



AD PUNCTUM

Autos & Mobility Industry Briefing -- 22nd October to 28th October 2018

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)

- Increased the size of a recall linked to diesel cars with EGR problems to cover 1.6 million vehicles. ([BMW](#))
- Announced that software firms KPIT and TTTech would join its self-driving platform with the specific aim of developing tailored solutions for third parties. ([BMW](#))
- BMW might bid for its own 5G spectrum in Germany, rather than relying on the mobile phone companies to provide the infrastructure the company believes it needs. ([Handelsblatt](#))

Daimler (history)

- Announced Q3 2018 financial results. Revenue of €40.2 billion was down (1)% on a year-over-year basis, EBIT of €2.5 billion was down (27)% (previously declared). Daimler called the business environment “volatile”. ([Daimler](#))
- As rumoured, Daimler and Geely formed a “premium ride-hailing” joint venture that will use Mercedes-Benz cars, and in time possibly some of Geely’s offerings, for on-demand travel in Chinese cities. It isn’t yet clear how the service will integrate with Geely’s existing CaoCao ride hailing venture. ([Daimler](#))
- CEO Zetsche said he wouldn’t rule out a future collaboration with Tesla, despite having sold all Daimler’s shareholding. Daimler’s PR said he was talking in hypothetical terms. ([Reuters](#))
- Launched a new range of prams featuring AMG-inspired wheels. Although Daimler declined to comment on specific volume and profit expectations, it appears the benefit of the new product was already taken into account in the company’s recent profit warning. ([Daimler](#))
- Opened a new technology centre for the Truck and Bus group in Lisbon, Portugal. ([Daimler](#))
- Said that it might make some money on electric cars. ([Seeking Alpha](#))
- Looking at alternative production locations that would reduce the effect of tariffs on vehicles shipped from the USA to China but believes it is too early to say anything about what it might do. ([Reuters](#))
- Under investigation from US regulators for the way in which it handles recalls (they think: too slowly). ([Bloomberg](#))

FCA (history)

- Idling minivan production in Windsor, Canada for one week. ([Blackburn News](#))

Ford (history)

- Reported Q3 2018 financial results. Revenue of \$37.6 billion was slightly improved versus the prior year but adjusted profit of \$1.7 billion was \$(0.6) billion worse than Q3 2018. Only North America and Middle East and Africa were profitable. ([Ford](#))
- Said that market conditions had been tougher than expected and the business was no longer on track to meet the 2020 financial objectives it recently set itself, but that the executive team still intends to achieve them at an as-yet undetermined future date. ([Ford](#))

- Said that the European business has two key problems: cost control and too few SUV products. ([Ford](#))
- Shutting down vehicle production in Valencia, Spain for nine days and engine production for 13 days, citing lower demand. ([Reuters](#))
- Will start testing self-driving cars in Washington DC. ([Ford](#))
- Stopped production of JLR engines in Bridgend for a week, mirroring the customer shutdown. ([Wales Online](#))
- Launched production of the Ranger pick-up at the Michigan Assembly plant. ([Ford](#))
- Hired a new CEO in China and reorganised its operations so that China will now report directly to the head of global markets rather than through the Asia Pacific region. Ford's press release also said the leader of the rump Asia business would head up a new International Markets unit, implying a wider reorganisation including some of the markets in Europe, Middle East and South America. ([Ford](#))
- VW and Ford are reportedly exploring in-depth sharing of autonomous driving technology. Ford already has a majority share in partner Argo AI whilst VW has partnered with Aurora but was apparently rebuffed in an informal takeover approach. Ford executives stressed that nothing was off the table. ([Bloomberg](#))
- Recalling 1.46 million Focus vehicles in North America to fix a problem that might lead to cars stalling. Ford has advised customers to keep tanks at least half full until they've been serviced. ([USA Today](#))
- Skipping the 2019 Geneva show, after missing Paris in 2018. Sources said it still considers the event an ongoing priority but just doesn't think it will have enough interesting things to talk about. ([Autocar](#))

Geely (includes Volvo) (history)

