GULF WAREHOUSING COMPANY Buy

25 October 2011

The Only Listed Play on Qatar's Booming Logistics Sector, Worth Paying up for; Initiate With Buy

Initiation of Coverage Air Freight & Logistics | Qatar

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Fair Value Offers 20% Upside Potential; Initiate Coverage with Buy

We initiate coverage on Gulf Warehousing Company (GWC) with a Buy recommendation and a fair value (FV) of QAR41.10/share, which offers 20% upside potential. GWC is the market's leading logistics operator in Qatar, and is uniquely positioned to capitalise on the logistics sector growth in the country, which is expected to double within five years, to potentially become a QAR2 billion industry.

Market Leader Deserves Premium Rating

We arrive at our QAR41.10/share FV by using a combination of DCF value of QAR47.7/share and an estimated 2013 P/E multiple of 13.5x. We attach a 60% weighting to our DCF, given that free-cash flow is back-end loaded and a premium is justified, in our view, given GWC's market leading position, first mover advantage, strong management team, exposure to a high-growth market and high dividend payout ratio. Key risks include: a) postponement of government projects, b) economic slowdown in Qatar, and c) low increase in the penetration rate of outsourced logistics.

GWC is a One-Stop Shop for Logistics in Qatar

GWC offers a one-stop shop approach, providing a full range of third-party logistics services, including warehousing, transportation, freight forwarding and supply chain management (SCM) outsourcing. GWC, founded in 2004, acquired Agility-Qatar in 2010 and the new entity possesses the local market expertise alongside the international logistics know how of Agility. Key growth driver in the near-term is the 1-million-square-metre (sqm) logistics village (LVQ) that the company is building.

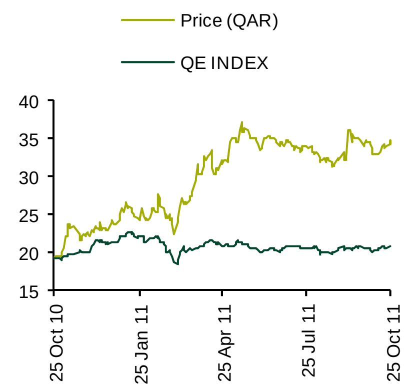
Earnings Progression, LVQ and Government Spending to Drive Growth

Key catalysts to drive the shares include: 1) quarterly results, 2) increasing pre-sales at the LVQ, and 3) implementation of government spending plans. GWC is a growth story and the delivery of earnings progression will be crucial, in our view. Similarly, positive news regarding occupancy at the LVQ, which opens phase 2 in 1Q2012, is likely to be a catalyst. Also, much of the new logistics spend will depend on the implementation of government projects, whose timing remains uncertain.

Stock Data

Rating	**Buy**
Price (25 Oct 2011)	**QAR34.4**
Fair Value	**QAR41.1**
Last Div. / Ex. Date	QAR1.00 on 15 Feb 2011
Mkt. Cap / Shares (mn)	QAR1,361 / 39.6
Av. Monthly Liquidity (mn)	QAR79.9
52-Week High / Low	QAR37.2 / 19.4
Bloomberg / Reuters	GWCS QD / GWCS.QA
Est. Free Float	79.7%

Share Price Performance Relative To QE INDEX



Key Financial Highlights

Dec Year End (QAR mn)	2010a	2011e	2012e	2013e
Revenue	87.6	401.1	467.5	576.6
EBITDA	33.3	102.3	137.9	178.7
Net Attribute Income	21.0	53.8	67.0	91.0
EPS (QAR)	2.04	1.36	1.69	2.30
Price to Earnings (x)	40.9	25.3	20.3	15.0
Dividend Yield (%)	2.9	4.1	5.2	6.4
Net Debt (Cash)	122.4	384.2	586.8	728.2
EV/EBITDA (x)	48.3	15.7	11.7	9.0
ROAE (%)	6.5	10.5	9.8	13.0

Source: Gulf Warehousing Company, EFG Hermes estimates

Please refer to the disclaimer and disclosures at the end of this note.

DataMiner

(Dec Year End) In QAR million, unless otherwise stated	2010a	2011e	2012e	2013e
Income Statement				
Revenue	87.6	401.1	467.5	576.6
EBITDA	33.3	102.3	137.9	178.7
EBIT	14.2	62.8	82.9	112.5
Taxes and Zakat	-	-	-	-
Minority Interest	0.0	(1.1)	(1.3)	(1.8)
Reported Net Income	51.0	53.8	67.0	91.0
Attributable Net Income	21.0	53.8	67.0	91.0
Balance Sheet				
Cash and Cash Equivalents	96.9	31.8	31.5	11.0
Total Current Assets	145.7	249.9	285.6	324.3
Total Non-Current Assets	463.2	955.7	1,151	1,284
Total Assets	608.8	1,206	1,436	1,609
Total Current Liabilities	69.0	136.3	147.7	177.8
Total Non-Current Liabilities	190.9	390.1	596.5	717.4
Total Liabilities	259.9	526.5	744.2	895.2
Minority Interest	0.0	0.7	2.0	3.9
Total Equity	348.9	679.1	692.0	713.5
Total Net Debt	122.4	384.2	586.8	728.2
Cash Flow Statement				
Cash Operating Profit after Tax	32.6	97.1	123.3	159.0
CAPEX and Investments	(158.4)	(276.4)	(250.0)	(200.0)
FCF	(86.8)	(195.4)	(147.1)	(70.2)
Net Financing	127.9	130.3	146.9	49.6
Change in Cash	41.2	(65.1)	(0.2)	(20.6)
Per Share Financial Summary				
Normal Reported EPS (QAR)	2.04	1.36	1.69	2.30
Reported Dividend Per Share (QAR)	1.00	1.40	1.80	2.20
Book Value Per Share (QAR)	13.96	17.13	17.42	17.92
Valuation Metrics				
Price to Earnings (x)	40.9	25.3	20.3	15.0
Price to Book Value (x)	3.9	2.0	2.0	1.9
Price to Cash Flow (x)	11.99	16.79	13.23	10.48
FCF Yield (%)	(13.69)	(12.73)	(10.89)	(5.21)
Dividend Yield (%)	2.9	4.1	5.2	6.4
EV / EBITDA (x)	48.3	15.7	11.7	9.0
EV / Invested Capital (x)	3.4	1.5	1.3	1.1
ROAIC (%)	3.5	8.2	7.1	8.3
ROAE (%)	6.5	10.5	9.8	13.0
KPIs				
Revenue Growth (%)	17.7	358.0	16.6	23.3
EBITDA Growth (%)	(4.3)	207.0	34.8	29.6
Gross Profit Margin (%)	59.3	35.0	39.0	40.0
EBITDA Margin (%)	38.0	25.5	29.5	31.0
EBIT Margin (%)	16.3	15.7	17.7	19.5
Effective Tax Rate (%)	N/A	N/A	N/A	N/A
Net Debt (Cash) / BV (x)	0.4	0.6	0.9	1.0
Net Debt (Cash) / EBITDA (x)	3.7	3.8	4.3	4.1

Source: Gulf Warehousing Company, EFG Hermes estimates

Investment Thesis

GWC offers a one-stop shop approach, providing a full range of third-party logistics services, including warehousing, transportation, freight forwarding and supply chain management (SCM) outsourcing. GWC, founded in 2004, acquired Agility-Qatar in 2010 and the new entity possesses the local market expertise alongside the international logistics know how of Agility. Key growth driver in the near-term is the 1-million-square-metre (sqm) logistics village (LVQ) that the company is building

Valuation and Risks

We arrive at our QAR41.10/share FV by using a combination of DCF value of QAR47.7/share and an estimated 2013 P/E multiple of 13.5x. We attach a 60% weighting to our DCF, given that free-cashflow is back-end loaded and a premium is justified, in our view, given GWC's market leading position, first mover advantage, strong management team, exposure to a high-growth market and high dividend payout ratio. Key risks include: a) postponement of government projects, b) economic slowdown in Qatar, and c) low increase in the penetration rate of outsourced logistics.

