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Autos & Mobility Industry Briefing -- 5th October to 11th October 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)

- Sold 675,680 cars in Q3 2020, up 8.6% on a year-over-year basis. ([BMW](#))
- BMW's CFO says the transition to electric powertrain is accelerating and indicated that the company is interested in deeper collaboration in developing and building internal combustion engines. ([Handelsblatt](#))

Daimler (history)

- Sold 721,608 light vehicles in Q3 2020, up 2.4% on a year-over-year basis. ([Daimler](#))
- Presented details on an updated strategy. The core of the plan is cutting unprofitable models, regaining pricing power for the Mercedes-Benz brand and growing volume through sub-brands AMG, G (class) and Maybach. Smart (in future a joint venture with Geely) was not mentioned at all during the presentation. The Maybach brand aims to double sales, partly through growth in electric offerings. There was a subtle difference in nomenclature between AMG "high performance electrification" (probably code for powerful plug in hybrids) and G-Class and Maybach "go(ing) electric". ([Daimler](#))
- Alongside new portfolio priorities, the Mercedes brand expects to increase profits from aftersales, both through improved loyalty to the official dealer network (who use official spare parts), something that normally drops significantly at the end of the warranty period; and sales of digital products (which are increasingly becoming a service that customers must pay for every few years). The hope is that service and parts revenues will grow 80% by 2025 and digital services will bring €1 billion of EBIT by 2025, although Daimler was light on the specific actions that will lead to such spectacular growth. ([Daimler](#))
- On electric vehicles, Daimler says that the downward trend in battery costs has made the company realise that the transition to zero emissions powertrain will be quicker than expected (although strangely the mid-2025 cost data point is the same as Daimler presented at Paris in 2016). Daimler says the initial products will be solidly profitable, which from 2025, new products will have "strong contribution margins" (a slightly odd emphasis since contribution margin is not the same as bottom line profitability). The number of all-electric vehicles promised by 2025, more than 10, seems like a slight retrograde step from an earlier level of 10 by 2022, but it seems the new aspiration does not include Smart. In plugin hybrids, the company hopes to outpace competitors by offering substantially higher battery capacities, and longer range, than rivals who are clustering at the level need for just over 50km of zero emissions driving. After launch of the initial range of electric cars, Daimler will start building vehicles on the MMA platform, designed around an "Electric First" philosophy which will offer a range of all-electric and hybrid powertrains. Daimler also made GM-like claims about leadership in electric motor design and the value of in-house battery expertise. ([Daimler](#))
- Daimler says that it will have a proprietary OS, MB.OS, but presented a narrower view of the scope than some rivals. The vision is to serve primarily as an integrator of third party work, with very little of the basic program being the sole preserve of Daimler's in-house engineering teams. Instead Daimler will set standards for both software and hardware that ensure interoperability, and concentrate on programming customer-facing features. ([Daimler](#))

- Without revealing much on specifics, Daimler committed to shrinking fixed costs by 20% compared to 2019 through reduced spending and headcount. Capital spending and R&D are forecast to fall by 20%, with Daimler expecting portfolio reduction, and their approach to electrification, to help trim costs. Variable costs are also set to reduce by 1% each year, but since this figure excludes the product cost impact of transitioning to electric vehicles, the number might actually rise. Daimler is now planning for three 2025 scenarios. In the worst case, implied margin targets are the classic 5% - 7.5% industry promise. In the best case they are “double digit” (implying 10% - 12%). ([Daimler](#))
- CEO Källenius flatly denied suggestions that he was interested in buying Aston Martin. ([Autocar](#))
- Settled a legal action brought by Sharp over use of its patent portfolio. ([Reuters](#))

Ford (history)

- Told US office employees to expect to work from home until June 2021. ([Detroit News](#))

Geely (includes Volvo) (history)

- Geely and Lynk&Co sold 345,026 cars in Q3 2020, up 13% on a year over year basis. The Lynk&Co brand alone rose 54% from the prior year. ([Geely](#))

General Motors (history)

