

Qatar Electricity & Water Company (QEWS)

Recommendation	ACCUMULATE	Risk Rating	R-2
Share Price	QR17.46	Target Price	QR22.00
Implied Upside	26.0%	Old Target Price	QR21.00

Solid Long-Term Play Awaiting A Growth Spark; Maintain Accumulate

We are updating our estimates, increasing our price target for QEWS from QR21.00 to QR22.00 and maintaining our Accumulate rating. While upside to our target price remains compelling, we believe the company needs to surpass our estimates on a consistent basis for the stock to break out of its range. QEWS reported generally weaker-than-expected results for 1Q2023, excluding a one-off gain of QR77.7mn on sale of Siraj Energy. Despite this, we have updated our model and raised our earnings estimates by an average of 4.9% over 2023e-2027e as our previous projections were a bit too conservative. We continue to like QEWS as a long-term play with a relatively defensive business model, especially in light of current market conditions. QEWS enjoys decent EBITDA margins and dividend/FCF yields. LT catalysts (which are not in our model) abound, including additional domestic expansions (like Facility E in 2025-2026, etc.). Nebras remains on the hunt for growth and has plans to increase its capacity (currently ~1.8 GW on an equity-adjusted basis) significantly, with 0.8 GW under construction/development (not in our model).

Highlights

- QEWS reported 1Q2023 net income of QR400.7mn (EPS: QR0.36), up 3.1% YoY but down 13.1% QoQ, which was in-line with our estimate of QR398.7mn. Earnings, however, included a QR77.7mn gain on sale of Siraj Energy, which was expected during the quarter but was not in our model. Excluding this, 1Q2023 earnings came in at QR323.0mn.
- **This year will continue to be impacted by the RAF B1 extension.** The new PPA, valid until end-2029, for RAF B1 (376 MW, 100% interest, roughly 17% of consolidated power capacity) was agreed in principle in March. As newer PPAs usually exhibit reduced tariff/higher gas costs, we continue to factor in lower profitability for 2023.
- **We expect a conservative EPS CAGR of 0.2% over 2022-2027e.** We have raised our current estimates, over our forecast horizon, by around 4.9% relative to our previous model. The biggest change to our estimates comes from assumption of higher revenue given the company's 1Q2023 performance (change in revenue recognition at RAF B, which makes up ~28% of consolidated power capacity) offset by higher net finance costs, especially over 2024-2027, given higher rates and debt levels.
- **QEWS enjoys decent EBITDA margins & dividend/FCF yields.** Despite modeled compression, QEWS retains solid EBITDA margins (2022-27 avg.: ~37%). Over 2022-27, we expect dividend yields to average 5.7%, while FCF yields should average 9.4% over the same period. ROEs average 10.2% for 2022-27. We note we are fairly conservative with our margin assumptions so there is room for upside to our estimates.

Catalysts

- **New opportunities currently not in our model: Facility E** (55% stake; power: 2,600 MW & water: 100 MIGD) is currently in the bidding stage and should be operational around 2025, reaching full capacity in 2026. **Nebras also has roughly 0.8 GW net capacity under construction/development that is not incorporated in our model.** Ultimately, our earnings forecasts could be conservative.

Recommendation, Valuation and Risks

- **Recommendation & valuation:** We continue to rate QEWS an Accumulate with a PT of QR22.00. QEWS trades at P/E multiples of 12.2x for both 2023 and 2024, which is attractive relative to its historical five-year average of 13.3x. Dividend yields are also attractive at 5.4% for 2023/2024.
- **Risks:** Geopolitical risks cannot be modeled. Besides foreign expansion risks, domestic projects could also be delayed. Operational risks include availability of capacity below contracted levels, which could lead to penalties.

