Week in Review Driverless vehicles

Corporate week in review, November 17

Coty chief, Babcock's timing, Interserve, Beyoncé, Ford and shipping's digital future



NOVEMBER 16, 2018

A round-up of some of the week's most significant corporate events and news stories.

Coty replaces chief amid struggles with P&G integration



Coty relies heavily on mass market beauty products such as Covergirl, but the category is shrinking as consumer habits change © FT montage / Bloomberg

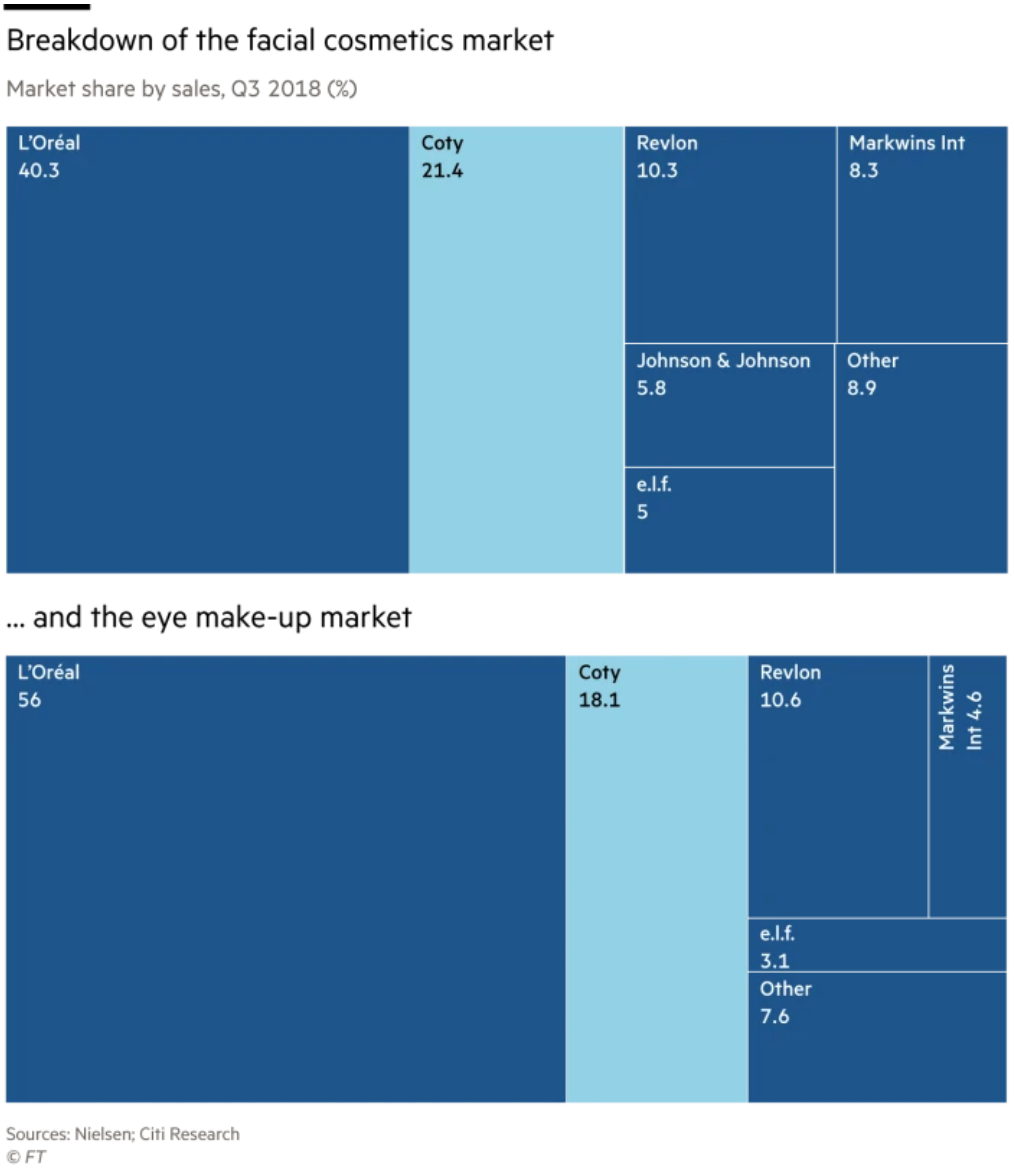
Coty replaced its chief executive days after the cosmetics and fragrance maker reported a disastrous quarter as it continued to struggle to integrate a $12.5bn acquisition made two years ago of a large portfolio of cosmetics brands from Procter & Gamble.

