



INDIA AUTOMOTIVE

December global trends: Demand mixed, premium struggling

9 JANUARY 2026

Sector Research Report

Production time: 02:11* (London time)

Research Analysts & Publishing Entities

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We track monthly auto demand trends across major developed markets, covering the US, the UK and the top five EU markets, which represent c75% of European auto demand. We also track lateral data such as consumer confidence, used- and new-car prices, incentives and market share. We analyse the performance of JLR and key global customers of MOTHERSO in these markets. Our proprietary SMRP BV (subsidiary of MOTHERSO) volume index, based on customer and geographical profiles, has a strong correlation with SMRP BV's revenue performance, and is a useful predictor of its recent quarter performance.

Dec-25: Resilience in mass vehicles while premium under pressure

After seeing a recovery through most of 2025, global auto sales have started stabilising in recent months. However, trends across regions are reversing. While US y-y volume growth has started softening, UK and Europe volume growth is showing signs of recovery, partly on a low base. Premium segment growth across regions is slowing while the mass segment is outperforming. BEV penetration was mixed across key regions as it improved in the US, the UK and China, was flat in Germany and declined in France.

Lateral data points: US auto demand drivers weakening

Consumer sentiment trends, a lead indicator of demand, were mixed as it improved in the UK, flattish in the EU and declined in the US. US used-car prices and incentives increased m-m in Dec-25. China's median luxury-car ATP increased y-y/m-m in Nov-25, for the 2nd consecutive month.

JLR: 3Q retail/wholesale volume declined c25%/c43% y-y, impacted by gradual recovery of production and incremental US tariffs. In Dec-25, registration declined across key regions amid weak demand and supply chain issues. LR's incentives as a % of ATP declined m-m, but we estimate the company's VME to see an increase q-q in 3QFY26. JLR's US inventory was at its lowest point in the last 24 months.

SMRP BV: SMRP BV customers' volume fell y-y (provisional) with weakness across most customers.

Detailed country-wise data and multiple high-frequency data are inside the report.

Key valuation metrics

	Stock Rating	Price* (Lc)	TP / Upside		Mkt cap (INRm)	P/E (x)		EV/EBITA (x)	
			TP	Upside		CY25e	CY26e	CY25e	CY26e
Ashok Leyland	(+)	186.2	165	-11%	1,093,005	30.5	26.9	23.5	20.6
Bajaj Auto	(=)	9,661.0	9,020	-7%	2,697,931	29.4	26.2	22.8	20.1
Eicher Motors	(=)	7,522.5	7,400	-2%	2,061,917	45.6	38.6	40.2	33.3
Hero Motocorp	(=)	6,000.0	4,975	-17%	1,199,690	22.7	22.6	18.7	18.4
Mahindra	(+)	3,785.6	4,120	9%	4,557,113	31.3	26.7	26.6	22.2
Maruti Suzuki	(+)	17,292.0	19,130	11%	5,436,605	34.2	28.2	26.5	21.1
Samvardhana M.	(+)	120.8	125	3%	1,228,189	32.6	24.6	19.5	16.6
Tata Motors PV	(=)	368.9	360	-2%	1,412,394	47.9	34.1	81.5	37.1
TVS Motor	(-)	3,866.1	2,120	-45%	1,836,784	55.7	50.1	39.2	34.9

Mehul Mistry[▲]

Associate who provided support services in the preparation of this report

* Closing prices at 6 January 2026

See page 22 for Analyst Certification, Important Disclosures, Non-US Research Analyst disclosures and BNP Paribas Group Corporate Social Responsibility ("CSR") policies. BNP Paribas has adopted strict CSR policies that govern financing and investment in certain sectors. For time of dissemination, please refer to the Cube.

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Summary of global trends

Dec-25 auto sales volumes mixed, weakness in the premium category across regions

The global automotive registrations showcased a mixed trend, with overall flattish registrations y-y in Dec-25. The global mass category saw a modest c3% y-y growth, while the premium segment saw a c7% y-y volume decline. Overall volume in the US declined marginally with flattish registrations in the mass category, while the premium segment declined by c10% y-y. EU (ex-UK) sales increased by c2% y-y, with mixed growth trends in key regions. Belgium saw healthy growth of c24% y-y, mainly driven by low base and hybrid and electric vehicle (HEV/BEV) adoption. Germany volume increased by c10% y-y, driven by strong growth in plug-in hybrid and electric vehicles. In Italy, Spain and France the trend was mixed. BEV penetration was mixed in Dec-25 as it improved in the UK and China, was flat in Germany and declined in the US and France.

US auto industry sales trends

Overall industry registrations contracted marginally y-y in Dec-25, impacted by pricing pressure due to tariffs and slowing demand for EVs post export of EV tax credit. The mass segment volume was flattish while the premium segment declined, partly due to the high base of last year. Incentives in proportion to ATP (average transaction price) per unit increased marginally m-m. The BEV mix increased by c50bp m-m to 5.8%, while for PHEV was flat at c1% and HEV mix declined to c13%, respectively. The US consumer confidence index declined m-m in Dec-25.

Europe (top five markets, excluding the UK) auto industry sales trends

Sales in Europe's top 5 regions (i.e. Germany, France, Italy, Spain and Belgium) increased by c2% y-y, with c3% y-y growth in the mass segment while the premium segment declined by c3% y-y. Belgium reported the highest growth in Europe with volume growth of c24% y-y, supported by favourable base and growth in flex fuel vehicles. Germany registrations were up by c10% y-y, owing to strong demand in flex fuel vehicles and year end effect. Italy volume increased by c2%, while Spain and France reported a decline of c2% and c6%, respectively. BEV penetration in key regions of the EU was mixed as it was flattish in Germany and contracted in France. EU consumer sentiment was flattish m-m in Dec-25.

UK auto industry sales trends

The UK registrations were relatively better than the US and EU sales as it registered a growth of c4% y-y. Growth was mainly led by the mass category as it grew by c9% y-y, while the premium category sales were down by c9%. PHEV surged by c34% y-y, BEV sales grew by c8% y-y and HEV volume increased by c3% y-y. The cumulative mix of these vehicles in overall sales increased by c500bp m-m to 56.4%. The UK's consumer sentiment index improved m-m.

3QFY26 JLR wholesale: Cyber incident and tariffs weigh on volume growth

JLR's wholesale (excluding CJLR) for 3QFY26 declined by c43% y-y to 59.2k, in-line with BNPPe of 59k units. Volume was impacted by the cyber incident that disrupted production with operations normalising by mid-November 2025. The incremental US tariffs further weighed on timely vehicle distribution across key markets. Consequently, volumes declined sharply in North America by c64%, Europe and China by c48% and c46%, respectively. MENA and overseas volume also declined by c9% and c50%, respectively, while the UK volume was flattish. The mix of top models, like RR, RR Sport

and Defender increased from c70% in 3QFY25 to c74% in 3QFY26. JLR retail registration (incl. CJLR) declined by c25% y-y with sharp declines across key markets.

Dec-25 JLR retail: Weak retail registrations

JLR's overall retail sales in Dec-25 declined sharply by c36% y-y, impacted by soft demand across regions in the premium segment and slower ramp-up of dispatches after the cyber-security attack. Excluding the Jaguar portfolio, registrations declined by c33% y-y. Jaguar incentives increased sharply m-m while Land Rover incentives declined m-m in Dec-25, as supply normalized.

SMRP BV: Customers' volume growth (provisional) declined y-y

Volumes for SMRP BV's OEM customers declined c10% y-y in Dec-25 and c12% as of 3QFY26. While few of its luxury clients reported growth, mass segment sales and other OEMs sales declined, impacting overall sales volume growth for its clients. Note that this data is provisional, but we expect the trend to be similar after all companies report their final data.

