

We have estimated Q42017 earnings for eighteen below exhibited companies under our coverage:

Company	Estimated Earnings (SAR mn)	% Change YoY	% Change QoQ	Target Price (SAR/ share)	Recommendation
<b>Al Hammadi</b> HAMMAD AB	26.2	144.6%	11.5%	43.0	Overweight
Availability of more bed capacity with the commencement of commercial operations of Nuzha Hospital to stimulate earnings.					
<b>Care</b> CARE AB	22.0	--	-18.7%	48.0	Overweight
Revised terms of service to adversely impact earnings. Going forward, earnings to be supported by new contract and potential merger with Al Hammadi.					
<b>Mouwasat</b> MOUWASAT AB	79.0	9.5%	3.0%	160.0	Neutral
We see Mouwasat as one of the stable companies and expect earnings continue to grow at a decent rate.					
<b>MEAHCO</b> MEH AB	74.4	-15.1%	24.0%	74.0	Overweight
Revised terms of service to adversely impact earnings of the company. However, going forward earnings to get aid from Hail hospital and other projects in the pipeline.					
<b>Dallah</b> DALLAH AB	77.4	48.5%	0.8%	120	Overweight
Namar hospital to boost patient inflow, however initially the hospital related operational expenses to ramp up.					
<b>Healthcare Equipment and Services</b>					
<b>Nadec</b> NADEC AB	14.4	85.9%	16.8%	38.0	Overweight
We estimate earnings growth on the back of reduction in operational expenses.					
<b>Savola</b> SAVOLA AB	147.3	--	-82.7%	45.0	Overweight
Operational expenses expected to squeeze, consequently aiding earnings.					
<b>Almarai</b> ALMARAI AB	515.0	5.4%	-22.8%	56.0	Neutral
Topline to decline while earnings expected to expand mainly due to curtailed operational expenses.					
<b>SADAFCO</b> SADAFCO AB*	73.0	6.5%	-2.8%	140.0	Neutral
Low skimmed milk pricing environment to support margins.					
<b>Food and Beverages</b>					
<b>Catering</b> CATERING AB	103.8	-1.0%	-20.4%	90.0	Neutral
We believe revenue from catering segment to stabilize around the current levels. Whilst profitability to be driven by growth in business lounges segment.					
<b>Commercial and Professional Services</b>					
<b>Aldrees</b> ALDREES AB	19.4	26.0%	-0.8%	34.5	Overweight
Petroleum sales volume to mainly support earnings. We expect sales volume to escalate post June 2018.					
<b>Energy</b>					

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<b>Farm Superstores</b> <b>SMARKETI AB</b>	15.0	-10.5%	108.5%	31.0	Neutral
We estimate ramping operational expenses to weigh on the earnings. However, decent performance is expected going forward on the back of store addition.					
<b>Food and Staples Retailing</b>					
<b>Yamamah Steel</b> <b>YAMAMAH AB***</b>	11.0	-45.7%	-0.3%	30.0	Overweight
Weak set of result is expected due to: lower product pricing and muted construction activity. In addition to that, we believe the stock is trading at a considerable discount.					
<b>Materials</b>					
<b>SGS</b> <b>SGS AB</b>	106.0	5.1%	-33.9%	46.0	Neutral
Earnings expected to improve YoY for Q42017, with the support from other income.					
<b>Transportation</b>					
<b>Herfy</b> <b>HERFYI AB</b>	51.4	-7.2%	-8.3%	54.0	Neutral
LFL sales growth expected to decline. However, expansion outside KSA can be a game changer for the restaurant segment. We expect bakery segment to show decent performance.					
<b>Hokair Group</b> <b>AATD AB</b>	12.2	-39.8%	-35.2%	30.0	Overweight
We estimate weak results mainly due to under performance of the hotel segment.					
<b>Consumer Services</b>					
<b>SACO</b> <b>SCH AB</b>	39.7	1.4%	84.1%	110.0	Neutral
We estimate earnings to get support from promotions.					
<b>Fawaz Al Hokair</b> <b>ALHOKAIR AB**</b>	41.1	1.0%	--	42.5	Overweight
Awarding of allowances and other financial subsistence to support the sector. Further, company's expansion within the Kingdom to improve overall gross margins.					
<b>Retailing</b>					

\*Year end September 30<sup>th</sup>

\*\*Year end March 31<sup>st</sup>

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## Rating Methodology

### Upside/ Downside Potential

Greater than or equal to +15%

Between +15% and -14%

Less than or equal to -15%

### Recommendation

Overweight

Neutral

Underweight

Analyst at discretion may deviate from the above mentioned recommendation methodology and revise the Fair Value in exceptional circumstances.

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