

▶ **Qatari Pearls – Hidden opportunity in beaten stocks**

▶ **Filtered by risk**

QE Index 10,663

P/E 13.4x Div yield 4.6%

Mcap \$171 bn

YTD -0.20%

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QNB

FINANCIALS – BANKS

LAST TRADED: QR 16.35

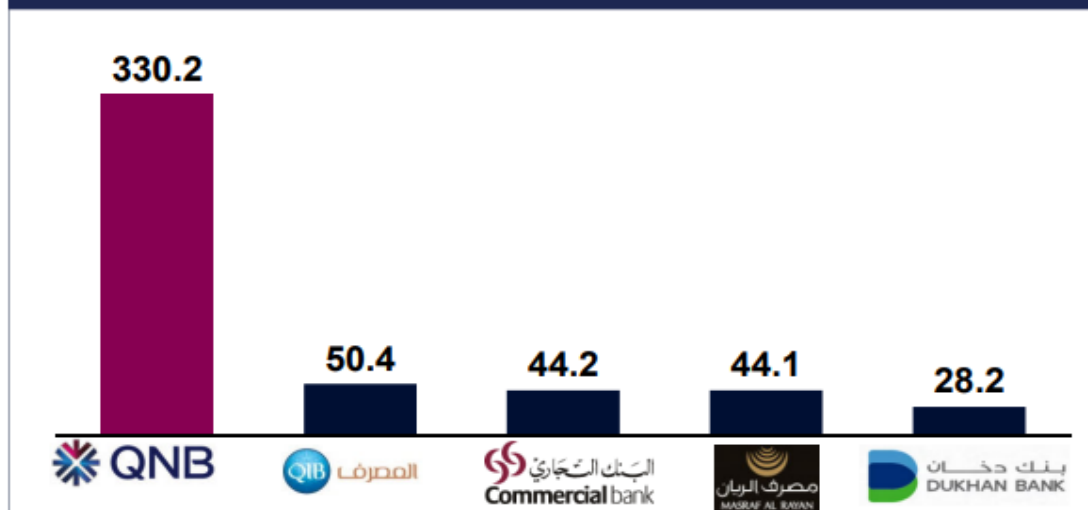
TARGET: XXXX

Profile: QNB is the largest bank in the Middle East and Africa having a balance sheet of \$ 330 bn. It is also among the top five banks in the region in terms of net profit. It is mainly a corporate lender followed by its retail banking unit.

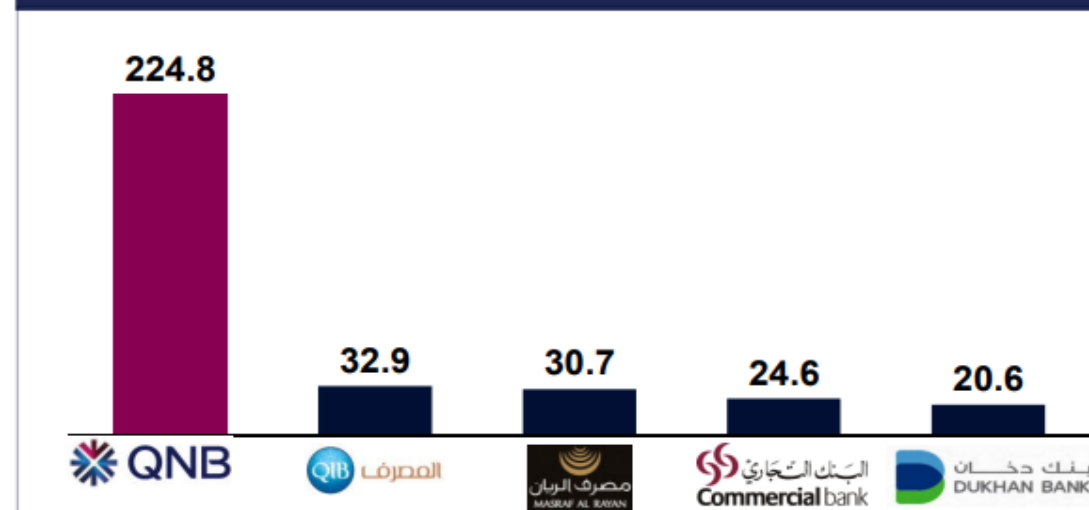
Fundamentals		Outlook
Mcap	QR 149 bn	QNB reported an 8% YoY growth in net profit to QR 7.6 bn in H1 2023 driven by a 14% YoY growth in operating income. Loans and advances increased 7% YoY while customer deposits grew 5% YoY in H1 2023. NIM improved to 2.54% from 2.50% in H1 2022. The bank's cost to income ratio was 20.4% which is one of the lowest among GCC banks owing to its economies of scale and high efficiency. NPL ratio was 3% while coverage ratio was 99%. Profit from international operations rose 56% YoY to USD 0.64 bn. At the same time, share of profit from international operations rose to 31% at the end of H1 2023 from 21% a year earlier. Deposits from international operations accounted for 42% of total deposits while 21% of total loans are attributable to international operations. Around 36% of its loan book is disbursed to government and public sector entities and almost 79% of its loans are in the State of Qatar. The stock trades at a very attractive 2024E P/E multiple of 9.7x
P/E (2023E)	10.4x	
Year end	December	
EPS 2023E	QR 1.57	
EPS 2024E	QR 1.70	
Operating margin (TTM)	71%	
Next earnings day	Oct 11, 2023	
Div yield	3.6%	
ROE	13%	
Institutional holding	60%	

