

Qatar Electricity & Water Company (QEWS)

Recommendation	MARKET PERFORM	Risk Rating	R-2
Share Price	QR15.70	Target Price	QR17.00
Implied Upside	8.3%		

Still Awaiting the Spark; Remain Market Perform

We remain Market Perform and modestly tweak our estimates after QEWS' 3Q2019 results. While 3Q2019 revenue was slightly ahead of our model, margins continued to contract, prompting us to reduce our forward earnings estimates moderately. As we pointed out in our previous reports, QEWS' medium-term outlook remains muted with lower committed offtake from RAF B (which is already facing lower tariffs in its contract renewal) expected to persist into 2020. Further, cost of gas for RAF B is also higher under the new contract, pressuring margins. Moreover, RAF B1/B2 are going through a contractually agreed dip in tariff rates this year. Overall EPS should fall 17.9% this year (vs. our previous modeled forecast of a 17% fall) before increasing 3.5% in 2020 (3% growth before) and we think the stock remains in search of a catalyst medium term. We continue to like the company as a long-term play with a relatively defensive business model. QEWS still enjoys decent EBITDA margins and dividend/FCF yields. LT catalysts (which are not in our model) abound, including additional domestic expansions (like Facility E starting by 2022-2023; Siraj solar project starting in 2021, etc.). Beyond Paiton (Indonesia), we do not have color on other major Nebras projects, which could lead to growth relative to our model.

Highlights

- QEWS posts 3.8% YoY decrease but 6.5% QoQ increase in 3Q2019 net profit, in-line with our estimate:** 3Q2019 net profit of QR330.7mn was in-line with our estimate of QR320.3mn (variation of +3.2%). Revenue (power+water+leases) surprised positively, coming in at QR641.8mn (-4.4% YoY, 6.2% QoQ) and was 5.2% ahead of our estimate. Direct costs, especially the cost of gas, once again surprised on the downside with cash GMs shrinking to 45.6% from 53.0% in 3Q2018 and 48.8% in 2Q2019. Increased power dispatch requirements from RAF B/B2 along with continuing higher gas costs for RAF B's renewal contract are pressuring margins. JV income bounced nicely, up 83.8% YoY and 13.6% QoQ to QR188.5mn. YoY growth in JV income was fueled by a one-off charge (~QR57mn) due to QPower's seawater dispute in 3Q2018 along with increased availability from Um Al Houll that become fully operational in Jul./Aug. 2018. Higher seasonal availability at the JV plants drove QoQ growth in JV income. 3Q2018 also benefited from other income of ~QR59mn (sale of RAF A.)
- QNB FS forecasts: 2019 revenue/EPS changes from QR2.3bn/QR1.16 to QR2.3bn/QR1.15 and 2020 revenue/EPS goes from QR2.3bn/QR1.19 to QR2.4bn/QR1.19.** Our revisions are marginal and we provide details on page 2.
- QEWS still enjoys decent EBITDA margins and dividend/FCF yields.** Despite modeled compression, QEWS retains decent EBITDA margins (2019-2023 avg.: ~42%). Over 2018-2023, we expect dividend yields to average 4.9% and FCF yields to average 7.2% (despite a 2018 dip as QEWS invested \$252mn into Fac. D). ROEs average around 12.7% over 2019-2023.

Catalysts

- New opportunities currently not in our model:** Besides Umm Al Houll (Facility D), our model does not account for other domestic JV expansions (like Facility E; Siraj, etc.) which will lead to LT upside. **Facility E, which is Um Al Houll's size** (power: 2,000-2,500 MW & water: 100-130 MIGD), should be commissioned before summer 2022. Siraj should start operations in 2Q2021 (350 MW) with a possible expansion to 700 MW by 2Q2022. Beyond Paiton in Indonesia, we do not have color on other major Nebras projects, which could lead to growth vs. our model. Ultimately, our JV income forecasts could be conservative – we are expecting 10.9% growth from QR542.2mn in 2018 to QR601.4mn in 2019 and a 2.7% CAGR over 2019-2023.

