

Qatar Electricity & Water Company (QEWS)

Recommendation	ACCUMULATE	Risk Rating	R-2
Share Price	QR15.58	Target Price	QR20.00
Implied Upside	28.4%	Old Target Price	QR21.00

Soft 4Q2024 On Costs/JV Income; Revising Forecasts/TP; Accumulate

QEWS posted dimmer-than-expected 4Q2024/2024 results along with a 9.3% decline in DPS. 4Q2024 was soft with the company generating lower-than-modeled income from JVs/associates & higher-than-expected SG&A expenses/finance charges. Overall 2024 earnings/EPS of QR1,416.0mn/QR1.29 declined 8.7% YoY from QR1,551.4mn/QR1.41 in 2023 and fell 10.2% below our estimate of QR1,577.6mn/QR1.43. QEWS declared QR0.53 in 2H2024 DPS, bringing its FY2024 DPS to QR0.78 – the company maintained a ~61% payout ratio that was flattish with 2023. QEWS has reported lower net income figures for 2023 and 2024 despite acquiring the remaining 40% of Nebras back in July 2022 but we remain optimistic about an earnings rebound in 2025. **QEWS enjoys significant catalysts that are currently not in our model – the company is planning to increase its net power & water capacity longer-term by 28% and 14%, respectively. We reiterate our Accumulate rating but lower our price target from QR21 to QR20.**

Highlights

- **QEWS posted 4Q2024 profit of QR227.1mn (EPS: QR0.21), down 48.7% YoY/55.4% QoQ, significantly below our estimate of QR388.7mn (EPS: QR0.35).** Weaker-than-expected top-line was somewhat offset by higher-than-anticipated cash gross margin but SG&A expenses, finance costs and JV income hurt comparisons with our modeled forecasts. In terms of one-offs, the ~0051R48mn benefit (due to F/X rates affecting a loan given to an associate by Nebras that lowered finance charges during 3Q2024) was reversed in 4Q2024, boosting finance charges in 4Q2024. Going forward, all F/X adjustments for this loan are expected to avoid the income statement and go through OCI instead. Moreover, there was a QR80mn reversal in cost of sales in 4Q2023, which made YoY comparisons challenging. Adjusting for these items, earnings would have still dropped by approximately 24% YoY/40% QoQ.
- **2024 earnings and DPS falls below estimates:** 2024 earnings/EPS of QR1,416.0mn/QR1.29 declined 8.7% YoY from QR1,551.4mn/QR1.41 in 2023 and fell 10.2% below our estimate of QR1,577.6mn/QR1.43. QEWS declared QR0.53 in 2H2024 DPS, bringing its FY2024 DPS to QR0.78 – QEWS maintained a ~61% payout ratio that was flattish with 2023 (QR0.86/share in dividends). We were expecting a flat DPS of QR0.86. *For more details, please see pages 2-4.*
- **We are lowering our estimates to reflect 4Q2024 results.** Our 2025-2027 estimates are now 4.5% lower than our previous estimates and our 3-year earnings CAGR (2024-2027) is 5.3% vs. 6.6% previously. As result our of earnings revisions, we are also lowering our DPS estimates by 4.8% over 2025-2027. We maintain a dividend payout ratio of 60%, consistent with the payout that QEWS has maintained since 2019.
- **QEWS enjoys decent EBITDA margins & dividend/FCF yields.** Despite modeled compression, EBITDA margins could average ~36% (2024-27). Over 2024-27, dividend yields and FCF yields could average 5.4% and 9.1%, respectively.

