



<b>US\$7.69bn</b> Market cap	<b>39.8%</b> Free float	<b>US\$25.00mn</b> Avg. daily volume
---------------------------------	----------------------------	---

Target price	n/a	n/a
Consensus price	<b>56.00</b>	9.3% over current
Current price	<b>51.25</b>	as at 12/4/2011

Research Department  
**ARC Research Team,**  
 Tel +966 1 211 9434, research@alrajhi-capital.com

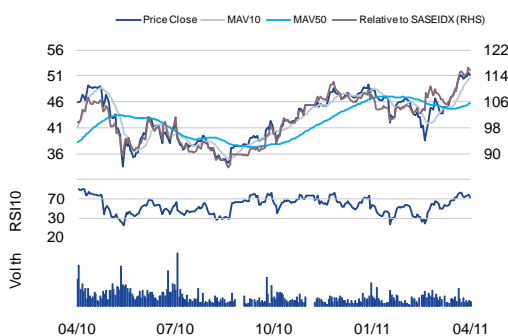
Existing rating

Not Rated

## Flash view

Flash View is an analyst's preliminary interpretation of a results announcement or the impact of a major event. Our investment rating and earnings estimates are not being changed in this report. Any formal changes to our investment rating or earnings estimates will be made in a subsequent report, which may differ from the preliminary views expressed here.

## Performance

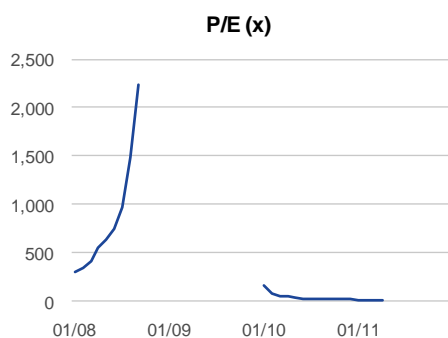


## Earnings

Period End (SAR)	12/10A	12/11E	12/12E	12/13E
Revenue (mn)	5,822	8,704	9,444	9,727
Revenue Growth		49.5%	8.5%	3.0%
EBITDA (mn)	2,881	4,178	4,533	4,766
EBITDA Growth		45.0%	8.5%	5.1%
EPS	2.97	4.75	5.40	5.86
EPS Growth		59.7%	13.8%	8.6%

Source: Company data, Al Rajhi Capital

## Valuation



Source: Company data, Al Rajhi Capital

# Yansab

## Strong performance continues

*Yansab continued its strong performance in Q1 2011 that started in Q4 2010. The Company has reported robust preliminary Q1 results recording a 29% quarter-on-quarter growth in net profit. The Company appears to be benefiting from full commercial production and positive trends in prices. We may raise our forecasts for the company when it releases the detailed Q1 2011 report to factor in rising product prices. We do not have a target price or investment rating for Yansab.*

Earnings vs our forecast	Above	In Line	Below
<b>Likely impact:</b>			
Earnings estimates	Up	No Change	Down
Dividend estimates	Up	No Change	Down
Recommendation	Upgrade	No Change	Downgrade
Long term view	Stronger	Confirmed	Weaker

- **Revenues not yet published:** Yansab has not yet published revenues for Q1 2011. Until the company does so, we will be unable to assess future prospects properly. We await the full results with revenue details.
- **Operating profit jumps:** During the quarter, operating profit reached SAR838mn, representing a 25% increase from SAR671mn in Q4 2010. We were expecting the operating profit of SAR758mn for the quarter while consensus was at SAR785mn.
- **Net profit well ahead of our as well as consensus estimates:** Yansab recorded a net profit of SAR718mn in Q1 2011, an increase of 177% compared to SAR259mn in Q1 2010 and up 29% compared to SAR555mn in Q4 2010. The Company reported net profit comprehensively beat our forecast (SAR638mn) as well as the consensus estimate which was at SAR656mn for the quarter.
- **Conclusion:** Yansab's preliminary Q1 results beat both our forecasts as well as the consensus estimates and support our continuing positive stance on Saudi petrochemicals. The sector continues to benefit from rise in Petrochemicals prices and the increasing demand from the Asian majors. We expect to raise our earnings forecasts once the Company releases the detailed Q1 2011 report. We do not have a target price or investment rating on Yansab as it is not Sharia-compliant by our definition.



### Corporate summary

Yansab is handling one of the two major capex projects currently being undertaken by the SABIC group at Yanbu on the west coast. SABIC holds 51% of its Yansab subsidiary and the rest is owned by public shareholders. Yansab is listed on the TASI following an IPO in 2005 and focus on production of basic chemicals such as ethylene and propylene, helping SABIC meet demand coming from Asia and other growth markets. The facility at Yansab commenced commercial production in Q1 2010.

