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Autos & Mobility Industry Briefing -- 2nd January to 7th January 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

Daimler (history)

- Sold 401,000 Mercedes-Benz vans in 2017, an increase of around 12 % on a year-over-year basis. The X-Class pick-up deliveries reached 3,300 units since launch in November. ([Daimler](#))

FCA (history)

- Increased stock trading volumes led to suggestions that a possible buyer was acquiring shares. ([Detroit Free Press](#))

Ford (history)

- Following a letter to suppliers cancelling a Fusion/Mondeo program for North American and European markets, sources told media the products would be part of the line-up for “at least three to four years”. ([Detroit News](#))
- Announced a diesel derivative of the F-150, using a version of the 3.0L V6 engine built in Dagenham, UK. ([Ford](#))
- US sales for 2017 were 2,586,715 units, a (1.1)% decline from 2016. Increases of 2.9% for SUVs and 4.3% for trucks failed to offset a (14.2)% drop in car sales. Despite heavy investment, Lincoln struggled, down (0.5)%. ([Ford](#))

Geely (includes Volvo)

- Volvo reported 2017 sales of 571,577 units, an increase of 7% on a year-over-year basis. Sales were up in all major markets except the USA. Q4 sales were down YoY in EMEA. ([Volvo](#))
- Proton said that 2017 sales in its home market (Malaysia) were 70,991, a drop of (2)% on a year-over-year basis. The company said that expertise from Geely and Volvo had improved “quality points threefold”. ([Proton](#))
- Proton was forced to deny rumours that it would begin accepting Bitcoin as a payment method. ([Proton](#))

General Motors (history)

- Announced 2017 sales results for USA ([GM](#)), Canada ([GM](#)) and China ([GM](#)). GM sold 3,002,241 vehicles in the US, a decrease of (1.3)% on a year-over-year basis. Only GMC saw an increase in the US, with many car models suffering. A high point was Bolt deliveries of 23,297 cars. In China, sales were up 4.4% YoY, and with 4,040,789 units sold, represents GM’s biggest market by some margin.

Honda (history)

- Honda and AutoNavi will work to create a new payment service for connected cars in China. They will use Alipay (owned by AutoNavi parent Alibaba). ([Business Insider](#))
- Will undergo a slight re-arrangement of its Chinese JVs as GAC Honda takes over Honda China. The move will leave GAC Honda and Dongfeng Honda as the company’s partners in the country. ([China Daily](#))

Hyundai / Kia

- Announced a partnership with start-up Aurora -- founded by the former head of Google's program -- to develop a level 4 capable car by 2021 (Hyundai's earlier target was "possibly" 2022). ([Hyundai](#))
- Will show a pair of concept cars at CES; an all-electric model for [KIA](#) and a connected fuel cell vehicle for [Hyundai](#).
- Hyundai reported total 2017 sales of 4,504,825 units, a decline of (6.5)% versus 2016. Kia sold 2,746,188 units, a decrease of (7.8)% versus 2016 ([Hyundai](#))

Mazda

- Applied for a patent to increase driver awareness through gamification -- the idea is for the vehicle to monitor whether the driver is paying attention and, if not, challenge them to improve driving characteristics such as throttle control in order to get them to concentrate on the road properly. ([Wired](#))

Nissan (includes Mitsubishi)

- Expected to announce a €200 million fund to invest in mobility companies with 40% of the capital from Nissan, 40% from Renault and 20% from Mitsubishi. ([Les Echos](#))
- Will demonstrate advances in brain-to-vehicle technology at CES. Nissan says that it can be used to improve reaction times and enhance computer-assisted driving. ([Nissan](#))

PSA (includes Opel/Vauxhall) (history)

- Will hire 600 people at its SevelNord plant to staff a fourth production shift (for the next 18 months) and has made the night shift permanent. When the shift is in place, annual capacity will be around 175,000 vehicles. ([PSA](#))
- Said that 6,000 internal transfers had taken place during 2017, in part enabled by a revised HR system that has 20 functions and 102 job roles. PSA said that the aim of the previously announced 9th January meeting with unions is, in part, to further develop this with a new jobs and skills alignment system (dubbed DAEC). ([PSA](#))
- Citroën said that the C3 Aircross had an order backlog of 20,000 units and was running with 75% high series trim. The brand hopes that in 2018, French market share will exceed 10%. ([Journal Auto](#))
- Faurecia signed a memorandum of understanding with Accenture to collaborate on mobility innovation, targeting user experience and services that enhance health and wellness. ([Faurecia](#))

Renault (history)

- Expected to announce a €200 million fund to invest in mobility companies with 40% of the capital from Nissan, 40% from Renault and 20% from Mitsubishi. ([Les Echos](#))

Tesla (history)

- Tesla reported Q4 2017 production and delivery figures. Total production was 24,565 vehicles, with 29,870 units delivered. The company made 2,425 units of the all-important Model 3, delivering 1,550 vehicles to customers. The company pushed out its ramp-up targets again, hoping to have a weekly run rate of 2,500 units by the end of Q1 and reaching 5,000 units per week by the end of Q2 (six months behind the original target and three months later than it said in November). Although the company had its best ever quarter, Model S continued to plateau, with 2017 overall production down versus 2016 (deliveries were improved). ([Tesla](#))
 - Implication: The Model 3 launch is officially a disaster. Since Job #1 in early Q3, Tesla has built just 2,685 cars and has to find solace in nearly hitting 1,000 units per week (equating to about 1/5th of the intended production rate and 10/10th of its perceived requirements). Compare that to the Mercedes-Benz X-Class, a vehicle of limited importance that has shipped over 3,000 units in a month and a half since launch.

