



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 7<sup>th</sup> January to 13<sup>th</sup> January 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 2.49 million vehicles in 2018, an increase of 1.1% on 2017. ([BMW](#))
- Rolls-Royce say 90% of customers request customisation so great that the cars can be considered one-offs (adding an average 40% to the purchase price) -- up from 80% in 2016, for the Cullinan SUV it is 100%. About 5% of the Rolls-Royce workforce is dedicated to vehicle personalisation. ([Bloomberg](#))

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

- Sold 2.44 million cars in 2018, a 0.9% increase on 2017. Whilst BMW said it was the largest premium manufacturer, Daimler claimed the brand specific crown for itself (basically, because Mini sells far more than Smart). ([Daimler](#))
- Spending half a billion euros on automated truck technologies and intends to develop level 4 (substantial eyes off but bound by geography and environmental conditions) after mastering level 2 because in Daimler's view the technology cost of level 3 brings insufficient benefit to operators. ([Daimler](#))
- Incoming CEO Kallenius said he is opening to sharing components and technologies with other companies but that is something is key to the brand he wants Daimler to go it alone. ([Bloomberg](#))

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

- Reached a deal to settle claims of emissions cheating in the US with a total of \$800 million to be paid out in fines and compensation to customers. FCA said the amount had already been reserved in Q3 2018. Although it will pay fines, FCA says that there was no "deliberate" intention to cheat. ([FCA](#))
- Lost a US Supreme Court bid to prevent a civil suit from owners seeking to sue FCA for vehicle security flaws, regardless of whether any damage has been caused. ([Economic Times of India](#))
- Appointed a new global purchasing boss. ([FCA](#))

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

- CEO Hackett declared himself unhappy with Ford's 2018 performance, placing a lot of the blame on product age (a self-inflicted problem). Hackett said Europe had been a problem "for a number of decades" but that it was possible to make money with the right "industrial system" and suggested that VW could build cars for Ford in Europe as the company looks to cut costs in the region. The option of leaving Europe was "never on the table". ([Bloomberg](#))
- Launched a new Explorer large SUV, adding a sporty ST model and a (non plug-in) hybrid. ([Ford](#))
- Announced another new strategy for the European business, lowering long term profit targets from a 6% - 8% range to 6% EBIT margin in the longer term ([the last turnaround plan -- announced in February 2016 can be found here](#)). The business will be organised around commercial vehicles, European built cars and imported cars, with a suggestion that any one of the three business lines could be closed in future if the returns were not better than the cost of capital. The firm is reviewing the JV in Russia with Sollers, with a decision to be announced in Q2 2019. A round of

redundancies is also underway, with Ford re-announcing: the closure of the Bordeaux transmission plant; consolidating the UK administrative footprint into a single HQ; and the cessation of C-MAX and Grand C-MAX production. ([Ford](#))

- Significance: Given Ford of Europe's current (unprofitable) condition at a very healthy industry volume, the actions that Ford has announced appear to downplay many of the business's key challenges: a majority Western European footprint; poor portfolio fit with the rest of the World; and a reliance on the UK market with little natural hedging resulting in Ford fighting over half a billion dollars in annual foreign exchange losses.
- UK unions say they were told by Ford that it intends to cut 1,000 jobs at the Bridgend engine plant (already expected with the loss of a JLR engine contract and reduction in capacity for small Ford petrol engines) and 150 in other operations, primarily logistics. ([The Guardian](#))
- Might close further plants to improve the profitability of Europe. ([Reuters](#))
- The European CEO said Ford was only remaining in the region because of the commercial vehicle business. The head of markets said Mahindra's approach to cost control was "eye-opening". ([Detroit News](#))
- Shutting the Chariot on-demand bus service by 1<sup>st</sup> February citing the changing needs of customers. ([Ford](#))
  - Significance: Ford has now shut down the most visible of its bets on consumer-facing mobility services. Unfortunately, Chariot's business model was always questionable: make money by running bus services, an operation normally so unprofitable that public subsidies of around 50% of costs are normal -- and only run services where demand is so low that public buses don't schedule any routes.
- Ford's head of autonomous vehicles implied the company would not budge from the 2021 target for putting a driverless car on the road saying "at some point before 2021, we have to have no driver". ([TheStreet](#))
- VW and Ford will reportedly announce specifics of their new alliance at the Detroit show with sources suggesting that press releases will concentrate on commercial vehicle ties ups and rumoured plans for VW to buy into Ford's Argo autonomous technology unit and Ford licencing VW's MEB platform will remain unconfirmed. ([Reuters](#))
- Building on an earlier commitment to make 100% of US vehicles connected by 2019, Ford will install vehicle to everything technology in vehicles launched from 2022 onwards. ([Ford](#))
- Will stop sponsoring bicycle rental in San Francisco. ([Axios](#))
  - Significance: Ford said that a massive benefit of the bicycle sharing scheme was access to travel data. The implication is either that sufficient data has been gathered, or the data wasn't particularly useful.

