



Impact of Chinese OEMs in Europe (Part II)

A sledgehammer or a needle prick? How Chinese OEMs are reshaping the European car market

Market research paper

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COMMISSIONED BY:



Double threat Chinese manufacturers

European car manufacturers, many with a long history in the European market, face a dual threat from Chinese OEMs. On the one hand, European manufacturers will lose market share in the European home market, while also having to give up more and more ground in the lucrative Chinese market. The rise of Chinese manufacturers seems unstoppable in both regions. While the total sales of Chinese carmakers in Europe are still relatively low, their impact is already clear. And this is just the beginning. Is it the preface of a new era or just a needle prick to wake-up the traditional players?

Chinese OEMs are entering the European market increasingly with affordable EVs, leveraging the already established lead in EV production and potentially positions them exceptionally well to capitalise on Europe's shift toward electrification.

With limited competition from traditional players in specific vehicle segments nailing an attractive price and quality proposition, Chinese manufacturers are well-placed to take an important share of the growing demand for low-cost EVs in Europe, also because of the strategic decision that was made years ago to invest in specific battery technology (e.g. LFP) which is providing cost advantages and requires less scarce raw materials – while accepting slightly lower energy density.

Europe's imposed import tariffs, part of recently developed EU policy to battle against unfair competition, are unlikely to achieve their intended effects. Thanks to the already achieved cost advantages and strategic anticipation, it will not hinder Chinese OEMs from becoming successful. In addition, some of the Chinese players are setting up production lines Europe or entering joint ventures. Not to forget mentioning the impact of the new import tariffs on the European car manufacturers itself. Hence, the global automotive industry is already completely interlinked with their Chinese counterparts. In theory, the underutilisation of European manufacturing plants provides a convenient way for Chinese OEMs to bypass tariffs altogether.

And in addition, there is substantial uncertainty around the EU's emission reduction targets as multiple countries have indicated desired change. Together with limited European economic growth and decreasing EV sales incentives, this potentially results in a yo-yo effect between ICE, hybrid, and EV sales according to automotive executives.

Meanwhile, China's domestic market is rapidly evolving, with home-grown players achieving substantial year-on-year market share gains at the expense of traditional brands. This is driven by the technological edge of Chinese manufacturers, perfectly aligning with the preferences of the digitally savvy Chinese consumer.

The Chinese government has supported Chinese car manufacturers as part of the "Made in China" strategy, resulting in a rapid expansion of production capacity. Partly because of this, China became the world's largest car exporter in 2023.

Although the immediate impact on the European market appears moderate, incumbent mainly European players are feeling the headwinds. The challenge extends beyond sales competition. Chinese manufacturers are attracting scarce automotive talent and securing prime showroom locations, further embedding their presence in Europe.

Chinese manufacturers ready for volume market

Our latest study in 2022 revealed that seven Chinese OEMs had already established a presence in Europe. Since then, five additional OEMs have entered the market, with rumours suggesting more may follow. Notably, there have been significant shifts in the strategies of these new entrants. While the initial focus was on premium cars, some Chinese OEMs are now shifting towards a best value-for-money proposition to better meet market demand. At the same time, they are moving away from direct and online sales models, increasingly opting for a traditional dealer network. It remains uncertain whether the announcement of new electric vehicle models by established European, American, Japanese, and Korean competitors will effectively counter the growing influence of Chinese manufacturers. On the other hand, it is not all smooth sailing for the Chinese OEMs as they also have to deal with the European car market which is in transformation but also because of the culture gap between China and Europe.

Since our 2022 study, the European market has seen the addition of five more Chinese players.

While German players still seem to maintain the lead in the premium EV segment due to strong brand positioning – which is still an important factor for the European car buyers – Chinese manufacturers seem poised to dominate the “mass-market” segment, offering superior value for money and consequently hitting the European market directly at their core. Is it game-over for the incumbents then?

Uncertainty lingers around whether established OEMs can launch their newly announced EVs on time and whether they can manufacture low-cost EVs while maintaining healthy profit margins – lagging already behind with the EV production capability, high labour costs, high energy costs, and the various experiments in their retail model.

Nevertheless, the European market introduction of Chinese car manufacturers is not without its challenges. On the one hand, the European automotive market is undergoing significant changes; on the other hand, major cultural differences between China and Europe create additional hurdles.

Car prices in Europe have risen sharply in recent years due to stricter safety standards, inflation, and emission regulations. According to industry executives, this is putting pressure on car sales in several European

countries.

The residual values of EVs have dropped significantly in recent times, which may make them less attractive to car buyers in the short term. Since the long-term success of many Chinese brands is not yet certain, leasing companies remain cautious about which models they choose to include in their fleets. Leasing companies play a crucial role in Europe, which is why Chinese manufacturers prioritize partnerships with key players in the leasing sector.

There are also concerns about the availability of spare parts. The supply chain of Chinese manufacturers in Europe does not yet fully meet European standards, leading to repair issues and uncertainty among insurers. In some cases, cars cannot be repaired due to a shortage of parts, which could further slow down the acceptance of Chinese brands.

Despite these challenges, Chinese manufacturers seem able to adapt quickly to the dynamics of the European market. Several brands have adjusted their distribution models, attracted European executives, and established regional headquarters, R&D- and design centres.

Due diligence prior to collaboration

The relevance for European dealerships of collaborating with Chinese OEMs through partnerships has shifted in recent years. Dealerships saw it initially as an experiment, and for some with a truly short experience dealing with a brand that had appearance on the European market only a few years, already towards a prerequisite to secure a relevant position in the European automotive market of the future. Dealerships should prioritize a strategic due diligence covering 4 different areas: background check in China, review of the strategic and operational model for Europe, the fit/gap analysis on the product portfolio and an assessment of the OEM's access to capital.

As we have shown in the market outlook for 2030 car sales, the current expectation market share expectation for Chinese OEMs lies approx. 10% of total new car sales (depending on the market), coming from 4% market share in 2023, at the expense of the market share of mainly the European car manufacturers. In the BEV segment this market share is even higher in 2030 with 13.8% (ranging from approx. 10 to 30%).

In general, market share in domestic manufacturing countries (e.g. France, Germany and Italy) is perceived to be a little lower compared to markets without having strong ties with local brands (e.g. Norway, Netherlands). Consequently, the relevance of having a strategic partnership with a Chinese OEM will differ per market.

Dealerships should prioritise strategic due diligence before engaging in legal agreements with Chinese OEM. We have identified four main areas for this assessment.

1. Background check in China

A strong sales track record in the home market is crucial for three reasons: this success can finance the international expansion plans, it demonstrates experience in organising and scaling supply chains, and it indicates the OEM's capability in managing commercial partnerships for distribution.

2. Review of strategy and operating model for Europe

Plans for European headquarters, R&D centres, and parts

warehouses reflect the OEM's commitment to adapting to European market dynamics (as seen in Kia's successful approach). Distributors should also scrutinise the intended distribution model, as both margin potential and liability differences across models can significantly impact contract negotiations.

3. Fit/gap analysis on product portfolio

The offering in the European market is already very extensive, and in some segments, there is a lot of competition. Therefore, we strongly recommend to critically assess the product positioning and see if the brand can fulfil any white spots in the European demand. A broad vehicle portfolio reduces risk and offers flexibility in brand positioning.

4. Assessment of access to capital to understand the leeway to success.

For a successful European expansion in large volumes of EVs, capital requirements are high and the road to large sales volumes can take multiple years. For instance, OEMs that are listed can issue shares and state-owned enterprises often have privileged funding through subsidies or guaranteed loans.

What makes European dealers (more) attractive to Chinese OEMs?

European dealerships already have experience working with Chinese OEMs. According to respondents in our interview program, managing the cultural gap between European and Chinese executives is undoubtedly perceived as the most critical factor for future success. Furthermore, as Chinese OEMs currently lack retail capability in Europe—and have already recognized the need for local knowledge due to significant differences between the European and domestic markets—they seek partners who can offer a broad range of services to support their European go-to-market implementation. These services may include sales, aftersales, administrative, financing, logistics, and any other support that may be needed. Lastly, since Europe is perceived as 'one region', dealerships with extensive geographic coverage are favoured over those with a purely local focus.

Partnering with Chinese OEMs is becoming increasingly essential due to challenging market dynamics, driven by a loss of market share to new entrants, changing distribution models of incumbent OEMs, and declining revenue in the aftersales segment caused by electrification.

We identified three strategic pathways for distributors to position themselves effectively for partnerships with Chinese OEMs:

1. Adapt to Chinese business culture

Success requires aligning with the Chinese "can-do" mentality and their focus on tangible outputs. Patience in building relationships, adapting to indirect communication styles, and conducting thorough due diligence are critical.

2. Offer a broad range of services

Chinese OEMs currently lack retail capability in Europe—and have already recognized the need for local knowledge due to significant differences between the European and domestic markets—they seek partners who can offer a broad range of services to support their European go-to-market implementation. These services may include sales, aftersales, administrative, financing, logistics, and any other support that may be needed.

3. Foster collaboration among dealerships

Since Europe is perceived as "one single region," dealerships with extensive geographic coverage are favoured over those with a purely local focus. Partnering

with other dealers to achieve scale can help meet Chinese OEMs' rapid expansion goals. This approach enhances negotiating power, spreads risk and strengthens aftersales support.

Scope of this report (1/2)

Chinese OEMs

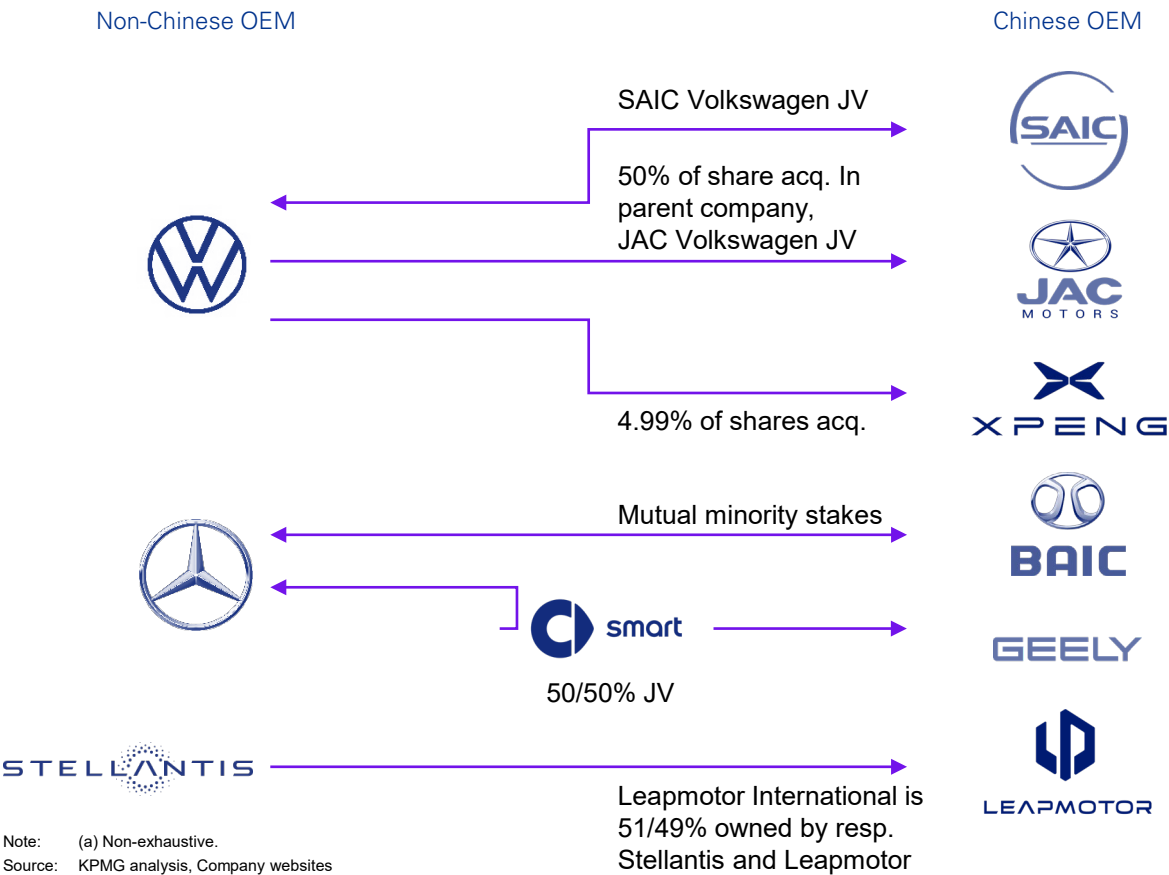
In our report, Chinese OEMs (Original Equipment Manufacturers) refer to companies engaged in the **production of automobiles of all powertrain types** (not solely electric) that are predominantly owned and controlled by **Chinese entities**.

Ownership types are including but not limited to: private companies, listed companies, and state-owned-enterprises (SOEs). This definition encompasses all companies where the controlling interest, defined **as at least 50% of voting shares or an equivalent degree of operational control**, rests with entities based in fundamentally tied with China.

Scope of this report (2/2)

In our study of Chinese OEMs, we note that Chinese players are not examined in pure isolation due to the interconnected nature of the global automotive industry. This interconnectedness is often reflected in mutual ownership investments between non-Chinese OEMs and Chinese OEMs.

Examples of interconnectedness between Chinese and non-Chinese OEMs^(a)



Glossary of terms

#	Number	JV	Joint Venture
\$	Dollar	k	Thousand
%	Percentage	kW	Kilowatt
~	Approximately	m	Million
€	Euro	mkt. sh.	Market Share
+	Plus	MRSP	Manufacturer's Recommended Sale Price
<	Less Than	MV-BER	Motor Vehicle Block Exemption Regulation
>	Greater Than	MV-TAR	Motor Vehicle Type Approval Regulation
000	Thousand	OECD	Organisation for Economic Co-operation and Development
Ag	Agency	OEM	Original Equipment Manufacturer
approx.	Approximately	OTA	Over the Air Technology
Avg.	Average	p.	Page
BEV	Battery Electric Vehicle	p.p.	Percentage Point
bn	Billion	R&D	Research and Development
CAGR	Compound annual growth rate	RoW	Rest of the World
COP27	Conference of the Parties 27	SP	Sustainability Practices
CSRD	Corporate Social Responsibility Directive	TBD	To Be Determined
D2C	Direct-to-Consumer	TPP	Third Party Partnership
DA	Data Act	USD	United States Dollar
DMA	Digital Markets Act	VAT	Value Added Tax
DSA	Digital Services Act	ZEV	Zero Emission Vehicle
e.g.	'exempli gratia', for example		
EBIT	Earnings Before Interest and Taxes		
E-fuel ICE	E-fuel Internal Combustion Engine		
EU	European Union		
EU-27	European Union 27 member countries		
EUR	Euro		
EV	Electric Vehicle		
FDI	Foreign Direct Investment		
GDPR	General Data Protection Regulation		
ICE	Internal Combustion Engine		
IoT	Internet of Things		
IT	Information Technology		

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The attractiveness of the European market for Chinese OEMs

Chinese OEMs have increasingly entered the European market over the past three years, driven by both a pull effect—primarily stemming from Europe's stringent regulatory emission targets—and a push effect, leveraging their favourable domestic business environment to achieve a competitive cost advantage. By 2030, their market share in Europe is expected to grow even further, while in China, they continue to gain an edge over non-Chinese OEMs



Pull effect

Key factors in Europe creating demand pull for (electric) vehicles



#2 EV market (after China)



Favourable regulatory & trade environment



Leading EV infrastructure

- By 2030, EV sales in Europe are expected to account the second to largest EV market globally (following Asia-Pacific).
- The growing range of affordable EV models is forecast to be the primary driver of this growth in the coming years.
- Additionally, consumer acceptance of Chinese brands is anticipated to rise, mirroring the growth trajectories previously seen with Japanese and Korean automakers.
- Despite imposed import tariffs on Chinese OEMs, the impact remains limited due to their lower unit costs. In contrast, the substantially higher import tariffs from the U.S. (>60 percentage points) and the stance of the Trump administration toward Chinese goods further highlight Europe's attractiveness.
- To achieve the "Fit for 55" targets, Europe requires mass adoption of affordable EV models.
- Additionally, the CSRD is expected to accelerate EV adoption in Europe, particularly through the lease channel.
- Increasing investments in EV charging infrastructure, both public and private, enhances the adoption of EVs in Europe.
- DE and NL will lead charging infrastructure coverage, followed by other North European countries.

Push effect

The Chinese business environment causing a push of (electric) vehicles towards Europe



"Made in China" industry strategy



Technological advancements



Excess EV production capacity

- Early investment and emphasis by the Chinese government on rapidly scaling EV production have enabled Chinese OEMs to achieve cost excellence in EV manufacturing.
- The Chinese government is expected to continue incentivizing their OEMs' production capabilities to help them become global champions.
- Chinese OEMs hold a technological edge in cost effective production of (LFP) batteries. Although energy density is lower compared to other technologies, these batteries are less dependent on scarce raw materials.
- Also, Chinese OEMs are perceived to have advanced digital features that seem to be valued by new generations.
- Due to this product advantage, Chinese brands are capturing market share from their Western counterparts.
- China is continuously expanding its production capacity, positioning the country to become the world's top car exporter.
- China's car exports are expected to rapidly transition from ICE vehicles to BEVs by 2030.

Source: KPMG analysis.



Key factors in Europe creating demand pull for (electric) vehicles

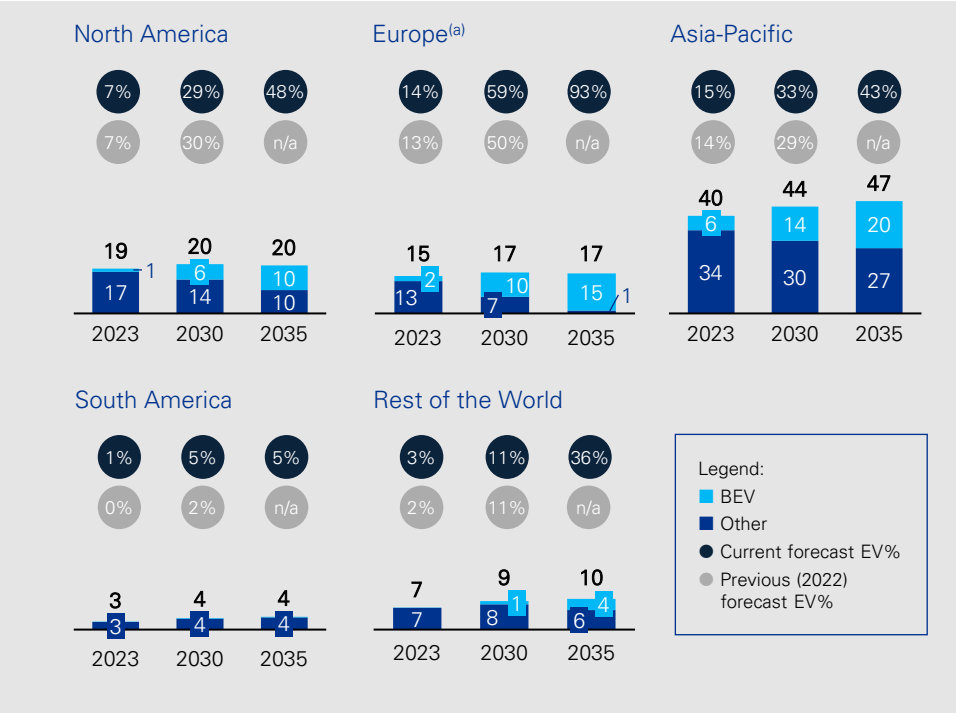
The global BEV market is expected to continue its growth trajectory with Europe as frontrunner. By 2030, approx. 59% of car sales in Europe is expected to be EV

On the back of both tightening regulation and reduced prices of EVs, Europe has seen a sharp increase between 2019 and 2023. While 2019 annual EV sales amounted to 384k vehicles, sales grew to 2.1m in 2023, entailing an annual growth of 54%. This reflects the rapid adoption of zero-emission vehicles. This trend is set to continue, with EV sales projected to grow towards a 59% share of new sales in Europe by 2030 (annual growth of 25%).

In contrast, sales of non-battery electric vehicles, primarily those powered by internal combustion engines, have shown a consistent decline. Over the same 2019-2023 period, Non-BEV global sales is expected to decline at an annual rate of (3)%, a trend that is forecasted to persist towards 2030. These figures illustrate the accelerating shift away from traditional vehicle technologies towards sustainable and electrified alternatives. Put in perspective, Europe’s strong BEV historic track record achieved the second-highest sales volume of BEVs, just behind the Asia-Pacific region. On a distance, yet fuelled by the Inflation Reduction Act, the North American region has seen a positive growth of BEV sales.

The substantial increase in (exported) Chinese vehicles has resulted in a positive boost in global EV sales. Compared to our 2022 forecast there is a noticeable update (see next page for further details).

Total vehicle sales per region (#m)



Annual growth of sales globally		
Region	2023-2030	
	BEV	Non-BEV
North America	23%	(2)%
Europe	26%	(10)%
Asia-Pacific	13%	(2)%
South America	39%	5%
Rest of the World	28%	2%

Note: (a) Excluding Russia and Turkey.
Source: GlobalData Automotive; KPMG analysis.

Chinese OEMs show a diversified strategy when looking at the global market, balancing stability in the established Asia-Pacific region with targeted growth in mainly the European market

China’s European emphasis

Europe stands out with a substantial increase in the market share of Chinese OEM sales. This growth can be attributed to strategic penetration into the EV market, competitive pricing, and increased consumer awareness of Chinese brands. The ability of Chinese OEMs to capture a larger share can be attributed to several reasons, see next page.

Consolidation in Asia

In the Asia-Pacific region, Chinese OEMs have maintained a consistent market presence, with little fluctuation in their share forecast. In South America, forecast data shows a modest but notable upward trend, pointing to growing acceptance of Chinese vehicles in this developing market.

Sales share by OEM type (#m and %)



Note: (a) Excluding Russia and Turkey
(b) Including Tesla, Mazda, Subaru, Jaguar, Land Rover and others.
Source: GlobalData Automotive; KPMG analysis.

Chinese OEMs have rapidly expanded their presence and BEV sales in Europe. The speed and impact surpassed our 2022 view

We foresee an uptick in the Chinese market share from 11.9% in 2023 towards 13.8% in 2030, indicating that Chinese OEMs are here to stay for several reasons:

Cost advantage

Chinese EVs are disrupting the market with lower prices, appealing to budget-conscious buyers. While the average European EV in the C-segment costs around €46k, Chinese counterparts such as the BYD Dolphin and MG4 Electric are priced approximately 12-13% lower.

Advanced technology

Chinese manufacturers have made significant investments in EV technology and strategic decisions in specific battery technologies requiring less scarce raw materials (albeit with a slight disadvantage of less energy density). This results in lower production costs but still offering competitive range, performance, and software features. E.g., brands like BYD and Nio are particularly noted for advancements in battery technology and driving assistance systems.

