GLOBAL AUTOMOBILES

Conducted field research in China; updating the Electric Vehicle Sentiment map

Kota Yuzawa
+81 3 4587 1803
Kota.Yuzawa@gs.com
Goldman Sachs Japan Co., Ltd.

Tina Hou
+852 2978 1994
Tina.Hou@gs.com
Goldman Sachs (Asia) Securities Company Limited

Mark Delaney, CFA
+1 212 357 9525
Mark.Delaney@gs.com
Goldman Sachs & Co. LLC

Do Hyoung Kim
+82 2 3788 1716
Do.Hyoung.Kim@gs.com
Goldman Sachs (Asia) L.L.C., Seoul Branch

Christian Frenes
+44 20 7774 1803
Christian.Frenes@gs.com
Goldman Sachs International

Chandramouli Muthiah
+91 22 6616 9543
Chandramouli.Muthiah@gs.com
Goldman Sachs (India) SEC

Ken Kawamoto
+81 3 4587 1931
Ken.Kawamoto@gs.com
Goldman Sachs Japan Co., Ltd.

Will Bryant
+1 212 934 4626
Will.Bryant@gs.com
Goldman Sachs & Co. LLC

Aman Gupta
+1 212 357 7609
Aman.Gupta@gs.com
Goldman Sachs & Co. LLC

Jenny Du
+86 21 2401 8978
Jenny.Du@gs.com
Goldman Sachs (China) Securities Company Limited

Monika Mengting Liu, CFA
+44 20 7774 2603
Monika.Liu@gs.com
Goldman Sachs International

Shivam Kotecha
+1 332 245 7822
shivam.kotecha@gs.com
Goldman Sachs & Co. LLC

Robert Triulzi
+44 20 7774 2282
Robert.Triulzi@gs.com
Goldman Sachs International

July 2026 market highlights

• Global BEV sales in July increased 32% yoy. While US BEV sales slumped 40% yoy, BEV sales were driven by a 31% yoy increase in China and a 53% yoy increase in Europe. The sales ratio of electrified vehicles (July 2025→July 2026) was 15%→20% for BEVs, 8%→8% for PHEVs, and 6%→8% for HEVs.

• BEV sales in emerging countries are also accelerating on the back of high gasoline prices and China's Go Global strategy. July BEV sales in major countries were up 93% yoy in Thailand, up 139% yoy in Indonesia, up 47% yoy in Malaysia, and up 255% yoy in Brazil. In addition, BEV sales are strong in Canada and Australia, up 30% yoy and 219% yoy, respectively.

• Coinciding with the Asia Leaders Conference in early September, we had the opportunity to visit the China bases of several auto and auto parts companies. Intelligence and electrification are evolving at a very fast cycle, and we got the impression that the focus on exports is increasing more than ever due to sluggish domestic sales in China. July BEV sales also confirmed the rapid advance of Chinese brands in the global market.

• Amid intensifying competition in the auto market, many auto and parts makers are clearly showing a strong desire to enter humanoid robotics. They aim to repurpose automotive technologies such as actuators and multi-fingered hands.

Field research in China: go global strategy is accelerating

• Total demand in China continues to fall below the previous year's level, and the decline in sales of non-NEV vehicles (other than BEVs and PHEVs) is particularly remarkable. New models are introduced in rapid succession, but their short shelf life has led them to be described as "seafood," which speaks to the severity of the competition. Retail prices are continuing to decline, and inventory levels are excessive. Excessive competition is also hurting dealership profits. Sales incentives are also at a high level.

• The progress of electrification is not limited to China. BYD's management expects the global NEV penetration rate to exceed 50% within 3-5 years, and to exceed 80% in China. This is backed by the development of second-generation blade batteries and flash charging infrastructure.

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• Both automakers and parts makers broadly hold a bullish view on overseas export opportunities. This is backed by technological and cost advantages in electrification and intelligence. As a point of concern, several companies cited the European IAA (Industrial Accelerator Act). Cooperative relationships with traditional European automakers are becoming important, and active moves are spreading on both the production and sales fronts.

• Level 2+ or Level 2++ autonomous driving functions are penetrating China and are widely recognized as an important feature in sales competition. Regarding Level 3, it is in a state where it can be introduced without significant additional costs if there is a regulatory change. While many manufacturers choose external procurement for autonomous driving semiconductors (such as Horizon, Qualcomm, and Nvidia), there were also moves by some manufacturers to aim for cost reductions through in-house production.

• Many manufacturers are expanding their product lineups for SUVs and MPVs. The provision of product value is becoming further diversified, focusing on enriching the in-car experience, with versatile seat arrangements and entertainment where images and vehicle body control move in tandem.

• Many auto and parts manufacturers have clearly indicated their desire to enter humanoid robotics. They believe they can accelerate the launch of mass production by repurposing automotive technologies such as actuators, multi-fingered hands, and heat sinks. For details, please refer to our August 31 report, "Humanoids & Auto: Building Physical AI Together."

Exhibit 1: Chinese BEVs advancing rapidly worldwide
July BEV sales by region

BEV	Total sales (units)		BEV sales (units)		BEV penetration (%)		China OEMs BEV penetration (%)		Non-China OEMs BEV penetration (%)		BEV mix by China OEMs (%)	
	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM
China	0%	-8%	31%	-5%	9%	1%	8%	1%	1%	0%	1%	0%
United States	-1%	0%	-40%	5%	-4%	0%	0%	0%	-3%	0%	0%	0%
Germany	0%	-10%	57%	7%	9%	1%	2%	1%	7%	0%	6%	2%
United Kingdom	14%	-24%	48%	-30%	6%	-2%	3%	0%	3%	-2%	6%	1%
France	3%	-31%	115%	-2%	16%	4%	2%	1%	14%	3%	3%	1%
South Korea	1%	-13%	47%	8%	8%	1%	2%	-2%	6%	3%	6%	-7%
India	22%	12%	88%	3%	2%	-1%	0%	0%	2%	0%	-16%	-1%
Vietnam	21%	10%	90%	21%	16%	4%	0%	0%	16%	4%	0%	0%
Norway	-1%	-52%	1%	-50%	2%	2%	2%	4%	0%	-2%	2%	4%
Netherlands	-2%	-27%	49%	-23%	17%	3%	3%	1%	13%	2%	2%	1%
Turkey	-25%	-23%	-40%	-8%	-2%	2%	0%	0%	-2%	1%	4%	1%
Thailand	13%	-7%	93%	0%	14%	2%	12%	3%	1%	-1%	-1%	3%
Denmark	2%	-37%	33%	-38%	16%	4%	8%	3%	8%	1%	9%	4%
Belgium	-9%	-35%	34%	-30%	11%	3%	4%	1%	7%	2%	6%	1%
Indonesia	33%	5%	139%	14%	8%	1%	8%	2%	0%	0%	3%	3%
Sweden	5%	-40%	31%	-40%	8%	0%	3%	1%	5%	-1%	0%	2%
Italy	2%	-15%	22%	-43%	1%	-4%	1%	-1%	0%	-3%	6%	0%
Spain	4%	-19%	24%	-25%	1%	-1%	1%	1%	0%	-1%	10%	9%
Australia	4%	-22%	219%	-23%	13%	-2%	8%	-1%	5%	-1%	4%	1%
Canada	5%	2%	30%	16%	1%	1%	0%	0%	1%	1%	-4%	-1%
Brazil	15%	3%	255%	16%	5%	1%	5%	1%	0%	0%	1%	3%
Austria	-4%	-26%	39%	-23%	8%	1%	2%	1%	6%	-1%	4%	5%
Japan	7%	-2%	179%	-2%	2%	-1%	0%	0%	2%	-1%	-5%	-1%
Portugal	6%	-28%	72%	-23%	12%	2%	3%	3%	9%	-1%	0%	7%
Switzerland	-4%	-24%	16%	-29%	4%	-1%	3%	0%	1%	-1%	9%	2%
Israel	6%	-19%	-88%	-92%	-10%	-11%	-6%	-6%	-4%	-5%	31%	41%
Poland	12%	-8%	-12%	-22%	-1%	-1%	0%	0%	-1%	-1%	4%	14%
Malaysia	3%	8%	47%	-2%	2%	-1%	1%	0%	1%	0%	2%	-3%
Taiwan	5%	-14%	-37%	-8%	-3%	-10%	0%	0%	-3%	-10%	0%	0%
Finland	7%	-23%	52%	-15%	13%	4%	2%	1%	11%	3%	1%	0%

Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

Exhibit 2: Prices have been softening
Sentiment map

	Sales performance		Total TIV (YoY)		Pricing (YTD)		BEV penetration (MoM)	
	Jun	Jul	Jun	Jul	Jul	Aug	Jun	Jul
Thailand	→		15.9%	13.1%	1.2%	0.5%	1.7%	2.4%
Indonesia	→		33.0%	33.3%	-0.4%	-1.2%	3.0%	1.4%
Australia	→		9.9%	4.2%	0.0%	-1.4%	3.7%	-1.6%
UK	→		11.8%	13.6%	1.7%	0.7%	2.4%	-1.9%
EU	→		10.5%	1.9%	0.1%	0.1%	2.5%	0.1%
Brazil	→		28.0%	14.9%	N/A	N/A	-0.7%	0.9%
USA	→		7.8%	-1.3%	-4.0%	-4.2%	-0.1%	-0.3%
Canada	→		5.1%	5.2%	-4.2%	-1.0%	-0.6%	0.8%

*EU based on the sum of Germany, France, Italy and Spain

😊	Sales volumes remain robust, with minimal downward pressure on pricing.
😐	Sales volumes are underperforming, or there is a downward trend in pricing.
☹️	Both sales volumes and prices are experiencing a decline.

Source: Company data, Marklines, Goldman Sachs Global Investment Research

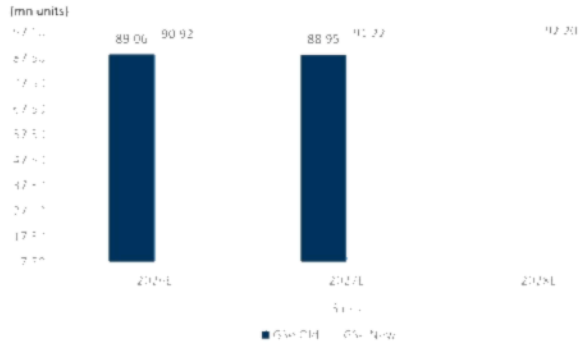
Revised global demand forecast; expecting low growth

Based on global sales results for the first half, we slightly revise our global auto demand forecast. For 2026, we make a minor upward revision to our sales forecast from a 2.1% yoy decrease to an 1.1% yoy decrease. We raise our sales forecasts for the Europe and emerging markets from our previous estimates. In particular, we had assumed that sales volume in Asian countries would drop due to an economic slowdown caused by the worsening situation in the Middle East, but overall demand, centered on Chinese BEVs, has trended above our previous expectations. We are now newly introducing our 2028 demand forecast of a 1.1% yoy increase. While the sales decline in China, the world's

largest auto market, will continue, we expect this to be offset by a recovery in other regions, securing a slight increase.

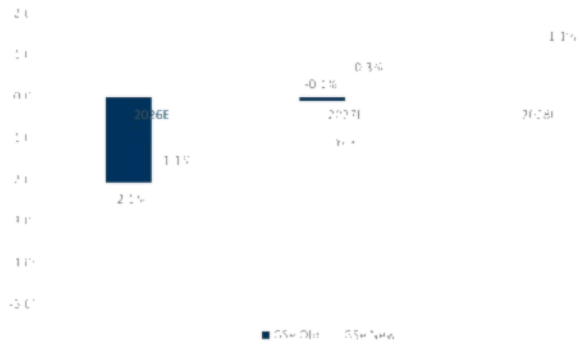
In comparison with Mobility Global, which we use as a consensus, there is no major difference in our overall demand outlook. However, in terms of sales, while we take a stricter view of the Chinese market, we are more bullish than Mobility Global regarding the sales outlook for Europe and the US. Regarding the gap between production and retail (which indicates simple inventory changes), in contrast to the inventory buildup in 2022-2023, we do not expect a significant inventory increase over the next three years. This reflects the fact that while Chinese manufacturers have a strong appetite to increase production (their Go Global management policy), traditional automakers are occasionally holding back local production and downsizing production plants in the Asia and Europe regions.

Exhibit 3: Slighty revise our sales forecasts
Global sales forecasts



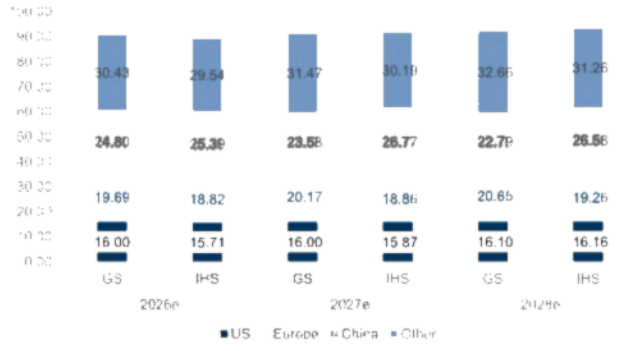
Source: Mobility Global, Goldman Sachs Global Investment Research

Exhibit 4: Forecasting flattish volume growth
YoY sales growth



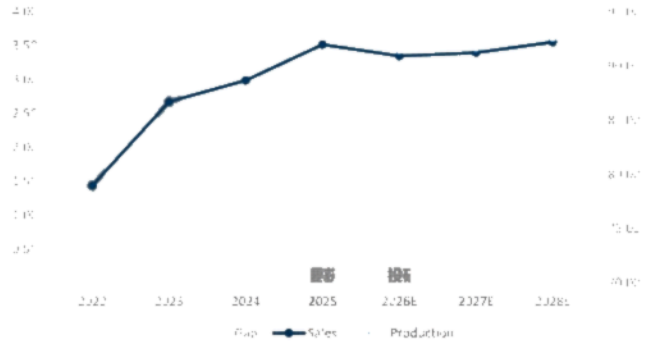
Source: Mobility Global, Goldman Sachs Global Investment Research

