

GCC Markets Monthly Report

February-2019

In this Report...

Kuwait	2
Saudi Arabia	3
Abu Dhabi	4
Dubai	5
Qatar	6
Bahrain	7
Oman	8

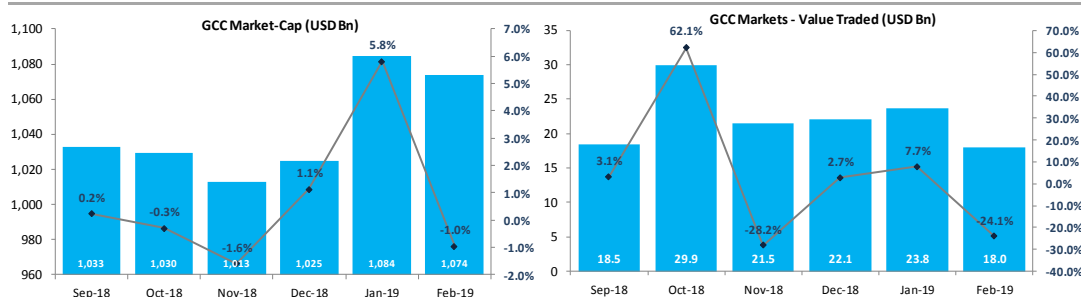
GCC markets' performance mixed as investors book profits...

A broad-based sell-off during February-19 affected almost all the sectors in the GCC and resulted in a decline in last month's best performing markets. Qatar was the top decliner during the month falling 5.7% and more than offset last month's gain to report a YTD-19 decline of 1.8%. Saudi Arabia was next with a decline of 0.8%. On the other hand, UAE reported the best monthly performance with Dubai, after several months, being the best monthly performer after a late month rally in key real estate stocks pushed the benchmark higher for the month. Monthly trading activity also retreated with value traded declining by a quarter to reach a six-month low level of USD 17.9 Bn.

In terms of monthly sector performance, only the consumer sector reported positive returns backed by gains in some of the large cap stocks in the sector. On the other hand, Transportation and Capital Goods sectors were top decliners during the month reporting mid-single digit declines. Banks also had weak performance during the month with a majority of the banks closing the month in the red while double digit declines in some of the big real estate names in Qatar and Kuwait more than offset the late-month rally in UAE real estate names.

Globally, developed markets showed positive returns during the month while most emerging markets declined. China was an exception in emerging markets, recording double digit returns during the month after the US extended its expected tariff deadline following positive talks between the two trading partners. As a result, almost all the key US and European benchmarks surged resulting in a 3.1% gain for the MSCI World Index during February-19. The trade dispute between the US and China has been an overhang for global markets since May-18, that also resulted in the lowering of global economic growth expectations for the near term.

GCC Equity Markets	Index Closing	MTD Chg%	YTD Chg%	M-Cap (USD Bn)	Monthly Value Traded (USD Mn)	P/E (x) TTM	P/B (x) TTM	Div. Yield
Kuwait - Premier Market Index	5,482.2	1.0%	4.1%	99.1	1,452.1	15.1	1.2	3.8%
Kuwait - Main Market Index	4,773.0	(0.5%)	0.7%					
Kuwait - All Share Index	5,231.7	0.5%	3.0%					
Saudi Arabia	8,492.7	(0.8%)	8.5%	535.3	12,522.8	16.5	1.9	3.7%
Abu Dhabi	5,137.8	1.8%	4.5%	146.6	1,145.3	12.6	1.3	4.9%
Dubai	2,635.8	2.7%	4.2%	94.0	1,204.6	7.2	0.9	5.9%
Qatar	10,111.6	(5.7%)	(1.8%)	158.8	1,441.2	13.8	1.3	3.9%
Bahrain	1,412.7	1.5%	5.6%	22.3	122.4	9.4	0.8	4.8%
Oman	4,144.5	(0.5%)	(4.1%)	17.9	134.5	9.0	0.8	7.2%
Total GCC				1,073.9	18,022.9	13.8	1.5	4.1%



