

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR17.36	Target Price	QR20.5
Implied Upside	18%		

## 2011 Results In Line with Our Estimates

- In line 2011 results; maintain Accumulate rating.** QGTS' reported results, while soft on a sequential basis, were generally in line with our full year estimates. We continue to view Nakilat as a stable yield play albeit with limited top-line growth prospects in the medium-term. QGTS remains Qatar's primary LNG carrier and benefits from stable/visible revenue and cash flow through 25-year fixed (price and quantity) charter contracts with the state-controlled LNG producers, Qatargas and RasGas. With fleet expansion completed in 2010, we expect the company to generate QR2.4bn in free cash flow per year going forward. Strong FCF generation should allow the company to pay down its significant debt load (QR24.8bn as of 2011) and lead to EPS accretion.

## Financial Results and Key Takeaways

- Reported 2011 net revenue grew 12% YoY and was in line with our estimate.** QGTS posted a net revenue figure of QR3.4bn for 2011 versus around QR3bn in 2010. The reported net revenue figure missed our modeled estimate by around 1%. By segment: (1) Revenue from the company's 25 wholly-owned LNG vessels increased by 10% YoY to QR3bn and was around 2% shy of our estimate. (2) Share of operating profits from the company's 33 joint-venture ships also increased by almost 10%. (3) Finally, income from marine and agency services increased by 28% to QR39mn. For 4Q2011, net revenue decreased by 4% to QR857mn.
- 2011 net income came in roughly in line with our estimate but ahead of consensus.** For the year, Nakilat posted net income of QR833mn, up 25% YoY and 2% below our estimate of QR846mn. Reported net income was however 6% ahead of Bloomberg's mean consensus of QR783.5mn. In fact, the three other estimates included in the consensus mean were all fairly low, ranging between QR746mn-QR788mn. Net income for 4Q2011 declined 15% and was 6% below our estimate.
- QGTS' board recommends a dividend of QR0.85 a share.** The recommended dividend came in 13% ahead of our estimates/consensus of QR0.75 a share. This implies a dividend payout of roughly 58% (versus 2010's payout of 64%) and a yield of 4.9%.

## Key Data:

Bloomberg ticker	QGTS QD
ADR/GDR ticker	N/A
Reuters ticker	QGTS.QA
ISIN	QA000A0KD6L1
Sector	Services
52wk high/52wk low (QR)	19.83/16.40
3-m average volume ('000)	791.2
Mkt. cap. (USD bn/QR bn)	2.7/9.7
Shares outstanding (mn)	560
FOL* (%)	24.7
FOL Limit* (mn)	138
1-year total return (%)	2.0
Fiscal year end	Dec 31

Source: Bloomberg (as of March 21, 2012), \*Qatar Exchange

## Broker Recommendations

Recommendation	Number
Buy	6
Hold	0
Sell	1

Source: Bloomberg

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## Key Financial Data and Estimates

QR mn ex. per share values	Actual		Estimated		Actual vs. estimated
	2011	YoY Change	2011e	YoY Change	
Revenue (Net)	3,376	11.7%	3,418	13.0%	-1.2%
Adjusted EBITDA	2,798	9.2%	2,822	10.1%	-0.8%
Net Income	833	25.3%	846	27.2%	-1.5%
EPS	1.47	25.6%	1.53	30.5%	-3.7%
DPS	0.85	13.3%	0.75	0.0%	13.3%

Source: Company Data, QNBFS Estimates

Recommendations	
<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>	
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	
<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
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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