- Invested in holographic head-up display specialist Envisics. ([TechCrunch](#))
- The forthcoming all-electric Hummer will use Epic’s Unreal Engine -- hitherto a piece of software used in dynamic computer games -- in the infotainment system. ([Unreal](#))
- Reportedly struggling to build enough Corvette’s to fulfil demand. GM has apparently increased output at the factory but is now finding that suppliers can’t keep up. ([Auto Evolution](#))

Honda (history)

- Unveiled a facelift for the Ridgeline pickup truck. ([Honda](#))

Hyundai / Kia (history)

- Hyundai sold 1.01 million vehicles in Q3 2020, down (8)% on prior year. ([Hyundai](#))
- Hyundai Mobis invested in holographic head-up display specialist Envisics. ([Hyundai Mobis](#))
- Recalling around 25,500 all-electric Kona cars because defective batteries could catch fire. ([Reuters](#))

Nissan and Mitsubishi (history)

- Nissan’s CEO says he is open to the idea of supplying competitors with electric vehicle technology and believes that the transition to electric powertrain will lead to an industry restructuring. ([Nikkei](#))

PSA (history)

- Vauxhall’s boss says the area of the UK market with the greatest unstimulated demand for fully electric vehicles is in the 1T – 2T van segment. ([Autocar](#))
- Unveiled a facelift for the Opel / Vauxhall Crossland. ([Opel](#))

Renault (history)

- Registered an interest in forming a pool for European CO₂ sharing in 2020. The move indicates that Renault has beaten its 2020 targets and is in a position to offer relief to other car makers -- for a price. As yet, no one seems to have taken LEVC up on their similar (although likely smaller) offer so demand is unclear. ([EU](#))
 - Significance: Since Renault has gone public with an offer to form a pool at this late stage (a few weeks before the end of the year), it suggests that private conversations with the most likely partners -- Nissan, Mitsubishi and Daimler -- have revealed that they are on an independent path to compliance.

Tata (includes JLR) (history)

- Sold 202,873 vehicles in Q3 2020 (of which JLR was 91,367), down (16)% on a year-over-year basis. ([Tata](#))

Tesla (history)

- According to a leaked internal email, Tesla fired an employee who sabotaged production lines, causing several hours of downtime. ([Bloomberg](#))
- Media was abuzz with the story of a Model Y's roof flying off the car shortly after the owner had taken delivery. Thus far it appears to be an isolated incident. ([The Verge](#))
- CEO Musk said that the new larger, battery cell design will first be used in the new Berlin, Germany, plant with US and Chinese factories switching once quality has been demonstrated. ([Reuters](#))
- Indonesian officials said that they held talks with Tesla about investment. The focus was seemingly more on raw materials rather than car making. ([Reuters](#))
- Launched a charging station in partnership with European charging network operators Fastned, enabling owners of other vehicles to charge alongside Teslas (but not using exactly the same chargers). It isn't clear whether the initiative will be replicated on a larger scale. ([Clean Technica](#))

Toyota (history)

- Announced a series of partnerships to put fuel cells into heavy trucks and trains. ([Toyota](#))

VW Group (history)

- Bugatti has shelved plans for a second model. ([Fox](#))
- Škoda workshop technicians have been issued with an acoustic conditioning monitoring app that compares recordings of the noises a car with problems is making to a library of known issues. ([Škoda](#))
- VW's local importer thinks that 90% of the cars the brand sell in Norway during 2021 will be electric. ([Reuters](#))
- Audi's plant in Puebla, Mexico faced accusations from local officials that utility bills and property taxes were in arrears -- and threats to close it until payments were made. Audi said it was a fuss about nothing. ([Reuters](#))

Other

- **Nio** sold 12,190 cars in Q3 2020, up 154% versus prior year, mainly due to full production of the ES6 and increased demand for the refreshed ES8. ([Nio](#))
- **Faraday Future** is working on a plan to list via a merger with a special purpose vehicle. ([Reuters](#))
- A third party converter is offering a **LEVC** hybrid taxi with an overhauled interior that features more expensive materials, hoping to capture the interest of upmarket private hire operators. With a price tag of £100,000 before taxes, there may not be many takers. ([Autocar](#))
- **Rivian** has delivered its first delivery van tailored to **Amazon's** requirements. ([TechCrunch](#))

