

# S'hail Shipping signs deals to buy two modern dry bulk carriers worth nearly QR75mn

S'hail Shipping has entered into agreements to purchase two modern dry bulk carriers worth nearly QR75mn. This was announced by Mohamed Khalifa al-Sada, S'hail Shipping chairman and managing director here yesterday. Al-Sada said he expected the first ship 'S'hail Al Rayan' (76,629 dwt) to be delivered in the first half of next month and the second vessel 'S'hail Al Dukhan' (74,143 dwt) to be delivered during the second half of June. With the addition of these two ships, the company's fleet size will increase to seven ships and the deadweight to 483,522 MT. Al-Sada stated, "These additions will enhance the company's capacity to globally transport dry bulk cargoes, resulting in increase in company's

revenue". The company is engaged in world-wide transportation of dry bulk cargoes such as wheat, grain, soyabean, coal, iron ore, "cement clinker", gabbro and minerals etc. Al-Sada said, "The company has till date transported globally about 4mn MT and that in consistency with Qatar's 2030 vision, the company takes pride in increasing Qatar's participation and role in global trading of dry bulk commodities. "As a strategy to ensure proper management of risks from global trade, the company is also currently engaged in evaluating options to diversify into other segments of shipping and maritime business particularly in Qatar's offshore sector. "Clearly, the company has positioned itself to successfully navigate despite growing concerns to global trade."



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# Pound path grows hazier as political tremors add to Brexit problems

Bloomberg  
London

Theresa May's decision to step down as Britain's prime minister just made the bruised pound's outlook even murkier.

The uncertainty around Brexit is now substantially higher given traders have to contend with what the new leader's stance would mean for the nature of the divorce.

The pound has seen a record-long losing streak against the euro this month, weighed down by fears that a pro-Brexit premier, such as current favourite Boris Johnson, could pull Britain out of the European Union without a deal, an outcome long seen as the worst-case scenario for markets.

Still, sterling's stability after May's resignation is a sign that a disorderly Brexit isn't a foregone conclusion, according to Lars Merklin, a strategist at Danske Bank A/S.

He expects the UK currency to remain stuck round these levels while markets try to digest the results of the ongoing EU parliamentary elections and decipher the various likely Brexit scenarios.

"It's really a game of probabilities versus where the pound is today," Merklin said. "Next up is to figure out how moderate Boris Johnson truly will be, if he wins, and if the math to get something done in either direction of Brexit has changed.

The time it takes to figure all that out implies sterling will consolidate over the coming month. The pound was little changed on Friday at 88.35 pence per euro, halting more than 3.5% slide since May 3. Against the dollar, sterling was at \$1.2661 and on track for its third weekly decline. UK gilts were little changed, with the 10-year yield having earlier touched 0.945%, the lowest since mid-2017.

A big win on Sunday in the European parliamentary elections for Nigel



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Farage's Brexit Party, which supports a no-deal departure, would put pressure on whoever succeeds May to appeal to those looking to leave the bloc. Johnson, a top contender to take over from May, said on Friday that he believes the UK will leave the EU on October 31 – the latest deadline – with or without a deal.

With risks on the horizon now ranging wide – from a chaotic withdrawal from the EU to an early UK election and even no Brexit at all – traders are

refraining from going all out to hedge against pound swings.

That is apparent from the fact that sterling's implied volatility remains relatively subdued. The six-month measure, which covers the October 31 exit deadline, is still well below highs seen at the start of this year.

UBS Global Wealth Management now sees an increasing chance of a further extension to the Brexit deadline, which could lead to a snap election or another referendum.

They recommended that global investors with exposure to UK assets buy protection against adverse market swings.

"We have long recommended such investors consider hedging to protect against further sterling weakness; we think it is too early to unwind these hedges," said Mark Haeffel, chief investment officer at UBS Wealth. "We now see a rising chance that the UK will be compelled to ask the EU for a further delay to Brexit."

# Global Payments said to near \$20bn deal for Total System

Bloomberg  
New York

Global Payments Inc is nearing an all-stock deal to buy Total System Services Inc for about \$20bn, according to a person familiar with the matter, in what would be the third mega-merger in the payments industry this year.

The companies are preparing to announce a transaction as early as Tuesday, said the person, who asked not to be identified because the matter isn't public. The companies had also discussed possible joint ventures and other ways to partner up, people with knowledge of the talks said earlier.

No deal has been finalised and talks could fall apart, the person said.

A representative for Global Payments declined to comment, while a Total System Services representative didn't respond to requests for comment.

Global Payments shares rose 4.6% to \$54.85 in New York on Friday, valuing the company at about \$24.3bn. Total System Services jumped the most in nine years to \$11.66 for a market valuation of \$19.8bn.

