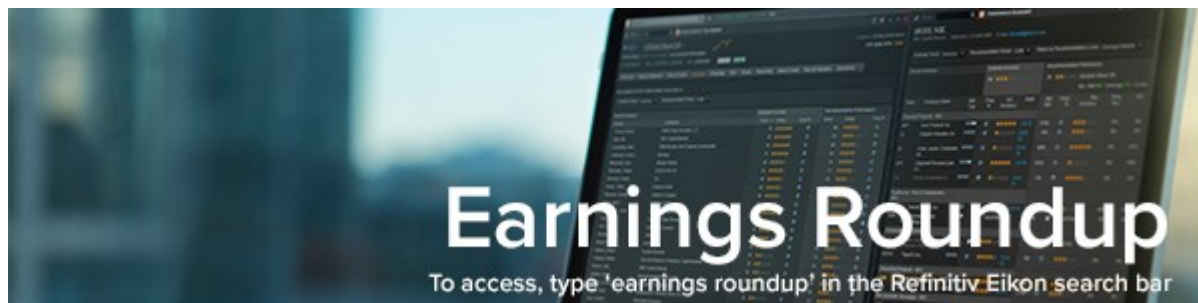


MORNING NEWS CALL

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U.S. Edition

Thursday, November 11, 2021



TOP NEWS

• Tesla shares rise after Musk's \$5 billion stock sale

Tesla shares rose in U.S. premarket trading, even after overnight filings showed chief executive and top holder Elon Musk had sold about \$5 billion of the stock over recent days.

• Didi prepares to relaunch apps in China, anticipates data probe will end soon -sources

Didi Global is preparing to relaunch its ride-hailing and other apps in China by the end of the year in anticipation that Beijing's cybersecurity investigation into the company will be wrapped up by then, three people directly involved in the relaunch said.

• Surprise U.S.-China deal spurs hopes for UN climate talks

A surprise deal between China and the United States, the world's two biggest greenhouse gas emitters, has boosted the COP26 U.N. climate summit as it enters two last days of hard bargaining to try to stop global warming becoming catastrophic.

• Evergrande dodges default again; property sector debt concerns linger

Cash-strapped developer China Evergrande once again averted a destabilizing default with a last minute bond payment but the reprieve did little to alleviate strains in the country's wider property sector.

• Green investors say transportation pledges hinge on tech advances

Environmentally minded investors praised carbon-cutting pledges by major transportation companies and governments announced at the U.N. climate summit on Wednesday but said the goals could be pipe dreams without big advances in technologies like vehicle batteries and aviation fuel.

BEFORE THE BELL

U.S. stock index futures rose after a drop in the previous session sparked by worries over a strongest inflation reading in over three decades, which encouraged bets on interest rate hikes. **European shares** were mostly up, supported by a slew of strong corporate earnings. In Asian equity markets, **Japan's Nikkei** closed higher as investors were selective and scooped up stocks that were undervalued relative to their latest outlooks, while **Chinese stocks** ended in the green as property shares surged on policy easing bets. The **dollar** hit a 16-month high against its major peers. In commodities, **gold** prices gained as investors moved towards the safety of bullion, while **oil** prices dropped.



STOCKS TO WATCH

Results

• **Aeva Technologies Inc:** The company reported third-quarter sales that beat Wall Street expectations and said it will provide sensors to self-driving truck firm Plus, the company's first disclosed mass production customer. For the third quarter, Aeva said it had sales of \$3.5 million and an adjusted loss of 9 cents per share. Wall Street had expected sales of \$2.99 million and an adjusted loss of 11 cents per share. Aeva also said it had struck its first high-volume production deal with Plus, which is developing self-driving truck technology. Aeva said it will start supplying sensors to Plus late next year.

• **Affirm Holdings Inc:** The company said on Wednesday it had expanded its partnership with Amazon and reported quarterly revenue above Wall Street estimates, boosted by growth in active consumers and merchants on its buy now, pay later (BNPL) platform. Affirm's expanded partnership will allow all eligible U.S. purchases of \$50 and more on Amazon to be split into simple monthly payments, which was earlier available to only select customers. The company now expects current-quarter revenue in the range of \$320 million to \$330 million, above estimates of \$296.09 million. Total revenue rose to \$269.4 million in the first quarter from \$173.9 million a year earlier. Analysts on average were expecting revenue of \$248.23 million. Affirm's active consumers more than doubled in the past quarter to 8.7 million, while merchants on its platform rose to 102,000 from just 6,500 a year earlier.

