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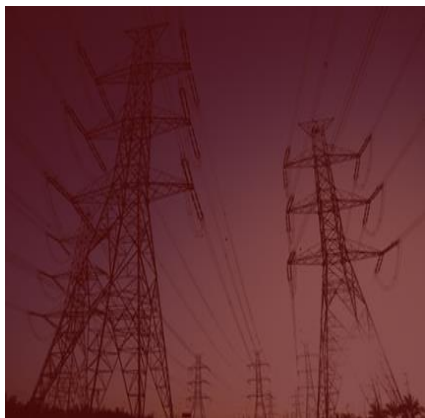
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The Electricity Crisis

Last week Kuwait entered a phase of the programmed power cut; other phases preceded this phase during the same summer. This has been the case in the past consecutive decades. Such repeated crisis is neither the product of a financial deficit nor fuel shortage, which Kuwait has a surplus of both. Neither is there a shortage of solutions. It is rather the product of public administration incompetence. One of the easiest planning aspects is to determine the growth rate of electricity consumption according to its historical path, and then to hedge by providing enough and slightly more than the maximum reserve in a country that is the hottest inhabited country on earth, especially during this summer. That kind of planning has not been achieved for decades.

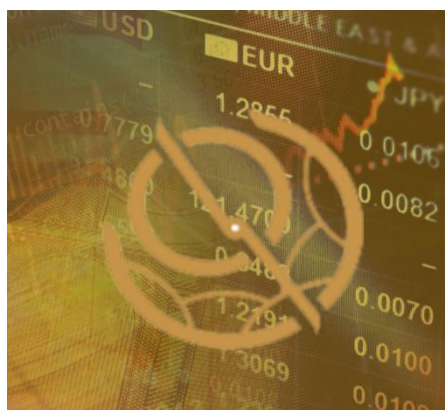
Even that solution is unsustainable because it addresses the suffocation problem only in the short term. Sustainable treatment logically needs a system of pathways or alternatives that can reduce the volume and growth rates of consumption on the one hand, and raise the produced energy from non-conventional sources on the other. The solutions are known and practiced and have become history in most countries of the world, except in Kuwait. The first of these solutions is to divide the consumption levels into brackets and to start the tariff for the first segment, those with low incomes, from scratch, that is, for free. That segment consumes only a very small percentage of the volume of total consumption. Then grade up to the next four or five segments. The second solution is the

programmed increase in electricity generation from alternative energy sources, whose cost has fallen significantly and is on the way to a higher decline. This will not only increase production capacity, but will also provide exportable oil or gas derivatives in support of public finance. The third solution is a review of public policies such as horizontal housing expansion which is impossible to sustain, not only as a result of its impact on the rise in power consumption growth rates, but also as a result of the impossibility of providing infrastructure, money and land. Finally, it is imperative to have a decisive intervention in describing and organizing building methods and the used building materials, which will make power consumption reasonable and within its reasonable low levels.

The above-proposed solutions do not contain anything new. There are others, of course, and their access is no longer an option. Electricity generated in Kuwait has increased in ten years (2014 – 2023) from 65.1 TW to 88.3 TW. It may reach 120 TW in 2034 if the current policies continue without changing. Public administration's failure is due to several reasons. One of these reasons to plan to avoid the crisis is the average rotation of ministers. Future planning requires a stable, professional and non-politicized public administration that cares for the necessities of the people, while the power of planning and implementation is in the hands of a minister in a ministry headed by 14 ministers in the past ten years only two whom served twice, i.e. a minister every 260 days or about 8.5 months. Based on the

above, we believe there is a need to abolish MEW and turn it into an independent body that rationalizes its expenditures and adopts strategies and policies to enable it to adopt the above solutions and ensure the stability and sustainability of energy supplies. It will gradually be able to finance itself, and perhaps achieve some profitability that alleviates the public financial crisis.





