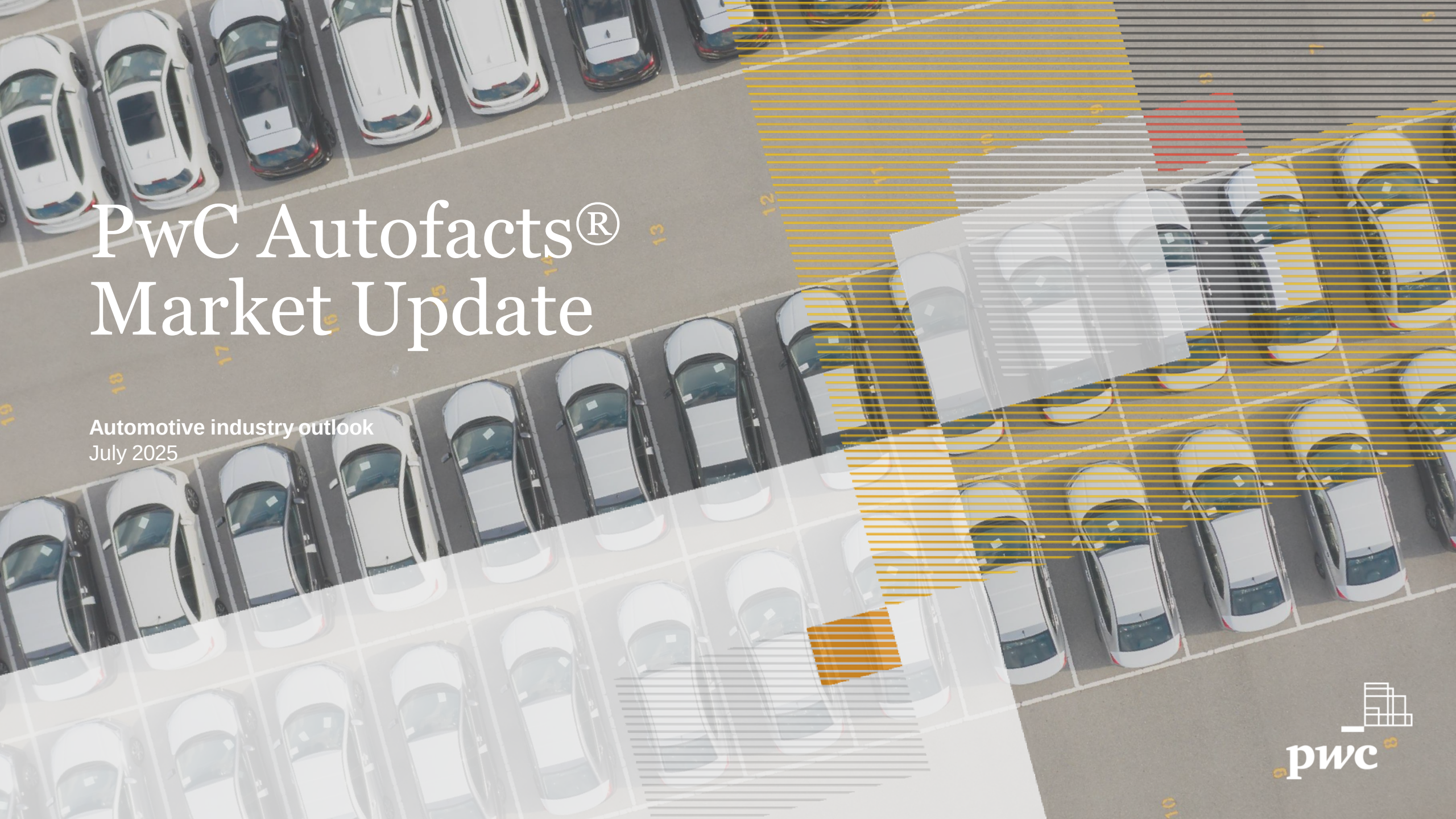


PwC Autofacts® Market Update

Automotive industry outlook
July 2025

pwc

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1 Executive summary

Industry Drivers

세계 거시경제

- 2025년 5월 주요 지역 소비자 심리지수는 100 미만으로 4월보다 저조
- ECB(유럽중앙은행)는 6월초 금리를 2.25%에서 2.0%로 인하, 근래 추가 인하 가능성

원자재

- 가격 소폭 감소, 향후 일부 변동 예상
  - 니켈: 전월 대비 1% 감소
  - 코발트: 변화 없으나, 콩고 수출 금지로 3분기 상승 예상

EU의 관세 영향

- EU가 중국에 부과한 관세로 인해 중국에서 EU로의 BEV 수입은 4개월 연속 감소하다가 5월에는 일시적으로 전년 대비 27% 증가
- 중국 OEM들은 유럽 내 공장 설립 등으로 EU의 관세에 대응 중

Sales & Production

판매

- 2025년 5월 글로벌 승용차 판매량은 전년 동기 대비 4% 감소하였으며, 이는 2023년 1월 이후 한 달 간의 감소 중 최대
  - 연초부터 현재까지 글로벌 판매는 지난해 수준을 넘었으나 1% 미만의 증가에 그침

생산

- 2025년 5월 유럽의 승용차 생산량은 전년 동기 대비 8% 감소하였음
  - 독일은 14% 증가세를 보였으며, 프랑스는 유지한 반면, 영국, 스페인, 이탈리아는 급격한 감소를 보임(전년 대비 각각 -25%, -28%, -38%)

2

Industry overview

2 Automotive dashboard

China continues to leap ahead, while Europe* matches past-year results

Europe*



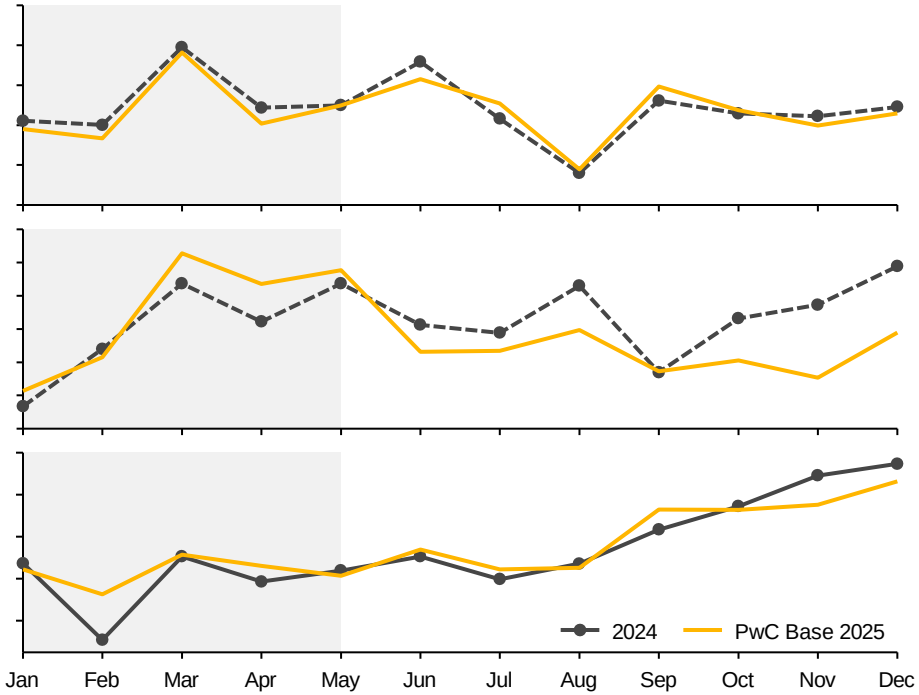
USA



China



Full year sales 2024 vs. 2025



YTD sales delta to 2024

	Absolute	Relative
Europe*	-27k	-0%
USA	+344k	+5%
China	+1.10m	+14%

Prices Q1 2025 vs. Q2 2025 forecast

Lithium	-1%
Cobalt	+34%
Nickel	-1%
Copper	-1%

- Global passenger car sales declined by 4% YoY in May, yet remains 56,000 units ahead of the previous year so far
- The EU5 mirrored the overall market trend across Europe by achieving a 1% year-over-year growth, aligning with last year's volumes on a year-to-date basis.
- China continues double-digit growth in May with +12% YoY, while the US market slowed to +2% in the same period

*EU27+UK+EFTA
Source: PwC Autofacts analysis

2 Hot topics

Overview of latest developing stories in the automotive industry

1



World’s first L4 ADAS production car from VW set to debut in 2026

VW is advancing its efforts with its ID Buzz AD, a Level 4 autonomous vehicle set to debut in Hamburg and Los Angeles by 2026, aiming to penetrate the robotaxi sector.

2



Due to high electricity prices, EV charging is the most expensive in Germany

In 2024, Germany ranked as the most expensive country in Europe for BEV charging because of high electricity costs, followed by Denmark, which registered a significantly higher share of BEVs.

3



China partially cancels trade-in subsidies amid NEV price wars

Chinese officials seek to regulate the market to curb unsustainable sales practices, increasing pressure on manufacturers facing sales challenges.

4



Tesla’s newly launched robotaxi service draws scrutiny from US safety agency

Tesla's robotaxi service, launched in mid-June in Austin, Texas, has raised safety concerns after instances were observed where the vehicles did not comply with traffic laws.

5



How China wields rare earths as a strategic weapon

China's dominance in the rare earths market exposes supply risks for the US and EU. While alternative sources are being explored, China's strategic edge continues to be substantial.

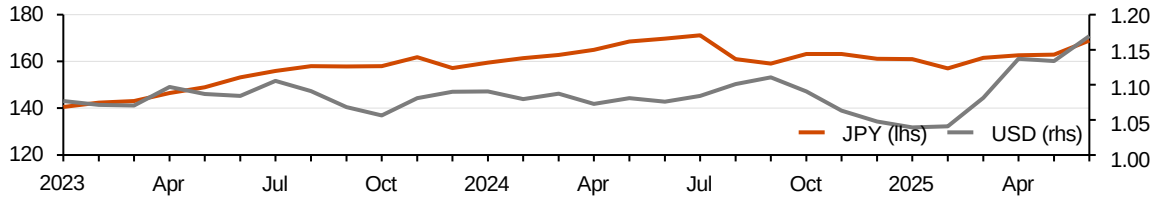
Source: Automobilwoche, Autonews, Reuters, Bloomberg, Deutsche Welle

2 Economic indicators

Policies and consumer confidence are swayed by intensifying political unrest

Exchange rates

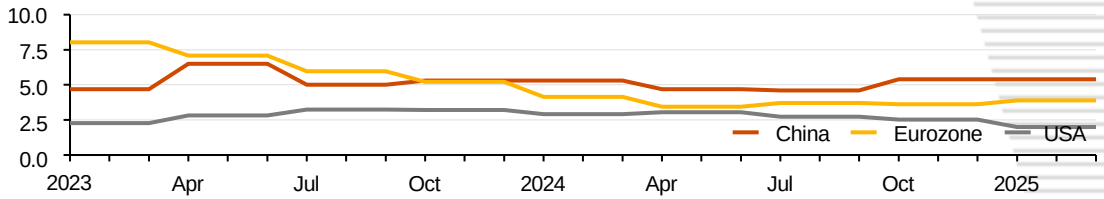
(per EUR)



As of the end of June, both the Japanese yen and the US dollar depreciated against the euro. The outlook of the US dollar is particularly uncertain due to ongoing political uncertainties.

Real GDP change

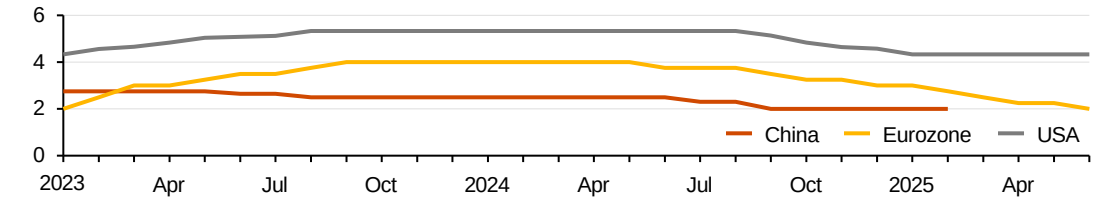
(in % over previous year)



In Q1 2025, the real GDP growth rate over Q1 2024 was the fasted in China (+5.4%), followed by the Eurozone (+3.9%) and the US (+2.0%).

Central bank policy rates

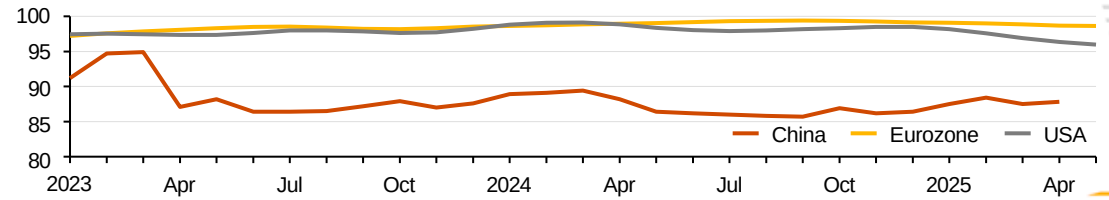
(in %)



The ECB cut its deposit rate from 2.25% to 2.0% in early June. Further rate cuts are not unforeseeable in the near future. Greater uncertainties loom in the US amid tension between the President and Federal Reserve Chair.

Consumer confidence indicators

(index)



Consumer attitudes in all analysed key regions remained pessimistic (below 100). In May, both US and Eurozone consumers reported slightly lower confidence compared to April.