- Volvo reported Q3 2018 revenue of 56.8 billion SEK (~\$6 billion), up 18% on a year earlier and operating profit of 1.8 billion SEK (~\$200 million), down (50)% on the prior year -- blamed by Volvo on launch costs, higher tariffs and royalties. Volvo preferred to focus on the full year, where it expects to beat 2017. ([Volvo](#))
- As rumoured, Daimler and Geely formed a "premium ride-hailing" joint venture that will use Mercedes-Benz cars, and in time possibly some of Geely's offerings, for on-demand travel in Chinese cities. It isn't yet clear how the service will integrate with Geely's existing CaoCao ride hailing venture. ([Daimler](#))
- Volvo invested in charging firm FreeWire. ([Volvo](#))
- Lynk&Co might enter the US market by selling merchandise first and only putting cars on sale once the brand has become established. ([Automotive News](#))

General Motors (history)

- GM's Cruise self-driving unit is having problems meeting pre-launch targets, according to off-the-record sources, but the unit's CEO expressed confidence in the previously announced 2019 launch date. ([Reuters](#))
 - Implication: The concerns focus on the vehicle AI's ability to identifying other road users and in correctly assessing whether they are moving or stationary. These are common problems to self-driving researchers, with many systems struggling with the particular problem (called out in the article) of working out whether an object is a locked up bicycle, a person on a bicycle or someone walking with a bicycle.
- Said that a nationwide US zero emissions vehicle incentive program could boost demand such that in 2030 there would be 7 million such vehicles on the road. ([GM](#))
 - Implication: Since 7 million vehicles isn't a very large number in terms of the overall fleet, GM's statement implies the company only believes market shares in excess of 15% are possible with sales incentives.
- Korea's state development bank said that although it was not "unconditionally" opposed to a separation of GM's production and research units in the country, but wanted to see more information on how it would be run as a going concern. ([Yonhap](#))

Honda (history)

- Reportedly considering producing the Fit small car in Japan for sale into the US market. It is currently shipped from Mexico. Honda denied any firm plan was already in place. ([Reuters](#))
- Will use technology from SoundHound to create an AI personal assistant. ([SoundHound](#))

Hyundai / Kia (history)

- Hyundai reported Q3 2018 Financial results. Sales of 1.121 million units were down (0.5)% versus the same period in 2017. Revenue of 24.4 trillion KRW (~\$21.4 billion) was up 1%, driven by increased financing. Operating income of 289 billion KRW (~\$250 million) was down (76)% with the automotive division recording a loss -- blamed on one-time recall costs. ([Hyundai](#))
- KIA reported Q3 2018 revenue of 14 trillion KRW (~\$12 billion), down (0.2)% on a year-over-year basis. Operating profit of 117 billion KRW (~\$100 million) was a turnaround of almost 550 billion KRW (~\$480 million) from the prior year loss. ([KIA](#))

Mazda

- Revised full year profit expectations downwards, citing the impact of floods earlier in the year and adverse exchange rates. ([Nikkei](#))

Nissan (includes Mitsubishi) (history)

- Said it had enough Nissan Leaf vehicles enrolled in its vehicle-to-grid scheme to qualify as a power station under German regulations. ([Nissan](#))

PSA (includes Opel/Vauxhall) (history)

- Announced Q3 2018 revenues (PSA only reports profits at half-year and full-year) of €15.4 billion, up from €14.3 billion in Q3 2017 (but missing one month of Opel / Vauxhall sales). ([PSA](#))
- Faurecia will buy navigation systems supplier Clarion after agreeing terms with majority shareholder Hitachi. It will headquarter its connectivity-related businesses in Japan. ([Faurecia](#))
- Chose Washington DC as the first location for Free2Move carsharing services. Users will also be able to access a variety of bicycle and scooter rental options. It looks like Chevrolet is providing the vehicles. ([PSA](#))

Renault (history)

- Reported Q3 2018 revenue of €11.48 billion (Renault only reports profits at half-year and full-year), down (6)% on a year-over-year basis. Renault said the decrease was down to exchange rate volatility and weakness in markets outside Europe. Renault expects market growth in the full year to be worse than previously hoped for. ([Renault](#))
- Will reportedly increase annual production in Casablanca, Morocco to 160,000 units by 2022. Combined with another plant in Tangier Renault will have capacity for 500,000 units in the country. ([Xinhua](#))
- Transferred production of the Renault Twizy to a Renault-Samsung factory in Busan, South Korea. The 33 workers who had previously manned the line will now make PHEV battery packs instead. (Wards)

