Includes 2030 outlook

The European Electric Car Report

"OEMs increasingly relying on generous Germans"

Every third new West European BEV ended up on German roads during the opening quarter of 2021 (page 5 Tab. 03/02)

Edition 03.2021 Q1 March

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

Germany continues to take the CO2 compliance weight on its shoulders but Sweden may be about to help too

Matthias Schmidt | Publisher

Thanks to both generous plug-in purchase incentives in Germany – driving the country to a dominating one-third share of the total West European BEV market during the opening quarter of the year – as well as attractive fiscal benefits for drivers of plug-in company cars, boosting PHEV volumes by similar levels, the German market is becoming a magnet for manufacturers hoping to offload CO2 fleet-beating electric cars to remain CO2 compliant. However, Sweden may be about to take some of that high voltage strain too.

While the German car market accounted for just one-quarter of total passenger car registrations across the 18 market region during the opening quarter of the year, its xEV plug-in passenger car new registrations volume accounted for one third (32%) of the entire region. The actual xEV penetration level in **Germany** itself (21.7%) was higher than the market average (16%) over the same period. This made it the largest non-nordic EU market when it comes to new passenger car plug-in penetration. All nordic markets **Sweden** (35.6%), **Finland** (25.9%) and **Denmark** (24.0%) had higher xEV penetration levels, as well as non-EU markets **Norway** (82%) and **Iceland** (51.5%) – both included in the EU fleet average target. **Sweden**, which has been fuelled by PHEVs up to now, helping its xEV volumes (Q1 2021: 32,388) surpass that of neighbouring Norway (29,789) this year, is expected to see a switch in favour of BEVs from April thanks to a change to the Bonus Malus system that will reward BEVs with higher incentives while PHEVs are reduced. This resulted in a last-minute boost for PHEVs in March, accounting for just under every third passenger car, topping the 18 market region in both March and the quarter. From April BEVs will receive SEK 70,000 (€6,900) – a SEK 10,000 increase. PHEVs will see a new 60g/km WLTP ceiling, down from 70g/km previously, while their bonus will fall to a maximum of SEK 45,000 (€4,400). April is therefore expected to see pent-up BEV demand enter Swedish roads, while PHEVs slow.

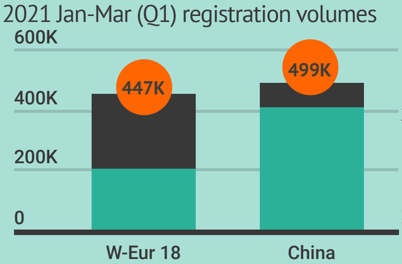
Meanwhile during March a reduction in BEV purchase subsidies in the **UK** (max. GBP 2,500/€2,900) for vehicles with a max price of GBP 35,000, down from GBP 50,000 previously, saw some manufacturers drop entry-level prices to within the new boundary within hours. The UK is in a crucial year where OEMs have to meet independent CO2 targets and is the reason that despite the subsidy cut, UK plug-in volumes are still expected to remain high this year. During Q1, UK BEV volumes were second only to Germany and ahead of France.

EV purchase subsidies are also impacting vehicle dimensions. Thanks to German incentives proportionally favouring smaller BEVs, demand is being boosted for tiny EVs. VW's eUp was the No.1 BEV in Germany (Q1).

Europe keeping pace with China

New Passenger Car xEV (BEV/PHEV)

2021 Jan-Mar (Q1) registration volumes



Source: CAAM/Schmidt Auto Research

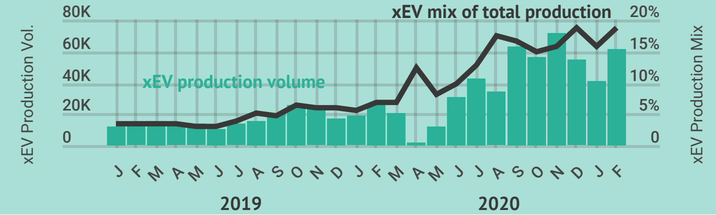
Europe remains in touching distance of China after 3-months

Europe's new xEV passenger car registrations were 52,000 units behind China. Half of Europe's Q1 xEV volumes arrived in March boosted by special effects in the UK (registration changeover) and Sweden (PHEV boost due to Bonus/Malus change) and the end of quarter Tesla boost.

