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**DAVID FABER, CNBC:**

We have a number of automotive stocks that are moving right now. You can see Ford of course is amongst them and it is falling rather sharply, this on what was a third quarter miss in terms of its earnings. It pulled its guidance due to the auto strike. It has reached that tentative deal with the UAW. GM reportedly also weighing a new contract offer from the union. Tesla by the way is up after it's kind of a reversing course, perhaps on some previous price cuts. Let's break it all down with Deutsche Bank’s Emmanuel Rosner. He has a sell rating on Ford, a hold on GM and a buy on Tesla. Let's start with Ford. Emmanuel, you question the EV transition. You say it's considerably slowing down. Anything you heard from the call, for example, to give credence to that view?

**EMMANUEL ROSNER, DEUTSCHE BANK:**

Yeah, absolutely. Good morning. Yes, so the EV strategy is absolutely slowing down. Essentially Ford announced yesterday they are delaying $12 billion of planned EV spending indefinitely, potentially even raising the possibility of canceling it. Essentially saying, look, the economics are not working right now. The demand is not really there for our product. We're going to slow down the spending, the investments in batteries, in vehicles, in plants. We're going to slow it down, see how we can fix things and then reassess down the line. Our view is this is considerably off track. They retreated mid-term target for EV, but how could you have confidence in mid-term targets when you don't really know what's going on right now? On Ford, yeah, Ford is off track on EV.

**FABER:**

All right, well, what does that mean for GM and or Tesla? I mean, are we sensing that there's an overall slowdown in demand, or is this specific in some way to the expectations for Ford products?

**ROSNER:**

A little bit of both. No, not specifically Ford, but there is an overall slowdown in EV adoption. I think a lot of early adopters already bought their EVs, and then the next wave of buyers are basically saying, look, I'm not paying a premium for the privilege of driving an EV. So EVs are essentially expensive for what they are. They sell at a premium, and that's basically limiting this adoption from rising as fast as people essentially expected. So this is an issue for basically everyone, but the traditional automakers are having a very hard time being able to come up with a cost structure that enables them to sell the car at the right price And so Ford, and we have the same issue with GM, essentially lose a tremendous amount of money on each EV that they sell, which basically means that their prices are not competitive for what their product is actually worth. Tesla has cracked the code much better and makes money on selling EVs. They face a more difficult macro backdrop, but for traditional automakers, we're incredibly cautious on their success in EV.

**SARA EISEN, CNBC**

What about this tentative deal with the UAW for Ford? How does it change your numbers and their overall competitiveness?

**ROSNER:**

So the deal with the UAW is probably going to add about a billion dollars of extra labor cost a year starting as soon as it gets ratified, revving up to about two billion dollars of extra cost a year by the end of the contract because there's some escalation in there. So this makes them even less competitive in terms of labor cost. Obviously GM and Stellantis will have similar conditions, so no difference there. But certainly versus Tesla or another newcomer, it's also only one of the multiple headwinds we see to Ford and GM's earnings as we move into next year. You have these higher labor costs which are meaningful, you have vehicle prices which are starting to come down. And as we just discussed, EV losses deepening and essentially the success of EV becoming further and further out, if ever. So to us, it feels like earnings are about to take a real meaningful step down as you move into 2024.

**MICHAEL SANTOLI, CNBC:**

Emmanuel, if they're having a difficult time finding a market, finding demand for their EV products and Tesla at the same time has been cutting price to try and increase market share but also just maintain its annual volumes, is this a bigger story about the transition in general among customers to EVs is slower and can the traditional automakers kind of prolong the profitable life of their legacy businesses in that scenario?

**ROSNER:**

Yeah, absolutely. This is the biggest story. The biggest story which is impacting automakers' names but also suppliers for the last number of weeks is essentially, is the EV adoption happening slower than expected? What does that mean? Both in terms of the future direction of the industry, but the capital investment that these companies essentially need to make and where they should essentially focus their attention? Both GM and Ford in the last few days have announced they’re delaying massive EV investment as well as volume ramp up, essentially to refocus on what is the more profitable business lines which are the combustion engine. That is a very pragmatic decision, that's certainly the right decision from a capital allocation point of view, but that does not solve the question of terminal value. If an automaker cannot figure out how to make EV profitably, eventually this will become a problem because combustion engines will go away and EVs will essentially take over. So you may take longer than expected, but some automakers are figuring out, like Tesla, and the others who aren't are going to be under a significant amount of pressure.

**FABER:**

All right, that's a transition that may be being extended, it's obviously very important for us, we'll be watching it, certainly appreciate your time today, Emmanuel. Thank you.

**ROSNER:**

Thanks for having me.