Exhibit 5: Bearish on China sales
Sales by major region



Source: Mobility Global, Goldman Sachs Global Investment Research

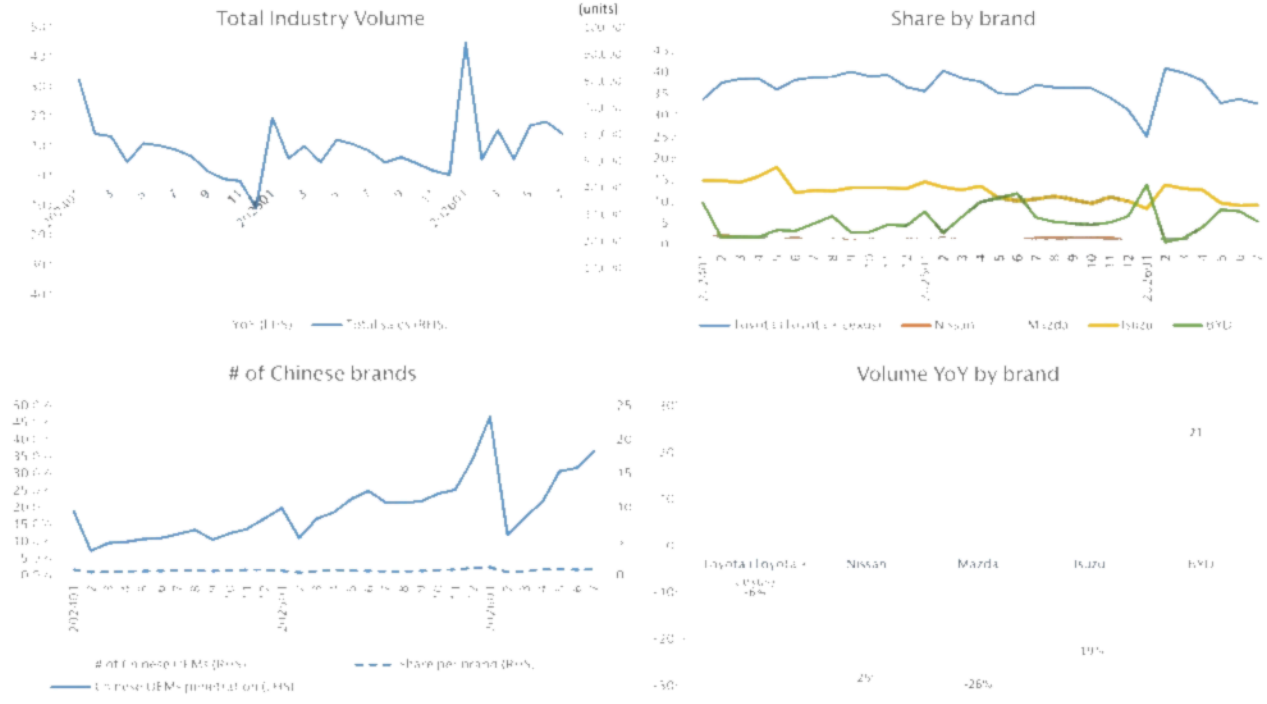
Exhibit 6: Inventory remains stable
Difference in production and sales



Source: Mobility Global, Goldman Sachs Global Investment Research

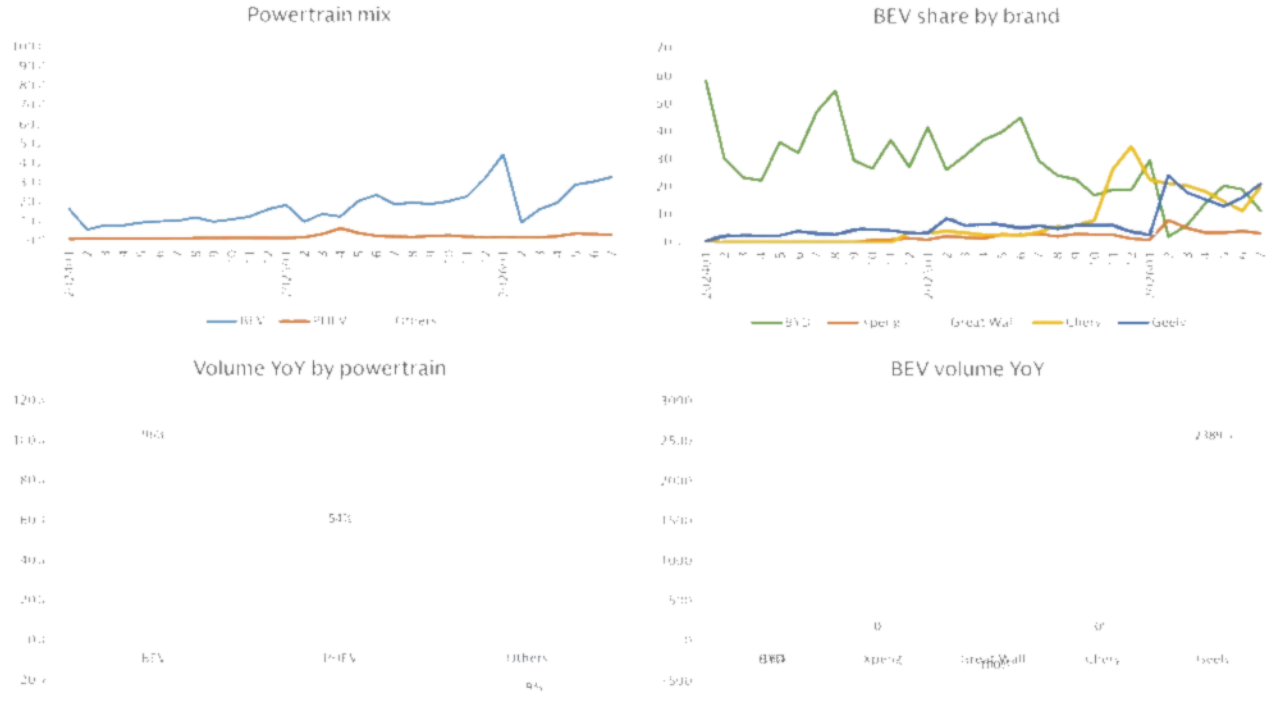
Thailand

Exhibit 7:
Industry volume, market share, sales trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

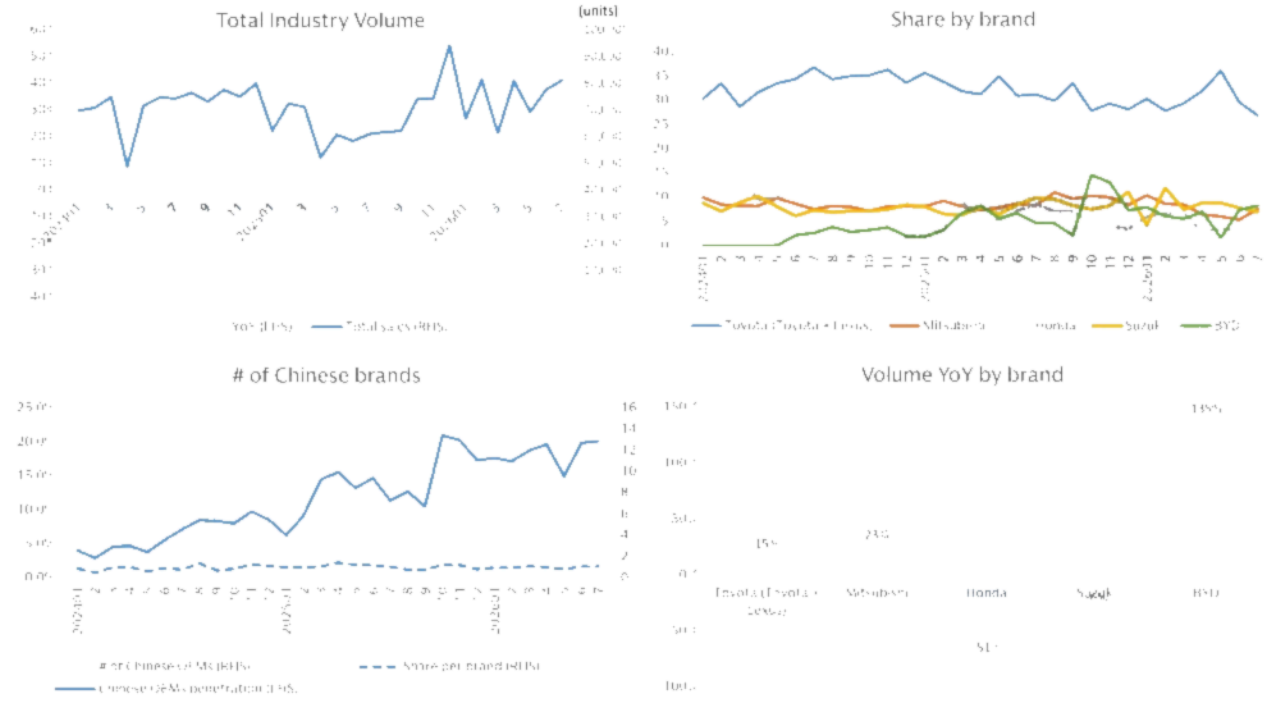
Exhibit 8:
Powertrain trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

