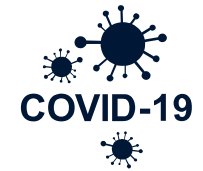


Current state & outlook of the European car rental market



The market can be broken down into diverse segments, including, for example, individual travel or fleet services for business customers. Due to the COVID-19 effects, the market volume in the **main segment (classic car rental) collapsed by around 50%** – full recovery to the pre-crisis level (2019) is not expected until 2023

Market development



p. 3 ff

Competition consists, among others, of smaller national/regional players – in Western Europe, however, the **five largest providers** clearly dominate with **87% total market share** (Europcar, Avis, Hertz, Sixt, Enterprise). Prices in the classic rental business are very transparent, location- and time-dependent – COVID-19 also showed effects on pricing

Competitive pressure



p. 7 f

The urban short-distance market in particular is characterized by increased competition, driven by B2C platforms that offer various means of transport via a central interface. In some cases, they even **substitute car trips** entirely. At the same time, suitable offers (may) become a **new business segment** for rental car companies

Market disruption



p. 9



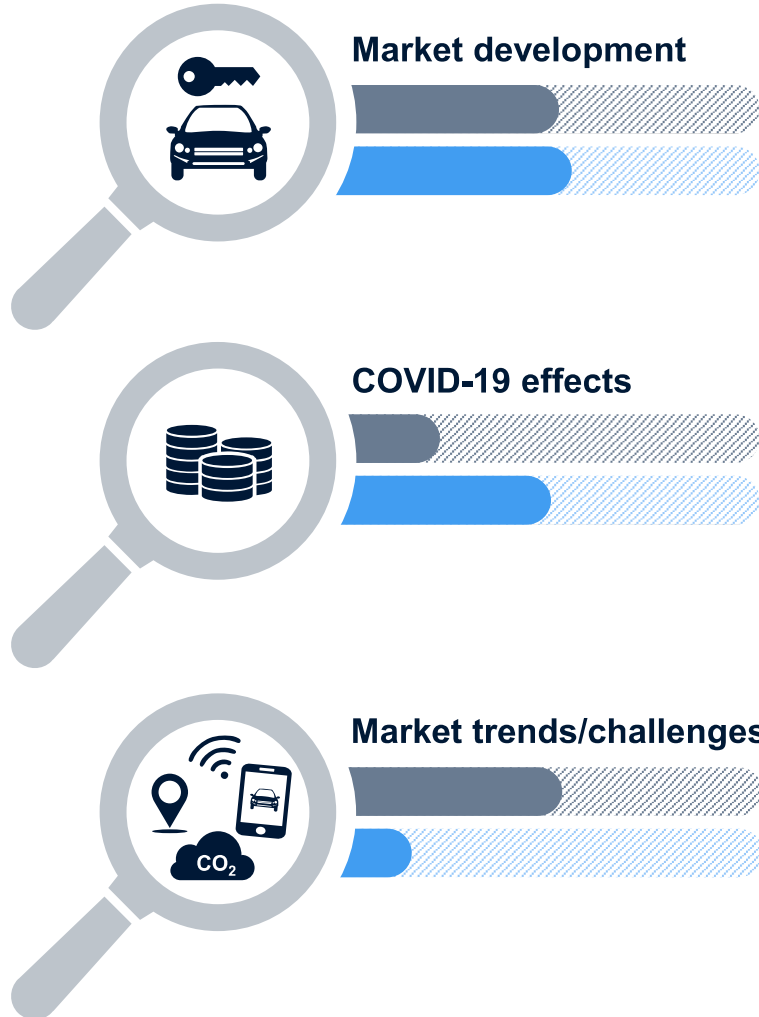
Main sales drivers of the car rental market are airport stations. Car rental demand was hit hard by COVID-19 effects such as stay-at-home orders and remote working

–

The sales decline of the leading car rental companies averaged 48% in 2020

–

Mid-term growth perspectives are positive but require a transformed market approach



Market development



47% Dependency on airports
50% COVID-19 impact

Not only for large players such as Europcar and Avis, half of the turnover is linked to airport-related car rentals (business/private travellers); COVID-19 effects on the market were substantial – recovery stretches until 2023

COVID-19 effects



9.8% Ø EBIT margin 2019
-48% Sales decrease 2020

The COVID-19 crisis resulted in an average sales decrease of 48% in 2020 vs. 2019. While the EBIT margins of the Top 4 car rental companies ranged between 8.4% and 11.5% in 2019 (Ø 9.8%), all companies showed negative margins in 2020

Market trends/challenges



-55% Reduction of CO2
6.6% Car sharing growth p.a.