Camillo Pane, who had been running the company since July 2016, resigned for "family reasons" and was replaced with immediate effect by Pierre Laubies, most recently chief executive of Jacobs Douwe Egberts, a coffee company owned by JAB Holdings, Coty's largest shareholder

Feedback

The P&G deal, which doubled the size of Coty by revenue, was the brainchild of JAB chairman Bart Becht. He ran the enlarged Coty for almost two years before handing over to Mr Pane.

The value of JAB's 38.6 per cent stake in Coty fell by €1.3bn in the six months to June 30 — a notable decline even given JAB's decades long investment horizons.



Clock ticking on Babcock's nuclear submarine contract

Feedback



Babcock has been asked to deliver regular updates on its maintenance of the UK's Vanguard-class submarines, such as the HMS Vengeance © FT montage

Babcock International has until the end of the year to show it can complete on time the £200m overhaul of the UK's flagship nuclear submarine amid growing concerns about the British defence contractor.

HMS Vanguard has been in "deep maintenance" since late 2015 but the project has run into problems and the boat is still "in pieces", according to two people familiar with the situation, raising questions over the timing of its return to active service.

It is the latest blow for Babcock, which was rocked last month after Boatman Capital Research, whose backers are unknown, published a list of highly critical claims about the company. This has added to pressure on the board and chairman Mike Turner.

Mr Turner told the Financial Times that he would stay on, saying that the board "doesn't want me to go". "I am not stepping down from the Babcock board," he said.

Setbacks hit Babcock in rollercoaster year



Source: Refinitiv
© FT

Ford talks with rivals over autonomous vehicle investments

Feedback



An Argo AI self-driving car is tested in Pittsburgh. Ford unveiled a range of its driverless ambitions at an event in Miami on Wednesday © AP

Ford's self-driving car unit Argo AI is in talks with multiple rival carmakers, seeking "billions of dollars" to help fund the development of autonomous vehicles.

"We are definitely talking to other potential customers, OEMs [carmakers], we are talking to more than one," said Bryan Salesky, the division's chief executive, as Ford laid out the range of its driverless ambitions at an event in Miami where it is testing self-driving cars in real world conditions.

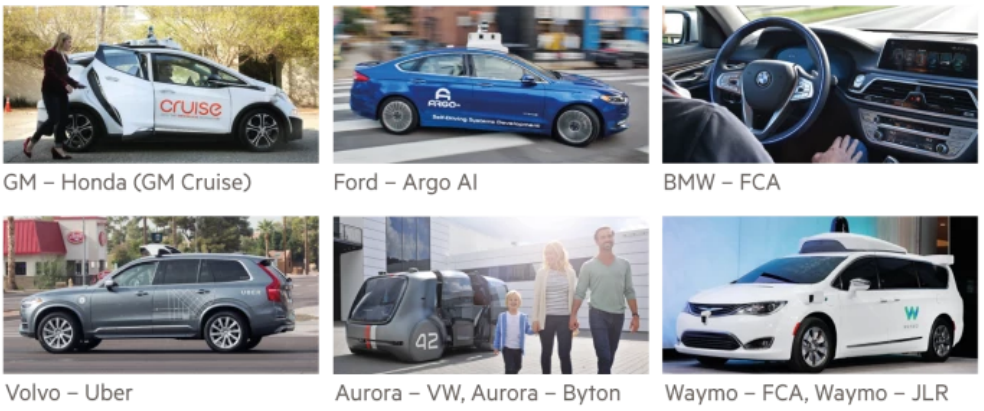
He stopped short of confirming that one of the companies was Volkswagen.

