



Automotive Overview

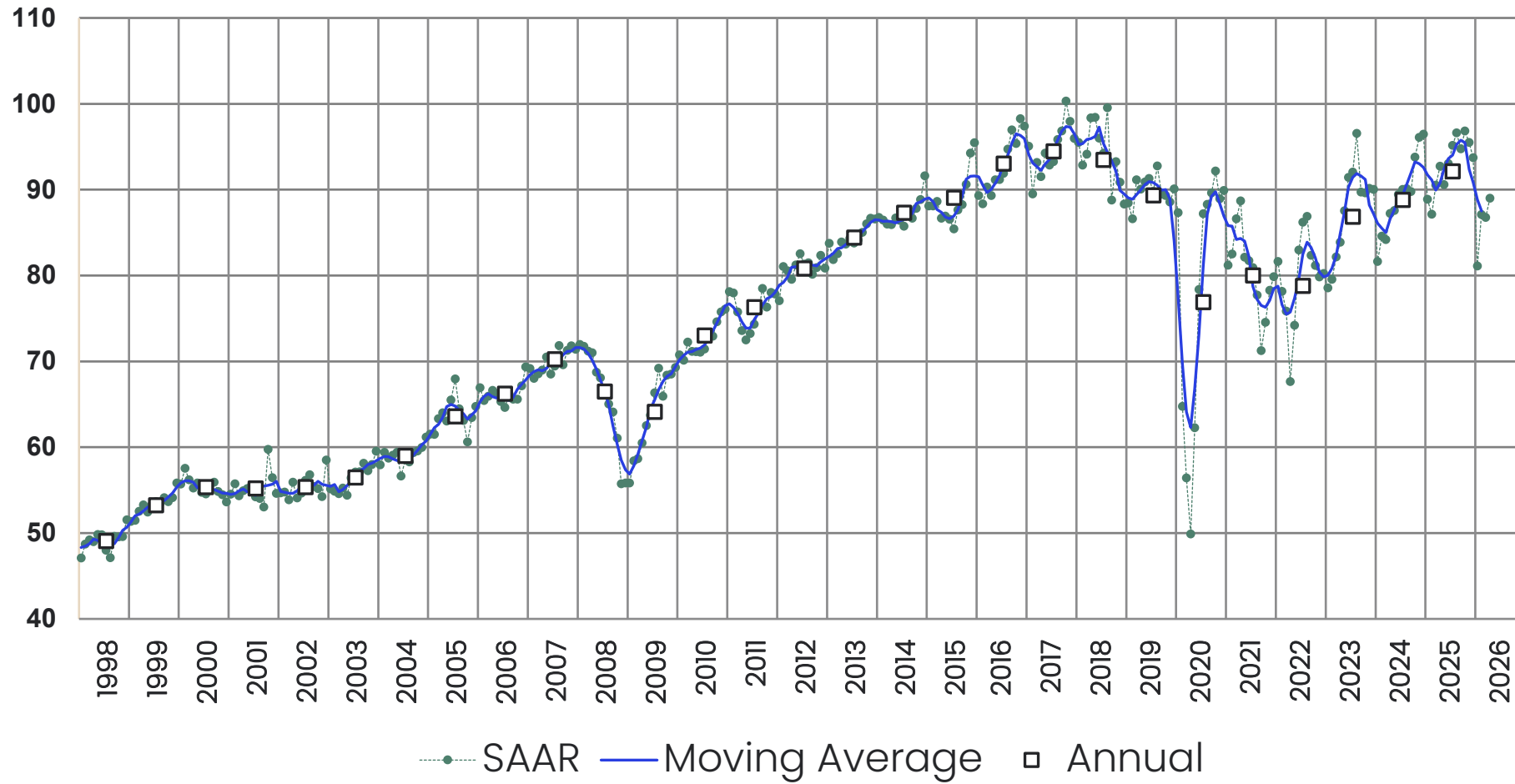
Layers of complexity increase.

