

Romanian car market in 2019 – trends and expectations

FIAR 2019

The Motor Insurance Conference

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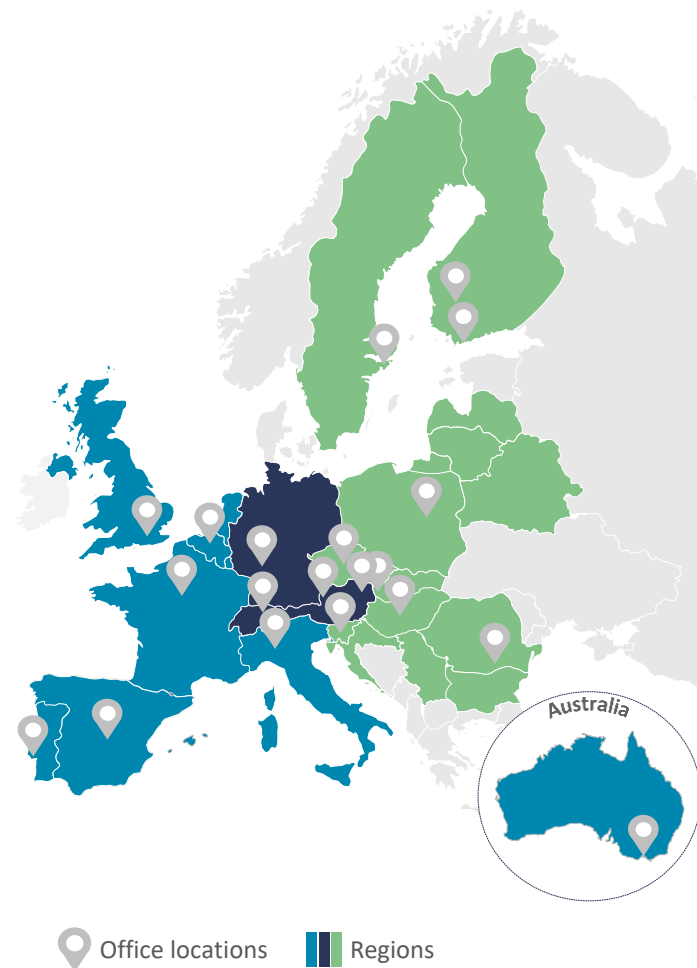
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- 754 employees
 - 91 market experts
 - 255 data specialists



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Romanian market 2018 vs 2017

■ Overview:

- 2018 was again a good year for the Romanian new car market with an upward trajectory following the trend of the bigger family, the EU.
- Romanian new passenger car sales reached 130.919 units a growth of 23% compared to 106.387 units in 2017.
- Fuel wise Romanians react slow to ditch Diesel powered vehicles, in 2018 Diesel units were 53.228 vs 2017 with 53.755 a mere -1%, this compares badly to -18.3% across EU.
- One explanation is that a big % of all new car sales are fleet and company owned cars and for various reasons (sometimes objective other times because of tradition) Diesel still looks like an interesting proposition.
- However, industry wide there is no doubt that the trend for Diesel sales points downward for passenger type vehicles, the demise it`s just a question of time.

Romanian market 2018 vs 2017

- Light Commercial Vehicles – vehicles defined as having allowed total weight of 3.49 t.
- The EU overall finished 2018 with a 3% growth compared to 2017 while Romania was at 9.8% growth.
- LCV sales are fairly good indicators of a healthy economy.

Vehicle type	Source	2017	2018	Difference
Passenger	Romania	106.387	130.919	23%
	European Union	15.136.590	15.158.874	0.10%
LCV	Romania	16.021	17.585	9.80%
	European Union	1.996.158	2.058.755	3.10%

2019 New car sales – Q1 2019

- Based on the newest figures available the EU passenger car market overall sits at -3.4% for January-March, down to 4.032.881 compared to 4.171.941 in 2018.
- However, we fault WLTP introduction as creating bottle necks in the supply chains and not a sign of economic downturn.
- Romania however performed on the plus side for the same period sitting at +25% versus the same period of the previous year.
- Figures wise we stand at 35.836 new units sold for passenger cars with 4249 LCV units sold, slightly on the minus side.

Vehicle type	Source	Q1 2018	Q1 2019	Difference
Passenger	Romania	28.643	35.836	25%
	European Union	4.171.941	4.032.881	-3.40%
LCV	Romania	4491	4249	-5.40%
	European Union	518.063	544.085	5.00%

2019 Residual Values & Forecast

- Although times are moving against Diesel powered vehicles, in Romania it's still held in high esteem by buyers because of low consumption this being equated with economy.
- So while in 2018 the new Diesel car market was at -1% compared to 2017 the used car imports more than balanced that sheet with 358.359 Diesel powered used vehicles compared with 111.548 for Petrol.
- Overall we see the Romanian market as being stable in terms of fuel type war. However big imports from EU countries to RO are pressing downwards the depreciation patterns of all used vehicles.
- Germany is one of the most important countries, both regarding enacted legislation to limit Diesel access as well as available car park source for exports.

