

Business

Al-Shall Economic Report

Net profits of Kuwait's listed companies jump 382% y-o-y for 9 months in 2021

Total credit facilities for residents offered by local banks by Sept end 2021 reach KD 41.610bn

KUWAIT: 158 listed companies or about 94.6 percent of the 167 listed companies, announced their financial results for the first nine months of the current year after excluding companies that have not yet announced their results and those whose fiscal year differs. These companies achieved net profits of about KD 2.781 billion some of which are non-recurring profits, showing an increase of 382.4 percent versus KD 576.4 million profits for the first nine months of 2020. When comparing the Q3 profits of 2021 at KD 1.804 billion with the profits of the Q2 of the same sample at KD 530.9 million, we find that it rose by 239.8 percent, and it also rose by 304.7 percent when compared with profits of Q1 of 2021 at KD 445.8 million.

In detail, seven sectors increased their profitability in comparison with their performance in the same period of 2020, 4 other sectors moved from loss to profitability; profits of one sector decreased and another increased its losses compared to the same period in last year. The best performing sector was the industrial sector which moved from KD 5.2 million losses to a record profits of KD 1.043 billion. The second is the financial services sector, which turned its KD 77 million losses into KD 329.2 million profits. The real estate sector came next in profits; it moved from KD 36.6 million losses to KD 295.8 million profits, although the figure includes the non-recurring profits of the National Real Estate Company. The consumer staples sector profits declined from KD 12 million to KD 4.6 million followed by the technology sector (represented by the Automated Systems Company only), which achieved losses at KD 446 thousand versus KD 223 thousand losses in the same period last year.

The results of the first nine months of this year indicate improvement in the performance of 127 companies compared to their performance for the same period in 2020, including 52 companies that increased their level of profits and 75 companies either moved from losses to profitability or reduced their losses, indicating that 80.4 percent of the companies that announced their results have improved performances, and 31 companies achieved less performances including 13 companies with lower profits, while 18 other companies either moved from profitability to losses or increased their losses.

In the list of the highest gaining companies, 10 leading companies achieved profits of KD 2.127 billion, or 76.5 percent of the total absolute profits and 74.7 percent of the

history of companies listed on the Boursa Kuwait. Zain achieved the highest profits at KD 1.063 billion in 2010). The National Bank of Kuwait came second with KD 254.8 million profits, National Real Estate Company came third with KD 225.4 million profit and Kuwait Finance House fourth with KD 168.1 million. On the contrary, 10 companies achieved the highest absolute losses by KD 48.1 million and losses of the remainder companies (38 companies) reaching KD 18.4 million, as Munshaat Real Estate Projects Company achieved the highest level of absolute losses by KD 13 million, followed by Kuwait & Gulf Link Transport Company by KD 5.9 million.

Financial and monetary statistics
In its monthly statistical bulletin for September 2021 as published on its website, the Central Bank of Kuwait (CBK) stated that the balance of total public debt instruments (including securities and bonds transactions since April 2016) has decreased by KD 122.3 reaching KD 950 million in the end of September 2021 versus September 2020, that is 2.1 percent out of 2021 GDP which is estimated to be KD 44.3 billion (EIU estimates), excluding foreign public debts and other dues such as social security dues that we estimate in Al-Shall are about KD 20 billion. The average interest rate (return) on public debt instruments for a one-year term was 1.375 percent, 1.500 percent for two years, 1.625 percent for three years, 1.750 percent for five years, 1.875 percent for seven years and 2.000 percent for 10 years. Local banks capture 100 percent of the total public debt instruments (100 percent in the end of September 2020).

The CBK bulletin states that total credit facilities for residents offered by local banks in the end of September 2021 scored KD 41.610 billion, about 54.8 percent of total local banks' assets, rising by KD 1.601 billion indicating a growth rate by 4 percent over its level in September 2020. Total personal facilities scored KD 18.715 billion or 45 percent out of total credit facilities (KD 17.036 billion in the end of September 2020) and rising by 9.9 percent. Total value of installment loans was at KD 13.865 billion or 74.1 percent of the total value of personal facilities. Share of facilities provided for the purchase of securities scored KD 2.662 billion, 14.2 percent of total personal facilities. Value of consumer loans amounted to KD 1.773 billion. Credit facilities to the real estate sector amounted to KD 9.341 billion or 22.4 percent of the

AlShall Index is a value index, i.e. it is based on a weighted market value by 100% according to IFC formulas, with the index's basic value being 100 (as of August 1st 1990).

