

SHUAA Securities Morning Report

15 October 2020

Market Stats

Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	4,573	0.6%	1.3%	6.7%	-10.1%
DFM	2,218	-0.9%	-2.8%	8.1%	-21.9%
TASI	8,592	-0.1%	4.1%	16.4%	13.1%
BHSEASI	1,477	-0.4%	5.4%	12.9%	-2.9%
EGX	11,334	0.4%	2.7%	4.2%	-20.1%
Dow Jones	28,514	-0.6%	1.9%	7.0%	6.4%
S&P 500	3,489	-0.7%	3.1%	9.1%	17.6%
Nasdaq	11,769	-0.8%	6.4%	12.2%	46.2%
FTSE 100	5,935	-0.6%	-1.5%	-4.0%	-17.7%
DAX	13,028	0.1%	-1.3%	2.6%	4.3%
CAC40	4,942	-0.1%	-2.2%	-1.3%	-12.4%
Nikkei225	23,627	0.1%	0.3%	4.6%	8.4%
HIS	24,667	0.1%	0.1%	-3.2%	-7.0%
US Futures	3,467	-0.4%	2.5%	7.7%	15.6%
Europe Future	3,238	-0.9%	-2.1%	-2.7%	-9.1%

UAE Trading Summary

AEDm	BUY	SELL	Net
ADX	632	632	-
Local	40%	42%	-2%
Foreign	60%	58%	2%
Institution	94%	90%	4%
Retail	6%	10%	-4%
DFM	319	319	-
Local	34%	19%	14%
Foreign	66%	81%	-14%
Institution	55%	68%	-13%
Retail	45%	32%	13%
Total	952	952	-
Local	38%	34%	3%
Foreign	62%	66%	-3%

Upcoming Corporate Actions & Events

Date	Company	Event
15-Oct	SHUAA	BoD/General
19-Oct	ARTC	BoD/Liquidation
19-Oct	SIB	BoD/General
20-Oct	FAB	General Assembly/Stake Acquisition
20-Oct	DIB	BoD/Results
25-Oct	DSI	General Assembly
12-Nov	GFH	BoD/Results
12-Nov	ITHMAAR	BoD/Results

KEY STORIES

UAE on October 14 reported 1,431 new cases of the Covid-19, along with 1,652 recoveries. Total cases in the country at 110,039 with 101,659 recoveries and 450 deaths

First Abu Dhabi Bank says on Wednesday it sticks to its 2019 stance that it has not entered into any merger talks with ADIB

First Abu Dhabi Bank has issued a USD 750mln benchmark fixed rate Additional Tier 1 perpetual non-call six-year bond

Dana Gas signs USD 90mln credit facility with Mashreq. Facility will allow full redemption of the sukuk at the maturity date of 31 October 2020. Outstanding total for the sukuk is currently USD 309mln

Tabreed is expected to sell USD 500mln of seven-year bonds on Wednesday, part of which it will use to repay existing debt, a document showed on Wednesday

Salama general assembly has approved the board's proposal to distribute cash dividends, equivalent to 3% of the share nominal value, for the first half of 2020

Air Arabia resumes operations from Ras Al Khaimah to Egypt, Pakistan and Bangladesh

Commercial Bank of Dubai has set the final yield at 6% for U.S. dollar-denominated perpetual bonds that are non-callable for six years and received more than USD 1.4bln in orders for the debt sale

Shuaa Capital shareholders approved to issue non-convertible bonds for an amount of up to USD 150mln

Ithmar Holding hires advisors for sale of subsidiary. Proposal to sell Ithmar Bank to Bank of Bahrain still subject to approvals

International Financial Advisors posted nine-month net profit KWD 0.78mln vs loss of KWD 4.2mln year ago

ADNOC is exploring expanding into green energy with investing in hydrogen as an area of interest for the oil producer, chief executive officer Sultan al-Jaber said

Fitch Ratings has affirmed Abu Dhabi Crude Oil Pipeline's (ADCOP) Long-Term Issuer Default Rating (IDR) at 'AA'

