

Global Automobiles

Valuation & consensus trends in the EU & rest of the world – February 2024

Industry Overview

EU Autos: Still “unloved”, but quality stocks rally

Autos remains (with Chemicals) the least preferred sector in the EU, with c35% of participants in our latest [Fund Manager Survey \(FMS\)](#) (see report) underweight the sector in February 2024 versus 33% in January (Exhibit 21). Nevertheless, Autos stocks have performed well despite being eschewed by consensus. European Autos have appreciated c5% y-t-d (SXAP) vs total European equities +2.5% (SXXP). The slight Autos re-rating since Oct 23 has continued. Y-t-d EU Autos have re-rated by c10% from 6.0x to 6.6x PE, but the sector remains the 2nd cheapest in the EU (ahead of Banks).

A stock picker’s market. Quality stocks outperform...

We highlight the level of share price performance spreads between regions and stocks y-t-d. Despite concerns about vehicle pricing and BEV growth, OEMs have outperformed suppliers considerably. In a snapshot of performance over the last month: Hyundai/Kia +35-40%, STLA +19%, Toyota +16%, and Indian OEMs +15%. In contrast, a few suppliers have been hit hard: i.e., Mobileye -14%, Forvia -22%, Valeo -10%, and Tesla -10% just in the last month. We note three key trends since the beginning of the year: (1) a flight to quality and stronger focus on cash: companies buying back shares (GM, STLA, MBG, BMW, ALV) have outperformed; (2) companies with weak FCF and debt concerns have underperformed (Forvia, Valeo); and (3) companies with high BEV growth expectations have underperformed (TSLA, BYD).

EU Autos: Highlights by stock

Key highlights in our data (see Exhibit 1 and Exhibit 2): **(1) STLA’s** share price started to increase late in January after GM reported figures. Over the last month, the shares have appreciated c20%, largely based on re-rating, but perhaps also triggered by another share buyback announcement. Valuation has caught up to GM (c4.3x 12m PE vs GM 4.5x); **(2) Forvia** is down -40%, probably on debt concerns (net debt (including factoring)/market cap >3x); **(3) EU suppliers:** the Forvia move has also started to pull down other EU suppliers (Valeo, Conti, Dowlais) on concerns about slowing volume growth, while costs continue to increase and restructuring pressure increases. We still find these concerns overdone and believe suppliers will be more immune to vehicle price pressure since they have fixed contracts with OEMs and can benefit from material cost tailwinds; **(4) Porsche (P911):** negative EPS revisions continued, but this OEM has also re-rated by 10% last month; **(5) VW, RNO** are now the cheapest OEMs globally. VW (based on consensus) would be the least profitable OEM in FY24/25; **(6) Sell-side consensus:** downgrades on Ferrari, STLA, MBG and upgrades for BMW, Volvo Cars; and **(7) Schaeffler/Vitesco** possibly driven by merger arbitrage.

Global autos: Pair trade legacy OEMs vs BEV specialists

Legacy OEMs in the US and Korea have been the strongest performers of the last three months with >+30% share price increase. In contrast, -15/-20% share price declines for TSLA and BYD are striking. For the first time, investors seem to question very high EV/sales valuations. Legacy OEMs seem to have benefitted most from this trend and have enjoyed re-rating, but suppliers appear to have been little affected so far.

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Refer to important disclosures on page 27 to 28.

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See p. 25 for a glossary of abbreviations used in the report.

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Valuation/ Cons trend highlights by region

Europe: Key consensus trends and dislocations

Favored by the Street consensus: Stellantis, Mercedes, Renault, Forvia, CIE, Pirelli

“Unloved” by the Street consensus: Volvo, BMW, Ferrari, Schaeffler, Nokian, Vitesco

Big re-rating of OEMs: EU OEMs (except Aston Martin) have re-rated by c10% or more in the last month. Outliers on the upside have been STLA, Volvo Cars, Mercedes.

De-rating of suppliers: The trend accelerated after Forvia announced results on 19 February and the trend is ongoing. Forvia, Valeo, Dowlais, Gestamp, Vitesco have been hit the hardest. Suppliers with positive working capital (inventories + receivables > trade payables = German suppliers) have outperformed. We think one peer pulls down the other. Forvia is a Valeo peer and Valeo is a Conti peer, etc. **BofA research view:** see Forvia: Volatility, fact and fiction 20 February 2024.

Volvo Cars: Shares have surged 50% over the month following Volvo's announcement (on 05 Feb) it would stop funding its affiliate Polestar and is even planning to reduce its shareholding in the company. Consensus EPS estimates have increased by c10% in the last month and the shares have re-rated by c36% in the same timeframe. Volvo Cars has been the best performer in Europe in the last month.

Stellantis (STLA): Investors appear to be acting on facts that have been known for years: STLA is more profitable than GM/Ford but trades at a discount to these peers. Net cash accounts for c50% of the market cap. Stellantis' valuation has now re-rated to a level close to that of GM (c4.5x 12m fwd PE) and trades at a slight premium to VW.

BofA research view: [Stellantis NV: Market share a key focus for '24 16 February 2024.](#)

P911: Shares re-rated 9.8% last month (in terms of 12m Forward P/E), despite negative EPS revisions 1m: -1.7%, 3m: -7.3%), although on a 3m basis, shares have de-rated by c5%. We think P911 has been mainly pulled up by the recent rally of luxury goods peers such as LVMH and Ferrari. **BofA research view:** see Porsche AG: The E-Macan, other model launches, higher pricing and why we reiterate our Neutral 19 February 2024.

Ferrari: Best sector performer y-t-d in EU Autos (+19%) on limited positive earnings revisions. In our view, this is another proof of a “flight to quality”. Some fans ascribe the move to the fact that Lewis Hamilton will join Ferrari's Formula 1 team in 2025 (as announced by Ferrari). **BofA research view:** see [Ferrari: Firing on all cylinders... 4Q beat and strong 2024 outlook - first take 01 February 2024.](#)

VW: Shares have re-rated too, with the (less liquid) Ords outperforming the Prefs. But the shares have lagged vs other legacy OEMs (Toyota, Hyundai, GM, STLA). VW has not yet reported results (in contrast with peers). **BofA research view:** see Volkswagen AG: FY24 guidance surprise possible; still bullish ahead of results ... 19 February 2024.

Mercedes/BMW: There have been no significant earnings estimate revisions, but the shares also benefit from “flight into quality” since both companies have €25-30bn net cash and keep buying back shares.

Schaeffler: The company will announce the merger ratio with Vitesco by mid-March. It is striking that Schaeffler has outperformed Vitesco significantly in the last month. To us, it is more the question what the share price will do once the merger arbitrage ends. All peers have declined. **BofA research view:** see Schaeffler AG Pfd: On track for VTSC takeover post tender offer completion, but risks still remain 22 December 2023.

Renault: Seems to have been dragged down by Forvia. The market seems to perceive Renault as more vulnerable, despite a strong recovery in FY23. **BofA research view:** see Renault: Confident on 2024, but EV launches a true test 16 February 2024

Michelin vs Pirelli: The stocks tend to be closely correlated. Pirelli outperformed Michelin in January but caught up recently on the back of better FY23 results (and also share buybacks). Sell-side consensus still seems to prefer Pirelli more to Michelin. **BofA Research view:** see Michelin: Strong end to '23 on lower costs 13 February 2024.



Global ex EU: Key consensus trends & dislocations

OEMs: Preferred by the Street consensus: Hyundai, Kia, M&M, BYD, Li Auto, Changan

OEMs: “Unloved” according to Street consensus: Ford, Tesla, Nissan, Mitsubishi

Suppliers: Preferred by the Street consensus: Hankook, CATL, Samsung SDI, Nexen Tire, Denso

Suppliers: “Unloved” by the Street consensus: American Axle, Aisin, Dana, Adient

Suppliers outside EU have re-rated: Difference in share price performance of Europeans vs other regions has not been significant. But it strikes us that suppliers outside of Europe were less impacted by negative earnings revisions (i.e., Lear, Magna, BorgWarner). Suppliers outside of Europe have re-rated, not de-rated, on average. The valuation spread of EU suppliers vs. US and Asian peers has widened significantly in the last month.

Mobileye: Following a profit warning at the beginning of the year, the stock has finally started to de-rate as well (-10% in the last month). **BofA Research view:** see [Mobileye: 4Q:23 in range of preliminary results; Focus on inventory build, 2024 outlook 25 January 2024](#).

BYD vs Tesla: Share prices have continued to decline for both, but Tesla has re-rated whereas BYD has de-rated. BYD is “only” trading at 12x PE. **BofA Research view:** see BYD Electronic: Meeting takeaways: confident on auto; meaningful new biz upside from 2025 01 February 2024.

Indian OEMs: This is a rather small peer group in terms of market cap, but amongst the best performers globally in the last three months (c+30%). Positive earnings revisions have been coupled with re-rating.

Chinese OEMs: OEMs with legacy ICE (internal combustion engine) businesses have stabilized recently. Chinese EV makers (Li Auto, XPeng) continue to decline and de-rate.

Japanese Autos: Toyota has pulled up Japanese Autos. Japanese OEMs also seem to have benefitted from negative sentiment on BEVs. **BofA Research view:** see [Toyota Motor \(7203\): “To strengthen our foothold” for further growth, but sizeable profit upside: Buy 06 February 2024](#).

Korean OEMs: Best performers globally in the last three months (share prices c+35%) on hopes the conglomerate and shareholder structure can be simplified. **BofA Research view:** see Hyundai Motor: At the top of reform 19 February 2024.

Summary statistics for OEMs

Exhibit 1: Key statistics for OEMs, sorted by 1-month share price change

Conditional formatting is applied within a region, with greener tones implying a more favourable metric relative to peers

OEM	Momentum Metrics						Static Metrics				
	Share price % change 1-m	Share price % change 3-m	12m fwd PE % change 1-m	12m fwd PE % change 3-m	EPS revision 1-m	EPS revision 3-m	12m fwd PE	Revenue Growth 24-25e	NI Growth 24-25e	EBIT margin 24-25e	Consensus rating
Volvo C	50.0%	6.6%	36.3%	-4.7%	10.0%	11.9%	6.0	9.9%	31.8%	5.8%	1.57
STLA	20.1%	27.9%	15.7%	26.4%	3.8%	1.2%	4.2	2.7%	0.8%	11.3%	2.28
MBG	14.4%	15.4%	14.2%	17.5%	0.2%	-1.8%	5.7	2.3%	2.5%	11.2%	2.03
Ferrari	13.2%	9.7%	11.5%	6.9%	1.5%	2.6%	46.6	7.9%	10.7%	28.3%	1.81
VW	12.3%	10.2%	11.0%	12.3%	1.1%	-1.8%	4.0	4.2%	9.9%	7.0%	1.95
BMW	11.4%	8.0%	11.8%	11.4%	-0.4%	-3.0%	6.4	2.8%	0.5%	9.6%	1.76
RNO	11.2%	7.1%	11.8%	8.6%	-0.5%	-1.4%	2.9	4.5%	9.3%	7.3%	2.10
P911	7.9%	-12.4%	9.8%	-5.5%	-1.7%	-7.3%	14.0	8.2%	11.5%	17.6%	1.97
AML	-12.9%	-26.5%			-20.7%	-50.4%		9.4%	-208.0%	6.2%	2.00
EU OEM	14.2%	5.1%	15.3%	9.1%	-0.7%	-5.6%	11.2	5.8%	-14.6%	11.6%	1.94
GM	9.4%	40.8%	-3.3%	7.9%	13.1%	30.5%	4.5	2.3%	-3.1%	6.9%	2.23
Ford	7.3%	21.1%	3.8%	14.1%	3.4%	6.1%	6.6	2.2%	2.9%	5.7%	1.60
US OEM	8.3%	30.9%	0.3%	11.0%	8.2%	18.3%	5.6	2.3%	-0.1%	6.3%	1.91
Hyundai	39.0%	36.9%	31.7%	31.7%	1.4%	-0.1%	5.2	3.9%	1.1%	8.4%	2.74
Kia	34.2%	38.0%	30.1%	34.5%	1.4%	0.9%	5.1	4.1%	1.2%	10.8%	2.67
Korea OEM	36.6%	37.5%	30.9%	33.1%	1.4%	0.4%	5.2	4.0%	1.2%	9.6%	2.70
SUBARU	15.8%	21.7%	10.7%	14.8%	4.6%	6.1%	7.3	2.1%	0.6%	9.8%	1.76
Toyota	15.8%	18.6%	8.0%	6.1%	6.7%	11.2%	10.3	3.8%	1.8%	11.1%	2.06
Honda	9.9%	7.3%	9.3%	6.1%	0.7%	1.3%	8.2	2.7%	3.6%	6.7%	2.00
Suzuki	2.8%	5.3%	0.6%	-0.3%	0.1%	3.6%	10.7	5.3%	5.7%	8.9%	2.35
Mazda	0.5%	-2.5%	3.2%	-4.2%	-3.1%	1.2%	5.4	2.5%	1.5%	5.4%	1.87
Mitsubishi	0.5%	-9.5%	3.0%	-6.8%	-3.1%	-3.5%	4.8	3.7%	3.7%	6.9%	1.62
Nissan	-1.1%	-8.4%	1.1%	-10.9%	-1.9%	3.2%	5.2	2.7%	5.2%	4.8%	1.70
Jap OEM	6.3%	4.6%	5.2%	0.7%	0.6%	3.3%	7.4	3.3%	3.2%	7.7%	1.91
SAIC Motor	8.5%	0.5%	3.3%	-4.0%	5.4%	5.1%	9.8	4.0%	12.8%	3.4%	2.00
BAIC Motor	4.9%	-10.5%	11.8%	-3.7%	-3.1%	-4.0%	4.0	-9.3%	-34.2%	10.3%	1.06
Geely	3.2%	-15.2%	0.4%	-28.4%	1.6%	17.1%	9.5	17.1%	38.8%	2.9%	2.23
Guangzhou	1.9%	-10.4%	0.4%	-12.2%	0.9%	1.3%	4.7	11.7%	12.9%	-1.9%	2.20
Dongfeng	1.0%	-15.2%	-5.5%	35.7%	6.1%	-37.9%	6.9	-3.9%	-11.3%	-3.0%	1.50
Chongqing Changan	-6.3%	-18.4%	-11.4%	-26.1%	2.5%	7.0%	13.4	19.1%	26.5%	4.8%	2.45
Great Wall Motor	-8.0%	-27.3%	-9.2%	-32.4%	-2.2%	3.8%	7.2	14.3%	20.9%	4.4%	2.21
China OEM	0.7%	-13.8%	-1.5%	-10.1%	1.6%	-1.1%	7.9	7.6%	9.5%	3.0%	1.95
Bajaj Auto	19.3%	51.2%	11.3%	35.6%	4.9%	9.1%	27.9	13.7%	14.5%	19.6%	1.70
Maruti Suzuki	14.5%	9.1%	12.3%	6.0%	1.5%	2.5%	25.6	11.2%	10.1%	10.0%	2.19
Tata Motors	13.3%	36.9%	-1.2%	13.6%	14.1%	20.0%	14.9	8.6%	19.4%	7.8%	2.21
M&M	11.7%	16.7%	9.7%	11.8%	2.0%	4.6%	20.7	10.5%	10.5%	9.6%	2.58
India OEM	14.7%	28.5%	8.0%	16.7%	5.6%	9.0%	22.3	11.0%	13.6%	11.7%	2.17
Lucid	28.8%	-13.3%			-2.7%	-6.9%		174.8%	-22.6%	-120.5%	1.35
Li Auto	13.2%	-20.6%	8.6%	-28.3%	4.0%	10.6%	17.0	35.5%	55.0%	6.7%	2.49
Polestar	3.5%	-13.7%			-10.1%	-10.7%		102.9%	-71.0%	-10.0%	1.69
NIO	-0.2%	-16.8%			-9.3%	-15.7%		39.5%	-53.4%	-11.2%	2.08
Xpeng	-0.8%	-43.4%			-6.4%	-11.8%		39.4%	-53.8%	-10.3%	1.82
BYD	-4.7%	-23.7%	-6.6%	-29.7%	-1.0%	5.2%	11.9	17.7%	25.2%	6.4%	2.49
Rivian	-8.5%	-0.5%			-1.0%	-4.4%		63.9%	-23.9%	-51.7%	2.03
Tesla	-9.1%	-14.4%	6.3%	1.0%	-14.5%	-15.3%	61.8	21.3%	37.5%	10.6%	1.65
Vinfast	-9.5%	-5.0%			0.5%	0.7%		76.5%	-5.1%	-45.6%	3.00
Fisker	-24.3%	-74.0%			-25.4%	-19.4%		69.2%	-64.5%	-9.0%	1.39
Pure EV	-1.2%	-22.5%	2.8%	-19.0%	-6.6%	-6.8%	30.2	64.1%	-17.7%	-23.5%	2.0

Source: FactSet, BofA Global Research ***Note:** Historical performance and revisions are pulled using FactSet Actual Month criteria, which in terms of days calculated takes the last X trading days from the latest completed date. ****Note:** the "Consensus rating" in this report is the inverse scale of FactSet's consensus rating scale. The average rating is calculated by splitting the consensus' brokers recommendations in five broad categories to which is attached a numerical score between 1 and 3. In our standardized scale, this is as follows: i) Buy: 3 ii) Overweight: 2.5 iii) Hold: 2 iv) Underweight: 1.5 v) Sell: 1. A higher score entails a higher share of "Buy" ratings, with a maximum score of 3 for stocks with 100% buy recommendations (and inversely 1 for 100% sell recommendations).