### Geely (includes Volvo) (history)

- Bloomberg said that Geely had sold half its stake in Daimler. Geely said it had not. ([Geely](#))
- The (taxi-making) LEVC division has delayed the development of a van derivative to the early 2020s. ([Reuters](#))

### General Motors (history)

- Held a capital markets day where it forecast improved 2019 returns, when many analysts had feared a drop. GM said Cadillac will be the "lead" electric vehicle brand and that, following restructuring, South American operations had reduced the breakeven point by 40% and GM Korea was on a "path" to profitability. ([GM](#))
- Launching a set of battery electric vehicles for Cadillac beginning with a crossover codenamed BEV3. ([Detroit News](#))
- Oshawa plant workers continue to hold work stoppages in protest at the plan to close the plant. ([Detroit Free Press](#))
- Agreed that GM owners could access the stations of three US charging networks and pay through GM's app. ([GM](#))

### Honda (history)

- Will close UK facilities for the first six days in April to sit out any potential Brexit disruption. ([Reuters](#))
- The launch of Honda's all-electric city car has reportedly been delayed from 2019 to 2020. ([Electrek](#))

### Mazda

- Developed a new technique for pressing high strength steels that Mazda says allows it to make thinner (and therefore lighter) body parts. Since no additional equipment is apparently required, it seems likely that other companies can replicate the feat with sufficient experimentation. ([Mazda](#))

## **Nissan (includes Mitsubishi)** (history)

- Carlos Ghosn's said in court that the foreign exchange contracts at issue had cost Nissan nothing and that he had been offered much more money by Ford and Gm to join them. ([Nikkei](#))
- Released a Nissan Leaf (dubbed e+) with a 62 kWh battery pack. ([Nissan](#))
- After a short leave of absence related to the Ghosn scandal, Nissan's chief performance officer resigned. ([Reuters](#))
- Nissan's board said it was committed to the alliance with Renault and Mitsubishi and would claw back control over some business decisions from executives. ([Nissan](#)) An executive has been appointed to improve governance, slightly odd in the context of an executive team where certain elements had supposedly gone rogue. ([Nissan](#))

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

- Launched the new Zafira people carrier. Rather than create a like-for-like replacement in the shrinking segment, Opel has renamed the passenger carrying version of the Combo van. ([Opel](#))
  - Significance: This looks like smart marketing by Opel. Rather than losing the brand recognition, an already existing vehicle has been renamed. Opel have spent a bit of money on the interior to make the vehicle more comfortable than the van -- far cheaper than a unique vehicle.

## **Renault** (history)

- Said that an internal probe had concluded payments to the executive team for 2017 and 2018 were lawful and had been properly disclosed. The investigation will continue to look at previous years. ([Renault](#))

## **Tata (includes JLR)** (history)

- Confirming earlier rumours, JLR announced plans to shed about 4,500 jobs, hoping to save over £1 billion (of which it says £500 million is already on the way). JLR will start making electric motors (at the Wolverhampton engine plant) and assembling battery packs at a new site in Hams Hall (where BMW have an engine factory). ([JLR](#))
- JLR sold 592,708 vehicles in 2018, a drop of (4.6)% versus 2017. ([JLR](#))

## **Tesla** (history)

- New car buyers can reportedly still pre-order the fully self-driving feature by emailing Tesla directly but sales advisors are warning anyone who does that it could be a "very long time" before the feature is usable. ([Electrek](#))
- CEO Musk suggested the forthcoming Roadster would have a hover function going so far as to outline a potential power mechanism and package. But nobody was sure why. ([Electrek](#))
- Will only offer Model S and Model X with 100 kWh battery packs, dropping the 75 kWh version. ([Elon Musk](#))
  - Significance: As sales of Model S have already plateaued for some time, it will be interesting to see what the effect on demand is.

