



# AD PUNCTUM

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

- Executives said BMW was in talks with two or three large carmakers about joining its consortium to develop technology for driverless vehicles. ([Bloomberg](#))
- Daimler and BMW's joint mobility company will start operations in 2019, later than planned, because talks with US regulators are not yet complete. ([Daimler](#))

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

- Daimler and BMW's joint mobility company will start operations in 2019, later than planned, because talks with US regulators are not yet complete. Daimler said this will adversely affect the financial division's 2018 profits because the partnership will allow Daimler to recognise a higher valuation on its books, but overall profits will be okay. ([Daimler](#))
- Reportedly working on a plan to take a majority share in the Chinese joint venture it runs with BAIC by increasing its stake from 49% to 65%. ([Reuters](#))

#### **FCA** (history)

- Expected to announce the reopening of the Mack Avenue Engine II plant, which FCA will use to build the forthcoming Jeep Grand Cherokee from 2020 onwards. ([Detroit Free Press](#))
- Announced a series of executive appointments. ([FCA](#))
- Saw the Fiat Panda receive a score of zero stars (out of five) in the most recent Euro NCAP crash tests. ([NCAP](#))
  - Significance: Since the tests become harder each time, this shows the Panda falling back in relative terms, rather than performing worse than it did in 2011 (when it won four stars) and reflects the downside of extending a vehicle lifecycle with minimal updates.

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

- Ford's operation in Venezuela is rumoured to be offering buyouts of \$150 for each year of employment to factory staff because orders have fallen to less than 50 vehicles per month. ([Reuters](#))
- VW might build some vehicles in US Ford plants rather than installing capacity for itself. ([Reuters](#))
- Ford is letting employees in the US bring their dogs to work to show it can look after talented people just as well as Silicon Valley rivals. ([Detroit Free Press](#))
- Announced several executive moves. Incoming heads of product development in Europe and Asia will have a lower grading than their predecessors and there will be a new role for a global product development vice president. ([Ford](#))
- Announced new executive directors to head transformation in the UK and Germany, revealing that the new European plan will be called "sprint to 6" (presumably % operating margin). ([Business Motoring](#))

- CEO Hackett foresees a future where people own one vehicle and share one, rather than owning both. He believes that an increase in travel will offset the lost volume from lower ownership. Despite the advent of electric cars, he says the sound of a Mustang is not going away. ([Newsweek](#))

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

- Lotus is rumoured to be planning a £2 million all-electric supercar codenamed Omega. ([Autocar](#))
- Within Geely's November 2018 sales, there was a first month-over-month drop for Lynk&Co sales, despite a third product only recently launching. It remains to be seen whether this is an aberration. ([Geely](#))
- Volvo's Californian dealers have reportedly asked the brand to end its "Care by Volvo" two-year flexible leasing (subscription) model saying it is in direct competition with them. ([Automotive News](#))

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

- CEO Barra faced questioning by US lawmakers over the company's recently announced factory closures. She said that she understood worker concerns but that GM had over capacity and would not resort to taking work away from non-US plants as it would be costly to move products during their production cycle. Her comments seemed to also imply that some or all of the US plants could remain open in return for unspecified sacrifices by the UAW union at a national level. The UAW says GM is violating the current contract if it closes US plants during 2019. ([Reuters](#))

### **Honda** (history)

- Has been developing a new fluoride-ion battery chemistry that Honda claims has up to ten times the energy density of lithium ion. ([Honda](#))
- Investing in four VC funds to funnel cash to early stage start-ups. ([Honda](#))

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

- Suffered a half day strike in protest at Hyundai's plan to form a non-union joint venture with an outlying South Korean regional government. ([Reuters](#))
- Hyundai is reportedly looking to open a plant in Croatia. ([See News](#))

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

- Conspiracy theories about Carlos Ghosn's ouster continued to swirl with rumours that he was about to replace Nissan's CEO. ([WSJ](#))
- Announced a new series of inspection procedure problems in Japanese plants that require around 150,000 vehicles to be recalled and re-tested because the methods used were not strenuous enough. ([Nissan](#))
- Carlos Ghosn, another director and Nissan were all charged by Japanese prosecutors for falsely reporting Ghosn's income. ([Nissan](#))
- The Nissan GT-R50 by Italdesign will go into production. 50 will be built and the price tag is €990,000. ([Nissan](#))