Hybrids & Plug-in Hybrids

- Since a few years back those two categories are the stars of the game.
- Sales figures in EU as well as Romania look like this

Source	2017	2018	Difference
European Union	426.769	578.620	35.6%
Romania	2039	3845	88.6%

- Although hybrid vehicles technology wise are a sort of link between ICE and full Electrics they do provide palpable advantages regarding consumption figures and since there is a direct link between consumption and pollution (and in some markets CO2 values impacts directly taxation) they have their place well established on the market.
- Also the Plug in functionality comes in handy when a charging station is available.
- Looking at the big picture, meaning all sales across EU in 2017 and 2018 the Hybrids and their cousins, Plug in Hybrids are taking their place on the market.
- Regarding vouchers, a 20.000 RON is given for a new Hybrid vehicle purchase

Hybrids & Plug-in Hybrids in Q1 2019

- Markets embraced Hybrid vehicles and this reflects well in sales figures for the first three months of 2019 as we can see below.
- We also see constant growth in terms of new car sales, because the available offer, in terms of new hybrid models gets bigger by the day, more and more producers have hybrids in their lineup, also the 20.000 RON voucher comes in handy.

Source	Q1 2018	Q1 2019	Difference
European Union	138.604	184.808	33.3%
Romania	765	1446	89%

Electric powered vehicles

Overall view

Electric powered vehicles are the near future technology, embraced by all manufacturers albeit some of them are more advanced than others in the manufacturing and sales areas.

Sales figures

European Union sales figures and local ones, look like this

Target	2017	2018	Difference
European Union	97.920	150.003	53.2%
Romania	188	605	221.8%

Legislation

Since electric powered vehicles use revolutionary, game changing technology a holistic approach is needed to cover them and their needs.

In 2018 the Environment Ministry announced a plan to support the creation of a country wide network of 20.000 charging stations up to 2020.

However we don't see anywhere near that figure available nowadays

Also regarding vouchers, to the tune of 45.000 RON to purchase a new, electric powered vehicle.

Legislation

- Although the above mentioned sum it's an impressive amount the ground truth is that the biggest show stopper in terms of sales figures it's the lack of infrastructure, band aid solutions the likes of, 2 charging stations in this mall and 2 others in Ikeas parking lot, which, even worse, many times are used as parking space by ICE powered vehicles do not encourage buyers towards electrics.
- Of course, other issues can be blamed also on the low sales figures like vehicle range, charging times, the unknowns about resale value etc.
- **What does the future holds for Electrics in Romania ?**

We see constant growth, however in terms of units sold those are going to be low at least for the near future for multiple reasons as mentioned above (infrastructure, range, resale value etc.)

What about Q1 2019 sales ?

Target	Q1 2018	Q1 2019	Difference
European Union	33.516	61.789	84.4
Romania	195	213	9.2

- **Resale values** – for the moment, this is uncharted territory in Romania, although we follow the standard procedure of gathering market ads and calculating the average resale value.

Summarizing:

- Since the average car park in Europe is around 505 vehicles per 1000 inhabitants, Romania sits at around 261 vehicles per 1000 inhabitants the lowest figure in EU.
- Those numbers show that there is a need to grow the local car park, in order to satisfy basic mobility needs.
- Until future concepts of carpooling gather traction on a wider scale, the near future will see a growth of the local car park both in terms of passenger cars as well as commercial vehicles.
- Regarding car sales, second hand imports are leading in terms of growing the car park but new car sales also are on the upward slope, and we see constant growth (this based on both local as well as EU economic context) in the near future.
- For 2019 for new passenger cars we forecast a growth of between 12%-18% and for light commercial vehicles a growth of 3%-5%
- Residual values are directly impacted by used car imports, and the last years saw a surge in this area. Obviously the majority of those imports belong to C and D segments, meaning Compact and Medium classes.
- We see nowadays this effect, by pressing on the depreciation curves, and basically sending them to lower levels. For example, based on vehicle segmentation, if we look at a generic C segment (compact) Diesel powered car, we see that a used, 4 year old vehicle with a mileage of 100.000 km which was positioned at 53% Retail, now it is slightly lower at 48%.

