# Twitter Thread by JPR007



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**LEGACY AUTOMAKERS - 2020 NOVEMBER YTD**

**As we approach the close of the year, how do the legacy automakers see themselves in 2020 ?**

**Total global industry volume is down -16% so far, and the two largest players reflect that same reality**

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## World's Largest Automakers

11 Months 2020

| | Jan-Nov 2020 | YOY | Est. 2020 mln. |
|---|---|---|---|
| TOYOTA | 8,334,627 | -16.1% | 9.1 |
| Volkswagen | 8,307,800 | -16.5% | 9.1 |
| RENAULT NISSAN MITSUBISHI | 6,638,318 | -28.1% | 7.2 |

Source: Automakers, see caveat

Renault is down -22%

Nissan is down nearly -30%

And Mitsubishi is down nearly -39%

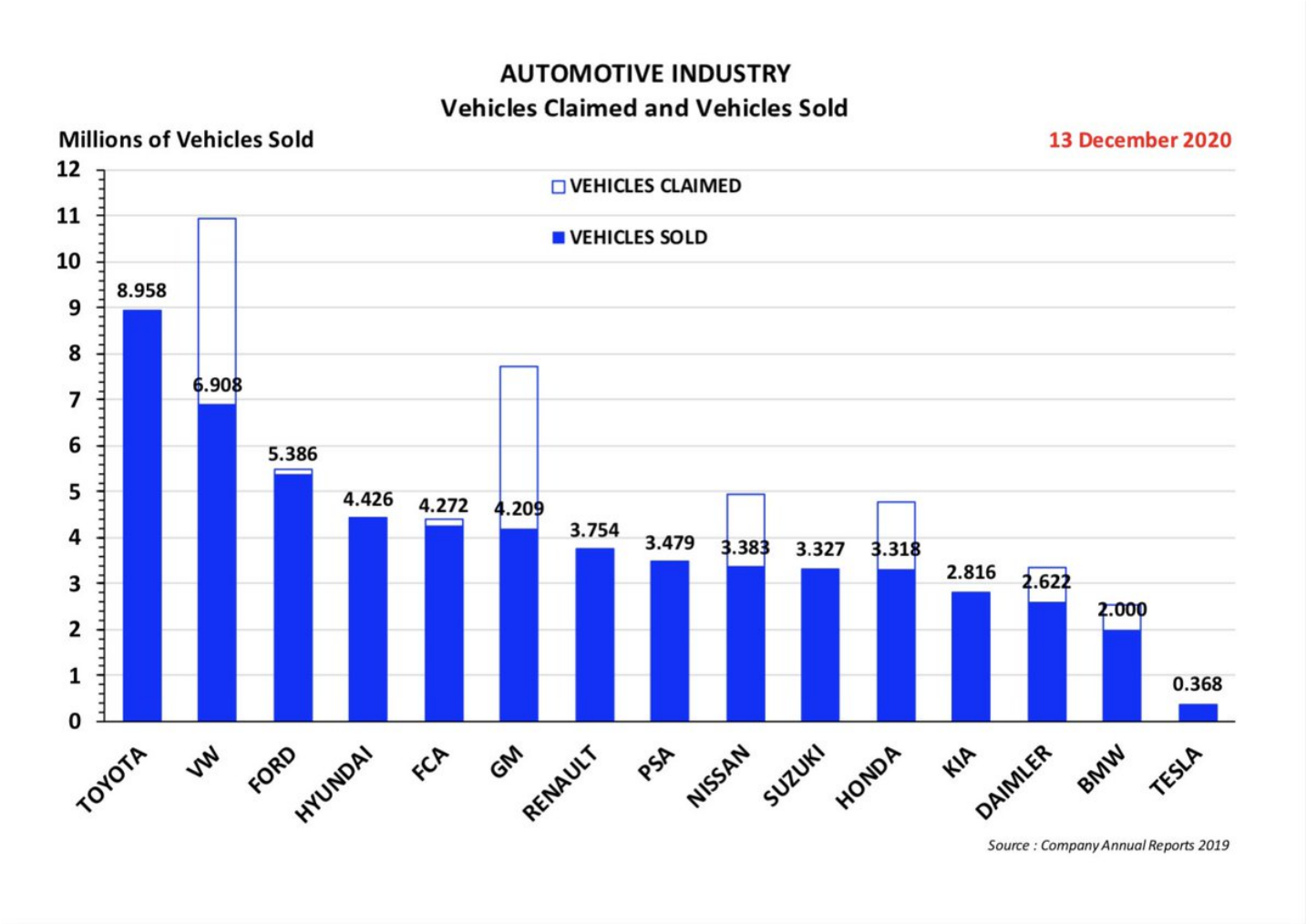
Which has brought this unstable alliance down by -28.1% overall

