

Milaha/Qatar Navigation (QNNS)

Recommendation	ACCUMULATE	Risk Rating	R-4
Share Price	QR10.28	Target Price	QR12.00
Implied Upside	16.7%	Old Target Price	QR11.20

Still Valued Less Than Sum-Of-Its-Parts; Raising Price Target; Accumulate

We are updating our model to reflect 9M2023 results. Following a solid performance in 2022, with its normalized earnings up 35.2% YoY, QNNS posted a 7.1% YoY normalized earnings decline in 9M2023 with offshore (MO)/capital (MC) gaining strength. We remain bullish on QNNS. The stock, since we first started coverage in 2011, has usually 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 continue to get Milaha's "core" or operating businesses for almost free. Milaha's shares offer value and the company is enjoying a multi-year resurgence in its offshore segment that is leveraged to Qatar's massive North Field Expansion project. Moreover, while its maritime & logistics (MM&L) division is suffering from a significant drop in container shipping revenue (primarily on account of a severe ratcheting down in container shipping rates along with a decline in volumes) and a moribund logistics unit, the worst may be behind us and YoY comparisons are likely to get less challenging. Container rates (while still down precipitously from pandemic-related unsustainable highs) have more than doubled thus far this year given the Red Sea crisis – this could have positive implications for this segment at least in 1Q2024. A lack of large impairments in the future should also help Milaha's earnings trajectory and highlight its growth story to investors. Moreover, if QGTS (Milaha's 36.3%-owned associate) is able to secure a share of new vessels for the massive North Field expansion program, it could lead to upside for Nakilat, and consequentially, Milaha investors. We increase our target for Milaha from QR11.20 to QR12.00 and reiterate our Accumulate rating.

Highlights

- Milaha posted 3Q2023 earnings of QR222.1mn, up 5.9% vs. QR209.7mn in 3Q2022 but down 21.9% QoQ as compared to QR284.4mn in 2Q2023. Reported earnings/EPS of QR222.1mn/QR0.20 also fell short of our estimate of QR307.1mn/QR0.27 by 27.7%. We note that QNNS recorded an impairment charge of QR85.5mn (QR0.08/share) in MC in 3Q2022 and excluding this, normalized earnings fell 24.8% YoY. Relative to our model, MO, MM&L, Milaha Trading (MT) and MC posted weaker-than-expected earnings, while Milaha Gas & Petrochem (MG&P) came in modestly above our model. (See page 5 for detailed table).
- 4Q2023 preview: earnings/EPS should increase 35.9% YoY but decline 0.8% QoQ to QR220.3mn/QR0.19. If we exclude the QR80.2mn (QR0.07/share) in impairment charges in 4Q2022 (primarily in MG&P), normalized earnings should decline 9.1% YoY in 4Q2023. (See page 4 for detailed table).
- We project a 7.6% increase in earnings from QR1,012.7mn (EPS: QR0.89) in 2022 to QR1,090.1mn (EPS: QR0.96) in 2023. Normalized earnings, however, should decline 7.5% YoY from QR1,178.5mn (EPS: QR1.04) in 2022. We model a 14.3% YoY increase in DPS from QR0.35 (payout: 39.3%) to QR0.40 in 2023 (41.7%).
- Normalized earnings (excl. impairments/one-offs) should grow at a 6.9% CAGR (2022-2028e) vs. a CAGR of -0.2% (2015-2022). About 22% of this six-year growth in "clean" earnings should be driven by operating businesses or "core", led by growth in offshore. MO (~33% of the six-year growth in earnings) should benefit from the strong growth in Qatar O&G activities and Milaha's focus on scaling up specialized subsea services and maintenance, modification & operations – we expect an earnings CAGR of 22.9%. The biggest drag on earnings growth could be MM&L (excl. QTerminals, which shows a CAGR of 1.0%), expected to flip from a 2022 profit of QR127.2mn to a loss of QR20.6mn in 2028 (however, we do model segment losses to progressively decline from 2024). MM&L has faced headwinds but we expect improving fundamentals; this segment could also benefit from the Red Sea crisis but this is likely to be relatively short-lived as compared to COVID-19-related disruptions. A whopping ~78% of the growth in future earnings is driven by "non-core" items, including Nakilat (9.2% CAGR), which propels almost 64% of Milaha's earnings growth. The remaining ~15% is driven by MC based on stable real estate income and growing dividend income.