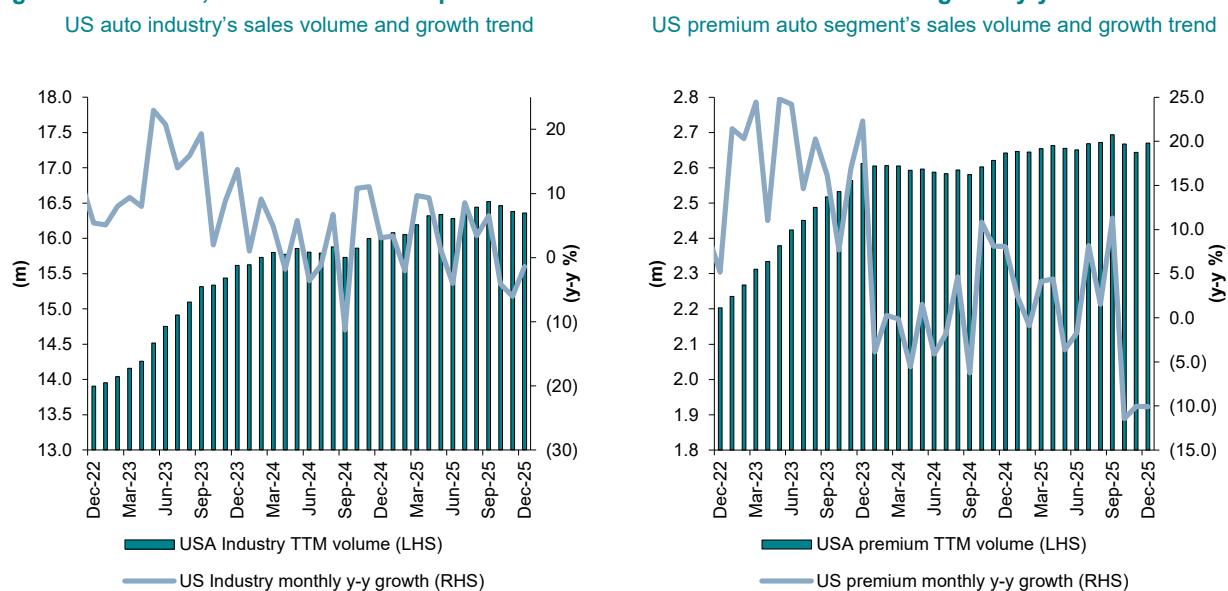
Industry sales performance in charts

Figure 1: Global auto industry: Industry is flattish; the premium segment declined y-y and JLR (part of the premium segment) also declined

Volume growth (y-y %)	Industry	Premium	JLR
US	(1.4)	(10.1)	(30.4)
UK	3.9	(8.9)	(10.8)
Europe (ex-UK)	1.8	(2.7)	(60.9)
Germany	9.7	6.6	26.8
France	(5.8)	(26.2)	(91.7)
Italy	2.2	17.4	(18.3)
Spain	(2.2)	(13.0)	(29.9)
Belgium	23.9	30.9	211.6
Total	0.1	(7.0)	(36.3)

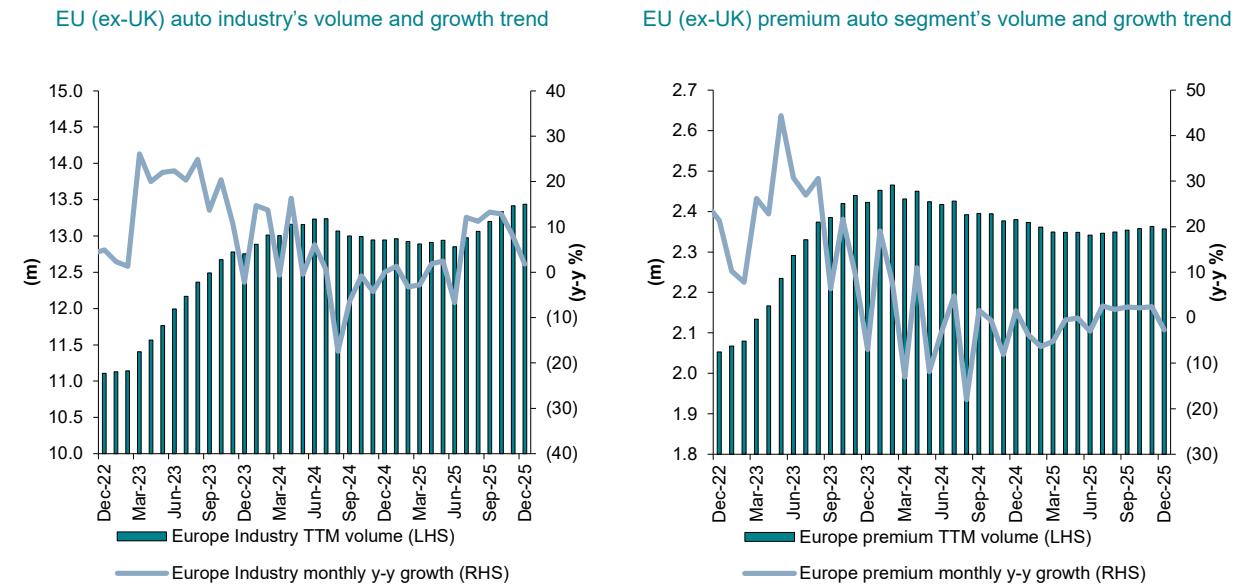
Source: MarkLines, BNP Paribas

Figure 2: In the US, volume declined in premium while it was flattish in the mass segment y-y in Dec-25



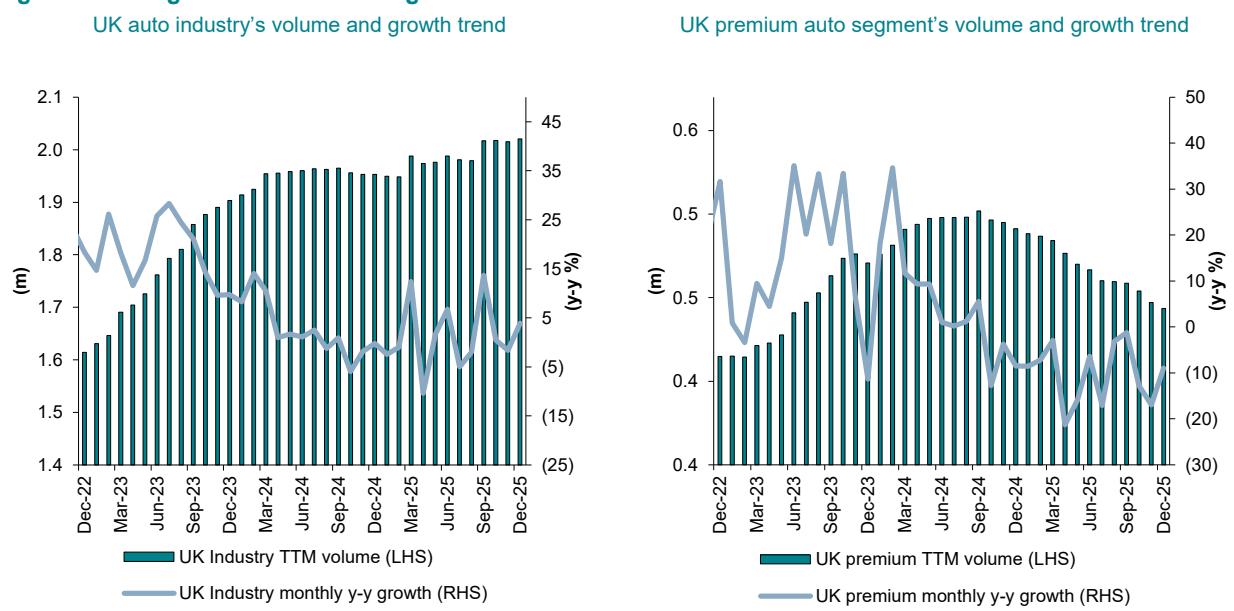
Source: MarkLines, BNP Paribas

Figure 3: In the EU (ex-UK), volumes increased for the overall industry and the premium segment in Oct-25



Source: MarkLines, BNP Paribas

Figure 4: In the UK, volume was flattish y-y for the overall industry; while it declined for the premium segment and it grew for the mass segment in Dec-25



Source: MarkLines, BNP Paribas

xEV performance in charts

Figure 5: UK's xEV mix at a record high; BEV mix improved while HEV mix was flattish