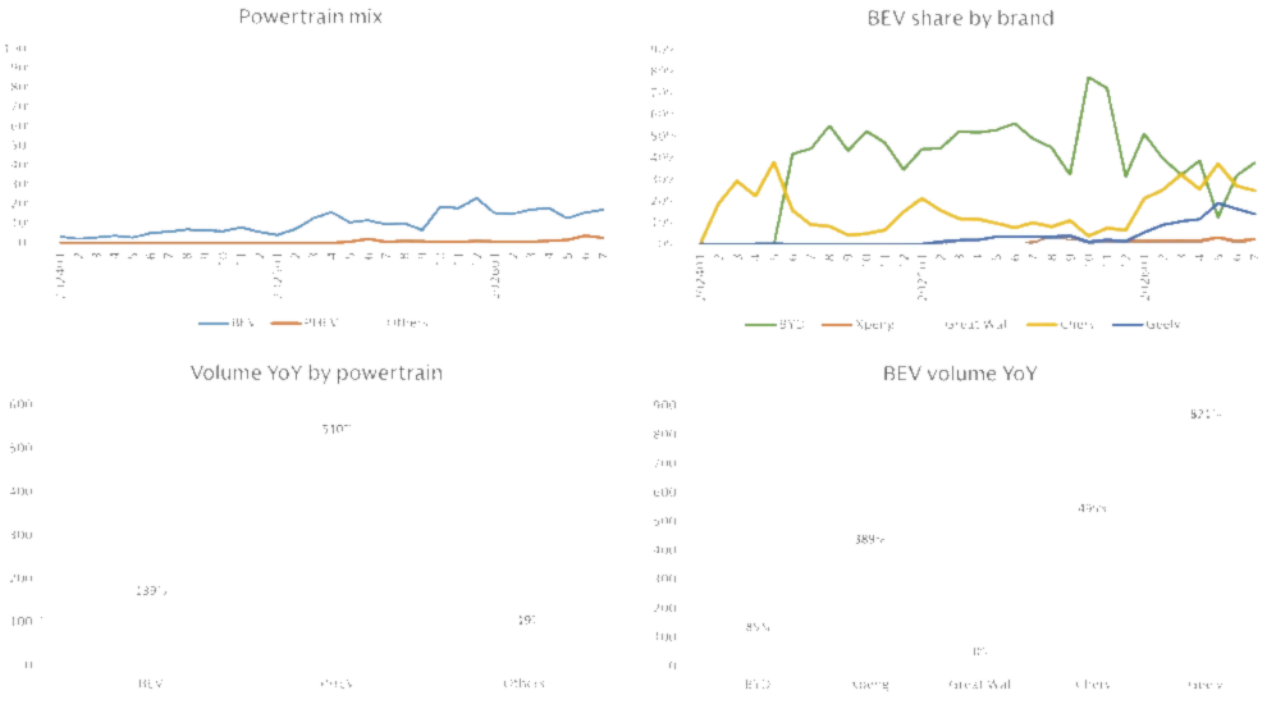
Indonesia

Exhibit 9:
Industry volume, market share, sales trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

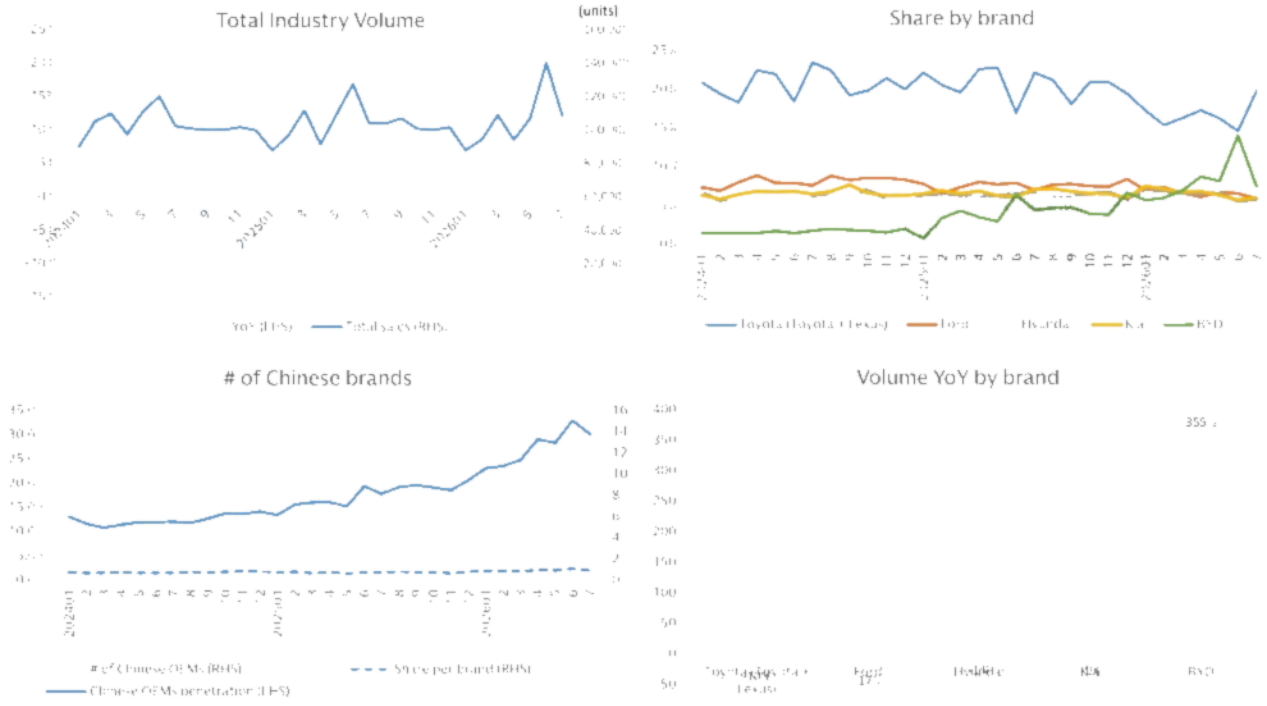
Exhibit 10:
Powertrain trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

