

EMEA Emerging Markets

Equity Research

Prospecting for alpha and growth: Expanding our MENA coverage - Part 1

We are expanding our MENA coverage

We initiate coverage on 80 new stocks in the MENA region and resume coverage of an additional 10 stocks. We now cover 121 stocks in MENA across ten countries, including 23 banks, while our total coverage in the CEEMEA region reaches 341 stocks.

Prospecting for key themes we identify three

We identify three key drivers for the energy-rich MENA economies: (1) basic resources, with the region benefiting from high oil prices; (2) infrastructure development (including real estate), as current account surpluses from energy exports allow for significant investment into local economies, also through stimulus packages; and (3) rising consumer spending as a result of increasing (and in the case of GCC countries already high) GDP per head and population levels.

Above-average returns, discount multiples

MENA markets trade on 10.3x 2012E P/E, a discount to the global P/E of 11.6x, despite similar EPS growth and higher returns (CROCI).

We identify 28 new Buys in MENA...

We have 28 new Buys in our MENA non-financials coverage (with more than 50% potential valuation upside) which fit our three themes. With our oils team forecasting high oil prices over 2012-13, we believe GDP growth in MENA could be more resilient than consensus implies, but our top picks also offer sustainable medium-term strengths.

Eight also offer sustainable strengths

We have further screened our MENA stocks for sustainable (2011-15E) above-median (1) growth (2) cash returns (CROCI) and (3) balance sheet strength. Eight Buy-rated names fit these criteria and offer exposure to our three key themes of resources, infrastructure, consumption: Arab Potash (Fertilizers, Jordan), Aramex (Logistics, UAE), Drake and Scull (Construction, UAE), Industries Qatar (Chemicals, Qatar), Jordan Phosphate (Fertilizers, Jordan), Juhayna (Consumer staples, Egypt), Orascom Construction Industries (Construction/Fertilizers, Egypt) and Wataniya Telecom (Telecoms, Kuwait). We add Industries Qatar to the CEEMEA Focus.

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Prices in this report are based on market close as of November 17, 2011 unless otherwise stated. Note that the circles denoting peer group averages in the Investment Profile charts for stocks in the Europe New Markets MENA Non Financials peer group do not currently show meaningful values.

Expanding our footprint in MENA to 121 stocks across ten countries

We initiate coverage on 80 new stocks in the MENA region and resume coverage of an additional 10 names. In addition to the 31 stocks already under coverage (including 23 banks), we now cover 121 stocks in the region across ten countries. In this report, we discuss the macroeconomic outlook for the MENA region, the key sectors driving the local economies (resources, infrastructure and consumer) and include a company profile for each non-financial company. We now cover 341 stocks in the CEEMEA region.

Exhibit 1: Report structure: Macro overview, key sector drivers of the economy and company profiles

Our top-down view on the MENA economy...

... is best captured by three main economic drivers...

... which we have analysed by screening almost 200 companies in the region and we initiate on 80 new companies (plus resume coverage of an additional 10). We now cover 121 stocks in the MENA, covering over 70% of the regional market cap

Macro: Strong demographics combined with large oil & gas reserves ...

... strong demographics trends in the MENA region, with a young and growing 400mn population, or 7% of the world's total...

...and c.50% of the world oil & gas reserves...

... lead to a US\$2.4 trn economy, larger than any of the BRICs except China...

... and expected GDP growth rates are above the global average.

Within the region, the Gulf Cooperation Council (GCC) countries stand out with high GDP per capita and high current account surpluses, supported by high oil prices. Resources: the regional oil companies are generally non listed, but the oil & gas wealth can be captured indirectly

Regional chemicals and fertilizer companies have among the highest returns globally and are a good way to benefit indirectly from the region's oil & gas wealth

Infrastructure: The large current account surpluses are being increasingly invested locally...

.. leading to significant government spending in infrastructure, housing and real estate in order to meet the growing demand

Consumption: The strong demographic trends and rising wealth level also lead to an increase in household consumption...

Telcos have already significantly benefitted from the rise in domestic consumption, while consumer discretionary should still observe large growth in the region Company section: We are initiating coverage on 80 non-financial companies across 10 countries and resuming coverage of a further 10 names. Combined with our existing coverage of MENA banks (23), telcos (7) and DP World, our coverage in MENA stands at 121 stocks, representing around 75% of the market cap, spread across Saudi Arabia (47 stocks), UAE (22), Egypt (18), Qatar (11), Kuwait (9), Oman (5), Morocco (4), Jordan (3), Bahrain (1) and Lebanon (1).

