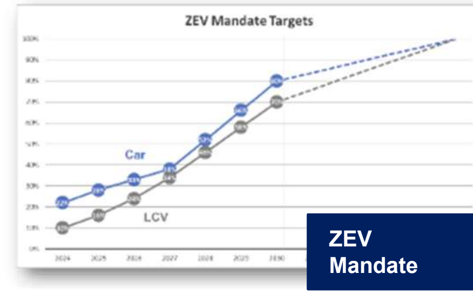
2025 – Key Themes for SMMT


New UK Government and complex geopolitics


Over-capacity and consolidation


Sustainability, CBAM, ESG regulation



ZEV Mandate


Economic growth, subsidies and state aid


Local sourcing


Skills and the workforce


New market entrants


UK competitiveness and Industrial Strategy


Trade, investment and rules of origin


ZEV incentives


Infrastructure

Considerations ahead

Economic conditions
- Growth momentum struggling
- Tariffs will erode growth and undermine Govt finances – but welcome US auto deal
- Inflation sticky, but moderating
- Interest rates falling – will help cost of finance
- Spring Statement missed opportunity, await Autumn Budget to stimulate growth

Tax & Regulatory framework
- ZEV Mandate flexibilities welcome, demand issues though remain
- End of sale – now got more certainty
- VED – ’25 changes in place (ECS review?)
- DCPUs – now in effect
- ECOS – still to confirm contrived schemes
- PHEVs – utility factors and CCT changes
- Possible tariffs & RoO (‘27) – impact supply

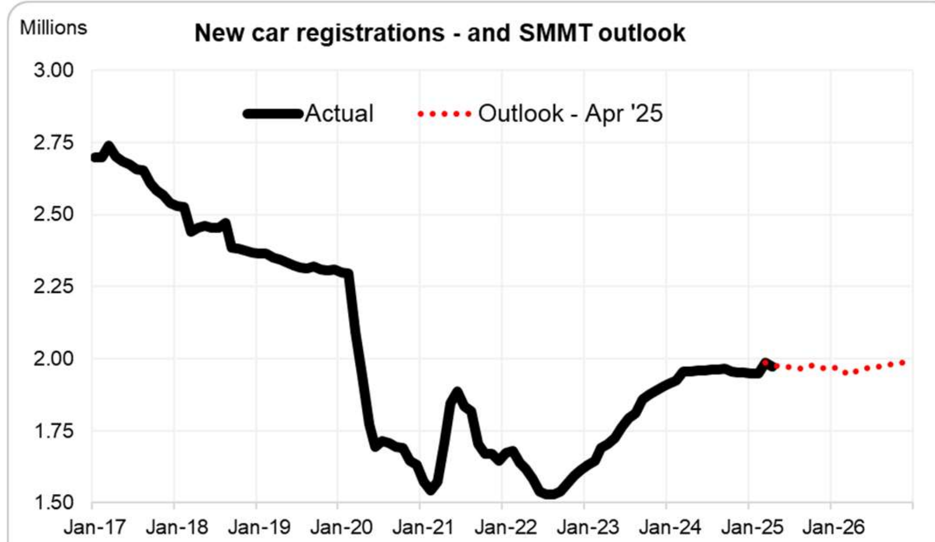
Market trend & momentum
- Big surge in March, saw payback in April
- Private buyers remain cautious and fleets hit by NIC rises
- BEVs supported by new models and OEM push – can be sustained?

Market Developments
- New entrants to market – notably EVs
- Changing structure – players/segments
- EU tariffs on China EVs: impact & UK view?
- Post covid working/travel patterns impacted – what is new market norm?

