



AD PUNCTUM

Autos & Mobility Industry Briefing -- 21st October to 27th 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

Daimler (history)

- Reported Q3 2019 revenue of €43.4 billion (up 8% versus prior year) and EBIT of €2.7 billion, also up 8% YoY. Despite the improved headline figures, Daimler continues to worry about the outlook and said the truck division will perform more poorly in the full year than previously thought -- the Q3 2019 truck order book has shrunk by around one third compared with the same period in 2018. ([Daimler](#))
- Daimler believes it is feasible to meet 2020 EU CO₂ targets, although executives caution that there is still a risk that unforeseen circumstances could hamper the road map in place. The firm is more relaxed about 2021 and beyond because it will have a broader electric vehicle offering by then. ([Seeking Alpha](#))
- The capital markets day in November will be the culmination of nine months planning. ([Seeking Alpha](#))
- A shipment of 900 Mercedes cars was sent packing by Australian customs officials after stowaway snails were found hiding in them. ([The Guardian](#))

FCA (history)

- Investing €50 million to produce battery packs at the Mirafiori, Italy, plant. ([FCA](#))

Ford (history)

- Ford announced Q3 2019 sales of 1.244 million vehicles, down (8)% on a year-over-year basis. Revenue of \$37 billion fell (2)% YoY and net income of \$0.4 billion dropped (60)% YoY. Ford revised full year guidance down, blaming higher warranty costs and increased discounting in the US. ([Ford](#))
- The UAW announced Ford as the next negotiating target. ([Detroit News](#))
- A slide in Ford's Q3 earnings deck revealed that the Russia JV will become part of the international markets group when reporting starts in 2020. ([Ford](#))
 - Significance: This is presumably because Russia (where Ford has run up heavy losses) is regarded as an emerging market when compared with other markets traditionally within the European division. Confusingly, the (profitable) Turkish joint venture is being treated somewhat differently and will remain in European reporting.
- Ford has learned "a lot" from self-driving trials. Amongst key insights gained by the team are that takeaway orders are delivered to privately-owned dwellings -- often in the suburbs. Ford's initial assumption had been that people would order food to locations close to the restaurant. ([Ford](#))
 - Significance: Ford could have learned the pattern of food deliveries without any self-driving vehicles involved, offering such lessons as proof of the depth of Ford's testing instead serves to highlight how inefficiently the firm's self-driving experiments are planned.

Geely (includes Volvo) (history)

- Volvo reported Q3 2019 revenue of 64 billion SEK (about \$6.7 billion), 14.2% better than prior year, and net income of 2 billion SEK (about \$244 million). ([Volvo](#))
- Volvo is absolutely sure that the all-electric version of the XC40 will be profitable and aims to boost take-up of plug-in hybrids by refunding charging costs for the first 12 months. ([Detroit News](#))

General Motors (history)

- UAW members approved GM's new contract and returned to work. ([CNBC](#))

Honda (history)

- Appeared to bring forward the target for electrification of European vehicles from 2025 to 2022; on closer inspection Honda committed to the earlier date for all "mainstream models". Honda also confirmed that by 2022 there would be two battery electric cars on sale in Europe. ([Honda](#))
- Launched the new Fit / Jazz B-Car, which will be exclusively sold as a (nearly full time) motor-as-generator powered hybrid. Emissions figures haven't yet been released but rivals will take a keen interest when they are. ([Honda](#))
 - Significance: Introducing a second motor-as-generator model (with some direct drive at high speed) indicates Honda's confidence that mainstream consumers will be happy with the powertrain (something Nissan's experience in the Japanese market supports).

Hyundai / Kia (history)

- Kia sold 691,151 vehicles in Q3 2019, up 0.6% on a year-over-year basis. Revenue of 15 trillion KRW (about \$12.9 billion) rose 7.2% and net profit of 325 billion KRW (about \$280 million) was 9.4% better. ([Kia](#))
- Hyundai sold 1.1 million units in 2019, a (1.6)% decline versus a year earlier. Revenue of 27 trillion KRW (about \$23 billion) increased 10.4% year-over-year thanks to improved mix and operating income of 379 billion KRW (about \$320 million) rose 31% -- which Hyundai said would have been higher if not for one off costs. ([Hyundai](#))
- Hyundai showed some of its latest thinking on electrification and is now targeting sales of 560,000 all-electric vehicles in 2025. ([Hyundai](#))
- Lidar developer Velodyne received \$50 million in funding from Hyundai Mobis. ([Hyundai Mobis](#))
- Hyundai is thinking about increasing its share in its Chinese heavy vehicle joint venture. ([Reuters](#))

Mazda

- Unveiled the all-electric MX-30 SUV which incorporates RX-8 style suicide rear doors. The car's 35.5 kWh battery is significantly smaller than forthcoming competitor products. ([Mazda](#))

Nissan (includes Mitsubishi) (history)

