



# AD PUNCTUM

## News Review -- 11<sup>th</sup> December to 17<sup>th</sup> December 2017

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** (history)

- Said it will build a new proving ground in the Czech Republic at Sokolov, close to the German border. ([BMW](#))

#### **Daimler** (history)

- CEO Dieter Zetsche agreed to become the chairman of German holiday travel firm Tui from 1<sup>st</sup> October 2018 onwards, sparking inevitable speculation about him vacating his position at Daimler earlier than the end of his contract in late 2019. ([Manager Magazin](#))
- Will build a new office for its 900-strong US financial services staff in Texas. ([Daimler](#))

#### **Ferrari**

- Reportedly planning a move to two-shift production from 2018 onwards as annual volume ramps up to more than 9,000 units. ([Bloomberg](#))

#### **Ford** (history)

- Signed an agreement to develop digital mobility solutions for the residents of Hyderabad, India. Ford will work with the city's government to assess the state of the current public transport and road network and then recommend solutions. Electronic payments appear to be a focus of the project. ([Autocar](#))
- Denied that it was intending to source the next generation Fusion/Mondeo from China and import to North America and Europe after suppliers leaked documents appearing to show China as the sole source of the vehicle from around 2020 onwards. The company declined to comment on the implications for factories in Valencia and Mexico that make the car now. ([Reuters](#))

#### **Geely (includes Volvo)**

- **Volvo** has started giving autonomous-capable vehicles to 100 families in Sweden in order to monitor how they use the vehicles everyday. At first the full capabilities of the vehicle will not be available. The company says it will have a fully autonomous car commercially available by 2021. ([Volvo](#))

#### **Honda** (history)

- Invested about \$9 million in Chinese car-sharing platform Reachda. ([Caixin](#))

## Hyundai / Kia

- Believes that battery prices will stop falling by 2020 because rising raw material prices will cancel out the benefits of design improvements and manufacturing scale. ([Green Car Reports](#))
- Hyundai said that it still sees fuel cell vehicles as “the ultimate direction” but that it will do more to work on battery electric vehicles. ([Bloomberg](#))
- Recalling about 520,000 Hyundai and Kia cars to fix problems with brake lights. ([Detroit News](#))

## Nissan (includes Mitsubishi)

- Nissan is launching an all-electric carsharing scheme called e-Share Mobi in Japan. ([Nissan](#))

## PSA (includes Opel/Vauxhall) (history)

- Announced that it had agreed a new labour contract with German unions. There will be an early retirement offering, with employees aged 57 and over eligible; contracted working hours will be 35 hours per week in lieu of 40 (saves money with no practical impact since PSA says the areas are underutilised); engineering and administration teams will work less than full hours over the next six months with the government refunding the lost time; the bonus scheme will reflect PSA’s turnaround plan. The company and unions also agreed to work on projects that will increase employee productivity and make it easier to move between jobs and locations. ([PSA](#))
- Reorganised the purchasing divisions of Opel/Vauxhall and the rest of Groupe PSA into a single unit, effective January 2018. PSA believes that it will ultimately save around €500 million annually from the move. ([PSA](#))
- Plans to double sales in Mexico (from 9,000 in 2017 ~0.6% share) by 2021, primarily through SUVs. ([France Info](#))

## Renault (history)

- Signed a joint venture agreement with Brilliance China Automotive to develop and manufacture LCVs. Three segments of vehicle will be produced -- MPVs, medium and heavy vans -- for three brands: Renault, Jinbei and Huasong. The JV is targeting sales of 150,000 units annually by 2022. Renault will have a 49% share. ([Renault](#))
- Acquired a 40% stake in media company Challenges Group. Renault believes that it will help create content that is specific and engaging for users of autonomous vehicles. ([Renault](#))
- Said that production of the Alipne A110 sports car has now begun at the Dieppe, France, plant. ([Renault](#))
- Will achieve 55% local content in Morocco through a set of new agreements with the government. ([Reuters](#))

## Suzuki

- Will not partner with Toyota and Panasonic on batteries but might source from them. ([Economic Times of India](#))

## Tata (includes JLR)

- Executives said the Range Rover Velar was mainly attracting new customers, with around 20% of buyers coming from Evoque. ([Autocar](#))

## Tesla (history)

- Was reportedly under investigation by the SEC over the way that the company used and reported deposits for the Model 3. The investigation ended with no action against Tesla but a refusal by the SEC to comment led some to speculate that further investigations were ongoing. ([Detroit News](#))
- Introduced a fair use policy for supercharger stations that forbids vehicles charging for commercial purposes. The exclusion appears to apply to new vehicles only. ([Electrek](#))
- External analysts said sales discipline by the former Solar City operations, following the takeover by Tesla, were single-handedly responsible for a year-over-year fall in home installations in the US. ([Reuters](#))

## Toyota (history)

- Agreed to study the feasibility of a joint automotive prismatic battery business with Panasonic. ([Toyota](#))
  - Implication: The hyperbole in some of the press about Panasonic abandoning Tesla ignored two things: (1) Toyota and Panasonic's existing relationship already covers vehicles such as the Prius, so this is an extension of existing industrial logic; (2) the focus here is cylindrical cells, not the prismatic variety that Tesla and Panasonic have collaborated on so far.

