

SHUAA Securities Morning Report

23 October 2019

# Market Stats					
Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	5,136	0.7%	0.3%	-3.1%	3.6%
DFM	2,788	0.9%	-1.0%	0.5%	1.5%
TASI	7,873	1.4%	-1.0%	-11.6%	2.9%
BHSEASI	1,525	-0.1%	0.9%	-0.1%	15.3%
EGX	14,201	0.2%	1.7%	3.8%	4.1%
Dow Jones	26,788	-0.1%	-0.5%	-1.4%	5.8%
S&P 500	2,996	-0.4%	0.1%	0.4%	8.7%
Nasdaq	8,104	-0.7%	-0.2%	-1.2%	8.5%
FTSE 100	7,212	0.7%	-1.8%	-4.0%	2.4%
DAX	12,755	0.1%	2.3%	3.8%	10.7%
CAC40	5,658	0.2%	-0.6%	1.6%	12.0%
Nikkei225	22,549	0.2%	2.1%	5.0%	0.1%
HIS	26,786	0.2%	1.3%	-5.6%	2.4%

UAE Trading Summary

AEDm	BUY	SELL	Net
ADX	127	127	-
Local	39%	58%	-19%
Foreign	61%	42%	19%
Institution	76%	61%	15%
Retail	24%	39%	-15%
DFM	158	158	-
Local	48%	56%	-8%
Foreign	52%	44%	8%
Institution	40%	39%	1%
Retail	60%	61%	-1%
Total	285	285	-
Local	44%	57%	-13%
Foreign	56%	43%	13%

Upcoming Corporate Actions & Events

Date	Company	Event
23-Oct	ETISALAT	BoD/Results
23-Oct	NBF	BoD/Results
23-Oct	GULFNAV	BoD/Results
24-Oct	FAB	BoD/Results
24-Oct	TAK EMARAT	BoD/Results
24-Oct	INVEST BANK	BoD/Results
26-Oct	RAK Properties	BoD/Results
27-Oct	ENBD	BoD/Results
27-Oct	ADCB	BoD/Results
27-Oct	AJMAN BANK	BoD/Results
27-Oct	EIB	BoD/Results
28-Oct	ADNIC	BoD/Results
29-Oct	OOREDO	BoD/Results
04-Nov	SHUAA	General Assembly
06-Nov	KHCB	BoD/Results
07-Nov	ITHMAAR	BoD/Results
13-Nov	GFH	BoD/Results

KEY STORIES

The United Arab Emirates' bank lobby is proposing limits on bank lending to the real estate sector to protect them from being overexposed to the sector. "There is a draft paper for real estate lending with the UAE Banks Federation (UBF) and the banking sector which will review and give feedback to have a proper policy in lending cap for the real estate sector," said Abdul Aziz al-Ghurair, head of the United Arab Emirates Banks Federation

MashreqBank chairman says loan growth is flat for the bank and the sector and low interest rates impacting banks negatively. He further says discussions are on for caps on real estate lending and new caps on real estate lending will protect the whole economy

DP World reports 1.1% YoY gross like-for-like volume growth in Q3 2019. The operator handled 17.7mln TEU across its global portfolio of container terminals in Q3 2019. On a nine-month basis, like-for-like gross container volumes grew by 0.7% YoY to 53.5mln TEU. At consolidated level, the operator handled 10.3mln TEU during Q3, a 0.8% YoY improvement on a like-for-like basis

Eshraq Investments posted Q3 profit AED3.5mln vs AED13.5mln year ago. Q3 total operating income AED7.6mln vs AED16.3mln year ago

BH Mubasher Financial Services posted Q3 profit AED0.056mln vs loss of AE2.1mln year ago

Dubai mulls doubling rental contract in free zones to 50 years and introduce new one free zone passport

Global cross-border payments company TransferWise has obtained a license from the regulatory authority of Abu Dhabi to launch its money transfer platform in the UAE#