Catalysts

- (1) Milaha's exposure to Qatar's O&G sector, primarily via MO, could help momentum through EPS growth/newsflow. (2) An improvement in MM&L's profitability could also help. (3) Nakilat remains the biggest value driver, both through its earnings growth and through its potential to secure new NF-related contracts. (4) QNNS also has the ability to boost dividends given its strong balance sheet (3Q2023 net cash of QR808.6mn/QR0.71 per share) and solid FCF profile (despite increased offshore capex needs).

Recommendation, Valuation and Risks

- Recommendation & valuation:** We recommend an Accumulate rating 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: Accumulate/QR4.100 TP); 3) A P/E-based value for Milaha's 49.0%-owned JV QTerminals; 4) Investment (stocks & bonds) portfolio at a 10% discount to its 3Q2023 value; and 5) Real estate investment properties at a 30% haircut to 3Q2023 estimated FV. We also apply a 30% conglomerate discount.
- Risks:** Milaha stock remains in a "show-me" mode – always optically undervalued relative to its SOTP. For the stock to re-rate, investors need to see earnings/EBITDA acceleration without large 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

	2022	2023e	2024e	2025e	2026e	2027e	2028e
EPS (Excluding Impairments & One-Offs)	1.04	0.96	1.13	1.25	1.36	1.46	1.55
EPS Growth (%)	35.2	(7.5)	17.8	10.4	8.9	7.1	6.2
P/E (x)	9.9	10.7	9.1	8.2	7.6	7.1	6.6
EV/EBITDA (x)	13.2	12.7	11.8	10.9	10.0	9.2	8.4
FCF Yield (%)	6.8	7.8	8.0	8.7	9.3	9.9	10.5
DPS (QR)	0.35	0.40	0.45	0.50	0.55	0.60	0.65
RoE (%)	7.7	6.7	7.5	7.9	8.2	8.3	8.4

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

Key Data

Current Market Price (QR)	10.28
Current Dividend Yield (%)	3.9
Bloomberg Ticker	QNNS QD
ADR/GDR Ticker	N/A
Reuters Ticker	QNNC.QA
ISIN	QA0007227695
Sector*	Transportation
52wk High/52wk Low (QR)	11.43/8.100
3-m Average Volume ('00)	1,853.7
Mkt. Cap. (\$ bn/QR bn)	3.2/11.7
EV (\$ bn/QR bn)	3.0/10.9
Shares Outstanding (mn)	1,136.2
FO Limit* (%)	100.0
Current Institutional FO* (%)	17.0
1-Year Total Return (%)	7.0
Fiscal Year End	December 31

Source: Bloomberg (as of January 25, 2024), *Qatar Exchange (as of January 25, 2024); Note: FO is foreign ownership

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Valuation – Our Price Target Implies a 16.7% Appreciation Potential

Our target price of QR12.00/share implies an upside of 16.7% 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' 36.3% stake in Nakilat (QGTS: Accumulate/QR4.100 Target Price);
- 3) A P/E-based value for Milaha's 49.0%-owned JV QTerminals;
- 4) Investment (stocks & bonds) portfolio at a 10% discount to its 3Q2023 value; and
- 5) Real estate investment properties at a 30% haircut to 3Q2023 estimated FV.

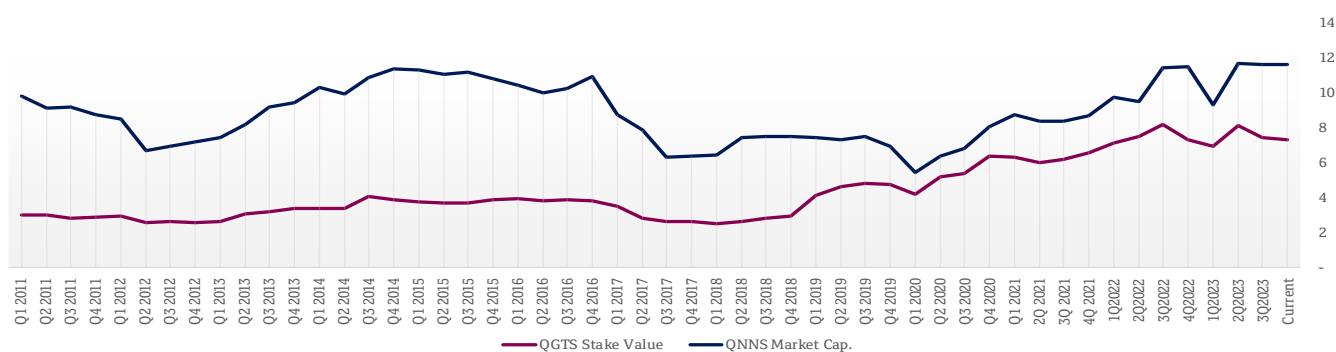
We also apply a 30% conglomerate discount.

