

# Earnings Estimates Q2 2018

## Summary

The report shows our second quarter 2018 earnings estimates for companies under coverage.

## Banks

We believe the banking sector will witness a shift in operating conditions, which is likely to improve the sector's profitability margins. According to our analysis, total deposits are expected to grow slightly 0.2% YoY and 0.5% QoQ. Loans portfolio are expected to shrink 1% YoY.

## Petrochemicals

Oil prices hit highs as the average price of Brent crude was USD 78 during the second quarter of 2018, which contributed significantly to the rise in the prices of most petrochemical products compared to the previous quarter and the same quarter of 2017. However, some prices of feedstock decreased significantly, creating higher profit margins for petrochemical companies. In terms of fertilizer products, urea prices have improved significantly compared to Q2 2017 and Q1 2018, while ammonia prices have declined compared to the previous quarter and the same quarter of 2017.

## Cement

Demand for cement is reduced significantly during the second quarter due to seasonality and high temperatures, in addition to the month of Ramadan that coincided with the second quarter of 2018. Cement sales reached 7.62 million tons in April and May falling by 16.7% YoY due to continued weak demand for cement. We expect cement sales to fall below 9.5 million tons in Q2 2018. Meanwhile, clinker inventory reached a record level of 36.2 million tons by the end of May 2018, slightly higher than their level at the end of Q1 2018.

## Retail

The second quarter of the current year has coincided with the peak of demand for fast-moving consumers goods driven by the robust sales in Ramadan.

## Agriculture and Food sector

The second quarter of this year coincided with high demand for food products thanks to the holy month of Ramadan and the high demand for some products such as juices and milk because of high temperatures.

## Health Care

Health care companies are expected to be negatively affected during Ramadan, which is mainly due to the reduction of official working hours, in addition to being adversely affected by the beginning of the summer vacation.

## Telecommunications

Ramadan and Eid al-Fitr have witnessed a seasonal pickup in demand for communications services, especially with the arrival of a large number of visitors to the holy sites. On the other hand, cellular revenues are expected to be affected by the reduction in interconnection rates, which came into force at the end of December 2017.

Average Commodity Prices (USD/Ton)	Q2 2018	Q2 2017	YoY	Q1 2018	QoQ
Arab Light Crude Oil	73	49	49%	66	10.6%
Methanol (SE Asia)	421	291	45%	398	6%
Polypropylene (SE Asia)	1,284	1,077	19%	1,282	0.2%
Polyethylene - HDPE (SE Asia)	1,364	1,128	21%	1,356	0.6%
Polyethylene - LDPE (SE Asia)	1,221	1,235	-1%	1,247	-2.1%
Polystyrene (SE Asia)	1,563	1,261	24%	1,549	0.9%
Ammonia (Middle East)	277	344	-19%	320	-13.4%
UREA (Middle East)	251	209	20%	258	-2.7%
DAP (Morocco)	428	375	14%	419	2.1%
Gold (USD/Troy ounce)	1,306	1,257	4%	1,329	-1.7%
Aluminum (London Metal Exchange)	2,271	1,904	19%	1,904	19.3%
Copper (London Metal Exchange)	6,872	5,662	21%	6,961	-1.3%