Etihad Airways and Saudi Arabian Airlines (Saudia) are introducing 11 new codeshare routes to key destinations in Asia and Europe

Saudi Arabia sold sukuk worth USD2.5bln after receiving large demand for its first international debt sale at a profit rate equivalent to 127 basis points over mid-swaps

Saudi Aramco pushes to complete giant IPO by year-end

Saudi's Ma'aden posted Q3 net loss after zakat and tax SAR92mln vs profit of SAR415mln year ago

Saudi's Ataa Educational Company posted FY net profit after zakat and tax SAR82.7mln vs SAR87.9mln year ago

Saudi Telecom posted Q3 net profit after zakat and tax SAR2.75bln vs profit of SAR2.64bln year ago

Saudi's Alinma Bank posted Q3 net profit SAR713mln vs SAR637mln year ago

Saudi's Safco posted Q3 net profit after zakat and tax SAR414.2mln vs SAR522.2mln year ago

Saudi's Northern Region Cement quarterly net profit after zakat and tax SAR26.2mln vs SAR5mln year ago

Saudi Alahli Fund of Reits Fund disclosed that NCB Capital announces signing of a purchase agreement for Alahli Reit Fund to acquire commercial office complex in Riyadh for SAR250mln for leasing purposes

Kuwait's Ahli United Bank posted nine-month net profit attributable to shareholders KWD45.2mln vs KWD43mln year ago

Oman is considering setting up a new regional airline that could take over domestic operations from state carrier Oman Air

Palm Hills Developments disclosed that PHD & Sarwa Capital conclude the fourth securitization transaction of EGP776mln receivables portfolio

Egypt's Maridive and Oil Services board approves issued capital increase to USD188.1mln from USD163.8mln and entire capital increase to be allocated to Ajjad Zeenni

Key Global Trends/ Market Clues

Asian shares and U.S. stock futures dipped on Wednesday after British lawmakers rejected the government's timetable to fast-track legislation for its deal to take Britain out of the European Union. Technology shares in the region were knocked after Texas Instruments forecast current-quarter revenue well below estimates in a sign the global microchip industry is being squeezed by a downturn in demand and a prolonged U.S.-China trade dispute. S&P500 mini futures dropped 0.4% while Japan's Nikkei dipped 0.3%. MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.17%.

Oil fell on Wednesday after gaining over 1% in the previous session as U.S. industry data showed a bigger-than-expected build in crude stockpiles, but the possibility of deeper output cuts from OPEC and its allies contained the decline. Brent crude futures dropped 31 cents, or 0.52%, to USD59.39 a barrel by 0405 GMT on Wednesday.

OPEC and its allies will consider whether to deepen cuts to crude supply when they next meet in December due to worries about weak demand growth in 2020. Saudi Arabia, OPEC's de facto leader, wants to focus first on boosting adherence to the group's production-reduction pact with Russia and other non-members, an alliance known as OPEC+, before committing to more cuts, sources said.

UAE Stories

The United Arab Emirates' bank lobby is proposing limits on bank lending to the real estate sector to protect them from being overexposed to the sector, a senior bank executive said on Tuesday. "There is a draft paper for real estate lending with the UAE Banks Federation (UBF) and the banking sector which will review and give feedback to have a proper policy in lending cap for the real estate sector," said Abdul Aziz al-Ghurair, head of the United Arab Emirates Banks Federation.

MashreqBank chairman says loan growth is flat for the bank and the sector and low interest rates impacting banks negatively.