ECG Spring Congress

Istanbul, June 2026

Justin Cox, Director, Global Production Forecasts

Global Light Vehicle Sales

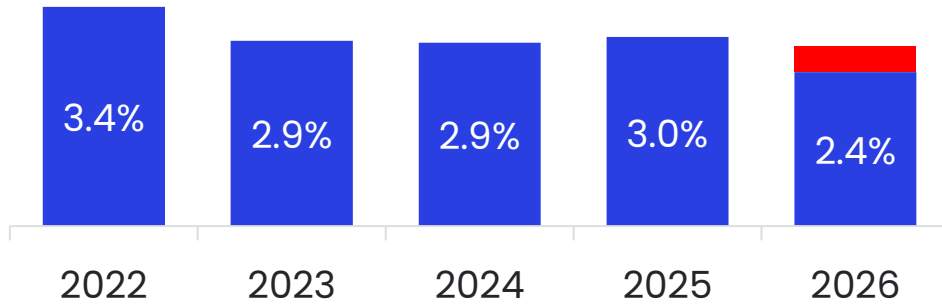


H2 25
Av 95 mn
Apr 26
89 mn

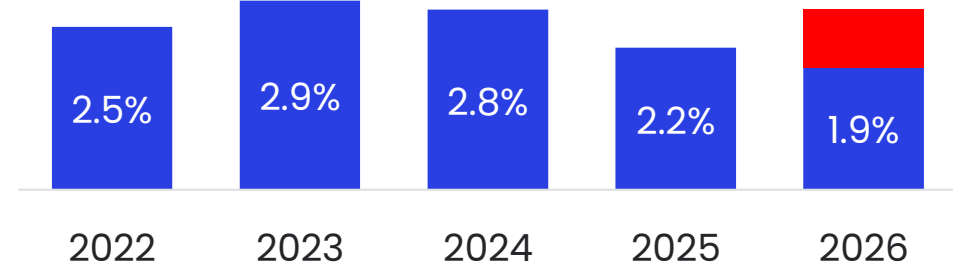
GDP Growth deteriorating



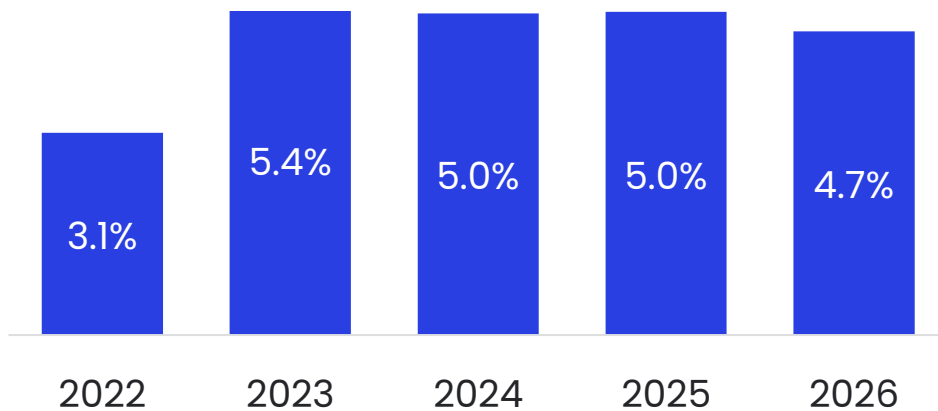
Global GDP Growth



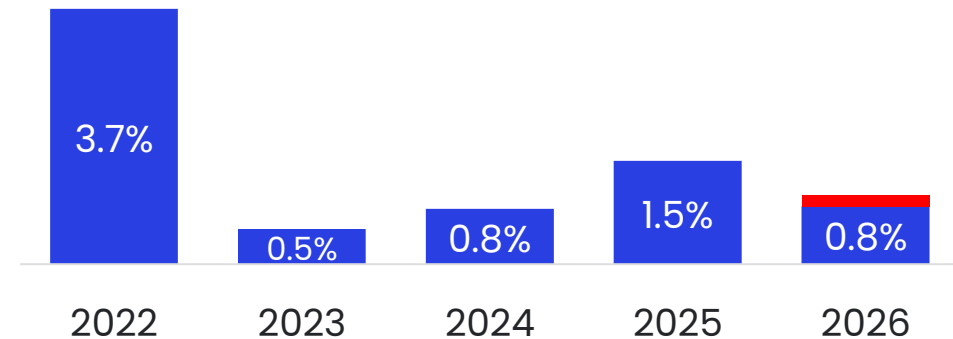
USA GDP Growth



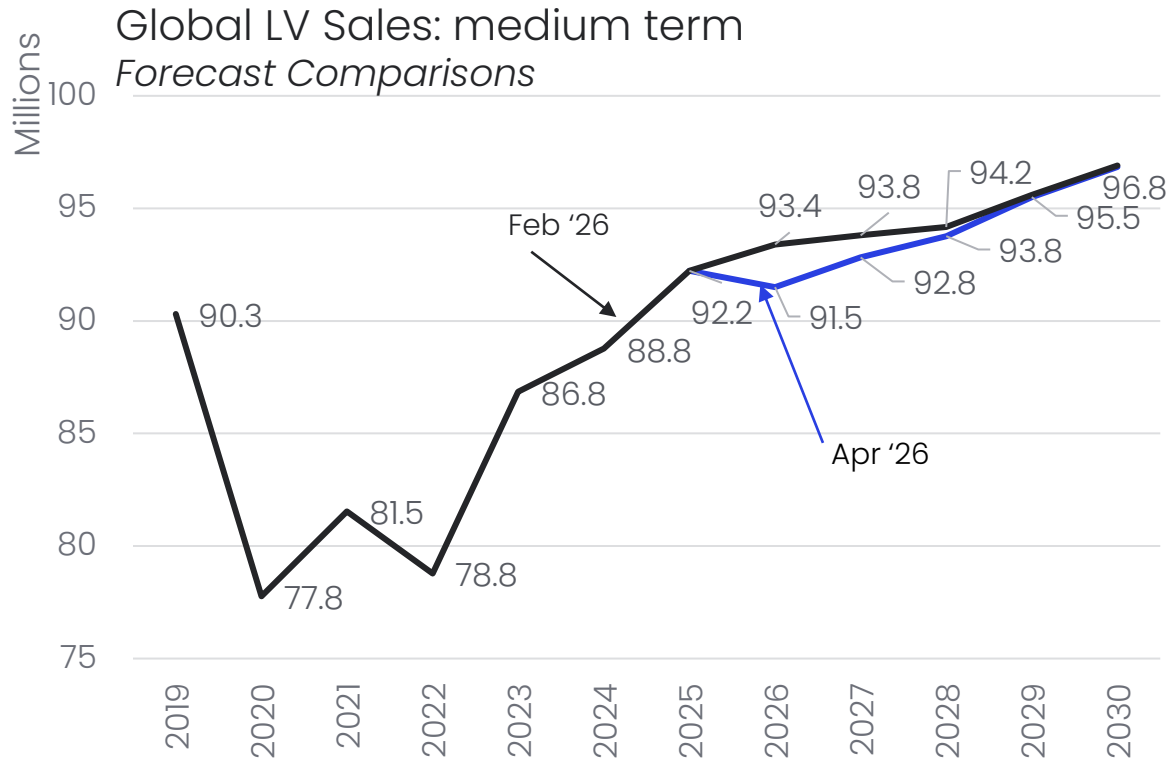
China GDP Growth



Eurozone GDP Growth

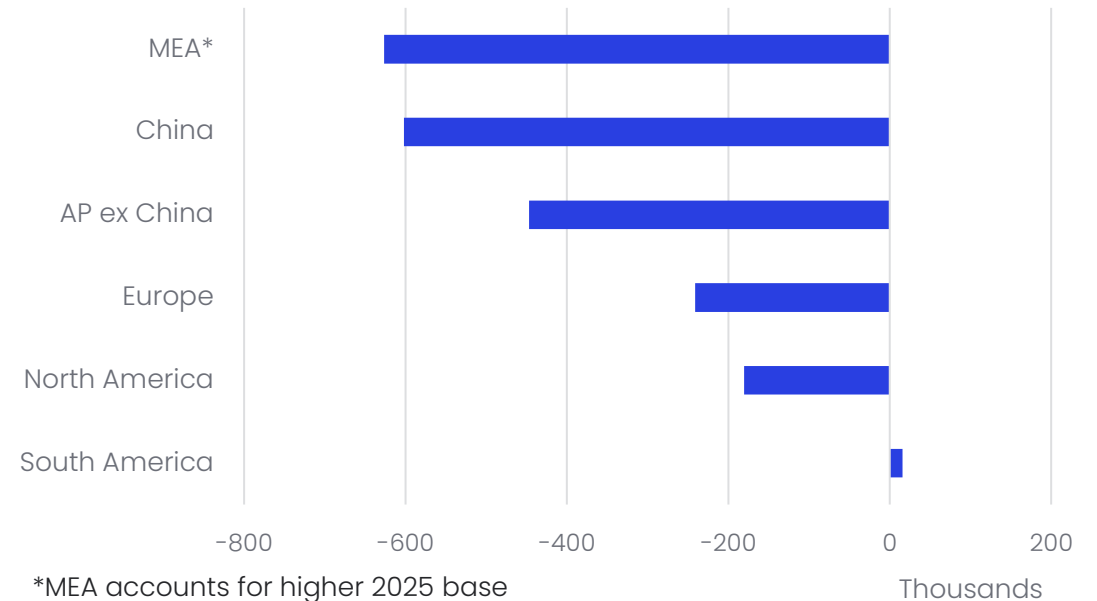


Global Light Vehicle Sales



- ME conflict escalation has prompted a cut to our forecasts in recent months.
- From the February publication to our April view, we have downgraded to our base forecast for 2026 by circa 2mn LVs. This assumes the energy price shock will endure through Q2, with oil prices around current levels, before easing back through the course of the year as traffic in the Strait of Hormuz increases.

Global LV Sales: 2026 forecast change by region

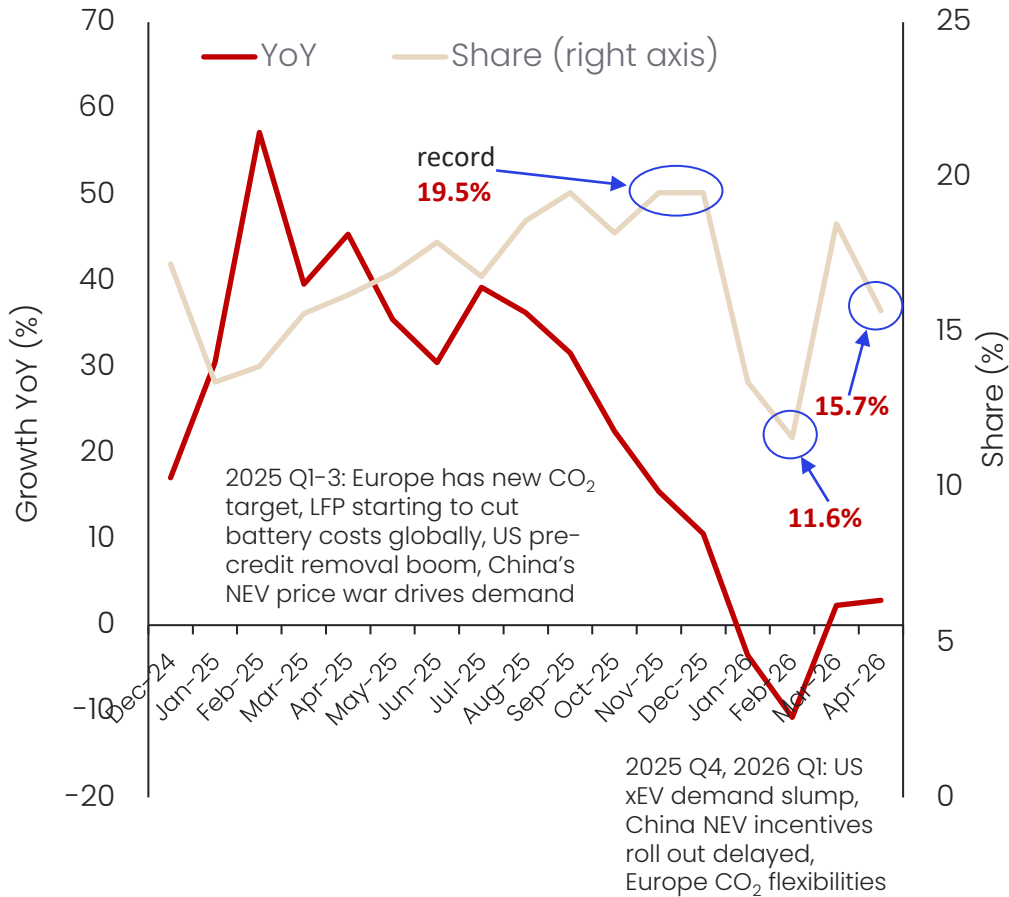


- Given its direct exposure, the ME region accounts for around one third of this global downgrade, with Iran market being hit hardest (-40% YoY).
- Europe's already lack-lustre economic outlook is undermined by another layer of uncertainty and the ripple effects of spiking energy costs.
- While supplies are disrupted for key customers of ME oil and LNG in Asia, China has reportedly 4 months of stock which helps mitigate immediate effects.

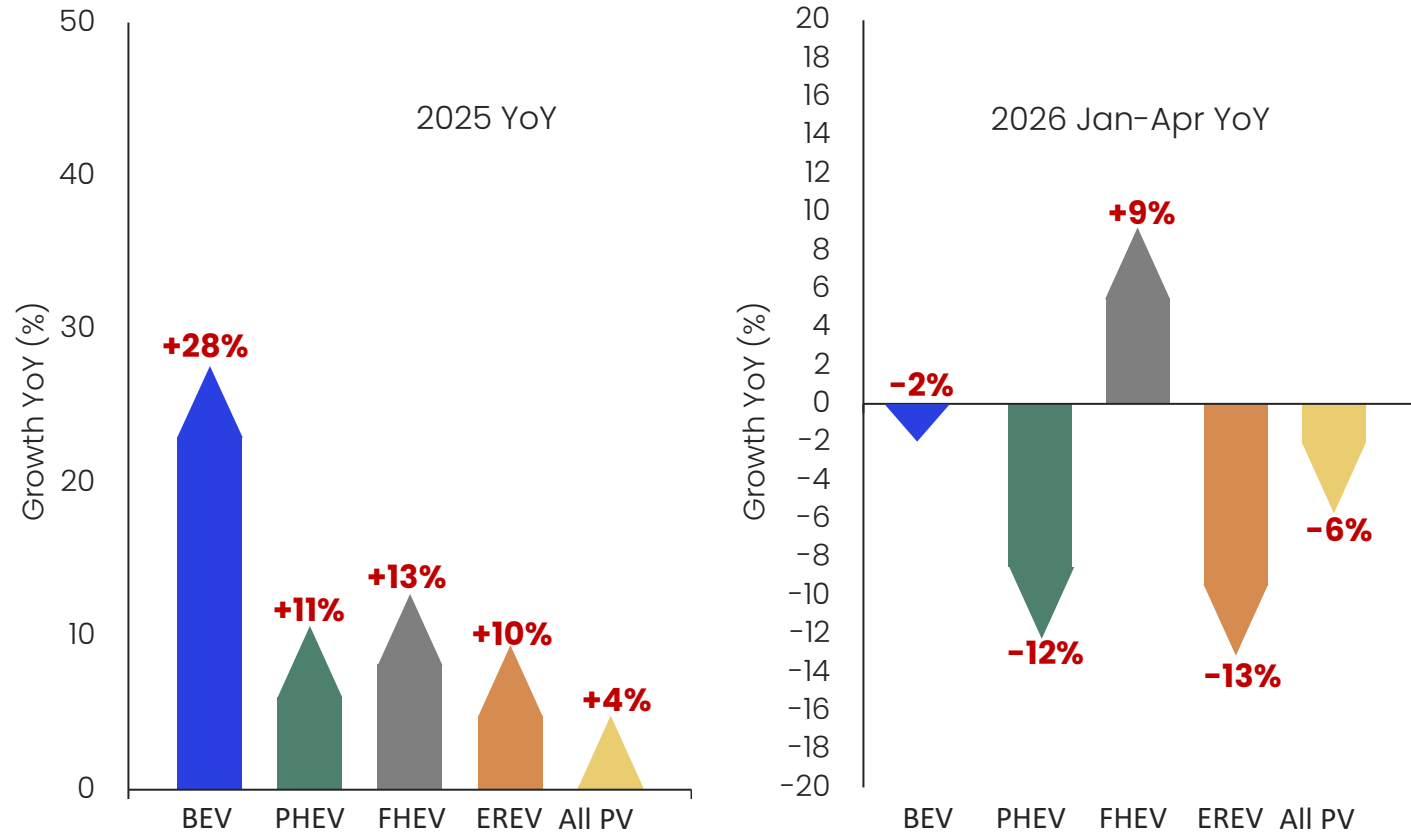
World: The plug-in market lost momentum in early 2026



World PV BEV share and growth (YoY)



World PV growth by xEV type



Source: GlobalData Global Hybrid & EV Bulletin

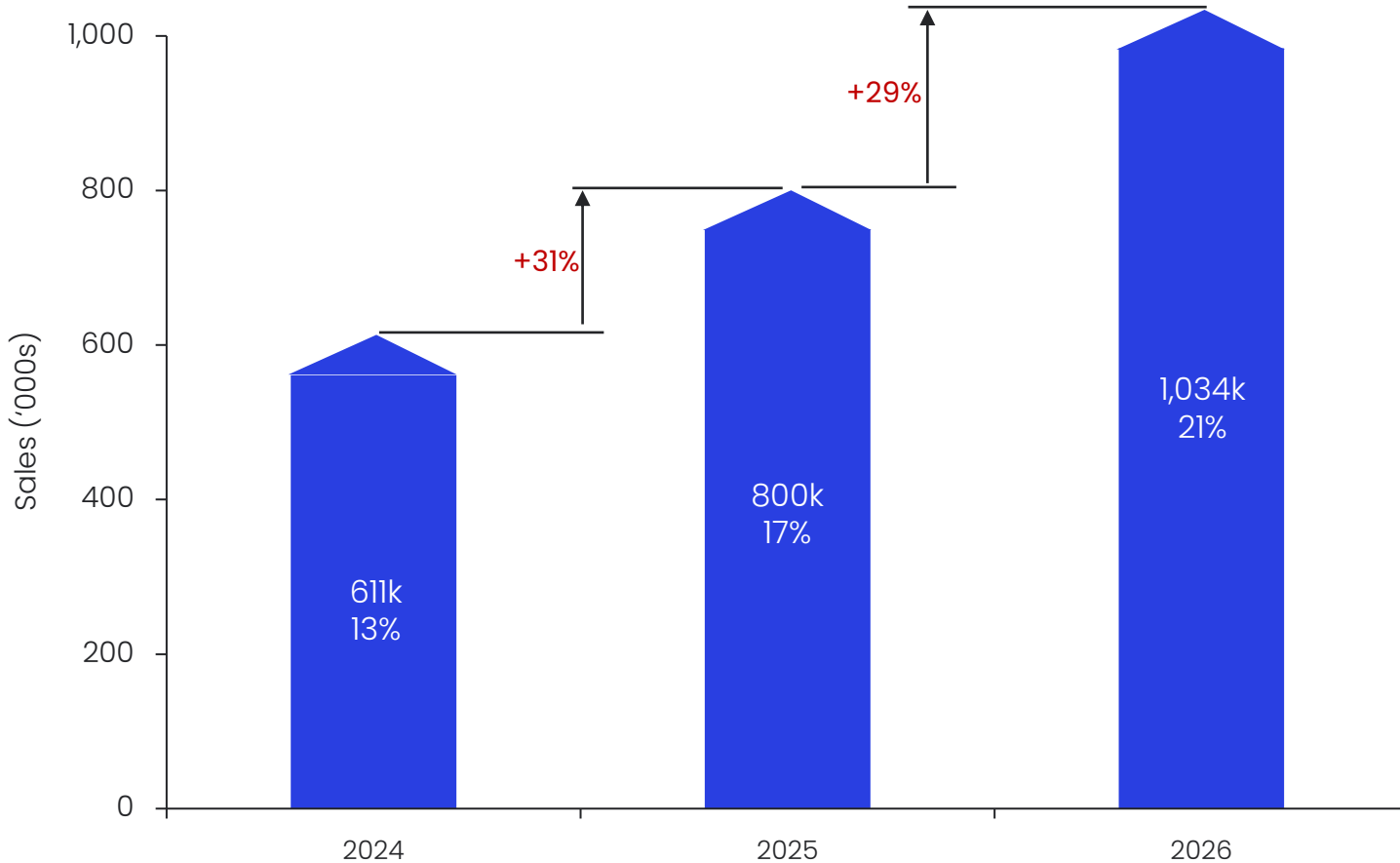
World PV BEV growth Jan-Apr 2026 was **-1.5%**. In full year 2025 it was **+28%**

