

Includes
BEV forecast to 2025

Monthly
CO₂ analysis

The European Electric Car Report West European Market Intelligence

"EVs slowly becoming ubiquitous on Main Street"

Edition 08.2020

Western Europe 18 Markets: EU Member States prior to the 2004
enlargement plus EFTA markets Norway, Switzerland, Iceland, plus UK

In this report: BEV = Battery Electric Vehicle, PHEV = Plug-in Hybrids, EV (BEV +PHEV)

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Executive Summary

Every 8th new passenger car registered in Western Europe in August **was a plug-in**

Matthias Schmidt | Publisher

As West-European new plug-in passenger car registrations approach 1-in-10 this year (9.1% Aug YTD, with a near-even split between PHEV and BEVs, contributing in the race to 2020 EU CO2 compliance), following the summer holiday 'retournez', the market is expected to further silently pick-up the pace this September, while heading towards 1 million combined units in an 11 million market this year. With indications of a second COVID wave on the horizon and a potential consequence of more lock-downs, the market was boosted in August by those manufacturers in particular that are late to the CO2 compliance game with the finish line possibly arriving earlier than expected. As a result – and somewhat of a surprise – Volkswagen Group announced a form of CO2 "hedging" in September by opening up its CO2 pool to the end of October for 2020 membership, while announcing that Chinese joint venture partners, SAIC, under its MG brand (see new product review, page 3) has joined. MG has had a relatively successful year (Fig. 08/12), seeing its BEV volumes surpass Jaguar, Mercedes and ŠKODA.

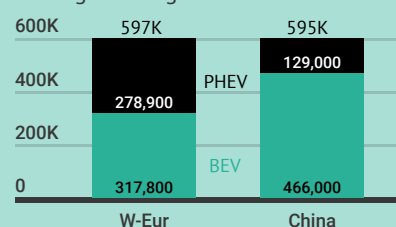
It remains to be seen if Daimler that saw every fifth domestic German Mercedes delivered fitted with a plug in August will meet its CO2 target if the 2020 checkered flag does indeed fall earlier. Mercedes' August German plug-in volumes were spearheaded by its Golf-sized Lower-Medium sector A-Class PHEV (1,939 units according to KBA data), seeing it account for 40 per cent of all German A-Class deliveries in August. This contributed to the A-Class' German CO2 average falling below 100g/km (WLTP) in August, well below the fleet average target of around 121g/km in the same cycle (95g/km NEDC-BT). Additionally, the model also qualifies for super-credits helping Daimler's phased-in 2020 CO2 target further, although credits are limited to 7.5g/km up to 2023. However, with the risk of a second lock-down, Daimler could also opt to "hedge" in the same manner. A candidate could be its Chinese Geely partner (Volvo/Polestar/Lynk&Co). Volvo recorded the largest number of regional PHEV registrations up to September (43,800), or more than every fourth of the Sino-Swedish brand's total this year.

In terms of market development, Germany – with ID.3/ID.4 deliveries yet to be added – saw its total BEV volumes effectively double that of Norway just under one year ago since it surpassed the Nordic champion to become the largest volume regional market. Germany's 12-month rolling total up to August, just failed to reach 100,000 units, recording 98,450 units. This milestone, yet to be achieved in Europe, is almost guaranteed during the period up to September. German volumes have also reached the dizzy heights the Californian market. After 6-months the German market was just 1,300 units behind Tesla's home state.

W-Europe Plug-ins Global No.1

New Passenger Car* BEV/PHEV

Jan-Aug 2020 registration volumes



Source: CAAM/EECR *China includes CVs

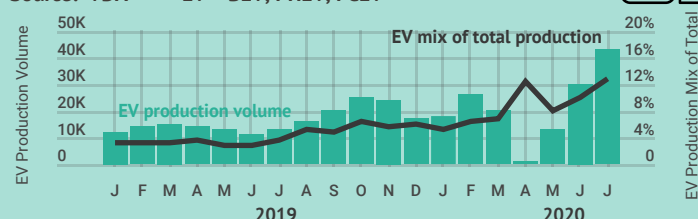
W-European plug-in market remains ahead of China

Despite Europe lagging behind China in its COVID recovery – due to the delayed impact of the virus arriving – thanks to a CO2 compliance push, W-European plug-in registrations have tiptoed and remained ahead of China's.

German plug-in production rises above 40,000

Jan 2019 - July 2020 New Passenger Car EV Production Germany

Source: VDA EV = BEV, PHEV, FCEV



Share of German production going to plug-ins – highest on record

July VDA data shows that German monthly plug-in car production rose above 40,000 for the first time in July. So far this year 150,000 EVs were manufactured (full year 2019: 194,000). Commenting in a UBS presentation earlier this month, VW's Ulbrich said current German daily MEB production is running at 600 and will reach 800 by the end of the year. From H1 2021 he sees that rising to 1,500 units per day.

