

## GWCS Alert – 4Q2018 Preview: Expect a Solid Quarter With Modest Upside to Estimates

- We estimate revenue/EPS of QR295.1m/QR1.00, up 8.6% and 0.9% YoY, respectively. We expect both logistics and freight forwarding to show growth on a yearly basis. As disclosed in our 4Q2018 preview [report](#), we have slightly tweaked our forecasts upward for 2018 with revenue/EPS going from QR1.20bn/QR3.93 to QR1.22bn/QR3.96. We remain of the view that modest upside to our estimates is possible. *For more details, please see page 2.*
- We continue to expect QR1.80 in DPS (DY: 4.3%) for 2018 vs. QR1.70 for 2017; GWCS can potentially up DPS further to around QR1.90 (DY: 4.6%). The company had QR6.4 in cash per share as of 3Q2018 and has been FCF positive since 2017. QR1.80 a share in dividends translates to a 45% payout (vs. 46% in 2017).
- GWCS stock has been range-bound in the high-30s-low 40s since early 2018 and remains in search of a catalyst. We do note GWCS has withstood the blockade well with its freight forwarding segment showing significant growth; the company's logistics business also remains robust driven by contract logistics and increasing Bu Sulba occupancy. Growth prospects in 2019 will be key and await color on the company's conference call (details below). The upcoming market-wide 10-to-1 stock split could help impart some liquidity into the name, which has historically faced thin trading volumes.
- QNB FS will host GWCS' conference call on Thursday, January 17<sup>th</sup> 2018 at 14:30 Doha time:

### Dial In Details:

Qatar Toll Free Number: 00 800 100 443

UK and International: +44 (0) 330 336 9125

Conference ID: 9657037

## GWCS Alert – 4Q2018 Preview: Expect a Solid Quarter With Modest Upside to Estimates

	4Q2018e	4Q2017	3Q2018	YoY	QoQ	2018e	2017	YoY
Revenue	295.14	271.76	298.77	8.6%	-1.2%	1,215.98	966.89	26%
Gross Profit	101.63	97.22	100.95	4.5%	0.7%	405.27	349.88	16%
EBITDA	115.68	104.50	115.84	10.7%	-0.1%	460.51	373.42	23%
Net Income to Equity	58.74	58.20	57.49	0.9%	2.2%	231.89	215.46	8%
EPS	1.00	0.99	0.98	0.9%	2.2%	3.96	3.68	8%
DPS						1.80	1.70	6%
Gross Margin	34.4%	35.8%	33.8%			33.3%	36.2%	
EBITDA Margin	39.2%	38.5%	38.8%			37.9%	38.6%	
Net Margin	19.9%	21.4%	19.2%			19.1%	22.3%	

### Recommendations

*Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price*

<b>OUTPERFORM</b>	Greater than +20%
<b>ACCUMULATE</b>	Between +10% to +20%
<b>MARKET PERFORM</b>	Between -10% to +10%
<b>REDUCE</b>	Between -10% to -20%
<b>UNDERPERFORM</b>	Lower than -20%

### Risk Ratings

*Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals*

<b>R-1</b>	Significantly lower than average
<b>R-2</b>	Lower than average
<b>R-3</b>	Medium / In-line with the average
<b>R-4</b>	Above average
<b>R-5</b>	Significantly above average

**Saugata Sarkar, CFA, CAIA**  
Head of Research  
+974 4476 6534  
saugata.sarkar@qnbfs.com.qa

**Shahan Keushgerian**  
Senior Research Analyst  
+974 4476 6509  
shahan.keushgerian@qnbfs.com.qa

**Zaid Al Nafsoosi, CMT, CFTE**  
Senior Research Analyst  
+974 4476 6535  
zaid.alnafsoosi@qnbfs.com.qa

**DISCLAIMER:** This publication has been prepared by QNB Financial Services Co. WLL ("QNBFS") a wholly-owned subsidiary of Qatar National Bank Q.P.S.C ("QNB"). QNBFS is regulated by the Qatar Financial Markets Authority and the Qatar Exchange; QNB is regulated by the Qatar Central Bank. This publication expresses the views and opinions of QNBFS at a given time only. It is not an offer, promotion or recommendation to buy or sell securities or other investments, nor is it intended to constitute legal, tax, accounting, or financial advice. We therefore strongly advise potential investors to seek independent professional advice before making any investment decision. Although the information in this report has been obtained from sources that QNBFS believes to be reliable, we have not independently verified such information and it may not be accurate or complete. While this publication has been prepared with the utmost degree of care by our analysts, QNBFS does not make any representations or warranties as to the accuracy and completeness of the information it may contain, and declines any liability in that respect. QNBFS reserves the right to amend the views and opinions expressed in this publication at any time. It may also express viewpoints or make investment decisions that differ significantly from, or even contradict, the views and opinions included in this report.

**COPYRIGHT:** No part of this document may be reproduced without the explicit written permission of QNBFS.