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Summary statistics for suppliers

Exhibit 2: Key statistics for suppliers, sorted by 1-month share price change

Conditional formatting is applied within a region, with greener tones implying a more favourable metric relative to peers

Suppliers	Momentum Metrics						Static Metrics				
	Share price % change 1-m	Share price % change 3-m	12m fwd PE % change 1-m	12m fwd PE % change 3-m	EPS revision 1-m	EPS revision 3-m	12m fwd PE	Revenue Growth 24-25e	NI Growth 24-25e	EBIT margin 24-25e	Consensus rating
Schaeffler AG	16.0%	21.7%	14.8%	22.2%	1.1%	-0.4%	5.9	4.3%	12.5%	7.6%	1.75
TI Fluid Systems	13.2%	12.1%	9.3%	11.5%	3.5%	0.5%	6.9	3.8%	16.1%	7.0%	2.31
Michelin	7.9%	11.3%	4.0%	6.9%	3.8%	4.1%	9.6	2.3%	5.5%	12.6%	1.82
Continental AG	4.4%	7.5%	3.6%	5.0%	0.8%	2.4%	8.1	3.9%	24.3%	7.1%	1.93
Pirelli	4.0%	17.0%	3.6%	14.1%	0.4%	2.5%	9.3	3.3%	14.2%	14.8%	2.18
Nokian	3.8%	2.3%	8.7%	-0.3%	-4.5%	2.6%	21.0	12.2%	81.7%	7.9%	1.50
CIE Automotive, S.A.	2.0%	-0.3%	1.7%	-2.3%	0.3%	2.0%	8.4	3.0%	7.1%	13.7%	2.44
Vitesco Technologies	0.6%	-10.6%	-3.4%	-16.9%	4.2%	7.6%	9.9	5.3%	32.3%	5.6%	1.50
Gestamp	0.2%	-15.9%	1.3%	-14.2%	-1.1%	-1.9%	4.7	4.1%	14.7%	6.0%	2.15
Plastic Omnium	0.2%	-12.9%	2.7%	-7.6%	-2.5%	-5.8%	6.9	4.7%	28.6%	3.9%	1.93
Dowlaes	0.0%	-15.0%	2.8%	-12.6%	-2.7%	-2.7%	5.3	3.9%	-904.2%	7.9%	2.09
Valeo SE	-5.7%	-19.0%	2.2%	-2.5%	-7.8%	-16.9%	6.4	7.5%	62.3%	4.6%	1.96
Forvia	-11.7%	-19.4%	-3.0%	-6.2%	-9.0%	-14.1%	4.9	5.7%	45.4%	6.1%	2.40
EU suppliers	2.7%	-1.6%	3.7%	-0.2%	-1.0%	-1.6%	8.3	4.9%	-43.0%	8.1%	2.0
Autoliv	6.7%	11.6%	4.6%	7.2%	2.0%	4.1%	11.2	5.6%	17.9%	11.2%	1.79
Adient	5.4%	5.1%	11.6%	5.1%	-5.5%	0.0%	10.4	3.5%	43.1%	4.3%	1.71
American Axle & Manufacturing	3.8%	17.4%	40.0%	121.9%	-25.9%	-47.1%	33.3	0.0%	100.0%	3.5%	1.54
Dana	3.5%	6.5%	2.0%	3.4%	1.5%	3.0%	10.1	5.2%	43.4%	4.7%	1.67
Visteon	3.1%	1.1%	2.4%	-1.9%	0.7%	3.1%	12.8	8.9%	19.5%	8.9%	2.00
Lear	2.0%	2.0%	9.2%	6.4%	-6.5%	-4.2%	9.2	4.1%	21.7%	5.5%	1.93
Magna International	-0.1%	-1.4%	7.2%	4.1%	-6.8%	-5.3%	8.7	4.2%	20.0%	6.0%	1.88
Aptiv PLC	-2.3%	-0.2%	-2.8%	-2.8%	0.5%	2.6%	13.2	7.7%	22.7%	12.1%	2.26
BorgWarner	-7.6%	-9.5%	-0.9%	-4.5%	-6.7%	-5.2%	7.6	6.8%	10.7%	9.6%	2.07
Mobileye	-14.0%	-37.5%	-10.1%	19.9%	-4.3%	-47.9%	57.9	39.2%	96.8%	22.2%	2.36
NA suppliers	0.1%	-0.5%	6.3%	15.9%	-5.1%	-9.7%	17.4	8.5%	39.6%	8.8%	1.9
Hyundai Mobis	22.2%	6.3%	22.7%	6.6%	-2.0%	-1.9%	6.2	7.2%	7.1%	4.6%	2.40
Hankook	17.6%	25.3%	13.6%	17.2%	3.3%	6.7%	7.1	2.5%	-1.2%	14.2%	2.62
Nexen Tire	13.8%	5.6%	11.2%	-0.6%	1.7%	5.7%	4.6	7.2%	1.6%	9.5%	2.40
SK Innovation	13.5%	-5.3%	31.2%	10.7%	-15.5%	-16.4%	9.1	5.5%	66.3%	4.6%	2.23
Samsung SDI	5.5%	-11.1%	20.6%	2.8%	-12.5%	-13.6%	13.7	20.7%	30.4%	8.3%	2.49
LG Energy	3.7%	-8.0%	28.8%	19.5%	-18.2%	-21.7%	48.9	33.9%	95.0%	10.2%	2.28
Korean suppliers	12.7%	2.1%	21.4%	9.4%	-7.2%	-6.9%	14.9	12.8%	33.2%	8.6%	2.4
Yokohama	19.3%	26.6%	16.3%	15.1%	1.3%	8.6%	8.7	4.2%	6.6%	10.3%	1.85
DENSO	17.2%	6.5%	18.2%	5.9%	0.0%	1.3%	15.0	5.9%	9.4%	9.8%	2.37
Toyoda Gosei	4.0%	-5.3%	-5.0%	-16.7%	10.4%	14.7%	8.0	4.5%	7.5%	6.6%	2.57
Toyota Boshoku	2.6%	-12.1%	2.2%	-17.0%	-0.1%	5.4%	7.8	2.8%	4.4%	4.8%	1.50
Panasonic	1.4%	-5.2%	2.5%	-1.4%	-0.7%	-3.5%	8.7	3.1%	16.1%	5.9%	2.30
Bridgestone	1.0%	4.5%	1.2%	4.6%	0.1%	0.1%	11.2	3.9%	7.5%	12.5%	1.83
Aisin	-3.0%	-7.4%	2.1%	-7.2%	-1.6%	3.4%	9.1	3.7%	7.8%	5.0%	1.67
Jap suppliers	6.1%	1.1%	5.4%	-2.4%	1.3%	4.3%	9.8	4.0%	8.5%	7.8%	2.0
CATL	3.4%	-11.4%	6.9%	-9.8%	-4.9%	-3.4%	13.3	20.0%	22.5%	12.5%	2.5

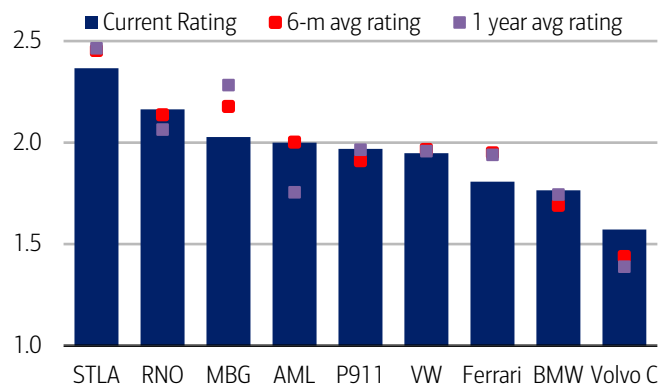
Source: FactSet, BofA Global Research

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Cons ratings & valuation/sh price changes

Exhibit 3: EU OEM FactSet rating

MBG and STLA have been downgraded the most relative to past ratings

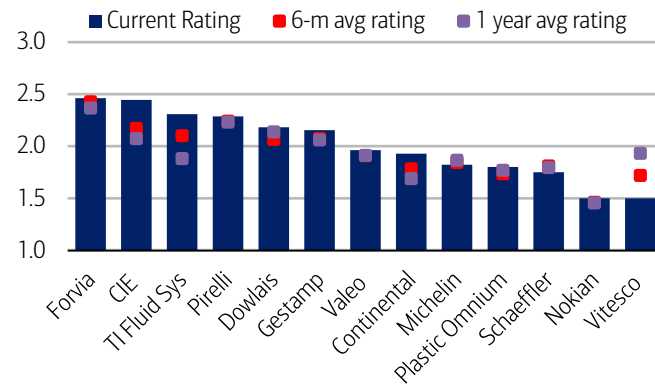


Source: FactSet, BofA Global Research

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Exhibit 4: EU supp FactSet rating

Forvia is the most favoured by cons and also among the cheapest (see Exh 8)

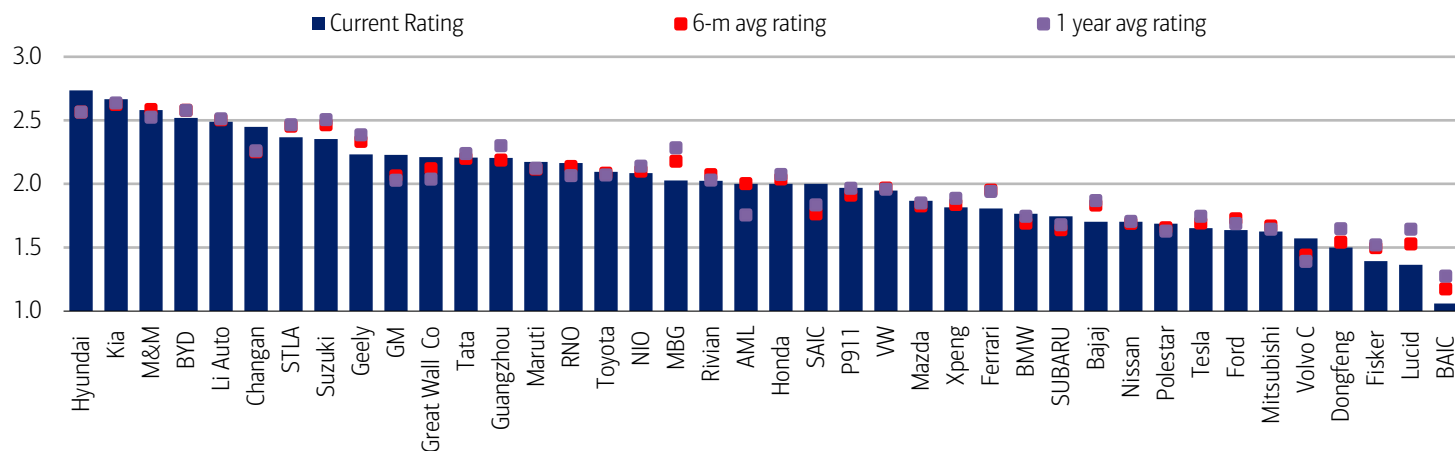


Source: FactSet, BofA Global Research

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Exhibit 5: Global OEMs' FactSet rating (sorted by current consensus rating)

APAC OEMs are preferred by consensus over Western OEMs as Hyundai/Kia/BYD tops consensus favourite stock. STLA is the favourite EU OEM

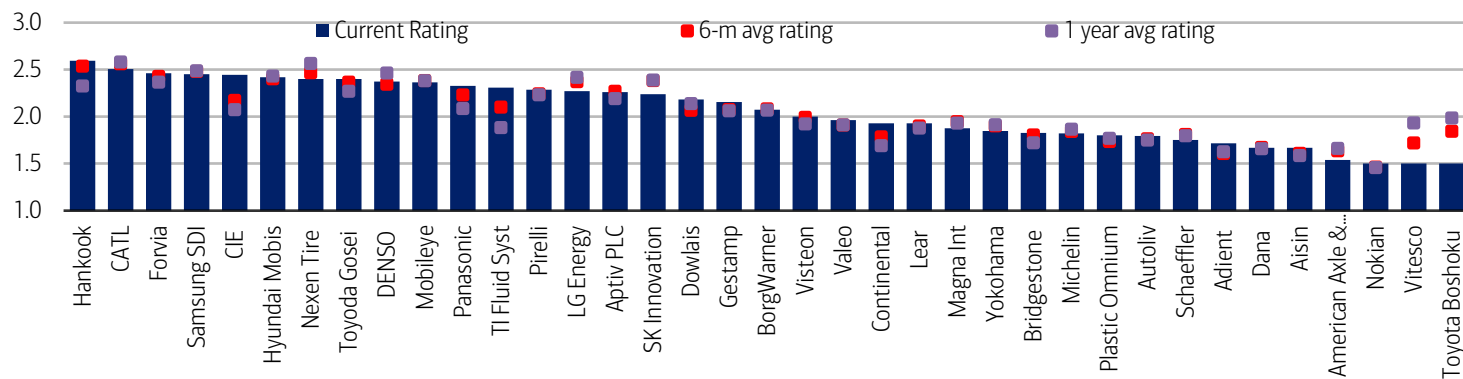


Source: FactSet, BofA Global Research

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Exhibit 6: Global suppliers' FactSet rating (sorted by current consensus rating)

APAC suppliers are the most popular in terms of consensus rating as well, topped by tire maker Hankook, while Forvia and CIE are EU favourites

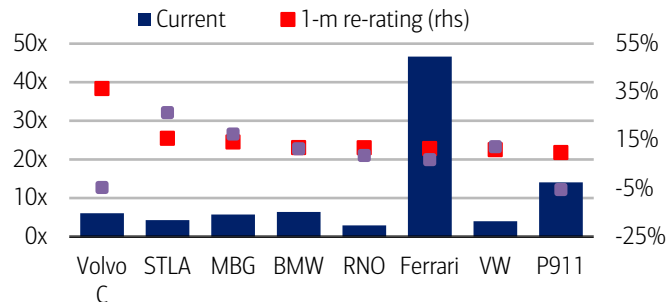


Source: FactSet, BofA Global Research

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Exhibit 7: EU OEMs 12m fwd PE (sorted by 1-month PE change)

EU OEMs re-rated in the past month, particularly Volvo and Stellantis

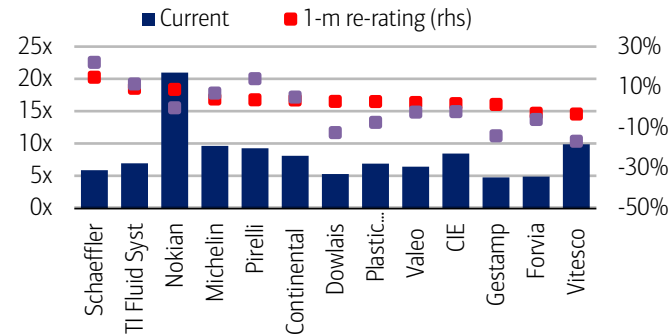


Source: FactSet, BofA Global Research

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Exhibit 8: EU suppliers 12m fwd PE a (sorted by 1-month PE change)

EU Supp re-rated less than OEMs, with Schaeffler re-rating continuing

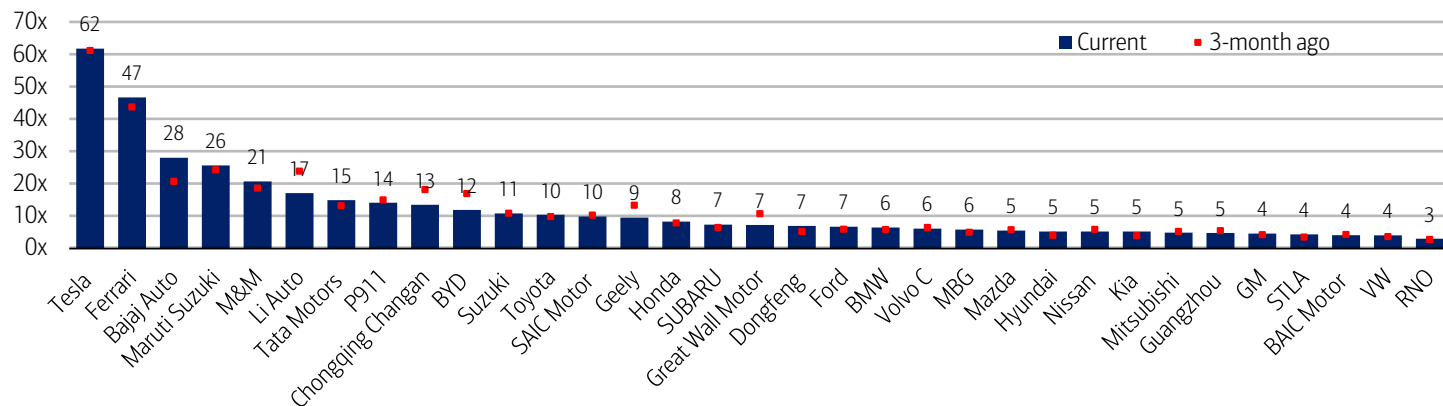


Source: FactSet, BofA Global Research

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Exhibit 9: Global OEMs 12m fwd PE

Tesla and Ferrari are the most expensive stocks; Chinese BEV makers de-rated as the outlook worsens and EU mass market OEMs remain the cheapest

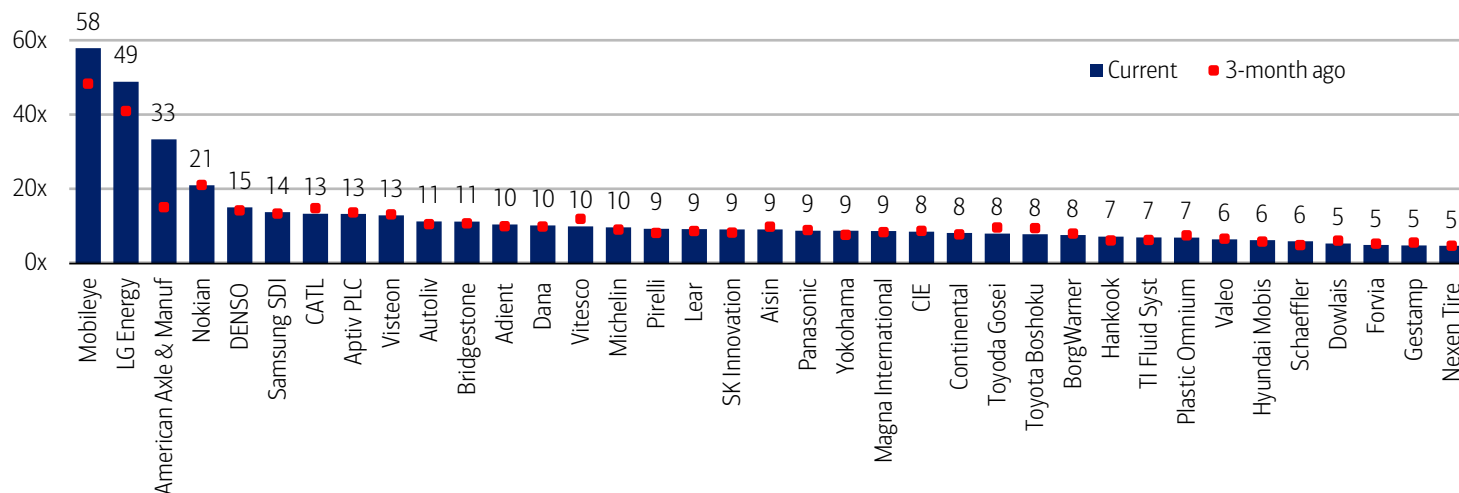


Source: FactSet, BofA Global Research, Note: Tesla 12m fwd PE = 63.2

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Exhibit 10: Global suppliers 12m fwd PE

