CONSUMER CYCLICAL RESEARCH

Singapore Automotive Market View

Source: Singapore Motorshow

Summary

From a supply perspective, the anticipated increase in Certificate of Entitlement ("COE") availability, driven by policy flexibility and a growing pool of vehicle deregistrations, should help accommodate demand without materially expanding the vehicle population. However, COE prices have remained elevated, underscoring sustained demand for vehicles, particularly from Electric Vehicle ("EV") adoption and ongoing purchases by private-hire car ("PHC") fleets. As a result, COE dynamics are likely to remain a key determinant of industry activity in the near to medium term.

Regulatory adjustments, including the revision of the Preferential Additional Registration Fee ("PARF") rebate framework, signal that EVs have become more widespread and increasingly mainstream. The revised rebate structure may encourage owners to extend the lifecycle of their vehicles through COE renewals, potentially contributing to a more ageing vehicle population. While these changes are unlikely to materially disrupt upfront vehicle purchasing behaviour, they are expected to influence ownership duration and support downstream automotive services such as aftersales and inspection activity over time.

Importantly, the impact on the automotive industry is expected to be uneven, as listed companies operate across different segments of the value chain and exhibit varying sensitivities to COE supply, demand, and regulatory changes. Dealers with exposure to mass-market vehicles, EV adoption, used-car activity, and aftersales services, such as Jardine Cycle & Carriage and Vin's, appear better positioned to navigate the current environment. In contrast, luxury-focused players like Eurosports remain more dependent on macroeconomic conditions and discretionary spending trends. Meanwhile, inspection-led businesses such as VICOM stand to benefit structurally from longer vehicle retention and a rising share of older vehicles on the road.

Taken together, demand is expected to remain broadly stable, with selective opportunities concentrated in EV-focused distribution, used-car and aftersales segments, and inspection-driven services, rather than broad-based volume growth across the sector. That said, macroeconomic risks remain, particularly should the Middle East conflict escalate or persist for a prolonged period.

Contributor: Kaizer Yip
(+65 6323 1788)

TABLE OF CONTENTS

In this Singapore automotive industry overview, we will first review Singapore's economic outlook before discussing the market outlook.

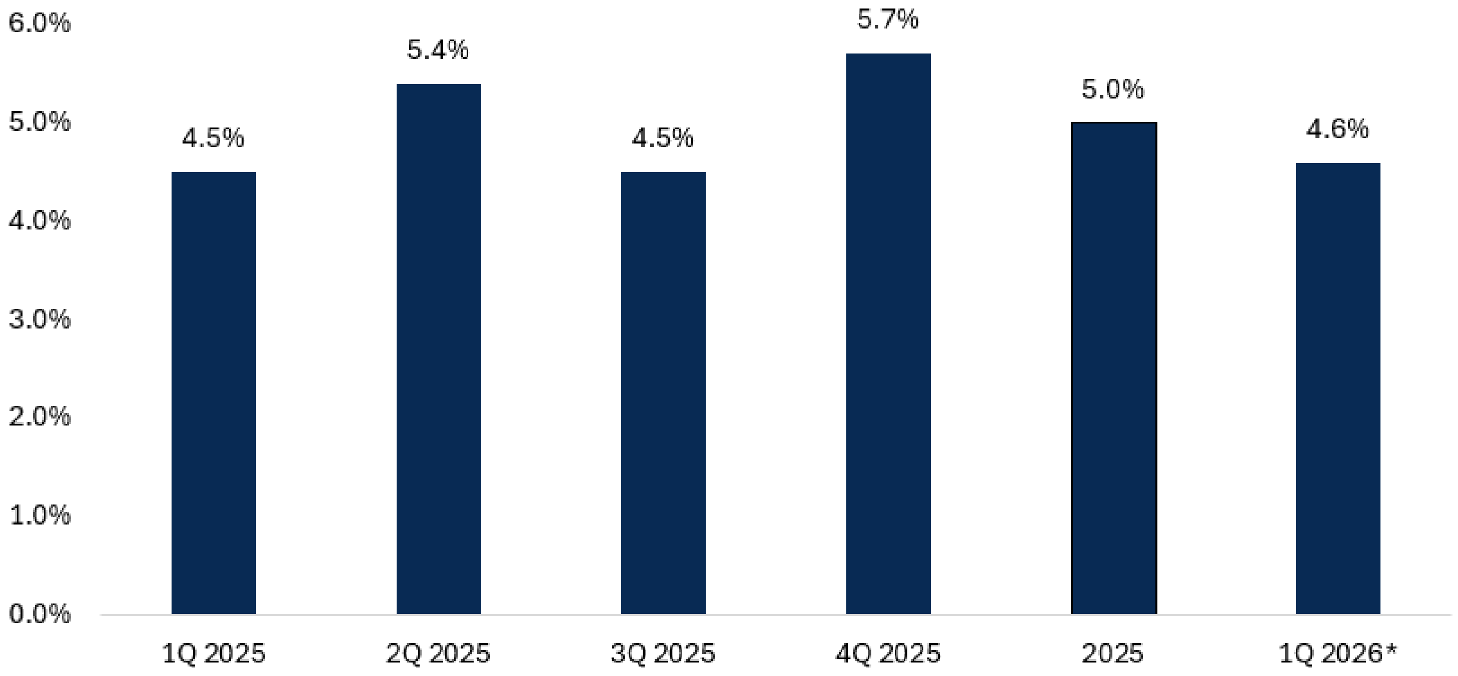
SINGAPORE ECONOMIC OUTLOOK

(I) OVERALL ECONOMIC GROWTH

On 14 April 2026, the Ministry of Trade and Industry ("MTI") reported that the Singapore economy grew by 4.6% year-on-year ("y-o-y") in Q1 2026, based on advanced estimates, as shown in **Exhibit 1**. This moderated from the 5.7% y-o-y growth recorded in Q4 2025.

