

SHUAA Securities Morning Report

05 September 2019

Market Stats

Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	5,125	0.4%	-1.1%	2.4%	2.8%
DFM	2,880	0.1%	0.8%	9.9%	1.5%
TASI	8,058	1.7%	-5.8%	-5.4%	1.1%
BHSEASI	1,542	-0.1%	-0.4%	7.5%	15.2%
EGX	14,841	-1.1%	9.0%	7.6%	-6.8%
Dow Jones	26,355	0.9%	-0.5%	4.0%	1.6%
S&P 500	2,938	1.1%	0.2%	4.8%	1.4%
Nasdaq	7,977	1.3%	-0.3%	6.0%	-1.4%
FTSE 100	7,311	0.6%	-1.3%	1.3%	-2.0%
DAX	12,025	1.0%	1.3%	0.4%	-1.5%
CAC40	5,532	1.2%	3.2%	5.0%	3.5%
Nikkei225	20,649	0.1%	-2.1%	1.2%	-9.0%
HIS	26,523	3.9%	-1.5%	-0.9%	-5.2%

UAE Trading Summary

AEDm	BUY	SELL	Net
ADX	173	173	-
Local	47%	28%	19%
Foreign	53%	72%	-19%
Institution	73%	79%	-6%
Retail	27%	21%	6%
DFM	166	166	-
Local	45%	56%	-11%
Foreign	55%	44%	11%
Institution	56%	55%	0%
Retail	44%	45%	0%
Total	339	339	-
Local	46%	42%	4%
Foreign	54%	58%	-4%

Upcoming Corporate Actions & Events

Date	Company	Event
05-Sep	SHUAA	BoD - Business update
08-Sep	DSI	BoD - General Matter
08-Sep	RAKBANK	BoD - General Matter
08-Sep	JULPHAR	BoD - Business update
09-Sep	WAHA CAPITAL	BoD - General Matter
11-Sep	SHUAA	General Assembly
18-Sep		FED Policy Meeting
18-Sep	AWTAD	General Assembly
23-Sep		FTSE 3Q19 Rebalancing Effective Date

KEY STORIES

Adnoc announced the closure of USD600mln pipeline infrastructure investment agreement with GIC, Singapore's sovereign wealth fund. The closing takes the combined investment in select ADNOC oil pipeline infrastructure by BlackRock, KKR, Abu Dhabi Retirement Pensions and Benefits Fund (ADRPBF) and GIC to USD4.9bln

Emaar's Chairman said he does not expect a change in the company's business after Dubai's ruler set up a new real estate committee to regulate and control market supply

Emaar ventures into holiday home market to rival short-stay tech companies in Dubai

Lulu Group opened its 177th Hypermarket in the emirate of Ajman

Emirates President Tim Clark challenged engine makers Rolls-Royce and GE to improve their reliability, saying the airline would not take new Airbus and Boeing planes unless minimum performance standards were met. Clark says expects diminishing growth in air travel over next 3-5 years. He said that it's unclear how industry will reconcile falling economic growth with excess aircraft orders

UAE banks' saving account balances hit a record of circa AED165.8bln 7M19, indicating growth of 9pct YoY - CBUAE

Fitch says Saudi Islamic banking dominant; asset quality weakened and profitability improved

Saudi's Alkhabeer increases paid-up capital by 10% to USD238mln

Saudi's Leejam Sports board proposes Q2 dividend of SAR 0.5 per share

Kuwait's Mezzan Holding signs deal to acquire 29% stake in Saudi Arabia's Mezzan Foods Company through a unit for KWD1.2mln

Bahrain's Alba is raising USD1.5billion in bank debt to refinance loans it obtained in 2016 to back its Line 6 expansion project

Egypt's net foreign reserves rose to USD44.969bln in August from USD44.917bln in July – CB

Egypt's stock exchange aims to attract a further two stock listings and introduce short-selling before the end of the year, its executive chairman said

Samcrete Egypt Engineers and Constructors posted FY 2018 standalone net profit EGP 211.1mln vs EGP96.4mln year ago

