



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 11<sup>th</sup> February to 17<sup>th</sup> February 2019

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)

- Expects that US industry will grow slightly in 2019, with BMW taking a larger market share than 2018. Executives did concede that the large SUV segment (e.g. BMW X7) was “crowded”. ([CNBC](#))
- Issued a half-hearted denial in response to stories that it could source some 1 Series production to the Cowley, UK plant. Since the car is built on the same platform as the Mini, this would make sense in the event of no deal Brexit tariff barriers. ([Oxford Mail](#))

#### Daimler (history)

- Appointed a new CFO, Harald Wilhelm, who joins from Airbus. ([Daimler](#))
- CEO Zetsche said the EQC was sold out for 2019, and potentially all of 2020. ([Welt](#))
- Continued to stress that the firm intends to meet EU 2020 and 2021 CO<sub>2</sub> emissions targets. Daimler says that in 2019, fleet average emissions won't improve that much but in 2020 the benefit of large numbers of PHEVs and battery electric vehicles will kick in. ([Daimler](#))

#### FCA (history)

- Blah ([More...](#))
- Extended the large LCV joint venture with PSA for a further generation, adding Opel and Vauxhall derivatives. Currently all vehicles are produced at a jointly owned Italian plant (Sevel) but the agreement envisages PSA starting to build vans in the firm's own plants. ([FCA](#))

#### Ford (history)

- Talks with VW on sharing autonomous and electric vehicle technology appear to be taking longer than both parties hoped. On driverless cars, [VW's apparent \\$4 billion valuation of Argo AI seems far lower than Ford had hoped](#) and Ford's head of markets wondered aloud on a podcast whether VW's MEB electric vehicle platform was suitable for blue oval products in markets outside Europe and China. ([Reuters](#))
  - Significance: There is always a risk in car company collaborations that industrial logic fails to overcome corporate machismo and short term thinking. From many angles, there is much to benefit both companies but vehicle programs are complex projects, there are always plenty of excuses why going it alone would be a bad move for product X...
- Rumours of CFO Shanks's retirement surfaced without much in the way of a rebuttal from Ford. Although some sources said an executive search firm have been appointed, an internal candidate appears the most plausible given the unusually high number of finance executives appointed to Ford's top executive grade in recent years. ([CNBC](#))
- Recalled around 1.5 million pick up trucks because of transmission problems that could cause the vehicle to suddenly slow and two smaller recalls for door latches and faulty instrument panels. ([Ford](#))

- Will trial a delivery service where a full loaded van drives around main city thoroughfares, stopping to rendezvous with cycle couriers who decant the packages into smaller batches for delivery to the customer. Ford believes this may be more efficient than having a human driver sit in traffic. ([Ford](#))
  - Significance: A van servicing several bicycle couriers would have to see a fantastic increase in utilisation to make up for the cost of the increased labour of the cycle couriers -- especially if the couriers spent any length of time on empty runs back to meet it. This business model seems unlikely to bear fruit until robots can be involved.
- Reportedly told the British prime minister that it was planning to move production abroad in the case of a no-deal Brexit. ([BBC](#))
  - Significance: As one of the largest net importers into the UK, sourcing powertrain production to alternative sites may save Ford tariffs on imports into the EU (and assist with country of origin requirements), but it does nothing to help Ford overcome massive potential tariff headwinds on all vehicles sold in the UK.

### General Motors (history)

- Will sell electric bicycles under the Ariv brand in Europe. At around €3,000 each, it seems that GM are determined not to repeat the low pricing levels that afflicted Opel and Vauxhall. ([GM](#))
- Rumoured to be working on an electric pick-up truck underpinned by a Tesla powertrain. ([Clean Technica](#))
  - Significance: Given the sketchy details, at this point the most likely explanation (aside from the story being wrong) is that GM have scavenged a Tesla powertrain to cobble together an in-house evaluation prototype. Nevertheless, some onlookers will see this information, plus the reported interest in Rivian (developers of their own all-electric truck) and start putting two and two together...
- In a sarcastic-sounding review of an impromptu concert for workers by globetrotting megastar Sting, GM detailed the redundancy payments it was prepared to make for Canadian plant employees. ([GM](#))
- Took a 35% stake in connected vehicle data analysis firm Wejo in a deal worth €60 million. ([EU Startups](#))
- Will invest \$36 million in the Lansing, Michigan, plant, but won't say what it is for. ([GM](#))

### Honda (history)

- Appears to have decided to shut the Swindon, UK plant when the current generation of Civic finishes in around 2022. Despite no formal announcement, politicians said they had spoken with the company and Honda made no attempt at a denial. ([Sky](#))
  - Significance: Already poorly utilised, the plant was a clear candidate for closure when the going got tough. Brexit seems to have given Honda political cover to make a closure announcement now. The tone of statements from the UK government indicate their acceptance. Contrast that with the response of the French economy minister [who vowed to fight the closure of PSA's Hérimoncourt site](#), even though the firm has said that no jobs will be lost.
- Recalling 437,000 vehicles in the US to correct problems with fuel pumps. ([Detroit News](#))
- Released teaser images of the near-production ready Urban EV interior. The dashboard is Model 3-esque, with three horizontal displays responsible for almost all functions. ([Honda](#))

