

Vodafone Qatar (VFQS)

Recommendation	ACCUMULATE	Risk Rating	R-4
Share Price	QR1.22	Current Target Price	QR1.40
Implied Upside	14.8%	Old Target Price	QR1.70

Paring Estimates/PT but Upgrading to Accumulate on Price Weakness

We are upgrading VFQS from Market Perform to Accumulate. YTD the company's shares have languished, down ~19% on a total-return basis, while its only local competitor Ooredoo is down 3% and the QE Index is up 3%. Moreover, VFQS shares have underperformed ORDS consistently over the last five years. In terms of operations, VFQS' results have continued to improve vs. last year although quarterly performance has generally been below expectations. 9M2019 results have been below our forecasts and we recently lowered Vodafone Qatar's forward estimates in our [2020 Strategy report](#). We are further tweaking estimates in this report. While postpaid and broadband (GigaHome) continue to show solid momentum, the prepaid market remains in decline and handset sales are facing (largely temporary) softness. Local termination rates continue to affect prepaid revenue and ARPUs, while postpaid ARPUs have also witnessed competitive pressures. Our view on the stock remains unchanged – we continue to like the company's momentum in postpaid (3Q2019 segment revenue up 24.5% YoY/2.7% QoQ driven by subs despite a possible moderate decline in ARPU). We also believe postpaid, 5G (more than 70% of Doha under coverage), home broadband, enterprise and bundled solutions should continue to drive future momentum. VFQS now trades at 7.1x and 6.5x CY2020 and CY2021 EV/EBITDA, respectively, which while higher than its peers, has eroded some of its valuation gap. We now expect net income growth of 49.3% for 2020 and 28.8% in 2021, while EBITDA is projected to increase 12.0% and 9.2% over the same period. **Given the stock's relative underperformance and in light of its improving results, we upgrade VFQS from Market Perform to Accumulate. Our new price target is QR1.40. We think the selloff in VFQS shares has been overdone and the stock could benefit from an attractive dividend yield.**

Highlights

- We continue to expect strong earnings and EBITDA growth for 2019.** Given weakness in prepaid revenue (down 23% YTD, -12% QoQ) and dip in equipment revenue (-3% YTD, -56% QoQ), we expect overall revenue to decline 1.0% in 2019 to QR2.1bn vs. management's guidance of 2.5-3.5% growth; service revenue should grow 1.3% YoY to QR1.9bn, however. EBITDA growth should accelerate from 8.5% in 2018 (QR584mn) to 22.7% in 2019 (QR717mn) with reported EBITDA margins expanding from 27.8% in 2018 to 34.5% in 2019 and in-line with management guidance of 33.5%-34.5%. We note EBITDA benefits from a QR88mn IFRS 16 boost in 2019, and if we take this out, then 2019 EBITDA margins come in around 30.2%, still a 243bps improvement vs. 2018. Net income should grow 32.5% from QR118mn in 2018 to QR156mn in 2019; IFRS 16 serves to lower net income by roughly QR8-12mn/year. We expect 2019-capital intensity at 29%, which is at the higher end of guidance of 26%-29%, as VFQS continues to spend on 5G deployment and fixed coverage expansion. We expect QR0.05 in DPS for 2019.
- We expect net income to grow ~50% in 2020 to QR233mn, while EBITDA should expand 12% to QR803mn.** Postpaid sub growth is the most significant driver along with continued costs optimization. We expect capex intensity to fall to 23.9%. Furthermore, we expect DPS to grow from QR0.05 in 2019 to QR0.07 in 2020. *For details, see page 2.*

Catalysts

- With Qatar Foundation assuming substantial ownership of VFQS, we expect increased traction in higher-value segments.**

Recommendation, Valuation and Risks

- Recommendation and valuation: We upgrade VFQS from a Market Perform to an Accumulate with a PT of QR1.40.** We have rolled forward our DCF-based model to 2020. VFQS trades at 7.1x and 6.5x CY2020 and CY2021 EV/EBITDA, respectively. We think the selloff in VFQS shares has been overdone and the stock could benefit from an attractive dividend yield.
- Risks: 1) Increased competition** leading to ARPU erosion and/or market share loss; **2) Weakening of postpaid, broadband and fixed-line traction/stickiness** and **3) Fall in population/industry growth rates.**

