



AD PUNCTUM

Autos & Mobility Industry Briefing -- 22nd February to 28th February 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)

- Despite an existing [agreement with BMW](#) to share electric drive technology, JLR said that their next generation motors would be “JLR designed and engineered”, implying that the relationship may have been scaled back. ([JLR](#))

Daimler (history)

- Daimler trucks announced a collaboration with Cummins that will see the medium duty engine range (i.e. for buses and smaller trucks) transition over to Cummins designs from 2025 onwards. Cummins will take over one of Daimler’s German engine plants as part of the deal. ([Daimler](#))
- Took the wraps off the redesigned C-Class. As part of the ongoing simplification of the ICE powertrain line-up, the car is now only available with an automatic transmission. A PHEV promises 100km of all-electric range. ([Daimler](#))
- Launched a free trip recording app that lets prospective customers measure their real world use and then calculates the potential for a battery electric vehicle. The product is currently aimed at van operators. ([Daimler](#))
- Because business results have been better than expected, Daimler is relinquishing some of the concessions wrung from workers at the depths of the coronavirus crisis and will pay workers a bonus. ([Handelsblatt](#))
- Mercedes’s COO says the C-Class won’t get a battery electric version until mid-decade at the earliest and feels confident that the forthcoming all-electric product onslaught will give customers enough to think about in the interim. ([Autocar](#))

Ferrari

- Ferrari will build a Le Mans hypercar. ([Il Sole 24 Ore](#))

Ford (history)

- CEO Farley said that the US government should support the construction of domestic battery factories, invoking the current problem of semiconductor supply as evidence of the alternative. ([Reuters](#))
- The US Postal Service awarded a mega order for a next generation van which used Ford’s Transit chassis in the testing phase. It isn’t yet clear to what extent Ford will benefit from the decision. ([The Verge](#))
- Recalling over 79,000 pickup trucks because the windscreens may not be properly glued to the body and another 11,000 trucks because they have labels that incorrectly state the payload capacities. ([Ford](#)).

Geely (includes Volvo) (history)

- Geely and subsidiary Volvo Cars won't merge after all. Instead the two brands issued a press release trumpeting (existing) plans to combine internal combustion engine production and share vehicle underpinnings. ([Geely](#))
 - Significance: If Geely has failed to fully absorb Volvo, does that mean Daimler's stakeholders can breathe a little easier knowing that the threat of a full-blown merger has perhaps receded on technical grounds (not that this rules out a takeover)?
- Lynk&Co will use Volvo's distribution and service network, rather than building its own. It remains to be seen whether these will be supported by local brand centres. ([Geely](#))
- Geely intends to share in forthcoming vehicle engineering, including the SPA2 platform, indicating that larger products are on the horizon. ([Geely](#))

Honda (history)

- Created a battery swapping consortium for motorcycles and light vehicles with other prominent motorcycle players including Yamaha and KTM. ([Honda](#))
 - Significance: Given the role of motorcycles as the first step on the automotive ownership ladder in many emerging markets, it seems likely that if the idea of battery swapping catches hold in that segment, customers will be more receptive when they graduate to cars, especially if it proves cheaper than owning larger batteries.

Hyundai / Kia (history)

- Unveiled the Hyundai Ioniq 5 hatchback. Hyundai said the car had generated plenty of interest from customers, with 236,000 enquiries received in Europe within 24 hours of the launch – about 5% of which translated into initial orders. Hyundai said it was the most successful product reveal in the brand's history. ([Hyundai](#))
- Kia Canada launched a self-styled virtual auto show. The offering bares a visual similarity to a configurator but includes games where the customer can pretend to drive a Kia Stinger around a race track, learning about the technological features and being steered to safety anytime they risk a crash. ([KIA](#))
 - Significance: The current iteration is processor-hungry and not entirely smooth, but as such sites develop they could be a year-round presence with relatively low investment, and point to the kind of enhanced capabilities brands may need to add to websites if they expect customers to buy directly from them.

