



# AD PUNCTUM

## News Review -- 26<sup>th</sup> June to 2<sup>nd</sup> July

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

### Company-by-company rundown

#### BMW

- BMW's CEO visited the Spartanburg, US plant for the launch of the new X3. In a speech he stressed BMW's contribution to the US economy and said that a further \$600 million would be invested between now and 2021 to make new SUVs. ([More...](#))
- BMW's board member for sales said that the company was yet to decide where to build a forthcoming all-electric Mini. The plants in contention are Oxford (UK), NedCar (Netherlands), Leipzig and Regensburg (both in Germany). He said that the decision will be made in September. It is probably no coincidence that these remarks were made whilst BMW is in dispute with UK unions over pension terms. ([More...](#))
- BMW's CFO said that one of the ways the company could afford increased R&D spending was by reducing complexity. Amongst potential measures he mentioned reducing the size of the diesel portfolio. ([More...](#))
- BMW remained silent on rumours that it will show an electric 3 series at the Frankfurt motor show (reportedly sporting a 400 km range). ([More...](#))
- Agreed with (German region) Bavaria's government to improve the emissions of Stage 5 diesel cars through the use of new engine management software. This could be a template for agreement at a national level. ([More...](#))

#### Daimler

- Production of E-Class was reported slowed due to the "work to rule" action by workers in Daimlers plant at Untertürkheim, who produce components for the car. ([More...](#))

#### FCA

- Media reports suggested that the company may be suspending deliveries of the Chrysler Pacifica Hybrid minivan (the same car used by Waymo) until the next model year arrives, due to problems with the electric system. ([More...](#))

#### Ford

- Announced that the Ford-branded GoBike scheme (run by a 3<sup>rd</sup> party called Motivate) had launched in San Francisco. The scheme will ultimately have 7,000 bicycles available. ([More...](#))
- Will hire 160 people and renew 240 temporary positions at its plant in Valencia, Spain due to a line rate increase to satisfy demand for Kuga. Following the hiring, line rate will rise from 1,810 cars per day to 1,920. ([More...](#))
- Announced that 400,000 Transits will be recalled in the US to fix problems with the driveshaft flexible coupling. A very small number of Police Interceptor and Escape vehicles will be recalled to fix specific issues. ([More...](#))

#### Geely (includes Volvo)

- Announced that the recently formed partnership with Autoliv (called Zenuity) to develop autonomous cars will work with Nvidia, targeting a Level 4 autonomous car by 2021. ([More...](#))

## General Motors (includes Opel / Vauxhall)

- Held a conference call to give an update on its financial forecast for the Opel / Vauxhall sale and US industry. The Opel / Vauxhall sale will incur \$5.5 billion of special charges (up from \$4.5 billion) and that from Q2 onwards the business will be reported as “discontinued operations”. GM also gave details of the way that profits and revenues will be impacted by the sale. US industry is now expected by GM to be in the “low 17 [millions]” as opposed to “min 17 [millions]” previously -- the main trends are a weakness in passenger car sales and lower residual values. GM plans considerable inventory reductions for passenger cars by year end versus its current position. ([More...](#))
- Indicated that it was looking at ways to involve its dealers in the servicing and fleet management of autonomous vehicles. ([More...](#))

## Honda

- JV Honda Dongfeng will recruit an additional 2,200 people in China to increase production. ([More...](#))

## Mazda

- Recalling almost 228,000 vehicles in the US because of problems with the parking brake. ([More...](#))

## Nissan (includes Mitsubishi)

- Announced May 2017 production and sales results. Global sales of 460,554 units were up 6.7% on a year-over-year basis, led by sales of passenger cars in Japan. ([More...](#))
- Early model (2011) and high mileage Nissan Leaf owners are reporting range degradation of over 50%. They are also discovering that Nissan’s earlier statements about battery replacement cost are not being honoured by dealers. ([More...](#))

## PSA (excludes Opel/Vauxhall)

- After discussions with the French government, PSA committed itself to €12 million of annual orders from troubled supplier GM&S and to make a shared investment (with Renault) of €10 million in the site from 2018. This appears to pave the way for a takeover of GM&S by GMD. ([More...](#))
- PSA discussed their plans for electric drivetrain manufacture, including locations for motor and pack assembly. The company appeared not to rule out developing its own battery cells but said it is not the preferred approach and that PSA believes there is proprietary knowledge in the software that controls charging and discharging. ([More...](#))
- Has launched a store in France that uses virtual reality instead of display models to sell cars and plans to have 30 such sites in operation across Europe by 2030. ([More...](#))
- Said that it will supply 55,000 3 cylinder engines from its Chinese JV plants to meet demand in Europe rather than increase capacity in European plants. ([More...](#))

