Stellantis

Q1 2025 Shipments Estimates Pre-close Call

Friday, April 11, 2025

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Operator: Hello, and welcome to the Stellantis Q1 2025 Shipments Estimates Pre-close call. You will have the opportunity to ask questions at the end of the call by typing star one on your telephone keypad. Please do not exceed one question per person and, if necessary, an additional one.

I give the floor to Mr Ed Ditmire, Head of Investor Relations, to begin today's conference. Sir, the floor is yours.

Ed Ditmire: Welcome on behalf of the Stellantis IR team. I'm Ed Ditmire, Global Head of IR. Thank you for joining us today in this pre-close call, related specifically to Stellantis' Q1 2025 shipments release.

This call is intended as a way for the Stellantis IR team to efficiently review, on a quarterly basis, already public but important management commentary and other company disclosures to best ensure you have all the information you need to stay informed. Our discussion today will be confined to the first quarter of 2025, and we will not address or otherwise comment on the guidance we provided in February 2025.

I remind you that our Q1 '25 revenue call has been scheduled and will take place at the end of April, with Stellantis' CFO, Doug Ostermann, and that this would be the proper forum to discuss many other topics.

I'll kick off with no more than ten minutes of prepared commentary on this call, and then we'll open it up for Q&A and take as many questions as we can in the context of an approximately 30-minute call. A transcript of the call will be posted on the Stellantis Investor Relations website later today.

I'm going to cover three topics in my prepared remarks. First, I'll address the tariff topic quickly, but in a very limited way. Second, I'm going to review the consolidated shipment data for the first quarter of 2025, which we published earlier today, which is available on the Investor Relations website. And third, I'll review in a general manner some other business dynamics and items of the Q1.

Let me address briefly the situation concerning tariffs, which are obviously very relevant to Stellantis. The company has prepared for this moment early in 2025, making new commitments for US manufacturing plans soon after the start of the new US administration, and managing supply chains and inventories in the months that followed to ensure resiliency.

As the administration in recent weeks set new tariffs and rules in place, the company has adjusted production levels of products most affected and is developing near-term responses and medium and longer term scenario planning, all while staying highly engaged with the administration. Over the coming weeks and months, things will evolve as we progress our response strategies and continue close communication with the administration.

The company is very interested in ways to sustainably further the administration's goals of strengthening the US auto industry and manufacturing base, but also will be taking steps in the near-term to protect the company and its profitability.

The company isn't providing new financial disclosures around the impacts of tariffs at this time. And so I ask you to make the most of the time we have today on this call to be helpful in other areas of your research.

With that, let's get started with the review of the volumes.

During Q1, our global consolidated shipments to customers were about 1.2 million units, down 9% year-over-year, with that primarily reflecting lower North American production, as a consequence of extended holiday downtime in January and Enlarged Europe due to the impacts of product transitions and lower light commercial vehicle volumes.

Now, let's look at the regions individually.

In North America, Q1 shipments of 325,000 declined 82,000 year-over-year, but increased significantly from the Q4 2024 volumes of 295,000 as inventory reduction initiatives that dictated pronounced production breaks in the second half of 2024 were successfully completed. Obviously, an 82,000 year-on-year decline is still very tough, representing a 20% decrease. But let's discuss what drove that.

First, the seasonal ramp up production in January following holiday breaks took a little longer than usual as the company coordinated the resumption of a more stable production after several months of unusually curtailed production in the second half of ’24.

Second, the transition to the updated 2025 heavy duty Ram 2500 and 3500 products, with their on-time launch in Q1, had a typical temporary impact on production rates. US dealer inventory levels in North America were stable compared to the end of 2024, and a significant improvement around 20% from the prior year level.

In Enlarged Europe, Q1 shipments of 568,000 were 8%, or 47,000 units lower year-over-year. The majority of that decline was associated with nameplates like the internal combustion engine Fiat 500 and Citroen C3 Aircross, each of which had prior generation vehicles ending production in mid ’24. In the case of the Fiat ICE 500, this remains on hiatus today. And in the case of the C3 Aircross, this resumed production only partway through the quarter. A smaller contributor to the year-over-year decline in Europe was lower shipments of LCVs.

An important highlight in the period was the busy European launch calendar. There was highlighting this initial production of the aforementioned Citroen C3 Aircross and other smart car platform based B-segment vehicles like the Fiat Grande Panda and Opel Frontera. We also welcome the refreshed Opel Mokka in the first quarter and brought to market the MHEV variant of the C3, joining the BEV and ICE variants already brought to market in late 2024.