EU zero-emission targets

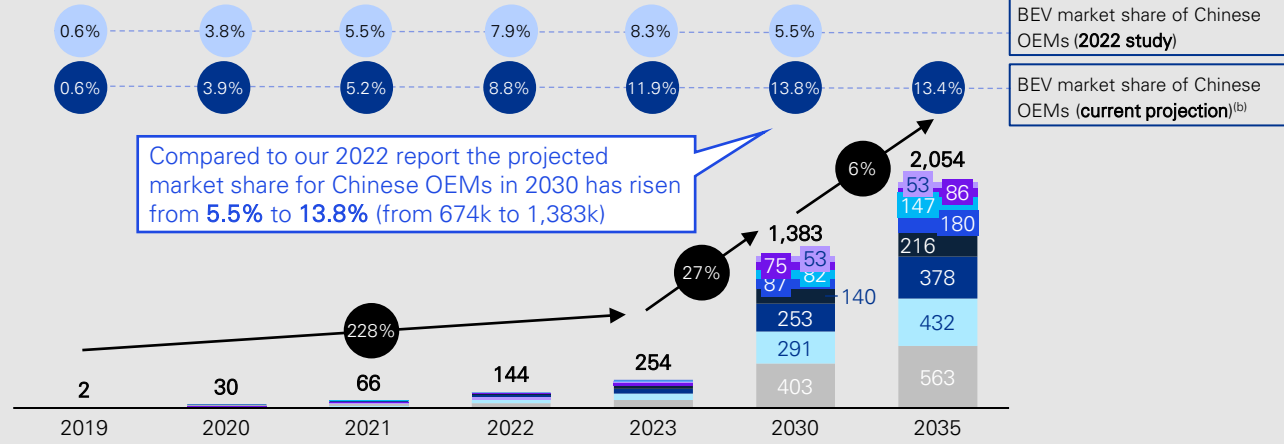
European governments are driving electrification through incentives and stricter emission targets, such as the ‘Fit for 55’ program. These initiatives have created a strong push towards electrification, benefiting Chinese EV sales.

China’s vehicle export push

While China’s domestic market is recovering, it has overtaken Japan and Germany to become the world’s top car exporter, with no sign of a slowdown. This is also fuelled by sustained government support for domestic manufacturers.

Note that although the immediate impact on the European market appears moderate, incumbent players are feeling the headwinds. The challenge extends beyond sale competition as Chinese manufacturers are attracting scarce automotive talent and securing prime showroom locations, further embedding their presence in Europe.

BEV vehicle sales of Chinese OEMs in Europe^(a) (#000)



Chinese BEV sales CAGR

2023-2030	
Region	
Norway	19%
Netherlands	22%
Spain	40%
Italy	49%
France	23%
Germany	28%
UK	26%
Other EU ^(a)	28%

Note: (a) Excluding Russia and Turkey.
(b) Note that the potential of rumoured OEMs coming to Europe is currently not reflected in the forecast.

Source: Euronews; Financial Times; MG; BYD; GlobalData Automotive; KPMG analysis.

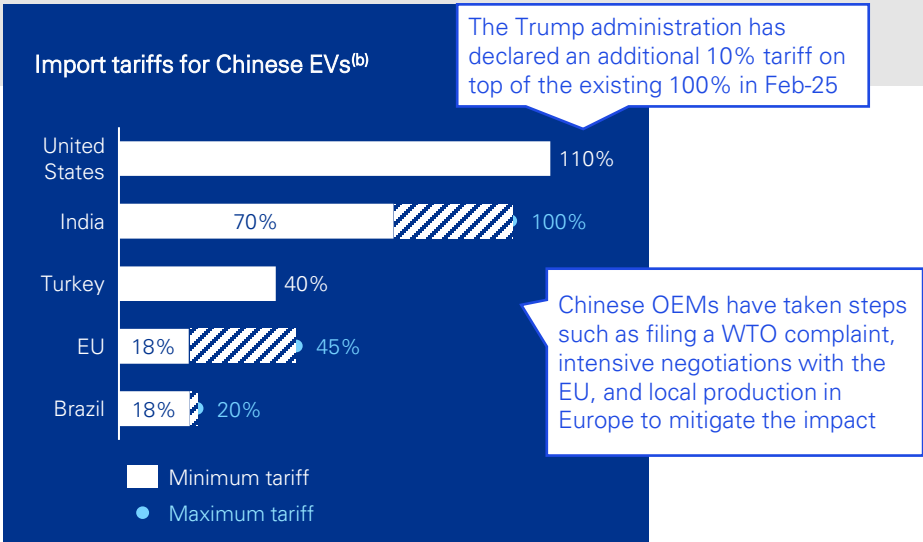
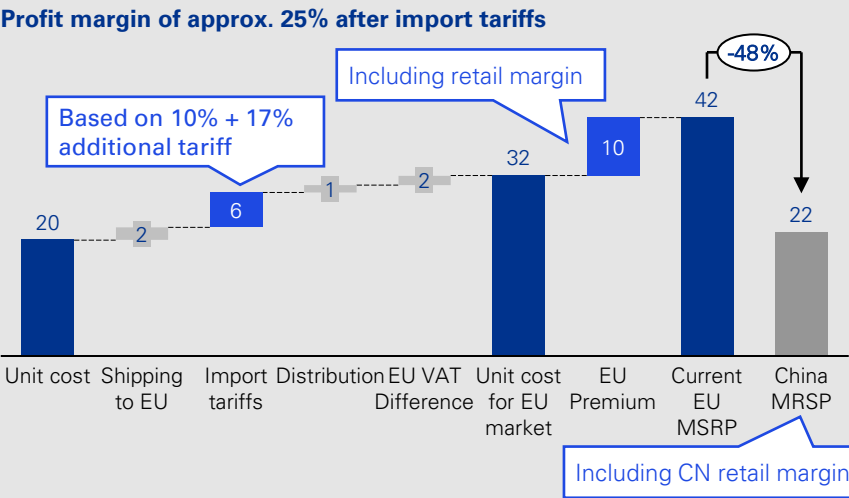
In an attempt to protect domestic industries from the competitive advantage of Chinese OEMs, major markets have implemented tariffs, although these are unlikely to have a significant impact in the European region.

The EU has imposed increased varying import tariffs on top of the existing 10% in 2024 to counter the in some cases even state-owned Chinese manufacturers' competitive pricing advantage (e.g. Dongfeng, SAIC and BAIC)^(a). However, these are not expected to render the desired effect as the Chinese cost advantage is likely large enough for absorption.

Europe remains 'best of the worst'

In comparison to European tariffs, US tariffs on imported cars from China are substantially higher. The US impose a standard import duty of 2.5% on passenger vehicles. However, vehicles imported from China face the substantially higher tariff of 100% which possibly will be further increased by another 10 pp, which likely has the desired deterring effect. For a BYD Seal U this would entail a US theoretical MRSP of approximately €49,000 (~\$50,000), which is already ~€10,000 more expensive than competitor's Tesla Model Y. Contrarily, the EU duties on Chinese EVs, with rates varying by manufacturer — for instance, 17% on BYD and 18.8% on Geely — are still substantially lower. More importantly, these rates are likely absorbable in gross margins — which will result in a continuation of the current already attractive price positioning.

Illustrative cost and profit structure for a Chinese D-segment EV in the EU^(a) (€000)



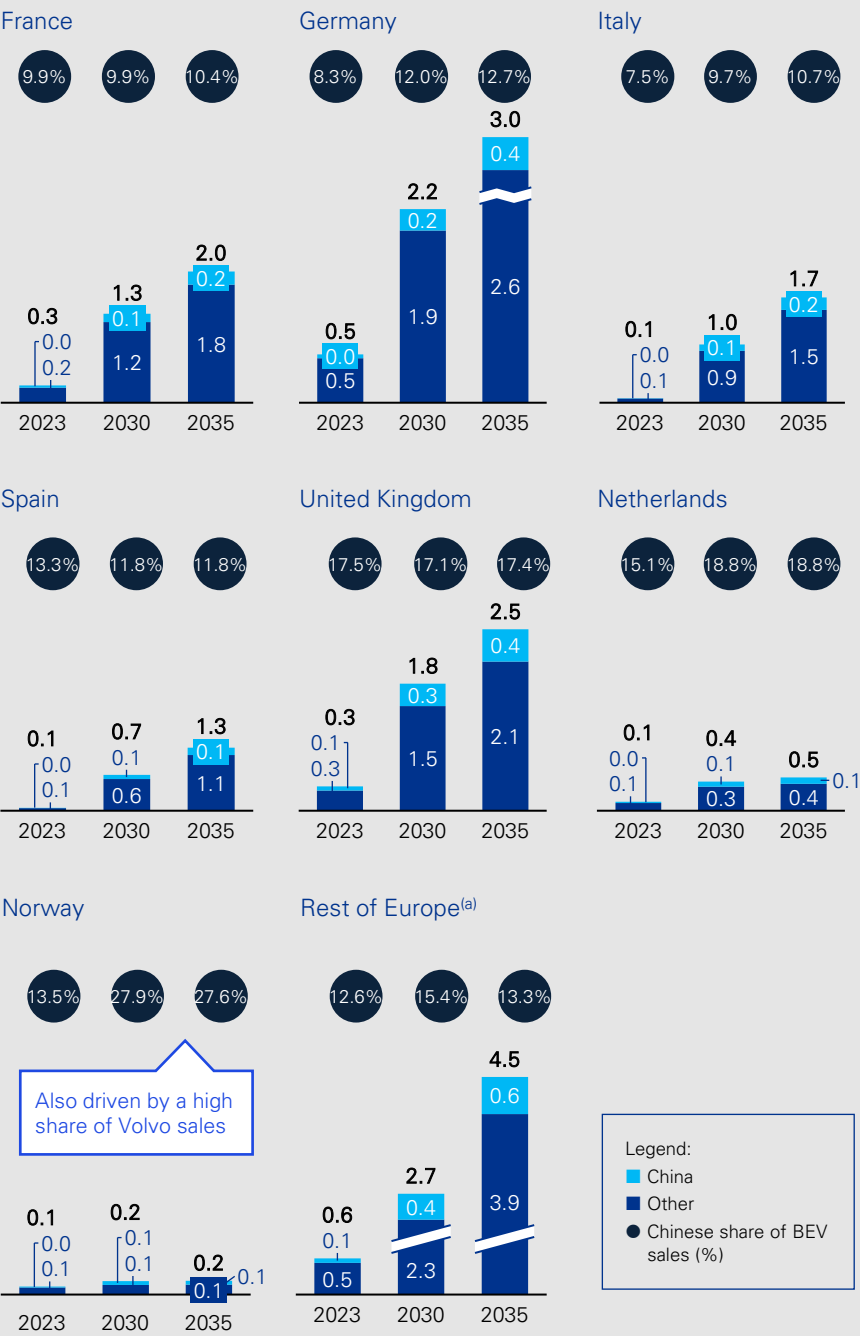
Note: (a) Rhodium Group analysis based on UBS methodology, using German MSRP data as of March 27, 2024. Note that cost structures and import tariffs imposed by the EC vary by OEM.
(b) Import tariff height is based on different reasons for different country/regions: India the value, EU the manufacturer and Brazil the type.
(c) Note that the European Commission has reduced import tariffs for European EVs produced in China and exported to Europe. Also import tariffs do not apply for UK and Norway.

Source: The Diplomat; Rhodium Group; UBS; KPMG analysis.

Following entrances in both Nordics and The Netherlands, BEV market shares of Chinese players are expected to grow steadily across most EU countries

Key European markets like France, Germany, Italy, the Netherlands, Norway, and the United Kingdom are leading the transition to electrified mobility. Within these growing EV markets, the share of EVs sold by Chinese OEMs is projected to increase, reflecting their expanding influence in Europe. Particularly in geographies of UK, The Netherlands and Norway, the share of Chinese EVs is higher, which is due to these countries often being the entering geographies for Chinese OEMs.

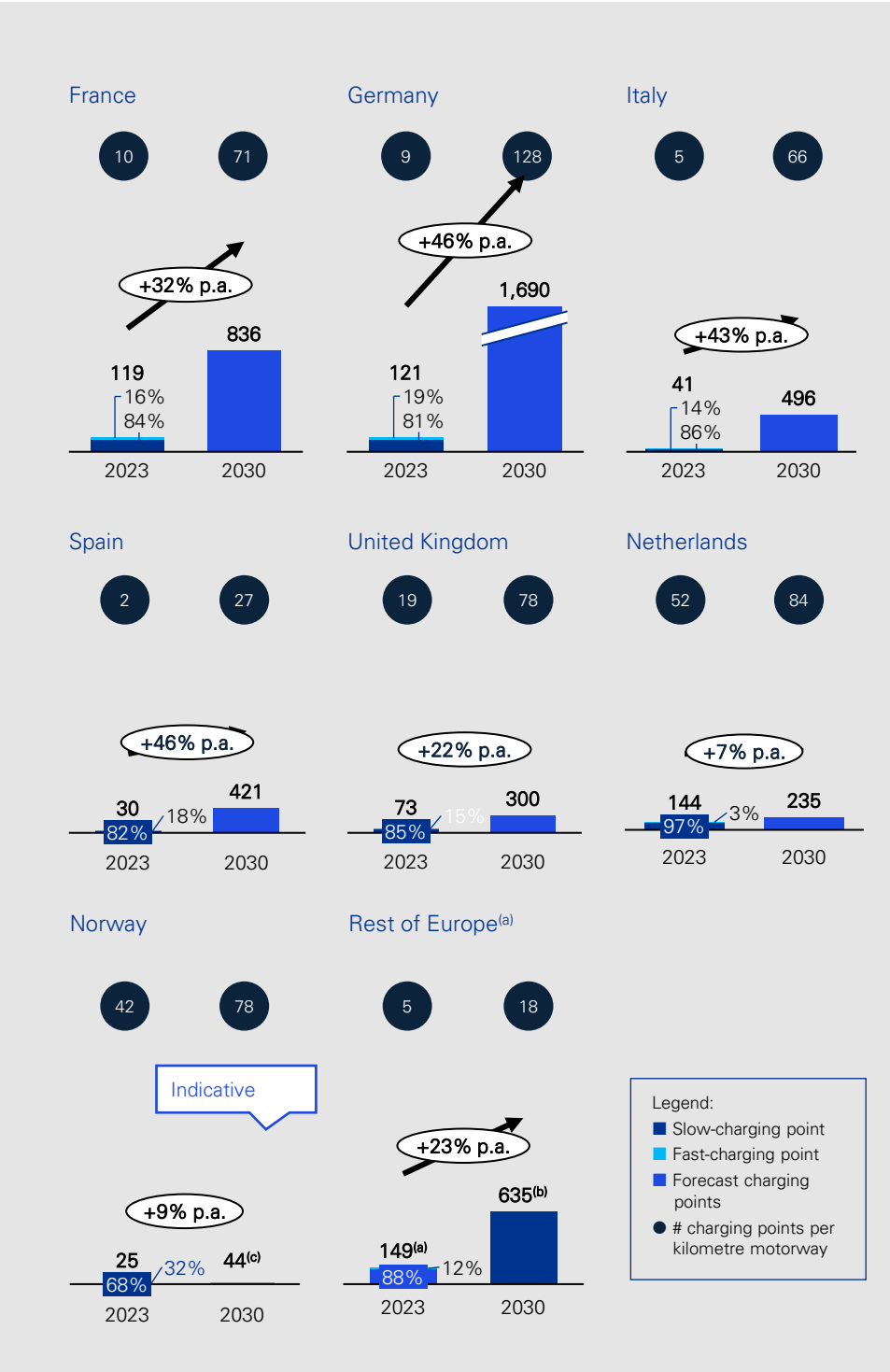
Chinese BEV share per country in Europe (#m)



The attractiveness of the European market is emphasised by the growth in charging infrastructure with almost all key European markets the number of chargers growing by double-digit figures towards 2030

The increasing sales of BEVs in Europe have been accompanied by substantial growth in the charging infrastructure, which is projected to continue towards 2030. Most selected countries are expected to experience strong double-digit annual growth in the number of chargers. The Netherlands, being at the forefront with a high infrastructure maturity, is already maturing in terms of growth. Spain and Germany, on the other hand, are anticipated to see a substantial increase in charging points per kilometre as they ramp up their charging infrastructure.

Charging infrastructure per country in Europe (#000)



Note: (a) Includes Austria, Finland, Belgium, Sweden, Denmark and Switzerland.
 (b) All remaining forecasted charging stations in EU-27 excluding the countries presented.
 (c) Forecast is based on government ambition to install 10-14k fast charging points by 2030.
 Source: LMCA; KPMG analysis.

The EU's 'Fit for 55' initiatives resulted in several zero emission targets by EU members. Although currently under scrutiny, adoption of mass-market EVs is likely required to achieve these targets, and in which Chinese OEMs can facilitate with their competitive EVs

In July 2021, the European Commission introduced the 'Fit for 55' initiatives, designed to realign the EU's policies across key sectors such as climate, energy, land use, transport, and taxation. The requirements are aimed at pursuing the goal of reducing the EU's net greenhouse gas emissions by at least 55% by 2030. It forms a part of the Green deal agreement, aiming to become climate neutral by the year of 2050.

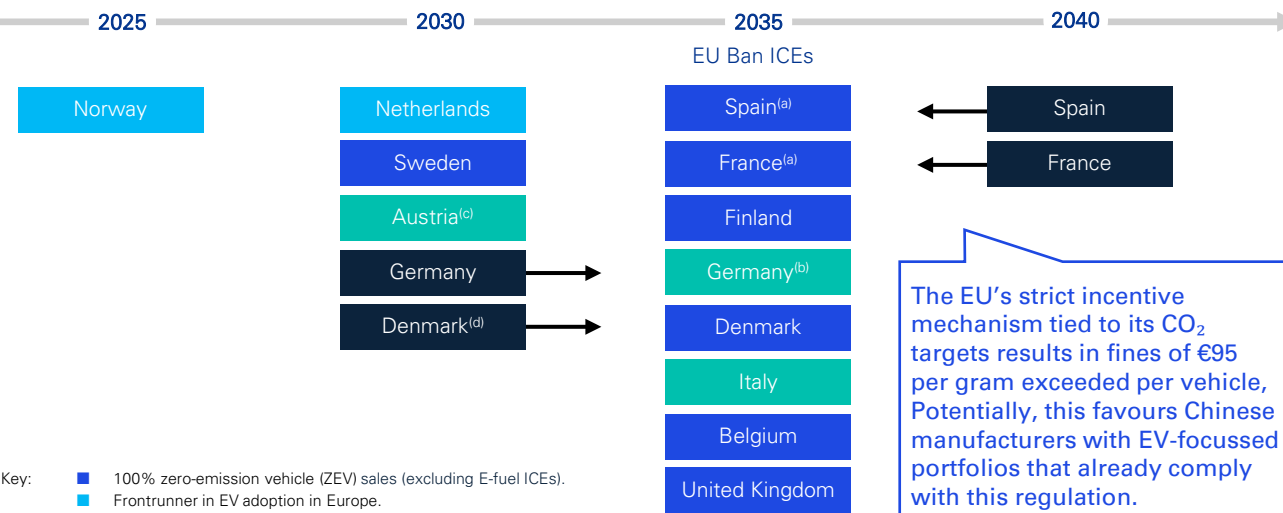
As part of the 'Fit for 55' initiative, in late October 2022, the European Parliament and Council reached an agreement, celebrated by the European Commission, that requires all new passenger vehicles and light commercial vehicles registered in Europe to be zero-emission by 2035. This has led to shifts in previously established national targets and further highlights the division regarding zero-emission vehicle sales.

The uncertainty regarding the feasibility of the 2035 ban on combustion engines is influenced by the push for an earlier review by the centre-right European People's Party in the European Parliament and industry

ministers from seven EU countries, led by Italy and the Czech Republic. Their advocacy for greater allowances for renewable fuels and improved incentives for electric vehicle purchases adds to the uncertainty. Additionally, the European car industry is seeking changes to EU emissions targets as EV sales slow in 2024. The 2024 slowdown in European EV sales is viewed as a temporary setback, with expectations that the demand for EVs will pick up again in 2025. However, limited economic growth and decreasing EV sales incentives, which, according to automotive executives, potentially can create a yo-yo effect between ICE, hybrid, and EV sales, adding to the uncertainty.

Nevertheless, the general expected trend is that the landscape shifts away from new ICE sales in which Chinese OEMs capitalise on the opportunity to increasingly play a role in the European market, absorbing the EU import tariffs and essentially helping the EU achieve its emission targets. Additional tariffs would hence put the EU at crossroads.

Electrification targets for selected EU countries as of December 2024



The EU market is one of the most stringent markets concerning vehicle regulation in comparison to other continents, which accelerates electrification but also provide compliance hurdles, especially for players such as the Chinese that are less experienced in the European high-regulation environment

Explanation	Implications for OEMs
1 The General Data Protection Regulation (GDPR) is a law that protects the personal data of EU citizens. It requires companies to obtain consent for data collection, ensure data security, respect individual rights, notify about data breaches, and imposes hefty fines for non-compliance.	OEMs must secure personal data from connected vehicles, clearly communicate data practices , and obtain explicit customer consent for data use. They should integrate data protection into products from the start and report data breaches within 72 hours .
2 MV-TAR/MV-BER ensure compliance to safety, environmental, and performance standards, while promoting fair competition by giving independent repair shops access to the same information and parts as authorized dealers.	MV-TAR requires Chinese OEMs to comply with stricter environmental norms versus their home market. Under MV-BER, OEMs must provide independent repair shops with access to the same information and parts as authorized brand dealers, promoting fair competition and, which for Chinese players might be challenging as they often prefer authorising only selected service locations.
3 The EU Battery Regulation requires compliance with safety and environmental standards, carbon footprint tracking, and recycled content targets. Batteries must be easy to remove and replace, undergo safety testing, and producers need due diligence policies for supply chain risks.	The EU Battery Regulation requires OEMs to invest in safety, environmental, and sustainability compliance , mostly more stringent than Chinese equivalents, if any. They must ensure due diligence in supply chains , provide battery performance documentation , meet recycled content targets , and manage end-of-life disposal .
4 The Data Act (DA) emphasises data sharing, user rights and fair competition concerning vehicle data The Digital Markets Act (DMA) regulates big tech companies, ensuring they do not impose unfair conditions and promote competition. The Digital Services Act (DSA) addresses illegal content online and improves transparency for users about content moderation practices.	For OEMs, the DA, DMA and DSA impact their digital presence and interactions with platforms like app stores and online marketplaces . These regulations influence competition, data access (also by consumers themselves), and obligations for digital services , which can interfere with Chinese foreign policy. Additionally, the DSA's rules on illegal content and user protection require compliance with content and safety standards .

Source: European Commission; KPMG analysis.

The leasing channel remains one of the most important sales channels for BEV sales in Europe

The leasing channel plays a pivotal role in the sales of Battery Electric Vehicles (BEVs) in Europe. Corporate targets and the fact that purchase prices of EVs are still high leads to high EV penetration across leased vehicles. In NL and DE by 2030 most of the lease fleet will be electric.

