



AD PUNCTUM

News Review -- 7th August to 13th August

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

Company-by-company rundown

BMW

- Offered UK drivers a £2,000 trade-in bonus on older diesel vehicles, similar to the one in Germany and surely not simply an increase in variable marketing spending. Other countries will get the incentives too. ([Autocar](#))

Daimler

- Said that the Mercedes-Benz truck division has begun using 3D printed parts for rarely-used spare parts made out of plastic. ([The Manufacturer](#))

Ford

- Is reportedly under investigation by German regulators over possible diesel emission testing irregularities in Mondeo 2.0 litre models. Although the engine is used by other Ford nameplates and PSA, enquiries appear limited to the Mondeo at present. ([Manager Magazin](#))

General Motors

- Cruise unveiled a ride-hailing service called Cruise Anywhere which its employees have been using to summon self-driving vehicles around San Francisco. Cruise said that the ultimate aim was to open the service to the public after extensive testing. ([TechCrunch](#))
- May have to give \$1 billion of stock to “Old GM”, the trust that owns the remnants of the pre-Chapter 11 bankruptcy firm if Old GM accepts responsibility for a historic safety concern. Doing so would push total safety liabilities above a threshold agreed in 2009 that requires GM to contribute the additional \$1 billion. ([Detroit News](#))
- Was forced to deny that it is seriously considering closing its operations in South Korea. ([Chosun Ibo](#))

Hyundai / Kia

- Media updates on Hyundai’s project to showcase self-driving vehicles at the 2018 Winter Olympics said that high definition maps, accurate to 10cm, were at the centre of the company’s autonomous strategy -- especially due to the snow expected at the Winter Olympics site. ([ET News](#))

Mazda

- Mazda announced their vision to 2030 branded “Zoom-Zoom 2030”. The plan is light on electrification (although it promises limited application from 2019 onwards) and focuses on using improved ICE technology and weight reduction to reduce environmental impact. Mazda believe that electric and fuel cell vehicles will be about 15% of global demand by 2035 -- although they appear to be informed by quite old (2012) data. ([Mazda](#))

- Mazda's plan for autonomy is to introduce an "autonomous" system called Mazda Co-Pilot as standard by 2025 although it isn't quite clear what capabilities the system will have. It also appears that Mazda aim to create a sort of peer-to-peer sharing scheme using autonomous vehicles. ([Mazda](#))
- Announced the SKYACTIV-X gasoline engine, underpinned by HCCI (sometimes uses compression ignition rather than spark ignition) technology and a supercharger. Mazda claim a 20 - 30 % improvement in fuel efficiency over the outgoing engine and economy equal to or better than a diesel engine. ([Mazda -- via Scribd](#))
 - Implication: Although carmakers have worked on HCCI for many years (for example, [this 2008 Vauxhall test vehicle](#)), the technology is tricky to master since the combustion mode keeps changing between compression and spark ignition and unless specifically called for, uncontrolled compression ignition can damage the engine. HCCI, along with lab work on combined 2 stroke / 4 stroke combustion (an even harder challenge) probably represents the two best chances to improve ICE emissions considerably with relatively cheap sensors and software rather than more sophisticated hardware (although we should note that Mazda has used a not-so-cheap supercharger on this engine).

Nissan (includes Mitsubishi)

- Selling its battery business to GSR Capital. In order to complete the transaction, Nissan will first buy out NEC's share of the JV and then sell the complete business. The deal includes three manufacturing sites. ([Nissan](#))
- Said that 60% of customers were taking the opportunity to add personalisation options to their new Nissan Micras, spending an average of €400 each in order to do so. Nissan said the ability to personalise the vehicle was the number one reason for purchase given by customers. ([Nissan](#))

PSA (includes Opel/Vauxhall)

- Opel has now announced a series of scrappage incentives in Germany. Similar to Ford's strategy, Opel is offering much larger discounts on bigger cars than on small ones. ([Handelsblatt](#))
- Opel trumpeted that the Insignia had gathered 50,000 orders so far, with a over 60 percent of customers choosing the highest trim levels (which is often the case when dealers first order brand new models). ([Opel](#))
- Announced that it had received approval to take over the financial services business of Opel and Vauxhall (in partnership with BNP Paribas). ([PSA](#))

Renault

- Concluded the joint venture agreement with IDRO and NEGIN Holding for additional operations in Iran (on top of the 200,000 unit plant it already has). Renault will own a majority of the business but there will be a "first period of joint control" with the other partners. ([Renault](#))

Tata (includes JLR)

- Announced July sales figures. Tata sold 98,534 units globally, up 12% year-over-year, of which JLR was 51,245 vehicles. ([Tata](#))
- JLR reported financial results for Q2 2017 (the first quarter in its financial year). Revenue of £5.6 billion was up 5% on a year-over-year basis but pre-tax profit of £595 million was well down on £399 million in the prior year once the effect of a £437 million on-time item related to pensions accounting was removed. ([JLR](#))
- Announced that, following in-depth discussions with Škoda, it would not create a partnership in small vehicles because "the envisioned areas of partnership may not yield the desired synergies are originally assessed". Tata said that the two parties would "keep in touch". ([Tata](#))