## VW Group (history)

- Came under fire from German politicians after the CEO publicly suggested that the country should end the lower tax rate on diesel fuel compared to gasoline. ([Manager Magazin](#))
- Published the findings of a report into the activities of VW employees in Brazil during the military dictatorship. Evidence was found of employees cooperating with the regime, but not of systematic action by the company. ([VW](#))
- Said that declining diesel sales and residual values in Europe were not significantly affecting the performance of its captive finance arm. ([Handelsblatt](#))
- Executives said that one of the first BEVs for Audi will be a sports car that launches in 2020. ([Autocar](#))
- Audi's CEO said that the company would not sell motorbike subsidiary Ducati because it is the "perfect implementation of our premium philosophy in the world of motorbikes". ([Detroit Bureau](#))
  - Implication: As compelling as the argument seems to Audi, it's not clear that this passes the test of strategic alignment. Should the Audi of cheeses (Le Chatelain for my money) be next on the list? It might sit well alongside VW's sausage factory...

## Other

- Three Chinese carmakers: **Changan**, **FAW** and **Dongfeng** (part-owner of **PSA**) signed a cooperation agreement to research new technologies and develop a common platform. ([EV Obsession](#))
- Chinese manufacturer **BAIC** said that it would end sales of fossil fuelled cars by 2024. ([EV Obsession](#))
- **Aston Martin's** majority owners have reportedly engaged bankers to prepare for an IPO or sale in late 2018. The CEO has previously suggested that an IPO was likely sometime before 2022. ([Reuters](#))

## News about other companies and trends ...

### Economic / Political News

- **European** passenger car sales were 1,216,702 units in November, an increase of 5.9% on a year-over-year basis. The additional sales were mainly attributed to an extra selling day. ([ACEA](#))

### Suppliers

- **Autoliv** confirmed that it would spin-off its electronics unit (which will include the **Zenuity** stake) during Q3 2018, having said it was planning a move earlier this year. The passive safety business will retain the Autoliv name. ([Autoliv](#))
- **Denso** said it had purchased **InfiniteKey**, a company that specialised in using mobile phones to control vehicles and determine relative positioning of driver and car. ([Denso](#))
- **Lear** will acquire **EXO Technologies**. The company specialises in improving the accuracy of existing GPS equipment (making it suitable for autonomous vehicles). ([Lear](#))
- Semi-conductor company **Renesas** and autonomous driving hardware start-up **Dibotics** said that they would offer a jointly-developed system on chip that would help with real time 3D mapping. ([Press Release](#))
- **Visteon** will transfer its listing from NYSE to Nasdaq. The company said that the move reflected its status as a technology company and provided cost benefits. ([Visteon](#))
- **Valeo** will invest in Cathay CarTech, a China-focused fund with total spending power of €200 million. ([Valeo](#))

## Dealers

- **Alibaba** will trial two new car sales centres in Shanghai and Nanjing. The new sites will offer test drives to compliment the car vending machine concept that the company is investigating. The retail experiment is separate to the collaboration announced with **Ford** and will include vehicles from other brands. ([Detroit Free Press](#))
- UK dealer **Sytner Group** acquired (used) car supermarket **Car People**, its second such purchase. ([Motor Trader](#))
  - Implication: not only is this yet another sign of the consolidation among UK dealers (there are plenty of smaller deals on a weekly basis we don't normally mention); it also reflects acceptance by established dealers that used vehicle sales are becoming more commoditised.... New car sales will always be different though, right?

## Ride-Hailing, Car Sharing & Rental (history)

- **BlueSG**, run by **Bollore**, launched in Singapore with 80 vehicles and 32 stations. The company wants to get to 1,000 vehicles and 2,000 charging points by 2020. ([Deal Street Asia](#))
- **Continental** and **Avis** started a pilot scheme in Kansas City where vehicles can be driven off with a smartphone that runs Avis's app rather than having to go through Avis employees. ([Continental](#))
- **Go-Jek** acquired three start-ups (**Midtrans**, **Mapan** and **Kartuku**) to help it expand its digital payments offering. ([Deal Street Asia](#))
- **UK** politicians got into a war of words over the future of transport. After transport minister Chris Grayling said that the future of buses was towards "Uber-style, demand led services", the opposition transport spokesman said "nobody wants to see Uber replacing local bus services" and unions were similarly critical. ([Politics Home](#))
  - Implication: Unfortunately for the opposition and unions, in Ad Punctum's view, Mr Grayling is dead-right in this instance. Not only are local bus services often patchy but they require huge subsidies. Providing that the cost to the user remains the same, operating an on-demand service can actually cost less overall -- especially with autonomy. The strong views expressed in the UK show that although many are concentrating on what they see as the compelling economic argument for on-demand travel, there are plenty of import hearts-and-minds that need to be won over.
- Peer to peer car sharing operator **Snappcar** partnered with telematics provider **Telia** so that owners can see what is happening to their cherished steed whilst it is out of their sight. ([Telematics News](#))
- **Nissan** is launching an all-electric carsharing scheme called e-Share Mobi in Japan. ([Nissan](#))
- **Honda** invested about \$9 million in Chinese car-sharing platform Reachda. ([Caixin](#))