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Profits of Listed Companies First Half 2024

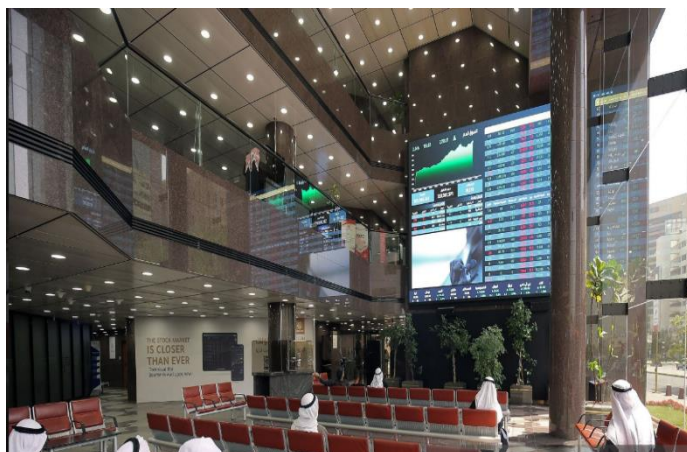
139 listed companies announced their financial results for the first half of the current year or 97.2% of total number of listed companies at 143, after excluding companies that have not yet announced their results. These companies achieved net profits at KD 1.428 billion, rising by 1.2% compared to the level of profits of the first half of 2023 at KD 1.412 billion. While the net profits of the same sample for Q2 of 2024 of declined by -8.3% compared to the profits of Q1 of 2024, as those companies achieved profits at KD 683 million versus KD 745 million.

Out of the 13 active sectors, 7 sectors have increased their level of profitability compared to the first half of 2023, 5 sectors

achieved lower profits and a single sector reduced its losses. The best absolute performance was the banking sector, which achieved profits at KD 845.8 million compared to KD 813.3 million, a rise by KD 32.5 million or by 4.0%. The financial services sector came next with profits at KD 168 million versus KD 133.4 million, an absolute increase by KD 34.6 million or by 25.9%. Followed by the real estate sector that increased its profits from KD 54 million to KD 88 million, an increase by KD 34 million or by 62.8%. The largest decrease in profits was achieved by the telecommunications sector, as its profits dropped to KD 123.4 million from KD 209 million in the same period of 2023, a decline by KD 85.6 million or by -41.0%. Details of the sectors' performance are summarized in the accompanying table.

Sectors	Number of Announced companies	Common Listed Companies Profits '000		Change		% of Total	
		First Half 2023	First Half 2024	'000 KD	%	2023	2024
1 ENERGY	4	6,970	9,136	2,167	31.1%	0.5%	0.6%
2 BASIC MATERIALS	2	10,526	11,289	762	7.2%	0.7%	0.8%
3 INDUSTRIALS	21	83,637	78,592	-5,045	-6.0%	5.9%	5.5%
4 CONSUMER GOODS	2	5,806	8,871	3,065	52.8%	0.4%	0.6%
5 HEALTH CARE	1	5,129	890	-4,239	-82.6%	0.4%	0.1%
6 CONSUMER SERVICES	13	34,284	42,637	8,353	24.4%	2.4%	3.0%
7 TELECOMMUNICATIONS	4	209,002	123,394	-85,608	-41.0%	14.8%	8.6%
8 UTILITIES	1	6,436	4,526	-1,910	-29.7%	0.5%	0.3%
9 BANKS	9	813,260	845,792	32,532	4.0%	57.6%	59.2%
10 INSURANCE	8	49,262	46,997	-2,266	-4.6%	3.5%	3.3%
11 REAL ESTATE	28	54,036	87,988	33,952	62.8%	3.8%	6.2%
12 FINANCIAL SERVICES	45	133,409	167,964	34,556	25.9%	9.5%	11.8%
13 TECHNOLOGY	1	-25	-17	8	31.2%	0.0%	0.0%
Total	139	1,411,731	1,428,058	16,327	1.2%	100%	100%

