

## SHUAA Securities Morning Report

16 September 2020

### # Market Stats

Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	4,509	-0.1%	2.8%	5.7%	-11.1%
DFM	2,293	0.5%	6.4%	11.8%	-20.1%
TASI	8,322	0.8%	8.0%	14.6%	7.4%
BHSEASI	1,401	0.0%	6.9%	9.9%	-8.8%
EGX	11,028	-0.1%	0.8%	3.4%	-26.6%
Dow Jones	27,996	0.0%	0.2%	8.7%	2.9%
S&P 500	3,401	0.5%	0.8%	10.9%	13.1%
Nasdaq	11,190	1.2%	1.6%	15.1%	36.9%
FTSE 100	6,106	1.3%	0.3%	0.7%	-17.1%
DAX	13,218	0.2%	2.5%	11.0%	6.0%
CAC40	5,068	0.3%	2.1%	5.2%	-10.4%
Nikkei225	23,455	-0.4%	0.7%	8.9%	6.7%
HIS	24,733	0.4%	-1.8%	4.0%	-9.6%
US Futures	3,412	0.2%	0.9%	9.4%	13.5%
Europe Future	3,336	0.0%	0.9%	2.2%	-5.3%

### # UAE Trading Summary

AEDm	BUY	SELL	Net
<b>ADX</b>	<b>337</b>	<b>337</b>	<b>-</b>
Local	66%	72%	-6%
Foreign	34%	28%	6%
Institution	76%	76%	0%
Retail	24%	24%	0%
<b>DFM</b>	<b>300</b>	<b>300</b>	<b>-</b>
Local	44%	49%	-4%
Foreign	56%	51%	4%
Institution	34%	41%	-6%
Retail	66%	59%	6%
<b>Total</b>	<b>637</b>	<b>637</b>	<b>-</b>
Local	56%	61%	-5%
Foreign	44%	39%	5%

### # Upcoming Corporate Actions & Events

Date	Company	Event
16-Sep	AMAN	BoD/General
17-Sep	DU	BoD/General
20-Sep	ADCB	BoD/General
21-Sep		FTSE Rebalancing Effective Date
23-Sep	GFH	General Assembly
23-Sep	MASQ	BoD/General
24-Sep	ARTC	General Assembly
28-Sep	IHC	General Assembly
29-Sep	NCTH	BoD/General

## # KEY STORIES

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UAE on September 15 reported 674 new cases of the Covid-19, along with 654 recoveries. Total cases in the country at 80,940 with 70,635 recoveries and 401 deaths

UAE and Bahrain signs historic peace accord with Israel at White House

DU will get AED 800mln from selling its 26pct stake in Khazna Data Centre to Abu Dhabi's Technology Holding Company, bagging net profit estimated at AED 521mln

United Development Company announces its potential intent to purchase the shares of National Central Cooling Company and Tabreed Energy Investment Company in Qatar District Cooling Company

ADNOC Distribution joins key UAE suppliers qualified to provide nuclear quality products for Barakah Nuclear Energy Plant

International Holding Company's subsidiary (Multiply Marketing Consultancy) in the UAE has acquired a stake in an American advertising firm Yieldmo. It was not immediately clear how much stake IHC's company has acquired in the American firm.

Dubai's August CPI drop 0.32% MoM and 3.69% YoY

Bank Leumi of Israel had signed memorandums of understanding with First Abu Dhabi Bank and Emirates NBD to help strengthen bilateral relations

Al Madina for Finance and Investment disclosed that Kuwait's CMA approves company's request to sell its shares balanced 9.5mln shares for period of six months

Emirates Islamic Bank hires banks for 5-yr dollar sukuk - document

Sberbank obtains approval from regulator in Russia and from Abu Dhabi Global Market to open office in Abu Dhabi

Saudi August CPI +6.2% YoY and +0.2% MoM

Saudi Telecom has asked banks to pitch for roles in a potential public offering of its products and services development arm, three sources familiar with the matter told Reuters

Saudi's Fitaihi Holding Group completes selling 4.83% stake in Capital of Al-Jouf Agricultural Development and recognises SAR 29.95mln exceptional capital gains from it

Kuwait's Boubyan Petrochemical received an amount equivalent of KWD 6.97mln as final portion of BPC's share of total dividends declared by Equate & TKOC

Egypt's Maridive & Oil Services posted H1 consolidated net loss after tax USD 18mln vs loss of USD 3.6mln year ago. H1 revenue USD 24mln vs USD 35.9mln year ago

