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TYRE & RUBBER

European market

LMC Tyre & Rubber for ETRMA

October 2020



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We provide comprehensive coverage of the industry supply chain, including:

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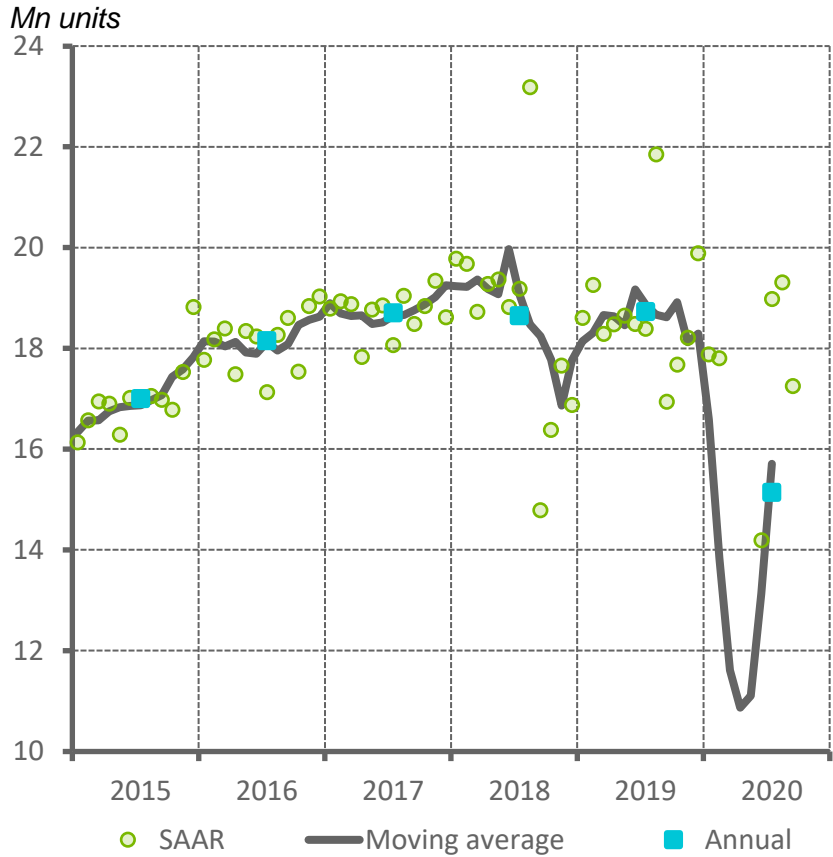
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TYRES	RUBBER	AUTOMOTIVE	SERVICES
Sales & Production	Natural Rubber	Sales & Production	Consulting Projects
Size Segments	Synthetic Rubbers	Engine & Transmission	Regular Publications
Trade		LVs, Trucks & Buses	
Price Monitoring			

