

GLOBAL, GCC EQUITIES REMAIN POSITIVE IN JULY

KFIC MONTHLY MARKET REPORT

KUWAIT: Kuwait Finance and Investment Company (KFIC) clarified in its financial report for June; that global equities were in positive territory during the month of July. As the MSCI World Index closed +4.15 percent higher. Investors reacted positively towards the prospect that global central banks will keep borrowing costs at historically low levels.

US equities rose during the month, with the S&P 500 advancing by +3.6 percent and the Dow Jones Industrial Average rising by +2.80 percent. US GDP in the second quarter grew at sluggish +1.2 percent, coming in below expectations for a rise of +2.6 percent and raising speculation that the Federal Reserve may not need to raise US interest rates anytime soon.

Positive results

Eurozone equities reported gains during the month as Germany's DAX rose +6.8 percent after the Ifo institute reported that business confidence in Germany has not been impacted by Brexit. Meanwhile, UK's FTSE 100 gained +3.4 percent after the Bank of England stated that fresh stimulus measures could be needed following the Brexit vote.

China's Shanghai Composite

increased by +2.2 percent amid speculation that the bank will take steps to boost the economy. Japan's Nikkei 225 rose +6.4 percent on the basis of a weaker Japanese Yen and expected stimulus measures from the government. Commodities endured a sluggish month as WTI Crude fell -15.1 percent to close at \$ 41.6/bbl and Brent Crude declined by -13.2 percent, closing at \$ 43.5/bbl. OPEC has ramped up output levels with excess supply coming mostly from Nigeria and Iraq, after both countries faced had previously faced disruptions, and Saudi Arabia has kept production levels close to record highs. Gold increased by +2.2 percent to close at \$ 1,351.0/oz and Silver rallied +8.7 percent to close at \$ 20.3/oz, due to the prolonged weakness of the British Pound after Brexit, with investors flocking to Gold and Silver as potential safe-havens against more currency devaluation.

Bahrain amends laws on commercial ownership

In Saudi Arabia, Real GDP grew +1.5 percent year-on-year (YoY) in the first quarter, according to new data from the Kingdom's statistics office. Real GDP slowed from Q4 2015, which witnessed a growth rate of +1.8 percent. The coun-

try's oil sector expanded +5.1 percent in the first three months of 2016, while the non-oil sector shrank -0.7 percent. In UAE, Dubai is expected to invest \$ 1bn in roads to encourage growth as the Dubai Expo looms, according to a publication from Bloomberg. The investments will go towards improving commuter trains and highways. Dubai is focusing on infrastructure projects amid an economic slowdown which has been triggered by a substantial decline in oil prices. In Kuwait, Finance Minister Anas Al-Saleh has stated that he is open to coordinating with neighboring Saudi Arabia on its planned debt sale as the two OPEC nations prepare to test investor appetite for about \$ 20bn of bonds. In Qatar, foreign merchandise trade balance of the State of Qatar showed a surplus of QR 8.3 billion in June 2016, a decrease of about QR 6.6 billion or -44.4 percent compared to June 2015. In Oman, the World Bank has stated that Oman's subsidy bill is expected to fall by as much as 64.0 percent in 2016 as the government is adopting 'bold steps' to increase revenues from non-oil sources. Oman's state budget for 2016 has set a subsidy tab of RO 400 million a significant drop from RO 1.1 billion approved last year. In Bahrain, the Bahraini cabinet has amended laws on

commercial ownership to boost Bahrain's economy, according to state-run BNA. The amendment allows foreign investors 100 percent ownership in sectors including food, administration services, art, entertainment, health, social services, information, communications, mining, and real estate.

GCC equities

GCC equities endured a mixed set of results during the month of July as the MSCI GCC IMI index closed flat by 0.2 percent. Qatar's QE index was the top performing regional index, followed by Dubai's DFM index and Bahrain's BB All Share index. Saudi Arabia's Tadawul Index fell -3.0 percent with negative contribution in most sectors, despite KSA Earnings being in-line with analyst estimates. Lagging sectors included Telecom -7.3 percent, Cements -6.9 percent, and Retail -5.8 percent.

In UAE, Positive earnings surprise of +5.4 percent was witnessed across UAE earnings announcements. Dubai's DFM index advanced +5.2 percent with positive contribution coming across most sectors. The top performing sectors included: Transport +12.5 percent, Real Estate +6.1 percent, Insurance +5.5 percent, and worst performing sector was

Services which fell by -10.9 percent. Abu Dhabi's ADSEM index increased +2.4 percent with strong performances coming from Services +5.5 percent, Telecom +5.0 percent, and Real Estate +4.3 percent.

