New
Includes
2030
outlook

The European Electric Car Report

"The elephant in the room: PHEVs"

PHEVs remain ahead of BEVs in 2021 (page 4, tab 02/02)

Edition 02.2021 February

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 Vehicles, PHEV = Plug-in Hybrids, xEV = BEV +PHEV

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Schmidt Automotive Research

Executive Summary

Wind of Change – A growing number of OEMs appear content with likely stricter EU CO2 fleet targets

Matthias Schmidt | Publisher

February marked a perhaps historical turning point in the European passenger car market. The European automotive mouthpiece, ACEA – representing European passenger car manufacturers – appeared to fall into line with new European Commission Green Deal proposals to be discussed this summer. The discussions are centred around an increase in CO2 fleet average emissions targets in 2030. A realistic consensus agreement is likely to be a 12.5 percentage point increase over the current 37.5 per cent reduction target by 2030. This would result in a new target, set to see fleet CO2 targets half over current 2021 levels to around 60g/km (WLTP) by 2030.

With manufacturers presenting their full-year financial results during March, mostly with increased forward-looking BEV targets, some such as the **Volkswagen** brand – who plan on doubling their European BEV sales mix forecast in 2030 from 35% to 70% – clearly cited the Green Deal as a key driver. **BMW Group** CEO Zipse, also the current **ACEA** president, said as part of the BMW Group investor call, that if need be, the Munich-based manufacturer will be capable of meeting electric demand if the market calls for it, while indicating that the group's **MINI** brand will transform to a BEV only brand from the start of the 2030s. With **Ford** of Europe also announcing similar commitments and **Jaguar** phasing-out ICEs from 2025 this edition of the report is now confident of presenting a 2030 market outlook (pages 6-7). The Green Deal and Alternative Fuels Infrastructure Directive talks – aimed at increasing the roll out of charging infrastructure – will have a major impact on the future market.

In terms of market developments, the European market is increasingly becoming dependent on the **German market**. The West European region would have seen a 1.2% decline in new BEV registrations during the opening two months of the year without Germany, while with the auto nation added, that now accounts for twice as many registrations as the next largest market **France**, the market increased by 23.7 per cent y/y. The German market is largely being propped up thanks to the generous government/OEM joint purchase subsidies with a €9,000 maximum available, helping lower lease rates, while fiscal benefits for company car drivers are also leading to German PHEV volumes accounting for one-third of the West European PHEV total, or nine percentage points higher than its share (23.9%) of the total West European passenger car market. At the same time the **UK** government cut the purchase premium for BEVs in a dramatic unscheduled announcement with immediate effect by £500 to £2,500, and more significantly lowering the upper-cap from £50,000 to £35,000 (affecting **Tesla**). This could impact OEMs hoping to meet UK CO2 fleet targets in 2021, which mirror EU targets.

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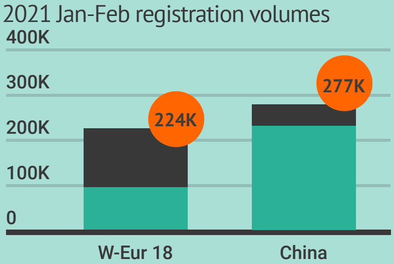
China remains back on top

New Passenger Car xEV (BEV/PHEV)
2021 Jan-Feb registration volumes



Source: CAAM/Schmidt Auto Research

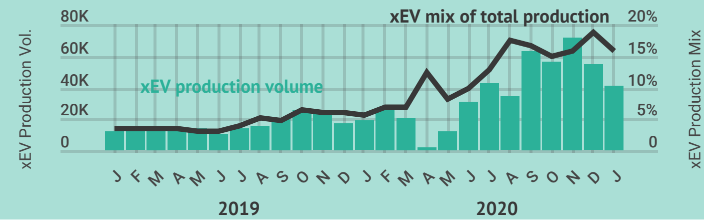
China's plug-in market pauses for New Year celebrations

European xEV passenger car registrations remained 53,000 units behind China as the Asian market paused for its New Year holiday. Europe is expected to move out of a slow start to the year from March as the UK will boost the market following the registrations changeover.

