



AD PUNCTUM

Autos & Mobility Industry Briefing -- 27th July to 2nd August 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 connected technology company GenXComm. ([BMW](#))

Daimler (history)

- When the Citan's successor launches in 2022, there will be a more carlike version called T-Class. ([Daimler](#))
- Agreed a series of cost saving measures with German unions. Most employees will work two hours less per week, without sacrificing any pay and bonuses will be either dropped or converted into time off. Union officials conceded that redundancies had not be avoided, but that packages would be voluntary. ([Daimler](#))

FCA (history)

- Reported Q2 2020 revenue of €11.7 billion, down (56)% versus prior year. Adjusted EBIT of €(928) million fell from a €1.5 billion profit in the prior year. Analysts were impressed that the North American unit made a small profit despite a (62)% drop in shipments. ([FCA](#))
- CEO Manley said that the trend for OEMs to progressively outsource component manufacture was “dangerous” and he expects competitors to get more involved in battery manufacture than they are today. ([Seeking Alpha](#))
- CEO Manley believes that GM and Ford have been too quick to develop all-electric pickup trucks but implied that the Ram brand will be able to quickly react if the forthcoming GM and Ford trucks are a hit. ([Detroit News](#))

Ford (history)

- Ford's Q2 revenue of \$19.4 billion, (50)% down on 2019, and adjusted EBIT loss of \$(1.9) billion cheered investors who had been primed to expect a loss of closer to \$(5) billion. Ford is now forecasting a full year loss, because of continued weakness and the cost of launching F-150. Whilst the all-electric Mustang Mach-E will launch this year, shipments won't be significant enough to move the needle on revenue or profit. ([Ford](#))
- 150,000 customers have put down refundable \$100 deposits for Ford Broncos. ([Ford – Earnings transcript p4](#))
 - Significance: Bronco's reservation numbers are the first to hold a candle to Tesla (admittedly the Model 3 heyday had a \$1,000 tag, so there could be some price elasticity). The financial value of the deposits matters far less than the ethereal buzz such numbers attract.
- Ford says that using legged robots, rather than static laser scanners, to survey a plant takes about half the time. There is also a potential to use airborne drones which are already used for mapping outdoors. ([Ford](#))
- Will commence fully online sales in the UK later this year, although the level of involvement from a human dealer in completing the transactions remains unclear. Ford's top UK salesman admitted that the move could lead to job losses in dealerships. ([Auto Express](#))

General Motors (history)

- Reported Q2 2020 revenue of \$16.8 billion, down (53)% versus prior year, and a \$(536) million loss (on an adjusted basis). GM lost \$(101) million in North America and continued to splash out on autonomous vehicles, albeit lopping almost one third of 2019's spending level. GM was happy to talk about a scenario where profit recovered in the second half, but stressed that this was not the same as guidance. ([GM](#))
- CEO Barra refuses to rule out anything that might increase shareholder value -- including renaming the company or spinning off the electric vehicle unit. ([Seeking Alpha](#))
 - Significance: Talking about spin-offs in concept is all very well, but GM's portfolio is defined by brand, no powertrain choice. How would an exercise to spin off electric vehicles be organised when there is no electric-only brand?
- Partnering with the EVGo network in the USA (Nissan's partner) to offer widespread fast charging. ([GM](#))
- Although the unveiling of the all-electric GMC Hummer truck has been delayed (from May), the start of production still seems to be on track for late 2021. ([GM](#))

Hyundai / Kia (history)

- Wants to take over the former GM site in St Petersburg, Russia. ([Business Korea](#))

Mazda

- Reported Q2 2020 sales of 244,148 cars, down (31)% on prior year. ([Mazda](#))
- In Q2 2020 (fiscal Q1), Mazda's revenue of 377 billion JPY (about \$3.6 billion), down (56)% on a year-over-year basis. The operating loss was (45) billion JPY (about \$(430) million) -- but this excluded the full impact of the factory shutdowns, which Mazda classed as a special item. By the end of the fiscal year (March 2021), Mazda expects sales to have recovered such that the year over year drop is only (8)%, with improvements in China partially offsetting a (14)% drop in other regions. The company expects to about breakeven in the next three quarters. ([Mazda](#))

Nissan and Mitsubishi (history)

