



# AD PUNCTUM

## News Review -- 23<sup>rd</sup> October to 29<sup>th</sup> October

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

### Our latest research

With so many companies claiming to be the next big thing in driverless vehicles, we've written a short report covering some of the main differentiating factors and how to spot someone trying to pull the wool over your eyes.

- [Read the detailed report here \(6,000 words\)](#)

### News about the major automakers

#### BMW

- Opened a new stationary storage facility at its Leipzig plant using second-life i3 batteries. The plant has capacity for 700 batteries (it uses some new batteries because so few used vehicle batteries have been available) and is connected to the public grid. The facility is modular and can be expanded in future. BMW said that this demonstrated profitable second-life usage. ([BMW](#))
- Said that, due to environmental and ethical concerns over the sourcing of cobalt used in high voltage electric vehicle batteries, it was working to publish details of its cobalt supply chain and had engaged an independent party to help raise standards. ([BMW](#))

#### Daimler

- Said that its battery storage plant in Hannover was now operational and provided 5MW of flexible storage to the public grid, with a plan to achieve 17.4 MWh of capacity. The facility has two aims: it provides on-demand electricity to the grid and is also used as a “living storage” for batteries that may be called upon to replace those in service. ([Enercity](#))
- Made a strategic investment in The Mobility House, a company that sells electric vehicle charging equipment and vehicle-to-grid services. ([Daimler](#))
- Had offices raided by EU officials investigating whether Daimler, VW and BMW created a cartel in powertrain technologies and purchasing. Daimler has claimed whistle-blower status. ([Reuters](#))

#### FCA

- Reported Q3 financial results. Revenue of €26.414 billion was down (2)% on a year-over-year basis. Adjusted EBIT of €1.758 billion was up 17%. The company's net debt position deteriorated slightly, from €(4.2) billion to €(4.4) billion -- FCA expects to be below €2.5 billion net debt at year-end. (FCA)
- Added a further round of down days at the plant producing Maserati Levante. ([Reuters](#))
- CEO Marchionne said that Maserati would probably release a second SUV in 2020. ([Detroit Free Press](#))

- FCA's South African and Australian sales teams have been contradicting each other over whether the company was stopping Chrysler and Dodge production for RHD markets. It seems the answer is: withdrawal of the brands from South Africa and probably no new models in Australia. ([Cars Guide](#))
- Will close a logistics operation in Toledo, Ohio. The company hopes to avoid any redundancies. ([Detroit Free Press](#))
- Has reportedly been threatened by French authorities with censure for uncooperative behaviour during investigations into whether FCA vehicles have non-compliant emissions. ([Le Monde](#))
- Said that it expects the new Wrangler to sell "well over 300,000" units annually and that it couldn't commit to Alfa Romeo breakeven as early as Q4 2017. ([FCA -- webcast](#))

## Ford

- Reported Q3 2017 financial results. Revenue of \$36.5 billion was up 1.7% on a year-over-year basis, despite wholesales dropping (1.7)% to 1.5 million units. Adjusted pre-tax profit of \$1.974 billion was up 40% YoY -- almost all explained by a non-repeat of recall costs in North America, although Ford attributed it to price discipline. ([Ford](#))
- Said that the "bulk" of the \$14 billion of additional savings Ford said it would make following the 100-day review of the business would flow through to the bottom line, rather than be reinvested. Ford also said that it would bring autonomous vehicles into a test market in 2018. ([Ford -- Webcast](#))
- Argo AI announced it has acquired lidar company Princeton Lightwave, saying that it was now "uniquely positioned to innovate in both sensor hardware and the interface between sensor and software". ([Argo AI](#))
- Announced a series of senior management and organisational changes. The CEO of Ford Credit now reports directly to CEO Jim Hackett and the strategy department will report to the CFO instead of the CEO. ([Ford](#))
- US authorities are reportedly investigating claims that Ford Fusion vehicles are susceptible to the steering wheel working loose, and in extreme circumstances coming off. ([Detroit Free Press](#))

## Geely (includes Volvo)

- Volvo reported Q3 financial results. Revenue of 48.9 billion SEK was up 18.4% on a year-over-year basis. Operating profit of 3.7 billion SEK was up 77.5% YoY. ([Volvo](#))