MTI commented that while GDP growth remained resilient in Q1 2026, the Middle East conflict, which began in late February, is likely to weigh on economic activity in the coming quarters.

Exhibit 1: Singapore Economic Y-o-Y Growth



Source: MTI, FPA

Looking ahead, Straits Times reported that UOB has downgraded its full-year 2026 GDP growth forecast for Singapore to 2.5%, from 3.6% previously. Separately, Maybank has maintained its 2026 GDP growth forecast at 3.4%, while RHB has also kept its forecast unchanged at 3.0%.

Against this macroeconomic backdrop, the Monetary Authority of Singapore ("MAS") released its monetary policy statement on 14 April 2026 and announced a slight increase in the rate of appreciation of the S$NEER policy band. The tighter policy stance strengthens the Singapore dollar and is expected to help moderate imported inflation. In tandem, MAS raised its forecasts for MAS Core Inflation[1] and CPI-All Items Inflation to 1.5–2.5%, from 1.0–2.0% previously.

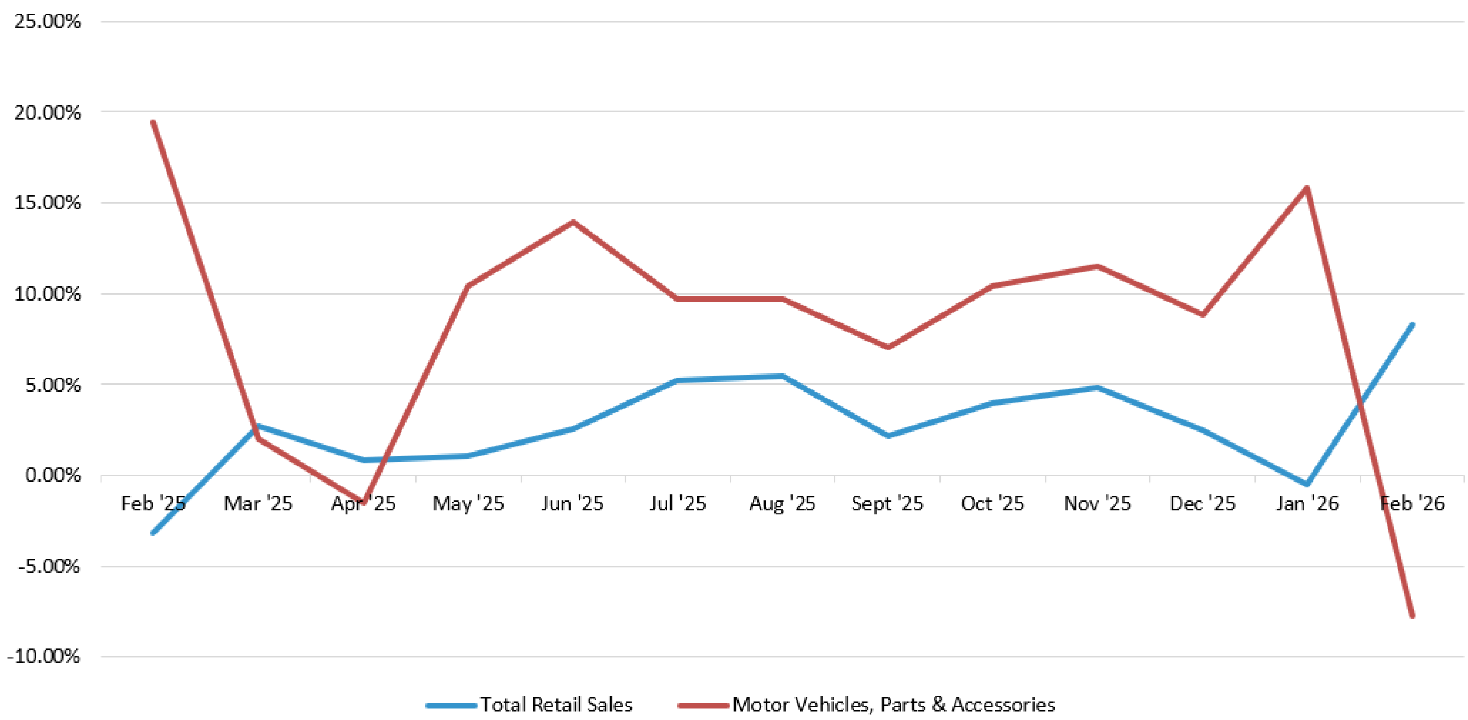
[1] MAS Core Inflation excludes the costs of accommodation and private transport.

(II) RETAIL SALES OF MOTOR VEHICLES

On 6 April 2026, the Department of Statistics Singapore ("Singstat") released the Retail Sales Index ("RSI") for February 2026. Total retail sales rose by 8.3% y-o-y in February, reversing the 0.5% y-o-y decline in January 2026 , as shown in **Exhibit 2**. The rebound in retail sales was partly due to Chinese New Year occurring in February this year as opposed to January last year.

