



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 11<sup>th</sup> June to 17<sup>th</sup> June 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)

- Recalled almost 775,000 vehicles across Europe to correct disputed emissions control software without admitting wrongdoing. ([BBC](#))
- German media reporting of the diesel recall took aim at Daimler CEO Zetsche, criticising both his management approach and the way he had conducted discussions with the German government. ([Handelsblatt](#))
- Ford and Daimler are ending their fuel cell development joint venture. ([Reuters](#))

#### **Ford** (history)

- Ford and Daimler are ending their fuel cell development joint venture. ([Reuters](#))
- Recalling around 9,000 vehicles in North America to fix fuel pump, transmission and braking problems. ([Ford](#))
- Wants to work harder on sourcing in India; Ford says its tier 1 suppliers are 85% local but tier 2s are only 60%, meaning that import tariffs are still largely incurred -- the company is aiming for 90% localisation. ([Autocar](#))
- A profile of Argo AI said the company currently has 330 employees. ([WSJ](#))

#### **Geely (includes Volvo)** (history)

- Volvo invested in lidar company Luminar. Toyota previously said they will use the company's products. ([Volvo](#))
- Volvo has set a goal of using recycled material for at least 25% of the plastic in its new cars from 2025. ([Volvo](#))
- Polestar returned as a sports sub-brand on mainstream vehicles under the "Polestar Engineered" banner. ([Volvo](#))

#### **General Motors** (history)

- Reportedly considering a listing of Cruise, but not until the business has developed further. ([Bloomberg](#))
- Announced a new CFO, effective 1<sup>st</sup> September. ([GM](#))
- Released its latest sustainability report. ([GM](#))
- GM's CEO said the company has no projects underway with Lyft. ([Reuters](#))

#### **Hyundai / Kia** (history)

- Sojitz, Hyundai's local partner in Pakistan, said its factory would be completed in December 2019 and the brand was aiming for a market share of 6% by 2024. ([Sojitz](#))

#### **Nissan (includes Mitsubishi)** (history)

- Nissan announced long term targets for its expansion plan covering Africa, the Middle East and India; there were few specifics about how Nissan intends to accomplish its goals. ([Nissan](#))
- Said that ultrahigh tensile steel was a key element of its weight reduction strategy, with a target of 25% usage by weight (at an unspecified point in the future) -- it already overachieved this figure in the new Infiniti QX50. ([Nissan](#))

- Announced that annual synergies from the Renault-Nissan-Mitsubishi alliance reached €5.7 billion in 2017, up from €5 billion in 2016 driven by new measures such as including Mitsubishi in spare parts, retail financing and benchmarking. ([Renault](#))

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

- Executives said that PSA wants to be a fast follower rather than first mover on electric vehicles. ([Automotive News](#))
- Appointed a new CFO, promoting the current CFO of Opel. ([PSA](#))
- Said that the cost of development for new Opel models had been reduced by between 20% and 50% through integration into PSA and component sharing and that by 2024 all Opel and Vauxhall passenger cars will be on PSA platforms. ([Opel](#))
- Faurecia signed a strategic partnership with FAW Group, with a view to partnering in the development of a high quality interior for the Hongqi brand. ([Faurecia](#))
- Introducing an upgraded four cylinder petrol engine family from 2022 onwards based on PSA's (not GM's) current 1.6 litre engine. ([Opel](#))
- Workers at Peugeot Scooters (PSA owns 49%, 51% held by Mahindra) are becoming restless over the failure to provide a compelling recovery plan. If workers become disaffected, Sochaux is a likely target. ([Les Echos](#))

### Renault (history)

- Announced that annual synergies from the Renault-Nissan-Mitsubishi alliance reached €5.7 billion in 2017, up from €5 billion in 2016 driven by new measures such as including Mitsubishi in spare parts, retail financing and benchmarking. ([Renault](#))
- CEO Ghosn said that Nissan's CEO had been misquoted in saying a Nissan-Renault merger had "no merit" but instead had simply pointed out that a period of consideration to assess merits was required. ([Bloomberg](#))
- CEO Ghosn implied in an interview that he will step down before the end of his contract in 2022. ([Les Echos](#))
- Will invest more than €1 billion in electric vehicle development and production in France, with three sites for vehicles and one for motors. Renault said production capacity of Zoe will double and the Douai factory will begin production of a second electric platform, to be shared with Nissan and Mitsubishi. ([Renault](#))
- Said the local partner had acquired the land for the forthcoming Pakistani factory and construction will begin before the end of the year, with vehicles rolling off the line in 2020. ([Renault](#))

