

Qatar Gas Transport Co./Nakilat (QGTS)

Recommendation	OUTPERFORM	Risk Rating	R-3
Share Price	QR3.050	Target Price	QR3.500
Implied Upside	14.8%		

Smooth Sailing Ahead; Tweaking Estimates & Staying Outperform

We reiterate our Outperform on Nakilat and tweak our estimates post the company's 2Q2021 results. QGTS' 2Q2021 results were generally in-line with our model and our estimate changes are mostly marginal. We remain bullish on Nakilat and consider it as the best avenue for equity investors to participate in the LT growth expected in Qatar's LNG sector. Since we upgraded the stock to an Outperform, QGTS' share price has appreciated by 12%, beating the QE Index's increase of 9%, as Nakilat was re-included in the MSCI EM Index. Irrespective of the volatility of the LNG shipping market, Nakilat's business should remain relatively unaffected given the LT nature of its charters. QGTS' fleet continues to provide the company with stable, contractually sustainable cash flow that allow for a healthy residual income stream for equity investors after providing for debt service. Moreover, the 40-year life of QGTS' vessels vs. maximum debt life of 25 years (last debt maturing 2033), continues to create refinancing opportunities to increase fleet size. Thus, we think further deals in LNG ships and FSRUs are likely. In the near-term, addition of 4 LNG vessels (1 added in early January 2021 followed by one each in October/November 2021 and January/February 2022) via Global Shipping, should help earnings growth in 2021 and 2022. In terms of catalysts, we continue to believe expansion of Qatar's LNG output from 77 MTPA to 126 MTPA is a significant driver. Currently our model does not assume any fleet growth and we will incorporate such expansion once more details become available. We foresee significant upward revision to our estimates and price target once we factor in this expansion.

Highlights

- We project 13.5% EPS growth for 2021 with 2H2021 earnings slated to grow 7.3% over 1H2021.** Our 2021 EPS forecast of QR0.24 is 0.9% or marginally higher than our previous forecast. For 2022, we estimate an EPS of QR0.25, which is also in-line with our old forecast. In 2021, JV income should benefit from two new LNG vessels in QGTS' 60%-owned Global Shipping JV and improving shipyard performance in 2H2021, along with lower finance charges given principle repayments and considering that ~25% of Nakilat's debt (including JV debt) is unhedged. For 2022, another ship should be added, upping Global Shipping's fleet to four LNG carriers, along with a further decline in finance costs. For more details on Nakilat's results, please see page 2. Our forecast changes are detailed on page 3.
- In-house fleet management expertise enhances Nakilat's profitability while positioning it for future opportunities.** QGTS entered into a master services agreement with STASCO in 2006 with a provision to take over management of LNG vessels between 2018 and 2022. So far, QGTS' subsidiary NSQL has been able to fast track this process with 10 wholly-owned LNG carriers transitioned to in-house operations & management in 2017. A further seven LNG vessels were brought in-house from STASCO in 2020. QGTS also manages the four LNG vessels acquired from OSG in October 2019, the new LNG ships acquired via the Global Shipping JV (in May 2020 and January 2021) and its FSRU (held under its 55%-owned Excelerate JV) in December 2020. In total, QGTS now manages 23 LNG vessels, one FSRU and 4 LPG carriers (from 2014 onward) and will also manage Global Shipping's upcoming two LNG newbuilds over 2021-2022. We believe Nakilat's push to assume in-house operations and management of its fleet enhances margins in two ways: (1) It eliminates the profit margin for third parties, such as STASCO, and (2) It allows for economies of scale as more ships are brought in-house. So far, this has played a major role in expanding QGTS' EBITDA margin from 74.6% in 2017 to 77.7% (expected) in 2021; QGTS' cost of sales and G&A declined YoY by 2.4% and 18.6%, respectively, in 1H2021, and its overall G&A has fallen 30.3% from 2018 to 2020. We could see upside to our margin assumptions when QGTS is able to transition the remaining eight wholly-owned LNG vessels in-house from STASCO. Nakilat continues to be on the hunt for future growth opportunities and management is confident that its in-house expertise would allow it to operate and manage any new vessels acquired through these deals leading to further value enhancement.
- Stable profile with industry-leading EBITDA margins & attractive dividend/FCF yields.** Charter agreements result in stable revenue along with operating costs pass-through (a mixture of capped and uncapped inflation rates) leading to flattish absolute EBITDA. Nakilat's stable business profile is highlighted by its industry-leading margins (average adjusted EBITDA margin of 78.3% over 2010-2020 followed by 79.7% over 2021-2033). We model in a dividend yield of 3.9% in 2021 growing to 6.2% by 2033, with 10.4% in FCF yield growing to 17.7% over the same period.