## General Motors

- Reported Q3 financial results. The sale of Opel / Vauxhall significantly affected reported headline figures -- a net loss of \$(3.0) billion. Adjusted EBIT was \$2.5 billion. GM will also stop reporting South American and Asian regions separate from one another from Q4 2017 onwards. ([GM](#))
- Think that they will be ready to take the driver out of a vehicle in "quarters, not years". GM also said that the cost base in South Korea "has grown to where it's not sustainable". ([GM -- Webcast](#))

## Honda

- Honda's CEO said that the company thought zero emission vehicles were probably not well-suited to the US market. ([Reuters](#))
- Unveiled a series of concept vehicles in Tokyo including a small all-electric sports car and several electric mobility vehicles ranging from a wheelchair to a convertible minibus/lounge. ([Honda](#))

## Hyundai / Kia

- Hyundai reported Q3 financial results. Revenues of 71.9 trillion KRW were up 4.0% on a year-over-year basis. Operating income of 3.8 trillion KRW was down (8.9)% YoY, primarily due to recall costs and higher incentive spending. ([Hyundai](#))
- Kia reported Q3 financial results. Revenues of 40.5 trillion KRW were up 1.8% on a year-over-year basis. Operating income of 360 billion KRW was down (81.4)% YoY. ([Kia](#))

## Nissan (includes Mitsubishi)

- Said that it will join Formula E from the 2018/19 season, taking over Renault's participation. ([Nissan](#))
- Said that it wants to have a 5% market share in India by 2020 -- setting a 250,000 unit sales target. ([Economic Times of India](#))
- Showed a concept of an all-electric small SUV with a claimed 600 km of range. ([Nissan](#)). The company has created a sound called "Canto" that future Nissan electric vehicles will use at speeds of up to 30 kmh -- only time will tell if it becomes as iconically annoying as the Nokia ringtone ([Nissan](#))
- Has begun testing fully autonomous vehicles in Tokyo and remains committed to making the technology available from 2020. ([Nissan](#))
- Said that the new Leaf was selling well with 9,000 orders taken so far, including 2,000 in Norway alone. ([Elektrek](#))

## PSA (includes Opel/Vauxhall)

- Said at the launch of the refreshed Citroën C4 Cactus that it would be discontinuing the C4 hatchback and looking to return to the segment in a few years. ([Autocar](#))
- Reported group Q3 revenues (PSA only reports profits every six months) of €14.99 billion, including 2 months of Opel and Vauxhall revenue. For the core PSA vehicle division (excluding Opel/Vauxhall), revenue of €8.42 billion was up 11.6% on a year-over-year basis. PSA's CFO said that the company had suffered supply problems, describing inventories as "a bit low", with the exception of Opel and Vauxhall which he said were "very high". The company also acknowledged ongoing weakness in China, but said it was no longer a "downward trend". ([PSA](#))
- Said that it would be presenting the Opel / Vauxhall turnaround plan in November but refused to be drawn on exact dates. ([PSA -- webcast](#))
- Reportedly looking to sell one of its Chinese factories due to weak demand for the model produced there. ([Les Echos](#))

## Renault

- Reported Q3 revenue and sales (Renault only reports profits every six months). Sales of 866,233 units were up 9.4% on a year-on-year basis. Revenues of €12.22 billion were up 15.9%, part of which was the impact of consolidating Avtovaz. ([Renault](#))
- Told workers at its Flins, France plant that it was intending to hire 100 workers on permanent contracts. This is in addition to 200 new recruits earlier in the year. The company will also hire 50 extra workers at the Le Mans plant. The success of the upgraded Zoe is apparently responsible. ([Les Echos](#))

## Tesla

- Reportedly told suppliers to expect firm orders of only 3,000 vehicles per week in December due to production bottlenecks, rather than the 5,000 per week it had previously guided (in line with public forecasts by Elon Musk). ([Reuters](#))
- Implied that it might start using modified Model S/X cars instead of vans for service personnel. Tesla's executive responsible for sales said it had "bugged" the company that it was using internal combustion engine vans and so they have worked on their own vehicles. ([Futurism](#))
  - Implication: Given that Tesla are delaying projects in order to focus on areas of real importance, this would be a strange way to allocate resources since there are already a number of large all-electric vans on the market from the likes of Renault, VW and Iveco, in addition to smaller products from Renault, Nissan and PSA.

