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# "Cash is King"

Screening Saudi companies based on cash measurements

**Table of Contents:**

- ◆ Declining Credit
- ◆ Cash Rich Companies
- ◆ Cash Matrix
- ◆ Sector Outlook

**Notes:**

- ◆ The report excludes banks and insurance companies for appropriate comparison.
- ◆ Stock prices as of 11/6/2009.

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The report idea is derived from the "Cash is King" expression. In days of recession, cash becomes the most valuable asset and the company with high amount of cash will have an advantage from the falling prices of shares and assets. Furthermore, cash rich companies will have the opportunity to acquire and grow aggressively. Conversely, with the current tight credit environment, Companies with shortage in cash will have high pressure to meet its' obligations when they are due.

Companies that don't generate cash will not remain for long. Because it means that the company has to borrow money to keep operating and at some point the creditors will stop lending. The General Motors is a good recent example of a company that had a constant negative operating cash flow and couldn't meet its financial obligation. In some situations, companies might be forced to liquidate some of their assets to pay the due debts.

There are many ways to identify good shares, some are easy and straightforward. But in now days, where credit is tight there are some qualities' in companies that investors should look for and dig deeper to find them. Especially when the market so badly shaken, with shares of good companies have been crushed as badly as shares of poor companies. Thus, we have screened the Saudi Companies to help investors community in evaluating the good companies based on their cash strengths.

This report ranks companies based on matrix that focuses on cash measurements and quality of earnings. Liquidity analysis worth examining and Investors can stay away from a lot of poor investments if they analyze company's cash strengths and weaknesses.



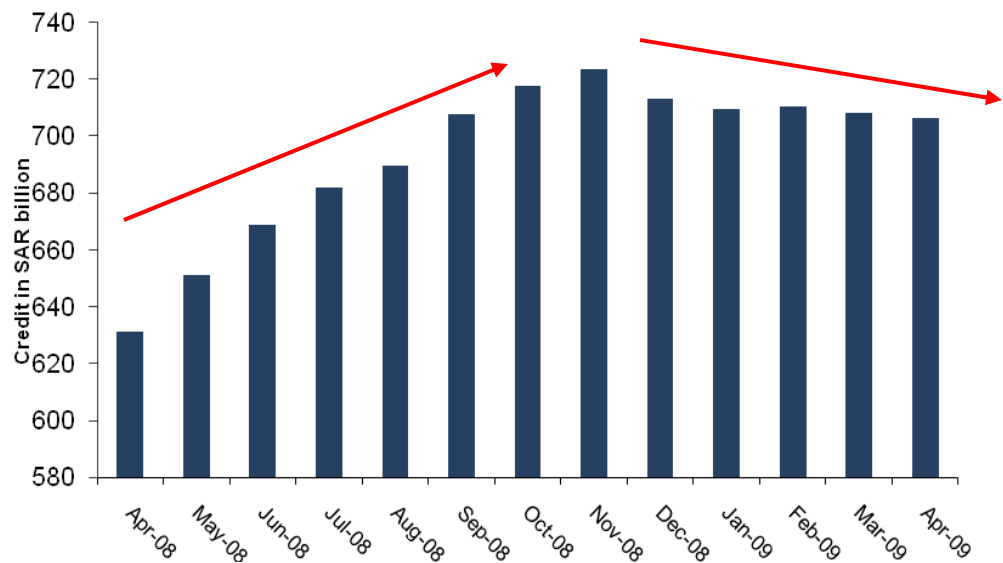
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## Declining Credit:

Chart (1): Banking Credit to the Privet Sector

### Banking Credit to the Private Sector



Source: SAMA

According to the data revealed by Saudi Arabian Monetary Agency (SAMA), the bank credit dropped, during the first four months of the current year, to SR 738.8 billion in April, down from the record level of SR 754.5 billion which it reached last November. This can be attributed to the fact that some banks have recently reduced the financing programs, became very restrict in demanding guarantees and raised the interest on the approved loans. The credit extended to the private sector (corporate and individuals, alike) started to decline since the outset of the year and recorded, during the month of April, its lowest level in eight months at SR 706.3 billion, less by SR 16.9 billion than the November figures which stood at SR 723.2 billion. On the sectors front, the Public Utilities, Telecommunications and Services sectors witnessed the biggest decline in the credit provided during the first quarter, compared with the last quarter of the previous year.