Key Financial Data and Estimates

	FY2022	FY2023e	FY2024e	FY2025e
Revenue (QR mn)	2,721	2,857	2,901	2,924
Revenue Growth	10.0%	5.0%	1.5%	0.8%
EPS (QR)	1.56	1.43	1.44	1.48
EPS Growth	16.6%	-7.8%	0.1%	3.2%
P/E (x)	11.2	12.2	12.2	11.8
DPS (QR)	0.95	0.95	0.95	1.00
ROE	11.3%	10.4%	10.1%	10.0%

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

Key Data

Current Market Price (QR)	17.46
Dividend Yield (%)	5.4
Bloomberg Ticker	QEWS QD
ADR/GDR Ticker	N/A
Reuters Ticker	QEWQ.QA
ISIN	QA0006929812
Sector*	Industrials
52wk High/52wk Low (QR)	20.00/16.00
3-m Average Volume ('000)	400.0
Mkt. Cap. (\$ bn/QR bn)	5.3/19.2
EV (\$ bn/QR bn)	6.2/22.7
Shares Outstanding (bn)	1.10
FO Limit* (%)	49.0
Institutional FO* (%)	9.3
1-Year Total Return (%)	5.3
Fiscal Year End	December 31

Source: Bloomberg (as of June 4, 2023), *Qatar Exchange (as of June 4, 2023); Note: FO is foreign ownership

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1Q2023 Review: Earnings Miss Excluding Siraj Sale Gain

QEWS reports 1Q2023 net income of QR400.7mn (EPS: QR0.36), up 3.1% YoY but down 13.1% QoQ, which was in-line with our estimate of QR398.7mn (0.5% divergence). Reported earnings, however, included a QR77.7mn gain on sale of Siraj Energy, which was expected during the quarter but was not in our model.

- **Excluding this one-off item, 1Q2023 earnings came in at QR323.0mn.** Higher-than-expected cash direct costs, along with lower-than-expected JV income, more than offset upside in revenue and better-than-expected G&A expenses/depreciation & amortization costs. We note YoY comparisons generally remain skewed given the Nebras purchase/consolidation in July.
- **Total revenue for 1Q2023 came in at QR658.0mn, up 16.5% YoY but down 18.8% QoQ and also 5.9% ahead of our estimate of QR621.3mn.** The change in accounting for RAF B – where earlier QEWS used to recognize revenue/gas costs based on the sent-out water and power and is now recognizing it based on its committed offtake according to IFRS requirements – contributed in increasing both the top-line and gas costs. Revenue from power of QR321.0mn (26.1% YoY, -16.9% QoQ) and from water of QR318.0mn (9.4% YoY, -21.4% QoQ) exceeded our forecasts by 7.0% and 5.2%, respectively. However, direct cash costs of QR372.7mn (28.7% YoY, 2.9% QoQ) grew faster than revenue and exceeded our estimate of QR319.4mn. Consequently, cash gross margin fell to 43.4% from 48.7% in 1Q2022/55.3% in 4Q2022 and our estimate of 48.6%.
- **G&A and depreciation expenses were positive surprises but were offset by lower-than-expected JV income.** G&A expenses of QR55.1mn (49.9% YoY, -65.1% QoQ) came in 27.3% below our estimate of QR75.7mn; we note YoY comparisons are generally skewed across the board given the Nebras purchase in July and G&A in 4Q2022 included a QR83.1mn impairment loss (QR63.4mn for RAF B1 and QR19.7mn for the Dukhan plant). D&A costs of QR87.8mn (17.5% YoY, -16.7% QoQ) also beat our estimate of QR117.4mn by 25.1%. JV income of QR112.8mn (22.0% YoY, -59.7% QoQ), however, fell below our model of QR214.8mn. Finance costs of QR136.7mn (331.7% YoY, 20.8% QoQ) was 17.2% ahead of our estimate of QR116.6mn and dividend income of QR91.2mn (down 33.1% YoY) was 22.5% below our model of QR117.7mn. We do note that, as expected, QEWS paid off its \$550mn loan, which was used to help fund the \$530mn Nebras purchase, during the quarter; as a result, total debt dropped 18.2% QoQ from QR11.1bn in 4Q2022 to 9.1bn in 1Q2023.

