

Investor revolt torpedoed Swiss Sunrise Group's \$6.4bn Liberty Global deal



Sunrise Communications Group bowed to investor pressure yesterday and scrapped its 6.3bn Swiss franc (\$6.39bn) acquisition of Liberty Global's Swiss cable business UPC.

The number two Swiss telecommunications group had battled to save the deal in the face of opposition from its biggest shareholder, Germany's Freenet, which holds 25% of its stock, and activist investors including Axxion and AOC.

"This is a missed opportunity to promote competition in the Swiss market," said Sunrise chief executive Olaf Swantee, who had planned to bundle mobile, broadband, TV and fixed-line products to close the gap to market leader Swisscom.

Sunrise will now focus on going it alone, top managers said, stressing that its dividend was not at risk from transaction costs and a 50mn Swiss franc break fee it owes Liberty Global, a firm set up by US cable pioneer John Malone.

The company cancelled an extraordinary shareholder meeting (EGM) planned for today to approve a 2.8bn franc cash call needed to finance the UPC deal, avoiding an embarrassing defeat on the measure.

Freenet and other investors had opposed the rights issue even in its scaled-down form, saying the takeover was too expensive, improperly financed and strategically flawed.

Influential proxy adviser ISS helped doom the deal by recommending shareholders oppose it.

"We regret cancelling the EGM. We have spent a significant amount of time engaging with our shareholders and continue to believe in the compelling strategic and financial rationale of the acquisition," Sunrise chairman Peter Kurer said.

Not even support from investment banks UBS, Deutsche Bank, Morgan Stanley, Credit Suisse and Goldman Sachs was able to help Sunrise get the deal across the finish line.

Although the share purchase agreement technically remains in force until late February, Sunrise made clear the deal was effectively dead.

"Management is now really focused on implementing the standalone strategy. We respect the decision of the shareholders," Swantee told Reuters, adding he did not expect to resume negotiations with Liberty Global.

Asked about his future after championing a deal that went awry, Swantee said only: "Our priority is stabilising Sunrise."

Kurer, who has said he would likely be voted out of office if the deal failed, was also under fire. "We expect that he will now draw the consequences and immediately resign as chairman," activist AOC said.

Sunrise shares, which had fallen more than 10% this year, gained 2.7% by 1230 GMT. Freenet boss Christian Vilanek saw more room for them to rise. "If we all pull together the stock can rise significantly over the next 12 to 24 months," he said, adding Freenet had no plans to divest its Sunrise stake. Analysts said the collapse would ease pressure on prices in the Swiss market. "Swisscom receives a 'get out of jail free' card," Berenberg analyst Usman Ghazi said.

The future of UPC remained in limbo.

Ghazi said he doubted UPC would join forces with Salt, the third big Swiss player, but an investment banker involved in the deal said this was clearly a possibility, if not in the immediate future.

Liberty Global, which is exiting several European markets, was unlikely to change course and become a buyer, analysts said.

UPC Swiss head Severina Pascu said her operation remained a

successful company with a strong standalone strategy.

Gmail hooked us on free storage. Now Google is making us pay



Google lured billions of consumers to its digital services by offering copious free cloud storage. That's beginning to change.

The Alphabet Inc. unit has whittled down some free storage offers in recent months while prodding more users toward a new paid cloud subscription called Google One. That's happening as the amount of data people stash online continues to soar.

When people hit those caps, they realize they have little choice but to start paying or risk losing access to emails, photos and personal documents. The cost isn't excessive for

most consumers, but at the scale Google operates, this could generate billions of dollars in extra revenue each year for the company. Google didn't respond to an email seeking comment.

A big driver of the shift is Gmail. Google shook up the email business when Gmail launched in 2004 with much more free storage than rivals were providing at the time. It boosted the storage cap every couple of years, but in 2013 it stopped. People's in-boxes kept filling up. And now that some of Google's other free storage offers are shrinking, consumers are beginning to get nasty surprises.

"I was merrily using the account and one day I noticed I hadn't received any email since the day before," said Rod Adams, a nuclear energy analyst and retired naval officer. After using Gmail since 2006, he'd finally hit his 15-gigabyte cap and Google had cut him off. Switching from Gmail wasn't an easy option because many of his social and business contacts reach him that way.

"I just said, 'OK, been free for a long time, now I'm paying,'" Adams said.

Other Gmail users aren't so happy about the changes. "I am unreasonably sad about using almost all of my free google storage. Felt infinite. Please don't make me pay! I need U gmail googledocs!" one person tweeted in September.

One self-described tech enthusiast said he's opened multiple Gmail accounts to avoid bumping up on Google's storage limits.