Europe: BEV hesitancy in early 2026, but getting on track

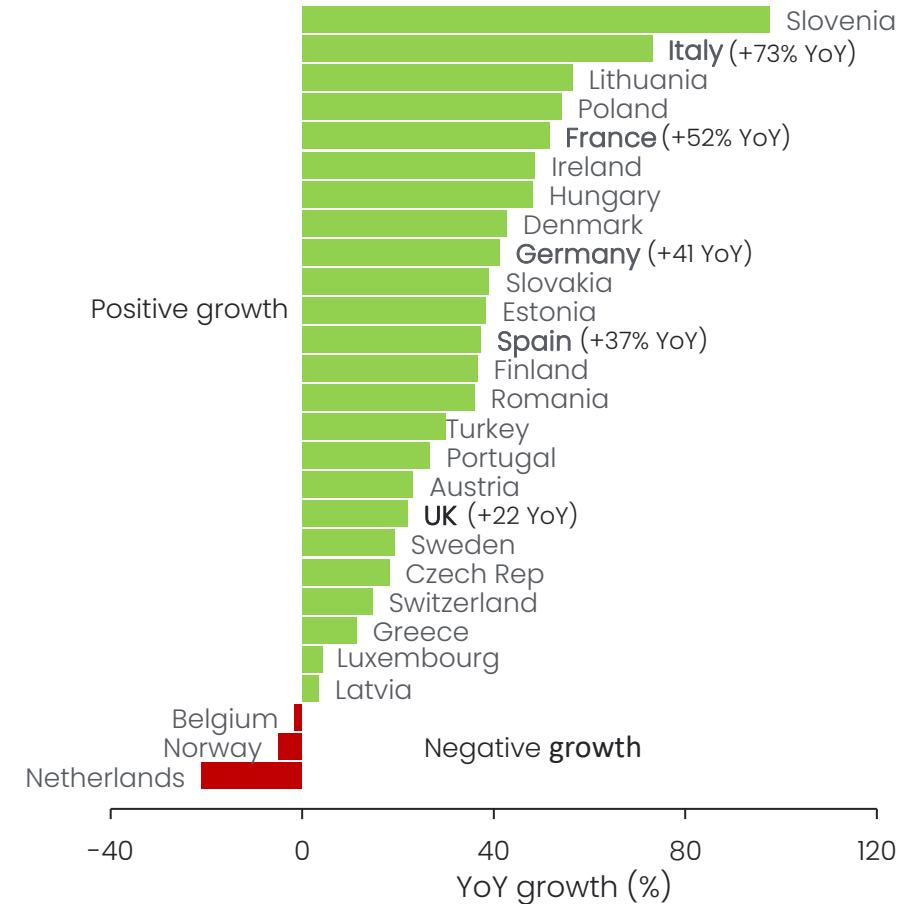


Pan-Europe PV BEV market Jan-Apr 2024-2026

Jan-Apr 2026 YoY PV BEV sales growth



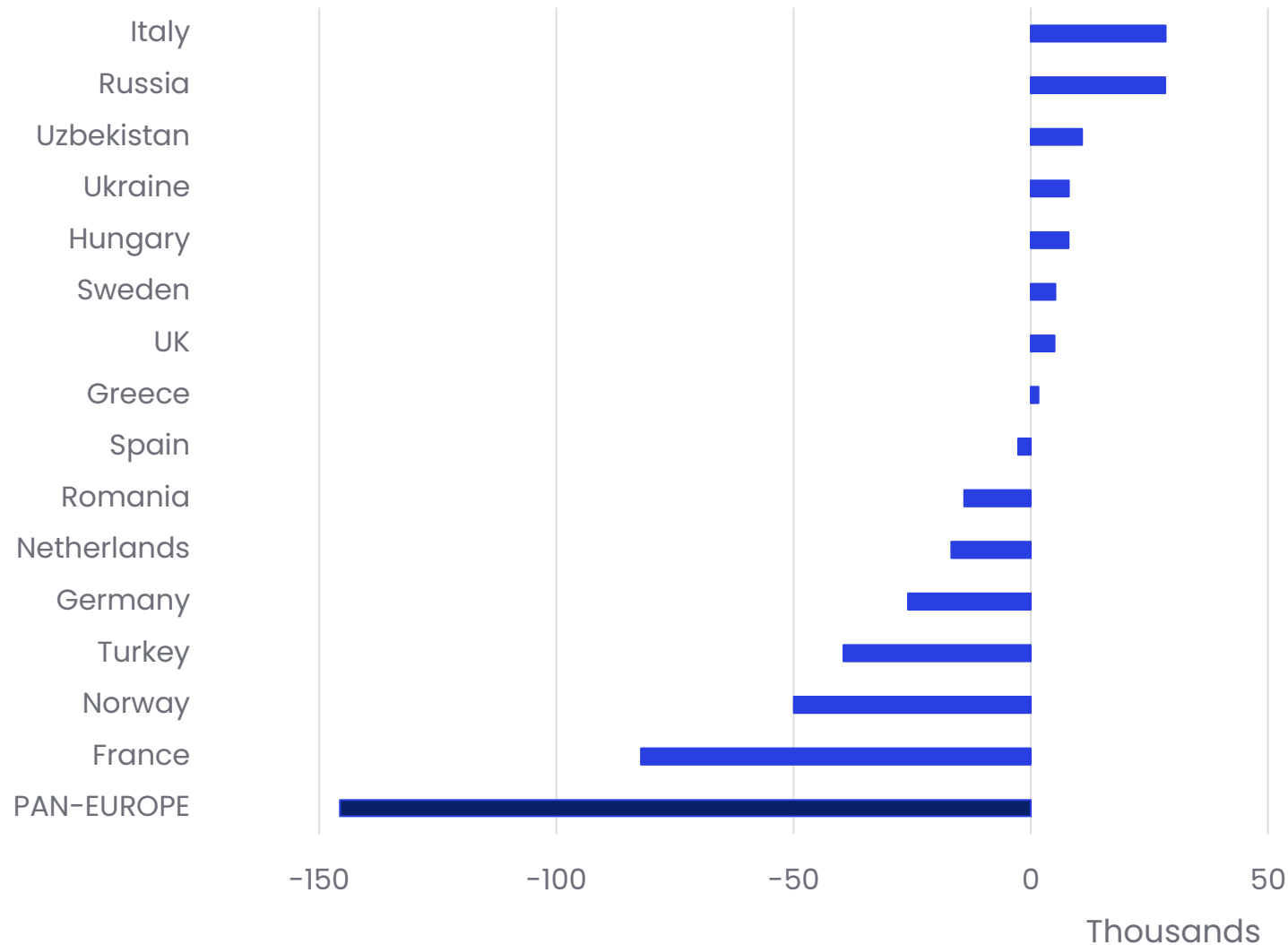
Source: GlobalData Global Hybrid & EV Bulletin



EU+EFTA+UK BEV share to April 2026: **21%**. Need **~18%** for revised CO₂ compliance, most OEMs ok

European Light Vehicle Market: recovery to come to a halt

Pan-Europe LV Sales 2026f v 2025 – Selected Markets



- Pan European LV Sales in positive territory YTD (+5%), though the full-year forecast is of contraction (-1%) as headwinds related to Middle East crisis build.
- Economic drag expected from higher energy prices, pressure on interest rates and a squeeze on household budgets.
- Positive start to the year and a weak comparison year flatters Italy's YoY outlook.
- France is seeing taxes increasingly challenging ICE vehicles, as well as generally weak economic fundamentals.
- Turkey expected to see some moderation in strong rates of sales though PV market set to remain above 1mn this year.

Source: GlobalData

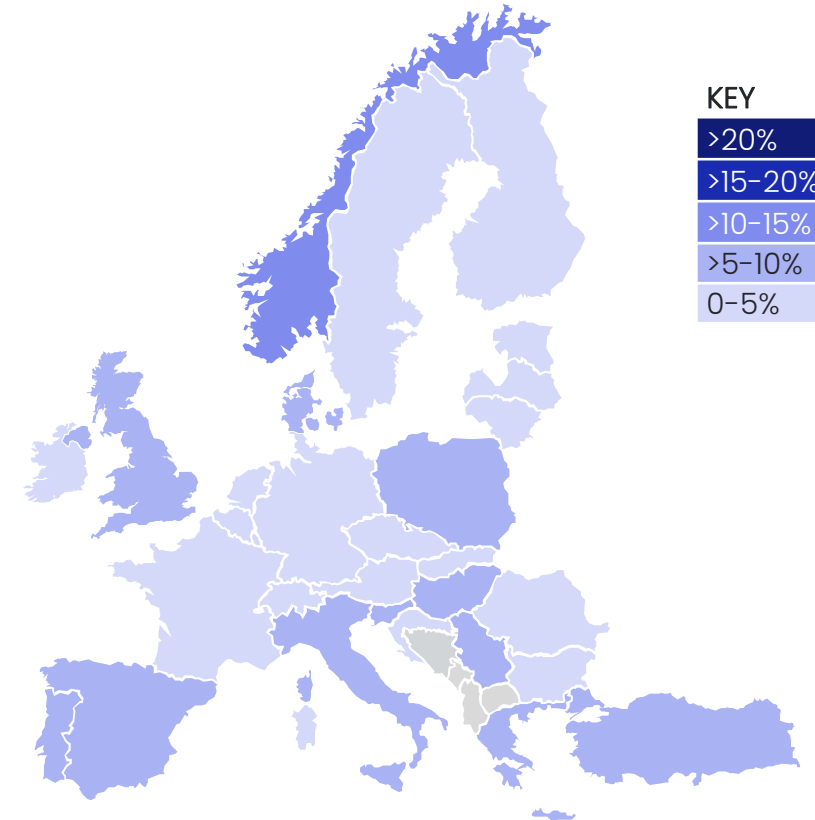


Chinese brand sales in Europe

Passenger car market share in 2025

Europe* : 5.7%

- Domestic brand loyalty generates some resistance to Chinese brand penetration in core European markets like Germany (2.3%) and France (3.4%).
- Competitive advantage and EV model-offer scope supports stronger Chinese brand performance in those markets with high electrification adoption, such as Norway (11.4%).
- Success of SAIC's use of MG 'legacy' brand underpins consumer familiarity and Chinese brand success in the UK market (9.7%). The UK also sits outside the EU's tariff on Chinese EV imports.



