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Autos & Mobility Industry Briefing -- 14th January to 20th 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)

- Unveiled the new 7 Series large car in Shanghai. ([BMW](#))
- Received agreement from the majority of Brilliance Automotive shareholders to sell BMW an extra 25% stake in the Brilliance-BMW joint venture in China (in 2022). ([BMW](#))
- Secret talks between BMW and Daimler are rumoured to cover joint battery purchasing from CATL and a shared basis for smaller cars (e.g. A/B Class and 1/2 Series). Apparently the BMW team are still smarting from Daimler's whistle-blowing on an engine technology talking-shop which could yet see BMW pay hefty fines. Autonomous vehicle technology is also believed to be under discussion but a pre-existing choice of partners (MobilEye for BMW, Bosch for Daimler) is making each partner worrying about losing ground. ([Handelsblatt](#))

Daimler (history)

- Rumoured to be working on a smaller all-electric SUV, possibly to be badged EQB that will be similar to the yet-to-be-launched GLB. ([Autocar](#))
- Will change the metrics of financial guidance and also re-calibrate the meaning of certain terms used. ([Daimler](#))
- Secret talks between BMW and Daimler are rumoured to cover joint battery purchasing from CATL and a shared basis for smaller cars (e.g. A/B Class and 1/2 Series). Apparently the BMW team are still smarting from Daimler's whistle-blowing on an engine technology talking-shop which could yet see BMW pay hefty fines. Autonomous vehicle technology is also believed to be under discussion but a pre-existing choice of partners (MobilEye for BMW, Bosch for Daimler) is making each partner worrying about losing ground. ([Handelsblatt](#))
- Planning a new assembly plant in Egypt with a joint venture partner. ([Daimler](#))

FCA (history)

- CEO Manley said an announcement will be made soon about additional new US capacity to build Jeeps, local media speculate that it will be at the idled Mack Avenue Engine II plant. ([Detroit News](#))
- CEO Manley called medium sized pickup truck a "gaping hole" in the company's portfolio and is open to a partnership to get one. ([Reuters](#))
- Will trial two different schemes with small numbers of US consumers: a car swapping scheme run in partnership with Turo and a short-term subscription with help from Avis. ([Detroit News](#))
- Italian unions criticised FCA's threat to review its production plans for the country after a new environmental tax was introduced saying that the firm's existing plans for more efficient powertrains were insufficient. ([Torino Oggi](#))
- The next generation of muscle cars will have to use electrification says CEO Manley. ([Detroit News](#))
- Italian unions expect local production to fall from the approximately 670,000 units produced in 2018 due to weakness in Alfa Romeo and Maserati sales, and the discontinuation of Fiat Punto and Alfa Romeo MiTo. At the worst hit plants, production is scheduled to regularly stop until September 2019. ([Automotive News](#))

- The market introduction of the Ram 3500 is being delayed by the US government shutdown and the CEO is “concerned, very concerned”. ([Bloomberg](#))

Ferrari

- Ferrari’s chairman was moved to make a statement saying he supported the relatively-new CEO and changes in management at the Formula 1 team were not reflective of a wider corporate overhaul. ([Reuters](#))

Ford (history)

- Preliminary full year 2018 financial results showed revenue of \$160 billion and adjusted EBIT of \$7 billion. ([Ford](#))
- Received poor reviews from analysts after a presentation at the Detroit show where instead of giving a 2019 outlook, Ford simply acknowledged the potential for improvement (slide 42) whilst pointing out that sometimes things work in your favour but then again sometimes they go against you (slide 44). ([Ford](#))
- Ford and VW announced the first fruits of their collaboration, covering commercial vehicles. There will be a pick-up led by Ford (but not shared in all markets); a small van led by VW; and a 1T van led by Ford. The vehicles will launch from 2022 onwards. The two parties signed MoUs to investigate autonomous vehicles and electric powertrains -- there had been some hopes that they would make firm commitments in this area. ([VW](#)) Ford executives said that the companies would incur the engineering costs directly and recover from one another in transfer pricing. ([Ford](#))
- Confirmed that there will be an all-electric version of the F-150 pick-up. Ford didn’t give a date for launch but it is possible that the vehicle forms part of the promise to have six US BEVs by 2022. ([Ford](#))
- Views a no-deal Brexit as “the least likely outcome” and is planning for a soft Brexit. ([Ford](#))
- Bill Ford said he could never see a situation where the Ford family would give up any of their share in the business and that alliances were the only form of partnership the firm would contemplate. ([Click On Detroit](#))
- Versace has made the blue oval à la mode with a menswear line incorporating the logo. Commentators were split on the value for money versus Ford’s existing official apparel, but executives must surely be contemplating purchasing a pair of flowing white trousers festooned with Ford badges. ([Detroit Free Press](#))
- Recalling about 2,700 brand new Lincoln Nautilus SUVs to fix problems with steering software. ([Ford](#))
- CEO Hackett says that revenues from subscriptions will ultimately be far smaller than the value from monetization of vehicle data. ([Ford](#))
- Ford’s Argo.ai is hiring a leading car critic to lend a greater voice to the emotional side of driverless cars. ([The Drive](#))
- There will be a Lincoln version of the Mach 1 BEV. ([Green Car Reports](#))
- Ford’s product development chief said that electric vehicles would be “contribution margin positive”. ([Ford](#))
 - Significance: Since the contribution margin excludes fixed costs, the statement is less strong than it sounds. A product could make a (20)% loss in terms of return on sales and still be breakeven at a contribution margin level.