Google has also ended or limited other promotions recently that gave people free cloud storage and helped them avoid Gmail crises. New buyers of Chromebook laptops used to get 100 GB at no charge for two years. In May 2019 that was cut to one year.

Google's Pixel smartphone, originally launched in 2016, came

with free, unlimited photo storage via the company's Photos service. The latest Pixel 4 handset that came out in October still has free photo storage, but the images are compressed now, reducing the quality.

More than 11,500 people in a week signed an online petition to bring back the full, free Pixel photos deal. Evgeny Rezenko, the petition organizer, called Google's change a "hypocritical and cash-grabbing move."

"Let us remind Google that part of the reason of people choosing Pixel phones over other manufacturers sporting a similar hefty price tag was indeed this service," he wrote.

Smartphones dramatically increased the number of photos people take – one estimate put the total for 2017 at 1.2 trillion. Those images quickly fill up storage space on handsets, so tech companies, including Apple Inc., Amazon.com Inc. and Google, offered cloud storage as an alternative. Now as those online memories pile up, some of these companies are charging users to keep them.

Apple has been doing this for several years, building its iCloud storage service into a lucrative recurring revenue stream. When iPhone users get notifications that their devices are full and they should either delete photos and other files or pay more for cloud storage, people often choose the cloud option.

In May, Google unveiled Google One, a replacement for its Drive cloud storage service. There's a free 15 GB tier – enough room for about 5,000 photos, depending on the resolution. Then it costs \$1.99 a month for 100 GB and up from there. This includes several types of files previously stashed in Google Drive, plus Gmail emails and photos and videos. The company ended its Chromebook two-year 100-GB free storage offer around the same time, while the Pixel free photo storage deal ended in October with the release of the Pixel 4.

Gmail, Drive and Google Photos have more than 1 billion users each. As the company whittles away free storage offers and prompts more people to pay, that creates a potentially huge new revenue stream for the company. If 10% of Gmail users sign up for the new \$1.99-a-month Google One subscription, that would generate almost \$2.4 billion in annual recurring sales for the company.

Adams, the Gmail user, is one of the people contributing to this growing Google business. The monthly \$1.99 is a relatively small price to pay to avoid losing his main point of digital contact with the world.

“It’s worked this long,” Adams said. “I didn’t want to bother changing the address.”

De Vynck writes for Bloomberg.

QP commences supply of very low sulphur fuel oil at RLIC port



Qatar Petroleum (QP) has commenced the supply of Very Low Sulphur Fuel Oil (VLSFO) at Ras Laffan Industrial City (RLIC) Port. The VLSFO marine fuel offering has been initiated in advance of the International Maritime Organisation (IMO) 2020 regulation for a 0.50% global sulphur limit for marine fuels, which will come into effect from January 1, 2020. “We are proud to be one of the first countries to limit the availability of marine fuels to only grades that are compliant with the IMO’s 2020 regulation for a 0.50% global sulphur limit,” said HE Saad bin Sherida al-Kaabi, Minister of State for Energy Affairs as well as QP president and chief executive. QP, in conjunction with Woqod, initiated bunkering services in Qatar in June 2017 with the importation of its maiden HFO cargo (RMG 380 CST 3.5% sulphur) in order to cater to the bunkering needs of both Qatargas’ LNG fleet and other vessels calling on Ras Laffan and the region. From June 2017 through August 2019, QP has successfully supplied over 1.5mn tonnes of marine fuel to RLIC Port, which allows the further servicing for marine fuel at both RLIC Port and other ports in Qatar. QP has invited all vessel owners and operators seeking IMO 2020 compliant VLSFO to avail the services available at RLIC Port and other ports in the state whenever their vessels are calling at or passing by any of Qatar’s ports. “We hope

this (commencement of VLSFO) constitutes a major step towards protecting the regional and global environment in line with environmental objectives of the Qatar National Vision 2030,” al-Kaabi said.

Qatar to be a \$225bn economy by 2020



Qatar is expected to be a \$225bn economy by 2020, thus offering immense investment potential to foreign investors, as Doha eyes substantial inflow of foreign direct investment (FDI). The future of Qatar’s economy, as well as the FDI potential, was highlighted by senior officials from the Qatar Financial Center (QFC), Qatar Free Zones Authority (QFZA) and the Investment Promotion Agency of Qatar (IPAQ) at a recent event in New York.

