

## SHUAA Securities Morning Report

12 October 2020

### # Market Stats

Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	4,493	-0.4%	-0.6%	4.6%	-11.4%
DFM	2,224	0.4%	-2.1%	6.8%	-20.9%
TASI	8,513	1.2%	4.6%	14.8%	10.6%
BHSEASI	1,473	1.0%	6.0%	14.5%	-3.3%
EGX	11,327	0.0%	2.3%	3.4%	-20.8%
Dow Jones	28,587	0.6%	2.3%	11.2%	8.5%
S&P 500	3,477	0.9%	2.3%	10.3%	19.1%
Nasdaq	11,580	1.4%	3.9%	9.8%	46.5%
FTSE 100	6,017	0.6%	0.1%	-0.5%	-16.0%
DAX	13,051	0.1%	-1.4%	4.5%	7.9%
CAC40	4,947	0.7%	-1.9%	0.5%	-10.0%
Nikkei225	23,620	-0.1%	2.5%	4.8%	10.1%
HIS	24,119	-0.3%	-1.4%	-8.0%	-6.1%
US Futures	3,478	0.1%	4.3%	10.5%	17.1%
Europe Future	3,280	0.5%	-1.7%	-2.4%	-8.2%

### # UAE Trading Summary

AEDm	BUY	SELL	Net
<b>ADX</b>	<b>301</b>	<b>301</b>	<b>-</b>
Local	21%	9%	11%
Foreign	79%	91%	-11%
Institution	93%	92%	1%
Retail	7%	8%	-1%
<b>DFM</b>	<b>98</b>	<b>98</b>	<b>-</b>
Local	57%	50%	7%
Foreign	43%	50%	-7%
Institution	20%	24%	-4%
Retail	80%	76%	4%
<b>Total</b>	<b>399</b>	<b>399</b>	<b>-</b>
Local	29%	19%	10%
Foreign	71%	81%	-10%

### # Upcoming Corporate Actions & Events

Date	Company	Event
12-Oct	AMANAT	BoD/Investment
12-Oct	DSI	BoD/General
13-Oct	UPP	BoD/Results
14-Oct	SALAMA	General Assembly
14-Oct	SHUAA	General Assembly
20-Oct	FAB	General Assembly/Stake Acquisition
25-Oct	DSI	General Assembly
12-Nov	GFH	BoD/Results
12-Nov	ITHMAAR	BoD/Results

## # KEY STORIES

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UAE on October 11 reported 1,096 new cases of the Covid-19, along with 1,311 recoveries. Total cases in the country at 106,229 with 97,284 recoveries and 445 deaths

UAE August bank lending +5.5% YoY and deposits up 0.6% MoM

Dubai's PMI increased to 51.5 in September from 50.9 in August, reflecting an improvement in the performance of Dubai's non-oil private sector for the third month in a row

Air Arabia Abu Dhabi has announced the introduction of a new service to Nepal's capital city Kathmandu with direct flights from Abu Dhabi starting on 17th October

Shuaa Capital launches USD 200mln financing opportunities fund and has already attracted a total of USD 68mln in commitments from investors

DAMAC Properties has awarded Trans Emirates Contracting an AED 181mln contract to start the construction of Zada, a 26-storey building located in the Business Bay

ENBD REIT disclosed that Saray Real Estate & REITs Value SP increased its level of interest from 6.64% to 7.28% in the company. 1.6mln ordinary shares were acquired on 6 October 2020 at USD 0.303 per share

Dubai Financial Market on Sunday announced that a group of leading brokerage firms as well as technology and data providers have joined its new equity futures platform, scheduled for launch on October 18, 2020

ADQ has launched Q Market Makers to enhance liquidity at the Abu Dhabi Securities Exchange

MultiBank Group has secured a reputable and strategic commercial license from the Dubai Financial Services Authority

Saudi's National Commercial Bank said it has entered into a binding merger agreement with Samba Financial Group, a smaller bank, to create a combined entity with SAR 837bln in assets

Saudi's Methanol Chemicals board recommends to reduce company's capital and a subsequent capital increase through rights issues

Saudi's Lazurde Company for Jewelry announces the board's recommendation to increase the capital by offering right issues, target amount SAR 143.3mln

Kuwait August M2 money supply +6.74% YoY and bank lending to private sector +4.98% YoY - C. Bank

Kuwait International Bank disclosed that CMA granted KIB approval to issue tier 2 capital sukuk for an amount up to USD 300mln or equivalent in other currencies

Egypt's annual core inflation accelerated to 3.3 % in September from 0.8% in August - Central Bank

Egypt's Qatar national Bank Alahly posted nine-month consolidated net profit EGP 5.64bln vs EGP 6.46bln year ago. Q3 attributable net profit EGP 1.80bln vs EGP 2.24bln year ago