### Nissan (includes Mitsubishi) (history)

- Nissan reported financial results for the fiscal third quarter (Q4 2018). Revenue of 3.045 trillion yen (about \$27.5 billion) was up 5.9% versus a year earlier and operating profit of 103.3 billion yen (about \$930 million) was 25.4% better. Despite the improvements in the quarter, Nissan reduced full year guidance for profit and revenue, mainly due to reduced volume assumptions. ([Nissan](#))
- Says that a new JV plant in Algeria will cost \$160 million, with operations to begin by 2021. ([Nissan](#))
- Renault-Nissan-Mitsubishi's VC unit invested in PowerShare, a Chinese company that coordinates transactions between EV owners and different charging networks. ([RNM Alliance](#))
- Rumours continue to swirl about how Nissan will structure the role of chairman. Some of the more convoluted ideas appear to make sense only in the context of preventing Renault from controlling the role. ([Reuters](#))

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

- Peugeot has increased UK inventory by 25% to help smooth over a no deal Brexit. ([Motor Trader](#))

- Extended the large LCV joint venture with FCA for a further generation, adding Opel and Vauxhall derivatives. Currently all vehicles are produced at a jointly owned Italian plant (Sevel) but the agreement envisages PSA starting to build vans in the firm's own plants. ([FCA](#))
- PSA's retail division (wholly owner dealer group) is doing so well that the plan is to hire 1,600 staff in 2019. ([PSA](#))

### Renault (history)

- Renault reported full year 2018 financial results. Revenue of €57.4 billion fell (2.3)% versus prior year. Operating profit of €3.6 billion dropped (6.3)%, all despite a 3.2% increase in unit sales to 3,884,295. Renault blamed currency and raw materials pricing for most of the drop whilst claiming credit for pricing and cost reduction. ([Renault](#))
- Renault-Nissan-Mitsubishi's VC unit invested in PowerShare, a Chinese company that coordinates transactions between EV owners and different charging networks. ([RNM Alliance](#))
- Claims to be making "good money" on some battery electric vehicle lines. ([Seeking Alpha](#))
- Won't give Carlos Ghosn the €30 million or so in severance pay that he could have been entitled to, arguing that because he is in prison he cannot fulfil the terms of his non-compete clause (although oddly Renault retains sufficient confidence for him to remain on the board). ([Reuters](#))

### Tata (includes JLR) (history)

- Unveiled a new inline six cylinder engine, initially available as a high performance gasoline mild hybrid. ([JLR](#))
  - Significance: The new I6 engine is expected to also yield a diesel version, allowing JLR to wean itself completely from Ford-built V6 versions -- this is the product responsible for the recently announced Bridgend job losses.

### Tesla (history)

- Suffered a small fire at the Fremont factory that Tesla said had no impact on production. ([CNBC](#))

### VW Group (history)

- Porsche is making UK customers sign up for a potential 10% surcharge in the event of a no-deal Brexit if they have a car delivered after the end of March 2019. Since a 10% import tariff would apply to the imported cost of the vehicle (i.e. less than dealer margin and national sales company profits), Porsche would effectively be over-charging for the tariff. ([Car Dealer Magazine](#))
- Talks with VW on sharing autonomous and electric vehicle technology appear to be taking longer than both parties hoped. On driverless cars, VW's valuation of Argo.ai seems far lower than Ford had hoped and Ford's head of markets wondered aloud on a podcast whether VW's MEB electric vehicle platform was suitable for blue oval products in markets outside Europe and China. ([Reuters](#))
- Announced an new initiative to rate suppliers based on their manufacturing emissions, in part because -- for battery electric vehicles -- more of the supply chain is outsourced. ([VW](#))
- VW's Moia on-demand shuttle service plans to charge around €6 - €7 per trip. The company believes that there is a gap in the market between public transport (cheaper) and taxis (more expensive). ([VW](#))

### Other

- **McLaren** extended its engine supply agreement with **Ricardo** and confirmed that there will be significantly more hybrids in the future. ([Ricardo](#))
- Electric vehicle start-up **Rivian** raised \$700 million with Amazon making a large investment. ([Rivian](#)) Although **GM** were rumoured to be somehow involved, the company was missing from Rivian's announcement, yet was content to let media know GM admires Rivian's progress. ([Reuters](#))

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

### Economic / Political News

- **European** passenger car registrations in January totalled 1,226,446 units, down (4.6)% on prior year. ([ACEA](#)), the trade body expects “at best” full year 2019 sales to be about in line with 2018’s level. ([ACEA](#))
- The report into whether **US vehicle imports** constitute a national security threat (and therefore fair game for increased tariffs) landed on Donald Trump’s desk and no one was sure what it said. European politicians gave pre-emptive warnings that tariff escalation would be frowned upon. ([Bloomberg](#))

