

## Vodafone Qatar (VFQS)

Recommendation	ACCUMULATE	Risk Rating	R-4
Share Price	QR1.519	Current Target Price	QR1.700
Implied Upside	11.9%	Old Target Price	QR1.400

### Broadband/Postpaid & Costs Optimization Signal Improving Returns

We remain Accumulate on VFQS shares and are increasing our price target from QR1.40 to QR1.70. VFQS posted better-than-expected 4Q2020 results and we are updating our model and rolling forward our DCF-based price target. In terms of operations, VFQS' results have continued to improve over the last three years. Our view on the stock remains unchanged – we continue to like the company's momentum in postpaid (2020 segment revenue up 4.5% YoY to QR1.1bn making up 65% of total service revenue as subs continue to grow). We also believe postpaid, 5G (more than 70% population coverage), home broadband, enterprise and bundled solutions should continue to drive future momentum. VFQS now trades at 8.0x and 7.5x CY2021 and CY2022 EV/EBITDA, respectively, which while higher than its peers, has eroded some of its valuation gap. We now expect net income growth of 21.2% for 2021 and 9.8% in 2022 (growth rate of 28.8% in 2020), while EBITDA is projected to increase 8.3% and 5.2% over the same period (2020: 14.0%). While capex levels remain elevated due to 5G deployment and coverage/capacity expansion ahead of the 2022 FIFA World Cup, dividend and FCF yields should improve going forward. We maintain our Accumulate rating on VFQS shares but increase our price target from QR1.40 to QR1.70.

#### Highlights

- We continue to project top-line/EBITDA growth for 2021 & 2022.** After increasing 3.5% in 2020, we model total revenue to grow 3.6% and 4.8% in 2021 and 2022, respectively. Mobile service revenue (74% of total revenue in 2020), after declining 2.8% in 2020, should eke out a 1.2% gain in 2021, followed by 3.8% in 2022 benefitting from the World Cup. While we still expect prepaid revenue to decline 8.1% in 2021, after falling 14.1% in 2020, we expect a slight growth of 1.5% in 2022. On the other hand, postpaid service revenue should follow 2020's 4.5% YoY growth with increases of 6.1% and 4.9% in 2021 and 2022, respectively. EBITDA should also post increases of 8.3% in 2021 and 5.2% in 2022, following 2020's 14.0% growth. Costs improvements should be driven by further reduction in interconnect and other direct expenses. EBITDA margin should also expand from 36.7% in 2020 to 38.4% in 2021 and 38.6% in 2022.
- We expect net income to grow 21.2% in 2021 to QR224.3mn, followed by 9.8% in 2022 to QR246.2mn.** Revenue growth, along with improvement in cash costs, should drive earnings growth despite increases in depreciation & amortization charges. **We expect 2021-capital intensity at 18.2% vs. 18.7% in 2020, with capex of QR415.0mn up 0.9% YoY from QR411.2mn in 2020.** We expect a similar QR415mn to be spent in 2022, with capex intensity further declining to 17.4% given revenue growth. For model details, see pages 4-6.
- VFQS declared QR0.05 in DPS for 2020 and we expect 2021 DPS to increase to QR0.06, followed by QR0.07 in 2022.** This implies dividend yields of 4.0%/4.4% in 2021/2022.

#### Catalysts

- With Qatar Foundation maintaining substantial ownership (50%) of VFQS, we expect increased traction in higher-value segments.** Potential re-inclusion in the QE Index can also provide positive momentum.

#### Recommendation, Valuation and Risks

- Recommendation and valuation: We reiterate VFQS as an Accumulate with a PT of QR1.70.** We have rolled forward our DCF-based model to 2021.
- Risks: 1) Increased competition** leading to ARPU erosion and/or market share loss; 2) **Weakening of postpaid, broadband and fixed-line traction/stickiness** and 3) **Fall in population/industry growth rates.**

#### Key Financial Data and Estimates

	CY2020	CY2021e	CY2022e	CY2023e
Revenue (QR mn)	2,200	2,280	2,389	2,461
EPS (QR)	0.04	0.05	0.06	0.07
EV/EBITDA	8.7x	8.0x	7.5x	6.9x
Dividend Yield	3.3%	4.0%	4.4%	4.8%