*Excludes Russia and selected CIS markets

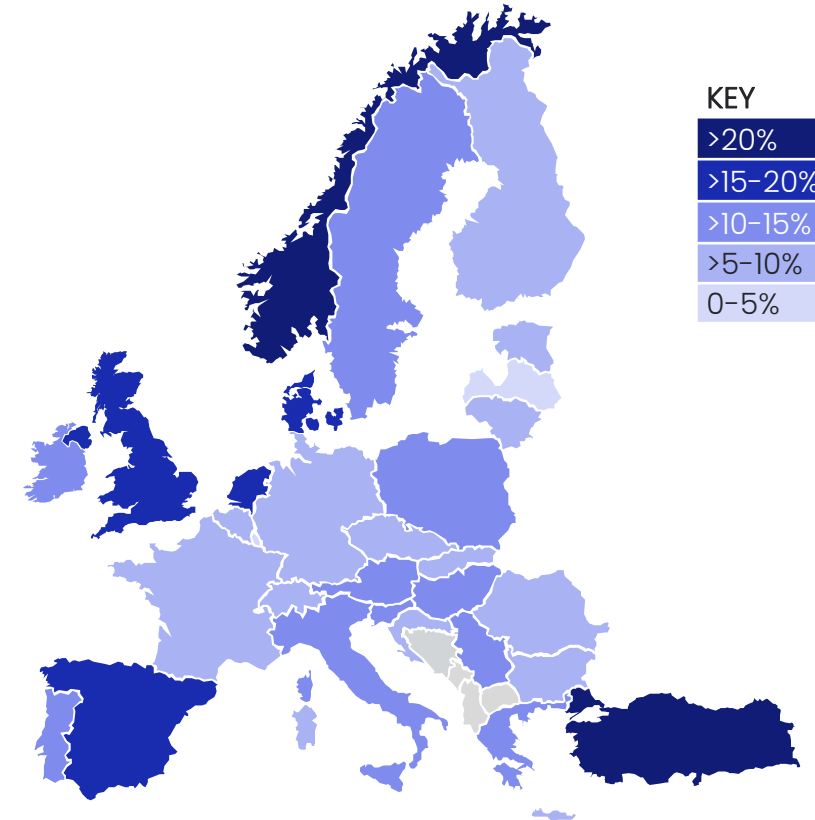


Chinese brand sales in Europe

Passenger car market share in 2030

Europe* : 12.2%

- Localisation supports Chinese brand market share in Europe. BYD's investment in Turkey help to boost Chinese brand market share towards 24.9% by 2030. Chery's presence in Spain also helps expected Chinese brand penetration (15.5%) in the local market.
- UK market openness and electrification adoption could support Chinese brand market share of 17.6%.
- Improving competitive product offer from Europe's domestics, continuing brand loyalty and enduring trade barriers hinder Chinese market share in other core markets: Germany (7.1%), France (7.5%).
- Still, average European Chinese market penetration anticipated to reach 12% by 2030.

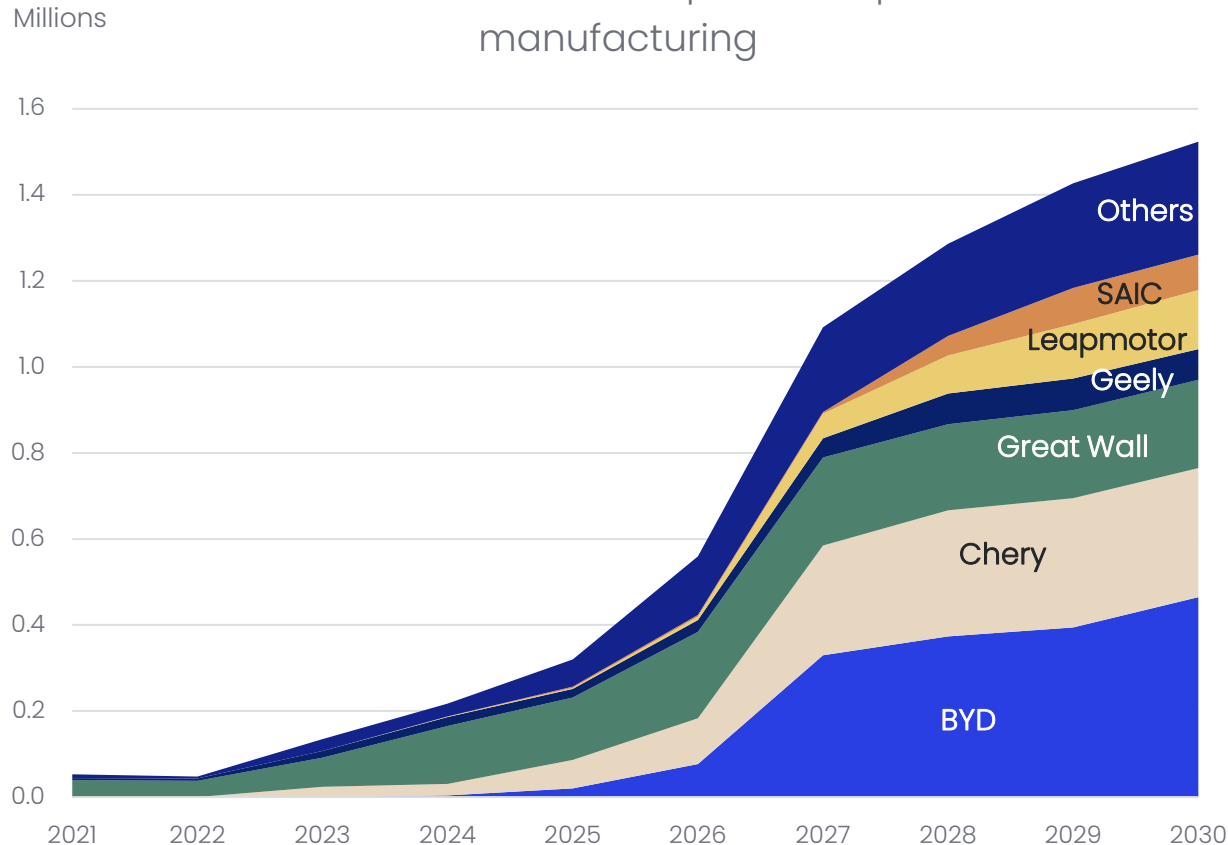


*Excludes Russia and selected CIS markets

Chinese OEMs Localise Production in Europe



Chinese OEMs set to expand European manufacturing



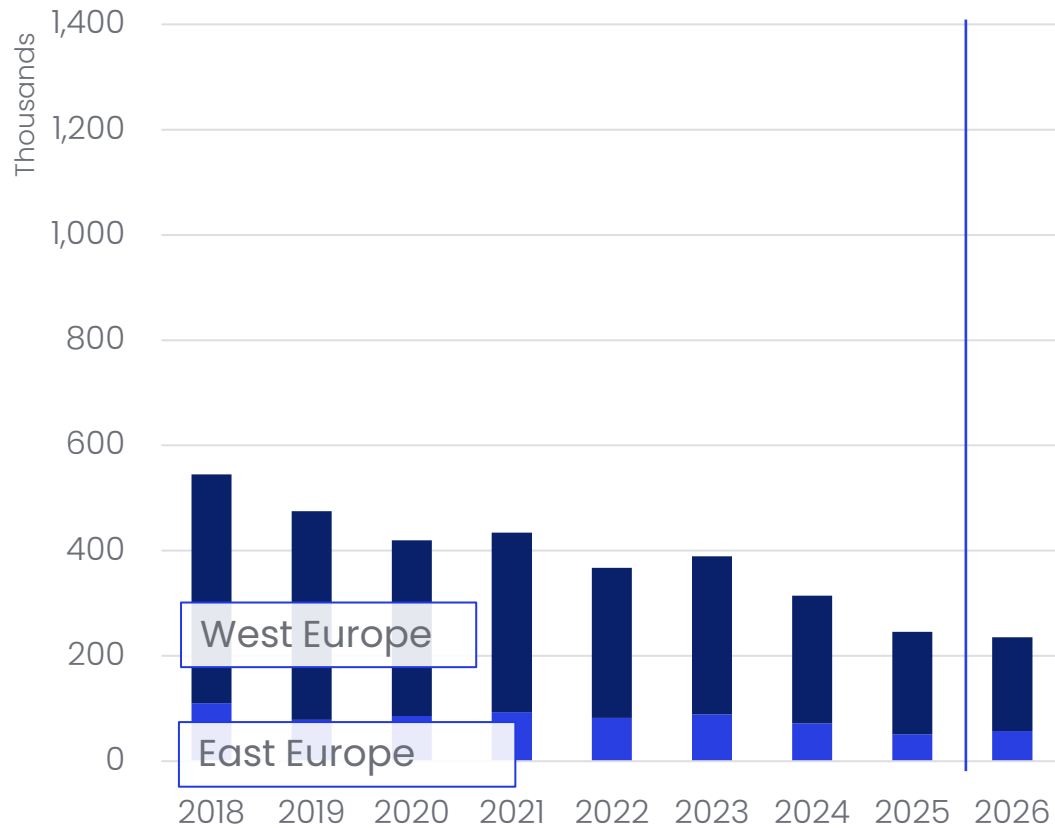
Chinese OEMs are entering Europe to avoid EU tariffs, reduce costs, and be more familiar with local buyers.

- Chery acquired Nissan's Barcelona plant in 2024 to build Jaecoo, Omoda and Ebro cars.
- BYD plans to construct two plants with a joint annual capacity of 500k in Hungary (Szeged) and Turkey (Manisa). Both start vehicle build in 2026.
- Stellantis' Zaragoza and Villaverde plants will build Leapmotor cars. Moreover, Leapmotor International has acquired the Villaverde plant.
- Stellantis-Dongfeng JV will build Voyah-branded models at the former's Rennes facility in France.
- Ford sold an assembly line at its Valencia to Geely. We assume the EX2 will be built here.
- SAIC are planning to build a 120k units capacity plant in Spain to produce MG cars from 2028.
- Magna have been contracted to produce models for AION and XPENG.

