



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 4<sup>th</sup> February to 10<sup>th</sup> February 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

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

- Reported Q4 and full year 2018 financial results. Full year revenue of €167 billion rose 2% from 2017 but EBIT of €11.1 billion, down (22)%. Daimler said that profits would be under pressure in 2019 because of negative economic headwinds and the need to maintain product spending. ([Daimler](#))
- Production problems at the plant in Mexico are rumoured to be so bad that full year A-Class production could miss targets by (20)%. ([Handelsblatt](#))
- Outgoing CEO Zetsche said that Daimler and Geely are discussing a broader cooperation, but declined to give any specific details. ([Reuters](#))
- Mercedes-Benz and electricity supplier TenneT declared an experimental 1MW stationary storage to be a success and will now attempt to develop a commercial proposition. ([Daimler](#))
- Outgoing CEO Zetsche suggested that a conversion to electric cars would mean demand for labour increased rather than reduced. ([Handelsblatt](#))
  - Significance: This conclusion is confusing given the relative labour hours in an electric drivetrain compared to an internal combustion engine and can be reconciled only by a future state in which hybrid powertrains (i.e. two engines) become the dominant powertrain choice (with very little downsizing). Zetsche's relaxed attitude suggests Daimler might not be taking the threat as seriously as it should.

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

- Sold 1.177 million units in the fourth quarter of 2018 (4.842 million in the full year). ([FCA](#))
- Reported Q4 2018 and full year financial results. Q4 revenue of €30.6 billion rose 6% on prior year whilst adjusted EBIT of €2.0 billion was up 7%. In the full year, revenue of €115.4 billion was up 4% and adjusted EBIT of €7.3 billion was 3% better. FCA's guidance for 2019 was for EBIT to be about the same (on a like-for-like basis after the sale of Magneti Marelli). ([FCA](#))
- Paid \$77 million in penalties for missing US fuel economy requirements in 2016. ([Reuters](#))
- Doesn't believe that it needs a partner to make a cost effective European small car. ([Seeking Alpha](#))
- Recalling about 660,000 pickup trucks to fix an issue with the steering. ([FCA](#)) and another 222,000 pickup trucks because of problems with the brake pedals. ([FCA](#))

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

- Investing over \$1 billion to produce the next generation Explorer and Lincoln Aviator in Chicago, including \$40 million for better canteen and break areas. ([Ford](#))
- Recalling around 3,500 brand new Ranger pick-up trucks to fix problems with the parking brake. ([Ford](#))
- Launched a mid-cycle update of the F-Series Super Duty pickup trucks. ([Ford](#))

## Geely (includes Volvo) (history)

- Outgoing Daimler CEO Zetsche said that Daimler and Geely are discussing a broader cooperation, but declined to give any specific details. ([Reuters](#))
- Volvo reported full year 2018 revenue of 252.7 billion SEK (about \$27 billion), a 12.4% increase on 2017 and operating profit of 14.2 billion SEK (about \$1.5 billion), up 0.9%. Volvo is concerned about pressure on margins in 2019. ([Volvo](#))
- Volvo will recall 167,000 XC60 vehicles to fix problems with the electric tailgate. ([Reuters](#))
- Volvo's CEO said there is a lot of investor interest in Polestar and funding could be obtained via a private placement rather than IPO. ([Economic Times of India](#))

## General Motors (history)

- Reported Q4 and full year 2018 earnings. Q4 revenue of \$38.4 billion, was up 1.8% from 2017 but adjusted EBIT fell (8.3)%. On a full year basis, Revenue was \$147 billion and adjusted EBIT was \$11.8 billion. GM said the results already included a lot of restructuring costs that would improve profits in future years. ([GM](#))
- Began firing 4,000 US salaried staff and walking them off company premises. Payouts are a maximum of 6 months salary for those with 12 years or more of service. ([Detroit Free Press](#))
- Suffered production stoppages at the Oshawa, Canada plant due to strikes at a local supplier. ([Reuters](#))

## Honda (history)

- Agreed a supply deal with CATL for 56 GWh of electric car batteries between now and 2027. ([Honda](#))

## Mazda

- Released financial results for the nine months ending December 2018. Unit sales were slightly down but revenue of 2.622 trillion yen (about \$23.75 billion) was up 3% on a year earlier. However, operating profit of 59.6 billion yen (about \$540 million) fell (37)%. Mazda slightly improved the full year outlook. ([Mazda](#))
- Will unveil a new SUV at the Geneva show. ([Mazda](#))

