



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 3<sup>rd</sup> September to 9<sup>th</sup> September 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)

- Investing €100 million to build a driving simulation centre that will commence operations in 2020. BMW touts the planned 14 simulators and labs as a significant benefit in developing autonomous vehicles. ([BMW](#))
- Will launch a proprietary voice controlled digital assistant in vehicles, starting next year. BMW says the system will be able to interact with third party services such as Alexa ([BMW has already created an Alexa skill](#)) and Siri. The BMW system will let users choose their own name -- BMW suggests Charlie or Joy as options to be considered. All cars with BMW OS 7.0 and greater will be capable of using the system. ([BMW](#))
  - Implication: BMW's overview of functionality appears to mirror the Mercedes system currently on the market.

#### Daimler (history)

- Launched production of the Sprinter in a new facility that will employ 1,300 workers once capacity has fully ramped up by 2020. The new facility is said to have cost \$500 million. Amazon was announced as a customer for 20,000 vans for use by its delivery agents. For context, annual volume of the van in the US has been about 26,000 units. ([Daimler](#))
- Unveiled the production version of the EQC all-electric SUV ahead of sales starting in 2019. ([Daimler](#))
- CEO Zetsche said battery electric vehicle sales in 2025 were now considered more likely to be at the lower end of the company's 15% to 25% of total expectation, based on new bottom-up analysis. ([Automotive News](#))
- CEO Zetsche said the company was spending more than the intended €10 billion on electric vehicles but declined to quantify the overrun. ([Bloomberg](#))
- Said it has received 2,000 pre-orders for the EQC in Norway. ([Reuters](#))

#### FCA (history)

- Investing \$30 million in autonomous testing facilities at its Michigan proving grounds. ([FCA](#))
- New CEO Manley will announce a reorganization of the executive team by the end of the month. ([Reuters](#))
- Workers at FCA's Serbian plant, which builds the 500L, are concerned about overcapacity. The reported line rate is 410 vehicles per day and unions expect the factory to only work around 150 days this year (the normal level is around 230). The plant has a capacity for around 300,000 cars but will produce only 60,000 in 2018. ([B92](#))

#### Ford (history)

- Yet another Jim Hackett profile said the company cancelled its planned electric vehicle just weeks before the 2018 Detroit show and the Mach 1 (the product replacing it in the cycle plan) preview was light on detail because the company had only just begun working on it. CEO Hackett said the company was "four or five months" behind on the rate of progress he expected to make when taking the job. On the possibility of closing down operations in various countries he says "Hackett's bias is that the Ford brand is iconic" and that "one of my last options is to shut down the Blue Oval in a market. I'd rather never do that". ([Forbes](#))

- Off the record sources have said that Ford is focused on reducing staff in South America and Europe, with the North America region expected to be shielded from any significant restructuring. The plans may reportedly be announced by the end of the year as work with external consulting groups is said to have been under way for several weeks. The concept of selling the operations in any region are reportedly off the table as the company does not want to hand control of the blue oval to anyone else. ([Detroit News](#))
- Working on a next generation infotainment system that will feature a larger screen and appear in the new Mach 1 electric vehicle. Ford claims the system was developed in 90 days. ([Forbes](#))
  - Implication: Whilst Ford's recognition of the shortcomings of its existing system are welcome, waiting to introduce it for several years until a new vehicle turns up shows the development process is still far from agile.
- Donald Trump tweeted that his new tariffs on Chinese imports meant Ford could make the Focus Active in the USA after all, but Ford said that wasn't going to happen. ([Economic Times of India](#))
- Issued a recall of 2 million F-Series pick-ups to correct problems with seat belt mechanisms that could create sparks inside the body, ultimately leading to fires. ([Ford](#))
- Released an image of the Mach 1 electric car, showing a Mustang influenced rear. ([Ford](#))
- Stopped all US national advertising campaigns for Fusion, Focus and Taurus, redirecting the money towards SUVs instead. Ford said it preferred discounting the cars to advertising them. ([Automotive News](#))
  - Implication: Ford is reversing a recent formula that said well-positioned marketing was preferable to discounting.