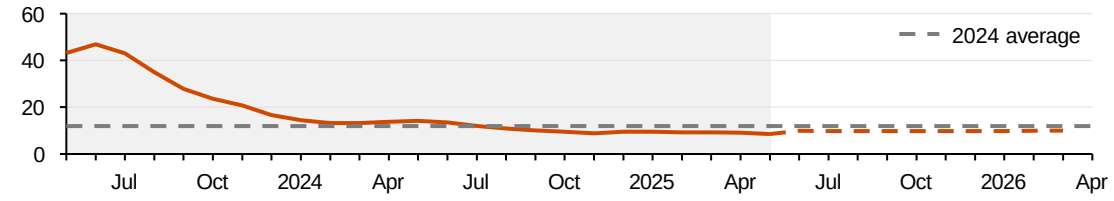
Source: PwC Autofacts analysis, ECB, Fed, BEA, PBC, OECD

2 BEV commodity prices

Prices for most battery related commodities are forecasted to remain stable

Lithium

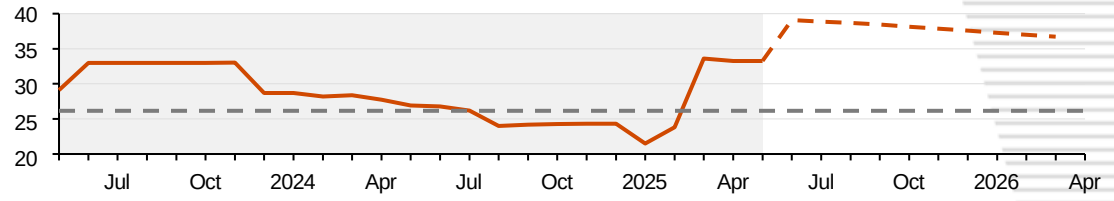
(LME*, in ’000 USD/metric ton)



Li While the graph presents a horizontal price development since the second half of 2024, lithium prices fell by 7% in May over the previous month to $8,520/mt, the lowest since the supply chain disruptions in 2023.

Cobalt

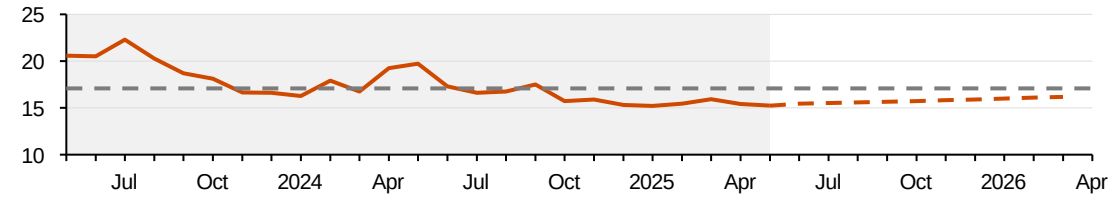
(LME*, in ’000 USD/metric ton)



Co Although cobalt prices did not change in May, they remained in a highly elevated state. Forecasts are indicating a further price hike in Q3 2025 to over $38,000/mt amid discussions of an export ban from DR Congo.

Nickel

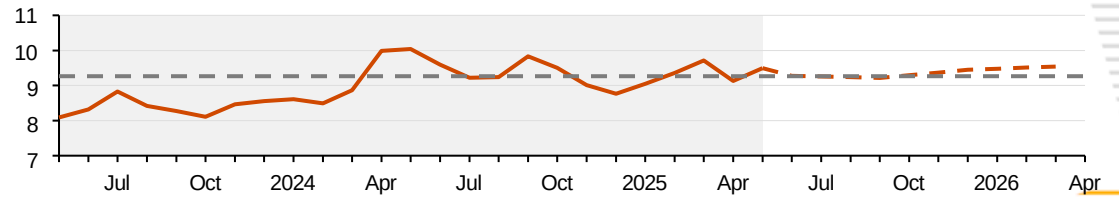
(LME*, in ’000 USD/metric ton)



Ni Nickel prices grew by less than 1% in May over April and continue to hover around the $15,500/mt mark. While no drastic price jumps are expected, forecast indicate a slow creep towards the $16,000/mt mark until year-end.

Copper

(LME*, in ’000 USD/metric ton)



Cu Monthly copper prices showed alternating growth patterns in the last three months and jumped again by 4% in May to $9,500/mt. While prices are forecasted to fall slightly, they are expected to remain at 2024 prices in Q3.

*London Metal Exchange
Source: PwC Autofacts analysis, Bloomberg

3

Analyst insights

3 Import/export volumes

Germany exports more to China than it imports, total imports from China are higher

Import/export volumes of passenger cars

The EU is forecasted to export 215,500 passenger cars to China in 2026



	2023	2024	2025F	2026F	CAGR '24-'26
BMW Group	72,000	61,500	46,000	41,000	-18%
MB*	82,500	63,000	61,500	56,500	-5%
VW Group	156,500	112,500	104,000	89,000	-11%
Audi	62,000	51,000	43,500	31,500	-21%
EU27 total	**363,500**	**279,000**	**246,000**	**215,500**	**-12%**

From EU to China

From China to EU

	2023	2024	2025F	2026F	CAGR '24-'26
BMW Group	18,000	29,000	40,500	37,000	+13%
MB*	9,500	16,500	20,500	29,000	+33%
VW Group	0	5,000	21,000	20,000	+105%
Audi	0	0	0	0	-
China total	**509,500**	**547,500**	**790,000**	**912,500**	**+29%**



China is forecasted to export 912,500 passenger cars to the EU in 2026

*Mercedes-Benz, excl. smart

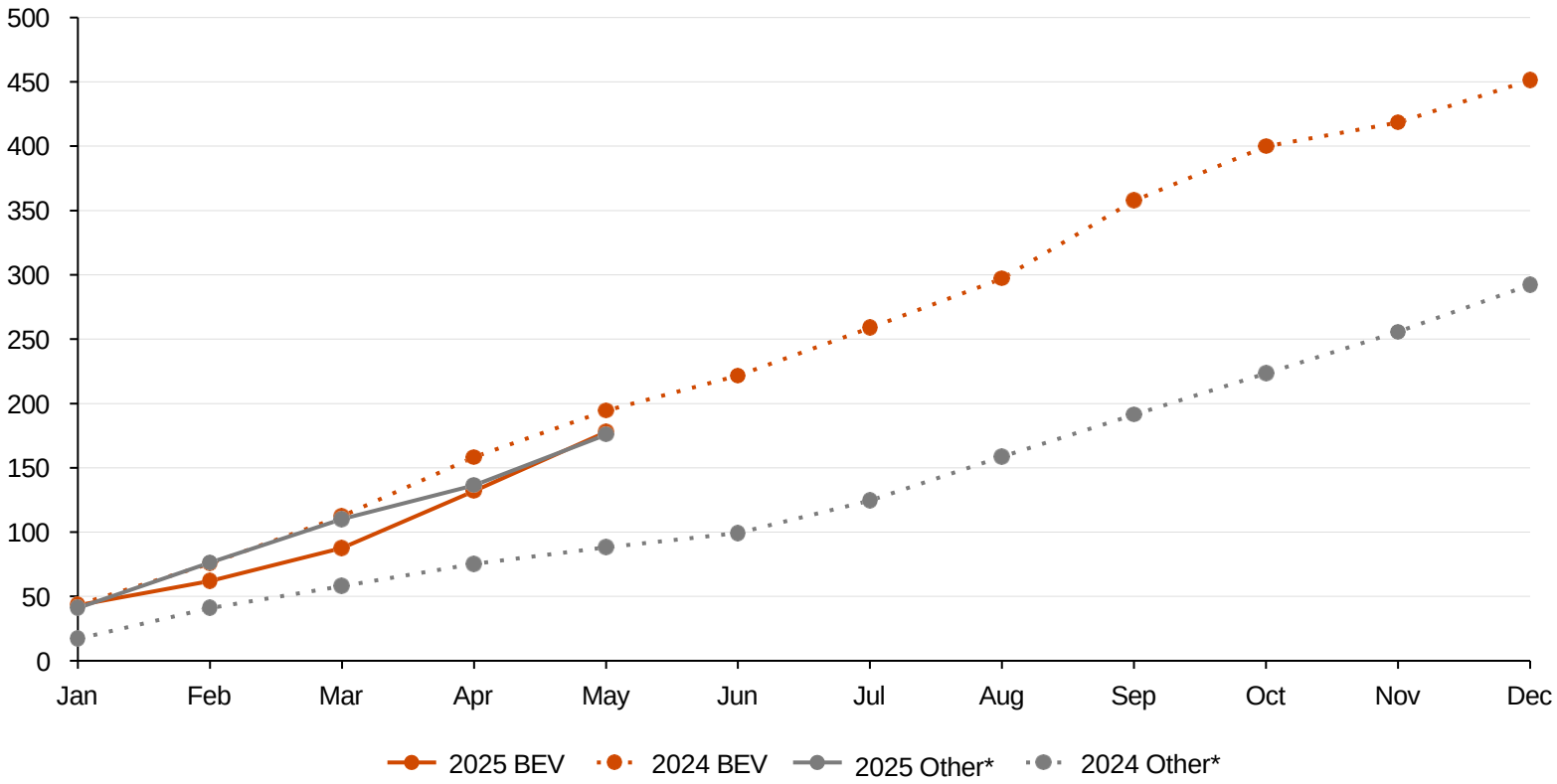
Source: PwC Autofacts analysis, S&P Global Mobility LV Sales April 2025 release

3 EU imports from China

EU tariffs only show mild effect on BEV imports, while other powertrains gain

Imported vehicles from China to the EU

(in thousand, accumulated)



Key insights

- After four back-to-back months of YoY decline, **BEV imports from China to the EU grew for the first time this year**, up by 27% YoY in May, closing the YTD gap to last year to -9%
- **Imports of other powertrains types* have been steadily improving** and recorded the **biggest single-month growth** so far this year with +204% in May and **nearly doubled last year's YTD volume** to 175,500 units
- The negative trend of BEVs can be attributed to **EU's countervailing duties on imports of BEVs made in China**, which have been in force since the end of October 2024
- **Chinese OEMs** such as Chery, XPeng and BYD are actively seeking a new path in Europe by **launching overseas cooperations, contract manufacturing** or **planning to build factories in Europe**

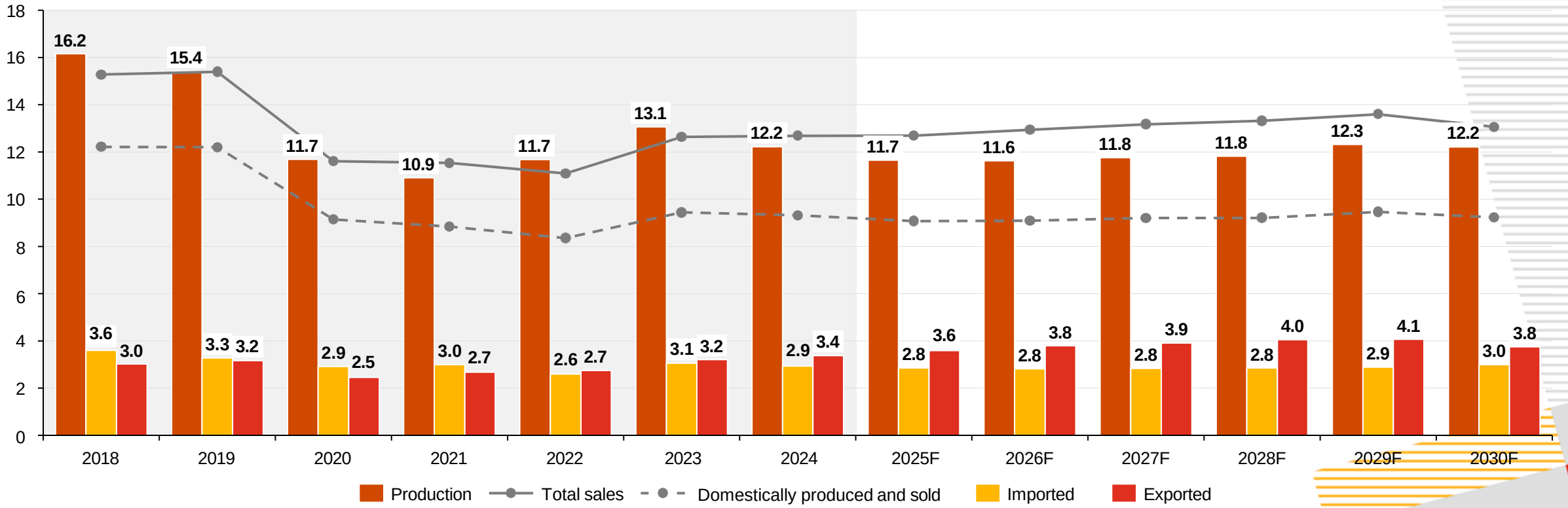
*Other powertrain types excluding BEVs
Source: PwC Autofacts analysis, General Admission of Customs China

3 European* passenger car production

Locally produced and sold passenger cars declined by 24% from 2019 to 2024

European* passenger car production, sales, imports and exports

(in million)