Recommendation, Valuation and Risks

- Recommendation & valuation: Our 1-year PT is QR17.00.** 2019 & 2020 P/Es are 13.7x and 13.2x, respectively. We roll our DCF model forward to 2020 & rate QEWS a Market Perform.
- Risks: Geopolitical risks** cannot be modeled. Besides **risks in international expansion, domestic projects could also get delayed/shelved.** It is possible **Kahramaa renegotiates existing contracts** and recent discussions on K-Factors gives us pause. We note the recent lower-than-expected rates for RAF B involve a contract renewal on a fully depreciated plant. However, contract terms are proprietary and we cannot rule out unforeseen declines in tariffs/offtake. The next contract renewal, however, is not until August 2022 (RAF B1). **Operational risks include availability of capacity below contracted levels,** which could lead to penalties.

Key Financial Data and Estimates

	FY2018	FY2019e	FY2020e	FY2021e
Revenue (QR mn)	2,601	2,346	2,390	2,436
Revenue Growth	-15.3%	-9.8%	1.9%	1.9%
EPS (QR)	1.40	1.15	1.19	1.26
EPS Growth	-4.9%	-17.9%	3.5%	6.4%
P/E (x)	11.2	13.7	13.2	12.4
DPS (QR)	0.78	0.78	0.78	0.78
ROE	14.7%	13.0%	12.9%	13.0%

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

Key Data

Current Market Price (QR)	15.70
Current Dividend Yield (%)	4.9
Bloomberg Ticker	QEWS QD
ADR/GDR Ticker	N/A
Reuters Ticker	QEWC.QA
ISIN	QA0006929812
Sector*	Industrials
52wk High/52wk Low (QR)	18.90/14.30
3-m Average Volume ('000)	306.4
Mkt. Cap. (\$ bn/QR bn)	4.7/17.3
EV (\$ bn/QR bn)	5.7/20.7
Shares Outstanding (bn)	1.10
FO Limit* (%)	49.0
Current FO* (%)	12.8
1-Year Total Return (%)	(11.5)
Fiscal Year End	December 31

Source: Bloomberg (as of October 27, 2019), *Qatar Exchange (as of October 27, 2019); Note: FO is foreign ownership

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3Q2019 Results Overview

QEWS posts 3.8% YoY decrease but 6.5% QoQ increase in 3Q2019 net profit, in-line with our estimate: The company's 3Q2019 net profit of QR330.7mn was in-line with our estimate of QR320.3mn (variation of +3.2%). Revenue (power+water+leases) surprised on the upside, coming in at QR641.8mn (-4.4% YoY, 6.2% QoQ) and was 5.2% ahead of our estimate. Direct costs, especially the cost of gas, once again surprised on the downside with cash GMs shrinking to 45.6% from 53.0% in 3Q2018 and 48.8% in 2Q2019. Increased power dispatch requirements from RAF B/B2 along with continuing higher gas costs for RAF B's renewal contract are pressuring margins. Despite the lower GMs for quarter, JV income bounced nicely, up 83.8% YoY and 13.6% QoQ to QR188.5mn. YoY growth in JV income was fueled by a one-off charge (~QR57mn) due to QPower's seawater dispute in 3Q2018 along with increased availability from Um Al Houll that become fully operational in July/August 2018. Higher seasonal availability at the JV companies drove QoQ growth in JV income. 3Q2018 also benefited from other income of ~QR59mn due to the sale of RAF A.

Overall, according to the company, availability (payment to QEWS is based on availability) remained high with power plant availability (including JVs) at 97.63% in 9M2019 (vs. 98.68% in 9M2018) and water plant availability (again, with JVs) at 99.56% in 9M2019 (99.43% YTD 2018).

Summary of Estimate Changes

QNB FS forecasts: 2019 revenue/EPS changes from QR2.3bn/QR1.16 to QR2.3bn/QR1.15 and 2020 revenue/EPS goes from QR2.3bn/QR1.19 to QR2.4bn/QR1.19. As we noted previously, we have tweaked our estimates modestly.

- RAF B, which is experiencing lower tariffs under a 12-year contract extension from July 2018, affects our forecasts; RAF B also faces lower offtake this year and the next given the ramp-up in Umm Al Houll (which is running at full availability). Moreover, RAF B1/B2 are going through a contractually agreed dip in tariff rates this year. Costs have also increased beyond modeled expectations given higher-than-expected gas costs for RAF B's renewal.
- Our 2021 forecasts also account for the UAH water expansion from 136.5 MIGD to 198.0 MIGD, while our 2022-2023 estimates factor in the renewal of RAF B1 in August 2022.

