



AD PUNCTUM

Autos & Mobility Industry Briefing -- 22nd January to 28th January 2018

News is arranged by company and topic. Stories that apply to more than one company or topic are duplicated.

News about the major automakers

BMW (history)

- Executives speaking off the record said the long-awaited deal for BMW and Daimler to merge their car sharing units may reach a final agreement next month. The companies will reportedly continue to operate separate brands, pooling technology and back office functions -- BMW's parking assets will also be part of the agreement. ([Reuters](#))

Daimler (history)

- Reportedly suffering from supply problems with all-electric version of the Smart ForTwo -- waiting times have apparently increased to a year for a new vehicle. ([Manager Magazin](#))
- Executives speaking off the record said the long-awaited deal for BMW and Daimler to merge their car sharing units may reach a final agreement next month. The companies will reportedly continue to operate separate brands, pooling technology and back office functions -- BMW's parking assets will also be part of the agreement. ([Reuters](#))

FCA (history)

- Reported financial results for fourth quarter and full year 2017. Although revenue and deliveries fell slightly (to €110 billion and 4.42 million respectively), adjusted EBIT of €7.1 billion was up 16% on 2016 full year. ([FCA](#))
 - Implication: Although hailed by many as a fantastic final set of full year results by (at some point) outgoing CEO Sergio Marchionne, the company remains in a substantially worse net debt position than its major rivals and has narrowed the portfolio to align with current trends. Profitability stems almost wholly from the US market (FCA isn't alone there) As smart as this may seem, recalling 2007/8 when Fiat's small car and powertrain designs were hailed as the future of Chrysler shows how quickly things can change.
- During the conference call, CEO Marchionne declined to give an announcement date for his successor but said that it would be someone from within the company and they would be "in the room" during the 1st June presentation of the company's future strategy. ([Seeking Alpha](#))

Ford (history)

- Reported financial results for fourth quarter and full year 2017 -- much of which had been disclosed previously. Although revenue and wholesales were up (to \$156.8 billion and 6.61 million respectively), adjusted PBT of \$8.4 billion was down (18)% on 2016 full year, more than explained by North America and Europe. During the conference call, analysts gave the executive team a frosty reception when they didn't provide clear answers to questions about how the company intends to improve. ([Ford](#))

- Announced it will acquire existing partner Autonomic and TransLoc. In addition, Ford's mobility unit created a raft of vice president positions. ([Ford](#))
 - Implication: this may not be the plan, but the acquisition of TransLoc could be bad news for Stratim, who provide some of the technology that underpins Ford's Chariot service, since the two products seem to be overlapping.
- Reached agreement with unions in Valencia, Spain on a three year agreement. Salaries will rise 5% in 2019 with lower awards in 2020 and 2021. The company will also make higher pension contributions. ([Europa Press](#))

Geely (includes Volvo)

- Created a joint venture with VIA Motors (no relation to the ride-hailing app) to hybrid and fully electric trucks. ([VIA](#))

Hyundai / Kia

- Hyundai reported financial results for fourth quarter and full year 2017. Global wholesales of 4.507 million units were down (6.4)% versus 2016 -- more than explained by China. Revenue of 96.4 trillion KRW was up 2.9% and operating income of 4.575 trillion KRW was down (11.9)%. ([Hyundai](#))
- Kia reported financial results for fourth quarter and full year 2017. Global wholesales of 2.708 million units were down (10.3)% versus 2016 -- almost entirely in China. Revenue of 53.5 trillion KRW was up 1.6% and but operating profit of 662 billion KRW was down (73.1)%. ([Kia](#))

Mazda

- Reportedly developing an electric SUV in partnership with Changan that will launch in China by 2019. ([Nikkei](#))

PSA (includes Opel/Vauxhall) (history)

- Reportedly halted planning for the next generation Corsa at Zaragoza and began studying alternative PSA sites that will also make products on the CMP platform. The plant manager wrote to workers to say that competitiveness improvements were a "matter of survival" and that the plant is at the bottom of internal competitiveness measures. The move appeared designed to provoke so far resistant local unions into concessions. ([Europa Press](#))
- Announced Atlanta as the site of its North American headquarters. The site will open in February. ([PSA](#))
- Replaced temporary workers in Germany with existing Opel employees from the Gliwice, Poland, factory as part of measures to cut costs. Although affected workers were deeply unimpressed, unions approved the plan. ([Handelsblatt](#))