## Renault

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## Suzuki

- Announced May 2017 production and sales results. Global production of 273,316 units was up 10.6% on a year-over-year basis. ([More...](#))
- Maruti-Suzuki announced June 2017 sales of 106,394 units, up 7.6% on a year-over-year basis. ([More...](#))

## Tesla

- Elon Musk revealed that the Model 3 has passed its regulatory tests and handover to the first (very small) batch of customers will take place in late July. He believes that production could reach 20,000 cars per month by December. ([More...](#))

## Toyota

- Said that its Chinese JV FAW-Toyota would install a new assembly line for small SUVs with production capacity of 100,000 units starting in June 2018 and rising to 200,000 units. ([More...](#))
- Invested in Israeli vehicle to vehicle communication hardware provider Autotalks. ([More...](#))
- Will recall 1,760 Lexus ES models to fix issues with the steering. ([More...](#))
- Announced May 2017 production and sales results. Global production of 734,574 units was down 1.4% on a year-over-year basis. ([More...](#))

## VW Group

- Audi's chief technical officer said in an interview that the company would be paying about €100 per kWh for batteries when it launches its new all-electric products later this decade. ([More...](#))
- Audi and MAN agreed with (German region) Bavaria's government to improve the emissions of Stage 5 diesel cars through the use of new engine management software. This could be a template for agreement at a national level. ([More...](#))
- Saw ratings agency Fitch keep VW's rating at BBB+ and revise the outlook upwards, to stable from negative. ([More...](#))
- Faced allegations that VW's French arm had mis-reported sales and delivery figures for several years. The accusations would have affected the reporting of the timing of the sale. ([More...](#))
- Announced the creation of a deep learning data lab with Nvidia with a particular focus on mobility services. Memo: Audi announced their own deep learning activity a couple of weeks ago. ([More...](#))
- Will recall 385,000 cars in Germany to fix problems with anti-lock brakes. ([More...](#))

## Other

- **Aston Martin** announced that it will produce an all-electric model for the first time. The RapideE will be a limited production run of 155 vehicles and will be based on the Rapide 4 door. Power and range figures were not revealed. The company previously was developing electric powertrains with Chinese group (and **Faraday Future** owner) LeEco but said it would be developing RapideE "by ourselves". ([More...](#))
- In a series of press releases, **McLaren** announced that (McLaren Chairman) Ron Dennis had sold his 25% stake to other investors and would leave the company. ([More...](#)). Following this move, McLaren will re-unify the racing team and automotive company that have been separate entities for the past few years. ([More...](#))
- **McLaren** announced that in 2016 it sold 3,286 cars and made an operating profit of £65.8 million on revenue of £649.8 million. ([More...](#))
- **Avtovaz** said it hopes to increase sales in Russia by 10% in 2017 on a year-over-year basis. ([More...](#))
- German automobile club **ADAC** said that it was advising consumers not to buy new diesel cars until the autumn, when it expected Euro 6D / Stage 6.2 models to become available. ([More...](#))
- **Mahindra & Mahindra** reported that June 2017 sales of 35,716 units were down 5% year-over-year. ([More...](#))
- **Subaru** announced May 2017 production and sales results. Global production of 86,285 units was up 17.6% on a year-over-year basis. ([More...](#))

## And now for the other news...

### Economic / Political News

- **Audi, BMW and MAN** Agreed with (German region) Bavaria's government to improve the emissions of Stage 5 diesel cars through the use of new engine management software. This could be a template for agreement at a national level. ([More...](#))
- **French** car registrations were up just over 1.5% in June on a year-over-year basis. Sales are up almost 3% YTD. ([More...](#))

- **UK** passenger car production data for May 2017 showed a drop of 9.7% year-over-year, which (trade body) SMMT blamed on preparation for new model introductions ([More...](#)). Commercial vehicle production declined 11.3% YoY. ([More...](#)) Local engine production rose 5.5% YoY. ([More...](#))
- **Spanish** production data for May 2017 showed an increase of 6.3% on a year-over-year basis. It is down 1.75% YTD. ([More...](#))
- The **German** government will reportedly create a new emissions testing body that makes up for perceived shortfalls highlighted by the VW diesel scandal. ([More...](#))