QNB FS Current Estimates Vs. Previous Estimates

Income Statement (QR mn) Particulars	2018		2019e			2020e			2021e			2022e		
			Current	Previous	▲	Current	Previous	▲	Current	Previous	▲	Current	Previous	▲
Revenue	2,601.491		2,345.844	2,289.227	2.5%	2,390.018	2,332.979	2.4%	2,436.147	2,378.617	2.4%	2,459.677	2,413.686	1.9%
Cost of Sales (Excluding Depreciation)	(1,120.129)		(1,208.110)	(1,121.721)	7.7%	(1,218.909)	(1,131.495)	7.7%	(1,230.254)	(1,141.736)	7.8%	(1,266.734)	(1,182.706)	7.1%
Gross Profit	1,481.362		1,137.734	1,167.506	-2.6%	1,171.109	1,201.484	-2.5%	1,205.893	1,236.881	-2.5%	1,192.944	1,230.980	-3.1%
General & Administrative Expenses	(176.408)		(169.644)	(172.880)	-1.9%	(167.947)	(177.202)	-5.2%	(170.467)	(181.632)	-6.1%	(173.024)	(186.173)	-7.1%
EBITDA	1,304.954		968.090	994.626	-2.7%	1,003.162	1,024.282	-2.1%	1,035.426	1,055.249	-1.9%	1,019.920	1,044.807	-2.4%
Depreciation	(279.525)		(278.500)	(283.333)	-1.7%	(281.700)	(287.333)	-2.0%	(285.300)	(291.333)	-2.1%	(289.100)	(295.333)	-2.1%
Amortization	(7.949)		(7.949)	(7.949)	0.0%	(7.949)	(7.949)	0.0%	(7.949)	(7.949)	0.0%	(7.949)	(7.949)	0.0%
EBIT	1,017.480		681.641	703.344	-3.1%	713.513	729.000	-2.1%	742.177	755.966	-1.8%	722.871	741.525	-2.5%
Finance Costs	(226.835)		(252.645)	(252.624)	0.0%	(193.650)	(192.441)	0.6%	(187.017)	(183.362)	2.0%	(180.076)	(173.770)	3.6%
Interest Income & Share of Interest Income from JVs	112.386		139.921	139.921	0.0%	83.952	85.952	0.0%	88.150	88.150	0.0%	92.557	92.557	0.0%
Finance Costs - Net	(114.449)		(112.724)	(112.703)	0.0%	(109.698)	(108.488)	1.1%	(98.867)	(95.212)	3.8%	(87.518)	(81.212)	7.8%
Dividend Income and Gain on Sale of AFS	38.049		60.000	60.000	0.0%	77.568	69.540	11.5%	81.446	73.017	11.5%	85.519	76.667	11.5%
Other & Misc. Income / Expense	81.914		60.000	60.000	0.0%	60.000	60.000	0.0%	60.000	60.000	0.0%	60.000	60.000	0.0%
Share of profits of JV Companies	542.190		601.429	593.429	1.3%	593.514	593.514	0.0%	636.156	636.156	0.0%	652.060	652.060	0.0%
Profit before Tax	1,565.184		1,290.346	1,304.069	-1.1%	1,334.897	1,343.566	-0.6%	1,420.913	1,429.926	-0.6%	1,432.931	1,449.040	-1.1%
Tax														
Profit after Tax	1,565.184		1,290.346	1,304.069	-1.1%	1,334.897	1,343.566	-0.6%	1,420.913	1,429.926	-0.6%	1,432.931	1,449.040	-1.1%
Minority Interest	(28.597)		(28.576)	(28.826)	-0.9%	(29.562)	(29.699)	-0.5%	(31.467)	(31.608)	-0.4%	(31.733)	(32.031)	-0.9%
Profit for Equity Holders	1,536.587		1,261.770	1,275.243	-1.1%	1,305.335	1,313.867	-0.6%	1,389.446	1,398.318	-0.6%	1,401.198	1,417.009	-1.1%
Net Profit Margin	59.1%		53.8%	55.7%		54.6%	56.3%		57.0%	58.8%		57.0%	58.7%	
Shares O/S (mn)	1,100		1,100	1,100		1,100	1,100		1,100	1,100		1,100	1,100	
Basic and Diluted EPS	1.40		1.15	1.16	-1.1%	1.19	1.19	-0.6%	1.26	1.27	-0.6%	1.27	1.29	-1.1%
DPS	0.78		0.78	0.78	0.0%	0.78	0.78	0.0%	0.78	0.78	0.0%	0.78	0.78	0.0%
Dividend Payout Ratio	55.5%		67.6%	66.9%		65.3%	64.9%		61.4%	61.0%		60.8%	60.2%	
Margins/Ratios	2018		2019e	2019e		2020e	2020e		2021e	2021e		2022e	2022e	
Cost of Sales	43.1%		51.5%	49.0%		51.0%	48.5%		50.5%	48.0%		51.5%	49.0%	
Gross Margin	56.9%		48.5%	51.0%		49.0%	51.5%		49.5%	52.0%		48.5%	51.0%	
General & Administrative Expenses (% of Sales)	6.8%		7.2%	7.6%		7.0%	7.6%		7.0%	7.6%		7.0%	7.7%	
EBITDA Margin	50.2%		41.3%	43.4%		42.0%	43.9%		42.5%	44.4%		41.5%	43.3%	
EBIT Margin	39.1%		29.1%	30.7%		29.9%	31.2%		30.5%	31.8%		29.4%	30.7%	

