# Carlos Tavares exits as Stellantis grapples with steep share price plunge and sales crisis



Elon Musk, Jim Ratcliffe, and Carlos Tavares have found themselves navigating tumultuous waters within the automotive industry. Despite their differing strategies and backgrounds, they share a common struggle of mismanagement that has led to significant ramifications for their respective brands.

Carlos Tavares, the former CEO of Stellantis, found his tenure abruptly ended last month amidst a backdrop of financial instability. Tavares, who previously garnered a compensation package of approximately €40 million annually, is set to receive a severance of €2 million along with a bonus payout of €10 million for meeting certain milestones during his term. However, this financial cushion does little to mask the deeper issues within Stellantis. Under his stewardship, the company saw a staggering 50% decline in its share price over the past year, coupled with a net loss of €127 million in the latter half of the previous financial year—the first since the merger that formed Stellantis. This downturn is indicative of the contentious environment Tavares fostered, which culminated in conflicts with the board focused on aggressive cost-cutting measures that ultimately failed to address plummeting sales in critical markets like the U.S.

Tavares's legacy at Stellantis is marked by a significant reduction in Vauxhall’s market presence, as evidenced by the brand's drop from a historic number two in UK car sales to outside the top ten. Sales of vehicles, particularly those priced higher than their competitors, suffered dramatically. The introduction of inflated list prices for models such as the electric Corsa led to necessitated price cuts, further undermining consumer confidence and damaging the brand's identity. Analysts have expressed scepticism about Stellantis’s future prospects, particularly with an upcoming forecast that indicates a potential cash burn up to €10 billion, largely attributed to slow sales and excessive inventory in the North American market.

Despite these challenges, there are signs of resilience within Stellantis. Vauxhall managed to maintain its position as the UK's leading electric vehicle (EV) manufacturer for retail and Motability channels, achieving an 8.2% market share and sales of over 15,000 electric cars in 2024—a 31% increase from the previous year. The success of models like the Corsa Electric underscores some level of market vitality, revealing a bifurcation within the company where electric vehicle sales continue to thrive even as overall financial performance falters.

As Stellantis braves these choppy waters, it transitions to interim leadership under John Elkann, who is tasked with reinstating positive cash flow and stabilising the company amid ongoing scrutiny from stakeholders—including U.S. dealers and labor unions. The immediate future of Stellantis hinges on how effectively Elkann can implement a new strategy focused on market share recovery and operational efficiencies while adjusting to external pressures such as U.S. tariff policies.

In this landscape of uncertainty, the automotive industry watches closely as Stellantis searches for its next permanent CEO. The task ahead will not be easy, especially given the profound market challenges and critical expectations to reshape the corporate narrative reversing the trajectory of decline that has enveloped Stellantis over the past year. Tavares’s departure is a pivotal moment that could either signal a new dawn for the automotive giant or a continuation of the turbulent legacy that has characterised the past few years.

As the dust settles, the road ahead for Stellantis may very well shape the future of not just the brands it represents—such as Jeep, Peugeot, and Fiat—but the wider automotive landscape where competition is increasingly defined by innovation and adaptability in a rapidly changing market.