## Toyota

- Said that it expected hydrogen fuel cell vehicles to have cost parity with hybrid vehicles in the Japanese market by 2025 due to a "substantial move forward" that the next generation technology, being launched in the early 2020's will bring. ([Autocar](#))
- Fuel cell sales will take off significantly from 2030, according to comments made by one of Toyota's Spanish PR team at a conference. ([Europa Press](#))

- Is scaling back on investment at its under-construction plant in Mexico. The company will spend 30% less and reduce the intended capacity by half, to 100,000 units. Toyota said that the new joint venture plant with Mazda had changed the previous model line allocation plan. ([Reuters](#))
- Showed a concept of the replacement for Lexus's flagship LS saloon and implied that the vehicle will have an SAE L3 driving system for use on highways from 2020. ([Toyota](#))
- A senior executive said that he believed Toyota would not launch any new diesel-powered models in Europe, pointing to the success of the C-HR, which is only available with petrol or hybrid powertrains. ([Autocar](#))
- Toyota executives, prompted by UK media, said that the uncertainty over a Brexit settlement was making it difficult to plan and that the company was certain that the imposition of tariffs would have a "big negative impact" on competitiveness. ([The Guardian](#))

## VW Group

- Reported Q3 financial results. Revenue of €55.0 billion was up 5.8% on a year-over-year basis. Operating profit of €4.3 billion was up 15.1%. The group raised its year-end profit outlook. ([VW](#))
- Had offices raided by EU officials investigating whether Daimler, VW and BMW created a cartel in powertrain technologies and purchasing. ([Reuters](#))
- Received regulatory approval for its proposal to rectify emissions problems in some of the US vehicles with 3.0L engines, avoiding a buyback. ([VW](#))
- Is facing a 6% pay rise demand from German unions. ([Reuters](#))
- CEO Müller, speaking at a conference, expressed frustration at the level of admiration for Elon Musk and Tesla. ([Daily Kanban](#))
- Audi launched a used car sales portal in Germany, following a successful pilot scheme. Customers can order from the combined dealer stock and then have the vehicle delivered to their local dealer for collection, regardless of the source. The website also enables real-time financing quotes. ([Audi](#))
- Volkswagen Financial Services launched a service called HeyCar, a pan-brand used vehicle portal. ([VW](#))

## Other

- **Gordon Murray Design** announced the creation of a low-volume sports car under the Gordon Murray Automotive brand. In addition to making cars for the namesake brand, the company will offer its services to 3<sup>rd</sup> parties. ([Gordon Murray Designs](#))
- **Subaru** said that, in the wake of Nissan's issues, it had identified irregularities in the way it approved finished vehicle quality inspectors. The company was keen to stress that it believed the issue was primarily one of documentation. ([Subaru](#))

## News about other companies and trends ...

### Economic / Political News

- **Singapore** announced that it would cap its vehicle licencing program (named certificate of entitlement / COE) so that from next year the total private car population does not grow -- price rises are now likely (the COE is bundled with the purchase cost of the vehicle). ([The Guardian](#))
- **UK** vehicle manufacturing output in September dropped on a year-over-year basis. Car production of 153,224 was down (4.1%) ([SMMT](#)). CV production was down (26)% ([SMMT](#)). Weakness in the home market was mostly to blame.