The implementation of the Corporate Sustainability Reporting Directive (CSRD), which mandates companies to report their Scope I (direct emissions) and II (indirect emissions from purchased energy) emissions, will further likely increase the adoption of electric cars in corporate car fleets.

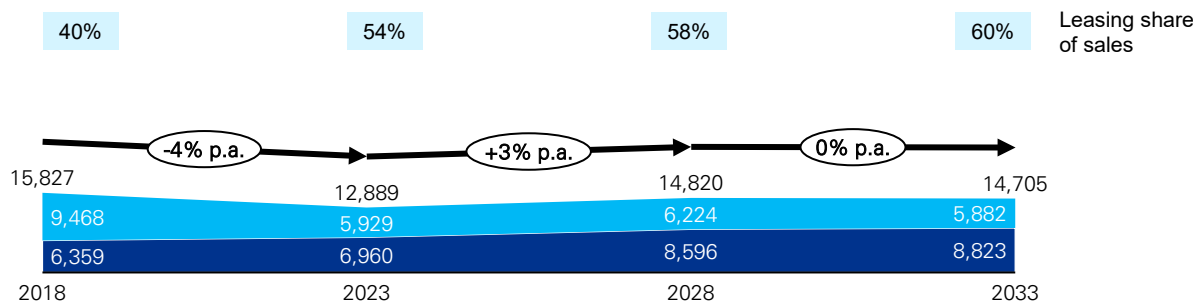
This reporting obligation has caused a push for European businesses to include or expand their EV offering in lease packages for employees, which adds to the sustained attractiveness of

the Europe as market for EVs. Especially for Chinese OEMs with a focus on premium vehicle segments, the lease channel is a key sales channel as it provides consumers accessibility to the higher priced EVs. There are, however, challenges found. The residual values of EVs have fallen sharply in a short period of time and now appear to be at a low level, which has forced leasing companies with large numbers of BEVs to take large write-offs. These market conditions may complicate access for Chinese OEMs to the leasing channel as these brands still have lower brand value than established European manufacturers. The increased residual value risk is expected to make leasing companies more cautious.

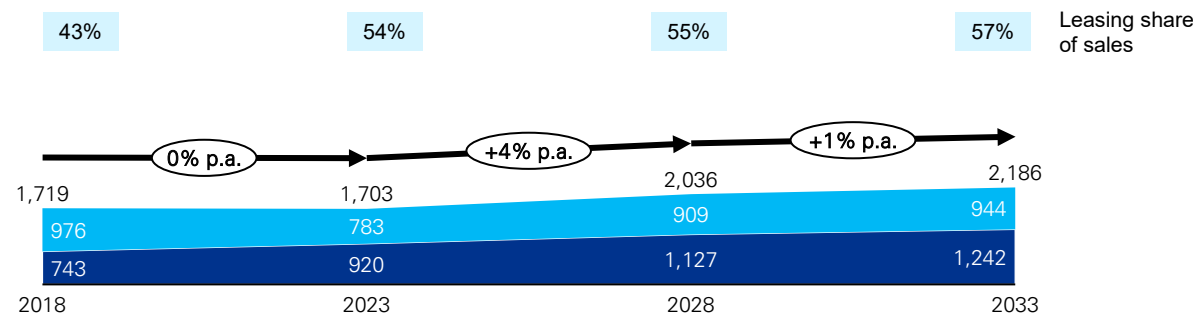
Development of the European lease fleet

Non-lease Lease

Forecast of the European share of lease in new PV sales volume (#k and %)



Forecast of the European share of lease in new LCV sales volume (#k and %)



Source: VNA; Frost & Sullivan; GlobalData Automotive; KPMG analysis.

History is likely repeating itself for Chinese OEMs in terms of market adoption: Chinese OEMs are currently going through the same acceptance process in the European market that Japanese and Korean counterparts experienced previously

Japanese and Korean defied initial challenges in the European automotive industry. Japanese OEMs were pioneers in introducing their vehicles to global markets, initially facing scepticism upon entry into the European automotive market. For instance, with the first-gen Toyota Crown and Hyundai Pony, which had initial challenges with driving performance and Western branding, respectively. However, through consistent quality and innovative technology, they successfully navigated challenges in consumer acceptance and regulatory compliance. It required several years for Japanese OEMs to overcome initial reluctance and reach the critical threshold of mass brand adoption in Europe. Similarly, Korean OEMs encountered similar barriers in the European market.

Over time, the market perception of Japanese and Korean automotive brands has undergone a significant shift, and they are now recognized for their high-quality products and strong market presence in Europe, which is proven by Kia being a market leader in The Netherlands with a share of ~9%. Also having several lessons learned.

For example, Toyota has partnered with local European distributors and set up local R&D centres, which were then integrated into the Japanese culture of ‘family’.

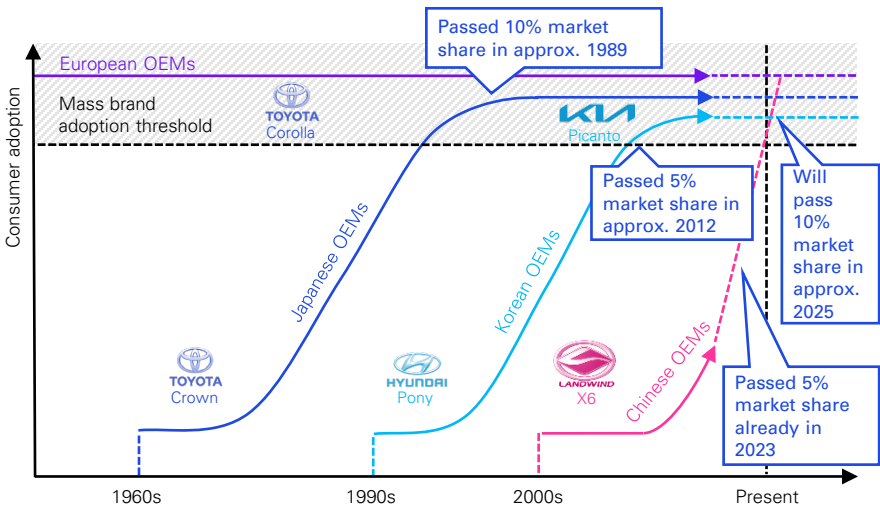
Chinese OEMs likely follow

In today’s context, Chinese OEMs are undergoing a comparable process of market penetration and acceptance in Europe, having initially entered with the currently discontinued brand Landwind (2005), and now bringing years of experience and investments to the table. Just as Japanese and Korean OEMs encountered challenges in the past, Chinese OEMs are working to overcome initial scepticism and bolster their credibility through a commitment to quality and innovation.

Key factors to success in the European region

- ✓ Understanding consumer preferences
- ✓ Local partnerships in distribution
- ✓ Brand perception
- ✓ Regulatory compliance

Schematic adoption curves for Japanese, Korean and Chinese OEMs in Europe



Source: Kia; JATO; J.H. Hyun (2018); KPMG analysis.



The Chinese business environment

Chinese production levels are expected to surpass domestic sales, creating pressure on exports and resulting in China taking the top spot in global vehicle exports for the first time in 2023

China's automotive industry has experienced strong growth in adding production capacity historically, the increase of car brands in China (+25% '15-'23) and governmental support (See p. 27) solidifying its position as the world's largest vehicle market by both production and sales. In 2023, China's automobile production approached 30 million units. However, domestic demand has not kept pace with this rapid expansion. To address this Chinese demand-supply imbalance, Chinese OEMs have intensified their focus on foreign markets, leading to a substantial trade surplus (15%) in 2023.

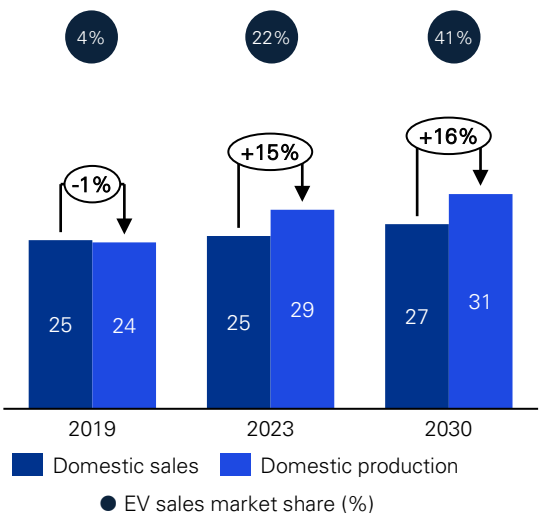
In 2023, China exported approximately 5m vehicles (from which approximately 0.7m in BEVs to Europe) resulting in the country becoming the

largest global vehicle exporter for the first time, surpassing Japan.

Looking forward, China's domestic car demand is not all gloomy as Chinese OEMs are expected to gain substantial market share from Western manufacturers (See p. 25).

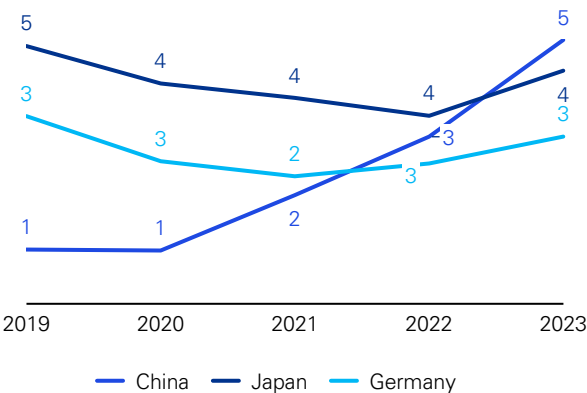
China's domestic market dynamics

Chinese domestic sales and production (#m)



Global main exporters

Chinese export volumes for the global top-3 largest car exporters (#m)



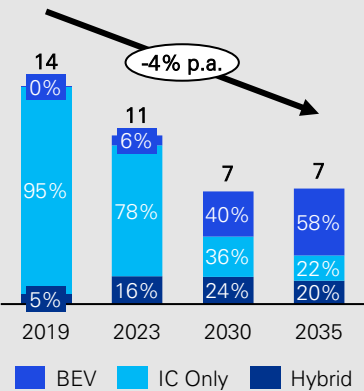
Source: Klaus Maier; AutoTrader; South China Morning Post; AP News; Investor's Business Daily; LMCA; KPMG analysis.

China’s automotive industry strategy demonstrates a strong emphasis on EVs. The Chinese OEMs are currently outperforming established non-Chinese OEMs in their domestic market, while they are also building sales outside of China.

Non Chinese OEMs are experiencing decreasing sales volumes in China due to fierce competition from local brands and their lag in BEV adoption. To counter this, some OEMs have quickly shift focus on sales of hybrids, leveraging their expertise in combining internal combustion engines with electrification. This strategy helps them maintain relevance in a market transitioning towards full electrification.

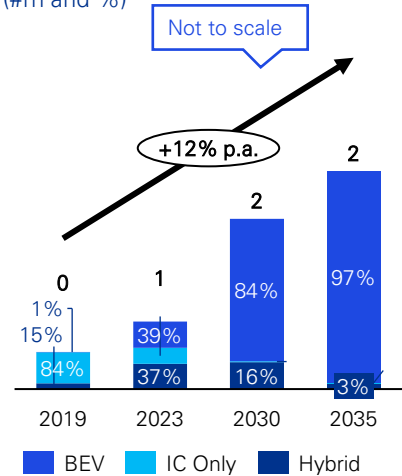
China

Selected^(a) non-Chinese OEM sales in China (#m and %)

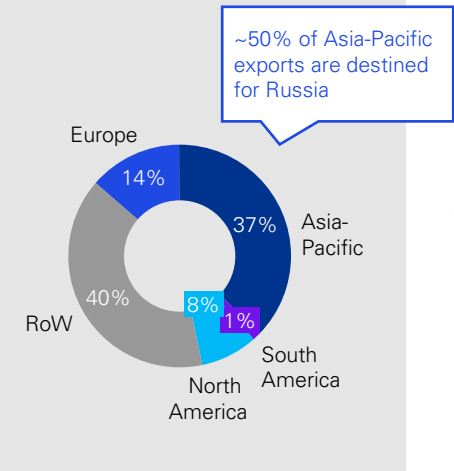


Europe

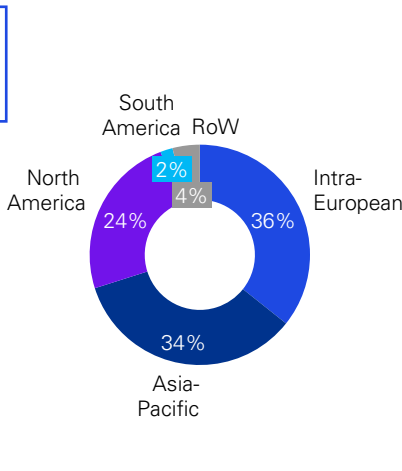
Chinese OEM sales in Europe (#m and %)



Export destinations of new vehicles from China, 2023



Export destinations of new vehicles from Europe, 2023



Note: (a) Volkswagen Group, Toyota Motor Corporation, Mercedes-Benz Group, Ford Motor Company, General Motors, BMW Group, Honda Motor Company, Hyundai Motor Company, Stellantis N.V., Nissan Motor Co.
Source: GlobalData Automotive; Interview programme; KPMG analysis.

While Chinese production capacity has increased consistently over the last 10 years, production utilisation has come down – which emphasises the need to further increase sales across the globe

There are approximately 100+ car manufacturers in China with a fifth producing less than a thousand units in 2023, which is primarily driven by the transition from ICE production lines to EV equivalents rendering a lot of ICE capacity obsolete and having to transform into BEV lines. In addition, domestic sales are flattening, also putting more emphasis on exports.

However, utilisation is not a problem for all producers. The utilisation spread amongst Chinese plants is relatively wide, entailing a polarised field with large incumbents like BYD having higher utilisation and on the other end of the tail upcoming low-volume brands yet to ramp up.

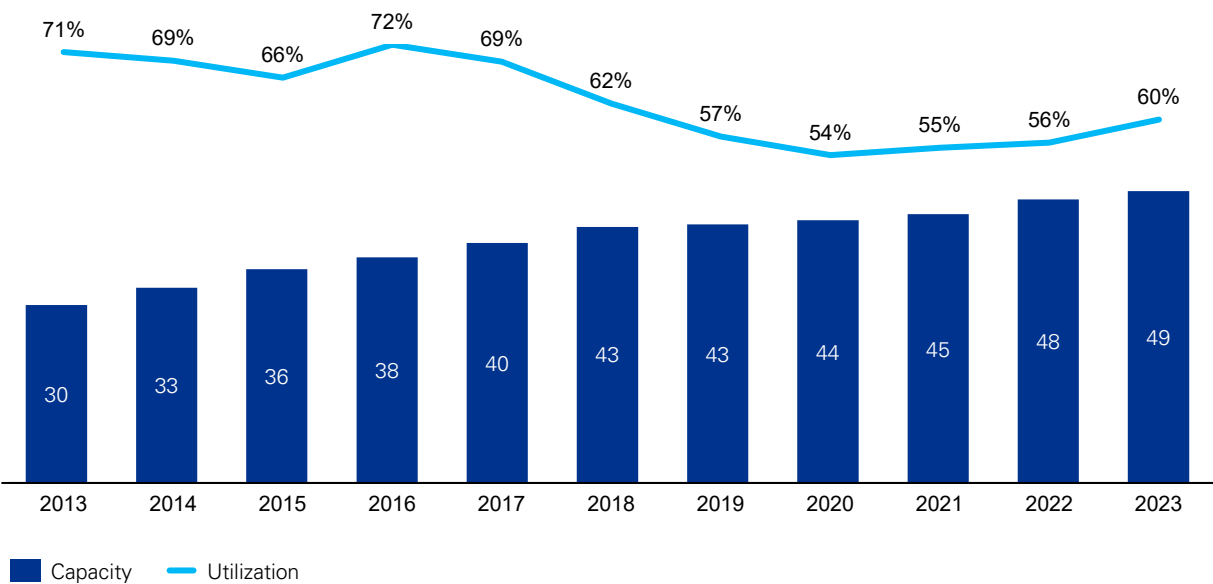
The continued transition towards EV manufacturing facilities and the current ICE lines are resulting in an expected continuation of the decline in

utilisation.

Meanwhile, major Chinese OEMs are gearing up for substantial future investments. For example, Chery is investing \$800 million in a joint venture with Geleximco in Vietnam’s Thai Binh province. Notably, BYD has pledged to invest \$1b in a manufacturing plant in Turkey and announced a second plant to be built in Hungary as a supply corridor between China and Europe.

Historically, the Chinese automotive market was dominated by state-owned enterprises like Dongfeng, FAW, and SAIC. However, in recent years, there has been a significant increase in privately owned car manufacturers and tech companies entering vehicle development such as Xiaomi and Huawei (through JV), leading to a diversification of the market.

Chinese domestic production capacity and utilisation (#m and %)



Source: Reuters; Nio; GlobalData Automotive; Interview programme; KPMG analysis.

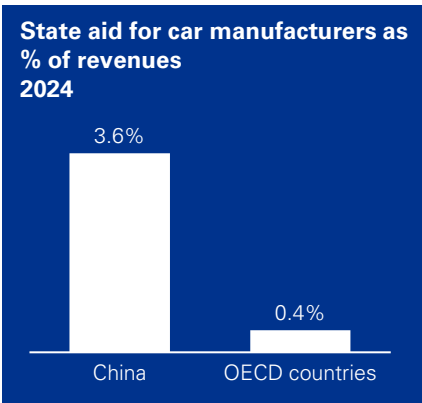
The Chinese government is likely to maintain its support for domestic car producers. However, this is a balancing act that must be executed diligently, as trade relations with other regions must not be overly disrupted

Over the years, China has employed various measures to promote its EV industry, including regulatory changes and significant financial support. It is estimated that from in the past 15 years, Chinese government support for the EV sector totalled \$231b, covering areas such as buyer rebates, sales tax exemptions, infrastructure development, R&D programs, and government procurement of EVs. BYD and Nio have historically benefited from government subsidies and loans, while SAIC, as a state-owned company, has profited from national EV programs. However, accurately assessing the data is challenging, due to reporting ambiguity.

After the launch of the anti-subsidy investigation and the following import tariffs mentioned earlier, the Chinese government maned its OEMs to halt investments in Europe. Nevertheless, several Chinese OEMs have indicated their interest in investing in Europe. While trade barriers may not deter Chinese OEMs from exporting to Europe, they may influence the cost-benefit analysis for Chinese carmakers. Paradoxically, individual European states appear eager to attract such investments, with countries like Poland, Slovakia, Hungary and Spain signing agreements with Chinese OEMs such as BYD and Chery. Meanwhile, the EV sector is the focal point of Chinese FDI

in Europe, accounting for more than 66% of Chinese FDI in 2023. Notably, Hungary received 44% of all Chinese FDI in Europe in 2023, primarily as a result of investments in the EV sector. Furthermore, Chinese OEMs have focused on neighbouring countries of the EU, such as Turkey and Morocco, for new investments.

Moreover, the determination by the Chinese government is emphasised by struggling brands obtaining new funding last years, with examples found in Haima Automobile, Zhidou Electric Vehicles and Aiways. Therefore, China’s domestic players are likely keeping their support from the Chinese government, regardless of whether that is in China itself or abroad.



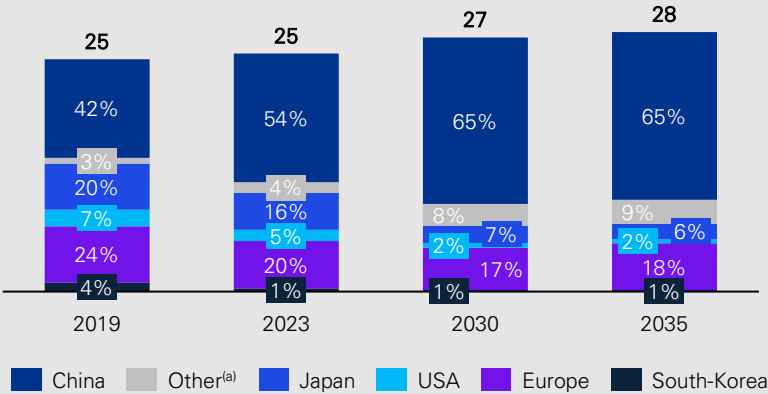
Source: BYD; Reuters; Bloomberg; Motor1; OECD; KPMG analysis.

Within the Chinese market, non-Chinese OEMs are consistently losing market share to domestic manufacturers, driven by high levels of innovation and digitization, which appeal to Chinese consumers. This success story for Chinese automakers is likely to fuel their investments into European expansion

Chinese automakers seem to be addressing the needs of the Chinese car buyer, offering advanced driver assistance systems, luxurious interiors, and cutting-edge digital features in which a great example is becoming a leader in over-the-air technology (OTA). A 2021 survey found that 69% of Chinese consumers value OTA, with 62% willing to pay for it. Chinese OEMs have incorporated OTA capabilities to deliver remote updates and enhanced vehicle functionality, in which it has a leading position and is likely a major driver of their market share gain over 'Traditional Top 10' OEMs.



Share of vehicle sales in China (#m and %)



Note: (a) Including Tesla, Mazda, Subaru, Jaguar, Land Rover and others.
Source: Survey on China's auto consumers (N=2,396, 2021); Business Insider; Reuters; LMCA; KPMG analysis.



Market introduction strategies of Chinese OEMs

There are currently 12 Chinese OEMs (representing 25 brands) present in the European market, with several more entries expected. Many Chinese entrants have already adjusted their distribution models to improve car sales in Europe, realizing that success in China does not automatically translate to success in Europe

How Chinese OEMs enter

After the launch of our previous report in 2022, an additional 5 OEMs have entered the European market. These have a relatively high share of agencies in the distribution models mix. Currently multiple OEMs are changing their minds as the models that have worked for other OEMs and in China so far are not directly copyable to the European market, where the consumer is less 'online' oriented than the Chinese. As such, several OEMs have switched from an agency model to what is often coined as a 'dealer plus' model – essentially an agency model with expanded responsibilities for the distribution partner. And in some cases, a switch to a traditional dealership model is made.

Most OEMs have entered the European market by way of selecting one or a couple of initial geographies. For example, Norway is for several OEMs the entering geography. After setting foot on European territory, gradual expansion to a wider European coverage is followed.

Learning along the way

Chinese players realised that i) a uniform strategy for Europe which has had success in their home market is not necessarily a guarantee for success in Europe, and ii) cooperation is required for a quick time to market. This led to the formation of partnerships with European value chain incumbents in both sales and aftersales.

The Western response

Western OEMs started by introducing premium EVs, for which they can claim substantial success. They pre-empted most Chinese entries and of course with the help of their fortified brand positioning. Contrarily in the economy segments, the looming threat of Chinese success in the European market was and currently still is a wakeup call for Western

OEMs. This led to Western players rushing to announce economy models for 2025-2026 to counter low-cost Chinese EVs starting to flood the European market. There is still uncertainty whether i) these EVs are launched in time and ii) if Western OEMs can produce these low-cost EVs at healthy profit margins.