Qatar's All Share Index, which was the top performing regional index, closed 6.7 percent higher with positive earnings surprise of +5.5 percent. The best performing sectors included Real Estate +8.5 percent, Telecom +7.9 percent, and Banks & Financial Services +7.1 percent.

Kuwait's KSE weighted index closed flat at -0.2 percent with negative earnings surprise of -1.4 percent. Negative performance came from Consumer Services which fell by -12.7 percent and Oil & Gas -2.9 percent. Positive attribution came from Financial Services +4.9 percent and Real Estate +0.6 percent.

Oman's MSM 30 Index rose +1.2 percent and reported the best overall earnings surprise by +7.2 percent. Banking advanced +2.8 percent, Industrials +2.6 percent, and Services declined -1.2 percent. Bahrain's the BB All Share index rose +3.3 percent with robust performance reported in Industries +24.7 percent and Banking +3.0 percent. —Sources: KFIC Research, Reuters, S&P, Moody's, Bloomberg, The Guardian, CNBC, SAMA, Zawyia.

AGILITY REPORTS KD 15M NET PROFIT FOR Q2 2016

COMPANY CONTINUES TO SUSTAIN GROWTH MOMENTUM

KUWAIT: Agility yesterday announced its financial results for the second quarter of 2016, reporting a net profit of KD 15 million, an increase of 11 percent compared to the second quarter of 2015. Earnings-per-share stood at 13 fils, and EBITDA stood at KD 29 million, a 12 percent increase compared to Q2 of 2015. Revenues are KD 309 million for the quarter.

"We started the year on a good note and are sustaining this momentum as the year progresses. Within our Global Integrated Logistics business, we are making gains even in the face of a challenging freight forwarding market because we have found ways to be more efficient, improve productivity, demonstrate financial discipline and make operations more responsive to the marketplace and customers' needs," said Tarek Sultan, Agility's CEO. "Companies in the Agility Infrastructure group continue to grow as we tap into excellent opportunities in emerging markets and focus on improving efficiency across the board."

Agility's Global Integrated Logistics

Q2 revenue for Agility Global Integrated Logistics (GIL) stood at KD 233 million, a 10 percent decrease from Q2 of 2015, mainly due to the low shipping and fuel rates in the market. Net revenue remained flat when adjusted at constant currency rates, with margins expanding from 25 percent in Q2 2015 to 27 percent in Q2 2016.

"Subdued" trade forecasts for the year, to quote the WTO, continue to impact the freight forwarding market. However, Agility GIL was able to record volume growth in its core air and ocean markets and is focusing on products and markets that are growing despite sluggish overall volumes. Growing demand for contract logistics in emerging markets - an area that Agility has long-established market leadership in - cou-

pled with improved yields in the freight business and better commercial discipline has resulted in margin expansion within GIL," said Sultan.

Agility's Infrastructure Group

Agility's Infrastructure group of companies contributed KD 80 million to second quarter 2016 revenues, a 12 percent increase compared to the same period of last year. The companies provide a broad spectrum of logistics-related services including: bulk fuel storage and transport, industrial real estate; airport and ground handling services; and commercial real estate and facilities management.

"The Infrastructure group continued to show growth in this quarter, driven by new projects and a commitment to improving efficiency and productivity. Each entity is pursuing its individual strategy, with most companies using their strong foundation in the Middle East to actively pursue opportunities to grow in the region, Africa, and elsewhere," Sultan said.

Recap of Financial Performance for Q2 2016

- Agility's net profit stood at KD 15 million, an 11 percent increase from KD 14 million in Q2 2015. EPS stood at 13 fils, compared to 12 fils a year earlier.
- EBITDA stood at KD 29 million, a 12 percent increase from the same period a year before.
- Agility's revenues for Q2 2016 were KD 309 million, a decrease of 6 percent from KD 328 million in the same period in 2015. Agility's net revenues have increased by 4 percent over the same period.
- GIL's revenue stood at KD 233 million a 10 percent decrease from same period last year
- Infrastructure's revenue stood at KD 80 million, compared with KD 71 million in Q2 2015, a 12 percent increase.

- Agility net debt position of KD 46 million as of 30th June 2016.

