NBK Capital acts as Joint Lead Manager for Burgan Bank's $500 million issuance

Perpetual Tier Capital Securities callable in July 2024

KUWAIT: Watani Investment Co. K.S.C.C. ("NBK Capital") acted as Joint Lead Manager for the issuance of Burgan Bank K.P.S.C's ("Burgan" or the "Bank") $500 million Regulation S Perpetual Tier 1 Capital Securities (the "Capital Securities"). The Capital Securities will offer semi-annual coupon payments set at 5.75 percent per annum and have a first call date set for 9 July, 2024.

The issuance constitutes direct, unconditional, unsecured and subordinated obligations by Burgan, the second largest conventional bank in Kuwait, with credit ratings of A3/Stable from Moody's, BBB+/Stable from S&P and A+/Stable from Fitch.

HSBC Bank plc and J.P. Morgan Securities plc acted as Global Coordinators, while NBK Capital, Bank ABC, Citigroup Global Markets Limited, Emirates NBD Capital Limited, First Abu Dhabi Bank P.J.S.C., HSBC Bank plc, J.P. Morgan Securities plc and Standard Chartered Bank acted as Joint Lead Managers.

The issuance was well received by both regional and international investors, with the global order book peaking at $2.2 billion. The global order book closed at $1.8 billion after price revisions translating to an oversubscription of around 4.4x. MENA-based investors dominated the deal with a 51 percent share of the issuance, followed by Asian investors at 22 percent, European investors at 14 percent and investors form the United Kingdom at 12 percent.

The issuance was undertaken to manage the Bank's capital and long-term liquidity in accordance with Basel III and the Central Bank of Kuwait regulatory requirements. Faisal Al-Hamad, NBK Capital's Chief Executive Officer stated: "We are incredibly honored to have advised Burgan Bank on this international issuance. The significant demand from local as well as global investors is a reflection of Burgan's solid track record in the international debt capital markets and the consistent global demand for Kuwaiti paper.

Rani Selwanes, NBK Capital's Managing Director and Head of Investment Banking added: "The overwhelming demand from Kuwaiti investors reflects on the importance of the Kuwaiti market in supporting both regional and global issuances and reflects on NBK Capital's ability to execute global transactions at the highest quality." The Capital Securities were priced at par (100.00 percent) with a competitive reoffer yield of 5.75 percent representing a spread of 400.7 bps over the 5-year US Treasury. This came after a 50 basis point tightening from the initial price thoughts at the opening of the transaction.


Faisal Al-Hamad

URC signs pact with IKARUS

KUWAIT: United Real Estate Company K.S.C.P (URC), one of the leading real estate developers in the MENA region, announced signing an agreement with IKARUS United Marine Services K.S.C, one of KIPCO's Group of Companies. IKARUS will cover a 2-year contract period effective from July 1st 2019 to include management and operation of the Marina Berth and Yacht Club. Situated along Kuwait's coastline, Marina Yacht Club is an exclusive service harbor with space for 144 berths at the Marina World located on the Arabian Gulf in Salmiya.


Ahmad H Kasem

Ahmad Kasem, Acting Chief Executive Officer, commented, "This management and operation agreement is part of the Company's strategy to optimize its operational activities and business growth for Marina Yacht Club, in line with latest industry standards by sourcing it to one of the leading marine service providers in order to deliver a world-class quality service to our valued clientele of yacht owners."

URC's operations extend to construction and contracting, facility management, and project management through its several subsidiaries. The company's portfolio of assets and businesses are geographically spread across a number of countries through several assets such as Marina World, Marina Hotel, and KIPCO Tower in Kuwait, Salalah Gardens Mall & Residences in Oman, Abdali Mall in Jordan, Raouche View 1090 in Lebanon, Hilton Cairo Heliopolis & Waldorf Astoria Hotels in Egypt, Aswar Residences in Egypt, and Assoufid in Morocco.

Gulf Bank's sixth monthly salary draw to be held tomorrow

KUWAIT: Tomorrow, Gulf Bank will be holding its sixth monthly Salary Account draw at its Shaab Branch. The draw will be approved by, and held in the presence of, a representative from the Ministry of Commerce. The 2019 Kuwaiti Salary Offer automatically enrolls both existing and new customers who transfer their salaries to Gulf Bank in the monthly and annual draws. The monthly draws allow customers the chance to win cash prizes of up to 12 times their salary, while the yearly draw gives them the opportunity to win Kuwait's largest salary prize of up to 100 times their salary.

