



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 1<sup>st</sup> June to 7<sup>th</sup> June 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)

- Unveiled the new 4 Series. ([BMW](#))

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

- Running a series of tests with hybrid electric vehicles that only operate in electric mode within city limits. BMW has long ago committed to operating such a mode. ([FCA](#))
- Robot making arm Comau will be spun off after PSA and FCA merge. ([Reuters](#))

#### **Geely (includes Volvo)** (history)

- Kandi Technologies reported Q1 2020 revenue of \$6.4 million, down (65)% and a net loss of \$(1.6) million. ([Kandi](#))

#### **General Motors** (history)

- Will run many US plants during the traditional early July shutdown period to recover lost production. ([Detroit News](#))
- CEO Barra says GM will emerge from coronavirus with a permanently lower cost base. ([GM](#))
- GM's Cruise self-driving unit wrote to employees of rival Zoox offering them new jobs and expressing the view that if Amazon's much-rumoured takeover of Zoox goes ahead, their bonuses will be reduced. ([Reuters](#))

#### **Nissan and Mitsubishi** (history)

- A Nissan representative in Lebanon got himself in hot water after he said in an interview that IMF aid for Lebanon's economy was conditional upon Carlos Ghosn's extradition to Japan. After denying the comments, he suffered the indignity of having journalists publish an audio recording. ([Arab News](#))
- Recalling 1.9 million cars to fix problems with the hood latch. ([Detroit News](#))

#### **PSA** (history)

- Relations between managers and German labour representatives at Opel appear to have hit a rough patch with unions complaining that the announcement about the closure of the transmission plant and forge in Russelsheim was presented to the workforce as though they had agreed to it. ([FAZ](#))
- Announced a joint venture with Punch Powertrain to develop and manufacture dual clutch transmissions. Punch will contribute facilities and PSA will put up some cash. PSA said it was part of a plan for powertrain to remain vertically integrated. ([PSA](#))

#### **Renault** (history)

- The French government finally put pen to paper on Renault's €5 billion credit guarantee. ([Renault](#))

## Tata (includes JLR) (history)

- JLR agreed a new £560 million credit line. ([The Guardian](#))

## Tesla (history)

- Developing a 12-seat minibus for use in tunnels dug by CEO Musk's pet project The Boring Company, according to officials are considering commissioning a tunnel for their local airport. ([OCR](#))

## Toyota (history)

- Toyota reportedly expects to exceed prior year production volumes (on a monthly basis) in North America by September. ([Reuters](#))
- Toyota formed a joint venture with several Chinese OEMs including FAW, Dongfeng, BAIC and GAC) to promote fuel cells for commercial vehicles. ([Toyota](#))

## VW Group (history)

- CEO Diess reportedly told senior managers that the company was about to undertake a cost cutting drive, but did not provide much specific information, beyond an intent to reduce non-production material costs by 20%. He also apparently confirmed that not all brands will be profitable in 2020 -- something that could already be inferred from the group's financial guidance. ([Manager Magazin](#))
- Lifted a production freeze on the next generation Golf after solving a software problem affecting the emergency calling function. About 30,000 cars will be recalled to fix the error. ([Handelsblatt](#))
- Lamborghini's CEO seems comfortable that sales are recovering, despite job cuts at competitors McLaren and Aston Martin and sister company Bentley. ([Yahoo](#))
- Bentley finally said goodbye to the V8. ([Bentley](#)) It will soon be doing the same to around 1,000 employees -- about 25% of the workforce at the brand's Crewe headquarters. The Bentley battery electric vehicle will be delayed by a year, to 2026. ([ITV](#))

## Other

- **Aston Martin** is laying off up to 500 people in a move that will cost £12 million. The firm expects to save £18 million per year through the move, plus other spending reductions. ([AML](#)) InvestIndustrial, one of the main shareholders when the firm went public, cut its share in Aston Martin to 5%. ([Reuters](#))
- **Mahindra Electric** believes that the Indian market for electric vehicles will take off in 2023. ([Autocar](#))
- Fuel cell powered truck maker **Nikola** had its stock market debut. ([Forbes](#)) The company's recent purchase of hydrogen production equipment suggests each filling station will cost more than \$6 million. ([Nikola](#))
- **Dyson** published more details (including a video) about its abandoned electric car effort. Curiously, the company appears to blame VW's dieselpgate scandal for causing traditional OEMs to pile into the electric vehicle market, and "suddenly" diluting the market share the firm had hoped to achieve. ([Dyson](#))
  - Significance: Since dieselpgate started in 2015, and (in any case) the increase in electric vehicles has far more to do with the success of Tesla and regulations in the EU and China, it isn't clear why Dyson didn't realise the scale of competition until 2019 -- a lack of competitive analysis perhaps?