New car registrations

Market falls after March surge

- April new car market down -10.4% and weakest since 2022. 6th monthly fall in past 7 months.
- Comes after Easter/tax changes boosted March. Economic setting constraining growth too.
- Outlook for 2025 revised up to 1.964mn units, but 2026 cut to remain <2mn for 7th year in a row



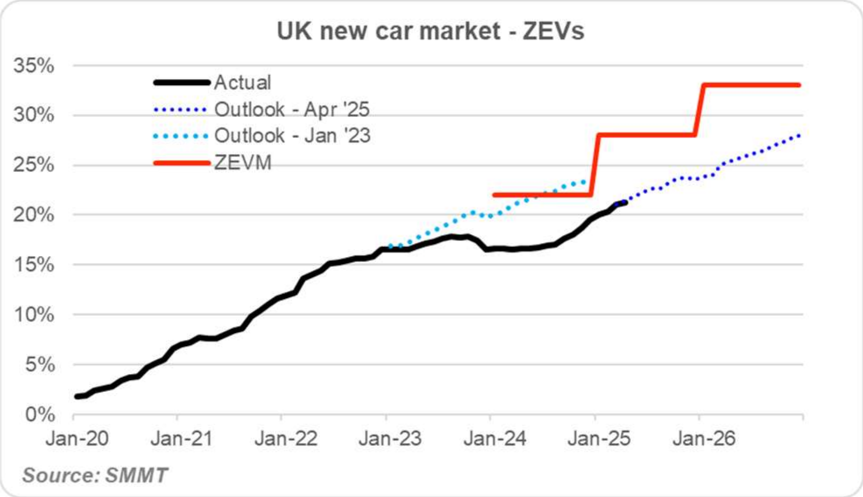
Source: SMMT

Views (Mns)	Jan '24	Apr	July	Nov	Jan '25	Apr '25
2024	1.974	1.984	1.968	1.942	1.953	**1.953**
2025	2.038	2.045	2.029	1.977	1.949	**1.964**
2026	-	-	-	2.049	2.013	**1.992**

Electric car registrations

BEV volumes continue to grow, but not at desired pace

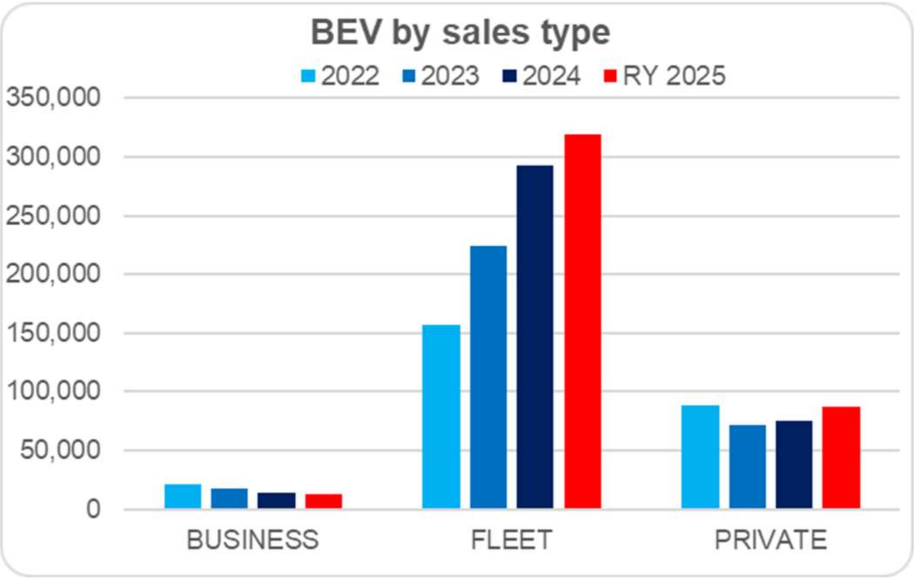
- BEV market up 15th successive month, +8.1% in April, after record March volumes pre VED changes
- Share to 20.4% in April and 20.7% YTD – sub ZEVM's 28% target
- Now >130 BEV models, including more affordable products.
- BEV sales to grow >20% but expected share cut further and sub-ZEVM