Geely (includes Volvo) (history)

- Volvo is not developing a direct replacement for the V40 and instead will do something more “creative”. ([Autocar](#))
- According to the website of a new Geely factory in Wuhan, China, Lotus-badged cars will be made there. ([Reuters](#))
- Spy shots of what look like a medium sized hatchback Lynk&Co vehicle out testing caused confusion after [earlier stories](#) that implied the next models would be large cars based on Volvo’s XC90 and S90. ([Autocar](#))
- Named a new CEO at taxi maker LEVC. ([Geely](#))

General Motors (history)

- Chevrolet stopping using an advertisement that claimed (based on a survey commissioned by Chevrolet) that the brand’s vehicles had better reliability than Ford, Honda and Toyota after threats of legal action. ([Detroit News](#))
- Told Brazilian workers that “sacrifices” were required to turn a profit in the country, calling on them to support a mysterious “viability plan” that has been presented to the board. The company’s approach seems very similar to that used in South Korea. ([Reuters](#))
- CEO Barra said that GM would be launching more products in the US but that workers at the plants slated for closure / unallocation shouldn’t hold their breath as they would likely be used to improve capacity utilisation at the remaining US plants. ([Detroit News](#))

- Workers at Canadian suppliers have begun walking off the job in support of GM workers at plants likely to close. Unions have also threatened to humiliate the company at public events. ([Detroit Free Press](#))
- Executives were dismissive of hybrids, saying the powertrains were “countermeasures” to the decline of internal combustion engines and the smart money was on electric vehicles. ([Green Car Reports](#))
- CEO Barra said “stay tuned” when asked if the company was planning a full size pick-up truck. She might want to consider a more equivocal answer since in November [GM’s strategy chief said “there will not be any AV/EV pickups”](#). ([Electrek](#))

Hyundai / Kia (history)

- KIA revealed the 3 row Telluride SUV at the Detroit show. ([Detroit News](#))
- Recalling around 168,000 US vehicles to fix problems with engine wear. ([Reuters](#))
- Reportedly received local government approval to make electric vehicles in India. ([ET](#))

Nissan (includes Mitsubishi) (history)

- The Renault-Nissan-Mitsubishi Alliance Ventures fund invested in dealership software provider Tekion. ([RNA](#))
- Cutting a shift at the Canton, Mississippi plant, leading to 700 job losses. ([Tennessean](#))
- Suffered the ignominy of the Infiniti QX electric concept car losing power as it drove to the stage during its big Detroit show reveal. ([Detroit Free Press](#))
- The French government took steps to impose an end to the Ghosn saga by openly championing Michelin’s CEO as an ideal replacement for Ghosn and reportedly telling the Japanese government that it wanted to integrate Nissan and Renault under a single holding company -- something Nissan is resistant to and the government appeared to back away from publicly (for now). ([Reuters](#))
- Nissan and Mitsubishi said that payments of almost €8 million had been made to Carlos Ghosn by the Nissan and Mitsubishi joint venture company without properly consulting their CEOs and will take legal action to recover the money. ([Nissan](#))
- One of Nissan’s independent directors speculated that it may not be necessary to have a chairman. ([Bloomberg](#))

PSA (includes Opel/Vauxhall) (history)

