Aeva shrinks size, cost of crucial self-driving sensor; deepens VW ties

Aeva Inc said it has shrunk the main components of its "lidar" self-driving car sensor onto a single chip, a move it expects to dramatically lower the price of a sensor widely considered a bottleneck in the mass production of autonomous vehicles.

The company, founded by ex-Apple Inc engineers Soroush Salehian and Mina Rezk, on Wednesday also said it has taken investment from Porsche Automobil Holding SE, the majority-voting shareholder of Volkswagen AG.

Lidar sensors generate a 3D map of the world around the car. In addition to the map, Aeva's sensor detects the velocity of objects in a car's surroundings, which could help cars determine whether an object hundreds of meters down the road is a tree or a pedestrian.

The investment Wednesday, whose size was not disclosed, follows a previous deal in April with the Autonomous Intelligent Driving unit of Audi – another Volkswagen marque – which plans to use the startup's lidar sensor on its so-called "e-tron" development fleet vehicles in Munich, Germany.

Aeva's sensor uses a different technology than other lidar units currently being tested on the road, which have spinning parts and send out powerful laser bursts. Aeva's sensor has no moving parts and uses a less powerful continuous wave. That allowed the company to put the most important parts onto a chip about the size of a US quarter that can be made in the same factories that currently make data center networking chips.

"We have not used any exotic components," Salehian said in an interview at Aeva's Mountain View, California headquarters.

Aeva believes it can sell sensors for less than $500 that can see 300 meters (984 feet) ahead. Early next year, Aeva plans to release a unit that is half the size of its predecessor but with a field of view which is twice as wide at 120 degrees. It aims to release a smaller, final production version by 2022.

The falling cost and size of the units captured Volkswagen's attention and prompted it to partner more deeply with the startup, said Alex Hitzinger, senior vice president of autonomous driving at Volkswagen and chief executive of subsidiary Volkswagen Autonomy. Current lidar systems can cost tens of thousands of dollars, a cost automakers say must come down to a few hundred dollars.

Hitzinger said Volkswagen is looking into using Aeva's sensor on the I.D. BUZZ, an electric reboot of its iconic microbus that is scheduled to launch in 2022 or 2023. (RTRS)

Higher loan-to-deposit in Saudi; UAE and Qatar partially offset pressure on GCC bank NIMs

GCC banks total assets rise 3.1% to $2.3 trillion in Q3

Report prepared by KAMCO Research

This report analyzes financials reported by 62 listed banks in the GCC for Q3-19. The individual banking data has been aggregated to the country level as there are minimal differences in the countries' regulatory and supervisory environment. We believe that the charts and tables adequately capture the nature and structure of the individual countries' financial systems, their supervision and their monetary operations. Some of the key observations from the most recent financial for the GCC Banking Sector includes the following:

Total Assets

Total asset growth remained positive across the GCC banking sector resulting in one of the highest quarterly growth during Q3-19. GCC listed banks saw their assets increase by 3.1% during the quarter to reach USD 2.3 Trillion. This growth was primarily on the back of UAE banks reporting a 6.3% growth in assets during the quarter. However, this growth was primarily on the back of inorganic growth, as it came primarily on the back of ENBD's acquisition of Turkey's Deniz Bank which increased ENBD's total assets by 27%. According to our calculations, assets growth was marginal at 1% for ENBD after excluding the acquired bank's assets. Similarly, asset growth for the UAE listed banks stood at 1.2% excluding the assets of Deniz Bank, and for the aggregate GCC banks, the growth would be halved at 1.5%.

On the individual country front, UAE continues to boast the biggest share of total listed banking assets in the GCC recorded at USD 755 Bn or 32.8% of the total GCC banking assets. Saudi Arabia followed after UAE with total assets of USD 628 Bn or 27.3% of the GCC at the end of Q3-19 after recording a q-o-q growth of 0.9%. The top ten banks in the region accounted for 55.8% of the total GCC listed banks' assets during Q3-19 as compared to 55.2% during Q2-19.