- Nissan's Q2 2020 (fiscal Q1) sales of 1.17 trillion JPY (about \$11.1 billion) fell (51)% versus prior year. Operating income of (154) billion JPY (about \$(1.5) billion) fell from a modest profit in Q2 2010, and excluded the cost of coronavirus shutdowns. In the full fiscal year (to March 2021), Nissan expects volumes to be (16)% lower than in the prior year, with the proviso that no second wave is assumed. ([Nissan](#))
- Reckons that 500km is the minimum range for a large all-electric vehicle. ([Autocar](#))
- Piloting a scheme for users to pay for parking by plugging in their electric cars and allowing to be discharged. ([Nissan](#))
 - Significance: Paying for parking via allowing power to be drawn from the battery could be a successful entry route for broader vehicle to grid (V2G) schemes.
- Mitsubishi produced 106,820 vehicles in Q2 2020, a drop of (66)% from prior year. ([Mitsubishi](#))
- Nissan and Mitsubishi are considering building an all-electric kei car together, which would leave Suzuki (Nissan's historic partner) in the lurch. ([Mitsubishi](#))

PSA (history)

- Reported first half revenue of €25.1 billion, a drop of (34)% versus prior year. Operating income of €482 million fell (81)%. The firm made €820 million of cost reductions versus 2019 1st half. ([PSA](#))
- Announced that it has been working on an electrified platform, called eVMP, that focuses on packing as much battery into the centre of the cabin as possible. The platform is totally optimised for electric vehicles, but will be flexible for hybrid versions too. ([PSA](#))
- Opel has given up its national sales company and turned to an importer model in Romania. ([Opel](#))
- Faurecia reported first half 2020 revenue of €6.2 billion, down (31)% on a year over year basis and an operating loss of €(114) million, down from a €645 million profit in the prior year. ([Faurecia](#))
- Separating the Free2Move mobility organisation so that, whilst it remains 100% owned by PSA, decisions can be made without reference to what the car business needs. ([PSA](#))

Renault (history)

- Renault reported first half revenue of €18.4 billion, down (34)% from prior year. An EBIT loss of €(2) billion fell from a €1.5 billion profit in the prior year.
- Renault's new CEO says that in the four weeks he has been on board the company has taken as many product decisions as in the preceding two years. He believes that the Renault brand needs to become less reliant of smaller city cars and move into the C or C+ segment (an area where Renault has ceded ground in recent years). He implied a product onslaught around 2023 / 2024 would improve things. He also believes that Renault's E-Tech hybrid (a motor as generator set up without a conventional gearbox) is the right way for hybrids in Europe. ([Seeking Alpha](#))

Subaru

- Produced 92,927 cars in Q2 2020, a drop of (65)% from the prior year. ([Subaru](#))

Suzuki

- Reported Q2 2020 (fiscal Q1) sales of 425 billion JPY (about \$4 billion), down (53)% on a year-over-year basis. Operating income of 1.3 billion JPY (about \$12 million) fell (98)%. The company refused to give full year guidance, citing the continued spread of coronavirus in India. ([Suzuki](#))

Tata (includes JLR) (history)

- Reported Q2 2020 (fiscal Q1) revenue of 31,983 Cr INR (about \$4.3 billion), down (48)% on a year-over-year basis. JLR's revenue (included in the prior number) was £2.9 billion, down (44)% YoY. There was a before tax loss of (6,184) Cr INR (about \$(820) million), of which £(413) million was attributable to JLR. ([Tata](#))
- JLR's new CEO is ex-Renault boss Thierry Bolloré. He will start in September. ([JLR](#))

Toyota (history)

- Sold 1.85 million vehicles in Q2 2020, down (31)% on the prior year. Sales in China were up versus 2019. ([Toyota](#))
- Toyota's automated driving unit will split into two divisions. One will concentrate on self-driving vehicles whilst the other will work on infrastructure technologies and business models that extend beyond making and selling vehicles. Both will be branded as "Woven City". ([Toyota](#))
- Taking a stake in electric drive maker BluE Nexus (a joint venture between Denso and Aisin Seiki). ([Toyota](#))

VW Group (history)

- VW Group's Q2 2020 revenue was €41.1 billion, a fall of (37)% versus prior year. Operating profit was €(2.4) billion, down from over €5 billion in 2019. VW blamed the entire drop on volume and mix, exchange and poor performance in the non-car making arms. The firm still aims to be profitable in the full year and pay a dividend in 2020, albeit less than was originally planned. ([VW](#))

