



AD PUNCTUM

Autos & Mobility Industry Briefing -- 5th March to 11th March 2018

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)

- Confirmed that it will build the iVision Dynamics concept vehicle, badging it as the i4. ([BMW](#))
- Reported full year 2017 Financial results -- automotive revenue of 88.6 billion was up 2.5% versus 2016 whilst automotive EBIT was €9.9 billion, up 5.3%. ([BMW](#))
- Interested in creating motorcycle sharing schemes in city centres but is currently mulling over how to ensure that customers could share adequately-fitting helmets. ([Bloomberg](#))

Daimler (history)

- Purchased a 3.93% stake in Beijing Electric Vehicle (BJEV), a subsidiary of Chinese partner BAIC. ([Daimler](#))
- Trialling a new flexible leasing scheme named Mercedes Me Flexperience. Users pay a flat rate covering all costs except fuel for up to 36,000 per year. Through the offering, they can change cars 11 times throughout the year and arrange a swap with their existing vehicle via a smartphone app. ([Daimler](#))
- Expects that electric vehicle batteries will have far higher concentrations of nickel to reduce dependence on cobalt. Executives talked about nickel:manganese:cobalt mix moving from 6:2:2 to 9:0.5:0.5. ([Reuters](#))
- S-Class Maybach models will get headlights that project images onto the ground in front of the vehicle and can selectively light up objects (e.g. casting light on a pedestrian's body but not shining light into their eyes). ([Engadget](#))
 - Implication: is the future of aggressive driving to use technologically advanced lighting to draw a "pull over" symbol on the road ahead of the car in front, rather than simply flashing headlights in their rear view mirror?
- Unveiled a range of plug in hybrid models that use diesel powertrains. ([Daimler](#))
 - Implication: For most carmakers, plug-in hybrids are synonymous with petrol engines. The reason for this is quite straightforward: a diesel plug-in is in many ways a worst-of-all-worlds solution: the diesel engine still requires expensive aftertreatment even though it spends much of the time turned off. In addition, there isn't clear evidence that drivers long for diesel when a petrol hybrid is on offer (witness Toyota's relative diesel and hybrid mix). Perhaps some scandal will befall petrol hybrids and this will prove an amazing hedge, or perhaps in a world of overstretched capital, this is a powertrain option too far.

FCA (history)

- Looking to separate Magneti Marelli via a listing that will give all shares to existing FCA stock holders, rather than raising money. ([Reuters](#))
- According to further rumours surrounding Geely / FCA talks in summer 2017, FCA (via its largest shareholder) was open to splitting Alfa Romeo and Maserati away from the rest of the group. ([jalopnik](#))
- CEO Marchionne said that the company was open to offers but was waiting until the market "recognizes the value of what has been accomplished" in the expectation that the company's value will rise. ([Detroit News](#))
- Rating agency Moody's raised FCA's rating from Ba3 to Ba2 with a stable outlook. ([FCA](#))

- A supplier strike caused production stoppages at the Windsor assembly plant. ([Detroit Free Press](#))

Ferrari

- CEO Marchionne confirmed that the company would launch a V8 hybrid model in 2019. ([Auto Express](#))

Ford (history)

- Ford's European head said that the company would not have to make a "fundamental shift" in its line-up in order to meet 2021 CO₂ targets but would "fine tune the volume by powertrain by vehicle". ([Reuters](#))

General Motors (history)

- Will increase Bolt production capacity, but didn't provide any targets, leading to speculation about whether or not the announcement was significant. ([GM](#))

Honda (history)

- Honda's UK chief said he expects electric vehicle pricing will start to converge with combustion engine levels in 2 to 3 years. ([Autocar](#))
- Chinese JV Dongfeng Honda has halted production of some models as it argues with customers and officials about whether there are any fundamental design and reliability problems with 1.5 litre petrol engines. ([China Daily](#))

Hyundai / Kia

- Reportedly asked South Korean unions to cooperate in reducing worker benefits; the request was rebuffed. ([Yonhap](#))

Nissan (includes Mitsubishi)

- Following press speculation that it might buy the Renault stake owned by the French state, Nissan said it was not looking to change the relative ownership balance. ([Reuters](#))
- Selling new Leaf in Europe at a rate of one every 12 minutes -- equivalent to around 45,000 units per year. ([Nissan](#))

PSA (includes Opel/Vauxhall) (history)

