



# AD PUNCTUM

## News Review -- 9<sup>th</sup> October to 15<sup>th</sup> October

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

### News about the major automakers

#### BMW

- In talks with Chinese manufacturer Great Wall over a potential joint venture to assemble Mini brand vehicles in the country. ([Reuters](#))
- Magna has joined the BMW-led self-driving car platform. Magna's role appears similar to that of Delphi and Continental since it will act as a non-exclusive integrator and offer the technology to other companies. ([Magna](#))
- Reportedly looking for a site for a new plant in Russia, with Kaliningrad the current frontrunner. ([Der Spiegel](#))
- Announced Q3 2017 sales of 590,403 units, up 1.2% on a year over year basis. Increases in Asia more than offset losses in other markets. ([BMW](#))

#### Daimler

- Said that it will invest €600 million in its Brazilian truck operations over the next five years. Daimler believes that the Brazilian truck fleet will soon need en masse replacement. According to the company, almost half of the trucks on the road are more than 20 years old. ([Daimler](#))

#### FCA

- Announced a recall of 414,134 vehicles to correct problems which could inhibit deployment of active head restraints in a crash. ([FCA](#))
- CEO Marchionne said that FCA won't sell Jeep as a standalone brand to a 3<sup>rd</sup> party and incorrect to assume that the company's future "hinges on doing a deal". ([Detroit News](#))

#### Ferrari

- CEO Marchionne said that Ferrari will have an SUV and that the company was trying to understand how to balance exclusivity with portfolio growth. ([Detroit News](#))

#### Ford

- Said that its European order bank was at record levels, having sold 30,000 Fiestas since launch. ([Ford](#))
- Said that it had started production of the face-lifted Ecosport in its Cariova, Romania plant. Employment at the plant will rise to 3,900 people making the small SUVs and small petrol engines. ([Ford](#))
- Offered a complimentary service to owners of Explorer vehicles, hoping to assuage concerns around exhaust emissions entering the cabin. Ford says that there is no issue and hopes the service offer will put the matter to rest. ([Ford](#))

## Geely (includes Volvo)

- Volvo's CEO said in response to rumours of a small car program that the company was in all the segments it wanted to be in and that "small cars are not on the radar right now". ([Autocar](#))

## General Motors

- Said that it was buying lidar company Strobe to help it bring self-driving vehicles to market "sooner than many think". Strobe's engineering team will become part of the Cruise Automation unit. ([GM](#))
  - Implication: GM seems to be giving Cruise the capability to pursue a "vertical stack" autonomous solution (i.e. doing everything itself) whilst other parts of the company concentrate on a more traditional approach.
- Reached an agreement with Canadian unions that it hopes will end a strike. Employees have yet to vote on the terms, which will probably be made public next week. ([Detroit News](#))
- Will reduce production at its Detroit Hamtramck plant due to slowing demand. The factory will reduce output from October 20<sup>th</sup> to November 20<sup>th</sup> and then shutdown completely until at least the end of the year. ([Detroit News](#))
- Will invest \$79 million in the Flint Assembly plant and construct a new building on the site. GM said the move would preserve existing jobs but not create new ones. ([Michigan Live](#))
- Will invest \$300 million in its Alvear, Argentina plant to produce a new Chevrolet model starting in 2020. ([Reuters](#))

## Hyundai / Kia

- Reported Q3 2017 sales of 1,763,276 units for Hyundai and Kia, a drop of (0.4)% on a year over year basis. Whilst domestic sales increased 22%, they could not offset weaknesses in other markets (particularly China). ([Hyundai](#)) ([Kia](#))