### Geely (includes Volvo) (history)

- Volvo's CEO said the company was delaying its IPO because market conditions are too volatile. ([Reuters](#))
- In cooperation talks with Geely about sharing hybrid electric technology. ([Euro News](#))
- Volvo's CEO had his contract extended to 2022. ([Volvo](#))
- Volvo unveiled the 360c autonomous concept car. Volvo says the 360c, with its lounge-like cabin, could become a viable alternative to short haul air travel. Onlookers who remember the [Mercedes-Benz F015](#) might have a sense of déjà vu. ([Volvo](#))
- Proton announced that its new SUV will be called the X70. ([Proton](#))

### General Motors (history)

- Investing \$28 million in its Michigan battery development lab. ([Detroit News](#))
- Issued \$2.1 billion in unsecured debt, partly to fund pension obligations in the UK and Canada. ([GM](#))
- Trademarked "Drivescription" in the US, potentially for use in a future subscription service. ([GM Authority](#))

### Hyundai / Kia (history)

- Activist investor Elliott Management wrote an open letter to the company saying it was unhappy with the pace of progress and that Hyundai had fallen silent on the restructuring it previously asked for. ([Reuters](#))
- Invested in multi-modal app Migo. ([Hyundai](#))
- Local managers said Hyundai will soon build two new models in Turkey, both based on the i20, with a saloon and SUV set to be released. ([Daily Sabah](#))

### Nissan (includes Mitsubishi) (history)

- Looking to expand in the Indian market with twice as many sales and service points (270 today) by 2021. The product strategy will be reshaped with Nissan concentrating on the higher end of the market and more vehicles from the Datsun brand to cater to budget conscious customers. The company will also hire 1,500 people at Indian technical centres. ([Nissan](#))
- Increased the range of remanufactured parts available in a bid to retain customers once the warranty period expires by offering lower prices; Nissan says about by 30%. In addition, it is expanding the offering of lower cost consumables. Less clear is how Nissan plans to market the parts to retail consumers and incentivise dealers to offer them. ([Nissan](#))
- Nissan's design chief seemingly confirmed the company is working on a new Z (sports) car. ([Which Car](#))

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

- Developing a voice-based digital assistant in collaboration with SoundHound for launch in 2020. ([PSA](#))
- Following earlier rumours that it was looking to spin-off part of Opel's Rüsselsheim development centre, PSA confirmed it is in talks with French engineering services provider Segula to take over testing facilities for vehicles and powertrain and 2,000 engineers based at the site. Part of the pitch to employees is that Segula aims to deliver non-automotive projects that will make up for the drop in work from GM. ([Opel](#))

## Renault (history)

- Will stop selling rebadged Dacia models as Renaults in emerging markets, preferring to concentrate on the more recent strategy of building Western European looking vehicles on its value (i.e. Dacia) platform. ([Automotive News](#))
- Said about 55% of Dacia buyers remain loyal to the brand on renewal and about 10% of sales came from Renault customers. ([Automotive News](#))

## Suzuki

- Planning four battery electric vehicles for launch in India by 2021 (some of which may run 72V rather than a higher voltage system) and a range of 12V to 72V hybrids in partnership with Suzuki. ([Economic Times of India](#))
- Confirmed the transfer of all equity in its Chinese JV to the local partner (Changan) and that Suzuki badged vehicles will continue to be made under licence. ([Suzuki](#))

## Tata (includes JLR) (history)

- JLR released a retro-look stereo with smartphone integration and a small touch screen that can fit a single DIN slot of the type used by older vehicles. The unit costs £1,200, plus fitting. ([JLR](#))
- Recalled Tata Tigris to rectify emission issues. ([Tata](#))