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

- Confirmed a series of all-electric vehicles for the Opel and Vauxhall brands: There will be electric versions of the Corsa, Mokka and Vivaro van. All will be available in 2020, but you can order the Corsa in 2019. ([Opel](#))
- Citroën's sales head in Spain and Portugal criticised incentives for electric vehicles saying the technology is not mature and few customers want them. He thinks the money should be spent on scrappage incentives. ([Europa Press](#))

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

- JLR will not attend the 2019 Geneva motor show. ([Autocar](#))

## Tesla (history)

- CEO Musk said Tesla would possibly be interested in taking over idled or closed plants from other carmakers. He also commented that despite his settlement with the SEC, he does not respect the market regulator and no one checks his tweets before he sends them, although he clarified that he would need to if he was sending any messages that could be market moving. He expects that the \$35,000 Model 3 could be available in five or six months (but said it wasn't a promise). ([CBS](#))
- Documents that Tesla called "outdated" reportedly called for the forthcoming Model Y to reach production volumes of 12,000 vehicles per week by 2021 from two factories in the US and China. ([Business Insider](#))
  - Significance: Since Tesla didn't deny the authenticity of the documents, the company appears to believe that annual sales north of 550,000 units is possible for the Model Y.

## Toyota (history)

- Toyota AI Ventures invested in Parallel Domain, a company that develops simulations to test driverless cars. ([Toyota](#))

## VW Group (history)

- Recalling about 6,000 vehicles because they have been built with non-standard parts, such as updated components that had not been fully approved at the time of sale. ([Handelsblatt](#))
- Increased its forecast for the "first wave" of MEB-platform sales from 10 million units to 15 million units. VW remains unclear about the timescale. ([VW](#))
- Having previously talked about [23 battery electric models for the VW brand by 2025](#), the company now talks of "around 20". Since automotive OEMs tend to round up for PR purposes (e.g. 23 = "more than 20" or "almost 25"), this indicates that VW may have dropped some vehicles from the plan. ([VW](#))
- Targeting further profitability actions at the VW brand, with an expectation of at least 6% operating margin by 2022. VW said that the 2020 cost saving target had almost been achieved already and further savings are therefore being sought from the business. Amongst the improvements, VW are eliminating all powertrain combinations in the bottom quartile for customer demand. ([VW](#))
- Audi will spend €14 billion out of a planned €40 billion from 2019 to 2023 on electric vehicles, digitalization and autonomous driving. ([VW](#))
- VW might build some vehicles in US Ford plants rather than installing capacity for itself. ([Reuters](#))
- Executives said that working back from a final sale date for combustion engine only vehicles in 2040, VW was forecasting for there to be no new diesel and gasoline vehicle launches after the early 2030s, meaning that the final development cycle would begin in 2026. ([Handelsblatt](#)) Another executive said afterwards that the comments were about Europe and internal combustion engine development would continue for other markets. ([Autocar](#))
- Working towards CO<sub>2</sub> neutral production of the all-electric ID vehicle range. Initially, VW will accomplish this through a combination of renewable methods and purchase of carbon offsets (e.g. tree planting). ([Handelsblatt](#))
- Production of the Audi A3 and Q2 began at VW's joint venture plant in Algeria. ([VW](#))

## Other

- **Aston Martin** will begin offering retrofit electric powertrains for historic models. The concept is somewhat unique in that Aston Martin will attempt to engineer a solution that means the internal combustion engine, transmission and exhaust could be re-installed at a later date if the owner wished. ([Aston Martin](#))
- **Mahindra's** chairman said the turnaround at **Pininfarina** is ahead of schedule, but still not complete. ([Bloomberg](#))
- **DHL's StreetScooter** received type approval for the small electric van it produces, meaning the company can sell more than 1,000 per year. It says there is annual production capacity for 20,000. ([Post and Parcel](#))
- **Pininfarina** have already confirmed that **Rimac** parts will underpin the PF0 supercar but the next model, an SUV called PF1, is rumoured to use components supplied by **Rivian**. ([Autocar](#))
- **Rivian** plans to sell vehicles direct to customers but have dealers for aftersales and servicing (but it might be willing to let dealers handle sales in US states where manufacturers are forbidden from doing so). ([Green Car Reports](#))