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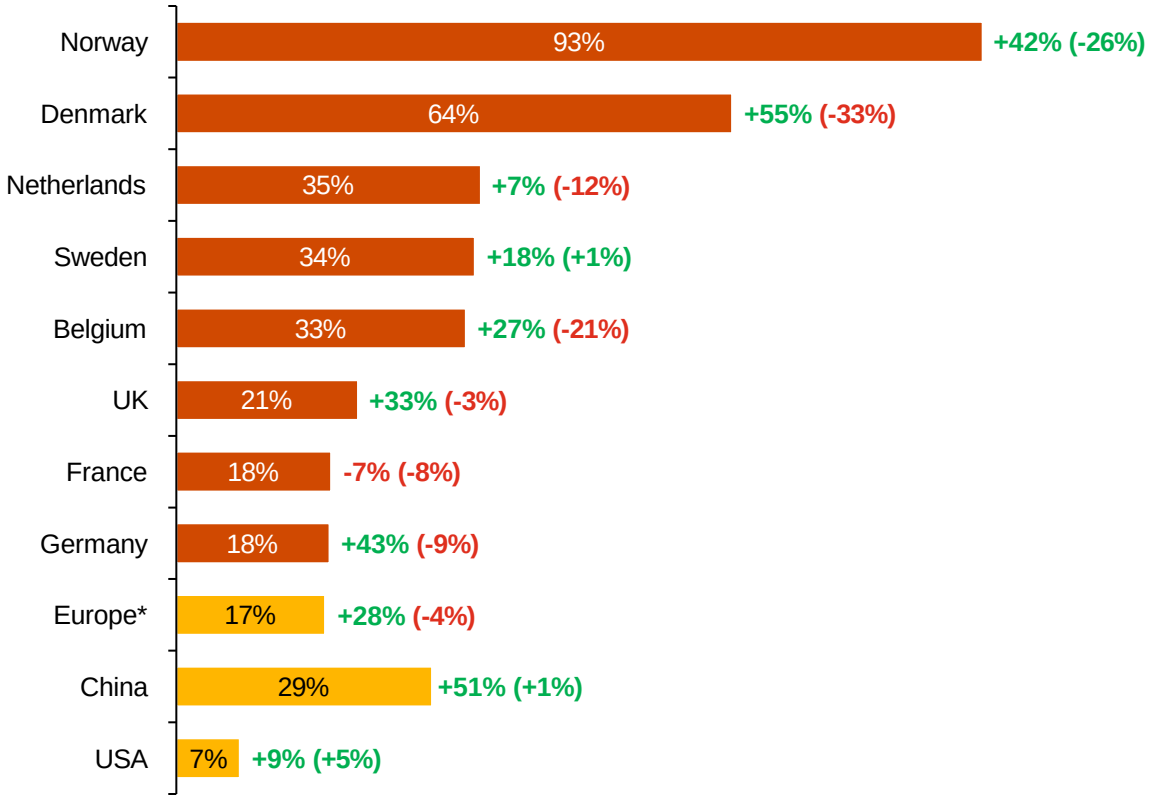
*EU27+UK+EFTA
Source: PwC Autofacts analysis, S&P Global Mobility LV Sales Forecast April 2025 release & Production Forecast May 2025 release

3 Leading countries in EV penetration

BEV sales growth lags in France, while PHEV growths in a few countries fall behind

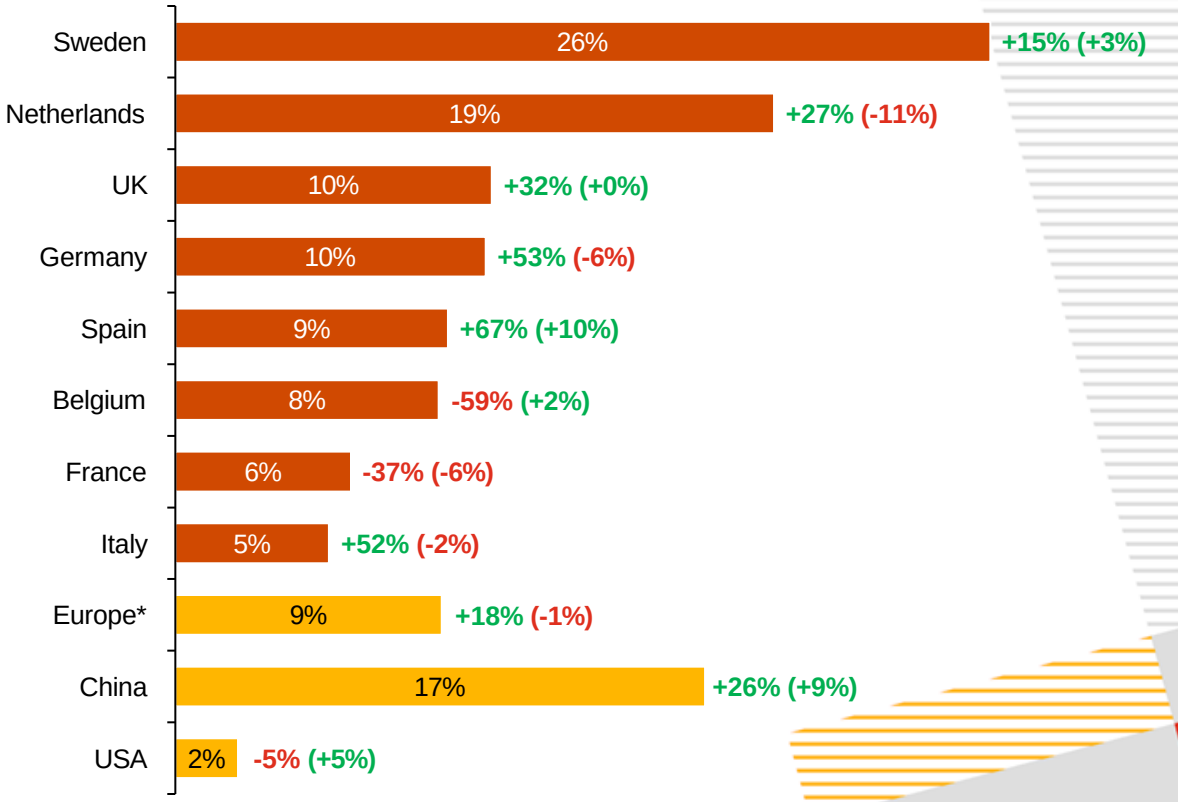
BEV market share of leading European* countries**

(May 2025 YTD, YoY change BEV (rest of market))



PHEV market share of leading European* countries**

(May 2025 YTD, YoY change PHEV (rest of market))



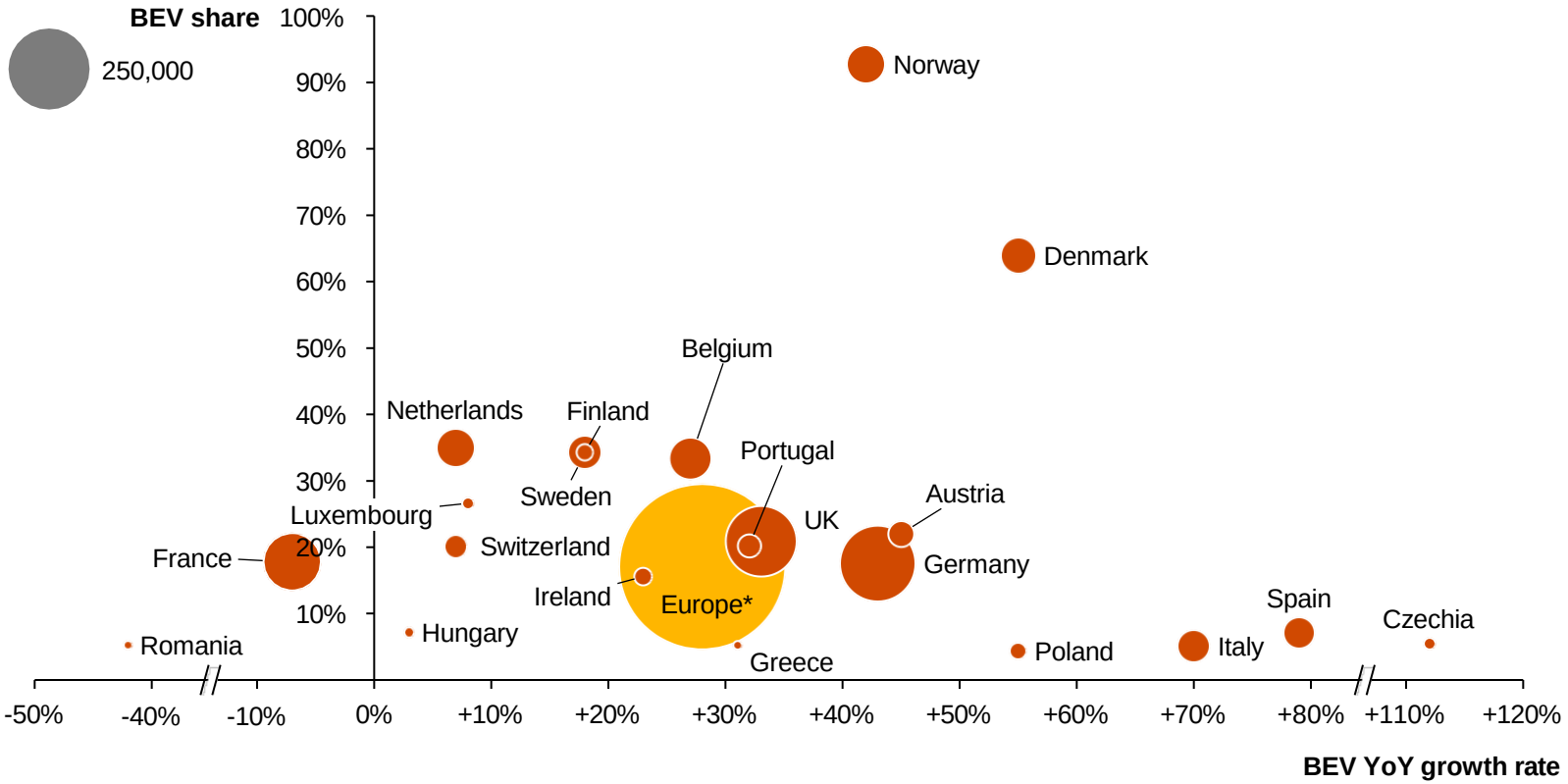
*EU27+UK+EFTA; **More than 30,000 BEVs or 15,000 PHEVs sold in May 2025 YTD
Source: PwC Autofacts analysis, ACEA, CAAM, ANL

3 European* BEV penetration

BEV sales in Europe* rose in May with France and Romania as the only outliers

Europe* BEV sales development**

(in %, May 2025 YTD)



Key insights

- **France and Romania** are currently the only of the analysed countries** that have seen **consistent YoY declines so far this year**, further dropping by 7% and 42% YoY respectively in May YTD
- Despite being seemingly saturated, **Norway and Denmark continue to show high double-digit growth** with 42% and 55% YoY respectively
- **After retaking the title of top BEV country** in April, **Germany advances its lead** over the second largest BEV market UK
- **Spain and Italy recorded +79% and +70% YoY** gains respectively in May 2025 YTD, **only topped by Czech Republic** at +112%

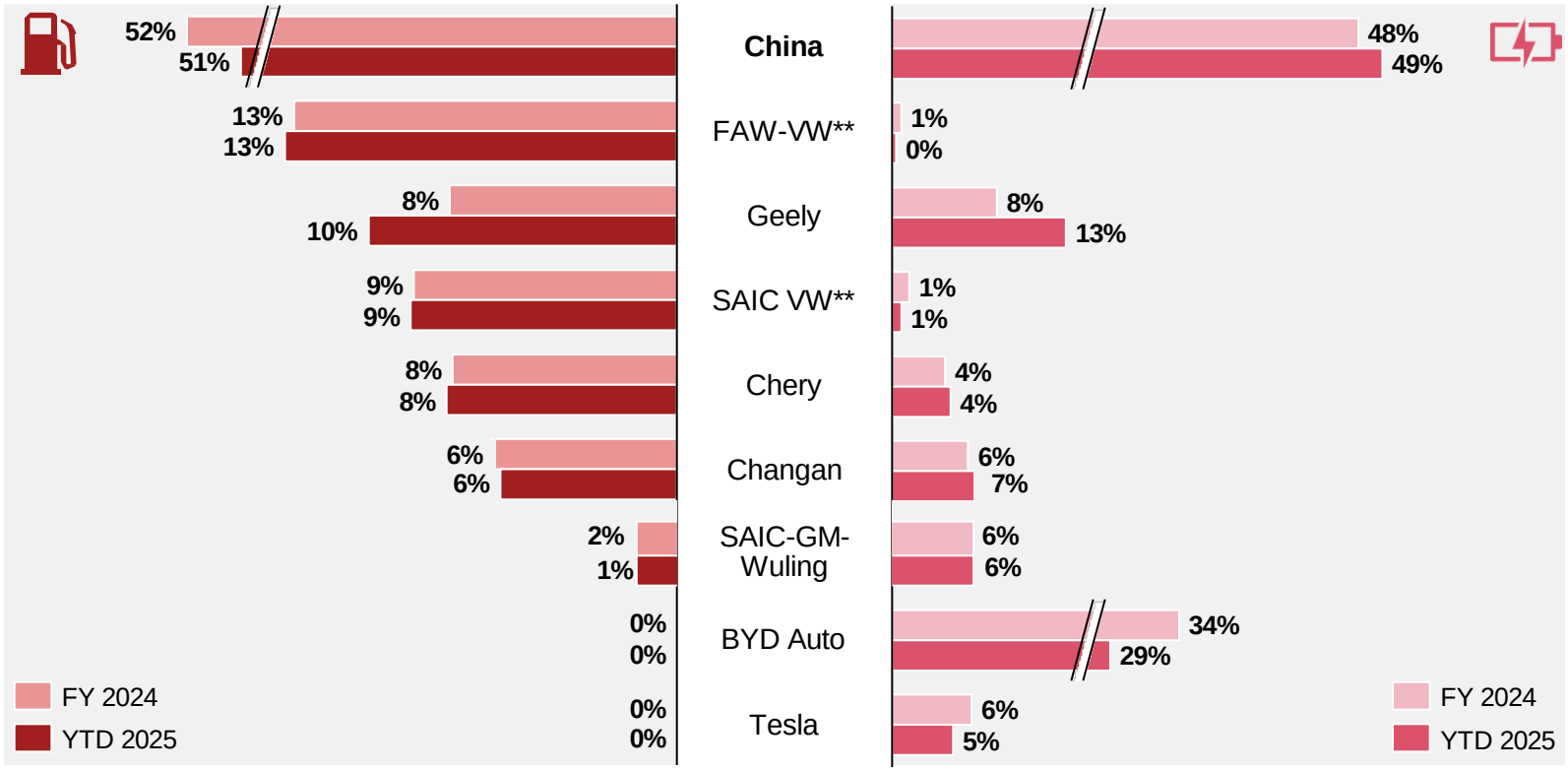
*EU27+UK+EFTA; **Countries with over 2,500 BEVs sold in April 2025 YTD
Source: PwC Autofacts analysis, ACEA

