

Qatar Navigation/Milaha (QNNS)

| | | | |
|-----------------------|-------------------|-----------------------------|-----------------|
| Recommendation | OUTPERFORM | Risk Rating | R-4 |
| Share Price | QR7.520 | Current Target Price | QR10.000 |
| Implied Upside | 33.0% | Old Target Price | QR10.500 |

Trimming Estimates & Target Price Post 2Q2021 Results; Outperform

Our investment thesis remains unchanged with Milaha offering compelling long-term upside. QNNS continues to post strong growth with net income up 46.0% YoY in 1H2021 to QR437.8mn with impairments dropping from QR324.7mn in 1H2020 to just QR12.2mn recorded in 1H2021 (2Q2021). However, 2Q2021 net income did miss our forecast; thus, we are lowering our estimates to account for this miss, along with reduced margin expectations specifically for the offshore and the maritime & logistics segments. We remain bullish on the QNNS growth story. The stock, over 2011-2021, has always traded at a significant discount to its sum-of-the-parts, sometimes worth only the value of its investment stake in Nakilat and its equity/bond portfolio. This remains the case currently, with Milaha's "non-core" assets (Nakilat + Investment book), along with its net cash position, making up close to 100% of QNNS' market cap. This implies that investors get Milaha's "core" or operating businesses for almost free. However, what could be different this time around is that Milaha should enjoy several catalysts, which could help in its rerating. We note recovery in oil prices/sentiment, the recent lifting of Qatar's blockade, the upcoming FIFA World Cup Qatar 2022 and the massive North Field Expansion project, are all positive tailwinds. Growth snapback, as COVID-19 restrictions ease, should also contribute to easier comparisons going forward. Lack of large impairments in the future should also help QNNS' earnings trajectory and highlight its growth story to investors. We reiterate our Outperform rating but lower our price target from QR10.500 to QR10.000.

Highlights

- Milaha recorded 2Q2021 earnings of QR140.5mn, up significantly YoY vs. QR16.7mn recorded in 2Q2020.** Earnings, however, receded 52.7% QoQ from QR297.2mn in 1Q2021 and fell below our estimate of QR194.6mn. For more details, please see page 3.
- We lower our 2021-2023e earnings estimates by ~9%.** This reduction comes despite an overall increase in top-line estimates by 11% driven by upside, seen thus far this year, in offshore (MO) and maritime & logistics (MM&L). We have also upped our costs forecasts/lowered our margin estimates given lower-than-expected profitability in MO (idle lift boat, dry-docking costs, COVID-19 expenses, etc.) and MM&L segments (growth in variable costs, along with lower-than-expected QTerminals' profitability) in 2Q2021. Our margin assumptions could well turn out to be low but we opt to take a conservative stance. We note QNNS is looking to convert its remaining tanker in its gas & petrochem segment (MG&P) to a FSO in 4Q2021 and put it on a LT contract removing spot market volatility. This could also lead to revenue/margin upside. For changes to our key forecasts, please see page 3.
- Earnings should grow at a 7.4% CAGR (2020-2025e) excluding impairments/one-offs.** 60% of this five-year growth in "clean" earnings should be driven by Milaha's operating businesses – MO, MM&L, MG&P and Trading (MT) – led by growth at MM&L and MO. QTerminals should show a 2.5% CAGR given volume uptick/phase II expansion at the Hamad Port. On the non-core front, Nakilat (8.6% CAGR) propels the remaining 40% of QNNS' 5-year growth despite a drop in Milaha Capital.
- Recovery in oil prices/sentiment, the recent lifting of the blockade, the FIFA World Cup Qatar 2022 and the massive NFE project should provide growth tailwinds.** MM&L (34% of 2020 net revenue) segment's container shipping business should benefit as Qatar-GCC trade picks up post the blockade, while industrial/project logistics should get a boost from WC 2022 in the near-to-medium-term and the NFE project, longer-term. QTerminals (49%-owned JV), also part of MM&L, should also see an uptick in its port management business as container flows pick up. MO (34%) went through a rough patch given lackluster oil prices (and impairments) but improvement in oil outlook, along with the NFE project, remain strong growth drivers. MG&P (13%), like the offshore segment, should benefit from higher oil prices leading to improved charter rates and utilization levels. Overall, all segments should benefit as COVID-19 restrictions ease going forward.