Powertrain mix trends

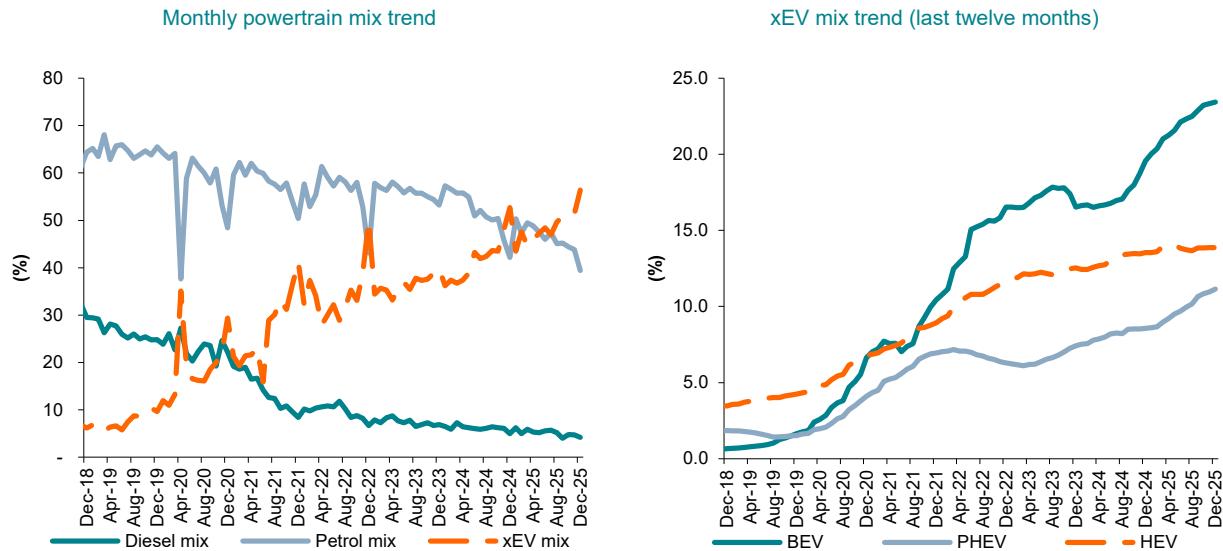


Figure 6: Germany's xEV mix flattish m-m while petrol mix increased in Dec-25; BEV and PHEV mix improved over the last 12M

Powertrain mix trends

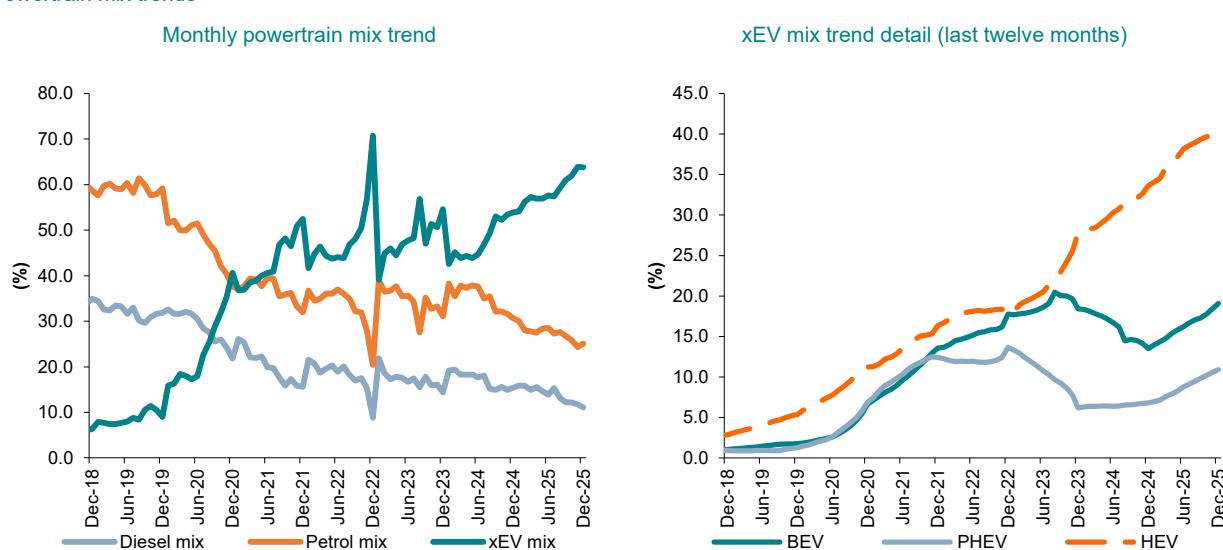
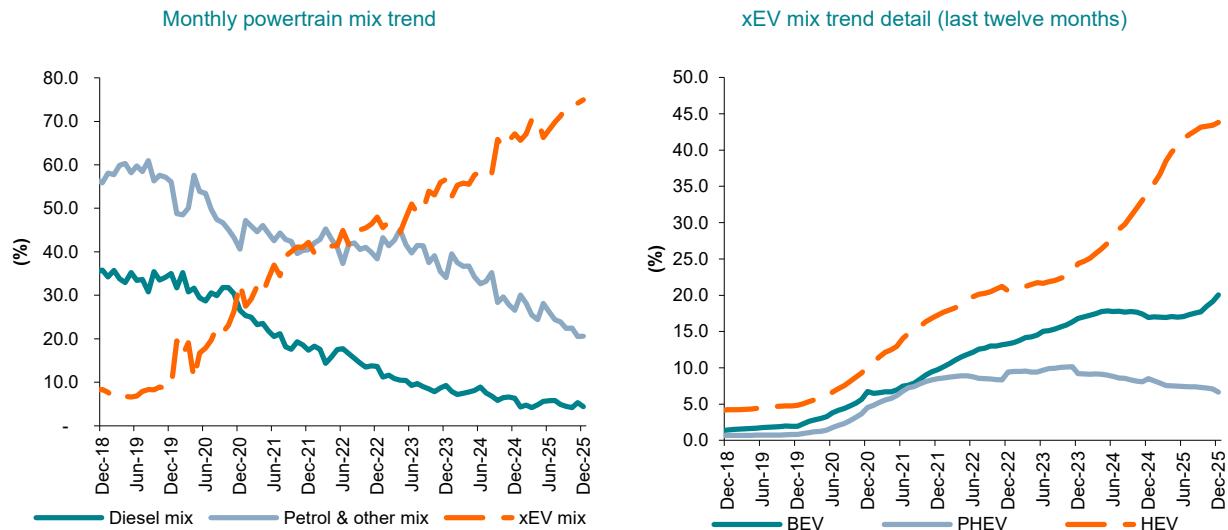


Figure 7: France's xEV mix improved, achieving a new high led by a sharp expansion in PHEV mix m-m in Dec-25

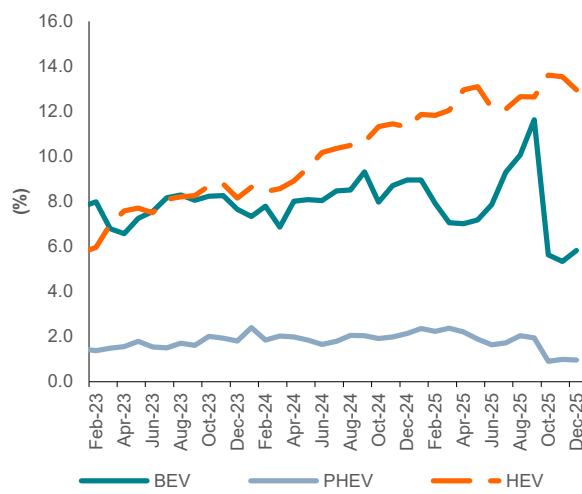
Powertrain mix trends



Source: Plateforme Automobile (PFA), BNP Paribas

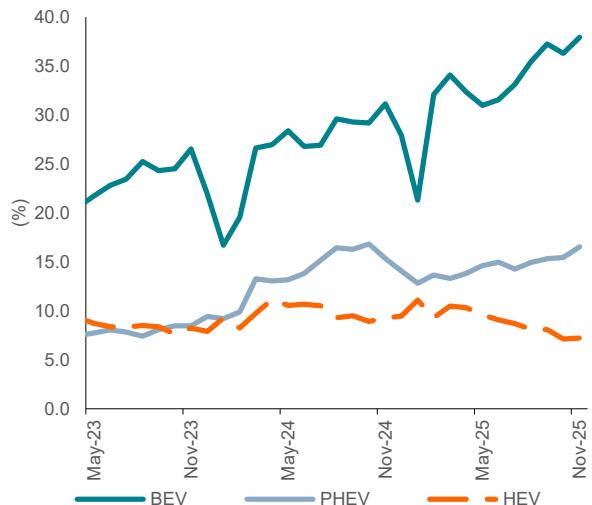
Figure 8: xEV penetration trends in the US and China

