

Business

Boosted by oil prices, ExxonMobil, Chevron throw cash at investors

Oil giants implementing 2022 capital spending increases

LOS ANGELES: ExxonMobil and Chevron reported soaring profits Friday despite lower oil and natural gas volumes as the petroleum giants return billions of dollars to shareholders in the wake of lofty crude prices and refining margins. Both US oil giants scored huge profit increases propelled by crude prices that rose after the Russian invasion of Ukraine. But both companies have thus far avoided additional capital spending increases to fund drilling and development in spite of a tightening global energy outlook.

"We continue to invest prudently," said Kathy Mikells, chief financial officer of ExxonMobil, which increased spending on share buybacks by \$20 billion. "We're going to stay disciplined on capital. We've given you a range, we've stuck within the that range ever since we started putting it out there," said Mike Wirth, chief executive of Chevron, which raised its plans for share buybacks to \$10 billion per year after previously targeting \$5 to \$10 billion per year.

Both oil giants are implementing planned 2022 capital spending increases, but ruled out additional investment. Part of the reticence to spend more to drill comes as the oil giants ramp up investment in hydrogen, carbon capture and storage and other low-carbon ventures amid pressure from environmental, social and governance (ESG) investors.

Russia hit

After a dreadful 2020 amid COVID-19 lockdowns that devastated petroleum demand, oil companies returned to profitability in 2021 and have continued to see earnings soar this year.

ExxonMobil's first-quarter profits more than doubled to \$5.5 billion, as a strong market for energy commodities more than offset \$3.4 billion in one-time costs connected to its withdrawal from the vast Sakhalin offshore oil field following Russia's invasion of Ukraine.

Revenues rose 52.4 percent to \$87.7 billion. At Chevron, profits came in at \$6.3 billion, more than four times the year-ago level on a 70 percent rise in revenues to \$54.4 billion.

Friday's eye-popping profits could add to cries of oil industry "profiteering" from congressional Democrats, who plan legislation in the wake of painful gasoline price hikes. Petroleum industry officials have dismissed the effort as "political posturing." Oil prices have generally lingered above \$100 a barrel after spiking to around \$130 a barrel in early March shortly after Russian invasion of Ukraine.

Natural gas prices have also been elevated amid worries over the reliability of Russian supplies to Europe, while refining profit margins are "above the 10-year range, with the tight supply/demand balance expected to persist," as ExxonMobil put it.

Wirth said there are few signs of immediate relief in the tight oil market, given rising demand as more economies ease COVID-19 restrictions, moves by some oil majors to cut petroleum investment in favor of low-carbon energy and other factors.

"Inventories are quite low, demand is still strong and economies at this point seem to be handling it," Wirth said on a conference call with analysts. "At some point, particularly if prices were to move higher, I do think it starts to be a bigger drag on the economy." But the oil market remains cyclical and



LOS ANGELES: In this file photo taken, gas prices are posted at a Mobil petrol station in Los Angeles.—AFP

"the supply response is coming," he said.

Although both companies have announced plans to lift production later this decade, output dipped in the first quarter of 2022. ExxonMobil's oil and gas output declined three percent from the 2021 period, with the company pointing to severe cold weather

that cramped output in Canada, as well as scheduled maintenance activity in Qatar and Guyana. While Chevron touted a 10 percent jump in US oil and gas production following an aggressive ramp-up in the Permian Basin in Texas, overall oil and natural gas volumes fell two percent from last year's level.—AFP

IKEA presents 'Us & Our Planet: This is How We Live'

KUWAIT: IKEA proudly presents 'Us & Our Planet: This is How We Live,' a book produced in collaboration between Phaidon and IKEA. Together they have teamed up to explore one of the biggest challenges of our generation: sustainable living. 'Us & Our Planet' looks at the life at home of twelve everyday people including activists, artists, athletes and gardeners as well as young families across the globe. From Mexico to Moscow, Bali to Beirut, the book shines a light on the small things one can do to make our world a little better.

"This is an inspirational study of the home, as the most important place on earth, and how we all, with small steps, can make the world a better place", Tina Petersson-Lind, Communication Manager, Inter IKEA Systems B.V.