“Qatar has invested significantly in its economy, generating gross domestic product growth that is expected to hit an

impressive \$225bn by 2020. This growth unlocked many investment opportunities in the country, and has already attracted the attention of foreign investors interested in establishing themselves in the Middle East," said IPAQ chief executive Sheikh Ali al-Waleed al-Thani. Saud bin Abdullah al-Attiyah, deputy undersecretary for Economic Affairs, Ministry of Finance, said Qatar remains one of the world's fastest-growing economies, with an abundance of investment opportunities across numerous sectors.

"This reflects the forward-thinking and progressive fiscal policies and legislative reforms introduced by Qatar that have already seen a positive impact, as noted by international ratings agencies including Moody's and Standard and Poor's, all of which underlines the nation's attractiveness as an investment hub," he added. Highlighting that Qatar's regulatory, digital, entrepreneurial, and legislative frameworks offer a sustainable climate for global investors to prosper, Abdulla al-Misnad, deputy chief executive, QFZA, said the country's free zones are committed to foster economic growth by focusing on sectors where Qatar has a "strong value proposition".

"We aim to attract companies with willingness to play an active role in our vision towards a dynamic and diversified economy, and have the ability to penetrate large, fast-growing underserved global markets," he said. Sarah al-Dorani, chief marketing officer, QFCA showcased Qatar as the ideal location (for global companies) to expand in the region. The event saw a range of experts discuss the outlook for foreign investors in Qatar; some of Qatar's rapidly growing sectors including FDI in financial technology, as well as the upward investing trends seen in the past several years.

The event was hosted by Jason Kelly, New York Bureau Chief of Bloomberg and included a lineup of highly prominent speakers including ambassador Anne Patterson, President of the US-Qatar Business Council; Rachel Duan, president and chief

executive of GE's Global Growth Organisation; and James Zhan, Director of Investment and Enterprise at the United Nations Conference on Trade and Development.

Nakilat posts 10.5% surge in nine-month net profit to QR728mn



Nakilat reported a 10.5% year-on-year increase in net profit to QR728mn in the first nine months of this year.

The company's positive financial performance can be primarily attributed to better operational performance in managing its liquefied natural gas (LNG) and liquefied petroleum gas (LPG) vessels.

It also realised higher revenues on additional income from the acquisition of two additional LNG carriers and one floating storage regasification unit (FSRU) in 2018, as well as higher LPG shipping rates worldwide.

Nakilat has also successfully managed to reduce operational expenses through continuous rationalisation of activities, process enhancements, and cost optimisation initiatives to remain efficient, leading to a significant increase in the share price of the company during this period.

“Nakilat’s strong financial performance bears testament to the company’s ongoing emphasis and continuous improvements to remain competitive within the global energy transportation market, sustaining healthy cash flow and generating steady returns for our shareholders,” said Nakilat chief executive Abdullah Fadhalah al-Sulaiti.

In the coming years, Nakilat expects to take on greater ship management responsibilities following the second phase of LNG fleet management transition from Shell and management transition of FSRU, as well as the addition of four new build LNG carriers to its fleet.

Nakilat’s superior operational excellence in energy transportation and maritime services not only supports Qatar’s vision in developing the LNG market, but also contributes towards developing the country’s shipping and maritime industry, al-Sulaiti said.

“With greater demand for clean energy globally, Nakilat is ambitious in expanding our international outreach and diversifying our portfolio to meet the growing energy transportation needs. Together, we will remain focused on achieving our strategic goals while prudently navigating challenges, propelling Nakilat forward as a global leader and provider of choice for energy transportation and maritime services,” he added.

**QP joins global energy
resources transparency**

initiative in Mideast first



Qatar Petroleum (QP), the country's hydrocarbon major, has officially joined the Extractive Industries Transparency Initiative (EITI).

QP joined the EITI as a supporting entity, thus becoming the first national oil company in the Middle East to join this multi-stakeholder organisation that promotes open and accountable management of oil, gas and mineral resources.

"As our operating footprint expands beyond Qatar, it is important that we are known as an open and trustworthy organisation, one that is sought after as a partner of choice within the industry," said HE Saad bin Sherida al-Kaabi, Minister of State for Energy Affairs as well as QP president and chief executive.

Pledging a leadership role in advocating the EITI principles regionally and internationally, he said QP knows the benefits of conducting business in a professional and transparent manner.

"We are committed to ensuring that this practice is applied,

wherever we operate. Together with the EITI, we will continue to proactively promote transparency throughout the petroleum industry," al- Kaabi said.

Based in Oslo, Norway, and established in 2002, the EITI is guided by the belief that a country's natural resources belong to its citizens.

As a coalition of governments, companies, investors, civil society groups, financial institutions and partner organisations, the EITI works to build trust between governments, companies and civil society.

Corporate supporters of the EITI include mining firms, international oil companies and other major players in the oil and gas industry.