German plug-in production New mix record

Jan 2019 - Feb 2021 New Passenger Car EV Production Germany

Source: VDA **EV = BEV, PHEV, FCEV**



A record almost every fifth car produced in February was a plug-in.

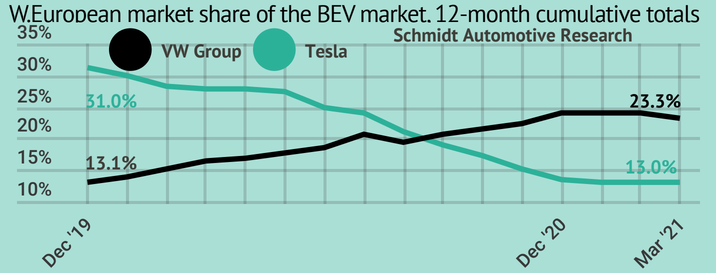
Latest February VDA data witnessed German xEV production account for 18.8% of total passenger car production and thus remaining in a 15% to 20% mix corridor for the sixth month out of the last seven. The data reveals, during the opening two months 102,200 (+132%y/y) externally rechargeable passenger cars were manufactured. xEV production volumes are set to increase in the second half, with **Tesla** production expected to begin from the autumn.

Tesla rebound? Market share decline halted as VW brand stalls

Following a 12-month cumulative 31 per cent peak of the West European BEV market at the end of 2019 – following the Model 3 introduction during the same year – Tesla's share declined every month following that point up to February 2021 where it stabilised to 13.1 per cent over a 12-month period. The decline can firmly be explained by traditional OEMs bringing new BEV models to market in order to reach the sharper CO2 fleet emissions targets, phased-in from 2020. Combined VW Group BEVs now lead with 23.3% of the market.

Tesla stabilises its market share decline

W.European market share of the BEV market. 12-month cumulative totals

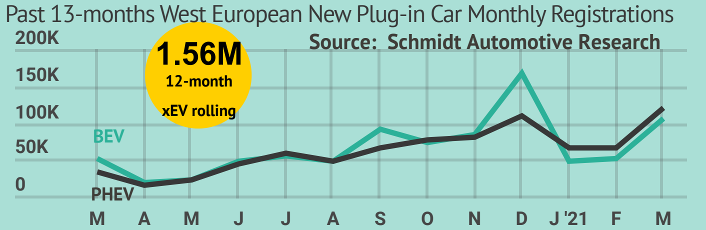


PHEV volumes higher than BEVs for first time in 10 quarters

During the opening quarter of the year, new PHEV volumes remained ahead of BEVs accounting for 55 per cent of total plug-in registrations, marking the third straight month PHEVs outpaced BEVs. BEVs were impacted by VW Group likely withholding some supply of its MEB models until a software update had been carried out. This year's second quarter should see a healthy return from BEVs, especially in Sweden following a change to the Bonus/Malus from April.

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

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



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Tab. 03/02: Western Europe Passenger Car Plug-in Registrations by Market Q1 2021

