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Autos & Mobility Industry Briefing -- 29th October to 4th November 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)

- Will produce battery packs for the electric Mini at the Dingolfing, Germany plant. ([BMW](#))

FCA (history)

- Reported financial results for Q3 2018. Revenues of €28.7 billion were up 9% on a year-over-year basis. Adjusted EBIT of €1.995 billion was up 13% YoY. Despite the good news, FCA took down the full year guidance for net cash by €1 billion - €1.5 billion because it intends to reduce European dealer stocks. FCA has set aside \$811 million to settle US claims relating to diesel emissions. ([FCA](#))
- When asked about potential actions in the face of an economic downturn, new CEO Manley said FCA would cutback on program spending, particularly refresh actions for models that seemed to be holding their own in the market but would preserve powertrain and technology investments already in the plan. ([Seeking Alpha](#))
- FCA's "aim" is now to complete its five-year plan as an independent, rather than seeking a merger. ([Seeking Alpha](#))
- New CEO Manley wants FCA's Ram pick-up to have the second largest US market share and might change the previously announced plan to stop making the vehicle in Mexico. ([Reuters](#))
- Recalling 86,000 SUVs in the USA to correct a potential engine stall. ([FCA](#))

Ford (history)

- Reportedly in talks with Ineos to repurpose part or all of the Bridgend Engine plant to manufacture the Projekt Grenadier vehicle starting in 2019. ([Financial Times](#))
- Improved parental leave for US salaried employees so that mothers can have 16 weeks fully paid time off and fathers can have eight weeks, up from two weeks paid leave previously. ([Fortune](#))
- Discovered using big data that loyal customers are better than disloyal ones. Cynics had a field day. ([AutoExtremist](#))
- VW's CFO said the firm is open to sharing its MEB electric vehicle platform with companies such as Ford but remains focused on internal applications. ([Reuters](#))
- Started jointly testing autonomous vehicles in China with Baidu. ([Ford](#))

Geely (includes Volvo) (history)

- Volvo is partnering with Baidu to create customised, fully electric autonomous cars that will be sold by both companies in China. ([Volvo](#))
- Volvo's deal to supply XC90 cars that will be used in autonomous ride-hailing by Uber is "back on track" according to the firm's CEO. ([FT](#))
- Geely purchased a US racetrack (it had already been managing the site on a short-term basis). ([Road and Track](#))

General Motors (history)

- Reported financial results for Q3 2018. Revenue of \$35.8 billion rose 6.4% from a year earlier. Adjusted EBIT of \$3.2 billion was 28% better than prior year. GM said Cruise recent run rate of cash spending was between \$100 million - \$200 million per quarter. ([GM](#))
- Believes that the methods of measuring the safety of autonomous vehicles are a “competitive advantage” and so it won’t disclose details of its approach. ([Seeking Alpha](#))
 - Implication: Given the need to satisfy a publicly-funded regulator in an environment of intense scrutiny, it will be interesting to see how sustainable GM’s approach of giving little away will be.
- Said that Cruise will still spend around \$1 billion in the full year, implying cash outlay of about \$500 million in Q4 (a significant increase in trend rate) but that it wasn’t based on increases in the fleet size or a new testing location that explained the difference, leaving analysts scratching their heads. ([Seeking Alpha](#))
- Stopping two substantial renovation projects in Michigan and offering voluntary redundancy packages to around 18,000 salaried staff in the US in a bid to weather “an eventual downturn in the economy”. GM will consider involuntary redundancies if not enough staff sign up. ([Reuters](#))
- Launching two e-bikes and running a competition to decide the brand name. ([GM](#))
- Suspending Cadillac’s subscription pilot. Off-the-record sources blamed the high costs of delivering different vehicles all the time, Cadillac said it wanted to study the “insights” from the program. ([The Verge](#))
- Said that it was not economically feasible for US fleet fuel economy to reach 50 mpg by 2025 but that it would support improvements based on historic trend rates of progress. ([Reuters](#))

Honda (history)

- Reported financial results for Q3 2018 (Honda’s fiscal Q2). Revenue of 3.84 trillion yen (about \$34 billion) was up 1.7% on a year earlier and operating profit of 214 billion yen (about \$1.9 billion) was up 40.2%. ([Honda](#))
- Building a plant in China for new energy vehicles with GAC. ([Reuters](#))

Hyundai / Kia (history)

