CLEPA European Association of Automotive Suppliers | Roland Berger

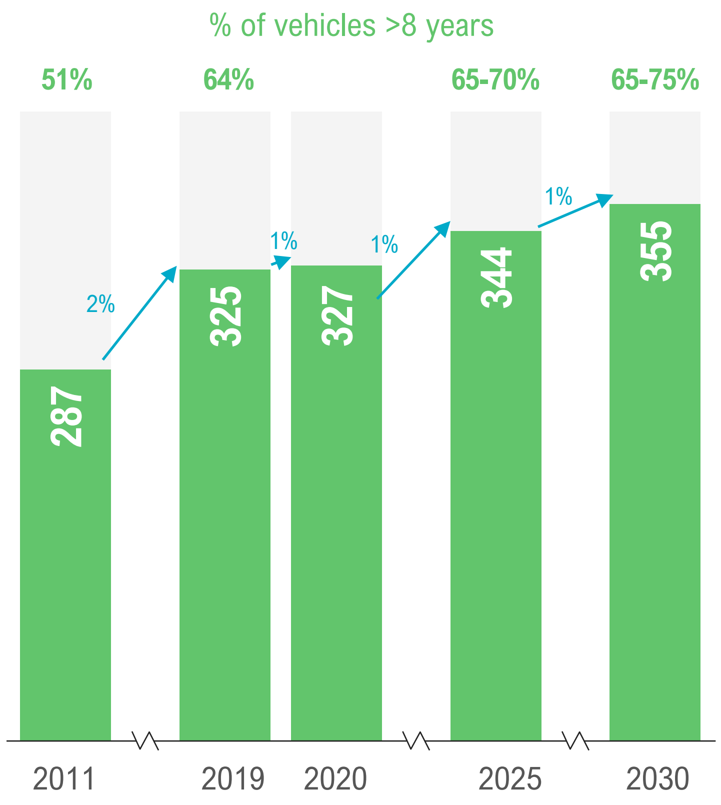
ELECTRIFICATION OF LIGHT VEHICLES

Boon or bane for the European aftermarket

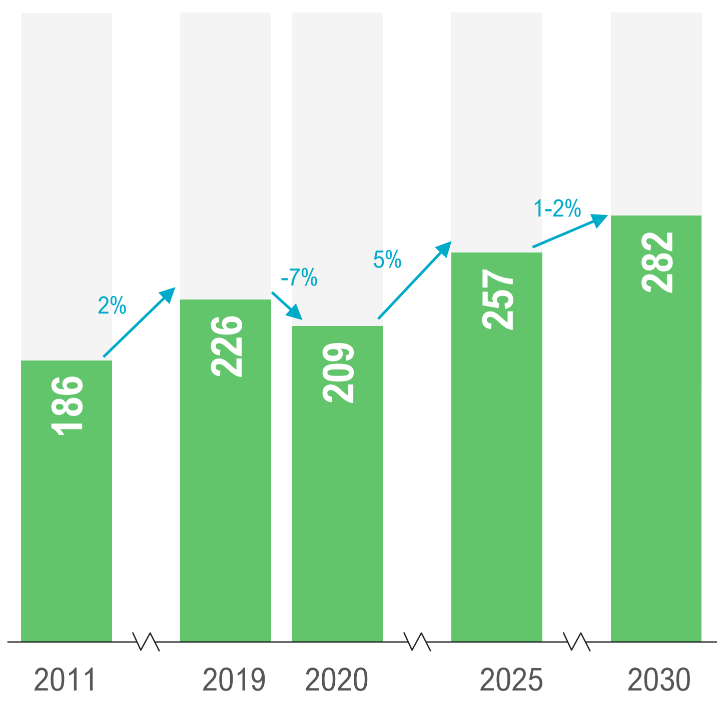
eMobility Aftermarket Study
by CLEPA & Roland Berger
8 September, 2022

CLEPA forecast of the European Aftermarket

Vehicles in operation (VIO)
Car parc (PC & LCV) [m vehicles]



European aftermarket
Market size [EUR bn]



Main drivers for the Aftermarket:

- Number of VIO
- Average vehicle age
- Average mileage
- Average spend & serviceability (electrification, connectivity, ADAS)

Source: CLEPA

Main challenges for the Aftermarket

- Electric powertrains (BEV and hybrids)
- ADAS & ADAS calibration
- Utilisation of connectivity (competence in data based services)
- Electronic competency (software updates, diagnostics, …)
- Spare parts availability (semiconductors, electronic components, cybersecurity protection)
- Remanufacturing/sustainability
- Competitive landscape changes (IAM consolidation, digital players, Chinese OEMs)