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In the company sections, we provide a snapshot for each non-financial company in our coverage, with five years 'estimates, analysis of the historical and expected profitability and valuation.

Our valuations are based on the companies' mid-cycle multiples, indicating a median upside of 35%. Our preferred picks combine high valuation upside supported by high cash returns (CROCI), strong balance sheet and sustainable growth even under an assumption of normalized oil prices over the medium term.

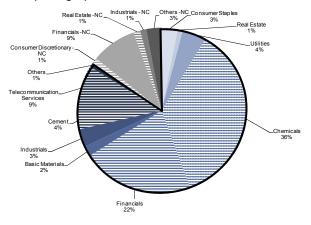
Consumption Resources Infrastructure Aqthia Orascom Advanced Petrochemical Air Arabia Real Estate Palm Hills Rak Ceramics Al Othaim Sorouh Real Estate Developments - SADAFCO ■ Taga Buy: High valuation upside Arabian Red Sea Tasnee - Emaar Yansab Batelco Saudi Properties • TMG Holding Qtel Ceramics Arab Potash Buy: High valuation upside + high growth +high CROCI +strong balance sheet Watchlist - Neutral rated: • Du High growth Halwani +high CROCI Herfy . Jarir + strong balance sheet

Source: Goldman Sachs Research estimates.

We cover around 75% of the market cap in the MENA region

Exhibit 2: Market cap composition in the largest MENA markets: Saudi Arabia is the largest (market cap US\$329 bn)

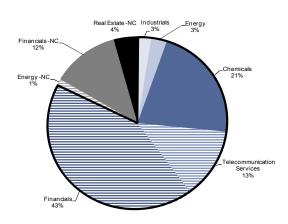
Market cap composition of Saudi stock market. NC: not covered; blue shading are sectors covered by GS, grey not covered



Source: Bloomberg, Goldman Sachs Research estimates.

Exhibit 4: ...and Qatar (US\$96 bn)

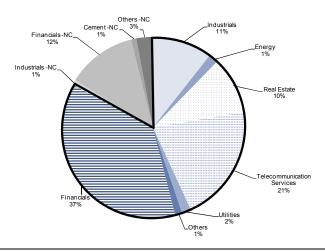
Market cap composition of Qatar stock market; NC: not covered; blue shading are sectors covered by GS, grey not covered



Source: Bloomberg, Goldman Sachs Research estimates.

Exhibit 3: ...followed by the UAE (US\$121 bn)

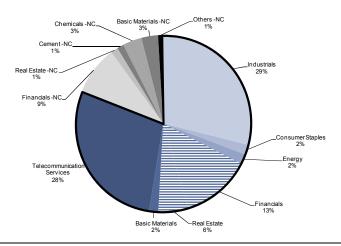
Market cap composition of UAE stock market (Abu Dhabi and Dubai; NC: not covered; blue shading are sectors covered by GS, grey not covered



Source: Bloomberg, Goldman Sachs Research estimates.

Exhibit 5: Egypt's market cap is US\$30 bn

Market cap composition of Egyptian stock market; NC: not covered; blue shading are sectors covered by GS, grey not covered



Source: Bloomberg, Goldman Sachs Research estimates.

Our MENA picks combine thematic exposure, strong fundamentals and valuation upside

We identify three key drivers for the MENA economy and our preferred picks are supported by a strong positioning in each: (1) basic resources, with the region benefiting from the high oil price which drives regional GDP growth to a large extent; (2) infrastructure development (including real estate), as current account surpluses allow for significant investment into local economies, also through stimulus packages; and (3) rising consumer spending as a result of increasing (and in some cases already high) GDP per head and population levels. We identify 28 new Buy-rated stocks which fit these three themes, eight of which also have sustainable, above-median earnings growth, cash returns and balance sheets. With our oils team forecasting high oil prices over 2012-13, we believe GDP growth in MENA will be more resilient than global levels in 2012, but our top picks also offer sustainable medium-term strength. Of these stocks, we add Industries Qatar to the CEEMEA Focus List.

