

Gulf Warehousing Company (GWCS)

| | | | |
|----------------|------------|--------------|---------|
| Recommendation | ACCUMULATE | Risk Rating | R-3 |
| Share Price | QR2.912 | Target Price | QR4.855 |
| Implied Upside | 66.7% | | |

In-Line 3Q2023 Earnings Despite Freight Forwarding Weakness; Accumulate

- In-line 3Q2023 earnings as freight forwarding revenue shortfall made up by higher margins** – Gulf Warehousing Company's (GWCS) 3Q2023 net profit came in at QR53.1mn (-10.7% YoY, -0.5% QoQ), which was in-line with our estimate of QR54.2mn (-2.2% divergence).
- 3Q2023 top-line came in at QR349.6mn, down 10.5% YoY/6.3% QoQ as lower-margin freight forwarding revenue misses by 20.1%.** Revenue was 8.6% shy of our model of QR382.5mn.
- Logistics held the line with revenue of QR246.3mn (-5.9% YoY, 1.6% QoQ; 70% of total revenue), aided by growth in contract logistics thus far in 2023.** Segment revenue moderately missed our forecast of QR254.1mn by 3.1%. Logistics has benefited from clients, such as the Supreme Committee, Accor & Qatar Airways, along with 98% occupancy in logistics hubs (excluding Al Wukair with ~92%/56% occupancy in phases 1/2). This has helped offset moribund rental rates and a FIFA-related ~4% throughput fall in contract logistics from 1,336k in 9M2022 to 1,276k in 9M2023.
- Freight forwarding top-line of QR99.9mn (-20.4% YoY, -21.6% QoQ; 29% of total revenue) missed our model significantly for the 2nd straight quarter,** coming in at 20.1% below our forecast of QR124.9mn. Sea freight volumes fell 43% YoY/13% QoQ and air freight volumes also declined 27% YoY/22% QoQ. **Given that the freight business is generally lower-margin, this explains the stronger-than-expected GMs for 3Q2023.**
- 3Q2023 gross margin came in 31.7% vs. 28.2% in 3Q2022 and 30.7% in 2Q2023.** The reported gross margin came in above our estimate of 30.8%. During the call, the company pointed to higher-margin break-bulk shipments/sea-charter business, along with some improvement in agent rates. GWCS also reported an EBITDA margin of 36.7% in 3Q2023 vs. 30.6% in 3Q2022 and 35.1% in 2Q2023.
- Finance charges, while in-line with our estimate, continue to bite.** GWCS posted 3Q2023 finance charges of QR26.3mn (95.4% YoY/7.7% QoQ), in-line with our model of QR26.0mn (1.4% change).
- Underlying business remains strong with GWCS posting 9M2023 operating income of QR247.2mn, up 11.3% YoY and 9M2023 EBITDA of QR398.9mn, up 14.5% YoY.** YTD net income, however, fell 3.6% YoY to QR167.9mn with finance charges doubling to QR76.4mn vs. QR38.2mn in 9M2022. Overall interest rate on debt has grown from 3.75% in 9M2022 to 6.75% in 9M2023.
- Given 9M2023 earnings of QR167.9mn, we expect to increase our 2023 earnings of QR217.3mn by ~2-3% implying 2023 earnings decline of ~7%.** Start-up of new projects, such as Al Wukair phase 2 (July handover, with 65% signed & 56% occupied), LVQ phase 6 (chemicals warehouse facility that began operations in September; 10,000 pallet positions) and Flag Oman (moving to owned-warehouse by end-November; currently IKEA is the only customer with 20% occupancy but pipeline remains solid), add to the revenue momentum in 2023 (offsetting weakness post the WC) and in 2024. However, significantly higher finance charges, along with higher depreciation expenses, should take a bite out of earnings in 2023. Earnings acceleration in 2024 (increasing 25.9% to QR273.4mn) and details on medium-term growth prospects could act as positive catalysts.
- We rate GWCS as an Accumulate with a price target of QR4.855.** GWCS trades at P/Es of 7.9x and 6.2x for 2023 & 2024, respectively, which is attractive relative to its historical median of 11.7x.
- For GWCS to rerate, we need a pickup in newsflow catalysts along with liquidity.** We note several potential projects not in our model: **(1) Al Wukair phase 3** – GWCS could move forward, assuming favorable demand for phase 2 (expecting ~90% occupancy by 1Q2024 but phase 2 demand has been below phase 1), which could lead to ~6% EPS acceleration. **(2) Newly-formed subsidiary, GWC Energy,** is targeting the offshore/onshore-integrated shipping, logistics & marine services market in Qatar/GCC and could benefit from increased NF activity as Qatar expands its LNG capacity from 77 MTPA to 126 MTPA by 2026. Management is expecting a pickup from 4Q/1Q given some vessel delays. GWCS has also bid on a tender with a decision expected 1Q2024. **(3) Expansion outside of Qatar,** for e.g., freight forwarding in the KSA (with potential to expand into warehousing longer term). **The stock continues to suffer from a lack of liquidity, which needs to be addressed. An uptick in DPS could also be catalyst** given the below-market yield but a significant increase is unlikely.
- Risks:** LT growth in warehousing demand in Qatar remains uncertain. Receivable collections is subdued with GWCS collecting QR133mn in the month of September, which is the lowest level seen this year and the trend remains the same thus far in October. Geopolitical risks cannot be modeled.