Vehicle sales

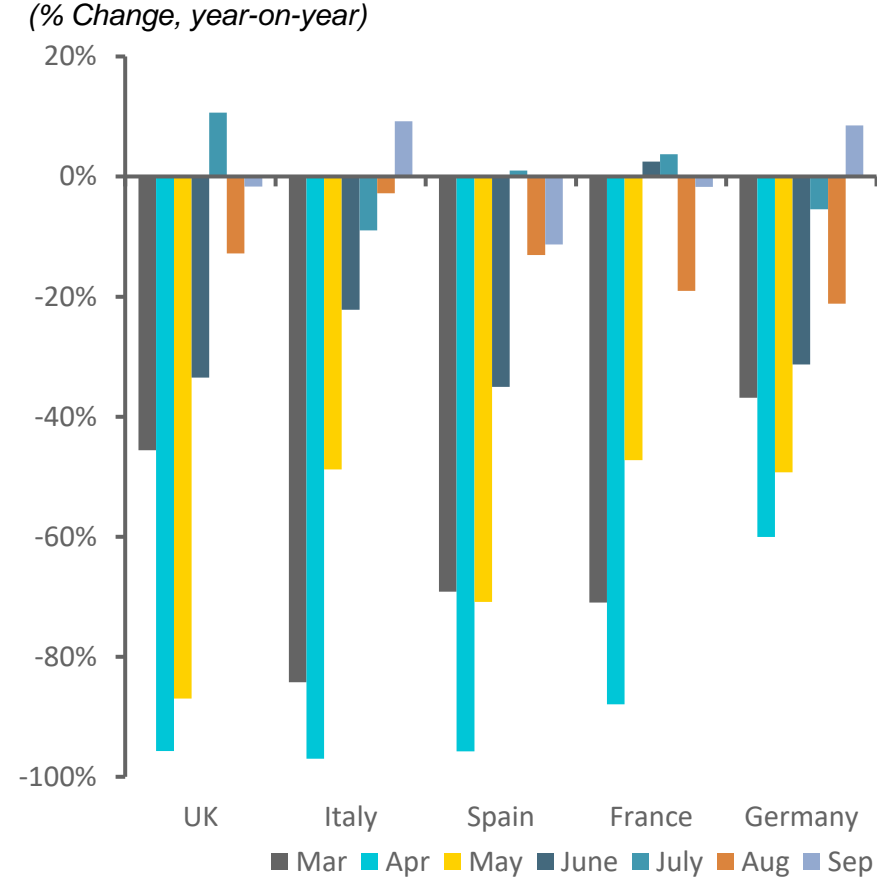
The European light vehicle selling rate recovered quickly from April's low and in July and August was above the 2019 average. The selling rate fell back in September as inflated post-lockdown activity made way for the sluggish economic reality. Year-on-year growth has been uneven, but the impact of further WLTP requirements in 2019 limits useful comparisons (for instance Aug 2020 sales appear low, but this has to be set against very high sales in Aug 2019). LV sales are expected to fall by 20% over the course of 2020. It is not until 2022/23, that LV sales are expected to be back to 2019 levels. For MHCV, the fall in sales has been greater (an annual reduction of close to 30% is expected in 2020). 2019 levels are expected to be reached again in 2022.

Europe: Seasonal adjusted selling rates



Source: LMC Automotive

Europe: LV sales selected markets



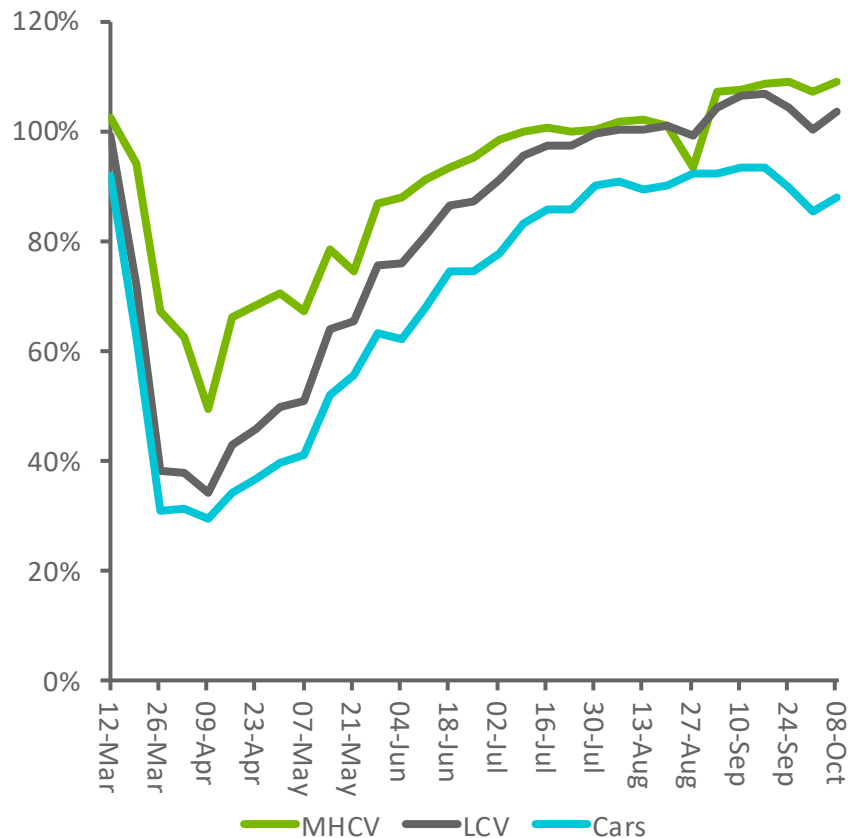
Source: LMC Automotive

Vehicle use

Traffic volumes have recovered quickly. However, passenger vehicle use is still below 2019 levels and some evidence suggests it is beginning to fall again as some Covid restrictions are re-imposed. Truck use did not fall to the same extent as passenger vehicle use and is back to 2019 levels.

