



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 21<sup>st</sup> May to 27<sup>th</sup> May 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)

- Investing €300 million in its Leipzig, Germany, plant to increase annual capacity from 250,000 units to 300,000 units, as a part of the change, volumes of i3 and i8 models will rise from 130 units per day to 200 units per day. ([BMW](#))

#### **Daimler** (history)

- Said it had been told to recall Vito vans by the German regulator but that it was disputing the basis of the order and would go to court if necessary. ([Daimler](#))
- Reportedly under investigation for emissions violations on other vehicles that use the Vito's small diesel engine shared with Renault; the company may be forced to recall up to 600,000 vehicles. ([Der Spiegel](#))

#### **FCA** (history)

- Recalling over 5 million vehicles, 4.8 million of which are in the USA, to correct a fault that can lead to the driver being unable to cancel cruise control. ([FCA](#))

#### **Ford** (history)

- Will build a second, as-yet unspecified, model at its Craiova, Romania plant. The investment for the new vehicle is around €200 million and 1,500 new jobs will be created. ([Ford](#))

#### **Geely (includes Volvo)** (history)

- Increasing capacity for XC40 in both Europe and China saying demand for the car surpassed “even our highest expectations”. ([Volvo](#))
- In a sign that preparations for Volvo's IPO are hotting up, the company had an obligatory “life after Ford” article published. In particular, the decision to create a Volvo-specific architecture and powertrain line-up were praised as key pillars of the company's renaissance; pedants will note the article says these actions were kicked off in 2008, when the company was still two years away from a sale to Geely. ([Bloomberg](#))

#### **Honda** (history)

- Reportedly discussing production volumes of 100,000 units per year for an electric car battery supply contract with CATL -- the undisclosed program bears all the hallmarks of the Honda Urban EV concept. ([Electrek](#))

#### **Hyundai / Kia** (history)

- Launching a Hyundai in-car payment facility with assistance from Xevo. ([Hyundai](#))
- Withdrew a group restructuring plan following hostility from activist investors. ([Yonhap](#))

## Nissan (includes Mitsubishi) (history)

- Carlos Ghosn said a merger of Renault and Nissan was unlikely before 2020. ([Bloomberg](#))
- Alliance Ventures will invest in Maniv Mobility's technology fund and aims to do a deal per month. ([Reuters](#))

## PSA (includes Opel/Vauxhall) (history)

- Opel's German unions demanded production and employment guarantees until 2025 for all sites as the price for a wage freeze and increased productivity. ([Les Echos](#))
- Improved the terms of its €3 billion revolving credit facility. ([PSA](#))

## Renault (history)

- CEO Ghosn said a merger of Renault and Nissan was unlikely before 2020. ([Bloomberg](#))
- Alliance Ventures will invest in Maniv Mobility's technology fund and aims to do a deal per month. ([Reuters](#))

## Suzuki

- Toyota and Suzuki announced projects that could soon become formal partnerships: an ultra-high efficiency powertrain and Toyota producing vehicles in India for both brands to sell locally and in emerging markets. ([Toyota](#))

## Tata (includes JLR) (history)

- Tata reported full year revenues of 294,243 Rs Cr (about \$44 billion) for the 2017/18 fiscal year, an increase of 9% on a year earlier. PBT of 11,155 Rs Cr (about \$1.7 billion) improved 20% YoY. ([Tata](#))
- JLR reported financial results for the 2017/18 fiscal year. Revenue of £25.8 billion was up 6% on a year over year basis. PBT of £1.5 billion fell (5)% from a year earlier (and further if special items were excluded). Although many media reports attributed the lower profit to Brexit and diesel's decline in Europe, JLR said it was mainly due to investment in new vehicles and technologies. ([JLR](#))
- Confirmed the end of production for the Indica compact car. ([Live Mint](#))
- JLR announced a series of management changes and a reorganisation of the sales function. ([JLR](#))
- JLR's venture arm invested in FATMAP, an outdoor activity planner. ([JLR](#))

## Tesla (history)

- CEO Musk, replying to questions on Twitter, said the \$35,000 version of the Model 3 would begin shipping 3-6 months after the 5,000 units per week production threshold was reached. ([The Verge](#))
- Updated the Model 3 braking system over the air following complaints from influential US reviewers Consumer Reports. ([Engadget](#))
- Settling a lawsuit from owners who said Tesla had under-delivered on its promises for Autopilot for \$5 million, affected owners will receive between \$20 and \$280, their lawyers will probably do better. ([Reuters](#))
- Buoyed by registration figures from California which showed Model 3 at the top of the "Near Luxury" segment in Q1 2018, outselling both BMW 3 Series and Mercedes C-Class. ([CNCDA](#))
- Announced a series of new hires to executive positions. ([Tesla](#))

## Toyota (history)

- Toyota and Suzuki announced projects that could soon become formal partnerships: an ultra-high efficiency powertrain and Toyota producing vehicles in India for both brands to sell locally and in emerging markets. ([Toyota](#))
- Announced a deal for Aisin Seiki to take a majority stake in Toyota's transmission factory in the Philippines, with a view to increasing sourcing to the plant. ([Toyota](#))
- Expects to sell at least 30,000 fuel cell vehicles per year after 2020 and is installing additional capacity for fuel cell stacks to be ready for the anticipated demand. ([Toyota](#))
- Said that, despite the Indian government's apparent targets for all new vehicles to be electric by 2030, it would likely take until 2050 for infrastructure to improve sufficiently. ([Times of India](#))
- Executives clarified that although Toyota will offer solid state batteries in the early 2020s, it won't be "on a mass production basis". ([Wards](#))