Source: CLEPA

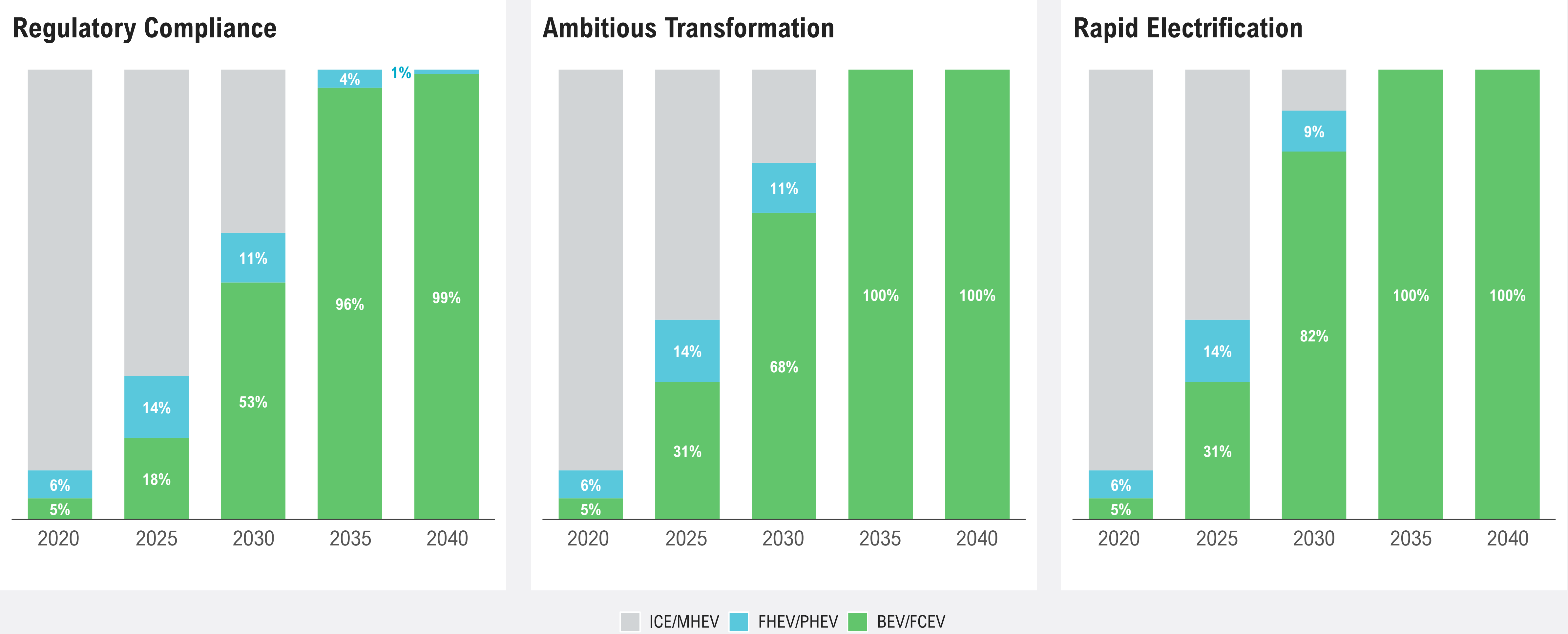
Regulation and impact on the Aftermarket

REGULATION		IMPACT
CO_2 regulation Euro 7	→	Speed of electrification
MVBER (extension beyond 05/23)	→	Mitigates risks of limitations in the distribution of spare parts
Deployment of UN155 and UN156 into EU regulations	→	Ability to provide spare parts to the independent aftermarket and to install in workshops
Sector specific regulation on access to in-vehicle data complementing the Data Act	→	Access to aftermarket business and new services

Source: CLEPA

We expect 53-82% of European light vehicle sales to be BEV/FCEV by 2030 and to make up almost 100% of sales from 2035 across all three scenarios

