Cluster Profit - GloVe simple resume

# GloVe Simple Summary

Another factor was a sharp drop in sales in China, where the PSA group booked a loss of around 300 million euros, the finance chief said. PSA said its positive free cash flow came to almost 1.6 billion euros at group level in the first half, with 2.29 billion euros at the core car-manufacturing business. Standing out against profit warnings from peers such as Daimler, PSA said on Wednesday its efficiency drive produced a 10.6% operating income gain even as deliveries went the other way - with a 12.8% decline posted earlier this month. French carmaker PSA Group delivered a sharp increase in first-half profit, defying a global industry downturn as new models and cost savings from the integration of Opel-Vauxhall more than made up for weaker emerging market sales. Nissan has already said it plans to axe 4,800 of its 139,000 workforce after reporting profit at almost 10-year lows in its last update amid tough markets in the US and Europe. However, PSA's vehicle sales have fallen from 2.18m vehicles in the first half of last year to 1.9m, and the company is forecasting the European car market to shrink by 1pc this year, Latin America to decline 4pc and China to contract 7pc. In turn, they increased their market share by three percentage points to 17.4%, with special growthCitroen brand.PSA Group is a leader in SpainAlthough the overall fall in vehicle sales on Spanish territory, in line with what is happening throughout the market, the French group remained for the second consecutive year as the best-selling brand. PSA's bottom-line improvement came despite a 302 million-euro hit from China that included a 139 million asset writedown reflecting a steady plunge in the group's sales - down another 61% in the first half. PSA posted record profits for the first half of 2019, bucking the downbeat news across much of the rest of the sector, as efficiency measures paid off at the French-based business. Europe, on the other hand, remains the main market for the French company with a 0.3% increase in the units sold despite the instability of Brexit.

# Groupe PSA H1 Profit Rises - Quick Facts

However, revenue for the period declined 0.7 percent to 38.34 billion euros from 38.60 billion euros in the year-ago period. Automotive division revenue declined 1.1 percent from last year to 30.38 billion euros. Looking ahead, Groupe PSA said it has set the target to deliver over 4.5 percent automotive recurring operating margin on average, for the period 2019 to 2021. Carlos Tavares, Chairman of Groupe PSA Managing Board said, "We are ready for electrification and to embrace the next technological challenges. Our agility and aligned management team remain key assets to reach the targets of the Push to Pass plan."

# Groupe PSA achieves strong profitability in H1 2019

Carlos Tavares, Chairman of Groupe PSA Managing Board said: "Thanks to our focus on our strategic plan execution, we have delivered strong Free Cash Flow and Recurring Operating Margin in H1. We are ready for electrification and to embrace the next technological challenges. Our agility and aligned management team remain key assets to reach the targets of the Push to Pass plan." Group revenue amounted to 38,340 million in the first half of 2019, down by 0.7% compared to 2018 H1. Automotive division revenue amounted to 30,378 million down by 1.1% versus 2018 H1, mainly driven by product mix (+2.9%) and price (+1.3%), which partially offset the decrease of sales to partners (-2.2%), the negative impact of exchange rates (-0.8%), volumes and country mix (-1.4%) as well as others (-0.9%). Group recurring operating income amounted to 3,338 million, up 10.6% with Automotive recurring operating income up 12.6% at 2,657 million. This 8.7% strong profitability level was reached thanks to a positive product mix and further cost reductions, despite exchange rate headwinds. Group recurring operating margin reached 8.7%, up 0.9 pt versus 2018 H1. Group non-recurring operating income and expenses amounted to -847 million, compared to -750 million in 2018 H1. Group net financial expenses decreased to -166 million compared to -218 million in 2018 H1. Consolidated net income reached 2,048 million, an increase of 335 million compared to 2018 H1. Net income, Group share, reached 1,832 million, up 351 million compared to 2018 H1. Banque PSA Finance reported recurring operating income of 513 million[5], up 0.6%. Faurecia recurring operating income was 634 million, down 1.2%. The free cash flow of manufacturing and sales companies was 1,599 million of which 2,287 million for the Automotive division. Total inventory, including independent dealers and importers[6], stood at 659,000 vehicles at 30 June 2019, at the same level as 30 June 2018. The net financial position of manufacturing and sales companies was 7,906 million at 30 June 2019 after IFRS 16 effect and Clarion acquisition by Faurecia. Market outlook: in 2019, the Group anticipates a decrease by 1% of the automotive market in Europe, by 4% in Latin America and by 7% in China and growth of 3% in Russia. Operational outlook:  
  
Groupe PSA has set the target to deliver over 4.5% Automotive recurring operating margin[7] on average for the period 2019-2021. Link to the presentation of H1 2019 (https://www.groupe-psa.com/en/finance/publications/). Financial Calendar  
  
23 October 2019: Third-quarter 2019 revenue  
  
Groupe PSA consolidated financial statements at 30 June 2019 were approved by the Managing Board on 23 July 2019 and reviewed by the Supervisory Board on 23 July 2019. The Group's Statutory Auditors have completed their audit and are currently issuing their report on the consolidated financial statements.