Valuation Summary

SOTP	Methodology	Equity Value (QR mn)	EV/Share	% of Total
Milaha Offshore	DCF	3,681	3.24	18.9%
Milaha Maritime & Logistics	DCF	453	0.40	2.3%
Milaha Gas & Petrochem	DCF	1,379	1.21	7.1%
Milaha Trading	DCF	133	0.12	0.7%
Milaha Core	DCF	5,646	4.97	29.0%
Investments	3Q2023 Market/Book Value (10% Discount)	2,642	2.33	13.6%
Real Estate - Investment Properties	3Q2023 Estimated Fair Value (30% Discount)	1,412	1.24	7.3%
Associates - Nakilat (36.3% Stake)	QNBFS Price Target of QR4.100	8,233	7.25	42.3%
Associates - Other	3Q2023 Book Value (Estimated)	266	0.23	1.4%
JVs - QTerminals (49.0% Stake)	P/E (20% Discount to 2024 Assumed P/E of 12x)	1,004	0.88	5.2%
JVs - Gulf LPG	3Q2023 Book Value (Estimated)	153	0.13	0.8%
Loans to LNG Companies	3Q2023 Book Value	102	0.09	0.5%
Equity Value		19,460	17.13	100.0%
Conglomerate Discount (30%)		5,838	(5.14)	
Price Target		13,622	12.00	
Current Price			10.28	
Upside/(Downside)			16.7%	

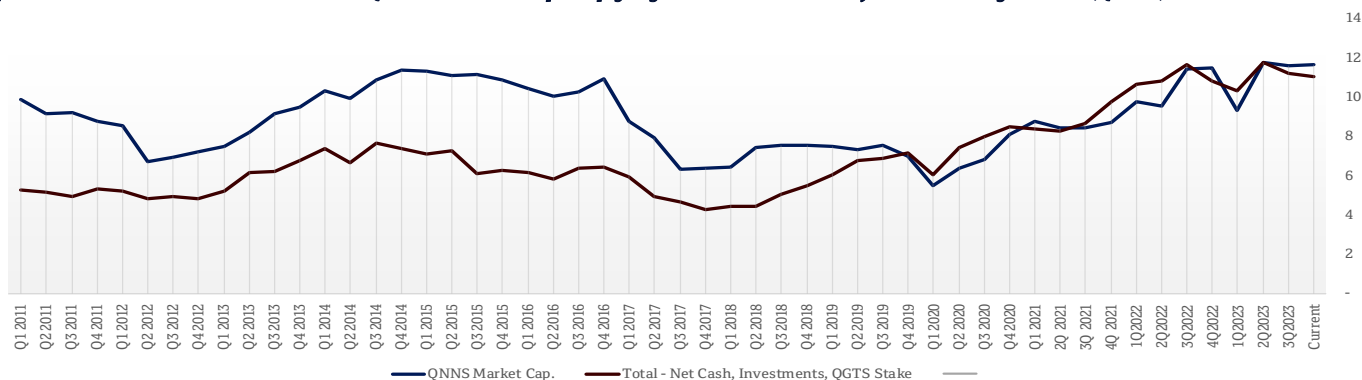
Source: Company data, QNB FS Research

QGTS Stake Alone is ~63% of Milaha's Market Cap. (QR bn)



