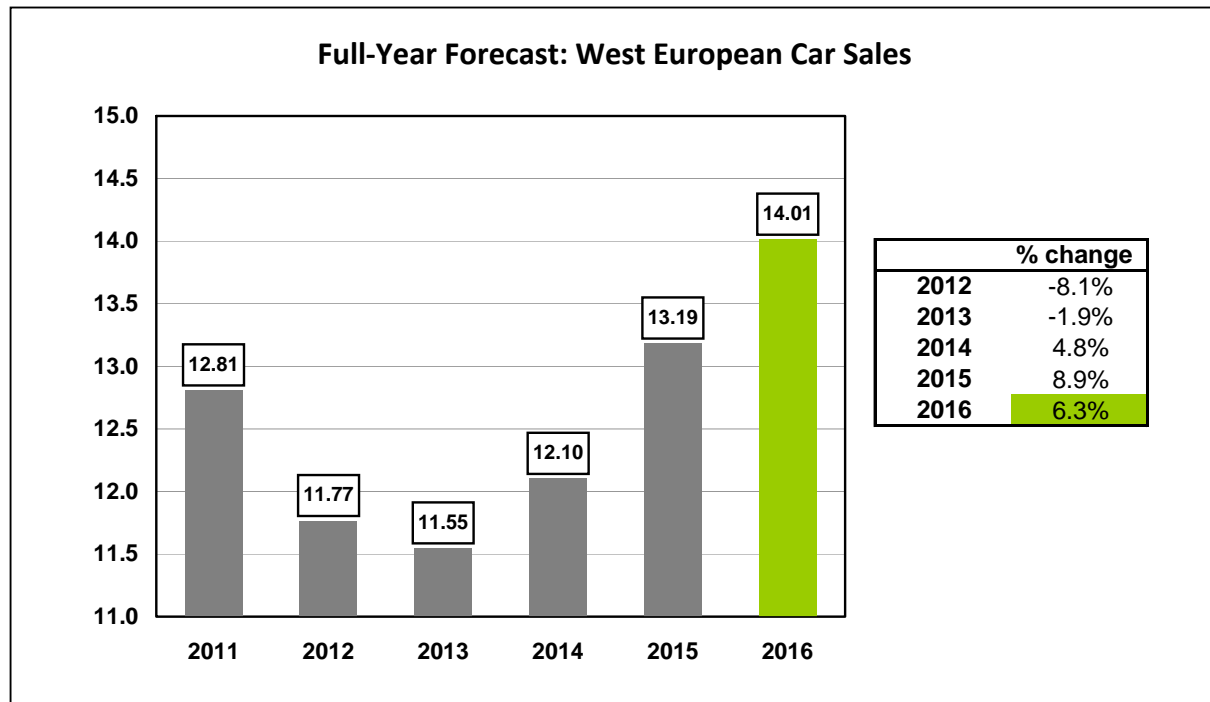


Western European Passenger Car Sales Update

Summary

- Car sales in Western Europe grew by 14% in May. All Big Five markets were up, with only the UK failing to achieve double-digit YoY growth. The selling rate for the region stood at 14.1 mn units/year.
- Result for Germany: sales were up 11.9% year-on-year (YoY) — Year-to-Date (YTD) the market was up 6.8%.
- The Italian market, up over 27% YoY in May, continued to drive growth in the region, while the French market also provided strong support (+22.3% YoY). Car registrations in Spain surpassed 100k units for the third month in a row — the market is up by 12.5% so far this year.
- The UK car market was up 2.5% YoY and, despite concerns surrounding Brexit, another record year remains in prospect.


