

Business

stc reports KD 139.4m revenues for H1 of 2021 with KD 16.5m net profit

Revenue growth as a result of wise operational plans, flexible strategy: Abdulrahman

KUWAIT: Kuwait Telecommunications Company (stc), a world-class digital leader providing innovative services and platforms to customers, enabling the digital transformation in Kuwait, announced its financial results for the six-month period ended 30 June 2021.

On this occasion, Dr Mahmoud Ahmad Abdulrahman - stc's Chairman, stated: "With the continuing negative repercussions emerged at the start of COVID-19 pandemic since the first quarter of 2020, and that is still affecting most of the vital sectors in general, stc has spared no effort to update its strategy in line with the current situation. Updating stc's strategy has contributed to enhancing the customers experience by continuing to provide a variety of the finest and latest comprehensive digital services and products to the individual and business sectors as an initiative to move to the next phase of implementing the digital transformation strategy that the company has been adopting since 2019. Given the continuing challenges and risks

brought the two companies together on various occasions over the past years.

On the other hand, stc renewed its invitations to the aspiring Kuwaiti cadres to join its well-experienced team in the field of integrated communications. These invitations are aimed at hiring Kuwait competencies from different scientific backgrounds and experiences. As for the sports field, stc - the official sponsor of the Premier League championship and all the activities of the Kuwaiti Football Association (KFA) - celebrated the final match of the Premier League tournament through a ceremony to honor its champion.

With regards to Company's financial results, engineer Maziad Alharbi - stc's Chief Executive Officer, commented: "Due to the world-wide fundamental changes imposed by the COVID-19 pandemic, represented in the increasing demand for the traditional communication and digital services, stc has been able to achieve these results by leveraging on the 5G network's capabilities and efficiency. Furthermore, stc has been seizing potential opportunities through the dedication of its employees and their eagerness to update and implement company's digital transformation strategy. Not to mention stc's keenness to provide integrated technical solutions that serve the Kuwaiti Government's directions pertaining the social distancing of individuals and corporates as well as its implementation of the gradual return to the normal working life and the daily activities in the country. Hence, the growing demand for the fixed and mobile broadband services has boosted company's profitability through stc's offerings of the finest products, services and offers that would help companies and organizations enabling the online institutional and educational interaction with the highest possible quality and efficiency. Thus, the growing demand for stc's services supports our ambition to increase company's revenue and cash flows over the short term."

Al-Harbi added, "stc's EBITDA reached KD 38.5 million during the first six months of 2021 compared to KD 35.9 million during the same period of 2020. Whereas, EBITDA margin reached 27.6 percent in the first six months of 2021, compared to 26.3 percent in the previous year. Accordingly, stc reported an increase in the net profit by 3.8 percent to reach KD 16.5 million (earnings per share of 33 fils) with a profit margin of 11.8 percent compared to KD 15.9 million (earnings per share of 32 fils) with a profit margin of 11.7 percent in 2020.

faced by the various sectors due to the current crisis in addition to the government's efforts aimed at gradually lifting the imposed restrictions on the governmental and private sectors, stc is keen to provide a wide range of services which will facilitate the recovery of businesses and the daily activities of the individuals and corporates. Driven by the rapid digital transformation that has become an absolute necessity to continue the daily business activities, stc develops a periodic precautionary plans that enable the company to continuously carry out its operations during the various lock down periods in order to ensure service delivery and customer satisfaction".

Commenting on the financial results for the six months period ended 30 June 2021, Dr Abdulrahman said: "Despite the ongoing fallouts resulted from the current crisis, stc was able to record an increase in revenues by 2.2 percent during the first half of 2021 to reach KD 139.4 million compared to KD 136.4 million for the same period of the previous year. This increase is mainly attributed to company's wise operational plans and the implementation of its flexible strategy. stc also managed to achieve growth in both EBITDA by 7.3 percent and net profit by 3.8 percent in the first six months of 2021 compared to the same period of the previous year."

Corporate social responsibility

In terms of stc's corporate social responsibility, Dr. Abdurrahman pointed out that the past year witnessed a number of social activities to include honoring the Al-Tarahom Volunteering Team members, as a recognition of their collaboration, vital role and the team's continuous initiatives that

China factory activity slows in July

BEIJING: Chinese factory activity weakened in July to its lowest level since the start of the pandemic, data showed yesterday as manufacturing was impacted by slowing demand, weak exports and extreme weather. The Purchasing Managers' Index (PMI), a key gauge of manufacturing activity in the world's second-largest economy, dropped to 50.4 in July from June's 50.9, the National Bureau of Statistics said.