Our eight MENA top picks are exposed to themes with strong growth, returns and balance sheet

We have 28 new Buy ratings in our MENA non-financials coverage and we have further screened our stocks for sustainable (2011-15E) coverage-relative above-median (1) earnings (EBITDA) growth (2) cash returns (CROCI) and (3) balance sheets (net debt/equity). Eight of these fit all these criteria and offer exposure to our three key themes of resources, infrastructure and consumption: Arab Potash (Fertilizers, Jordan), Aramex (Logistics, UAE), Drake and Scull (Construction, UAE), Industries Qatar (Chemicals, Qatar), Jordan Phosphate (Fertilizers, Jordan), Juhayna (Consumer staples, Egypt), Orascom Construction Industries (Construction/Fertilizers, Egypt) and Wataniya Telecom (Telecoms, Kuwait).

23 Buy-rated stocks attractively valued and exposed to themes, but lack one or more strengths

There are 23 Buy-rated stocks which fit our themes and are attractively valued, but do not screen as having above-median EBITDA growth, CROCI or balance sheet strength.

The watchlist: Four stocks with sustainable strength but less valuation upside

Four names which offer exposure to our themes and display sustainably high returns, strong balance sheets and growth are Neutral-rated as we do not find the valuation compelling: Emirates Integrated Telecommunication Company (Du) (Telecoms, UAE), Halwani Brothers (Consumer Staples, Saudi Arabia), Herfy (Restaurants, Saudi Arabia) and Jarir (Retail, Saudi Arabia).

Among the banks, SAMBA and FGB are our preferred picks in MENA

We cover 22 banks and one exchange in the MENA space with an aggregate market capitalization of US\$170 bn. Our nine Buy-rated stocks offer on average 55% upside potential. At 1.3x 2012E book, SAMBA trades at the lower end of its 3-year trading history despite our expected normalized ROE of 17%. The bank has substantial funding headroom, with among the lowest loan to deposit ratios of c.60%, allowing it to benefit from the long-term credit growth opportunity in Saudi. First Gulf Bank remains well capitalized with a Tier-I ratio of 19% (top quartile within MENA banks) and offers exposure to the relatively resilient Abu Dhabi market. The stock trades at a 20% discount to 2012E book value, or almost a 40% discount to EM banks with our projected normalized ROE of 15% for 2012.

Our thematic framework and key picks in MENA

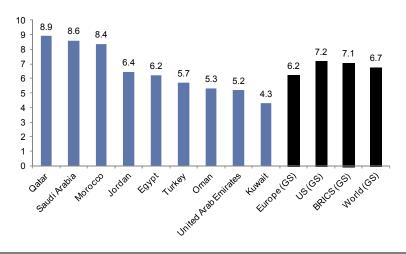
Exhibit 6: Our key picks for MENA (non-financials) are grouped around three key themes: Resources, Infrastructure and Consumption: 31 are Buy-rated based on valuation upside, of which eight also show high CROCI, strong balance sheet and high medium term growth

Consumption Infrastructure Resources Agthia Orascom ■ Dar Al Arkan ■ Galfar Telecom Advanced Petrochemical Air Arabia **Real Estate** Palm Hills SABIC Rak Ceramics Al Othaim Sorouh Real **Developments** SADAFCO Buy: High valuation upside Taga Arabian **Estate** Red Sea Cement Savola Tasnee Emaar Housing Batelco Saudi Yansab **Properties** TMG Holding Ceramics Qtel Arab Potash Buy: High valuation upside Industries Qatar + high growth Aramex Juhayna Jordan Phosphate Wataniya Telecom + high CROCI Drake and Scull Orascom Construction + strong balance sheet Industries Watch list - Neutral rated: ■ Du High growth Halwani Herfy + high CROCI Jarir + strong balance sheet

Source: Goldman Sachs Research estimates

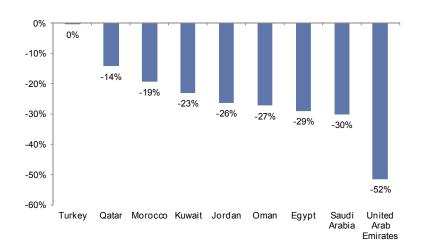
All MENA countries trade at discounts to historical P/E multiples in 2012E

Exhibit 7: Most MENA countries trade below global EV/EBITDA multiples 2012E median EV/EBITDA by country vs. selected regions (x)



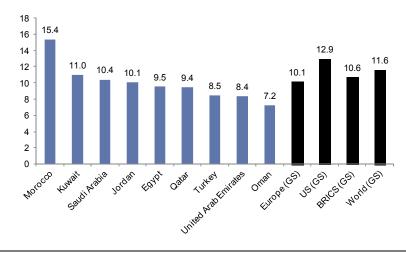
Source: Goldman Sachs Research estimates. Turkey and MENA non-financial coverage only.

