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MENA INTELLIGENCE
A MARKAZ Subsidiary

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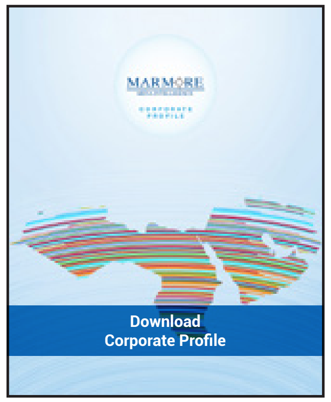
GCC Listed Companies with high cash holding – what can one learn?

Research Highlights:

Analysing companies in GCC with high cash holdings and comparing them with their sectoral averages.

Further examining key sources of cash inflows/outflows and assessing relation between holding high cash and shareholders return.

About Marmore



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Chapter 1

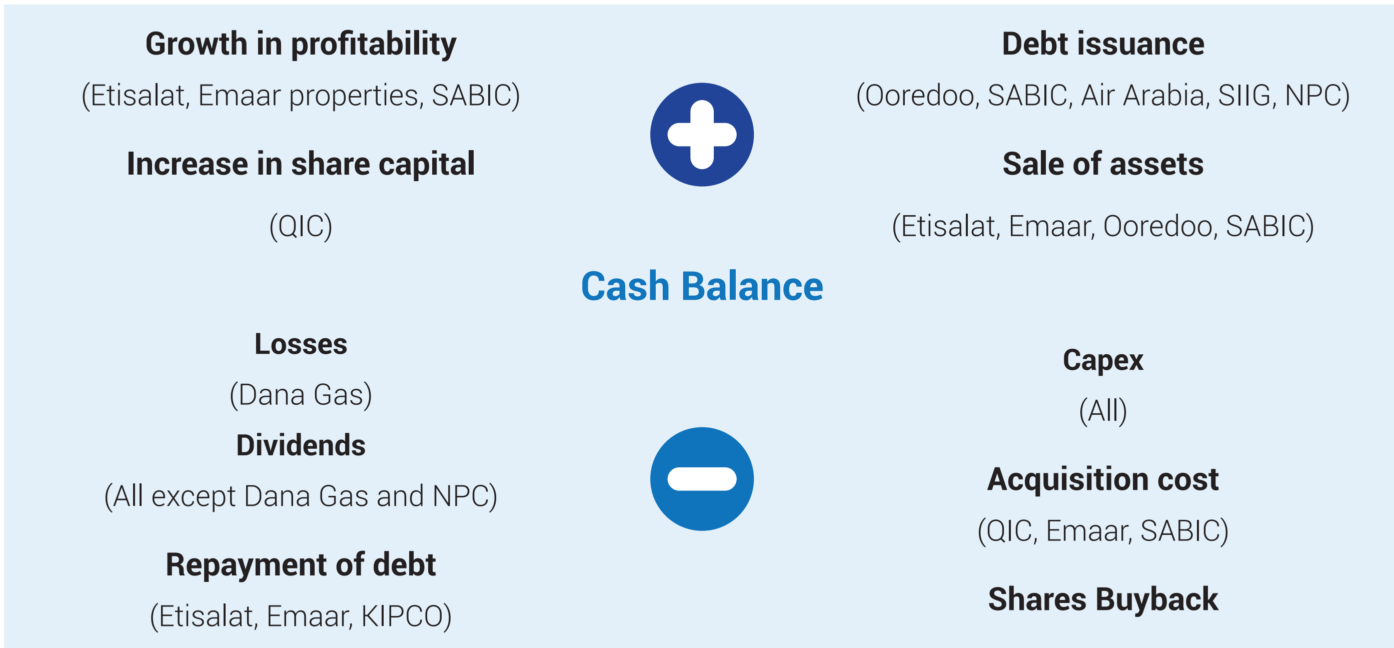
Executive Summary

Investors look at various parameters to understand and evaluate a company's attractiveness. One such item in the balance sheet is the level of cash that a company holds. If the cash balance has been consistently growing it might be a good indicator that the company is performing well and is therefore able to accumulate cash reserves on its balance sheet. However, it is essential to determine the cause behind growth in cash flow and reason for holding high cash balance before concluding whether it is good or bad for the company and its shareholders.

During uptrend in economic conditions, companies may often deplete its cash reserves in order to expand rapidly. However, this may leave organization with little cash to deal with economic downturn and may force them to resort to cost cutting measures or borrowings. Cash rich companies in this regard can utilize its cash reserves to cover its expenses and fall in revenues during economic slowdown and be cash ready when economic conditions improve.

Growth in profitability, share capital issuance, increase in debt and sales of assets are some of the key reasons for surge in cash holdings, whereas business losses, capital expenditure, dividend payments, repayment of debt, acquisitions and shares buyback could reduce the cash holdings for a company. In our coveted list, capital expenditure was the primary source of cash outflows, followed by consistent dividends payment. In contrast, growth in profitability, debt issuance and sale of assets were the leading sources of cash inflows for the companies in the coveted list.

