Automobiles

India | Sector Update

Global Markets Research

Global PV & CV refocus on ICE

18 March 2025

We have analyzed Q4CY24 results and guidance of key global auto PV and CV original equipment manufacturers (OEM), such as Tesla, Ford, General Motors (GM), Mercedes, Stellantis, Toyota, Suzuki, Hyundai, Volkswagen, BMW, Audi, Porsche, Volvo, Paccar, Daimler trucks to gain insight on the demand, profitability and electrification trends. The key takeaways are: 1) Most global OEM, especially the US, refocusing on the internal combustion engine (ICE) segment, 2) Global passenger vehicle (PV) OEM guided for flattish volume growth with Mercedes Benz (MB) contracting in the range of -2.0% and -7.5%; Porsche expects a slight dip while VW, BMW, Audi guided for a 0-5% volume growth (this assumes robust growth in the US, which could come under pressure based on tariff execution), 3) Legacy OEM expect market share pressure in China to persist in CY25 as meaningful BEV new launches for them are expected only from CY26, 4) Local for local capacities being talked about and some restructuring of high cost EU production, 5) Margin pressures to persist (even ex of tariffs) for most OEM in CY25, owing to continued pressure in China. BMW is the only OEM to include likely tariff impact of -1% in CY25 margin, and 6) Medium- and heavy-duty truck market to remain muted with -9% to +4% volume growth for North America and -2% to -14% for the EU as per Daimler trucks.

ICE – yet to meet its demise:. With expectations of reduced subsidy for EV in the US and extension of meeting carbon dioxide (C02) emission regulations in the EU, most OEM are refocused on their ICE product pipeline but still expect BEV penetration to increase. For eg, Ford has scrapped one of its EV projects and is focused on ICE & hybrid models. In its earnings call, Porsche says the company still sees EV as a future technology and wants to make it a success in the long term, but the goal of delivering more than 80% of EV by 2030 is "not realistic". Also, Suzuki has reduced the number of EV models expected to 4 (from 6) and cut its long-term volume outlook for India to 2.54mn units from earlier 3.0mn units and expects EV share of 15%.

Muted CY25 guidance from PV and CV OEM: While MB and Porsche expect a slight dip in volume in CY25, BMW, VW, Audi have guided for a 0-5% volume growth. OEMs expect market share losses to continue in China as significant product launches are likely to happen only in CY26, which is also one of the reasons for muted EBIT margin guidance in CY25 (largely flat on an already reduced CY24). This was one of our key concern cited in our thematic note, China energizing seismic shifts released on 27 January 2025. This is also one of the reasons most EU OEM restructuring their European plants as historical profit pools in China are under severe stress. As per S&P Global Mobility's February projections, global light vehicle production is likely to be flat in CY25. Region-wise, North America would dip by 1.4%, China would grow 2.6% while the EU is set to decline by 4.2% YoY. Separately, several global industry bodies also have set a flat to low single-digit sales growth guidance in CY25. Key CV OEM also targets flat volume to contraction in CY25.

Read through for India-listed companies under our coverage: Slowing global PV growth as well as shrinking profit pools of global OEMs in China, resulting in restructuring their EU operations, are cause for concern for SAMIL (reiterate **Reduce**). Some US OEMs are refocused on ICE models, which means the ICE product segment (Starter motor) for Sona BLW could see growth in the medium-term vs a structural decline expected earlier. Near-term refreshed model changeover for one key US EV OEM will be cause for concern in the short term. For JLR, China remains a concern, while the US and the EU are expected to benefit, owing to the premium brand strategy. We monitor its FY26 EBIT margin guidance expected during May-June 2025. Muted global CV demand will remain cause for concern for Bharat Forge while the EPA is reconsidering 2027 emissions regulations. This means pre-buying in CY26 may not happen and at the same time a big dip is also unlikely in CY27, thereby giving a more smoothened growth trajectory for the *US Class 8* truck market.

Overall sales up 3% YoY in CY24

Volume sales (mn units)	CY24	CY23	(%)
EU & Other Markets	15.6	15.2	2.6
Western Europe	11.6	11.6	0.0
Central and Eastern Europe	2.6	2.3	17.5
Other Markets	1.3	1.3	0.6
North America	19.4	18.7	3.8
of which: US	16.0	15.6	2.7
South America	3.9	3.7	6.0
Asia-Pacific	37.1	36.4	2.0
of which: China	23.4	22.3	4.8
Worldwide	79.2	77.0	2.8

Source: Volkswagen, Elara Securities Research

Global PV production and sales growth to be flat in CY25

Region-wise growth YoY (%)	Production	Sales
North America	(1.4)	1.2
Europe	(4.2)	0.1
China	2.6	3.0
Total	0.0	1.7

Source: S&P Global mobility, Op mobility, Elara Securities Research

Muted growth projections for OEMs

OEM	Volume and revenue guidance during CY25
VW	Revenue growth of ~5% YoY in CY25
Audi	Volume of 1.7mn to 1.8mn (vs 1.7mn in CY24)
Mercedes	Volume decline of -7.5% to -2.5%
BMW	Volume increase of +1 to 4.9%
Porsche	Revenue growth of flat to slight decline
Stellantis	Positive sales growth
Tesla*	20-30% volume growth in CY25

Note: *no guidance announced for Q4, guidance as on Q3CY24.
Source: Company, Elara Securities Research

Class 8 truck growth guidance

(%)	Europe	North America
Volvo	(7.3)	(1.3)
Paccar	(4) to (14)	(4) to +8
Daimler Truck	(2) to (14)	(9) to +4

Source: Company, Elara Securities Research

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Exhibit 1: Key global OEMs guide for slight decline to increase in volume and margin; monitor trajectory of guidance over course of the year