Loan-to-Deposit Ratio

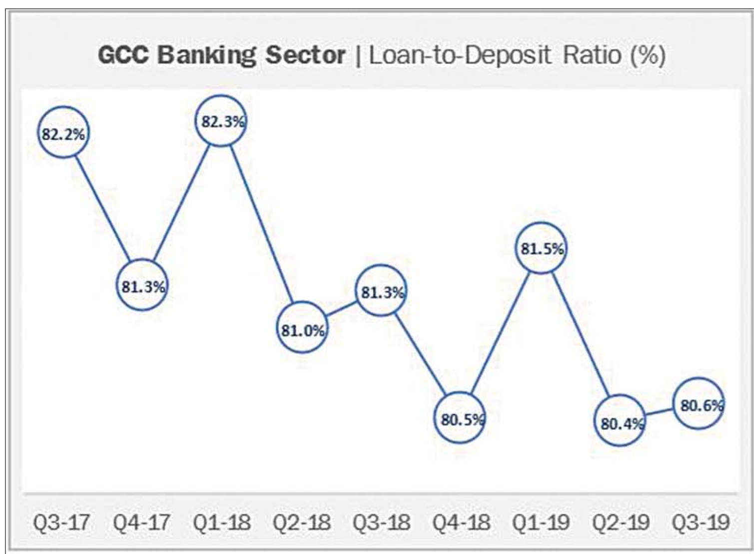
The pace of growth in net loans continued for the fifth consecutive month improving by 3.4% in Q3-19 to reach USD 1.4 Trillion. The growth in net loans was broad based as merely 18 banks out of the 62 GCC banks reported a q-o-q decline. Listed banks in the UAE reported the biggest q-o-q increase in net loans of 7.6% with 11 out of the 16 banks reporting higher net loans at the end of Q3-19. Qatari banks followed with the second biggest increase of 2.8% in net loans that reached USD 300 Bn, the third highest in the GCC after UAE and Saudi Arabia. Listed banks in Saudi Arabia posted the third highest growth in net loans at 1.7%, with net loans reaching USD 389 Bn in Q319. Customer deposits growth was also positive across the board for the GCC banks. The increase in customer deposits was the fastest in the last ten quarters at 3.2% to reach USD 1.74 Trillion, as compared to a growth of 2.3% in the previous quarter. After UAE's 7.1% growth, Qatari banks reported a customer deposit growth of 2.4% followed by Kuwaiti Banks at 2.2%.

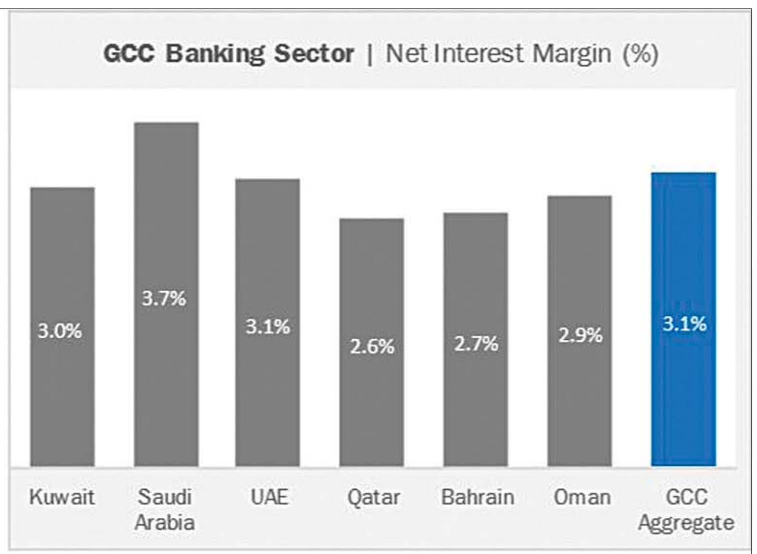
The net effect was a marginally better loan-to-deposit ratio at 80.6% as compared to 80.4% during the previous quarter. The ratio remains the highest in the case of Oman at 96.3% followed by Qatar at 90.7%, whereas Kuwaiti banks reported the lowest ratio of 71.9%. The ratio of UAE banks also remained low as compared to global averages at 79.0%.