Sameem Financial Investments sold 89.7mln shares in Egypt's Prime Holding for Financial Investments EGP 105.8mln

## # Key Global Trends/ Market Clues

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Chinese stocks led Asian markets higher on Monday as investors bet on a steady recovery for the world's no. 2 economy, though caution about the fate of U.S. stimulus kept the dollar firm and a central bank policy tweak unwound some of the yuan's gains. MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.8% to 2-1/2-year highs, buoyed by a 2% gain in Chinese blue chips and a 1.5% rise by Hong Kong's Hang Seng index. Japan's Nikkei slipped 0.3% as investors fretted about corporate earnings. Coronavirus aid plans in the United States are also in disarray, with the Trump administration on Sunday calling on Congress to pass a stripped-down relief bill while talks on a more comprehensive proposal were again at an impasse. S&P 500 futures wobbled either side of flat in the Asia session, while European futures edged higher.

Oil prices dropped for a second straight session on Monday as U.S. producers began restoring output after Hurricane Delta weakened, while a strike that had affected production in Norway came to an end. Brent crude for December fell 32 cents, or 0.8%, to USD 42.53 a barrel by 0347 GMT and U.S. West Texas Intermediate for November was at USD 40.30 a barrel, down 30 cents, or 0.7%.

## # UAE Stories

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The United Arab Emirates on October 11 announced 1,096 new COVID-19 cases, bringing the total confirmed cases in the country to 106,229. At the same time, 1,311 more patients have recovered from the virus, taking the tally of recoveries in the UAE to 97,284, UAE's Ministry of Health and Prevention said. It has reported 2 death from COVID-19 during the past 24 hours. The nationwide death toll stands at 445.

UAE August bank lending +5.5% YoY and deposits up 0.6% MoM.

The IHS Markit Dubai Purchasing Managers' Index (PMI) increased to 51.5 in September from 50.9 in August, reflecting an improvement in the performance of Dubai's non-oil private sector for the third month in a row.

Air Arabia Abu Dhabi has announced the introduction of a new service to Nepal's capital city Kathmandu with direct flights from Abu Dhabi starting on 17th October. According to Air Arabia, the new service represents the eighth route for Air Arabia Abu Dhabi since the launch of the carrier's service from Abu Dhabi International Airport on 14th July, 2020.

Shuaa Capital launches USD 200mln financing opportunities fund and has already attracted a total of USD 68mln in commitments from investors.

DAMAC Properties has awarded Trans Emirates Contracting an AED 181mln contract to start the construction of Zada, a 26-storey building located in the Business Bay.

ENBD REIT disclosed that Saray Real Estate & REITs Value SP, a segregated portfolio of the Saray Value Fund SPC increased its level of interest from 6.64% to 7.28% in the company. 1.6mln ordinary shares were acquired on 6 October 2020 at USD 0.303 per share. Number of ordinary shares held immediately before the transaction were 16.61mln shares representing 6.64% interest. Number of ordinary shares held immediately after the transaction 18.2, representing 7.28% interest.

Dubai Financial Market on Sunday announced that a group of leading brokerage firms as well as technology and data providers have joined its new equity futures platform, scheduled for launch on October 18, 2020. The DFM has licensed ten brokerage firms namely; BH Mubasher Financial Services, Al Daman Securities, EFG HERMES (UAE), Arqam Securities, Shuaa Securities, Global for Shares & Bonds, Al Dar Shares and Bonds, Al Ramz Capital, SICO Financial Brokerage and Mena Corp Financial Services, as equity futures members. Additionally, SK Advisory FZ (Zag Trader), First Information Technology, Global Market Access Holding (DIFC) and Horizon Software have joined hands with the DFM as technology and data providers.

ADQ has launched Q Market Makers (QMM) to enhance liquidity at the Abu Dhabi Securities Exchange (ADX), according to a press release on Sunday. The Market maker will facilitate trading activity and improve liquidity at the ADX to attract order flow and listings by providing a credible platform for companies to raise capital and expand their shareholders base. The QMM will have access to the funding allocated for market making, at the beginning of 2020, as part of the Abu Dhabi Economic Stimulus Package to ensure liquidity in the capital markets.

MultiBank Group, one of the largest online financial derivatives providers worldwide, represented by its subsidiary, MEX Australia Pty Ltd, has secured a reputable and strategic commercial license from the Dubai Financial Services Authority (DFSA).