QNB FS 1Q2023 Estimates and Comparisons

Income Statement (QR mn)							
Particulars	1Q2022	4Q2022	1Q2023	1Q2023e	A Vs. E	YoY	QoQ
Revenue	564.868	809.983	658.049	621.343	5.9%	16.5%	-18.8%
Electricity	254.587	386.225	320.993	299.968	7.0%	26.1%	-16.9%
Water	290.733	404.473	317.968	302.143	5.2%	9.4%	-21.4%
Lease Income from JVs and Associates	19.548	19.285	19.088	19.233	-0.8%	-2.4%	-1.0%
Cost of Sales (Ex. Depreciation)	(289.513)	(362.087)	(372.729)	(319.430)	16.7%	28.7%	2.9%
Gross Profit	275.355	447.896	285.320	301.914	-5.5%	3.6%	-36.3%
General and Administrative Expenses	(36.759)	(157.832)	(55.086)	(75.722)	-27.3%	49.9%	-65.1%
EBITDA	238.596	290.064	230.234	226.192	1.8%	-3.5%	-20.6%
Depreciation (CoS)	(70.832)	(108.729)	(81.453)	(104.923)	-22.4%	15.0%	-25.1%
Depreciation (G&A)	(2.015)	5.174	(4.475)	(10.498)	-57.4%	122.1%	N/M
Amortization	(1.899)	(1.919)	(1.916)	(1.934)	-0.9%	0.9%	-0.2%
Depreciation & Amortization	(74.746)	(105.474)	(87.844)	(117.355)	-25.1%	17.5%	-16.7%
EBIT	163.850	184.590	142.390	108.836	30.8%	-13.1%	-22.9%
Finance Costs	(31.659)	(113.177)	(136.675)	(116.608)	17.2%	331.7%	20.8%
Interest income	25.168	73.862	76.338	79.860	-4.4%	203.3%	3.4%
Finance Costs, Net	(6.491)	(39.315)	(60.337)	(36.748)	64.2%	829.5%	53.5%
Dividend Income	136.340	-	91.247	117.747	-22.5%	-33.1%	C
Other & Misc. Income / Exp.	6.917	33.588	106.853	7.304	1362.9%	1444.8%	218.1%
JV Income	92.405	280.120	112.766	214.845	-47.5%	22.0%	-59.7%
Profit from Discontinued Operations	-	3.223	19.019	-	-	-	490.1%
Profit Before Tax	393.021	462.206	411.938	411.985	0.0%	4.8%	-10.9%
Tax	-	0.680	(2.385)	(2.266)	5.3%	-	N/M
Profit after Tax	393.021	462.886	409.553	409.719	0.0%	4.2%	-11.5%
Minority Interest	(4.327)	(2.050)	(8.890)	(11.062)	-19.6%	105.5%	333.7%
Net Income	388.694	460.836	400.663	398.657	0.5%	3.1%	-13.1%
<i>Net Margin</i>	<i>68.8%</i>	<i>56.9%</i>	<i>60.9%</i>	<i>64.2%</i>			
EPS (QR)	0.35	0.42	0.36	0.36	0.5%	3.1%	-13.1%
	1Q2022	4Q2022	1Q2023	1Q2023e			
Cost of Sales	51.3%	44.7%	56.6%	51.4%			
SG&A	6.5%	19.5%	8.4%	12.2%			
EBITDA margin	42.2%	35.8%	35.0%	36.4%			
Operating Margin	29.0%	22.8%	21.6%	17.5%			
Net Margin	68.8%	56.9%	60.9%	64.2%			
GM	48.7%	55.3%	43.4%	48.6%			