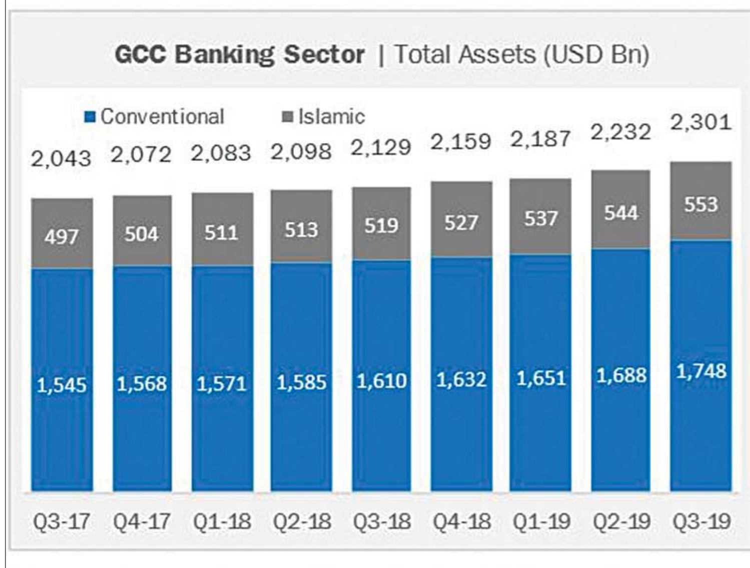
Total Bank Revenue

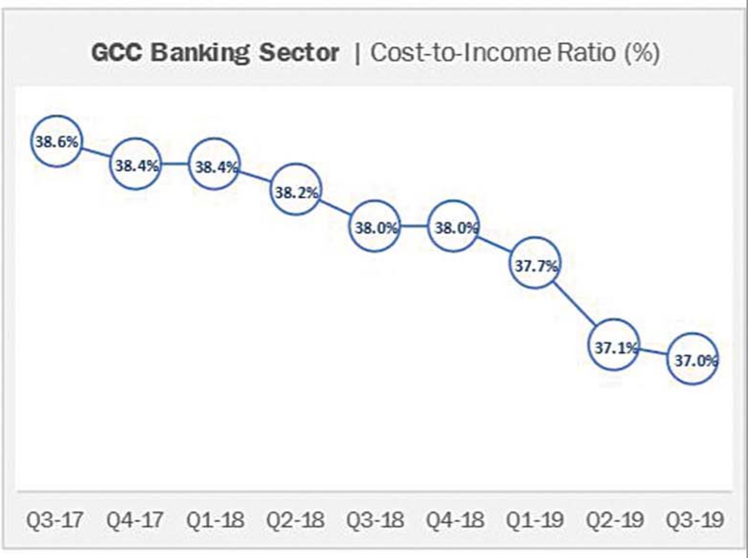
Total bank revenue for the GCC-listed banks reached USD 21.9 Bn during Q3-19 as compared to USD 20.3 Bn during Q2-19, a q-o-q growth of 7.6%. The aggregate revenue for each of the GCC countries, barring Bahraini banks, increased during the quarter with UAE banks reporting a growth of 18%. Qatari banks were next with a growth of 5.1% followed by Saudi Arabian banks at 3.9%. The decline in Bahrain came after six out of nine listed banks in the country reported a decline in topline during the quarter after net interest income declined for seven banks due to lower loan-to-deposit ratio. This resulted in a 5% decline in net interest income for the aggregate Bahraini banks.

Net interest income growth for the rest of the GCC countries was positive that resulted in the strongest q-o-q growth in nine quarters at 4.4% to reach USD 14.9 Bn during Q3-19 after witnessing marginal growth of 0.6% during Q2-19. Rate cuts during the quarter also supported higher net interest income. UAE topped with a growth of 8.0% followed by Saudi Arabia at 3.9% and Kuwaiti and Omani banks at 3.5%. In terms of non-interest income, the GCC aggregate stood at USD 6.9 Bn with a growth of 4.5%. Qatari banks reported the biggest q-o-q growth of 10.2% followed by UAE and Saudi listed banks with growth rates of 7.9% and 3.8%, respectively. The remaining three markets reported a q-o-q decline in non-interest income that partially offset the overall increase.