Breakup of key sources of change in cash flow (2014- H1'19)



Source: Marmore research | Note: Dana gas only paid dividend for FY 2017 | KIPCO is a holding company therefore investments in associates and subsidiaries are considered as part of capex

The level of cash balance varies across sectors and therefore the sector in which a company operates in must also be taken into consideration while evaluating whether the company is maintaining adequate level of cash reserves. Sectors such as oil and gas, industrials, telecom require high capital expenditures as they continuously invest in equipment and inventory, and may struggle to maintain desired cash balance.

Further it is important to recognize that sectors that are cyclical in nature such as manufacturing may have high cash reserves in order to comfortably navigate through the cyclical downturns.

On the downside, a persistently high cash balance could be a warning signal and may raise questions in the mind of investors as to why the resources are kept idle and not being put to judicious use. Holding cash has an opportunity cost too as it can contribute in higher returns for the shareholders if invested in the projects that can generate high returns on equity.

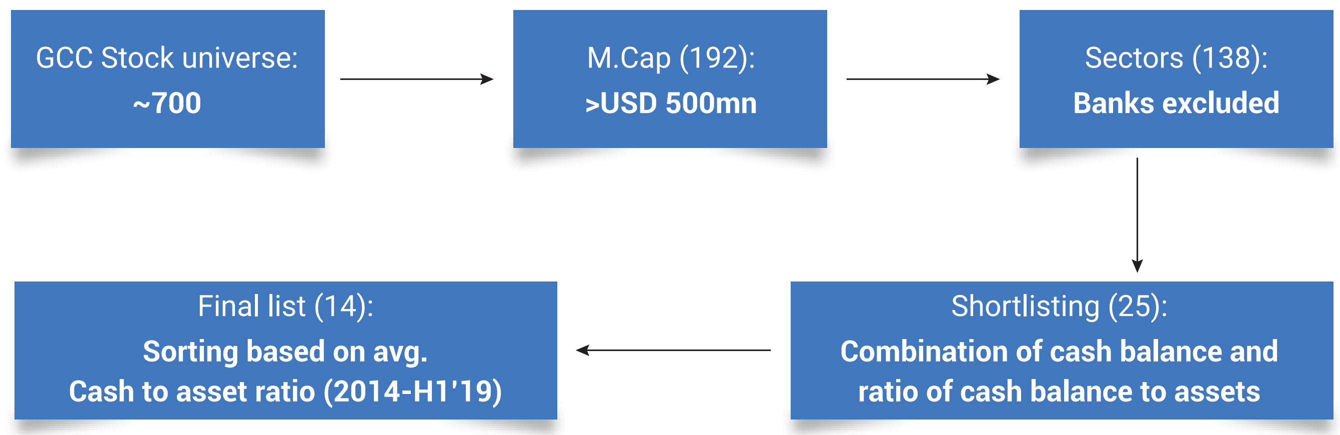
In addition, money sitting unused can be used for range of purposes right from clearing high interest-bearing debts, buying back shares, making acquisitions, dividend payments to shareholders etc.

In this report we evaluate GCC's cash leaders i.e., companies in GCC with very high levels of cash. We also explore sources/reasons that caused them to be the cash leaders. We also explore how these cash leaders have performed and draw a link between high cash holding and shareholder returns.

GCC's Cash Leaders-The coveted list

The study was initiated by gathering the data for listed companies in GCC (excluding banks[1]) which have a market cap above USD 500mn. Subsequently, the companies were shortlisted based on a combination of their size of cash balance and share of cash in total assets. The companies were then sorted based on decreasing order of average cash balance as percentage of total assets for the period 2014-2019 (June) to arrive at the final list.

Figure 2.1: Snapshot of the filtering process for the cash rich companies



Source: Marmore research

Out of the 14 cash rich companies, Telecom and Basic materials accounted for 3 companies each. Other sector that also featured in the list include Energy, Utilities and Industrials. Geographically, UAE based companies had the highest count with 5 companies followed by Qatar and Saudi Arabia with 4 and 3 companies respectively. Qatar Fuel Company had the highest average cash balance as percentage of total assets of over 32% on average since 2014. It is interesting to note that all the companies in the coveted list had a much higher cash holdings as percentage of total assets when compared to their respective sectoral average.

Table 2.1: GCC companies with high cash holdings as % of assets

Rank	Country	Company	Sector	M. Cap (USD Mn)	2014	2015	2016	2017	2018	Jun-19	Avg.
1	Qatar	Qatar Fuel Company (QFC)	Energy	6,416	37%	25%	28%	35%	36%	33%	**32%**
2	Qatar	Qatar Insurance Company (QIC)	Insurance	3,193	16%	15%	24%	23%	20%	19%	**20%**
3	UAE	ETISALAT	Telecom	39,733	14%	17%	19%	21%	23%	21%	**19%**

[5] Banks are excluded as their operating model primarily depends on cash which is a direct source of revenue. Comparing their cash balance with other sectors could be misleading

