

Business

VIVA reports KD 31.6m net profit during nine-month period ended 30 Sept 2019

Revenues reach KD 215.6 million

KUWAIT: VIVA, a world-class digital leader providing innovative services and platforms to customers and enabling the digital transformation in Kuwait, and a subsidiary of STC Group, announced the financial results for the nine-month period ended 30 September 2019; whereby VIVA's Revenues reached KD 215.6 million, and the net profit reached KD 31.6 million for the nine-month period ended 30 September.

Commenting on the financial results, Eng Maziad Nasser Al-Harbi, VIVA CEO said: "The company's financial results grew during the third quarter compared to the second quarter of this year, third quarter revenues reached KD 76.1 million compared to KD 72.9 million during second quarter of 2019, a growth of 4.3 percent. EBITDA grew by 11.0 percent reaching KD 21.4 million in the third quarter of 2019 while, the net profit for the same period increased to reach KD 11.7 million compared to KD 10.3 million for the second quarter of 2019, a growth of 13.3 percent.

VIVA was able to achieve this growth during the third quarter of 2019 despite the

continued competition witnessed in the Kuwaiti telecom market which is one of the most competitive markets in the region, where VIVA was able to achieve outstanding levels of revenues in addition to enhancing the operational efficiency to ensure generating value and positive return to our shareholders.

VIVA has accomplished these results due to the implementation of the digital transformation strategy and providing integrated solutions for both consumers and enterprises, and has driven its business to new areas of sustainable growth, through a series of innovative initiatives which aims to improve operational efficiency, customer service, and offering the best services and products that cater to its customer's needs, as well as invested in the advanced 5G framework with the biggest scope over the country."

Al-Harbi added: "Commenting on the results of the nine-months period ended 30 September 2019, VIVA managed to achieve revenues KD 215.6 million during the nine-month period of 2019, while the EBITDA



Eng Maziad Nasser Al-Harbi

recorded a growth of 11.3 percent to reach a KD 59.5 million during the nine-month period of 2019 compared to KD 53.4 million for the same period in 2018. EBITDA margin reached 28 percent during the nine-month period of 2019 compared to 25 percent during the nine-month period of 2018. As a result, VIVA reported a net profit of KD 31.6 million (earnings per share of 63 fils) during the nine-month period of 2019

with a profit margin of 15 percent. VIVA's customer base reached 2.01 million at the end of September 2019."

He added: "VIVA managed to achieve positive earnings for its shareholders as a result of the commitment to elevate the quality of customer service and improving the operational efficiency. By achieving this outstanding level of revenues and profitability during the nine-month period in 2019, VIVA reflects its solid stance in the telecom market, accompanied with the fruitful launch of the fifth generation (5G) network nationwide, positioning itself to be one of the first telecommunications companies in the region to offer this service to its customers with the widest coverage in Kuwait, and in line with companies of its likes in the international market."

Al-Harbi concluded: "VIVA's financial results reflected its capability to compete and preserve its function as the Second greatest telecom operator in the Kuwaiti market in terms of market share of revenue in the telecom sector. Due to VIVA's safe and stable financial policy, we continued to



implement the cost reduction program adopted by the company during the previous year to reach the best results to enhance profitability by adopting a balanced and effective financial policy in operating and capital expenditures. Shedding the light on the financial position of the company as of 30 September 2019, the total assets at the end of the nine-month period of 2019 reached KD 387.8 million where total shareholders' equity reached KD 203.6 million, with a book value per share of 408 Kuwaiti fils. In addition, VIVA has a strong financial solvency position, which is considered one of the best companies across the Middle East telecoms companies."

Lagarde: Crisis fighter at home in halls of power

BERLIN: After a career breaking glass ceilings to join a tiny global elite, Christine Lagarde will bring experience of cool-headed crisis fighting to her job as first female head of the European Central Bank.

The 63-year-old Frenchwoman arrives at the ECB after weathering the financial crisis and its aftershocks at the French finance ministry, in 2007-11, and the International Monetary Fund in 2011-19 — the first woman to hold both jobs. She faced one catastrophic threat after another, from financial sector meltdown in 2008 to the Greek and Argentine debt crises.

Formerly a successful corporate lawyer, Lagarde is praised for tactical nous, level-headedness and stamina. Her lack of a formal economics education also leaves her less bound by ideological convictions.

After three ECB chiefs well-versed in tinkering with interest rates and soothing the fears of financial markets, she may have to work harder to secure credibility—a central banker's most invaluable asset. But Lagarde, unused to failure, "knows perfectly well what she has to do" at the ECB, departing chief Mario Draghi said Thursday. Her one prominent black mark is a "negligence" conviction over a business arbitration as economy minister that cost taxpayers dearly. Judges spared her a sentence out of concern for her "international reputation".

Rapid rise

The daughter of two teachers, Lagarde was a champion synchronized swimmer in her

youth. Some of her zeal for women's cause may date back to being refused a job as a young lawyer "because you are a woman". Usually smiling and standing out by her stature and silver bob, Lagarde climbed the ladder into the circles of the powerful. Her ascent recalls the Latin motto of the elite Holton Arms high school she attended for one year in Maryland, "Inveniam viam aut faciam"—"I will find a way or create one".

She only really came to public prominence in 2005, when France's conservative government tapped the then-president of law firm Baker and McKenzie in its search for fresh faces. Beginning as trade minister, Lagarde ascended to the economy portfolio two years later, just before the 2008 financial crisis and global recession. When a new IMF chief was needed after former chief Dominique Strauss-Kahn's sexual assault scandal, she made the leap.