ALSHALL

ALSHALL INDEX	Week 45	Week 44
	18/11/2021	11/11/2021
Increased Value (# of Companies)	9	19
Decreased Value (# of Companies)	19	8
Unchanged Value (# of Companies)	2	3
Total Companies	30	30

	Company Name	THU	THU	DIFF %	CLOSE 2020	DIFF %
		18/11/2021	11/11/2021			
1	National Bank Of Kuwait	755.7	766.1	(1.4)	579.7	30.4
2	Gulf Bank	214.5	211.3	1.5	178.0	20.5
3	Commercial Bank Of Kuwait	521.2	516.0	1.0	516.0	1.0
4	Al-Ahli Bank Of Kuwait	169.8	176.7	(3.9)	136.8	24.1
5	Kuwait International Bank	256.0	257.2	(0.5)	236.7	8.2
6	Ahli United Bank	396.0	399.6	(0.9)	318.1	24.5
7	Burgan Bank	293.4	303.9	(3.5)	227.7	28.9
8	Kuwait Finance Bank	3,184.5	3,188.5	(0.1)	2,276.1	39.9
Banking Sector		736.4	742.8	(0.9)	565.6	30.2
9	Commercial Facilities Company	153.7	155.2	(1.0)	137.1	12.1
10	International Financial Advisors	366.3	366.3	0.0	179.6	104.0
11	National Investments Company	299.5	304.5	(1.6)	169.9	76.3
12	Kuwait Projects Company (Holding)	491.2	487.8	0.7	416.7	17.9
13	Coast Investment & Development Co.	170.9	162.7	5.0	66.3	157.8
Investment Sector		265.0	264.3	0.3	188.9	40.3
14	Kuwait Insurance Company	86.4	86.0	0.5	84.9	1.8
15	Gulf Insurance Company	995.2	924.0	7.7	495.1	101.0
16	Al-Ahleia Insurance Company	209.1	212.8	(1.7)	185.3	12.8
17	Warba Insurance Company	137.1	138.0	(0.7)	70.5	94.5
Insurance Sector		276.7	265.2	4.3	178.8	54.8
18	Kuwait Real Estate Company	347.9	346.0	0.5	206.1	68.8
19	United Realty Company	165.0	170.3	(3.1)	95.9	72.1
20	National Real Estate Company	734.2	685.2	7.2	219.7	234.2
21	Salhiaha Real Estate Company	2,301.6	2,346.0	(1.9)	2,031.0	13.3
Real Estate Sector		415.8	406.9	2.2	229.9	80.9
22	The National Industries	266.4	275.8	(3.4)	157.2	69.5
23	Refrigeration Industries Co	366.3	373.9	(2.0)	348.2	5.2
24	Gulf Cable & Electrical Industries	392.5	397.7	(1.3)	301.8	30.1
Industrial Sector		244.8	250.6	(2.3)	181.0	35.2
25	Kuwait National Cinemas	564.3	564.9	(0.1)	470.8	19.9
26	The Public Warehousing Co	6,771.7	6,628.9	2.2	3,990.0	69.7
27	Mobile Telecommunications Co (ZAIN)	1,121.8	1,143.6	(1.9)	1,153.0	(2.7)
28	Safat Energy Co	53.4	56.2	(5.0)	20.6	159.2
Services Sector		1,893.3	1,881.1	0.6	1,416.2	33.7
29	Livestock Transport & Trading Co	153.3	160.0	(4.2)	146.7	4.5
Food Sector		452.0	453.6	(0.4)	450.4	0.4
30	Umm Al-Qaiwain Cement Industries	728.4	728.4	0.0	551.8	32.0
Non Kuwaiti Companies		182.8	182.8	0.0	146.2	25.0
AlShall Index		643.0	645.8	(0.4)	487.8	31.8

