

Business

Charging ahead: Tesla teases 'insane' news on 'Battery Day'

Tesla could announce potentially 'game changing' battery developments

SAN FRANCISCO: Tesla chief Elon Musk has promised "insane" battery news at a streamed event after the company's annual shareholders' meeting today.

Speculation includes that Tesla will announce it has come up with ways to pack more energy into battery cells, slash production cost and dramatically extend battery life. Musk, however, seemed to tap the brakes a bit on expectations in a tweet Monday, saying announcements will affect long-term production, particularly of Tesla's Semi, Cybertruck and Roadster models.

Innovations will not reach "serious high-volume production" until the year 2022, according to Musk. In response to a Teslerati.com story shared on Twitter contending that the battery announcement might be "more insane than expected," Musk fired off a comment saying, "It will be very insane." In a tweet earlier this month, Musk promised "many exciting things will be unveiled on Battery Day." He finished the message with a lightning bolt emoji. "We know Tesla is going to promote its technology and needs to if Semi and Cybertruck are the next platforms both requiring high density solutions," Canaccord analyst Jed

Dorsheimer said in a note to investors.

"But like most things Tesla, the devil will be in the details, which sadly will take some time to play out."

Million-mile battery?

Along with making electric cars, Tesla has a battery division devoted to rechargeable power cells for its vehicles, as well as storage packs for electricity at homes, businesses or disaster scenes.



More energy for battery cells, less production cost

Tesla could announce potentially "game changing" battery developments that could make its electric vehicles more appealing while cutting production costs, Wedbush analyst Daniel Ives said in a note to investors.

"We believe the company is getting closer to announcing the million mile battery at this highly-anticipated event,"

Ives said. Morgan Stanley analysts told investors they expected progress toward a million-mile (1.6-million-kilometer) vehicle battery lifespan, along with much more efficient production methods and a higher electricity capacity.

Such an improvement in battery life could make electric cars a more attractive investment and ease environmental concerns. Musk could also announce progress in his drive to stop using cobalt, a vital and expensive component in lithium-ion batteries that comes with concerns about human rights violations in mining operations.

Investors will be particularly interested in whether Tesla can get battery production costs on track to go below the "key threshold" of \$100 per kilowatt hour, according to Ives. Tesla makes batteries at its plants in the US and China, and is building a factory in Germany. Lithium-ion batteries for Tesla models are made by Panasonic at the electric vehicle company's "gigafactory" in Nevada. Some analysts think Musk is keen to ramp up battery supply and interested in more control of production. Musk said in a tweet on Monday that Tesla intends to increase battery purchases from Panasonic, LG and China-based CATL. "However, even with our cell suppliers going at maximum



SAN FRANCISCO: Tesla CEO Elon Musk said he would announce "insane" battery news that will affect long-term production, particularly of Tesla's Semi, Cybertruck and Roadster models. — AFP

speed, we still foresee significant shortages in 2022 and beyond unless we also take action ourselves," Musk said.

The battery event was originally planned for early this year but was delayed due to the pandemic.

Tesla is already ahead of other automakers when it comes to batteries,

the key to the future of electric vehicles. Colorful founder and chief executive Musk has a pattern of envisioning wondrous innovations, from colonies on Mars to meshing minds with computers and people zipping along underground through "hyperloop" tunnel systems. — AFP

Sterling reverses losses after falling to two-month low

LONDON: The pound recouped losses after slipping to two-month lows against the dollar yesterday, as British Prime Minister Boris Johnson prepared to impose new restrictions to tackle a second wave of the coronavirus outbreak. Sterling recovered as much as 0.08 percent to \$1.2826 against the dollar at 0840 GMT, after sliding as low as 1.2714 earlier yesterday, its lowest since July 23. The pound was at 92 pence against the common European currency.

"Sterling's slide at the beginning of the European session today underpinned the concerns that the investors have for the UK economy, which is right in the middle of this," said Gavin Friend, senior FX strategist at NAB Group.