Commenting on the draw, Ahmad Al-Amir, Assistant General Manager for External Communications at Gulf Bank said: "This is one of the most exciting days of the month at Gulf Bank. Every month, our Salary Account offers all account holders multiple benefits and gives one lucky winner a chance to claim a cash prize of up to 12 times their salary. Salary Account holders are automatically enrolled in the monthly draws, so all those enrolled can have a chance to win. We can't wait to announce who is going to be our sixth winner of the year!"


Ahmad Al-Amir

The Salary Account also gives new customers the opportunity to receive either a KD 100 cash gift upon transferring their salaries to Gulf Bank or an interest-free loan of up to KD 10,000. Customers must have a minimum salary of KD 500 and will be eligible for the offer following their first salary transfer to Gulf Bank.

Customers can also enjoy additional benefits like a Visa or MasterCard credit card free of charge for a year, as well as a chance to apply for a loan of up to KD 70,000 or a consumer loan of up to KD 25,000.

HSBC survey

People to match technology as top business investments

KUWAIT: About a third of businesses expect to change radically in the next two years, from what they sell to where they work, as they seek growth opportunities in a fast-changing world. But while technologies like robotics top their spending plans, firms are now prioritizing investment in the well-being and future skills of their people, according to a new HSBC survey.

'Navigator: Made for the Future', a survey of over 2,500 companies in 14 countries and territories, shows that 34 percent of decision-makers think their technological focus will 'totally' change over the coming 24 months, with a further 45 percent expecting 'slight' change. As they seek to become more customer-centric and to boost productivity, over half (55 percent) plan to invest more in research and development.

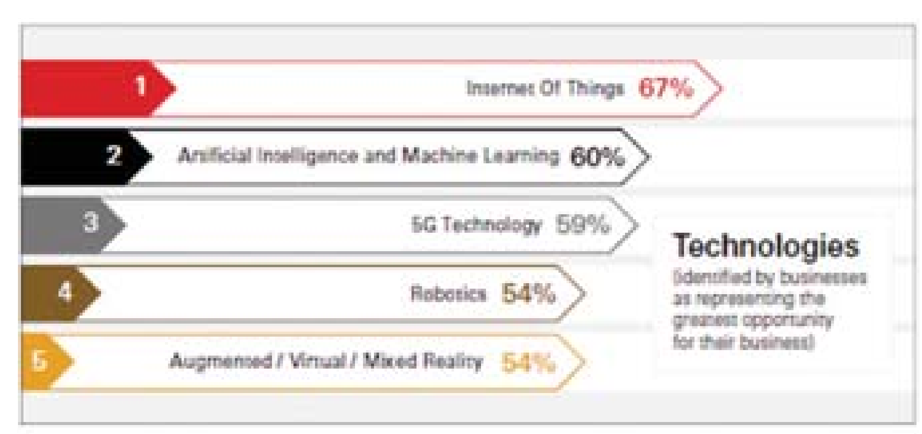
Nearly as many though (52 percent) will boost spending on skills training and 43 percent on employee well-being; ahead of logistics (42 percent), plants or equipment (34 percent), and 'bricks and mortar' premises (29 percent).

Roger Winfield, Chief Executive Officer of HSBC Kuwait, said : "There can be few more important priorities for any business or country than preparing for the future. This research is, essentially, thousands of business leaders around the world shining a bright light on the importance of investing in technology and people in the face of significant change to come. In Kuwait, many of these priorities are aligned with the ambitions set out in the 2035 vision.'


Roger Winfield

By upskilling employees and adopting innovative technologies, the end goal for businesses is to become more efficient, more customer-centric and greener. Over half the companies surveyed plan to increase their investment in customer experience (52 percent) and 45 percent will raise spending to become more environmentally sustainable over the next two years. Almost a quarter (24 percent) want to become greener in order to attract and retain talented staff, and 30 percent are feeling pressure from customers to improve in this area.

A number of new technologies have already been embraced by businesses and include A.I. (41 percent), the Internet of Things (40 percent), wearables (37 percent) and facial/image recognition (38 percent). The biggest benefits of employing these four technologies are improvements in productivity, customer experience and product or service quality.



