

## Qatar Gas Transport Company/Nakilat (QGTS)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR3.630	Target Price	QR4.100
Implied Upside	12.9%		

### Moderate 3Q2023 Beat On Top-Line/Margin Upside; Still Awaiting NF Awards

- **QGTS reports better-than-expected 3Q2023 earnings with modest upside in revenue along with margin improvement:** Nakilat's 3Q2023 net income of QR415.1mn increased 2.4% YoY and 9.6% QoQ, coming 4.9% ahead of our estimate of QR395.7mn.
- **Wholly-owned ship revenue of QR896.2mn (0.5% YoY, 1.1% QoQ) was 1.0% better than our estimate of QR887.4mn.**
- **Adjusted revenue (wholly-owned ships + marine & agency services + JV income) of QR1.12bn (2.9% YoY, 0.9% QoQ) was in-line with our estimate of QR1.12bn (0.6% variance) with upside from wholly-owned vessel top-line partially offset by slightly weaker-than-modeled JV income.**
- **EBITDA of QR684.9mn (-1.1% YoY, 1.9% QoQ) was 2.8% above our forecast of QR666.2mn given lower-than-expected cash operating costs of the wholly-owned fleet (cash gross margins increased to 77.4% vs. our model of 76.4%; GMs declined vs. 78.6% in 3Q2022 but eked out a marginal gain relative to 2Q2023's 77.2%).** Moreover, G&A expenses of QR24.9mn (4.8% YoY, -10.4% QoQ) was 10.6% better than our estimate of QR27.8mn; 9M2023 G&A of QR74.1mn, however, increased 9.0% from QR67.9mn in 9M2022 and management attributed this to increase in planned activities this year. Income from marine & agency services of QR16.2mn (7.6% YoY, 7.0% QoQ) came in 2.3% ahead of our model of QR15.9mn. Adjusted EBITDA (EBITDA + JV income) of QR895.4mn (2.1% YoY, 1.3% QoQ) was 1.8% ahead of our estimate of QR879.2mn given the beat on the EBITDA line.
- **Depreciation of QR229.5mn (4.0% YoY, -8.1% QoQ) was right in-line with our forecast of QR229.8mn. Management continues to attribute YTD depreciation (QR679.4mn, up 2.9% vs. QR660.0mn in 9M2022) growth to higher depreciable value of the new dry-dock cycle and accounting of the initial dry-dock component.** We remind investors that QGTS completed a 5-year dry-dock cycle in 2022 and started a new one in 2023, which led 4Q2022 depreciation to shoot up to QR286.6mn, followed by a decline to QR200.2mn in 1Q2023 but a climb back up to QR249.8mn in 2Q2023. We were finally able to model depreciation correctly in 3Q2023 and continue to expect its quarterly run-rate to revert to the ~QR200mn level (as in 1Q2023) in 2024 per management guidance.
- **JV income of QR210.5mn (14.0% YoY, -0.4% QoQ) was 1.2% below our estimate of QR213.0mn.** Overall, JV income continues its buoyant trend due to improving shipyard performance (which posted a net profit of QR91.2mn in 2022 after posting net losses of QR36.2mn and QR25.5mn in 2021 and 2020, respectively), along with addition of the 3rd/4th LNG vessels in Nakilat's Global Shipping JV in Oct. 2021/Jan. 2022.
- **Finally, finance costs of QR311.6mn (11.8% YoY, -0.1% QoQ) was bang in-line with our estimate of QR311.3mn.** Interest costs increased due to gains in LIBOR rates on the unhedged portion (~30%) of QGTS' debt, offset by scheduled repayment of loans. Interest, dividend & other income of QR61.0mn (117.1% YoY, 6.3% QoQ) was 5.4% ahead of our model of QR57.9mn.
- **2023 could be a watershed year for Nakilat if it is selected as one of the ship owners involved in Qatar's massive LNG expansion program.** We remind investors that QatarEnergy is expanding Qatar's LNG capacity from 77 MTPA to 110 MTPA (first production: 4Q2025) and further to 126 MTPA a couple of years later. To cater to this expansion, back in April/June 2020, QatarEnergy signed major LNG shipbuilding capacity agreements with Chinese and South Korean companies to build 100+ LNG vessels worth ~QR70bn at that time. Furthermore, in 1Q2021, QatarEnergy issued an invitation to tender package to ship owners for the chartering of LNG carriers in relation to this project; QatarEnergy intends to assign selected ship owners from this tender to the shipyards' construction slots reserved in China and South Korea. **We note the first phase, consisting of 60 vessels, has been contracted to be built in South Korean/Chinese shipyards and phase 2 has already commenced with a QR14.2bn (\$3.9bn) 17-vessel award to Hyundai on September 27. So far, newsflow/industry chatter indicate several ship charter agreements have been awarded already. However, we do not have color on how many are remaining – with a total 100+ ships to be built to replace some existing fleet/cater to NF and Golden Pass – we expect other awards to be forthcoming.** Considering Nakilat's strategic importance, (QGTS ships ~75-80% of Qatar's current LNG exports) and impressive track record in Qatar's existing LNG shipping value chain, we expect QGTS to be a beneficiary and secure a share of new contracts. We also estimate that every incremental vessel (@100%) adds ~1% to QGTS' target price (for details, please see page 3) and an award of 20-25 ships could markedly boost our price target and estimates. Given typical lead-times for LNG ship construction, we should expect to hear about final ship owner selections in 2023. **We do expect QGTS shares to come under pressure in the unlikely scenario that the company does not secure a meaningful portion of the new LNG shipping contracts.**
- **QGTS remains the best avenue for equity investors to participate in the LT growth in Qatar's LNG sector.** Irrespective of the volatility of the LNG shipping market, Nakilat's business should remain relatively unaffected given its LT charters. Nakilat's fleet continues to provide QGTS with stable, contractually sustainable cash flow that allow for a healthy residual income stream for equity investors after providing for debt service. Moreover, the 40-year life of Nakilat's vessels vs. maximum debt life of 25 years (last debt maturing 2033), could allow for value-enhancement.
- **We stay Accumulate with a price target of QR4.100 and could potentially increase our 2023 earnings estimate of QR1,563.3mn (up 8.6%).**