Saudi Arabia's Samba, NCB to complete USD 223bn merger in mid-2021

Saudi's APICORP sells USD 250mln in tap of bonds due in June 2025 at 90 bps over mid-swaps – document

Saudi's MedGulf signs health insurance contract with Saudi Electricity, contract value more than 5% of 2019 total gross written premium and contract period one year starting from Jan 2021

Qatar's economy contracted by 6.1% in the second quarter from a year earlier

Oman September CPI -1.22% YoY and -0.43% MoM

Oman's Bank Muscat nine-month net profit OMR 113.2mln vs OMR 141.4mln year ago. Nine-month net interest income and income from islamic financing OMR 240.1mln vs OMR 238mln year ago

National Bank of Oman posted nine-month net profit after tax OMR 16.9mln vs OMR 38.3mln year ago. Nine-month total operating income OMR 88.2mln vs OMR 97.7mln year ago

Egypt registered a primary budget surplus of EGP 100mln (USD 6.39mln) in the first quarter of its 2020-2021 financial year, the cabinet said in a statement

Key Global Trends/ Market Clues

Global shares slipped on Thursday as investors locked in recent gains amid rising concerns about resurgent COVID-19 infections and after U.S. Treasury Secretary dashed any remaining hopes of a stimulus package before the Nov. 3 election. MSCI's broadest index of Asia-Pacific shares outside Japan lost 0.5% while Japan's Nikkei dropped 0.5%. U.S. S&P 500 futures sagged 0.27% in Asia after major U.S. stock indexes ended the previous session lower, with the S&P 500 closing down 0.7% and the Nasdaq Composite Index shedding 0.8%. Disappointing quarterly results from Bank of America and Wells Fargo led the S&P 500 banks index 2.4% lower.

Oil prices rose slightly in early trade on Thursday after data showed U.S. crude stockpiles fell last week, adding to 2% gains overnight, as OPEC and its allies were seen fully complying in September with their pact to curb output. U.S. West Texas Intermediate (WTI) crude futures picked up 4 cents, or 0.1%, to USD 41.08 a barrel at 0032 GMT, while Brent crude futures rose 5 cents, or 0.1% to USD 43.37 a barrel.

Global oil stocks which rose during the height of the pandemic are being steadily reduced, the International Energy Agency (IEA) said on Wednesday, but a second wave is slowing demand and will complicate efforts by producers to balance the market. OPEC members and allies including Russia plan to boost supply by 2mln barrels per day (bpd) from January and the IEA predicts a ceasefire in Libya will raise output there to 700,000 bpd in December from 300,000 bpd currently. "There is only limited headroom for the market to absorb extra supply in the next few months," the IEA said in its monthly report. "Those wishing to bring about a tighter oil market are looking at a moving target."

UAE Stories

The United Arab Emirates on October 14 announced 1,431 new COVID-19 cases, bringing the total confirmed cases in the country to 110,039. At the same time, 1,652 more patients have recovered from the virus, taking the tally of recoveries in the UAE to 101,659, 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 450.

First Abu Dhabi Bank says on Wednesday it sticks to its 2019 stance that it has not entered into any merger talks with ADIB.

First Abu Dhabi Bank has issued a USD 750mln benchmark fixed rate Additional Tier 1 perpetual non-call six-year bond. FAB attracted a quality order book of over USD 1.5bln with strong participation from more than 115 accounts. Despite the volatile and challenging market backdrop, FAB successfully achieved its target size of USD 750mln at a price of 4.5%, making this the lowest yield for a USD Reg S AT 1 from the MENA region.

Dana Gas signs USD 90mln credit facility with Mashreq. One-year facility is priced at an initial 3% per annum margin over LIBOR. Credit facility can be extended for a further four years at company's option. Mashreq facility will be repaid when the planned sale of Dana Gas's Egyptian assets is completed. Facility will allow full redemption of the sukuk at the maturity date of 31 October 2020. Outstanding total for the sukuk is currently USD 309mln.