The US and German groups are currently in "broad" talks over collaborating in several areas, from commercial vehicles in Europe to pooling development spending in autonomous and electric cars.

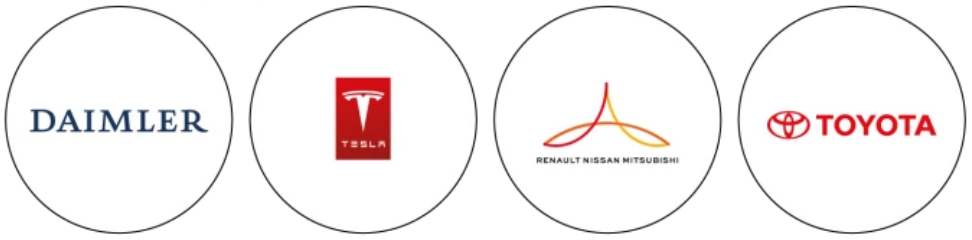
Ford is the latest carmaker to seek investments for its self-driving efforts. This is in part to give the company greater firepower to direct at the technology, but also to offer validation for its own efforts in the eyes of investors who see little immediate return from tech spending.

Feedback

Big car tie-ups in the race for autonomous driving

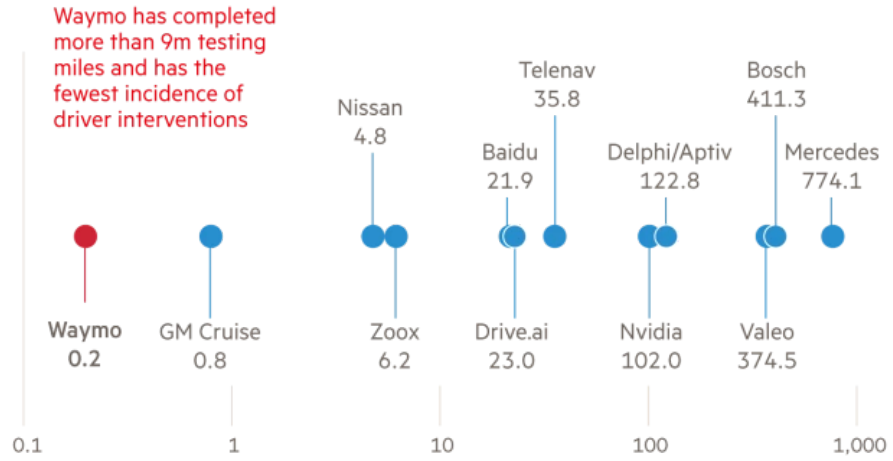


While some are going it alone



Race to driverless cars

Number of interventions per 1,000 miles in California (log scale)*



Sources: State of California's Department of Motor Vehicles; FT research * Each main mark on the x-axis is the previous one multiplied by ten. Based on autonomous testing in California

© FT

Concerns rise over UK outsourcer Interserve

Feedback



Interserve relies heavily on the UK government for its revenues

Fears are growing over the financial health of Interserve, one of the British government's biggest contractors, just months after the dramatic collapse of rival Carillion.

Complaints from a business partner over a key contract and an increase in the number of investors betting against Interserve's shares triggered sharp falls in the outsourcer's value this week, raising concerns of a fresh crisis in the industry.