Exhibit 9: MENA countries are trading at a significant discount to history... 2012E median EV/EBITDA relative to 5-year historical median



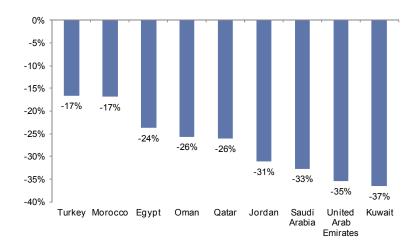
Source: Goldman Sachs Research estimates. Turkey and MENA non-financial coverage only.

Exhibit 8: All MENA countries bar Morocco trade below global P/E levels 2012E median P/E by country vs. selected regions (x)



Source: Goldman Sachs Research estimates. Turkey and MENA include financial and non-financials.

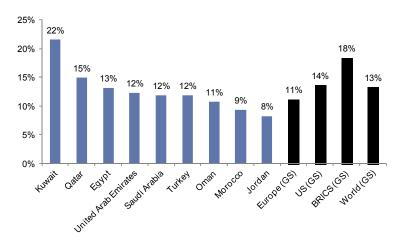
Exhibit 10:as well as on 5-year median P/E 2012E median P/E relative to 5-year historical median



Source: Goldman Sachs Research estimates. Turkey and MENA include financial and non-financials.

MENA EPS growth at or above global levels in 2012E due to high oil price

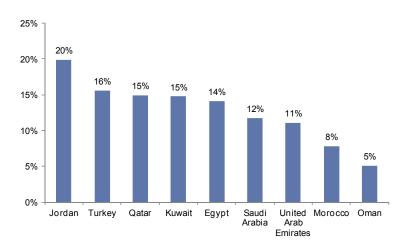
Exhibit 11: We forecast Gulf EPS growth at or above global levels in 2012E... 2012E median EPS growth by country vs. selected regions



Source: Goldman Sachs Research estimates. Turkey and MENA include financial and non-financials.

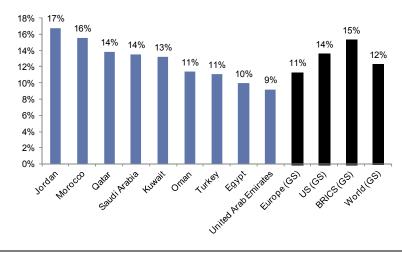
Exhibit 13: We expect EPS growth to be sustained over the medium term (assuming US\$85/bbl oil from 2014)...

2011-15E median EPS growth by country



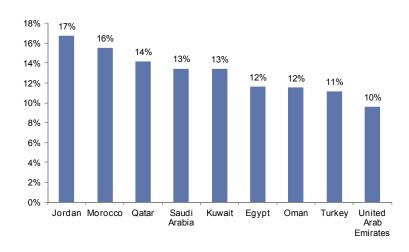
Source: Goldman Sachs Research estimates. Turkey and MENA include financial and non-financials.

Exhibit 12: ...with most of MENA generating CROCI above global levels 2012E median CROCI by country vs. selected regions



Source: Goldman Sachs Research estimate. Turkey and MENA non-financial coverage only.

