GFH records US$114.08 million profit

- Increases annual profits by 9.5pc
- Strong, continued revenue growth across diversified business lines
- Recommended dividend of 8.71pc and USD85 million cash and bonus shares
- Recommendation to extinguish 7pc treasury shares.

TDT | Manama

GFH Financial Group (GFH) said it recorded continued growth in profitability and strong performance for the financial year ended 31 December 2018 helped mainly by contribution from across all business lines and strategic transactions during the year.

The board recommended a dividend of 8.71 per cent and USD 85 million (US$30m cash and US$55m bonus shares) for 2018 to shareholders.

The group reported consolidated net profit of US$115 million as compared with US$103.19m from the previous year, an increase of 11.4 per cent. Net profit attributable to shareholders rose 9.5pc to US114.08m from US$104.18m in the year ago period. Earnings per share for the year was US cents 3.22 compared to US cents 3.58 in the prior-year period.

Diversification will also remain a key focus both in terms of what and where we invest. We plan to start the process to launch operations in Saudi Arabia and the UK and to establish dedicated healthcare and education platforms

HISHAM ALRAYES

CEO OF GFH

"We are pleased with the continued growth in profitably and strong performance delivered by the Group in 2018. This marks the fourth consecutive year of solid gains based on the effective implementation of our strategy and success in the further diversification of the business

JASSIM ALSEDDIQI

CHAIRMAN OF GFH

Total consolidated revenue was US$246.21m compared with US$204.36m in 2017, reflecting a healthy year-on-year increase of 20.5pc. Total operating expenses were US$117.09m versus US$99.08m in the prior year, an increase of 18.2pc.

For the fourth quarter, Net profit attributable to shareholders was US$10.64m versus US$16.95m in the fourth quarter of 2017, a decrease of 37.2pc.

Consolidated net profit for the quarter was US$10.39m compared with US$12.15m in the fourth quarter of 2017, a decrease of 14.5pc.

Total consolidated revenue was US$61.6m compared with US$41.2m in 2017, reflecting a healthy quarter-on-quarter increase of 49.5pc.

Growth, according to GFH, resulted from a successfully diversified business model and solid contributions from across its investment and commercial banking, real estate and asset management businesses lines in addition to increases in other income generated through strategic initiatives undertaken by the Group. Importantly, GFH also continued to deliver on its strategy of achieving profitable exists, which for the year amounted to US$120m.

The Group repaid the entire amount of a US$200m Sukuk, which was originally drawn in 2007, and achieved early payment of a Wakala facility, all of which continue to underscore its financial health and stability.

Commenting on the results, Jassim Alseddiqi, Chairman of GFH, said, "Among the strongest measures of market confidence in GFH today and over the past year was the raising of more than US$1 billion through our investment products and treasury and capital markets during 2018, which fuels further growth and investment for GFH in 2019."

Hisham Alrayes, CEO of GFH, added, "During the year, we took assets with relatively low book value and turned them into revenue generators. This includes land banks in India, Dubai, Bahrain, which provides the Group with a range of markets and classes from which we can derive benefit over the medium to longer term. Particular progress was also made on our landmark Villamar project in Bahrain, for which we acquired the majority Sukuk and are taking the development towards completion."

Looking ahead, Alrayes said the group plans to launch operations in Saudi Arabia and the UK and to establish dedicated healthcare and education platforms.

"We entered 2019 with strong confidence and expectations for further top and bottom line growth both overall and from across our various business lines including greater contributions from our real estate activities," Alrayes added.

UK posts slowest growth in six years as Brexit looms

London, United Kingdom

The British economy grew at its slowest pace in six years in 2018, data showed Monday, as Brexit uncertainty grips the country and fears grow that Britain could crash out of the EU without a deal.

The bleak official figures came as the British government seeks to win more time to secure EU concessions on Brexit that could pass parliament and avert a chaotic split from the bloc on March 29.

Businesses are on edge with Britain just weeks away from its scheduled departure from the European project after 46 years and still with no firm arrangements in place.

The UK parliament last month roundly rejected a Brexit deal Prime Minister Theresa May had sealed with the remaining 27 EU leaders.

Monday's figures followed data last week that showed Britain's dominant service sector almost ground to a halt in January.

"The economy is clearly struggling in the first quarter of 2019 amid serious business and consumer caution resulting from heightened Brexit uncertainties while weaker global growth is also impacting" the figures, noted Howard Archer, chief economic advisor at the EY ITEM Club.

