

BUSINESS

Tesla’s car business back on growth path

Vehicle sales still its largest source of revenue

Anhata Rooprai and Akash Sriram
REUTERS

Tesla is on course to end two straight years of falling sales after its third-quarter deliveries beat Wall Street estimates on Oct. 2, with a rebound in Europe giving the automaker a way back to growth without U.S. tax incentives.

Shares for the company based in Austin, Texas, had lost about a fifth of their value this year, but rose more than

5% in early trading. The figures suggest Tesla’s core car business may be regaining momentum even as investors increasingly look past quarterly deliveries to CEO Elon Musk’s push into AI, robotaxis and humanoid robots.

The EV maker’s roughly \$1.40 trillion valuation depends heavily on those long-term ambitions, even though vehicle sales are still its largest source of revenue.

“The strong numbers put Tesla on track for full-year deliveries growth following two years of declines. I point to FSD (Full Self-Driving) as being a differentiator that drives consumers to

choose Tesla over other autos,” Morningstar senior equity analyst Seth Goldstein said.

Tesla needs 311,448 more deliveries to match last year’s total, fewer than it has delivered in any quarter since mid-2022.

In the United States, the Musk-led firm’s sales were expected to fall from a record third quarter last year, after a \$7,500 federal tax credit for EV buyers expired at the end of September 2025.

Tesla delivered 486,532 vehicles in the July-September period, compared with analysts’ average estimate of 456,896 vehicles, according to data

compiled by Visible Alpha.

After last year’s slump in Europe, caused partly by backlash against Musk’s politics and partly by cheaper Chinese rivals, EU registrations rose by about two-thirds in the January-August period from a year earlier, according to the European Automobile Manufacturers’ Association.

Tesla’s European sales recovery gathered pace in the third quarter, with strong registration growth in France and Denmark and broader gains in September, helped by government incentives, easier year-ago comparisons and rising consumer interest in EVs.

Nike woes a test of investors’ confidence

CEO came back to lead turnaround effort

Juveria Tabassum and Danielle Kaye
REUTERS

When Nike brought Elliott Hill out of retirement in October 2024, investors hoped the company veteran would quickly reverse years of product missteps, rebuild relationships with wholesalers and restore the sportswear giant’s lost momentum.

Two years on, Nike’s market value and earnings have more than halved, while many of the problems Hill was hired to fix – from weakness in China to overreliance on discounted lifestyle products – continue to weigh on the business.

The unfinished turnaround was on display again on Oct. 1 when Nike announced another round of job cuts and forecast steeper-than-expected declines in sales and profit for the fiscal year ending in May 2028.

“Things are going to get worse before they get better,” RBC Capital Markets analyst Piral Dadhania said.

That timeline was reinforced by Nike’s disclosure that most of the savings from its overhaul will not be realized until fiscal 2029 and 2030.

Nike on Oct. 1 once again flagged performance in sportswear, China and its legacy Jordan brand as problem areas. Together, they accounted for more than half of total sales.

Nike’s turnaround challenges have become a test of investor faith in CEO Hill’s strategy ahead of its investor day on Nov. 16 and 17, where analysts expect the company to provide a clearer road map for restoring profitability.

Hill was brought back to steady a company that had lost its footing under a strategy that prioritized direct sales and reduced ties with wholesale partners, while leaning heavily on a shrinking roster of lifestyle products instead of its core sports strategy.

Since returning, he has moved to rebuild relationships with retailers, refocus product development on sports and simplify operations. Yet revenue continues to decline across wholesale and direct channels.

“Nike really needs to show that it can at least bail out problems faster than taking them on,” said Neil Saunders, managing director of GlobalData.

