



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 18<sup>th</sup> January to 24<sup>th</sup> January 2021

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)

- Ahead of the vehicle's launch, BMW is clearly hoping to position the all-electric i4 as a superior driver's car to the Tesla models it will compete against. ([BMW](#))
- CFO Peter says BMW is concerned that Chinese customers place a high importance on digital experience and it risks defections to the likes of Nio, if it isn't competitive. ([Reuters](#))

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

- Unveiled the all-electric EQA (effectively a battery powered GLA with a new front grille). ([Daimler](#))
- Mercedes is confident it will resolve semi-conductor shortages soon. ([Reuters](#))

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

- Stopping production at the Saarlouis, Germany, plant for one month because of the semiconductor shortage. ([CNN](#))
- US regulators forced Ford to recall 3 million cars to replace Takata airbag inflators on the driver side. Ford had already replaced passenger side units and wanted to avoid a second repair. ([Reuters](#))

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

- Geely is working with Tencent on a range of subjects including digitalisation, autonomous driving, infotainment and low carbon technologies. ([Geely](#))

#### **General Motors** (history)

- Cruise raised an additional \$2 billion from existing investors, with Microsoft joining in too. The software firm will supply cloud computing services to the autonomous vehicle unit as part of the deal. ([GM](#))
- Warned Indian authorities that if they stymied its efforts to close a car factory in the country, it might deter others from investing in the first place. ([Reuters](#))

#### **Honda** (history)

- Will start tests on Japanese roads using vehicles supplied by Cruise as a precursor to the launch of a robo taxi business once the Cruise Origin is available. ([Honda](#))

#### **Hyundai / Kia** (history)

- Invested in automated inspection company UVeye. ([Autocar](#))

#### **Nissan and Mitsubishi** (history)

- Nissan is closing its Almera, Philippines, assembly plant. ([Nikkei](#))

- Nissan declared itself satisfied with the post-Brexit trade deal and said it will move additional battery production to the UK. ([BBC](#))

#### Renault (history)

- Renault Samsung has offered voluntary redundancy to nearly all its workers. ([Chosun Ilbo](#))

#### Stellantis (formed via the merger of PSA and FCA)

- Published a post-merger overview to explain why the enlarged company will be so strong. Stellantis believes that vehicle costs will rise between 20% - 40% (based on figures from consultants) because of new regulations and technologies. ([Stellantis](#))
- Announced the key post-merger executive positions, and their holders. The structure is a matrix of brand heads (e.g. Jeep, Peugeot), regional sales groups (e.g. North America, Europe) and global functions (e.g. manufacturing, engineering). There are several points which appear unresolved -- Jeep sitting as a sole “global SUV” brand rather than within the premium group; ex-FCA CEO sitting as “Head of the Americas” -- separate to the head of North and South America -- without an equivalent anywhere else in the World. ([Stellantis](#))
- CEO Tavares said that the Stellantis merger would protect jobs because the company would be so strong that it could afford to invest in great new products, even in an industry downturn. He also appeared to set aside plans for Peugeot to enter the US market, saying that it might be better to simply concentrate on existing brands and introduce European products under those marques (something that GM largely failed to do successfully). ([Detroit Free Press](#))
  - Significance: It might later transpire that Mr Tavares means jobs have been preserved versus an imaginary level of cuts both companies would have needed to make if they remained independent. Workers at Opel / Vauxhall would certainly disagree with the statement that all jobs have been preserved following their takeover by PSA.
- CEO Tavares, who until recently threatened the future of the Ellesmere Port, UK, plant if there wasn't a post-Brexit trade agreement (which there now is), threatened the future of the Ellesmere Port, UK, plant if the government doesn't step in with grants to bolster the business case for electric vehicles. He says the government needs to do this because it plans to end the sale of cars powered purely by internal combustion engines, which he called “brutally” changing the rules. ([BBC](#))
  - Significance: As an international player with a strong historical presence in Italy, France and the USA, CEO Tavares is likely to feel confident in leaning on governments and unions in countries which are less important strategically (think Canada, UK, Spain and Germany).

#### Tesla (history)

- Sued a recently hired, and then quickly fired, employee for allegedly stealing trade secrets. He claims that he simply made copies so he could work more easily from home. ([CNBC](#))

#### Toyota (history)

- Toyota manufacturing plants in Japan are reportedly loaning staff from aircraft parts makers such as Mitsubishi Heavy and Kawasaki Heavy to ramp up production. Their parent companies apparently have little for them to do, owing to a downturn in the aviation market. ([Nikkei](#))

#### VW Group (history)

- Announced preliminary financial results for full year 2020. Operating profit (excluding special items) was around €10 billion whilst automotive net cash flow was about €6 million. ([VW](#))
- As anticipated, VW “narrowly” missed its European fleet CO<sub>2</sub> target for 2020 (i.e. by about 0.5 g/km CO<sub>2</sub> against a target of around 98.5g/km). Rather than dwell on the failure, the company heralded the performance of the VW and Audi brands in meeting their emissions targets (thus pointing the finger of blame at SEAT and Škoda), whilst promising to fix the problem for 2021. There won't be any hit to profits from the fines because VW has been reserving for them just in case. ([VW](#))
- Will stop selling the mainstream Golf in the USA, although sporty GTi and R models will still be available. ([VW](#))
- Porsche increased its investment in APX, a venture capital firm it owns with media giant Axel Springer. ([Porsche](#))