Faisal Hasan, CFA

Head - Investment Research

+(965) 2233 6907

faisal.hasan@kamconline.com

Junaid Ansari

Vice President

+(965) 2233 6912

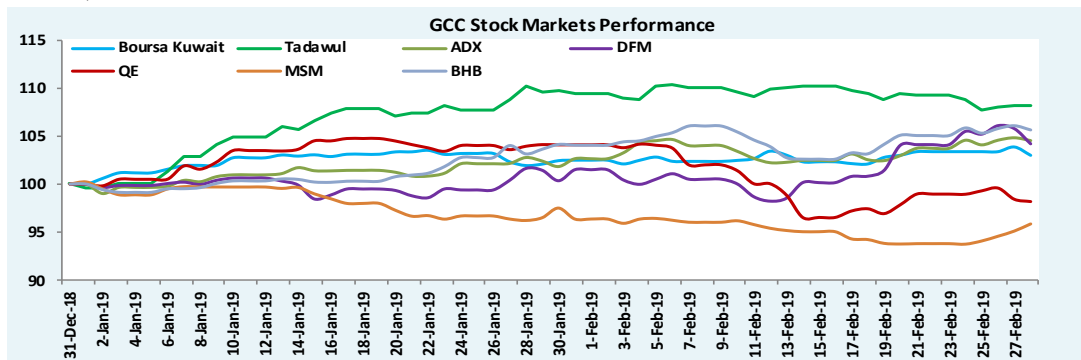
junaid.ansari@kamconline.com

Thomas Mathew

Assistant Vice President

+(965) 2233 6914

thomas.mathew@kamconline.com



Source: GCC Stock Exchanges, KAMCO Research

Boursa Kuwait

Monthly Indicators	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
Premier Market Index	5,000.0	4,778.7	4,690.6	4,904.8	5,297.0	5,261.8	5,343.9	5,234.2	5,317.8	5,267.4	5,430.1	5,482.2
Monthly % Change	0.3%	(4.4%)	(1.8%)	4.6%	8.0%	(0.7%)	1.6%	(2.1%)	1.6%	(0.9%)	3.1%	1.0%
Main Market Index	5,000.0	4,834.9	4,816.3	4,863.5	4,933.0	4,897.5	4,735.6	4,693.7	4,730.0	4,738.6	4,798.1	4,773.0
Monthly % Change	3.2%	(3.3%)	(0.4%)	1.0%	1.4%	(0.7%)	(3.3%)	(0.9%)	0.8%	0.2%	1.3%	(0.5%)
All Share Market Index	5,000.0	4,799.1	4,735.7	4,890.4	5,167.6	5,132.3	5,128.0	5,042.2	5,109.2	5,079.6	5,206.0	5,231.7
Monthly % Change	0.4%	(4.0%)	(1.3%)	3.3%	5.7%	(0.7%)	(0.1%)	(1.7%)	1.3%	(0.6%)	2.5%	0.5%
Thomson Reuters Kuwait TRI	201.6	198.1	194.5	202.6	215.6	214.2	215.5	212.4	215.5	214.9	218.3	221.8
Monthly % Change	2.1%	(1.7%)	(1.9%)	4.2%	6.4%	(0.6%)	0.6%	(1.4%)	1.5%	(0.3%)	1.6%	1.6%
Market Cap (KWD Mn)	28,158	26,912	26,607	27,473	29,205	28,989	29,054	28,578	29,059	29,013	29,745	29,938
P/E (X) - TTM	14.55	14.60	14.50	14.90	15.80	15.37	15.40	14.31	14.60	14.60	15.00	15.10
P/BV (X) - TTM	1.23	1.15	1.14	1.17	1.25	1.24	1.24	1.24	1.26	1.19	1.22	1.23
Dividend Yield (%)	4.31%	3.44%	3.92%	3.88%	3.72%	3.78%	3.77%	3.89%	3.84%	3.86%	3.91%	3.84%
Volume (Mn Shares)	1,156.4	1,348.6	1,198.0	1,017.4	2,916.2	1,789.5	2,100.8	1,464.2	1,944.7	2,487.4	3,960.0	2,509.3
Value (KD Mn)	227.3	240.8	204.8	242.1	633.4	356.5	523.8	309.8	284.8	574.6	610.0	438.7
Trades ('000)	55.4	61.0	57.4	47.5	126.5	85.2	91.7	75.6	75.7	101.5	123.1	87.7

Source: Kuwait Stock Exchange, KAMCO Research

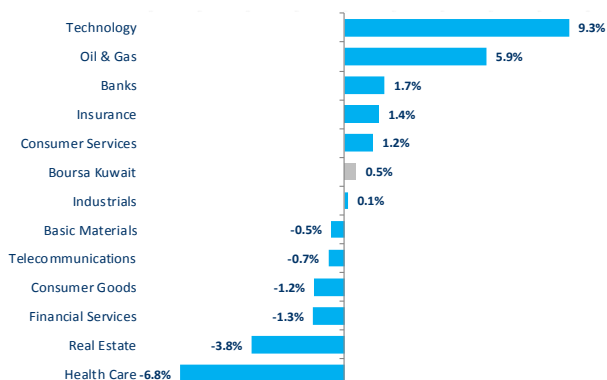
Kuwaiti stock market benchmarks were mixed during February-19 but in line with the last months trends which saw large-cap stocks beating Main Market performance. The Premier Market Index gained 1% while the Main Market Index declined by 0.5%. The net effect was reflected in the All Share Index that recorded a gain of 0.5% resulting in YTD-19 gain of 3.0%. Gains in the Premier Market index pushed YTD-19 return to 4.1% while the main market stood at a marginal gain of 0.7%. During the month, Qurain Petrochemicals and Human Soft Holding were added in the Premier Market pushing the share of the 19-stock index to 70% in terms of market cap.

In terms of sector performance, the Technology index was the top performer during the month with a gain of 9.3% followed by the Oil & Gas index at 5.9%. Gains in the latter were primarily led by 16.6% surge in shares of NAPESCO after the company reported 18% gain in full year net profits on the back of a 12% gain in topline. On the other hand, within the Oil & Gas sector, a decline IPG's profits for FY-18 resulted in the company's shares sliding 2.2% during the month. Meanwhile, banks continued to report positive share performance with shares of eight out of the ten Kuwaiti banks recording gains during the month resulting in 1.7% gains for the corresponding sector index. On the decliner's side, the Healthcare index topped with a decline of 6.8% on the back of 10% decline in shares of Yiacco and Al Maidan Clinic. Yiacco recorded a smaller loss during 2018 while the bottomline of Al Maidan Clinic gained marginally by 3% for FY 9M-19. The Real Estate Index was the second worst performer during the month with a decline of 3.8% as decliners outpaced gainers in the sectors. Notable decliners included Mabane and Tamdeen Real Estate with the shares down 5.9% and 13.5%, respectively.

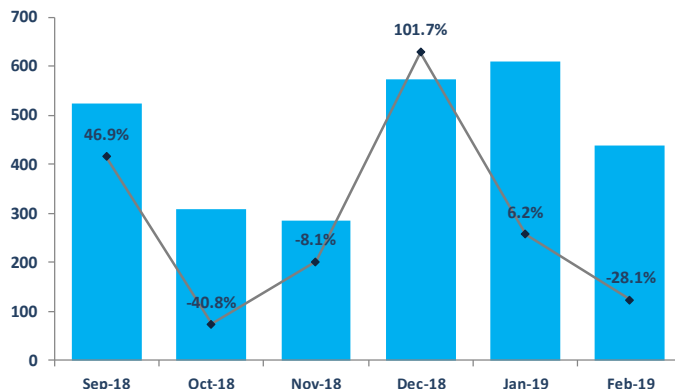
Trading activity remained weak during the month owing to lesser number of trading days. Monthly volume of shares traded declined by 37% to 2.5 Bn shares. On the other hand, monthly value traded saw a slightly lower decline of 28% to reach KWD 439 Mn as compared to KWD 610 Mn during the previous month. Gulf Bank topped the monthly volume chart with 340.9 Mn shares trading during the month followed by AUB Bahrain and Aayan Leasing with at 195 Mn shares and 186 Mn shares, respectively. On the monthly value traded chart, Gulf Bank once again topped with KWD 94.2 Mn worth of traded shares followed by NBK and AUB Bahrain at KWD 62.9 Mn and KWD 48.2 Mn, respectively.

FY-18 earnings performance has been positive so far with aggregate net profit for the full year up by 14.3% for the companies that have reported results. Banks continued to outperform with double digit earnings growth of 18% for Kuwaiti banks while Telecom and Insurance companies also reported aggregate growth of 14.2% and 13.7%, respectively.