The results of the first half of 2024 indicate that 83 companies improved their performances compared to the first half of 2023, including 62 companies increased their profits and 21 other companies either turned to profitability or reduced their losses, indicating that 59.7% of the companies that announced their results had better performances. On the other hand, 56 companies achieved a decline in their level of performance, including 37 companies whose profits decreased and 19 companies increased their losses or moved from profitability to losses. In the list of the highest profitable companies, 10 leading companies achieved profits of KD 972.6 million or 68.1% of total profits of all the announced companies. Led by “Kuwait Finance House” with KD 341.2 million in net profits, and the “National Bank of Kuwait” came in second with KD 292.4 million, followed by the “Mobile Telecommunications Company (Zain)” at KD 81.4 million, then the “Commercial Bank of Kuwait” with profits at KD 62.7 million. On the contrary, 10 companies achieved the highest absolute losses by KD 26.9 million, among which “Arabi Holding Group” achieved the highest level of losses at KD 6 million, followed by “Alafco Aviation Lease & Finance Co.” at KD 4.7 million.





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Labor Force-A: Figures, Wages & the Labor Sector – Q1 2024

The latest labor force statistics in Kuwait issued by the Central Statistical Bureau (CSB) as of the end of Q1 2024, indicate that the size of labor force in Kuwait increased by 3.6% and reached 2.147 million employees excluding household workers (2.073 million workers as of the end of Q1 2023), if that increase is correct and true, that contradicts all the goals of the demographic adjustments. Adding the household labor -family sector- which is about 789 thousand workers, the total would be 2.936 million workers (2.853 million workers as of the end of Q1 2023). Household workers constitute nearly 26.9% of total labor force in Kuwait as of the end of Q1 2024 (27.3% of the total labor force as of the end of Q1 2023).

The average monthly wage of Kuwaiti male workers in the public sector is KD 1953 (KD 1929 end of Q1 2023). The Kuwaiti female wage average is KD 1375 (KD 1350 end of Q1 2023), a difference of 42.0% in favor of men's wages. The monthly salary average of non-Kuwaiti males in the public sector scored KD 805 (KD 787 end of Q1 2023). For non-Kuwaiti females, the average wage is KD 721 (KD 698 end of Q1 2023) with a 11.6% difference in favor of males. The gender gap is more equitable in the case of non-Kuwaitis. The average monthly wage for Kuwaitis of both genders in the public sector is KD 1607 (KD 1583 end of Q1 2023). The same average for non-Kuwaitis is KD 762 (KD 742 end of Q1 2023), with a 110.8% difference in favor of Kuwaitis.

The monthly average wage of Kuwaiti males in the private sector is KD 1643 (KD 1589 end of Q1 2023), less by -15.9% versus that of males in the public sector. The average for Kuwaiti females in the private sector is KD 1066 (KD 1001 end of Q1 2023), that is -22.5% less than that of their female colleagues in the public sector. Undoubtedly, the government support leads to reduce the gap between Kuwaiti employees in the private and the public sector. The monthly average wage of non-Kuwaiti males in the private sector is KD 308 (KD 305 end of Q1 2023), this equals 38.2% of the average salaries of their non-Kuwaiti colleagues in the public sector. The average monthly wage for non-Kuwaiti females in the private sector is KD 423 (KD 425 end of Q1 2023), which is higher than the average salary of non-Kuwaiti males in the private sector by 37.6%, but lower than the average rate of non-Kuwaiti females in the public sector by -41.3%.

In case of the overall wage average in both the public and private sectors, the monthly average wage of Kuwaiti males is KD 1892 (KD 1862 end of Q1 2023) and KD 1334 for Kuwaiti females (KD 1304 end of Q1 2023), with a 41.8% difference in favor of males. The monthly average wage for non-Kuwaiti males is KD 320 (KD 318 end of Q1 2023) and KD 479 for non-Kuwaiti females (KD 481 end of Q1 2023), a 49.7% difference in favor of females. The average monthly wage for male and female Kuwaitis in the two sectors is KD 1568 (KD 1538 end of Q1 2023) and KD 340 for non-Kuwaitis (KD 337 end of Q1 2023). Note that the figures above do not include

household labor that would have a significant downward impact on the non-Kuwaiti wage rates if taken into consideration, nor do they include the governmental support allocations to Kuwaiti workers in the private sector.

