

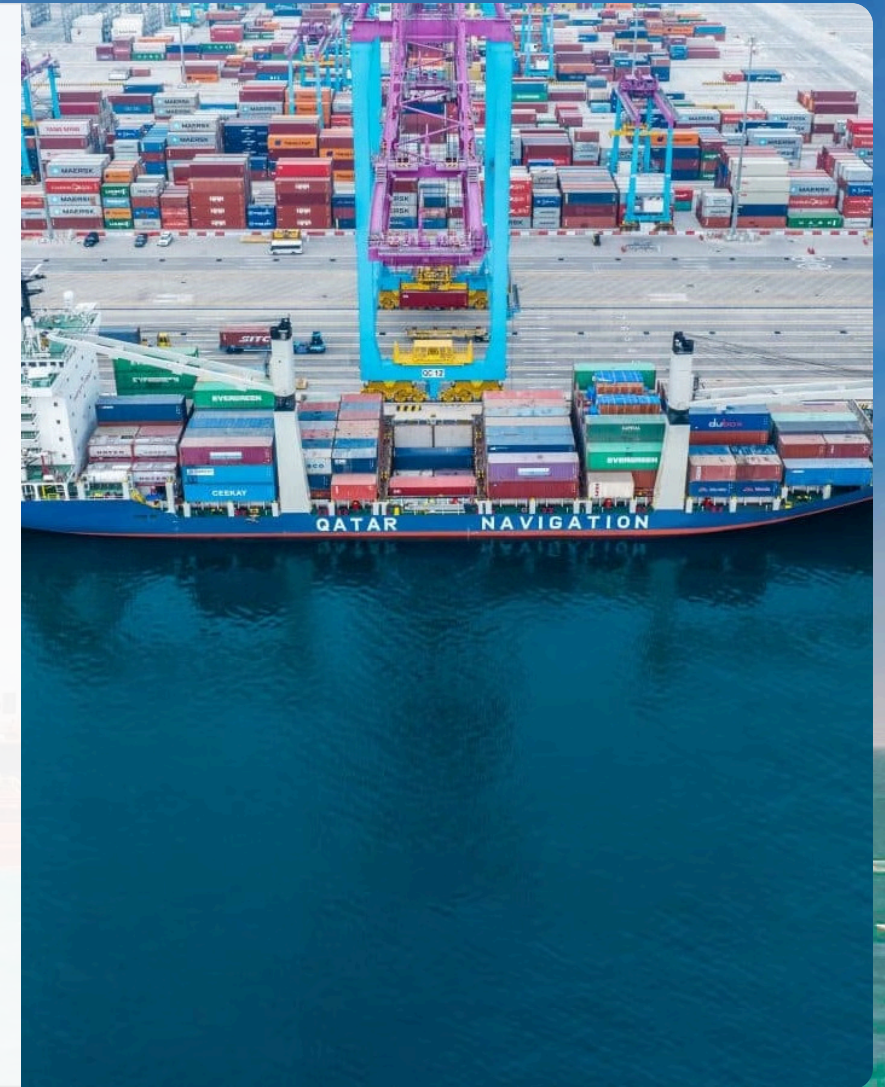
Qatar Navigation Company

Equity Report

Ramzi Qasmieh



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About Company

Founded in 1957, Milaha Q.P.S.C. (Qatar Navigation) has evolved from a local shipping agency into a leading Middle Eastern maritime and logistics company, serving as a vital component of Qatar's maritime infrastructure across Qatar, UAE, Singapore, and Germany.



Maritime & Logistics

Comprehensive shipping and logistics solutions through modern fleet and infrastructure network



Offshore Services

Specialized offshore support services for the energy sector



Gas & Petrochem

Specialized transportation and handling of gas and petrochemical products



Capital & Trading

Strategic investments and trading operations supporting maritime activities

With over 8,000 professionals and strategic partnerships with major shipping and energy companies, Milaha combines industry expertise with innovation to support national economic diversification under Qatar Vision 2030, maintaining its position as a regional leader in maritime services.

SWOT Analysis and Financial Performance details to be covered in subsequent sections

Current recommendation: HOLD - fair price close to current share price

Company Overview and Business Segments

Strategic Business Structure

Milaha Q.P.S.C. delivers maritime and logistics services through five key business segments:

Core Business Segments



Milaha Capital

Strategic investments, real estate development, and investment portfolio management.



Maritime & Logistics

Integrated logistics, warehousing, and port management for global trade.



Offshore

Vessel chartering and subsea services for oil and gas operations.



Gas & Petrochem

LNG/LPG transport and storage with specialized FSO operations.



Trading

Equipment distribution and marine services support.

Shareholder Structure

Major Shareholders

Qatar Energy

8.68% ownership

Al Mana Capital

5.08% ownership

Epicure Investment Management

0.29% ownership

Qatar Insurance Co. SAQ

0.15% ownership

Other Shareholders

85.8% ownership

Regional Distribution

82%

Qatari

17%

Foreign

0.75%

GCC

0.25%

Arab

Milaha maintains strong domestic ownership, reflecting its strategic role in Qatar's maritime sector.

SWOT Analysis: Strengths

Business Portfolio Strengths

Diverse Operations

Operations span Maritime & Logistics, Offshore Marine, Gas & Petrochemicals, and Capital sectors, providing market stability.

Strategic Growth

Expanding capabilities through strategic investments in subsea services, lifeboats, and fleet expansion.

Strong Market Position

Market leader in Qatar-UAE marine traffic and container feedering operations.

Alignment with Qatar's Vision 2030

Strategic position to benefit from Qatar's infrastructure projects, particularly the North Field Expansion.

SWOT Analysis: Weaknesses

Industry Dependencies

Reliance on Oil and Gas

Heavy dependence on oil and gas operations makes the company vulnerable to market price fluctuations.

Environmental and Social Performance

ESG Challenges

Ranks 286th/378 in transportation sector ESG ratings, indicating significant room for sustainability improvements.

Financial Considerations

High Operating Costs

Fleet maintenance and logistics infrastructure costs remain high, impacted by fuel prices and regulatory changes.



SWOT Analysis: Opportunities

Growth Opportunities in Our Key Markets

Qatar's Economic Development

North Field Expansion and post-blockade trade growth create new opportunities in logistics and port operations.

International Expansion

Potential to expand shipping routes beyond Gulf region into global markets.

Technological Progress

Enhanced capabilities in subsea surveys and diving operations through maritime technology investments.

Technology and Innovation Potential



SWOT Analysis: Threats

Market Competition

Intense rivalry from regional and international players in maritime and logistics sectors.

Economic Risks

Global economic volatility and oil price fluctuations impacting profitability.

Regulatory Pressures

Increasing costs from maritime regulations and ESG compliance requirements.



Factors Affecting Company Performance

Industry and Market Challenges

1

Global Shipping Industry Volatility

Recent geopolitical events, including the Bab al-Mandab Strait closure, have disrupted shipping routes and increased operational costs across the industry.

