

GISS Alert – Wins Qatar Airways Health Insurance Contract; Outperform

- In a press release this morning, GISS announced its Al Koot Insurance & Reinsurance subsidiary has won a two-year health insurance contract with Qatar Airways. This contract begins June 1, 2019 and increases Al Koot's insured base to 140,000 members. The news follows another significant health care win with QP/Qatargas announced late last year.
- **Financial impact: Net income impact not that significant given high loss ratios in the medical insurance business; GISS will benefit from investment returns on extra cash generated from premiums.** This win implies a roughly 40% increase in insured members managed by Al Koot. The company continues to enjoy positive momentum with sustained growth in its energy line of business (Barzan, GDI, Reliance Industries); insurance segment revenue jumped 85% YoY in 1Q2019 but net income remained flattish given higher direct costs offset by investment income and G&A savings. *We believe news of this insurance contract win should act as a positive catalyst for the stock.*
- **We rate GISS stock an Outperform with a QR21 price target.** We believe positive newsflow on the drilling front and signs of stabilization in the other segments should continue to help the stock going forward. The recent major contract win for the North Field Expansion program lends credence to our views.

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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