

Samsung Electronics Q2 operating profit to jump more than half

Conglomerate's overall turnover is equivalent to a fifth of the national GDP

SEOUL: South Korean tech giant Samsung Electronics forecast an expectations-beating jump of more than 53 percent in second-quarter operating profit yesterday, thanks to strong chip prices and operations resuming at a key US factory. The world's biggest smartphone maker said in an earnings estimate that it expected operating profit of around 12.5 trillion won (\$11 billion) for April to June, up from 8.15 trillion won a year earlier.

The figures were ahead of the 11 trillion won average of estimates, according to Bloomberg News. Samsung Electronics is the flagship subsidiary of the giant Samsung group, by far the largest of the family-controlled empires known as chaebols that dominate business in South Korea, the world's 12th largest economy. The conglomerate's overall turnover is equivalent to a fifth of the national gross domestic product. The coronavirus has wreaked havoc with the world economy, with lockdowns and travel bans imposed around the

globe for many months. But the pandemic—which has killed around four million people worldwide—has also seen many tech companies boom.

Coronavirus-driven working from home has boosted demand for devices powered by Samsung's chips, as well as home appliances such as TVs and washing machines. It estimated sales for the period at 63 trillion won, up around 19 percent year-on-year. Analysts say the company has had a particular boost from memory chip price hikes.

Taipei-based market researcher TrendForce last month expected prices of memory chips, especially DRAM—widely used in servers and mobile phones—to rise through the third quarter of this year as the "severe undersupply situation persists". Samsung's earnings "will remain solid, mostly due to increased demand for memory chips, rising DRAM prices," Tom Kang, a research director at market researcher Counterpoint, told AFP. But Samsung Electronics shares closed down 0.49 percent in Seoul.

Factory shutdown

Power outages across Texas in the United States—caused by a severe winter storm—shut down semiconductor factories clustered around Austin in February, including Samsung's. The firm lost more than 300 billion won due to the suspension, South Korean news agency Yonhap reported. But Samsung has said the production line in Texas was "fully normalised in the second quarter", and Kim Woon-ho, an analyst at IBK Investment & Securities, said the factory's resumption had been positive for April-June earnings.

But the company's smartphone shipments are estimated to have dropped as sales slowed for its latest flagship product, the Galaxy S21 series, launched in January. "It is estimated that Samsung's mobile production lines in Vietnam and India did not operate properly due to Covid lockdown," Kim said in a report. Vice President at Moody's Investors Service Gloria Tsuen shared a positive outlook for



SEOUL: The logo of Samsung Electronics is seen at the company's Seocho building in Seoul yesterday. — AFP

the firm for the second half of the year. "The key earnings driver for Samsung will still be semiconductors," she told AFP. But Samsung faces legal challenges. Its de facto leader Lee Jae-yong is currently on trial, charged with manipulating a takeover in order to smooth his succession at the top of the Samsung group. —AFP

Data democracy: What's preventing and how to achieve it

By Sailakshmi Baskaran

Data is at the center of today's businesses. An organization's ability to survive, let alone make progress, depends on its ability to put data to good use. This is not an easy task considering the 3Vs of data—volume, velocity, and variety. According to a recent IBM article, businesses generate 2,500,000,000,000,000 bytes of data every day—2.5 quintillion bytes of data! To give you some perspective, you would need 2.5 million 1TB hard drives to store all that data.



Traditionally, businesses rely on data analysts to access and process large volumes of data. However, this process is time-consuming and often requires an organization's leaders to make decisions based on stale data. The need of the hour is data democratization, the process of enabling everyone in the organization to access data for decision-making. By democratizing data, organizations can close the great divide between data analysts and decision makers.

Take Amazon for instance: The online retail giant deploys a clever pricing strategy that undercuts several of its competitors by selling many products at the least expensive prices and offering huge discounts. Amazon is known to change its product prices more than 2.5 million times a day, as opposed to Walmart or Best Buy that change their product prices only about 50,000 times a day. This wouldn't be possible unless the retailers democratized data and decentralized decision-making to people working in different geographies and departments.