- Sold 3,877,765 vehicles in 2018, an increase of 6.8% versus 2017. The growth is entirely explained by a full year of sales for the Opel and Vauxhall brands as the rest of the business saw volumes drop (12)%, with only Europe as a bright spot. ([PSA](#))
- Started production of the I3 gasoline engine at the Tychy, Poland, plant with capacity of 460,000 units per year. ([PSA](#))

Renault (history)

- Renault’s lead independent director issued a cryptically-worded message which seemed to imply that the board was now actively seeking a replacement CEO, without actually saying it. ([Renault](#))
- Reported global sales of 3,884,295 units in 2018, an increase of 3.2% on 2017. Passenger car sales were down, as were Renault-badged models. Strong performance of Dacia and Lada made up the difference (but presumably at lower average revenue and profit). ([Renault](#))
- The French government took steps to impose an end to the Ghosn saga by openly championing Michelin’s CEO as an ideal replacement for Ghosn and reportedly telling the Japanese government that it wanted to integrate Nissan and Renault under a single holding company -- something Nissan is resistant to and the government appeared to back away from publicly (for now). ([Reuters](#))
- Senior sales and marketing executive Thierry Koskas abruptly left the company. ([BBC](#))
- Will not stockpile vehicles in the UK ahead of Brexit, calling the approach “expensive and short-termist”. Renault instead says that it will adapt extremely rapidly to changes as they take place. ([Reuters](#))
 - Significance: Along with VW Group and Ford, Renault is in serious trouble if tariff and customs barriers suddenly restrict access to one of its major markets. Although in the short term it may be possible to simply sit out any market volatility, in the presence of longer term tariff barriers the company has little option but to ask Nissan very nicely to build Renault cars in Sunderland.

Suzuki

- Started production at Gujarat plant No. 2 in India, a factory with capacity for 250,000. ([Suzuki](#))

Tesla (history)

- Announcing plans for a (7)% reduction in headcount, CEO Musk told employees that there would be a small Q4 2018 profit but said he was worried that favourable mix of high-series Model 3 was flattering the results and operational cost needed to be reduced to provide lower-priced Model 3 derivatives. The company will retain only “the most critical” temporary employees and contractors. ([Tesla](#))
- Released a new mobile, plug-in, charging unit with a 9.6kW rating. The catch is that you need a special type of plug socket so unless customers have already installed these, the new product doesn’t save on electrician fees. ([Tesla](#))
- Launched another round of charging station price increases and moved to differentiated pricing by station rather than region, increasing revenue from more popular spots. ([Electrek](#))
- Started installing automatic barriers in Chinese supercharger locations that will only lower if the owner uses an app identifying the car as a Tesla. Although the internet was quick to brand the equipment as a potential solution to US pick-up truck owners blocking charging bays, they may want to remind themselves of the ground clearance these vehicles appeared to possess. ([Electrek](#))
- Ending the customer referral program, citing affordability. ([Reuters](#))
 - Significance: tesla has long trumpeted the value of word of mouth marketing rather than visible advertising. Either the firm feels that it will never need to advertise again, or (more likely) traditional forms of media will start cropping up.

Toyota (history)

- Launched an AWD version of the Prius. The extra driven wheels are exclusively electric. ([Toyota](#))
- Unveiled the production version of the Supra sports car, which shares underpinnings with the BMW Z4. ([Toyota](#)) The car will be built by Magna in Austria. ([Magna](#))
- Thinks that India will be the third largest market for vehicles within the next decade. ([ET](#))
- Reportedly working on a battery-making JV with Panasonic. ([Reuters](#))

VW Group (history)