Boursa Kuwait Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
Tadawul All Share Index	7,870.9	8,208.9	8,161.1	8,314.2	8,294.8	7,948.3	7,999.5	7,907.0	7,703.0	7,826.7	8,560.0	8,492.7
Monthly % Change	6.1%	4.3%	(0.6%)	1.9%	(0.2%)	(4.2%)	0.6%	(1.2%)	(2.6%)	1.6%	9.4%	(0.8%)
Market Cap (SAR Bn)	1,873.2	1,929.4	1,957.8	1,983.1	1,970.2	1,893.5	1,899.8	1,873.8	1,814.4	1,855.8	2,022.3	2,007.5
P/E (X) - TTM	16.12	16.25	16.37	16.73	15.93	15.34	15.41	14.88	14.58	14.84	16.25	16.52
P/BV (X) - TTM	1.75	1.82	1.81	1.85	1.85	1.77	1.78	1.75	1.71	1.74	1.90	1.90
Dividend Yield (%)	4.06%	3.75%	3.74%	3.62%	3.78%	3.93%	3.91%	3.94%	4.06%	4.00%	3.63%	3.67%
Volume (Mn Shares)	3,570.2	4,839.5	3,706.3	1,933.7	2,881.1	2,020.9	2,227.3	3,856.8	2,689.8	2,553.9	2,883.1	2,036.6
Value (SAR Mn)	87,560.8	107,967.1	83,905.9	46,427.9	73,214.0	54,251.5	49,661.6	95,741.5	62,180.7	60,141.9	68,211.1	46,962.8
Trades ('000)	2,180	2,769	2,195	1,251	2,031	1,486	1,678	2,616	2,326	2,363	2,473	1,809

Source: Tadawul, KAMCO Research. Note: Trading data includes stocks in the Main Market.

The Saudi stock market took a breather during February-19 after two consecutive months of gains which saw the index moving up more than 11%. The TASI benchmark declined 0.8% during the month and settled at 8,492.7 points amid a broad-based decline in the market resulting in a slightly scaled down YTD-19 gains of 8.5%. A majority of the sectors closed in the red during the month with the Pharma, Biotech & Life Science index recording the biggest decline of 7.8%. The Capital Goods index was next with a decline of 6.6% followed by Utilities and Food & Staples Retailing indices with declines of 4.5% and 3.7%, respectively. Large cap sectors including Banks, Energy and Materials also recorded low single digit declines. On the other hand, the Consumer Services index topped the monthly performance with a gain of 3.3% followed by Diversified Financials and Telecom indices with gains of 1.7% and 1.2%, respectively.

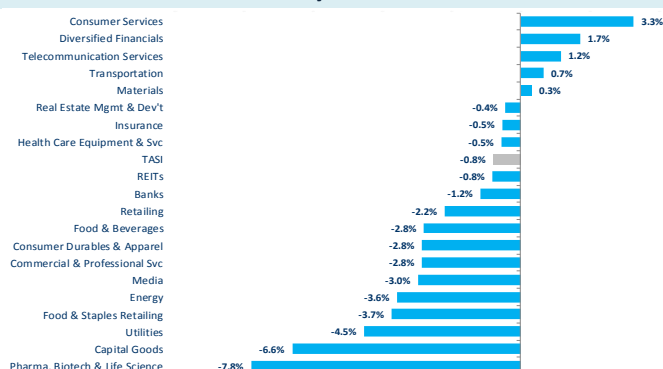
The monthly gainers chart was topped by Al Ahlia Insurance with a monthly surge of 11.1% after the shareholders of the company rejected a merger offer from Gulf Union. Etihad Etisalat (Mobily) was next on the gainers list with a gain of 10.2% followed by Arriyadh Development Co. and Al Gassim Investment with gains of 9.4% and 8.1%, respectively. Mobily appointed a new CEO that moved the telco's share price while Arriyadh Development maintained its full year dividend at SAR 0.8 per share for 2018 despite a decline in profit for the year. On the decliner's chart, Al-Khodari topped with a decline of 38.5% after the company's accumulated losses reached SAR 1.11 Bn or 198.52% of its capital. Amana Insurance was next on the list with a decline of 26.5% followed by Saudi Arabian Amiantit Co. and Enaya Insurance with declines of 14.6% and 10.6%, respectively.

Trading activity declined during the month, in line with most of the other GCC markets. Monthly volume of shares declined by 29.4% to reach 2.0 Bn shares in February-19 as compared to 2.9 Bn shares in the previous month. Total value traded on the exchange also declined at a slightly higher rate of 31.2% to reach SAR 47 Bn as compared to SAR 68.2 Bn during the previous month.

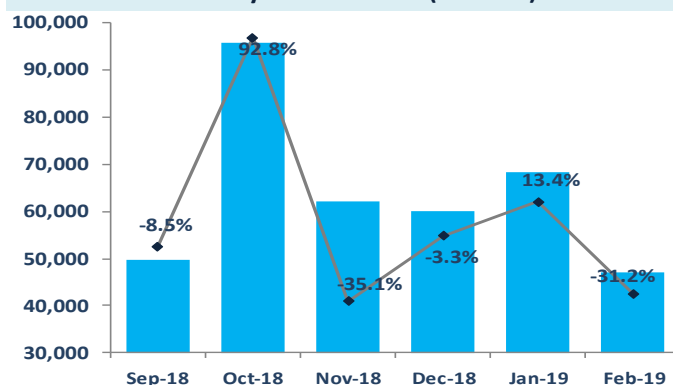
On the regulatory front, the Saudi Arabia CMA announced a number of reforms aimed at increasing the number of listed SMEs in the Kingdom. These reforms were aimed at the Nomu Parallel Market to increase liquidity and number of companies. Key changes include listings without an IPO along with lower reporting requirements, and reduced threshold for trades. The changes would be implemented in two phases, with the first phase aimed to be implemented during Q1-19 followed by the second phase in Q2-19. The NOMU Capped Index will also be introduced during the first phase.

Meanwhile, amid ongoing consolidations in the GCC banking sector and with NCB and Riyadh Bank in talks in the Kingdom, the governor of Saudi Arabian Central Bank said the regulator does not see further mergers in the Kingdom. Recently the SAMA tweaked rules to allow foreign banks in the kingdom. One of the key changes included the guideline that foreign bank branches will not be required to maintain capital in the Kingdom. Recently, the CMA granted Citigroup a license to conduct capital markets business and Goldman Sachs a license to trade equities in the Kingdom.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
ADX General Index	4,585.4	4,669.5	4,605.0	4,560.0	4,859.5	4,986.9	4,935.4	4,901.9	4,770.1	4,823.8	5,044.9	5,137.8
Monthly % Change	(0.3%)	1.8%	(1.4%)	(1.0%)	6.6%	2.6%	(1.0%)	(0.7%)	(2.7%)	1.1%	4.6%	1.8%
Market Cap (AED Bn)	499.7	502.4	491.1	486.8	510.9	518.3	518.2	513.5	504.1	518.8	531.9	538.4
P/E (X) - TTM	11.71	11.27	11.76	11.60	12.12	12.52	12.34	12.35	11.92	12.23	12.53	12.62
P/BV (X) - TTM	1.26	1.28	1.20	1.19	1.27	1.30	1.29	1.28	1.25	1.29	1.32	1.34
Dividend Yield (%)	6.02%	5.93%	5.52%	5.60%	5.20%	5.07%	5.16%	5.19%	5.34%	5.18%	5.17%	4.91%
Volume (Mn Shares)	1,305.5	1,546.9	1,403.4	942.2	686.5	597.7	1,029.2	1,141.7	1,103.4	942.7	629.3	980.4
Value (AED Mn)	2,902.3	2,807.8	2,971.8	2,485.7	2,124.5	2,193.1	3,278.0	3,067.7	4,572.6	4,886.3	3,055.3	4,206.9
Trades	20,106	22,015	26,261	17,927	16,717	15,859	22,373	24,775	32,303	26,212	30,042	36,210