The barriers to data democratization

Despite the numerous benefits of data democratization, organizations continue to struggle in creating a liberated, data-driven work culture due to one or more reasons:

• Antiquated data culture

Organizational culture is the biggest barrier to data democracy. Several organizations prefer to have centralized data analyst teams create reports for functional teams. This structure can lead to delays in decision-making because functional teams often have to wait for analysts to crunch data. While this is acceptable for complex problems, such delays can be avoided for less complex issues if data is democratized and decentralized.

Data democratization frees up data for use by functional teams and empowers them to make day-to-day decisions. They can still rely on data analysts for complex reporting and analysis, but data democratization enables them to make better decisions and have more control over their operations.

Always relying on data analysts to gain insights delays the decision-making process and leads organizations to miss out on potential opportunities. If Amazon had to rely on data analysts to slash product prices in response to competition, it might miss out on crucial possibilities.

• The myth that data analytics requires specialized skills

With the advent of artificial intelligence and machine learning, the notion that data analysis is a specialized task is outdated. A successful data democratization framework no longer requires extensive coding or advanced math skills. The heavy lifting can be easily delegated to a data analytics tool. So, knowledge workers can focus on generating unique insights that might otherwise be missed had the data analysis been delegated or outsourced to an external entity.

• Lack of data security and privacy policies

Organizations irrespective of their size, sector and resources are vulnerable to security threats or data leaks. In 2020 alone, a staggering 36 billion records were compromised due to data breaches. Security concerns have forced organizations to remain skeptical about democratizing data among their personnel.

Implementing a successful data democratization framework involves creating or updating a company's data security and data governance policies. With the General Data Protection Regulation and other similar privacy frameworks enacted across the globe, it's time for organizations to reassess their data governance policies, train their staff, and take advantage of data analytics.

Note: Sailakshmi Baskaran is Product Consultant at Manage Engine

Gulf Bank to conduct semi-annual Al Danah millionaire draw

KUWAIT: In exactly one week, one Gulf Bank customer will be lucky enough to become a millionaire, courtesy of the second quarterly Al Danah draw of the year. The quarterly draw is currently scheduled to take place on Thursday, July 15 in the presence of representatives from both the Ministry of Commerce and Ernst & Young. The draw event will be aired live on Gulf Bank's various social media channels.

In addition to the upcoming draw, Gulf Bank's Al Danah account offers account holders multiple services and features that are designed to encourage and reward clients for saving, with periodic draws worth valuable prizes. Gulf Bank's Al Danah account offers monthly opportunities to win KD1,000 to ten lucky winners, in addition to quarterly draws worth KD100,000 prizes each, a semiannual draw prize of KD 1,000,000 and a grand draw prize of KD1,500,000. To enter the upcoming draws, Gulf Bank customers can open an Al Danah account at any time. To increase their chances of winning, account holders must either maintain the minimum deposit amount of KD200 or increase their Al Danah savings

— the higher the balances in an account, the more chances accumulated over time. Opening an Al Danah account is also easier than ever, with customers being able to open their accounts online through Gulf Bank's Online and Mobile Banking services.

With the announcement of the latest Al Danah millionaire fast approaching, Gulf Bank's General Manager of Consumer Banking, Mohammed Al-Qattan, commented: "This year, we announced a new set of Al Danah draws for 2021, with a remarkable increase in the semiannual draw prize to 1 Million Kuwaiti Dinars, making it the second largest prize following the annual grand draw prize of 1.5 Million Kuwaiti Dinars. In addition, Gulf Bank has also announced even more prizes that cement Gulf Bank's Al Danah account as one of the most rewarding savings accounts of the year, granting two people the opportunities of a lifetime: to become millionaires in 2021!"

Al-Qattan added: "We are looking forward to announcing our new Al Danah Millionaire of the year next week, as part of a live event that will be aired on our social media channels. We would also like to remind customers that there are plenty of upcoming draws, with prizes ranging from 1,000 Kuwaiti Dinars to 1,500,000 Kuwaiti Dinars, which will be distributed to reward clients for demonstrating smart financial habits and a commitment to saving with a Gulf Bank Al Danah account. We wish everyone the best of luck."