2

Rising Operational Costs

Increasing fuel costs, regulatory changes, and intense market competition have compressed profit margins throughout the shipping sector.

3

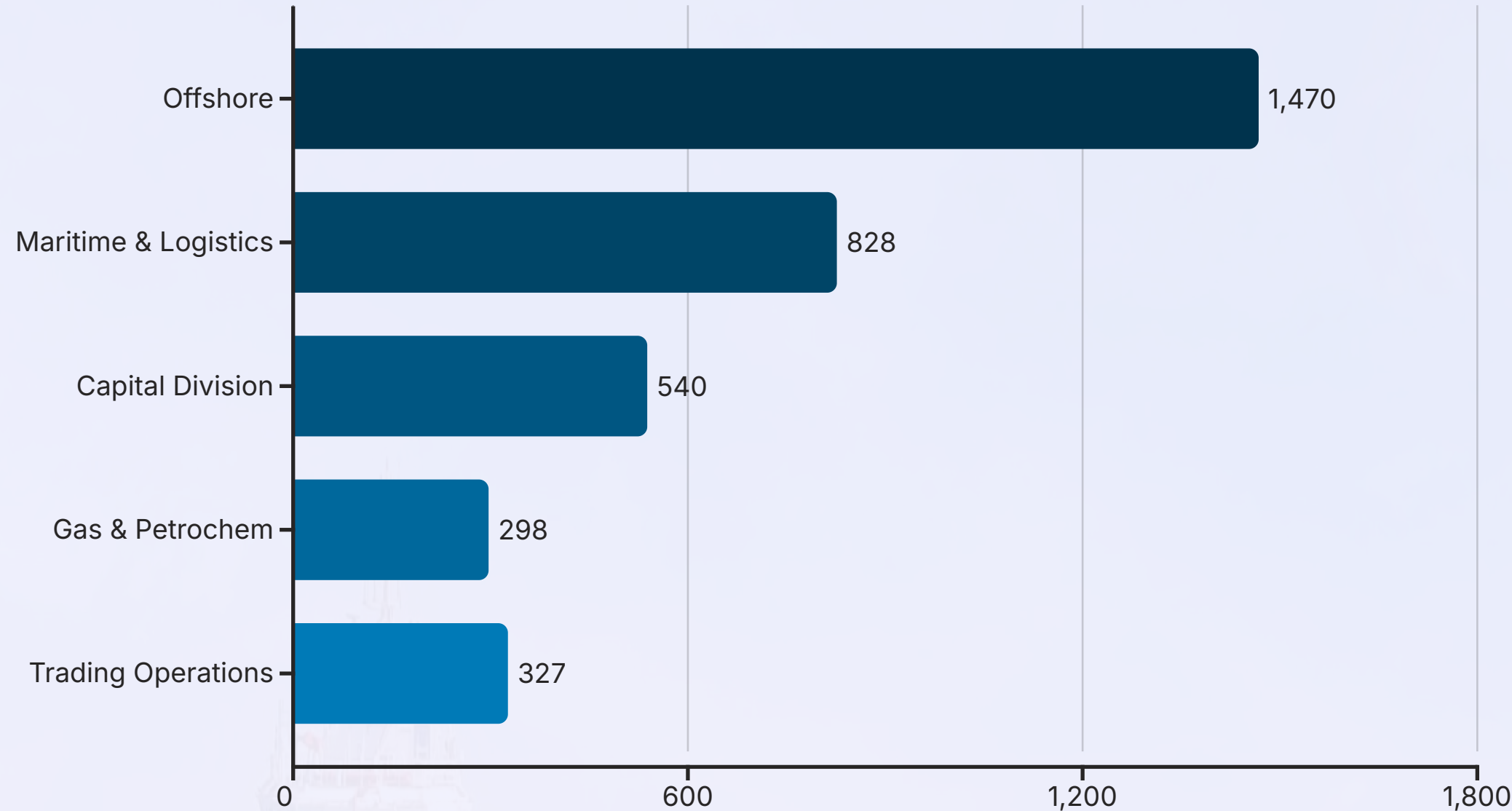
Economic Downturn Impact

Reduced demand in major markets has led to decreased shipping volumes, challenging Qatar Navigation's revenue growth amid evolving market conditions.

Potential Opportunities

Growing global trade presents opportunities for expanded shipping and logistics services.

Financial Analysis: Revenue by Activity 2024



Core Segment Performance

The Offshore segment leads revenue generation at 1,470M, representing 42% of total revenue and cementing its position as the company's strategic cornerstone.

Maritime and Logistics Overview

Despite a decline from its 2022 peak, Maritime and Logistics maintains its position as the second-largest contributor with 828M in revenue.

Supporting Divisions Performance

The Capital Division (540M) provides stable returns, while Trading Operations (327M) and Gas and Petrochem (298M) demonstrate resilience in challenging market conditions.

Strategic Implications

This revenue distribution reflects Qatar Navigation's successful diversification strategy, enabling effective risk management across operations.

