

An aerial photograph of a large bridge with multiple arches spanning a wide river. The sky is a vibrant mix of orange, red, and purple, indicating a sunset or sunrise. The city skyline is visible in the background across the river. The bridge has several concrete piers and steel arches. The water reflects the colors of the sky and the bridge structure.

The impact of the Ukraine conflict on Europe's automotive industry

Webinar/ April 7 2022

Autovista24....
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Editor
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Introduction

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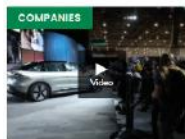
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CES 2022

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CES 2022: Automotive takes mobility to the metaverse and beyond
20 January 2022



CES 2022: What automotive technology stole this year's show?
12 January 2022



CES 2022: Stellantis showcases electric and autonomous-transport technology
06 January 2022



CES 2022: BMW captures driver emotions through new technologies
06 January 2022



CES 2022: Hyundai reveals its 'Metamobility' concept
05 January 2022

Autovista Group...

Monthly Market Dashboard

November 2021

Passenger Cars

SELECT MARKET:
SELECT FUEL TYPE:



| | Current month | change (m/m) | change (y/y) |
|---|---------------|--------------|--------------|
| Trade RV (absolute) | 16,820€ | 4.4% | 11.6% |
| Trade RV (% of List Price) | 46.0% | 3.0% | 9.1% |
| List Price | 36,553€ | 1.4% | 2.3% |
| Sales-Volume Index (Jan 2020 = 100) | 124.5 | -10.9% | 7.9% |
| Active-Market Volume Index (Jan 2020 = 100) | 64.8 | -8.0% | -23.1% |

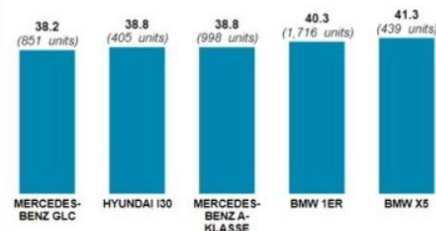
Average days to sell

| Current month | change (m/m) | change (y/y) |
|---------------|--------------|--------------|
| 55.0 | -2.0 | -6.5 |

RV outlook

| 2021 | 2022 | 2023 |
|------|------|------|
| 9.3% | 3.3% | 0.0% |

Days to sell for fastest sellers



New vehicles

View more >



EU light-commercial vehicle market ends 2021 with a further decline
26 January 2022



CES 2022: Automotive takes mobility to the metaverse and beyond
20 January 2022



December 2021 ends another rollercoaster year for EU new-car market
16 January 2022



BMW i Ventures invests in HeyCharge's EV charging without internet connectivity
17 January 2022



UK LCV registrations show promise with increase in 2021
17 January 2022

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Today's Experts



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Engelskirchen**

**Chief Economist
Autovista Group**



Neil King

**Senior Data
Journalist
Autovista24**



Zsolt Horvath

**Regional Head of
Valuations, Eastern
Europe**



Agenda

- The scenarios and economic impact of the Ukraine conflict
- How are the big European markets coping?
- Eastern European disruption
- Summary
- Q&A

Q&A

- Submit your questions in the box on the right of the screen
- We will attempt to answer as many as possible in the time available
- We will respond to all unanswered questions after the webinar
- Contact details of our experts to follow...

An aerial photograph of a winding dirt road in a desert landscape. The road is light brown and curves through the terrain. Several vehicles, including cars and trucks, are visible on the road. The surrounding landscape is arid with sparse vegetation and rocky ground.

The impact on the automotive industry

- Carmakers are suspending joint ventures in Russia
- Supply-chain issues have already bitten with some carmakers pausing production lines
- Costs of materials essential to vehicle production have risen as supplies out of Russia are halted

Survey

Will the rising oil and gas prices speed up the transition from ICE to EV on new-car markets?

