

Humansoft Holding

Equity Research Update

Sector – Education

Compelling FCF & Dividend Play

Humansoft transitions to a divided yield pick

Our investment case on Humansoft has evolved from being a growth story to a high FCF and strong dividend yield play. The opening of Kuwait University's new campus will impact the number of new enrollments at AUM and ACM, but market fears of a complete collapse in new enrollments is excessive in our view. We maintain our 'Outperform' rating on the stock, given the high margins of the company, strong FCF generating capability, and comfortable net cash position, that should aid in pursuing acquisition opportunities if needed. Moreover, the company trades at a higher 2019 and 2020 dividend yield than the broader market, which provides protection against downside risk, and should attract investors going forward.

New majors at AUM to keep enrolled students count steady; KU fears overdone

We forecast the total enrollment of students to remain stable at an average of 12,500 students (AUM and ACM combined) over 2019-2021, post the opening of the new Kuwait University campus. Further, we see limited scope for an increase in fees for AUM and ACM, as variable teaching costs remain stable, and due to the company's high operating margins. As a result, we forecast group revenue growth to come in at a CAGR of 1.6% CAGR over 2018-2021, and expect revenues to reach KWD 70.8 Mn in 2019 and KWD 71.7 Mn in 2020. The opening of Kuwait University's (KU) new Shadadiya campus with a capacity of 37,000+ students will lead to slower growth in the number of new enrollments for AUM and ACM, but overall demand for college education is still higher at around 31,000-32,000 high school students graduating each academic year.

Margins & ROCE story very much intact

Humansoft's EBITDA margins are forecasted to improve from around 55% in 2018 to above 57% average over 2019-21, as a result of the cost-containment measures implemented in 2019. We expect the ROCE of the company to remain healthy at around 30% over 2019-21, as strong profitability metrics reaffirms our positive case on the company. Moreover, the company's low future capex requirements, repayment of debt from internal cashflows should drive further improvement in its net cash position from KWD 1.7 Mn in 2018 to KWD 49.7 Mn in 2021.

Valuation & Risks – TP of KWD 3.60/share

Our TP of KWD 3.60/share for Humansoft is based on a blend of DCF and relative valuation methods, which represents an upside of over 16.5% from current levels. The company currently offers a 2019 dividend yield of 7.3% and 2020 dividend yield of 7.4%, as compared to the Premier Market's 5.8% and 6.1%, respectively.

Key Downside risks: 1) Lower number of high school graduates in Kuwait; 2) Reduction in scholarships from Private Universities Council 3) Higher migration to other universities in and outside Kuwait.

Key Financials	2017	2018	2019E	2020E	2021E
Revenue (KWD Mn)	61.8	69.3	70.8	71.7	72.6
GPM (%)	77.0%	77.3%	77.3%	77.3%	77.2%
EBITDA (KWD Mn)	32.6	38.0	40.9	41.3	41.5
Net Income (KWD Mn)	28.1	31.5	34.5	34.7	34.9
EPS (KWD)	0.231	0.259	0.283	0.285	0.287
P/E (x)	16.2	12.7	10.9	10.8	10.8
EV/EBITDA (x)	14.0	10.5	9.6	9.5	9.5
Dividend Yield (%)	4.7%	5.6%	7.3%	7.4%	7.6%

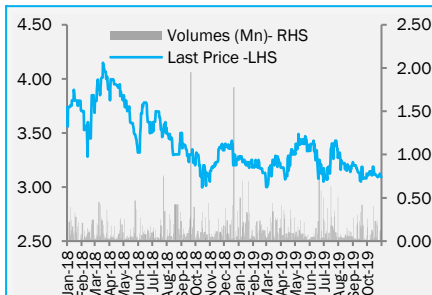
Sources: KAMCO Research, and Humansoft

Outperform

CMP 31-Oct-19: KWD 3.09

Target Price: KWD 3.60

Upside/Downside: +16.5%



Price Perf.	1M	3M	12M
Absolute	-1.1%	-5.5%	1.3%
Relative	-1.8%	1.0%	-12.1%

Stock Data

Bloomberg Ticker	HUMANSFT KK
Reuters Ticker	HUMN.KW
Last Price (KWD)	3.09
MCap (KWD Mn)	376
MCap (USD Mn)	1,245
EV (KWD Mn)	392
Stock Performance - YTD (%)	-5.8%
PE - 2019E (x)	10.9
EV/EBITDA - 2019E (x)	9.6
Dividend yield - 2019E (%)	7.3%
52-Week Range (KWD)	2.91 / 3.50

