



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 30<sup>th</sup> September to 6<sup>th</sup> October 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)

- Reportedly looking to reduce the hours of thousands of top-graded German hourly paid workers (from 40 to 35 per week) to save money. ([Xinhua](#))
- Rolls-Royce suffered the loss of a second design head this year. ([BMW](#))

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

- Laying off 900 workers at truck plants in the USA. ([Salisbury Post](#))

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

- Sold 565,034 vehicles in the US during Q3 2019, almost the same as Q2 2018. Whilst Ram sales increased and Jeep held about steady, other brands got pummelled. ([FCA](#))
- UAW officials said that talks with FCA were proceeding well, although they didn't sound quite as positive as those underway at Ford. ([Detroit Free Press](#))
- Employees at the Cassino, Italy, plant went on strike after a workplace death. ([Detroit Free Press](#))

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

- Confirmed the creation of a joint venture with Mahindra (51% Mahindra / 49% Ford) that will absorb most of Ford's operations in India, excluding some commercial teams and the Sanand Engine Plant. Mahindra will take the lead in running the outfit, which will sell Ford brand cars in India and Mahindra vehicles internationally, which the partners have valued at \$275 million. ([Ford](#))
- UAW negotiators said significant progress was being made in contract talks with Ford, with 18 out of 20 subcommittees reaching tentative agreements whilst awaiting the outcome of GM negotiations to set the pattern for high level pay and conditions. ([CNBC](#))
- Ford's head of talent (HR) says the company is developing new ways to listen to its employees in a bid to "hack" the firm's culture, including quarterly pulse surveys. ([Search HR Software](#))
- Received a patent for a convertible pick-up cab, sparking speculation that a topless Ranger or Bronco badged vehicle might be offered. ([Fox](#))
- Sold 580,251 vehicles in the US during Q3 2019, a fall of (4.9)% on a year over year basis. Sales of cars and SUVs were strongly down but Ford said SUV volumes would recover after it new portfolio had ramped up. ([Ford](#))
- Has created four offices in Detroit, London, Palo Alto (California) and Shanghai to follow the human-centred design method beloved of CEO Hackett. Ironically the press release is full of gobbledegook regular human beings will struggle to understand such as "build confidence and optionality in business decisions". Oh dear. ([Ford](#))

- Responding to news reports of job cuts in the mobility division, Ford implied it has a workforce of 2,500 globally working on mobility platforms and products. ([Detroit Free Press](#))
  - Significance: With such a huge team, yet little in the way of product currently available, the size of Ford's team begs the question: is there something big in the works or is Ford wasting mammoth resources?

### Geely (includes Volvo) (history)

- Volvo and Geely are merging their internal combustion engine activities with a view to creating an independent organisation that can freely supply other car companies. There will be a phased transition: first each brand will put its powertrain operations on a standalone basis; then they will be merged. ([Volvo](#))
  - Significance: With a portfolio that spans value products up to cutting edge mid-size (high power 2.0L) diesel and gasoline engines, the test of whether this is an exercise to ring fence Volvo from legacy liabilities (a la original Delphi / Visteon) or truly create a new global player will be in the acquisition of new business.
- Lynk&Co plans to have only two permanent display locations in each country, augmented by truck-based roving stores. ([Autocar](#)) The only model that will be available in Europe with the much-touted subscription option is the 01 SUV. Lynk&Co's CEO thinks the brand might sell 140,000 - 150,000 cars in 2019, up about 30% on a year-over-year basis (this would imply a huge sales push in the final months of 2019; up to the end of August the improvement was more like 5%). ([Auto Express](#))

### General Motors (history)

- Delivered 738,638 vehicles in the US during Q3 2019, a 6.3% increase on a year earlier. ([GM](#))
- As the US strike dragged on, UAW negotiators said GM's attitude had taken a turn for the worse and published emails berating GM negotiating top brass. ([Detroit Free Press](#))
- Laid off 6,000 workers in Mexico due to the US strike. ([Reuters](#))
- Many of the workers picketing GM plants are from Ford and FCA. ([Detroit Free Press](#))
- The Cruise team published a blog post about their hardware development approach. The short version is that cool sensors have existed for decades in the military, so applying them to cars at prohibitive cost points isn't clever. GM believe that making the sensors affordable is a massive challenge that only a few companies have the financial wherewithal to conquer -- a view that investors in smaller firms will hope is incorrect. ([GM](#))