Source:
Refinitiv/Zawya

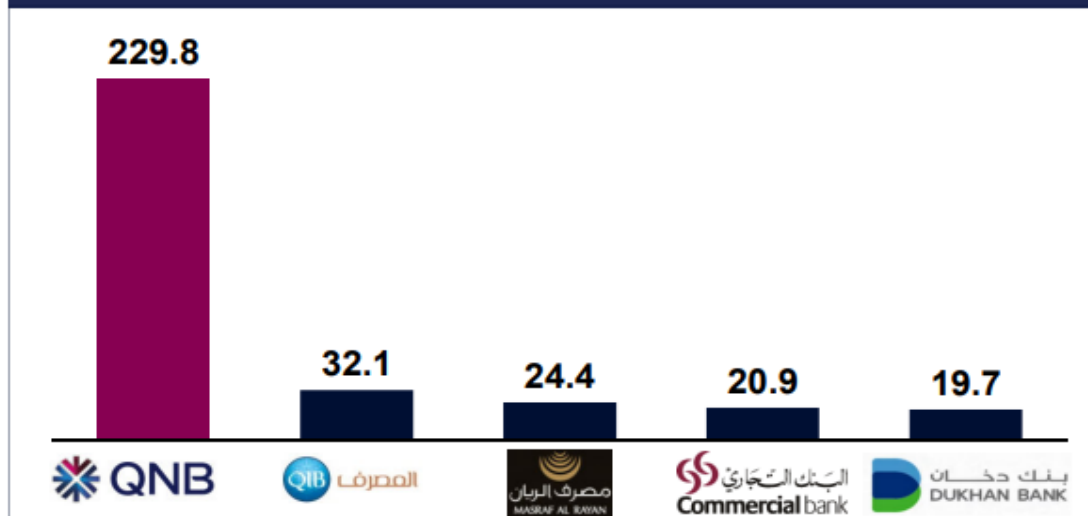
Assets



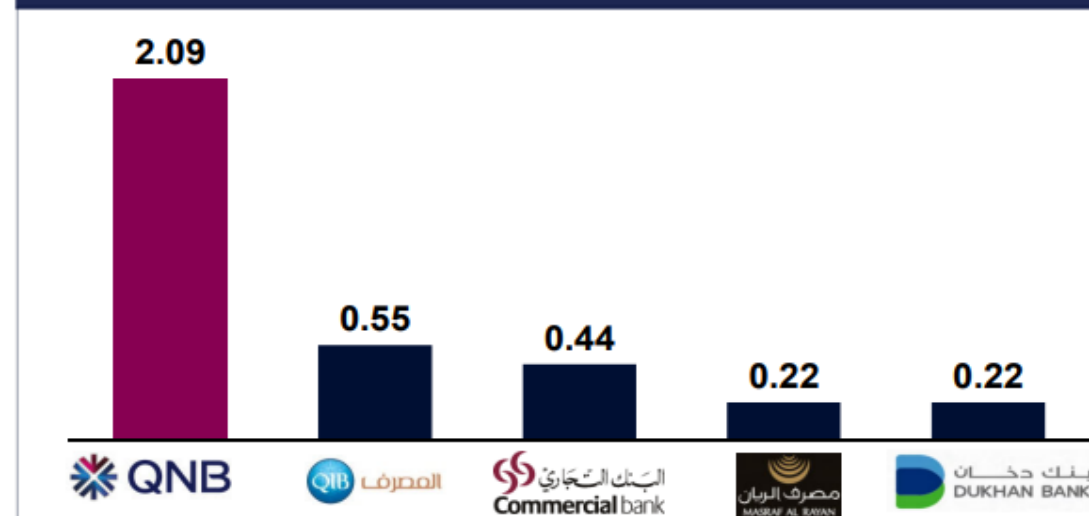
Loans



Deposits



Net Profit



MASRAF AL RAYAN

FINANCIALS - ISLAMIC BANKS

LAST TRADED: QR 2.48

TARGET: XXXX

Profile: Masraf Al Rayan is a Qatari Islamic bank having assets of QR 160 bn. Al Khalij Commercial Bank merged with Masraf Al Rayan in Q4 2021 making the latter become one of the largest Islamic banks in the GCC region. According to the Moody's, the rising rate cycle is a positive for GCC Islamic banks owing to their larger net interest spread. The expansion of LNG project should help loan book growth for Qatari banks over the next few years and Rayan is a leading financier to the Government of Qatar