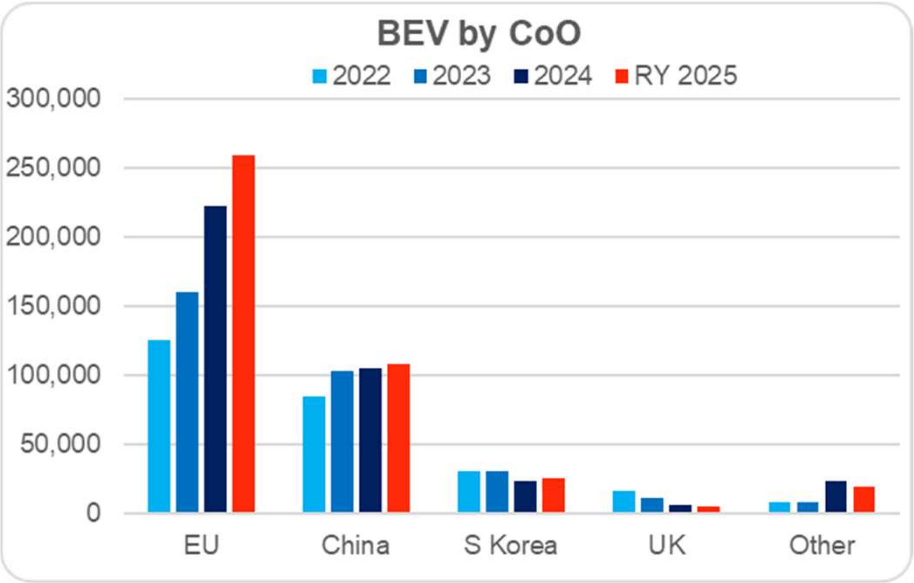


BEV share	Jan '24	Apr	July	Nov	Jan '25	Apr
2024	21.0%	19.8%	18.5%	18.7%	19.6%	**19.6%**
2025	26.0%	25.0%	23.7%	23.4%	23.7%	**23.5%**
2026	-	-	-	28.5%	28.3%	**28.0%**

Market – BEV breakdowns

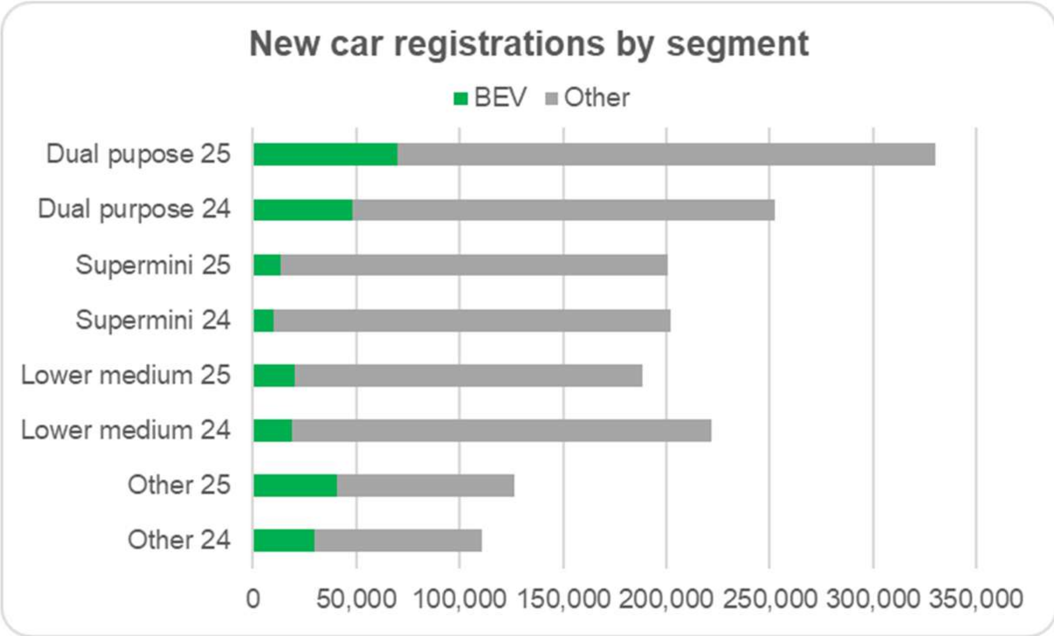
Fleets key to BEVs, but private now growing. EU leads growth, but China high share