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

#### Key Data

Bloomberg Ticker	VFQS QD
ADR/GDR Ticker	N/A
Reuters Ticker	VFQS.QA
ISIN	QA000A0Q5NE9
Sector	Telecoms
52wk High/52wk Low (QR)	1.575/0.752
3-m Avg. Volume (mn)	4.3
Mkt. Cap. (\$ bn/QR bn)	1.8/6.4
EV (\$ bn/QR bn)	1.9/7.1
Shares Outstanding (mn)	4,227.0
FO Limit* (%)	49.0
Current FO* (%)	7.6
1-Year Total Return (%)	34.5
Fiscal Year End	December 31

Source: Bloomberg (as of February 11, 2021), \*Qatar Exchange (as of February 11, 2021); Note: FO is foreign ownership

Saugata Sarkar, CFA, CAIA

+974 4476 6534

saugata.sarkar@qnbfs.com.qa

## 4Q2020 Results

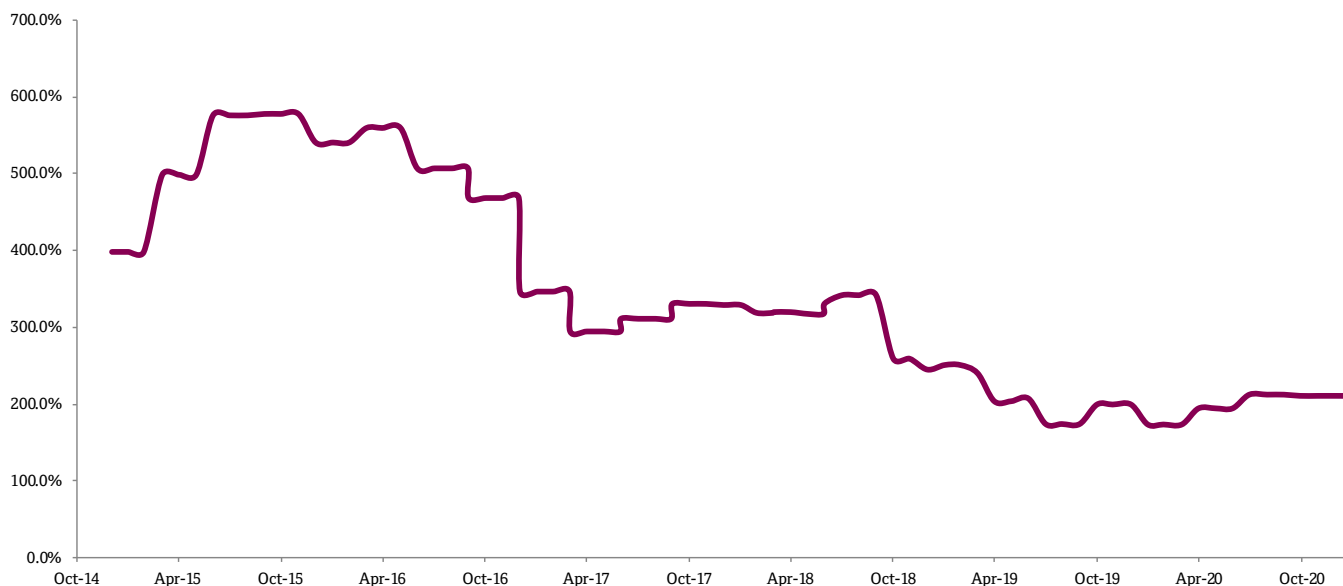
**VFQS' net profit jumps 65.6% YoY and 27.9% QoQ in 4Q2020 and exceeds our estimate:** Vodafone Qatar's net profit of QR58.4mn in 4Q2020 beat our estimate of QR49.1mn by 19.0%. Quarterly revenue of QR588.1mn was moderately (-2.7%) below our estimate of QR604.1mn, increasing 2.9% YoY and 9.0% QoQ. The company reported mobile subs of 1.662mn, which was down 4.3% YoY and also modestly below our estimate. Total revenue for 2020 improved by 3.5% YoY to QR2.2bn helped by postpaid service revenue growth of 4.5% from QR1.0bn in 2019 to QR1.1bn in 2020; fixed broadband (GigaHome) also contributed to the growth in overall revenue.

