



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 11<sup>th</sup> November to 17<sup>th</sup> 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)

- Expects energy density to double by 2030, implying ~ 300 Wh / kg and is spending €200 million on research into new technology to achieve it. BMW believes that in future, 90% of the battery will be recyclable. ([BMW](#))
- Launching an “expert” career path offering employees with the right skillset the opportunity to progress without having to take on management responsibility. Such schemes aren’t anything new and often fall foul of either headcount reductions that force unwilling technical experts into management positions, or the inherent ceiling that companies are prepared to offer those without executive responsibilities. ([BMW](#))

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

- Held a capital markets day. Mercedes-Benz thinks that 2020 CO<sub>2</sub> compliance will be a close-run thing, worrying about battery availability and customer enthusiasm. The firm plans to save over €1 billion through staff cuts (already leaked) and says that investment has peaked -- it will be about the same next year as in 2019, but will then drop. The impact from product cost to improve CO<sub>2</sub> and higher development spending will be so great that by 2022, Daimler’s profit will be almost eliminated without “countermeasures”. ([Daimler](#))
- Daimler believes that autonomous driving will come to trucks first and that the primary retail applications will be for unsupervised highway driving. CEO Källenius says there is a reality check setting in about robo taxis and that the advantages of being first to market are more than offset by the downside of having to put a hugely expensive fleet of vehicles on the road. ([Daimler](#))

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

- Some US dealers complained about FCA building cars no one had ordered, with a reported peak of 40,000 unassigned vehicles at one point. Others said everything was under control and it was all part of a recently created predictive analytics system (which builds cars dealers haven’t yet realised they need to order). ([Detroit News](#))
- The 3<sup>rd</sup> shift at the Windsor, Canada, factory was granted yet another reprieve -- until the end of Q1 2020 -- FCA originally said the shift would be gone by September 2019 and has extended several times since. ([Detroit News](#))

#### **Ferrari**

- Unveiled the Roma, a 2+2 grand touring car derived from the Portofino coupe-cabriolet. ([Ferrari](#))

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

- Unveiled Ford’s much-anticipated, first serious all-electric entry. Named the Mustang Mach-E, the sporty SUV boasts performance to rival the Tesla Model X (sans Ludicrous mode), and a price tag (\$60k+ / £55k+ for a decent trim and battery combination) that will test the limits of the Blue Oval’s attractiveness to consumers. ([Ford](#))

- US unionised workers voted in favour of the tentative agreement. Ford will pay \$700 million in ratification bonuses in Q4 2019. ([Ford](#))

### General Motors (history)

- Received a patent for a start/stop system that uses GPS data to determine whether switching the engine off will be useful or annoying. ([CNET](#))

### Honda (history)

- Honda's CEO says the hurdles to widespread adoption of electric vehicles and autonomous driving are "still quite high". He believes that Honda has the same level of technology as peers but that some companies are being too optimistic about take-up and cost. He has no interest in a capital tie-up, fearing obstruction. ([Automotive News](#))

### Hyundai / Kia (history)

- Investing \$410 million to build the Santa Cruz pickup at the Montgomery, USA, factory. ([Hyundai](#))
- Hyundai created a mobility subsidiary in California, initially offering car sharing, called MoceanLab. ([Hyundai](#))

### Nissan (includes Mitsubishi) (history)

- Nissan reported financial results for Q3 2019 (fiscal year Q2). Revenue of 2.6 trillion JPY (about \$26 billion) fell (6.6)% on a year-over-year basis, while operating profit of 30 billion JPY (about \$280 million) fell (70.4)% YoY. Nissan slashed the full year outlook: revenue forecast is (6)% lower and operating profit is (35)% worse. ([Nissan](#))
- Nissan announced a series of executive changes. ([Nissan](#))
- Nissan is recalling almost 400,000 cars to fix problems with the braking. ([The Guardian](#))

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

- The Peugeot brand will enter the 2023 Le Mans race. ([PSA](#))
- Unions at the Rennes, France, plant say that if the factory isn't awarded a new car then utilisation will drop from 2023 onwards. ([France Info](#))

### Renault (history)

- France's government apparently favour an automotive industry professional as the next Renault CEO, potentially bad news for the caretaker CEO as she only came into the industry a few years ago. ([Reuters](#))

### Tata (includes JLR) (history)

- Tata is rumoured to have explored linking up with BMW and Geely to share parts (and maybe even entire models) with JLR in a bid to gain scale. Geely denied there had been any discussions. ([Economic Times of India](#))
  - Significance: Whilst it makes sense for Tata to look for partners, JLR's existing strategy is to try and leverage scale within vehicle lines by using common components (as is Volvo's). Vast sharing would likely necessitate re-drawing much of JLR's product plans.