Catalysts

- Growth beyond our modeled expectations:** Milaha has generally maintained low leverage levels (2020 net debt-to-equity: 12.7%) and could potentially ramp up spending/seek acquisition opportunities. Given supportive market fundamentals, purchases of FSOs/FPSOs (MG&P segment) and acquisition of logistics (MM&L) businesses, among others, could act as potential catalysts.

Recommendation, Valuation and Risks

- Recommendation & valuation: We remain Outperform on QNNS.** We value Milaha using a SOTP methodology, which comprises of these major parts: 1) Separate DCF-based values for the core businesses (MO, MM&L, MG&P and MT); 2) A DCF-based value for QNNS' 36.3% stake in Nakilat (QGTs: Outperform/QR3.500 TP); 3) A P/E-based value for Milaha's 49.0%-owned JV QTerminals; 4) Investment (stocks & bonds) portfolio at a 20% haircut to 2Q2021 FV; and 5) Real estate investment properties at a 40% discount to 2020 FV. We also apply a 30% conglomerate discount.
- Risks: Milaha stock remains in a "show-me" mode – always optically undervalued relative to its SOTP, it has often struggled to receive much credit beyond its stake in Nakilat and its investment/real estate portfolio.** For the stock to rerate, investors need to see earnings/EBITDA growth acceleration without significant impairments muddling up the story. Other risks remain, including: (1) Weakness/volatility in oil prices; (2) Execution/integration issues with major fleet additions/acquisitions; (3) Fall in local equity/RE prices; (3) A slowdown in Qatar's economy and (4) Geopolitical crisis in the MENA region.

Key Financial Data and Estimates

| | 2020 | 2021e | 2022e | 2023e |
|----------------------------------------|------|--------|-------|-------|
| EPS (Excluding Impairments & One-Offs) | 0.75 | 0.67 | 0.81 | 0.87 |
| EPS Growth (%) | 4.3 | (11.0) | 21.3 | 6.9 |
| P/E (x) | 10.0 | 11.3 | 9.3 | 8.7 |
| EV/EBITDA (x) | 15.9 | 19.6 | 15.8 | 14.2 |
| FCF Yield (%) | 10.0 | 7.3 | 8.4 | 9.4 |
| DPS (QR) | 0.30 | 0.30 | 0.30 | 0.30 |
| RoE (%) | 6.0 | 5.5 | 6.4 | 6.6 |

Source: Company data, QNBFS estimates

Key Data

| | |
|--------------------------------|----------------|
| Current Market Price (QR) | 7.520 |
| Dividend Yield (%) | 4.0 |
| Bloomberg Ticker | QNNS QD |
| ADR/GDR Ticker | N/A |
| Reuters Ticker | QNNC.QA |
| ISIN | QA0007227695 |
| Sector* | Transportation |
| 52wk High/52wk Low (QR) | 8.230/5.801 |
| 3-m Average Volume ('000) | 617.6 |
| Mkt. Cap. (\$ bn/QR bn) | 2.3/8.5 |
| Enterprise Value (\$ bn/QR bn) | 2.8/10.1 |
| Shares Outstanding (mn) | 1,136.2 |
| FO Limit** (%) | 49.0 |
| Current FO** (%) | 8.6 |
| 1-Year Total Return (%) | 32.8 |
| Fiscal Year End | December 31 |

Source: Bloomberg (as of August 26, 2021), *Qatar Exchange (as of August 25, 2021); **Note: FO is foreign ownership and Milaha's Board has already approved increasing FOL to 100%.

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Valuation

Our target price of QR10.000/share implies an upside of 33.0% from the current market price. We value Milaha using a SOTP methodology, which comprises of these major parts:

- 1) Separate DCF-based values for the core businesses (MO, MM&L, MG&P and MT);
- 2) A DCF-based value for QNNS' 36.25% stake in Nakilat (**QGTS: Outperform/QR3.500 Target Price**);
- 3) A P/E-based value for Milaha's 49.00%-owned JV called QTerminals;
- 4) Investment (stocks & bonds) portfolio at a 20% discount to 2Q2021 FV; and
- 5) Real estate investment properties at a 40% discount to 2020 FV.