		CY25	CY24				
		Outlook CY25	**Actual CY24**	**Q2FY25/Q3CY24 (Oct 24)**	**Sep-24**	**Q1FY25/Q2CY24 (Jul-Aug 24)**	**Q4FY24/Q1CY24 (Feb-Mar 24)**
Mercedes (Cars)	Unit sales	-7.5% to -2%	-3%	Slightly below		At prior year level	At prior year level
	EBIT Margin (%)	6% to 8%	8.1%	7.5%-8.5%	7.5% -8.5%	10%-11%	10%-12%
	xEV share (%)	20% to 22%	18.5%	18%-19%		19%-20%	19%-21%
BMW (Automotive)	Deliveries	+1% to 4.9%)	-4%	Slightly lower	Slightly lower	Slightly increase	Slightly increase
	EBIT Margin (%)	5%-7%	6.30%	6%-7%	6%-7%	8%-10%	8%-10%
Porsche	Sales revenue (EUR bn)	39-40bn	40.1	39-40	-	39-40	40-42
	Operating return on sales (%)	10%-12%	14.10%	14%-15%	-	14%-15%	15%-17%
	BEV share (%)	20%-22%	12.70%	12%-13%	-	12%-13%	13%-15%
VW	Revenue Growth YoY (%)	up to 5%	Flat	largely flat	Flat	up to 5%	up to 5%
	Operating margin %	5.5% to 6.5%	6%	~5.6%	~5.6%	6.5%-7.0%	7.0% to 7.5%
	BEV penetration %	10%-14%	8.3%	9%-11%		9%-11%	9% to 11%
Audi	Deliveries (mn)	1.7 to 1.8mn	1.69mn	1.7-1.9mn	-	1.7%-1.9%	1.7%-1.9%
	Operating return on sales %	7%-9%	6.0%	6%-8%	-	6%-8%	8%-10%
Stellantis	Adj Operating Margin %	mid-single digit	5.50%	5.5%-7.0%	5.5%-7.0%	double digits	Double digits

Note: red color indicated guidance downgrades, Source: Company, Elara Securities Research

Exhibit 2: Global growth for medium and heavy duty trucks to remain muted in CY25

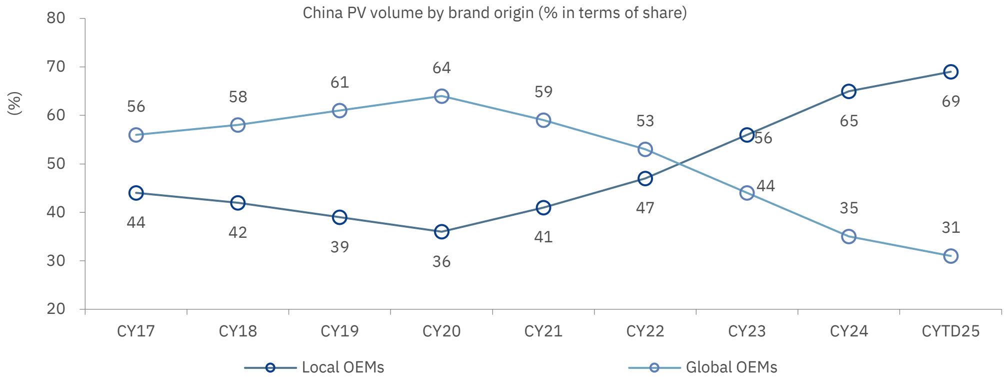
Class 8 trucks growth guidance CY25 CV	Europe	North America	China	India
Volvo	-7.3%	-1.3%	0.7%	5.7%
Paccar	-4 to -14%	-4 to +8%		
Daimler Truck	-2 to -14%	-9 to +4%		

Source: Company, Elara Securities Research

Global OEM continue to slide in China

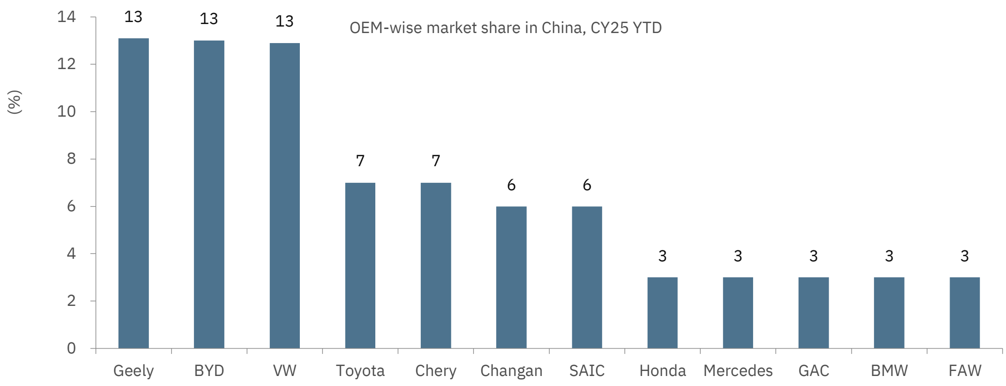
Global OEM share in China continues to decline, reaching ~31% in CY25 YTD vs 35% in CY24, while China's OEM share has reached to ~69%, which was a mere ~36% in CY20. Geely gained market share in CY25 YTD and is currently the market leader in China with ~13%, followed by BYD at ~13%, down from 16%. BYD share loss is likely due to a short-term inventory adjustment. Tesla sales was down ~14% in CY25 YTD in China, likely due to refreshed *Model Y* launch in late February, which had a negative impact on sales of the outgoing model. BYD remains the market leader in BEV, with an 18% market share, followed by Geely at ~17%. BYD also dominates the PHEV market with ~56% share. NEV penetration in China has reached ~45% in CY25 YTD vs 47% in CY24, largely driven by aggressive sell down of its ICE inventory in January along with prioritizing NEV capacity allocation to export markets in CY25 YTD. Importantly, exports volume grew by 11% in CY25 YTD, with NEV accounting for 31% of exports. BYD has climbed to No 2 position with a 15.5% market share in exports, slightly behind Chery's 18.3%.

Exhibit 3: Global OEM market share in China continues to decline in CY25TD due to increased competition from local brands, growing demand of NEV where global OEM have less share



Note: CYTD until February; Source: Automobility, CAAM, Elara Securities Research

Exhibit 4: Geely leads China with ~13% market share



Note: CYTD till Feb; Source: Automobility, CAAM, Elara Securities Research

Tesla

- Elon Musk continues to emphasize on: 1) Tesla's advancements on autonomy and *Optimus* robot on the call, and 2) launching unsupervised full self-driving as a paid service in Austin, Texas, in June 2025 (it already has an unsupervised full self-driving in Fremont factory). He mentioned "there is a path that Tesla can remain the most valuable company in the world by a significant margin; maybe more than the next five companies combined (difficult but achievable path). He expects a good CY26 and a "ridiculously good" CY27-28. *Optimus* robot has the potential to generate USD 10tn in revenue
- The changeover of *Model Y* will result in several weeks of lost production in Q1CY25, due to which margin will be affected, due to idle capacity and other ramp-up related cost. Sona BLW had highlighted pressure for operations too in Q4FY25, due to one of its key clients recently in the earnings call
- Tesla is in discussion with other auto companies about licensing FSD. It will only entertain for high volume. "The interest from other automakers will be very high once they realize that unless you have FSD, you are dead," he said
- First semi-truck builds are scheduled to start by the end of CY25 with ramp-up starting in early CY26
- There were no updated comments about Tesla volume growth guidance for CY25 (which in the last earnings call, they had set a target of 20-30% volume growth)
- Elon believes CY25 is a pivotal year for Tesla on full self-driving and true real world AI that works. CY25 could be viewed as the most important year in Tesla's history

