A June to remember for Kuwait Markets

OPEC+ hint at extending the production cut deal

July 2019

Research Highlights
GCC Economic and Market Commentary for June, 2019

www.markaz.com
www.emarmore.com

M.R. Raghu, CFA, FRM
Head of Research
+965 2224 8280
rmandagolathur@markaz.com

Shishir Goenka
Senior Manager - Research

Ajay Samuel
Senior Analyst

Arnav Singh
Analyst

Chirag Popat
Analyst

Kuwait Financial Centre K.P.S.C "Markaz"

P.O. Box 23444, Safat 13095, Kuwait
Tel: +965 2224 8000
Fax: +965 2242 5828

GCC markets recovered lost ground in June, as the positive performance of Saudi equities lifted the broader index. The S&P GCC composite index gained 2.5% for the month, increasing its yearly gains to 9.8%. The much-anticipated decision regarding Kuwait's emerging market upgrade was positive, with the index provider upgrading Kuwait subject to the implementation of certain changes by the end of November. Sings were positive in global markets as well, with most of them erasing the losses incurred during the previous month. Next month's OPEC meeting is expected to have a bearing on the Oil markets, with several members indicating a possible extension of the production cut deal.

We see the following three issues as key developments during the month of June:

1. **MSCI Index inclusion – A key milestone for Kuwait's markets:** MSCI's announcement to upgrade Kuwait to emerging market status (depending on satisfying certain conditions) is a significant step towards the progression of Kuwait's equity markets. The move is expected to bring sizeable passive and active fund inflows into the country. However, it needs to be seen as a stepping-stone for further reforms, as there are still several challenges faced by the Capital markets that needs to be addressed.

2. **Kuwait real estate activity picks up, corporate earnings grow:** In the past couple of years, real estate sector witnessed a slowdown in deals as prices fell amidst low oil prices and weak confidence among investors. However, after a phase of slowdown and consolidation, the real estate activity is picking up in Kuwait. This has translated into higher profitability of real estate companies, thus reversing the declining trend witnessed in the past three quarters.

3. **5G Development in the GCC Region:** The fifth generation in mobile networks is the next evolution in wireless communications capable of unlocking the potential of technologies like augmented and virtual reality, artificial intelligence, Blockchain and internet of things. Although China, United States, Japan and South Korea are leading in overall 5G development, the GCC countries are not far behind. Kuwait has emerged as the leading 5G developer in the region with Zain and VIVA already offering commercial 5G packages to its customers.

GCC Market Commentary

GCC Market Trends – June 2019

	M. Cap (USD Bn)	Last close	2018 %	June'19 %	YTD %	S&P correlation**	ADVT* (USD mn)	P/E TTM	P/B TTM	Div. Yield
S&P GCC	893.6	118	8.4	2.5	9.8	0.106	**N.A**	14.8	2.0	3.4
KSA	561.8	8,822	8.3	3.6	12.7	0.034	1,301.2	17.6	2.0	3.5
Abu Dhabi	143.1	4,980	11.7	-0.5	1.3	0.084	58.1	12.7	1.4	5.0
Qatar	139.2	10,456	20.8	1.8	1.5	0.086	71.4	14.9	1.4	4.2
Kuwait	109.6	6,733	7.8	1.9	19.1	0.027	123.1	13.8	1.4	3.6
Dubai	72.6	2,659	-24.9	1.5	5.1	0.108	43.8	7.2	0.9	4.8
Bahrain	24.0	1,471	0.4	2.6	10.0	0.046	4.9	10.6	0.9	4.9
Oman	12.2	3,885	-15.2	-1.3	-10.1	-0.011	6.0	8.7	0.7	6.7

Source: Reuters, Zawya, Note: * Average Daily Value Traded ** - 3-year daily return correlation with S&P 500 index

The S&P GCC composite index, a comprehensive benchmark that covers stocks from all GCC countries, gained 2.5% for the month, lifted by the performance of Saudi equities. Saudi Arabia's Tadawul index led the gains, rising by 3.6%, followed by Bahrain, Qatar, Kuwait and Dubai, which closed 2.6%, 1.8%, 1.9% and 1.5% respectively for the month. Oman and Abu Dhabi indices ended June in the red, losing 1.3% and 0.5% respectively.