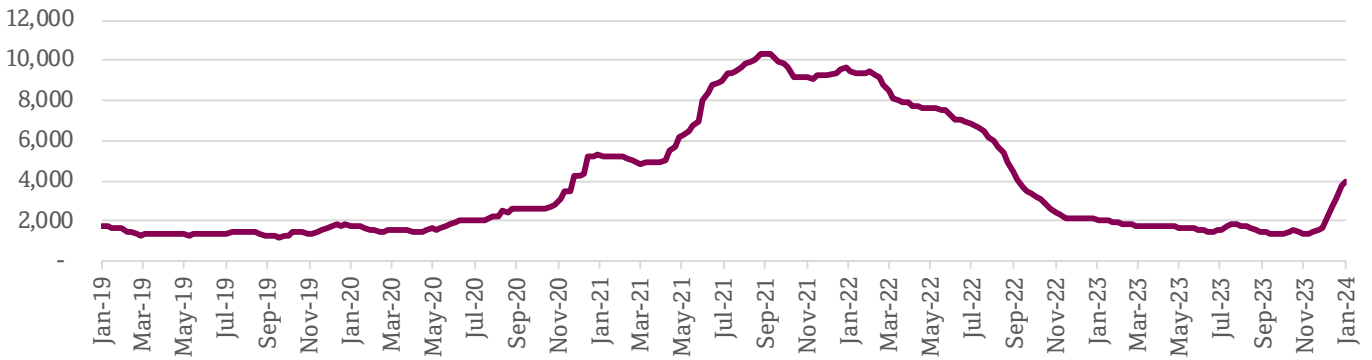
Source: Bloomberg, QNB FS Research

QGTS+Investments+Net Cash ~95% QNNS Market Cap. Implying Almost Zero Value for Remaining Assets (QR bn)



Source: Bloomberg, QNB FS Research

Drewry's World Container Index Has Shown Significant Increase Thus Far in 2024 (\$/40-Foot Container)



Source: Bloomberg

Estimate Changes

QNB FS Estimates Revisions

In QR mn	Current			Previous			Current			Previous		
	2023	2023	%	2024	2024	%	2025	2025	%	2026	2026	%
Revenue	2,957	2,884	2.6%	3,120	3,016	3.4%	3,248	3,117	4.2%	3,374	3,218	4.9%
COGS	(1,463)	(1,432)	2.2%	(1,557)	(1,502)	3.6%	(1,623)	(1,552)	4.6%	(1,676)	(1,595)	5.0%
Gross Profit	1,494	1,452	2.9%	1,563	1,513	3.3%	1,625	1,564	3.9%	1,698	1,622	4.7%
SG&A	(646)	(603)	7.2%	(668)	(619)	7.9%	(687)	(635)	8.2%	(705)	(651)	8.2%
EBITDA	848	849	-0.1%	895	895	0.1%	938	929	0.9%	994	971	2.4%
Depreciation & Amortization	(388)	(386)	0.7%	(409)	(403)	1.5%	(421)	(421)	0.2%	(433)	(439)	-1.5%
EBIT	459	463	-0.8%	487	492	-1.1%	517	509	1.6%	561	531	5.5%
Net Interest Income (Expense)	(21)	(33)	-35.8%	9	(9)	N/M	10	11	-12.4%	10	19	-47.6%
Share of Results From JVs	125	171	-26.8%	136	193	-29.7%	158	207	-23.4%	179	218	-18.0%
Share of Results From Associates	541	558	-3.0%	675	618	9.4%	760	674	12.8%	826	728	13.5%
Impairments & Others	6	1	299.6%									
Net Profit Before Taxes & Minority Interest	1,110	1,160	-4.4%	1,307	1,294	1.0%	1,445	1,400	3.2%	1,576	1,497	5.3%
Taxes	(21)	(9)	126.6%	(24)	(10)	148.1%	(28)	(10)	166.7%	(32)	(11)	192.9%
Net Profit Before Minority Interest	1,089	1,151	-5.4%	1,284	1,285	-0.1%	1,417	1,390	2.0%	1,544	1,486	3.9%
Minority Interest	1	(3)	N/M	1	(3)	N/M	1	(3)	N/M	1	(3)	N/M
Net Profit	1,090	1,149	-5.1%	1,285	1,282	0.2%	1,418	1,387	2.2%	1,545	1,483	4.2%

Source: Company data, QNB FS Research

4Q2023/FY2023 Preview: Expected to Post YoY Earnings & DPS Growth

4Q2023 preview: earnings/EPS should increase 35.9% YoY but decline 0.8% QoQ to QR220.3mn/QR0.19. If we exclude the QR80.2mn (QR0.07/share) in impairment charges in 4Q2022 (primarily in MG&P), normalized earnings should decline 9.1% YoY in 4Q2023.

We project a 7.6% increase in earnings from QR1,012.7mn (EPS: QR0.89) in 2022 to QR1,090.1mn (EPS: QR0.96) in 2023. Normalized earnings, however, should decline 7.5% YoY from QR1,178.5mn (EPS: QR1.04) in 2022.