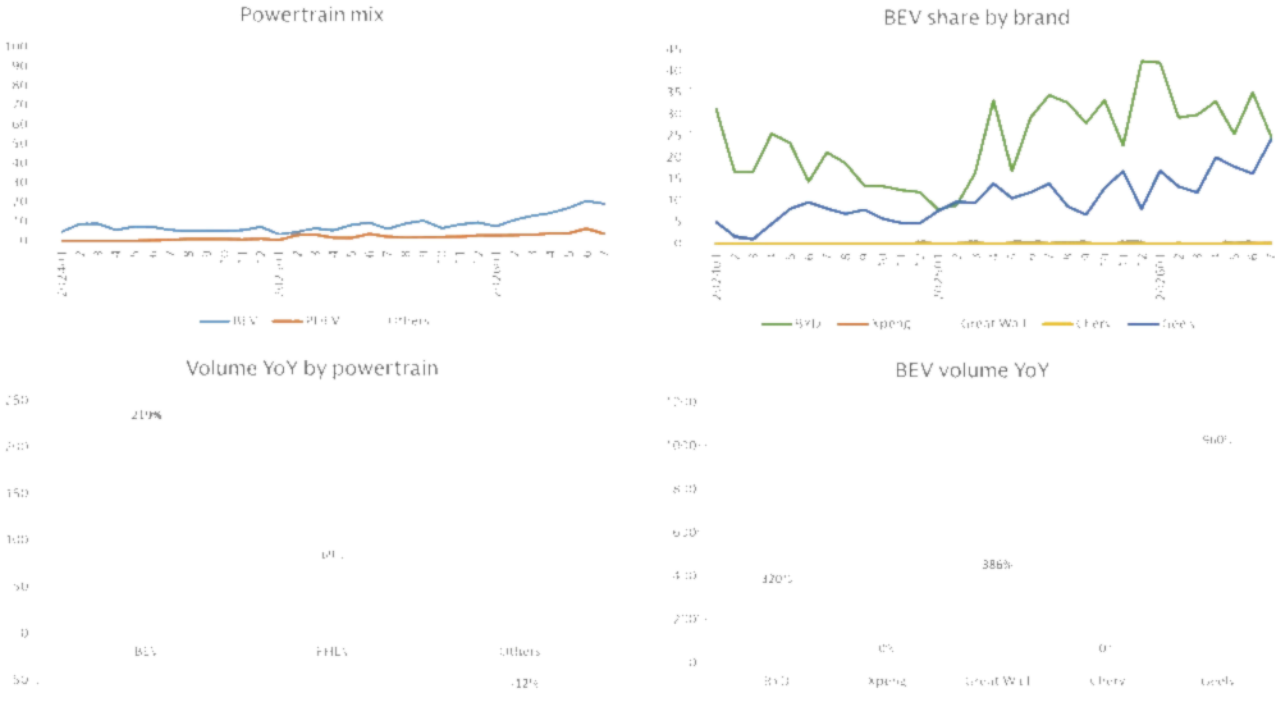
Australia

Exhibit 11:
Industry volume, market share, sales trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

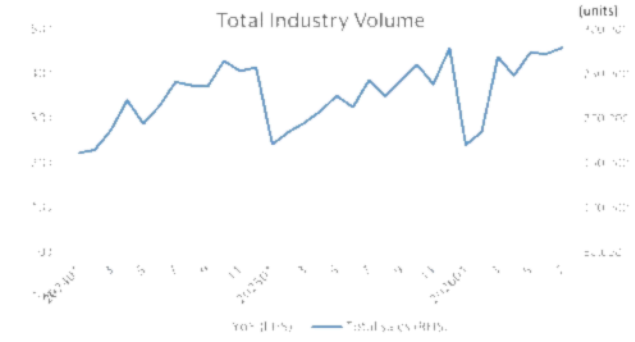
Exhibit 12:
Powertrain trends

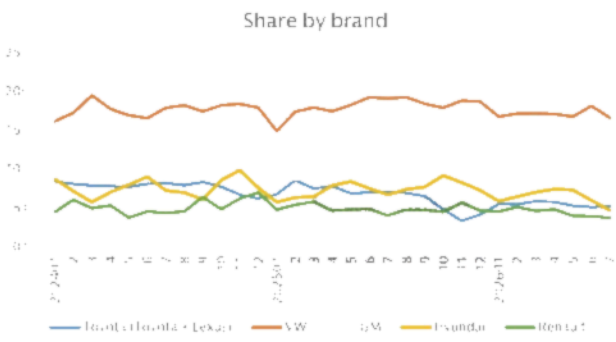


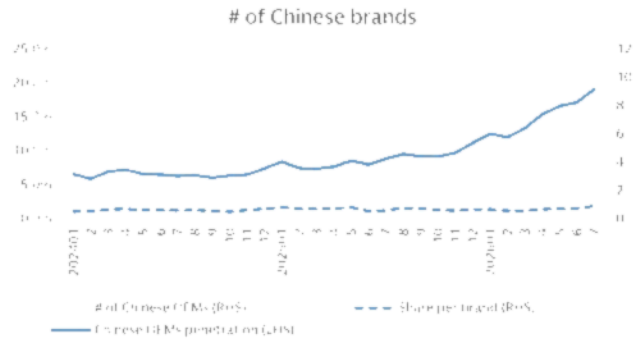
Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