3 ICE vs. NEV* market share China

BYD is pulling ahead of the runner-up in terms of total market and NEV shares

ICE vs. NEV* market share in China

FY 2024 vs. May 2025 YTD



Key insights

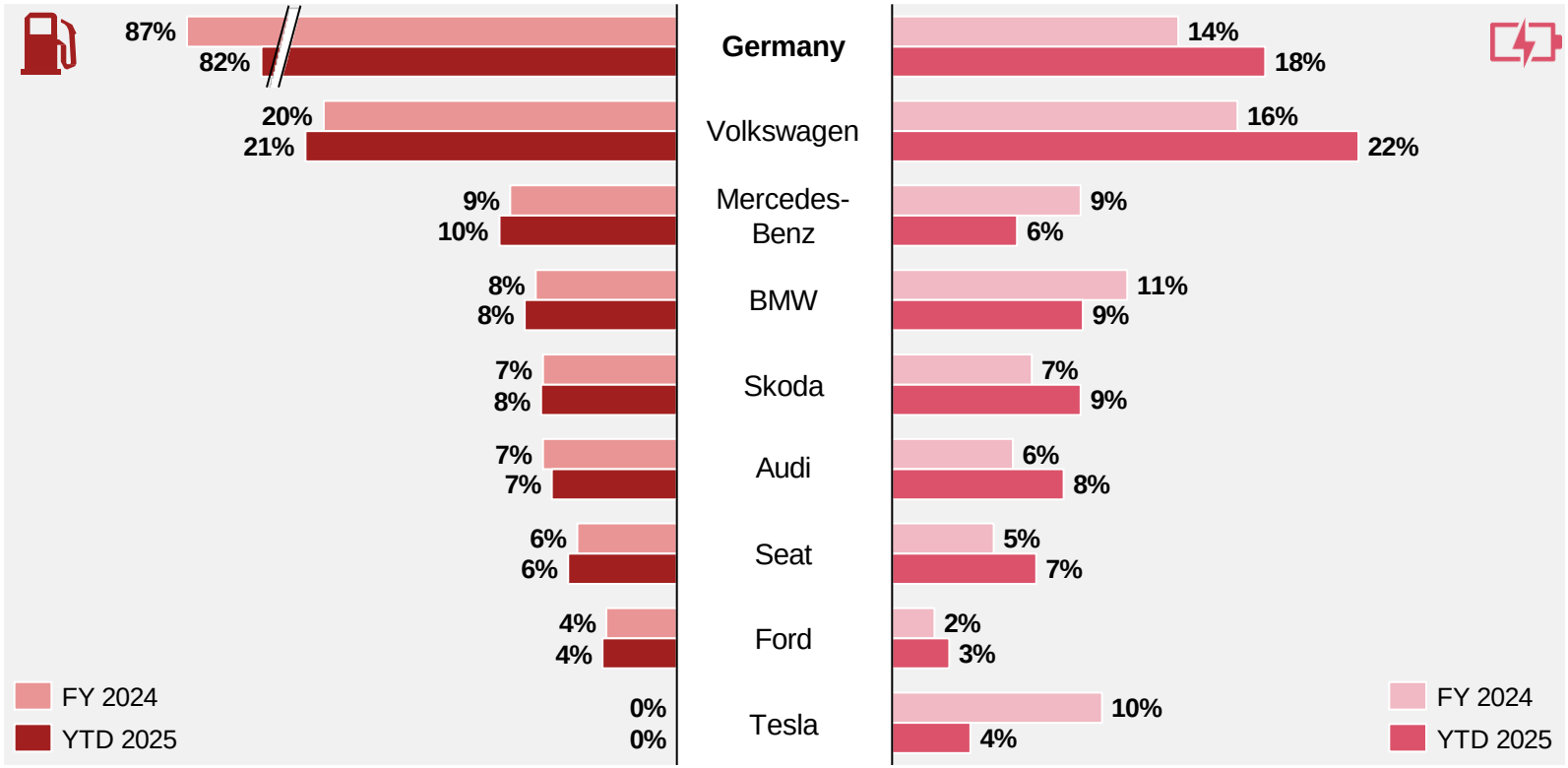
- From January to May 2025, the **NEV share of the Chinese passenger car market exceeded 49%**
- **BYD** is again the best-selling brand overall as well as among NEV brands – **pulling ahead of runner-up Geely by nearly 3 percentage points overall and nearly 16 percentage points within NEVs**
- Among the **biggest ICE makers are the Volkswagen JVs**, however, their **NEV performances remain stagnant**

*NEV = PHEVs + BEVs; ICE = all powertrains excluding PHEVs and BEVs, including MHEVs and FHEVs; **VW JV sales include respective VW Group brands
Source: PwC Autofacts analysis, CPCA

3 ICE* vs. BEV market share Germany

Tesla continues to lose ground while the VW Group has increased its BEV share

ICE* vs. BEV market share in Germany
FY 2024 vs. May 2025 YTD



Key insights

- ICE market share in Germany is **continuously decreasing, while BEV shares have increased to over 18%**
- Yet, the **top 7 best-selling OEMs all grew their ICE market shares** over FY 2024 to a combined 43%
- **Volkswagen brands gained major ground in the BEV space** with VW gaining the most with 6%pt over FY 2024 to 22% so far this year
- **Tesla**, once a top 3 BEV brand, **lost 6%pt** over the same period **despite updated models** amid polarising statements made by its CEO in recent months

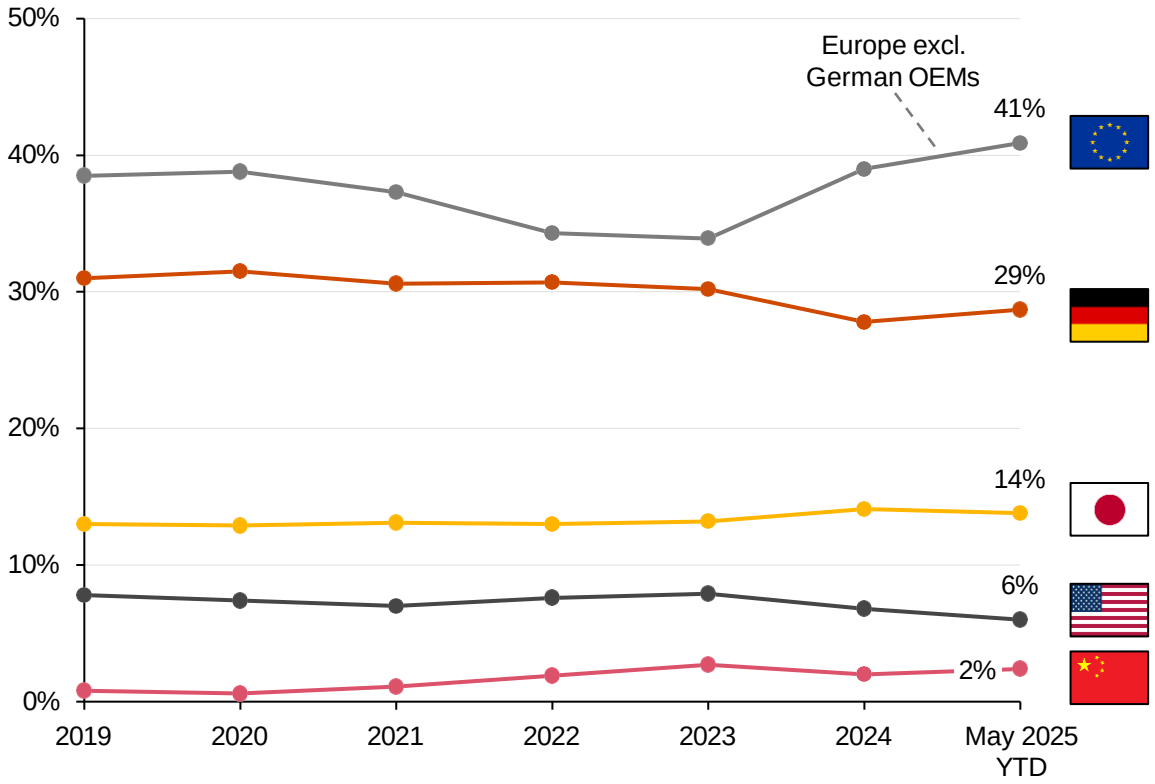
*ICEs including PHEVs, MHEVs and FHEVs
Source: PwC Autofacts analysis, KBA

3 Sales performance by brand origin

Chinese OEMs gain in domestic market, but remain a niche player in Europe

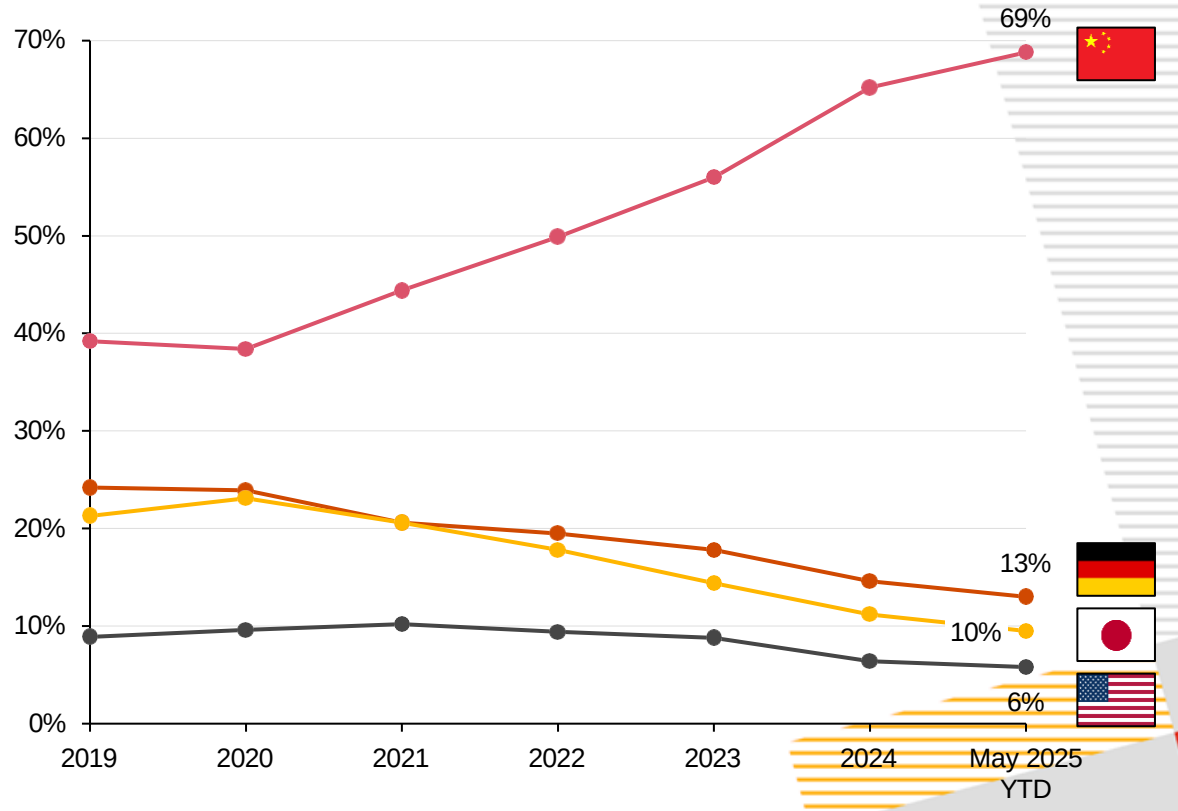
Market share in Europe* by brand origin

(in % of European* passenger car sales)



Market share in China by brand origin

(in % of Chinese passenger car sales)



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*EU27+UK+EFTA
Source: PwC Autofacts analysis, ACEA, CAAM