## Suppliers

- **Delphi** said that it was buying self-driving car developer **nuTonomy**. The deal is worth up to \$450 million depending on whether future targets are met. After the transaction closes, Delphi's combined test fleet of legacy and nuTonomy cars will be 60 vehicles. ([Delphi](#))
  - Implication: The purchase price certainly isn't cheap, although Delphi may feel that they have got more for their money than GM did when they purchased Cruise Automation for a similar figure. This move cements Delphi's multi-faceted approach as it works on its own self-driving solutions, alongside its role in the BMW-Intel collaboration, using a variety of in-house and 3<sup>rd</sup> party lidar.
- **Magna** said it had developed a torsional welding technique that enables weight reductions of up to 10% on thermoplastic parts. ([Magna](#))
- **Visteon** announced Q3 results. Sales of \$765 million were slightly down but net income of \$43 million was up. ([Visteon](#))
- **Borg Warner** announced Q3 results. Sales of \$2.4 billion were slightly up. Operating income of \$276 million was up 63%. ([Borg Warner](#))
- **Dana** announced Q3 results. Sales of \$1.8 billion were up 32% on a year-over-year basis. Net income of \$69 million was up 21% YoY. The company increased its full year outlook. ([Dana](#))
- **Gestamp** reported Q3 results. Revenue of €1.9 billion was up 15%, with profits of €175 million improving from a loss in the prior year. ([Gestamp](#))
- **Valeo** released Q3 revenue figures, showing a 8% increase year-over-year. ([Valeo](#))

## Ride-Hailing, Car Sharing & Rental

- **Zipcar** announced a program that gives unlimited access during the work week. There is a flat monthly subscription of between \$199 - \$299 and then a mileage charge. ([The Verge](#))
- **Uber** is adjusting fees to help drivers earn more. It will now make customers with long pick-up distance pay extra to reflect the cost of collecting them, as well as the paid journey. ([TechCrunch](#))
  - Implication: These type of charges reflect costs of business that private car hire operators have always factored into their business and indicate the limitations of the job-allocation algorithms that companies such as Uber use in order to increase efficiency. They also undermine the simplicity of the offering.

## Driverless / Autonomy

- **Waymo** said that it would begin testing in Michigan to learn about driving in cold weather conditions, particularly snow. ([Waymo](#))
- **Pioneer** unveiled a lidar product with a spinning mirror that it aims to sell for under \$100 per unit by 2020. At present, the product appears to be aimed at Level 3 applications. ([Bloomberg](#))
- **Nvidia's** CEO said that it would take "no more than 4 years to have fully autonomous cars on the road". ([Reuters](#))
- **Argo AI** (majority owned by **Ford**) announced it has acquired lidar company **Princeton Lightwave**, saying that it was now "uniquely positioned to innovate in both sensor hardware and the interface between sensor and software". ([Argo AI](#))
- **Ford** said that it would bring autonomous vehicles into a test market in 2018. ([Ford -- Webcast](#))
- **GM** think that they will be ready to take the driver out of a vehicle in "quarters, not years". ([GM -- Webcast](#))
- **Delphi** said that it was buying self-driving car developer **nuTonomy**. The deal is worth up to \$450 million depending on whether future targets are met. After the transaction closes, Delphi's combined test fleet of legacy and nuTonomy cars will be 60 vehicles. ([Delphi](#))

## Electrification

- Energy supplier **Enel** has acquired vehicle-to-grid specialist **eMotorWerks**. ([Inside EVs](#))
- **BMW** opened a new stationary storage facility at its Leipzig plant using second-life i3 batteries. The plant is connected to the public grid, modular and can be expanded in future. BMW said that this demonstrated profitable second-life usage. ([BMW](#))
- **Daimler** said that its battery storage plant in Hannover was now operational and provided 5MW of flexible storage to the public grid, with a plan to achieve 17.4 MWh of capacity. The facility has two aims: it provides on-demand electricity to the grid and is also used as a “living storage” for batteries that may be called upon to replace those in service. ([Energycity](#))
- **Daimler** made a strategic investment in The Mobility House, a company that sells electric vehicle charging equipment and vehicle-to-grid services. ([Daimler](#))
- **Honda's** CEO said that the company thought zero emission vehicles were probably not well-suited to the US market. ([Reuters](#))

## Other

- **TomTom** and Japanese mapping company **Zenrin** announced a strategic collaboration that will use some of TomTom's technology in Zenrin's maps. ([TomTom](#))
- US bicycle sharing operator **Limebike** raised \$50 million as the company looks to expand to more locations in the US. ([TechCrunch](#))