Mohammed Al-Qattan

Numerous benefits

The Al Danah account is the only account that rewards customers for their loyalty by providing loyalty chances. Loyalty chances are the total chances gained in the previous year, which are then transferred to the current year to reward customers for their loyalty to the Bank. Accordingly, all chances gained by existing Al Danah customers in 2020 have been transferred to the 2021 draws, and this will be repeated in 2022 onwards. Terms and conditions apply. It is also worth noting that all account draws are attended by a representative from the Ministry of Commerce and Industry, with the quarterly and annual draws also reviewed by Ernst & Young.

To enter the upcoming draws, Gulf Bank customers can open an Al Danah account today with only KD 200. To open an Al Danah account, existing Gulf Bank customers can apply through Gulf Bank's online and mobile banking services or book an appointment at their nearest branch by using the new "Visit Gulf Bank" app for a faster and more convenient branch visit. New customers can also open an Al Danah account by visiting their nearest Gulf Bank branch or by scheduling an appointment through the app.

GCC sukuk issuances to decline in 2021

KUWAIT: GCC issuances in 2020 showed flattish growth as compared to 2019 and this came despite the pandemic resulting in record decline in oil prices and record high fiscal deficits. One of the key reasons was that debt had reached record high levels in the region as well as globally and there were significant uncertainties related to the future course of the pandemic and the development of vaccines. As a result, government slowed down its issuances while corporates piled on debt during 2H-2020 for business investments as well as to take advantage of low rates.

This scenario further evolved as we entered 2021 with the successful development of several vaccines in addition to a slowdown in the spread of the virus as a result of the restrictions and lockdowns. The pace of vaccinations has accelerated globally and in the GCC with close to 0.3m vaccination doses being administered daily in Saudi Arabia, UAE, Qatar and Bahrain. New cases have also shown a significant decline in the region, although uncertainties relating to new variants continue to haunt authorities resulting in new travel restrictions.

The trend this year has so far remained in line with 1H-2020 levels with total issuances at \$80.0bn. However, unlike last year where governments dominated the fixed income market, the bulk of the issuances this year were from corporates. Private businesses raised close to \$50bn as against \$30bn from the government in 1H-2021. The motivation behind higher cor-

porate issuances were apparent including the low interest rates, recovering economy and a push from the regional government to accelerate vaccinations and kick start the economy.

Expectations for the remainder of the year remains slightly muted. We expect government issuances to slow down, led by higher oil prices that is easing pressure on the fiscal front, although we can still see opportunistic issuances from the government to take advantage of low rates. Corporates, on the other hand, are expected to see growth vs. last year but that may not fully offset the decline from government issuers during 2H-2021. Data from Bloomberg showed that GCC government and corporate fixed income instrument maturities at \$22.3bn for the remainder of the year. This will easily push issuances over the \$100bn mark for the full year. In addition, there are significant deals in the pipeline that would add to total issuances but is expected to fall short of last year's levels.

Investment Strategy & Research Rating actions and interest rates

The lifting of restrictions and the economic recovery had minimal impact on sovereign rating actions by credit rating agencies. According to data from Bloomberg, this year almost 28 sovereign ratings downgrade actions were taken by the rating agencies as against 11 upgrades. Sovereigns continue to have largely lose monetary policies by keeping interest rates at extremely low levels in order to provide a boost to spending and investments and, as a result, fiscal deficit has increased.

Nevertheless, the US has hinted on unwinding of its low interest rate policies and could make rate hikes in 2023. One of the key reasons for the earlier-than-expected rate hikes could be the rising inflation in the US that is higher than the long-term average as tar-

Boursa Kuwait revamps building facilities

KUWAIT: In an effort to maintain and upgrade the facilities and utilities of the building while ensuring that the renovation is in-line with the company's Corporate Sustainability (CS) strategy, Boursa Kuwait put into effect a plan that entails the revamp of the building's facilities and utilities. As part of the plan, which has been in effect since June 2021, the trading hall and several of the building's facilities will be closed until further notice.

Currently, the old trading data video tri-color wall screens and tickers, which were installed in 2005, have been removed from the trading floor and other locations inside the building and on its facades. New specialized energy-efficient full color LED video walls and ticker displays that keep pace with the latest technologies will be installed to provide greater possibilities for broadcasting content and contribute to improving the overall trading experience for investors. The new screens will reduce energy consumption by more than 50 percent in comparison to the old screens.

