



AD PUNCTUM

Autos & Mobility Industry Briefing -- 29th June to 5th July 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](#))

- CEO Zipse says BMW is taking sustainability to a “whole new level”. Although specifics were thin on the ground, they include meeting regulatory targets for CO₂ emissions from vehicles (still on track, despite coronavirus he says) and focusing on the emissions of battery cell manufacturing. BMW reckons this traditionally accounts for 40% of an electric vehicle’s CO₂ emissions and has told suppliers of its next generation batteries that they must use renewable energy for production. ([BMW](#))
- Rolls-Royce says that coronavirus has accelerated a shift towards “post-opulence”, reckoning that customers in future want a luxury that focuses on purity and exacting design. ([Autocar](#))

Daimler ([history](#))

- Announced an agreement (as rumoured) with Farasis Energy to supply batteries. Daimler will also take a 3% stake in the supplier and receive a board seat. As part of the deal, some of the batteries will be produced with renewable energy (though not all, as BMW are committing to). ([Daimler](#))
- Wants to offload the Hambach, France, factory (the traditional home of the Smart brand). The plant’s assets will be written down in the Q2 2020 financial results. ([Daimler](#))
 - Significance: Daimler’s intention to sell the plant as a going concern suggests a handful of buyers: Geely or one of the specialists contract manufacturers (e.g. Magna, Valmet)
- Ending the “Collection” short term leasing (subscription) program, which was only available in selected US cities, citing poor user figures. ([Automotive News](#))

FCA ([history](#))

- Reported Q2 2020 US sales of 367,086 units, (39)% worse than prior year. FCA blamed economic “havoc” wrought by coronavirus but, happily, it now has a strong order book of fleet sales to cover the next few months. ([FCA](#))
- Issued €3.5 billion in debt to replace the (higher cost) credit facility that it drew in April 2020. ([FCA](#))

Ford ([history](#))

- Sold 433,869 vehicles in the USA during Q2 2020, a drop of (33)% on a year-over-year basis. As with FCA, Ford wanted to highlight that retail sales fared relatively well – down (14)% YoY. ([Ford](#))
- Booked slots across Disney’s entire US network for the Bronco’s reveal, meaning millions of Americans will have to watch whether they like it or not. ([Ford](#))
- The Mustang Mach E will have a more powerful motor than previously announced. ([Ford](#))
 - Significance: The upgraded specification shows that Ford are still learning about how hard they can push the powertrain components. Lessons that others have already learned
- Confirmed that production of the slow-selling Lincoln Continental will end this year. ([Fox](#))

Geely (includes Volvo) (history)

- Geely is reportedly looking to take over motorcycle maker Lifan. ([Reuters](#))

General Motors (history)

- Delivered 492,489 vehicles in the USA during Q2 2020, down (34)% versus Q2 2019. ([GM](#))
- Delivered over 713,600 units in China during Q2 2020, about (5)% worse than the same period last year. Results by brand were mixed: Buick and Wuling saw sales increases, all other brands dropped. ([GM](#))
- GM-SAIC's Wuling brand has built a stationary storage facility from old electric car batteries. The size, 1,000 kWh or about 20 reused car batteries, shows it is still a pilot facility. ([GM](#))

Hyundai / Kia (history)

- Hyundai sold 684,683 vehicles in Q2 2020, down (38)% versus prior year. ([Hyundai](#))
- Hyundai Mobis invested \$20 million in two Silicon Balley-based VC funds. ([Hyundai Mobis](#))

PSA (history)

- PSA's wholly owned dealer group PSA Retail is closing several sites in Paris, blaming low retail sales and high property costs. By beefing up sites in the suburbs and offering drop offs to customers at their homes, PSA hopes that there will be minimal sales losses. ([PSA](#))
- Using vehicle data to tailor insurance premiums for French owners. Compared to Tesla's recent, similar offering, PSA is more conservative on the value of savings, focusing on the second year, but targeting a wider user group, around five million vehicles. ([PSA](#))

Suzuki

- Unveiled the Across, a midsize SV based on the Toyota RAV4. ([Autocar](#))

Tata (includes JLR) (history)