The initiative is focused on the disclosure of information along the extractive industry value chain—from the point of extraction, to how much revenues go to government treasuries, and to how the resources benefit the economy and society in general.

The EITI seeks to strengthen public and corporate governance, promote understanding of natural resource management, and provide the data to promote reforms for greater transparency and accountability within the global extractive sector.

**How Germany Deflected
Pressure to Spend and Even**

Won an Ally



Explore what's moving the global economy in the new season of the Stephanomics podcast. Subscribe via Pocket Cast or iTunes.

Germany backed further off a full-scale economic stimulus at a meeting of global finance chiefs, a remarkable outcome given relentless calls for action from Europe, the U.S. and international institutions.

Germany's success in deflecting the pressure suggests that Finance Minister Olaf Scholz, who came to Washington with a list of counter-arguments, got off lightly from his Group of 20 colleagues at the annual International Monetary Fund conference ending Sunday.

U.S. Treasury Secretary Steven Mnuchin, who publicly suggested Germany and China should enact growth-boosting policy measures, avoided singling out Europe's biggest economy behind closed doors, according to two people familiar with the private discussion who asked not to be identified.

Some other G-20 delegates repeated the IMF's general stance that governments with fiscal leeway should do more to

strengthen the global economy. The Treasury didn't immediately respond to a request for comment.

"The chorus here in town is especially heavy on Germany to use its fiscal space," said Robin Brooks, chief economist at the Institute of International Finance, a Washington-based trade group for the financial industry.

German officials had prepared a detailed line of defense: that Chancellor Angela Merkel's government is already investing extensively, including an extra 54 billion euros (\$60 billion) in spending through 2032 to counter climate change.

'Very Positive'

Those arguments appeared to win some converts. IMF Managing Director Kristalina Georgieva said governments that have room to spend more used the meetings in Washington to make their case.

"What was very positive to hear during the meetings is countries with fiscal space are actually taking measures to stimulate the economy," Georgieva told reporters on Saturday. "Germany for example is putting forward a very sizable climate investment strategy that would bring significant growth and investment. They are also looking into what more could be done if necessary."

With a partial U.S.-Chinese trade agreement in sight and a Brexit deal on the horizon, Scholz was emboldened in his defense of a decade of fiscal prudence in Germany. He expressed growing confidence in the government's projection that Germany's slowdown will be moderate and temporary.

"I think we did a lot," he said in a Bloomberg Television interview. "The more important question is what will happen to the global economy."

Don't Rush It

A “rushed fiscal response” isn’t warranted as growth is expected to revive at the end of the year and success in China-U.S. talks would deliver an “immediate boost” to the economy, Scholz told reporters.

For all the artful dodging, Scholz faced a broad front of finance ministers, central bankers and economists pointing at Germany to do more. On Thursday, the government in Berlin cut its 2020 growth forecast to 1% from the previous 1.5%. Data due next month may show the economy slipped into recession.

To shift the blame game on slow growth and inflation away from central banks, former European Central Bank official Lorenzo Bini Smaghi said governments, including Germany, have a role to play in stepping up borrowing and spending to support growth.

“If fiscal policy in Germany and other countries are not willing to do that job, it is too easy to blame the central bank,” he said on a panel.

Low or negative interest rates in many countries leave little room for monetary policy, South African Reserve Bank Governor Lesetja Kganyago said in an interview.

“Countries with fiscal space must utilize the fiscal space,” he said.

Nebras and Kepco in deal to

boost joint energy investments



Nebras Power, a joint venture of Qatar Electricity and Water Company (60%) and Qatar Holding (40%), has entered into an agreement with Korea Electric Power Corporation (Kepco).

Under this agreement, Nebras Power and Kepco will jointly identify and invest in projects that utilise different fuels, including renewable energy.

The memorandum of understanding (MoU) between Nebras Power, the leading Qatar-based power investment company, and Kepco, the largest state-owned utility provider in Korea, is a pioneering agreement that strengthens the strategic co-operation between two international companies in the field of energy investments.

“At Nebras Power we are always endeavouring to strengthen our relationships with prominent international organisations through seminal projects and initiatives. This MoU with Kepco illustrates our promise to broaden our portfolio of investments worldwide,” according to Fahad bin Hamad al-Mohannadi, Nebras Power, chairman.

Nebras Power is currently focused on building its investment

portfolio in a progressive and balanced manner as part of its commitment to the 2030 National Vision.

Further to this mandate, it will continue to hike its generation capacity from electricity and water while taking into account the importance of diversity in fuels.