Monthly returns heat-map of S&P GCC Composite index

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly
2014	3.4%	3.7%	2.7%	2.8%	3.2%	-7.4%	8.1%	6.4%	-1.4%	-6.8%	-10.9%	-4.4%	-2.5%
2015	2.8%	4.4%	-6.9%	10.1%	-2.3%	-3.5%	0.1%	-13.2%	-1.1%	-2.7%	-2.3%	-2.4%	-17.4%
2016	-10.7%	3.7%	1.9%	5.7%	-5.1%	1.1%	-0.1%	-1.2%	-3.9%	2.2%	7.9%	4.2%	4.2%
2017	1.6%	-0.8%	-1.5%	-0.4%	-1.4%	3.2%	-0.4%	0.9%	-0.6%	-2.7%	-1.5%	3.4%	-0.5%
2018	5.3%	-2.5%	3.4%	2.9%	-0.4%	1.1%	2.2%	-2.5%	0.2%	0.1%	-2.0%	0.7%	8.4%
2019	6.8%	-1.0%	2.8%	4.4%	-5.6%	2.5%							9.8%

Source: Reuters

Kuwait continued its positive run in 2019, registering gains for the sixth month in succession. Kuwait's All Share index rose by 1.9% while its Premier market index rose by 2.3% in June. In the first half of 2019, Kuwait emerged as the best performing market with a gain of 19.1%. The rally in Kuwait's stocks could be attributed to the positive sentiment surrounding MSCI's decision regarding the reclassification of Kuwait's market. On June 25th, MSCI announced its decision to reclassify Kuwait as an emerging market, subject to availability of omnibus account structures and same National Investor Number (NIN) cross trades for international investors before the end of November 2019. Once the final approval is received from MSCI, Kuwaiti stocks are expected to enter MSCI's emerging market indices on May 2020. Among Kuwait's Blue Chip companies, Agility and Kuwait Finance House were the top gainers, increasing by 5.3% and 5.0% respectively. Among sectors, Consumer goods index was the top performer in June, increasing by 4.0%.

Saudi Arabia's index, which witnessed a sharp correction in May due to rising geopolitical tensions, rebounded in June after its successful entry into MSCI's emerging market indices. According to the IIF, the inclusion is expected to have attracted USD 10.8 billion worth of foreign equity investments into Saudi Arabia. Saudi Arabia's Tadawul index was the second best performer among GCC markets in the first half of 2019, gaining 12.7% during the year.

Among GCC Blue Chip companies, Masraf Al Rayan and Saudi British Bank were the top gainers among GCC Blue Chip companies, increasing by 5.5% and 5.4% respectively. Saudi British Bank formally merged with Alawwal Bank during the month to create the third biggest bank in the bank by assets. Saudi British Bank is also the best performer among Saudi Blue Chip companies in the first half of the year, with YTD gains of 24.7%.

Global Market Commentary

Global Market Trends – June 2019

Equity	Last close	MTD%	YTD%
S&P GCC	118	2.5	9.4
MSCI World	2,178	6.5	15.6
S&P 500	2,942	6.9	17.3
MSCI EM	1,055	5.7	9.2
MSCI FM	959	1.6	6.0
Commodities			
IPE Brent	67	3.2	23.7
Gold	1,409	8.0	9.9

Source: Reuters

Global equity markets rebounded after witnessing a sell-off in May. Despite the U.S. President's recent threat to impose further tariffs, investors remain optimistic. The dovish stance of Central Banks around the world have supported investor sentiment amidst rising geopolitical tensions. The MSCI World Index closed 6.5% higher than the previous month, with developed markets registering substantial gains. The U.S. S&P 500, U.K.'s FTSE index and Japan's TOPIX rose by 6.9%, 3.7% and 2.6% respectively in June. Although the Federal Reserve continued to hold interest rates steady, it indicated that there might be rate cuts of nearly 50 bps during the rest of the year due to economic uncertainty and a drop in inflation. Emerging markets were also positive, gaining 5.7% during the month, with China (Shanghai A shares index) extending its yearly gains to 19.5%. Indian markets on the other hand closed a tad lower, with the SENSEX losing 0.8% for the month. Oil markets recovered after a sharp pullback in May, rising 3.2% in June. OPEC's next meeting in July is widely anticipated as the group is expected to decide whether they would be extending their production cuts. Indications from member nations seem to suggest that the OPEC+ would extend the deal by nine months due to pressure from U.S. supply and a slowdown in demand.

