

## FALCOM RESEARCH

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# Saudi Stock Market Review

## Q3 2009

October 11, 2009



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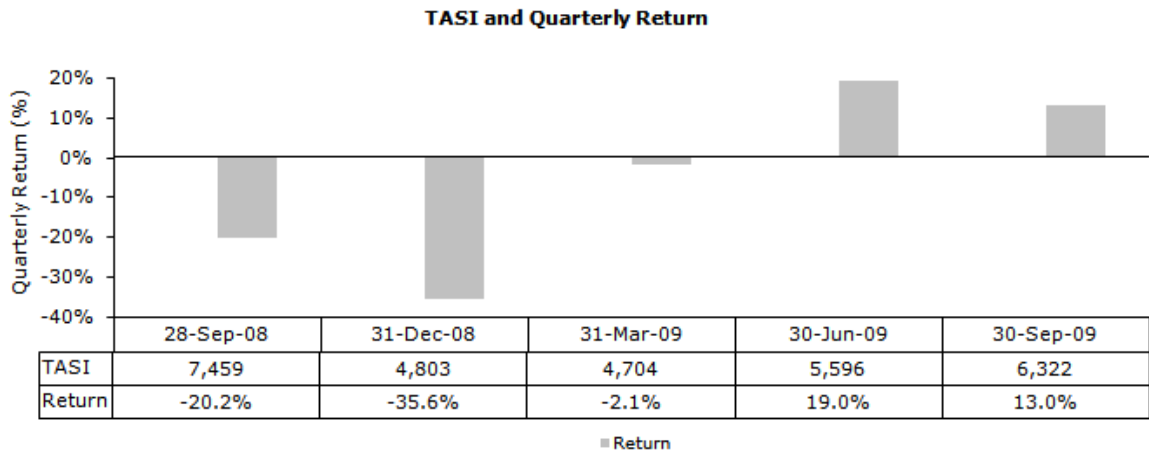
Continuing with the momentum gained in the second quarter of 2009, Tadawul All Share Index (TASI) of Saudi stock market jumped by 13% in the third quarter to close at 6,322 on 30<sup>th</sup> September, in the process crossing the psychological barrier of 6,000. The first nine months of the year have witnessed significant improvement in investor confidence with the market moving up by 31.6%. Third quarter also saw decline in volatility of daily TASI returns. Upward trending index level and declining volatility suggests increasing stability in stock market and return of investors.

Performance of the local market was in line with the recovery in global markets. Positive second quarter earnings results supported the third quarter rally. The regional and local economic activities are also slowly picking up and there is increasing optimism about the fourth quarter of 2009 and year 2010. The credit problems related to Saad and Al Gosaibi families are still lingering and are expected to affect the profits of local banks with exposure to the two troubled families.

FALCOM Research studied Saudi Stock Market on risk-return parameters across sectors and companies for the third quarter. The results are optimistic.

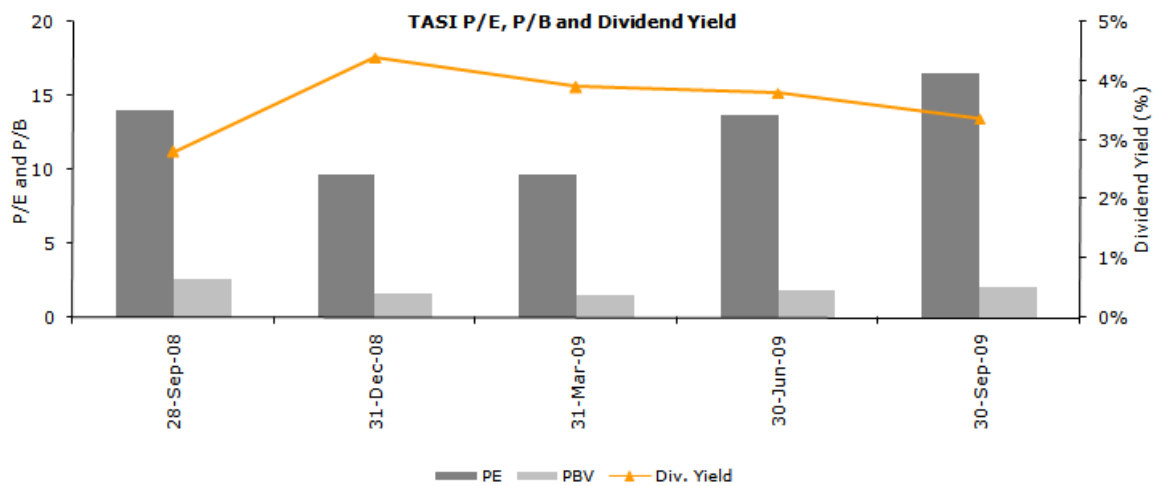
- TASI increased by 13% in Q3 2009 to close at 6,322 on 30<sup>th</sup> September 2009 which was also the highest level touched during the quarter. Market capitalization of the index increased by 14.5% to reach SR 1,230 billion.
- The third quarter also saw the listing of six new companies namely 'Al Rajhi Company for Cooperative Insurance', 'AXA Cooperative Insurance Company', 'ACE Arabia Cooperative Insurance', 'Saudi Steel Pipe Company', 'National Petrochemical Company' and 'Mouwasat Medical Services Company'. The market capitalization of the newly listed companies as on 30<sup>th</sup> September was SR 2.21 billion.
- On 52% of the trading days during Q3 2009, TASI recorded increase in its value and the standard deviation of the index also dropped significantly (by 35%) from its Q2 2009 levels.
- The percentage of floating stock declined from 37.8% in Q2 2009 to 37.4% in Q3 2009 suggesting slight decline in availability of trading opportunities for small investors.
- Top Gainers of the third quarter have shown higher volatility which means weak hearted investors were shaken off by high fluctuations in the first two quarters and once the stock went in the hands of strong investors, prices went up leaving fence sitting investors with no chance to take a ride on the back of zooming stocks. Unlike second quarter when most of the stocks among top 20 gainers seemed to have gained on speculation with high valuation ratios, high volatility and low market capitalizations, most of the top 20 gainers in third quarter have attractive valuation ratios with considerable market capitalization. Total of 26 companies outperformed TASI in terms of quarterly returns and 73 companies had positive quarterly returns during Q3 2009.
- In Q3 2009, total 54 stocks declined however, the 20 stocks at the bottom represented only 3.5% of the market capitalization of TASI as of quarter end. Some of them are currently trading at attractive valuation ratios and can be good picks.
- Petrochemical sector gained the most (19.4%) in Q3 2009 followed by Banking & Financial Services sector (17.8%). Petrochemical sector also had the maximum volatility during the period. Media & Publishing sector declined the most during Q3 2009 (-6.0%) followed by Hotel & Tourism sector (-1.3%). Insurance, Building & Construction and Real Estate were other sectors with small negative returns.