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I. Valuation

We initiate coverage with a Buy rating and a QAR41.10/share fair value (FV), which offers 20% upside potential.

We use a combination of DCF and peer group P/E multiple for our FV calculation. Given that Gulf Warehousing is in an expansion phase, most of the returns are back-end loaded and, consequently, we use a weighting of 60:40 in favour of our DCV value, as it fully captures the growth potential of the business.

Fig. 1. Fair Value Calculation

Methodology	Price	Weighting	Implied Price / Share	Comment
DCF	47.7	0.6	28.7	FCF is back-end loaded as company is expanding
Peer Group	31.2	0.4	12.5	6% premium to peers on 2013E P/E of 13.5x
Fair Value			**41.1**	

Source: EFG Hermes Estimates

DCF Valuation

Our DCF fair value is QAR47.70/share, which reflects the expected growth in EBITDA over the next few years. We use a WACC of 10.6%, derived from a 6.0% cost of debt and a 13.0% cost of equity (a risk-free rate of 4.0%, a 2.0% company spread, a 9% market risk premium, and a beta of 1.0). We also use a terminal growth rate of 3.0%.

This is broadly in line with our other Qatar non-financial stocks. Nakilat and QEWC are both utilities with fixed long-term contracts, with a significantly lower WACC due to their high gearing.

Fig. 2. WACC for Non-Financial Qatar Stocks

	Risk Free Rate	Equity Risk Premium	Cost of Equity	WACC
Nakilat	6.00%	8.00%	11.20%	7.00%
Industries Qatar (IQ)	4.50%	7.30%	11.80%	11.30%
Qatar National Navigation Co.	5.00%	8.00%	13.00%	11.40%
Qatar Electricity & Water (QEWC)	5.30%	4.50%	9.80%	7.90%
Qatar Telecom (Qtel)	7.30%	6.30%	13.50%	11.10%

Source: EFG Hermes Estimates

GWC's free cash flow (FCF) is negative in the early years due to the company's large capex programme. For example, GWC is spending QAR1 billion on the LVQ project. FCF turns positive in 2014, as capex is expected to drop, and EBITDA is expected to rise significantly. We estimate annual maintenance capex will settle at around QAR25 million, or 2.0% of sales.

Fig. 3. DCF Valuation
In QAR million, unless otherwise stated

	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e
EBITDA	102	138	179	211	271	298	327	358	389	412
Capex	(151)	(250)	(200)	(27)	(34)	(24)	(27)	(30)	(32)	(35)
Working Capital / Taxes	(21)	(20)	(29)	(41)	(42)	(44)	(49)	(54)	(59)	(63)
Free Cash Flow	(70)	(133)	(50)	143	195	229	251	274	298	314
Discount Factor	0.90	0.82	0.74	0.67	0.61	0.55	0.50	0.45	0.41	0.37
Discounted Free Cash Flow	(63)	(108)	(37)	96	118	126	124	123	121	115
Perpetual Growth	3.00%									
WACC	10.55%									
PV of Cash Flows 2011-20e	614									
Terminal Value	1,525									
Total Firm Value	2,139									
2010A Net (Debt) / Cash	(245)									
Minorities / Pension Deficit	(3)									
Total Equity Value	1,890									
No. of Shares (mn)	39.6									
Fair Value per Share (QAR)	**47.7**									

Source: Gulf Warehousing Company (GWC), EFG Hermes estimates

Peer Group Valuation - Premium Is Justified

On a relative basis, GWC appears fully valued as it trades at a premium relative to its global peers. It is worthy to note that the emerging market peers trade at a premium to the developed market operators, which is justifiable, in our view, given the growth potential in these fast-growing economies.

Similarly, we believe GWC deserves to trade at a premium to its peer group, given its visible revenue growth strategy and its exposure to an economy that is growing at more than 10% per annum. Furthermore, GWC has minimal international exposure, which is a positive at this stage in the cycle, in our view.

GWC trades at a 34% premium to its emerging market peers on an estimated 2012 P/E multiple and at a 16% premium on an estimated 2013 P/E multiple. We believe it is appropriate to use 2013 as a reference year, given that it represents a more normalised earnings base for GWC, in our view. Overall, we value GWC at a small premium (6%) to its emerging market peers at 13.5x estimated 2013 P/E.

GWC Offers Yield In Addition To Growth

It is worth emphasising that GWC is expected to be a significantly higher yielding than its peers. The company's board is committed to paying out a large share of the income as dividends. The stock offers a 2011 prospective yield of 4.1%, which is more than twice the industry average. Beyond 2011, the yield jumps to 5.4% for FY2012e and above 7% for FY2013e. GWC offers a rare combination of high growth and high yield, which further supports our case for an overall premium rating.

At our FV of QAR41.10/share, the stock trades at an estimated 2013 P/E multiple of almost 18x, but the multiple would fall to an estimated 15x in 2014.

Fig. 4. Peer Group Valuation

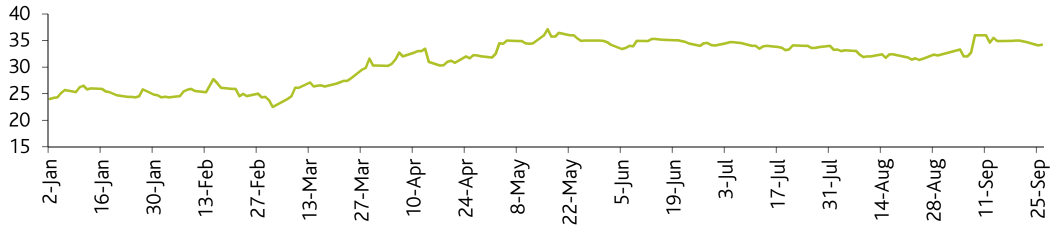
Company	Country	GICS Classification	Market Cap (USD mn)	P/E (x)			EV/EBITDA (x)			P/BV (x)	Div. Yield
				11e	12e	13e	10a	11e	12e		
Aramex	UAE	Air Freight & Logistics	698	11.7	10.2	10.3	7.8	7.1	6.4	1.5	0.0%
Sinotrans	China	Air Freight & Logistics	957	11.7	11.9	10.2		8.4	7.5	1.2	0.0%
CITIC	China	Air Freight & Logistics	733	30.4	25.4	22.0	21.2			2.9	0.0%
Hyundai	South Korea	Air Freight & Logistics	6,671	23.2	19.3	15.2					
Singapore Post Ltd.	Singapore	Air Freight & Logistics	1,554	12.6	12.3	12.1	8.9	9.3	9.2	6.2	
Pos Malaysia	Malaysia	Air Freight & Logistics	463	10.6	8.9	7.7	6.6	4.2	3.7	1.8	
Emerging Peers Average				19.9	17.1	14.1	11.1	7.3	6.7	1.3	0.0%
TNT Express NV	Netherlands	Air Freight & Logistics	4,232	22.8	14.7	11.0	8.0	6.9	5.2		
PostNl NV	Netherlands	Air Freight & Logistics	1,825	5.2	4.4	4.1	3.0	4.1	4.1	2.3	
Freightways	New Zealand	Air Freight & Logistics	404	14.5	12.7	11.2	9.9	9.2	8.3	3.0	
UK Mail Group Plc	United Kingdom	Air Freight & Logistics	189	10.4	9.9	8.9	4.3	4.4	4.0	2.0	
Oesterreichische	Austria	Air Freight & Logistics	2,020	10.8	10.5	10.3	5.3	4.6	4.5	2.3	7.3%
Nippon Express Co.	Japan	Rail & Road	4,370	14.3	12.7	11.8	6.3	5.7	5.4	0.7	3.2%
Kintetsu	Japan	Air Freight & Logistics	1,134	10.5	9.3	8.7	4.8	4.4	4.0	1.2	1.2%
Yusen	Japan	Air Freight & Logistics	550	10.2	8.2	7.6	6.7	3.3	2.7	0.8	1.8%
UPS	United States	Air Freight & Logistics	67,920	16.4	14.4	12.7	9.8	8.6	7.8		2.7%
FedEx	United States	Air Freight & Logistics	23,988	12.0	10.3	9.1	5.4	4.5	4.0	1.5	0.8%
Expeditors	United States	Air Freight & Logistics	9,444	24.2	21.5	19.3	14.0	12.1	10.7	5.0	0.9%
Deutsche Post AG	Germany	Air Freight & Logistics	17,426	9.1	8.5	7.7	3.6	4.0	3.9	1.3	6.2%
Panalpina	Switzerland	Air Freight & Logistics	2,280		13.2	11.2	19.3	6.9	6.3	2.3	0.0%
UTi Worldwide Inc.	United States	Air Freight & Logistics	1,527	17.6	14.1	12.0	8.8	7.4	6.4	1.6	0.4%
Atlas Air	United States	Air Freight & Logistics	935	7.4	5.6	4.9	3.4	3.6	2.5	0.9	0.0%
Forward Air	United States	Air Freight & Logistics	907	20.1	17.5	15.5	11.6	8.8	7.9	3.2	0.9%
Air Transport	United States	Air Freight & Logistics	321	6.9	6.0	5.0	3.5	3.2	2.9	1.0	
Developed Peers Average				14.7	13.0	11.5	8.3	7.1	6.5	1.0	2.6%
Total Average				17.3	15.1	12.8	9.7	7.2	6.6	1.1	1.3%
GWC			360	25.1	20.1	14.8	52.0	16.9	12.6	2.1	4.1%
Relative to Emerging Economy Peers				26%	18%	5%		133%	88%	55%	
Relative to Dev. Economy Peers				70%	54%	29%		137%	94%	115%	61%
Relative to Whole Industry				45%	34%	16%		135%	91%	80%	222%

