Automobiles, Auto Ancillaries

India | Sector Update

Macro headwinds weigh on global demand

6 March 2026

In our global auto volume tracker series, we analyze global sales and results conference calls of key global original equipment manufacturers (OEM), which have released results to date. While CY25 global PV sales grew by ~4.5% YoY (China, the US and Europe up 9.1%, 1.9% & 0.5%, respectively), the start to CY26 has been muted with global growth (provisional) at -1.2% (China, US and Europe down 6.8%, 0.8% & 3.9%, respectively) in January 2026. The decline in China was due to subsidy roll-off, which led to pre-buying in Q4CY25; hence, new energy vehicles (NEV) mix saw a sharp fall to 40.3% in Jan vs 52.3% in December 2025. US sales took a hit from rising vehicle prices and affordability concerns along with the expiration of the USD 7,500 federal EV tax credit. Among key results highlights are: 1) OEM continue to see muted demand in CY26, citing flat to a slight increase in US & Europe and continued challenging environment in China **(MB guiding for sales growth of -2% to +2% for themselves globally)**, 2) tariffs will remain headwinds into CY26, 3) continuing challenges of higher raw materials prices and supply chain issues, with memory chip shortages being the latest, and 4) intensifying EV product-related write-offs. On the other hand, the CV demand (Class 8) outlook from Volvo has seen an upgrade and now expect CY26 growth at 2.9% for Europe and 2.7% for the US. The global PV production is expected to decline by 0.2% in CY26, as per S&P Mobility's February 2026 forecast. While the MENA region contributes only 3-4% of global demand, the indirect impacts in terms of higher crude/energy price, higher freight rates and supply chain disruptions are key monitorable.

Growth in EV sales in major markets in CY25: China continues to lead BEV sales growth in CY25 (34% YoY growth), followed by Europe at 31%. BEV penetration was ~32%, 18% and 8% in China/Europe/US respectively in CY25, with the US BEV market seeing a sharp contraction in the range of 30-40% post removal of federal tax credit since October 2025. China too saw a sharp contraction in BEV penetration in January to 26.8% post subsidy roll-off in December 2025. In the EU, Germany has reintroduced a new EV (applicable for BEV, PHEV and EREVs) subsidy program with effect from January, allocating ~EUR 3bn, which would support 800,000 new EVs. In CY25, the overall share of China's brands in the EU reached ~6% vs 3% in CY24. In CY25, ex-China brands, Europe sales contracted by 1% YoY.

Focus on multi-energy powertrain gain traction: Global OEM have taken huge write-offs related to EV programs and are rethinking their BEV strategy: 1) Stellantis has taken a one-time adjustment of EUR 25.4bn - platform impairment charges of ~EUR 6.6bn, program cancellations of EUR 9bn and warranty reassessment of ~EUR 4.1bn, 2) Ford will take USD 7bn in charges during CY26-27 to shift toward multi-energy platforms, including the disposition of BOSK (JV of Ford and SK On, the battery arm of the SK Group) (total charges of USD 19.5bn), and 3) GM's USD 7.6bn total charges in H2CY25 for rightsizing capacity and discounting its BrightDrop subsidiary that develops EV vans.

Read-through for India-listed companies under our coverage: Slowing global PV growth as well as shrinking profit pool of global OEM in China, and market share pressures of legacy OEM in the EU are cause for concern for SAMIL (with limited organic growth potential; we reiterate **Sell**). Some US OEM have started to focus on ICE and hybrid models (albeit removal of the federal credit on BEV), which means the ICE and hybrid product segment (starter motor) for SONACOMS could see growth in the medium term vs a structural decline expected earlier. However, growth pressures for Tesla remain an overhang for SONACOMS. For JLR, China is a structural concern (as is case for legacy OEM) along with higher exposure to MENA regions (7-8%) (retain **REDUCE** on TMPV). The CV space has started to see some upgrades recently (from Volvo), which implies bottoming of demand and recovery underway -- likely positive for TTMT and BHFC.

Jan 2026 growth moderates post resilient CY25

Sales growth YoY (%)	CY25	Jan 26
US	1.9	(0.8)
Europe	0.5	(3.9)
Germany	(7.3)	(6.6)
UK	(5.0)	3.4
France	3.5	(6.6)
Spain	13.0	1.1
Italy	(2.2)	6.2
China	9.1	(6.8)
Global	4.5	(1.2)

Source: MarkLines, Elara Securities Research

Most regions sales yet to reach FY19 levels (ex China)

	CY19	CY25
US	17.0	16.3
Europe	17.1	14.5
China	21.4	30.1

Source: MarkLines, Elara Securities Research

JLR retail sales muted in January 2026

(YoY, %)	Jan 2026
US	(5.6)
Europe	(8.9)
China	(9.6)

Source: MarkLines, ACEA, Elara Securities Research

Global EV penetration and growth in CY25

	Penetration (%)		YoY Growth	
	BEV	PHEV	BEV	PHEV
US	8.0	2.0	1.5	7.4
Europe	18.0	8.6	31.2	37.5
China	31.7	19.4	34.4	13.6

Source: MarkLines, Elara Securities Research

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Peer valuation

Company	Ticker	Rating	Mcap (USD mn)	CMP (INR)	TP (INR)	Upside (%)	P/E FY25	P/E FY26E	P/E FY27E	P/E FY28E	EV/EBITDA FY25	EV/EBITDA FY26E	EV/EBITDA FY27E	EV/EBITDA FY28E	ROE FY25	ROE FY26E	ROE FY27E	ROE FY28E
Tata Motors	TTMT IN	Accumulate	18,812	471	523	11	29.1	24.8	22.4	20.5	22.3	18.3	15.3	14.2	nm	58.4	42.6	35.5
Tata Motors Passenger Vehicles	TMPV IN	Reduce	14,035	351	363	3	6.6	52.3	8.3	6.3	3.3	7.1	3.6	3.0	nm	2.1	12.4	14.6
Samvardhana Motherson International	MOTHERSO IN	Sell	14,074	123	107	(13)	35.9	34.2	25.2	23.0	13.7	12.8	10.5	9.6	11.1	9.6	11.6	11.2
Sona BLW Precision Forgings	SONACOMS IN	Accumulate	3,383	501	600	20	50.4	46.7	39.1	33.4	31.7	27.9	23.8	20.5	14.7	11.4	12.5	13.3
Bharat Forge	BHFC IN	Sell	9,556	1,842	1,549	(16)	80.2	68.0	51.3	41.6	34.4	32.0	27.4	23.9	13.4	13.3	15.7	17.0

Note: Pricing as on 05 March 2026; TP & Rating as per last published report; Source: Company, Elara Securities Estimate

Global Markets Research

Exhibit 1: Key global OEM expect a slight decline to increase in sales; we monitor trajectory of guidance over the course of the year

		CY26-27	CY25-26					
		(Feb-Mar 26)	Actual CY25-26	Revised (Oct-Nov 25)	Revised (Sep-Oct 25)	Revised (June-July 25)	Revised (April- May 25)	(Feb-Mar 25)
Mercedes (Cars)	Unit sales	**-2% to +2%**	-9%	<-7.5%		<-7.5%	-7.5% to -2%	-7.5% to -2%
	EBIT Margin (%)	3%-5%	5%	4%-6%		4%-6%	Lower than before (with tariffs)	6% to 8%
	xEV share (%)	21% to 23%	20%	20% to 22%		20% to 22%	20% to 22%	20% to 22%
BMW (Automotive)	Deliveries	Not announced yet		Slight increase		+1% to 4.9%	+1% to 4.9%	+1% to 4.9%
	EBIT Margin (%)			5%-6%	5%-6%*	5%-7%	5%-7%	5%-7%
Porsche	Sales revenue (EUR bn)	Not announced yet		37-38bn	37-38bn	37-38bn	37-38bn	39-40bn
	Operating return on sales (%)			Slightly positive to 2%	Slightly positive to 2%	5%-7%	6.5%-8.5%	10%-12%
	BEV share (%)			20%-22%	20%-22%	20%-22%	20%-22%	20%-22%
VW	Revenue Growth YoY (%)	Not announced yet		Around prior year level	Around prior year level	Around prior year level	up to 5%	up to 5%
	Operating margin %			2 to 3%*	2 to 3%	4% to 5%	5.5% to 6.5%	5.5% to 6.5%
	BEV penetration %			10%-14%	10%-14%	10%-14%	10%-14%	10%-14%
Audi	Deliveries (mn)	Not announced yet		1.65 to 1.75mn		1.65 to 1.75mn	1.7 to 1.8mn	1.7 to 1.8mn
	Operating return on sales %			4% to 6%		5% to 7%	7%-9%	7%-9%
JLR	Revenue (GBP bn)	Not announced yet					28	
	EBIT Margin %			0%-2%		5%-7%		
	Free Cash flow (GBP bn)			-2.2 to -2.5		~0		

Note: red colour indicated guidance downgrade; *FY for JLR Source: Company, Elara Securities Research