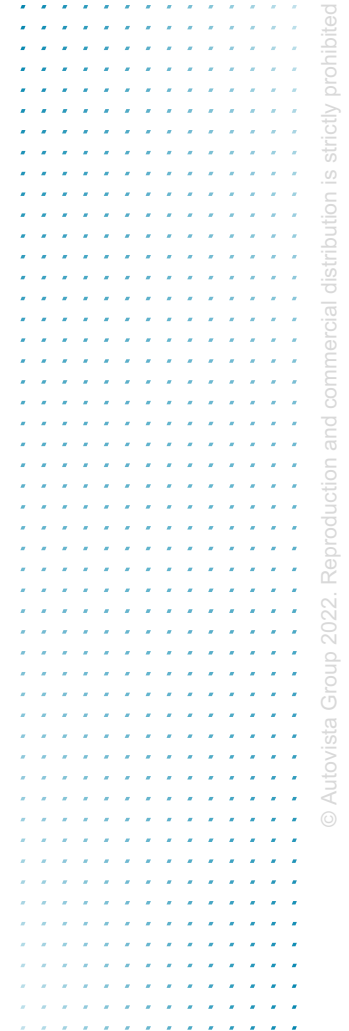
1. Yes



2. No



3. Currently unclear

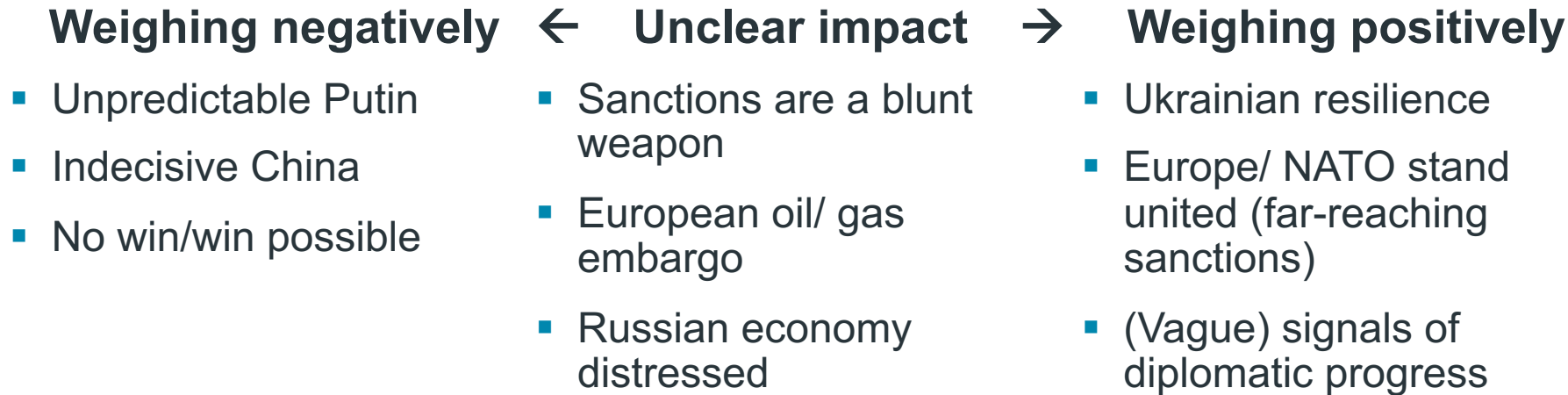




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Unclear how Ukraine war will evolve



Base Case: War can be contained/ cold war 2.0

Scenario 2: Full energy embargo/ further sanctions

Scenario 3: Further escalations/ NATO involvement

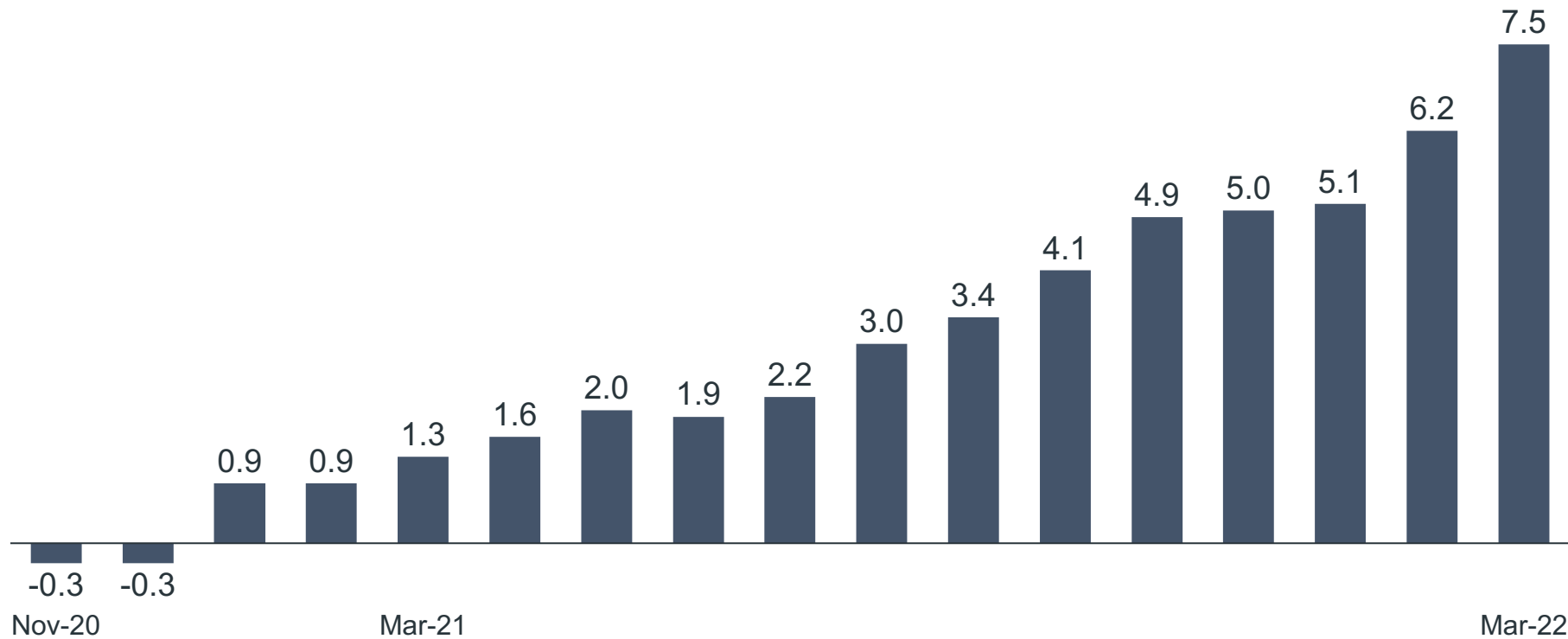
- Ukraine/ Russia are working towards a ceasefire agreement
- Long political process would follow
- Cold war would be back but would bring some stability to relations

