



# AD PUNCTUM

## News Review -- 8<sup>th</sup> May to 14<sup>th</sup> May

News is arranged by company and topic. Stories that apply to more than one company or topic are duplicated.

### Company-by-company rundown

#### **BMW**

- Said that it had record sales in April of 192,494, an increase of 7.4% year-over-year. Sales of electrified vehicles rose 82.7% YoY to over 25,000 units. The Chinese market was the main driver of growth. ([More...](#))
- Announced an agreement with the City of Hamburg to form a strategic partnership concerning urban mobility. As a part of this, the Hamburg fleet of DriveNow vehicles will expand to 550 cars by 2019 (400 pure electric, 150 PHEV) and the city will provide 1,150 charging points. ([More...](#))
- Media reported that BMW was planning to raise production capacity to 3 million units by 2020. ([More...](#))
- Said that it has not made any changes to its plans for production in Mexico. ([More...](#))
- CEO Harald Krüger called sustainability “a marathon” in his introductory comments to the AGM. He also said that sustainable mobility “thrives wherever there is a combination of three factors: customer, legislation and industrialisation”. He also promised small-scale fuel cell vehicle production in 2021. ([More...](#))

#### **Daimler**

- Mercedes will no longer pursue certification for their diesel engines in the USA, based on the very small market share for the technology and the increased difficulty in obtaining regulatory approvals. This affects 2017 and future model years. ([More...](#))
- Launched a platform for e-identity and data services in partnership with HERE, Allianz (an insurance company), Axel Springer (a media company), Deutsche Bank and CORE (a think tank). The service aims to provide a “master key” that will allow people to register across a number of different providers with the same identity. ([More...](#))
- Said that its Car2Go car sharing scheme had seen a significant increase in “cross-border” rentals in Q1 2017 with 33,000 journeys taken by customers visiting from other European countries using the local Car2Go service. ([More...](#))
- The Mercedes brand will open a global digital delivery hub in Lisbon, Portugal. The brand says that Lisbon is “the place to be” for the digital world. ([More...](#))

#### **FCA**

- Announced a recall of around 1.25 million trucks in the USA. The recall is to fix software that may cause safety equipment to fail to deploy in the event of an accident. ([More...](#))
- Will recall around 1,800 Jeep vehicles in Russia. This is a different recall to the one announced at the end of March. ([More...](#))

## Ford

- Saw increased pressure on CEO Mark Fields due to the company's poor stock price performance since he took over. Media reports speculated on the motives for a reported scheduled extension of a board meeting in order for board members to question Fields on the company's strategy but it was unclear if this was something other than normal practice. ([More...](#))
- Ford of Europe, Middle East and Africa CEO Jim Farley called for ideas to reduce the number of cars in cities saying "we must work on how to take cars out of the system when there is an alternative, more sustainable solution". ([More...](#))
- Ford of Europe, Middle East and Africa CEO Jim Farley said that UK trade deals with Turkey and South Africa were "equally important" to a post-Brexit trading agreement between the UK and EU. He also said that a transition period would be "really critical for the future of our investments in the UK". ([More...](#))

## Geely (includes Volvo)

- Volvo's CEO said that the company was updating its business model due to the changing business environment and that other companies needed to do likewise. In particular he cited the consumer desire for "safer, more sustainable and convenient cars" and that Volvo recognised the limitations of the internal combustion engine. ([More...](#))
- Said that it will build a new R&D centre in Hangzhou, China at a cost of around €830 million. Geely also said that it is aiming for Level 3 automation of vehicles by 2019. ([More...](#))
- Purchased a 30% stake in Danish bank Saxo bank, primarily from the co-founder. Geely hopes to find synergies that allow development of financial services. ([More...](#))
- Volvo Cars received a rating upgrade from Standard & Poors. The rating moved from BB with a positive outlook to BB+ with a stable outlook. ([More...](#))