While 76 percent of companies think technologies will make their staff more productive and 72 percent think they will enhance well-being, 59 percent also said they think they'll need fewer workers in the future. Three in five (60 percent) intend to introduce or increase flexible working practices to enhance well-being and adapt to a rebalancing between human and automated output.

Interviews for the 'Navigator: Made for the Future' survey were conducted in Australia, Canada, mainland China, France, Germany, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, the UAE, the UK and the USA in May 2019.

Import duty on gold could hurt Indian jewelry business: MGD official

KUWAIT: Commenting on the Union Budget 2019-2020, the Managing Director of International Operations at Malabar Gold & Diamonds, Shamlal Ahamed, said that while the budget was pro-poor and would definitely help in the progress of the rural India, it will hurt the domestic gold and jewelry market.


Shamlal Ahamed

He pointed out that the additional import duty for gold will hurt India's gold and jewelry businesses and promote illegal gold smuggling, which is detrimental to the economy. On the other hand, the increased tariff in India will lead to a significant price advantage in neighboring markets such as the GCC, Singapore, Malaysia and Sri Lanka. The price advantage of 10-12.5 percent along with VAT refunds for tourists will definitely lead to GCC, Singapore, Malaysia and Sri Lanka benefiting from jewelry tourism, he said.

Jaguar Land Rover set to build electric cars in UK

LONDON: Car manufacturer Jaguar Land Rover has decided to produce a range of electric vehicles at its central England factory, it announced Friday, securing thousands of jobs in a major boost to post-Brexit Britain. "Jaguar Land Rover today revealed plans to manufacture a range of new electrified vehicles at its manufacturing plant in Castle Bromwich, UK," the Indian-owned group said in a statement.

The first car to roll off the production line at Castle Bromwich, which currently employs 2,500 workers, will be the next-generation all-electric Jaguar XJ luxury saloon model. "It's a huge step for (the) very prestigious, special premium-luxury XJ production in Castle Bromwich," JLR Chief Executive Ralf Speth told AFP in an interview.

The facility in Birmingham, Britain's second biggest city, will produce the electric vehicles as part of a "huge" electrification investment that was "in the billions", Speth said.

The news is a welcome fillip for the nation's largely foreign-owned car sector, which has long warned over the impact of Britain's looming departure from the European Union at the end of October.

'Future is electric'

Batteries will be made in neighboring Hams Hall, Warwickshire, while electric motors will be manufactured at JLR's engine plant close to the nearby city of Wolverhampton. "Today's announcement, which safeguards several thousand jobs in the UK, is the next stage in execution of Jaguar Land Rover's electrification strategy," JLR added.

The group aims to offer electrified options for all new Jaguar and Land Rover models by 2020.

"The future of mobility is electric and as a visionary British company, we are committed to making our next generation of zero-emission vehicles in the UK," added Speth. The investment, praised as "trailblazing" by Britain's biggest trade union Unite, follows an agreement for employees to work a four-day week as part of restructuring plans.

"This is a proud day for our members and Jaguar Land Rover," said Steve Turner, Unite assistant general secretary for manufacturing. Cardiff University professor Peter Wells cautioned that Brexit was probably not a major factor in JLR's decision, given its existing UK manufacturing operations and declining consumer demand for high-polluting diesel cars.

'Not really Brexit related'

"The company is constrained by what they've got... it's not really a Brexit-related decision," Wells told AFP. "It's more an issue that has been forced upon the company, perhaps faster than they had wanted.

"The market is changing across the world quicker than many car companies have anticipated, so in that respect the company was essentially forced to invest in the UK-even though it's not perhaps ideal in terms of reaching those key European markets."

Britain's auto sector warned last week that a no-deal Brexit could cost UK-based carmakers up to £70 million ($89 million, 78 million euros) daily through delays to production. JLR, which launched its first electric vehicle I-PACE last year, is meanwhile late to develop its strategy for the segment.

"It is not alone in being late ... but certainly, given that the Nissan Leaf has been out for many years now, and Tesla has been making waves for some time in the kind of segments that Jaguar and Land Rover operate in, then clearly there is concern," Wells said.

"It's not so easy to ramp up the production of electric vehicles at this point because of concerns over supply-the battery technology and the materials needed. "They have an electric model but I don't see that they will be able to produce a high proportion of electric vehicles across the range for quite some time," added Wells, noting particularly strong competition from German carmakers like Audi, BMW, Mercedes, Porsche and Volkswagen. —AFP