DP World reports 1.1% YoY gross like-for-like volume growth in Q3 2019. The operator handled 17.7mln TEU across its global portfolio of container terminals in Q3 2019. On a nine-month basis, like-for-like gross container volumes grew by 0.7% YoY to 53.5mln TEU. At consolidated level, the operator handled 10.3mln TEU during Q3, a 0.8% YoY improvement on a like-for-like basis. Strong growth of +93.7%YoY in Americas and Australia region is due to consolidation of Australia and acquisition of two terminals in Chile. Jebel Ali (UAE) handled 3.6mln TEU in Q3 2019, down -1.0% YoY. Growth in Asia and India remains robust with strong growth in ATI (Philippines), Qingdao (China). Growth in India has been driven by Cochin, Mundra and Nsigat (Mumbai). DP World decline in reported volumes in Asia Pacific & Indian Subcontinent is due to discontinued operations in Surabaya (Indonesia), Tianjin (China).

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BH Mubasher Financial Services posted Q3 profit AED0.056mln vs loss of AE2.1mln year ago.

Dubai Free Zones Council (DFZ Council) is considering a host of measures including doubling the number of years of rental contracts to attract more companies as well as increase the emirate's competitiveness and make it easier to more business friendly. The council members discussed the draft law proposal related to systemising rental agreements in free zones in coordination with the Dubai Land Department and free zone authorities, with the aim of providing a larger pool of real estate options for companies. It was also suggested during the meeting to extend the long-term rental duration from the current 25 years to 50 years. In May 2019, Dubai Free Zone Council had announced plans to launch of "One Free Zone Passport", which allows companies licensed in one free zone to also operate in other free zones in Dubai without the need for another licence under "Dubai 10X" project.

Global cross-border payments company TransferWise has obtained a license from the regulatory authority of Abu Dhabi to launch its low-cost fast money transfer platform in the UAE.

Etihad Airways and Saudi Arabian Airlines (Saudia) are expanding their commercial partnership, building on an agreement for closer ties announced a year ago. The airlines are introducing 11 new codeshare routes to key destinations in Asia and Europe, according to a statement on Tuesday.

GCC/ MENA

Saudi Arabia sold sukuk, or Islamic bonds, worth USD2.5bln after receiving large demand for its first international debt sale since an assault on its oil facilities last month. The sukuk offer a profit rate equivalent to 127 basis points over mid-swaps, a document showed.

Saudi Aramco is pushing to complete its initial public offering this year and is considering making a formal announcement as soon as the next few weeks, people with knowledge of the matter said. The kickoff, originally scheduled for October 20, was delayed after Aramco got mixed feedback from international investors.

Saudi's Ma'aden posted Q3 net loss after zakat and tax SAR92mln vs profit of SAR415mln year ago. Q3 revenue SAR4.30bln vs SAR3.40bln year ago. Q3 saw decrease in average realized prices of all products except gold. Q3 also saw decrease in sales volume of ammonia, aluminium and alumina while volume of ammonia phosphate fertilizer, flat rolled products and gold increased.

Saudi's Ataa Educational Company posted FY net profit after zakat and tax SAR82.7mln vs SAR87.9mln year ago. FY sales SAR320.6mln vs SAR325.2mln year ago.

Saudi Telecom posted Q3 net profit after zakat and tax SAR2.75bln vs profit of SAR2.64bln year ago. Q3 sales SAR14.11bln vs SAR13.32bln year ago.

Saudi's Alinma Bank posted Q3 net profit SAR713mln vs SAR637mln year ago. Q3 total revenue for special commissions/investments SAR1.47bln vs SAR1.29bln year ago. As of end-Sept, customer deposits stand at SAR99.84bln, up 11.1% YoY while loan and advances stand at SAR90.79bln, up 9.2% YoY.

Saudi's Safco posted Q3 net profit after zakat and tax SAR414.2mln vs SAR522.2mln year ago. Q3 sales SAR909.7mln vs SAR1.01bln year ago.

Saudi's Northern Region Cement quarterly net profit after zakat and tax SAR26.2mln vs SAR5mln year ago. Quarterly sales SAR194.7mln vs SAR99.1mln year ago.

Saudi Alahli Fund of Reits Fund disclosed that NCB Capital announces signing of a purchase agreement for Alahli Reit Fund to acquire commercial office complex in Riyadh for SAR250mln for leasing purposes. The complex will be leased with an annual yield of 8.6% for a period of 3 years, renewable thereafter.