Mazda

- Recalling around 14,000 CX-30 in the USA because the powered liftgate might drop onto people's heads if the car is parked on a slope in the wrong type of weather conditions for too long. ([Mazda](#))

Nissan and Mitsubishi (history)

- Nissan said that the next generation of small gasoline engines that will go into series hybrid products (e-POWER in Nissanspeak) will have a thermal efficiency of over 50%. To put it in context, this is a [similar level](#) to the highly acclaimed current generation of Formula 1 engines (albeit that the task for Nissan's engine is made simpler by not having to respond to as wide a variety of operating loads). ([Nissan](#))
- Mitsubishi appears set to perform a u-turn on plans to withdraw from the European market, and is reportedly instead contemplating selling Renault-built cars on the continent. ([FT](#))

Stellantis (formed via the merger of PSA and FCA)

- Unveiled a relaunch of the Peugeot brand that will see the existing full body profile dropped in favour of a headshot, with cars carrying a shield style badge that Peugeot says crowns a move upmarket. The revamp appears to herald an upgrade for dealerships; it is unclear what level of investment will be required. ([Peugeot](#))
- Unions and government officials were in a flap over Stellantis's threats to stop giving the Ellesmere Port, UK, plant new models, citing the policy of ending combustion engine sales by 2030 as a risk to demand. ([The Guardian](#))
 - Significance: At first PSA, Stellantis's predecessor said that uncertainty around a post-Brexit trade deal was threatening the factory's future. With that sewn up, the company has now set its sights on the (not new) 2030

target. It appears unlikely that in the long term the sub-scale factory will not succumb to competition from other plants.

- By 2022, the Vauxhall brand will have delivered 3,000 all-electric Vivaro vans to a single customer, UK energy giant Centrica. ([Vauxhall](#))
 - Significance: With start-ups attracting high valuations based on order books of a similar range, investors may soon be forced to choose between giving traditional automotive businesses higher multiples for their sales success, or becoming more bearish on startups with less demonstrable sales momentum.
- Jeep is coming under pressure to stop using the Cherokee brand. ([BBC](#))
- CEO Tavares reportedly warned Italian unions that costs were too high compared to other countries, but said that labour costs weren't the issue. ([Automotive News](#))

Suzuki

- Announced a new mid-term plan that will see Suzuki concentrate on defining its response to changing environmental technologies, with a focus on CO₂ from the tailpipe and CO₂ in manufacturing, plus the impact of connectivity, autonomy and electric powertrain. The firm is now targeting carbon neutral production by 2050. By 2025, the revenue is targeted to grow over 50% from 2020 levels to 4.8 trillion JPY (about \$45 billion) from sales of 3.7 million vehicles (plus 2 million motorcycle). The operating income target is 5.5%. ([Suzuki](#))
- Suzuki's chairman is retiring. ([Nikkei](#))

Tata (includes JLR) (history)

- JLR hosted an investor day where more details of the company's turnaround plan were unveiled. Land Rover is targeting aggressive market share gains in China, UK and Europe. JLR expects PHEV (used only by Land Rover in the latter half of the decade) to be a marginal technology and forecasts the powertrain will take 10% of sales in 2030, down from 15% in 2026 (by 2030 ICE/48V share is forecast to be 30% -- all Land Rover). Two Defender-branded SUVs are in the product plan (page 23), whilst further Range Rover derivatives, including the rumoured Road Rover, appear to have been dropped. There still seems to be a place for both Velar and Evoque. ([JLR](#))
- On Pages 26 and 27 of the presentation, Jaguar Land Rover kindly reimagined the [E-FIRST concept drawings from Evercore and Ad Punctum's 2018 paper](#), showing how a single platform could be re-purposed across battery electric, hybrid and plug-in hybrid variants. The company talks of "one simplified electrified compact ICE" to power all vehicles, implying but not confirming a series hybrid approach, and at the very least, substantive use of electrification for augmentation to allow the smaller engine to run at a more steady state. ([JLR](#))
- Despite an existing [agreement with BMW](#) to share electric drive technology, JLR said that their next generation motors would be "JLR designed and engineered", implying that the relationship may have been scaled back. ([JLR](#))
- Jaguar is aiming for only a small slice of JLR's total volume, indicating a dramatically slimmer line-up from today, possibly only two to three cars. JLR's volume projections (page 31) shows an indicative volume of only around 10% - 15% of total company sales by 2030. ([JLR](#)).
- JLR is explicitly looking to increase collaboration with companies outside Tata in products, as well as data and services, aiming to create a vehicle architecture ecosystem. By 2027, the company expects capacity utilisation to be above 100% (as measured by 2 shift operating). This will mostly be accomplished by reducing production as increased overall sales are anticipated to be relatively modest, up around 10% - 15% from current levels, some of which will be industry recovery. By the end of 2021, JLR expects its breakeven points to be between 400,000 – 450,000 units annually, a level which it expects to maintain into the future. Despite the push into electric vehicles and the creation of new platforms, JLR says it can bring investment in new products and plants down (page 51). The end result is a targeted 10% EBIT margin by 2026. ([JLR](#))
 - Significance: Whilst 10% EBIT margin is an ambitious target compared with rivals, it is probably the minimum return necessary to justify JLR's continued independence. The question is therefore what will happen to the company if by mid-decade it has failed to realise its objectives.