### Key Financial Data and Estimates

	FY2022	FY2023e	FY2024e	FY2025e
EPS (QR)	0.26	0.28	0.31	0.34
P/E (x)	14.0	12.9	11.6	10.6
DPS (QR)	0.13	0.14	0.15	0.16
Dividend Yield	3.6%	3.9%	4.1%	4.4%

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

### Key Data

Current Market Price (QR)	3.630
Current Dividend Yield (%)	3.6
Bloomberg Ticker	QGTS QD
ADR/GDR Ticker	N/A
Reuters Ticker	QGTS.QA
ISIN	QA000A0KD6L1
Sector*	Transportation
52wk High/52wk Low (QR)	4.300/3.100
3-m Average Volume ('mn)	3.5
Mkt. Cap. (\$ bn/QR bn)	5.5/20.1
EV (\$ bn/QR bn)	9.2/33.7
Shares Outstanding (mn)	5,540.0
FO Limit* (%)	100.0
Current Institutional FO* (%)	15.5
1-Year Total Return (%)	(6.2)
Fiscal Year End	December 31

Source: Bloomberg (as of October 15, 2023), \*Qatar Exchange (as of October 15, 2023); Note: FO is foreign ownership

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**QNB FS 3Q2023 Estimates and Comparisons**

<b>Income Statement</b>							
<b>In QR mn Except Otherwise Noted</b>	<b>3Q2022</b>	<b>2Q2023</b>	<b>3Q2023</b>	<b>3Q2023e</b>	<b>A Vs. E</b>	<b>YoY</b>	<b>QoQ</b>
Revenue from Wholly-Owned Vessels	891.595	886.621	896.213	887.400	1.0%	0.5%	1.1%
Operating Costs	(190.688)	(201.980)	(202.719)	(209.257)	-3.1%	6.3%	0.4%
<b>Gross Profit</b>	<b>700.907</b>	<b>684.641</b>	<b>693.494</b>	<b>678.144</b>	<b>2.3%</b>	<b>-1.1%</b>	<b>1.3%</b>
<i>Gross Margin</i>	<i>78.6%</i>	<i>77.2%</i>	<i>77.4%</i>	<i>76.4%</i>			
Income from Marine and Agency Services	15.086	15.172	16.228	15.864	2.3%	7.6%	7.0%
General and Administrative Expenses	(23.708)	(27.751)	(24.854)	(27.794)	-10.6%	4.8%	-10.4%
<b>EBITDA</b>	<b>692.285</b>	<b>672.062</b>	<b>684.868</b>	<b>666.214</b>	<b>2.8%</b>	<b>-1.1%</b>	<b>1.9%</b>
Depreciation of Property and Equipment	(220.559)	(249.770)	(229.479)	(229.778)	-0.1%	4.0%	-8.1%
<b>EBIT</b>	<b>471.726</b>	<b>422.292</b>	<b>455.389</b>	<b>436.435</b>	<b>4.3%</b>	<b>-3.5%</b>	<b>7.8%</b>
<i>EBIT Margin</i>	<i>52.9%</i>	<i>47.6%</i>	<i>50.8%</i>	<i>49.2%</i>			
Share of Operating Profits from Joint Ventures	184.688	211.405	210.485	212.969	-1.2%	14.0%	-0.4%
Finance Costs	(278.794)	(311.966)	(311.599)	(311.280)	0.1%	11.8%	-0.1%
Interest, Dividend income & Profit from Islamic Banks	28.100	57.409	61.005	57.874	5.4%	117.1%	6.3%