We see the following three issues as key developments during the month of June:

1. MSCI Index inclusion – A key milestone for Kuwait's markets

Kuwait's equity market has been hogging the limelight in recent times, drawing the attention of global investors after securing consecutive emerging market inclusions from renowned index providers. The reforms that preceded the inclusion and the potential outcomes of the inclusion bode well for both the development of the country's capital markets and the overall economy. Recently, Morgan Stanley Capital International (MSCI), a leading provider of global capital market indices, announced on June 25, 2019 that it would reclassify Kuwait as an emerging market, subject to availability of omnibus account structures and same National Investor Number (NIN) cross trades for international investors before the end of November 2019. MSCI is expected to convey its final decision on December 31, 2019. On confirmation, Kuwait will become the fourth GCC nation following the UAE, Qatar and Saudi Arabia to become part of the MSCI EM indices. Kuwait's MSCI inclusion follows previous Emerging market upgrades by FTSE, S&P and J.P. Morgan. Nine Kuwaiti stocks are expected to enter into the MSCI EM index by May 2020 with a pro-forma weightage of 0.5%.

Kuwait - key Index inclusion events

- **Sep 2017** – **FTSE** upgrades Kuwait's to Secondary Emerging Market
- **Jun 2018** – **MSCI** places Kuwait in watch list for a potential upgrade in 2019
- **Sep 2018** – Kuwait to enter **JP Morgan** EM bond indexes; Phase I of **FTSE** inclusion
- **Dec 2018** – Phase II of **FTSE** inclusion; **S&P** upgrades Kuwait to Emerging Markets
- **Jun 2019** – **MSCI** upgrades Kuwait into Emerging Market*
- **Sep 2019** – **S&P** to include Kuwaiti stocks into their EM index
- **May 2020** – One-step inclusion of Kuwaiti stocks into **MSCI** EM Indices

Source: MSCI, FTSE, S&P & JPMC, Note: * - Decision will be confirmed on Dec 2019

Key changes that helped Kuwait in securing an Emerging Market upgrade included the removal of foreign ownership restrictions on listed banks, modification of the settlement cycle to T+3 for foreign and local investors, introduction of a new delivery versus payment (DvP) settlement provision, market segmentation, and a new failed trade management process. In addition, further changes such as the instruction of a central clearing counterparty, stock lending, short selling and availability of stock swaps are also being worked upon for implementation.

The resultant passive fund inflows from foreign investors would be sizeable as the assets that track emerging market indices are much larger than that of frontier market indices. Inclusion into globally tracked indices will lead to wider investment participation, thereby driving demand for the country's local assets. According to the estimates from various sources, the inclusion of Kuwait into MSCI's EM indices is expected to bring a passive fund flow of between USD 2.8 billion and 9 billion.

Expected Inflows through Kuwait's MSCI Inclusion

Source	Expected fund inflows
Marmore Estimates	Passive inflows of between USD 3.6-9.0 bn
NBK Capital	Passive inflows of around USD 2.8 bn
KAMCO Research	USD 2.2 billion in investments
Kuwait Capital Market Authorities*	Inflows of around USD 5 billion
Boursa Kuwait*	Inflows from passive funds of USD 2.8 bn
Arqaam Capital*	Passive inflows of USD 2.5 billion
Franklin Templeton (MENA)*	Total investor flows of about USD 10 bn

Source: Boursa Kuwait, NBK Capital, Marmore Research, Arab times, Zawya, Reuters; Note: *- from interviews of personnel

Marmore Estimates – Expected passive inflows

Passive Inflows from MSCI EM inclusion	
A. Funds benchmarked to MSCI EM Index	USD 1.8 Trillion (KD 546 Billion)
B. Pro Forma Weightage of Kuwait in the index	0.50%
C. Expected Fund Flow at 100%, USD bn. (A*B)	**9.00**
D. Passive inflows at 40% (C*40%), USD bn.	**3.60**

Source: MSCI, Marmore Research

Furthermore, the visibility of Kuwait's economy and Capital Markets would improve, as the market upgrade would result in more research houses tracking the country's developments. Additionally, pricing of assets would also be more rational due to the improvement in visibility of the market. These factors would help in increasing market participation of global and domestic investors, which would in turn contribute positively towards the development of Kuwait's economy.

