

SHUAA Securities Morning Report

10 September 2019

Market Stats

Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	5,076	-0.6%	-0.4%	2.4%	3.2%
DFM	2,880	0.3%	1.5%	8.6%	1.3%
TASI	8,055	0.1%	-5.8%	-7.4%	4.2%
BHSEASI	1,549	-0.1%	0.3%	8.0%	15.6%
EGX	14,888	-0.3%	5.0%	7.0%	-5.4%
Dow Jones	26,836	0.1%	2.1%	3.3%	3.5%
S&P 500	2,978	0.0%	2.0%	3.7%	3.7%
Nasdaq	8,087	-0.2%	1.6%	4.5%	2.3%
FTSE 100	7,236	-0.6%	-0.2%	-1.3%	-0.6%
DAX	12,226	0.3%	4.6%	1.5%	2.2%
CAC40	5,589	-0.3%	4.9%	4.2%	6.4%
Nikkei225	21,318	0.6%	3.1%	2.1%	-4.4%
HIS	26,681	0.0%	2.9%	-1.1%	-1.1%

UAE Trading Summary

AEDm	BUY	SELL	Net
ADX	382	382	-
Local	81%	71%	10%
Foreign	19%	29%	-10%
DFM	240	240	-
Local	51%	67%	-16%
Foreign	49%	33%	16%
Total	622	622	-
Local	69%	70%	-1%
Foreign	31%	30%	1%

Upcoming Corporate Actions & Events

Date	Company	Event
11-Sep	SHUAA	General Assembly
18-Sep		FED Policy Meeting
11-Sep	IHC	BoD/Buisness Matters
18-Sep	AWTAD	General Assembly
23-Sep		FTSE 3Q19 Rebalancing Effective Date
29-Sep	ADNOC	BoD/Dividend Approval

KEY STORIES

UAE July CPI -2.22% YoY and -0.79% MoM

Arabtec Holding and Trojan Holding commences review of possibility of combining their construction businesses. If an agreement is reached between two companies following technical, financial and legal reviews. Contract will be signed for this purpose for such combination which may lead to a merger between two companies

Adnoc Distribution board to meet on Sept 29 to approve interim dividend for 2019

DXB Entertainments updates on efficiency program including identification and implementation of cost saving initiatives. As part of efficiency program company has re-aligned its salary and benefits structure

Merger of DP World companies P&O Maritime & Topaz Energy and Marine expected to be completed by year end - Topaz CEO

Emaar Properties said at request of Emaar Misr and Al Nasr Company, arbitration tribunal decided to suspend dispute proceedings temporarily for a period of 4 weeks to allow parties time to conclude an amicable settlement

Adnoc CEO says despite global economic uncertainties creating market volatility and affecting energy demand, the long-term outlook is robust. Over 3 times the amount of energy consumed by Europe will be added to global energy demand in next two decades

Emirates NBD says not appointed any banks for potential rights issue

Abu Dhabi has launched an export credit agency that will provide guarantees and finance to overseas buyers of UAE goods and services

Saudi Arabia plans to list 1% of state oil giant Saudi Aramco on the Riyadh stock exchange before the end of 2019 and another 1% in 2020 – sources

Saudi Tabreed is in talks to hire banks for an initial public offering that could value the district cooling firm at about \$800 million, according to people familiar with the matter.

Saudi Tadawul expects USD3bln additional inflows from FTSE inclusion and expects to launch the first exchange-traded derivative product in Q4 2019 – Chairwoman

Saudi Arabia should consider raising VAT to 10% - IMF

Saudi's Tasnee announces obtaining a Murabaha term facility of SAR3bln for purpose of refinancing its existing facilities

Saudi's Acwa Power will do a public offering after broadening its shareholder base – CEO

Saudi's Amiantit shareholders approve capital deduction to SAR344.5mln from SAR1.16bln

Oman National Engineering and Investment said Tanweer renews contract to company for collection services at rural areas against agreed commission for for period of 3 years commencing on 1/10/2019

Egypt to simplify tax in bid to woo foreign investors – Finance Minister

Egypt aims to issue international bonds worth USD3-7bln during the current fiscal year - Finance Minister

