Mezzan Holding holds 19th AGM

Shareholders approve cash dividend of 15 fils per share

KUWAIT: Mezzan Holding KSCP, one of the largest manufacturers and distributors of food, beverage, FMCG and healthcare products in the region, held its 19th Annual General Meeting (AGM) of shareholders on Monday where shareholders approved the board of directors' recommendation of distributing cash dividend of 15 fils per share.

In 2019, Mezzan recorded healthy growth in operational metrics such as Revenue, Gross Profit, Operating Profit, and Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA).

These were driven by its fast-moving consumer goods and healthcare sectors, as well as the food services sector, and food manufacturing and distribution.

2019 was also a milestone year as Mezzan inked two key transactions, the first was the acquisition of 67 percent stake in Kuwait Saudi Pharmaceutical Company, and the other being a Joint Venture for the distribution of medical devices in Kuwait under the brands of Medtronics and Covidein.

Mezzan inks 2 transactions in 2019

During 2019, the group recorded non-cash and non-recurring losses for an aggregate value of KD 2.4 million, relating to impairment of goodwill in an investment in a subsidiary in Saudi Arabia for approximately KD 1.2 million and an impairment of other intangible assets driven by reclassification of a property resulting from the application of IFRS 16 (which started in 2019) and IAS38.

Mezzan Holding Executive Vice Chairman Mohammad Jassim Al-Wazzan said: 'I would like to thank the group's employees and workers who are working around the clock now to secure food and medicine under the current circumstances'.

He added '2019 witnessed the expansion of Mezzans scale and scope in the healthcare market which now includes production of pharmaceutical products, a key component of consumer spending.

He concluded 'Mezzan was also successful in enhancing its revenue and operational profits but net profit was reduced due to non-cash non-recurring losses (impairment of intangible assets).

FY 2019 Financial Highlights:

· 2019 Revenue: KD 222.5 million, up 7.2 percent

· 2019 Gross Profit: KD 48.7million, up 10.7 percent

· 2019 EBITDA: KD 18.5 million, up 18.5 percent

· 2019 Net Profit: KD 5.6 million, down 19.0 percent FY 2019 Balance Sheet Highlights:

· 2019 Assets KD 260.3 million

· Shareholders' Equity to owners of parent company KD 105.6 million

FY 2019 Financial Performance Review: Food Business Line:

Total Revenue for the Food Business Line reached KD 160.4 million, a steady increase of 3.4 percent compared with the same period in 2018.

The Food Business Line accounted for 72.1 percent of Group Revenue. The Business Line comprises the following three divisions: Manufacturing and Distribution (generating 48.4 percent of Group Revenue), Catering (generating 16.0 percent of Group Revenue) and Services (generating 7.8 percent of Group Revenue).

· Manufacturing and Distribution: Revenue increased 5.8 percent.

· Catering: FY Revenue decreased by 6.1 percent.

· Services: FY Revenue increased by 10.8 percent.

KUWAIT: Mezzan Holding Executive Vice Chairman Mohammad Jassim Al-Wazzan addresses the AGM

Non-Food Business Line:

Revenue reached KD 62.0 million, an increase of 18.9 percent compared with the same period in 2018. The Non-Food Business Line accounted for 27.9 percent of Group Revenue.

The Business Lines comprises the following divisions: FMCG and healthcare business division (generating 25.6 percent of Group Revenue) and Industrials (generating 2.3 percent).

· FMCG and Pharmaceuticals: FY Revenue increased by 21.9 percent.

· Industrials: FY Industrials revenues decreased by 6.9 percent.

Regional Business Highlights:

· In Kuwait: FY Revenue grew by 6.9 percent due to strong performance in FMCG and Catering

· In UAE: FY Revenue increased by 8.4 percent.

·In Qatar: FY Revenue grew by 5.1 percent driven by resolving supply chain issues as well as continued strong performance from catering.

· In KSA: FY Revenue declined by 13.5 percent as supply of chips were rerouted to Qatar and facing delay in inaugurating the new extruder manufacturing line, which came on line in the last quarter of 2018.

· In Afghanistan: FY Revenue increased by 23.1 percent due to increased sales in the fruits and vegetables business.

· In Jordan: FY Revenue decreased by 3.3 percent

· In Iraq: FY Revenue increased by 14.3 percent.