Autonomous driving and Battery suppliers remain much higher valued (e.g., Mobileye & LG Energy) relative to more traditional suppliers

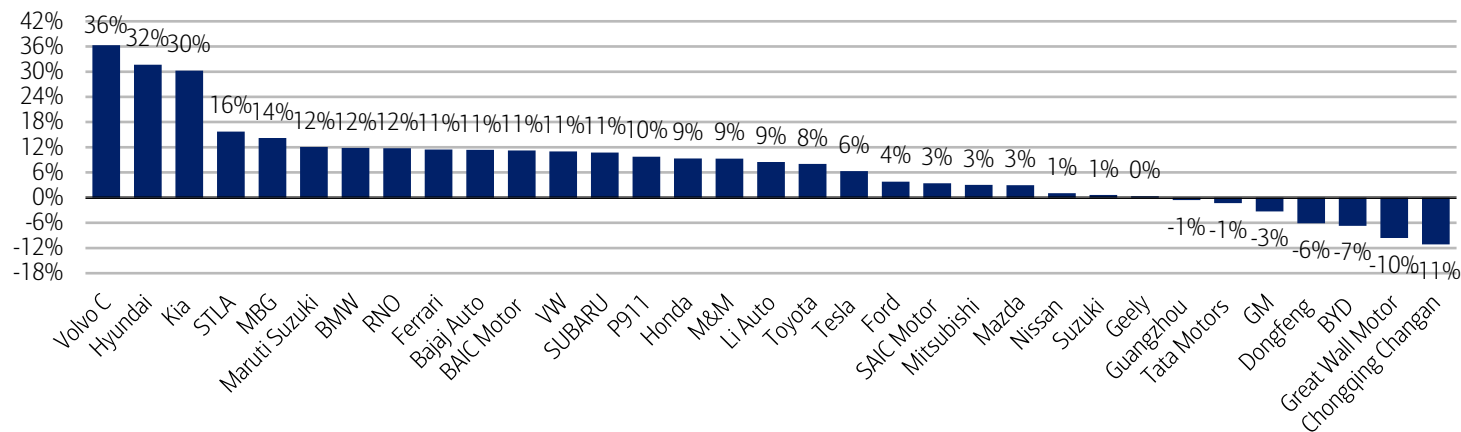


Source: FactSet, BofA Global Research

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Exhibit 11: Global OEMs 12m fwd PE changes (1-month)

Volvo's valuation soared, followed by Korean OEMs, while Chinese OEMs de-rated the most

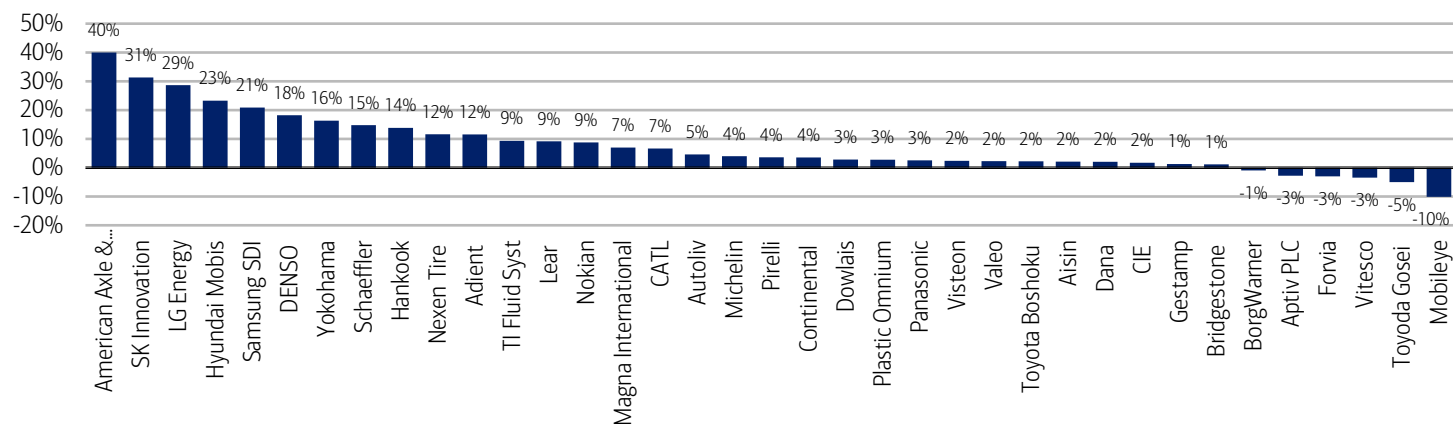


Source: FactSet, BofA Global Research

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Exhibit 12: Global suppliers 12m fwd PE change (1-month)

EU suppliers de-rated except tiremakers and Schaeffler

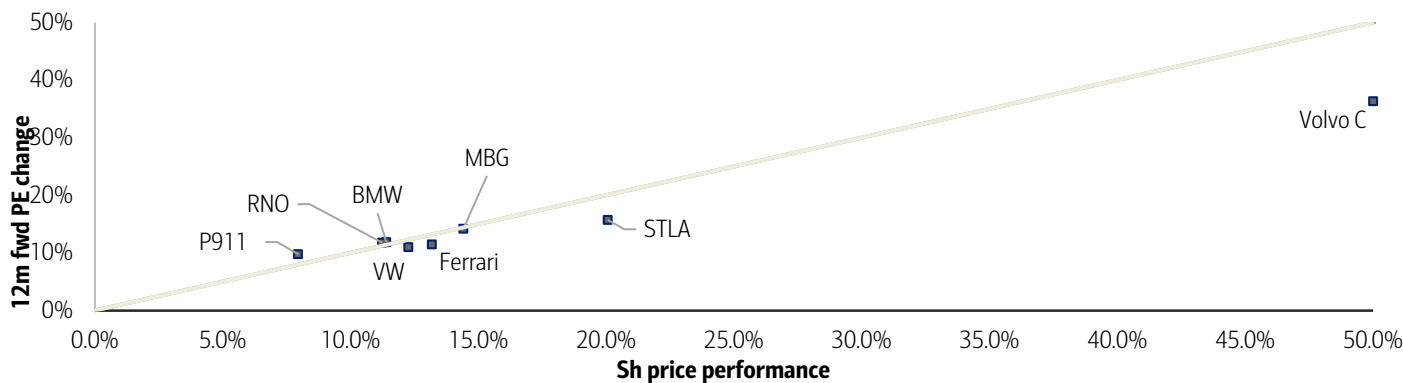


Source: FactSet, BofA Global Research. Note: American Axle & Manufacturing re-rated by 88%

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Exhibit 13: EU OEMs share price performance vs 12m fwd PE multiple change (1 month)

All EU OEMs re-rated in the past month, but was accompanied by negative EPS revision across the board ex-Volvo Cars

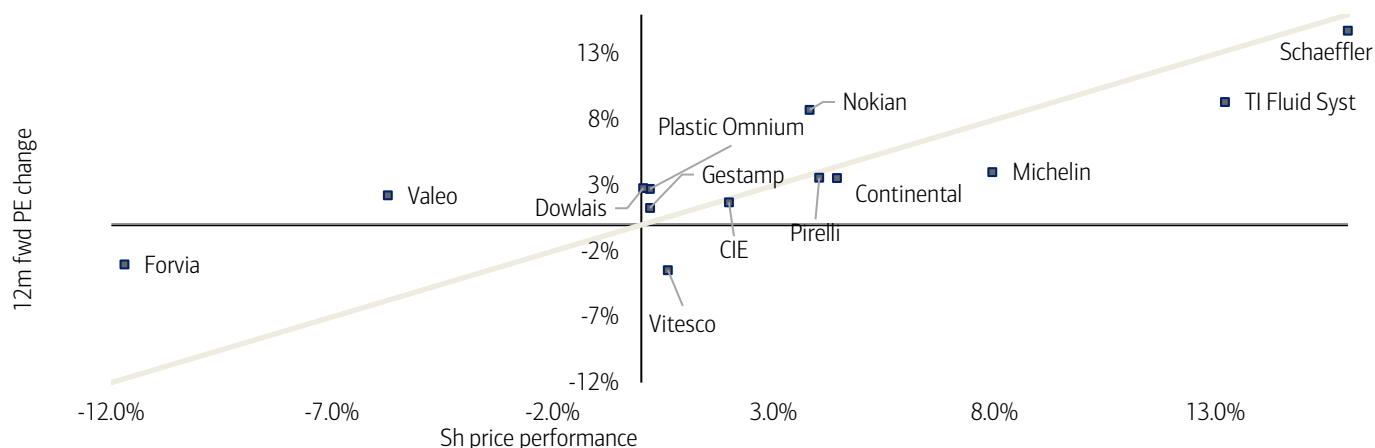


Source: FactSet, BofA Global Research

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Exhibit 14: EU suppliers share price performance vs 12m fwd PE multiple change (1 month)

EU supplier revisions were generally negative except for Michelin, Vitesco and CIE

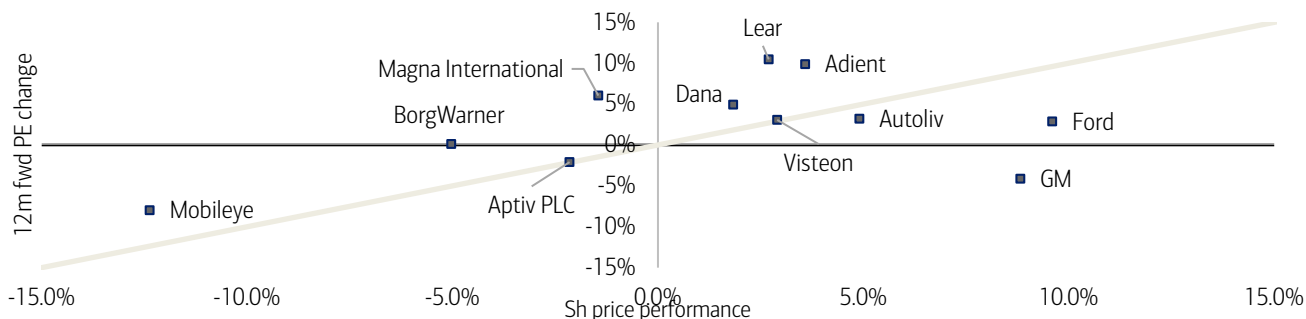


Source: FactSet, BofA Global Research

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Exhibit 15: US OEMs and Suppliers share price performance vs 12m fwd PE multiple change (1 month)

US automakers benefited from the highest positive EPS revision, while suppliers outlook generally worsened

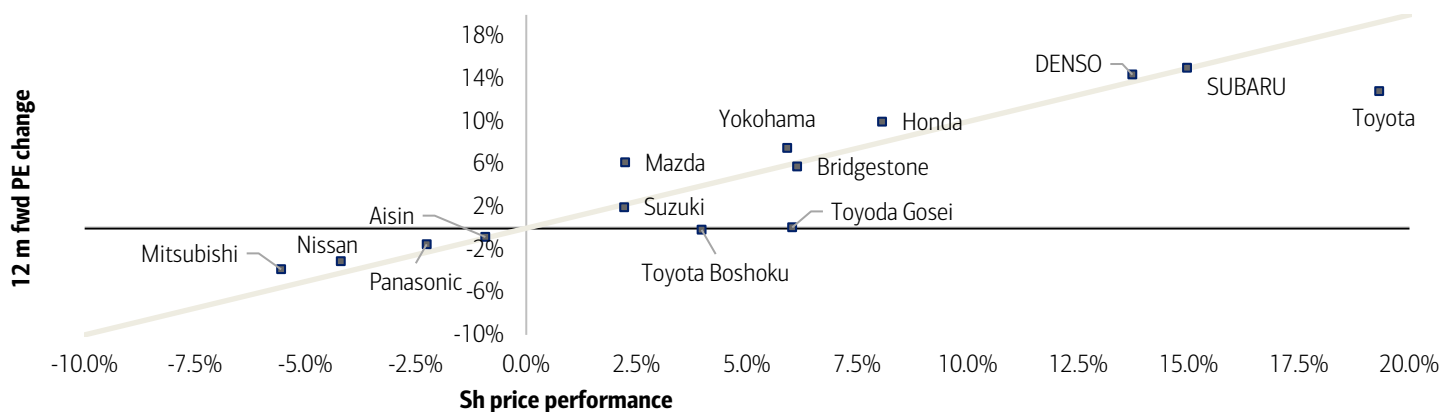


Source: FactSet, BofA Global Research, Note: American Axle (2%; 88%)

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Exhibit 16: Japanese OEMs and Suppliers: Share price performance vs 12m fwd PE multiple change (1 month)

Japanese auto related stocks generally performed well, led by Subaru and Toyota, while Mitsubishi and Nissan underperformed



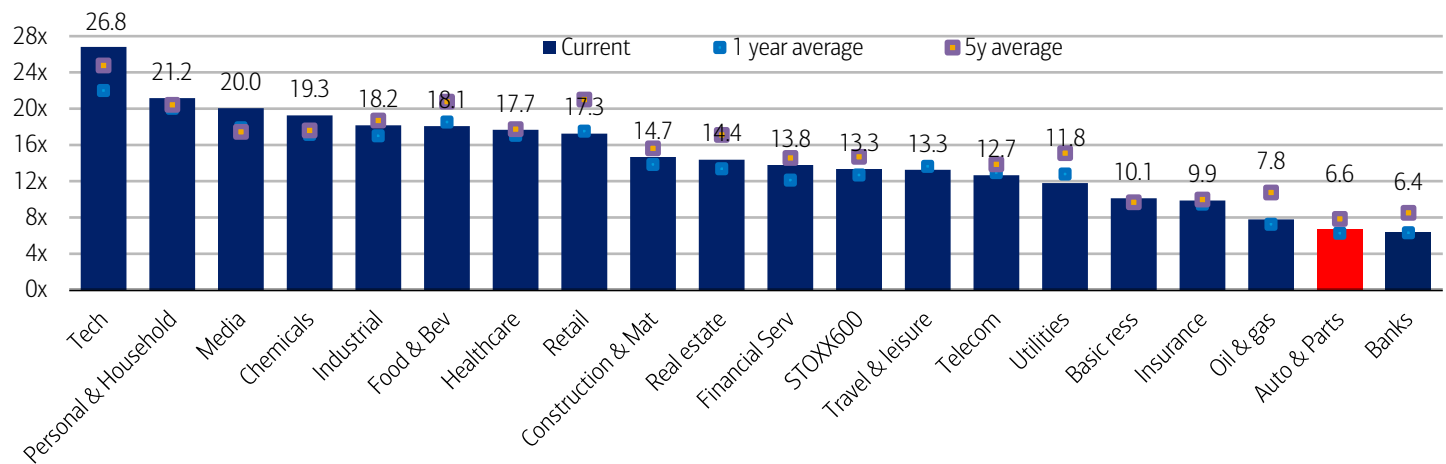
Source: FactSet, BofA Global Research

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European market valuation & positioning

Exhibit 17: (Europe) Stoxx 600 sector 12m fwd PE

EU Auto & Parts is the second cheapest industry in Europe and trades below the 5-year historical PE though

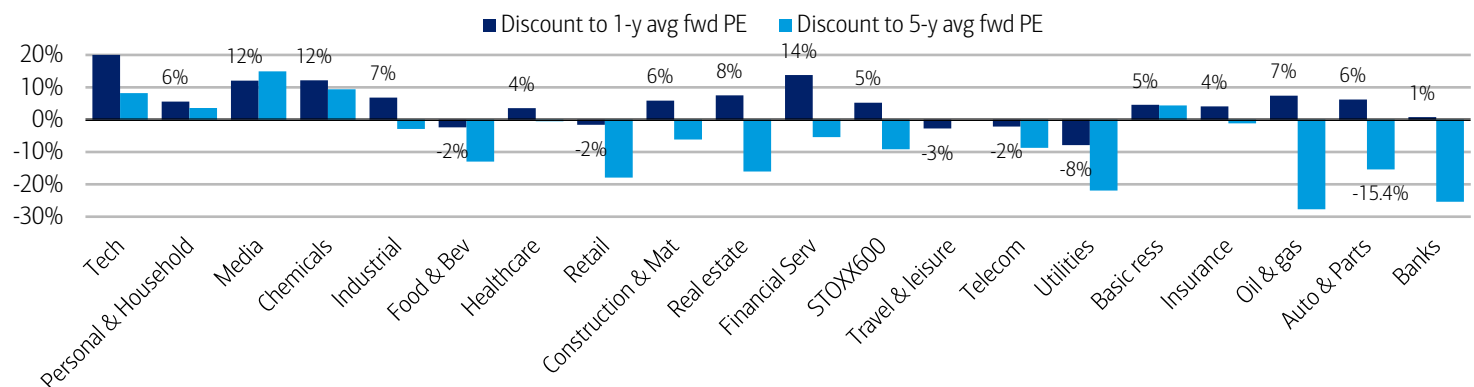


Source: FactSet, BofA Global Research

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Exhibit 18: (Europe) 12m fwd discount vs historical average for Stoxx 600 industries

The Auto & Parts index is one of the sectors that has de-rated a lot relative to the past 5-year valuation average

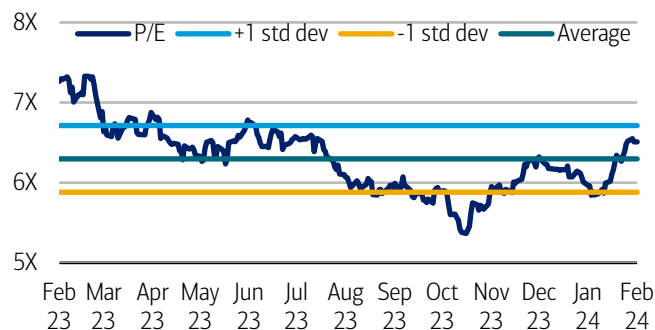


Source: FactSet, BofA Global Research. Note: Travel & Leisure trading at -89% relative to 5-year average PE

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Exhibit 19: SXAP (EU Auto index) 12m fwd PE

