



AD PUNCTUM

Autos & Mobility Industry Briefing -- 1st October to 7th October 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 the i4 will launch in 2021. ([BMW](#))
- Falling orders from BMW have led Nedcar to cut 1,000 of the 7,000 staff at the plant. ([Dutch News](#))
- Dropping the i3 range extender from the line-up, citing the improved range of the upgraded battery version and lower sales. ([Autocar](#))
- Said “there may be some news” in 2019 about extra partners for its autonomy collaborative. ([Reuters](#))
- Would allocate more Mini production to the Netherlands in the event of Brexit. ([Reuters](#))

Daimler (history)

- Daimler’s CFO will leave by the end of 2019, having chosen not to renew his contract. ([Daimler](#))
- Started construction of its previously announced battery plant in Alabama, USA. ([Daimler](#))

FCA (history)

- Reportedly intends to recall Jeep Wranglers to fix faulty welds. ([LiveMint](#))

Ford (history)

- Told salaried employees it is in “the early stages of an organizational redesign of the global salaried workforce” and that some redundancies should be expected but there was no firm target. ([Bloomberg](#))
- Ford’s North American management team have adopted a new process where they (20 executives) spend one entire day per week reviewing a series of 13 war rooms containing information on different models. Despite the management time, the only example of progress they were prepared to offer was a decision to increase production of cars with large infotainment screens and drop a less capable system. ([Automotive News](#))
 - Implication: By the way, this is the sort of thing that building to order, rather than scheduling vehicles months in advance, would overcome without the need for expensive executive analysis.
- PSA said it will not “develop more evolutions of diesel technology” unless it can see a clear future market demand. The company has apparently decided that a mix of 5% or lower by 2023 would see diesel discontinued. It is unclear whether Ford shares the same view. If not, it will impact their diesel collaboration. ([Autocar](#))
- Idling Transit production in Kansas City for two weeks, citing the variability of fleet orders. ([Detroit Free Press](#))
- Using quantum computing to create efficient route planning for diesel vehicles. Ford says that doing such work on traditional computers does not scale properly. ([Ford](#))
- Invested in weather forecasting start-up ClimaCell as part of a \$45 million round. ([ClimaCell](#))

Geely (includes Volvo) (history)

- Buying two Geely-affiliated engine plants in China from local holding companies. ([Reuters](#))

General Motors (history)

- Honda will invest \$750 million in a 5.7% share in GM's Cruise self-driving unit and has agreed to a further \$2 billion of spending over the next 10 years. ([GM](#))
 - Implication: GM accomplished two things with this deal: 1) it sent a signal to other carmakers that Cruise is truly open for business, although it probably prefers to share with those that are regionally disparate from GM's core operations (any European-centric OEMs interested in partnering? Looking at you, JLR and PSA); 2) GM is using Cruise as a case in point on capital allocation by inviting others to jointly fund research and trumpeting the increase in value since taking over the start-up.
- Honda and GM are developing a purpose-built shared autonomous vehicle built on Cruise's technology. The teaser image in a blog post by Cruise's CEO suggests it looks something like VW's Sedic concept. ([GM](#))
- CEO Barra said US regulators needed to set rules for self-driving vehicles, calling new legislation "essential". ([Axios](#))

Honda (history)

- Honda will invest \$750 million in a 5.7% share in GM's Cruise self-driving unit and has agreed to a further \$2 billion of spending over the next 10 years. ([GM](#))
- Honda and GM are developing a purpose-built shared autonomous vehicle built on Cruise's technology. The teaser image in a blog post by Cruise's CEO suggests it looks something like VW's Sedic concept. ([GM](#))
- Honda's [long-running talks on a cooperation with Waymo](#) reportedly feel flat because Waymo would not share technical details of its self-driving technology and wanted Honda to focus solely on delivering a donor vehicle. By contrast, GM apparently invited Honda engineers for in-depth technical reviews before the Cruise investment, including multiple tests and code analysis. ([Bloomberg](#))
- Launched a pilot in Ohio, USA to test V2X communications and gantry-mounted object recognition. ([Honda](#))
- US magazine Consumer Reports said there were problem with 1.5 litre engines in the CR-V that could cause stalls. Honda argued that the issue was small in nature and not safety critical. ([CNN](#))