We also apply a conglomerate discount of 30%.

Valuation Summary

| SOTP | Methodology | Equity Value (QR mn) | EV/Share | % of Total |
|-------------------------------------------|----------------------------------------------|----------------------|---------------|---------------|
| Milaha Offshore | DCF | 1,977 | 1.74 | 12.2% |
| Milaha Maritime & Logistics | DCF | 770 | 0.68 | 4.8% |
| Milaha Gas & Petrochem | DCF | 139 | 0.12 | 0.9% |
| Milaha Trading | DCF | (94) | (0.08) | -0.6% |
| Milaha Core | DCF | 2,793 | 2.46 | 17.3% |
| Investments | 2Q2021 Fair Value (@20% Discount) | 3,014 | 2.65 | 18.6% |
| Real Estate - Investment Properties | 2020 Fair Value (@40% Discount) | 1,159 | 1.02 | 7.2% |
| Associates - Nakilat (36.3% Stake) | QNBFS Price Target of QR3.500 | 7,027 | 6.19 | 43.5% |
| Associates - Other | 2Q2021 Book Value (Estimated) | 247 | 0.22 | 1.5% |
| JVs - QTerminals (49.0% Stake) | P/E (@20% Discount to 2022 Peers P/E of 12x) | 1,649 | 1.45 | 10.2% |
| JVs - Gulf LPG | 2Q2021 Book Value (Estimated) | 153 | 0.13 | 0.9% |
| Loans to LNG Companies | 2Q2021 Book Value | 122 | 0.11 | 0.8% |
| Equity Value | | 16,165 | 14.23 | 100.0% |
| Conglomerate Discount (30%) | | 4,850 | (4.27) | |
| Net Fair Value | | 11,316 | 10.000 | |
| Current Price | | | 7.520 | |
| Upside/(Downside) | | | 33.0% | |

Source: QNBFS estimates

Relative Multiples

| Valuation Multiples | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|------------------------------------------|------|------|-------|-------|-------|-------|
| P/E (x) | 16.5 | 15.6 | 144.6 | 11.4 | 9.3 | 8.7 |
| P/E Excluding Impairments & One-Offs (x) | 11.2 | 10.4 | 10.0 | 11.3 | 9.3 | 8.7 |
| P/B (x) | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| EV/EBITDA (x) | 14.0 | 16.0 | 15.9 | 19.6 | 15.8 | 14.2 |
| Dividend Yield (%) | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| FCFF Yield (%) | 8.6 | 10.5 | 10.0 | 7.3 | 8.4 | 9.4 |

Source: QNB FS estimates

Estimate Changes

We lower our 2021-2023e earnings estimates by ~9%. This reduction comes despite an overall increase in top-line estimates by 11% driven by upside, seen thus far this year, in MO and MM&L. We have also upped our costs forecasts/lowered our margin estimates given lower-than-expected profitability in MO (idle lift boat, dry-docking costs, COVID-19 expenses, etc.) and MM&L segments (growth in variable costs, along with lower-than-expected QTerminals' profitability) in 2Q2021. Our margin assumptions could well turn out to be low but we opt to take a conservative stance. We note QNNS is looking to convert its remaining tanker in its MG&P segment to a FSO in 4Q2021 and put it on a LT contract removing spot market volatility. This could also lead to revenue/margin upside.

