



AD PUNCTUM

Autos & Mobility Industry Briefing -- 8th July to 14th July 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](#))

- Sold 647,504 cars globally in Q2 2019, an increase of 1% on a year-over-year basis. ([BMW](#))
- Said that it had moved production of engines destined for South Africa out of the Hams Hall, UK, plant to ensure that EU-South Africa rules of origin requirements continue to be met. ([The Guardian](#))
- Invested in Maniv Mobility's new \$100 million fund. ([Economic Times of India](#))
- Unveiled the all-electric version of the Mini, saying there had been 40,000 expressions of interest. ([BMW](#))

Daimler ([history](#))

- Sold 607,126 globally cars in Q2 2019, a drop of (3)% on prior year. ([Daimler](#))
- Issued a profit warning for Q2 2019, having only just issued a profit warning a few weeks ago, saying it had lost €(1.6) billion, down from a profit of €2.6 billion last year. Daimler blamed higher recall costs, likely fines relating to diesel vehicles and a mysterious product planning decision concerning vans. ([Daimler](#))

FCA ([history](#))

- Investing €700 million to produce the all-electric Fiat 500e in Mirafiori, Italy. ([FCA](#))
- FCA said that it withheld some of its US sales chief's pay packet because he was implicated in a scheme to exaggerate sales figures, not because he cooperated with the investigating authorities, as he alleges. The lawsuit implies that up to 90% of senior executive compensation at FCA comes in bonuses and stock grants. ([Detroit News](#))

Ferrari

- There is a five year waiting list of customers who want to commission a one-off from Ferrari, and unless you are in the top 250 customers globally -- however that is defined -- you don't have a chance. ([Autocar](#))

Ford ([history](#))

- Recalling around 58,000 Focus cars to correct problems that can deform the fuel tank. ([Ford](#))
- Ford and VW announced the terms of a tie-up for autonomous vehicles. VW will merge its autonomous driving efforts (with a claimed value of \$1.6 billion) with Argo AI and stump up a further \$1 billion in cash, plus hand over \$500 million to Ford to buy into the project. After the transaction is complete, Ford and VW will hold an equal share in a business, they say, worth \$7 billion. ([VW](#))
- Has agreed to build up to 600,000 MEB-based electric cars and could "almost double" that figure if a second product, currently under discussion between the two parties, gets the go ahead. ([VW](#)) Ford will pay licensing fees on a vehicle-by-vehicle basis. ([Reuters](#)) with implied ~€15,000 per vehicle of revenue for VW. ([Ford](#)) Ford's electric vehicles will be made in European Ford factories, but which one stays a secret for now (hint: there are impending capacity crunches in Saarlouis and Valencia). ([Seeking Alpha](#))

- Ford and VW's collaboration on commercial vehicles saves "several hundred million euros". ([VW](#))
- Ford and VW might share some of the behind the scenes infrastructure related to autonomous cars but haven't decided yet. ([Seeking Alpha](#))
- Argo AI will "continue to seek new partners" after VW buy-in. ([Argo](#))
- Recalling around 58,000 Focus cars to correct problems that can deform the fuel tank. ([Ford](#)) Ford will also recall about 7,500 Rangers because of seat belts that weren't fitted properly. ([Ford](#))

Geely (includes Volvo) (history)

- Issued a profit warning saying the net profits in the first half would be about (40)% down on 2018. ([Geely](#))

General Motors (history)

- The head of artificial intelligence at Cruise thinks it might take a lifetime to get self-driving cars to work properly in all locations and driving conditions. ([IEEE Spectrum](#))

Hyundai / Kia (history)

- Invested in Maniv Mobility's new \$100 million fund. ([Economic Times of India](#))

Mazda

- Recalling 262,000 US vehicles to fix problems with engines stalling. ([Fox](#))
- Toyota will now make an SUV at the new US joint venture plant with Mazda (still under construction), rather than the previously planned car. The impact on Mazda's production plans is unclear. ([Toyota](#))

Nissan (includes Mitsubishi) (history)

- Mitsubishi will invest in ride hailing firm GoJek (the Mitsubishi trading company had already been announced as an investor but this is the first time the motor company has come on board). ([Mitsubishi](#))
- Nissan and Mitsubishi merged their Japanese finished vehicle logistics operations. ([Mitsubishi](#))
- Alliance Ventures invested in Maniv Mobility's new \$100 million fund. ([Economic Times of India](#))

Renault (history)

- Alliance Ventures invested in Maniv Mobility's new \$100 million fund. ([Economic Times of India](#))