Increasing technological sophistication and a changing business environment drive costs and favour larger, financially stable companies. Smaller players will be forced into niches and/or will drive price pressure



Besides individual car rental and local on-demand business, rental companies profit from fleet business and B2B mobility services

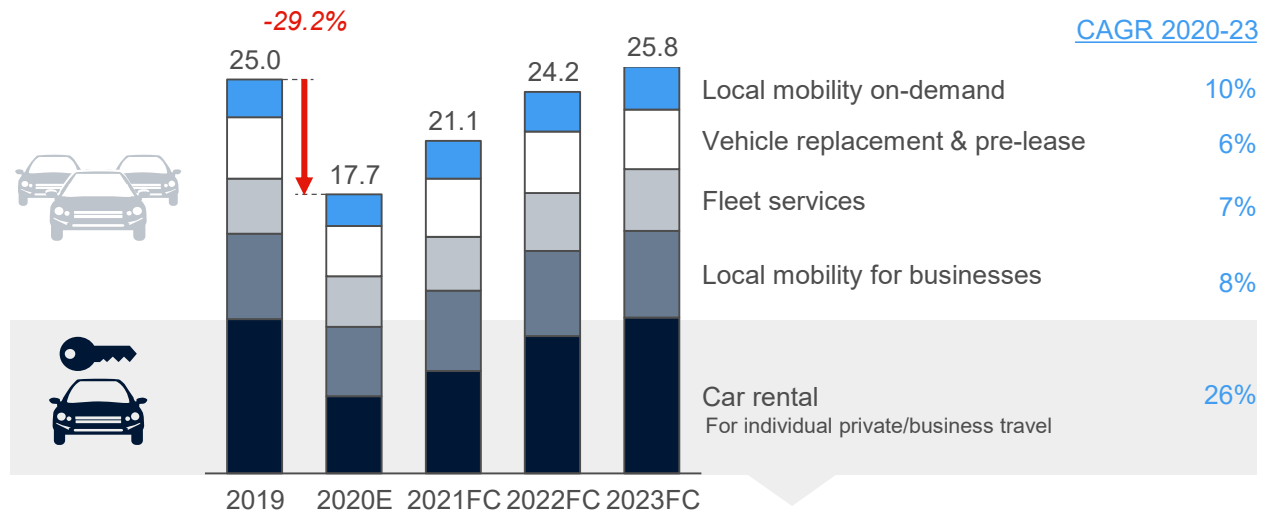
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Individual car rentals (private/business travels) showed the sharpest drop in demand in 2020, recovery will take until 2023

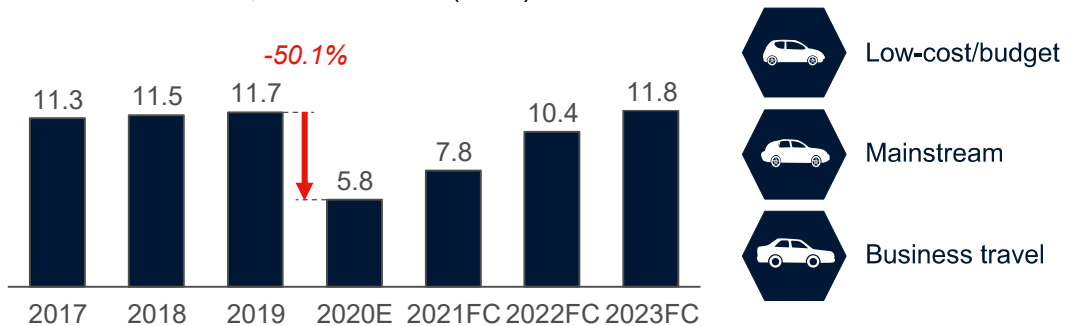
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Other segments were affected less, partially due to longer contract spans and need for basic supply

European car-based mobility market, EU-27 (€ bn)



Car rental sales, EU-27 + UK (€ bn)



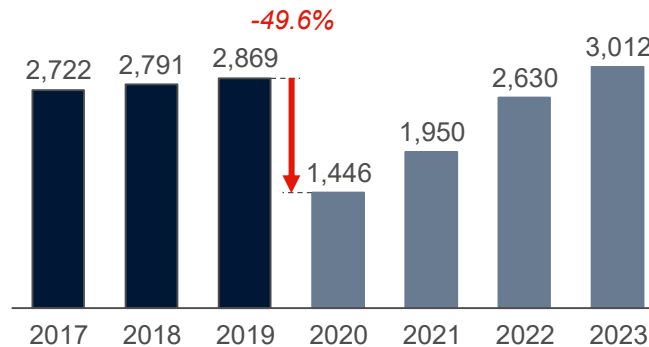
Source: Europcar Mobility Group; Statista DMO; FTI-Andersch analysis



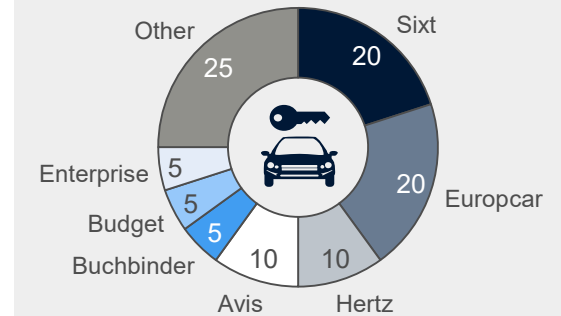
Though German COVID-19 incidences at first were lower compared to other European countries, the car rental market dropped by 50% in 2020 due to travel restrictions and shift to remote working. After a third wave, 2021 will still be a challenging year

Car rental companies reacted with cost-cutting measures including a reduction of the fleet size, renegotiation of commissions and fixed fees (airports, railways) and cutback of personnel and marketing expenses

