

## SHUAA Securities Morning Report

13 October 2020

### # Market Stats

Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	4,533	0.9%	0.3%	5.0%	-10.7%
DFM	2,235	0.5%	-1.6%	7.1%	-20.5%
TASI	8,545	0.4%	5.0%	15.0%	11.0%
BHSEASI	1,479	0.4%	6.4%	12.6%	-2.9%
EGX	11,398	0.3%	3.0%	2.9%	-20.3%
Dow Jones	28,838	0.9%	4.2%	10.6%	7.5%
S&P 500	3,534	1.6%	5.8%	11.0%	19.0%
Nasdaq	11,876	2.6%	9.4%	11.9%	47.4%
FTSE 100	6,001	-0.3%	-0.5%	-1.5%	-17.2%
DAX	13,138	0.7%	-0.5%	4.0%	5.0%
CAC40	4,979	0.7%	-1.1%	0.2%	-12.1%
Nikkei225	23,559	-0.3%	0.7%	5.7%	8.1%
HIS	24,650	2.2%	0.6%	-4.2%	-6.3%
US Futures	3,518	-0.4%	5.5%	11.7%	18.4%
Europe Future	3,289	-0.2%	-0.8%	-0.3%	-7.1%

### # UAE Trading Summary

AEDm	BUY	SELL	Net
<b>ADX</b>	<b>382</b>	<b>382</b>	<b>-</b>
Local	80%	81%	-1%
Foreign	20%	19%	1%
Institution	91%	84%	7%
Retail	9%	16%	-7%
<b>DFM</b>	<b>148</b>	<b>148</b>	<b>-</b>
Local	60%	31%	28%
Foreign	40%	69%	-28%
Institution	27%	49%	-22%
Retail	73%	51%	22%
<b>Total</b>	<b>530</b>	<b>530</b>	<b>-</b>
Local	74%	67%	7%
Foreign	26%	33%	-7%

### # Upcoming Corporate Actions & Events

Date	Company	Event
13-Oct	UPP	BoD/Results
14-Oct	SALAMA	General Assembly
14-Oct	SHUAA	General Assembly
15-Oct	SHUAA	BoD/General
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 12 reported 1,064 new cases of the Covid-19, along with 1,271 recoveries. Total cases in the country at 107,293 with 98,555 recoveries and 446 deaths

Amanat Holdings board approved an investment opportunity in the education sector

Tabreed has hired banks to arrange for a potential issuance of U.S. dollar-denominated bonds, a document showed. Tabreed's current intention is that the proceeds of the issuance of the bond will be used to fund acquisitions and/or for general corporate purposes

Commercial Bank of Dubai has hired a group of banks to arrange a global investor call ahead of a potential issuance of U.S. dollar-denominated perpetual bonds, a document showed

GEMS Education had its ratings cut by Moody's Investors Service, a decision it said reflected the impact on the company's credit ratios of the coronavirus pandemic and a weakening domestic economy

Fitch Ratings has revised the Outlook on Tabreed to Negative from Stable. The revision of the Outlook reflects the company's plans to raise incremental debt, when 2020 leverage is already high following an earlier acquisition

Moody's assigns BAA3 rating to Tabreed's proposed notes; affirms existing ratings and outlook

Dubai's GEMS downgraded deeper into junk by Moody's over economy

UAE-based NY Koen Group announced that they will be making a bid to purchase Israil, Israel's third-largest airline, at the upcoming auction

Intercontinental Exchange Inc. said on Monday it plans to launch ICE Futures Abu Dhabi and trading in Murban futures contracts late in the first quarter of 2021

Moody's says the UAE has ample capacity to adjust to new economic realities while most emerging market sovereigns are set to suffer long-lasting loss of revenues owing to the ongoing coronavirus crisis

UAE may sell federal bond by the end of 2020, Alroeya says

Moody's assigns an A3 insurance financial strength rating to Saudi's Al Rajhi Company for Cooperative Insurance; stable outlook