Source: Reuters Knowledge, EFG Hermes estimates

II. Catalysts and Risks

GWC has been one of the best performing stocks on the Qatar Stock Exchange (QSE) during 2011 YTD, with the shares rising by more than 40%, outperforming the QSE Index by 46%. The performance reflects the company's growth potential, but we believe the shares have further upside potential.

Fig. 5. GWC



Source: Zawya Dow Jones

A. Potential Catalysts

Earnings growth

Given that GWC is a growth story, we believe the delivery of strong earnings growth will be the key catalyst to drive the shares higher. The company's 2Q2011 earnings showed 31% growth Q-o-Q, but we expect this momentum to accelerate, as we forecast 2H2011 earnings growth of close to 30%. Beyond 2011, we forecast a 25% CAGR income growth for a five-year period.

Higher Market Cap and Improved Investor Relations

GWC, until recently, has fallen into the small-cap category, and has not been on the radar screen for many investors. However, the shares have risen by more than 40% YTD, and the market cap currently stands at more than QAR1,300 million, or more than USD350 million, taking the stock firmly into the mid-cap category. The larger market cap alongside the share performance has caught the market's attention. Furthermore, the company's management team is proactive with regard to Investment Relations (IR), and is planning several investor roadshows that should help boost interest in the GWC story.

Institutional Shareholder Base and Improved Liquidity

We believe increased awareness will eventually lead to a change in the shareholder base in favour of institutions. Whilst a detailed shareholders list is not available, we believe the daily flow is currently dominated by the retail market. We believe the shares will become more attractive once there is a larger institutional shareholder base, which should help improve liquidity.

Implementation of Infrastructure Projects

Qatar has announced and awarded billions of dollars worth of infrastructure projects, but only a few were implemented, as the country continues to evaluate the projected growth potential. Whilst it remains a question of when and not if, the lack of execution has meant the expected surge in investment has yet to materialise, and companies highly exposed to the local economy have not benefited as much as the market had expected. This has meant that the local stock exchange has had a lacklustre performance YTD (down 4%). Once project implementation begins, we believe the stock market will kick into high gear, which should benefit the whole market, including GWC.

B. Risks

Low Utilisation of LVQ

Logistics Village Qatar (LVQ) represents the largest risk to our forecasts, in our view, as we are likely to see significant downgrades if full utilisation levels are not achieved (figure 12). The outlook remains positive, as a significant percentage of phase 2 is already pre-leased, and we are still 6-8 months away from the opening of the LVQ, but low utilisation could remain a possibility. That said, the group is expanding in phases, and should demand wane, GWC could potentially delay phase 3-4 and postpone some of its capex.

Slowdown in Qatar's Economy or Lack of Project Implementation

GWC is a play on the growth of the local logistics market, as the company is almost exclusively focused on Qatar. Significant growth is expected from both the local economy and logistics market; however, should the growth be delayed, we are likely to see earnings growth targets impacted adversely. Furthermore, delays in implementing key infrastructure projects are also likely to impact the company negatively.

New Competition

GWC is the only major logistics operator in Qatar, following the acquisition of Agility-Qatar. Whilst some of the global operators such as DHL have a presence, none of the competitors have a significant market share in Qatar. As a result, the market is appears less competitive then the rest of the region, but this is likely to change should the projected growth materialise, as new players are enter the market. We believe, however, that GWC has a first-mover advantage.

III. Company Profile

A. Background

Gulf Warehousing Company (GWC) was established and publicly listed on the Doha Securities Market in March 2004. The company, which adopts a "One-Stop Shop" approach, provides a full range of third-party logistics services, including warehousing, transportation, freight forwarding and supply chain management (SCM) outsourcing.

In 1Q2009, GWC announced that it has signed an agreement to acquire Agility-Qatar, a 49% subsidiary of Kuwait-based logistics provider, Agility Public Warehousing Company. The merger was finalised in 4Q2010.

B. Company Activities

Warehousing

GWC generates the largest portion of revenues from its warehousing and storage business segment. The company's warehousing activities can be classified into three main models:

The Leasing Model: This model involves renting the entire warehouse to clients. Based on this model, the client is charged for the entire leased warehousing space regardless of the utilisation level.

Third-Party Logistics (3PL) Model: This model involves leasing the warehousing space on a per-unit basis (i.e. per cubic metre occupied). This model represents the core of the company's business.

Fourth-Party Logistics (4PL) Model: Under this model, the warehouse is owned by the client and GWC is hired, as a logistics provider, to manage the warehouse.

Warehousing facilities

GWC owns four main warehousing facilities in Qatar

Doha Industrial area warehouse

The company's flagship warehouse, which is located strategically in the Doha Industrial area, occupies 25,000 square metres (sqm) and comprises 40,084 pallet positions. The warehouse provides ambient, as well as temperature-controlled storage, to third-party customers.

Ras Laffan Warehouse

The Ras Laffan warehousing facility occupies over 16,000 sqm in the Ras Laffan Industrial area. The facility features 19,860 pallet positions and 10,000 sqm of open yard space for heavy equipment and pipes storage. The warehouse provides temperature-controlled safe storage and handling of hazardous materials.

Mesaieed Warehouse

The company plans to establish a 60,800 sqm project in Mesaieed Industrial City, 50,000 sqm of which will be used for open storage. The facility aims to cater to the growing demand of the petrochemical, steel and chemical industries for logistic services. The first phase of the project came on stream in February 2011, whilst the second phase will add further 11,000 sqm of open storage space.

Street 41 Warehouse

This is a 10k m2 warehouse built in 2005 and was owned by Agility Qatar.

Logistics Village Qatar (LVQ)

The company is developing a large-scale warehousing complex, Logistics Village Qatar (LVQ), covering 1 million sqm near Qatar's Industrial area. The project will be developed over four phases, and the first phase has already started operations in 1Q2011. The second phase is expected to come on stream in early 2012, whilst the third and last phases are scheduled for completion in 2014 and 2015, respectively. LVQ is a 70-80% revenue-generating model, as a portion of the 1 million sqm area is dedicated to infrastructure and does not generate revenues.

Fig. 6. Logistics Village Qatar (LVQ)

Source: Gulf Warehousing Company (GWC)

Transportation

The transportation segment constitutes an integral part of GWC's supply chain solution services. It is the third largest revenue generator segment for the company, according to our estimates. The company owns a diversified fleet of vehicles equipped to carry ambient or temperature sensitive products from warehouses to customer premises in Qatar.