**Reported 4Q2020 EBITDA margin of 36.8% improved vs. 4Q2019's 31.5% but eased off relative to 3Q2020's 37.4%.** Quarterly EBITDA of QR216.7mn grew 20.2% YoY and 7.4% QoQ. Higher revenue, along with lower direct costs on a yearly basis, helped drive the improvement in EBITDA/EBITDA margins on a YoY basis. According to the company's press release, higher service revenue and continued costs optimization helped 2020 EBITDA margin reach an all-time high of 36.7%.

**DPS of QR0.05 was flat relative to 2019 and below our estimate of QR0.06.** This implies a DY of 3.3% and a payout of 114.2%.

*VFQS EV/EBITDA Premium over ORDS is Eroding for the Most Part*

### EV / TTM Adjusted EBITDA



Source: Bloomberg

## VFQS Retains Significant Valuation Premiums

Company	Country	P/E		FV/EBITDA		ROE		EBITDA Margin		Dividend Yield	
		2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e
<b>VODAFONE QATAR</b>	<b>Qatar</b>	<b>28.6</b>	<b>26.1</b>	<b>8.0</b>	<b>7.5</b>	<b>5.0%</b>	<b>5.5%</b>	<b>38.4%</b>	<b>38.6%</b>	<b>4.00</b>	<b>4.39</b>
OOREDOO QPSC	Qatar	17.1	13.5	4.2	4.0	5.9%	7.2%	43.2%	43.2%	3.20	3.78
EMIRATES TELECOM GROUP CO	UAE	18.1	17.5	6.7	6.7	18.5%	18.1%	51.4%	50.9%	4.38	4.44
EMIRATES INTEGRATED TELECOMM	UAE	17.7	18.4	5.4	5.2	18.2%	18.7%	44.3%	44.5%	5.12	5.12
MAROC TELECOM	Marocco	17.1	16.9	7.3	7.2	41.1%	39.8%	53.5%	53.4%	5.85	5.90
PALESTINE TELECOMMUNICATIONS	Palestine	8.8	8.6	5.4	n.a.	12.7%	12.8%	43.6%	n.a.	9.66	9.66
MOBILE TELECOMMUNICATIONS CC	Kuwait	14.7	13.1	6.3	6.1	12.0%	13.3%	41.3%	41.6%	5.40	5.40
NATIONAL MOBILE TELECOMMUNI	Kuwait	13.7	10.9	2.3	2.2	3.6%	4.4%	35.9%	36.2%	6.10	7.62
KUWAIT TELECOMMUNICATION CO	Kuwait	n.a.	n.a.	n.a.	n.a.	16.8%	16.5%	27.7%	27.5%	n.a	n.a
ETIHAD ETISALAT CO	KSA	23.8	19.5	6.3	6.0	6.8%	8.0%	37.6%	37.8%	1.53	2.72
MOBILE TELECOMMUNICATIONS CC	KSA	62.7	18.6	5.7	5.5	3.1%	3.7%	40.8%	40.9%	0.30	1.19
