

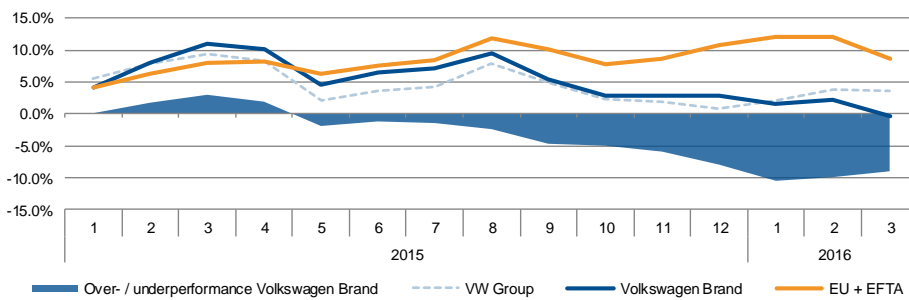
European Passenger-Car Market: Sales Growth Continues as VW Struggles



The European passenger-car market keeps its positive momentum after strong double-digit growth in the first two months of 2016. Fueled by incentives and discounts, total European car sales increased by 5.7% in March 2016, year on year, as new-registration figures¹ from the European Automobile Manufacturers' Association (ACEA) showed last Friday. However, some auto makers are doing better than others, with VW group and French OEMs losing ground.

While the European market is in recovery mode to pre-crisis volumes, VW group continues to struggle. Sales of its core brand, Volkswagen, declined by 1.6% in March compared to the previous year. Scope highlights the widening gap between the overall market's development and VW sales since September 2015 when news broke of VW's manipulation of diesel-engine exhaust emissions. As of March the difference between the European market's sales growth rates and Volkswagen's stood at 9.0 percentage points (three-month rolling average), ultimately signaling Volkswagen's loss of market share. Scope expects VW's deteriorating market position to continue in the short term.

Figure 1: New passenger-car registrations, YoY growth (3M rolling average, %)

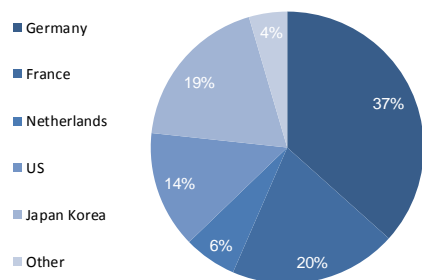


Source: ACEA, Scope Ratings

French OEMs and VW lose ground – German auto makers dominate

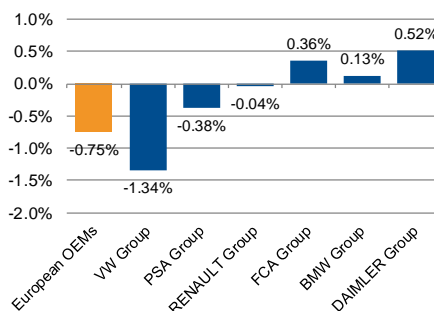
Despite the VW group's loss in market share in the course of its emission scandal (-1.4% LTM 03/16 vs. YE 2014), German OEMs still dominate the European auto-sale landscape. With a market share of around 37%, German BMW (+0.13%) and Daimler (+0.52%) are clearly sending French auto makers PSA (-0.38%) and Renault (-0.04%) to second place.

Figure 2: OEMs European market share by country of origin LTM 03/16



Source: ACEA, Scope Ratings

Figure 3: European market share YE 2014 vs. LTM 03/16



Source: ACEA, Scope Ratings

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Bloomberg: SCOP

¹ New passenger-car registrations EU and EFTA. Latest data publicly available. 2016 and 2015 provisional.



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