Monthly powertrain mix trend in the US



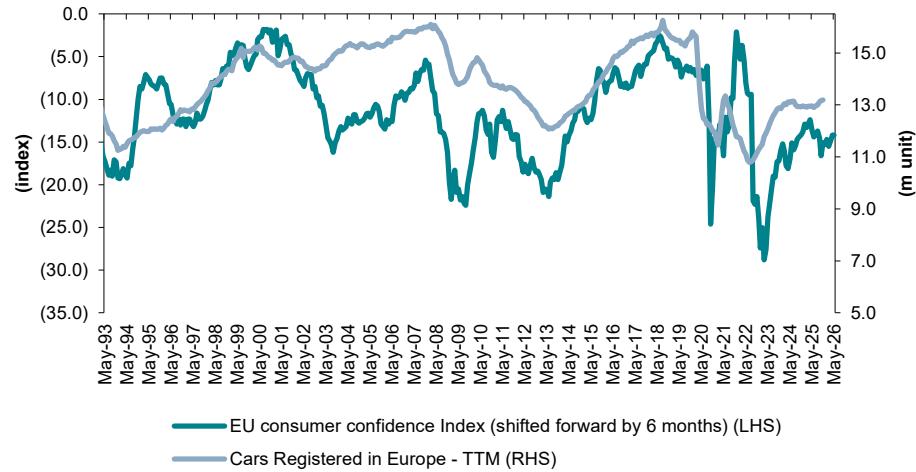
Data for China available till Nov-25
Source: MarkLines, BNP Paribas

Monthly powertrain mix trend in China



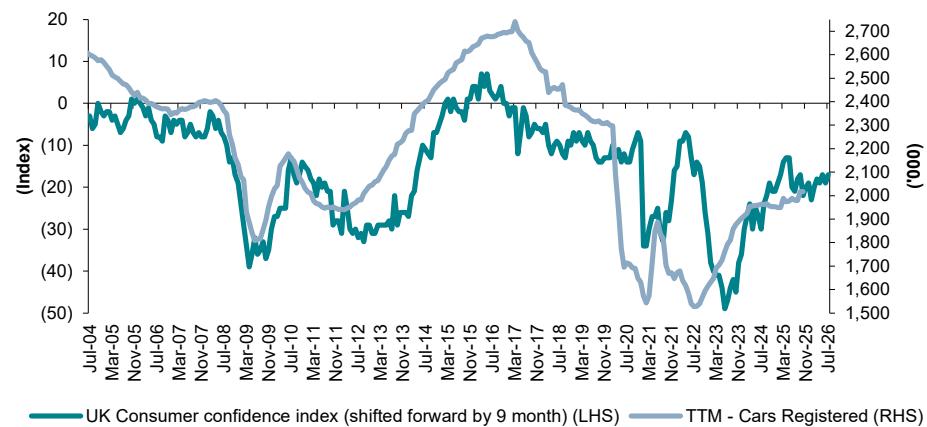
Lateral data trends in charts

Figure 9: Europe consumer confidence index (CCI) was flattish m-m



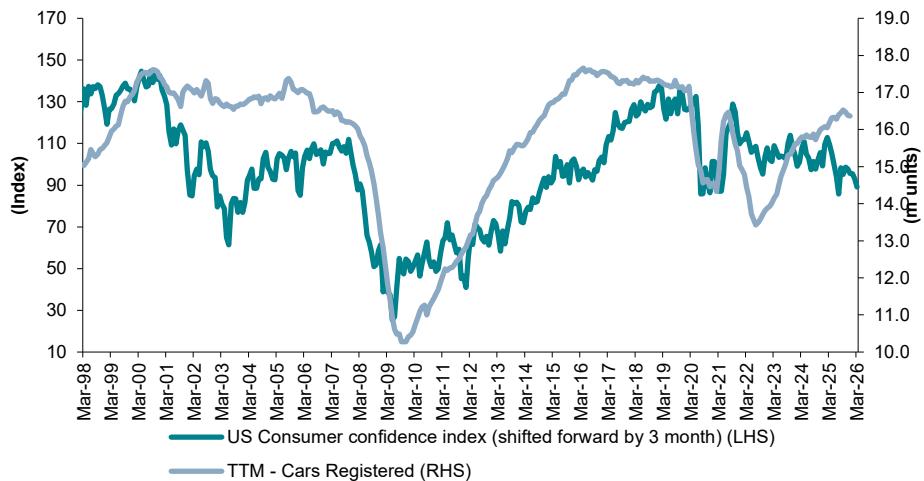
Sources: Bloomberg, MarkLines, BNP Paribas

Figure 10: UK CCI improved m-m, consumer confidence and car demand trending upwards



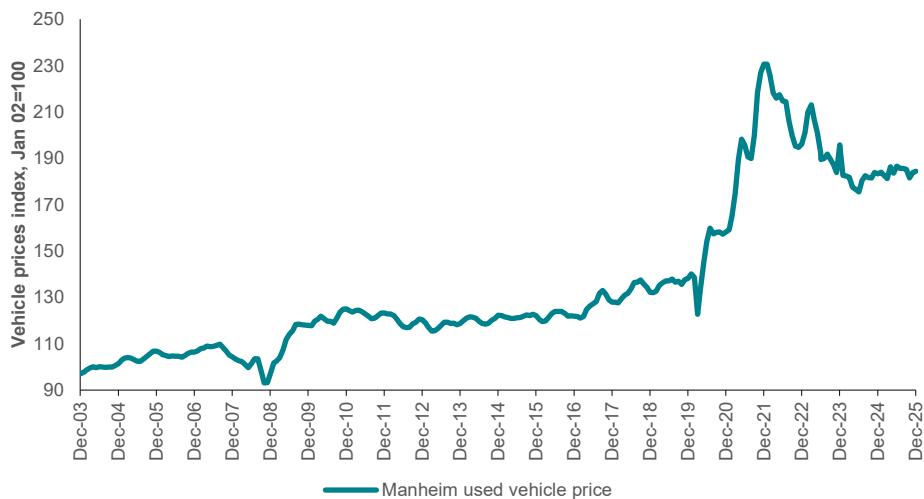
Sources: Bloomberg, SMMT, BNP Paribas

Figure 11: Car demand starting to reflect weakening consumer sentiment



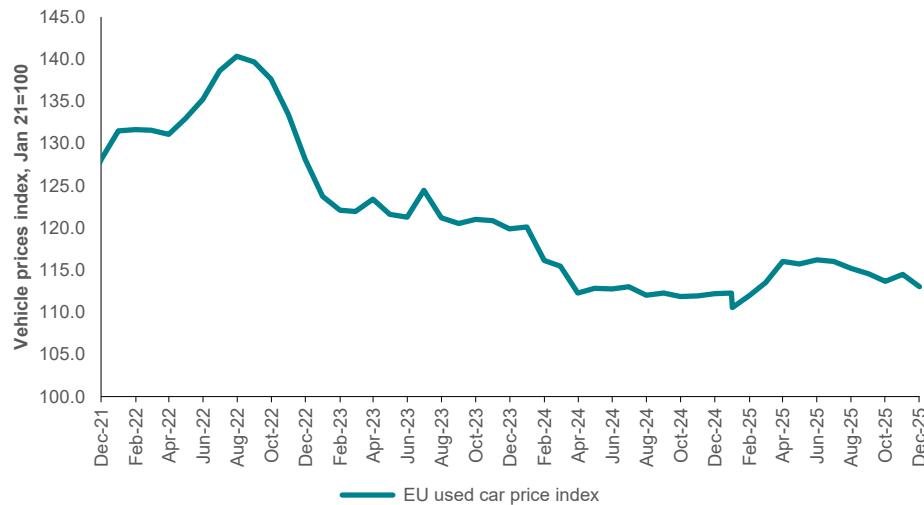
Sources: Bloomberg, BNP Paribas

Figure 12: Used-car prices in North America increased m-m in Dec-25



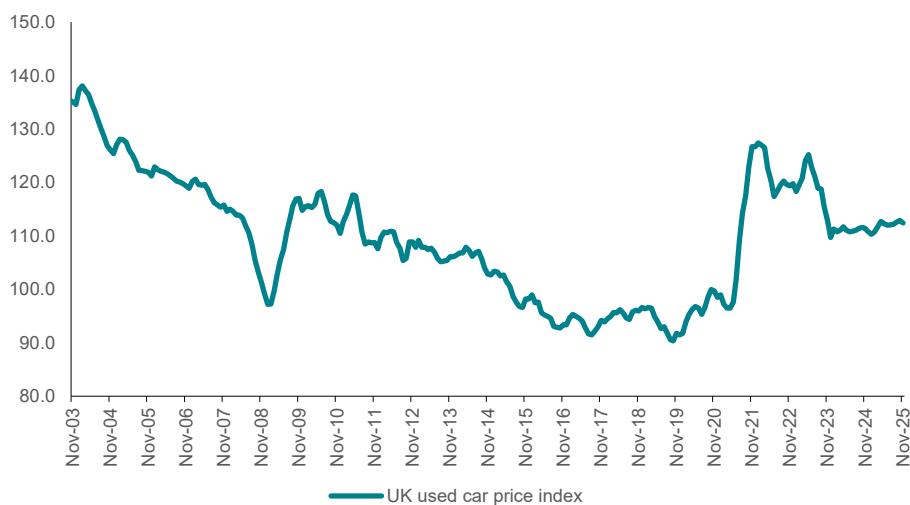
Sources: Manheim, Bloomberg, BNP Paribas