We model a 14.3% YoY increase in DPS from QR0.35 (payout: 39.3%) to QR0.40 in 2023 (41.7%).

QNB FS 4Q2023/2023 Estimates and Comparisons

Revenue (in QR '000)	4Q2022	3Q2023	4Q2023e	YoY	QoQ	2022	2023e	YoY
MM&L	310,238	214,487	205,105	-33.9%	-4.4%	1,404,024	922,125	-34.3%
MO	302,963	364,140	377,053	24.5%	3.5%	1,211,586	1,390,516	14.8%
MG&P	58,724	59,331	60,224	2.6%	1.5%	218,604	239,683	9.6%
MC	115,021	91,191	95,705	-16.8%	5.0%	539,610	452,467	-16.1%
MT	82,951	60,865	61,990	-25.3%	1.8%	326,749	249,500	-23.6%
Corporate Adjustments		0				0	0	
Total	869,897	790,014	800,078	-8.0%	1.3%	3,700,573	3,254,292	-12.1%
Eliminations	(147,473)	(73,449)	(70,036)	-52.5%	-4.6%	(415,317)	(296,869)	-28.5%
Total Net	722,424	716,565	730,042	1.1%	1.9%	3,285,256	2,957,423	-10.0%

Net Income (in QR '000)	4Q2022	3Q2023	4Q2023e	YoY	QoQ	2022	2023e	YoY
MM&L	29,387	(20,701)	(25,220)	N/M	21.8%	283,642	(15,838)	N/M
MO	12,286	25,589	28,015	128.0%	9.5%	78,347	181,126	131.2%
MG&P	96,444	179,895	180,461	87.1%	0.3%	565,325	686,749	21.5%
MC	24,550	38,020	37,159	51.4%	-2.3%	94,161	237,587	152.3%
MT	1,309	(1,382)	(521)	N/M	-62.3%	(5,014)	(454)	-90.9%
Total	163,976	221,421	219,894	34.1%	-0.7%	1,016,461	1,089,170	7.2%
Minorities	(1,849)	649	433	N/M	-33.3%	(3,723)	894	N/M
NI to Equity	162,127	222,070	220,327	35.9%	-0.8%	1,012,738	1,090,064	7.6%

Impairment of PP&E/Vessels/Intangibles	(80,204)			-100.0%		(165,726)	0	-100.0%
NI to Equity, Ex. Impairment	242,331	222,070	220,327	-9.1%	-0.8%	1,178,464	1,090,064	-7.5%

EPS	0.14	0.20	0.19	35.9%	-0.8%	0.89	0.96	7.6%
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Net Income (in QR '000)	4Q2022	3Q2023	4Q2023e	YoY	QoQ	2022	2023e	YoY
MM&L Normalized	30,166	(20,701)	(25,220)	N/M	21.8%	284,421	(15,838)	N/M
MO Normalized	12,286	25,589	28,015	128.0%	9.5%	78,347	181,126	131.2%
MG&P Normalized	175,869	179,895	180,461	2.6%	0.3%	644,750	686,749	6.5%
MC Normalized	24,550	38,020	37,159	51.4%	-2.3%	179,683	237,587	32.2%
MT Normalized	1,309	(1,382)	(521)	N/M	-62.3%	(5,014)	(454)	-90.9%
NI to Equity, Ex. Impairment	242,331	222,070	220,327	-9.1%	-0.8%	1,178,464	1,090,064	-7.5%

Source: Company data, QNB FS Research

3Q2023 Review: YoY Growth Despite Soft Core Performance

Milaha posted 3Q2023 earnings of QR222.1mn, up 5.9% vs. QR209.7mn in 3Q2022 but down 21.9% QoQ as compared to QR284.4mn in 2Q2023. Reported earnings/EPS of QR222.1mn/QR0.20 also fell short of our estimate of QR307.1mn/QR0.27 by 27.7%. We note that QNNS recorded an impairment charge of QR85.5mn (QR0.08/share) in MC in 3Q2022 and excluding this, normalized earnings fell 24.8% YoY. Relative to our model, MO, MM&L, Milaha Trading (MT) and MC posted weaker-than-expected earnings, while Milaha Gas & Petrochem (MG&P) came in modestly above our model.

