



AD PUNCTUM

Autos & Mobility Industry Briefing -- 12th February to 18th February 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

Daimler (history)

- Will not attend the 2019 Detroit show because it believes the CES has become more important. ([Bloomberg](#))
- Will show the new C-Class and AMG GT at the Geneva show. ([Daimler](#))
- Rumours US investigators had found emissions test defeating software were denied by Daimler. ([Manager Magazin](#))

FCA (history)

- Recalling around 230,00 trucks in North America (180,000 in the US) due to problems with the parking brake. ([FCA](#))
- Reportedly updated the uConnect system with a version containing a bug that causes the system to reset every minute or so -- infotainment, heating and camera functions are affected. ([Autonomes Fahren](#))

Ford (history)

- Investing a further \$25 million in its Kentucky plant to increase Navigator and Expedition production, saying that the plant is already working a continuous three shift pattern and over the weekend. ([Ford](#))
- Recalling a small number of Escape and MKC vehicles to correct brake problems. ([Ford](#))
- Wants to reduce the number of expatriate employees in its Chinese business by 30%. ([Ford](#))
- Extended a do not drive warning on vehicles with Takata airbags that have not yet been repaired. ([Reuters](#))

Geely (includes Volvo)

- Proton published an open letter making a series of concessions to help Malaysian dealers improve their profits. ([Malay Mail Online](#))

General Motors (history)

- Is closing the Gunsan, South Korea, plant. The company said that in the last three years plant utilisation has been around 20%. Shutting down operations will cost \$375 million in employee payouts, with another \$475 million of asset write-offs. The company said performance in South Korea needed to improve with a concrete plan by the end of February -- suggesting it close other factories if necessary. ([GM](#))
- South Korean officials were apparently taken by surprise by GM's announcement with insiders saying that trust with the company had collapsed. ([Reuters](#))

Hyundai / Kia

- Hyundai's head of autonomous vehicles said that sales will be driven by ride sharing fleets rather than individual customers. ([Bloomberg](#))

Mazda

- 58% of drivers Mazda surveyed said that they expect more innovation from internal combustion engines trumpeting the results as confirmation that “consumers don’t necessarily share the view of many organisations that the internal combustion engine has no role to play in the future of cars”. ([Mazda](#))
 - Implication: Mazda is missing the point. By its results, 42% of customers think ICEs are finished -- and this is at a time when the sales rate of electric vehicles is in the low single digit percentages. Whether or not the technology is finished -- and there is good reason to believe ICEs can offer quite substantial further efficiencies - - electric vehicles are going to take increasingly large shares of the market and it’s a big call to have a portfolio that lacks depth in the technology.

PSA (includes Opel/Vauxhall) (history)

- Confirmed an all-electric Corsa will be produced from 2020 onwards. There will be four electrified vehicles in the Opel range by 2020. ([PSA](#))
- Opel’s captive finance unit aims to increase its share of Opel sales to 1/3 of vehicles by 2020. It will launch new services, including financing for fleet sales. ([PSA](#))
- Faurecia reported 2017 financial results. Revenue of €17 billion was up 10.6% versus prior year, operating income of €1.17 billion rose 20.6%. ([Faurecia](#))

Renault (history)

- Reported 2017 financial results. Revenue of €58.8 billion was 14.7% higher than 2016. Operating profit rose to €3.9 billion. ([Renault](#))
- CEO Carlos Ghosn said he believes that Renault and Nissan are “well advanced” in understanding how to make money from electric cars and that rising raw material costs are not a threat since battery design is improving. ([CNBC](#))
- As expected, the Renault board recommended that CEO Carlos Ghosn have his contract extended until 2022, calling on him to make the Renault-Nissan-Mitsubishi alliance “irreversible”. ([Renault](#))
- CEO Ghosn said that European customers are “running out of diesel” and that retail customer demand for gasoline was much higher than the current sales rate. He cited the Dacia Sandero as a vehicle where Renault was seeing a particularly large swing in demand. ([Seeking Alpha](#))

Toyota (history)

- Recalling around 22,000 vehicles in North America to correct problems with the fuel system. ([Toyota](#))
- Executives said Toyota is looking at scenarios where individuals have mainly given up their own cars in favour of autonomous services, but those that remain are more like “pure race cars”. ([Economic Times of India](#))
 - Implication: These comments mirror Ad Punctum’s future state hypothesis: privately owned cars will not be eliminated (although numbers will reduce significantly), but they will have to become more compelling and emotional to justify their purchase -- yet still affordable.