Key Financial Data and Estimates

	CY2017	CY2018	CY2019e	CY2020e
Revenue (QR mn)	1,998	2,101	2,079	2,170
EPS (QR)	(0.06)	0.03	0.04	0.06
EV/EBITDA	10.7x	9.5x	8.0x	7.1x
Dividend Yield		4.1%	4.4%	5.8%

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

Key Data

Bloomberg Ticker	VFQS QD
ADR/GDR Ticker	N/A
Reuters Ticker	VFQS.QA
ISIN	QA000A0Q5NE9
Sector	Telecoms
52wk High/52wk Low (QR)	1.74/1.16
3-m Avg. Volume (mn)	2.1
Mkt. Cap. (\$ bn/QR bn)	1.4/5.2
EV (\$ bn/QR bn)	1.6/5.7
Shares Outstanding (mn)	4,227.0
FO Limit* (%)	49.0
Current FO* (%)	7.2
1-Year Total Return (%)	(23.5)
Fiscal Year End	December 31

Source: Bloomberg (as of November 26, 2019), *Qatar Exchange (as of November 26, 2019); Note: FO is foreign ownership

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Estimate Changes

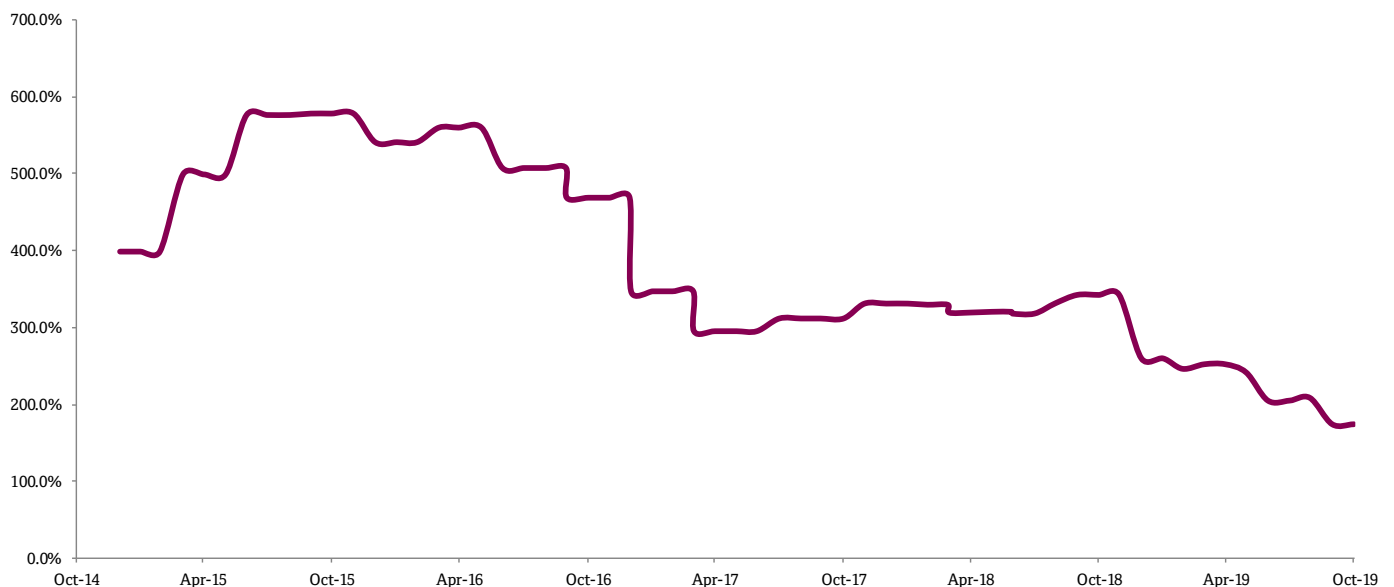
Key Forecast Revisions

	CY2019E			CY2020E			CY2021E			CY2022E			CY2023E		
	Current	Previous	▲	Current	Previous	▲	Current	Previous	▲	Current	Previous	▲	Current	Previous	▲
Mobile Subscribers (in 000s)															
Pre-Paid Subs*	1,250	1,360	-8%	1,225	1,401	-13%	1,231	1,428	-14%	1,237	1,457	-15%	1,243	1,486	-16%
YoY Growth	-6%	3%		-2%	3%		0%	2%		0%	2%		0%	2%	
Post-Paid Subs	486	415	17%	534	436	22%	542	448	21%	548	459	19%	553	470	18%
YoY Growth	23%	5%		10%	5%		1%	3%		1%	2%		1%	2%	
Total Mobile Subs*	1,736	1,775	-2%	1,759	1,837	-4%	1,773	1,876	-5%	1,785	1,916	-7%	1,796	1,956	-8%
YoY Growth	1%	3%		1%	3%		1%	2%		1%	2%		1%	2%	
Mobile ARPU (in QR)															
Pre-Paid ARPU*	42	54	-22%	39	55	-30%	39	56	-31%	39	57	-32%	39	58	-33%
YoY Growth	-37%	-19%		-7%	3%		0%	2%		0%	2%		1%	2%	
Post-Paid ARPU	189	210	-10%	186	218	-15%	187	225	-17%	189	230	-18%	190	235	-19%
YoY Growth	-6%	5%		-2%	4%		1%	3%		1%	2%		1%	2%	