Rank	Country	Company	Sector	M. Cap (USD Mn)	2014	2015	2016	2017	2018	Jun-19	Avg.
4	Qatar	Ooredoo	Telecom	6,509	18%	19%	18%	21%	21%	14%	**18%**
5	Qatar	Qatar Electricity and Water Company	Utilities	4,773	13%	13%	20%	22%	23%	20%	**18%**
6	Bahrain	Bahrain Telecom Company	Telecom	1,703	16%	16%	18%	17%	16%	17%	**17%**
7	Kuwait	Kuwait Projects Company Holding (KIPCO)	Others	1,450	16%	17%	15%	15%	20%	15%	**16%**
8	UAE	Emaar Properties	Real Estate	9,455	22%	23%	18%	19%	8%	7%	**16%**
9	UAE	Aldar Properties	Real Estate	4,667	12%	17%	19%	19%	13%	10%	**15%**
10	UAE	Air Arabia	Industrials	1,550	13%	14%	15%	16%	14%	18%	**15%**
11	Saudi Arabia	SABIC	Basic Materials	73,428	10%	12%	13%	18%	13%	12%	**13%**
12	Saudi Arabia	Saudi Industrial Investment Group (SIIG)	Basic Materials	2,680	7%	9%	11%	12%	21%	15%	**13%**
13	UAE	Dana Gas	Energy	1,804	5%	11%	8%	16%	13%	12%	**11%**
14	Saudi Arabia	National Petrochemical Company (NPC)	Basic Materials	2,944	5%	11%	12%	10%	15%	11%	**11%**

Source: Reuters, Marmore research, as of 23, Sep 2019 | Note: Others include investment holding and investment services companies.

Qatar fueling company, which has the highest cash balance in proportion to its total assets, has spent cash on investment activities over the last five years. However, as many investments matured during this period there has been little changes in the cash balance. The company has been able to register consistent growth in its profitability except in 2016 during which there was a sharp decline in oil prices.

Qatar insurance company, one of the largest insurance players in GCC, registered a decline in profit since 2017 due to increase in claims as a result of adverse weather conditions in multiple geographies. However, as the insurance company increased its share capital and issued debts to raise funds in the last few years, the cash balance has increased as the outflow of funds towards various investments was relatively small.

Etisalat, the largest telecom player in UAE and second largest in GCC by market cap, had the highest cash to assets ratio among GCC telecom players on average. Its cash balance increased as evident from table 2.2, particularly in 2018 due to cash inflow as a result of sale of assets.

Historically, high growth in profitability of Ooredoo has resulted in accumulation of cash balance on the balance sheet. In past couple of years, lower outflow towards capital expenditure as compared to historical level have somewhat increased the cash , however retirement of debt in 2018 significantly lowered the cash balance as compared to previous year.

Qatar electricity and Water company has seen a significant growth in cash balance particularly in 2016 and 2018, as it raised funds through issuance of long-term debt. The investing activities of cash flow statement shows a declining trend in capital expenditure which also contributed to accumulation of cash balance.

Bahrain telecom company have registered marginal growth in cash balance over the years, however the average cash balance as percentage of total assets remain nearly 500 bps higher than sectoral average of 11.1% for the period under study. The main reason behind marginal growth in cash balance in past five years is due to a lower outflow towards capex in each year since 2015.

Kuwait project holding company has been holding high cash balance since 2007, when it sold its stake in a subsidiary. Considering the past five years, KIPCO incurred negative cash flow from operating activities in 2016 due to changes in working capital. On the other hand, significant growth in cash balance in 2018 was primarily due to issuance of long-term debt.

Slowdown in real estate sector in Dubai in past couple of years affected the cash balance of real estate companies. Both Emaar and Aldar properties have registered a decline in cash balance of 63% and 44% respectively as of Jun-2019 compared to 2017 levels. Aldar properties in particular saw a decline in their profitability during this period while changes in working capital and net inflow from investing activities in 2017 widened the magnitude of reduction in cash balance in 2018.

The cash balance of Air Arabia has grown over the years since 2014 (see table 2.2). The main contribution towards growth in cash balance came from lower outflow towards investments activities. Company also raised funds through long term debt in 2016 and 2018 which also increased the cash holdings.

The giant in basic material sector, SABIC has seen a stable growth in cash balance except in 2017, during when it witnessed a cash inflow from investing activities. Relatively lower capex, and debt issuance also contributed to a sharp increase in cash balance during the year. The higher cash balance was subsequently utilized for investment purchases in 2018. The company maintained a cash (as percentage of assets) surplus of over 300 bps on average above the sectoral average.

Saudi industrial investment group has more than doubled its net income since 2014. Consequently, higher cash from operating activities contributed in higher cash balance over the period 2014- Jun 2019. During the last two years, positive cash flow from investing activities which was partially offset by retirement of debt also played a role in higher cash balance on the balance sheet.

Dana gas has seen volatility in its cash balance over the last five years. Cash balance rose significantly in 2015 and 2017 due to changes in working capital. Sale of investment that resulted in positive cash flow from investing activities also contributed towards higher cash balance in 2015. During the year 2018, the company paid a cash dividend of USD 95mn for the first time which resulted in a decline in cash balance compared to previous year.