- Ford and VW announced the first fruits of their collaboration, covering commercial vehicles. There will be a pick-up led by Ford; a small van led by VW; and a 1T van led by Ford. The vehicles will launch from 2022 onwards. The two parties signed MoUs to investigate autonomous vehicles and electric powertrains -- there had been some hopes that they would make firm commitments in this area. ([VW](#))
- Sees great potential for CNG vehicles in India. ([Autocar](#))
- Announced an \$800 million investment in the Chattanooga plant to build electric cars on the MEB platform. ([VW](#))
- Porsche launched a pay per mile insurance scheme in the US to reduce ownership costs. ([Porsche](#))
- Audi says that profits on electric cars will be similar to a well-equipped diesel. ([Automotive News](#))
- Agreed to pay €12.3 million to the Indian authorities relating to exhaust emission irregularities, but VW said it continues to dispute the fine and wants the money back. ([Handelsblatt](#))
- Audi workers in Hungary started warning strikes after demanding an 18% pay rise. Unions say that they are paid far less than Slovak and Polish counterparts, not to mention those in Western Europe. ([Reuters](#))
- Considering building a rugged BEV that “loves scratches”. ([Automotive News](#))
- Spending €250 million to develop the low cost MQB A0 platform in India. VW says the vehicles produced in the country will have 95% local content. ([VW](#))
- VW’s chairman said that entry level vehicles would have to rise in price if they had electric drivetrains. ([Handelsblatt](#))
 - Significance: Although apparently a truism at present, this type of thinking is potentially dangerous. In much the same way as mobile phone prices have increased massively since the days of Nokia’s domination, service providers have found ways to create financial propositions that customers can afford. How can carmakers do the same? (Hint: maybe the car needs to be priced more like a service)

Other

- **Subaru** sold 1.06 million vehicles in 2018, about the same as 2017. In 2019 it hopes for a 2% increase. ([Subaru](#))
- **Subaru** disclosed investments in three start-ups: electric aircraft manufacturer **Bye Aerospace**; lidar developer **AEye**; and IoT specialists **aptpod**. ([Subaru](#))
- **Nio** completed a chain of battery swapping stations along the route from Beijing to Shanghai. ([Auto Express](#))
- **Karma** and **Pininfarina** announced a collaboration (presumably to design the successor to the Henrik Fisker-penned Revero model). ([Fisker](#))
- **Evergrande Health**, a substantial investor in **Faraday Future** announced it would acquire 51% of **NEVS** (the owner of Saab's automotive IP) for \$930 million. At the end of 2017 NEVS had \$551 million of assets. ([NEVS](#))
- **VinFast** says it will launch a further five premium models on top of the two already shown (a large saloon and SUV). There will be a small hatchback and SUV, a midsize hatchback and SUV and a large family car. ([VN Express](#))
- **GAC** still plans to enter the US market in 2020. ([China Daily](#))

News about other companies and trends ...

Economic / Political News

- German carmakers called a no deal Brexit “fatal” for the industry, saying that UK jobs were on the line. Given that **Daimler** has little footprint in the country, **VW Group** has only Bentley and **BMW** produces no vehicles carrying the namesake brand in the country, it seems unclear which UK jobs the first two companies will influence. ([Reuters](#))
- **European** passenger car registrations in 2018 of 15,624,486 units were down (0.04)% versus 2017. In December alone, sales dropped (8.7)% on a year-over-year basis. ([ACEA](#))
- **Indian** carmaking trade body SIAM said that regulations preventing the use of **imported steel** would soon affect production because some, rarer, grades were not available locally. ([ET](#))

Suppliers

- **Eberspaecher** opened a new test facility in Shanghai, China. ([Autocar](#))
- **Continental** is building a new plant for powertrain components in Talegaon, India. ([Continental](#))
- **Magna** gave a financial forecast out to 2021. The firm believes that volumes in North America will stay about the same but the European market will grow slightly. It expects EBIT margin to rise to 8.1% - 8.5%. ([Magna](#))
- **Dana** completed the acquisition of electric components supplier **SME Group**. ([Dana](#))
- **Adient** said that preliminary results for Q4 2018 showed a drop in revenue and profits but that hopefully things would brighten up in the remainder of the firm's financial year. ([Adient](#))
- **Magna** will build the **Toyota Supra** at Graz in Austria. ([Magna](#))
- **Panasonic** is reportedly working on a battery-making JV with Toyota. ([Reuters](#))
- **Assa Abloy** acquired automotive key specialist **KEYper Systems**. ([Assa Abloy](#))
- **Goodyear** issued a profit warning, blaming tough conditions in India and China. ([CNBC](#))
- **Bridgestone** will invest in promising start-ups in partnership with VC firm **Iris Capital**. ([Europa Press](#))

Dealers

- **FCA** will trial two different schemes with small numbers of US consumers: a car swapping scheme run in partnership with **Turo** and a short-term subscription with help from **Avis**. ([Detroit News](#))
- The **Renault-Nissan-Mitsubishi** Alliance Ventures fund invested in dealership software provider **Tekion**. ([RNA](#))

Ride-Hailing, Car Sharing & Rental (history)