## Tesla (history)

- Tesla's chief accounting officer resigned after only a month on the job. A bland statement released by Tesla said he still believed in the company and there were no problems with the accounts. Reporters said he felt disrespected by Musk and that people weren't properly listening to his advice. ([CNBC](#))
- Created a new position of automotive president, appointing a current executive. In the announcement, which also covered several other executive moves, CEO Musk said Tesla was expecting to build and deliver more than twice as many cars as in Q2 2018. ([Tesla](#))
- Elon Musk gave an extended interview in a 2 hour 40 minute podcast where he talked about his various business ventures and outlook on life. Commentators were more interested in a 20 second segment (from 2:10:25) where he took a drag on a marijuana joint. ([YouTube](#))
  - Implication: Many conservative commentators were quick to condemn the move with a debate ensuing about whether: Musk's actions were legal or not (legal under California state law, illegal under US federal law); violated Tesla's employee conduct policy (Musk says trace amounts of THX are permissible); if Space X will now lose government contracts because Musk smoked drugs (it won't).

## Toyota (history)

- In cooperation talks with Geely about sharing hybrid electric technology. ([Euro News](#))
- Stopped production at four vehicle plants and several supplier factories after an earthquake in Hokkaido. Toyota hopes to restart operations by 13<sup>th</sup> September. ([Toyota](#))
- Planning four battery electric vehicles for launch in India by 2021 (some of which may run 72V rather than a higher voltage system) and a range of 12V to 72V hybrids in partnership with Toyota. ([Economic Times of India](#))
- Recalling one million cars globally to correct wiring harness problems that could lead to thermal events. ([Reuters](#))

## VW Group (history)

- VW's CFO didn't rule out an IPO for the group's luxury car brands, calling it a "legitimate question" but one that was not currently a priority. ([Bloomberg](#))

- The investor lawsuit seeking €9 billion in damages for diesel scandal-related losses goes to trial next week. ([Reuters](#))
- Self-registered a huge number of vehicles in Germany ahead of WLTP rules coming into force. ([Reuters](#))
- Porsche and Schuler created a joint venture for a smart press shop specialising in aluminium. ([Porsche](#))
- Škoda concluded a new contract with German dealers. ([Autohaus](#))
- Launched the Atlas SUV in Middle Eastern markets, badged at the Teramont. ([VW](#))

## Other

- Chinese carmaker **FAW** announced the appointment of **Rolls-Royce's** former chief designer and the foundation of a new design centre in Germany that he will head. ([FAW](#))
- **Aston Martin** has recruited a non-executive chair, Penny Hughes, as a precursor to its IPO. ([Sky](#))
- **Aston Martin** opened a showroom dedicated to heritage vehicles. ([Aston Martin](#))
- **VinFast** unveiled the production versions of its forthcoming SUV and saloon. ([VinFast](#))
- **McLaren's** group CFO said the primary reason for taking on a new shareholder earlier in the year was to fund the cash shortfall resulting from the F1 team's decision to switch from Honda to Renault engines. ([Racefans](#))

## News about other companies and trends ...

### Economic / Political News

- **US** light vehicle SAAR for August was 16.6 million, slightly up on the prior year but down month-on-month. ([Wards](#))
- **UK** registrations of new cars in August were 94,094 units, an increase of 23.1% versus August 2017. ([SMMT](#))
- **German** new car registrations reached 316,405 units in August, up 24.7% on a year over year basis. ([KBA](#))
- An **Indian** government minister said the country had a plan to increase electric vehicle sales to 15% of the total industry within five years and that subsidies were not required. ([Business Standard](#))
- Two reports considered by the **German** government in deciding whether to order a **retrofit** of SCR exhaust systems onto diesel vehicles put the average cost at between €3,000 - €5,000 per vehicle, with estimates for specific models reaching €9,000. ([FAZ](#))
- **China's** government is proposing new rules for approving capacity requests that would force companies to show they were properly utilizing existing plants and were intending to export vehicles. ([Reuters](#))