## Earnings Estimates Q2 2018

The Following Table Illustrates our Estimates for the Second Quarter of 2018

Code / Sector– SAR mn	Company	Q2 2018E	Q2 2017A	YoY	Q1 2018A	QoQ
<b>Banks</b>						
1020	Aljazira	256	220	16%	245	5%
1120	Al Rajhi	2,470	2181	13%	2,383	4%
1150	Alinma	604	488	24%	582	4%
<b>Materials</b>						
2010	SABIC	5,478	3,710	48%	5,505	(0.5%)
2020	SAFCO	241	204	18%	237	2%
2290	YANSAB	811	346	134%	630	29%
2330	Advanced	191	194	(2%)	98	95%
3020	Yamama Cement	27	12	122%	24	13%
3030	Saudi Cement	105	24	340%	142	(26%)
3060	Yanbu Cement	45	80	(44%)	40	14%
1211	MAADEN	579	356	63%	638	(9%)
<b>Energy</b>						
4030	Bahri	176	154	14%	123	43%
<b>Commercial &amp; Professional Svc</b>						
6004	Catering	127	131	(3%)	120	6%
<b>Consumer Services</b>						
6002	Herfy Foods	41	43	(5%)	48	(14%)
<b>Retailing</b>						
4003	Extra	45	43	5%	22	105%
4190	Jarir	154	148	4%	22	613%
<b>Food &amp; Staples Retailing</b>						
4001	A. Othaim Market	79	71	11%	67	17%
4006	Farm Superstores	15	20	(25%)	12	24%
<b>Food &amp; Beverages</b>						
2050	Savola Group	111	229	(52%)	-84	232%
2280	Almarai	689	674	2%	344	100%
6010	NADEC	6	26	(78%)	-5	216%
<b>Health Care Equipment &amp; Svc</b>						
4002	Mouwasat	97	76	27%	106	(8%)
4004	Dallah Health	49	70	(30%)	58	(16%)
4005	Care	25	20	28%	26	(2%)
4007	Al Hammadi	26	26	1%	31	(16%)
<b>Telecommunication Services</b>						
7010	STC	2,484	2,377	5%	2,588	(4%)
7020	Etihad Etisalat	-107	-190	44%	-93	(15%)
7030	ZAIN KSA	-50	8	(725%)	-77	35%

## Earnings Estimates Q2 2018

### Research & Advisory

E-mail: [research@albilad-capital.com](mailto:research@albilad-capital.com)  
Tel: +966-11-290-6250  
Website: [www.albilad-capital.com/en/research](http://www.albilad-capital.com/en/research)

Turki Fadaak  
Research & Advisory Manager  
[TFadaak@albilad-capital.com](mailto:TFadaak@albilad-capital.com)

Ahmed A. Hindawy, CFA  
Senior Financial Analyst  
[AA.hindawy@albilad-capital.com](mailto:AA.hindawy@albilad-capital.com)

Hamad Albarrak  
Financial Analyst  
[Hamad.Albarrak@albilad-capital.com](mailto:Hamad.Albarrak@albilad-capital.com)

Mohammed H. Atiyah  
Financial Analyst  
[MH.Atiyah@albilad-capital.com](mailto:MH.Atiyah@albilad-capital.com)

Meshal H. Alghaylan  
Financial Analyst  
[MHALghaylan@albilad-capital.com](mailto:MHALghaylan@albilad-capital.com)

Ahmed Abdulkareem  
Financial Analyst  
[A.alsaihati@albilad-capital.com](mailto:A.alsaihati@albilad-capital.com)

### Albilad Capital

#### Client Services

E-mail: [clientservices@albilad-capital.com](mailto:clientservices@albilad-capital.com)  
Tel: +966-11-203-9888  
Toll-free: 800-116-0001

#### Asset Management

E-mail: [abicasst@albilad-capital.com](mailto:abicasst@albilad-capital.com)  
Tel: +966-11-290-6280

#### Brokerage

E-mail: [abiccctu@albilad-capital.com](mailto:abiccctu@albilad-capital.com)  
Tel: +966-11-290-6230

#### Investment Banking

E-mail: [investmentbanking@albilad-capital.com](mailto:investmentbanking@albilad-capital.com)  
Tel: +966-11-290-6256

#### Custody

E-mail: [custody@albilad-capital.com](mailto:custody@albilad-capital.com)  
Tel: +966-11-290-6259

### Disclaimer

AlBilad Capital exerted utmost efforts to ensure that the information included in this report is accurate and correct. However, AlBilad Capital Co., its managers, and staff bear no liability whether explicitly or implicitly for the content of the report and no legal responsibility, whether directly or indirectly, for any results based on it.

This report should not be reproduced, redistributed, or sent directly or indirectly to any other party or published in full or in part for any purpose whatsoever without a prior written permission from AlBilad Capital.

We would also like to note that this information in no way constitutes a recommendation to buy or sell banknotes or make any investment decisions.

Any investment act taken by an investor based fully or partially on this report is the complete responsibility of the investor.

This report is not meant to be used or seen as advice or an option or any other measure to be taken in the future. We recommend consulting a qualified investment advisor before investing in these investment tools.

AlBilad Capital preserves all rights associated with this report.

CMA Authorization Number 08100-37