QNB FS 3Q2023 Estimates and Comparisons

Revenue (in QR '000)	3Q2022	2Q2023	3Q2023	3Q2023e	A Vs. E	YoY	QoQ
MM&L	345,840	256,189	214,487	247,370	-13.3%	-38.0%	-16.3%
MO	322,066	340,760	364,140	352,022	3.4%	13.1%	6.9%
MG&P	58,960	62,760	59,331	63,587	-6.7%	0.6%	-5.5%
MC	111,792	93,568	91,191	87,946	3.7%	-18.4%	-2.5%
MT	69,378	68,719	60,865	69,791	-12.8%	-12.3%	-11.4%
Corporate Adjustments		(2)	0				N/M
Total	908,036	821,994	790,014	820,716	-3.7%	-13.0%	-3.9%
Eliminations	(118,948)	(77,424)	(73,449)	(73,864)	-0.6%	-38.3%	-5.1%
Total Net	789,088	744,570	716,565	746,852	-4.1%	-9.2%	-3.8%

Net Income (in QR '000)	3Q2022	2Q2023	3Q2023	3Q2023e	A Vs. E	YoY	QoQ
MM&L	71,842	6,032	(20,701)	17,687	N/M	N/M	N/M
MO	37,351	66,210	25,589	69,408	-63.1%	-31.5%	-61.4%
MG&P	162,231	170,528	179,895	176,394	2.0%	10.9%	5.5%
MC	(58,872)	42,665	38,020	41,511	-8.4%	N/M	-10.9%
MT	(2,104)	(1,491)	(1,382)	2,875	N/M	-34.3%	-7.3%
Total	210,448	283,944	221,421	307,875	-28.1%	5.2%	-22.0%
Minorities	(739)	438	649	(786)	N/M	N/M	48.2%
NI to Equity	209,709	284,382	222,070	307,088	-27.7%	5.9%	-21.9%

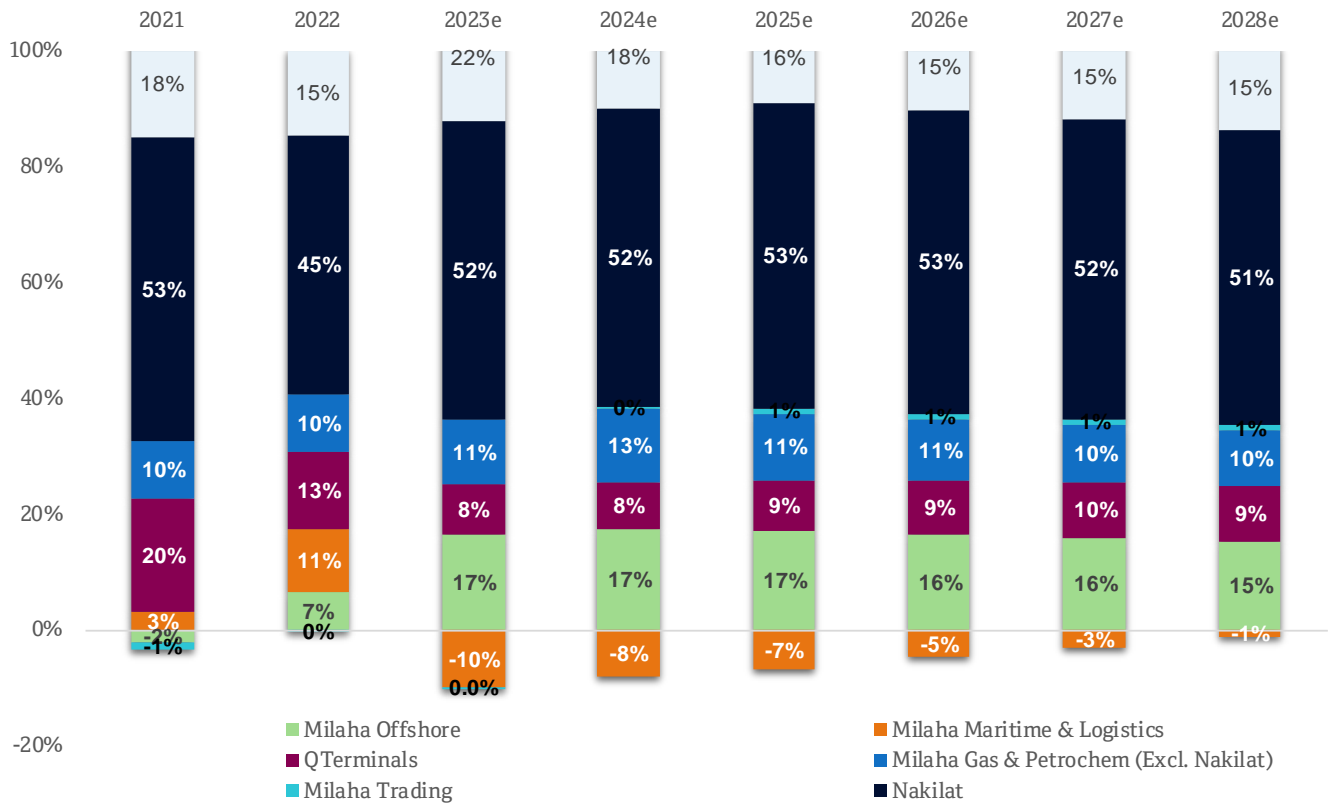
Impairment of PP&E/Vessels/Intangibles	(85,522)					-100.0%	
NI to Equity, Ex. Impairment	295,231	284,382	222,070	307,088	-27.7%	-24.8%	-21.9%