## # Key Global Trends/ Market Clues

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Most Asian shares rose on Wednesday, extending a rally driven by upbeat Chinese and U.S. economic data, but the dollar, U.S. yields and gold held steady as investors awaited the Federal Reserve's view on the economy at its policy meeting. Following robust industrial output and retail sales data from China and higher U.S. factory production investors are focusing on the Fed's policy statement due Wednesday, the first since Chair Jerome Powell announced an increased tolerance for higher inflation. The Fed is due to announce its decision at 1800 GMT Wednesday, followed by a news conference from Powell. MSCI's broadest index of Asia-Pacific shares outside Japan was 0.5% higher. Australian shares gained 0.74% and Taiwan's tech-heavy board added 1.16%. However, Chinese blue-chips pulled back 0.1% as investors booked profits after three days of gains. Investors also await Japan's parliamentary approval of Yoshihide Suga as the country's next prime minister on Wednesday. Suga will then form a new cabinet. Japan's Nikkei erased early losses and was last up 0.14%.

Oil prices rose on Wednesday, extending gains from the previous session, as a hurricane disrupted U.S. offshore oil and gas production and an industry report showed a big drop in U.S. crude stockpiles. Brent crude was trading up 15 cents, or 0.4%, at USD 40.68 a barrel by 0055 GMT, while U.S. crude gained 18 cents, or 0.5%, to USD 38.46 a barrel. Both contracts rose by more than 2% on Tuesday. More than 25% of U.S. offshore oil and gas output was shut and export ports were closed on Tuesday as Hurricane Sally sat just off the U.S. Gulf Coast.

The International Energy Agency (IEA) trimmed its 2020 oil demand forecast on Tuesday, citing caution about the pace of economic recovery from the pandemic. The Paris-based IEA cut its 2020 outlook by 200,000 barrels per day (bpd) to 91.7mln bpd in its second downgrade in as many months. "We expect the recovery in oil demand to decelerate markedly in the second half of 2020, with most of the easy gains already achieved," the IEA said in its monthly report. "The economic slowdown will take months to reverse completely ... in addition, there is the potential that a second wave of the virus (already visible in Europe) could cut mobility once again."

## # UAE Stories

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The United Arab Emirates (UAE) on Tuesday announced 674 new COVID-19 cases, bringing the total confirmed cases in the country to 80,940. At the same time, 654 more patients have recovered from the virus, taking the tally of recoveries in the UAE to 70,635, UAE's Ministry of Health and Prevention said. It has reported 2 deaths from COVID-19 during the past 24 hours. The nationwide death toll stands at 399.

UAE and Bahrain signs historic peace accord with Israel at White House. H.H. Sheikh Abdullah bin Zayed Al Nahyan, Minister of Foreign Affairs and International Cooperation signed a peace accord with Israeli's Prime Minister, Benjamin Netanyahu, on behalf of UAE President His Highness Sheikh Khalifa bin Zayed Al Nahyan.

DU will get AED 800mln from selling its 26pct stake in Khazna Data Centre to Abu Dhabi's Technology Holding Company. Net revenue from the deal could be about AED 521mln. It was last week that the DU management confirmed there were moves to divest its Khazna stake. Once the transaction is complete, Technology Holding will own 100pct in Khazna. "The transaction is in line with the company strategy of pursuing data centre development through either full ownership or commercial partnerships and will allow it to accelerate growth in this area," du said in a statement. The 26pct in Khazna was held as an "indirect stake", which incorporates DU's publicity to shareholder loans. "The transaction will result in a cash inflow of AED 800mln and a net profit estimated at AED 521mln," the statement added. These are to be reflected in the telecom operator's third-quarter financials, provided the deal goes through before 30th September.

United Development Company (UDC) announces its potential intent to purchase the shares of National Central Cooling Company and Tabreed Energy Investment Company in Qatar District Cooling Company (Qatar Cool).

ADNOC Distribution joins key UAE suppliers qualified to provide nuclear quality products for Barakah Nuclear Energy Plant. ADNOC Distribution joins 73 local companies that ENEC's Business and Industrial Development Team and the Nawah Quality Assurance team have qualified to supply high-quality products for the Barakah plant. These products include lubricating oil, engine coolant and anti-rust, grease, and fuels, which will be used across a range of applications including the lubrication and fuelling of engines and various industrial

equipment. ADNOC Distribution is the first company in the UAE to supply petroleum products for the Barakah Plant.