Mazda

- Will deploy "some form" of electrification in all vehicles by 2030, forecasting 95% of sales will be hybrid and 5% BEV by that time. Mazda includes range-extender vehicles, for which it is developing a new rotary engine, in its BEV mix forecast. ([Mazda](#))

Nissan (includes Mitsubishi) (history)

- Increasing production capacity of the Xpander from 160,000 to 200,000 units annually. ([Mitsubishi](#))
- Carlos Ghosn said Renault-Nissan-Mitsubishi may extend its cooperation with Daimler to include battery technology, autonomy and mobility services. ([Reuters](#))

PSA (includes Opel/Vauxhall) (history)

- Will not "develop more evolutions of diesel technology" unless it can see a clear future market demand. The company has apparently decided that a mix of 5% or lower by 2023 would see diesel discontinued. ([Autocar](#))
 - Implication: It isn't totally clear what PSA's view of what constitutes an "evolution". Are they saying the investment would fall to zero or simply commenting that they have ruled out new ground-up engines? The statement leaves questions around PSA's commercial vehicle business since this is almost 100% diesel and primarily uses engines developed for cars.
- Unveiled more details of its already-announced CMP platform for smaller vehicles. PSA said that Chinese partner (and minority shareholder) Dongfeng paid 50% of the development cost. The platform can accommodate ICE, PHEV and BEV powertrains. ([PSA](#))
- CEO Tavares said Opel was only around one third of the way through its efficiency plan, saying that laws forcing the involvement of unions had made progress "very difficult". ([FAZ](#))
- CEO Tavares cautioned that "what everyone needs to realise is that clean mobility is like organic food -- it is more expensive". He may find his comments less profound after reading the various EU technical documents on electric vehicles and lower CO₂ which state very clearly that this is absolutely the EU's expectation. ([Reuters](#))

Renault (history)

- Unveiled the K-ZE small electric crossover. Renault said the vehicle will be “affordable” and launch in China in 2019, with other global markets following. The company also confirmed plans for hybrid and plug-in versions of the Captur, Clio and Megane in Europe. ([Renault](#))
- Executives said Renault wanted to add a C-sized electric car to its line-up, potentially with SUV-styling and a real world range of 310 miles by 2022. ([Autocar](#))
- Invested in directional sound specialist Akoustic Arts. ([Renault](#))
- CEO Ghosn said Renault-Nissan-Mitsubishi may extend its cooperation with Daimler to include battery technology, autonomy and mobility services. ([Reuters](#))
- CEO Ghosn said diesel is “condemned” because of policymakers. ([Financial Times](#))
- Executives said Renault was unsure whether to continue with the Scenic at the end of the current cycle. ([Autocar](#))

Tata (includes JLR) (history)

- JLR said it had spent in the low double digit millions of pounds on Brexit preparation. ([Bloomberg](#))
- Planning a two week shutdown in Solihull during October, blaming falling demand in China. ([BBC](#))
- Defender prototypes have been spotted around JLR’s engineering facilities, their camouflage and decoy bodywork seemingly undermined by uncharacteristic hashtag branding across several surfaces. ([Sunday Times](#))

Tesla (history)

