Ooredoo Kuwait reports revenue of KD 294 million for H1 2020

KUWAIT: National Mobile Telecommunications Company K S C P "Ooredoo" (Ticker: OOREDOO) announced its financial results for the half year ended June 30, 2020:

- Consolidated customer base decreased by 3% to 25.9 million in H1 2020, compared to 26.7 million in H1 2019.
- Revenues in KD were impacted by lower sales in Kuwait (substantial support for local customers free of charge), a decrease in Algerian revenue mainly due to the weak economic environment, currency devaluation and price competition and the impact of the Corona virus and related business limitations across all operations. Consequently, consolidated revenue decreased by 5% to KD 294.1 million in H1 2020, compared to KD 310.4 million for the same period in 2019.
- EBITDA decreased by 15% for H1 2020 to KD 99.0 million, compared to KD 115.9 million for the same period in 2019.
- Net profit attributable to NMTC was KD 1.7 million for H1 2020 compared with KD 17.3 million for the same period in 2019, due to the decline in EBITDA
- The consolidated earnings per share was 3 fils for H1 2020, compared to 35 fils per share earned for the same period last year.

Sheikh Saud Bin Nasser Al-Thani, Chairman of the Board of Directors, commented: "The first half of 2020 was a challenging time for everyone around the world, with significant disruptions in our daily lives as communities and government came together to help contain the spread of COVID-19. Ooredoo Kuwait's (NMTC) key priorities during this period were the health and wellbeing of our employees and customers, the provision of uninterrupted connectivity to support working, studying and socializing from home, and the empowerment of communities most affected by the pandemic.

For example, in Kuwait we offered all workers in the ministries and governmental organizations 5GB of free data a day and unlimited local calls, in support of their efforts to fight the pandemic, and in Tunisia we launched new nightly data bundles and free mobicash cards.

Our business was impacted by the COVID-19 pandemic as movement restrictions and retail closures resulted in changes in customer consumption patterns, and monetizable mobile usage shifted to all-inclusive fixed lines services. Therefore, NMTC reported revenues of KD 294.1 million during the first half of 2020, down 5 percent compared to the same period last year. The decline in revenue flowed through to our EBITDA and net profit which were KD 99.0 million (H1 2019: KD 115.9 million) and KD 1.7 million (H1 2019: KD 17.3 million) during H1 2020.

Despite movement restrictions and store closures, our consolidated customer base at the end H1 2020 was a healthy 25.9 million compared to 26.7 million for the same period last year as we focused on extending our digital channels to better serve our customers remotely.

In Kuwait, we maintained the course on our digital strategy and successfully and utilized the Ooredoo app and other digital channels to safely engage and serve our customers by offering home deliveries of products and SIM cards across the country.

In Tunisia, revenues increased 7 percent in H1 2020 compared to the same period last year as we maintained our position as the number 1 telecom player by customer market share.

Our performance in Algeria continued to be impacted by challenging economic conditions, intense price competition and currency depreciation as the Algerian dinar depreciated by 3 percent year on year.

In Palestine we continued to grow our user base which was up by 6 percent to 1.4 million customers in H1 2020, and also focused on cost optimisation, resulting in a 17 percent increase in EBITDA to KD 4.8 million for the same time period.

In Maldives we increased our efforts towards digitalization with innovative solutions such as the launch of the first of its kind Digital Centre that contains 24-hour self-service kiosks that enable customers to purchase SIMs, recharge, pay bills and cash in m-Faisaa digital currency safely and with minimal human contact."

Review of operations

The Group's operational performance can be summarized as follows:

Ooredoo - Kuwait operations

Ooredoo's customer base in Kuwait decreased to 2.4 million in H1 2020 compared to 2.5 million for the same period in 2019. Revenues were KD 104.2 million in H1 2020, compared to KD 114.1 million for the same period in 2019. EBITDA decreased to KD 26.7 million in H1 2020 compared to KD 36.0 million for the same period in 2019. Ooredoo Kuwait offered all workers in the ministries and governmental organizations 5GB of free data a day and unlimited local calls, in support of their efforts to contain the spread of COVID-19.

Ooredoo - Tunisia

Ooredoo's customer base in Tunisia stood at 8.8 million customers in H1 2020. Revenues increased by 7 percent to reach KD 61.8 million in H1 2020 compared to KD 57.5 million for the same period in 2019 reflecting a good business performance in the local market. EBITDA was KD 26.6 million in H1 2020 compared to KD 26.8 million for the same period in 2019.

Ooredoo - Algeria

Customer base in Algeria decreased to 12.9 million in H1 2020 compared to 13.6 million for the same period in 2019. Business in Algeria was negatively impacted by the devaluation of the Algerian dinar, a weak economic environment and intense price competition. Consequently, revenues decreased to KD 94.1 million in H1 2020, compared to KD 104.9 million for the same period in 2019. EBITDA was KD 31.3 million in H1 2020, down from KD 38.3 million for the same period in 2019. Algerian Dinar depreciated by 3 percent year on year.