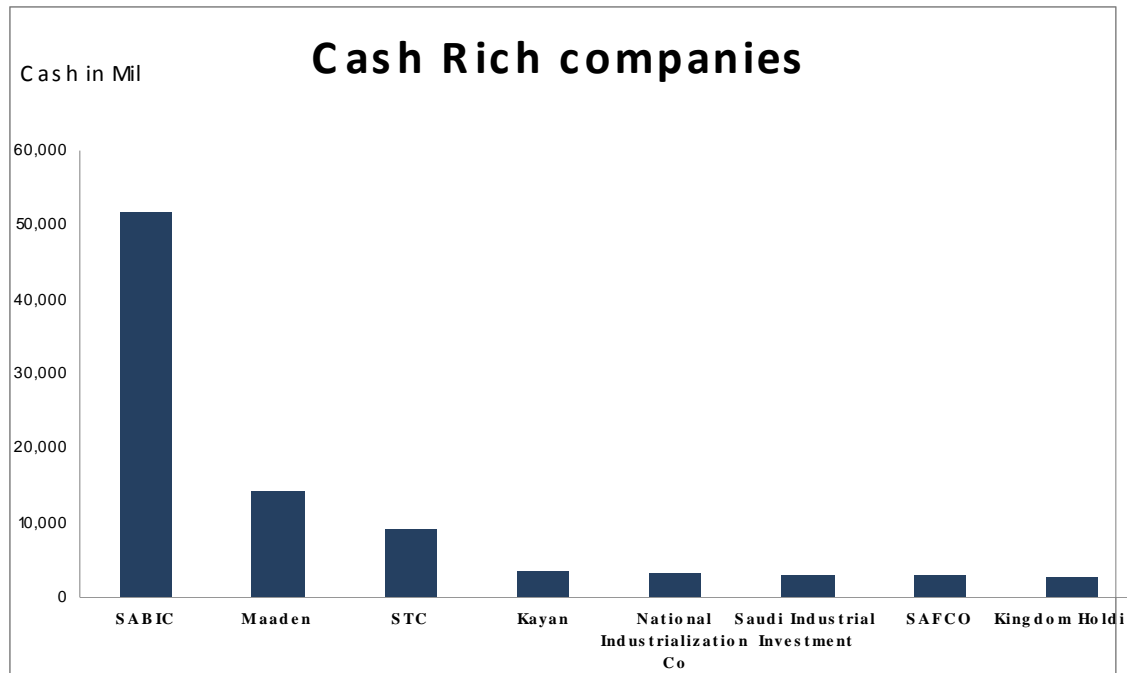


## "Cash is King"

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### Cash Rich Companies:

Chart (2): Cash Rich companies



Source: ARFS and Tadawul

The above chart includes companies that enjoy high amount of Cash on hand. It's important to note that debt has not been considered in the above chart. Nevertheless, high amount of cash provide liquidity to the company.

As can be seen in the chart, SABIC, with 51 Billion Saudi Riyal, has the highest amount of Cash in the Saudi Market. Maaden Co., which generated an amount of SR 9.25 billion of the IPO proceeds last year, ranked second with a cash balance of more than SR 14 billion .STC, ranked third with a cash balance of SR 9 billion. The Company has utilized part of its cash liquidity to finance the acquisition transactions that it entered into. These companies were followed by a number of the petrochemical sector companies, namely (Saudi Kayan, National Industrialization Co., Saudi Industrial Investment Group) and Safco, Kingdom Holding, Saudi International Petrochemical Co. and Itihad Etisalat Company.



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Table (1) Top Cash Holding Companies as of March 31<sup>st</sup> 2009

Company name	Total Cash, equivalents & short term investments (SAR Mil)	Issued Shares	Cash per share (SAR)
Saudi Basic Industries Corporation	51,804	3,000	17.26
Maaden	14,178	952	14.89
Saudi Telecom Company	9,014	2,000	4.50
Saudi Kayan Petrochemical	3,513	1,500	2.34
National Industrialization	3,239	461	7.03
Saudi Industrial Investment	3,043	450	6.76
Saudi Arabia Fertilizers Co.	2,824	250	11.29
Kingdom Holding Company	2,690	6,300	0.42
Sipchem	2,565	450	5.7
Etihad Etisalat Company	1,944	700	2.77

## Cash Matrix

In order to rank Saudi Companies listed on the local equity market based on liquidity, the cash matrix was calculated using the three methods below:

- ◆ **Operating Cash Flow ratio: (33.3% weight):**

The operating cash flow ratio gauges the company's liquidity in short term. We believe the cash flow is a good indication of liquidity.