### Suppliers

- **Honeywell's Garrett** division, set for a spin-off, held an investor day. ([Honeywell](#))
- **Continental's** executive board sent a scathing memo to the company's senior management saying that many business units were missing internal targets and that personnel changes are being considered. ([Handelsblatt](#))
- **Denso** bought a stake in automated production equipment maker **Tohoku Pioneer**. ([Denso](#))
- **Mahle** completed its takeover of former JV **BTTI**. ([Mahle](#))
- Despite many saying OEMs are turning away from internal combustion engine development, **Mahle** announced a new type of piston coating to improve heat distribution inside the combustion chamber. ([Mahle](#)) **Borg Warner** also showcased a new type of turbo aimed at gasoline engines. ([Borg Warner](#))
  - Implication: New piston rings and turbos probably need a revised combustion set-up to realise their potential, implying that either Tier 1s are developing solutions and trying to find customers or (more likely) they are aware of several major engine redesigns in the works for the early 2020s.

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

- **Grab** is looking to raise an additional \$1 billion to fund further expansion. ([Yahoo](#))
- **Lyft** started a dockless electric scooter pilot scheme in Denver, USA. ([Lyft](#))
- **Uber's** CEO said the company was on course for its IPO and was not planning to sell its self-driving arm. ([Reuters](#))
- Ride hailing firm **Taxify** launched dockless electric scooters in Paris, saying the firm was ready to ramp up supply to tens of thousands if the demand was there. ([Quartz](#))
- **Careem** said it had one million drivers on the platform, reaching the milestone slightly ahead of schedule. The company adds between 60,000 - 70,000 drivers per month ([Careem](#))

## Driverless / Autonomy (history)

- **Mando** announced that it had an autonomous vehicle testing permit for California. ([Mando](#))
- **Denso** led a funding round in deep learning specialist **ThinCI** saying the company provided “5 to 10 times” more computing power and performance than competitors. ([Denso](#))
- **Waymo’s** CTO said the firm was at the point of industrialising the three main pillars of its self-driving solution: sensors; high resolution maps and; the software stack. ([Forbes](#))
- **Metawave** are now claiming 500 metre range for their high resolution radar, having previously said it was over 150 metres and that it believes units will sell for \$500 once high volume production begins. In discussing specific examples however the company clarified that the radar might identify a truck with 90% confidence at 300 metres, but a motorcycle with only 50% confidence at the same distance. ([All About Circuits](#))
- **Aurora’s** approach to convincing regulators that self-driving cars are ready is to show that the vehicle is capable of navigating and then present the AI’s history of correct object identification and semantic understanding. The company believes that through this data, it will be possible to agree a likely failure rate. ([Wired](#))

## Electrification (history)

- **BYD** announced a carbon tracking and banking scheme in partnership with **VeChain**. The initiative will collect trip data and parts usage information. ([BYD](#))
- **VinFast** will use **LG Chem** batteries and they will produce battery packs together in Vietnam. ([VinFast](#))
- **JLR** reportedly have chosen **Samsung SDI** to provide the batteries for next-generation battery electric vehicles. **LG Chem** supply the batteries for I-Pace. ([Korea Times](#))
- **Suzuki** and **Toyota** are reportedly planning battery electric vehicles running on 72V, rather than a higher voltage, for the Indian market. The partners had previously said the system was low cost. ([Economic Times of India](#))
- An **Indian** government minister said the country had a plan to increase electric vehicle sales to 15% of the total industry within five years and that subsidies were not required. ([Business Standard](#))
- A group of large **UK** commercial vehicle fleets have agreed to replace a combined 18,000 diesel vans with electric ones instead. ([UN Climate Action Program](#))
- **Lion Smart** demonstrated the potential energy density benefits of next generation batteries by fitting a 100 kWh battery into a BMW i3 (normal capacity = 33 kWh). ([Green Car Reports](#))

## Other

- **ParkWhiz** raised \$20 million in new funding. The service it reaches 40 million customers and has been used by seven million of them. ([ParkWhiz](#))
- **Vertical Aerospace’s** founder said his company will have flying taxis in service within the next four years. ([Reuters](#))
- Fleet management platform **Avrios** raised \$14 million. ([TechCrunch](#))