• **ArcelorMittal SA:** The world's largest steelmaker said it was increasing its share buyback program by another \$1 billion after reporting its strongest quarter in more than a decade. The uplift brings the capital returns announced by the company since September 2020 to \$6 billion. There is currently \$1.8 billion outstanding on its buyback program. Third-quarter earnings before interest, tax, depreciation and amortization (EBITDA), the figure most watched by the market, showed about a six-fold increase from the same period last year at \$6.06 billion. That was slightly below the average forecast of \$6.15 billion returned by a company poll. It was the strongest quarter since 2008 and up 19.9% from the previous three-month period, the company added.

• **Beyond Meat Inc:** The company forecast fourth-quarter revenue below estimates on Wednesday, as the once red-hot plant-based meat maker reported slowing demand in both grocery stores and restaurants. Sales to U.S. retail stores fell 15.6% to \$52.4 million in the third quarter, Beyond said, while those to U.S. restaurants fell 7.3% to \$15.1 million. The company said it expects fourth-quarter net revenue of \$85 million to \$110 million, compared with analysts' estimates of \$131.6 million. Net revenue rose 12.7% to \$106.4 million in the three months ended Oct. 2, but missed estimates of \$109.2 million. Excluding certain items, the company reported a loss of 87 cents per share, compared with analysts' estimates of a loss of 39 cents per share.

• **Bumble Inc:** The company posted its first sequential decline in user growth since the dating app owner went public in February, as fresh pandemic restrictions crimped demand in some markets. In the third quarter, total paying users fell 2% from the prior quarter to 2.9 million as the global Delta variant surge prompted renewed lockdowns, curtailing consumer spending on dating app subscriptions and in-app purchases. Bumble expects current-quarter revenue between \$208 million and \$211 million, above analysts' estimates of \$206.0 million. Total revenue was \$200.5 million in the third quarter, compared with estimates of \$198.8 million.

• **Nice Ltd:** The Israeli enterprise software provider reported a larger-than-expected increase in third quarter net profit and raised its profit and revenue outlook for 2021. Nice said it earned \$1.68 per diluted share excluding one-time items in the quarter, compared with \$1.41 a year earlier. Revenue grew 20% to \$494.4 million, with cloud revenue up 29% to \$262 million. Nice was expected to post adjusted EPS of \$1.58 on revenue of \$466 million. Nice raised its 2021 estimates, forecasting adjusted EPS of \$6.43-\$6.53, up from a prior \$6.26-\$6.46, and revenue of \$1.90-\$1.91 billion, up from \$1.835-\$1.855 billion.

• **Tapestry Inc:** The Coach handbag maker raised its annual sales and profit forecasts, boosted by a strong rebound in demand for luxury goods even as global supply chain bottlenecks threaten to create a shortage of products. Tapestry also announced a new \$1 billion share buyback program. Tapestry forecast 2022 revenue of nearly \$6.6 billion, compared with a previous forecast of about \$6.4 billion. It also raised its 2022 adjusted earnings per share range to \$3.45 to \$3.50 from \$3.30 to \$3.35.

• **Walt Disney Co:** The company on Wednesday reported the smallest rise in Disney+ subscriptions since it launched the streaming video service to take on Netflix, missing Wall Street targets. Profits from Disney's theme park division fell well short of analyst projections, despite the quarter being the first time all parks were open since various pandemic closures. Capacity limits remain in place. During the just-ended quarter, Disney+ picked up 2.1 million customers, less than half the subscribers Netflix added in roughly the same period. Analysts had projected Disney+ would add 10.2 million, according to Factset estimates. Overall, the media company posted diluted earnings per share of 37 cents, below analyst projections of 51 cents. Theme park division income reached \$640

million, short of Wall Street projections of \$942 million. Disney also missed analysts' estimates for quarterly revenue, which rose to \$18.53 billion in the fourth quarter from \$14.71 billion a year earlier. Net income was \$159 million, or 9 cents per share, compared with a loss of \$710 million, or 39 cents per share, a year earlier.