Stagflation is likely for 2022 (Base Case)

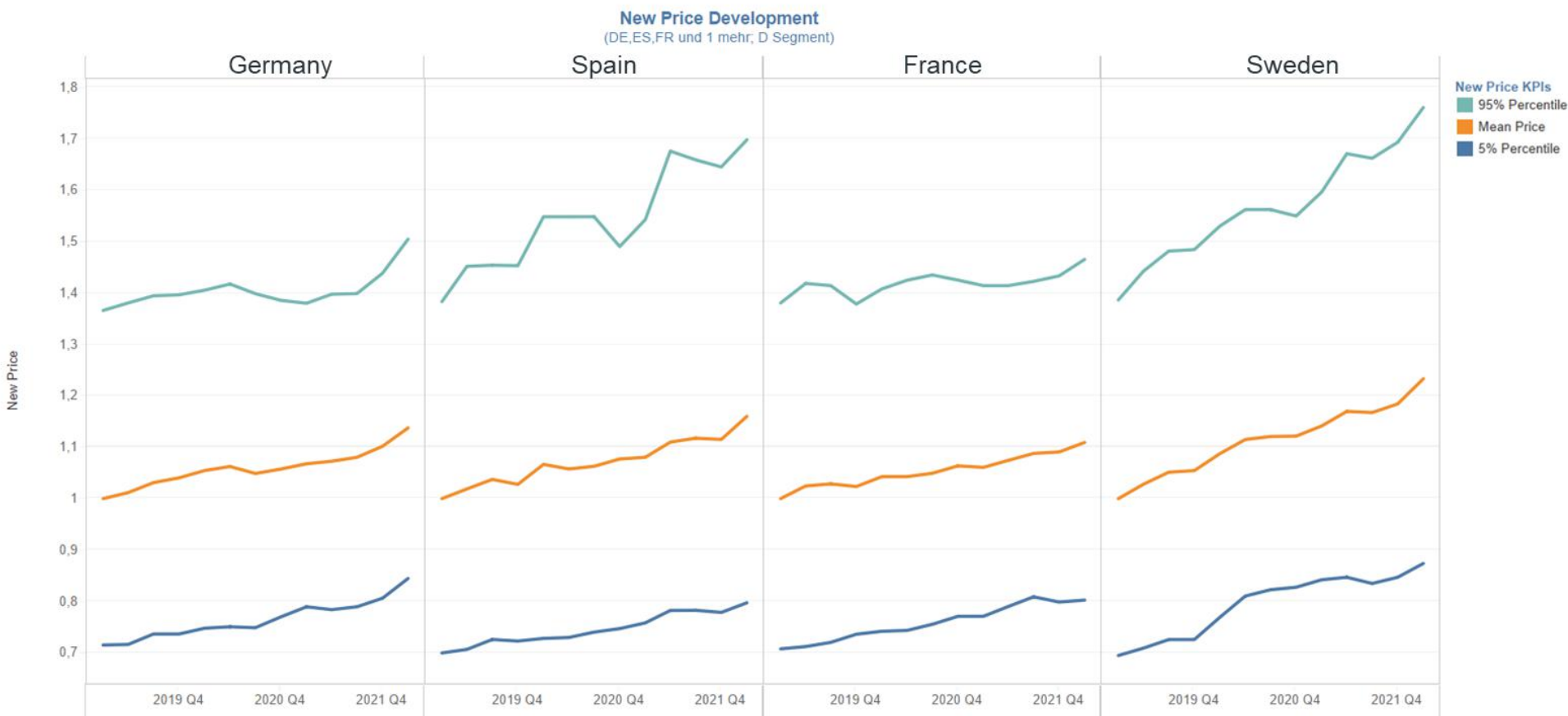
- **Stagflation is a likely outcome for 2022 in base case**
- **Stagflation means that economic growth is subdued and inflation high**
 - Oil and gas prices would remain at an elevated level
 - Cost for logistics and energy will stay high
 - Wheat and other food will be scarce and expensive (risk of famine)
 - Prices for raw materials will rise
 - Prices for energy-intensive products will rise
- **Central banks will have to react to this scenario by increasing rates, but not at the previously anticipated level**

Monthly inflation rising (example: Euro-Zone)

Monthly Inflation Rates Euro-Zone in % (Y/Y; Nov 2020 – March 2022)

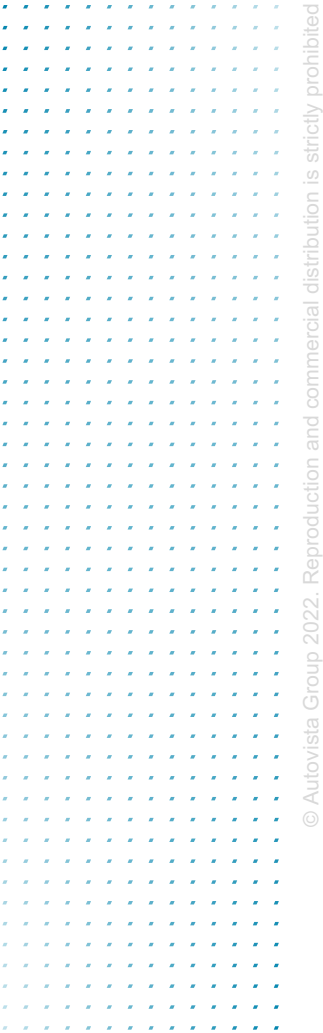


List-price development pointing up



New Price Difference between 2022 Q1 and 2019 Q1

| | | | | |
|------|-------------|--------------|-------------|---------------|
| 95% | 6.150 (10%) | 14.130 (23%) | 4.020 (6%) | 154.500 (27%) |
| mean | 6.101 (14%) | 7.183 (16%) | 5.181 (11%) | 96.214 (23%) |
| 5% | 5.740 (18%) | 4.379 (14%) | 4.500 (13%) | 73.888 (26%) |



