



AD PUNCTUM

Autos & Mobility Industry Briefing -- 15th July to 21st July 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)

- Announced production chief Oliver Zipse as CEO effective 16th August 2019. German press had forecast the appointment with unnerving accuracy. ([BMW](#))
- Said it had developed a versatile error checking machine learning algorithm that can be taught to spot errors (whether faulty parts or incorrectly applied name badges). All the examples mentioned were from a single factory so it remains to be seen whether the advance is as great as BMW claim. ([BMW](#))
- Partnering with Tencent to create software that can train self-driving cars. BMW implied that the announcement was nothing to do with Chinese intellectual property concerns and instead was down to unspecified unique driving conditions in China. ([BMW](#))
- Rumoured to be finalising a deal to supply four and six cylinder engines to JLR. ([Autocar](#))

Daimler (history)

- Sources say that Daimler plans to drop the Nissan-based X-Class pickup truck. ([Automotive News](#))
- Held a press briefing about Mercedes's forward-looking retail strategy which bundled together several separate prior announcements into an over-arching explanation of the approach. ([Daimler](#))

FCA (history)

- Extended the term of the joint venture finance company FCA operates in Europe with Crédit Agricole to the end of 2024. ([FCA](#))

Ford (history)

- Ford's European sales of 346,800 units in Q2 2019 fell (3.4)% versus a year earlier, almost all explained by Fiesta. Ford said that commercial vehicles were doing well (although the brand still lost share because industry also rose) and 73.8% of passenger vehicles were high series. ([Ford](#))
- Increasing production of the Ranger pickup truck due to the product's success in the European market. ([Ford](#))
- Union officials said that Ford was cutting a shift at the Oakville, Canada plant that makes large SUVs. ([Reuters](#))

Geely (includes Volvo) (history)

- Volvo's CEO thinks the brand portfolio might need an even bigger car than the XC90 and smaller one than the XC40 to achieve sales targets, promising a surprise in the future. ([Auto Express](#))
- Lotus took the wraps off the Evija supercar, an all-electric offering with a claimed 2,000 PS output. The production run will be limited to 130 examples priced at £1.7 million plus taxes. ([Lotus](#))
- Volvo's Q2 2019 revenue of 67.2 billion SEK (about \$7.1 billion), rose 2% on a year-over-year basis but to keep pace with the increase in unit sales, up 5% YoY. EBIT of 2.6 billion SEK (about \$280 million) dropped (38)%. ([Volvo](#))

- Volvo is recalling over 500,000 cars to fix problems with the engine intake manifolds. ([Sky News](#))
- Volvo said it was in the midst of a job cutting exercise to reduce fixed costs by 2 billion SEK (about \$210 million). 750 staff have already gone since the start of 2019 and more could follow by the middle of 2020. ([Volvo](#))
- Volvo announced investments in MDGo, a firm creating software that automatically contacts medical personnel with data about occupant health after a crash and UVEye who are developing technology that can automatically check a vehicle for quality problems. ([Volvo](#))

General Motors (history)

- Revealed the next generation Corvette, with a mid-engined layout and “generous use of real metal”. ([GM](#))
- Rumoured to be developing an all-electric version of the Escalade large SUV with a 400 mile range. ([Cadillac Society](#))

Hyundai / Kia (history)

- Hyundai reported Q2 2019 revenue of 26.97 trillion won (about \$23 billion), up 9.1% on a year-over-year basis and operating profit of 1.24 trillion won (about \$1 billion), 30.2% better YoY. ([Hyundai](#))
- Hyundai’s VC unit invested in parking location and payment app AppyParking. ([Hyundai](#))

Nissan (includes Mitsubishi) (history)

- Showed off a new version of the Skyline. ([Nissan](#))
- Renault’s chairman said the alliance with Nissan was back on track, there were no plans to restart merger talks with FCA and that no one talks about Carlos Ghosn anymore. ([AP](#))

PSA (includes Opel/Vauxhall) (history)

- Sold 1,013,968 units in Q2 2019, a drop of (10)% on a year-over-year basis. ([PSA](#))
- Citroen’s CEO suggested that the 30 inch wheels used in the 19_19 concept were being considered for production, partly because they provide a large ground clearance for the battery pack of a skateboard layout (implying the use of some trick suspension to lower the car enough for people, other than Olympic high jumpers to get in). ([Autocar](#))
- Opel will enter the Israeli market using a distributor. ([PSA](#))

Renault (history)