UK motor vehicle use

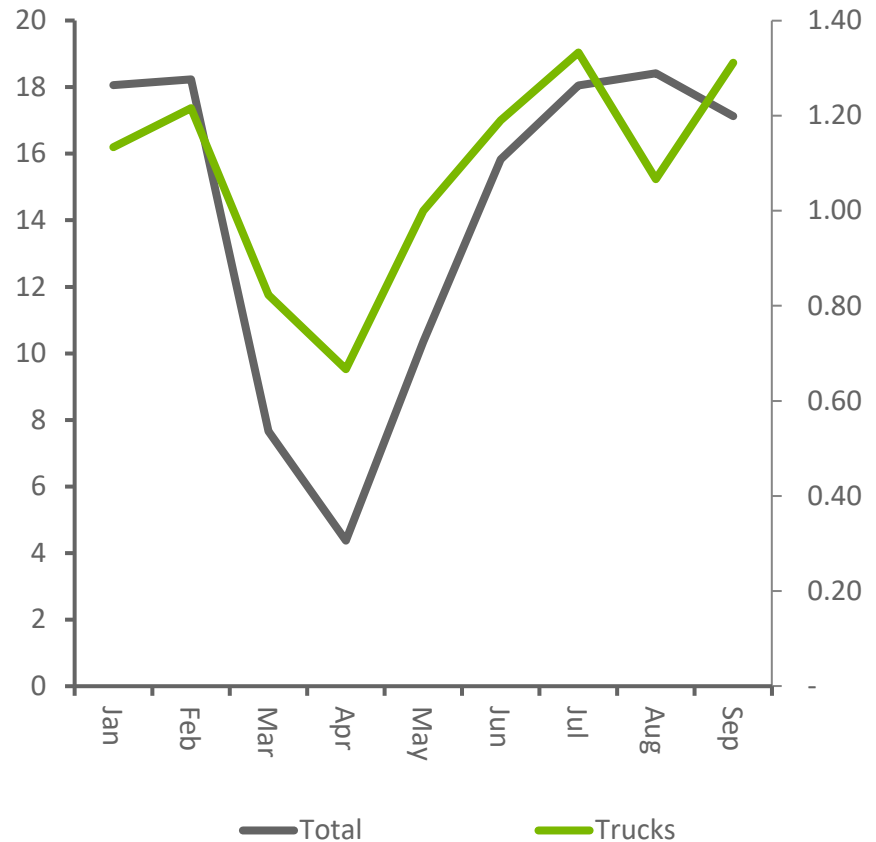
Motor vehicle use (% compared to previous year)



Source: UK, Department of Transport

Italy motorway traffic

Traffic (% Change, year-on-year)