The number of Kuwaiti employees in the government sector according to the CSB is 384 thousand workers and rising by 2.9% (373 thousand workers by end of Q1 2023), while the number of Kuwaiti employees in the private sector is 73.6 thousand workers (71.7 thousand workers by end of Q1 2023). The Kuwaiti workforce is distributed between 83.9% in the public sector and 16.1% in the private sector. About 48.7% of Kuwaitis working in the public sector are university graduates, 4.8% have postgraduate degrees, 13.3% have diplomas above high school but below university degrees, and 20.1% are holders of high school certificates or equivalent. This shows that about 86.9% of government employees are holders of high school certificates and above. That is because the main reason of salaries increase is the level of the held certificate, without taking into account the need for it or the authenticity of said certificate.





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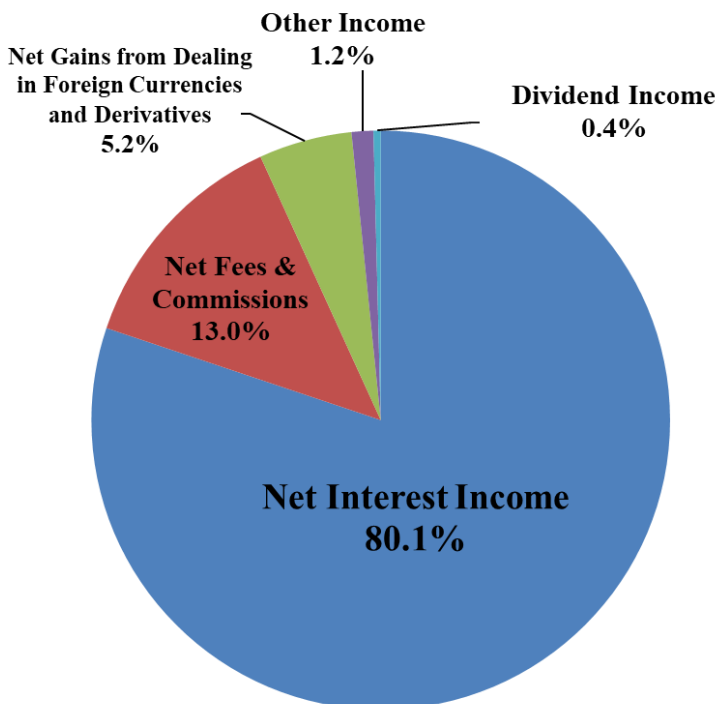
Gulf Bank Financial Results First Half 2024

Gulf Bank announced its financial results for the first half of the current year, which indicate that the bank achieved net profit (after tax deductions) amounting to KD 28.2 million, a decrease by KD 7.6 million or by -21.3% compared to KD 35.8 million for the same period of 2023. The decrease in the bank's profitability is due to the increase in total provisions at a value higher than the increase in the operating profit.

In details, total operating income reached KD 96.9 million, an increase by KD 4.6 million or by 5.0% compared to KD 92.3 million. This was achieved as a result of the rise in net interest income by KD 6 million or by 8.4%, reaching KD 77.6 million compared to KD 71.6 million. While net fees and commissions declined by KD 1.1 million or by -7.9%, to reach KD 12.6 million compared to KD 13.7 million.

Total operating expenses increased by KD 1.4 million by or 3.2%, to reach KD 44.3 million compared to KD 42.9 million in the first half of 2023. This was achieved as a result of an increase in most operational expense items. Percentage of total operating expenses to total operating income reached 45.7% versus 46.5%. Total provisions increased by KD 11.3 million or by 96.0%, reaching KD 23 million compared to KD 11.7 million. Thus, the net profit margin decreased to 29.1% compared to 38.9% for the first half of last year.

Total Operating Income - First Half 2024



The financial statements show that total assets increased by 255.9 million or by 3.6%, to reach KD 7.431 billion compared to KD 7.175 billion at the end of 2023. The total increased by KD 516.9 million or by 7.5%, compared to KD 6.914 billion for the first half of 2023. Loans and advances increased by 6.9% or by KD 356.4 million, totaling KD 5.553 billion (74.7% of the total assets) compared to 5.197 billion (72.4% of the total assets) at the end of 2023. It increased by KD 379.3 million or by 7.3%, when compared to the same period in 2023 at KD 5.174 billion (74.8% of total














assets). Percentage of total loans and advances to customers to total deposits and other balances was 94.6% compared to 93.1%. Cash and cash equivalents item also increased by 2.3% or by KD 25.1 million, to reach KD 1.119 billion (15.1% of total assets) compared to KD 1.094 billion (15.2% of total assets) at the end of 2023. It increased by KD 39.9 million or 3.7%, compared to KD 1.079 billion (15.6% of total assets) for the same period last year.