Revenue Performance 2024

51.8%

Offshore

Primary revenue segment

29.1%

Maritime & Logistics

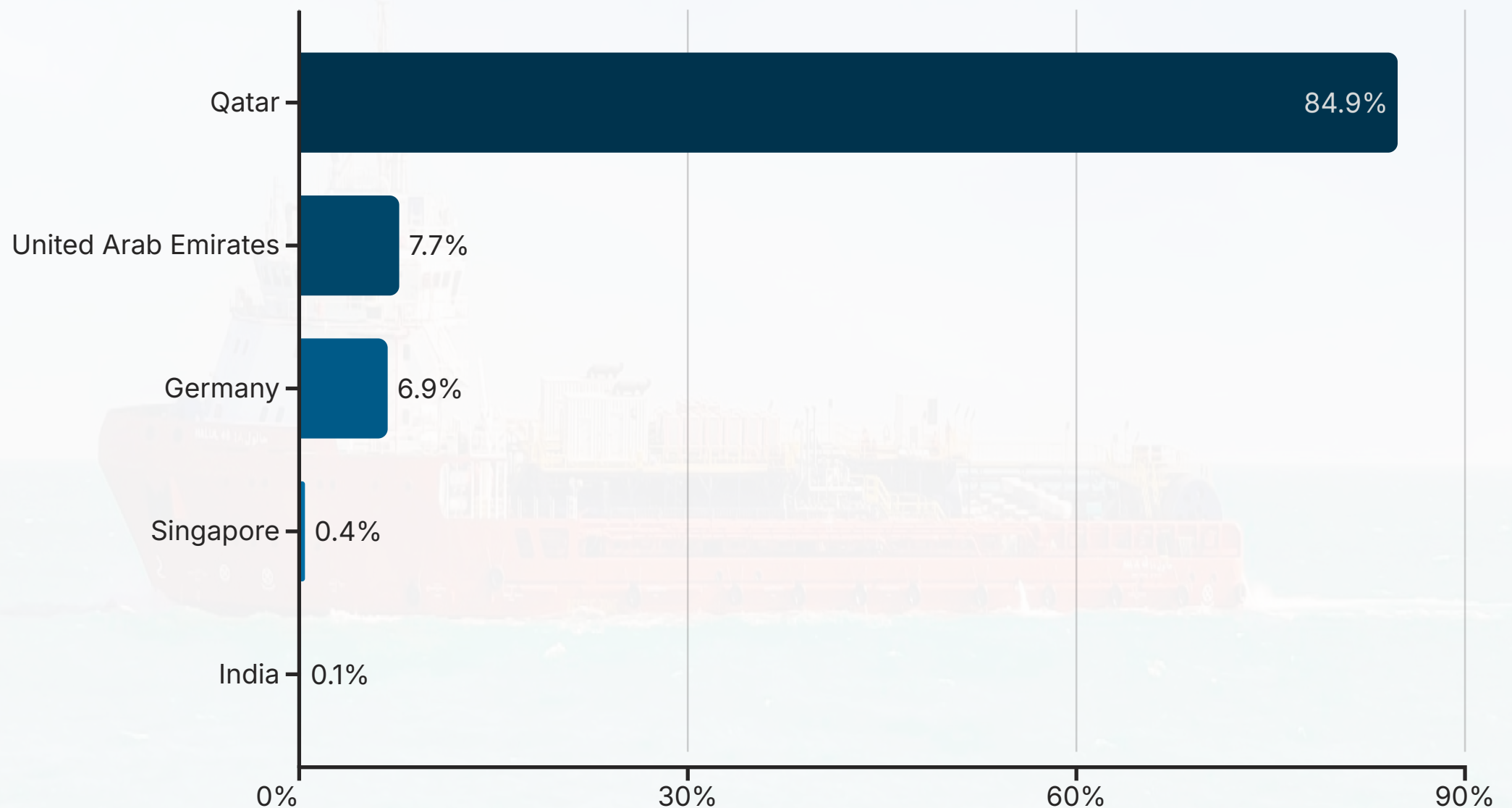
Key growth driver

19.1%

Capital

Strategic segment

Geographic Distribution



Qatar Navigation's revenue is predominantly driven by Offshore operations, with strong Maritime and Logistics support. The company maintains a dominant domestic presence, with Qatar accounting for 84.9% of total revenue.

Key Financial Figures and Ratios

Financial Overview

Qatar Navigation demonstrates strong financial performance with a net income of 1.122B and attractive market metrics including a P/E ratio of 10.8x and dividend yield of 3.7%.

Core Financial Metrics

12.1B

Market Cap

1.136B shares

2.84B

Revenue

39.2% margin

1.122B

Net Income

894.2M EBITDA

Detailed Performance Metrics

Market Performance

- 52 wk: 9.813 - 12.090
- 1-Year: +6.1%
- Beta: 0.42
- Next Earnings: Apr 16, 2025

Valuation Metrics

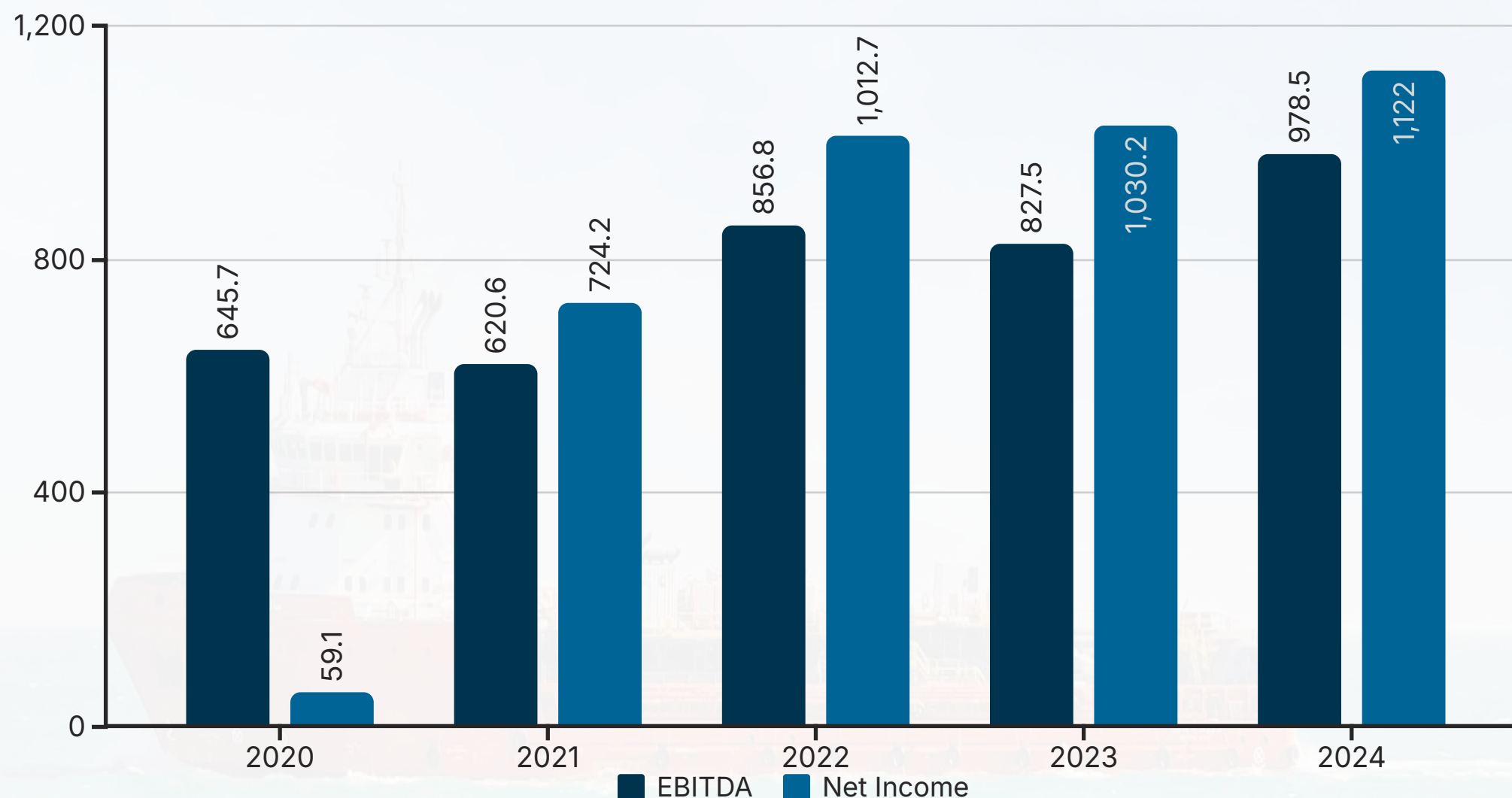
- P/E: 10.8x
- EV/EBITDA: 13.0x
- P/B: 0.7x
- Book Value: 15.38

Growth & Returns

- EPS: 0.99
- EPS Growth: 26.4%
- Dividend: 3.7%
- ROA: 6.0%
- ROE: 6.6%

Income Statement Overview (2020-2024)

Financial Performance Visualization



Financial Performance Highlights

Net income grew dramatically from 59.1M in 2020 to 1,122.0M in 2024, while EBITDA increased steadily to 978.5M despite sales moderating from their 2022 peak of 3,285.3M.

