QSE 4Q2019 Earnings Preview

Monday, 13 January 2020

4Q2019 Earnings: Attractive Dividends to Drive Near-Term Rally

***We expect Qatari stocks under coverage to exhibit strong YoY earnings growth on a normalized (excluding outliers such as IQCD) basis in 4Q2019. Normalized earnings should grow 13.1% YoY (decline by 6.3% QoQ) in aggregate. CBQK and DHBK** should contribute positively to the YoY net income growth of stocks under our coverage. On an overall basis, the Qatar Stock Exchange Index trades at a 2019 P/E of 13.8x, complemented by a dividend yield of 4.2%, in-line to modestly above the MSCI EM Index which trades at a 13.3x P/E along with a dividend yield of 2.9%. Going forward, we remain optimistic about the Qatari equity market in 2020. As we approach the dividend season, we expect Qatari stocks to outperform their EM peers as they have done in the past. Qatari stocks enjoy stronger dividend yields (4.2% estimated for 2019 and 4.5% for 2020), which are notably above MSCI EM averages of 2.9% and 3.2%, respectively. Therefore, our market tends to outperform its EM peers as the dividend season approaches. Since 2014, the QE Index has beaten the MSCI EM Index by an average 3.8% (with an absolute average return of 4.8%) between the end of November until the beginning of March the following year. Going forward, we think Qatari stocks may need positive earnings and dividends surprises to set up a 2020 rally in the short-term. Longer-term, we remain bullish on the Qatari stock market given attractive fundamental drivers and a significant spending program (including a 2020 budget that is the biggest in five years) that should provide tailwinds for growth.*

Highlights

- **QSE equities offer attractive dividend yields vs. the region.** WDAM offers one of the best yields (6.6%) in Qatar. Moreover, KCBK is yielding 5.4%, QNNS (4.9%), MARK (4.8%), QEWS (4.7%) and VFQS (4.7%).
- **We estimate banks under coverage (ex-QNBK) to experience a YoY earnings growth of 15.9% largely attributed to Commercial Bank of Qatar (CBQK) and Doha Bank (DHBK), while the sequential drop (11.6%) is expected due to banks booking larger provisions in the 4th quarter vs. other quarters.** ***Lower provisions and cost control, countering margin pressure and weak revenue, drive the YoY aggregate growth in profitability.*** **CBQK** is expected to contribute positively to the YoY profitability performance based on our figures. **Margins expansion, healthy banking figures & drop in provisions should lead to strong growth in bottom-line YoY, in our view.** We estimate +46.0% YoY growth in the bottom-line, driven by strong net operating income and a significant drop in provisions as the bank fully provisioned for its legacy portfolio in 2017 and 2018. Sequentially, lower provisions mitigate weak performance. We keep our DPS estimates at QR0.15 in-line with 2018, which would help CBQK maintain CET1 ratio of 11.2% while supporting its subsidiary Abank. Concerning **DHBK, surge in the bottom-line YoY is attributed to base effect; QoQ drop is attributable to higher provisions (arising from GCC operations).** The estimated YoY surge in profitability is due to strong banking income and flat opex (bottom-line driven by base effect, as 4Q2018 was very weak). Sequentially, we expect profitability to decrease on the back of higher provisions on GCC operations and weak revenue. We pencil in a DPS of QR0.10 in-line with 2018; we do not foresee any DPS upside to our estimate as DHBK's CET1 is 10.8% based on our assumptions.
- **We estimate a YoY drop of 23.3% in the bottom-line of diversified non-financials under coverage due to IQCD (excluding IQCD, growth would be 7.7%), while forecasting a growth of 4.5% QoQ.** Based on our assumptions, **Industries Qatar (IQCD)** leads the significant decline in net income on a YoY basis. **IQCD's 4Q2019 figures will continue to remain under pressure on a yearly basis but could hold the line sequentially.** We have lowered our estimates further for 4Q2019 relative to our November 2019 update report – our 4Q2019 net income goes from QR692mn to QR572mn, which implies a 52.5% YoY decline but a flattish (-0.8%) sequential performance. Since our last update, urea and PE prices have weakened contributing to the majority of the aforementioned earnings decline. **We continue to expect 2019 DPS at QR0.40 vs. QR0.60 in 2018, a decline of 33%.** DPS could come under further pressure given IQCD's bottom-line decline but the company retains plenty of cash, which could support dividends.
- **Risks:** Estimates can be impacted by one-offs, greater or lower provisions for banks and investment income/capital gains (losses). Volatile oil prices and geo-political tensions remains a substantial risk to regional equities and have a direct impact on stocks under coverage.