Key takeaways from Q4CY25 earnings to date

Exhibit 2: Most OEM expect tariff headwinds to continue into CY26 as well

OEM	CY25 tariff impact	CY26 tariff impact (Outlook)
Ford	USD 2.0bn net headwind (included late-year changes in parts credits)	Expect USD 1.0bn lower tariff costs due to full-year credit expansion; will be bolstered by a USD 1.0bn receivable from the US government
GM	USD 3.1bn gross cost (lower than initial USD 3.5–4.5bn range)	Expect gross tariffs in the USD 3.0–4.0bn range; net tariffs set to be lower than in CY25 due to a >40% offset from "self-help"
Mercedes	~EUR 1.0bn (1.1% of car revenue)	Expect a 1.0% incremental headwind from the full-year run rate of tariffs and FX; assumes US-EU tariffs go to zero in April 2026
Stellantis	Reported "substantial net tariff expenses" as a primary drag on AOI	Likely to remain a headwind; management says the US market has yet to be "priced for tariffs"
Tesla	Impact exceeded USD 500mn in Q4CY25 alone	Listed as a continued factor for potential margin compression in 2026

Source: Company, Elara Securities Research

Exhibit 3: OEM undertake significant write-offs related to the EV portfolio rebalancing in CY25

OEM	Event	Impact Detail
Ford	EV Portfolio Rebalancing & Portfolio rebalancing	Expects total impact of ~USD 19.5bn (recorded primarily in Q4 2025, with remainder in 2026–2027). CY26-27 Charges: ~USD 7.0bn in charges expected as strategy progresses. Asset Write-offs**:** USD 8.5bn tied to cancelling several planned all-electric models. BOSK Investment: USD 3.0bn non-cash charge for impairment following disposition agreement with SK On; Ford takes full ownership of Kentucky plants. Cash Impact: Estimated USD 5.5bn through 2027, weighted to 2026
Stellantis	Strategic Portfolio Reset	Records EUR 25.4bn in one-time adjustments, including platform impairments ~(EUR 6.6bn) and program cancellations ~(EUR 9.1bn)
Ford	Novelis Factory Fires	USD 2.0bn headwind in CY25; recovery of USD 1.0bn expected in CY26, offset by temporary aluminum supply cost
GM	EV Capacity Rightsizing	USD 7.6bn in total charges in H2CY25 for rightsizing capacity and discontinuing BrightDrop
Porsche	Goodwill impairment on Porsche business taken by Volkswagen; One of project charge (EV program changes)	~EUR 3bn non cash impairment recognized by Volkswagen group on the goodwill allocated to Porsche; ~EUR 2.1bn related to delays/redesign of Porsche's future EV platform and revised forecasts
Honda	EV development asset write offs, impairments	~USD1.7bn related to scrapping some EV models due to lower EV demand and restructuring of EV line up in the US
Nissan	Production asset impairments across global operations	~USD 3.5bn due to restructuring of global manufacturing assets amid weak sales and EV transition challenges

Source: Company, Elara Securities Research

Exhibit 4: Commentary on Nexperia and Memory chip shortage

OEM	Status and impact	Strategic response
GM	Incurred USD 100mn in Q4CY25 for alternate sourcing due to Nexperia; anticipates USD 100mn in Q1CY26	Actively managing DRAM (memory) supply; sees no current production issue.
Tesla	Identifies chip production (logic and memory) as the primary limiting factor for growth in the next 3–4 years	Planning domestic "Terafab" to integrate logic, memory, and packaging to offset risks
Ford	View the mature semiconductor challenge as an industry-wide challenge	Bringing electrical architecture in-house to lower cost and reduce supply chain risks
Mercedes	Facing headwinds from higher DRAM (memory) cost	MB.OS software architecture is "partnership agnostic," allowing for local tech partner flexibility
Stellantis	Resetting the EV supply chain to reflect real-world customer demand	Focus on operational execution and increasing regionalization to manage global supply risks

Source: Company, Elara Securities Research

Exhibit 5: CY26 growth expectations across geographies

Region	Ford	GM	Mercedes-Benz	Stellantis
US and North America	SAAR: 16.0–16.5mn. Strong demand for "Icons" (Super Duty and Raptor).	SAAR: Low 16mn. Focus on high-demand ICE vehicles and onshoring.	Constructive. Target growth to 400k units mid-term via GLC localization.	Slightly down. Market expected down ~2%; focus on market share via new Cherokee and Charger.
Europe	Fleet Strength. 11th year as #1 commercial brand; demand for LCV remains strong.	Luxury focus. Exporting LYRIQ & VISTIQ; small presence but growth opportunity.	Growth targeted. Driven by the 40-model product launch offensive.	Market expected to be flat; strong demand for "Smart Car" affordable products.
China	Opportunistic. Focus on body-on-frame exports and cost-proofing around pricing.	Profitable NEV. New energy vehicles currently at ~50% of sales; focus on premium Cadillac and Buick.	Cautious. Sales expected to be lower than 2025; localizing GLE LWB to mitigate tariff & FX risks.	Shipment growth. Saw 18% YoY growth recently; focus on Leapmotor partnership expansion.
Rest of World	Mixed. Pro in the EU is profitable; opportunistic in Australia, South Africa, and Brazil.	Improving. Seeing strength in South America (Brazil) despite Chinese competition.	Momentum. "Overseas" markets seen as a primary growth driver.	#1 Share. South America is a stronghold; Ram Dakota to drive Brazil and Argentina growth.

Source: Company, Elara Securities Research

Exhibit 6: Global CV growth guidance for CY26 sees upward revision

Class 8 trucks growth guidance CY26	CY26 Guidance		Actual CY25 growth		CY25 growth Guidance	
	Europe	North America	Europe	North America	Europe	North America
Volvo	+2.9% (earlier +1.7%)	+2.7% (earlier -5.7%)	-5.6%	-16.3%	-7.6%	-14%

Source: Company, Elara Securities Research

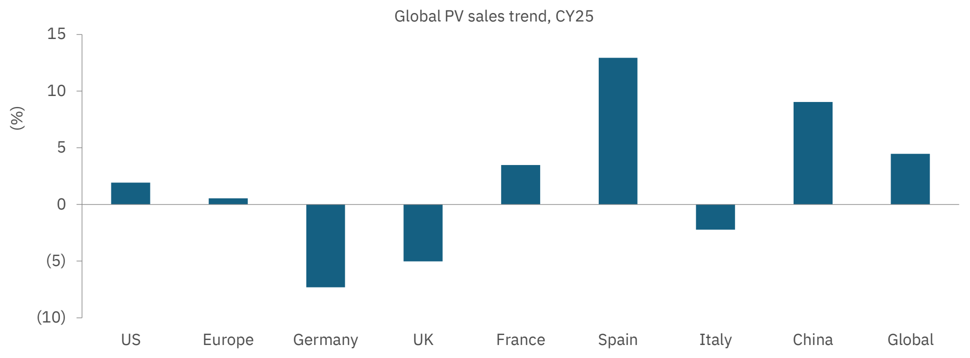
Exhibit 7: JLR growth across key regions in Jan 2026

(YoY, %)	Jan 26
US	(5.6)
Europe	(8.9)
China	(9.6)

Source: MarkLines, ACEA, Elara Securities Research

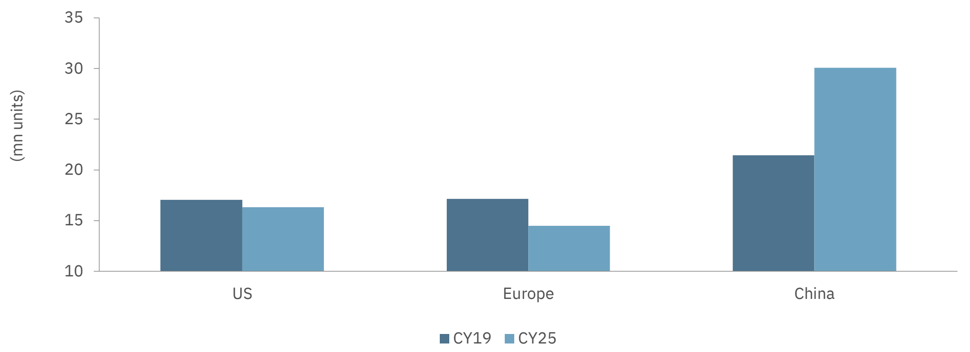
Global PV demand trends

Exhibit 8: Global PV sales grows 4.5% YoY in CY25, driven by China



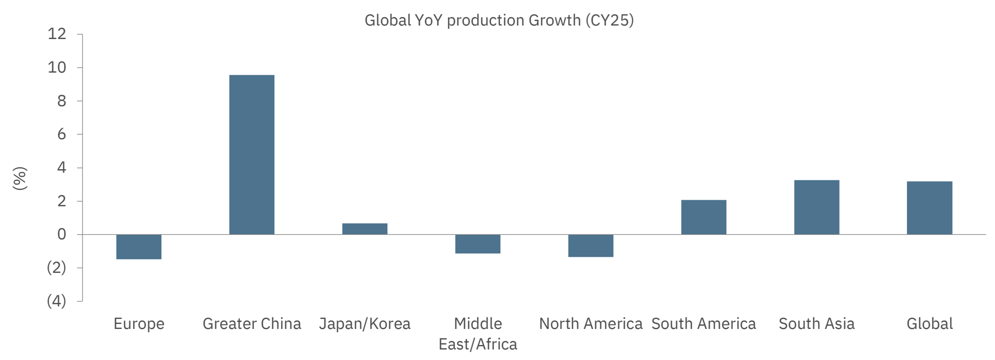
Source: MarkLines, Elara Securities Research

Exhibit 9: PV sales in CY25 yet to reach CY19 (pre-COVID) levels in the US and Europe while crosses it in China



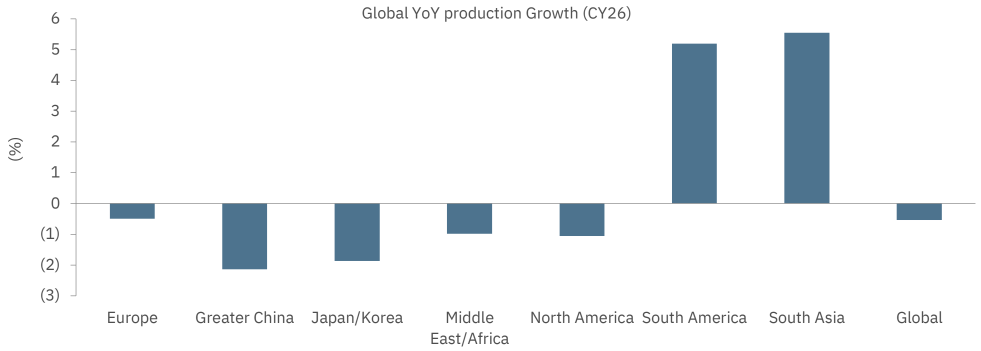
Source: MarkLines, Elara Securities Research

Exhibit 10: Global PV production up 3% YoY in CY25, led by China...