Key Financial Metrics and Growth

Key Performance Indicators (2024)

0.99

2024 Earnings Per Share
Up from 0.05 in 2020

0.40

2024 Dividend Per Share
Increased from 0.30 in 2020

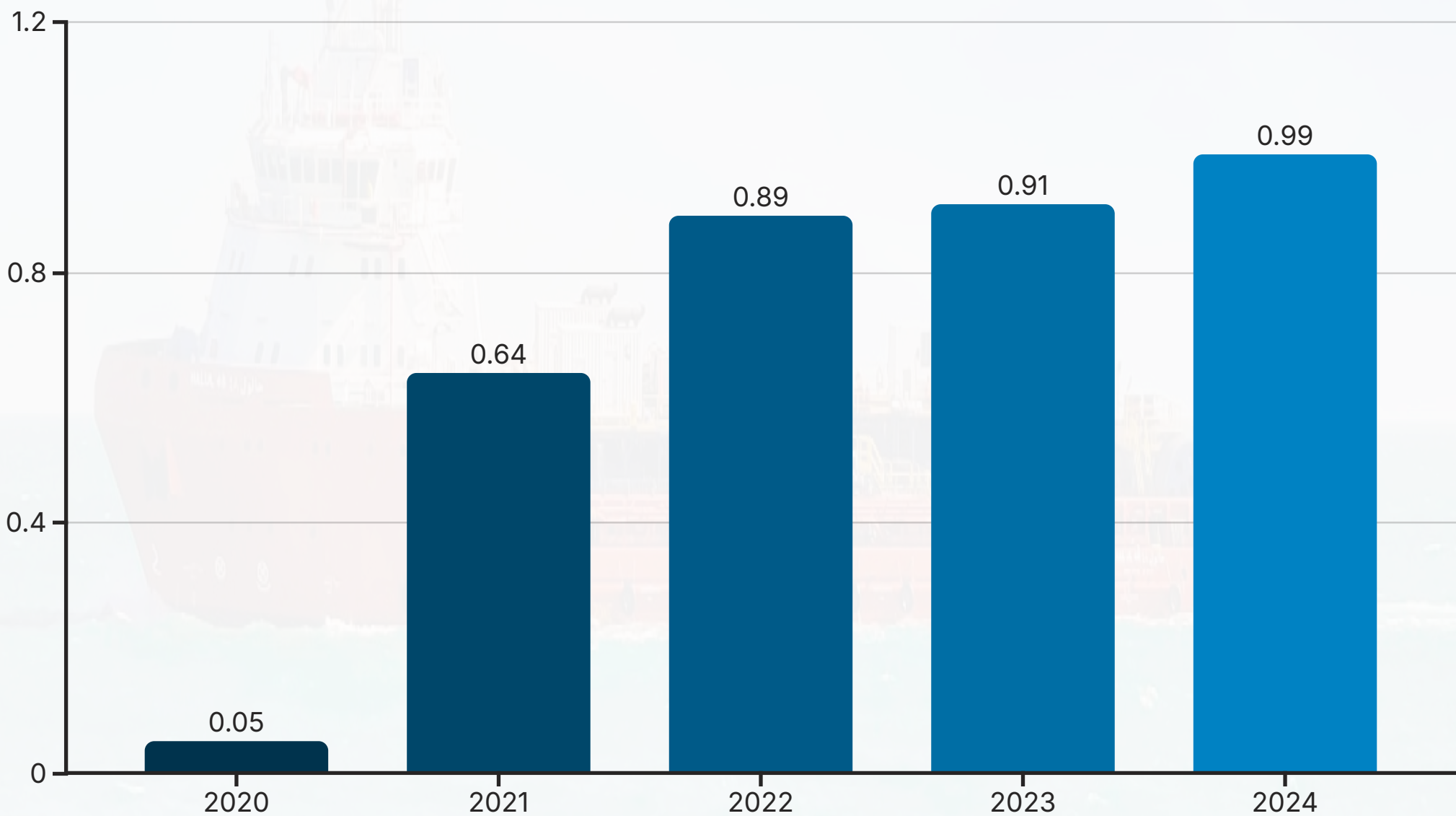
15.38

Book Value Per Share
Grown steadily since 2020

\$560.6M

Free Cash Flow
Down from 2023 peak

Earnings Per Share Trend (2020-2024)



Financial Performance Analysis

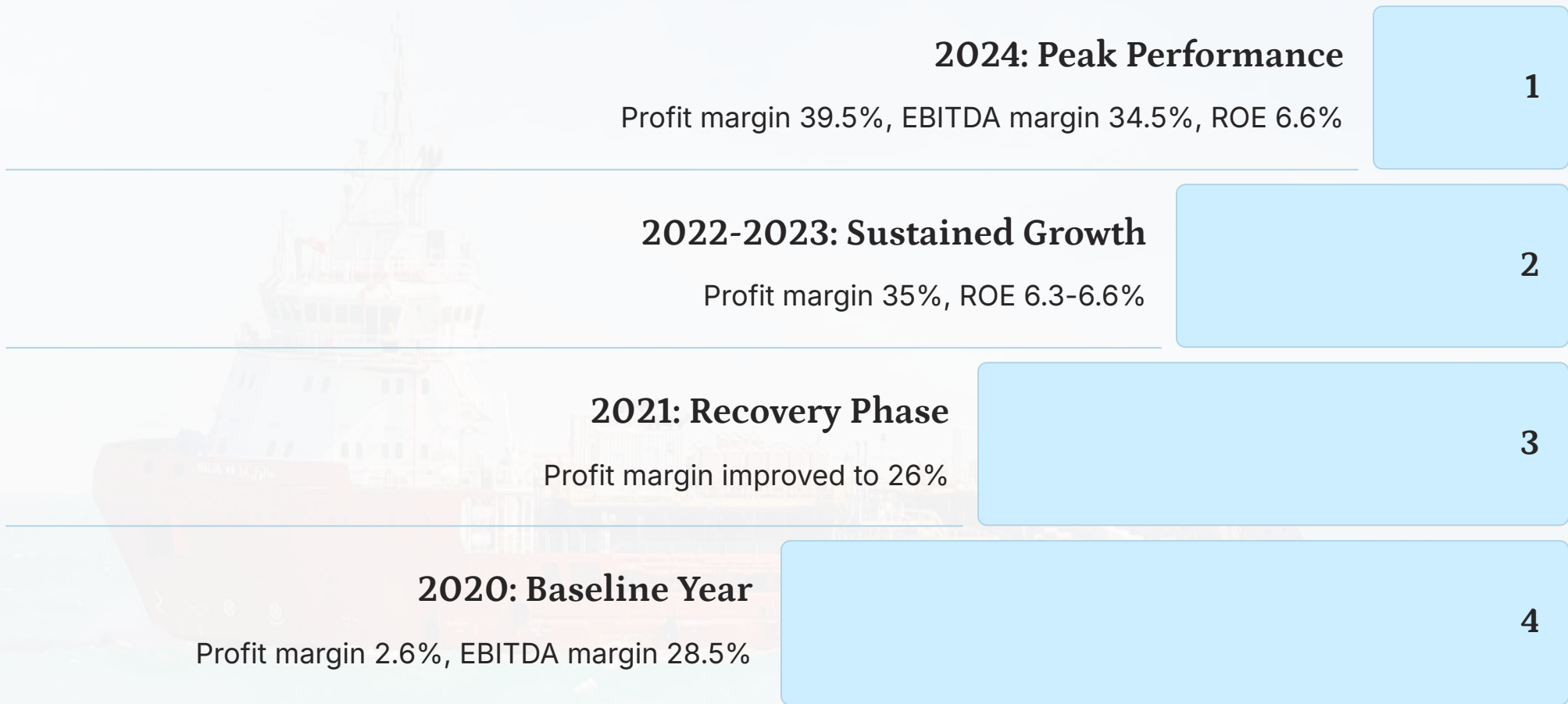
Qatar Navigation's financial metrics show strong performance through 2024. EPS grew significantly from 0.05 to 0.99, while dividend payments increased steadily. The rising book value per share indicates strengthening net asset value, though free cash flow declined in 2024 due to capital investments.

