

**EUROPEAN AUTOMOTIVE INDUSTRY:
A RESEARCH ON ITS CAPITAL
STRUCTURE AND DETERMINANT
FACTORS**



By: SOTIRIS STYLIANOPOULOS

Supervisor: Dr. Stefanos Zarkos

Class 1

MSc in Finance

A.L.B.A. 2005

**ALBA
LIBRARY**

TABLE OF CONTENTS

Title	Page
ABSTRACT.....	2
INTRODUCTION.....	3
CHAPTER 1 : CAPITAL STRUCTURE	
1.1 DEBT vs EQUITY.....	5
1.2 CAPITAL STRUCTURE THEORIES.....	7
1.3 CAPITAL STRUCTURE IN THE MANUFACTURING SECTOR....	10
CHAPTER 2 : THE AUTOMOTIVE INDUSTRY	
2.1 THE AUTOMOTIVE INDUSTRY.....	13
2.2 THE AUTOMOBILE INDUSTRY IN EUROPE.....	16
2.2.1 GERMANY.....	16
I. VW.....	16
II. BMW.....	17
III. MERCEDES-BENZ.....	19
IV. AUDI.....	19
V. OPEL.....	20
VI. PORSCHE.....	20
2.2.2 FRANCE.....	22
I. RENAULT.....	22
II. PSA GROUP.....	24
2.2.3 ITALY.....	25
I. FIAT.....	25
II. LAMBORGHINI.....	27
III. BUGATTI.....	27
2.2.4 SPAIN.....	28
I. SEAT.....	28
2.2.5 CZECH REPUBLIC.....	29

I. SKODA.....	29
2.2.6 SWEDEN.....	30
I. VOLVO.....	30
II. SAAB.....	30
2.2.7 UNITED KINGDOM.....	31
I. MG ROVER.....	31
II. MINI.....	31
III. ROLLS-ROYCE.....	32
IV. BENTLEY.....	32
V. JAGUAR.....	32
VI. ASTON MARTIN.....	32
VII. LAND ROVER.....	33
CHAPTER 3: EMPIRICAL EVIDENCE	
3.1 THE RESEARCH.....	35
3.1.1 RESEARCH TARGETS.....	35
3.1.2 THE RATIOS.....	35
3.2 THE RESEARCH METHOD.....	37
3.2.1 THE REGRESSION MODEL.....	37
3.2.2 THE SAMPLE.....	37
3.2.3 METHODOLOGY AND THE MODEL.....	38
3.3 THE RESULTS	
3.3.1 PROFITABILITY & D/E RATIO.....	41
3.3.2 STOCK PRICE & D/E RATIO.....	43
CHAPTER 4: CONCLUSION	
CONCLUSION.....	45
REFERENCES.....	48
APPENDIX.....	54