Source: QNB FS estimates

Valuation and Key Ratios

Valuation Metrics

Particulars	2014	2015	2016	2017	2018	2019e	2020e	2021e	2022e	2023e
Valuation										
EV/EBITDA - Consolidated	13.7	12.8	12.2	12.4	14.3	20.2	19.1	18.1	17.9	17.7
EV/EBIT	19.5	18.0	16.5	17.6	18.3	28.6	26.8	25.2	25.2	25.3
P/E	11.3	11.5	11.7	10.7	11.2	13.7	13.2	12.4	12.3	12.2
P/CF	7.8	9.4	8.4	10.4	8.3	11.8	11.6	11.5	11.4	11.4
P/BV	2.5	2.4	2.1	1.9	1.7	1.8	1.7	1.6	1.5	1.5
Dividend Yield	4.8%	4.8%	4.8%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
FCF Yield	(2.8%)	4.7%	7.1%	9.3%	6.0%	6.9%	7.3%	7.7%	7.8%	7.8%

Source: Bloomberg, QNB FS estimates

Peer Comparison

Company	Sh. Price (LCY)	Mcap USDmn	Beta 5yr adj.	P/E 2019e	P/E 2020e	EV/EBITDA 2019e	EV/EBITDA 2020e	P/BV 2019e	P/BV 2020e	P/CF 2019e	P/CF 2020e	ROF 2019e	ROF 2020e	EBITDA Margin 2019e	EBITDA Margin 2020e	Dividend Yield 2019e	Dividend Yield 2020e	
SAUDI ELECTRICITY CO	20.8	23,153	0.78	132.7	78.1	11.0	10.7	1.18	1.18	11.13	39.44	1.4%	2.0%	35.3%	35.9%	3.36	3.04	
TAQA MOROCCO	890.0	2,180	0.81	20.8	19.7	8.1	8.2	n.a.	n.a.	9.7	8.1	18.5%	19.3%	41.6%	41.2%	4.72	4.72	
ABU DHABI NATIONAL ENERGY CO	0.7	1,123	0.80	13.6	8.5	7.8	7.7	n.a.	n.a.	1.1	1.1	5.4%	9.6%	51.0%	49.5%	n.a.	n.a.	
TABREED	1.9	1,368	0.86	11.6	11.6	11.2	11.0	1.03	0.98	9.6	9.2	10.1%	9.7%	48.0%	47.2%	5.41	5.41	
MONTAUK ENERGY HOLDINGS LTD	4,069.0	384	0.47	13.9	n.a.	8.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	48.7%	n.a.	2.66	n.a.	
KENYA ELECTRICITY GENERATING	5.8	369	1.08	5.0	2.7	7.1	6.1	0.19	0.18	-8.5	6.2	3.8%	6.7%	64.0%	63.9%	7.81	10.64	
LYONNAISE DES EAUX DE CASABL	460.0	382	0.84	27.2	25.3	3.9	3.7	n.a.	n.a.	8.2	7.1	6.9%	8.7%	15.4%	15.8%	5.54	5.54	
SEVERN TRENT PLC	2,300.0	7,019	0.79	17.3	17.7	12.6	12.4	4.48	4.44	61.9	93.6	25.6%	21.4%	51.5%	50.9%	4.06	4.35	
UNITED UTILITIES GROUP PLC	868.0	7,593	0.76	16.5	15.4	12.5	11.9	1.85	1.83	17.5	16.6	12.3%	8.9%	59.1%	60.4%	4.74	4.91	
TATA POWER CO LTD	58.2	2,220	1.13	12.9	10.8	10.2	9.5	0.85	0.79	3.5	2.8	7.0%	8.1%	20.6%	22.0%	2.24	2.64	
CESC LTD	795.5	1,489	1.06	10.0	8.5	6.6	6.9	1.07	0.97	5.6	5.4	12.6%	12.3%	26.4%	27.9%	2.20	2.17	
NTPC LTD	118.8	16,595	0.76	10.7	9.5	10.5	9.4	1.03	0.96	-15.5	36.4	11.0%	11.8%	27.6%	28.5%	3.65	4.37	
EDP - ENERGIAS DO BRASIL SA	18.1	2,737	0.79	12.6	10.7	7.1	6.4	1.22	1.18	-10.1	-211.8	10.5%	12.1%	19.9%	21.3%	3.79	4.60	
Peer Group Average				0.82	23.5	18.2	9.0	8.7	1.4	1.4	7.9	1.2	10.4%	10.9%	39.2%	38.7%	4.2%	4.8%
Peer Group Normalised Av.				0.83	15.2	13.8	9.1	8.8	1.2	1.1	4.8	13.2	9.8%	10.7%	39.1%	38.5%	4.0%	4.4%
Peer Group Normalised Av.2				0.82	14.4	13.0	9.1	8.7	1.1	1.1	5.0	11.5	9.5%	10.1%	39.0%	37.9%	4.0%	4.5%