Sources: KAMCO Research & Bloomberg

Thomas Mathew

Assistant Vice President

+ (965) 2233 6741

thomas.mathew@kamconline.com

Valuation and Risks

Target price of KWD 3.60/share; strong dividends yields protect upside

Our investment case on Humansoft has evolved from being a growth story to a high FCF and strong dividend play. Key drivers for our outlook and forecasts are driven by 1) the total enrollment of students remaining stable at an average of 12,500 students (AUM and ACM combined) over 2019-2021 post the opening of the new Kuwait University campus and 2) stable tuition fees over the forecast period. We forecast Humansoft's group EPS to grow from 259 fils in 2018 to 283 fils in 2019 and 285 fils in 2020 on SG&A cost containment and strong margins. Our TP of KWD 3.60/share is based on a blend of DCF and relative valuation methods.

Weighted Average Fair Value			
	Fair value per share (KWD)	Weight (%)	Weighted Value (KWD)
DCF	3.52	70%	2.46
Relative Valuation	3.79	30%	1.14
Weighted Average Fair Value per Share			3.60
Current market price			3.09
Upside/Downside			16.5%

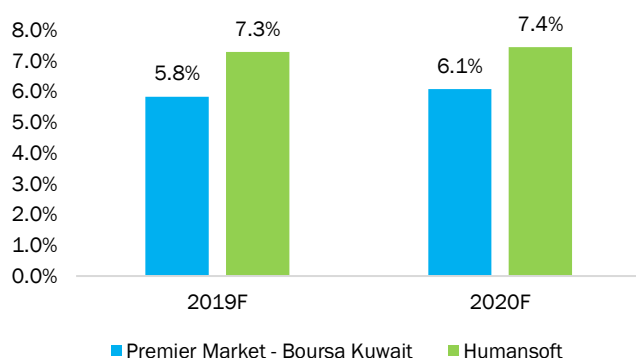
Sources: KAMCO Research and Bloomberg

We retain our 'Outperform' rating on Humansoft, given the impressive cashflow fundamentals and strong net cash position that should hold the company in good stead for any potential acquisition opportunities in the Education space. Moreover, we feel the market's concerns of Private Universities such as AUM and ACM receiving a significantly lower number of new enrollments with the opening of Kuwait University to be unwarranted. In our DCF valuation, we assume a terminal growth rate of 2.0%, and average WACC of 9.7% over our forecast period, which we believe adequately represents the sustainable long-term growth rate for the company and competition in the market. For the terminal value, we have assumed a return on new investment capital (RONIC) that is comparable to the terminal year WACC. Accordingly, we arrive at a DCF value of KWD 3.52/share.

Play on strong 2019 & 2020 dividend yields

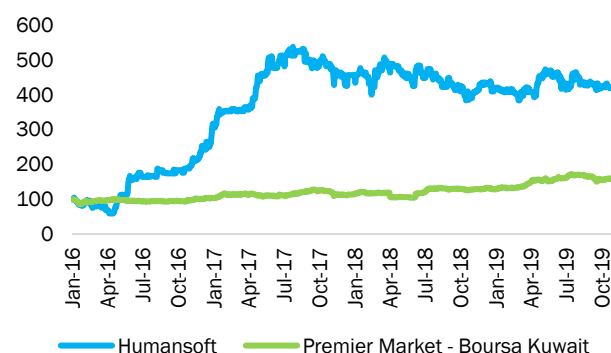
Humansoft looks attractive on 2019 and 2020 dividend yields when compared to Boursa Kuwait's Premier Market.

