

## Sector View

## Car Part Manufacturers

## Flat demand in European passenger car registrations for October

	1 M	3 M	6 M	31/12/15
Auto & Parts	0.7%	0.8%	2.9%	-13.0%
DJ Stoxx 600	-0.4%	-1.4%	1.1%	-7.5%

\*Stoxx Sector Indices

## Companies covered

<b>FAURECIA</b>	<b>BUY</b>	<b>EUR47</b>
Last Price	EUR31.545	Market Cap. EUR4,350m
<b>HELLA</b>	<b>BUY</b>	<b>EUR45</b>
Last Price	EUR34.05	Market Cap. EUR3,783m
<b>PLASTIC OMNIUM</b>	<b>BUY</b>	<b>EUR36</b>
Last Price	EUR27.805	Market Cap. EUR4,240m
<b>VALEO</b>	<b>NEUTRAL</b>	<b>EUR49</b>
Last Price	EUR49.95	Market Cap. EUR11,907m

ACEA reported this morning that European PC registrations were flat at -0.02% compared with last year, at 1.1m units, after rising 7.2% YoY in September. Growth was driven by Italy, Spain and the UK, while Germany and France posted negative sales performances due notably to an unfavourable base effect. The market is still up 7.2% since the beginning of the year, suggesting that the +4.5% growth we expect for the full year (PC+LCV) could be timid.

## ANALYSIS

- **Main figures to retain:** ACEA reported this morning that European PC registrations were flat at -0.02% compared with last year totalling 1.1m units. Results were diverse among the major markets, with **Italy (+9.7%)**, **Spain (+4.0%)** and the **United Kingdom (+1.4%)** posting growth, while **Germany (-5.6%)** and **France (-4.0%)** performing less well than one year ago due notably to an unfavourable comparison basis and negative calendar effect. The market is still up 7.2% YTD at 11.5m units with all EU countries posting growth except the Netherlands. This performance in October reflects a slowdown compared with September when PC registrations rose 7.2% YoY.
- **FCA, Daimler & Kia were the best performers:** the top 4 carmakers (VW, PSA group, Renault Group and Ford) lost market share in October, with **PSA group** suffering from the lack of interest from customers for its Citroën and DS models (*volumes down respectively 8.9% and 28.5%*). **FCA group** gained 50pp of market share (*from 6.2% to 6.7%*) thanks to solid growth from **Lancia/Chrysler (+24%)** and from **Alfa Romeo (+20%)**, while **Daimler** gained 30bp thanks to **Mercedes**, and **Kia** gained 20bp. On a YTD basis, the top winner remains Renault with total volumes up 11.5% thanks to a solid product mix effect (*new Espace, Kadjar and Megane models*) and FCA (+15%).
- **The market is still up 7.2% since the beginning of the year suggesting that the 4.5% growth we expect for the full year (PC+LCV) for Europe as a whole could be timid. Note nevertheless that comparison with the year-earlier period is set to be less favourable in November and December compared with August, September and October.**

## VALUATION

- At the current share price, the automotive sector trades at 7.1x its 2017e EBIT and at 9.9x its 2017e EPS

## NEXT CATALYSTS

- 30th November – Valeo – Lunch with IR @ Bryan Garnier Paris
- 14th December – Plastivaloire // 2015/16 results
- 11th January – Continental // 2016 preliminary results

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**Analyst :**  
Xavier Caroen  
33(0) 1.56.68.75.18  
xcaroen@bryangarnier.com

**Research Assistant :**  
Clément Genelot

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Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	Widenmayerstrasse 29	The Imperial Hotel Janpath
15 St. Botolph Street	75008 Paris	New York, NY 10022	80538 Munich	New Delhi 110 001
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Germany	Tel +91 11 4132 6062
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	+49 89 2422 62 11	+91 98 1111 5119
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member		Fax +91 11 2621 9062
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	resolution (ACPR)			CP 2113
				Genève 1, CH 1211
				Tel +4122 731 3263
				Fax+4122731 3243
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