



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 12<sup>th</sup> November to 18<sup>th</sup> 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)

- Has made one million components using additive manufacturing techniques in the last ten years and plans on making 200,000 in 2018. For instance, guide rails for the i8 Roadster are manufactured using an HP Multi Jet Fusion machining rather than mass manufacture, but it isn't quick -- 100 parts in 24 hours. ([BMW](#))

#### **Daimler** (history)

- Opening a second Chinese R&D centre in 2020 at a cost of around €150 million. ([Daimler](#))
- Launched the GLC F-Cell fuel cell vehicle. Daimler touted the larger-than-normal battery which allows an electric only range of about 30 miles if the vehicle has been plugged in to charge. ([Daimler](#))

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

- After billing [Joe Hinrichs' appearance](#) at an investor conference as a chance to get greater detail on the firm's recovery plan, attendees were left underwhelmed and gave Hinrichs a grilling. He protested that he couldn't reveal further details because of the commercial sensitivity. ([Detroit Free Press](#))
- Gave journalists test rides in autonomous vehicles. Journalists could pick from one of four destinations in a six square mile area and reported that vehicles almost continuously return to base for sensor calibration. Dust thrown up by other vehicles are currently still an issue for Ford's sensor set. ([The Verge](#)) Other journalists also reported manual interventions over the carefully chosen five mile test routes. ([Detroit News](#))
- After previously rejecting the potential buyer of the Bordeaux transmission plant, Ford gave them until the 28<sup>th</sup> November to make a better offer. ([Usine Nouvelle](#))
- Will use its existing test fleet in Florida to trial delivery of Walmart goods, building on experiments with Postmates and Domino's. The tests remain very low in volume -- so far Ford has completed only 1,000 deliveries. ([Ford](#))
  - Significance: If Ford can prove to itself and partner companies that a larger fleet of vehicles can be justified by using them for a variety of delivery purposes, subject to suitably efficient design, then autonomous delivery businesses could quickly scale without requiring whole-hearted commitment from customers.
- Issued recalls for around 38,000 vehicles that might have seat belts with insufficient restraint. ([Ford](#))

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

- Unveiled the new Geely Jia Ji MPV. ([Geely](#))

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

- GM's Marketplace payment and advertising app has been judged a success internally and a version 2.0 is under development. GM says that for fuel stations the click through rate on offers is 20% and companies such as office equipment suppliers are finding it a useful source of customers. ([Wards](#))

- By around the middle of 2020, GM expects the Maven car sharing scheme to have annual revenues of around \$200 million and be in a position where an IPO would be plausible. GM detailed a number of operating metrics about Maven, such as: current acquisition cost for new customers is “below \$100”; and utilisation of car sharing vehicles is around 35%. ([Seeking Alpha](#))

#### Hyundai / Kia (history)

- Announced a partnership with drone start-up Top Flight to look at business areas where lightweight drones might be applicable, such as inspection and transport within industrial areas. ([Hyundai](#))
- Came under renewed pressure from an activist investor to return cash to shareholders. ([FT](#))

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

- In a shock announcement, Nissan said that an investigation started by a whistleblower discovered that Chairman Carlos Ghosn had under-reported income and used company funds for personal use, and was aided in a cover up by one of the directors. Nissan took steps to dismiss both and has cooperated with Japanese authorities. ([Nissan](#))
  - Significance: As the key stakeholder in Alliance discussions, Ghosn’s rejection by Nissan is likely to have far-reaching consequences for the cooperation between Renault, Nissan and Mitsubishi, and puts his job at Renault at risk.
- The Renault-Nissan-Mitsubishi VC fund invested in lithium ion battery developer Enevate. ([Alliance Ventures](#))
- 40% of Nissan Serena minivan buyers in Japan are choosing the series hybrid option. ([Nissan](#))

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

- Closing the stamping plant at Saint-Ouen by 2021. ([Les Echos](#))
- Reducing production at the Vigo plant due to falling sales of 301 and C-Elysée by removing a shift. ([Europa Press](#))
- Reportedly considering the closure of the Ellesmere Port plant if the UK market declines considerably. ([Bloomberg](#))
- Announced that preliminary agreements for Segula to take over part of the Rüsselsheim engineering centre had been completed, and stressed how vital the site was to PSA in the longer term. ([Opel](#))

