

# Earnings Estimates Q2 2017

## Summary

The report shows our second quarter 2017 earnings estimates for companies under coverage.

The second quarter of 2017 coincided with periodic seasons which are the beginning of summer vacation and Ramadan, while at the end of this quarter coincided with Eid Al-Fitr, so we expect that many companies will be affected by previous factors and seasonality of each sector. In addition, the impact of government's decision to return back the allowances and financial benefits for state employees on consumer spending. On the other hand, starting from Q1 2017 listed companies started releasing their financial statements based on IFRS for the current period and reclassifying the corresponding period of last year.

## Banks

We believe that the government's decision to return the allowances and the financial benefits to state employees will lead to an improvement in the demand of goods and services in whole economy. Also, thus going to reflect positively on the growth of deposits and loans compared to previous quarter and same quarter of last year. Total deposits of the banking sector are expected to increase slightly 0.83% YoY, while loans are expected to decline 1.6% YoY.

## Petrochemicals

Petrochemical products prices have declined as well as oil prices in Q2 2017 compared to Q1 2017, while they are still considered high compared to the same period last year. Meanwhile, fertilizer products slightly decreased compared to the same period last year.

## Telecommunications

The demand for telecommunications services increases for seasonal and social reasons during Ramadan and Eid Al-Fitr that coincided with Q2 2017.

## Cement

Demand on 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 in this year. Cement sales reached 9.2 million tons in April and May falling by 18% YoY due to lower demand compared to 2016. We expect cement sales to fall below 12 million tons in Q2 2017. On the other hand, clinker inventory levels improved slightly at the beginning of the second quarter, recording 28.5 million tons by the end of May 2017, compared to the levels recorded by the end of Q1 2017.

## Retail

The second quarter of this year came at the peak demand for consumer products supported by Ramadan sales. We also expect some retail companies to be positively affected by the return of allowances and benefits to employees, which boosted the purchasing power of consumers.

## Health Care

We expect that health care companies are negatively affected during Ramadan, which is mainly due to the reduction of official working hours, in addition to being adversely affected by the summer vacation.

Average Commodity Prices (USD/Ton)	Q2 2017	Q2 2016	YoY	Q1 2017	QoQ
Methanol (SE Asia)	291	236	23%	370	(21%)
Polypropylene (SE Asia)	1,077	1,033	4%	1,112	(3%)
Polyethylene - HDPE (SE Asia)	1,128	1,166	(3%)	1,185	(5%)
Polyethylene - LDPE (SE Asia)	1,235	1,194	3%	1,326	(7%)
Polystyrene (SE Asia)	1,261	1,221	3%	1,440	(12%)
Ammonia (Middle East)	344	346	(1%)	311	11%
UREA (Middle East)	209	214	(2%)	269	(22%)
DAP (Morocco)	375	368	2%	361	4%
Gold (USD/Troy ounce)	1,258	1,258	0%	1,217	3%
Aluminum (London Metal Exchange)	1,904	1,575	21%	1,893	1%
Copper (London Metal Exchange)	5,662	4,729	20%	5,834	(3%)

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

Code / Sector– SAR mn	Company	Q2 2017E	Q2 2016A	YoY	Q1 2017A	QoQ
<b>Banks</b>						
1020	Aljazira	197	178	11%	216	(9%)
1120	Al Rajhi	2,202	2,052	7%	2,221	(1%)
1150	Alinma	437	409	7%	421	4%
<b>Materials</b>						
2010	SABIC	4,575	4,736	(3%)	5,240	(13%)
2020	SAFCO	278	299	(7%)	423	(34%)
2290	YANSAB	535	689	(22%)	608	(12%)
2330	Advanced	-	192	(3%)	194	(4%)
3020	Yamama Cement	53	116	(54%)	51	4%
3030	Saudi Cement	144	249	(42%)	165	(13%)
3060	Yanbu Cement	95	159	(40%)	125	(24%)
1211	MAADEN	340	142	139%	276	23%
<b>Telecommunication Services</b>						
7010	STC	2,439	1,865	31%	2,527	(3%)
7020	Etihad Etisalat	(178)	19	-	(163)	9%
7030	ZAIN KSA	40	(329)	-	45	(12%)
<b>Energy</b>						
4030	Bahri	386	504	(23%)	379	2%
<b>Commercial &amp; Professional Svc</b>						
6004	Catering	131	145	(10%)	121	8%
<b>Consumer Services</b>						
6002	Herfy Foods	48	50	(3%)	53	(9%)
<b>Retailing</b>						
4003	Extra	19	12	52%	13	(6%)
4190	Jarir	160	129	24%	221	(28%)
<b>Food &amp; Staples Retailing</b>						
4001	A. Othaim Market	65	50	29%	60	8%
4006	Farm Superstores	24	27	(12%)	23	7%
<b>Food &amp; Beverages</b>						
2050	Savola Group	117	230	(49%)	4.78	-
2280	Almarai	640	629	2%	328	95%
6010	NADEC	18	37	(51%)	4	-
<b>Health Care Equipment &amp; Svc</b>						
4002	Mouwasat	73	62	17%	85	(14%)
4004	Dallah Health	67	54	24%	85	(21%)
4005	Care	19	58	(66%)	16	25%
4007	Al Hammadi	24	21	17%	28	(13%)

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