Figure 13: Used-car prices in the EU declined m-m in Dec-25



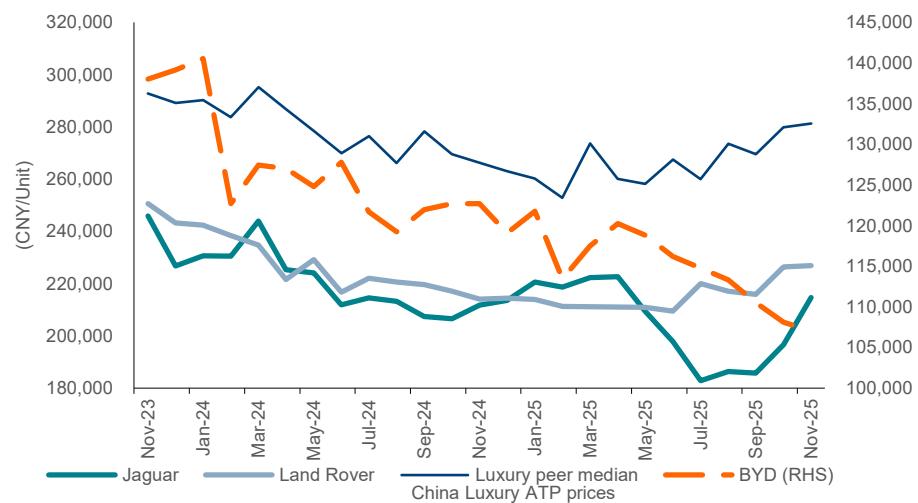
Source: Auto1 Group, BNP Paribas

Figure 14: Used-car prices in the UK declined marginally m-m in Nov-25



Note: Data available as of Nov-25
Source: Office for National Statistics, BNP Paribas

Figure 15: Median ATP for luxury cars in China increased m-m in Nov-25



Note: Data available as of Nov-25

Source: China Automotive Technology and Research Centre, BNP Paribas

US incentives and inventory trends

Figure 16: Incentives as a % of ATP increased m-m



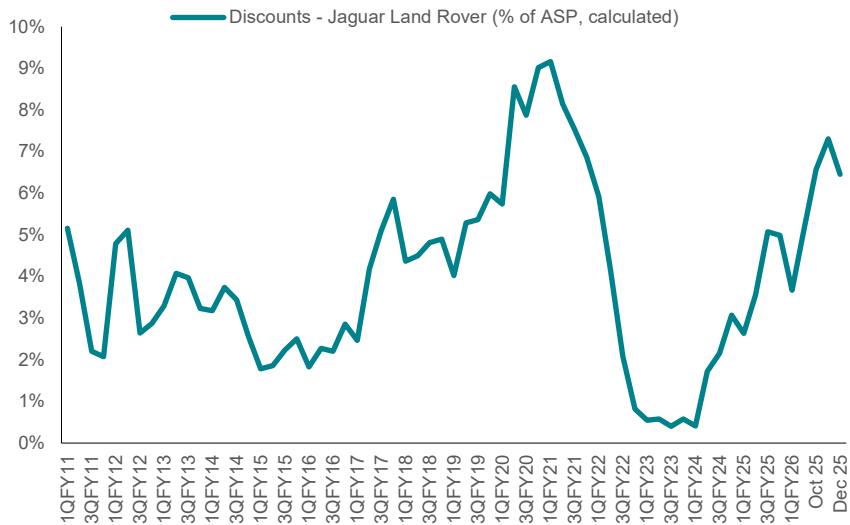
Note: Latest ATP data available as of Nov-25, incentives as a % of ATP for Dec-25 % is calculated assuming Dec-25 ATP same as Nov-25
 Sources: Autodata, BNP Paribas

Figure 17: JLR's incentives in the US increased for Jaguar while it declined for Land Rover m-m (USD/car)



Sources: Autodata, BNP Paribas

Figure 18: JLR's discount as a % of ASP declined sharply m-m in Dec-25

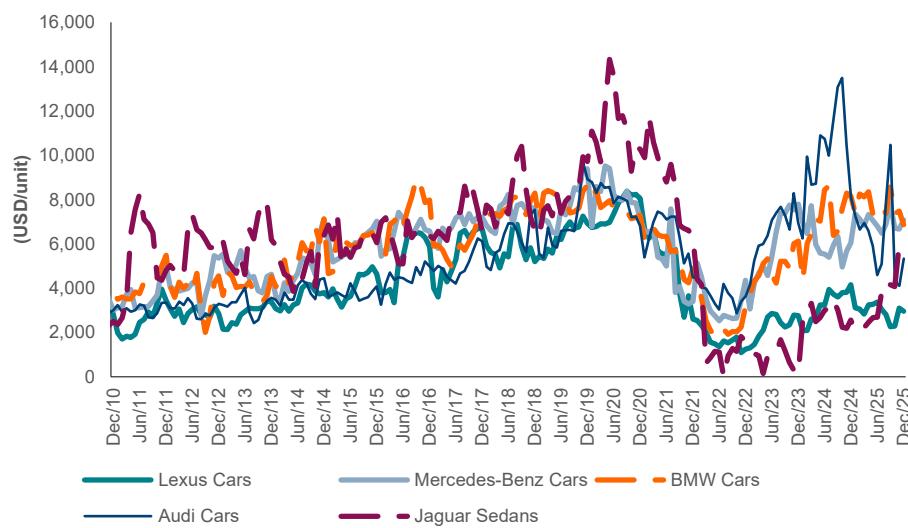


Note: 1) While incentives are for the US market, ASP is for the overall business; 2) Jaguar and Land Rover ASPs are clean ASPs, i.e., we remove revenue from services and lease payments, based on our assumptions; 3) We calculate trends on reported JLR ASP (simply revenue/volume); and 4) Latest months' ASPs are assumed as those of the last reported quarter.

Source: Autodata, BNP Paribas

Figure 19: Incentives for Sedans in the US (USD/car)

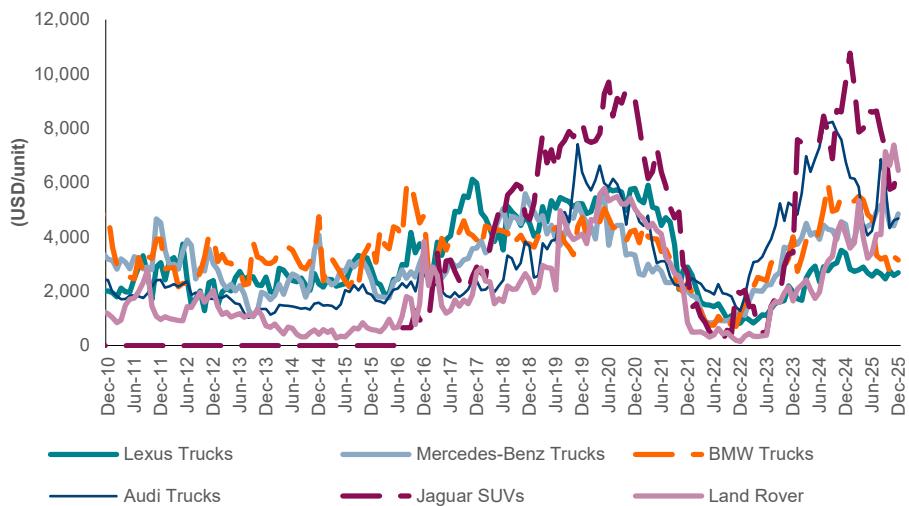
JLR vs peers



Source: Autodata, BNP Paribas

Figure 20: Incentives for SUVs in the US (USD/car)