### Suzuki

- Announced the transfer of all equity in its Chinese JV, Changhe Suzuki, to its local partner. ([Suzuki](#))
- Diesel decline isn't only a European phenomenon, Maruti Suzuki ended production of diesel powered Ignis compact cars in India citing low demand. ([Times of India](#))

### Tata (includes JLR) (history)

- Will move production of the Discovery to Slovakia when its new plant opens there in 2019. Previously JLR indicated that some production would remain in the UK. JLR said the potential job losses which could result at the Solihull plant would come from temporary staff and was a "tough one". Sources speculated the decision was made to free up space in Solihull for the Jaguar J-Pace. ([JLR](#))
- Launched a new subscription service called Carpe that offers 12 month contracts without deposits. At present the scheme is UK only, and not that cheap. Range Rover Evoques start at £1,176 per month (all inclusive). ([JLR](#))
- 33% of respondents to an online poll about the I-Pace's artificial in-cabin sound said they hated it. ([The Verge](#))

### Tesla (history)

- Is cutting around 9% of its workforce, almost all of whom are salaried staff, implying a cut of towards 20% of that group. CEO Musk cited duplication of roles and the need to cut costs. Within the job cuts lies a reorganisation of some of the US retail sales channel. ([Business Insider](#))
- Elon Musk's management style and rhetoric were criticised by factory employees. ([The Guardian](#))

- Tesla's director of AI gave a presentation outlining some of the issues the company is grappling with as it improves its machine learning. He put a heavy emphasis on the importance of data labelling and drew attention to the practical challenges in undoing previous labelling decisions. ([Electrek](#))

## Toyota (history)

- Announced a \$1 billion investment in Grab, a seat on Grab's board and an executive rotation program. ([Toyota](#))
  - Implication: Compared to rivals, Toyota has far more cash on hand to experiment with new mobility services so although this represents the single largest investment of any OEM the company probably feels comfortable with it. By securing the executive appointments, rather than simply board seats, Toyota is getting an opportunity to learn about the business in a way the likes of GM (Lyft) and VW (Gett) said they would but only Daimler (myTaxi) seems to actually be doing.
- Executives said company was taking a "strategic look" at the Lexus IS and GS sedans, implying there may not be a like-for-like replacement. ([Autocar](#).)

## VW Group (history)

- Fined €1 billion by prosecutors in Germany over its role in the diesel crisis. There were two elements: an actual fine of €5 million, and a "disgorgement of economic benefits" of €995 million. ([VW](#))
- Held a future mobility day where a range of technologies were shown to investors and media. ([VW](#))
- Gave a series of presentations at the CEBIT show, of potential interest are: VW's procurement bot and the way the company is thinking about the tiers of value in autonomous vehicles. VW showed an ItalDesign-badged flexible autonomous platform with pods that could be swapped over but this appeared to be aimed at pods that could go on land or sky rather than re-using the road-going platform. ([VW](#))
  - Implication: VW's slides don't mention, or build a case for, the profit potential of data, yet only recently Audi articulated a set of revenue and profit goals from data-derived services. Is the thinking joined up, or have VW Group hit on such an amazing scheme that they are trying to distract attention by talking about other things?
- Audi's CEO was named a suspect in the German investigation into the diesel scandal and had his home raided. During the week, VW's board debated a response but took no action. He was subsequently arrested. ([Detroit News](#))
- Škoda is reportedly investigating the use of an outside contract manufacturer to increase capacity. ([Reuters](#))
- Porsche's consulting company said it would increase staff by about 20% and open two new offices. ([Porsche](#))
- Audi will offer e-tron owners an at-home package of solar charging, battery storage and vehicle charging in partnership with two specialists. ([Audi](#))
- Audi will continue to use Ballard to supply fuel cell stacks for development vehicles until at least August 2022. The combined development services and component contract is worth between \$62 million - \$100 million. ([Ballard](#))
  - Implication: The agreement on such a large contract implies that Audi are continuing serious development on fuel cells, alongside their electrification program.

## Other

- **Malaysia's** new (and past) prime minister said that the country needs a new national car company now that **Proton** is in foreign hands and hopes to find partners in ASEAN. ([Straits Times](#))
- **Apollo** said they would use **HWA** to assist in development of the IE supercar. ([Apollo](#))
- **BYTON** confirmed it had completed a series B round, raising \$500 million. ([BYTON](#)) According to their paint shop supplier, Byton's factory will have capacity for 150,000 units annually. ([Dürr](#))
- **Subaru's** CEO announced he was demoting himself following the completion of the company's investigation into final inspection irregularities. ([Subaru](#))
- Solar powered vehicle maker **Lightyear** said their 2025 volume target is more than 50,000 units per year and more than one million units per year in the 2030 to 2035 timeframe. ([Lightyear -- video at 12:00](#))