Key Financial Data and Estimates

| | FY2022 | FY2023e | FY2024e | FY2025e |
|-----------------|--------|---------|---------|---------|
| Revenue (QR mn) | 1,519 | 1,592 | 1,723 | 1,754 |
| Growth | 16% | 5% | 8% | 2% |
| EPS (QR) | 0.41 | 0.37 | 0.47 | 0.49 |
| Growth | 7% | -9% | 26% | 5% |
| P/E (x) | 7.1x | 7.9x | 6.2x | 6.0x |
| DPS (QR) | 0.10 | 0.10 | 0.11 | 0.12 |

Source: Company data, QNB FS estimates; Note: All data based on current number of shares

Key Data

| | |
|-------------------------------|----------------|
| Current Market Price (QR) | 2.912 |
| Dividend Yield (%) | 3.4 |
| Bloomberg Ticker | GWCS QD |
| ADR/GDR Ticker | N/A |
| Reuters Ticker | GWCS.QA |
| ISIN | QA000A0KD6H9 |
| Sector* | Transportation |
| 52wk High/52wk Low (QR) | 4.310/2.890 |
| 3-m Average Volume (mn) | 1.1 |
| Mkt. Cap. (\$ bn/QR bn) | 0.5/1.7 |
| EV (\$ bn/QR bn) | 1.1/3.9 |
| Shares Outstanding (mn) | 586.0 |
| FO Limit* (%) | 100.0 |
| Current Institutional FO* (%) | 3.6 |
| 1-Year Total Return (%) | (29.7) |
| Fiscal Year End | December 31 |

Source: Bloomberg (as of October 29, 2023), *Qatar Exchange (as of October 26, 2023); Note: FO is foreign ownership

