



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 12<sup>th</sup> March to 18<sup>th</sup> March 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 invest, along with a joint venture partner, to expand facilities in Thailand to produce electrified vehicles and batteries. ([Daimler](#))

#### Ford (history)

- Gave an in-depth new product presentation confirming it will make a small “rugged” SUV in addition to the Bronco. The company also plugged its bundled driver assistance suite called co-pilot360, measuring it against a carefully-selected set of not-best-in-class competition. The presentation included an array of examples to prove progress was being made in the battle for “fitness”, many of which predate the current management team. ([Ford](#))
  - Implication: the presentation was long on words and short on new detail. Aside from the rugged small SUV, the company appears to have reduced its near-terms electric vehicle plans. In January Ford promised [seven BEVs by 2022](#). Without explanation, that number is now six. During the event, Ford also showed “several hundred” journalists a set of “never-before-seen” concepts (which one imagines includes the Bronco and rugged small SUV) on an off-the-record basis. ([TechCrunch](#))
- Ford said that in a few years only 14% of vehicles sold by the brand in North America will be cars. ([Ford](#))
- Issued a recall for around 1.4 million vehicles in North America to correct problems with steering wheel bolts, a further 6,000 vehicles for clutch problems. ([Ford](#))
- UK unions called for Ford’s two engine plants, at Dagenham and Bridgend, to be “repurposed for new electric models or battery technology”. Ford dismissed the suggestion. ([Auto Express](#))
  - Implication: With the technical competences of engine building sharing little with battery and electric component production (a claim backed up only by my years of shop floor precision machining experience), it is hard to see the industrial logic for carmakers. Unions have been slow to appreciate the looming jobs crisis for those making engines and transmissions -- the time to call for action line this was several years ago.

#### Geely (includes Volvo)

- Volvo said that the Polestar 1, a plug-in hybrid sports car, would retail for over €130,000 -- the brand would prefer for customers to rent it instead. ([Electrek](#))

#### General Motors (history)

- Reportedly planning peer-to-peer short term rentals through Maven -- although new to the US, GM had a scheme in Europe when Opel ran a service underpinned by Tamy called “Car Unity”. ([Bloomberg](#))
- Is investing \$100 million to update the factory that makes the Chevrolet Bolt, giving it the capability to produce the autonomous version starting in 2019. The investment will also create a sensor suite assembly line nearby. ([GM](#))

## Hyundai / Kia

- US regulators are reviewing Hyundai and Kia vehicles for a potential safety risk where airbags might fail to deploy in the event of a head-on collision to see if there is a systemic problem with the design. ([Reuters](#))

## Mazda

- Announced a collaboration with two Japanese companies, ELIYY Power and Uber Industries to develop lithium ion batteries as a replacement for lead acid starter motor products. If successful, the collaboration appears to have 48V systems in its sights. ([Mazda](#))
  - Implication: It remains to be seen what competitive advantage this might bring Mazda. Although the lead acid technology is old, it has remained in use for 12 volt systems because, in no particular order, it is: cheap, reliable, recycling is cost neutral, apparently not in any danger of a capacity / commodity squeeze.

## Nissan (includes Mitsubishi)

- The Renault Nissan Mitsubishi alliance announced a series of joint appointments to strengthen shared operational teams. Many of the announcements were matched pairs. As part of the move, cooperation with other OEMs, such as Daimler, was made an alliance responsibility rather than sitting with the individual companies. ([Nissan](#))
- Aiming to produce cars with solid state batteries by 2030, with 2025 as an internal stretch objective. ([Next Green Car](#))

## PSA (includes Opel/Vauxhall) (history)

- Partnering with the Namibian government to create a local assembly plant with a capacity of 5,000 units per annum. Initial products will be the Peugeot 3008 and Opel Grandland X. ([PSA](#))
- Faurecia said it had invested in Enogia, a maker of turbines that convert recovered heat into electricity. The product is currently aimed at commercial vehicles and heavy industrial applications. ([Faurecia](#))
- The company's Chinese joint venture is reportedly struggling from warring factions of Peugeot and Citroen representatives, a muddled portfolio and a series of ill-planned office moves. ([China Daily](#))

## Renault (history)

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## Tesla (history)

- Said it had improved Model S and Model X production efficiency and that 100,000 vehicles could be produced on a two shift pattern with minimal overtime, as opposed to a three shift pattern and lots of overtime before. It wasn't really clear if this is new information since Tesla had previously told investors in 2015 that it could produce around 150,000 units per year (which would work out at 100,000 on two shifts), or it had just taken the company two years to fully ramp-up -- bad news for Model 3 if so. ([Reuters](#))
- Reportedly recently raised prices at supercharger stations by between 20% and 40%. The new charging costs are around \$0.20 per kWh, which Tesla says is to recover the cost of electricity, making it difficult to explain how it will be able to give Tesla Semi owners electricity at a fixed price of \$0.07 per kWh. ([Electrek](#))
- Employees speaking off the record said that Model 3 production was plagued by awful quality that led to substantial rework before parts were suitable for vehicle fit. ([CNBC](#))

## Toyota (history)

- Toyota announced a 3.3% pay increase for workers in Japan. ([Reuters](#))
- Completed a long-term sales agreement with Avis to sell and incremental 10,000 vehicles. Although sales to major daily rental companies are normally considered a bad thing for margin, Toyota talked up the benefit of the connectivity suite it would provide. ([Toyota](#))