Catalysts

- Expansion of Qatar's LNG output from 77 MTPA to 126 MTPA is a significant driver.** QP has signed major LNG shipbuilding capacity agreements to build 100+ LNG vessels, worth in excess QR70bn, to cater to this expansion. In 1Q2021, QP issued an "Invitation to Tender" package to ship owners in relation to this project. While details are yet to be released, we expect QGTS to be a major beneficiary of this LNG expansion. We note every vessel (@100%) adds roughly 1% to QGTS' TP and we should hear more about carrier selection by end of 2022. We continue to favor Nakilat, #1 owner/operator of LNG vessels globally, as a LT play geared to Qatari LNG's dominance.

Recommendation, Valuation and Risks

- Recommendation & valuation: Our 1-Year target is QR3.500 and our rating is Outperform.**
- Risks: (1)** Shipping is ultimately the charterers' concern and comprehensive insurance policies (incl. war insurance) cover QGTS for political stress events under force majeure clauses for 36 months (plus 6 months in many cases). Blockage of the Strait of Hormuz/Gulf of Suez is unlikely. Charterers also bear any costs of potential rerouting. **(2)** There is a risk existing LNG contracts are renegotiated – we do not rule out potential contract restructuring, with QGTS accepting slightly lower charter rates in return for increasing their lengths from 25 to 35+ years. However, bargaining power rests with QatarGas and Nakilat may have no choice but to accept worse contract terms. However, the likelihood of this is low given investment grade-rated bonds and contagion in other GRE-related bond issues.

Key Financial Data and Estimates

	FY2020	FY2021e	FY2022e	FY2023e
EPS (QR)	0.21	0.24	0.25	0.26
P/E (x)	14.6	12.8	12.0	11.5
DPS (QR)	0.11	0.12	0.13	0.14
Dividend Yield	3.6%	3.9%	4.3%	4.6%

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

Key Data

Current Market Price (QR)	3.050
Current Dividend Yield (%)	3.6
Bloomberg Ticker	QGTS QD
ADR/GDR Ticker	N/A
Reuters Ticker	QGTS.QA
ISIN	QA000A0KD6L1
Sector*	Transportation
52wk High/52wk Low (QR)	3.509/2.581
3-m Average Volume ('mn)	3.3
Mkt. Cap. (\$ bn/QR bn)	4.6/16.9
EV (\$ bn/QR bn)	9.5/34.7
Shares Outstanding (mn)	5,539.0
FO Limit* (%)	49.0
Current FO* (%)	16.7
1-Year Total Return (%)	12.0
Fiscal Year End	December 31

Source: Bloomberg (as of August 18, 2021), *Qatar Exchange (as of August 18, 2021); Note: FO is foreign ownership

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In-Line 2Q2021 Results

Nakilat's bottom-line rises 16.7% YoY but declines 1.6% QoQ in 2Q2021, in-line with our estimate – QGTS posted QR315.1mn in 2Q2021 net income, in-line with our estimate of QR323.4mn (variation of -2.6%). While reported figures generally only showed modest divergences vs. our forecast, better-than-anticipated wholly-owned ship revenue was offset by weaker-than-expected JV income.

- Revenue from wholly-owned ships of QR880.7mn (0.7% YoY, 1.5% QoQ) was in-line with our estimate of QR868.3mn (variation of 1.4%).
- Adjusted revenue of QR991.4mn (1.2% YoY, 0.5% QoQ) was bang in-line with our estimate of QR989.6mn and was driven by the previously mentioned strength in wholly-owned vessel top-line, along with an uptick in marine & agency services income.
- EBITDA of QR688.1mn (1.2% YoY, 2.4% QoQ) was 2.2% ahead of our forecast of QR673.1mn due to the same factors that drove adjusted revenue.
- G&A continued to improve on a YoY basis, coming in at QR22.7mn (-6.7% YoY, 3.2% QoQ), but was 3.1% above our modeled forecast of QR22.0mn.
- Adjusted EBITDA of QR784.3mn (1.8% YoY, 0.3% QoQ) was also at par with our estimate of QR786.1mn (-0.2% variation).
- JV income of QR96.2mn (6.4% YoY, -12.7% QoQ) was 14.9% below our estimate of QR113.0mn. Nakilat took a one-time charge for a legacy cost in the shipyard business in 2Q2021, which led to the lower JV income.
- Finally finance costs continued their significant YoY decline, coming in at QR265.0mn (-10.5% YoY, 0.2% QoQ), but was 0.7% ahead of our estimate of QR263.1mn.