Source: Company data, QNB FS Research

Estimate Revisions

QNB FS Estimates Revisions

Income Statement (QR mn)	Current	Previous	▲	Current	Previous	▲	Current	Previous	▲
	2023e	2023e		2024e	2024e		2025e	2025e	
Revenue	2,857.447	2,679.231	6.7%	2,901.321	2,724.014	6.5%	2,924.350	2,749.143	6.4%
Cost of Sales (Excluding Depreciation)	(1,571.060)	(1,460.181)	7.6%	(1,595.183)	(1,498.208)	6.5%	(1,637.088)	(1,539.520)	6.3%
Gross Profit	1,286.387	1,219.050	5.5%	1,306.139	1,225.806	6.6%	1,287.262	1,209.623	6.4%
General & Administrative Expenses, Excl. D&A	(218.360)	(218.360)	0.0%	(221.713)	(222.010)	-0.1%	(223.473)	(224.058)	-0.3%
EBITDA	1,068.027	1,000.690	6.7%	1,084.426	1,003.796	8.0%	1,063.790	985.565	7.9%
Depreciation	(343.334)	(344.000)	-0.2%	(342.476)	(343.140)	-0.2%	(341.619)	(342.282)	-0.2%
Amortization	(7.622)	(7.806)	-2.4%	(7.621)	(7.806)	-2.4%	(7.619)	(7.806)	-2.4%
EBIT	717.071	648.884	10.5%	734.329	652.850	12.5%	714.551	635.477	12.4%
Finance Costs & Lease Expense	(479.183)	(377.820)	26.8%	(456.182)	(323.883)	40.8%	(417.863)	(295.502)	41.4%
Interest Income & Share of Interest Income from JVs	297.734	197.120	51.0%	303.689	201.062	51.0%	309.763	205.084	51.0%
Finance Costs - Net	(181.448)	(180.700)	0.4%	(152.493)	(122.820)	24.2%	(108.100)	(90.418)	19.6%
Dividend Income and Gain on Sale of AFS	118.092	127.103	-7.1%	116.878	133.458	-12.4%	124.562	140.131	-11.1%
Other & Misc. Income / Expense	122.475	125.000	-2.0%	65.350	57.508	13.6%	67.474	59.377	13.6%
Share of profits of JV Companies & Associates	829.787	859.575	-3.5%	862.315	879.860	-2.0%	880.596	897.457	-1.9%
Profit from Discontinued Operations	19.019	-							
Profit before Tax	1,624.995	1,579.862	2.9%	1,626.379	1,600.855	1.6%	1,679.083	1,642.022	2.3%
Tax	(9.408)	(8.689)	8.3%	(9.416)	(8.805)	6.9%	(9.721)	(9.031)	7.6%
Profit after Tax	1,615.587	1,571.173	2.8%	1,616.963	1,592.050	1.6%	1,669.362	1,632.991	2.2%
Minority Interest	(37.482)	(76.987)	-51.3%	(37.514)	(78.010)	-51.9%	(38.729)	(80.017)	-51.6%
Profit for Equity Holders	1,578.105	1,494.185	5.6%	1,579.449	1,514.040	4.3%	1,630.633	1,552.975	5.0%
Net Profit Margin	55.2%	55.8%		54.4%	55.6%		55.8%	56.5%	
Shares O/S (mn)	1,100	1,100		1,100	1,100		1,100	1,100	
Basic and Diluted EPS	1.43	1.36	5.6%	1.44	1.38	4.3%	1.48	1.41	5.0%
DPS	0.95	0.80	18.8%	0.95	0.85	11.8%	1.00	0.85	17.6%
Dividend Payout Ratio	66.2%	58.9%		66.2%	61.8%		67.5%	60.2%	
Margins/Ratios	2023e	2023e		2024e	2024e		2025e	2025e	
Gross Margin	45.0%	45.5%		45.0%	45.0%		44.0%	44.0%	
EBITDA Margin	37.4%	37.3%		37.4%	36.8%		36.4%	35.8%	
EBIT Margin	25.1%	24.2%		25.3%	24.0%		24.4%	23.1%	

Source: QNB FS Research

Valuation and Key Ratios

Valuation Metrics

Particulars	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Valuation														
EV/EBITDA - Consolidated	14.9	14.1	13.4	13.7	15.8	21.3	22.1	16.5	19.1	19.0	18.1	17.7	17.1	16.4
EV/EBIT	21.4	19.8	18.1	19.3	20.2	30.2	33.0	22.4	26.7	28.3	26.7	26.3	25.5	24.5
P/E	12.6	12.8	12.5	11.9	12.5	13.6	16.6	13.1	11.2	12.2	12.2	11.8	11.4	11.1
P/CF	8.7	10.4	9.3	11.5	9.3	15.1	10.8	11.7	11.2	12.5	9.9	9.6	9.4	9.2
P/BV	2.8	2.6	2.3	2.1	1.8	1.9	2.0	1.6	1.3	1.3	1.2	1.2	1.1	1.1
Dividend Yield	4.3%	4.3%	4.3%	4.4%	4.4%	4.4%	3.6%	4.6%	5.4%	5.4%	5.4%	5.7%	6.0%	6.3%
FCF Yield	(2.5%)	4.2%	6.4%	8.4%	5.4%	5.3%	8.8%	7.2%	10.3%	7.2%	9.4%	9.7%	9.9%	10.1%