Catalysts

- **We like QEWS as a LT play with a relatively defensive business model, especially given current market conditions. LT catalysts (not in our model) include Facility E** (55% stake; power: 2.3 GW & water: 100 MIGD) that should start operating, in phases, from 2027. **Nebras also has medium-term projects in the pipeline with capacity under construction of 3.2 GW (gross)/1.1 GW (net).**

Recommendation, Valuation and Risks

- **Recommendation & valuation: We rate QEWS an Accumulate with a PT of QR20.00.** Dividend yield is 5.3% for 2025 and 5.5% for 2026.
- **Risks: Geopolitical risks** cannot be modeled. Besides **foreign expansion risks**, **domestic projects could also be delayed. Operational risks include availability of capacity below contracted levels**, which could lead to penalties.

Key Financial Data and Estimates

	FY2024	FY2025e	FY2026e	FY2027e
Revenue (QR mn)	2,999	3,112	3,175	3,236
Revenue Growth	3.0%	3.8%	2.0%	1.9%
EPS (QR)	1.29	1.37	1.44	1.50
EPS Growth	-8.7%	6.1%	5.2%	4.7%
P/E (x)	12.1	11.4	10.8	10.4
DPS (QR)	0.78	0.82	0.85	0.90
ROE	9.2%	9.4%	9.5%	9.5%

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

Key Data

Current Market Price (QR)	15.58
DY 2024 (%)	5.0
Bloomberg Ticker	QEWS QD
ADR/GDR Ticker	N/A
Reuters Ticker	QEWQ.QA
ISIN	QA0006929812
Sector*	Industrials
52wk High/52wk Low (QR)	17.83/14.50
3-m Average Volume ('000)	469
Mkt. Cap. (\$ bn/QR bn)	4.7/17.1
EV (\$ bn/QR bn)	5.6/20.5
Shares Outstanding (bn)	1.10
FO Limit* (%)	100.0
Institutional FO* (%)	9.0
1-Year Total Return (%)	(2.5)
Fiscal Year End	December 31

Source: Bloomberg (as of February 09, 2025), *Qatar Exchange (as of February 06, 2025); Note: FO is foreign ownership

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4Q2024 & 2024 Review

QEWS posted 4Q2024 profit of QR227.1mn (EPS: QR0.21), down 48.7% YoY/55.4% QoQ, significantly below our estimate of QR388.7mn (EPS: QR0.35). Weaker-than-expected top-line was somewhat offset by higher-than-anticipated cash gross margin but SG&A expenses, finance costs and JV income hurt comparisons with our modeled forecasts. In terms of one-offs, the ~QR48mn benefit (due to F/X rates affecting a loan given to an associate by Nebras that lowered finance charges during 3Q2024) was reversed in 4Q2024, boosting finance charges in 4Q2024. Going forward, all F/X adjustments for this loan are expected to avoid the income statement and go through OCI instead. Moreover, there was a QR80mn reversal in cost of sales in 4Q2023, which made YoY comparisons challenging. Adjusting for these items, earnings would have still dropped by approximately 24% YoY/40% QoQ.