QNB FS Current Estimates Vs. Previous Estimates

Income Statement							
In QR mn Except Otherwise Noted	2Q2020	1Q2021	2Q2021	2Q2021e	A Vs. E	YoY	QoQ
Revenue from Wholly-Owned Vessels	874.313	867.478	880.674	868.345	1.4%	0.7%	1.5%
Operating Costs	(185.596)	(181.867)	(184.391)	(181.484)	1.6%	-0.6%	1.4%
Gross Profit	688.717	685.611	696.283	686.861	1.4%	1.1%	1.6%
<i>Gross Margin</i>	78.8%	79.0%	79.1%	79.1%			
Income from Marine and Agency Services	15.382	8.474	14.513	8.200	77.0%	-5.6%	71.3%
General and Administrative Expenses	(24.298)	(21.951)	(22.664)	(21.973)	3.1%	-6.7%	3.2%
EBITDA	679.801	672.134	688.132	673.088	2.2%	1.2%	2.4%
Depreciation & Amortization	(222.815)	(218.822)	(220.850)	(218.625)	1.0%	-0.9%	0.9%
EBIT	456.986	453.312	467.282	454.463	2.8%	2.3%	3.1%
<i>EBIT Margin</i>	52.3%	52.3%	53.1%	52.3%			
Share of Operating Profits from Joint Ventures	90.393	110.157	96.205	113.021	-14.9%	6.4%	-12.7%
Finance Costs	(296.120)	(264.399)	(265.029)	(263.077)	0.7%	-10.5%	0.2%
Interest, Dividend income & Profit from Islamic Banks	13.747	17.017	11.996	15.000	-20.0%	-12.7%	-29.5%
Vessel Sub-Chartering & Other Income	5.213	4.065	4.988	4.000	24.7%	-4.3%	22.7%
Profit Before Tax	270.219	320.152	315.442	323.407	-2.5%	16.7%	-1.5%
Profit After Tax	270.219	320.152	315.442	323.407	-2.5%	16.7%	-1.5%
Minority Interest	(0.331)	(0.046)	(0.361)	(0.046)	676.9%	9.1%	684.8%
Net Income to Equity	269.888	320.106	315.081	323.361	-2.6%	16.7%	-1.6%
<i>Net Profit Margin</i>	30.9%	36.9%	35.8%	37.2%			
EPS (QR)	0.05	0.06	0.06	0.06	-2.6%	16.7%	-1.6%
Adjusted EBITDA	770.194	782.291	784.337	786.109	-0.2%	1.8%	0.3%

Adjusted Revenue	980.088	986.109	991.392	989.567	0.2%	1.2%	0.5%
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Particulars	2Q2020	1Q2021	2Q2021	2Q2021e
Adj. EBITDA Margin	78.6%	79.3%	79.1%	79.4%
Gross Margin	78.8%	79.0%	79.1%	79.1%
EBIT Margin	52.3%	52.3%	53.1%	52.3%
G & A % of Sales	2.8%	2.5%	2.6%	2.5%
Depreciation & Amortization % of Sales	25.5%	25.2%	25.1%	25.2%

