



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 19<sup>th</sup> October to 25<sup>th</sup> 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)

- Released interim financial results for Q3 2020, saying that automotive free cashflow of €3 billion had vastly outstripped market expectations, but staying quiet on everything else. ([BMW](#))
- BMW and Daimler's mobility joint venture sold the Moovel multimodal app (they get a stake in the Deutsche Bahn subsidiary that took it over) ([Daimler](#)) and is reportedly considering a €1 billion offer from Uber for the FreeNow ride hailing division. Daimler is apparently more keen to sell than Daimler. ([Manager Magazin](#))

#### **Daimler** (history)

- Reported Q3 2020 financial results. Revenue of €40.3 billion fell (7)% year-over-year whilst EBIT of €3.1 billion rose 14% versus prior year. Daimler said that cost cuts had more than offset volume and pricing losses. ([Daimler](#))
- Daimler's CFO dropped hints about a forthcoming all-electric Mercedes sports car. ([Bloomberg](#))
- BMW and Daimler's mobility joint venture sold the Moovel multimodal app (they get a stake in the Deutsche Bahn subsidiary that took it over) ([Daimler](#)) and is reportedly considering a €1 billion offer from Uber for the FreeNow ride hailing division. Daimler is apparently more keen to sell than Daimler. ([Manager Magazin](#))

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

- FCA says that the importance of online shopping for cars is growing rapidly. The company reckons that in 2019 about 25% of monthly sales came from a lead generated through browsing the internet. This year it is 45%. The company reckons that improving its website, and the variety of services that could be booked on it, increased internet traffic by 65%. ([FCA](#))
- CEO Manley said European politicians needed to stump up more cash to help the automotive industry transition to electric vehicles. ([Detroit News](#))

#### **Ford** (history)

- Ford's launch autonomous vehicle will be a variant of the Escape hybrid (the Kuga in Europe). The company showed photographs of what it calls a "launch intent" model, but admitted that since self-driving doesn't yet work, they can't be sure. The car has two types of lidar sensor: a long range 128 line model and a series of shorter range units, augmented with "high resolution" (actual resolution not stated) cameras. Ford said it has added battery capacity over the retail product to better power the vehicle's computing system but implied that it is not a plug-in version (although one is available) and no charging port is visible in the promotional video. ([Ford](#))

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

- Geely's Emgrand brand (sold only in China) has reached 3 million unit sales. ([Geely](#))

## General Motors (history)

- Announced a \$2 billion investment in the Spring Hill, USA, plant -- plus smaller amounts in some other locations -- to convert the facility over to make electric cars including the Cadillac Lyriq. ([GM](#))
  - Significance: The sums involved, for an existing plant with around 250,000 units per annum capacity, show that manufacturers are currently spending far more on electric vehicle programs than for conventionally powered models, despite promises that all-electric vehicles would lead to simplification and reductions in investment. Since the Cadillac Lyriq is a 2<sup>nd</sup> generation BEV, it seems we will be waiting until at least the third generation for GM's spending to reduce.
- Says that 1 million US customers are paying for in-vehicle wi-fi, six years after the service launched. Unsurprisingly, vehicles that commonly carry passengers (i.e. big SUVs full of children) are the biggest source of demand. ([GM](#))
- GM's Cruise self-driving unit has been assessing the impact of coronavirus on the design of its Origin robotaxi. Eschewing the latest technologies for virus control, in particular UV light and cabin heating, the brand's engineers reckon the way forward is a giant Perspex screen to separate passengers. ([GM](#))
- Unveiled the long-awaited Hummer all-electric SUV. The car will boast extreme off-road capabilities and a massive price tag. Initial vehicles will be over \$110,000 and although a version retailing at a mere \$80,000 is planned, it won't be available until two years after launch. ([GM](#)) The company quickly sold out of the launch version. ([Reuters](#))
- GM's president Reuss said negotiations with Nikola were "going forward". ([Detroit News](#))

## Hyundai / Kia (history)

- Hyundai and Kia said that profits would be hit by a \$(2.9) billion provision for engine quality issues. ([Reuters](#))