Tesla (history)

- CEO Musk told employees that demand for refreshed Model S and Model X was so high that the company would put on a second shift and increase production capacity. ([Electrek](#))
- Musk said on Twitter that Tesla was changing the chemistry of the batteries used in entry level cars to use less nickel and conserve resources. ([Electrek](#))
- Tesla apparently isn't immune to chip shortages and has planned downtime for the Model 3. ([Business Insider](#))

Toyota (history)

- Toyota has developed a near plug-and-play fuel cell system that it hopes to sell to manufacturers of low volume commercial vehicles, trains and boats. ([Toyota](#))

VW Group (history)

- Reported preliminary financial results for 2020. Revenue of €223 billion fell (12)% on a year-over-year basis, less than a sales volumes drop of (16)%. Operating profit of €10.6 billion (excluding diesel costs) was (45)% lower than prior year. ([VW](#))
- Real Madrid players posed with a fleet of new Audis that the brand was handing over as a part of a marketing exercise, presumably before handing them over to their nannies (unless you believe Zinedine Zidane drives a diesel estate car). ([Audi](#))
- Porsche will reportedly participate in a new funding round for Rimac with Bugatti being included as a sweetener to take Porsche's share to almost 50%. ([Reuters](#))
- Hopes to put autonomous delivery vehicles on the road in 2025, based on the ID Buzz minibus. ([VW](#))

Other

- **Lucid** announced a deal to go public in a \$24 billion mega merger with a special purpose vehicle. ([Lucid](#)) CEO Rawlinson says six rival automakers have recently asked about sharing technology. ([Reuters](#))
- **Aston Martin** reported 2020 financial results. Wholesale volumes of 3,394 cars dropped (42)% from 2019 (retails were down (32)%), and revenue of £612 million dropped (38)%. The operating loss was £(323) million and free cash flow was £(539) million. Executives promised that 2021 financial performance would be much improved as a turnaround plan comprising cost reductions, organisational efficiency and reductions in dealer stocks take hold. ([Aston Martin](#)) In the earnings call, CEO Moers said Aston Martin will have electrified 90% of the portfolio by 2030 and that he is working an additional, unspecified, derivative of the Valkyrie hypercar. ([Seeking Alpha](#)) Aston Martin also announced a debt issue to raise £76 million. ([Aston Martin](#))
- **Fisker** reported financial results for 2020 and announced [an agreement with Foxconn](#) for its second vehicle. Unsurprisingly, the company reported a loss since it has no revenue. In 2021 Fisker says its rate of development spending will increase by around 10 times from 2020 levels (and about 3-4 times from Q4 run rates). The new product will be built in Foxconn's facilities and Fisker thinks it can sell 250,000 per year. By confirming that this will be Fisker's second product, the brand implied that the Emotion sports car (which had been scheduled for an earlier release date) is either deferred or cancelled. ([Fisker](#))
 - Significance: Fisker's sales targets are highly ambitious given the company's currently very small distribution network. Although the plan is partly to use external providers for vehicle distribution and servicing, the objectives are likely to require a substantive retail presence across the globe. Even if Fisker were able to replicate **Tesla's** class-leading sales per dealer numbers, over 300 sites would be required.
- **Li Auto** reported financial results for Q4 2020. Revenues were \$636 million on sales of 14,464 units, and the company had an operating loss of \$(12) million. Li Auto said sales continue to improve -- in January 2021 5,379 units were delivered, putting the brand on track for its best ever quarter. If sales were to continue at the present level for the entire year, they will exceed 1,000 vehicles per sales outlet, a marker of strong sales performance. ([Li Auto](#))
- **Workhorse's** share price took a pummeling after it failed to win a major US postal service contract. ([The Verge](#))
- Supercar maker **Mazzanti** is hoping to raise money through a cryptocurrency offering. ([FinTech Magazine](#))