Of course, these numbers only reflect the way the industry likes to present itself to you

And many things about them are not quite as robust as they would have you believe

Let’s touch upon a few :

1. A lot of the volume that VW likes to report does not actually belong to them




2. Instead it belongs to Chinese companies that they only have partial ownership stakes in

3. So when VW actually files its own financial statements, a large part of this volume does not get included

4. On this particular scorecard they are reporting production and not sales

5. This is important for investors to understand because you only earn profits on sales and not on production

6. Any reports of sales numbers from legacy automakers have proven to be unreliable, and are prone to “sales reporting abuses”

7. Scandals in the U.S. and rampant “self-registrations” in the EU have been and continue to be vivid illustrations of this

8. And then there are numerous differences in reporting protocols

9. Toyota reports production and sales

10. Volkswagen reports “deliveries” to wholesale

– which can be cars dumped on dealer lots, or actual sales to customers

11. Volkswagen also makes its numbers very hard to find

12. Nissan and Mitsubishi report production data and Renault used to report “deliveries”

- but Renault now reports sales

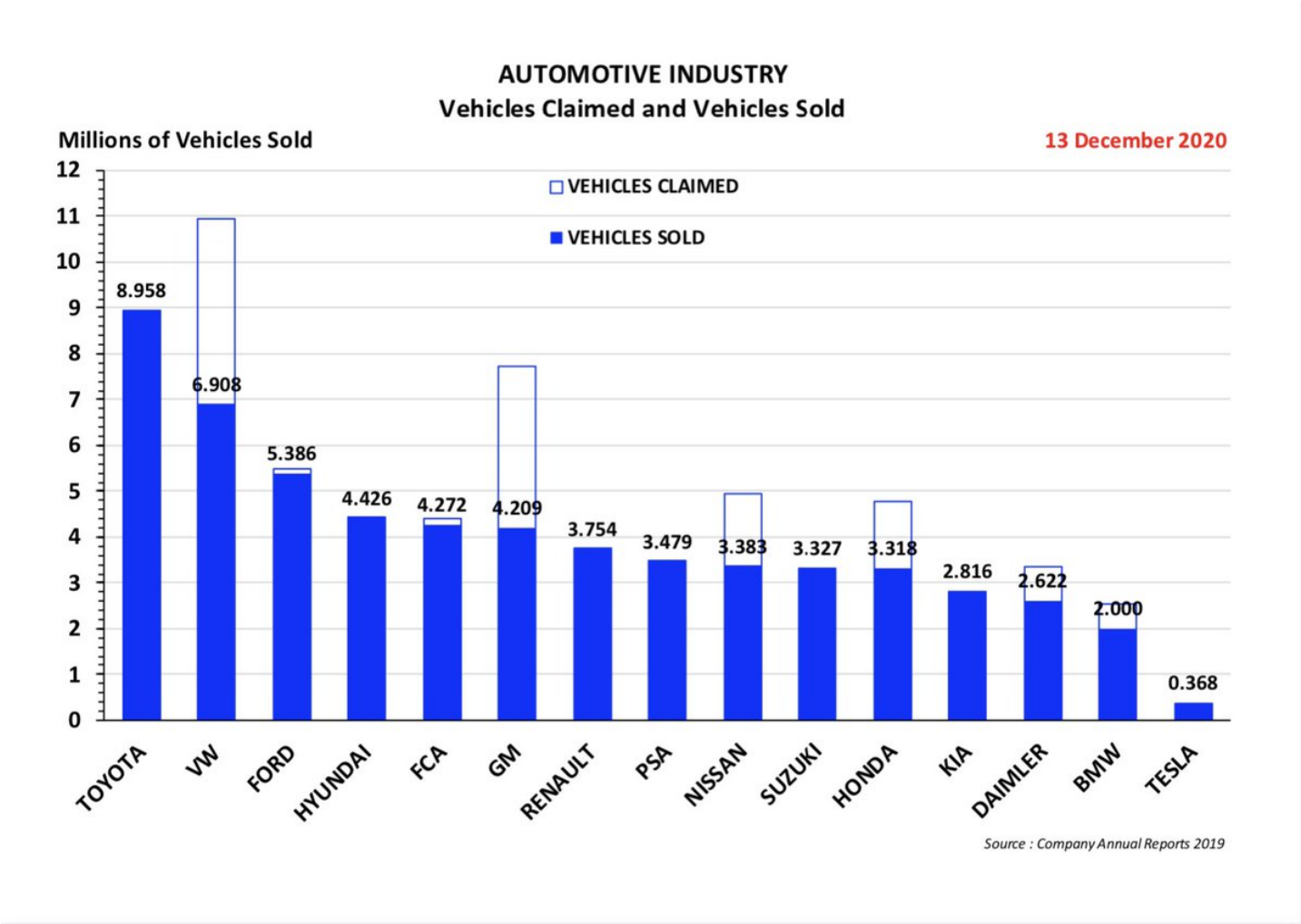
- and Nissan reports its data on a fiscal year April through March basis only