- Renault sold 1,030,231 vehicles in Q2 2019, a drop of (8)% on the prior year. ([Renault](#))
- Linked up with Nigerian firm Coscharis to begin local production of two Renault (re-badged Dacia) models and sell those, and two imported products. ([Renault](#))
- Confirmed a stake of 50% in the electric vehicle joint venture it is creating in China with Jiangling Motors. The prior press releases had only spoken of a “significant part” of the JV. ([Renault](#))
- Renault’s chairman said the alliance with Nissan was back on track, there were no plans to restart merger talks with FCA and that no one talks about Carlos Ghosn anymore. ([AP](#))

Tata (includes JLR) (history)

- JLR received a £500m loan guarantee from the UK government to assist electric vehicle development. The guarantee will enable JLR to receive a low interest rate on £625 million of commercial loans it intends to raise. ([JLR](#))
- JLR said it would like to produce more cars and SUVs in India but effective tax rates of around 50%, including VAT and surcharges, are restricting the market size. ([Economic Times of India](#))
- Rumoured to be finalising a deal to buy four and six cylinder engines from BMW in preference to in-house units so that JLR can re-direct development spending to electric vehicles. ([Autocar](#)) [An earlier rumour was that BMW might supply JLR with V8 engines.](#)
- Executives reportedly told staff that the Halewood plant will soon lose its third shift. ([Liverpool Echo](#))

Tesla (history)

- Further tinkered with the line-up and pricing, offering only two derivatives of the Model S and Model X. ([Reuters](#))
 - Significance: Tesla is changing options and pricing so frequently at the moment that it isn't possible to gauge whether (1) the sales department is completely chaotic; (2) the changes are a reaction to short term manufacturing bottlenecks, that are then reversed; (3) Tesla is rationing certain derivatives for re-release at a later date (a la Disney's video strategy of the 90s and 2000s) or; (4) the changes are a manufacturing simplification ahead of an updated model (normal practice and denied by Tesla)
- Disgruntled employees said that Tesla had cut corners with Model 3 production, citing several quick fixes applied lineside to keep production moving, such as using sticky tape to keep parts in place. ([CNBC](#))
 - Significance: Whilst the examples cited by the employees horrified journalists, most mass production veterans will have seen a similar litany of patches and many of us unwittingly drive vehicles with such measures in place.

Toyota (history)

- Teaming up with BYD to develop battery electric vehicles for the Chinese market. ([Toyota](#))
- Toyota Tsusho invested in inspection startup UVeye alongside Volvo. ([Forbes](#))

VW Group (history)

- CEO Diess sees the MEB platform becoming the "industry standard for electric vehicles". ([Automobil Sport](#))
 - Significance: Although he claims MEB will deliver significant economies of scale, this certainly isn't being reflected in lower list prices (although perhaps it will be in profits) and financial figures released at the joint Ford / VW press conference suggest a rolling chassis only price of ~\$16k, not cheap for a mass market car.
- Dropping estate car (station wagon) bodystyles from the US line-up because SUVs have "assumed the mantle of family haulers". ([CBNC](#))
- Said that vehicles produced in India will have around 90% local sourcing, a slight climbdown from [targets of 95%](#) that VW earlier announced for vehicles on the MQB platform. ([Economic Times of India](#))
- Reckons that the latest generation of manual gearbox can reduce CO₂ emissions by five grams per kilometre in some cars, equivalent to about 3% - 4%. VW said that until now "nobody took much notice of manual gearboxes" as a way of improving fuel economy. ([VW](#))
- Reportedly considering an offer for the MAN Energy Solutions (large engines) unit, from Cummins. ([Reuters](#))

Other

- **VinFast** executives say the brand is losing money on the first vehicles on sale but the plan is that operational efficiencies from ramping up to larger scale, and some headroom to increase pricing, will see the carmaker reach profitability. VinFast claimed 10,000 firm orders ahead of product launch. ([Bloomberg](#))
- **SAIC's** MG brand says the Hector SUV has been such a runaway sales success in India, with 21,000 orders so far, that it has stopped letting customers order the car whilst it clears the backlog. ([India Today](#))
- Early **Xpeng** customers protested at the firm's headquarters after a new model was released, claiming to have been mis-sold the original car by sales people who said it would be a sound financial investment. ([Caixin](#))
- **Seres** (aka SF Motors) said it made fewer employees redundant than media reports claimed. ([China Economic Net](#))
- Former **JLR** design boss **Ian Callum** opened a new firm and intends to create some sort of car, but won't say what it is... yet. ([Top Gear](#))

News about other companies and trends ...

Economic / Political News

- **European** passenger car registrations in June of 1,491,285 units fell (7.9)% versus prior year, mainly explained by a reduction in selling days. ([ACEA](#))
- As negotiations over a new contract for US hourly paid employees between the major US automakers and the **UAW** union began, **Ford** [said it was the biggest employer of UAW labour](#) (i.e. don't be mean to your best friend), **GM** [said it wanted to lead the industry transformation](#) (i.e. things aren't going to stay as they are) and **FCA** [asked everyone involved to think about disruption](#) (i.e. put yourself in my shoes, I can't pay you any more).

