

QFLS Alert – 4Q2019 Results are In-Line: Maintain TP & Market Perform

- **WOQOD posted 4Q2019 net income/EPS of QR344m/QR0.35, up 3.0% YoY and 6.5% QoQ, in line with our net income estimate of QR337mn (variance: 2.3%).** In 12M2019, WOQOD reported net profit of QR1,216mn vs. QR1,160mn in 12M2018. EPS amounted to QR1.22 in 12M2019 as compared to QR1.17 in 12M2018 with a 4.8% rise YoY. DPS of QR0.8 is also in line with our estimate and in parallel to 2018's.
- **Healthy volume growth:** As of FY2019, WOQOD's total fuel sales reached 10.5bnLt, which is up by 1.4% YoY. Jet fuel continues to drive volume growth, increasing 6.0% YoY, whereas super gasoline sales rose by 4.9% YoY and premium gasoline increased by 1.7%. Diesel, however, retreated by 8.3% as a result of lower quantities demanded by projects.
- **Qatar Airways' order of over 300 aircraft is likely to more than double its fleet therefore it is the foremost long-term driver for WOQOD's bottom-line growth (jet fuel is WOQOD's prime product, accounting for approximately half of total fuel sold by WOQOD).** However, considering 1) QFLS' strong YTD share price performance (+21% YoY vs. DSM Index's -3%), 2) Our modest EPS growth expectations (4% for 2020e), 3) Rich valuation metrics and 4) The lack of short-term catalysts to drive the stock further, **we maintain our TP and Market Perform rating for Woqod shares.** Our FY20e net earnings estimate is QR1.26mn with a 4% rise YoY. We also maintain our TP as QR23.4/share which implies a 5% upside potential.

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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