The following tables summarize Last weeks performance of Boursa Kuwait

Description	Week 45	Week 44	Difference %
	18/11/2021	11/11/2021	
Working days	5	5	
AlShall index (30 Companies)	643.0	645.8	-0.4%
Boursa All Share Market Index	7,283.4	7,318.0	-0.5%
Value Trade (KD)	375,203,725	401,050,493	-6.4%
Daily average (KD)	75,040,745	80,210,099	-6.4%
Volume Trade (Shares)	2,250,020,076	2,726,511,750	-17.5%
Daily average (Shares)	450,004,015	545,302,350	-17.5%
Transactions	81,278	89,007	-8.7%
Daily average (Transactions)	16,256	17,801	-8.7%

Most Active Sectors & Companies

Description	Value Traded	% of Total
	KD	Market
Sectors		
THE NATIONAL REAL ESTATE COMPANY	38,115,927	10.2%
GFH FINANCIAL GROUP (B.S.C)	35,932,501	9.6%
NATIONAL BANK OF KUWAIT	31,625,398	8.4%
KUWAIT FINANCE HOUSE	30,934,636	8.2%
AGILITY PUBLIC WAREHOUSING COMPANY	27,630,983	7.4%
Total	164,239,445	43.8%
Description		
Sectors		
BANKS SECTOR	111,021,110	29.6%
FINANCIAL SERVICES SECTOR	100,828,927	26.9%
REAL ESTATE SECTOR	78,365,639	20.9%
INDUSTRIALS SECTOR	53,840,033	14.3%
CONSUMER SERVICES SECTOR	10,323,599	2.8%

profits of the profitable companies, while the rest of the profitable companies (100 companies) achieved KD 720.1 million profits.

Agility Public Warehousing Company took the lead with a total of KD 978.1 million, the majority of which were non-recurring profits (the second-highest level of profits in

total (KD 9.132 billion in the end of September 2020). This means that about two-thirds of the credit facilities went to personal and real estate facilities. Nearly KD 3.079 billion or 7.4 percent went to the trade sector (KD 3.552 billion in the end of September 2020), and KD 2.264 billion or

5.4 percent went to the industry sector (KD 2.044 billion in the end of September 2020), KD 1.801 billion or 4.3 percent went to the construction sector (KD 2.031 billion in the end of September 2020), and KD 1.046 billion or 2.5 percent went to the non-bank financial institutions (KD 1.182 billion in the end of September 2020).

The bulletin also indicates that total deposits at local banks were at KD 44.515 billion, representing 58.6 percent of total local banks liabilities, dropping by KD 1.506 billion below its amount in the end of September 2020 at a decline rate of -3.3 percent, due to the decrease in the public sector deposits by KD 430.7 million and the decrease in the private sector deposits by KD 1.075 billion. About KD 37.137 billion or 83.4 percent went to the clients of the private sector in its comprehensive definition including major institutions like the -Public Institution for Social Securities- and does not include the government. About KD 35.105 billion were in Kuwaiti Dinars, 94.5 percent went to private sector clients and the equivalent of KD 2.032 billion was in foreign currency to private sector clients. As for the average interest rate on customer deposits for a term, both in the Kuwaiti dinar and the US dollar compared to the end of September 2020, the bulletin recalls that the difference in average interest rate is still in favor of the Kuwaiti dinar in the end of the two periods.

The difference was at 0.746 points for 1-month deposits, 0.826 points for 3 months, 0.881 points for 6-month deposits and 0.914

points for 12-month deposits. While that difference in the end of September 2020 was at 0.809 points for 1 month deposits, 0.848 points for 3-month deposits, 0.885 points for 6-month deposits and 0.912 points for 12-month deposits. The monthly average exchange rate for the Kuwaiti Dinar against the US dollar in September 2021 scored 300.809 fils for each US dollar, an increase by 1.5 percent compared with the monthly average for September 2020 when it scored 305.755 fils per one US dollar.