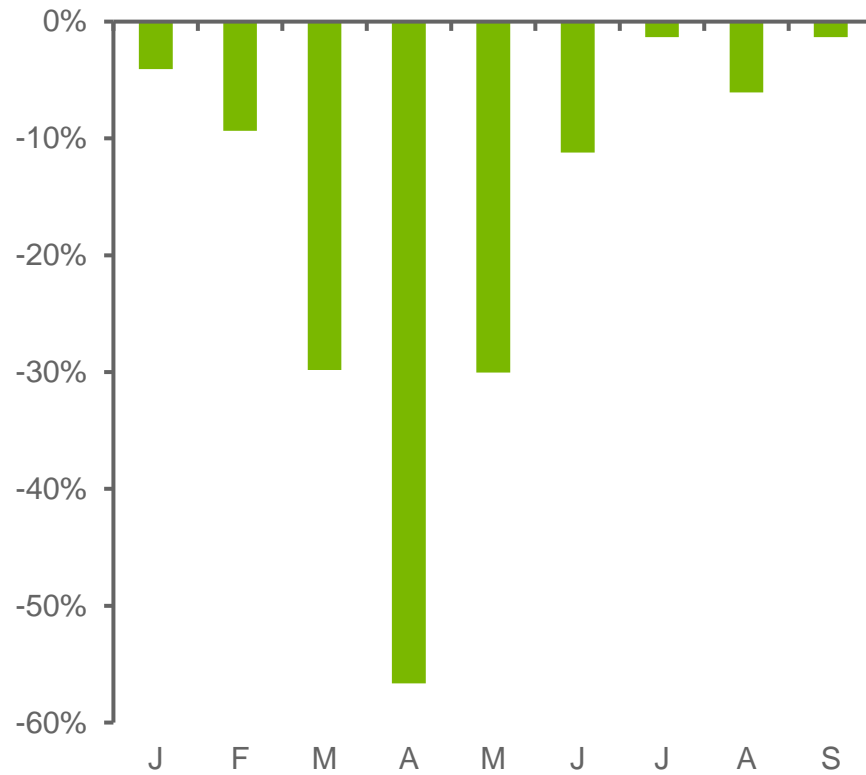
Source: ANAS, Archivio Osservatorio del traffico

LV replacement tyre sales

LV replacement tyre sales have recovered faster than miles driven. This is partly due to some pent up demand. In a number of markets, vehicle and tyre inspections were suspended. As these were re-introduced so tyres had to be replaced and sales picked up. Indicators (from Google mobility trends) show retail/leisure activity dropping off from Sept, while workplace activity is still below pre-Covid levels. This points to miles driven remaining below pre-Covid levels in 2020. European LV replacement tyre sales are expected to be some 13% lower in 2020 compared to 2019. The evidence from previous recessions points to the replacement ratio taking 2 to 3 years to recover back to 2019s level.

LV replacement tyre sales

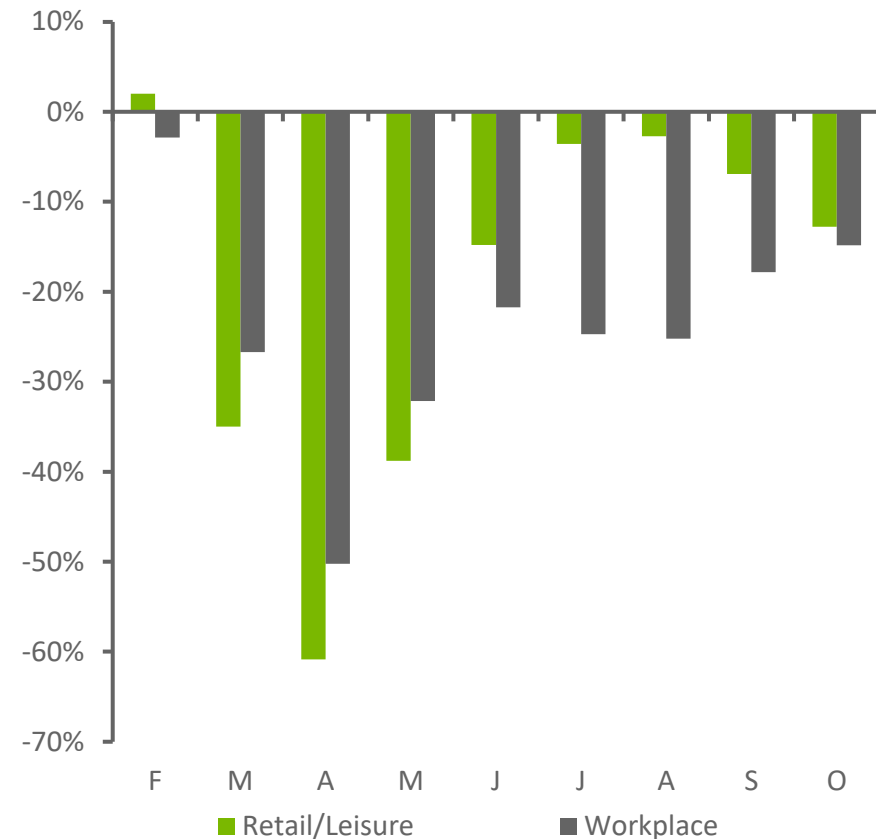
Change on previous year



Source: ETRMA

Europe, Google mobility trends

Change from normalised (Jan 3-Feb 6)



Source: Google

MHCV replacement tyre sales

MHCV replacement tyre sales fell less than LV tyres (in part because miles driven did not fall as much) and have been higher than 2019 levels since August. Retreads have been equally affected. MHCV replacement tyre sales are expected to be 10% lower in 2020 compared to 2019. The evidence from previous recessions points to the MHCV replacement ratio taking 1 to 2 years to recover back to 2019s level.