VW Group (history)

- Porsche issued a press release championing EVs, in particular the brand drew attention to the acceleration and cornering dynamics that come with good execution. ([Porsche](#))
 - Implication: Ad Punctum’s belief is that electric cars offer performance that is revenue-worthy in its own right and although this may not be sufficient to close the near-term cost gap to an ICE product, its better to make the most of it than leave it on the table. Porsche’s article indicates that acceleration and handling will make up a big part of the Mission E sales pitch to customers.
- SEAT acquired Madrid car sharing company Respiro and its fleet of 200 cars. ([SEAT](#))
- There could be strikes at Škoda after unions rejected the company’s offer of a pay rise in line with inflation. ([Reuters](#))
- VW said that it is producing powertrain units for electric cars (e-up!, e-Golf and Passat GTE) at a rate of around 200 per day. ([VW](#))
 - Implication: Although almost negligible in the overall scheme of things, this suggests an annual run-rate of almost 50,000 units per year -- enough to move VW into the middle of the EV pack.

Other

- Vietnamese company **VinFast** will develop two new cars (a sedan and an SUV) designed by **Pininfarina** selected after feedback from an internet contest. VinFast are aiming for annual sales of 100,000 to 200,000 units by 2025, with the first vehicle launching in 2019. ([Mahindra](#))
- **Ineos Automotive** has contracted a team of 200 engineers from **MBTech** to develop the Grenadier SUV. The company says prototypes will be running in 2018, with production vehicles in 2020. ([Autocar](#))
- **Dyson** are reportedly planning a 10,000 unit run for their first car, with two subsequent vehicles realising higher volumes. ([Autocar](#)).
- US start-up **Hackrod** is aiming to raise \$1 million for development of a 3D printed sports car. ([3D printing industry](#))
- **Morgan** posted 2017 profits of £2 million on revenues of £36 million (up 19% versus 2016). ([Morgan](#))

News about other companies and trends ...

Economic / Political News

- **European** car sales grew by 7.1% on a year-over-year basis, to 1,253,877 vehicles. ([ACEA](#))
- **German** politicians are reportedly at odds over whether any taxpayer money should be used to pay for retrofitting diesel vehicles to meet more stringent emissions criteria. ([Manager Magazin](#))

Suppliers

- **Faurecia** reported 2017 financial results. Revenue of €17 billion was up 10.6% versus prior year, operating income of €1.17 billion rose 20.6%. ([Faurecia](#))
- **Cummins** has acquired the automotive battery business of **Johnson Matthey**. ([Autocar](#))
- **Michelin's** 2017 net revenue was €22 billion and operating income was €2.74 billion. ([Michelin](#)) The company also said that it was buying a 20% stake in German automotive servicing company ATU. ([Michelin](#)).
- **Plastic Omnium** had 2017 revenue of €8 billion, up 15% on 2016, net profit was €425 million. ([Plastic Omnium](#))
- **American Axle** reported 2017 sales of \$6.3 billion and net income of \$337 million. ([American Axle](#))
- **Bridgestone** reported 2017 revenue of 3.6 trillion yen, up 9% on 2016; operating income of 419 billion yen was (7)% lower than prior year. ([Bridgestone](#))
- **Borg Warner** reported its financial results for 2017. Sales of \$9.8 billion rose 8% versus 2016, operating income was \$1.1 billion. ([Borg Warner](#))
- **Dana** reported 2017 financial results, sales of \$7.2 billion increased 24% versus 2016, profit was \$111 million. ([Dana](#))
- **Gestamp** has purchased a stampings plant in Brazil to supply Toyota's operations there. ([Gestamp](#))
- **Honeywell** announced that its COO would become the next CEO and Chairman. ([Honeywell](#))

