



# AD PUNCTUM

## News Review -- 21<sup>st</sup> August to 27<sup>th</sup> 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

- Unveiled the new M5 sports saloon by including it in a new computer game “Need for Speed Payback” rather than a conventional product presentation. ([BMW](#))

#### Daimler

- According to Manager Magazin, the company is contemplating creating a holding company of three separate entities, with the further possibility of spinning the divisions off at some point in the future. ([Manager Magazin](#))

#### FCA

- Great Wall confirmed their interest in FCA’s Jeep brand but remained tight-lipped on takeover of the entire company. ([Detroit News](#))
- Is reportedly looking at a possible spin off of Maserati and Alfa Romeo, in addition to selling the Magneti Marelli components arm. Memo: CEO Marchionne said that he was nervous about the rump assets if the business sold of its best performing subsidiaries during Q2 2017 conference call and FCA was reportedly in talks to sell Magneti Marelli to Samsung before the Korean company bought Harman. ([Bloomberg](#))

#### Ferrari

- Unveiled the Portofino, which will replace the California in Ferrari’s line-up. ([Ferrari](#))

#### Ford

- Said that it had signed an MoU with Chinese manufacturer Anhui Zotye to create a range of all-electric vehicles under a new brand. The JV appears to be aimed specifically at the Chinese market and would be Ford’s 3<sup>rd</sup> joint venture partner in China. Memo: Ford is following the lead of GM and Daimler by planning a China-only EV brand developed with a partner. ([Ford](#))
- Said that it will provide a strategic update -- presumably the new CEO’s much vaunted 100-day plan -- October 3<sup>rd</sup>. Memo: The news conference will be held on Hackett’s 134<sup>th</sup> day in charge. ([Ford](#))
- Ford’s VP of autonomous and electric vehicles wrote in a blog post about the company’s efforts to create a driverless vehicle for moving people and goods, but didn’t mention any timing. He revealed that the vehicle will be hybrid electric “initially” and his description makes the product Ford are developing sound like a combi-van. ([Ford](#))
- Is investing in Transit vehicle production (with its joint venture partner). In order to increase capacity from 290,000 to 330,000 vehicles per year. The higher production rate will be in place by September 2018. ([Ford](#))
- Announced that it would give a £2,000 scrappage allowance to customers in the UK who traded in older gasoline and diesel vehicles. Although Ford touted the air quality benefits, the BBC saw boosting car sales as a possible ulterior motive. ([BBC](#))

## Geely (includes Volvo)

- Volvo declared “the end of clutter”. Sadly, the search for perfect order continues as it transpired that it was no more than an attention-grabbing headline to highlight improved door pocket storage. ([Volvo](#))

## General Motors

- Saw CEO Mary Barra named to Disney’s board. Although possibly a distraction, Disney’s own fight with disruption (=Netflix) may give Barra useful perspective on how car making needs to change. ([Detroit News](#))
- Said it would recall a small amount of early production build Bolts to correct problems where the vehicle overstates the remaining range. GM has to replace the entire battery pack in order to fix the issue..
- Announced just over \$600 million of investments in its Joinville, Brazil, factory. ([Reuters](#))
- GM’s VP for urban mobility gave an interview about the performance and growth of Maven. She was asked whether the unit was profitable and replied that there was more than 100% return on investment without being clear on the rationale. ([Economic Times of India](#))

## Honda

- Unveiled a new type of blanking die for steel stampings that reduces scrap steel. Honda overcame problems with bed size limitations in order to install alternating blanking even on bodyside-size panels. ([Honda](#))
  - Implication: If you don’t know much about stampings, the Honda case study might seem like gibberish but the team have used lateral thinking to improve stamping efficiency -- with a solution that is reminiscent of food packaging (although the Honda team credit different inspiration).