The direct and indirect benefits attained though the inclusion would provide the impetus for Kuwait's capital market to grow further. However, securing these inclusions do not mean the end of the road for further reforms. Taking cue from the case of Qatar and UAE whose fortunes were mixed after the emerging market upgrade, it is safe to say that the index inclusion does not guarantee everything.
The MSCI index inclusion had a positive impact on both UAE and Qatar markets. Qatar, Abu Dhabi and Dubai's major indices managed to outperform its GCC neighbors during the period between their inclusions in MSCI watch list and their actual introduction into the MSCI Emerging Market index. Dubai was the biggest gainer during the period, with its index rising by 245%, while Abu Dhabi and Qatar followed by gaining 111% and 65% respectively.

Stock Turnover ratio of major GCC indices

Year	Saudi Arabia	Kuwait	UAE	Qatar
2011	86%	22%	16%	18%
2012	139%	26%	19%	12%
2013	88%	35%	38%	13%
2014	103%	22%	75%	29%
2015	89%	12%	25%	13%
2016	60%	11%	23%	9%
2017	46%	20%	17%	14%
2018	47%	14%	11%	11%

Source: Reuters; Note: Stock turnover ratio is computed as total value traded of the stocks for the year divided by the average market capitalization for the period.

MSCI decision to upgrade to EM   Inclusion into MSCI indices

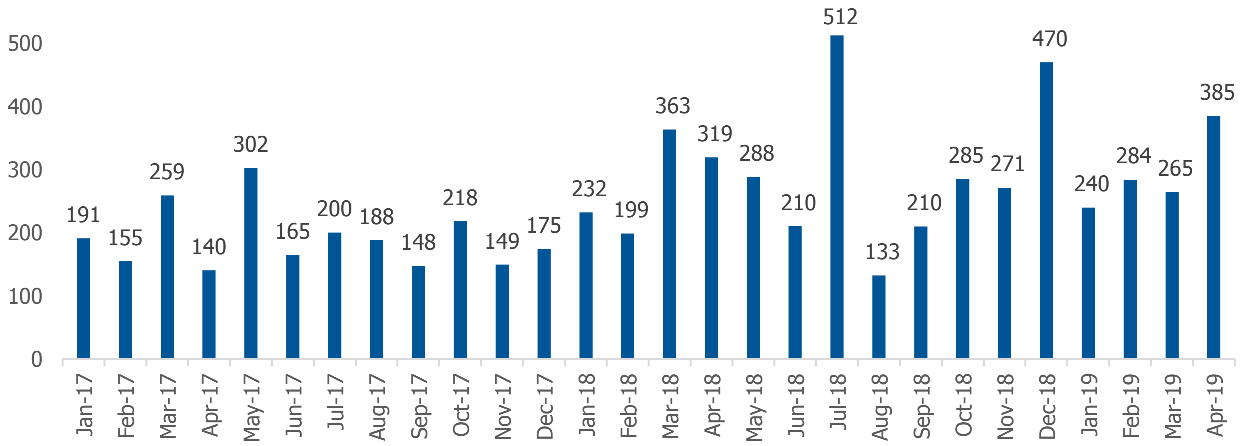
However, the situation is not completely positive when it comes to liquidity. In the case of UAE and Qatar, liquidity levels fell down in years subsequent to its inclusion into the MSCI EM index. Factors such as oil price slump, country specific risks and geopolitical risks still have a major impact on the GCC capital markets. Liquidity is an issue that has been plaguing all GCC markets. In comparison, Saudi Arabia appears to be in a better position during the period despite landing an MSCI and FTSE inclusion only in 2018. Kuwait has witnessed a similar uptick in liquidity due to these index inclusions, the average monthly value traded in the first six months of 2019 has more than doubled when compared to the same period in 2018.

Index inclusion despite being a major feat must be considered as stepping stone for further reforms rather than the ultimate achievement. There are still areas of improvement that need to be addressed. The role of capital markets must also extend to making capital raising for companies easier, encouraging more companies to list, channelizing household savings into domestic financial investments, improving corporate governance, increasing transparency and ensuring stability of the markets. While an upsurge in liquidity and improved foreign participation is expected out of the upgrade, holding onto those levels is another story altogether.

