

Bahri CP: SAR 19.9 TP: SAR 17.3 Recommendation: Reduce

Net income of SAR 133 million, 2% above expectations, but 36% lower than Q2 12 because of lower VLCC shipping rates.

- **Gross profit of SAR 154 million was reported in Q2 13, in line with our expectations but 20% lower than Q2 12.** We believe that the main reason for the drop is the decrease in revenues of crude oil transport sector because of lower average time charter equivalent TCE rates. The company did not release the revenues figures.
- General and administrative expenses of SAR 33 million were recorded in Q2 13, 33% lower than Q2 12. Petredec contribution also dropped, without specifying the amount. **Operating income dropped by 16% on a yearly basis to SAR 122 million.**
- **Net income of SAR 133 million was reported** in Q2 13, 2% above our expectations but 36% lower than Q2 12. Important to note that the company recorded one time gain of SAR 34 million in Q2 12. Excluding this amount, net income dropped by 23% on a yearly basis. We retain our Fair Value of SAR 17.31 per share, and a Reduce recommendation.

SAR mn unless otherwise stated	Q2 12	Q1 13	Q2 13	ASIB Est.	YoY	QoQ	Vs. ASIB
Gross Profit	194	116	154	153	-20.5%	33.4%	0.7%
Operating Profit	145	86	122	122	-16.3%	40.7%	-0.3%
Net Income	207	144	133	130	-36.0%	-8.3%	1.6%

Alaa Ghanem, CFA, CVA
 alaa.ghanem@asib.com

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