Since the 1950s IKEA has conducted home visits all over the world to find out more about the

way people live and investigate how daily life at home can be improved. This feedback informs product development and is mirrored in new generations of the IKEA range. Inspired by the IKEA's life at home visits, Us & Our Planet presents case studies of twelve diverse individuals and families around the world. The book also highlights some of the IKEA's most iconic products born from this approach over the past 70 years. On the occasion of launching "Us & Our Planet" book in Kuwait, IKEA organized a post-lunch walk in The Assima Mall Track, by inviting a variety of the media, non-governmental organizations' representatives and environmental activists. The event took place at a new IKEA lounging area in The Assima Mall, titled "When Change Happens". This campaign is part of the bigger movement within IKEA where we are shedding light on the IKEA sustainability agenda and work around enabling a healthier and more sustainable living.

"We want to build trust for how IKEA is approaching sustainability. Both the book, 'Us and Our Planet' and this campaign "When Change Happens" show that by working together - many small changes will result in big impact. Living a healthier and more sustainable life remains a top priority to people. We want to bring closer strong



aspirations of people, such as going on a short daily walk, and making significant changes," said Tarek Al-Anazi, IKEA Assima Mall store manager.

The overall IKEA ambition is to become people and planet positive, and to inspire and enable the many people to live a better everyday life within the boundaries of the planet by 2030. "The IKEA People & Planet Positive 2030 strategy" describes the sustainability agenda and ambition for all of us in IKEA.

Apple reports solid Q2, warns of \$4-\$8bn hit from COVID

WASHINGTON: Apple reported better-than-expected profits Thursday amid continued robust consumer demand, but warned that the China Covid-19 lockdown and ongoing supply chain woes would dent June quarter results by \$4 to \$8 billion.

The iPhone maker enjoyed another solid performance for the period ending March 26, registering record revenues for the quarter. But executives said the difficulties of the pandemic have returned with a vengeance since the reporting period ended.

"Supply constraints caused by COVID-related disruptions and industry-wide silicon shortages are impacting our ability to meet customer demand for our products," Chief Financial Officer Luca Maestri said on a conference call with analysts. "We expect

these constraints to be in the range of \$4 to \$8 billion, which is substantially larger than what we experienced during the March quarter."

The impact will depend on the speed of the ramp-up of production in the Shanghai area, where factories have recently begun to reopen after a COVID-19 lockdown, said chief executive Tim Cook, who said Apple was not "immune" to the inflation challenges roiling the economy.

Maestri declined to offer an overall revenue forecast for the June quarter. Executives also avoided giving an outlook on semiconductor supplies. In the March quarter, the technology giant reported earnings of \$25 billion, up 5.8 percent from the year-ago period as revenues rose nine percent to \$97.3 billion. The results looked good following stumbles by some Big Tech peers as growth from the stay-at-home demand amid the pandemic slows and companies confront rising operating and labor costs.

The company scored revenue increases in most of its categories, including iPhone and Services. But sales fell for the iPad, with Maestri pointing to supply chain



WASHINGTON: In this file photo, the Apple logo is seen at the entrance of an Apple store in Washington, DC.—AFP

constraints during a conference call with analysts. The strongest growth by region was the Americas, with the company also reporting moderate revenue increases in Europe and Greater China. Revenues fell in Japan and other Asian markets.—AFP

IMF chief tests positive for COVID-19

WASHINGTON: IMF Managing Director Kristalina Georgieva has tested positive for COVID-19, a spokesman said Thursday, stressing she had only "mild symptoms." "IMF Managing Director Kristalina Georgieva has tested positive

for Covid-19. She is experiencing mild symptoms and is working remotely while isolating at home," the Washington-based crisis lender's spokesman Gerry Rice said in a statement.

"She is fully vaccinated and boosted," he added. Georgieva joins the ranks of Washington elites who have tested positive lately amid a new rise in daily coronavirus infections.

This group includes multiple members of Congress and Vice President Kamala Harris, who tested positive on Tuesday. At the time, she said she was not considered to have been in close contact with President Joe Biden.—AFP



Kristalina Georgieva

Thai, Malaysian firms pull out of Myanmar projects

BANGKOK: Thailand's oil and gas conglomerate PTTEP and Malaysia's Petronas announced Friday they would withdraw from the Yetagan gas project in coup-hit Myanmar. There has been an exodus of global energy companies from Myanmar including Chevron and TotalEnergies following last year's military takeover and subsequent allegations of human rights abuses.