Tabreed is expected to sell USD 500mln of seven-year bonds on Wednesday, part of which it will use to repay existing debt, a document showed on Wednesday. Tabreed set the spread at 215 basis points (bps)

over mid-swaps after giving initial price guidance of around 250 bps over mid-swaps earlier on Wednesday, according to a document issued by one of the banks arranging the deal. The document also said the sale had attracted more than USD 1.9bn in orders. HSBC, JPMorgan and Commercial Bank of Dubai were hired to arrange the sale.

The ordinary general meeting of Islamic Arab Insurance Company (Salama) has approved the board's proposal to distribute cash dividends, equivalent to 3% of the share nominal value, for the first half of 2020. The cash dividend distribution stands at AED 0.03 per share, aggregating at a total amount of AED 35.65mln, according to the company's disclosure to the Dubai Financial Market (DFM) on Wednesday. During the meeting, the shareholders set 21 October as the last entitlement date and 22 October as the ex-dividend date.

Air Arabia resumes operations from Ras Al Khaimah to Egypt, Pakistan and Bangladesh. Air Arabia's flights to Cairo and Lahore from Ras Al Khaimah will resume operations from October 15. Flights to Peshawar from October 16th; and to Islamabad from October 17th. Marking launch a new service from Ras Al Khaimah to Dhaka, from October 16th.

Commercial Bank of Dubai has set the final yield at 6% for U.S. dollar-denominated perpetual bonds that are non-callable for six years and received more than USD 1.4bn in orders for the debt sale, a document showed on Wednesday. CBD tightened the yield after it began marketing the Additional Tier 1 (AT1) bonds at around 6.375% earlier on Wednesday, according to a document issued by one of the banks leading the deal, which is expected to close later on Wednesday. AT1 bonds, the riskiest debt instruments banks can issue, are designed to be perpetual in nature, but lenders can call them after a specified period.

Shuaa Capital shareholders approved to issue non-convertible bonds for an amount of up to USD 150mln.

Ithmar Holding is set to kick off the review of the potential sale of its subsidiary to Bank of Bahrain (BBK), one of the largest commercial banks in the Gulf state. In a bourse filing on Tuesday, the company said it is currently "in the process" of appointing advisors for the proposal. The two firms executed last September a memorandum of understanding on the potential sale of Ithmar Bank's Bahrain operations, as well as specific assets of IB Capital, a wholly-owned subsidiary of Ithmar Holding, to BBK.

International Financial Advisors posted nine-month net profit KWD 0.78mln vs loss of KWD 4.2mln year ago.

Abu Dhabi National Oil Company (ADNOC) is exploring expanding into green energy with investing in hydrogen as an area of interest for the oil producer, chief executive officer Sultan al-Jaber said on Wednesday. Al-Jaber also told the Energy Intelligence Forum that the oil market has clearly tightened, but he remained cautiously optimistic, adding that it was still important to keep a close eye on the new COVID-19 movement restrictions and their impact on economic recovery.

Fitch Ratings has affirmed Abu Dhabi Crude Oil Pipeline's (ADCOP) Long-Term Issuer Default Rating (IDR) at 'AA'. Fitch has also affirmed ADCOP's USD 837mln 3.65% series A bonds due 2029 and USD 2.2bn 4.6% series B bonds due 2047 at 'AA'. The Outlook is Stable.

Emirates boss Tim Clark expects a dynamic recovery in air travel demand to begin "sooner rather than later", he told an online forum on Wednesday, describing the industry's coronavirus crisis as a glitch from which the Gulf carrier can fully recover. Speaking at CAPA Live, the veteran airline leader dismissed predictions of a prolonged slump that punishes network carriers and transit hubs such as Emirates' Dubai base. "I'm not one of these people who believes in the 'new normal'," Clark said. "I believe demand will return in a very robust manner." "The pandemic is a glitch," Clark said of the aviation industry's worst crisis. "We've had many of those in the past - perhaps not as severe as this one for our industry - but nevertheless it's a glitch and we'll come through it." Emirates is closely watched for its deep order book for larger aircraft - whose values were already depressed going into the COVID-19 crisis. Analysts also predict that demand for wide-body or twin-aisle jets will be worst affected by the slump.