Source: S&P Mobility, Elara Securities Research

Exhibit 11: ...while it is expected to decline by 0.5% in CY26, with most regions declining YoY



Source: S&P Mobility, Elara Securities Research

Exhibit 12: PHEV growth outperform in the EU and the US, while BEV outperform in China

CY25	Penetration		YoY Growth	
(%)	BEV	PHEV	BEV	PHEV
US	8.0	2.0	1.5	7.4
Europe	18.0	8.6	31.2	37.5
China	31.7	19.4	34.4	13.6

Source: MarkLines, Elara Securities Research

Exhibit 13: Market share of brands by country of origin in Europe – Chinese continue to gain

Overall market share	CY24	CY25	Change bp
European OEMs	66.9	66.2	(67)
Chinese OEMs	3.1	6.1	298
Japanese OEMs	14.1	12.7	(146)
South Korean OEMs	8.4	8.1	(30)
US OEMs	7.1	6.4	(70)
Others	0.4	0.6	16
Total	**100.0**	**100.0**	

Note: Red denotes, Green denotes; Source: MarkLines, Elara Securities Research

Exhibit 14: China's brands gain market share in Europe in the BEV category, primarily at the cost of US and Japan's brands

BEV market share	CY24	CY25	Change bp
Europe	61.1	63.1	201
China	8.7	11.8	305
Japan	3.9	2.7	(115)
South Korea	6.8	8.2	136
US	19.4	13.6	(578)
Others	0.0	0.0	0
Total	**100.0**	**100.0**	

Source: MarkLines, Elara Securities Research

Exhibit 15: However, market share gains by China's OEM in PHEV is more significant due to tariffs applicable on BEV imports

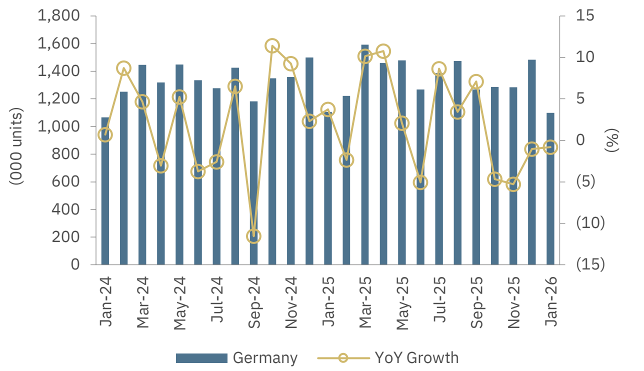
PHEV market share	CY24	CY25	Change bp
Europe	75.5	67.4	(810)
China	3.0	14.1	1,110
Japan	7.9	8.6	64
South Korea	7.5	4.9	(256)
US	6.1	5.0	(108)
Others	0.0	0.0	0
Total	**100.0**	**100.0**	

Source: MarkLines, Elara Securities Research


market share loss market share gain

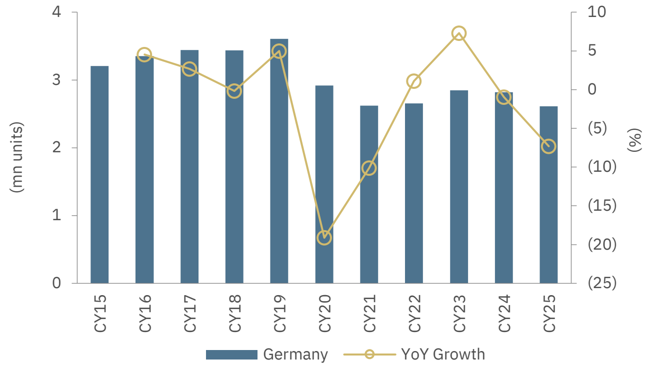
Europe – PV demand trends

Exhibit 16: Germany – PV sales declined 1% YoY in Jan 2026



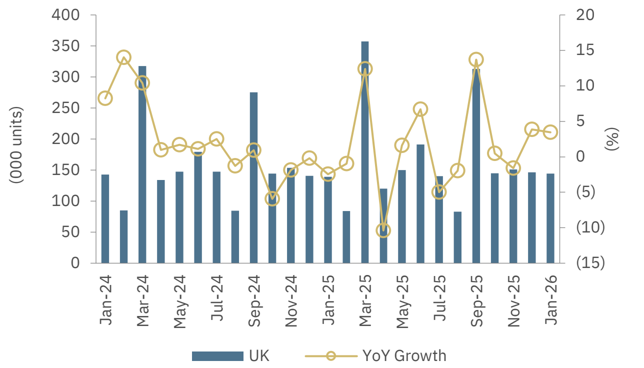
Source: MarkLines, Elara Securities Research

Exhibit 17: Germany – CY25 sales decline by 7% YoY



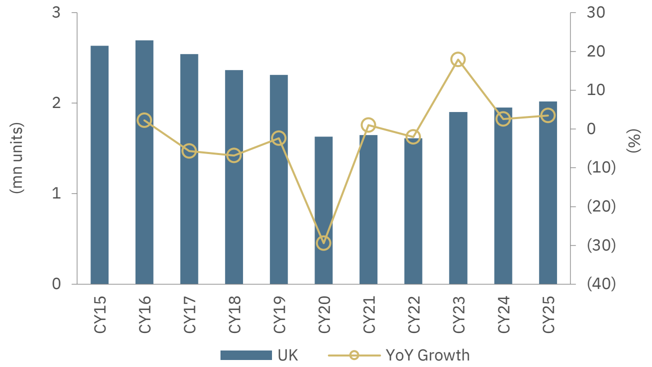
Source: MarkLines, Elara Securities Research

Exhibit 18: UK PV sales grows by 3.4% YoY in January 2026



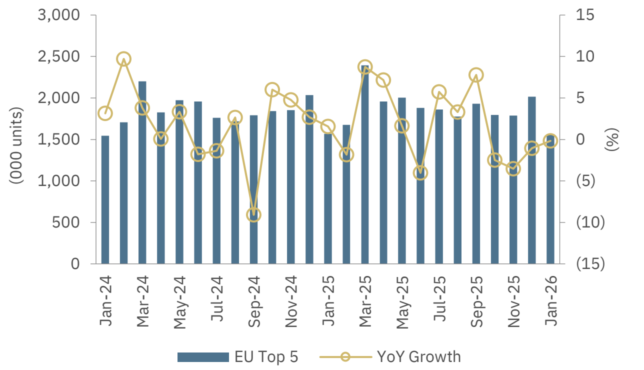
Source: MarkLines, Elara Securities Research

Exhibit 19: UK sales up 3% YoY in CY25, still below FY19 levels



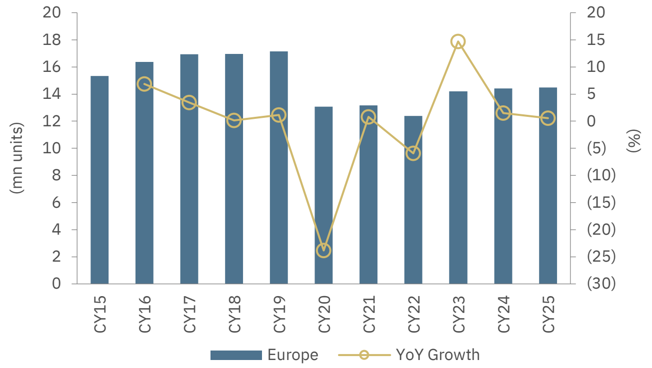
Source: MarkLines, Elara Securities Research