Other

- **Aston Martin** Q2 2020 revenue of £67 million, dropped (68)% on a year-over-year basis. The operating loss of £(83) million fell from a £(36) million loss in the prior year. The firm disclosed a restatement to prior year financials that reduced 2019 EBIT. Aston Martin said revenues were in down partly because of de-stocking – dealer inventory now sits at about three months of sales. Although the DBX is in production, the sports car factory won't restart until the end of August. ([Aston Martin](#))
- **McLaren** is now financially secure, according to the F1 team's boss. ([Motorsport.com](#))
- Chinese all-electric vehicle company **XPeng** has reportedly raised \$300 million, on top of the \$500 million the firm recently announced. ([CNBC](#))
- **Fisker** didn't finalise a deal to use VW's MEB platform by the end of July as planned but the firm remains upbeat, hoping that an agreement will be reached by September. Fisker believes it has credible back-up options should the talks with VW fail. ([Reuters](#))
- **Lucid's** self-driving suite will be branded DreamDrive. The company says that the hardware (including lidar) will be capable of SAE L3 driving, and over time the software will be too. ([Lucid](#))

- **Lordstown** plans to list via a merger with a special purpose vehicle called **DiamondPeak**. ([Lordstown](#))
 - Significance: Lordstown's plan calls for \$675 million to get the vehicle into production and achieve a cash flow positive condition. \$320 million of this is reserved for unforeseen contingencies. Missing from the plan appears to be working capital, which could easily reach three digits if sales aren't immediate.

News about other companies and trends ...

Economic / Political News

- European manufacturers association **ACEA** published a new data book. ([ACEA](#))

Suppliers

- **ZF** is merging its electric powertrain division with the unit that makes traditional drivetrains and says it will no longer develop parts for vehicles that exclusively use internal combustion engines. ([ZF](#))
- **Toyota Gosei** will offer in-car wireless charging using technology supplied by **Ossia**. The companies claim that devices can be charged even if they are several feet from the power source. ([Toyota Gosei](#))
- **Faurecia** is buying into a seating joint venture with **BAIC** by taking over the **DAS Group's** stake. ([Faurecia](#))
- **Alfa** is divesting its stake in **Nemak**, which will become separately listed. ([Alfa](#))
- **Dana** reported Q2 2020 revenue of \$1.1 billion (down (53)% YoY) and a net loss of \$(173) million. ([Dana](#))
- **Aptiv** reported Q2 2020 revenue of \$2 billion (down (46)% YoY) and a net loss of \$(369) million. ([Aptiv](#))
- **American Axle's** Q2 2020 sales were \$515 million (down (70)% YoY), with a net loss of \$(213) million. ([AAM](#))
- **Visteon** reported Q2 2020 sales of \$371 million (down (48)% YoY), with a net loss of \$(45) million. ([Visteon](#))
- **Meritor** reported Q2 2020 sales of \$514 million (down (56)% YoY) and a net loss of \$(36) million. ([Meritor](#))
- **Goodyear** reported Q2 2020 sales of \$2.1 billion (down (41)% YoY) and a net loss of \$(696) million. ([Goodyear](#))
- **Michelin** saw a (33)% drop in tyre shipments during Q2 2020. 1st half light vehicle revenues fell (24)% compared to prior year. Light vehicle revenue of €4.4 billion and operating income was €(35) million. ([Michelin](#))
- **Stoneridge's** Q2 2020 sales were \$100 million (down (55)% YoY) and a net loss of \$(22) million. ([Stoneridge](#))
- **Faurecia** reported first half 2020 revenue of €6.2 billion, down (31)% on a year over year basis and an operating loss of €(114) million, down from a €645 million profit in the prior year. ([Faurecia](#))
- **Continental** claims to have the most powerful supercomputer in the automotive industry. ([Continental](#))

Dealers

- Online used car seller **Auto1** raised €255 million. ([Reuters](#))
- Classifieds company **Auto Trader** acquired **AutoConvert**, which helps dealers offer financing. ([Motor Trader](#))

Driverless / Autonomy (history)

- **Toyota's** automated driving unit will split into two divisions. One will concentrate on self-driving vehicles whilst the other will work on infrastructure technologies and business models that extend beyond making and selling vehicles. Both will be branded as "Woven City". ([Toyota](#))

Electrification (history)

- **Nissan** is piloting a scheme for users to pay for parking by plugging in their electric cars and allowing to be discharged. ([Nissan](#))

Connectivity

- Cybersecurity firm **Cybellum** raised \$12 million. ([Cybellum](#))