Exhibit 14: ...as well as CROCI 2011E-15E median CROCI by country

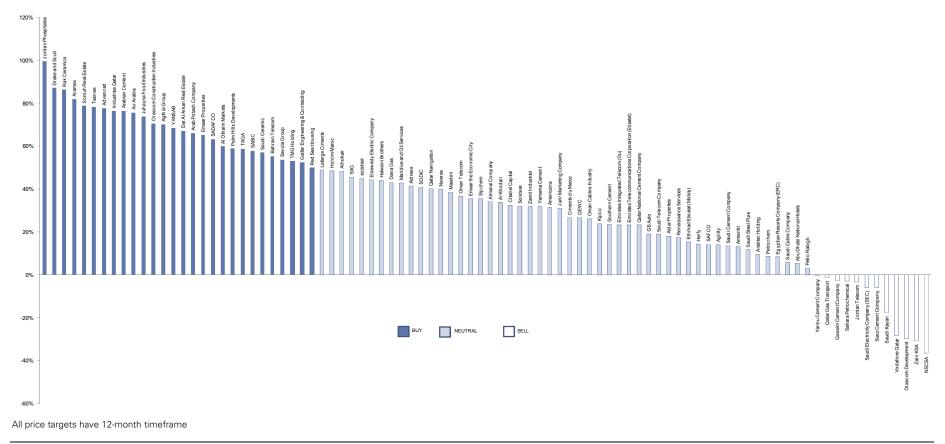


Source: Goldman Sachs Research estimates. Turkey and MENA non-financial coverage only.

We see median upside of 35% for new MENA stocks in our coverage

We estimate a 35% median upside for the 90 new MENA stocks (80 initiations; 10 resumptions of coverage). Given the high average valuation upside, we assign a Buy rating to names with more than 50% potential upside to our 12-month price targets, while the Sell-rated names are those with absolute downside.

Exhibit 15: The median potential upside for new stocks in our coverage is 35%; our new Buys have average upside of 69% Potential upside/(downside) for new stocks under coverage in MENA



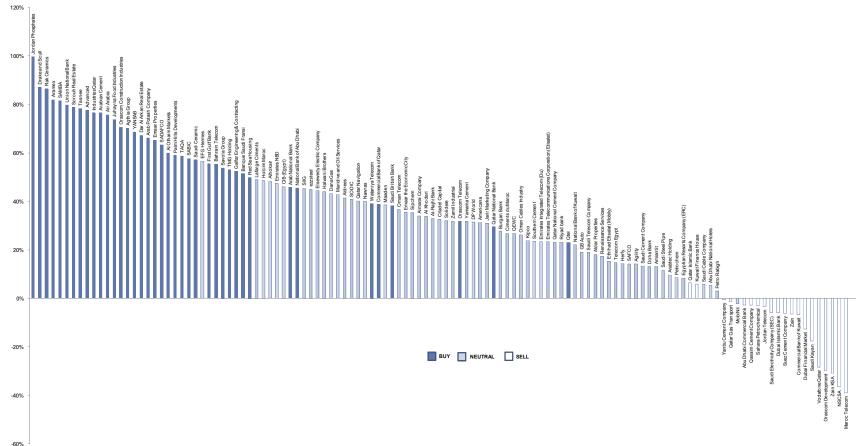
Source: Goldman Sachs Research estimates.

Our MENA stocks under coverage have median potential upside of 32%

We have 40 Buy-rated stocks and 20 Sell-rated in MENA

Exhibit 16 illustrates the potential upside/downside for our entire MENA coverage. Taking into account also stocks already under coverage (banks, telcos and DP World), our median upside for MENA is 32%. In our MENA coverage, we have 40 Buy-rated stocks, including 28 from our new coverage and nine banks. We are Sell-rated on 20 stocks, including 12 Sells from our new coverage.

Exhibit 16: The median upside for our entire MENA coverage (new and existing stocks) is 32%; our Buys have 62% potential upside on average New and existing MENA stocks potential upside



All price targets have 12-month timeframe except Commercial International Bank (Egypt), EFG Hermes, Burgan Bank, Commercial Bank of Kuwait, Kuwait Finance House, National Bank of Kuwait, which have two-year timeframe.

Source: Goldman Sachs Research estimates.

Screening our MENA non-financials Buy and Sell rated stocks

Exhibit 17: Our Buy-rated MENA non-financial stocks have 66% median upside

Summary of MENA non-financials Buy and Sell rated stocks and key screening data and valuation multiples. Quartiles relative to MENA non-financials universe

