

## GCC Corporate Earnings Report : Q3-2020

November-2020

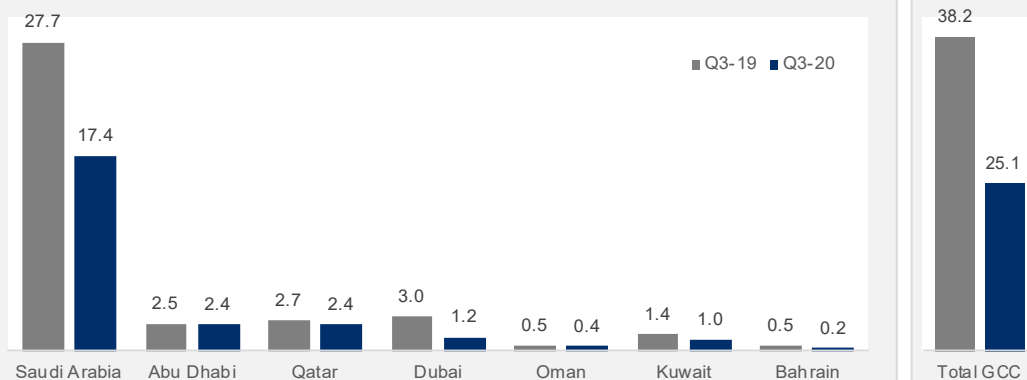
### GCC Q3-2020 net profits see q-o-q recovery but down 34% since last year...

Earnings reported by GCC-listed companies remained subdued when compared to historical levels but showed significant improvement as compared to Q2-2020 as the regional economy emerged from the covid-19 led lockdowns in a phased manner during Q3-2020. **Out of the 21 sectors on the exchange, 13 sectors witnessed q-o-q growth in earnings and 4 of these reported profits as compared to losses in Q2-2020, the Materials sector being the biggest out of these four.**

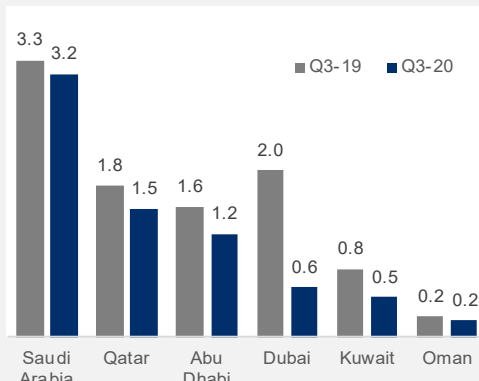
**In terms of sequential growth, excluding Bahraini companies, the growth in net profit was almost 80% or an absolute growth of USD 10.9 Bn to reach USD 25.1 Bn in Q3-2020. The biggest q-o-q growth was seen in the Energy sector with the profits up by USD 4.9 Bn or 72.9% to reach USD 11.5 Bn. The banking sector was next with a profit growth of 66.9% after banks reported higher topline coupled with a decline in provisions that supported earnings. The Materials sector reported profits of USD 634.5 Mn during the quarter as compared to losses during Q2-2020. On the other hand, the Insurance and Real Estate sectors reported the biggest q-o-q decline in earnings at 36.8% and 22.4%, respectively.**

**Earnings performance when compared to last year was broadly negative with a decline of 34.5% in Q3-2020 with steep declines in some of the key large-cap sectors on the GCC exchanges. Saudi Arabian companies reported the biggest absolute decline in earnings that fell by USD 10.2 Bn or 37.0 % y-o-y to reach USD 17.4 Bn during Q3-2020. Excluding the quarterly net profit of Saudi Aramco that declined by 44.5% y-o-y, aggregate profits for Saudi Arabia declined at a much smaller pace of 11.9% y-o-y. Companies in Dubai and Kuwait were next with declines of USD 1.8 Bn and USD 430.6 Mn, corresponding to y-o-y percentage declines of 59.2% and 30.4%, respectively. Companies listed in Abu Dhabi reported the smallest q-o-q decline in earnings at 2.9% to reach USD 2.39 Bn.**

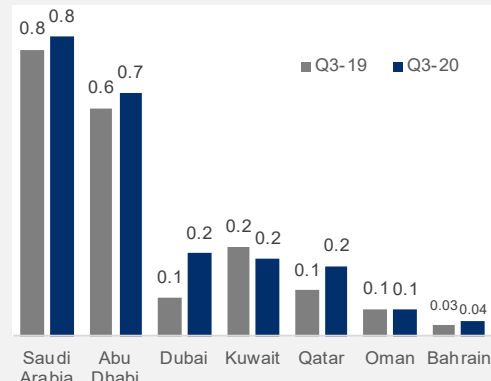
GCC Corporate Earnings : Q3-19 vs. Q3-20 (USD Bn)



GCC Banks : Q3-19 vs. Q3-20 (USD Bn)



GCC Telcos: Q3-19 vs. Q3-20 (USD Bn)