EPS	0.18	0.25	0.20	0.27	-27.7%	5.9%	-21.9%
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Net Income (in QR '000)	3Q2022	2Q2023	3Q2023	3Q2023e	A Vs. E	YoY	QoQ
MM&L Normalized	71,842	6,032	(20,701)	17,687	N/M	N/M	N/M
MO Normalized	37,351	66,210	25,589	69,408	-63.1%	-31.5%	-61.4%
MG&P Normalized	162,231	170,528	179,895	176,394	2.0%	10.9%	5.5%
MC Normalized	26,650	42,665	38,020	41,511	-8.4%	42.7%	-10.9%
MT Normalized	(2,104)	(1,491)	(1,382)	2,875	N/M	-34.3%	-7.3%
NI to Equity, Ex. Impairment	295,231	284,382	222,070	307,088	-27.7%	-24.8%	-21.9%

Source: Company data, QNB FS Research

Milaha's Normalized Net Income, by Segments



Source: Company data, QNB FS Research

Key Ratios & Valuation

Key Ratios & Valuation Multiples	2020	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e
Growth (%)									
Revenue	(6.49)	22.78	18.01	(9.98)	5.49	4.12	3.87	3.71	3.37
Gross Profit	(0.66)	(0.06)	21.59	(0.15)	4.59	3.96	4.52	4.46	4.33
EBITDA	0.20	(3.87)	38.05	(1.04)	5.60	4.77	5.91	5.74	5.69
EBIT	(1.35)	(9.26)	92.46	(5.63)	5.89	6.23	8.48	8.30	8.31
Net Profit	(89.19)	1,125.18	39.85	7.64	17.84	10.41	8.94	7.07	6.22
Net Profit (Ex. Impairments & One-Offs)	4.27	2.15	35.18	(7.50)	17.84	10.41	8.94	7.07	6.22
Profitability (%)									
Gross Margin	54.32	44.21	45.56	50.53	50.10	50.02	50.34	50.70	51.18
EBITDA Margin	28.48	22.29	26.08	28.67	28.70	28.88	29.45	30.02	30.70
EBIT Margin	12.30	9.09	14.82	15.54	15.59	15.91	16.62	17.35	18.18
Net Margin	2.61	26.01	30.83	36.86	41.17	43.66	45.79	47.27	48.58
RoE	0.42	5.10	6.58	6.66	7.51	7.89	8.17	8.31	8.38
RoE (Ex. Impairments & One-Offs)	6.04	6.13	7.66	6.66	7.51	7.89	8.17	8.31	8.38
RoAA	0.34	4.20	5.66	5.96	6.93	7.36	7.64	7.79	7.88
Efficiency									
Fixed Asset Turnover	0.62	0.89	1.12	1.05	1.12	1.16	1.20	1.23	1.27
Total Asset Turnover	0.13	0.16	0.18	0.16	0.17	0.17	0.17	0.16	0.16
Sales-to-Net Working Capital	29.91	35.67	10.42	7.93	7.76	7.70	7.59	7.47	7.36
Receivables-to-Payables	1.00	0.97	1.24	1.57	1.58	1.58	1.59	1.60	1.61
Capex-to-Sales (%)	9.77	8.00	6.89	6.08	9.03	9.07	9.12	9.19	9.29
Liquidity (x)									
Current Ratio	1.16	1.54	1.96	2.98	4.08	4.34	4.63	4.94	5.27
Quick Ratio	1.11	1.47	1.89	2.89	3.95	4.20	4.49	4.80	5.13
Cash Ratio	0.25	0.47	0.92	1.43	1.87	2.12	2.39	2.67	2.97
Leverage Ratios									
Net Debt/Equity (%)	12.73	6.03	(2.56)	(5.37)	(6.58)	(7.71)	(8.77)	(9.78)	(10.73)
Net Debt-to-Capital (%)	11.34	5.82	(2.59)	(5.51)	(6.95)	(8.26)	(9.42)	(10.52)	(11.56)
Net Debt-to-EBITDA	2.70	1.43	(0.48)	(1.06)	(1.29)	(1.51)	(1.71)	(1.90)	(2.08)
Interest Coverage Ratio (x)	3.33	3.48	8.22	10.71	25.27	51.82	69.67	80.83	93.67
Valuation Multiples									
P/E (x)	197.6	16.1	11.5	10.7	9.1	8.2	7.6	7.1	6.6
P/E Ex. Impairments & One-Offs (x)	13.7	13.4	9.9	10.7	9.1	8.2	7.6	7.1	6.6
P/B (x)	0.9	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.5
EV/EBITDA (x)	20.8	20.2	13.2	12.7	11.8	10.9	10.0	9.2	8.4
Dividend Yield (%)	2.9	2.9	3.4	3.9	4.4	4.9	5.4	5.8	6.3
FCFF Yield (%)	7.3	6.9	6.8	7.8	8.0	8.7	9.3	9.9	10.5