After recording declines for three straight quarters, TASI gained for the two subsequent quarters. Among the last five quarters, Q3 2009 saw the second most increase in the TASI level. TASI increased by 13% in Q3 2009, however, it is still down by 15% year on year.



(Source: Tadawul, FALCOM Research)

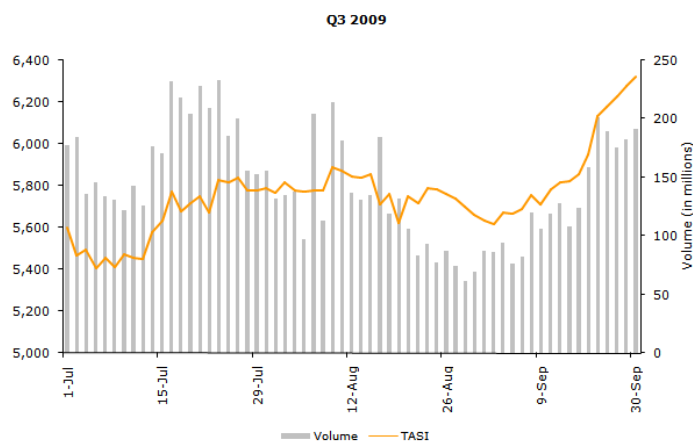
The index PE and PBV ratios increased from their Q2 2009 close levels. TASI is currently trading at highest P/E multiple in last five quarters. However, the current P/E ratio is lower than those at the end of Q1 2008 (18.6) and Q2 2008 (19.1).



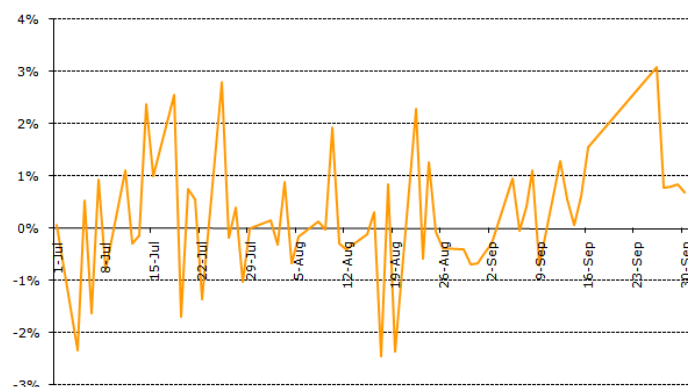
(Source: Tadawul, FALCOM Research)

TASI		
	Q2 2009	Q3 2009
<b>Performance Indicators</b>		
Close	5,596	6,322
High	6,101	6,322
Low	4,717	5,407
Average Daily Volume (million)	328	144
Total Market Cap (SR million)	1,074,337	1,230,477
Floating Market Cap as a % of Total Market Cap	37.8%	37.4%
<b>Valuation Indicators</b>		
P/E - excluding loss making companies	13.7	16.5
P/B	1.9	2.1
Dividend yield (%)	3.8%	3.4%
<b>Return Analysis</b>		
Quarterly Return (%)	19.0%	13.0%
Average Daily Return (%)	0.28%	0.21%
Standard Deviation of Daily Returns	0.0179	0.0117
Maximum Daily Return	5.28%	3.08%
Minimum Daily Return	-3.96%	-2.46%

(Source: Tadawul, FALCOM Research)



TASI Daily Returns for Q3 2009



## HIGHLIGHTS

- TASI increased by 13% in Q3 2009 to close at 6,322 on 30<sup>th</sup> September 2009.
- The volatility of daily returns declined (-35%) in Q3 2009 as compared to Q2 2009.
- The percentage of floated market capitalization decreased in Q3 2009 (37.4%) from Q2 2009 levels (37.8%).
- Market capitalization of TASI increased by 14.5% from SR 1,074 billion, to SR 1,230 billion in Q3 2009. The increase in market capitalization was mainly due to the increase in the price levels and listing of six new companies namely 'Al Rajhi Company for Cooperative Insurance', 'AXA Cooperative Insurance Company', 'ACE Arabia Cooperative Insurance', 'Saudi Steel Pipe Company', 'National Petrochemical Company' and 'Mouwasat Medical Services Company'. The market capitalization of the newly listed companies as on 30<sup>th</sup> September was SR 2,209 million.
- The average daily trading volume declined in Q3 2009 by around 56% (q-o-q). The decline was due to thin trading during the holy month of Ramadan.
- Q3 2009 P/E ratio (excluding loss making companies) increased from Q2 2009 levels, mainly due to increase in market capitalization (14.5%).
- P/B ratio also increased in Q2 2009, mainly due to increase in market capitalization (14.5%).
- In Q3 2009, trading took place in the Saudi market for 61 days out of which 32 days (52%) witnessed positive returns for the market.