- Hyundai launched a \$100 million VC fund focused on hydrogen technology in partnership with BTIRDI. ([Hyundai](#))
- Hyundai is discontinuing its all-inclusive “Unlimited+” electric car leasing program because of a “whole range of factors” (presumably because it wasn’t making any money). ([Green Car Reports](#))
- Will offer solar roofs on vehicles from 2019, intending to progress from a first-generation model that is integrated into the roof structure; and a second generation that will be semi-transparent and can therefore be used in panoramic roofs. A version for battery electric vehicles is still under development and Hyundai hope it will ultimately be used on bonnets and roofs. Hyundai claim the roof mounted system can harvest enough electricity to charge a hybrid battery (presumably low teens of kWh) to between 30% and 60% over a day. ([Hyundai](#))
- Recalling around 10,600 Ioniq hybrids and plug-ins to replace componentry that could cause fires. ([Bakersfield Now](#))
- Kia says it will break even on European sales of battery electric vehicles within two to three years. ([Autocar](#))

Mazda

- Reported financial results for first half of the 2018/19 financial year. Sales of 796,000 units were up 2% on a year-over-year basis. Revenue of 1.7 trillion yen (about \$15 billion) rose 4% YoY but profit before tax of 50 billion yen (about \$440 million) was down (43)% YoY. Mazda cut its full year outlook. ([Mazda](#))

Nissan (includes Mitsubishi) (history)

- The Alliance Ventures VC unit invested in Chinese self-driving technology start-up WeRide.ai. ([Nissan](#))

Renault (history)

- The Alliance Ventures VC unit invested in Chinese self-driving technology start-up WeRide.ai. ([Nissan](#))

Subaru

- Recalling over 400,000 cars to fix valve springs that could cause engine stalls. ([Newsweek](#))

Suzuki

- Reported financial results for Q3 2018 (Suzuki's fiscal Q2). Year to date revenue of 1.9 trillion yen (~\$17 billion) was up 5.4% and operating income of 198 billion yen (~\$1.7 billion) was up 14.8%, both versus the prior year. The firm raised its full year guidance. ([Suzuki](#))

Tata (includes JLR) (history)

- Tata Motors reported financial results for Q3 2018 (the second quarter of its financial year). Sales volumes of 322,914 units were up 4.4% on a year earlier and revenue of 72,112 Cr INR (about \$9.9 billion) rose 3.3%, nevertheless, EBIT of 1,257 Cr INR (about \$160 million) fell (62.6%) YoY, more than explained by JLR's performance. The brand lost £(90) million in the three month period, saying sales had fallen and citing particular weakness in China. JLR said it would launch a turnaround plan. ([Tata](#))
- JLR thinks the growth of electric vehicles will lead to buildings being covered in greenery. ([Autocar](#))
- Opening a 100-person engineering centre in Hungary in early 2019. ([JLR](#))
- Researching ways to reduce motion sickness through adjusting vehicle settings once the car is on the move. ([JLR](#))
 - Implication: Travel sickness is a little-considered problem in most vehicle purchases since they are often driver-centric decisions and the impact on the passengers is normally left to chance. In a world of autonomous driving however, ride comfort will take precedence and JLR is right to be working seriously on this area now, although its initial recommendation to avoid reading and doing emails is something of a no-brainer.

Tesla (history)

- Will soon release an update to enable limited low speed autonomy, primarily for parking but also, per CEO Musk, updated cars will "follow you like a pet" if you walk around whilst holding down a button in your app (the car tracks your phone location). Expect a rash of videos by YouTube influencers leading their pet Teslas on hysterical adventures in the coming weeks. ([Twitter](#))
- GM's CEO thinks it is "highly possible" that Tesla will be around in 10 years. ([Reuters](#)) Tesla's CEO says Ford has a "good chance" of failing in the next recession. ([Detroit Free Press](#))
- Booked \$190 million in regulatory credits in Q3 2018. ([Reuters](#))
- CEO Musk said the design of Tesla's forthcoming pick-up truck will be "futuristic-like cyberpunk". Producers of online renderings of Model X's with pick-up beds wondered if they had wasted their time. ([Inverse](#))
- Plans a partial presence in India, Africa and South America by the end of 2019 and believes that region sourcing (i.e. from the same continent) is "critical" to affordable pricing. ([Economic Times of India](#))
- CEO Musk is anti-electric scooter but open to electric bicycle production. ([TechCrunch](#))

Toyota (history)

