



RETAILING, FOOD, CEMENT AND REAL ESTATE SECTORS

We have updated our valuations and forecasts for the Retailing, Food, Cement and Real Estate sectors under our coverage. This report summarizes these changes and highlights our view on the companies under our coverage.

This is an extract of our published report, the full version of which can be found on the alahlicapital.com website

- **Retailing sector:** We maintain our ratings unchanged on Jarir (Overweight, PT SR209.6), Al-Hokair (Neutral, PT SR30.5) and Shaker (Neutral, PT SR11.1). We downgrade Al-Othaim to Neutral with a PT of SR79.3, as all the positives are priced in at current levels. We also downgrade Extra to Underweight with a PT of SR66.7, as the valuations are rich and visibility remains largely unclear with the expected expat departure as of 3Q18.
- **Food sector:** We downgrade Savola to Neutral (PT SR43.3), mainly due to the weak retail business and unclear store expansion plans. We remain Neutral on Almarai (PT SR53.2). We believe margin contraction, general rationing in spending and expat departure will impact food companies.
- **Cement sector:** We upgrade Yanbu Cement to Overweight, with a PT of SR37.0, driven by its valuation discount, relatively better outlook due to its favourable location and the positive impact from the export contract signed. We maintain a Neutral rating on all other covered cement companies.
- **Real Estate sector:** We were Under Review on Dar Al Arkan. With the clarity on white land fees, we resume our coverage with a Neutral rating and a PT of SR13.1. We remain Neutral on Taiba, with a PT of SR33.7.

Exhibit 1: Update on coverage universe

	Rating change	Rating	PT Current (SR)	Current Price	Upside/Downside	Stock perf (%)		P/E Implied (x) P/E (x)	
						QTD	YTD	'18	'18
Retailing									
Jarir		OW	209.6	175.2	19.7%	(1.0)	19.4	15.7	18.8
Al-Hokair*		N	30.5	27.4	11.3%	2.3	(10.0)	13.1	14.6
Extra	↓	UW	66.7	79.6	(16.2)%	17.1	68.2	21.8	18.3
Al-Othaim	↓	N	79.3	85.3	(7.0)%	10.7	38.7	20.1	18.6
Shaker		N	11.1	10.8	3.0%	3.3	(7.7)	NM	NM
Food									
Savola	↓	N	43.3	42.2	2.6%	(4.5)	6.9	32.2	33.1
Almarai		N	53.2	58.1	(8.4)%	4.9	8.1	24.5	22.5
Cement									
Yanbu Cement	↑	OW	37.0	29.7	24.7%	(10.5)	(12.3)	13.8	17.2
Saudi Cement		N	54.5	52.5	3.9%	(6.5)	10.6	20.4	21.2
Qassim Cement		N	46.0	41.0	12.2%	(5.3)	(8.9)	17.3	19.4
Yamama Cement		N	15.4	16.1	(4.4)%	1.2	(8.6)	30.1	28.8
Southern Cement		N	46.3	41.1	12.7%	(17.6)	(15.1)	18.4	20.7
Arabian Cement		N	36.7	32.6	12.6%	(8.0)	(5.1)	16.0	18.0
Eastern Cement		N	28.5	26.5	7.5%	5.0	0.5	21.7	23.3
Real Estate									
Dar Al Arkan		N	13.1	13.8	(4.7)%	9.6	(4.5)	61.6	58.7
Taiba		N	33.7	31.3	7.7%	1.1	(9.9)	21.0	22.6

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Source: NCBC Research, Bloomberg, All prices as of 17 April 2018, * Estimates for FY2019
N: Neutral, UW: Underweight, OW: Overweight

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NEUTRAL:	Target price represents expected returns between -10% and +15% in the next 12 months
UNDERWEIGHT:	Target price represents a fall in share price exceeding 10% in the next 12 months
PRICE TARGET:	Analysts set share price targets for individual companies based on a 12 month horizon. These share price targets are subject to a range of company specific and market risks. Target prices are based on a methodology chosen by the analyst as the best predictor of the share price over the 12 month horizon

Other Definitions

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