## General Motors (includes Opel / Vauxhall)

- Cadillac's President gave an interview where he said that the brand was growing in line with plan and that moving the headquarters to New York had been a success. ([More...](#))
- Announced that layoffs at its Delta township plant would be lower than previously speculated (about 600 jobs will be lost rather than the 1,100 figure from March). ([More...](#))
- Said that it was making better than expected progress on reducing battery cost. GM said that against a previous target of \$100 per kWh for a battery cell by 2022, GM's head of product development Mark Reuss said "we'll be there before then, I know we will". Reuss also said that GM is trying to reduce the Bolt's weight in order to have the same range with fewer battery cells. ([More...](#))

## Hyundai / Kia

- Lost an appeal against a (March 2017) recall decision by the South Korean transport ministry. The companies will now have to recall around 240,000 between them. ([More...](#))
- Hyundai subsidiary Hyundai Wia will end its turbocharger joint venture with IHI and will take over the partnership's plant in Seosan, South Korea. ([More...](#))

## Nissan (including Mitsubishi)

- Mitsubishi Motors announced results for financial year 2016. Global sales of 926,000 units was a 12% fall year-over-year. Full year revenues of 1.9 trillion yen were down 16% YoY. Full year operating profit was 5.1 billion yen with a net loss of 198.5 billion yen. Despite the losses, the performance in the last six months was seen as positive progress after the fuel economy crisis that led to Mitsubishi's rescue by Nissan. ([More...](#))
- The CEO of Mitsubishi Motors said that he will stay in post for the 2017 financial year and has not yet decided on his future beyond that. ([More...](#))
- Renault CEO Carlos Ghosn said that it was "good news" that Emmanuel Macron had been elected president of France. Macron was the architect of the move by the French state to purchase a sufficient stake in Renault to force the Florange law terms for double voting rights for long term shareholders to pass. ([More...](#))

- Nissan announced 2016 financial year results. Global sales were 5.63 million units. Revenue of 11.72 trillion yen was down 3.9% year-over-year. Operating profit of 724 million yen was down 6.4% YoY. Nissan said that the profit and revenue falls were more than explained by exchange and that adjusting for this the YoY performance would have been revenue up 6.4% and profit up 29.1%. The company also gave an outlook for the current financial year. It expects sales to increase to 5.83 million units but operating profits to fall to 685 billion yen. The profit drop was mainly explained as being due to higher raw material costs and exchange volatility. ([More...](#))
- Confirmed that the Nissan Sunderland plant had experienced problems due to the “WannaCry” cyber attack but that there was “no major impact”. ([More...](#))

### PSA (excludes Opel/Vauxhall)

- Announced further increases in personnel at Sochaux to deal with demand for the 3008 SUV as well as expected orders for Opel / Vauxhall’s Grandland X. The plant will recruit a further 1,000 people who will staff a 28 hour weekend shift running from Friday to Sunday. Product rate of 3008 will increase from 700 to 1,000 per day as a result. Union representatives have expressed concern that there will be too many temporary positions at the plant. ([More...](#))
- Had a tax incentive of around €19 million approved by the Slovak government to support PSA’s investment of about €165 million in its factory there. ([More...](#))
- Received shareholder approval for the purchase of Opel and Vauxhall. ([More...](#))

### Renault

- Shut down some sites in response to the global “WannaCry” cyber attack. Although Renault did not state which sites were affected, off-the-record sources mentioned Sandouville, Batilly, Dacia’s plant in Mioveni and Novo Mesto amongst others. ([More...](#))
- Renault CEO Carlos Ghosn said that it was “good news” that Emmanuel Macron had been elected president of France. Macron was the architect of the move by the French state to purchase a sufficient stake in Renault to force the Florange law terms for double voting rights for long term shareholders to pass. ([More...](#))
- The Renault Duster scored zero stars in recent global NCAP crash test. ([More...](#))
- Renault’s senior vice president for electric vehicles said that mobility will evolve from car ownership to purchasing a service but that adoption rates would vary by country and the “same amount of cars” would be needed. ([More...](#))