Humansoft vs. Boursa Kuwait Premier Market – Div. Yield (%)



Sources: KAMCO Research, Bloomberg

Total Return – Humansoft vs. Boursa Kuwait Premier Market (Jan 2016 – Oct 2019)



Sources: KAMCO Research, Bloomberg

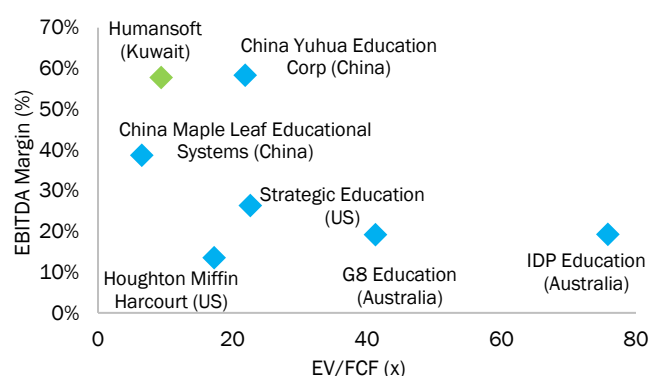
The company currently trades at a 2019 dividend yield of 7.3% and 2020 dividend yield of 7.4%, as compared to the Premier Market's 5.8% and 6.1% respectively. Moreover, in total shareholder returns (TSR) terms, Humansoft continues to outperform the broader Premier Market. We believe the higher

dividend yields provides protection against downside risk from current levels, and the stock should rally going forward.

Best-in-class FCF yields amongst global education peers

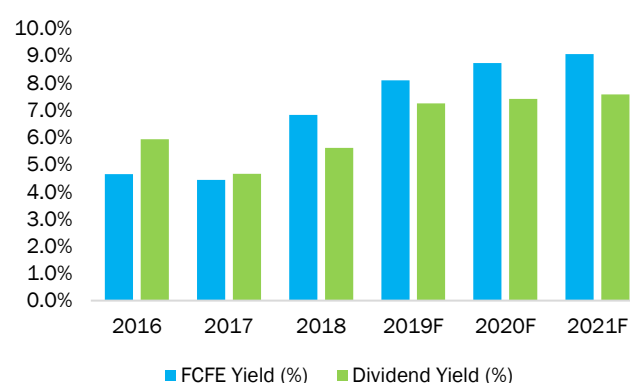
The company's strong dividend yields are supported by its strong FCF generating ability, as the company trades at a FCF yield of +8% over 2019-21 based on current market price. Humansoft is also positioned as one of best FCF and margin stories globally in the listed Education sector. Amongst the top positive FCF companies, Humansoft appears cheap in relative terms as the company trades at an EV/FCF (2019) of 9.4x as compared to peer average of 30.9x. Moreover, the company enjoys higher margins than most of its global peers, which makes the company a compelling outperformer fundamentally, in our view.

Humansoft vs. global peers – EV/FCF (x) and EBITDA Margins (%) -2019



Sources: KAMCO Research, Bloomberg

Humansoft FCF Yield (%) & Dividend Yield (%)



Sources: KAMCO Research, Bloomberg

Downside risks to our rating & forecasts include:

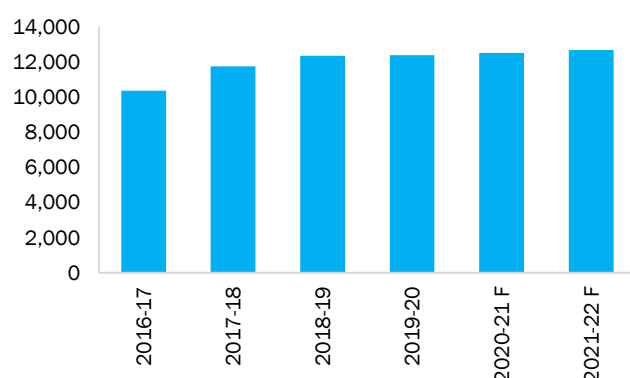
- Lower number of high school graduates in Kuwait
- Reduction in scholarships from Private Universities Council
- Higher migration to other universities in and outside Kuwait
- Slower development of the education sector in Kuwait