## VW Group (history)

- Said that it would have 16 factories producing electric vehicles by 2022 and that the company had awarded €20 billion of contracts for batteries. From 2019 the company will launch a new electric vehicle “virtually every month”. ([VW](#))
- Audi showed teaser images of the e-tron GT, Audi’s third all-electric car to be launched in 2020 (after e-tron SUV and sportback models). ([Audi](#))
- Porsche said that it will make a total investment of €1 billion in the Mission E factory and will spend €6 billion on electromobility by 2022. ([Porsche](#))
- The VW brand said it aims to break even in all regions by 2020 and that 9,350 people have signed early retirement contracts and that fleet CO<sub>2</sub> targets “remain a major challenge”. By the end of 2020, VW will only produce electric vehicles at its Zwickau plant, forecasting a production rate of up to 330,000 vehicles per year, re-iterating that the ID “will cost just as much as a comparable diesel model”. ([VW](#))
- Lamborghini executives said that a move to hybrids might see the brand get rid of turbos and sell naturally aspirated engines that were closer to its DNA. ([Autocar](#))
- VW and Audi dealers in Germany fear a cull in the rural network is coming after many dealers have been told that their contracts are unlikely to be renewed beyond 2023 and access to models is being restricted. ([Autohaus](#))
- Idled production of the US model Passat for two weeks due to declining demand, some of the capacity will be switched to the Atlas SUV. ([Times Free Press](#))
- VW’s inhouse sausage factory reported a (6)% decline in shipments for 2017 on a year over year basis compared with 2016, falling to 6.8 million currywursts. The plant’s 30 employees appeared unperturbed. ([VW](#))
  - Implication: Mention capital discipline, I dare you.

## Other

- **Eicher Motors** said it was closing its truckmaking joint venture with US group **Polaris** after sales failed to meet expectations. ([Deal Street Asia](#))
- **Scuderia Cameron Glickenhaus** will use a **Nissan**-sourced V6 engine in its SCG0004S car, of which it hopes to sell 250 examples per year. ([Autocar](#))
- **Aston Martin’s** CEO said that the company has “more than two” mid-engined cars in development (the Valkyrie supercar and a Ferrari 488 rival have already been confirmed). ([Autocar](#))
- **McLaren** executives said that although the company was planning for around 50% of sales to be hybrid by 2022, there are no plans for an all-electric car “in the immediate future”. ([Bloomberg](#))

## News about other companies and trends ...

### Economic / Political News

- **European** passenger car sales in February reached 1,125,397 units, up 4.3% on a year over year basis. ([ACEA](#))

### Suppliers

- **Magna** invested \$200 million in **Lyft** and the two parties will develop self-driving vehicles for use on Lyft’s network. Importantly, the deal appears to give Magna access to Lyft’s data, a privilege which previous investors, such as **GM** and **JLR** seem to have failed to secure. ([Magna](#))
  - Implication: If the project is a success then this could finally be Magna’s chance to sell their own vehicle, having previously largely wholesale engineered projects for others (e.g. BMW X1)
- **Schaeffler** opened new offices in Silicon Valley to capture the start-up spirit. ([Schaeffler](#))

### Dealers

- UK start-up **Drover**, which offers vehicle ownership on a monthly basis, raised £5.5 million. ([TechCrunch](#))
- UK used car website **VCARS** has been acquired by the **AA**. ([Automotive Management](#))

## Ride-Hailing, Car Sharing & Rental (history)

- **Lyft** appears to be testing the price sensitivity of its customers by offering package subscription deals for 30 rides per month with prices varying between \$199 and \$300 for identical products. ([Engadget](#))
- **Lyft** said that it reached \$1 billion of revenue in 2017 and is serving 10 million rides per week. ([TechCrunch](#))
- After selling its stake in DriveNow to **BMW**, **Sixt** is planning its own short term car rental service, which it will bundle with more traditional car rental and taxi products. ([Manager Magazin](#))
- **Zūm**, a US ride hailing service aimed at children, raised a further \$19 million. ([Press Release](#))

## Driverless / Autonomy (history)

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- A test car owned by **Uber** had a fatal collision with a pedestrian whilst in automatic mode. ([The Guardian](#))

## Electrification (history)

- **Rimac** announced a joint venture with China's **Camel Group** (one of Rimac's investors) to build an electric vehicle components factory in Hubei province, China. Rimac will take a 40% stake in the business. ([China Daily](#))
- **EVeolocity** founder Stefan Krause said the company has around \$1 billion in investments and commitments. The company has grown to include 100 staff and wants 300 by year end 2018. ([Forbes](#))
  - Implication: EVeolocity becomes the latest company with an all-electric, three car line-up and a claimed \$1 billion in funding, a list that is getting almost too long to remember. Investors may want to watch the seminal 2000 motion picture Bring It On and pay particular attention to Sparky Polastri's spirit fingers routine and the aftermath of the team's display at regionals to see how this one ends.
- **Nissan** aims to produce cars with solid state batteries by 2030, with 2025 as a stretch objective. ([Next Green Car](#))

## Connectivity

- **Cylus** emerged from stealth mode as a cyber security company dedicated to railways, looking at signalling networks and fleets of rolling stock
  - Implication: Although at present the focus is on cyber security for communication into the vehicle, the challenges in railway networks appear strongly correlated with those facing fleets of self-driving vehicles as it becomes necessary to monitor for erratic behaviour in the fleet, beyond protecting the communication with individual cars. It's all very well making sure my car is secure but what if it relies on information from another vehicle that has been compromised and is sending rogue signals?
- **Link Motion** and **Irdeto** created a vehicle cyber security product based on the latter's security software and the former's connected car platform. ([Telematics News](#))

## Other

- Bicycle sharing network **Ofo** raised \$866 million, after a mammoth \$700 million round last year. ([TechCrunch](#))
- **Kitty Hawk** said its flying car was close to certification in New Zealand. According to the company, the vehicle is inspired by the DeLorean from Back to the Future. Anyone who looks at the pictures may disagree. ([Kitty Hawk](#))