<b>Profit Before Tax</b>	<b>405.720</b>	<b>379.140</b>	<b>415.280</b>	<b>395.999</b>	<b>4.9%</b>	<b>2.4%</b>	<b>9.5%</b>
<b>Profit After Tax</b>	<b>405.720</b>	<b>379.140</b>	<b>415.280</b>	<b>395.999</b>	<b>4.9%</b>	<b>2.4%</b>	<b>9.5%</b>
Minority Interest	(0.244)	(0.244)	(0.179)	(0.255)	-29.8%	-26.6%	-26.6%
<b>Net Income to Equity</b>	<b>405.476</b>	<b>378.896</b>	<b>415.101</b>	<b>395.744</b>	<b>4.9%</b>	<b>2.4%</b>	<b>9.6%</b>
<i>Net Profit Margin</i>	<i>45.5%</i>	<i>42.7%</i>	<i>46.3%</i>	<i>44.6%</i>			
<b>EPS (QR)</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>4.9%</b>	<b>2.4%</b>	<b>9.6%</b>
<b>Adjusted EBITDA</b>	<b>876.973</b>	<b>883.467</b>	<b>895.353</b>	<b>879.183</b>	<b>1.8%</b>	<b>2.1%</b>	<b>1.3%</b>
<b>Adjusted Revenue</b>	<b>1,091.369</b>	<b>1,113.198</b>	<b>1,122.926</b>	<b>1,116.234</b>	<b>0.6%</b>	<b>2.9%</b>	<b>0.9%</b>
<b>Particulars</b>	<b>3Q2022</b>	<b>2Q2023</b>	<b>3Q2023</b>	<b>3Q2023e</b>			
Adj. EBITDA Margin	80.4%	79.4%	79.7%	78.8%			
Gross Margin	78.6%	77.2%	77.4%	76.4%			
EBIT Margin	52.9%	47.6%	50.8%	49.2%			
G & A % of Sales	2.7%	3.1%	2.8%	3.1%			
Depreciation & Amortization % of Sales	24.7%	28.2%	25.6%	25.9%			

Source: Bloomberg, QNB FS Research

## Our Analysis Shows ~1% Boost to Our Target Price For Every LNG Vessel Added Under the North Field Program

2023 could be a watershed year for Nakilat if it is selected as one of the ship owners involved in Qatar's massive LNG expansion program. Considering Nakilat's strategic importance and impressive track record in Qatar's existing LNG shipping value chain, we expect QGTS to be a major beneficiary of this expansion. We also estimate that every incremental vessel (@100%) adds ~1% to Nakilat's target price and an award of 20-25 ships could significantly affect our price target and estimates. We note we assume roughly \$90,000/day in charter rates, which is lower than the company's existing wholly-owned fleet's (the original 25 vessels) charter rates that exceed \$90,000/day. We forecast initial contract terms of 25 years after which we assume a 10-year extension at a 30% haircut in revenue. As usual, we do not forecast any terminal value. Given typical lead-times for LNG ship construction, we should expect to hear about final ship owner selections later this year.

