

## SHUAA Securities Morning Report

26 July 2020

### # Market Stats

Indices	Close	Change	1M Change	3M Change	1Y Change
ADX	4,261	0.0%	-1.4%	4.9%	-20.3%
DFM	2,053	-0.6%	-3.2%	8.5%	-27.5%
TASI	7,427	0.0%	2.2%	12.4%	-15.6%
BHSEASI	1,285	-0.6%	0.3%	-1.8%	-15.6%
EGX	10,460	-0.9%	-2.6%	6.7%	-23.6%
Dow Jones	26,470	-0.7%	4.0%	11.3%	-2.9%
S&P 500	3,216	-0.6%	5.4%	13.4%	6.5%
Nasdaq	10,363	-0.9%	4.6%	20.0%	24.5%
FTSE 100	6,124	-1.4%	0.0%	6.5%	-18.4%
DAX	12,838	-2.0%	6.2%	24.2%	2.5%
CAC40	4,956	-1.5%	1.7%	12.8%	-11.6%
Nikkei225	22,752	-0.6%	1.4%	18.9%	6.2%
HIS	24,705	-2.2%	-0.3%	3.7%	-13.4%

### # UAE Trading Summary

AEDm	BUY	SELL	Net
<b>ADX</b>	<b>100</b>	<b>100</b>	<b>-</b>
Local	67%	51%	16%
Foreign	33%	49%	-16%
Institutional	70%	58%	11%
Retail	30%	42%	-11%
<b>DFM</b>	<b>150</b>	<b>150</b>	<b>-</b>
Local	48%	35%	13%
Foreign	52%	65%	-13%
Institutional	33%	63%	-29%
Retail	67%	37%	29%
<b>Total</b>	<b>250</b>	<b>250</b>	<b>-</b>
Local	55%	42%	14%
Foreign	45%	58%	-14%

### # Upcoming Corporate Actions & Events

Date	Company	Event
26-Jul	CBI	BoD/Results
26-Jul	CBD	BoD/Results
27-Jul	DFM	BoD/Results
27-Jul	UAB	BoD/Results
27-Jul	BOS	BoD/Results
28-Jul	FAB	BoD/Results
28-Jul	AJMAN BANK	BoD/Results
28-Jul	AGTHIA	BoD/Results
29-Jul	ADCB	BoD/Results
05-Aug	BOS	AGM
06-Aug	KHCB	BoD/Results
12-Aug	SALAM BAH	BoD/Results
13-Aug	ITHMAAR	BoD/Results
13-Aug	GFH	BoD/Results
26-Aug	SALAMA	AGM

## # KEY STORIES

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UAE reported 313 new cases of COVID-19 on July 25, 2020, pushing the total cases in the country up to 58,562. It has recorded no Covid-19 deaths in 24 hours for the third time this month. The health ministry has also revealed recovery of 393 patients, taking to 51,628 the total number of patients

Dana Gas appoints Houlihan Lokey as the company's financial adviser in relation to its Nile Delta Sukuk. Nile delta sukuk currently has USD 379.6mln outstanding and matures on 31st October 2020

Tabreed posted Q2 net profit attributable AED 142.1mln vs AED 119.3mln year ago. Q2 revenue AED 415.7mln vs AED 375.2mln year ago

Oman Insurance posted Q2 profit attributable AED 53mln vs AED 48.5mln year ago. Q2 gross premiums AED 1.04bln vs AED 970.7mln year ago

Abu Dhabi Aviation posted H1 net profit AED 47.8mln vs AED 139.4mln year ago. H1 turnover AED 895.7mln versus AED 974.1mln year ago

BH Mubasher Financial Services currently in process of exploring an opportunity to acquire or merge with a UAE investment company

NMC Health is looking to raise up to USD 250mln in debt while it prepares for insolvency proceedings in UAE and has picked Perella Weinberg Partners to advise it on the process, sources said. The company has also tasked Perella to advise it on the sale of UK-based Aspen Healthcare, a company it acquired in 2018, the two sources familiar with the matter said

The assets of NMC Health founder BR Shetty have been frozen by a Dubai court at the request of a Dutch bank

Dubai logistics company Tristar has approached investment banks as it looks at a potential initial public offering in Dubai, two sources told Reuters, after a plan for a London listing did not proceed last year

Saudi citizens can now enter the Kingdom by land from Bahrain, Kuwait and the UAE without obtaining prior authorization

Saudi's Al Rajhi Bank posted Q2 net profit SAR 2,436mln vs SAR 2,534mln year ago. Q2 total revenue for special commissions/investments SAR 4,082mln vs SAR 4,183mln year ago