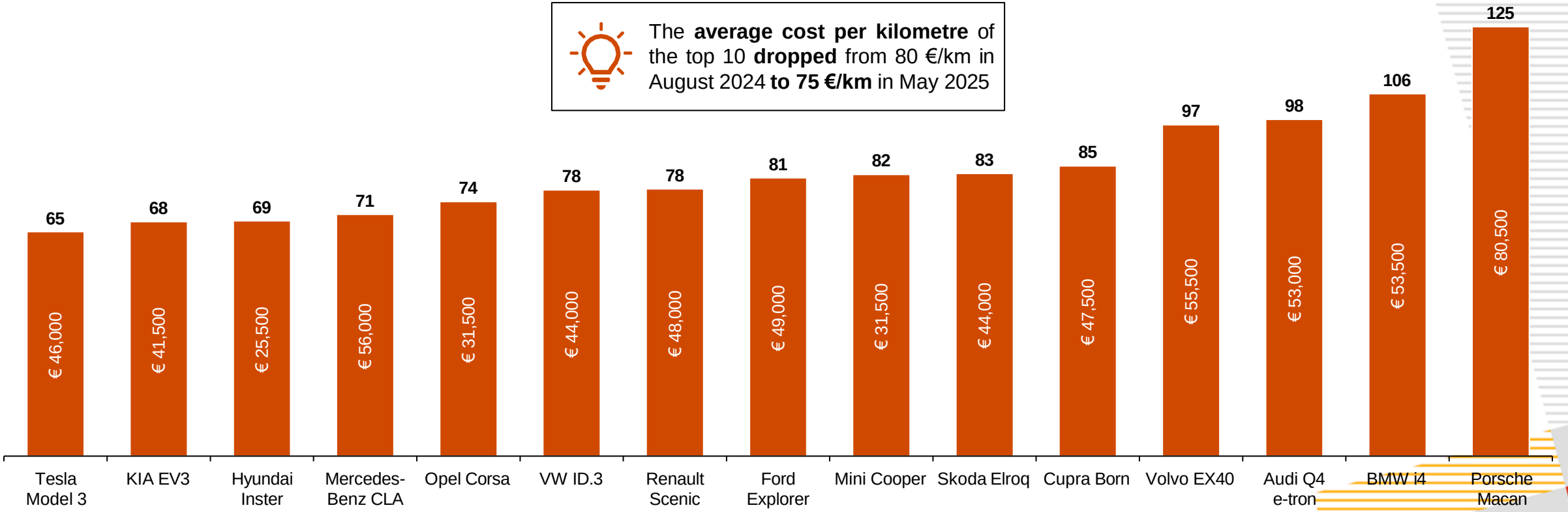
3 Best performing BEV models*

Running costs of BEVs are declining with new models and specs being released

Price-to-range ratio in Germany

(MSRP per WLTP range in €/km)

The **average cost per kilometre** of the top 10 **dropped** from 80 €/km in August 2024 **to 75 €/km** in May 2025



*Based on best performing model and spec per OEM, according to the list price to WLTP range ratio

Source: PwC Autofacts analysis, KBA, OEM websites

3 Selection of BEV models

Entry-level BEV models are becoming increasingly more attractive in terms of price

	Citroen e-C3	Leapmotor T03	Hyundai Inster	BYD Dolphin Surf	VW ID.1*
Launch	Summer 2024	Autumn 2024	Spring 2025	Summer 2025	2027
Entry price	€ 23,300	€ 18,900	€ 23,900	€ 19,990**	€ 20,000
Battery capacity/range	44 kWh/315 km	37 kWh/265 km	42 kWh/327 km	30 kWh/220 km	40 kWh/250km
WLTP Efficiency	17.1 kWh/100km	16.3 kWh/100km	14.3 kWh/100 km	15.5 kWh/100 km	15 kWh/100km
Power	113 HP/83 kW	95 HP/ 70 kW	97 HP/71 kW	88 HP/65 kW	95 HP/ 70kW
Price per km range	74 €/km	71 €/km	73€/km	90 €/km	80 €/km
Length/seats	4.02 m/5 seats	3.26 m/4 seats	3.83 m/4 seats	3.99 m/4 seats	3.88 m/4 seats
Production country	Slovakia	Poland***, China	South Korea	China, Hungary	Portugal

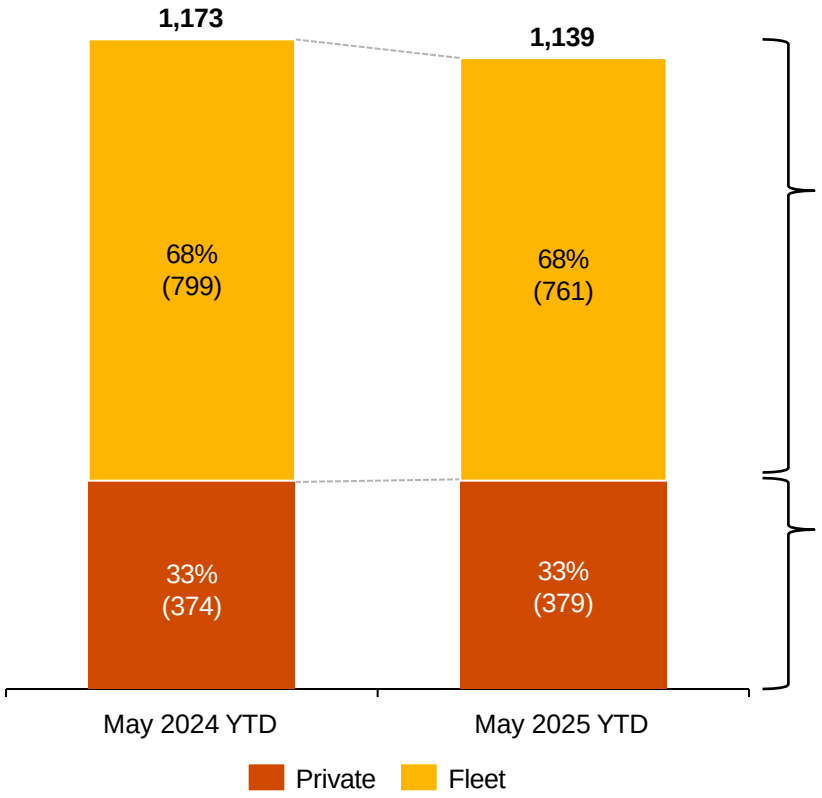
Similar **automatic transmission combustion engine vehicles** in the B-Segment **typically cost around €25,000**. When considering the **overall ownership costs**, **BEVs are becoming more appealing** and competitive in price.

*Specifications estimated; **Until 30 June 2025, then € 22,990; ***Production stopped in April
Source: PwC Autofacts analysis, OEM announcements

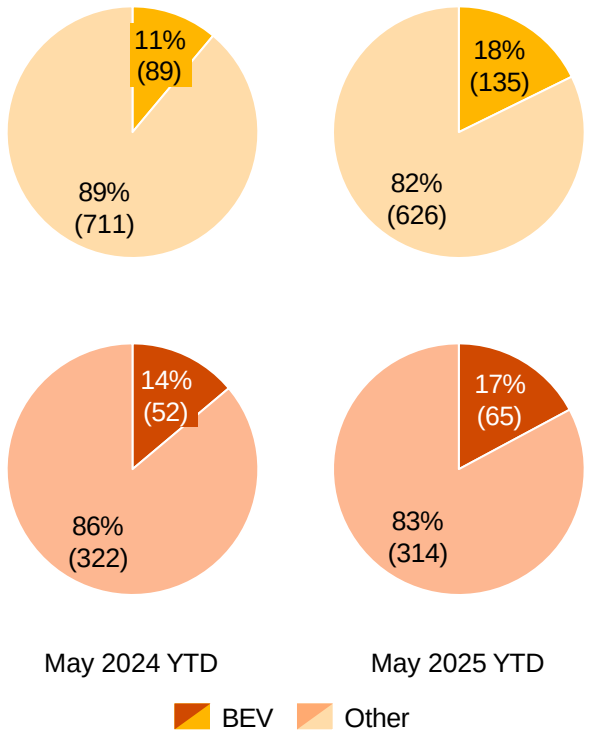
3 German private and fleet sales

Total sales have declined, whereas sales of BEVs, mainly for fleets, are on the rise

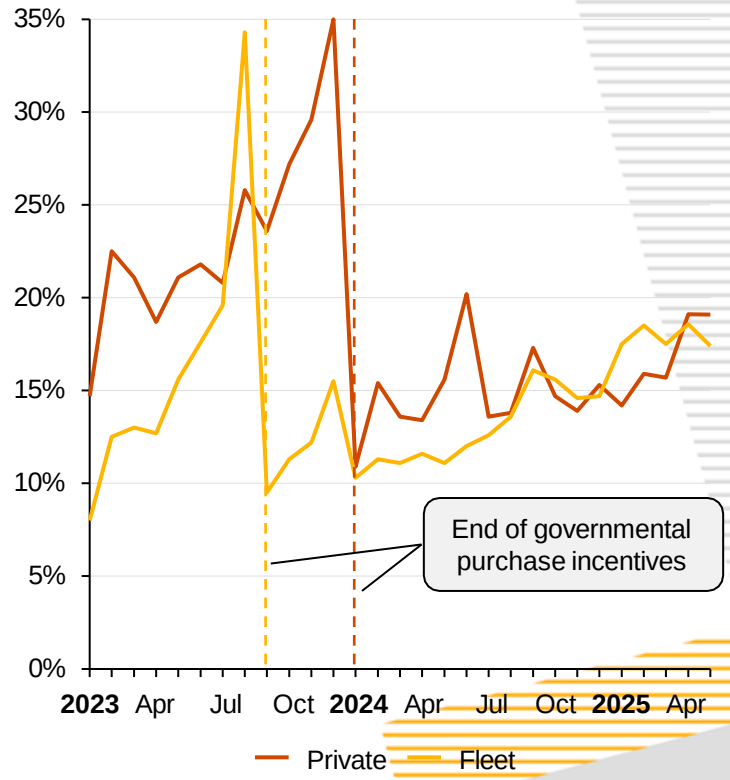
Total passenger car sales
(volume in thousand)



BEV share in private and fleet
(volume in thousand)



BEV share in private and fleet sales
(in %)



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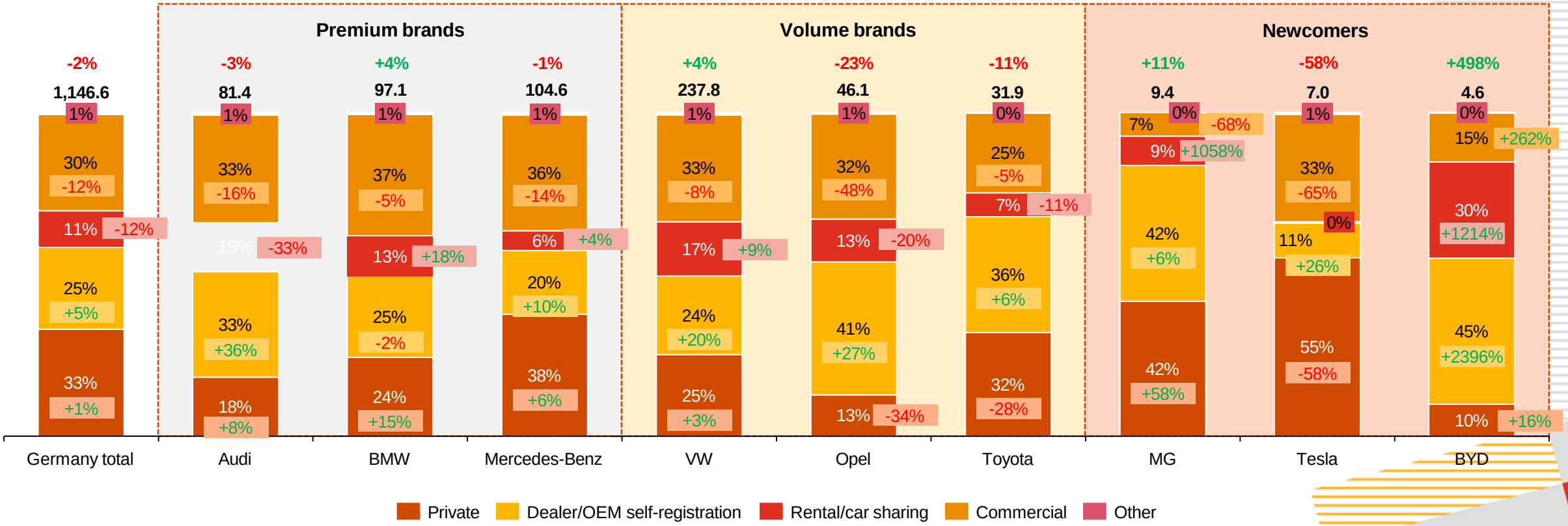
Source: PwC Autofacts analysis, KBA

3 Vehicle ownership share in Germany

OEMs show varying ownership levels with newcomers showing major changes

Vehicle ownership by brand

(in % of the respective sales, total in thousand, YoY change in %, May 2025 YTD)