Saugata Sarkar, CFA, CAIA
+974 4476 6534
saugata.sarkar@qnbfs.com.qa

QNB FS 3Q2023 Estimates and Comparisons

| Income Statement (QR 000) | 3Q2022 | 2Q2023 | 3Q2023 | 3Q2023e | A Vs. E | YoY | QoQ |
|---|----------------------|----------------------|----------------------|---------------------|--------------|---------------|--------------|
| Revenue | 390,598.328 | 373,255.191 | 349,555.215 | 382,474.594 | -8.6% | -10.5% | -6.3% |
| YoY | 20.6% | 1.5% | -10.5% | -2.1% | | | |
| QoQ | 6.2% | -9.6% | -6.3% | 2.5% | | | |
| Logistics | 261,866.623 | 242,462.761 | 246,297.234 | 254,100.974 | -3.1% | -5.9% | 1.6% |
| Freight Forwarding | 125,489.269 | 127,350.966 | 99,849.836 | 124,932.157 | -20.1% | -20.4% | -21.6% |
| Rental Income From Investment Property | 2,445.444 | 2,452.848 | 2,452.849 | 2,452.848 | 0.0% | 0.3% | 0.0% |
| Others | 796.992 | 988.616 | 955.296 | 988.616 | -3.4% | 19.9% | -3.4% |
| Direct Costs | (280,286.856) | (258,703.412) | (238,834.413) | (264,863.66) | -9.8% | -14.8% | -7.7% |
| Gross Profit | 110,311.472 | 114,551.779 | 110,720.802 | 117,610.938 | -5.9% | 0.4% | -3.3% |
| General & Administration expenses | (33,884.838) | (34,915.011) | (32,952.636) | (35,787.886) | -7.9% | -2.8% | -5.6% |
| Operating Profit | 76,426.634 | 79,636.768 | 77,768.166 | 81,823.051 | -5.0% | 1.8% | -2.3% |
| Finance Income | 14.187 | 136.630 | 1,043.795 | 186.158 | 460.7% | 7257.4% | 664.0% |
| Finance Costs | (13,500.760) | (24,462.556) | (26,341.865) | (25,974.342) | 1.4% | 95.1% | 7.7% |
| Other Income | 175.696 | 147.087 | 2,125.188 | 367.718 | 477.9% | 1109.6% | 1344.9% |
| Net Impairment Loss On Trade Receivables | (863.000) | (575.000) | (599.000) | (575.000) | 4.2% | -30.6% | 4.2% |
| EBT | 62,252.757 | 54,882.929 | 53,996.284 | 55,827.585 | -3.3% | -13.3% | -1.6% |
| Taxes | (553.314) | (303.090) | (171.441) | (348.810) | -50.8% | -69.0% | -43.4% |
| Net Income | 61,699.443 | 54,579.839 | 53,824.843 | 55,478.775 | -3.0% | -12.8% | -1.4% |
| YoY | 6.1% | -8.5% | -12.8% | -10.1% | | | |
| QoQ | 3.4% | -13.4% | -1.4% | 1.6% | | | |
| Non-Controlling Interest | 2,288.562 | 1,245.843 | 770.789 | 1,238.101 | -37.7% | -66.3% | -38.1% |
| Net Income to Equity | 59,410.881 | 53,333.996 | 53,054.054 | 54,240.674 | -2.2% | -10.7% | -0.5% |
| YoY | 5.8% | -6.4% | -10.7% | -8.7% | | | |
| QoQ | 4.2% | -13.3% | -0.5% | 1.7% | | | |
| NM | 15.2% | 14.3% | 15.2% | 14.2% | | | |
| EPS (QR) | 0.10 | 0.09 | 0.09 | 0.09 | -2.2% | -10.7% | -0.5% |
| Provision for Impairment of Trade Receivables | 863.000 | 575.000 | 599.000 | 575.000 | | | |
| Depreciation & Amortization | 42,906.876 | 51,300.638 | 50,650.342 | 51,944.974 | | | |
| EBITDA | 119,333.510 | 130,937.406 | 128,418.508 | 133,768.025 | -4.0% | 7.6% | -1.9% |
| | | | | | | | |
| GM | 28.2% | 30.7% | 31.7% | 30.8% | | | |
| G&A | 8.7% | 9.4% | 9.4% | 9.4% | | | |
| EBIT | 19.6% | 21.3% | 22.2% | 21.4% | | | |
| EBITDA | 30.6% | 35.1% | 36.7% | 35.0% | | | |

