

## Q1-2012 EARNINGS PREVIEW

Our coverage universe in KSA consists of 13 companies. Below are our Q1-2012 estimates, after factoring in the following:

- 1) Earnings for the covered Saudi banks are expected to rise by 9% (Q-o-Q) due to expanding balance sheet (3.5% Q-o-Q), rising brokerage and funds management fees with relatively stable provisioning levels.
- 2) Projection of fall in SAFCO's net earnings largely attributed to the lower prices of urea by c25% Q-o-Q
- 3) Estimated growth in NIC's bottom-line earnings mainly a function of higher TiO2 prices by c7%, combined with larger selling volumes of TiO2 and polyolefins.
- 4) The Telecom's sector Q1 performance comes at a subdued stance in comparison to Q4 of the previous year fuelled by the sector's seasonality. However, we foresee high double-digit Y-o-Y growth for STC and Mobily owing to cost containment measures and positive F/X fluctuation movements in the quarter benefitting STC's bottom line.
- 5) Average VLCC freight rates improved in Q1-12 compared to Q1-11 and Q4-11 because of increasing demand from China and also political instability in the Gulf region. Contribution from Petredec, on the other hand, will decrease compared to Q4-11 due to the SAR 47 million one-time gain reported by the subsidiary.
- 6) Almarai increased its stake in IDJ to 52% in a step to gain more control over the company without eliminating the important contribution of PepsiCo. Important to note that we adjust our fair value from SAR 116 SAR 66.71, reflecting the bonus share paid by the company.

	Current Price	Target Price*	Q1 -11	Q4 -11	Q1-12e	Y-o-Y	Q-o-Q	Dvd Yield 12e	PE 12e
KSA (In million SAR)									
Samba Financial Group	56.25	59.8	1,123	944	<b>1,050</b>	-7%	11%	3.2%	10.2
Al Rajhi Bank	80.5	91.2	1,703	1,899	<b>1,960</b>	15%	3%	4.3%	13.9
Saudi Arabian British Bank	36.3	49.1	751	655	<b>669</b>	-11%	2%	2.1%	11.4
Banque Saudi Fransi	49.2	52.7	717	661	<b>738</b>	3%	12%	1.8%	10.3
Riyad Bank	25.4	29.3	741	778	<b>740</b>	0%	-5%	5.1%	10.2
Arab National Bank	32.5	35.0	587	368	<b>610</b>	4%	66%	3.4%	9.3
Saudi Hollandi Bank	29.3	30.1	238	231	<b>261</b>	10%	13%	3.4%	7.9
SAFCO	200	199.3	833	1,277	<b>961</b>	15%	-25%	6.5%	12.7
Tasnee	50.25	56.3	580	544	<b>669</b>	15%	23%	6.0%	10.2
Etihad Etisalat	66.25	74.6	998	1,699	<b>1,460</b>	46%	-14%	6.0%	8.1
STC	40.5	38.2	1,574	2,278	<b>2,402</b>	53%	5%	4.9%	10.0
NSCSA	17.45	12.5	60	114	<b>75</b>	25%	-34%	2.9%	24.9
Almarai	71.75	66.7	235	286	<b>268</b>	14%	-6%	2.1%	18.9

\*Price targets are subject to review upon release of financials.

**ISSUER AUDI SARADAR INVESTMENT BANK**

Audi Saradar Investment Bank SAL • Lebanese joint stock company with a registered capital of 10,000,000,000 Lebanese Pounds • Commercial Registrar in Beirut: 30812 • Holding number 33 on the Central Bank's Banks List.

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