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Autos & Mobility Industry Briefing -- 29th April to 5th May 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

Daimler (history)

- A research project Daimler collaborated on has concluded that next-generation metal additive printing processes will reduce costs by around 50%. ([Daimler](#))

FCA (history)

- Reported financial results for Q1 2019. Revenue of €24.5 billion was (5)% down versus prior year and adjusted EBIT of €1.07 billion was down almost (30)%. FCA said profit would be much stronger in the second half. ([FCA](#))
- CEO Mike Manley's comments on the earnings call suggested that FCA was in preliminary discussions with potential strategic partners, but that details would not be forthcoming until "subsequent calls". ([Seeking Alpha](#))
- CEO Mike Manley says FCA will achieve compliance, avoiding (by their maths) a fine of around €400 million. The benefit of the pooling agreement with Tesla will come mainly in 2020 to 2022 -- in 2020 he expects pooling to be responsible for around 80% of the gap closure but by 2022 pooling, if any, will be "very small". ([Seeking Alpha](#))
- Spending about €1.8 billion on emissions credits in "various jurisdictions" that will be used up to 2023. FCA didn't break out the exact amount of this that applies to Tesla in Europe. ([FCA](#))
- Combined the manufacturing and sales arms of its Chinese joint venture with GAC and established a new executive team incorporating representatives from both companies. ([FCA](#))
- Will follow the lead of GM and Ford by moving US sales reporting to every quarter, rather than monthly, from Q3 2019 onwards. ([FCA](#))
- Settled a US lawsuit about emissions from diesel engines, agreeing to provide a software update to adjust output and offer financial compensation to affected customers. ([FCA](#))
- All new FCA vehicles from 2022 will have infotainment systems connected to the internet using hardware supplied by Samsung's Harman division. ([FCA](#))
- Completed the sale of Magneti Marelli to Calsonic Kansei. ([Magneti Marelli](#))

Ford (history)

- Reducing production of the 5.0L V8 engine that powers many Mustang and F-150 vehicles. ([Fox News](#))
- Reached a settlement with Brazilian workers that clears the way for Ford to either sell or close the Sao Bernardo do Campo plant. ([Reuters](#))
- Argo is "about two years" away from the first commercial deployment. ([Argo](#))
- Announced a new rewards program based around the FordPass payments system and a raft of measures designed to improve customer satisfaction in the USA, such as a new call centre and the introduction of Tesla-style mobile servicing for minor matters. After getting US dealers to implement a new set of dealer standards, at an average cost of \$2 million per site by Ford's figures, the company has decided more change is required and is now promoting a concept that sounds much like a Tesla store. ([Ford](#))

- Said that several third parties will join the FordPass service to offer services in the vehicle while the customer is away, including parcel delivery and car washing. ([Ford](#))
- Ford's recently appointed China boss is said to be clearing out expatriate managers at a rate of knots. ([FT](#))

Geely (includes Volvo) (history)

- Geely's all-electric Geometry brand claims 26,000 orders for the Geometry A model. ([Top Gear](#))

General Motors (history)

- Released financial results for Q1 2019. Net revenue of \$34.9 billion was down (3.4)% on a year prior while adjusted EBIT of \$2.3 billion fell (12)%. On an unadjusted basis, profit of \$2.16 billion was almost double the prior year figure; helped in no small part by a massive tax windfall. ([GM](#))
- CEO Mary Barra declined to confirm the year end 2020 timing for Cruise to launch a fully autonomous vehicles, choosing instead to talk about how happy she was with Progress. When asked to explain whether GM's design processes had enough room for innovative thinking, Barra pointed to a pretty weak example involving a tailgate redesign for pickup trucks. ([Seeking Alpha](#))
- Confirmed that there will be a full line-up of electric vehicles, including pick-up trucks, but remained hazy on the timing, indicating that GM will perhaps be slower to market than Ford. ([Seeking Alpha](#))
- Recalling 368,000 full size pick-up trucks because of problems with the engine block heater. ([Reuters](#))

Mazda

- Re-entering the Greek market. ([Mazda](#))