#### Renault (history)

- The Renault-Nissan-Mitsubishi VC fund invested in lithium ion battery developer Enevate. ([Alliance Ventures](#))
- CEO Ghosn was accused by Nissan (where he is chairman) of gross misconduct related to reporting of personal income and use of company assets. Nissan plan to remove him as chairman. ([Nissan](#)) Renault expressed no support for Ghosn directly, pledging only to look after the company’s interests. ([Renault](#))
- Acquired peer to peer used car sales platform CARIZY. ([Renault](#))

#### Tata (includes JLR) (history)

- JLR’s InMotion fund invested in Festicket, a company that offers packages tailored to music festivals. Although seemingly unrelated to the carmaking business, JLR pointed to the services popularity amongst the same type of customers it aspired to serve. ([JLR](#))

#### Tesla (history)

- Bought “some trucking companies” to ensure it has enough capacity to deliver vehicles in the USA before the 31<sup>st</sup> December cut off for more generous purchase incentives. ([TechCrunch](#))
- CEO Musk used an internal email to motivate his employees to produce a consistent rate of 50 Model 3 cars per hour from the end of November onwards. ([Electrek](#))
- Stopped offering (limited) free Supercharger access for Model S and X buyers. ([Electrek](#))
- Increased the price of Autopilot after the car has been purchased. It now costs \$7,000 (\$5,000 when new), but Tesla seems to be offering a series of time-limited discounts where the price can fall to \$5,500. ([Green Car Reports](#))

#### Toyota (history)

- Reducing US production of the Camry in response to falling sales. ([Bloomberg](#))

## VW Group (history)

- Announced a series of decisions taken under the latest planning round. VW committed to reduction in capital expenditure and R&D as a percent of revenues to 6% from 2020 onwards. CEO Diess is seeking a 30% improvement in productivity by 2025 saying that a chunk of this will come by increasing the number of multi-brand plants. ([VW](#))
- The Emden plant will become dedicated to electric vehicles and Hanover will convert “gradually”. Comments that the “main speciality” of Hanover will be the ID Buzz family of vehicles seem to confirm that Transport production is likely to move to a Ford plant. ([VW](#))
- The partnership with Ford “offers potential” for a profitable Amarok (pick-up truck) and “robust” SUVs. Whilst there are further joint projects that VW foresees, the company stressed that marketing and pricing (i.e. the sorts of things that would require a level of M&A) were out of the question. ([VW](#))
- Expects pure electric vehicles to be profitable, even in the first generation, and that VW Group’s economies of scale would make it the most profitable electric car manufacturer. ([Reuters](#))
- CEO Diess believes that Waymo are one to two years ahead in autonomous driving technology but that it is possible for VW to catch up. ([VW](#))
- Looking to build a new plant in Eastern Europe. ([VW](#))
- Gave employment guarantees lasting to 2028 to permanent workers at the three plants that will become dedicated electric vehicle factories but said temporary workers would have to move to other group locations if they wanted a permanent role. ([VW](#))
- Changed the management structure of the China business so that it reports straight into CEO Diess. ([VW](#))
- Said it could produce up to 50 million vehicles from the MEB platform over its lifetime, a statement that implies an upper end scenario of mass transition to pure electric vehicles since [in September](#) VW talked about 10 million vehicles from the “first wave”. ([Reuters](#))
- Announced a fourth battery supplier -- SK Innovation -- for MEB platform products. VW says the firm will supply all its needs for the US market and some of the European volume, which it will share with LG Chem and Samsung. VW says the four suppliers will collectively share around 150 GWh of capacity by 2025. ([VW](#))
  - Significance: Given that VW has already made public some cost data points for battery cells, this announcement suggests all the four suppliers are prepared to make cost commitments around the same level (raw material inflation potentially notwithstanding).