Egypt's Alexandria Spinning & Weaving posted FY net loss after tax EGP62.5mln vs profit of EGP2.4mln year ago

Egypt's Palm Hills Developments posted Q2 consolidated net profit attributable EGP310.3mln vs EGP215.8mln year ago. Palm Hills intend to engage in further securitization and discounting transactions of gross receivables portfolio of c. EGPI.0bln during 4Q 2019

Key Global Trends/ Market Clues

Asian shares extended gains on Thursday and U.S. stock futures jumped after China said it will hold trade talks with the United States in early October, raising hopes they can de-escalate their trade war before it inflicts further damage on the global economy. MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.8%, while the Shanghai composite index surged 1.8%. Japan's Nikkei added 2.4%. U.S. stock futures reversed early losses and rose 1%.

Oil prices rose on Thursday, rebounding from earlier losses, after the U.S. confirmed that talks with China to reach a trade agreement would be held in the coming weeks, giving hope that a dispute that has roiled global economies will be resolved. The gains add to a surge in prices on Wednesday that had been driven by a survey showing activity in China's services sector expanded at the fastest pace in three months in August, as new orders rose in the world's second-biggest consumer of oil. Brent crude was up 21 cents, or 0.4%, at \$60.91 a barrel by 0301 GMT. On Wednesday, Brent rose 4.2%.

Leadership changes in Saudi Arabia's oil industry will have no effect on cooperation between Moscow and Riyadh, two top Russian officials said, indicating the shake-up will not derail a global pact to support oil prices by curbing output.

UAE Stories

Abu Dhabi National Oil Company (ADNOC) announced the closure of a USD600mln pipeline infrastructure investment agreement with GIC, Singapore's sovereign wealth fund. The closing takes the combined investment in select ADNOC oil pipeline infrastructure by BlackRock, KKR, Abu Dhabi Retirement Pensions and Benefits Fund (ADRPBF) and GIC to USD4.9bln, ADNOC's statement said. BlackRock and KKR together hold 40 percent of the newly formed entity ADNOC Oil Pipelines, while ADRPBF holds 3 percent, GIC 6 percent and ADNOC the remaining 51 percent.

Emaar's Chairman said he does not expect a change in the company's business after Dubai's ruler set up a new real estate committee to regulate and control market supply. Emaar is a member of the committee, which will regulate projects and avoid competition between semi-government and private firms.

Emaar Properties is entering the holiday home market with its own digital platform that will allow the listing of thousands of its premium properties in Dubai for short-term rental. "The whole hospitality sector is changing [and] short-term rental is a huge business," Mohamed Alabbar, chairman of Emaar, said at the launch event of the platform in Dubai on Wednesday. "We in the Middle East are just at the beginning. You have these short-stay tech companies [operating] and I think we [Emaar] have a lot of space for us [to grow]."

Lulu Group opened its 177th Hypermarket in the emirate of Ajman.

Emirates Airline President Tim Clark says expects diminishing growth in air travel over next 3-5 years. He said that it is unclear how industry will reconcile falling economic growth with excess aircraft orders. He further said since we cannot be sure when Boeing 787 planes will be ready, entering into contracts makes little sense. He added that will not commit to Rolls-Royce engines in 787 planes while there are questions over their reliability. 777x order delayed due to engine issues, unsure about when it will be resolved. The Emirates President said we would only complete A330neo and A350 orders when engine concerns are sorted. Clark said Outlook for the rest of the year is looking stronger than forecast and if fuel price falls, we have a fighting chance of it being a good year.

UAE banks' saving account balances hit a record of circa AED165.8bln during the first seven months of the year, a 9pct growth of AED13.8bln against AED152bln by the end of 2018, according to statistics revealed by the Central Bank of the United Arab Emirates.