### Suzuki

- Announced results for 2016 financial year. Consolidated net sales of 2.169 trillion yen were down 0.3% year-over-year. Operating income of 266.7 billion yen was up 36.5% YoY. Outlook for the current year is an increase in net sales of 7.3% YoY but a reduction in operating income of 10% YoY due to “investments for growth”. ([More...](#))
- Suzuki will invest a further 100 billion yen in its Indian operation to increase production by installing a third line in its Gujarat plant. This is on top of investments for a second line which is not scheduled for launch until 2019. ([More...](#))

### Tata (includes JLR)

- Said that global wholesales fell in April. Total sales of 73,691 units were 9% down year-over-year. JLR sales fell slightly to 41,923 units, down about 2% YoY. The main reason for the group’s drop was commercial vehicles and the Tata Daewoo range where sales fell 36% YoY. ([More...](#))

### Tesla

- Started taking orders for its solar roof tiles. The proffered warranty period is infinity or the lifetime of the house. ([More...](#))
- Used its blog to publicise its efforts to improve health and safety in its Fremont plant as part of an effort to stop the UAW campaign for worker representation from gaining momentum. ([More...](#))
- Announced it will offer a service to improve local grids through putting Powerwall and Powerpack batteries into people’s homes and then connecting them. Both the homeowners and the company that owns the batteries will be able to use them for demand smoothing. Tesla already has two pilot projects (50 - 100 units) underway and announced a 2,000 unit project with Green Mountain Power. ([More...](#))

## Toyota

- Reported results for the 2016 financial year. Vehicle sales of 8.971 million units were up 3.3% year-over-year. Revenue of 27.6 trillion yen (\$256 billion) was down 2.8% YoY. Operating Income of 1.99 trillion yen (\$18.5 billion) was down 30.1%. The forecast for the current year is for vehicle sales of 8.9 million, revenue of 27.5 trillion yen and operating income of 1.6 trillion yen. The explanation for the lower profits were increased incentives in the US market and exchange rate losses from a stronger yen. ([More...](#))
- Announced a collaboration with Nvidia to develop artificial intelligence technologies for driverless cars. ([More...](#))
- Said that it was on track with the launch of its Mexico plant. ([More...](#))
- Took part in a very small funding round for a Japanese flying car company. Toyota invested 40 million yen. ([More...](#))

## VW Group

- Saw continued coverage of investor and media unhappiness at VW's refusal to publish a final report into the diesel crisis based on the investigations of legal practice Jones Day into VW's internal processes and documentation. VW say that no final report exists. ([More...](#))
- Reported Group sales for April were down 1.4% year-over-year. Western Europe and Asia Pacific were down. North America as a whole was down by sales in the USA improved. Central and Eastern Europe and South America saw sales gains. The drop was primarily down to the VW and Audi brands where lost sales more than offset gains by Porsche and SEAT. ([More...](#))
- CEO Mueller said at the AGM that VW was holding talks with battery suppliers in Europe and China and would disclose more details soon. ([More...](#))
- Denied that the pay of Works Council member Bernd Osterloh was inappropriately high as it came under investigation from German prosecutors over the matter. Part of the explanation for his remuneration level of several hundred thousand euros each year was that Osterloh has turned down more lucrative job opportunities in order to remain a Works Council member. ([More...](#))
- Reported to have ceased development of its 10-speed automatic and dual clutch transmissions. The explanation given was that this type of transmission was for more powerful engines and volume projections had shrunk. ([More...](#))
- Media reports said that VW's chief in France had resigned after conflicts with his management. ([More...](#))
- US regulator the National Labor Relations Board has filed an unfair labor practices complaint against VW relating to treatment of employees at its Tennessee plant. The complaint alleges that VW penalised health insurance premiums and shift patterns of workers who supported union recognition. ([More...](#))
- Saw reports that the Chairman and CEO may be under-investigate for market manipulation by not reporting the diesel crisis quickly enough. The allegation is that they should have told Porsche SE shareholders (where they held executive roles) about the scale of VW's problems sooner. ([More...](#))
- Denied speculation that it could have plans to sell either Bentley or Bugatti. ([More...](#))

