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Autos & Mobility Industry Briefing -- 1st April to 7th April 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](#))

- Received notification that the EU believes BMW took part in a cartel with Daimler and VW Group to control emissions regulations. BMW said the three held ongoing talks, but nothing wrong had happened. ([BMW](#)) Despite the denials of any wrongdoing, BMW will make a provision of over €1 billion to cover the cost of fines, which will reduce full year EBIT margin by 1% - 1.5%. ([BMW](#))
- Working with Microsoft to create a common standard for integrating various factory information systems together so that they can exchange reporting data and commands. ([BMW](#))
- The rumoured talks between BMW and Daimler to share electric vehicle technology are apparently concentrated on delivering an affordable electric car in China. ([Reuters](#))

Daimler ([history](#))

- Celebrated the opening of the Moscow plant. ([Daimler](#))
- CEO Zeteche drew a parallel between the safety critical systems on aircraft and emerging driver assistance, and full self-driving technologies in cars. ([Reuters](#))
- Will add start producing the GLC SUV at the Sindelfingen, Germany plant from 2022 onwards, potentially depriving Valmet of the volume. ([Daimler](#))
- Accused by the EU of breaking competition rules by discussing emissions technologies with BMW and VW Group. Daimler expects that, as the original whistle-blower, it will not be fined. ([Reuters](#))
- The rumoured talks between BMW and Daimler to share electric vehicle technology are apparently concentrated on delivering an affordable electric car in China. ([Reuters](#))

FCA ([history](#))

- FCA and Tesla will pool their vehicles for the purposes of EU CO2 emissions calculations in a deal said to be worth hundreds of millions. ([FT](#))
 - Significance: The move will allow FCA to offset far more expensive fines without having to sell pricey electrification technology in cost-sensitive markets (e.g. Italy and Spain). However, it also represents a one-way bet on Tesla's future in Europe and would leave the firm exposed overnight to large drop in sales or the firm's failure.
- Sold 498,425 vehicles in the US during Q1 2019, a drop of (3)% on the prior year. Only Ram pick-up trucks showed an increase, even Jeep saw decreases despite the seemingly insatiable US demand for SUVs. ([FCA](#))
- FCA's chairman wants his family's investment company to "participate" in the future of FCA but stopped short of calling for it to continue on a standalone basis. ([Reuters](#))

- Developed a new fuel with Enel that, FCA says, has 3% lower CO₂ emissions on a WLTP basis and can be used instead of petrol. So far, the fuel has only been tested in a fleet of five cars. ([FCA](#))
 - Significance: OEMs may hope that by developing different fuels they can claim partial delivery of European CO₂ targets. It remains unclear whether the EU will be convinced, or regard the fuel efficiency as a double-count of improvements already expected.

Ford (history)

- Revealed the next-generation Kuga / Escape SUV. The car will offer 48V, hybrid and plug-in hybrid powertrain. Ford claim the PHEV derivative will have CO₂ emissions of 29 g/km. ([Ford](#))
- Sold 590,249 vehicles in the US during Q1 2019, down (1.9)% on the same period a year ago. The drop was more than explained by falling car sales. ([Ford](#))
- Will start selling a plug-in hybrid version of the Explorer SUV in Europe from late 2019 onwards. ([Ford](#))
 - Significance: Provided the sales are high enough to warrant the effort of engineering the vehicle for Europe (several thousand per year), this looks like a smart move. The Explorer will add a 7 seat SUV; command decent margins; and be a net positive for Ford's fleet average CO₂, emitting fewer g / km than most Fiesta and Focus models, but with far higher mass.
- Launching an all-electric version of the Transit van in 2021 and hopes to boost commercial vehicle sales in Europe by increasing the number of authorised bodybuilders and offering remote fleet management features. ([Ford](#))
- Announced that the small SUV already confirmed for the Romania plant will be called Puma. ([Ford](#))
- Executives threatened that Ford would reconsider its long-term investments in the UK in the event of a no deal Brexit, but admitted that the current round of layoffs were due to self-inflicted problems. ([Economic Times of India](#))
- Workers at the St Petersburg plant are going on strike in protest at plans to close the site, but since Ford intends to end sale of the cars made there, it isn't clear if this will be a problem. ([Moscow Times](#))
- CEO Hackett said in an interview that he saw signs of progress in his bid to remake the company's thinking but a continued reference to 2018-vintage examples suggests fewer green shoots than he would like. He acknowledged that he might not see the overhaul effort through, saying "I just don't think that I have an evergreen time to get as far as I need to get". ([Detroit News](#))

Geely (includes Volvo) (history)

- Volvo sold 161,320 cars in Q1 2019, up 9.4% on prior year. ([Volvo](#))

General Motors (history)

- Sold 665,840 vehicles in the US during Q1 2019, down (7)% from prior year. GM appeared to suggest that it was because of falling car sales, but all brands lost volume, as did several high-profile SUV nameplates. ([GM](#))

Hyundai / Kia (history)

