



AD PUNCTUM

Autos & Mobility Industry Briefing -- 28th October to 3rd November 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)

- Invested in a \$22.5 million funding round for wiring developer Cellink. ([BMW](#)) BMW also put money into ELISE, a company creating product development tools. ([BMW](#))

Daimler (history)

- Daimler trucks pledged to offer only battery electric, or hydrogen fuel cell powered vehicles by 2039. By the late 2020s the brand hopes to have a portfolio containing both technology types on sale. Manufacturing is intended to be CO₂ neutral in Europe by 2022. ([Daimler](#))
- Although barely released on sale, Daimler is recalling EQC electric cars to fix problems with the differential. ([Reuters](#))

FCA (history)

- Reported Q3 2019 revenue of €27.3 billion, down (1)% on a year-over-year basis and adjusted EBIT of €1.959 billion, up 5% YoY. FCA recorded €1.4 billion of special items for restructuring in Europe and impairments to the platform used by Alfa Romeo (which FCA explained as modifications made for electrification rendering much of the original design redundant). ([FCA](#))
- FCA laid out a series of challenges to profitability in Europe and actions to be taken. The main thrust of the strategy is to move customers into larger (yet still B segment) vehicles, reduce jobs and continue to pin hopes on Maserati, Alfa Romeo and Jeep. ([FCA](#))
- CEO Manley expressed a (vague) interest in licensing Tesla's platform rather than developing technology in-house. He has been pleasantly surprised by the market reaction to electrified products. ([Seeking Alpha](#))
- FCA and PSA proposed a merger that would see (FCA's) Elkann become chairman and (PSA's) Tavares as CEO. To arrive at the deal's proposed 50/50 structure, PSA will divest the stake in Faurecia to shareholders and FCA will do the same with Comau, plus give shareholders a special €5.5 billion dividend. The combined firm claims €3.7 billion in annual synergies are possible -- and intend to spend €2.8 billion to achieve it. ([FCA](#))
 - Significance: After the deal, the new PSA-FCA group will be controlled by the Elkann family (Via Exor), the Peugeot family, the French government and Dongfeng. The merger will create a portfolio overloaded with mainstream European brands, the near premium Jeep and Alfa Romeo, and Maserati. Executive ego, and business analysis will soon enough be asking whether more premium brands are a sensible bet (clue: unless the Quandt family can be persuaded to join the old money love-in, probably not).

Ford (history)

- Reached a tentative contract agreement with the UAW, avoiding strike action (assuming members approve). ([Ford](#))

- One of the reasons Ford sold (short term leasing firm) Canvas was because Ford didn't want to support a multi-brand (i.e. non Ford) portfolio, yet Canvas saw it as crucial to the business model. Ford Credit executives cited the difficulty of defending money spent on other brands to the dealer body as a key stumbling block. ([Automotive News](#))
- People renting connected Ford cars have reportedly found it very easy to register the car and retain control after the rental period ends using the FordPass app (if rental company staff responsible for cleaning the vehicles don't do their jobs properly). ([Ars Technica](#))
- Will release an upgraded infotainment system called Sync 4 in 2020. In addition to new hardware, capabilities and graphics, Ford said that a variety of screen sizes will be supported, from 8 inch to 15.5 inch. ([Ford](#))
- Recalling over 315,000 vans in North America because of faulty driveshafts -- Ford doesn't yet have a permanent fix for the problem. A small volume of cars are being recalled to fix faulty seatbelts and suspension. ([Ford](#))
- Invested in a \$22.5 million funding round for wiring developer Cellink. ([BMW](#))
- Closed the Sao Bernado do Campo, Brazil, factory, seemingly without finding a buyer. ([Reuters](#))

General Motors (history)

- Reported Q3 2019 financial results. Revenue of \$35.5 billion fell (0.9)% on a year-over-year basis, whilst income of \$2.3 billion fell (8.7)%. GM said the UAW strike had cost a net \$(1) billion but that plants were now going all out to recover lost units. ([GM](#))
- CEO Barra said that EVs might not bring an overall improvement in productivity (after accounting for reductions in powertrain) because of additional work required by new technologies to create lighter vehicles. She wouldn't be drawn on the potential for a Corvette-branded SUV. ([Seeking Alpha](#))
- GM's president becomes de facto COO after a reshuffle that sees all the regional teams reporting into him. There were also promotions in the product development team. ([GM](#))
- Sacked three US workers for violent methods of obstructing production during the UAW strike. ([Detroit News](#))
- Recalling about 630,000 SUVs and trucks to fix problems with braking sensors. ([Detroit Free Press](#))