Germany, freight on toll roads

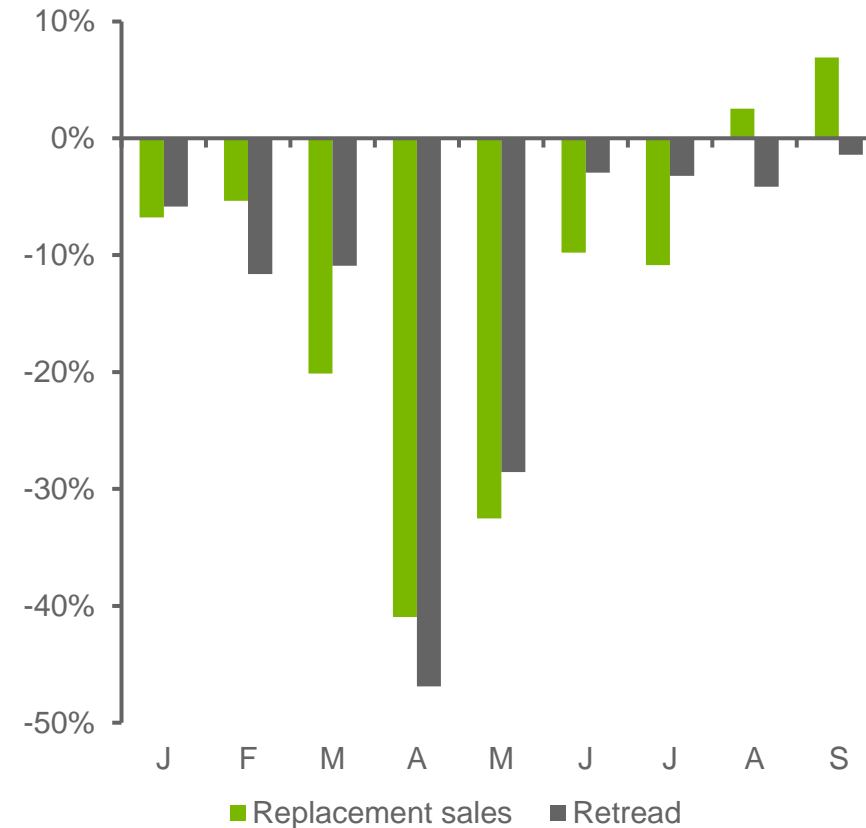
Feb 2020 = 100



Source: Statistisches Bundesamt

Replacement tyre sales

Change on previous year

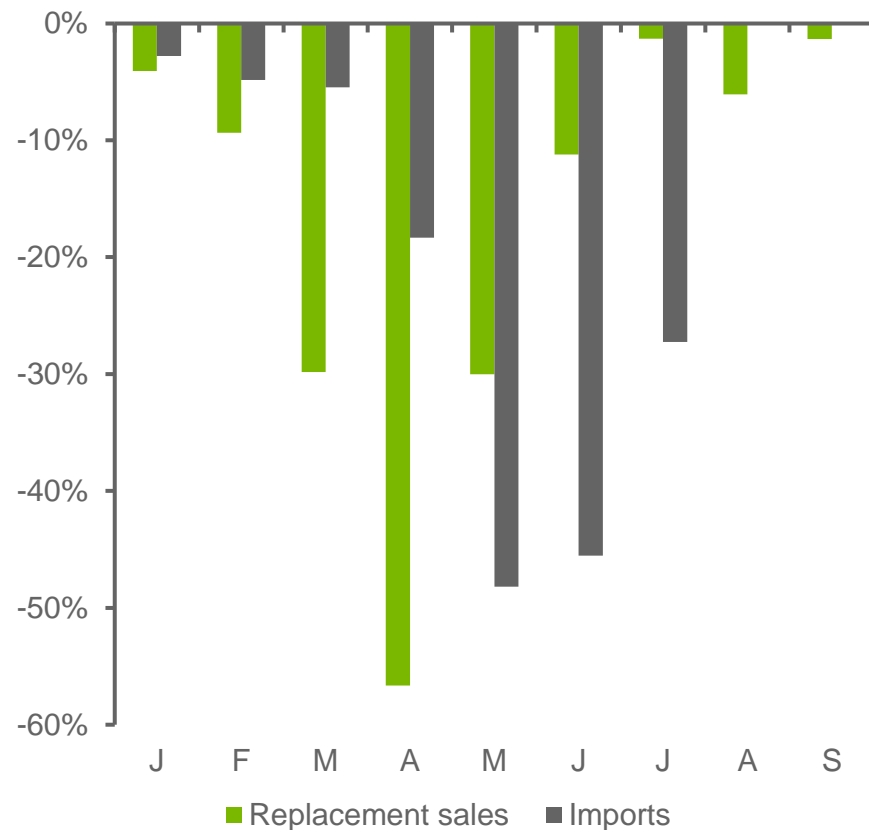


Source: ETRMA

The fall in imports has lagged replacement tyre sales. Extra EU27+UK LV tyre imports in the year to July were 22% lower than those of the year