## Hyundai / Kia

- Hyundai executives said that the company had approved development of a pick-up truck for launch in the USA in 2020. A small SUV named the Kona should debut this year. ([Reuters](#))

## PSA (includes Opel/Vauxhall)

- Vauxhall said that its £2,000 UK scrappage scheme had been taken up by over 5,000 customers in 2017. Vauxhall called its scheme “much copied”. 63% of the cars being traded in are from other brands. ([Vauxhall](#))
- Opel said that 50,000 orders for its new compact SUV the Crossland X had been taken since launch in March (cars are only recently arrived in dealerships). ([Opel](#))
  - Implication: Following on from similar announcements about the success of the Insignia, it isn’t yet clear whether these products are doing fantastically well or the press releases are for Opel’s own benefit (or possibly to convince PSA that there’s no need to do anything drastic).

## Renault

- Will reportedly partner with infrastructure company Ferrovial to launch a Spanish car sharing service that uses all-electric vehicles. ([Autofactil](#))

## Tata (includes JLR)

- Announced that it had developed a new brand identity for Tata Motors: “Connecting Aspirations”. The company believes mobility services are better covered by the new tagline. ([Tata](#))
- Tata Motor’s CEO said that the company was still looking for partners on small vehicle platform following the failure of its intended collaboration with VW Group. ([Economic Times of India](#))
- Tata Motor’s COO said that Nano production, currently at around 1,000 vehicles per month, would not be phased out, citing sentimental reasons. ([Economic Times of India](#))

## Tesla

- Received criticism of Tesla's approach to Autopilot that implied Tesla cared more about speed of rollout than safety. In fairness to Tesla, although they have been publicly bullish on their timeline for self-driving software, they haven't yet released any. ([The Verge](#))
  - Implication: If Tesla is one of the most valuable car companies in the world, its going to get treated like all the rest. Model 3 volume aspirations list Tesla firmly into the mass market where brand image is shaped by wider forces far more than when it only has to worry about the opinions of early adopters.
- After reportedly having conversations with Tesla about their new semi-truck, a truck operator said that the vehicle (to be unveiled next month) will be a day cab (no sleeping space) and will have a range of 200 - 300 miles on a single charge. ([Reuters](#))
- CEO Elon Musk said that the company would soon store driver profiles in the cloud so that different drivers of the same car could have their settings used without having to manual program them in (and also use different cars). ([Futurism](#))

## VW Group

- Audi will partner with Chinese firm Hanergy to create panoramic roofs than contain solar cells to extend the range of vehicles. ([Audi](#))
- VW showed off the new T-Roc, a design-led compact SUV. Unlike Nissan and Renault, VW has engineered all-wheel drive into the model, which may reduce its cost competitiveness. ([VW](#))
- Audi announced a change to the way its models will be badged in future. They will now carry a two digit figure after the model name to signify the engine's power level. 30 will be the lowest power level and 70 will be the highest. ([Audi](#))
  - Implication: although the rationale for introducing what at face value appears to be a more confusing naming convention (not least because the range is for some reason between 30 and 70), potentially badging in this way will make it easier for consumers to compare gasoline, diesel, PHEV and BEV powertrains?

## Other

- **Germany's** environment minister said that there will have to be hardware changes to diesel vehicles to increase the exhaust gas purification. Auto makers are expected to be heavily resistant. ([Manager Magazin](#)). At the same time, the chancellor's chief of staff said that the government saw a "vital interest" in preserving diesel engines. ([Bloomberg](#))
  - Implication: This is a dangerous time for the car makers since it isn't quite clear what the government has in mind and what level of independent feasibility studies it has undertaken. Retrofit of urea / SCR systems is practically impossible for reasons of finding space in the vehicle to fit them, as well as the economic challenges (thousands of euro per vehicle). Potentially, lean NOx traps could be fitted (still difficult but easier theoretically and at a cost per vehicle measured in hundreds of dollars).
- **ACar**, an all-electric low cost vehicle created by a German team was unveiled ahead of the Frankfurt Motor show. The vehicle is very similar in concept to the Ox from **Gordon Murray Design**. ([Golem](#))
- **Chery's** CEO said that the company had set big internal growth targets, especially in overseas markets, but was expecting to achieve this through organic growth and was not actively looking at M&A. ([Reuters](#))
- **Subaru** announced that due to the Takata bankruptcy, it would be unable to claim repair costs and consequently would make an extraordinary loss in the next quarter (and full year) as it reflected the costs. Although the cause was previously announced, this was the first time Subaru quantified it. ([Subaru](#))
- **Aston Martin** reported financial results for the first half of 2017. Unit sales were up 67% and revenue was up 94%, reflecting improved pricing and series/option mix on the DB11. ([Aston Martin](#))