## Other

- **McLaren’s** CEO said it would be “insane” for politicians in the UK and EU to allow a no deal Brexit. ([CNBC](#))
- **Rivian** released teaser images of two pure electric vehicles: a pick-up truck and an SUV, that it was reveal fully at the LA show. ([Green Car Reports](#))
- **Henrik Fisker** said he would like for his company to have facilities in **India** but his present focus is on **China** because the government is “more forthcoming and moves significantly faster”. He also said there would be more details about a second Fisker vehicle before the end of 2018. ([Autocar](#))
- **Ineos** will decide on the production location for its new vehicle by the end of 2018, indicating that the UK and continental Europe were both under consideration. ([Reuters](#))
- **Subaru** revised its first half revenue and profit figures. ([Subaru](#))
- **Zotye** plans to enter the US market in partnership with **HAAH**. The initial portfolio will be two SUVs and the plan calls for a network of 325 dealers across the country. ([Detroit News](#))
- **McLaren** opened its new composites manufacturing facility in Sheffield. Test runs will now take place until volume productions starts in 2020 ([McLaren](#))
- **XPENG** unveiled the G3 electric SUV. Prices start at 200,000 RMB (about \$29,000). ([XPENG](#))
- **Mahindra and Mahindra** reported financial results for Q2 of the 2018/19 financial year. ([Mahindra](#))

## News about other companies and trends ...

### Economic / Political News

- **European** passenger car registrations in October of 1,118,882 units were down (7.4)% versus a year earlier. ([ACEA](#))
- **France** will increase purchase incentives for low income buyers -- they can now claim €4,000 on new cars. The government said the more generous scheme will cost €500 million. ([Economic Times of India](#))
- The draft **Brexit** agreement was published, along with a much shorter statement of the aims for the ongoing relationship, which the two hope to have resolved by the end of 2020. ([UK Government](#))

### Suppliers

- **Johnson Controls** agreed to sell its power business to **Brookfield** in a \$13.2 billion deal. ([Johnson Controls](#))
- **Motherson Sumi** reported financial results for the second quarter of the financial year. ([Motherson Sumi](#))
- **Gestamp's** JV with **BHAP** opened a new €50 million press shop in Tianjin, China. ([Gestamp](#))

### Dealers

- **Renault** acquired peer to peer used car sales platform **CARIZY**. ([Renault](#))

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

- **Uber** reported Q3 2018 financial results. There was a net loss of \$(939) million on \$2.95 billion of net revenue, growth in gross revenue continued to slow (up 34% on a year-over-year basis) and a considerable amount of the increase comes from Uber Eats rather than the ride hailing service. ([CNBC](#))
- Ride hailing service **Gett** is reportedly looking for buyers. ([Deal Street Asia](#))
- **BlaBlaCar** will buy **Ouibus** from **SNCF**, who will take a stake in BlaBlaCar as part of the deal. ([TechCrunch](#))
- Fleet management platform provider **Ridecell** increased the size of its Series B to \$60 million. ([Ridecell](#))
- **Daimler's** Beat ride hailing service said it would re-enter the Mexican market

### Driverless / Autonomy (history)

- **Waymo's** CEO said, "autonomy will always have some constraints" and that widespread usage is decades away. ([CNET](#))
- Long range infra-red camera developer **AdaSky** raised \$20 million. ([Deal Street Asia](#))
- **Continental** and **EasyMile** are setting up a joint research team in Singapore. ([Continental](#))
- Self-driving operating system developer **Apex.ai** emerged from stealth mode with \$15.5 million. ([TechCrunch](#))

### Electrification (history)

- Hot on the heels of its new **VW** supply contract, **SK Innovation** said it was looking at four sites for a new battery plant in the US and could build a second European plant. ([Yonhap](#))
- **Panasonic** executives said that solid state battery technology will not mature for another decade. ([Business Insider](#))
- The **Renault-Nissan-Mitsubishi** VC fund invested in lithium ion battery developer **Enevate**. ([Alliance Ventures](#))
- 40% of Nissan Serena minivan buyers in Japan are choosing the series hybrid option. ([Nissan](#))

### Connectivity

- **Rinspeed** announced a partnership with **Bamboo Apps** to build a series of applications that will enable users to control the microSNAP reconfigurable autonomous vehicle. ([Virtual Strategy](#))
- **Blackberry** acquired cyber security firm **Cylance**. ([ZDNet](#))
- **Hyundai** and **Kia** will use **Vodafone** for connected vehicle infrastructure in Europe. ([KIA](#))

### Other

- Parking platform **ParkWhiz** increased its Series D round to \$25 million. ([ParkWhiz](#))
- Mobile car servicing provider **Zippity** raised \$2.6 million from investors, including **BP**. ([Zippity](#))