## Suppliers

- **Schaeffler** reduced its profit guidance, blaming in part raw materials and higher development costs for electric powertrains. ([More...](#))
- **Volvo** announced that the recently formed partnership with **Autoliv** (called Zenuity) to develop autonomous cars will work with **Nvidia**, targeting a Level 4 autonomous car by 2021. ([More...](#))
- **Autoliv** announced it would “[complement] its innovation strategy” by investing \$15 million in the Autotech Ventures VC fund. ([More...](#))
- **Faurecia** held an investor day where they presented several long range forecasts around battery electric vehicles and fuel cells. Faurecia see the fuel cell stack and hydrogen tank (an approximate alternative to a long range battery) as costing €4,500 in 2030. ([More...](#))
- **ZF** and **Hella** announced that they will include **Nvidia** in their recently formed JV to work on self-driving vehicles. ([More...](#))
- **VW** and **Nvidia** announced the creation of a deep learning data lab that will focus on mobility services. ([More...](#))
- **GKN** saw employees vote to strike at a plant in Spain after a breakdown in negotiation. ([More...](#))

## Ride-Hailing, Car Sharing & Rental

- **Uber** said that it had now completed 5 billion trips. The milestone was passed on May 20<sup>th</sup> but only reported now. Since it reported hitting the 2 billion trips milestone (June 2016), it has averaged just under 9 million trips per day. During the first six months of 2016 the average was about 5.6 million per day. ([More...](#))
- Alphabet’s (Google) **Waymo** driverless car division announced an agreement with **Avis** to run its self-driving test fleet in Phoenix. The exact terms of the agreement (length of time, geography and exclusivity) were unclear. ([More...](#))
- Hot on the heels of the Waymo / Avis tie-up, Bloomberg analysis showed that Apple were renting cars from Hertz’s contract hire subsidiary. Without any indication that Hertz are actually involved in the day-to-day running of the fleet (unlike Avis / Waymo), this seemed to be far more mundane than many media reports indicated. ([More...](#))
- South Korean firm **Kakao Mobility** (ride sharing, on-demand chauffeurs and navigation services) has raised \$437 million for “aggressive expansion”. ([More...](#))

## Driverless / Autonomy

- Alphabet’s (Google) **Waymo** driverless car division announced an agreement with **Avis** to run its self-driving test fleet in Phoenix. The exact terms of the agreement (length of time, geography and exclusivity) were unclear. ([More...](#))
- **Volvo** announced that the recently formed partnership with **Autoliv** (called Zenuity) to develop autonomous cars will work with **Nvidia**, targeting a Level 4 autonomous car by 2021. ([More...](#))
- **Drive.ai** said that it had raised \$50 million in order to help develop self-driving technology, including devices that could be retro-fitted to existing vehicles. ([More...](#))
- **GM** indicated that it was looking at ways to involve its dealers in the servicing and fleet management of autonomous vehicles. ([More...](#))
- **HERE** announced a joint venture with **Mapillary** to use the latter’s crowd-sourcing images to build better 3D maps. ([More...](#))
- Self-driving vehicle researchers were aghast after **Volvo** reported that it was having particular problems detecting kangaroos with its sensor set up because of the way that they jump around. Fortunately, it turned out to be mis-reporting and concern the fine-tuning of Volvo’s current safety systems, meaning travellers to the outback can still dare to dream of a driverless future. ([More...](#))

## Electrification

- A tweet from Henrik **Fisker** with the Apple HQ in the background led to rumours that the tech giant might be interested in a tie-up. ([More...](#))
- The website for **Fisker** reservations said that each \$2,000 deposit is fully refundable. There is a cap on the number of reservations which appears to be under review. It is currently two per household, having been three per person when the site launched. ([More...](#))
- **Audi's** chief technical officer said in an interview that the company would be paying about €100 per kWh for batteries when it launches its new all-electric products later this decade. ([More...](#))
- **Chargepoint** (backed by Daimler and BMW) announced that it had secured \$125 million in its Series G funding round and that it would take on GE's charging assets in the US. ([More...](#))
- **Faurecia** held an investor day where they presented several long range forecasts around battery electric vehicles and fuel cells. Faurecia see the fuel cell stack and hydrogen tank (an approximate alternative to a long range battery) as costing €4,500 in 2030. ([More...](#))
- Dutch start-up **Lightyear** have announced their plan to bring a solar-powered electric car to market in 2019. It will have a range of 800km and reservations are now open. Pricing starts at €119,000 with the final design to be unveiled in 2018. ([More...](#))