Freight Forwarding

This segment accounted for 36% of GWC's revenues in 1H2011. The company offers a wide range of freight forwarding services, including air, land and sea freight. We expect the contribution from the freight forwarding segment to grow considerably, going forward, as the company has completed the acquisition of Agility-Qatar's freight forwarding business, effective 1 January 2011. This should enable GWC to serve many more inbound and outbound international transactions. Aramex would count as GWC's main competitor in this segment.

Hazmat

This activity involves the storage of hazardous materials in specialised warehousing facilities. GWC's Ras Laffan facility provides safe and secured storage of chemicals used in oil, gas and petrochemical industries, including flammable and non-flammable gas, toxic gas, flammable liquids and solids, spontaneously combustible, dangerous when wet, oxidiser, organic peroxie, toxic and corrosive substances, and miscellaneous substances.

Customs Clearance

GWC has a team dedicated to handling customs clearance procedures for its clients.

Container & Open Yard

The company makes use of open yards at its warehouses to store commodities that are not sensitive to weather conditions such as bricks, oil, telecom towers, etc.

Packing & Relocation

The company provides relocation services (packing and moving) for households and offices in Qatar.

Record Management Solutions (RMS)

This activity includes the management of documents for various business institutions in Qatar. The company’s client base consists primarily of financial institutions (nine out of 12 major banks operating in Qatar outsource record management solutions (RMS) through GWC), in addition to insurance companies. RMS encompass imaging and scanning services, document storage, indexing/cataloguing, retrieval, pick-up and delivery, destruction and media storage. This is a relatively high-margin business, given the complexity of the business. This is an area that GWC is looking to expand, going forward. To date, the company handled 6 million documents without errors.

Asset Management

GWC uses a “Visual Asset Manager” (VAM) application to provide effective fixed asset management for its clients. The services include creating and maintaining asset registers, managing and controlling asset transfers, conducting regular asset audits, asset value calculations, asset relationships and responsibilities, and asset consolidation.

This is a relatively new business area for the company. It consists of tagging office furniture, scanning the tags and storing the related data. Corporate clients’ finance departments look at the data to ensure that it matches the information they have under the PP&E accounts of their companies’ balance sheets.

Event & Exhibition Management

GWC provides all logistics services required to organise large-scale events and exhibitions. Through this activity, the company targets a niche market that enables it to charge “premium prices for premium services.” The company has been selected as the official logistics handler for the IAAF World Indoor Championship Games in 2010 and the Asian Cup in January 2011. The company is in the process of bidding for additional sport events that will be hosted by Qatar in the coming period, which will likely enable it to pave the way for winning contracts related to 2022 FIFA World Cup. GWC is also the official freight forwarder and logistics venue manager for the World Petroleum Conference, which will be held in Doha in December 2011.

Supply Chain Managment Outsourcing

GWC offers full-scale consultation services encompassing process flow, networking set-up, inventory and a fleet management system.

IMDAD

Imdad aims to become a food consolidator in Qatar by providing a one-stop solution for clients in all of its food-related needs. By offering economies of scale, Imdad aims to offer a competitive, cost-effective outsourced procurement solution.

Competitors

We can divide GWC’s competitors into three segments: warehousing, freight and project logistics.

Warehousing: GWC is the market leader in 3PL logistics in Qatar, and there is relatively little competition. However, a significant percentage of companies do their own warehousing, and this presents a potential growth opportunity.

Freight: The freight market is more competitive, and the usual players are present, such as DHL, Panalpina, and Schenker, amongst others. No one player has more than 3-4% market share, in our view, and we suspect this market will remain fragmented.

Project logistics: For large-scale projects, GWC has a competitive advantage due to its global network partnership with Agility and its local presence. The competitors are either global players that have no assets in Qatar or local ones that use agents outside of Qatar. GWC has a relatively high share in this market, and while the size of this segment is currently small, it is expected to grow significantly, given the large-scale events Qatar is planning to host.

Key Clients

We believe the revenue mix is well-spread, with the top ten clients accounting for less than 25% of revenues. Furthermore, no one client accounts for more than 5% of sales, according to our estimates. Top clients include Rasgas, Qatar Airways, Gulf Drilling and 51 east.

Agency Agreement with Agility

GWC, through its partnership with Agility, has the unique advantage of being able to use Agility's global reach for its freight forwarding business. Agility is present in more than 100 countries, and has more than 550 locations (The map below illustrates Agility's reach). For instance, GWC has the ability to offer a one-stop logistic solution for international companies sending goods to Qatar or vice versa. International operators usually do not own assets locally and use local players on the ground and local operators use agents for overseas business. By offering a full in-house solution, GWC has a competitive advantage by virtue of this partnership.

Fig. 7. Agility Global Network

Source: Agility

Management Team

Mohammad Ismail Al-Imadi, Chairman: Mohammed is a prominent Qatari businessman and credited ambassador with the Qatar Foreign Ministry. In addition to his role as Chairman for Gulf Warehousing Company, Al-Imadi is also the Chairman of Ismail Bin Ali group of companies. Previously held positions include General Manager at Qtel, the leading telecom provider in Qatar. He is a graduate of the University of Wisconsin, and holds a Bachelor degree in Architecture.

Ranjeev Menon, CEO: Ranjeev has been with the company for the past three years, with a masters degree in Supply Chain Management and a vast experience of nearly 25 years in the industry. He has been instrumental in developing the Logistics Village Qatar (LVQ) to support logistics needs in Qatar and the Middle East.

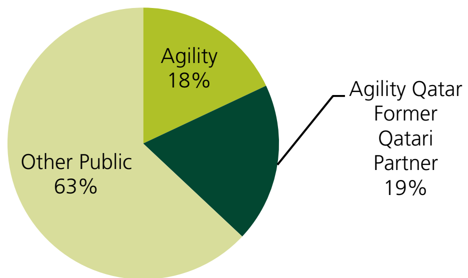
Basem Chbaklo, Managing Director and Board Member: Chbaklo heads the future expansions and new Joint Ventures at GWC, as well as maintains and develops strategic relationships with several key accounts at the company. He also manages Investor relations. Previous roles include CEO of Agility Qatar, Agility Bahrain and Agility UAE, as well as Deputy CEO Middle East and Africa at Agility. He holds a BEng in Computer Engineering from the American University of Beirut; MSc in Business Management from the Lebanese American University and an MBA (Hons.) from the Wharton Business School.

Rajeswar Govindan, CFO: Govindan heads Finance function in GWC, and is a Cost Accountant by profession, with an experience of nearly 15 years in service industry. His previous roles include Finance Manager of Vodafone (India), Reliance Telecom (India) and Idea Mobile (India).

Shareholders

Key shareholders include Agility, which owns 18%, has one board representative, and also offers its global freight forwarding network that GWC is now able to tap into. GWC is also 19%owned by a prominent local Qatari company.

Fig. 8. GWC Shareholder List



Source: Gulf Warehousing Company (GWC), Zawya

IV. Qatar's Drive to Become Logistics Hub

Qatar aims to become the region's major cargo hub, similar to Dubai. The country is planning to pour billions of dollars into infrastructure as it prepares to host the Asian Games in 2018 and the 2022 FIFA World Cup. The country certainly needs to improve its infrastructure if it is to gain a foothold in the logistics space. Currently, trucks bringing goods into Qatar must transit through Saudi Arabia and freight forwarders have reported a 20-kilometre tailback at the border crossing on a regular basis. This is due to disputes over documentation, cargo inspection and delayed customs clearance.

To transform the industry, the country is investing heavily. For example, a new airport is being built for USD11 billion (expected to open 2012/13), which will have the capacity to handle 1.4 million tonnes of freight per annum. The new sea port in Mesaeied will have an initial capacity of 2 million TEUs when it opens in 2014-2015 before rising to 6 million TEUs. The new Doha port will have four container terminals, five general cargo terminals, and a roll-on/roll-off berth. The port will be able to handle the largest modern vessels, which are currently unable to access the existing port.

Furthermore, the government has announced expenditures of USD80 billion-100 billion over next five years to improve the road and rail network in the country. Also, a purpose-built logistics zone on a 500,000 sqm site, approximately 8 km from the new Doha port, is in the planning stage.