### Honda (history)

- Acquired app developer Drivemode. ([Honda](#))

### Hyundai / Kia (history)

- Hyundai's Cradle VC unit invested in driver monitoring firm Netradyne. As part of the deal, Hyundai will get access to data collected by Netradyne's dashcams, potentially a useful source of information in building datasets for autonomous driving (having covered 350 miles already). ([Hyundai](#))

### Nissan (includes Mitsubishi) (history)

- Nissan has started using an automated process for metal forming that uses two robots applying pressure to a panel from each side, rather than using conventional press tools, essentially recreating artisanal techniques. Nissan says it will use the technology for aftermarket body kits and to produce spare parts for very old cars. ([Nissan](#))
- Reportedly considering moving production of the Juke and Qashqai out of the Sunderland, UK, plant in the event of a no deal Brexit. Nissan refused to confirm or deny the rumours. ([Detroit Free Press](#))
- Despite persistent rumours of Nissan pulling out of South Korea, the firm says it will continue there. ([Korea Herald](#))
- Nissan unveiled the IMk, a concept small MPV that the brand says uses an all-new electric vehicle platform. The vehicle shows Nissan's interpretation of a near-buttonless cabin. ([Nissan](#))
- Nissan's board has reportedly been conducting an analysis of the leadership qualities possessed by the shortlisted candidates for the CEO role and found that the acting CEO is favoured by the old guard whilst the recent head of Nissan's China operations is better liked by younger managers and is seen as more likely to be revolutionary. ([Reuters](#))

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

- The manufacturing launch of the Grandland X at the Eisenach, Germany, plant is reportedly going badly with only 90 cars per shift being built against a target of 220. Because the car is also produced in France, there is no disruption to sales (although the plan is for Eisenach to become the single source in 2020). ([Handelsblatt](#))

## Renault (history)

- Renault launched a service called Mobility Consulting in France, seemingly an attempt at solution-based selling for fleets by advising them how much Renault electric vehicles could save on their total cost of ownership. ([Renault](#))
  - Significance: European fleets are notoriously disinterested in manufacturer's assessments about ownership cost, preferring to use their own, or third party, data. It will be interesting to see whether the approach gains any traction.

## Suzuki

- Revealed a series of small cars including an autonomous minibus. ([Suzuki](#))

## Tesla (history)

- Delivered 97,000 cars in Q3 2019, falling short of expectations (stoked by emails from Elon Musk) that the number would be at least 100,000. Tesla chose to concentrate on an increase in Model 3 orders, although it didn't provide specifics. ([Tesla](#))
  - Significance: Elon Musk's "leaked" emails yet again proved inaccurate, despite forecasting only near-term figures.
- Early users of Tesla's recently released "summon" feature, a first step towards autonomous driving that lets users order their car to find them in car parks posted videos of scrapes. Tesla noted drily that the cars "may not detect all obstacles". ([Reuters](#))
- Acquired computer vision company Deepscale. ([CNBC](#))
- A lawsuit alleges that Tesla made an over the air update to limit battery performance so as to avoid physical battery replacement for some units that might otherwise catch fire and that thousands of owners have seen their driving range reduced as a result. ([Reuters](#))

## Toyota (history)

- Toyota's Indian manufacturing operations plans to recycle 96% of all plastics used and wants to send zero waste to landfill. ([Economic Times of India](#))
  - Significance: As regulators in the West push for better environmental standards, it is almost easy to forget that the same thing is happening in emerging markets too. Whilst reducing the impact is to be applauded, it puts increased cost pressures on manufacturers as worse emissions have historically been a (little acknowledged) method of reducing spending -- not to say that this was right, just pointing it out.