Investment Thesis

Revenues to remain stable as new majors should keep enrollments steady

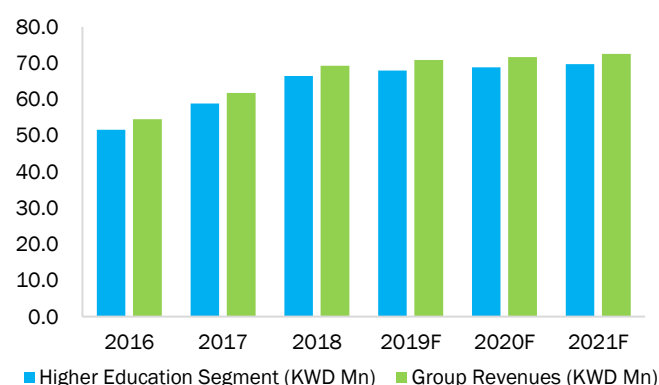
Group revenues for Humansoft grew at CAGR of 27.5% over 2013 -18 from KWD 20.6 Mn to KWD 69.3 Mn. Revenue growth was primarily driven by 1) growth in enrollments of students in existing courses offered, and new enrollment of students in the new majors added by AUM and ACM. 2) Fee increase every five years, approved by the Private Universities Council, last implemented in 2014 and 2015 for AUM and ACM respectively. Going forward, we forecast group revenue growth to come in lower at a CAGR of 1.6% CAGR over 2018-2021, and expect revenues to reach KWD 70.8 Mn in 2019 (Cons. Estimates: KWD 72.7 Mn) and KWD 71.7 Mn in 2020 (Cons. Estimates KWD 75.5 Mn). We remain comfortable with our lower estimates vs. consensus estimates, as we expect the opening of Kuwait University's new Al Shadadiyah campus to keep new enrollments into existing majors AUM & ACM broadly stable. Our forecasts are based on total students enrolled of around 12,500 students (AUM and ACM combined) over 2019-2021, with drop-out ratios of 3% for AUM and 7% for ACM. Further, we do not include any fee increases going forward, and expect blended fees to remain around KWD 5,500/annum per student over our forecast period. Our estimates however do factor in growth in new enrolments within the newly introduced Civil Engineering major, and the upcoming Architecture and Petroleum Engineering majors, and represents the marginal growth from 12,385 students enrolled in the Fall 2019 intake.

Total enrolled students at AUM and ACM



Sources: KAMCO Research, Humansoft

Higher Education segment and Humansoft revenues



Sources: KAMCO Research, Humansoft

Past enrollment growth unlikely in future; but KU new campus opening is not the end of the road

The opening of Kuwait University's (KU) new Shadadiya campus will lead to slower growth in the number of new enrollments for Private Universities like AUM, GUST etc. in our view, as the new campus has a higher capacity of over 37,700 students across all six colleges (excluding Health Sciences).

Kuwait University new campus capacity

Kuwait University - Al Shadadiyah Campus	Student Capacity	Faculty Capacity
College of Art and College of Education (COAE)	6,805	905
College of Business and College of Women (COBW)	7,000	1,400
College of Engineering and Petroleum (COEP)	5,175	1,413
College of Science and the Faculty Club	8,300	1,500
College of Social Science, Sharia and Law (CSSL)	6,800	1,184
College of Architecture & College of Computer and Engineering Sciences	3,658	853
Health Sciences Center Campus *	NA	NA
Total	37,738	7,255

Sources: Sabah Al Salam Kuwait University website, *estimates not available

The break-neck pace of new enrollments into Private Universities was largely due to the under capacity of Kuwait University. Nevertheless, we expect the market's fears of Private Universities such as AUM and ACM receiving a significantly lower number of new enrollments than in the past to be overdone. With around 31,000-32,000 high school graduates expected to graduate over 2020 and 2021 per annum, we expect Private Universities to continue to play a role in admitting high school graduates who receive scholarships from the government. Moreover, Humansoft mentioned that the percentage of students who received scholarships from the Private Universities Council and joined AUM and ACM remained at around 92% with 39%-40% application acceptance rate. Our view is that the government will remain proactive in achieving its goal of increasing the enrollment capacity for higher education mentioned in Kuwait Vision 2035 and that Private Universities will play role in fulfilling this goal. As a result, we do not foresee a large drop in the aggregate number of new enrollments in Private Universities and in turn Humansoft's AUM and ACM.