Oman's Acwa Power Barka posted nine-month net profit after tax OMR 8.2m vs OMR 7.8m year ago. Nine-month total revenue OMR 41m vs OMR 40.3m year ago

Oman issued a royal decree that sets the stage for the sultanate to start collecting 5% VAT beginning in April 2021

BP has started production at Oman's giant Ghazeer natural gas field, which is set to underpin the company's oil and gas output for years as it shifts to renewables

Egypt's Heliopolis plans to complete infrastructure, amenities projects of New Heliopolis City before H1 2021

Egypt's Middle and West Delta Flour Mills shareholders approve FY dividend of EGP 12 per share

## # Key Global Trends/ Market Clues

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Asian shares slipped on Tuesday, brushing off a firmer Wall Street lead as China's post-holiday rally cooled, although a buoyant tech sector and fresh optimism about U.S. stimulus are expected to continue to support sentiment. MSCI's broadest index of Asia-Pacific shares outside Japan dipped into negative territory in the Asian session, down 0.09%. Weakness emerged early in China as the Shanghai Composite slipped 0.5%, trimming gains made in the two trading days since a week-long public holiday last week. China's blue chip index CSI300 shed 0.3%. In Japan, the Nikkei index was off 0.2%. Australian S&P/ASX 200 was the region's only bright spot, up 1% on firmer bank stocks and despite a sell down in major coal names after reports China could look to ban Australian imports of the commodity. On Wall Street, the Nasdaq Composite on Monday staged its biggest one-day rally in a month, jumping 2.56%. The Dow Jones Industrial Average rose 0.88% and the S&P 500 gained 1.64%.

Oil prices were steady in early trade on Tuesday, sitting on losses of nearly 3% from the previous session after supplies began to resume in Norway and the U.S. Gulf of Mexico and Libya resumed production at its largest oilfield. The return of supply comes as resurgent COVID-19 infections in the U.S. Midwest and Europe raise worries about fuel demand growth, posing a challenge for the Organization of Petroleum Exporting Countries and its allies, together called OPEC+. U.S. West Texas Intermediate (WTI) crude futures inched up 1 cent to USD 39.44 a barrel at 01:17 GMT, while Brent crude futures rose 2 cents to USD 41.74 a barrel.

A slow economic recovery from the pandemic threatens to delay a full rebound in world energy demand to 2025, the International Energy Agency said on Tuesday. In its central scenario, a vaccine and therapeutics could mean the global economy rebounds in 2021 and energy demand recovers by 2023, the IEA, which advises Western governments on energy policy, said in its annual World Energy Outlook. But under a "delayed recovery scenario", the timeline is pushed back two years, it said. In such a case, the IEA predicts "a deeper near-term slump erodes the growth potential of the economy, high unemployment wears away human capital, and bankruptcies and structural economic changes mean that some physical assets become unproductive as well." The Paris-based IEA sees global energy demand falling by 5% in 2020, CO2 emissions related to energy by 7% and energy investment by 18%. Demand for oil is set to fall by 8% and coal use by 7% while renewables will see a slight rise.

## # UAE Stories

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The United Arab Emirates on October 12 announced 1,064 new COVID-19 cases, bringing the total confirmed cases in the country to 107,293. At the same time, 1,271 more patients have recovered from the virus, taking the tally of recoveries in the UAE to 98,555, UAE's Ministry of Health and Prevention said. It has reported 1 death from COVID-19 during the past 24 hours. The nationwide death toll stands at 446.

Amanat Holdings board approved an investment opportunity in the education sector. The board authorised the executive management to negotiate the documents and agreements of the envisaged transaction, delegated the authority to sign the definitive documents and agreements to the CEO. The board approved for disclose all transactional information as soon as the acquisition process is complete.

Tabreed has hired banks to arrange for a potential issuance of U.S. dollar-denominated bonds, a document showed on Monday. HSBC and JPMorgan were hired to arrange investor calls starting on Monday and are joined by Commercial Bank of Dubai as joint lead managers, according to the document from one of the banks and seen by Reuters. An issuance of bonds with a tenor of between seven and 10 years will follow, subject to market conditions. Last month, Tabreed's board approved a potential issuance of up to USD 1bn in bonds or sukuk, or Islamic bonds.

