

Profit soars for Microsoft
fueled by cloud, biz services

San Francisco, United States

Microsoft yesterday posted quarterly earnings that trounced expectations, citing growth in partnerships with companies on technology and cloud computing services.

The US technology titan, shifting in recent years to business services from consumer tech, reported its net income rose 49 per cent to \$13.2 billion on revenue that was up 12pc to \$33.7 billion.

Microsoft's profit in the fiscal fourth quarter that ended June 30 was helped by at \$2.6 billion tax benefit, according to the company.

The results showed the "strongest commercial quarter ever," for Microsoft, said chief financial officer Amy Hood.

Chief executive Satya Nadella said the results closed out a record fiscal year for the tech giant, which has the largest market value of any company at more than \$1 trillion.

"It was a record fiscal year for Microsoft, a result of our deep partnerships with leading companies in every industry," said Nadella.

"Every day, we work alongside our customers to help



Chief executive Satya Nadella
(Courtesy of Hindustan Times)

them build their own digital capability...This commitment to our customers' success is resulting in larger, multi-year commercial cloud agreements and growing momentum across every layer of our technology stack."

Net income for the fiscal year more than doubled to \$39.2 billion on revenue that was up 14pc to \$125.8bn, according to the earnings report.

Microsoft shares rose 1.4pc to \$138.35 in after-market trading that followed release of the earnings figures.

Microsoft reported growth across all it businesses except Xbox gaming unit where revenue declined 10pc.

PepsiCo buys Pioneer Foods
for \$1.8 bn in Africa push

Johannesburg, South Africa

US beverage and food giant PepsiCo has agreed to buy South Africa's Pioneer Foods for about 24.4 billion rand (\$1.8 billion), a company executive said yesterday, in a bold move into the African market.

"This transaction is all about growth. We are looking to expand our footprint," PepsiCo executive Eugene Willemsen, who will head up the operation from Cape Town, told Bloomberg News.

He said that the company was seeking to expand aggressively in sub-Saharan Africa, a region which is expected to double in population to 2.2 billion people by 2050.

The purchase will add local brands such as Weet-Bix breakfast cereal and Ceres fruit juice to the PepsiCo roster that includes Frito-Lay, Gatorade, Pepsi-Cola and Tropicana.

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A joint statement said that Pioneer Foods had "a ro-



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bust, locally relevant product portfolio" to offer to PepsiCo, which would gain "a solid beachhead for expansion" from the deal.

Pretoria-based Pioneer Foods exports to 80 countries in Africa and beyond, and has joint ventures in Namibia, Botswana, Kenya and Nigeria.

It registered 20.2 billion rand in sales in 2018.

The deal builds on PepsiCo's \$3.2 billion buyout of Israel's SodaStream last year.

Pioneer has been struggling in South Africa's weak consumer market, but Willemsen said PepsiCo was "very positive" about the country's prospects.

Boeing sees more in MAX
costs as grounding drags on



Boeing 737 MAX airplanes are stored in an area adjacent to Boeing Field in Seattle, Washington

● The company last month announced it would give \$100 million to communities and families affected by the 737 MAX disasters

● Boeing has been widely criticized over its development of the 737 MAX

● Pilots have said they were not adequately trained on the MCAS system and that it was not disclosed to them

New York, United States

Boeing announced Thursday some \$6.6 billion in additional costs because of the 737 MAX crisis, further pressuring profitability as the global grounding of the plane following two deadly crashes drags on.

Boeing said that second-quarter earnings would be hit by \$4.9 billion in one-time after-tax costs to compensate airlines for disruptions and plane delivery delays due to the MAX grounding.

Profits will also be weighed down by another \$1.7 billion in costs due to the 737 MAX's lower production rate, the company said in a statement after the stock market closed.



We remain focused on safely returning the 737 MAX to service. This is a defining moment for Boeing. "The MAX grounding presents significant headwinds and the financial impact recognized this quarter reflects the current challenges and helps to address future financial risks."

DENNIS MUILENBURG
BOEING CHIEF EXECUTIVE

The MAX has been grounded since mid-March following two crashes that killed 346 people, dual disasters that have tarnished Boeing's reputation and sparked numerous lawsuits from the families of victims.

There is still no firm timetable to bring the planes back into service.

"We remain focused on safely returning the 737 MAX to service," said Boeing chief executive Dennis Muilenburg. "This is a defining moment for Boeing."