13. And then what is the real meaning of these alliances ?

- do they truly create efficiencies and economies of scale ?

14. FCA will soon combine with PSA to create an entity with 2019 volume of 7.751 million units

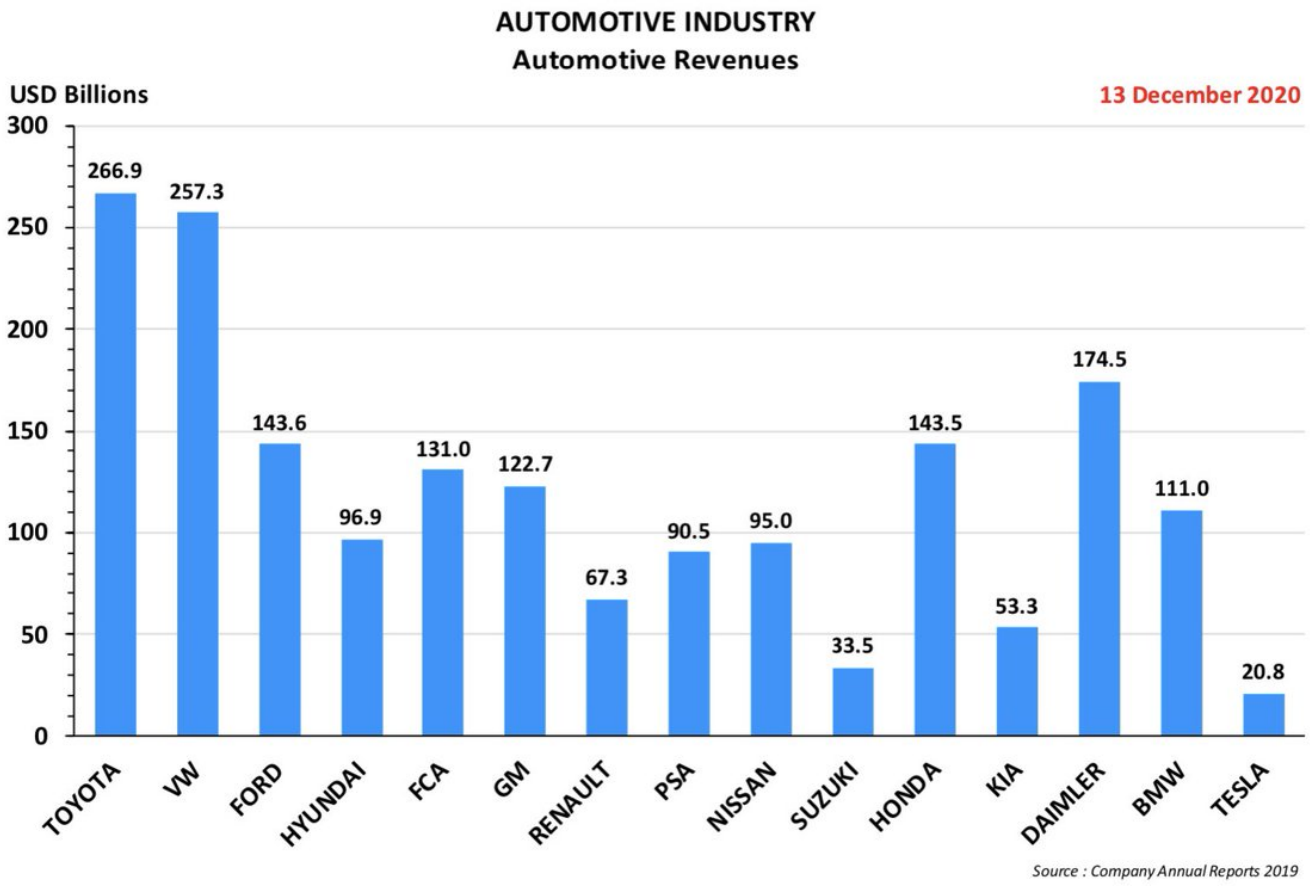
- which would make it bigger than VW with 6.908 million units