Saudi's Riyadh Bank posted Q2 net profit SAR 1,063mln vs SAR 1,500mln year ago. Q2 total revenue for special commissions/investments SAR 2,534mln vs SAR 2,606mln year ago

Saudi Investment Bank posted quarterly net profit SAR 262.3mln vs loss SAR 284.7mln year ago. Quarterly total revenue from special commissions/financing & investments SAR 865.9mln vs SAR 974.6mln year ago

Saudi's Sipchem posted Q2 net loss after zakat and tax SAR 99mln vs profit of SAR 210.9mln year ago. Q2 sales SAR 950.2mln vs SAR 1,409.4mln year ago

Kuwait to shorten curfew, allow hotels and mosques to restart

Jordan's Arab Bank Group reported a 66%YoY drop in first-half net profit to USD 152.1 mln, saying its revenues were hit by the impact of the COVID-19 pandemic on the regional and global economies

#### # Key Global Trends/ Market Clues

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Shares worldwide skidded further on Friday as a pickup in U.S. and European business activity did little to ease jitters about rising U.S.-China tensions, while gold broke above USD 1,900 an ounce on its march toward a record high. In a tit-for-tat move, Beijing ordered Washington to close the U.S. consulate in Chengdu in retaliation for China being told earlier this week to shut its consulate in Houston. Data showing business activity in the euro zone returned to growth failed to cheer investors. German manufacturing avoided contraction for the first time in 19 months in July with a notable upturn in sales abroad. U.S. data also failed to impress. U.S. business activity rose to a six-month high in July, but companies reported a drop in new orders as a resurgence in new COVID-19 cases across the country weighed on demand. Technology stocks such as led losses in Europe, while Germany's export-heavy DAX index slumped 2%. A 16.2% slide in Intel Corp shares after the company said it was six months behind schedule in developing a next-generation, power-efficient chip led U.S. stocks lower.

Oil prices rose on Friday, lifted by some supportive economic data, but tensions between the United States and China limited gains. Brent crude futures rose 3 cents to settle at USD 43.34 a barrel. U.S. West Texas Intermediate crude futures rose 22 cents to settle at USD 41.29 a barrel. For the week, Brent rose 0.5%, while U.S. crude rose 1.7%.

#### # UAE Stories

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Abu Dhabi Aviation posted H1 net profit AED 47.8mln vs AED 139.4mln year ago. H1 turnover AED 895.7mln versus AED974.1mln year ago. Covid-19 and low oil prices during current period had a negative impact on the group. Out of ADA Group, two companies that were materially affected by current environment are RJ and ADA Training Center. Both companies have taken various measures to reduce their cost including salary reductions.

BH Mubasher Financial Services currently in process of exploring an opportunity to acquire or merge with a UAE investment company.

NMC Health is looking to raise up to USD 250mln in debt while it prepares for insolvency proceedings in the United Arab Emirates and has picked Perella Weinberg Partners to advise it on the process, sources said. The company, run by administrators Alvarez & Marsal, has also tasked Perella to advise it on the sale of UK-based Aspen Healthcare, a company it acquired in 2018, the two sources familiar with the matter said. The USD 250 mln loan, referred to as debtor-in-possession financing, would help sustain operations and cover advisers' fees while the company navigates insolvency proceedings, the sources said. The sources said the financing would likely be provided by UAE banks that have large exposure to the company, as supporting the business would improve their chances of recovering part of its outstanding debt. Some NMC Health existing bank debt was being offered to distressed debt buyers at 10-20 cents on the dollar this week, one of the sources said, while its U.S. dollar-denominated bonds due in 2023 were offered around 15 cents on the dollar, according to Refinitiv data.

The assets of NMC Health founder BR Shetty have been frozen by a Dubai court at the request of a Dutch bank. The worldwide freezing order was brought by Credit Europe Bank's Dubai business against Mr Shetty and NMC over the non-payment of USD 8.4mln in outstanding debt. The bank said about USD 25mln in security cheques issued by Mr Shetty bounced.

Dubai logistics company Tristar has approached investment banks as it looks at a potential initial public offering in Dubai, two sources told Reuters, after a plan for a London listing did not proceed last year. The company contacted local and regional banks to bid for joint bookrunner roles for the listing on the Dubai Financial Market, the sources familiar with the matter said. They declined to be identified as the deal is not public. Tristar last year was seeking to raise USD 250mln in a London listing, and hired Moelis & Co as a financial adviser for the sale, sources told Reuters at the time. The deal did not gain momentum because of a tepid response from international investors, one of the sources said. The company and its adviser Moelis are now pinning hopes on local investors in the United Arab Emirates to help secure the IPO, the source said. The company is a liquid logistics provider catering to the needs of the petroleum and chemical industries. It is co-owned by Kuwait's Agility, Kuwait's Gulf Investment Corporation (GIC) and Tristar's chief executive and founder Eugene Mayne.