## **Toyota** (history)

- Hopes to offer "Toyota Guardian" driver assistance features to other car companies. ([Toyota](#))
- Recalling an additional 1.3 million vehicles in the US to replace airbags. ([Toyota](#))
- Helping to develop a new type of strawberry through DNA analysis. ([NRGene](#))

## **VW Group** (history)

- VW Group sold 10.83 million vehicles in 2018, a 0.9% increase on a year earlier. ([VW](#))
- Creating a subsidiary called Elli that will provide charging services. ([VW](#))
- VW and Ford will reportedly announce specifics of their new alliance at the Detroit show with sources suggesting that press releases will concentrate on commercial vehicle ties ups and rumoured plans for VW to buy into Ford's Argo autonomous technology unit and Ford licencing VW's MEB platform will remain unconfirmed. ([Reuters](#))

## Other

- **Aston Martin** has activated Brexit contingency measures, including the use of alternative ports (with longer shipping times but hopefully less traffic) and airfreight. It has also built up an inventory of finished vehicles on the continent, potentially a risky move with a customer base that values personalisation. ([Reuters](#))
- **Karma** announced a call for suppliers and the start of car sharing operations. ([Karma](#))
- **McLaren** sold 4,806 cars in 2018, an increase of 43.9% versus 2017. ([McLaren](#))
- **Byton** wants to raise another \$500 million, after being given a similar sum by investors last year. ([Reuters](#))

## [News about other companies and trends ...](#)

### Economic / Political News

- **Chinese** passenger car sales of 28.1 million units in 2018 were down (2.8)% on 2017. ([Reuters](#))
- The **UK** government tested whether there was a good system for managing slower freight movements in the event of Brexit by driving 87 trucks in convoy across Kent, an exercise derided by critics. ([Reuters](#))
- **UK** car registrations of 2,367,147 units for 2018 were down (6.8)% on the prior year. ([SMMT](#))

### Suppliers

- **Delphi** appointed a new CEO, an external hire. ([Delphi](#))
- **Lear** launched an in-house VC fund. ([Lear](#))
- **Denso** is launching a new R&D site in Montreal, Canada to work on mobility applications. ([Denso](#))
- **Continental** released preliminary 2018 full year results showing revenue of €44 billion and an EBIT margin of 9.2%. Revenue in 2019 is expected to be slightly better but profit margin is likely to fall to 8% - 9%. ([Continental](#))
- **Autoliv's** CFO is resigning to take on the same role at former subsidiary **Veoneer**. ([Autoliv](#))
- **Bosch** settled US claims relating to faulty emissions control software in **FCA** vehicles for \$131 million. ([Reuters](#))
- **ZF** is buying Romanian engineering services provider **BeeSpeed** to beef up the brake controls team. ([ZF](#))

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

- **Ola's** latest fund raising paperwork indicates the business is now valued at \$5.7 billion. ([TechCrunch](#))
- **Uber's** CEO said the firm might delay the planned 2019 IPO citing market volatility. He believes the company does not need to go public yet, thanks to a strong balance sheet. ([WSJ](#))
- **Gotcha** launched an on-demand bus service in Florida using electric vehicles. ([Gotcha](#))
- **Go-Jek's** application to open a ride hailing business in the Philippines was rebuffed but the setback is likely to be temporary, assuming a deep-pocketed local partner can be found. ([Reuters](#))
- **Ford's** Chariot on-demand bus service is shutting by 1<sup>st</sup> February citing the changing needs of customers. ([Ford](#))

