

# Honda warns of \$15.7 b charge on global EV downturn

**Bloomberg**

Honda Motor faces up to ¥2.5 trillion (\$15.7 billion) in charges and an historic annual loss as it joins a growing list of global brands battered by the rapid unravelling of the electric vehicle transition.

The carmaker's strategy rethink will see it cancel the development and launch of three EV models that had been planned for North America, the company said on Thursday.

## OPERATING LOSS

Honda also forecast between ¥270 billion and ¥570 billion in operating losses for the fiscal year ending in March.

Meanwhile, its net loss could be as much as ¥690 bil-



**BIG AMBITIONS.** Honda forecast operating losses between ¥270 billion and ¥570 billion for the fiscal year ending March

lion — the first since Honda began disclosing consolidated results in 1977.

It previously predicted a profit.

"The situation changed far more rapidly than we expected," Chief Executive Officer Toshihiro Mibe said.

"The suspension of EV subsidies in North America undercut growth, and competition in China meant we couldn't provide attractive models or maintain our competitive edge."

Just last month Honda warned of surging expenses

related to its EV business, but the shock announcement lays bare how fast electric ambitions are crumbling.

After piling into the sector as clean-energy initiatives fuelled a bullish outlook, carmakers are now scaling back their big EV bets as they struggle with volatile demand and intense competition from Chinese manufacturers.

## EV STRATEGY

Honda's charges would put it alongside Stellantis NV, which is taking more than €22 billion (\$25 billion) in charges mainly linked to reversing course in its EV strategy, and Ford Motor Co's \$19.5 billion hit from its overhaul.

Honda's ¥2.5 trillion hit will be split almost evenly

across this fiscal year and the next, it said.

## FINANCIAL FALLOUT

The financial fallout is relatively large because Honda had been particularly aggressive on EVs, according to Bloomberg Intelligence senior auto analyst Tatsuo Yoshida.

"The scale of the charges exceeded expectations and are likely to be viewed negatively in the near term," he said.

"Uncertainty and risks remain, so it is too early to say that all negative factors have been cleared. Nevertheless, the disclosure clarifies a substantial portion of the downside related to BEVs, offering at least some visibility where there had previously been little."