## # GCC/ MENA

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Saudi's National Commercial Bank announced its entry into a binding merger agreement with Samba. Samba into NCB which will result in all of the assets and liabilities of Samba being transferred to NCB. New shares will be issued by way of a capital increase, which will increase the paid-up capital of NCB by 49.3%. Deal represents a premium of 3.5% to the closing share price of Samba of SAR 27.50 on 8 October 2020. Upon completion of merger, the shareholders of Samba will receive new NCB shares for every one (1) Samba share: 0.739 new NCB shares. Based on exchange ratio and closing price of SAR 38.50 per NCB share on 8 October, deal represents a 23.7% premium to the closing share price of Samba of SAR 23.00 on 24 June 2020. Upon completion, NCB's existing shareholders will own 67.4% and Samba's shareholders will own 32.6% of the merged bank. Substantial shareholders of merged bank will be the Public Investment Fund (37.2%), the Public Pension Agency (7.4%) and the General Organisation for Social Insurance (5.8%). Merger will create a regional powerhouse with SAR 837bln in assets. Based on the exchange ratio and the closing price of SAR 38.50 per NCB share on 8 October 2020, each Samba share is valued at SAR 28.45 and Samba's issued ordinary share capital valued at approximately SAR 55.7bln. Both banks will remain independent and separate and both will continue to operate a business as usual service until the merger has completed. Merged bank would have SAR 837bln in assets. NCB does not expect that the merger, if completed, will result in the involuntary redundancy of employees. Merger is expected to unlock approximately SAR 800mln annually. One-time cash integration costs are expected to be approximately SAR 1.1bln.

Saudi's Methanol Chemicals board recommends to reduce company's capital and a subsequent capital increase through rights issues. Capital decrease to SAR 877mln from SAR 1.21bln. To increase capital by offering right issues with value of SAR 480mln.

Saudi's Lazurde Company for Jewelry announces the board's recommendation to increase the capital by offering right issues, target amount SAR 143.3mln.

Kuwait August M2 money supply +6.74% YoY and bank lending to private sector +4.98% YoY - C. Bank

Kuwait International Bank disclosed that CMA granted KIB approval to issue tier 2 capital sukuk for an amount up to USD 300mln or equivalent in other currencies.

Egypt's annual core inflation accelerated to 3.3 % in September from 0.8% in August, the central bank said on Sunday. Core inflation strips out volatile items such as food. Headline inflation, which was announced on Saturday, stood at 3.7% in September, up from 3.4% in August.

Egypt's Qatar national Bank Alahly posted nine-month consolidated net profit EGP 5.64bln vs EGP 6.46bln year ago. Q3 attributable net profit EGP 1.80bln vs EGP 2.24bln year ago. Q3 consolidated net interest income, commission and fees EGP 4.06bln vs EGP 3.98bln year ago.

Sameem Financial Investments sold 89.7mln shares in Egypt's Prime Holding for Financial Investments EGP 105.8mln.