Ooredoo - Palestine

Customer base in Palestine increased by 6 percent to reach 1.4 million customers in H1 2020. Revenue increased by 6 percent to KD 15.1 million in H1 2020, compared to KD 14.2 million for the same period in 2019. EBITDA was strong, increasing 17 percent to KD 4.8 million in H1 2020, compared to KD 4.1 million for the same period in 2019, driven by operational efficiencies across the business.

Ooredoo - Maldives

Ooredoo Maldives reported a 4 percent decrease in revenues to KD 19.0 million in H1 2020, compared to KD 19.7 million for the same period in 2019. EBITDA was KD 9.7 million in H1 2020 compared to KD 10.9 million for the same period in 2019. Ooredoo Maldives now serves a total of 372k customers.

Want profits from coffee in China? It's actually a grind

BEIJING: A closed cafe is seen inside a shopping mall yesterday. — AFP

BEIJING/SHANGHAI: Looking outside her Beijing coffee shop where seven other nearby cafes including a Starbucks compete for customers, Huang Ying is simply glad to still be in business. In the 17 years since opening her cafe in the trendy 798 Art Zone district, making money has gotten harder - even before the coronavirus. Rent and labor costs have increased while rival waded into a market that has failed to live up to expectations. "Our profit can't compare with the old days," she said. "I raised prices by 10 percent in 2017 but that has done little to offset the jump in costs."

As a coffee market, China exerts a magnetic pull for Western brands keen to emulate the success of Starbucks Corp which has over 4,400 stores in China and is still expanding. Since last year, Canada's Tim Hortons has opened about 60 stores in China while Italy's Lavazza and Sweden's Wayne's Coffee have also made forays into the market. Much of the optimism about China's coffee market potential stems from just how little its consumers drink - just 5.4 cups per capita last year, compared to 341 in the United States and 591 in Western Europe, according to consultancy Euromonitor.

Chinese coffee consumption is growing at an estimated rate of around 5 percent annually, but coffee shop proprietors like Huang say it is more important to take note of the huge jump in outlets and cut-throat pricing. Store openings of specialist coffee and tea shops surged 50 percent in 2018 and 2019, and China now has some 18,350 stores, more than triple the number in 2014, according to Euromonitor. Coffee is also now sold at many convenience stores and fast-food restaurants.

And while a regular-sized latte costs around 30 yuan ($4.24) in China, it can be as cheap as 4.5 yuan ($0.60) at some places with the use of discount vouchers. This year's admission by delivery-focused and coupon-reliant Luckin Coffee that it fabricated $310 million in sales underscores how the coffee opportunity in China has been exaggerated, analysts said. "Luckin's fraud proved that even though coffee in China is almost free, the Chinese still don't drink much of it," said Beijing-based independent analyst Keso Hong.

Tea is China's main source of caffeine and outside of China's biggest cities, buying a branded caffeinated drink to get through the day is not part of everyday life. Bubble tea, which contains tapioca pearls, is also giving coffee a run for its money. Food delivery giant Meituan Dianping received 210 million orders for bubble tea in 2018, "far more than" coffee, it has said without elaborating.

Like Luckin, other domestic chains are struggling to fulfill big dreams. Coffee Box, which focuses on coffee deliveries and raised some $56 million in funding, has shut or suspended business at dozens of its stores. Grey Box, which offers specialty coffee, said in 2018 it wanted 12 stores in Beijing by end of that year, but has just four. Bruno Caffe has closed most stores and only two remain.

Among western firms, Britain's Costa Coffee, which is owned by Coca-Cola, has 300 China stores according to its website, despite earlier ambitions to have had 2,500 by 2018. The chains did not respond to Reuters requests for comment. Starbucks, the first big Western brand in the market and now with 20 years in China under its belt, appears to be the only resounding success, having carefully cultivated its image as a premium cafe for young professionals. Some estimates put the US giant's share of China's coffee market at as much as 80 percent.

Just this week, Starbucks expanded its Chinese ordering services to multiple Alibaba apps. The newcomers have, however, wisely decided not to go it alone. Lavazza has formed a venture with Yum China, the owner of KFC restaurants in China. Restaurant Brands International's Tim Hortons said last year it wanted 1,500 stores in China and has gained backing from Tencent Holdings. Wayne's Coffee signed a 15-year deal with a Chinese master franchisee.

The chains did not respond to requests for comment on their prospects. But even teaming up with a partner is no guarantee of success given the extreme competition, analysts said. "Undoubtedly the coffee market in China will continue to grow and consumers are becoming more habitual coffee drinkers but it is still a hard market to win," said Ben Cavender at China Market Research. — Reuters