## SECTOR OVERVIEW

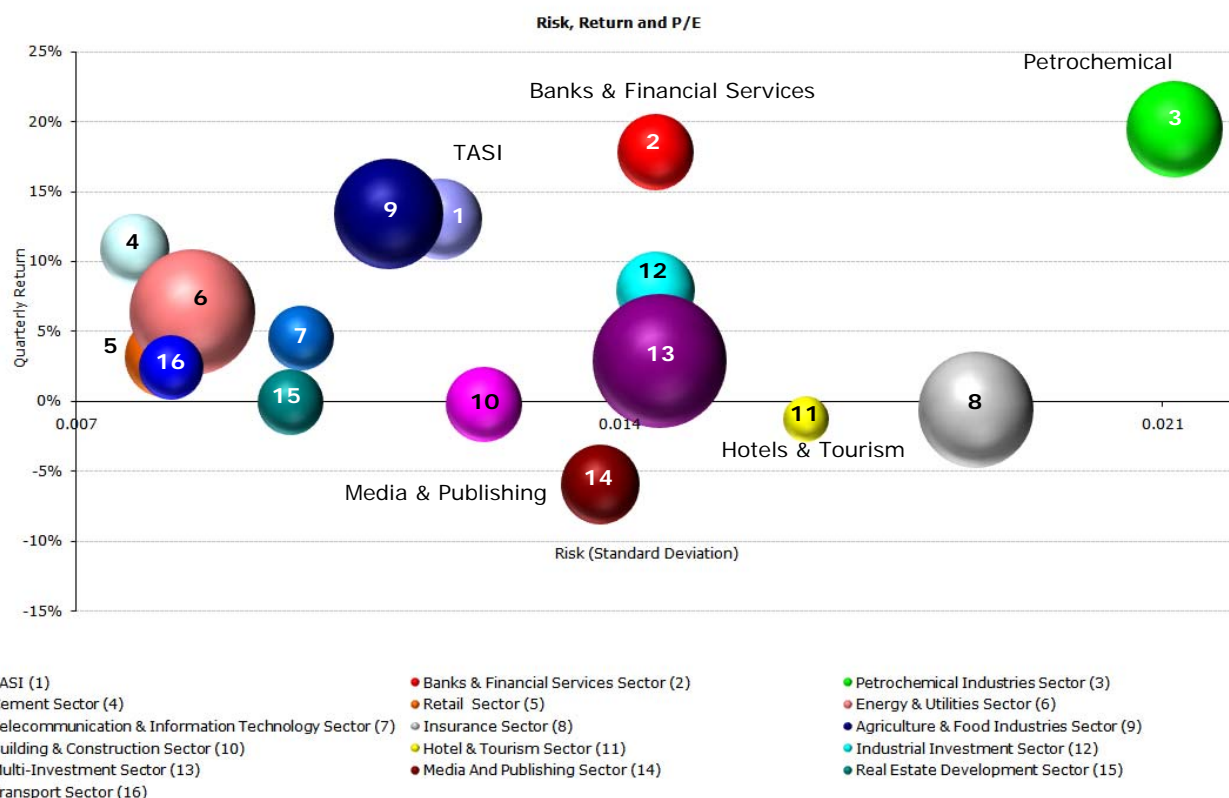
Sector Performance for Q3 2009										
	Return for the Quarter	Average Daily Return	Standard Deviation of Daily Returns	Return correlation with TASI	Total Market Cap (SR million)	% of Total Market size	% Floated	P/E	P/B	Dividend yield
TASI	13.0%	0.21%	0.012	1.00	1,230,477	100.00%	37.4%	16.5	2.1	3.4%
Banks & Financial Services	17.8%	0.28%	0.014	0.85	367,212	29.84%	53.5%	14.9	2.4	2.8%
Petrochemical Industries	19.4%	0.31%	0.021	0.89	391,886	31.85%	40.8%	23.8	2.4	3.4%
Cement	10.8%	0.17%	0.008	0.49	43,704	3.55%	70.0%	12.1	2.5	6.3%
Retail	3.1%	0.05%	0.008	0.66	13,997	1.14%	71.3%	16.3	3.5	4.3%
Energy & Utilities	6.4%	0.10%	0.009	0.46	44,098	3.58%	18.1%	40.1	0.9	6.9%
Telecommunication & Information Technology	4.5%	0.08%	0.010	0.65	146,680	11.92%	33.3%	10.7	2.8	2.3%
Insurance	-0.6%	0.01%	0.019	0.53	23,001	1.87%	37.8%	34.0	2.1	5.5%
Agriculture & Food Industries	13.4%	0.21%	0.011	0.69	43,027	3.50%	71.5%	30.5	3.5	0.5%
Building & Construction	-0.3%	0.00%	0.012	0.84	24,981	2.03%	66.5%	14.5	1.4	0.3%
Hotel & Tourism	-1.3%	-0.01%	0.016	0.58	2,453	0.20%	58.8%	5.1	1.3	0.7%
Industrial Investment	7.9%	0.13%	0.014	0.86	30,840	2.51%	43.3%	15.2	2.3	2.3%
Multi-Investment	2.9%	0.06%	0.015	0.85	34,638	2.82%	8.4%	45.7	1.3	0.8%
Media And Publishing	-6.0%	-0.09%	0.014	0.53	3,867	0.31%	59.3%	15.7	1.2	7.0%
Real Estate Development	-0.1%	0.00%	0.010	0.66	51,946	4.22%	50.2%	10.8	1.7	6.5%
Transport	2.4%	0.04%	0.008	0.68	8,146	0.66%	71.3%	10.4	1.5	3.4%

(Source: FALCOM Research)

## HIGHLIGHTS

- Petrochemicals sector registered highest quarterly return followed by Banks & Financial Services sector.
- Media & Publishing was the worst performer and was among five sectors with negative returns. After offering highest returns to investors in Q2 2009, Insurance sector returned -0.6% in Q3 2009, the third worst performer.
- Petrochemicals sector was the most risky sector with maximum standard deviation of daily returns, as opposed to Cement sector which was the most risk-averse sector with lowest standard deviation.
- The sector with minimum P/E ratio as on 30<sup>th</sup> September 2009 was Hotel & Tourism and the one with highest P/E was Multi-Investment.
- Agriculture & Food sector had the maximum percentage of floated share at 71.5% followed by Retail and Transport sector.
- Petrochemical sector returns had the highest correlation with TASI returns given the high sectoral contribution to TASI market cap. Energy and Utilities sector returns had lowest correlation with TASI returns and represented 3.6% of the total market cap.
- Energy & Utilities and Retail sectors respectively had the minimum and maximum P/B ratio as on 30<sup>th</sup> of September 2009.