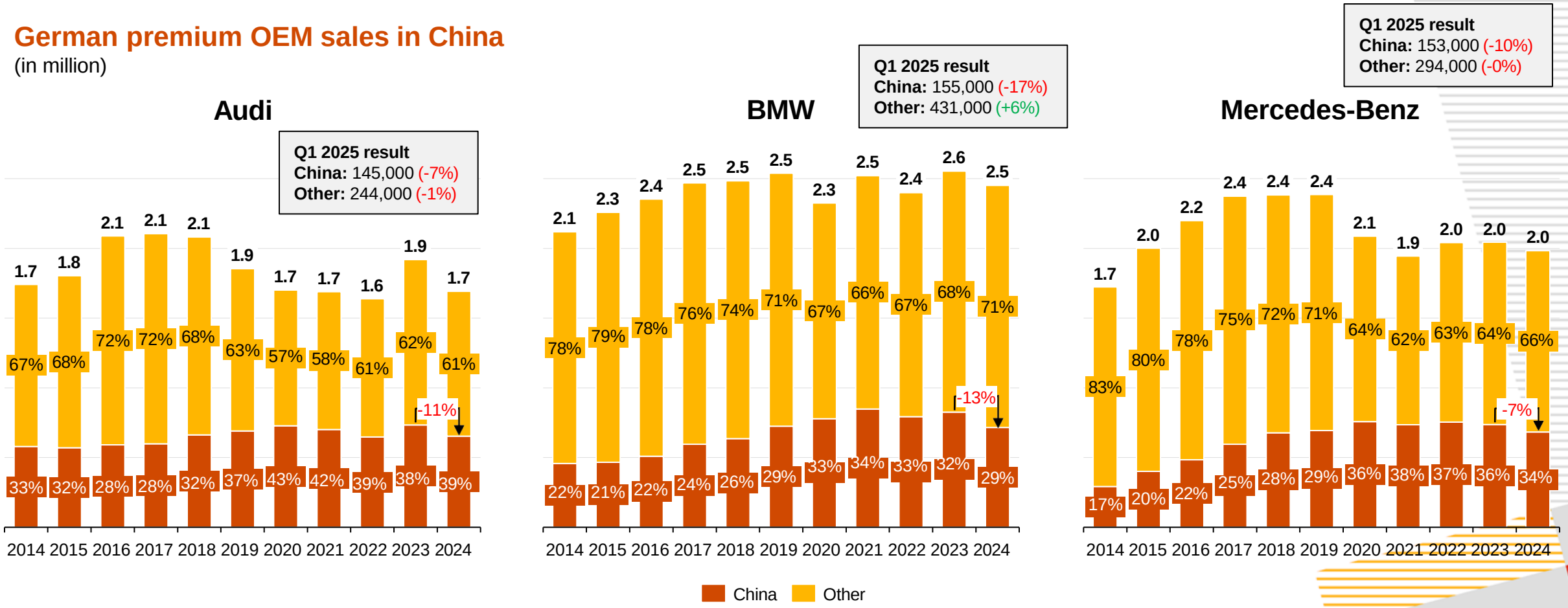


Source: PwC Autofacts analysis, KBA

3 German OEM performance in China

All three OEMs have lost market share in China due to increased competition

German premium OEM sales in China
(in million)

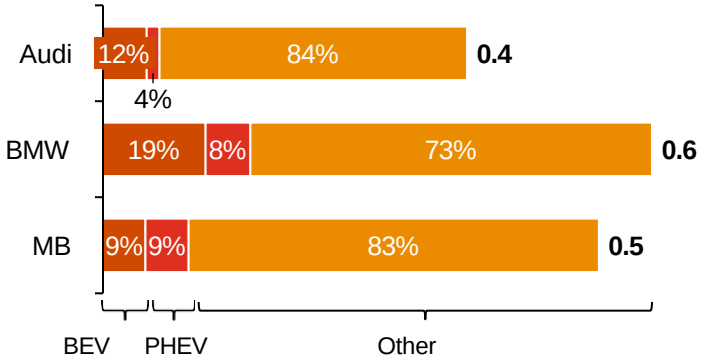


Source: PwC Autofacts analysis, financial reports of OEMs

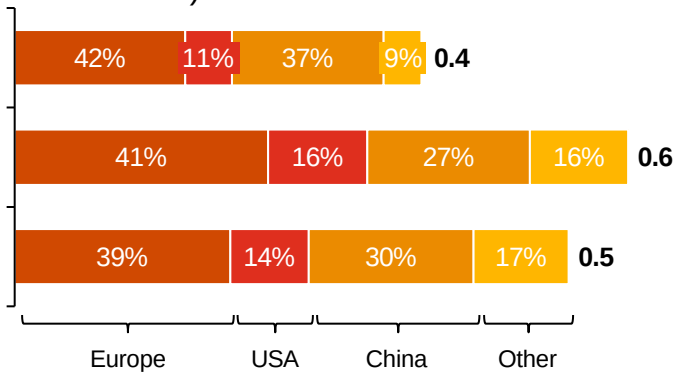
3 Q1 2025 German OEM* comparison

BMW continues to maintain its position as the best-selling premium German OEM

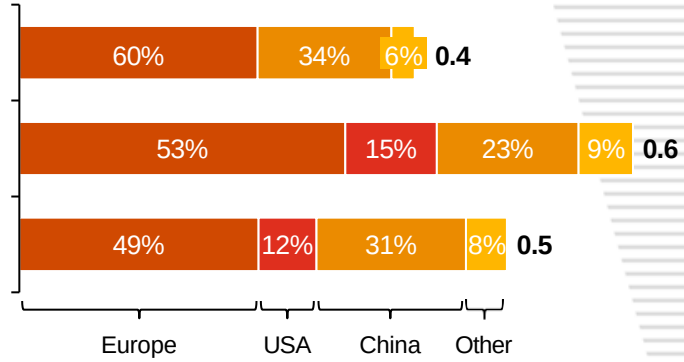
Car sales by powertrain
(total in million)



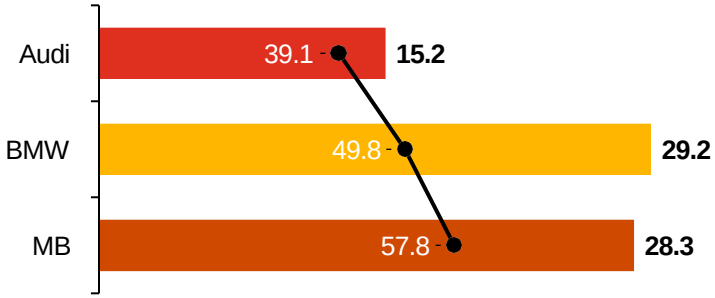
Car sales by region
(total in million)



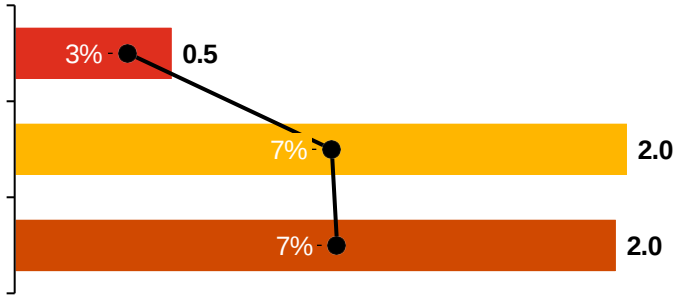
Car production by region**
(total in million)



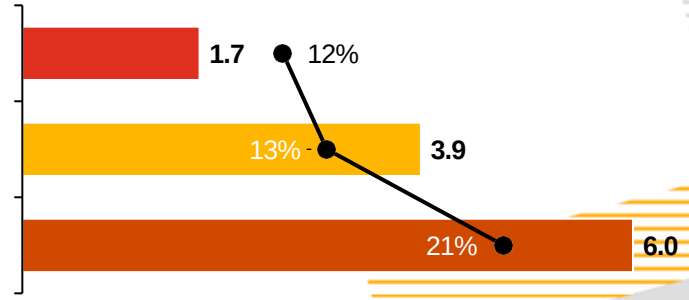
Automotive revenue
(In billion €, revenue per car in thousand €)



Automotive EBIT
(In billion €, EBIT margin in %))



Automotive gross profit***
(In billion €, gross profit margin in %)



*Includes BMW, Mini and Rolls-Royce for BMW Group, Mercedes-Benz Cars and Vans for Mercedes-Benz Group and Audi, Bentley, Lamborghini for Audi Group;
**Based on S&P Global Mobility; ***Estimated for Audi Group
Source: PwC Autofacts analysis, financial reports of OEMs, S&P Global Mobility LV Sales Forecast April 2025 release

3 Incentive programs in Europe*

As part of the support for the automotive transformation, subsidies are concentrated on BEV promotions, while PHEV subsidies continue to be phased out

Country	Tax Benefits	Purchase Incentives
Germany	**Ownership:** 10-year exemption for BEVs and FCEVs registered until the end of 2025, exemption granted until 2035 (currently discussed); **Company cars:** Reduction of taxable amount for BEVs and PHEVs from 1% to 0.5%, additional reduction to 0.25% for BEVs up to €70,000 (€100,000 described in the new coalition agreement); **From 2025**: 40% cost write-off, applying to company BEV purchases from July 2024 to December 2028	**2025:** Newly elected government planned to relaunch a subsidy, but there is no mentioning in the new coalition agreement of the current government
Spain	**Acquisition:** Exemption from "special tax" for cars ≤120g CO2/km; Canary Islands: VAT exemption partially; **Ownership:** Road tax reduction of 75% for BEVs in Spanish main cities (e.g., Barcelona); **Company cars:** 30% for BEVs/PHEVs ≤ €40,000	**MOVES III** is further extended until 31 December 2025: Subsidy program of €1,550m: Up to €7,000 for passenger BEVs/FCEVs/PHEVs, depending on electric range and whether a vehicle is being scrapped; MOVES IV is planned for 2026.
France	**Acquisition:** Exemption from the mass-based malus for BEVs, FCEVs and PHEVs (range of >50km); **Company cars:** Exemption for CO_2-based tax components ("TVS") for vehicles emitting less than 60g CO2/km; 50% reduction on Benefit-in-Kind (BIK) for BEVs has been extended until 31 December 2025, with an annual cap of €1,800	**2025:** EV purchase subsidy from €2,000-€7,000. The eco-bonus will be income-dependent and tied to CO_2 emissions from vehicle and battery production. Purchase price of vehicle must not exceed 47.000€ and a weight of 2.4 tons. No purchase incentives for companies.
UK	**Company cars:** Reduced tax rates for BEVs and ultra-low emission cars (<75g CO_2/km), 2% until 2025 and progressively increasing afterwards until April 2028 **For 2025:** EVs registered after 1 April 2025 need to pay £10 VED for the first year. From the second tax payment onwards the standard rate of £195 is applied. On April 1, the expensive car tax supplement for BEVs costing more than £40,000, came into force.	**PiCG (Plug-In Car Grant) ended in March 2023;** funding shifted to support improving EV charging infrastructure and funding electric taxis, vans, trucks, motorcycles and wheelchair accessible vehicles.
Italy	**Ownership:** Five-year exemption for EVs from the date of first registration, 75% reduction afterwards; **Company cars:** taxable value of a company-provided BEV for private use is 10% of the standard amount (for PHEVs 20%), versus 50% for ICEs.	

*Overview contains only the most relevant subsidies, not exhaustive
BEV = Battery Electric Vehicle; PHEV = Plug-In Hybrid Vehicle; FCEV = Fuel Cell Electric Vehicle

Change compared to previous release

3 Incentive programs in RoW*

As part of the support for the automotive transformation, subsidies are concentrated on BEV promotions, while PHEV subsidies continue to be phased out

Country	Tax Benefits	Purchase Incentives
 USA	**Acquisition:** Federal tax credit up to $7,500 for BEVs and PHEVs until end of 2032. New draft law provides for the abolition of the tax credit for new, used and leased vehicles. **Inflation Reduction Act:** Effective since August 2022, final assembly of the vehicle must be in North America to qualify for tax credit. As of 1 January 2024, 60% of battery components (100% in 2029) and 50% of the value of minerals need to be sourced from the US or a free trade partner to qualify for full credit	**States subsidize electric cars differently** (in addition to federal tax credit); President Trump plans to end purchase incentives, but lacks Senate approval
 China	**Acquisition:** Purchase tax exemption for applicable BEVs, PHEVs and FCEVs of up to **¥30,000 (~€3,600)** per vehicle **between 2024 and 2025**. The exemption will be **halved** for purchases made in 2026 and 2027	**January 2025: National trade-in subsidies, previously set to expire by end of 2024, extended for 2025.** Broader scope for 2025: **¥20,000 (~€2,400)** if ICE or NEV (ICEs registered before July 2012 and NEVs registered before 2019) is traded in for a new NEV, **¥15,000 (~€1,800)** if old vehicle is scrapped for a modern ICE with max. 2L displacement
 Japan	**Acquisition:** Purchase tax is abolished for private and business cars in favour for a tax based on fuel efficiency and environmental criteria	State subsidy scheme for **BEVs: Up to ¥850k (~€5,100)** with additional conditions; **FCEVs: Up to ¥2.55m (~€15,400)**; **PHEVs: Up to ¥550k (~€3,300)**. Further evaluation items apply to realize the subsidy amount, such as manufacturers' ability to respond to repair and maintenance needs or efforts to collect used batteries
 South Korea	**Acquisition:** Up to ₩1.4m can be deducted from the acquisition tax amount. Up to ₩3m can be deducted from the **individual consumption tax** and up to ₩900k from the **education tax**. If the individual consumption tax is ₩0, then there is also no education tax (which is 30% of the consumption tax); temporary tax cut of 3.5% until June 2025	**2025:** Budget for passenger EVs will tighten to ₩780b (~€520m); price criteria for full subsidy will drop from ₩55m (~€37,000) to ₩53m (~€35,000); maximum subsidy reduced by 10% to ₩5.8m (~€3,900); BEVs with ranges below 440km per charge will see subsidy reductions of up to ₩81k (~€54€) per 10km difference; expanded EV subsidies, now covering 30%–80% of prices (up from 20%–40%) and extended through year-end