- **2024 earnings and DPS falls below estimates:** 2024 earnings/EPS of QR1,416.0mn/QR1.29 declined 8.7% YoY from QR1,551.4mn/QR1.41 in 2023 and fell 10.2% below our estimate of QR1,577.6mn/QR1.43. QEWS declared QR0.53 in 2H2024 DPS, bringing its FY2024 DPS to QR0.78 – QEWS maintained a ~61% payout ratio that was flattish with 2023 (QR0.86/share in dividends). We were expecting a flat DPS of QR0.86.
- **4Q2024 top-line of QR733.1mn (0.0% YoY, -12.1% QoQ) faced an expected seasonal decline but fell below our forecast of QR780.0mn (-6.0% divergence).** Electricity revenue of QR384.4mn (3.5% YoY, -17.5% QoQ) fell shy of our forecast of QR399.7mn by 3.8%. Water sales of QR332.5mn (-3.5% YoY, -4.9% QoQ) dipped below our model of QR361.8mn (-8.1% difference).
- **Weakness in revenue, along with higher-than-expected G&A expenses, conspired to lower EBITDA margin below our model.** Cash gross margin came in at 49.6% in 4Q2024 vs. 58.4% in 4Q2023 and 40.7% in 3Q2024; we were modeling a GM of 48.3% so gross margin exceeded our estimate. Overall, 3Q2024 gross profit of QR363.5mn (-15.2% YoY, 6.9% QoQ) was 3.6% below our forecast of QR377.1mn given the revenue miss. Cost of gas consumed came in at QR231.8mn (62.7% of cost of sales) vs. QR186.7mn (61.2%) in 4Q2023 and QR385.2mn (77.9%) in 3Q2024. As sent out power/water likely decreased sequentially in 3Q2024, cost of gas consumed grew 24.2% YoY but declined 39.8% QoQ. G&A expenses of QR79.7mn (-17.8% YoY, 78.2% QoQ) was 43.6% above our estimate of QR55.5mn. As a result, EBITDA margin came in at 38.7% in 4Q2024 vs. 45.2% in 4Q2023 and 35.4% in 3Q2024; we were expecting an EBITDA margin of 41.2%. Considering the higher-than-expected G&A expenses, EBITDA of QR283.8mn (-14.4% YoY, -3.9% QoQ) was 11.8% below our model of QR321.6mn.
- **Downside in finance costs and income from JV/associates significantly impacted 4Q2024 earnings.** Finance costs of QR144.3mn (31.1% YoY, 127.0% QoQ) came in above our estimate of QR111.0mn by 30.0% due to the above-mentioned one-off; excluding that item, finance charges were roughly 13% below our model. Finally, JV/associate income of QR75.4mn (-48.0% YoY, -74.2% QoQ) fell short of our model of QR202.5mn by a whopping 62.8% given a mix of outages and maintenance-related costs in Qatari and international operations, such as Paiton in Indonesia.