## SECTOR PERFORMANCE



(Source: FALCOM Research)

### Chart Description

- X axis shows the standard deviation of daily returns of indices for the third quarter of 2009.
- Y axis shows the quarterly return for an index in the third quarter of 2009.
- Size of the bubble represents the P/E ratio of the indices as on 30<sup>th</sup> September 2009.

### Conclusions

- The higher the quarterly return, the better it is, which means higher the bubble on the y-axis, the better the index performed during the quarter. Petrochemical and Media & Publishing sectors had the maximum and minimum quarterly return respectively.
- The lower the risk the more favorable it is, which means, closer a bubble to the origin on the x-axis, the lower risk it has. Cement and Petrochemicals had the minimum and maximum risks respectively.
- The smaller the size of the bubble the lower the P/E ratio it has. Hotels & Tourism and Multi-Investment sectors had smallest and highest P/E ratios respectively.

## GAINERS

Top 20 Companies on the basis of Quarterly Returns*											
	Close	Return	Average of Daily Returns	Standard Deviation	Return Correlation with TASI	Market Cap (SR million)	% of Total Market size	% Floated	P/E	P/B	Dividend yield
1. Sagr Insurance	71.5	45.0%	0.68%	0.0368	0.12	1,430	0.12%	42.0%	(151,098.9)	7.1	0.0%
2. SAMBA	59.5	42.3%	0.61%	0.0238	0.58	53,550	4.35%	50.6%	11.8	2.6	2.8%
3. Aldrees	41.2	41.6%	0.61%	0.0268	0.39	1,030	0.08%	100.0%	17.7	3.3	3.6%
4. Budget Saudi	70.8	32.2%	0.48%	0.0213	0.09	1,295	0.11%	43.6%	15.1	3.3	2.5%
5. Arabian Shield	36.4	30.9%	0.50%	0.0351	0.56	728	0.06%	40.0%	270.8	3.6	0.0%
6. SAICO	88.8	29.6%	0.50%	0.0388	0.30	888	0.07%	40.0%	(149.6)	10.3	0.0%
7. Cables	35.9	28.7%	0.45%	0.0251	0.70	2,728	0.22%	81.2%	15.9	2.4	2.1%
8. SAVOLA Group	28.4	27.6%	0.42%	0.0183	0.59	14,200	1.15%	74.0%	143.1	2.1	3.5%
9. SABIC	80.0	27.5%	0.45%	0.0319	0.84	240,000	19.50%	22.7%	28.6	2.4	3.8%
10. Weqaya Takaful	35.8	27.0%	0.43%	0.0291	0.01	716	0.06%	40.0%	-	-	-
11. SISCO	16.1	25.4%	0.39%	0.0207	0.61	1,091	0.09%	79.4%	(41.7)	1.5	0.0%
12. Arab National	48.7	25.2%	0.39%	0.0199	0.56	31,655	2.57%	49.1%	12.6	2.4	2.1%
13. Petro Rabigh	34.9	23.8%	0.37%	0.0227	0.57	30,572	2.48%	17.5%	(23.1)	3.4	0.0%
14. YANSAB	33.0	23.6%	0.37%	0.0211	0.79	18,563	1.51%	39.7%	(675.9)	3.3	0.0%
15. SIIG	23.0	22.0%	0.36%	0.0257	0.64	10,350	0.84%	88.5%	(48.5)	2.0	0.0%
16. RIBL	29.9	21.8%	0.34%	0.0173	0.50	44,850	3.64%	48.7%	18.7	1.7	4.7%
17. Al-Ahlia	68.2	21.3%	0.38%	0.0347	0.15	683	0.06%	40.0%	(46.8)	9.6	0.0%
18. AlHokair	32.8	20.1%	0.33%	0.0237	0.45	2,296	0.19%	51.0%	11.5	2.6	5.3%
19. Yamamah Cement	47.9	19.8%	0.31%	0.0138	0.35	6,467	0.53%	87.4%	13.6	2.3	4.2%
20. Al Rajhi	74.8	19.1%	0.30%	0.0188	0.82	112,125	9.11%	49.8%	16.8	4.1	4.0%

(Source: FALCOM Research; \*Companies listed in the third quarter are not included in ranking)

## HIGHLIGHTS

- Sagr Insurance topped the gainers in Q3 2009 (45%).
- Most of the stocks have relatively high standard deviation of daily returns; average of standard deviation is 0.025, whereas standard deviation for TASI is 0.012 which suggests that some stocks gained on higher volatility.
- P/E and P/B ratios are also relatively high (P/E ratios are sometimes negative as well) for the top 20 performing stocks.
- The stocks among the top 20 gainers with P/E ratios less than that of the TASI are SAMBA, Budget Saudi, Cables, Arab National Bank, AlHokair and Yamamah Cement.
- Stocks with PB ratios less than that of the index are SISCO, SIIG and RIBL.
- The top 20 gainers combinedly represented significant percentage (46.8%) of the total market capitalization, of these SABIC and Al Rajhi represented 19.5% and 9.1% of the total market cap respectively.