*Overview contains only the most relevant subsidies, not exhaustive
BEV = Battery Electric Vehicle; PHEV = Plug-In Hybrid Vehicle; FCEV = Fuel Cell Electric Vehicle

Change compared to previous release

4

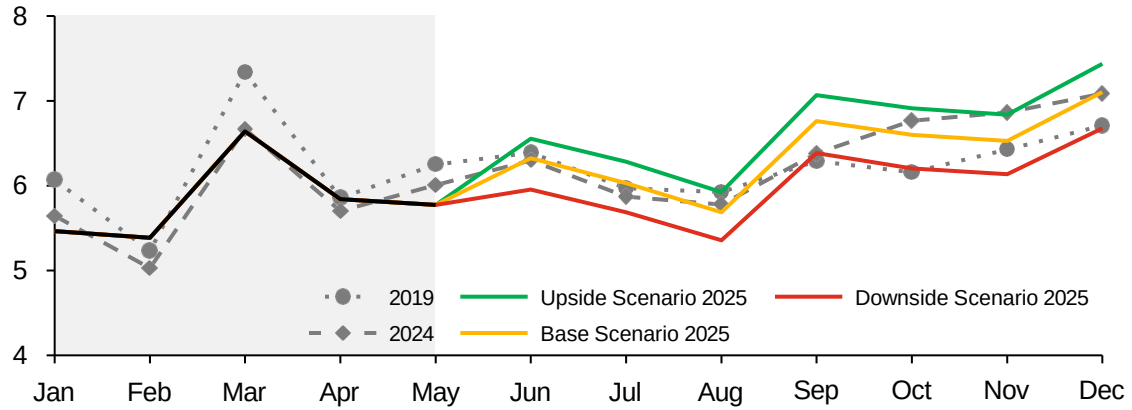
Global and regional markets analysis

4 Sales: Global

Global uncertainties render May one of the least robust months in over two years

Passenger car sales

(in million)



	Year	Sales (in million)	YoY growth	Q2 YoY growth
Past	2019	74.6		
	2024	74.1	+2%	+1%
PwC Scenarios	2025 – Upside	76.1	+3%	+1%
	2025 – Base	74.1	+0%	-0%
	2025 – Downside	71.5	-3%	-2%

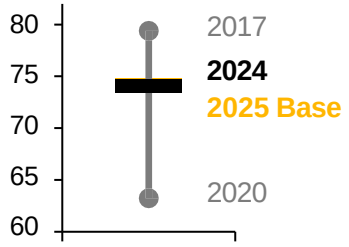
Key insights

Global passenger car sales showed an alternating growth pattern so far this year and **registered a 4% YoY decline** in May, the **biggest single-month loss since January 2023**. This development was **softened by the three major markets** China, USA and Europe* that all posted positive growth with +12%, +2% and +1% YoY, respectively. **Year-to-date**, global sales remained **above past year's levels, albeit at less than 1%**.

Despite **ongoing efforts to resolve trade tensions**, the **three major markets are expected to be greatly affected** by withheld rare earth exports and/or high import duties on automotive products. As a result, the **PwC Base Scenario** forecasts **a minor decrease for this quarter and steady sales throughout the year**.

10-year benchmark

(in million, 2015-2025)



The PwC Base Scenario predicts a **slight increase of 45,000 units** in 2025 when compared to 2024. Consequently, the peak from 2017 is becoming closer, now reflecting a **7% difference.**

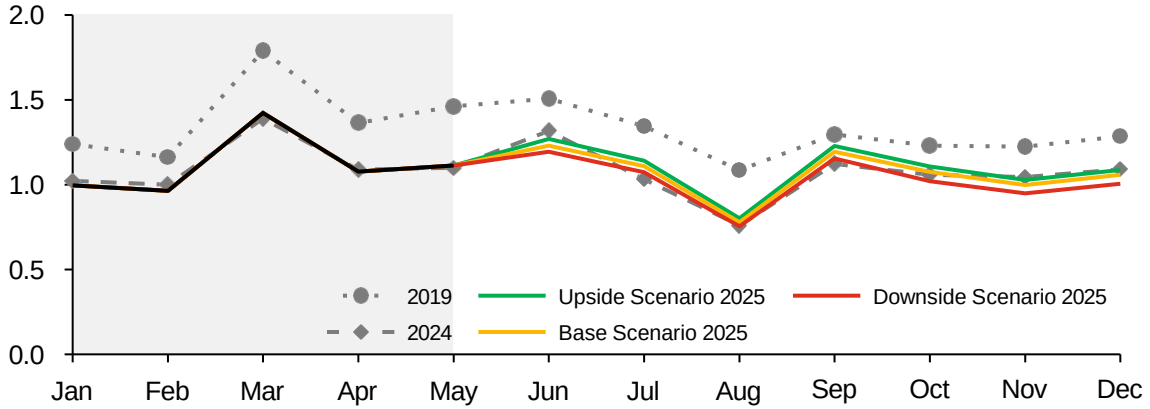
*EU27+UK+EFTA
Source: PwC Autofacts analysis, S&P Global Mobility LV Sales April 2025 release

4 Sales: Europe*

The positive trend that started in the past few months persists

Passenger car sales

(in million)



	Year	Sales (in million)	YoY growth	Q2 YoY growth
Past	2019	16.0		
	2024	13.0	+1%	+5%
PwC Scenarios	2025 – Upside	13.2	+2%	-1%
	2025 – Base	13.0	-0%	-2%
	2025 – Downside	12.7	-2%	-3%

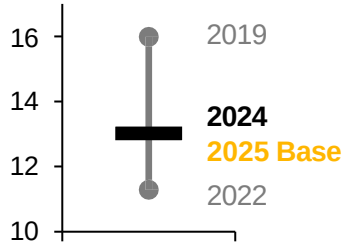
Key insights

In May 2025, **sales in Europe experienced a 1% increase** in comparison to the previous year. The **market trends across the EU5 countries were varied YoY**: the UK experienced a 2% growth in sales, while Spain saw a 19% increase. In contrast, Italy's sales decreased by 1% and France faced a more significant decline of 12%. This resulted in an **overall increase of more than 1% across the EU5 nations**, while the remainder of Europe noted a YoY **increase of nearly 3%** in May 2025.

Compared to the previous month, the PwC Base forecast **brightens somewhat**: **a 2% decline in sales** is expected for the current quarter and a slight **decline in sales** for the year as a whole.

10-year benchmark

(in million, 2015-2025)



The PwC Base Scenario forecast remains largely unchanged, continuing to predict a **slight decline** in sales for 2025, estimating 13 million units, which represents a similar difference of **approximately 3 million units** from the peak of 10 years ago in 2019.

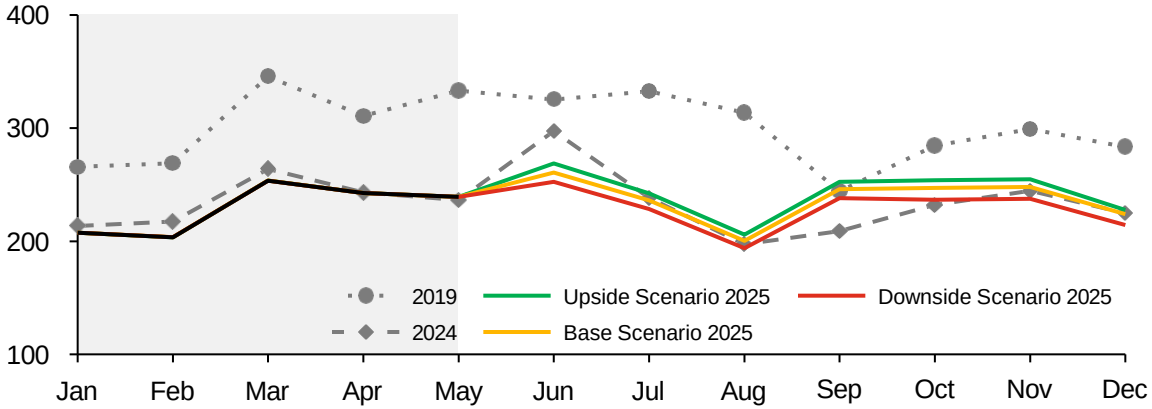
*EU27+UK+EFTA
Source: PwC Autofacts analysis, ACEA

4 Sales: Germany

May shows growth after prolonged slump, but forecasts remain bleak

Passenger car sales

(in thousand)



	Year	Sales (in million)	YoY growth	Q2 YoY growth
Past	2019	3.6		
	2024	2.8	-1%	+6%
PwC Scenarios	2025 – Upside	2.9	+1%	-3%
	2025 – Base	2.8	-0%	-4%
	2025 – Downside	2.7	-2%	-5%

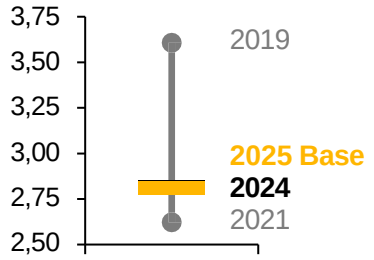
Key insights

Following **six consecutive months of declining YoY sales**, Germany has reported positive YoY sales growth once again. YoY sales in May increased by just **over 1% to 240,000 units**. Nevertheless, the ongoing downward trend from a YTD perspective continues: YTD sales have fallen since August 2024, by **more than 2% in May this year**. An expected return of incentives for BEVs from the newly formed federal government **could provide more momentum to the current sakes trend**, as some consumers are currently delaying their purchases.

In contrast to the last release, the PwC Base Scenario projected **a higher sales decline of 4% for Q2**. Annual growth will remain **mildly negative**.

10-year benchmark

(in million, 2015-2025)



The PwC Base Scenario continues to project **2.8 million units sold in 2025**, which is 9,000 units fewer than in 2024, bringing it **closer to the 10-year low of 2021 by difference of 7%**.

Market Update
PwC Autofacts®

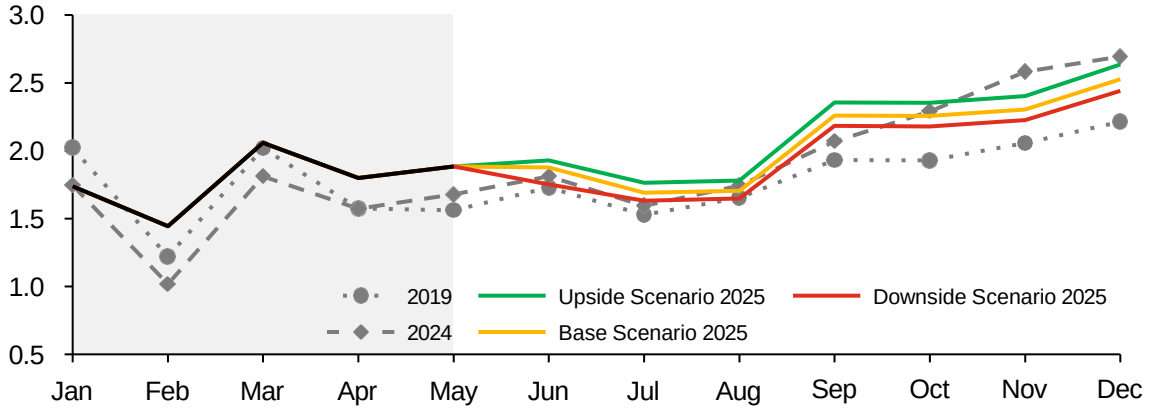
*Incl. BEV, PHEV and Hybrid
Source: PwC Autofacts analysis, KBA

4 Sales: China

The Chinese automotive market is still growing and is forecasted to continue so

Passenger car sales

(in million)



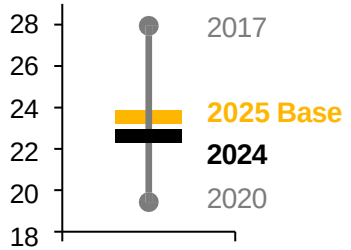
	Year	Sales (in million)	YoY growth	Q2 YoY growth
Past	2019	21.4		
	2024	22.6	+5%	-2%
PwC Scenarios	2025 – Upside	24.1	+7%	+11%
	2025 – Base	23.5	+4%	+10%
	2025 – Downside	23.0	+2%	+7%

Key insights

May 2025 was another **strong month** for the Chinese automotive industry as **sales increased by more than 13% YoY**. This means that total sales volume in May was **just under 2.3 million units**. The export business picked up again with a **YoY growth of almost 18%,** leading to nearly half a million sold units. Domestic sales are also strong as usual: **12% more units** were sold in May. YTD, a similar trend can be observed, as there was a 13% increase in sold passenger cars from January to May 2025. Parts of China are running out of trade-in subsidies as the initial funding from Beijing has been depleted.
The PwC Base forecast has **changed significantly** compared to the previous version: sales growth of **10% is forecast for Q2**, while the annual growth of the Chinese automotive market will be **4%.**

10-year benchmark

(in million, 2015-2025)



Sales volume is projected to **increase by 930,000 units**, reaching 23.5 million in 2025, thereby widening the gap from the 2020 10-year low with a **difference of 21%.**