The SXAP YTD re-rating continues, inching closer to +1 std dev line

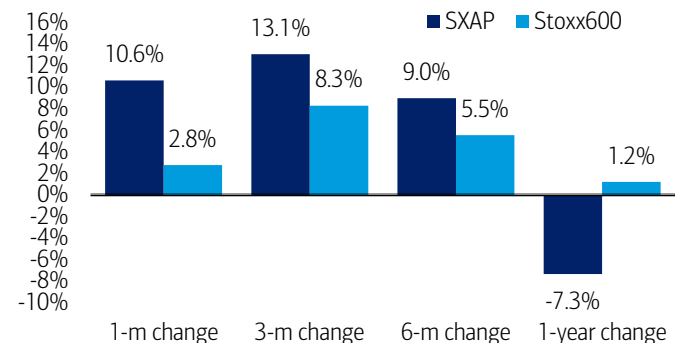


Source: FactSet, BofA Global Research

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Exhibit 20: SXAP and Stoxx600 12m fwd PE change

The SXAP re-rated much more than the market in the past 6-months

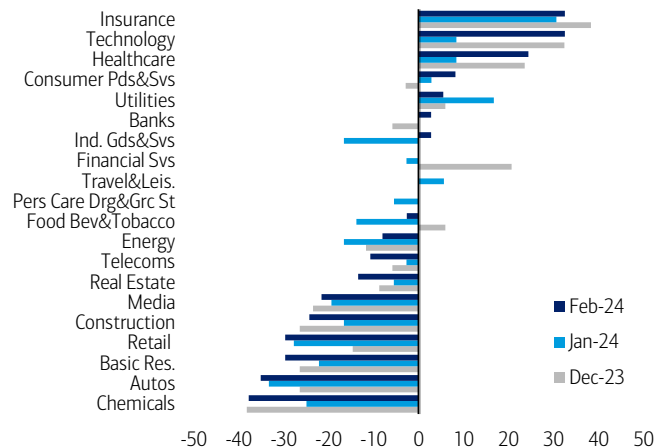


Source: FactSet, BofA Global Research

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Exhibit 21: EU sector positioning (% saying over/under-weight)

Autos is one of the most underweight sectors in Europe

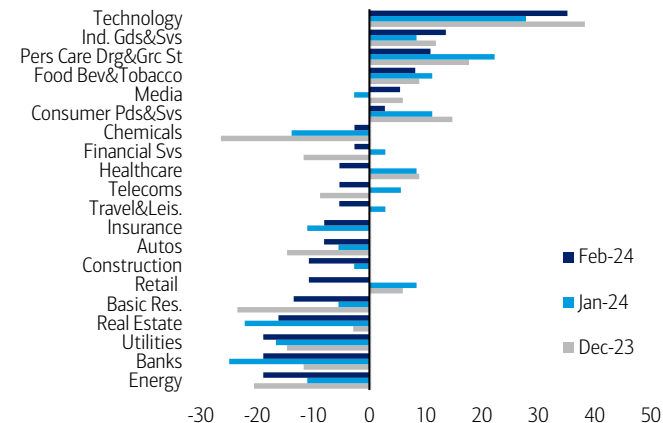


Source: BofA European Fund Manager Survey

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Exhibit 22: European sector valuation (% saying over/under-valued)

But investors believe Autos are undervalued

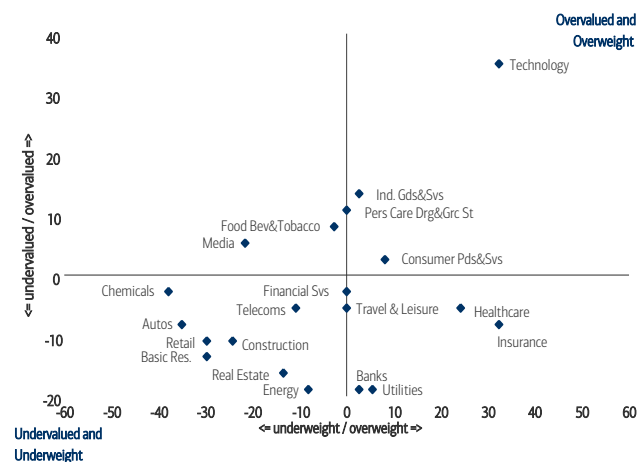


Source: BofA European Fund Manager Survey

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Exhibit 23: European sectors net valuation versus net positioning

Sentiment on autos is poor though the valuation appears reasonable

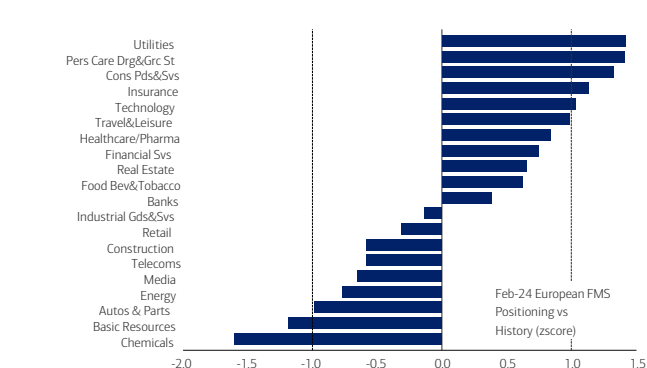


Source: BofA European Fund Manager Survey

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Exhibit 24: Current EU sectors positioning relative to history (z-scores)

Autos positioning is very bearish relative to history

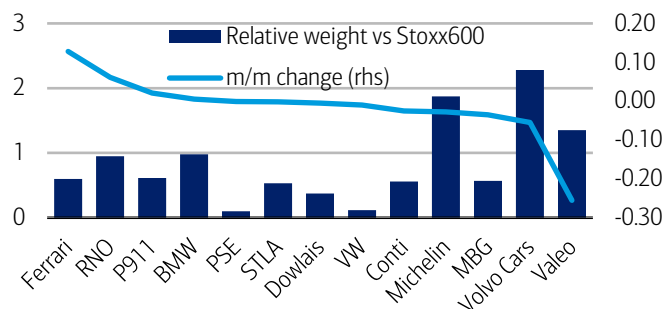


Source: BofA European Fund Manager Survey. Note: z-score based on full time series. Sector history since 2003, except: Consumer Gds & Svs (Personal&& HH Gds), Chemicals, Construction, Financial Svs, Travel & Leisure since 2006, Real estate since 2008, Personal care, drug & grocery stores since Oct 2020

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Exhibit 25: Rel weight of ESG funds vs Stoxx 600, as of 12/31/23

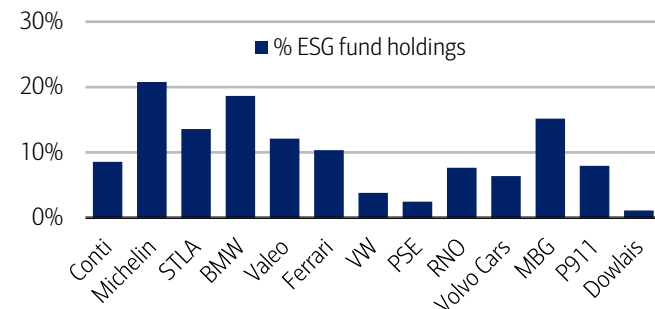
Volvo Cars, Valeo and Michelin are still SXAP ESG darlings



Source: BofA Global Research, FactSet Ownership, See [European ESG Overview](#) for methodology
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Exhibit 26: Number of European ESG funds holding EU Auto stocks

EU-domiciled ESG funds with geo focus as Europe or Global, 12/31/23



Source: BofA Global Research, FactSet Ownership, [European ESG Overview](#) for methodology
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FactSet consensus revision for OEMs

Exhibit 27: Consensus P&L items revision for OEMs (sorted by 2024 EBIT 1-month revision)

Most negative earnings revisions for Chinese OEMs but positive ones for US, Japanese and Indian OEMs

	1-month revision						3-month revision					
	23 Rev	24 Rev	23 EBIT	24 EBIT	23 NI	24 NI	23 Rev	24 Rev	23 EBIT	24 EBIT	23 NI	24 NI
Volvo Car	-0.2%	2.0%	3.9%	13.9%	-4.8%	8.9%	-0.4%	-0.1%	2.3%	10.6%	-4.1%	5.0%
VW Prefs	0.4%	0.2%	1.0%	0.9%	1.8%	0.6%	0.7%	-0.2%	0.5%	-3.5%	0.1%	-4.0%
Mercedes Car	0.1%	-0.2%	0.9%	0.7%	0.5%	0.0%	-0.2%	-1.1%	0.7%	-1.6%	0.6%	-2.1%
Renault	-1.7%	-1.7%	2.5%	0.5%	-37.9%	-2.7%	-1.8%	-2.4%	0.8%	-0.5%	-38.9%	-4.2%
BMW	0.2%	0.2%	0.6%	0.0%	1.4%	0.7%	0.6%	0.7%	1.4%	0.6%	0.0%	-1.5%
AML	0.5%	0.0%	1.1%	-0.3%	2.4%	-0.6%	0.6%	0.1%	1.2%	-1.2%	3.0%	-0.8%
Stellantis	-0.7%	-0.7%	-1.8%	-2.0%	0.2%	-0.6%	-0.6%	-1.2%	-3.1%	-3.7%	-0.5%	-1.9%
Porsche AG	-1.6%	-3.7%	-2.4%	-6.2%	-2.2%	-5.9%	-1.8%	-5.9%	-3.4%	-10.1%	-3.1%	-9.6%
Ferrari	-0.3%	-1.1%	4.3%	-8.3%	-0.7%	20.8%	-0.3%	-1.4%	10.0%	-8.1%	1.4%	8.6%
Average EU OEMs	-0.4%	-0.6%	1.1%	-0.1%	-4.4%	2.4%	-0.3%	-1.3%	1.2%	-2.0%	-4.6%	-1.2%
General Motors	3.3%	0.8%	-0.4%	12.3%	2.5%	10.9%	3.2%	0.5%	-2.1%	11.8%	2.2%	11.9%
Ford Motor	2.5%	0.0%	0.8%	3.9%	13.1%	3.3%	2.7%	-0.1%	-0.5%	2.5%	11.2%	1.1%
Average US mass market OEMs	2.9%	0.4%	0.2%	8.1%	7.8%	7.1%	3.0%	0.2%	-1.3%	7.2%	6.7%	6.5%
Kia Corp.	-1.0%	-2.2%	-3.6%	-0.2%	-6.1%	0.6%	-1.3%	-2.1%	-3.7%	0.5%	-6.0%	1.3%
Hyundai Motor	-0.1%	-0.3%	-1.6%	-1.0%	-1.8%	0.9%	-0.2%	-0.8%	-1.9%	-1.2%	-1.5%	1.3%
Average Korean OEMs	-0.6%	-1.2%	-2.6%	-0.6%	-4.0%	0.7%	-0.7%	-1.4%	-2.8%	-0.3%	-3.7%	1.3%
Toyota Motor	0.5%	0.5%	4.4%	4.9%	5.5%	5.7%	2.1%	2.3%	10.0%	10.4%	11.6%	11.2%
SUBARU CORP	1.2%	0.0%	2.6%	2.0%	2.7%	1.2%	2.2%	0.2%	6.1%	4.3%	9.2%	4.5%
Honda Motor	0.5%	0.4%	0.1%	0.2%	0.1%	-0.2%	2.6%	1.8%	1.7%	2.1%	1.2%	0.4%
Suzuki Motor	-0.2%	-0.9%	0.6%	-0.2%	-0.7%	-0.4%	1.7%	0.6%	8.0%	5.8%	3.1%	2.8%
Nissan Motor	-0.3%	-1.1%	0.1%	-1.3%	-0.3%	-2.7%	1.9%	0.1%	3.1%	1.5%	6.9%	-0.3%
Mazda Motor	-0.3%	0.4%	-2.5%	-4.7%	-1.1%	-4.7%	3.4%	3.4%	8.2%	1.4%	5.8%	1.0%
Mitsubishi Motors	-0.2%	-1.1%	-1.2%	-4.9%	-0.7%	-3.2%	-0.5%	-1.7%	2.6%	-4.2%	0.4%	-2.9%
Average Japanese OEMs	0.2%	-0.2%	0.6%	-0.6%	0.8%	-0.6%	1.9%	1.0%	5.7%	3.0%	5.4%	2.4%
Dongfeng Motor Group Class H	-1.3%	0.4%	2.4%	15.4%	1.6%	7.3%	2.4%	0.5%	156.3%	127.1%	-34.4%	-36.6%
SAIC Motor Class A	0.9%	1.7%	3.5%	4.9%	2.0%	4.4%	0.1%	0.1%	2.1%	2.8%	-5.0%	-3.9%
Chongqing Changan Automobile Class A	0.5%	0.7%	1.7%	4.1%	0.0%	1.7%	1.7%	4.8%	3.8%	5.4%	2.4%	4.4%
Guangzhou Automobile Class H	-0.5%	-0.5%	0.6%	2.5%	-1.3%	-0.7%	1.1%	0.9%	2.3%	-11.4%	-2.2%	-1.6%
Geely Automobile Holdings	-1.3%	-1.4%	4.9%	2.0%	-3.4%	-5.9%	4.9%	7.7%	-1.7%	7.6%	2.4%	3.9%
Great Wall Motor Class H	0.9%	-0.3%	-0.8%	-4.5%	-33.9%	-3.8%	3.3%	3.6%	8.4%	2.2%	-31.5%	0.3%
BAIC Motor Class H	-3.8%	-4.5%	-2.6%	-5.2%	0.0%	-0.5%	3.0%	-0.8%	5.4%	-6.7%	12.6%	1.2%
Average Chinese OEMs	-0.7%	-0.6%	1.4%	2.8%	-5.0%	0.4%	2.3%	2.4%	25.2%	18.1%	-7.9%	-4.6%
Tata Motors Limited	1.0%	1.7%	3.2%	3.6%	9.8%	10.8%	0.8%	1.9%	3.2%	5.5%	10.3%	13.4%
Bajaj Auto	1.6%	1.8%	3.3%	3.6%	2.8%	3.2%	2.9%	3.7%	4.6%	6.2%	4.5%	5.6%
Maruti Suzuki	-1.8%	-2.5%	1.7%	0.8%	1.9%	0.3%	-2.5%	-3.7%	1.1%	-0.6%	1.5%	-0.6%
Mahindra & Mahindra	-0.8%	-0.6%	-1.4%	-0.2%	0.7%	0.4%	-1.1%	-0.7%	-1.8%	0.0%	0.6%	1.0%
Average Indian OEMs	0.0%	0.1%	1.7%	2.0%	3.8%	3.7%	0.0%	0.3%	1.8%	2.8%	4.2%	4.8%
Fisker	-0.4%	-5.7%	0.5%	6.6%	0.5%	5.3%	-31.6%	-25.8%	8.3%	103.9%	6.0%	68.5%
Polestar	-2.6%	-4.1%	0.5%	2.7%	-2.2%	3.5%	-6.7%	-8.9%	0.0%	-1.6%	-5.3%	1.0%
Xpeng	-0.1%	-1.6%	1.0%	2.2%	0.0%	-0.2%	0.5%	6.4%	9.0%	8.1%	13.3%	6.5%
Rivian	0.1%	-1.8%	0.2%	1.4%	0.2%	0.7%	-0.3%	-3.8%	-0.3%	0.8%	-0.1%	1.9%
Lucid Group	-2.3%	-3.0%	0.2%	-0.9%	-0.5%	-2.1%	-3.7%	-4.3%	0.0%	0.0%	-1.2%	-1.8%
Li Auto	0.5%	0.2%	1.6%	-2.6%	1.3%	0.1%	2.3%	3.7%	7.2%	1.6%	8.2%	3.8%
NIO	0.1%	0.1%	-0.9%	-3.1%	-0.9%	-3.4%	-6.9%	-12.9%	3.0%	4.0%	4.6%	4.6%
BYD	-1.5%	-1.9%	-1.1%	-3.5%	-1.2%	-3.0%	0.2%	-0.7%	3.3%	-0.7%	3.4%	-0.2%
Vinfast	-4.2%	-15.2%	-0.8%	-4.1%	-0.4%	-3.1%	-3.4%	-17.9%	0.7%	-4.4%	-0.2%	-7.7%
Tesla Inc	-0.7%	-5.1%	-7.6%	-18.2%	-1.4%	-20.3%	-0.8%	-6.8%	-8.9%	-21.9%	-1.1%	-22.9%
Average pure EV players	-1.1%	-3.8%	-0.7%	-2.0%	-0.5%	-2.2%	-5.0%	-7.1%	2.2%	9.0%	2.8%	5.4%

Source: FactSet, BofA Global Research

BofA GLOBAL RESEARCH

FactSet consensus revision for suppliers

Exhibit 28: Consensus P&L items revision for suppliers (sorted by 2024 EBIT 1-month revision)