QNB FS 4Q2024 Estimates and Comparisons

Income Statement (QR mn)							
Particulars	4Q2023	3Q2024	4Q2024	4Q2024e	A Vs. E	YoY	QoQ
Revenue	733.449	834.382	733.143	779.981	-6.0%	0.0%	-12.1%
Electricity	371.512	465.791	384.409	399.734	-3.8%	3.5%	-17.5%
Water	344.431	349.791	332.547	361.781	-8.1%	-3.5%	-4.9%
Lease Income from JVs and Associates	17.506	18.800	16.187	18.467	-12.3%	-7.5%	-13.9%
Cost of Sales (Ex. Depreciation)	(304.933)	(494.454)	(369.603)	(402.869)	-8.3%	21.2%	-25.3%
Gross Profit	428.516	339.928	363.540	377.112	-3.6%	-15.2%	6.9%
General and Administrative Expenses	(96.982)	(44.727)	(79.712)	(55.492)	43.6%	-17.8%	78.2%
EBITDA	331.534	295.201	283.828	321.621	-11.8%	-14.4%	-3.9%
Depreciation (CoS)	(82.412)	(83.456)	(85.056)	(84.034)	1.2%	3.2%	1.9%
Depreciation (G&A)	15.380	(5.114)	(1.562)	(5.222)	-70.1%	-110.2%	-69.5%
Amortization	(1.960)	(1.936)	(1.991)	(2.045)	-2.7%	1.6%	2.8%
Depreciation & Amortization	(68.992)	(90.506)	(88.609)	(91.302)	-2.9%	28.4%	-2.1%
EBIT	262.542	204.695	195.219	230.319	-15.2%	-25.6%	-4.6%
Finance Costs	(110.047)	(63.574)	(144.287)	(111.022)	30.0%	31.1%	127.0%
Interest income	79.263	60.959	60.803	58.152	4.6%	-23.3%	-0.3%
Finance Costs, Net	(30.784)	(2.615)	(83.484)	(52.870)	57.9%	171.2%	3092.5%
Dividend Income	-	32.277	(0.361)	2.413	N/M	N/M	N/M
Other & Misc. Income / Exp.	77.158	16.681	18.909	16.710	13.2%	-75.5%	13.4%
JV/Associate Income	144.881	291.946	75.355	202.547	-62.8%	-48.0%	-74.2%
Profit from Discontinued Operations	(18.998)	(0.780)	0.036	(0.693)	N/M	N/M	N/M
Profit Before Tax	434.799	542.204	205.674	398.426	-48.4%	-52.7%	-62.1%
Tax	2.453	(25.089)	25.439	(3.738)	N/M	937.1%	N/M
Profit after Tax	437.252	517.115	231.113	394.688	-41.4%	-47.1%	-55.3%
Minority Interest	5.173	(7.847)	(3.991)	(5.989)	-33.4%	N/M	-49.1%
Net Income	442.425	509.268	227.122	388.699	-41.6%	-48.7%	-55.4%
<i>Net Margin</i>	<i>60.3%</i>	<i>61.0%</i>	<i>31.0%</i>	<i>49.8%</i>			
EPS (QR)	0.40	0.46	0.21	0.35	-41.6%	-48.7%	-55.4%
	4Q2023	3Q2024	4Q2024	4Q2024e			
Cost of Sales	41.6%	59.3%	50.4%	51.7%			
SG&A	13.2%	5.4%	10.9%	7.1%			
Depreciation/Sales	11.2%	10.0%	11.6%	10.8%			
EBITDA margin	45.2%	35.4%	38.7%	41.2%			
Operating Margin	35.8%	24.5%	26.6%	29.5%			
Min Interest (as a % of NI)	-1.2%	1.5%	1.8%	1.5%			
Net Margin	60.3%	61.0%	31.0%	49.8%			
GM	58.4%	40.7%	49.6%	48.3%			