Egypt's Sarwa Capital to issue 448.9mln bonus shares with nominal value of EGP0.16 per share increasing issued capital to EGP191.5mln from EGP119.7mln

Egypt's Alexandria Flour Mills and Bakeries posted FY net profit after tax EGP26.9mln vs EGP48.1mln year ago

Key Global Trends/ Market Clues

Most Asian stocks swung lower on Tuesday, weighed by Chinese markets after data showed mainland factory prices shrinking at their fastest pace in three years while reports of German stimulus plans pushed global bond prices down. China's producer price index fell 0.8% in August year-on-year, official data showed on Tuesday, its sharpest decline since August 2016 as flagging demand at home and abroad forced some businesses to slash prices. The data pushed blue chip shares in China down 0.76%, which in turn drove an index of Asian stocks outside of Japan 0.3% lower, having traded flat earlier in the session.

Oil futures hit a six-week high on Tuesday, rising for a fifth day on optimism that OPEC and other countries may agree to extend production cuts in a bid to support prices. Brent was up 26 cents, or 0.4%, at USD62.85 a barrel by 0349 GMT.

Saudi Arabia's new energy minister said on Monday the world's top oil exporter would keep working with other producers to achieve market balance and that an OPEC-led supply-curbing deal would survive "with the will of everybody".

Trade policy disruptions - including the recent sharp escalation in the US-China trade war and significant risks of a 'no-deal' Brexit - are darkening the global economic outlook, says Fitch Ratings.

UAE Stories

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Arabtec Holding and Trojan Holding commences review of possibility of combining their construction businesses. An agreement is reached between two companies following technical, financial and legal reviews. Contract will be signed for this purpose for such combination, which may lead to a merger between two companies.

Adnoc Distribution board to meet on Sept 29 to approve interim dividend for 2019.

DXB Entertainments updates on efficiency program including identification and implementation of cost saving initiatives. As part of efficiency, program company has re-aligned its salary and benefits structure. In line with UAE's Emiratisation vision, Meraas Group decided to bear ongoing cost of reducing salaries, benefits of UAE nationals.

Merger of DP World companies P&O Maritime & Topaz Energy and Marine expected to be completed by year end - Topaz CEO

Emaar Properties updates on arbitration procedures between Emaar Misr and Al Nasr Company for Housing and Development. At request of both parties, arbitration tribunal decided to suspend proceedings for a period of 4 weeks to allow parties time to conclude an amicable settlement.

Adnoc CEO says despite global economic uncertainties creating market volatility and affecting energy demand, the long-term outlook is robust. Over 3 times the amount of energy consumed now by Europe will be added to global energy demand in next two decades. He further says about USD11trn of investment in oil and gas is needed to keep up with current projected demand. Adnoc is on track to achieve oil production capacity goals of 4mln barrels per day by 2020 and 5mln bpd by 2030. Adnoc is unlocking vast reserves of natural gas by tapping into gas caps, undeveloped reservoirs and unconventional resources. Adnoc launched first commercial scale carbon capture utilization and storage facility in 2016 and plans to expand it six times over the next decade.

Emirates NBD says not appointed any banks for potential rights issue.

Abu Dhabi has launched an export credit agency that will provide guarantees and finance to overseas buyers of UAE goods and services, as the emirate looks to diversify its economy and develop non-oil revenue lines.

GCC/ MENA

Saudi Arabia plans to list 1% of state oil giant Saudi Aramco on the Riyadh stock exchange before the end of 2019 and another 1% in 2020, sources familiar with the matter told Reuters. Crown Prince Mohammed bin Salman eventually wants around 5% of the company to be public as the centrepiece of his plan to diversify the Saudi economy away from oil, attract foreign investments and create jobs. But rather than go straight for an initial public offering on an international stock market, the company is planning a gradual listing at home first.

Saudi Tabreed is in talks to hire banks for an initial public offering that could value the district cooling firm at about \$800 million, according to people familiar with the matter. The utility, part-owned by Abu Dhabi's National Central Cooling Co., plans to raise between \$200 million and \$300 million in the first half of 2020 from a listing on the Saudi stock exchange, the people said, asking not to be identified as the talks are private.