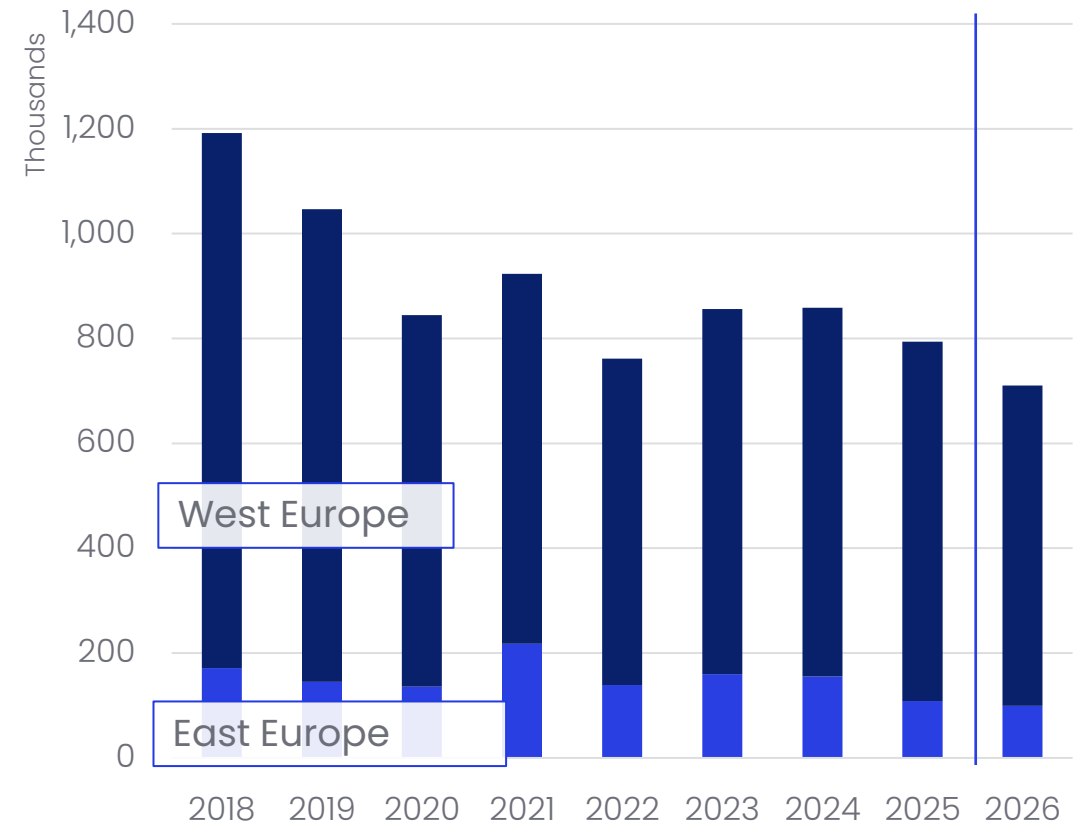
European Exports to Key Markets : European LV Exports Slow



European LV Export Volume to China split by source region



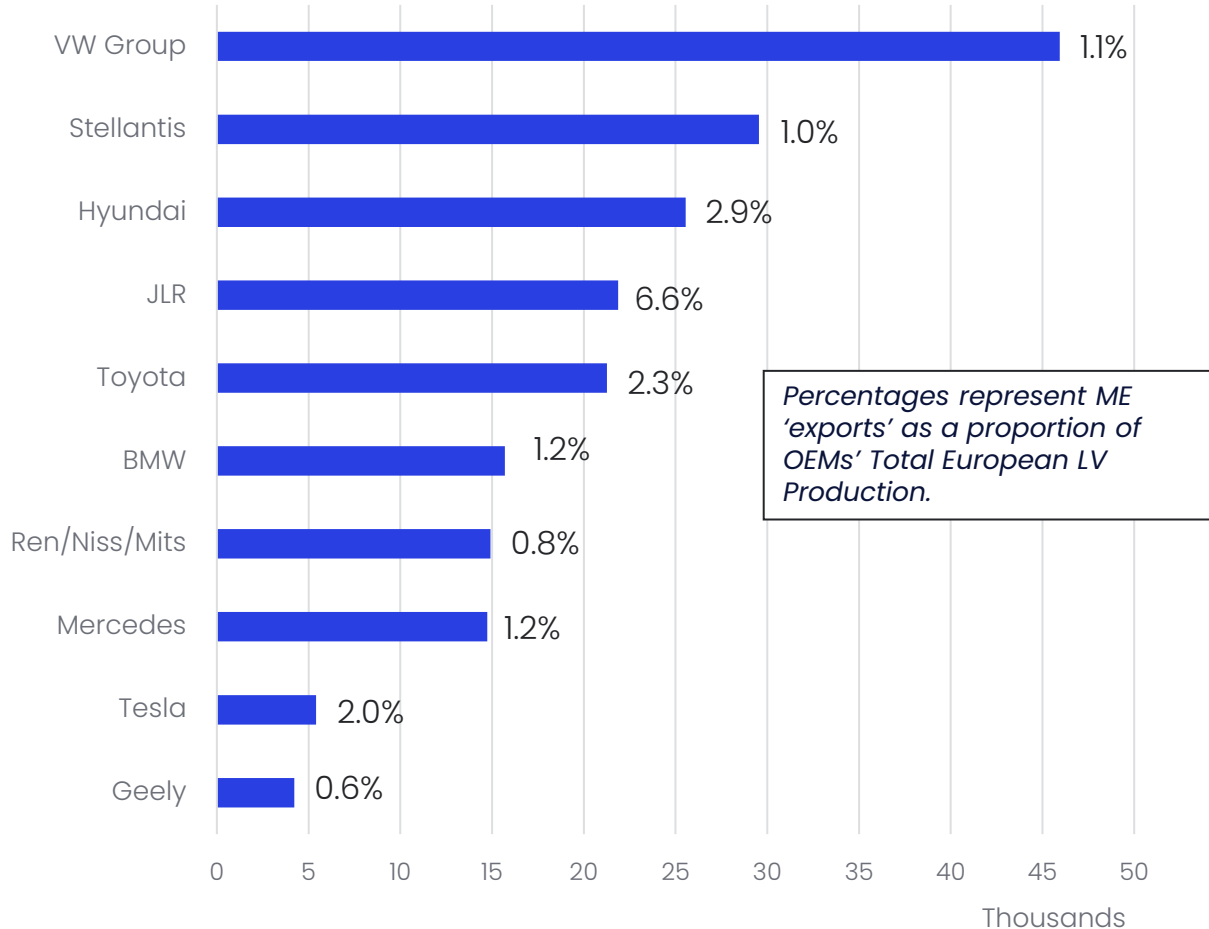
European LV Export Volume to the US split by source region



European LV Production Exposure to Middle East Region



European Exports to ME region: 2025 Top Ten OEMs

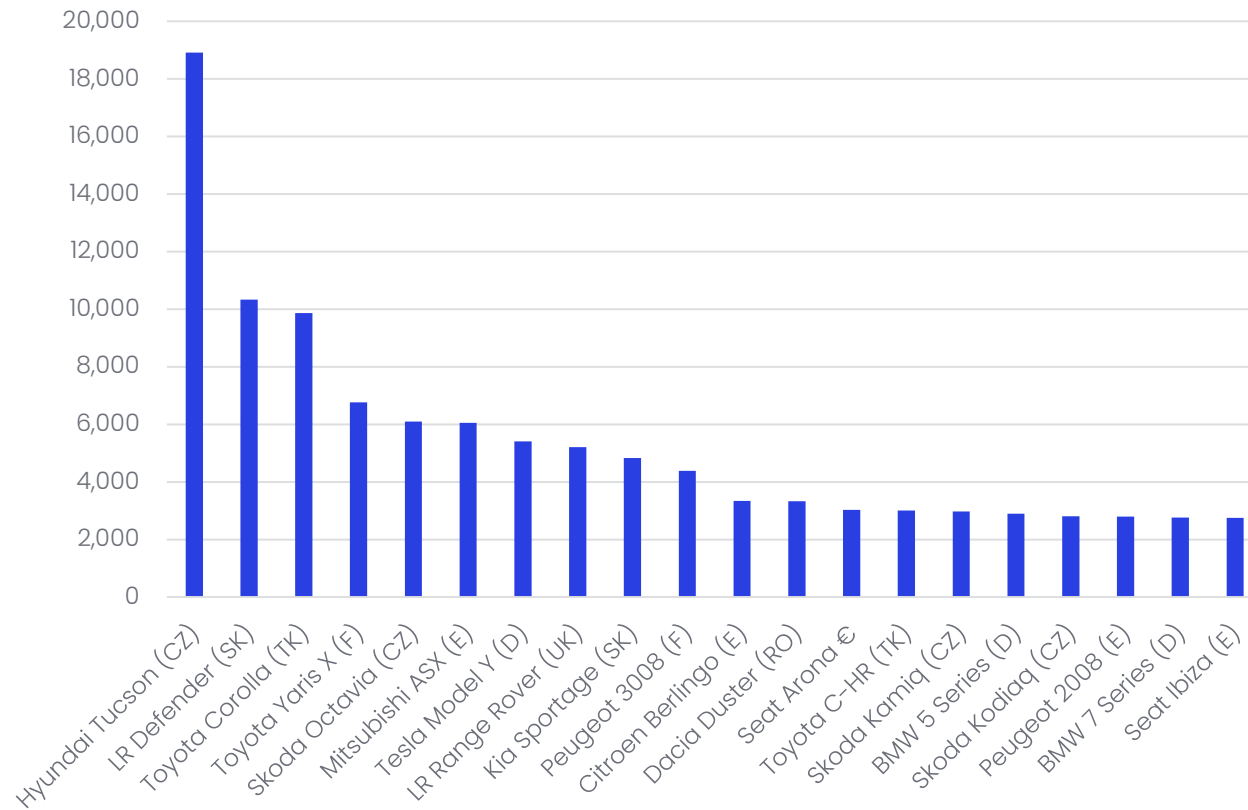


- At a little over 200k units in 2025, the Middle East region accounted for around 8% of Europe's global LV exports.
- In total, exports to the ME represented around 1% of aggregate European LV production.
- VW Group is the leading exporter by volume. Almost half of these exports were from the Skoda brand.
- Stellantis is the next biggest European exporter to the region with 23% of this volume accounted for by Peugeot and Citroen models.
- Nevertheless, the region is a key destination for Premium brands, with 3% of Ferrari and Lamborghini production exported to ME. Maserati sends 4%, Bentley 5% and Land Rover exports almost 7% of its European output to the ME.

European LV Production Exposure to Middle East Region



European Exports to ME region: 2025
Top 20 Models

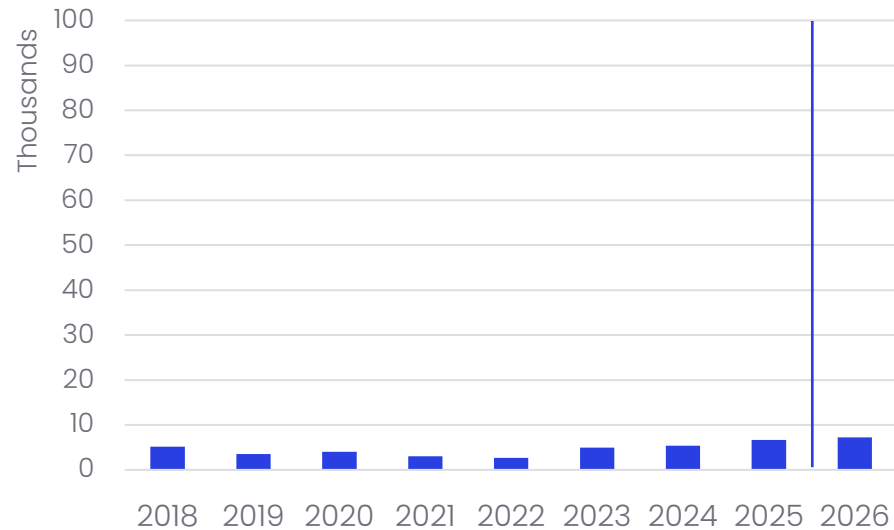


- European assembly of Japanese and Korean brands amongst key exports models to ME region.
- Strong European branded mainstream presence from Skoda Octavia, Kamiq and Kodiaq, as well as Peugeot 3008, Citroen Berlingo as well as Dacia Duster models.
- Amongst the premiums, Land Rover Defender and Ranger Rover models are volume exports with German-built Teslas and BMWs making the top twenty export models