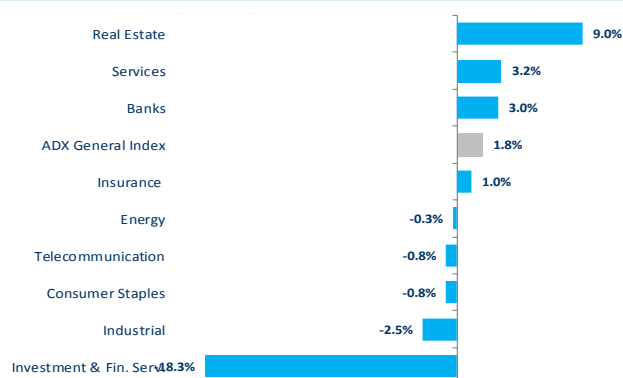
Source: Abu Dhabi Securities Exchange, KAMCO Research

The ADX index was amongst the gainers in the GCC, as UAE markets clearly outperformed other regional counterparts. The index was up 1.8% m-o-m in Feb-19 and closed at 5137.81 points. Sectoral performance was mixed, while market breadth was even between gainers and losers. Amongst the sectors that contributed to the monthly gain in the ADX, Real Estate was the top performer, as it gained by 9.0% for the month, as Aldar ended the month up by 11.9%. Aldar Properties reported annual revenues of AED 6.3 Bn (+2% y-o-y) and recurring revenue NOI of AED 1.6 Bn (+3% y-o-y) for 2018, supported by asset acquisitions and development revenue recognition. Net profit was however down from AED 2.0 Bn in 2017 to AED 1.85 Bn in 2018. The board proposed a 14 fils/share dividend for 2018, representing a 17% increase over 2017. Banks were also up by 3.0% for the month, driven by FAB (+3.1%), ADIB (+6.9%), UNB (+7.3%) and ADCB (+1.9%). The Investment & Financial Services index was the worst performer in Feb-19, down by 18.3% m-o-m, as shares of Waha Capital plunged by 19.4% m-o-m.

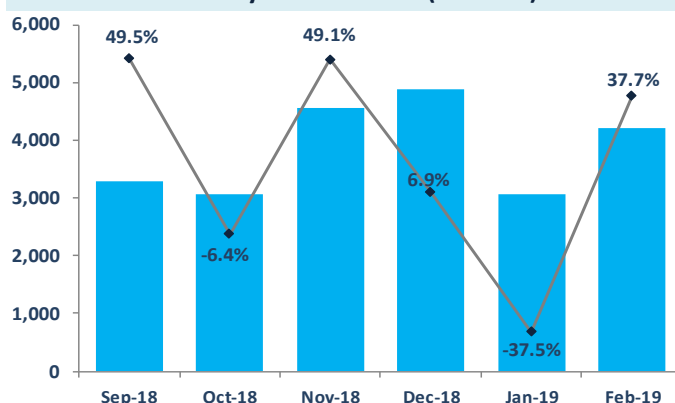
In other key earnings releases, Etisalat reported consolidated revenues of AED 52.4 Bn (+1% y-o-y) and consolidated EBITDA of AED 25.9 Bn (flat y-o-y). Aggregate subscriber base increased 1% in 2018 on a like-for-like basis to 141 Mn, due to strong subscriber addition in Morocco, Ivory Coast, Benin, Burkina Faso, Togo, Niger and Pakistan. Consolidated net profit after federal royalty increased 2% y-o-y and reached AED 8.6 Bn in 2018, while a dividend of 80fils/share was proposed for the year. The increase in net profit was ascribed to lower impairment, forex gains and lower share of losses from associates and lower royalty charges. Energy name ADNOC Distribution reported 2018 revenues of AED 22.9 Bn, an increase of 15.9% compared to 2017, primarily from higher fuel prices, partially offset by the decrease in total fuel sales volume. Total fuel sales volume for 2018 reached 9,611 million liters, a decrease of 3.7% compared to 2017. Net profit for 2018 reached AED 2.1 Bn, an increase of 18.0% compared to 2017, despite an AED 160 Mn increase in net finance costs driven by a USD 1.5 billion term loan. Banking major FAB reported an operating income of AED 19.4 Bn for 2018, broadly stable y-o-y, while full year cost-to-income ratio improved to 25.9%, down from 27.7% in 2017. Net income for 2018 came in at AED 12 Bn, up 10% y-o-y from AED 10.9 Bn in 2017.

Ras Al Khaimah Cement Co topped the monthly gainers chart, with a gain of 29.5% m-o-m followed by Abu Dhabi National Hotels and Emirates Driving Co. with gains of 21.1% and 12.7% respectively. On the decliners side, the top two companies were Abu Dhabi National Takaful and Commercial Bank International with declines of 20.1% and 19.5%, respectively. Trading activity on the exchanged picked up m-o-m in Feb-19, as volumes traded improved 56% to 0.98 Bn shares. Value traded also improved by 37.7% m-o-m to reach AED 4.2 Bn during Feb-19. In terms of most actively traded stocks, First Abu Dhabi Bank led all stocks in terms of value traded, with AED 1.3 Bn worth of shares traded during Feb-19. Etisalat and ADCB followed as AED 737 Mn and AED 629 Mn worth of shares were traded respectively. Aldar led the most active stocks list in terms of volumes traded, as 267 Mn shares were traded on the exchange. Dana Gas and FAB followed with 147 Mn and 87 Mn shares traded during Feb-19.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
DFM General Index	3,108.5	3,066.0	2,964.1	2,821.0	2,956.0	2,840.2	2,834.95	2,784.6	2,668.7	2,529.8	2,567.6	2,635.8
Monthly % Change	(4.2%)	(1.4%)	(3.3%)	(4.8%)	4.8%	(3.9%)	(0.2%)	(1.8%)	(4.2%)	(5.2%)	1.5%	2.7%
Market Cap (AED Bn)	375.6	373.7	358.7	352.1	372.2	362.4	360.5	354.7	346.2	334.3	339.7	345.3
P/E (X) - TTM	8.70	8.38	7.97	7.68	7.84	7.67	7.66	7.54	7.52	7.15	7.08	7.17
P/BV (X) - TTM	1.05	1.04	1.02	0.97	1.04	1.00	1.00	0.98	0.95	0.90	0.87	0.90
Dividend Yield (%)	6.53%	5.01%	5.16%	5.39%	5.00%	5.74%	5.75%	5.91%	6.03%	6.24%	5.88%	5.90%
Volume (Mn Shares)	3,559.5	2,633.8	4,919.0	3,361.0	3,448.2	1,718.9	4,089.7	4,257.4	2,899.0	3,859.3	2,453.4	2,916.0
Value (AED Mn)	5,561.6	4,065.4	7,001.7	4,914.5	4,156.5	2,492.8	4,378.6	4,374.8	3,784.2	3,682.4	2,864.8	4,424.4
Trades	52,549	46,580	72,982	53,145	50,788	26,532	50,403	55,567	47,042	52,594	48,929	56,325