2. Kuwait real estate activity picks up, corporate earnings grow

In the past couple of years, real estate sector witnessed a slowdown in activity and prices fell amidst low oil prices and weak confidence among investors. However, after a phase of slowdown and consolidation, the real estate activity picked up the momentum in the last quarter of 2018 and has continued the positive growth in the first four months of 2019 as well. The real estate sales value reached KD 1.17bn YTD as of April an increment of 5.3% compared to same period last year. Rental prices in residential real estate, which makes up a substantial segment of the rental housing market, remain stable. The rental prices for 2bhk apartments at Capital and Hawalli governorates were estimated in the range of KD 240 and 290 per month. The demand on the commercial sector has also seen a growth particularly in areas that historically have seen low demand. The brokers expect an increase in private housing sector prices with an increase in the allocation of funds to the investment sector.

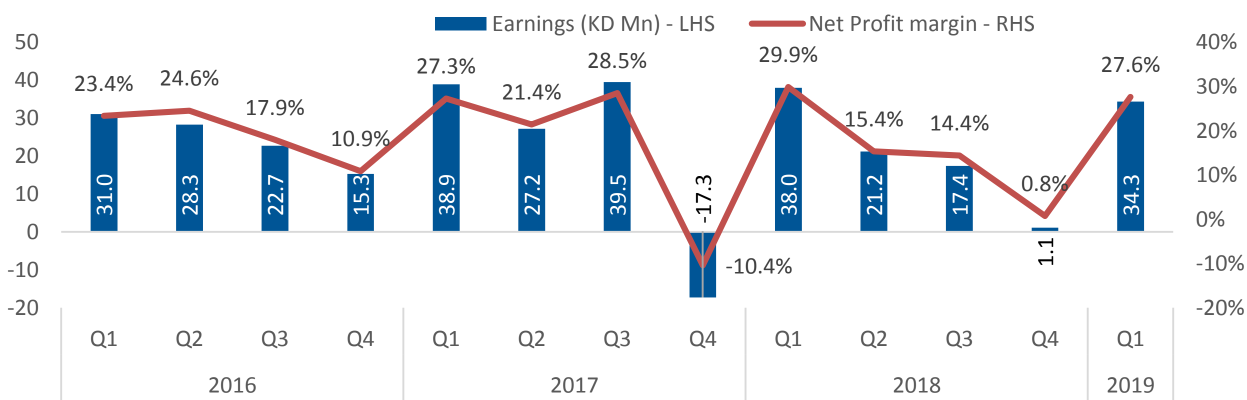
Real Estate transaction value (KD Mn)



Source: Ministry of Justice, KFH

Real estate sector companies account for approximately 6% of the total market cap of listed companies on Boursa Kuwait. In terms of profitability, the combined earnings of real estate companies stood at over KD 34.3mn in Q1 2019, thus reversing the declining trend witnessed in the past three quarters. However, despite strong earnings in Q1 2019, it declined by 9.5% y-o-y.

Kuwait real estate sector earnings



Source: Reuters, Marmore research

Majority of the 10 listed real estate companies have yielded positive returns as of year to date. Real estate developers such as Mabanee Company, Kuwait Real Estate Company and Al Argan Int. Real Estate Co have been the top performers among the top 10 list for the period, exceeding the returns of real estate and All share index by a wide margin. In terms of price to earnings ratio, majority of the real estate players have a lower P/E than the benchmark i.e. real estate index and the broader All Share Index.

Key Valuation Metrics – Top 10 companies by market cap

Company	Market Cap (KD Mn)	P/E	P/B	Div. Yield	ROA	ROE	YTD gains
Mabanee Company	750	11.3	1.7	1.6	6.3	13.0	25.9%
Salhia Real Estate Co	171	9.4	1.1	6.0	5.7	10.2	1.2%
Commercial Real Estate Co	166	11.2	0.5	5.4	3.1	4.7	1.1%
Tamdeen Real Estate Co	162	26.0	0.9	2.7	1.6	3.9	7.1%
National Real Estate Co	112	11.8	0.4	-	2.0	4.0	-8.7%
United Real Estate Company	71	-	0.3	-	-	-	0.0%
Kuwait Real Estate Company	71	7.2	0.5	-	2.6	6.0	38.2%
Al Argan International Real Estate Co	47	-	0.5	2.8	0.7	1.3	29.4%
Al Mazaya Holding Company	40	8.7	0.4	-	2.5	5.0	-16.5%
IFA Hotels and Resorts Co	27	-	0.7	-	-	-	-42.7%
Real Estate Index	**2,007**	**13.8**	**-**	**3.6**	**-**	**-**	**18.7%**
All Share Index	**33,459**	**12.2**	**-**	**2.3**	**-**	**-**	**8.4%**