## News about other companies and trends ...

### Economic / Political News

- **European** passenger car sales for May of 1,398,913 units were up 0.8% on a year-over-year basis. ([ACEA](#))
- **BAIC's** chairman believes one third of Chinese manufacturers will be forced out of business by 2022. ([Just-Auto](#))
- US union, the **UAW** elected a new president. ([Detroit News](#))

### Suppliers

- **Magna** formed two JVs with **BAIC** (having earlier agreed to engineer an electric vehicle for them). The JVs will cover vehicle engineering and manufacturing and envisage an existing BAIC plant with 180,000 units per annum capacity producing units from 2020 onwards. ([Magna](#))
- **Bharat Forge** took a stake in heavy vehicle electric powertrain provider **Tevva Motors**. ([Autocar](#))
- **ZF** unveiled a new suspension product, dubbed sMOTION, that significantly reduces cabin movement. The company pointed to the rise of autonomous vehicles as a likely source of demand. ([ZF](#))
- **Adient's** CEO resigned amid rocky financial results and has been replaced on an interim basis. ([Adient](#))
- **BorgWarner** said it would restate financial results for 2015 and 2016. ([BorgWarner](#))
- **Honeywell** said, post-spinoff, its transportation systems business will be called **Garrett**. ([Honeywell](#))
- **Martinrea** opened a new technical centre in Detroit, partly due to talent shortages in Canada. ([Adhesives.org](#))
- **Faurecia** signed a strategic partnership with **FAW Group**, with a view to partnering in the development of a high quality interior for the Hongqi brand. ([Faurecia](#))

### Dealers

- Chinese used car platform **Cheduoduo** raised \$17.7 million in a series A. ([Deal Street Asia](#))

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

- **Chubb** and **SURE** launched an on-demand insurance product for ride hailing passengers, so that they are covered for death or injury costs in the event of an accident. Since the service operators already have their own insurance coverage in place, it isn't clear what the market demand for the product will be. ([Press Release](#))
- **Didi** said that its next international market will be Australia. ([Economic Times of India](#))
- **Toyota** made a \$1 billion investment in **Grab** and took a seat on Grab's board. ([Toyota](#))

### Driverless / Autonomy (history)

- **Magna** announced a partnership with **May Mobility**. Magna will carry out the final assembly and fitting of shuttles to May Mobility's specification. ([Magna](#))
- Rental company **Enterprise** will run **Voyage's** fleet of AVs and says it is lining up other customers. ([Bloomberg](#))
- **Volvo** invested in lidar company **Luminar**. **Toyota** previously said they will use Luminar's products. ([Volvo](#))

### Electrification (history)

- The Chinese city of **Shenzen** said that all taxis in the city must be electric. ([China Daily](#))
- After **Deutsche Post** parted ways with the executive who championed **StreetScooter**, media reporting implied the division's future could be affected by forthcoming restructuring. ([Handelsblatt](#))
- **Porsche** launched a charging station consolidation service. For a monthly fee of €2.50, users can charge at a wide range of different providers (nearest site recommended via integration with the car's navigation) and the app will handle payment electronically (on top of the monthly fee). Porsche says that "in principle" owners of other brands can use the same service. ([Porsche](#))

### Connectivity

- **Turo** said it was working with several OEMs to integrate remote access for its peer-to-peer users into factory-spec connectivity, citing **Mercedes** as an exemplar. ([Autocar](#))
- Mapping start-up **Mapfit** announced investment of \$5.5 million. ([TechCrunch](#))

- **RideOS** will provide mapping services to **Ford's** Autonomic division. ([rideOS](#))

## Other

- Parking provider **ParkinGo** announced an ICO to raise \$10 million. Despite the appearance of blockchain, the scheme bears all the hallmarks of a traditional pre-payment for parking. ([ParkinGo](#))
- Elon Musk's **Boring Company** won a contract to construct Chicago's high [speed](#) airport link. ([IEEE Spectrum](#))
  - Implication: the plan calls for high speed electric shuttles, the source remains unspecified, but presumably a design could share much in common with the **Tesla Semi**.
- Bicycle rental operator **Ofo** held a fire sale of unused bicycles in Singapore. The sale price of S\$50 was substantially less than Ofo's reported unit cost of 335 RMB. ([Technode](#))
- Scooter rental company **Bird** is reportedly on the cusp of another funding round -- and a £2 billion valuation. ([TechCrunch](#))
- 3D printing company **Virtual Foundry** released a new type of filament that lets desktop 3D printers create metal objects. It works by wrapping the metal inside a plastic binding until the material is deposited and then chemically finishing the process in a kiln. ([3D Printing Industry](#))