Brazil

Exhibit 13:
Industry volume, market share, sales trends



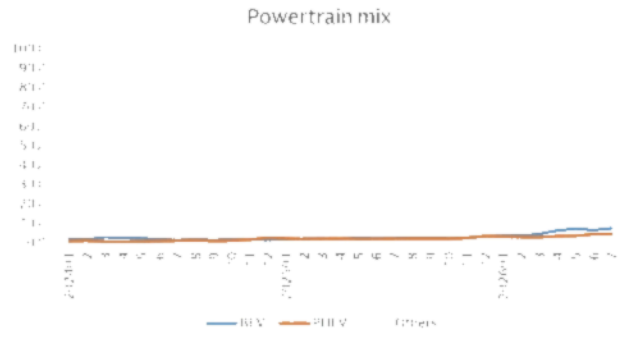


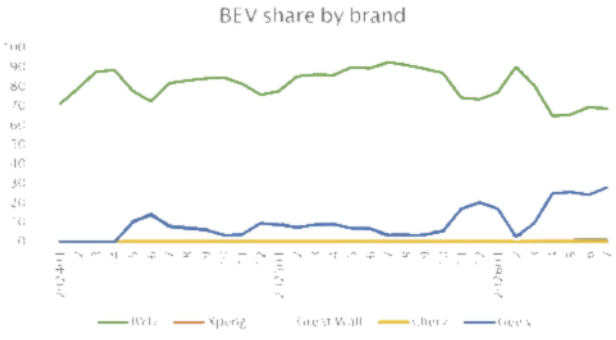




Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

Exhibit 14:
Powertrain trends





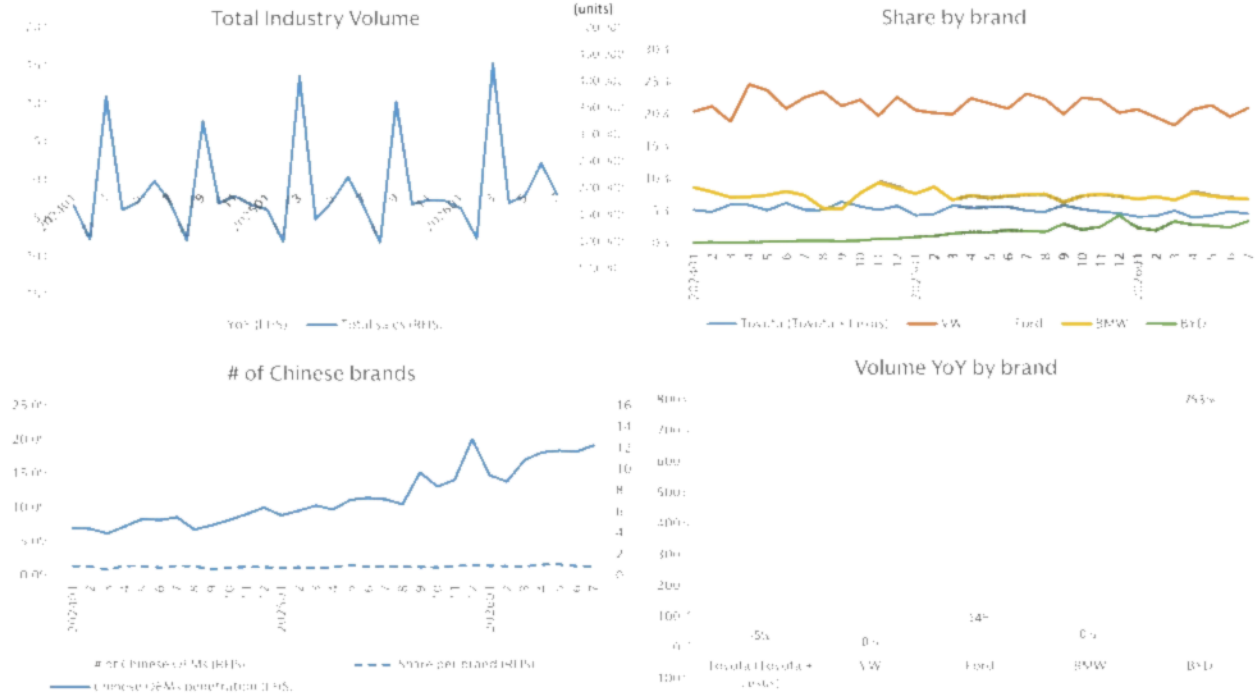




Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

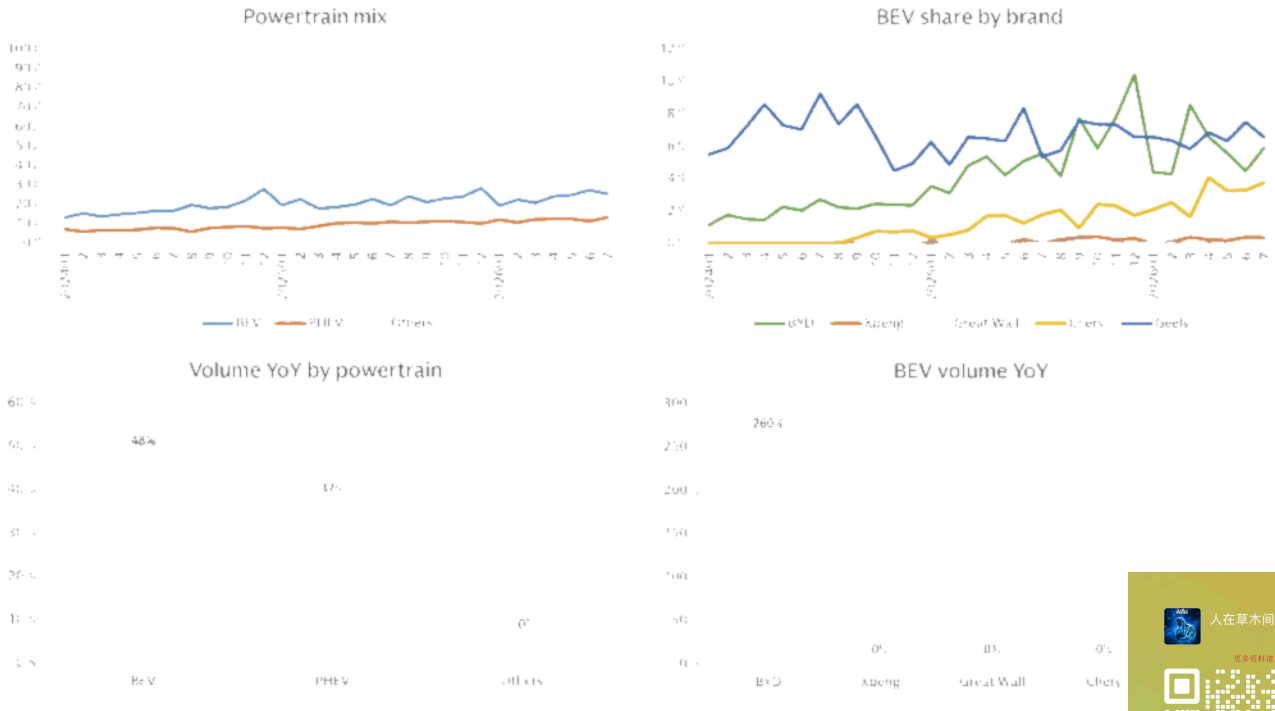
UK

Exhibit 15:
Industry volume, market share, sales trends



Source: Marklines, Data compiled by Goldm an Sachs Global Investment Research

