



AD PUNCTUM

Autos & Mobility Industry Briefing -- 11th May to 17th May 2020

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)

- BMW's CEO is expecting several large markets to be "very slow" to recover and believes that the Chinese market might not be a good guide to consumer confidence elsewhere. ([BMW](#))
- Says that plans to commission a new plant in Debrecen, Hungary, are unaffected by coronavirus. ([BBJ](#))

FCA (history)

- PSA and FCA jointly decided not to issue any ordinary dividends in 2020. ([PSA](#))
- Working on a credit facility backed by the Italian government that would be open to FCA and Italian automotive suppliers, worth up to €6.3 billion. ([FCA](#))
- The breakdown of a deal by major FCA shareholder Exor to sell an insurance unit, after the prospective buyer tried to negotiate a price reduction, was seen by some as a warning to PSA not to re-open the merger valuation. ([Reuters](#))

Ford (history)

- Confirmed that over the air updates for the forthcoming all-electric Mustang Mach-E will be capable of upgrading "nearly all" of the software on the vehicle, and extend far beyond the infotainment-only upgrade functionality that some brands are touting. ([Ford](#))

Geely (includes Volvo) (history)

- Lotus chose UK utility Centrica to provide electricity for owners. Unusually, the partners say that their aim is to establish global infrastructure -- such deals normally only cover a country or region. ([Centrica](#))

General Motors (history)

- Believes that lessons learned from the recent UAW strike will help it ramp up North American factories to full capacity within four weeks of returning, demand permitting. ([Detroit Free Press](#))
- Shut down the Ariv electric bicycle project. ([The Verge](#))
- Laid off about 8% of staff at the Cruise self-driving unit, despite indicating that spending would be ring-fenced. GM's CEO said the cuts were "prudent", focused on non-technical areas and called the company's commitment to the business "unwavering". ([Reuters](#))

Honda (history)

- Reported financial results for the fiscal year ended March 2020. Sales of 4.8 million automobiles fell (10)% on a year-over-year basis. Automotive revenue of 10 trillion JPY (about \$93 billion) fell (8)% net of currency effects (group revenue was 14.9 trillion JPY). Automotive operating profit of 153 billion JPY (about \$1.4 billion) fell (27)% (group profit was 634 billion JPY). ([Honda](#))

Mazda

- Reported full fiscal year (April 2019 to March 2020) financial results. Net sales of 3.4 trillion JPY (about \$32 billion) fell (3.8)% on a year-over-year basis. Operating income dropped (47)% to 43.6 billion JPY (about \$405 million). Mazda's cash balance dropped about \$(1.2) billion during the year, despite the relative stability and the company refused to provide guidance for the current year. ([Mazda](#))
 - Significance: Toyota already holds significant stakes in Mazda and Subaru with a full takeover a likely response to severe financial distress by either brand.

Nissan and Mitsubishi (history)

- Ahead of Nissan's announcement of its new strategy (set for 28th May), details reportedly leaked: the Barcelona plant is set for closure; Nissan will make Renault products (said to be Captur and Kadjar -- sister vehicles of the Juke and Qashqai) at the Sunderland, UK, factory. ([Nikkei](#)) Datsun will be chopped entirely, rather than being scaled down, according to some as part of moves to save \$2.8 billion annually. ([Bloomberg](#)) Nissan didn't deny any specific points but said the plan was still in progress. ([Nissan](#))
- Looking to raise up to \$4.7 billion in bonds to fund restructuring. ([Nikkei](#))

PSA (history)

- PSA and FCA jointly decided not to issue any ordinary dividends in 2020. ([PSA](#))
- Implementing widespread teleworking in response to coronavirus has convinced PSA that this is the way forward. Staff can expect to spend around 1 - 1.5 days per week in the office, with the remainder working from home. As a by-product, PSA expects to reduce floorspace thereby cutting carbon emissions (oh and cost too). ([PSA](#))
- The breakdown of a deal by major FCA shareholder Exor to sell an insurance unit, after the prospective buyer tried to negotiate a price reduction, was seen by some as a warning to PSA not to re-open the merger valuation. ([Reuters](#))

Renault (history)

- Renault's forthcoming all-electric SUVs will be sleeker than conventionally powered vehicles because the brand hopes to harness aerodynamics to improve range. ([Autocar](#))
- Reportedly taking an axe to the large car product plan with replacements for the Espace, Tailman and Scénic apparently cancelled with only one or two years to go until launch. ([Reuters](#))

Subaru

- Subaru reported full fiscal year revenue of 3.3 trillion JPY (about \$31 billion), up 6% versus prior year on sales of 1.03 million units, up 3.3%. Operating profit of 210 billion JPY (about \$2 billion) rose 15.7%. Subaru is expecting a bumpy year ahead and refused to provide guidance. ([Subaru](#))

Tesla (history)

- CATL's CEO says Tesla has a firm plan to make its own batteries. ([Inside EVs](#))

Toyota (history)

- Reported full year (April 2019 to March 2020) financial results. Sales of 8.958 million units was a whisker below the prior year. Revenue of 30 trillion JPY (about \$274 billion) dropped (1)% versus prior year whilst operating income of 2.4 trillion JPY (about \$22 billion) was also (1)% worse than prior year. Although the results weren't much affected by coronavirus, Toyota thinks the current fiscal year will be much worse, predicting that sales will fall by almost 2 million units to around 7 million. ([Toyota](#))
- Announced a series of down days at plants in Japan in response to falling demand. ([Toyota](#))
- Toyota AI Ventures invested in animation company Ziva Dynamics. ([FINSMES](#))