- **Ola** is launching a payment option that will see customers pay for rides monthly, rather than per trip. ([TechCrunch](#))
- South Korean car sharing start-up **SoCar** raised \$44 million in new funding. ([Deal Street Asia](#))
- **Kakao**, a chat app with transport services bolted-on, appeared to run into problems in South Korea after taxi drivers demanded it cease on-demand ride hailing and car sharing services and protests erupted into violence. The company said it would stop the ride hailing offering and was open to talks about car sharing. ([Reuters](#))

- **Grab** is creating an insurance marketplace in partnership with **ZA Insurance**. ([Grab](#))
- **Enterprise** is buying **Deem**, a corporate travel provider. ([Enterprise](#))
- Recreational vehicle sharing firm **Outdoorsy** raised \$50 million in a series C round. ([TechCrunch](#))
- **Go-Jek** purchased a majority stake in payments firm **Coins.ph** for \$72 million. ([Tech In Asia](#))

Driverless / Autonomy (history)

- Safety simulation firm **Foretellix** said it had raised \$16 million and has “hundreds of millions” of different scenarios that can be used to measure the operational safety of artificial intelligence. ([Foretellix](#))
- **Zoox** announced the appointment of a new CEO. ([TechCrunch](#))
- **Stop & Shop** plans to launch a fleet of driverless robo-shops that will drive to a customer’s house and then let them select and retrieve daily staples (e.g. milk and bread). ([Stop & Shop](#))
- Self-driving car developer **AutoX** hopes to raise \$100 million. ([SCMP](#))
- **Waymo** say that by using machine learning to adjust the parameters of complex neural nets (i.e. a robot controlling the training of another robot) they can iteratively improve recognition far more quickly. ([Waymo](#))

Electrification (history)

- **Magna’s** CEO said the industry was spending money inefficiently and needed greater collaboration in order to deliver affordable vehicles for customers. ([Reuters](#))
- Powertrain engineering consultant **AVL** revealed a swappable battery pack for small vehicles. The 2 kWh /9 kg unit uses a 48V architecture and can provide a maximum 5 kW output. ([Autocar](#))
- Wireless charging company **Momentum Dynamics** received investment from truckmaker **Volvo**. ([ET](#))
- Indian state-owned firm **BHEL** and **Libcoin** are in talks to create a battery plant in India, initially with 1 GWh annual capacity with a view to ramping up to 30 GWh over time. ([ET](#))
- **Tesla** launched another round of charging station price increases and moved to differentiated pricing by station rather than region, increasing revenue from more popular spots. ([Electrek](#))
- **Nio** completed a chain of battery swapping stations along the route from Beijing to Shanghai. ([Auto Express](#))
- Battery developer **GBatteries** says it can fully charge a 60 kWh pack in five minutes by simply adding a charging adaptor that contains an algorithm to control charging conditions. ([TechCrunch](#))
- **Tesla** started installing automatic barriers in Chinese supercharger locations that will only lower if the owner uses an app identifying the car as a Tesla. Although the internet was quick to brand the equipment as a potential solution to US pick-up truck owners blocking charging bays, they may want to remind themselves of the ground clearance these vehicles appeared to possess. The lack of ongoing evidence suggests the entire thing was overblown. ([Electrek](#))
- **VW’s** chairman said that entry level vehicles would have to rise in price if they had electric drivetrains. ([Handelsblatt](#))
- **Ford’s** product development chief said that electric vehicles would be “contribution margin positive”. ([Ford](#))
- **Audi** says that profits on electric cars will be similar to a well-equipped diesel. ([Automotive News](#))

Other

- A study of **electric scooter** usage in the US city of **Portland** suggested that about one third of users were taking scooters instead of walking, whilst about 19% abandoned their cars and 15% would have other used a taxi. 6% said they had reduced the number of cars in the household because of scooters. ([PBOT](#))
- Leading Scooter rental companies **Lime** and **Bird** have reportedly seen their valuations fall by about one third in the most recent funding rounds. ([Deal Street Asia](#))
- Scooter rental firm **Flash** said it has raised €55 million. ([TechCrunch](#))
- Indian bicycle rental firm **Vogo** raised \$9 million. ([Deal Street Asia](#))
- Automation bulls were saddened to hear that a Japanese hotel designed to replace staff with **robots** found only about half the machines were doing their job properly. They have been sacked in favour of organic lifeforms. ([WSJ](#))