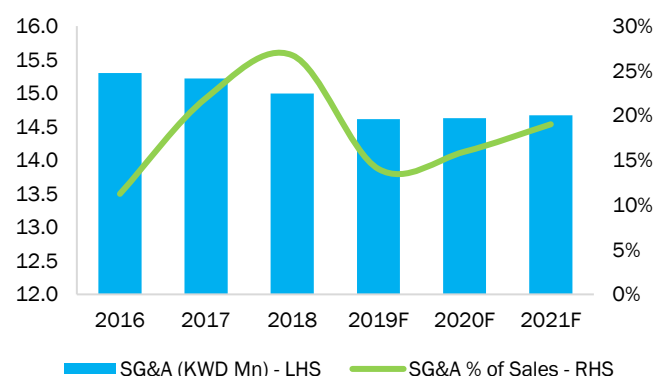
We therefore remain sanguine on our revenue forecasts for Humansoft over 2019-21 and the number of enrolled students into AUM and ACM over the period.

Proactive SG&A costs containment amidst limited room for a fee hike

The last tuition fee hike that AUM and ACM were able to incorporate was affected in 2014 and 2015 respectively with the approval from Private Universities Council. Private Universities were eligible to apply for higher tuition fees every five years, with significant increase in teaching costs as the main rationale behind the application. Nevertheless, AUM did not increase their fees on completion of five years post the last fee hike for their Fall 2019, and did not give guidance for any further fee hikes in future, which are incorporated into our numbers as well.

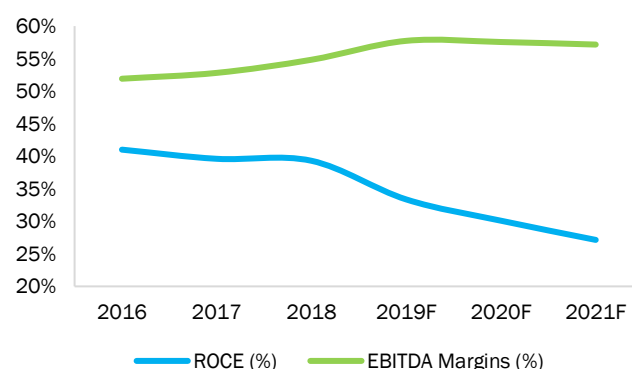
Nevertheless, as against showing higher costs for a fee hike application, Humansoft on the contrary was able to make significant progress in SG&A cost containment in 2019. SG&A costs as a percentage of revenues fell from 22.5% in 2018 to 19.4% in 2019. The lower costs were ascribed to rationalization of overheads, mainly in construction project teams as construction of new classrooms is completed, and marketing related expenses where initiatives were moved more online. Although, we expect these cost related improvements to be likely one-time adjustments, the stable number of students enrolled are likely to keep teaching costs stable, given the variable nature of these costs based on student-to-teacher ratios. We therefore forecast total SG&A costs of around KWD 13.9 Mn in 2019 and KWD 14.1 Mn in 2020 from KWD 15.6 Mn in 2018.

Humansoft SG&A costs trends



Sources: KAMCO Research, Humansoft

Humansoft EBITDA Margins (%) and ROCE (%)



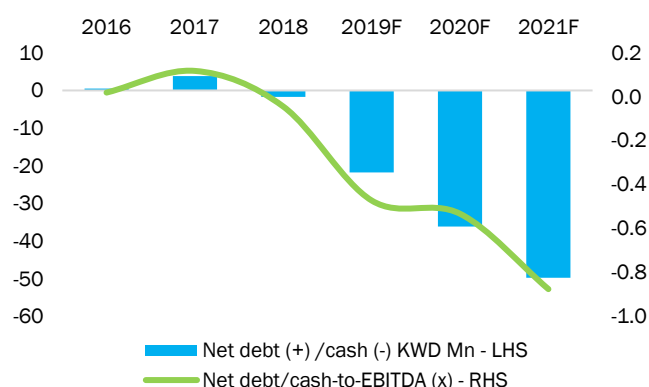
Sources: KAMCO Research, Humansoft

Further, we see limited scope for an increase in fees for Humansoft as mentioned earlier, due to limited growth in teaching costs and due to the company's high existing operating margins. EBITDA margins are forecasted to improve from around 55% in 2018 to above 57% average over 2019-21, as a result of the cost-containment measures implemented in 2019. Our EBITDA estimates of KWD 40.9 Mn for 2019 and KWD 41.3 Mn for 2020 are broadly in line with estimates. Moreover, we expect the ROCE of the company to remain healthy at around 30% over 2019-21.