Source: Bloomberg, QNB FS Research

Key Growth Rates/CAGRs/Ratios

Particulars	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e	CAGR ('22-'27)
Growth Rates															
Revenue	(0.2%)	2.9%	4.0%	(1.0%)	(15.3%)	(8.2%)	8.3%	(4.3%)	10.0%	5.0%	1.5%	0.8%	1.1%	1.1%	1.9%
Gross Profit	(1.8%)	1.9%	3.6%	(3.3%)	(15.8%)	(23.6%)	4.2%	5.2%	7.6%	(3.6%)	1.5%	(1.4%)	(0.3%)	(0.1%)	(0.8%)
EBITDA - Consolidated	(2.5%)	5.4%	2.8%	(4.9%)	(15.8%)	(25.8%)	(8.2%)	24.4%	(4.3%)	1.0%	1.5%	(1.9%)	(0.6%)	(0.4%)	(0.1%)
EBIT	(3.5%)	7.3%	7.2%	(9.3%)	(7.2%)	(33.1%)	(12.5%)	37.2%	(7.7%)	(5.0%)	2.4%	(2.7%)	(0.8%)	(0.5%)	(1.3%)
JV Income	3.6%	4.1%	(8.9%)	52.3%	(4.4%)	48.7%	(31.7%)	3.5%	17.4%	24.0%	3.9%	2.1%	2.3%	2.8%	6.7%
PBT	11.0%	(2.0%)	2.5%	4.2%	(4.5%)	(8.0%)	(17.9%)	26.0%	17.6%	(7.3%)	0.1%	3.2%	2.9%	2.8%	0.3%
Net Income/EPS	10.5%	(1.9%)	2.8%	4.8%	(4.9%)	(8.0%)	(18.1%)	26.8%	16.6%	(7.8%)	0.1%	3.2%	2.9%	2.8%	0.2%
DPS	10.0%	0.0%	0.0%	3.3%	0.0%	0.0%	(18.7%)	27.0%	18.8%	0.0%	0.0%	5.3%	5.0%	4.8%	3.0%
CFPS	30.7%	(16.6%)	11.7%	(19.1%)	24.2%	(38.8%)	40.1%	(7.9%)	4.6%	(10.6%)	27.1%	3.4%	1.9%	2.1%	4.1%
FCFPS	N/M	N/M	50.5%	30.9%	(35.1%)	(1.7%)	65.2%	(18.2%)	42.9%	(29.9%)	29.9%	3.7%	2.0%	2.2%	(0.3%)
Operating Ratios															
Gross Margin	59.5%	58.9%	58.7%	57.3%	56.9%	47.3%	45.6%	50.1%	49.0%	45.0%	45.0%	44.0%	43.4%	42.9%	
EBITDA Margin - Consolidated	51.8%	53.1%	52.5%	50.4%	50.2%	40.5%	34.4%	44.6%	38.9%	37.4%	37.4%	36.4%	35.8%	35.3%	
EBIT Margin	36.3%	37.8%	38.9%	35.7%	39.1%	28.5%	23.0%	33.0%	27.7%	25.1%	25.3%	24.4%	24.0%	23.6%	
Net Margin	52.8%	50.3%	49.7%	52.6%	59.1%	59.2%	44.8%	59.3%	62.9%	55.2%	54.4%	55.8%	56.8%	57.8%	
Finance Ratios															
Debt-Equity Ratio	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.5	0.7	0.6	0.5	0.5	0.4	0.4	
Net Debt-Equity Ratio	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.0	
Interest Coverage	9.7	9.4	8.1	6.1	4.5	2.8	4.0	7.1	2.6	1.5	1.6	1.7	1.8	1.8	
Return Ratios															
ROIC	8.8%	9.2%	8.5%	7.4%	5.9%	4.1%	3.7%	4.7%	2.9%	3.0%	3.1%	3.0%	2.9%	2.9%	
ROE	22.6%	20.4%	18.6%	18.0%	14.7%	14.1%	11.9%	12.4%	11.3%	10.4%	10.1%	10.0%	9.9%	9.9%	
ROA	11.8%	11.2%	10.1%	10.2%	8.4%	8.1%	6.8%	7.9%	6.2%	6.2%	6.1%	6.3%	6.4%	6.5%	
FCF Yield	-2.5%	4.2%	6.4%	8.4%	5.4%	5.3%	8.8%	7.2%	10.3%	7.2%	9.4%	9.7%	9.9%	10.1%	
Liquidity Ratios															
Current Ratio	1.2	1.5	2.1	2.3	1.6	1.4	1.4	1.6	1.8	1.5	1.6	1.7	1.8	1.9	
Quick Ratio	1.1	1.4	1.9	2.2	1.6	1.4	1.4	1.6	1.8	1.5	1.6	1.6	1.8	1.9	
Valuation															
EV/EBITDA - Consolidated	14.9	14.1	13.4	13.7	15.8	21.3	22.1	16.5	19.1	19.0	18.1	17.7	17.1	16.4	
EV/EBIT	21.4	19.8	18.1	19.3	20.2	30.2	33.0	22.4	26.7	28.3	26.7	26.3	25.5	24.5	
P/E	12.6	12.8	12.5	11.9	12.5	13.6	16.6	13.1	11.2	12.2	12.2	11.8	11.4	11.1	
P/CF	8.7	10.4	9.3	11.5	9.3	15.1	10.8	11.7	11.2	12.5	9.9	9.6	9.4	9.2	
P/BV	2.8	2.6	2.3	2.1	1.8	1.9	2.0	1.6	1.3	1.3	1.2	1.2	1.1	1.1	
Dividend Yield	4.3%	4.3%	4.3%	4.4%	4.4%	4.4%	3.6%	4.6%	5.4%	5.4%	5.4%	5.7%	6.0%	6.3%	
FCF Yield	(2.5%)	4.2%	6.4%	8.4%	5.4%	5.3%	8.8%	7.2%	10.3%	7.2%	9.4%	9.7%	9.9%	10.1%	