Within the automotive segment, sales of motor vehicles fell by 7.8% y-o-y in February 2026, reversing the 15.8% y-o-y growth in January 2026.

Exhibit 2: RSI (Y-o-Y Growth, February 2025 – February 2026)



Source: Singstat, FPA

DBS noted that while sales may continue to be supported by a resilient labour market, downside risks such as inflationary pressures arising from the ongoing Middle East conflict should be monitored, as these could weigh on consumers' purchasing power and curtail retail sales.

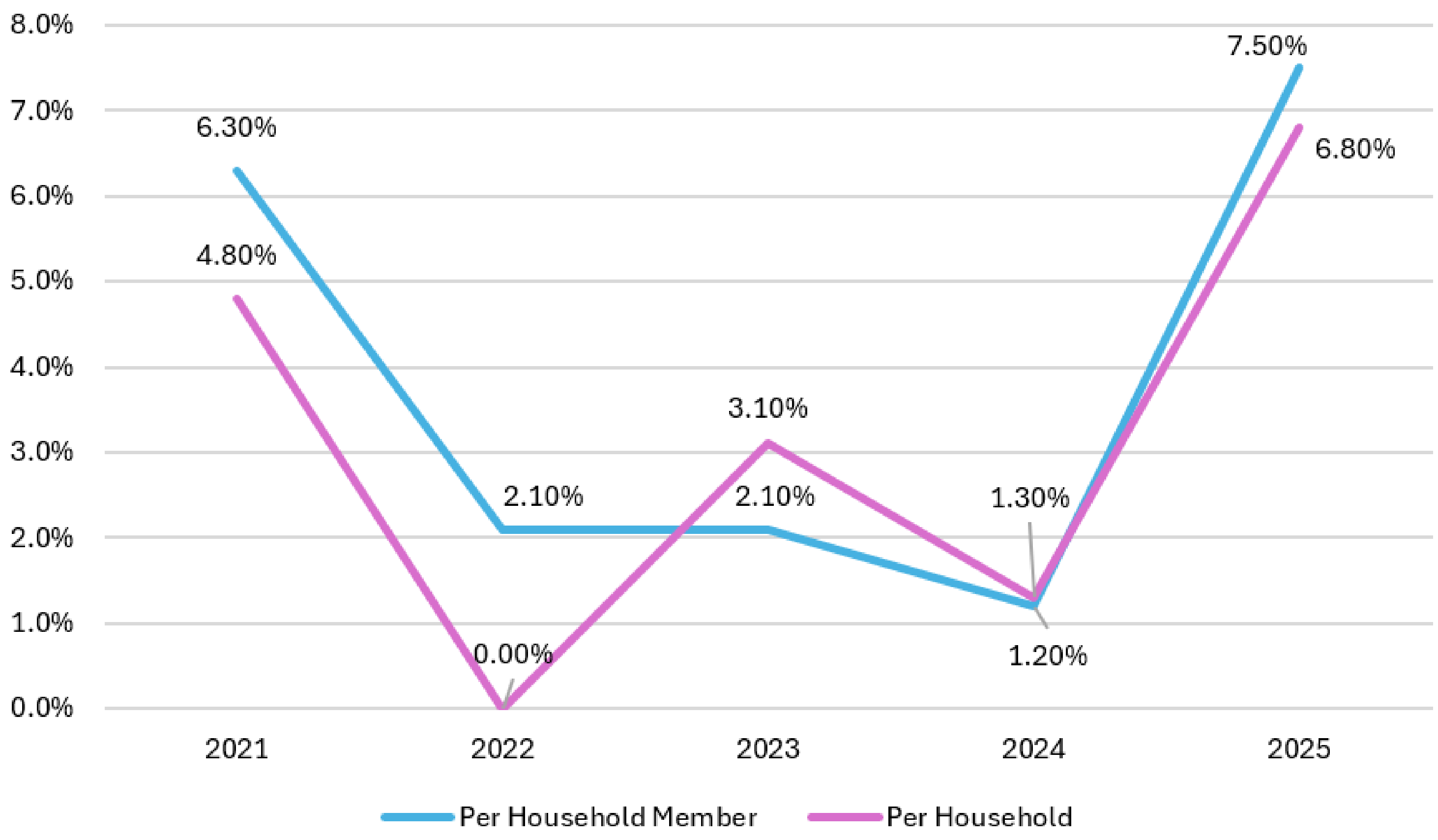
(III) INCOME GROWTH

On 9 February 2026, SingStat released its “Key Household Income Trends, 2025” report, noting that the median monthly household income[1] rose by 6.8% in real[2] terms in 2025 as shown in **Exhibit 3**, reflecting a clear improvement in households’ purchasing power. SingStat also reported that real household income per household member increased by 7.5% as shown in **Exhibit 3**.

Positive real wage growth indicates that incomes have risen faster than inflation, resulting in stronger purchasing power for households. With each dollar now able to buy more goods and services, consumers are better positioned to increase discretionary spending, including on big-ticket items such as cars.

However, MAS noted in its Q1 Macroeconomic Review that labour demand could moderate this year as the economic outlook softens amid the Middle East conflict, with nominal wage growth also expected to ease in 2026 relative to 2025. As a result, domestic consumer spending is likely to turn more cautious.

Exhibit 3: Real Change in Median Monthly Household Market Income Among Residents



Source: Singstat, FPA

[1] Income refers to income received by households before any Government transfers and taxes. It comprises income from employment and non-employment sources.
[2] Real terms refer to figures adjusted for inflation.