## LOSERS

Bottom 20 Companies on the basis of Quarterly Returns*											
	Close	Return for the Quarter	Average of Daily Returns	Standard Deviation of Daily Returns	Return Correlation with TASI	Market Cap (SR million)	% of Total Market size	% Floated	P/E	P/B	Dividend yield
1. ATC	125.0	-24.7%	-0.29%	0.0594	0.04	1,250	0.10%	26.5%	(172.9)	15.0	0.0%
2. A.Othaim Market	47.3	-19.8%	-0.34%	0.0221	0.44	1,064	0.09%	51.0%	17.7	3.2	3.2%
3. Tihama	28.9	-19.7%	-0.33%	0.0235	0.56	434	0.04%	100.0%	15.8	1.8	0.0%
4. Al Baha	18.1	-18.5%	-0.31%	0.0245	0.59	271	0.02%	100.0%	(44.0)	2.7	0.0%
5. Fitaihi	18.4	-16.4%	-0.28%	0.0183	0.48	920	0.07%	79.5%	129.1	1.6	0.0%
6. MEDGULF	24.2	-15.5%	-0.23%	0.0316	0.52	1,940	0.16%	25.0%	45.3	2.3	0.0%
7. Shams	32.3	-14.6%	-0.23%	0.0234	0.66	328	0.03%	100.0%	(1,305.6)	4.5	0.0%
8. Bupa Arabia	17.5	-14.2%	-0.24%	0.0161	0.66	700	0.06%	40.0%	(97.2)	1.8	0.0%
9. AL Bilad	22.2	-14.1%	-0.24%	0.0163	0.77	6,675	0.54%	77.0%	100.4	2.0	0.0%
10. Food	19.5	-11.0%	-0.17%	0.0217	0.77	390	0.03%	100.0%	33.7	2.2	0.0%
11. Thim'ar	37.7	-10.7%	-0.17%	0.0182	0.27	377	0.03%	100.0%	(25.7)	5.1	0.0%
12. Dar Al Arkan	15.8	-10.6%	-0.18%	0.012	0.35	17,118	1.39%	61.7%	7.8	1.3	0.0%
13. AL Babtain	37.3	-9.2%	-0.15%	0.012	0.76	1,511	0.12%	100.0%	13.4	2.9	1.8%
14. MMG	28.6	-9.2%	-0.15%	0.0152	0.79	3,575	0.29%	46.2%	12.1	1.9	0.0%
15. Gypsum	44.0	-9.1%	-0.15%	0.0134	0.65	1,393	0.11%	53.9%	13.4	2.7	5.7%
16. Jazan Development	10.9	-8.8%	-0.14%	0.0143	0.60	545	0.04%	98.8%	66.9	0.8	4.6%
17. Tabuk Agriculture	25.2	-8.4%	-0.13%	0.018	0.68	504	0.04%	72.5%	44.6	1.3	2.0%
18. SALAMA	58.2	-8.3%	-0.10%	0.0296	0.41	583	0.05%	40.0%	(21.1)	8.8	0.0%
19. Ceramic	123.0	-7.9%	-0.13%	0.0135	0.42	3,075	0.25%	63.6%	17.0	4.1	2.0%
20. SVCP	41.1	-7.8%	-0.12%	0.0159	0.63	617	0.05%	56.0%	17.9	3.3	5.5%

(Source: FALCOM Research; \*Companies listed in the third quarter are not included in ranking)

## HIGHLIGHTS

- Average standard deviation of bottom 20 companies by performance is 0.021 which is higher than that of TASI (0.012).
- ATC (Al Ahli Takaful Company) registered the highest price decline in Q3 2009 of 25.0%.
- The P/E ratios of the bottom 20 stocks are relatively higher than TASI and the top 20 stocks. The stocks among bottom 20 with P/E ratio less than that of TASI are Tihama, Dar Al Arkan, Al Babtain, MMG and Gypsum.
- The combined market capitalization of bottom 20 stocks represented 3.25% of the total market capitalization of TASI, as on 30<sup>th</sup> September.
- The companies among the bottom 20 with P/B ratio lower than that of TASI are Tihama (1.8), Fitaihi (1.6), Bupa Arabia (1.8), Al Bilad (2.04), Dar Al Arkan (1.34), MMG (1.86), Jazan Development (0.84) and Tabuk Agriculture (1.31).