Financial Ratios Analysis

Overview

Qatar Navigation shows strong financial growth from 2020-2024, with major improvements in profitability and stability.

Five-Year Performance Timeline

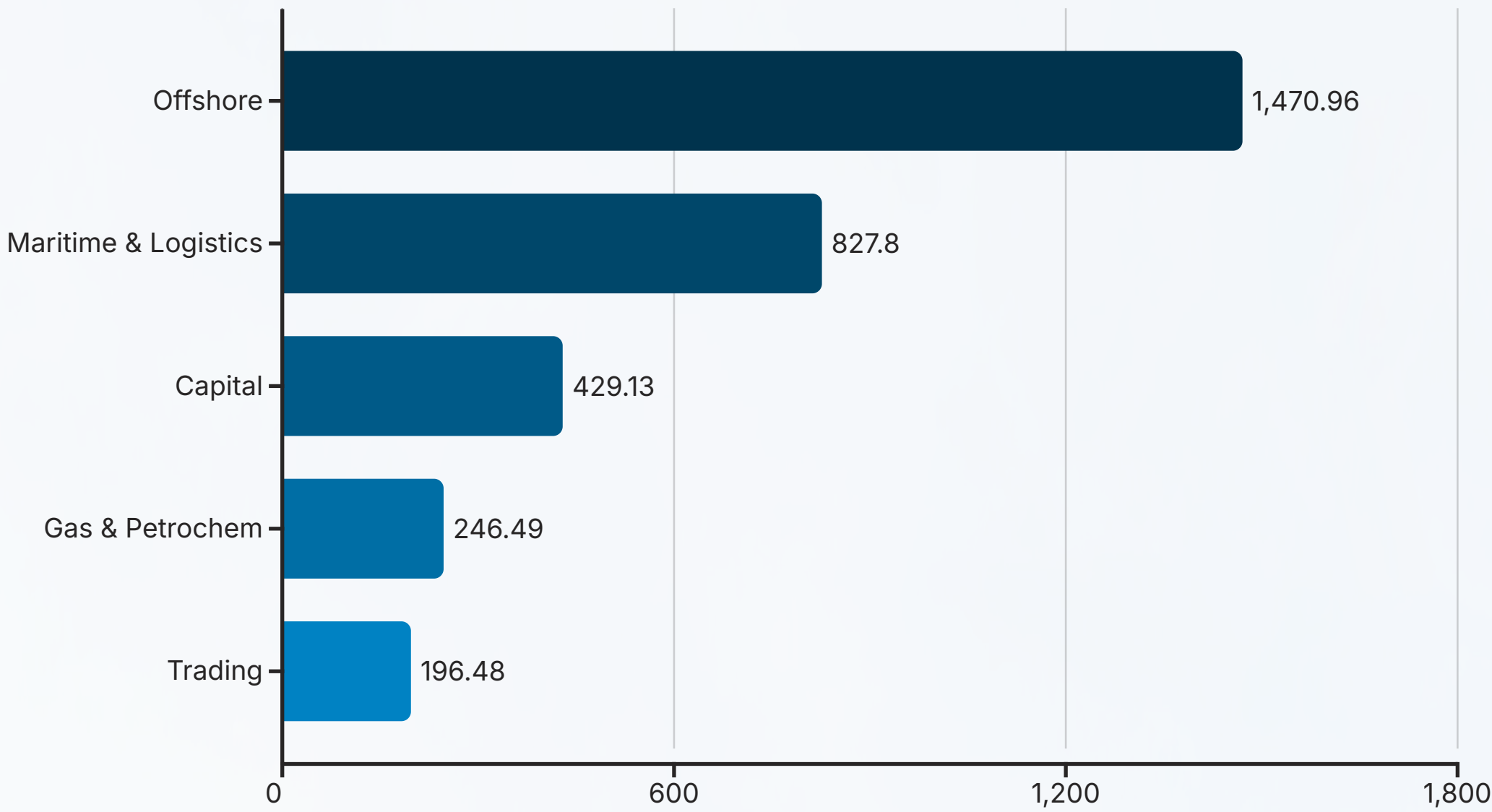


Analysis and Performance Indicators

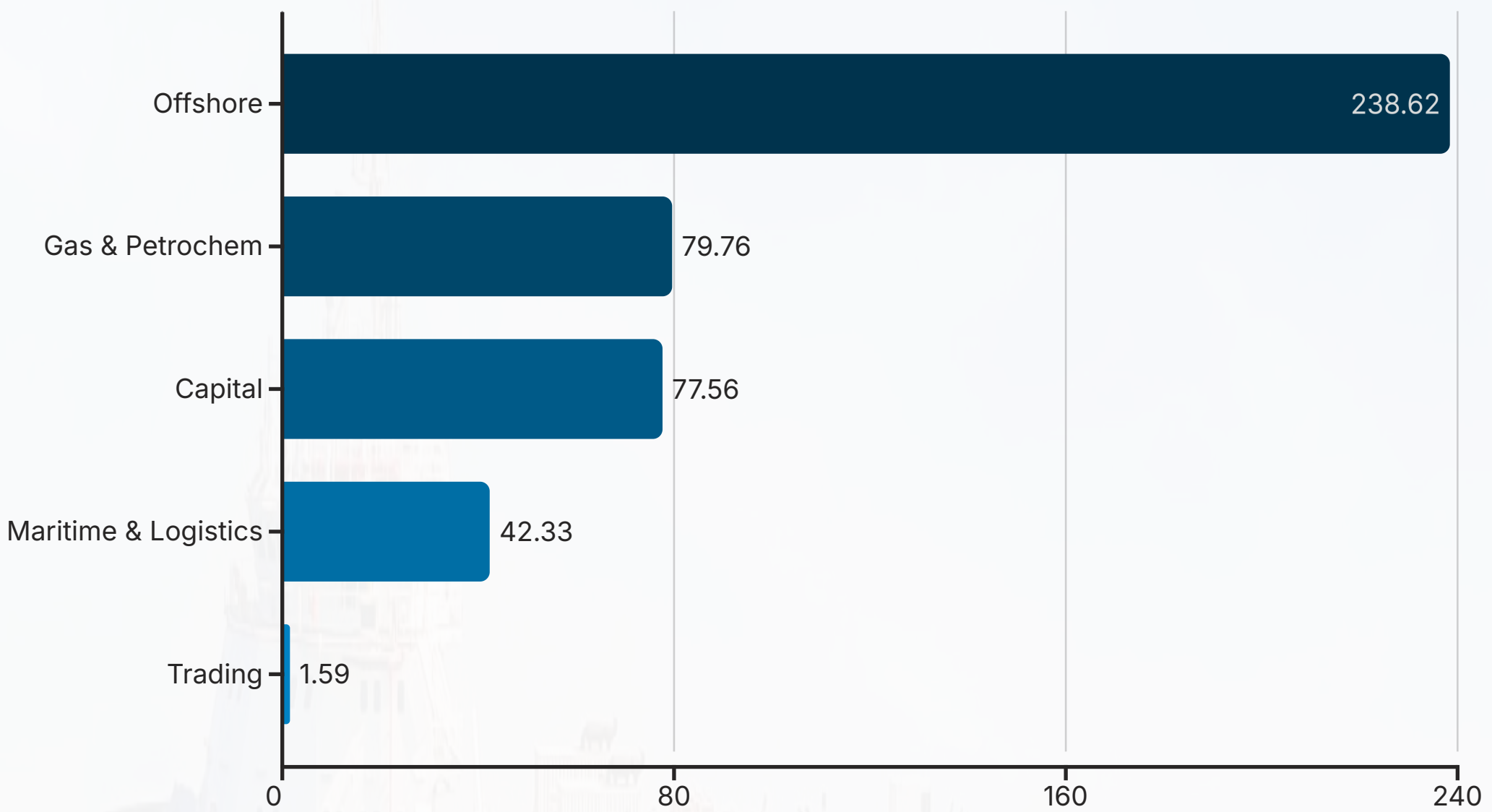
Qatar Navigation's financial position has strengthened significantly since 2020, with profit margins rising from 2.6% to 39.5%. Improved liquidity ratios and lower debt-to-equity demonstrate enhanced solvency and reduced leverage.

Segment Performance Analysis (2024)