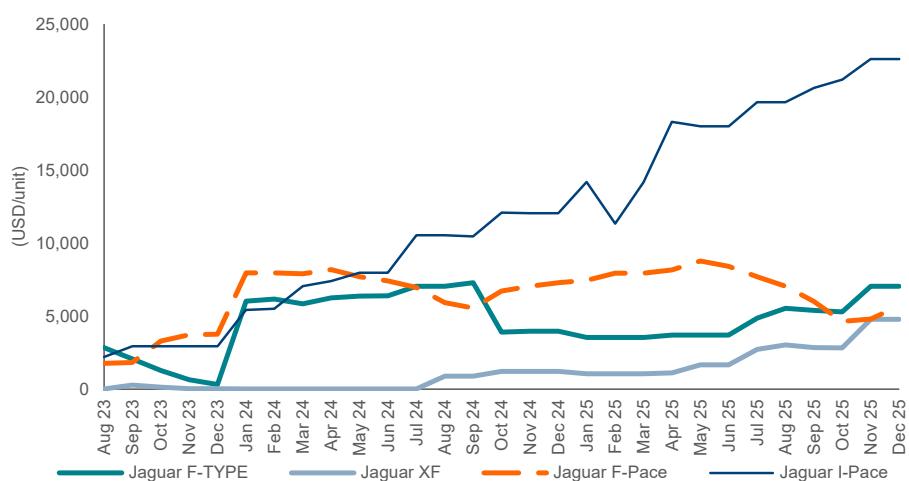
JLR vs peers



Source: Autodata, BNP Paribas

Figure 21: Jaguar's model-wise incentives (USD/car)

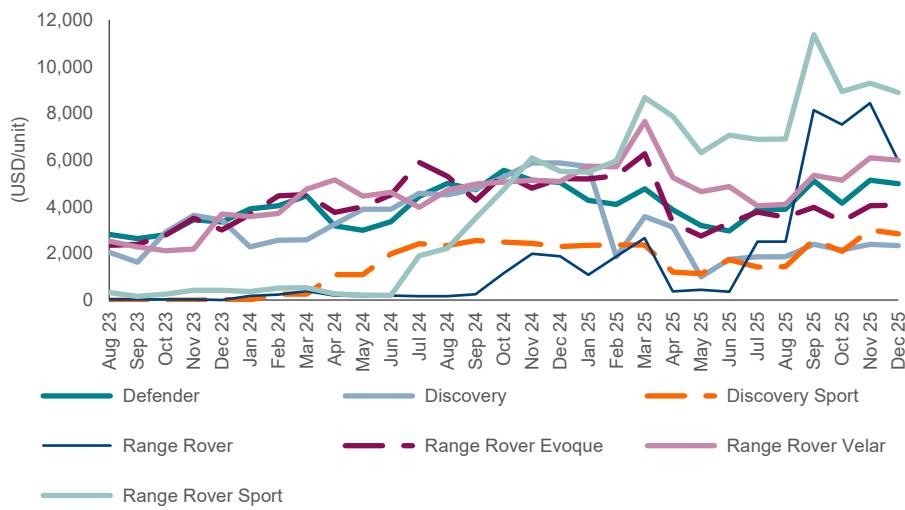
Incentives by model



Source: Autodata, BNP Paribas

Figure 22: Land Rover's model-wise incentives (USD/car)

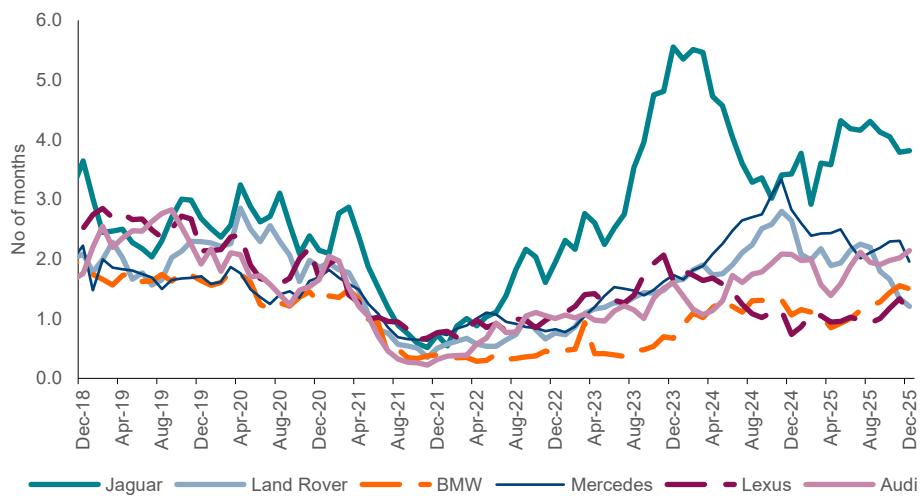
Incentives by model



Source: Autodata, BNP Paribas

Figure 23: Inventory days declined m-m for JLR, while it was flattish for most other luxury players

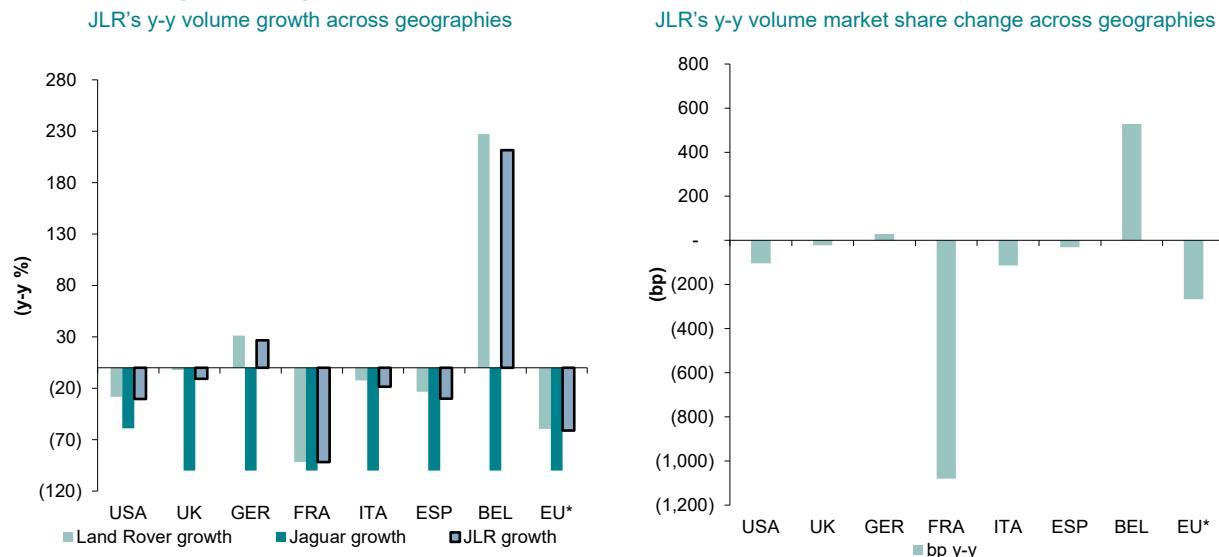
No. of months of inventory for JLR and peers (Inventory/average of the last 12-month sales)