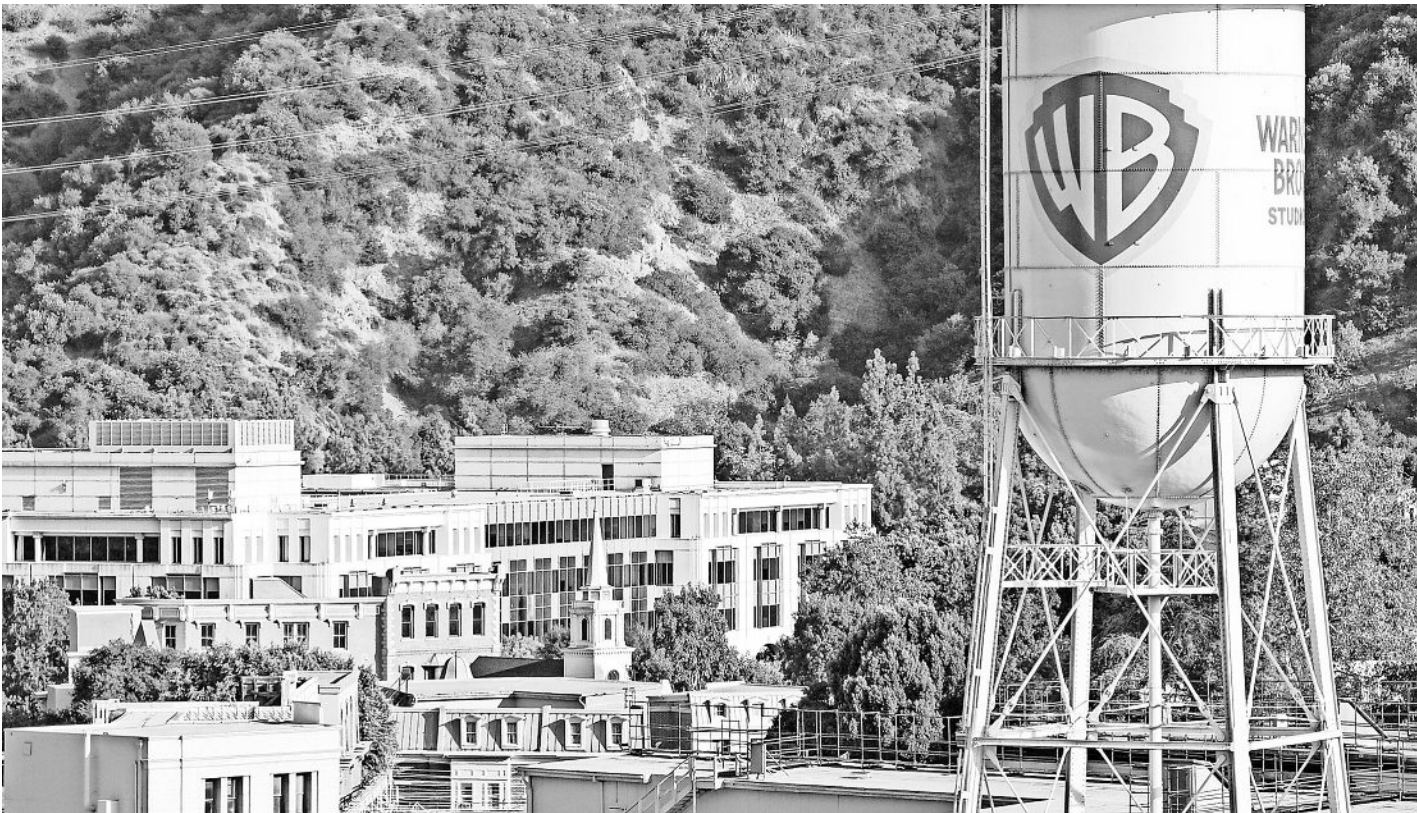
“The job cuts and associated cost cutting will buy time and may support margins and the bottom line – but these things are not the solution to the brand problems that are the cause of decline,” he said.

Shares were down about 8% at \$32.22 in early trading on Oct. 2, around their lowest in 12 years and far behind a 2021 peak of about \$175.

The challenges are more evident in China, once one of Nike’s most important growth engines but now a problem area. Hill acknowledged on Oct. 1 that efforts to stabilize the market will take “multiple seasons” and will weigh on profitability.

The Jordan brand offered another illustration of the work that remains. Nike is trying to return the franchise to premium growth by reducing the number and frequency of retro sneaker launches after years of oversupply and discounting.

ANALYSIS



Former Mattel CEO Ynon Kreiz was tapped to run Paramount-Warner Bros. Discovery alongside David Ellison, but will focus squarely on operational efforts and day-to-day management. MARIO TAMA/GETTY IMAGES

Cost-cutter Kreiz brought in to help lead media giant

Paramount-Warner Bros. Discovery may prove to be a stiffer challenge

Deborah Mary Sophia and Neil J Kanatt
REUTERS

David Ellison’s choice of Mattel CEO Ynon Kreiz as his cocaptain at the new Paramount-Warner Bros. Discovery signals what the media behemoth will care about most: running a lean, cost-efficient business that can pump more money out of its storied franchises.

Kreiz’s tenure at the Barbie dollmaker and his previous stint leading production company Endemol have been marked by cost-cutting and restructuring efforts aimed at improving profitability and overall output.