4th Quarter 2019 Estimates

	EPS (QR)			Revenue (QR mn)			DPS (QR)	
	4Q2019e	YoY	QoQ	4Q2019e	YoY	QoQ	2019e	Yield
Ahli Bank (ABQK)	0.068	23.3%	-15.0%	278.3	-8.8%	-5.5%	0.100	2.8%
Al Khalij Commercial Bank (KCBK)	0.041	7.0%	2.5%	270.9	5.6%	-10.9%	0.075	5.4%
Commercial Bank of Qatar (CBQK)	0.146	46.0%	3.4%	1,036.2	16.8%	-1.3%	0.150	3.0%
Doha Bank (DHBK)	0.060	N/M	-38.3%	694.2	14.7%	-11.9%	0.100	3.4%
Gulf International Services (GISS)	0.004	N/M	54.0%	774.5	23.3%	1.0%	0.000	0.0%
Gulf Warehousing Co. (GWCS)	0.108	3.8%	6.4%	316.9	5.0%	0.4%	0.190	3.5%
Industries Qatar (IQCD)	0.095	-52.5%	-0.8%	1,151.7	-6.7%	-18.0%	0.400	3.8%
Investment Holding Group (IGRD)	0.023	-28.9%	N/M	271.9	N/M	N/M	0.025	4.2%
Masraf Al Rayan (MARK)	0.071	6.3%	-7.9%	698.8	7.8%	-8.0%	0.200	4.8%
Medicare Group (MCGS)	0.111	-28.5%	N/M	128.3	1.2%	17.4%	0.267	3.1%
Qatar Electricity & Water (QEWS)	0.283	-18.1%	-5.8%	560.6	-4.3%	-12.7%	0.775	4.7%
Qatar Fuel (QFLS)	0.339	0.7%	4.1%	6,529	5.7%	13.7%	0.800	3.5%
Qatar Gas & Transport (QGTS)	0.045	7.7%	-0.5%	993.9	13.2%	11.0%	0.100	4.2%
Qatar International Islamic Bank (QIIK)	0.116	18.9%	-34.4%	326.1	17.5%	-10.7%	0.400	4.3%
Qatar Islamic Bank (QIBK)	0.304	-4.4%	-9.2%	1,122.6	-1.5%	-8.7%	0.500	3.2%
Qatar Navigation (QNNS)	0.104	2.3%	16.3%	596.1	-1.6%	4.1%	0.300	4.9%
Vodafone Qatar (VFQS)	0.011	12.4%	56.9%	525.9	-7.1%	7.1%	0.054	4.7%
Widam Food (WDAM)	0.159	-0.7%	N/M	128.7	11.6%	9.4%	0.450	6.6%
Total (excl. IQCD)		13.1%	-6.3%	15,252.4	7.4%	4.8%		4.2%
Total		-4.5%	-5.6%	16,404.1	6.3%	2.8%		4.1%

Source: QNB FS Research; Note: EPS based on current number shares

Net Income (QR mn) of Key Qatari Stocks Under Coverage (Diversified)

