

Bahri

CP: SAR 18.55

FV: SAR 17.31

Rating: Hold

Poor results but diversification partially hedges the company

- **NSCSA reported Q3 12 results with net income of SAR 60 million (+157% YoY but 71% lower than Q2 12)** compared to our expectations of SAR 76 million and consensus of SAR 130 million. While no details were released, we believe that the miss is due to lower than expected contribution from Petredec.
- **Gross profit of SAR 106 million was reported, 71% higher than Q3 11 but 46% lower than Q2 12.** According to the company, Q3 12 performance was positively affected by the Liner and Bulk contribution and by the decreasing fuel consumption by the VLCCs due to slower speed. It is adversely affected by the lower demand on crude oil. No other information was released.
- **We believe VLCC oversupply will remain in the fourth quarter, which will negatively affect the company.** This could be partially offset by the good performance in the liner and bulk sectors and the delivery of new chemical vessels. On the other hand, any positive news regarding the deal with Vela will be well received by the market. We retain our fair value of SAR 17.31 and our recommendation to hold the stock.

<i>SAR million</i>	Q3 11	Q2 12	Q3 12	ASIB Est.	YoY	QoQ	Vs. ASIB Est.
Gross Profit	62	194	106	101	71%	-46%	5%
Operating Profit	36	145	77	61	110%	-47%	26%
Net Income	23	207	60	76	157%	-71%	-20%

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