Global suppliers NI outlook worsened except for Japanese ones

	1 month revision						3 month revision					
	23 Rev	24 Rev	23 EBIT	24 EBIT	23 NI	24 NI	23 Rev	24 Rev	23 EBIT	24 EBIT	23 NI	24 NI
Cie Generale des Etablissements Michelin SA	-0.7%	-1.5%	9.4%	1.1%	-5.4%	1.8%	-1.0%	-1.8%	5.8%	0.8%	-10.6%	2.4%
CIE Automotive, S.A.	-0.4%	-0.8%	0.0%	0.7%	-0.6%	0.1%	-0.3%	-0.9%	0.3%	0.7%	-0.3%	0.0%
Pirelli & C. S.p.A.	0.2%	-0.2%	1.2%	0.6%	2.5%	0.3%	0.3%	0.0%	-0.1%	-0.5%	5.7%	3.6%
Dowlaix	-0.1%	-1.0%	-0.3%	-0.3%	-10.6%	-107.7%	-3.9%	-5.5%	8.5%	3.6%	3.8%	-108.1%
Vitesco Technologies Group AG	-0.4%	-1.0%	-0.4%	-0.8%	3.7%	0.4%	-0.8%	-0.8%	1.4%	-2.3%	-3.3%	-5.0%
TI Fluid Systems plc	0.3%	-0.5%	-3.1%	-1.4%	-10.3%	-5.4%	-0.9%	-2.5%	-1.2%	-5.4%	-3.6%	-7.3%
Plastic Omnium	0.1%	-0.1%	-0.1%	-1.4%	-0.1%	-1.1%	0.2%	-0.8%	-2.9%	-8.7%	-0.8%	-7.6%
Continental AG	-0.1%	-0.5%	0.7%	-1.6%	1.5%	-2.1%	-0.4%	-0.9%	-1.1%	-2.4%	-1.4%	-2.9%
Gestamp	-0.5%	-1.8%	0.6%	-2.9%	0.0%	-3.1%	-0.6%	-3.3%	0.1%	-6.1%	-0.7%	-6.4%
Schaeffler AG	-0.4%	-1.7%	2.1%	-3.1%	-2.4%	-5.5%	-0.9%	-3.0%	5.5%	-2.2%	0.2%	-5.2%
Faurecia Societe europeenne	-0.4%	-1.8%	-3.8%	-4.7%	-16.9%	-14.1%	-0.4%	-2.1%	-4.1%	-5.8%	-17.3%	-17.7%
Valeo SE	-0.2%	-1.3%	1.5%	-4.8%	-1.6%	-14.0%	-0.5%	-2.2%	1.5%	-8.6%	0.3%	-17.7%
Nokian Renkaat Oyj	0.1%	1.0%	-12.6%	-6.5%	-15.8%	-18.9%	0.3%	1.6%	-14.8%	-9.0%	-17.7%	-20.1%
Average EU suppliers	-0.2%	-0.9%	-0.4%	-1.9%	-4.3%	-13.0%	-0.7%	-1.7%	-0.1%	-3.5%	-3.5%	-14.8%
Adient plc	0.0%	-0.9%	0.0%	0.7%	0.0%	-8.0%	0.0%	-0.9%	0.0%	-0.4%	0.0%	-9.8%
Aptiv PLC	-0.4%	-1.3%	0.1%	-0.5%	2.7%	-5.2%	-0.3%	-1.3%	0.6%	-1.3%	2.8%	-5.6%
Autoliv Inc.	0.4%	0.2%	3.5%	-0.9%	7.7%	-2.7%	0.6%	0.2%	2.5%	-2.7%	8.4%	-3.5%
Visteon	-0.1%	-0.6%	0.2%	-1.0%	0.3%	-1.0%	-0.3%	-1.3%	0.9%	-2.4%	1.2%	-2.4%
Dana Incorporated	0.8%	-0.2%	1.6%	-1.3%	7.3%	-6.4%	0.6%	-0.5%	0.8%	-1.9%	9.2%	-7.6%
BorgWarner Inc.	-0.4%	-2.8%	0.3%	-4.9%	-1.2%	-6.5%	-0.6%	-3.5%	0.1%	-7.3%	0.7%	-9.2%
Magna International Inc.	-0.8%	-1.9%	0.5%	-7.1%	-0.1%	-9.0%	-1.3%	-2.4%	0.1%	-7.7%	-0.4%	-9.5%
Lear Corporation	0.8%	-0.2%	0.0%	-8.6%	-0.7%	-8.7%	1.1%	-0.4%	0.7%	-8.0%	-0.1%	-10.1%
Mobileye	0.0%	-3.9%	1.2%	-10.8%	2.2%	-19.0%	-0.4%	-25.7%	6.2%	-56.6%	7.2%	-54.5%
American Axle & Manufacturing Holdings, Inc.	-0.1%	-2.0%	0.5%	-11.7%	5.1%	-55.7%	0.3%	-2.5%	-7.6%	-20.0%	93.4%	-67.9%
Average North American suppliers	0.0%	-1.3%	0.8%	-4.6%	2.3%	-12.2%	0.0%	-3.8%	0.4%	-10.8%	12.2%	-18.0%
Nexen Tire Corp	-1.3%	-0.4%	-2.1%	8.5%	-22.7%	1.8%	-1.3%	-0.4%	-2.4%	9.3%	-22.7%	2.6%
Hankook	-0.5%	-0.1%	13.3%	6.9%	-10.8%	3.1%	-0.8%	-0.3%	14.2%	7.6%	-7.7%	4.6%
Hyundai Mobis Co., Ltd	-1.3%	-6.0%	-6.9%	-6.6%	-3.3%	-4.4%	-1.6%	-6.9%	-8.0%	-7.2%	-4.0%	-4.6%
SK Innovation	0.6%	-2.5%	-15.2%	-16.9%	-29.6%	-24.0%	0.3%	-5.8%	-21.6%	-20.6%	-42.3%	-32.1%
Samsung SDI	-1.7%	-7.2%	-8.8%	-19.3%	-1.0%	-13.5%	-2.6%	-9.7%	-11.8%	-23.7%	-2.0%	-17.6%
LG Energy	-0.8%	-8.9%	-5.6%	-19.5%	-9.4%	-22.4%	-1.7%	-14.9%	-8.8%	-27.8%	-16.1%	-31.2%
Average Korean suppliers	-0.8%	-4.2%	-4.2%	-7.8%	-12.8%	-9.9%	-1.3%	-6.3%	-6.4%	-10.4%	-15.8%	-13.1%
Toyoda Gosei Co., Ltd.	0.4%	0.2%	2.5%	1.8%	4.0%	4.2%	1.0%	1.1%	4.3%	2.3%	7.6%	5.4%
Toyota Boshoku Corp.	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%	3.3%	3.7%	9.7%	1.6%	15.1%	-0.2%
Yokohama	-0.1%	-0.1%	0.2%	-0.4%	1.7%	-0.5%	0.4%	0.5%	3.9%	2.8%	5.8%	5.7%
Bridgestone Corporation	0.3%	0.2%	-1.1%	-0.7%	-0.1%	0%	-0.4%	0.0%	-4.6%	-2.1%	-4.4%	-1%
DENSO CORPORATION	-0.4%	0.3%	-11.2%	-0.7%	-10.3%	0%	0.2%	0.8%	-13.1%	-0.5%	-11.9%	0%
Panasonic	0.0%	-0.2%	0.2%	-0.7%	5.2%	0%	-0.6%	-2.1%	1.0%	0.2%	7.0%	1%
Aisin Corporation	-0.2%	-0.3%	-11.3%	-0.8%	-12.8%	-1%	0.8%	0.7%	-9.9%	2.1%	-11.7%	2%
Average Japanese suppliers	0.0%	0.1%	-2.9%	-0.2%	-1.7%	0.4%	0.7%	0.7%	-1.2%	0.9%	1.1%	1.9%
CATL	0.1%	-4.5%	0.7%	-5.5%	-0.3%	-7.1%	-0.3%	-5.9%	0.4%	-6.4%	-0.3%	-7.9%

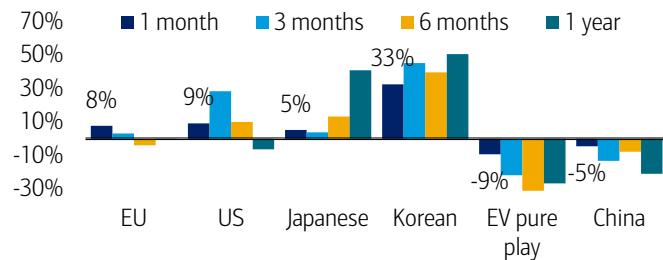
Source: FactSet, BofA Global Research

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Global auto & supplier share price perf

Exhibit 29: Global OEM share price performance by region

Korean OEMs strongly outperformed while EV and Chinese weakened

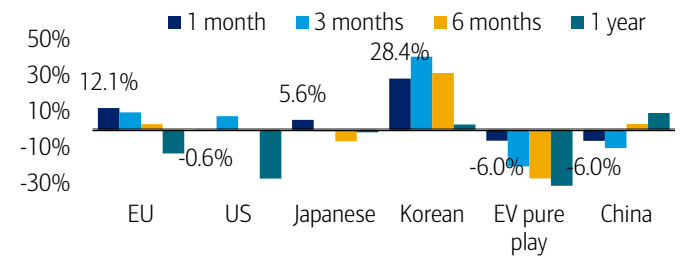


Source: FactSet, BofA Global Research

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Exhibit 30: Global OEM PE change by region

Most of the performance was driven by re-ratings



Source: FactSet, BofA Global Research

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Exhibit 31: Share price performance and PE change of global OEMs

EU, US and Korean OEMs performance is mainly attributed to a strong re-rating

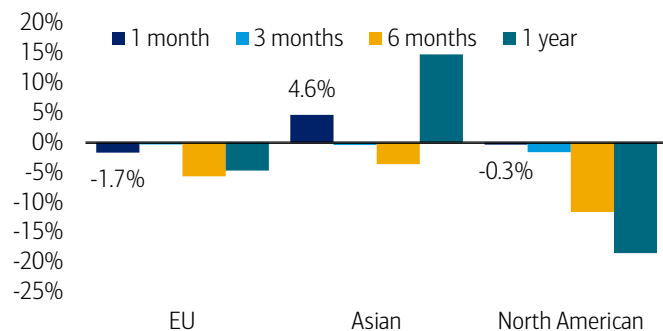
OEM	1 month		3 month		6 month		12 month	
	Sh p perf	PE re-rating	Sh p perf	PE re-rating	Sh p perf	PE re-rating	Sh p perf	PE re-rating
Volvo C	50.0%	36.3%	6.6%	-4.7%	-13.9%	-28.4%	-23.9%	-51.2%
STLA	20.1%	15.7%	27.9%	26.4%	44.4%	37.4%	48.1%	12.7%
MBG	14.4%	14.2%	15.4%	17.5%	0.9%	10.1%	-9.4%	-8.9%
Ferrari	13.2%	11.5%	9.7%	6.9%	29.3%	18.1%	45.2%	16.5%
VW	12.3%	11.0%	10.2%	12.3%	4.8%	10.0%	-8.6%	-12.3%
BMW	11.4%	11.8%	8.0%	11.4%	4.7%	9.0%	3.1%	-8.1%
RNO	11.2%	11.8%	7.1%	8.6%	3.9%	-0.4%	-9.8%	-35.7%
P911	7.9%	9.8%	-26.5%	-5.5%	-49.9%	-14.9%	-16.4%	-31.1%
AML	-12.9%		-12.4%		-22.0%		-30.2%	
EU Autos avg	14.2%	15.3%	5.1%	9.1%	0.2%	5.1%	-0.2%	-14.8%
GM	9.4%	-3.3%	40.8%	7.9%	17.9%	-2.9%	-10.2%	-36.9%
Ford	7.3%	3.8%	21.1%	14.1%	4.1%	10.9%	-4.7%	-16.8%
US Autos avg	8.3%	0.3%	30.9%	11.0%	11.0%	4.0%	-7.5%	-26.8%
Subaru	15.8%	10.7%	-9.5%	14.8%	-18.4%	-1.5%	-15.8%	1.4%
Toyota	15.8%	8.0%	18.6%	6.1%	46.0%	12.9%	79.8%	10.4%
Honda	9.9%	9.3%	7.3%	6.1%	18.4%	7.7%	52.2%	11.7%
Suzuki	2.8%	0.6%	21.7%	-0.3%	27.8%	9.9%	51.6%	9.1%
Mazda	0.5%	3.0%	5.3%	-4.5%	29.7%	-1.7%	39.5%	-10.5%
Mitsubishi	0.5%	3.0%	-2.5%	-6.8%	25.4%	-24.5%	48.6%	-25.3%
Nissan	-1.1%	1.1%	-8.4%	-10.9%	-3.6%	-15.3%	8.8%	-27.9%
Japanese Autos avg	6.3%	5.1%	4.6%	0.6%	17.9%	-1.8%	37.8%	-4.4%
Hyundai	39.0%	31.7%	36.9%	31.7%	35.7%	25.7%	41.1%	-6.3%
Kia	34.2%	30.3%	38.0%	34.6%	50.0%	43.7%	53.9%	8.5%
Korean Autos avg	36.6%	31.0%	37.5%	33.1%	42.8%	34.7%	47.5%	1.1%
Lucid	28.8%		-13.3%		-41.5%		-65.1%	
Li Auto	13.2%	8.5%	-20.6%	-28.4%	-19.7%	-41.2%	31.6%	-83.9%
Polestar	3.5%		-13.7%		-53.2%		-67.1%	
Nio	-0.2%		-16.8%		-45.0%		-38.4%	
Xpeng	-0.8%		-43.4%		-39.5%		-0.7%	
BYD	-4.7%	-6.7%	-23.7%	-29.7%	-17.2%	-36.8%	-18.8%	-46.2%
Rivian	-8.5%		-0.5%		-22.5%		-21.2%	
Tesla	-9.1%	6.3%	-14.4%	1.0%	-11.4%	16.9%	-1.0%	30.7%
EVs avg	2.8%	2.7%	-18.3%	-19.0%	-31.2%	-20.4%	-22.6%	-33.2%
SAIC Motor	8.5%	3.4%	0.5%	-3.9%	2.4%	3.8%	-1.0%	26.4%
BAIC Motor	4.9%	11.3%	-10.5%	-4.1%	9.2%	2.0%	-6.6%	-5.9%
Geely	3.2%	0.3%	-15.2%	-28.5%	-14.4%	-31.1%	-29.9%	-34.9%
Guangzhou	1.9%	-0.6%	-10.4%	-13.0%	-22.6%	-0.1%	-39.2%	10.2%
Dongfeng Motor	1.0%	-6.1%	-15.2%	34.8%	4.7%	129.8%	-27.2%	110.5%
Chongqing Changan	-6.3%	-11.1%	-18.4%	-25.8%	1.4%	-4.6%	1.7%	-3.9%
Great Wall Motor	-8.0%	-9.6%	-27.3%	-32.7%	-9.6%	-31.6%	-26.7%	-22.1%
Chinese Autos avg	0.7%	-1.8%	-13.8%	-10.5%	-4.1%	9.7%	-18.4%	11.5%

Source: FactSet, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 32: Global suppliers share price performance by region

Suppliers' performance was weak in the past month

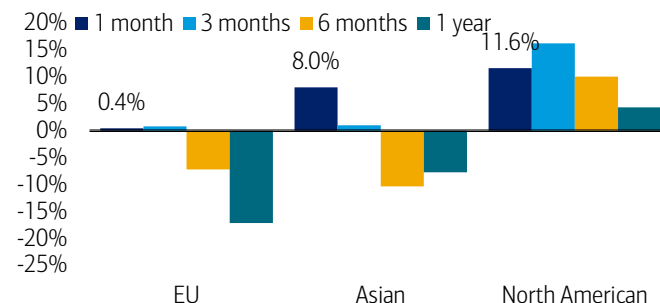


Source: FactSet, BofA Global Research

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Exhibit 33: Global suppliers PE change by region

NA suppliers PE expanded as earnings outlook worsened



Source: FactSet, BofA Global Research

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Exhibit 34: Share price performance and PE change of global Suppliers

EU suppliers' multiple remained stable while NA and Asian multiples expanded in the past month as a result of lower earnings outlook

Table	1 month		3 month		6 month		12 month	
	Sh p perf	PE re-rating	Sh p perf	PE re-rating	Sh p perf	PE re-rating	Sh p perf	PE re-rating
Suppliers								
Schaeffler	13.1%	18.3%	21.7%	27.6%	16.9%	20.8%	-4.8%	-2.9%
Michelin	8.3%	4.5%	11.3%	8.0%	15.9%	8.8%	8.8%	-0.3%
TI Fluid Syst	5.8%	6.6%	12.1%	13.7%	25.0%	-2.3%	29.6%	-26.9%
Continental	4.6%	5.3%	7.5%	10.6%	12.5%	9.4%	6.3%	-3.9%
Pirelli	1.8%	2.1%	17.0%	16.2%	17.0%	13.1%	9.6%	-1.3%
Vitesco	1.3%	-1.7%	-10.6%	-15.5%	11.6%	-18.1%	25.3%	-23.3%
CIE	0.7%	-1.1%	-0.3%	-3.6%	-8.5%	-13.1%	-8.7%	-20.0%
Nokian	0.3%	4.2%	2.3%	-2.6%	6.5%	18.5%	-12.6%	-12.6%
Gestamp	-6.0%	-4.8%	-15.9%	-12.3%	-25.8%	-26.2%	-23.6%	-35.3%
Plastic Omnium	-10.1%	-8.6%	-12.9%	-11.3%	-38.0%	-22.7%	-38.6%	-27.9%
Dowlaiss	-10.9%	-10.2%	-15.0%	-17.8%	-16.6%	-31.2%	-	0.0%
Valeo	-12.1%	1.9%	-19.0%	-2.2%	-39.1%	-27.2%	-48.2%	-39.0%
Forvia	-20.7%	-10.8%	-19.4%	-0.7%	-28.4%	-23.3%	-29.7%	-29.8%
Average EU Suppliers	-1.8%	0.4%	-1.6%	0.8%	-3.9%	-7.2%	-7.2%	-17.2%
Hankook	23.5%	18.9%	25.3%	11.9%	41.7%	4.1%	49.5%	-2.4%
DENSO	13.7%	14.4%	6.5%	8.6%	13.5%	-1.1%	45.0%	18.5%
CATL	8.6%	14.0%	-11.4%	-12.3%	-32.1%	-31.1%	-31.4%	-46.1%
Nexen Tire	7.1%	4.4%	5.6%	0.5%	12.9%	-21.4%	21.7%	-35.0%
Hyundai Mobis	6.5%	8.9%	6.3%	4.3%	6.3%	-4.7%	14.6%	-9.5%
Bridgestone	6.1%	5.8%	4.5%	9.4%	13.5%	14.2%	22.1%	16.1%
Toyota Gosei	6.0%	0.1%	-5.3%	-13.5%	-2.2%	-26.1%	35.6%	4.1%
Yokohama	5.9%	7.5%	26.6%	5.7%	40.3%	7.9%	82.9%	19.0%
Toyota Boshoku	4.0%	-0.2%	-12.1%	-14.8%	-5.8%	-24.6%	16.5%	-10.1%
Aisin	-0.9%	-0.8%	-7.4%	-10.3%	16.2%	1.5%	40.4%	34.7%
SK Innovation	-2.0%	17.8%	-5.3%	8.2%	-26.0%	-29.8%	-18.4%	-5.9%
Panasonic	-2.3%	-1.5%	-5.2%	-1.1%	-10.5%	-15.7%	17.9%	-17.2%
Samsung SDI	-5.3%	7.9%	-11.1%	2.9%	-33.9%	-24.4%	-43.9%	-41.5%
LG Energy	-6.1%	15.6%	-8.0%	14.8%	-24.9%	6.2%	-25.4%	-33.1%
Average Asian Suppliers	4.6%	8.0%	0.6%	1.0%	0.6%	-10.3%	16.2%	-7.7%
Autoliv	4.9%	3.2%	8.8%	4.5%	19.9%	-2.4%	23.3%	-16.5%
Adient	3.6%	9.9%	5.2%	3.6%	-9.8%	-10.8%	-22.6%	-28.9%
Visteon	2.9%	3.1%	-0.4%	-5.0%	-12.5%	-21.6%	-27.0%	-39.2%
Lear	2.7%	10.5%	1.6%	6.3%	-4.0%	-7.9%	-5.2%	-27.3%
Dana	1.8%	4.9%	4.1%	0.9%	-14.6%	-23.1%	-28.3%	-1.9%
American Axle & Manuf	1.6%	88.5%	16.5%	126.9%	10.8%	196.6%	-10.5%	264.9%
Magna International	-1.5%	6.0%	-3.6%	2.7%	-1.7%	-9.4%	-2.8%	-24.6%
Aptiv PLC	-2.2%	-2.1%	-2.7%	-2.4%	-17.6%	-24.6%	-34.0%	-49.2%
BorgWarner	-5.0%	0.1%	-11.1%	-3.1%	-22.8%	-21.6%	-31.0%	-23.3%
Mobileye	-12.4%	-8.0%	-38.2%	27.9%	-26.9%	25.3%	-41.7%	-10.5%
Average NA Suppliers	-0.3%	11.6%	-2.0%	16.2%	-7.9%	10.0%	-18.0%	4.3%

