

IGRD Alert – IGRD Signs Contracts Worth Over QR265mn; Outperform

- **IGRD signs contracts worth over QR265mn.** Investment Holding Group (IGRD) announced the signing of various project and maintenance contracts, through its subsidiaries, during 1Q2019 with a stated value exceeding QR265mn. We note announced contract size corresponds to 62% of the company's 2018 revenue.
- **Our thesis on IGRD is playing out as expected – as we move past IGRD's relatively slow first quarter, we anticipate the company's top-line and operating income growth to speed up with expected project initiations.** Hence, we maintain our expectation for revenue/EBITDA/normalized EPS (excluding non-recurring items such as revaluation gains and provision expenses) growth rates of 86%/73%/32% in 2019, respectively.
- **Apart from the top line growth through new contracts, ongoing restructuring may increase efficiency and lower costs.** On one hand, the new management is engaged in expanding the product range of the supplies & trading segment with high margin products. On the other, it is also continuously evaluating cost cutting opportunities, especially in terms of labor force rationalization and rental cost reduction.
- **We continue to rate IGRD as OUTPERFORM and our 12 month target price of QR7.5 implies a 39.1% 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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