## And now for the other news...

### Suppliers

- **Adient** announced that it will buy seating supplier **Futuris Group** for around \$360 million. ([Adient](#))
- **LG Electronics** announced a new factory in Michigan, USA that will supply electric vehicle components ([LG](#))
- **Lear** announced that it would build a new 160,000 square foot seating factory in Michigan, USA in order to support GM's Flint factory. The factory will open in 2018 and will employ about 600 people. ([Lear](#))
- **Bosch** announced that it had developed a keyless entry system that uses smartphones to detect proximity to the vehicle and enable unlocking and engine start. Because the smart phone is recognised as an individual device, the car can also switch to customer preferences for seating position and other features depending on the identified driver. ([Bosch](#))

### Ride-Hailing, Car Sharing & Rental

- **Uber's** latest financial results showed revenues of \$1.75 billion, up from \$1.5 billion in the prior quarter and an EBIT loss of \$(645) million. The company had \$6.6 billion in cash at the end of the quarter. ([Axios](#)). This week also saw Uber's first pitch deck being re-published by one of the firm's co-founders. The company remains some way from the \$20 million per year profits envisaged on slide 20. ([Medium](#))
- The speculation surrounding the search for **Uber's** new CEO proved spectacularly wrong ([example: Business Insider](#)) as the company announced Expedia's CEO Dara Khosrowshahi. ([BBC](#))
- **Uber** is reportedly in talks with Singaporean taxi firm **ComfortDelGro** to add the company's licenced taxis to Uber's local offering. ([Straits Times](#))
- **Google Maps** took a further step towards commoditisation of ride-hailing services with the announcement that **BlaBlaCar** services would now be shown (in the public transport section). Google already displays offerings from Uber and Gett. ([Journal Auto](#))
- Luxury peer-to-peer car sharing app **LuxNow** launched in Florida, with plans to expand to other US locations and expand its offerings into all-things-luxurious including jets and yachts. ([Auto Rental News](#))
- **GM's** VP for urban mobility gave an interview about the performance and growth of Maven. She was asked whether the unit was profitable and replied that there was more than 100% return on investment without being clear on the rationale. ([Economic Times of India](#))
- **Go-Jek** has reportedly added JD.com to its list of investors as it looks close to finalising its latest funding round. ([TechCrunch](#))
- **Renault** will reportedly partner with infrastructure company **Ferrovial** to launch a Spanish car sharing service that uses all-electric vehicles. ([Autofactil](#))

### Driverless / Autonomy

- **Ford's** VP of autonomous and electric vehicles wrote in a blog post about the company's efforts to create a driverless vehicle for moving people and goods, but didn't mention any timing. He revealed that the vehicle will be hybrid electric "initially" and his description makes the product Ford are developing sound like a combi-van. ([Ford](#))
- The **UK** government has granted licenses for self-driving lorries to be tested on public roads in order to develop improved understanding of platooning. ([BBC](#))
- **Apple** is reportedly developing autonomous shuttles that it will use to ferry people around its campus as a part of its autonomous driving efforts. ([New York Times](#))
- **Germany's** ministry of transport received the report it had commissioned into ethics of autonomous driving. The report suggests a number of ethical principles and frames autonomy as a safety technology and encourages data sharing between OEMs (page 29 Figure 3). It also actively discourages emergency handovers between vehicle and driver (principles 17 & 19). ([BMVI](#))
  - Implication: We believe that placing autonomy as first and foremost about safety in Germany sets the scene for a technology-heavy or all-of-the-above approach to in-vehicle technology, with multiple levels of redundancy quickly becoming the norm and fast to market approaches being discouraged. It remains to be seen to what degree this sets a template for other markets.