Exhibit 16:
Powertrain trends

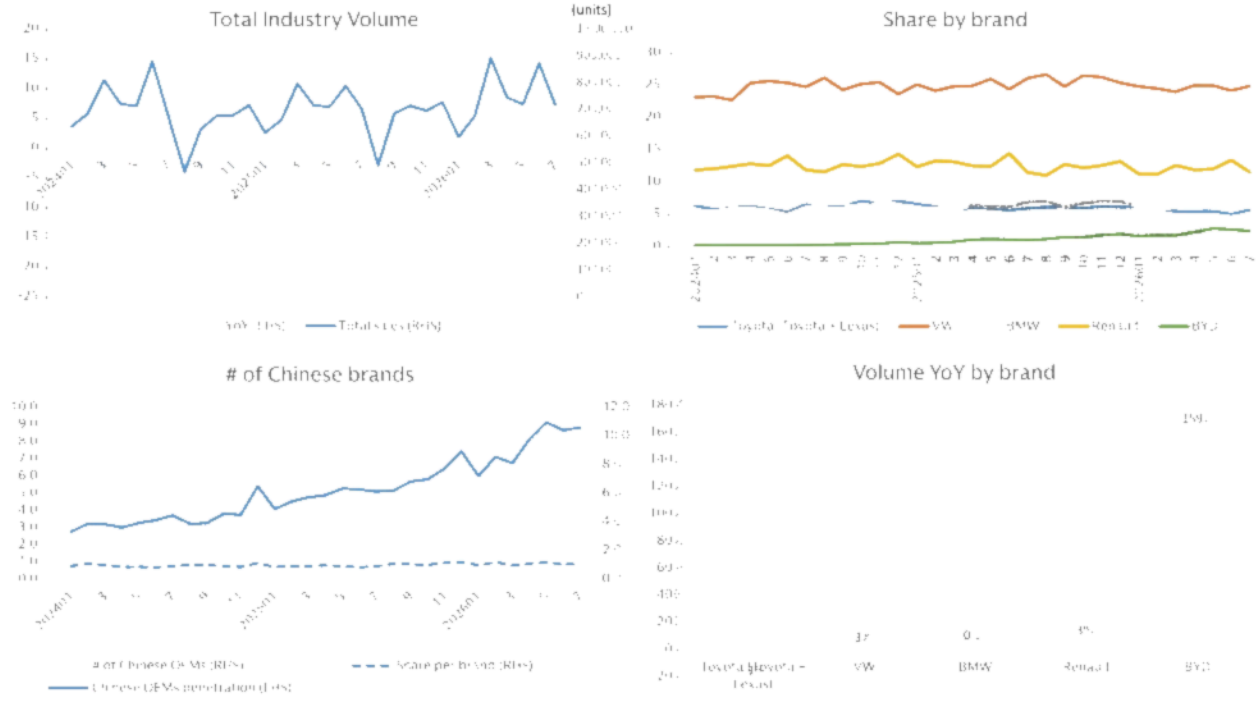


Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

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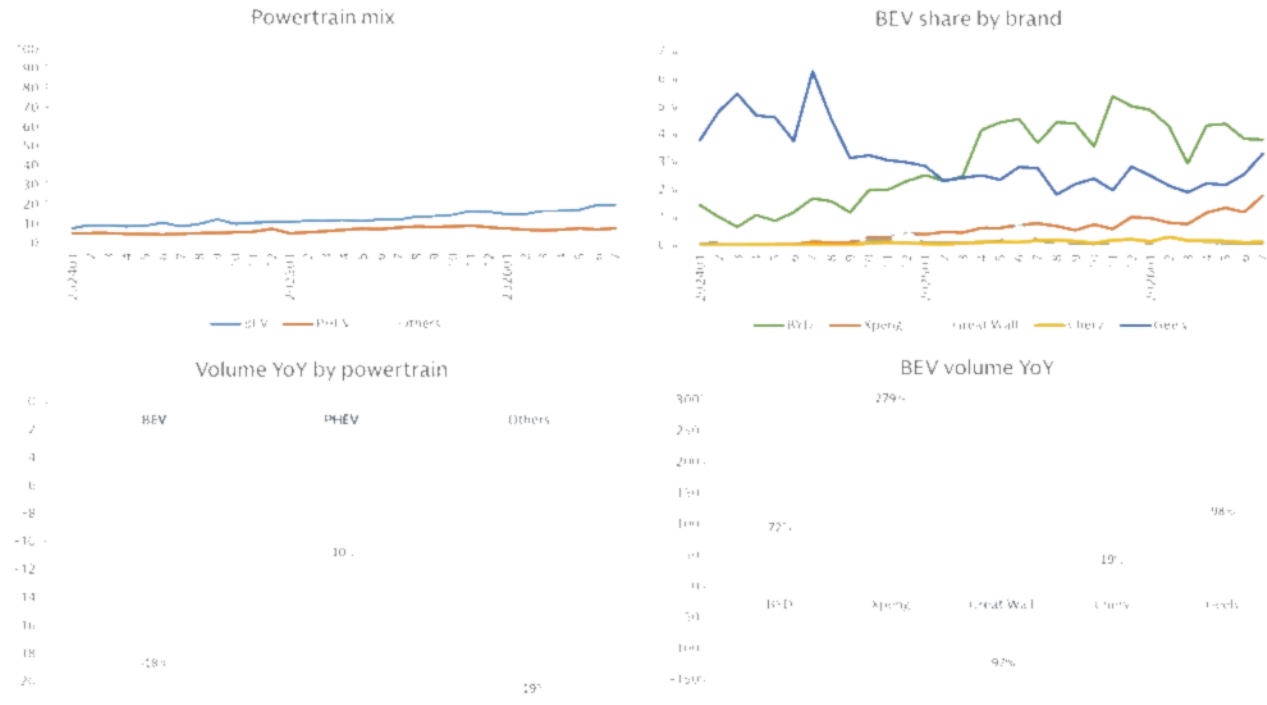
EU (Germany/France/Italy/Spain)

Exhibit 17:
Industry volume, market share, sales trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

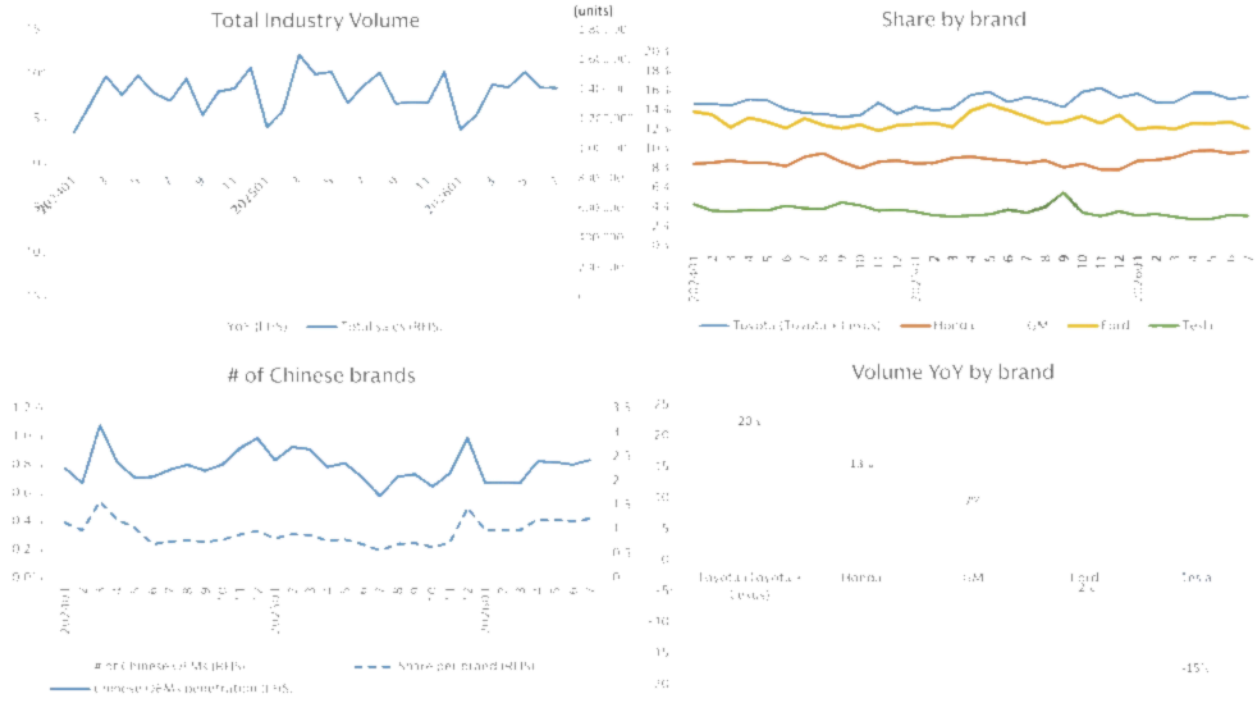
Exhibit 18:
Powertrain trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