Change in Estimates

| In QR mn | Current Previous | | | | Current Previous | | | | Current Previous | | | | Current Previous | | |
|---------------------------------------------|------------------|---------|---------|-------|------------------|---------|-------|---------|------------------|-------|------------|---------|------------------|--|--|
| | 2020 | 2021e | 2021e | ▲ | 2022e | 2022e | ▲ | 2023e | 2023e | ▲ | Cumulative | ▲ | ▲ | | |
| Revenue | 2,267 | 2,572 | 2,331 | 10% | 2,668 | 2,398 | 11% | 2,732 | 2,446 | 12% | 7,972 | 7,175 | 11% | | |
| COGS | (1,036) | (1,445) | (1,141) | 27% | (1,431) | (1,112) | 29% | (1,444) | (1,123) | 29% | (4,320) | (3,376) | 28% | | |
| Gross Profit | 1,232 | 1,127 | 1,190 | (5%) | 1,237 | 1,286 | (4%) | 1,288 | 1,323 | (3%) | 3,652 | 3,799 | (4%) | | |
| SG&A | (586) | (613) | (601) | 2% | (617) | (605) | 2% | (625) | (613) | 2% | (1,855) | (1,820) | 2% | | |
| EBITDA | 646 | 514 | 589 | (13%) | 620 | 680 | (9%) | 663 | 710 | (7%) | 1,797 | 1,979 | (9%) | | |
| Depreciation & Amortization | (367) | (364) | (364) | (0%) | (364) | (364) | (0%) | (373) | (373) | (0%) | (1,101) | (1,101) | (0%) | | |
| EBIT | 279 | 150 | 224 | (33%) | 257 | 317 | (19%) | 290 | 337 | (14%) | 696 | 878 | (21%) | | |
| Net Interest Income (Expense) | (63) | (47) | (44) | 6% | (37) | (34) | 8% | (32) | (29) | 10% | (115) | (106) | 8% | | |
| Share of Results From JVs | 85 | 195 | 216 | (10%) | 204 | 225 | (9%) | 208 | 229 | (9%) | 608 | 670 | (9%) | | |
| Share of Results From Associates | 418 | 470 | 469 | 0% | 503 | 503 | (0%) | 524 | 526 | (0%) | 1,497 | 1,499 | (0%) | | |
| Impairments & Others | (655) | (17) | | | | | | | | | (16.84) | - | | | |
| Net Profit Before Taxes & Minority Interest | 64 | 752 | 865 | (13%) | 927 | 1,011 | (8%) | 990 | 1,064 | (7%) | 2,669 | 2,940 | (9%) | | |
| Taxes | (5) | (4) | (4) | (12%) | (4) | (5) | (7%) | (5) | (5) | (6%) | (13) | (14) | (8%) | | |
| Net Profit Before Minority Interest | 59 | 748 | 861 | (13%) | 922 | 1,006 | (8%) | 986 | 1,059 | (7%) | 2,656 | 2,926 | (9%) | | |
| Minority Interest | (0) | (1) | (1) | --% | (1) | (1) | --% | (1) | (1) | --% | (3) | (3) | --% | | |
| Net Profit | 59 | 747 | 859 | (13%) | 921 | 1,005 | (8%) | 985 | 1,058 | (7%) | 2,652 | 2,922 | (9%) | | |
| Net Profit Excluding Impairments & One-Offs | 853 | 759 | 859 | (12%) | 921 | 1,005 | (8%) | 985 | 1,058 | (7%) | 2,665 | 2,922 | (9%) | | |

Source: Company data, QNB FS estimates

2Q2021 Review: Earnings Misses but LT Story Intact

Milaha posted 2Q2021 earnings of QR140.5mn, up significantly YoY vs. QR16.7mn recorded in 2Q2020. Earnings, however, receded 52.7% QoQ from QR297.2mn in 1Q2021 and fell below our estimate of QR194.6mn. YoY earnings comparisons are skewed because of QR226.1mn in impairments in 2Q2020 vs. just QR12.2mn in impairments in 2Q20201 (no impairments were recorded in 1Q2021). Revenue, driven by Milaha Offshore (offshore services) and Milaha Maritime & Logistics (container shipping), grew 29.8% YoY and 3.4% QoQ. The quarterly growth in overall revenue is particularly noteworthy as Milaha usually reports a substantial QoQ decline in revenue in the 2nd quarter given that the company usually records substantial dividend income (in Milaha Capital) in the first quarter of every year.

Milaha Offshore and Maritime & Logistics drive overall growth in revenue but higher expenses crimp profitability. MO posted hefty 45.6% YoY and 48.4% QoQ increases in top-line driven by offshore services given addition of diving-related projects; vessel-chartering revenue also grew due to improving utilization. However, net income performance was softer-than-expected given higher-than-estimated operating supplies & expenses with EBITDA margin dropping to 20.3% in 2Q2021 vs. 43.4% in 2Q2020 and 32.3% in 1Q2021. MM&L witnessed 36.1% YoY and 9.1% QoQ increases in its top-line. In 1H2021, a 5% volume increase, along with higher shipping rates helped container-shipping revenue, while logistics benefitted from higher volumes and a general uptick in business. However, higher-than-expected operating supplies & expenses and salaries, wages & other benefits influenced results, especially QoQ. Segment EBITDA margin came in at -1.3% in 2Q2021, an improvement from 2Q2020's -12.6% but below 1Q2021's 2.5%. Other segments, generally, were in-line to modestly below our estimates.