Tesla

- Said it was issuing \$1.8 billion in bonds (up from an initial \$1.5 billion due to investor appetite) in order to strengthen its balance sheet. The bonds will pay 5.3%. and are due in 2025 ([Tesla](#))
- Leaked emails showed that Tesla's semi-truck program intends to make use of self-driving capability and platooning (where the vehicles follows closely behind one another). If Tesla could master automated platooning on highways then, even if the lead vehicle still needed a human driver, costs could be drastically cut on long journeys ahead of developing fully autonomous capability. ([Reuters](#))

- Revealed that the battery supplier for its Australian stationary storage project would be Samsung SDI. The reason for the shift from Panasonic may be in order to preserve all Gigafactory-produced cells for Model 3. ([Electrek](#))
- Began shipping an upgraded Autopilot hardware suite as part of Model 3 launch. The main visible difference is an additional camera (facing the driver) but there are also chipset changes which Tesla said are minor but Teslerati speculated are a big step towards the level of computing power needed for full autonomy. ([Electrek](#))

Toyota

- Announced the creation of a consortium with partners including Denso, Ericsson, Intel and NTT to explore infrastructure requirements for connected vehicles. Toyota expects V2C transfer of 10 exabytes per month by 2025. ([Toyota](#))
- Said that it will delay the launch of its new plant in Mexico from 2019 to the first half of 2020 because its new JV with Mazda will produce the car originally planned for the plant and it needs time to switch to a new model. ([Reuters](#))

VW Group

- Announced group sales in July of 820,900 units globally, up 4.3% on a year-over-year basis. ([VW](#))
- In an interview for VW's in-house magazine, VW brand CEO Herbert Diess said that the company had a productivity gap to Toyota and Hyundai and needed to acknowledge that Tesla's capabilities stretched beyond electric powertrain and into areas such as autonomous driving, connectivity and distribution -- in particular he admired Tesla's 50% mix of software engineers saying VW's capability was "far too small". Diess also revealed that he wears a tie for important meetings but finds it pleasant to do without one in summer months. ([VW](#))
- VW is over-achieving its cost reduction targets and will save an additional €500 million in 2017 versus prior expectations, according to the works council leader. He also said that he wanted more models assigned to German plants because it was "crucial" for the company's success, and delivery of the "Future Pact" labour agreement to have high capacity utilisation in Germany, threatening to hold-up approval of longer term spending plans if new models were not planned for German factories. ([Reuters](#))
- Saw politicians from both the Green and Free Democrats advocate a sell-off of (German region) Lower Saxony's shareholding in the company, arguing that the stake neither protected jobs nor improved corporate governance. The CDU said that they would retain the stake but change the nature of board representation. ([Handelsblatt](#))
- Tata announced that, following in-depth discussions with Škoda, it would not create a partnership in small vehicles because "the envisioned areas of partnership may not yield the desired synergies originally assessed". Tata said that the two parties would "keep in touch". ([Tata](#))
- SEAT are reportedly contemplating launching Cupra as a standalone brand. ([Autofactil](#))

Other

- Carmakers will reportedly take part in a second **diesel summit** with the German government. The aims of this new session aren't yet clear. ([Reuters](#))

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

Economic / Political News

- **German** chancellor Angela Merkel said she wasn't in favour of a proposal to create a mandatory level of electric car sales in Germany (and possibly the whole EU) made by her nearest election rival, Martin Schulz. ([Reuters](#))
- The **UK** chancellor and international trade secretary presented a united front in calling for a time-limited transition period after March 2019 as part of Brexit arrangements but also ruled out joining the customs union or staying in the EU. ([BBC](#))

Suppliers

- **Schaeffler** reported financial results for the first half of 2017. Group net income of €485 million was described as “stable”, with the automotive division having a “weak” performance despite a small growth in revenue. ([Schaeffler](#))
- **Denso** announced it would create a new company called NSITEXE to develop semiconductor cores for chips that can be used for autonomous driving. Denso’s intention is that the new technology would be widely licensed, seeming aping ARM’s successful strategy with mobile phone chips. ([Denso](#))
- **Magna** announced Q2 2017 financial results. Revenue of \$9.7 billion was up 3% on a year-over-year basis, whilst adjusted EBIT was slightly down. The company raised its 2017 outlook. ([Magna](#))
- **Hyundai Mobis** said that it had completed construction on its hydrogen fuel cell module factory located in Cheongju, South Korea. The initial production capacity of 3,000 vehicle sets per year can be scaled up to tens of thousands if the demand materialises ([Business Korea](#)).