	REF	ERENCE	DATA							OPERAT	TING DATA	\	Price			VALUATI	ON DATA			
									EBITDA	opoo!		EBITDA vs.	perf.	Dividend	EV/ EBITDA	EV/ EBITDA	EV/ EBITDA	PE	PE	D.F.
	Market								growth	CROCI	equity	consensus	(US\$)	Yield	EBIIDA	EBIIDA	EBIIDA	PE	PE	PE
	сар		ADV -12N	l e e		Current	Price	Upside/	Quartile	Quartile	Quartile						5-yr			5-yr
Ticker Company name	(US\$mn)	Rating	(US\$mn)	Sector (Level 3)	Ссу	price	target	(downside)	11-15E	11-15E	11-15E	2012E	YTD	2012	2012	2013	median	2012	2013	median
BUY RATINGS																				
JOPH.AM Jordan Phosphate Mines Co.	1,438	Buy	0.5	Agriculture	JOD	13.6	27.1	99%	1	2	2	35%	-20%	2.9%	4.7	3.7	8.7	6.6	5.6	13.0
DSI.DU Drake and Scull International	482	Buy	2.3	Engineering & Construction	AED	0.83	1.54	87%	2	2	1	-3%	-21%	5.2%	4.2	3.4	6.0	8.5	7.4	9.7
RKCE.AD Ras Al Khaimah Ceramic Company (RAK Ceramics)	304	Buy	0.1	Construction Products	AED	1.50	2.80	87%	4	4	3		-38%	0.0%	5.0	4.6	9.5	9.0	7.6	9.8
ARMX.DU Aramex	725	Buy	1.4	Logistics	AED	1.82	3.31	82%	2	1	1	5%	-12%	5.1%	6.6	5.7	11.4	10.6	9.1	18.4
SOR.AD Sorouh Real Estate	693	Buy	2.5	Developers	AED	0.97	1.73	78%	1	4	2	-17%	-40%	0.0%	6.8	5.5	9.5	5.7	4.9	10.5
2060.SE National Industrialization Company (Tasnee)	5,900	Buy	17.4	Chemicals	SAR	39.7	70.8	78%	2	2	3	-2%	23%	5.0%	7.3	6.8	16.1	8.4	7.8	17.3
2330.SE Advanced Petrochemical Company	1,044	Buy	10.7	Plastics	SAR	27.7	49.2	78%	4	1	2	11%	2%	10.8%	5.3	4.8	12.3	7.6	7.2	25.8
IQCD.QA Industries Qatar	20,496	Buy	12.3	Diversified	QAR	136	240	77%	2	1	1	14%	-2%	6.7%	6.3	4.8	10.3	7.9	6.5	11.1
3010.SE Arabian Cement	900	Buy	3.8	Building Materials	SAR	42.2	74.5	77%	1	3	3	4%	23%	4.8%	6.8	6.6	11.4	9.2	9.0	12.7
AIRA.DU Air Arabia	795	Buy	2.0	Airlines	AED	0.63	1.10	76%	1	3	2	-12%	-24%	12.5%	6.6	5.7	10.0	10.4	6.3	14.7
JUFO.CA Juhayna Food Industries	546	Buy	0.9	Food	EGP	4.50	7.82	74%	2	1	2	-9%	-28%	2.2%	7.4	6.3	7.4	13.6	11.0	16.1
OCIC.CA Orascom Construction Industries	7,831	Buy	6.3	Multi-Industry	EGP	228	388	70%	2	2	2	8%	-23%	6.4%	4.7	3.7	10.0	9.4	7.8	16.2
AGTH.AD Agthia Group	270	Buy	0.1	Packaged & Manufacturing	AED	1.65	2.81	70%	3	3	2	-9%	-23%	2.9%	6.8	5.5	14.7	10.6	9.0	26.3
2290.SE Yanbu National Petrochemicals (YANSAB)	6,659	Buy	22.3	Chemicals	SAR	44.4	74.8	68%	3	1	3	6%	-7%	4.5%	6.4	5.1	12.1	7.2	6.1	85.7
4300.SE Dar Al Arkan Real Estate Development Company (Dar Al-Arkan)	1,785	Buy	11.3	Developers	SAR	6.20	10.4	67%	3	4	3	-24%	-31%	0.0%	7.8	6.2	12.1	5.7	4.6	10.6
APOT.AM Arab Potash Company	4,937	Buy	0.1	Agriculture	JOD	42.0	69.8	66%	1	1	1	21%	-3%	6.0%	6.7	5.9	11.6	10.1	9.2	17.7
EMAR.DU Emaar Properties	4,411	Buy	10.3	Developers	AED	2.66	4.40	65%	4	4	2	11%	-25%	3.0%	4.5	4.6	8.0	8.2	8.6	10.6
2270.SE Saudi Dairy and Foodstuff Company (SADAFCO)	372	Buy	3.4	Packaged & Manufacturing	SAR	42.9	70.1	63%	3	2	1		1%	7.0%	5.6	5.3	9.6	10.3	9.8	9.6
4001.SE Abdullah Al Othaim Markets Company	575	Buy	3.2	Supermarkets	SAR	95.0	152	60%	1	1	3	16%	22%	4.2%	7.7	6.2	8.9	9.9	8.6	10.6
TAQA.AD Abu Dhabi National Energy (Taqa)	2,015	Buy	0.3	IPPs	AED	1.22	1.94	59%	3	3	4		-18%	8.3%	5.2	4.9	8.6	5.0	4.8	12.6