Shamal Az-Zour Al-Oula listing

KUWAIT: Shamal Az-Zour Al-Oula Power and Water Company K.S.C (Public) (the 'Company') is pleased to announce that it has received the approval from the Capital Markets Authority to list its shares on Boursa Kuwait's Premier Market.

The Company is currently working with Boursa Kuwait to provide the necessary documents required to complete the listing procedures, as stipulated by the rules of the Boursa.

The Company is closely monitoring the Boursa market conditions, especially with regard to the effects of the spread of the COVID-19 pandemic on global capital markets, and taking into consideration the best interests of its shareholders, the Company is planning to select an appropriate date to be the first listing day, by which time the market conditions are expected to have stabilized, which will help the Company's shareholders and potential investors to make informed investment decisions.

CBK bonds and related Tawarruq

The Central Bank of Kuwait (CBK) announced the most recent issues of CBK bonds and related Tawarruq at a total value of KD 160 million for 6 months with a rate of return at 1.375 percent.

Venezuela's timid gains in taming inflation fade

CARACAS: Venezuela's modest advances in taming inflation since last year are being wiped out by chronic fuel shortages and a plummeting exchange rate, driving food prices up amid the coronavirus pandemic, according to economists, lawmakers and industry leaders. After peaking in 2018 at 1.8 million percent, inflation slowed last year as President Nicolas Maduro eased socialist economic controls, helping keep monthly consumer price increases below 30 percent in February and March.

But with a lack of fuel making it difficult to deliver goods and the bolivar depreciating some 60 percent in 2020, consumer prices rose 80 percent in April, the opposition-controlled National Assembly said on Monday, meaning interannual inflation was 4,210 percent. Shoppers on the streets say prices for some goods are doubling in a matter of weeks.

'Everything is rising so quickly that what I deposit in my account doesn't buy anything,' said Diocelina Ospina, 67, a maid shopping in the city of Maracay who bought only 200 grams (0.45 pounds) of cheese because its price had jumped 40 percent in a week.

'All we can do is eat less and stretch what we have.'

Inflation data in Venezuela is largely based on figures released by the opposition-run Congress, because the central bank publishes official data with several months of delay. The 'Petare basket,' an informal index named for the sprawling east end of Caracas that measures the price of eight basic food items, has jumped 109 percent since mid-March, according to the legislature. —Reuters

Alphabet soup of recovery scenarios

PARIS: What will the economic recovery from the coronavirus crisis look like in different countries? Economists have taken to using letters to describe the shape of potential recoveries ... or stagnation.

U, V, W, and L-shaped recoveries all describe a brutal drop in economic activity since the coronavirus struck China at the beginning of the year. From there they outline different scenarios of how what the IMF has called the worst recession since the Great Depression could play out.

The hoped for U-turn

After the plunge provoked by the lockdown orders, economic activity slides into a trough for a period. That is due to sectors such as tourism and entertainment being more durably hit and requiring more time to adjust. But a recovery then gradually takes hold, before accelerating sharply.

The IMF saw this as a possible scenario for the world's advanced economies, which have been hit the worst. In its updated forecasts released last month it sees them recovering much if not all of the drops suffered this year. But such a recovery will depend on the absence of a severe second wave of the epidemic that would force countries to reimpose lockdowns.

V an unlikely version

A V-shaped recovery is the best: a sharp drop followed immediately by a correspondingly sharp recovery. The government-paid leave programs in some countries that have kept people formally employed are aimed at supporting such a recovery as workers will have income to spend. But the longer lockdowns and the crisis last, the less likely such a version becomes.

That doesn't mean that you can't hope: the Bank of England expects a 14 percent contraction in the economy with a 15 percent rebound next year. The IMF sees a V-shape recovery for emerging and developing countries overall, with a 1.0 percent drop followed by 6.6 percent rebound.

W for (second) wave

A brief recovery followed by a relapse before a sustained return to growth is not unusual. This was the experience of the eurozone following the global financial crisis in 2008. A

gradual recovery was cut short as investors began to worry about the debt levels of Greece, Italy and Spain.

Economists see a W-shaped recovery as likely if a strong second-wave of the coronavirus forces countries to adopt strict lockdown measures once again.