PSA (includes Opel/Vauxhall) (history)

- Plans to offer all-electric version of the Peugeot Boxer and Citroën Jumpy large vans. Using an aftermarket specialist to modify the vehicles for battery power suggests PSA does not expect large demand, or hope to make any money. Electric versions of smaller vans will be released when the vehicles are updated in 2020/21. ([PSA](#))
- Issued €500 million in debt. ([PSA](#))
- German and French politicians are reportedly backing a plan for a joint venture between PSA and Saft to make batteries at the Opel plant in Kaiserslautern -- and are preparing to commit substantial state aid. ([Fleet Europe](#))

Tata (includes JLR) (history)

- JLR CEO Ralph Speth said the business had the full support of Tata but stopped short of an outright denial that a partial or outright sale was under consideration. He is conscious of supply constraints on batteries for electric cars and believes the cost will rise over the next two to three years. ([Automotive News](#))
- Confirmed that the new Defender will be built in Slovakia (at the end of a tedious press release about the vehicle's development programme). ([JLR](#))

Tesla (history)

- Tesla's purchasing team believes that there will soon be a shortage of raw materials for batteries, hence why the automaker is trying to partner directly with mines to ensure supply. ([Reuters](#))
- Decided to raise \$2.3 billion through a mixture of new shares and debt. ([Tesla](#)) In the end, investors were more generous than expected and Tesla got \$2.7 billion. ([CNBC](#))
 - Significance: Although the cash infusion will be welcome, it is less that two quarters of cash burn, at the current rate. Part of this is due to Tesla's model of selling directly and therefore having to carry new vehicles on the balance sheet -- a problem that will only increase if the business meets Elon Musk's sales objectives. As with previous raises, the new cash leaves Tesla richer, but not rich enough to weather much of a storm.
- Being sued by the family of a US driver killed whilst his vehicle was using the Autopilot driver assistance system, who are in effect accusing the firm of negligence. ([Economic Times of India](#))
 - Significance: The case is interesting because it will test Tesla's underlying philosophy that any change introduced is positive, even if it does not conform to industry norms.

- FCA will spend about €1.8 billion on emissions credits in “various jurisdictions” that will be used up to 2023. FCA didn’t break out the exact amount of this that applies to Tesla (but it seems likely to be most of it). ([FCA](#))

Toyota (history)

- Will produce the Lexus NX at the Cambridge, Canada, plant from 2022 onwards. ([Toyota](#))
- Launched a new \$100 million fund to invest in autonomous mobility and robots. ([Toyota](#))

VW Group (history)

- Announced Q1 2019 group revenue of €60 billion, up 3.1% on a year-over-year basis. Operating profit of €4.85 billion rose 15% YoY but bottom line profits were worse, with the passenger car division responsible. ([VW](#))
- Will reportedly use electric scooters source from Chinese firm NIU. ([Reuters](#))

Other

- **Mullen** selected a site for US production of the Qiantu K50, currently sourced from China. ([Mullen](#))
- Chinese electric vehicle developer **CHJ Automotive** is reportedly hoping to raise up to \$500 million. ([Reuters](#))
- **NIO** recently laid off about 10% of the company’s US workforce. ([The Verge](#))
- **Faraday Future** secured a bridging loan, with significant strings attached, worth up to \$255 million. The plan is to raise \$1.25 billion. ([The Verge](#))
- **Alcraft** says it is developing a three car line-up. ([Alcraft](#))

News about other companies and trends ...

Economic / Political News

- **US** light vehicle SAAR for April of 16.43 million units fell (4)% from a year earlier. ([Wards](#))
- **German** passenger car registrations for April came to 310,715 units, down (1.1)% on prior year. ([KBA](#))
- **French** passenger car sales of 188,197 units fell (4.4)% when selling days were taken into account. ([CCFA](#))
- Passenger car sales in **Spain** for April of 119,417 units rose 2.6% from a year earlier. ([ANFAC](#))
- **Italian** passenger car registrations of 174,412 units in April rose 1.5% from prior year. ([UNRAE](#))
- **UK** car production fell (17)% in Q1 2019 versus the same period a year earlier. The manufacturers association warned that a no-deal Brexit would send back to the 19080s. ([SMMT](#))