German plug-in production PHEVs push production

Jan 2019 - Jan 2021 New Passenger Car EV Production Germany

Source: VDA EV = BEV, PHEV, FCEV



15%-20% German xEV production mix corridor emerging

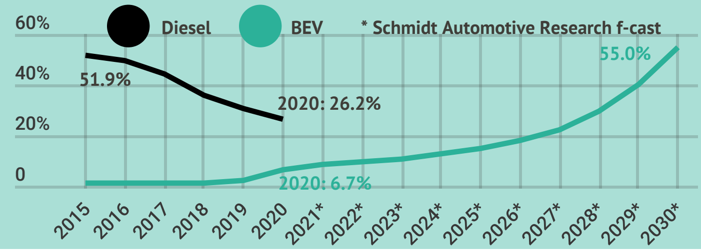
Latest January VDA data witnessed German xEV production account for 15.8% of total passenger car production and thus remaining in a 15% to 20% mix corridor for the fifth month out of the last six. The data reveals 41,500 externally rechargeable passenger cars were manufactured in the opening month, still impacted from Christmas holiday shutdowns. xEV production volumes are set to increase in the coming months, with **Tesla** production expected to begin from July.

By 2030 BEVs set to be as common as diesels were back in 2015

The latest West European 2030 BEV forecast (page 6/7) sees BEVs set to reach the market penetration level that diesels did just 6-years ago. The drive towards 2030 will primarily come from the tightening of current legislation that still needs to be discussed and also the implications of current legislation such as a phasing out of derogation rules from 2026 to 2028 that will force manufacturers of lower volume brands to introduce more efficient models in order to reach comparatively tougher emissions targets – likely behind **Jaguar**'s call.

BEVs on target to reach 2015 diesel levels by end of decade

W.European passenger car registrations BEV/diesel Acea/Schmidt Auto Research



Big wheels keep on turning – PHEVs dominated by SUV/Crossovers

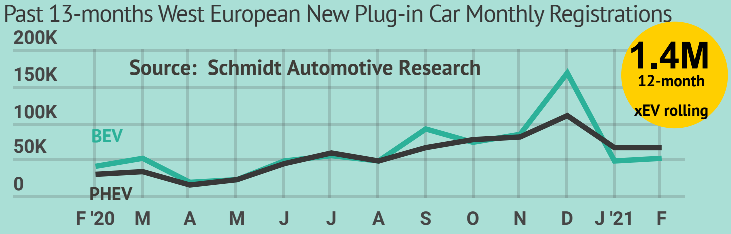
During the opening two months of the year, 59.3 per cent of all PHEVs registered across the 18 market West European region were SUV/Crossover, while xEVs saw the same sector take a 47.3% share.

Riders of the storm – PHEVs dominate plug-ins sales so far in 2021

Contributed to by the end of quarter Tesla impact and depleted BEV inventory, PHEVs accounted for the majority of xEVs in 2021.

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

Past 13-months West European New Plug-in Car Monthly Registrations



Tab. 02/02: Western Europe Passenger Car Plug-in Registrations by Market Jan-Feb 2021