Exhibit 20: EU Top 5 sales flat YoY in January 2026



Source: MarkLines, Elara Securities Research

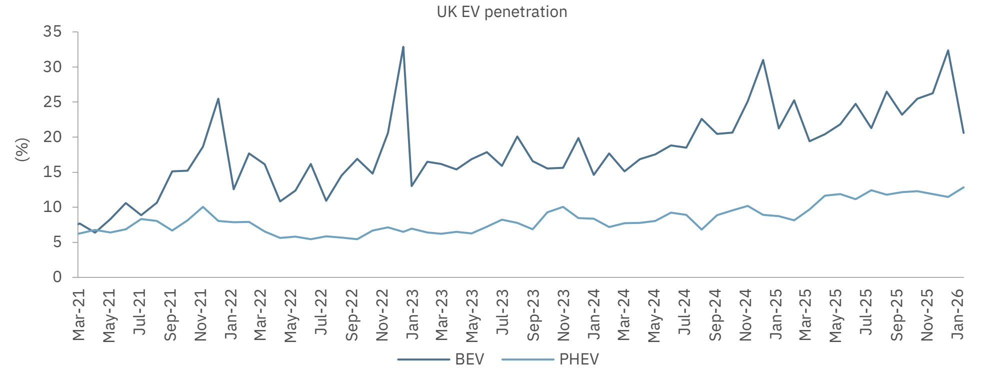
Exhibit 21: Europe sales up 1% YoY in CY25



Source: MarkLines, Elara Securities Research

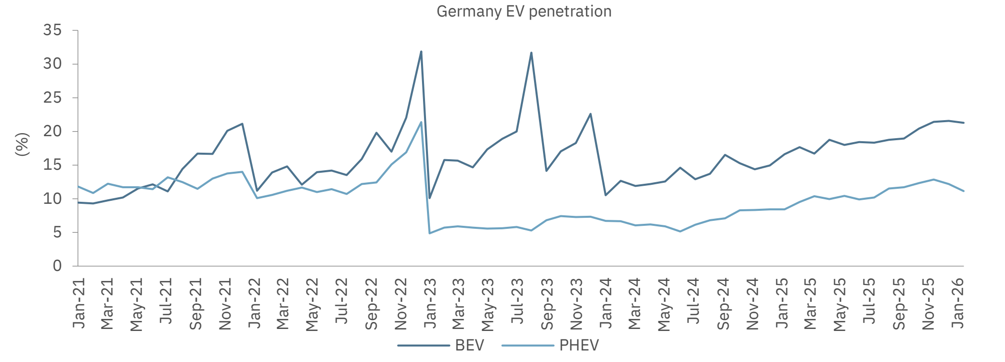
Europe EV trends

Exhibit 22: UK BEV penetration reaches 21% in January 2026, down from 32% in December 2025



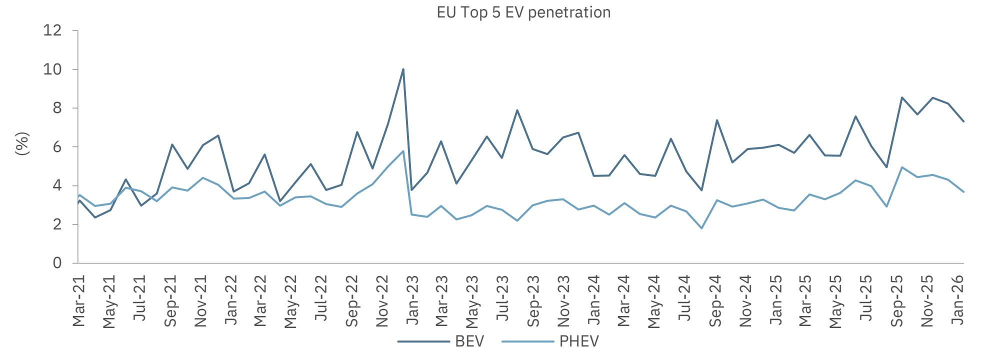
Source: MarkLines, Elara Securities Research

Exhibit 23: Germany BEV penetration at 21% in January 2026



Source: MarkLines, Elara Securities Research

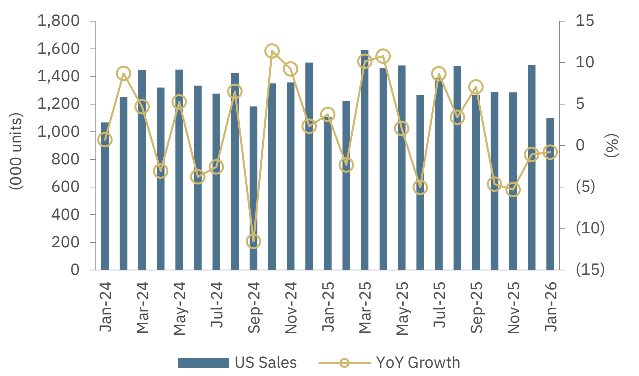
Exhibit 24: The EU Top 5 BEV penetration declined slightly in Jan 2026



Source: MarkLines, Elara Securities Research

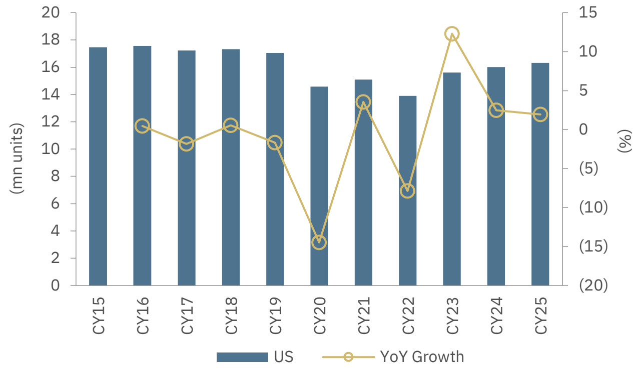
US – PV and CV demand trends

Exhibit 25: US PV sales declines YoY in Jan 2026



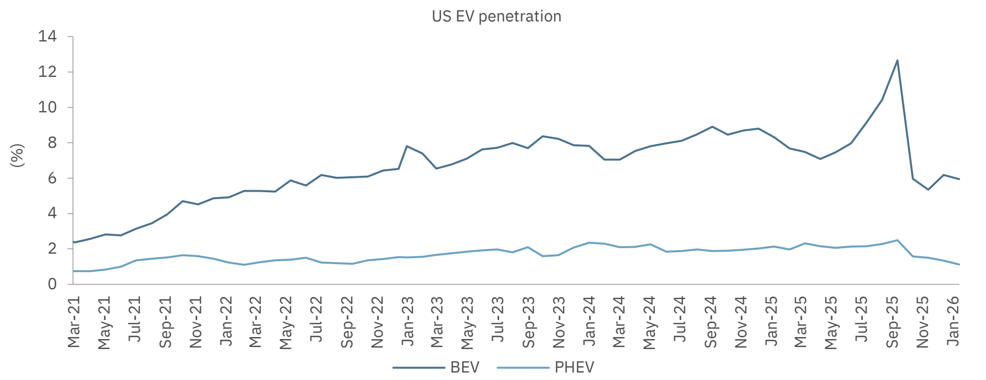
Source: MarkLines, Elara Securities Research

Exhibit 26: US CY25 sales up 2% YoY in CY25



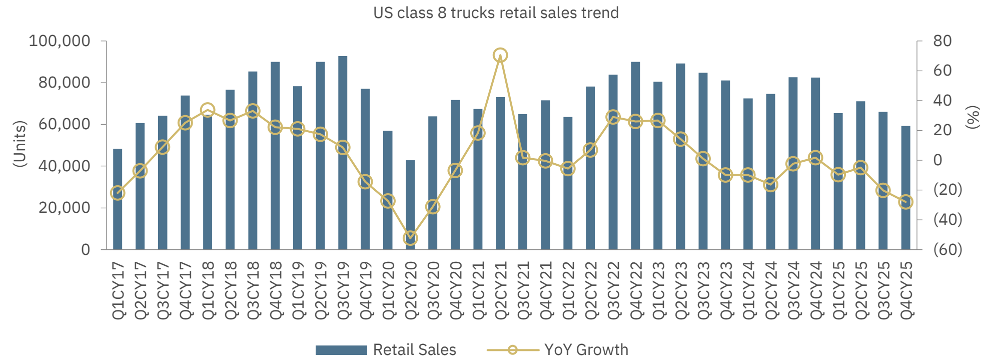
Source: MarkLines, Elara Securities Research

Exhibit 27: US BEV penetration continues to decline post expiry of federal credit on BEV



Source: MarkLines, Elara Securities Research

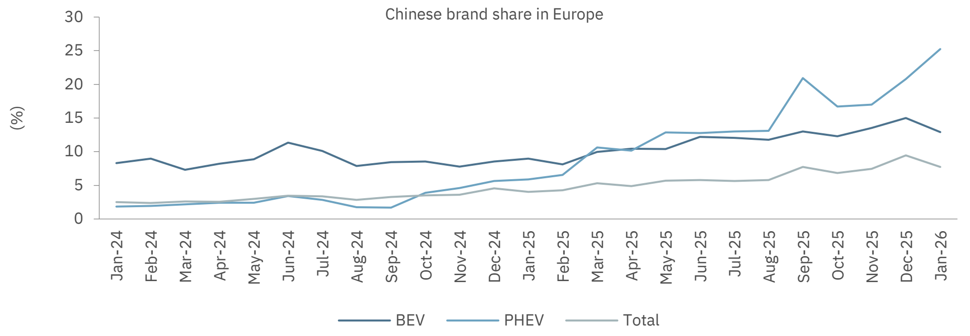
Exhibit 28: US Class 8 trucks retail sales down 28% YoY in Q4CY25



Source: Bloomberg, Elara Securities Research

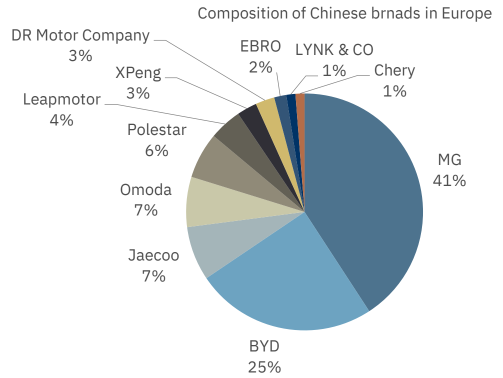
China's brands gaining traction in the EU