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

**Junaid Ansari**  
Vice President  
+(965) 2233 6912  
[jansari@kamcoinvest.com](mailto:jansari@kamcoinvest.com)

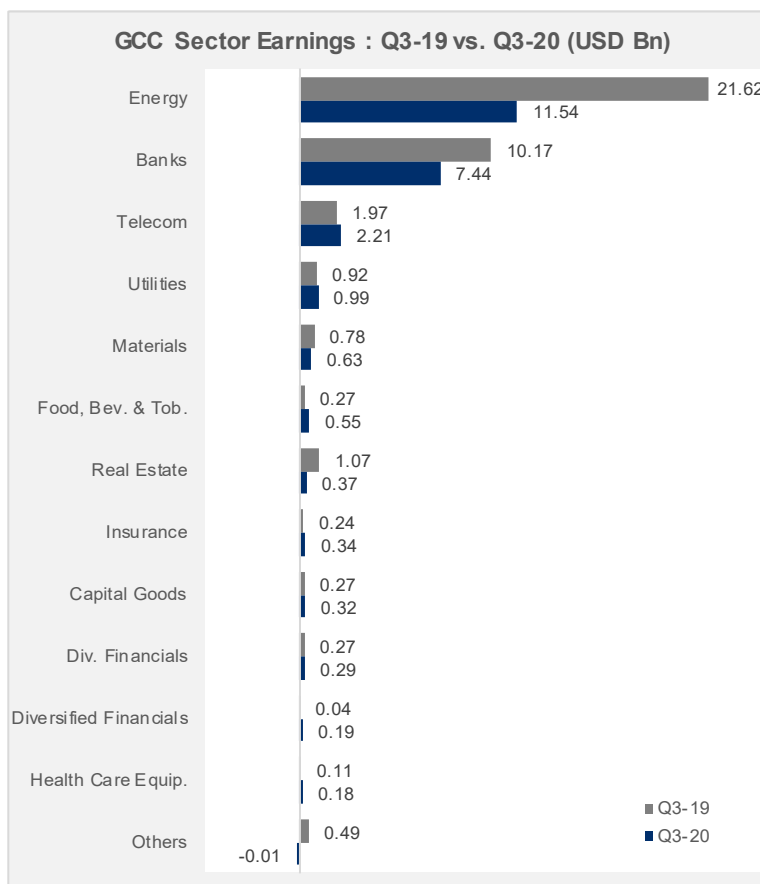
**Mohamed Ali Omar**  
Analyst  
+(965) 2233 6906  
[momar@kamcoinvest.com](mailto:momar@kamcoinvest.com)

**Vineetha K. Yeluri**  
Analyst  
+(965) 2233 6913  
[vyeluri@kamcoinvest.com](mailto:vyeluri@kamcoinvest.com)

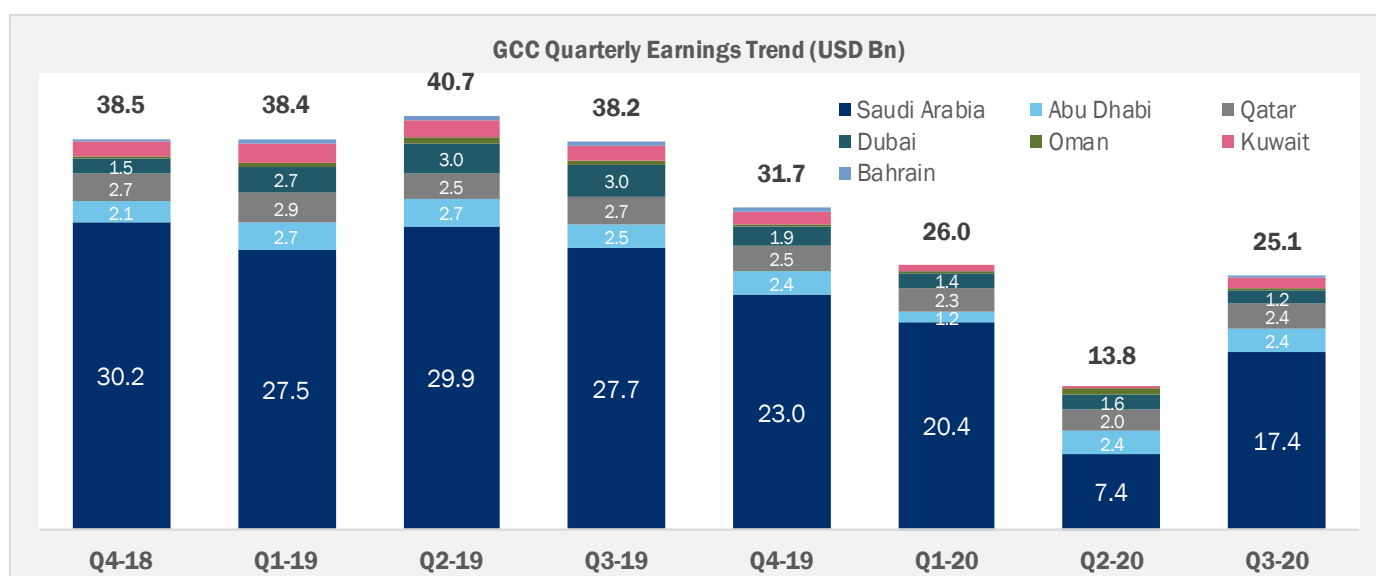
In terms of 9M-2020 earnings performance, the aggregate for the GCC countries declined by 44.1% y-o-y to reach USD 65.3 Bn as compared to USD 116.8 Bn during 9M-2019, a decline of USD 51.5 Bn. Saudi Arabia once again reported the biggest absolute decline in earnings with a fall of USD 39.9 Bn or 46.9% to reach USD 45.2 Bn. Dubai was next with a decline of USD 4.5 Bn or 52.2% to reach USD 4.1 Bn in aggregate 9M-2020 earnings. Kuwait and Abu Dhabi also witnessed steep absolute decline in earnings during the period, falling by USD 3.2 Bn and USD 1.9 Bn, respectively. The smallest percentage decline was reported by Oman at 16.2% or USD 0.2 Bn to reach USD 1.2 Bn in 9M-2020.