## VW Group (history)

- Bentley's factory at Crewe has been certified as carbon neutral -- the plant generate 7.7MW from onsite solar panels and buys offsets for any net emissions. ([Autocar](#))
- Executives say VW is already in discussions with other car firms about licencing the premium electric vehicle platform being developed by Audi and Porsche. ([Bloomberg](#))
- The Traton truck division will spend €1 billion on R&D for electric vehicles by 2025, saying that in 10 - 15 years a third of the heavy vehicles sold will be electrified. ([VW](#))
- Audi revealed a bit more of its electrification plans. The number of vehicles with significant electrification planned for 2025 has become "more than 30" from "about 30". 20 of these will be all-electric, up from 12 previously. In addition, Audi confirmed that the forthcoming Q4 e-tron all-electric mid-size SUV will be built in VW's Zwickau factory, alongside the ID3. ([Audi](#))
- Porsche is adding 500 new job to the Zuffenhausen factory to increase capacity for Taycans. ([Porsche](#))

## Other

- **Aston Martin's** CEO said he was finding it tough being the CEO of a listed company, equating one year of public trading to seven years as a privately-held concern. ([The Times](#))
- **Deutsche Post** says it won't order extra **StreetScooter** vans just to help the division reach volume targets, confirming the pressure on the division to stand on its own two feet. ([Handelsblatt](#)) The CEO says StreetScooter will lose a significant double digit million amount in 2019. ([Manager Magazin](#))
- **Neuron EV** showed renderings of the electric chassis cab trucks the firm intends to produce. ([Neuron](#))
- Some people are still in love with the internal combustion engine. **Hennessey** say that their GM-based unit can achieve over 1,800 horsepower on a test stand; now they want to see what it can do in a car. ([Hennessey](#))
- **Subaru** announced a series of organisational changes, including the creation of a cybersecurity team. ([Subaru](#))

## News about other companies and trends ...

### Economic / Political News

- September **US** light vehicle SAAR of 17.19 million, a (1.2)% fall versus a year earlier. ([Wards](#))
- September passenger car registrations in the **UK** of 343,255 units rose 1.3% on prior year. ([SMMT](#))
- German September registrations of 244,622 passenger cars rose 22.2% versus prior year. (KBA)
- Passenger car registrations in **France** of 173,444 units in September rose up 16.6% on a year over year basis. ([CCFA](#))
- **Spanish** passenger car registrations in September of 81,751 units increased 18.3% versus prior year. ([ANFAC](#))

### Suppliers

- **AMS** withdrew its takeover bid for **Osram**. ([FT](#))
- **Dana** and **Valeo** will collaborate on 48V systems, using Dana's transmissions and Valeo's motors and power electronics. ([Dana](#))
- Castings supplier **Chassix** rebranded as **Aludyne**. ([Aludyne](#))
- **ZF** issued €2.1 billion in debt to replace bridge financing used in the **WABCO** takeover. ([ZF](#))

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

- **Malaysia** is fining **Grab** \$20 million for restrictive working practices foisted in drivers. ([Reuters](#))
- **Uber's** CEO told employees there could be more job cuts but he thinks the worst of it is over. Long-suffering staff are still trying to overcome the company's move to swap artisanal coffee with Starbucks. ([Washington Post](#))
- **SoftBank** invested in **Buser**, a Brazilian bus charter firm. ([Reuters](#))

### Driverless / Autonomy (history)

- An **IBM** survey of consumers says around half of people think that the brand of an autonomous car won't be important. ([IBM](#)) A similar survey by **Ansys** found that under 20% of people would be so blasé, most having a preference for a brand based on one of luxury, values or technology. The respondents' knowledge must be called into question however by the low confidence expressed in autonomous trains -- already an everyday occurrence in many countries. ([Ansys](#))
  - Significance: The survey results highlight the problems inherent with asking people questions about a technology that they have yet to experience, or are even able to watch a comprehensive review of. The variation between IBM and Ansys's surveys suggest the survey format has as much to do with the answer as the respondents' attitude.
- **GM's** Cruise published a blog post about their hardware development approach. The short version is that cool sensors have existed for decades in the military, so applying them to cars at prohibitive cost points isn't clever. GM believe that making the sensors affordable is a massive challenge that only a few companies have the financial wherewithal to conquer -- a view that investors in smaller firms will hope is incorrect. ([GM](#))

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#### Electrification (history)

- Executives say **VW** is already in discussions with other car firms about licencing the premium electric vehicle platform being developed by **Audi** and **Porsche**. ([Bloomberg](#))

#### Other

- Japanese flying car developer **SkyDrive** raised \$14 million. ([Deal Street Asia](#))
- Despite recent troubling performance from the bicycle rental arms of Lyft and Uber, scooter rental firm **Bird** raised \$275 million. In a ray of hope for carmakers anxious over whether autonomy will lead to the end of private ownership and a collapse in sales, Bird seems happy to throw away scooters after 12 months of use. ([Bird](#))