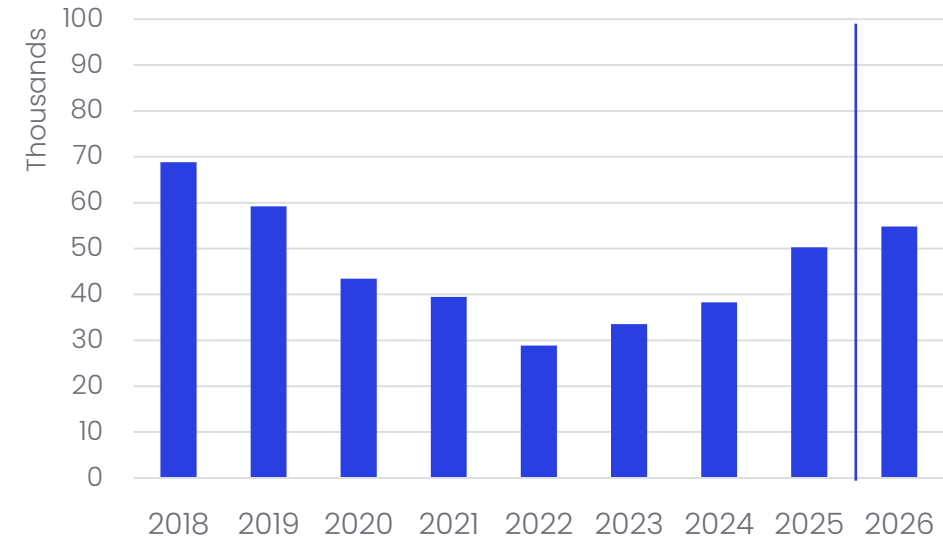


European* Exports : New Trade Agreements

European* LV Export Volume to India



European* LV Export Volume to Mercosur



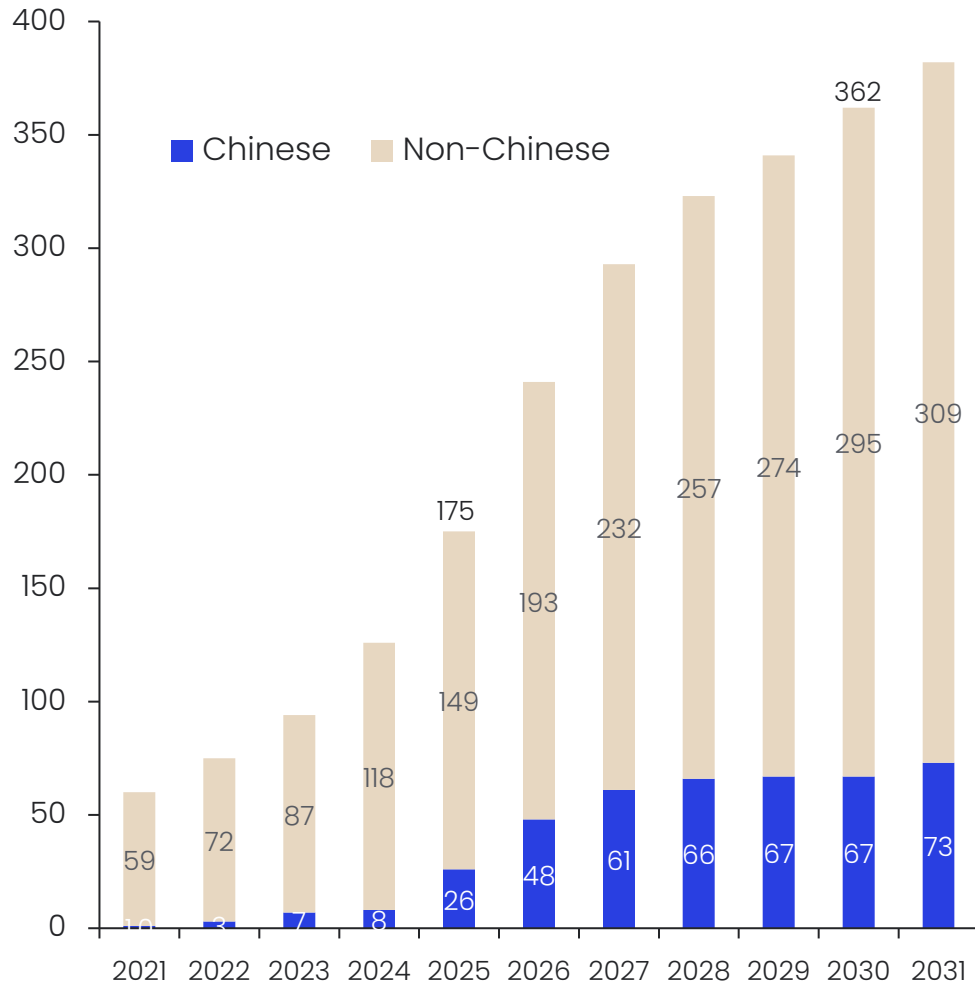
- EU-India FTA aims to reduce import tariffs from as much as 110% towards 10%. Local Sales taxes still present obstacles, as well as the ratification and length of implementation processes. European exports to India are modest (around 5k/yr - <1% of total exports), boosts from FTA are expected to be small and well into the medium term.
- EU-Mercosur FTA aims to eradicate tariffs on cars from the current level of 35%. An import quota set at around the current level of EU imports undermines the potential longer-term volume boost.

*EU+UK only

Europe: Model pipeline and pricing



Mainstream BEV models on sale



Source: GlobalData Global Hybrid & EV Forecast

Some recent or coming-soon affordable BEVs for the UK

Model	List price (£)	Model	List price (£)
Dacia Spring	~£17k	Kia EV2	~£27k
Citroen e-C3	~£22k	Nisan Micra EV	~£23k
R5 e-Tech	~£23k	Peugeot e-208	~£25k
BYD Dolphin	~£26k	ID.Polo	~£24k
Fiat Panda	~£19k	Geely EX2	~£20k
Leapmotor T03	~£17k	Kia EV1	~£22k
Hyundai Inster	~£24k	Skoda Epiq	~£25k

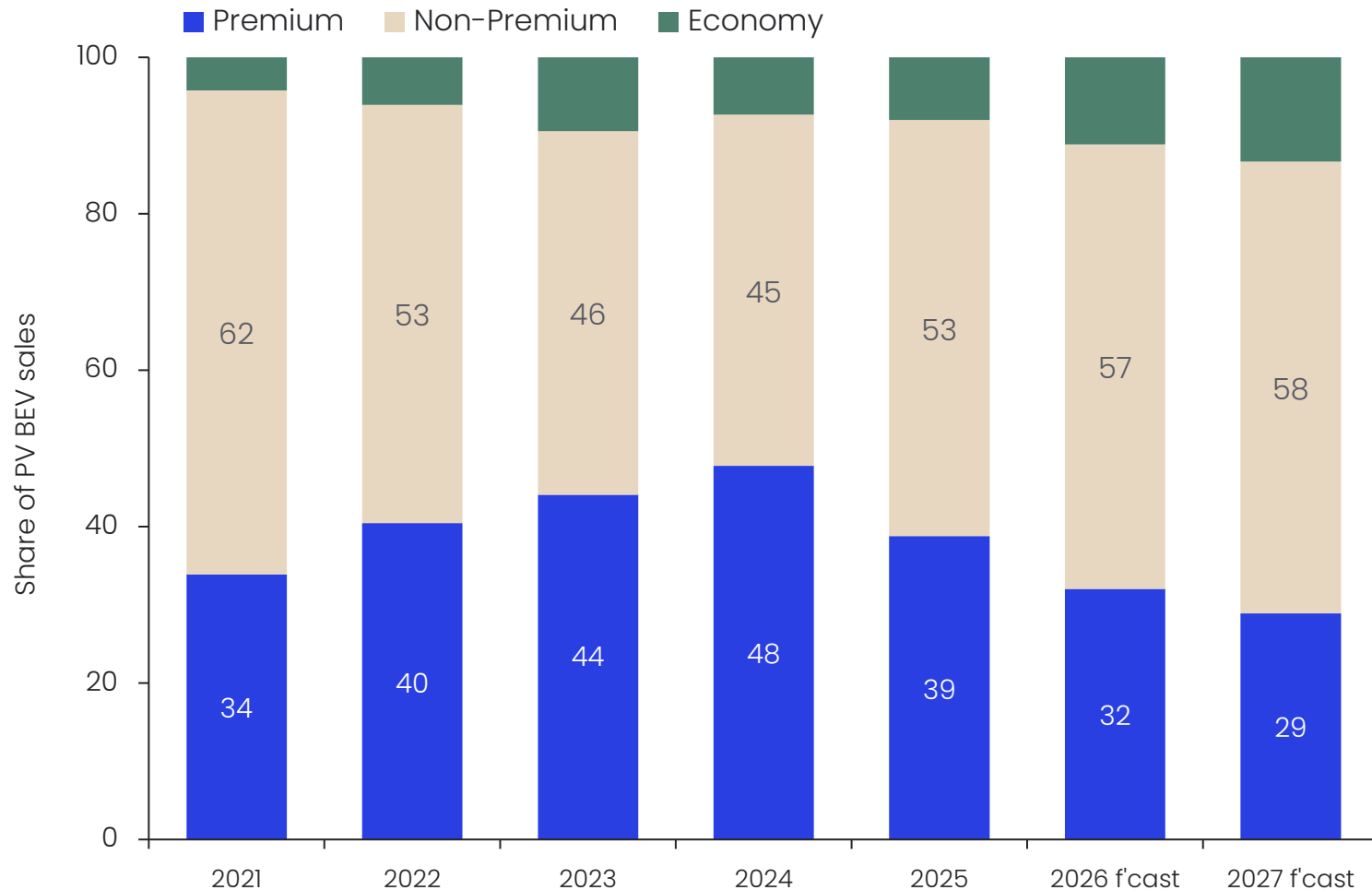
Average price of these 14 models: ~£22.8k
 Average small car price (all cars): ~£19.5k
 Pre-incentive small car BEV premium: ~17%

Many of these cars qualify for at least the Band 1 Electric Car grant (£1,500).
 Post-incentive premium over ICE: <10%

Europe: The market status of BEV sales is changing



Europe PV BEV sales by market status



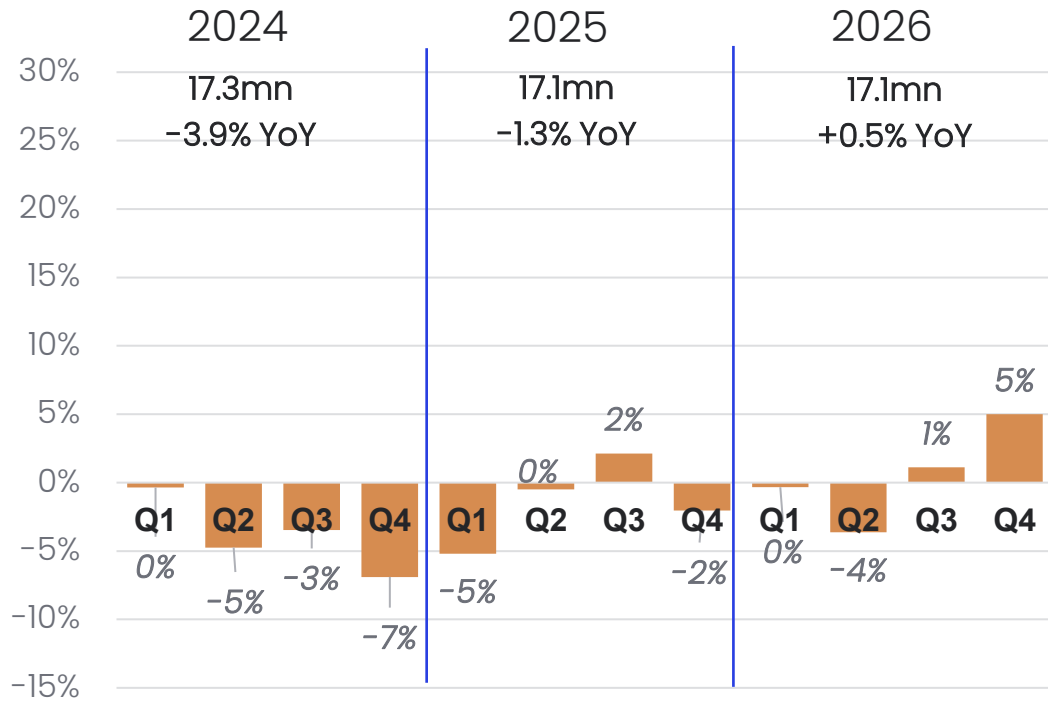
Source: GlobalData Global Hybrid & EV Forecast