New car registrations segment

Dual purpose now the largest segment, supported by BEV growth



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EU – UK fuel type comparison

2024

	Total mkt growth	BEV growth	*BEV share*
Germany	-1.0%	-27.4%	13.5%
France	-3.2%	-2.6%	16.9%
Spain	7.1%	11.2%	5.6%
Italy	-0.5%	-1.0%	4.2%
EU	**0.8%**	**-5.9%**	**13.6%**
UK	2.6%	21.4%	19.6%
Norway	1.4%	9.4%	88.9%

Source: ACEA

Jan-Mar ’25

	Total mkt growth	BEV growth	*BEV share*
Germany	-4.3%	38.9%	17.0%
France	-7.8%	-6.6%	18.2%
Spain	14.1%	68.9%	6.9%
Italy	-1.6%	72.5%	5.2%
EU	**-2.0%**	**23.8%**	**15.2%**
UK	6.4%	42.6%	20.7%
Norway	46.6%	47.0%	90.6%

Mar: EU -0.4% / BEV 17% (UK 12.4% / 43.2%)

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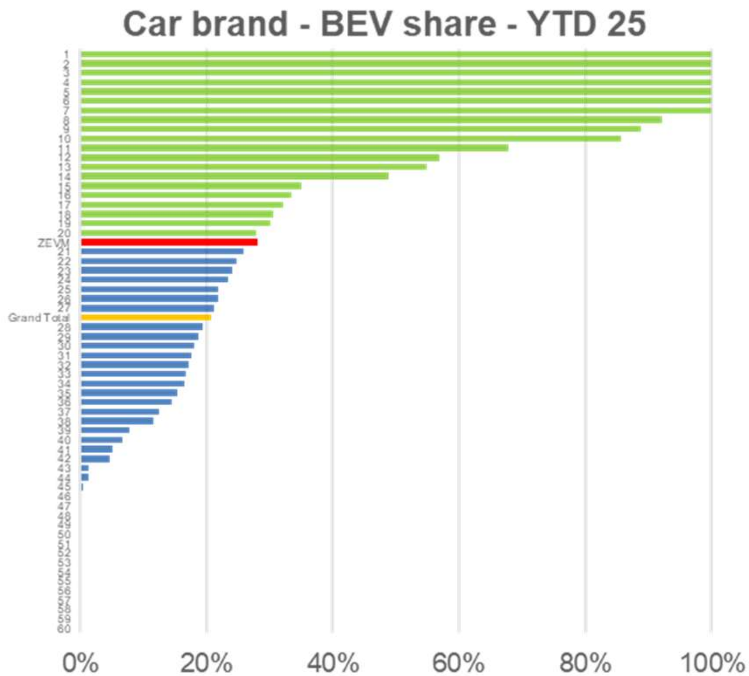
ZEV Mandate

Vehicle Emissions Trading Scheme (VETS) in regulatory terms



CARS	**2024: 22%**	2025: 28%	2026: 33%	2027: 38%	2028: 52%	2029: 66%	**2030: 80%**	2031: 84%	2032: 88%	2033: 92%	2034: 96%	**2035: 100%**
									Non-ZEV TBC			
VANS	**2024: 10%**	2025: 16%	2026: 24%	2027: 34%	2028: 46%	2029: 58%	**2030: 70%**	2031: 76%	2032: 82%	2033: 88%	2034: 94%	**2035: 100%**

- End of sale dates/tech confirmed
- Welcome new flexibilities
  - Non-ZEV offset extended and caps amended
  - Banking/borrowing extended
  - Cars to vans, bi-directional
  - Compliance payments reduced
  - Derogations extended
- On-going review needed
- Demand issue still not resolved