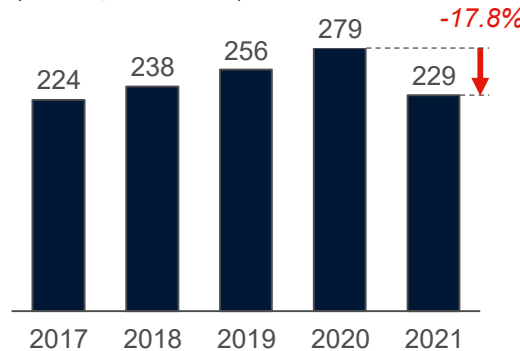
German car rental sales, actuals/forecast (€ m)



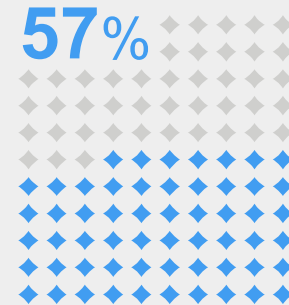
Brand preferences (%), consumer survey



Cars held by car rental companies ('000, per 01/01)



Transported people



The average number of persons transported in cab and rental car traffic p.a. in Germany 2011-19 was 430 mn.

Due to the pandemic, in 2020 only 245 mn people were transported (43% below average)

Source: Statista DMO; German Federal Statistical Office; Federal Motor Transport Authority (KBA); FTI-Andersch analysis



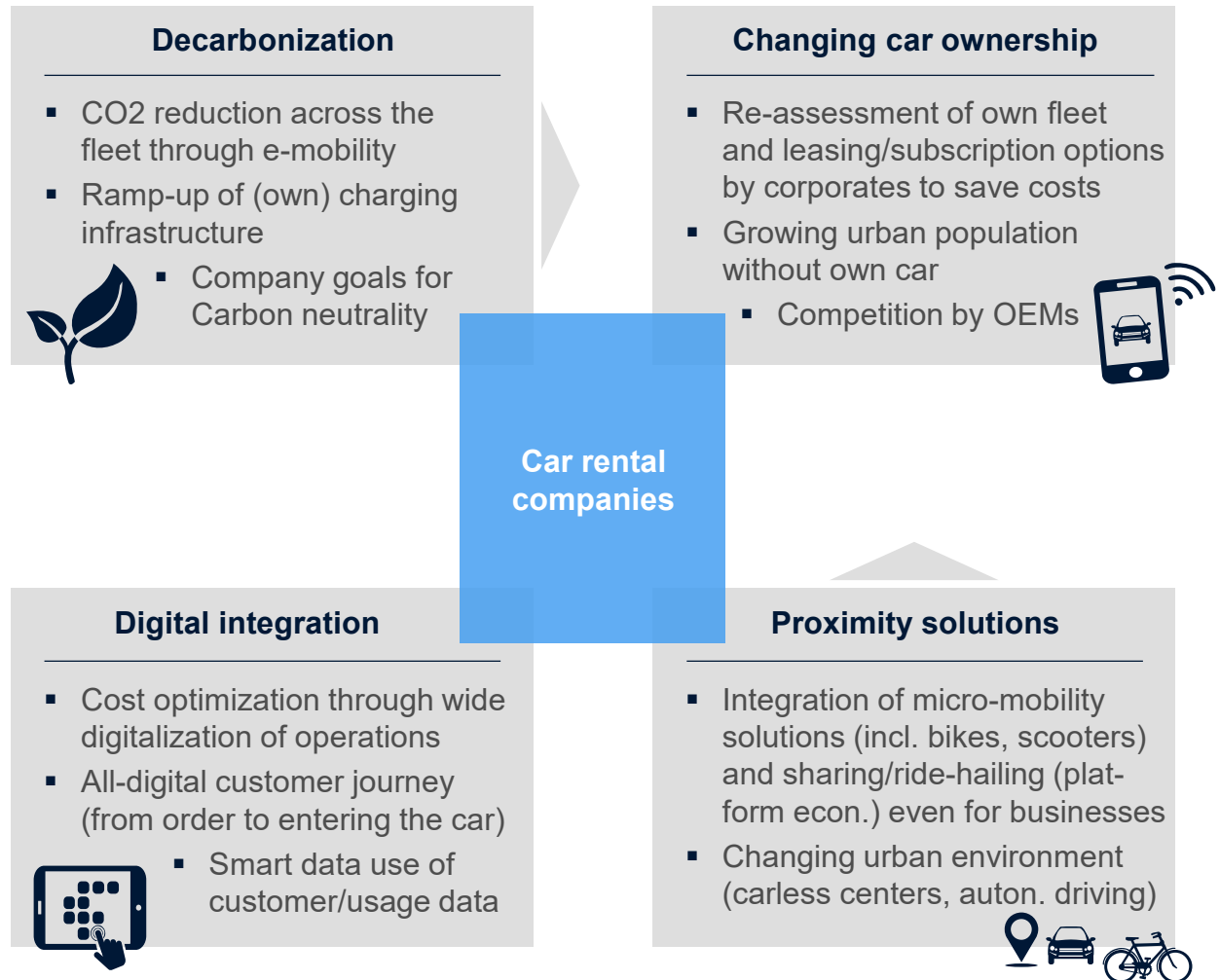
Increasing technological sophistication and a changing business environment drive costs and favour larger, financially stable companies