OOREDOO	Oman	12.3	12.3	2.9	2.9	8.5%	9.2%	39.6%	39.6%	7.18	7.18
VODACOM GROUP LTD	S. Africa	12.8	12.1	6.9	6.6	19.9%	20.1%	41.0%	41.2%	6.44	6.76
MTN GROUP LTD	S. Africa	9.7	8.8	3.4	3.2	14.3%	14.9%	42.2%	42.4%	5.87	7.10
SAFARICOM PLC	Kenya	22.1	19.7	11.7	10.4	52.8%	51.9%	51.6%	52.5%	3.64	4.10
SONATEL	Senegal	5.9	5.5	2.3	n.a.	25.1%	25.2%	43.2%	n.a.	10.94	10.94
MTN NIGERIA COMMUNICATIONS P	Nigeria	16.5	14.7	6.5	6.0	143.7%	140.7%	48.6%	48.9%	4.85	5.46
TURKCELL ILETISIM HIZMET AS	Turkey	7.6	6.4	3.3	2.9	21.0%	22.0%	42.1%	42.2%	7.67	9.52
DIGI.COM BHD	Malaysia	24.8	23.7	11.5	11.3	199.0%	207.3%	49.5%	50.0%	4.01	4.16
AXIATA GROUP BERHAD	Malaysia	29.6	24.7	5.2	5.0	6.2%	7.5%	43.9%	44.3%	2.80	3.50
FAR EASTONE TELECOMM CO LTD	Taiwan	27.3	26.8	9.7	9.5	11.0%	11.7%	34.5%	34.1%	4.69	4.62
INTOUCH HOLDINGS PCL	Thailand	17.1	16.0	16.4	15.7	27.1%	28.8%	345.6%	459.8%	4.64	5.30
GLOBE TELECOM INC	Philipinnes	12.7	12.8	5.1	5.0	24.3%	21.6%	47.1%	46.7%	5.03	5.14
VODAFONE IDEA LTD	India	n.a.	n.a.	7.9	6.1	31.3%	29.0%	40.1%	46.8%	0.00	0.00
BHARTI AIRTEL LTD	India	n.a.	51.3	10.5	8.7	9.7%	16.4%	45.4%	48.6%	0.32	0.49
INDOSAT TBK PT	Indonesia	n.a.	n.a.	4.7	4.4	-3.7%	-1.4%	41.2%	41.5%	0.00	0.28
XL AXIATA TBK PT	Indonesia	19.0	15.3	4.0	3.7	5.5%	7.2%	48.0%	48.6%	2.31	3.44
<b>Peer Group Median</b>		<b>17.1</b>	<b>15.7</b>	<b>6.0</b>	<b>6.0</b>	<b>14.3%</b>	<b>16.4%</b>	<b>43.2%</b>	<b>43.2%</b>	<b>4.7%</b>	<b>4.9%</b>
<b>Peer Group Average</b>		<b>19.1</b>	<b>17.2</b>	<b>6.5</b>	<b>6.3</b>	<b>28.6%</b>	<b>29.3%</b>	<b>54.1%</b>	<b>60.1%</b>	<b>4.8%</b>	<b>5.1%</b>
<b>Peer Group Normalized Av.</b>		<b>17.7</b>	<b>16.2</b>	<b>6.3</b>	<b>6.1</b>	<b>22.8%</b>	<b>23.2%</b>	<b>43.5%</b>	<b>44.1%</b>	<b>4.8%</b>	<b>5.1%</b>
<b>Peer Group Normalized Av.2</b>		<b>17.6</b>	<b>16.2</b>	<b>6.2</b>	<b>6.0</b>	<b>18.2%</b>	<b>18.7%</b>	<b>43.5%</b>	<b>44.1%</b>	<b>4.8%</b>	<b>5.1%</b>