Toyota (history)

- Ceased offering diesel cars (diesel 4x4, pick-ups and LCVs are available) in Italy from 1st January 2018. ([Europa Press](#))
- Published details of its latest self-driving test vehicles. The basis is a Lexus LS 600 PHEV saloon and uses four Luminar lidar sensors to provide longer-range (up to 200m) data, with four shorter-range lidar sensors (which look like 100m range Velodyne pucks) in the front wings and bumpers. ([Toyota](#))

VW Group (history)

- Porsche was affected by warning strikes called by IG Metall ahead of negotiations with employers on a new wage agreement. ([Handelsblatt](#))
- Announced a partnership with start-up Aurora -- founded by the former head of Google's program -- to develop self-driving systems. Unlike the similarly-timed Hyundai announcement which appears aimed at a retail product, VW have set their sights squarely on mobility as a service. VW said that the two companies have already been working together for six months. ([VW](#))

Other

- **BYTON** unveiled a production-intent SUV that will go on sale in China at the end of 2019 and US and Europe in 2020. The vehicle makes extensive use of facial and gesture recognition, including for door entry; and does away with side mirrors in favour of cameras. The vehicle will apparently offer level 3 autonomous driving capability from launch, with level 4 enabled via a software update. Two battery sizes will be offered: 71 kWh and 95 kWh. ([BYTON](#))
 - Implication: BYTON is planning a three-vehicle line-up from this platform, with a sedan and MPV to join the SUV after 2020. A starting price of \$45,000 for a vehicle with extensive use of technology, a large battery capacity and an autonomous sensor set seems a stretch. Either the company has found a new paradigm in vehicle purchasing and cost management that will shock the industry or profits will be scarce.
- **Aston Martin** sold 5,117 cars in 2017, a 38% increase on 2016 levels. The company said that there had been "sell out demand" for the DB11 model; with the new Vantage and (yet to be launched) new Vanquish, 2018 sales look set to be substantially better. The company said it will exceed its previous £180 million EBITDA target. ([Aston Martin](#))
- **McLaren** sold 3,340 cars in 2017, a slight increase from 2016. In 2018, overall production could be near capacity of around 4,500 units thanks to the sales rate of the recently-launched 720S and the new Senna model. ([McLaren](#))
- **NIO** and established Chinese automaker **GAC** have signed a strategic cooperation agreement and will create a joint venture, 55% owned by NIO and 45% for GAC, investing around \$200 million in total. ([NIO](#))
- Chinese carmaker **Qoros** announced **Baoneng Group** as a strategic investor in the company, joining erstwhile joint venture partners **Chery** and **Quantum**. The partners will inject 6.5 billion yuan into the brand. ([Qoros](#))
- **Local Motors** said it had created a financing agreement for its autonomous vehicles that would allow operators to lease over 84 months, subject to teaming up with Local Motors's approved partners. ([Local Motors](#))

News about other companies and trends ...

Economic / Political News

- **US** light vehicle industry for December was 17.76 million; full year sales were 17.2 million units. ([Wards](#))
- **UK** 2017 full year passenger car registrations of 2,540,617 units were down (5.7)% on a year-over-year basis. ([SMMT](#))
The industry trade body tried to rally support for diesels and scrappage incentives by reporting that 2017 sales mix had contributed to an increase in the average emissions of new cars of 0.8% over 2016. ([SMMT](#))
- **German** passenger car registrations for 2017 were 3,440,000 units, a 2.7% increase over 2016. ([KBA](#))

Suppliers

- **Faurecia** signed a memorandum of understanding with **Accenture** to collaborate on mobility innovation, targeting user experience and services that enhance health and wellness. ([Faurecia](#))
- **Denso** said it would partner with **FLOSFIA**, a spin-out from Kyoto University, to develop next generation inverters for electric vehicles ([Denso](#)). Denso also provided seed capital for **ActiveScaler**, a developer of mobility as a service management. ([Denso](#))
- **LG Chem** will expand its Michigan battery plant that supplies the Chevrolet Bolt, amongst others. Capacity will increase from around 40,000 packs annually to 50,000 (note that in 2017, Bolt sold about 27,000 units). The company is reportedly investigating the additional of a further 2 assembly lines. ([ET News](#))
- **Bosch** and **Continental** both took "indirect ownership" stakes of 5% each in HERE. ([Continental](#)) & ([Bosch](#))