The Saudi Stock Exchange (Tadawul) expects additional passive funds' inflows worth USD3bn from the remaining phases of inclusion in the FTSE Russell emerging market index starting in September. Saudi Tadawul expects to launch the first exchange-traded derivative product in Q4 2019 – Chairwoman

Saudi Arabia should consider raising a value added tax (VAT) to 10% from the current 5%, the International Monetary Fund (IMF) said, stressing the importance for the world's top oil exporter to improve its fiscal position amid lower crude prices.

Saudi's Tasnee announces obtaining a Murabaha term facility of SAR3bn for purpose of refinancing its existing facilities. Credit facility duration 10 years.

Saudi's Acwa Power expects value of portfolio to grow nearly three-fold to USD120bn by 2030. Acwa Power sees renewables growing to 70% of its portfolio in capital employed by 2030. Acwa Power has submitted bids in five new markets for renewable projects. Acwa Power will do a public offering after broadening its shareholder base.

Saudi's Amiantit shareholders approve capital deduction to SAR344.5mln from SAR1.16bn.

Oman National Engineering and Investment said Tanweer renews contract to company for collection services at rural areas against agreed commission for for period of 3 years commencing on 1/10/2019.

Egypt hopes to boost feeble foreign direct investment (FDI) by automating and simplifying customs and tax processes, Finance Minister Mohamed Maait said on Monday, acknowledging that much still needed to be done.

Egypt aims to issue international bonds worth USD3-7bn during the current fiscal year - Finance Minister

Sarwa Capital shareholders approves to convert part of retained earning into capital through issuing 448.9mln bonus share. Sarwa Capital to issue 448.9mln bonus shares with nominal value of EGP0.16 per share increasing issued capital to EGP191.5mln from EGP119.7mln.

Egypt's Alexandria Flour Mills and Bakeries posted FY net profit after tax EGP26.9mln vs EGP48.1mln year ago. FY revenue EGP210.9mln vs EGP339mln year ago.