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Agenda

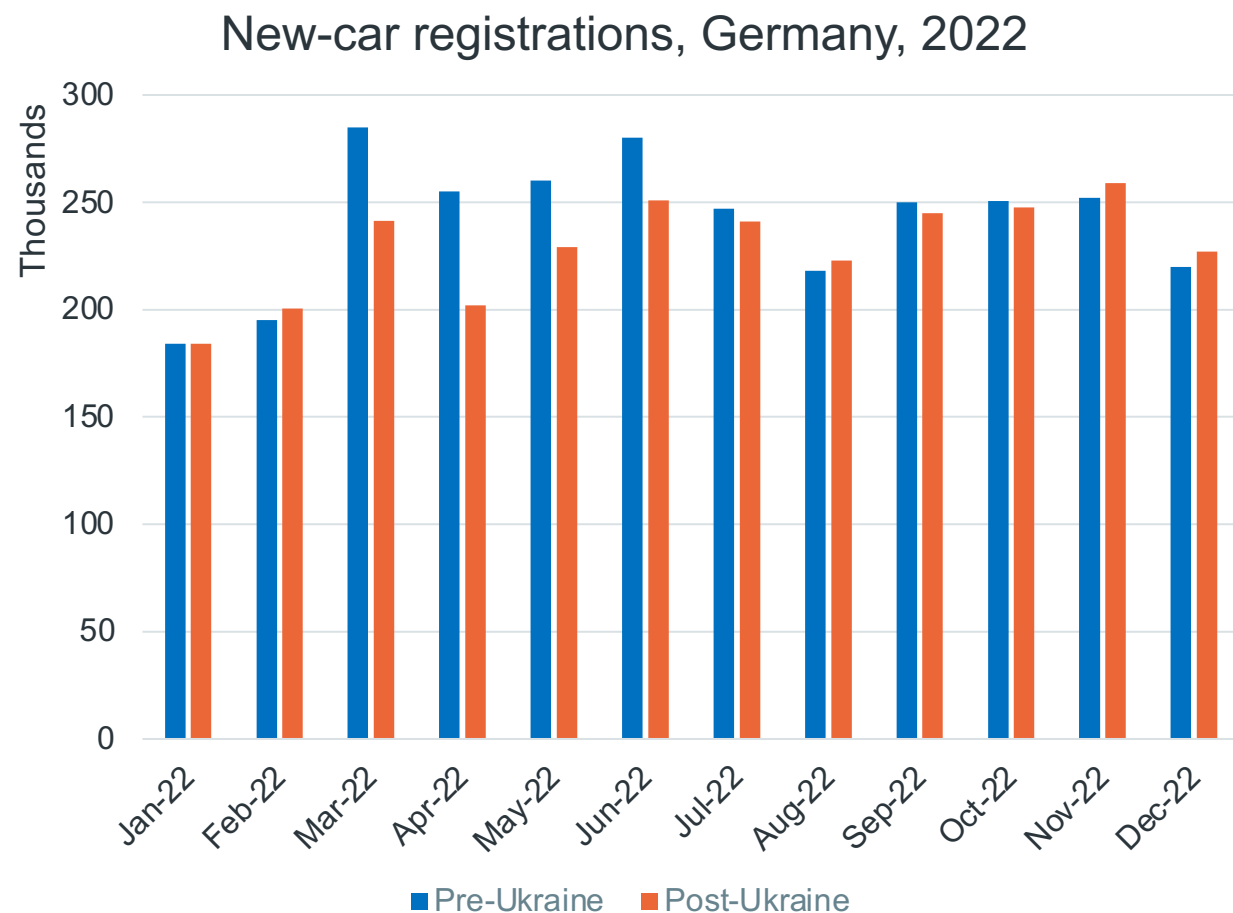
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Further disruption to fragile automotive supply chains

- BMW and Volkswagen group production affected in western Europe
- Mercedes-Benz has adjusted 'shift plans'
- Neon-gas supply disruption compounds semiconductor shortages
- Ford and Volvo Cars impacted
- Advantageous for Asian manufacturers?
- Chinese EV makers benefit from Russian nickel?