- Will launch a motorcycle sharing service in selected Spanish cities. ([Europa Press](#))
- Investing €14 million in the Charleville foundry, leading to an additional 50 jobs at the site. ([Usine Nouvelle](#))
- Executives said at the unveiling of the 508 sedan that PSA expects sales of 35,000 to 40,000 units per year and diesel mix of about 70% to 80% (sounds high but down from 90% today). ([France Info](#))
- Published the latest results of its real-world emissions testing partnership with 3rd party Bureau Veritas. ([PSA](#))

Renault (history)

- Showed a concept robo taxi called EZ-GO at the Geneva show. The vehicle features novel closures, including a roof that can open, in order to facilitate entry and exit. The vehicle also relegated the Renault badge to a barely noticeable design feature on the rear 3/4 and a near transparent diamond on the vehicle windscreen. ([Renault](#))
- Collaborating with Alibaba to create an online sales channel in China on Alibaba's Tmall site. ([Bloomberg](#))
- Recruiting 130 employees for its French logistics centres. ([Usine Nouvelle](#))

Tata (includes JLR)

- Tata Motors CEO said that company would have completely overhauled its product line by 2023-24, with new products based on one of two platforms -- ALFA (3.7 - 4.3m) and OMEGA (>4.3m). ([Economic Times of India](#))
- Stopped production at the Solihull plant to help the local water utility maintain supply after cold weather burst pipes in the area. ([Reuters](#))
- Jaguar said it wanted to improve relationships with its UK dealers and change the dialogue from "parent-child" to "adult-adult". JLR's UK diesel mix is around 80% and executives said that "consumers need to know that, for many of them, diesel remains the right option". ([Automotive Manager](#))
- Said the 2-door, 4 seat, version of the Range Rover will be limited to 999 examples. ([Land Rover](#))

Tesla (history)

- Took a week of downtime on the Model 3 line in late February to install new equipment. ([Bloomberg](#))

Toyota (history)

- Expects 2018 European hybrid mix to be above 47% and confirmed a new version of the Supra. ([Toyota](#))
- Unveiled the Lexus UX, a small crossover and Range Rover Evoque rival. ([Lexus](#))

VW Group (history)

- Porsche unveiled the Mission E Cross Turismo concept, following on from previous executive statements about the possibility of an expanded line-up based on Mission E. ([Porsche](#))
- Said it will manufacture ID Vizzion by 2022 “at the latest” as the top model in the ID portfolio. ([VW on YouTube](#))
- Has reportedly decided to make the truck business, containing Scania and MAN, into a separate unit that can be listed as an independent entity on the stock market. ([Manager Magazin](#))
- Showed newest version of Sedric from MOIA and a MOIA-branded vehicle that looked suspiciously like an electric VW e-Crafter van. No prizes for guessing which is likely to make production first. ([VW](#))

Other

- **Aston Martin** presented a concept for a new Lagonda, saying that the sub-brand will be all electric and come with “the latest advances in” autonomous technology. Production will start in 2021. CEO Andy Palmer has indicated [in interviews](#) that Lagonda sales expectations could be for several thousand units annually. ([Aston Martin](#))
 - Implication: Aston Martin says it will have the latest autonomous technology despite having no research activities of any consequence in the field currently. This leads to one of several conclusions: (i) autonomous technologies will be freely available, and with hindsight that the current race to dominate will look like a colossal waste of effort; (ii) that autonomy will actually be really easy to master and so Aston Martin simply doesn't need to try hard now, it can easily catch up later; or (iii) Aston Martin is going to find itself locked out of the technology required at any price and therefore unable to deliver on its promises.
- **Pininfarina** said it will make 12 track-only examples of the hydrogen powered H2 Speed concept car. ([Autocar](#))
- **McLaren** unveiled the track-only Senna GTR supercar. Production will be limited to 75 examples -- on top of the Senna road car production run that is limited to 500 examples. Surely a limited-production cabriolet / roadster version would be a ridiculous idea? ([McLaren](#))
- **McLaren** said its next hypercar, the hybrid-powered three seat BP23, will be launched in 2020 (production limited to 106 examples -- although who knows about track-only models?), and will have a top speed in excess of 243 mph. ([McLaren](#))
- **Navistar** said it was relaunching its ReNEWed brand of remanufactured truck and bus products. ([Navistar](#))
 - Implication: Navistar's view that the remanufactured business line is growing seems at odds with the assertion of carmakers that shared robo taxis owned by fleets will lead to no drop in vehicle sales because the cars will simply be thrown away after 150,000 miles of service. [Read Ad Punctum's 2017 research paper on the impact of shared mobility on car sales here.](#)
- **Rimac** unveiled the Concept Two, an EV with a claimed 1,900 hp output. ([Engadget](#))
- **BAIC's** chairman told reporters he believes the company will make a profit in 2019 on its own brand. ([Bloomberg](#))

News about other companies and trends ...