—

Smaller players will be forced into niches and/or will drive price pressure

—

Even though transformation is required, the ability to invest (solvency) is severely limited by COVID-19 effects even for large players



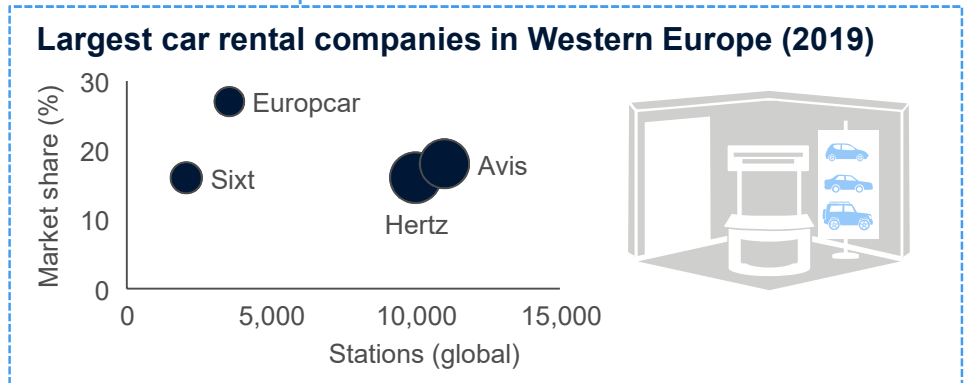
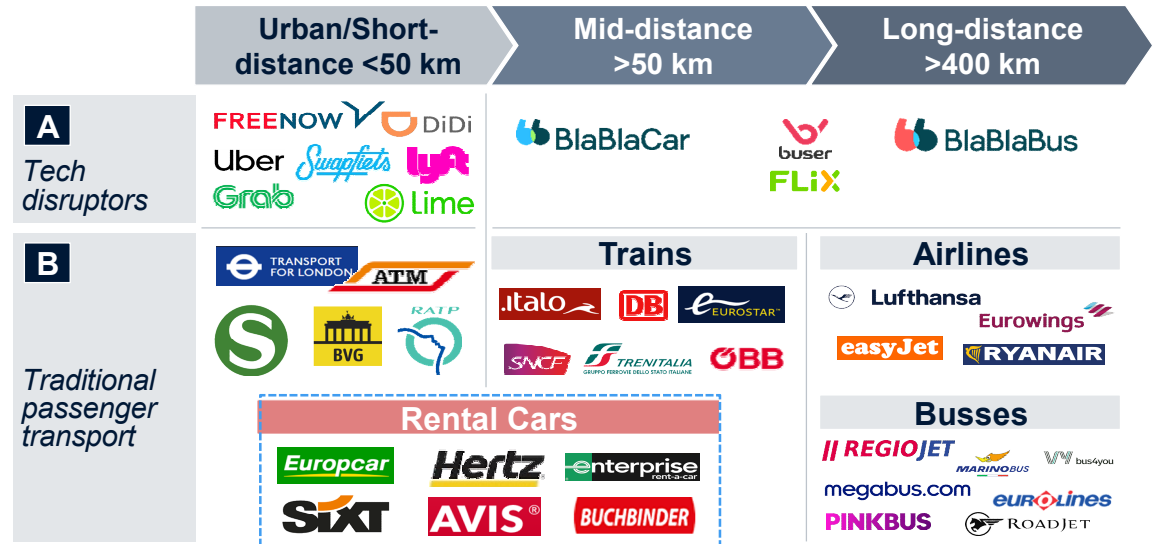


The European car rental market is dominated by Europcar (27% market share 2019), followed by Avis (18%), Hertz and Sixt (16%)

The world's largest provider Enterprise has a lower market share (10%) in Western Europe

Depending on the travel distance, other means of traffic act as effective substitutes for car rentals