The second quarter of 2025 has opportunities to benefit more fully from the busy Q1 launch schedule and our improved market coverage.

In Stellantis’ Third Engine, shipments grew by 4%, driven by a 19% increase in South America, more than offsetting lower volumes in Middle East Africa and the much smaller China, India and Asia Pacific.

South American shipment growth was supported by strong industry growth, both in the largest market, Brazil, which grew about 7% year-on-year, and Argentina, where there was a near doubling of industry volume after recovering from a particularly soft prior year period. In each of these, Stellantis experienced slight increases in market share year-over-year.

Middle East and Africa shipments saw 15% decline year-over-year, with the majority of this within Algeria, where import restrictions put in place in the first half of 2024 hadn't yet had impacts in the first quarter of 2024.

While the import restrictions are ongoing, the company has increased the local production of vehicles, and thus expects the year-over-year comparisons to improve as the year progresses. Smaller decline drivers for Middle East and Africa include product transitions in Turkey.

Maserati shipments remain meaningfully lower year-over-year. As I said last quarter, Maserati will be working with a significantly reduced product portfolio for the near term.

Let me talk briefly on some other drivers of revenue change outside of the shipment figures.

Mix on the Group level should continue to be a moderate negative, perhaps a percentage point or two, principally as North American shipment volumes are highest average selling price region were down more than the Group in the period.

Second, on pricing. Recall that in H2 2024, pricing was materially negative at the Group level around negative 2% to negative 2.5%, driven primarily by North America, where pricing was closer to negative 5%, but with some contribution from Enlarged Europe as well, where pricing was down between 1% and 2%.

Broadly, the first quarter should see pricing headwinds at the Group level that continue to be no less harsh than the H2 2024 level, as we haven't yet lapped the very significant price adjustments made in the second half last year in North America. FX at the revenue bridge level should be relatively neutral in Q1 2025.

Thank you all for your attention. We'll now move to the Q&A portion of the call. Please keep questions limited to today's focus areas, i.e. Q1 2025, as questions on future periods will be more appropriate for the Q1 revenue and shipments update call at the end of April. Thank you.

Questions and Answers

Operator: Thank you sir. As a reminder, if you would like to ask a question, please press star one on your telephone keypad. If you change your mind and want to withdraw your question, please press star two. And please ensure your lines are unmuted locally as you will be prompted when to ask your question. The first question comes from the line of Michael Tyndall from HSBC. Please go ahead.

Michael Tyndall (HSBC): Thanks, Ed. Just a couple from me, if I can. I wonder if you could talk a little bit about the hurricane stoppage that we saw in North America. Give us a bit of background to what's going on there, and what sort of impact that might have?

And then I guess the second one, and I don't know if you can talk about this. But the employee discount offer in North America or in the US. Can you just talk a little bit around the background to that? Because it feels like you've got inventory where it needs to be. You're already swallowing quite a significant pricing headwind. Just from where I'm sitting, it seems like a slightly odd move. But you know a lot more about this than I do. So curious to know what the thoughts are behind that.

Ed Ditmire: Yeah. Thank you. I don't have anything to add on the temporary stoppage you're referring to on the hurricane engine production. So I'll ask you to rely on any public statements that the North American and US team has made on that.

On the second topic, which is the employee discount promotion going on in the United States. What I would say is that we run a variety of marketing and support programmes at any given time, and that that programme is running alongside some other offers that were already in the market. They do not necessarily – and in fact, I know that they – in this case that they do not compound on each other.

I would describe this as a programme that has different characteristics that appeal to different types of customers but won't necessarily represent any kind of a significant change from the other marketing programmes and their impact on pricing that we were already running.

Michael Tyndall: Got it. Thanks.

Operator: The second question comes from the line of José Asumendi from JP Morgan. Please go ahead.

José Asumendi (JP Morgan): Thank you. Thank you, Ed, for taking the call. Have there been any comments in the past weeks with regards to the mix on the revenue bridge? And can you remind us the product launches that you also have in the second quarter that will impact the P&L in the second half of the year? Thank you.

Ed Ditmire: Great question. On the revenue bridge, I would say that, by far the dominant mix impact will be regional mix. So I think that as you incorporate the shipments data we published today into your models, the impacts of that on revenue should be relatively clear. Model line and product market mix, I think within that should be much less material.