## VW Group (history)

- Seat's chief executive said the brand's new SUV was bring built at a VW plant because a separate assembly line could not be justified with annual volumes below 150,000 vehicles. He also believes that diesel engines have no future in city cars. ([Handelsblatt](#))
- Porsche recalled around 2,000 wooden cars sold in North America because the wheels might fall off. ([Porsche](#))
- Said it would "probably not" implement WLTP for all vehicles on sale by the cut-off with the result that some vehicles would be "temporarily unavailable" and production could be disrupted. ([VW](#))
- Investigating "irregularities" in the homologation of VW Golfs sold in Ukraine recently. ([VW](#))

## Other

- **VinFast** will use **EDAG** to develop the company's first electric vehicle. VinFast are also working with **Pininfarina** on the car designs. ([Autocar](#))
- A Canadian business purchased a 10% stake in **McLaren** in a deal valuing the entire group at £2 billion. ([McLaren](#))
- **GFG Alliance** said it was targeting around 30,000 units per year production from the factory it intends to build in Australia. ([The Guardian](#))
- **Aston Martin's** Q1 2018 revenues were £185.4 million with PBT of £2.8 million. Wholesales of 963 units were down from 1,203 units in the prior year; primarily due to the run out of old models. ([Aston Martin](#))

## News about other companies and trends ...

### Economic / Political News

- The **German** environment minister said OEMs were morally obliged to retrofit systems that would improve diesel emissions but that there were no legal means to force such an action. She said the costs (for a Germany-only campaign) would be "in the low single digit millions". ([Reuters](#))
- **China** will relax import tariffs on cars from 25% to 15% effective 1<sup>st</sup> July 2018. ([Detroit Free Press](#))
- The **US** government will investigate the impact of car imports on national security, having employed a similar study to underpin tariffs on steel production. Given the net effect of exports from the USA (rather than figures concentrating on local production as a share of local consumption), and the lack of crossover between military and retail vehicle manufacturers or parts, a negative review would be quickly challenged by trading partners. ([BBC](#))

### Suppliers

- **Autoliv's** board approved the spin-off of **Veoneer**, which will begin trading on 2<sup>nd</sup> July 2018. ([Autoliv](#))
- **Faurecia** announced an investment in thermal management start-up **Promethient**. ([Faurecia](#))
- **Mahle** upped its stake in workshop equipment company **BrainBee** from 20% to 80%. ([Mahle](#))
- **Dana** opened a new thermal management systems factory in Yancheng, China. ([Dana](#))

### Dealers

- Emerging markets online car sales company **Frontier Car Group** raised \$89 million in funding. ([Deal Street Asia](#))

### Ride-Hailing, Car Sharing & Rental (history)

- **Uber's** Q1 results showed net revenue of \$2.5 billion, and a net loss of \$(601) million, with gross bookings at \$11.3 billion. ([TechCrunch](#))
- **Lyft's** COO said the driver base will "more than double" in the next five years. ([CNBC](#))
- **Uber** announced its intention to run a mini-diesel scrappage scheme for its London fleet, seemingly in a bid to butter up the city authorities to grant a new licence. ([Reuters](#))
- **Uber** will open a €20 million research centre in Paris, France to develop flying taxis. ([The Guardian](#))
- **Go-Jek** said it would invest \$500 million in an expansion across South East Asia, looking to fill the void left by **Uber's** retreat. ([GoJek](#))

## Driverless / Autonomy (history)

- **Uber** said it was closing its self-driving operations in Arizona, dismissing 300 employees. ([AZ Central](#))
- The **NTSB** released a preliminary report into the **fatal Uber crash**. The report detailed that the pedestrian crossing the road was first detected about 120 metres ahead of the vehicle, although the vehicle AI was unable to identify them as a person (with a bicycle). It also emerged that Uber had deactivated its own emergency braking systems and was completely reliant on the driver to react to prevent an accident. ([NTSB](#))
  - Implication: Whilst the exact conclusions of the NTSB's full investigation are yet to be published, a fair stab can be made at the likely recommendations: No deactivation of original OEM emergency systems; no dependency on manual operators for emergency manoeuvres; greater transparency around incidents, potentially with near miss reporting similar to aircraft incidents.
- **Apple** is reportedly using **VW's** ItalDesign factory to modify minibuses for use as autonomous vehicles on Apple's campus. The same story also linked the company to self-driving developer **Torc Robotics**. ([New York Times](#))
- **Sony's** CEO refused to deny aspirations to develop cars. ([Bloomberg](#))

## Electrification (history)

- **StreetScooter** announced an order for 200 vehicles from a milk delivery firm. ([Handelsblatt](#))
- **Rivian Automotive** announced \$200 million in debt financing. ([Rivian](#))
- **BP** invested \$20 million in battery developer **StoreDot** (**Daimler** are already an investor). ([Inside EVs](#))
- Honda is reportedly discussing production volumes of 100,000 units per year for an electric car battery supply contract with **CATL** -- the undisclosed program bears all the hallmarks of the Honda Urban EV concept. ([Electrek](#))
- Executives clarified that although **Toyota** will offer solid state batteries in the early 2020s, it won't be "on a mass production basis". ([Wards](#))
- **Chakratec**, developers of chargers augmented by flywheels, rather than batteries, raised \$4.4 million. ([Charged EVs](#))

## Connectivity

- **Laird** launched a Linux-based connected car platform called MAX. ([Laird](#))

## Other

- Bicycle rental firm **Ofo** has created different advertising locations on the vehicle, with mudguard, wheel, basket and saddle placement offered. ([Technode](#))