Tata (includes JLR) (history)

- Launched operations at JLR's new plant in Nitra, Slovakia. JLR has already launched a second stage of recruitment to take employment from 1,500 to around 2,350. ([JLR](#))

Tesla (history)

- Reported financial results for Q3 2018. Revenue of \$6.8 billion was up 129% on a year-over-year basis, explained by higher shipments. Net income of \$312 million was almost \$1 billion better than Q3 2017. Tesla also had positive cash flow. ([Tesla](#))
- During the earnings call, Tesla confirmed that it intends to launch an autonomous ride hailing network that will run both customer-owned and Tesla-owner cars. Elon Musk speculated at a 30% cut for Tesla on the billings of customer-owned vehicles. ([Seeking Alpha](#))
 - Implication: We could well be proven wrong but we believe the number of private customers opting in will be low. The premium they will expect -- several hundred dollars in revenue per month based on our straw polls -- plus Tesla's mark-up is likely to make the cost per mile similar to taxis today. The high level of Musk's figure (versus about 10% commission that is common on platforms like eBay and Amazon) suggests Tesla has not thoroughly researched the topic yet.

- Intends to reduce delivery times from factory gate release to customer handover to under 10 days for North American vehicles. ([Seeking Alpha](#))
- Believes latent demand for Model 3 is between 500,000 and 1 million vehicles per year, seeing BMW 3 Series as a competitor it should outsell. ([Seeking Alpha](#))
 - Implication: As our 2017 analysis showed, we strongly disagree with Tesla's analysis, seeing 3 Series as having a distinct advantage in terms of: product portfolio; dealership network and strength of finance offering.
- CEO Musk said “many” interior options for Model S and Model X will be dropped from the start of November. He said this was to simplify production. ([Business Insider](#))
- Tesla's new factory in China will produce two models, according to environmental assessments. ([Reuters](#))
- The US state of Oregon clawed back tax credits awarded to Tesla solar power projects saying costs had been inflated. Tesla denied any wrongdoing, but also pointed out this had happened prior to the SolarCity takeover. ([CNBC](#))
- Under investigation by the FBI for the statements it made around Model 3 production. ([Economic Times of India](#))

Toyota (history)

- Considering an all-electric MR2. ([Autocar](#))

VW Group (history)

- CEO Diess said there was too much emotion in the debate about retrofitting German diesel-powered vehicles with additional hardware to improve emissions. ([Handelsblatt](#))
- VW's Heycar used car sales platform is apparently growing faster than the targets it was set and has sold over 320,000 vehicles. ([Handelsblatt](#))
- VW is reportedly planning to produce batteries with SK Innovation and might collaborate with Waymo on ride hailing. The firm is said to be contemplating purchasing a 10% stake in Waymo for €12 billion. ([Reuters](#))
- VW is reducing its sales forecast for China according to the head of its local business unit. ([Nikkei](#))
- Unveiled the T-Cross, saying SUVs will make up 50% of VW brand sales by 2025. ([VW](#))
- Undertook a restructuring of the truck division so that the energy and powertrain portfolio stays with Volkswagen group and the truck and bus unit (Traton) can approach an IPO as a “pure” business unit. ([VW](#))
- Audi said that more than 95% of electric vehicle batteries could be recycled, in a laboratory. It will now develop a higher volume process and a way to re-use the recovered raw materials. ([VW](#))
- Agreed with its Algerian JV partner to produce Amarok pick-up trucks in the country. ([VW](#))
- VW and Ford are reportedly exploring in-depth sharing of autonomous driving technology. Ford already has a majority share in partner Argo AI whilst VW has partnered with Aurora but was apparently rebuffed in an informal takeover approach. Ford executives stressed that nothing was off the table. ([Bloomberg](#))
- Porsche suggested that it could charge US dealers between \$300,000 to \$400,000 each to partially offset some of the cost of superchargers the company proposes to install on their premises. ([Automotive News](#))
- Lamborghini's boss said the firm is contemplating building a limited series super car following the example of the McLaren Senna and Aston Martin Valkyrie. ([Autocar](#))
- Unveiled an “extensive update” for the Audi R8. ([Audi](#))