earlier, MHCV tyre imports were 23% lower. Chinese LV tyre imports averaged over 50% of total LV tyre imports.

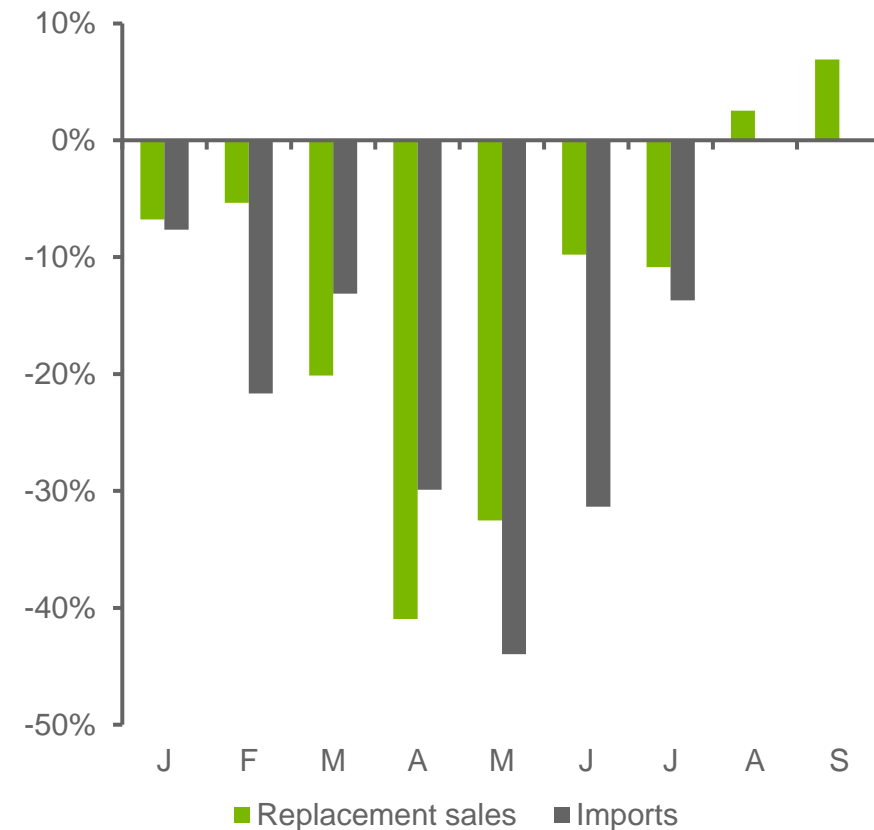
EU27+UK LV tyre imports

Change on previous year



EU27+UK MHCV tyre imports

Change on previous year





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Thank You

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