Source: Company data, QNB FS Research

QNB FS 2024 Estimates and Comparisons

Income Statement (QR mn)					
Particulars	2023	2024	2024e	A Vs. E	YoY
Revenue	2,911.220	2,998.501	3,045.339	-1.5%	3.0%
Electricity	1,495.093	1,572.321	1,587.646	-1.0%	5.2%
Water	1,341.173	1,345.583	1,374.817	-2.1%	0.3%
Lease Income from JVs and Associates	74.954	80.597	82.877	-2.8%	7.5%
Cost of Sales (Ex. Depreciation)	(1,567.087)	(1,672.124)	(1,705.390)	-2.0%	6.7%
Gross Profit	1,344.133	1,326.377	1,339.949	-1.0%	-1.3%
General and Administrative Expenses	(264.918)	(236.046)	(211.826)	11.4%	-10.9%
EBITDA	1,079.215	1,090.331	1,128.124	-3.4%	1.0%
Depreciation (CoS)	(335.205)	(332.280)	(331.258)	0.3%	-0.9%
Depreciation (G&A)	(12.451)	(13.983)	(17.643)	-20.7%	12.3%
Amortization	(7.831)	(7.775)	(7.829)	-0.7%	-0.7%
Depreciation & Amortization	(355.487)	(354.038)	(356.731)	-0.8%	-0.4%
EBIT	723.728	736.293	771.393	-4.6%	1.7%
Finance Costs	(507.302)	(444.169)	(410.904)	8.1%	-12.4%
Interest income	311.906	236.701	234.050	1.1%	-24.1%
Finance Costs, Net	(195.396)	(207.468)	(176.854)	17.3%	6.2%
Dividend Income	113.948	127.343	130.117	-2.1%	11.8%
Other & Misc. Income / Exp.	246.907	104.671	102.472	2.1%	-57.6%
JV/Associate Income	672.284	680.162	807.354	-15.8%	1.2%
Profit from Discontinued Operations	(7.156)	(0.631)	(1.360)	-53.6%	-91.2%
Profit Before Tax	1,554.315	1,440.370	1,633.122	-11.8%	-7.3%
Tax	6.037	(3.877)	(33.054)	-88.3%	N/M
Profit after Tax	1,560.352	1,436.493	1,600.068	-10.2%	-7.9%
Minority Interest	(8.916)	(20.449)	(22.447)	-8.9%	129.4%
Net Income	1,551.436	1,416.044	1,577.621	-10.2%	-8.7%
<i>Net Margin</i>	<i>53.3%</i>	<i>47.2%</i>	<i>51.8%</i>		
EPS (QR)	1.41	1.29	1.43	-10.2%	-8.7%
DPS (QR)	0.86	0.78	0.86	-9.3%	-9.3%