A PMI reading of over 50 indicates expansion, while below that figure suggests contraction.

The reading appeared to be leveling out between April and June, and July shows the first marked decline, making it the lowest PMI figure since February 2020, analysts said. While the figure was worse than many forecasts, it was still above the 50-point mark that separates growth from contraction. China's fragile economic recovery is threatened by a recent resurgence of the Delta variant of the coronavirus that is threatening to dampen holiday consumption over the summer. "On the whole, China's economy continues to maintain expansion momentum, but the pace has slowed down," said NBS senior statistician Zhao Qinghe.

"In July, some companies entered the equipment maintenance period, which in addition to the impact of extreme weather such as localized high temperatures, floods and natural disasters, (caused) relatively weakened manufacturing growth compared to last month." Although Zhao did not refer to specific extreme weather events, deadly flooding in central Henan province caused over 70 deaths and billions of yuan worth of damage this month. Henan is home to key Foxconn plants that manufacture Apple iPhones.

Overall, export and import indices dropped this month, after a major port closure in the first three weeks of June stifled international trade at a key point in the global shipping network. "The most alarming signal is the new export order index, which (at 47.7 per cent) is at the lowest level since July last year," said Zhiwei Zhang, chief economist at Pinpoint Asset Management in a note.—AFP



enue market share of approx. 35 percent. With the ongoing repercussions and challenges we are facing due to the COVID-19 crisis, the increase in Company's financial results is attributed to the decline in stc's bad debt and its implementation of the cost optimization program in order to achieve the best results and enhance profitability through adopting a balanced and effective financial policy in relation to the operational and capital expenditure".

It is worth mentioning that the first half of 2021 witnessed a number of operational achievements, whereby stc celebrated the successful launch of the 5G Stand Alone (5G SA) backed by the 5G integrated technology. This milestone is considered the latest and the most advanced integrated comprehensive network that is compatible with the integrated 5G standards (3GPP).

Furthermore, in addition to the significant growth in its financial and operational performance during the first half of 2021, stc demonstrated its ability to overcome risks and cope with potential challenges. The Company achieved this while maintaining its operations and keeping its doors open to better serve its loyal customers during such circumstances. The actions taken by stc reflected positively towards customers based on the increased demand for the latest offers and solutions released throughout the Company's various points of sales channels and online platforms. Therefore, in order to maintain its operations and continue delivering uninterrupted services, stc carried on its comprehensive business continuity plan. Earlier in the year, the Company was certified with the latest version of the ISO Certification in Business Continuity (ISO 22301:2019) after completing a vigorous auditing process performed by Top Certifier. The certification comes as a testament to the diligent approach

taken by stc to implement protocols and guidelines across all business-related aspects during the pandemic.

The year witnessed an extraordinary event for stc, whereby, the Company received the approval from the Communication and Information Technology Regulatory Authority's (CITRA) to launch the first-of-its-kind mobile virtual network operator (MVNO) license to launch Virgin Mobile Kuwait in partnership with Virgin Mobile Middle East & Africa. Virgin Mobile Kuwait will operate using stc's network, with stc acting as a Host Facilities Based Provider "FBP" with Virgin Mobile Kuwait, offering prepaid plans to users, and making it the first virtual telecom service in the country.

In addition, solutions by stc, the Company's specialized arm in offering business solutions, provided a wide range of modern solutions and services to provide an integrated network infrastructure that will be serving the drive-in vaccination center on the South Island of Jaber Bridge. The initiative was carried out in line with the highest international standards.

The Company also announced adding Google products, in partnership with iSolutions, to its existing range of offerings to aid B2B customers' transition into the world of digital solutions. This comes in addition to launching its ultimate solution in cyber security and protection, "Shield". The pioneering service that has been revealed by the Security Operations Center (SOC) which belongs to solutions by stc - stc's specialized arm in offering business services - ensures online protection for businesses by identifying risks in possible data breaches, offering 360 degrees protection, and assessing critical assets to enable worry-free environments for businesses to thrive digitally".



Considering Company's financial position during the first half of 2021, total assets reached KD 372.7 million, while total shareholders' equity reached KD 208.7 million with a book value of 418 Kuwaiti fils per share. Furthermore, stc boasts a strong financial solvency position, considered to be amongst the best in comparison to telecom companies in the Middle East. Furthermore, stc's customer base stood at 1.9 million customer at the end of June 2021".

Alharbi noted: "stc's financial results for the first half of 2021 demonstrates its ability to compete and enhance its position as the second largest telecom operator in the Kuwaiti telecom market with a rev-