- BEV sales in Europe have traditionally been overweight in the premium segment – margins there are bigger
- In 2024, 23% of car sales fell into our premium segmentation, but 48% of BEV sales were premium
- By the end of next year, BEV sales should be approaching balance with the overall market, status-wise

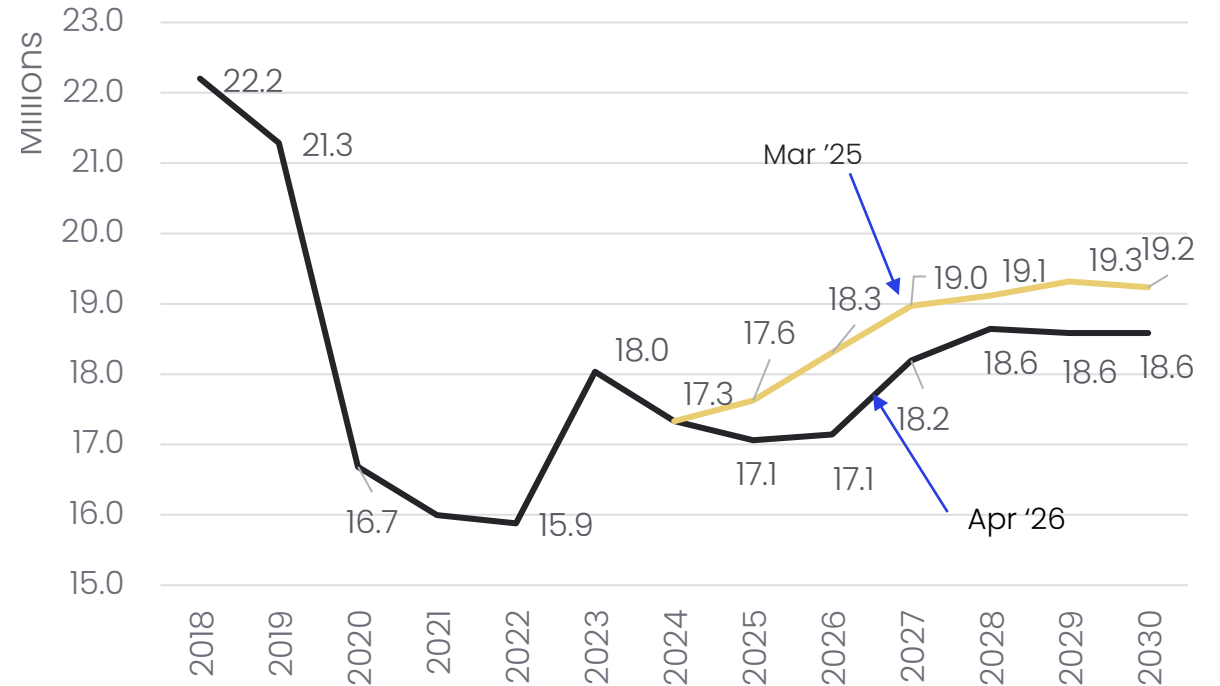
Pan-European Light Vehicle Production (Apr '26)



Near-Term: LV Production growth (Apr '26)



Medium-Term: LV Production Forecast Comparison

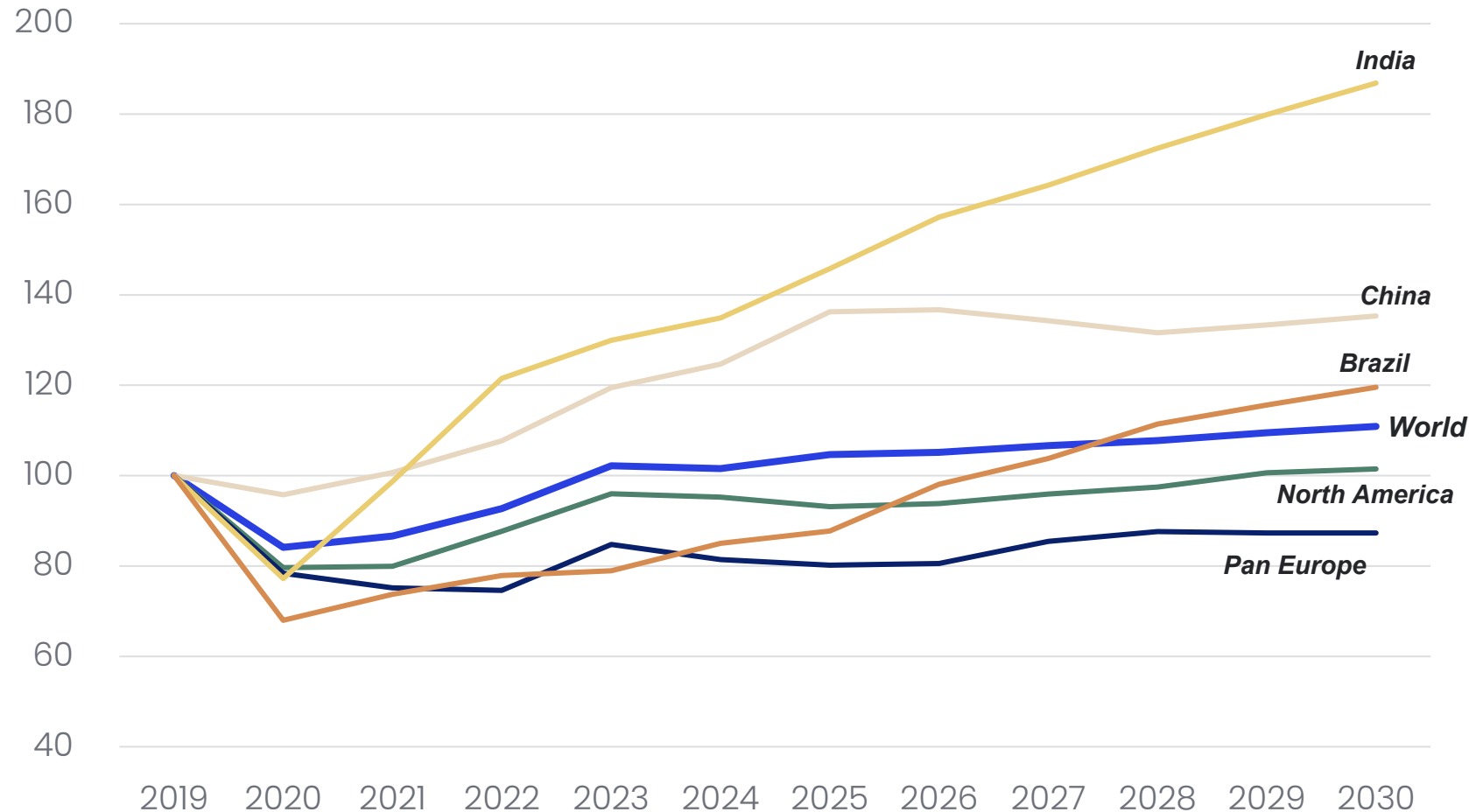


- Lack-lustre demand undermined 2025 performance, against some relatively tough year-ago comparisons. JLR cybersecurity attack hindered Q4.
- Growing economic headwinds from ME conflict through 2026 challenges vehicle affordability. Exports weaken.
- ME situation assumed to improve through Q3 with mainstream model launches providing volume support. Risks skewed on the downside.

- Lost exports from US tariff hit, an ongoing tough competitive position in China and slower world economic growth - now exacerbated in the near-term by ME conflict energy shock - underpins the medium-term downgrade from the year-ago.
- Some affordability improvements, particularly in the electrification space is expected to help support market participation, while EU tariffs on Chinese imports support localization into the region. Volumes still 3-4mn below peak.

Medium-Term LV Production Regional Outlook

Comparative Regional LV volume performance, 100=2019, GLVPF : Apr 2026



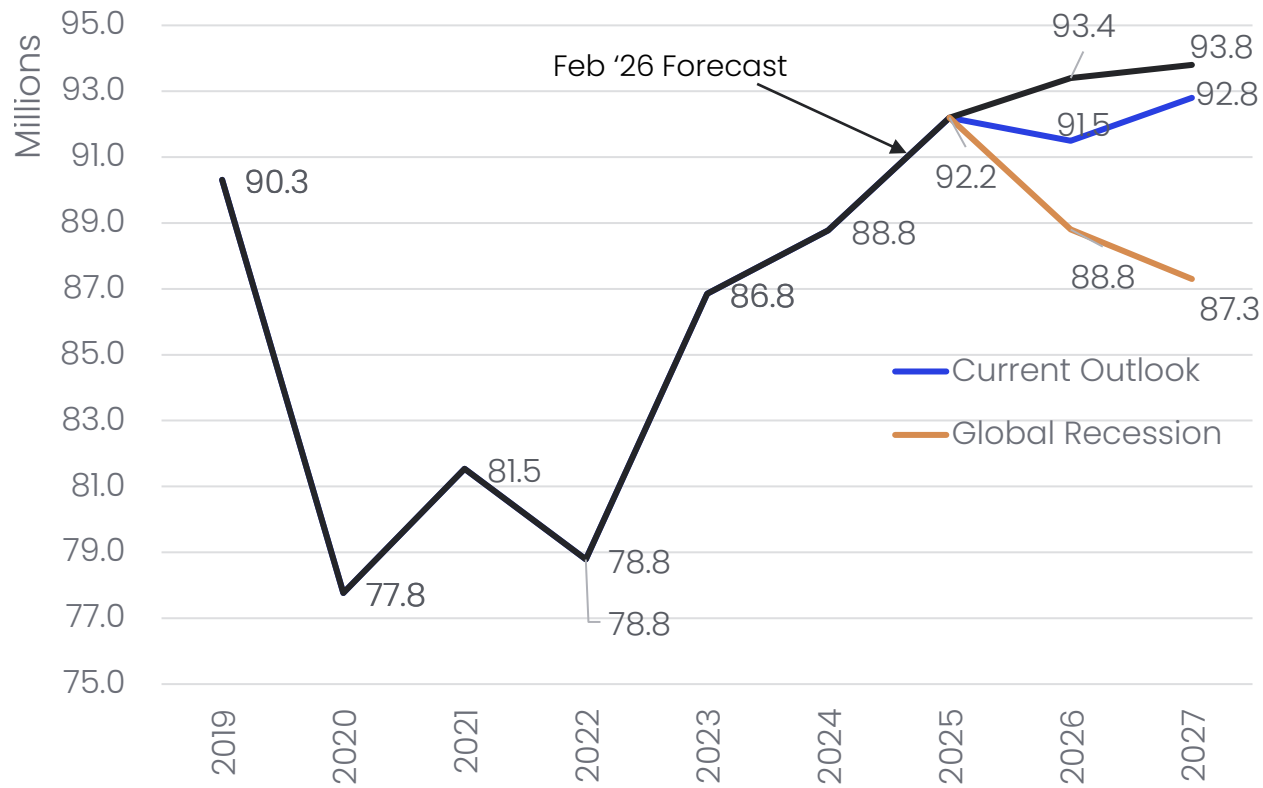
- Non-mature demand-led activity drives global LV production volumes, while production in mature locations continue to plateau.
- Europe is not expected to reach pre-pandemic levels of LV output this decade
- Russian impact to remain an enduring drag with Central and Eastern Europe growth prospects hampered.
- Adverse trade-flows: competitive threat from Chinese imports in Europe, plus protectionist policies temper exports to N America.

Automotive Industry Impact Report



Middle East Conflict

Scenario: Deteriorating outlook but further downside risks



Current outlook:

- Oil price around \$110-120 per barrel for second quarter of 2026, with annual global GDP drag of nearly 0.5 ppt versus previous baseline. Drag on global vehicle markets undermining any earlier growth expectations.
- Market growth stalls in 2026 before some recovery as the impact of the conflict eases thanks to the resumption of traffic flow through the Strait of Hormuz and normalization in energy market supply.