Kuwait's Ahli United Bank posted nine-month net profit attributable to shareholders KWD45.2mln vs KWD43mln year ago. Nine-month total operating revenue KWD80.7mln vs KWD92.3mln year ago.

Oman is considering setting up a new regional airline that could take over domestic operations from state carrier Oman Air, two sources familiar with the matter said. A request for proposal was issued this month by state entity Oman Aviation Group for a feasibility study into operating the new airline, 'Oman Link'. Setting

up a new airline for domestic flights would allow Oman Air to focus on its international network where it competes with large Gulf carriers Emirates, Qatar Airways, and Etihad Airways.

Egypt's Palm Hills Developments disclosed that PHD & Sarwa Capital conclude the fourth securitization transaction of EGP776mln receivables portfolio. Sarwa Securitization issued Bond, bringing PHD's total issuances to EGP2.4bln to date.

Egypt's Maridive and Oil Services board approves issued capital increase to USD188.1mln from USD163.8mln and entire capital increase to be allocated to Ajjad Zeenni.

(Source: ADX, DFM, Bloomberg, Reuters, Gulf News, The National, Arabian Business)

UAE FOCUS LIST - COMPANY DATA

Company	MCAP	PRICE	HIGH - LOW		VALUATION		DIV	HISTORICAL RETURN			
	(AEDm)	(AED)	52WH	52WL	TTM P/E	TTM P/B	YLD (%)^	1M%	3M%	6M%	12M%
ADCB	53,015	7.62	10.26	7.37	8.97	1.01	6.0%	(5.9)	(13.9)	(23.0)	1.6
ADIB	19,685	5.42	5.49	3.48	8.44	1.10	5.0%	7.5	12.2	10.6	54.0
ADNIC	1,069	2.85	4.00	2.60	7.87	0.76	10.5%	1.8	3.6	(18.6)	(18.6)
Agthia	2,220	3.70	5.00	3.17	11.97	1.16	4.1%	6.0	9.5	(6.8)	(7.3)
Air Arabia	6,347	1.36	1.44	0.90	NA	1.26	NA	12.4	27.1	33.3	43.2
Ajman Bank	1,911	0.91	0.99	0.82	9.95	0.76	3.8%	(0.5)	(2.7)	3.4	1.3
Al Waha Capital	2,003	1.03	2.02	0.89	NA	0.62	7.3%	1.0	2.0	(11.2)	(44.6)
Aldar Properties	17,612	2.24	2.37	1.43	9.99	0.74	6.3%	2.8	2.8	18.5	33.3
Amanat Holdings	2,215	0.89	1.20	0.85	44.15	0.87	1.7%	(1.6)	(10.5)	(14.8)	(20.9)
Amlak FiNAce	791	0.53	0.64	0.25	NA	0.66	0.0%	71.7	63.7	44.0	(5.0)
Arabtec	2,955	1.97	2.41	1.37	14.69	1.81	2.5%	21.6	12.6	(9.1)	3.1
Aramex	5,856	4.00	5.01	3.89	11.76	2.48	4.1%	(2.0)	(5.9)	(14.9)	(1.2)
Bank of Sharjah	1,722	0.82	1.12	0.79	21.72	0.45	0.0%	(1.9)	(13.7)	(11.4)	(24.1)
DAMAC Properties	5,512	0.91	2.13	0.84	14.84	0.39	NA	0.1	(2.6)	(29.4)	(53.8)