The pound recovered after Bank of England Governor Andrew Bailey warned escalating coronavirus cases reinforced the downside risks in his

latest forecasts for the economy yesterday as he continues to consider whether negative rates would be effective in Britain. Bailey said the Bank of England's latest policy statement did not imply it would necessarily use negative interest rates, and that observers should not read too much into it. Johnson will tell people to work from home and announce new curbs on pubs, bars and restaurants, stopping some way short of a full national lockdown of the sort he imposed in March.

"Assuming a full two-week lockdown (circuit-breaker) is avoided, the markets may show signs of relief given there has for some time been a strong assumption that full lockdowns like in March-May would be avoided," MUFJ Research said in a note. Latest weekly positioning data shows a small long position in favor of the British pound, but the magnitude of the long bets is barely above zero and is far below the highs of nearly \$2.8 billion in March.

However, the positioning data is at odds with signals from the derivative markets which point to more weakness for the pound. Three-month risk reversals, a ratio of calls to puts for the currency, are approaching 2020 lows. "The UK also has some pretty unique challenges with Brexit," Friend said. "If a deal is struck, sterling is going to



VIENNA: Wads of British pound sterling banknotes are stacked in piles at the GSA Austria (Money Service Austria) company's headquarters in Vienna. — Reuters

ally hard, and if there isn't, sterling is going to be vulnerable. That's why markets are very flighty on sterling." The British government is attempting to pass a bill through Parliament that would allow it to break its Withdrawal Agreement with the European Union. — Reuters

Founder of truck maker Nikola quits after fraud charges

NEW YORK: Shares of embattled auto startup Nikola tumbled again Monday following the sudden resignation of company founder Trevor Milton in the wake of fraud allegations. The Phoenix-based company said in a statement late Sunday it had accepted Milton's resignation and he would be replaced immediately by Stephen Girsky, a Nikola board member and former vice-chairman at General Motors.

The resignation of Milton, who served as executive chairman, was the latest twist in a heady two-week period that saw the company soar after scoring an alliance with GM, and then reel as it was hit by fraud allegations that put the company on the defensive.

Shares of Nikola fell nearly 20 percent to \$27.58. Milton launched the company in 2015 to develop trucks and pick-ups powered by electric batteries or hydrogen fuel cells, and though Nikola has not yet built anything, it caught attention by signing strategic partnerships with such renowned groups as GM and German engineering giant Bosch.

The announcement of the GM partnership on September 8 caused shares to leap 41 percent on the New York Stock Exchange amid hopes that the Arizona company would be the next Tesla. But two

days later, investment company Hindenburg Research published a report accusing the startup of "intricate fraud" based on multiple lies by Milton, who it said "misled partners into signing agreements by falsely claiming to have extensive proprietary technology." That announcement triggered a plummet in share value, with stock diving 36 percent in three days.

It also sparked investigations by the Securities and Exchange Commission and Department of Justice, according to The Wall Street Journal.

'In motion'

Milton hotly denied the charges and said he would refute them, and in the statement announcing his resignation, he said: "The focus should be on the company and its world-changing mission, not me. I intend to defend myself against false allegations leveled against me by outside detractors." Nikola also rejected most of the claims in the Hindenburg report. But it did not deny that it staged a 2017 video of one of its prototypes apparently in action. According to Hindenburg, "Nikola had the truck towed to the top of a hill on a remote stretch of road and simply filmed it rolling down the hill."

Nikola responded that it "never stated its truck was driving under its own propulsion in the video" simply saying that it was "in motion."

On Monday, Milton described Girsky as "the right leader to guide our vision at the board level."

Girsky, who worked in senior roles at GM from 2009 through 2014 and served on the board when the auto giant emerged from bankruptcy after the 2008 financial crisis, thanked Milton for his leadership. —AFP

UK leisure group Whitbread to cut 6,000 jobs

LONDON: British leisure group Whitbread, owner of Premier Inn hotels, announced yesterday that it could axe up to 6,000 jobs and blamed "subdued" travel demand during the coronavirus pandemic.

Whitbread, which also owns restaurants including Brewers Fayre and Beefeater, said it will consult on the cutbacks that would amount to almost a fifth of its workforce. "With demand for travel remaining subdued, we are now having to make some very difficult decisions, and it is with great regret that today we are announcing our intention to enter into a consultation process that could result in up to 6,000 redundancies in the UK," said chief executive Alison Brittain in a statement.