Source: FactSet, BofA Global Research

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Appendix

Consensus P&L figures for OEMs

Exhibit 35: Consensus P&L figures for OEMs (ranked by 2024 revenue growth)

Volvo Cars is the EU OEM (ex-AML) that is expected to grow revenues the most in 24-25 while BMW should see the largest drop in EBIT during that period

EURm	2022 Rev	23 Rev growth	24 Rev growth	25 Rev growth	2022 EBIT	23 EBIT growth	24 EBIT growth	25 EBIT growth	2022 NI	23 NI growth	24 NI growth	25 NI growth
Aston Martin	1,554	22.4%	17.4%	9.4%	-160	-44.3%	-203.9%	117.9%	-594	-59.9%	-78.4%	-208.0%
Volvo Cars	29,765	18.7%	11.1%	9.9%	1,482	31.5%	14.1%	15.8%	1,405	-15.1%	27.7%	31.8%
Ferrari	5,095	17.2%	8.0%	7.9%	1,227	31.8%	11.5%	10.9%	939	33.9%	9.7%	10.7%
Renault	46,391	13.9%	3.6%	4.7%	2,216	82.9%	-4.7%	7.7%	1,620	117.7%	-4.9%	10.2%
BMW	142,610	7.0%	1.2%	2.7%	13,999	25.5%	-13.5%	-1.8%	17,941	-34.7%	-11.9%	0.5%
Porsche AG	37,630	7.2%	1.0%	8.1%	6,770	5.7%	-1.0%	11.2%	4,951	4.6%	-1.2%	11.4%
Mercedes-Benz	150,017	1.5%	0.8%	2.3%	20,458	-6.6%	-10.2%	1.9%	14,809	-6.4%	-10.7%	2.5%
VW	279,232	12.5%	0.4%	4.2%	22,124	0.9%	-3.5%	7.6%	15,836	-2.2%	-3.0%	10.3%
Stellantis	179,592	5.9%	0.1%	2.7%	23,323	0.9%	-9.5%	1.6%	16,779	9.3%	-10.6%	1.9%
Average EU OEMs	96,876	12%	5%	6%	10,160	14%	-25%	19%	8,187	5%	-9%	-14%
Ford Motor	145,574	12.5%	2.3%	1.9%	9,592	0.9%	-1.1%	1.5%	7,016	7.8%	-10.7%	2.9%
General Motors Company	144,317	9.9%	1.2%	2.3%	13,327	-14.4%	-0.2%	-3.9%	10,169	-4.6%	-4.1%	-3.1%
Average US mass market OEMs	144,945	11%	2%	2%	11,460	-7%	-1%	-1%	8,593	2%	-7%	0%
Hyundai Motor	106,694	5.0%	3.9%	3.8%	7,351	41.3%	-4.2%	1.3%	5,513	53.4%	-3.2%	1.0%
Kia	64,846	6.6%	3.3%	4.1%	5,419	47.4%	-2.3%	0.2%	4,052	49.8%	3.2%	1.2%
Average Korean OEMs	85,770	6%	4%	4%	6,385	44%	-3%	1%	4,782	52%	0%	1%
Suzuki Motor	31,292	4.5%	5.7%	5.3%	2,363	19.7%	8.6%	5.9%	1,491	12.6%	10.8%	5.7%
Mazda Motor	25,869	16.3%	5.3%	2.5%	960	72.0%	5.0%	1.7%	965	22.8%	5.9%	1.7%
Toyota Motor Corp.	251,909	8.7%	3.7%	3.7%	18,476	65.4%	4.3%	2.0%	16,620	65.6%	0.2%	1.9%
Honda Motor	115,038	9.3%	3.7%	2.7%	5,711	42.3%	7.7%	2.0%	4,731	32.8%	4.1%	3.5%
SUBARU	25,718	13.0%	3.5%	2.1%	1,823	54.6%	5.0%	-0.3%	1,366	55.6%	0.0%	1.0%
Nissan Motor	72,099	11.5%	2.8%	2.7%	2,566	53.4%	1.0%	3.4%	1,510	68.8%	4.1%	5.2%
Mitsubishi Motors	16,666	5.0%	1.6%	3.6%	1,292	0.3%	-4.3%	4.0%	1,144	-22.9%	0.4%	3.3%
Average Japanese OEMs	76,941	10%	4%	3%	4,741	44%	4%	3%	3,975	34%	4%	3%
Chongqing Changan Automobile Company	16,042	23.8%	29.4%	19.1%	1,010	23.0%	-5.5%	29.5%	1,032	35.3%	-12.9%	26.5%
Great Wall Motor Co	18,396	21.4%	23.1%	14.4%	1,067	-12.4%	28.4%	18.7%	1,107	-45.6%	93.2%	21.4%
Geely Automobile Holdings Limited	19,984	16.3%	23.0%	17.1%	411	22.5%	57.0%	31.5%	710	-12.0%	47.7%	38.8%
Guangzhou Automobile Group Co.	14,656	20.1%	15.2%	11.7%	-888	-26.7%	-21.3%	-41.4%	1,054	-30.6%	14.9%	12.9%
SAIC Motor Corporation	97,279	-1.6%	4.9%	4.0%	1,127	151.8%	12.3%	15.9%	2,107	-6.4%	10.8%	12.8%
Dongfeng Motor Group Co	12,345	-0.6%	2.9%	-3.9%	-494	-19.6%	5.1%	-23.0%	1,368	-64.2%	-4.7%	-11.3%
BAIC Motor Corporation	25,667	2.2%	-0.4%	-9.3%	3,505	-6.6%	-12.5%	-20.0%	566	9.2%	-10.4%	-34.2%
Average Chinese OEMs	29,195	12%	14%	8%	820	19%	9%	2%	1,135	-16%	20%	10%
Bajaj Auto	4,050	22.5%	14.8%	13.7%	697	34.4%	18.6%	14.8%	626	32.9%	14.7%	14.5%
Mahindra & Mahindra	9,611	15.6%	10.7%	10.1%	824	28.2%	14.5%	4.4%	741	54.6%	5.9%	9.5%
Maruti Suzuki	13,014	19.6%	10.1%	11.2%	906	69.0%	12.6%	10.8%	891	59.5%	10.3%	10.1%
Tata Motors	38,762	26.1%	8.9%	8.6%	784	352.2%	14.7%	12.3%	306	628.2%	20.9%	19.4%
Average Indian OEMs	16,359	21%	11%	11%	803	121%	15%	11%	641	194%	13%	13%
Fisker Inc Class A	0	101932.5%	431.8%	69.2%	-500	-26.8%	-30.9%	-59.1%	-516	-28.8%	-35.5%	-64.5%
Lucid Group, Inc.	574	0.1%	110.0%	187.0%	-2,048	35.5%	-15.8%	-27.5%	-1,231	113.7%	-11.7%	-25.2%
Xpeng	3,669	11.5%	87.0%	39.6%	-1,190	31.5%	-27.3%	-46.3%	-1,249	20.4%	-33.8%	-53.9%
Polestar	2,320	2.7%	76.8%	102.9%	-859	9.2%	-14.1%	-91.2%	-439	81.7%	28.2%	-71.0%
Li Auto	6,133	159.7%	62.0%	35.5%	-496	-284.2%	74.5%	57.5%	-275	-514.1%	54.2%	55.0%
NIO	6,705	10.2%	40.6%	39.5%	-2,124	19.3%	-32.0%	-51.0%	-1,981	27.5%	-36.1%	-53.4%
Rivian Automotive	1,554	164.8%	36.2%	63.9%	-6,425	-21.0%	-19.9%	-30.1%	-6,327	-20.7%	-19.2%	-23.9%
BYD	56,852	41.8%	26.7%	17.7%	2,888	72.6%	27.7%	24.6%	2,375	67.4%	27.5%	25.0%
Tesla Inc	75,053	19.1%	16.0%	21.3%	12,582	-34.8%	22.2%	44.3%	13,005	-22.7%	-0.8%	37.5%
Average pure EV players	16,984	11371%	99%	64%	203	-22%	-2%	-20%	373	-31%	-3%	-19%

Source: FactSet, BofA Global Research

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Consensus P&L figures for suppliers

Exhibit 36: Consensus P&L figures for suppliers (ranked by 2024 revenue growth)

Nokian and Vitesco are the EU suppliers that should grow EBIT the most in 24-25 with no EU supplier expected to shrink earnings in that period

	2022 Rev	23 Rev growth	24 Rev growth	25 Rev growth	2022 EBIT	23 EBIT growth	24 EBIT growth	25 EBIT growth	2022 NI	23 NI growth	24 NI growth	25 NI growth
Nokian	1,776	-33.4%	16.6%	12.1%	221	-78.8%	101.1%	44.8%	-176	-109.5%	151.8%	79.0%
Valeo SE	20,037	10.3%	4.0%	7.5%	644	23.2%	19.7%	37.5%	230	31.9%	33.6%	58.9%
CIE Automotive, S.A.	3,839	3.1%	3.8%	3.0%	447	15.9%	7.1%	5.4%	300	7.4%	8.2%	7.1%
Forvia	25,458	6.8%	3.4%	5.5%	1,115	22.3%	18.2%	18.2%	-250	-230.1%	75.4%	39.5%
TI Fluid Systems	3,268	7.2%	3.2%	3.8%	100	119.9%	11.3%	10.5%	44	111.6%	22.2%	16.1%
Gestamp	11,043	10.2%	3.0%	4.1%	540	28.9%	3.9%	11.2%	260	21.4%	13.9%	14.7%
Vitesco Technologies	9,070	3.3%	3.0%	5.3%	223	30.2%	67.5%	30.2%	24	447.5%	147.3%	32.3%
Continental AG	39,266	6.4%	2.8%	3.9%	1,951	24.9%	16.6%	19.0%	67	2025.0%	22.4%	24.3%
Plastic Omnium	8,538	20.6%	2.6%	4.8%	341	5.4%	11.0%	19.2%	168	3.2%	16.6%	26.7%
Dowlaits	5,902	2.8%	2.0%	4.0%	375	8.5%	13.5%	13.6%	-87	50.5%	-99.2%	-7407.8%
Pirelli	6,616	0.2%	2.0%	3.4%	978	-2.4%	4.9%	6.7%	436	13.6%	4.8%	14.2%
Schaeffler AG	15,809	3.5%	1.6%	4.3%	1,046	14.5%	2.4%	9.2%	557	9.1%	16.0%	12.5%
Michelin	28,590	-0.9%	1.3%	2.4%	3,396	5.2%	0.0%	4.7%	2,009	-1.3%	19.4%	5.4%
Average EU suppliers	13,786	3%	4%	5%	875	17%	21%	18%	275	183%	33%	-544%
Aptiv PLC	15,986	15.5%	8.7%	7.7%	1,449	35.2%	19.9%	14.6%	884	43.3%	15.0%	22.7%
Visteon	3,519	6.3%	6.9%	8.9%	169	56.7%	28.1%	19.7%	142	27.7%	30.3%	19.5%
Autoliv	8,156	18.2%	6.6%	5.6%	552	53.5%	29.0%	16.4%	354	81.1%	13.8%	17.9%
BorgWarner	14,682	-10.1%	5.5%	6.7%	1,490	-15.3%	4.4%	9.1%	1,011	-19.2%	5.8%	10.7%
Magna International	35,442	11.9%	4.6%	4.2%	1,557	33.3%	12.6%	18.7%	1,119	30.2%	12.0%	20.0%
Lear	19,096	14.4%	4.4%	4.2%	796	31.0%	14.3%	17.4%	478	38.4%	17.4%	21.5%
Dana	9,506	4.5%	3.1%	5.2%	257	50.4%	17.3%	17.8%	51	126.9%	43.8%	43.4%
American Axle & Manufacturing	5,855	-3.7%	2.3%	0.2%	257	-44.6%	34.5%	8.2%	68	-132.0%	-186.8%	124.6%
Adient	14,270	0.8%	0.4%	2.7%	352	63.1%	3.8%	14.5%	11	1626.8%	21.6%	44.0%
Mobileye	1,722	11.5%	-6.1%	39.4%	631	1.4%	-51.0%	116.2%	557	9.2%	-50.9%	97.3%
Average North American suppliers	12,823	7%	4%	8%	751	26%	11%	25%	468	183%	-8%	42%
Nexen Tire	1,877	-0.7%	8.4%	7.2%	-39	-429.2%	51.0%	3.5%	-20	-472.3%	76.9%	0.3%
Samsung SDI	15,084	4.6%	5.5%	20.3%	1,355	-16.1%	9.7%	47.1%	1,463	-5.9%	-2.9%	30.5%
LG Energy	18,640	24.7%	5.3%	34.1%	884	68.6%	36.3%	96.2%	558	81.4%	26.2%	92.4%
Hyundai Mobis	38,650	5.6%	4.1%	7.8%	1,509	4.9%	19.6%	13.2%	1,851	27.5%	5.0%	7.8%
Hankook	6,287	-0.4%	2.6%	2.6%	529	76.2%	0.2%	-3.8%	517	-1.1%	32.3%	-1.9%
SK Innovation	58,152	-6.8%	-2.9%	5.9%	2,918	-54.8%	45.6%	59.0%	1,240	-71.0%	145.1%	69.1%
Average Korean suppliers	23,115	4%	4%	13%	1,193	-58%	27%	36%	935	-74%	47%	33%
Yokohama	6,007	3.2%	8.1%	4.4%	489	18.5%	16.5%	6.6%	321	28.4%	9.9%	7.0%
Toyota Boshoku	10,727	10.2%	5.4%	2.6%	323	82.1%	1.8%	4.8%	145	108.6%	18.9%	4.4%
DENSO	42,529	3.3%	4.7%	5.4%	2,885	20.3%	28.5%	9.6%	2,077	21.4%	27.3%	9.5%
Bridgestone	28,692	-7.1%	4.4%	3.8%	3,369	-7.1%	10.3%	8.0%	2,097	3.0%	10.5%	8.2%
Toyoda Gosei	6,342	2.4%	4.0%	3.8%	237	67.3%	8.4%	9.0%	123	80.7%	23.2%	6.6%
Aisin	29,473	2.5%	3.1%	3.3%	392	208.8%	27.1%	7.7%	446	48.5%	44.0%	7.8%
Panasonic	57,091	-9.0%	2.7%	3.0%	1,966	29.0%	16.8%	15.0%	1,809	48.4%	-13.5%	16.9%
Average Japanese suppliers	25,837	1%	5%	4%	1,380	60%	16%	9%	1,003	48%	17%	9%
CATL	44,139	21.5%	15.7%	19.8%	4,946	31.2%	18.1%	23.0%	4,128	37.6%	16.1%	22.3%

Source: FactSet, BofA Global Research

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Cons profitability metrics for OEMs

Exhibit 37: Global OEMs profitability metrics (ranked by 2024 EBIT margin)

Consensus expects Ferrari & Porsche as well as Japanese and Chinese OEMs to keep or even increase their profitability in 2024