- **Regulatory challenges outside of the US for FSD:** EU regulations too are tightening for FSD; hence, it is finding it difficult there for unsupervised FSD. China is challenging as it will not allow Tesla to transfer training video outside of China. Tesla is trying to solve this problem by literally looking at streets in China that are available on the internet and feeding that into video training. The bus lanes in China are complicated

Financial highlights

- Volume: Production stood at 459,445 units (-7.2% YoY and -2.2% QoQ) and deliveries were at 495,570 units (+2.3% YoY & +7.1% QoQ)
- Revenue: Total revenue was up +2% YoY and +2% QoQ in Q4 to USD 25.7bn, driven by robust growth in energy generation and storage revenue at ~USD 3.1bn, up +112% YoY. Auto revenue was down 8% YoY and -1.1% QoQ) to ~USD 19.8bn
- Blended ASP (ex-regulatory credits) declined 11.6% YoY and 7.4% QoQ to USD 38,554 per vehicle, due to: 1) reduced average selling price (ASP) on pricing action YoY, and 2) attractive financing options & mix. Blended ASP (including regulatory credits) stood at USD 39,950 (-10.2% YoY and -7.6% QoQ)
- COGS/vehicle: It climbed down to its lowest level ever at ~USD 33,315/vehicle due to lower RM cost
- Operating profit: Operating income (EBIT) was down 23.3% YoY and 41.7% QoQ to USD 1.5bn in Q4, with operating margin at 6.2% (-463bp YoY and -204bp QoQ). Auto gross margin (ex of regulatory credit) at 13.6% was down 360bp YoY and 350bp QoQ; while including regulatory credit, it was down 220bp YoY and 350bp QoQ to 16.6%
- Cashflow: Quarter-end cash, cash equivalents and investments in Q4 was USD 36.6bn. The sequential increase of USD 2.9bn was a result of positive free cashflow of USD 2.0bn
- US: Semi-factory construction continues in Q4 and recently completed roof-and-wall enclosure of the main building area. First truck builds are scheduled to start by the end of 2025 with ramp-up beginning in early CY26. Preparation is underway for Cybercab lines at Gigafactory Texas with volume production planned for CY26. Given its unique functionality – including power share, stainless steel exterior, enhanced durability and bioweapon defense mode – it deployed a fleet of Cybertruck equipped with Starlink in the Los Angeles area to help first responders and those affected by fires get access to electricity and Wi-Fi. We expect Cybertruck to be eligible for the IRA consumer tax credit, helping to improve affordability and access for even more customers
- China: In Q4, we achieved record deliveries in China as the *Model Y* became the best-selling vehicle for the full year. Tesla also became the fastest-growing brand in South Korea, and we launched vehicle sales in the Philippines
- Europe Berlin-Brandenburg: In CY24, the *Model Y* was the best-selling vehicle of any type in Denmark, Norway, Sweden, Switzerland & the Netherlands; we expect the *Model Y* to have been the second best-selling vehicle of any type in the EU. Tesla was the most sold brand in Norway for the fourth year in a row with the *Model Y* and the *Model 3* the best- and second-best selling cars of any type in CY24

Volkswagen

Outlook

- Demand: VW continues to see a competitive environment continuing in China in CY25, a weak market demand in the EU, higher trade barriers and increasing regulations around the world. Hence, the company sees revenue growing by up to 5% YoY for CY25
- Margin: Guidance adjusted EBIT margin stood at a muted 5.5% to 6.5% for CY25 (vs 5.9% in CY24). Management expects expansion in BEV volume, especially in the EU and ramp-up cost of new models & battery activities to have a negative impact on earnings in CY25
- China: The company expects proportionate operating result of China JV to be in the range of EUR 500-1,000mn in CY25 vs EUR 1.7bn in CY24 (EUR 2.6bn in CY23) and targets ~EUR 2.0bn in operating profit by CY27, which is still below ~23% below CY23 levels, which implies no significant improvement in profitability in the China business
- Automotive investment ratio: VW expects automotive investment ratio (capex+R&D) to be in the range of 12-13% in CY25 (vs ~13% in CY24), with a target to reach ~10% by CY27

Financial highlights

- Brand core group (VW passenger vehicle, SKODA, SEAT, VW CV mass market brands: Car sales was at 1,332,000 units, up 6.6% in Q4. Revenue was up by a mere 4.8%, with ASP declining by 1.5% YoY. Operating margin was at 6.4% vs 6.1% YoY. Operating profit of EUR 2.5bn was up 9.4% YoY
- Brand group progressive (Audi) premium: Car sales was at 323,000 units, down 4.2% YoY in Q4. Revenue was down only 6.2%, with ASP declining by 2.1% YoY. Operating margin was at 9.9% vs 8.7% YoY. Operating profit of EUR 1.8bn was up 7.7% YoY
- Brand group sport luxury (Porsche) luxury: Car sales was at 91,000 units, down 4.2% YoY in Q4. Revenue was down by a mere 6.2%, with ASP declining by 2.1% YoY. Operating margin was at 9.9% vs 8.7% YoY. Operating profit of EUR 1.5bn was down 11.2% YoY
- Group: Group revenue of EUR 87.3bn was up 0.2% while operating profit of EUR 6.1bn was down 2.1%, with margin at 7.04% vs 7.2% YoY in Q4CY24. Unit sales was flat YoY in Q4CY24
- CY24: Group unit sales was down 3.5% YoY in CY24, with North America up 6% YoY, the EU flat YoY, and South America up 15% YoY, offset by China, down 10% YoY. Group revenue at EUR 324bn, was up 0.7% YoY in CY24 while operating results were down 15.4% YoY, with margin at 5.9% vs 7.0% in CY23
- BEV share was 8.3% in CY24 vs 8.3% YoY. It expects to reach 10-14% in CY25
- FCF for the automotive division at EUR 5bn was down 53% YoY
- It plans to launch 30 new models in CY25 across brands