PHDC.CA Palm Hills Developments	217	Buy	2.3	Developers	EGP	1.24	1.97	59%	3	4	3	-66%	-81%	0.0%	5.9	5.3	10.7	4.9	4.0	10.8
2010.SE Saudi Basic Industries Corporation (SABIC)	76,589	Buy	161.7	Chemicals	SAR	95.8	151	58%	3	1	2	2%	-9%	5.2%	7.5	6.1	10.8	10.3	8.7	16.9
2040.SE Saudi Ceramic Company	917	Buy	1.7	Construction Products	SAR	138	216	57%	3	2	3	-1%	-7%	3.4%	9.7	8.1	13.0	11.6	9.7	15.9
BTEL.BH Bahrain Telecom	1,505	Buy	0.1	Telecom Wireless	BHD	0.39	0.61	55%	4	2	1	-22%	-23%	10.2%	2.6	2.4	5.8	8.1	7.7	9.4
2050.SE Savola Group	3,453	Buy	3.5	Packaged & Manufacturing	SAR	25.9	39.8	54%	2	3	3	-7%	-19%	4.8%	4.8	4.1	15.2	9.6	8.6	31.9
TMGH.CA Talaat Mostafa Group Holding Company (TMG Holding)	1,135	Buy	3.6	Developers	EGP	3.29	5.04	53%	2	4	2	-51%	-62%	0.0%	9.3	7.2	12.8	9.6	7.0	14.6
GECS.OM Galfar Engineering & Contracting	300	Buy	0.5	Engineering & Construction	OMR	0.35	0.53	51%	2	3	4	-22%	-38%	3.3%	6.5	6.7	8.9	16.0	12.2	22.8
4230.SE Red Sea Housing	333	Buy	2.6	Infrastructure	SAR	41.6	62.3	50%	2	2	3	00/	-23%	4.8%	7.4	6.9	11.0	10.0	9.2	15.7
NMTC.KW Wataniya Telecom	3,540	Buy	0.6	Telecom Wireless	KWD	1.94	2.70	39%	2	1	1	3%	4%	3.4%	3.5	3.0	7.4	9.4	7.7	12.4
ORTE.CA Orascom Telecom	2,807	Buy	5.4	Telecom Services	EGP	3.11	4.10	32%	2	1	4	11%	-30%	9.6%	1.9	1.4	6.3	5.1	3.8	18.1
QTEL.QA Qtel	7,115	Buy	1.8	Telecom Wireless	QAR	147	181	23%	3	2	3	7%	-1%	3.6%	4.7	4.0	7.1	7.0	6.1	10.2
SELL RATINGS																				
3060.SE Yanbu Cement Company	1,652	Sell	1.1	Building Materials	SAR	59.0	58.8	0%	2	3	2	6%	38%	6.0%	10.8	9.5	10.1	12.1	11.0	12.2
QGTS.QA Qatar Gas Transport	2,731	Sell	4.4	Shipping	QAR	18.0	17.7	-1%	4	3	4	-6%	-10%	6.5%	11.0	10.3	20.4	11.0	9.7	82.5
3040.SE Qassim Cement Company	1,620	Sell	1.8	Building Materials	SAR	67.5	65.6	-3%	4	1	1	-2%	8%	7.1%	10.2	10.2	9.9	12.8	12.8	12.3
2260.SE Sahara Petrochemical	1,720	Sell	14.9	Chemicals	SAR	22.1	21.3	-3%	1	4	4	-16%	-7%	2.3%	9.6	7.7		10.3	8.9	35.4
JTEL.AM Jordan Telecom	1,961	Sell	0.1	Telecom Wireless	JOD	5.56	5.37	-3%	4	2	1	3%	3%	6.7%	6.4	6.1	5.7	14.6	13.5	13.9
5110.SE Saudi Electricity Company (SEC)	14,775	Sell	13.4	Electric Utilities	SAR	13.3	12.5	-6%	2	4	4	-3%	-5%	5.3%	9.1	8.0	10.9	16.3	11.6	34.4
SUCE.CA Suez Cement Company	791	Sell	0.2	Building Materials	EGP	26.0	24.5	-6%	4	3	1	-39%	-34%	4.6%	4.7	4.2	4.5	12.3	10.0	6.6
ZAIN.KW Zain	13,034	Sell	9.7	Telecom Wireless	KWD	0.93	0.87	-6%	4	2	1	-1%	-38%	5.9%	5.8	5.2	7.7	10.1	9.5	11.1
2350.SE Saudi Kayan	7,519	Sell	48.8	Chemicals	SAR	18.8	15.5	-18%	1	3	4	-34%	-2%	4.0%	15.0	9.1		40.0	10.5	68.1
VFQS.QA Vodafone Qatar	1,751	Sell	0.8	Telecom Wireless	QAR	7.54	5.40	-28%	1	4	2	-27%	-9%	0.0%	20.2	12.3				
ODHN.S Orascom Development Holding AG	450	Sell	0.8	Developers	CHF	16.7	11.7	-30%	1	4	3	-46%	-70%	0.0%	16.2	10.1	12.0	29.8	12.7	19.5
7030.SE Zain KSA	2,053	Sell	16.3	Telecom Wireless	SAR	5.50	3.80	-31%	1	4	4	-27%	-29%	0.0%	15.8	11.2	84.5			
4030.SE The National Shipping Company of Saudi Arabia (NSCSA)	941	Sell	4.9	Shipping	SAR	11.2	7.11	-37%	4	4	4	-3%	-36%	3.6%	10.3	10.2	10.5	14.1	12.9	14.3
IAM.PA Maroc Telecom	15,207	Sell	0.2	Telecom Services	EUR	12.8	7.80	-39%	4	2	3	-1%	-4%	6.8%	8.0	8.0	8.0	14.8	14.9	15.0