## APPENDIX

### Indicators for Listed Companies Ranked by Quarterly Performance

Rank*	Company	Close	Return for the Quarter	Mean of Daily Returns	Standard Deviation of Daily Returns	Correlation of returns with TASI returns	Total Market Cap (SR million)	% of Total Market size	% Floated	P/E	P/B	Dividend yield
16	RIBL	29.9	21.8%	0.3%	0.0173	0.50	44,850	3.64%	48.7%	18.7	1.7	4.7%
71	BJAZ	20.1	0.8%	0.0%	0.0175	0.70	6,015	0.49%	73.6%	31.3	1.2	2.5%
46	SIBC	18.8	7.4%	0.1%	0.0150	0.60	8,438	0.69%	61.2%	20.5	1.2	0.0%
102	Saudi Hollandi	34.8	-5.2%	-0.1%	0.0164	0.51	11,510	0.94%	29.3%	11.6	2.0	1.7%
32	Saudi Fransi	45.0	11.7%	0.2%	0.0154	0.49	32,545	2.64%	54.7%	11.9	2.1	1.7%
24	SABB	53.0	16.0%	0.3%	0.0207	0.65	39,750	3.23%	32.9%	14.2	3.0	1.4%
12	Arab National	48.7	25.2%	0.4%	0.0199	0.56	31,655	2.57%	49.1%	12.6	2.4	2.1%
2	SAMBA	59.5	42.3%	0.6%	0.0238	0.58	53,550	4.35%	50.6%	11.8	2.6	2.8%
20	Al Rajhi	74.8	19.1%	0.3%	0.0188	0.82	12,125	9.11%	49.8%	16.8	4.1	4.0%
121	AL Bilad	22.3	-14.1%	-0.2%	0.0163	0.77	6,675	0.54%	77.0%	100.4	2.0	0.0%
68	Alinma Bank	13.4	1.9%	0.0%	0.0143	0.73	20,100	1.63%	69.9%	56.7	1.3	0.0%
45	CHEMANOL	16.3	7.6%	0.1%	0.0191	0.72	1,966	0.16%	50.0%	58.9	1.4	0.0%
-	Petrochem	15.3	-	-	-	-	7,320	0.59%	17.5%	-	-	-
9	SABIC	80.0	27.5%	0.4%	0.0319	0.84	240,000	19.50%	22.7%	28.6	2.4	3.8%
37	SAFCO	125.0	10.1%	0.2%	0.0110	0.48	31,250	2.54%	38.3%	10.6	4.2	10.4%
25	Industrialization	22.1	15.4%	0.3%	0.0172	0.77	10,158	0.83%	79.3%	33.6	1.4	4.5%
84	Alujain	19.8	-2.0%	0.0%	0.0193	0.69	1,367	0.11%	85.1%	-23.4	2.6	0.0%
87	Nama Chemicals	11.3	-2.2%	0.0%	0.0162	0.86	1,446	0.12%	100.0%	-34.9	0.9	0.0%
15	SIIG	23.0	22.0%	0.4%	0.0257	0.64	10,350	0.84%	88.5%	-48.5	2.0	0.0%
57	Sahara Petrochemical	17.0	4.5%	0.1%	0.0240	0.74	4,973	0.40%	90.0%	-112.7	2.4	0.0%
14	YANSAB	33.0	23.6%	0.4%	0.0211	0.79	18,563	1.51%	39.7%	-675.9	3.3	0.0%
26	Sipchem	21.5	14.1%	0.2%	0.0199	0.60	7,150	0.58%	82.0%	35.5	1.2	4.7%
67	APPC	26.5	1.9%	0.1%	0.0196	0.71	3,746	0.30%	95.7%	17.7	2.2	0.0%
33	Saudi Kayan	15.4	11.6%	0.2%	0.0178	0.83	23,025	1.87%	41.2%	6,610.7	1.5	0.0%
13	Petro Rabigh	34.9	23.8%	0.4%	0.0227	0.57	30,572	2.48%	17.5%	-23.1	3.4	0.0%
65	Arab Cement	46.0	2.2%	0.0%	0.0135	0.28	3,680	0.30%	71.2%	12.2	1.6	6.5%
19	Yamamah Cement	47.9	19.8%	0.3%	0.0138	0.35	6,467	0.53%	87.4%	13.6	2.3	4.2%
28	Saudi Cement	64.5	13.2%	0.2%	0.0131	0.54	6,579	0.53%	86.4%	11.0	2.3	5.4%
23	Qassim Cement	138.0	17.9%	0.3%	0.0179	0.06	6,210	0.50%	52.3%	12.5	3.1	5.8%
56	Southern Cement	64.5	4.9%	0.1%	0.0133	0.09	9,030	0.73%	44.5%	12.2	3.6	7.8%
22	Yanbu Cement	56.8	18.0%	0.3%	0.0089	0.25	5,959	0.48%	52.6%	10.9	2.7	7.0%
63	Eastern Cement	45.6	2.7%	0.0%	0.0069	0.46	3,922	0.32%	68.1%	11.6	2.1	6.6%
98	Tabuk Cement	20.7	-3.7%	-0.1%	0.0078	0.62	1,859	0.15%	94.7%	17.1	1.7	7.3%
128	A.Othaim Market	47.3	-19.8%	-0.3%	0.0221	0.44	1,064	0.09%	51.0%	17.7	3.2	3.2%
-	Mouwasat	60.5	-	-	-	-	1,513	0.12%	30.0%	-	-	-
73	SASCO	14.7	0.3%	0.0%	0.0126	0.67	662	0.05%	100.0%	19.3	1.5	0.0%
119	Thim'ar	37.7	-10.7%	-0.2%	0.0182	0.27	377	0.03%	100.0%	-25.7	5.1	0.0%
125	Fitaihi	18.4	-16.4%	-0.3%	0.0183	0.48	920	0.07%	79.5%	129.1	1.6	0.0%
60	Jarir	136.3	3.6%	0.1%	0.0074	0.24	5,450	0.44%	87.9%	15.6	7.4	5.0%
3	Aldreess	41.2	41.6%	0.6%	0.0268	0.39	1,030	0.08%	100.0%	17.7	3.3	3.6%
18	AlHokair	32.8	20.1%	0.3%	0.0237	0.45	2,296	0.19%	51.0%	11.5	2.6	5.3%
94	Alkhaleej Trng	45.7	-3.4%	0.0%	0.0117	0.75	686	0.06%	41.3%	18.7	3.3	10.9%
49	Gas&Industrialization	24.1	6.9%	0.1%	0.0170	0.66	1,808	0.15%	68.2%	19.8	2.1	6.2%
52	Saudi Electricity	10.2	6.3%	0.1%	0.0092	0.31	42,291	3.44%	17.2%	41.9	0.9	6.9%
8	SAVOLA Group	28.4	27.6%	0.4%	0.0183	0.59	14,200	1.15%	74.0%	143.1	2.1	3.5%
120	Food	19.5	-11.0%	-0.2%	0.0217	0.77	390	0.03%	100.0%	33.7	2.2	0.0%

(Source: Tadawul, FALCOM Research)