Balance sheet strength augurs well for potential acquisitions

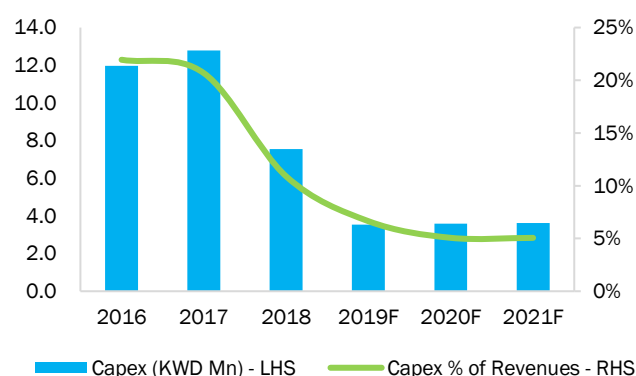
Humansoft guided that their current capacity for students at AUM and ACM combined is around 14,000. The capex was largely debt funded and repaid from cash generated from the asset. The company mentioned that they had no growth capex plans as of now, given the ample headroom for addition of new students, and AUM and ACM's current focus on quality of education delivered. We believe that the current capacity of 14,000 students should be adequate going forward, even with the new majors such as Civil Engineering, Architecture and Petroleum Engineering. We further expect total capex to drop from KWD 7.5 Mn to an average of KWD 3.5 Mn over 2019-21, as capex spend should largely constitute only maintenance capex and built-to-suit adjustments, if needed.

Humansoft Net Debt/Cash-to-EBITDA trends



Sources: KAMCO Research, Humansoft

Humansoft Capex and Capex (%) of Revenues



Sources: KAMCO Research, Humansoft

With limited capex, repayment of debt to be funded by internal cashflows, and the company's high rate of FCF generation, we expect the company to improve on its net cash position from KWD 1.7 Mn in 2018 to KWD 49.7 Mn in 2021. The strong net cash position will aid the company while looking at acquisition opportunities. The management of Humansoft guided that they are keen on opportunities in the Education and Learning space.

Financial Forecasts

KAMCO Research broadly in line with consensus; higher DPS for 2019 expected

Our forecasts for 2019 and 2020 are broadly in line with consensus estimates. However, for 2019, we expect a higher dividend payout and forecast a DPS of KWD 0.225/share. Further we expect a higher net cash position for both 2019 and 2020, from our lower debt and capex estimates.

Humansoft forecasts – KAMCO Research vs. Consensus

Humansoft Forecasts Estimates	2019F			2020F		
	KAMCO Research	Consensus	KAMCO vs. Consensus	KAMCO Research	Consensus	KAMCO vs. Consensus
Revenues (KWD Mn)	70.8	72.7	-2.6%	71.7	75.6	-5%
Gross Margins (%)	77.3%	78.4%	-1.1%	77.3%	78.3%	-1%
EBITDA (KWD Mn)	40.9	40.1	2.0%	41.3	41.4	0%
Net Income (KWD Mn)	34.5	34.2	0.7%	34.7	35.6	-2%
EPS (KWD)	0.283	0.281	0.7%	0.285	0.289	-1%
DPS (KWD)	0.225	0.205	10.0%	0.230	0.226	2%
Net Cash (KWD Mn)	21.8	12.4	75.7%	36.1	16.3	122%