We also note that QGTS could additionally benefit if it is selected for managing a portion of the expansion fleet. We point out that Nakilat possesses significant in-house ship management expertise and is already managing 25 LNG vessels (21 wholly-owned), a FSRU and four LPG carriers.

In terms of risks, we expect Nakilat's shares to come under pressure in the unlikely scenario that the company does not secure a meaningful portion of the new LNG shipping contracts. We do note our current price target of QR4.100 and estimates do not include any impact of this expansion program. Given the scale of this expansion program (100+ ships) and Nakilat's excellent track record, it would be surprising if QGTS was not able to secure 20+ vessels under the new program.

### Each Additional LNG Vessel Could Add ~1% to Nakilat's Target Price

# of Vessels	1
Capex/Ship (\$ mn)	260
Useful Life	40
Depreciation/Year (\$ mn)	7
Depreciation/Year (QR mn)	24
Residual Value of Vessel (s) in Year 35 (QR mn)	118
Debt %	80.0%
Debt (\$ mn)	208
Equity (\$ mn)	52

Periods	1	2	3	4	5	10	15	25	30	35
<b>Revenue (QR mn)</b>	120	120	120	120	120	121	121	123	86	87
<b>Revenue (\$ mn)</b>	33	33	33	33	33	33	34	34	24	24
Average Capacity in m <sup>3</sup>	174,000	174,000	174,000	174,000	174,000	174,000	174,000	174,000	174,000	174,000
Daily Charter Rate/Vessel (in \$)	90,067	90,157	90,000	90,337	90,428	90,881	91,336	92,001	64,836	65,161
<b>EBITDA (QR mn)</b>	81	85	85	85	85	85	85	86	54	53
EBITDA Margin	67.5%	70.7%	70.7%	70.6%	70.6%	70.4%	70.3%	70.0%	62.1%	61.7%
Taxes (Social & Sports Fund Contribution)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(1)	(1)	(1)
Changes in Working Capital	-	-	-	-	-	-	-	-	-	-
Capital Expenditures	(4)	(4)	(4)	(4)	(7)	(7)	(7)	(7)	(7)	(7)
<b>Free Cash Flow to Firm</b>	<b>76</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>76</b>	<b>76</b>	<b>77</b>	<b>77</b>	<b>46</b>	<b>45</b>
PV of FCF	71	69	64	60	53	37	26	13	5	4
<b>Cumulative PV of FCF</b>	<b>71</b>	<b>140</b>	<b>204</b>	<b>264</b>	<b>317</b>	<b>541</b>	<b>698</b>	<b>886</b>	<b>919</b>	<b>942</b>

PV of Cash Flows	942
Add:	
Cash Balances	0
PV of BV of Fleet (Fully-Owned)	10
Less:	
Debt Balances	757
<b>Fair Value of Equity</b>	<b>194</b>
<b>Incremental Target Price (Per Share)</b>	<b>0.03</b>
<b>Current Target Price (No Expansion)</b>	<b>4.100</b>
<b>% Upside/(Downside)</b>	<b>0.8%</b>
Shares O/S (Mn)	5,540