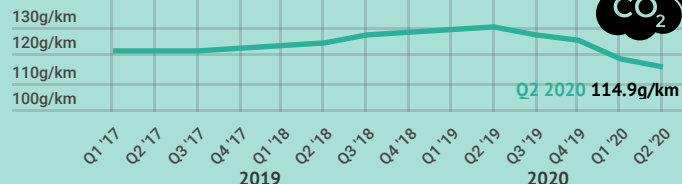
SAIC/MG join VW Group's open European CO2 pool

VW Group will form an open European CO2 pool with Chinese JV partners SAIC, under its MG brand. VW told this report they were doing so as a "hedging measure" in light of "increased forecasting uncertainties" due to the COVID pandemic. This report believes this may also be aimed at potential separate targets in the UK from 2021.

UK CO2 falls market likely to adopt mirror image CO2 route

Q1 2017 - Q2 2020 Passenger Car Registrations CO2 (g/km) Average

Source: DfT, (NEDC up to Q3 2018, e-NEDC from Q4 2018)



UK's CO2 average from new car sales fall: Compliance / Fiscal boost

According to government data, UK CO2 emissions from new car sales fell to a low of 114.9g/km during Q2 2020. From 2021 the UK is likely to mirror the EU CO2 system without being included in the EU average according to a closed government consultation currently underway.

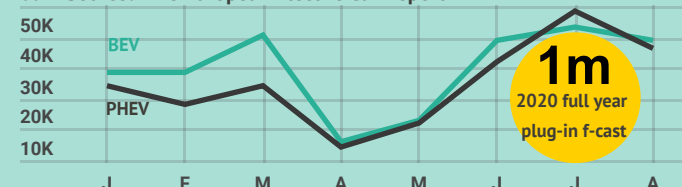
W-European BEV and PHEV market continue to track each other

Combined plug-in volumes continued at a monthly pace of around 100k (Aug: 95K) – recording the second-highest monthly volume ever.

Bonus Malus/CO2 compliance/BiK witness PHEV's return

Jan - Aug 2020 West European New Plug-in Car Monthly Registrations

60K Source: The European Electric Car Report



Despite COVID headwinds, this report still expects the market to achieve at least a 5 per cent BEV market penetration (2019: 2.5%) in an 11 million market (12-month rolling total 11.04m). While 2020's 556,000 BEV volume forecast will likely fall 0.2 million units short of the original 770,000 pre-Corona forecast, thanks to the new 2020 CO2 fleet average emissions targets – a weight-based 95g/km being phased-in from 2020 (2015-2019: 130g/km) – and with the help of government plug-in specific stimuli, manufacturers are still required to push plug-ins to remain CO2 compliant and avoid the risk of non-compliance fines. At the time of writing this report, all OEMs/pools are expected to reach 2020 compliance. Most at risk however are **Volkswagen Group** and **Daimler** primarily due to the risk of a second COVID lock-down due to their respective 2020 plug-in model roll-out schedule. A second lock-down may force Daimler to form or join an established pooled group (for example with joint venture partner's and Daimler shareholder's, **Geely**) to hedge against any potential fines, similar to Volkswagen Group prophylactically admitting **SAIC** into their pool. With Volkswagen Group forecasting the total West European car market to reach 12.3 million units next year (2021) and 13.1m in 2022 this report forecasts BEV volumes will rise to **898,000 next year** and **1.04m units in 2022**. Between **2023 (1.2 million)** and **2024 (1.27m)** the growth rate will likely ease slightly as supply expansion may be put on hold before the next CO2 cut takes place in **2025** (-15% of 2021 WLTP levels) with this report expecting an 11.4 per cent BEV mix (**1.6 million units in a recovered 14.3m market**) by 2025. The all-important 2025 CO2 target is expected to be around 103g/km (WLTP). **2030 CO2 targets** (37.5% reduction over 2021) may change, with the European Commission aiming to increase this target to 50 per cent according to a draft report seen by this report.

Fig. 08/11: W-Europe BEV Passenger Car Registrations 12-Month Rolling Trend CY 2016 - Past 12-months – Top 5 Largest Rolling Markets

Source: The European Electric Car Report research

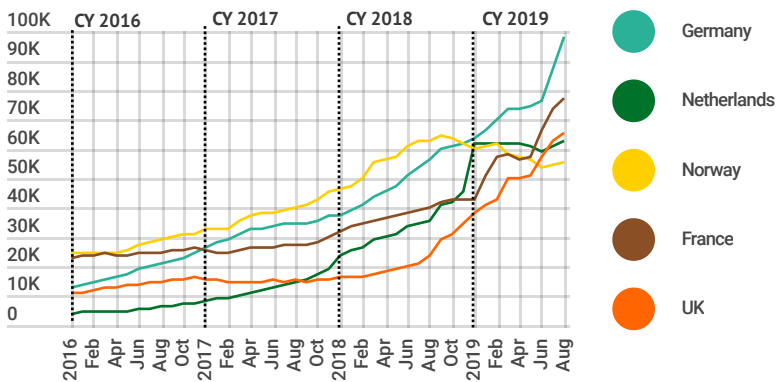


Fig. 08/13: W-Europe BEV Passenger Car Registrations and Mix – 12-Month Rolling Totals | CY 2016 - last 12-months