GCC/ MENA

Two of Saudi Arabia's biggest banks, Samba Financial Group and National Commercial Bank (NCB), are expected to complete the proposed merger process in the middle of next year. The two lenders signed on Sunday an agreement to proceed with the proposal to merge, creating a banking powerhouse in the Middle East with a net income of around USD 1.9bn and combined assets worth USD 223bn. According to a timeline

unveiled on Wednesday, the start of integration or completion of the deal is likely to happen during the second quarter of 2021.

Saudi's APICORP sells USD 250mln in tap of bonds due in June 2025 at 90 bps over mid-swaps – document.

Saudi's MedGulf signs health insurance contract with Saudi Electricity, contract value more than 5% of 2019 total gross written premium and contract period one year starting from Jan 2021.

Qatar's economy contracted by 6.1% in the second quarter from a year earlier, government statistics showed on Wednesday, as the coronavirus outbreak closed businesses and reduced activity. Real gross domestic product (GDP) also contracted by 6.4% in the second quarter compared to the first, based on constant prices, data from Qatar's Planning and Statistics Authority showed. Transportation and storage slumped nearly 40% YoY, accommodation and food service activities fell 38.7% and wholesale and retail trade and vehicle repair dropped just over 30%. The manufacturing sector fell 11.3%, the data showed.

Oman September CPI -1.22% YoY and -0.43% MoM.

Oman's Bank Muscat nine-month net profit OMR 113.2mln vs OMR 141.4mln year ago. Nine-month net interest income and income from islamic financing OMR 240.1mln vs OMR 238mln year ago.

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Egypt registered a primary budget surplus of EGP 100mln (USD 6.39mln) in the first quarter of its 2020-2021 financial year, the cabinet said in a statement on Wednesday citing the finance minister. Egypt also lengthened the maturity of its debt to 3.2 years as of June from 1.3 years in June 2013. It expects it to lengthen to 3.8 years as of June 2021, the finance minister added. The country's financial year runs from July-June.