Source: QNB FS Research

## Valuation and Key Ratios

### Growth Metrics

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2033	CAGR 21-'33
<b>Growth Ratios (In %)</b>													
Revenue - Wholly Owned	0.7%	(0.4%)	0.2%	3.4%	11.1%	0.7%	0.3%	0.4%	0.1%	0.1%	0.1%	0.1%	0.1%
Revenue - Adjusted	2.0%	(6.1%)	1.8%	7.6%	4.6%	3.3%	5.2%	(0.0%)	1.1%	1.1%	0.5%	1.2%	1.1%
Gross Profit	0.1%	0.4%	1.1%	3.5%	12.8%	0.4%	(0.3%)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
EBITDA	(1.1%)	0.5%	1.0%	3.9%	14.3%	0.4%	(0.6%)	0.4%	0.0%	0.0%	0.1%	0.1%	0.0%
EBITDA - Adjusted	1.1%	(7.2%)	3.1%	9.3%	5.9%	3.6%	5.5%	(0.2%)	1.3%	1.2%	0.6%	1.4%	1.2%
EBIT	(6.5%)	0.7%	2.2%	(2.3%)	22.1%	0.3%	(3.7%)	7.1%	(0.1%)	(0.1%)	(0.1%)	(0.1%)	0.2%
Income from JVs	11.1%	(38.7%)	16.9%	40.8%	(30.1%)	26.5%	39.7%	(2.6%)	6.2%	5.7%	2.1%	5.5%	5.7%
Finance Charges/Interest Expense	(0.9%)	(1.3%)	0.0%	(0.1%)	(2.9%)	(7.8%)	8.6%	6.0%	(11.4%)	(12.6%)	(13.9%)	(56.4%)	(16.0%)
EPS	(2.9%)	(11.3%)	5.3%	12.4%	15.8%	16.7%	6.3%	8.6%	10.9%	9.1%	4.5%	8.6%	6.7%
CFPS	(9.9%)	16.7%	(6.4%)	15.9%	79.3%	(27.2%)	29.6%	(13.0%)	0.4%	7.6%	3.4%	6.7%	4.7%
FCFPS	(4.9%)	22.0%	(22.1%)	10.9%	114.9%	(24.3%)	25.3%	(17.8%)	5.5%	8.1%	3.9%	2.8%	4.1%
DPS	(20.0%)	0.0%	0.0%	0.0%	10.0%	9.1%	8.3%	7.7%	7.1%	6.7%	5.0%	4.3%	5.9%

Source: Bloomberg, QNB FS Research; Note: Adjusted revenue includes wholly-owned revenue, income from marine & agency services and income from JVs, while Adjusted EBITDA includes income from JVs

### Key Metrics

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2033
<b>Growth Ratios (In %)</b>												
Revenue - Wholly Owned	0.7%	(0.4%)	0.2%	3.4%	11.1%	0.7%	0.3%	0.4%	0.1%	0.1%	0.1%	0.1%
Revenue - Adjusted	2.0%	(6.1%)	1.8%	7.6%	4.6%	3.3%	5.2%	(0.0%)	1.1%	1.1%	0.5%	1.2%
Gross Profit	0.1%	0.4%	1.1%	3.5%	12.8%	0.4%	(0.3%)	0.1%	0.1%	0.1%	0.1%	0.1%
EBITDA	(1.1%)	0.5%	1.0%	3.9%	14.3%	0.4%	(0.6%)	0.4%	0.0%	0.0%	0.1%	0.1%
EBITDA - Adjusted	1.1%	(7.2%)	3.1%	9.3%	5.9%	3.6%	5.5%	(0.2%)	1.3%	1.2%	0.6%	1.4%
EBIT	(6.5%)	0.7%	2.2%	(2.3%)	22.1%	0.3%	(3.7%)	7.1%	(0.1%)	(0.1%)	(0.1%)	(0.1%)
Income from JVs	11.1%	(38.7%)	16.9%	40.8%	(30.1%)	26.5%	39.7%	(2.6%)	6.2%	5.7%	2.1%	5.5%
Finance Charges/Interest Expense	(0.9%)	(1.3%)	0.0%	(0.1%)	(2.9%)	(7.8%)	8.6%	6.0%	(11.4%)	(12.6%)	(13.9%)	(56.4%)
EPS	(2.9%)	(11.3%)	5.3%	12.4%	15.8%	16.7%	6.3%	8.6%	10.9%	9.1%	4.5%	8.6%
CFPS	(9.9%)	16.7%	(6.4%)	15.9%	79.3%	(27.2%)	29.6%	(13.0%)	0.4%	7.6%	3.4%	6.7%
FCFPS	(4.9%)	22.0%	(22.1%)	10.9%	114.9%	(24.3%)	25.3%	(17.8%)	5.5%	8.1%	3.9%	2.8%
DPS	(20.0%)	0.0%	0.0%	0.0%	10.0%	9.1%	8.3%	7.7%	7.1%	6.7%	5.0%	4.3%