VW Group (history)

- Suffering problems launching the Golf 8 (and some sister products) because of faults with the equipment used to send notifications to emergency services when the vehicle has an accident. ([Handelsblatt](#))

- VW's China team say customers are returning to market more quickly than they initially expected but also believe that many domestic brands will fall by the wayside as the industry recovers. ([China Daily](#))
- It sounds like an April Fool's joke; VW's ItalDesign is working with Bosch and a company called EasyRain to develop a system that combats aquaplaning in wet weather by squirting water from the car at the water on the road thereby clearing some of the road surface and enabling the vehicle to grip better. ([ItalDesign](#))

Other

- The British government reportedly told **McLaren** to try harder to raise money rather than asking for aid (beyond the furlough scheme). The company appears willing to mortgage many of its most high-profile assets. ([Sky News](#))
- Mahindra's **Ssangyong** brand reported Q1 2020 revenue of €649 billion KRW (about \$530 million) and an operating loss of (98.6) billion KRW (about \$(80) million), excluding around \$(60) million of asset impairments. ([Ssangyong](#))
- **Henrik Fisker** thinks most electric vehicle start-ups will go bust in two to three years (statistically correct), pointing to likely manufacturing and quality problems and a likely lack of patience from customers for such errors. He did not explain why his, eponymous, firm would be different. ([Business Insider](#))
- **Dyson** showed off the electric car it had worked so hard on before canning the project last year. The 5 metre long, 7 seat SUV would have put the company squarely up against the likes of Range Rover. A business case that apparently needed (wholesale) revenue of £150,000 per unit would suggest volumes in the low thousands. ([Engadget](#))
- **WM Motor** unveiled an all-electric concept car called Maven. ([Inside EVs](#))
- **Aston Martin** reported Q1 2020 financial results. Sales of 578 units dropped (45)% on a year-over-year basis with massive declines in all regions apart from the UK. Aston Martin said this was a conscious effort to reduce dealer stocks and move to build to order. Revenue of £79 million was smaller than the before tax loss of £(119) million. In the earnings call, Aston Martin confirmed that there had been some cancellations for the brand's limited series, very expensive, "specials". Although company representatives quickly pointed out that the cancellations had been swiftly placed with other customers, it may be an early indication of softening in this hitherto highly profitable segment. ([Aston Martin](#))

News about other companies and trends ...

Economic / Political News

- **China** light vehicle sales in April of 2.07 million units rose 4.4% year over year with a 31.6% increase in commercial vehicles offsetting a small drop in passenger cars. ([CAAM](#))
- **European** sales of battery electric and plug-in hybrid vehicles in Q1 2020 represented 6.8% of all passenger cars, up from only 2.5% in the prior year. ([ACEA](#))

Suppliers

- Administrators were called into the UK operations of supplier **Arlington Automotive**. ([BBC](#))
- Experts believe that **hygiene** is the next frontier in automotive interior technologies, with UV lights and disinfectants mentioned as potential advances. ([Detroit Free Press](#))
- **Martinrea** reported Q1 2020 revenue of \$873 million and operating income of \$49 million. ([Martinrea](#))

Dealers

- Over 40% of **UK dealers** responding to a survey said they had already made redundancies, in addition to furloughing staff. ([Automotive Manager](#))

Ride-Hailing, Car Sharing & Rental (history)

- Chinese ride hailing firm **Shouqi Limousine** says it is profitable (on a gross profit basis) in China overall and in several different cities. The company expects positive EBITDA by the end of the year. ([Shouqi](#))
- **Lyft** is raising \$650 million - \$750 million of unsecured debt. ([Lyft](#))
- **Uber** raised \$900 million of debt. ([Uber](#))

- **Hertz** reported a net loss of \$(356) million in Q1 2020 and confirmed that it was reliant on the patience of debt holders to remain afloat. ([Hertz](#))
- **Uber** is reportedly looking to acquire food delivery firm **GrubHub**. ([WSJ](#))

Driverless / Autonomy (history)

- **Waymo's** massive funding round continued to gain momentum: the self-driving developer got its hands on another \$750 million, taking the total to \$3 billion. ([Reuters](#))
- **GM** laid off about 8% of staff at the Cruise self-driving unit, despite indicating that spending would be ring-fenced. GM's CEO said the cuts were "prudent", focused on non-technical areas and called the company's commitment to the business "unwavering". ([Reuters](#))

Electrification (history)

- Electric powertrain supplier **IRP Systems** raised \$17 million. ([IRP](#))
- **Kia** will offer electric cars with either 400V (standard today) or 800V (Porsche Taycan) charging capability. The model-by-model decision will be based on Kia's view of the usage profile. ([Kia](#))
- Charging company **Wallbox** raised an additional \$13 million. ([Wallbox](#))
- **Triggo's** forthcoming electric quadricycle can retract the front wheels to make it narrower. ([Triggo](#))
- **Lordstown Motors** licenced the in-wheel motor technology of **Elaphe** for inhouse manufacture. ([Detroit News](#))

Connectivity

- European manufacturers' body ACEA is worried that draft rules about **data privacy** for connected cars could be overly restrictive around data gathering, especially information from sensors looking outside the cabin. ([ACEA](#))

Other

- Electrically assisted bicycle maker VanMoof raised €12.5 million. ([EU Startups](#))