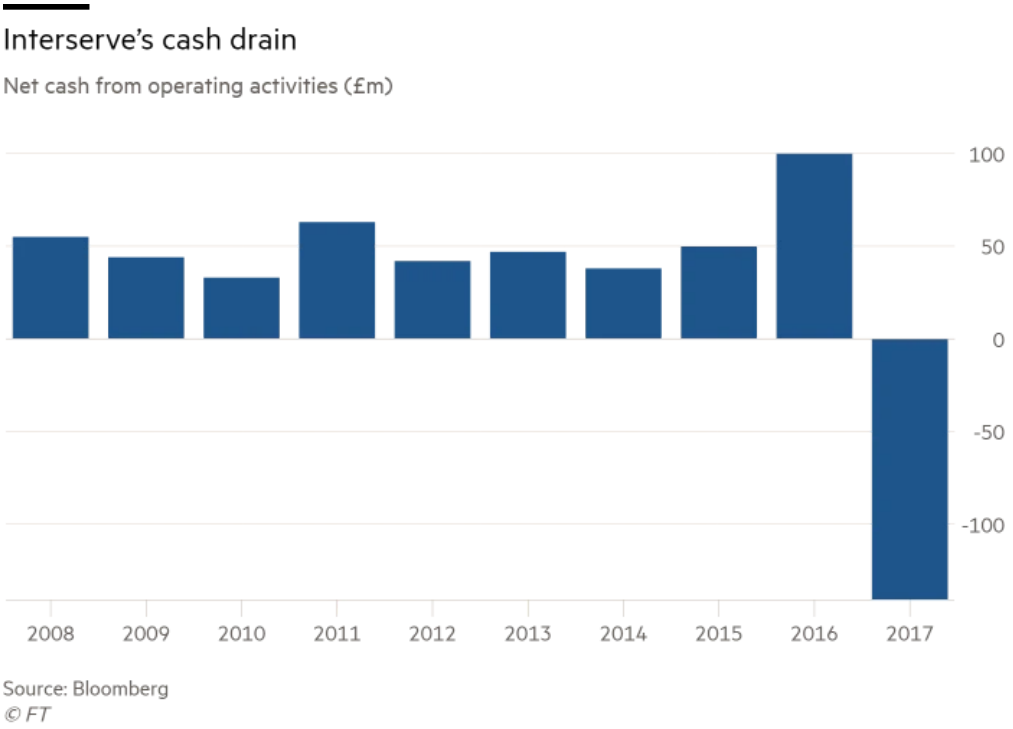
"First Carillion, now Interserve, this shows there is something structurally wrong with the entire outsourcing model," said Adam Leaver, professor of accounting at the University of Sheffield. "The entire industry is in need of reform."

Interserve employs 80,000 people worldwide — 25,000 in the UK — in jobs that range from cleaning London Underground to maintaining army bases and building a shopping centre in Dubai. It has revenues of £3.25bn but is valued by the stock market at just £75m.

Like Carillion, the UK government contractor that went bust in January, Interserve is a construction company that made bumper profits maintaining schools and hospitals under PFI schemes, before moving into public services following the financial crash.

It has been plunged into difficulty by a series of ill-timed acquisitions and by expanding into probation, healthcare and waste-to-energy contracts, areas in which it had no experience.

Feedback



Beyoncé buys out gymwear venture with Philip Green



Beyoncé and Sir Philip launched their brand two years ago

Philip Green, the British tycoon besieged by allegations of racial abuse and sexual harassment, has relinquished his stake in the gymwear venture he founded with pop icon Beyoncé Knowles, according to the label.

The pair launched Ivy Park two years ago, cashing in on the personal brand of the singer and feminist. The initial range of leggings, crop-tops and leotards were modelled by Beyoncé herself. She had just finished recording Lemonade, which became the top-selling album of 2016.

Ivy Park said in a statement that "after discussions of almost a year", Beyoncé's management company Parkwood had acquired 100 per cent of the Ivy Park brand. Sir Philip's Topshop clothing chain had previously been an equal partner with a 50 per cent stake.

Shipping groups plot a course for digital collaboration

Feedback



© AFP

Five of the world's largest container shipping groups are joining forces to create new IT standards for the industry that could allow them and ports to use digital technology such as blockchain to make global trade cheaper and safer.

AP Moller-Maersk, MSC, CMA CGM, Hapag-Lloyd and Ocean Network Express — five of the biggest six container shipping lines, which together transport nearly two-thirds of all seaborne freight — announced plans to start an association to work on standards that would be openly and freely available to all third parties such as customers, ports and customs authorities.

Maersk and IBM have already laid out plans to use blockchain to make supply chains more efficient. But their proposals had raised fears in the shipping industry that the big groups could all use their own individual solutions, making it difficult for customers or ports to deal with them all efficiently.

The idea of the proposed non-profit association — which aims to start up early next year, subject to regulatory approval — is not to approve new technological solutions such as using blockchain but to provide standards to allow for easier information sharing through the supply chain.

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