The question on important second quarter launches. I think that what I expect in the second quarter is more of the benefits of continued ramping of vehicles that were launched in the first quarter. And so, for example, in the case of Enlarged Europe, with the exciting new B-segment launches, the C3 Aircross, the Opel Frontera and the Fiat Grande Panda. What you see over the coming months is that distribution is expanding to more countries within Europe, and there are staggered rollouts, in some cases, of the various powertrain availability.

Therefore, due to the launch timing, the second quarter can have a stronger effect than the first quarter. Even beyond that, additional incrementals as you get to full European distribution in all countries with all powertrain options.

At the same time on the US side, certainly there's a ramp going on. The most important product from a profitability point of view is likely the refreshed Ram 2500 and 3500 product. But there should be also progress on smaller niche vehicles, for example, Jeep Wagoneer S, where additional trim levels have been introduced following the late December and early January launch of that vehicle.

José Asumendi: Thank you very much.

Operator: If you'd like to join the queue for questions, don't forget to hit star one on your telephone keypad. The next question comes from the line of Gianmarco Bonacina from Akros. Please go ahead.

Gianmarco Bonacina (Banca Akros): Yes. Good afternoon. A couple of questions for me. The first one, can you bridge the delta between the minus 12% reported by FCA US LLC, and the North American volumes?

The second one on tariffs. In the last days, we read that you decided to extend the discounts to all the customers that are given to the employees. What's the rationale given that, on the contrary, you should increase the prices to offset tariffs? Thank you.

Ed Ditmire: Yeah. On the first topic, the disclosure made by FCA US was on first quarter US sales. That number was negative 12%. The number we disclosed today was on North American, shipments. You're noting correctly, there is a significant decrease in shipments compared to sales in the region. And I think on some of that, the explanation is the production interruption that came from the later exit from the holiday break. And then also the transition of the heavy duty Ram truck to the new model.

On the question on the promotion of extending employee discounts to customers in the US, and I think you were implying this as counterintuitive, given the costs incurred by tariffs.

What I can say is that, overwhelmingly the vehicles being sold in the time of this promotion are vehicles in inventory that were produced before the tariffs were put into place. In terms of what's likely to happen over time related to the tariffs? That's outside the scope of this call. I realise that's important and would ask you to please bring questions like that to the call at the end of the month for our first quarter revenue and shipments update.

Gianmarco Bonacina: Thank you.

Operator: Next question comes from the line of Adrian Yanoshik from Redburn Atlantic. Please go ahead.

Adrian Yanoshik (Redburn Atlantic): Hi. Yeah, thanks for taking the question. I guess just sticking to the quarter. Would love to know if you have any comments on European inventories. So putting some of these new launches into context for us.

I guess related just on the other side of the pond, you mentioned the US dealer inventory is flattish. But is it fair to assume a little bit of higher inventory holding in the period that could potentially even persist into the next quarter?

Ed Ditmire: Yeah. Adrian, great questions. I don't have any comment on European inventories at this time. In terms of the US, I actually don't have information on that.

In terms of the US inventories, what I would say is that the inventories in the US, in particular at the end of the first quarter, were very similar, both in gross amount and days of sale to where we ended 2024. In many of the models that are most impacted by tariffs, I would say, in many of those there is – we exited the first quarter at a higher level of inventory. So I would say most but not all of those products. And so that is something that I think is a good positioning to kind of enter the beginning of April.

Adrian Yanoshik: Thank you.

Operator: As a reminder, if you would like to ask a question, please press star one on your telephone keypad to join the queue. The next question comes from the line of Patrick Hummel from UBS. Please go ahead.

Patrick Hummel (UBS): Yeah. Thank you. Ed, good morning or good afternoon to you. Just one question remaining for me. Can you expand a little bit on your pricing commentary? You mentioned US, Europe in that context. But anything you can share on the Third Engine as far as pricing is concerned? I'm asking against the backdrop of pretty aggressive Chinese OEM behaviour in those markets. Any additional colour you can give would be appreciated.

Ed Ditmire: In terms of the Third Engine, I would speak more generally about the pricing trends over a longer term period, which is to say, I think it's certainly true that in 2024, the competitiveness of those markets, as we return to more of a full supply industry was evident compared to 2023, and that manifested in things getting a little bit tougher in terms of, for example, passing on the impacts of FX through pricing.

I think there's generally a trend where things are getting a little tighter there. But it does affect different regions to different FX to different extents. And so, in general, I would say that the pricing dynamic is healthy, but moderating in the Third Engine as time goes on.