Fundamentals		Outlook
Mcap	QR 23 bn	Rayan reported an operating profit (net of impairment charges) of QR 794 mn in H1 2023 against QR 1 bn in H1 2022 mainly due to a sharp spike in cost of funds (a sectoral trend), while impairment charges on financing assets dropped at a modest 1.5% YoY.
P/E (2023E)	16.5x	
Year end	December	
EPS 2023E	QR 0.15	While retail banking did extremely well both in terms of revenue and operating profit in H1 2023, treasury and financial institutions delivered an operating loss of QR 269 mn as finance expense rose sharply higher
EPS 2024E	QR 0.17	
Operating margin (TTM)	19%	Total income increased 39% YoY to QR 4.6 bn led by 47% YoY growth in its corporate banking, which is its largest segment.
Next earnings day	Oct 30, 2023	NPL ratio (net of deferred profit) continues to be elevated at 6.4% at the end of Q2 2023 which should normalize in the years ahead. The stock currently trades at an attractive P/BV of 1x and hence is a strong buy.
Div yield	4%	
ROE	4%	
Institutional holding	28%	

Source:
Refinitiv/Zawya

GULF WAREHOUSING

TRANSPORTATION – LOGISTICS

LAST TRADED: QR 3.36

TARGET: XXXX

Profile: GWCS is the leading provider of logistics and supply chain solutions in Qatar. It serves various industry verticals and owns the largest integrated logistics hub in Qatar. Logistic operations and freight forwarding are its key revenue streams

Fundamentals		Outlook
Mcap	QR 2 bn	<p>GWC has recently started a fully owned subsidiary, GWC Energy, which provides offshore and onshore transportation and storage services for Qatar's energy sector. The planned expansion in Qatar's LNG capacity from 77 mtpa to 126 mtpa by 2026 should enable GWC Energy to benefit.</p> <p>New projects such as phase II and phase III in GWC Al Wukair logistics park connecting Hamad port and Hamad International Airport to the huge 1.5 M sqm logistics park offering cold storage, dry and AC warehouses, showrooms and light industrial workshops are important growth opportunities for the company</p> <p>The company has also forayed into KSA, Oman and UAE in freight forwarding and warehouses to expand its presence in the GCC region which present future growth opportunities</p> <p>The company has increased FOL to 100% recently enabling greater foreign ownership and stock's liquidity . The stock currently trades at a very attractive 2024E P/E multiple of 7.5x</p>
P/E (2023E)	8.8x	
Year end	December	
EPS 2023E	QR 0.38	
EPS 2024E	QR 0.43	
Operating margin (TTM)	21%	
Next earnings day		
Div yield	3%	
ROE	11%	
Institutional holding	4%	

Source:
Refinitiv/Zawya

GULF WAREHOUSING

TRANSPORTATION – LOGISTICS



GWC Al Wukair Logistics Park



GWC Energy Offshore Services

MEDICARE GROUP

HEALTHCARE

LAST TRADED: QR 6.19

TARGET: XXXX

Profile: Medicare Group owns Al Ahli Hospital (98% of Group revenue), which is the largest private hospital in Qatar by beds (around 60% share). It also owns Al Wakra Clinic, which is a feeder clinic. Al Ahli Hospital mainly caters to patients who can afford premium healthcare services and value privacy. Competition among private hospitals is intensifying with the entry of Hamad Medical and The View hospital which are direct competitors to Al Ahli Hospital. The View targets large wallet patients who usually prefer to seek treatment in the West.

Fundamentals		Outlook
Mcap	QR 1.7 bn	Medicare is a defensive value stock suitable for moderate risk investors who are income oriented as the company has maintained a 93% payout ratio for several years. Dividend yield is currently around 4%. Elegencia Healthcare owned by Estithmar Holding is reshaping private healthcare in Qatar by offering premium healthcare facilities in association with reputed US and Korean hospitals. Medical tourism targeting wealthy GCC nationals and residents could be a lucrative segment for premium private hospitals in Qatar. Competition from newly opened premium super speciality hospitals is one of the key risk factors for Medicare stock. While Estithmar is a much larger conglomerate with diverse interests, Medicare focuses on the healthcare segment and has considerable experience. Medicare is prudently investing to improve its existing facilities without expanding capacity given new supply as it awaits clarity on the Government's new Seha health insurance policy
P/E 2023E	22.1x	
Year end	December	
EPS 2023E	QR 0.28	
EPS 2024E	QR 0.33	
Operating margin (TTM)	15%	
Next earnings day		
Div yield	4.2%	
ROE	8.2%	
Institutional holding	5%	

Source:
Refinitiv/Zawya