Other

- **Dyson's** electric car will be built in Singapore. Production is due to start in 2021. ([Auto Express](#))
- **McLaren** unveiled the £1.75 million Speedtail hypercar. The vehicle has several design features to emphasise aerodynamic performance including front wheel fairings and retractable rear view cameras. ([McLaren](#))
- Chinese firm **Aiways** plans to build several hundred RG Nathalie fuel cell sportscars and says it has a factory in China capable of building 150,000 mass-market cars per year. ([Autocar](#))
- **WM Motor** is reportedly raising over \$400 million in a round that will value it at around \$3 billion. ([Reuters](#))
- **Fisker** has received strategic investment from **Caterpillar's** VC arm. ([Caterpillar](#))
- **Aston Martin** opened a new (and slightly cramped) design studio in China, saying it would work on interiors for forthcoming vehicles. ([Aston Martin](#))
- Chinese automaker **FAW** secured a 1 trillion yuan (\$144 billion) credit line, but didn't explain what it needed that much money for. ([Reuters](#))

- **Uniti** is creating a pilot production plant in the UK at Silverstone. ([Uniti](#))
- **Faraday Future** reportedly announced layoffs and a 20% salary cut to staff in an effort to save money after a dispute with its newest investor, who said that nearly \$800 million has been spent in only a few months. Faraday Future now says it welcomes “all investors who share our vision”. ([Faraday Future](#))
- **Lucid Motors** has reportedly gone on a massive hiring spree. ([Thinknum](#))

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

Suppliers

- **Gestamp** reported financial results for Q3 2018. Year to date revenue is €6 billion. ([Gestamp](#))
- **Faurecia** will buy navigation systems supplier **Clarion** after agreeing terms with majority shareholder **Hitachi**. It will headquarter its connectivity-related businesses in Japan. ([Faurecia](#))
- **Lear** reported financial results for Q3 2018. Revenue was \$4.9 billion and net income was \$253 million. ([Lear](#))
- **Faurecia** launched a joint venture with **Liuzhou Wuling** for emissions components. The two companies already have a partnership for automotive interiors. ([Faurecia](#))
- **Veoneer** said it would achieve long-term profit targets later than expected because lucrative contracts were being delayed by problems in customer vehicle programs. ([Reuters](#))
- **Autoliv** reported \$2 billion of revenue and \$193 million of operating income in Q3 2018. ([Autoliv](#))
- **Goodyear** reported Q3 2018 financial results. Revenue was down but profits were up. ([Goodyear](#))
- **Magna** is acquiring mechatronics control company **Haptronik**. ([Magna](#))
- **Gestamp** opened a new stamping plant in Matsuska, Japan. ([Gestamp](#))

Dealers

- Due to high demand for used cars in the **UK**, some dealers are finding there is a shortage of cars in good condition and so are purchasing lower quality vehicles and spending money reconditioning them. ([Motor Trader](#)) There is also a strong demand for used diesel vehicles, despite the drops in new car sales. ([Motor Trader](#))

Ride-Hailing, Car Sharing & Rental (history)

- **Uber** will support drivers in London, UK to buy electric cars with higher incentives for those who drive more and have shown loyalty to the firm. The money is coming from a levy on all trips in London. ([Autocar](#))
- **Waze** will start offering its carpooling service throughout the USA. ([Detroit News](#))
- As rumoured, **Daimler** and **Geely** formed a “premium ride-hailing” joint venture that will use Mercedes-Benz cars, and in time possibly some of Geely’s offerings, for on-demand travel in Chinese cities. It isn’t yet clear how the service will integrate with Geely’s existing CaoCao ride hailing venture. ([Daimler](#))

Driverless / Autonomy (history)