## PSA (includes Opel/Vauxhall)

- Will reportedly announced 400 job cuts at Vauxhall's Ellesmere Port, UK plant as part of a down rating of the plant from two shifts to one early in 2018. ([BBC](#))
- The head of the Galician regional government said that PSA's Vigo, Spain plant would be making more than 500,000 vehicles a year by 2020. That would be an increase of around 10% from today's level. ([Europa Press](#))
- Said that it was allocating new products to factories in Sochaux and Mulhouse that would ensure a "robust" level of manufacturing for the next ten years. Both plants will manufacture only EMP2 (C/CD) products. The vehicles will only be revealed later "for strategic reasons". ([PSA](#))
  - Implication: Could it be bad news for Opel employees? Between them, these two plants have capacity for around 650,000 units per year -- of various C-sized cars and SUVs and CD size vehicles. At the very least, refusing to explain anything about the line-up will make German works councils nervous that these two twin plants will be well-positioned to take over slow selling Opel models. When we analysed the likely synergies between PSA and Opel we saw Madrid and Mulhouse as two of the plants most likely to be closed. So far, our analysis is looking pretty shaky as PSA have guaranteed work to both. Either we are totally wrong that job losses are required to meet PSA's cost saving targets, or we chose the wrong plants.

## Renault

- Created a new subsidiary called Renault Energy Services. The group will concentrate on developing energy infrastructure. Its primary role will be to develop vehicle to grid business models and control systems that can reduce the cost of electricity for electric vehicle owners and to work on 2<sup>nd</sup> life usage of vehicle batteries (i.e. when the vehicle battery state of charge falls below automotive standard but still has plenty of usable capacity for grid management). ([Renault](#))
- Has purchased a 25% stake in Jedlix, a provider of technology that can improve the efficiency of vehicle to grid management. ([Autocar](#))

## Tata (includes JLR)

- Reported group wholesales for Q3 2017 of 309,163 units, an increase of 11.7% on a year over year basis. Sales were up across brands with the exception of Jaguar, which fell (2.1)% YoY. ([Tata](#))

## Tesla

- Dismissed hundreds (estimated at between 400 and 700) of workers for poor performance reviews. Replying to criticism that the separations come at a time when the company is struggling to ramp up Model 3 production, Tesla says that firing underperforming workers raises motivation and increases productivity. ([Mercury News](#))
- Launched a tailored insurance offering in the US and Canada (sold through a 3<sup>rd</sup> party for legal reasons), acting on experience from other markets. Tesla has previously said that it believes some insurers do not correctly assess the Model S and X insurance risks and costs. ([Elektrek](#))
- Said it was recalling 11,000 Model X vehicles to fix problems that could cause the rear seats to fold forward in a crash. ([Reuters](#))
- Reportedly about 35,000 people have paid the incremental \$3,000 for suitably equipped vehicles to enable “fully self-driving capability” even though no timescale for releasing the feature has been specified. The take rate of enhanced Autopilot is said to be 77%. ([Elektrek](#))
  - Implication: Since customers don’t have to sign up now and can instead wait to see whether Tesla can deliver automated driving (albeit by spending an extra \$1,000 to make amends for their distrust), the high take rate indicates the trust Tesla Model S and X buyers place in the company. It also shows the high percentage of early adopters that make up Tesla’s customers. Are there enough of them at the next price point down to justify Tesla’s sales projections? [Find our recent Tesla volume forecast here.](#)

## Toyota

- Will reportedly reduce the number of vehicles it sells in the Japanese market from 60 today to around 30 by 2025 in order to re-direct capital to new areas. ([Economic Times of India](#))
- Said in a company video that full self-driving technology was “many years off” and cautioned that some companies researching autonomy were potentially not thinking through all the safety implications, saying “it’s one thing to make a five-minute YouTube video” but putting millions of vehicles into the hands of “everyday people” was a different scale of problem. The company believes that billions of miles of testing are necessary and when the team hear other companies talk about their millions of testing miles they think “that’s nice”. Video at 46:00. ([Toyota](#))