National petrochemical company on an average had a cash balance in terms of total assets of 11%, approx. 150bps above GCC wide sector average. During the past five years, there was sharp variation in its cash balance, particularly in 2015 and 2018 mainly due to increase in net income.

The main source of funding that corporates have resorted to increasing their cash holdings is through debt issuance with growth in profitability also supporting growth in cash balance while change in capital expenditure and investments were the primarily reason for a sudden fall in their cash balance. For instance, Qatar Fuel Company showed a sharp decline in its cash holdings in 2015 as it incurred a capital expenditure to acquire investment properties during the year.

Table: 2.2: Year-end cash balance of the cash rich companies (USD Mn)

Rank	Company	2014	2015	2016	2017	2018	Jun-19	Trend (2014- H1'19)	Avg.
1	Qatar Fuel Company (QFC)	1,081	659	870	1,198	1,372	1,102	Volatile	**1,047**
2	Qatar Insurance Company (QIC)	727	966	1,912	2,173	2,201	2,113	Increasing	**1,682**
3	ETISALAT	5,049	5,835	6,447	7,386	7,722	7,083	Increasing	**6,587**
4	Ooredoo	4,756	4,986	4,532	5,069	4,805	3,172	Decreasing	**4,553**
5	Qatar Electricity and Water Company	446	481	827	944	1,131	934	Increasing	**794**
6	Bahrain Telecommunications Company	398	426	458	421	379	444	Increasing	**421**
7	Kuwait Projects Company Holding	5,178	5,244	4,774	5,202	6,990	5,127	Volatile/ Unchanged	**5,419**
8	Emaar Properties	4,361	4,880	4,708	5,746	2,585	2,121	Decreasing	**4,067**
9	Aldar Properties	1,270	1,705	1,823	1,875	1,365	1,046	Volatile	**1,514**
10	Air Arabia	361	435	495	558	448	587	Increasing	**481**
11	SABIC	9,051	10,301	10,869	15,743	11,355	10,602	Increasing	**11,320**
12	Saudi Industrial Investment Group	479	668	755	829	1,389	932	Increasing	**842**
13	Dana Gas	184	441	292	608	407	404	Volatile/ Increasing	**389**
14	National Petrochemical Company	312	638	699	604	867	583	Increasing	**617**

Source: Reuters, Marmore research *Indicates change of over +/- 35% from previous year*

If we look at the sector-wise cash balance in terms of percentage of assets, telecom sector stood at the top of the table with cash holdings consistently above 10% in each year for the period under consideration. Comparing the telecom companies' in our coveted list with telecom sector average, we see that all the three companies had much higher cash balances as compared to the sectoral average. The majority of the companies in the list belonged to sectors that have high capital expenditure requirements and therefore are necessitated to keep relatively high cash balance at their disposal to undertake capex activities.

Table 2.3: GCC Sector-wise cash balance as % of assets

Sector	2014	2015	2016	2017	2018	Jun-2019	Avg.
Telecom	10.4%	11.0%	10.7%	11.6%	12.3%	10.7%	11.1%
Real Estate	12.4%	11.6%	7.5%	15.0%	9.4%	7.3%	10.6%
Basic Materials	9.2%	8.8%	9.2%	11.6%	9.6%	8.6%	9.5%
Insurance	9.8%	10.1%	9.7%	9.4%	9.3%	8.0%	9.4%
Energy	9.2%	6.6%	6.7%	9.3%	10.2%	8.5%	8.4%
Consumer Cyclicals	6.8%	7.8%	8.5%	7.7%	7.3%	5.0%	7.2%
Industrials	7.1%	9.0%	5.8%	5.6%	6.4%	5.8%	6.6%
Consumer Non-Cyclicals	6.4%	8.0%	5.7%	6.1%	5.4%	4.5%	6.0%
Others	5.0%	5.1%	7.7%	5.9%	5.9%	5.5%	5.8%
Healthcare	7.2%	4.7%	5.6%	5.3%	5.0%	5.0%	5.5%
Technology	3.8%	3.8%	4.5%	4.3%	1.2%	3.4%	3.5%