Last year gross domestic product growth stood at 1.4 percent, down from 1.8 percent in 2017, the Office for National Statistics said Monday.

Growth was meanwhile only 0.2 per cent in the last three months of 2018, the ONS said in a statement.

A 'Check and Repair' member of Nissan's manufacturing staff (R) works in the 'Trim and Chassis' section of their Sunderland Plant in Sunderland, North East England

"Construction, production and services output fell in the month (of December), the first time that there has been such a broad-based fall in monthly output since September 2012," the ONS said.

Britain has been in a state of political turmoil for two months since the Brexit deal was agreed in December.

In an incident heavy with symbolism, parts of parliament were cordoned off Monday after a large piece of masonry fell onto a parked vehicle over the weekend.

600,000 jobs under threat

Meanwhile in Luxembourg the EU's chief Brexit negotiator Michel Barnier called for "clarity and movement" from Britain.

He also said British opposition leader Jeremy Corbyn's proposal for a permanent customs union with the EU was an "interesting" one.

Concern is growing on both sides of the Channel.

Researchers at the IWH Institute in Halle, eastern Germany on Monday said a no-deal Brexit could put 600,000 jobs around the world at risk, with Germany the hardest hit.

The institute examined what would happen if UK imports from the remaining EU fell 25 percent after Brexit.

They reckoned some 103,000 jobs would be under threat in Germany, Europe's largest economy, with the car industry the worst affected sector.

Global growth slowdown

Monday's economic data came after the Bank of England last week slashed its forecast for UK growth this year to 1.2 percent from 1.7 percent, blaming the downgrade on a global economic slowdown and "the fog of Brexit".

The Bank of England last week warned that Britain's economic output was also being dragged down by a global slowdown, with growth dampening in China, the United States and eurozone.

Oil weighs on markets

Traders on the floor of Saudi Stock exchange (file)

- Dubai Investments at lowest since May 2013
- Waha Capital plunges to five-year low
- Saudi's Al Yamamah Steel falls on Q1 loss

Reuters

Closing Bell

SAUDI	▼ 0.4 pc	8,543 pts
DUBAI	▼ 1.3 pc	2,496 pts
QATAR	▼ 1.3 pc	10,302 pts
ABU DHABI	▼ 0.7 pc	5,047 pts
EGYPT	▲ 0.1 pc	14,785 pts
KUWAIT	▲ 0.3 pc	5,457 pts
OMAN	▼ 0.4 pc	4,142 pts
BAHRAIN	▼ 0.8 pc	1,399 pts

Weak oil prices led to falls in most Gulf stock markets yesterday, while Qatar and Dubai were dragged lower by their blue-chip bank stocks.

Qatar's index fell 1.3 per cent as the Middle East's largest lender Qatar National Bank slid 5.2pc, its biggest intraday loss since June 2017. The stock gained more than 65pc last year after QNB announced plans to lift its foreign ownership ceiling to 49pc from 25pc.

Dubai's index was down 1.3pc, partially due to a 1.5pc drop in Emirates NBD.

The Emirate's largest listed developer Emaar Properties fell 1.5pc. Dubai's property stocks have been struggling and show no signs of recovery.

"The UAE (United Arab Emirates) has managed a soft landing, with a less pronounced cycle than in 2008. We expect non-oil real GDP growth to have bottomed as the fiscal drag eases and infrastructure activity picks up. We expect overall UAE real GDP growth to pick up but the real estate sector remains a drag," BoFa Merrill Lynch said in a note.

Dubai Investments slumped 6pc to a six-year low. The stock has been sliding since the firm said it had bought the 66pc in Globalpharma it did not already own. On Monday, the firm said the value of the deal was confidential and its disclosure was subject to GlobalPharma's consent.

Saudi Arabia's stock market lost 0.4pc, with Al Rajhi Bank shedding 0.8pc and Saudi Basic Industries down 0.7pc.

In first week of February, foreigners bought 920.7 million riyals ($245.51 million) of Saudi stocks on a net basis, according to stock exchange data.

Al Yamamah Steel Industries Company was down 4.1pc after it posted a first-quarter net loss of 30.2 million riyals compared with a profit of 6.7 million riyals a year ago.

The Abu Dhabi index slid 0.7pc, with the country's largest lender First Abu Dhabi Bank shedding 0.9pc.

Waha Capital declined 8pc to a five-year low. It dived 10pc on Thursday after reporting a plunge in its full-year net profit and slashing its dividend by half.

Egypt's blue-chip index edged up 0.1pc with the country's biggest lender Commercial International Bank gaining 1.7pc.