## # GCC/ MENA

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Saudi citizens, their immediate family members and their domestic staff can now enter the Kingdom by land from Bahrain, Kuwait and the UAE without obtaining prior authorization, a report said.

Saudi's Al Rajhi Bank posted Q2 net profit SAR 2,436mln vs SAR 2,534mln year ago. Q2 total revenue for special commissions/investments SAR 4,082mln vs SAR 4,183mln year ago. Quarter saw increase in credit impairment charge from SAR 386mln to SAR 458mln. Customer deposits stand at SAR 334.67bln riyals, up 11.3% YoY while loan and advances stand at SAR 274.93bln, up 15.3% YoY.

Saudi's Riyad Bank posted Q2 net profit SAR 1,063mln vs SAR 1,500mln year ago. Q2 total revenue for special commissions/investments SAR 2,534mln vs SAR 2,606mln year ago. Impairment charge for credit losses and other financial assets, net for Q2 was SAR 612mln and SAR 920 million respectively.

Saudi Investment Bank posted quarterly net profit SAR 262.3mln vs loss SAR 284.7mln year ago. Quarterly total revenue from special commissions/financing & investments SAR 865.9mln vs SAR 974.6mln year ago.

Saudi's Sipchem posted Q2 net loss after zakat and tax SAR 99mln vs profit of SAR 210.9mln year ago. Q2 sales SAR 950.2mln vs SAR 1,409.4mln year ago. Q2 saw lower sales volumes for acetic acid, vinyl acetate monomer, ethyl acetate and carbon monoxide. Group is having continued supply of essential feedstocks to meet expected demand of its products and Sipchem business operations currently remain largely unaffected from Covid-19 challenges.

Kuwait's partial curfew will be reduced to six hours, from 9pm to 3am as of Tuesday, a top official said on Thursday. The move is part of the government's phase 3 of its efforts to ease coronavirus-related restrictions and reopen the economy. In the third phase, government and private sector employees will resume work at the capacity of 50pct of staff. Hotels, resorts and hotel apartments will also reopen.

Jordan's Arab Bank Group reported a 66%YoY drop in first-half net profit to USD 152.1mln, saying its revenues were hit by the impact of the COVID-19 pandemic on the regional and global economies. The bank also said on Saturday that total loans rose 2% to USD 26.7bln as of the end of June, while deposits climbed 5% to USD 35.9bln. Group equity stood at USD 9.2bln, it said.