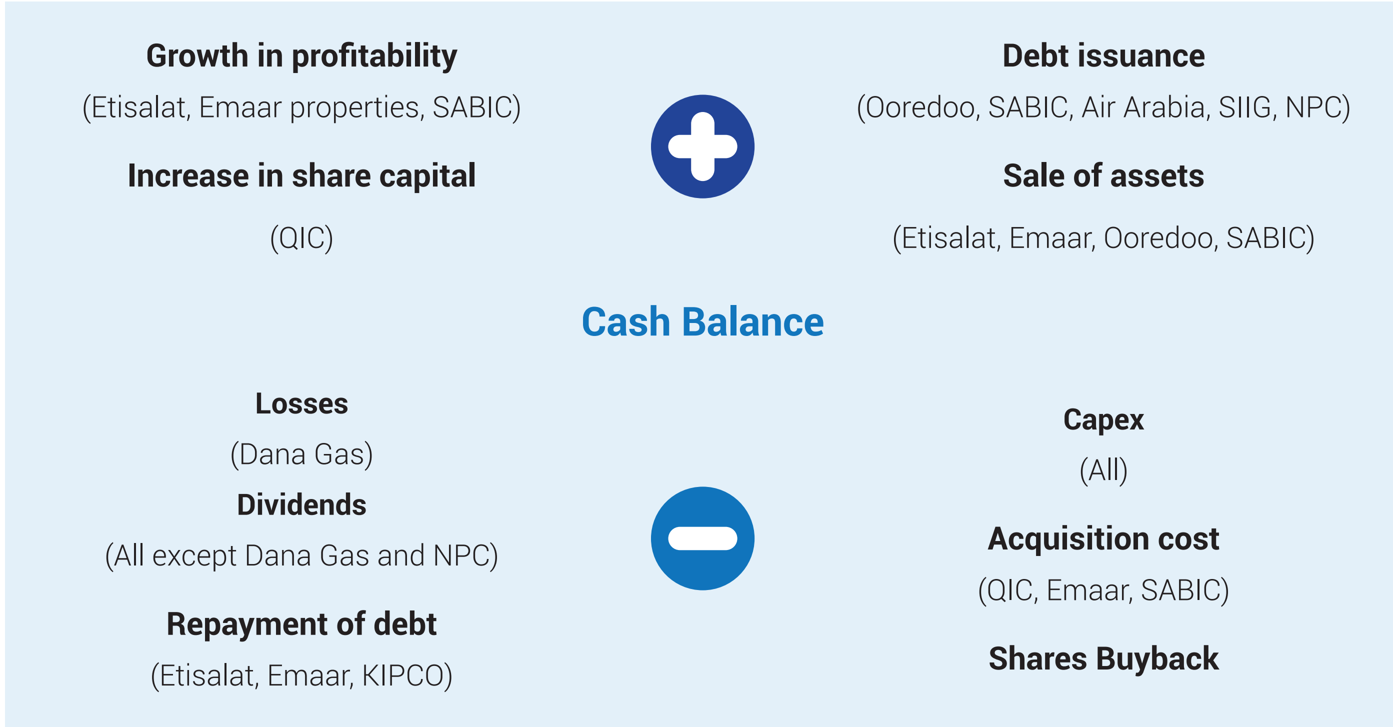
Source: Reuters, Marmore research

Chapter 3

How they got there?

An understanding of cash holdings by companies could be an important indicator to gauge business sentiments and economic outlook. For instance, if across sectors companies are accumulating cash rather than investing or paying out dividends with a precautionary motive of saving, then this might be an indicator that companies are expecting economic slowdown in the future. In contrast, companies may also increase their cash holdings in order to be prepared for investing in right opportunities if they are optimistic about economic growth in the future.

Figure 3.1: Breakup of key sources of change in cash flow (2014- H1'19)



Source: Marmore research | Note: Dana gas only paid dividend for FY 2017 | KIPCO is a holding company therefore investments in associates and subsidiaries are considered as capex

Majority of the companies in the list have increased their cash holdings over the period between 2014 and H1 2019. This includes ETISALAT, Air Arabia, Saudi Industrial Investment Group among others. While few companies such as Emaar properties and Ooredoo have shown a declining trend in their cash holdings as evident from the table 2.2. Emaar properties paid significantly higher dividends to shareholders in 2018. In addition, there were few companies whose cash balance remained broadly unchanged when compared to 2014 level and H1 2019 however there was sharp change in their cash balance within that period.

For those companies that have seen their cash balance grow steadily over the years have been performing well which is evident from increase in their profitability and were therefore able to accumulate larger cash balance despite paying out consistent dividends and incurring capital expenditures. For instance, Etisalat and SABIC which have seen an increase in their cash balance due to growth in profitability over the years while also paying out dividends and incurring capex.

On the other hand, companies operating in sectors that witnessed a slowdown such as real estate, saw a fall in profitability which ultimately lowered their cash balance as they continued to pay cash dividends to the shareholders from the reserves.

During the first half of 2019, Ooredoo, the telecom giant in Qatar, utilized its cash balance to reduce its net debt (issuance minus retirement) by approximately USD 1,700mn, thereby lowering cash balance as percentage of assets by nearly 700 basis points, down from 21% at the end of 2018.

It is interesting to note that despite growing cash balance as percentage of assets, Dana gas (except in 2018) and National petrochemical company have not paid dividends during the period in consideration. The significant drop in oil prices since late 2014 hindered the companies operating in energy sector, particularly Dana gas to generate adequate amount of cash flows thereby resulting in nonpayment of dividends.

Is there a connect between holding higher cash and shareholder returns?

According to a research by Revelation Investment Research, returns of the large corporates with huge cash holdings were as poor as those that struggled to maintain healthy cash balance. The poor performance of the latter is more obvious as they lacked sufficient cash to invest in attractive opportunities. Past research thus suggest that market punishes companies for poor allocation of surplus cash reserves. On the other hand, the companies with moderate amount of cash balance generally performed better.