GCC/ MENA

Fitch says Saudi Islamic banking dominant; asset quality weakened and profitability improved. Saudi Islamic banks remain well placed in banking sector as they have largest retail franchises. Financing growth will remain

relatively muted for Saudi Islamic banks. Capital buffers and profitability will remain sufficient to absorb a mild deterioration in asset quality of Saudi Islamic banks in 2019

Saudi's Alkhabeer Capital has announced that it has increased its paid-up capital by SAR81.3mln. The 10 percent increase to SAR894.5mln (USD238.5mln) follows approval of its shareholders at the company's annual general meeting.

Saudi's Leejam Sports board proposes Q2 dividend of SAR 0.5 per share.

Kuwait's Mezzan Holding signs deal to acquire 29% stake in Saudi Arabia's Mezzan Foods Company through a unit for KWD1.2mln. If deal completed, company through unit will own 99% of total stake in Mezzan Foods.

Bahrain's Alba is raising USD1.5billion in bank debt to refinance loans it obtained in 2016 to back its Line 6 expansion project, two sources familiar with the matter said.

Egypt's net foreign reserves rose to USD44.969bln in August from USD44.917bln in July, the central bank said.

Egypt's stock exchange aims to attract a further two stock listings and introduce short selling before the end of the year, its executive chairman said.

Samcrete Egypt Engineers and Constructors posted FY 2018 standalone net profit EGP 211.1mln vs EGP96.4mln year ago.

Egypt's Alexandria Spinning & Weaving posted FY net loss after tax EGP62.5mln vs profit of EGP2.4mln year ago. FY sales EGP258.6mln vs EGP290.7mln year ago.

Egypt's Palm Hills Developments posted H1 consolidated net profit EGP451.5mln vs EGP439.9mln year ago. Q2 consolidated net profit attributable EGP310.3mln vs EGP215.8mln year ago. Q2 consolidated net revenue EGP1.56bln vs EGP1.91bln year ago. Palm Hills intend to engage in further securitization and discounting transactions of gross receivables portfolio of c. EGP1.0bln during 4Q 2019.