# Peugeot Citroen lifts profits despite falling sales

By contrast, revenues slipped by 0.7 percent to 38.3 billion euros in the six-month period. And, as reported earlier this month, unit sales were down 12.8 percent at 1.9 million vehicles between January and June. "The market has become more difficult in the first half, but that didn't prevent us from turning in solid results," finance chief Philippe de Rovira told a telephone news conference. "We overcame various headwinds thanks to our efficiency and the remarkable success of our new products." Much of the drop in first-half sales was attributable to the halt in sales in Iran as a result of US economic sanctions against the Islamic republic. But because the revenues from those sales are not included in the profit-and-loss accounts, they had "no financial impact", de Rovira said. Another factor was a sharp drop in sales in China, where the PSA group booked a loss of around 300 million euros, the finance chief said. The French carmaker is considering downsizing its production in China. PSA chief executive Carlos Tavares urged Britain's incoming prime minister Boris Johnson for clarity and rapid decisions regarding the UK's exit from the EU. PSA bought Opel-Vauxhall in 2017 and last year Tavares warned that uncertainty over Brexit could place in doubt the future of its factory in Ellesmere Port in northwest England. "We're business people, we're responsible people, we need clarity," Tavares told a conference call with analysts. Johnson, who was announced as the new leader of the governing Conservative Party on Tuesday and will officially take over the reins of power on Wednesday, has pledged to take Britain out of the EU come what may on October 31, even if that means an economically damaging "no deal" exit from the bloc. His predecessor Theresa May spent nearly three years negotiating a divorce deal and was forced out after failing to get parliamentary support for the accord she finally struck. "We need clarity and we'll adapt because we're agile," Tavares said. "The only thing we have to say is please hurry up," Tavares said, but cautioned that leaving the bloc without a deal should not be on the table. "A no-deal cannot be considered. This would be, of course, very bad for the UK, very bad for Europe, and very bad for all of us," Tavares said.

# Nissan set to slash thousands of jobs as profits collapse

The company took the rare step of issuing a statement saying the figure was broadly accurate, but added its accounts were still being finalised. Motoo Nagai, a member of the automotive giants board, said the company would address the job cut reports on Thursday. "It's not a simple restructuring. It's about revitalisation to make Nissan grow again," he said at a briefing, referring to a need to shrink the business. Nissan has already said it plans to axe 4,800 of its 139,000 workforce after reporting profit at almost 10-year lows in its last update amid tough markets in the US and Europe. Job losses in UK automotive sector  
  
Japanese media said redundancies are likely to be made outside Japan, raising concerns about the companys huge plant in Sunderland. The factory is Britains largest car plant and Nissan has already reversed a decision to build its X-Trail SUV there and halted production of its Infiniti marque due to poor sales in Europe. Job losses would be just the latest upset at the company, which is reeling from the scandal around former boss Carlos Ghosn who was arrested and charged with financial crimes - all of which he denies . Mercedes-Benz-owner Daimler added to the gloom, reporting a 1.6bn operating loss in the second quarter, relating to costly recalls and problems with its diesel engines. The luxury car maker is under pressure as it faces investigations about emissions and has issued a string of profit warnings, warning investors to brace for the potential outcome . PSA posted record profits for the first half of 2019, bucking the downbeat news across much of the rest of the sector, as efficiency measures paid off at the French-based business. Revenues hit 38.3bn and operating margin was a record 8.7pc, as it integrated Opel-Vauxhall into the wider business having turned it around after buying the loss-making unit from GM in 2017 . However, PSA's vehicle sales have fallen from 2.18m vehicles in the first half of last year to 1.9m, and the company is forecasting the European car market to shrink by 1pc this year, Latin America to decline 4pc and China to contract 7pc.

# Peugeot 1H Net Profit Beats Expectations; Lowers Auto-Market Outlook

Analysts had expected net profit of EUR1.71 billion and revenue of EUR38.18 billion, according to a consensus forecast provided by FactSet. Peugeot lowered its full-year market outlook, and is now expecting a 1% decline for the automotive market in Europe, compared with expectations of a stable market previously. The company now forecasts a 7% decline for the Chinese market and a 4% decline in Latin America, compared with previous expectations for a decline of 3% and 2% respectively. Russia is expected to grow 3%, compared with a forecast for 5% growth before.