	2022 GM	2023 GM	2024 GM	2025 GM	2022 EBIT margin	2023 EBIT margin	2024 EBIT margin	2025 EBIT margin	2022 NI margin	2023 NI margin	2024 NI margin	2025 NI margin
Ferrari	48.4%	48.9%	50.5%	50.9%	24.1%	27.1%	28.0%	28.7%	18.4%	21.1%	21.4%	21.9%
Porsche AG	28.0%	28.2%	27.5%	28.0%	18.0%	17.7%	17.4%	17.9%	13.2%	12.8%	12.6%	12.9%
Mercedes-Benz	22.7%	22.8%	22.0%	22.2%	13.6%	12.6%	11.2%	11.1%	9.9%	9.1%	8.1%	8.1%
Stellantis	19.7%	20.9%	19.1%	18.7%	13.0%	12.4%	11.2%	11.1%	9.3%	9.6%	8.6%	8.5%
BMW	17.2%	21.9%	20.4%	19.5%	9.8%	11.5%	9.8%	9.4%	12.6%	7.7%	6.7%	6.5%
Renault	19.9%	19.7%	18.9%	19.2%	4.8%	7.7%	7.1%	7.3%	3.5%	6.7%	6.1%	6.4%
VW	18.7%	20.5%	20.1%	20.4%	7.9%	7.1%	6.8%	7.1%	5.7%	4.9%	4.8%	5.0%
Volvo Cars	18.3%	19.4%	19.3%	19.0%	5.0%	5.5%	5.7%	6.0%	4.7%	3.4%	3.9%	4.7%
Aston Martin	32.6%	37.8%	40.6%	41.6%	-10.3%	-4.7%	4.1%	8.2%	-38.2%	-12.5%	-2.3%	2.3%
Average EU OEMs	25.1%	26.7%	26.5%	26.6%	9.5%	10.8%	11.2%	11.9%	4.3%	7.0%	7.8%	8.5%
General Motors Company	16.4%	14.0%	14.5%	14.5%	9.2%	7.2%	7.1%	6.7%	7.0%	6.1%	5.8%	5.5%
Ford Motor	13.3%	12.3%	12.8%	12.8%	6.6%	5.9%	5.7%	5.7%	4.8%	4.6%	4.0%	4.1%
Average US mass market OEMs	14.9%	13.1%	13.6%	13.6%	7.9%	6.6%	6.4%	6.2%	5.9%	5.4%	4.9%	4.8%
Kia	20.8%	22.6%	22.4%	22.2%	8.4%	11.6%	10.9%	10.5%	6.2%	8.8%	8.8%	8.5%
Hyundai Motor	19.9%	20.5%	20.2%	20.2%	6.9%	9.3%	8.5%	8.3%	5.2%	7.5%	7.0%	6.8%
Average Korean OEMs	20.3%	21.6%	21.3%	21.2%	7.6%	10.4%	9.7%	9.4%	5.7%	8.2%	7.9%	7.7%
Toyota Motor Corp.	19.7%	21.4%	21.1%	20.9%	7.3%	11.2%	11.2%	11.0%	6.6%	10.1%	9.7%	9.5%
SUBARU	19.5%	20.8%	21.1%	21.0%	7.1%	9.7%	9.8%	9.6%	5.3%	7.3%	7.1%	7.0%
Suzuki Motor	24.8%	25.6%	25.8%	26.0%	7.6%	8.6%	8.9%	8.9%	4.8%	5.1%	5.4%	5.4%
Mitsubishi Motors	21.3%	20.4%	20.6%	20.2%	7.7%	7.4%	7.0%	7.0%	6.9%	5.0%	5.0%	5.0%
Honda Motor	21.1%	21.0%	21.4%	21.3%	5.0%	6.5%	6.7%	6.7%	4.1%	5.0%	5.0%	5.1%
Mazda Motor	20.9%	20.9%	20.9%	20.9%	3.7%	5.5%	5.5%	5.4%	3.7%	3.9%	4.0%	3.9%
Nissan Motor	16.2%	17.2%	17.4%	17.5%	3.6%	4.9%	4.8%	4.8%	2.1%	3.2%	3.2%	3.3%
Average Japanese OEMs	20.5%	21.0%	21.2%	21.1%	6.0%	7.7%	7.7%	7.6%	4.8%	5.7%	5.6%	5.6%
BAIC Motor Corporation	22.2%				13.7%	12.5%	11.0%	9.7%	2.2%	2.4%	2.1%	1.5%
Chongqing Changan Automobile Company	20.5%	17.4%	18.3%	19.8%	6.3%	6.3%	4.6%	5.0%	6.4%	7.0%	4.7%	5.0%
Great Wall Motor Co	19.4%	18.9%	19.3%	19.6%	5.8%	4.2%	4.4%	4.5%	6.0%	2.7%	4.2%	4.5%
SAIC Motor Corporation	11.8%	10.8%	11.2%	11.3%	1.2%	3.0%	3.2%	3.5%	2.2%	2.1%	2.2%	2.4%
Geely Automobile Holdings Limited	14.1%	14.7%	14.2%	13.1%	2.1%	2.2%	2.8%	3.1%	3.6%	2.7%	3.2%	3.8%
Guangzhou Automobile Group Co.	4.1%	5.3%	6.5%	7.2%	-6.1%	-3.7%	-2.5%	-1.3%	7.2%	4.2%	4.1%	4.2%
Dongfeng Motor Group Co	9.5%				-4.0%	-3.2%	-3.3%	-2.6%	11.1%	4.0%	3.7%	3.4%
Average Chinese OEMs	14.5%	13.4%	13.9%	14.2%	2.7%	3.0%	2.9%	3.1%	5.5%	3.6%	3.5%	3.5%
Bajaj Auto	28.5%	29.5%	29.8%	29.7%	17.2%	18.9%	19.5%	19.7%	15.4%	16.8%	16.8%	16.9%
Maruti Suzuki	26.6%	28.7%	28.7%	28.5%	7.0%	9.8%	10.1%	10.0%	6.8%	9.1%	9.2%	9.1%
Mahindra & Mahindra	24.0%	24.6%	25.1%	25.4%	8.6%	9.5%	9.8%	9.3%	7.7%	10.3%	9.9%	9.8%
Tata Motors	34.5%	36.6%	36.8%	36.4%	2.0%	7.3%	7.6%	7.9%	0.8%	4.6%	5.1%	5.6%
Average Indian OEMs	28.4%	29.9%	30.1%	30.0%	8.7%	11.4%	11.8%	11.7%	7.7%	10.2%	10.2%	10.3%
Tesla Inc	25.6%	18.4%	18.5%	19.9%	16.8%	9.2%	9.7%	11.5%	17.3%	11.2%	9.6%	10.9%
BYD	17%	19.5%	19.7%	20.1%	5%	6.2%	6.2%	6.6%	4%	4.9%	5.0%	5.3%
Li Auto	19.5%	21.6%	21.2%	21.1%	-8.1%	5.7%	6.2%	7.2%	-4.5%	7.2%	6.8%	7.8%
Fisker Inc Class A	11.5%	-6.0%	10.5%	13.9%	0.0%	-111.2%	-14.4%	-3.5%	0.0%	-111.8%	-13.6%	-2.8%
Xpeng	11.5%	2.0%	10.9%	14.3%	-32.4%	-38.2%	-14.9%	-5.7%	-34.0%	-36.8%	-13.0%	-4.3%
NIO	10.4%	7.2%	12.8%	16.2%	-31.7%	-34.3%	-16.6%	-5.8%	-29.6%	-34.2%	-15.5%	-5.2%
Polestar	4.9%	1.7%	8.3%	15.5%	-37.0%	-39.4%	-19.1%	-0.8%	-18.9%	-33.5%	-24.3%	-3.5%
Vinfast		-40.3%	-16.3%	-1.5%		-127.3%	-60.7%	-30.4%		-176.8%	-80.7%	-43.4%
Rivian Automotive	-188%	-43%	-5%	11%	-414%	-123%	-73%	-31%	-407%	-122%	-72%	-34%
Lucid Group, Inc.	-170.7%	-226.9%	-76.9%	-7.8%	-356.9%	-483.2%	-193.9%	-49.0%	-214.5%	-458.1%	-192.6%	-50.2%
Average pure EV players	-28.7%	-24.6%	0.3%	12.3%	-95.3%	-93.6%	-37.0%	-10.1%	-76.4%	-95.0%	-39.1%	-11.9%

Source: FactSet, BofA Global Research

GM = Gross Margin; NI = Net Income

BofA GLOBAL RESEARCH

Cons profitability metrics for suppliers

Exhibit 38: Global suppliers profitability metrics (ranked by 2024 EBIT margin)

Consensus still expects supplier profitability to increase y/y on average whereas most OEMs are expected to see flat or declining profitability

	2022 GM	2023 GM	2024 GM	2025 GM	2022 EBIT margin	2023 EBIT margin	2024 EBIT margin	2025 EBIT margin	2022 NI margin	2023 NI margin	2024 NI margin	2025 NI margin
Pirelli	43.0%	64.3%	65.9%	85.0%	14.8%	14.4%	14.8%	15.3%	6.6%	7.5%	7.7%	8.5%
CIE Automotive, S.A.	7.5%	40.2%	39.8%	41.0%	3.2%	13.1%	13.5%	13.8%	1.1%	8.1%	8.5%	8.8%
Michelin	26.4%	28.0%	27.9%	27.8%	11.9%	12.6%	12.4%	12.7%	7.0%	7.0%	8.2%	8.5%
Dowlaits	25.0%	8.9%	10.4%	11.0%	6.3%	6.7%	7.5%	8.2%	-1.5%	-2.1%	0.0%	1.2%
Schaeffler AG	22.6%	22.7%	23.0%	23.3%	6.6%	7.3%	7.4%	7.7%	3.5%	3.7%	4.2%	4.6%
Nokian	16.2%	20.4%	21.5%	21.6%	12.5%	4.0%	6.8%	8.8%	-9.9%	1.4%	3.1%	4.9%
TI Fluid Systems	7.0%	17.9%	17.6%	17.4%	3.1%	6.3%	6.8%	7.2%	1.3%	2.6%	3.1%	3.5%
Continental AG	21.2%	23.3%	24.3%	25.3%	5.0%	5.8%	6.6%	7.6%	0.2%	3.4%	4.0%	4.8%
Gestamp	32.6%	35.9%	36.2%	37.1%	4.9%	5.7%	5.8%	6.2%	2.4%	2.6%	2.9%	3.2%
Forvia	12.7%	13.6%	13.9%	14.5%	4.4%	5.0%	5.7%	6.4%	-1.0%	1.2%	2.0%	2.7%
Vitesco Technologies	12.8%	14.7%	17.6%	18.2%	2.5%	3.1%	5.0%	6.2%	0.3%	1.4%	3.3%	4.2%
Valeo SE	17.2%	17.2%	18.2%	19.5%	3.2%	3.6%	4.1%	5.3%	1.1%	1.4%	1.8%	2.6%
Plastic Omnium	12.8%	12.8%	13.2%	13.7%	4.0%	3.5%	3.8%	4.3%	2.0%	1.7%	1.9%	2.3%
Average EU suppliers	19.8%	24.6%	25.3%	27.3%	6.3%	7.0%	7.7%	8.4%	1.0%	3.1%	3.9%	4.6%
Mobileye	74.5%	68.7%	66.5%	67.1%	36.7%	33.3%	17.4%	26.9%	32.4%	31.7%	16.6%	23.4%
Aptiv PLC	15.1%	17.2%	18.6%	19.5%	9.1%	10.6%	11.7%	12.4%	5.5%	6.9%	7.3%	8.3%
Autoliv	15.8%	17.4%	19.1%	19.9%	6.8%	8.8%	10.6%	11.7%	4.3%	6.7%	7.1%	7.9%
BorgWarner	19.6%	19.1%	18.9%	19.2%	10.1%	9.6%	9.5%	9.7%	6.9%	6.2%	6.2%	6.4%
Visteon	10.1%	12.4%	13.7%	14.6%	4.8%	7.1%	8.5%	9.3%	4.0%	4.9%	5.9%	6.5%
Magna International	12.3%	13.5%	13.6%	14.2%	4.4%	5.2%	5.6%	6.4%	3.2%	3.7%	3.9%	4.5%
Lear	7.4%	7.8%	8.2%	8.8%	4.2%	4.8%	5.2%	5.9%	2.5%	3.0%	3.4%	4.0%
Dana	7.5%	8.6%	9.4%	10.1%	2.7%	3.9%	4.4%	5.0%	0.5%	1.2%	1.6%	2.2%
Adient	5.5%	6.7%	7.2%	7.8%	2.5%	4.0%	4.1%	4.6%	0.1%	1.3%	1.6%	2.2%
American Axle & Manufacturing	11.3%	9.9%	10.8%	10.6%	4.4%	2.5%	3.3%	3.6%	1.2%	-0.4%	0.3%	0.7%
Average North American suppliers	17.9%	18.1%	18.6%	19.2%	8.6%	9.0%	8.0%	9.5%	6.1%	6.5%	5.4%	6.6%
Hankook	25.1%	32.3%	32.0%	31.4%	8.4%	14.9%	14.5%	13.6%	8.2%	8.2%	10.5%	10.1%
Nexen Tire	16.6%	27.5%	30.5%	30.2%	-2.1%	6.9%	9.6%	9.3%	-1.1%	4.0%	6.5%	6.1%
LG Energy	16.8%	15.1%	16.4%	18.3%	4.7%	6.4%	8.3%	12.1%	3.0%	4.4%	5.2%	7.5%
Samsung SDI	21.0%	17.7%	19.0%	20.3%	9.0%	7.2%	7.5%	9.2%	9.7%	8.7%	8.0%	8.7%
Hyundai Mobis	11.5%	11.6%	12.4%	12.6%	3.9%	3.9%	4.5%	4.7%	4.8%	5.8%	5.8%	5.8%
SK Innovation	9.0%	6.7%	7.8%	9.4%	5.0%	2.4%	3.7%	5.5%	2.1%	0.7%	1.7%	2.7%
Average Korean suppliers	16.7%	18.5%	19.7%	20.3%	4.8%	7.0%	8.0%	9.1%	4.5%	5.3%	6.3%	6.8%
Bridgestone	38.8%	40.1%	40.8%	41.2%	11.7%	11.7%	12.4%	12.9%	7.3%	8.1%	8.6%	8.9%
Yokohama		32.9%	34.4%	35.3%	8.1%	9.4%	10.1%	10.3%	5.3%	6.6%	6.7%	6.9%
DENSO		16.7%	17.8%	18.3%	6.8%	7.8%	9.6%	9.9%	4.9%	6.0%	7.3%	7.5%
Toyoda Gosei		13.4%	13.7%	14.4%	3.7%	6.1%	6.3%	6.6%	1.9%	4.0%	4.1%	4.2%
Panasonic	27.0%	29.1%	29.1%	29.8%	3.4%	4.9%	5.6%	6.2%	3.2%	5.2%	4.4%	4.9%
Aisin	9.2%	11.3%	12.0%	12.1%	1.3%	4.0%	4.9%	5.1%	1.5%	2.6%	3.2%	3.3%
Toyota Boshoku	9.7%	11.0%	10.5%	10.6%	3.0%	4.8%	4.8%	4.9%	1.4%	3.0%	2.8%	2.9%
Average Japanese suppliers	21.2%	22.1%	22.6%	23.1%	5.5%	7.0%	7.7%	8.0%	3.6%	5.1%	5.3%	5.5%
CATL	20.3%	22.5%	22.0%	21.3%	11.2%	12.1%	12.3%	12.7%	9.4%	10.6%	10.6%	10.8%

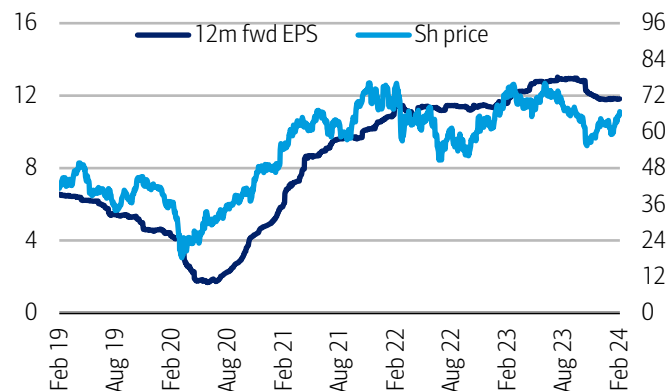
Source: FactSet, BofA Global Research. GM = Gross Margin; NI = Net Income

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EU OEM earnings momentum charts

Exhibit 39: MBG 12m fwd EPS (lhs) vs sh price (rhs)

MBG share price recovered a bit since EPS cons stopped declining

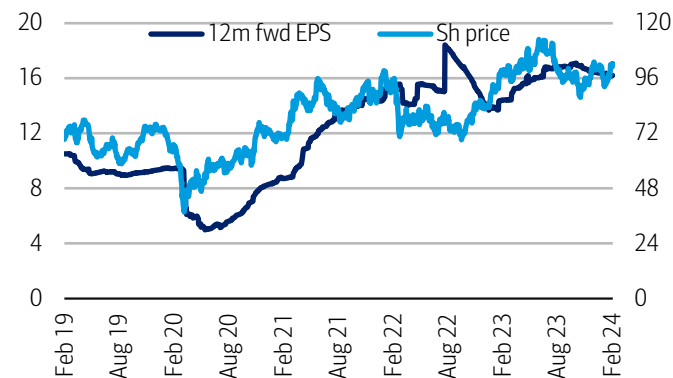


Source: FactSet, BofA Global Research

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Exhibit 40: BMW 12m fwd EPS (lhs) vs sh price (rhs)

BMW share price has improving despite no major EPS revision

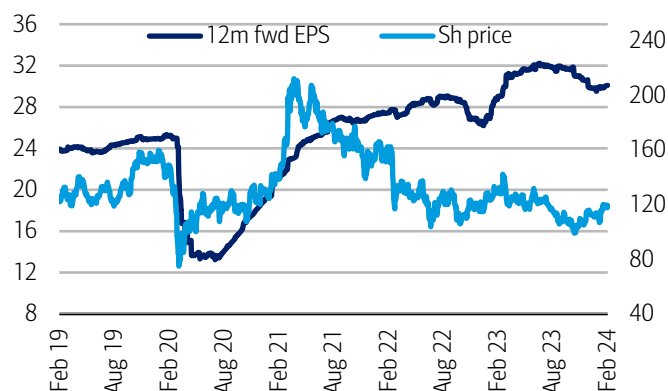


Source: FactSet, BofA Global Research

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Exhibit 41: VOW3 12m fwd EPS (lhs) vs sh price (rhs)

VW EPS cons trend has been flattish but the shares also re-rated slightly

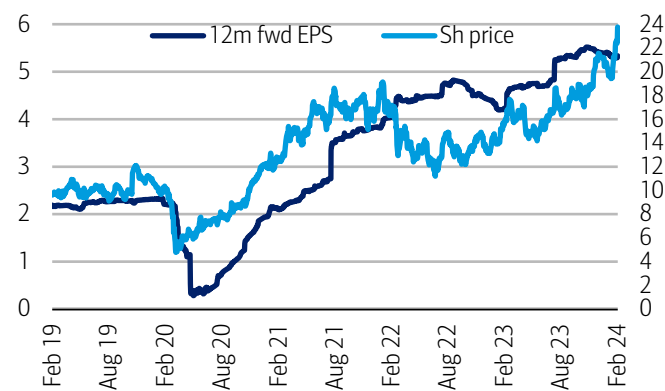


Source: FactSet, BofA Global Research

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Exhibit 42: STLA 12m fwd EPS (lhs) vs sh price (rhs)

STLA re-rating gathered steam y-t-d

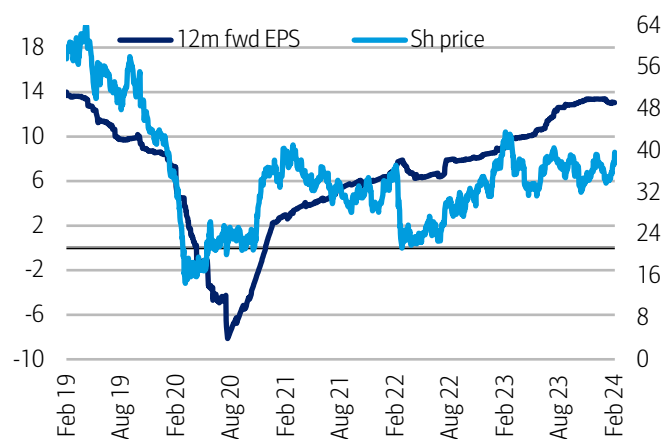


Source: FactSet, BofA Global Research

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Exhibit 43: RNO 12m fwd EPS (lhs) vs sh price (rhs)