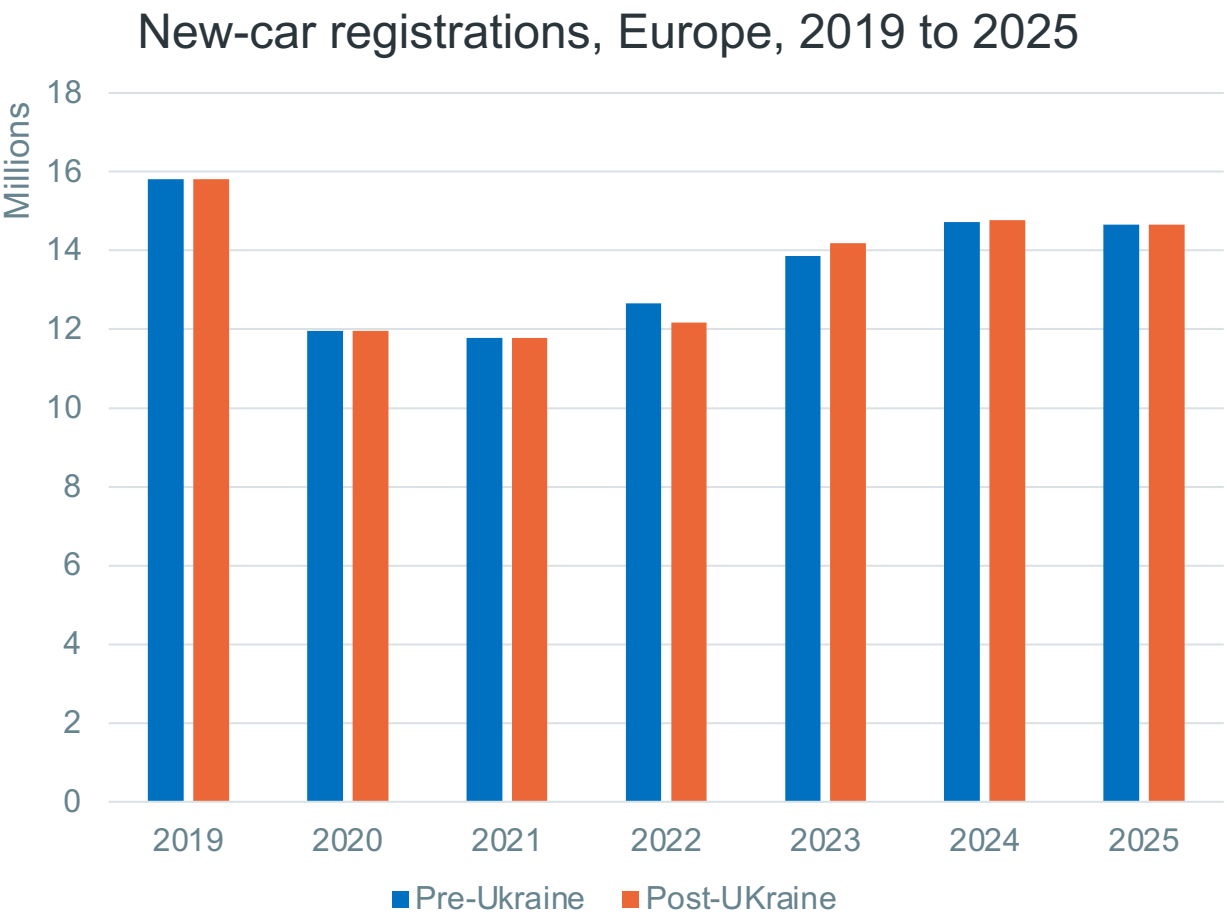


Impact on monthly registrations development in 2022



- Double-digit decline y/y in March
- Current disruption reflected in Q2
- Slower recovery than previously anticipated (semiconductors)
- Net effect: 2022 forecast 146,000 units (5%) lower

Impact on annual new-car registrations to 2025



- Short-term impact in 2022
- Slower recovery than previously anticipated (semiconductors)
- Net effect: 2022 forecast 500,000 units (3.9%) lower
- Registrations displaced into 2023 (335,000 units/2.4% higher)
- 2025: 23% below pre-pandemic level of 2019

Impact on used-car demand and prices

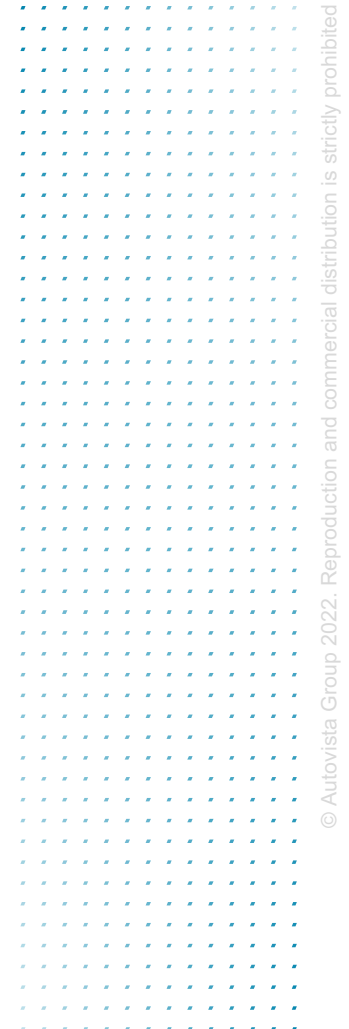
| | AT | CH | DE | FR | IT | ES | UK | RV effect |
|----------------------------|----|----|----|----|----|----|----|-----------|
| New-car demand | - | - | - | - | - | - | 0 | ↑ |
| New-car supply | - | - | - | - | - | - | - | ↑ |
| New-car prices | + | + | + | + | + | + | + | ↑ |
| Used car demand | 0 | 0 | + | + | 0 | + | 0 | ↑ |
| Used car supply | - | - | - | - | - | - | - | ↑ |
| Inflation - cost of living | - | - | - | - | - | - | - | ↓ |
| Net RV effect | 0 | 0 | + | 0 | + | + | 0 | |