Several challenges to be tackled

Chinese OEMs are currently facing challenges in i) the insurability of vehicles, ii) addressing the lease channel where residual values are key and brand value can be decisive, and iii) differences in business culture.

Insurers indicate challenges in **insuring** Chinese EVs. Not only due to their increasing complexity driven by their emphasis on tech innovation, but primarily because their supply chain for repairs is not up to European standards (yet). They also tend to complicate the repair process by limiting repair locations. In general, the Chinese players tend to adhere lower standards when it comes to repairability and sustainability of vehicles versus Europe.

Furthermore, **residual values for EVs** are currently at a low point and rather uncertain, which is likely continuing to be the case as new OEMs are entering, making it riskier for lease companies to invest. Moreover, many Chinese OEMs still not have a sophisticated residual management system in place, as their traditional counterparts already have in Europe.

Lastly, the Chinese-European partnerships have shown first positive signs, but **culture challenges** remain. For instance, Chinese OEMs often require substantial upfront investments by partners without guarantees, which shows the necessity for partners to create equal mutual dependency as Chinese players tend to be less sticky to agreements.

Source: Interview programme; KPMG analysis.

Chinese OEMs are still learning how to best serve the European market. While they initially favoured agency and direct sales models, they have now reverted to more traditional dealership retail models, realizing the complexity of conquering the fragmented European market and addressing the needs of European car buyers

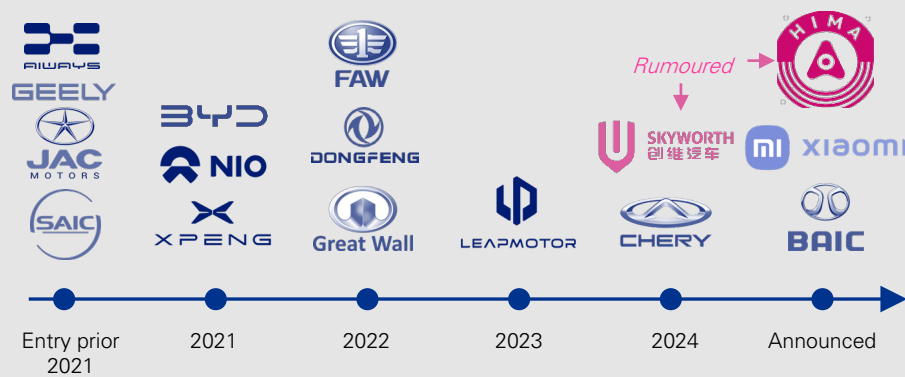
After a period of many Chinese OEMs favouring agency (and direct/online) sales and aftersales distribution methods, inspired by other OEMs and in the Chinese market (next to operating traditional dealer networks). However, a clear shift towards more traditional distribution models in Europe is becoming evident. This can include creating a partnership network of dealers or an agency model with extended responsibilities for the distribution partner as the Chinese leverage local business know-how through this path. This reflects an understanding of the importance of having a local granular sales network.

Chinese OEMs use a calculated approach: securing a foothold in an EV-friendly environment before scaling

operations to other regions with a different regulatory landscape and infrastructure maturity. For example, Norway has been a preferred entry point for Chinese OEMs, largely due to its strong market for electric vehicles (EVs) and government incentives supporting the transition to sustainable mobility.

When entering the European market Chinese OEMs often choose between two strategies. One approach is to launch one or a few models in a single segment and focus on optimisation over time, aiming to build strong brand reputation, e.g., Nio. The other is to launch with a broad product range to attract a broader audience and cater to diverse customer needs, as can be seen at for instance BYD and SAIC.

Timeline of European entries by Chinese OEMs



Source: Insideevs; Autocar; Reuters; GlobalData; KPMG analysis.

Overview of
Chinese OEMs and
their distribution
models,
geographic
coverage and
range of models

OEM	Entry year	Distribution model(s)		Geographical coverage		Range of models ^(a)		2023 EU sales ^(b)
		Entry	Current	Entry	Current	Entry	Current	
Aiways	2020	D2C/Ag	D2C/Ag	FR/DE/NL	FR/BE/SE/ES/CH/DE/NL/EU/DK	●●●●●	●●●●●	0.8
BAIC group		n/a	n/a	n/a	n/a	●●●●●	n/a	0.0
BYD	2020	Ag	Ag	NO	FR/BE/SE/ES/CH/DE/NL/EU/DK/AT/NO/FI/UK	●●●●●	●●●●●	16.4
Chery	2024	Dealer	Dealer	FR/DE/ES/IT/AT	n/a	●●●●●	n/a	n/a
Dongfeng	2021	Ag	Dealer	FR/EU/ES	FR/BE/EU/ES/NO/IT	●●●●●	●●●●●	0.8
FAW Group	2021	Ag	Ag	NO	DK/NL/ES/NO	●●●●●	●●●●●	0.2
Geely	2020	Dealer/Ag / D2C	Dealer/Ag	FR/BE/SE/UK/CH/DE/NL /NO	FR/BE/SE/ES/CH/DE/NL/EU/DK/AT/NO/FI/UK/IT	●●●●●	●●●●●	108.7
Great Wall Motor	2022	Dealer	Dealer	DE/SE/UK	DE/SE/EU/UK	●●●●●	●●●●●	6.2
JAC	<2019	Dealer	Dealer	AT	CH	●●●●●	●●●●●	0.2
Leapmotor	2023	Ag	Ag	FR	FR	●●●●●	●●●●●	0.5
Nio	2021	D2C	D2C	NO	DE/NL/SE/DK/NO	●●●●●	●●●●●	2.4
SAIC	<2019	Ag/Dealer	Dealer	NO/NL/EU/UK	FR/BE/SE/ES/CH/DE/NL/EU/DK/AT/NO/FI/UK/IT	●●●●●	●●●●●	116.1
Xiaomi	2026	D2C/WS	n/a	FR/BE/SE/ES/CH/DE/NL/EU/DK/AT/NO/FI/UK/IT	n/a	●●●●●	n/a	n/a
Xpeng	2020	Ag	Ag/Dealer	NO	NO/NL/ES/ DK	●●●●●	●●●●●	2.0

Key: D2C: Direct-to-consumer; Ag: Agency; **Changed distribution model.**
 ●●●●● From left to right model type: Economy, Low-cost, Non-premium, Premium, Super-premium
 Note: (a) Based on the GlobalData segmentation of model from Economy to Super-premium (b) Based only on BEVs.
 Source: Klaus Maier; Interview programme; KPMG analysis.

Chinese OEMs are strategically entering the European market by targeting countries with well-developed EV infrastructure, high levels of consumer adoption, and government incentives supporting the transition to electric mobility

Common EV launch route for Chinese OEMs

- | | |
|---|---|
| 1 | First step, Norway followed by the rest of the Nordics
The Nordic region offers an ideal entry point for EV manufacturers, thanks to its high EV sales penetration rates and a long history of government support such as dedicated lanes and free parking for EVs. Norway, in particular, stands out as the most attractive market and is often chosen as the initial testbed for new models – despite the low population density and climate. BYD, Nio, and Xpeng are notable examples of OEMs that have launched their European sales in Norway. |
| 2 | Second, Benelux and large Western countries
The Benelux region, France, the UK, and Germany provide favourable conditions for EV launches and are larger in size. The Netherlands stands out for its mature charging infrastructure and supportive government policies, despite the expiration of subsidy programs in recent years. France has supported EVs with the social leasing program. Germany, as Europe’s largest automotive market, offers high visibility, a competitive market landscape, and a strong trajectory for EV adoption. |
| 3 | Third, Central and Southern European countries
Italy and Spain are essential targets for Chinese OEMs due to their significant market size and prominence. While Spain is appealing for its growing EV demand, the Italian market presents challenges, including slower infrastructure development and limited EV incentives. In Spain, Chery plans to roll out its Omoda and Jaecoo brands, for instance. |
| 4 | And finally, Eastern Europe
Eastern Europe typically represents the final stage in a Chinese OEM’s European expansion. Although purchasing power and EV infrastructure often lag in these markets, increasing subsidies and ongoing improvements to EV infrastructure make the region an attractive long-term prospect. |

Source: GlobalData; Interview programme; KPMG analysis.

From their launch in Europe onwards, Chinese OEMs are targeting European dealer networks and leasing companies for strategic partnerships. By partnering with established local players, Chinese OEMs seek to enhance brand positioning, optimize operations, and address the varied needs of European consumers

Sales

Chinese OEMs are aligning with established local distributors and dealer networks, with this proving to be the most important way to penetrate the European market. For instance, Stellantis is joint-venturing with Leapmotor, and BYD, Xpeng collaborating with top-tier distributors such as Louwman, the Hedin and Emil Frey groups in key countries like Germany, Sweden, Switzerland and the Netherlands, leveraging their extensive distribution networks. These alliances help Chinese manufacturers navigate regulatory complexities and consumer preferences. While they often prioritise partners with significant financial strength and scale, interview insights suggest some OEMs test collaborations with mid-tier players, which can risk power imbalances as Chinese partners tend to retain substantial control.

Aftersales

Ensuring reliable and nationally covering aftersales support is crucial for building brand trust among European consumers when adopting a

D2C model. Chinese OEMs are partnering with local service providers to offer maintenance and repair services. For example, Omoda, a Chery brand, has a strategic partnership with RAC in the UK and Nio has a partnership with fast fitter KwikFit in the Netherlands. This approach helps in establishing a dependable service network, which is vital for customer retention and brand reputation.

Lease

Leasing is a popular channel of vehicle acquisition in Europe, especially among corporate clients. Recognising this, Chinese OEMs are forming partnerships with local leasing companies to offer flexible financing options. For instance, MG has engaged with various European leasing firms to provide tailored leasing solutions, making their vehicles more accessible to a broader customer base. Low residual values and lacking brand value form, however, barriers for Chinese OEMs to access this channel (See p. 39 and 40 for further details).

Source: MG; Autovista24; LeMonde; Interview programme; KPMG analysis.



Chinese OEMs and their partnerships throughout the value chain in sales, aftersales, and lease



Examples – non-exhaustive

OEM	Brands	Sales	Aftersales	Lease
Aiways		Kien (NL); Andersen (DK); Euronics (DE); Car East (FR)	Profile (NL); ARC Europe; Feu Vert (FR)	Ayvens; Arval
BAIC group		TBD	TBD	TBD
BYD		Louwman (NL); Bochane (NL) Emil Frey (CH); Hedin (DE); Inchcape (BE)	Hedin; Interex (UK)	Ayvens; Arval
Chery	Omoda, Jaecoo	Brindley; CitNow (UK)	RAC (UK)	Select; LeaseLoco; E-Car Lease
Dongfeng		Gomes; Zeeuw & Zeeuw (NL), Electric Way (NO); AlphaCars (CH)	NOYO (CH); Mekonomen (NO)	Ayvens; Bochane
FAW Group	Hongqi	Hedin (NL); Motor Gruppen (NO)	Hedin (NL); Motor Gruppen (NO)	Hedin; Ayvens
Geely	Volvo, Polestar, Lynk&Co	Serva; Broekhuis (NL); Adelbert Moll (DE); Waylands (UK)	Serva; Broekhuis, Hedin (NL); Adelbert Moll (DE)	Arval; ALD; Ayvens; Select
Great Wall Motor	Ora	Mariott, Westaway, FG Barnes (UK); Emil Frey	Emil Frey	LeaseLoco; E-Car Lease
JAC		One Automotive (BE); E-Drive (NL)	One Automtive (BE); Auto Gelissen (NL)	TBD
Leapmotor		Stellantis	Stellantis	TBD
Nio		D2C	D2C, KwikFit (NL)	Ayvens
SAIC	MG	Van Mossel (NL); Hedin Group AB (SWE)	Hedin Group AB (SWE)	Ayvens
Xiaomi		TBD	TBD	TBD
Xpeng		Emil Frey (NL); Salvador Cretano Group (ESP)	Emil Frey (NL); Salvador Cretano Group (ESP)	Ayvens; DirectLease; Multilease, Select

Note that in many cases, a dealer partnership entails partnering in sales as well as aftersales

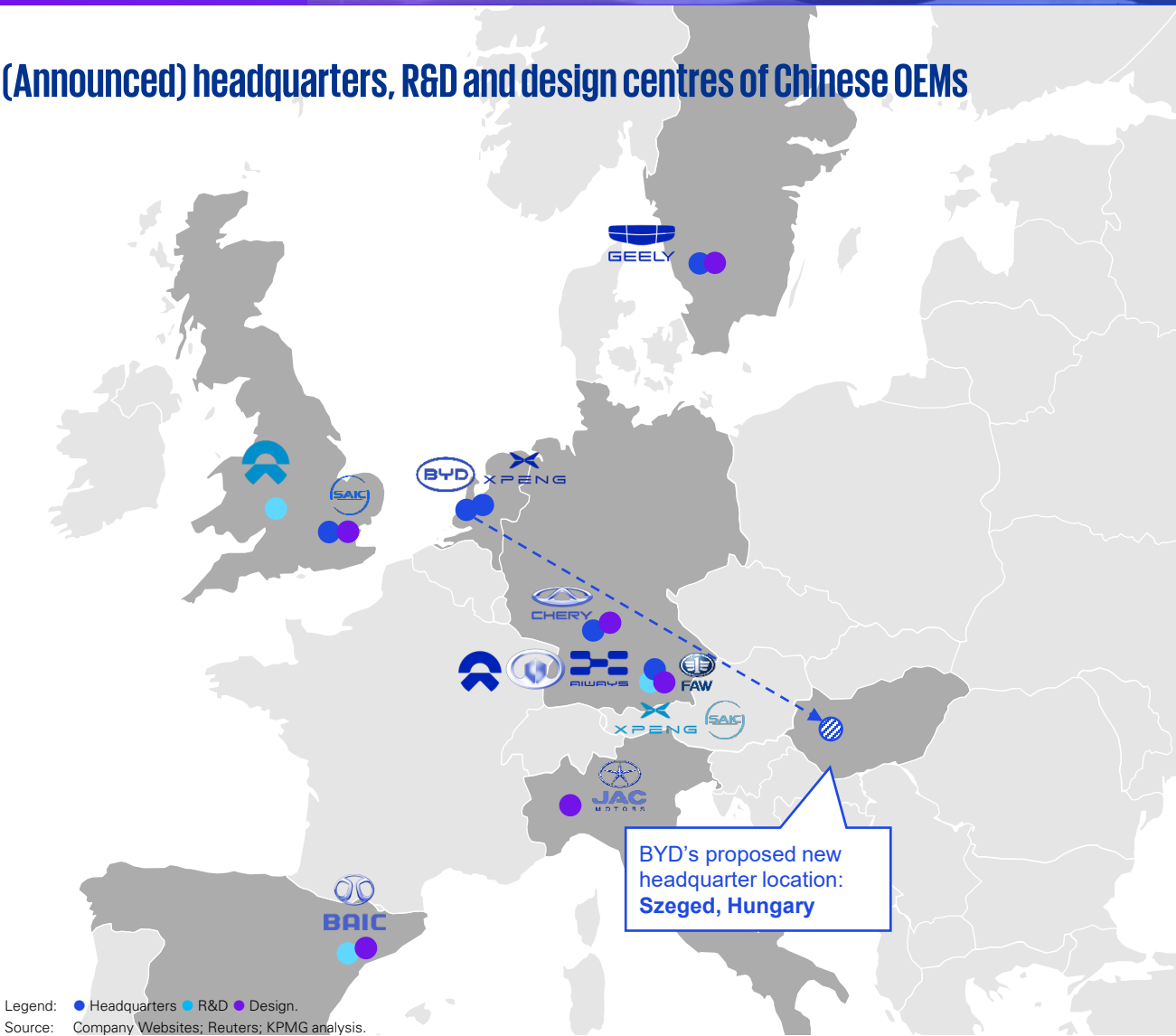
Key: D2C: Direct-to-consumer; TBD: To be determined.
Source: Autogids; Elektirscheauto; Interview programme; KPMG analysis.

Chinese OEMs have opened European headquarters, R&D facilities, and design centres to support their growth plans in the European market—learning from success stories form their Japanese and Korean competitors.

Chinese OEMs are establishing strategic facilities in Europe (and hiring the corresponding European automotive experts) to drive their EV expansion – following their Korean and Japanese competitors who paved this road already years ago. For instance, BYD will transfer their European headquarters from Schiedam, Netherlands to their Szedeg-plant, Hungary, overseeing sales, marketing, production and distribution. SAIC Motor operates its European headquarters in London and runs a design and development centre in Munich to tailor its offerings to the European customer. Nio combines its

European headquarters and design centre in Munich with an R&D facility in Oxford specializing in advanced EV technologies. Geely, through its Volvo and Polestar brands, coordinates European operations from Gothenburg, Sweden, where it also houses significant R&D and design facilities. And Xpeng operates from Amsterdam, coordinating sales and marketing, alongside an R&D centre in Munich to develop EVs for the European market. These investments reflect a focused commitment to integrating with and excelling in the European EV landscape.

(Announced) headquarters, R&D and design centres of Chinese OEMs



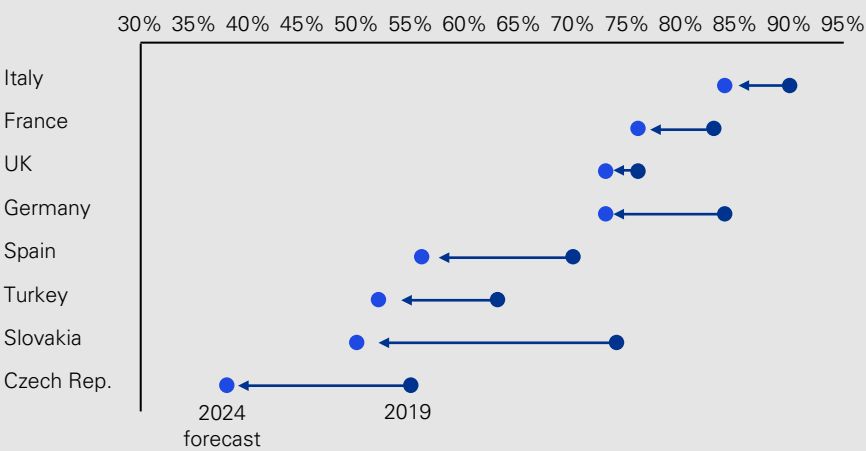
European plants are dealing with overcapacity, which Chinese OEMs might exploit to bypass tariffs through licensed production or assembly.

The current overcapacity at European manufacturing plants in combination with imposed import tariffs resulted in announcements of several Chinese players to shift (parts of) their supply chain to Europe, e.g. the facilities announced by Chery (JV) and BYD, which are knock-down plants, entailing that they are rather assembling vehicles based on pre-made parts than also produce the parts required for the vehicle.

The expected continuation of a decline in utilization of European manufacturing plants likely results in more joint-venture announcements with Chinese OEMs for licenced production on the European continent.

In addition to avoiding tariffs, it further strengthens the position of Chinese OEMs in Europe concerning knowledge, trustworthiness, parts availability and political views.

Utilization rate of factories producing light vehicles in selected countries



Chinese OEMs with announced production/assembly locations in Europe



Announced: 2019 Graz, Austria JV with Magna Steyr, approx. 180k annual cap.  BAIC	Announced: 2024 Barcelona, Spain JV with EV motors, approx. 100k annual cap.  CHERY	Rumoured Location TBD 100k annual cap.  DONGFENG	Announced: 2023 Szeged, Hungary Approx. 200k annual cap.  BYD	Rumoured Locations and capacities TBD  CHERY  BYD
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Source: GlobalData Automotive; Reuters; Motor1; Interview programme; KPMG analysis.

Chinese brands are expanding distribution network while ships full of new cars are already on their way. This creates increasing pressure on port locations and logistics with higher costs and delivery uncertainty resulting for all parties

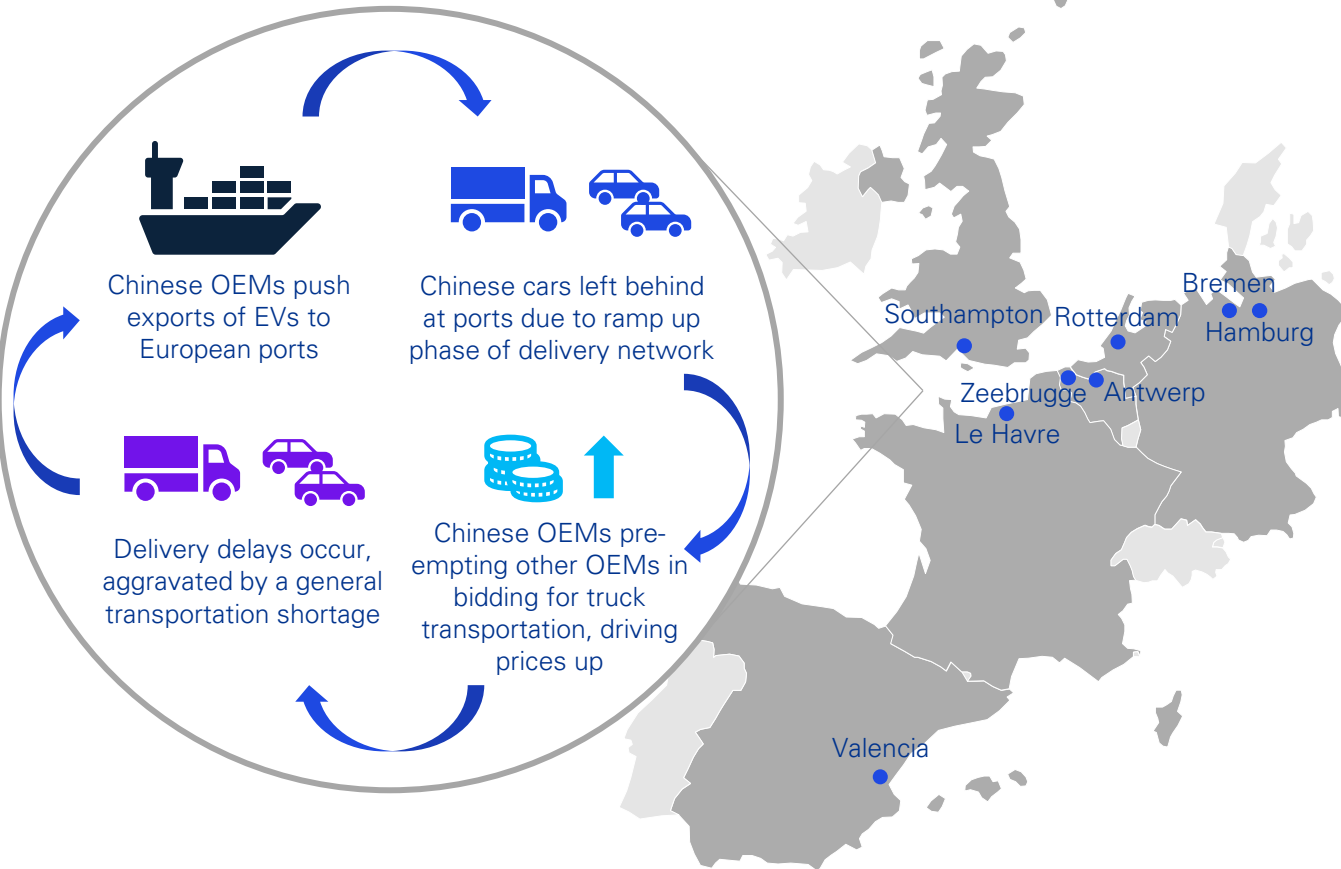
The increasing exports of electric vehicles (EVs) from Chinese manufacturers towards Europe have led to noticeable congestion at major European ports, including Zeebrugge, Antwerp, and Bremen. These ports are facing challenges in managing the higher volume of cars, resulting in storage limitations and traditional (Western OEMs) indicating they experience logistical delays.

