Boursa Kuwait AGM approves cash dividend of over KD 5m for 2019

Net profit increased by 307.58% to reach KD 9,591,752

KUWAIT: Boursa Kuwait Securities Company (BKSC) held its E-Annual General Assembly (AGM) meeting for the year ended 31 December 2019 on Tuesday, June 9, 2020. During the meeting, which was held virtually as part of the company's commitment to ensuring the safety of its shareholders and in line with the preventive measures introduced by the Kuwait government to curb the spread of COVID-19, the Board of Directors' (BoD) recommendation to distribute 25 percent of the paid-up capital, equivalent to 25 fils per share, as cash dividends was approved, with a total value of about KD 5.02 million (Five million, nineteen thousand, three hundred and ninety three Kuwaiti dinars and seven hundred and fifty fils).

Company holds E-annual general assembly

The Board of Directors' report, the Auditor's report and the audited financial statements for the fiscal year ending on December 31, 2019 were all approved, as were the Corporate Governance and Audit Committee reports and the remunerations and benefits report for BOD members and Executive Management.

The AGM was chaired by Vice Chairman, Ahmed Hamad Al-Thunayan, who read the reports issued by the Kuwait Clearing Company's electronic system regarding the quorum of attendance, the results of participation and voting included in the agenda, as well as a report of the shareholders' notes.

Share sale

Shareholders agreed to grant the Board of Directors authorization to buy or sell the company's shares, provided they do not exceed 10 percent, in accordance with the provisions of Law No 7 of 2010 and its executive regulations and amendments. Shareholders also discussed and approved the Related Parties' Transaction Report for 2019 and the related parties' transactions, which are proposed to be conducted during the upcoming 2020 financial year. Finally, the appointment of Badr Adel Salem Al-AbdulJader from Ernst & Young (Al-Aiban, Al-Osaimi & Partners) as the auditor for the fiscal year ending on December 31, 2020 was also approved.

Al-Thunayan said: "Boursa Kuwait recorded several achievements that contributed to its path of development and progress during 2019. Among the most prominent of these accomplishments was the completion of the stages of privatization of the company to become the first privatization project for a vital government facility, and thus becoming the first stock exchange owned by the private sector in the Middle East, with private investors owning 94 percent of the issued and paid-up capital of the company, thanks in no small part to its cooperation with the Capital Markets Authority."

Al-Thunayyan also highlighted the exceptional and unprecedented performance achieved by Boursa Kuwait and hailed the commitment of the Board of Directors to support the company's strategy, given its many achievements despite the challenges facing the market last year.

Al-Thunayan added: "Boursa Kuwait's strategy aims to develop a strong financial market that enjoys high liquidity and credibility through the implementation of a host of developmental, structural and technical projects. The company has made great progress in its path to be a leading and prominent stock exchange in the Middle East, and a market ranked by the most prominent global indicators."

"Boursa Kuwait has fulfilled the promise it made to itself to continue to grow at an upward pace and to upgrade the country's financial market system. As a result, the company recorded a significant jump in operating profits, while net profit increased by more than 307 percent."

Summary of Boursa Kuwait's financial performance during the past three years: Mohamed Saud Al-Osaimi, CEO of Boursa Kuwait, provided a detailed presentation on the company's financial results and the performance of the stock exchange. He noted that operating income recorded an increase of 58.4 percent over the previous year, soaring to KD 15.1 million from KD 9.53 million. The change in the subscription fee structure from a capital-based basis to the average daily trading volume, the surge in trading volume due to the rise in foreign ownership in Kuwaiti banks, the annual review of Kuwaiti companies in the FTSE Russell

Emerging Markets Index and the inclusion of Kuwaiti companies in the S&P index DJI for emerging markets were all major factors in this jump. In addition, the increase in trading commissions from KD 4.1 billion to KD 7.9 billion as a result of improved confidence of individual and institutional traders in the market also supported the upturn in operating income. Meanwhile, the net traded value of foreign investors reached KD 565,442,571.