Key trends in global light vehicle market region-wise

- In CY24, volume of the passenger car market worldwide was slightly up compared with the prior year, with most regions developing favorably. The supply situation continues to normalize, with affordability of vehicles improving in some regions
- Western Europe: In Western EU, the number of new passenger car registrations in the CY24 was largely flat YoY while the UK registered slight growth and Spain saw noticeable growth. Germany and Italy were flat YoY while France decreased slightly YoY
- Central and Eastern Europe: In the Central and Eastern EU regions, there was significant volume increase of the passenger car market in the reporting period. Largely positive movement was recorded in the number of vehicles sold in the key markets of Central Europe
- North America: Led by improvement in availability and affordability of new vehicles, volume of the US market in CY24 was up slightly YoY. Canada and Mexico recorded improvement YoY

- South America: Volume of new vehicle registrations for passenger cars and light CV in CY24 was higher than the prior period. In Brazil, new registrations were significantly higher than the previous year
- Asia-Pacific: In the Asia-Pacific region, volume of the passenger car market in CY24 was flat YoY. Registrations in China were slightly up YoY in CY24, due to measures including extensive government sales incentives and lower prices. In Japan, sales declined and had a dampening effect on growth in the region

Exhibit 5: China market drags overall growth for VW

Volume sales ('000 units)	CY24	CY23	(%)
EU & Other Markets	3,963	**3,953**	**0.3**
Western Europe	3,115	3,141	(0.9)
Central and Eastern Europe	486	474	2.4
Other Markets	363	338	7.5
North America	**962**	**900**	**6.9**
of which: US	658	640	2.9
South America	**524**	**466**	**12.5**
Asia-Pacific	**3,214**	**3,582**	**(10.3)**
of which: China	2,927	3,234	(9.5)
Worldwide	**8,693**	**8,901**	**(2.3)**

Source: Company, Elara Securities Research

Mercedes Benz

- Outlook: Volume growth guidance for CY25 is weak at -2% to -7.5%; EBIT margin guidance is at 6-8% in CY25 lower than CY24 with an EBIT margin of 8.1%. Volume growth and EBIT margin guidance still assumes strong underlying demand in the US, which could come under threat if tariffs are imposed. The company gave a cautious outlook on China and is preparing a product offensive to gain momentum in CY27 (we expect a lean period during CY25-26)
- Demand: MB continues to see a competitive environment continuing in China in CY25 and expects further negative impact. It expects stable sales situation in the EU and strong underlying demand in the US. Hence, the company see sales target for 2025 at a slightly lower level than in CY24
- Margin: Guidance of CY25 adjusted EBIT margin stood at a muted 6-8% (vs 8.1% in CY24) for cars and 10-12% for vans (vs 14.6% in CY24). This does not factor in the US tariffs impact. As per management, if tariffs on exports from the EU into the US were to step up from the current 2.5% to 10.0%, it would impact up to 100bp in gross margin
- China: The contribution of BBAC (MB's JV in China) is expected to be lower
- Capex: It is expected to increase significantly, due to product launches during CY25-27 while R&D is likely to remain flat YoY

Financial highlights

- Volume: Car sales was at 520,000 units, up 1.1% in Q4, with the EU down 5% YoY, North America, up 11% YoY, and China sales, up 2.8% YoY. Van sales at 106k units was down 15% YoY
- Revenue: Group revenue was down 3.8% YoY at EUR 38bn while cars was at EUR 29bn, down 1% and vans at EUR 4.9bn, down 11% YoY
- Blended ASP (cars+vans) was -0.6% YoY and +7.6% QoQ to EUR 54,763 per vehicle, due to better mix of top end and core segments
- Operating profit: Group operating income (EBIT) was down 26.4% YoY to EUR 3.18bn in Q4, with operating margin at 8.3% (-254bp YoY and +99bp QoQ). Industrial operating margin (cars+vans) at 7.6% was down 312bp YoY, but up 159bp QoQ
- Cashflow: Industrial business FCF was at EUR 2.9bn, down 16% YoY in Q4. FCF for CY24 was at EUR 9.1bn, down 19% YoY
- XEV share was 19.3% in Q4CY24 (cars) vs 17.3% QoQ and 21.8% in YoY. Cars production was down 7.1% YoY in Q4CY23, while vans production was down 17% YoY
- North America: Cars sales was 11.1% in North America while the US was up 8.5% in Q4. Vans sales were down 44% in Q4 in North America and down 48% in the US.
- China: In Q4CY24, car sales was up 2.8% YoY (down 7.4% YoY for CY24), with locally produced vehicles sales up by 10% in Q4, but down by 4.7% in CY24. Vans sales was down 33% YoY in Q4 and down 20% YoY in CY24
- Europe: Car sales was down 4.9% YoY in Q4, with sales in Germany up by 3.8%. CY24 sales was still down by 2.7% YoY in the EU and 9% YoY in Germany. Vans sales was down 9% in the EU and down by 6% in Germany in Q4CY24
- MB also hosted its Capital Markets Day. Some key highlights and targets include:
    - Cautious volume outlook on China. Preparing product offensive to gain momentum in CY27
    - Top-end vehicles (TEV): Strengthen and expand TEV share from 14% to 15%. Major S-Class upgrade coming in CY26, followed by AMG.EA and strong AMG line-up
    - xEVshare would be >30% in CY27 (vs 18.5% in CY24) bolstered by *GLC* and *C-Class* hitting the market

Battery and new platform

- Around -30% EUR/kWh reduction for MMA compared to predecessor through evolvement of NMC cell chemistry, first-time usage of LFP and further technical enhancements while improving energy density
- LMO and NMC blend & LNMO: Advanced cell chemistries are enabling lower cost per kWh while reaching energy density previously exclusive to NMC
- Solid-state: Pushing energy density beyond limits of conventional lithium-ion cell, increasing capacity and reducing weight
- High-silicon anode: Higher energy density due to an increased share of silicon in the anode

Right sizing production footprint

- Sale of Hambach and small volume plants in Brazil, Russia and Indonesia
- Rightsizing Germany optionality at partner plants & remote locations optionality China

Optimizing production cost

- Doubling low-cost country share in the EU from the current 15% to 30% by CY27. For e.g.,, the factor cost EUR/Vehicle (including personal, overhead and energy) in East EU countries is ~70% lower than in Germany.
- Labor cost & productivity: Headcount reduction in Germany through attrition and demographics. Increased low-cost country share, improved productivity levels, higher equipment utilization and automation through AI & digitalization
- Reduction of energy cost by use of renewables, particularly in Germany