- ◆ **Net Cash per share to Price: (33.3% weight):**

Net Cash is the company's total cash minus total liabilities. The ratio is a good indication of the company's strength and ability to invest or acquire other companies.

- ◆ **Cash per share to Price: (33.3% weight):**

Even though this ratio does not take into account the debt, the cash per share is a good approach to assess the liquidity because the access to capital is harder to obtain in a sluggish economy.



## "Cash is King"

Screening Saudi companies based on cash measurements

Table (2): Best 25 Companies

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Rank
Filing & Packing Materials Manufacturing	10%	110%	1%	40%	1
Tabuk Agriculture Development Company	5%	116%	-5%	38%	2
Al Jouf Agricultural Development Co.	8%	107%	-4%	37%	3
Saudi Real Estate Company	24%	27%	20%	23%	4
Saudi Printing & Packaging Co.	32%	-1%	32%	21%	5
Qassim Cement Company	14%	46%	4%	21%	6
The National Co. for Glass Industries	4%	62%	-3%	21%	7
Astra	24%	23%	14%	20%	8
Tabuk Cement Company	20%	22%	11%	18%	9
Saudi Dairy & Foodstuff Company	5%	53%	-13%	15%	10
Taiba Holding Co.	28%	-4%	18%	14%	11
Al Abdullatif Industrial Investment Co.	3%	42%	-5%	13%	12
Food Products Company	11%	17%	9%	12%	13
Saudi Hotels & Resort Areas Company	28%	7%	-6%	10%	14
Aseer Trading, Tourism & Mfg. Company	21%	9%	-3%	9%	15
Eastern Province Cement Company	11%	19%	-3%	9%	16
Saudi Automotive Services Company	18%	-2%	11%	9%	17
Saudi Public Transport Company	33%	-7%	1%	9%	18
National Gypsum Company	7%	22%	-3%	9%	19
Saudi Industrial Export Company	20%	-7%	13%	9%	20
BCI Chemical	10%	27%	-12%	8%	21
Hail Agricultural Development Company	5%	28%	-11%	7.3%	22
Saudi Industrial Investment Group	36%	0%	-14%	7.10%	23
Ash Sharqiyah Development Co	0%	20%	0%	6.5%	24
National Gas & Industrialization Co.	15%	18%	-14%	6%	25



## "Cash is King"

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Table (3): Worst 25 Companies

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Rank
Saudi Advanced Industries Company	10%	-67%	10%	-15%	70
Kingdom Holding Company	8%	-9%	-48%	-16%	71
Yamama Saudi Cement Company. Ltd.	8%	-58%	-5%	-18%	72
Saudi Paper Manufacturing Co.	4%	-20%	-44%	-20%	73
Etihad Etisalat Company	8%	-3%	-68%	-21%	74
Aldrees Petroleum & Transport Services	9%	-22%	-51%	-21%	75
National Agriculture Development Co.	1%	-5%	-61%	-21%	76
Saudi Arabian Amiantit Company	12%	6%	-83%	-21%	77
Arabian Pipes Company	1%	8%	-74%	-22%	78
Sahara Petrochemical Company	12%	-27%	-56%	-23%	79
Yanbu National Petrochemicals Company	10%	-18%	-76%	-28%	80
Saudi Industrial Services Company	7%	-99%	7%	-28%	81
Alothaeem	1%	-5%	-86%	-30%	82
Saudi Mobile Telecommunications Company	2%	-4%	-89%	-30%	83
Saudi Cable Company	3%	-4%	-96%	-32%	84
Jazan Development Company	17%	-142%	5%	-39%	85
Chemianol	12%	-86%	-55%	-43%	86
Saudi Arabia Fertilizers Co.	10%	-150%	4%	-45%	87
Zamil Industrial Investment Company	8%	1%	-147%	-46%	88
National Industrialization Company	33%	-10%	-170%	-48%	89
Alujain Corporation	6%	2%	-161%	-51%	90
Rabigh Refining & Petrochemical Co.	4%	-15%	-145%	-52%	91
Arabian Cement Co.	5%	-132%	-32%	-52%	92
Yanbu Cement Company	3%	-208%	-1%	-68%	93
Saudi Electricity Company	3%	-3146%	-236%	-1115%	94