"The MAX grounding presents significant headwinds and the financial impact recognized this quarter reflects the current challenges and helps to address future financial risks."

Foggy timeline

Boeing also said Thursday it hopes to receive regulatory approval to return the aircraft to service early in the fourth quarter.

But this timeline was only the company's "best estimate" and actual timing could differ, Boeing said.

The company is due to report second-quarter earnings on July 24.

Earlier Thursday, Southwest Airlines pushed back its target date for the returning the MAX to service by about a month to November 2, saying the timeframe was "still uncertain."

The US Federal Aviation Administration late last month identified a fresh problem with the 737 MAX during simulator testing, further clouding the outlook for the plane's return to service.

The FAA "is following a thorough process, not a prescribed timeline, for returning the Boeing 737 MAX to passenger service," an agency spokesman said. "The FAA will lift the aircraft's prohibition order when we deem it is safe to do so."

Michel Merluzeau, an analyst at AIR Insight Research, said that it would be "good news" for Boeing if the planes do return to service in the first quarter of 2020.

Earlier MAX costs

The latest costs add to the overall financial hit from the crisis. In April, Boeing disclosed \$1 billion in additional costs due

to lowering the production level of the 737 MAX.

The company last month announced it would give \$100 million to communities and families affected by the 737 MAX disasters.

But those donations have not silenced critics of the company, including from Paul Njoroge who castigated the company as greedy and reckless before a congressional panel on Wednesday.

"Boeing should not be allowed to act like a mere investment company extracting wealth to super-charge shareholder returns at the expense of safety and quality," said Njoroge, whose wife, three children and mother-in-law died in the March 10 Ethiopian Airlines disaster.

Boeing has been widely criticized over its development of the 737 MAX, which included a flight handling system called the Maneuvering Characteristics Augmentation System that has been seen as a factor in both crashes.

In both crashes, the MCAS pointed the plane sharply downward based on faulty sensor readings, hindering pilot control after takeoff, according to preliminary results from crash investigations.

Pilots have said they were not adequately trained on the MCAS system and that it was not disclosed to them. The FAA has said it was kept in the dark for more than a year about a problem with a sensor linked to the system.

BMW names new boss as it looks
to speed up electric transition

Berlin, Germany

BMW said Thursday that its production chief Oliver Zipse will replace Harald Krueger as chief executive in August, as the German auto giant looks to accelerate its transition to electric cars.

Krueger, who had been criticised for not steering the group quickly enough towards electric technology, said earlier this month that he would not seek another term when his current office runs out next April.

However BMW's supervisory board said in a statement on Thursday that Zipse will take



chief Oliver Zipse

his place on August 16.

Zipse, 55, began as a trainee at BMW in 1991 and has since held various management positions.

As current head of the product division he supervised 31 factories worldwide as they were in the process of transitioning to electric car production.

Turing to appear on new UK bank note

London, United Kingdom

World War II code-breaker Alan Turing has been chosen to feature on Britain's new £50 note, the Bank of England announced, decades after his tragic death following a conviction for homosexuality.

Turing played a pivotal role in the development of early computers, but his career was cut short by his conviction in 1952 for gross indecency with a 19-year-old man.

He did not go to prison but was chemically castrated and died of cyanide poisoning in an apparent suicide in 1954, aged 41.

"Alan Turing was an outstand-



Mark Carney, governor of the Bank of England, is interviewed after attending at a press conference announcing the concept design for the new Bank of England fifty pound banknote, featuring mathematician and scientist Alan Turing

ing mathematician whose work has had an enormous impact on how we live today," Bank of England governor Mark Carney said as he unveiled the note worth £50 (\$63, 56 euros).

"As the father of computer science and artificial intelligence, as well as war hero, Alan Turing's contributions were far ranging and path breaking," he said at the Science and Industry Museum in Manchester, northwest England.

"Turing is a giant on whose shoulders so many now stand."

Turing received a posthumous pardon from Queen Elizabeth II in 2013.

The note, which is due to

enter circulation by the end of 2021, shows a photo of Turing taken in 1951.

The Oscar-winning 2014 film "The Imitation Game" starring Benedict Cumberbatch brought belated acclaim for Turing's key wartime role when he helped crack German military communication codes, handing the allies a huge trove of intelligence.

The new £20 note, due to enter circulation next year, will feature artist J. M. W. Turner on its back.

The new polymer £5 and £10 notes already in circulation show wartime leader Winston Churchill and author Jane Austen respectively.