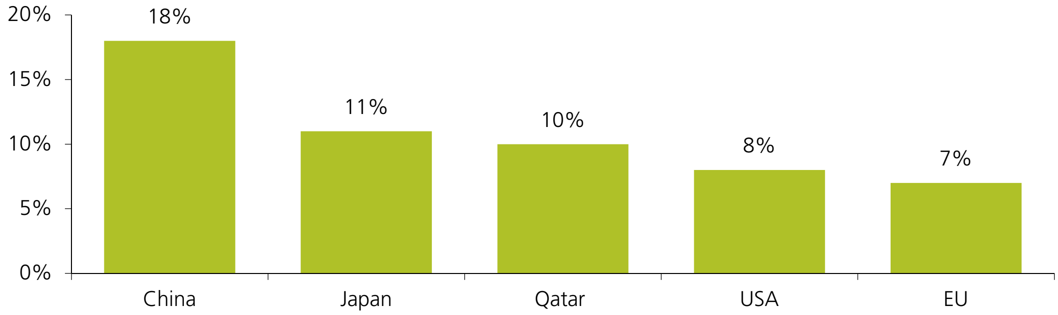
The national airline is also investing heavily with Qatar Airways, recently announcing that it was spending billions on expanding its fleet by more than 50 planes. Qatar Airways has also bought a 35% stake in an air cargo business, Cargolux, to add scale to its cargo division.

V. GWC Growth Strategy

The acquisition of Agility-Qatar by Gulf Warehousing Company to create GWC has created a premier logistics operator in Qatar that is likely to benefit from a combination of operating in a high GDP growth economy, and from the increase in outsourcing. GWC, by 2015, is aiming to deliver revenues of cQAR1,000 million per annum and over QAR150 million per annum of net profit. This equates to an approximate 25% market share of the outsourced logistics spend in Qatar, and would represent more than 26% CAGR top line growth.

Official logistics spend data are not available; however, as an estimate, we believe it is circa 10% of GDP, or QAR 20 billion per year (i.e. 10% of non-oil GDP). For example, logistics spend in China stands at 18% and at 7% for the European Union. Spend as a percentage of GDP decreases as infrastructure improves. Given the size of the population and infrastructure in Qatar, we believe 10% is a fair estimate.

Fig. 9. Logistics Spend As a percentage of GDP



Source: KPMG, EFG Hermes estimates

We estimate that non-oil GDP will grow by 6% CAGR over the next five years, which will mean that the logistics pie will reach QAR27 billion per year. Of the current QAR 20 billion spent on logistics, we estimate that 90% is kept in-house, and only 10% is outsourced, which implies that the total outsourced market size stands at cQAR2 billion per annum.

Of the logistics pie, we estimate that 10% is currently outsourced, but we expect this to grow to c15% by 2015. Our estimate is relative to a European average for outsourced logistics, which stands at 35-40%. The US average is slightly higher, while it is lower in Asia.

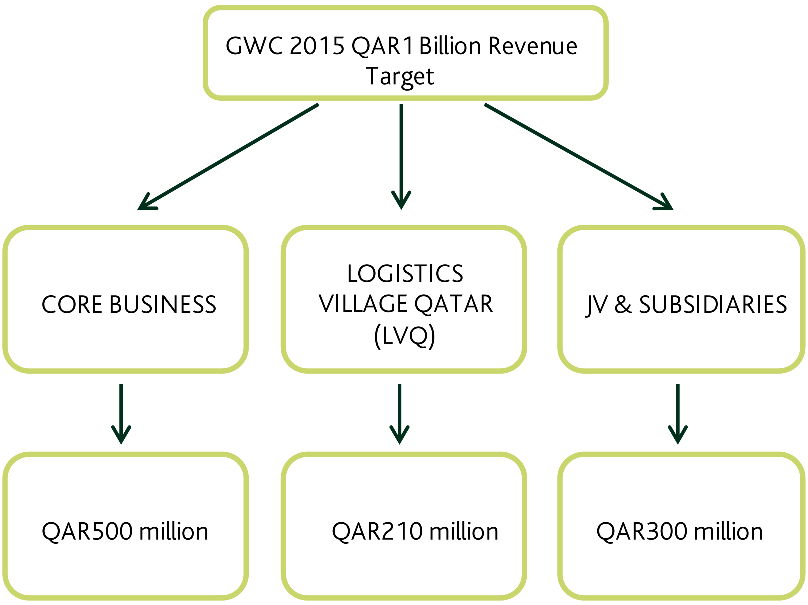
GWC's current market share stands at 16%; however, with the large expected capex outlay, the company hopes to gain market share over the next few years. The company will likely achieve sales of QAR1 billion and a typical margin of 18% would mean net profits of over QAR180 million, should the company's market share hit 25%.

Fig. 10. Logistics Spend in Qatar
In QAR million, unless otherwise stated

	2010	2015	CAGR
GDP (QAR bn)	199	266	6%
Logistics Spend as % of GDP	10%	10%	
Total Logistics Spend (QAR bn)	19.9	26.6	6%
Outsourcing Share of Logistics Spend	10%	15%	
Outsource Logistics (QAR bn)	2.0	4.0	15%
GWC Agility Market Share	16%	25%	
GWC Agility Revenue	318.4	997.5	26%
Net Income Margin	15%	15%	
Net Income	47.8	149.6	26%

Source: Gulf Warehousing Company (GWC), EFG Hermes Estimates

Fig. 11. GWC 2015 REVENUE TARGET



Source: Gulf Warehousing Company (GWC)

We can break down GWC's business into three main components: core business, LVQ, and joint ventures and subsidiaries. The core business includes contract logistics, warehousing, freight, transportation, etc., while LVQ is the logistics village, and JVs & subsidiaries include Imdad.

Overall, GWC expects its core business to grow at 15-20% per annum, with revenues of over QAR500 million by 2015, LVQ revenues to hit close to QAR210 million per annum by 2015, and JVs and other businesses to grow at a 40-45% CAGR to reach QAR300 million. Combined sales would be cQAR 1 billion.

Core Business: The core business is expected to benefit from a combination of: a) substantial growth of the economy and b) higher penetration rates for outsourcing. We estimate that the core business has delivered more than 36% CAGR growth in the last four years, and that potentially our 15-20% growth estimate could be conservative.

For instance, project logistics can be lucrative, but it depends on the timing of the execution of mega-infrastructure projects, which remains uncertain. It is worth emphasising that cUSD100 billion worth of infrastructure investment is expected over the next ten years, which can translate into a logistics spend of USD15-20 billion. Given that GWC is now the only main logistics provider in Qatar, the company should win some of these key projects, in our view, and we are not factoring in any of these in our forecasts.

LVQ: The bulk of the growth is expected to be delivered by the LVQ project, which is currently in phase 2. The logistics village is expected to cost cQAR1 billion, and QAR300 million have already been spent. Once fully utilised, we expect the LVQ project to generate annual revenues of more than QAR200 million, which should equate to c25% of total group revenues.

We believe the logistics village is in a class of its own in Doha. It offers three key advantages over its competitors:

One-Stop Shop: GWC offers facilities management, clean warehouses, internet, security and staff accommodation.

Expansion Proof: LVQ also offers an expansion proof solution, as clients know there will be more space available should they need it in years to come. In Qatar, some companies often rent 5-15 different warehouses in different industrial areas, making operations inefficient.

Quality: GWC's warehouses are modern 18-metre high buildings and no other operator offers 10,000-20,000 sqm warehouses. The only alternative for clients is to build their own warehouses.

Readily Available: LVQ offers an off-the-shelf product for clients, where under a worse-case scenario it would take a maximum of ten months for warehousing space to be ready to be occupied should there be a need for a large-scale warehousing / logistics operation. Otherwise, it would take two-three years to finalise licenses/ approvals and build a warehouse.

LVQ is a capacity expansion project, where the entire space will be leased out. While a 3PL model would be more profitable should the space be fully utilised, a leasing model has lower risks, as once spaces are leased out, it is up to clients to use them in the most convenient way for them. We believe GWC will move to a 3PL model over the long term, but for now the leasing model offers the best returns. Phase 1 was completely leased out and c40% of phase 2 was pre-sold. The plan is to pre-sell most of the space before opening, which will improve revenue visibility and reduce risk.