The y-o-y decline in quarterly earnings for the Energy sector came primarily on the back of subdued oil prices during the quarter that pushed down earnings across the board for the sector. Both crude oil and natural gas prices remained range bound during the quarter. Aramco's Q3-2020 earnings showed strong q-o-q recovery in Q3-2020 with a growth of USD 5.0 Bn or 74.5% on the back of recovery in oil prices although average crude production in Q3-2020 was almost 0.5 mb/d lower in Saudi Arabia as compared to Q2-2020 production. However, in terms of y-o-y performance, Aramco's profits plunged by 44.5% or USD 9.5 Bn, a trend seen in 15 out of the 21 energy companies that declared Q3-2020 earnings. In the Materials sector, SABIC reported profits for the first time in four quarters at USD 290.2 Mn, a y-o-y growth of 30.5% led by higher sales volumes and improved margins.

Net profit for the GCC banking sector bottomed in Q2-2020 and witnessed a strong revival in Q3-2020 growing by 66.9% q-o-q to USD 7.3 Bn, although it continues to remain well below pre-covid levels with a decline of 26.9% vs. Q3-19. The q-o-q growth was mainly led by a fall in provisions during the quarter as well as savings on cost of fund. An increase in non-interest income also contributed to the growth in quarterly profits. Profits for Saudi Arabian and Kuwaiti banks witnessed multifold q-o-q increase during Q3-2020, while the sector reported a decline in all the GCC countries in terms of y-o-y performance.



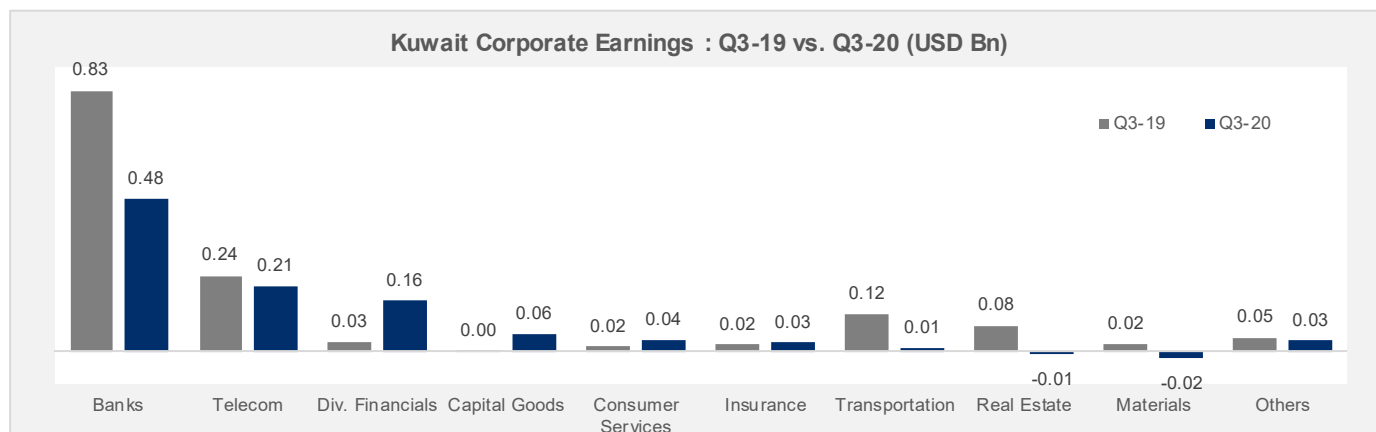
Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

## Kuwait

Aggregate net profits for Q3-2020 for Boursa Kuwait-listed companies witnessed a decline of 30.4% to USD 987 Mn compared to USD 1.42 Bn during Q3-19. The biggest absolute y-o-y decline in earnings were reported by Banks, Real Estate, Transportation and Materials sectors that was partially offset by higher profits for the Diversified Financials, Capital Goods and Consumer Services sectors that reported y-o-y increase in profits during Q3-2020.



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Net profits for the Kuwaiti Banking sector declined by 41.7% to USD 482.8 Mn in Q3-2020 against USD 828.4 Mn in Q3-19 as all the banks, with the exception of CBK, posted a y-o-y decline in the net profit led by higher Covid-19 led provision charges. NBK reported a Q3-20 net profit of USD 190 Mn, a decline of 38.1% primarily due to higher provision charges and higher operating expenses. Similarly, KFH reported a net profit of USD 146.1 Mn for Q3-20 compared to a profit of USD 273.3 Mn in Q3-19, a drop of 46.5%, driven by increase in provisions for impairment to offset the negative effects of coronavirus pandemic coupled with a decline in the investment income by 60% compared to the previous year. Ahli Bank of Kuwait posted a net profit of USD 18 Mn in Q3-20 against a net profit of USD 47.8 Mn, due to benchmark interest rate cut and lower business volumes. On the other hand, CBK more than doubled its quarterly profits to USD 52.5 Mn during Q3-2020 as compared to a profit of USD 22.5 Mn during Q3-19 attributed to lower operating expenses that was partially offset by the decrease in net interest income.

Profits for the Telecom sector declined by 13.4% to reach USD 209.2 Mn for Q3-20 compared to USD 241.7 Mn for Q3-19. Zain recorded a net profit of USD 158 Mn in Q3-20 compared to USD 183.7 Mn in Q3-19, down by 14% due to the impact of the Covid-19 pandemic that affected all the major operations of the Group. STC Kuwait logged a profit of USD 38.1 Mn in Q3-20 versus USD 38.6 Mn in Q3-19, the smallest decline for telcos in Kuwait, whereas Ooredoo Kuwait reported a net profit of USD 13.9 Mn during the quarter vs. USD 20.3 Mn during Q3-19.