# PSA group profit up 23% despite lower revenue

Peugeot continues to be the leader of the conglomerate, claiming 40% of sales. Opel, the brand acquired in 2017 by the French group, would be the second in sales with 29.8%, while Citren accounts for 28%. DS, the premium brand, is the only one that grew during this semester and sold 32,217 units worldwide, up 1.5 percent from 2018. Fall in three key regionsThe biggest declines occurred in the Middle East, Southeast Asia and Latin America. In the first case, the drop exceeded 68% by selling only 72,000 units in a market that a year ago demanded up to 226,000 cars. The company's departure from Iran in June 2018 was the major cause of this decline, as if that had not happened, the fall would have been limited to 12.9%. "There are sanctions and rules that affect companies there, and we don't want to take risks, so we decided to close all our operations. Now there's no business for us there. We'll see in the future," Tavares said. The company expects the consequences of its departure to be almost imperceptible in the second half of 2019. In Southeast Asia, the biggest problem was in China. Across the region, 64,000 units were sold, down 60.6%. "Things [in China] aren't moving as fast as we'd like, but they're moving in the right direction," said the CEO. Despite its retreat in this country, where it retains only 0.5% market share, the company does not plan to leave the Asian giant. "As long as we can continue to see the light at the end of the tunnel and as long as we continue to see that we operate efficiently, we will not exclude China as a place to invest," said Tavares. In Latin America, meanwhile, the decline has been less dramatic, but equally significant. In the first six months of the year, 69,000 units were sold, a decrease of 29.3% compared to last year. Much of this decline is due to Argentina's economic crisis and local peso volatility, which led to a decline in demand of up to 50%. "We are doing everything we can to benefit from the rebound we anticipate is going to have the Argentine economy, but in the meantime we are protecting our finances," said the CEO. Europe, on the other hand, remains the main market for the French company with a 0.3% increase in the units sold despite the instability of Brexit. In total, 1.6 million cars were sold on the continent, representing 88% of global sales. In turn, they increased their market share by three percentage points to 17.4%, with special growthCitroen brand.PSA Group is a leader in SpainAlthough the overall fall in vehicle sales on Spanish territory, in line with what is happening throughout the market, the French group remained for the second consecutive year as the best-selling brand. In the first six months of the year, the group has taken 22.3% of the market share by registering a total of 180,318 vehicles 77% correspond to the passenger car market and the remaining 23% to commercial vehicles. Looking ahead, THE GENERAL Director of Trade of the PSA Iberia Group, Christophe Mandon, has stated that the company "confidently faces the second half of the year, with new releases and the arrival of plug-in and electric hybrid versions". As for the research being carried out by the European Commission on a financial aid of EUR 20.7 million that the Spanish State expected to give to the group for its Vigo plant, the company has not had much to say, because, they claim, that they have not received nothing new about it. What they have emphasized is that this is a "common" maneuver in such transactions and that more than an investigation it is a "consultation" that has no deadlines set and can culminate in one of three scenarios: cancellation of aid , full delivery of the same, or partial financing.

# UPDATE 1-PSA-Opel savings drive new profit record, defying slump

French carmaker PSA Group delivered a sharp increase in first-half profit, defying a global industry downturn as new models and cost savings from the integration of Opel-Vauxhall more than made up for weaker emerging market sales. Standing out against profit warnings from peers such as Daimler, PSA said on Wednesday its efficiency drive produced a 10.6% operating income gain even as deliveries went the other way - with a 12.8% decline posted earlier this month. That lifted the Peugeot maker's operating margin to a new 8.7% record from 7.8% a year earlier, boosted by a 270 million euro ($301 million) increase in cost savings on purchasing, research and development and overheads. "Our results are proving the sustainability of our performance despite the weakness of global markets," Chief Financial Officer Philippe de Rovira told reporters on a call. The recurring operating income came in at 3.34 billion euros, with net income up by almost a quarter to 1.832 billion as revenue slid 0.7% to 38.3 billion. "PSA continues to buck the trend being seen among most carmakers," Citi analyst Raghav Gupta-Chaudhary said. Barring any new merger opportunities, PSA could have about 3 billion euros in excess cash to return to shareholders, he added. PSA's pricing and profitability also benefited from new models such as the Citroen C5 Aircross SUV and a trio of commercial van launches - with strong gains in evidence at Opel-Vauxhall, acquired from General Motors in 2017. PSA shares were up 0.8% as of 0713 GMT in Paris, set against a smaller decline for European automotive stocks. Much of the operating-cost improvement stemmed from steady integration of the vehicle technologies and architectures underpinning new models across the Peugeot, Citroen, DS, Opel and Vauxhall brands. PSA's bottom-line improvement came despite a 302 million-euro hit from China that included a 139 million asset writedown reflecting a steady plunge in the group's sales - down another 61% in the first half. The French carmaker is seeking to cut capacity at its manufacturing venture with its 12.2% shareholder Dongfeng, De Rovira said on Wednesday. For the full year, PSA predicted further auto-market contractions of 1% in Europe, 4% in Latin America and 7% in China, with Russia growing 3%. But European sales disruption in late 2018 - when tougher emissions rules forced competitors to suspend key models including the Volkswagen Golf - means the market is likely to grow in the latter half of 2019, the CFO said. The risk of a hard Brexit, however, make it "difficult to predict what the operating environment will be", he added. PSA said its positive free cash flow came to almost 1.6 billion euros at group level in the first half, with 2.29 billion euros at the core car-manufacturing business. ($1 = 0.8970 euros) (Reporting by Laurence Frost and Gilles Guillaume; Editing by Sudip Kar-Gupta and Keith Weir)