Commercial Bank of Dubai has hired a group of banks to arrange a global investor call ahead of a potential issuance of U.S. dollar-denominated perpetual bonds, a document showed on Monday. The additional Tier 1 benchmark bonds would be non-callable for six years, according to the document issued by one of the banks leading the deal and seen by Reuters. Perpetual bonds are similar to an equity instrument, which don't have any maturity date. The group of banks includes Citi, Standard Chartered, Barclays, Emirates NBD, First Abu

Dhabi Bank, and Nomura, the document showed. Benchmark bonds are generally meant to be at least USD 500mln in size.

Fitch Ratings has revised the Outlook on Tabreed to Negative from Stable. Tabreed's Long-Term Issuer Default Rating (IDR) and Tabreed Sukuk SPC Limited's senior unsecured notes have been affirmed at 'BBB'. Fitch rates the proposed senior unsecured notes at 'BBB(EXP)'. The expected notes are rated at the same level as Tabreed's IDR as the notes constitute Tabreed's direct and senior unsecured obligations. Proceeds from notes issuance are intended to be used to acquire certain district cooling assets in Abu Dhabi and for general corporate purposes. The revision of the Outlook reflects the company's plans to raise incremental debt, when 2020 leverage is already high following an earlier acquisition. Fitch expect the company to reduce its dividend policy to support funds from operations (FFO) net leverage below our negative rating sensitivity of 4.5x by end-2022. Markedly weaker performance, in the absence of mitigating actions, may lead to a one-notch downgrade.

Moody's assigns BAA3 rating to Tabreed's proposed notes; affirms existing ratings and outlook.

GEMS Education had its ratings cut by Moody's Investors Service, a decision it said reflected the impact on the company's credit ratios of the coronavirus pandemic and a weakening domestic economy. Moody's downgraded the corporate family rating of GEMS MENASA Cayman Ltd., the entity that owns and operates schools in the United Arab Emirates and abroad, to B3 from B2, according to a statement on Monday. The company's probability of default rating was lowered to B3-PD from B2-PD and several of its debt facilities to B3 from B2. Corporate families ranked B-PD are "considered speculative and are subject to high default risk," according to Moody's. The ratings company cited "the negative effects of the coronavirus pandemic on the economic environment in the UAE, and in Dubai in particular."

UAE-based NY Koen Group announced that they will be making a bid to purchase Israir, Israel's third-largest airline, at the upcoming auction. Aero Private Jet, a subsidiary of NY Koen Group, has a great deal of experience in the field of business aviation and sees the purchase of Israir as a chance to expand their services. Through the years of experience the company's subsidiary has accrued. Israir Airlines is the biggest tour operator and third biggest airline in Israel.

Intercontinental Exchange Inc said on Monday it plans to launch ICE Futures Abu Dhabi and trading in Murban futures contracts late in the first quarter of 2021. Last year, Abu Dhabi National Oil Company said its flagship Murban crude would be traded on a new local exchange, IFAD, which will be co-owned by Abu Dhabi, several oil majors and ICE, which is also home to Brent trading.

The United Arab Emirates may sell a federal bond by the end of this year or early 2021, Alroeya newspaper reported, citing Younis Al Khoori, undersecretary at the Ministry of Finance.

The UAE has ample capacity to adjust to new economic realities while most emerging market sovereigns are set to suffer long-lasting loss of revenues owing to the ongoing coronavirus crisis, according to a new report. Only the governments will have an ability to boost credit growth, and both Abu Dhabi and the UAE have Aa2 stable outlook on "fiscal policy effectiveness," Moody's Investors Service said in its latest report. The "fiscal policy effectiveness" is a combination of a government's capacity to adjust to a change in economic circumstances by raising additional revenue and an overall assessment of a sovereign's institutions and governance strength.

## # GCC/ MENA

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Moody's assigns an A3 insurance financial strength rating to Saudi's Al Rajhi Company for Cooperative Insurance; stable outlook.