L for lethargic

This would be the worst possible outcome as it describes a failure to recover from the crisis. After a plunge in output an economy stagnates. In this case it would mean a wave of bankruptcies followed by a long period of widespread unemployment. Such steps down in economic output are not unheard ofóthink of Japan's lost decade that began in the early 1990s when falling prices kept the economy from growing.

Swoosh: Just (don't) do it

Think of the swoosh logo of US footwear firm Nike - a drop followed a long, gradual return higher. This is a scenario many advanced countries could follow as the IMF is already forecasting that their growth next year will fail to fully compensate for the falls they suffer this year. —AFP

Argentina to extend $65bn debt deadline

BUENOS AIRES/LONDON/NEW YORK: Argentina will extend negotiations over a $65 billion debt restructuring proposal until May 22, the government said on Monday, setting the stage for tense last-ditch talks as the South American nation races to avoid default.

The new deadline, which comes after an initial cut-off passed on Friday without the support needed for a comprehensive deal, means the offer will expire the same day Argentina could trigger default over a $500 million interest payment.

The major grains producer is racing to revamp unsustainable debts amid a painful recession, high inflation and increasingly expensive borrowing costs as concerns over a potential ninth sovereign default have rattled investors and hit bond prices. The talks so far have been complex, with three major creditor groups rejecting the initial proposal and pushing for improved terms. Argentine officials have said the country cannot afford to pay more, though they are open to counterproposals.

'Clearly, both sides are playing hardball,' Capital Economics said in a note on Monday, adding that the talks were likely to drag on and that creditors could face large haircuts, especially with the global coronavirus pandemic sapping growth. 'The government is facing ever-growing demands on its purse as the health crisis continues,' it said. 'Accordingly, recovery rates for foreign bondholders of around 30 percent are looking increasingly likely.' Analysts calculate that the current offer, which includes a three-year payment halt, a large cut to coupon payments and maturities pushed back to 2030 and beyond amounts to a net present value of around 30-35 percent. Bondholders say this needs to be raised to gain support.

Distressed levels

Argentina's Economy Ministry said in the official gazette that it had extended the deadline to 'increase participation' after taking stock of the current offer. The government has not said what exact level of support that offer garnered.

'While many of our bondholders supported Argentina's invitation, other significant groups of creditors did not,' the ministry said in a statement, adding that the government remained open to discussing the way forward.

'Among those that rejected Argentina's offer, several have indicated that there are better alternatives that can be reconciled with the objectives that this administration has set for itself and for the Argentine people.' The invitation closes on May 22 at 5 p.m. New York time (2100 GMT). The results of the offer will be announced around May 25 with a settlement date of May 27.

The bonds in question include collective action clauses, which means the government needs to meet a threshold of investor support in order to move ahead with comprehensive restructuring.

Argentina's bonds, which have fallen steeply since the middle of last year, are already trading at distressed levels, with most around 25-30 cents on the dollar. The country's bonds have edged up in recent days and rose 1.2 percent on average on Monday.

Level of acceptance

Goldman Sachs said in a note that without a deal, it was likely Argentina would default on May 22, though it did not rule out payment if a deal looked close at hand. The investment bank noted the signs were that participation had been low. 'The absence of specific official information suggests that the initial acceptance rate may have been quite low,' it said.

BUENOS AIRES: In this file photo Argentina's Economy Minister Martin Guzman delivers a press conference at Casa Rosada in Buenos Aires.—AFP

Two international bondholders involved in the talks said the level of acceptance was just over 12 percent. Argentine media reported that local holders of the debt had been more receptive, which they said brought the total level to around 20 percent.

Argentina's economy ministry and minister Martin Guzman declined to comment on the level of acceptance. The country's largest province, Buenos Aires, is facing a separate debt crisis of its own, with an offer to holders of its foreign law bonds to restructure around $7 billion in debt due to expire later on Monday.

A major creditor group has already rejected the proposal from the province, which also faces bond repayments on Monday, which if missed could trigger a local government default. Siobhan Morden at Amherst Pierpont said the Buenos Aires talks could give a clue to how national negotiations would go.

'The firm deadline for today in the Province of Buenos Aires will provide a leading indicator for the sovereign since the two credits are aligned on their political strategy,' she said. —Reuters