Financial Result Preview

Arbah Capital أرباح المالية

Tadawul | Q32017

We have estimated Q32017 earnings for eighteen below exhibited companies under our coverage:

Company	Estimated Earnings (SAR mn)	% Change YoY	% Change QoQ	Target Price (SAR/ share)	Recommendation
Al Hammadi HAMMAD AB	27.0	25.8	5.2	45.5	Overweight
Availability of more bed capacity compare to the same quarter last year to stimulate earnings.					
Care CARE AB	22.7	-22.5	16.4	54.0	Overweight
Revised terms of service to adversely impact earnings of the company. Going forward, earnings to be supported by new contract and merger.					
Mouwasat MOUWASAT AB	74.0	47.1	-3.1	155.0	Neutral
We see Mouwasat as one of the stable companies and expect earnings continue to grow at a decent rate.					
MEAHCO MEH AB	75.6	-17.9	32.4	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.					
Dallah DALLAH AB	62.9	3.0	-10.1	120.0	Overweight
Dallah has relatively better receivable position amongst the local peers.					
Healthcare Equipment and Services					
Nadec NADEC AB	18.2	-39.6	-29.7	28.0	Neutral
Earnings to have detrimental effect due to higher production cost and lower demand.					
Savola SAVOLA AB	192.0*	10.7	-16.3	46.0	Neutral
Operational expenses expected to squeeze, consequently aiding earnings.					
Almarai ALMARAI AB	567.0	-13.4	-15.9	78.0	Neutral
Earnings to decline due to lower demand (non-seasonality factor), expected to be off set to a limited extent by curtailed operational expenses.					
SADAFCO SADAFCO AB**	75.0	-2.7	2.3	136.0	Overweight
Low skimmed milk pricing environment to support margins.					
Food and Beverages					
Catering CATERING AB	145.0	-3.1	10.7	94.0	Neutral
We believe revenue from catering segment to stabilize around the current levels. Whilst profitability to be driven by growth in business lounges segment.					
Commercial and Professional Services					
Aldrees ALDREES AB	19.4	4.8	6.2	28.0	Neutral
Petroleum sales volume to mainly support earnings. We expect sales volume to escalate post June 2018.					
Energy					

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Farm Superstores **SMARKETI AB**	18.7	-19.3	-8.1	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.					
Food and Staples Retailing					
Yamamah Steel **YAMAMAH AB*** **	27.0	-60.2	56.9	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.					
Materials					
SGS **SGS AB**	143.1	-25.9	17.0	46.0	Neutral
Despite seasonality impact, earnings to remain weak due to revised service charges and lack of support from other income.					
Transportation					
Herfy **HERFYI AB**	56.6	-3.8	30.4	60.0	Overweight
LFL sales to decline in restaurant segment whereas decent performance is expected from the bakery segment.					
Hokair Group **AATD AB**	21.4	-63.4	44.3	41.0	Overweight
Company earnings expected to get aid from revitalization of travel and tourism spending.					
Consumer Services					
SACO **SCH AB**	29.0	42.4	-28.1	110.0	Neutral
We expect decent set of result on the back of store addition and curtailed operational expenses.					
Fawaz Al Hokair **ALHOKAIR AB****	97.5	66.1	-58.0	45.5	Neutral
Restoration of bonuses and allowances, restructuring and expansion within the Kingdom are positives for the company.					
Retailing					

****Excluding profit from sale of stake amounting to SAR 694.1 mn***
***Year end March 31st**
****Year end September 30th**

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Rating Methodology

Upside/ Downside Potential	Recommendation
Greater than or equal to +15%	Overweight
Between +15% and -14%	Neutral
Less than or equal to -15%	Underweight

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

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