- Launching a new car subscription service in Japan called Kinto, although details were scarce, Toyota envisages an all-inclusive monthly payment and some ability for users to switch cars. ([Toyota](#))
- Announced the plan for the staged replacement of its four different Japanese dealer brands with a single network by 2025. ([Toyota](#))
- Toyota cars are included in Subaru's recall of over 400,000 cars to fix an engine stall issue. ([Newsweek](#))

VW Group (history)

- Released financial results for Q3 2018. Although vehicle sales fell (3.6%) versus a year earlier to 2,548,000 units, revenues improved 0.9% to €55.2 billion. Operating profit before special items of €3.5 billion was down (18.6%), although profits were up once special items were included. VW said it was almost on track to meet full-year group projections, if you ignored special items. ([VW](#))
- Reportedly working on a long-term plan that will transfer much of Audi's research budget to collaborations and reduce the brand's role in leading the development of new technologies such as autonomy. ([Reuters](#))
- Will operate a self-driving ride hailing service in Israel in partnership with Intel and Champion Motors. The project will start pilot operations in 2019 and aims to run a commercial service by 2022. ([Intel](#))

- VW's CFO said the firm is open to sharing its MEB electric vehicle platform but remains focused on internal applications. He also said the firm wants access to a self-driving system and is "speaking with relevant players", despite its tie-up with Aurora. ([Reuters](#))
- Being sued by chipmaker Broadcom for \$1 billion over alleged patent infringement in VW's navigation and entertainment systems. The suit asks a judge to suspend production of VW group vehicles. ([Handelsblatt](#))
- Bentley's CEO said the brand has already made changes to its logistics operations ahead of Brexit and was considering longer than usual shutdowns at Christmas and Easter. He has recently changed the long-term plan to increase the amount of electrification under development. ([Reuters](#))

Other

- **Ineos** is reportedly in talks with **Ford** to repurpose part or all of the Bridgend Engine plant to manufacture the Projekt Grenadier vehicle starting in 2019. ([Financial Times](#))
- **Morgan** are planning a new flagship model, to be priced against the **Aston Martin** Vantage, that will enter production in the mid-2020s and have 30 people working on the project. ([Autocar](#))
- **Scuderia Cameron Glickenhaus** announced a new factory in Connecticut, USA. ([Motor1](#))
- **Hispano Suiza** is planning a relaunch at the 2019 Geneva show with an all-electric supercar. ([Hispano Suiza](#))
- **Faraday Future** said that in addition to previously announced redundancies it has asked some staff to take unpaid leave until the end of the year; the company's co-founder has left. ([Reuters](#))
- **VinFast** launched electric scooter production, saying there are four more models on the way. ([SGGP](#))

[News about other companies and trends ...](#)

Economic / Political News

- **US** light vehicle SAAR in October was 17.46 million units, down (3)% on a year earlier. ([Wards](#))
- **German** passenger car registrations in October reached 252,682 units, down (7.4)% on prior year. ([KBA](#))
- October passenger car registrations in **Italy** of 146,655 units were down (7.4)% versus a year earlier. ([UNRAE](#))
- **Spanish** passenger car registrations in October totalled 88,410 units, down (6.6)% on a year earlier. ([ANFAC](#))
- There were 173,799 **French** passenger car registrations in October, down (1.5)% on a year earlier. ([CCFA](#))
- **China** is considering reductions on new car sales tax to increase demand. ([Bloomberg](#))

Suppliers

- **Denso** announced financial results for calendar Q3 2018. On a YTD basis. revenue is up 11.1%. ([Denso](#))
- **Denso** acquired **EASE**, a simulation and diagnostics provider. ([Denso](#))
- **Johnson Controls** will reportedly sell its power solutions business, which includes car batteries to **Brookfield** for between \$13 billion - \$14 billion. ([Reuters](#))
- **Liberty House** will buy three European steel plants from **ArcelorMittal**. ([Deal Street Asia](#))
- **Abris Capital** took a majority stake in Polish engineering services provider **CADM**. ([Abris](#))
- **Schaeffler** said volatile market conditions had harmed Q3 2018 financial results and consequentially the full year outlook had deteriorated. ([Schaeffler](#))
- **Continental** acquired antenna-maker **Kathrein Automotive** for an undisclosed sum. ([Continental](#)) It also purchased the anti-vibration technology business of **Cooper Standard**. ([Continental](#))
- **Mahle** opened a new plant for electric air conditioning compressors in Hungary. ([Mahle](#))

Ride-Hailing, Car Sharing & Rental (history)

- **Uber** announced a trial of a new subscription plan that let's users avoid surge pricing. ([Vox](#))
- **Grab** raised \$200 million from **Booking.com's** parent. ([Deal Street Asia](#))
- **Lime** said it will start a car sharing scheme with **Renault** Twizy-style electric cars. ([TechCrunch](#))
- **MyTaxi** is planning to launch an electric scooter rental scheme. ([TechCrunch](#))

- **Lyft** announced a tie-up with carpooling app **Scoop** that lets Scoop users request a Lyft car if their carpooling arrangements fall over. ([TechCrunch](#))
 - Implication: Lyft continues to find niche adjacencies for its services and partner with companies that can benefit from on-demand ride hailing in cases where their mainstream processes don't work.