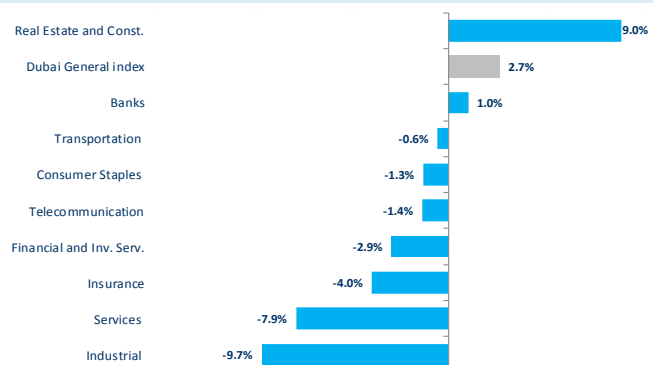
Source: Dubai Financial Market, KAMCO Research

The DFM was the best performing index in the GCC in Feb-19 and clocked its first consecutive month of gains since August-17. The frontline index was up 2.7% m-o-m in Feb-19 and closed at 2635.8 points, despite market breadth being weak as only 14 stocks closed in the green while 27 stocks lost ground. The Real Estate index was the main driver for the outperformance, and was up 9.0% for the month, as investors bought oversold large cap Real Estate shares, on strong Q4-18 earnings. As a result, Emaar Properties and Emaar Malls shares were up 13.7% and 11.5% m-o-m respectively. Banks were also up 1%, as Dubai Islamic Bank gained by 2.4% m-o-m during Feb-19. All other sectors closed in the red, with Industrials stocks (-9.7%) and the Services sector (-7.9%) ending the month as major laggards. The Industrials sectors was single-handedly brought down by National Cement Co. as the stock declined by 9.7% m-o-m, while Tabreed (-5.8%) and Amanat Holdings (-9.1%) contributed to the drop in the Services sector.

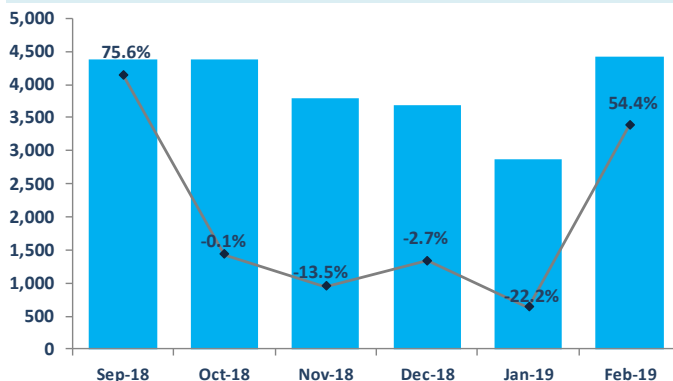
In 2018 earning releases, Emaar Properties reported revenues of AED 25.694 Bn for 2018, up 37% y-o-y from AED 18.75 Bn during 2017, led by growth achieved by Emaar Development, UAE build-to-sale property business majority owned by Emaar, as well as better performance from Emaar Malls. Emaar Development has a backlog of AED 36.454 Bn, which is expected to be recognized as revenues over the next three to four years. Net profit for Emaar came in at AED 7.216 Bn, a growth of 30% y-o-y from AED 5.561 Bn, excluding effects of the IPO of Emaar Development and forex movement. Further Emaar Malls has fully acquired Namshi, as the mall owner acquired the remaining stake of Global Fashion Group (GFG) in Namshi, in an all-cash transaction of AED 475.5 million. For contractor-Arabtec, revenues increased by 7.8% y-o-y to AED 9.9 Bn in 2018, as compared to AED 9.1 Bn for 2017. Order backlog was AED 15.6 Bn at the end of 2018 and was supported by a pipeline of tender opportunities in infrastructure and industrial sectors. Net profit for 2018 was up 108% y-o-y and came in at AED 256 Mn, as compared to AED 123 Mn in 2017. For DFM, revenues dropped in 2018 and reached AED 324.7 Mn as compared to AED 421.6 Mn in 2017. The total revenues for DFM comprised of AED 194.7 Mn of operational revenues and AED 130 Mn of investment revenues. Net profit was down 46% y-o-y at AED 125.5 Mn, from AED 232.9 Mn in 2017.

In terms of trading activity, the DFM improved on all major indicators, as volumes traded improved by 18.9% m-o-m to reach 2.9 Bn shares. In terms of value traded, total value of shares improved by 54.4% m-o-m to AED 4.4 Bn. In terms of monthly gainers, Gulfa Mineral Water & Processing Industries led all stocks as its stock price was up 32.1% in Feb-19. Emaar Properties and Emaar Malls Group followed, as their stock prices moved up by 13.7% and 11.5% respectively. On the other hand, shares of Gulf General Investment Co. declined the most as its share price declined by 27.9% m-o-m. International Financial Advisors and Al-Madina for Finance & Investment followed with declines of 18.0% and 10.6% respectively for the month. Emaar Properties was the most actively traded stock on the exchange as AED 1.3 Bn worth of stock was traded. GFH and Dubai Islamic Bank followed with value traded of AED 534 Mn and AED 451 Mn respectively. In terms of volumes traded, GFH led all stocks as 546 Mn shares were traded. Union Properties and Emaar Properties followed as 354 Mn and 294 Mn shares were traded.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
QE 20 Index	8,574.0	9,112.0	8,880.5	9,024.0	9,825.1	9,886.5	9,813.3	10,300.9	10,364.5	10,299.0	10,720.3	10,111.6
Monthly % Change	(0.9%)	6.3%	(2.5%)	1.6%	8.9%	0.6%	(0.7%)	5.0%	0.6%	(0.6%)	4.1%	(5.7%)
Market Cap (QAR Bn)	470.5	509.3	491.7	493.6	539.9	546.3	547.4	580.5	588.4	588.7	615.9	578.1
P/E (X) - TTM	12.21	12.82	12.72	12.68	13.75	13.82	13.84	14.47	14.75	14.65	15.32	13.83
P/BV (X) - TTM	1.12	1.20	1.16	1.17	1.27	1.29	1.29	1.35	1.38	1.37	1.43	1.32
Dividend Yield (%)	4.67%	4.36%	4.55%	4.51%	4.15%	4.09%	4.09%	3.88%	3.81%	3.84%	3.53%	3.89%
Volume (Mn Shares)	260.8	249.1	265.9	170.1	166.0	107.8	134.7	125.2	148.8	239.7	218.3	167.7
Value (QAR Mn)	6,447.5	6,074.9	10,703.2	7,966.4	4,485.2	3,187.9	4,460.4	4,270.8	5,580.1	5,252.7	5,789.6	5,247.2
Trades	89,162	81,989	107,738	78,360	70,475	59,202	67,546	73,785	97,199	152,156	138,925	107,717