Stock	4Q2018	3Q2019	4Q2019e	% Δ YoY	% Δ QoQ	Key Themes
GISS	(137.73)	5.28	**8.13**	**N/M**	**54.0%**	**We do not foresee any significant changes to GISS 4Q2019 performance relative to 3Q or 2Q.** We do note GISS' quarterly net income remains volatile and difficult to predict given its four disparate segments and razor-thin margins. For 4Q2019, we expect revenue/net income of QR774.5mn/QR8.1mn. We model in top-line growth of 23.3% YoY and 1.0% QoQ. Net income growth, while attractive QoQ, only translates to a small QR8.1mn earnings figure; 4Q2018 earnings were affected by impairment of a drilling rig. YoY growth in top-line is mostly because of the insurance business, while earnings should benefit sequentially due to costs improvements. **For 2019, we expect revenue of QR3.0bn, up 20% YoY and net income of QR42.7mn. We do not expect GISS to declare dividends for 2019, as was the case in 2017 and 2018.** *Our overall thesis remains the same – GISS' story consists of a sum of moving parts, not entirely predictable and fairly volatile. We do not expect this to change. However, we do expect drilling to pull itself out of losses suffered during 2016-19 by 2020 in light of demand due to the proposed North Field expansion and given our assumption of high fleet utilization & modest cost savings.* ***We maintain our Outperform rating with a QR2.10 price target.***
GWCS	60.86*	59.39	**63.17**	**3.8%***	**6.4%**	**For 4Q2019, we expect QR316.9mn/QR63.2mn in top-line/net income.** We expect revenue to increase 5.0% YoY and 0.4% QoQ, while net income should increase 6.4% QoQ; YoY net income comparisons are skewed because of IFRS 16 but could be up roughly 4% based on our estimate. For 2019, we project revenue of QR1.23bn, flat YoY, while net income of QR245.1mn should exhibit an increase of 3.5% (growth is roughly 8% including the impact of IFRS 16). **We also expect DPS to grow 5.3% from QR0.19 in 2018 to QR0.20 in 2019.** *Longer term, we retain our bullish investment thesis on GWCS – the company has withstood the blockade well with its freight forwarding segment showing significant growth (expected up 36% in 2019 from 2017); GWCS' logistics business also remains robust driven by contract logistics and increasing occupancy in Bu Sulba. Growth post Bu Sulba (~92% occupancy) could decline, but as we had flagged previously, GWCS has started generating substantial FCF and management remains on the hunt for expansion avenues. The recent Al Wukair Logistics Park contract serves as an example of such a growth opportunity.* ***We maintain our Market Perform rating on GWCS with a QR5.10 price target.***
IGRD	26.79	6.70	**19.05**	**(28.9%)**	**184.5%**	**We anticipate IGRD to record lower EPS in 4Q2019 YoY** due to delays in the initiation of some new projects, which we believe will be compensated in 2020 with the contribution of QR265mn of new orders received in April'19. As a result of these delays coupled with lower other income, higher depreciation expenses and rising interest expenses (due to debt received for CESCO's minority stake buy out), we anticipate IGRD's 4Q2019 net income to be at QR19.0mn with a 28.9% decline YoY. Nevertheless, we are of the view that the new management's hands-on approach is expected to bear fruit over the coming quarters with lower costs and higher revenue. ***We continue to rate IGRD as Outperform with a price target of QR0.75.***

Stock	4Q2018	3Q2019	4Q2019e	% Δ YoY	% Δ QoQ	Key Themes
IQCD	1,203.94	576.89	572.12	(52.5%)	(0.8%)	**IQCD's 4Q2019 figures will continue to remain under pressure on a yearly basis but could hold the line sequentially.** We have lowered our estimates further for 4Q2019 relative to our November 2019 update report – our 4Q2019 net income goes from QR692mn to QR572mn, which implies a 52.5% YoY decline but a flattish (-0.8%) sequential performance. Since our last update, urea and PE prices have weakened contributing to the majority of the aforementioned earnings decline. (1) For Fertilizers, urea prices have continued to drift lower since their late July peak of $290/MT driven by, among other things, higher exports from China. An expected slight bounce by year-end 2019 did not materialize, which could affect quarterly performance. (2) In Petrochemicals, 2019 prices have remained moribund and did not keep pace with oil's increase. We take a further cautious approach on PE realizations. (3) Finally, for Steel, we think the fall in iron ore pricing in 4Q2019 bodes well for segment GMs, which dropped to a record low of 8.1% in 3Q2019. Steel revenue should however dip vs. both 4Q2018 and 3Q2019; we note the significant 33.6% 3Q2019 QoQ increase in steel revenue was because of a large order from an Asian customer, which is unlikely to be repeated in 4Q2019. **For 2019, we expect revenue (steel) of QR4.87bn, a decline of 15.9% YoY and net income of QR2.61bn, a decrease of 48.1%. We continue to expect 2019 DPS at QR0.40 vs. QR0.60 in 2018, a decline of 33%.** DPS could come under further pressure given IQCD's bottom-line decline but the company retains plenty of cash, which could support dividends. ***We retain our QR10.00 price target and Market Perform rating.*** *With earnings under pressure in the medium-term, investors will seek answers regarding deployment of IQCD's cash pile (QR11.4bn) and its strategy. Expansion/acquisition-related newsflow & upside in EPS/dividends could be key for charting the way forward.*
MCGS	43.76	10.13	31.30	(28.5%)	209.0%	**We expect MCGS to record QR31.3mn in 4Q2019 net earnings with a 28.5% decline YoY primarily due to the lack of provision reversals that took place in 4Q2018.** We anticipate slightly higher revenue for MCGS in 4Q2019 (1.2%, YoY). On the other hand, the lack of impairment provision reversals for SEHA receivables in 4Q2019 (QR12.2mn as of 4Q2018), coupled with recent implementation of depreciation of right to use assets and higher financial expenses are likely to depress MCGS' bottom line growth. The company is likely to benefit from an anticipated re-initiation of Qatar's National Health Insurance Scheme, which resulted in a substantial upsurge in MCGS' revenue and net profit during its first implementation in 2013-2015. Until details of the new National Health Insurance are clarified, we foresee MCGS shares remaining volatile. ***We maintain our Market Perform rating on the name with a price target of QR8.24.***