SGX-LISTED PLAYERS

We highlight selected SGX-listed financial firms that have exposure to the automotive industry.

(I) JARDINE CYCLE & CARRIAGE ("JC&C"; SGX:C07)

Jardine Cycle & Carriage ("JC&C") is an investment holding company with a strategic focus on the fast-growing economies of Indonesia and Vietnam. The Group invests in market-leading businesses across multiple sectors in these markets, alongside additional regional interests. It also owns Cycle & Carriage, a leading automotive dealership group in Singapore and Malaysia, with operations spanning new and used vehicle sales, as well as aftersales, financing, and insurance services. As at 16 April 2026, JC&C had a market capitalisation of S$13.3 billion.

For FY2025, profit attributable to shareholders rose by 5% to US$997.8 million, up from US$945.8 million in the previous year. At the Cycle & Carriage level, underlying profit attributable to shareholders increased by 49% to US$48 million, up from US$32 million in the previous year. The improvement was driven by a 74% increase in commercial vehicle sales in Singapore, supported by the delivery of electric buses under tender projects. Used car sales and aftersales throughput volumes also increased, while new passenger car sales were relatively flat at 6,500 units, with market share holding at 12%.

(II) VICOM LTD ("VICOM"; SGX:WJP)

VICOM is Singapore's leading provider of inspection and technical testing services. A pioneer in vehicle inspection, the Group has since expanded to offer a wider range of testing and certification services across various industries in Singapore and the region. As at 16 April 2026, VICOM had a market capitalisation of S$652.4 million.

For FY2025, profit attributable to shareholders rose by 45.1% to S$42.5 million, up from S$29.3 million in the previous year. The strong earnings growth was mainly driven by contributions from the On-Board Unit ("OBU") project.

FPA has initiated coverage on VICOM with a buy recommendation and a target price of S$2.24. The link to our detailed research update on VICOM can be found here.

(III) VIN'S HOLDINGS LTD ("VIN'S"; SGX:VIN)

Vin's is an integrated automotive solutions provider in Singapore with over 35 years of industry experience, operating across four core segments: Automobile Sales and Related Services, Automobile After-Sales Services, Automobile Financing and Related Services, and Automobile Rental and Leasing Services. As at 16 April 2026, Vin's had a market capitalisation of S$34.7 million.

For FY2025, profit attributable to shareholders fell by 76.2% to S$484,000, down from S$2.0 million in the previous year. The weaker performance was primarily due to lower profitability in the Automobile Sales, Automobile Financing and Automobile Rental segments, coupled with higher administrative costs.

(IV) EUROSPORTS GLOBAL LIMITED ("EUROSPORTS"; SGX:5G1)

Eurosports specialises in the distribution of ultra-luxury automobiles and the provision of related after-sales services. Its automobile sales business retails both new and pre-owned ultra-luxury vehicles, comprising mainly Lamborghini and Touring Superleggera brands. As at 16 April 2026, Eurosports had a market capitalisation of S$6.8 million.

For the nine months ended 31 December 2025, loss attributable to shareholders fell by 71.3% to S$1.7 million, compared with a loss of S$6.0 million in the previous year. The remaining loss was largely attributable to elevated administrative expenses.

A comparative overview of selected companies is shown in **Exhibit 4**.

Exhibit 4: Peer Comparison Table

Company	Currency	Stock Symbol	Price (S$) as at 17 Apr '26	Market Cap (S$ million)	Diluted EPS (cents)	P/E	DPS (cents)	Dividend Yield (%)	NAV per share (S$)[3]	P/B
Jardine Cycle & Carriage Limited	SGD	C07	33.920	13,319.46	329.00	10.31	147.00	4.33%	28.00	1.21
VICOM Ltd	SGD	WJP	1.840	648.86	11.98	15.36	8.40	4.57%	0.45	4.05
Vin's Holdings Ltd	SGD	VIN	0.265	34.74	0.39	67.95	-	0.00%	0.21	1.24
EuroSports Global Limited	SGD	5G1	0.028	6.84	(0.68)	-	-	0.00%	(0.00)	-