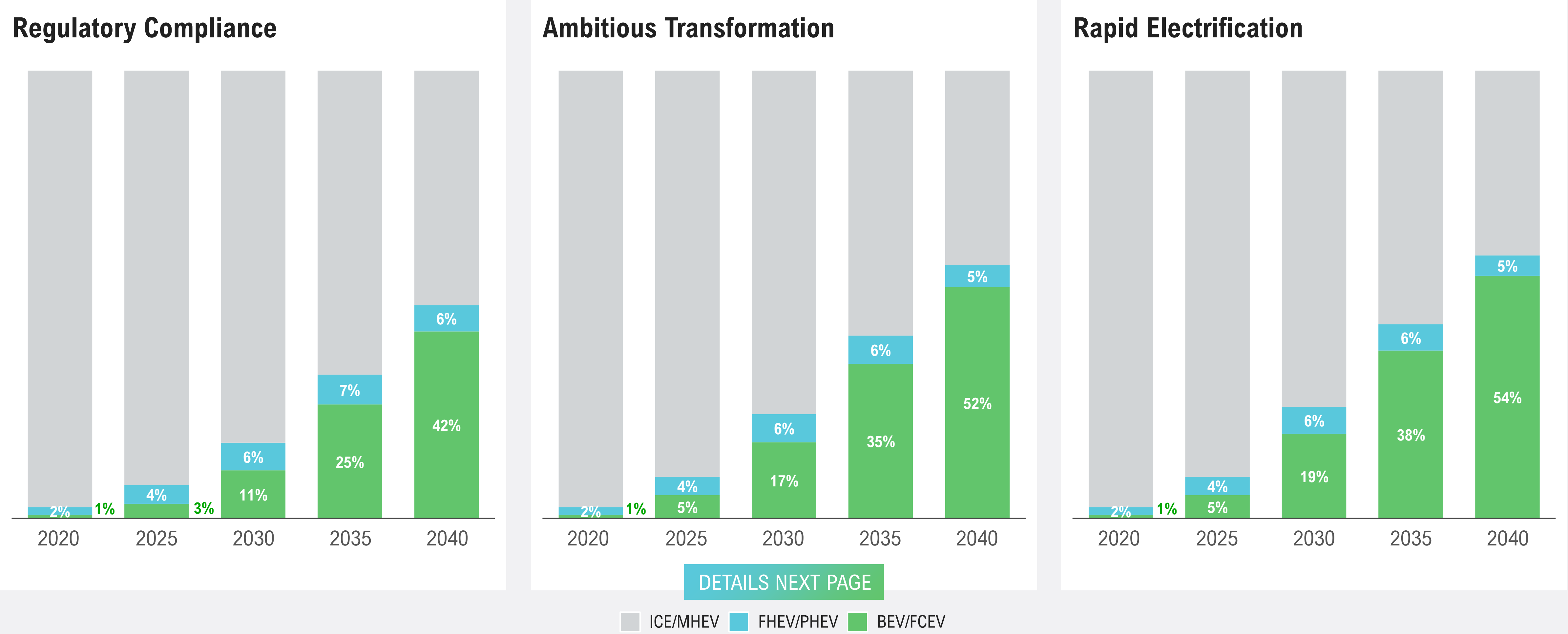
Light vehicle sales share in Europe, 2020-2040 [%]



Source: CLEPA, Roland Berger

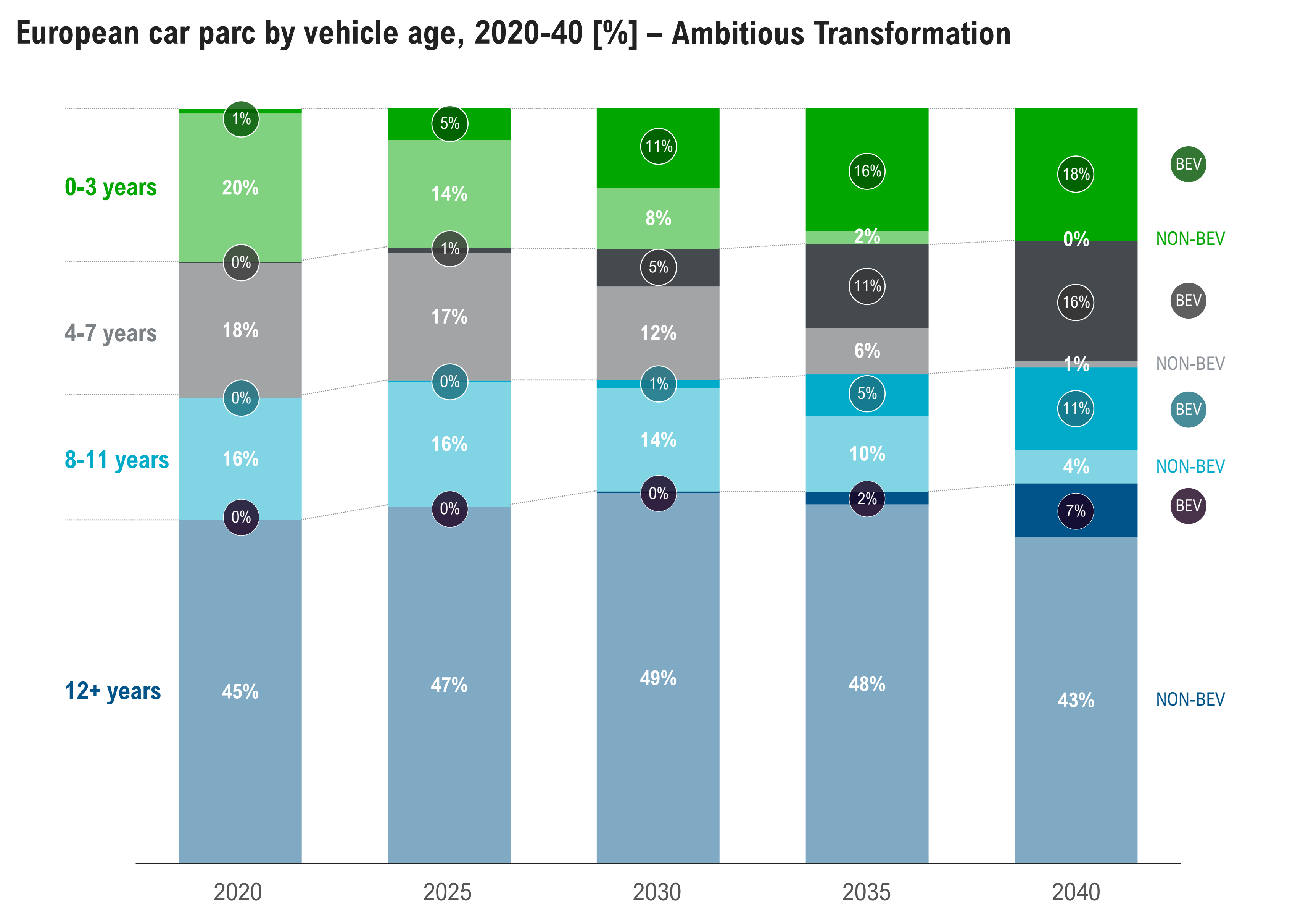
BEV/FCEV to reach 50% in the light vehicle car parc between 2038 and mid-2040s, depending on the scenario