• **Wix.com Ltd:** The company, which helps small businesses build and operate websites, reported a wider third-quarter loss but said the uncertainty due to the COVID-19 pandemic was diminishing. It reported a less-than-expected quarterly net loss excluding one-time items of 21 cents per share, compared with a loss 14 cents a year earlier. Revenue grew 26% to \$321 million. Analysts had forecast Wix would lose 42 cents a share ex-items on revenue of \$315 million. The company said it expects fourth-quarter revenue of \$324-\$333 million. It also raised its full-year revenue guidance to \$1.265- \$1.274 billion from a previous guidance of \$1.255-\$1.270 billion but trimmed its free cash flow estimate to \$45-\$50 million from \$60-\$65 million due to the strong shekel versus the dollar that has "become a more significant headwind to our operating expenses."

Deals Of The Day

• **ANI Pharmaceuticals Inc:** The specialty pharmacy company has won U.S. antitrust approval to buy **Novitium Pharma** on condition it divest rights or assets related to two generic medicines, the Federal Trade Commission said on Wednesday. The companies, which announced their \$210 million deal in March, agreed to sell ANI's development rights to generic sulfamethoxazole-trimethoprim oral suspension, a combination of antibiotics, and assets related to generic dexamethasone, used to treat inflammation and arthritis.

• **Kraft Heinz Co:** An American unit of **Groupe Lactalis** received U.S. antitrust approval to buy Kraft Heinz's U.S. natural cheese business on condition the companies divest Kraft Heinz's feta and ricotta businesses, the Justice Department said in a statement on Wednesday. Kraft Heinz had announced in September 2020 it would sell its natural cheese business to the U.S. unit of the French-based dairy products company for \$3.2 billion. It said it would retain Philadelphia Cream Cheese, Velveeta and Cheez Whiz in the United States. The Justice Department said in a statement it would approve the deal on condition that the companies sell Kraft Heinz's Athenos and Polly-O businesses, which make feta and ricotta, respectively.

• **Lordstown Motors Corp:** The company said on Wednesday that Taiwan's **Foxconn** has bought stock worth \$50 million from the U.S. electric vehicle maker, finalizing an equity investment announced in September. Foxconn acquired the shares at \$6.8983 apiece, Lordstown said. Foxconn agreed to make a down payment of \$100 million by Nov. 18.

• **BP Plc:** The oil major and Norway's **Aker** said they have jointly sold a 5% stake in Norwegian oil firm Aker BP, cutting their combined holding in the company to 65%. The 18.01 million shares were sold at 310 crowns each, a 10.2% discount to Wednesday's close, for a total of 5.58 billion Norwegian crowns, Aker and BP said. Aker BP was formed in 2016 through the combination of Aker and BP's Norwegian oil and gas producing units, and the company's shares have since risen fourfold. The two owners said they had sought to realize some of those gains and diversify their holdings while still remaining committed to Aker BP.

In Other News

• **Alibaba Group Holding Ltd:** The company said that nearly 400 brands, including Apple and L'Oreal, have raked in more than \$15 million in sales each during its Singles Day extravaganza, as the toned-down event headed into its final hours. Alibaba turned China's informal Singles' Day into a shopping event in 2009 and built it into the world's biggest online sales fest, dwarfing Cyber Monday in the United States. But the e-commerce giant this year has toned down the marketing hype amid stringent regulatory scrutiny, opting not to provide real-time sales data and saying its focus was on sustainable growth this year. It also did away with an audience for its annual entertainment gala and has not invited reporters to a media centre for the first time, citing COVID-19 precautions. The company provided a livestream instead.

• **Alphabet Inc & Apple Inc:** The chief executive of "Fortnite" creator Epic Games and other vocal critics of Apple and Alphabet's Google plan to speak in South Korea, where the two American tech giants face new regulations forcing them to open their app stores to third-party payments. Tim Sweeney and representatives from Match Group plan to speak at a conference next week about fairness in online ecosystems, according to a representative for the companies.