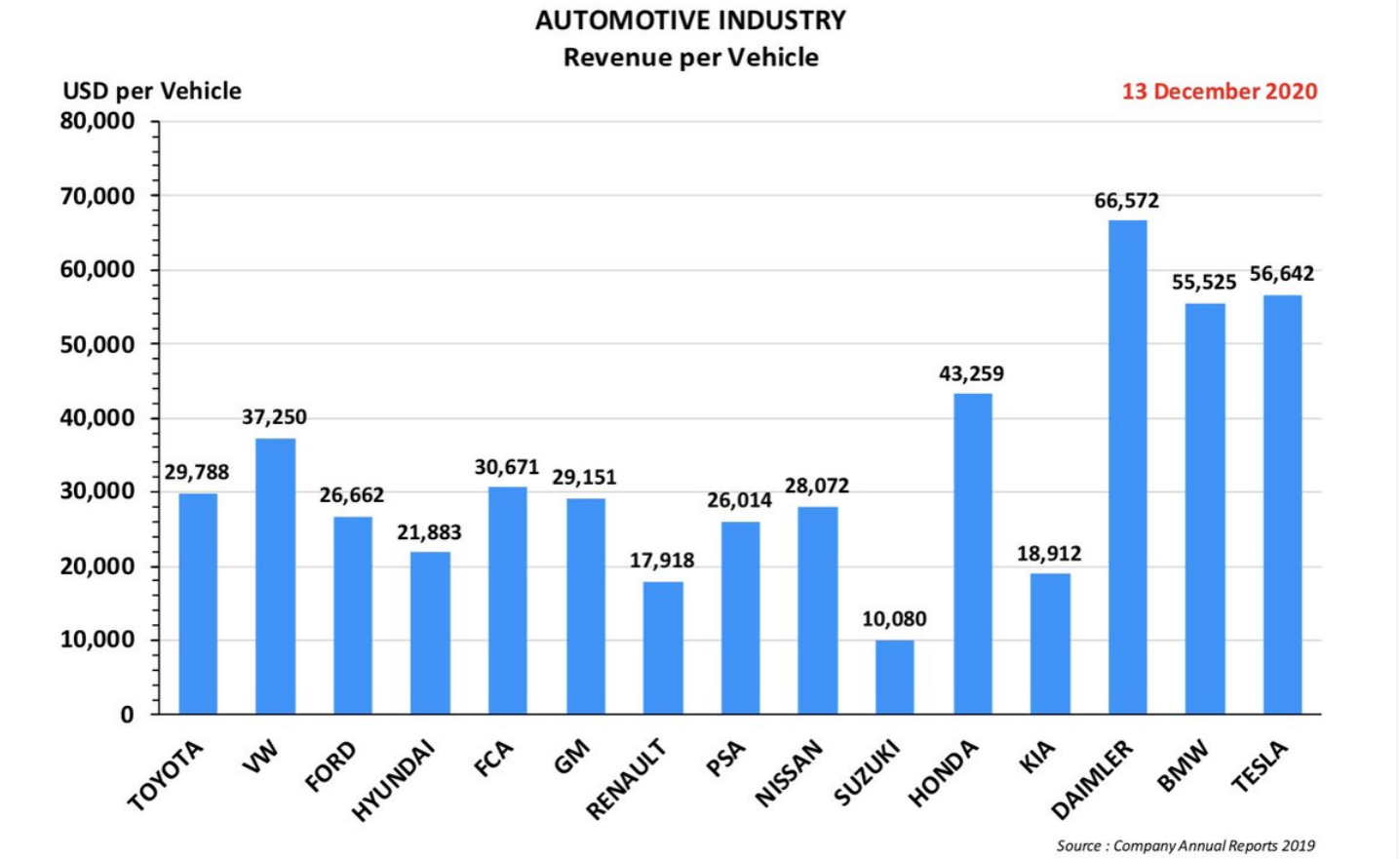

15. And Hyundai-Kia’s combined 2019 volume was 7.242 million units

- which would also make them bigger than VW

16. And as we must also recognize, these unit sales are also not of equal value across all automakers




17. In fact the differences can be quite remarkable when compared on a per vehicle basis




18. So the bottom line is . . .