Light vehicle car parc split in Europe, 2020-2040 [%]



Source: CLEPA, Roland Berger

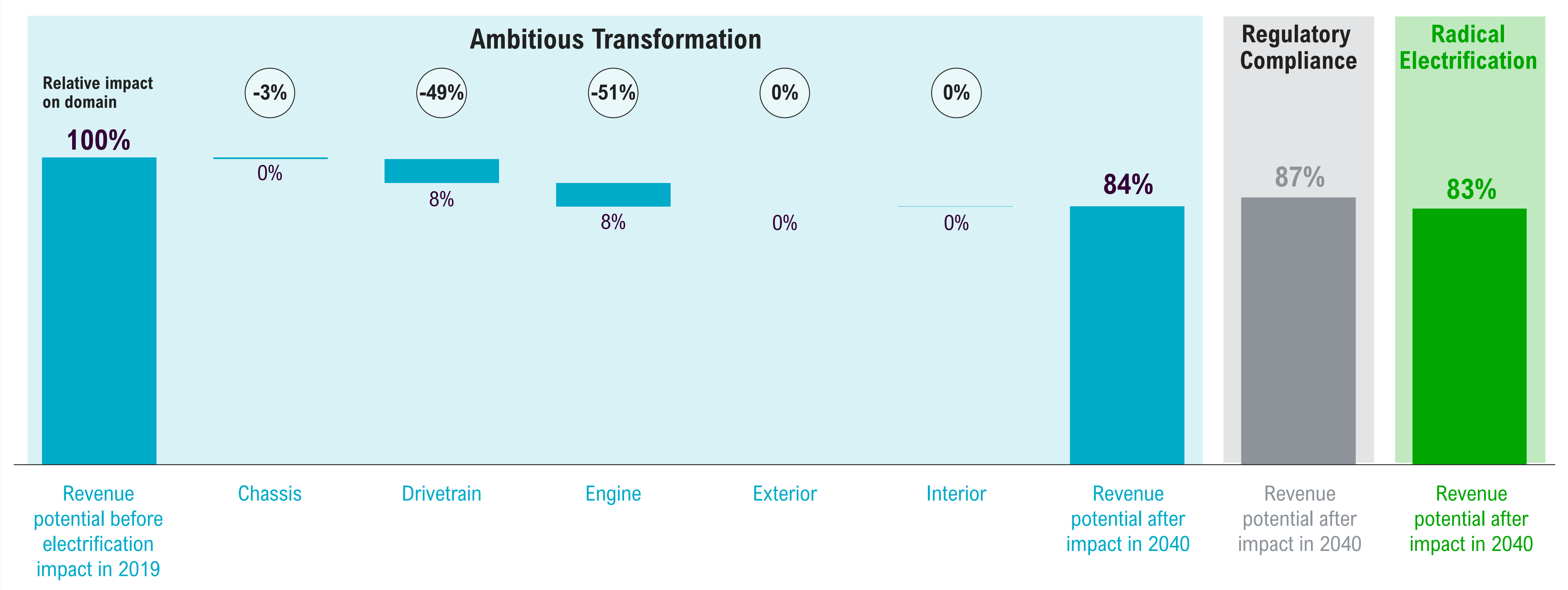
However, only 18% of European vehicle parc are expected to be BEVs in the age segment of 8+ years by 2040



Source: CLEPA, Roland Berger

We expect an impact of -13% to -17% gross parts demand for traditional aftermarket components by 2040 compared to 2019

Impact of electrification on Aftermarket value for traditional Aftermarket components, 2019-2040



Note: Analysis only assesses the impact of electrification. Other technical trends (e.g., ADAS) and macro-trends (e.g., inflation, increasing vehicle parc) excluded
Source: CLEPA, Roland Berger

Various opportunities in terms of new products, new services, new customer groups, training and collaboration to arise for Aftermarket players due to electrification