Source: SGX Stock Screener, respective companies, FPA

DRIVERS OF THE SINGAPORE AUTOMOTIVE INDUSTRY

(I) COE SUPPLY & PRICES

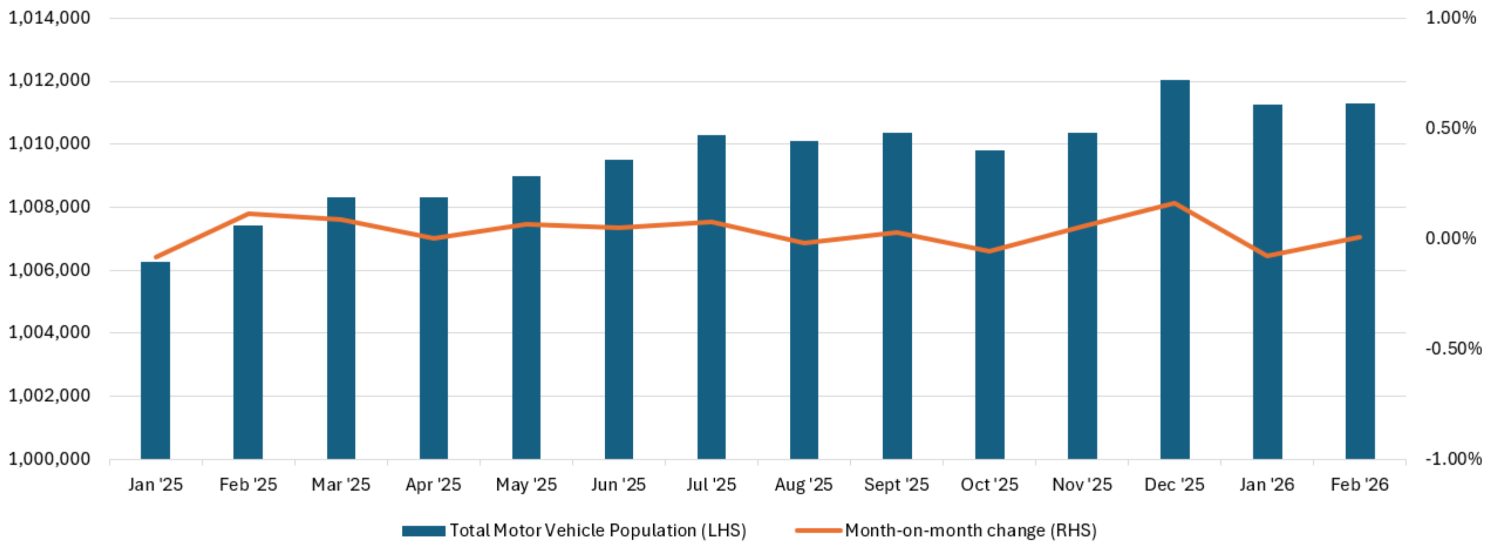
COE supply:

Due to Singapore's land scarcity, the Government regulates the number of vehicles on the road to prevent the vehicle population from expanding excessively. As part of this effort, the Land Transport Authority ("LTA") manages vehicle growth through the Vehicle Quota System ("VQS"). Since February 2018, the vehicle growth rate has been set at 0% for all categories except Category C, which allows a 0.25% growth rate for goods vehicles and buses. MOT has stated that these rates will be maintained until 31 January 2028.

However, on 29 October 2024, LTA noted that it is able to increase the vehicle population by up to 2% of current levels, as travel patterns have evolved. This was subsequently reiterated on 12 November 2024, when then Transport Minister Chee Hong Tat stated that LTA aimed to increase Singapore's vehicle population by up to 2% from February 2025, supported by evolving travel behaviour and improved congestion management following the implementation of ERP 2.0.

The vehicle population from January 2025 to February 2026 is shown in **Exhibit 5**.

Exhibit 5: Total Motor Vehicle Population



Source: Singstat, FPA

The VQS caps the number of new vehicles that can be registered in Singapore, using COEs to control registrations. To register a vehicle, buyers must first bid for a COE, which grants the right to own and use the vehicle for 10 years. LTA regularly announces the COE quotas for each category to ensure that the vehicle population remains within manageable limits and does not grow unchecked.

The COE quota is determined based on several factors:

- The number of vehicles deregistered
- The allowable vehicle population growth
- Adjustment for changes in the taxi population
- Expired temporary COEs
- Replacements under the Early Turnover Scheme for commercial vehicles
- Redistribution from guaranteed deregistration for Categories A, B and D
- Injection of additional COEs

COEs are divided into five categories—A, B, C, D, and E as shown in **Exhibit 6**. Categories A and B are the most closely watched, as the majority of passenger cars fall within these two groups.

Exhibit 6: COE Categories

Category A	**For COEs obtained before the May 2022 1st COE bidding exercise:** Car with engine capacity up to 1,600cc and Maximum Power Output up to 97kW (130bhp) **For COEs obtained from the May 2022 1st COE bidding exercise onwards:** Non-fully electric cars with engines up to 1,600cc and Maximum Power Output up to 97kW (130bhp); and fully electric cars with Maximum Power Output up to 110kW (147bhp)
Category B	**For COEs obtained before the May 2022 1st COE bidding exercise:** Car with engine capacity above 1,600cc or Maximum Power Output above 97kW (130bhp) **For COEs obtained from the May 2022 1st COE bidding exercise onwards:** Non-fully electric cars with engines above 1,600cc or Maximum Power Output above 97kW (130bhp); and fully electric cars with Maximum Power Output above 110kW (147bhp)
Category C*	Goods vehicle and bus
Category D	Motorcycle
Category E*	Open – all except motorcycle