One contributing factor is that some Chinese carmakers have sent large shipments of vehicles to Europe without developing sufficient sales networks or arranging reliable transportation. As a result, many cars remain parked at port facilities for extended periods, with reports indicating that some have stayed there for over a year. To address these issues, several European ports now

require importers to submit detailed plans for removing vehicles promptly upon arrival. This approach aims to prevent ports from being used as storage facilities and to keep operations running smoothly.

Over time, Chinese manufacturers will strengthen distribution and sales networks in Europe, improving logistics flow and reducing pressure on ports. Meanwhile, the influx of Chinese EVs is also driving up prices for car transport by truck. From our interview program, the picture emerges that some Chinese OEMs are placing higher bids in transportation auctions, increasing transportation costs for all players in the market.

The main 8 automotive ports in Europe are experiencing terminal congestion due to an influx of EVs from China



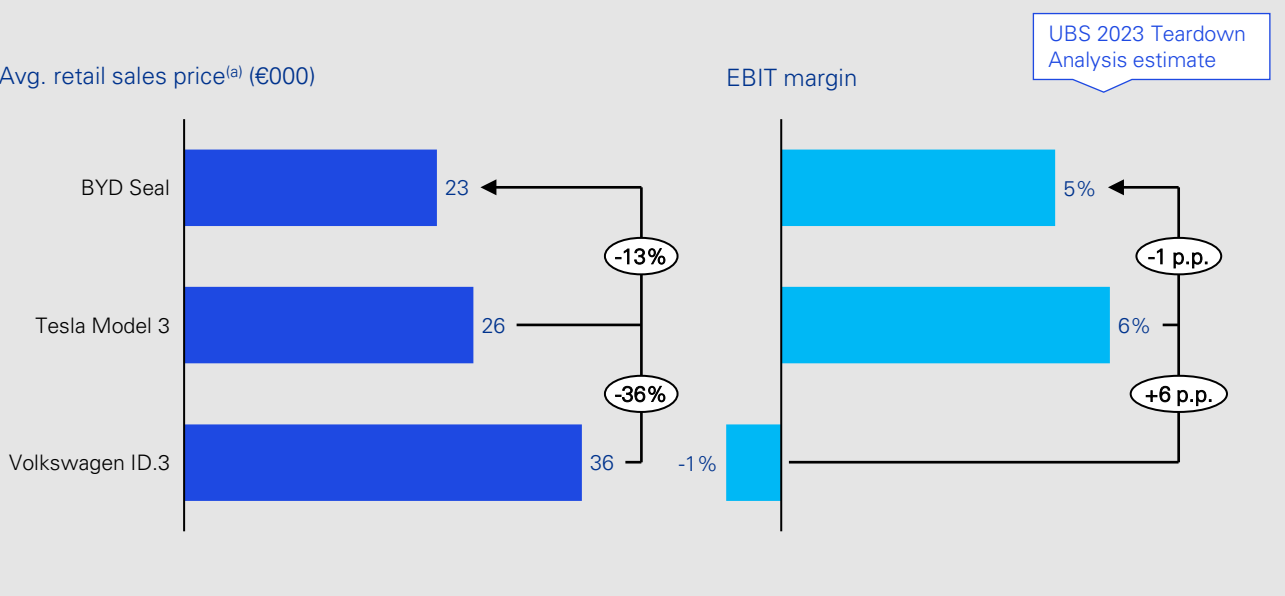
Source: Straight Arrow; Deutsche Welle; The Loadstar; Wards Auto; InsideEVs; Interview programme; KPMG analysis.

While the retail sales price of a Chinese car is already significantly lower, they are still able to maintain healthy profit margins — putting enormous pressure on established OEMs which must deal with a much higher cost base.

Traditional car manufacturers have faced challenges in achieving profitability with EV production. This is likely influenced by a combination of factors. With players arguing that electrification might be a temporary trend, leading to delayed investments in the transition. Additionally, earlier periods of lower consumer demand for EVs may have reinforced this cautious approach. In contrast, Chinese OEMs capitalized on this shift earlier, positioning themselves more competitively as demand began to increase. Moreover, the attitude towards EVs from European governments has always been rather awaiting compared to the Chinese clear stance of championing EV

production. All in all, due to their efficiency in production, years of experience and investments in the entire production chain and a cheap labour environment, the Chinese can produce EVs on low-cost basis, with strong margins as a result.

Comparison of sales and profitability metrics of different selected vehicles in China, 2023 estimate



Note: (a) Converted from USD to EUR, USD-EUR exchange rate 0.6164 (1st of July 2023)
Source: UBS; ICDP; Autotrader; Interview programme; KPMG analysis.

Initially, Chinese automakers entered the European market with vehicles priced to match competitors, but they have since expanded their offerings and lowered their price positioning to address gaps in the current market offering

Chinese OEMs have established a strong presence in the European automotive market last three years. Since our last study from 2022, Chinese players have substantially expanded their vehicle portfolio across segments. For example, BYD’s portfolio now covers all segments from A to E. Additionally, more launches are announced, such as JAC expanding from the B-segment to A, C, and E segments.

Despite import tariffs, Chinese models often remain more affordable than their European counterparts due to lower production costs. In the B-segment comprising compact cars, most Chinese models tend to be cheaper versus European variants.

Exception here is Geely with Volvo, which positions its pricing typically between economy and premium. In the C-segment (compact mid-sized cars), Chinese models are generally cheaper. For the D-segment (larger mid-sized cars) and E-segment (luxury cars), many Chinese models are also more affordable.

Note that in general, prices have risen since our last study in 2022, which is primarily driven by different European safety standards, inflation, and a stringent carbon emission framework which is driving up costs for car production.

Price comparison of Chinese OEMs in Europe by segment (€000)^(a)

	A-segment	B-segment	C-segment	D-segment	E-segment	F-segment
Aiways			40	48		
BAIC						
BYD	20 ^(e)	35	39 -21	46	70	
Chery			39 ^(c)			
Dongfeng		25	35 -3	66	90	
FAW					70 -11	
Geely Auto		39	46	45 -5	75 7	
Great Wall		30 ^(d)				
JAC Motors		30				
Nio				50 -19	85	
SAIC		25 -6	27 ^(c) -6	34 ^(c) -26		
Xiaomi						
Xpeng			34 ^(b)	50 ^(c) -8		
Avg. non-Ch. EV price in NL 2024	25	38	46	67	97	
Avg. non-Ch. EV price in NL 2022	28	37	47	66	142	

Key: ■ Newly introduced Chinese models since our last study (2022); ■ Models of Chinese OEMs introduced prior to our last study (2022); ■ Announced – no prices available yet.

■ Average price of 2 or 3 models for respective segment. ■ Delta with previous prices in 2022

Note: (a) Prices consist of starting prices for standard models, i.e., without options or discounts.

(b) Norwegian prices.

(c) Belgian prices.

(d) German prices.

(e) Announced in 2024, expected price for 2025.

Source: Company websites; KPMG analysis.

Non-Chinese OEMs have responded to Chinese entries by quickly announcing models around the €25,000 price mark, though uncertainty remains regarding market introduction, product performance, and profitability.

First experiences with producing EVs for traditional OEMs were in the premium segment. For instance, brands like BMW and Mercedes-Benz introduced the i-range and EQ-range, respectively, to serve the sustainability-oriented consumer and (often) lease driver. In this segment, they can leverage a long track record of building brand value in Europe, providing a competitive edge against premium-positioned Chinese OEMs like Xpeng and Nio (See also p. 39 for further details on brand value).

Contrarily, the challenge remained in the economy segment, where there is currently a lack of models with retail prices starting at approximately €25,000. Between 2022 and 2024, Chinese players like BYD introduced three new models in the economy segments B and C, while traditional OEMs such as Volkswagen did not bring new offerings to market during this period. This gap has allowed Chinese entrants like BYD's Seal, MG's MG4, and Voyah's The Box

(Dongfeng) to gain a foothold.

Volkswagen, Renault, Kia and Hyundai (amongst others) have since announced new models to be introduced in 2025, which promise performance metrics comparable to Chinese equivalents. However, uncertainty remains regarding the competitiveness of these vehicles in terms of the production margins at which they can be delivered.

Source: Nio; Interview programme; KPMG analysis.



Selection of recent EV announcements of non-Chinese OEMs and performance on core features

Volkswagen ID.2 (2025)



Starting sales price
(€000)

~25

WLTP range
(km)

450

Charge rate 10-80%
(minutes)

20

Power
(Kw)

166

Kia EV2 (2026)



~28

312

30

90

Renault 5 (2025)



~25

~400

n/a

n/a

Hyundai Inster (2025)



~25

~327

30

85

Source: Reuters; Volkswagen; Kia; Tesla; Hyundai; KPMG analysis.

Chinese OEMs have introduced various innovations to the European market and, since our 2022 report, have quickly expanded their service offerings, either developed in-house or through partnerships and joint ventures.

The differences in implementing various innovations have notably diverged, partly due to the diverse partnerships and joint ventures within the industry. For instance, the OEMs Xpeng, Geely, Great Wall, Dongfeng, FAW Group, SAIC BAIC and JAC collaborate in battery production with CATL. However, the trend in offering implementing new innovations in Europe is particularly evident in the aftersales aspect.

When looking at battery swapping, companies like JAC, Chery, and FAW

have announced to partner with Nio.. Moreover, Geely and Nio are already currently co-operating on battery swapping in Europe. significant collaborations also extend to aftersales services related to the utilisation of charging stations and the introduction of a charge card. Here, BYD collaborates with Shell ReCharge, while the OEMs Great Wall and Chery collaborate with the company Octopus, mainly in the UK.

Implemented innovations of Chinese OEMs in Europe

	Vehicle-based				Aftersales			Other services
	OTA	Battery production	Smart mobility	Autonomous driving	Charging stations (ACC)	Battery swapping	Charge card	Smart charging
Aiways	●	●	●	●				●
BAIC	●	●		●			●	●
BYD	●	●	●	●	●	●	●	●
Chery	●	●	●	●	●	●	●	●
Dongfeng	●	●	●	●				●
FAW Group	●	●	●	●		●		●
Geely Auto	●	●	●	●	●	●	●	●
Great Wall	●	●	●	●	●		●	●
JAC	●	●		●		●		
Nio	●	●	●	●	●	●	●	●
SAIC Motors	●	●	●	●				●
Xiaomi	●	●	●	●				●
Xpeng	●	●	●	●				●

Key: ● Active; ● Active through partnership/JV; ▨ Changed compared to the 2022 KPMG report
Source: Company websites; Interview programma; KPMG analysis..

Chinese brand reputation amongst European consumers is still weaker, where there is a lag in comparison to European, US, Japanese and Korean brands

European consumers are still sceptic towards Chinese brands versus traditional brands and are largely unaware of the high-quality vehicles the Chinese OEMs bring to the market. With the full-scale introduction of economy models yet to come, a attitudes and opinions are likely swinging to the positive side.

Selected interview feedback

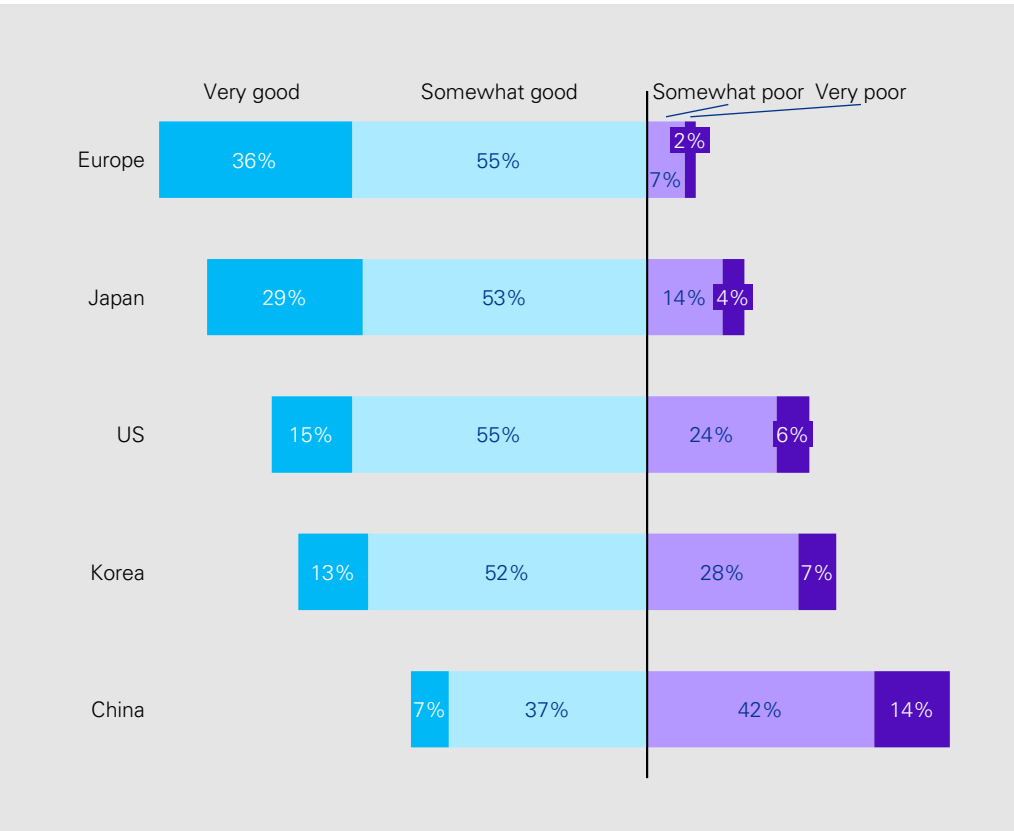


“In the segments of cars with emotion, primarily the more premium segments, brand value is key. However, in the segments below, Chinese brands can give traditional brands real competition. Now they still must persuade the consumer by creating awareness.” – Distribution partner

“I sense there is more appetite for the Chinese brands in urbanised areas. In the more suburban and rural areas, consumers are still largely unaware or sceptic towards Chinese cars.” – Distribution partner

“Once consumers test drive the vehicle, conversion is high. The Chinese cars are simply of great quality, but it will take some time for consumers to get aware.” – Distribution partner

Share of respondents^(a) in Europe answering: ‘Do you have good or poor opinion of car brands from...?’ 2023



Note: (a) N=15,000.
Source: BNP Paribas; Interview programme; KPMG analysis.

In addition to challenges related to brand perception, Chinese OEMs are currently facing difficulties in (1) the fragmentation and regulation of the European car market, (2) residual value management and leasing, and (3) damage repair and vehicle insurance

1. Fragmentation and regulation of the European market

Chinese OEMs are discovering that entering the European market is more complex than expected due to its fragmentation into 27 countries, each with its own language, culture, and regulations. Unlike China’s centralized business environment, Europe operates with a decentralized approach, requiring Chinese companies to adapt to different local business practices. Additionally, European regulations on data privacy (e.g., GDPR), digital services, and cybersecurity present further challenges. These strict rules require Chinese OEMs to adjust their data handling and digital practices to meet EU standards. Overall, success in Europe will require careful adaptation to local markets, business environments, and regulatory frameworks.

2. Residual values and leasing

Established OEMs have traditionally implemented strong residual value management systems that balance new sales volumes with residual value development—especially important in the lease channel. Over the past year, residual values of BEVs have rapidly declined due to an imbalance between demand and supply, as well as significant price reductions on new

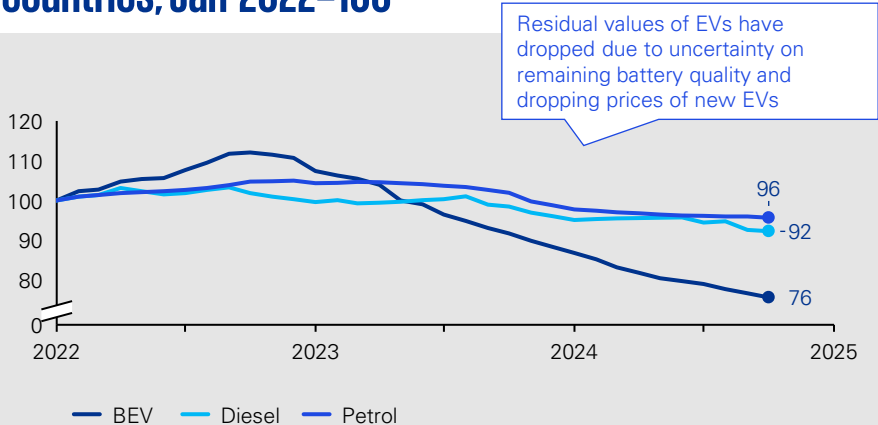
cars. This has created additional uncertainty for leasing companies, which is currently reflected in higher lease rates. Another challenge is that lease companies often prefer established brands over Chinese OEMs (in similar car segments) due to differences in brand perception, leading to further uncertainty regarding residual values.

3. Damage repair and insurance

Over the past years, damage repair costs have increased drastically due to the growing complexity of vehicles, driven by advancements in ADAS, EVs, and more sophisticated manufacturing techniques. Additionally, rising labor costs, increased parts prices, and limited availability of spare parts that led longer repair times – which increased the cost for replacement cars.

As Chinese EVs begin to enter the European market, insurers have indicated that the aftersales operating model of Chinese OEMs does not yet meet European standards, which could complicate the process of insuring these vehicles. Feedback from our interview program suggests that Chinese spare part prices are more volatile than those of competitors, and that the availability of parts is lower.

Index of average BEV residual values for selected countries, Jan-2022=100



Source: Indicata; Interview programme; KPMG analysis.

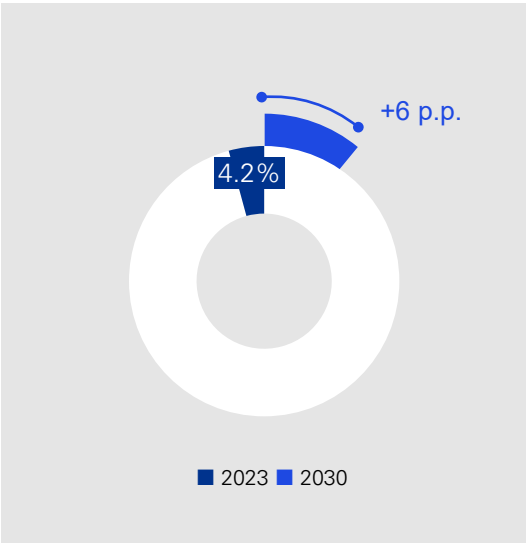


The strategic imperative for European dealerships

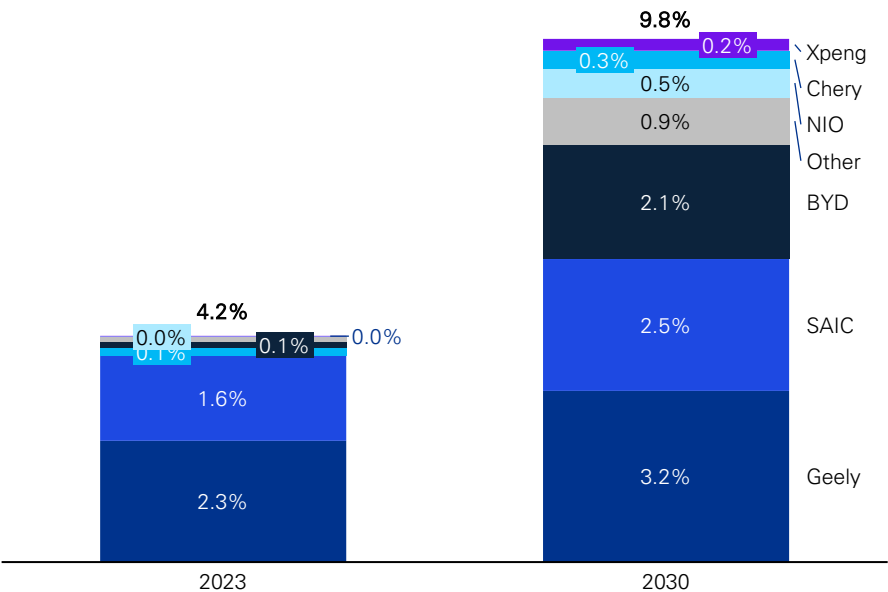
Initially, dealers saw cooperation with a Chinese automaker as an experiment, but for a number of dealers it has become a requirement to secure a position in the future European car market.

As we have shown in the market outlook for 2030 car sales, the current expectation is a market share of ~10% (10-30% of car sales for Chinese OEMs in 2030 (depending on the market)) at the expense of the market share of mainly the European car manufacturers. In general, market share in domestic manufacturing countries (e.g. France , Germany and Italy) is perceived to be a little lower compared to markets without having strong ties with local brands (e.g. Norway, Netherlands). Consequently, the relevance of having a strategic partnership with a Chinese OEM will differ per market.

Chinese OEMs European market share gain total^(a), 2023-2030



Chinese OEMs market shares of all European vehicle sales^(b), 2023-2030



Note: (a) Excludes OEMs that did not yet indicate to expand to Europe but potentially will do so towards 2035, e.g., Hima/Huawei.
(b) Chinese OEMs BEV market shares of European BEV sales are 11.9% (2023) and 13.4% (2035).
Source: GlobalData; Interview programme; KPMG analysis.

Partnering with Chinese OEMs is becoming increasingly critical as established brands lose market share and their distribution models evolve to reduce the role of dealerships, while electrification diminishes demand for aftersales services

Market share loss in new vehicle sales

European car dealers are losing sales from new car sales due to the under-pressure performance of traditional car brands. The range of EV models cannot compete with the Chinese newcomers in terms of price/quality ratio.

OEMs are implementing new retail models

Over the last few years, different OEMs have started implementation process of new retail models such as direct sales and agency model. This has reduced the role for dealerships both in the number of outlets and in the level of required local support. As a result, sales revenues have decreased for local dealerships.

Electrification impacts the aftersales channel

The in-fleet of electric cars is expected to have a major impact on the after-sales activities of car dealers. From the interview program, the picture emerges that EVs require less maintenance and spare parts compared to ICE vehicles, this ultimately causes less activity (and thus less turnover) in workshops.