Sources: KAMCO Research, Bloomberg

Humansoft Holding Financials						
Balance Sheet (KWD Mn)	2016	2017	2018	2019F	2020F	2021F
Assets						
Cash and cash equivalents	19.8	20.2	26.6	43.4	56.3	69.8
Receivables	18.0	20.1	21.0	20.7	21.0	21.6
Inventories	0.1	0.1	0.1	0.1	0.1	0.1
Total current assets	37.9	40.3	47.6	64.2	77.3	91.5
Net property, plant and equipment	39.8	50.1	54.2	54.2	54.3	54.3
Other assets	8.0	8.0	8.0	8.3	8.5	8.8
Total assets	85.7	98.4	109.9	126.7	140.1	154.6
Liabilities						
Long-term debt & Short term debt	18.9	23.3	24.9	21.6	20.1	20.0
Accounts payable and other liabilities	8.0	7.5	7.3	14.8	14.8	14.9
Deferred income & Other Liabilities	10.5	10.7	10.7	4.0	4.6	5.1
Total liabilities	37.4	41.6	42.9	40.3	39.5	40.1
Shareholders' Equity						
Share capital	13.7	13.7	13.7	13.7	13.7	13.7
Retained earnings	21.9	30.5	40.7	52.8	60.1	67.1
Other Equity	12.6	12.6	12.6	19.8	26.7	33.7
Total Shareholders Equity	48.3	56.9	67.0	86.4	100.6	114.5
Total liabilities and Equity	85.7	98.4	109.9	126.7	140.1	154.6
Income Statement (KWD Mn)	2016	2017	2018	2019F	2020F	2021F
Revenue	54.5	61.8	69.3	70.8	71.7	72.6
Cost of goods sold	(12.7)	(14.2)	(15.7)	(16.1)	(16.3)	(16.6)
Gross profit	41.8	47.6	53.5	54.8	55.4	56.0
General and administrative expenses	(13.5)	(14.9)	(15.6)	(13.9)	(14.1)	(14.5)
EBITDA	28.3	32.6	38.0	40.9	41.3	41.5
Depreciation and amortization	(2.0)	(2.5)	(3.6)	(3.6)	(3.6)	(3.6)
EBIT	26.3	30.2	34.4	37.3	37.7	37.9
Finance costs	(1.1)	(1.3)	(1.5)	(1.3)	(1.4)	(1.4)
Other Income/Loss	0.3	0.8	0.3	0.3	0.3	0.3
Net profit before taxes	25.5	29.7	33.2	36.3	36.6	36.8
Provision for Income Taxes	(1.3)	(1.6)	(1.7)	(1.9)	(1.9)	(1.9)
Net profit attributable to parent	24.2	28.1	31.5	34.5	34.7	34.9
EPS (KWD)	0.199	0.231	0.259	0.283	0.285	0.287
Cash Flow (KWD Mn)	2016	2017	2018	2019F	2020F	2021F
Net cash from operating activities	27.5	30.0	35.8	46.7	39.1	38.9
Net cash (used in) from investing activities	(12.1)	(12.7)	(12.6)	(2.9)	(3.0)	(3.0)
Net cash from (used in) financing activities	(12.9)	(16.2)	(21.1)	(27.0)	(23.2)	(22.4)
Change in cash and cash equivalents	2.5	1.1	2.1	16.7	12.9	13.5
FX effects & others	0.5	(0.8)	4.4	0.0	0.0	0.0
Cash at the end of the year	19.8	20.2	26.6	43.4	56.3	69.8

Source : KAMCO Research and Humansoft

Key Financial Ratios						
Key Ratios	2016	2017	2018	2019F	2020F	2021F
Profitability Ratios						
Return on Average Assets (%)	28.6%	28.7%	28.2%	29.1%	26.0%	23.7%
Return on Average Equity (%)	50.7%	49.0%	44.9%	44.9%	37.1%	32.5%
ROIC (%)	37.7%	38.1%	44.5%	46.8%	52.6%	52.8%
Margins						
Gross profit margin (%)	76.7%	77.0%	77.3%	77.3%	77.3%	77.2%
EBITDA margin (%)	51.9%	52.8%	54.8%	57.7%	57.6%	57.2%
EBIT margin (%)	48.3%	48.8%	49.7%	52.7%	52.6%	52.2%
Net profit margin (%)	44.4%	45.5%	45.5%	48.6%	48.4%	48.1%
Market Data and Valuation Ratios						
Market Capitalization (KWD Mn)	328	455	399	376	376	376
Enterprise Value (KWD Mn)	326	456	400	392	392	392
Earnings Per Share (KWD)	0.199	0.231	0.259	0.283	0.285	0.287
Book Value Per Share (KWD)	0.397	0.467	0.551	0.710	0.827	0.941
Dividend Per Share (KWD)	0.160	0.174	0.184	0.225	0.230	0.235
PE (x)	13.6	16.2	12.7	10.9	10.8	10.8
EV/EBITDA (x)	11.5	14.0	10.5	9.6	9.5	9.5
PB (x)	6.8	8.0	6.0	4.4	3.7	3.3
Dividend Yield (%)	5.9%	4.7%	5.6%	7.3%	7.4%	7.6%

Source : KAMCO Research and Humansoft

Note : Forward & Historical Valuation ratios are based on current market prices

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>