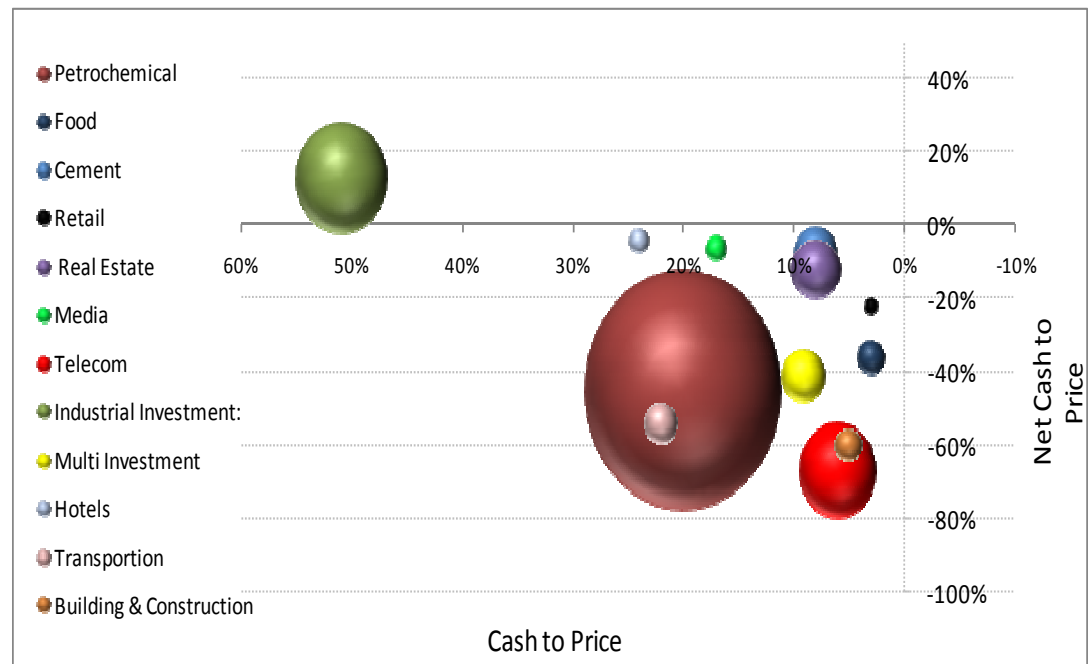


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## Sector Outlook

Cart (3):Cash to Price, Net Cash to Price and Total Cash per industry



\*The Bubble size represent the amount of cash that the industry's companies hold.

### Highlights:

- ◆ With more than 71 billion Saudi Riyal, the petrochemicals sector is the richest sector of cash. However, the high debt of petrochemicals companies dragged the net cash to price to as low as  $-45\%$ .
- ◆ The Industrial Investments Sector is the only sector that enjoys positive net cash to price. Also this sector has the highest cash to price ratio. This can be attributed to the conservative payout policies that industrial investments companies adopt.
- ◆ The Telecom Sector has the highest average total cash per company. However it has very low net cash ratio, due to the huge investments and recent acquisitions by Saudi Telecommunications Company and Mobily which overburden them with huge debt.



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Table (4): Petrochemical Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Ranking
Saudi Industrial Investment Group	36%	0%	-14%	7%	1
Advanced Polypropylene Company	8%	26%	-39%	-2%	2
Saudi Basic Industries Corporation	23%	0%	-33%	-3%	3
Saudi International Petrochemical Co.	36%	-29%	-37%	-10%	4
Nama Chemicals Co.	24%	-21%	-33%	-10%	5
Saudi Kayan Petrochemical Company	15%	-29%	-32%	-15%	6
Sahara Petrochemical Company	12%	-27%	-56%	-23%	7
Yanbu National Petrochemicals Company	10%	-18%	-76%	-28%	8
Chemianol	12%	-86%	-55%	-43%	9
Saudi Arabia Fertilizers Co.	10%	-150%	4%	-45%	10
National Industrialization Company	33%	-10%	-170%	-49%	11
Alujain Corporation	6%	2%	-161%	-51%	12
Rabigh Refining & Petrochemical Co.	4%	-15%	-145%	-52%	13
<b>Average</b>	<b>20%</b>	<b>-8%</b>	<b>-45%</b>	<b>-11%</b>	