Ride-Hailing, Car Sharing & Rental

- Ride-hailing firm **Careem** announced a financing agreement with **Didi Chuxing** to expand its presence in the Middle East. ([TechCrunch](#))
- **SoftBank’s** CEO said that the company was interested in taking a stake in either **Uber** or **Lyft** to complement its ride-share holdings in other regions. ([TechCrunch](#)). Softbank weren’t alone in their courting of Uber however, as rumours emerged of an alternate investment group looking to increase their shareholdings ([Recode](#))
- **Uber’s** former CEO and founder Travis Kalanick was sued by major shareholder Benchmark Capital, a move that was criticised by other shareholders. ([TechCrunch](#))
- **Uber** announced a new feature that allows passengers to text the driver ahead of the pick-up to give information such as how to spot them at the side of the road. The message is read aloud to the driver by the app. ([Uber](#))
- **Uber’s** Xchange leasing program to provide cars to drivers is reportedly losing \$9,000 per vehicle and the company is considering options for the unit including closure or sale. ([Wall Street Journal](#))
 - Implication: As we’ve said many time before, and detailed in our [approach to mobility business model presentation](#), excessive vertical integration may seem intellectually appealing but is often a path to poor capital allocation and distraction. This could be an exception to a track record of flawless execution or and indicator that even Uber suffers from corporate bloat. The alleged misunderstanding that losses per vehicle were \$500 rather than \$9,000 is particularly worrying.
- **Lyft** has bought **YesGraph** and **DataScore**. YesGraph’s team will work on driver retention and DataScore’s expertise will be applied to customer acquisition and retention. ([Lyft](#))
- **GM** subsidiary Cruise unveiled a ride-hailing service called Cruise Anywhere which its employees have been using to summon self-driving vehicles around San Francisco. Cruise said that the ultimate aim was to open the service to the public after extensive testing. ([TechCrunch](#))

Driverless / Autonomy

- **Intel** announced the closure of the **Mobileye** takeover and that it was commissioning a self-driving car test fleet of 100 vehicles. The fleet will be formed of multiple different car brands and nameplates. ([Intel](#))
- **Foxconn’s** CEO said that the company was looking for a suitable site in Michigan for a development centre that would focus on next generation technology and self-driving cars. ([Detroit News](#))
- Media updates on **Hyundai’s** project to showcase self-driving vehicles at the 2018 Winter Olympics said that high definition maps, accurate to 10cm, were at the centre of the company’s autonomous strategy -- especially due to the snow expected at the Winter Olympics site. ([ET News](#))
- Indian self-driving truck start-up **Flux Auto** says that it is eschewing LIDAR in favour of “cheap cameras”. The company believes it can offer a bolt-on product for \$3,000 - \$4,000. ([TechCrunch](#))
- LIDAR maker **Oryx Vision** has raised \$50 million in its series B round. ([TechCrunch](#))

Electrification

- **German** chancellor Angela Merkel said she wasn't in favour of a proposal to create a mandatory level of electric car sales in Germany (and possibly the whole EU) made by her nearest election rival, Martin Schulz. ([Reuters](#))
- **Bollinger Motors** said that their launch vehicle, the B1 (an off-roader with striking similarity to a Land Rover Defender) had attracted 6,000 no-commitment expressions of interest within two weeks of first being shown to the public. Pre-orders with a \$1,000 deposit will begin later this year.. ([InsideEVs](#))
- US start-up **Chanje** came out of stealth mode, revealing its all-electric medium (c 2T sized) commercial vehicle, created with funding from **FDG Electric Vehicles Limited**. ([Chanje](#))
- A stretch of highway in Germany will have 600V overhead electric cables installed by **Siemens** in order to test electric trucks. Similar sites already operate in Sweden and California. ([Golem](#))
- Battery supplier **GS Yuasa** reportedly plans to double battery range by 2020. The company currently has a joint venture with **Mitsubishi** for automotive batteries but it isn't clear how this legacy investment will figure following Nissan's investment. ([Inside EVs](#))
- Indian company **JSW Energy** said that it intended to launch its own electric vehicle by 2020 which would be "world class". It will also produce its own batteries and create charging infrastructure. JSW Energy said it would be committing Rs 4,000 crore (about \$600 million) to the project. The company is looking for technology partners, particularly in powertrain. ([The Economic Times](#))
- **Nissan** is selling its battery business to **GSR Capital**. In order to complete the transaction, Nissan will first buy out NEC's share of the JV and then sell the complete business. The deal includes three manufacturing sites. ([Nissan](#))

Connectivity

- **Toyota** announced the creation of a consortium with partners including **Denso, Ericsson, Intel** and **NTT** to explore infrastructure requirements for connected vehicles. Toyota expects V2C transfer of 10 exabytes per month by 2025. ([Toyota](#))

Other

- **Cardash** launched a service where time-poor customers can call out a representative to quote for work and then take their car to and from the service centre if they agree with the quote. The company has raised \$5.3 million dollars and the business model appears to be based on getting bulk discounts from car service centres as well as whatever premium people will be prepared to pay for not having to organise the servicing themselves. ([TechCrunch](#))
- US online used car sales group **Carvana** said it was buying fellow online sales platform **Carlypso**. ([Fortune](#))
- **Alibaba** announced plans for a car "vending machine" that allows buyers to browse the vehicles via an app and then drive away their chosen ride after making a 10% deposit via electronic transfer of funds. After a similar facility was installed in Singapore, the owner claimed a 30% increase in sales. ([International Business Times](#))
- UK aftermarket parts supplier **Parts Alliance** was acquired by Canadian company **Uni-Select** in a £205 million deal. ([Automotive Manager](#))