Figures indicate that the bank's liabilities (excluding total equity) recorded an increase by 271.1 million by or 4.3%, to reach KD 6.629 billion compared to KD 6.358 billion at the end of 2023. Total liabilities increased by KD 438.7 million or by 7.1%, compared to KD 6.190 billion for the first half of last year. Percentage of total liabilities to total assets was 89.2%, compared to 89.5%.

Results of analyzing financial statements calculated on annual basis indicate that all bank profitability ratios dropped compared with the same period of 2023. Return on average assets (ROA) scored 0.8% versus 1.0%. Return on average capital (ROC) declined to 15.2% versus 21.9%. Also, return on average equities (ROE) dropped to 7.0% versus 9.9%. Earnings per share (EPS) decreased to 7 Fils versus 10 Fils. Price-to-EPS (P/E) scored 19.9 times

versus 13.3 times, as a result of the decrease in the EPS by -30.0% against a rise in the market share price by 5.3%. Price-to-Book Value (P/B) scored 1.3 times compared to 1.2 times for the same period of 2023.



	30/06/2024	30/06/2023	Change		
	(Thousand KD)	(Thousand KD)	Value	%	
Total Assets	7,430,523	6,913,578	516,945	7.5%	
Total liabilities	6,628,908	6,190,190	438,718	7.1%	
Total Equity	801,615	723,388	78,227	10.8%	
Total Operating Income	96,878	92,256	4,622	5.0%	
Total Operating Expenses	44,296	42,941	1,355	3.2%	
Provision	22,982	11,726	11,256	96.0%	
Taxation	1,385	1,743	-358	-20.5%	
Net income	28,215	35,846	-7,631	-21.3%	
Ratios					
**Return on Average Assets (ROA)	0.8%	1.0%			
**Return on Average Equity (ROE)	7.0%	9.9%			
**Return on Average Capital (ROC)	15.2%	21.9%			
Earnings per share (EPS) – (Fils)	7	10	-3	-30.0%	
Closing price – (Fils)	279	265	14	5.3%	
*Price to Earnings Per Share Multiplies (P/E)	19.9	13.3			
Price to Book Value Multiplies (P/B)	1.3	1.2			

*Indicators Ended June 30th 2024 on an annual basis.

**Calculated based on the average rate of the financial data at the end of December 2023 and 30 June 2024.



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The Weekly Performance of Boursa Kuwait

The performance of Boursa Kuwait for last week was more active, where the traded value, traded volume, number of transactions and the general index (AlShall Index) increased. AlShall Index (value weighted) closed at 617.9 points as of last Thursday, showing an increase by 1.8 points or by 0.3% compared with its level last week, while it remained higher by 16.2 points or by 2.7% compared with the end of 2023.

The following tables summarize Last weeks performance of Boursa Kuwait

Description	Week 34	Week 33	Difference
	22/08/2024	15/08/2024	%
Working days	5	5	
AlShall index (29 Companies)	617.9	616.1	0.3%
Boursa All Share Market Index	7,164.2	7,107.5	0.8%
Value Trade (KD)	253,110,882	251,626,006	
Daily average (KD)	50,622,176	50,325,201	0.6%
Volume Trade (Shares)	1,247,303,796	1,035,362,294	
Daily average (Shares)	249,460,759	207,072,459	20.5%
Transactions	79,818	67,227	
Daily average (Transactions)	15,964	13,445	18.7%

Most Active Sectors & Companies

Description	Value Traded	% of Total
Sectors	KD	Market
Kuwait Finance House	24,742,588	9.8%
International Financial Advisors Holding	22,158,428	8.8%
Gulf Bank	18,384,327	7.3%
National Bank of Kuwait	11,237,020	4.4%
Kuwait Real Estate Co	9,700,093	3.8%
Total	86,222,456	34.1%
Description	Value Traded	% of Total
Sectors	KD	Market
Financial Services Sector	91,855,287	36.3%
Banking Sector	79,951,028	31.6%
Real Estate Sector	29,275,215	11.6%
Industrials Sector	22,236,433	8.8%
Consumer Discretionary Sector	17,433,684	6.9%

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).