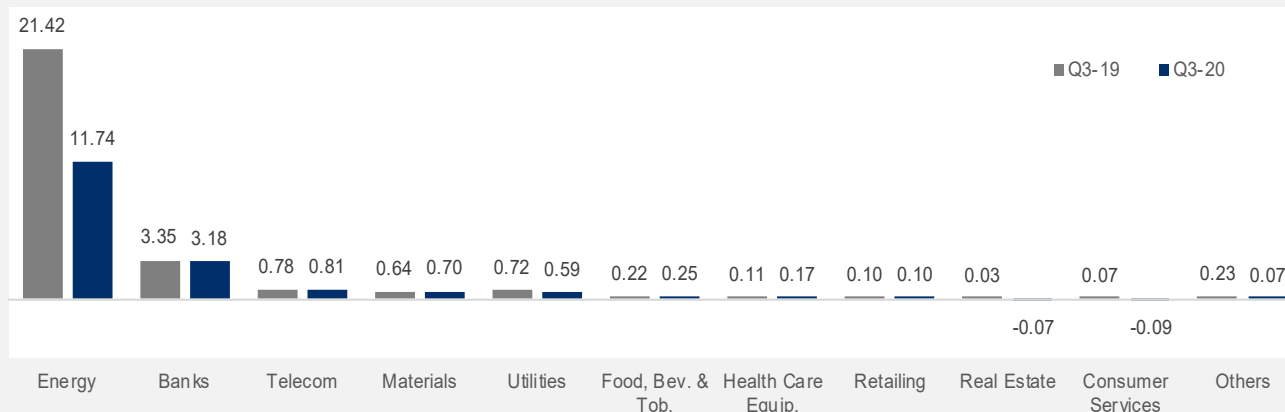
The Real estate sector was one of the biggest contributors for dragging the profitability of the exchange. The sector reported a net loss of USD 10.0 Mn in Q3-20 as compared to a net profit of USD 83.5 Mn in Q3-19. Among the top three real estate names in Kuwait, Salhia Real Estate Co. posted a net profit of USD 3 Mn for Q3-20 compared to a profit of USD 10.7 Mn in Q3-19. Meanwhile, Mabanee reported a net profit of USD 26.1 Mn for Q3-20 compared to a profit of USD 47.9 Mn during Q3-19 due to the loss of the revenues as the management gave relief to tenants through rent waivers. Munshaat Real Estate and Sokouk Holding Co. also reported significant losses during the quarter at USD 45.9 Mn and USD 29.7 Mn, respectively. On the other hand, International Financial Advisors Co. recorded a net profit of USD 41.8 Mn for Q3-2020 compared to net profit of USD 6.7 Mn supported by commission income, reversal of provision no longer required and gain on settlement of bank loans. National Real Estate Co declared a net profit of USD 11.4 Mn for the Q3-2020 vs. a net profit of USD 9.3 Mn in Q3-2019.

Diversified Financials sector recorded a net profit of USD 160.6 Mn for Q3-20 against USD 31.9 Mn for Q3-19. Net profits for Boursa Kuwait Securities Co. surged almost 5x to reach USD 53.3 Mn for Q3-20 compared to a net profit of USD 9.9 Mn for Q3-19 supported by the increase in net operating profit further supported by the acquisition of Kuwait Clearing Company and change of ownership from an associate to a subsidiary. Noor Financial Investment Co. logged a net profit of USD 14.2 Mn for Q3-2020 vs USD 5.6 Mn for Q3-19. The increase in the net profit was due to increase in share of results of associates.

## Saudi Arabia

Aggregate net profits for Saudi Arabian listed companies witnessed a steep decline of 37.0% to reach USD 17.4 Bn in Q3-20 against USD 27.7 Bn in Q3-19. Key sectors that contributed to the y-o-y decline in earnings included Energy, Consumer Services, Utilities, Banks and Transportation. On the other hand, Telecom and Materials sector were among the major sectors that reported a y-o-y growth in earnings during the quarter. Consumer non-cyclical sectors like Food & Beverage, Pharmaceuticals, Biotechnology & Life Sciences and Healthcare also reported higher earnings during Q3-2020, partially offsetting the overall decline during the quarter.

**Saudi Arabia Corporate Earnings : Q3-19 vs. Q3-20 (USD Mn)**



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Aramco reported a net profit decline of 44.5% during Q3-20 primarily led by lower crude oil prices, coupled with declining refining and chemical margins. The decline was in line with most of the companies in the Energy sector that reported y-o-y decline in earnings. Exceptions in the sector included Aldrees and Bahri that reported an earnings growth during the quarter. Net profits reported by Aldrees doubled to USD 9.8 Mn in Q3-2020 as compared USD 4.4 Mn for Q3-19 backed by higher fuel profit margin and rise in profit from joint venture. The Q3 2020 net profit of Bahri more than doubled to USD 83.6 Mn compared to previous year due to the higher returns from several operating segments, and a decrease in financing expenses.

In the Banking Sector, Riyadh Bank reported a profit decline of 14% that reached USD 345.5 Mn in Q3-20 compared to USD 401.6 Mn in Q3-19 on the back of higher operating expenses. NCB posted a y-o-y profit increase of 23.8% to report USD 842 Mn in Q3-20 as compared to USD 680 Mn in Q3-19, due to higher operating income, and lower total operating expense. Net profits for Samba Financial Group increased marginally by 0.4% to reach USD 327.9 Mn in Q3-20 attributed to an 8.6% increase in operating income and higher gains on FVOCI debt.

Net profit for the Telecom sector increased by 4.4% y-o-y to reach USD 812.5 Mn in Q3-20 as compared to USD 778 Mn during Q3-19. STC reported a marginal profit growth of 0.7% that reached USD 737.3 Mn. Zain KSA profits tumbled 50.2% to reach USD 16.0 Mn for Q3-20 versus a profit of USD 32.2 Mn in Q3-19. On the other hand, Mobily's profit increased more than fourfold in Q3-20 to USD 59.1 Mn against a profit of USD 13.6 Mn in Q3-19 backed by decline in operating expenses.