Ride-Hailing, Car Sharing & Rental (history)

- **Mahindra** purchased a 16% stake in car sharing firm **Zoomcar**. The two are already partnering in a scheme to create more electric car sharing. ([Mahindra](#))
- **Uber** is reportedly in talks to sell its ASEAN business to **Grab** in exchange for a part stake in the company. ([CNBC](#))
- **Uber's** CEO is "pretty darn confident" that the company could be profitable in the near future, if it chose to reduce spending on growth and innovation. He is hoping Uber will have a "path" to profitability in 2019 when it plans to start talking in detail about an IPO. ([Business Insider](#))
- **Uber** lost \$(1.1) billion in Q4 2017 on bookings of \$11.06 billion and net revenue of \$2.26 billion. ([Business Insider](#))
- **Uber** published a white paper about its vision for work in Europe, arguing that it provided a useful opportunity for freelance work that could help people earn, and championing the gig economy in general. ([Uber](#))
- South Korean ride hailing company **Kakao Mobility** has acquired car pooling start-up **Luxi**. ([Deal Street Asia](#))
- **Lyft** is trialling a new partnership in Baltimore where users can book a bike rental and be dropped off at the bike sharing station. ([Lyft](#))
- **SEAT** acquired Madrid car sharing company **Respiro** and its fleet of 200 cars. ([SEAT](#))

Driverless / Autonomy (history)

- **Hyundai's** head of autonomous vehicles said that sales will be driven by ride sharing fleets rather than individual customers. ([Bloomberg](#))
- **Waymo** has received a permit to operate commercial ride-hailing services in the state of Arizona, where it already has a test fleet. ([Quartz](#))
- A report by the **London Assembly** (regional government) said that the city would not be ready for driverless cars before 2030, and urged the adoption of car sharing instead. ([Bloomberg](#))
- Mining company **Rio Tinto** said that it would increase its 80 vehicle autonomous mining truck fleet to 140 units by 2019, citing substantial increases in productivity and cost reductions. ([Rio Tinto](#))
- Driverless buses are going into operation at **Fukushima**, reducing the number of people at the site. ([Japan Times](#))
 - Implication: This is a high-profile example of a niche use-case area that autonomous vehicles will very soon be commercially capable -- shuttle services on closed, or low volume roads. Although these applications will not create demand for millions of vehicles, they will provide valuable learning and demonstration of the value and safety record of AVs.

Electrification (history)

- **Mahindra** unveiled an electric platform called MESMA that can accommodate a range of battery sizes between 21 kWh and 54 kWh (in extended wheelbase form). Initial production vehicles will be released before 2021. ([Autocar](#))
- **Faraday Future** has reportedly raised a further \$1.5 billion, over \$500 million of which is in the bank. The company held a special presentation to reassure suppliers and a smaller product, dubbed FF81 is now rumoured to be in development. ([Business Insider](#))
- **China** has changed its subsidy scheme for electric cars. Vehicles with a range of beyond 400km now receive a larger incentive, while the qualifying level for any amount has been raised to a range of 150km. ([Bloomberg](#))
- 70% of respondents to a **Spanish** survey believe all cars will soon become electrified. ([Facon Auto](#))

Connectivity

- **Denso** took a stake in cloud-based software development firm **Creationline**. ([Denso](#))
- **PayByCar** announced an agreement to use toll payment systems from **E-ZPass** to provide a aftermarket in-vehicle payments system. ([Xconomy](#))

Other

- An Australian university is developing a bodywork repair robot that uses 3D printed parts. ([3D Printing Industry](#))
- Ride hailing firm **Careem** acquired a restaurant listings firm to help it enter the food delivery market. ([Reuters](#))