	2023	2024	2024e
Cost of Sales	53.8%	55.8%	56.0%
SG&A	9.1%	7.9%	7.0%
Depreciation/Sales	11.5%	11.1%	10.9%
EBITDA margin	37.1%	36.4%	37.0%
Operating Margin	24.9%	24.6%	25.3%
Min Interest (as a % of NI)	0.6%	1.4%	1.4%
Net Margin	53.3%	47.2%	51.8%
GM	46.2%	44.2%	44.0%

Source: Company data, QNB FS Research

Revising Estimates

We are lowering our estimates to reflect 4Q2024 results:

- Our 2025-2027 estimates are now 4.5% lower than our previous estimates and our 3-year earnings CAGR (2024-2027) is 5.3% vs. 6.6% previously.
- As result our of earnings revisions, we are also lowering our DPS estimates by 4.8% over 2025-2027. We maintain a dividend payout ratio of 60%, consistent with the payout that QEWS has maintained since 2019.

QNB FS New Vs. Previous Estimates

Income Statement (QR mn)	2023	2024	Current 2025e	Previous 2025e	▲	Current 2026e	Previous 2026e	▲	Current 2027e	Previous 2027e	▲
Revenue	2,911.220	2,998.501	3,112.189	3,085.987	0.8%	3,175.102	3,139.623	1.1%	3,235.841	3,197.937	1.2%
Cost of Sales (Excluding Depreciation)	(1,567.087)	(1,672.124)	(1,751.083)	(1,743.583)	0.4%	(1,805.532)	(1,792.725)	0.7%	(1,849.779)	(1,835.616)	0.8%
Gross Profit	1,344.133	1,326.377	1,361.106	1,342.404	1.4%	1,369.570	1,346.898	1.7%	1,386.062	1,362.321	1.7%
General & Administrative Expenses, Excl. D&A	(264.918)	(236.046)	(233.414)	(214.653)	8.7%	(238.133)	(218.384)	9.0%	(242.688)	(222.440)	9.1%
EBITDA	1,079.215	1,090.331	1,127.691	1,127.751	0.0%	1,131.437	1,128.514	0.3%	1,143.374	1,139.881	0.3%
Depreciation	(347.656)	(346.263)	(345.757)	(349.354)	-1.0%	(344.029)	(352.585)	-2.4%	(342.308)	(354.788)	-3.5%
Amortization	(7.831)	(7.775)	(7.773)	(7.828)	-0.7%	(7.772)	(7.826)	-0.7%	(7.770)	(7.825)	-0.7%
EBIT	723.728	736.293	774.161	770.570	0.5%	779.637	768.104	1.5%	793.295	777.269	2.1%
Finance Costs & Lease Expense	(507.302)	(444.169)	(375.829)	(362.089)	3.8%	(341.629)	(329.863)	3.6%	(323.864)	(314.030)	3.1%
Interest Income & Share of Interest Income from JVs	311.906	236.701	212.510	210.130	1.1%	218.862	215.549	1.5%	226.131	222.277	1.7%
Finance Costs - Net	(195.396)	(207.468)	(163.319)	(151.959)	7.5%	(122.767)	(114.314)	7.4%	(97.733)	(91.753)	6.5%
Dividend Income and Gain on Sale of AFS	113.948	127.343	115.675	131.327	-11.9%	120.167	136.274	-11.8%	124.685	141.269	-11.7%
Other & Misc. Income / Expense	246.907	104.671	64.373	29.102	121.2%	66.850	30.164	121.6%	69.401	31.255	122.1%
Share of profits of JV Companies & Associates	672.284	680.162	742.380	840.617	-11.7%	768.863	868.741	-11.5%	798.862	892.684	-10.5%
Profit from Discontinued Operations	(7.156)	(0.631)	(0.222)	(0.393)	-43.5%	0.315	0.620	-49.2%	0.372	0.744	-50.1%
Profit before Tax	1,554.315	1,440.370	1,533.047	1,619.264	-5.3%	1,613.065	1,689.588	-4.5%	1,688.882	1,751.469	-3.6%
Tax	6.037	(3.877)	(9.505)	(10.039)	-5.3%	(10.001)	(10.475)	-4.5%	(10.471)	(10.859)	-3.6%
Profit after Tax	1,560.352	1,436.493	1,523.542	1,609.225	-5.3%	1,603.064	1,679.113	-4.5%	1,678.411	1,740.610	-3.6%
Minority Interest	(8.916)	(20.449)	(21.688)	(22.576)	-3.9%	(22.820)	(23.556)	-3.1%	(23.893)	(24.419)	-2.2%
Profit for Equity Holders	1,551.436	1,416.044	1,501.853	1,586.649	-5.3%	1,580.243	1,655.557	-4.5%	1,654.518	1,716.191	-3.6%
<i>Net Profit Margin</i>	53.3%	47.2%	48.3%	51.4%	49.8%	52.7%	51.1%	53.7%			
Basic and Diluted EPS	1.41	1.29	1.37	1.44	-5.3%	1.44	1.51	-4.5%	1.50	1.56	-3.6%
DPS	0.86	0.78	0.82	0.88	-6.8%	0.85	0.90	-5.6%	0.90	0.92	-2.2%
Dividend Payout Ratio	61.0%	60.6%	60.1%	61.0%	59.2%	59.8%	59.8%	59.0%			
Margins/Ratios	2023	2,024.00	2025e	2025e	2026e	2026e	2027e	2027e			
<i>Gross Margin</i>	46.2%	44.2%	43.7%	43.5%	43.1%	42.9%	42.8%	42.6%			
<i>EBITDA Margin</i>	37.1%	36.4%	36.2%	36.5%	35.6%	35.9%	35.3%	35.6%			
<i>EBIT Margin</i>	24.9%	24.6%	24.9%	25.0%	24.6%	24.5%	24.5%	24.3%			