“This agreement is representative of Nebras Power’s prominent role in the energy sector and its ambition to secure robust investments globally by creating new partnerships and studying investment opportunities with trusted international partners,” said Khalid Mohamed Jolo, chief executive of Nebras Power.

Global Finance Chiefs Pledge to Use All Tools to Aid Growth



Global finance ministers and central bankers pledged to use all their tools, including fiscal policy, to support demand amid a “highly uncertain” outlook and elevated risks.

“The outlook is highly uncertain and subject to elevated downside risks,” including trade tensions, policy uncertainty and geopolitical risks, according to a communique issued Saturday by the International Monetary and Financial Committee, the steering panel of the IMF’s 189 member countries. “We will employ all appropriate policy tools, individually and collectively, to mitigate risks, enhance

resilience and shore up growth to benefit all.”

The statement was released in Washington, where the IMF and World Bank are holding their annual meetings.

An International Monetary Fund Committee (IMFC) plenary session on October 18.

“Available fiscal space should be used to support demand as needed,” and monetary policy should aim to keep inflation approaching or stabilising around targets, the communique said.

The downbeat statement caps a week during which the IMF made a fifth-straight cut to its 2019 global growth forecast, projecting the weakest expansion since 2009. The fund’s chief economist, Gita Gopinath, earlier warned that “there is no room for policy mistakes and an urgent need for policymakers to co-operatively de-escalate trade and geopolitical tensions.”

“All tools can be applied – monetary policy where there is space for it” as well as fiscal measures and structural reforms when appropriate, IMF managing director Kristalina Georgieva said on Saturday at a press conference in Washington. Governments need to take these steps to stop or reverse the slowdown, she said.

Global finance leaders met against a backdrop of slowing growth in the world’s major economies and central banks grappling with limited room to support expansion.

In the US, the Federal Reserve has reversed some of its tightening to insure against downside risks, though consumer spending has largely held up amid weakness in manufacturing and business investment. China said on Friday that economic growth decelerated to the weakest pace since the early 1990s, yet it may be starting to stabilise as fiscal stimulus works its way through the economy.

For the euro area, policymakers don’t expect to go beyond the interest-rate cuts and quantitative easing pushed through by European Central Bank President Mario Draghi in September unless the economy is hit by shocks such as escalating trade tensions or a no-deal Brexit, according to regional officials.

While the US and China have touted progress toward a trade agreement that leaders Donald Trump and Xi Jinping would sign next month, the situation remains uncertain and there's no indication that the nations are preparing to roll back tariffs implemented over the past two years.

The IMFC statement repeated language from the prior statement in April saying that "we recognise the need to resolve trade tensions."

But the latest missive added a line saying that a "strong international trading system with well-enforced rules addressing current and future challenges would support global growth."

Il gas del Qatar guarda all'Europa



È l'opinione di Roudi Baroudi, veterano del business energetico, spesso d'aiuto per delineare la policy energetica per aziende, governi, e organismi sovranazionali come l'Unione Europea. Baroudi, attualmente Ceo della Energy and Environment Holding, con sede a Doha, è intervenuto sul tema: «Perché il Qatar è cresciuto così tanto nel business del gas». «Una volta capita l'estensione delle riserve naturali di gas del paese –

spiega Baroudi – il governo ha intrapreso studi organici per comprendere le condizioni di mercato e le possibilità di sviluppo, definire le necessità interne, e identificare i migliori partner commerciali. Come risultato di questa immediata scommessa, il Qatar in poco tempo è diventato l'esportatore numero uno di gas liquido. Posizione che detiene tutt'ora». E non solo da un punto di vista interno. Ad esempio Qatar Petroleum è in trattative con vari partner per la costruzione di un nuovo terminale di gas liquido sulla costa tedesca del mare del Nord. E un nuovo impianto di distribuzione verrà implementato nel porto belga di Zeebrugge entro il 2044. Ulteriori sviluppi dipingono il Qatar in prima posizione per quanto riguarda l'aspetto mercantile e finanziario. Nel luglio scorso Qatar Petroleum ha raggiunto la quota del 49 per cento in una joint venture con la Chevron, per lo sviluppo di un imponente complesso petrolifero sulla costa degli Stati Uniti, in prossimità della zona più interessante per la produzione di «shale gas». E solo qualche settimana fa QatarGas è entrato nella storia, quando una delle sue navi da trasporto per il gas, la Thumama, è riuscita – per prima – a completare il trasferimento di una unità di rigassificazione dal terminal di Moheshkhali, in Bangladesh. «Come si vede, le attività di estrazione, e trasformazione qatariote sono lanciate verso il futuro, e ci si aspettano grandi cose», ha commentato Baroudi.