Source : Reuters, Company Financials, KAMCO Research

Net Interest Margin

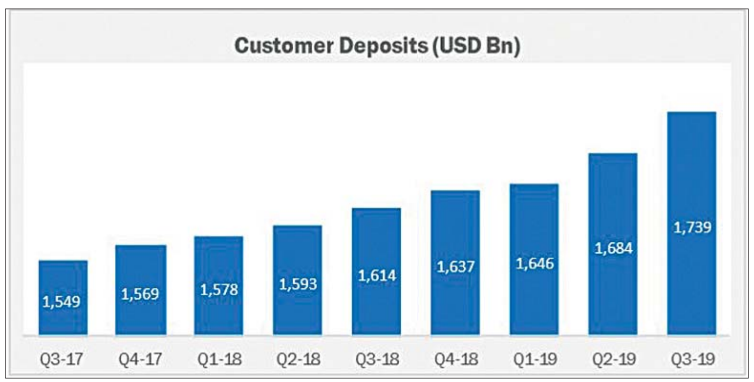
For the overall GCC region, NIM remained flat q-o-q at 3.1%, despite a decline in rates during the quarter after the US lowered interest rates twice during the quarter. Saudi Arabia continued to report the highest NIM in the GCC at 3.7% as the Kingdom has shown consistent improvement in key banking profitability ratios over the last ten quarters. UAE banks were next with a NIM of 3.1% followed by Kuwaiti banks at 3.0%. The higher NIMs by Kuwaiti banks despite the second-lowest loan-to-deposit ratio of 71.9% shows the relatively higher returns generated by these banks. Amongst the Kuwaiti banks, Al Ahli Bank of Kuwait reported the highest NIM of 3.4% followed by KFH at 3.3%. However, at the GCC level, National Bank of Ras Al Khaimah reported the highest NIM of 6.3% followed by Al Rajhi Bank with an NIM of 4.6%.

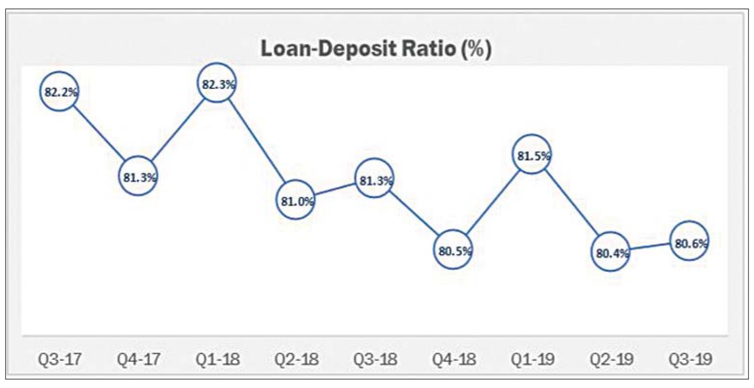
Cost-to-Income Ratio

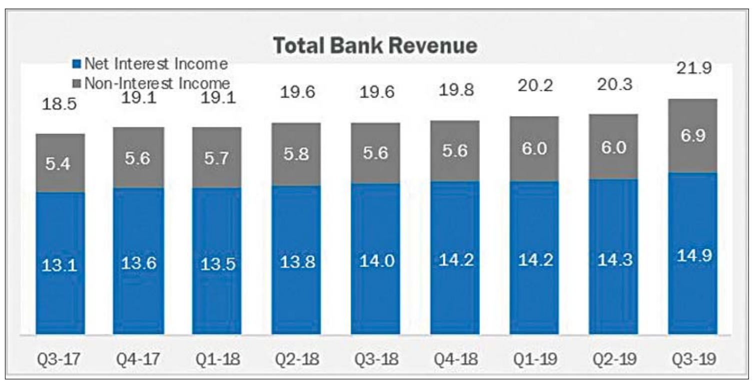
Cost optimization efforts by regional banks continues to clearly reflect in the cost-to-income ratio that has consistently declined over several quarters and reached 37.0% in Q3-19. Qatar has consistently reported the most cost efficient model with a cost-to-income ratio of 31.7% during Q3-19 vs. 31.4% in Q2-19 and 33.2% in Q3-18. The impact of scale was clearly visible with smaller banks in Bahrain and Oman reporting a significantly higher cost-to-income ratio of 50.0% and 47.7%, respectively.