A subsidiary of International Holding Company (IHC) in the UAE has acquired a stake in an American advertising firm Yieldmo. Multiply Marketing Consultancy, which is fully-owned by Abu Dhabi-listed IHC, said the investment will open the door to collaboration to enhance its services, which include branding, marketing strategies, advertising, social media and market research. It was not immediately clear how much stake IHC's company has acquired in the American firm.

Dubai's August CPI drop 0.32% MoM and 3.69% YoY.

Bank Leumi became the second Israeli lender after Hapoalim to have signed agreements with UAE banking giants to expand their presence in the second biggest economy of the region. Israel's second-biggest bank said on Tuesday that it had signed memorandums of understanding (MoUs) with First Abu Dhabi Bank (FAB) and Emirates NBD to help strengthen bilateral relations between the UAE and Israel. Israel's biggest bank Hapoalim signed MoU with Emirates NDB on Monday.

Al Madina for Finance and Investment disclosed that Kuwait's CMA approves company's request to sell its shares balanced 9.5mln shares for period of six months.

Emirates Islamic Bank hires banks for 5-yr dollar sukuk. Emirates Islamic hires bank ABC, CITI, Dubai Islamic Bank, Emirates NBD Capital, HSBC, the Islamic Corporation for the Development of the private sector and Standard Chartered.

Sberbank has received regulatory approval in Russia and in-principle approval from Abu Dhabi Global Market to open an office in the United Arab Emirates. Before the end of the year, Sberinvest Middle East Limited expects to obtain its final authorisation from the Financial Services Regulatory Authority, the ADGM regulator and open an office in Abu Dhabi. The primary objective of Sberbank's subsidiary in Abu Dhabi is to become a key partner in investment deals between Russian and Middle Eastern investors.

## # GCC/ MENA

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Saudi August CPI +6.2% YoY and +0.2% MoM.

Saudi Telecom has asked banks to pitch for roles in a potential public offering of its products and services development arm, three sources familiar with the matter told Reuters. STC, Saudi Arabia's largest telecoms operator, sent a request for proposals to international and local banks last week for STC Solutions (STCS), said the sources, who declined to be identified as the matter is not public. The company's valuation could be around SAR 9bln, if it garners 18-20 times its earnings multiples, one of the sources said. The IPO size could be around USD 500mln if the company sells 20%, the source said.

Saudi's Fitaihi Holding Group completes selling 4.83% stake in Capital of Al-Jouf Agricultural Development and recognises SAR 29.95mln exceptional capital gains from it.

Kuwait's Boubyan Petrochemical received an amount equivalent of KWD 6.97mln as final portion of BPC's share of total dividends declared by Equate & TKOC.