All the companies in our coveted list have a much higher cash holdings as compared to their respective sectoral average. Looking at the shareholder returns for the period 2014- H1 2019 in terms of annual returns, majority of the companies have either yielded negative or low positive returns to the shareholders.

Although there are other factors that may have contributed in the share-price performance, holding high amount of cash on their balance sheet may also have contributed in poor shareholder returns. For instance, Qatar Insurance Company increased its share capital through rights issue in 2016 which significantly increased its cash balance. The higher cash holdings on the balance sheet however have persisted since. The share price has subsequently declined by nearly 45% since 2016 as of H1-19.

Further it is noticed that majority of the companies that hold large cash balance were large cap companies and operating in a more mature stage of their life cycle. These companies are therefore more likely to pay consistently higher dividend over the years. This will be particularly attractive for investors looking for consistent source of return. However, an investor is likely to avoid investing in a company which despite history of large cash holdings is not paying consistent dividends to the shareholders, neither investing in wealth generating projects.

Despite holding large cash balance, Etisalat and Dana gas have yielded high returns to the shareholders. The main reason for the higher returns for Etisalat shareholders was primarily due to synergies from the acquisition of 53% stake in Maroc Telecom in 2014 worth ~USD 5.7bn, which was one of the largest cross border deals in the region. Further, during the year 2015, Etisalat was one of the constituents that was included in the MSCI index upon UAE's EM upgradation. The share price of Etisalat subsequently surged by 61.7% in 2015 alone. Dana gas on the other hand managed to turn around its losses in 2016 to profit in 2017 which was mainly driven by improvement in energy prices. During the year 2017, Dana gas also managed to resolve the outstanding contractual dispute with the Kurdistan Regional Government. Subsequently, the share price rallied upwards since mid-2017.

Table 4.1: Share price performance analysis

Sector	Country	Sector	M. Cap	Avg. cash holdings*	Surplus over sector avg.	Price return#	Sector return#
Qatar Fuel Company	Qatar	Energy	6,416	32%	**24%**	5.7%	-1.3%
Qatar Insurance Company	Qatar	Financials	3,193	20%	**11%**	-7.2%	-4.3%
ETISALAT	UAE	Telecom	39,733	19%	**8%**	9.6%	9.8%
Ooredoo	Qatar	Telecom	6,509	18%	**7%**	-9.3%	-8.6%
Qatar Electricity and Water Company	Qatar	Utilities	4,773	18%	**16%**	-3.5%	-3.1%
Bahrain Telecom Company	Bahrain	Telecom	1,703	17%	**6%**	2.8%	8.6%
Kuwait Projects Company Holding	Kuwait	Financials	1,450	16%	**8%**	-18.1%	0.4%
Emaar Properties	UAE	Financials	9,455	16%	**7%**	-6.5%	-11.9%
Aldar Properties	UAE	Financials	4,667	15%	**6%**	-4.2%	-11.9%
Air Arabia	UAE	Industrials	1,550	15%	**8%**	-3.3%	-9.1%
SABIC	Saudi Arabia	Basic Materials	73,428	13%	**4%**	1.8%	-8.0%
Saudi Industrial Investment Group	Saudi Arabia	Basic Materials	2,680	13%	**7%**	-1.8%	-8.0%
Dana Gas	UAE	Energy	1,804	11%	**2%**	12.5%	-1.3%
National Petrochemical Company	Saudi Arabia	Basic Materials	2,944	11%	**5%**	1.5%	-8.0%

*Source: Reuters, Marmore research | *as % of assets | #Annualized returns (2014-H1 2019), sector index of respective country is considered and GCC wide Reuters index are considered if sector index is not available*

Chapter 5

Conclusion

Holding cash balance is essential to sustain during uncertain business environment. In the aftermath of financial crisis followed by recent oil price crisis, the importance of holding liquid assets have been growing across globe and even more so in GCC region which has significant exposure to oil prices. During tough times, companies may find it difficult to raise desired amount of cash and may even have to resort to less favorable terms to finance its regular expenses or to undertake capital expenditure. Holding adequate amount of cash on its balance sheet will thus help companies to ride through stressful market conditions. But at the same time, as the companies with low cash reserves may not instigate confidence among shareholders, accumulation of large cash balances for long period of time may raise doubts among investors over the future growth prospects of the company. Investors expect the management to make optimal utilization of the resources available at companies' disposal. Undertaking capital expenditure or acquiring another company or settling old debts are some of the way's companies can utilize excess cash on their book. Since holding cash has opportunity cost associated, in case of dearth of attractive investment opportunities companies should repay its shareholders in the form of higher dividends or buyback its own shares. As investors actively look for stocks that pay dividends, companies that share excess cash with shareholders through higher dividends typically experience lower volatility in their share prices as compared to non-dividend paying stocks. Holding cash over and above the desired levels may ultimately be perceived as inefficient utilization of resources and therefore companies with high level of cash holdings for long periods may underperform and prove to be wealth destructor for the shareholders. In summary, holding high cash can be shareholder unfriendly.