ZEVM – demand measures

Major aspect of ZEVM condoc (Q8)

- SMMT existing asks
  - *VAT cut BEVs*
  - *Keep ECOS*
  - *ECS on VED*
  - *VAT on charging*

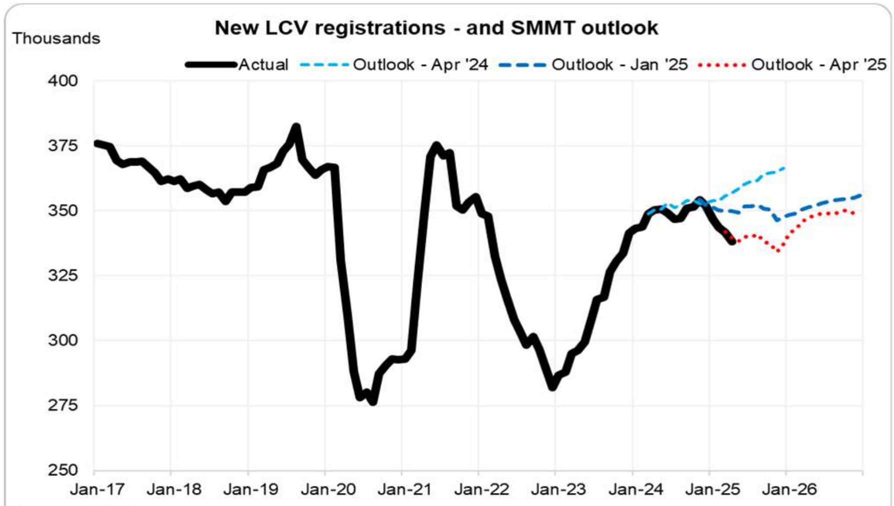
  Plus VED on vans, reverse DCPU

- Push for operating cost reductions, incl energy prices
- Ensure non-BEV costs don't rise – impacts business. Consider wider implications of taxes (like NIC hikes) hitting investment budgets
- Govt ZEV procurement – increase and broaden scope

New LCV registrations

Market down sharply in 2025

- LCV market fallen every month in 2025. April down -14.9% and YTD down -11.5%
- Against strong 2024 but weak business sentiment and tax hikes holding back investment
- Outlook lowered again, now expecting -4.3% to 337,000 units this year and the 3.4% gain to 349,000 in 2026



Source: SMMT

Views ('000s)	Jan '24	Apr	July	Nov	Jan '25	Apr
2024	341	353	351	352	352	**352**
2025	353	366	362	355	348	**337**
2026	-	-	-	366	356	**349**

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New LCV registrations – by sector type

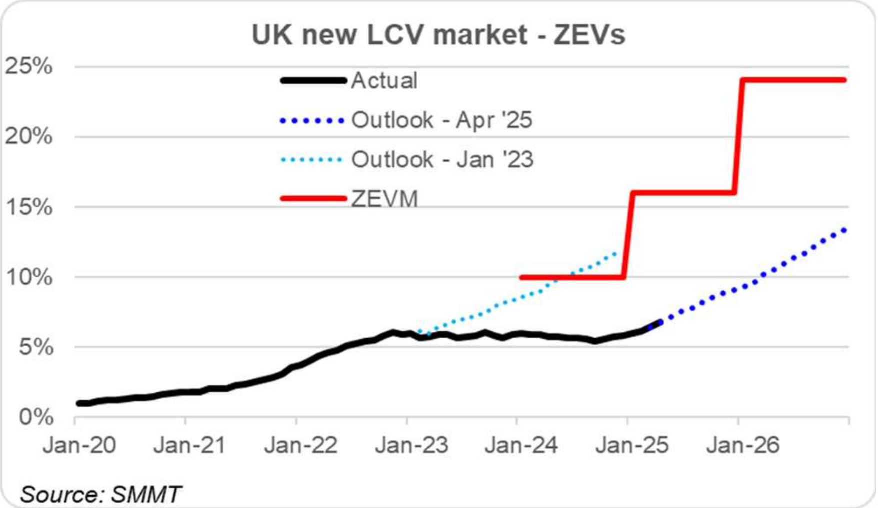
YTD <2T up 46.6% and pick-ups up 17.5%, rest down (>2T vans by over -16%)