- [Despite previously announced plans to expand Datsun's portfolio](#), Nissan reportedly now intends to stop development of new products and drop the brand when current cars' lifecycle ends. ([Autocar](#))
- Nissan showed two concepts in Tokyo, both all-electric: Ariya, an SUV; and IMk, a small people carrier. ([Nissan](#))
- Mitsubishi also showed two concepts in Tokyo: an electric dune buggy called Mi-Tech and a preview of the next generation of Japanese market kei cars. ([Mitsubishi](#))
- Reportedly open to offers for factories in Barcelona, Spain and Sunderland, UK as part of a bid to slim down Nissan's footprint in Europe. ([Bloomberg](#))
 - Significance: With the likes of SAIC's (former Rover) Longbridge factory, NEVS's nearly empty (former Saab) Trollhättan site and Nedcar failing to generate any interest, it isn't clear why the Nissan facilities would provoke a different reaction... unless there is a hard Brexit and you are a French manufacturer with a decent UK market share who sells products made on the same platforms Sunderland is tooled up for...

PSA (includes Opel/Vauxhall) (history)

- Reported Q3 2019 revenue of €15.6 billion, 1% better than prior year. Automotive revenue of €11.8 billion barely budgeted; volume reductions and bad news exchange were balanced by positive mix. ([PSA](#))

- Offloaded the remainder of Peugeot Motorcycles to Mahindra & Mahindra. ([PSA](#))
- In the earnings call, PSA disclosed that Opel's R&D contracts with GM will cease in 2021 and said that diesel mix had been steady at around 30% of sales for the last eight months. ([Seeking Alpha](#))
- Although PSA forecasts that the margin of plug-in hybrid vehicles will be lower than pure ICE powertrains, the firm plans for them to be profitmaking. ([Seeking Alpha](#))

Renault (history)

- Published Q3 2019 revenue (after earlier announcing headline figures). Renault sold 852,198 vehicles, a drop of (4.4)% on a year-over-year basis. Revenue of €11.3 billion, down (1.6)% YoY contained a (3.9)% YoY drop in the core automotive business excluding the finance company and Avtovaz. Renault said the biggest factor was a drop in sales to partners (primarily Nissan and Iran). ([Renault](#))
- Reviewing the "Drive The Future" plan, and targets; interim CEO Delbos stated that are no options off the table with the Formula One team and Alpine mentioned as two business areas that will face scrutiny. ([Seeking Alpha](#))
- Renault will offer fuel cell versions of the Kangoo and Master commercial vehicles -- but they will be super expensive... the Kangoo (small) van will cost €48,500, plus sales tax. ([Renault](#))

Tata (includes JLR) (history)

- Tata (including JLR) reported Q3 2019 (fiscal Q2) revenue of 65,432 cr INR (about \$9.2 billion) and PBT of 621 cr INR (about \$88 million). ([Tata](#))
- JLR reported Q3 2019 (fiscal Q2) revenue of £6.1 billion, up 8% on a year-over-year basis. Pre tax profit was £156 million. JLR claim to have made £162 million of year over year structural cost reductions and a £285 million lower investment spending. ([JLR](#))

Tesla (history)

- Reported Q3 automotive revenue of \$5.35 billion, down (13)% on a year-over-year basis despite an increase in sales (but worsening mix between Model 3 and Model S / X). Profit before tax of \$176 million was down (35)% YoY, but up on a quarter-over-quarter basis -- partly due to reduced overhead and variable costs. ([Tesla](#))
- For the first time since Q1 2018, Tesla's customer deposits increased, indicating a potential swell of interest in the Model 3 (especially considering that deposit amounts have been reduced). ([Tesla](#))
- CEO Musk said Tesla had diverted resources from stationary storage to fix problems with Model 3, resulting in an 18 month development hiatus, but the division was now back firing on all cylinders. Musk believes that the solar and stationary storage groups will eventually rival the automotive side of the business in size. ([Seeking Alpha](#))
- Aims to reach a production rate of 1,000 Model Y per week by "no later than the middle of 2020". Tesla says the vehicle bill of material should be about the same as the Model 3, whilst hoping (not unrealistically) average transaction values will be higher. ([Seeking Alpha](#))
- Elon Musk clarified that his expectation is that by year end, Tesla cars will be capable of driving complex routes "most likely without interventions" (i.e. what many people would recognise as SAE level 3). Tesla hasn't yet given any details on how the vehicle would hand off to the driver. ([Seeking Alpha](#))
- Characterised the Model S and Model X as niche products produced for sentimental reasons and without much relevance to Tesla's future. ([Seeking Alpha](#))

Toyota (history)

- According to Lexus, the LF-30 previews how electric luxury cars will look in 2030. ([Lexus](#))
- Without offering any further explanation, Toyota announced an electrified witch's broomstick could be part of the future mobility portfolio. ([Toyota](#))

VW Group (history)

- Denied any interest in alternative locations for the recently delayed Turkish factory. ([Economic Times of India](#))

Other

- **Yamaha** no longer has plans to develop cars. ([Autocar](#))

- Russian ministers believe there is huge demand in the Middle East for the **Aurus** limousine, claiming 600 orders for the car. ([TASS](#))
- **Neuron** added further vehicles to the company's existing (digitally rendered) announcements: a Semi truck / tractor unit and a “multi purpose electric utility vehicle”. ([Neuron](#))
- **BAIC** plans to launch a new brand named Beijing. ([Reuters](#))
- The suggested price for **Bollinger's** SUV and pick-up truck is \$125,000. ([Bollinger](#))
 - Significance: Whilst out of the price range for most consumers, the vehicle specification suggests a high variable cost and the lack of direct competition (outside of electric conversions of M-B G-Class) means buyers will be less price sensitive (albeit relatively low in number).

