

# Earnings Estimates Q3 2017

## Summary

The report shows our third quarter 2017 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 expand 2.8% YoY and 0.47% QoQ. Loans portfolio are expected to decline slightly 0.49% YoY while growing 0.33% QoQ.

### Petrochemicals

Petrochemical products prices have improved in Q3 2017 compared Q2 2017 due to the rise in oil prices. However, the prices of feedstock have also increased. The trends of fertilizers deferred YoY and QoQ.

### Cement

Demand for cement is significantly reduced during the third quarter due to high temperatures, in addition to the Hajj season as well as summer vacation that coincided with the third quarter in this year. Cement sales reached 7.2 million tons in July and August falling 4% YoY resulting from lower demand compared to 2016, despite the addition of the sales of Umm Al-Qura Cement and United Cement during the current period. Therefore, we expect cement sales to fall below 10.5 million tons in Q3 2017. Meanwhile, clinker inventory reached recorded level of 33.4 million tons by the end of August 2017, compared to 31.2 million tons at the end of Q2 2017.

### Retail

The new academic year starts in the Q3 2016 and thus will reflect positively on retail companies that sell school supplies. As for food and consumptions goods retailers, the situation will be different taking into account that lengthy summer vacations, and the coincidence of the second quarter with Ramadan.

### Agriculture and Food sector

In this year, Ramadan fully coincided with Q2, therefore the second quarter acquired all the robust Ramadan sales. On the other hand, in the summer session, the demand level of dairy and juices products increase.

### Health Care

The Hajj season and summer vacation is expected to negatively affect the results of health care companies during the third quarter, as the summer period witnesses a slowdown in demand for health services due to travel and long vacation.

### Telecommunications

The demand for telecommunications services increase significantly during the pilgrimage session with the number of pilgrims edging up 26% this year to 2.35 million, including 1.75 visitors from outside the kingdom. This bodes well for the sector, however the third quarter also coincided with lengthy summer vacations and holidays, thus heavy travel outside the kingdom which has negative impacts on the demand for telecom services.

Average Commodity Prices (USD/Ton)	Q3 2017	Q3 2016	YoY	Q2 2017	QoQ
Methanol (SE Asia)	307	236	30%	291	6%
Polypropylene (SE Asia)	1,125	1,034	9%	1,077	4%
Polyethylene - HDPE (SE Asia)	1,145	1,150	(0.4%)	1,128	2%
Polyethylene - LDPE (SE Asia)	1,208	1,189	2%	1,235	(2%)
Polystyrene (SE Asia)	1,370	1,191	15%	1,261	9%
Ammonia (Middle East)	220	246	(10%)	344	(36%)
UREA (Middle East)	221	193	14%	209	6%
DAP (Morocco)	355	346	3%	375	(5%)
Gold (USD/Troy ounce)	1,279	1,335	(4%)	1,258	2%
Aluminum (London Metal Exchange)	2,005	1,622	24%	1,904	5%
Copper (London Metal Exchange)	6,343	4,772	33%	5,662	12%

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The Following Table Illustrates our Estimates for the Third Quarter of 2017

Code / Sector– SAR mn	Company	Q3 2017E	Q3 2016A	YoY	Q2 2017A	QoQ
<b>Banks</b>						
1020	Aljazira	224	161	40%	220	2%
1120	Al Rajhi	2,219	2,009	10%	2,182	2%
1150	Alinma	515	312	65%	488	6%
<b>Materials</b>						
2010	SABIC	3,937	5,224	(25%)	3,710	6%
2020	SAFCO	177	181	(2%)	204	(13%)
2290	YANSAB	472	608	(22%)	346	37%
2330	Advanced	198	188	5%	195	2%
3020	Yamama Cement	16	56	(71%)	12	34%
3030	Saudi Cement	81	200	(60%)	94	(14%)
3060	Yanbu Cement	67	93	(28%)	80	(16%)
1211	MAADEN	378	84	350%	356	6%
<b>Energy</b>						
4030	Bahri	150	318	(53%)	154	(3%)
<b>Commercial &amp; Professional Svc</b>						
6004	Catering	146	150	(3%)	131	11%
<b>Consumer Services</b>						
6002	Herfy Foods	58	59	(1%)	43	34%
<b>Retailing</b>						
4003	Extra	31	7	325%	43	(83%)
4190	Jarir	240	220	9%	148	62%
<b>Food &amp; Staples Retailing</b>						
4001	A. Othaim Market*	143	37	290%	71	101%
4006	Farm Superstores	17	23	(27%)	20	(16%)
<b>Food &amp; Beverages</b>						
2050	Savola Group**	808	173	366%	229	253%
2280	Almarai	603	655	(8%)	674	(11%)
6010	NADEC	19	30	(37%)	26	(27%)
<b>Health Care Equipment &amp; Svc</b>						
4002	Mouwasat	74	50	46%	76	(4%)
4004	Dallah Health	68	61	12%	70	(3%)
4005	Care	22	29	(26%)	20	11%
4007	Al Hammadi	28	21	30%	26	9%
<b>Telecommunication Services</b>						
7010	STC	2,280	2,147	6%	2,377	(4%)
7020	Etihad Etisalat	(182)	(168)	9%	(190)	(4%)
7030	ZAIN KSA	15	(267)	(106%)	8	88%

\* Including a capital gain of SAR 97 million.

\*\* Including a capital gain of SAR 694 million.

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