

Saudi Arabian Equities

Research Analysts

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PRE RESULTS COMMENT

Q1 09 Earnings Preview

- **Summary:** We provide a preview of Q1 09 earnings of 11 Saudi companies under our coverage.
- **Financials:** 1./ We expect margin expansion supported by liquidity premium to be an underlying theme for this quarter's earnings, which could hence present an upside risk to our estimates. 2./ Asset quality will remain in focus, but we expect NPL crystallization to start accelerating in H2 2009. 3./ We reiterate our preference for corporate over retail franchises.
- **Materials:** 1./ We expect Sabic Q1 09 results to be a trough and we see lower risk of goodwill impairment in the short term. The demand environment is expected to remain challenging in the medium term but stronger oil/chemical prices may provide an uplift to margins 2./ We prefer N based fertilizer (urea) to potash fertilizers.
- **Consumer :** We reiterate our preference for Almarai vs Savola to play the Saudi consumer theme and demographics. With an expansion of product lines (bakery/potentially meat and infant formula), and well planned geographical expansion, the long-term growth prospects for Almarai remain strong. We wouldn't be surprised by a stronger than expected bottomline due to margin expansion aided by easing of inflationary pressures.

Figure 1: Credit Suisse Saudi Coverage: Q1 09 Earnings (Net Income) Preview
in SAR millions, unless otherwise stated

Company	Q1 08	Q4 08	Q1 09
Financials			
Al Rajhi Bank	1601.8	1423.9	1890
Riyad Bank	690.7	529.1	789
Arab National Bank	672.2	435.1	684
Banque Saudi Fransi	733.2	569.8	737
Samba Financial Group	1201.1	825.7	1131
Saudi Hollandi Bank	282.4	308.9	263
The Saudi British Bank	757.0	656.8	790
Materials			
Sabic	6924.263	318.175	1400
Safco	723.384	535.863	443
Consumer			
Almarai	162	219	183
Savola	250	-464	175

Source: Company data, Credit Suisse estimates

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Companies Mentioned (Price as of 06 Apr 09)

Al Rajhi Bank (1120.SE, SRIs56.50, OUTPERFORM [V], TP SRIs72.66)
 Almarai Co (2280.SE, SRIs154.75, OUTPERFORM, TP SRIs201.73)
 Arab National Bank (1080.SE, SRIs38.30, NEUTRAL [V], TP SRIs38.91)
 Banque Saudi Fransi (1050.SE, SRIs58.75, UNDERPERFORM [V], TP SRIs51.49)
 Riyadh Bank (1010.SE, SRIs22.95, NEUTRAL, TP SRIs26.61)
 Samba Financial Group (1090.SE, SRIs47.90, NEUTRAL [V], TP SRIs59.41)
 Saudi Arabian Fertilizer Company (2020.SE, SRIs102.00, NEUTRAL, TP SRIs110.93)
 Saudi Basic Industries Corp (2010.SE, SRIs46.20, NEUTRAL [V], TP SRIs52.87)
 Saudi Hollandi Bank (1040.SE, SRIs36.50, OUTPERFORM [V], TP SRIs40.59)
 Savola Group (2050.SE, SRIs23.35, NEUTRAL, TP SRIs23.22)
 The Saudi British Bank (1060.SE, SRIs54.75, OUTPERFORM [V], TP SRIs54.57)

Disclosure Appendix

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