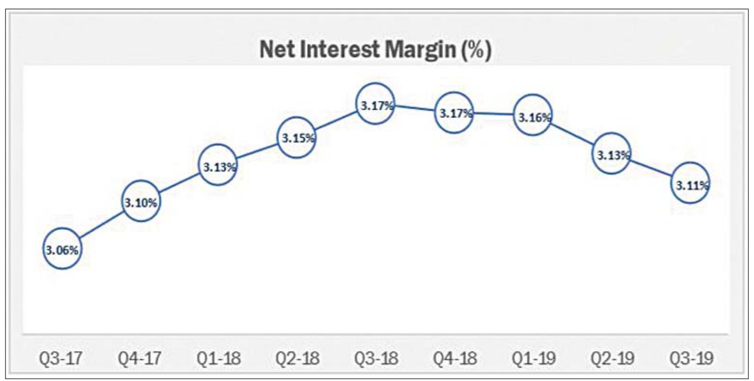
Loan Loss Provision – a reversal from the previous quarter as Saudi banks halve LLP

Quarterly loan loss provision (LLP) declined marginally for the aggregate GCC banking sector reaching USD 3.0 Bn during Q3-19 as compared to USD 3.1 Bn during Q2-19. LLP increased and witnessed a steep q-o-q increase in UAE, Bahrain and Oman while it declined in the case of Saudi Arabia and Kuwaiti banks. In Saudi Arabia, total banking sector provisions almost halved to USD 616.1 Bn in Q3-19 after seeing a steep increase during the previous quarter. Kuwaiti banks also reported a decline after 8 out of the 10 listed Kuwaiti banks reported a q-o-q decline in LLP.









Source : Reuters, Company Financials, KAMCO Research

Co to bring significant investments and create jobs for decades

No tax credits for new Foxconn plant: Wisconsin gov

MADISON, Wisconsin, Dec 14, (AP): Gov Tony Evers' top aide warned Foxconn Technology Group last month that a scaled-down factory in Wisconsin won't qualify for tax credits unless the Taiwanese electronics giant renegotiates with the state, letters Evers' administration released Friday show.

The letters underscore a deepening schism between Evers and the world's largest electronics provider. Foxconn counts Apple, Google and Amazon among its customers.

Foxconn originally proposed building a massive flat-screen plant in Mount Pleasant that would eventually employ 13,000 people. Enamored with the thought of a monumental economic boost going into the 2018 elections, then-Gov Scott Walker and Republican legislators approved an unprecedented $3 billion state incentives package in 2017 for the factory. Democrats complained at the time that Walker and the GOP were giving away too much for a project that might never materialize.

But the landscape changed. First, Evers defeated Walker, Foxconn's most valuable in-state ally. Then the company decided earlier this year to downsize the factory to make smaller display screens for cellphones and other devices.

State Department of Administration Secretary Joel Brennan wrote to Foxconn Industrial Internet Chief Business Officer Richard Vincent on Nov 4 warning that the new project doesn't qualify for incentives under the existing contract. Foxconn's US strategist, Alan Yeung, responded to Brennan's letter by accusing Evers' administration of wasting the company's time with contract arguments.

"Distractions like these leave job creators and job seekers wondering if doing business in our great state is welcomed by Governor Evers' Administration (sic)," Yeung wrote in a Nov 18 letter to Brennan.

The letters chronicle discussions between Evers, Brennan, Foxconn executives and leaders of the Wisconsin Economic Development Corporation, the state's quasi-public job-creation agency, dating back to April.