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## # 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	38,405	5.52	8.43	3.82	10.43	0.72	6.9%	8.2	11.5	22.9	(29.8)
ADIB	15,363	4.23	5.85	3.19	9.25	0.83	6.5%	13.7	14.9	17.1	(9.5)
ADNIC	2,195	3.85	4.00	2.70	6.18	1.00	7.8%	11.6	28.3	4.1	30.5
ADNOC Dist	42,500	3.40	3.50	2.40	21.74	12.34	5.6%	6.9	15.6	31.2	37.0
Agthia	1,920	3.20	3.70	2.50	20.16	1.01	4.7%	15.5	18.5	14.2	(3.8)
Air Arabia	5,413	1.16	1.61	0.87	10.79	1.32	7.8%	0.9	4.5	17.0	2.7
Ajman Bank	1,472	0.70	0.94	0.50	39.83	0.59	0.0%	7.8	16.8	29.3	(23.3)
Al Waha Capital	1,838	0.95	1.04	0.62	NA	0.62	NA	(5.0)	37.0	5.1	(8.3)
Aldar Properties	16,197	2.06	2.37	1.35	9.29	0.66	7.0%	12.6	24.1	39.4	3.4
Amanat Holdings	2,078	0.83	0.95	0.56	81.39	0.83	2.6%	(6.5)	3.0	25.6	(4.5)
Amlak Finance	500	0.33	0.64	0.20	NA	0.77	0.0%	0.0	(5.4)	37.0	6.1
Arabtec	915	0.61	2.05	0.44	NA	NM	0.0%	(36.8)	1.2	9.9	(63.7)
Aramex	5,534	3.78	4.10	2.00	12.93	2.20	4.4%	0.8	18.2	65.4	(2.7)
Bank of Sharjah	1,113	0.53	0.85	0.53	NA	0.36	0.0%	NA	(13.8)	(28.4)	(37.1)
DAMAC Properties	5,699	0.94	0.98	0.36	NA	0.42	NA	13.4	38.3	113.6	2.1
Dana Gas	5,114	0.73	0.98	0.53	NA	0.56	7.5%	4.4	13.9	22.7	(18.8)
Deyaar Development	1,716	0.30	0.43	0.18	32.49	0.38	0.0%	4.2	(2.3)	39.4	(6.0)
Dubai Financial Market	6,784	0.85	1.00	0.50	50.45	0.89	2.9%	1.2	6.0	43.2	1.3
Dubai Investment	5,102	1.20	1.39	0.98	10.02	0.43	NA	3.4	4.3	17.7	(0.4)
Dubai Islamic Bank	31,208	4.31	5.86	3.04	7.54	0.85	8.1%	10.8	12.2	5.3	(11.9)
DXB Entertainments	1,064	0.13	0.23	0.09	NA	0.52	0.0%	9.9	(9.5)	18.8	(38.4)
Emaar Dev	9,160	2.29	4.23	1.79	3.89	0.86	0.0%	4.6	6.0	(17.6)	(45.0)
Emaar Malls	19,261	1.48	1.96	0.98	12.83	1.03	0.0%	5.7	15.6	13.8	(23.3)
Emaar Properties	20,978	2.93	4.94	1.90	4.12	0.38	0.0%	5.4	6.9	19.6	(38.8)
Emirates Integrated Tele	24,070	5.31	6.35	4.33	17.34	2.91	6.4%	3.3	7.8	14.3	0.6
Emirates NBD	68,535	10.85	13.90	6.33	6.03	0.84	3.7%	11.3	23.4	45.5	(11.5)
Eshraq Investments	942	0.41	0.46	0.16	NA	0.68	NA	(6.0)	73.1	79.2	(4.0)
Etisalat	143,670	16.52	17.00	11.02	16.30	3.17	4.8%	(0.6)	0.4	32.2	3.4
First Abu Dhabi Bank	123,396	11.30	15.92	7.78	11.75	1.26	6.5%	2.0	1.1	7.6	(22.8)
GFH	2,258	0.63	0.93	0.45	0.36	0.66	5.4%	6.5	12.4	8.8	(26.6)
Gulf Navigation Holding	489	0.48	0.82	0.28	NA	0.91	0.0%	(2.2)	20.3	33.3	(40.0)
IHC	68,486	37.60	38.00	4.13	NM	14.60	NA	3.9	19.9	178.5	708.6
Julphar	1,467	1.27	1.54	0.54	NA	1.36	0.0%	5.8	7.0	69.0	18.6
Mashreqbank	11,877	66.90	86.80	62.00	8.61	0.56	6.0%	(1.6)	(0.0)	(7.1)	(9.6)
National Bank of Fujairah	9,536	4.98	4.98	4.98	NA	NA	1.9%	NA	NA	3.3	3.3
Tabreed	5,920	2.18	2.31	1.58	11.89	1.23	4.8%	9.5	11.8	14.7	28.2
RAK Bank	6,000	3.58	5.00	3.33	7.10	0.80	8.4%	1.7	5.0	(14.2)	(12.2)
RAK Properties	790	0.40	0.48	0.33	7.08	0.21	10.1%	2.3	13.8	9.1	(5.4)
RAK Ceramics	1,361	1.37	1.81	1.24	15.41	0.61	10.4%	9.6	0.7	(0.5)	1.4
SALAMA	944	0.78	0.82	0.30	13.90	1.22	NA	25.4	55.4	123.3	22.2
Sharjah Islamic Bank	3,636	1.18	1.29	0.95	7.18	0.48	4.0%	2.6	9.3	16.8	8.3
SHUAA Capital	1,788	0.71	1.03	0.40	25.12	1.36	NA	10.2	28.2	38.0	(29.4)
Takaful Emarat Insurance	216	1.44	1.46	0.97	NA	1.79	5.7%	(1.4)	5.1	(0.7)	9.9
TAQA	151,786	1.35	1.65	0.40	NA	4.80	0.0%	1.5	111.9	132.8	78.8
Union Properties	1,313	0.31	0.39	0.15	NA	0.52	0.0%	(7.3)	(15.2)	61.1	(3.5)
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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