Tata (includes JLR) (history)

- JLR sold 128,615 cars in April to June 2019 (fiscal Q1), a drop of (11.6)% on prior year. ([JLR](#))

Tesla (history)

- A leaked internal email suggested further production increases at the Fremont, USA, factory and a full year 2019 production target of far more than 400,000 cars. ([Bloomberg](#))
- CEO Musk said that customers shouldn't expect a refreshed Model S or Model X and that only a series of "minor ongoing changes" were planned. ([Business Insider](#))
 - Significance: With Model S and X sales falling fast, Tesla may find that it is less immune to product ageing than the company thinks, despite Musk's belief that the Model S remains an unparalleled product.
- Seeking a restraining order from a researcher aligned to a group of Tesla short sellers. Tesla say the man, who tries to count car deliveries and shadows autonomous test vehicles, puts their employees at risk. ([Detroit News](#))
- A Tesla supplier is reportedly preparing to double shipments to Tesla, setting tongues wagging about an explosion of Model 3 volume. The other possibility is that it has won some work from other suppliers (or the whole thing is an inaccurate rumour). ([Digitimes](#))
- Elon Musk said prices for Tesla cars would rise "significantly" when the company has cracked the self-driving problem because they would be capable of functioning as robotaxis and would thus be far more valuable. ([Electrek](#))
 - Significance: Musk's comments imply that although he believes the cost of self-driving is already included in current production (as yet unproven because Tesla doesn't actually have a self-driving suite that works), the

market would allow the company to reap outside profits -- this is known colloquially as price gouging and normally fails because of competitive pressure (a phenomenon already encountered by Tesla and responsible for setting transaction prices at a level too low to make profits).

Toyota (history)

- Created a sub-brand called “Toyota Professional” to sell commercial vehicles in Europe. ([Toyota](#))
- Will now make an SUV at the new US joint venture plant with Mazda (still under construction), rather than the previously planned car. ([Toyota](#))
- Selling all of Toyota’s interest in driveline supplier Yutaka Seimitsu to JTEKT. ([Toyota](#))
- Toyota and Denso will establish a 49% / 51% joint venture to develop advanced semi-conductors. ([Toyota](#))

VW Group (history)

- Delivered 2,759,700 vehicles in Q2 2019, a drop of (2.8)% versus prior year. ([VW](#))
- Bentley unveiled the EXP 100 GT concept, an all-electric GT with (intended) self-driving capability that represents the product Bentley hopes to sell in 2035. The sleek design implies that Bentley believe all sensors required for autonomous driving will be integrated into the bodywork by then. ([Bentley](#))
- VW has set a target to become “balance sheet CO₂ neutral” by 2025, implying extensive use of renewable energy and carbon offsets. The move may be partly aimed at EU CO₂ regulations which imply that the emissions from the entire vehicle lifecycle will be considered. ([VW](#))
- VW highlighted how much of the forthcoming ID3 electric vehicle components are made in-house. ([VW](#))
- CEO Diess said VW preferred Ford / Argo to other options because he wanted an American technology partner and to work with a strong OEM. It wasn’t clear how this was different to (US-based) Aurora and their OEM partners Hyundai / KIA and FCA. ([Seeking Alpha](#))
- VW’s parking subsidiary PayByPhone acquired Mirada Connect. ([FINSMES](#))
- VW’s head of procurement says that the automotive industry is “obliged” to find a way to consolidate internal combustion assets without uncontrolled insolvencies. ([Reuters](#))
 - Significance: These comments further show that the industry is waking up to the need for radical solutions to the decline of internal combustion engines. Pre-planned consolidation was the route Ad Punctum and Evercore ISI championed in a 2018 research piece titled E-FIRST.
- Ford and VW announced the terms of a tie-up for autonomous vehicles. VW will merge its autonomous driving efforts (with a claimed value of \$1.6 billion) with Argo AI and stump up a further \$1 billion in cash, plus hand over \$500 million to Ford to buy into the project. After the transaction is complete, Ford and VW will hold an equal share in a business, they say, worth \$7 billion. ([VW](#))
- Ford agreed to build up to 600,000 MEB-based electric cars and could “almost double” that figure if a second product, currently under discussion between the two parties, gets the go ahead. ([VW](#)) Ford will pay licensing fees on a vehicle-by-vehicle basis. ([Reuters](#)) with implied ~€15,000 per vehicle of revenue for VW. ([Ford](#))
- Ford and VW’s collaboration on commercial vehicles saves “several hundred million euros”. ([VW](#))
- Ford and VW might share some of the behind the scenes infrastructure related to autonomous cars but haven’t decided yet. ([Seeking Alpha](#))