### Operating Ratios (In %)

Gross Margin	76.6%	77.2%	77.8%	78.0%	79.1%	78.9%	78.5%	78.3%	78.2%	78.2%	78.2%	78.2%
EBITDA Margin	74.0%	74.6%	75.2%	75.6%	77.8%	77.6%	76.9%	76.9%	76.9%	76.8%	76.7%	76.6%
Adj. EBITDA Margin	76.8%	75.9%	76.9%	78.1%	79.1%	79.3%	79.6%	79.5%	79.6%	79.7%	79.9%	80.2%
EBIT Margin	49.0%	49.5%	50.5%	47.7%	52.5%	52.3%	50.2%	53.6%	53.4%	53.3%	52.8%	52.5%
Net Margin	31.1%	27.7%	29.1%	31.6%	33.0%	38.2%	40.5%	43.9%	48.6%	52.9%	68.6%	81.3%

### Finance Ratios

Net Debt-to-EBITDA	8.3	7.8	7.5	7.9	6.6	6.0	5.2	4.8	4.3	3.8	0.9	-1.1
Debt-Equity Ratio	4.1	3.5	2.9	3.1	3.0	2.3	1.7	1.5	1.2	1.1	0.4	0.0
Net Debt-Equity Ratio	3.6	3.0	2.5	2.8	2.5	1.9	1.3	1.1	0.9	0.7	0.1	-0.1
Debt-to-Capital	80.3%	77.7%	74.1%	75.6%	74.7%	69.4%	62.6%	59.5%	55.3%	51.3%	28.6%	0.0%
Interest Coverage	1.3	1.3	1.3	1.3	1.6	1.8	1.6	1.6	1.8	2.0	3.9	14.6
EBITDA Interest Coverage	1.9	1.9	2.0	2.0	2.4	2.6	2.4	2.3	2.6	2.9	5.7	21.2

### Return Ratios (In %)

ROIC	5.6%	5.7%	5.8%	5.4%	6.6%	6.5%	5.9%	6.4%	6.5%	6.5%	6.6%	7.5%
ROAE	19.7%	15.1%	13.9%	14.5%	16.6%	17.1%	14.4%	13.4%	13.7%	13.8%	12.3%	12.0%
ROAA	3.1%	2.8%	3.0%	3.2%	3.6%	4.2%	4.5%	4.9%	5.5%	6.0%	8.0%	10.2%

### Valuation

EV/EBITDA-Adjusted	13.8	14.4	13.8	13.2	12.2	11.2	10.0	9.7	9.2	8.7	6.2	4.6
EV/EBIT	25.9	25.0	24.1	25.7	20.6	19.6	19.2	17.4	16.7	16.0	11.8	9.0
P/E	21.1	23.8	22.6	20.1	17.3	14.9	14.0	12.9	11.6	10.6	8.2	6.9
P/CF	17.9	15.3	16.4	14.1	7.9	10.8	8.4	9.6	9.6	8.9	7.2	6.3
P/B	3.8	3.4	2.9	2.9	2.8	2.3	1.8	1.7	1.5	1.4	1.0	0.8
Dividend Yield	2.8%	2.8%	2.8%	2.8%	3.0%	3.3%	3.6%	3.9%	4.1%	4.4%	5.8%	6.6%
FCF Yield	5.3%	6.5%	5.1%	5.6%	12.1%	9.2%	11.5%	9.4%	10.0%	10.8%	13.4%	14.9%

Source: Bloomberg, QNB FS Research; Note: Adjusted revenue includes wholly-owned revenue, income from marine & agency services and income from JVs, while Adjusted EBITDA includes income from JVs