Table (5): Cement Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Ranking
Qassim Cement Company	14%	46%	4%	21%	1
Tabuk Cement Company	20%	22%	11%	18%	2
Eastern Province Cement Company	11%	19%	-3%	9%	3
Saudi Cement Company	7%	-1%	-35%	-10%	4
Southern Province Cement Company	7%	-53%	3%	-15%	5
Yamama Saudi Cement Company. Ltd.	8%	-58%	-5%	-18%	6
Arabian Cement Co.	5%	-132%	-32%	-52%	7
Yanbu Cement Company	3%	-208%	-1%	-68%	8
<b>Average</b>	<b>8%</b>	<b>-21%</b>	<b>-8%</b>	<b>-7%</b>	



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Table (6):Retail Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Ranking
Saudi Automotive Services Company	18%	-2%	11%	9%	1
National Agriculture Marketing Company	6%	15%	-3%	6%	2
Jarir Marketing Company	0%	14%	-8%	2%	3
Al Khaleej Training and Education Co.	4%	-5%	-16%	-6%	4
Ahmed H. Fitaihi Company	1%	-16%	-14%	-9%	5
Fawaz Abdulaziz Al Hokair Company	1%	2%	-34%	-10%	6
Aldreem Petroleum & Transport Services	9%	-22%	-51%	-21%	7
Alothaeem	1%	-5%	-86%	-30%	8
<b>Average</b>	<b>3%</b>	<b>-3%</b>	<b>-22%</b>	<b>-7%</b>	

Table (7):Energy & Utilities Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Ranking
National Gas & Industrialization Co.	15%	18%	-14%	6%	1
Saudi Electricity Company	3%	-3146%	-236%	-1115%	2
<b>Average</b>	<b>4%</b>	<b>-339%</b>	<b>-227%</b>	<b>-186%</b>	

Table (8):Food & Agriculture Industries Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Ranking
Tabuk Agriculture Development Company	5%	116%	-5%	38%	1
Al Jouf Agricultural Development Co.	8%	107%	-4%	37%	2
Saudi Dairy & Foodstuff Company	5%	53%	-13%	15%	3
Food Products Company	11%	17%	9%	12%	4
Hail Agricultural Development Company	5%	28%	-11%	7%	5
Ash Sharqiyah Development Co	0%	20%	0%	7%	6
Halawani		16%		5%	7
Saudi Fisheries Co.	0%	-2%	-3%	-2%	8
Anaam International Holding Group Co.	4%	0%	-23%	-6%	9
Qassim Agriculture Co.	0%	1%	-28%	-9%	10
Almarai Company	1%	1%	-32%	-10%	11
Savola Group Company	6%	4%	-56%	-15%	12
National Agriculture Development Co.	1%	-5%	-61%	-21%	13
Jazan Development Company	17%	-142%	5%	-39%	14
<b>Average</b>	<b>3%</b>	<b>4%</b>	<b>-36%</b>	<b>-10%</b>	



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Table (9):Telecommunications Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Rank
Saudi Telecom Company	8%	-7%	-45%	-15%	1
Etihad Etisalat Company	8%	-3%	-68%	-21%	2
Saudi Mobile Telecommunications Company	2%	-4%	-89%	-30%	3
<b>Average</b>	<b>6%</b>	<b>-5%</b>	<b>-67%</b>	<b>-22%</b>	

Table (10):Multi Investment Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Ranking
Aseer Trading, Tourism & Mfg. Company	21%	9%	-3%	9%	1
Al-Baha Investment & Development Co	8%	-6%	4%	2%	2
Al-Ahsa Development Company	9%	-2%	-15%	-3%	3
Saudi Arabia Refineries Company	5%	-42%	3%	-11%	4
Saudi Advanced Industries Company	10%	-67%	10%	-15%	5
Kingdom Holding Company	8%	-9%	-48%	-16%	6
Saudi Industrial Services Company	7%	-99%	7%	-28%	7
<b>Average</b>	<b>9%</b>	<b>-16%</b>	<b>-41%</b>	<b>-16%</b>	