Key Ratios

| Key Ratios | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|-----------------------------------------------|---------|---------|---------|----------|-------|-------|
| Growth (%) | | | | | | |
| Revenue | (2.86) | 0.20 | (6.49) | 13.43 | 3.75 | 2.39 |
| Gross Profit | (3.48) | (5.60) | (0.66) | (8.48) | 9.75 | 4.10 |
| EBITDA | (4.61) | (12.35) | 0.20 | (20.35) | 20.59 | 6.87 |
| EBIT | (10.55) | (29.50) | (1.35) | (46.22) | 71.14 | 12.87 |
| Net Profit | 9.90 | 5.89 | (89.19) | 1,163.77 | 23.28 | 6.93 |
| Net Profit (Excluding Impairments & One-Offs) | 0.88 | 7.73 | 4.27 | (11.04) | 21.29 | 6.93 |
| Profitability (%) | | | | | | |
| Gross Margin | 54.27 | 51.13 | 54.32 | 43.83 | 46.36 | 47.14 |
| EBITDA Margin | 30.38 | 26.58 | 28.48 | 20.00 | 23.24 | 24.26 |
| EBIT Margin | 16.57 | 11.66 | 12.30 | 5.83 | 9.62 | 10.60 |
| Net Margin | 21.34 | 22.55 | 2.61 | 29.04 | 34.51 | 36.04 |
| RoE | 3.67 | 3.75 | 0.42 | 5.37 | 6.40 | 6.56 |
| RoE (Excluding Impairments & One-Offs) | 5.40 | 5.62 | 6.04 | 5.46 | 6.40 | 6.56 |
| RoAA | 2.82 | 3.08 | 0.34 | 4.37 | 5.32 | 5.55 |
| BEP | 2.19 | 1.59 | 1.61 | 0.88 | 1.48 | 1.63 |
| RoAIC | 2.39 | 1.77 | 1.81 | 0.98 | 1.67 | 1.84 |
| RoACE | 2.29 | 1.68 | 1.72 | 0.94 | 1.60 | 1.75 |
| Efficiency | | | | | | |
| Fixed Asset Turnover | 0.59 | 0.60 | 0.62 | 0.80 | 0.85 | 0.89 |
| Total Asset Turnover | 0.13 | 0.14 | 0.13 | 0.15 | 0.15 | 0.15 |
| Sales-to-Net Working Capital | 6.52 | 12.60 | 29.91 | 52.38 | 32.94 | 28.69 |
| Receivables-to-Payables | 1.49 | 1.18 | 1.00 | 1.08 | 1.13 | 1.14 |
| Capex-to-Sales (%) | 15.35 | 5.75 | 9.77 | 7.74 | 7.47 | 7.41 |
| Liquidity (x) | | | | | | |
| Current Ratio | 2.20 | 1.36 | 1.16 | 1.21 | 1.30 | 1.68 |
| Quick Ratio | 2.04 | 1.27 | 1.11 | 1.15 | 1.24 | 1.61 |
| Cash Ratio | 0.90 | 0.38 | 0.25 | 0.19 | 0.21 | 0.50 |
| Leverage Ratios | | | | | | |
| Net Debt/Equity (%) | 11.78 | 12.11 | 12.73 | 11.04 | 8.68 | 5.67 |
| Net Debt-to-Capital (%) | 10.26 | 11.05 | 11.34 | 10.21 | 8.30 | 5.53 |
| Net Debt-to-EBITDA | 2.34 | 2.73 | 2.70 | 3.03 | 2.06 | 1.31 |
| Interest Coverage Ratio (x) | 2.72 | 2.75 | 3.33 | 1.90 | 3.62 | 4.33 |