RNO EPS cons improved; share price just benefited to a limited extent

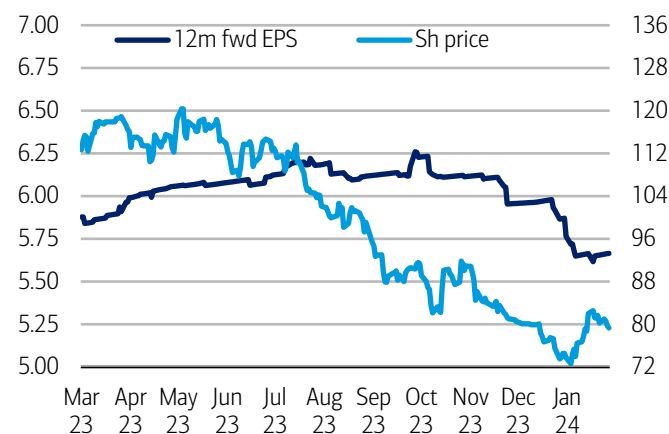


Source: FactSet, BofA Global Research

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Exhibit 44: P911 12m fwd EPS (lhs) vs sh price (rhs)

The share price recovered slightly despite recent EPS cuts



Source: FactSet, BofA Global Research

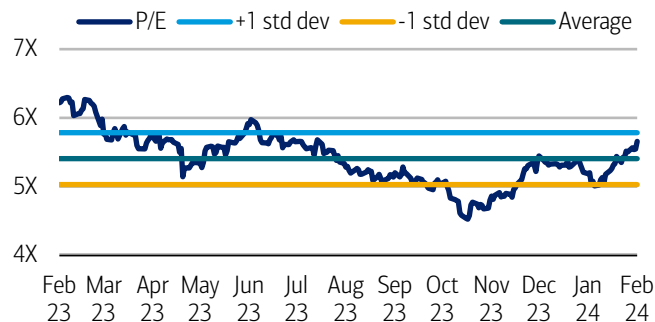
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EU OEM 1-year historical valuation

Exhibit 45: MBG 12m fwd PE historical valuation

MBG is trading in the upper end of the +1std dev

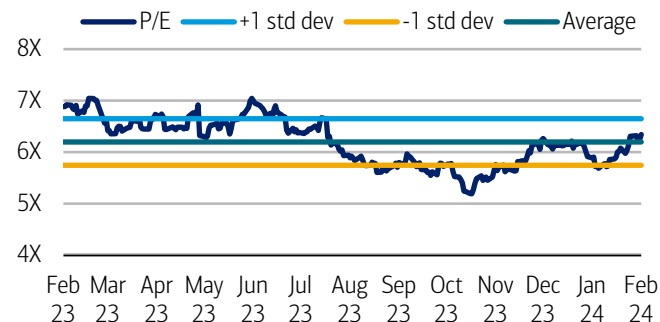


Source: FactSet, BofA Global Research

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Exhibit 46: BMW 12m fwd PE historical valuation

BMW has re-rated less but still trades at a premium vs MBG

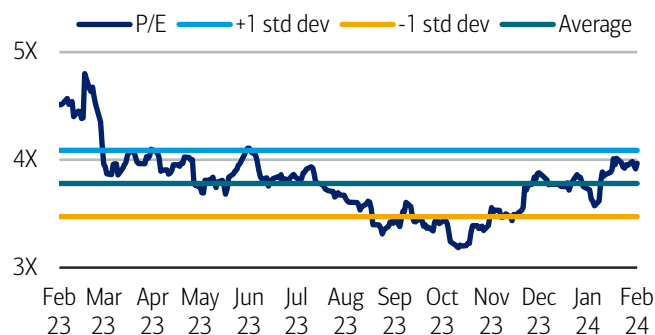


Source: FactSet, BofA Global Research

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Exhibit 47: VW prefs 12m fwd PE historical valuation

VW re-rating has been improving since October

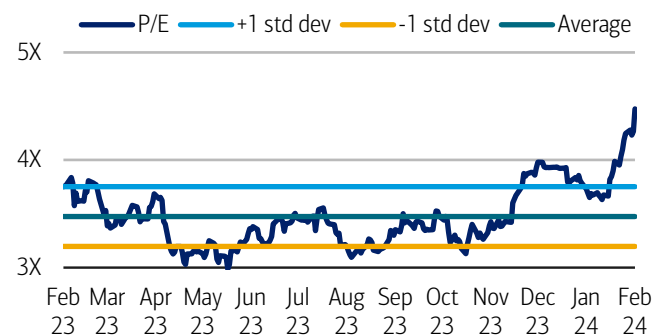


Source: FactSet, BofA Global Research

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Exhibit 48: STLA 12m fwd PE historical valuation

STLA valuation heading towards a structural re-rating?

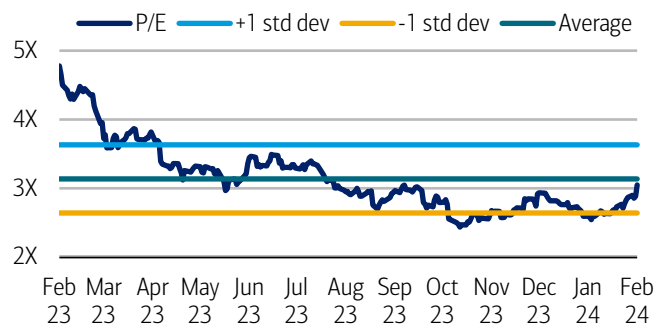


Source: FactSet, BofA Global Research

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Exhibit 49: RNO 12m fwd PE historical valuation

RNO is trading in line with 1 year average

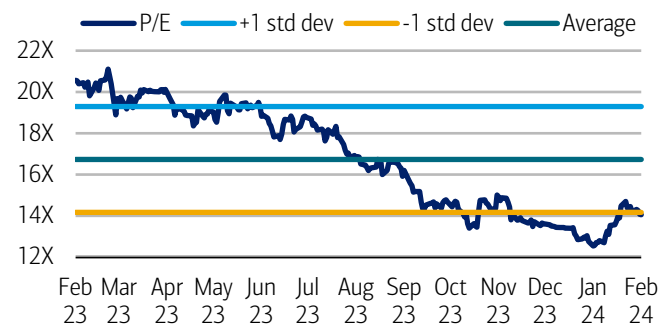


Source: FactSet, BofA Global Research

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Exhibit 50: P911 12m fwd PE historical valuation

P911 de-rated from c21x to c14.5 in the last year, close to its Jan low



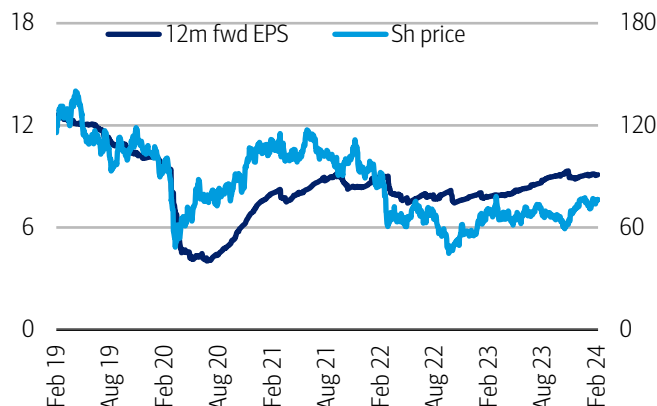
Source: FactSet, BofA Global Research

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EU suppliers earnings momentum charts

Exhibit 51: Continental 12m fwd EPS (lhs) vs sh price (rhs)

Continental earnings have been moving higher as sh price recovers

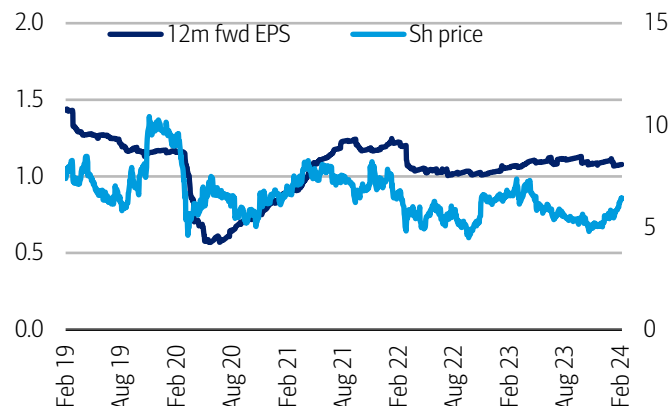


Source: FactSet, BofA Global Research

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Exhibit 52: Schaeffler 12m fwd EPS (lhs) vs sh price (rhs)

Schaeffler's EPS outlook has been fairly stable since April-22

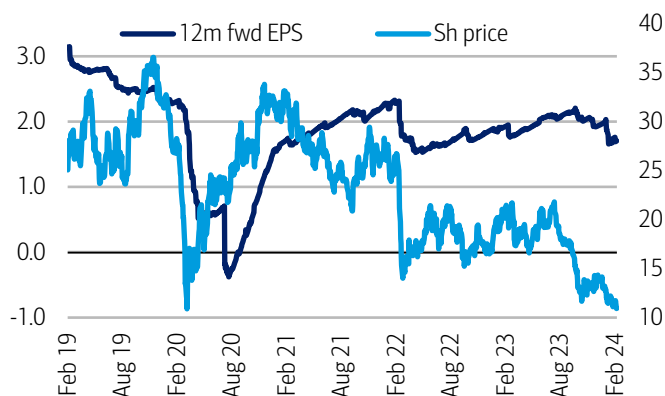


Source: FactSet, BofA Global Research

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Exhibit 53: Valeo 12m fwd EPS (lhs) vs sh price (rhs)

Stock reaction suggest that there are fears that Valeo's EPS outlook worsens

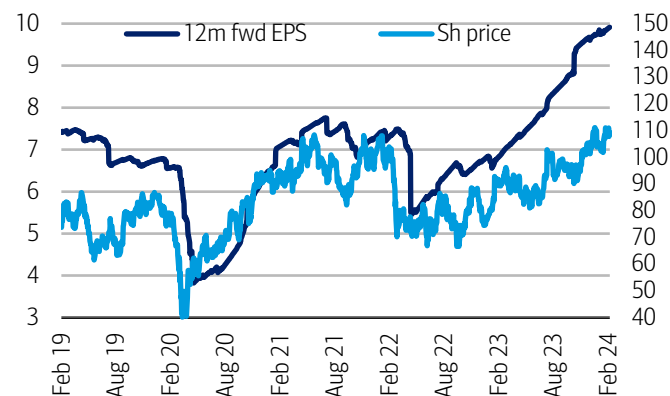


Source: FactSet, BofA Global Research

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Exhibit 54: Autoliv 12m fwd EPS (lhs) vs sh price (rhs)

Autoliv EPS forecast benefited from lower tax rate but sh. price didn't follow

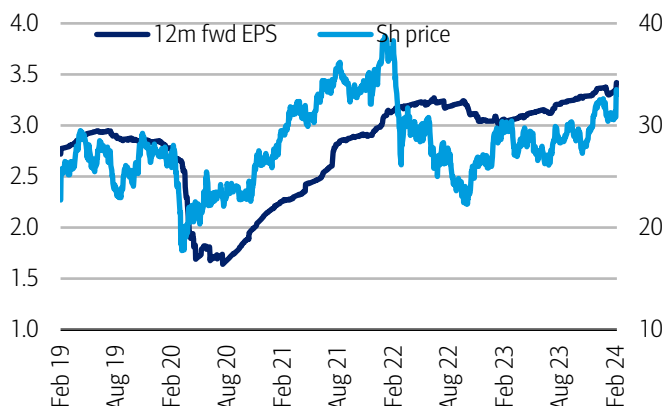


Source: FactSet, BofA Global Research

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Exhibit 55: Michelin 12m fwd EPS (lhs) vs sh price (rhs)

Michelin EPS outlook has been improving since the beginning of the year

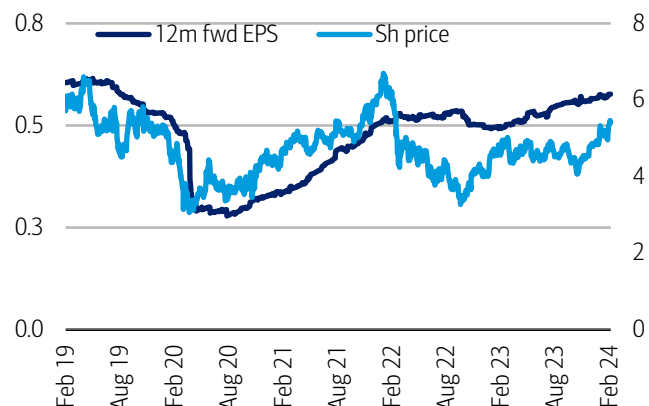


Source: FactSet, BofA Global Research

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Exhibit 56: Pirelli 12m fwd EPS (lhs) vs sh price (rhs)

Pirelli EPS and share price spread has increased since late Sept-23



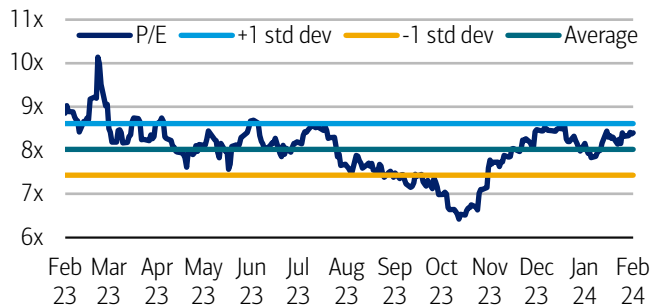
Source: FactSet, BofA Global Research

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EU supplier 1-year historical valuation

Exhibit 57: Continental 12m fwd PE historical valuation

Conti 12m fwd PE is trending back below the +1 std dev level

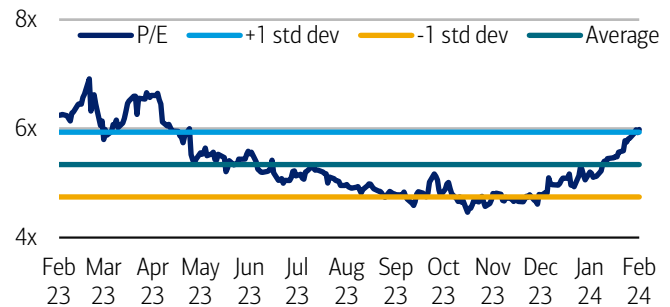


Source: FactSet, BofA Global Research

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Exhibit 58: Schaeffler 12m fwd PE historical valuation

Schaeffler has re-rated above the +1 std dev line

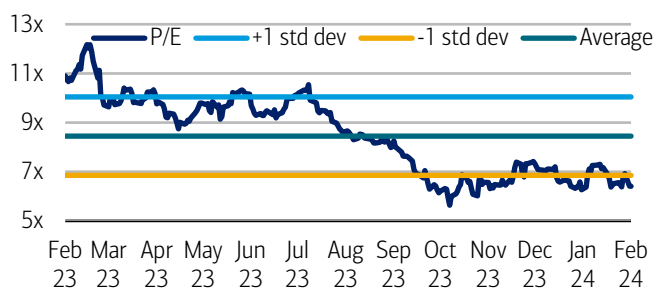


Source: FactSet, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 59: Valeo 12m fwd PE historical valuation

Valeo's valuation now stabilizing at the lower end of the range

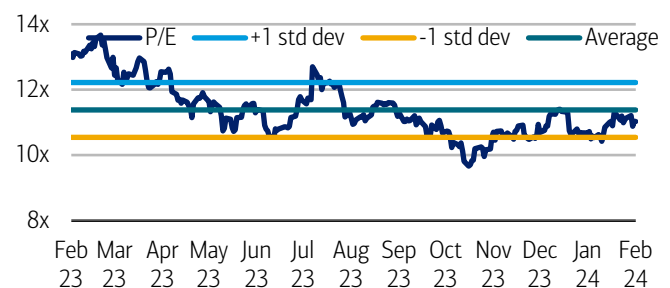


Source: FactSet, BofA Global Research

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Exhibit 60: Autoliv 12m fwd PE historical valuation

Autoliv de-rating stabilizing at c11x PE

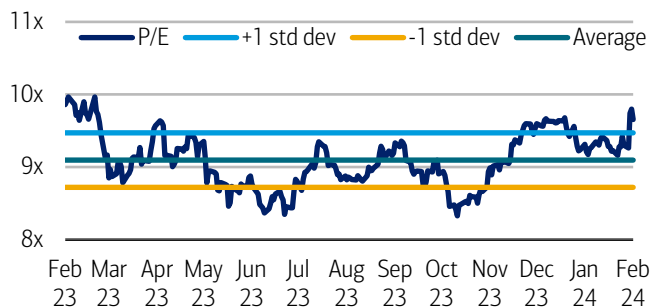


Source: FactSet, BofA Global Research

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Exhibit 61: Michelin 12m fwd PE historical valuation

Michelin has recently re-rated above the +1 std dev line

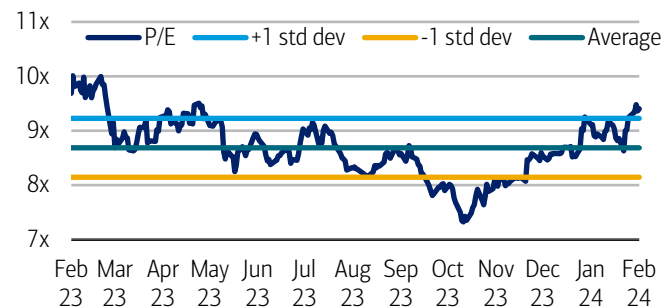


Source: FactSet, BofA Global Research

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Exhibit 62: Pirelli 12m fwd PE historical valuation

Pirelli re-rated significantly, surpassing the +1 std dev line



Source: FactSet, BofA Global Research

BofA GLOBAL RESEARCH

Glossary

General glossary:

Cons: Consensus

(B)EV: Battery Electric Vehicles

FMS: Fund Manager Survey

Fwd: forward

ICE: Internal Combustion Engine

q-t-d: quarter to date

y-t-d: year to date

SXAP: STOXX Europe 600 Automobiles & Parts

Lhs: left hand side

Rhs: right hand side

OEM abbreviation:

AML: Aston Martin Lagonda

Cie: CIE Automotive

GM: General Motors

MBG: Mercedes-Benz Group

P911: Porsche AG

PSE: Porsche Automobil Holding AG

RACE: Ferrari

RNO: Renault

SHA: Schaeffler

STLA: Stellantis

TLSA: Tesla

Volvo (C): Volvo Cars

VW/VOW3: Volkswagen (pref shares)

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