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

Economic / Political News

- **US** light vehicle SAAR in September of 16.34 million units fell (5)% versus prior year. ([Wards](#))
- **UK** passenger car registrations in September of 328,041 units, fell (4.4)% on a year-over-year basis. The industry's trade body had been hoping sales would bounce back, and sounded glum. ([SMMT](#))
- **German** passenger car registrations rose 8.4% versus prior year in September, to 265,227 units. ([KBA](#))
- September **Spanish** sales of 70,729 passenger cars fell (13.5)% versus prior year. ([ANFAC](#))
- **Italian** passenger car sales rose 9.5% on a year-over-year basis in September to 156,132 units. ([UNRAE](#))
- **French** registrations of 168,290 passenger cars in September fell (3.0)% versus prior year, even with extra selling days. ([CCFA](#))

Suppliers

- **Grammer's** preliminary Q3 2020 revenue was €458 million, with EBIT of €6 million. ([Grammer](#))
- **Romeo Power** -- 20% owned by **BorgWarner** -- is listing through a merger with a special purpose entity. The firm's claimed special sauce is in using proprietary measurement techniques to choose best of the best battery cells and then using its own pack designs and power electronics to make the most of them. ([Romeo Power](#))
- **German** government officials gave a lukewarm response to union calls for a bailout of **Thyssenkrupp's** steel making unit, but didn't rule it out. ([Reuters](#))
 - Significance: If the German government does eventually offer support, expect domestic suppliers to be queuing around the corner, demanding similar treatment.
- Holographic head-up display developer **Envisics** raised \$50 million from investors including **Hyundai Mobis, GM** and **SAIC**. ([TechCrunch](#))

Driverless / Autonomy (history)

- **Waymo** is almost ready to let anyone ride in its driverless vehicles, without safety drivers. ([Reuters](#))
- **Velodyne** and rival lidar developer **Robosense** announced a collaboration that will share them market each other's technologies and settle a court case between the two. ([Velodyne](#))
- Autonomous truck developer **Einride** unveiled a concept for a driverless vehicle it hopes to put into production in 2021. ([The Verge](#))

Electrification (history)

- **Inobat** claims to have developed a new battery that boasts world-class energy density in "only a year". ([Inobat](#))
 - Significance: The challenge for battery makers is not to create huge energy density -- [McLaren already claim levels of 5.2 kW/kg](#), about twenty times the level seen in the latest batteries today -- they need to be affordable enough to put in mainstream cars.
- Electric motor maker **REE** showed off three platforms for different sizes of vehicle, all of which use hub mounted electric motors. ([REE](#))
 - Significance: The fact that REE can show off three different all-electric rolling chassis should give many observers pause for thought. Although each company marketing an electric "skateboard" touts their engineering prowess, the reality is that bolting four wheels onto a series of electric motors, some power electronics and a floor stuffed with batteries is a far cry from resolving the technical challenges needed to mount a variety of vehicle body styles on top of it.
- Powertrain engineering firm **FEV** is touting internal combustion engines as an entry level route to hydrogen as a power source. ([Autocar](#))
 - Significance: Although hydrogen burning internal combustion engines are inefficient compared to fuel cells and still emit nitrogen oxide, their lower cost and simpler technology, plus the capability of diesel-derived after treatment, mean that they may be an attractive entry level product in countries with poor infrastructure.
- The boss of **PSA's** Vauxhall brand says the area of the UK market with the greatest unstimulated demand for fully electric vehicles is in the 1T – 2T van segment. ([Autocar](#))
- **Tesla** launched a charging station in partnership with European charging network operators **Fastned**, enabling owners of other vehicles to charge alongside Teslas (but not using exactly the same chargers). It isn't clear whether the initiative will be replicated on a larger scale. ([Clean Technica](#))

Connectivity

- **Otonomo** published the results of a consumer study about future trends. Pages 28 and 29 include statistics on what the respondents think connected car data it for, and receptiveness to certain service types. ([Otonomo](#))
- **GM's** forthcoming all-electric Hummer will use **Epic's** Unreal Engine -- hitherto a piece of software used in dynamic computer games -- in the infotainment system. ([Unreal](#))