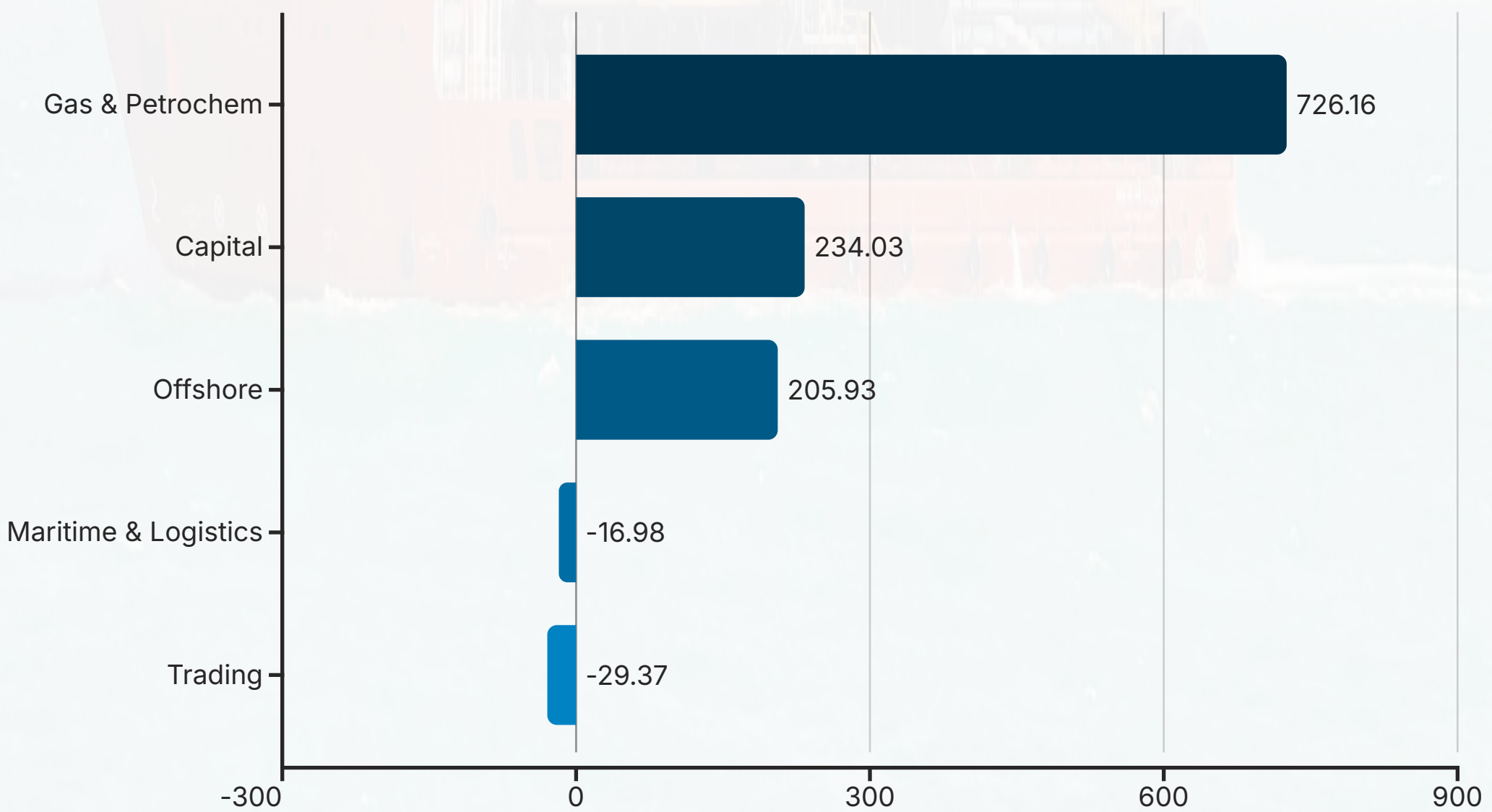
Revenue Distribution Across Segments



Operating Profit Performance



Net Profit Analysis

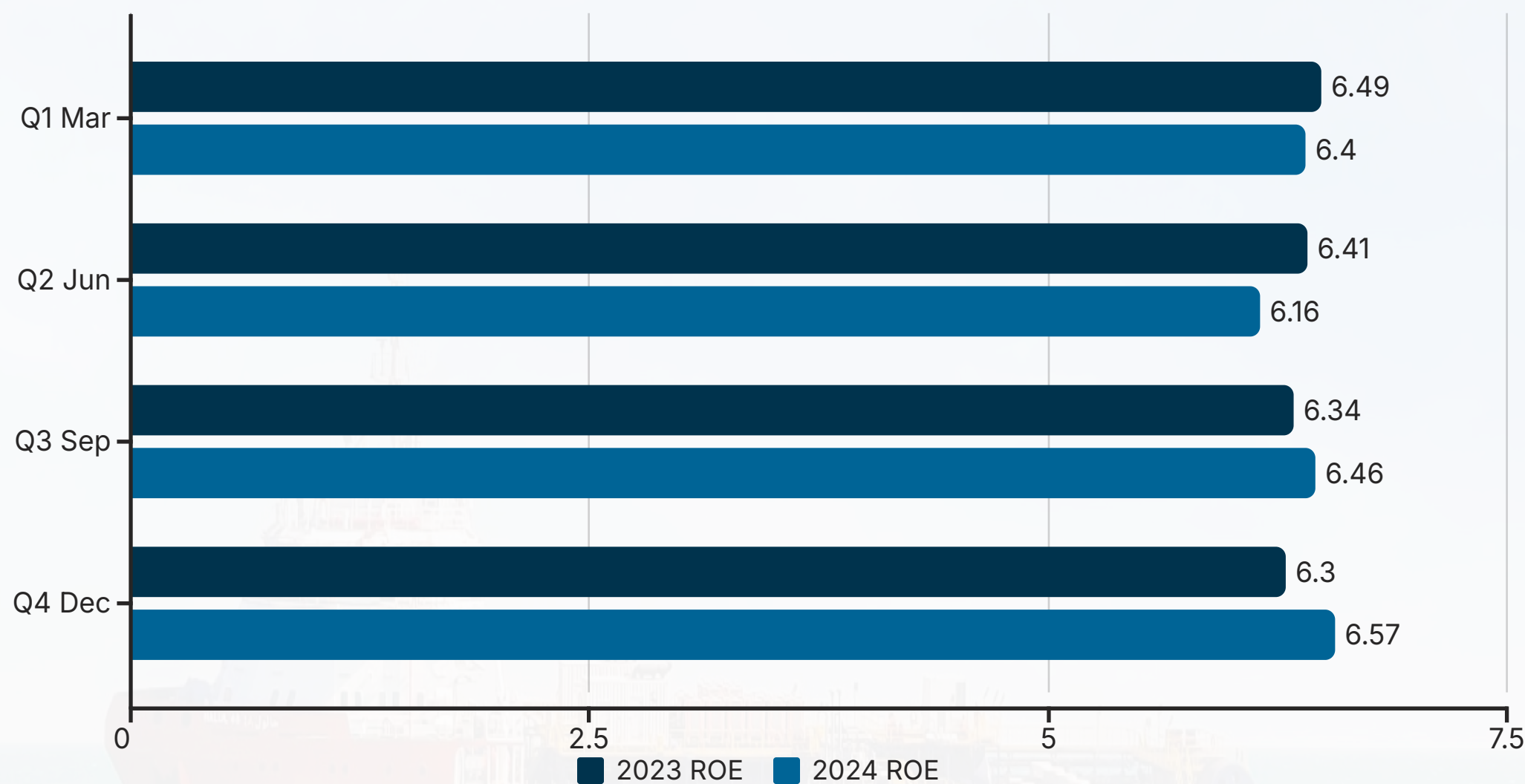


Key Segment Performance Insights

While Offshore leads in revenue (QAR 1,470.96M), Gas & Petrochem delivers the highest net profit (QAR 726.16M) despite lower revenue, indicating superior