Dana Gas	6,520	0.93	1.16	0.73	NA	0.68	5.9%	(1.7)	(5.9)	(8.1)	(19.7)
Deyaar Development	2,311	0.40	0.45	0.29	20.70	0.51	0.0%	18.3	22.0	0.3	(10.3)
Dubai FiNAcial Market	7,200	0.90	0.96	0.65	66.72	0.92	0.0%	4.7	19.2	10.4	4.7
Dubai Investment	5,528	1.30	1.65	1.04	10.76	0.47	7.7%	4.8	(4.4)	(12.7)	(17.7)
Dubai Islamic Bank	35,188	5.34	5.40	4.66	7.32	1.11	6.6%	2.7	2.7	3.7	3.9
DXB Entertainments	1,616	0.20	0.37	0.17	NA	0.49	0.0%	(5.2)	(4.7)	(18.5)	(43.3)
Emaar Dev	16,200	4.05	5.01	3.26	4.67	1.96	12.8%	(1.5)	(9.0)	12.3	(19.0)
Emaar Malls	24,987	1.92	2.17	1.43	11.07	1.45	5.2%	2.1	(2.5)	15.6	4.9
Emirates Integrated Tele	25,838	5.70	5.80	4.88	15.19	3.07	6.1%	(0.9)	3.4	10.7	16.6
Emirates NBD	69,472	12.50	14.45	8.25	5.86	0.99	3.2%	(5.7)	8.2	5.0	37.4
Eshraq Investments	907	0.39	0.64	0.36	NA	0.63	NA	(4.9)	(4.9)	(23.5)	(35.9)
Etisalat	145,062	16.68	17.80	15.20	16.13	3.18	4.8%	(0.1)	(2.3)	3.0	(0.7)
First Abu Dhabi Bank	168,605	15.44	16.96	13.50	14.32	1.67	4.8%	1.2	(3.5)	(7.4)	5.6
GFH	3,205	0.88	1.31	0.73	9.02	0.79	3.6%	(0.9)	(1.9)	(18.3)	(31.6)
Gulf Navigation Holding	713	0.70	1.17	0.67	NA	0.80	0.0%	(9.0)	(13.5)	(19.4)	(35.2)
Julphar	1,402	1.21	2.19	1.00	NA	1.37	0.0%	0.8	(23.4)	(23.4)	(45.0)
Mashreqbank	13,315	75.00	80.00	66.00	6.43	0.63	5.3%	1.4	0.0	(1.3)	7.1
National Bank of Fujairah	9,232	4.99	4.99	2.72	14.84	1.72	1.3%	NA	4.4	4.4	65.1
Tabreed	4,942	1.82	1.94	1.44	11.90	1.06	5.2%	7.1	2.8	16.7	11.7
RAK Bank	7,711	4.60	4.75	4.00	7.43	1.07	6.5%	(1.9)	1.1	8.2	13.9
RAK Properties	892	0.45	0.61	0.39	6.49	0.23	0.0%	(0.9)	(0.7)	(10.3)	(26.9)
RAK Ceramics	1,476	1.56	2.12	1.42	8.59	0.63	9.2%	(1.3)	0.6	(14.3)	(24.9)
SALAMA	714	0.59	0.76	0.39	33.15	0.94	NA	(10.6)	(14.7)	1.5	(16.9)
Sharjah Islamic Bank	3,610	1.23	1.28	1.05	6.97	0.66	6.5%	2.5	9.8	8.8	4.2
SHUAA Capital	2,384	0.94	1.09	0.60	NA	1.28	NA	(2.4)	(3.1)	(5.1)	(11.3)
Takaful Emarat Insurance	188	1.25	1.77	1.20	14.24	1.20	5.6%	(12.6)	(16.7)	(15.5)	(23.3)
TAQA	3,943	0.65	1.16	0.64	11.81	0.89	0.0%	(11.0)	(16.7)	(23.5)	(43.5)
Union Properties	1,355	0.32	0.65	0.28	NA	0.45	0.0%	0.0	(9.5)	(23.5)	(52.1)
United Arab Bank	2,269	1.10	1.30	0.90	55.98	0.87	0.0%	10.0	(11.3)	(7.6)	(8.3)

(Source: Bloomberg)

^ current dividend yield based on last year dividend declaration

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