Broad competitive environment by travel distance



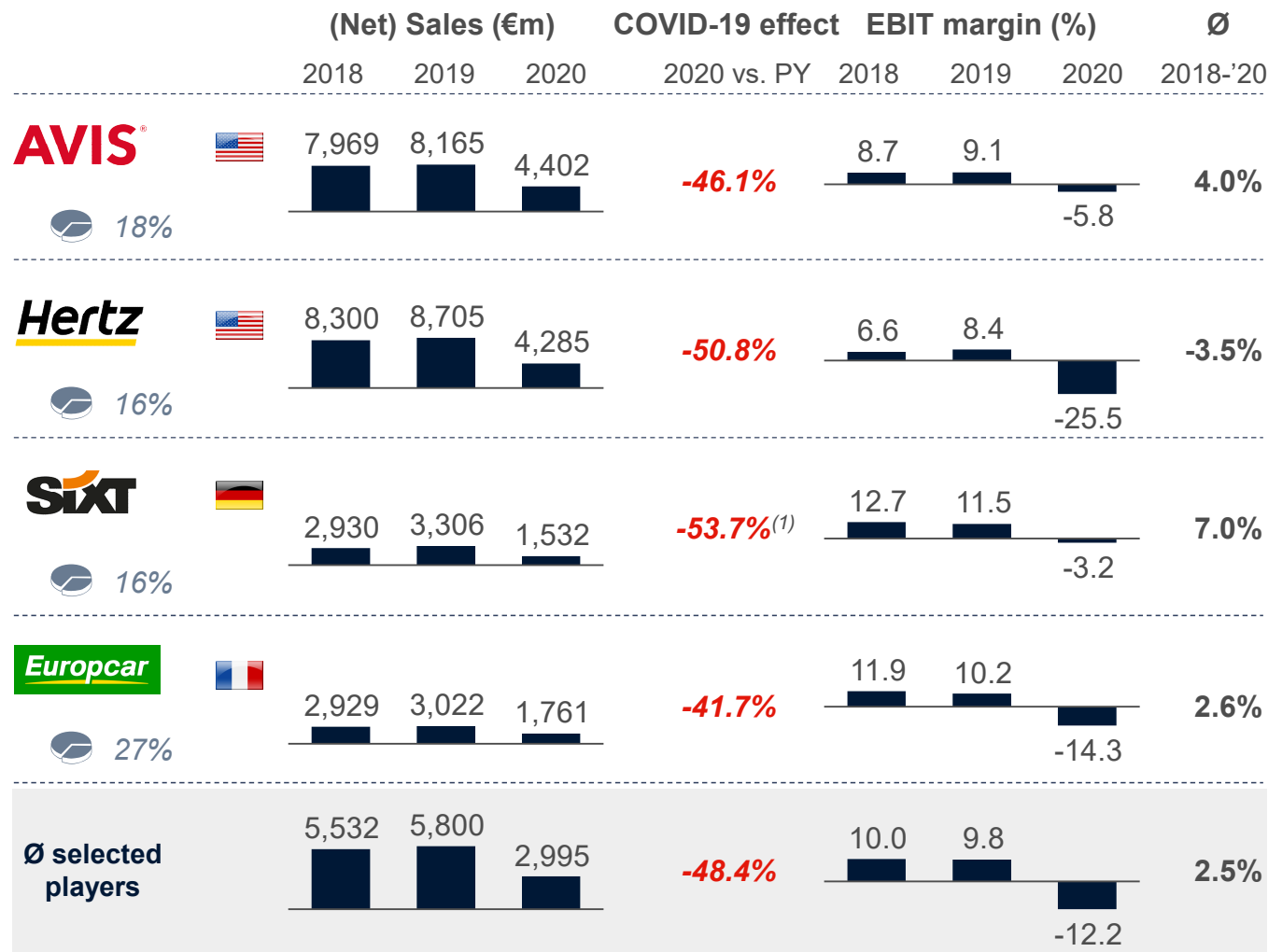
Source: FTI-Andersch analysis; company information



The COVID-19 crisis resulted in an average sales decrease of 48.4% in 2020 vs. 2019

While EBIT margins ranged between 8.4% and 11.5% in 2019, all companies showed negative margins in 2020

2020 results are a direct consequence of lower air travel volumes, as a large revenue share is generated at airports (Avis 2019: 68%, Europcar 47%)



Source: Company information; Orbis; FTI-Andersch analysis

(1) Net sales 2020 excl. Sixt Leasing Business Unit (sale as of July 2020)

Market share Western Europe 2019 (%)

Disruption of the urban short-distance rental market

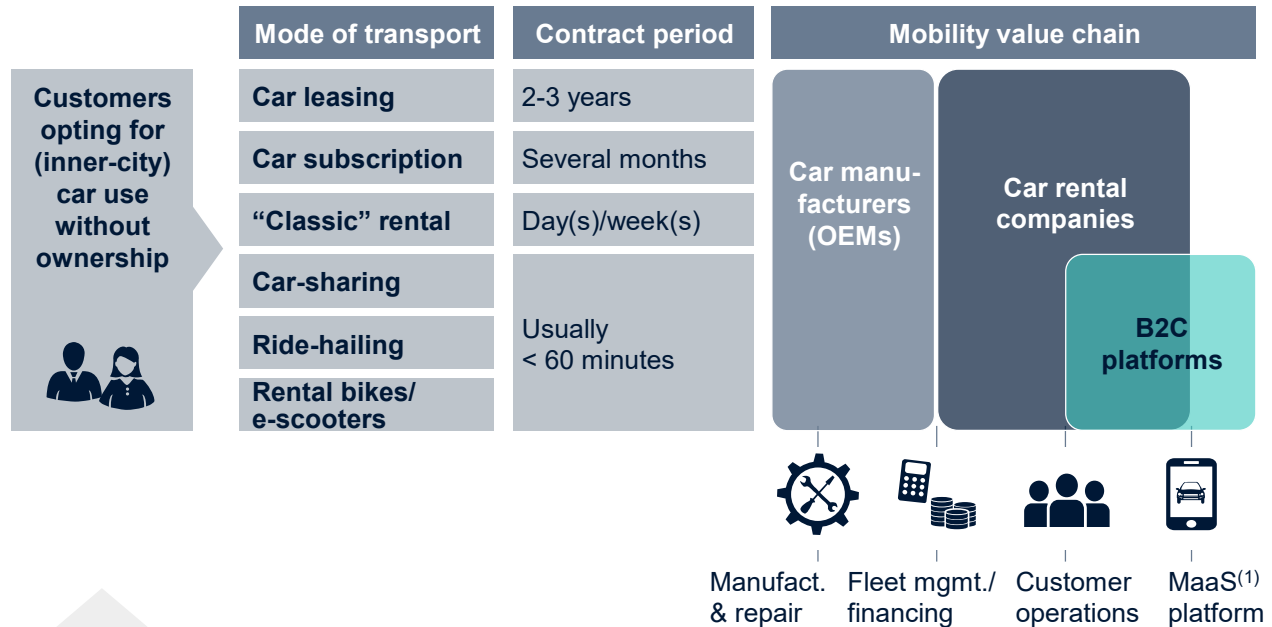


Increased competition from digital mobility platforms (sometimes in cooperation with automotive OEMs) which offer seamless mobility services by integrating different modes of transport via a single interface

