



AD PUNCTUM

Autos & Mobility Industry Briefing -- 18th March to 24th March 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)

- Released the 2018 annual report, saying conditions in 2019 would be challenging, with product cost, exchange, higher expenditure on R&D and capex for electric vehicles and manufacturing costs all adversely affecting profits. ([BMW](#))
- Published the 2018 sustainability report. ([BMW](#))
- Aims to remove 50% of powertrain combinations by 2021. ([BMW](#))

Daimler (history)

- Daimler sources suggested that the Smart brand could come under intense scrutiny from new CEO Källenius once he gets his feet under the table. ([Handelsblatt](#))
- Reportedly looking into building a bigger stake in Chinese joint venture partner BAIC. ([Reuters](#))
- Wants to develop in-car games for passengers. Daimler appears to believe that gaming offerings from phones, tablets and consoles cannot fully leverage the experience of sitting in a car, and a bespoke solution could do better. ([Daimler](#))

Ford (history)

- Announced Tim Stone as CFO, an external hire from Snap (and Amazon before that), plus some other executive changes. Ford will unravel the strategy from earlier in the decade to have more discrete market management by announcing that all markets except the Americas, Europe and China will be consolidated into an “international” group. The COO of North America becomes President of Europe, with the incumbent becoming chairman, a set up Ford last used in the early 2000s. ([Ford](#))
 - Significance: Hiring in a CFO suggests that Hackett has lost confidence in the finance function at Ford, especially since Ford had promoted an unusually large number of finance executives (five versus two normally) to the tier below CFO ahead of Shanks’s anticipated retirement. Rowley’s new role heading Ford of Europe looks like a hedge to keep him on board in case Stone’s appointment doesn’t work out.
- Made a series of production allocations for North American plants. Flat Rock will produce a new electric car (not the Mach 1 SUV); there will be a new facility retrofitting autonomous technology to newly built vehicles (probably at low volume given the investment levels); and Transit Connect production for North America will be sourced to Cuautitlan in Mexico. ([Ford](#))
- Increasing capacity of large SUVs by 20% after the summer shutdown, revealing that the average transaction price of an Expedition is now \$62,700. ([Ford](#))

Geely (includes Volvo) (history)

- Volvo’s CEO says 20% - 25% of the brands sales will be PHEVs by the end of 2019. ([Automotive News](#))
- Margins on electric cars will match those on internal combustion engine products by 2025 according to Volvo’s CEO, with the caveat that both vehicle types may make less money than today. ([Reuters](#))

- Volvo will start to install driver monitoring cameras in the early 2020s, aimed at reducing accidents from drink driving and distraction. ([Volvo](#))
- Geely reported financial figures for 2018. Revenue of 106.6 billion RMB (about \$16 billion) was up 15% on 2017, despite unit sales increasing 20%. Net profit of 10.63 billion RMB (about \$1.6 billion) rose 18%. ([Geely](#))

General Motors (history)

- Building a new all-electric vehicle based on the Bolt at the Orion Township, USA plant. GM says the product was originally planned to be made outside the USA. ([GM](#))
- Investing \$2.7 billion in two Brazilian plants. Local politicians said that the factories would have otherwise closed. GM stressed that the products were not slated for export to the US. ([Detroit News](#))
- CEO Barra said GM was following Lyft's IPO with great interest. ([CNBC](#))
- Cadillac is moving to output-based badging, following in the footsteps of Audi. ([Detroit Free Press](#))

Hyundai / Kia (history)

- Hyundai and Kia will invest \$300 million in ride hailing service Ola. ([Hyundai](#))
- Kia will launch a Ceed crossover, but won't say what it will be called until later in 2019. ([Kia](#))
- Kia broke ground on an expanded UK distribution centre, which will have room for an additional 8,000 vehicles when completed -- great for dealing with any post-Brexit inventory troubles. ([Kia](#))

Nissan (includes Mitsubishi) (history)

- Denied reports that internal mid-term Nissan targets for Chinese market sales were downgraded by 8%. ([Reuters](#))

PSA (includes Opel/Vauxhall) (history)

- Board member Robert Peugeot said that the integration of Opel and Vauxhall had gone much better than expected and that the Peugeot family's investment vehicle would support further M&A if opportunities arose -- maybe even by investing further capital. He also appeared to explicitly acknowledge FCA and JLR as takeover targets. ([Les Echos](#))
- Unions agreed terms for the transfer of 2,000 Opel R&D employees to Segula. Through the deal, Opel will be able to resume voluntary layoffs at Rüsselsheim. ([PSA](#))

Renault (history)

- New chairman Senard said that decision making speed in the Renault-Nissan-Mitsubishi's alliance needed to improve, whilst boosting autonomy for executives at each company. He also said no one was working on changing the alliance's shareholding structure. ([Reuters](#))