### Reference Map

1. Paragraphs 1, 2
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Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.autoexpress.co.uk/opinion/366846/its-not-just-byd-countless-other-chinese-car-manufacturers-will-soon-outsell-tesla> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/autos-transportation/former-stellantis-ceo-tavares-pay-package-fell-37-24-million-2024-2025-02-27/> - Carlos Tavares, the former CEO of Stellantis, saw his total compensation fall by 37% to €23 million in 2024. He resigned unexpectedly in December following conflicts with the board over his cost-cutting focus. Despite layoffs, his measures led to a decline in U.S. sales. Tavares is set to receive €2 million in severance and €10 million in bonus pay for meeting company milestones. Stellantis announced a cautious outlook for 2025 and is in the process of interviewing candidates for the next CEO to stabilize the company, which operates 14 brands and faces various market challenges. The company's share price decreased by 50% over the last year. Employees earned an average of around €66,000 in 2024, making Tavares' compensation 350 times that of the average worker.
3. <https://www.ft.com/content/8dad5678-c066-484e-8f26-a5d1ba1312f2> - Stellantis, the owner of Peugeot, Fiat, and Jeep, reported a net loss of €127 million in the latter half of the previous year, down from a profit of €7.7 billion. Revenue declined by 21% to €71.9 billion. This downturn followed the sudden departure of CEO Carlos Tavares in December. Interim leadership under John Elkann is striving to restore positive cash flow and revenue growth, despite forecasting a weaker-than-expected outlook for 2025. The strategy includes launching ten new models and adopting a flexible product portfolio to target mid-single-digit operating profit margins. However, analysts were not fully convinced, leading to a near 6% drop in Stellantis shares. Elkann's focus on gaining market share and financial improvement is critical, especially with the added pressure from US tariff policies under President Trump, impacting their North American operations. Additionally, Aston Martin announced workforce reductions of 5% and adjusted its electric vehicle launch plans to concentrate on plug-in hybrids amid market uncertainties under its new CEO, Adrian Hallmark.
4. <https://www.media.stellantis.com/uk-en/vauxhall/press/vauxhall-ends-2024-as-the-uk-s-best-selling-electric-car-brand-across-retail-and-motability-channels-combined> - Vauxhall ended 2024 as the UK's best-selling electric car brand across retail and Motability channels combined, achieving an 8.2% market share. The success of the Corsa Electric and Mokka Electric positioned Vauxhall as the leading brand for electric sales in the combined B-segment. The Corsa Electric was named the UK's best-selling electric supermini of 2024, with over 4,000 units sold. Vauxhall sold over 15,000 electric cars in 2024, with a 4.15% share of the electric car market, marking a 31% increase from the previous year. In the light commercial vehicle (LCV) market, Vauxhall was the UK's second-best-selling van manufacturer in 2024, with sales increasing from 34,632 to 36,474 and market share growing from 9.93% to 10.08%. Vauxhall met its commitment to offer a fully electric version of every car and van model in its lineup by the end of 2024.
5. <https://apnews.com/article/df052376ff0ace08fd94a7821cb73317> - Stellantis CEO Carlos Tavares resigned after nearly four years in charge, as the automaker continues to struggle with declining sales. The company's board accepted Tavares' resignation, effective immediately. An interim executive committee led by chairman John Elkann will take over while the search for a permanent CEO is underway. Stellantis, which owns brands such as Jeep, Citroën, and Ram, has seen significant drops in revenue, particularly in North America, where revenues plunged 42% in the third quarter. Tavares faced extensive criticism from U.S. dealers and the United Auto Workers union for his handling of the company's financial difficulties, layoffs, and high vehicle prices. In addition to challenges in the U.S., Stellantis has dealt with pressure from Italian lawmakers and autoworkers over production plans and job security. The company had made leadership changes in recent months and was already in the process of finding Tavares' successor.
6. <https://www.theguardian.com/business/2024/dec/01/stellantis-chief-executive-carlos-tavares-resigns-as-carmaker-struggles> - Carlos Tavares resigned as the chief executive of Stellantis, the maker of Jeep, Fiat, Vauxhall, and Peugeot cars, with immediate effect. The company aims to find a new leader in the first half of 2025. Tavares had been expected to retire at the end of his mandate in early 2026. Stellantis's top investor is the Fiat-founding Agnelli family through the investment company Exor. The resignation followed a profit warning on Stellantis's 2024 results, including a forecast for a cash burn of up to €10 billion, mostly blaming slow sales and bloating inventories in its key North American market. The company's board accepted Tavares' resignation, effective immediately, and is in the process of appointing a new permanent CEO.