Localization

- Increasing share of local for local production from 60% (today) to 70% by CY27
- Roughly 80% of the EU market is served locally. Exports of primarily TEV and sedans to the world (mainly China and the US)
- More than 80% of the China market is served locally.
- US: Optional localization of additional products in the core segment. Imported and exported vehicles in balance at ~200,000. Local production and sales are in balance. Exports of TEV SUV to China and TEV & core SUV to the EU

Material cost

- Materials cost reduction of more than 8% by CY27 vs CY24
- Beat CY26: Design-to-cost, strict standardization of components & modules, and low-cost country sourcing
- Battery cost: -30% EUR /kWh reduced for MMA vs the predecessor and ambition to further reduce cost in the mid-term
- Reduce one-timers: new supplier contracts will have a higher flexibility with respect to volume commitments

Investments

- CY19-24 capex share of investments is significantly down
- Investment peak in CY25 was driven by unprecedented product offensive
- Mid-term: > -10% investment reduction vs Act 2024 (-20% vs CY19)
- Peak of investments in MMA, electric GLC and C-Class as well as AMG.EA behind us in CY25
- Ramp-up of investments for future TEV (for eg, S-Class) and core (E-Class) products
- Continued investment in the ICE portfolio leveraging modular strategy
- Continued investment into MB.OS

- Streamlined EV & ICE powertrain portfolio and scaled drivetrain-independent tech stack

Fixed cost reduction

- It expects additional 10%+ fixed cost savings until CY27
- Headcount reduction using all levers, such as attrition, no replacements, voluntary redundancy programs, and outsourcing
- Streamlining in all business functions. Intention to integrate MBM and sales. Reduction of management positions (span and layers)
- Stringent standardization, digitalization and use of AI

China

- Cautious outlook on China. Preparing product offensive to gain momentum in CY27
- Leveraging open sourcing opportunities from Chinese supply chain
- Further localization of products
- Potentially expanding our R&D footprint further
- Driving dealer efficiency
- Targeting to lower material cost by more than 10%, variable production cost by 20%+ and fixed cost by 20% by CY27 vs CY24 levels in its JV BBAC

Exhibit 6: PHEV growth for Mercedes outperforms

	CY24	CY23	YoY (%)
Total unit sales	1,983,403	2,044,051	(3.0)
All-electric vehicles (BEV)	185,059	240,668	(23.1)
Plug-in hybrid vehicles	182,551	161,275	13.2
Share of electrified vehicles (%)	**18.3**	**19.7**	

Source: Company, Elara Securities Research

BMW

- Outlook: Management expects deliveries to be slightly higher than the previous year's. Demand is likely to increase in CY25, due to stabilization of inflation and additional moderate cuts in key interest rates in several countries. In China, the BMW Group expects the market environment to remain challenging as the level of competition continues to increase. Vehicles in the lower price segments are likely to account for a majority of growth. The price level in China is set to be the same as in H2CY24 and is therefore lower than in the first half of the previous year. In the US, the positive market development is likely to continue in view of the robust economic situation. In the EU, growth is set to be driven by electrified vehicles due to stricter CO2 regulations. Full-year revenue per vehicle in the automotive segment is expected to be in line with last year's figure.. The BMW Group expects raw materials prices to improve further in CY25, while forex is set to be negative. Rising deliveries and easing tensions in the raw materials markets are having a positive impact in the financial year. However, currency effects, the ongoing challenges in China, additional tariffs and the continued increased support measures for the supply chain are weighing on earnings. EBIT margin is expected to be in the range of 5% to 7% (vs 6.3% in CY24)

- Tariffs to impact negatively on earnings: The anti-subsidy tariffs imposed by the EU in 2024 on battery powered electric vehicles from China, against which the BMW Group has submitted a legal challenge to the European Commission, will have a negative impact in the mid three-digit million euro range on CY25 results and are included in the forecast, as per BMW. The tariff increases imposed by the new US administration on imports from China (a 20% tariff on all products imported from China) and the China government's countermeasures (including a 10% tariff on imported vehicles with engine sizes over 2.5 liters) will have a negative impact on earnings in the low three digit million range and are included in the forecast. US tariffs will have the biggest impact on vehicles exported from the US to China, as well as on production parts and components imported from China to the US. The outlook also incorporates tariffs imposed by the US on Mexico and Canada

- EV perform well for BMW: All-electric vehicles had a positive impact on sales growth in CY24, with deliveries rising to 426,536 units, up 13.5% YoY. All-electric vehicles accounted for 17.4% of all units delivered in CY24 (CY23: 13.4%). It expects BEV to account for more than 50% of global sales by CY30

Exhibit 7: BMW sales decline by 4%, driven by China in CY24

	CY24	CY23	YoY (%)
Europe	**949**	**943**	**0.6**
thereof Germany	266	273	(2.5)
thereof the UK	169	159	6.0
Americas	**483**	**482**	**0.1**
thereof the US	399	397	0.5
Asia	**964**	**1,073**	**(10.2)**
thereof China	715	826	(13.4)
Other markets	**56**	**56**	**0.0**
Total	**2,451**	**2,554**	**(4.0)**

Source: Company, Elara Securities Research

Stellantis

- Volume and revenue: Consolidated shipments were down 12% YoY in CY24, driven by lower production levels in support of inventory reduction actions and gaps resulting from discontinued products and launch delays. Revenue of EUR 156.9bn was down 17% YoY, driven by lower volume & mix and forex headwinds combined with increased sales incentives. Operating margin came in at 5.5%, down 730bp YoY

- North America: Shipments were down 25% YoY, with revenue at EUR 63.5bn was down 27% YoY, driven by lower volume from discontinued models from *Dodge Charger* and *Challenger, Chrysler 300, Jeep Cherokee* and *Renegade*. Adj operating margin came in at 4.2% vs 15.4% YoY, due to significant impact from lower volume & mix, increased sales incentives and higher warranty cost

- Europe: Shipments were down 8% YoY, with revenue of EUR 59bn down 11% YoY due to decreased volume, higher portion of sales with buyback commitments, increased sales incentives and negative mix. Adj operating margin came in at 4.1% in CY24 vs 9.8% YoY, led by negative product content and trim impact, increased sales incentives and lower volumes, partly offset by savings in raw materials and other purchasing activities.