In addition to revenue growth, the opening of phase 1 has significantly boosted profits. Prior to LVQ, GWC used to rent more than 20 independent warehouses to accommodate clients. The clients have now moved to LVQ, saving the company cQAR15 million annually.
The table below illustrates the capacity and revenue expansion plans.

Fig. 12. Logistics Village Qatar (LVQ)

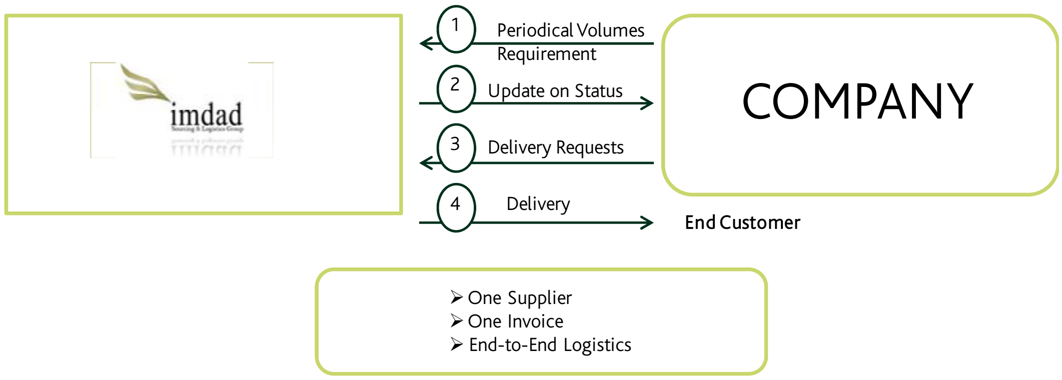
Phases	WH Area (Sqm)	Revenue (QAR mn)	Start-up	Status
1	83,000		2011	Sold Off
2	95,000		2012	
3	100,000		2014	
4	110,000		2015	
Open Yard	400,000			
Accommodation	600 Rooms			
Total		**210**		

Source: Gulf Warehousing Company (GWC)

JVs and Subsidiaries: This mostly consists of Imdad, the food consolidator business, which has substantial growth potential, in our view.

Imadad was established in 2010 to offer an outsourced procurement solution to the food industry in Qatar, providing a one-stop solution. For example, Imdad would offer an online ordering and electronic billing service. Clients, such as restaurants, can order their food supplies and not worry about the distribution cycle. Furthermore, as Imdad gains scale, it should have a stronger buying power, and should be able to use economies of scale to offer better rates for its clients.

Fig. 13. IMDAD Business Model



Source: Gulf Warehousing Company (GWC)

Imdad already has five clients signed up or in trial phase. The annual buying power of these clients amounts to approximately QAR200 million per annum. We estimate that Imdad will generate cQAR40 million of revenues in FY2011, which means we are forecasting 2H2011 revenues of c.QAR35 million. Management expects this momentum to continue, and JVs and subsidiaries are forecast to deliver QAR300 million of sales per annum from 2015 onwards.

VI. Forecasts

Fig. 14. Revenue Forecast
In QAR million, unless otherwise stated

	2010a	2010a*	2011e	2012e	2013e	2014e	2015e
Logistics	82.8	228.0	236.2	283.9	333.3	443.3	534.4
Freight Forwarding	4.8	107.0	119.8	131.8	145.0	159.5	175.5
Other		0.0	45.0	51.8	98.3	177.0	265.5
Total	87.6	335.0	401.1	467.5	576.6	779.8	975.4
Growth			20%	17%	23%	35%	25%

**Pro-forma consolidated revenues*
Source:EFG Hermes

We forecast 24% CAGR revenue growth, driven mostly by LVQ and Imdad. We expect the core business to grow in line or ahead of Qatar's GDP. For 2010, we illustrate both reported and pro forma revenues. Overall, our 2015 forecasts are below management guidance, as we prefer to remain more cautious, as much of the logistics spend depends on the implementation of the government spending programme, whose timing remains uncertain. For example, management believes it can deliver more than QAR1 billion of revenues and a net margin of approximately 20%. Our revenue estimate is just shy of QAR 1 billion, and our 2015e net margin is 15%, as we suspect new competition may drive margins lower in the medium term.

Fig. 15. Income Statement Forecast
In QAR million, unless otherwise stated

	2010a	2011e	2012e	2013e	2014e	2015e
Gross Profit	**51.9**	**140.4**	**182.3**	**230.6**	**280.7**	**356.0**
Gross Profit Margin	59.3%	35.0%	39.0%	40.0%	36.0%	36.5%
SG&A	(10.3)	(16.0)	(18.7)	(23.1)	(31.2)	(39.0)
Staff	(8.2)	(22.1)	(25.7)	(28.8)	(38.2)	(45.8)
EBITDA	**33.3**	**102.3**	**137.9**	**178.7**	**211.3**	**271.1**
EBITDA Margin		25.5%	29.5%	31.0%	27.1%	27.8%
Depreciation	(19.1)	(39.5)	(55.0)	(66.2)	(79.1)	(85.2)
EBIT	**14.2**	**62.8**	**82.9**	**112.5**	**132.2**	**185.9**
EBIT Margin	0.0	16%	18%	20%	17%	19%
Net Finance Costs	1.8	(7.9)	(14.6)	(19.8)	(21.6)	(20.2)
Other	35.6	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	(1.1)	(1.3)	(1.8)	(2.2)	(3.2)
Attributable Net Income	**21.0**	**53.8**	**67.0**	**90.9**	**108.5**	**162.5**
Reported Net Income	51.6					
Net Income Margin	100%	13%	14%	16%	14%	17%
EPS (QAR)		1.36	1.69	2.30	2.74	4.10
EPS Growth			24.5%	35.7%	19.4%	49.8%
No. of Shares (mn)		39.60	39.60	39.60	39.60	39.60
DPS (QAR)		1.4	1.8	2.2	2.5	3
Payout Ratio		103.0%	106.4%	95.8%	91.3%	73.1%

Source: EFG Hermes estimates

We forecast 2011 gross profit margin of 35.0%, and we expect it to rise in the next two years as LVQ, which is a high-margin business, comes online. We estimate a lower gross margin for 2014, as we are forecasting strong growth from the lower margin Imdad division. However, gross / EBITDA margins would rise, again, in 2015e, as we expect the group to open the final phase of LVQ. This, together with continued growth from Imdad, drives the rapid earnings growth in 2015e.

SG&A, staff and depreciation costs are expected to rise in line with revenues, and we expect finance costs to rise, as additional debt is taken on to finance capex. Minority interest should rise due to the increase in JVs and associate income. Overall, we expect the strong earnings growth to be matched by a relatively high dividend payout ratio.

It is worth noting that 2010 net income was boosted by a one-off QAR35.0 million asset revaluation gain to erase historic losses, which will enable the company to pay dividends. This was done in order to boost reserves, and to enable GWC to pay a dividend in 2010. We do not expect to see any major revaluations in the near future.