- **Lower new-car registrations**
- **Higher new-car list prices**
- **Higher living costs** (pressure on demand for used cars)
- **RVs have surged** since the COVID-19 pandemic began

- **Limited impact on RV developments**

- **Used-car markets** already stabilising/slowng
- **Downgrade in UK RVs** due to subdued market activity
- **Downside risk to RVs:** Russia cuts gas supplies



Monthly Market Update



Monthly Market Dashboard

March 2022

Passenger Cars

SELECT MARKET:

Austria

SELECT FUEL TYPE:

ALL

| | Current month | change (m/m) | change (y/y) |
|---|---------------|--------------|--------------|
| Trade RV (absolute) | 18,462€ | 2.2% | 15.5% |
| Trade RV (% of List Price) | 48.7% | 1.7% | 13.2% |
| List Price | 37,891€ | 0.5% | 2.0% |
| Sales-Volume Index (Jan 2021 = 100) | 145.3 | -2.0% | -14.5% |
| Active-Market Volume Index (Jan 2021 = 100) | 91.3 | -1.3% | -18.5% |

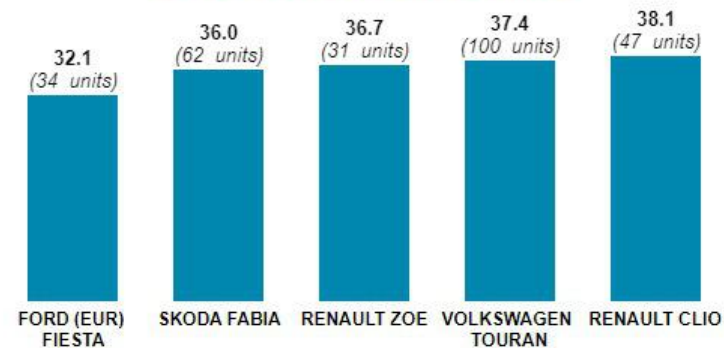
Average days to sell

| Current month | change (m/m) | | change (y/y) | |
|---------------|---|------|---|------|
| 61.3 |  | -6.7 |  | -3.8 |

RV outlook

| | 2022 | 2023 | 2024 |
|--|--|---|---|
| |  3.5% |  -1.0% |  -1.0% |

Days to sell for fastest sellers



- Latest RV developments
- Used-car sales, supply and stock days
- Fuel-type splits
- RV Outlook



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Central-East European markets – First impacts

Currencies

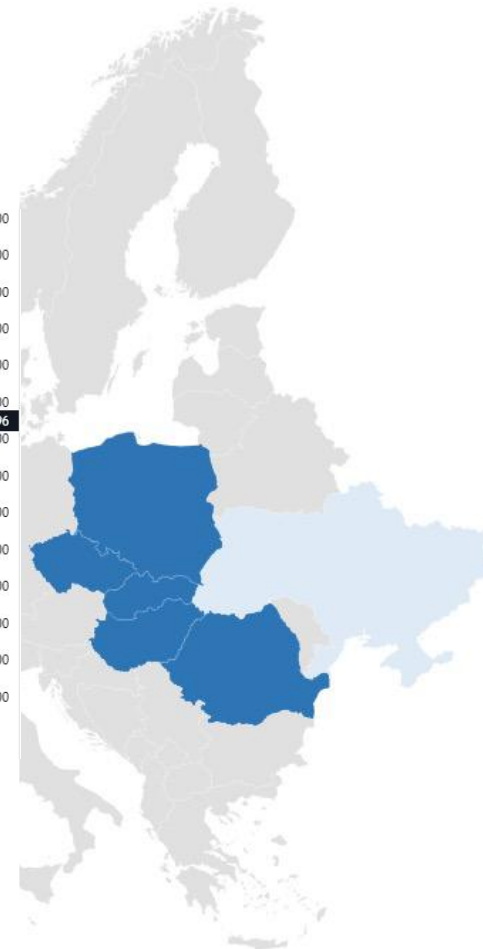
First negative impact: local currencies disruption



The local National Banks needed to do interventions.