## # 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	35,483	5.10	9.09	3.82	9.60	0.73	7.5%	0.0	15.4	(31.7)	(39.9)
ADIB	13,184	3.63	5.85	3.19	6.71	0.73	7.5%	(4.2)	8.7	(32.4)	(19.8)
ADNIC	1,796	3.15	3.70	2.60	5.06	0.88	9.5%	NA	(1.9)	5.0	14.5
ADNOC Dist	38,500	3.08	3.20	2.40	18.88	13.45	6.2%	4.4	12.0	1.4	20.0
Agthia	1,710	2.85	3.70	2.50	13.82	0.86	5.3%	4.0	0.0	(11.8)	(13.8)
Air Arabia	5,227	1.12	1.61	0.87	5.55	1.25	8.0%	(7.4)	4.7	(23.3)	9.9
Ajman Bank	1,239	0.59	0.98	0.50	15.13	0.49	0.0%	(0.0)	1.7	(33.3)	(37.3)
Al Waha Capital	1,614	0.83	1.08	0.62	NA	0.54	NA	25.8	7.8	(8.9)	(20.2)
Aldar Properties	13,209	1.68	2.37	1.35	7.63	0.55	8.6%	(6.1)	6.3	(17.2)	(22.4)
Amanat Holdings	2,163	0.87	1.00	0.56	36.03	0.84	2.5%	(1.5)	27.3	13.7	(11.1)
Amlak Finance	480	0.32	0.64	0.20	NA	0.67	0.0%	(2.1)	0.9	(29.4)	(5.3)
Arabtec	1,355	0.90	2.05	0.44	NA	1.72	0.0%	43.3	57.9	(20.1)	(49.3)
Aramex	4,978	3.40	4.47	2.00	10.89	1.86	4.9%	1.4	26.6	(2.4)	(17.7)
Bank of Sharjah	1,113	0.53	1.00	0.53	NA	0.36	0.0%	(13.8)	(11.7)	(35.0)	(44.3)
DAMAC Properties	4,961	0.82	1.05	0.36	NA	0.36	NA	19.4	43.6	15.5	(16.7)
Dana Gas	4,974	0.71	1.10	0.53	8.60	0.51	7.7%	9.2	8.2	(17.8)	(29.3)
Deyaar Development	1,577	0.27	0.43	0.18	22.43	0.35	0.0%	(7.5)	(4.9)	(25.8)	(19.5)
Dubai FiNAcial Market	6,320	0.79	1.00	0.50	49.65	0.83	3.2%	(3.7)	17.9	(11.8)	(1.7)
Dubai Investment	4,890	1.15	1.43	0.98	7.44	0.41	NA	(2.5)	10.8	(8.7)	(10.1)
Dubai Islamic Bank	27,515	3.80	5.86	3.04	6.65	0.75	9.2%	(3.8)	13.1	(29.2)	(20.8)
DXB Entertainments	952	0.12	0.24	0.09	NA	0.33	0.0%	(19.6)	(23.7)	(37.4)	(46.4)
Emaar Dev	8,360	2.09	4.91	1.79	3.10	0.87	0.0%	(3.7)	(2.8)	(45.6)	(55.1)
Emaar Malls	18,220	1.40	2.17	0.98	7.97	0.99	0.0%	(3.4)	17.6	(23.5)	(33.3)
Emaar Properties	18,615	2.60	5.53	1.90	3.00	0.34	0.0%	(8.5)	6.1	(36.6)	(50.3)
Emirates Integrated Tele	23,254	5.13	6.35	4.33	16.75	2.81	6.6%	0.2	(5.5)	(8.1)	(1.1)
Emirates NBD	56,155	8.89	13.93	6.33	4.94	0.69	4.5%	(2.3)	9.8	(32.3)	(16.9)
Eshraq Investments	653	0.28	0.45	0.16	NA	0.46	NA	19.1	13.3	(11.4)	(36.1)
Etisalat	147,497	16.96	17.80	11.02	16.73	3.25	4.7%	0.7	13.5	7.2	2.0
First Abu Dhabi Bank	115,970	10.62	16.08	7.78	10.28	1.24	7.0%	(5.7)	(5.2)	(29.4)	(30.3)
GFH	2,042	0.57	0.97	0.45	6.49	0.51	6.0%	(2.1)	9.8	(26.5)	(35.0)
Gulf Navigation Holding	505	0.50	0.84	0.28	NA	0.85	0.0%	14.6	44.7	6.2	(38.0)
IHC	58,541	32.14	34.60	2.06	NM	15.00	NA	8.6	46.1	206.1	1,423.2
Julphar	1,386	1.20	1.54	0.54	NA	2.45	0.0%	(4.0)	111.7	37.6	(14.9)
Mashreqbank	11,877	66.90	86.80	62.00	8.61	0.56	6.0%	NA	6.2	(5.0)	(10.8)
National Bank of Fujairah	9,536	4.98	4.98	3.75	NA	NA	1.9%	NA	NA	3.3	7.8
Tabreed	5,322	1.96	2.22	1.58	11.20	1.13	5.4%	2.6	(8.0)	(1.0)	9.5
RAK Bank	5,900	3.52	5.00	3.33	6.03	0.83	8.5%	(2.2)	(2.5)	(22.5)	(18.3)
RAK Properties	730	0.37	0.48	0.33	6.71	0.19	11.0%	1.4	5.2	(11.6)	(13.7)
RAK Ceramics	1,312	1.32	1.81	1.24	8.14	0.58	10.8%	(2.2)	(2.2)	(8.7)	(4.7)
SALAMA	630	0.52	0.71	0.30	10.22	0.79	NA	0.6	25.4	0.4	(19.5)
Sharjah Islamic Bank	3,451	1.12	1.29	0.95	6.82	0.46	4.3%	2.8	6.7	(4.4)	7.3
SHUAA Capital	1,372	0.54	1.05	0.40	901.67	0.94	NA	(2.3)	17.6	(36.3)	(46.4)
Takaful Emarat Insurance	219	1.46	1.46	0.97	NA	1.82	5.7%	6.6	3.5	16.8	0.7
TAQA	119,180	1.06	1.09	0.40	NA	3.48	0.0%	60.6	68.3	121.3	38.7
Union Properties	1,210	0.28	0.39	0.15	NA	0.45	0.0%	(10.2)	(8.4)	34.9	(23.0)
United Arab Bank	1,844	0.89	1.25	0.81	NA	0.85	0.0%	-	(0.2)	(0.3)	(27.9)

(Source: Bloomberg)

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

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