- **May Mobility**, a start-up led by ex-Ford and GM mobility gurus demonstrated a prototype autonomous vehicle and said it was looking to augment its existing \$3.5 million fund-raising in order to accelerate development. ([TechCrunch](#))
- **Navya** (a company operating an autonomous bus service in France) unveiled the results of a user satisfaction survey. They found that, on balance, users were receptive to further introduction of autonomous public transport, however the scores indicated that many customers need greater exposure before becoming enthusiastic about the potential for autonomous vehicles. ([Navya](#))
- **Tencent** announced that it was creating an alliance to develop artificial intelligence for driverless vehicles. Members include BAIC. ([South China Morning Post](#))

## Electrification

- **Ariel** announced that they intend to launch a product named the “Hipercar” with all-electric drive equivalent to 1,180 hp and battery power generated from both plugging in and a micro turbine (similar to the concept of BMW’s i3 range extender, although only in the loosest possible sense). ([Elektrek](#))
- There was speculation that **Faraday Future** is looking to drop its Formula E effort in a bid to save money. Although the racing team that runs Faraday’s operation said that the two companies were still in partnership, they also added no-so-cryptically “where there is smoke, there is fire”. ([The Verge](#))
- French start-up **GazelleTech** said that they had completed construction of their first micro-factory (a production facility made from containers that can produce around 200 vehicles per year with a staff of five). They intend to launch their first prototype vehicles built this way in November. ([Usine Nouvelle](#))
- **India’s** plans for an electric vehicle only mandate by 2030 continued to face scrutiny as a think tank said that plans to have electric power supplied to the over 300 million Indians without access implemented by 2023 at present would not deliver reliable supply on a 24/7 basis. ([Times of India](#))
- Following on from a recent finding that **vehicle-to-grid** programs decreased battery life, a new study suggests that by adjusting the charging algorithms (so far something that has only been simulated), battery life could actually be improved. The debate will rage on... ([Charged EVs](#))
- **Ford** said that it had signed an MoU with Chinese manufacturer Anhui Zotye to create a range of all-electric vehicles under a new brand. The JV appears to be aimed specifically at the Chinese market and would be Ford’s 3<sup>rd</sup> joint venture partner in China. Memo: Ford is following the lead of GM and Daimler by planning a China-only EV brand developed with a partner. ([Ford](#))
- **Audi** will partner with Chinese firm **Hanergy** to create panoramic roofs than contain solar cells to extend the range of vehicles. Memo: Tesla have said that they don’t believe the technology is cost effective yet. ([Audi](#))
- Electric commercial vehicle start-up **Arrival** (formerly Charge) will supply vehicles to the **Royal Mail** for testing. The 3.5 to 7.5 tonne trucks have a range of around 100 miles ([Wired](#)). The Royal Mail also announced that it has ordered 100 electric vans from **Peugeot**. ([International Business Times](#)).
  - Implication: much like DHL, the Royal Mail has a substantial fleet in operation (almost 50,000 vehicles of varying sizes) and would change the shape of the market if it were persuaded to adopt electrification on a grand scale.

## Connectivity

- **Cubic Telecom** has raised \$46.5 million from a variety of sources, including existing investor **Audi**. ([TechCrunch](#))
- **Tesla** CEO Elon Musk said that the company would soon store driver profiles in the cloud so that different drivers of the same car could have their settings used without having to manual program them in (and also use different cars). ([Futurism](#))

## Other

- Car financing start-up **AutoFi** raised \$10 million from a group of investors, including existing investor and service user **Ford Credit**. ([Reuters](#))
- German flying car start-up **Lilium** said that they are aiming to have a service in operation by 2025. ([Futurism](#))