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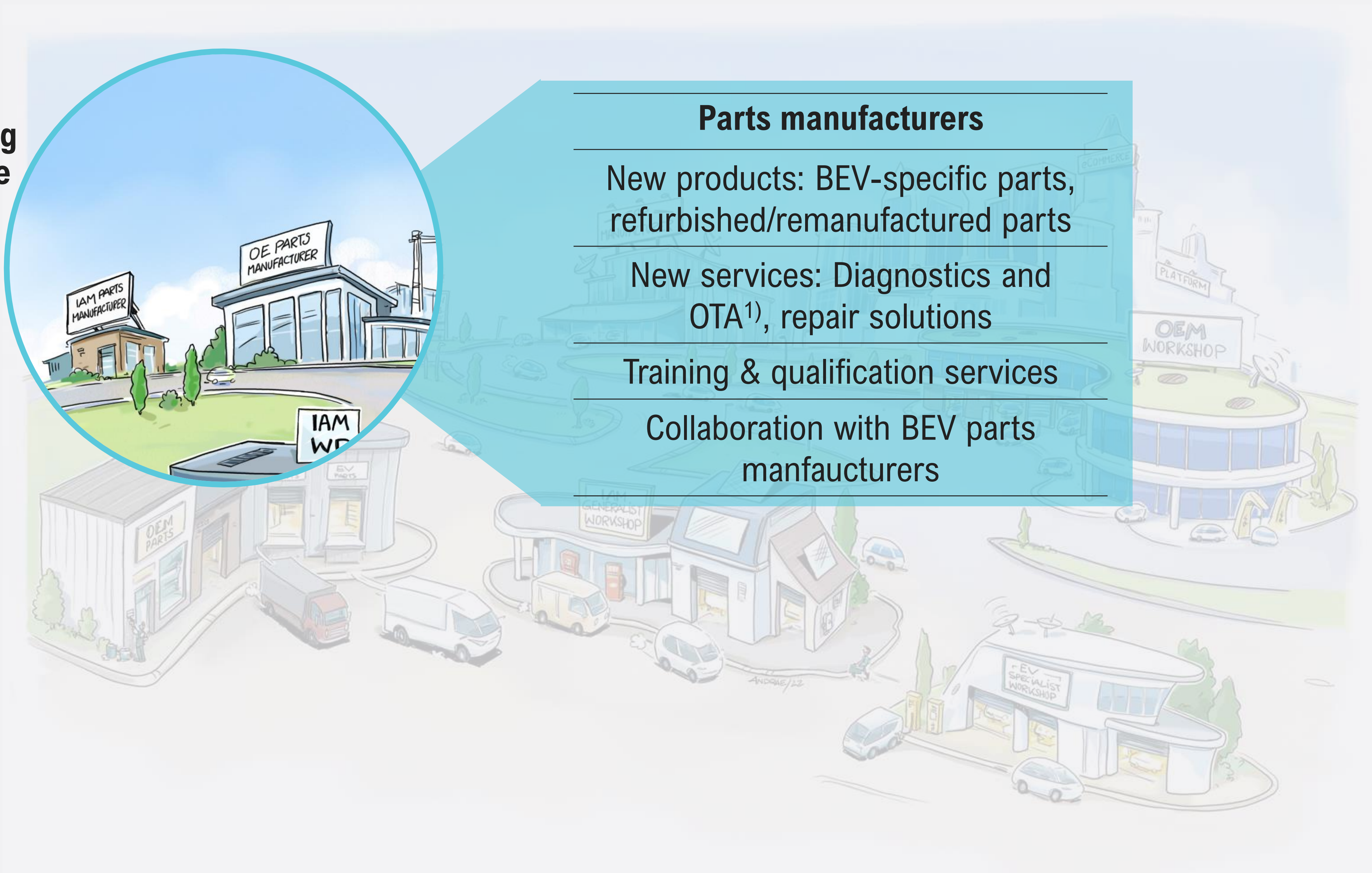