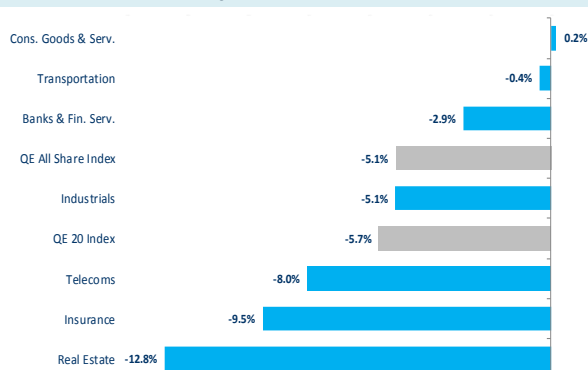
Source: Qatar Exchange, KAMCO Research

Qatar Exchange receded during Feb-19 and was the worst performer in the GCC, after gaining by 4.1% in Jan-19. The QE 20 index declined by 5.7% m-o-m to close at 10,111.62 points in Feb-19. The Qatar All Share index which maps the broader market, also declined by 5.1% as compared to the previous month. Market breadth was weak and favored decliners as 36 companies receded, while 9 companies moved higher as compared to the previous month. Sectoral performance was mostly negative barring the Consumer Goods & Services index, as the sector closed almost flat at +0.2% m-o-m. The positive performance of the sectoral index was ascribed to the +2.5% m-o-m gain for Qatar Fuel, as the company reported a 20% y-o-y increase in net profit from QAR 964 Mn in 2017 to QAR 1.16 Bn in 2018. The company further proposed a dividend of QAR 8/ share. Real Estate was the worst performing index, as it declined by 12.8% m-o-m, as all stock closed in the red, with United Development Co (-17.6%) and Ezdan Holding (-16.8%) plunging the most. Telecom was the other major index that dropped by 8.1% m-o-m, as Ooredoo nosedived by 11.7% m-o-m in Feb-19.

Ooredoo reported 2018 revenues of QAR 29.9 Bn, driven by strong contributions from Oman and Kuwait. Group Revenue before FX effects decreased by 6%, while reported Revenue decreased by 8% y-o-y from 2017. Group Net Profit was QAR 1.565 Bn, down 18% from QAR 1.897 Bn. Ooredoo mentioned that the positive performances in Iraq, Oman, Kuwait and Tunisia were offset by market challenges and lower revenues in Indonesia and Algeria. Competitor Vodafone Qatar reported its first y-o-y revenue growth in four years, witnessing a 5.1% y-o-y revenue growth to reach QAR 2.101 Bn for 2018, driven by growth in Postpaid, fixed and handset revenue. Net Profit came in at QAR 118 Mn having turned around from a loss from last year. Revenues for industrial name GISS came in at QAR 2.5 Bn for 2018, up 5% y-o-y. A net loss of QAR 98 Mn was reported from increased finance costs, resulting from a hike in policy interest rates and recognition of one-off expenses relating to the impairment of assets in the drilling segment.

Trading activity on the index was down as well, as value traded during Feb-19 decreased by 11.1% to reach QAR 5.1 Bn, while traded volumes declined by 22.5% m-o-m to reach 169 Mn shares. In terms of trading activity, QNB topped the monthly value traded chart with QAR 955 Mn worth of shares traded, followed by Qatar Fuel and United Development recording QAR 446 Mn and QAR 404 Mn in monthly value traded. In terms of volumes traded, United Development led all stocks with traded volumes of 26.6 Mn shares. Qatar Aluminum and Mesaieed Petrochemical followed with traded volumes of 20.2 Mn shares and 19.1 Mn shares respectively. The Banks & Financial Services sector was the most active in terms of value traded during Feb-19, accounting for 37.1% of the total value traded, followed by Industrial and Consumer Goods & Services sectors, as they accounted for 24.0% and 13.9% of the total value traded respectively. Qatar Cinema & Film Distribution was the top performing stock in the index for the month as its share price surged by 13.5%. Mesaieed Petrochemical followed along with Qatar Fuel, as their stock prices moved up by 12.2% and 2.5% respectively. On the other hand, shares of United Development led the monthly losers chart with its stock losing 17.6% m-o-m. Ezdan Holding and Qatar National Cement followed with declines of over 16% each for the month.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
Bahrain All Share Index	1,318.40	1,257.88	1,265.80	1,310.99	1,358.35	1,338.10	1,338.55	1,314.73	1,328.81	1,337.26	1,391.42	1,412.66
Monthly % Change	(3.8%)	(4.6%)	0.6%	3.6%	3.6%	(1.5%)	0.0%	(1.8%)	1.1%	0.6%	4.1%	1.5%
Market Cap (BHD Mn)	7,516	7,509	7,531	7,667	7,948	7,830	7,832	7,701	7,859	7,948	8,265	8,397
P/E (X) - TTM	9.46	9.11	8.51	8.69	8.71	8.45	8.79	8.74	8.45	8.60	8.93	9.42
P/BV (X) - TTM	0.78	0.76	0.77	0.78	0.81	0.80	0.80	0.79	0.79	0.80	0.82	0.85
Dividend Yield (%)	5.45%	5.65%	5.92%	5.81%	5.61%	5.70%	5.69%	5.76%	5.77%	5.69%	5.48%	4.79%
Volume (Mn Shares)	101.9	86.6	82.4	56.2	190.5	82.8	115.2	126.6	85.4	194.6	140.7	98.3
Value (BHD Mn)	36.8	16.8	14.5	12.8	24.9	18.7	22.1	28.8	23.5	89.3	79.0	46.1
Trades	1,303	1,384	1,429	1,104	2,329	1,493	1,320	1,720	1,265	1,521	2,293	2,185