Blended Mobile ARPU*	83	92	-10%	82	93	-13%	84	96	-13%	85	98	-14%	86	100	-15%
YoY Growth	-18%	-8%		-1%	2%		3%	3%		1%	2%		1%	2%	
Mobile Service Revenue (in QR mn)															
Pre-Paid Service Revenue	644	851	-24%	572	911	-37%	567	951	-40%	573	987	-42%	580	1,024	-43%
YoY Growth	-25%	0%		-11%	7%		-1%	4%		1%	4%		1%	4%	
Post-Paid Service Revenue	1,015	1,013	0%	1,138	1,113	2%	1,210	1,193	1%	1,236	1,252	-1%	1,258	1,307	-4%
YoY Growth	20%	20%		12%	10%		6%	7%		2%	5%		2%	4%	
Total Mobile Service Revenue	1,659	1,864	-11%	1,710	2,024	-16%	1,778	2,144	-17%	1,809	2,238	-19%	1,839	2,331	-21%
YoY Growth	-2%	10%		3%	9%		4%	6%		2%	4%		2%	4%	
Other Service Revenue (Incl. Fixed)	270	227	19%	280	240	17%	290	260	12%	300	280	7%	310	300	3%
Other Revenue (Incl. Handsets)	150	167	-10%	180	160	13%	180	160	13%	180	160	13%	180	160	13%
Total Revenue (in QR mn)	2,079	2,258	-8%	2,170	2,424	-10%	2,248	2,564	-12%	2,289	2,678	-15%	2,329	2,791	-17%
YoY Growth	-1%	7%		4%	7%		4%	6%		2%	4%		2%	4%	
EBITDA (in QR mn)															
EBITDA	717	783	-9%	803	904	-11%	877	1,008	-13%	916	1,079	-15%	955	1,125	-15%
EBITDA Margin	34%	35%		37%	37%		39%	39%		40%	40%		41%	40%	
YoY Growth	23%	34%		12%	15%		9%	11%		4%	7%		4%	4%	
Net Income (in QR mn)															
Net Income	156	216	-28%	233	320	-27%	300	421	-29%	337	502	-33%	375	569	-34%
Net Margin	8%	10%		11%	13%		13%	16%		15%	19%		16%	20%	
YoY Growth	32%	83%		49%	48%		29%	31%		12%	19%		11%	13%	
Capex (in QR mn)															
Capex	604	486	24%	519	486	7%	406	456	-11%	373	416	-10%	357	396	-10%
Capex Intensity	29%	22%		24%	20%		18%	18%		16%	16%		15%	14%	
YoY Growth	23%	-1%		-14%	0%		-22%	-6%		-8%	-9%		-4%	-5%	
Free Cash Flow (in QR mn)															
Free Cash Flow	40	120	-67%	310	436	-29%	436	563	-23%	468	665	-30%	445	721	-38%
YoY Growth	-82%	-47%		679%	265%		40%	29%		7%	18%		-5%	8%	