- Middle East and the African Union: Shipments were down 5% YoY, with revenue of EUR 10bn was down 4% YoY, primarily due to negative forex translation effects, primarily from Turkish Lira, offset by robust increase in net pricing. Adj operating margin came in at 18.8% in CY24 vs 23.7% YoY, due to negative forex transaction and translation effects, primarily related to the Turkish Lira, offset by increased pricing actions

- South America: Shipments were up 4% YoY, with revenue of EUR 15.9bn down 1% YoY primarily due to forex impact from Brazilian Real and Argentine Peso, offset by increased volume and positive impact of parts & service business and net pricing. Adj operating margin came in at 14.3% in CY24 vs 14.8% YoY, primarily due to increased vehicle net pricing and volume, more than offset by forex translation impact and negative mix

- Outlook: The company has a target for positive revenue growth, adjusted operating income of mid-single digits and industrial FCF of positive for CY25. Guidance assumes current tariffs and trade rules in place from February 2025

Exhibit 8: Progress on inventory reduction

('000 units)	Sep-23	Dec-23	Mar-23	Jun-24	Sep-24	Dec-24
Company	388	331	423	340	374	224
Independent dealers	999	1128	970	1068	956	967
Total	**1,387**	**1,459**	**1,393**	**1,408**	**1,330**	**1,191**

Source: Company, Elara Securities Research

Toyota Motor

- FY25 outlook: The company largely retained FY25 target. Volume is expected to decline at 0.5%. Region-wise, Japan sales is likely to grow by ~1.5%, the EU by 2% while North America is set to decline by 2.3%, and Asia by 2.0%. Revenue for the full year is expected to improve by 4.2% (from 2.0%) and operating margin of 10.0% (from 9.3%), contraction of 70bp YoY. Production in Japan is set to decline 10% YoY while overseas production is expected to grow by 10% YoY in FY25
- Operating results: Revenue for 9MFY25 was up by 4.9% YoY while operating income was down by 13% YoY. Margin was down ~210bp in 9MFY25 YoY, driven by higher employee expenses, higher R&D & other cost, and increased marketing expenses.

Exhibit 9: Toyota Motor sales in Asia outperforms the EU, Japan and North America

Vehicle sales ('000)	9MFY25	9MFY24	YoY (%)
Japan	1,454	1,630	(10.8)
North America	2,043	2,161	(5.5)
EU	866	884	(2.0)
Asia	1,378	1,376	0.1
Other	1,259	1,245	1.1
Total	**7,000**	**7,296**	**(4.1)**

Source: Company, Elara Securities Research

Suzuki Motors

- Mid-term plan (FY31) key highlights: Suzuki has cut its long term volume outlook for India to ~2.5mn units from earlier 3.0mn units and expect an EV share of 15%. This implies EV volume of 381,000 vs earlier expectations of 450,000 units by FY31. Despite this, the company projects revenue of YEN 8tn with an operating margin of 10% (YEN 800bn). It also plans four new BEV models in India by FY31, with BEV accounting for ~15% of total sales. HEV is likely to be 25%, while CNG is set to be ~35%, as per management
- FY25 outlook: Management has slightly revised up its previous target. It expects revenue sales to improve by ~6.4% from ~4%, backed by overall automobile volume growth of 2.4%. The company expects FY25 operating margin at ~10.4% (vs previous guidance of 9.8%), driven by better mix, pricing and forex tailwinds
- Q4CY24 performance: Overall volume improved ~3.5% YoY despite sales in India remaining muted. Auto revenue was up 12% YoY, with operating profit up by 15% YoY. Operating margin came in at 10% for autos

Exhibit 10: Suzuki expects 2% volume growth in FY25

Volume ('000)	FY23	FY24	FY25E	YoY (%)
Japan	627	674	722	7.1
Europe	171	236	213	(9.7)
Asia	1903	1971	1,991	1.0
Others	299	286	318	11.2

Source: Company, Elara Securities Research

Ford Motor Company

- Guidance of CY25 EBIT stood at a muted 7-8.5bn USD (vs CY24 EBIT of ~10bn USD). Q1CY25 guidance is close to break-even only. The Ford Model e (EV entity) reported a loss of USD 5.1bn in CY24 up from USD 4.7bn in CY23. Ford has cancelled plans for an all-electric SUV in the US market, resulting in USD1.9bn write off. Instead, it is focusing on developing hybrid versions of such models
- Financials: The company reported record revenue of USD 185bn in CY24, up 5% YoY compared to the previous year, with an adjusted EBIT of USD 10.2bn. Fourth quarter revenue stood at USD 48.2bn, with an adjusted EBIT of USD 2.1bn. The outlook for CY25 includes adjusted EBIT of USD 7.0-8.5bn with a free cashflow of USD 3.5-4.5bn
- Cost management: Ford is focused on improving vehicle build quality and reducing cost as a part of Ford + transition strategy. The company aims to achieve USD 1.4bn in cost improvement and production volume
- EV segment losses: The *Model E* division, responsible for EV, reported a loss of USD 5.1bn in CY24, up from USD 4.7bn in CY23. The company anticipates further losses of up to USD 5.5bn in CY25, due to ongoing investment in future products and new battery plants. Given the losses, it is adjusting its EV strategy
- Proposed Mexico tariff: The company remains skeptical on US proposed 25% tariff on imports from Mexico. Management indicated on surviving with tariff for a few initial weeks due to production being heavily US-based but could not survive for a longer term due to nonavailability of extra capacity at the US plant. It would therefore be required to build new plants, resulting in industry-wide profit being wiped out. Tariff could eventually lead to higher prices for customers, resulting in negative impact
- Increased competition: Ford faces competition in the EV market, leading to pricing pressures. In Q4CY24, it lost USD 37,000 on every electric vehicle sold. Ford EV, such as the *Mustang Mach-E* and *F-150*, have seen price cuts to stay competitive, but this has hurt profitability
- Postponed EV expansion: Plans for additional EV production and investments have been delayed due to weaker demand. The company is focused on scaling back EV output while improving battery efficiency and cost
- Reduced EV production goals: Ford had initially planned 600,000 EV per year by the end of CY24, but due to weaker market conditions, it has been delayed. With the EV market not expanding as quickly as anticipated, it is adapting by focusing more on hybrids and ICE vehicle models in the near term
- Cancellation of EV projects: The company has cancelled plans for an all-electric SUV in the US market, resulting in USD 1.9bn write off. Instead, it is focused on developing hybrid versions of such models
- Production pauses and delays: It indicated on plans to pause production of all electric F-150 lightning pickup trucks for six weeks, due to declining demand and has delayed the launch of next generation electric truck to CY27
- Robust ICE and hybrid sales: Fords hybrid and gas-powered vehicles remain robust, with models like F-Series trucks and SUV continuing to be profitable. The company plans to double hybrid production for models like *F-150* and *Maverick*, viewing hybrids as a bridge technology for customers transitioning gradually