Appendix

Table 6.1: Dividend payments (USD Mn)

Company	2014	2015	2016	2017	2018
Qatar Fuel Company	178	209	190	175	218
Qatar Insurance Company	88	110	124	99	114
ETISALAT	1,885	2,224	2,384	2,295	2,309
Ooredoo	352	352	264	308	308
Qatar Electricity and Water Company	206	227	227	226	233
Bahrain Telecom Company	112	134	137	145	139
Kuwait Projects Company Holding	93	120	111	111	45
Emaar Properties	2,314	648	381	407	1,237
Aldar Properties	146	187	230	236	257
Air Arabia	92	114	114	89	127
SABIC	4,931	4,399	3,976	3,091	3,215
Saudi Industrial Investment Group	120	120	-	91	152
Dana Gas	-	-	-	-	95
National Petrochemical Company	-	-	-	-	-

Source: Reuters

Table: 6.2: Net Income (Starting line item for cash flow) USD Mn

Company	2014	2015	2016	2017	2018	H1-2019
Qatar Fuel Company	333	316	268	301	342	249
Qatar Insurance Company	282	292	289	116	182	115
ETISALAT	2,678	3,020	3,256	3,048	3,458	2,623
Ooredoo	846	721	859	841	626	471
Qatar Electricity and Water Company	430	422	432	450	430	261
Bahrain Telecom Company	206	187	174	155	160	149
Kuwait Projects Company Holding	355	402	348	359	387	236
Emaar Properties	1,006	1,235	1,656	1,801	2,453	1,747
Aldar Properties	617	697	749	546	505	-
Air Arabia	154	145	139	180	-158	127
SABIC	6,782	5,562	7,266	7,900	9,513	4,348
Saudi Industrial Investment Group	515	512	186	562	602	334
Dana Gas	176	157	-57	121	-155	190
National Petrochemical Company	226	429	207	402	515	255

Source: Reuters

Table 6.3: Capex USD Mn

Company	2014	2015	2016	2017	2018	H1-2019
Qatar Fuel Company	62	84	139	50	169	136
Qatar Insurance Company	4	5	5	8	5	2
ETISALAT	2,427	2,808	2,875	2,173	2,287	1,256
Ooredoo	2,949	2,837	2,296	1,380	1,647	1,033
Qatar Electricity and Water Company	200	279	229	16	30	18
Bahrain Telecom Company	94	250	193	144	128	136
Kuwait Projects Company Holding	-	-	-	-	-	-
Emaar Properties	205	347	329	530	719	263
Aldar Properties	15	27	72	44	27	10
Air Arabia	20	17	18	26	28	8
SABIC	4,041	4,872	4,139	3,059	3,795	3,358
Saudi Industrial Investment Group	45	56	160	24	19	8
Dana Gas	85	156	86	40	38	77
National Petrochemical Company	45	56	160	24	18	8

Source: Reuters

Table 6.4: Other investing cash outflow (includes acquisition costs) – USD Mn

Company	2014	2015	2016	2017	2018	H1-2019
Qatar Fuel Company	83	312	111	276	45	-37
Qatar Insurance Company	155	446	53	417	303	-273
ETISALAT	4,398	680	961	569	-1,716	-849
Ooredoo	-431	-501	-97	20	-343	-90
Qatar Electricity and Water Company	467	-191	472	150	191	6
Bahrain Telecom Company	170	46	-10	-3	-1	91
Kuwait Projects Company Holding	98	77	-54	59	373	25
Emaar Properties	-891	568	424	-1,299	-309	-952
Aldar Properties	-33	886	121	424	-242	-998
Air Arabia	116	33	154	28	-51	93
SABIC	2,769	-1,444	-2,797	-4,331	4,097	-871
Saudi Industrial Investment Group	-33	-35	-74	-172	-284	-259
Dana Gas	-30	-197	25	6	18	8
National Petrochemical Company	149	35	-17	19	-95	-3

Source: Reuters | Note: negative sign indicates cash inflow which is due to sale of assets/maturity of investment

Table 6.5: Issuance (Retirement) of Debt – USD Mn

Company	2014	2015	2016	2017	2018	H1-2019
Qatar Insurance Company	155	-292	-192	-408	-227	98
ETISALAT	-4,364	-411	-610	-165	101	-429
Ooredoo	640	-145	593	232	777	1703
Qatar Electricity and Water Company	-369	51	-274	13	-259	38
Bahrain Telecom Company	177	-131	-21	-10	5	5
Kuwait Projects Company Holding	-470	-485	-270	-508	-1,134	195
Emaar Properties	-653	-247	-845	-1,158	185	-183
Aldar Properties	1,230	885	112	-94	-284	74
Air Arabia	60	82	34	169	134	82
SABIC	-830	2,610	2,832	1,511	2,901	1380
Saudi Industrial Investment Group	192	398	326	460	624	540
Dana Gas	-	-111	75	81	295	-28
National Petrochemical Company	87	323	346	456	623	576

Source: Reuters

Table 6.6: Net change in Share capital – USD Mn

Company	2014	2015	2016	2017	2018	H1-2019
Qatar Insurance Company	-	-	522	-	-	-
Ooredoo	-	-	-	26	17	-
Kuwait Projects Company Holding	-217	-21	-7	3	-8	1