• **BHP Group Ltd:** The company said it had won approval for its climate roadmap, overcoming a protest vote on concerns that some of the long-term plans lacked detail, with Australia-based shareholder proxies voting 86% in favour. The world's biggest listed miner aims for net zero emissions by 2050 for its customers, including the heavily polluting steel industry. But BHP has stopped short of setting a target, in view of uncertainty over how technology will develop.

- **Boeing Co:** The Federal Aviation Administration (FAA) told the company that some of its appointees overseeing aircraft certification tasks lack expertise and directed the largest U.S. planemaker to quickly address the issue. In a Nov. 2 letter seen by Reuters, the FAA told Boeing an oversight review conducted this summer found some appointees did not have required expertise and found some of those Boeing employees performing certification tasks for the agency "are not meeting FAA expectations." The air regulator added that of 12 recent appointees who handle safety matters on the agency's behalf, some "38% struggled to demonstrate an understanding of FAA certification processes."
- **Chevron Corp:** The company and its partners in the Gorgon liquefied natural gas (LNG) project in Western Australia have agreed to buy carbon credits likely to cost more than \$180 million as a penalty for failing to meet a five-year target for carbon capture and storage (CCS). The costs, which could amount to well over A\$250 million based on Reuters calculations, will be shared with its Gorgon LNG partners - Exxon Mobil, Royal Dutch Shell, and Japan's Osaka Gas, Tokyo Gas and JERA. Chevron said in a statement that it would invest A\$40 million in "lower carbon projects" and would buy and surrender 5.23 million greenhouse gas offsets to fulfill the Gorgon project's obligations to the state government, ideally by mid-July 2022.
- **Didi Global Inc:** The company is preparing to relaunch its ride-hailing and other apps in China by the end of the year in anticipation that Beijing's cybersecurity investigation into the company will be wrapped up by then, three people directly involved in the relaunch said. The people, who declined to be identified as the information was private, said they expected China's cyberspace regulator to finalize any penalties on the company in December. The company has set aside 10 billion yuan for a potential fine, said one of the sources. In July, the powerful Cyberspace Administration of China (CAC) ordered app stores to remove 25 mobile apps operated by Didi - just days after the ride-hailing giant listed in New York.
- **Electric Last Mile Solutions Inc:** The commercial electric vehicle maker on Wednesday cut its target for the number of electric delivery vans it will build this year, citing the supply-chain constraints. The Troy, Michigan-based company said it now expects to build between 300 and 500 of its Class 1 small electric delivery van, instead of the 1,000 it said in August it was targeting. Electric Last Mile Solutions (ELMS) said it would deliver the rest of those orders in the first quarter of 2022.
- **Goldman Sachs Group Inc:** Japan's Eneos Holdings and Goldman Sachs moved ahead with a tender offer for the 43% the refiner doesn't already own in roadbuilder Nippon, shrugging off opposition from activist Oasis Management to a deal that values all of Nippon at more than \$4 billion. Nippon said in a statement that its board had agreed to the bid, and Eneos and Goldman will start a tender for shares on Friday that will run to Dec. 24. Hong Kong-based Oasis, which has a 4.5% stake in Nippon, says the price, valuing Nippon at about at 476.4 billion yen, is too low and earlier this week said it had received assurances from Eneos, Japan's biggest refiner, and Nippon that they were open to alternative bids.
- **Johnson & Johnson & Moderna Inc:** Europe's drug regulator recommended addition of a rare type of spinal inflammation as a side-effect of Johnson & Johnson's COVID-19 vaccine. It was also assessing reports of capillary leak syndrome following inoculation with Moderna's shot. Meanwhile, Moderna applied for approval from Japan's health ministry on Wednesday to use their COVID-19 vaccines for booster shots, broadcaster NHK reported. Japan plans to start administering booster shots from December this year, and has already approved the use of Pfizer COVID-19 vaccines for a third round of vaccinations. If approved, Moderna's vaccine would become the second to be approved for booster shots in Japan. Also, Moderna has offered to sell its COVID-19 vaccines to the African Union at \$7 a shot, head of the Africa Centres for Disease Control John Nkengasong said, half the price paid by the United States earlier in the year.
- **Sony Group Corp:** The company has reduced its PlayStation 5 production outlook for this fiscal year due to component and logistics constraints, Bloomberg News reported on Wednesday. The company has cut down the number of PS5 units assembled for the fiscal year to about 15 million, from its previous target of 16 million units, the report added, citing people familiar with its operations.
- **Tesla Inc:** The company's shares rose in U.S. premarket trading, even after overnight filings showed chief executive and top holder Elon Musk had sold about \$5 billion of the stock over recent days. Investors downplayed the significance of Musk's trading for the stock's outlook, pointing instead to strong car orders and Musk's professed faith in the company, though brokers said it could be a bumpy day in U.S. trade. Separately, star stock picker and noted Tesla bull Cathie Wood of ARK Invest does not appear to be buying the dip in shares of the electric car maker, which have fallen around 13% this week in anticipation of selling by co-founder Elon Musk.

