



# AD PUNCTUM

## News Review -- 30<sup>th</sup> October to 5<sup>th</sup> November

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

- Recalling about 1 million vehicles in the US to correct problems with the wiring. ([BBC](#))

#### Ford

- Bill Ford says in the past the company had “said too much” about its plans for autonomous driving and in response to criticism that the company wasn’t giving sufficient information for investors to have confidence in its future he said that clarity would be provided “when we’re ready”. ([Detroit News](#))
- Ford’s Chariot on-demand bus service confirmed that it is working towards a launch of operations in London. ([City AM](#)) and its subscription car service Canvas will launch in a second city, LA. ([Tech Crunch](#))
- French unions won a tribunal case against Ford saying that the company was violating the terms of a 2013 labour agreement where it committed to maintain 1,000 jobs at its Bordeaux site until May 2018. The union says that currently Ford only has 879 workers at the site. Workers are lobbying for the plant to be given a new transmission to produce. ([Usine Nouvelle](#))

#### Geely (includes Volvo)

- According to a Malaysian government minister, Proton’s new factory in Tanjung Malam will have a capacity of 400,000 vehicles by 2022 and produce Volvo and Geely badged products alongside Proton vehicles. He said that the company plans to export 200,000 Protons cars to China and ASEAN markets. ([New Straits Times](#))
- The London Electric Vehicle company lost a case to prevent Metrocab selling an electric taxi in London. LEV claimed that the vehicle’s exterior was too similar to its own design. ([Cab Trade News](#))

#### General Motors

- Cruise invited media to an event on 28<sup>th</sup> November, expected to be a Waymo-like demonstration. ([TechCrunch](#))

#### Honda

- Announced Financial results for Q3 2017 / Fiscal Q2. Revenue of 3,776 billion yen was up 15.7% on a year-over-year basis but profit was down (33)% YoY. Honda revised its year-end guidance upwards. ([Honda](#))
- Working on a new battery technology ahead of a car launching in 2022 with a 15 minute charging time. ([Nikkei](#))

#### Mazda

- Reported Q3 2017 / Fiscal Q2 results. Revenue of 854.5 billion yen was up 11% on a year-over-year basis. Operating profit of 36.6 billion yen was up 2% YoY. ([Mazda](#))

## Nissan (includes Mitsubishi)

- Reported Q3 2017 global sales of 1,414,864 units, an increase of 6% on a year-over-year basis. Sales were down (3)% in North America, but up in all other regions -- by 26% in Japan. ([Nissan](#))
- Said that it had decided fixes for the problems with its final inspection routines in Japan and would be soon implementing them across plants. ([Nissan](#))

## PSA (includes Opel/Vauxhall)

- The future plan for Opel / Vauxhall will be presented on 9<sup>th</sup> November. ([Opel](#))
- Announced the completion of the captive finance operations for Vauxhall and Opel and the appointment of a new management team. ([PSA](#))
- Reportedly planning to add workers to the night shift in Mulhouse for production of 2008 and DS7. No new hiring will take place as the additional labour will come from the C4 / DS4 line. ([Journal Auto](#))
- Suffered production stoppages in Rennes as temporary workers protested over wage slip irregularities. ([France 3](#))

## Renault

- The French government announced that it had reduced its stake in Renault to 15%. ([Bloomberg](#))
- Dongfeng Renault outlined its strategy to 2022. The company aims to increase sales to 400,000 units annually. There will be nine local models, including three EVs, sold through 400 dealers. ([Economic Times of India](#))

## Suzuki

- Announced financial results for Q3 2017 / Q2 fiscal year. Revenue of 1,831 billion yen was up 22% year-over-year. Operating income of 173 billion yen was up 49.7% YoY. ([Suzuki](#))