- Revised the subscription model it offers via Pivotal (aka Carpe) from a 12 month contract to a 3 month lock-in. Prices have also been dramatically lowered – monthly fees on a Range Rover Sport have fallen from over £2,100 to £1350 (although there is now a sign-up fee). JLR says 80% of people using the scheme are new to the brand. ([JLR](#))
- Rumoured to be planning to decide on Ralph Speth's successor as CEO in the coming days, with a series of ex-German premium OEM executives in the running alongside JLR internal candidates. ([FT](#))
- JLR's engineering boss implied that the firm is interested in diesel plug-in hybrid variants. ([Autocar](#))
 - Significance: Although there is no technical reason why diesel could not be used in place of petrol/gasoline for a plug-in hybrid car, thus far manufacturers have favoured petrol because the exhaust technology required to meet particulate emissions requirements is cheaper than for diesel, thus reducing overall system cost. However, the overall fuel economy logic relies on the assumption that the vehicle usage is mainly for short journeys -- not true for all customers.

Tesla (history)

- Tesla built 82,272 cars in Q2 2020, a (20)% drop versus prior year. Deliveries of 90,650 units fell only (5)%. The results were generally better than market analysts had assumed but Model S and X production dropped almost (60)% from the prior quarter whilst smaller vehicles dropped by only (13)%. Since the larger vehicles have higher margins and are built on a separate line, a drop in demand seems the likely cause. ([Tesla](#))

Toyota (history)

- Created a special machine to reduce waste in the plating of components. Instead of being dipped in a bath, components are plated by being held in a special tool that only plates a set design or area. ([Toyota](#))
- Participating in a fund with several Japanese banks to encourage projects in space. The total fund size is relatively modest – about \$140 million. ([Toyota](#))
- Toyota Tsusho invested in battery developer APB Corporation. ([Toyota](#))

- The head of Toyota's AI Ventures VC unit wrote a blog post about his unit's strategy. ([Toyota](#))
- Blamed battery supply problems for a decision to constrain supply of the recently launched RAV4 plug-in hybrid to 5,000 cars. Toyota hopes that next year it will be able to produce four times as many. ([Inside EVs](#))
- Invested in a new round of existing portfolio company, robotics start-up Elementary Robotics. ([FINSMES](#))
- Announced a new structure for the most senior executives. The absolute top rank of operating officer will be reserved for chief... executives (including the CEO), whilst the next tier will be named "senior professional / senior management". ([Toyota](#))
 - Significance: Unlike some other organisations, Toyota has not made specialists in strategy or on-demand mobility top tier executives. The most similar is the chief digital officer who controls the advanced R&D function.

VW Group (history)

- Porsche invested in serva transport systems, a maker of autonomous factory logistics robots. ([Porsche](#))
- Unveiled a facelift for the VW Tiguan SUV. ([VW](#)) The Audi Q5 also got some changes. ([Audi](#))
- Has a team of 60 computer vision specialists working on ways to improve manufacturing efficiency using cameras and machine learning. ([VW](#))
- Reportedly cancelled plans for a new factory in Turkey. ([Reuters](#))
- VW's recent announcements that it was hoping to build an open source vehicle operating system that could be shared by competitors were somewhat undermined by the executive in charge of the software saying control of the architecture was the only way to ensure competitiveness in the future. ([Autocar](#))
- Audi is working with German energy generation firm EnBW to develop stationary storage units that can be sold alongside EnBW's generation equipment. ([Reuters](#))

Other

- **Nio** delivered 10,331 cars in Q2 2020, up 191% on a year-over-year basis. The sales increase is mainly due to the launch of the ES6, which only started sales in June 2019, but a redesigned ES8 also saw an uptick in orders. ([Nio](#)) Nio also confirmed that it had received the first tranche of cash to shore up its Chinese operations. ([Nio](#))
- **Byton** is shuttering operations for an unspecified period of time to restructure the business. ([Automotive News](#)) Fellow Chinese electric vehicle start-up **Bordrin** and the Chinese sponsored rebirth of **Saleen** are also said to be in trouble. ([Automotive News](#))
- Electric commercial vehicle maker **Workhorse** raised \$70 million. ([Workhorse](#))
- **Ineos** unveiled the Grenadier rugged off-roader. ([Ineos](#))
- **Karma** rebutted claims that it was considering chapter 11 bankruptcy and specifically committed not to reduce its staffing level to only 38 people -- seemingly leaving the door open for redundancies, provided they didn't reach that figure. ([Karma](#))
- **SAIC** is buying a nearly 29% stake in Hong Kong car rental business **CAR Inc.** ([Deal Street Asia](#))

News about other companies and trends ...