Monthly report of the state's financial administration accounts

In its monthly follow-up report to the state's financial administration until the end of August 2021 as published on its website, the Ministry of Finance mentions that total collected revenues until the end of the 5th month of the current fiscal year 2021/2022 reached KD 6.757 billion, or 61.8 percent of total revenues estimated for the entire current fiscal year in the amount of KD 10.929 billion.

In detail, actual oil revenues until 31/08/2021 scored KD 6.092 billion or 66.7 percent of oil revenues estimated for the entire current fiscal year in the amount of KD 9.127 billion and 90.2 percent of total collected revenues. Average Kuwaiti oil price scored \$70 per barrel for the first five months of the current fiscal year 2021/2022. In addition, an amount of KD 664.480 million has been collected from non-oil revenues, a monthly average of KD 132.896 million. The

budget estimate for the entire current fiscal year is KD 1.802 billion. This means that what has been received, if it continues at this rate will be less by KD 207.335 million than the estimated amount for the entire fiscal year.

Expenditures allocations for the current fiscal year were estimated at KD 23.048 billion. According to the report, KD 5.009 billion were spent until 31/08/2021 and an amount of KD 2.566 billion have been obligated as spent, totaling the actual expenditures and the like at KD 7.575 billion, with a monthly expenditures average at KD 1.515 billion. Though the report concludes that the budget recorded a KD 818.134 million-deficit in the 5th month of the current fiscal year, we publish it without endorsement. Deficit figure in the current fiscal year (seven months remaining) will depend basically on the average oil price in the remaining months of the current fiscal year and partly on the government's promises to achieve 10 percent savings in expenditures.

The weekly performance of Boursa Kuwait

The performance of Boursa Kuwait for last week was less active, where the traded value, traded volume, number of transactions and the general index (AlShall Index) decreased. AlShall Index (value weighted) closed at 643.0 points as of last Thursday, showing a decrease by 2.8 points or by 0.4 percent compared with its level last week. It remained higher by 155.2 points or by 31.8 percent compared with the end of 2020.

Ericsson to buy US cloud-based operator Vonage

STOCKHOLM: Ericsson said yesterday it was acquiring US cloud-based communications provider Vonage, in the Swedish company's biggest acquisition in recent memory as it widens its operations beyond its traditional telecommunications equipment business.

The \$6.2 billion (5.5 billion euros) deal is part of Ericsson's strategy to expand its presence in wireless enterprise and broaden its global offerings, the company said. The offer was unanimously approved by Vonage's board of

directors, it said. Ericsson is among the world's biggest telecom equipment makers, battling China's Huawei and Finland's Nokia in fields such as 5G networks. At 21 dollars per share, the offer represents a 28-percent premium over Vonage's closing price on the tech-heavy Nasdaq stock exchange on Friday. Founded in 2001, Vonage offers IP voice telephony and has in recent years developed a cloud-based communications platform.

The company has 120,000 customers, allowing one million developers access to its API interface which accounts for 80 percent of its annual sales of \$1.4 billion. The company has seen growth of around 20 percent per year the past three years. Based in New Jersey, Vonage has 2,000 employees in North America, Europe and Asia. Its platform handles 25 billion minutes and messages

a year, according to its website. Ericsson said Vonage will continue to operate under its own name as a wholly owned subsidiary. The market for so-called "Communication Platform as a Service" (CPaaS), which combines voice, messaging and video, is expected to reach \$22 billion by 2025 with annual growth of 30 percent, according to Ericsson.

The Swedish group will finance the acquisition with its existing cash resources, which amounted to 56 billion kronor (\$6.2 billion, 5.6 billion euros) at the end of September. It hopes to finalize the acquisition in the first half of 2022. Ericsson's shares were down by 3.5 percent in early morning trading on the Stockholm stock exchange. Last year, Ericsson picked up another US company, Cradlepoint, specialized in wireless WAN solutions for companies, for \$1.1 billion. — AFP



STOCKHOLM: Ericsson is acquiring US cloud-based communications provider Vonage, in the Swedish company's biggest acquisition in recent memory.