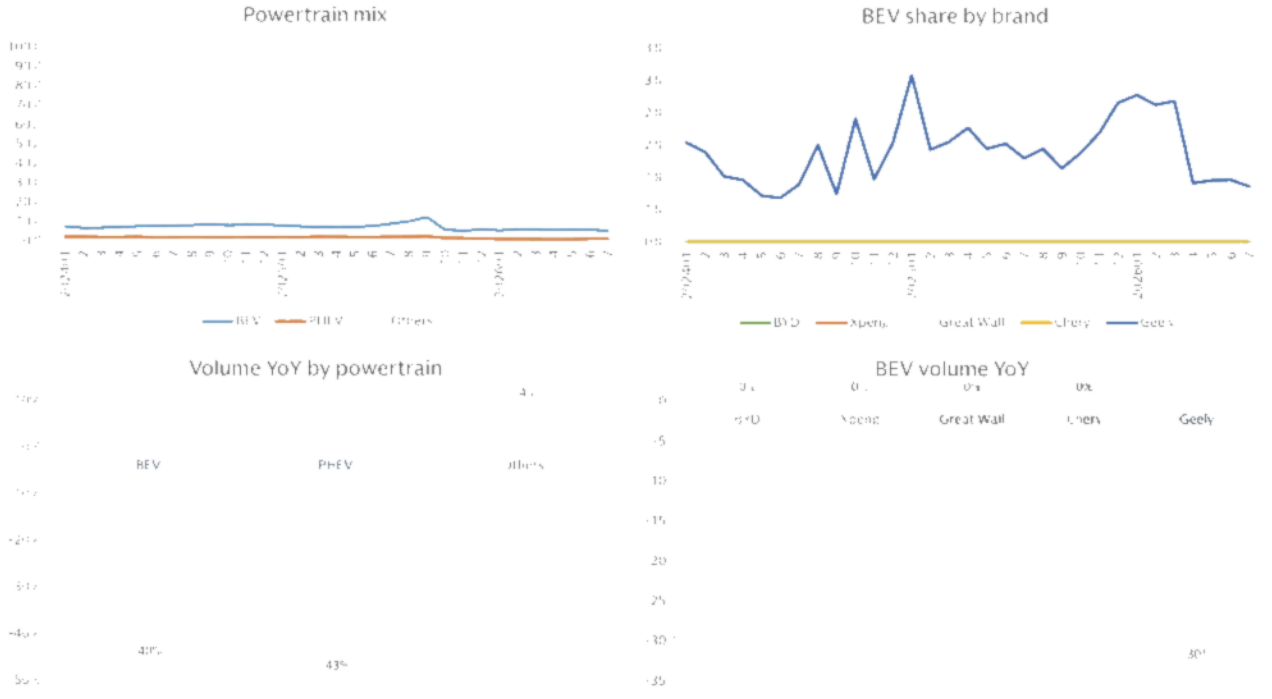
US

Exhibit 19:
Industry volume, market share, sales trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

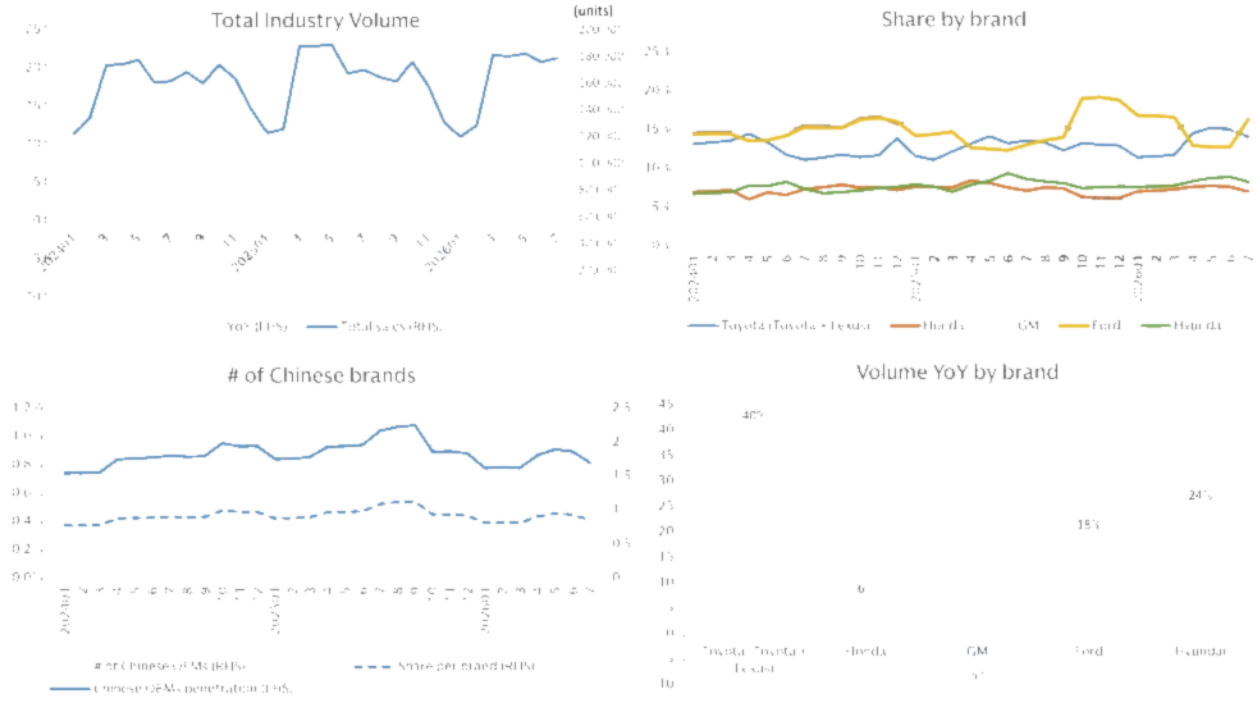
Exhibit 20:
Powertrain trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

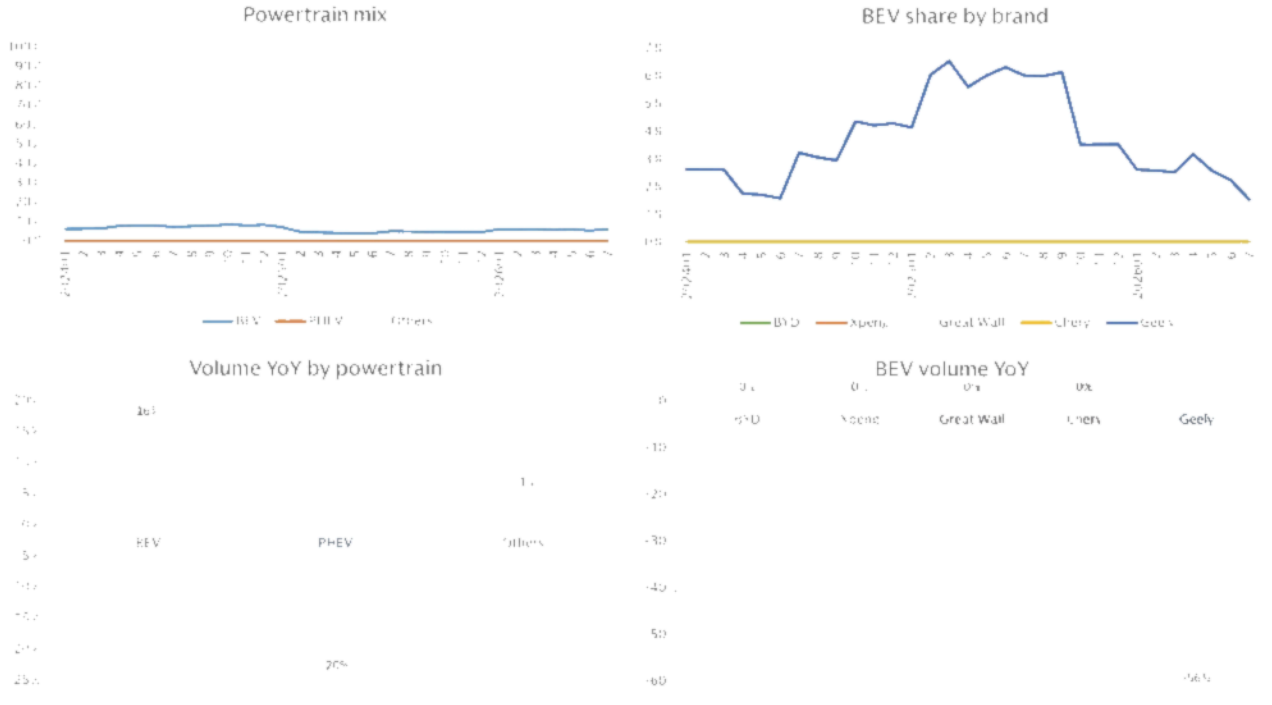
Canada

Exhibit 21:
Industry volume, market share, sales trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research

Exhibit 22:
Powertrain trends



Source: Marklines, Data compiled by Goldman Sachs Global Investment Research