### Share information

Market cap (SAR/US\$)	28.83bn / 7.69bn		
52-week range	33.50 - 51.75		
Daily avg volume (US\$)	25.00mn		
Shares outstanding	562.5mn		
Free float (est)	39.8%		
Performance:	1M	3M	12M
Absolute	10%	6.1%	11.7%
Relative to index	5.3%	8%	16%
Major Shareholder:			
SABIC	51%		
GOSI	9.2%		

Source: Bloomberg, Al Rajhi Capital

### Valuation

Period End	12/10A	12/11E	12/12E	12/13E
Revenue (SARmn)	5,822	8,704	9,444	9,727
EBITDA (SARmn)	2,881	4,178	4,533	4,766
Net Profit (SARmn)	1,673	2,671	3,038	3,298
EPS (SAR)	2.97	4.75	5.40	5.86
DPS (SAR)	-	-	-	-
EPS Growth	na	59.7%	13.8%	8.6%
EV/EBITDA (x)	14.7	9.6	8.3	7.3
P/E (x)	17.2	10.8	9.5	8.7
P/B (x)	3.9	2.9	2.2	1.8
Dividend Yield	0.0%	0.0%	0.0%	0.0%

Source: Company data, Al Rajhi Capital

**Figure 1. YANSAB: summary of Q1 2011 results**

(SAR mn)	Q1 2010	Q4 2010	Q1 2011	% chg y-o-y	% chg q-o-q	ARC est	Consensus
Revenue	689	1,892	n.a.	n.a.	n.a.	2,120	2,127
EBITDA	391	926	n.a.	n.a.	n.a.	1,017	1,023
EBITDA margin (%)	56.8%	48.9%				48.0%	48.1%
Operating profit	310	671	838	170.0%	24.8%	758	785
Net profit	259	555	718	176.7%	29.4%	638	656

Source: Company data, Al Rajhi Capital

## Disclaimer and additional disclosures for Equity Research

### Disclaimer

This research document has been prepared by Al Rajhi Capital Company ("Al Rajhi Capital") of Riyadh, Saudi Arabia. It has been prepared for the general use of Al Rajhi Capital's clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Al Rajhi Capital. Receipt and review of this research document constitute your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this document prior to public disclosure of such information by Al Rajhi Capital. The information contained was obtained from various public sources believed to be reliable but we do not guarantee its accuracy. Al Rajhi Capital makes no representations or warranties (express or implied) regarding the data and information provided and Al Rajhi Capital does not represent that the information content of this document is complete, or free from any error, not misleading, or fit for any particular purpose. This research document provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other investment products related to such securities or investments. It is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this document.

Investors should seek financial, legal or tax advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities or other investments, if any, may fluctuate and that the price or value of such securities and investments may rise or fall. Fluctuations in exchange rates could have adverse effects on the value of or price of, or income derived from, certain investments. Accordingly, investors may receive back less than originally invested. Al Rajhi Capital or its officers or one or more of its affiliates (including research analysts) may have a financial interest in securities of the issuer(s) or related investments, including long or short positions in securities, warrants, futures, options, derivatives, or other financial instruments. Al Rajhi Capital or its affiliates may from time to time perform investment banking or other services for, solicit investment banking or other business from, any company mentioned in this research document. Al Rajhi Capital, together with its affiliates and employees, shall not be liable for any direct, indirect or consequential loss or damages that may arise, directly or indirectly, from any use of the information contained in this research document.

This research document and any recommendations contained are subject to change without prior notice. Al Rajhi Capital assumes no responsibility to update the information in this research document. Neither the whole nor any part of this research document may be altered, duplicated, transmitted or distributed in any form or by any means. This research document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or which would subject Al Rajhi Capital or any of its affiliates to any registration or licensing requirement within such jurisdiction.

### Additional disclosures

#### 1. Explanation of Al Rajhi Capital's rating system

Al Rajhi Capital uses a three-tier rating system based on absolute upside or downside potential for all stocks under its coverage except financial stocks and those few other companies not compliant with Islamic Shariah law:

**"Overweight"**: Our target price is more than 15% above the current share price, and we expect the share price to reach the target on a 6-9 month time horizon.

**"Neutral"**: We expect the share price to settle at a level between 5% below the current share price and 15% above the current share price on a 6-9 month time horizon.

**"Underweight"**: Our target price is more than 5% below the current share price, and we expect the share price to reach the target on a 6-9 month time horizon.

#### 2. Definitions

**"Time horizon"**: Our analysts make recommendations on a 6-9 month time horizon. In other words, they expect a given stock to reach their target price within that time.

**"Fair value"**: We estimate fair value per share for every stock we cover. This is normally based on widely accepted methods appropriate to the stock or sector under consideration, e.g. DCF (discounted cash flow) or SoTP (sum of the parts) analysis.

**"Target price"**: This may be identical to estimated fair value per share, but is not necessarily the same. There may be very good reasons why a share price is unlikely to reach fair value within our time horizon. In such a case we set a target price which differs from estimated fair value per share, and explain our reasons for doing so.

Please note that the achievement of any price target may be impeded by general market and economic trends and other external factors, or if a company's profits or operating performance exceed or fall short of our expectations.

### Contact us

**Dr. Saleh Alsuhaibani**  
Head of Research  
Tel : +966 1 2119434  
alsuhaibanis@alrajhi-capital.com

**Al Rajhi Capital**  
Research Department  
Head Office, King Fahad Road  
P.O. Box 5561  
Riyadh 11432  
Kingdom of Saudi Arabia  
Email: research@alrajhi-capital.com

**Al Rajhi Capital, a subsidiary of Al Rajhi Bank, is licensed by the Saudi Arabian Capital Market Authority, License No. 07068/37.**