Exhibit 11: Ford *Model E*: EV profitability remains a drag

	Q1CY23	Q2CY23	Q3CY23	Q4CY23	Q1CY24	Q2CY24	Q3CY24	Q4CY24
Volumes ('000)	12	34	36	34	10	26	32	37
Revenue (USD bn)	0.7	1.8	1.8	1.6	0.1	1.1	1.2	1.4
EBIT (USD bn)	(0.7)	(1.1)	(1.3)	(1.6)	(1.3)	(1.1)	(1.2)	(1.4)
EBIT margin (%)	NA	NA	NA	NA	NA	NA	NA	NA
EBIT/Vehicle (USD)	(58,333)	(32,353)	(36,111)	(47,059)	(130,000)	(42,308)	(37,500)	(37,838)

Source: Company, Elara Securities Research

General Motors

- Q4 performance: General Motors North America (GMNA) wholesales grew 12% while revenue improved 12% with consistently strong pricing and incentives below the industry average. GMNA auto operating margin was at 5.8% vs 5.7% YoY. The full-year adj EBIT margin was at 9.2%, which was in line with guidance of 8-10%. US ICE dealer inventory was at 53 days, in line with the company's year-end target of 50-60 days. EV dealer inventory was at 70 days
- EV ramp-up continues: Total US EV deliveries stood at ~44,000, up 126% YoY, with EV market share increasing to 12.5% vs 6.9% YoY. GM expects EV profitability to improve at the lower end of the USD 2-4bn EBIT YoY target based on a wholesale of ~300,000 units. Importantly, the EV portfolio was variable profit positive in Q4CY24
- CY25 guidance: The company expects CY25 adj EBIT of USD 13.7-15.7bn (vs CY24 at USD 14.9bn) and adj auto FCF of USD 11-13bn (vs CY24 at USD 14bn). It also expects GMNA EBIT margin of 8-10% (CY24: 9.2%). Headwinds incorporated in CY25 guidance include: 1) lower volume and mix driven by a modest decline in ICE volume, offset by higher EV volume, 2) North America pricing down 1.0-1.5%, and 3) higher labor cost, D&A and forex effects. Key tailwinds include: 1) EV profitability improvement at the low end of our USD 2-4bn EBIT YoY target based on wholesale of ~300,000, 2) favorability from other cost (warranty, commodities & logistics), and 3) targeting profitable China equity income for the full year

Exhibit 12: Global deliveries up 8.7% YoY for GM

('000)	Q4CY24	Q3CY24	Q4CY24	YoY (%)	QoQ (%)
North America	747	790	889	19.0	12.5
of which the US	625	660	755	20.8	14.4
Asia-Pacific, the Middle East, and the AU	736	576	736	0.0	27.8
of which China	569	426	599	5.3	40.6
South America	122	110	119	(2.5)	8.2
Global deliveries	**1,605**	**1,475**	**1,745**	**8.7**	**18.3**

Source: Company, Elara Securities Research

Hyundai Motor Company

- Performance by geography: Global unit sales declined by 2.2% YoY in Q4CY24, with the EU down 3.8%, India down 0.7%, South Korea down 4.6% YoY and China down 65.8% YoY, partly offset by North America, up 4.4% YoY, and Others up 10% YoY
- Ecofriendly vehicle (BEV, PHEV, HEV and FCEV) sales continue to grow: Total sales was up 21% YoY, with ecofriendly vehicle penetration reaching ~20% in Q4CY24 vs 16% YoY. This was driven by improvement in HEV share to 13.7% vs 9.5% YoY. However, BEV share declined to 5.0% vs 5.3% YoY. The share of HEV improved across geographies
- **Q4 performance**: Automotive revenue was up 6.8% YoY, driven by better mix, volume growth and forex benefits. Operating margin, however, deteriorated to 5.8% vs 9.3% YoY

Exhibit 13: xEV share improves YoY in Q4CY24, led by hybrids

Automotive financials	Q4CY23	Q3CY24	Q4CY24	YoY (%)	QoQ (%)
Unit sales (000)	1,090	1,046	1,066	(2.2)	1.9
Revenue (bn KRW)	33,462	34,019	35,750	6.8	5.1
Operating Profit (bn KRW)	3,114	2,289	2,065	(33.7)	(9.8)
Margin (%)	9.3	6.7	5.8	(353.0)	(95.0)
xEV share (%)	16	20	20		

Source: Company, Elara Securities Research

Porsche

- Financial highlights: CY24 revenue was down by 1% YoY while operating profit was down 23% YoY. Operating margin came in at 14.1% vs 18% YoY. Extensive renewal of product portfolio, the overall challenging economic and political environment and slower transformation toward EV, tense supply chain and market development in China had a negative impact on profitability in CY24, as per management. Deliveries were down 3% YoY, driven by China, down 28% YoY, offset by Germany, up 10.6% YoY, EU (ex-Germany) up 8% YoY, and North America, up 0.6% YoY
- Outlook: The company expects group revenue of EUR 39-40bn (vs EUR 40.1bn in CY24) and operating margin of 10-12% (vs 14.1% in CY24). For the automotive division, Porsche expects EBITDA margin in the range of 19-21% (vs 22.7% in CY24) and BEV share of 20-22% (vs 12.7% in CY24). It expects demand to decline worldwide with a further dip in China in CY25. However, demand in the US remains healthy and expected to grow in CY25. Porsche also expects to increase prices in all regions, except China
- EV: Porsche's BEV share in CY24 was at 12.7% vs 12.8% in CY23. For CY25, it expects BEV share to reach 20-22%, but acknowledges the ramp-up of EV has slowed globally, and hence, the goal of delivering 80% of EV sales by CY30 is no longer realistic

Exhibit 14: CY24 deliveries decline by 3%, driven by China

Deliveries by region	CY23	CY24	YoY (%)
Germany	32,430	35,858	(10.6)
North America (ex-Mexico)	86,059	86,541	(0.6)
China	79,283	56,887	(-28.2)
Europe (ex-Germany)	70,229	75,899	8.1
RoW	52,220	55,533	6.3
Total	**320,221**	**310,718**	**(3.0)**