Exhibit 29: China's brands continue to gain in market share in Europe



Source: MarkLines, Elara Securities Research

Exhibit 30: Composition of Chinese brands in the EU (CY25)



Source: MarkLines, Elara Securities Research

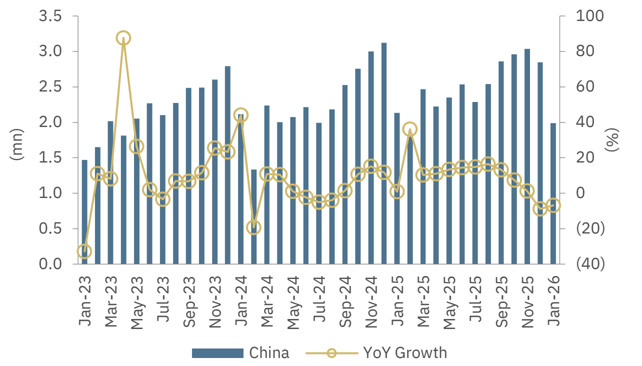
Exhibit 31: BYD gaining market share in Europe, led by PHEV and BEV

(%)	Total		BEV		PHEV	
BYD: Market share	**CY24**	**CY25**	**CY24**	**CY25**	**CY24**	**CY25**
Europe Total	0.38	1.42	2.2	4.4	0.7	5.9

Source: MarkLines, Elara Securities Research

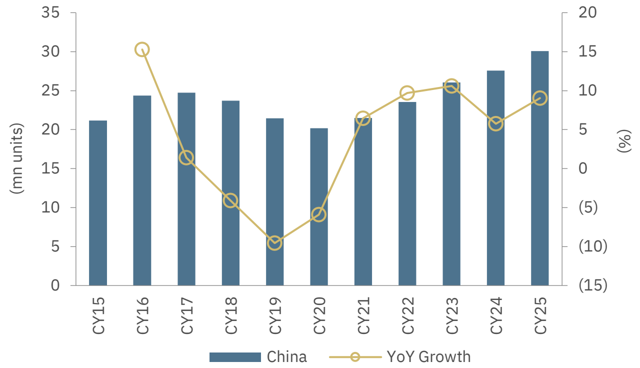
China – PV demand trends

Exhibit 32: China PV sales declines by 7% YoY in January 2025



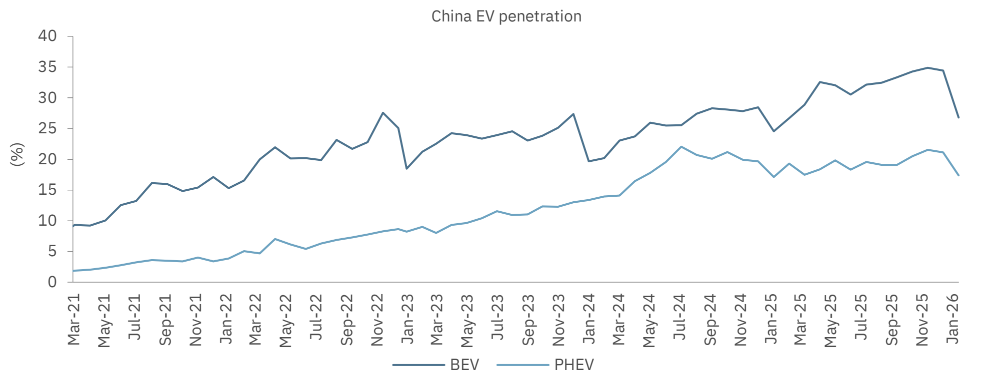
Source: MarkLines, Elara Securities Research

Exhibit 33: China sales surpasses CY19 levels



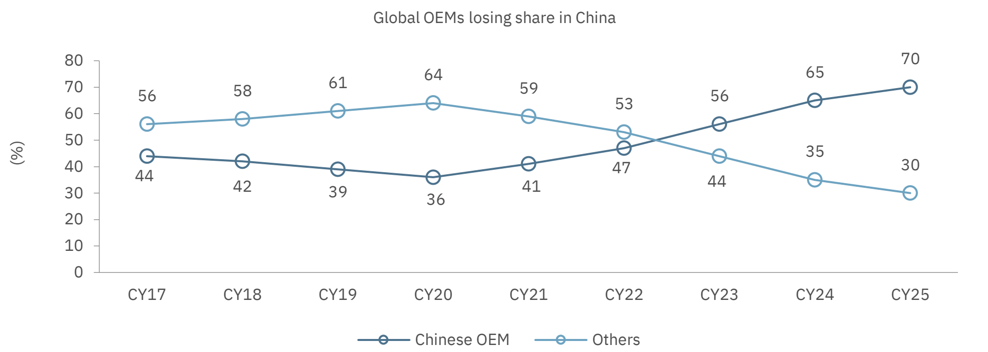
Source: MarkLines, Elara Securities Research

Exhibit 34: China BEV penetration declines sharply amid subsidy moderation in January 2026



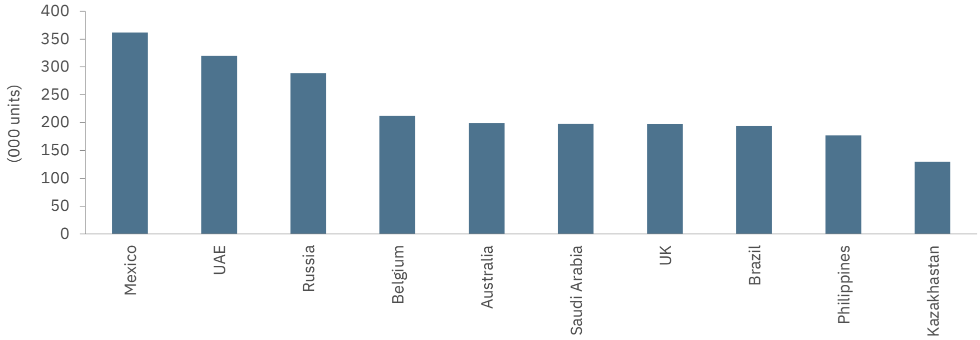
Source: MarkLines, Elara Securities Research

Exhibit 35: Global OEM continue to lose market share in China



Source: Automobility, Elara Securities Research

Exhibit 36: Mexico – top destination of China's PV exports in CY25



Source: Automobility, Elara Securities Research

Tesla

- **Strategic Pivot to "Amazing Abundance":** Tesla has updated its mission to "Amazing Abundance," signaling a transition from a traditional automaker to a company focused on an autonomous future powered by AI and robotics.
- **Sunsetting Legacy Models:** To prioritize this shift, the company is discontinuing production of the Model S and X next quarter, describing it as an "honorable discharge" for these legacy programs.
- **Massive Optimus Production Targets:** Tesla will convert the former Model S and X production space at Fremont into a factory for the Optimus Gen 3 humanoid robot, with a long-term goal of producing 1mn units annually.
- **Record Capital Expenditure:** The company anticipates a huge investment year with capex exceeding USD 20bn to fund six new factories and significant AI compute infrastructure.
- **Unsupervised Robotaxi Launch:** Tesla has already begun operating unsupervised paid robotaxi rides at Austin with no safety monitor or chase car, and it expects to have fully autonomous vehicles in roughly a quarter to half of the US by the end of CY26.
- **Cybercab Production Start:** The Cybercab, a dedicated two-seater robotaxi designed without a steering wheel or pedals, is scheduled to begin production in April.
- **The "Terafab" for Chip Supply**: To offset long-term supply chain and geopolitical risks, Tesla plans to build its own "Terafab" domestically, which will integrate logic, memory, and packaging for their proprietary AI chips.
- **Persistent Battery Constraints**: Despite growth, the company's biggest global constraint remains the supply of battery packs, leading teams to iterate by placing 4,680 cells in non-structural packs.
- **Energy Storage Momentum**: The energy segment saw record deployments and revenue of nearly USD 12.8bn, a 26.6% increase; Tesla targets 100GW of annual solar cell production.
- **Growth in Headcount:** While other industry companies are announcing layoffs, Tesla expects to increase headcount at its Fremont factory to support production ramp-up of its new robotics and autonomous lines.