Dealers

- Malaysian conglomerate **Samling** is considering an IPO of part of its automotive dealer group, aiming to raise \$250 million. ([Economic Times of India](#))

Ride-Hailing, Car Sharing & Rental (history)

- Following an earlier investment, **Didi** acquired Brazilian ride hailing firm **99 Taxis** in its entirety. ([TechCrunch](#))
- Former **Uber** CEO Travis Kalanick is reportedly looking to sell 29% of his stake in the company. ([TechCrunch](#))
- Chinese carmaker **FAW** has taken a 10% stake in a new car sharing operation set up by **Mobike**. ([Reuters](#))
- Luxury peer-to-peer car rental service **Ryde** started operations. The company hopes to expand beyond Los Angeles soon. ([Ryde](#))
- **SnagRide**, a long distance peer-to-peer ridesharing service, launched an initial coin offering, with hefty bonuses for early subscribers. The company is planning to launch full-scale in Q4 2018. ([SnagRide](#))
 - Implication: This is the second recent ride hailing venture funded from an ICO in recent weeks, following on from Carsmarrt. It remains to be seen whether either operation will be a success, but if combining “blockchain”, “ICO”, “AI”, “disruptive” and “ridesharing” into a press release results in funding, expect plenty more people to try the same formula.

Driverless / Autonomy (history)

- **Aurora** announced tie-ups with **VW** and **Hyundai**. The focus of the VW project is mobility as a service (robo taxis), whereas Hyundai are aiming for a level 4 vehicle by 2021 (presumably for retail). The company also said it would partner with Nvidia to create new hardware for self-driving cars based on existing **Nvidia** chips. ([Nvidia](#))
- Lidar maker **Ouster** said that it would sell its recently released OS-1 sensor for \$8,000 per unit to research and educational customers -- subject to them passing eligibility requirements. ([Ouster](#))
- Autonomous technology developer **AIMotive** said it had raised \$38 million in a Series C round with investors including **Samsung**, **Cisco** and **Bosch**. ([AIMotive](#))
- **Local Motors** said it had created a financing agreement for its autonomous vehicles that would allow operators to lease over 84 months, subject to teaming up with Local Motors's approved partners. ([Local Motors](#))
 - Implication: One of the ongoing questions around on-demand fleets is how they will be funded in the absence of retail customers. Local Motors's initiative represents the first attempt by a non-traditional OEM to answer that question and provides an interesting possibility: service providers (in this case operational support companies) could leverage their balance sheets to provide funding in return for long-term contracts with guaranteed income streams. Not quite a perfect analogy, but almost as if airports provided financing for planes if the airlines guaranteed for fly from there twice a day for ten years.

Electrification (history)

- **Denso** said it would partner with **FLOSFIA**, a spin-out from Kyoto University, to develop next generation inverters for electric vehicles. ([Denso](#))
- **LG Chem** will expand its Michigan battery plant that supplies the Chevrolet Bolt, amongst others. Capacity will increase from around 40,000 packs annually to 50,000 (note that in 2017, Bolt sold about 27,000 units). The company is reportedly investigating the additional of a further 2 assembly lines. ([ET News](#))
- Sales of electrified vehicles in **Norway** passed 50% in 2017. 20.9% of vehicles were fully electric, 18.4% were PHEVs and 12.9% were non-plug in hybrids. There were also a number of used fully electric cars imported from other markets. Average new car CO₂ emissions were 82 g/km. ([BIL](#))

Connectivity

- **Denso** said it had provided seed capital for **ActiveScaler**, a developer of mobility as a service management. ([Denso](#))
- **Bosch** and **Continental** both took “indirect ownership” stakes of 5% each in **HERE**. ([Continental](#)) & ([Bosch](#))
- **Blackberry** and **Baidu** announced a partnership that will see Blackberry's QNX software underpin Baidu's self-driving car software. ([Reuters](#))
- **HERE** partnered with **EPAM** to extend HERE's object tracking technology to non-automotive markets. ([HERE](#))

- **MapBox** has acquired the IP and a development team from **MapZen**. ([TechCrunch](#))
- **TeleNav** is launching an in-car advertising platform that aims to help OEMs with both sales and targeting. The idea is to create revenue that would pay for services customers could subscribe to. ([Telematics News](#))
- **Honda** and **AutoNavi** will work to create a new payment service for connected cars in China. They will use Alipay (owned by AutoNavi parent Alibaba). ([Business Insider](#))

Other

- **Didi** is reportedly buying Chinese bicycle sharing operator **Bluegogo**. ([South China Morning Post](#))
- Chinese bicycle sharing start-up **Gonbike** raised \$15 million. The company offers bicycles equipped with invisible locks. ([Deal Street Asia](#))
- **NIO Capital** participated in the Series A round of AI digital imaging company **Black Sesame**. ([Deal Street Asia](#))