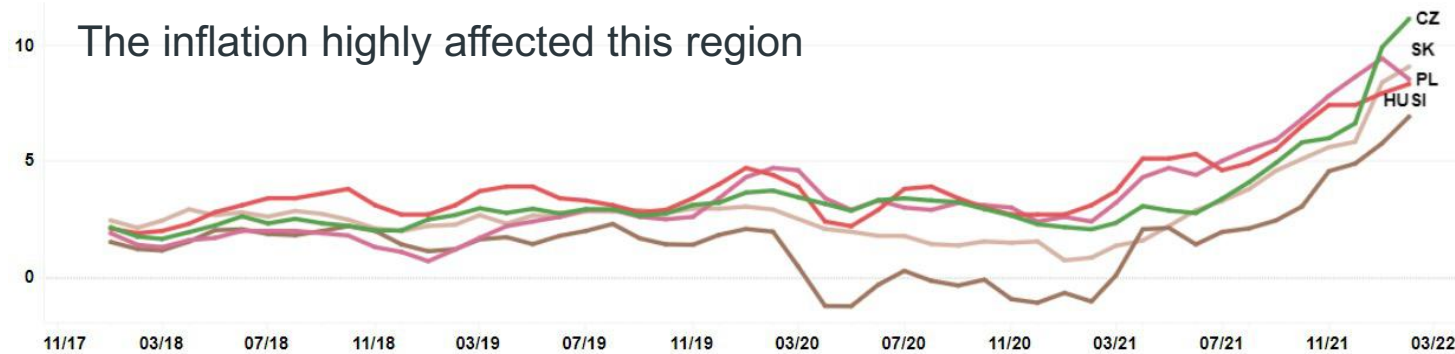
Base interest rate increased

- inflation,
- cost of car financing



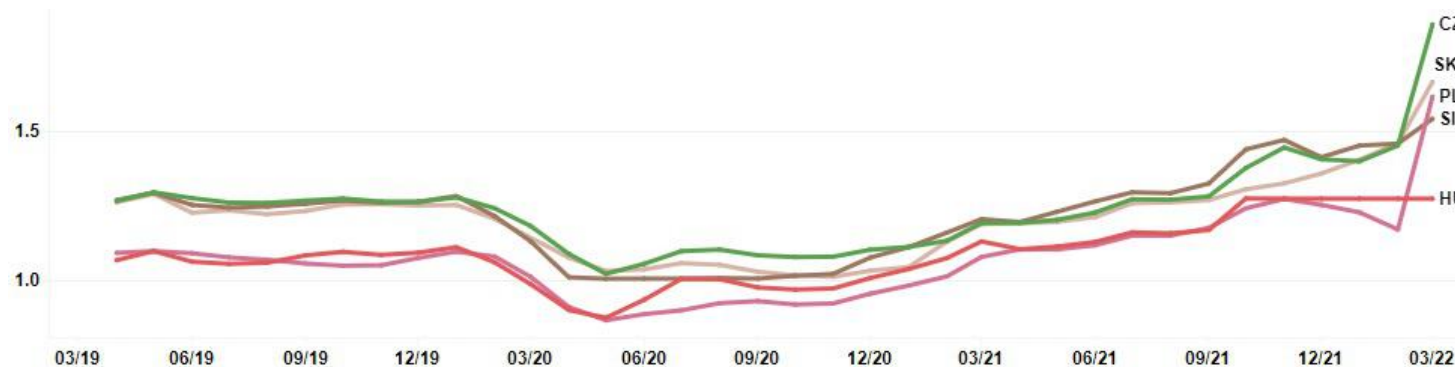
Central-East European markets – Inflation / fuel prices

Inflation

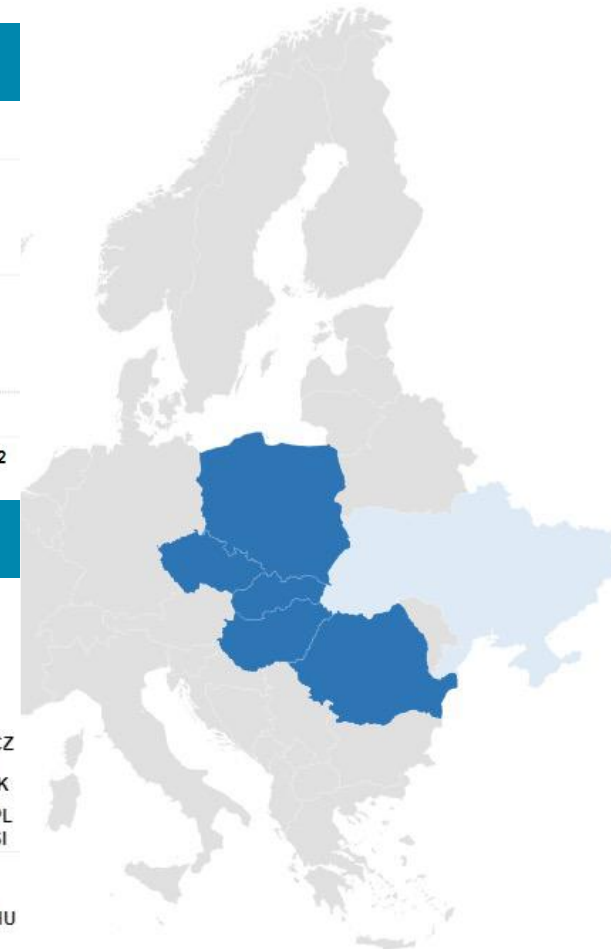


Fuel prices

Energy prices including fuel increased dramatically → Living-cost ↑
→ lower demand on purchasing cars



