

We have estimated Q22018 earnings for twenty 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	28.8	12.2%	-6.7%	38.0	Overweight
Availability of more bed capacity with the commencement of commercial operations of Nuzha Hospital and acquisition of Pharmaceutical unit to stimulate earnings.					
<b>Care</b> CARE AB	24.9	27.7%	-2.7%	65.0	Neutral
Profitability expected to improve on the basis of reduction in operational expenses. Going forward, earnings to be supported by new contract.					
<b>Mouwasat</b> MOUWASAT AB	82.7	8.3%	-22.0%	100.0	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	81.5	42.7%	-6.4%	74.0	Overweight
We believe earnings to improve on the basis of higher revenue resulting from Hail hospital.					
<b>Dallah</b> DALLAH AB	62.9	8.3%	-10.1%	115.0	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	6.9	-73.3%	-237.5%	38.0	Neutral
Despite seasonality factor, we estimate earnings to remain weak mainly due to lower consumer spending and higher operational expenses.					
<b>Savola</b> SAVOLA AB	52.0	-77.3%	-161.7%	43.0	Neutral
Retail segment still expected to remain under pressure, earnings to get limited aid from investment segment.					
<b>Almarai</b> ALMARAI AB	546.7	-18.9%	58.8%	63.0	Neutral
Despite seasonality factor topline expected to decline, effect of which partly to be offset by poultry segment turning to profit.					
<b>SADAFCO</b> SADAFCO AB*	63.5	-17.6%	26.7%	110.0	Neutral
High competition and recent recovery in skimmed milk prices expected to put pressure on the earnings.					
<b>Food and Beverages</b>					
<b>Catering</b> CATERING AB	130.3	-9.6%	0.6%	96.0	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	22.0	22.5%	-10.5%	32.0	Overweight
Higher sale of petroleum (in terms of volume) and new logistics contracts to support earnings.					
<b>Energy</b>					

Company	Estimated Earnings (SAR mn)	% Change YoY	% Change QoQ	Target Price (SAR/ share)	Recommendation
<b>Farm Superstores</b> SMARKETI AB	10.5	-48.4%	-13.4%	26.0	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>MEPCO</b> MEPC AB	23.1	27.1%	27.8%	29.0	Overweight
Gross profit margins are expected to remain largely within the current range as the major portion of raw material is collected through internal sources.					
<b>Yamamah Steel</b> YAMAMAH AB**	8.0	-53.5%	86.5%	25.0	Overweight
Weak set of result is expected due to: lower product pricing and muted construction activity.					
<b>Materials</b>					
<b>SGS</b> SGS AB	108.8	-11.0%	2.0%	38.0	Neutral
Earnings are expected to shrink resulting from declining margins, however Holy month of Ramadan and other income expected to reduce the impact to a limited extent.					
<b>Transportation</b>					
<b>Herfy</b> HERFYI AB	42.5	-2.1%	-11.0%	48.0	Neutral
LFL sales expected to decline. However, store addition to drive sales in the long-run. We expect bakery segment to show decent performance.					
<b>Hokair Group</b> AATD AB	7.8	-47.4%	-203.7%	25.0	Neutral
We estimate weak results mainly due to under performance of the hotel segment.					
<b>Consumer Services</b>					
<b>SACO</b> SCH AB	31.2	-22.7%	113.8%	110.0	Neutral
LFL sales and footfall are expected to decline while the margins are expected to remain sustainable.					
<b>Fawaz Al Hokair</b> ALHOKAIR AB*	45.0	-80.6%	-124.4%	32.0	Overweight
High gearing ratio is further denting the earnings. However, company's expansion plan within the Kingdom may revitalize the earnings in the long-run.					
<b>Retailing</b>					
<b>EIC</b> EIC AB	15.1	1.6%	14.8%	24.0	Neutral
Turning of a subsidiary to profits and lower borrowings are expected to result in higher earnings.					
<b>Capital Goods</b>					

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

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

## Arbah Capital

Al Khaleej Road, Samic Tower, 8th Floor,  
P.O. Box 8807, Dammam 31492, Kingdom  
of Saudi Arabia

Toll Free : 800-433-7777

T: +966-13-831-6444

F: +966-13-809-4906

Web: [www.arbahcapital.com](http://www.arbahcapital.com)

### Arbah Research

E: [research@arbahcapital.com](mailto:research@arbahcapital.com)

T: +966-13831-6483

### Arbah Asset Management

E: [am@arbahcapital.com](mailto:am@arbahcapital.com)

T: +966-13831-6455

### Brokerage

E: [a.alsyari@arbahcapital.com](mailto:a.alsyari@arbahcapital.com)

T: +966-13831-6490

### Customer Care

[customercare@arbahcapital.com](mailto:customercare@arbahcapital.com)

[info@arbahcapital.com](mailto:info@arbahcapital.com)

## Rating Methodology

### Upside/ Downside Potential

Greater than or equal to +10%

Between +10% and -9%

Less than or equal to -10%

### Recommendation

Overweight

Neutral

Underweight

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

## Disclaimer

This report is produced by Arbah Capital Company ("Arbah"), operating under the supervision of the Saudi Arabian Capital Markets Authority under license number **07083-37**. This document does not constitute an offer or invitation to subscribe for or purchase any securities, and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. Neither this report nor any copy hereof may be distributed in any jurisdiction outside Saudi Arabia where its distribution may be restricted by law.

Information and opinions contained herein have been compiled or arrived by Arbah from public sources believed to be reliable, but Arbah has not independently verified the contents of this document. Accordingly, no representation or warranty, express or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this document. Arbah accepts no liability for any loss arising from the use of this document or its contents or otherwise arising in connection therewith shall have no responsibility or liability whatsoever in respect of any inaccuracy in or omission from this or any other document prepared by Arbah for, or sent by Arbah to any person and any such person shall be responsible for conducting his own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. To the maximum extent permitted by applicable law and regulation, Arbah shall not be liable for any loss that may arise from the use of this report or its contents or otherwise arising in connection therewith. Opinions and estimates constitute our judgment and are subject to change without prior notice. Past performance is not indicative of future results.

Arbah may, from time to time to the extent permitted by law, participate or invest in other financing transactions with the issuers of the securities ('securities'), perform services for or solicit business from such issuer, and/or have a position or effect transactions in the securities or options thereof. Arbah may, to the extent permitted by applicable Saudi law or other applicable laws or regulations, effect transactions in the securities before this material is published to recipients.

Persons who receive this report should make themselves aware of the information and adhere to any restrictions described above. By accepting this report you agree to be bound by the foregoing limitations.