QATAR ELECTRICITY & WATER CO	15.7	4,743	0.88	13.7	13.2	20.2	19.1	1.79	1.71	11.8	11.6	13.0%	12.9%	41.3%	42.0%	4.94	4.94
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Source: Bloomberg, QNB FS estimates

Key Growth Rates/CAGRs/Ratios

Particulars	2014	2015	2016	2017	2018	2019e	2020e	2021e	2022e	2023e	CAGR ('19-'23)
Growth Rates											
Revenue	(0.2%)	2.9%	4.0%	(1.0%)	(15.3%)	(9.8%)	1.9%	1.9%	1.0%	1.0%	1.4%
Gross Profit	(1.8%)	1.9%	3.6%	(3.3%)	(15.8%)	(23.2%)	2.9%	3.0%	(1.1%)	(1.1%)	0.9%
EBITDA - Consolidated	(2.5%)	5.4%	2.8%	(4.9%)	(15.8%)	(25.8%)	3.6%	3.2%	(1.5%)	(1.5%)	0.9%
EBIT	(3.5%)	7.3%	7.2%	(9.3%)	(7.2%)	(33.0%)	4.7%	4.0%	(2.6%)	(2.7%)	0.8%
JV Income	3.6%	4.1%	(25.1%)	85.4%	(4.4%)	10.9%	(1.3%)	7.2%	2.5%	2.5%	2.7%
PBT	11.0%	(2.0%)	(1.9%)	8.8%	(4.5%)	(17.6%)	3.5%	6.4%	0.8%	0.9%	2.9%
Net Income/EPS	10.5%	(1.9%)	(1.7%)	9.5%	(4.9%)	(17.9%)	3.5%	6.4%	0.8%	0.9%	2.9%
DPS	10.0%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CFPS	30.7%	(16.6%)	11.7%	(19.1%)	24.2%	(29.7%)	2.4%	1.0%	0.8%	0.0%	1.1%
FCFPS	NM	NM	50.5%	30.9%	(35.1%)	13.6%	5.9%	6.6%	0.6%	(0.4%)	3.1%
Operating Ratios											
Gross Margin	59.5%	58.9%	58.7%	57.3%	56.9%	48.5%	49.0%	49.5%	48.5%	47.5%	
EBITDA Margin - Consolidated	51.8%	53.1%	52.5%	50.4%	50.2%	41.3%	42.0%	42.5%	41.5%	40.4%	
EBIT Margin	36.3%	37.8%	38.9%	35.7%	39.1%	29.1%	29.9%	30.5%	29.4%	28.3%	
Net Margin	52.8%	50.3%	47.5%	52.6%	59.1%	53.8%	54.6%	57.0%	57.0%	56.9%	
Finance Ratios											
Debt-Equity Ratio	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.5	0.5	0.4	
Net Debt-Equity Ratio	0.5	0.4	0.4	0.3	0.3	0.4	0.3	0.3	0.2	0.2	
Interest Coverage	9.7	9.4	8.1	6.1	4.5	2.7	3.7	4.0	4.0	4.1	
Return Ratios											
ROIC	8.8%	9.2%	8.5%	7.4%	5.9%	4.4%	4.5%	4.6%	4.4%	4.2%	
ROE	22.6%	20.4%	17.8%	18.0%	14.7%	13.0%	12.9%	13.0%	12.5%	12.0%	
ROA	11.8%	11.2%	9.7%	10.2%	8.4%	7.7%	7.8%	8.1%	8.0%	7.9%	
FCF Yield	-2.8%	4.7%	7.1%	9.3%	6.0%	6.9%	7.3%	7.7%	7.8%	7.8%	
Liquidity Ratios											
Current Ratio	1.2	1.5	2.1	2.3	1.6	0.9	1.0	1.1	1.3	1.4	
Quick Ratio	1.1	1.4	1.9	2.2	1.6	0.9	1.0	1.1	1.2	1.4	