Evers noted in an April 23 letter to Louis Woo, a Foxconn executive who represented the company in Wisconsin until he stepped down in September, that Woo was the first to suggest in March that the incentives package should be updated.

Woo wrote on July 25 to Mark Hogan, WEDC's secretary at the time, saying Foxconn had poured concrete for the Generation 6 plant's foundations and had awarded more than $150 million in construction contracts to Wisconsin businesses. He said the company planned to submit those expenditures for tax credits under the existing incentives deal.

That move prompted Brennan's Nov 4 letter to Vincent. He told Vincent that WEDC hasn't evaluated the Generation 6 project or properly contracted for it. As such the project is ineligible for tax credits under Wisconsin law, he wrote.

Yeung said in his Nov 18 letter to Brennan that he was disappointed with Evers' administration and WEDC. He said that the company has invested millions in Wisconsin but Evers' administration is throwing up "red herrings" over material items in the contract and impeding progress.

"Discussions regarding immaterial matters are a misappropriation of our collective time and energy as we endeavor to bring significant investments and create jobs for decades to come," Yeung wrote.

Yeung concluded by saying Foxconn would evaluate "all available options related to the ... contract." He didn't elaborate.

Brennan fired back on Nov 22, writing that Evers' administration supports economic development but applying the present incentives pacakge to the scaled-down project would open up both Evers and Foxconn to criticism.

Oman's economy shrinks 1.9%

RIYADH, Dec 14, (RTRS): Oman's economy contracted by 1.9% in nominal terms in the first half of the year as the non-oil sector shrank, the central bank said on Monday.

The Gulf state's finances have been hurt by a slump in oil prices in recent years, but the economic decline this year emanated "from the non-petroleum industrial activities and services sector", the central bank said.

It said the non-hydrocarbon sector of the economy contracted 3.4% in nominal terms in January-June. The hydrocarbon sector grew 2.1% in the same period, with nominal gross domestic product (GDP) from crude oil and natural gas increasing by 1.5% and 5.6%, respectively, it said.

Despite its access to financial markets – it sold a $3 billion bond in July – Oman's fiscal position remains weak and its debt is rated "junk" by rating agencies.

The central bank told Reuters in September it expected real gross domestic product growth of 1.1% this year, down from an estimated 2.2% last year.

Schlumberger CFO Ayat to be replaced by Biguet

NEW YORK, Dec 14, (RTRS): Schlumberger NV Chief Financial Officer Simon Ayat is stepping down after nearly 12 years in the role and will be replaced by second-in-command Stephane Biguet, the top oilfield services provider said.

Reuters last year reported that Biguet, a 24-year veteran of the company and currently the vice-president of finance, was slated to succeed Ayat as the company's finance chief.

The move comes shortly after former chief operating officer Olivier Le Peuch took over the top job in July, following years of declines in share price and a hit from cuts in spending by US oil and gas producers.

"It's not uncommon for companies the size of Schlumberger that when a new CEO comes in to want his/her own CFO in place," Tudor, Pickering, Holt and Co analyst Byron Pope said.

CEO Le Peuch has been making changes since taking over. He abandoned his predecessor's asset-heavy focus and took a related charge of $12.7 billion charge last quarter.

Le Peuch has also vowed to exit unprofitable businesses, focus on returns, accelerate digital investments and restructure Schlumberger Production Management (SPM), one of former CEO Paal Kibsgaard's major initiatives.

SPM, a business that took direct stakes in oil projects, faced criticism from many investors as it raised Schlumberger's exposure to volatility in oil prices and is often cited among the reasons for Kibsgaard's exit.

Pope, who called Biguet's appointment a net positive, also noted that investors associate Ayat with the SPM business owing to his long tenure in the role.

Ayat, who will step down as CFO in January 2020, will remain with the company as a senior strategic adviser to the CEO for two years, the company said.

Biguet's base salary has been set at $770,000, compared with the $1 million base salary Ayat earned last year. Ayat's total compensation for 2018 was $5.59 million.