profit margins. The Capital segment maintains strong profitability, while Maritime & Logistics and Trading face profitability challenges with negative net profits.

Return on Equity (ROE) Trends%

Quarterly ROE Performance



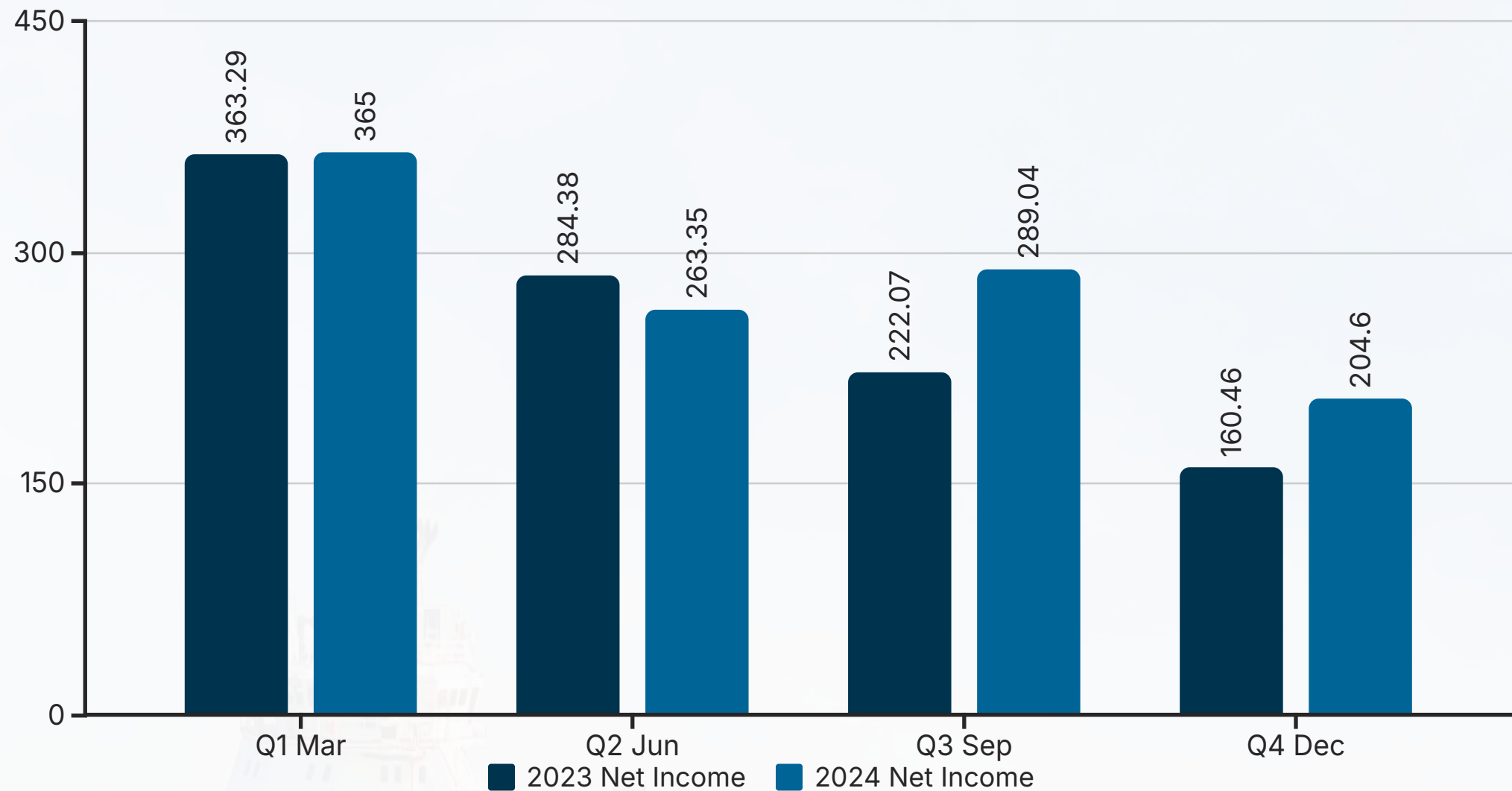
Understanding ROE

ROE measures how efficiently a company uses shareholder equity to generate profits.