In addition, diagnoses can increasingly be performed remotely, again contributing to the loss of workshop activity.

Source: Interview programme; KPMG analysis.



Dealerships should prioritize strategic due diligence before engaging in legal agreements with Chinese OEMs. This involves evaluating: (1) their background in China, (2) their strategy and operating model for Europe, (3) a fit/gap analysis on their product portfolio, and (4) an assessment on their access to capital

To minimize risks and position for a successful partnership, distributors and aftersales companies must conduct thorough due diligence when evaluating potential Chinese partners. Four critical factors should be assessed:

1. Background check in China

A strong sales track record in the home market is crucial for two reasons: it demonstrates experience in organizing and scaling supply chains, and it indicates the OEM's capability in managing commercial partnerships for distribution.

2. Review of strategy and operating model for Europe

Plans for European headquarters, R&D centres, and parts warehouses reflect the OEM's commitment to adapting to European market dynamics (as seen in Kia's successful approach).

Distributors should also scrutinize the intended distribution model, as both margin potential and liability differences across models can significantly impact contract negotiations.

3. Fit/gap analysis on product portfolio

The offering in the European market is already very extensive and, in some segments, there is a lot of competition. Therefore, we strongly recommend to critically assess the product positioning and see if the brand can fulfil any white spots in the European demand. A broad vehicle portfolio reduces risk and offers flexibility in brand positioning.

4. Assessment of access to capital to understand the leeway to success.

For a successful European expansion in large volumes of EVs, capital requirements are high and the road to large sales volumes can take multiple years. For instance, OEMs that are listed can issue shares and state-owned enterprises often have privileged funding through subsidies or guaranteed loans.

Source: Voyah; Interview programme; KPMG analysis.



Based on initial desktop analysis and interview program, we expect around 5 Chinese OEMs to become true contenders to established OEMs, supported by their full segment focus and current European penetration

Selected interview feedback



“Not all Chinese OEMs know how to tackle the European market; however, they are starting to learn.” – Market expert

“BYD is an example of a brand that now understand the European market in my opinion and therefore are here to stay.” – Market expert



OEM	Focus segment(s)	#EU countries	EU BEV new sales mkt. sh.	Revenue €bn	EBIT%	Global %EV in volumes
(Potential) contenders	BYD	●●●●● 13	2.0%	77	5.4%	50%
	SAIC	●●●●● 26	4.0%	95	1.9%	34%
	Geely	●●●●● >30	8.1%	23	1.4%	24%
	Xpeng	●●●●● 8	0.4%	4	-35.3%	100%
	Chery	●●●●● 4	0.0%	22		12%
	Nio	●●●●● 5	0.1%	7	-40.7%	100%
Established	Volkswagen	●●●●● >30	35.4%	322	6.7%	9%
	Stellantis	●●●●● >30	14.0%	190	12.1%	6%

Key: ●●●●● From left to right: Segment A to segment E
Note: (a) Based on 2023 sales information and annual report numbers
Source: CapitalIQ; Company websites; Interview programme; KPMG analysis.

Currently, BYD, SAIC, and Geely are selling large quantities of cars in both China and Europe, positioning them as contenders to the established OEMs. Looking ahead, it remains to be seen which potential contenders may join this list



OEM		Sales track record in China (2023 sales #000)	Sales forecast Europe (projected 2030 sales, #000)	All models current and planned towards 2035 worldwide ^(a)					Type of ownership
				A	B	C	D	E	
Contenders	BYD	1,344	348	4	3	15	15	4	Listed
	SAIC	572	246	7	5	26	14	13	State-owned
	Geely	408	486	4	7	32	23	22	Listed
Potential contenders	Xpeng	138	37	0	0	4	2	2	Listed
	Chery	150	34	5	1	19	14	4	State-owned
	Nio	157	91	0	0	1	3	5	Listed

Note: (a) Commercial and personal vehicles
Source: GlobalData; Interview programme; KPMG analysis.

Our interview program suggests that partnerships between Chinese and European players are seen by both as great mutual opportunities; however, challenges persist in establishing a true business and connection – as closing the culture gap remain the main challenge between parties

Selected interview feedback



"In terms of battery, software and range they are extremely reliable. We are having zero issues with the Chinese cars we have sold." – Distribution partner

"If they see that you can add value, they move quickly. For example, we were working with a partner when new import tariffs were introduced, and within just four months, they changed the entire powertrain from BEV to hybrid EV." – Distribution partner

"We see that the Chinese learn over time, adapt fast, and listen well to the Europeans." – Distribution partner



"There are often discussions regarding the lay-out of showrooms where they ask substantial investments, as well as the expectation that simply opening a new location generates similar sales as other stores immediately, while reality is different." – Distribution partner

"Communication with China can also be challenging. Chinese companies, deeply attached to their domestic success, often try to copy-paste their strategies into the European market — but that doesn't work. You need local heroes, both in terms of people and networks, to bridge that gap effectively." – Market expert

"The Chinese manufacturers send the cars over, but there's still a lot of prepping needed to bring them up to European showroom standards. This includes tasks like improving the paintwork, adding finishing touches, and ensuring everything meets the expectations of local customers." – Market expert

Source: Xpeng; Interview programme; KPMG analysis.



We have summarized four common experiences amongst different automotive executives mainly related to the differences between Chinese and European business culture

Focus on short term sales over strategy

Initial experience with partnerships shows that Chinese players are often focused on achieving rapid growth of car sales at any cost. This can come at the expense of a well-structured rollout plan, putting distribution partners at risk. The approach of acting quickly and solving problems later has the downside of often operating by the day, sometimes missing opportunities. Also, Chinese OEMs sometimes seem to impose unrealistic targets on dealers. Although the work ethic and perseverance of Chinese players is impressive, dealers sometimes face an overwhelming amount of cars delivered.

Quotes →

Verbal agreement as starting point for negotiations

Unlike the European way of closing a business deal, Chinese OEMs actually see a verbal agreement as a starting point for further negotiation. Sometimes negotiations go in all directions, requiring a lot of time and energy from the distribution partner. Negotiation processes are sometimes not completed immediately, and although OEMs seem to be aware of the consequences in the event of a withdrawal, they tend to constantly bring in new demands throughout the negotiation process.

Quotes →

Dealing with Chinese culture and structures

European dealers struggle with major cultural differences and opaque corporate structures, which makes collaboration and decision-making difficult. Distribution partners often become frustrated when agreements are unexpectedly changed by other (higher) layers of management within the Chinese OEMs, sometimes requiring negotiation processes to start all over again. Building strong relationships with the ultimate decision makers within the Chinese manufacturers is therefore crucial, but due to the hierarchical and changing nature of these positions, the playing field is constantly changing..

Quotes →

European partners as Swiss army knife

While European distribution partners are used to working for global OEMs dealing with sales and after-sales, potential partners for Chinese OEMs often have to provide much broader support, such as support with administrative and logistical tasks, because these activities are not yet (properly) arranged by the Chinese OEMs themselves.

Quotes →

Source: Interview programme; KPMG analysis.

“Working with the Chinese is very different from the European approach. First they do, then they fix it” – Tax expert

“[...] and then came another OEM, again with many promises of large volumes, but again with only a single model, which made it less realistic.” – Distribution partner

“What I have seen from their work ethics and persistence is quite impressive. However, this sometimes leads to overdrive in how many vehicles we receive. If we reach a sales target and ask for additional vehicles, they send us double.” – Distribution partner



“We have to be cautious as negotiations are rather fluid, though we see that they are also moving towards us if we have a point and they realise we can bring value to them.” – Legal expert

“Agreements are not always fixed, although they realise that we can also just pull the plug. They are sensitive to our proposals but at the same time they want to change everything continuously.” – Distribution partner

“If you agree something verbally, it's fluid but honestly, on when it's pen to paper, agreements are also fluid. Best is to become great friends with your Chinese partner.” – Distribution partner



“Chinese players still face challenges in mastering cultural differences. Their corporate structures often lack transparency, which can complicate collaboration and decision-making.” – Distribution partner

“Everything you know and are accustomed to can be thrown out the window. You make an agreement with someone, only for someone higher up in the hierarchy to step in, forcing you to start all over again from scratch.” – Distribution partner

“You would have to build a real relationship with the ultimate decision maker, which can change a lot due to their culture of hierarchy and exchangeability.” – Distribution partner



“Everything around customer satisfaction, marketing, trade-ins, it's just not arranged, we had to do it for them. [...] Everything that costs money, they just didn't have it.” – Distribution partner

“Working with the Chinese is like entering into a marriage with community of property, but without any prenuptial agreement.” – Regulatory expert

“Since we are their trusted partner in Europe, they [referring to Chinese OEM] call us for everything” – Distribution partner



Source: Interview programme; KPMG analysis.





European dealerships must navigate these challenges, as partnerships with Chinese OEMs have become a crucial opportunity for future-proofing their business models

Challenges yes, but Chinese partnerships are likely a must

As market dynamics for non-Chinese OEMs deteriorate, distributing partners face pressure and strategic options become increasingly limited. Established brands are losing market share, and expanding to other traditional brands is often difficult.

The rise of EVs also leads to reduced aftersales revenues due to loss of repair and maintenance activities, squeezing profits for distributors in the industry. And this while Chinese players are increasingly offering workshop employees above market salaries, pre-empting other incumbent players in an environment of labour shortage for technical personnel. Although there are challenges with Chinese players, a partnership might be an important strategic option for distributors and aftersales specialists.

What players can do to position themselves as suitable partners

We identified three strategic avenues which can be pursued by distributors to position themselves well for a potential partnership with Chinese OEMs:



Understand and adapt to Chinese business culture:

Our interview programme highlights the importance for potential partners of alignment with the Chinese can-do mentality and focus on output. Potential partners should prepare and adapt to an indirect style of communication and having patience in the building of a business relationship. Extensive due diligence is necessary before agreeing on partnerships.



Offer a broad range of services:

By having a broad spectrum of capabilities, such as access to the lease channel, partners become more valuable for Chinese OEMs again in support of their sales growth trajectory.



Foster collaboration between dealerships:

Chinese OEMs aim for quick expansion with ambitious sales targets. By collaborating horizontally, e.g. multiple dealers to form a partnership, sufficient scale is reached. This also gives distributors and aftersales companies a strong position to negotiate attractive terms while spreading risk.

Conclusion

The rise of Chinese OEMs poses both a challenge and an opportunity for the European landscape of dealerships. Although their sales in Europe are still modest, the impact is already visible and could signal a new era in the automotive industry.

For European dealerships, collaborating with Chinese OEMs has shifted from an experimental opportunity to a critical strategy for future success. Dealerships must conduct thorough due diligence—assessing background in China, the strategic and operational models, the envisioned product portfolios, and financial capabilities. Managing cultural differences between European and Chinese executives is key to success.

Chinese OEMs are looking for partners who can navigate Europe's complex market, and dealerships with broad geographic reach and the ability to offer a wide range of services — broader than sales and aftersales — are best positioned to succeed. While challenges remain, the evolving market presents significant opportunities for dealerships that adapt and collaborate strategically.

The future of European dealerships will be shaped by these partnerships, offering a path to success in this new automotive era.

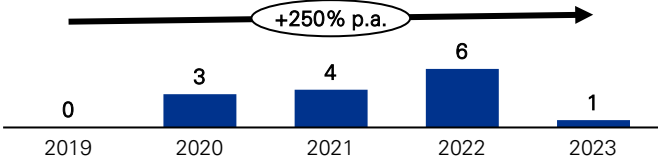
Source: Interview programme; KPMG analysis.



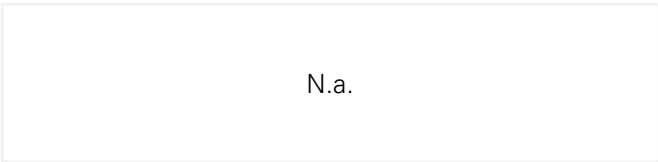
Company profiles Chinese OEMs

Sales and financial performance

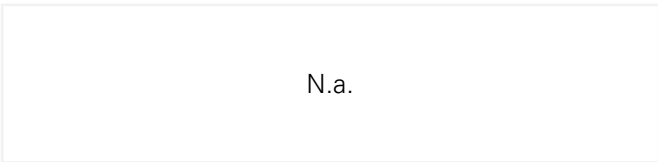
Global EV sales (#k)



Revenue (€m)



Stock price (€)



Partnerships and innovation

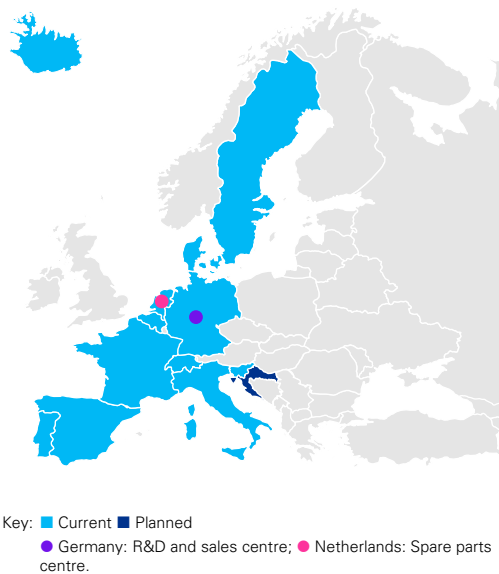
Retail	In Europe, Aiways partners with dealers, independent repairers and non-automotive retail partners (DE) through an agency model.
Aftersales	Aftersales is managed by the partner dealers or additional partners; these include fast-fitters (e.g. Profile in NL).
Joint ventures	Aiways Europe has a joint venture with the German company Roland Gumpert to produce a methanol fuel-cell electric car known as RG Nathalie. Aiways Europe and Hudson Acquisition I Corp. are merging to form EuroEV Holdings Limited, which will be listed on Nasdaq. This \$410 million deal aims to expand Aiways' distribution and localize production in Europe by 2025.
Technology	Aiways focuses on OTA technology, autonomous driving, AI virtual assistance and driver monitoring systems. Aiways has a partnership with CATL focussing on high-energy-density modules for batteries and EVOGO battery swap cooperation.
Other partnerships	Partnership with ARC Europe for road assistance and mobility solutions.

Country specifics

Country	Launch	Retail model	Aftersales model	Car models Offered	Retail partnerships
DE	2020	Dealer	TPP	U5, U6 '22	Euronics, A.T.U.
DK	2021	Dealer	Dealer	U5, U6 '22	Andersen Motors
NL	2021	Dealer	Dealer	U5, U6 '22	Kien, Profile Tyres, Lease-E
BE	2021	Dealer	Dealer	U5, U6 '22	Cardoen
FR	2021	Dealer	Dealer	U5, U6 '22	Car East France, Feu Vert, Go Mecano
IT	2021	Dealer	Dealer	U5, U6 '22	Koeliker Group
SE	2021	Dealer	Dealer	U5, U6 '22	Andersen Motors
CH	2021	Dealer	Dealer	U5, U6 '22	Bergé Auto
SP	2022	Dealer	Dealer	U5, U6 '22	Astara (importer), NEM
PT	2022	Dealer	Dealer	U5, U6 '24	Astara (importer), NEM
SI	2022	Dealer	Dealer	U5, U6 '24	Plan-net Solar
IS	2022	Dealer	Dealer	U5 '24	Vatt
CR	2022	N.a.	N.a.	N.a.	N.a.

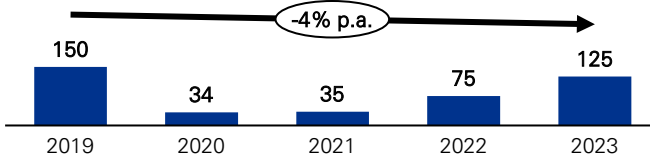
Key: TPP: Third party provider; Own SC: Own service centre
Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Coverage

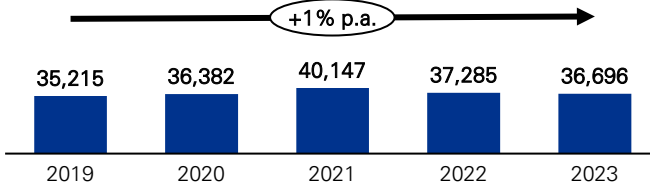


Sales and financial performance

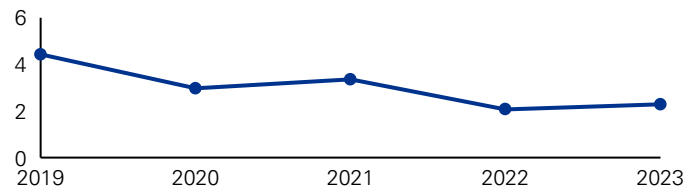
Global EV sales (#k)



Revenue (€m)



Stock price Hong Kong (HK\$)



Country specifics

Country	Launch	Retail model	Aftersales model	Car models Offered	Retail partnerships
FR	2025	n/a	n/a	EU5	BCF AUTO GROUP
ES	2025	n/a	n/a	EU5, 3B95	Invicta Motor, Mebauto
PL	2025	n/a	Dealer	αS αT	n/a
CN	1958	Dealer	SP	All	

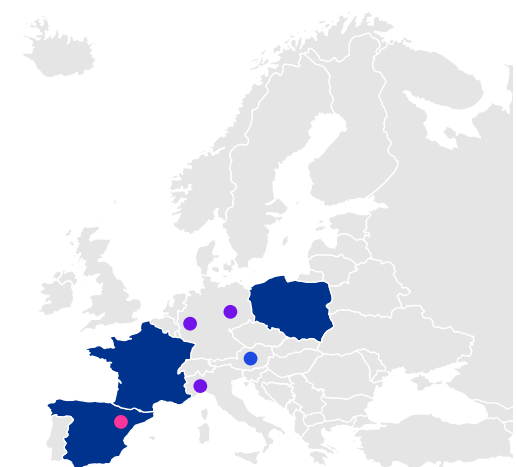
Key: TPP: Third party provider; SP: Sales partner.

Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Partnerships and innovation

Retail	BAIC Group has signed several partnerships with distributors in Spain and France such as BCF Auto Group and Invicta Motor.
Aftersales	BAIC Group is currently in the process of establishing an aftersales partner network.
Joint ventures	BAIC Group has manufacturing joint ventures with Daimler and Hyundai. BAIC Group has a manufacturing joint venture with Magna Steyr in Austria and China. BAIC Group has a manufacturing joint venture with Huawei in joint brand Arcfox.
Technology	Partnership with Daimler for the purpose of battery research. Partnership with Huawei focussing on autonomous driving and speed charging.
Other partnerships	Partnership with Huawei focusing on D2C channel development.

Coverage



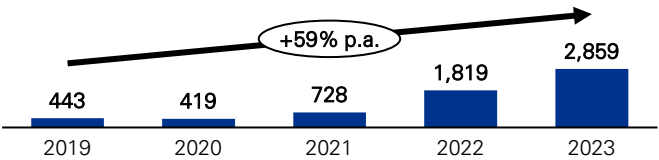
Key: Current Planned

● Germany & Italy: R&D and sales centre; ● Spain: Spare parts centre; ● Austria: Manufacturing.

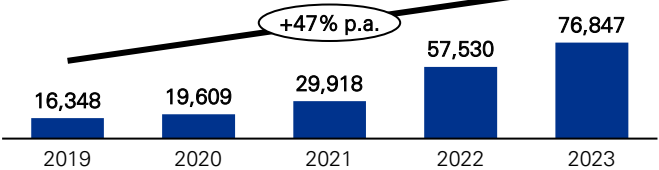


Sales and financial performance

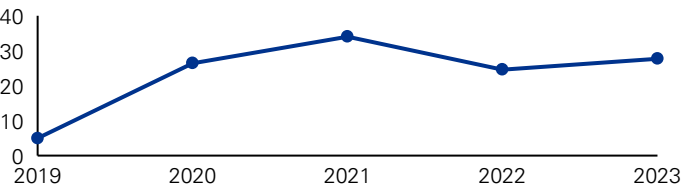
Global EV sales (#k)



Revenue (€m)



Stock price US OTC (\$)



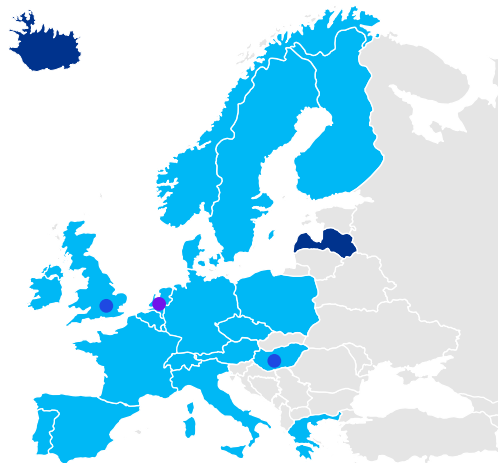
Country specifics

See next page for country specifics

Partnerships and innovation

Retail	BYD has expanded its presence in Europe through strategic partnerships, enhancing its retail operations. In some countries, BYD collaborates with a single key partner, while in others, it engages multiple partners to enhance market reach and support.
Aftersales	The aftersales is managed through different (after)sales partners in Europe.
Joint ventures	BYD has a joint-venture operation with Hino Motors, focusing on the development of commercial BEVs. BYD has announced a partnership with UzAuto to produce NEVs in Uzbekistan.
Technology	Partnership with Nuro for the development of technologies for autonomous driving and delivery. Partnership with Apple focussing on EV battery technology. Partnership with Toyota focussing on the development of blade batteries for Toyota EV's.
Other partner-ships	In the UK, BYD partners with ALD for the assembly of electric buses. Uber, BYD, and Octopus Energy have partnered to create an EV and energy bundle for drivers, offering free home chargers and discounted charging rates to help Uber drivers switch to electric vehicles.

Coverage



Key: ■ Current ■ Planned
● Netherlands: HQ Europe; ● UK and Hungary: Manufacturing and sales.

Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Country specifics

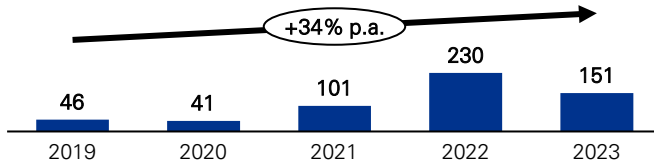
Country	Launch	Retail model	Aftersales model	Car models Offered	Retail partnerships
NO	2021	Dealer	Dealer	Sealion 7, Seal (U) ATTO3, TANG, HAN, Dolphin	RSA Norway
NL	2022	Dealer	Dealer	Sealion 7, Seal (U), TANG ATTO3, Dolphin	Louwman, Bochane (agency with Louwman), Ayvens
DE	2022	Dealer	Dealer	Sealion 7, Seal (U) ATTO3, TANG, HAN, Dolphin	Torpedo, Reisacher, Stern Auto, Senger Gruppe, Reiss
SE	2022	Dealer	Dealer	Sealion 7, Seal (U) ATTO3, TANG, HAN, Dolphin	Hedin Mobility Group
FR	2022	Dealer	Dealer	Sealion 7, Seal (U) ATTO3, TANG, HAN, Dolphin	BYmyCAR, Kroely, Bodemer, Ayvens
BE	2022	Dealer	Dealer	Sealion 7, Seal (U) ATTO3, TANG, HAN, Dolphin	Inchcape, Ayvens, Various smaller dealer partnerships
LU	2022	Dealer	Dealer	Sealion 7, Seal (U) ATTO3, TANG, HAN, Dolphin	Inchcape, Car Avenue,
DK	2022	Dealer	Dealer	Sealion 7, Seal (U), TANG ATTO3, Dolphin	Christiansen Group
AT	2022	Dealer	Dealer	Sealion 7, Seal (U) ATTO3, TANG, HAN, Dolphin	DENZEL Group
ES	2023	Dealer	Dealer	Sealion 7, Seal (U) ATTO3, TANG, HAN, Dolphin	New Energy Mobility, Astara Retail, Icamotor, Quadis, Caetano
HU	2023	Dealer	Dealer	Sealion 7, Seal (U), TANG, ATTO3, Dolphin	FORVIA, Duna Auto, AutoWallis, Schiller Group,
UK	2023	Dealer	Dealer	Sealion 7, Seal, ATTO3, Dolphin	Busseys, Pendragon, various smaller dealer partnerships
IT	2023	Dealer	Dealer	Sealion 7, Seal (U) ATTO3, TANG, HAN, Dolphin	Autororino, Barchetti, Intergea
PT	2023	Dealer	Dealer	Sealion 7, Seal (U) (DM-i), ATTO3, TANG, HAN, Dolphin	Salvador Caetano Group
FI	2024	Dealer	Dealer	Sealion 7, Seal (U) (DM-i), ATTO3, TANG, HAN, Dolphin	RSA
IS	2024	Dealer	Dealer	Sealion 7, Seal (U), TANG, ATTO3, Dolphin	RSA
PL	2024	Dealer	Dealer	Seal (U), Dolphin	Cichy-Zasada, Plichta, Krotoski
CH	2024	Dealer	Dealer	Seal (U),	Emil Frey
GR	2024	Dealer	Dealer	Seal (U) (DM-i), Dolphin, ATTO3	Sfakianakis Group
CN	1995	Dealer	Dealer	All	

Key: TPP: Third party provider; Own SC: Own service centre

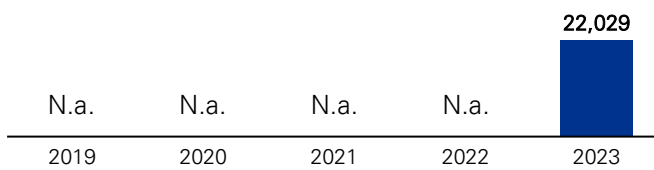
Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Sales and financial performance

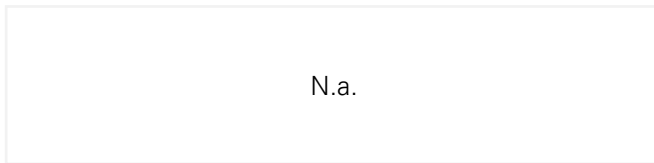
Global EV sales (#k)



Revenue (€m)



Stock price (€)



Partnerships and innovation

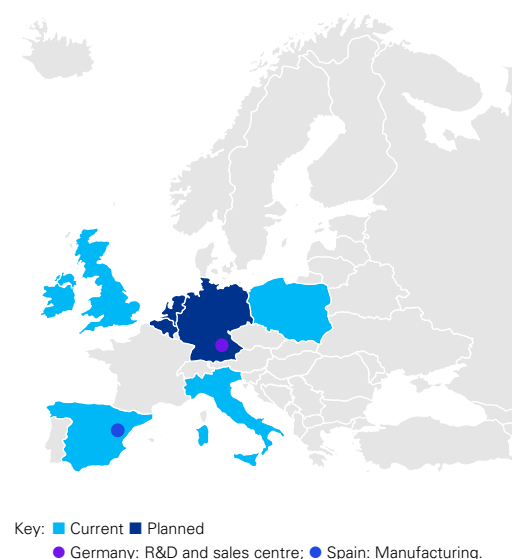
Retail	Chery has recently begun expanding its presence in Europe through retail partnerships with a variety of dealerships that operate on all levels. (regional, national, international)
After-sales	Chery manages its after-sales service with various sales partners.
Joint ventures	Chery has a joint venture with Ebro Vehicles to start manufacturing in former Nissan plant in Barcelona. Chery has a joint venture with DR motors in Italy to assemble and rebrand Chery cars Chery has a joint venture with Jaguar Land Rover to produce JLR cars.
Technology	Partnership with Haier focusing on the development of IoT technology. Partnership with Quanergy for the development of autonomous driving technology and smart vehicles. Partnership with FORVIA for the development of smart cockpit technology. Partnership with Huawei for the development of smart cars.
Other partnerships	Chery has partnered with Deutsche Post to develop electric street scooters.

Country specifics

Country	Launch	Retail model	After-sales model	Car models Offered	Retail partnerships
IT	2024	Dealer	Dealer	Omoda 5 EV	Autoingros Torino, Gruppo Bossini, Moreno Motor, Various smaller dealer partnerships
ES	2024	Dealer	Dealer	Omoda 5 EV	M Teknik, Zen Motor, Various smaller dealer partnerships
UK	2024	Dealer	Dealer	Omoda 5 EV	Invicta Motors, Arnold Clark, Various smaller dealer partnerships
PL	2024	Dealer	Dealer	Omoda 5 EV	Grupa Bemo, Dynamica, Various smaller dealer partnerships
CN	1997	Dealer	Dealer	All	

Key: TPP: Third party provider; Own SC: Own service centre
Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Coverage

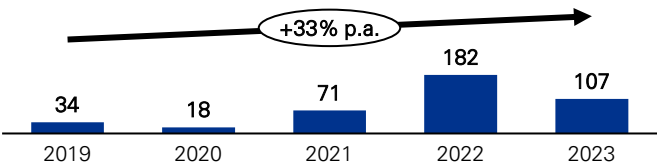


Dongfeng (1/2)

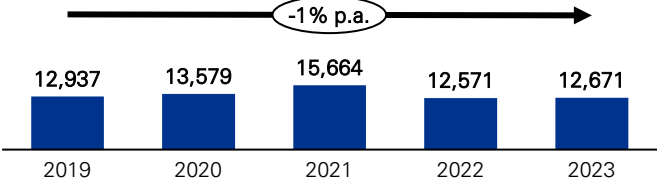


Sales and financial performance

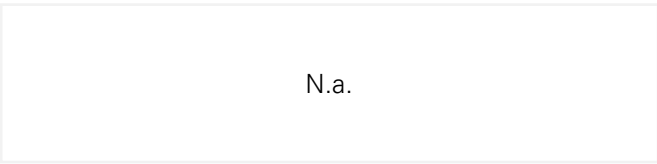
Global EV sales (#k)



Revenue (€m)



Stock price (\$)



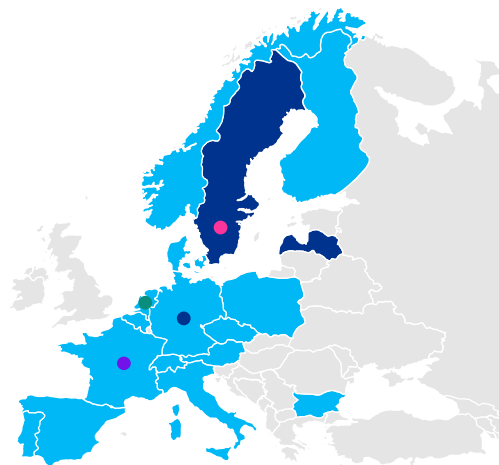
Country specifics

See next page for country specifics

Partnerships and innovation

Retail	Dongfeng has partnered with multiple independent car distributors in Europe to sell its cars; in NL it works amongst others through an agency model with five local Suzuki dealers.
Aftersales	Aftersales is arranged through its sales partners (independent car repairers).
Joint ventures	Dongfeng has manufacturing joint ventures with Nissan, Stellantis, Honda, Kia and Chongqing Sokon Industry Group.
Technology	Dongfeng focuses on autonomous driving, battery development and connected cars Partnership with Huawei focusing on smart cars and autonomous driving, and M-Hero brand. Partnership with CATL focusing on battery development. Partnership with Tencent for the development 5G-connected cars.
Other partnerships	CA Auto Bank, financial partner of Dongfeng Italia.

Coverage



Key: ■ Current ■ Planned
● France: Seres HQ ● Sweden: R&D ● Germany: R&D
● Netherlands: Spare parts centre

Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Focus region
Asia-Pacific, Europe

Distribution model
Dealer

Ownership structure
State-owned

2023 revenue
€12,671m

Key characteristics



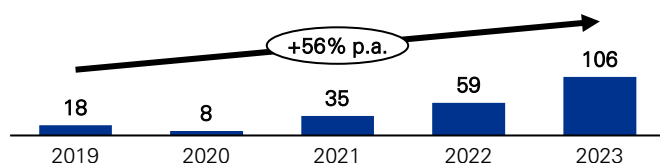
Country specifics

Country	Launch	Retail model	Aftersales model	Car models Offered	Retail partnerships
DE	2020	Agency	Dealer	Seres 3, Voyah Free, Voyah Dream, Voyah Passion	Indimo Automotive, ADG Europe
NO	2020	Agency	Dealer	Seres 3, Voyah Free, Nammi Box, Mhero 1	Gill Gruppen, Electric Way
ES	2021	Agency	Dealer	Seres 3, Nammi Box, Voyah Free, Mhero 1, Voyah Dream	Grupo Invicta, Caetano Group, various smaller dealer partnerships
FR	2021	Agency	Dealer	Seres 3	Ecoway and SN Diffusion
NL	2021	Dealer	Dealer	Seres 3, Nammi Box, Voyah Free, Mhero 1, Voyah Dream	Astara, Gomes, Zeeuw & Zeeuw, various smaller dealer partnerships
FI	2023	Agency	Dealer	Voyah Free	Electric Way
DK	2023	Agency	Dealer	Voyah Free, Voyah Dream, Voyah Passion,	P. Christensen, Bilhuset, various smaller dealer partnerships
CH	2023	Agency	Dealer	Nammi Box, Voyah Free, Mhero 1, Voyah Dream	Noyo Mobility, Baldegger Group, various smaller dealer partnerships
IT	2024	Hybrid	Dealer	Seres 3, Voyah Free, Voyah Dream, Voyah Passion, Box	Pasquarelli Auto, Jolly Autmobili, various smaller dealer partnerships
CZ	2024	Agency	Dealer	Voyah Free, Voyah Dream, Voyah Passion	Car House
BE	2024	Agency	Dealer	Seres 3, Nammi Box, Voyah Free, Voyah Dream	One Automotive Ghistelink Automotive
PL	2024	Agency	Dealer	Voyah Dream, Voyah Free, for	AutoFus Group
PT	2024	Agency	Dealer	Nammi Box, Voyah Free, Voyah Dream	Caetano Group, Grup Martinauto, Gesmo, Lubricar D
AT	2024	Agency	Dealer	Forthing T5 Electric	ADG Europe, RB Motors GmbH
BG	2024	Agency	Dealer	Voyah free, Voyah Passion	ADG Europe
LV	2025	Agency	Dealer	Nammi Box, Voyah Free, Mhero 1, Voyah Dream	WESS
SE	2025	Agency	Dealer	Nammi Box	Electric Way
CN	1969	Dealer	Dealer	All	

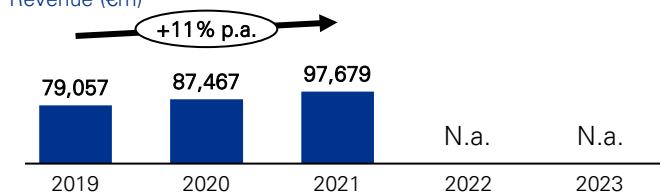
Key: TPP: Third party provider; Own SC: Own service centre
Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Sales and financial performance

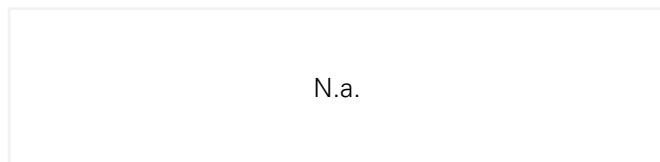
Global EV sales (#k)



Revenue (€m)



Stock price (¥)



Partnerships and innovation

Retail	FAW's Hongqi works with a variety of different sales agents in Europe. The partnership with Hedin Automotive accounts for the sales and service in The Netherlands, Sweden and Denmark.
Aftersales	A variety of dealer partnerships take care of the aftersales.
Joint ventures	JV with Volkswagen, Audi (solely EV starting in 2024), Mazda and Toyota JV with SILK, an Italian engineering and design start-up focusing on EV sport cars
Technology	Partnership with Alibaba for the purpose of developing smart vehicles. Partnership with Baidu focusing on autonomous driving technology. Partnership with Xiaomi for the development of intelligent cars. Partnership with Mobileye for the development of autonomous driving technology. Partnership with Nio for battery swap stations and technology.
Other partnerships	Wanda Group, a large real estate company which, together with FAW Group, will focus on real-estate-related vehicle solutions.

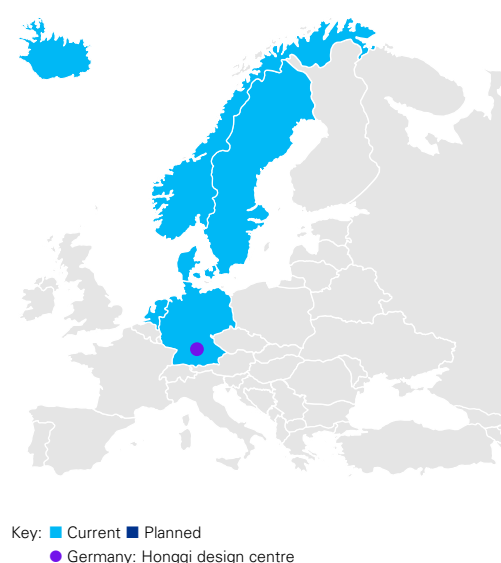
Country specifics

Country	Launch	Retail model	Aftersales model	Car models Offered	Retail partnerships
NO	2021	Dealer	Dealer	Hongqi, E-HS9	Motor Gruppen, various smaller dealer partnerships
DK	2022	Dealer	Dealer	Hongqi, E-HS9, Hongqi NY E(H)S7	P. Christensen, various smaller dealer partnerships
DE	2022	Dealer	Dealer	E-HS9	Hedin Automotive
NL	2022	Dealer	Dealer	Hongqi, E-HS9, Hongqi E(H)S7	Hedin Automotive
SE	2023	Dealer	Dealer	Hongqi, E-HS9, Hongqi E(H)S7	Hedin Automotive
IS	2024	Dealer	Dealer	Hongqi, E-HS9	BL
CN	1953	Dealer	Dealer	All	

Key: TPP: Third party provider; Own SC: Own service centre

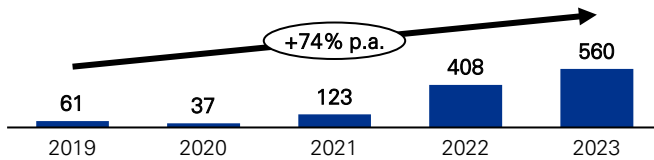
Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Coverage

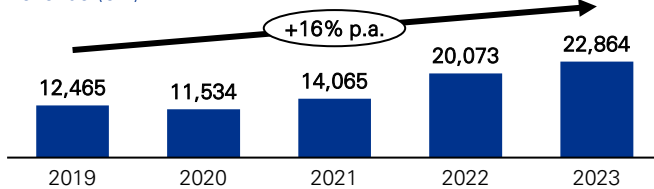


Sales and financial performance

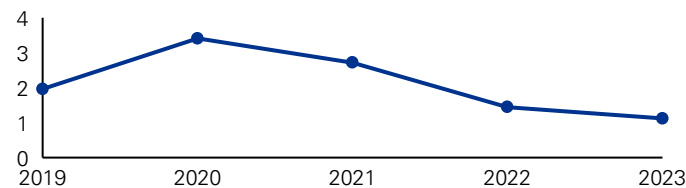
Global EV sales (#k)



Revenue (€m)



Stock price US OTC (\$)



Country specifics

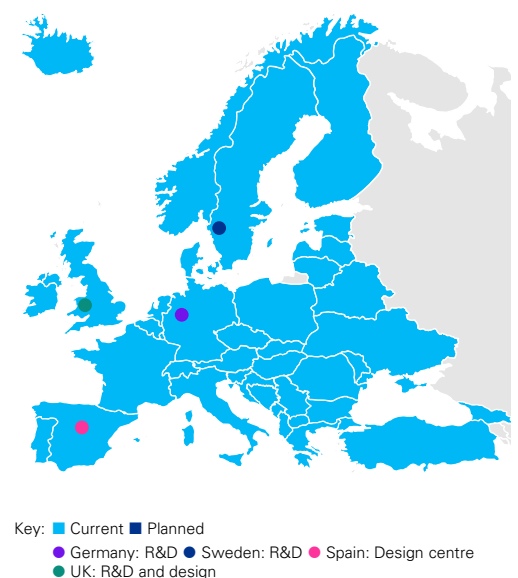
Brand	Launch	Countries	Retail model	Aftersales model
Lynk & Co	2021	19	D2C	TPP (Volvo)
LEVC	2017	12	Dealer & agency	Dealer & TPP (Volvo)
ZhiDou	2012	19	n/a	Dealer & TPP
Polestar	2017	15	Dealer & agency	Dealer & TPP (Volvo)
Volvo	1926	41	Dealer & agency	Dealer
Lotus	1948	19	Dealer & agency	Dealer & TPP
CN	1986		Hybrid	Hybrid

Key: TPP: Third party provider; Own SC: Own service centre
Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Partnerships and innovation

Retail	Geely works with both traditional and non-traditional distribution models in the different markets. The different Geely brands operate independently and only a few partners are able to realise commercial synergies between brands (e.g. Volvo dealership and Polestar space 'operator') Lynk & Co solely offers a mobility solution through its own stores ('clubs').
Aftersales	Geely uses a hybrid strategy for its aftersales by partnering with sales partners and utilising its existing Volvo dealer network for many of its brands.
Joint ventures	Geely has joint ventures with Renault and Daimler (for the E-Smart line).
Technology	Geely focuses on smart (OTA) solutions, autonomous driving and battery swapping technology. Partnership with Lifan Technology for the goal of battery development. Partnership with Nio for the development of Strategic BaaS Technology.
Other partnerships	Inchcape global automotive partnership: distribution of the Geely brand across South America.

Coverage



Great Wall Motor (GWM)

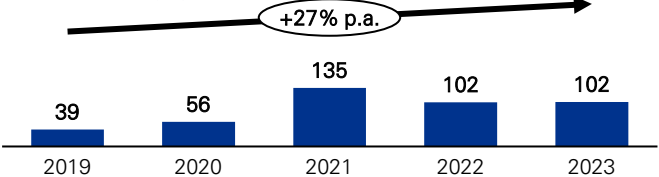
Haval | Ora | Poer | Wey



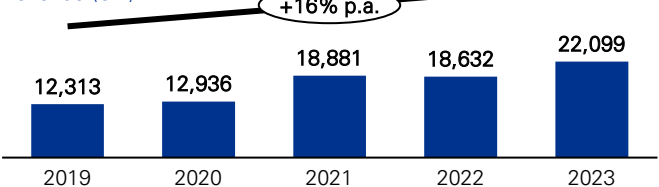
Great Wall

Sales and financial performance

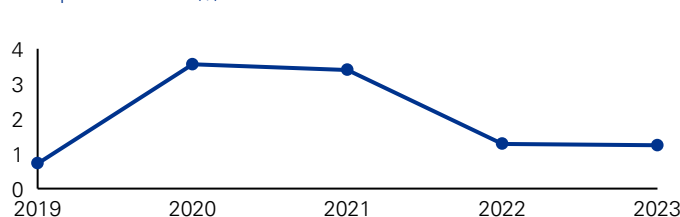
Global EV sales (#k)



Revenue (€m)



Stock price US OTC (\$)



Country specifics

Country	Launch	Retail model	Aftersales model	Car models Offered	Retail partnerships
DE	2022	Dealer	Dealer	ORA 03 300 (Pro), ORA 03 400 Pro (+), ORA 300 GT	Emil Frey, Autohaus Koning, Various smaller dealerships
UK	2022	Dealer	Dealer	ORA 03 Pure +, ORA 03 Pro +	Inchcape, Hartwell, Arnold Clark, Various smaller dealerships
IE	2022	Dealer	Dealer	ORA 03 300, ORA 03 400 +	Bright Motor Group, Various smaller dealer partnerships
BU	2022	Dealer	Dealer	ORA 03 300 (Pro)	Thunder automotive, various smaller dealer partnerships
IS	2022	Dealer	Dealer	300 Pro	Hekla
EE	2024	Dealer	Dealer	ORA 03, ORA 03 +	Autospirit AS
LV	2024	Dealer	Dealer	ORA 03, ORA 03 +	AD REM Auto, ILE Car
LT	2024	Dealer	Dealer	ORA 03, ORA 03 +	JMA Centras UAB
CN	1984	Dealer	Dealer	All	

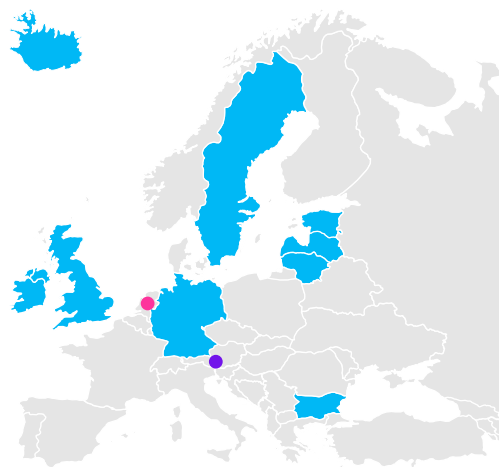
Key: TPP: Third party provider; Own SC: Own service centre

Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Partnerships and innovation

Retail	GWM signed retail partnerships with major wholesales such as Emil Frey and Inchcape. The OEM has the biggest partnerships in Germany, the UK, Ireland and Bulgaria. Additionally, partnerships with smaller dealerships are signed in Iceland and the Baltics.
Aftersales	In Europe, Great Wall Motor (GWM) ensures aftersales support through partnerships with established dealerships like the Emil Frey Group in Germany and Inchcape in the UK.
Joint ventures	GWM has formed key joint ventures to boost its global presence. Notably, its "Spotlight Automotive" venture with BMW focuses on developing electric vehicles for the Mini brand.
Technology	Partnership with Hesai Technology for LiDAR systems. Partnership with Cerence for the development of in-car AI language models. Partnership with Rohm for the development of SiC power semiconductors.
Other partnerships	GWM has entered a partnership Lloyds Banking Group as a finance and leasing partner in the UK.