Suppliers

- Seemingly contradicting statements made last week, **Continental** announced that Vitesco (the renamed powertrain division) would have a partial IPO in the second half of 2019. ([Continental](#))
- **Delphi** reported first quarter revenue of \$1.15 billion and PBIT of \$25 million. ([Delphi](#))
- Electric bicycle rental firm **Bond Mobility** raised \$20 million from investors including **DENSO**. ([DENSO](#))
- The former **Johnson Controls** power division rebranded as **Clarios**. ([Clarios](#))
- **American Axle** reported Q1 2019 sales of \$1.72 billion and net income of \$41.6 million. ([AAM](#))
- **Knorr-Bremse’s** CEO stood down with immediate effect, citing artistic differences. ([Reuters](#))
- **Tower’s** Q1 2019 revenue was \$379 million and net loss was \$(5) million. ([Tower](#))
- **Meritor** reported Q1 2019 sales of \$1.16 billion and net income of \$72 million. ([Meritor](#))
- **Magna** opened two new component factories in China. ([Magna](#))
- **Dana** reported Q1 2019 revenue of \$2.2 billion and net income of \$98 million. ([Dana](#))

Ride-Hailing, Car Sharing & Rental (history)

- Pakistani ride hailing firm **Bykea** raised \$5.7 million. ([Deal Street Asia](#))
- **Blacklane’s** CEO says the ride hailing business wants to IPO in two to three years. ([Reuters](#))
- **Zūm**, a service focused on driving children around, raised an undisclosed amount. ([FINSMES](#))

- **Uber's** IPO has apparently been a runaway success, with investors promising all the money executives wanted in just a few days. ([Bloomberg](#))
- Ride hailing firm **Ola** has so far raised over half of a planned \$1 billion round. ([Deal Street Asia](#)) Ola's electric vehicle division received funding from Tata's chairman. ([Deal Street Asia](#))

Driverless / Autonomy (history)

- **GM** CEO Mary Barra declined to confirm the year end 2020 timing for Cruise to launch a fully autonomous vehicles, choosing instead to talk about how happy she was with Progress. When asked to explain whether GM's design processes had enough room for innovative thinking, Barra pointed to a pretty weak example involving a tailgate redesign for pickup trucks. ([Seeking Alpha](#))

Electrification (history)

- **LG Chem** is suing **SK Innovation** in US courts, accusing its rival of stealing technology. ([Reuters](#))
- An unnamed Chinese battery maker is in talks to take a stake in nickel producer **St George Mining**. ([Reuters](#))
- **JLR** CEO Ralph Speth is conscious of supply constraints on batteries for electric cars and believes the cost will rise over the next two to three years. ([Automotive News](#))

Connectivity

- **Samsung's** Harman division is supplying **FCA** with Android-based infotainment that includes over the air updates. First deliveries start in 2019 and the product will be offered as standard from 2022. ([FCA](#))

Other

- **Masabi**, an app selling tickets for public transport, raised \$20 million. ([FINSMES](#))
- Electric bicycle rental firm **Bond Mobility** raised \$20 million from investors including **DENSO**. ([DENSO](#))
- Indonesian logistics platform **Ritase** raised an undisclosed amount. ([Deal Street Asia](#))
- Colombian delivery service **Rappi** raised \$1 billion. ([Reuters](#))
- Multi-modal information provider TransitScreen raised \$3 million. ([FINSMES](#))
- Indian logistics platform **BlackBuck** raised \$150 million. ([Deal Street Asia](#))
- A US report into **accidents on electric scooters** found that one third of injuries were caused the first time the rider was using an electric scooter. ([The Verge](#))
- **SoftBank** is reportedly investigating the possibility of listing the Vision fund. ([Reuters](#))
- Logistics matching firm **Fretlink** raised €25 million. ([FINSMES](#))
- Scooter rental firm **Bird** now offers a \$24.99 monthly rental where you get to keep the scooter for personal use, which sounds a lot like leasing. ([The Verge](#))