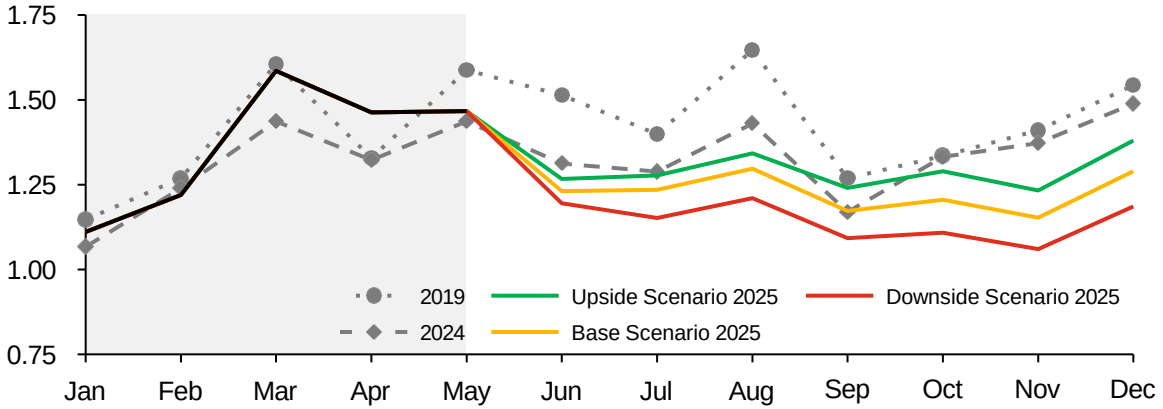
*Figures include both passenger car and light commercial vehicle sales
Source: PwC Autofacts analysis, CAAM

4 Sales: USA

The upward trend continues, although an interruption can be expected at any time

Passenger car* sales

(in million)



	Year	Sales (in million)	YoY growth	Q2 YoY growth
Past	2019	17.1		
	2024	15.9	+3%	-0%
PwC Scenarios	2025 – Upside	15.9	-0%	+3%
	2025 – Base	15.4	-3%	+2%
	2025 – Downside	14.9	-7%	+1%

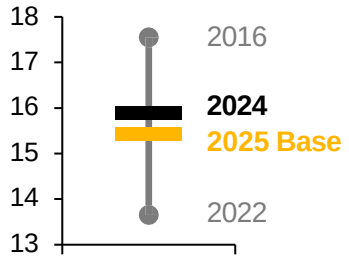
Key insights

May is the **third consecutive month** in which sales YoY have grown in the USA; **2% compared to the same month last year**. But compared to the double-digit sales growth in the past two months, a trend reversal can be recognized here. In May, nearly **1.5 million** vehicles were sold, representing a **YTD growth of over 5%.** Since January 2023, YTD sales have consistently increased, without any decline. Despite the upward trend, sales are expected to decline at any moment due to **tariff impacts**. Consumers have been accelerating their purchases in anticipation of vehicle price increases.

As in the previous version, the **PwC Base Scenario** predicts **negative growth of -3% YoY for the entire year**, whereas the YoY growth for the second quarter is expected to be **slightly above 2%.**

10-year benchmark

(in million, 2015-2025)



The PwC Base Scenario anticipates a **decline in sales of 466,000 units for 2025** in comparison to 2024, indicating a **minor increase (+56,000)** relative to the previous forecast.

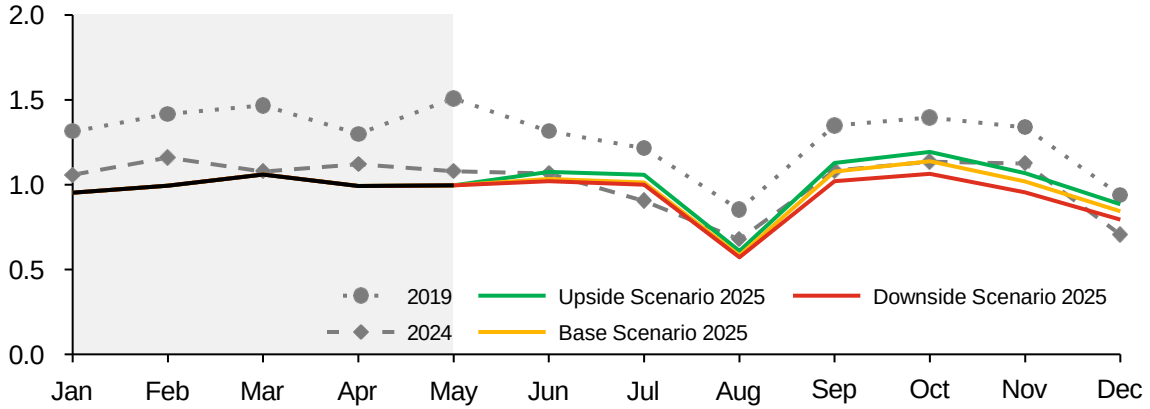
*Light duty vehicles incl. cars and light trucks; **BEV, PHEV and HEV
Source: PwC Autofacts analysis, ANL

4 Production: Europe*

Production in Europe slips further into crisis, Italy and Spain hit particularly hard

Passenger car production

(in million)



	Year	Prod. (in million)	YoY growth	Q2 YoY growth
Past	2019	15.4		
	2024	12.2	-7%	-5%
PwC Scenarios	2025 – Upside	12.0	-1%	-6%
	2025 – Base	11.7	-4%	-7%
	2025 – Downside	11.4	-6%	-8%

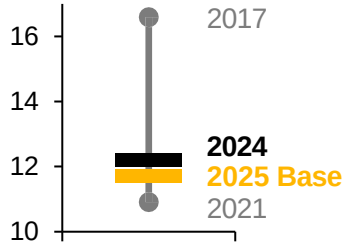
Key insights

After an already weak April, May also showed a **decline in production of 8% YoY**. For the thirteenth month in a row, production volumes have decreased YoY, falling to **under 1 million units**. This month, production in **Germany stands out positively**, while the other EU5 countries recorded large declines in some cases: **UK -25%, Spain -28%, Italy -38%, France -0%, and Germany +14%.** In other European countries, production volumes also decreased by more than 8% YoY, dropping to fewer than 370,000 units. Later this year, both BMW and BYD will start ramping up production in Hungary, while Chery will do the same in Spain.

The PwC Base Scenario predicts a **YoY decrease of 7% in the second quarter**, contributing to a **total downturn of 4% YoY for 2025**.

10-year benchmark

(in million, 2015-2025)



The PwC Base Scenario expects a **reduction of 491,000 units produced** in 2025 compared to the previous year, leading to a **7% gap to the 2017 10-year low.**

*EU+UK+EFTA; **BEV, PHEV and HEV
Source: PwC Autofacts analysis, S&P Global Mobility LV Production May 2025 release

4 The year 2025 up to May

North America sees growth in both sales and production amid tariff talks

	May 2025 Sales						May 2025 Production					
Region	**Year-to-date**	**YTD vs. 2024**	**YTD vs. 2019**	**Month**	**Month vs. 2024**	**Month vs. 2019**	**Year-to-date**	**YTD vs. 2024**	**YTD vs. 2019**	**Month**	**Month vs. 2024**	**Month vs. 2019**
Europe*	**5,572,000**	**-0%**	**-21%**	**1,113,000**	**+1%**	**-24%**	**4,994,000**	**-9%**	**-29%**	**997,000**	**-8%**	**-34%**
France	673,000	-8%	-28%	124,000	-12%	-36%	374,000	+1%	-52%	73,000	-0%	-56%
Germany	1,147,000	-2%	-25%	239,000	+1%	-28%	1,674,000	+0%	-18%	334,000	+14%	-22%
Italy	728,000	+0%	-20%	140,000	-1%	-29%	94,000	-47%	-66%	22,000	-38%	-63%
Spain	491,000	+14%	-19%	113,000	+19%	-17%	697,000	-22%	-29%	147,000	-28%	-35%
UK	851,000	+3%	-19%	150,000	+2%	-18%	312,000	-12%	-44%	52,000	-25%	-55%
Rest of Europe*	1,683,000	-1%	-15%	347,000	+3%	-17%	1,843,000	-9%	-23%	369,000	-8%	-28%
North America	**8,237,000**	**+5%**	**-0%**	**1,774,000**	**+3%**	**-6%**	**4,555,000**	**-9%**	**-14%**	**930,000**	**-9%**	**-16%**
USA	6,846,000	+5%	-1%	1,467,000	+2%	-8%	3,016,000	-9%	-7%	616,000	-8%	-7%
Canada	798,000	+9%	-0%	187,000	+11%	-8%	447,000	-16%	-41%	89,000	-12%	-49%
Mexico	593,000	+2%	+11%	120,000	-0%	+17%	1,093,000	-6%	-15%	225,000	-11%	-16%
Asia	**11,237,000**	**+13%**	**+2%**	**2,295,000**	**+10%**	**+12%**	**14,316,000**	**+3%**	**+9%**	**2,882,000**	**-1%**	**+17%**
China	8,923,000	+14%	+6%	1,884,000	+12%	+21%	9,902,000	+5%	+23%	2,066,000	+4%	+43%
Japan	1,660,000	+12%	-13%	269,000	+3%	-18%	2,914,000	+5%	-18%	525,000	-6%	-22%
South Korea	653,000	-1%	-10%	141,000	+0%	-8%	1,500,000	-9%	-3%	291,000	-16%	-13%
RoW	**5,345,000**	**-23%**	**-15%**	**853,000**	**-37%**	**-31%**	**7,252,000**	**-3%**	**-8%**	**1,488,000**	**-0%**	**-8%**
Turkey	394,000	+5%	+228%	85,000	+6%	+214%	367,000	-9%	-8%	75,000	-21%	-18%
Global	**29,102,000**	**+0%**	**-5%**	**5,773,000**	**-4%**	**-8%**	**29,641,000**	**-2%**	**-5%**	**6,002,000**	**-3%**	**-4%**

*EU27+UK+EFTA

Source: PwC Autofacts analysis, local statistics, S&P Global Mobility LV Sales April 2025 & Production May 2025 release

5 Appendix

5 Scenarios and assumptions

Key drivers of three PwC Autofacts® global scenarios

Analysis	Assumptions for Demand	Assumptions for Production	Total Effects
Upside Scenario	A significant rise in BEV demand is anticipated in Europe due to the implementation of stricter CO_2 emission targets. In China, the continuation of the scrappage scheme is expected to boost demand for NEVs. Additionally, potential interest rate cuts could reduce the cost of new vehicles for consumers, further stimulating market demand.	An increasing number of new, affordably priced BEV models are being introduced across all major markets. While discussions on localization and production efficiency measures are ongoing, their implementation remains limited, helping to keep production costs down.	Strong economic growth and stability with global economies experiencing robust growth supporting an increase in vehicle production and sales. Supportive policies towards ICE and BEV production further enhance consumer confidence, stimulating higher demand in the market.
Base Scenario	The economic outlook is generally stable, although concerns about potential recessions persist. In Europe, the demand for BEVs is projected to rise due to stricter CO_2 emission targets. Moreover, additional discounts on BEVs are expected to further boost consumer interest. In China, the extension and expansion of the scrappage scheme will generate increased demand for new vehicles.	An increasing number of new, affordably priced BEVs are being launched across all major markets. Discussions about tariffs and new government measures are intensifying due to localization and protective strategies. Meanwhile, OEMs are reducing production as order backlogs diminish and inventory levels rise.	Moderate economic growth with global economies continuing to grow at a steady pace, supporting a gradual increase in vehicle production and sales. Governments maintain a balanced approach with policies that encourage vehicle production and sales without major new incentives or restrictions.
Downside Scenario	Although inflation is less of a concern in 2025, it remains above target levels in some regions and is expected to persist for the foreseeable future, leading to increased borrowing costs. While a major trade war is not anticipated in the downside scenario, impacts are expected, resulting in higher vehicle prices and reduced demand. Additionally, the 2025 EU CO_2 targets may lead to increased prices for vehicles.	With new tariffs introduced, OEMs may decrease the production of models that are not economically viable and reduce the output of models intended for export to the U.S. Additionally, the 2025 EU CO_2 targets might lead some OEMs to limit the production of ICEs. The ongoing shortage of affordable new models could drive some consumers to opt for used cars instead.	Global economic conditions deteriorate, largely due to geopolitical tensions, which are undermining consumer confidence and reducing both spending and sales. This challenging environment is compounded by persistent inflation, elevated interest rates, and the looming U.S. tariffs.

5 Glossary

Abbreviation	Full description
BEV	Battery electric vehicle
EFTA	European Free Trade Association (incl. Iceland, Liechtenstein, Norway and Switzerland)
EU	European Union
EU5	Five largest European countries by passenger car sales (incl. France, Germany, Italy, Spain, United Kingdom)
Europe	EU27+UK+EFTA
EV	Electric vehicle (incl. BEV, PHEV and HEV)
FHEV	Full-hybrid electric vehicle
FY	Full year
HEV/hybrid	Hybrid electric vehicle
MHEV	Mild-hybrid electric vehicle
MSRP	Manufacturer's suggested retail price
NEV	New energy vehicle (incl. BEV and PHEV)
PHEV	Plug-in hybrid electric vehicle
RoW	Rest of world
YoY	Year-on-year
YTD	Year-to-date

Your contacts

PwC Korea 현대차그룹 서비스팀



이진원
Partner
Deal 서비스
02-3781-2500
jin-won.lee@pwc.com



문홍기
Partner
컨설팅 서비스
02-709-0394
hong-ki.moon@pwc.com



정민수
Partner
Tax 서비스
02-709-0638
minsoo.jung@pwc.com



전용욱
Partner
Assurance 서비스
02-709-7982
yong-wook.jun@pwc.com

PwC Global



Felix Kuhnert
Partner | Automotive Industry Leader
PwC Germany
+49 89 5790-7193
felix.kuhnert@pwc.com



Steven Van Arsdale
Senior Manager | PwC Autofacts®
PwC Germany
+49 69 9585-2914
steven.james.van.arsdale@pwc.com