Suzuki

- Toyota and Suzuki announced a series of actions to share vehicles and components to one another. Toyota will supply European-built cars to Suzuki, and make Suzuki-designed engines. Suzuki will sell Toyota several India-built models that will be re-badged for African markets while Toyota will make Vitaras in India. ([Toyota](#))

Tata (includes JLR) (history)

- JLR won a Chinese court battle to stop JMC's Landwind brand producing the X7, a vehicle mightily similar in size, form and detailing to the Evoque. ([The Guardian](#))

Tesla (history)

- Removed the bottom end Model S, further separating the car from Model 3. ([Business Insider](#)) The mid-range Model 3 has also been abandoned. ([Green Car Reports](#))
- Launched a new referral program with substantially lower value rewards. ([Tesla](#))
- The SEC said that CEO Musk had not sought approval for a single tweet made since his agreement to do so in return for being let off more serious penalties following his "funding secured" debacle. ([Reuters](#))
- Filed lawsuits against ex-employees working at Zoox and XPENG, alleging they stole Tesla's know-how. ([The Verge](#))

- CEO Musk declared deliveries to be the primary responsibility of all employees for the remainder of Q1. ([Reuters](#))
- Revised the maintenance policy to replace annual checks with a looser “as required” scheme. ([Tesla](#)). As of 25th March, Tesla had not made the change in all markets ([see UK example](#))

Toyota (history)

- Will replace the GT86, once again partnering with Subaru. ([Autocar](#))
- Toyota and Suzuki announced a series of actions to share vehicles and components to one another. Toyota will supply European-built cars to Suzuki, and make Suzuki-designed engines. Suzuki will sell Toyota several India-built models that will be re-badged for African markets while Toyota will make Vitaras in India. ([Toyota](#))
 - Significance: Since the RAV4 isn’t currently built in Europe (apart from Russia), the announcement could be a clue about the future of the former Toyota-PSA JV plant.

VW Group (history)

- Porsche’s CEO floated the idea of using subscriptions for limited edition cars to prevent speculation. ([Autocar](#))
 - Significance: Since the increase in value stems in part from the limited supply, if controlling pricing is the only objective, Porsche could always just make more...?
- Bugatti is rumoured to be planning a new all-electric saloon, potentially to be called Royale, that would be based on Porsche Taycan underpinnings. ([CAR](#))
- VW Bank wants to save €850 million per year by 2025 and plans to cut around 800 of the 7,000 staff by 2025 to help achieve it. ([Handelsblatt](#))
- Škoda’s CEO confirmed two MEB-based electric cars to launch by 2022, with a low-cost model planned to come after that. ([Autocar](#)) Despite resistance from German unions, he continues to plan for a new Eastern European production site to expand capacity. ([Autocar](#))
- Forming a new company called MOS, to sell connected car services in China in partnership with FAW. ([VW](#))
- VW internal analysis reportedly shows that producing battery cells in Germany would increase costs by 20% compared to other options. ([Handelsblatt](#))
- Porsche will end the night shift at the Leipzig plant after the summer shutdown, but says only temporary workers will be affected. ([Manager Magazin](#))
- Porsche launched an (expensive looking) set of new dealer standards. ([Porsche](#))
- After a ship carrying four limited edition Porsche 911 GT2 RSs sank, Porsche will restart production of the cars to ensure their owners weren’t thwarted by acts of God. ([The Drive](#))
- Škoda said that pay increases at 2018 levels would not be affordable in 2019. ([Reuters](#))
- The Porsche / Piëch family investment vehicle raised its voting stake in VW Group from 52.2% to 53.1%. ([Reuters](#))
- Porsche unveiled a “coupe” version of the Cayenne. ([Porsche](#))
- Comments by Porsche executives about the next generation Cayenne indicate that it could be the brand’s first mixed powertrain vehicle, with both internal combustion engine and battery electric derivatives. ([Autocar](#))
- VW launched a battery consortium with Northvolt. ([VW](#))
- Although VW continues to look for a new Eastern European factory, it won’t be in Ukraine. ([Kyiv Post](#))

Other

- **Evelozcity** changed its name to **Canoo** and announced that vehicles will only be available via subscription. ([Canoo](#)) Having already said that it plans to use contract manufacturing, Canoo reportedly signed a letter of intent for **Magna** to manufacture the firm's US market vehicles at a new plant. ([Automotive News](#))
- **Borgward** seems to have found a new parent, in the form of **UCAR** a Chinese taxi service, and part-owner of **XPENG**, who paid \$610 million for 67% of the firm. ([Deal Street Asia](#))
- **Evergrande**, sometime **NEVS** and **Faraday Future** investor, says it will soon launch electric vehicles and wants to be the world leader within three to five years. ([Bloomberg](#))
- **Workhorse** reported Q4 2018 financial results. There was a \$(17.7) million loss on \$21,000 of revenue. ([Workhorse](#))
- **Faraday Future** signed a joint venture with mobile phone company **The9** which will see Faraday receive a \$600 million cash injection. The press release implies that it will be The9, rather than Faraday, that leads the marketing for the first mass-market product, dubbed the V9. ([Faraday](#))
 - Significance: Although \$600 million is a lot of money, it would be something of a world first if Faraday Future could get a 300,000 unit production facility for electric cars up and running on this budget. Although the figure seems reasonable in the context of traditional programs, all electric vehicles are proving considerably more costly (e.g. Tesla Model 3).