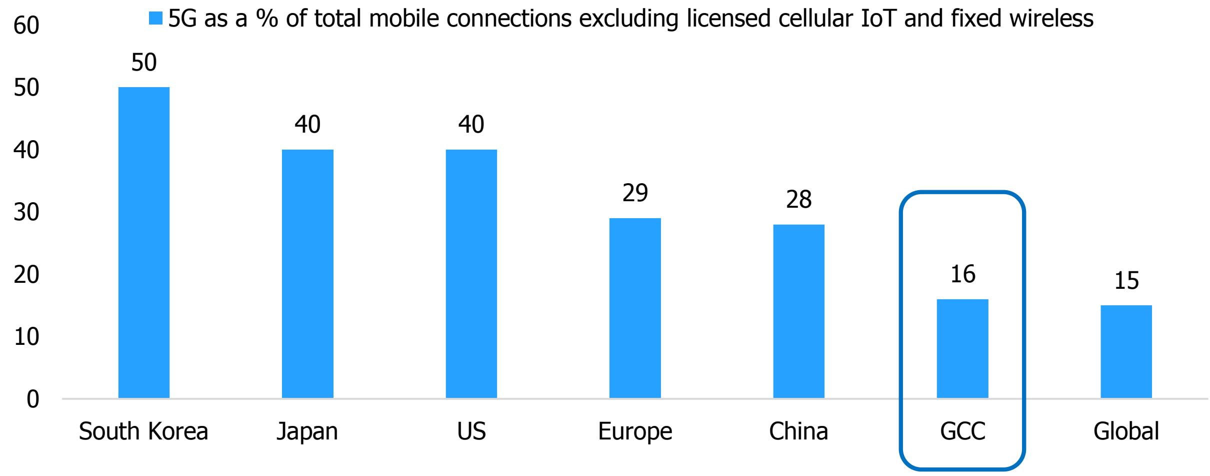
Source: Reuters | Note: YTD gains as of 20th June 2019

3. 5G Development in the GCC Region

5G, the fifth generation in mobile networks is the next evolution in wireless communications. Unlike 4G, 5G is built on the existing framework and is more advanced in terms of speed, reliability and network capacity. Such provisions can therefore be expected to unlock the potential of commercializing technologies like augmented reality (AR), virtual reality (VR), artificial intelligence (AI), Blockchain and internet of things (IoT).

Although China, United States, Japan and South Korea are leading in overall 5G development, the GCC countries are not far behind. GSMA reports that the GCC nations will be among the first in the world to launch commercial 5G networks. With growing smartphone adoption and increasing mobile broadband users in the GCC, the region is expected to be early adopters of 5G networks. GCC countries have extensive 4G coverage, which is a pre-requisite for a successful 5G service launch, as the technology works in conjunction with 4G technology. According to GSMA Intelligence, the number of 5G mobile connections in the GCC region is expected to grow slowly in the initial years of launch, but will start gaining momentum from 2023. By 2025, there will be around 50 million 5G connections in the MENA region, with around 20 million in the GCC, with adoption rate of 16% (5G as a percentage of total mobile connections), compared to 15% globally.

5G customer adoption across major regions (Forecast for 2025)



Source: GSMA Intelligence

Technology analysts estimate 5G connectivity will boost the GCC economy by $269 billion over 10 years (between 2020-30)[1] with faster and cost-effective internet access and connecting devices through Internet of Things (IoT). Mobile operators in the GCC region seek to be global leaders in 5G deployments, and are pushing ahead with trials and early commercial launches. Within the GCC countries, operators including Etisalat, Ooredoo and Zain are testing and streaming 5G services. Al Khobar in Saudi Arabia was the first city in the MENA region to test a 5G Network. In Qatar, Ooredoo rolled out its 5G Supernet deployment, offering a

[1] The National - new-5g-mobile-network-can-be-a-dh1-trillion-boost-to-gcc-economy

band of 3.5 GHz for a commercial 5G network. In the UAE, Etisalat launched a commercial 5G network catered by fixed wireless services at selected locations. However, Kuwait has emerged as the leading 5G developer in the region with Zain and VIVA already offering commercial 5G packages to its customers.