Source: Company data, QNB FS Research

Valuation and Key Ratios

Valuation Metrics

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | 2026e | 2027e |
|------------------|--------|-------|-------|-------|-------|--------|--------|-------|-------|-------|-------|-------|
| Valuation | | | | | | | | | | | | |
| EV/EBITDA | 9.6x | 8.9x | 6.6x | 6.7x | 7.0x | 7.4x | 7.2x | 6.6x | 5.4x | 4.8x | 4.2x | 3.5x |
| P/E | 8.3x | 7.9x | 7.5x | 6.8x | 7.2x | 7.6x | 7.1x | 7.9x | 6.2x | 6.0x | 5.8x | 5.8x |
| P/CF | 3.8x | 5.1x | 4.6x | 5.0x | 3.8x | 4.9x | 4.9x | 3.6x | 3.6x | 3.3x | 3.2x | 3.2x |
| P/FCF | N/M | 38.6x | 6.0x | 10.2x | 40.8x | -44.3x | -20.5x | 19.7x | 4.4x | 4.0x | 3.9x | 3.8x |
| P/BV | 1.1x | 1.1x | 1.0x | 1.0x | 0.9x | 0.8x | 0.8x | 0.7x | 0.7x | 0.6x | 0.6x | 0.5x |
| Dividend Yield | 5.5% | 5.8% | 6.5% | 6.9% | 3.4% | 3.4% | 3.4% | 3.4% | 3.8% | 4.1% | 4.5% | 4.8% |
| FCF Yield | -29.6% | 2.6% | 16.7% | 9.8% | 2.4% | -2.3% | -4.9% | 5.1% | 22.8% | 25.2% | 25.9% | 26.2% |