Source: Company data, QNB FS estimates, Bloomberg

## Key Metrics & Forecasts

	CY2017	CY2018	CY2019	CY2020	CY2021E	CY2022E	CY2023E	CY2024E	CY2025E
<b>Mobile Subscribers (000s)</b>									
Pre-Paid Subs	1,071	1,325	1,251	1,105	1,104	1,115	1,121	1,127	1,133
YoY Growth	(11.9%)	23.7%	(5.5%)	(11.7%)	(0.1%)	1.0%	0.5%	0.5%	0.5%
Post-Paid Subs	319	396	486	557	602	620	632	638	643
YoY Growth	24.6%	24.0%	22.8%	14.7%	8.0%	3.0%	1.9%	0.9%	0.8%
<b>Total Mobile Subs</b>	<b>1,390</b>	<b>1,720</b>	<b>1,737</b>	<b>1,662</b>	<b>1,706</b>	<b>1,735</b>	<b>1,753</b>	<b>1,765</b>	<b>1,776</b>
YoY Growth	(5.6%)	23.7%	1.0%	(4.3%)	2.6%	1.7%	1.0%	0.7%	0.6%
<b>Mobile ARPU (QR)</b>									
Pre-Paid ARPU	70	66	42	40	39	39	40	40	40
YoY Growth	(12.9%)	(5.8%)	(35.7%)	(4.9%)	(3.0%)	1.0%	0.8%	0.8%	0.8%
Post-Paid ARPU	203	200	190	169	163	162	163	165	166
YoY Growth	0.4%	(1.3%)	(5.0%)	(10.8%)	(4.0%)	(0.5%)	0.8%	0.8%	0.8%
<b>Blended Mobile ARPU</b>	<b>100</b>	<b>100</b>	<b>84</b>	<b>84</b>	<b>82</b>	<b>83</b>	<b>84</b>	<b>85</b>	<b>86</b>
YoY Growth	(2.8%)	0.6%	(16.1%)	(0.3%)	(2.8%)	1.6%	1.4%	1.1%	0.9%
<b>Mobile Service Revenue (QR mn)</b>									
Pre-Paid Service Revenue	976	855	656	563	518	525	534	541	548
YoY Growth	(18.9%)	(12.4%)	(23.2%)	(14.1%)	(8.1%)	1.5%	1.6%	1.3%	1.3%
Post-Paid Service Revenue	692	846	1,021	1,067	1,132	1,187	1,226	1,254	1,274
YoY Growth	19.8%	22.3%	20.6%	4.5%	6.1%	4.9%	3.3%	2.2%	1.7%
<b>Total Mobile Service Revenue</b>	<b>1,668</b>	<b>1,701</b>	<b>1,677</b>	<b>1,630</b>	<b>1,650</b>	<b>1,713</b>	<b>1,760</b>	<b>1,794</b>	<b>1,823</b>
YoY Growth	(6.4%)	2.0%	(1.4%)	(2.8%)	1.2%	3.8%	2.8%	2.0%	1.6%
Other Service Revenue (Incl. Fixed)	184	202	272	391	450	495	520	535	546
Other Revenue (Incl. Handsets)	146	197	176	179	180	181	182	183	184
<b>Total Revenue (QR mn)</b>	<b>1,998</b>	<b>2,101</b>	<b>2,125</b>	<b>2,200</b>	<b>2,280</b>	<b>2,389</b>	<b>2,461</b>	<b>2,513</b>	<b>2,553</b>
YoY Growth	(2.9%)	5.1%	1.1%	3.5%	3.6%	4.8%	3.1%	2.1%	1.6%
<b>EBITDA (QR mn)</b>	<b>538</b>	<b>584</b>	<b>709</b>	<b>808</b>	<b>875</b>	<b>921</b>	<b>972</b>	<b>1,016</b>	<b>1,048</b>
EBITDA Margin	26.9%	27.8%	33.4%	36.7%	38.4%	38.6%	39.5%	40.4%	41.1%
YoY Growth	16.0%	8.5%	21.4%	14.0%	8.3%	5.2%	5.6%	4.5%	3.1%
<b>Net Income (QR mn)</b>	<b>(256)</b>	<b>118</b>	<b>144</b>	<b>185</b>	<b>224</b>	<b>246</b>	<b>276</b>	<b>303</b>	<b>316</b>
Net Margin	(12.8%)	5.6%	6.8%	8.4%	9.8%	10.3%	11.2%	12.0%	12.4%
YoY Growth	(31.6%)	N/M	22.0%	28.8%	21.2%	9.8%	12.0%	9.8%	4.4%
<b>Capex (QR mn)</b>	<b>368</b>	<b>489</b>	<b>637</b>	<b>411</b>	<b>415</b>	<b>415</b>	<b>365</b>	<b>335</b>	<b>315</b>
Capex Intensity	18.4%	23.3%	30.0%	18.7%	18.2%	17.4%	14.8%	13.3%	12.3%
YoY Growth	10.9%	32.8%	30.3%	(35.5%)	0.9%	0.0%	(12.0%)	(8.2%)	(6.0%)

Source: Company data, QNB FS estimates; Effective Jan. 1, 2019, VFQS adopted a new definition of prepaid subs aligning it more closely to customer definition of ITU and CRA, which would act to increase prepaid subs by 303k lowering prepaid and overall blended ARPU

