Result Flash

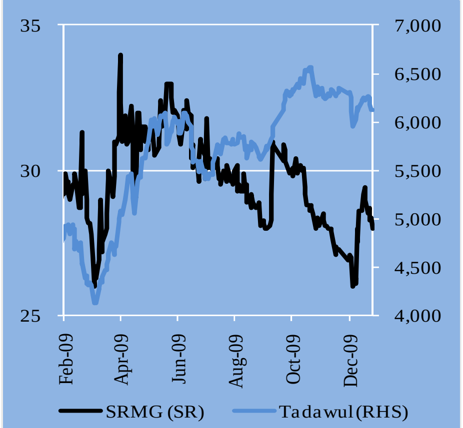
Saudi Research and Marketing Group – 2009 Review

Market Data

Bloomberg Code:	RESEARCH AB
Reuters:	4210.SE
CMP (02 Feb 2010):	SR26.5
O/S (mn):	80.0
Market Cap (SRmn):	2,120
Market Cap (US$mn):	565
Price/EPS 2010e (x):	17.8
Price/Bv 2010e (x):	1.3

Price Performance	1-Yr
High (SR):	37.4
Low (SR):	24.6
Average Volume (000):	95.1

Price Index Performance



Source: Zawya

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- Saudi Research and Marketing Group (SRMG) announced its full-year 2009 results. Net profits witnessed a decline of 77.2% YoY in 2009 to SR51.2mn while revenues declined by 24.5% YoY to SR1,013.5mn in 2009.

SRMG Annual Results

(SR mn)	2008	2009	% Change
Sales Revenue	1,342.2	1,013.5	-24.5%
Cost of Sales	832.7	706.3	-15.2%
Gross Profit	509.5	307.2	-39.7%
Net Profit	224.4	51.2	-77.2%
EPS (SR)	2.81	0.64	-77.2%
Gross Margin (%)	38.0%	30.3%	-

Source: Tadawul & Zawya

- On a quarterly basis, the company registered net profit of SR16.7mn (SR0.21 EPS) in 4Q2009, a decline of 60.9%, compared to a profit of SR42.7mn in the corresponding period last year. Revenues are down 46.1% to SR260.2mn compared to SR483.0mn in the same period last year. The increase in sales and net profit on a QoQ basis is largely due to the low base effect.

(SR mn)	4Q-2008	3Q-2009	4Q-2009	YoY%	QoQ%
Sales Revenue	483.0	248.3	260.2	-46.1%	4.8%
Net Profit	42.7	3.3	16.7	-60.9%	406.1%

Source: Tadawul & Zawya

- Revenue declined as the financial crisis which precipitated the global recession had a negative impact on the media and publishing industry as a whole. Advertising revenues were hit hard particularly during the period as companies were forced to cut down their budgets to counter the recession. As a consequence the gross margins also suffered, declining to 38.0% in 2009 from 30.3% in 2008.

- We expected the company sales revenue to be SR1065.5mn in 2009, a deviation of 5.0% from the actual figures while the net profits to be SR50.3mn in 2009, a deviation of 1.8% from the actual.

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