New BEV LCV registrations

Growing, but not enough to meet ZEVM

- BEVs to 4.25T up 77.5% in April and 42.3% in YTD
- BEV share now 8.3% (mth & YTD)
- 30% uplift in models to almost 40
- Major discounting

- Outlook (to 3.5T) expecting 50% growth this year and next, but market share at 9.1% in 2025 and 13.3% in 2026 represent cuts and sub ZEVM's 16% and 24% targets



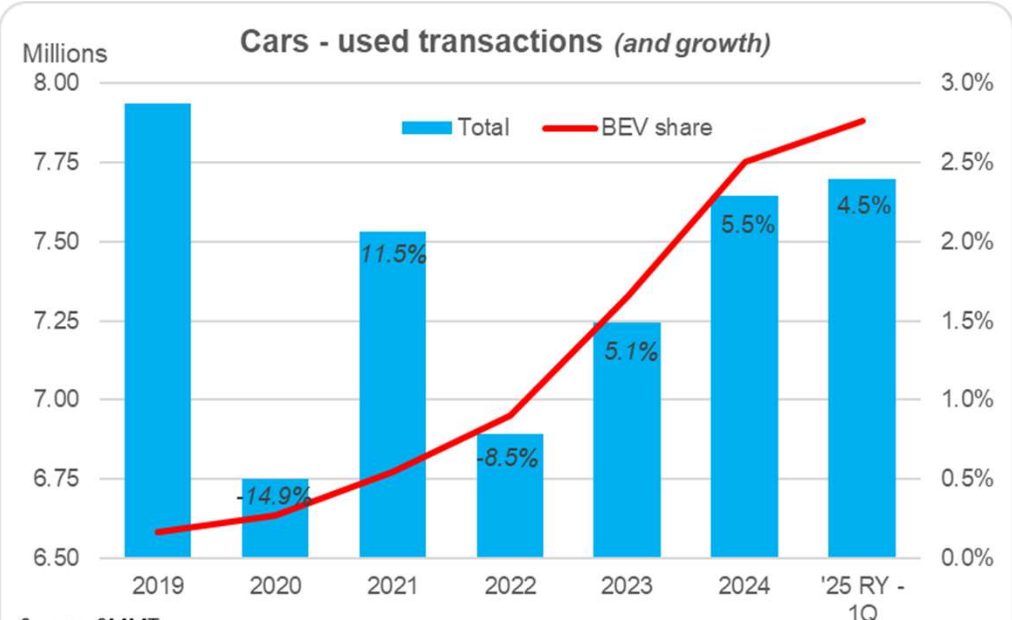
BEV share	Jan '24	Apr	July	Nov	Jan '25	Apr
2024	9.4%	8.3%	6.6%	5.7%	5.8%	**5.8%**
2025	13.6%	13.4%	12.0%	10.6%	9.6%	**9.1%**
2026	-	-	-	16.9%	15.2%	**13.3%**