Al-Osaimi added, "Executive Management has taken firm initiatives to control costs, which have led to positive results. Core operating expenses decreased by 10.5 percent from KD 7.93 million in 2018 to KD 7.1 million in 2019. Staff costs accounted for 59.5 percent of expenditures, with a marginal decrease of 4.4 percent over the previous year. The remaining major expenditures included IT maintenance, building expenditures, depreciation, and amortization, in addition to general and administrative expenses.

Al-Osaimi also indicated that the operating profit increased by 399.86 percent to KD 8,000,655 and the operating profit margin increased from 16.79 percent to 52.98 percent. Net profit witnessed an increase of 307.58 percent, to rise to KD 9,591,752 and net profit margin increased from 24.69 percent to 63.52 percent.

The auditor's report on financial results indicated that Boursa Kuwait recorded a positive financial performance supported by the company's progress in implementing various initiatives within the framework of its Market Development plan and strict cost controls. Basic earnings per share reached 48.5 fils from the 2018 value of 14.5 fils, while the book value per share went up to 162 fils from 139 fils in 2018.

Mohamed Saud Al-Osaimi, Boursa Kuwait CEO, thanked the Board of Directors for their continuous support of the company's strategy and operations, as well as to the members of the executive team and all the employees of Boursa Kuwait for their great efforts. He also thanked the Capital Markets Authority and the Kuwait Clearing Company for their support and continuous cooperation in developing the market.

He also reiterated the company's commitment towards growth and progress and the development of its infrastructure and work environment to international, best-in-class standards, and its effort to gain the confidence of investors, both locally and abroad by providing attractive investment opportunities.

Veritas: 40% of consumers hold CEO responsible for ransomware

DUBAI: Two-fifths (40 percent) of consumers hold business leaders personally responsible for ransomware attacks the business suffers, according to global research from Veritas Technologies, a global leader in data protection and availability. Furthermore, the research shows that the public often wants restitution from businesses that fall foul of ransomware, with 65 percent of respondents wanting compensation and 9 percent even wanting to send the CEO to prison.

Simon Jelley, VP product management at Veritas Technologies, said: "As consumers, we are increasingly well-educated about ransomware, so we're unforgiving of businesses that don't take it as seriously as we do ourselves. The two most essential things that businesses should have in place, according to their customers, are protection software (79 percent) and backup copies of their data (62 percent). Now, it seems, if businesses don't get these basics right, consumers are ready to punish their leadership."

The research, covering six countries and 12,000 consumers, also appears to show a paradox when it comes to paying ransoms. The clear majority of people (71 percent) want companies to stand up to cyber-bullies and refuse to pay ransoms in order to get their data back. However, when the issue becomes more personal, with a direct threat to their own data, many people change their minds and want the businesses they buy from to negotiate. When it comes to their financial data, 55 percent of respondents want suppliers to pay the ransom to facilitate the return of their records.


Simon Jelley

Jelley said: "It may seem that businesses are in an impossible situation with consumers telling them both to pay – and not to pay – ransoms. However, what we, as customers, are really saying is that we want businesses to escape the dilemma by avoiding the situation in the first place. Consumers expect businesses to have the technology in place to restore their data without negotiating. That's the win-win solution and, considering the likely brand damage and loss of customers that come with failing to put this into practice, the risk is simply too big for companies not to have this aspect of their systems in place." In fact, the study shows how some consumers quickly lose patience with companies that risk their data through ransomware attacks. Almost half of respondents (44 percent) would stop buying from a company that had been the victim of such a crime.

The research, covering consumers in China, France, Germany, Japan, the UK and the USA, uncovered some interesting patterns that emerge from country to country:

- In China, people have the highest tendency to change their minds on negotiating with cybercriminals, when it's their own critical information. While 80 percent of respondents believe that businesses shouldn't negotiate in general, when it becomes a personal issue of recovering their own data, that number drops sharply to just 16 percent.
- Brits have the strongest feelings about standing up to cyber-bullying demands, with 81 percent believing that businesses should not negotiate with the criminals.
- The French seem to be the most forgiving respondents from our surveyed countries, with less than a quarter (24 percent) wanting to blame company heads, just over half (55 percent) believing that no-one other than criminals can be blamed for ransomware attacks, and only a third (36 percent)considering dropping a company's services after an attack.
- Inversely, the Japanese and Chinese are the least forgiving, with 49 percent and 51 percent dropping company services after an attack, and China in particular looking to blame business heads directly (66 percent).
- Germans are most vociferous about harsh punishment for leaders following an attack, with 29 percent of those who blame the leaders also looking for a prison sentence.
- In contrast, in the USA the most common attitude for those blaming leaders is to look for fines as punishment (41 percent).