## PSA (history)

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- Faurecia reported Q3 2020 revenues of €3.874 billion, down (7.4)% versus prior year. ([Faurecia](#))

## Renault (history)

- Renault reported Q3 2020 revenues of €10.374 billion, down (8.2)% versus prior year. The company blamed exchange and sales to partners for most of the drop and said September figures showed that a recovery was underway. ([Renault](#))
- Reporting healthy sales mixes for plugin hybrid vehicles in Europe. For September in France, Captur was 18% PHEV and Megane was 31%. ([Renault](#) presentation p. 8)

## Tata (includes JLR) (history)

- Highlighting the level of testing required to confirm that technologies conform to automotive grade expectations, JLR announced that it is taking two years to assess a new range of composites and metals that are in consideration as materials for bodies in future range of vehicles. ([JLR](#))

## Tesla (history)

- Reported Q3 2020 financial results. Automotive revenue of \$7.6 billion rose 42% versus prior year. Net income of \$331 million rose 131%. For the second consecutive quarter, Tesla's customer deposits number dropped. ([Tesla](#))
- Regulators in China told Tesla to recall around 30,000 Model S and Model X cars because their suspension can fracture if it runs over large objects. ([Bloomberg](#))
- Purchased a small manufacturing engineering company in Germany. ([Manager Magazin](#))
- Released an updated self-driving software program to a limited set of drivers. Those trialling the system thought it was fantastic that their vehicles drove the entire route by itself. Tesla's perilous warnings that the cars could make sudden dangerous manoeuvres at any time suggested a complete version could be some way away. ([Electrek](#))
- Tesla's earnings release included a summary page of the improvements targeted during the battery day presentation (for those who weren't dedicated enough to take repeated screenshots of the YouTube video. ([Tesla p. 12](#)))

- CEO Musk said that even if lidar were free he wouldn't use it in driver assistance. He also believes that Tesla is an "order of magnitude more vertically integrated than other car companies" (it isn't). Musk also said that "skateboard" battery electric vehicle chassis will be "obsolete long term". ([Seeking Alpha](#))

### Toyota (history)

- Invested in robot kitchen start-up YPC Technologies. ([Toyota](#))

### VW Group (history)

- Porsche's announcement about some new Panamera plugin hybrid offerings highlighted an interesting new trend: manufacturers have started talking about electric only ranges under the WLTP city cycle, rather than the full combined cycle (where range is worse, primarily due to higher speeds and less regenerative braking). ([Porsche](#))
- Reportedly considering a restructuring of the reporting responsibility for Bentley which would see it fall under Audi's purview. ([Handelsblatt](#))
- CEO Diess says that electric cars will be cheaper than internal combustion engine ones by 2026. ([Handelsblatt](#))
- Reportedly shopping the Ducati brand around to gauge interest. ([Reuters](#))
- Bentley's boss says a no-deal Brexit will reduce profits by (25)%. ([Reuters](#))

### Other

- **Arrival** published a blog post detailing the company's approach to building low cost vehicle bodies (using moulded panels that have the finished colour and surface treatment built-in). Arrival believes that by developing some of the raw materials itself, and taking a rapid prototyping approach to tooling development, it will be able to optimise the panels better than peers (who typically struggle with surface finish and weight issues). ([Arrival](#))
- Despite recent financial problems, **Sono Motors** is still up and running and hope to launch their solar power augmented car in 2022. ([Sono Motors](#))
- **Laureti** revealed plans for a mobility ecosystem that will deploy the firm's own brand vehicles, combined with software, to offer mobility as a service. ([Laureti](#)) Full disclosure: Ad Punctum has been involved in Laureti's strategy and product development on a secondment basis.
- **Byton's** CEO left the troubled company abruptly. ([Manager Magazin](#))
- **GM's** president Reuss said negotiations with **Nikola** were "going forward". ([Detroit News](#))