Lagarde was soon trotting the globe, selling economic orthodoxy in near-flawless English. The IMF's widely-criticized role in repeated rescues of Greece brought her into close contact with the ECB, while she rarely hesitates to ruffle feathers among her former European partners or to break diplomatic protocol. In her private life, Lagarde is an item with French businessman Xavier Giocanti, after splitting from the father of her two sons.

'Adults in the room'

From marking her political career in France, Lagarde's habit of speaking her mind took on new dimensions on the international stage. She once urged austerity-battered Greeks to "pay their taxes" to help end the government's fiscal woes, as well as at one point bemoaning the lack of "adults in the room" at talks with Athens and its creditors.

Greeks have also targeted her for the harshest criticism, with the leftist Syriza government once accusing the IMF of "criminal responsibility" for the country's troubles. Lagarde attempted to learn from the Greece crisis in dealings with Argentina, placing responsibility for reforms firmly on Buenos Aires' shoulders. While the country is struggling to repay its record \$57 billion loan from the IMF, she insisted last month that things would be "a lot worse" if the fund had not intervened.



Christine Lagarde, President-designate of the European Central Bank (ECB), speaks in this file photo. — AFP

Athletic, a vegetarian and a non-smoker, Lagarde is also known for offering glimpses of her personal life like her poor English as a teenager, her two failed attempts to enter the elite French civil service school ENA and her habit of undercover exercises for stomach and bottom muscles.

In a recent interview with US broadcaster CBS, she even showed off her poker-faced technique for appearing to drink wine without swallowing a drop. Weeks before, she had stood before the assembled IMF staff and guests to sing French megastar Edith Piaf's "Je ne regrette rien"—"I regret nothing". —AFP

IMF chief: We look forward to engaging with Argentina govt

WASHINGTON: International Monetary Fund chief Kristalina Georgieva yesterday congratulated Alberto Fernandez, winner of Argentina's presidential elections, and vowed to work with his government to stabilize the economy. "We look forward to engaging with his administration to tackle #Argentina's economic challenges and promote inclusive and sustainable growth that benefits all Argentines," Georgieva tweeted.

Fernandez and his running mate-former president Cristina Kirchner-soundly defeated business-friendly President Mauricio Macri in Sunday's polls. Macri had signed a massive \$57 billion loan package with the IMF, but the austerity measures he imposed failed to right the economy and generated a wave of popular anger against him.

The poverty rate has risen to more than 35 percent, inflation for the year to September was at almost 38 percent, while the peso has depreciated 70 percent since January 2018.

The return to power of protectionist Peronists has raised fears of yet another debt default, and eroded the peso's value. The president-elect has insisted his government would not default but rather seek to renegotiate the terms of the IMF



In this file photo, IMF Managing Director Kristalina Georgieva speaks at the IMF/World Bank Annual Fall Meetings Plenary Session in Washington, DC. — AFP

loan, and sought to reassure voters that their bank deposits would be safe under his administration.

But since Fernandez's crushing victory in August primaries, Argentine savers have withdrawn around \$22 billion from their accounts. The government has imposed strict capital controls to prevent further erosion of its currency reserves, and the restrictions were tightened again yesterday to allow dollar purchases of only \$200 a month. The IMF is viewed as having taken a chance with the record loan to Buenos Aires, given the country's track record, and it is the first major crisis for Georgieva who took the helm of the Washington-based crisis lender only this month. —AFP

But analysts say the chances of another default are rising, one putting them at 67 percent, with a "haircut" to reduce the debt level and extend the maturity highly likely. —AFP

HSBC profits slip in US, Europe

HONG KONG: HSBC's interim chief executive yesterday said the banking giant was underperforming in parts of Europe and the United States, as third-quarter profits slipped and the lender warned of further headwinds. The Asia-focused behemoth has been trying to lower costs as it faces the double uncertainties caused by the grinding US-China trade war and Britain's impending departure from the European Union.

Noel Quinn, who took over as acting CEO after the shock ouster in August of John Flint, has overseen plans to axe some 4,000 jobs, primarily away from its more profitable businesses within the Greater China region. "Parts of our business, especially Asia, held up well in a challenging environment in the third quarter," Quinn said in a statement attached to the bank's latest results.

"However, in some parts, performance was not acceptable, principally business activities within continental Europe, the non-ringfenced bank in the UK, and the US," he added.

The results statement gave no concrete details of what further restructuring may be down the line and said investors would be updated before February 2020, when the full 2019 results are released.

But Quinn, who has signalled he wants the top job on a permanent basis, hinted at more pain ahead in the coming months. "Our previous plans are no longer sufficient to improve performance for these businesses, given the softer outlook for revenue growth," he said.

"We are therefore accelerating plans to remodel them, and move capital into higher growth and return opportunities." Bloomberg News has reported that the bank may look to partially exit stock trading in some developed Western markets, and will attempt to sell its French retail bank. In the results, pre-tax profit slipped 18 percent on-year to \$4.8 billion in July-September with the vast majority — \$4.7 billion—coming from Asia, according to the statement. Adjusted pretax profit fell 12 percent to \$5.3 billion, net profit fell by 24 percent to \$3 billion and revenue slipped 3.2 percent to \$13.4 billion, all missing analyst forecasts. —AFP