Source: Company data, QNB FS estimates

Summary of Estimate Changes

QNB FS Current Estimates Vs. Previous Estimates

In QR mn	Current			▲	Previous			▲	Current			▲	Previous			▲
	2020	2021	2021		2022	2022	2022		2023	2023	2023		2023	2023		
Revenue from Wholly-Owned Vessels	3,501	3,522	3,522	0.0%	3,527	3,527	0.0%	3,532	3,532	0.0%						
<i>Growth</i>	10.6%	0.6%	0.6%		0.1%	0.1%		0.1%	0.1%							
Operating Costs	(734)	(737)	(737)	0.0%	(739)	(739)	0.0%	(740)	(740)	0.0%						
<i>Growth</i>	5.2%	0.5%	0.5%		0.2%	0.2%		0.1%	0.1%							
Gross Profit	2,767	2,785	2,785	0.0%	2,788	2,788	0.0%	2,792	2,792	0.0%						
<i>GM %</i>	79.0%	79.1%	79.1%		79.1%	79.1%		79.1%	79.1%							
Income from Marine and Agency Services	46	42	49	-14.3%	43	50	-14.3%	43	51	-14.3%						
General and Administrative Expenses	(93)	(91)	(94)	-3.1%	(94)	(97)	-3.1%	(97)	(100)	-3.1%						
EBITDA	2,720	2,735	2,739	-0.1%	2,737	2,741	-0.1%	2,738	2,743	-0.1%						
<i>EBITDA Margin %</i>	77.7%	77.7%	77.8%		77.6%	77.7%		77.5%	77.7%							
Depreciation & Amortization	(891)	(883)	(891)	-0.9%	(883)	(891)	-0.9%	(882)	(890)	-0.9%						
EBIT	1,828	1,852	1,848	0.2%	1,854	1,850	0.2%	1,856	1,852	0.2%						
Share of Operating Profits from Joint Ventures	390	438	479	-8.5%	479	526	-8.8%	487	535	-8.9%						
Finance Costs	(1,137)	(1,052)	(1,103)	-4.6%	(1,007)	(1,055)	-4.6%	(959)	(1,004)	-4.5%						
Interest, Dividend income & Profit from Islamic Banks	58	59	59	0.0%	60	60	0.0%	61	61	0.0%						
Vessel Sub-Chartering & Other Income	22	19	23	-14.0%	20	23	-14.0%	21	24	-14.0%						
Profit Before Tax	1,161	1,317	1,306	0.9%	1,407	1,404	0.2%	1,467	1,468	-0.1%						
Taxes																
Profit After Tax	1,161	1,317	1,306	0.9%	1,407	1,404	0.2%	1,467	1,468	-0.1%						
Minority Interest	(1)	(1)	(1)	0.9%	(1)	(1)	0.2%	(1)	(1)	-0.1%						
% of PAT	-0.1%	-0.1%	-0.1%		-0.1%	-0.1%		-0.1%	-0.1%							
Profit for Equity Holders	1,160	1,317	1,306	0.9%	1,406	1,403	0.2%	1,466	1,467	-0.1%						
<i>Net Profit Margin</i>	33.1%	37.4%	37.1%		39.9%	39.8%		41.5%	41.5%							
<i>Growth</i>	15.8%	13.5%	12.5%		6.8%	7.5%		4.3%	4.6%							
EPS	0.21	0.24	0.24	0.9%	0.25	0.25	0.2%	0.26	0.26	-0.1%						
<i>Growth</i>	15.8%	13.5%	12.5%		6.8%	7.5%		4.3%	4.6%							
DPS	0.11	0.12	0.11	9.1%	0.13	0.12	8.3%	0.14	0.12	16.7%						
<i>Payout Ratio</i>	52.5%	50.5%	46.7%		51.2%	47.4%		52.9%	45.3%							
<i>Growth</i>	10.0%	9.1%	0.0%		8.3%	9.1%		7.7%	0.0%							
Adjusted EBITDA	3,110	3,174	3,219	-1.4%	3,216	3,266	-1.5%	3,226	3,277	-1.6%						
<i>Growth</i>	5.3%	2.0%	3.5%		1.3%	1.5%		0.3%	0.3%							
Adjusted Revenue	3,937	4,002	4,050	-1.2%	4,049	4,102	-1.3%	4,062	4,117	-1.3%						
<i>Growth</i>	4.2%	1.7%	2.9%		1.2%	1.3%		0.3%	0.4%							