Source: Company data, QNB FS estimates

Ratio Analysis

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | 2026e | 2027e |
|--------------------------|---------|--------|--------|--------|--------|--------|--------|-------|--------|-------|-------|-------|
| Growth (%) | | | | | | | | | | | | |
| Revenue | 7.8% | 15.5% | 25.6% | -0.8% | 1.0% | 5.7% | 16.5% | 4.8% | 8.2% | 1.8% | 1.4% | 1.4% |
| Cash Gross Profit | 8.6% | 19.4% | 22.4% | -1.3% | -4.1% | 1.1% | 7.7% | 7.6% | 9.1% | 0.5% | -0.1% | 0.0% |
| EBITDA | 11.5% | 20.1% | 26.5% | -2.7% | -3.4% | -1.7% | 6.1% | 9.2% | 10.0% | -0.1% | -0.8% | -0.7% |
| EBIT | 11.1% | 20.3% | 18.5% | -0.6% | -2.0% | -3.4% | 6.5% | 4.2% | 14.4% | -1.3% | -2.3% | -2.3% |
| Net Profit | 11.1% | 4.8% | 5.3% | 10.0% | -5.4% | -4.7% | 6.5% | -9.3% | 25.9% | 4.8% | 2.2% | 0.5% |
| Cash Flow Per Share | 1033.7% | -25.6% | 10.5% | -7.6% | 30.1% | -21.2% | 0.1% | 33.8% | 15.9% | 8.5% | 2.5% | 1.0% |
| Free Cash Flow Per Share | N/M | N/M | 544.8% | -41.1% | -75.1% | N/M | 116.0% | N/M | 348.5% | 10.5% | 3.0% | 1.2% |
| Dividends Per Share | 6.7% | 6.2% | 11.8% | 5.3% | -50.0% | 0.0% | 0.0% | 0.0% | 10.0% | 9.1% | 8.3% | 7.7% |
| Profitability (%) | | | | | | | | | | | | |
| Gross Margin | 46.9% | 48.4% | 47.2% | 47.0% | 44.7% | 42.7% | 39.5% | 40.5% | 40.8% | 40.3% | 39.7% | 39.1% |
| EBITDA Margin | 38.0% | 39.5% | 39.8% | 39.1% | 37.4% | 34.8% | 31.7% | 33.0% | 33.5% | 32.9% | 32.2% | 31.5% |
| EBIT Margin | 25.4% | 26.5% | 25.0% | 25.1% | 24.3% | 22.2% | 20.3% | 20.2% | 21.4% | 20.7% | 20.0% | 19.2% |
| Net Margin | 24.2% | 22.0% | 18.4% | 20.4% | 19.1% | 17.3% | 15.8% | 13.6% | 15.9% | 16.3% | 16.5% | 16.3% |
| RoAE | 14.0% | 13.9% | 14.0% | 14.4% | 12.7% | 11.3% | 11.1% | 9.4% | 11.0% | 10.6% | 10.0% | 9.4% |
| RoAA | 6.2% | 5.6% | 5.7% | 6.4% | 5.9% | 5.3% | 5.3% | 4.4% | 5.5% | 5.8% | 6.0% | 6.0% |
| BEP | 6.5% | 6.8% | 7.8% | 7.9% | 7.6% | 6.9% | 6.8% | 6.6% | 7.4% | 7.4% | 7.3% | 7.1% |
| RoAIC | 6.0% | 7.8% | 10.0% | 9.7% | 8.9% | 7.9% | 7.8% | 7.9% | 9.7% | 10.0% | 10.0% | 8.7% |
| RoACE | 7.0% | 7.7% | 9.2% | 9.2% | 8.8% | 8.0% | 7.9% | 7.8% | 8.8% | 9.0% | 8.9% | 8.7% |
| Liquidity | | | | | | | | | | | | |
| Current Ratio | 2.0x | 1.5x | 1.8x | 1.5x | 1.4x | 1.1x | 1.0x | 1.3x | 1.3x | 1.5x | 1.7x | 2.3x |
| Quick Ratio | 2.0x | 1.5x | 1.8x | 1.5x | 1.4x | 1.1x | 1.0x | 1.2x | 1.3x | 1.4x | 1.7x | 2.3x |
| Cash Ratio | 0.9x | 0.6x | 0.9x | 0.6x | 0.5x | 0.3x | 0.2x | 0.3x | 0.3x | 0.4x | 0.6x | 1.0x |
| Debt Ratios | | | | | | | | | | | | |
| Debt-to-Equity | 1.2x | 1.1x | 1.0x | 0.8x | 0.8x | 0.8x | 0.8x | 0.8x | 0.6x | 0.4x | 0.3x | 0.2x |
| Long-Term Debt-to-Equity | 1.1x | 1.0x | 0.9x | 0.7x | 0.7x | 0.6x | 0.6x | 0.6x | 0.5x | 0.3x | 0.2x | 0.2x |
| EBITDA Interest Coverage | 8.4x | 7.2x | 5.8x | 6.1x | 8.7x | 9.4x | 10.0x | 6.1x | 7.7x | 10.1x | 13.4x | 17.1x |
| Net Debt-to-EBITDA | 4.3x | 3.7x | 2.6x | 2.5x | 2.8x | 3.1x | 3.2x | 2.9x | 2.1x | 1.4x | 0.8x | 0.2x |
| Debt-to-Capital | 0.6x | 0.5x | 0.5x | 0.5x | 0.5x | 0.4x | 0.4x | 0.4x | 0.4x | 0.3x | 0.2x | 0.2x |
| Valuation | | | | | | | | | | | | |
| EV/EBITDA | 9.6x | 8.9x | 6.6x | 6.7x | 7.0x | 7.4x | 7.2x | 6.6x | 5.4x | 4.8x | 4.2x | 3.5x |
| P/E | 8.3x | 7.9x | 7.5x | 6.8x | 7.2x | 7.6x | 7.1x | 7.9x | 6.2x | 6.0x | 5.8x | 5.8x |
| P/CF | 3.8x | 5.1x | 4.6x | 5.0x | 3.8x | 4.9x | 4.9x | 3.6x | 3.6x | 3.3x | 3.2x | 3.2x |
| P/FCF | N/M | 38.6x | 6.0x | 10.2x | 40.8x | -44.3x | -20.5x | 19.7x | 4.4x | 4.0x | 3.9x | 3.8x |
| P/BV | 1.1x | 1.1x | 1.0x | 1.0x | 0.9x | 0.8x | 0.8x | 0.7x | 0.7x | 0.6x | 0.6x | 0.5x |
| Dividend Yield | 5.5% | 5.8% | 6.5% | 6.9% | 3.4% | 3.4% | 3.4% | 3.4% | 3.8% | 4.1% | 4.5% | 4.8% |
| FCF Yield | -29.6% | 2.6% | 16.7% | 9.8% | 2.4% | -2.3% | -4.9% | 5.1% | 22.8% | 25.2% | 25.9% | 26.2% |