Stock	4Q2018	3Q2019	4Q2019e	% Δ YoY	% Δ QoQ	Key Themes
QEWS	380.20	330.68	**311.57**	**(18.1%)**	**(5.8%)**	**4Q2019 should end on a weak note driven by seasonality and persistent YoY effects of lower tariffs/offtake.** 4Q2019 revenue of QR560.6mn should fall 4.3% YoY and 12.7% QoQ. On a yearly basis, QEWS' top-line has already witnessed declines of 18.3% in 1Q2019, 11.7% in 2Q2019 and 4.4% in 3Q2019. As we have noted previously, RAF B, which already witnessed lowered tariffs under a 12-year contract extension from July 2018, also faces lower offtake in 2019/2020 given Umm Al Houl (which is running at full capacity). Moreover, RAF B1/B2 are going through a contractually agreed dip in tariff rates. Costs have also increased beyond modeled expectations given higher-than-expected gas costs for RAF B's renewal. 4Q2019 earnings of QR311.6mn should fall 18.1% YoY and 5.8% QoQ. On a QoQ basis, we continue to expect seasonal weakness to have an impact on reported figures. **For 2019, we expect revenue of QR2.35bn, a decline of 9.8% YoY and net income of QR1.26bn, a decrease of 17.9%. We expect a flat DPS at QR0.78.** *We continue to like the company as a long-term play with a relatively defensive business model. QEWS still enjoys decent EBITDA margins and dividend/FCF yields. LT catalysts (which are not in our model) abound, including additional domestic expansions (like Facility E starting by 2022-2023; Siraj solar project starting in 2021, etc.). Beyond Paiton (Indonesia), we do not have color on other major Nebras projects, which could lead to growth relative to our model.* ***We maintain our Market Perform rating on the shares with a price target of QR17.00.***
QFLS	334.62	323.53	**336.89**	**0.7%**	**4.1%**	**We expect Woqod to report QR336.9mn in net earnings in 4Q2019, a rise of 0.7% YoY.** While we anticipate a 0.2% rise in gross profits YoY, we also forecast a 3.5% decline in G&A, which should support bottom-line growth. QFLS, the exclusive fuel distributor in Qatar, is likely to benefit from the expected fleet expansion of its major client, Qatar Airways, in the coming years. Jet fuel is QFLS' prime product, accounting for half of total fuel sold as of 9M2019. Hence, Qatar Airways Group's planned expansion is likely to be the foremost long-term driver for Woqod's bottom line growth. Concurrently, the company's ongoing expansion of its retail fuel station network should support its fuel and non-fuel revenue growth gradually. Nevertheless, following a 37.4% rise in QFLS shares since the beginning of 2018 (outperforming the DSM Index's 2.6%) ignited by the name's FTSE and MSCI EM Index inclusions, we believe the stock is now fairly valued. ***We maintain our Market Perform rating on QFLS shares with a QR23.40 price target.***
QNNS	116.82	102.73	**119.50**	**2.3%**	**16.3%**	**We expect QNNS to follow recent trends.** We anticipate net income to increase YoY driven by QGTS and other JV income, which has been the driving force behind QNNS. The QoQ jump in the bottom-line is mainly driven by a significant drop in vessels impairments. The company reported impairments of QR89mn in 3Q2019. ***We are Market Perform on the name for now with a QR8.10 target price.***