News about other companies and trends ...

Economic / Political News

- **US** officials said that although forthcoming changes to the standards had been billed as weakening fuel economy rules, the elimination of exemptions in outer years could make them harder for OEMs to achieve. ([Reuters](#))
- **UK** electric vehicles may get green number plates so that local authorities can more easily recognise vehicles that qualify for reduced price parking. ([BBC](#))

Suppliers

- **Lear** reported Q3 2019 revenue of \$4.8 billion and adjusted net income of \$217 million. ([Lear](#))
- **Goodyear** reported Q3 2019 revenue of \$3.8 billion, volumes for OEMs dropped (5)% from prior year. ([Goodyear](#))
- **Michelin** reported a (4)% drop in shipments to OEMs in Q3 2019 versus a year earlier with the biggest drops coming in the Africa / India / Middle East region. ([Michelin](#))
- **Continental** will recognise a €2.6 billion in Q3 2019 financial results, mainly impairments because it thinks the automotive market won't significantly grow over the next five years. On the bright side, preliminary results say Q3 2019 is about in line with analysts' expectations. ([Continental](#)) The complete spin-off of powertrain arm Vitesco is now the only option on the table. ([Continental](#))
- **Mahle** announced further site closures and job losses, mainly due to the decline of traditional powertrains. ([Mahle](#))
- **Nidec** reported Q3 2019 revenue of 390 billion JPY (about \$3.6 billion) and PBT of 32.6 billion JPY. ([Nidec](#)) The full year guidance has been revised downward, but Nidec will increase the dividend. ([Nidec](#))
- **Martinrea** announced a collaboration with Chinese casting firm **Millison**. ([Martinrea](#))

Ride-Hailing, Car Sharing & Rental (history)

- **Lyft's** founders expect the firm to be profitable by Q4 2021. ([WSJ](#))
- **Uber's** CEO says emerging markets will be a source of far greater growth over the next ten years than western countries. ([Reuters](#))
- Ride hailing firm **InstaCar** raised an undisclosed sum. ([Deal Street Asia](#))

Driverless / Autonomy (history)

- Autonomous vehicle developer **Zoox** raised \$200 million. ([Forbes](#))
- Lidar developer **Velodyne** received \$50 million in funding from **Hyundai Mobis**. ([Hyundai Mobis](#))
- **Sense Photonics** started online sales of a \$2,900 short range lidar unit. ([Sense](#))
- **Remote controlled Russian tanks** in Syria reportedly demonstrated underwhelming performance, with signals being repeatedly lost. Apparently, controllers can only reliably sit 400m from the tank. ([National Interest](#))
 - Significance: Although part of the explanation could be electronic signal jamming, autonomous vehicle operators intending to take remote control may suffer similar problems in built-up areas (a Russian military program is unlikely to be worse-funded than many of the start-ups involved in this space).
- **Axon** says it will offer police forces an automatic number plate recognition system and, so that it can protect the data, it will all be kept in a “secure cloud-based” system so that it cannot be sold. ([Axon](#))

- Significance: If orders meet Axon’s expectations, this will become one of the initial large scale data collection activities, testing both the ability of the system to learn and Axon’s ability to keep secrets.
- Elon Musk clarified that his expectation is that by year end, **Tesla** cars will be capable of driving complex routes “most likely without interventions” (i.e. what many people would recognise as SAE level 3). Tesla hasn’t yet given any details on how the vehicle would hand off to the driver. ([Seeking Alpha](#))
- **Comma.ai** says it can develop self-driving cars with a very small team of people, recalling instances of social networks built by handfuls of engineers. ([Comma.ai](#))
 - Significance: The appropriateness of the example depends on whether you believe that the concept of a social network was a similarly original novel project for these (post Facebook) firms, as self-driving is for vehicle developers today
- **Ford** has learned “a lot” from self-driving trials. Amongst key insights gained by the team are that takeaway orders are delivered to privately-owned dwellings -- often in the suburbs. Ford’s initial assumption had been that people would order food to locations close to the restaurant. ([Ford](#))

Electrification (history)

- Virtual charging network **EV Connect** raised \$12 million. ([EV Connect](#))

Other

- **Hardt Hyperloop** raised an unspecified multi-million dollar amount. ([EU Startups](#))