Source: Company data, QNB FS estimates

Detailed Financial Statements

| Income Statement (In QR mn) | FY2022e | FY2023e | FY2024e | FY2025e | FY2026e | FY2027e |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 1,519 | 1,592 | 1,723 | 1,754 | 1,778 | 1,803 |
| <i>YoY Growth</i> | 16% | 5% | 8% | 2% | 1% | 1% |
| Direct Costs | (919) | (947) | (1,020) | (1,047) | (1,072) | (1,098) |
| Gross Profit | 600 | 645 | 704 | 707 | 706 | 706 |
| <i>Gross Margin</i> | 39% | 41% | 41% | 40% | 40% | 39% |
| General and Administrative Expenses | (119) | (120) | (126) | (130) | (133) | (137) |
| EBITDA | 481 | 525 | 578 | 577 | 573 | 569 |
| <i>YoY Growth</i> | 6% | 9% | 10% | 0% | -1% | -1% |
| <i>EBITDA Margin</i> | 32% | 33% | 34% | 33% | 32% | 32% |
| Depreciation and Amortization | (172) | (203) | (210) | (214) | (218) | (222) |
| EBIT | 309 | 322 | 368 | 363 | 355 | 347 |
| <i>YoY Growth</i> | 7% | 4% | 14% | -1% | -2% | -2% |
| <i>EBIT Margin</i> | 20% | 20% | 21% | 21% | 20% | 19% |
| Net Finance Costs and Other Income | (57) | (97) | (86) | (67) | (53) | (43) |
| PBT | 252 | 224 | 282 | 296 | 302 | 304 |
| Taxes | (2) | (2) | (2) | (2) | (2) | (2) |
| Net Income | 249 | 223 | 280 | 294 | 300 | 302 |
| Minority Interest | 10 | 6 | 7 | 7 | 7 | 8 |
| Net Income to Equity | 240 | 217 | 273 | 286 | 293 | 294 |
| <i>YoY Growth</i> | 7% | -9% | 26% | 5% | 2% | 1% |
| <i>Net Margin</i> | 16% | 14% | 16% | 16% | 16% | 16% |
| EPS (QR) | 0.41 | 0.37 | 0.47 | 0.49 | 0.50 | 0.50 |
| DPS (QR) | 0.10 | 0.10 | 0.11 | 0.12 | 0.13 | 0.14 |
| <i>Payout Ratio</i> | 24% | 27% | 24% | 25% | 26% | 28% |