Exhibit 37: Tesla Q4CY25 financial highlights

(USD mn)	Q4CY25	Q4CY24	YoY (%)	Q3CY25	QoQ (%)
Total Production (units)	434,358	459,445	(5.5)	447,450	(2.9)
Total Deliveries (units)	418,227	495,570	(15.6)	497,099	(15.9)
Blended Auto Realizations (incl-Regulatory Credits) (USD/unit)	42,305	39,950	5.9	42,657	(0.8)
Blended Auto Realizations (ex-Regulatory Credits) (USD/unit)	41,009	38,554	6.4	41,819	(1.9)
COGS/vehicle (USD/unit)	33,666	33,315	1.1	35,385	(4.9)
Gross Profit/vehicle (USD/unit)	8,639	6,635	30.2	7,272	18.8
Automotive sales	16,750	18,659	(10.2)	20,359	(17.7)
Automotive leasing	401	447	(10.3)	429	(6.5)
Regulatory Credits	542	692	(21.7)	417	30.0
Total automotive revenue	17,693	19,798	(10.6)	21,205	(16.6)
Energy generation and storage	3,837	3,061	25.4	3,415	12.4
Services and other	3,371	2,848	18.4	3,475	(3.0)
Total revenues	24,901	25,707	(3.1)	28,095	(11.4)
Total automotive cost of revenues	14,080	16,510	(14.7)	17,590	(20.0)
Total cost of revenues	19,892	21,528	(7.6)	23,041	(13.7)
Automotive Gross Profit (ex-Regulatory)	3,071	2,596	18.3	3,198	(4.0)
Auto Gross Margin (ex-Regulatory) (%)	17.9	13.6	432.0	15.4	252.0

Automotive Gross Profit (incl-Regulatory)	3,613	3,288	9.9	3,615	(0.1)
Automotive Gross Profit (incl-Regulatory)	20.4	16.6	381.0	17	337.0
Blended Gross profit	5,009	4,179	19.9	5,054	(0.9)
Blended Gross Margin (%)	20.1	16.3	386.0	18	213.0
Total operating expenses	3,600	2,596	38.7	3,430	5.0
EBIT	1,409	1,583	(11.0)	1,624	(13.2)
EBIT Margin (%)	5.7	6.2	(50.0)	5.8	(12.0)
PBT	1,181	2,524	(53.2)	1,959	(39.7)
Net Income	840	2,125	(60.5)	1,373	(38.8)
Net Income Margin (%)	3.4	8.3	(489.0)	4.9	(151.0)
Earnings per share					
Basic	0.26	0.66	(60.7)	0.43	(38.9)
Diluted	0.24	0.6	(60.7)	0.39	(39.0)
Revenue Mix (%)					
Automotive	71.1	77	(596.0)	75.5	(442.0)
Energy generation and storage	15.4	11.9	350.0	12.2	325.0
Services and other	13.5	11.1	246.0	12.4	117.0
Total Revenue	100	100	0.0	100	0.0
Gross Profit Margin (%)					
Automotive (ex-Regulatory)	17.9	13.6	432.0	15.4	252.0
Energy generation and storage	28.6	25.2	340.0	31.4	(280.0)
Services and other	8.8	4.2	466.0	10.5	(169.0)
Blended Gross Profit	20.1	16.3	386.0	18.0	213.0

Source: Company, Elara Securities Research

Mercedes Benz

- **Q4FY25 Earnings Takeaways:** The company concluded 2025 with a Group adjusted EBIT of EUR 8.2bn and an adjusted Return on Sales (RoS) for the cars division of 5%, landing within the previously lowered guidance range of 4-6%. For 2026, the company issued a cautious margin guidance of 3-5% for the cars division, reflecting persistent macro headwinds and cost of a huge product ramp-up.
- **Assumption for Outlook (2026):** Global automotive markets are set to see a constructive environment for sales growth in the US, the EU, and overseas. However, the company retains a cautious view on China, expects CY26 sales to be lower than CY25, due to a "dynamic and intensely competitive" environment. A key regulatory assumption is the US-EU tariff agreement will come into effect, bringing those tariffs to zero by April 2026.
- **Demand:** Total 2026 unit sales are set to remain flat at 2025 levels. While growth is targeted in most regions, the first quarter is likely to be the lowest due to product changeovers, with momentum building in the second half of the year. In the mid-term, the company aims to return to 2.0mn annual unit sales.
- **Margin:** A 3-5% adjusted RoS guidance for cars in CY26 accounts for a 1% headwind from full-year tariff and adverse FX run rates, 0.5% from competitive pricing, and 0.7% from increased depreciation related to new products. This is offset by a targeted 2% net efficiency gain. The vans division is set to sustain a robust 8-10% margin.
- **Financials:** CY25 Group revenue reached EUR 130bn, down 9% YoY, with a strong free cashflow of EUR 5.4bn and net industrial liquidity of more than EUR 32bn. Adjusted EBIT for cars was EUR 4.8bn, and vans delivered EUR 1.8bn. Cars margin came in at 5% (vs 8.1% in CY24).

Exhibit 38: PHEV growth outperforms for Mercedes

	CY24	CY25	YoY (%)
Total unit sales	1,983,403	1,801,291	(9.2)
All-electric vehicles (BEV)	185,059	168,823	(8.8)
Plug-in hybrid vehicles	182,551	199,877	9.5
Share of electrified vehicles (%)	**18.5**	**20.5**	

Source: Company, Elara Securities research

Stellantis

Q4FY25 Earnings Takeaways

- **Financial Results:** Stellantis reported full-year 2025 net revenue of EUR 153.5bn, a 2% decrease YoY. The Group's **adjusted operating income (AOI) margin was negative at 0.5%** (a loss of EUR 842mn) for the full year, primarily due to significant strategic resets and net tariff expenses.
- **2026 Outlook:** Management expects CY26 net revenue growth to be in the mid-single digits and AOI margin in the low single digits. Key assumptions for guidance are: 1) revenue growth reflects recently expanded product portfolio, 2) pricing trends, outside of hyper-inflationary countries, projected at neutral to nominally positive, 3) estimated EUR 1.6bn in net tariff expenses, and 4) expects an increase in H2CY26 AOI margin vs H1CY26.

Key Commentary from the Conference Call

- **Decisive Strategic Reset:** CEO Antonio Filosa announced a profound reset of the organization to put the customer back at the center, which includes empowering regional teams and adjusting the product line to reflect real-world demand rather than just regulatory compliance.
- **North American Recovery:** The US market showed encouraging signs with a YoY market share rise in January 2026. The company successfully reduced US inventory to a healthy 69 days of supply by year-end 2025.
- **Powertrain "Freedom of Choice":** In a pivot to meet market demand, Stellantis will increase production of the HEMI V8 engine by 100,000 units in CY26. Management noted the trajectory of electrification demanded by regulators, especially for light commercial vehicles, is "nowhere near real market demand".
- **Leapmotor Expansion:** The partnership shipped 50,000 units in CY25. Local production of Leapmotor vehicles is scheduled to begin in Spain in H2CY26, followed by production in South America.

EV-Related Write-offs and Strategic Adjustments

- Stellantis recorded massive one-time adjustments in 2025, totalling EUR 25.4bn to align the business with shifting market realities.
- **Platform Impairments (~EUR 6.6bn):** Primarily driven by reduced volume and profitability expectations, the company impaired platforms in North America (EUR 5.7bn), Maserati (EUR 613mn), and the EU (EUR 270mn).
- **Program Cancellations (~EUR 9.1bn):** Substantial charges were taken for cancelling specific vehicle programs and settling corresponding supplier claims as part of a product plan realignment.
- **Battery Capacity Rationalization (~EUR 2.1bn):** Cost related to steps undertaken to right size and rationalize battery manufacturing capacity through joint ventures.
- **Hydrogen Fuel Cell Discontinuation (~EUR 1.1bn):** Stellantis decided to discontinue its hydrogen fuel cell strategy, leading to impairments of its investment in Symbio and related capitalized development expenditure.

- **Warranty Reassessment (~EUR 4.1bn):** A significant charge was undertaken to update estimates for contractual warranty provisions, reflecting recent cost inflation and a deterioration in quality from previous operational choice

Toyota Motor

- **FY26 outlook:** The company expects volume growth of 4.1% YoY in FY26 (4.7% earlier), with Japan expected to grow by 4% YoY, North America by 9.5%, the EU by 4.9% and Asia by 1.2%. Electrified vehicles (BEV, HEV, PHEV & FCEV) share is expected to increase to 48.2% (earlier 48.9%) vs 46.2% YoY. Toyota expects FY26 revenue to grow by 4.2% YoY (vs earlier 2% YoY) while operating profit is set to decline by 21% YoY (earlier 29% YoY), due to the negative forex impact, and estimated tariff impact of YEN 145bn (3.0% of FY25 EBIT).
- **Operating results:** Revenue for 9MFY26 was up by 6.7% YoY while operating income was down by 13% YoY. Margin was down ~190bp in 9MFY26 YoY, driven by the negative forex effect and tariff impact of Yen 1,200bn.

Exhibit 39: Toyota Motor's North America sales outperforms the EU, Japan, and Asia

('000)	FY26	FY25	YoY (%)
Japan	1,991	2,070	4.1
North America	2,703	2,960	9.5
Europe	1,172	1,240	4.9
Asia	1,838	1,820	-1.0
Other	1,659	1,670	0.7
Total	9,362	9,750	4.1

Source: Company, Elara Securities Research

Suzuki Motors

- **FY25 (April 25 to Mar 26) outlook:** Management slightly revised up previous guidance and expects revenue sales to improve by ~6.4%, backed by overall automobile volume growth of 2.2%. The company expects FY25 operating margin at ~9.2% (vs 11% YoY) and operating profit to decline by 11% YoY, due to adverse forex rates, increase in fixed cost and rising business risks.
- **Q3FY25 (June 25 to Dec 25) performance:** Automobile volume improved by 2.3% YoY. Revenue was up by 5.4% YoY while operating profit was down 10.6% YoY, with margin at 9.5% vs 10.6% YoY, and was hit by higher raw material prices and the negative FX impact. Under continuing semiconductor supply constraints, the impact on production has been minimized.