- Hyundai denied media reports that it had agreed an alliance with Tencent for driverless car development. ([Reuters](#))
- In the first quarter Hyundai sold 1,020,374 units globally, down (2.8)% on the same period in 2018. ([Hyundai](#))
- KIA sold 650,143 vehicles globally in the first quarter, up 0.6% on a year-over-year basis. ([KIA](#))
- Working on a digital cockpit with reconfigurable steering wheel buttons that feature their own screen. ([Hyundai](#))

Nissan (includes Mitsubishi) (history)

- Carlos Ghosn was rearrested and will be held in detention until at least April 14th. ([Reuters](#))

PSA (includes Opel/Vauxhall) (history)

- Aiming to achieve 95% localisation on the first India-built Citroën vehicles. ([Autocar](#)), CEO Tavares says that a minimum localisation of 90% is "a given" for the market. He is open to suggestions about how to use the Ambassador brand that PSA previously acquired, implying no current product plans. ([Autocar](#))
- Rumoured to have two sourcing plans for the next-generation Astra: the first would see 75% of the cars produced in Ellesmere Port, UK with the remainder coming from Rüsselsheim, Germany; the second (to be triggered in the event of a no-deal Brexit) would be the inverse. Both scenarios imply the Gliwice, Poland plant will lose out. ([Handelsblatt](#))

- CEO Tavares said the company is not actively targeting an alliance or takeover with any specific company because PSA “didn’t need” any help (seemingly leaving the door open for things he might want, but not need). ([Reuters](#))

Renault (history)

- Completed an audit of executive payments between 2010 and 2018. Although there wasn’t anything wrong, some of the expenses paid on behalf of Carlos Ghosn were a “source of concern”. ([Renault](#))
- Wants to pay Carlos Ghosn as little as possible for his work in 2018, but that will require the agreement of the AGM, and even then he will still receive €1 million. Renault also will only pay out part of Ghosn’s pension pot. ([Renault](#))

Tesla (history)

- Delivered 63,000 units in Q1 2019, up 100% versus a year prior but down (31)% on a quarter-over-quarter basis. Tesla suggested that there were an usually high number of vehicles in transit, but a heavy drop in Model S and X seemed to be responsible too. Tesla has now stopped giving separate figures for the two older vehicle lines and said it would still deliver 360,000 - 400,000 cars in 2019. ([Tesla](#))
 - Significance: For many quarters, Model S and X sales have appeared to be losing momentum and now sales have fallen by over (50)% in a single quarter. Tesla’s move to stop giving separate figures also appears backwards, given that the firm only produce three model lines.
- FCA and Tesla will pool their vehicles for the purposes of EU CO₂ emissions calculations in a deal said to be worth hundreds of millions. ([FT](#))
- A US Judge told the SEC to resolve their dispute with Elon Musk amicably. ([Reuters](#))
- Holding an investor day on 22nd April to provide a “deep dive” into the technology set and strategy. ([Tesla](#))

Toyota (history)

- Transferring the development and manufacturing operations for electronic components to Denso, the moves will be completed by April 2020. ([Toyota](#))
- Will offer royalty-free access on around 24,000 patents relating to electric vehicle technology and provide technical support to manufacturers making their own vehicles using Toyota’s components. The royalty-free period lasts until 2030, so it is unclear whether companies will have to start making payments after that point. ([Toyota](#))

VW Group (history)

- Announced a long-term lithium supply deal with Ganfeng. ([VW](#))
- Merging all Indian passenger car legal entities into a single company as part of organisational changes putting Škoda in charge of developing low cost cars. ([VW](#))
- Will show a full size all-electric SUV dubbed ID-Roozz at the Shanghai show. The vehicle will launch in China in 2021, with other markets following on. ([VW](#))
- Accused by the EU of breaking competition rules by discussing emissions technologies with BMW and Daimler. VW earlier suggested that it expects relatively light punishment after acting as a whistle-blower (without knowing that Daimler had already got there first). ([Reuters](#))
- The head of VW’s works council has reportedly called on the board to extend no-layoff guarantees for German workers out to 2028. ([Handelsblatt](#))

Other

- **Karma** will use small gasoline engines supplied by **BMW** as range extenders. The two firms have been working together since 2015, but have only now made the relationship public. ([Karma](#))
- **NIO** sold 3,989 vehicles in Q1 2019. ([NIO](#))
- **McLaren** will unveil the brand’s grand touring offering in May. ([McLaren](#))
- **Lightyear** received €2.5 million from a European Commission program. ([Lightyear](#))
- **Maruti Suzuki** cut production in India by over (20)% in March, due to falling demand. ([Bloomberg](#))
- **Aston Martin’s** CEO believes that the cost of developing self-driving cars will lead to so much M&A that in future there are only “two or three” massive car makers. He thinks that there will be no successful new luxury brands within the next ten years. ([Autocar](#))

- A mysterious Chinese car company is reportedly building a factory in Croatia that will produce electric vehicles aimed at central and eastern European markets. ([Total Croatia News](#))
- **Faraday Future** released teaser images of the V9 car it intends to build in China. ([Engadget](#))

News about other companies and trends ...