## News about other companies and trends ...

### Suppliers

- **Magna** announced a new CEO. Current CTO Kotagiri will take over on 1<sup>st</sup> January 2021. ([Magna](#))
- **Autoliv** reported Q3 revenues of \$2.0 billion and operating income of \$175 million. ([Autoliv](#))
- Troubled supplier **Arlington** sold UK arm Magal Cables to **Remsons Industries**. ([Economic Times of India](#))
- **LG Chem** said battery sales were on the up and it plans to triple capacity. ([Reuters](#))
- **Michelin** announced Q3 2020 revenues of €5.5 billion, down (10)% year-over-year. ([Michelin](#))
- **Mahle** is buying **Keihin's** air conditioning unit. ([Mahle](#))
- **Continental** reported initial Q3 2020 earnings. Revenues were €10.3 billion, free cash was €1.8 billion. ([Continental](#))
- **Veoneer** reported Q3 2020 sales of \$371 million and a \$(103) million operating loss. ([Veoneer](#))
- **Faurecia** reported Q3 2020 revenues of €3.874 billion, down (7.4)% versus prior year. ([Faurecia](#))

### Dealers

- Cloud-based retail software provider **Tekion** raised \$150 million with investment from **Exor**, **BMW**, **GM** and the **Renault-Nissan-Mitsubishi** alliance are existing investors. ([FINSMES](#))

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

- Ride hailing firm **Shouqi Yueche** raised a nine figure sum in a series C round. ([Deal Street Asia](#))
- **BMW** and **Daimler's** mobility joint venture sold the Moovel multimodal app and is reportedly considering a €1 billion offer from **Uber** for its ride hailing division, with Daimler more keen to sell than BMW. ([Manager Magazin](#))

## Driverless / Autonomy (history)

- Thermal imaging camera developer **Adasky** raised \$15 million. ([Adasky](#))
- **Nvidia** claims that its latest AI chips have made step changes in performance over rivals. ([Nvidia](#))
- **Velodyne** attacked the performance of emergency braking systems that rely on cameras in low light conditions and called for additional tests to be added that would show lidar's superior performance. ([Velodyne](#))
- **Ford's** launch autonomous vehicle will be a variant of the Escape hybrid (the Kuga in Europe). The company showed photographs of what it calls a "launch intent" model, but admitted that since self-driving doesn't yet work, they can't be sure. The car has two types of lidar sensor: a long range 128 line model and a series of shorter range units, augmented with "high resolution" (actual resolution not stated) cameras. Ford said it has added battery capacity over the retail product to better power the vehicle's computing system but implied that it is not a plug-in version (although one is available) and no charging port is visible in the promotional video. ([Ford](#))
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- **Tesla** released an updated self-driving software program to a limited set of drivers. Those trialling the system thought it was fantastic that their vehicles drove the entire route by itself. Tesla's perilous warnings that the cars could make sudden dangerous manoeuvres at any time suggested a complete version could be some way away. ([Electrek](#))
- **Tesla** CEO Musk said that even if lidar were free he wouldn't use it in driver assistance. ([Seeking Alpha](#))

## Electrification (history)

- Charging network **EV Charge** raised \$15 million. ([EV Charge](#))
- **Romeo Power** says it has a 1 MWh heavy vehicle battery pack available to serve the commercial vehicle market. Even at the most bullish end of price forecasts, such a unit would cost more than \$80,000. ([Romeo Power](#))
- Electronic components firm **VisIC Technologies** raised an unspecified amount in a series E round. ([VisIC](#))
- **VW** CEO Diess says that electric cars will be cheaper than internal combustion engine ones by 2026. ([Handelsblatt](#))
- Tesla CEO Musk said "skateboard" battery electric vehicle chassis will be "obsolete long term". ([Seeking Alpha](#))

## Other

- A new race series for production-based electric cars hope to launch in 2022. Seemingly inspired by the 1990's video game Super Off Road (familiar to many Sega and Nintendo owners), the short course races will sprint over a few laps and include jumps, obstacles and water splashes. ([SuperCharge](#))
- E-bike rental subscription service **Dance** raised \$18 million. ([TechCrunch](#))