasting time horizon. These forecasts are supplemented by concise monthly regional commentaries as well as a global snapshot of vehicle production and detailed quarterly reports. As an add-on to these services, forecasts by bodystyle and number of doors are also available.

The **Global Light Vehicle Sales Forecast**. Published in association with Jato Dynamics Ltd, this service builds on macro-economic forecasts generated by our partner, the renowned Oxford Economics, which, combined with an examination of demographics, fiscal and regulatory influences by LMC’s own specialist automotive research team, presents twelve-year forecasts at a global, regional and country level for Light Vehicle demand in 137 countries. In its most detailed form, model level forecasts are updated monthly and are provided in annual, quarterly and monthly timeslices. Quarterly summary reports analyse the current market situation and likely future evolution from the perspective of developments at a country level and from the position of each major OEM.

The **Global Light Vehicle Powertrain Forecast**. This service provides data and 7-year forecasts of powertrain fitment rates and volumes. For each model, LMC provides forecasts of the volumes of each engine, transmission and electrification combination that will be fitted, as well as the total demand for each powertrain. The service is published quarterly, and covers IC, hybrid, full electric and fuel cell propulsion systems. In addition, as an optional add-on, the xEV forecasts are linked to information on the batteries and eMotors which will be fitted to these models.
The **Global Hybrid & Electric Vehicle Forecast.** Published quarterly, this service provides a model level forecast of demand for electrified passenger cars and US light trucks in the world’s most important vehicle markets with a time horizon of the current year plus 12 years. These forecasts are provided by technology type, from mild hybrids through battery electric vehicles to fuel cell electric vehicles. They are supplemented by market-by-market overviews of the key drivers of vehicle electrification and how these may change over time and OEM-by-OEM profiles detailing, for all major hybrid and electric vehicle producers, their global and local product plans, strategic approach to the sector, vehicle production snapshots and regional highlights. An additional Battery & eMotor module is also available.

The **Global Commercial Vehicle Forecast.** This service provides the most comprehensive view of the current state of the medium (6-15t GVW) and heavy (15t+GVW) commercial vehicle sectors of the automotive industry together with detailed twelve-year forecasts of sales and production in quarterly and annual timeslices. Produced in association with ACT Research, and covering trucks and buses, this service is published quarterly and offers coverage of all the world’s major markets. Updates can also be provided on a monthly basis while Model Line detail is available as a separate module for Western Europe, the Czech Republic and Poland.

The **Automotive Market Reports** are six automotive services specifically addressing the rapidly developing economies in Asia. They include the **Automotive Market Updates**, published monthly and covering China, India and ASEAN, which monitor the latest market developments in these areas; and the **Automotive Market Forecasts**, published monthly and also covering China, India and ASEAN and offering 7-year forecasts of sales, by segment, brand, group and fuel type and production by plant and model.

The **China Medium & Heavy Truck Forecast** provides a clear and concise view of the Chinese medium and heavy vehicle market in a single user-friendly report. The latest registration volumes for medium and heavy trucks are analysed in a comprehensive market overview, with overall sales trends reviewed as well as key structural developments concerning segments and manufacturers.

The **China Monthly Inventory Level Monitor.** By comparing Retail and Wholesale sales numbers, the China Monthly Inventory Level Monitor is able to offer the most comprehensive picture of personal vehicle sales in China and to provide a valuable indicator of future short-term movements in both sales and production.

The **European Light Vehicle Trade & Inventory Service.** Published every month, the aim of this service is to provide an early warning system that highlights risks that emerge from imbalances in supply/demand in Light Vehicles sourced from Europe, for which little published inventory information is available. This unique service provides LMC’s estimate of inventory levels, represented by “days’ supply” for all sales groups, brands and models and explains what this means for the short-term outlook for vehicle production.

The **European Light Vehicle Trade Flow Forecast.** Published quarterly, this service monitors Light Vehicle sales and their flows within, into and out of Europe. For each model produced at a European plant, the service provides 7-year forecasts detailing the country of final destination and for all European imports, the country and plant of origin. As sourcing patterns shift and new challenges emerge, this service provides detailed statistical data and forecasts essential to plan and react to changing events and is of particular relevance to OEMs, component suppliers, logistic providers and financial planners.

The **Global Automotive Scenarios Service.** Published quarterly in association with our partner, Oxford Economics (OE), this service assesses the impact of a range of plausible scenarios for the global macroeconomic landscape, and the resulting effects on Light Vehicle sales and production over the coming years. Three-to-five different sets of global macroeconomic projections, based on different events or trends, are used, each quarter, to formulate consistent vehicle industry outcomes. The scenarios are delivered alongside the baseline macroeconomic and vehicle industry forecasts for reference.
The **Global Commercial Vehicle Powertrain Forecast**. Published in partnership with Knibb, Gormezano & Partners (KGP Auto), this service, which is updated quarterly, takes the 12-year forecasts as provided in the Global Commercial Vehicle Forecast and details powertrain fitment for this sector. Initially focussed on engines, aftertreatment systems and emissions compliance, coverage now includes electrification & decarbonisation of the sector. An additional module is available for transmissions.

In addition to the above services, LMC publishes multi-client studies, which offer comprehensive and systematic analysis of topical automotive industry subjects, and, based on its extensive analysis of the industry, LMC frequently undertakes customised projects on client-generated subjects, such as luxury sales, CO₂ emissions, powertrain strategies and electrification. For further information about our company, its activities and how LMC might help you, please refer to our website (www.lmc-auto.com) or contact us directly at forecasting@lmc-auto.com.