Year-Over-Year Analysis

While 2023 showed a gradual decline from 6.49% to 6.30%, 2024 demonstrated stronger performance with ROE reaching 6.57% by Q4, despite an early dip in Q2. This upward trend indicates improved efficiency in capital utilization.

Quarterly Net Income Analysis (Million QAR)



2023 Performance Trend

Net income showed a steady decline throughout 2023, dropping from 363.29M in Q1 to 160.46M in Q4.

2024 Performance Analysis

Despite a Q2 dip, 2024 demonstrated stronger performance in the latter half, with notable improvements in Q3 and Q4 versus 2023.

Year-over-Year Comparison

Total net income improved from 1,030.20M in 2023 to 1,121.97M in 2024, reflecting enhanced profitability.

Balance Sheet Analysis: Key Items (2020-2024)

Key Financial Metrics Overview

19.2B

Total Assets (2024)

13% growth since 2020

17.5B

Total Shareholders' Equity
(2024)

27% increase from 13.8B in 2020

188M

Cash & Equivalents (2024)

Down from 414.4M in 2023

Detailed Financial Analysis

Asset Growth Performance

Total assets grew steadily from 17.0B to 19.2B, reflecting sustained expansion since 2020.

Shareholders' Equity Trends

Equity increased from 13.8B to 17.5B, demonstrating strong financial health and value creation.

Liquidity Position Analysis

Cash position declined from its 2023 peak of 414.4M to 188.0M, indicating shifts in working capital management.

Valuation Analysis:

1.EBITDA Multiple Method

Summary Metrics

11.9B

Equity Value

Total company valuation

10.47

Est. Value per Share

vs. current price of 10.69 QAR

-2%

Market Difference

Current vs estimated value

Key Inputs and Detailed Calculations

Adjustments to Enterprise Value

Terminal EBITDA at Year 5	1,191
WACC	10.5%
Exit Enterprise Value / EBITDA	13.0x
Terminal Value at End of Year 5	15,483
Present Value of Terminal Value (@ 10.5% WACC)	9,398
(+) Present Value of Free Cash Flows (@ 10.5% WACC)	1,929
(=) Current Enterprise Value	11,327.4
Short Term Debt	238
(+) Long Term Debt	537
(-) Cash and Marketable Securities	1,349
(-) Current Net Debt	(573)
(-) Current Preferred and Minority Interest	3
(=) Equity Value	11,897
Shares outstanding	1,136

Methodology Overview

The EBITDA Multiple Method calculates Qatar Navigation's value using projected EBITDA and applying a discount rate to determine present value.

Key Findings

- Equity value: 11,897 million QAR
- Value per share: 10.47 QAR vs market price of 10.69 QAR
- Current market price shows minor 2% premium to estimated value

Analysis Components

- Combines present value of cash flows and terminal value
- Adjusts for debt and cash positions

Conclusion

Qatar Navigation's current market price closely aligns with its estimated intrinsic value.

Sensitivity Analysis: Valuation Impact of WACC and Exit Multiple

Overview

Analysis of Qatar Navigation's share valuation sensitivity shows potential values ranging from 8.24 to 12.89 QAR (base case: 10.47 QAR) across different WACC (9.5-11.5%) and Exit Multiple (10-16x) assumptions. The current market price of 10.69 QAR falls within the middle range.

Sensitivity Matrix

Exit EV/EBITDA Multiple	10.0x	11.5x	13.0x	14.5x	16.0x
9.5%	8.90	9.90	10.90	11.89	12.89
10.0%	8.73	9.70	10.68	11.66	12.63
10.5%	8.56	9.52	10.47	11.43	12.38
11.0%	8.40	9.33	10.27	11.20	12.13
11.5%	8.24	9.16	10.07	10.98	11.89

Analysis of Key Findings

The sensitivity analysis examines how Qatar Navigation's share value responds to changes in WACC and Exit EV/EBITDA multiple:

Key Observations

- Base case (WACC: 10.5%, Exit Multiple: 13.0x) yields 10.47 QAR, closely matching the current market price of 10.69 QAR
- Value ranges from 8.24 QAR to 12.89 QAR across scenarios, showing 56% variation
- Share value increases ~2-3% for each 0.5% WACC reduction, and ~8-10% for each 1.5x Exit Multiple increase

Conclusion

The analysis reveals that Qatar Navigation's valuation is more sensitive to Exit Multiple changes than WACC variations. The current market price sits near the middle of the valuation range, suggesting efficient market pricing that reflects both risk and growth expectations.

2.PE Ratio

The company expects a 5% profit increase in 2025.

Symbol	QNNS					
			Expectd Growth in Profit		Expected P/E	
Paid in Capital	1,136,000,000	1,136,000,000	80%		8.0	
Net Income 2025 (A)	1,189,283,960		90%		9.0	
Current Price	10.70		100%		10.2	
Number of Stocks	0		110%		11.0	
Subscription	0		120%		12.0	
Stock Div	0					
PE ratio	10.2					
(P/E)	Growth	8.0	9.0	10.2	11.0	12.0
Net Income	90%	1,070,355,564	1,070,355,564	1,070,355,564	1,070,355,564	1,070,355,564
EPS		0.942	0.942	0.942	0.942	0.942
Expected Price		7.54	8.48	9.63	10.36	11.31
Profit	95%	1,129,819,762	1,129,819,762	1,129,819,762	1,129,819,762	1,129,819,762
EPS		0.995	0.995	0.995	0.995	0.995
Expected Price		7.96	8.95	10.17	10.94	11.93
Net Income	100%	1,189,283,960	1,189,283,960	1,189,283,960	1,189,283,960	1,189,283,960
EPS		1.047	1.047	1.047	1.047	1.047
Expected Price		8.38	9.42	10.70	11.52	12.56
Net Income	105%	1,248,748,158	1,248,748,158	1,248,748,158	1,248,748,158	1,248,748,158
EPS		1.099	1.099	1.099	1.099	1.099
Expected Price		8.79	9.89	11.24	12.09	13.19
Net Income	110%	1,308,212,356	1,308,212,356	1,308,212,356	1,308,212,356	1,308,212,356
EPS		1.152	1.152	1.152	1.152	1.152
Expected Price		9.21	10.36	11.77	12.67	13.82

The fair value range for this method lies between 11.00 - 11.50

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