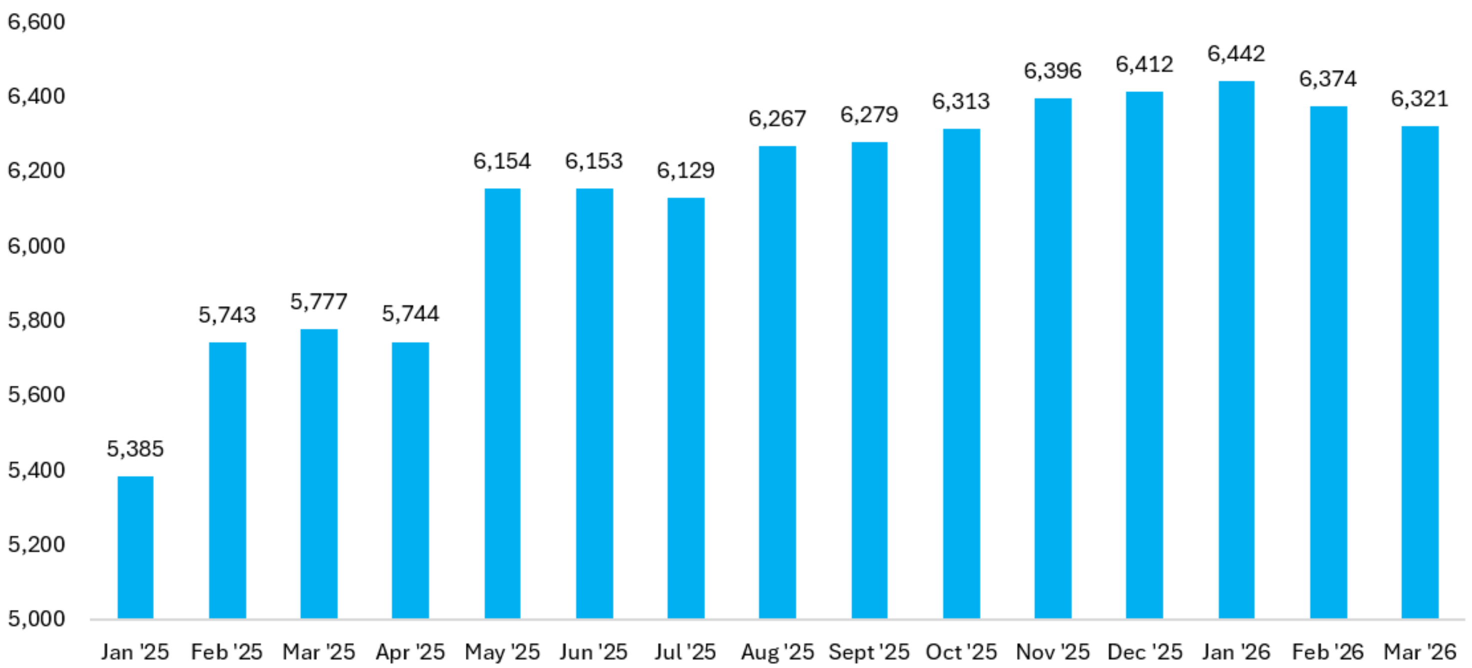
Source: LTA

To support the planned increase in the vehicle population of up to 2%, the LTA intends to inject up to 20,000 additional COEs across the five vehicle categories over the next few years, raising COE supply ahead of the projected peak in 2026. LTA has also indicated that it aimed to allow the vehicle population to expand from February 2025, which is reflected in **Exhibit 7**, as monthly COE quotas increased from February 2025 onwards.

In addition, Business Times noted that COE supply is expected to rise in 2026 as deregistrations continue to increase. After COE volumes last peaked in 2017, deregistrations are projected to grow steadily toward 2027, which will in turn boost available quotas. As at November 2025, around 70,300 cars were between nine and less than ten years old and are likely to be deregistered in 2026. A further 85,540 cars, representing 13% of the current car population, were between eight and less than nine years old and are expected to contribute to deregistrations in 2027.

With more vehicles reaching the end of their 10-year COE lifespan, a larger pool of deregistrations is likely to translate into higher COE supply, which in turn could support higher vehicle sales.

Exhibit 7: Monthly COE Quotas



Source: LTA, FPA

COE prices:

To assess the outlook for Singapore's automotive industry, it is not sufficient to examine COE supply alone; COE prices must also be considered, as they reflect underlying demand conditions. COE prices are determined through an open bidding process. During each bidding exercise, bidders submit a maximum offer, known as their reserve price. During the bidding exercise, the system gradually raises the current COE price in small increments. Once the current price exceeds a bidder's reserve price, that bidder is automatically removed from the running. The process continues until the number of remaining eligible bidders matches the number of available COEs. At the close of the exercise, all successful bidders pay the final clearing price, regardless of the reserve prices they originally submitted. COE bidding takes place twice a month.

On 8 April 2026, COE premiums rose across all categories. Category A premiums recorded the largest increase, rising 5.5% to S$118,000 from S$111,890 at the previous tender on 18 March 2026, as shown in **Exhibit 8**. Category B premiums, which apply to larger and more powerful cars, rose by 4.7% to S$121,000 from S$115,568. This marked the third consecutive bidding exercise in which premiums increased across all categories.

According to a recent article by Straits Times, Wearnes Automotive noted that the increase was anticipated following a three-week hiatus after the previous COE exercise. Roadshows held over the long Easter weekend also helped to lift buying interest, resulting in a high number of unsuccessful bids in both Categories A and B. With bidding pressure remaining elevated, Wearnes Automotive expects COE prices to stay around current levels in the near term.

Separately, Eurokars commented that the rise in premiums was largely driven by stronger sales orders accumulated over the extended three-week period. Management also noted that higher petrol prices following the Middle East conflict, together with the February announcement that the PARF rebate will be lowered by 45 percentage points, have nudged some buyers towards EV over Internal Combustion Engine ("ICE") vehicles. Chinese EV brands, in particular, continue to gain market share, supported by competitive pricing and relatively high specifications.

Meanwhile, Kah Motor observed that it has not seen a material shift in buying sentiment arising from the conflict. While heightened uncertainty would typically lead to some pullback in purchases, the latest COE bidding results suggest that buyers have largely remained active and are not holding back.