Source: Company data, QNB FS estimates; Note: Previous detailed estimates were published April 2019. * Effective Jan. 1, 2019, VFQS adopted a new definition of prepaid subs aligning it more closely to customer definition of ITU and CRA, which would act to increase prepaid subs by 303k lowering prepaid and overall blended ARPU

VFQS EV/EBITDA Premium over ORDS is Eroding

EV / TTM Adjusted EBITDA



Source: Bloomberg

VFQS Valuation Premiums Have Come Under Pressure

Company	Country	Mcap			P/E			EV/EBITDA			ROE			EBITDA Margin			Dividend Yield		
		\$ mn	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e		
VODAFONE QATAR	Qatar	1,407	33.0	22.1	17.2	8.0	7.1	6.5	3.4%	5.1%	6.6%	34.5%	37.0%	39.0%	4.4	5.8	7.1		
OOREDOO QPSC	Qatar	6,170	15.3	14.1	12.0	4.2	4.1	4.0	6.3%	6.8%	7.7%	41.6%	41.8%	41.7%	4.1	4.1	4.7		
EMIRATES TELECOM GROUP CO	UAE	38,737	15.9	15.5	15.1	5.8	5.7	5.6	19.5%	18.2%	18.1%	50.6%	50.3%	49.5%	5.1	5.5	5.7		
EMIRATES INTEGRATED TELECOMM	UAE	6,808	14.4	13.8	13.5	4.4	4.3	4.1	20.7%	20.9%	20.9%	42.5%	42.4%	43.3%	6.4	6.5	6.6		
MAROC TELECOM	Marocco	13,407	21.0	20.7	19.8	8.1	7.9	7.8	38.5%	38.9%	40.7%	51.5%	51.1%	50.6%	4.7	4.8	5.1		
PALESTINE TELECOMMUNICATIONS	Palestine	1,079	8.1	7.9	7.5	7.1	7.0	n.a.	13.8%	13.6%	13.7%	43.2%	43.4%	n.a.	9.7	9.7	9.7		
MOBILE TELECOMMUNICATIONS CO	Kuwait	8,129	13.3	12.4	11.2	5.7	5.5	5.7	13.7%	13.5%	14.2%	44.2%	44.2%	41.0%	5.6	6.0	6.1		
NATIONAL MOBILE TELECOMMUNI	Kuwait	1,283	13.0	11.0	9.7	2.7	2.7	2.7	4.7%	5.3%	6.1%	35.8%	35.6%	37.1%	6.4	6.4	7.7		
VIVA KUWAIT TELECOM CO	Kuwait	1,180	1.5	1.5	1.5	3.7	3.6	3.6	20.8%	19.0%	18.0%	27.3%	26.8%	26.5%	38.3	46.0	53.6		
ETIHAD ETISALAT CO	KSA	4,731	92.2	44.0	30.2	6.2	6.0	5.8	1.4%	3.0%	4.4%	37.5%	36.7%	36.6%	0.0	0.0	1.1		
MOBILE TELECOMMUNICATIONS CO	KSA	1,712	15.0	13.3	13.3	4.5	4.3	4.5	8.7%	12.5%	8.4%	45.5%	45.1%	41.7%	0.0	1.2	3.1		
OOREDOO	Oman	893	9.1	9.1	8.3	3.2	3.1	3.0	14.7%	14.2%	14.6%	38.9%	39.1%	39.5%	7.6	7.6	7.6		
VODACOM GROUP LTD	S. Africa	15,823	14.2	13.3	12.5	8.2	7.5	7.2	20.4%	21.1%	22.0%	37.6%	39.7%	39.6%	6.3	6.5	6.8		