Summary

"Although the external market environment continues to be a challenge, particularly to our commercial logistics business, we are continuing to improve our financial performance by growing our Infrastructure portfolio of companies and simultaneously driving transformation of our GIL business" said Sultan. We remain committed to meeting the expectations of our shareholders, customers, and employees, and as always, thank them for their support."

Agility brings efficiency to supply chains in some of the globe's most challenging environments, offering unmatched personal service, a global footprint and customized capabilities in developed and developing economies alike. Agility is one of the world's leading providers of integrated logistics. It is a publicly traded company with \$4.3 billion in revenue and more than 22,000 employees in 500 offices across 100 countries.

Agility's core commercial business, Global Integrated Logistics (GIL), provides supply chain solutions to meet traditional and complex customer needs. GIL offers air, ocean and road freight forwarding, warehousing, distribution, and specialized services in project logistics, fairs and events, and chemicals. Agility's Infrastructure group of companies manages industrial real estate and offers logistics-related services, including e-government customs optimization and consulting, waste management and recycling, aviation and ground-handling services, support to governments and ministries of defense, remote infrastructure and life support.



TURKISH AIRLINES STARTS DIRECT ERBIL, IRAQ FLIGHTS

DUBAI: Already having the world's 4th largest flight network and flying to 290 destinations in 116 countries, Turkish Airlines continues to expand its extensive network. The flag carrier, ranked as the "Best Airline in Europe" for the sixth consecutive time had now added flights to Erbil, Iraq which are directly operated from and to Gaziantep Airport. Beginning from August 5th, roundtrip flights between Gaziantep and Erbil will be operated 2 times per week in both directions.

Introductory round trip fares are available from Gaziantep to Erbil, Iraq starting at \$178. Additionally, for the operations to the destinations, there is a special offer for Miles&Smiles members, with a 25 percent reduction in the miles needed to redeem either award tickets or upgrades.

To view the flight schedules please visit www.turkishairlines.com, contact the call center at +90 212 444 0849 or visit any Turkish Airlines sales office.

Turkish Airlines reserves the right to make changes in this regard.

Established in 1933 with a fleet of five aircraft, Star Alliance member Turkish Airlines is a 4-star airline today with a fleet of 332 (passenger and cargo) aircraft flying to 290 destinations worldwide with 241 international and 49 domestic. According to the 2016 Skytrax survey, Turkish Airlines was chosen as "Europe's Best Airline" for the sixth and "Best Airline in Southern Europe" for the eighth consecutive time. Having won in 2010 the world's "Best Economy Catering Service", in 2013 and also in 2014 the world's "Best Business Catering Service", and "Best Business Class Lounge Dining", "Best Business Airline Lounge" awards in last year's survey, Turkish Airlines was awarded again the world's "Best Business Class Dining Lounge" and "Best Business Class On-Board Catering" prizes in this year's survey. More information about Turkish Airlines can be found on its official website www.turkishairlines.com or its social media accounts on Facebook, Twitter, Youtube, LinkedIn, and Instagram.

KFH SMES CREDIT LIMIT KD 300 MILLION

7% GROWTH OF SMES PORTFOLIO'S CLIENTS AS OF END H1 2016

KUWAIT: Executive Manager Business Banking at Kuwait Finance House (KFH), Manaf Al-Menaifi said that the credit limit of the Business Banking specialized in financing the small and medium-sized enterprises SMEs is about KD 300 million, indicating that Business Banking department at KFH offers services to over 2285 customers.

He added that the SMEs portfolio achieved a 7 percent growth of customers as of end H1 2016, reiterating that KFH aspires to increase the number of customers to 2400 by the end of 2016 in line with KFH's strategy to show interest in the SMEs segment for its significant role in the development. The SMEs form the nucleus for mega projects, while they offer numerous job opportunities for the Kuwaiti youth with low cost of capital.

Also the SMEs play important role in substantially using the local resources, while contributing to the support of self-sufficiency in some goods and services that serves in the reduction of imports and improving exports. Moreover, the SMEs effectively contribute in national product support.

Al-Menaifi praised the efforts of the public and private sectors in supporting this key segment that assumes active role in the national economy. He said that KFH provides a broad range of products and financing services developed to meet SMEs needs. KFH has been mapping out and supervising the relationship with the National Fund for Small and Medium Enterprise since 2004 for the best interest of the customers of this segment.