## Detailed Financial Statements

Income Statement (In QR mn)	FY2022	FY2023e	FY2024e	FY2025e
<b>Revenue – Wholly-Owned Ships</b>	<b>3,550</b>	<b>3,564</b>	<b>3,568</b>	<b>3,572</b>
Direct Costs	(764)	(775)	(777)	(778)
<b>Gross Profit</b>	<b>2,786</b>	<b>2,790</b>	<b>2,792</b>	<b>2,794</b>
Income from Marine & Agency Services	55	57	59	61
General and Administrative Expenses	(112)	(106)	(108)	(111)
<b>EBITDA</b>	<b>2,729</b>	<b>2,741</b>	<b>2,742</b>	<b>2,744</b>
Depreciation	(947)	(832)	(835)	(839)
<b>EBIT</b>	<b>1,783</b>	<b>1,909</b>	<b>1,907</b>	<b>1,905</b>
Share of Profits from Joint Ventures	689	671	713	754
Finance Costs	(1,139)	(1,208)	(1,070)	(935)
Interest, Dividend & Profit from Islamic Banks	107	192	184	168
Vessels Sub-Chartering & Other Income	0	0	0	0
<b>Profit Before Tax</b>	<b>1,439</b>	<b>1,564</b>	<b>1,734</b>	<b>1,892</b>
Income Tax Expense	0	0	0	0
<b>Profit After Tax</b>	<b>1,439</b>	<b>1,564</b>	<b>1,734</b>	<b>1,892</b>
Minority Interest	(0)	(1)	(1)	(1)
<b>Profit for Equity Shareholders</b>	<b>1,439</b>	<b>1,563</b>	<b>1,733</b>	<b>1,891</b>
<b>EPS (QR)</b>	<b>0.26</b>	<b>0.28</b>	<b>0.31</b>	<b>0.34</b>
<b>Adjusted Revenue</b>	<b>4,295</b>	<b>4,293</b>	<b>4,340</b>	<b>4,387</b>
<b>Adjusted EBITDA</b>	<b>3,419</b>	<b>3,413</b>	<b>3,456</b>	<b>3,497</b>

Source: Bloomberg, QNB FS Research

Balance Sheet (In QR mn)	FY2022	FY2023e	FY2024e	FY2025e
<b>Non-Current Assets</b>				
Property, Plant and Equipment	21,327	20,691	19,956	19,216
Investment in Joint Venture Companies	5,290	5,668	6,009	6,365
Loans to Joint Venture Companies	68	68	68	68
Equity Investments	139	140	140	140
<b>Total Non-Current Assets</b>	<b>26,824</b>	<b>26,567</b>	<b>26,173</b>	<b>25,789</b>
<b>Current Assets</b>				
Receivables, Inventories and Due from Joint Ventures	812	799	800	801
Cash and Bank Balances	4,560	4,600	4,432	4,630
<b>Total Current Assets</b>	<b>5,372</b>	<b>5,399</b>	<b>5,233</b>	<b>5,431</b>
<b>Total Assets</b>	<b>32,196</b>	<b>31,967</b>	<b>31,405</b>	<b>31,220</b>
<b>Equity</b>				
Equity Attributable to the Parent	11,249	12,155	13,174	14,296
Minority Interest	6	7	8	9
<b>Total Equity</b>	<b>11,255</b>	<b>12,162</b>	<b>13,182</b>	<b>14,305</b>
<b>Non-Current Liabilities</b>				
Borrowings	17,722	16,328	15,080	13,691
Lease Liability, Provision for End of Service Benefits and Other Liabilities	480	415	352	288
<b>Total Non-Current Liabilities</b>	<b>18,202</b>	<b>16,743</b>	<b>15,431</b>	<b>13,979</b>
<b>Current Liabilities</b>				
Borrowings	1,085	1,499	1,249	1,389
Accounts Payables/Accruals, Due to Joint Ventures & Others	1,655	1,563	1,543	1,547
<b>Total Current Liabilities</b>	<b>2,740</b>	<b>3,062</b>	<b>2,792</b>	<b>2,936</b>
<b>Equity and Liabilities</b>	<b>32,196</b>	<b>31,967</b>	<b>31,405</b>	<b>31,220</b>

Source: Bloomberg, 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>	
<b>OUTPERFORM</b>	Greater than +20%	<b>R-1</b>	Significantly lower than average
<b>ACCUMULATE</b>	Between +10% to +20%	<b>R-2</b>	Lower than average
<b>MARKET PERFORM</b>	Between -10% to +10%	<b>R-3</b>	Medium / In-line with the average
<b>REDUCE</b>	Between -10% to -20%	<b>R-4</b>	Above average
<b>UNDERPERFORM</b>	Lower than -20%	<b>R-5</b>	Significantly above average

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