MTN GROUP LTD	S. Africa	11,783	15.0	12.0	10.2	5.2	4.8	4.4	13.3%	14.4%	16.8%	38.6%	39.2%	39.6%	5.9	6.6	7.3		
SAFARICOM PLC	Kenya	11,282	17.9	16.6	14.7	8.8	8.0	7.3	47.9%	49.8%	50.6%	50.5%	51.9%	52.4%	4.4	4.8	5.9		
SONATEL	Senegal	2,477	7.3	7.1	6.3	3.7	3.4	n.a.	29.7%	29.4%	31.3%	46.8%	46.7%	n.a.	11.3	11.3	11.3		
MTN NIGERIA COMMUNICATIONS P	Nigeria	6,738	11.6	10.5	9.1	5.0	4.6	5.6	88.0%	89.8%	84.8%	53.7%	53.4%	40.3%	6.8	7.9	9.1		
TURKCELL ILETISIM HIZMET AS	Turkey	5,048	9.4	7.3	6.0	3.8	3.3	2.9	18.9%	20.9%	22.6%	40.7%	40.5%	40.6%	5.9	8.0	9.8		
DIGI.COM BHD	Malaysia	8,606	24.1	23.6	23.3	13.2	13.0	12.7	224.3%	223.8%	223.6%	48.3%	48.5%	48.9%	4.1	4.2	4.3		
AXIATA GROUP BERHAD	Malaysia	9,464	36.0	29.4	24.8	7.0	6.6	6.3	6.5%	7.3%	8.2%	38.0%	38.6%	38.8%	2.5	2.9	3.4		
FAR EASTONE TELECOMM CO LTD	Taiwan	7,812	27.4	27.5	27.0	10.0	9.9	9.4	12.1%	13.0%	14.1%	32.5%	32.5%	33.7%	5.1	5.2	5.1		
INTOUCH HOLDINGS PCL	Thailand	6,685	16.0	14.9	14.5	121.6	128.4	127.5	36.5%	35.2%	38.4%	31.0%	30.8%	32.3%	4.5	5.1	5.3		
GLOBE TELECOM INC	Philippines	5,107	11.7	11.2	11.9	5.2	4.9	4.8	28.5%	26.9%	23.3%	44.6%	44.4%	43.7%	4.7	5.2	5.5		
VODAFONE IDEA LTD	India	2,411	n.a.	n.a.	n.a.	17.8	9.6	7.5	-75.8%	-35.0%	39.7%	14.7%	24.1%	30.2%	0.0	0.0	0.0		
BHARTI AIRTEL LTD	India	31,023	n.a.	n.a.	1764.7	13.9	10.6	9.0	-13.5%	-0.9%	4.1%	31.4%	39.5%	42.9%	0.6	0.4	0.5		
INDOSAT TBK PT	Indonesia	1,194	n.a.	n.a.	n.a.	5.4	4.9	4.4	-13.3%	-12.1%	-11.8%	34.8%	36.1%	37.0%	0.0	0.6	0.0		
XL AXIATA TBK PT	Indonesia	2,644	61.0	30.8	20.4	6.3	5.7	5.2	3.2%	5.9%	8.0%	39.1%	40.4%	41.0%	0.6	1.2	2.1		
Peer Group Median			15.0	13.6	13.3	5.8	5.7	5.6	13.8%	14.2%	16.8%	39.1%	40.4%	40.3%	4.7	5.2	5.7		
Peer Group Average			21.0	16.2	14.2	11.1	10.6	10.7	22.0%	24.5%	27.7%	39.8%	40.7%	40.3%	5.7	6.4	7.2		
Peer Group Normalised Av.			18.6	15.6	14.7	7.0	6.2	6.0	24.9%	23.6%	22.9%	40.3%	40.9%	40.4%	5.6	5.5	6.1		
Peer Group Normalised Av.2			17.1	15.3	14.4	6.7	6.1	5.8	23.6%	22.1%	20.9%	40.4%	41.0%	40.4%	5.6	5.5	6.2		