## News about other companies and trends ...

### Economic / Political News

- The UK government said, via the department of health, that it was assuming a no deal **Brexit** would create up to six months of chaos at British ports and that a previously advised six-week emergency stock of essentials may be insufficient. Medical supplies will be prioritised in the event of problems. ([UK Government](#))
- UK warehouse operators say the price of storage is rising due to concerns over **Brexit**: in September it was £1.85 per pallet per week, now it is in excess of £2. ([Reuters](#))
- **US** light vehicle SAAR in November was 17.4 million, slightly up on a year-over-year basis. ([Wards](#))
- November passenger car sales in **Germany** of 272,674 units were (9.9)% lower than a year earlier. ([KBA](#))
- **UK** passenger car sales in November of 158,639 units were down (3)% on a year earlier. ([SMMT](#)) but there was a ray of sunshine from light commercial vehicle sales where November 2018 was 9.6% better than a year ago. ([SMMT](#))
- November passenger car sales in **France** came to 171,611 units, down (4.7)% on the prior year. ([CCFA](#))
- There were 91,063 passenger cars sold in **Spain** in November, a drop of (12.6)% on a year earlier. ([ANFAC](#))
- **Italian** passenger car sales during November totalled 149,991 units, down (6.3)% on the prior year. ([UNRAE](#))
- The CEOs of **BMW**, **Daimler** and **VW** met **US** president Trump, who pressed them to increase investments in the country. ([Reuters](#))

### Suppliers

- **Autoliv** is making a \$210 million provision to reflect likely fines for participating in a cartel. ([Autoliv](#))
- **Continental** is looking at further acquisitions (potentially more than one) in the software domain and could spend up to €5 billion if the target was sufficiently attractive. ([Handelsblatt](#))
- **ZF** will spend €800 million at the Saarbrücken plant for production of transmissions for electric vehicles. ([ZF](#))

### Dealers

- Price comparison and lead generation service **TrueCar** acquired dealer software provider **DealerScience**. ([TrueCar](#))

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

- **Lyft** filed for an IPO set to take place in 2019. ([The Guardian](#))
- **Uber** also reportedly filed for a 2019 IPO in secret and may even be hoping to beat **Lyft** to market. ([WSJ](#))
- **New York** regulators set minimum pay standards for ride hailing drivers in the city so that those driving high mileages will see earnings of at least \$17.22 per hour after expenses. ([NY Taxi Commission](#))
- **Didi** announced a series of organisation changes to improve passenger safety. ([Reuters](#))
- **Luxembourg's** new government announced that all public transport in the country will be free at point of use by the middle of 2019. ([Futurism](#))

### Driverless / Autonomy (history)

- **Waymo** launched the Waymo One driverless ride hailing service. The initial service seems much like the trial the company has already been running in Phoenix: it even has the same customers. Waymo promises that in time a wider group will be able to use the vehicles. ([Waymo](#))
- Lidar developer **Ouster** announced a tie-up with data labelling firms **Playment** and **Scale.ai** to offer embedded data labelling software that the partners say could reduce workload by 50%. ([Ouster](#))
- **Leddartech** secured a \$24 million credit facility. ([Leddartech](#))
- **Cleveron** showed off autonomous cars with arms that allow it to place deliveries outside the vehicle. It hopes to begin testing in 2020. ([Futurism](#))
- **Toyota** invested in **Parallel Domain**, a company that develops simulations to test driverless cars. ([Toyota](#))

## Electrification (history)

- President Trump's top economic advisor said the administration wants to end **subsidies for electric cars** by around 2021 but such a move needs support from Congress. ([Bloomberg](#))
- **CATL** expects that battery cells on sale in 2020 will have an energy density of 300Wh/kg (up from 160 today), which will translate to 240 Wh/kg at a pack level. ([CATL](#))
- **Aston Martin** will begin offering retrofit electric powertrains for historic models. The concept is somewhat unique in that Aston Martin will attempt to engineer a solution that means the internal combustion engine, transmission and exhaust could be re-installed at a later date if the owner wished. ([Aston Martin](#))

## Connectivity

- Automated vehicle dispatch software developer **Wise Systems** raised \$7 million. ([FINSMES](#))

## Other

- Singaporean electric scooter start-up **Neuron Mobility** raised \$3.7 million. ([TechCrunch](#))
- Chinese bicycle rental operator **Ofo** said it might have to abandon the free floating docking model in some cities and insist that users park bikes in designated areas. ([Technode](#))
- The **Bloodhound** supersonic land speed attempt has ended after administrators failed to find a buyer. ([Autocar](#))
- **Google** offshoot **Wing** will start deliveries of small packages using drones in Finland during 2019. ([TechCrunch](#))
- **Madrid** scared electric scooter rental companies by ordering them off the streets with 72 hours' notice. ([TechCrunch](#))
- **Lime** launched rentals of electrically-assisted bicycles in London. ([Engadget](#))