- Hydrogen truck maker **Hyzon Motors** agreed to list via a merger with a special purpose entity. The company is now planning a fuel cell factory with capacity for 12,000 units each year -- Hyzon reckons it will be the World's largest, which says something about how much (or how little) auto makers are betting on the technology. ([Hyzon](#))
- **Nikola Motors** confirmed that the launch dates of the company's fuel cell trucks have been pushed back. The Scania-based TRE will hopefully launch in 2023, whilst the more stylish and longer range Nikola Two won't arrive until 2024. Battery electric products should arrive sooner. ([Nikola](#)) Nikola also reported financial results. In Q4 2020, the firm suffered a net loss of \$(147) million. With about \$845 million of cash in the bank and spending of around \$(150) million per quarter -- which seems likely to rise, Nikola will quickly become illiquid without revenue. ([Nikola](#))
- Electric truck maker **Hyllion** reported a Q4 2020 loss of \$(21) million. ([Hyllion](#))

News about other companies and trends ...

Suppliers

- **Faurecia** reported full year 2020 financial revenue of €14.6 billion and €406 million of operating income. The company hosted an investor day to discuss the company's push into hydrogen vehicles and aspirations for share and pricing increases for interiors and electronics. The overall target is to grow revenue to around €24.5 billion by 2025 (up from a near term run rate of about €18.5 billion) and maintain a 8% operating margin. ([Faurecia](#))
- Ahead of its public listing, lidar firm **AEye** raised \$225 million from investors including **Continental, GM, Hella** and **Subaru**. ([AEye](#))
- **Advik Hi-Tech** acquired **Hanon's** Bangalore water pump factory. ([Autocar](#))
- Interiors supplier **ECARX** raised \$200 million. ([Deal Street Asia](#))
- **Dana** acquired controls software firm **Pi Innovo** (Dana already held a minority stake). ([Dana](#))
- **Samsung's Harman** acquired over the air software provider **Savari**. ([Autocar](#))
- **Samsung SDI** is expanding capacity at its Hungarian factory -- to 40 GWh. ([ET News](#))
- **Michelin** says that by 2050 it will be able to make tyres that use completely sustainable raw materials, up from 30% today. ([Michelin](#))

Dealers

- UK online car supermarket **Cazoo** acquired German all-inclusive leading firm **Cluno**. ([Motor Trader](#))
- US all-inclusive leasing firm **NextCar** raised \$30 million. ([Axios](#))

Ride-Hailing, Car Sharing & Rental (history)

- **Didi's** bicycle rental unit raised \$600 million. ([Deal Street Asia](#))

Driverless / Autonomy (history)

- **Aurora** acquired lidar developer **OURS Technology**. ([TechCrunch](#))
- **Navya** and **Bolloré**-owned **Bluebus** are collaborating on a design for an autonomous bus. ([Navya](#))
- **VW** hopes to put autonomous delivery vehicles on the road in 2025, based on the ID Buzz minibus. ([VW](#))

Electrification (history)

- The **US Postal Service** announced the winner of a competition to build a fleet of between 50,000 – 165,000 mail vans to partially replace 190,000 older vehicles, many of which have spent decades in service. News of **Oshkosh's win** and was bad for **Workhorse**, which then saw dramatic falls in its share price. ([The Verge](#))
- **Huawei** doesn't want to brand cars, but could be heavily involved in their software. ([China Money Network](#))
- Battery developer **SVOLT** raised \$541 million. ([Deal Street Asia](#))
- Battery developer **NyoBolt** raised \$10 million. ([FINSMES](#))
- German electric vehicle startup **Next.e.Go** raised €30 million. ([Next.e.Go](#))

Other

- Air taxi firm **Joby Aviation** is going public in a merger with a special purpose entity. ([Economic Times of India](#))
- **Archer Aviation** hopes to start commercial operations in 2024. ([TechCrunch](#))
- Metal additive manufacturing company **Mantle** raised \$13 million. ([TechCrunch](#))