Patrick Hummel: Got it. Thanks, Ed.

Operator: The next question comes from the line of Thomas Besson from Kepler Cheuvreux. Please go ahead.

Thomas Besson (Kepler Cheuvreux): Thank you. Ed, I'll try some questions that are not directly related to Q1. I understand that's not something you want to hear about, but I'll still give it a try. The first one is, can you talk about the unused US capacities that could be relatively easily used in the coming months to produce eventually some vehicles that are currently assembled in other places? Thinking notably of the HD 2500, 3500 you've mentioned.

Second, I think your AGM is next week. Is there a chance that we get the name of your new CEO, or do you think we're going to have to wait until the end of June?

Ed Ditmire: Yeah. On the first question, I'm going to have to defer commentary on details of our scenario planning for the tariff situation. I think it's a very relevant topic, but it has to be outside of the scope of this call today.

In terms of the AGM, all I can say about the timing of the CEO appointment process is to point you back to our commentary at the end of February, which is that it remains on track and is progressing on the original timeline to result in an appointment during the first six months of 2024.

Operator: Next question comes from the line of Monica Bosio from Intesa Sanpaolo. Please go ahead.

Monica Bosio (Intesa Sanpaolo): Yes. Good afternoon, Ed. My question is on Europe. Shipments were down by 8%. Can you provide us a breakdown between passenger cars and light commercial vehicles in terms of decline?

Ed Ditmire: In terms of the shipment, I would say that more than a third of the decline was from shipment declines in LCVs. I want to make clear that I'm only referring here to shipment volumes. I'm not making any commentary on the sales performance of LCVs, where our market share remains extremely strong.

The majority of the shipment decline in Enlarged Europe was associated with models like the ICE Fiat 500, which is a popular model that the prior generation ended production around the middle of 2024. The replacement for that model will not arrive before the end of 2025.

Other models, though, like the Citroen C3 Aircross are models that we started to get partial, get those volumes back. Those vehicles started production in February and started shipping to the market later in the quarter. We're seeing good progress on lapping and reducing that product gap. Recall, it was around seven important models that ended production at the midpoint of 2024. And as of the end of the first quarter, the successors for six of those have returned to the market.

Monica Bosio: Okay. Thank you, Edward. Thank you.

Ed Ditmire: Thank you.

Operator: The last question for today comes from a line of Harald Hendrikse from Citigroup. Please go ahead. Harald Hendrikse from Citigroup, please go ahead with your question.

Harald Hendrikse (Citigroup): Yeah. Hi. Can you hear me?

Ed Ditmire: I hear you perfectly. Thank you, Harald.

Harald Hendrikse: All right. Thanks for being available as ever. Two quick questions which do relate to Q1. Can you just give us some idea of the sort of monthly cadence of sales, both in the US and in Europe? The US, it feels like there was a pre-buy in March, as consumers were aware of the tariff threats and stuff like that. So it feels like March was maybe a little bit unnaturally strong. I'm wondering if there's any sort of show in the order intakes that would suggest that it slows down a bit in the second quarter?

Then in Europe, obviously, although OEMs had to decide on an EV/ICE strategy. I was just wondering you haven't really made any comments. Have you seen any significant market behavioural changes that we could be aware of that might be interesting for us?

Ed Ditmire: On the question of the monthly cadence, it is true that in both Europe and in the US, the sales in the months of January and February and March did build progressively. I think that the January to February is relatively typical from seasonality, but also in March, in the US, I am sure that there was a little bit of impact, as you said there. And so that really probably felt like it only characterised the final few days of March in the US. But those days are always very impactful to the numbers.

Harald Hendrikse: Great. And Europe, ICE versus BEVs. Have we seen much difference there? Or any sort of aggressive behaviour by any of your competitors?

Ed Ditmire: I would say generally we feel very on track in terms of increasing the BEV percentage in our sales in Enlarged Europe. And so, in addition, in the first quarter, we became the number one producer of hybrids in EU30 for the first time ever.

Certainly our LEV mix is improving very strongly. And no comments on competitive behaviours or things like that at this time.

Harald Hendrikse: Okay. Thanks, Ed.

Ed Ditmire: Thank you very much, everyone.

Operator: This was the last question. Handing over back to you for closing remarks, if any, Mr Ditmire.

Ed Ditmire: No. Nothing big here. Just want to thank everyone for engaging and for the time following the Stellantis story very closely. Good luck everyone.

Operator: Thank you for joining today's call. You may now disconnect your lines.