

# QNBFS Alert – GWCS 1Q2013 Results In line With Estimates

- **1Q2013 results in line with our estimate; maintain Market Perform rating with QR40.53 price target.** Gulf Warehousing reported a net profit of QR20.6mn vs. our estimate of QR20.5mn for 1Q2013 (Bloomberg consensus was QR19.5mn). The results imply a QoQ decline of 17.0% due to absence of valuation gains from investment properties (QR4.1mn). However, on a YoY basis the bottom-line is up 12.8%.
- **LVQ phase 3 coming online in 2Q2013.** We believe phase 3 will partially come on line in the early part of 2Q2013. The management is also aggressively working on expansion plans in Africa (Nigeria).
- **We are maintaining our estimates with a price target of QR40.53.** We maintain our estimates for 2013 and 2014 and recommend a Market Perform stance on the stock with a target of QR40.53. We expect net profit of QR110mn for 2013 (EPS of QR2.31) and expect GWCS to have a payout ratio in the range of 45% to 55% for the next three years complemented by some stock dividends (10% to 20%) to preserve capital for expansions.
- **Market leader in Qatar.** GWCS is the market leader and the only recognized player in the Qatari logistics market. It benefits from the Qatar growth story and has embarked on aggressive debt-financed expansions that will almost double its bottom-line and ROE over the next four years.
- **GWCS to remain at a premium to peers.** The company trades at a premium to its regional and global peers. On a YTD basis, the stock is up 10.4% (total return) vs. the QE All Share Transportation Index, which is also up 3.3%.