Source: Autodata, BNP Paribas

JLR: Sales volume performance in charts

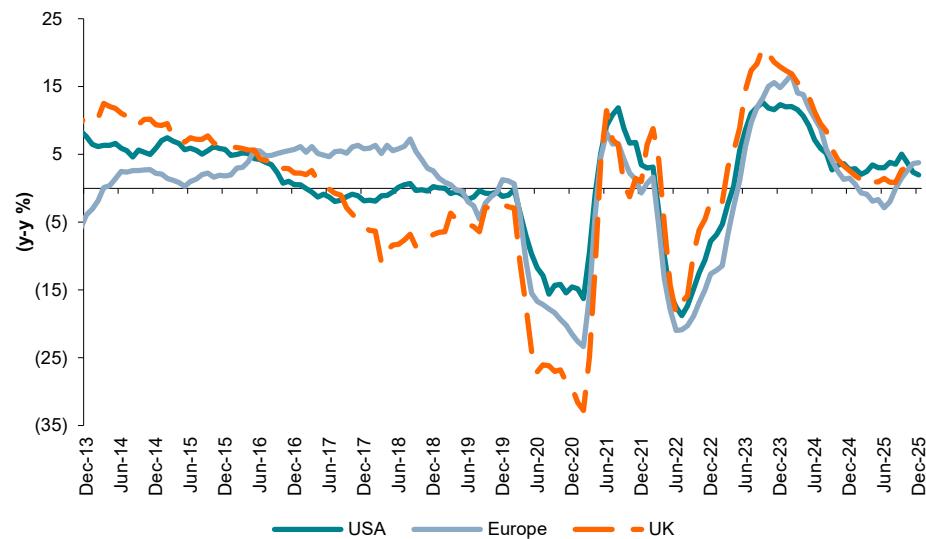
Figure 24: JLR's volume declined across most regions, except Belgium, where it reported growth, leading to market share gain in Belgium in Dec-25



Note: *EU excluding the UK

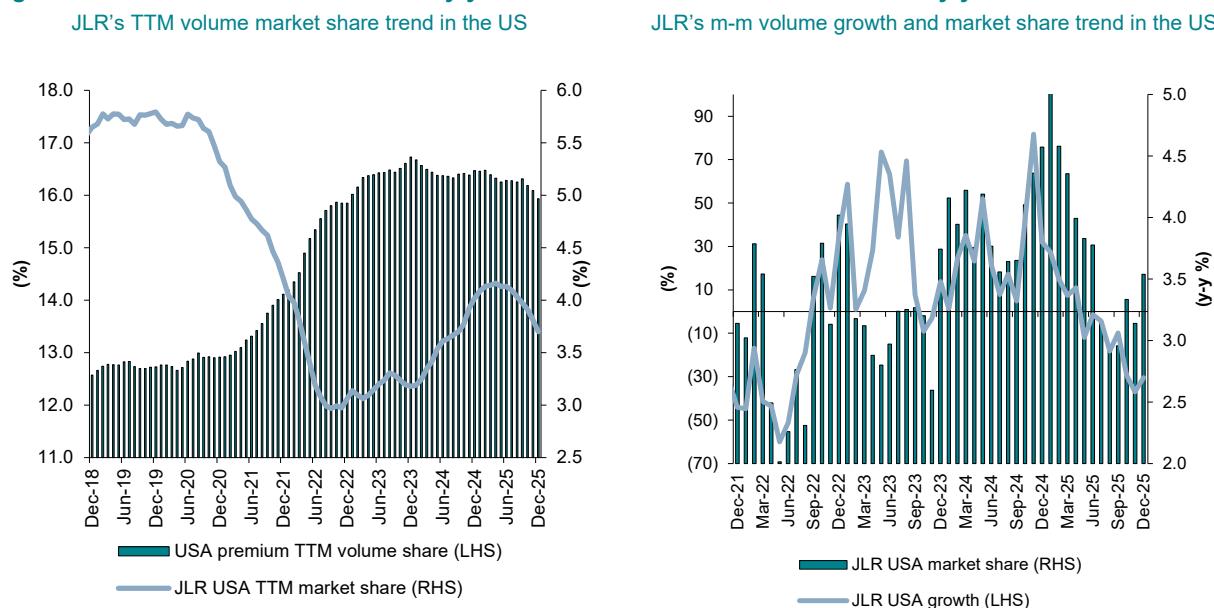
Sources: MarkLines, BNP Paribas

Figure 25: JLR's TTM volume performance across major geographies



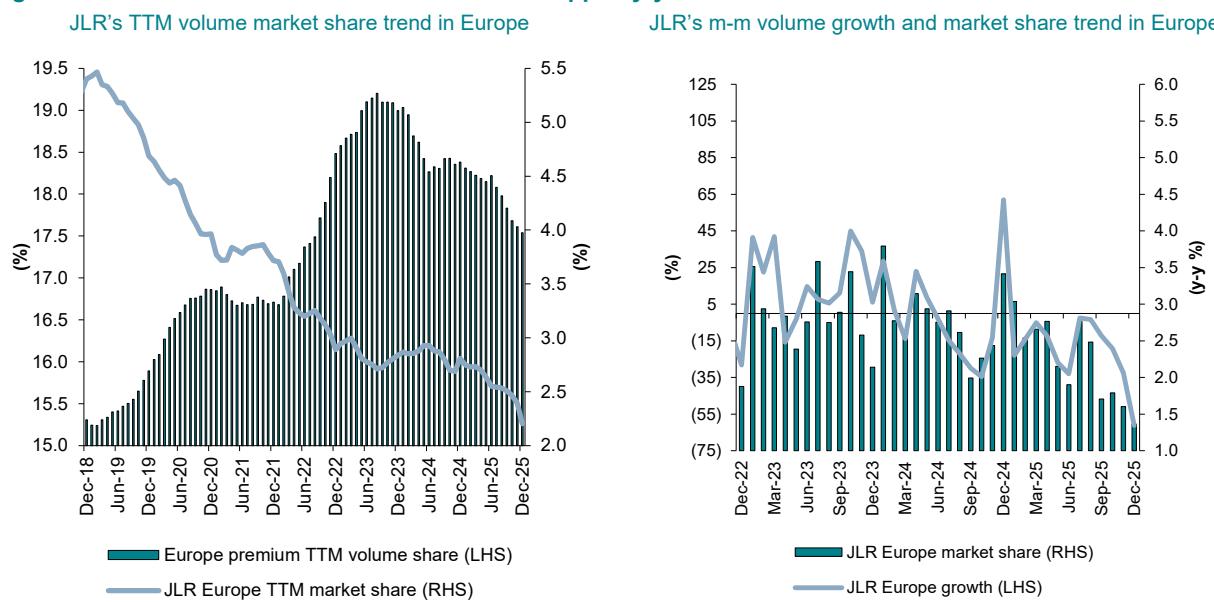
Sources: MarkLines, BNP Paribas

Figure 26: JLR's sales volume declined y-y in the US while market share increased y-y in Dec-25



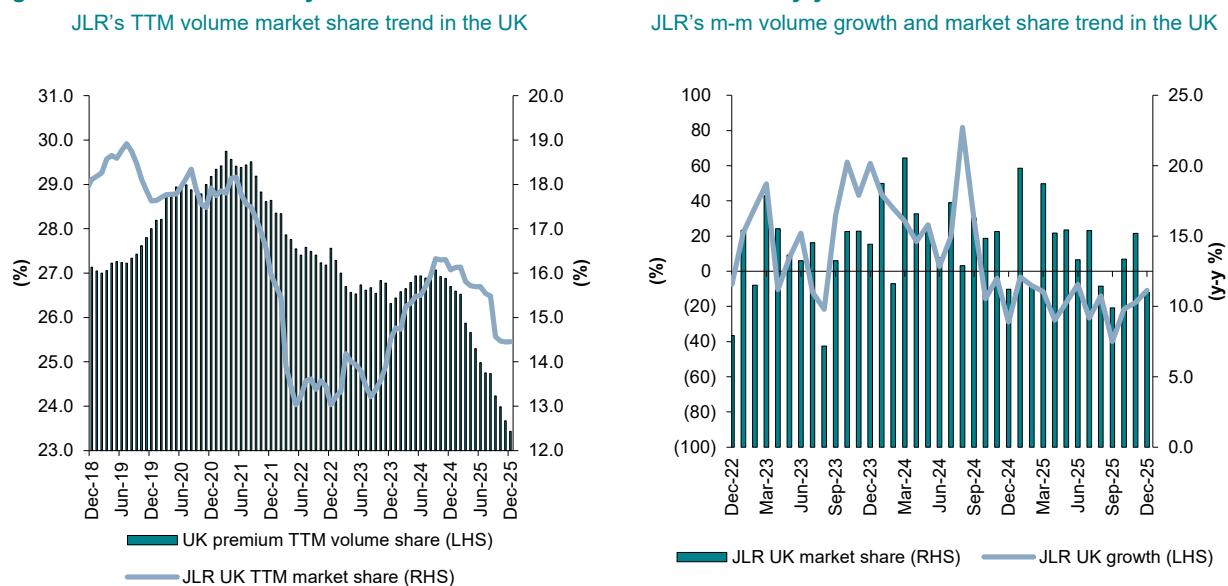
Sources: MarkLines, BNP Paribas

Figure 27: JLR's sales volume and market share dipped y-y and m-m in the EU in Dec-25