Economic / Political News

- **US** light vehicle industry in June of 13.05 million units fell (25)% on a year-over-year basis. ([Wards](#))
- **German** passenger car registrations of 220,272 units in June fell (32)% from prior year. ([KBA](#))
- **UK** June passenger car registrations of 145,377 units fell (35)% on a year-over-year basis. The fall was in part due to dealers not reopening in Scotland and Wales until later in the month. ([SMMT](#))
- **French** passenger car registrations of 233,820 units, up 1.2% on June 2019, but (8.4)% on equivalent selling days. ([CCFA](#)) The automotive stimulus is going great guns. Half of the available 200,000 grants have already been claimed and the government expects the program to be exhausted by the summer. ([Les Echos](#))
- **Spanish** passenger car registrations of 82,651 units fell (37)% year-over-year. ([ANFAC](#))
- **Italian** passenger car registrations during June of 132,457 units fell (23)% versus prior year. ([UNRAE](#))
- The **Geneva** motor show has been cancelled for 2021 but the **London** motor show will go ahead. ([Autocar](#))

- **India's** road and industries minister said the country will shortly announce new rules for recycling of key raw materials used in vehicles. ([Economic Times of India](#))
- **Moody's** says that because it has only downgraded nine out of the 22 large automakers it tracks, companies must be in better shape than the financial crisis. ([Economic Times of India](#))
- **China** is removing caps on foreign ownership of commercial vehicle makers, similar to the changes made to passenger vehicle companies. ([China Daily](#))

Suppliers

- **Motherson** is undertaking a restructuring of its subsidiaries. ([Autocar](#))

Dealers

- **DigniFi**, which provides financing for service and repair jobs, raised \$14 million from investors including Exor (major shareholder in **FCA** and **Ferrari**). ([FINSMES](#))

Ride-Hailing, Car Sharing & Rental (history)

- After failing to buy **GrubHub** earlier in the year, Uber agreed to acquire food delivery service **PostMates** in a \$2.6 billion deal. ([Uber](#))
- Multimodal service **Skipr** raised €7 million. ([FINSMES](#))
- Parking monitoring firm **AIpark** raised \$42 million. ([Deal Street Asia](#))

Driverless / Autonomy (history)

- Lidar developer **Velodyne** listed by merging with a special purpose vehicle, valuing the company at \$1.8 billion and leaving it with cash of around \$200 million. ([Velodyne](#))
- Autonomous taxi developer **Momenta** says it will have driverless vehicles on the road by 2022 and all the cars in its fleet will operate without safety drivers by 2024. ([TechCrunch](#))
- **Lyft's** self-driving division says that it uses route data from cars in service to prioritise features, implying that the company could determine appropriate geofences to target for initial robotaxi deployment. ([Lyft](#))
- **GM's Cruise** self-driving unit published a blog post explaining the background to the moveable radar sensors mounted on the car's wing mirrors. ([GM](#))
 - Significance: In addition to the sensory capability, the units serve as an obvious way to communicate to other road users what the vehicle is focusing on and what it plans to do next, something Cruise do not yet appear to be working on.

Electrification (history)

- Wireless vehicle charging developer **ElectReon** raised \$50 million. ([ElectReon](#))
- Norwegian firm **Freyr** reckons it has enough money to break ground on a new battery factory. ([Freyr](#))
- Charging network **FastNed** acquired smaller rival **MisterGreen**. ([Inside EVs](#))
- **Bharat Forge** wrote down its investment in electric motor start-up **Tevva Motors** saying the commercial outlook for the firm is uncertain. ([Autocar](#))

Other

- The **UK** government will let fleet operators offer short term rental of electric scooters (hitherto illegal on public roads) to consumers. ([UK government](#))