Source: Bahrain Bourse, KAMCO Research

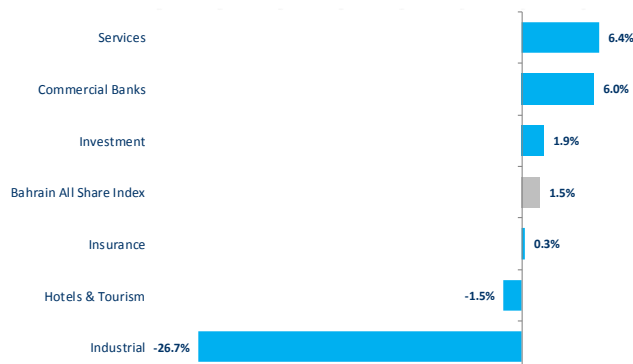
After beginning 2019 in the green for the month of Jan-19, the positive performance of the Bahrain Bourse sustained into Feb-19, as the country's equity market remained one of the best performing regional indices in the GCC. The Bahrain Bourse gained by 1.5% m-o-m for the month of Feb-19, while YTD returns were +5.6%. The positive performance was driven by Commercial Banks as the sectoral index was up 6% m-o-m in Feb-19, driven by AUB as the stock was up 8.6% on merger talk. The Industrials index however receded by 26.7% m-o-m, as Alba plunged by 27.2% over the same period. Alba reported revenues of BHD 911.3 Mn, up 6% y-o-y, compared to BHD 857.8 Mn in 2017. Net Income for 2018 stood at BHD 59.8 Mn, down by 35% y-o-y, as compared to BHD 92.5 Mn in 2017. Top-line and bottom-line performance was attributed to higher sales volume, higher LME price (+7% y-o-y) offset by higher Alumina Prices (+34% y-o-y).

In earnings related releases for 2018, GFH reported consolidated revenues of USD 246.21 Mn as compared to USD 204.36 Mn in 2017, representing a growth of 20.5% y-o-y. The company reported a net profit of USD 115 Mn for 2018 representing a 11.4% increase from USD 103.19 Mn in 2017. The growth was ascribed to continued revenue growth across diversified business lines. Telecom operator Batelco reported 2018 revenues of BHD 405.9 Mn, an increase of 7% y-o-y as compared to BHD 379.4 Mn. Revenue growth was driven by strong performance at Batelco Bahrain, Umniah in Jordan and Dhiraagu – the Group's operation in Maldives. Batelco's net profit for 2018 came in at BHD 50.1 Mn, up significantly from BHD 3.5 Mn for 2017, as the low base in 2017 was due to impairment losses related to Group's investments in Yemen & Jordan.

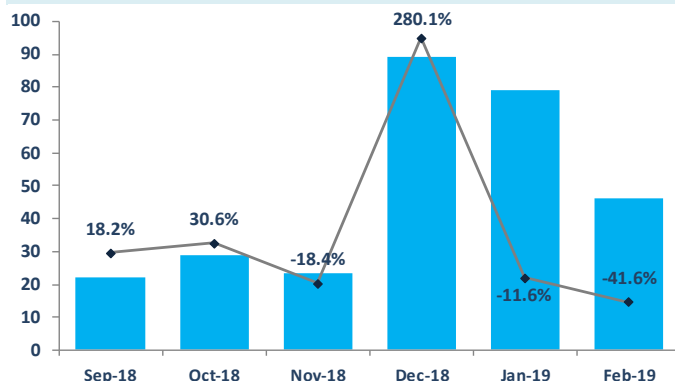
In the banking sector Bahrain Islamic Bank recorded a total operating income of BHD 45.5 Mn in 2018 compared to BHD 42.9 Mn for 2017, representing a decrease of 6.1%. Net profit came in at BHD 11.4 Mn during 2018 and increased 12.2% y-o-y compared to net profit of BHD 10.1 Mn for the same period last year. AUB's operating income increased by 8.1% y-o-y from USD 1.12 Bn to USD 1.21 Bn, as growth was driven by a 7.3% y-o-y increase in NII, from an increase in average interest earning assets, and the repricing and repositioning of the loan portfolio.

Trading activity in Feb-19 was down on an m-o-m basis, as compared to Jan-19. Volumes traded in the exchange reached 98.3 Mn and declined by 28.8% m-o-m as compared to 141 Mn shares in Jan-19. Value traded decreased by 41.6% in the exchange to reach BHD 46.1 Mn in Feb-19. The number of trades made in the exchange however improved to 2,185 trades, up 13.2% m-o-m from Jan-19. AUB was the most actively traded stock in Feb-19 with BHD 29.3 Mn worth of its shares traded on the exchange. GFH and Batelco followed with BHD 5.8 Mn and BHD 2.0 Mn worth of shares traded. Of the 16 stocks that closed in the green in Feb-19, Zain Bahrain topped the gainers list, as it witnessed a 23.6% m-o-m increase, followed by Bahrain Commercial Facilities with monthly gains of 18.1%. Alba was the main laggard, as it witnessed a m-o-m decline of 27.2%, followed by Ithmar Bank and Bahrain Islamic Bank with monthly declines of 21.1% and 10.2% respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
MSM 30 Index	4,773.5	4,729.1	4,606.7	4,571.8	4,336.6	4,419.3	4,543.7	4,422.9	4,412.1	4,323.7	4,215.8	4,144.5
Monthly % Change	(4.6%)	(0.9%)	(2.6%)	(0.8%)	(5.1%)	1.9%	2.8%	(2.7%)	(0.2%)	(2.0%)	(2.5%)	(1.7%)
Market Cap (OMR Mn)	7,761	7,582	7,491	7,397	7,132	7,240	7,528	7,350	7,391	7,233	7,002	6,892
P/E (X) - TTM	10.77	10.16	10.01	10.08	9.34	9.36	9.65	9.15	9.36	9.25	8.91	8.96
P/BV (X) - TTM	0.85	0.84	0.82	0.82	0.82	0.82	0.85	0.83	0.84	0.83	0.79	0.76
Dividend Yield (%)	6.00%	6.05%	6.26%	6.34%	6.67%	6.49%	6.36%	6.54%	6.54%	6.66%	6.96%	7.18%
Volume (Mn Shares)	480.7	627.0	757.1	198.8	215.1	153.8	230.2	213.7	283.5	257.6	261.7	400.7
Value (OMR Mn)	96.3	98.6	154.8	36.0	56.8	24.9	48.6	40.1	32.8	42.2	53.6	51.8
Trades	16,024	18,294	14,955	6,333	8,955	6,286	11,405	9,457	7,677	8,442	8,380	9,845

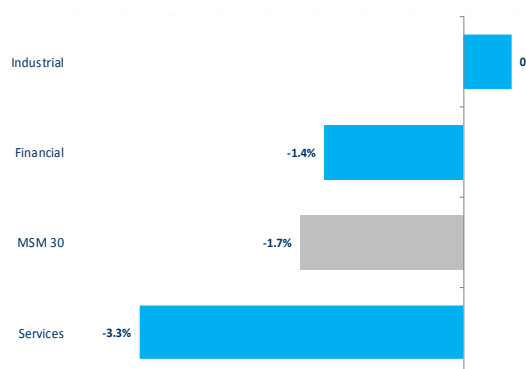
Source: Muscat Securities Market, KAMCO Research.

