MENA FOCUS LIST

Add Saudi Arabian Mining Company (MAADEN)

17 JANUARY 2010

STRATEGY NOTE

Increase in DAP Prices: We note that diammonium phosphate (DAP) prices have increased since late 2009, partly due to a temporary reduction in Moroccan capacity announced in December, but also by recent power outages in China which have weighed on utilisation rates. We expect this positive trend to continue in 1Q2009 driven by a strong demand recovery and the imposition of 110% export tariffs by China for February-June 2010. DAP prices have already risen to USD420/ton from USD350/ton in December.

Add Maaden: Saudi Arabian Mining Company (Maaden) is currently trading at a rich 91x 12-month trailing earnings, with the market discounting its phosphate project which will become operational in mid-2011. Cheap raw materials will mean that Maaden's DAP should not cost more than USD135/ton, offering an EBITDA margin of 61% in 2012 based on current spot prices (at a relatively low point in the cycle). Maaden offers the best short-term play on recent DAP price strength in MENA, since the stocks of other regional producers are relatively illiquid.

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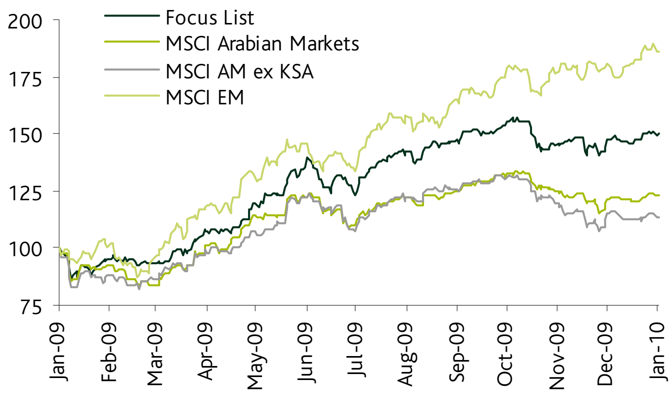
Figure 1: MENA Focus List
Prices and fair values in local currency

Ticker	Company Name	Country	Rating	Price	Perf.	FV	Upside	M Cap	ADVT*		P/E		EPS Growth		Yield
				14 Jan	Since Last Rebal.			(USD mn)	(USD mn)	2008a	2009e	2010e	08-09e	09-10e	2009e
SWDY.CA	El Sewedy Cables	Egypt	Buy	76.5	3.4%	84.8	11%	1,863	2.9	12.6	13.9	12.0	-9.4%	16.3%	1.3%
NSGB.CA	NSGB	Egypt	Buy	30.0	3.4%	38.2	27%	1,844	0.4	6.8	7.7	7.0	-10.9%	10.3%	3.3%
ETEL.CA	Telecom Egypt	Egypt	Buy	18.7	-3.1%	20.9	12%	5,890	4.3	11.4	10.6	9.2	7.9%	15.1%	8.0%
2160.SE	Amiantit	Saudi	-	24.2	0.6%	-	-	744	6.6	11.8	-	-	-	-	-
3010.SE	Arabian Cement	Saudi	-	43.9	0.2%	-	-	937	0.9	10.9	-	-	-	-	-
1120.SE	Al-Rajhi	Saudi	Neu.	72.5	0.3%	74.7	3%	29,004	26.4	18.5	16.9	15.5	9.4%	9.0%	3.9%
1211.SE	Maaden	Saudi	-	17.4	N/A	-	-	4,293	30.3	79.1	-	-	-	-	-
2290.SE	YANSAB	Saudi	Buy	35.1	-2.8%	42.0	20%	5,266	22.8	N/R	71.2	17.6	N/R	305.8%	0.0%
COMB.QA	CBQ	Qatar	Buy	60.2	-1.8%	113.5	89%	3,582	7.4	6.9	7.9	7.8	-13.1%	1.9%	9.8%
IQCD.QA	Industries Qatar	Qatar	Buy	112.3	-3.1%	140.0	25%	16,975	7.9	7.9	15.4	13.6	-48.4%	13.0%	2.7%

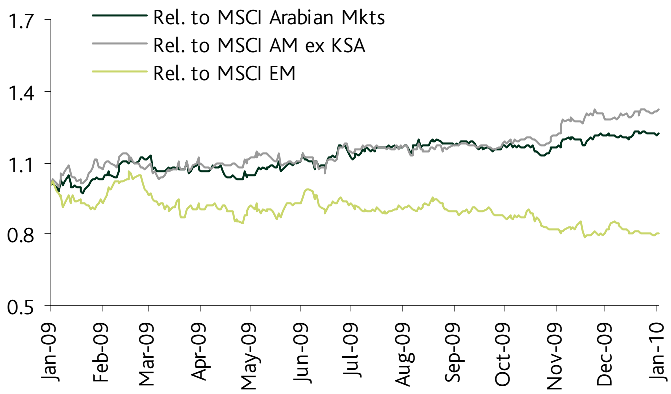
*ADVT = Average daily value traded, based on last 3-months trading activity
Source: Reuters, Zawya, company data, and EFG Hermes estimates

Figure 2: MENA Focus List vs Benchmark Indices



Source: Reuters, EFG Hermes

Figure 3: MENA Focus List Relative Performance



Source: Reuters, EFG Hermes

Figure 4: Performance

	1 month	3 month	52 Weeks
MENA Focus List	0.9%	-1.7%	50.2%
MSCI Arabian Markets	0.2%	-5.9%	22.7%
MSCI AM ex KSA	-2.0%	-10.8%	13.5%
MSCI Emerging Markets	6.5%	10.4%	86.4%

MSCI figures as of 13 January 2010
Source: Reuters, EFG Hermes estimates

Focus List Description: *The MENA Focus List is a collaborative effort between the research and sales departments at EFG Hermes and comprises our top investment ideas across the MENA region - including stocks that are currently not covered by research. Stocks on the Focus List have an investment horizon of up to six months while performance is benchmarked against the MSCI Arabian Markets index. The list itself is reviewed on a weekly basis, though changes can be applied on an as needed basis and as frequently as opportunities permit, with stock picks themselves based on both fundamental and technical factors. The removal of any company from the list does not necessarily equate to a negative fundamental view on the shares.*

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