Other

- **Aston Martin’s** CEO worries about requirements for tens of kilometres of electric-only range, saying plug-in hybrids are a “bad solution” for sports cars because of the additional weight of the larger electric engine. V12 engines will last “at least until the next generation”, but can easily imagine it going longer. ([The Drive](#))
- **Seres**, aka **SF Motors**, has reportedly made around one third of US staff redundant and is postponing the US market launch (and potentially abandoning plans to manufacture locally), citing difficult conditions in China. ([The Verge](#))
- Chinese automaker **JAC** was fined 170 million RMB (about \$25 million) for excessive real world emissions compared to test results. ([Caixin](#))
- **NIO** delivered 3,553 cars in Q2 2019. ([NIO](#))

News about other companies and trends ...

Economic / Political News

- The **US** government is removing the escalation of financial penalties for exceeding fuel economy standards. ([Reuters](#))

Suppliers

- **Dana's** CEO thinks people are underestimating the staying power of the internal combustion engine -- although he admits that this view is contingent on hybrids, rather than fully electric vehicles -- ruling the roost. ([Reuters](#))
- **ZF** says it is providing the entire electric powertrain for the **Mercedes EQC**, including controls. ([Xinhua](#))
- **Weber Automotive** declared insolvency amid a fight over funding between its owners. ([Reuters](#))
- **Bosch** invested in on-demand manufacturing start-up **Xometry**. ([Bosch](#))
- **Denso** and **Metair** subsidiary Smiths set up an aftermarket parts joint venture in South Africa. ([Autocar](#))
- **Toyota** and **Denso** will establish a 49% / 51% joint venture to develop advanced semi-conductors. ([Toyota](#))

Driverless / Autonomy (history)

- Lidar developer **Luminar** said it has now raised \$250 million and that its sub \$1,000 sensor will be on production vehicles from 2022 onwards. Luminar claims to be “working with... 12 of the world's top 15 automotive companies”, but this does not imply firm production contracts. ([Luminar](#))
- **Hyundai Mobis** and **Yandex** said they had produced a prototype self-driving car in six weeks. ([Korea Times](#))
 - Significance: The speed with which the prototype was built underlines that the challenge isn't fitting a car with sensors and linking the steering, power and brakes to a central control unit, it is developing software that uses the sensor set to drive the vehicle safely.
- **Volvo Trucks** says that in commercial trials of self-driving vehicles, it is already trialling a cost per tonne moved revenue model and exploring the possibility that it might not sell the trucks outright. ([Reuters](#))
- **Waymo** says it has now simulated 10 billion miles of driving. ([TechCrunch](#))
- **Pony.ai's** CEO thinks there will be “thousands or tens of thousands” of autonomous vehicles on the road within the next three to five years. ([Time](#))
- The head of artificial intelligence at **GM's** Cruise division thinks it might take a lifetime to get self-driving cars to work properly in all locations and driving conditions. ([IEEE Spectrum](#))
- Elon Musk said prices for **Tesla** cars would rise “significantly” when the company has cracked the self-driving problem because they would be capable of functioning as robotaxis and would thus be far more valuable. ([Electrek](#))
- **Argo AI** will “continue to seek new partners” after **VW** buy-in. ([Argo](#))

Electrification (history)

- Chinese battery maker **SVOLT** is reportedly planning a European factory. ([Reuters](#))
- **REE** emerged from stealth mode saying it had developed a highly flexible vehicle platform using in-wheel motors and steer by wire that was already interesting **Mitsubishi** and **FCA** amongst others. ([REE](#))
- **LG Chem** is reportedly looking to build a second US battery factory. ([Reuters](#))

Connectivity

- **Niu** has collected 85 terabytes of journey data from the 710,000 scooters the company has sold -- which have collectively covered 3 billion kilometres. ([CNBC](#))

Other

- **Refraction** is building an autonomous delivery robot with a target price below \$5,000, partly enabled by a 15 mph top speed which reduces the need for expensive sensors. ([TechCrunch](#))
- Electric bike maker **Pure EV** raised \$25 million. ([Economic Times of India](#))
- Bicycle sharing network **Yulu** is reportedly in talks to raise \$15 million. ([LiveMint](#))
- Scooter rental firm **Bird** is establishing a European headquarters in Paris. ([The Verge](#)) The CEO says that, with the latest scooters, Bird can make \$1.27 on every ride. ([TechCrunch](#))