## Suppliers

- **Tower** reported full year financial results. Revenue was \$1.6 billion and EBITDA was \$178 million, after excluding the operations in Europe and Brazil that Tower will exit. ([Tower](#))
- **Tenneco** announced the post spin off aftermarket and ride performance division will be called **DRiV**. ([Tenneco](#))
- The **EU** launched an anti-dumping investigation into Chinese **steel wheel** suppliers. ([Reuters](#))
- **Denso** is cutting senior executive ranks by almost half in a bid to increase the speed of decision making. ([Denso](#))
- **BorgWarner** already has contracts signed that will provide a \$2.4 billion net increase in revenue over the next three years. ([BorgWarner](#))
- **Bridgestone** reported full year 2018 revenue of 3.65 trillion yen (about \$33 billion) and operating income of 402 billion yen (about \$3.6 billion). ([Bridgestone](#))
- **AAM** reported full year sales of \$7.3 billion and a net loss of \$(58) million including a \$(486) million impairment of powertrain and casting assets. ([AAM](#))
- **ZF** opened a new plant in India making airbags and seat belts. ([ZF](#))
- **Dana** reported full year 2018 revenues of \$8.14 billion and net income of \$440 million. ([Dana](#))

## Dealers

- **TrueCar** acquired a 20% stake in vehicle valuation firm **Accu-Trade**. ([TrueCar](#))
- Indonesian used car marketplace **BeliMobilGue.co.id** raised \$10 million. ([Deal Street Asia](#))
- **eBay** received regulatory clearance to take over **Motors.co.uk’s** car sales and information websites. ([Motor Trader](#))
- The Federal Reserve Bank of New York said that 7 million Americans were 90 days or more **behind in their car loans**. ([CNBC](#))

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

- **Lyft’s** co-founders are reportedly planning to create a super voting class of stock so that they have near-majority control after the business IPOs in late 2019. ([WSJ](#))
- **Uber’s** latest financial results showed a net loss of \$768 million in Q4 2018 on net revenue of \$3 billion (\$14.2 billion in gross bookings). Net and Gross revenue grew at around 30% on a year-over-year basis -- consistent with recent quarters. ([TechCrunch](#))
- Car rental start-up **Virtuo** raised €20 million. ([EU Startups](#))
- **VW’s** Moia on-demand shuttle service plans to charge around €6 - €7 per trip. The company believes that there is a gap in the market between public transport (cheaper) and taxis (more expensive). ([VW](#))

## Driverless / Autonomy (history)

- **California** released 2018 **disengagement reports** for driverless vehicles testing in the state. Although **Cruise** and **Waymo** were the centre of attention, perhaps the more interesting statistic was that total miles travelled in 2018 came to only just over two million -- a very low level, although around four times greater than in 2017. Around half the total test miles were by Waymo. ([California DMV](#))
  - Significance: As testing gathers path at other locations, people are increasing vary of drawing firm conclusions from the Californian numbers. Even in Waymo’s case, far more miles are covered outside of California than inside.
- Autonomous truck developer **TuSimple** raised \$95 million. ([Reuters](#))
- Self-driving vehicle start-up **Nuro** raised \$940 million from **SoftBank**. ([Nuro](#))

## Electrification (history)

- The **French** government plans to invest €700 million into battery cell manufacturing and charging networks in the hope of encouraging a European (read Franco-German) battery champion. ([Reuters](#))
- **WiTricity** took on **Qualcomm's** wireless charging assets in exchange for a minority shareholding. ([Inside EVs](#))
- **Renault-Nissan-Mitsubishi's** VC unit and **BP** invested in **PowerShare**, a Chinese company that coordinates transactions between EV owners and different charging networks. ([RNM Alliance](#))

### Connectivity

- **NavInfo** will provide maps for **BMW** cars in China. ([Economic Times of India](#))
- Mapping firm **Dynamic Map Platform** reportedly plans to acquire smaller rival **Ushr**. ([Reuters](#))
- Connected vehicle data analysis firm **Wejo** raised €91 million, with **GM** taking a 35% stake. ([EU Startups](#))
- Vehicle cyber security firm **C2A Security** raised \$6.5 million. ([FINSMES](#))

### Other

- A cyber security firm announced that it could remotely control the brakes and acceleration of some electric scooters, but as the hack relies on Bluetooth, it only works close to the scooter. Scooter companies said they had known about the problem for ages and replaced vulnerable hardware. ([The Verge](#))
- **Shell** acquired all of **Sonnen**, a home energy management firm it previously invested in. ([Clean Technica](#))
- Bicycle sharing firm **Ofo** lost its Singapore operating licence. ([Straits Times](#))