## # UAE FOCUS LIST - COMPANY DATA

Company	MCAP (AEDm)	PRICE (AED)	HIGH - LOW		VALUATION		DIV YLD (%) <sup>^</sup>	HISTORICAL RETURN			
			52WH	52WL	TTM P/E	TTM P/B		1M%	3M%	6M%	12M%
ADCB	38,961	5.60	8.15	3.82	10.58	0.74	6.8%	2.2	12.0	36.3	(21.7)
ADIB	15,145	4.17	5.85	3.19	9.12	0.82	6.6%	(0.5)	11.2	25.2	(14.7)
ADNIC	2,058	3.61	4.00	2.70	5.79	0.94	8.3%	(6.2)	14.6	2.6	16.5
ADNOC Dist	42,500	3.40	3.57	2.40	21.74	12.34	5.6%	7.8	16.8	25.6	37.8
Agthia	2,616	4.36	4.36	2.50	27.47	1.37	3.4%	38.4	51.4	46.2	27.5
Air Arabia	5,273	1.13	1.61	0.87	10.51	1.29	8.0%	(1.7)	(2.6)	23.5	(6.8)
Ajman Bank	1,430	0.68	0.94	0.50	38.69	0.57	0.0%	(2.7)	13.5	15.4	(26.0)
Al Waha Capital	1,983	1.02	1.05	0.62	NA	0.67	NA	8.4	45.7	28.3	(0.0)
Aldar Properties	15,804	2.01	2.37	1.35	9.06	0.65	7.2%	(2.4)	11.0	34.0	2.8
Amanat Holdings	1,988	0.80	0.92	0.56	77.86	0.79	2.8%	(4.9)	(10.8)	30.1	(10.1)
Amlak Finance	459	0.31	0.64	0.20	NA	0.71	0.0%	(7.0)	(0.6)	21.9	(47.2)
Aramex	6,296	4.30	4.45	2.00	14.71	2.51	3.8%	14.7	28.4	62.5	11.0
Bank of Sharjah	1,113	0.53	0.83	0.53	NA	0.36	0.0%	NA	(13.8)	(13.8)	(35.2)
DAMAC Properties	5,499	0.91	0.98	0.36	NA	0.40	NA	1.0	19.6	79.3	(2.3)
Dana Gas	4,946	0.71	0.98	0.53	NA	0.54	7.8%	(3.3)	8.6	25.4	(19.3)
Deyaar Development	1,612	0.28	0.43	0.18	30.53	0.36	0.0%	(4.5)	0.4	19.7	(21.0)
Dubai Financial Market	6,568	0.82	1.00	0.50	48.84	0.86	3.0%	(2.8)	2.6	28.3	(3.0)
Dubai Investment	4,805	1.13	1.39	0.98	9.44	0.41	NA	(5.0)	(2.6)	10.9	(6.2)
Dubai Islamic Bank	30,628	4.23	5.86	3.04	7.40	0.84	8.3%	(2.5)	9.6	32.6	(12.8)
DXB Entertainments	960	0.12	0.23	0.09	NA	0.47	0.0%	(7.0)	(0.8)	(5.5)	(40.9)
Emaar Dev	9,160	2.29	4.11	1.79	3.89	0.86	0.0%	1.8	7.0	10.1	(44.0)
Emaar Malls	18,741	1.44	1.96	0.98	12.48	1.00	0.0%	2.9	(4.0)	32.1	(24.2)
Emaar Properties	19,117	2.67	4.70	1.90	3.75	0.34	0.0%	(8.2)	(2.9)	12.7	(42.5)
Emirates Integrated Tele	24,342	5.37	6.35	4.33	17.54	2.94	6.3%	2.5	5.5	6.9	3.1
Emirates NBD	65,377	10.35	13.90	6.33	5.75	0.80	3.9%	(3.3)	16.4	23.2	(13.9)
Eshraq Investments	704	0.30	0.46	0.16	NA	0.51	NA	(21.3)	35.9	31.7	(23.1)
Etisalat	146,627	16.86	17.00	11.02	16.63	3.23	4.7%	1.7	1.7	14.5	7.9
First Abu Dhabi Bank	120,775	11.06	15.92	7.78	11.51	1.24	6.7%	(3.2)	0.2	(8.6)	(23.4)
GFH	2,069	0.57	0.93	0.45	0.33	0.61	6.0%	(7.6)	1.4	11.2	(29.9)
Gulf Navigation Holding	414	0.41	0.73	0.28	NA	0.77	0.0%	(13.6)	(15.2)	33.6	(42.0)
IHC	69,761	38.30	40.90	5.00	NM	14.87	NA	3.5	29.4	155.3	604.0
Julphar	1,721	1.49	1.54	0.54	NA	1.59	0.0%	17.3	39.3	149.9	39.1
Mashreqbank	11,140	62.75	86.80	62.00	8.08	0.52	6.4%	(6.2)	(6.2)	(12.8)	(16.3)
National Bank of Fujairah	9,536	4.98	4.98	4.98	NA	NA	1.9%	NA	NA	NA	3.3
Tabreed	6,110	2.25	2.34	1.67	12.27	1.27	4.7%	6.1	14.8	9.2	24.3
RAK Bank	5,715	3.41	5.00	3.33	6.76	0.76	8.8%	(2.8)	(9.1)	(6.6)	(19.1)
RAK Properties	762	0.38	0.48	0.33	6.83	0.20	10.5%	(3.1)	8.2	10.8	(5.9)
RAK Ceramics	1,332	1.34	1.81	1.24	15.08	0.59	10.7%	(3.6)	0.0	3.1	(2.1)
SALAMA	998	0.83	0.88	0.30	14.70	1.29	NA	5.9	65.7	114.7	44.7
Sharjah Islamic Bank	3,636	1.18	1.29	0.95	7.18	0.48	4.0%	(1.7)	6.3	16.8	5.6
SHUAA Capital	1,539	0.61	1.03	0.40	21.63	1.17	NA	(12.4)	19.0	38.9	(34.4)
Takaful Emarat Insurance	215	1.43	1.46	0.97	NA	1.78	5.8%	(0.7)	6.7	5.1	19.2
TAQA	160,781	1.43	1.65	0.40	NA	5.08	0.0%	2.9	44.3	121.4	116.7
Union Properties	1,162	0.27	0.39	0.15	NA	0.46	0.0%	(9.4)	(1.8)	12.9	(12.6)
United Arab Bank	1,844	0.89	1.13	0.81	NA	NA	0.0%	NA	-	(0.2)	(10.6)

(Source: Bloomberg)

<sup>^</sup> current dividend yield based on last year dividend declaration

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