Source: Reuters | Note: Negative sign indicate cash outflow which is due to share buyback etc

Sector-wise list of 25 companies with high cash reserves as percentage of total assets

Table 6.7: Basic Materials

Country	Company	M. Cap (USD Mn)	2014	2015	2016	2017	2018	Jun-19	Cash balance as of Jun-19
Saudi Arabia	Saudi Industrial Investment Group	2,680	6.8%	9.4%	10.7%	12.3%	21.3%	15.5%	932
Saudi Arabia	SABIC	73,428	10.0%	11.8%	12.9%	18.3%	13.3%	12.4%	10,602
Saudi Arabia	National Petrochemical Company	2,944	5.3%	10.7%	11.9%	10.3%	15.5%	11.4%	583
Saudi Arabia	National Industrialization Company	2,297	8.5%	8.5%	6.7%	7.5%	8.7%	11.0%	740
Saudi Arabia	Saudi Arabian Mining Co	14,175	14.1%	4.8%	4.4%	4.5%	5.4%	4.5%	1,158

Source: Reuters, Marmore research | M. cap and cash balance are in USD Mn

Table 6.8: Energy

Country	Company	M. Cap (USD Mn)	2014	2015	2016	2017	2018	Jun-19	Cash balance as of Jun-19
Qatar	Qatar Fuel Company	6,416	37.3%	24.9%	27.9%	35.0%	36.3%	33.3%	1,102
UAE	Dana Gas	1,804	5.1%	11.3%	7.8%	16.1%	12.9%	12.4%	404

Source: Reuters, Marmore research | M. cap and cash balance are in USD Mn

Table 6.9: Financials

Country	Company	M. Cap (USD Mn)	2014	2015	2016	2017	2018	Jun-19	Cash balance as of Jun-19
Qatar	Qatar Insurance Company	3,193	16.4%	14.6%	24.2%	22.8%	20.5%	18.9%	2,113
Kuwait	Kuwait Projects Company Holding	1,450	16.2%	16.6%	14.6%	15.2%	20.4%	15.4%	5,127
UAE	Emaar Development	4,541	-	-	-	39.8%	22.4%	15.0%	1,389
Saudi Arabia	Dar Al Arkan Real Estate Development Company	3,455	4.3%	4.0%	2.4%	12.0%	18.3%	13.4%	926
Saudi Arabia	Company for Cooperative Insurance	2,320	8.3%	8.0%	8.8%	9.8%	8.8%	11.1%	398
UAE	Aldar Properties	4,667	12.1%	17.3%	18.8%	18.9%	13.0%	10.1%	1,046
tUAE	Emaar Properties	9,455	21.6%	22.5%	17.9%	18.7%	8.5%	6.7%	2,121

Source: Reuters, Marmore research | M. cap and cash balance are in USD Mn

Table 6.10: Industrials

Country	Company	M. Cap (USD Mn)	2014	2015	2016	2017	2018	Jun-19	Cash balance as of Jun-19
UAE	Air Arabia	1,550	12.5%	14.0%	14.5%	15.8%	14.4%	17.9%	587
UAE	DP World	12,118	20.8%	7.1%	6.3%	6.4%	9.9%	6.8%	2,050

Source: Reuters, Marmore research | M. cap and cash balance are in USD Mn

Table 6.11: Telecom

Country	Company	M. Cap (USD Mn)	2014	2015	2016	2017	2018	Jun-19	Cash balance as of Jun-19
UAE	ETISALAT	39,733	14.3%	16.7%	19.3%	21.1%	22.6%	21.0%	7,083
Bahrain	Bahrain Telecommunications Company	1,703	15.7%	15.9%	18.1%	17.0%	15.6%	17.5%	444
Qatar	Ooredoo	6,509	17.7%	19.3%	18.2%	20.6%	20.5%	13.8%	3,172
Saudi Arabia	Saudi Telecom Company	55,991	6.0%	4.7%	3.5%	2.4%	7.3%	9.8%	2,855
Kuwait	Mobile Telecommunications Company	7,786	10.5%	10.3%	6.8%	8.1%	7.0%	7.2%	1,110
Oman	Oman Telecommunications Company	1,123	5.9%	5.7%	1.2%	8.5%	6.9%	3.0%	596

Source: Reuters, Marmore research | M. cap and cash balance are in USD Mn

Table 6.12: Utilities

Country	Company	M. Cap (USD Mn)	2014	2015	2016	2017	2018	Jun-19	Cash balance as of Jun-19
Qatar	Qatar Electricity and Water Company	4,773	12.5%	13.0%	19.8%	21.7%	22.6%	20.0%	934
UAE	Abu Dhabi National Energy Company	1,270	3.2%	3.3%	3.7%	4.3%	3.5%	2.7%	723
Saudi Arabia	Saudi Electricity Company	23,329	2.2%	0.6%	0.3%	0.2%	0.5%	0.9%	1,105

Source: Reuters, Marmore research | M. cap and cash balance are in USD Mn

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