Ford Motor Company

- **Guidance vs FY25 Results**: Ford reported a full-year adjusted EBIT of USD 6.8bn, exceeding previous guidance of USD 6.0bn to USD 2.0bn. Net tariff headwind was USD 1.0bn higher than communicated in October due to late-year changes in parts credits. Without these one-time items, full-year EBIT would have reached USD 7.7bn.
- **2026 outlook**: Ford expects adjusted EBIT of USD 8-10bn and free cashflow of USD 1-5bn YoY improvement as it recovers from the Novelis factory fires. Net tariff cost is projected to decrease in CY26. Special charges of ~USD 7.0bn is expected during CY26-27 related to updated EV strategy and likely disposition of BOSK investment. Guidance assumes US industry sales of USD 16.0-16.5mn and flat industry pricing for CY26.
- **Financials**: CY25 revenue reached USD 187bn, up 1% YoY, and adjusted EBIT margin of USD 6.8bn, down 34% YoY. Adj EBIT margin was down 190bp at 3.6%.

- **Tariffs:** The company faced a USD 2bn net headwind in 2025, driven by auto parts and materials tariffs. For CY26, Ford expects to benefit from a USD 1bn receivable from the US government related to these tariffs, which will significantly bolster free cashflow.
- **EV segment losses**: The Model E division reported an EBIT loss of USD 4.8bn for FY25, though losses on first-generation products improved due to cost reductions. For FY26, Ford expects Model E losses to be between USD 4.0bn and USD 4.5bn, as it ramps up its second-generation "Universal EV" platform.
- **EV related write-offs**: As part of a strategy to rebalance its EV portfolio toward more affordable, multi-energy platforms, Ford expects to record USD 7bn in charges during CY26-27. Related cash expenditures are set to be up to USD 5.5bn, with the majority weighted in 2026.

Exhibit 40: Ford *Model E*: EV profitability remains a drag

	Q1CY24	Q2CY24	Q3CY24	Q4CY24	Q1CY25	Q2CY25	Q3CY25	Q4CY25
Volume ('000)	10	26	32	37	31	60	50	37
Revenue (USD bn)	0.1	1.1	1.2	1.4	1.2	2.4	1.8	1.3
EBIT (USD bn)	(1.3)	(1.1)	(1.2)	(1.4)	(0.8)	(1.3)	(1.4)	(1.2)
EBIT margin (%)	NA	NA	NA	NA	NA	NA	NA	NA
EBIT/Vehicle (USD)	(130,000)	(42,308)	(37,500)	(37,838)	(25,806)	(21,667)	(28,000)	(32,432)

Source: Company, Elara Securities Research

General Motors

- **Guidance vs FY25 Results**: GM delivered USD 12.7bn in adjusted EBIT and USD 10.6bn in adjusted automotive free cashflow for the full year. The company achieved its highest US market share in a decade following four consecutive years of growth.
- **2026 outlook**: GM targets an adjusted EBIT of USD 13-15bn and adjusted automotive free cashflow of USD 9-11bn. North American margin is set to return to the 8-10% range.
- **Financials**: Q4 revenue was USD 45bn, down 5% YoY as GM aligned production with demand. The company increased its quarterly dividend by 20% to USD 0.18/share and authorized a new USD 6bn share repurchase program.
- **Tariffs**: Gross tariff costs for 2025 were USD 3.1bn. GM expects 2026 gross tariffs to be between USD 3bn and USD 4bn, offset by a lower South Korea rate and expanded MSRP offset programs.
- **EV Charges**: GM took USD 7.6bn in total charges in H2CY25 to right size EV capacity and manufacturing footprint, including the discontinuation of BrightDrop. These actions are set to improve cost by USD 1.0-1.5bn in CY26.

Hyundai Motor Company

- **Performance by geography:** Global unit sales decreased by 3.1% YoY in 4QCY25, with the US down 0.8% YoY, EU up 13.4% YoY, South Korea down 6.3% YoY, India up 1.4% YoY, and China up 57.7% YoY.
- **Ecofriendly vehicle (BEV, PHEV, HEV and FCEV) sales continue to grow**: Total sales was up 11.9% YoY, with ecofriendly vehicle penetration reaching ~22.7% in QYCY25 vs ~19.7% YoY.
- **Q4 performance**: Automotive revenue was up 2.4% YoY, driven by a better product mix and other contributing factors, which offset negative impact from lower volume and unfavorable forex. Operating margin, however, deteriorated to 2.8% vs 5.8% YoY.

Exhibit 41: xEV share improves YoY in Q4CY25

Automotive financials	Q4 2024	Q3 2025	Q4 2025	YoY (%)	QoQ (%)
Unit sales (000)	1,066	1,038	1,033	(3.1)	(0.5)
Revenue (bn KRW)	35,750	36,715	36,590	2.4	(0.3)
Operating Profit (bn KRW)	2,065	1,174	1,039	(49.7)	(11.5)
Margin (%)	5.80	3.20	2.80		
xEV share (%)	19.70	24.30	22.70		

Source: Company, Elara Securities Research

IVECO

- **Financial performance:** For FY25, consolidated net revenue was EUR 13.4bn, a 7% decrease compared to CY24. This was primarily driven by lower volume in the EU for the truck & powertrain segments and adverse foreign exchange impact. Adjusted EBIT for FY25 fell to EUR 645mn (4.8% margin), down from EUR 892mn (6.2% margin) in CY24. Industrial activities specifically saw adjusted EBIT margin drop from 5.4% to 4.0%. Free cashflow from industrial activities was negative EUR 109mn for the year, a sharp reversal from positive EUR 240mn recorded in CY24. This was due to lower volume and high inventory levels in the bus division.

Business Unit Performance

- **Trucks:** This segment faced a difficult EU market, which saw a 9% decline YoY. Consequently, Iveco's EU truck deliveries dropped by 21%. Despite growth in South America (up 16%), segment revenue fell 11.1%, and adjusted EBIT margin contracted to 3.7% from 5.6%.
- **Bus:** Revenue grew by 15.1% to EUR 2.9bn due to higher volume. However, profitability was hindered by production ramp-up delays at the Annonay plant in France and supplier delays, which negatively affected free cashflow by EUR 200mn.
- **Powertrain:** This unit showed resilience, with adjusted EBIT margin improving to 6.7% (up 50bp). Profitability was supported by growth in third-party engine volumes in the second half of the year and disciplined cost control.
- **Defence (Discontinued Operations):** This segment performed strongly, with revenue up 19.1% and an adjusted EBIT margin reaching 11.4%

Strategic and Extraordinary Transactions

- **Defence Business Sale:** The sale of the defence business (IDV and ASTRA brands) to Leonardo S.p.A. is on track, with closing expected by March 2026.
- **Tata Motors Tender Offer:** The tender offer related to Tata Motors is progressing and is set to be completed in the second quarter of 2026

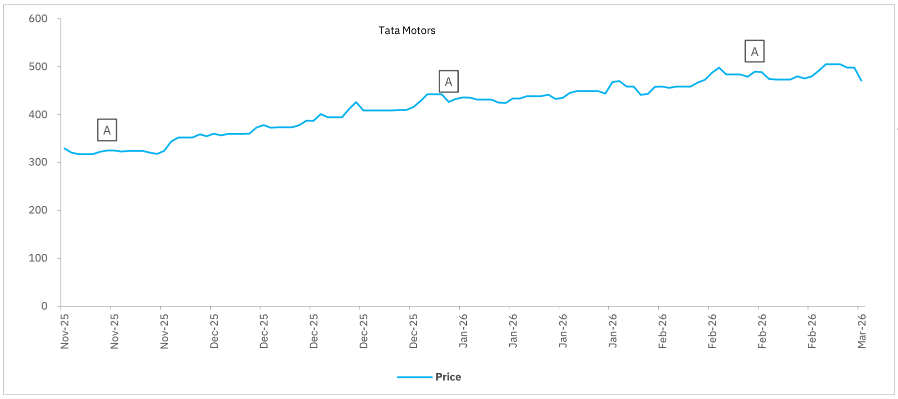
Outlook: For CY26, the Iveco Group's preliminary industry outlook forecast the EU truck market to be flat or slightly up across both light and medium & heavy segments, while South America faces demand uncertainty and global bus demand is set to be slightly down. Despite these mixed market conditions, the Group enters the year with a low EU truck channel inventory and a good plan to deploy the unfinished bus inventory build-up in CY25 as production ramp-up costs progressively lower. Management expects to sustain momentum in third-party engine deliveries and will continue acceleration of its Efficiency Program to drive further operational savings. Additionally, key strategic milestones are on track, with the sale of the defence business expected to close by March 2026 and the Tata Motors tender offer projected for completion in the second quarter of 2026.