Parts manufacturers

New products: BEV-specific parts, refurbished/remanufactured parts

New services: Diagnostics and OTA[1], repair solutions

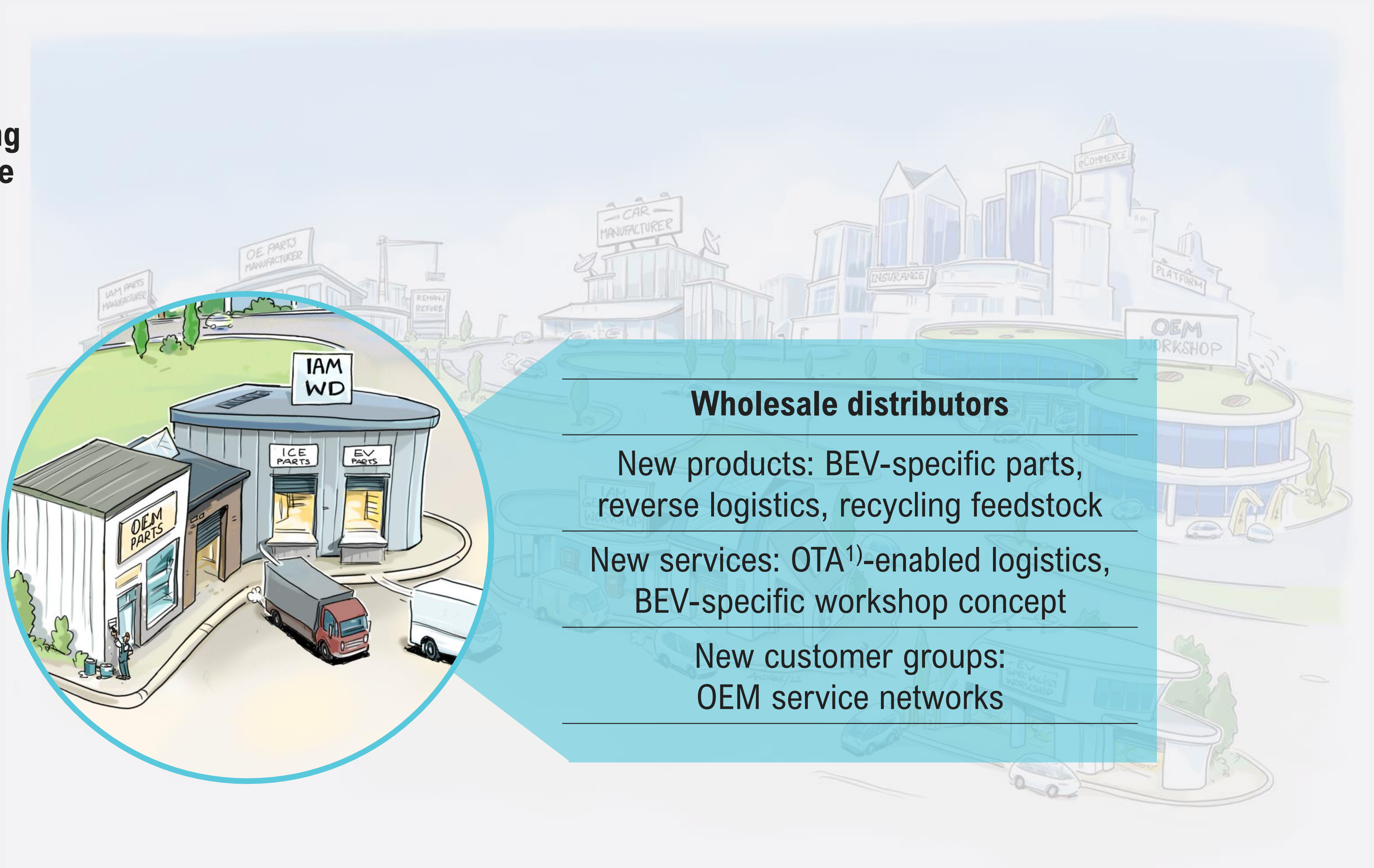
Training & qualification services

Collaboration with BEV parts manfaucturers

1) Over-the-air

Source: CLEPA, Roland Berger

Various opportunities in terms of new products, new services, new customer groups, training and collaboration to arise for Aftermarket players due to electrification