## Tesla

- Announced Q3 2017 financial results. Automotive revenue of \$2.362 billion was up 10% on a year-over-year basis. Total revenue of \$2.985 billion was up 30% YoY. Net income from operations was a loss of \$(535) million, compared with a profit of \$86 million a year earlier. ([Tesla](#))
  - Implication, although it isn't attracting much attention, Tesla's "Services and Other" line is running at a gross loss (i.e. excluding fixed cost) of around \$(200) million per annum. The explanation that automotive gross margins were reduced due to Model 3 launch costs didn't seem to fit the actual YoY drop very well since only a handful of units were produced.
- Tesla said that its Model 3 ramp-up was going more slowly than expected, meaning that it would reach 5,000 units per week at the end of Q1 2018, rather than Q4 2017 as previously guided. The company wouldn't give firm guidance on when it might achieve 10,000 units per week. ([Tesla](#))
  - Implication: despite having previously given the figures freely, Tesla said that it didn't comment on vehicle-line specific orders. Ad Punctum's analysis of Tesla financials indicates that the figure is probably between 410,000 - 465,000 units.
- The Daily Kanban published a story saying that Tesla's production problems were of its own making, citing a source at a manufacturing equipment supplier who contrasted Tesla's rushed approach with that of a conventional OEM ([Daily Kanban](#))

## Toyota

- Reported Q3 group production of 2,553,144 units, down (1)% on a year-over-year basis. ([Toyota](#))
- Toyota AI Ventures said that it would be making further investments in Israeli companies. ([Reuters](#))

## VW Group

- The head of Volkswagen's UK finance arm said that the company was working towards a full banking licence in the UK, which would help it raise funding in the same place as it issued loans. ([Economic Times of India](#))
  - Implication: VW has two finance companies in the UK, one is a subsidiary of the main bank (passporting not required) but the other is a branch (Volkswagen Bank UK -- would be affected by loss of passporting).
- Audi said that it would recall about 5,000 A8 vehicles to update their emissions software. ([VW](#))
- Lamborghini will reportedly use a solid-state battery to create a plug-in hybrid version of the successor to the Huracán, to be introduced in 2022. ([Autocar](#))

## Other

- **Ferrari** issued financial results for Q3 2017. Revenues of €836 million were up 7% year-over-year, EBIT of €202 million was up 17% YoY. Ferrari raised its year end guidance. ([Ferrari](#))
- The FBI's investigation into corruption by **UAW** officials appears to have expanded beyond **Fiat Chrysler**, with union officials at **GM** reportedly under suspicion. ([Detroit News](#))
- **Gordon Murray Automotive** announced that it would use the IGM brand for its in-house products. The company is opening a new manufacturing centre in Dunsfold, UK. ([Gordon Murray Designs](#))
- **Isuzu** said that it had confirmed that some suppliers had used materials supplied by **Kobe Steel** that were affected by the company's quality scandal, and it was working to establish the impact. Isuzu has not directly purchased any suspect material. ([Isuzu](#))

## [News about other companies and trends ...](#)

### Economic / Political News

- **US** light vehicle industry for October was 17.98 million SAAR. ([Wards](#))
- Registrations in **Italy** were 159,835 units in October, up 7% on a year-over-year basis. ([UNRAE](#))
- Passenger car registrations in **Spain** were 94,676 units in October, up 13.7% on a year-over-year basis. ([Faconauto](#))
- **French** passenger car registrations for October of 176,496 units was an increase of 13.7% on a year-over-year basis. Commercial vehicle registrations of 39,372 units were up 18.9% YoY. ([CCEFA](#))