Exhibit 42: Global OEM stock performance vs earnings revision

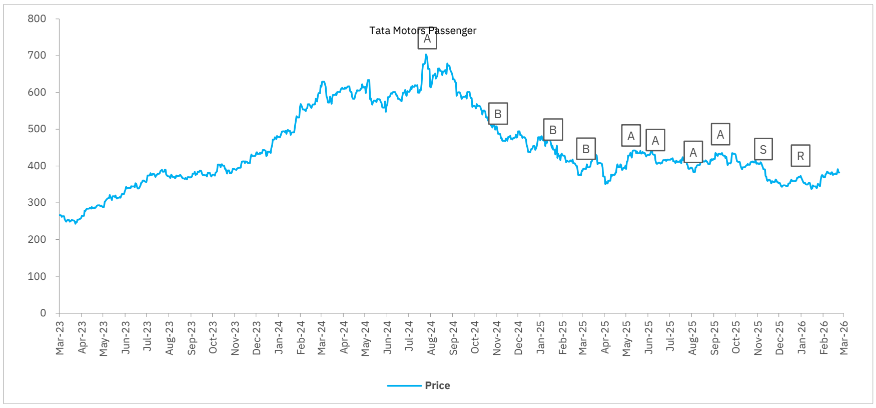
Company	Stock Returns (%)		EPS revision CY27 (%)		Time Value (%)		PE rerating/ (derating) (%)	
OEM	**3M**	**6M**	**3M**	**6M**	**3M**	**6M**	**3M**	**6M**
Volkswagen AG	(6.1)	(5.9)	(2.9)	(5.8)	27.3	19.2	(30.4)	(19.3)
Toyota Motor	14.7	23.1	5.8	11.2	4.7	8.8	4.2	3.1
Hyundai Motor	97.8	139.9	0.8	5.9	1.6	0.5	95.3	133.4
Kia	41.1	55.0	1.2	(0.5)	2.6	0.7	37.3	54.8
GM	6.7	34.2	15.3	38.0	2.9	0.9	(11.5)	(4.7)
Nissan Motor	1.1	11.3	35.7	37.1	(26.0)	(57.1)	(8.6)	31.3
Renault SA	(16.3)	(14.8)	(12.3)	(3.9)	(33.5)	(78.2)	29.5	67.3
Mitsubishi Motors	4.7	(6.8)	16.9	12.3	29.9	37.5	(42.2)	(56.6)
Stellantis	(31.8)	(22.4)	(25.6)	(27.3)	42.2	97.9	(48.4)	(93.1)
SAIC Motor	(11.5)	(27.8)	(4.1)	(5.2)	5.0	10.7	(12.3)	(33.4)
Honda Motor	(4.3)	(13.1)	(1.8)	(5.7)	11.3	14.6	(13.8)	(22.0)
Ford Motor	(1.2)	8.8	13.0	23.1	10.5	8.7	(24.6)	(23.0)
Suzuki Motor	(13.4)	5.3	5.6	13.7	2.4	3.8	(21.4)	(12.2)
Bayerische Motoren Werke AG	(7.0)	(7.9)	(1.5)	(6.7)	1.7	4.2	(7.2)	(5.4)
Mercedes-Benz Group AG	(4.5)	5.9	(6.5)	(7.4)	6.1	9.2	(4.1)	4.1
Guangzhou Automobile Group	(19.1)	1.2	147.1	(42.7)	(24.6)	(182.7)	(141.5)	226.6
Geely Automobile Holdings	(11.8)	(20.9)	(1.0)	2.4	4.7	9.5	(15.5)	(32.7)
Tesla Motors	(5.4)	21.6	(12.5)	(20.9)	9.3	20.9	(2.2)	21.6
BYD	(5.0)	(12.3)	(5.2)	(16.5)	8.0	14.4	(7.9)	(10.2)
Xpeng	(17.8)	(23.1)	(14.0)	(25.5)	(74.8)	(159.4)	71.1	161.8
Nio	(3.8)	(24.1)	(23.7)	(82.6)	(16.8)	(27.8)	36.8	86.3
Li Auto	(4.8)	(26.2)	(12.4)	(33.5)	22.1	34.0	(14.5)	(26.7)
Rivian Auto	(13.4)	9.9	(0.7)	3.6	(2.0)	(3.8)	(10.7)	10.1

Source: Bloomberg, Elara Securities Research

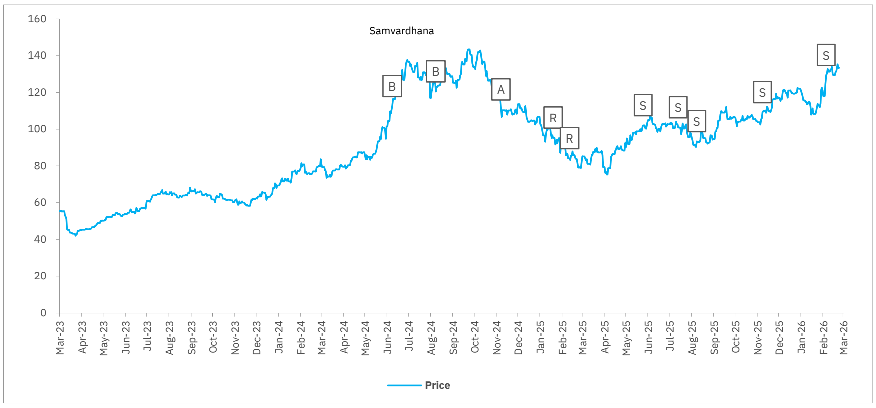
Coverage History



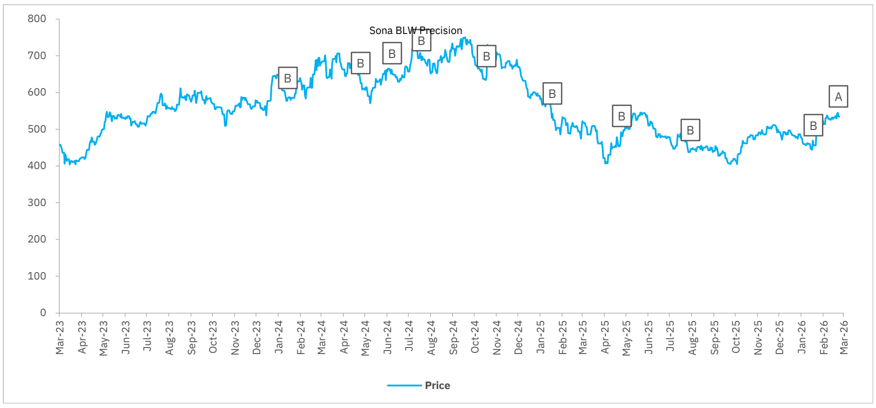
Date	Rating	Target Price (INR)	Closing Price (INR)
18-Nov-2025	Accumulate	349	323
05-Jan-2026	Accumulate	493	442
17-Feb-2026	Accumulate	523	479



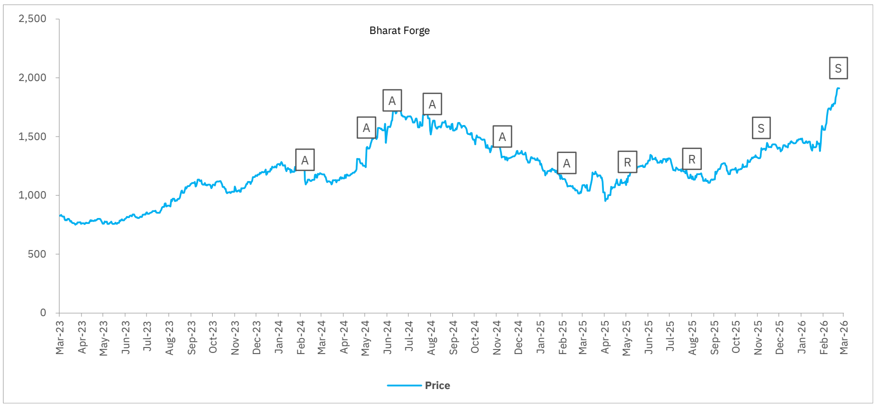
Date	Rating	Target Price (INR)	Closing Price (INR)
01-Aug-2024	Accumulate	1,300	1,144
08-Nov-2024	Buy	1,088	805
24-Jan-2025	Buy	909	753
11-Mar-2025	Buy	872	648
13-May-2025	Accumulate	791	708
16-Jun-2025	Accumulate	734	687
08-Aug-2025	Accumulate	711	634
15-Sep-2025	Accumulate	769	715
14-Nov-2025	Sell	363	391
05-Jan-2026	Reduce	363	370



Date	Rating	Target Price (INR)	Closing Price (INR)
13-Jun-2024	Buy	196	169
13-Aug-2024	Buy	213	181
12-Nov-2024	Accumulate	194	166
24-Jan-2025	Reduce	147	143
16-Feb-2025	Reduce	129	126
30-May-2025	Sell	129	152
18-Jul-2025	Sell	86	100
13-Aug-2025	Sell	83	93
13-Nov-2025	Sell	90	109
10-Feb-2026	Sell	107	129



Date	Rating	Target Price (INR)	Closing Price (INR)
19-Jan-2024	Buy	700	585
30-Apr-2024	Buy	748	625
13-Jun-2024	Buy	785	652
24-Jul-2024	Buy	822	687
23-Oct-2024	Buy	843	644
23-Jan-2025	Buy	644	543
30-Apr-2025	Buy	587	481
04-Aug-2025	Buy	565	443
23-Jan-2026	Buy	600	456
27-Feb-2026	Accumulate	600	535



Date	Rating	Target Price (INR)	Closing Price (INR)
12-Feb-2024	Accumulate	1,202	1,131
08-May-2024	Accumulate	1,550	1,405
13-Jun-2024	Accumulate	1,755	1,637
08-Aug-2024	Accumulate	1,800	1,605
14-Nov-2024	Accumulate	1,523	1,327
12-Feb-2025	Accumulate	1,155	1,105
08-May-2025	Reduce	1,058	1,113
06-Aug-2025	Reduce	1,091	1,139
11-Nov-2025	Sell	1,172	1,402
27-Feb-2026	Sell	1,549	1,911

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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