Table (11):Industrial Investment Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Rank
Filing & Packing Materials Manufacturing	10%	110%	1%	40%	1
The National Co. for Glass Industries	4%	62%	-3%	21%	2
Astra	24%	23%	14%	20%	3
Al Abdullatif Industrial Investment Co.	3%	42%	-5%	13%	4
Saudi Industrial Export Company	20%	-7%	13%	9%	5
BCI Chemical	10%	27%	-12%	8%	6
National Metal Manufacturing & Casting	4%	0%	-18%	-5%	7
Maaden	92%	-148%	39%	-6%	8
Saudi Chemical Company	10%	4%	-39%	-8%	9
Saudi Pharm. Indust.& Med. Appliances	2%	-7%	-26%	-10%	10
Saudi Paper Manufacturing Co.	4%	-20%	-44%	-20%	11
<b>Average</b>	<b>51%</b>	<b>-51%</b>	<b>13%</b>	<b>4%</b>	



## "Cash is King"

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Table (12): Building & Construction Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Rank
National Gypsum Company	7%	22%	-3%	9%	1
Red Sea Housing Services	8%	15%	-5%	6%	2
Al-Babtain Power & Telecommunication Co.	4%	51%	-46%	3%	3
Saudi Ceramic Co.	2%	2%	-31%	-9%	4
Saudi Industrial Development Co.	4%	-2%	-32%	-10%	5
Saudi Vitrified Clay Pipe Company	3%	0%	-40%	-13%	6
Middle East Specialized Cables Co.	10%	10%	-60%	-13%	7
Almojel Group	1%	-2%	-44%	-15%	8
Saudi Arabian Amiantit Company	12%	6%	-83%	-21%	9
Arabian Pipes Company	1%	8%	-74%	-22%	10
Saudi Cable Company	3%	-4%	-96%	-32%	11
Zamil Industrial Investment Company	8%	1%	-147%	-45%	12
<b>Average</b>	<b>5%</b>	<b>3%</b>	<b>-60%</b>	<b>-17%</b>	

Table (13): Real Estate Development Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Rank
Saudi Real Estate Company	24%	27%	20%	23%	1
Taiba Holding Co.	28%	-4%	18%	14%	2
Arriyadh Development Co	15%	3%	-2%	5%	3
Jabal Omar Development Co.	6%	2%	6%	5%	4
Makkah Construction & Development Co.	0%	12%	0%	4%	5
Dar Al Arkan Real Estate Development Co.	1%	38%	-44%	-2%	6
Emaar The Economic City	17%	-41%	1%	-8%	7
<b>Average</b>	<b>8%</b>	<b>5%</b>	<b>-12%</b>	<b>1%</b>	



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Screening Saudi companies based on cash measurements

Table (14):Transport Sector

Company	Cash to Price	Operating cash Flow	Net Cash to	Final Weight	Rank
Saudi Public Transport Company	33%	-7%	1%	9%	1
Saudi Land Transport Company	2%	16%	-11%	2%	2
The National Shipping Co Saudi Arabia	25%	15%	-72%	-11%	3
United International Transportation Co.	1%	-6%	-35%	-13%	4
<b>Average</b>	<b>22%</b>	<b>8%</b>	<b>-54%</b>	<b>-8%</b>	

Table (15):Media and Publishing Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Rank
Saudi Printing & Packaging Co.	32%	-1%	32%	21%	1
Tihama Advert. Public Relat. & Marketing	20%	-5%	-1%	5%	2
Saudi Research & Marketing Group	10%	8%	-24%	-2%	3
<b>Average</b>	<b>17%</b>	<b>4%</b>	<b>-6%</b>	<b>5%</b>	

Table (16):Hotels & Tourism Sector

Company	Cash to Price	Operating cash Flow RATIO	Net Cash to Price	Final Weight	Rank
Saudi Hotels & Resort Areas Company	28%	7%	-6%	10%	1
Tourism Enterprise Company (Shams)	3%	-2%	3%	2%	2
<b>Average</b>	<b>24%</b>	<b>7%</b>	<b>-4%</b>	<b>9%</b>	



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