Stock	4Q2018	3Q2019	4Q2019e	% Δ YoY	% Δ QoQ	Key Themes
QGTS	232.94	252.04	**250.82**	**7.7%**	**(0.5%)**	**We expect a solid 4Q2019 with YoY earnings propelled by higher wholly-owned ship revenue offset by increased finance charges and other expenses.** YoY, adjusted revenue/earnings of QR993.9mn/QR250.8mn should be up 13.2%/7.7%. On a sequential basis, adjusted revenue and net income should show 11.0% growth and a slight 0.5% decline, respectively. YoY earnings should benefit from QGTS' recent acquisition of its remaining 49.9% stake in 4 LNG ships held under its OSG joint venture, which boosts wholly-owned ship revenue. Earnings growth is, however, held back by higher operating costs, depreciation expenses and interest charges. On a QoQ basis, wholly-owned ship revenue growth is offset by higher aforementioned expenses along with a growth in G&A costs. **For 2019, adjusted revenue of QR3.6bn should increase 3.8% over 2018, while earnings of QR978.4mn should increase 9.8% YoY from QR891.1mn in 2018. We expect 2019 DPS to remain flat at QR0.10.** *We remain bullish on QGTS and consider it as the best avenue for equity investors to participate in the long-term growth expected in Qatar's LNG sector. Going forward, in terms of catalysts, we continue to believe expansion of Qatar's LNG output from 77 MTPA to 110 MTPA is a significant driver. Currently our model does not assume any fleet expansion and we will incorporate such expansion once more details are revealed. We foresee significant upward revision to our estimates and price target once we factor in this expansion.* ***For now, we maintain our Accumulate rating and price target of QR2.60.***
VFQS	42.37	30.36	**47.62**	**12.4%**	**56.9%**	**VFQS should continue its trend of positive YoY growth in earnings in 4Q2019.** We expect 4Q2019 EPS to grow 12.4% YoY and 56.9% QoQ. **We continue to expect strong earnings growth for 2019.** Given weakness in prepaid revenue (down 23% 9M2019, -12% QoQ) and dip in equipment revenue (-3% 9M2019, -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. **Net income should grow 32.5% from QR118mn in 2018 to QR156mn in 2019. We expect QR0.05 in DPS for 2019, flat with 2018.** *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.* ***We rate VFQS an Accumulate with a QR1.40 price target.***
WDAM	28.74	14.15	**28.56**	**(0.7%)**	**101.8%**	**We expect WDAM to record a 0.7% EPS decline in 4Q2019 YoY.** Despite a 2.4% expected growth in gross profits YoY, we think lower other income due to 2018's high base is likely to depress Widam's bottom-line growth. **In 2019, we expect Widam to record a 15.2% EPS decline due to the disposal of Al Rkiya farm's biological assets at a net loss of QR13.8mn.** Higher expected G&A is also likely to contribute to lower 2019 bottom line. In 2020, given the lack of these one-off items, we expect WDAM's EPS to rise by 19.2% YoY. ***We rate WDAM an Accumulate with a price target of QR8.20.***

Source: QNB FS Research, company data; Note: *Comparisons are approximations due to IFRS 16 adoption

Net Income (QR mn) of Key Qatari Stocks Under Coverage (Financials)