## Other

- **Subaru** announced financial results for the year ending March 2017. Unit sales of 1.065 million were up 11.1% year-over-year and marked the first time the company has sold in excess of 1 million units. Revenues of 3.3 trillion yen were up 2.6% YoY as exchange losses and higher costs partially offset the volume growth. Operating income of 411 billion yen was down 27.4% YoY to due exchange losses and cost performance (R&D and admin). Outlook for the current year is for sales to rises to 1.106 million units but profits to stay about the same. ([More...](#))
- **Great Wall** announced changes to its leadership with a new chairman, vice chairwoman and GM. ([More...](#)). The company also said that it was looking to build a plant in North America. ([More...](#))
- **SAIC** announced that it will open an innovation centre in Israel. ([More...](#))

## [And now for the other news...](#)

### [Economic / Political News](#)

- April sales in **China** of 2.08 million vehicles were down 2.2% year-over-year. Light vehicle sales of 1.72 million were down 3.7% YoY. On a year to date basis, the market has grown YoY by 4.6% (2.5% for light vehicles). ([More...](#))
- **Russia** market sales of passenger vehicles and LCVs increased by 6.9% year-over-year. ([More...](#))
- **EU states** agreed on new draft rules governing vehicle approval. Under the draft rules, cheats could be fined up to €30,000 per offending vehicle. ([More...](#))
- A report by **India's** policy commission -- chaired by prime minister -- suggested restricting the number of registrations for new petrol and diesel cars (with a lottery allocation) and encouraging electric shared taxis instead of car ownership. ([More...](#))
- Draft proposals for ways to improve air quality by the **UK** government included options for a scrappage scheme aimed at taking 15,000 of the worst-polluting vehicles off the road and replacing them with electric cars at a cost of around £8,000 per vehicle. A scheme could apparently be implemented within two years. ([More...](#))
- The **UK's** Finance and Leasing association said that the market for commercial vehicle finance was continuing to grow and was up 12% year-over-year in March (these figures lag the registration data). ([More...](#)). Consumer new car finance grew by 13% in value and 5% in volume YoY. ([More...](#))

### [Suppliers](#)

- **Continental** expressed confidence in the future of the internal combustion engine, saying that being a Tier 1 supplier of ICE parts could remain an attractive business for many years to come. ([More...](#)). Continental's CFO also said that electric cars would not "have an economic advantage over combustion engines until 2025". ([More...](#))
- **Magna** reported Q1 2017 financial results. Revenues of \$9.4 billion were up 5% year-over-year. Adjusted EBIT of \$831 million was 19% up YoY. ([More...](#))
- Employees of troubled French supplier **GM&S** took over the company's factory in Creuse and began destroying production machinery. This is the latest in a series of increasingly desperate moves by the GM&S workforce who are hoping to avoid a liquidation of the company (likely to be announced on 23<sup>rd</sup> May). ([More...](#))
- The CEO of **Valeo** said that the emergence of three major trends at once: electric vehicles, connected vehicles and autonomy, was rare and that autonomous cars would be on the roads by 2020. ([More...](#))
- **Nvidia** highlighted efforts to use artificial intelligence to go beyond driving an autonomous vehicle and start tailoring the experience to the individual passengers. The company's blog profiled a product called **Affectiva** that tracks facial expressions to decide how the passenger is feeling. ([More...](#))
- **Nvidia** and Toyota will collaborate to develop artificial intelligence technologies for driverless cars. ([More...](#))
- **Autoliv** said that one of its directors, Aicha Evans, would not stand for re-election and it was choosing to reduce the size of the Board (to nine members). ([More...](#))
- **Umicore** said that it will invest €300 million to increase production of lithium-ion batteries for electric vehicles by six times from its current level. The investments will be in Asia -- at plants in South Korea and China. ([More...](#))
- Connected vehicle technology provider **DMI** said that it would acquire **Lochbridge**. The companies already had a close relationship. ([More...](#))
- Hyundai subsidiary **Hyundai Wia** will end its turbocharger joint venture with **IHI** and will take over the partnership's plant in Seosan, South Korea. ([More...](#))
- **Panasonic** said that it expects growth in its automotive business to drive a more than 20% growth in profits this year. ([More...](#))
- **Roush Industries** announced that it would create a new engineering centre to work on self-driving technology and employ 150 engineers to work there. ([More...](#))