### Driverless / Autonomy (history)

- **Aurora** is reportedly looking to raise \$500 million in a round that will value the company at \$2 billion. ([Recode](#))
- **Navya** published a safety report. Because the company is developing autonomous buses, it still envisages having an operator on board who can take control if necessary, whilst normally functioning as a conductor. ([Navya](#))
- **WeRide** welcomed Ai developer **SenseTime** as an investor and plans to deploy a fleet of 500 self-driving vehicles in 2019, with a target of 5 million cumulative test kilometres. ([WeRide](#))
- **Blackmore's** new lidar has a claimed range of greater than 450m and a \$20,000 price tag. ([Laser Focus World](#))
- **AEye** had to buy a visitor to CES a new camera after the company's lidar sensor damaged his camera, resulting in lines permanently across the field of view. AEye said there were no implications for eye safety because cameras were far more sensitive, and that it might have been coincidence anyway. In response to concerns for the cameras that feature in car safety systems and encounter such vehicles, competitors pointed to wavelength (**Ouster**) and pulsing (**Blackmore**) as potential culprits and declared themselves immune. ([Ars Technica](#))
- **Harman** and **Innoviz** have partnered to deliver integrated lidar to OEMs. ([Innoviz](#))

- **Waymo's** CEO said autonomous vehicles “will always have some constraints” and that even in several decades a degree of “user interaction” will be required. ([Auto Express](#))
  - Significance: Although at first sight, the comments appear to call into question the future of autonomous cars, they are a reflection of what could become infrequent problems, the solution to which might be controlled by remote operators, rather than a driver inside the car.
- **Bose** claims to have mastered the art of cabin noise cancellation, moving beyond engine noise to road noise stemming from the vehicle suspension and tyres. ([The Verge](#))
  - Significance: although the technology is likely too expensive to see much mainstream use in the next future, systems that focus on comfort will become a more significant factor in purchase choice as vehicles become less driver-oriented.
- **Ford's** head of autonomous vehicles implied the company would not budge from the 2021 target for putting a driverless car on the road saying “at some point before 2021, we have to have no driver”. ([TheStreet](#))
- **Daimler** is spending half a billion euros on automated truck technologies and intends to develop level 4 (substantial eyes off but bound by geography and environmental conditions) after mastering level 2 because in Daimler's view the technology cost of level 3 brings insufficient benefit to operators. ([Daimler](#))

### Electrification (history)

- **Panasonic** demonstrated a concept electric vehicle that uses a 48V electric drive (probably fine for relatively low speed applications) and features removable modules for different job types. ([Panasonic](#))

### Connectivity

- **Amazon** said it received one million pre-orders for the Echo Auto aftermarket personal assistant. ([TechCrunch](#))
- An incorrect password setting reportedly led to the **real-time GPS** location of 11,000 Indian buses being available online. The site apparently included identifiable information such as licence plates and routes. ([ZDNet](#))
- Toyota will use technology from **KDDI** and **AT&T** to provide connected vehicle services in the USA. ([Toyota](#))
- **MobilEye** is providing technology to the UK government's **Ordnance Survey** map making unit that will help maps update more quickly. ([OS](#))
  - Significance: Whilst map-making for cars is assumed by many to be an entrepreneurial endeavour that will impact the rollout of autonomous vehicles to the advantage of a particular company, the Ordnance Survey's work shows the possibility of an alternative model in some markets: government-mandated and controlled HD maps.
- **Otonomo** is supplying the technology used by **Daimler** to provide data to third parties. ([CTech](#))
- Building on an earlier commitment to make 100% of US vehicles connected by 2019, **Ford** will install vehicle to everything technology in vehicles launched from 2022 onwards. ([Ford](#))

### Other

- **Ojo** launched an electric scooter rental scheme with a (small) difference -- there is a seat to sit on. ([Ojo](#))
- Electric scooter rental firm **Bird** is looking to raise a further \$300 million. ([Axios](#))
- **Lime** was forced to cease operations in Switzerland after scooters stalled without warning, throwing hapless hipsters to the floor, sometimes at high speed. ([TechCrunch](#))
- **iOttie** is offering a mobile phone mount with motorised jaws that engage the device automatically. ([The Verge](#))
  - Significance: At a retail price of \$54.95, while the phone mount may not ultimately be a raging success, it begs the question of why the coolest currently available feature is Tesla's pop-out door handles.