### Suppliers

- **Delphi** reported Q3 2017 financial results. Revenue of \$4.3 billion was up 4.4% on a year-over-year basis, excluding exchange, raw materials and the effect of M&A. Net income from continuing operations was \$395 million. ([Delphi](#))
- **Continental** announced that it would build a plant in Lithuania to supply electronics. The company will invest \$95 million and expects to create 1,000 jobs. ([Continental](#))
- **Continental** has acquired **Argus Cyber Security** to improve its offerings for secure connected vehicle communications. ([Continental](#))
- **Denso** reported first half financial results. Revenue of 2,366 billion yen was up 8.6% on a year-over-year basis. Operating profit of 204 billion yen was up 43.4% YoY. The company will increase its dividend. ([Denso](#))
- **Denso** announced its operating targets for 2025. It is aiming for a 10% operating profit, partly through growth in mobility, electrification and automated driving. ([Denso](#)). Denso has also completed a previously announced share purchase in Fujitsu Ten and now that it is the majority shareholder, the name has changed to Denso Ten. ([Denso](#))
- **AAM** reported Q3 financial results. Revenue of \$1.72 billion was up over 70% on a year-over-year basis. Net income of \$86 million was up 40% YoY. ([AAM](#))
- **Adient** reported Q3 2017 / Fiscal Q4 results. Adjusted EBIT rose 3% on a year-over-year basis. ([Adient](#))
- Paint specialist **Akzo Nobel** is reportedly considering a merger with **Axalta**. ([Bloomberg](#))

- **Bridgestone** is reportedly increasing European capacity by 20% over the next five years. ([Journal Auto](#))
  - Implication: famous last words and all that but regardless of exactly how everyone travels around in future the thing that seems most certain is that the vehicles are on tyres and the amount of miles travelled will go up rather than down. This means that whilst tyre makers almost certainly face challenges from low cost, commoditised brands, they can probably work on the basis of an ever-expanding market.
- **Faurecia** continued its Chinese expansion, this time creating a JV with **BYD**, which will be 70% controlled by Faurecia. ([Faurecia](#))

## Dealers

- **German** dealers have never been so happy. According to a survey, satisfaction with OEMs is at record levels and return on sales is improving, although still short of previous highs. ([Autohaus](#))

## Ride-Hailing, Car Sharing & Rental

- **Grab** said that it had reached one billion rides at the end of October. ([Grab](#))
- **Didi** has entered into a strategic partnership with **NEVS** to create a charging network that Didi's drivers and members of the public can use. Didi expects to have 1 million electric vehicles in its fleet by 2020. ([Climate Action Programme](#))
- **Ford's** Chariot on-demand bus service confirmed that it is working towards a launch of operations in London. ([City AM](#))

## Driverless / Autonomy

- **Waymo** gave a closed course demonstration to selected members of the media. ([TechCrunch](#))
- **Baidu** has created a partnership with ride-hailing company **Shoqi**. The deal should help accelerate development of high resolution maps by increasing the fleet size. ([Xinhua](#))
- High resolution radar supplier **Arbe Robotics** raised \$9 million. Note that the company explicitly talks about Level 3 capability in its press releases. ([Globes](#))
- Researchers have developed a new method for testing self-driving neural networks called **DeepXplore**. The idea is to run identical tests on several neural networks at once and spot bugs by identifying major differences in output. ([IEEE](#))
- **Waymo** said that it would use US dealer **AutoNation** to service its autonomous test fleet. ([International Business Times](#))
- Low-cost lidar developer **Blickfeld** raised \$4.25 million in seed funding. ([TechCrunch](#))

## Electrification

- **US** draft tax legislation proposes to eliminate the tax credit for electric cars (up to \$7,500 depending on how many vehicles the OEM has produced). ([Detroit News](#))
- The European charging network set-up by **BMW**, **Daimler**, **Ford** and **VW** has been named Ionity. It aims to create 20 charging stations in 2017, with 400 sites planned by 2020. ([Ford](#))
- The CEO of **Workhorse** said that it has \$300 million worth of pre-orders for its W-15 plug-in hybrid pick-up truck. ([autoblog](#))
- **SF Motors** has purchased a former military Humvee plant and intends to create 430 jobs when it reopens. ([LA Times](#))

## Connectivity

- **Continental** has acquired **Argus Cyber Security** to improve its offerings for secure connected vehicle communications. ([Continental](#))

## Other

- **Mapbox** has acquired Belarusian **Mapdata**. ([TechCrunch](#))
- **Porsche SE** was amongst the investors in metal 3D printing company **Markforged**. ([3D Printing Industry](#))