Coverage



Key: ■ Current ■ Planned
● Austria: R&D ● Netherlands: HQ Europe

Focus region
Asia-Pacific, Europe

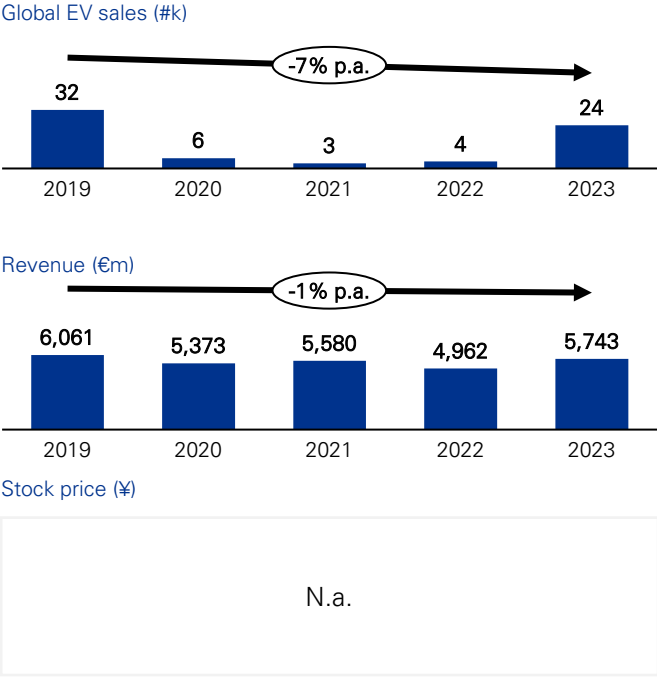
Distribution model
Dealer

Ownership structure
Listed

2023 revenue
€22,099m

Key characteristics

Sales and financial performance



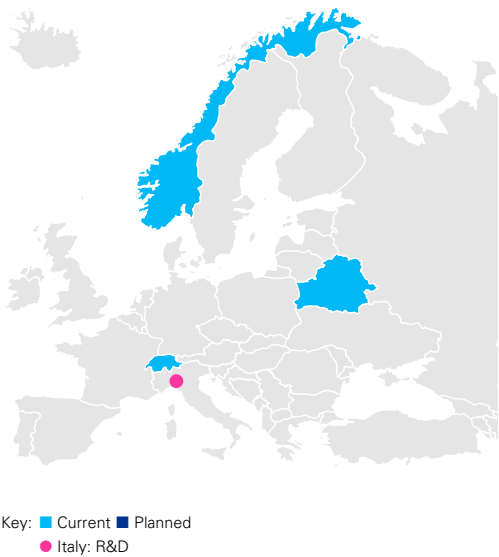
Partnerships and innovation

Retail	For the retail of EVs JAC Motors has previously entered various markets with its E-S2 model. The OEM entered retail partnerships with smaller dealerships, but also dealership chains such as RSA in Norway.
Aftersales	Aftersales service is handled with the sales partners of JAC Motors.
Joint ventures	JAC Motors has entered a joint venture with Volkswagen in 2017, with announcements to step up investments in 2024. Additionally, JAC Motors has entered a venture with Nio for joint manufacturing.
Technology	Huawei and JAC Motors have joined hands to integrate and innovate digital intelligence capabilities and realize C2M flexible manufacturing.
Other partnerships	JAC and CATL signed a cooperation agreement to foster R&D and apply new technologies, such as CIIC skateboard chassis technology.

Country specifics

Country	Launch	Retail model	Aftersales model	Car models Offered	Retail partnerships
CH	2020	Dealer	Dealer	e-JS1, e-JS4	Garage Central Cully, HS Automobile, Various smaller dealer partnerships
NO	2020	Dealer	Dealer	EX30, e-JS4	RSA, Various smaller dealer partnerships
BY	2024	Dealer	Dealer	EX30	FelOkt-service LLC, Various smaller dealer partnerships
CN	1964	Dealer	Dealer	All	

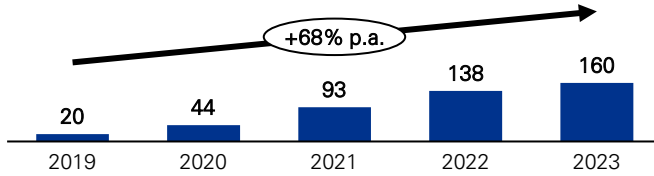
Coverage



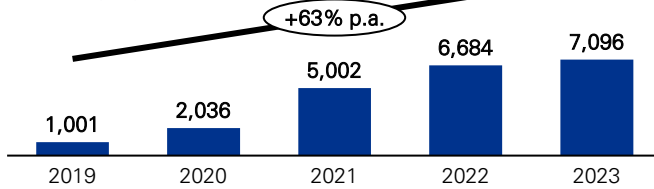
Key: TPP: Third party provider; Own SC: Own service centre
Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Sales and financial performance

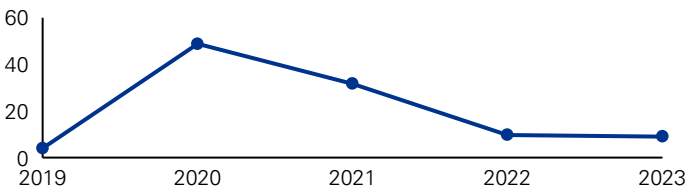
Global EV sales (#k)



Revenue (€m)



Stock price US ADR NYSE (\$)



Country specifics

Country	Launch	Retail model	Aftersales model	Car models Offered	Retail partnerships
NO	2021	D2C	TPP/ Own SC	EL8, ET5, EL6, ET7, EL7, EL8, ES8	N.a.
SE	2022	D2C	TPP/ Own SC	ET5, EL6, ET7, EL7, EL8	N.a.
DN	2022	D2C	TPP/ Own SC	ET5, EL6, ET7, EL7, EL8	N.a.
GE	2022	D2C	TPP/ Own SC	ET5, EL6, ET7, EL7, EL8	N.a.
NL	2022	D2C	TPP/ Own SC	ET5, EL6, ET7, EL7, EL8	N.a.
CN	2014	D2C	TPP/ Own SC	ET5, ES6, ET7, ES7, ES8, EC6, EC7	N.a.

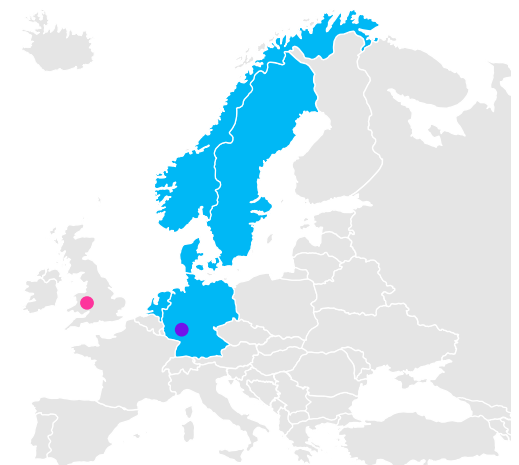
Key: TPP: Third party provider; Own SC: Own service centre

Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Partnerships and innovation

Retail	Nio primarily uses its D2C model for sales and customer engagement, relying on Nio Houses and Nio Spaces as experiential showrooms and sales points.
Aftersales	Nio collaborates with local workshops and garages to handle vehicle maintenance, leveraging partnerships for broader coverage without establishing its own service centers everywhere.
Joint ventures	Together with CYYN Holdings Nio has a joint venture to increase the adoption of EVs in Africa and the Middle East.
Technology	Partnership with Geely working together on the optimization of batteries, technological improvements and battery swap network Partnership with Changan to optimize battery swapping technologies. Partnership with CATL for the development of sustainable battery technologies and the promotion of innovation in battery solutions. Partnership with Bosch focusing on sensor technology, automated driving, electric motor controls, and intelligent transport systems.
Other partnerships	Midea Group researches synergies together with Nio in smart production and technological innovation. Mastercard and Nio have a partnership for better customer experiences.

Coverage



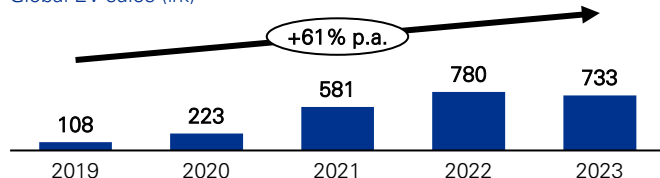
Key: ■ Current ■ Planned

● Germany: Global design centre ● UK: R&D centre

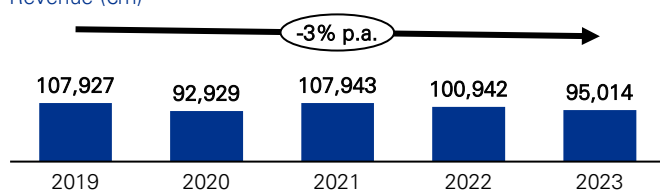


Sales and financial performance

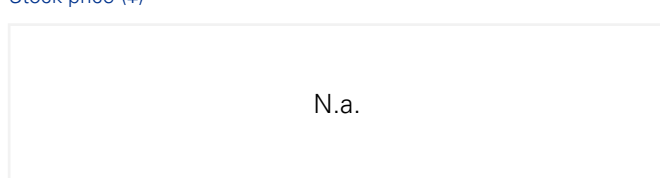
Global EV sales (#k)



Revenue (€m)



Stock price (¥)



Country specifics

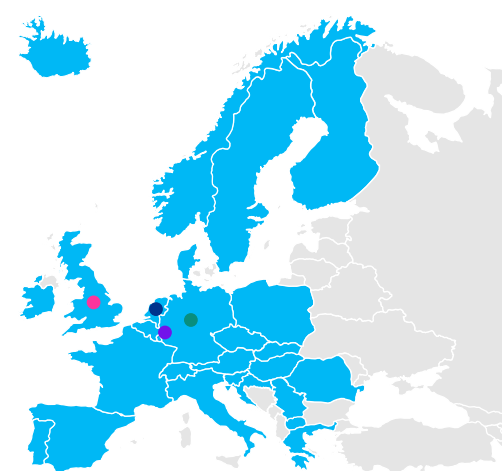
Brand ^(a)	Launch	Countries	Retail model	Aftersales model
MG	2019	27	Dealer	Dealer
CN	1955/1997	N.a.	Dealer	Dealer

Key: TPP: Third party provider; Own SC: Own service centre
 Note: a) Although there are more brands, for the European market specifically MG is most relevant
 Source: GlobalData; MarketWatch; Company website; KPMG analysis.

Partnerships and innovation

Retail	Using exclusive dealership model, for example Van Mossel in The Netherlands.
Aftersales	Using these dealer networks service points are held within the European countries they are active in.
Joint ventures	Together with Volkswagen, SAIC produces vehicles for Volkswagen, Skoda and Audi For General Motors, SAIC produces for brands such as Buick, Chevrolet and Cadillac in China. With Wuling, SAIC produces mini-Evs JSW group and SAIC have entered a strategic joint-venture mainly drawn up for the Indian market.
Technology	SAIC has developed its Z-ONE Galaxy Intelligent Full Stack Solutions, enabling fully intelligent vehicles with cutting-edge driving capabilities. As well as establishing a Silicon Valley Innovation Center, collaborating with universities and startups to identify emerging technologies. Partnership with HERE Technologies to deliver advanced connected driving solutions. Partnership with Alibaba Group and Zhangjiang Hi-Tech, SAIC co-founded IM Motors, a premium electric vehicle brand that combines luxury with state-of-the-art technology.
Other partnerships	N.a.

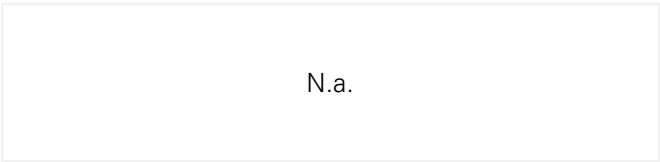
Coverage



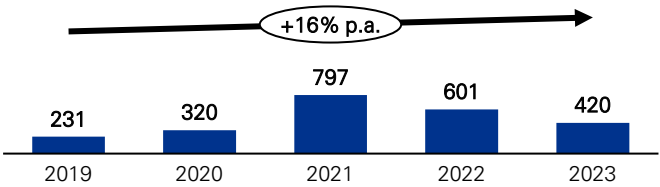
Key: ■ Current ■ Planned
● Luxembourg: HQ ● Netherlands: Sales centre ● UK: R&D and design ● Germany: Design centre

Sales and financial performance

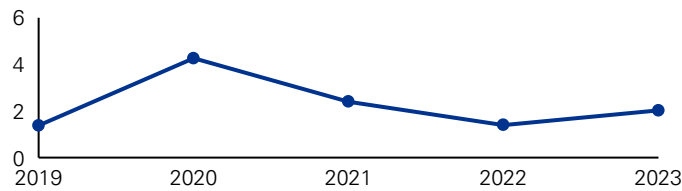
Global EV sales (#k)



Revenue^(a) (€m)



Stock price US OTC (\$)



Country specifics

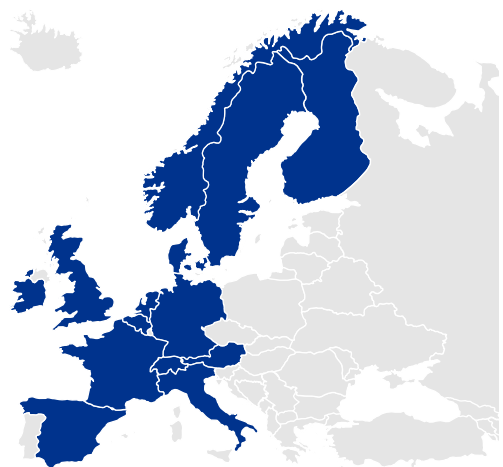
Country	Launch	Retail model	Aftersales model	Car models Offered	Retail partnerships
CN	2021	D2C, Dealer	Dealer	SU7	N.a.

Key: TPP: Third party provider; Own SC: Own service centre
Note: (a) Revenue development of the "Others" category for revenue in the annual report
Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Partnerships and innovation

Retail	For now, Xiaomi relies on a D2C model for retail in China, with intentions to partner with dealerships in China for the future.
Aftersales	Xiaomi has its own service centres and works together with local service partners in China.
Joint ventures	Together with BAIC and CATL, Xiaomi has a joint venture to build a battery production facility.
Technology	Partnership with Forvia a French supplier for car-specific technologies.
Other partnerships	Together with Xpeng, Nio and Li charging infrastructure is shared.

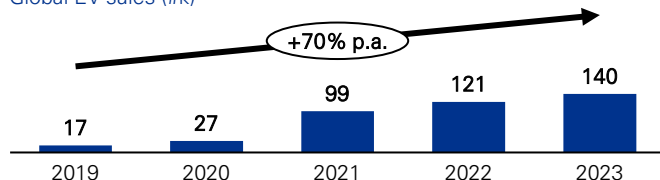
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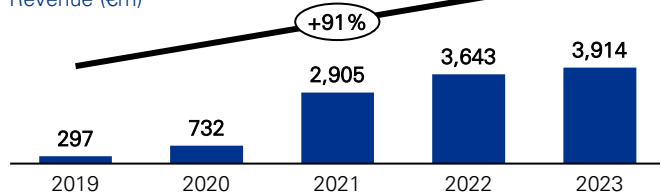
Key: Current Planned

Sales and financial performance

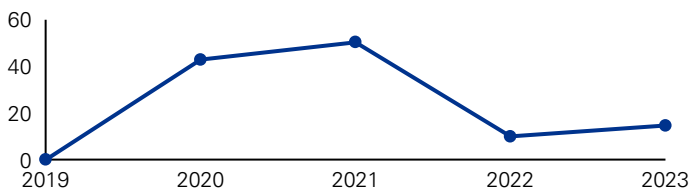
Global EV sales (#k)



Revenue (€m)



Stock price US ADR NYSE (\$)



Partnerships and innovation

Retail	Xpeng uses multiple retail models, where they have flagship stores, online sales as well as dealer networks in some European countries.
Aftersales	For aftersales Xpeng has service partners, as well as own service centres in for example China and Denmark.
Joint ventures	Joint ventures have been established with VW Group to produce two models specifically for the Chinese market. As well as, Xpeng has a partnership with CATL for their batteries.
Technology	Partnership with ACCESS Europe for in-car infotainment systems. Partnership with autonomous driving technology from DiDi. Partnership with VW Group joint technology agreement for software and platform.
Other partnerships	Together with Xiaomi, Nio and Li charging infrastructure is shared.

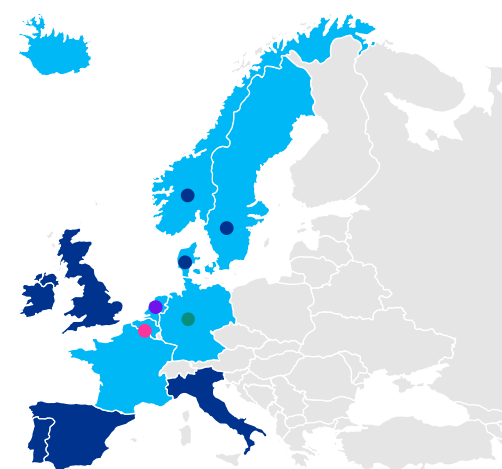
Country specifics

Country	Launch	Retail model	Aftersales model	Car models Offered	Retail partnerships
NO	2021	Agency/ Dealer	Dealer	G6, G9 & P7	XBI
DK	2023	Agency	Own SC	G6, G9 & P7	n.a.
NL	2023	Agency	Dealer	G6, G9 & P7	Emil Frey
SWE	2023	Agency/ Dealer	Dealer	G6, G9 & P7	Bilia Group
BE	2024	Agency/ Dealer	Dealer	G6, G9 & P7	Hedin Automotive
GE	2024	Agency/ Dealer	Dealer	G6, G9 & P7	Emil Frey
FR	2024	Agency/ Dealer	Dealer	G9 & G6	Jean Lain, V2 Automobiles, Eden Auto
CN	2014	D2C	Own SC	P7+, P5, G9, G6, X9, MO3	

Key: TPP: Third party provider; Own SC: Own service centre

Source: GlobalData; MarketWatch; CapitalIQ; Company websites; KPMG analysis.

Coverage



Key: Current Planned

● Netherlands: HQ & spare parts ● Sweden: Subcompany ● Norway: Subcompany ● Denmark: Subcompany ● Belgium: Logistics centre ● Germany: Competence centre



Appendix

Expected BEV Models in Europe per Chinese OEM towards 2035 (1/3)

Aiways

Model segment	Examples
Economy	n.a.
Low-cost	n.a.
Non-premium	Aiways U5; Aiways U6
Premium	n.a.
Super-premium	n.a.

BAIC Group

Model segment	Examples
Economy	Arcfox Alpha-T; Arcfox Alpha-S
Low-cost	n.a.
Non-premium	n.a.
Premium	n.a.
Super-premium	n.a.

BYD

Model segment	Examples
Economy	BYD Dolphin; BYD Seagull; BYD Seal 06 GT; BYD Yuan Up; BYD Yuan Plus; BYD Light Truck
Low-cost	n.a.
Non-premium	Denza Z9 GT, Denza Z9, BYD Sealion 07; Denza N7; BYD Han; BYD Tang
Premium	n.a.
Super-premium	n.a.

Chery

Model segment	Examples
Economy	Omoda 5; Explore 06
Low-cost	n.a.
Non-premium	Ebro Pickup, Omoda 7, Tiggo 9, Exceed STERRA ET
Premium	n.a.
Super-premium	n.a.

Dongfeng

Model segment	Examples
Economy	DFSK C-Series; DFSK Seres 3; Dongfeng Forthing T5
Low-cost	n.a.
Non-premium	Voyah FREE; Dongfeng M-Rerrain 917; Voyah Dreamer
Premium	n.a.
Super-premium	n.a.

Expected BEV Models in Europe per Chinese OEM towards 2035 (2/3)

FAW Group

Model segment	Examples
Economy	n.a.
Low-cost	n.a.
Non-premium	n.a.
Premium	Hongqi
Super-premium	n.a.

Geely

Model segment	Examples
Economy	Zhidou D2/D2s; Geely Binue; Livan 7; Geometry A
Low-cost	n.a.
Non-premium	Zeekr 001; Zeekr Mix; LEVC Light Bus; Lynk & Co 01; Zeekr 7X; Zeekr EX1E; LEVC VN5; LEVC TX5; Geometry C
Premium	Lotus C-Sporty EV; Lotus Emeya; Polestar 2, 3, 4, 5, 6, 7; Volvo EV60; Volvo EX30; Volovo EX60; Volvo (E)C40; Volvo XC40; Lotus D-Sporty EV; Lotus D-SUV EV; Volvo EC40; Volov ES60; Volvo EV90; Volvo EX90; Lotus Eletre; Volvo EX40; Volvo ES90
Super-premium	n.a.

Great Wall Motor

Model segment	Examples
Economy	ORA Good Cat; ORA Lightning Cat; ORA R1/Black Cat
Low-cost	n.a.
Non-premium	WEY VV7/Mocha; WEY VV6/Latte; Great Wall Wingle
Premium	n.a.
Super-premium	n.a.

JAC

Model segment	Examples
Economy	Refine S2, S4; Yiwei 3; JAC Pickup T6/T8/T9;
Low-cost	n.a.
Non-premium	Refine; Refine S5
Premium	n.a.
Super-premium	n.a.

Leapmotor

Model segment	Examples
Economy	A11; B05; B10; C10; T03
Low-cost	n.a.
Non-premium	n.a.
Premium	n.a.
Super-premium	n.a.

Expected BEV Models in Europe per Chinese OEM towards 2035 (3/3)

Nio

Model segment	Examples
Economy	Nio Firefly B-Hatchback EV
Low-cost	n.a.
Non-premium	Nio ONVO L60
Premium	Nio EC6/Libra; Nio ES6; Nio ES7; Nio ES8; Nio ET5; Nio ET7
Super-premium	n.a.

SAIC

Model segment	Examples
Economy	MG ZS; MG HS; MG Mulan; Roewe Ei5; MG Mingjue MG3; MG Cyberster; Maxus MIFA 7; Maxus G50; Roewe i5
Low-cost	n.a.
Non-premium	Maxus V80 H; Maxus EV30; R Marvel; Maxus eDeliver 5; Maxus eDeliver 7; Maxus V80 L; MG Mulan; Maxus Mifa 9; MG ES5; Maxus T60; Maxus T90; Maxus EUNIQ 6/MIFA 6; Maxus G50; Maxus eTerron 9
Premium	IM L7
Super-premium	n.a.

Xiaomi

Model segment	Examples
Economy	n.a.
Low-cost	n.a.
Non-premium	SU7
Premium	n.a.
Super-premium	n.a.

Xpeng

Model segment	Examples
Economy	n.a.
Low-cost	n.a.
Non-premium	G3, G6, G9, P5, P7
Premium	n.a.
Super-premium	n.a.



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