Outlook summary – released 6 May

'000s	2019	2023	% ch	2024	% ch	2025F	% ch	2026F	% ch
All cars	**2,311**	**1,903**	***17.9%***	**1,953**	**2.6%**	**1,964**	***0.6%***	**1,992**	***1.4%***
Diesel *(share)*	616 *(26.6%)*	142 *(7.5%)*	*-8.3%*	123 (6.3%)	-13.6%	104 *(5.3%)*	*-15.6%*	88 *(4.4%)*	*-15.0%*
BEV *(share)*	38 *(1.6%)*	315 *(16.5%)*	*17.8%*	382 (19.6%)	21.4%	462 *(23.5%)*	*21.0%*	557 *(28.0%)*	*20.5%*
PHEV *(share)*	35 *(1.5%)*	141 *(7.4%)*	*39.3%*	167 (8.6%)	18.3%	197 *(10.0%)*	*17.8%*	231 *(11.6%)*	*17.4%*
HEV *(share)*	98 *(4.2%)*	238 *(11.6%)*	*26.8%*	261 (13.4%)	9.6%	294 *(15.0%)*	*12.4%*	328 *(16.5%)*	*11.8%*
LCVs	**366**	**341**	***21.0%***	**352**	**3.0%**	**337**	***-4.3%***	**348**	***3.4%***
BEVs *(share)*	3 *(0.9%)*	20 *(5.9%)*	*21.0%*	21 (5.8%)	1.3%	30 *(9.1%)*	*48.7%*	46 *(13.3%)*	*51.9%*

Used car market

Demand for used cars growing, as new mkt recovers. EVs reach new highs

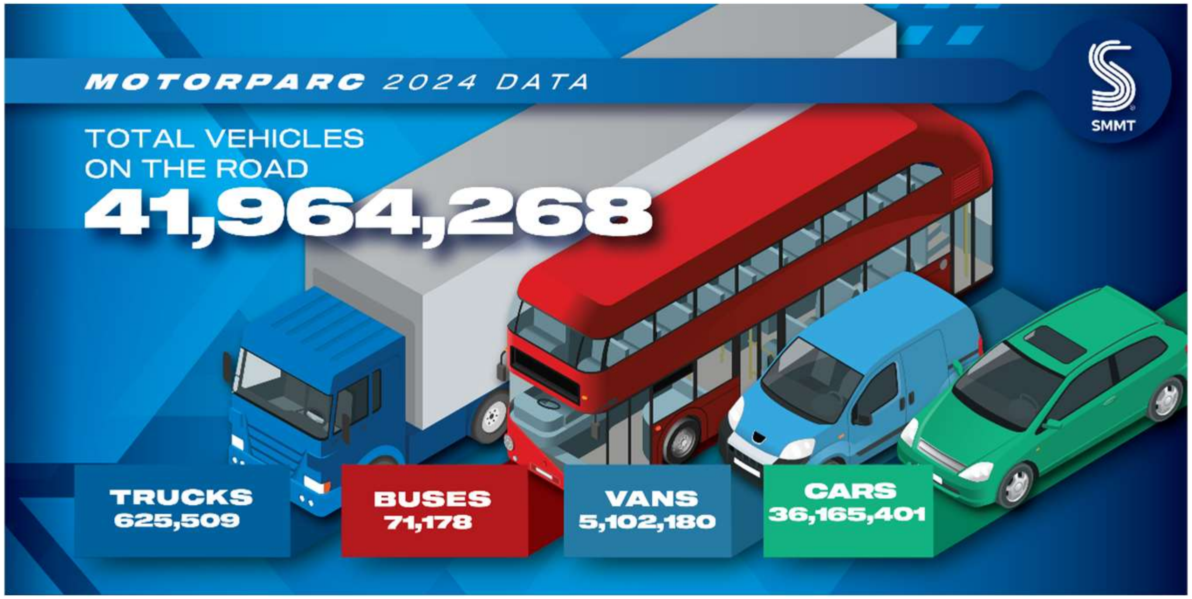


Source: SMMT

- Used market up 2.7% in Q1 '25
- 9th successive month of growth
- Improved availability from new market helping fuel used car turnover.
- BEVs +58.7% in Q1, share to record 3.3%%
- Most popular segment – superminis, colour – black

UK parc 2024

Record car and LCV parcs. BEVs up (on low base), parc ageing



	Growth	BEV sh	Age - yrs ('19)
Cars	1.3%	3.7%	9.5 (8.0)
LCV	1.8%	1.6%	9.2
HCV	-0.1%	0.7%	8.2
B&C	-0.1%	4.9%	13.4

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Thank you

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