Source: Bloomberg, QNB FS estimates

Detailed Financial Statements

Income Statement (In QR mn)	FY2018	FY2019e	FY2020e	FY2021e
Revenue	2,601	2,346	2,390	2,436
Cost of Sales, Excluding Depreciation	(1,120)	(1,208)	(1,219)	(1,230)
Gross Profit	1,481	1,138	1,171	1,206
General & Administrative Expenses	(176)	(170)	(168)	(170)
EBITDA	1,305	968	1,003	1,035
Deferred Income	0	0	0	0
Depreciation & Amortization	(287)	(286)	(290)	(293)
EBIT	1,017	682	714	742
Finance Costs, Net	(189)	(193)	(116)	(106)
Dividend Income & Gain on Sale of AFS	112	140	84	88
Other & Miscellaneous Income/Expense & Share of Profits from JVs	624	661	654	696
Share of Associates	0	0	0	0
Profit Before Tax	1,565	1,290	1,335	1,421
Income Tax Expense	0	0	0	0
Profit After Tax (Continuing Operations)	1,565	1,290	1,335	1,421
Discontinued Operations				
Minority Interest	(29)	(29)	(30)	(31)
Profit for Shareholders	1,537	1,262	1,305	1,389
EPS (QR)	1.40	1.15	1.19	1.26

Source: Company data, QNB FS estimates

Balance Sheet (In QR mn)	FY2018	FY2019e	FY2020e	FY2021e
Non-Current Assets				
Property, Plant & Equipment	5,750	5,547	5,345	5,150
Available-for-Sale Investments	1,559	1,919	1,919	1,919
Finance Lease Receivables	1,118	1,000	895	801
JV Loans and Investments in JVs	4,718	5,180	5,599	5,959
Other Non-Current assets	150	104	96	88
Total Non-Current Assets	13,294	13,749	13,854	13,916
Current Assets				
Finance Lease Receivables & Others	139	138	138	138
Inventories	142	149	150	152
Accounts Receivables & Prepayments	492	533	543	554
Cash and Short-Term Deposits	4,118	1,880	2,069	2,332
Total Current Assets	4,891	2,700	2,901	3,175
Total Assets	18,185	16,450	16,755	17,092
Equity				
Equity to the Parent	10,456	9,674	10,126	10,663
Minority Interest	258	265	273	281
Total Equity	10,713	9,939	10,399	10,944
Non-Current Liabilities				
Loans and Borrowings	4,366	3,475	3,360	3,240
Employees' End of Service Benefits	69	71	73	75
Other Payables		23	23	23
Derivatives	16	37	37	37
Total Non-Current Liabilities	4,451	3,606	3,493	3,375
Current Liabilities				
Accounts Payables & Others	572	584	618	607
Loans and Borrowings	2,444	2,316	2,240	2,160
Derivatives	5	5	5	5
Total Current Liabilities	3,021	2,905	2,863	2,772
Equity and Liabilities	18,185	16,450	16,755	17,092

Source: Company data, QNB FS estimates

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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