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

### Economic / Political News

- **US** light vehicle industry of 12.21 million units fell (30)% versus prior year. ([Wards](#))
- **German** passenger car registrations in May of 168,148 units dropped (50)% versus prior year. ([KBA](#))
- **France** had 96,310 passenger car registrations in May, down (50%) on a year-over-year basis. ([CCFA](#))
- **Spanish** registrations of 34,337 passenger cars in May were (73)% worse than prior year. ([ANFAC](#))
- **May Italian** registrations of 99,711 passenger cars were (50)% down on prior year. ([UNRAE](#))
- **UK** registrations of 20,247 new passenger cars in May fell (89)% on a year-over-year basis. ([SMMT](#))

- **Germany** launched an automotive stimulus package consisting of across the board sales tax cuts (3%) and increased incentives for electric vehicles (an extra €3,000 off the list price). There is also money set aside to fund research into new technologies and to provide charging infrastructure -- including charging points at all filling stations. ([FAZ](#))

## Suppliers

- The boss of **Endurance Technologies** is on the hunt for acquisitions. ([Autocar](#))
- **Meritor** aims to sack about 8% of the salaried workforce. ([Meritor](#))
- Wheel maker **Borbet** terminated its collective bargaining agreements in Germany, saying the coronavirus put the company in dire straits. Unions said they would fight it. ([IG Metall](#))

## Dealers

- UK dealer **Vertu Motors** said initial sales were promising and that, despite plans by rivals to downsize ([Lookers is shedding 1,500 jobs](#)), the company thinks scale is the way forward. ([Reuters](#))
- The body representing **Indian dealers** claims its members are given too little profit by the OEMs (the article contains a detailed table), and that margin levels need to double to make their businesses viable (presumably coming at the expense of OEM profits, rather than transaction prices). ([Autocar](#))
- Indian online car sales portal **CarTrade** is reportedly raising \$43 million. ([Deal Street Asia](#))
- Online used car seller **Vroom** is hoping for a valuation of \$2.3 billion when it completes its IPO. ([Reuters](#))

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

- Singaporean short term car rental service **Smove** shut up shop. ([Deal Street Asia](#))
- **Didi Chuxing's** boss said taxi journeys in China during May were at the same level as the prior year. Ride hailing firms normally like to tout double digit quarter-over-quarter growth rates. ([Deal Street Asia](#))

## Driverless / Autonomy (history)

- A study by a **US insurance think tank** concluded that fully autonomous cars would only reduce accidents by around 30%, rather than the 90% improvement many advocates have touted. However, the headline assumed that such vehicles will not drive more conservatively than humans today, with a further 40% of accidents attributed to speeding or illegal manoeuvres; conditions that self-driving vehicles are explicitly being trained to ignore (in addition to the compounding benefits of having more cars on the road driving within sensible limits). ([IIHS](#))

## Electrification (history)

- **Mahindra Electric** believes that the Indian market for electric vehicles will take off in 2023. ([Autocar](#))
- **Nikola's** recent purchase of hydrogen production equipment suggests each filling station will cost more than \$6 million. ([Nikola](#))

## Connectivity

- **Mitsubishi Corporation** and **NTT** now own 30% of mapping company **HERE**, joining existing shareholders **Audi, Bosch, Continental, BMW, Pioneer, Intel** and **Mercedes-Benz**. ([HERE](#))

## Other

- Electric scooter firm **Superpedestrian** raised \$15 million and acquired bicycle rental service **Zagster**. ([PE Wire](#))
- Aviation firm **Kitty Hawk** canned its flying car project, preferring to concentrate on larger vehicles. ([Kitty Hawk](#))
- Autonomous robot firm **Otto Motors** (a unit of **Clearpath Robotics**) raised \$29 million. ([Otto Motors](#))
- Brazilian bicycle rental firm **Tembici** raised \$47 million. ([Reuters](#))
- Autonomous robot developer **Locus Robotics** raised over \$40 million. ([Locus](#))