Economic / Political News

- **UK** passenger car registrations in February totalled 80,805 units, down (2.8)% on a year over year basis. ([SMMT](#))

Suppliers

- **Dana** said that it would take over the powertrain operations of **GKN**; a significant amount of the purchase will be in Dana's shares so GKN will end up with a stake of 47.25%. ([Dana](#))

- **Denso** said it will increase its stake in chipmaker **Renesas** from 0.5% to 5% saying it will accelerate development of in-vehicle systems. ([Denso](#))
- **Continental** agreed a 60/40 joint venture with Chinese battery cell producer **CITC** to supply entire 48V systems to global markets. ([Continental](#))
- **Magna** opened a new centre for composites in Esslingen, Germany. ([Magna](#))
- **Continental** reported 2017 financial results. Revenue of €44 billion was up 8.5% versus 2016, EBIT of €4.6 billion was up 11.4%. ([Continental](#))

Dealers

- Despite falling sales, **UK** dealers reported improved profitability in January, aided by used car sales. ([Motor Trader](#))
- Online used car site **Vroom** is reportedly in trouble: the company is shrinking its footprint and laying off a large amount of staff. ([TechCrunch](#))
- Malaysian online used car sales site **Carsome** raised \$19 million to consolidate its ASEAN position. ([Deal Street Asia](#))

Ride-Hailing, Car Sharing & Rental (history)

- **SoftBank** is reportedly looking to build an ownership stake of around 50% in **Ola**; some early investors may sell their shares in secondary markets. ([Deal Street Asia](#))

Driverless / Autonomy (history)

- **Uber** has started using autonomous trucks in commercial service (with a safety driver behind the wheel). Human drivers take loads from pick-up to a transfer hub and then the automated truck drives a section of highway to another transfer hub (where a human-driven truck picks up the load once more). ([TechCrunch](#))
- **Waymo** has started testing autonomous trucks in a third location: Atlanta. ([Waymo](#))
- **May Mobility's** CEO (**BMW** and **Toyota** are investors) said it was buying in many of the sub components for its electric autonomous vehicle and would beat **Waymo** and **Cruise** to market "with a successful product". ([Xconomy](#))
- **HERE** published a study into consumer attitudes around privacy, with a focus on location sharing. Bad news for proponents of the "personalised advertising will pay for everything" school of thought... it was the lowest rated reason for consumers to share data (page 34). ([HERE](#))
- **Uber** is reportedly courting **Waymo** to provide an autonomous vehicle fleet for use on Uber's network -- similar to the intent of Waymo's existing partnership with **Lyft**. ([Engadget](#))

Electrification (history)

- China will start trial EV **battery recycling programs** in four locations. ([Reuters](#))
- **Goodyear** said it has created a tyre specifically for electric vehicles. ([Goodyear](#))
 - Implication: Although the development of the tyre isn't ground-breaking, it reflects that there are plenty of parts of the vehicle that remain rooted in what ICE powered cars require rather than being optimised for EVs. As EV-specific components emerge in greater numbers, vehicle performance will be enhanced.
- **Daimler** expects that electric vehicle batteries will have far higher concentrations of nickel to reduce dependence on cobalt. Executives talked about nickel:manganese:cobalt mix moving from 6:2:2 to 9:0.5:0.5. ([Reuters](#))
- The hydrogen fuelling consortium owned by **Toyota**, **Nissan** and **Honda** amongst others was legally established as **H2 Mobility LLC**. ([Honda](#))
- The **European Union** published a report into areas of standardisation and improvements for vehicle batteries; particularly second life use and recycling. ([EU](#))

Other

- US electric scooter sharing start-up **Bird** is reportedly raising \$100 million just weeks after getting \$15 million in funding and putting 1,000 scooters on the streets of Los Angeles. ([Tech Crunch](#))
- **Deloitte** published consumer research showing increased acceptance for autonomous vehicles and growing interest in hybrid powertrains. ([Deloitte](#))