6th June 2016

For further information contact Jonathon Poskitt or Emiliano Lewis

Phone +44 1865 791737, jposkitt@lmc-auto.com, elewis@lmc-auto.com

Western European Passenger Car Sales Update

Commentary

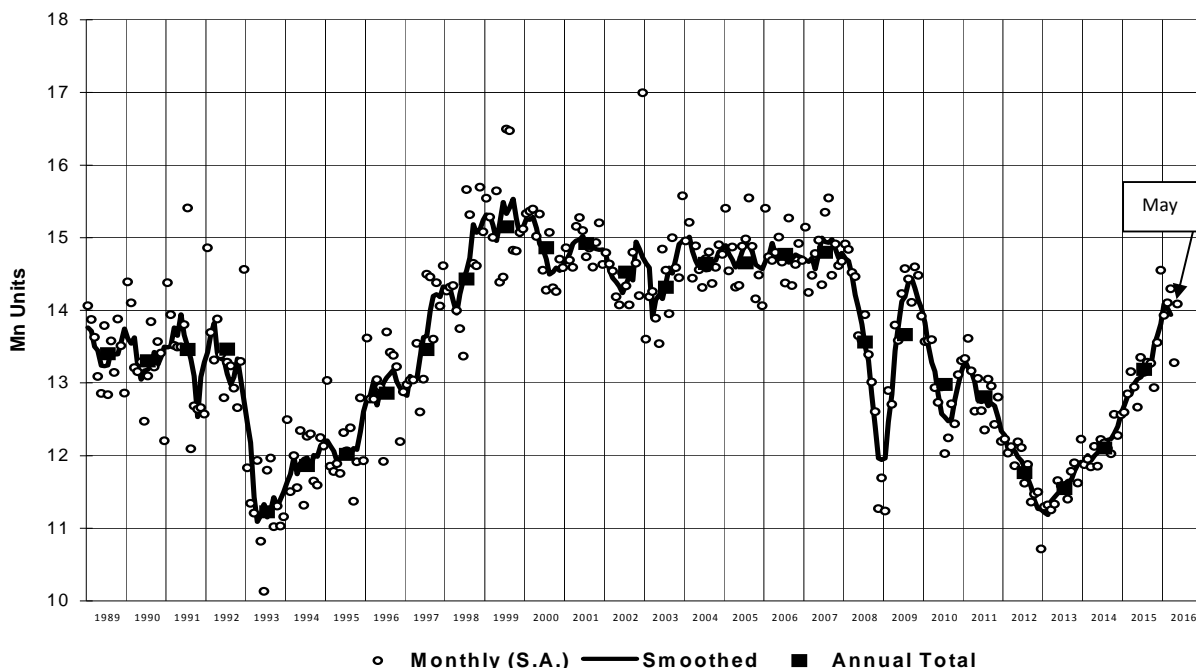
With an extra selling day in a number of markets, West European car registrations grew by an impressive 14% YoY in May. Italy's recovery was once again evident last month, though strong results came in from Germany and France as well. The regional market remains on course for 6.3% growth for the full year.

This year the standout performer in the West European car market has been Italy, with registrations up by 20% YTD. A recovery in private consumption is expected to be sustained by an improving labour market and favourable fiscal measures, and should support further market growth beyond 2016. A similar story can be told of France, where economic improvement continues to boost the car market.

In Germany, the car market grew by 11.9% YoY. The private car channel continued to impress (+12.8%). Meanwhile, the Spanish car market posted its best May result since 2008, with a circa 21% YoY gain. Despite the government incentive scheme (PIVE 8) ending in July, economic momentum should continue to boost car market growth in the medium term.

Having posted a record result last year, the UK has started 2016 well, up 4.1% YTD. Our base case assumption is that the UK's EU referendum will not result in a decision to leave, though polling suggests it will be a close call. However, if the result of the referendum is to leave, implications could include: a knock to business and consumer confidence; slowing GDP growth; a devaluation of the pound (raising prices of imported cars). This would act as a drag on UK car registrations later in the year with significant impact further out — by 2018, the market could be around 15-20% lower than the base case assumption of just under 2.6 mn units. While it might be argued that the impact on other EU economies will not be significant, there may be some form of wider regional impact, again with negative implications for West European car registrations.