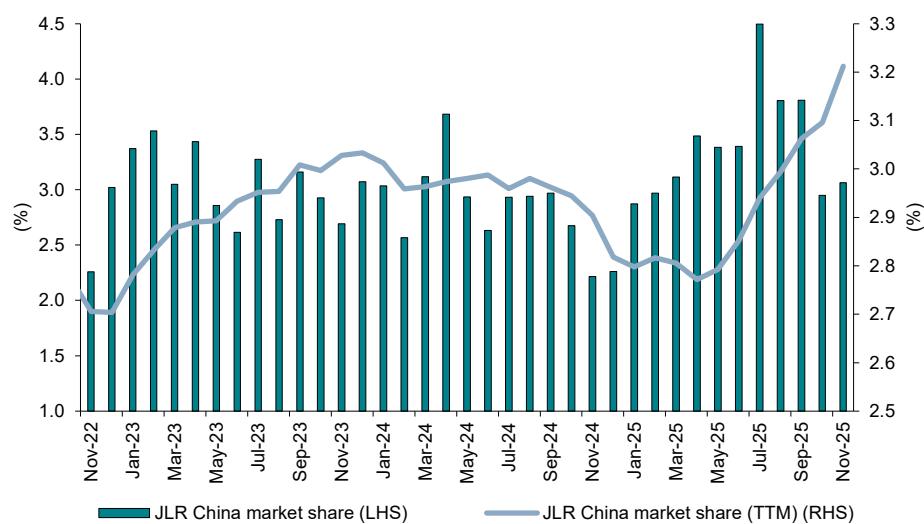
Sources: MarkLines, BNP Paribas

Figure 28: JLR's UK monthly market share and sales volume declined y-y in Dec-25



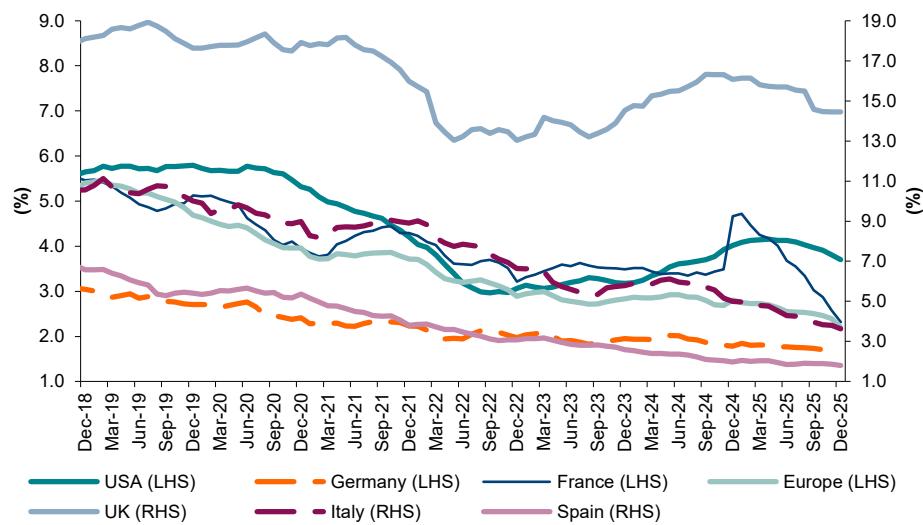
Sources: MarkLines, BNP Paribas

Figure 29: JLR's monthly and TTM market share improved m-m and y-y in China in Dec-25



Note: Data for Nov-25 was not released at the time of publication of this report.
 Sources: MarkLines, BNP Paribas

Figure 30: JLR's TTM volume market share trend by country



Sources: MarkLines, BNP Paribas

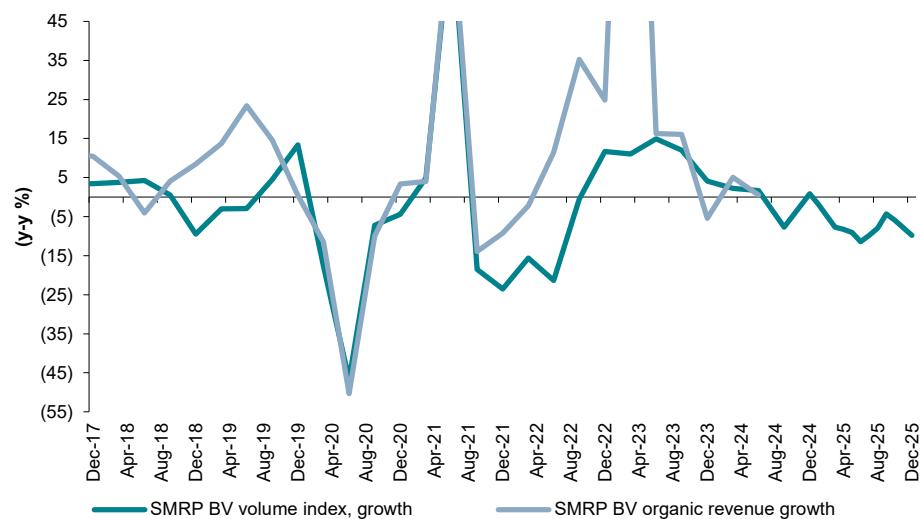
MOTHERSO: Sales volume performance of SMRPBV's clients

Figure 31: SMRP BV's key customers' volume and weighted average performance

SMRP BV's key customers' volume performance	Dec-25	3QFY26
	(y-y %)	(y-y %)
Audi	9.1	2.9
Daimler	(4.9)	(1.0)
VW	(14.6)	(3.1)
Hyundai	2.2	0.6
BMW	(12.4)	(3.2)
Ford	6.2	2.2
Others	(15.4)	(22.9)
Weighted average for SMRPBV	(9.6)	(11.5)

Sources: MarkLines, BNP Paribas

Figure 32: SMRP BV's volume index has a strong correlation with SMRPBV's organic revenue growth



Note: SMRP BV organic revenue growth is available till Jun-24

Sources: MarkLines, Samvardhana Motherson, BNP Paribas estimates

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Samvardhana	MOTHERSO IN	3; 4; 8
Motherson International		
Tata Motors PV	TMPV IN	2; 3; 4; 7; 8; 9; 10; 11- Net long position
TVS Motor	TVSL IN	7; 9; 10
Volkswagen Ord	VOW GY	2; 3; 4; 6; 7; 8- BNP Paribas Securities Corp. is acting as Joint Bookrunner on a 144A/Reg S bond offering out of Volkswagen Group of America Finance LLC as announced to the market today on March, 18, 2025 in which Volkswagen AG (DE:VOW) is a Guarantor. We are restricted on this transaction.; 9; 10

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Prior to 23 September 2024, BNPP ratings were relative ratings defined against the performance of the relevant MSCI sector index, at either the country or regional level over a 12-month investment horizon.

Outperform (O/P): The stock is expected to outperform the average total return of all companies covered by the analyst or the analyst's team, over a 12-month investment horizon.

Neutral: The stock is expected to perform in line with the average total return of all companies covered by the analyst or the analyst's team, over a 12-month investment horizon.

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As of 23 September 2024, TEB Investment has changed the recommendation rating structure for Turkish stock coverage from Buy, Hold and Reduce to Outperform, Neutral and Underperform. Ratings and target prices for dates prior to 23 September 2024 used an absolute rating structure whereby the upside or downside to target price relative to the current share price determined the recommendation. TEB Investment now uses a relative recommendation structure whereby the applied rating is based on the stock's expected performance as compared to the average total return of all companies covered by the analyst or the analyst's team in Turkish stock coverage over a 12-month investment horizon. TEB Investment research reports with ratings and target prices for dates prior to 11 August 2025 were prepared and distributed without involvement of a FINRA member firm.

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Ratings	Stocks coverage		Investment Banking Services Within the previous 12 months	
	Counts	%*	Counts	%
Outperform (Buy)	638	50	175	27
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Underperform (Sell)	202	16	41	20

* Please note that the percentages might not add up to 100% because of rounding.

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[^] We acknowledge the support of Mehul Mistry, an associate employed by a group company of BNP Paribas, in the preparation of this report.

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