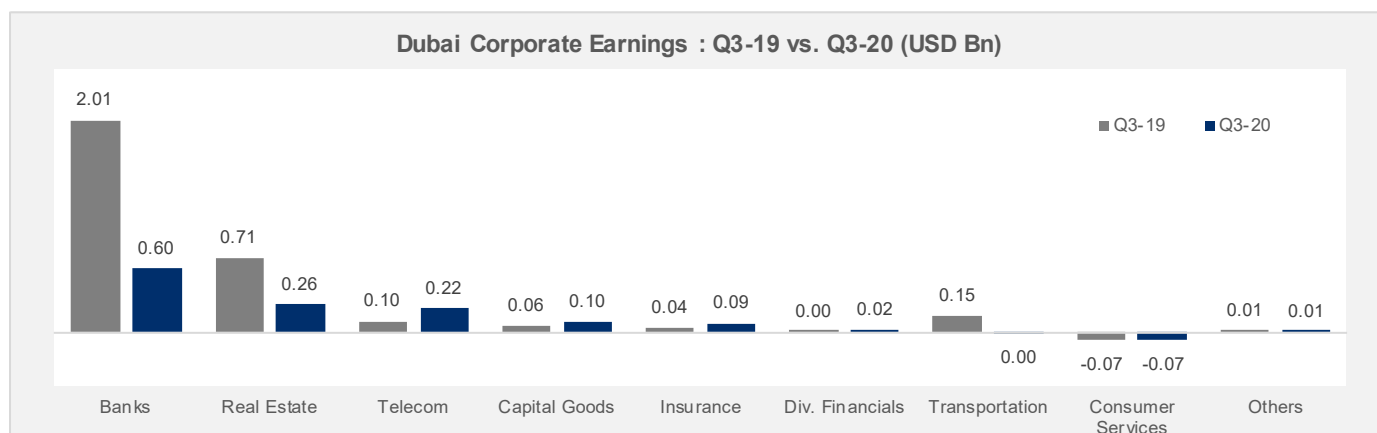
In the Food & Beverages sector, Savola Group reported a net profit of USD 75.6 Mn for the Q3-20, a 28% y-o-y increase, driven by higher profit share from an associate and lower net finance cost. Al-Marai's net profit increased by 6.9% y-o-y to USD 165.7 Mn in Q3-20 driven by 8.4% revenue growth from foods, long-life dairy and poultry.

In the Capital Goods sector, net profit increased to USD 30 Mn for Q3-20 from USD 5.2 Mn in Q3-19. Saudi Cable Co. posted a net profit of USD 13.7 Mn for the Q3-20, against a net loss of USD 6.3 Mn in the same period last year, backed by higher volumes and increase in one-off other income transactions. The Q3-20 net profit of Bawan Co. increased to USD 7.9 Mn vs. USD 0.9 Mn in Q3-19 backed by topline growth lower finance charges.

## Dubai

Net profits for Dubai-listed companies declined 59.2% to USD 1.2 Bn in Q3-20 against USD 3.0 Bn in Q3-19. The decline was once again due to the steep drop in profits for the Banking and Real Estate sectors that was partially offset by higher profits primarily for the Diversified Financials sector. Net profits for the Banking Sector fell by 70.1% y-o-y to USD 601.9 Mn down from USD 2.0 Bn in Q3-19. Emirates NBD incurred the largest Q3-20 decline among the banks declaring Q3-20 net profits of USD 423.7 Mn against USD 1.4 Bn in Q3-19. The decline in profit was mainly ascribed to higher impairment charges and a

one-time gain reported in Q3-19 financials. Dubai Islamic Bank posted the second largest Q3-20 net profits among the banks at USD 273.6 Mn in Q3-20 against USD 339.7 Mn in Q3-19, while Emirates Islamic Bank reported a loss of USD 88 Mn in Q3-20.



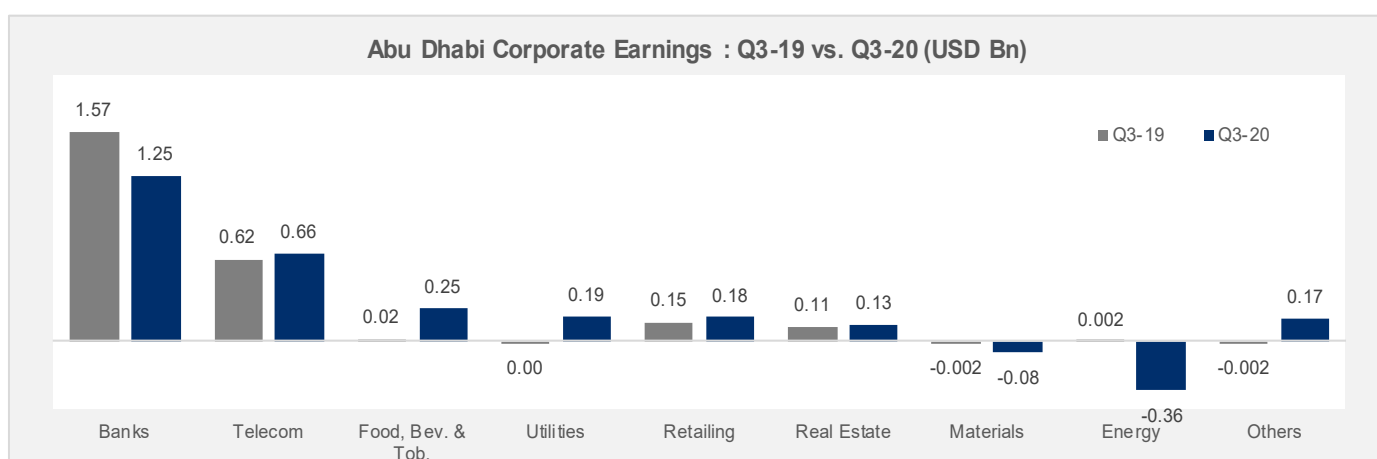
Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Aggregate profits for the Real Estate sector declined by 63.1% y-o-y in Q3-2020 to reach USD 262.1 Mn down from USD 709.8 Mn in Q3-19. Damac Properties continued to drag down the sectors overall Q3-20 net profits declaring a loss of USD 148.2 Mn against a profit of USD 13.9 Mn in Q3-19. The company attributed the loss to Dubai's already weakened property market and the continuing difficult conditions of the Covid-19 pandemic which has negatively impacted sales and business activity. On the other hand, Union Properties returned to profitability posting the largest Q3-20 net profits in the sector at USD 138.6 Mn compared with a loss of USD 22.2 Mn during the similar period in 2019.