Stock	4Q2018	3Q2019	4Q2019e	% Δ YoY	% Δ QoQ	Key Themes
ABQK	127.72	185.27	**157.50**	**23.3%**	**(15.0%)**	**We expect a large increase in profitability YoY (sequential drop); margins to remain under pressure.** Based on our assumptions, we expect net profit to grow by 23.3% YoY due to halving of provisions. On a QoQ basis, we estimate bottom-line drop of 15.0% due to weak revenue and a jump in provisions (historical trend). **For FY2019 we estimate profitability to grow by 5.5% to QR684.5mn driven by cost containment and lower provisions; margin pressure to weigh in on earnings.** ***We maintain our Market Perform rating and price target at QR3.00.***
KCBK	139.00	145.15	**148.71**	**7.0%**	**2.5%**	**We expect YoY growth in bottom-line to be driven by healthy core banking income.** The YoY growth in profitability is a result of a 5.6% growth in revenue (driven by margin improvement and healthy growth in fees), flattish opex and a material drop in credit provisions. We note 2016 and 2017 represented peak provisioning for the bank and provisions started to normalize in 2018 and we expect a further decline in 2019. We highlight the lower increase in bottom-line QoQ is due to a large drop in provisions offsetting weak revenue. **FY2019 net income is estimated to grow by 6.8% to QR574.9mn on the back of opex containment and lower provisions; margins are modeled to expand because of management of CoFs.** ***For the time being, we maintain our Market Perform rating and target at QR1.40.***
CBQK	403.57	569.87	**589.01**	**46.0%**	**3.4%**	**Margins expansion, healthy banking figures & drop in provisions to lead to strong growth in bottom-line YoY, in our view.** We estimate +46.0% YoY growth in the bottom-line, driven by strong net operating income and a significant drop in provisions as the bank fully provisioned for its legacy portfolio in 2017 and 2018. Sequentially, lower provisions mitigate weak performance. **For FY2019, we pencil in growth of 30.3% in net profit driven by healthy revenue, lower opex (management continues to contain costs) and lower provisions.** ***We maintain our Accumulate rating and target price of QR4.95.***
DHBK	92.76	299.93	**185.01**	**99.5%**	**(38.3%)**	**Surge in the bottom-line YoY attributed to base effect; QoQ drop is attributable to higher provisions (arising from GCC operations).** The estimated YoY surge in profitability is due to strong banking income and flat opex (bottom-line driven by base effect, as 4Q2018 was very weak). Sequentially, we expect profitability to decrease on the back of higher provisions on GCC operations and weak revenue. **For FY2019, we pencil in bottom-line growth of 20.9% driven by non-funded income (DHBK reported investment losses in FY2018) and a decline in opex.** ***For the time being, we maintain our Market Perform rating and target price at QR2.60.***
MARK	498.52	575.35	**529.99**	**6.3%**	**(7.9%)**	**Healthy core banking revenue drives profitability YoY.** MARK's performance is due to healthy banking income although it faces margin pressure on the back of rigid CoFs. Sequentially, net profit is expected to drop in-line with historical trends. **2019 bottom-line (+2.5%) is mainly attributed to non-funded income and flat net reversals.** ***In terms of our recommendation, we maintain our Market Perform rating and price target at QR3.40.***
QIIK	147.01	266.43	**174.84**	**18.9%**	**(34.4%)**	**QIIK expected to follow historical trends.** We estimate an 18.9% increase in earnings YoY driven by net interest & investment income and non-funded income (QIIK reported losses from non-funded income in 4Q2018), while the QoQ drop is due to weak revenue and a surge in provisions (in-line with historical trends). **We model 2019's earnings to grow by 8.4% to QR873.06mn, driven by strong non-funded income and lower provisions.** ***We maintain our Reduce rating and target price of QR6.23.***

Stock	4Q2018	3Q2019	4Q2019e	% Δ YoY	% Δ QoQ	Key Themes
QIBK	749.99	790.05	**717.27**	**(4.4%)**	**(9.2%)**	**QIBK's bottom-line performance is dependent on minority interest.** We pencil in flattish net profit before taxes and minority interest (NPBTM) YoY, mitigated by a large drop in net provisions as net operating income is expected to be sluggish. QIBK's sequential NPBTM decline is driven by weak figures across the board (in-line with recent trends). **For FY2019, we estimate net income to grow by 10.4% to QR2.74bn on the back of decent net operating income and a drop in provisions.** ***We maintain our Reduce rating and price target at QR12.90.***

Source: QNB FS Research, company data

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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