Q1-2013 EARNINGS PREVIEW

Our coverage universe consists of 37 companies. Below are our Q1-13 estimates, after factoring in the following:

1) **Banks:** For the Saudi Banks, we are expecting the loan growth momentum to continue in Q1-13, while pressure on net interest margin is likely to persist, with a stable asset quality outlook.

   For the Egyptian Banks, we foresee a slow loan growth, while provisions are likely to remain elevated. Net interest margins are expected to remain relatively stable.

   No estimate for NSGB has been provided given that Egypt Bourse removed it from main indices after QNB bought 97.1% of NSGB.

   For the Qatari Banks, we forecast a relatively slower credit growth, with a slight net interest margin compression.

2) **Petrochemicals:** The positive impact from strong pricing momentum of mainly polyolefins (average increase of c8% Q-o-Q) was to an extent mitigated by the increase in oil-based feedstocks, in addition to maintenance halts at some plants.

3) **Fertilizers:** Flat urea prices, coupled with pricing weakness in the ammonia business (-12% Q-o-Q) has resulted in a weaker quarter for fertilizer plays. Not to mention, that some undisclosed maintenance stoppages might have taken place in Q1-13.

4) **Telecoms:** After a wave of considerable one-off items which hit telecom companies in Q4-2012, we expect smoothing to occur in Q1-2013 with results reverting to their normal trends. We highlight Mobily's expected decline Q-o-Q, owing to seasonality, and lower Y-o-Y results for other operators due to FX and higher OPEX.

5) **Food:** Food companies in KSA are expected to deliver higher earnings on a yearly basis despite their inability to increase the selling prices for many essential products. Juhayna is expected to benefit from both the increase in the quantity sold and the selling price. We increased the fair value of Halwani Bros Co. from SAR 35.87 to SAR 43.90 to reflect the additional production capacity – a note will be published later.

6) **Shipping:** The drop in VLCC rates is expected to negatively affect Bahri's performance in Q1-13, however this will be partially offset by the SAR 40 million gains realized from the sale of two ships.

7) **Construction:** Worsening political and economic environment in Egypt since the beginning of the year signals narrow opportunities for operational success stories in the country, especially with a depreciating currency and increasing inflation pressures that are expected to trim margins for Q1-13.

	Current Price	Fair Value*	Q1 -12	Q4 -12	**Q1-13e**	Q-o-Q	Y-o-Y	PE13e	Dvd Yield 13e
KSA (In million SAR)									
Samba Financial Group	44.5	62.4	1,145	869	**1,044**	20%	-9%	9.4	4.5%
Al Rajhi Bank	66.3	95.8	2,011	1,911	**1,998**	5%	-1%	12.2	5.8%
Saudi Arabian British Bank	33.3	38.7	854	815	**843**	3%	-1%	9.2	2.9%
Banque Saudi Fransi	30.6	41.2	790	808	**738**	-9%	-7%	8.8	3.6%
Riyad Bank	23.0	28.4	901	810	**858**	6%	-5%	10.0	6.3%
Arab National Bank	26.9	36.4	656	425	**590**	39%	-10%	8.9	4.3%
Saudi Hollandi Bank	27.4	32.1	290	313	**327**	4%	13%	8.4	3.6%
Bank Al Bilad	33.1	31.2	512	157	**178**	13%	-65%	14.4	1.1%
Bank Al Jazira	26.7	30.8	144	98	**120**	23%	-17%	13.6	2.3%
Alinma Bank	13.2	15.6	150	208	**220**	6%	46%	19.2	0.0%
SABIC	97.5	108.4	7,271	5,832	**6,625**	14%	-9%	10.9	5.1%
SAFCO	158.5	149.5	787	1,146	**1,013**	-12%	29%	12.6	6.3%
Tasnee	31.5	33.2	524	242	**340**	40%	-35%	9.8	3.2%
Etihad Etisalat	81.5	76.0	1,207	1,877	**1,316**	-30%	9%	9.5	6.1%
STC	39.6	48.7	2,521	468	**1,932**	313%	-23%	8.1	5.1%
Zain KSA	8.4	10.0	(420)	(442)	**(412)**	7%	2%	NM	0.0%
Bahri	21.4	17.3	160	73	**89**	22%	-44%	16.5	4.7%
Almarai	67.3	66.3	242	369	**262**	-29%	8%	18.0	2.2%
Savola	41.9	43.9	242	413	**268**	-35%	11%	14.0	3.8%
Nadec	27.1	28.3	22	14	**22**	54%	2%	17.0	3.7%
Herfy	115.0	99.6	41	49	**48**	-2%	18%	17.0	3.9%
Halwani Bros Co.	46.0	43.9	18	25	**21**	-17%	16%	14.6	4.3%
Food Products Co.	36.3	16.8	1	0	**1**	145%	8%	NM	0.0%
Sadafco**	65.0	64.8	42	36	**44**	24%	5%	12.1	5.4%

	Current Price	Fair Value*	Q1 -12	Q4 -12	**Q1-13e**	Q-o-Q	Y-o-Y	PE13e	Dvd Yield 13e
Egypt (In million EGP)									
CIB	30.6	34.1	513	580	**595**	3%	16%	7.4	4.4%
EFG Hermes	10.1	15.4	77	NA	**39**	NA	-49%	0.2	3.3%
Telecom Egypt	13.2	16.1	913	453	**599**	32%	-34%	9.5	9.8%
Orascom Telecom Holding***	4.4	4.5	116	(473)	**69**	NM	-41%	11.3	0.0%
Sidi Kerir Petrochemicals Co.	13.4	14.7	203	282	**268**	-5%	32%	7.9	11.2%
Orascom Construction Industries	241.2	285.4	567	NA	**1,049**	NA	85%	10.1	8.6%
Ezz Steel	9.2	13.4	63	NA	**70**	NA	11%	12.4	NA
Juhayna	7.8	6.2	43	86	**77**	-10%	79%	14.8	1.9%
Maridive***	1.1	1.3	(2)	17	**7**	-58%	NM	11.1	0.0%
Kuwait (In million KWD)									
Zain Kuwait	770.0	800.0	71	51	**54**	6%	-24%	12.2	7.1%
Qatar (In million QAR)									
Qatar National Bank	134.0	164.8	2,077	2,163	**2,171**	0%	5%	9.6	4.1%
Commercial Bank of Qatar	65.9	87.4	471	447	**477**	7%	1%	8.3	8.5%
Qatar Telecom - Ooredoo	114.0	147.0	711	523	**712**	36%	0%	9.9	5.5%

*Fair Values are subject to review upon release of financials.
**Sadafco's Fiscal Year ends in March.
***Figures are in USD, except for the Current Price and Fair Value of Orascom Telecom Holding.

ISSUER

AUDI SARADAR INVESTMENT BANK

Audi Saradar Investment Bank SAL • Lebanese joint stock company with a registered capital of 10,000,000,000 Lebanese Pounds • Commercial Registrar in Beirut: 30812 • Holding number 33 on the Central Bank's Banks List.

Bank Audi Plaza • Bab Idriss • Beirut 2021 8102 Lebanon • P.O. Box 11-2560 • Beirut 1107 2808 • Lebanon. Phone: +961 1 964072 • Fax: +961 1 970403 • Email: contactus@asib.com

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