Faisal M Sarkhou

CI reaffirms corporate rating for Kamco Invest

KUWAIT: Kamco Invest, a regional non-banking financial powerhouse with one of the largest AUMs in the region, announced yesterday that Capital Intelligence Ratings has reaffirmed the Long- and Short-Term Corporate Ratings of Kamco Invest at 'BBB' and 'A3', respectively. Despite the impacts on the Kuwait economy from the sharp drop in oil prices and Covid-19, the Outlook on the ratings remains Stable.

In its rating report, Capital Intelligence considered Covid-19 to represent a temporary but severe shock to most economies and expected that the pandemic to peak during Q2 2020 with restrictions on movement and air travel to be gradually unwound beginning in early Q3 2020. This in turn should allow economic activity and financial conditions to begin to return to normal by Q4 2020. The short- and longer-term impacts on individual economies and on individual companies within these economies will vary considerably. In general terms however wealthier countries will have greater resilience in terms of the ability to provide financial support to both companies and citizens. They consider Kuwait strongly placed in this regard and the supportive measures taken to date to be comprehensive.

The main credit strength for Kamco Invest's rating is its business model with substantial assets under management (AUM) giving a large and stable revenue stream, and the growing investment banking business. Further important credit strengths include strong management team and being a part of the KIPCO Group which provides access to liquidity, new businesses and widening the distribution channels.

Faisal Mansour Sarkhou, Chief Executive Officer, commented, "We are pleased with the rating and the stable outlook which reflect the strength of the company's financial position, business model and management capabilities. Despite the Coronavirus Pandemic (COVID-19) and its unprecedented impact, the company's credit rating remained intact."

It is worth noting that the Company enjoys a strong financial position and a healthy capital structure with KD 56.4 million in shareholders' equity and debt to equity ratio of 0.85x as of 31 December 2019. The company's annual general assembly held on 3 June 2020 approved 5 percent cash dividends for the year 2019 (5 fils per share) for a total amount of KD 1.7 million.

Sarkhou concluded, "We reaffirm our commitment towards our stakeholders and are wasting no efforts to overcome this crisis and its unprecedented effect with minimal damages. Our insistence to move forward with the cash dividends without modification despite the unprecedented conditions the world is going through as a result of the Coronavirus pandemic is a testimony of our commitment to our shareholders and the strength of the financial position and the high liquidity the company enjoys

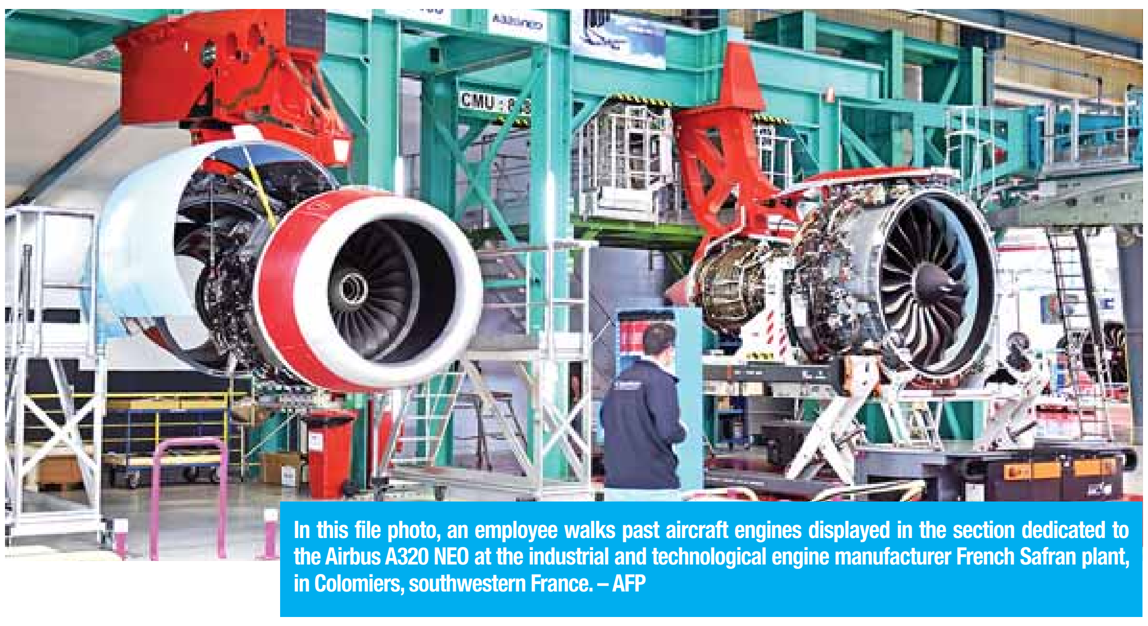
France pledges $16.9bn for aviation firms

