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**TYLER MATHISEN, CNBC:**

Welcome back everybody. The major automakers weathered the UAW strike, but our next guest says there's more to fear. He warns of a potential global EV meltdown as manufacturers increasingly report slowing electric car demand. Joining us now is Emmanuel Rosner, Deutsche Bank, auto analyst. A meltdown, not just a slowdown here, Emmanuel. Why are you so down on these EVs?

**EMMANUEL ROSNER, DEUTSCHE BANK:**

Yeah, thanks for having me. I think the slowdown is in the EV adoption. So essentially people are adopting EVs slower than expected. The meltdown is in corporates, companies, and investor expectations. Essentially companies have planned massive investment on the premise of much faster adoption of EVs. This is not playing out. And now we're hearing from corporates that they're pulling back or canceling altogether these investments. Just last week, Ford basically said they're not going to spend 12 billion out of the 50 billion they were going to spend on EVs. GM has pushed out a second EV factory by about a year. They're pushing out some new models and they're going to be launched later on. So it is essentially a real meltdown of expectations which has resulted in a meltdown of stock prices.

**MATHISEN:**

What could change that picture? I would think way higher gas prices might change that picture for one thing. More affordable EVs might change that picture for number two. Am I on the right track there?

**ROSNER:**

You're definitely on the right track. Affordability I think is the name of the game. And this is what's crucially lacking from EVs right now. EVs are more expensive than their counterparts on the combustion engine side. And the early adopters basically didn't care and bought them. But now the average buyer is essentially saying, “Why would I pay 10, 15, 20, 25% more for the privilege of driving an EV?” And so there's a lack of affordable models, of affordable EVs. And that's something that unfortunately we feel will take some time to be corrected. The very reason why GM is saying, “Hey, we're going to take a pause, slow things down and then maybe issue these new models later on”, is so that they can essentially try to work on lowering these costs and then come out with some cheaper, more affordable model. But that will take some time, probably another couple of years, even Tesla, frankly, and you know we're long-term bullish on Tesla. But even Tesla is essentially struggling with affordability. They're lowering prices consistently. And they're really not going to have a more affordable model for another couple of years, probably at the earliest in 2025.

**MATHISEN:**

They've really lowered the price on that. They've really lowered the price on the Model X, which was a high price model, and they are taking that way down, Court?

**COURTNEY REAGAN, CNBC:**

Yeah, I mean, I guess I'm just wondering, you're talking about price. And certainly that is a factor. It makes a lot of sense. But what about the infrastructure? I mean, I am a non- EV owner and I have to admit, it makes me nervous to have a car that I know that I need to find a place to charge, which might be harder to find than a traditional gas station. Is that still a worry or am I in the minority?

**ROSNER:**

No, absolutely. It's still a real concern. I think that a big piece of driving EV adoption is going to be able to essentially address some of these concerns. Tesla has done a really good job at it. Obviously, the network of Tesla Chargers is very, very dense. And so you don't have to worry about it as much. It's even integrated as part of your drive in your GPS where you should stop and recharge. But for just about every other EV, the network hasn't been as dense and the range remains a real, real concern. In the end, what it boils down to though, is will people sort of like take that step, make that bet when it also costs more money? And so all of it needs to be addressed, I think affordability is probably going to be the biggest lever.

**MATHISEN:**

If I am interested in investing in the automobile sector, broadly defined, am I wiser investing in a company that is sort of powertrain agnostic? In other words, that makes the seats, the side panels, the, oh, I don't know, the gear shift knob, then the OEMs, the manufacturers?

**ROSNER:**

Absolutely. And that really is our thesis here. It is incredibly difficult to make a bet now on the powertrain mix because it's really heading in the wrong direction and it could be extremely costly. If you can identify some names that are powertrain agnostic, but have a good secular growth and adoption curve for their technology, then you can really have some incredibly strong revenue and earnings growth almost regardless of the powertrain mix. One of the names we often speak about is Mobileye. Mobileye is essentially a play, a pure play on autonomous driving. They don't really care whether that technology goes into an EV, whether it goes in a combustion engine, it’s all about, “will cars become more autonomous?” This is a good example of what, you know, what could work almost regardless of powertrain.

**REAGAN:**

Emmanuel Rosner, Deutsche Bank, thank you very much for joining us.