The London-listed leisure firm said that it expected a "significant proportion" of the redundancies would be on a voluntary basis. Britain reopened its hospitality sector in July, after a months-long nationwide lockdown that began on March 23.

The UK government also launched stimulus package for the troubled industry, including a restaurant discount scheme-entitled 'Eat Out to Help Out'-and a cut in value-added tax (VAT).

However, the government was to unveil new restrictions later to curb rising coronavirus cases across England and prevent a deadly second wave. Under new rules due to come into force tomorrow, English pubs, bars and other hospitality venues will be required to close at 2100 GMT, while food and drink outlets will be restricted to table service only.

Whitbread stressed that its staff had worked "very hard" to reopen the group from lockdown.

"Our teams have worked very hard to reopen our hotels and restaurants and we are now firmly in the 'restore' phase of our response to the Covid-19 crisis," Brittain said. The group's performance following the reopenings "has been ahead of the market," she said.

However, it had been clear from the beginning of the crisis that even as restrictions were eased and hospitality businesses reopened, demand would be "materially lower than 2020 levels for a period of time," Brittain said. —AFP

EU unity on WTO chief frays as Hungary backs Britain's Fox

BERLIN/BRUSSELS: EU governments agreed on Monday on the qualities they want from the next leader of the World Trade Organization, but no longer back the same candidates after Hungary said committed Brexititeer Liam Fox would be one of its picks. The bloc were united on their choices in the first round of selection as the field was cut from eight to five.

But Hungarian Foreign Minister Peter Szijarto said on Sunday evening his country would back Fox, a former Conservative trade minister who strongly supported Britain's exit from the European Union, as well as Kenya's Amina Mohamed in round two. A number of EU countries, notably France, oppose Fox's candidacy, EU diplomats say. Earlier on Monday, Fox told a briefing that he was hoping for more EU support. "I would say that the UK is following exactly the agenda that the EU would have had, had the EU had a candidate in this race, which of course it doesn't."

His pro-free trade agenda would be beneficial to most European economies, such as Hungary, the 10th most open economy in the world in terms of trade as a percentage of GDP, or two other top 10 nations Luxembourg or Ireland. German Economy Minister Peter Altmaier told a news conference after EU trade ministers met in Berlin that the EU had done well to get three of its picks through - Mohamed, Nigeria's Ngozi Okonjo-Iweala and South Korea's Yoo Myung-hee.

He added there was a good chance that an overwhelming majority of EU countries would stick together on the issue. European Commission Vice President Valdis Dombrovskis, who now oversees trade at the EU executive, said there was "strong agreement" among ministers on Monday that the next WTO director-general should be someone capable of managing profound reform. — Reuters

Uneven progress among members hampers EU's digital ambitions

BRUSSELS: The European Union's bet on advanced technologies to help its companies and the economy recover from the coronavirus pandemic faces hurdles ahead, held back by the uneven digital pace across the 27-country block, the EU's budget watchdog warned yesterday.

Four years after launching a scheme called Digitising European Industry (DEI) to speed up the digitalization of EU businesses, Europe is still not fully benefiting from advanced technologies, the European Court of Auditors said. The project aims to mobilize about 50 billion euros (\$58.6 billion) in public and private investment over the next five years.

The Luxembourg-based ECA, which vets the collection and use of EU funds, said the stakes are high as digitalization could generate more than 110 billion euros (\$129 billion) in annual revenues.

"Digitalization of EU industries has progressed in recent years, but at different speeds between countries, regions and sectors. There are also large disparities between large companies and small and medium-sized enterprises," it said in a statement. ECA cited the example of Germany whose digital strategy includes the building of a technology and know-how center targeting the automotive and robotics industries, and helping small companies.

It said Portugal also has a strategy in place to invest in automation and robotisation and the production of contemporary furniture of innovative design, among other projects. Hungary and Poland on the other hand had yet to develop a comprehensive strategy last year, the ECA said, as it lamented the limited influence Commission activities have on national plans. — Reuters



In this file undated handout image shows a Nikola Refuse truck. The founder and executive chairman of embattled zero-emission truck maker Nikola has resigned, the company announced after allegations of fraud which sparked a stock tumble and a regulatory investigation. — AFP