## Ratio Analysis

### Key Ratios and Valuation Metrics

Growth Rates	CY2017	CY2018	CY2019	CY2020	CY2021E	CY2022E	CY2023E	CY2024E	CY2025E
Revenue	-2.9%	5.1%	1.1%	3.5%	3.6%	4.8%	3.1%	2.1%	1.6%
Gross Profit	1.3%	2.9%	0.3%	9.1%	5.6%	5.0%	3.8%	2.8%	1.8%
EBIT	33.5%	N/M	38.6%	22.0%	14.3%	4.9%	7.5%	5.4%	2.2%
EBITDA	16.0%	8.5%	21.4%	14.0%	8.3%	5.2%	5.6%	4.5%	3.1%
Net Income	31.6%	N/M	22.0%	28.8%	21.2%	9.8%	12.0%	9.8%	4.4%
DPS			0.0%	0.0%	21.5%	9.9%	9.3%	8.3%	5.7%
CFPS	29.6%	43.7%	2.7%	-7.6%	6.9%	14.3%	5.4%	0.5%	2.7%
FCPS	158.8%	80.7%	-19.3%	0.1%	66.8%	33.9%	23.2%	6.9%	8.1%

Operating Ratios									
Gross Margin	64.0%	62.6%	62.1%	65.5%	66.7%	66.9%	67.3%	67.8%	68.0%
EBIT Margin	(11.2%)	7.6%	10.4%	12.2%	13.5%	13.5%	14.1%	14.6%	14.7%
EBITDA Margin	26.9%	27.8%	33.4%	36.7%	38.4%	38.6%	39.5%	40.4%	41.1%
Net Margin	(12.8%)	5.6%	6.8%	8.4%	9.8%	10.3%	11.2%	12.0%	12.4%
Capex Intensity	18.4%	23.3%	30.0%	18.7%	18.2%	17.4%	14.8%	13.3%	12.3%

Finance Ratios									
Debt - Equity Ratio	18.3%	17.9%	18.1%	18.3%	15.9%	13.6%	12.4%	7.9%	5.6%
Net Debt - Equity Ratio	13.9%	9.1%	11.4%	14.4%	13.6%	11.4%	7.5%	3.1%	(1.9%)
Net Debt-to-Capital	12.2%	8.4%	10.3%	12.6%	12.0%	10.2%	6.9%	3.0%	(1.9%)
Cash Interest Coverage	18.1x	16.7x	11.4x	12.5x	14.9x	18.7x	23.9x	34.0x	45.2x
Ave. Effective Borrowing rate %	3.6%	4.3%	7.6%	7.9%	8.2%	8.1%	7.3%	8.5%	9.3%

Return Ratios									
ROIC	(4.2%)	2.9%	3.8%	4.7%	5.4%	5.8%	6.3%	6.9%	7.2%
ROE	(5.7%)	2.6%	3.2%	4.1%	5.0%	5.5%	6.2%	6.8%	7.1%
ROA	(4.1%)	1.8%	2.0%	2.7%	3.4%	3.7%	4.2%	4.7%	5.1%
Dividend Payout %		179.4%	147.1%	114.2%	114.5%	114.6%	111.9%	110.4%	111.8%

Valuation									
EV/Sales	3.5x	3.3x	3.3x	3.2x	3.1x	2.9x	2.7x	2.6x	2.5x
EV/EBITDA	13.1x	11.7x	9.8x	8.7x	8.0x	7.5x	6.9x	6.5x	6.0x
EV/EBIT	N/M	43.0x	31.5x	26.3x	22.9x	21.5x	19.5x	17.9x	16.9x
P/E	N/M	54.5x	44.7x	34.7x	28.6x	26.1x	23.3x	21.2x	20.3x
P/BV	1.4x	1.4x	1.4x	1.4x	1.4x	1.4x	1.4x	1.4x	1.5x
Dividend Yield	0.0%	3.3%	3.3%	3.3%	4.0%	4.4%	4.8%	5.2%	5.5%
FCF Yield	1.9%	3.5%	2.8%	2.8%	4.7%	6.3%	7.8%	8.3%	9.0%