Driverless / Autonomy (history)

- **FAW's** Hongqi (Red Flag) brand will launch a L4 car at the end of 2019 in partnership with **Baidu**. ([Reuters](#))
- **Waymo** is the first company to be granted a Californian permit for driverless car testing without a safety driver inside the vehicle. It already operates cars without safety drivers in Arizona. ([Reuters](#))
- **Uber** requested permission to resume self-driving vehicle testing with safety drivers. ([Business Insider](#)) and released a safety report containing information about its self-driving program. Despite Uber's efforts to provide greater detail than some of its peers have in their own safety reports, there are still gaps between the published document and best practice, for instance, Uber's section on quality processes does not mention anything around sub-supplier selection to remove sources of underlying common hardware / software failures (by using completely different componentry) in different parts of the system (to improve redundancy). ([Uber](#))
- **Sensible 4** showed off an autonomous bus designed by **Muji** that it says will be in operation by 2020. ([Sensible 4](#))
- **Quanergy** completed a Series C round that valued the business at over \$2 billion. ([Quanergy](#))
- **Baidu** believes that you will soon be able to sing karaoke and eat hot pot in autonomous cars. ([Bloomberg](#))
 - Implication: Since chauffeur-driven vehicles today don't offer in-car cooking we can only assume that this is either hyperbole or Baidu has some fancy new food preparation technology it is yet to show off.
- **Renault-Nissan-Mitsubishi's** VC unit invested in Chinese self-driving technology start-up WeRide.ai. ([Nissan](#))
- **Volvo's** deal to supply XC90 cars that will be used in autonomous ride-hailing by **Uber** is "back on track" according to the firm's CEO. ([FT](#))
- **VW** will operate a self-driving ride hailing service in Israel in partnership with **Intel** and **Champion Motors**. The project will start pilot operations in 2019 and aims to run a commercial service by 2022. ([Intel](#))
- **Volvo** is partnering with **Baidu** to create customised, fully electric autonomous cars that will be sold by both companies in China. ([Volvo](#))
- **Ford** started jointly testing autonomous vehicles in China with **Baidu**. ([Ford](#))

Electrification (history)

- **EDF Energy** and **Nuvve** are launching a scheme in the UK that aims to recruit enough businesses to buy 1,500 chargers and create a virtual 15MW power station using vehicle to grid technology. ([Inside EVs](#))
- **Austria** will let electric vehicle owners drive faster than the traditional speed limit. ([Green Car Reports](#))
- **Great Wall** will invest in hydrogen filling station operator **H2 Mobility**. ([Automotive News](#))
- All non-electric vehicles will be banned from one street in the centre of **London**, starting in 2019. ([FT](#))
- **Hyundai** and **Kia** will offer solar roofs on vehicles from 2019, intending to progress from a first-generation model that is integrated into the roof structure; and a second generation that will be semi-transparent and can therefore be used in panoramic roofs. A version for battery electric vehicles is still under development and Hyundai hope it will ultimately be used on bonnets and roofs. Hyundai claim the roof mounted system can harvest enough electricity to charge a hybrid battery (presumably low teens of kWh) to between 30% and 60% over a day. ([Hyundai](#))

Connectivity

- **Garmin** will supply **Geely** with cameras and data recorders for 2020 model year onwards. ([Garmin](#))
- HD map maker **DeepMap** said it was valued at \$450 million in its latest round. ([TechCrunch](#))
- **Avis** will use **Amazon's** cloud services to run its connected vehicle fleet. ([Auto Rental News](#))

Other

- **Lime** said it was working to combat problems with some of its scooter fleet that could lead to fires. ([Lime](#))
- **Deliv** raised \$40 million from investors, including a mysterious "world leading automotive manufacturer". ([Deliv](#))
- Chinese bicycle manufacturer and rental firm **Youon** partnered with **Cycle.land** to expand the latter's offering in the UK. ([TechCrunch](#))