Source: QNB FS estimates

Key Growth Metrics

Growth Metrics

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2031	2032	2033
Growth Ratios (In %)														
Revenue - Wholly Owned	0.7%	(0.4%)	0.2%	3.4%	10.6%	0.6%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Revenue - Adjusted	2.0%	(6.1%)	1.8%	7.6%	4.2%	1.7%	1.2%	0.3%	0.8%	1.0%	0.7%	0.7%	0.7%	0.7%
Gross Profit	0.1%	0.4%	1.1%	3.5%	12.1%	0.6%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
EBITDA	(1.1%)	0.5%	1.0%	3.9%	13.6%	0.6%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
EBITDA -Adjusted	1.1%	(7.2%)	3.1%	9.3%	5.3%	2.0%	1.3%	0.3%	0.9%	1.1%	0.7%	0.7%	0.7%	0.7%
EBIT	(6.5%)	0.7%	2.2%	(2.3%)	21.0%	1.3%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
EPS	(2.9%)	(11.3%)	5.3%	12.4%	15.8%	13.5%	6.8%	4.3%	9.1%	9.6%	5.2%	5.0%	4.8%	4.6%
CFPS	(9.9%)	16.7%	(6.4%)	15.9%	78.1%	(26.1%)	5.2%	2.7%	5.8%	6.3%	3.8%	3.7%	3.6%	3.4%
FCFPS	(4.9%)	22.0%	(22.1%)	10.9%	113.4%	(27.4%)	5.6%	2.8%	1.2%	11.8%	9.2%	3.8%	3.7%	3.6%
DPS	(20.0%)	0.0%	0.0%	0.0%	10.0%	9.1%	8.3%	7.7%	0.0%	7.1%	0.0%	5.9%	0.0%	5.6%

Source: Company data, QNB FS estimates; Note: Adjusted revenue includes wholly-owned revenue, income from marine & agency services and income from JVs, while Adjusted EBITDA includes income from JVs

Ratio Analysis

Key Metrics

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2031	2032	2033
Operating Ratios (In %)														
Gross Margin	76.6%	77.2%	77.8%	78.0%	79.0%	79.1%	79.1%	79.1%	79.1%	79.1%	79.1%	79.1%	79.1%	79.1%
EBITDA Margin	74.0%	74.6%	75.2%	75.6%	77.7%	77.7%	77.6%	77.5%	77.5%	77.5%	77.3%	77.3%	77.3%	77.2%
Adj. EBITDA Margin	76.8%	75.9%	76.9%	78.1%	79.0%	79.3%	79.4%	79.4%	79.5%	79.6%	79.9%	80.0%	80.0%	80.1%
EBIT Margin	49.0%	49.5%	50.5%	47.7%	52.2%	52.6%	52.6%	52.6%	52.6%	52.6%	52.7%	52.7%	52.7%	52.7%
Net Margin	31.1%	27.7%	29.1%	31.6%	33.1%	37.4%	39.9%	41.5%	45.2%	49.5%	65.1%	68.3%	71.5%	74.6%
Finance Ratios														
Net Debt-to-EBITDA	8.3	7.8	7.5	7.9	6.6	6.2	5.7	5.3	4.8	4.3	1.4	0.7	0.0	-0.8
Debt-Equity Ratio	4.1	3.5	2.9	3.1	3.0	2.3	1.9	1.5	1.1	0.9	0.2	0.1	0.1	0.0
Net Debt-Equity Ratio	3.6	3.0	2.5	2.8	2.5	2.0	1.6	1.3	1.0	0.8	0.2	0.1	0.0	-0.1
Debt-to-Capital	80.3%	77.7%	74.1%	75.6%	74.7%	69.9%	65.3%	60.5%	53.0%	48.2%	19.4%	13.0%	6.5%	0.0%
Interest Coverage	1.3	1.3	1.3	1.3	1.6	1.8	1.8	1.9	2.2	2.5	6.1	8.5	14.1	42.4
EBITDA Interest Coverage	1.9	1.9	2.0	2.0	2.4	2.6	2.7	2.9	3.2	3.7	8.9	12.4	20.7	62.1
Return Ratios (In %)														
ROIC	5.6%	5.7%	5.8%	5.4%	6.5%	6.5%	6.4%	6.4%	6.7%	6.9%	7.5%	7.6%	7.6%	7.6%
ROAE	19.7%	15.1%	13.9%	14.5%	16.6%	16.8%	15.1%	13.6%	13.0%	12.9%	11.9%	11.7%	11.4%	11.1%
ROAA	3.1%	2.8%	3.0%	3.2%	3.6%	4.1%	4.4%	4.6%	5.2%	6.0%	8.6%	9.1%	9.6%	10.0%
Valuation														
EV/EBITDA-Adjusted	12.6	13.2	12.6	12.1	11.2	10.6	10.1	9.7	9.2	8.7	6.0	5.4	4.8	4.2
EV/EBIT	23.8	22.9	22.0	23.6	19.0	18.2	17.5	16.8	16.1	15.4	11.0	9.9	8.9	7.8
P/E	17.7	20.0	19.0	16.9	14.6	12.8	12.0	11.5	10.6	9.6	7.3	6.9	6.6	6.3
P/CF	15.0	12.9	13.8	11.9	6.7	9.0	8.6	8.3	7.9	7.4	6.1	5.9	5.7	5.5
P/B	3.2	2.9	2.4	2.5	2.4	2.0	1.7	1.5	1.3	1.2	0.8	0.8	0.7	0.7
Dividend Yield	3.3%	3.3%	3.3%	3.3%	3.6%	3.9%	4.3%	4.6%	4.6%	4.9%	5.6%	5.9%	5.9%	6.2%
FCF Yield	6.4%	7.8%	6.0%	6.7%	14.3%	10.4%	11.0%	11.3%	11.4%	12.8%	15.9%	16.5%	17.1%	17.7%