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	57,814	8.31	10.26	7.37	9.79	1.10	5.5%	(1.4)	(4.9)	(6.7)	8.2
ADIB	18,523	5.10	5.22	3.46	8.41	1.08	5.3%	3.0	11.4	19.0	32.7
ADNIC	1,031	2.75	4.00	2.75	8.01	0.50	10.9%	NA	(19.1)	(19.6)	(23.8)
Agthia	2,100	3.50	5.00	3.17	11.32	1.10	4.3%	(0.3)	(2.5)	(2.7)	(25.5)
Air Arabia	5,693	1.22	1.23	0.90	NA	1.13	NA	1.7	18.4	31.2	22.0
Ajman Bank	1,934	0.92	1.00	0.82	10.07	0.77	3.8%	(4.6)	(1.0)	5.9	0.1
Al Waha Capital	1,983	1.02	2.02	0.89	NA	0.58	7.4%	1.0	4.1	(24.1)	(44.0)
Aldar Properties	17,061	2.17	2.37	1.43	9.81	0.73	6.5%	(5.7)	21.9	30.6	11.3
Amanat Holdings	2,242	0.90	1.23	0.86	44.69	0.88	1.7%	(6.6)	(10.3)	(9.8)	(25.3)
Amlak FiNAce	480	0.32	0.67	0.25	NA	0.40	0.0%	(4.5)	11.9	(9.1)	(51.8)
Arabtec	2,385	1.59	2.41	1.37	11.86	1.46	3.1%	(4.8)	(2.5)	(23.9)	(16.3)
Aramex	6,149	4.20	5.01	3.89	12.37	2.49	3.9%	0.5	(1.9)	(0.1)	-
Bank of Sharjah	1,812	0.86	1.14	0.79	22.86	0.47	0.0%	(0.7)	(6.8)	(12.0)	(19.3)
DAMAC Properties	5,657	0.94	2.14	0.84	15.23	0.40	NA	(1.1)	(0.5)	(32.7)	(56.1)
Dana Gas	6,743	0.96	1.21	0.73	NA	0.70	5.7%	(7.3)	(2.1)	17.5	(15.4)
Deyaar Development	1,849	0.32	0.48	0.29	15.63	0.41	0.0%	(3.0)	(0.3)	(9.6)	(24.2)
Dubai FiNAcial Market	7,144	0.89	0.98	0.65	68.17	0.92	0.0%	(4.8)	24.0	13.3	(6.7)
Dubai Investment	5,655	1.33	1.98	1.04	11.51	0.47	7.5%	(0.7)	1.5	11.0	(32.1)
Dubai Islamic Bank	35,187	5.34	5.41	4.66	7.39	1.15	6.6%	2.7	6.0	10.9	2.1
DXB Entertainments	1,800	0.23	0.39	0.17	NA	0.54	0.0%	1.4	7.1	(7.4)	(39.4)
Emaar Dev	16,480	4.12	5.28	3.26	4.75	1.99	12.6%	(5.1)	7.3	16.3	(21.6)
Emaar Malls	24,596	1.89	2.17	1.43	10.86	1.37	5.3%	(3.6)	0.5	19.2	(3.6)
Emirates Integrated Tele	26,018	5.74	5.80	4.88	15.40	3.27	6.1%	2.5	13.9	17.6	11.0
Emirates NBD	74,194	13.35	14.45	8.25	6.25	1.06	3.0%	14.1	17.1	44.3	44.3
Eshraq Investments	939	0.40	0.64	0.36	NA	0.65	NA	(3.6)	0.7	(6.0)	(30.2)
Etisalat	143,493	16.50	17.80	15.20	15.98	3.28	4.8%	1.4	4.5	3.0	0.6
First Abu Dhabi Bank	163,796	15.00	16.96	13.50	13.91	1.62	4.9%	(0.7)	2.2	7.9	5.3
GFH	3,340	0.92	1.45	0.73	9.40	0.83	3.5%	2.3	(2.4)	(1.0)	(35.4)
Gulf Navigation Holding	827	0.81	1.17	0.72	NA	0.91	0.0%	1.5	1.4	3.2	(10.9)
Julphar	1,332	1.15	2.20	1.00	NA	1.31	0.0%	(19.6)	(27.2)	(28.1)	(43.1)
Mashreqbank	12,959	73.00	80.00	67.50	6.11	0.63	5.5%	(8.7)	(2.1)	(8.8)	7.3
National Bank of Fujairah	9,231	4.99	4.99	2.49	14.84	1.72	1.3%	4.4	4.4	17.0	89.7
Tabreed	4,698	1.73	1.84	1.44	10.92	1.03	5.5%	(1.1)	9.5	9.2	5.5
RAK Bank	7,543	4.50	4.75	4.00	7.27	1.05	6.7%	(3.2)	(5.3)	12.3	9.8
RAK Properties	900	0.45	0.62	0.39	6.93	0.24	0.0%	0.2	4.7	(3.0)	(27.2)
RAK Ceramics	1,486	1.57	2.28	1.42	9.55	0.64	9.1%	(4.8)	1.3	(12.1)	(27.7)
SALAMA	823	0.68	0.76	0.39	38.20	1.08	NA	1.3	12.2	46.6	20.4
Sharjah Islamic Bank	3,522	1.20	1.28	1.05	6.80	0.64	6.7%	2.6	9.1	8.1	(1.6)
SHUAA Capital	2,472	0.98	1.11	0.60	NA	1.33	NA	2.6	3.7	43.4	(5.3)
Takaful Emarat Insurance	211	1.41	1.82	1.28	17.16	1.35	5.0%	(0.7)	(8.4)	(9.6)	(23.8)
TAQA	4,671	0.77	1.20	0.68	15.89	1.06	0.0%	3.6	(3.8)	(11.5)	(35.8)
Union Properties	1,411	0.33	0.73	0.28	NA	0.45	0.0%	(4.4)	(3.8)	(12.0)	(54.2)
United Arab Bank	2,060	1.00	1.30	0.95	50.84	0.79	0.0%	(2.1)	(19.4)	(13.1)	(16.8)

(Source: Bloomberg)

^ current dividend yield based on last year dividend declaration

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