News about other companies and trends ...

Economic / Political News

- A **French** parliamentary report suggested that changing over from internal combustions engines to electrification could cost €500 billion by 2040 - assuming the state continued generous subsidies; paid for charging stations to be built and failed to recover lost fuel duty. ([Les Echos](#))
- **US** President Trump told **UAW** members that their leadership should support him more and the dues they are paying have been set too high. ([Detroit Free Press](#))
- **Mexico** and **Brazil** concluded a free trade agreement for light vehicles. ([Economic Times of India](#))

Suppliers

- Aluminium producer **Hydro** suffered a cyber-attack, forcing some factories to close whilst others had to run under manual control. ([Reuters](#))
- **Schaeffler** started consultations with German unions over plans to close four plants. ([Handelsblatt](#))
- **ZF** acquired a 60% share in automated pod maker **2getthere**. ([ZF](#))
- **BorgWarner** appointed a new CFO. ([BorgWarner](#))

Dealers

- **Driverbase** launched a service that will collect driving data from customers and then recommend the best car for them. It is unclear whether badge snobbery by your friends make will be part of the data set used. ([Driverbase](#))
- Singaporean peer-to-peer used car website **Carro** raised \$90 million. ([Deal Street Asia](#))
- Indonesian online new car sales website **Mobilkamu** raised an undisclosed amount in Series A and claims to sell 150 cars per month, four years after founding. ([Deal Street Asia](#))

Ride-Hailing, Car Sharing & Rental (history)

- **Goodyear** is running a trial providing mobile servicing to a fleet of cars run by **Envoy**. ([Goodyear](#))
- **Lyft's** IPO roadshow is apparently going very well. ([Reuters](#))
- Multi-modal app **UbiGo** has been acquired by **Via ID**. ([Fleet Europe](#))
- South African firm **FlexClub**, which matches ride hailing drivers with investors who are willing to provide cars in return for a percentage of the takings, raised \$1.2 million. ([TechCrunch](#))
- A consortium of Chinese carmakers (**Changan, FAW, Dongfeng**) and internet firms (**Alibaba, Tencent**) will spend \$1.5 billion setting up a ride hailing venture. ([Reuters](#))
- **Hyundai** and **Kia** will invest \$300 million in ride hailing service **Ola**. ([Hyundai](#))

Driverless / Autonomy (history)

- **Denso** joined a consortium that is trying to work out how to check if autonomous cars smell. The high-tech effort begs the question of how taxi drivers suffering from Anosmia overcome this problem today. ([Denso](#))
- Lidar developer **Lumotive** came out of stealth mode, claiming a 200m range for its solid state lidar. ([IEE Spectrum](#))
- **ZF** acquired a 60% share in automated pod maker **2getthere**. ([ZF](#))
- Millions of Americans developed a newfound interest in autonomous cars after hearing President Trump doesn't trust computers to drive the car and believes that no one has thought to install a kill switch. ([Futurism](#))
- **Waymo** opened a new depot in Phoenix, leading to speculation that it could now service more than double the current fleet size. ([TechCrunch](#))
- Russian internet company **Yandex** enlisted **Hyundai Mobis** to bolster its self-driving car efforts. ([Hyundai Mobis](#))
- Lidar developer **TriLumina** announced a distribution agreement with **Nagase**. ([TriLumina](#))
- A European effort to develop a **high-accuracy vehicle positioning system** using Galileo (Europe's answer to GPS) said that so far it can provide position to within 0.3m - 0.5m, insufficient for autonomous cars. ([ESCAPE](#))
- Lidar developer **Ouster** raised \$60 million. ([Venture Beat](#))

Electrification (history)

- **BMW, Daimler** and **VW** have reportedly agreed to pursue a single strategy for electric vehicles that will enable the German industry association, the VDA, to lobby effectively. ([Handelsblatt](#))
- **VW** internal analysis reportedly shows that producing battery cells in Germany would increase costs by 20% compared to other options. ([Handelsblatt](#))
- **Oslo** will install wireless charging at taxi ranks in a bid to encourage take-up of an all-electric fleet by 2023. ([Reuters](#))

Connectivity

- **VW** and **FAW** are forming a new company called MOS, to sell connected car services in China. ([VW](#))

Other

- Indonesian cargo scheduling start-up **Kargo** raised \$7.6 million. ([TechCrunch](#))
- Flight hailing firm **Blade** has started operations in California. ([TechCrunch](#))