Source: Company data, QNB FS Research

Valuation and Key Ratios

Key Growth Rates/CAGRs/Ratios

Particulars	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	CAGR ('24-'27)
Growth Rates															
Revenue	(0.2%)	2.9%	4.0%	(1.0%)	(15.3%)	(8.2%)	8.3%	(4.3%)	10.0%	7.0%	3.0%	3.8%	2.0%	1.9%	2.6%
Gross Profit	(1.8%)	1.9%	3.6%	(3.3%)	(15.8%)	(23.6%)	4.2%	5.2%	7.6%	0.8%	(1.3%)	2.6%	0.6%	1.2%	1.5%
EBITDA - Consolidated	(2.5%)	5.4%	2.8%	(4.9%)	(15.8%)	(25.8%)	(8.2%)	24.4%	(4.3%)	2.0%	1.0%	3.4%	0.3%	1.1%	1.6%
EBIT	(3.5%)	7.3%	7.2%	(9.3%)	(7.2%)	(33.1%)	(12.5%)	37.2%	(7.7%)	(4.1%)	1.7%	5.1%	0.7%	1.8%	2.5%
JV/Associate Income	3.6%	4.1%	(8.9%)	52.3%	(4.4%)	48.7%	(31.7%)	3.5%	17.4%	0.4%	1.2%	9.1%	3.6%	3.9%	5.5%
PBT	11.0%	(2.0%)	2.5%	4.2%	(4.5%)	(8.0%)	(17.9%)	26.0%	17.6%	(11.3%)	(7.3%)	6.4%	5.2%	4.7%	5.4%
Net Income/EPS	10.5%	(1.9%)	2.8%	4.8%	(4.9%)	(8.0%)	(18.1%)	26.8%	16.6%	(9.3%)	(8.7%)	6.1%	5.2%	4.7%	5.3%
DPS	10.0%	0.0%	0.0%	3.3%	0.0%	0.0%	(18.7%)	27.0%	18.8%	(9.5%)	(9.3%)	5.1%	3.7%	5.9%	4.9%
CFPS	30.7%	(16.6%)	11.7%	(19.1%)	24.2%	(38.8%)	40.1%	(7.9%)	4.6%	(4.9%)	9.2%	16.4%	2.4%	2.2%	6.8%
FCFPS	N/M	N/M	50.5%	30.9%	(35.1%)	(1.7%)	65.2%	(18.2%)	42.9%	(43.7%)	7.4%	36.4%	3.1%	2.8%	13.0%
Operating Ratios															
Gross Margin	59.5%	58.9%	58.7%	57.3%	56.9%	47.3%	45.6%	50.1%	49.0%	46.2%	44.2%	43.7%	43.1%	42.8%	
EBITDA Margin - Consolidated	51.8%	53.1%	52.5%	50.4%	50.2%	40.5%	34.4%	44.6%	38.9%	37.1%	36.4%	36.2%	35.6%	35.3%	
EBIT Margin	36.3%	37.8%	38.9%	35.7%	39.1%	28.5%	23.0%	33.0%	27.7%	24.9%	24.6%	24.9%	24.6%	24.5%	
Net Margin	52.8%	50.3%	49.7%	52.6%	59.1%	59.2%	44.8%	59.3%	62.9%	53.3%	47.2%	48.3%	49.8%	51.1%	
Finance Ratios															
Debt-Equity Ratio	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.5	0.7	0.5	0.4	0.3	0.3	0.3	
Net Debt-Equity Ratio	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	
Interest Coverage	9.7	9.4	8.1	6.1	4.5	2.8	4.0	7.1	2.6	1.4	1.7	2.1	2.3	2.4	
Return Ratios															
ROIC	8.8%	9.2%	8.5%	7.4%	5.9%	4.1%	3.7%	4.7%	2.9%	3.3%	3.5%	3.6%	3.6%	3.5%	
ROE	22.6%	20.4%	18.6%	18.0%	14.7%	14.1%	11.9%	12.4%	11.3%	10.4%	9.2%	9.4%	9.5%	9.5%	
ROA	11.8%	11.2%	10.1%	10.2%	8.4%	8.1%	6.8%	7.9%	6.2%	6.7%	6.2%	6.5%	6.7%	6.9%	
FCF Yield	-2.8%	4.8%	7.2%	9.4%	6.1%	6.0%	9.9%	8.1%	11.5%	6.5%	7.0%	9.5%	9.8%	10.1%	
Liquidity Ratios															
Current Ratio	1.2	1.5	2.1	2.3	1.6	1.4	1.4	1.6	1.8	1.7	1.9	2.1	2.3	2.5	
Quick Ratio	1.1	1.4	1.9	2.2	1.6	1.4	1.4	1.6	1.8	1.7	1.9	2.0	2.2	2.5	
Valuation															
EV/EBITDA - Consolidated	13.6	12.8	12.1	12.3	14.2	19.2	19.8	14.7	17.1	17.1	16.8	15.6	14.9	14.1	
EV/EBIT	19.4	17.9	16.4	17.4	18.2	27.2	29.5	19.8	24.0	25.5	25.0	22.8	21.6	20.3	
P/E	11.2	11.4	11.1	10.6	11.2	12.1	14.8	11.7	10.0	11.0	12.1	11.4	10.8	10.4	
P/CF	7.7	9.3	8.3	10.3	8.3	13.5	9.6	10.5	10.0	10.5	9.6	8.3	8.1	7.9	
P/BV	2.5	2.3	2.1	1.9	1.6	1.7	1.8	1.5	1.1	1.2	1.1	1.1	1.0	1.0	
Dividend Yield	4.8%	4.8%	4.8%	5.0%	5.0%	5.0%	4.0%	5.1%	6.1%	5.5%	5.0%	5.3%	5.5%	5.8%	
FCF Yield	(2.8%)	4.8%	7.2%	9.4%	6.1%	6.0%	9.9%	8.1%	11.5%	6.5%	7.0%	9.5%	9.8%	10.1%	