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	41,396	5.95	8.15	3.82	11.24	0.78	6.4%	7.4	19.0	28.8	(15.9)
ADIB	15,254	4.20	5.85	3.19	9.18	0.82	6.5%	1.2	12.6	20.0	(14.9)
ADNIC	2,058	3.61	4.00	2.70	5.79	0.94	8.3%	(6.2)	14.6	7.8	16.5
ADNOC Dist	42,125	3.37	3.57	2.40	21.55	12.24	5.7%	1.2	15.4	24.0	38.7
Agthia	2,700	4.50	4.59	2.50	28.35	1.42	3.3%	44.7	56.8	60.0	28.4
Air Arabia	5,133	1.10	1.61	0.87	10.23	1.25	8.2%	(4.3)	(6.0)	4.8	(11.9)
Ajman Bank	1,439	0.69	0.94	0.50	38.92	0.58	0.0%	(4.7)	17.3	14.4	(25.1)
Al Waha Capital	1,964	1.01	1.05	0.62	NA	0.67	NA	6.9	44.3	27.8	(0.0)
Aldar Properties	16,040	2.04	2.37	1.35	9.20	0.66	7.1%	(1.0)	16.6	34.2	2.4
Amanat Holdings	1,985	0.79	0.92	0.56	77.77	0.79	2.8%	(5.1)	(12.8)	7.9	(7.8)
Amlak Finance	446	0.30	0.61	0.20	NA	0.69	0.0%	(9.7)	(11.1)	0.0	(48.5)
Aramex	6,442	4.40	4.45	2.00	15.05	2.56	3.8%	17.0	34.1	68.0	15.5
Bank of Sharjah	1,113	0.53	0.83	0.53	NA	0.36	0.0%	NA	(4.8)	(13.1)	(35.0)
DAMAC Properties	5,493	0.91	0.98	0.36	NA	0.40	NA	(5.9)	10.2	56.3	(2.4)
Dana Gas	4,946	0.71	0.98	0.53	NA	0.54	7.8%	(3.5)	7.0	18.2	(18.5)
Deyaar Development	1,635	0.28	0.41	0.18	30.96	0.36	0.0%	(3.7)	1.8	16.9	(28.0)
Dubai Financial Market	6,600	0.83	1.00	0.50	49.08	0.86	3.0%	(2.9)	3.3	18.0	(4.5)
Dubai Investment	4,847	1.14	1.39	0.98	9.52	0.41	NA	(4.2)	(0.9)	7.0	(5.3)
Dubai Islamic Bank	30,049	4.15	5.86	3.04	7.26	0.82	8.4%	(3.7)	7.0	19.9	(15.0)
DXB Entertainments	960	0.12	0.22	0.09	NA	0.47	0.0%	(8.4)	(1.6)	(9.1)	(43.7)
Emaar Dev	9,160	2.29	4.11	1.79	3.89	0.86	0.0%	1.8	9.0	8.0	(44.0)
Emaar Malls	18,871	1.45	1.96	0.98	12.57	1.01	0.0%	1.4	0.7	27.2	(24.1)
Emaar Properties	19,117	2.67	4.60	1.90	3.75	0.34	0.0%	(8.2)	1.9	5.5	(41.2)
Emirates Integrated Tele	24,206	5.34	6.35	4.33	17.44	2.93	6.4%	2.3	7.2	(2.8)	0.7
Emirates NBD	65,377	10.35	13.90	6.33	5.75	0.80	3.9%	(4.6)	20.1	17.6	(13.9)
Eshraq Investments	702	0.30	0.46	0.16	NA	0.51	NA	(20.9)	30.2	22.3	(22.6)
Etisalat	146,975	16.90	17.00	11.02	16.67	3.24	4.7%	2.3	1.6	12.7	8.3
First Abu Dhabi Bank	124,270	11.38	15.92	7.78	11.84	1.27	6.5%	0.0	3.6	(4.7)	(21.5)
GFH	2,069	0.58	0.93	0.45	0.33	0.61	5.9%	(7.5)	3.4	6.8	(30.7)
Gulf Navigation Holding	432	0.42	0.72	0.28	NA	0.80	0.0%	(10.7)	(12.6)	30.5	(41.0)
IHC	71,036	39.00	40.90	5.00	NM	15.14	NA	5.3	28.6	100.0	680.0
Julphar	1,721	1.49	1.54	0.54	NA	1.59	0.0%	17.3	14.6	162.9	39.1
Mashreqbank	11,140	62.75	86.80	62.00	8.08	0.52	6.4%	(6.2)	(6.2)	(7.7)	(16.3)
National Bank of Fujairah	9,536	4.98	4.98	4.98	NA	NA	1.9%	NA	NA	NA	3.3
Tabreed	6,219	2.29	2.39	1.67	12.49	1.29	4.6%	4.6	19.3	11.2	27.2
RAK Bank	5,950	3.55	5.00	3.33	7.04	0.80	8.5%	1.1	(1.4)	(2.7)	(15.8)
RAK Properties	770	0.39	0.47	0.33	6.90	0.20	10.4%	(2.3)	10.0	9.1	(7.0)
RAK Ceramics	1,381	1.39	1.81	1.24	15.64	0.62	10.3%	(0.7)	3.7	(4.1)	1.6
SALAMA	980	0.81	0.88	0.30	14.43	1.26	NA	5.2	57.9	99.1	43.0
Sharjah Islamic Bank	3,575	1.16	1.29	0.95	7.06	0.47	4.1%	(2.5)	2.7	11.5	3.8
SHUAA Capital	1,565	0.62	1.03	0.40	21.99	1.19	NA	(11.6)	19.1	24.9	(33.7)
Takaful Emarat Insurance	215	1.43	1.46	0.97	NA	1.78	5.8%	(0.7)	6.7	0.7	19.2
TAQA	163,030	1.45	1.65	0.40	NA	5.15	0.0%	3.6	42.2	116.7	126.6
Union Properties	1,274	0.30	0.39	0.15	4.42	0.42	0.0%	(1.0)	4.2	13.8	(7.2)
United Arab Bank	1,844	0.89	1.13	0.81	NA	NA	0.0%	NA	NA	(0.2)	(18.7)

(Source: Bloomberg)

^ current dividend yield based on last year dividend declaration

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