West European Car Sales



Western European Passenger Car Sales Update

West European Car Sales

	Sales (units)						Selling rate (units/year)				
	May	May	Percent	Year-to-date	Year-to-date	Percent	May	Year-to-date	Year	Percent	
	2016	2015		2016	2015		2016	2016			
WESTERN EUROPE	1,218,040	1,068,733	14.0%	6,093,291	5,593,384	8.9%	14,086,353	13,937,452	13,185,189	5.7%	
AUSTRIA	28,548	26,517	7.7%	138,415	131,171	5.5%	340,623	317,729	308,555	3.0%	
BELGIUM	48,856	40,502	20.6%	254,334	238,998	6.4%	589,786	523,255	501,066	4.4%	
DENMARK	21,133	17,061	23.9%	93,211	83,323	11.9%	239,817	222,280	207,575	7.1%	
FINLAND	10,518	9,117	15.4%	54,684	48,110	13.7%	121,773	117,811	108,812	8.3%	
FRANCE	175,834	143,771	22.3%	873,455	791,855	10.3%	2,087,854	2,053,075	1,917,256	7.1%	
GERMANY	286,931	256,385	11.9%	1,394,519	1,305,410	6.8%	3,286,631	3,365,656	3,206,042	5.0%	
GREECE	7,185	9,070	-20.8%	32,246	34,142	-5.6%	74,003	74,394	75,804	-1.9%	
IRELAND	6,532	6,919	-5.6%	99,974	80,889	23.6%	98,803	135,015	124,883	8.1%	
ITALY	187,631	147,405	27.3%	872,376	726,720	20.0%	1,864,053	1,858,826	1,573,117	18.2%	
LUXEMBOURG	4,235	4,231	0.1%	22,433	21,133	6.2%	48,699	45,156	46,473	-2.8%	
NETHERLANDS	29,083	27,758	4.8%	155,919	164,484	-5.2%	417,740	361,813	449,871	-19.6%	
NORWAY	12,864	12,036	6.9%	64,068	60,185	6.5%	153,319	153,685	150,686	2.0%	
PORTUGAL	20,836	18,344	13.6%	95,216	79,597	19.6%	202,871	220,272	178,487	23.4%	
SPAIN	113,671	94,031	20.9%	499,509	443,889	12.5%	1,180,276	1,126,937	1,034,222	9.0%	
SWEDEN	34,475	29,458	17.0%	151,284	135,727	11.5%	376,682	371,856	345,053	7.8%	
SWITZERLAND	26,123	27,422	-4.7%	126,778	128,679	-1.5%	315,034	315,270	323,784	-2.6%	
UK	203,585	198,706	2.5%	1,164,870	1,119,072	4.1%	2,688,389	2,674,422	2,633,503	1.6%	
Notes:	Greece and Luxembourg: estimates for latest month										
	The percent change in the final column compares the average selling rate in the year-to-date with the last full year.										



LMC Automotive

LMC Automotive is a market leader in the provision of automotive intelligence and forecasts to an extensive client base of car and truck makers, component manufacturers and suppliers, financial, logistics and government institutions around the world and is highly respected for its extremely responsive customer support. It offers forecasting services covering global sales and production for light vehicles and heavy trucks, as well as forecasts of engine and transmission supply and demand. In addition, LMC Automotive publishes special studies on subjects of topical interest to the automotive industry.

LMC Automotive is part of the LMC group. LMC is the global leader in economic and business consultancy for the agribusiness sector.

For further information about LMC Automotive, you can visit us at www.lmc-auto.com or email us at forecasting@lmc-auto.com.

© LMC Automotive Ltd, 2016. All rights reserved in all countries. Decisions based on this information are at the user's own risk and LMC Automotive cannot accept any liability for its accuracy. If the information in this document is reproduced in any form full attribution must be given to LMC Automotive.