- Reported Q3 deliveries of 83,500 vehicles. Model 3 shipped 55,840 units and 53,239 vehicles were made during the quarter. There were 14,470 Model S and 13,190 Model X vehicles delivered, indicating that demand for both has plateaued. The firm complained about its cost disadvantage in China. ([Tesla](#))
- CEO Musk ranted about shortsellers and the investors who lend them shares to short, saying there was “no rational basis for a long holder to lend their stock”. ([CNBC](#))
 - Implication: Ad Punctum has heard a different point of view from long only investors, being told something along the lines of “short selling goes on, my investment hypothesis takes account of short selling, so why not profit even more by letting them use my stock to do the shorting I’ve already taken into account?”. Although Musk took aim at index tracking funds, the same argument still applies in the context of the overall index.
- Published its safety report for Q3 2018. The data was very vague, specifying only per mile occurrence rather than gross figures for fleet mileage or accidents. Tesla say their driver assistance systems reduced the likelihood of accidents by almost half but comparison to average statistics was made more difficult by Tesla recording, but not separately reporting “crash-like” events (i.e. where there wasn’t actually a crash). ([Tesla](#))
- An article highlighted stocks of Teslas at various distribution points across the USA, suggesting the numbers pointed to unacknowledged problems. More likely, they are simply appropriate for the volume of Model 3 being produced and Tesla’s lack of third-party inventory. ([New York Times](#))
- Model 3 received standout crash test results from US agency NHTSA. For some reason, Tesla chose comparison videos for older competitor cars to highlight the relative performance gap (for instance a 2016MY Lexus ES when there is a new car for the 2019MY). ([Tesla](#))

Toyota (history)

- Created a joint venture with Softbank called Monet, in which Toyota will have 49.75%, aiming to jointly develop on-demand mobility services and uses for Toyota’s e-Palette autonomous vehicle platform. ([Toyota](#))
- Recalling 2.4 million cars built between 2008 and 2014 to because of a condition where the vehicle can stall at high speed. The same cars have already been recalled once but it seems not all problems were fixed. ([Times of India](#))

VW Group (history)

- Škoda’s CEO said the brand needs a further 400,000 units of annual capacity. ([Times of India](#))
- Bugatti CEO said the brand “is ready for more” and might launch a crossover or SUV. ([Bloomberg](#))
- Porsche will produce 1,948 examples of the 911 Speedster shown in Paris, with sales starting in 2019. ([Autocar](#))
- It wasn’t an April fools’ joke. VW T-Roc cabriolets have been spotted out and about. ([Autocar](#))

Other

- **Aston Martin's** IPO didn't go well with the stock immediately dropping. ([The Guardian](#))
- **VinFast** executives said the group was prepared to spend \$3.5 billion on launching the company. ([Reuters](#))
- **Faraday Future's** founder is in dispute with the company he apparently agreed to sell a 45% stake in the electric vehicle start-up to. ([Reuters](#))
- The **Aspark Owl** order book opened with a non-refundable deposit of \$1.15 million being requested to secure one of the 50 \$3.6 million electric supercars. Tesla Roadster launch editions look cheap by comparison. ([Jalopnik](#))

News about other companies and trends ...

Economic / Political News

- The **EU Parliament** voted for harsher CO₂ reduction targets than previously recommended -- a 20% reduction from 2021 levels by 2025 and a 40% reduction against the same reference by 2030. In addition, quotas for sales of low and zero emission vehicles (in effect PHEVs and BEVs) would be set at 20% by 2025 and 35% by 2030. ([EU Europa](#)) The European trade body pleaded for national governments to "bring some realism to the table" before the targets are fixed. ([ACEA](#))
- **German** politicians tabled a plan to retrofit older diesels but it met with mixed reaction from carmakers. **VW** said it would pay some of the costs whilst **BMW** and **PSA** said the solution made little sense and balked at the idea of paying to change a vehicle that was legal at the point of sale. ([DW](#))
- **US SAAR** of 17.4 million units in September was down (5.8)% versus a year earlier. ([Wards](#))
- **UK** passenger car registrations of 338,834 units dropped (20.5)% on the September 2017. ([SMMT](#))
- Passenger car registrations in **Spain** of 69,129 unit in September were down (17)% versus prior year. ([ANFAC](#))
- **Italian** passenger car registrations of 125,963 units in September dropped (25.5)% on prior year. ([UNRAE](#))
- September passenger car registrations in **France** of 148,752 units were down (12.8)% on a year earlier. ([CCFA](#))