That skillset positions Kreiz well to take on the task of knitting together two legacy media giants saddled with roughly \$80 billion in debt while delivering the \$6 billion in cost savings promised from the industry-shaping merger.

But struggles at Mattel and privately held Endemol raise some questions about Kreiz’s performance and his ability to take on the much larger Paramount-Warner.

Having arrived at Mattel in 2018 with a mandate to turn around the struggling toy maker, Kreiz executed over \$1.5 billion in savings through thousands of job cuts and a simpler manufacturing strategy.

That helped Mattel top \$1 billion in annual adjusted earnings before interest, taxes, depreciation, and amortization in 2021, hit a 19% revenue growth rate and boost its share price by 24% that year.

But while Kreiz started off strong, Mattel has not been able to keep up those rates over the next several years, marred by pandemic pressures, an inflation-led slowdown in consumer spending and tariff costs.

The stock has slipped 2% over Kreiz’s tenure so far, drastically underperforming a near 200% jump in the S&P 500 index.

“The CEO once cheered for expanding the company’s margins into double

digits with a strong long-term strategy walks away with the stock roughly where it was when he took office over,” said Zachary Warring, an analyst at CFRA Research.

Similarly at Endemol, known for the “Big Brother” reality TV franchise, Kreiz’s reorganization efforts helped reduce costs by 20% during his three-year tenure, but the company’s revenue and profits continued to fall, according to a Financial Times report. Kreiz exited the company in 2011 over strategic differences.

Shares of Mattel, however, closed up about 18% at \$15.04 on Oct. 1. The company attracted takeover interest from Authentic Brands Group, a source told Reuters.

Mattel declined to comment. There was no ongoing formal sale process for the company, the source said.

As co-CEO, Kreiz will run Paramount-Warner Bros. Discovery alongside Ellison, but will focus squarely on operational efforts and day-to-day management, while Ellison oversees creative development and overall strategy.

“In Ynon, I’m adding a partner with strong leadership and the operating firepower this integration demands. It’s a division of labor built on our complementary strengths,” Ellison said in a statement on Sept. 30.

Among challenges for Kreiz in executing the cost savings are Paramount’s promises in its antitrust settlement. These include spending at least \$300 million more each year in domestic film production, continuing to operate both legacy studios’ production lots and honoring existing bargaining agreements with Hollywood unions – all of which shut off easy paths to synergies.

Kreiz is also expected to supercharge intellectual property at the new Paramount-Warner Bros. Discovery to fuel growth across potential new areas of business.

“Ynon’s entertainment background fueled his tenure at Mattel, transforming the toy titan into an IP-driven powerhouse focused on building franchises from its toy and game lines,” said toy industry expert James Zahn, editor-in-chief at trade publication The Toy Book.

“Taking the reins at the combined Paramount-Warner Bros. is a natural

move for a leader who’s always had Hollywood in his eyes, and it places him in control of familiar IP that still retains a Mattel connection.”

At Mattel, Kreiz turned its brands into box office dollars, launching “Mattel Films” to license the company’s intellectual property to studios. That effort eventually led to the 2023 release of blockbuster “Barbie,” which is currently Warner Bros.’ highest-grossing film ever globally.

But that track record has been mixed. The “Masters of the Universe” live-action film released this year tanked at the box office, even though it helped build out the franchise and more than triple gross billings year-to-date.

A live-action Hot Wheels feature film is currently in development at Warner Bros. with “Wicked” director Jon Chu set to helm the project, while other Mattel franchises reportedly exploring Hollywood projects include “Barney,” “Polly Pocket” and “American Girl.”

But Raymond James media analysts said Kreiz’s experience would help the new Paramount more aggressively monetize its IP across platforms. His tenure running Endemol and YouTube channel network Maker Studios – which Disney later snapped up for \$500 million – also shows his programming bona fides as Paramount looks to further expand its streaming business.

Despite commanding a massive library of franchises, Warner Bros. Discovery has long had a monetization shortfall compared with industry giant Disney, which has banked on its theme park infrastructure and merchandising power to generate more dollars.

Warner Bros. earns about 30 cents for every dollar that Disney earns circulating IP through its ecosystem, Raymond James analysts noted. Paramount also has several hit children’s franchises but has not created a consumer products portfolio as well as Disney, Emarketer analyst Ross Benes said.

“We believe IP monetization across toys, games, merchandise, experiences, etc, will be a significant focus of the combined company ... the appointment makes sense given the size of the combined company and complexity of the integration ahead,” Raymond James analysts said.