The MSM 30 index continued to slide for the sixth month in a row with the index reaching a new record low. After reaching multi-year lows, the benchmark recovered slightly during the last week to close the month at 4,144.47 points, recording a decline of 0.5% in February-19. Sector performance remained mixed during the month with gains of 0.5% in the Industrial index more than offset by 3.3% decline in Services index and 1.4% decline for the Financial index. The monthly share performance chart for the regular market was topped by Al Jazeera Services with a gain of 16.3% after the company's board proposed a cash dividend of 10 Baiza per share for FY-18 (as against 15 Baiza per share for FY-17) despite reporting a full year loss of OMR 5.1 Mn for FY-18. Al Anwar Ceramic Tiles was second on the monthly gainers list with a gain of 14.9% followed by Oman Investment & Finance and Al Anwar Holding with gains of 6.0% and 5.7%, respectively. On the decliners side, Oman United Insurance topped with a loss of 12.2% followed by National Gas and United Finance with declines of 4.7% and 4.3%, respectively.

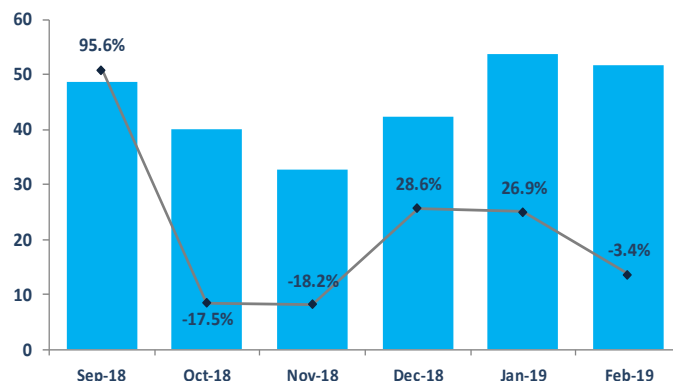
Trading activity in the equity market remained mixed during the month with increase in monthly volume traded but a decline in monthly value traded due to higher trade in small-cap stocks. Total volume of shares traded on the exchange surged more than 50% to reach 400.7 Mn shares in February-19 as compared to 261.7 Mn shares in January-19. On the other hand, monthly value traded declined by 3.4% to reach OMR 51.8 Mn during the month as compared to OMR 53.6 Mn during the previous month. Volume traded in the regular market declined marginally by 5.2% during the month to reach 128 Mn shares while that in the parallel markets more than doubled to 272.6 Mn shares. The value of shares traded in the regular market declined by a much larger 37% to OMR 21.4 Mn indicating higher trades in small-cap companies. Value traded in the parallel market increased by 54.6% to reach OMR 30.4 Mn as compared to OMR 19.7 Mn during the previous month. The Financial sector continued to account for a lion's share of the total value of trades during the month which a higher share than previous month at 57.5% or OMR 29.8 Mn. The Services sector followed with a share of 24.6% and the remaining 17.9% was accounted for by the Industrial Sector. Bank Nizwa topped the monthly volume chart with 71.4 Mn traded shares during the month followed by Phoenix Power and Galfar Engineering at 56.3 Mn shares and 47.3 Mn shares traded, respectively. On the value side, Bank Muscat topped the month with OMR 7.4 Mn worth of shares changing hands during the month followed by Bank Nizwa and Bank Dhofar at OMR 6.5 Mn and OMR 5.5 Mn, respectively.

The share of Omanis in total value of buy transactions on the exchange (including trades in the bond market) declined to 86.3% in February-19 as compared to 91.23% during January-19. The absolute value of buy transactions by Omanis declined by 8% in February-19 to reach OMR 44.8 Mn as compared to OMR 48.9 Mn in January-19. In terms of value of sell trades, trading by Omanis totaled OMR 41.9 Mn during the month as compared to OMR 46.9 Mn in January-19 while their share declined from 87.5% in January-19 to 80.7% in February-19 making them net buyers in the market. Participation of foreign investors in the market increased as compared to the previous month accounting for 6.9% of buy trades and 5.2% of sell trades.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

Disclaimer & Important Disclosures

KAMCO is authorized and fully regulated by the Capital Markets Authority ("CMA, Kuwait") and partially regulated by the Central Bank of Kuwait ("CBK")

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, an offer to invest, legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, KAMCO did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives. The entire content of this document is subject to copyright with all rights reserved. This research and the information contained herein may not be reproduced, distributed or transmitted in Kuwait or in any other jurisdiction to any other person or incorporated in any way into another document or other material without our prior written consent.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the sector, companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

KAMCO Ratings

KAMCO investment research is based on the analysis of regional and country economics, industries and company fundamentals. KAMCO company research reflects a long-term (12-month) target price for a company or stock. The ratings bands are:

- * **Outperform:** Target Price represents expected returns $\geq 10\%$ in the next 12 months
- * **Neutral:** Target Price represents expected returns between -10% and $+10\%$ in the next 12 months
- * **Underperform:** Target Price represents an expected return of $< -10\%$ in the next 12 months

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. KAMCO policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by KAMCO's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to KAMCO clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by KAMCO and shall be of no force or effect. The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is fair, accurate or complete and it should not be relied upon as such. KAMCO has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The publication is provided for informational uses only and is not intended for trading purposes. The information on publications does not give rise to any legally binding obligation and/or agreement, including without limitation any obligation to update such information. You shall be responsible for conducting your own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which KAMCO is a party.

Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service. This document is directed at Professional Clients and not Retail Clients within the meaning of CMA rules. Any other persons in receipt of this document must not rely upon or otherwise act upon it. Entities and individuals into whose possession this document comes are required to inform themselves about, and observe such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorization, registration or other legal requirements.

KAMCO Investment Company (DIFC) Limited ("KAMCO DIFC") is regulated by the Dubai Financial Services Authority (DFSA). KAMCO DIFC may only undertake the financial services activities that fall within the scope of its existing DFSA licence. This document is intended for Professional Clients or Market Counterparties only as defined by the DFSA, and no other person should act upon it.'

Risk Warnings

Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).

Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgment. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

Conflict of Interest

KAMCO and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Salespeople, traders, and other professionals of KAMCO may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document. KAMCO may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document. Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other KAMCO business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of KAMCO's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

No Liability & Warranty

KAMCO makes neither implied nor expressed representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, and fitness for a particular purpose and/or non-infringement. KAMCO will accept no liability in any event including (without limitation) your reliance on the information contained in this document, any negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.



KAMCO Investment Company - K.S.C. (Public)

Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq

P.O. BOX : 28873, Safat 13149, State of Kuwait

Tel: (+965) 1852626 Fax: (+965) 22492395

Email : Kamcoird@kamconline.com

Website : <http://www.kamconline.com>