GCC 5G Deployment details

	Regulator	Auction Status	Key Spectrum	Commercial Launch Prospects	Major Players
Kuwait	**Communication and Information Technology Regulatory Authority (CITRA)**	**Completed in 2018**	**3.5GHz-3.6GHz**	**2019**	**Zain, Ooredoo Kuwait, and Viva**
KSA	Communication and Information Technology Commission (CITC)	Unconfirmed; temporary trial licenses made available in May 2018	3.5GHz-3.8GHz	2019	Saudi Telecom Company (STC) and Mobily
Qatar	Communications Regulatory Authority (CRA)	Licenses amended in December 2018 to include 5G	3.5GHz-3.8GHz	Pre-standards 5G networks launched in 2018; major cities to be covered by end-2020	Ooredoo Qatar
Oman	Telecommunications Regulatory Authority (TRA)	Licenses awarded in December 2018; third player to receive spectrum in early 2019	3.4GHz-3.7GHz	2020	Omantel and Ooredoo Oman
UAE	Telecommunications Regulatory Authority (TRA)	Completed in November 2018	3.3GHz-3.8GHz	2020; pre-commercial FWA service launched in 2018	Etisalat and Du
Bahrain	Telecommunications Regulatory Authority (TRA)	Administrative assignment expected to take place in 2019	800MHz, 2600MHz	Unknown	Batelco

Source: Telegeography

Kuwait has prospered in the adoption of telecom technology and is home to some of the world's highest rates of mobile penetration (172.6%2 as of June 2018, GSMA). In 2018, Kuwait concluded the auction for the spectrum in the band of 2.6Hz and 3.5-3.6GHz, which primarily caters to 5G. Most recently in May 2019, Zain, the leading digital service provider in Kuwait, announced that its network is fully ready for the commercial launch of fifth generation wireless technology to become the first operator to offer 5G technology in the GCC region via the Kuwaiti market with nationwide coverage of all areas. Soon after the announcement, Zain launched 5G Internet bundles for its postpaid customers. The 5G Internet bundles are offered via a number of flexible packages and along with a variety of additional products and services (TP-Link deco-mesh, Wi-Fi zone extender) to enhance the 5G experience. However, Zain is not the only operator in Kuwait bringing 5G to its customers. VIVA, Kuwait's fastest-growing telecom operator joined hands with Huawei to announce the launch of 5G service in June 2019, with special packages on VIVA's post-paid plans, promising a new wave of capabilities for internet and smartphone users. As a leading local and regional telecommunications company, VIVA has invested in building an advanced network with an extensive list of more than 1000 locations covered by the 5G service in Kuwait. Additionally, Kuwaiti

[2] Kuwait National ICT Figures - https://citra.gov.kw/sites/en/Pages/ict_indicators.aspx

telecom companies are collaborating with international players to utilize the latest advancements in the technology and hardware. Zain has signed a MoU with Ericsson to test IoT innovations. Ooredoo has also been discussing 5G, IoT and artificial intelligence with Huawei.

Although telecom companies and technology firms are racing to deploy 5G in Kuwait, there are certain factor that need to be acknowledged. 5G is capital intensive and the telecom operators need to adapt to a new business models to reap the profitability. Along with the physical infrastructure, the appropriate regulatory decisions and a clear policy framework are necessary to support 5G network developments, sustainable levels of investment and wider ecosystem evolution. A growing competitive intensity in the region and lower prices will lead to the mobile operators facing a margin pressure. Owing to the superiority of 5G in connectivity and the ability to offer high speed and capacity, operators can offer innovative services to customers. Over time, revenues for network operators will increase due to lower per megabyte traffic costs. However, only those operators who patiently invest time, money and effort in developing these capabilities have a chance to prosper and become industry leaders in this technology.

Disclaimer

The information and statistical data herein have been obtained from sources we believe to be reliable but no representation or warranty, expressed or implied, is made that such information and data is accurate or complete, and therefore should not be relied upon as such. Opinions, estimates and projections in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinion of Markaz and are subject to change without notice. Markaz has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn.

This report may not consider the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors are urged to seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and to understand that statements regarding future prospects may not be realized. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Investors should be able and willing to accept a total or partial loss of their investment. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily indicative of future performance.

Kuwait Financial Centre K.P.S.C (Markaz) may seek to do business, including investment banking deals, with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of Markaz, Markaz has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to Markaz's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this report or Markaz's website shall be at your own risk.

For further information, please contact 'Markaz' at P.O. Box 23444, Safat 13095, Kuwait; Email: research@markaz.com ; Tel: 00965 1804800; Fax: 00965 22450647.