Exhibit 8: COE Prices in the 8 April Bidding Exercise

Category	April 8	March 18	Change
A - Cars up to 1,600cc and 130bhp, and electric vehicles up to 110kW	**$118,000**	$111,890	▲ 5.5%
B - Cars above 1,600cc or 130bhp, and electric vehicles above 110kW	**$121,000**	$115,568	▲ 4.7%
C - Commercial vehicles	**$80,001**	$78,000	▲ 2.6%
D - Motorcycles	**$10,000**	$9,589	▲ 4.3%
E - Open	**$121,001**	$118,119	▲ 2.4%

Source: LTA, Straits Times

Despite the increase in COE quotas, COE prices have remained elevated. An article published by Business Times on 25 December 2025 noted that demand is expected to remain strong, supported by EV adoption and ongoing purchases by PHC fleets. Industry observers highlighted that COE premiums are unlikely to trend meaningfully lower unless demand for EVs and PHC fleet buying activity moderates. To date, the expansion in COE supply has not been sufficient to fully meet demand from consumers and rental operators. Looking ahead, EV demand is expected to remain robust, driven by policy incentives and the availability of competitively priced models from Chinese manufacturers.

That said, there are emerging risks on the demand side. On 17 April 2026, Business Times reported that the directors of Autobahn Rent A Car ("Autobahn"), a PHC rental company, had been declared bankrupt. Autobahn and a group of 18 linked companies were reported to owe more than S$300 million to multiple creditors, including DBS, OCBC and UOB, with a significant portion of the debt accrued during the expansion of its PHC fleet of around 1,700 vehicles. Such developments suggest that some PHC operators may face tighter financing conditions, which could constrain fleet growth going forward. If PHC demand for COEs moderates as a result, this could ease one source of bidding pressure and provide some downside support for COE prices.

Implications for listed companies:

JC&C noted in its outlook that it expects Singapore to continue delivering resilient earnings. In FY2025, Cycle & Carriage's new passenger car sales were relatively flat at 6,500 units, with market share at 12%. However, used car sales increased during the year. With COE prices remaining elevated, some consumers may increasingly gravitate towards more affordable alternatives such as used vehicles, which could provide a supportive demand tailwind for this segment. JC&C also highlighted stronger performance in its commercial vehicle business, underpinned by the delivery of electric buses under tender projects. With demand for EVs expected to remain robust, this trend could further support revenue growth, particularly as businesses continue to transition towards electric buses in place of conventional fuel-powered vehicles.

Similarly, Vin's noted in its FY2025 financial statements that the Group is cautiously optimistic about its prospects for FY2026. While management expects the operating environment to remain competitive, it views the anticipated increase in COE supply as a key industry tailwind that could help support demand across its automotive sales and related businesses. In addition, the Group expects sustained interest in affordable mobility solutions amid growing consumer acceptance of EVs. To capitalise on this trend, Vin's is expanding its EV portfolio following the recently announced SERES 3 dealership and intends to scale EV sales in a disciplined manner while pursuing targeted business development initiatives.

For Eurosports, given the Group's focus on the ultra-luxury automotive segment, COE supply and pricing are not primary drivers of business performance. In its FY2025 financial statements, management noted that the luxury automotive sector continues to operate in a challenging environment, shaped by global economic uncertainty and elevated automotive taxation locally. In addition, ongoing trade tensions and U.S. tariff measures have weighed on consumer confidence, resulting in a more cautious demand backdrop across the ultra-luxury segment. Looking ahead, the Group highlighted that a healthy order book continues to support performance, underpinned by robust demand for the newly introduced Urus SE, the plug-in hybrid Super SUV, which commenced deliveries in Q1 FY2026. Customer response has been encouraging, and the model is expected to remain a key contributor to earnings in the coming quarters. The Group's product offering was further strengthened by the local launch of the Lamborghini Temerario in August 2025. This new-generation super sports car, featuring a hybrid twin-turbo V8 engine, has attracted positive early customer interest, with pre-orders secured ahead of the arrival of demonstrator and showroom units expected in Q4 FY2026. Nonetheless, the prevailing macroeconomic environment may continue to weigh on near-term demand, as high-net-worth consumers adopt a more cautious stance on discretionary spending.

Beyond vehicle dealers, for VICOM, an increase in COE supply would also raise the number of vehicles entering the car population over time, which would in turn support activity levels in its vehicle inspection business. While the revenue impact would not be immediate, as vehicles below three years of age are exempt from inspection requirements, a larger vehicle base would gradually translate into higher inspection volumes as these cars age.

(II) GOVERNMENT REGULATIONS

The Singapore Government has introduced several policies to manage the vehicle population. During the 2026 Budget speech on 12 February, Prime Minister Lawrence Wong ("PM Wong") announced revisions to the PARF rebate schedule[1] and cap for cars and taxis as shown in **Exhibit 9**. The PARF rebate scheme was originally designed to encourage the timely renewal of the vehicle population by returning a portion of the Additional Registration Fee ("ARF") paid at registration, prompting owners to switch to newer, cleaner-emission vehicles. However, LTA noted that as EVs become more widespread, the need to incentivise early deregistration through the PARF rebate has diminished.

According to Straits Times, the changes mean that newly registered cars will soon retain less value over their lifespan. This will reduce the incentive for owners to scrap their cars early. While the move is unlikely to directly increase car prices, a smaller rebate may lead more owners to forfeit their PARF entitlement and instead renew their COE to extend the use of their vehicle.

The revised cap will primarily affect higher-value, larger cars rather than mass-market models, as these vehicles incur higher taxes at registration. PM Wong noted that as EV adoption rises, the need to encourage early deregistration has lessened. EVs accounted for 45% of new car sales in 2025, up from 18.1% in 2023, and this share is expected to continue growing.