Suppliers

- **Autoliv** announced Q2 2019 sales of \$2.155 billion, down (2.6)% and a (26)% drop in operating income. The firm says it has already begun cost saving actions and shed over 1,200 jobs this quarter. ([Autoliv](#))
- **Lear** gave a preliminary earnings release for Q2 2019 and lowered full year revenue and profit guidance. Revenue of \$5 billion dropped (10)% from prior year. ([Lear](#))
- Bearing maker **SKF** thinks there might be "some light in the tunnel" for the Chinese automotive industry. ([Reuters](#))
- **Eaton** is buying **Innovative Switchgear Solutions**. ([Eaton](#))
- **Samsung SDI** will supply batteries for **Volvo** trucks. ([Volvo](#))

Dealers

- Australian subscription service **CarBar** raised \$16.8 million. The company reduces prices by offering cars that are several years old, and have quote high mileage. ([Deal Street Asia](#))

Ride-Hailing, Car Sharing & Rental (history)

- A subset of **short-term car rental users** in **Japan** aren't driving the cars at all, preferring to use the vehicles for activities such as eating takeaway food or short naps during the workday. ([The Guardian](#))
- Short term car rental operator **Turo** raised \$250 million in a round valuing the firm at over \$1 billion. ([Turo](#))
- Rickshaw ride hailing service **SmartE** raised \$14 million. ([Live Mint](#))
- **Yandex** and **Uber's** Russian joint venture announced a takeover of local rival **Vezet**, although there were murmurs from some stakeholders that they might not be happy with the deal. ([Reuters](#))
- Uber suffered a payment mishap that saw some customers overcharged by 100 times the correct fare. ([BBC](#))
- **Didi Chuxing** plans to raise another \$2 billion. ([WSJ](#)) and wants to get back into the carpooling game, but says it will hold a public consultation on improved safety measures first. ([Reuters](#))

Driverless / Autonomy (history)

- Open source driver assistance technology developer **comma.ai** announced a changed strategy, the company now hopes to become an insurance provider. ([Comma.ai](#))
- **Uber** proposed a structure for defining how to implement sufficient safety measures in self-driving vehicles. ([Uber](#))
- Compact lidar developer **Voyant Photonics** raised \$4.3 million. ([TechCrunch](#))
- Self-driving vehicle developer **AutoX** has partnered with **NEVS** for a European robotaxi service that the pair hope can be launched by 2020. ([TechCrunch](#))
- A **Navya** self-driving bus had a low speed collision with a pedestrian in Vienna and trials were halted. ([The Verge](#))
 - Significance: Collisions between vehicles and pedestrians are (unfortunately) an everyday occurrence. As self-driving fleets increase in size, the attitude of local authorities to accidents will begin to have a measurable effect on development if trials have to be totally suspended whilst an investigation takes place -- as is the practice currently.
- **BMW** is partnering with **Tencent** to create software that can train self-driving cars. BMW implied that the announcement was nothing to do with Chinese intellectual property concerns and instead was down to unspecified unique driving conditions in China. ([BMW](#))

Electrification (history)

- **Evergrande** is partnering with the state-owned Chinese power grid in a 50/50 joint venture to create a charging network called Guoheng Smart Energy. ([Caixin](#))
- **A new estimate of electrification infrastructure in China** reckons there are over 1 million charging points across the country, about 40% of which are open to the public. ([Economic Times of India](#))
- **ZF** says a two-speed gearbox on an all-electric car will improve range by 5% compared with a single speed. ([ZF](#))
- **Toyota** is teaming up with **BYD** to develop battery electric vehicles for the Chinese market. ([Toyota](#))

Connectivity

- Blockchain collaboration **MOBI**, with support from several carmakers, said it had created a way to log vehicle VINs and was now working on ways to capture information about how it was used through its life. ([MOBI](#))

Other

- **Emoji** lovers were gratified by news that blue-chip companies were finally waking up to society's wish for them to muscle in on the act. **Ford** said it was sponsoring a [pickup truck](#), whilst **VW**-owned charging network Electrify America offered [a car plugged in to a charger](#).
- Indian logistics firm **Rivigo** may have recently raised \$65 million, but it is having to cut staff and rescind job offers. ([Economic Times of India](#))
- Bicycle rental service **Hellobike** raised \$400 million. ([Deal Street Asia](#))
- Bus and train operator and ticketing website **FlixMobility** raised €500 million and said that it will put some of the money towards starting a short-term car rental service. ([Reuters](#))
- Air taxi developer **Karem** raised \$25 million. ([TechCrunch](#))