(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	60,807	8.74	10.26	7.37	10.29	1.16	5.3%	(0.8)	(2.7)	(2.5)	9.3
ADIB	18,668	5.14	5.18	3.46	8.48	1.08	5.3%	2.0	15.0	21.0	31.5
ADNIC	1,031	2.75	4.00	2.75	8.01	0.50	10.9%	NA	(19.1)	(19.6)	(28.6)
Agthia	2,130	3.55	5.00	3.17	11.49	1.12	4.2%	(1.4)	(1.4)	(0.5)	(26.0)
Air Arabia	5,647	1.21	1.23	0.90	NA	1.12	NA	7.1	17.5	29.7	19.8
Ajman Bank	1,978	0.94	1.00	0.82	10.30	0.78	3.7%	1.2	4.0	6.4	2.5
Al Waha Capital	2,022	1.04	2.02	0.89	NA	0.60	7.2%	2.0	8.4	(22.1)	(43.8)
Aldar Properties	17,376	2.21	2.37	1.43	9.99	0.74	6.3%	(0.5)	21.4	33.8	15.1
Amanat Holdings	2,193	0.88	1.23	0.86	43.70	0.86	1.7%	(10.5)	(10.5)	(11.0)	(26.3)
Amlak FiNAce	480	0.32	0.67	0.25	NA	0.40	0.0%	(0.3)	18.1	(12.3)	(50.1)
Arabtec	2,430	1.62	2.41	1.37	12.08	1.49	3.1%	(6.9)	5.2	(24.6)	(13.8)
Aramex	6,179	4.22	5.01	3.89	12.43	2.50	3.9%	(3.2)	(1.4)	1.5	(1.6)
Bank of Sharjah	1,806	0.86	1.14	0.79	22.78	0.47	0.0%	(5.5)	(7.1)	(12.2)	(19.6)
DAMAC Properties	5,748	0.95	2.18	0.84	15.47	0.40	NA	(2.7)	10.5	(34.5)	(54.3)
Dana Gas	6,876	0.98	1.21	0.73	NA	0.71	5.6%	(4.6)	(0.7)	22.1	(13.0)
Deyaar Development	1,849	0.32	0.48	0.29	15.63	0.41	0.0%	(4.2)	3.2	(11.1)	(19.0)
Dubai FiNAcial Market	7,208	0.90	0.98	0.65	68.78	0.93	0.0%	(0.9)	26.7	10.0	(4.1)
Dubai Investment	5,655	1.33	1.99	1.04	11.51	0.47	7.5%	(1.5)	3.9	8.4	(32.8)
Dubai Islamic Bank	34,398	5.22	5.41	4.66	7.22	1.12	6.7%	(0.9)	3.6	7.2	1.4
DXB Entertainments	1,800	0.23	0.39	0.17	NA	0.54	0.0%	-	12.5	(10.4)	(33.8)
Emaar Dev	16,480	4.12	5.28	3.26	4.75	1.99	12.6%	(10.4)	5.1	12.2	(19.7)
Emaar Malls	24,597	1.89	2.17	1.43	10.86	1.37	5.3%	(8.7)	(2.6)	14.4	(5.5)
Emirates Integrated Tele	25,656	5.66	5.80	4.88	15.18	3.22	6.2%	1.3	12.7	16.6	11.0
Emirates NBD	75,586	13.60	14.45	8.25	7.71	1.09	2.9%	15.7	22.5	43.2	46.2
Eshraq Investments	949	0.41	0.64	0.36	NA	0.66	NA	(2.9)	3.3	(6.0)	(28.9)
Etisalat	146,801	16.88	17.80	15.20	16.34	3.35	4.7%	1.4	6.0	4.8	0.7
First Abu Dhabi Bank	163,800	15.00	16.96	13.50	13.91	1.62	4.9%	(2.5)	0.9	4.5	3.4
GFH	3,340	0.92	1.45	0.73	9.40	0.83	3.5%	0.4	(0.1)	(1.2)	(32.7)
Gulf Navigation Holding	794	0.78	1.17	0.72	NA	0.88	0.0%	(2.4)	(0.8)	(0.8)	(11.2)
Julphar	1,332	1.15	2.20	1.00	NA	1.31	0.0%	(19.6)	(27.2)	(28.1)	(42.5)
Mashreqbank	12,960	73.00	80.00	67.50	6.11	0.63	5.5%	(8.7)	(2.1)	(2.7)	7.3
National Bank of Fujairah	9,232	4.99	4.99	2.49	14.84	1.72	1.3%	4.4	4.4	17.0	89.7
Tabreed	4,589	1.69	1.84	1.44	10.67	1.00	5.6%	(5.6)	7.6	6.7	1.2
RAK Bank	7,543	4.50	4.75	4.00	7.27	1.05	6.7%	(3.2)	(5.3)	12.3	8.4
RAK Properties	916	0.46	0.62	0.39	7.05	0.24	0.0%	(2.3)	6.5	(0.4)	(24.9)
RAK Ceramics	1,448	1.53	2.28	1.42	9.31	0.63	9.3%	(6.1)	(1.3)	(13.1)	(30.2)
SALAMA	807	0.67	0.76	0.39	37.47	1.06	NA	(2.6)	26.6	45.0	48.2
Sharjah Islamic Bank	3,610	1.23	1.28	1.05	6.97	0.66	6.5%	7.0	11.8	8.8	0.8
SHUAA Capital	2,452	0.97	1.11	0.60	NA	1.32	NA	(1.3)	7.4	38.7	(3.3)
Takaful Emarat Insurance	212	1.41	1.85	1.28	17.16	1.35	5.0%	(0.7)	(8.4)	(12.4)	(20.8)
TAQA	4,453	0.73	1.20	0.68	15.14	1.01	0.0%	(5.9)	(8.3)	(22.7)	(37.8)
Union Properties	1,416	0.33	0.74	0.28	NA	0.46	0.0%	(6.2)	0.6	(13.4)	(51.5)
United Arab Bank	2,060	1.00	1.30	0.95	50.84	0.79	0.0%	(11.6)	(19.4)	(16.8)	(16.8)

(Source: Bloomberg)

^ current dividend yield based on last year dividend declaration

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