



AD PUNCTUM

Autos & Mobility Industry Briefing -- 8th June to 14th 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)

- BMW iVentures invested in Prometheus, a company developing ways to make fossil fuels via energy intensive chemical reactions, rather than sucking it out of the ground. ([BMW](#))

Daimler (history)

- Daimler hopes to make as much money from offering in vehicle services as from selling the cars themselves. The main target appears to be taking a cut from in-vehicle transactions, such as buying food. ([Autocar](#))
 - Significance: Since smartphone apps have already established norms in this area – developers paying \$100 or less annually to have their app available, with zero cut of the revenue for high transaction sites such as Amazon. Why would purchases made inside the car be treated completely differently?

FCA (history)

- Recalling almost 28,000 vehicles because the 12 volt battery could catch fire. ([FCA](#))
- EU antitrust regulators are taking a closer look at PSA and FCA's proposed merger, with dominance in commercial vehicles flagged as a concern. ([Reuters](#))

Ford (history)

- Ford CEO and COO reiterated that there were big headcount reductions to come in South America and Europe saying that as a result of the pandemic “everything's on the table”. ([Ford](#))
- Gave a detailed presentation focused on explaining Ford Credit to investors. ([Ford](#))
- In the announcement confirming the VW and Ford joint vehicle programs, Ford indicated that it will build the electric vehicle engineered from VW's MEB platform, rather than sourcing to VW. The two companies believe that the shared 1T van, pickup truck and small van will yield 8 million units over their lifetimes. ([Ford](#))
- Recalling 2.15 million US vehicles for faulty door latches that may have been incorrectly repaired. ([Reuters](#))

Geely (includes Volvo) (history)

- Geely's Xiaolingou unit, which rents out electrified vehicles, raised \$97 million. ([Deal Street Asia](#))

General Motors (history)

- CEO Barra says coronavirus has helped GM make decisions more quickly than before (perhaps because line managers can't interfere as much). ([Detroit Free Press](#))

Honda (history)

- Honda was hit by a cyber attack that compromised IT systems and affected some non-Japanese plants. ([BBC](#))

- Created a joint venture in China called Hynex to offer connected car services. ([Honda](#))
- There was an explosion at a Honda plant in Japan. ([Reuters](#))

Hyundai / Kia (history)

- Kia's European boss says that coronavirus lockdown measures have made it easier for the brand to meet its EU CO₂ targets. ([Autocar](#))
- Believes that fuel cells will be commercially viable by 2025 and disagrees with Daimler's strategy to direct fuel cells only at heavy trucks (although Hyundai sees potential in that area) because the company thinks that only passenger cars have sufficient scale to lower costs for all users. Although the ultimate target is cost parity with battery electric systems, Hyundai reckons that demand will blossom because of stricter environmental regulations. ([Bloomberg](#))
- Invested in hydrogen infrastructure company Hydrogenius LOHC Technologies. ([H2 View](#))
- Suspended production of the diesel Genesis GV80 SUV because of engine vibrations that arise when the cars spend too long idling. ([Yonhap](#)) Parts supply problems then stopped production of the model completely. ([Yonhap](#))

Nissan and Mitsubishi (history)

- Nissan's CEO says the brand never considered leaving Europe as part of its restructuring and that changing the cross shareholding structure between Nissan and Renault was a low priority at the moment. ([Les Echos](#))
- Mitsubishi is part of a consortium of 30 Japanese companies working on a "virtual power plant" (grid management by feeding in stored electricity). ([Mitsubishi](#))
- Nissan sources suggested there was a trail of correspondence detailing a 12 month exercise leading up to former chairman Carlos Ghosn's ouster and arrest for mis-reporting compensation and other indiscretions. ([Bloomberg](#))

PSA (history)