Source: Company data, QNB FS estimates

Detailed Financial Statements

| Balance Sheet (In QR mn) | FY2022e | FY2023e | FY2024e | FY2025e | FY2026e | FY2027e |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Non-Current Assets | | | | | | |
| PP&E, WIP & Right of Use Assets | 3,596 | 3,776 | 3,654 | 3,529 | 3,399 | 3,265 |
| Investment Properties | 41 | 42 | 42 | 43 | 43 | 43 |
| Intangible Assets & Goodwill | 117 | 116 | 116 | 116 | 116 | 115 |
| Available-for-Sale Investments/Other | 18 | 18 | 18 | 18 | 18 | 18 |
| Total Non-Current Assets | 3,772 | 3,952 | 3,831 | 3,705 | 3,576 | 3,442 |
| Current Assets | | | | | | |
| Inventories | 16 | 16 | 18 | 18 | 19 | 19 |
| Trade and Other Receivables | 748 | 742 | 800 | 817 | 828 | 840 |
| Bank Balances and Cash | 238 | 290 | 287 | 337 | 457 | 631 |
| Total Current Assets | 1,002 | 1,048 | 1,105 | 1,172 | 1,303 | 1,490 |
| Total Assets | 4,774 | 5,000 | 4,936 | 4,877 | 4,879 | 4,932 |
| Total Shareholders' Equity | | | | | | |
| Non-Controlling interests | 12 | 18 | 25 | 32 | 39 | 47 |
| Non-Current Liabilities | | | | | | |
| Lease Liabilities & Others | 208 | 223 | 238 | 254 | 269 | 285 |
| Loans and Borrowings | 1,269 | 1,482 | 1,167 | 915 | 718 | 652 |
| Employee Benefits & Others | 58 | 62 | 67 | 71 | 76 | 80 |
| Total Non-Current Liabilities | 1,535 | 1,767 | 1,473 | 1,240 | 1,063 | 1,017 |
| Current Liabilities | | | | | | |
| Trade Payables | 95 | 95 | 102 | 105 | 107 | 110 |
| Loans and Borrowings | 523 | 333 | 315 | 253 | 197 | 66 |
| Accruals, Provisions & Other Payables | 351 | 376 | 404 | 416 | 426 | 436 |
| Lease Liabilities | 11 | 11 | 10 | 10 | 10 | 9 |
| Retention Payable | 15 | 15 | 15 | 15 | 15 | 15 |
| Total Current Liabilities | 996 | 830 | 846 | 799 | 755 | 636 |
| Total Liabilities | 2,531 | 2,598 | 2,319 | 2,039 | 1,818 | 1,653 |
| Total Equity & Liabilities | 4,774 | 5,000 | 4,936 | 4,877 | 4,879 | 4,932 |

Source: Company data, QNB FS estimates

| Recommendations | | Risk Ratings | |
|---|----------------------|--|-----------------------------------|
| <i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i> | | <i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i> | |
| OUTPERFORM | Greater than +20% | R-1 | Significantly lower than average |
| ACCUMULATE | Between +10% to +20% | R-2 | Lower than average |
| MARKET PERFORM | Between -10% to +10% | R-3 | Medium / In-line with the average |
| REDUCE | Between -10% to -20% | R-4 | Above average |
| UNDERPERFORM | Lower than -20% | R-5 | Significantly above average |

Contacts

QNB Financial Services Co. W.L.L.
 Contact Center: (+974) 4476 6666
info@qnbfs.com.qa
 Doha, Qatar

Saugata Sarkar, CFA, CAIA
 Head of Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
 Senior Research Analyst
shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
 Senior Research Analyst
phibion.makuwerere@qnbfs.com.qa

Disclaimer and Copyright Notice: This publication has been prepared by QNB Financial Services WLL (“QNB FS”) a wholly-owned subsidiary of QNB Q.P.S.C (“QNB”). QNB FS is regulated by the Qatar Financial Markets Authority and the Qatar Exchange QNB Q.P.S.C. is regulated by the Qatar Central Bank. This publication expresses the views and opinions of QNB FS at a given time only. It is not an offer, promotion or recommendation to buy or sell securities or other investments, nor is it intended to constitute legal, tax, accounting, or financial advice. QNB FS accepts no liability whatsoever for any direct or indirect losses arising from use of this report. Any investment decision should depend on the individual circumstances of the investor and be based on specifically engaged investment advice. We therefore strongly advise potential investors to seek independent professional advice before making any investment decision. Although the information in this report has been obtained from sources that QNB FS believes to be reliable, we have not independently verified such information and it may not be accurate or complete. QNB FS does not make any representations or warranties as to the accuracy and completeness of the information it may contain, and declines any liability in that respect. For reports dealing with Technical Analysis, expressed opinions and/or recommendations may be different or contrary to the opinions/recommendations of QNB FS Fundamental Research as a result of depending solely on the historical technical data (price and volume). QNB FS reserves the right to amend the views and opinions expressed in this publication at any time. It may also express viewpoints or make investment decisions that differ significantly from, or even contradict, the views and opinions included in this report. This report may not be reproduced in whole or in part without permission from QNB FS

COPYRIGHT: No part of this document may be reproduced without the explicit written permission of QNB FS.