Wholesale distributors

New products: BEV-specific parts, reverse logistics, recycling feedstock

New services: OTA[1)]-enabled logistics, BEV-specific workshop concept

New customer groups: OEM service networks

1) Over-the-air

Source: CLEPA, Roland Berger

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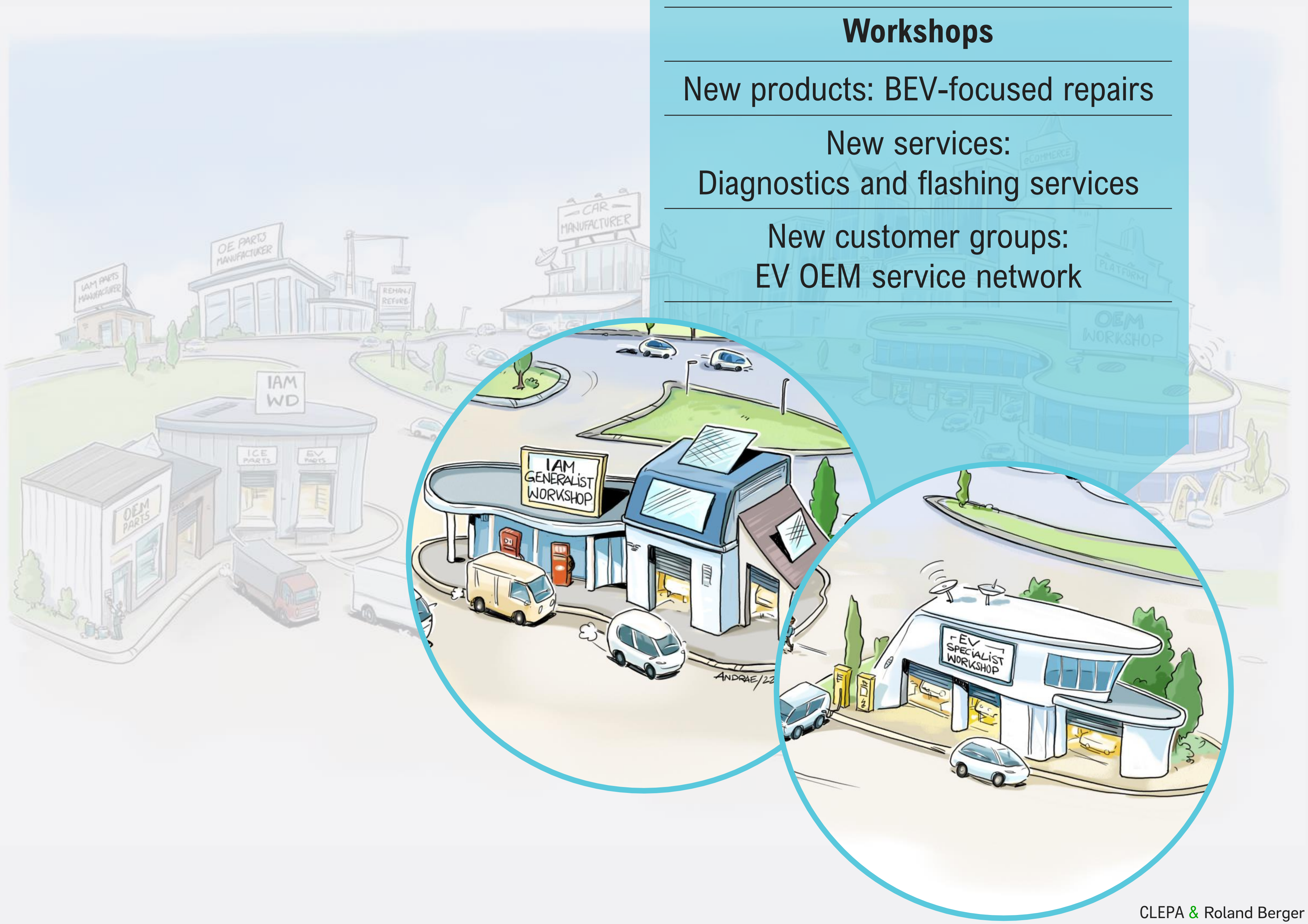
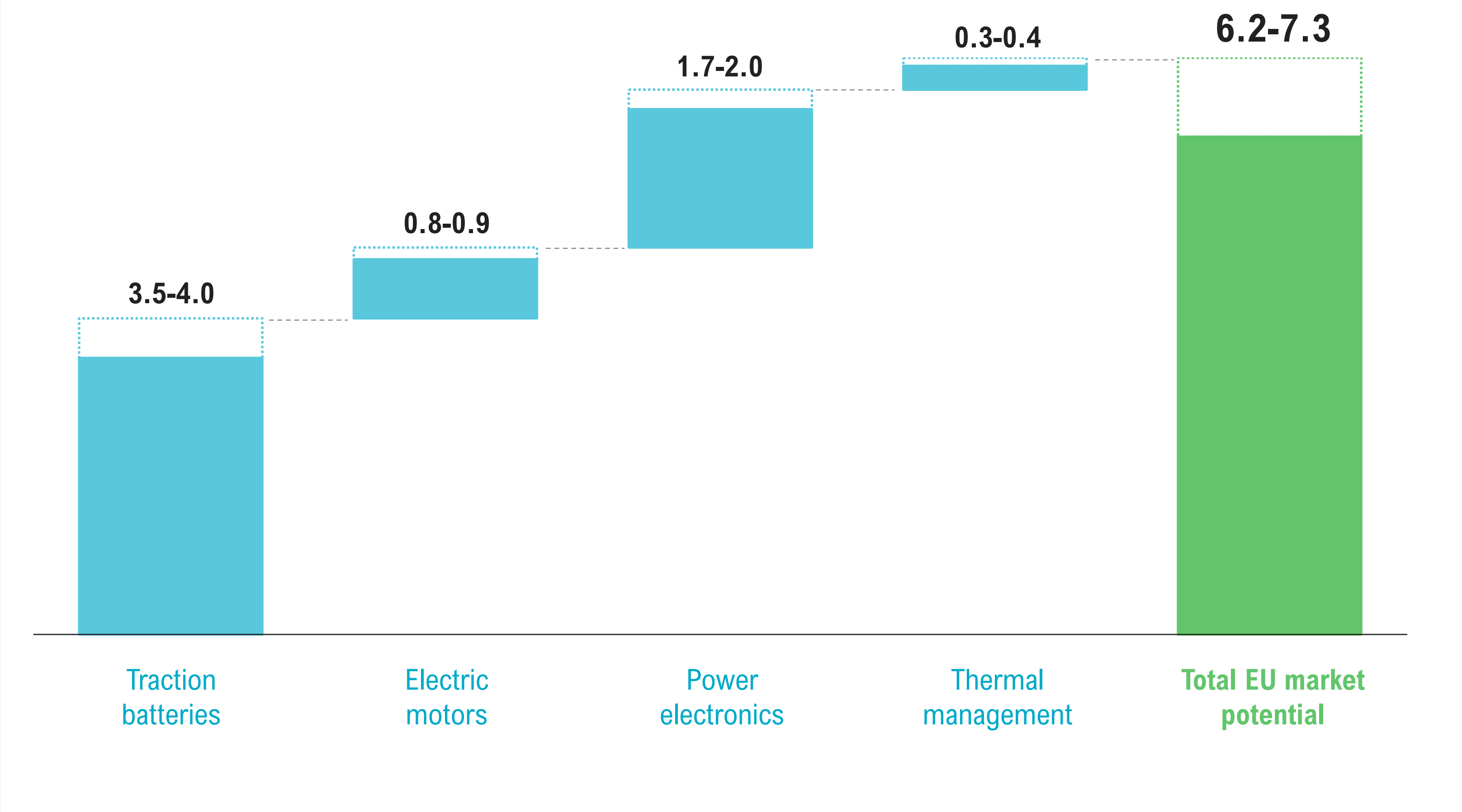