Source: Company data, QNB FS estimates, Bloomberg

Ratio Analysis

Key Ratios and Valuation Metrics

Growth Rates	FY2017	CY2017	CY2018	CY2019E	CY2020E	CY2021E	CY2022E	CY2023E	CY2024E
Revenue	-2.9%	-2.9%	5.1%	-1.0%	4.4%	3.6%	1.8%	1.7%	1.6%
Gross Profit	11.4%	1.3%	2.9%	1.1%	6.8%	5.2%	2.6%	2.5%	1.6%
EBIT	41.4%	33.5%	N/M	46.7%	36.9%	23.1%	9.9%	9.1%	5.8%
EBITDA	33.8%	16.0%	8.5%	22.7%	12.0%	9.2%	4.4%	4.3%	2.9%
Net Income	42.2%	31.6%	N/M	32.5%	49.3%	28.8%	12.3%	11.1%	7.0%
DPS				7.9%	32.0%	21.2%	9.6%	8.9%	5.7%
CFPS	39.0%	29.6%	43.7%	-9.1%	28.9%	1.5%	-0.1%	-4.6%	3.1%
FCPS	165.9%	158.8%	80.7%	-82.3%	678.9%	40.5%	7.3%	-4.8%	9.3%
Operating Ratios									
Gross Margin	64.1%	64.0%	62.6%	64.0%	65.5%	66.5%	67.0%	67.5%	67.5%
EBIT Margin	(11.8%)	(11.2%)	7.6%	11.2%	14.7%	17.5%	18.9%	20.2%	21.1%
EBITDA Margin	26.1%	26.9%	27.8%	34.5%	37.0%	39.0%	40.0%	41.0%	41.5%
Net Margin	(13.1%)	(12.8%)	5.6%	7.5%	10.7%	13.4%	14.7%	16.1%	16.9%
Capex Intensity	15.1%	18.4%	23.3%	29.0%	23.9%	18.0%	16.3%	15.3%	14.4%
Finance Ratios									
Debt - Equity Ratio	20.3%	18.3%	17.9%	20.0%	19.9%	19.9%	19.4%	18.8%	18.3%
Net Debt - Equity Ratio	16.7%	13.9%	9.1%	12.7%	12.6%	11.4%	11.1%	12.3%	13.6%
Net Debt-to-Capital	14.3%	12.2%	8.4%	11.2%	11.2%	10.2%	10.0%	10.9%	11.9%
Cash Interest Coverage	19.0x	18.1x	16.7x	11.5x	11.9x	13.0x	13.9x	15.0x	15.9x
Ave. Effective Borrowing rate %	3.0%	3.6%	4.3%	6.9%	7.4%	7.4%	7.6%	7.6%	7.6%
Return Ratios									
ROIC	(4.3%)	(4.2%)	2.9%	4.0%	5.4%	6.7%	7.4%	8.2%	8.7%
ROE	(5.8%)	(5.7%)	2.6%	3.4%	5.1%	6.6%	7.5%	8.4%	9.0%
ROA	(4.1%)	(4.1%)	1.8%	2.2%	3.3%	4.3%	4.9%	5.6%	6.1%
Dividend Payout %			179.4%	146.2%	129.3%	121.6%	118.7%	116.3%	114.9%
Valuation									
EV/Sales	2.9x	2.9x	2.7x	2.8x	2.6x	2.5x	2.5x	2.5x	2.4x
EV/EBITDA	11.1x	10.7x	9.5x	8.0x	7.1x	6.5x	6.2x	6.0x	5.9x
EV/EBIT	N/M	N/M	35.0x	24.6x	17.9x	14.4x	13.1x	12.1x	11.5x
P/E	N/M	N/M	43.8x	33.0x	22.1x	17.2x	15.3x	13.8x	12.9x
P/BV	1.1x	1.2x	1.1x	1.1x	1.1x	1.1x	1.1x	1.2x	1.2x
Dividend Yield	0.0%	0.0%	4.1%	4.4%	5.8%	7.1%	7.8%	8.5%	8.9%
Liquidity Ratios									
Current Ratio	0.7x	0.7x	0.4x	0.7x	0.6x	0.7x	0.7x	0.7x	0.7x
Quick Ratio	0.6x	0.6x	0.4x	0.6x	0.6x	0.7x	0.7x	0.7x	0.6x