More than 1,800 civilians have died during a military crackdown and more than 13,000 have been

arrested, according to a local monitoring group. Petronas subsidiary Carigali holds a roughly 41 percent stake in the Yetagan project while PTTEP has a 19.31 share.

"The withdrawal is part of the company's portfolio management to refocus on projects that support the energy security for the country," PTTEP chief executive Montri Rawanchaikul said in a statement Friday. PTTEP said its stake will be reallocated proportionately to the remaining shareholders with no commercial value, effective upon regulatory approval.

Petronas, which has operated the project since 2003, said in a statement the decision followed a review and was part of an "asset rationalization strategy" to adapt to "the changing industry environment and accelerated energy transition."

The 24,130 square kilometer field in the Gulf of

Moattama produces natural gas and condensate.

Japan's Nippon Oil and Gas Exploration and Myanmar's junta-linked Myanma Oil and Gas Enterprise have the remaining stakes in the project. PTTEP's decision is not the end of its involvement with Myanmar. In March, PTTEP said it will take over the running of Myanmar's vital Yadana gasfield following the withdrawal of Chevron and TotalEnergies in January.

The American and French firms said they would pull out of Myanmar following growing international pressure from human rights groups to cut financial ties with the junta. The Yadana gas field in the Andaman Sea provides electricity to Myanmar and Thailand, one of a number of gas projects that Human Rights Watch says make up Naypyidaw's largest source of foreign currency revenue, generating more than \$1 billion annually.—AFP

News in brief

Tesla recalls 14,600 cars in China

BEIJING: US car giant Tesla has recalled more than 14,600 cars in China over a software fault that could lead to safety risks, the country's market regulator said Friday, the firm's second recall in a month. The American brand is hugely popular in the world's second-biggest economy but has faced complaints over quality and service. It recently had to halt work at its multibillion-dollar Shanghai "gigafactory" for more than 20 days due to a COVID outbreak in the city. On Friday, regulators said Tesla had filed a recall plan for 14,684 Model 3 vehicles, most of them made in China. The cars were manufactured between January 2019 and March this year, the announcement said. Vehicles being recalled display incomplete speed information when in "Track Mode", said the notice by the State Administration for Market Regulation.—AFP

Georgia water firm halts production

TBILISI: Georgia's Borjomi mineral water, partly owned by a Kremlin-friendly Russian billionaire, said Friday it was suspending production because of "financial problems" linked to the Ukraine war. The bottled water brand, one of Georgia's top exports, is produced by IDS Borjomi Georgia. The Alfa Group, owned by Kremlin-friendly Russian billionaire Mikhail Fridman, owns a controlling stake in the firm. The European Union slapped sanctions on Fridman in late February over Moscow's invasion of Ukraine, describing the London-based businessman as "a top Russian financier". It also said he was an "enabler" of Russian President Vladimir Putin's "inner circle". The UK followed suit with sanctions, though the US has not. The sanctions appear to have affected Georgia's production of Borjomi water.

Italy's Eni profits quadruple

ROME: Italian energy giant Eni more than quadrupled its first-quarter net profit to 3.6 billion euros (\$3.8 billion), boosted by soaring oil and gas prices, company results showed Friday. The adjusted net profit, which excludes exceptional items, rose 12-fold to reach almost 3.3 billion euros. Eni Chief Executive Claudio Descalzi said the results showed the company's "strength and resilience against a backdrop of high market volatility and uncertainty linked to the ongoing war (in Ukraine) and international tensions". The Italian group has benefited alongside the rest of the sector from increasing oil and gas prices in recent months, linked to the post-pandemic recovery and Russia's invasion of Ukraine.—AFP

Brazil unemployment dips

RIO DE JANEIRO: Brazil's unemployment rate fell slightly in the three months to March, but average income was the lowest on record for the first quarter of the year, the government said Friday. The January-March unemployment rate was 11.1 percent, down 0.1 point from the December-February period, with 11.9 million people unemployed, said national statistics institute IBGE. That was better than the 11.4 percent forecast by analysts. But in a sign of the sluggish recovery in Latin America's biggest economy, average real monthly income was down 8.7 percent from the same period in 2021, at 2,548 reais (\$520) — the lowest for the first quarter since records began in 2012. It was a slight improvement, however, from the all-time low of 2,510 reais in the fourth quarter of 2021.—AFP