## VW Group

- Is planning to reduce the size of its 3,000-strong European dealer network as it tries to improve dealer and company profitability. It is developing an online sales platform in partnership with its dealers. ([Economic Times of India](#))
- Has ended Scirocco production, although unsold finished vehicles remain in inventory. ([Auto Blog](#))
- Group CEO Müller said in an interview that electric cars “may not be as profitable as combustion models” in the next generation but the company believes there will be “a tipping point between the two in five to seven years, which will help balance our revenues”. He also said that the first step for driverless vehicles will be “taxis and parcel delivery in urban areas, where speeds are low”. ([Autocar](#))
- Reported 2017 Q3 group sales of 2.65 million units, up 6.3% on a year-over-year basis. Sales were up across regions but sales within Germany dropped (3.9)%. YTD sales of 7.803 million units are up 2.5% YoY. ([VW](#))
- Porsche launched a pilot scheme in Atlanta, USA called Porsche Passport that provides monthly subscription to SUVs and sports cars. Participants can choose from two levels -- a \$2,000 monthly subscription gives access to the lower end of the model range; for \$3,000 per month the expanded line-up includes 911 and Panamera. Subscription appears to allow a certain number of vehicle swaps and includes all costs except fuel and parking. ([Porsche](#))
- The head of the Skoda brand rejected suggestions that jobs in the Czech Republic were at risk saying that the company was operating near capacity and intended to recruit more employees soon. ([Reuters](#))

## Other

- **Baidu** and **BAIC** signed a strategic partnership with a view to deploying L4 driverless cars by 2021. ([TechCrunch](#))
- **Wiesmann**, which last made cars in 2014, announced it had signed an engine supply agreement with BMW that would allow it to restart series production (probably in 2018). ([Wiesmann](#))
- **Aston Martin** released pictures of the new DB11 Volante model ([Auto Express](#))

## News about other companies and trends ...

### Economic / Political News

- The **Dutch** coalition government announced that it was planning to make new car sales emission free by 2030. ([NL Times](#))
- A spokesman for the **Slovenian** government said that from 2030 it would only allow new cars to be sold if they had CO<sub>2</sub> tailpipe emissions of lower than 50g/km. ([Economic Times of India](#))
- The **Oxford**, UK, regional government published proposals to phase in a zero emissions zone between 2020 and 2035. There are plenty of caveats that would prevent implementation including: public opinion, technology and central government support. ([Oxford Council](#))

### Suppliers

- **Kobe Steel** said it had shipped materials that failed quality tests between September 2016 and August 2017. **Honda** and **Toyota** confirmed that they had used the materials in production whilst **Mazda**, **Mitsubishi**, **Suzuki** and **GM** all said that Kobe Steel was a supplier and they were investigating the impact on vehicles that they have built. ([Bloomberg](#))
- **Schaeffler** announced that it would create a division to concentrate on the automotive aftermarket ([Auto Service World](#)). The company also said that it was buying Autinity Systems, a machine data recording and analysis specialist. ([Schaeffler](#))
- **Honeywell** announced that it will spin off two units, including its powertrain business, by the end of 2018. ([Honeywell](#))
- **Velodyne** said that it had quadrupled production capacity and was now able to offer units to new customers without huge waiting times. ([TechCrunch](#))

### Ride-Hailing, Car Sharing & Rental

- Car sharing and ride hailing back office platform provider **Ridecell** said that it was buying **Auro**, a developer of autonomous vehicles and said it was creating a platform to provide and operate autonomous vehicles in ride hailing services. ([Ridecell](#))
- **Lyft** said that it had reached a total of half a billion rides, and has completed 100 million in the last three months. ([Lyft](#))
- Ride hailing company **Ola** said that it had raised \$1.1 billion from investors including Tencent and SoftBank and that it was working on an additional \$1 billion. ([Ola](#))
- **Uber** told UK MPs that it was working on ways to cap drivers to 10-12 hours worked within a 24-hour period. According to Uber, a quarter of drivers in the UK are working more than 40 hours per week currently. ([City AM](#))
- Short term luxury rental company **CarHopper** raised \$1.5 million to fund developments that will allow it to bring small rental companies onto its (currently peer-to-peer) platform. ([TechCrunch](#))

### Driverless / Autonomy

- **Waymo** launched a campaign called “Let’s talk self-driving” to try and build support from groups that are marginalised today or are natural advocates for road safety. ([Waymo](#)). As part of the campaign, Waymo released a report. It doesn’t provide any new details on the Waymo fleet but does have some nice explanations, such as the concept of geo-fencing (page 16). ([Waymo](#))
- **Nvidia** unveiled a new chip called Drive PX Pegasus that it says may have a small enough form factor to fit in production self-driving vehicles. At the moment though, the power consumption is far beyond what OEMs believe they can accommodate (see next item). ([The Verge](#))
- A Bloomberg article collected quotes from **BorgWarner**, **Delphi** and **Ford** executives explaining why the first generation of autonomous robo taxis are likely to use internal combustion engines rather than being all-electric. ([Bloomberg](#))
- **California’s** Department of Motor Vehicles published draft rules that could allow vehicles without safety drivers onto the streets. The regulations could be in place by June 2018. ([Detroit News](#))