These offers include modes of traffic such as ride-hailing, public transport, rental bikes and e-scooters. Shared cars may be included, but average rental spans are shortened

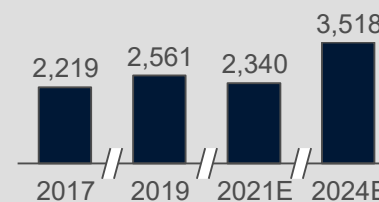
Car rental companies are taking up the trend

Relevant urban/short-distance rental market

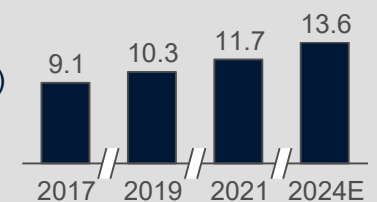


Increase in car-sharing

Car-sharing turnover (EU-27, €m)



Registered users (EU-27, mn)



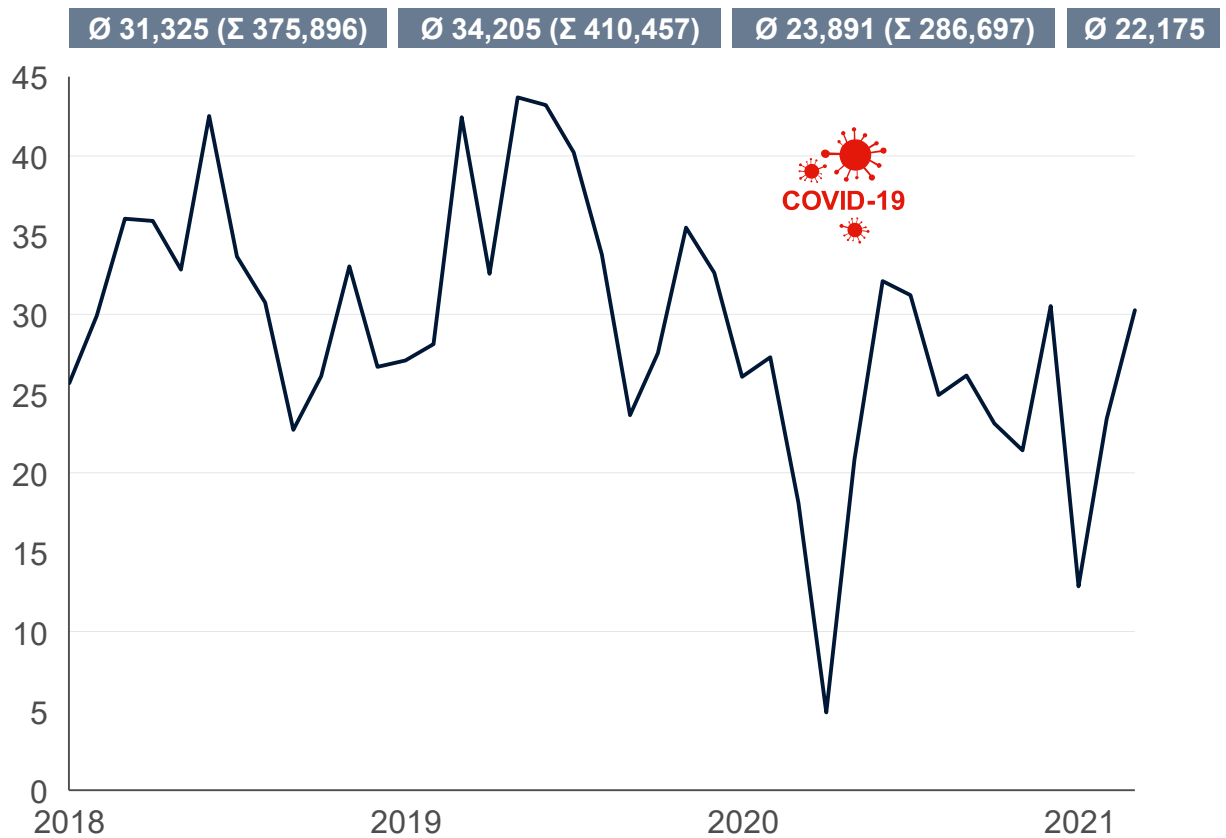
Source: American Express Global Business Travel; Autovista Group; Dataforce; Statista DMO; FTI-Andersch analysis (1) MaaS = Mobility as a Service

Appendix





Monthly car registrations by car rental companies, Germany ('000)



German car rental and car sharing companies combine more than 10% of all newly registered vehicles in Germany