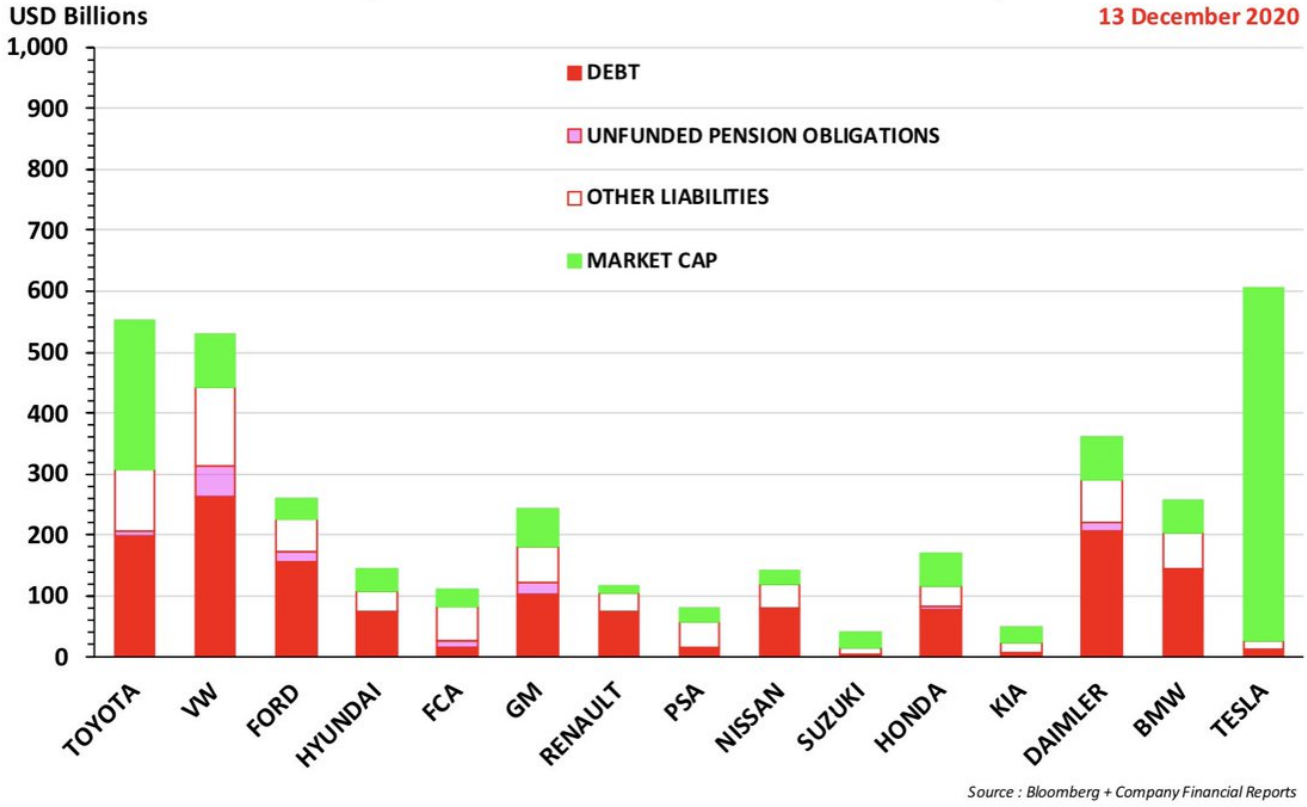
. . . don't believe everything that you hear about these automaker bragging rights

- and instead look at the substance of their Balance Sheets and the real residual value that Equity Investors think they have

There is a world of difference here

## AUTOMOTIVE INDUSTRY

### Enterprise Value based on Total Liabilities + Market Cap




*Source : Bloomberg + Company Financial Reports*