Source: Bloomberg, QNB FS Research

Detailed Financial Statements

Income Statement (In QR mn)	FY2022	FY2023e	FY2024e	FY2025e
Revenue	2,721	2,857	2,901	2,924
Cost of Sales, Excluding Depreciation	(1,387)	(1,571)	(1,595)	(1,637)
Gross Profit	1,334	1,286	1,306	1,287
General & Administrative Expenses, Excl. Depreciation & Amortization	(276)	(218)	(222)	(223)
EBITDA	1,058	1,068	1,084	1,064
Deferred Income	0	0	0	0
Depreciation & Amortization	(303)	(351)	(350)	(349)
EBIT	754	717	734	715
Finance Costs, Net	(111)	(181)	(152)	(108)
Dividend Income & Gain on Sale of AFS	161	118	117	125
Other & Miscellaneous Income/Expense & Income from JVs/Associates	945	952	928	948
Profit Before Tax	1,750	1,606	1,626	1,679
Income Tax Expense	(2)	(9)	(9)	(10)
Profit After Tax (Continuing Operations)	1,747	1,597	1,617	1,669
Discontinued Operations	3	19		
Minority Interest	(40)	(37)	(38)	(39)
Profit for Shareholders	1,711	1,578	1,579	1,631
EPS (QR)	1.56	1.43	1.44	1.48

Source: Company data, QNB FS estimates

Balance Sheet (In QR mn)	FY2022	FY2023e	FY2024e	FY2025e
Non-Current Assets				
Property, Plant & Equipment	6,084	5,816	5,549	5,282
Available-for-Sale Investments	2,323	2,189	2,299	2,368
Finance Lease Receivables	765	656	546	437
JV Loans and Investments in JVs/Associates	8,905	9,112	9,325	9,540
Other Non-Current assets	344	875	857	840
Total Non-Current Assets	18,420	18,648	18,576	18,467
Current Assets				
Finance Lease Receivables & Others	400	296	296	296
Inventories	94	106	108	111
Accounts Receivables & Prepayments	779	861	874	881
Cash and Short-Term Deposits	8,117	5,683	5,859	5,963
Total Current Assets	9,389	6,947	7,138	7,251
Total Assets	27,809	25,595	25,714	25,718
Equity				
Total Equity	15,457	15,520	16,064	16,660
Non-Current Liabilities				
Loans and Borrowings	6,921	5,268	4,979	4,481
Employees' End of Service Benefits	88	89	90	91
Lease Liabilities	55	54	53	51
Derivatives	63	67	67	67
Total Non-Current Liabilities	7,126	5,478	5,188	4,691
Current Liabilities				
Accounts Payables & Others	932	1,055	1,072	1,100
Loans and Borrowings	4,154	3,372	3,220	3,098
Derivatives & Lease Liabilities	140	170	170	170
Total Current Liabilities	5,226	4,597	4,462	4,367
Equity and Liabilities	27,809	25,595	25,714	25,718

Source: Company data, QNB FS estimates

Recommendations		Risk Ratings	
<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>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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