Honda (history)

- Intends to buy the outstanding shares of Japanese suppliers Keihin, Showa and Nissin Kogyo and then merge them with Hitachi Automotive. Honda will then own 33.4% of the new company with Hitachi holding 66.6%. ([Honda](#))

Hyundai / Kia (history)

- Invested in three companies focused on hydrogen fuel cell technologies: Impact Coatings; H2Pro and GRZ Technologies. ([Hyundai](#))
- Hyundai is "fully convinced" that long term fuel economy targets cannot be realised without hydrogen powered vehicles. ([Autocar](#))
 - Significance: Given the rise of battery powered electric vehicles (hydrogen fuel cells use electric drive too) and the slow pace at which fuel cells are maturing (going from seven figures for a car at the start of the millennium to six figures now), it is unclear why some manufacturers continue to be so certain of the fuel's place in the future. Despite constant carping by OEMs over the lack of a recharging infrastructure for electric vehicles, immature infrastructure is rarely seen by the same group as an impediment to hydrogen-power.
- Announced a partnership with logistics firm Taavura to develop unspecified new mobility businesses. ([Korea Herald](#))
- Kia invested \$12.5 million in autonomous transport start-up Code42. ([Code42](#))
- Showed off a concept fuel cell powered heavy truck. ([Hyundai](#))

Mazda

- Reported fiscal year 2019/20 first half financial results. Revenue of 1.706 trillion JPY (about \$15.7 billion) fell (1.3)% on a year-over-year basis whilst operating income of 25.8 billion JPY (about \$237 million) tumbled (14)% YoY. Improvements in volume and mix were more than offset by exchange bad news. ([Mazda](#))
- Mazda revised full year outlook downward. This was explained by a strengthening yen versus other currencies. Sales will be down too. ([Mazda](#))

Nissan (includes Mitsubishi) (history)

- Nissan announced a series of executive changes, including a new CFO. ([Nissan](#)) Mitsubishi did too. ([Mitsubishi](#))

PSA (includes Opel/Vauxhall) (history)

- FCA and PSA proposed a merger that would see (FCA's) Elkann become chairman and (PSA's) Tavares as CEO. To arrive at the deal's proposed 50/50 structure, PSA will divest the stake in Faurecia to shareholders and FCA will do the same with Comau, plus give shareholders a special €5.5 billion dividend. The combined firm claims €3.7 billion in annual synergies are possible -- and intend to spend €2.8 billion to achieve it. ([FCA](#))
- The Peugeot family were reportedly in the vanguard of the negotiating effort to seal a merger deal between PSA and FCA. Robert Peugeot had implied talks with FCA were ongoing in a [March interview](#). ([Les Echos](#))

Tata (includes JLR) (history)

- Tata Sons is increasing its share in Tata Motors to 43.73%. ([Economic Times of India](#))

Toyota (history)

- Lexus's belief that take up of electric vehicles will be slow is partly based on experience of the US market where, despite the brand's strong hybrid portfolio, Lexus feels customers still value a strong ICE. ([Automotive News](#))
 - Significance: Whether consumer interest in switching from ICE to hybrid correlates to adoption of fully electric vehicles is an open question -- especially because (historically) the brands with the most hybridisation have taken battery electric vehicles less seriously.

VW Group (history)

- Reported Q3 2019 revenue of €61.4 billion, up 11% on a year-over-year basis and Operating profit of €4.5 billion (including special items), up 67% YoY, the main improvements were in volume, mix and rates and lower special items. VW lowered expectations for full year sales. ([VW](#))
- VW's CFO said that although the Group thinks it will meet the 2020 EU CO2 targets without paying fines, it expects to look like it is off-track during the first half of the year before a flood of electrified products saves the firm's bacon in the second half. ([Seeking Alpha](#))
- Škoda hopes to improve engine plant productivity by using an automated process improvement company. ([Seebo](#))
- Created a subsidiary called Volkswagen Autonomy (VWAT) to bring vehicles to market that use technology developed (alongside Ford) by Argo AI. ([VW](#))
- Despite publicising the simplicity of the next generation Golf's electronics (mainly a reduction in the number of onboard computers), the vehicle will have more wiring than the current version. ([Automotive Logistics](#)) VW also continues to suffer the industry curse of complex software, the new car will have 80 million - 100 million lines of code. ([VW page 14](#))
- VW is developing four different factory of the future concepts to serve different parts of the business: a mass-manufacturing facility; one for making vehicles for shared mobility (where VW expects very little derivative complexity); a factory that can be set up rapidly (for emerging markets or capacity crunches); and a boutique plant that serves as a brand flagship (think Bugatti, Bentley or Lamborghini). ([VW](#) - Page 8)
- Celebrated the launch of the Golf 8 with 35,000 packets of currywurst sausages from VW's inhouse factory. IF you head to a Edeka supermarket now, they might be some left. ([VW](#))
- Porsche invested in Tactile Mobility, a firm that uses vehicle sensors to adapt to changing road conditions. ([VW](#))
- Beekeeping is catching on at Volkswagen. After Bentley's bumper harvest this summer, VW's motorsports division has got in on the act with a facility capable of producing 80kg of honey per year. ([VW](#))