PARIS: The French government on Tuesday pledged 15 billion euros ($16.9 billion) for the country's aviation industry, where thousands of jobs are on the line as the coronavirus crisis hammers the travel industry. "We are declaring a state of emergency to save our aeronautics industry so that it can be more competitive," Finance Minister Bruno Le Maire told a press conference in Paris.

"If we hadn't intervened right away, a third of the jobs in the sector would have disappeared... that's around 100,000 of the 300,000 direct and indirect jobs," he added. The southwestern French city of Toulouse hosts the headquarters of pan-European aircraft maker Airbus, which for decades has supported hundreds of suppliers and service providers in the region.

But orders are being cancelled or put on hold indefinitely as airlines worldwide ground planes amid the travel restrictions, with many fearing it could take years to recover in case of strict new hygiene rules—such as requiring middle seats to remain empty. Airlines have parked up to 90 percent of their aircraft, some 4.5 million flights have been cancelled so far, and an estimated $314 billion in revenues will be lost this year, according to the International Air Transport Association (IATA).

International airlines are in line to make a combined net loss of more than $84 billion this year, it added Tuesday. The International Civil Aviation Organization, a UN specialized agency, estimates the pandemic will reduce the number of airline passengers by 1.5 billion by the end of the year. The French government has already announced that Air France-KLM, which posted a 1.8-billion-euro loss in the first quarter, will get seven billion euros in loans either directly from the state, or backed by it.


In this file photo, an employee walks past aircraft engines displayed in the section dedicated to the Airbus A320 NEO at the industrial and technological engine manufacturer French Safran plant, in Colomiers, southwestern France. – AFP

That money will allow it to go through with a purchase of 60 Airbus A220 airliners and 38 long-haul A350 jets. Both planes offer fuel efficiencies and fewer carbon emissions, a growing concern among environmentally-conscious flyers. But Greenpeace France reacted coolly, saying the government will still be turning a blind eye to the priority of reducing air traffic to bring down carbon emissions. "The aircraft that pollutes the least is the one that does not fly," said Sarah Fayolle of Greenpeace France.

'Not the village idiots'

The French state and Airbus, as well as Dassault Aviation, Thales and Safran, will contribute 200 million euros each to a fund for small and midsize firms, in particular to help them invest in carbon-reduction technologies.

The plan also includes 1.5 billion euros to spur research on a future "carbon neutral plane" over the next three years, with a goal of having the plane in operation by 2035, Le Maire said. Defense Minister Florence Parly said 600 million euros of planned military orders would be accelerated, including the purchase of three Airbus A330s that will be converted to refuelling planes, and eight Caracal troop transport helicopters.

Le Maire brushed off concerns that the United States or other countries would protest the state aid as unfair help, amid a long-running feud at the World Trade Organization over subsidies to Airbus and its American rival Boeing.

"We're not going to be the village idiots who let hundreds of thousands of jobs be destroyed, and the skills they represent... by saying 'sorry, those are the rules, we have no choice'," he said.—AFP