- **Waymo** has started charging customers to ride in self-driving vehicles. ([Financial Times](#))
- **Lyft** acquired augmented reality develop Blue Vision labs in a deal said to be worth up to \$100 million. ([BlueVision](#))
- Lidar developer **Innovusion** raised \$30 million from a group of investors including **NIO Capital** and said it would begin sales of Cheetah lidar units. ([Innovusion](#))
- Researchers published a paper that collated data collected from an online survey of 40 million responses to the best way to act in **trolley problem** scenarios (i.e. where one of two people / groups must die to spare the other). The results showed that opinion varied considerably by country. ([Technology Review](#))
 - Implication: Although trolley problems are frequently among the earliest arguments against self-driving cars raised by sceptics (as if most humans are even aware enough to decide such things for themselves in the heat of the moment), the paper shows the limitation of such thinking. Namely, there is no “right” answer, that is, a common rule set that is universal across cultures. In addition, since this is a decision humans are normally incapable of making even when placed in the same situation, it holds the machines to an artificial standard few can claim to properly understand.
- **Drive.ai** has launch a free ride hailing scheme in Texas to test its autonomous vehicles. ([Auto Rental News](#))

- A senior official at the US department of transportation criticised the quality of **safety metrics** being used by self-driving vehicle developers and said they were insufficient to prove that vehicles are road-worthy. ([Bloomberg](#))
- US authorities halted the testing of an **autonomous school bus** saying that the terms of the permit didn't cover transportation of school children, despite the presence of a full time conductor, the trips being on a closed course and the maximum speed of the vehicle being set at 8mph. ([BBC](#))
 - Implication: Although US rules appear to encourage a laissez-faire approach to self-driving vehicle development, this is a reminder that regulators will have few qualms about shutting down tests they dislike, even if the risks appear very low.
- Indian ride sharing start-up **Zoomcar** will install **Netradyne** driver monitoring hardware in customer vehicles to provide "feedback" on the quality of their driving. ([Autocar](#))
- **BMW** announced that software firms **KPIT** and **TTTech** would join its self-driving platform with the specific aim of developing tailored solutions for third parties. ([BMW](#))
- **VW** and **Ford** are reportedly exploring in-depth sharing of autonomous driving technology. Ford already has a majority share in partner **Argo AI** whilst VW has partnered with **Aurora** but was apparently rebuffed in an informal takeover approach. Ford executives stressed that nothing was off the table. ([Bloomberg](#))
- Or, VW might collaborate with **Waymo** on ride hailing. The firm is said to be contemplating purchasing a 10% stake in Waymo for €12 billion. ([Reuters](#))

Electrification (history)

- **BASF** agreed a cobalt and nickel supply deal with **Norilsk Nickel**. ([Reuters](#))
- **Sun Mobility** has opened several battery swapping stations in India and intends to gradually move from two wheelers and buses to vehicles, once it can convince OEMs to install its batteries. ([Autocar](#))
- **VinFast** aims to open charging locations at 20,000 petrol stations run by **PetroVietnam** by 2020. ([Reuters](#))
- Battery developer **Enevate** received funding from **LG Chem**. The firm believes it can create batteries that achieve 75% charge in five minutes. ([Enevate](#))
- **Volvo** invested in charging firm **FreeWire**. ([Volvo](#))
- Battery maker **Kokam** was acquired by **SolarEdge**. ([Inside EVs](#))
- **Nissan** said it had enough Leaf vehicles enrolled in its vehicle-to-grid scheme to qualify as a power station under German regulations. ([Nissan](#))
- **Audi** said that more than 95% of electric vehicle batteries could be recycled, in a laboratory. It will now develop a higher volume process and a way to re-use the recovered raw materials. ([VW](#))
- **Porsche** suggested that it could charge US dealers between \$300,000 to \$400,000 each to partially offset some of the cost of superchargers the company proposes to install on their premises. ([Automotive News](#))

Connectivity

- **Comroads** launched a peer-to-peer service for sharing dashcam footage. The idea behind the service is that users might get better crash footage than if they only have their own camera's video. ([ZDNet](#))
- **Infineon** launched a new "trusted platform" chip that the company says ensures secure remote access to vehicle control functions, and can be continuously updated to deal with emerging cyber security threats. ([Autocar](#))
- **BMW** might bid for its own 5G spectrum in Germany, rather than relying on the mobile phone companies to provide the infrastructure the company believes it needs. **VW** and **Daimler** also see promise in dedicated networks but hope that the spectrum will be provided free of charge. ([Handelsblatt](#))

Other

- Electric scooter rental firms **Grin** and **Ride** have merged. ([TechCrunch](#))
- Electric motorbike manufacturer **Alta Motors** is reportedly winding down operations. ([Asphalt & Rubber](#))