Source: Company data, QNB FS estimates

Detailed Financial Statements

Income Statement (In QR mn)	FY2017	CY2017	CY2018	CY2019e	CY2020e	CY2021e	CY2022e	CY2023e
Revenue	2,059	1,998	2,101	2,079	2,170	2,248	2,289	2,329
Direct Costs	(740)	(719)	(785)	(748)	(749)	(753)	(755)	(757)
Gross Profit	1,319	1,279	1,316	1,331	1,421	1,495	1,534	1,572
Other Expenses, Excluding D&A	(782)	(741)	(732)	(614)	(618)	(618)	(618)	(617)
EBITDA	537	538	584	717	803	877	916	955
Depreciation & Amortization	(780)	(762)	(425)	(483)	(483)	(483)	(483)	(483)
EBIT	(243)	(224)	159	233	320	393	432	472
Interest Income	2	2	5	3	4	4	4	4
Interest Expense	(28)	(30)	(35)	(62)	(67)	(67)	(66)	(64)
Other Income/Expense	(0)	(4)	(12)	(18)	(23)	(30)	(33)	(37)
Profit Before Tax	(269)	(256)	118	156	233	300	337	375
Income Tax Expense								
Profit for Shareholders	(269)	(256)	118	156	233	300	337	375
EPS (QR)	(0.06)	(0.06)	0.03	0.04	0.06	0.07	0.08	0.09
DPS (QR)	0.00	0.00	0.05	0.05	0.07	0.09	0.09	0.10

Source: Company data, QNB FS estimates

Detailed Financial Statements

Balance Sheet (In QR mn)	FY2017	CY2017	CY2018	CY2019e	CY2020e	CY2021e	CY2022e	CY2023e
Non-Current Assets								
Property, Plant and Equipment	1,233	1,202	1,292	1,435	1,526	1,546	1,547	1,538
Intangible Assets	4,782	4,461	4,428	4,490	4,519	4,505	4,478	4,445
Rights of Use Assets	0	0	0	316	232	149	65	0
Trade and Other Receivables	25	25	26	37	38	40	40	41
Total Non-Current Assets	6,040	5,688	5,746	6,278	6,316	6,239	6,130	6,024
Current Assets								
Inventory	13	36	35	16	16	17	17	17
Contract Assets & Costs			31	37	37	37	37	37
Trade and Other Receivables	357	302	269	336	344	357	367	374
Cash and Cash Equivalents	169	199	401	331	333	389	374	295
Total Current Assets	539	536	736	720	730	800	795	723
Total Assets	6,579	6,225	6,483	6,998	7,046	7,040	6,925	6,747
Equity								
Total Equity	4,654	4,472	4,591	4,533	4,538	4,537	4,509	4,483
Non-Current Liabilities								
Trade and Other Payables	50	52	53	113	118	122	124	126
Lease Liabilities	0	0	0	227	218	210	194	172
Provisions	114	105	103	117	122	126	128	131
Long-Term Borrowings	946	818	0	905	905	875	845	815
Total Non-Current Liabilities	1,110	976	156	1,362	1,363	1,333	1,291	1,244
Current Liabilities								
Trade and Other Payables	816	777	916	1,017	1,062	1,060	1,021	924
Lease Liabilities	0	0	0	87	83	80	74	66
Short-Term Borrowings	0	0	820	0	0	30	30	30
Total Current Liabilities	816	777	1,736	1,104	1,146	1,170	1,125	1,019
Total Liabilities	1,925	1,753	1,892	2,465	2,508	2,503	2,416	2,263
Equity and Liabilities	6,579	6,225	6,483	6,998	7,046	7,040	6,925	6,747

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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