- UK start-up **StreetDrone** said that it was about to start deliveries of its first product, the StreetDrone One. The £49,500 vehicle is a **Renault Twizy** with various sensors such as lidar and camera integrated that the company believes will be of interest to universities wanting to research self-driving technology. ([The Engineer](#))
- **Rinspeed** showed some concept artwork of the Snap, an autonomous vehicle with replaceable bodies. It says that a prototype will be on display at the next CES. ([CarBuzz](#))
- **US Postal Service** released a report into the use of autonomous driving technologies. USPS said that it wants to pilot autonomous vehicles starting in 2019 with full-scale deployment in rural areas between 2022 and 2025. They are also interested in city delivery vehicles. Pages 1 - 2 and 12 - 17 of the report list a range of applications USPS is interested in, not all of which require L4/5 capability. ([USPO](#))
- **Deutsche Post DHL** will deploy electric vehicles equipped with **ZF's** ProAI self-driving sensor and processing kits (cameras, lidar and radar). The vehicles will record data from normal driving but if the fleet learning is successful then the same set-up might drive the vehicles in future. ([ZF](#))
- After saying that the **Fisker EMotion** would have five lidar sensors, the company announced that the units in question would be **Quanergy S3s**. ([Robotics Tomorrow](#))
- **VW Group** CEO Müller said in an interview the first step for driverless vehicles will be “taxis and parcel delivery in urban areas, where speeds are low”. ([Autocar](#))
- **Baidu** and **BAIC** signed a strategic partnership with a view to deploying L4 driverless cars by 2021. ([TechCrunch](#))
- **Magna** has joined the **BMW**-led self-driving car platform. Magna's role appears similar to that of **Delphi** and **Continental** since it will act as a non-exclusive integrator and offer the technology to other companies. ([Magna](#))
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## Electrification

- **VW Group** CEO Müller said in an interview that electric cars “may not be as profitable as combustion models” in the next generation but the company believes there will be “a tipping point between the two in five to seven years, which will help balance our revenues”. ([Autocar](#))
- **Shell** will buy charging network operator **NewMotion**. ([NewMotion](#))
- The consortium announced last year by **Ford**, **Daimler**, **BMW** and **VW** for a European charging network has now established a company to develop the business. The headquarters are in Munich and there are reportedly 50 people working on the project. ([Manager Magazin](#))
- **Chakratec** and **DBT** unveiled a fast charging station that uses flywheels to store energy before it is transferred to the vehicle (similar to some of the early KERS Formula 1 solutions) in order to augment the local grid. ([Charged EVs](#))
- **Bolloré** said that they have sold 200 electric buses so far and aim to produce around 50 next year. ([Les Echos](#))
- **Renault** created a new subsidiary called Renault Energy Services. The group will concentrate on developing energy infrastructure. It's primary role will be to develop vehicle to grid business models and control systems that can reduce the cost of electricity for electric vehicle owners and to work on 2<sup>nd</sup> life usage of vehicle batteries (i.e. when the vehicle battery state of charge falls below automotive standard but still has plenty of usable capacity for grid management). ([Renault](#))

## Connectivity

- **Octo Telematics** is creating a strategic alliance with **Willis Towers Wilson** and acquiring Willis Towers Wilson's usage based insurance business. ([Telematics News](#))
- **Mapbox** raised \$164 million in funding, allow it to expand its automotive division. ([Telematics News](#))

## Other

- Bicycle sharing company **Ofo** has raised an additional \$700 million (for a total of \$1.3 billion since the beginning of 2016). ([China Money Network](#))
- China-focused on-demand logistics company **Lalamove** raised \$100 million in funding and claims it operates profitably in several cities. ([TechCrunch](#))
- Bicycle sharing operator **Hellobike** said that it had raised money from investors including electric vehicle start-up **WM Motor**. ([China Money Network](#))