Source: Company, Elara Securities Research

Audi

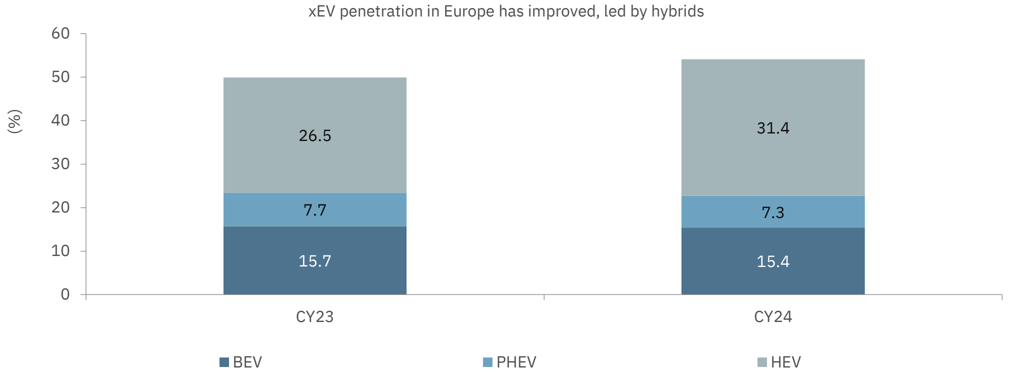
- Outlook: Audi will continue renewing its product portfolio with over 20 new models, half of which will be fully electric, positioning itself to have the youngest lineup among competitors by year-end. The A6 and Q3 model series will be the primary focus in 2025. The company anticipates financial headwinds amid a persistently volatile economic environment, with global growth expected to soften slightly compared to 2024. Audi forecasts revenue between Euros 67.5 bn and 72.5 bn, an operating margin of 7% to 9%, and net cash flow between Euros 3 bn and 4 bn for the fiscal year. The financial implications of a pending agreement remain under assessment and are not yet factored into these projections
- Overall volume: In CY24, the Audi brand (inclusive of Audi, Bentley, Lamborghini and Ducati), deliveries to customers were down 11.8% to 16,92,548 vehicles. The decline was attributable due to softening market demand, increased competition, supply constraints as well as various model changeovers. BEV deliveries in CY24 also declined 7.8%

- Region-wise performance: In the EU, the Brand Group delivered 6,70,859 vehicles, down 11.1% compared to CY23. In Germany, deliveries fell by 21.2%, also due to lower demand for BEV. In the US, deliveries decreased 13.7%, dragged by lower demand and supply constraints. In China, deliveries fell by 10.9%, driven by the challenging market environment
- Financials: Revenue of EUR64.5bn was down 7.6% YoY in CY24, while operating profit was down 38% YoY. Operating margins came in at 6% vs 9% in CY23.
- EV volume: Production of BEV decreased by 19.5% to 158,343 in CY24 (196,761- CY23). The development in BEV production reflects lower demand in some markets and increased competition., PHEV production declined 19.1%in CY24 which declined substantially in Q4 as PHEV production was up by 4% till 9MCY24. BEV deliveries were down 7.8% in CY24, with BEV share of total deliveries at 9.7% (vs 9.3% YoY)

Recent electrification trends and market dynamics across major regions

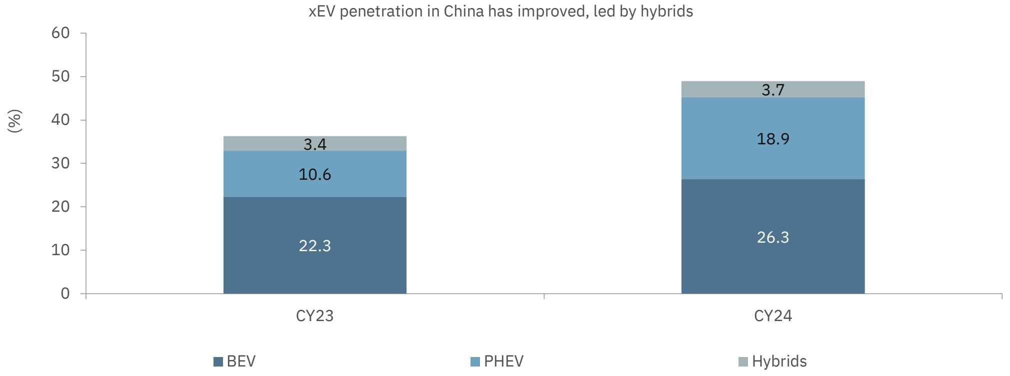
In CY24, battery EV (BEV) sales improved 13% YoY while plug-in hybrid EV (PHEV) sales was up 59%, taking overall EV sales growth at 25% (Source: PWC). In the EU (EU+EFTA+UK), BEV sales decreased 1.3% YoY in CY24 while PHEV was down 3.9%. In China, BEV sales was up 20% YoY while PHEV sales was up 82% YoY. In the US, BEV sales was up 7% (penetration reaching 8% in CY24) while PHEV was up 9% YoY in CY24, as per PWC.

Exhibit 15: xEV penetration in the EU increases, led by HEV while BEV penetration declines



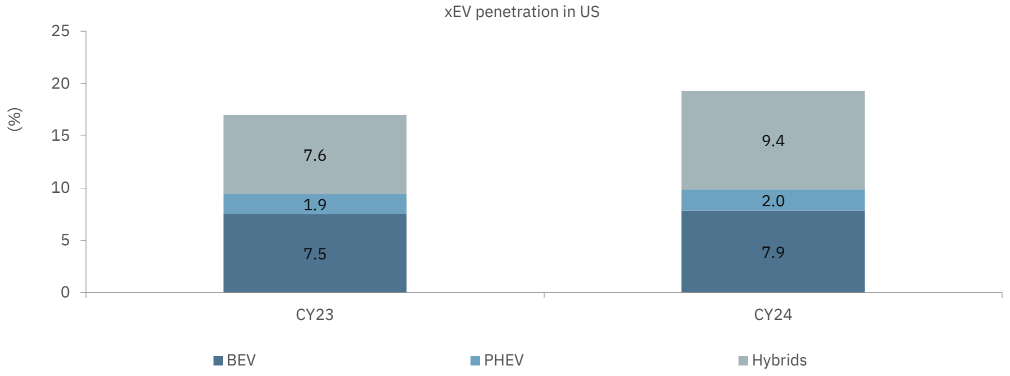
Source: ACEA, Elara Securities Research

Exhibit 16: NEV penetration in China reaches ~45%+, led by robust demand of PHEV



Source: CAAM, PWC, Elara Securities Research

Exhibit 17: Slight improvement in EV penetration in the US, with HEV outperforming BEV



Source: Company, Elara Securities Research

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