Source: The European Electric Car Report research

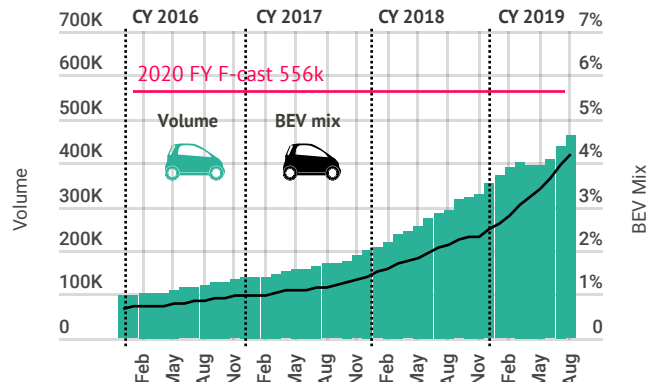
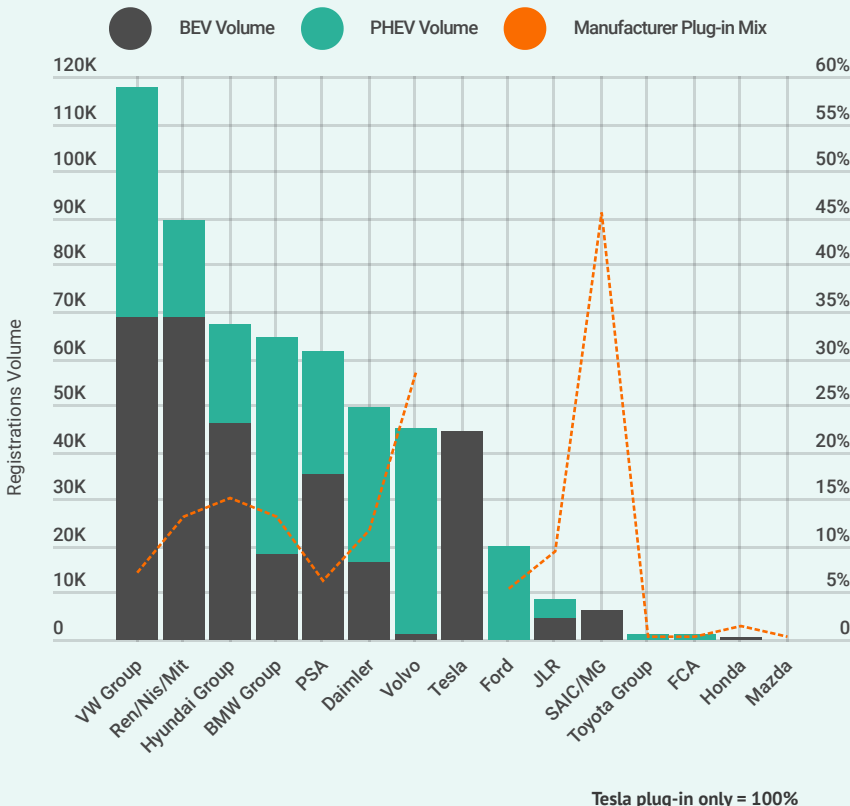


Fig. 08/12: W-Europe Total-Plug-In Registrations by Market | Jan-Aug 2020



Source: Individual national trade associations, The European Electric Car Report

Tab. 08/03: Western Europe Passenger Car Top 15 PHEV Models by Volume Jan-Aug 2020

	Model	Jan-Aug 2020	Share of market (%)
1.	Mitsubishi Outlander	18,700	6.7%
2.	Ford Kuga	18,300	6.6%
3.	VW Passat	12,400	4.4%
4.	Volvo XC60	12,300	4.4%
5.	Volvo XC40	12,300	4.4%
6.	Volvo V/S60	10,800	3.9%
7.	BMW 3-Series	10,600	3.8%
8.	Peugeot 3008	10,100	3.6%
9.	Mercedes A-Class	8,800	3.2%
10.	Kia Niro	8,200	2.9%
11.	Mercedes C-Class	8,100	2.9%
12.	Mercedes E-Class	7,700	2.7%
13.	BMW X5	7,500	2.7%
14.	Audi A3	7,300	2.6%
15.	Škoda Superb	6,900	2.5%

Source: The European Electric Car Report