Liquidity Ratios									
Current Ratio	0.7x	0.4x	0.6x	0.4x	0.4x	0.4x	0.4x	0.5x	0.5x
Quick Ratio	0.6x	0.4x	0.6x	0.4x	0.3x	0.4x	0.4x	0.4x	0.5x

Source: Company data, QNB FS estimates

## Detailed Financial Statements

Income Statement (In QR mn)	CY2017	CY2018	CY2019	CY2020	CY2021e	CY2022e	CY2023e	CY2024e
<b>Revenue</b>	<b>1,998</b>	<b>2,101</b>	<b>2,125</b>	<b>2,200</b>	<b>2,280</b>	<b>2,389</b>	<b>2,461</b>	<b>2,513</b>
Direct Costs	(719)	(785)	(805)	(759)	(759)	(792)	(804)	(808)
<b>Gross Profit</b>	<b>1,279</b>	<b>1,316</b>	<b>1,320</b>	<b>1,440</b>	<b>1,520</b>	<b>1,597</b>	<b>1,658</b>	<b>1,705</b>
Other Expenses, Excluding D&A	(741)	(732)	(611)	(632)	(645)	(676)	(685)	(688)
<b>EBITDA</b>	<b>538</b>	<b>584</b>	<b>709</b>	<b>808</b>	<b>875</b>	<b>921</b>	<b>972</b>	<b>1,016</b>
Depreciation & Amortization	(762)	(425)	(488)	(539)	(567)	(598)	(625)	(650)
<b>EBIT</b>	<b>(224)</b>	<b>159</b>	<b>221</b>	<b>269</b>	<b>308</b>	<b>323</b>	<b>347</b>	<b>366</b>
Interest Income	2	5	4	2	1	0	0	1
Interest Expense	(30)	(35)	(62)	(65)	(59)	(49)	(41)	(30)
Other Income/Expense	(4)	(12)	(18)	(21)	(26)	(28)	(31)	(34)
Profit Before Tax	(256)	118	144	185	224	246	276	303
Income Tax Expense								
<b>Profit for Shareholders</b>	<b>(256)</b>	<b>118</b>	<b>144</b>	<b>185</b>	<b>224</b>	<b>246</b>	<b>276</b>	<b>303</b>
<b>EPS (QR)</b>	<b>(0.06)</b>	<b>0.03</b>	<b>0.03</b>	<b>0.04</b>	<b>0.05</b>	<b>0.06</b>	<b>0.07</b>	<b>0.07</b>
<b>DPS (QR)</b>	<b>0.00</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.06</b>	<b>0.07</b>	<b>0.07</b>	<b>0.08</b>