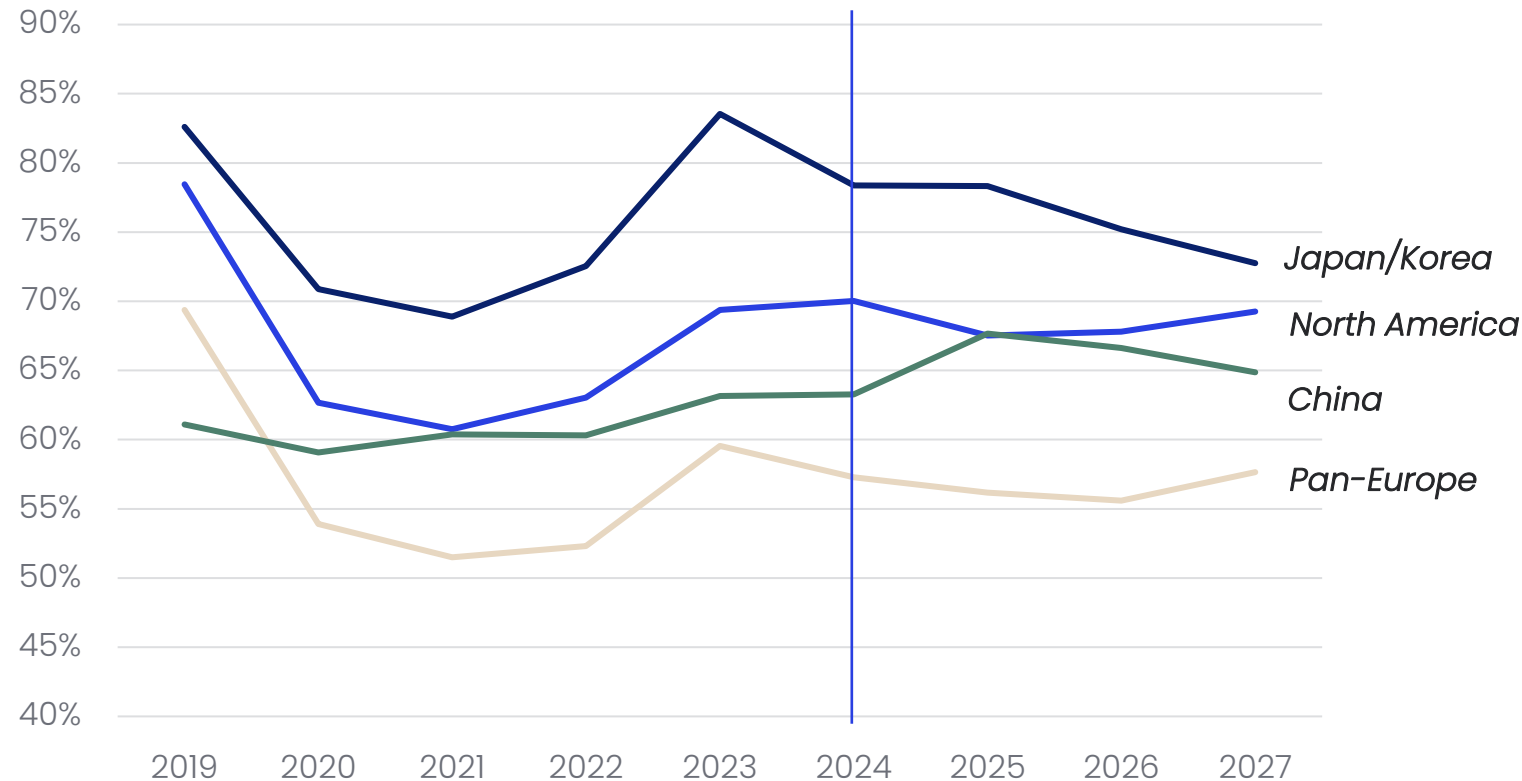
Global Recession:

- The nature of the energy shock, the degree to which it persists and the extent of the related fall out, ensures a range of scenarios, skewed to the downside.
- With a prolonged war, the Strait of Hormuz could be closed well into the second half of this year, taking oil prices north of \$150 per barrel and pushing up global CPI. Household budget constraints, wealth impacts through stock markets tumbling, and pressure on interest rates, would hit LV markets heavily over the next few years (-6mn units/year v 2027 base).

Capacity utilisation and efficiency remains a global issue.



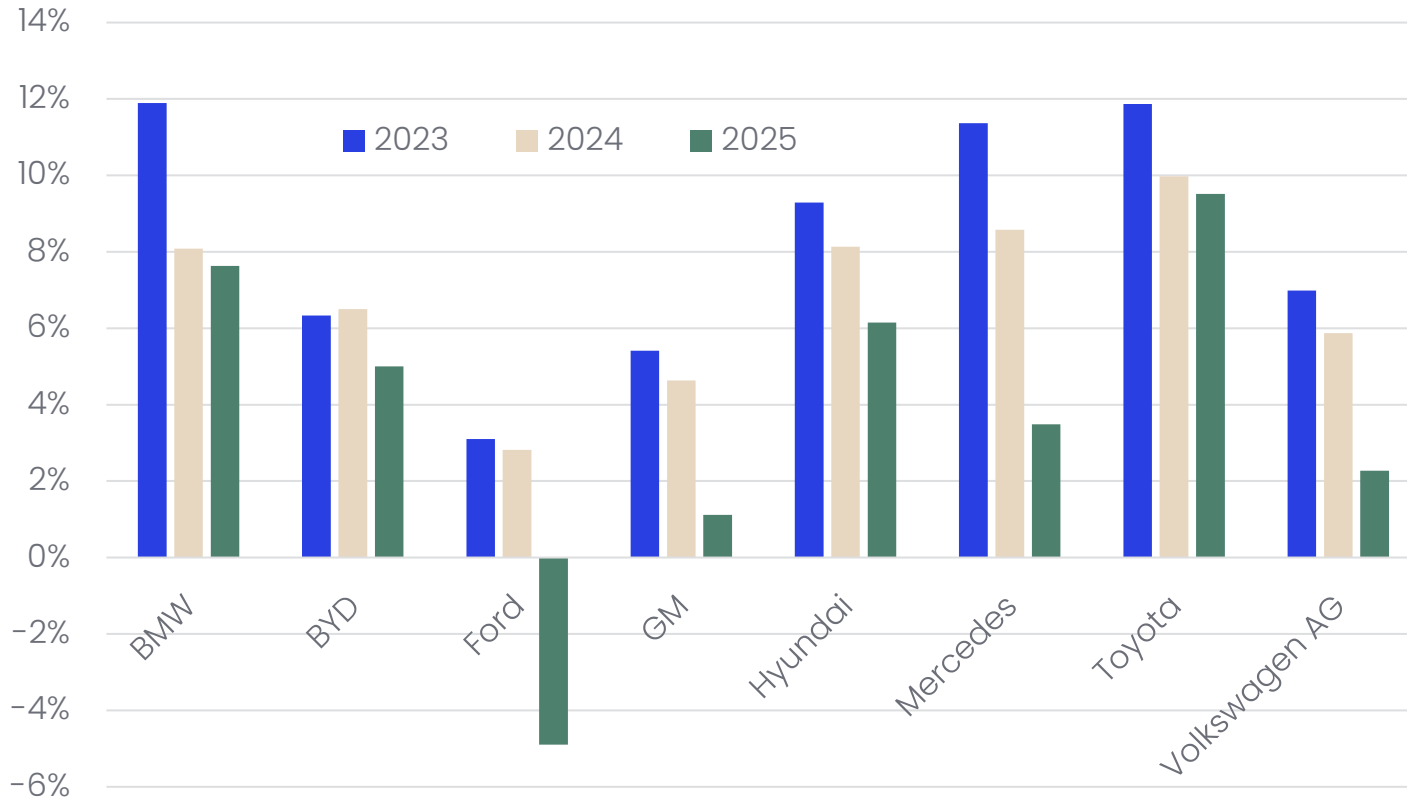
Regional Vehicle Production Utilization



- Mixed results across regions with some markets improving on 2019 levels by 2030.
- NA sees more near-term improvement. Localising impact of Tariffs expected to provide some support.
- China utilisation also sub-optimal. Drive for consolidation and rationalisation particularly at non-NEV assets.
- Europe utilisation languishes as local volumes remain well below peak: rationalisation scope grows.

OEM Profitability

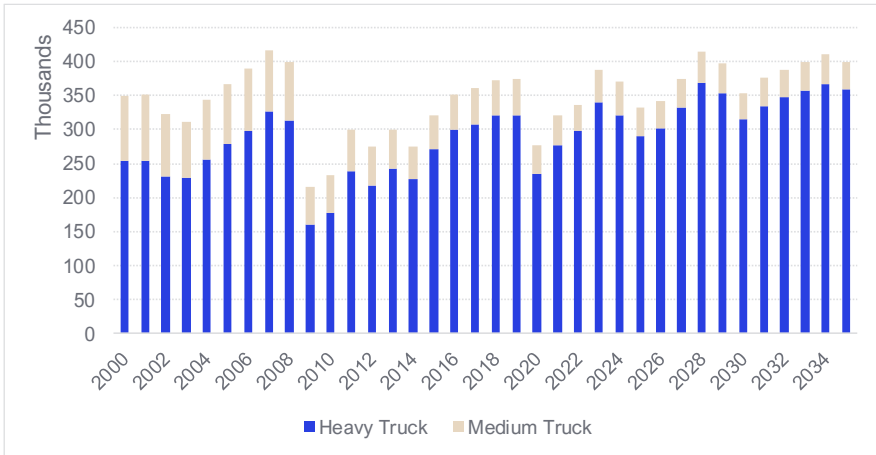
OEM Operating Margins (%)



Source: GlobalData, Refinitiv

- The period of OEM pricing power based on supply-constraint has passed.
- Costs of the electrification transition are high particularly as adoption rates have fallen below expectations.
- Profit warnings are increasingly commonplace with margins falling back for most OEMs.
- Cost pressures remain moving forward for OEMs as well as within the wider supply-chain.
- Supplier insolvencies remain a key disruptive risk

Europe (EU+): Medium & Heavy Truck Market



Economy:

- Eurozone GDP projected at ~0.8% in 2026 (March: 1.1%), +1.5% in 2027. Weaker outlook due to Iran crisis.

Demand Drivers:

- Eurozone Composite PMI plummeted to 47.5 in May, a 31-month low signalling economic contraction. May manufacturing (51.4) was artificially sustained by emergency stockpiling. New orders have flatlined due to severe maritime supply delays.
- Middle East energy shocks pushed Eurozone inflation to a 2.5-year high of 3.2%. ECB is expected to deliver a 25-basis-point interest rate hike in June.

Truck Market:

- Strong Q1'26: Truck sales +10%, production +15% y /y.
- EC Automotive Package (Dec) – more flexibility targeted around CO2 compliance – led to short-term surge in activity Q4'25–Q1'26.
- Iran crisis will limit growth from Q2. 2026 forecasts slashed to +1–2%.
- 2026–28 expectations reduced due to ongoing industrial weakness.
- Euro VII: Major cliff event expected 2029–30, with sales pulled forward and payback likely from H2 2029.



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
HT	234	277	297	339	321	290	302	332	368	354	315
MT	42	44	40	49	50	43	39	42	46	43	39
Bus	29	29	28	34	36	37	36	40	41	39	37
HT	-27%	19%	7%	14%	-5%	-9%	4%	10%	11%	-4%	-11%
MT	-21%	4%	-8%	21%	4%	-15%	-10%	9%	8%	-6%	-10%
Bus	-18%	1%	-6%	24%	6%	1%	-2%	10%	2%	-3%	-7%



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