The Consumer Services sector posted the largest Q3-20 loss among all the sectors on the exchange. Both DXB Entertainments and Al Firdous Holding declared losses in Q3-20 amounting to USD 64.8 Mn and USD 0.46 Mn, respectively.

## Abu Dhabi

Listed companies in Abu Dhabi witnessed the smallest y-o-y drop in net profits during Q3-2020 with a decline of 2.9% to reach USD 2.39 Bn compared with USD 2.46 Bn during Q3-19. In line with the rest of the GCC markets, the Banking sector in Abu Dhabi reported a drop in net profits with an aggregate sector profit of USD 1.2 Bn as compared to USD 1.6 Bn during Q3-19, a y-o-y drop of 20.8%. Comparatively, the Telecom, Food & Beverage and the Real Estate sectors declared a y-o-y increase in Q3-20 net profits.



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

In the Banking Sector, of the ten banks that declared their Q3-20 net profits, only Bank of Sharjah declared a y-o-y increase in Q3-20 earnings led by a one-off transaction related to its subsidiary in Lebanon. First Abu Dhabi Bank (FAB) posted the largest Q3-20 profits among the banks that declined 19.5% to reach USD 682.2 Mn in Q3-20 compared to USD 847.1 Mn during the same period of 2019. FAB attributed the decline in profits to double digit fall in net interest income coupled with higher impairment charges. Abu Dhabi Commercial Bank posted the second largest Q3-20 net profits among the banks at

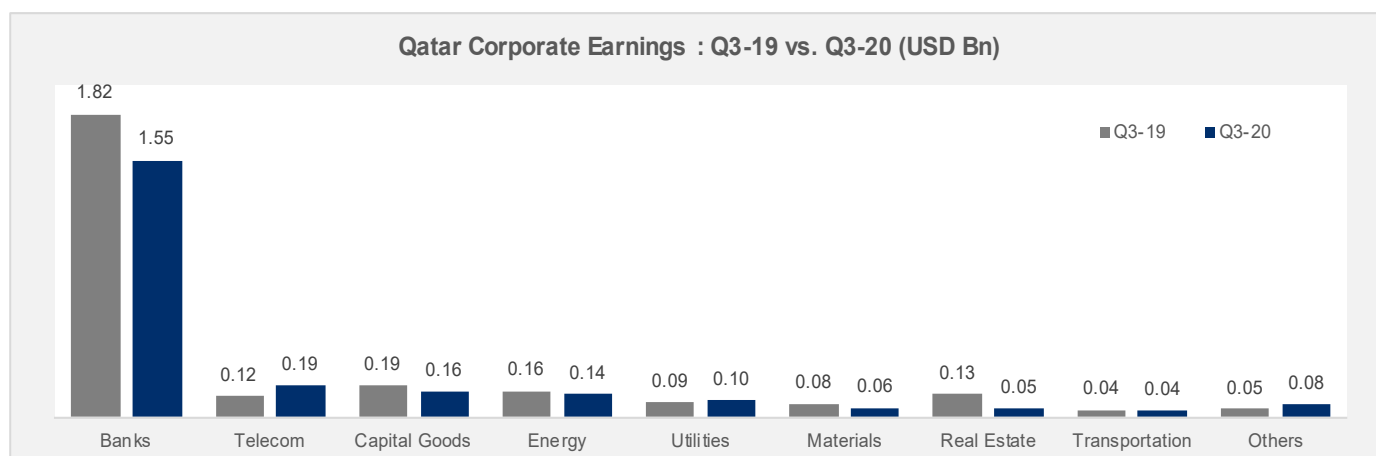
USD 371.7 Mn for the quarter, a y-o-y decline of 3.5%. United Arab Bank declared the biggest loss among the banks in Q3-20 by posting loss of USD 42.5 Mn.

In the Telecom sector, both Sudatel and Etisalat declared higher net profits in Q3-20. Etisalat reported a 6.0% growth in net profits that reached USD 656.7 Mn in Q3-20 compared with USD 622.4 Mn in Q3-19. The increase was attributed to higher EBITDA and better performance by associates.

For the Food, Beverage and Tobacco sector, Q3-20 net profits jumped to USD 249 Mn from USD 18.2 Mn in Q3-19. The increase was mainly due to an increase in profits for International Holdings Company to USD 253.9 Mn compared with USD 4.5 Mn in the similar period in 2019. The leap of IHC's profits was mainly driven by rise in sales of the company's healthcare and food product.