Specification, Standard and Optional Equipment

BMW X5 xDrive 30d
 Cilindree 2.993 cmc
 Putere maxima KW/CP 190/258
 Pret echipare standard 62.160 euro

VIN Identification

WBAKS410700H75777

Data fabricatie 10/2015

Prima inmatriculare 01/2016

Pret echipare suplimentara 24.400 euro

Pret total 86.600 euro

Residual Value

38500 KM

Trade in 41.285 euro

Retail 48.099 euro TVA

Service Maintenance

Service – 1616 euro

Wear – 1644 euro

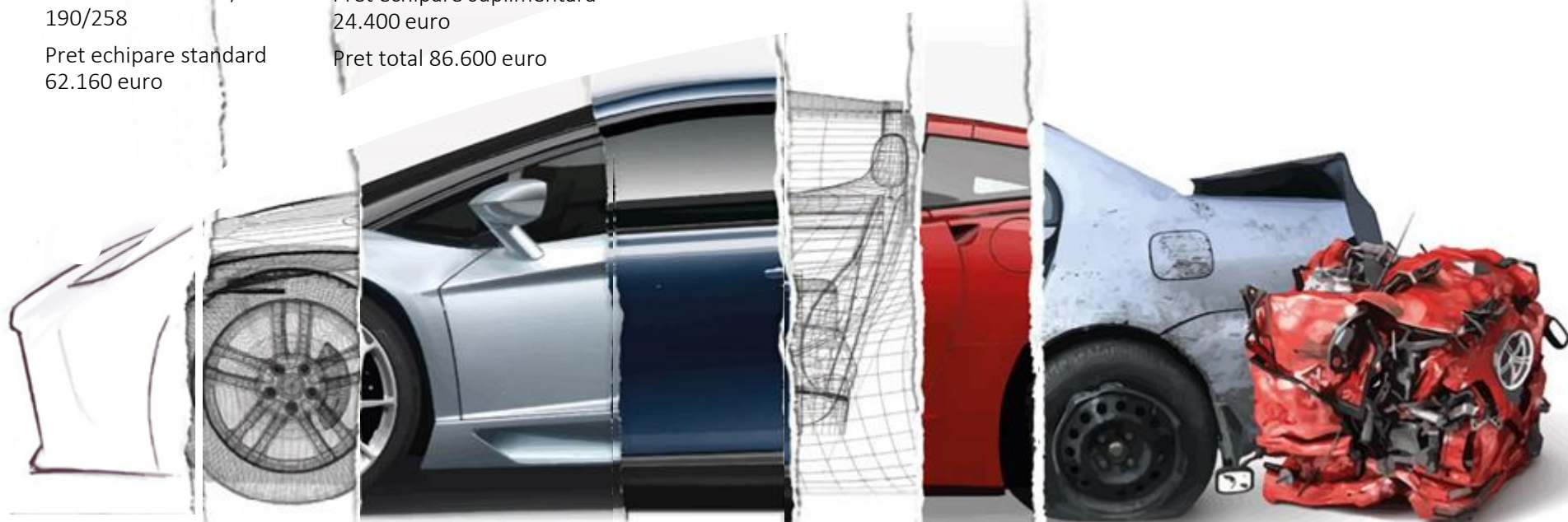
Consumption :7,1/5,7/6,2 U/E/M 100 km

Future Residual Value

4 years /100.000 km

Trade in price – 41%

Retail price – 46%



Design

Manufacturers

Enters Market

New car dealers
 Finance companies
 Consumers
 Manufacturers

New Delivery

Fleet owners & operators
 Insurance companies
 Leasing companies
 Consumers

Used Vehicle

Finance companies
 Used car dealers
 Auction
 Platforms
 Consumers

Maintenance required

Insurance companies
 Body shops
 Fleet owners
 Consumers

Vehicle damaged

Insurance companies
 Body shops
 Fleet owners
 Used car dealers
 Consumers

Write off

Insurance companies
 Body shops
 Consumers

Disposal

Salvage dealers
 Insurance companies
 Consumers

Car To Market
 Specification
 Service
 Maintenance

Specification
 Forecast
 Service
 Maintenance
 Market Insight

Car To Market
 Specification
 Service
 Maintenance

Valuation
 Specification
 Forecast
 Maintenance
 Market Insight

Service
 Maintenance

Service
 Maintenance
 Valuation
 Repair

Valuation

Service
 Maintenance

NEDC to WLTP (Worldwide harmonized Light vehicles Test Procedures)

WLTP new regulation

- Replaces NEDC (old methodology)
- Has impact on the vehicle weight, consumption and emissions.

Valuable data from Eurotax in order to

- Identify the car using VIN in order to get the full equipment data (standard and options) and establish the right fuel consumption, that leads to level CO2 emissions.

New WLTP standard could be used for

- Taxation levels (ex. Belgium and Austria model already in place)
- Regulation for vehicle access in the city center based on emissions

Eurotax solutions for insurance market

- How do you identify cars / how fast / what is depth level of data / how accurate – online solution as web services for new car prices, optional equipment list, residual value
- Optional equipment and most important, active safety features combined with car connectivity and assisted driving.
- New WLTP regulation, data for consumption and CO2 emissions to be included in our IDD database
- Online solution between Insurance Brokers and Insurance Companies – common key Eurotax NATCODE for new price and residual value
- Easy to integrate in ERP systems or used as stand alone applications

Romanian local data for new car prices and used car values – easy to access with VIN identification

THE Late
SHOW
WITH **JAMES**
CORDEN



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