Rank*	Company	Close	Return for the Quarter	Mean of Daily Returns	Standard Deviation of Daily Returns	Correlation of returns with TASI returns	Total Market Cap (SR million)	% of Total Market size	% Floated	P/E	P/B	Dividend yield
42	SADAFCO	36.9	8.2%	0.2%	0.0240	0.41	1,199	0.10%	58.2%	35.9	2.3	0.0%
40	Almarai	170.0	9.1%	0.2%	0.0136	0.23	18,530	1.51%	41.7%	18.6	5.0	2.1%
90	Anaam Holding	40.0	-2.4%	0.0%	0.0228	0.12	436	0.04%	89.3%	-252.2	3.7	0.0%
85	Halwani Bros	32.9	-2.1%	0.0%	0.0193	0.61	940	0.08%	44.5%	22.0	2.0	4.6%
78	NADEC	39.2	-0.5%	0.0%	0.0088	0.45	2,352	0.19%	48.8%	214.6	2.4	1.9%
61	Qassim Agriculture	10.5	3.5%	0.1%	0.0249	0.41	523	0.04%	100.0%	-184.4	1.3	0.0%
34	Hail Agriculture	32.3	11.0%	0.2%	0.0143	0.26	969	0.08%	100.0%	21.9	1.9	0.0%
113	Tabuk Agriculture	25.2	-8.4%	-0.1%	0.0180	0.68	504	0.04%	72.5%	44.6	1.3	2.0%
36	Saudi Fisheries	55.8	10.4%	0.2%	0.0289	0.66	1,115	0.09%	38.5%	-47.3	7.2	0.0%
109	Sharqiya Dev. Co.	49.2	-7.6%	-0.1%	0.0229	0.18	369	0.03%	100.0%	-53.2	3.5	0.0%
47	Jouff Agriculture	30.3	7.4%	0.1%	0.0172	0.50	606	0.05%	95.2%	10.2	1.2	0.0%
74	Bishah Agriculture	69.8	0.0%	0.0%	0.0000	-	349	0.03%	100.0%	-9.2	6.3	0.0%
114	Jazan Development	10.9	-8.8%	-0.1%	0.0143	0.60	545	0.04%	98.8%	66.9	0.8	4.6%
89	STC	50.3	-2.4%	0.0%	0.0139	0.58	100,500	8.17%	16.3%	10.4	2.1	7.5%
21	Etihad Etisalat	41.6	18.5%	0.3%	0.0112	0.33	29,120	2.37%	58.5%	11.8	2.8	1.8%
108	Zain KSA	10.9	-7.2%	-0.1%	0.0104	0.82	15,260	1.24%	45.0%	-4.7	1.5	0.0%
59	ETIHAD ATHEEB	18.0	4.0%	0.1%	0.0172	0.32	1,800	0.15%	35.0%	-	-	-
58	NCCI	46.1	4.3%	0.1%	0.0189	0.48	2,305	0.19%	53.4%	34.0	2.2	4.3%
100	Malath Insurance	28.9	-4.6%	0.0%	0.0237	0.62	867	0.07%	47.5%	-32.0	3.7	0.0%
124	MEDGULF	24.3	-15.5%	-0.2%	0.0316	0.52	1,940	0.16%	25.0%	45.3	2.3	0.0%
105	ALLIANZ SF	84.8	-5.6%	0.0%	0.0349	0.28	848	0.07%	31.0%	-64.7	14.7	0.0%
112	SALAMA	58.3	-8.3%	-0.1%	0.0296	0.41	583	0.05%	40.0%	-21.1	8.8	0.0%
83	Walaa Insurance	28.5	-1.7%	0.0%	0.0305	0.48	570	0.05%	40.0%	-57.8	3.3	0.0%
5	Arabian Shield	36.4	30.9%	0.5%	0.0351	0.56	728	0.06%	40.0%	270.8	3.6	0.0%
106	SABB Takaful	39.5	-5.6%	0.1%	0.0600	0.04	1,343	0.11%	17.4%	-147.4	33.3	0.0%
64	SANAD	31.0	2.6%	0.1%	0.0317	0.38	620	0.05%	40.0%	-34.0	3.7	0.0%
6	SAICO	88.8	29.6%	0.5%	0.0388	0.30	888	0.07%	40.0%	-149.6	10.3	0.0%
96	Saudi Indian	55.5	-3.5%	0.0%	0.0278	0.52	555	0.05%	40.0%	-34.7	8.1	0.0%
48	Gulf Union	27.1	7.1%	0.1%	0.0264	0.53	596	0.05%	40.0%	710.6	3.1	0.0%
129	ATC	125.0	-24.7%	-0.3%	0.0594	0.04	1,250	0.10%	26.5%	-172.9	15.0	0.0%
17	Al-Ahlia	68.3	21.3%	0.4%	0.0347	0.15	683	0.06%	40.0%	-46.8	9.6	0.0%
92	ACIG	61.8	-3.1%	0.0%	0.0331	0.33	618	0.05%	40.0%	-22.2	10.8	0.0%
77	AICC	28.0	-0.4%	0.0%	0.0261	0.59	560	0.05%	40.0%	-48.4	3.4	0.0%
39	Trade Union	26.0	9.7%	0.2%	0.0267	0.51	650	0.05%	42.0%	289.0	2.6	0.0%
1	Sagr Insurance	71.5	45.0%	0.7%	0.0368	0.12	1,430	0.12%	42.0%	-151,098.9	7.1	0.0%
41	UCA	30.7	8.5%	0.2%	0.0226	0.51	614	0.05%	40.0%	-477.2	3.2	0.0%
101	Saudi Re	11.1	-5.1%	-0.1%	0.0123	0.62	1,110	0.09%	40.0%	104.7	1.1	0.0%
122	Bupa Arabia	17.5	-14.2%	-0.2%	0.0161	0.66	700	0.06%	40.0%	-97.2	1.8	0.0%
10	Weqaya Takaful	35.8	27.0%	0.4%	0.0291	0.01	716	0.06%	40.0%	-	-	-
-	ARCCI	73.5	-	-	-	-	1,470	0.12%	30.0%	-	-	-
-	ACE	60.8	-	-	-	-	608	0.05%	40.0%	-	-	-
-	AXA Cooperative	37.6	-	-	-	-	752	0.06%	40.0%	-	-	-
80	SARCO	51.3	-1.0%	0.0%	0.0186	0.57	769	0.06%	100.0%	669.8	2.3	1.0%
44	Saudi Advanced	14.2	8.0%	0.1%	0.0147	0.66	611	0.05%	100.0%	24.4	0.8	3.5%
95	Al Ahsa for Dev.	11.3	-3.4%	0.0%	0.0136	0.72	554	0.04%	100.0%	-38.4	1.4	0.0%
11	SISCO	16.1	25.4%	0.4%	0.0207	0.61	1,091	0.09%	79.4%	-41.7	1.5	0.0%
38	Assir	16.2	9.8%	0.2%	0.0194	0.73	2,048	0.17%	50.1%	-6.1	0.9	3.1%
126	Al Baha	18.1	-18.5%	-0.3%	0.0245	0.59	271	0.02%	100.0%	-44.0	2.7	0.0%
99	Kingdom	4.7	-4.1%	-0.1%	0.0186	0.71	29,295	2.38%	5.0%	45.4	1.5	0.0%

(Source: Tadawul, FALCOM Research)