## Nissan (includes Mitsubishi) (history)

- Nominated Renault's new chairman as a director but stopped short of recommending him as chairman. ([Nissan](#))
- Renault Nissan Mitsubishi is rumoured to be in talks with Waymo to use the latter's self-driving system. ([Nikkei](#))
- Started production of the Qashqai in St Petersburg, Russia. ([Nissan](#))

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

- Reportedly intends to shed a net 500 jobs in France during 2019, with 1,900 existing workers to be let go and 1,400 new hires coming in. ([Les Echos](#))
- Acquired TravelCar, a parking and rental start up that PSA had previously invested in. ([PSA](#))
- Plans to close Hérimoncourt, offering to transfer all affected employees. Workers walked out in protest. ([France Info](#))
- Opel is switching to an importer model in Greece (the same structure as other PSA brands in the country). ([Opel](#))

## Renault (history)

- Renault Nissan Mitsubishi is rumoured to be in talks with Waymo to use the latter's self-driving system. ([Nikkei](#))
- Reportedly criticised Nissan's handling of the investigation into Carlos Ghosn in a letter between the two alliance partners. Renault pointed to Nissan arranging Ghosn's arrest rather than questioning him first as an example of where it believes the probe should have been handled differently. ([Economic Times of India](#))
- The French government has apparently signalled to its Japanese counterpart a willingness to consider reducing Renault's stake in Nissan to create greater balance in the relationship. ([Nikkei](#))

## Suzuki

- Announced financial results for Q4 2018 (Suzuki's fiscal third quarter). Revenue of 894 billion yen (about \$8.1 billion) rose 2% on a year over year basis but operating income of 58 billion yen (about \$530 million) was down (33)%. Suzuki maintained guidance for the full year. ([Suzuki](#))

## Tata (includes JLR) (history)

- Tata Motors reported financial results for Q4 2018 (fiscal third quarter), including JLR. Revenue of 77,001 Cr rupees (about \$10.8 billion) was up 5% versus prior year. An after tax loss of (26,961) Cr rupees (about \$3.8 billion) was explained by a massive (27,838) Cr rupees / £3.1 billion write down of JLR's assets. ([Tata](#))
  - Significance: Although JLR explained the issue as a re-evaluation of the company's long term outlook, many will be wondering how a change in conditions significant enough to merit writing down over 25% of the property and intangible assets can have crept up so stealthily.
- JLR's treasurer said the firm was looking for ways to access cash but that it would stay away from unsecured bonds because market conditions are "unfavourable". ([Detroit News](#))
- Believes that even with a no deal Brexit, a negotiated settlement will happen "sooner or later" and admitted it was "uncertain" whether the company could pass on tariffs in pricing to customers. ([Seeking Alpha](#))

## Tesla (history)

- Deep cuts in the team that mans Tesla's Nevada distribution centre (150 out of 230 apparently made redundant) led to speculation that US demand in 2019 will be far lower than 2018. ([Reuters](#))

## Toyota (history)

- Released financial results for fiscal third quarter of 2018/19. Revenue of 7.8 trillion yen (about \$70.7 billion) was slightly better than prior year, so was operating income of 676.1 billion yen (about \$6 billion) Toyota reduced full year outlook for net income by 430 billion yen (about \$3.9 billion) and slightly reduced sales volume guidance, although operating income forecast remains the same. ([Toyota](#))
- Announced some details of the Kinto car subscription offering for the Japanese market. Subscription terms will be three years and customers will have a choice between driving the same Toyota the whole time or flexing between six types of Lexus. At 194,400 yen per month (~ \$1,760), the Lexus scheme is more expensive than similar US offerings from the likes of Audi, despite the long lock-in period. ([Toyota](#))

## VW Group (history)

- VW has reportedly abandoned plans to fit the sporty GTI derivative of the next generation Golf with a 48V augmented gasoline engine. The technology will still be used on more economy-minded derivatives. ([Autocar](#))
- As rumours swirled of a plan to sue Bosch heavily for the firm's role in the US diesel scandal, VW refused to comment whilst Bosch said the idea was unimaginable. ([Handelsblatt](#))
- Will launch the updated Passat at the Geneva show. VW confirmed that there is a PHEV derivative with around 55 km of WLTP range and there will be a "partially automated" driving function called IQ.Drive. VW implies that IQ.Drive, an amalgam of different systems such as adaptive cruise, lane keeping and emergency steering will capably drive on the highway so long as the driver keeps their hands on the steering wheel. ([VW](#))
- VW overhauled its system for staff to submit improvement ideas -- and upped the maximum payout to €75k. ([VW](#))
- VW Financial Services acquired a 60% stake in Fleet Logistics, folding in the CarMobility subsidiary. ([Fleet Europe](#))
- Seat will work overtime during March because of strong demand for the Ibiza and Arona. ([Europa Press](#))