Economic / Political News

- **US** light vehicle industry in March was 17.48 million units, about 0.5% better than the prior year. ([Wards](#))
- March passenger car registrations in the **UK** were 458,054 units, down (3.4)% on a year earlier. ([SMMT](#))
- **German** passenger car registrations of 345,523 units in March fell (0.5)% on the prior year. ([KBA](#))
- Passenger car registrations in **France** for March of 225,818 units were down (2.3)% but up (2.4)% when sales days were taken into account. ([CCFA](#))
- **Italian** passenger car registrations for March came to 193,662 units, a (9.6)% drop on the prior year. ([UNRAE](#))
- There were 122,664 passenger cars registered in **Spain** during March, a fall of (4.3)% on a year earlier. ([ANFAC](#))
- Over 50% of vehicles registered in **Norway** during March were apparently all-electric. ([Economic Times of India](#))
- **Australia's** Labor party plans, if it wins the general election, to set a target of 50% of new car sales in 2030 coming from electric models. ([The Guardian](#))
- The **European Union** published its report into 2017 CO₂ fleet average emissions. ([EU](#))
- **London's** ultra low emission zone (ULEZ) became activated. Owners of older, highly polluting, vehicles will have to pay additional surcharges to access the zone. ([BBC](#))
 - Significance: Although there is much talk of outright city bans for vehicles with worse emissions, higher taxes, payable on a per-use basis, seem likely to gain favour amongst politicians looking for a way to improve air quality without accusations of reducing access, whilst raising revenue at the same time.

Suppliers

- **Valmet** reported 2018 revenue of €662.6 million and an operating profit of €18 million. ([Valmet](#))
- **ZF** reported 2018 revenue of €37 billion and adjusted EBIT of €2.1 billion. Although the firm highlighted investments in mobility-focused companies, it also announced a large transmission order from **BMW** -- serving as a reminder of the continued importance of internal combustion engines. ([ZF](#))
- **Melrose** held an investor day, confirming 10% margin targets for **GKN's** automotive division. ([Melrose](#))
- **Prinx Chengshan** opened a 4.8 million unit capacity tyre plant in Thailand. ([Reuters](#))
- **Lear** is acquiring connected vehicle specialist **Xevo**. ([Lear](#))
- **Standard Motor** announced the acquisition of some of **Stonerige's** automotive assets. ([Standard Motor](#))
- **Norsk Hydro** said production has almost returned to normal levels after a cyber attack. ([Reuters](#))
- **Michelin** held an investor day. ([Michelin](#))
- **Toyota** is transferring the development and manufacturing operations for electronic components to **Denso**, the moves will be completed by April 2020. ([Toyota](#))

Ride-Hailing, Car Sharing & Rental (history)

- Indian rental operator **Zoomcar** is reportedly looking to raise \$500 million, with **Mahindra** considering supplying up to \$400 million of the money. ([Deal Street Asia](#))

Driverless / Autonomy (history)

- UK self-driving start-up **Wayve** claimed success in using low-tech sensors, standard mapping and machine learning to teach a vehicle to navigate urban streets. ([TechCrunch](#))
 - Significance: There are many advocates for machine learning in self-driving however, thus far, no one has programmed a machine to explain what decisions it is taking (not great for building confidence or accident investigation). Comma.ai tried a similar approach a few years ago (albeit with fewer sensors) and were ordered not to release their product by US regulators (Wayve appear content to simply test at this stage).

- **Toyota, Ford, and GM** are working with the SAE (US engineering body) to create standards for autonomous vehicle testing and deployment. ([Toyota](#))
 - Significance: Since the SAE coined the idea of levels 1-5 of autonomy, their guidance on autonomous vehicles will be closely watched. Toyota, GM and Ford have an opportunity to recommend exhaustive best practices that could make quicker routes to market appear “unsafe” when judged against the SAE’s forthcoming criteria.

Electrification (history)

- **Innolith** claims to have a battery with an energy density of 1,000 Wh/kg and plans to produce it in 2022. ([The Verge](#))
- **Nidec** says it will begin mass producing wheel-hub motors rated at 100 kW in around 2023. ([Nidec](#))
- Electric motor developer **C-Motive** raised \$2 million. ([C-Motive](#))
- **Toyota** is offering royalty-free access on around 24,000 patents relating to electric vehicle technology and provide technical support to manufacturers making their own vehicles using Toyota’s components. The royalty-free period lasts until 2030, so it is unclear whether companies will have to start making payments after that point. ([Toyota](#))

Other

- Scooter rental firm **Bird** published a safety report saying that accident levels were about equivalent to using a bicycle. The report implied that by replacing car journeys, overall traffic deaths would fall -- presumably on the basis that collisions would be between scooters, rather than cars hitting pedestrians as they do today. ([Bird](#))
- Logistics start-up **BlackBuck** raised \$36 million. ([Deal Street Asia](#))
- Logistics start-up **TheLorry** raised \$6 million. ([Deal Street Asia](#))
- Electric trike maker **Pi Beam Labs** raised seed capital. ([Economic Times of India](#))