—

During the first COVID-19 lockdown, registrations dropped by -85% yoy. Overall, 2020 registrations remained one third behind the 2019 level

Source: Federal Motor Transport Authority (KBA); FTI-Andersch analysis

Market driver: European flight movements



The European air travel market, a major car rental market driver, saw a sharp drop in 2020 during the first pandemic wave and was hit by further waves after a slow recovery in summer

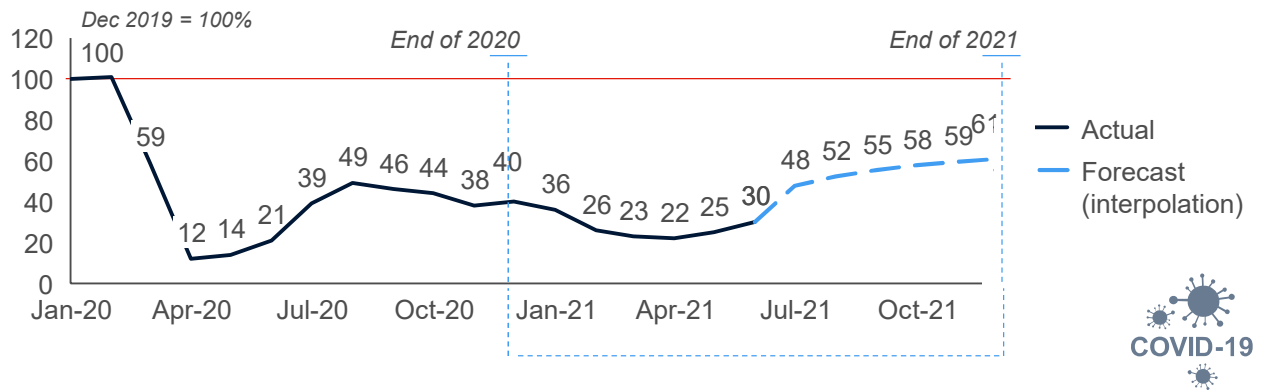
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Despite sustained recovery following the administration of vaccines, 2021 will remain substantially below pre-pandemic levels

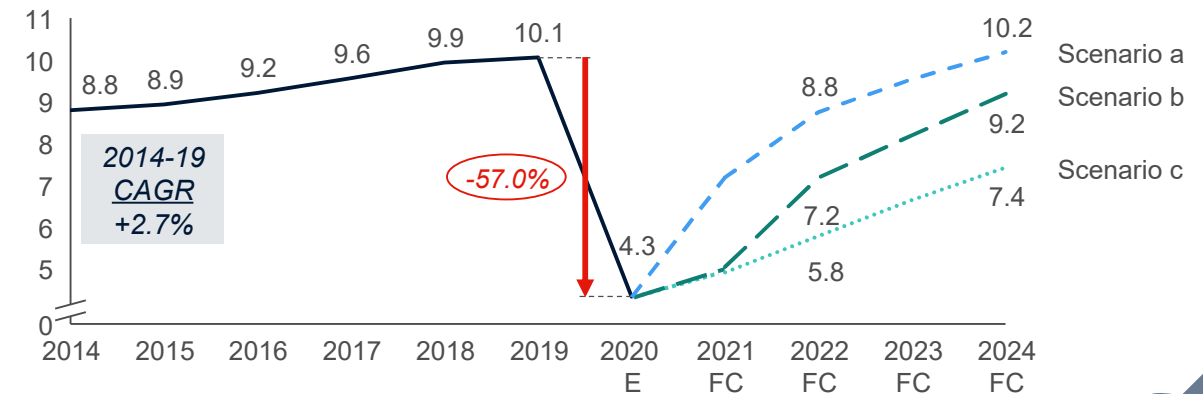
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Even in the most optimistic scenario, market experts do not expect a recovery to 2019 levels before 2024

COVID-19 impact on EU flight movements (2021/2020 vs. 2019 indexed)



Long-term development of EU flight movements (mn movements)⁽¹⁾



(1) Scenario a: Vaccine widely made available for travelers (or end of pandemic) by summer 2021; Scenario b: Delayed scenario a, effective by summer 2022; Scenario c: Lingering infection and low passenger confidence