Source: Company data, QNB FS estimates; Note: Adjusted revenue includes wholly-owned revenue, operating profits from marine & agency services and income from JVs, while Adjusted EBITDA includes income from JVs

Detailed Financial Statements

Income Statement

Income Statement (In QR mn)	FY2020	FY2021e	FY2022e	FY2023e
Revenue – Wholly-Owned Ships	3,501	3,522	3,527	3,532
Direct Costs	(734)	(737)	(739)	(740)
Gross Profit	2,767	2,785	2,788	2,792
Income from Marine & Agency Services	46	42	43	43
General and Administrative Expenses	(93)	(91)	(94)	(97)
EBITDA	2,720	2,735	2,737	2,738
Depreciation	(891)	(883)	(883)	(882)
EBIT	1,828	1,852	1,854	1,856
Share of Profits from Joint Ventures	390	438	479	487
Finance Costs	(1,137)	(1,052)	(1,007)	(959)
Interest, Dividend & Profit from Islamic Banks	58	59	60	61
Vessels Sub-Chartering & Other Income	22	19	20	21
Profit Before Tax	1,161	1,317	1,407	1,467
Income Tax Expense	0	0	0	0
Profit After Tax	1,161	1,317	1,407	1,467
Minority Interest	(1)	(1)	(1)	(1)
Profit for Equity Shareholders	1,160	1,317	1,406	1,466
EPS (QR)	0.21	0.24	0.25	0.26
Adjusted Revenue	3,937	4,002	4,049	4,062
Adjusted EBITDA	3,110	3,174	3,216	3,226

Source: Company data, QNB FS estimates

Balance Sheet

Balance Sheet (In QR mn)	FY2020	FY2021e	FY2022e	FY2023e
Non-Current Assets				
Property, Plant and Equipment	23,161	22,396	21,631	20,866
Investment in Joint Venture Companies	4,194	4,542	4,833	5,129
Loans to Joint Venture Companies	1,271	1,324	1,324	1,324
Equity Investments	120	142	142	142
Total Non-Current Assets	28,746	28,403	27,930	27,461
Current Assets				
Receivables, Inventories and Due from Joint Ventures	911	950	951	952
Cash and Bank Balances	2,995	2,882	3,185	3,199
Total Current Assets	3,907	3,833	4,137	4,152
Total Assets	32,653	32,236	32,066	31,612
Equity				
Equity Attributable to the Parent	7,097	8,559	10,033	11,512
Minority Interest	7	8	8	9
Total Equity	7,104	8,567	10,042	11,521
Non-Current Liabilities				
Borrowings	19,835	18,878	17,636	14,751
Fair Value of Interest Rate Swaps	2,606	1,954	1,303	651
Lease Liability, Provision for End of Service Benefits and Other Liabilities	336	306	306	306
Total Non-Current Liabilities	22,776	21,139	19,245	15,708
Current Liabilities				
Borrowings	1,165	954	1,242	2,885
Accounts Payables/Accruals & Due to Joint Ventures	1,442	1,452	1,455	1,456
Fair Value of Interest Rate Swaps and Lease Liability	165	124	83	41
Total Current Liabilities	2,772	2,530	2,780	4,383
Equity and Liabilities	32,653	32,236	32,066	31,612

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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