Source: Company data, QNB FS estimates

Financial Statements

Income Statement

| In QR mn | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|--------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 2,420 | 2,425 | 2,267 | 2,572 | 2,668 | 2,732 |
| COGS | (1,107) | (1,185) | (1,036) | (1,445) | (1,431) | (1,444) |
| Gross Profit | 1,313 | 1,240 | 1,232 | 1,127 | 1,237 | 1,288 |
| SG&A | (578) | (595) | (586) | (613) | (617) | (625) |
| EBITDA | 735 | 644 | 646 | 514 | 620 | 663 |
| Depreciation & Amortization | (334) | (362) | (367) | (364) | (364) | (373) |
| EBIT | 401 | 283 | 279 | 150 | 257 | 290 |
| Net Interest Income (Expense) | (85) | (79) | (63) | (47) | (37) | (32) |
| Share of Results From JVs | 165 | 239 | 85 | 195 | 204 | 208 |
| Share of Results From Associates | 273 | 361 | 418 | 470 | 503 | 524 |
| Impairments & Others | (242) | (256) | (655) | (17) | | |
| Net Profit Before Taxes & Minority Interest | 512 | 547 | 64 | 752 | 927 | 990 |
| Taxes | 0 | (1) | (5) | (4) | (4) | (5) |
| Net Profit Before Minority Interest | 512 | 546 | 59 | 748 | 922 | 986 |
| Minority Interest | 5 | 1 | (0) | (1) | (1) | (1) |
| Net Profit | 516 | 547 | 59 | 747 | 921 | 985 |
| Net Profit Excluding Impairments & One-Offs | 760 | 819 | 853 | 759 | 921 | 985 |

Source: Company data, QNB FS estimates

Balance Sheet

| In QR mn | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|-----------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Current Assets | | | | | | |
| Cash & Cash Equivalents | 705 | 346 | 377 | 259 | 271 | 609 |
| Loan to a Related Party | | | 393 | 393 | 393 | 393 |
| Equity Investments at FVTPL | 139 | 56 | 117 | 119 | 123 | 125 |
| Trade & Other Receivables | 760 | 741 | 764 | 775 | 804 | 823 |
| Inventories | 122 | 81 | 78 | 83 | 82 | 83 |
| Total Current Assets | 1,726 | 1,224 | 1,728 | 1,629 | 1,673 | 2,033 |
| Non-Current Assets | | | | | | |
| Other Assets | 175 | 308 | 376 | 318 | 269 | 219 |
| Investment Securities at FVOCI | 4,101 | 4,099 | 3,741 | 3,854 | 3,970 | 4,049 |
| Investment In Associates | 5,365 | 5,914 | 6,002 | 6,249 | 6,509 | 6,769 |
| Investments in JVs | 950 | 1,090 | 964 | 1,003 | 1,044 | 1,086 |
| Intangible Assets | 160 | 149 | 152 | 141 | 131 | 122 |
| Investment Property | 1,299 | 823 | 799 | 780 | 760 | 741 |
| Property, Vessels & Equipment | 4,031 | 4,063 | 3,250 | 3,184 | 3,109 | 3,029 |
| Total Non-Current Assets | 16,082 | 16,447 | 15,284 | 15,529 | 15,792 | 16,015 |
| Total Assets | 17,808 | 17,671 | 17,012 | 17,158 | 17,466 | 18,048 |
| Current Liabilities | | | | | | |
| Trade & Other Payables | 511 | 576 | 675 | 718 | 714 | 720 |
| Loans, Borrowings & Lease Liabilities | 274 | 324 | 809 | 632 | 568 | 493 |
| Total Current Liabilities | 785 | 900 | 1,484 | 1,350 | 1,282 | 1,213 |
| Non-Current Liabilities | | | | | | |
| Loans & Borrowings | 2,149 | 1,837 | 1,403 | 1,276 | 1,070 | 1,076 |
| Others | 236 | 336 | 367 | 367 | 367 | 367 |
| Total Non-Current Liabilities | 2,385 | 2,173 | 1,770 | 1,643 | 1,436 | 1,443 |
| Total Liabilities | 3,170 | 3,073 | 3,254 | 2,993 | 2,719 | 2,656 |
| Minority Interest | 56 | 55 | 55 | 56 | 58 | 58 |
| Shareholders' Equity | 14,582 | 14,543 | 13,703 | 14,109 | 14,689 | 15,333 |
| Total Liabilities & Shareholders' Equity | 17,808 | 17,671 | 17,012 | 17,158 | 17,466 | 18,048 |

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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