Oman's Acwa Power Barka posted nine-month net profit after tax OMR 8.2mln vs OMR 7.8mln year ago. Nine-month total revenue OMR 41mln vs OMR 40.3mln year ago.

Oman issued a royal decree on Monday that sets the stage for the sultanate to start collecting value-added taxes beginning in April 2021 as it grapples with the fallout of the coronavirus pandemic and oil price collapse. Oman's state-run news agency reported the 5% tax "will be applied to most goods and services at each stage of the supply chain." The decree exempts necessary items like food staples, healthcare, education and financial services from the tax. All six members of the Gulf Cooperation Council have agreed on a framework to begin

collecting so-called VAT taxes. As part of a series of austerity measures aimed at shoring up revenue amid the pandemic, Saudi Arabia tripled its taxes on basic goods from 5% to 15% over the summer. The United Arab Emirates introduced the 5% VAT tax in 2018. Kuwait and Qatar, the remaining members of the GCC, have yet to implement the tax.

BP has started production at Oman's giant Ghazeer natural gas field, which is set to underpin the company's oil and gas output for years as it shifts to renewables. The London-based firm said Ghazeer, the second phase of the development of Block 61, started four months ahead of schedule. The first phase, Khazzan, was brought online in September 2017. Total production capacity from the block is expected to reach 1.5bn cubic feet of gas a day and more than 65,000 bpd of associated condensate. BP holds 60% of the Block 61 project, Oman's National Oil and Gas company has 30% and Malaysia's Petronas holds another 10%.

Egypt's Heliopolis plans to complete infrastructure, amenities projects of New Heliopolis City before H1 2021. The company to start negotiations with group of real estate developers to develop 1000-1200 feddan land through partnership in Heliopark.

Egypt's Middle and West Delta Flour Mills shareholders approve FY dividend of EGP 12 per share.

*Source: ADX, DFM, Bloomberg, Reuters, Gulf News, The National, Arabian business*