Source: Bloomberg, QNB FS Research

Detailed Financial Statements

Income Statement (In QR mn)	FY2024	FY2025e	FY2026e	FY2027e
Revenue	2,999	3,112	3,175	3,236
Cost of Sales, Excluding Depreciation	(1,672)	(1,751)	(1,806)	(1,850)
Gross Profit	1,326	1,361	1,370	1,386
General & Administrative Expenses, Excl. Depreciation & Amortization	(236)	(233)	(238)	(243)
EBITDA	1,090	1,128	1,131	1,143
Deferred Income	0	0	0	0
Depreciation & Amortization	(354)	(354)	(352)	(350)
EBIT	736	774	780	793
Finance Costs, Net	(207)	(163)	(123)	(98)
Dividend Income & Gain on Sale of AFS	127	116	120	125
Other & Miscellaneous Income/Expense & Income from JVs/Associates	785	807	836	868
Profit Before Tax	1,441	1,533	1,613	1,689
Income Tax Expense	(4)	(10)	(10)	(10)
Profit After Tax (Continuing Operations)	1,437	1,524	1,603	1,678
Discontinued Operations	(1)	(0)	0	0
Minority Interest	(20)	(22)	(23)	(24)
Profit for Shareholders	1,416	1,502	1,580	1,655
EPS (QR)	1.29	1.37	1.44	1.50
DPS (QR)	0.78	0.82	0.85	0.90

Source: Company data, QNB FS estimates

Balance Sheet (In QR mn)	FY2024	FY2025e	FY2026e	FY2027e
Non-Current Assets				
Property, Plant & Equipment	5,389	5,119	4,850	4,584
Available-for-Sale Investments	2,139	2,208	2,278	2,350
Finance Lease Receivables	411	284	196	135
JV Loans and Investments in JVs/Associates	8,901	9,183	9,462	9,738
Other Non-Current assets	1,557	1,538	1,520	1,501
Total Non-Current Assets	18,396	18,332	18,306	18,308
Current Assets				
Finance Lease Receivables & Others	264	279	295	313
Inventories	94	99	102	104
Accounts Receivables & Prepayments	1,145	1,188	1,212	1,236
Cash and Short-Term Deposits	2,844	3,062	3,519	4,022
Total Current Assets	4,348	4,628	5,128	5,674
Total Assets	22,744	22,960	23,435	23,982
Equity				
Total Equity	15,609	16,252	16,930	17,649
Non-Current Liabilities				
Loans and Borrowings	4,743	4,325	4,131	3,969
Employees' End of Service Benefits	94	95	96	98
Lease Liabilities	33	24	17	12
Derivatives	25	25	25	25
Total Non-Current Liabilities	4,894	4,469	4,269	4,105
Current Liabilities				
Accounts Payables & Others	948	993	1,023	1,049
Loans and Borrowings	1,224	1,177	1,143	1,111
Derivatives & Lease Liabilities	69	69	69	69
Total Current Liabilities	2,241	2,239	2,236	2,229
Equity and Liabilities	22,744	22,960	23,435	23,982

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

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