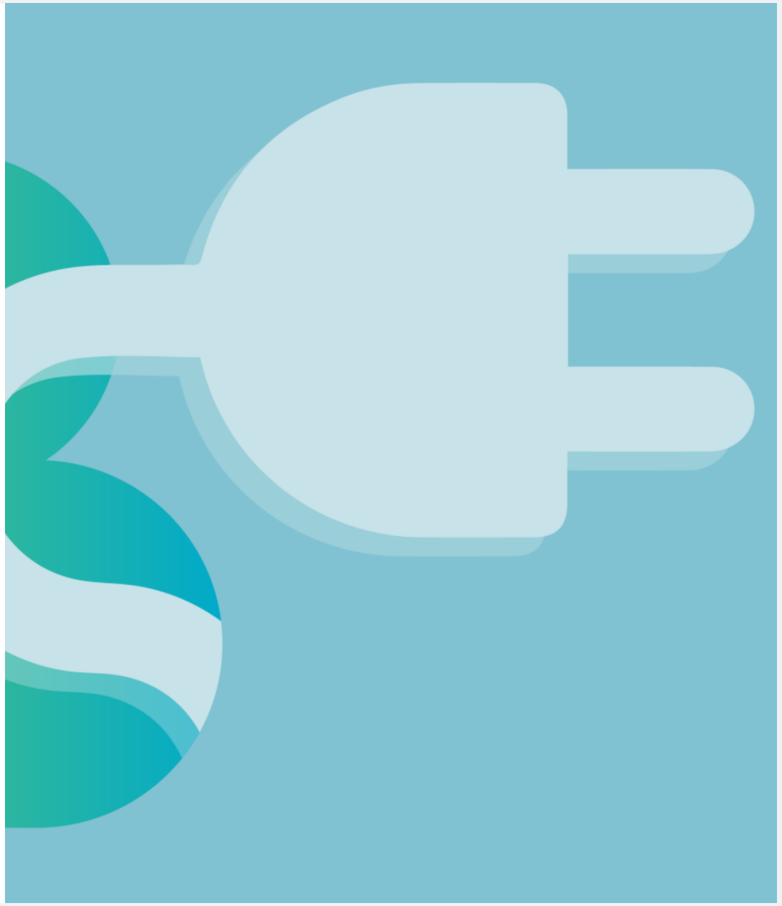
Workshops
New products: BEV-focused repairs
New services: Diagnostics and flashing services
New customer groups: EV OEM service network

Source: CLEPA, Roland Berger

We expect an additional market potential of EUR 6-7 bn parts sales by 2040

New opportunities relating to BEV-specific components, 2040 [EUR bn]





Note: Market potential for light vehicles (<3.5 tons) in Europe in 2040 at parts manufacturer prices, excl. VAT and inflation
Source: CLEPA; Roland Berger

QUESTIONS

Access to the CLEPA & Roland Berger eMobility Aftermarket study

Summary of key take-aways from study similar to study summary

SUMMARY OF FINDINGS

- Electrification is **masked as a bane** due dropping parts demand and technical challenge, but It **can be a boon**, if players act in time and leverage the opportunity

OUR RECOMMENDATIONS

- Increased openness for collaboration
- IAM should act as a whole, otherwise risk losing business to OEMs
- Taking action early from a position of strengths

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Over the last 50 years, the automotive industry has changed relatively slowly. The industry is not used to change anymore, and it is bound by its capital intensity. But now we see the need to change quickly. Not everyone will be able to change fast enough – and nobody knows the right timing.

Executive at an Aftermarket association

Source: CLEPA, Roland Berger

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