## Qatar

Total Earnings for Qatari-listed companies declined by 12.4% during Q3-20 to reach USD 2.4 Bn as compared to USD 2.7 Bn in Q3-2019. This was one of the smallest declines in quarterly profits in the GCC that was primarily led by fall in profits mainly for the Banking, Capital Goods, Energy, Real Estate and Materials sectors that was partially offset by growth in profits for Telecom, Insurance and Utilities sectors during the quarter.



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Qatar's Banking sector reported a profit decline of 15.2% in Q3-20 that reached USD 1.54 Bn accounting for 65.5% of the overall exchange profits during the quarter. QNB reported a net profit decline of 19.4% y-o-y in Q3-20 reaching USD 849.5 Mn mainly due to increase in loan loss provisions as a precautionary measure in light of the Covid-19 pandemic. Profits during 9M -2020 fell by 15.4% to USD 2.6 Bn. Al Khalij Commercial Bank saw a strong growth in its net profit at 25.7% y-o-y to reach USD 50.1 Mn in Q3-2020 compared to USD 40 Mn primarily due to 9% increase in loans. The bank's net loans and advances stood at USD 8.95 Bn, while deposits exceeded USD 8.24 Bn at the end of Q3-20. Quarterly net profit for Commercial Bank of Qatar declined by 52.3% to USD 69.6 Mn in Q3-20 compared to USD 145.8 Mn in Q3-19. Non-interest income for bank declined by 17.9% y-o-y to USD 206.5 Mn during Q3-20 led by volatile global markets.

The Qatari Insurance sector witnessed strong growth in net profits during Q3-2020 with an increase of 68.2% y-o-y to reach USD 39.6 Mn compared to USD 23.6 Mn in the Q3-19. Net profit for Doha Insurance grew more than two times to USD 3.5 Mn in Q3-2020 against USD 1.3 Mn in Q3-2019. Qatar Islamic Insurance recorded a net profit of USD 4.4 Mn against USD 3.2 Mn in Q3-19 up by 38.9%. Most notably, Qatar General Insurance & Reinsurance Co. recorded net profit USD 13.1 for Q3-20 against a net loss of USD 4.1 in Q3-2019.

The Telecom sector recorded a net profit growth of 53.0 % y-o-y in Q3-20 to reach USD 191 Mn compared to USD 125 Mn in the Q3-19. Ooredoo recorded a net profit of USD 178.5 Mn in Q3-20 compared to USD 116.5 Mn in Q3-19, up by 53.2%. During 9M-2020, the telco expanded its customer base by 3% to 119 Mn supported by additions in Indonesia and Myanmar. The Q3-20 net profit for Vodafone Qatar stood at USD 12.5 Mn compared to USD 8.3 Mn in Q3-19 up by 50.3% y-o-y driven by 4% increase in Service revenues and higher EBITDA. The telco witnessed higher demand for its fixed broadband solutions (GigaHome) and continued growth in its Postpaid subscriber base. EBITDA increased by 12% y-o-y to reach USD 162.3 Mn, supported by the higher service revenue and continued cost optimization initiatives.

Net profits for the Energy sector dropped by 13.3% y-o-y during the quarter to reach USD 138.4 Mn. The decline came primarily on the back of 51% y-o-y decline in profits for Qatar Fuel Company (WOQOD) that reached USD 43.6 Mn in Q3-20 partly attributed to the market slowdown prompted by Covid-19 and partly to supply and demand factors. On the other hand,

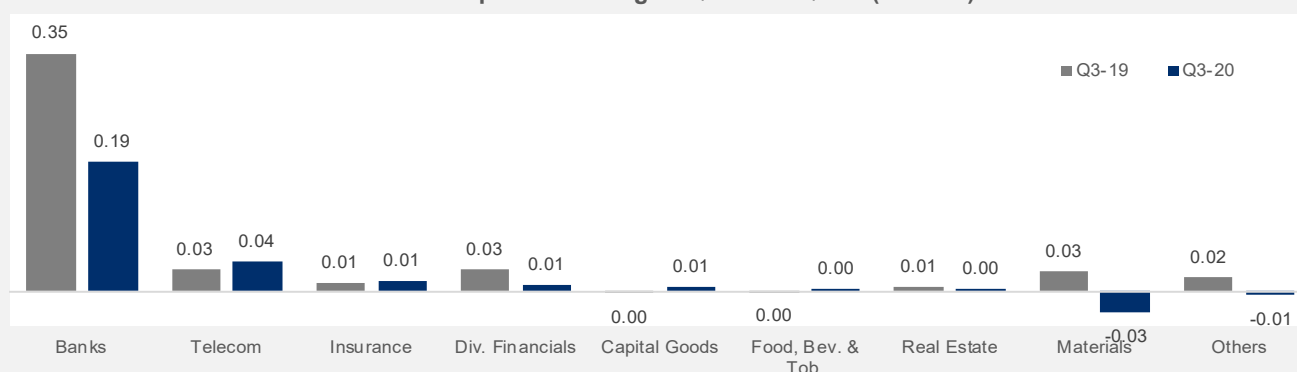


Nakilat registered a significant increase in the net profit with a growth of 39% in Q3-20 to reach USD 96.2 Mn. The increase was mainly due to its operations in LNG and LPG vessels as well as the acquisition of the remaining 49.9% of four Q-Flexs on October-2019. The company also commenced the second phase fleet management transition with six vessels transitioned to in-house management since May 2020.