### [Ride-Hailing & Car Sharing](#)

- **Uber** received a ruling from the European Court of Justice that it should be regulated as a transport company. The ruling can be challenged and it is not clear what the implications for Uber's business model would be. ([More...](#))
- **Daimler** said that its Car2Go car sharing scheme had seen a significant increase in "cross-border" rentals in Q1 2017 with 33,000 journeys by customers visiting from other European countries using the local Car2Go service. ([More...](#))

- **BMW** announced an agreement with the City of Hamburg to form a strategic partnership concerning urban mobility. As a part of this, the Hamburg fleet of DriveNow vehicles will expand to 550 cars by 2019 (400 pure electric, 150 PHEV) and the city will provide 1,150 charging points. ([More...](#))
- **Ola** announced a partnership with Bharti Airtel, which media speculated was in part motivated by the high level of defaults Ola drivers are making on their car lease payments. ([More...](#))

### Driverless / Autonomy

- The dispute between **Uber** and **Waymo** about the former's use of illegally obtained Waymo technology will go to trial. Uber had tried to frame the issue as a dispute over an employee contract and was seeking arbitration. ([More...](#))
- Researchers demonstrated how autonomous vehicles can smooth traffic flows by releasing a video of a vehicle trained to brake and accelerate in such a way that gradually ends a stop-and-go traffic problem (performed on a closed course). ([More...](#))
- An update to the **German** Road Traffic Act was approved that allows autonomous vehicles. The vehicle will be allowed to operate in autonomous eyes-off mode if a driver is ready to take back control if necessary. The law mandates that manufacturers will be responsible for accidents in autonomous mode and will be revisited in two years' time to learn from technological developments. ([More...](#))
- **Geely** said that it is aiming for Level 3 automation of vehicles by 2019. ([More...](#))
- **Toyota** and **Nvidia** announced a collaboration to develop artificial intelligence technologies for driverless cars. ([More...](#))
- **New York state** announced a year-long pilot program that will allow operators to apply for special licenses to test autonomous vehicles onto the roads. ([More...](#))
- Media profiled **South Korea's** K-City, a test area billed as the world's largest test site for driverless cars. ([More...](#))
- **Uber** announced the creation of a new self-driving research group in Toronto, Canada. They will augment the existing teams in Pittsburgh and San Francisco. ([More...](#))
- A report by think tank **RethinkX** forecast that 95% of miles travelled by 2030 would be through offerings from Transport As A Service (TaaS) providers. ([More...](#))
- A report by market research company **Frost & Sullivan** forecast level 4/5 autonomous vehicles on the road "as early as 2020", in line with announcements made by some manufacturers. ([More...](#))

### Electrification

- **Continental's** CFO said that electric cars would not "have an economic advantage over combustion engines until 2025". ([More...](#))
- A study of **German** industrial companies found that about 50% see it as very likely or quite likely that they will purchase electric vehicles within the next ten years. The current problems reported were primarily the lack of range and secondly the cost. ([More...](#))
- **GM** said that it was making better than expected progress on reducing battery cost. GM said that against a previous target of \$100 per kWh for a battery cell by 2022, GM's head of product development Mark Reuss said "we'll be there before then, I know we will". Reuss also said that GM is trying to reduce the Bolt's weight in order to have the same range with fewer battery cells. ([More...](#))
- US state **Oregon** saw new draft legislation introduced to the state senate calling for special incentives for car salespeople to push electric vehicles. A bonus of \$250 would be given for each electric car sale but electric-only stores (e.g. Tesla) would be excluded. ([More...](#))
- UK roadside charging company **InstaVolt** said that it would buy 200 **ChargePoint** Express Plus stations for a nationwide network in the UK. The stations are capable of charging at rates up to 400 kW (Tesla superchargers are at 120-135kW). ([More...](#))

### Other

- Continued speculation into **Apple's** strategy for vehicle technology including the purpose of its mysterious Berlin office. ([More...](#))
- **Hertz's** profit, debt pile and stock performance came under media and analyst criticism. ([More...](#))