- Won't open the Ellesmere Port factory in the UK (which produces the Astra) until at least 1st September, but hopes to relocate some workers to the Luton, UK, factory to help build more vans. ([Liverpool Echo](#)) The company is planning something similar in France, with 500 Polish workers told to hotfoot it over to the Hordain plant and help out on the production line. ([France Info](#))
- Citroën thinks that, ideally, car brands should offer between five and ten different vehicles. At the lower end, the brand thinks there are too many portfolio gaps to be considered a mass-market brand, whilst with too many, complexity and investment start to hurt efficiency. The official stance is that the brand is open-minded about replacing the C1 but executive comments suggest the space will be left to the all-electric Ami. ([Autocar](#))
- Attempts by Opel's HR team to broach the subject of pension changes in Germany were slapped down by unions. It is unlikely that managers will be deterred for long as they already suggest survival is at stake. ([Handelsblatt](#))
- A PSA executive suggested that brands within the group were allowed to chart their own destiny in terms of emissions compliance closure -- suggesting the some next generation cars might offer an all-electric version, whilst some may build no more than a hybrid. ([Autocar](#))
 - Significance: Given PSA's much-vaunted commonality strategy, and the work involved in engineering three different powertrain technologies into a vehicle platform, it seems unlikely that the brands have true independence, and more that this is a way of balancing the product engineering dilemma around electric vehicles by only going all-in on one design but having others on a shortcut route to launch if needed.
- EU antitrust regulators are taking a closer look at PSA and FCA's proposed merger, with dominance in commercial vehicles flagged as a concern. ([Reuters](#))

Renault (history)

- Renault's chairman said he isn't interested in the French state increasing its shareholding in the firm. ([Reuters](#))

Tata (includes JLR) (history)

- JLR is looking to make every step of the sales process contactless and sees opportunity to use online services to reduce some of the time, even if the whole purchase experience doesn't become virtual (for instance, signing finance paperwork over the internet rather than wading through reams of paper at the dealership. ([Autocar](#))

- Tata is buying out its joint venture partner in the JTSV division that creates souped-up versions of Tata's Indian passenger cars. ([Tata](#))

Tesla (history)

- A rocketing share price saw Tesla's value exceed Toyota's (and everyone else). The jump followed a "leaked" email (which CEO Musk almost immediately confirmed as genuine) saying the Semi truck was about to go into full production. The share value has since receded slightly. ([Reuters](#))
- Internal emails showed CEO Musk fretting about quality and output on the Model Y however he was keen to stress that he thinks such problems always occur with new product. ([Business Insider](#))
 - Significance: With the Model Y in its sixth month of launch, there isn't much time left before it becomes difficult to explain launch issues away as normal business.
- A Canadian garage says it has hacked Tesla's upgradable hardware (where Tesla installs more capable batteries or motors as standard but downrates performance for cheaper models unless the owner pays extra). It is now offering to unlock the same capabilities for reduced prices. ([Electrek](#))
 - Significance: It remains to be seen if Tesla subsequently undoes the upgrades. If not, it undermines the company's upgrade strategy. If it does, it raises questions about the company's right to block modifications made by owners.

VW Group (history)

- Forced CEO Diess to give a public apology to the supervisory board after he insinuated in meetings with senior managers that board members had leaked sensitive information. ([VW](#)) Board members, or those close to them, reacted by leaking the story of the fiery board meeting leading to the apology where several of them called for Diess's immediate sacking. To show Diess whose boss, they stripped him of the CEO position for the core VW cars brand (he remains group CEO), handing the reigns to the brand's COO. ([Handelsblatt](#))
 - Significance: Diess appears to be on borrowed time, with the main arguments for keeping him in role apparently being the difficulty economic environment and the extra turbulence that would be caused on top of the troublesome Golf and ID3 launches. It looks as though in just two years, the hard-charging Diess has got from a man with a mission to transform the business to a dead man walking.
- Announced that it had concluded an investigation into a racist social media advert, and that whilst VW agrees it is racist, says it wasn't on purpose. In future, the brand will review new videos more thoroughly before launch. ([VW](#))
- VW's procurement chief, the former CEO of ZF, left the company at short notice. ([VW](#))
- In the announcement confirming the VW and Ford joint vehicle programs, Ford indicated that it will build the electric vehicle engineered from VW's MEB platform, rather than sourcing to VW. The two companies believe that the shared 1T van, pickup truck and small van will yield 8 million units over their lifetimes. ([Ford](#))

