

Key valuation methodology (After adjustments): 12-month price targets of all companies under our coverage are adjusted with our amended valuation methodology. Our adjustment is to reduce the sensitivity of our valuation to terminal value. The key amendments in our valuation methodology are given below;

- Upward revision in the company's risk free rate to 3.32% from 2.84%, the impact of such revision on valuation is minimal due to CAPM equation.
- Terminal growth rate is taken at 2.8% from 3.0%.
- KSA total market risk premium is taken at 13.8% from 12.09%.

Q3-2015 earnings estimates-Food and Agri

Company code	Company name	Forecasted - Net profits Q3-2015(mn)	Forecasted - EPS Q3-2015	Forecasted - QoQ growth	Forecasted - YoY growth	Forecasted EPS - 2015	Prospective PE - 2015	12-month price target	Rating*
2280	Almarai Company	577.2	0.96	8.8%	7.0%	3.30	25.7	81.3	Neutral
6001	Halwani Bros	21.01	0.74	-8.83%	2.75%	3.47	20.4	76.2	Neutral
6070	Al-Jouf Agri	39.46	1.32	95.7%	6.2%	3.62	10.7	43.4	Overweight

Source: Aljazira Capital * Our ratings are based on the closing prices of 29/9/2015

Q3-2015 earnings estimates-Retail

Company code	Company name	Forecasted - Net profits Q3-2015(mn)	Forecasted - EPS Q3-2015	Forecasted - QoQ growth	Forecasted - YoY growth	Forecasted EPS - 2015	Prospective PE - 2015	12-month price target	Rating*
4190	Jarir	224.7	2.50	45%	10.7%	9.5	19.0	216.4	Overweight
4240	Fawaz Al-Hokair ¹	329.8	1.57	56.6%	8.6%	4.3	16.3	94.8	Overweight
4290	Al Khaleej Training	20.9	0.53	25.1%	5.0%	2.08	21.1	52.9	Overweight
4001	Al Othaim Markets	45.16	1.00	-19%	6.9%	5.1	18.9	107	Overweight

Source: Aljazira Capital * Our ratings are based on the closing prices of 29/9/2015

¹Year Ends on Mar- 2015.

Q3-2015 earnings estimates-Healthcare

Company code	Company name	Forecasted - Net profits Q3-2015(mn)	Forecasted - EPS Q3-2015	Forecasted - QoQ growth	Forecasted - YoY growth	Forecasted EPS - 2015	Prospective PE - 2015	12-month price target	Rating*
4004	Dallah Health	23.9	0.51	-33.4%	8.8%	4.0	27.1	127.1	Overweight
4002	Mouwasat	80.8	1.62	44.0%	12.2%	5.6	21.9	121.6	Neutral
4005	Care	30.8	0.69	-27%	50.8%	2.5	21.2	63.3	Overweight
4007	Hammadi	31.4	0.26	-14.8%	23.6%	1.8	28.7	56.6	Overweight

Source: Aljazira Capital * Our ratings are based on the closing prices of 29/9/2015

Q3-2015 earnings estimates-Telecom

Company code	Company name	Forecasted – Net profits Q3-2015(mn)	Forecasted – EPS Q3-2015	Forecasted – QoQ growth	Forecasted – YoY growth	Forecasted EPS – 2015	Prospective PE – 2015	12-month price target	Rating*
7010	STC	2,726.9	1.36	6.6%	-19.1%	6.1	10.0	69.5	Overweight

Source: Aljazira Capital * Our ratings are based on the closing prices of 29/9/2015

Q3-2015 earnings estimates-Miscellaneous

Company code	Company name	Forecasted – Net profits Q3-2015(mn)	Forecasted – EPS Q3-2015	Forecasted – QoQ growth	Forecasted – YoY growth	Forecasted EPS – 2015	Prospective PE – 2015	12-month price target	Rating*
4260	Budget	48.5	0.95	6.2%	10.2%	3.7	13.2	56.6	Overweight
1150	Catering	176.9	2.16	0.6%	14.1%	8.4	15.7	185.0	Overweight
1214	Al Hassan Shaker	50.5	0.8	-38.4%	15.3%	2.7	11.0	41.6	Overweight
1810	Al Tayyar Travel	305.0	1.52	-22.9%	25.1%	6.4	12.0	100.6	Overweight
1820	Al Hokair Group	48.0	0.9	10.1%	12.6%	3.7	17.0	80.5	Overweight

Source: Aljazira Capital * Our ratings are based on the closing prices of 29/9/2015

Note:

Real Estate Development companies forecast are on an annual basis

Annual - 2015 earnings estimates-Real estate Development

Company code	Company name	Forecasted – Net profits Annual 2015(mn)	Forecasted – YoY growth	Forecasted EPS – 2015	Prospective PE – 2015	12-month price target	Rating*
4330	Dar Al Arkan	443.2	-22.7%	0.41	17.0	8.5	Overweight
4220	Emaar Economic City	289.3	-23.6%	0.34	34.2	15.6	Overweight

Source: Aljazira Capital * Our ratings are based on the closing prices of 29/9/2015

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RATING TERMINOLOGY

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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