



▶ Qatari Pearls – Hidden opportunity in beaten stocks

▶ Filtered by risk

QE Index 10,654

P/E 11.8x Div yield 4.3%

Mcap \$166 bn

YTD -0.25%

FEB 06, 2023

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MASRAF AL RAYAN (MARK)

FINANCIALS - ISLAMIC BANKS

LAST TRADED: QR 2.70

CONSENSUS TARGET: QR 3.34 (+24%)

Profile: Masraf Al Rayan is a Qatari Islamic bank having assets of QR 168 bn. 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 and MARK is a leading financier to the Government of Qatar

| Fundamentals | | Outlook |
|-------------------------------|----------------|---|
| Mcap | QR 25 bn | MARK's elevated NPL ratio (6% at the end of 2022) led to a 56% YoY |
| P/E (TTM) | 17.8x | increase in impairment and a 22% drop in net profit to QR 1.34 bn |
| Year end | December | Merger with Al Khaleej Bank led to a hike in its NPL. |
| EPS 2023E | QR 0.15 | Operating profit however rose 20% yoy and capital adequacy is |
| EPS 2022 | QR 0.14 | robust at 20% |
| Operating margin (TTM) | 25% | Though negative news is priced in, the stock currently trades at an |
| Next earnings day | April 19, 2023 | attractive level and any further decline will be good to average |
| Div yield | 3.7% | Operating costs rose 60% YoY in 2022 due to merger integration |
| ROE | 7% | which should normalize in the years ahead. |
| Institutional holding | 40% | Qatar Investment Authority (20.6%) |

Source:
Refinitiv/Zawya

GULF WAREHOUSING (GWCS)

TRANSPORTATION – LOGISTICS

LAST TRADED: QR 3.19
CONSENSUS TARGET: QR 4.50 (+41%)

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 | Main triggers for GWCS in 2023 and 2024 are the QR 1.5 bn Al Wukair Logistics Park BOT PPP project leased for 30 years. |
| P/E (TTM) | 7.9x | Phase II of the project is expected to start from 2024 |
| Year end | December | GWCS hopes to win two projects in Oman and the UAE which |
| EPS 2023E | QR 0.39 | If materializes, should reward investors in the near-term |
| EPS 2022 | QR 0.41 | The stock currently trades near its 10 year low and is attractively |
| Operating margin (TTM) | 20% | valued at P/E of around 8x |
| Next earnings day | April 17, 2023 | The company reported a 17% yoy growth in revenue in FY 2022 |
| Div yield | 3.1% | While EPS rose around 8% yoy to QR 0.41 |
| ROE | 11% | |
| Institutional holding | 53% | |

Source:
Refinitiv/Zawya

QNB (QNBK)

FINANCIALS – BANKS

LAST TRADED: QR 17.50

CONSENSUS TARGET: QR 21 (+20%)

Profile: QNB is the largest bank in the Middle East and Africa having a balance sheet of \$ 327 bn. It is also among the top five banks in the region in terms of net profit. It is mainly a corporate lender , both public and private sectors followed by its retail banking unit.

| Fundamentals | | Outlook |
|-------------------------------|----------------|---|
| Mcap | QR 161 bn | QNB has one of the best asset quality and lowest cost to income |
| P/E (TTM) | 10.7x | among the GCC banks at 2.9% NPL and 19.7% seen in its latest |
| Year end | December | financial results. Dividend was hiked to QR 0.60 for 2022 from |
| EPS 2023E | QR 1.64 | QR 0.55 in 2021. |
| EPS 2022 | QR 1.63 | Loan book growth was 6% yoy while deposit growth was 7% yoy |
| Operating margin (TTM) | 66% | Net profit rose 9% yoy in 2022 to QR 14.3 bn while operating income |
| Next earnings day | April 11, 2023 | grew 24% yoy |
| Div yield | 3.3% | The stock is trading attractively at 10.7x and any further drop |
| ROE | 17% | should make it more attractive . |
| Institutional holding | 60% | QIA owns nearly 52% of QNB |

Source:
Refinitiv/Zawya

MEDICARE (MCGS)

HEALTHCARE - HOSPITALS

LAST TRADED: QR 5.72

CONSENSUS TARGET: QR 7.40 (+29%)

Profile: Medicare owns Al-Ahli Hospital which is the largest private sector hospital in Qatar. MCGS is a strong cash generating business and has a strong dividend history. Foreign ownership level has been increased from 49% to 100% in 2022 along with many other listed companies in Qatar.

| Fundamentals | | Outlook |
|-------------------------------|--------------|--|
| Mcap | QR 1.6 bn | Though competition in private healthcare is increasing in Qatar |
| P/E (TTM) | 19.7x | From other operators like Al Emadi Hospital, Hamad Medical |
| Year end | December | MCGS has been spending on upgrading its existing healthcare |
| EPS 2023E | QR 0.34 | Infrastructure to retain its patients. It plans to add 100 inpatient |
| EPS 2022 | QR 0.29 | beds and improve margins from its higher end patients. |
| Operating margin (TTM) | 16% | In the near-term, the company is expected to report a strong Q4 |
| Next earnings day | Feb 08, 2023 | 2022 numbers due to the World Cup tourist inflow while in the long- |
| Div yield | 4.3% | run, public and private spending on healthcare, more specialized |
| ROE | 8% | healthcare services are key growth drivers. |
| Institutional holding | 28% | |

Source:
Refinitiv/Zawya