Rank*	Company	Close	Return for the Quarter	Mean of Daily Returns	Standard Deviation of Daily Returns	Correlation of returns with TASI returns	Total Market Cap (SR million)	% of Total Market size	% Floated	P/E	P/B	Dividend yield
93	BCI	29.1	-3.3%	0.0%	0.0180	0.63	800	0.07%	78.6%	15.7	2.4	0.0%
31	Ma'aden	16.9	11.9%	0.2%	0.0199	0.72	15,633	1.27%	36.5%	81.6	1.0	0.0%
35	Astra Industrial	35.0	10.4%	0.2%	0.0241	0.72	2,594	0.21%	31.1%	14.6	1.7	1.4%
51	Pharmaceutical	36.2	6.5%	0.1%	0.0147	0.64	2,172	0.18%	65.0%	16.3	1.5	4.1%
79	Glass	32.9	-0.9%	0.0%	0.0154	0.58	823	0.07%	80.0%	15.4	1.8	4.6%
27	FIPCO	61.8	13.3%	0.2%	0.0240	0.63	425	0.03%	85.3%	20.9	3.6	0.0%
86	Maadaniyah	27.3	-2.2%	0.0%	0.0133	0.72	698	0.06%	64.5%	-282.9	2.0	1.5%
30	Saudi Chemical	31.5	12.9%	0.2%	0.0203	0.61	1,992	0.16%	97.0%	8.4	1.6	0.0%
88	SPM	55.0	-2.2%	0.0%	0.0216	0.57	1,650	0.13%	49.9%	20.5	3.4	1.8%
54	AlAbdullatif	44.9	5.6%	0.1%	0.0166	0.37	3,648	0.30%	30.0%	21.3	2.8	0.0%
82	Saudi Export	37.6	-1.3%	0.0%	0.0232	0.54	406	0.03%	100.0%	-390.8	3.8	2.7%
116	MMG	28.6	-9.2%	-0.1%	0.0152	0.79	3,575	0.29%	46.2%	12.1	1.9	0.0%
-	SSP	31.2	-	-	-	-	1,591	0.13%	31.4%	-	-	-
111	Ceramic	123.0	-7.9%	-0.1%	0.0135	0.42	3,075	0.25%	63.6%	17.0	4.1	2.0%
115	Gypsum	44.0	-9.1%	-0.1%	0.0134	0.65	1,393	0.11%	53.9%	13.4	2.7	5.7%
7	Cables	35.9	28.7%	0.4%	0.0251	0.70	2,728	0.22%	81.2%	15.9	2.4	2.1%
97	Saudi Industrial	9.7	-3.5%	0.0%	0.0184	0.49	388	0.03%	100.0%	-181.1	1.6	0.0%
70	Amiantit	22.4	1.4%	0.0%	0.0184	0.69	2,581	0.21%	83.6%	12.5	1.7	2.2%
104	Pipes	33.7	-5.3%	-0.1%	0.0161	0.68	1,062	0.09%	85.8%	19.7	1.5	0.0%
53	Zamil Industrial	63.8	5.8%	0.1%	0.0165	0.39	2,869	0.23%	75.6%	13.4	2.7	2.4%
117	AL Babtain	37.3	-9.2%	-0.2%	0.0120	0.76	1,511	0.12%	100.0%	13.4	2.9	1.8%
110	SVCP	41.1	-7.8%	-0.1%	0.0159	0.63	617	0.05%	56.0%	17.9	3.3	5.5%
66	MESC	43.1	2.1%	0.1%	0.0242	0.35	1,724	0.14%	48.0%	42.9	2.7	2.8%
107	Red Sea	62.3	-7.1%	-0.1%	0.0203	0.50	1,868	0.15%	30.0%	11.0	2.5	5.6%
29	Real Estate	27.1	13.2%	0.2%	0.0160	0.51	3,252	0.26%	30.6%	27.4	1.0	3.7%
69	Taiba	18.0	1.4%	0.0%	0.0104	0.62	2,693	0.22%	69.0%	28.5	0.9	8.4%
50	Makkah	30.1	6.7%	0.1%	0.0201	0.44	4,961	0.40%	83.5%	22.3	1.3	0.0%
55	Arriyadh Development	13.1	5.2%	0.1%	0.0138	0.70	1,310	0.11%	100.0%	15.3	0.9	3.8%
74	Emaar E .C	10.5	0.0%	0.0%	0.0137	0.76	8,883	0.72%	30.0%	-21.8	1.1	0.0%
43	Jabal Omar	20.5	8.2%	0.1%	0.0140	0.34	13,730	1.12%	41.1%	-419.9	2.1	0.0%
118	Dar Al Arkan	15.9	-10.6%	-0.2%	0.0120	0.35	17,118	1.39%	61.7%	7.8	1.3	0.0%
72	Shipping	17.2	0.6%	0.0%	0.0081	0.60	5,418	0.44%	66.4%	8.6	1.1	8.7%
81	SAPTCO	8.4	-1.2%	0.0%	0.0096	0.70	1,044	0.08%	83.6%	15.2	0.7	6.0%
103	Mubarrad	21.7	-5.3%	-0.1%	0.0222	0.62	390	0.03%	100.0%	73.0	2.3	0.0%
4	Budget Saudi	70.8	32.2%	0.5%	0.0213	0.09	1,295	0.11%	43.6%	15.1	3.3	2.5%
127	Tihama	28.9	-19.7%	-0.3%	0.0235	0.56	434	0.04%	100.0%	15.8	1.8	0.0%
91	SRMG	30.2	-2.9%	0.0%	0.0184	0.34	2,416	0.20%	60.5%	22.0	1.9	6.6%
76	SPPC	17.0	-0.3%	0.0%	0.0065	0.65	1,017	0.08%	47.5%	9.3	1.4	8.8%
62	Hotels	30.8	3.4%	0.1%	0.0167	0.46	2,125	0.17%	52.7%	5.1	1.3	3.9%
123	Shams	32.3	-14.6%	-0.2%	0.0234	0.66	328	0.03%	100.0%	-1,305.6	4.5	0.0%

(Source: Tadawul, FALCOM Research)

\*Ranked on the basis of quarterly return. Companies listed in Q3 2009 are not ranked.

## GLOSSARY

- P/E – Price to Earnings Ratio. For TASI and sectors, this ratio doesn't include the loss making companies.
- P/B – Price to book value ratio
- Close – Closing Price on last trading day of the quarter
- % Floated - % of Total Market Capitalization which is Floated
- Return Correlation with TASI – Correlation coefficient between the daily TASI returns and daily returns of a sector or a company. High correlation coefficient indicates that the returns of that company/sector move in tandem with the TASI returns and lower correlation coefficient indicates a mismatch between the movement of sector/company returns and TASI returns.
- NPM –Net Profit Margin
- All the market and share price data are as of third quarter end (30<sup>th</sup> September 2009)



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