- Porsche launched a entry level version of the Taycan, in addition to a smaller battery and motor, the car has a lower maximum charging rate. With Porsche implying massive demand for the Taycan, it remains to be seen how many of this derivative will be sold. ([Porsche](#))
- After declaring a successful launch for the ID.3 and ID.4, VW is dissolving the special executive role dedicated to looking after electric cars. The incumbent will become head of development for all the brand's cars. ([VW](#))
- Announced the formation of a Chinese joint venture with long-time partner FAW for all-electric premium vehicles. VW and Audi will own 60% of the company. ([VW](#))
- Reportedly looking at charging Bosch and Continental with some of the costs it will incur to deal with the shortage of semiconductors. ([Handelsblatt](#))
- Seeking to bury the mistakes of the past when changes to emissions rules have caught the company out, Audi said that it had already converted all engines over to the EU 6d standard. ([Audi](#))
- Rumour has it that VW's next generation battery electric vehicle program, supposedly dubbed Project Trinity, will have a unique platform that will unleash massive new potential for manufacturing efficiencies. ([Autocar](#))
  - Significance: If true, the move would indicate that VW is dispensing with the MEB platform after a single cycle of product, rather than the many generations executives initially promised, significantly eroding one of the key arguments in favour of dedicated mega-platforms: that they are so versatile you can use them over and over again.

## Other

- **Rivian** raised \$2.6 billion in fresh funding, taking the total to \$8 billion. ([Rivian](#))
- **Aiways** is reportedly looking to raise funds, whilst preparing for an old-school IPO later in 2021. ([Deal Street Asia](#))
- **BYD** raised \$4 billion through a rights issue. ([Nikkei](#))
- **Evergrande** raised \$3.4 billion through a share placement. ([Economic Times of India](#))

## News about other companies and trends ...

### Economic / Political News

- **European** passenger car sales of 11.96 million units in 2020 fell (24)% on a year-over-year basis. In December they fell (4)%. ([ACEA](#))
- **German** chancellor Merkel reportedly told automotive industry bosses that she might have to order them to close plants to contain coronavirus. ([Handelsblatt](#))

### Suppliers

- **Semiconductor manufacturers**, currently at the centre of a supply squeeze that has been leading to rolling automotive factory shutdowns, are reportedly demanding price rises of 10% - 20%. Chip making executives hinted that it was because their raw materials suppliers were too concentrated and they were trying to find out who really wants the chips badly enough. ([Nikkei](#)) The Taiwanese government said it had told local suppliers to prioritise automotive components. ([Reuters](#))
- **Grammer** reported preliminary financial results for 2020. Revenue was €1.7 billion and EBIT was a €(49) million loss, wholly explained by restructuring and one time effects. ([Grammar](#))
- **Oshkosh Corporation** completed its takeover of **Pratt Miller**. ([Oshkosh](#))
- **Motherson** acquired Turkish plastics supplier **Plast Met Group**. ([Autocar](#))

### Dealers

- German online car seller **Mobility Holding** is preparing to float and might be worth €1.4 billion. ([Reuters](#))
- Refinancing company **MotoRefi** raised \$9 million. ([TechCrunch](#))

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

- **Bolt Mobility** acquired the assets of **Last Mile**. ([FINSMES](#))

## Driverless / Autonomy (history)

- **Waymo's** CEO says autonomous vehicles will be cheaper to build than many expect (although perhaps not **GM's** Cruise unit, who have already been saying the same thing for a while). He also said that **Tesla's** sensor set is markedly inferior to Waymo's when it comes to autonomous driving. ([Manager Magazin](#))
  - Significance: the statements may well prove to be correct, but since no one in the World has a self-driving vehicle which can be deployed at scale, let alone learn new geographies quickly, it is unclear what a good enough solution will look like. It is quite possible that all parties are underestimating the need for, and cost of, redundancy at all levels of the system.
- **Denso** will use lidar units from **Aeva** to create integrated sensing systems for advanced driver assistance. ([Denso](#))
- **GM's Cruise** raised an additional \$2 billion from existing investors, with **Microsoft** joining in too. The software firm will supply cloud computing services to the autonomous vehicle unit as part of the deal. ([GM](#))

## Electrification (history)

- Charging network **Volta** raised \$125 million. ([Volta](#))
- Charging network **EVGo** is listing via a merger with a special purpose vehicle. Current owner **LS Power** will have a 74% stake in the firm once it goes public. ([TechCrunch](#))
- Battery maker **SK Innovation** took a 13.3% stake in **BAIC's** battery swapping business. ([ET News](#))
- Battery developer **StoreDot** (**Daimler** is an investor) says it has proved a fast charging battery can be mass manufactured. ([The Guardian](#))

## Other

- Air taxi firm **Joby Aviation** is reportedly looking to list. ([Reuters](#))