Source: Company data, QNB FS Research

Detailed Financial Statements

Income Statement (In QR mn)	FY2022	FY2023e	FY2024e	FY2025e
Revenue	3,285	2,957	3,120	3,248
COGS	(1,789)	(1,463)	(1,557)	(1,623)
Gross Profit	1,497	1,494	1,563	1,625
SG&A	(640)	(646)	(668)	(687)
EBITDA	857	848	895	938
Depreciation & Amortization	(370)	(388)	(409)	(421)
EBIT	487	459	487	517
Net Interest Income (Expense)	(44)	(21)	9	10
Share of Results From JVs	179	125	136	158
Share of Results From Associates	542	541	675	760
Impairments & Others	(146)	6	0	0
Net Profit Before Taxes & Minority Interest	1,017	1,110	1,307	1,445
Taxes	(1)	(21)	(24)	(28)
Net Profit Before Minority Interest	1,016	1,089	1,284	1,417
Minority Interest	(4)	1	1	1
Net Profit	1,013	1,090	1,285	1,418
Net Profit Excluding Impairments & One-Offs	1,178	1,090	1,285	1,418

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	FY2022	FY2023e	FY2024e	FY2025e
Current Assets				
Cash & Cash Equivalents	1,467	1,471	1,414	1,669
Loan to a Related Party	0	0	0	0
Equity Investments at FVTPL	502	508	529	552
Trade & Other Receivables	1,036	989	1,040	1,086
Inventories	115	98	104	109
Total Current Assets	3,120	3,066	3,087	3,415
Non-Current Assets				
Other Assets	312	226	220	217
Investment Securities at FVOCI	2,567	2,464	2,570	2,678
Investment In Associates	7,548	7,828	8,221	8,679
Investments in JVs	1,025	1,050	1,077	1,109
Intangible Assets	16	13	13	12
Investment Property	884	854	836	818
Property, Vessels & Equipment	2,841	2,771	2,791	2,810
Total Non-Current Assets	15,193	15,205	15,728	16,323
Total Assets	18,313	18,271	18,815	19,738
Current Liabilities				
Trade & Other Payables	755	628	657	687
Loans, Borrowings & Lease Liabilities	838	399	99	99
Total Current Liabilities	1,593	1,027	756	787
Non-Current Liabilities				
Loans & Borrowings	299	262	248	234
Others	337	255	255	255
Total Non-Current Liabilities	637	517	503	489
Total Liabilities	2,229	1,544	1,259	1,276
Minority Interest	42	41	40	39
Shareholders' Equity	16,042	16,685	17,515	18,422
Total Liabilities & Shareholders' Equity	18,313	18,271	18,815	19,738

Source: Company data, QNB FS Research

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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