## Bahrain

Total Q3-20 net profits for Bahrain-listed companies declined by 51.1% to USD 230.7 Mn down from USD 471.3 Mn in Q3-2019 after only three out of the 13 sectors on the exchange reported an increase in Q3-20 net profits. Q3-2020 net profits for the Commercial Banks sector reached USD 187.2 Mn registering a y-o-y decline of 45.8% after three out of the ten banks reported a loss in Q3-20 earnings. Ahli United Bank posted the biggest Q3-20 net profits among the banks at USD 116 Mn representing a decrease of 35.9% as compared to USD 180.9 Mn in Q3-2019. AUB attributed the decline in profits to the overall subdued business sentiment.

**Bahrain Corporate Earnings : Q3-19 vs. Q3-20 (USD Bn)**



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

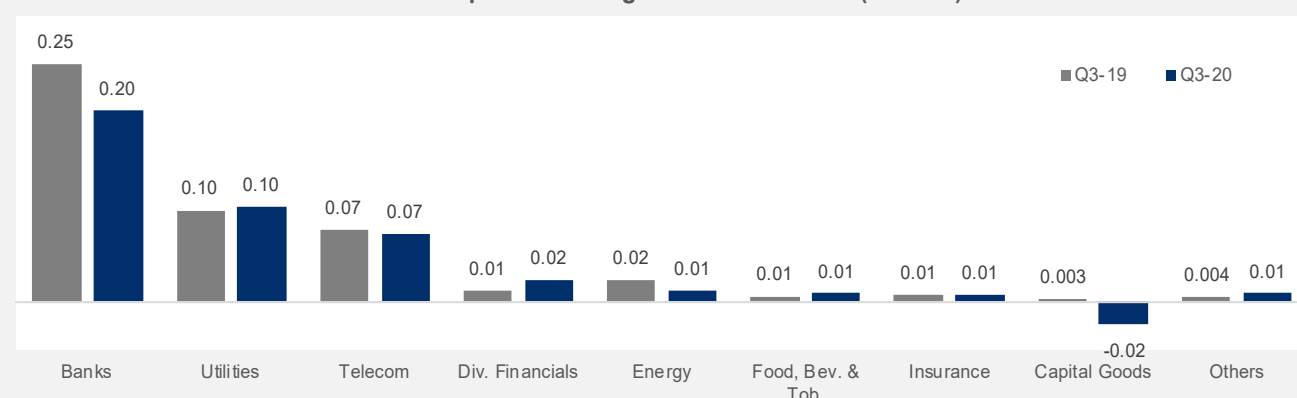
Total Q3-2020 net profits of the Telecom sector increased 38.6% to USD 42.4 Mn. Q3-20 net profits for Batelco reached USD 38.3 Mn, as compared with USD 27.2 Mn in Q3-19. Batelco attributed the increase in Q3-2020 net profits to a decrease in operating expenses.

The Materials sector posted the biggest net loss during the quarter at USD 29.8 Mn as compared to a profit of USD 28.3 Mn in Q3-19. Within the sector, Aluminum Bahrain reported a loss of USD 30.8 Mn during Q3-2020 as compared to a profit of USD 28.4 Mn in Q3-19. Alba attributed its loss to the disruption caused by Covid-19.

## Oman

Total net profits for listed companies in Oman declined by 15.3% y-o-y in Q3-20 to USD 401.2 Mn compared with USD 473.7 Mn in the corresponding quarter in 2019. The fall in Q3-20 net profits was mainly driven by the decline in profits in two out of the three biggest sectors by absolute earnings in the exchange, i.e. the Banking and Telecom sectors. The Banking sector, the biggest sector in the exchange by market cap, witnessed its Q3-2020 net profits slide by 19.8% to reach USD 200.2 Mn down

**Oman Corporate Earnings : Q3-19 vs. Q3-20 (USD Bn)**



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

from USD 249.8 Mn in Q3-19. On the other hand, sectors that reported improved earnings included the Utilities, Diversified Financials and the Transportation sectors.

In the Banking sector, Bank Muscat posted the biggest Q3-20 net profit of USD 113.4 Mn as compared to USD 124.2 Mn during Q3-19. Profits for National Bank Oman witnessed biggest percentage decline of 85.9% reaching USD 4.8 Mn in Q3-2020 as compared to USD 33.8 Mn during Q3-19. Bank Dhofar was the only listed bank in Oman that reported a y-o-y growth in net profits that reached USD 28.2 Mn, a 74.7% increase as compared to Q3-19.

Total Q3-20 net profits for the Telecom sector reached USD 77.1 Mn down from USD 74.6 Mn during the similar period in 2019. Ooredoo Oman declared a 45.9% net profits decline during Q3-20 that reached USD 12.9 Mn. Meanwhile, Omantel reported an increase of 14.7% in Q3-20 net profits which stood at USD 58.2 Mn. The increase was attributed to higher revenues and lower operating expenses.



---

## Disclaimer & Important Disclosures

**Kamco Invest** 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 Invest 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, if any and where applicable, 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 Invest Ratings

Kamco Invest research is based on the analysis of regional and country economics, industries and company fundamentals. Kamco Invest 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 Invest 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 Invest'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 Invest clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by Kamco Invest 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 Invest 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 Invest 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 Invest DIFC") is regulated by the Dubai Financial Services Authority (DFSA). Kamco Invest 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.'

This document may not be distributed in Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. The recipients of this document hereby should conduct their own due diligence on the accuracy of the information relating to the contents of this document. If you do not understand the contents of this document you should consult an authorized financial advisor.

### 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 Invest 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 Invest 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 Invest 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 Invest business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of Kamco Invest's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

### No Liability & Warranty

Kamco Invest 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 Invest 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) 2233 6600 Fax: (+965) 2249 2395

Email : [kamcoird@kamcoinvest.com](mailto:kamcoird@kamcoinvest.com)

Website : [www.kamcoinvest.com](http://www.kamcoinvest.com)