Tata (includes JLR)

- Cutting production in Halewood, UK by taking down days in Q2. Although media focus was on the effect of Brexit and diesel sales, ageing of the model line-up and cannibalisation from Velar also appear plausible. ([The Guardian](#))
- Rumoured that the replacement for the XJ luxury saloon will be all-electric. ([Autocar](#))

Tesla (history)

- Announced a new incentive plan for CEO Elon Musk. He will no longer receive a salary and there will be no annual grant of stock. Instead, the company has created a 12 step programme towards a \$650 billion market value, each element of which would release 1% of Tesla's shares to Mr Musk. If he succeeds he will more from one of the wealthiest humans alive to probably the wealthiest. ([Tesla](#))
 - Implication: We can't help but detect a world-class sleight of hand here. By creating a set of milestones for Tesla to become one of world's biggest companies (inflation notwithstanding), in a single move the company has silenced all talk about its medium-term outlook as a going concern. Maybe Mr Musk is motivated by money and not trips to Mars after all? With its focus on EBITDA, revenue and market capitalisation and no mention of cashflow or bottom line profit, Tesla sends a clear signal about the type of investor it welcomes.
- Refuted rumours of problems with Model 3 production, saying that it remained on track to meet its recent ramp-up guidance. ([TechCrunch](#))

Toyota (history)

- Announced €300 million of new investment in its Valenciennes plant in France, adding 300 jobs now and 400 later. The factory will have a capacity of 300,000 units annually for vehicles built on the TNGA platform, suggesting that an additional product will be added alongside Yaris (anyone ever heard of Brexit?). ([Toyota](#))

VW Group (history)

- During an in-house interview Porsche's electronics head said that solid state batteries were unlikely to be in production vehicles until 2025 and lithium air would probably not appear until 2030. ([Porsche](#))
- SEAT is converting 115 temporary employees at its Martorell, Spain, plant to permanent positions. ([VW](#))
- Opened a centre in Beijing to research future mobility technologies and applications. VW now has three such facilities: in Asia, Europe and the USA. ([VW](#))
- Executives said VW's European dealer network will slim down, but not significantly reduce. ([Handelsblatt](#))
- Audi executives are concerned about the impact of WLTP on fleet targets and taxation policy. ([Journal Auto](#))

Other

- **Daimler, BMW and VW** became the focus of anger from animal rights groups after it emerged that monkeys had been subject to car exhaust fumes during research they funded into toxicity. ([Economic Times of India](#))
- **BAIC** will list its electric vehicle subsidiary **BJEV** via an asset swap with an existing publicly traded entity. The deal will value BJEV at around \$4.5 billion. ([Bloomberg](#))

News about other companies and trends ...

Economic / Political News

- Figures released by the **EU** monitoring body showed continued progress towards the 2021 CO₂ fleet targets. 2017 provisional figures will likely be available around April/May. ([ACEA](#))
- **European commercial vehicle registrations** were up 3.2% on the prior year in 2017, totalling 2.4 million units. In December, there was a (3.5)% drop on a year-over-year basis, attributed to one less selling day. ([ACEA](#))
- **Madrid** will implement a city-centre zero emissions zone from June 2018. The zero emissions moniker applies to vehicles wishing to enter the zone -- residents and their guests are treated more leniently. ([Europa Press](#))
- Speaking at Davos, **Chinese** officials said that tariffs on imported vehicles would be reduced "gradually". ([Ecns](#))