Market watchers have pegged Global Payments and Total System Services as potential takeover targets or merger partners in the wake of two jumbo payments deals.

Fidelity National Services Inc struck a \$34bn deal for WorldPay Inc in March, two months after Fiserv Inc agreed to buy First Data Corp for \$22bn.

"We are not surprised that two of the larger players left standing are contemplating their options, including a potential tie-up," Steven Kwok, an analyst with Keefe, Bruyette & Woods Inc, said in a research note Friday. "We think there are multiple options that may make sense – merger, JV, partnership."

Payments firms are pairing up to diversify and grow as consumers increasingly shy away from using cash to make purchases. While this

year's merger wave in the payments industry might have exhausted the prospect for many more mega-deals, Total System Services and Global Payments could still be the exceptions, Bloomberg Intelligence analyst David Ritter has said.

Global Payments and Total System Services have complementary businesses, as they focus on different parts of the payments ecosystem. Coming together would enable them to create a network that serves and connects financial institutions and merchants, similar to the offerings of Visa Inc and Mastercard Inc.

Together they could potentially bypass payment networks by routing debit transactions from merchants directly to banking systems, which would be a "big prize," Moshe Katzi, an analyst at Wedbush Securities Inc, said in a research note.

Total System Services, based in Columbus, Georgia, is the largest third-party processor for credit-card issuers in the US, servicing about 40% of the domestic card accounts of both Visa and Mastercard last year, according to its annual report.

Led by chief executive officer Troy Woods, it has made several acquisitions on its watch, including the \$2.4bn purchase of FiservFirst Inc in 2016.

Atlanta-based Global Payments is the fifth-biggest merchant acquirer in the US, according to a report in March from the Nilson Report, an industry trade publication. Merchant acquirers are financial institutions that help businesses handle credit and debit card payments, among other transaction services.

Global Payments CEO Jeff Sloan – a former Goldman Sachs Group Inc investment banker – is a serial dealmaker. His company has pursued almost a dozen acquisitions since he took the helm in 2013, including a \$4.3bn deal for Heartland Payment Systems Inc.

"Global could pay a premium of about 30%, adding low-double digits to earnings per share, assuming synergies akin to the FIS/WorldPay and Fiserv/First Data deals."

# Deutsche Bank leaders soak up investor ire after serial missteps

Bloomberg  
Frankfurt

Deutsche Bank AG's top leadership felt the heat of shareholder ire as investors withheld their backing for executives and several urged the chairman to step down early at a tense meeting in Frankfurt.

Chairman Paul Achleitner, 62, bore the brunt of the backlash as a succession of frustrated investors rose up to complain at the dismal performance of Deutsche Bank's shares, which hit a fresh record low before the annual general meeting on Thursday.

While investors still backed him with 72% of the share capital at the meeting, that's down from more than 84% last year. Support for CEO Christian Sewing also slumped – to 75% from near unanimity.

Under the 110-year-old dome of one of Frankfurt's most prestigious concert halls, it was the turn of the masses to have their say.

Those who spoke largely expressed anger and disbelief that what was

once among Europe's dominant banks has a market value that would make it the fifth-biggest in France.

"Mr Achleitner, the restructuring of the bank hasn't been completed and profitability continues to be something to be desired despite multiple management changes over the past seven years," said Andreas Thomae, a portfolio manager with Deka Investment, a top investor in Deutsche Bank who planned to vote against the supervisory board actions.

While smaller investors shouted their grievances from the rooftops, larger shareholders had been quietly considering a post-Achleitner future out of the limelight.

They've discussed ways for the chairman to find a successor before his term ends in 2022, people familiar with the matter have said.

Detractors point to multiple turnaround efforts by three different management teams that largely failed in recent years. Since the former Allianz SE finance chief took over in 2012, the shares

have lost about three-quarters of their value. Garth Ritchie, the head of the investment bank, received just 6% of votes, as did Silvio Matherat, who oversees the business responsible for anti-financial crime measures and compliance.

While the votes don't have immediate consequences, they amount to a sign of low confidence in management. Commerzbank CEO Martin Zeile, by comparison, on Wednesday received the backing of 99.8% of votes at that bank's AGM.

Achleitner is seen as a backer of a large investment banking unit at Deutsche Bank, having advised the lender on its Wall Street expansion in the 1990s when he was an investment banker at Goldman Sachs Group.

But new regulations after the financial crisis have made the business costlier, while negative interest rates in Europe erode other sources of income. Since he took over as chairman, Deutsche Bank has made a series of smaller cutbacks to the securities unit, while shying away from more decisive measures.