Source: Autovista Group analysis



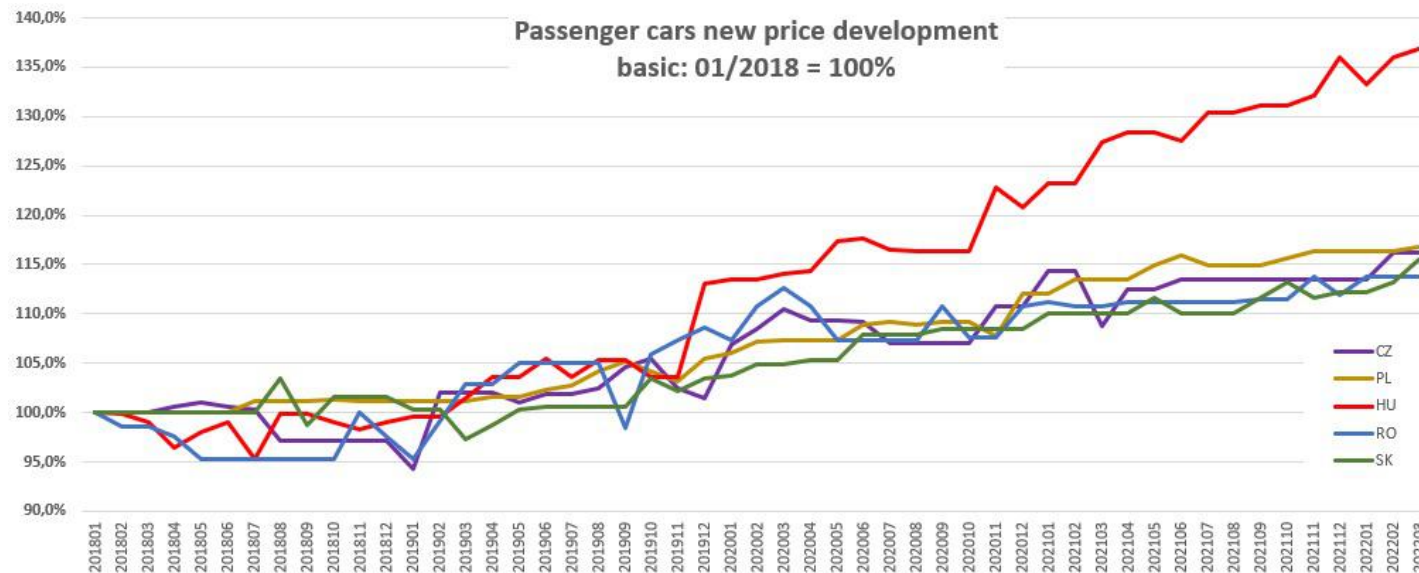
Central-East European Markets – New cars

New cars – demand

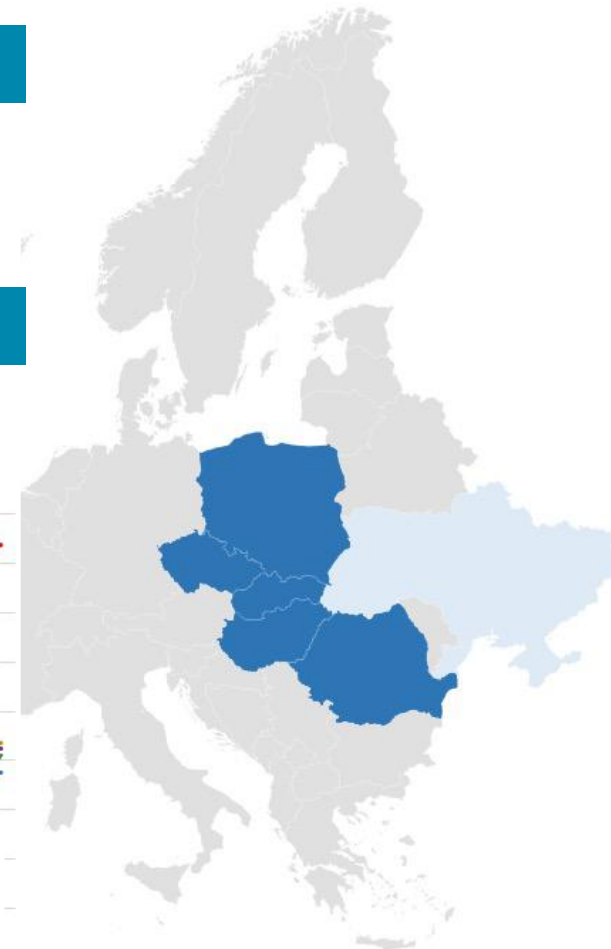
The demand for new cars is still higher than supply
Poland: new labour tax scheme reduce the demand of purchasing

New price development

There was general price increase mainly from 01/2019. → +16%
Hungary: additional effect → local exchange rate development



Source: Autovista Group analysis



Central-East European Markets – RV trends

Economic factors

RV

| | | |
|-----------------------|--|---|
| Cost of living | Inflation / Energy prices increased High fuel prices => low consumption cars preferred. | ↓ |
| Car financing | The interest rates increased. Cars are more expensive. | ↓ |

New cars

RV

| | | |
|-------------------|--|---|
| Demand | No change. Except in Poland due the high living cost | — |
| Supply | The challenge is bigger than before. Less new cars. | ↑ |
| List price | Price increase | ↑ |

Used cars

| | | |
|---------------|---|---|
| Demand | New car supply issue vs increasing living cost | — |
| Supply | Used car stock reduced in this region and W-Europe. | — |



Limited impact on RV
developments



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Summary

- There are three potential scenarios based on how the Ukraine war will evolve
- Monthly inflation is on the rise across Europe, with Central-East European countries most affected.
- This is contributing to higher list prices for new vehicles across Europe
- EV market could benefit from rising oil prices – but this is unlikely to be disruptive
- Added disruption to fragile supply chains; Impact already felt in March new-car registrations
- Limited RV impact expected in big European markets as it is already at record levels and living costs jeopardise demand
- The war has destroyed optimism in the automotive industry in Eastern Europe following hoped recovery from supply-chain issues
- RV impact will differ in Eastern European markets, but is expected to be less than 1% overall

Q&A

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- Contact details of our experts to follow...

Next steps

Any questions? Ask the team...

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