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ALSHALL INDEX	Week 34	Week 33
	22/08/2024	15/08/2024
Increased Value (# of Companies)	24	14
Decreased Value (# of Companies)	4	13
Unchanged Value (# of Companies)	1	2
Total Companies	29	29

	Company Name	THU	THU	DIFF %	CLOSE 2023	DIFF %
		22/08/2024	15/08/2024			
1	National Bank Of Kuwait	744.5	748.8	(0.6)	718.1	3.7
2	Gulf Bank	299.2	287.9	3.9	251.8	18.8
3	Commercial Bank Of Kuwait	539.8	529.4	2.0	536.7	0.6
4	Al-Ahli Bank Of Kuwait	231.6	229.2	1.0	176.6	31.1
5	Kuwait International Bank	235.8	230.7	2.2	184.6	27.7
6	Burgan Bank	276.6	273.6	1.1	242.8	13.9
7	Kuwait Finance Bank	3,587.6	3,572.0	0.4	3,312.4	8.3
	Banking Sector	769.1	767.7	0.2	720.2	6.8
8	Commercial Facilities Company	150.1	144.4	3.9	114.8	30.7
9	International Financial Advisors	1,067.5	969.5	10.1	921.8	15.8
10	National Investments Company	318.4	297.0	7.2	300.7	5.9
11	Kuwait Projects Company (Holding)	349.4	344.5	1.4	363.2	(3.8)
12	Coast Investment & Development Co.	84.3	79.6	5.9	92.8	(9.2)
	Investment Sector	277.2	262.0	5.8	253.9	9.2
13	Kuwait Insurance Company	119.1	117.3	1.5	103.6	15.0
14	Gulf Insurance Company	1,197.3	1,396.9	(14.3)	1,631.1	(26.6)
15	Al-Ahleia Insurance Company	318.8	307.6	3.6	252.5	26.3
16	Warba Insurance Company	182.9	184.1	(0.7)	124.5	46.9
	Insurance Sector	358.2	389.1	(7.9)	404.6	(11.5)
17	Kuwait Real Estate Company	485.1	493.4	(1.7)	399.2	21.5
18	United Realty Company	116.7	111.0	5.1	113.7	2.6
19	National Real Estate Company	292.2	284.5	2.7	242.6	20.4
20	Salhiaha Real Estate Company	1,932.0	1,887.5	2.4	1,818.8	6.2
	Real Estate Sector	317.5	314.4	1.0	277.4	14.5
21	The National Industries	337.8	334.8	0.9	293.0	15.3
22	Refrigeration Industries Co	266.8	265.3	0.6	202.0	32.1
23	Gulf Cable & Electrical Industries	721.4	695.4	3.7	523.6	37.8
	Industrial Sector	317.0	311.1	1.9	255.6	24.0
24	Kuwait National Cinemas	822.3	783.4	5.0	751.4	9.4
25	The Public Warehousing Co	2,033.5	1,978.9	2.8	3,965.7	(48.7)
26	Mobile Telecommunications Co (ZAIN)	691.0	675.4	2.3	843.9	(18.1)
27	Safat Energy Co	35.2	30.8	14.3	29.6	18.9
	Services Sector	847.6	825.1	2.7	1,264.0	(32.9)
28	Livestock Transport & Trading Co	88.3	87.5	0.9	81.7	8.1
	Food Sector	436.2	436.0	0.0	434.6	0.4
29	Umm Al-Qaiwain Cement Industries	629.1	629.1	0.0	699.0	(10.0)
	Non Kuwaiti Companies	177.8	177.8	0.0	181.3	(1.9)
	AlShall Index	617.9	616.1	0.3	601.7	2.7

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