## Driverless / Autonomy (history)

- **AEye** released further details of its iDar sensor ahead of demonstrations at CES. The product integrates lidar and camera feeds to create a 3D point cloud with complimentary photographic image, similar to **TetraVue's** offering. The advantage is that this removes lots of calibration necessary in systems that combine separate camera and lidar elements. It is especially useful in creating ground truth for images. ([AEye](#))
- **Honda** representatives gave a presentation to authorised repairers that provided insight into the calibration routines of ADAS sensors. A repair shop will need a 40ft x 50ft area to perform the necessary routines. ([Repair Driven News](#))
  - Implication: Calibration of driver assistance systems joins high-voltage electrification as an area where dealer groups are totally unprepared to properly look after vehicles. In addition to branding concerns for the OEMs, potentially dealers will lose business permanently if they don't properly adapt.
- **Tencent** and **GAC** unveiled the iSPACE concept, a shared, connected and autonomous electric vehicle. ([EV Obsession](#))
- Chinese start-up **PIX** said it had created an autonomous vehicle platform that reduces part numbers by 90% and dramatically improves manufacturing efficiency and time to market. ([PIX](#))
- **ZF** showed off a concept steering wheel with a screen in the centre aimed at autonomous vehicles. ([ZF](#))
- **Volvo** has started giving autonomous-capable vehicles to 100 families in Sweden in order to monitor how they use the vehicles everyday. At first the full capabilities of the vehicle will not be available. The company says it will have a fully autonomous car commercially available by 2021. ([Volvo](#))

## Electrification (history)

- **2050 Motors** said that it had signed a final agreement with Chinese partner **Aoxin Automotive** that confirmed the arrangements to launch the e-Go EV. The company also hopes that the Las Vegas authorities were sufficiently impressed to give it the site for a factory. ([2050 Motors](#))
- **Alibaba** has invested an undisclosed amount to take a stake of around 10% in electric vehicle start-up **Xpeng (Xiaopeng) Motors**. ([Deal Street Asia](#))
- **Faraday Future** was the subject of a scathing in-depth article which compared the company's funding model to a ponzi scheme and said executive management was in chaos. ([The Verge](#))
- Chinese smartphone maker **Xiaomi** said it hopes to sell electric cars in India. ([Zeebiz](#))
- Electric car start-up **NIO** is reportedly considering an IPO in 2018, in addition to a possible sale of 30%-40% of its US arm, which concentrates on BEV technology rather than carmaking. ([Bloomberg](#))
- Dutch charging network operator **Fastned** raised €12 million through a public bond to fund expansion. ([Fastned](#))
- **Hyundai** believes that battery prices will stop falling by 2020 because rising raw material prices will cancel out the benefits of design improvements and manufacturing scale. ([Green Car Reports](#))
- A group of Japanese companies including **Toyota, Nissan** and **Honda** that previously agreed to work together on hydrogen infrastructure said that they would form a company to achieve their objectives. ([Honda](#))
- **Tesla** introduced a fair use policy for supercharger stations that forbids vehicles charging for commercial purposes. The exclusion appears to apply to new vehicles only. ([Electrek](#))

## Connectivity

- **Denso** and **Blackberry** said that they had developed a digital cockpit product, based on Blackberry's QNX software, that allows different parts to be integrated, yet operate securely. For instance, the infotainment element could share data with the driver's instrument panel without being able to control it. ([Blackberry](#))
- **Denso** said that it will start trialling a quantum computer to assess traffic data from 130,000 connected vehicles in Thailand. The aim of the test is to see whether quantum computers can process the data more quickly than conventional supercomputers, which may lead to improved real-time optimised route generation. ([Denso](#))
- UK road operator **Highways England** is looking at ways of ensuring 5G connectivity on all major roads. ([BBC](#))

## Other

- **Aurora Flight Sciences**, owned by Boeing, demonstrated a fully autonomous helicopter that could be requested by operators (US Marines) on the ground to transport goods to another location. ([Press Release](#))
- US bicycle sharing start-up **Limebike** launched in Germany and Switzerland, saying that by the end of 2017 it will have a fleet of 40,000 bicycles (mainly in the USA). On average the company serves 10,000 users each day. ([Limebike](#))
- US supermarket **Target** acquired delivery specialist **Shipt** to improve its on-demand offering. ([Press Release](#))