Fig. 16. Cash Flow Forecast
In QAR million

	2010a	2011e	2012e	2013e	2014e	2015e
Net Profit	51.0	53.8	67.0	90.9	108.5	162.5
Depreciation	(19.1)	(39.5)	(55.0)	(66.2)	(79.1)	(85.2)
Operating Cash flows before Changes in Working Capital	15.9	105.2	136.6	176.9	209.2	267.9
Working Capital	37.2	(16.1)	(20.5)	(29.2)	(41.1)	(42.0)
Net Cash (Used In) from Operating Activities	46.2	89.1	116.1	147.7	168.1	225.9
Maintenance Capex	(10.0)	(10.0)	(20.0)	(20.0)	(25.0)	(25.0)
Expansionary Capex	(115.5)	(240.0)	(230.0)	(200.0	(2.3)	(9.1)
Free Cashflow Post Maintenance Capex	36.2	79.1	96.1	127.7	143.1	200.9
Free Cashflow Post Capex	(79.3)	(160.9	(133.9)	(72.3	140.8	191.7
Net Cash used in Investing Activities	(98.2)	(276.4)	(250.0)	(200.0)	(27.3)	(34.1)
Proceeds from Loans and Borrowings	103.0	187.4	250.0	150.0	0.0	0.0
Net Cash from (Used) in Financing Activities	81.7	130.3	146.9	49.6	(116.2)	(128.1)
Net Change in Cash	30.0	(65.1)	(1.6)	(22.4)	3.0	43.4
Cash & Cash Equivalents Beginning of Period		96.9	31.8	30.2	7.7	10.7
Cash & Cash Equivalents at End of Period	96.9	31.8	30.2	7.7	10.7	54.2

Source: Gulf Warehousing Company (GWC), EFG Hermes estimates

Noteworthy items on cash flow include capex. GWC is embarking on a large capex period, primarily on LVQ, which is expected to cost a total of QAR1 billion. About QAR300 million have already been spent. We estimate another QAR700 million would be spent over the next three years. Subsequently, we expect maintenance capex to stand at cQAR25 million per annum.

Fig. 17. Capex Forecast
In QAR million

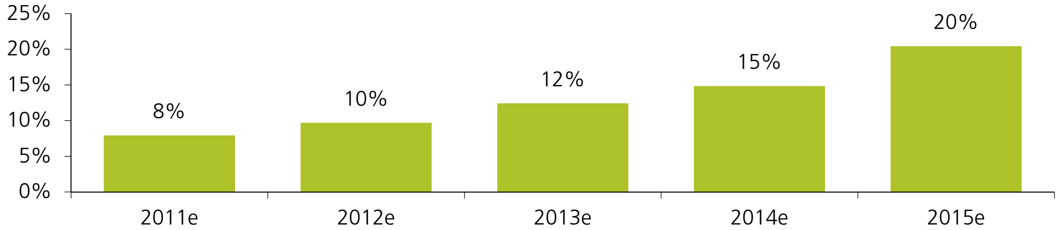
	2011	2012	2013	2014
Expansionary Capex	240	230	180	0
Maintenance Capex	10	20	20	25
Total Capex	250	250	200	25

Source: EFG Hermes estimates

Return on Equity

The large capex programme depresses ROE in the coming years, as there is a lag period between spend and utilisation of LVQ. However, we expect ROE to rise steadily to hit 15% in 2014, and jump to 20% and beyond as the capex programme ends.

Fig. 18. Return on Equity



Source: EFG Hermes estimates

Debt

We estimate that the group will generate cQAR80 million of free cash flow (pre-expansionary capex), but this should rise in the next two years. However, it means the group will need to add debt financing to fund its expansion. We estimate that the group will need to raise cQAR500 million over the next three years. We forecast the net debt-to-EBITDA ratio to peak at 4.3x in 2011 (100% Debt / Equity) before coming down rapidly from 2013 onwards as profitability rises.

VII. Qatar Economy

Qatar continues to be one of our top macroeconomic picks in the MENA region, with real non-hydrocarbon growth in 2011 and 2012 expected to come in at 10%, the highest regionally and worldwide, a strong fiscal position due to increased gas exports, and a benign inflation environment. Subsequently, we expect the economy to continue to grow in mid-single digits. We believe GWC will benefit significantly from this growth, given that most of its businesses rely on the local economy.

Fig. 19. Qatar Macroeconomic Indicators

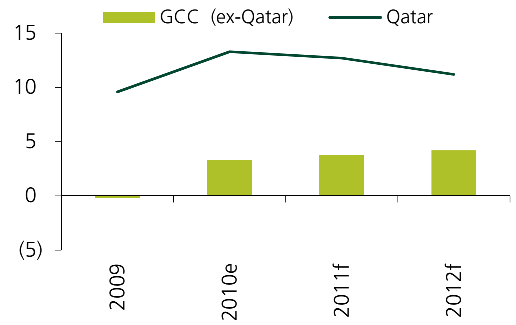
Real Sector	**2008**	**2009**	**2010**	**2011e**	**2012e**
Average Brent Crude Spot Price (USD / Barrel)	98.7	62.7	80.3	110	105
GDP at Current Market Prices (QAR bn)	403	356.3	463.5	598.8	633.5
GDP at Current Market Prices (USD bn)	110.7	97.9	127.3	164.5	174
Real GDP Growth Rate, %	25.4	8.7	18.1	11.5	6.5
Population (mn)	1.6	1.6	1.7	1.8	1.8
GDP / Capita (USD)	71,256	60,012	72,969	93,041	94,643
CPI Inflation (Y-o-Y % Average)	15.6	(4.9)	(2.4)	2	2.5
External Sector					
Trade Balance (USD bn)	42.1	24.5	40.4	56.5	59
Current Account Balance (USD bn)	32.2	10	22.3	37.1	39
Current Account, % of GDP	29.1	10.2	17.5	22.5	22.4
Net Foreign Assets (USD bn)	13.4	13	17.6	19.5	20.7
Fiscal Sector					
Budget Balance (USD bn)	11.5	14.9	3.7	14.9	7.6
Budget Balance, % of GDP	10.4	15.2	2.9	9	4.4
Net Banking Sector Claims on the Government (USD bn)	(0.6)	12.9	15.3	35	25
Financial Sector					
QAR / USD Exchange Rate, Annual Average	3.64	3.64	3.64	3.64	3.64
Annual Growth Rate in Broad Money, %	19.7	16.9	23.1	37	32
Growth in Credit to Private Sector, %	45.1	10.8	7.6	20	25
Benchmark Lending Rate, End-of-Period, %	5.5	5.5	5.5	4	3.8

Source: Gulf Warehousing Company (GWC), EFG Hermes estimates

Our positive outlook for Qatar's economy in the medium term is underpinned by the government's spending and investment programme. Qatar announced a strongly expansionary budget for FY2011-2012, and the Five-Year Development Plan announced in March 2011 also points to a continuation of strong infrastructure spending in the medium term.

Fig. 20. Qatar Non-Hydrocarbon Growth Versus Region

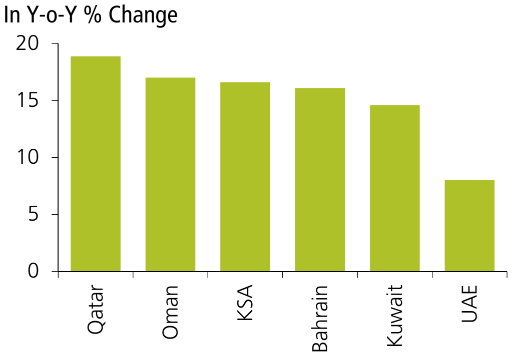
Real Non-Oil GDP Growth in %



Source: Regional Central Banks, IMF, and EFG Hermes estimates

Fig. 21. 2011 Government Spending Growth Forecasts

In Y-o-Y % Change



Source: EFG Hermes estimates

Qatar's economy has been one of the most dynamic regionally and globally, owing to its programme to expand its gas export capacity, notably liquefied natural gas (LNG), as well as to diversify the economy away from oil exports. The development strategy also includes all areas associated with the gas value chain, including transportation and the use of gas either as a feedstock for a range of downstream operations or as a source of developing an energy-intensive industrial base (such as aluminium).

The gas-based investment programme has driven the higher growth rates seen over the last decade, and expanded the size and absorptive capacity of the economy. Real growth in Qatar averaged 13.1% in 2000-2009, with substantially stronger growth in the second half of the decade, whilst the size of Qatar's economy has increased over five-fold since 2000. In 2006, Qatar became the largest global exporter of LNG (Qatar has the third largest gas reserves), and in 2009, gas GDP overtook oil GDP. Qatar's GDP per capita is one of the highest globally, estimated at above USD70,000 per person, given its large reserves and production compared to the size of its population.