## # UAE FOCUS LIST - COMPANY DATA

Company	MCAP (AEDm)	PRICE (AED)	HIGH - LOW		VALUATION		DIV YLD (%)^	HISTORICAL RETURN			
			52WH	52WL	TTM P/E	TTM P/B		1M%	3M%	6M%	12M%
ADCB	39,657	5.70	8.15	3.82	10.77	0.75	6.7%	4.0	11.5	26.9	(18.8)
ADIB	15,254	4.20	5.85	3.19	9.18	0.82	6.5%	0.2	11.4	23.5	(13.3)
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	42,375	3.39	3.57	2.40	21.67	12.31	5.6%	7.5	17.2	24.7	37.4
Agthia	2,616	4.36	4.36	2.50	27.47	1.37	3.4%	38.4	51.4	50.0	25.4
Air Arabia	5,273	1.13	1.61	0.87	10.51	1.29	8.0%	(1.7)	(2.6)	9.7	(8.2)
Ajman Bank	1,470	0.70	0.94	0.50	39.77	0.59	0.0%	(0.0)	18.6	16.9	(24.7)
Al Waha Capital	1,983	1.02	1.05	0.62	NA	0.67	NA	8.4	42.5	28.3	(0.0)
Aldar Properties	16,040	2.04	2.37	1.35	9.20	0.66	7.1%	(1.0)	13.3	31.6	3.4
Amanat Holdings	2,000	0.80	0.92	0.56	78.35	0.80	2.8%	(4.3)	(10.0)	26.7	(8.7)
Amlak Finance	459	0.31	0.64	0.20	NA	0.71	0.0%	(7.0)	(8.4)	17.7	(47.5)
Aramex	6,222	4.25	4.45	2.00	14.54	2.48	3.9%	13.3	26.9	59.4	10.8
Bank of Sharjah	1,113	0.53	0.83	0.53	NA	0.36	0.0%	NA	(9.6)	(13.8)	(35.0)
DAMAC Properties	5,560	0.92	0.98	0.36	NA	0.41	NA	2.1	8.4	72.4	(1.2)
Dana Gas	4,946	0.71	0.98	0.53	NA	0.54	7.8%	(3.3)	7.3	21.2	(19.5)
Deyaar Development	1,647	0.29	0.43	0.18	31.18	0.36	0.0%	(2.4)	1.4	21.3	(29.6)
Dubai Financial Market	6,584	0.82	1.00	0.50	48.96	0.86	3.0%	(2.6)	2.4	26.6	(7.3)
Dubai Investment	4,847	1.14	1.39	0.98	9.52	0.41	NA	(4.2)	(0.9)	9.9	(6.8)
Dubai Islamic Bank	30,556	4.22	5.86	3.04	7.39	0.84	8.3%	(2.8)	8.2	26.0	(13.7)
DXB Entertainments	960	0.12	0.23	0.09	NA	0.47	0.0%	(7.0)	(0.8)	(10.4)	(47.4)
Emaar Dev	9,320	2.33	4.11	1.79	3.96	0.88	0.0%	3.6	9.4	7.9	(43.3)
Emaar Malls	19,131	1.47	1.96	0.98	12.74	1.02	0.0%	5.0	0.7	27.8	(22.6)
Emaar Properties	19,260	2.69	4.70	1.90	3.78	0.35	0.0%	(7.6)	(1.1)	7.6	(41.5)
Emirates Integrated Tele	24,432	5.39	6.35	4.33	17.60	2.96	6.3%	2.9	7.3	4.0	3.3
Emirates NBD	66,008	10.45	13.90	6.33	5.81	0.81	3.8%	(2.3)	17.7	18.7	(13.1)
Eshraq Investments	728	0.31	0.46	0.16	NA	0.53	NA	(18.7)	33.8	29.9	(19.5)
Etisalat	146,627	16.86	17.00	11.02	16.63	3.23	4.7%	1.7	1.9	15.2	8.1
First Abu Dhabi Bank	122,522	11.22	15.92	7.78	11.67	1.25	6.6%	(1.8)	0.9	(10.2)	(22.6)
GFH	2,082	0.57	0.93	0.45	0.34	0.61	5.9%	(7.4)	0.4	7.9	(31.1)
Gulf Navigation Holding	418	0.41	0.73	0.28	NA	0.77	0.0%	(12.8)	(13.3)	30.2	(41.0)
IHC	70,671	38.80	40.90	5.00	NM	15.06	NA	4.8	30.1	158.7	639.0
Julphar	1,721	1.49	1.54	0.54	NA	1.59	0.0%	17.3	25.2	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	10.3	23.0
RAK Bank	5,950	3.55	5.00	3.33	7.04	0.80	8.5%	1.1	(5.3)	(3.8)	(15.8)
RAK Properties	764	0.38	0.48	0.33	6.85	0.20	10.5%	(2.8)	7.0	9.1	(6.5)
RAK Ceramics	1,361	1.37	1.81	1.24	15.41	0.61	10.4%	(1.4)	2.2	(6.2)	2.1
SALAMA	993	0.82	0.88	0.30	14.63	1.28	NA	5.4	61.6	104.2	42.1
Sharjah Islamic Bank	3,636	1.18	1.29	0.95	7.18	0.48	4.0%	(1.7)	4.4	13.5	5.6
SHUAA Capital	1,521	0.60	1.03	0.40	21.38	1.16	NA	(13.4)	17.6	32.2	(36.0)
Takaful Emarat Insurance	215	1.43	1.46	0.97	NA	1.78	5.8%	(0.7)	6.7	5.1	11.7
TAQA	161,905	1.44	1.65	0.40	NA	5.12	0.0%	3.6	41.2	121.5	121.5
Union Properties	1,210	0.28	0.39	0.15	NA	0.47	0.0%	(5.7)	(2.8)	16.0	(19.0)
United Arab Bank	1,844	0.89	1.13	0.81	NA	NA	0.0%	NA	-	(0.2)	(18.7)

(Source: Bloomberg)

^ current dividend yield based on last year dividend declaration

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