INSIGHT**'December to Forget': Automakers, retailers cut TV ads amid supply chain woes**

For years, luxury vehicle brands have promoted holiday season sales with slogans like Lexus's "A December to remember." But automakers and dealers are on track to spend less on advertising this holiday season, industry executives and analysts said, leaving behind the generous lease deals and discounts of seasons past. A year of supply chain and production disruptions have left auto dealerships with roughly one-third of the normal inventory levels, giving sellers little reason to shell out for splashy holiday ads.

ANALYSTS' RECOMMENDATION

- **Beyond Meat Inc:** Canaccord Genuity cuts target price to \$80 from \$100, following a soft third-quarter and lowered outlook in the face of supply chain and other challenges.
- **Coty Inc:** RBC raises target price to \$14 from \$12, reflecting another strong quarter and a positive outlook.
- **Equifax Inc:** RBC raises target price to \$294 from \$270, after the company unveiled their long-term financial framework, believing cloud transformation and technological leadership will drive further upside to estimates.
- **Vroom Inc:** JPMorgan cuts target price to \$30 from \$55, following a miss in its third-quarter results and weak guidance.
- **Wendy's Co:** Piper Sandler cuts target price to \$24 from \$27, citing the company's tightened guidance reflecting inflationary challenges across food and labor.

ECONOMIC EVENTS

No economic indicators are scheduled for release.

COMPANIES REPORTING RESULTS

No major S&P 500 companies are scheduled to report.

CORPORATE EVENTS (All timings in U.S. Eastern Time)

0800 **Bright Health Group Inc:** Q3 earnings conference call
 0800 **Tapestry Inc:** Q1 earnings conference call
 0800 **Yeti Holdings Inc:** Q3 earnings conference call
 0830 **Organon & Co:** Q3 earnings conference call
 0830 **Paysafe Ltd:** Q3 earnings conference call
 0930 **CACI International Inc:** Annual Shareholders Meeting
 1000 **Atmos Energy Corp:** Q4 earnings conference call
 1000 **CDK Global Inc:** Annual Shareholders Meeting
 1000 **Celsius Holdings Inc:** Q3 earnings conference call
 1630 **Jamf Holding Corp:** Q3 earnings conference call
 1630 **Mister Car Wash Inc:** Q3 earnings conference call
 1700 **Luminar Technologies Inc:** Q3 earnings conference call
 1700 **PagSeguro Digital Ltd:** Q3 earnings conference call
 1700 **Ryan Specialty Group Holdings Inc:** Q3 earnings conference call

EX-DIVIDENDS

There are no major ex-dividends for the day.

(All analysts' estimates are according to I/B/E/S Refinitiv data)

PICTURE OF THE DAY



A long exposure shows a SpaceX Falcon 9 rocket, with the Crew Dragon capsule, as it is launched carrying three NASA and one ESA astronauts on a mission to the International Space Station at the Kennedy Space Center in Cape Canaveral, Florida, November 10. REUTERS/Thom Baur

The Financial and Risk business of Thomson Reuters is now Refinitiv.

(Compiled by Nidhi C Sai and Sourav Bose in Bengaluru)

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