Straits Times noted that the policy shift also signals the Government's readiness to accept an ageing vehicle population, since the incentive to scrap vehicles early will soon be reduced. This aligns with Singapore's broader push to lower land-transport emissions by restricting registrations to only electric and hybrid cars from 2030 onward. Over time, as vehicles under the old PARF structure exit the system, expectations of substantial end-of-life rebates may fade, giving way to a new normal where rebates play a smaller role in ownership decisions and keeping cars for longer becomes more common.

Exhibit 9: PARF Rebate Schedule and Cap

Age of PARF-eligible vehicle at deregistration	Current PARF Rebate Amount	Revised PARF Rebate Amount
Not more than 5 years	75% of ARF paid	30% of ARF paid
Above 5 but not more than 6 years	70% of ARF paid	25% of ARF paid
Above 6 but not more than 7 years	65% of ARF paid	20% of ARF paid
Above 7 but not more than 8 years	60% of ARF paid	15% of ARF paid
Above 8 but not more than 9 years	55% of ARF paid	10% of ARF paid
Above 9 but not more than 10 years	50% of ARF paid	5% of ARF paid
More than 10 years	Nil	Nil
PARF Rebate Cap	**$60,000**	**$30,000**

Source: LTA

[1] The revised PARF rebate schedule will apply to cars that are registered with COEs obtained from the second COE bidding exercise in February 2026 onwards.

Implications for listed companies:

For JC&C, the Group has not provided specific commentary on the potential impact of the revised PARF rebate on Cycle & Carriage's business. A lower rebate may encourage longer vehicle retention, as the incentive to scrap vehicles early is reduced. In its FY2025 financial statements, JC&C noted that Cycle & Carriage's performance was supported by higher aftersales throughput volumes. Should more vehicle owners opt to renew their COEs and extend the lifespan of their cars, this could be supportive of aftersales activity over time, as older vehicles typically require more frequent maintenance and servicing.

Vin's noted in its FY2025 financial statements that the reduction in PARF rebates under the Budget 2026 measures is expected to increase vehicle ownership and financing costs for consumers, weaken the incentive to scrap cars early, and narrow the cost gap between EVs and non-EVs. However, the Group does not expect these policy changes to have a material impact on its near-term outlook. On the contrary, rising consumer interest in value-focused EV offerings may align favourably with the Group's EV distribution strategy.

For Eurosports, the revised PARF rebate cap may have a more visible impact, given its exposure to luxury vehicles that are more likely to reach the upper bounds of the rebate framework. The reduction in the PARF rebate cap from S$60,000 to S$30,000 could reduce the residual value of such vehicles at deregistration. That said, as the PARF rebate only applies at the point of deregistration and does not alter the upfront purchase cost, the changes may have a limited impact on underlying demand and overall business performance.

For VICOM, the changes to the PARF rebate scheme are unlikely to have a direct impact on its operations. However, the revised rebate may encourage more vehicle owners to renew their COEs, potentially leading to a more ageing vehicle population. This would represent a structural positive for VICOM's inspection business. Vehicles aged above ten years that renew their COE are subject to annual inspections, compared with less frequent checks for newer vehicles. Over time, a higher proportion of older vehicles remaining on the road could translate into more frequent inspections, which would be supportive of VICOM's inspection volumes and revenue.

CONCLUSION

From a supply perspective, the anticipated increase in COE availability, driven by policy flexibility and a growing pool of vehicle deregistrations, should help accommodate demand without materially expanding the vehicle population. However, COE prices have remained elevated, underscoring sustained demand for vehicles, particularly from EV adoption and ongoing purchases by PHC fleets. As a result, COE dynamics are likely to remain a key determinant of industry activity in the near to medium term.

Regulatory adjustments, including the revision of the PARF rebate framework, signal that EVs have become more widespread and increasingly mainstream. The revised rebate structure may encourage owners to extend the lifecycle of their vehicles through COE renewals, potentially contributing to a more ageing vehicle population. While these changes are unlikely to materially disrupt upfront vehicle purchasing behaviour, they are expected to influence ownership duration and support downstream automotive services such as aftersales and inspection activity over time.

Importantly, the impact on the automotive industry is expected to be uneven, as listed companies operate across different segments of the value chain and exhibit varying sensitivities to COE supply, demand, and regulatory changes. Dealers with exposure to mass-market vehicles, EV adoption, used-car activity, and aftersales services, such as Jardine Cycle & Carriage and Vin's, appear better positioned to navigate the current environment. In contrast, luxury-focused players like Eurosports remain more dependent on macroeconomic conditions and discretionary spending trends. Meanwhile, inspection-led businesses such as VICOM stand to benefit structurally from longer vehicle retention and a rising share of older vehicles on the road.

Taken together, demand is expected to remain broadly stable, with selective opportunities concentrated in EV-focused distribution, used-car and aftersales segments, and inspection-driven services, rather than broad-based volume growth across the sector. That said, macroeconomic risks remain, particularly should the Middle East conflict escalate or persist for a prolonged period.

DISCLOSURES/DISCLAIMERS

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of FPA Financial Corporation Pte Ltd (“FPA”). This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as FPA may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject FPA and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report (“Information”) have been obtained or derived from sources believed by FPA to be reliable. However, FPA makes no representation as to the accuracy or completeness of such sources or the Information and FPA accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. FPA and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of FPA and its connected persons are subject to change without notice. FPA reserves the right to act upon or use the Information at any time, including before its publication herein.