## Other

- **Lucid Motors** executives said the company was in talks with other carmakers about sharing electric vehicle technology. ([Bloomberg](#))
- **Subaru** reported earnings for fiscal third quarter. Revenue of 891 billion yen (about \$8.1 billion) was about 7% better than a year ago and operating profit of 99 billion yen (about \$900 million) was about 5% better. Subaru revised full year figures downwards for drops in sales volume and higher raw material costs. ([Subaru](#))

- **Isuzu** reported fiscal Q3 2018/19 financial results. Revenue of 553.4 billion yen (about \$5 billion) rose 7% whilst operating income of 56.6 billion yen (about \$510 million) improved almost 16%. ([Isuzu](#))
- **Subaru** unveiled the next generation Legacy sedan. ([Subaru](#)) and announced that it will badge electrified derivatives as “e-Boxer”. ([Subaru](#))
- **Pininfarina** wants between 25 to 40 dealerships to sell the Battista hypercar. ([Pininfarina](#))
- **Aston Martin** will show a Lagonda-badged SUV at the Geneva show. ([Aston Martin](#))

## News about other companies and trends ...

### Economic / Political News

- **Germany's** economy minister suggested the country could create an investment fund to take strategic stakes in key sectors, including car making, to protect national champions from foreign predators. ([Reuters](#))
- Passenger car registrations in the **UK** during January were 161,013 units, a fall of (1.6)% versus 2017. ([SMMT](#))
- **German** passenger car registrations of 265,702 units in January were (1.4)% worse than prior year. ([KBA](#))

### Suppliers

- **Adient** reported quarterly financial results. Revenue was \$4.2 billion and adjusted EBIT was \$105 million. ([Adient](#))
- **Freudenberg** acquired a 50.1% stake in battery developer **XALT** -- up from 31.8%. ([Freudenberg](#))
- **Denso** invested in chip developer **quadric.io**. ([Autocar](#))
- **ZF** is expanding its plant in Pune, India by about 25%. ([Autocar](#))
- Wiring harness maker **Dhoot Transmission** acquired **San Eletromec**. ([Economic Times](#))
- **Michelin** plans to acquire **Multistrada**. ([Deal Street Asia](#))
- **Goodyear** reported Q4 financial results. Revenue was \$3.9 billion on 40.7 million unit sales. ([Goodyear](#))
- **Continental** completed the acquisition of communications equipment maker **Kathrein Automotive**. ([Continental](#))
- **Bosch** is planning to acquire **LAWA Solutions**, a developer of networking software. ([Bosch](#))

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

- Keen to push the boundaries of on-demand transportation, **Uber** launched a boat hailing service in Mumbai. ([CNN](#))
- Ride hailing firm **Chauffeur Privé** is changing its name to **Kapten** and plans to launch in London and Geneva. ([FT](#))

### Driverless / Autonomy (history)

- **AGC** and **XenomatiX** have teamed up to offer lidar integrated into the vehicle windshield. ([Sensors Online](#))
- **Waymo's** CTO gave an interview describing how the challenges of self-driving vehicle development have evolved over the past decade. ([TechCrunch](#))
- **Aurora** raised \$530 million, with **Amazon** amongst the investors. ([CNN](#))
- Self-driving truck start-up **Ike** raised \$52 million. ([Redpoint](#))
- **Renault Nissan Mitsubishi** is rumoured to be in talks with **Waymo** to use the latter's self-driving system. ([Nikkei](#))

### Electrification (history)

- A test by the AAA, a US consumer group, found that battery electric vehicles lost 41% of the stated range (on average) when operating in sub zero conditions with climate control on. **Tesla** disputed the report. ([CNBC](#))
- **Workhorse** bagged an order from **DHL** for electric vans. ([DHL](#)) The COO will become the new CEO. ([Workhorse](#))
- **Honda** agreed a supply deal with **CATL** for 56 GWh of electric car batteries between now and 2027. ([Honda](#))

### Other

- **Lime** raised \$310 million. ([TechCrunch](#))