Source: Eurocontrol; FTI-Andersch analysis

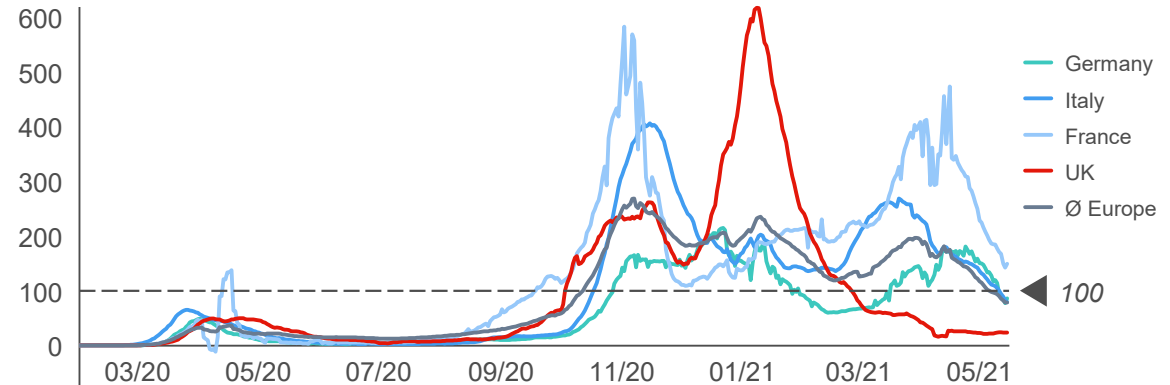


A third pandemic wave caused leaping incidences across Europe

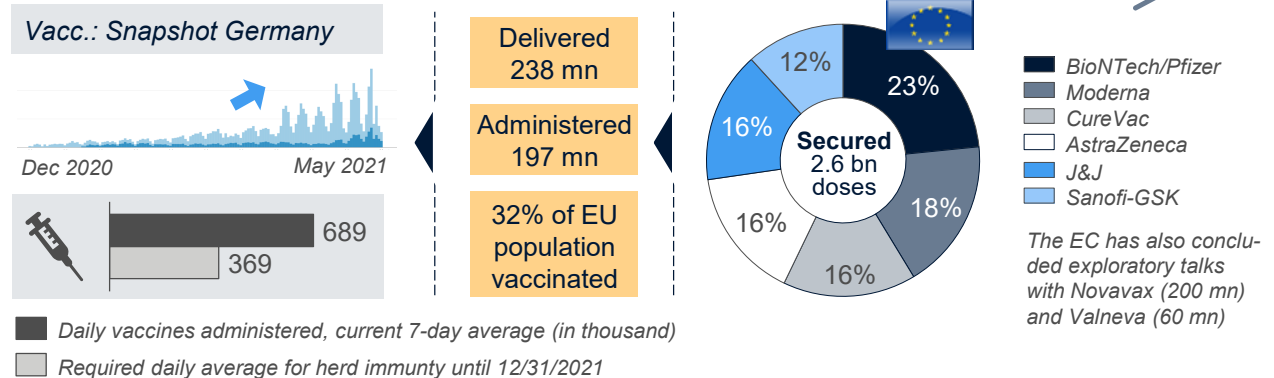
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Though first effects are visible in the UK, infection rates remained high in the EU throughout Q2/2021 as a result of the delayed vaccination progress

—
Vaccination is progressing, herd immunity in the EU is expected to be reached before the end of 2021

COVID-19 pandemic: 7-day incidence rates in Europe
 (new cases per 100,000 citizens)



Development of the COVID-19 vaccination process (as of 05/18/2021)



Source: Johns Hopkins University; Our World in Data; RKI; German Federal Ministry of Health (BMG); EU Commission; UNICEF



FTI-Andersch: Selected studies on mobility and market resilience



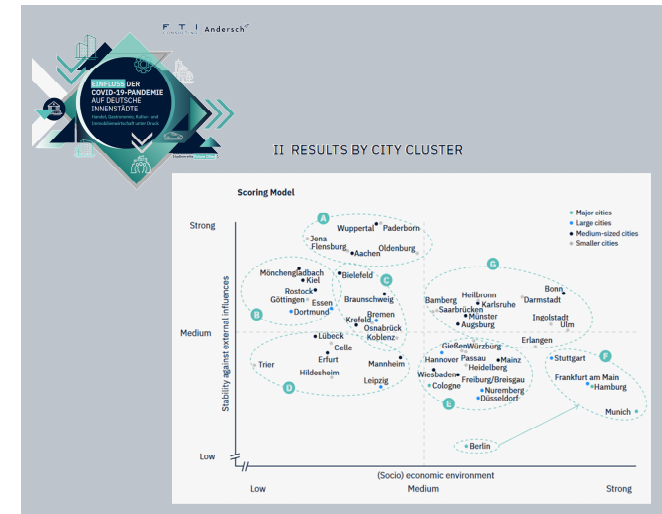
Airport ecosystem in prolonged turbulence (9/2020)



Resilience Barometer – COVID-19 Report (2/2021)



Impact of the COVID-19 pandemic on German cities (1/2021)



- The aviation industry has been hit hard by COVID-19 – and almost came to a standstill in 2020. How badly are airports affected?
- The crisis had an impact on the entire ecosystem: What is the perspective of mobility service providers, handling, security and other firms depending on operating airports?

- In the light of Brexit, the rise of cyberattacks, disturbances in the global value chain, disruptive technologies and COVID-19 – only to name a few challenges that businesses currently face – resilience is key
- How can companies effectively prepare to face and mitigate these challenges?

- COVID-19 effects pose acute challenges for (German) city centres, they reinforce the structural change of recent years
- How robust are the 52 largest German cities with regard to COVID-19 effects incl. effects on tourists, students, trade fair visitors, etc?

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Your Contacts



Mike Zöller

Partner
Mobile: + 49 175 5850391
zoeller@andersch-ag.de



Dorothee Fritsch

Director
Mobile: + 49 160 90658014
fritsch@andersch-ag.de

Andersch AG

Neue Mainzer Straße 80
60311 Frankfurt am Main

Stephansplatz 2-6
20354 Hamburg

Speditionstraße 21-23
40221 Düsseldorf

Friedrichstraße 68
10117 Berlin