Source: Individual national trade associations, SAR research

Market	BEV	y/y change	BEV mix of national market	PHEV	y/y change	PHEV mix of national market	xEV Plug-ins	xEV mix of national market	BEV share of W-Eur total	PHEV share of W-Eur total	xEV share of W-Eur total	BEV Split of plug-in	PHEV split of plug-in	xEV weight
Germany	64,694	149.1%	9.9%	78,037	195.4%	11.9%	142,731	21.7%	32.5%	31.5%	31.9%	45.3%	54.7%	PHEV
France	30,489	17.7%	6.9%	31,461	230.9%	7.1%	61,950	14.0%	15.3%	12.7%	13.9%	49.2%	50.8%	PHEV
UK	31,779	74.1%	7.5%	26,613	93.6%	6.3%	58,392	13.7%	16.0%	10.8%	13.1%	54.4%	45.6%	BEV
Sweden	5,109	-9.4%	5.6%	27,279	112.7%	30.0%	32,388	35.6%	2.6%	11.0%	7.3%	15.8%	84.2%	PHEV
Norway	19,159	17.2%	52.8%	10,630	70.9%	29.3%	29,789	82.0%	9.6%	4.3%	6.7%	64.3%	35.7%	BEV
Italy	13,313	146.5%	3.0%	16,405	455.7%	3.7%	29,718	6.6%	6.7%	6.6%	6.7%	44.8%	55.2%	PHEV
Belgium	4,025	39.4%	3.4%	12,665	163.5%	10.6%	16,690	14.0%	2.0%	5.1%	3.7%	24.1%	75.9%	PHEV
Netherlands	4,565	-47.4%	5.6%	7,724	139.6%	9.5%	12,289	15.2%	2.3%	3.1%	2.8%	37.1%	62.9%	PHEV
Spain	3,446	-12.7%	1.9%	7,142	116.2%	3.8%	10,588	5.7%	1.7%	2.9%	2.4%	32.5%	67.5%	PHEV
Denmark	2,998	40.2%	6.8%	7,520	272.5%	17.1%	10,518	24.0%	1.5%	3.0%	2.4%	28.5%	71.5%	PHEV
Austria	6,620	172.7%	10.4%	3,723	213.1%	5.9%	10,343	16.3%	3.3%	1.5%	2.3%	64.0%	36.0%	BEV
Switzerland	4,736	51.4%	8.4%	4,315	90.2%	7.6%	9,051	16.0%	2.4%	1.7%	2.0%	52.3%	47.7%	BEV
Finland	1,503	63.7%	5.4%	5,752	57.9%	20.6%	7,255	25.9%	0.8%	2.3%	1.6%	20.7%	79.3%	PHEV
Eire	2,831	70.4%	5.9%	2,736	165.1%	5.7%	5,567	11.6%	1.4%	1.1%	1.2%	50.9%	49.1%	BEV
Portugal	1,579	-41.8%	5.1%	3,405	62.4%	11.0%	4,984	16.1%	0.8%	1.4%	1.1%	31.7%	68.3%	PHEV
Luxembourg	1,032	207.1%	8.3%	1,232	171.4%	9.9%	2,264	18.2%	0.5%	0.5%	0.5%	45.6%	54.4%	PHEV
Greece	419	507.2%	1.8%	878	864.8%	3.7%	1,297	5.5%	0.2%	0.4%	0.3%	32.3%	67.7%	PHEV
Iceland	536	-33.1%	25.6%	541	45.8%	25.9%	1,077	51.5%	0.3%	0.2%	0.2%	49.8%	50.2%	PHEV
W.Europe	198,833	56.3%	7.1%	248,058	157.9%	8.9%	446,891	16.0%	100.0%	100.0%	100.0%	44.5%	55.5%	PHEV

Fig. 03/02: Top 4 Markets Quarterly BEV Registrations y/y Changes (%)

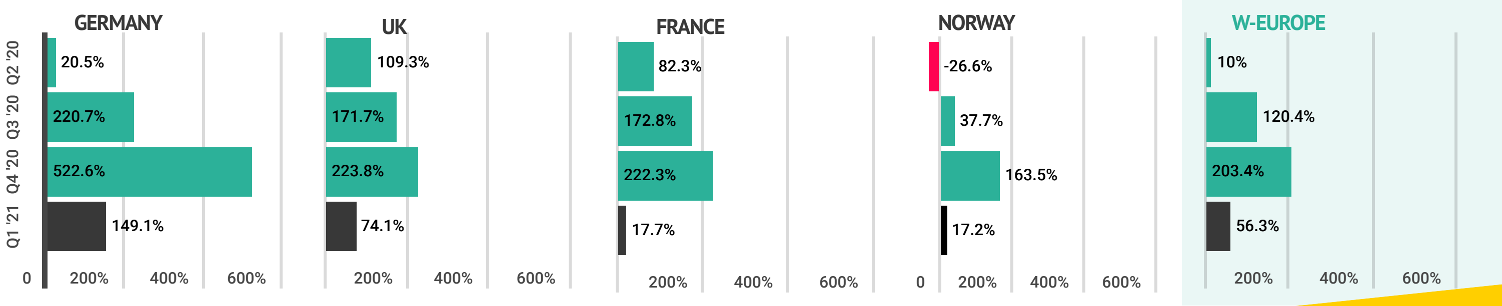

Fig. 03/03: W-Europe Total-Plug-In Registrations by Market Q1 2021

Source: Individual national trade associations, Schmidt Automotive Research *provisional data