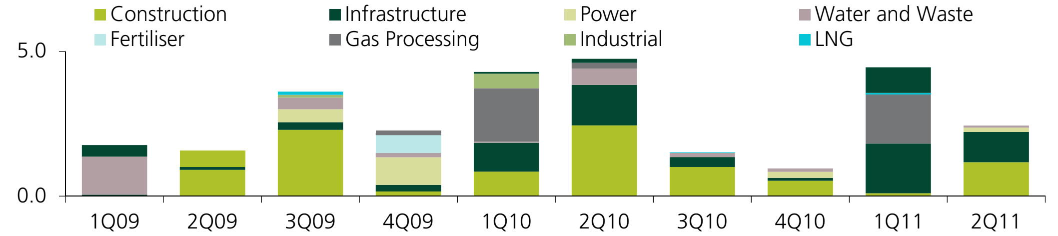
Government infrastructure expenditure to drive growth

Qatar has seen the strongest real non-hydrocarbon growth regionally and one of the strongest globally, largely driven by high government spending.

We expect a solid pick-up in real domestic activities, driven by the government stepping up its investment programme. We forecast that real non-hydrocarbon growth will strengthen to 12.7% in 2011, and we expect to see an acceleration in investment growth as the government pushes ahead with its investment programme.

Recent project awards were strong, with over USD4 billion of new projects awarded in 1Q2011. The momentum continued into 2Q2011 with more than USD2 billion new projects awarded in the quarter. In addition, Meed expects circa USD12 billion of further awards in 2H2011. We expect the logistics sector to benefit, significantly, once these projects are executed.

Fig. 22. Qatar Project Awards



Source: MEED Projects

VIII. Financial Statements

Income Statement (Dec Year End)

In QAR million	2010a	2011e	2012e	2013e
Total Revenue	88	401	467	577
COGS	(36)	(261)	(285)	(346)
Gross Profit	**52**	**140**	**182**	**231**
Gross Profit Margin (%)	59.3	35.0	39.0	40.0
SG&A	(10)	(16)	(19)	(23)
Other Operating Income (expense)	(8)	(22)	(26)	(29)
EBITDA	**33**	**102**	**138**	**179**
EBITDA Margin (%)	38.0	25.5	29.5	31.0
Depreciation and Amortization	(19)	(39)	(55)	(66)
Net Operating Profit	**14**	**63**	**83**	**113**
Net Operating Profit Margin (%)	16.3	15.7	17.7	19.5
Share of Results from Associates	0	0	0	0
Net Investment Income (loss)	0	0	0	0
Net Interest Income (expense)	(4)	(10)	(16)	(20)
Other Non-Operating Income (expense)	41	2	1	1
Income before Taxes and Zakat	**51**	**55**	**68**	**93**
Net Income before Minority Interest	**51**	**55**	**68**	**93**
Minority Interest	0	(1)	(1)	(2)
Net Income before Unusual Items	**51**	**54**	**67**	**91**
Reported Net Income	**51**	**54**	**67**	**91**
Normal Reported EPS (QAR)	2.04	1.36	1.69	2.30
Attributable Net Income	**21**	**54**	**67**	**91**
Attributable EPS (QAR)	0.84	1.36	1.69	2.30

Source: Gulf Warehousing Company, EFG Hermes estimates

Balance Sheet (Dec Year End)

In QAR million	2010a	2011e	2012e	2013e
Cash and Cash Equivalents	97	32	32	11
Investments (current)	0	0	0	0
Accounts Receivable (current)	48	215	251	309
Inventory	1	3	3	4
Total Current Assets	**146**	**250**	**286**	**324**
PP&E (net)	461	953	1,148	1,281
PP&E (gross)	461	975	1,225	1,425
Accumulated Depreciation	0	(22)	(77)	(143)
Investments (non-current)	3	3	3	3
Total Non-Current Assets	**463**	**956**	**1,151**	**1,284**
Total Assets	**609**	**1,206**	**1,436**	**1,609**
CPLTD	30	33	29	29
Accounts Payable (current)	22	81	96	127
Other Credit Balances (current)	17	22	22	22
Total Current Liabilities	**69**	**136**	**148**	**178**
LTD	189	383	589	710
Other Credit Balances (non-current)	2	7	7	7
Total Non-Current Liabilities	**191**	**390**	**597**	**717**
Paid-up Capital	250	396	396	396
Reserves	67	222	228	237
Retained Earnings	31	61	65	76
Total Net Worth	349	678	690	710
Minority Interest	0	1	2	4
Total Equity	**349**	**679**	**692**	**714**
Total Equity and Liabilities	**609**	**1,206**	**1,436**	**1,609**

Source: Gulf Warehousing Company, EFG Hermes estimates

Cash Flow Statement (Dec Year End)

In QAR million	2010a	2011e	2012e	2013e
Cash Operating Profit after Tax	**33**	**97**	**123**	**159**
Change in Working Capital	39	(16)	(20)	(29)
Cash Flow after Change in WC	**72**	**81**	**103**	**130**
CAPEX and Investments	(158)	(276)	(250)	(200)
FCF	**(87)**	**(195)**	**(147)**	**(70)**
Cash Flow before Financing	**(87)**	**(195)**	**(147)**	**(70)**
Net Financing	128	130	147	50
Change in Cash	**41**	**(65)**	**0**	**(21)**

Source: Gulf Warehousing Company, EFG Hermes estimates

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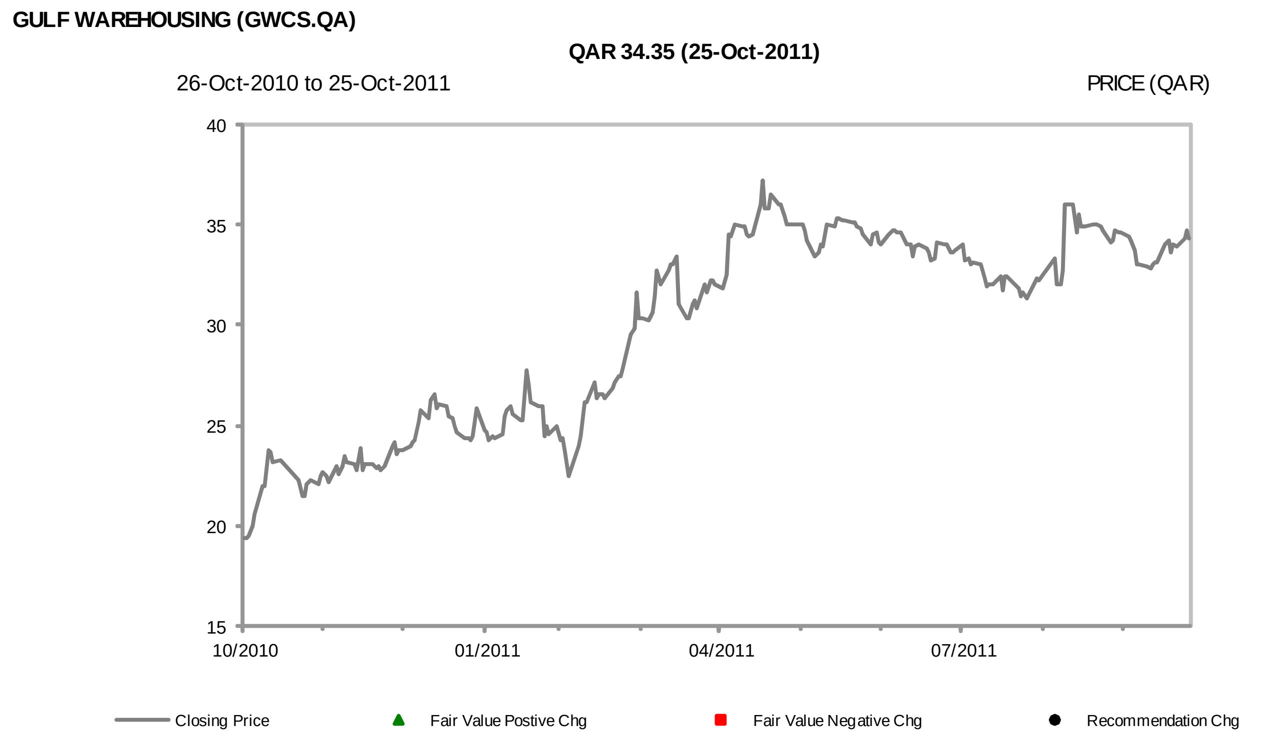

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