Suppliers

- **Delphi** issued a 2018 profit warning and that CEO Butterworth would be stepping down, appointing Hari Nair as CEO on an interim basis. ([Delphi](#))
- **ThyssenKrupp** will split into two separate entities. The automotive division will be part of a business called ThyssenKrupp Industrials, along with elevators and plant machinery. ([ThyssenKrupp](#))
- **Magna** and **Altran** will establish a 50/50 joint venture engineering centre in Casablanca, Morocco. ([Autocar](#))

Dealers

- Online automobile marketplace **Droom** raised \$30 million for international expansion. ([Economic Times of India](#))

Ride-Hailing, Car Sharing & Rental (history)

- **Moovel** will launch on-demand services in North America through a pilot in Los Angeles. ([Moovel](#))
- **Daimler** will launch car sharing in Paris with 400 Smart EVs, and **Toyota** might join in. ([Bloomberg](#))
- **Toyota** created a joint venture with **Softbank** called Monet, in which Toyota will have 49.75%, aiming to jointly develop on-demand mobility services and uses for Toyota's e-Palette autonomous vehicle platform. ([Toyota](#))

Driverless / Autonomy (history)

- US transport regulator **NHTSA** published draft guidelines for autonomous vehicles. It promised to be proactive and to reinterpret rules written for human drivers to include self-driving vehicles, but also stressed that it would prioritise safety. This is something of a mixed bag for self-driving proponents since although reliable autonomous cars are expected to have less accidents than human-driven ones, there is nothing even approaching a consensus on how to do this without driving billions of miles. ([NHTSA](#))
- US magazine Consumer Reports said that **GM's** SuperCruise driver assistance system was the best on the market, with **Tesla's** Autopilot also being commended. Tesla critics portrayed it as a loss for the brand. ([USA Today](#))

- Self-driving truck start-up **Ike** emerged from stealth mode saying it planned to run trucks that would never have to leave the US highway system, instead transferring loads at hubs. The company has licenced **Nuro's** autonomous driving technology. ([Wired](#))
- Sensor developer **Aeva** announced \$45 million in new funding. ([Venture Beat](#))
- **Navya** announced a cooperation with **Charlotte Manutention** to develop autonomous vehicles for use in closed-course settings, such as airport baggage delivery. ([Navya](#))
 - Implication: We think this is a smart move as airport vehicles have several characteristics making them suitable for early application of autonomy: 1) they operate continuously in the same environment, so building local knowledge is easy; 2) other traffic can be controlled (and is relatively sparse anyway); 3) there are lots of humans around to help out if the vehicles get stuck for some reason.
- **Ford** called on self-driving vehicle developers to adopt a common standard for communicating intent to other road users, e.g. whether a vehicle has decided to slow down and give another road user right of way. ([Ford](#))
- **Waymo** had a significant portion of its lidar patents struck off following a challenge. ([Ars Technica](#))
- **Honda** will invest \$750 million in a 5.7% share in **GM's** Cruise self-driving unit and has agreed to a further \$2 billion of spending over the next 10 years. ([GM](#))
- **Honda** and **GM** are developing a purpose-built shared autonomous vehicle built on Cruise's technology. The teaser image in a blog post by Cruise's CEO suggests it looks something like VW's Sedric concept. ([GM](#))

Electrification (history)

- **Xing Mobility** is developing a modular kit that it believes will be useful for retrofitting existing combustion-powered products. ([Clean Technica](#))

Connectivity

- **Vayyar Imaging** will supply Valeo with in-car sensors to monitor human occupants. ([Autocar](#))
- **TomTom** will supply maps to **PSA** "beyond 2020" ([TomTom](#)) and also to **BMW**. ([TomTom](#))
- **Honda** launched a pilot in Ohio, USA to test V2X communications and gantry-mounted object recognition. ([Honda](#))
- **Molex Electronics Technologies** acquired **Laird's** connected vehicles business. ([Autocar](#))