### Tesla (history)

- Will build a new factory in Germany, near Berlin. CEO Musk said Brexit had deterred him from choosing the UK, a comment that set tongues wagging. ([Reuters](#))

### Toyota (history)

- Reckons its US advertising impact can be measured by analysing minute-by-minute internet search statistics. ([EDO](#))

### VW Group (history)

- Confirmed high level financial targets for the period to 2025, reiterating that VW believes R&D and CapEx will fall from 2020 onwards (despite high spending on electric vehicles). ([VW](#))

- Planning to spend €60 billion, or 40% of all investment in the period, between 2020-2024 on new technologies such as electrification and digitalisation. VW says that €33 billion of this will be for electric cars. ([VW](#))
- Porsche has developed a reconfigurable pop-up store that displays a handful of cars. Thus far, the same design has been used in Brazil, Taiwan and Canada. ([Porsche](#))
- Confirmed ex-BMW purchasing chief Markus Duesmann as CEO of Audi from April 2020 onwards. Incumbent Bram Schot will leave VW Group altogether. ([VW](#))
- Will build ID3 electric cars (in low numbers) at the Dresden “Glass Factory”. ([VW](#))

## Other

- **MG** aims to sell 2,000 - 3,000 all-electric ZS models in India, at 22 lakh INR / \$31,000 a pop. ([Autocar](#))
- **McLaren** unveiled the Elva, a high-performance roadster. Limited to 399 cars, it will cost £1.425 million and has no stereo (although McLaren will fit one for free if you want). ([McLaren](#))
- **Evergrande** wants to build ten factories for electric cars and has signed up 60 suppliers. ([Xinhua Silk Road](#))
- **Navistar** said the **GM** strike meant \$140 million of lost sales (mainly on GM-badged vehicles where parts supply dried up). ([Navistar](#))
- **Aspark** showed off the production-intent version of the Owl all-electric hypercar. ([Aspark](#))
- **Nio** announced a new CFO -- former sell-side analyst Wei Feng. ([Nio](#))
- Chinese electric vehicle start-up **XPeng** says it has raised \$400 million. ([XPeng](#))

## [News about other companies and trends ...](#)

### Suppliers

- **Continental** reported Q3 2019 revenue of €11.1 billion and adjusted EBIT of €615 million. ([Continental](#))
- **Grammer** reported Q3 2019 revenue of €498 million and EBIT of €12 million. ([Grammer](#))
- **Lithium** miners have been complaining that there is a supply glut. ([Reuters](#))
- **Meritor** reported Q3 2019 revenue of \$1.0 billion and adjusted income of \$70 million. ([Meritor](#))
- **Martinrea** reported Q3 2019 sales of C\$974 million (about \$740 million) and net income of C\$47 million (about \$35 million). ([Martinrea](#))

### Dealers

- **Frontier**, owner of multiple emerging market used car sites, raised \$400 million. ([TechCrunch](#))

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

- **Lyft** is ending scooter rental services in several cities. ([TechCrunch](#))
  - Significance: The move indicates that, even if there is a market for scooter (or similar vehicle) rental, it could be highly dependent on local tastes with many territories proving resistant for reasons including weather; quality of the road network; proclivity for vandalism and local regulatory / political environment.

### Driverless / Autonomy (history)

- **Ouster** released a 32 channel lidar retailing at \$8,000. ([Ouster](#))
  - Significance: Ouster didn't explore the relative merits of the new unit versus the company's existing 64 and 128 line offerings. Although more “affordable”, it isn't clear whether self-driving developers value the lower resolution units over long distances where distance between points makes high confidence object recognition more difficult.
- Self-driving vehicle developer **Wayve** raised \$20 million (as earlier rumoured). ([VentureBeat](#))
- **Cruise's** head of AI talked about some of the firm's methods. ([VentureBeat](#))
- **Daimler** believes that autonomous driving will come to trucks first and that the primary retail applications will be for unsupervised highway driving. CEO Källenius says there is a reality check setting in about robo taxis and that the

advantages of being first to market are more than offset by the downside of having to put a hugely expensive fleet of vehicles on the road. ([Daimler](#))

### Electrification (history)

- **Lyft** says that drivers of all electric ride sharing cars / taxis save \$70 - \$100 per week in fuel costs. ([Lyft](#))
- **Workhorse** will offer **EnerDel** battery packs in a range of sizes. ([Workhorse](#))
- **BMW** expects energy density to double by 2030, implying ~ 300 Wh / kg and is spending €200 million on research into new technology to achieve it. BMW believes that in future, 90% of the battery will be recyclable. ([BMW](#))

### Connectivity

- Indoor mapping start-up **Mapxus** raised \$3 million. ([Deal Street Asia](#))

### Other

- **Trait Signal** reckons it can improve feedback about cars by taking focus group feedback, running it through specially trained artificial intelligence and then creating something useful from their comments. Good luck. ([Trait Signal](#))
- Logistics firm **Convoy** raised \$400 million. ([TechCrunch](#))