Other

- **Karma** is reportedly hoping to contract manufacture cars for other automakers to use up excess capacity at its Californian factory. ([Automotive News](#))
- **NIO** is looking for a new CFO. ([NIO](#))

News about other companies and trends ...

Suppliers

- **Gestamp** reported Q3 2019 revenue of €2.1 billion and EBIT of €94 million. The company says that revenue growth will be slower than previously hoped. ([Gestamp](#))
- **Veoneer** is selling its share of a Chinese and Japanese brake making joint venture with **Nissin-Kogyo** (Veoneer took sole control of the JV's US assets earlier this year). ([Veoneer](#))
- **Denso** reported first half 2019/20 revenue of \$24.3 billion and operating profit of \$1.2 billion. Denso revised down the earnings outlook for the full year. ([Denso](#))
- **Magna** won a contract to build dual clutch transmissions for **BMW**. ([Magna](#))
- **Nidec** completed the takeover of **Omron Automotive**. ([Nidec](#))
- **Tenneco** reported Q3 2019 revenue of \$4.3 billion and net income of \$70 million. ([Tenneco](#))
- **Aptiv** reported revenue of \$3.6 billion and net income of \$246 million in Q3 2019. ([Aptiv](#))
- **Visteon** reported Q3 2019 revenue of \$731 million and net income of \$14 million. ([Visteon](#))
- **Delphi** reported Q3 2019 revenue of \$1 billion and operating income of \$45 million. In response to falling sales, particularly powertrain, Delphi is launching a restructuring. ([Delphi](#))
- **BorgWarner** reported Q3 2019 revenue of \$2.5 billion and operating income of \$276 million. ([BW](#)) The firm offloaded some liabilities to an asbestos specialist. ([BW](#))
- Chinese aftermarket parts supplier and procurement platform **Casstime** raised \$80 million. ([Deal Street Asia](#))
- **Honda** will buy the outstanding shares of Japanese suppliers **Keihin**, **Showa** and **Nissin Kogyo** and then merge them with **Hitachi Automotive**. Honda will own 33.4% of the new company with Hitachi holding 66.6%. ([Honda](#))

Dealers

- **Hitachi** invested in mobility service **Mobility Mixx** and acquired leasing firm **Mobilease**. ([Fleet Europe](#))

Ride-Hailing, Car Sharing & Rental (history)

- **Lyft** reported Q3 2019 revenue of \$956 million, up 63% year-over-year, and a net loss of \$(464) million. Lyft said that on an adjusted basis, net losses narrowed to \$(122) million. ([Lyft](#))
- **Waymo** says it is giving journeys without drivers, but only to people who signed NDAs. ([Reuters](#))
- **Lyft** is ending the \$299 per month all-access offering, instead replacing it with a \$20 monthly scheme that offers discounts on trips. ([Lyft](#))

Driverless / Autonomy (history)

- Radar developer **Smart Radar System (SRS)** raised \$4 million. ([SRS](#))
- Machine vision developer **Prophesee** raised \$28 million from investors including **Bosch**. ([FINSMES](#))
- **Comma.ai's** overhead is \$160,000 per month; the start-up hopes to become profitable in 2020. ([Comma.ai](#))
- **Kia** invested \$12.5 million in autonomous transport start-up **Code42**. ([Code42](#))

Electrification (history)

- **EDF** is acquiring UK charging network **Pivot Power**. ([Reuters](#))
- **ABB** is taking over Chinese charging provider **Chargedot**. ([Autocar](#))
- **Hyundai** invested in three companies focused on hydrogen fuel cell technologies: **Impact Coatings**; **H2Pro** and **GRZ Technologies**. ([Hyundai](#))