Other

- **Mahindra & Mahindra** is prepared to sell its stake in Ssangyong, if it can find a buyer. ([Autocar](#))
- **Nio** raised \$430 million via a rights issue. The money will go towards funding Nio's shares of the costs associated with its recent deal to set up Nio China and relocate its headquarters. ([Motley Fool](#))
- **Evergrande** bought the remaining shares in **NEVS**. Whatever you make of the deal, you have to give credit to whoever in Evergrande decided to call their purchase vehicle "Mini Minor". ([Caixin](#))
- **Nikola's** CEO said the company is in talks with three potential partners about contract manufacturing its forthcoming Badger pickup. ([Reuters](#))
- Australian start-up **H2X** plans to launch a fuel cell powered SUV called Snowy in 2022. ([The Driven](#))

News about other companies and trends ...

Economic / Political News

- **Spain** launched a scrappage incentive scheme. ([Reuters](#))

Suppliers

- **Faurecia** says it has been arranging for banks to give financing to its suppliers so that they can restructure and continue in business. The company believes it will take until 2023 for industry to reach pre-crisis levels. Although Faurecia expects some consolidation, it isn't making M&A a priority but pointed to some acquisitions it had made during the credit crunch at the behest of carmakers. ([Market Screener](#))
- A restoration company, **Craft Customs**, says that all our leather steering wheels are going to suffer from being lathered in hand sanitiser. Good job we aren't driving much then. ([Craft Customs](#))
- **Continental's** CEO reportedly told staff there was a high probability that the firm would have to resort to involuntary redundancies to save money. ([Automotive News](#))
- **Aptiv** raised up to \$2.2 billion via a share issue. ([Aptiv](#))

Dealers

- Chinese online automotive sales platform **Bitauto** agreed terms for a **Tencent**-led takeover. ([Bitauto](#))
- Spare parts wholesaler **Mancando** raised \$57 million. ([Deal Street Asia](#))
- Used car website **Vroom's** IPO went great guns, almost doubling on their opening day. ([Reuters](#))

Ride-Hailing, Car Sharing & Rental (history)

- Californian authorities now consider ride hailing drivers as employees, much to **Uber's** and **Lyft's** dismay. ([Reuters](#))
- Uber's plan to buy **Grubhub** were scuppered by an alternative bid from **Just Eat**. ([Reuters](#))
- Despite entering bankruptcy protection, **Hertz** might issue \$1 billion of fresh shares. ([Reuters](#))

Driverless / Autonomy (history)

- Lidar developer **SOS LAB** raised \$8 million. ([Autonomes Fahren](#))

Electrification (history)

- **BYD** is reportedly considering building a UK battery factory to supply **JLR**, amongst others. ([China Daily](#))

Connectivity

- **Upstream Security**, which already counts **Renault**, **Nissan**, **Mitsubishi** and the **Volvo Group** amongst its backers, raised an additional \$30 million. ([Upstream](#))
- Connected vehicle data company **Viaduct** raised \$11 million. ([Viaduct](#))
- **Otonomo** will start selling vehicle data sourced from **FCA**. In addition to providing the information to third parties (for a fee), Otonomo takes on the role of anonymising the information to soothe any data privacy concerns the issuing OEM might have. ([Otonomo](#))
- **Navmatic**, a developer of precision navigation equipment, raised \$4 million in a round led by **Lear**. ([Benzinga](#))

Other

- Air taxi firm **Lilium** raised another \$35 million. ([TechCrunch](#))