Source: Individual national trade associations, SAR

Market	BEV	BEV mix of national market	PHEV	PHEV mix of national market	Plug-ins	Plug-in mix of national market	BEV share of W-Eur total	PHEV share of W-Eur total	Plug-in share of W-Eur total	BEV Split of plug-in	PHEV split of plug-in	xEV weight
Germany	34,593	9.5%	42,457	11.7%	77,050	21.2%	36.4%	33.1%	34.5%	44.9%	55.1%	PHEV
France	14,897	5.8%	17,316	6.7%	32,213	12.4%	15.7%	13.5%	14.4%	46.2%	53.8%	PHEV
UK	9,776	6.9%	9,255	6.5%	19,031	13.4%	10.3%	7.2%	8.5%	51.4%	48.6%	BEV
Norway	10,535	50.2%	6,251	29.8%	16,786	80.0%	11.1%	4.9%	7.5%	62.8%	37.2%	BEV
Sweden	2,500	5.8%	12,347	28.4%	14,847	34.2%	2.6%	9.6%	6.6%	16.8%	83.2%	PHEV
Italy	5,951	2.1%	8,675	3.1%	14,626	5.3%	6.3%	6.8%	6.5%	40.7%	59.3%	PHEV
Belgium	2,226	3.0%	7,141	9.6%	9,367	12.6%	2.3%	5.6%	4.2%	23.8%	76.2%	PHEV
Netherlands	2,395	4.2%	5,059	8.9%	7,454	13.1%	2.5%	3.9%	3.3%	32.1%	67.9%	PHEV
Austria	3,208	9.4%	2,038	6.0%	5,246	15.4%	3.4%	1.6%	2.3%	61.2%	38.8%	BEV
Spain	1,421	1.4%	3,591	3.6%	5,012	5.0%	1.5%	2.8%	2.2%	28.4%	71.6%	PHEV
Switzerland	2,396	7.7%	2,325	7.4%	4,721	15.1%	2.5%	1.8%	2.1%	50.8%	49.2%	BEV
Finland	714	4.1%	3,543	20.2%	4,257	24.3%	0.8%	2.8%	1.9%	16.8%	83.2%	PHEV
Eire	1,789	4.6%	1,964	5.0%	3,753	9.6%	1.9%	1.5%	1.7%	47.7%	52.3%	PHEV
Denmark	924	4.6%	2,815	14.0%	3,739	18.5%	1.0%	2.2%	1.7%	24.7%	75.3%	PHEV
Portugal	894	4.9%	1,990	10.9%	2,884	15.8%	0.9%	1.5%	1.3%	31.0%	69.0%	PHEV
Luxembourg	498	6.6%	733	9.8%	1,231	16.4%	0.5%	0.6%	0.6%	40.5%	59.5%	PHEV
Greece	137	0.9%	582	4.0%	719	5.0%	0.1%	0.5%	0.3%	19.1%	80.9%	PHEV
Iceland	263	23.2%	326	28.8%	589	52.0%	0.3%	0.3%	0.3%	44.7%	55.3%	PHEV
W.Europe	95,117	6.3%	128,408	8.4%	223,525	14.7%	100.0%	100.0%	100.0%	42.6%	57.4%	PHEV

Fig. 02/02: Top 4 Markets Quarterly BEV Registrations y/y Changes (%)

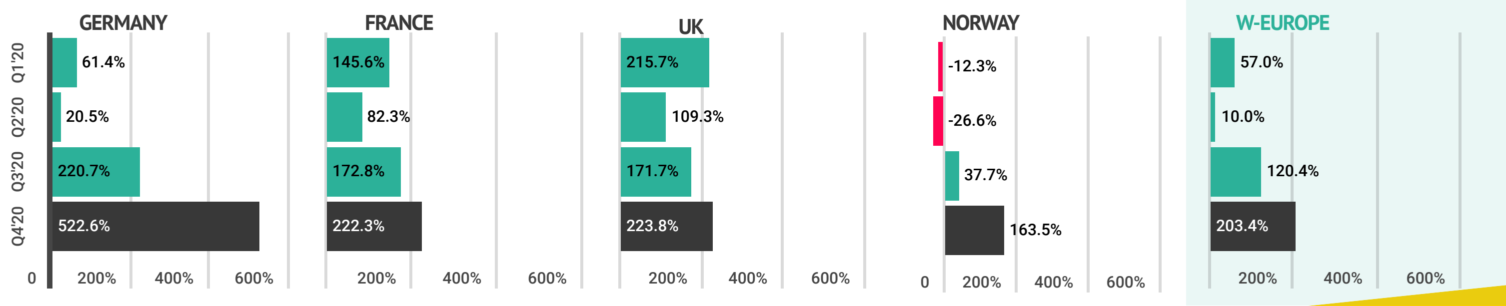


Fig. 02/03: W-Europe Total-Plug-In Registrations by Market Jan-Feb 2021

Source: Individual national trade associations, Schmidt Automotive Research