KFH uniquely offers the health and cooperative marketing product through which KFH purchases goods for the sake of selling them to cooperative societies and thus giving money to the dealer without having to wait for collecting the money from the cooperative societies as KFH directly collects from them. KFH offers services of salary transfers, issuance of credit cards, purchasing through POS and transferring to SMEs owners. KFH works tirelessly to address the SMEs requirements, especially that KFH's Business Banking views the relationships with SMEs to be best categorized as a partnership.



Manaf Al-Menaifi

INFINITI AL BABBAIN SUMMER OFFER LUXURY IN A DIFFERENT STYLE

KUWAIT: Abdulmohsen Abdulaziz Al-Babbain Co, the exclusive agent of Infiniti in the State of Kuwait offers its customers luxury and entertainment with its special offer this August in a different style. Upon the purchase of any Infiniti vehicle customers will receive a 5 years warranty, 5 years or 50,000 km free service, 1 year full insurance and your choice between a free Bose sound system and 1 year Netflix subscription or window tinting and body protection, all of this only this August.

On this occasion, Abdulmohsen Abdulaziz Al Babbain Co, would like to invite its clients to benefit from the exceptional 'August Campaign' through visiting its showrooms in all off Al-Rai, Ahmadi, and the Infiniti pavilion at the Kuwait Finance House located in Shuwaikh.

The Company aims through its new promotions' strategy to strengthen its sales of the luxury Infiniti vehicles, ensuring that Infiniti is the leading brand of luxury vehicles in Kuwait and the Middle East, which attracts the VIP clients to own it.

Infiniti belongs to the category of luxury vehicles that gained international publicity for its luxury features, elegant design, and attractive inspiration. All its models combine elegant comfort, capturing luxury, strong performance and smooth acceleration. Infiniti

depends on the latest technology in the world, which ranks it on top of the most advanced smart vehicles with super technology.

Al Babbain Group was founded in 1948 to present a model of honesty, integrity and total dedication and to gain bright reputation in Kuwait and the Middle East area.

Today AlBabbain Group has licensing rights for some of the world's leading brands stretching the globe from the USA to the Far East.

For more than 60 years Al Babbain Group has experienced continued success, and large measure of this success came from the Group's advanced flexible strategy focusing on expanding and verifying its activities; including automotive, information technology, investment, real estate, finance and industry.

The automotive sector is the main structure of the Al Babbain Group's business, which owns some of the bestselling and demanded brands in Kuwait, in addition to heavy equipments.

The Abdulmohsen Abdulaziz Al Babbain Co and Trading and Contracting Company is proud to be the exclusive agent and distributor of many Japanese, Chinese, and European (French) vehicles in Kuwait such as Nissan, Renault, Citroen, Infiniti.



VIVA OFFERS CUSTOMERS OPPORTUNITY TO OWN SAMSUNG NOTE 7

KUWAIT: VIVA, Kuwait's fastest-growing and most developed telecom operator, offers the opportunity to its customers to own the new long-awaited Samsung Galaxy Note 7, a device that allows its users to think as big as they do, with one of the postpaid packages. Customers can log in to VIVA's website and register their names.

Samsung Galaxy Note 7 has curved, sharper and less sloping screen 5.7 inch, USB-C charger port (Samsung's first phone to adopt the new standard), iris scanner to unlock the phone with eyes, gorilla glass 5 screen (the first phone with Corning's new screen tech), more sensitive and accurate S Pen stylus with new tricks like magnification and GIF-making, water and dust resistant phone body with MicroSD card slot with larger battery (3,500 mAh) and better low-light camera.

To know more about Samsung Galaxy Note 7, customers can visit one of VIVA's 70 branches, log in to VIVA's official portal at www.viva.com.kw or contact VIVA's 24-hour call center at 102.

VIVA is the fastest-growing telecom operator in Kuwait. Launched in December 2008, VIVA makes things Possible for its customers by transforming

communication, information and entertainment experiences. The company has rapidly established an unrivalled position in the market through its customer centric approach. VIVA's quest is to be the mobile brand of choice in Kuwait by being transparent, engaging, energetic and fulfilling. VIVA continues to take a considerable share of the market by offering an innovative range of best value products, services and content propositions; a state of the art, nationwide network and world-class service. VIVA offers internet speeds of more than 100 Mbps, due to the implementation of the most advanced fourth generation (4G LTE) network in Kuwait resulting in superior coverage, performance and reliability.