The project also includes an upgrade to various utilities across the premises, such as the elevators, the escalators, and the heating ventilation and air condition systems (HVAC) and air diffusers. This upgrade will

reduce energy consumption by more than 20 percent. The project also includes Boursa Kuwait's intention to cooperate with a specialized organization to manage the recycling of the discarded wall screens and utilities to reduce the environmental impact of its operations, reinforcing the company's position as a socially responsible institution that operates in line with the sustainable development goals of the United Nations.

Commenting on this, Naser M Al-Sanousi, Director of Marketing and Corporate Communications at Boursa Kuwait, said, "We take pride in our commitment to sustainability and take the necessary action to ensure that Boursa Kuwait reduces its environmental footprint by keeping sustainability at the heart of everything we do. Over the years, we have adopted various initiatives that highlight the importance of sustainability amongst corporations. Through this project, we reflect our support to the twelfth goal of the United Nations Sustainable Development Goals on responsible consumption and production."

The Boursa Kuwait revamps will also feature a designated "Ring the Bell" platform, with a mechanical brass bell that has been manufactured specifically for the exchange and engraved with patterns inspired by the Kuwaiti Sadu traditional weaving. The platform will be dedicated to



Naser M Al-Sanousi

geted by the US Fed. According to a report from FT, economists are expecting at least two rate hikes in 2023 and this is in line with the latest dot plot, although the US government insisted that it would keep the policy highly accommodative. The so-called "commodity super cycle" was reflected in the Bloomberg Commodity Spot Index that is currently at a 10-year high. Commodity prices had increased across the board globally, although some commodities have now cooled off after peaking in May-2021.

Sovereign ratings for the GCC countries have remained largely stable this year but there were a few outlook revisions mainly to a 'Negative' outlook. Bahrain's outlook was downgraded to 'Negative' from stable by S&P in May-2021 mainly reflecting the pace of fiscal reforms. Earlier in April-2021, Moody's also downgraded Bahrain's outlook to Negative highlighting larger-than-earlier-expected weakening in fiscal metrics and the ongoing uncertainty around the timing and the size of the augmentation of the financial support package for Bahrain from the GCC countries. The outlook on Kuwait was also revised to Negative by Fitch in February-2021 reflecting near-term liquidity risks associated with the depletion of liquid assets in the GRF due to the government's inability to borrow. Kuwait, nevertheless, enjoys the highest credit rating in the region from Fitch, along with Abu Dhabi, at AA. In a recent report, Moody's said that the GCC countries would remain heavily dependent on hydrocarbon production in the near future that would be a key credit constraint for the region. The agency said that although the pace of diversification would accelerate, it would be affected by reduced availability of resources to fund the diversification efforts in a low oil price environment. In terms of interest rates, key policy rates in the GCC have remained stable over the last one year after witnessing cuts across the board ranging from 125 bps to 175 bps during 1H-2020.

Corporate Social Responsibility (CSR) events to raise awareness on environmental and social causes in addition to listing events and other corporate proceedings. Overlooking the bell-ringing platform will be a fully equipped media hall to cover CSR and media related events such as press conferences and televised interviews.

As part of the renovations, the auditorium and training hall will be equipped with the latest audio and video technology to host myriad training seminars and financial literacy programs, in collaboration with specialized local and international companies. This is in line with Boursa Kuwait's commitment to raising financial literacy and increasing capital market awareness in the State of Kuwait as part of the Education pillar of its CS strategy, and corresponds with Goal 4 of the UN's Sustainable Development Goals of achieving inclusive and quality education for all.

Boursa Kuwait's corporate sustainability strategy stipulates that the initiatives taken on by the company are to be compatible with its CSR governance, best practices as per sector standards, and investors' expectations. It also specifies the establishment of strong and sustainable partnerships with companies that support Boursa Kuwait's overall success and allow it to benefit from the strengths and capabilities of those partners with expertise in different areas. It also aims to integrate the CSR efforts of those companies with that of Boursa Kuwait's culture, to achieve long term impact and instill those values within the day-to-day operations of the exchange.