Source: Company data, QNB FS estimates

## Detailed Financial Statements

Balance Sheet (In QR mn)	CY2017	CY2018	CY2019	CY2020	CY2021e	CY2022e	CY2023e	CY2024e
<b>Non-Current Assets</b>								
Property, Plant and Equipment	1,202	1,292	1,484	1,647	1,758	1,841	1,849	1,804
Intangible Assets	4,461	4,428	4,471	4,280	4,114	3,947	3,778	3,607
Rights of Use Assets	0	0	358	372	372	372	372	372
Trade and Other Receivables	25	26	37	30	31	32	33	34
<b>Total Non-Current Assets</b>	<b>5,688</b>	<b>5,746</b>	<b>6,350</b>	<b>6,328</b>	<b>6,275</b>	<b>6,193</b>	<b>6,032</b>	<b>5,817</b>
<b>Current Assets</b>								
Inventory	36	35	38	22	21	22	23	23
Contract Assets & Costs		31	40	25	25	25	25	25
Trade and Other Receivables	302	269	367	280	267	278	289	296
Cash and Cash Equivalents	199	401	303	175	103	99	222	213
<b>Total Current Assets</b>	<b>536</b>	<b>736</b>	<b>748</b>	<b>502</b>	<b>416</b>	<b>423</b>	<b>558</b>	<b>558</b>
<b>Total Assets</b>	<b>6,225</b>	<b>6,483</b>	<b>7,098</b>	<b>6,829</b>	<b>6,691</b>	<b>6,616</b>	<b>6,590</b>	<b>6,374</b>
<b>Equity</b>								
<b>Total Equity</b>	<b>4,472</b>	<b>4,591</b>	<b>4,519</b>	<b>4,489</b>	<b>4,496</b>	<b>4,479</b>	<b>4,466</b>	<b>4,452</b>
<b>Non-Current Liabilities</b>								
Trade and Other Payables	52	53	107	85	88	92	95	97
Lease Liabilities	0	0	253	283	283	283	283	283
Provisions	105	103	122	72	75	78	81	82
Long-Term Borrowings	<b>818</b>	<b>0</b>	<b>820</b>	<b>615</b>	<b>610</b>	<b>555</b>	<b>350</b>	<b>250</b>
<b>Total Non-Current Liabilities</b>	<b>976</b>	<b>156</b>	<b>1,302</b>	<b>1,054</b>	<b>1,055</b>	<b>1,008</b>	<b>808</b>	<b>712</b>
<b>Current Liabilities</b>								
Trade and Other Payables	777	916	1,155	969	922	961	999	997
Lease Liabilities	0	0	121	113	113	113	113	113
Short-Term Borrowings	0	820	0	205	105	55	205	100
<b>Total Current Liabilities</b>	<b>777</b>	<b>1,736</b>	<b>1,276</b>	<b>1,287</b>	<b>1,140</b>	<b>1,129</b>	<b>1,316</b>	<b>1,210</b>
<b>Total Liabilities</b>	<b>1,753</b>	<b>1,892</b>	<b>2,579</b>	<b>2,341</b>	<b>2,195</b>	<b>2,137</b>	<b>2,124</b>	<b>1,922</b>
<b>Equity and Liabilities</b>	<b>6,225</b>	<b>6,483</b>	<b>7,098</b>	<b>6,829</b>	<b>6,691</b>	<b>6,616</b>	<b>6,590</b>	<b>6,374</b>

Source: Company data, QNB FS estimates

### 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

### Contacts

#### Saugata Sarkar, CFA, CAIA

Head of Research

Tel: (+974) 4476 6534

[saugata.sarkar@qnbfs.com.qa](mailto:saugata.sarkar@qnbfs.com.qa)

#### Mehmet Aksoy, PhD

Senior Research Analyst

Tel: (+974) 4476 6589

[mehmet.aksoy@qnbfs.com.qa](mailto:mehmet.aksoy@qnbfs.com.qa)

#### Shahan Keushgerian

Senior Research Analyst

Tel: (+974) 4476 6509

[shahan.keushgerian@qnbfs.com.qa](mailto:shahan.keushgerian@qnbfs.com.qa)

#### QNB Financial Services Co. W.L.L.

Contact Center: (+974) 4476 6666

PO Box 24025

#### Zaid al-Nafoosi, CMT, CFTe

Senior Research Analyst

Tel: (+974) 4476 6535

[zaid.alnafoosi@qnbfs.com.qa](mailto:zaid.alnafoosi@qnbfs.com.qa)

**Disclaimer and Copyright Notice:** This publication has been prepared by QNB Financial Services Co. W.L.L. ("QNB FS") a wholly-owned subsidiary of Qatar National Bank (Q.P.S.C.). QNB FS is regulated by the Qatar Financial Markets Authority and the Qatar Exchange. Qatar National Bank (Q.P.S.C.) is regulated by the Qatar Central Bank. This publication expresses the views and opinions of QNB FS 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. QNB FS accepts no liability whatsoever for any direct or indirect losses arising from use of this report. Any investment decision should depend on the individual circumstances of the investor and be based on specifically engaged investment 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 QNB FS believes to be reliable, we have not independently verified such information and it may not be accurate or complete. QNB FS 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. For reports dealing with Technical Analysis, expressed opinions and/or recommendations may be different or contrary to the opinions/recommendations of QNB FS Fundamental Research as a result of depending solely on the historical technical data (price and volume). QNB FS 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. This report may not be reproduced in whole or in part without permission from QNB FS.

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