Suppliers

- **ZF** has reportedly tapped **Mahle's** CEO to head the company. ([Manager Magazin](#))
- **Prevent Group** took over casting supplier **Halberg Guss**. ([Handelsblatt](#))
- **Gestamp** and Chinese supplier **BHAP** (a subsidiary of **BAIC**) have agreed a joint venture for stamped components. The JV will not include all of Gestamp's Chinese assets and sales to existing (non-BAIC) customers. ([Gestamp](#))
- **Lear** announced fourth quarter and full year 2017 financial results. Annual revenue of \$20.5 billion was up 10% on 2016. Net income of \$1.3 billion was up 35%. ([Lear](#))
- **LG Electronics** reported 2017 full year financial results, saying its vehicle components arm had a 26% increase in revenue on a year over year basis, but that profit dropped due to increased investment and a slowdown in high margin sales. ([LG](#))
- **American Axle** and **Drexler** agreed to partner on electronic differentials for mass market products. ([AAM](#))
- **Bharat Forge** is opening a new research centre in Israel. ([Autocar](#))

Dealers

- Online car marketplace **Carmudi** raised \$10 million to improve its operations in the Philippines. ([Inquirer](#))
- Indonesian used car platform **BeliMobilGue.co.id** raised \$3.7 million in funding. ([Digital News Asia](#))
- Online peer-to-peer car sales platform **CarTrade** is buying a majority stake in **Shriram Automall India** in order to create a physical infrastructure to support its online presence. ([Deal Street Asia](#))

- **Gumtree** and **eBay** have merged their online used car sales businesses in the UK so that there will be two websites, but only a single back office. Vehicles will be listed on both sites. ([Motor Trader](#))
- High numbers of **UK dealers** are in financial distress according to research by an insolvency firm. It says there were over 34% more new and used car dealers in distress (measured court orders to pay debt) compared with a year earlier and 26% of rental and leasing companies are also experiencing problems. ([Motor Trader](#))

Ride-Hailing, Car Sharing & Rental (history)

- Maxi Mobility, the firm behind ride hailing operators **Cabify** and **Easy Taxi** raised \$160 million. The money is reportedly to strengthen existing market positions rather than expand internationally. ([TechCrunch](#))
- Ride hailing firm **Blacklane** (**Daimler** is an investor) raised around \$40 million for expansion. ([TechCrunch](#))
- French ride-hailing app **Heetch** raised an additional €16.5 million. The company hopes to expand in two to three companies each year. ([Journal Auto](#))
- Executives speaking off the record said the long-awaited deal for **BMW** and **Daimler** to merge their car sharing units may reach a final agreement next month. The companies will reportedly continue to operate separate brands, pooling technology and back office functions -- BMW's parking assets will also be part of the agreement. ([Reuters](#))

Driverless / Autonomy (history)

- **Uber's** CEO believes the company will serve fare paying customers with autonomous vehicles within the next 18 months serving fare paying customers. The initial use cases will be limited to certain areas / trips. He forecast that full autonomy, for a given vehicle to operate any trip without limitations, was 10 - 15 years away. ([TechCrunch](#))
 - Implication: As Ad Punctum's previous research highlights, there is plenty of value to be gained from vehicles that can operate autonomously on streets / trips with high frequency routes. Autonomous cars, and on-demand transport are likely to take over street-by-street and city-by-city, rather than someone flicking on an autonomous switch in 2025 and the whole world becomes different overnight.
- Lidar supplier **LeddarTech** and **Optis** announced a partnership to create accurate simulations of lidar signals that could be used in virtual autonomous vehicle testing. ([Optis](#))
- **Waymo** will start testing AVs in Atlanta, but this may not lead to a public ride sharing program. ([Fortune](#))

Electrification (history)

- Jia Yueting, the internet tycoon behind **Faraday Future**, **Lucid** and **LeSEE** saw affiliate **Leshi** say it was seeking equity stakes in the companies in lieu of debts incurred. ([Deal Street Asia](#))
- **Madrid** will implement a city-centre zero emissions zone from June 2018. The zero emissions moniker applies to vehicles wishing to enter the zone -- residents and their guests are treated more leniently. ([Europa Press](#))
- **Jaguar** are rumoured to have decided that the replacement for the XJ luxury saloon will be all-electric. ([Autocar](#))

Connectivity

- **Thales** and **Vector** announced a joint venture focused on cybersecurity in safety critical systems. ([Press Release](#))
- **HERE** will acquire indoor mapping specialist **Micello**. ([HERE](#))

Other

- Flying taxi company **AirSpaceX** say that it plans to have 2,500 aircraft in service by 2026. The flights will have a "reasonable" price point and will use a safety pilot. ([Futurism](#))