

QNBFS Alert – GWCS 4Q2013 Results Inline

- **4Q2013 bottom-line up by 18.2% QoQ.** Gulf Warehousing reported a net profit of QR26.83mn vs. QR22.71mn in 3Q2013. The firm booked other income of QR1mn in 4Q2013 vs. QR0.08mn in 2012, which was the primary difference vs. our bottom-line estimate of QR25.3mn. For the full year (2013), profit to equity holders stood at QR101.6mn vs. QR84.9mn in 2012, up 19.7% YoY. The company announced a cash DPS of QR1.50 vs. a 20% stock dividend in 2012.
- **FY2013 analysis:** Overall revenue increased to QR527.3mn in 2013 vs. QR479.7mn in 2012, a growth of 9.9% YoY. In our view, the growth primarily came from LVQ Phase 3 coming online in 2013. Direct costs increased 4.0% YoY. Furthermore, G&A expenses increased by 3.7% YoY. On the Imdad front, GWCS booked a provision of QR6.3mn (51% share leads to a hit of QR3.2mn)
- **We maintain our estimates with a price target of QR45.75; changing rating to Market Perform.** We expect better operating performance in 2014 & 2015 on the back of LVQ Phase 3 & 4. Given the stock's appreciation, we change our rating to Market Perform.
- **Market leader in Qatar.** Our overall thesis on the company remains unchanged, GWCS is the market leader and the only recognized player in the Qatari logistics market. It benefits from the Qatar growth story and has embarked on aggressive debt-financed expansions that will almost double its bottom-line and ROE over the next four years.
- **GWCS to remain at a premium to peers.** The company trades at a premium to its regional and global peers. In 2013, the stock was up 23.88% (total return) vs. the QE All Share Transportation Index, which was also up 38.65%.

Recommendations

Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price

OUTPERFORM	Greater than +20%
ACCUMULATE	Between +10% to +20%
MARKET PERFORM	Between -10% to +10%
REDUCE	Between -10% to -20%
UNDERPERFORM	Lower than -20%

Risk Ratings

Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals

R-1	Significantly lower than average
R-2	Lower than average
R-3	Medium / In-line with the average
R-4	Above average
R-5	Significantly above average

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