All price targets have 12-month timeframe

Source: Goldman Sachs Research estimates, Factset, IBES, Datastream.

Our valuation approach is based on stock mid-cycle multiples

Our valuation approach is based on a stock's own mid-cycle multiples

Our valuation approach in setting our 12-month price targets is based on applying historical mid-cycle multiples. We use the stock's own 5-year median EV/EBITDA multiple and apply it to 2012E and 2013E earnings (thus capturing both the potential risk from the current economic slowdown and the potential upside from growth in 2013) and average the two.

Where this is not relevant, we use peer multiples

Where the stock's historical EV/EBITDA multiples have been volatile or there is a lack of trading history, for example if it has recently listed, we apply the mid-cycle (5-year median) EV/EBITDA of peers (regional or global, as appropriate, depending on the structure of the industry). In cases where EV/EBITDA is not relevant, we apply either the stock's mid-cycle P/E or that of its peers (e.g. highly geared companies or companies with material associates), P/B or SOTP for holdings.

We apply a 10% premium to high CROCI companies, a discount for low CROCI

We apply a premium/discount to historical multiples to take into account the company's cash returns (CROCI), gearing, potential legal risks and the holding nature of the group. Specifically, as illustrated in Exhibit 18, we apply a 10% premium to the historical multiples for companies moving into first-quartile CROCI and a 10% discount for those moving into four-quartile CROCI relative to the coverage group. This is to reflect the fact that historically companies moving into first-quartile CROCI tend to be rerated, while companies moving into four-quartile tend to derate - see our European Tactical Research team's December 2010 report *Europe – Cash generation at record highs: Reaping the rewards from reinvestment.*

Where we use peer multiples, we apply a 10% premium relative to peers for companies with first-quartile CROCI and a 10% discount for four-quartile CROCI companies relative to peers, to reflect the fact that high CROCI companies tend to trade at a premium (and low CROCI trade at a discount), as observed by our European Tactical Research team.

We apply a 10% discount for high gearing or liquidity risk

We apply a 10% discount for companies with increasing gearing (either where net debt/EBITDA is forecast to exceed 3x on average in 2012-13, or is already above that level and increasing further). If we use peer multiples, we apply a discount where the gearing is more than twice the peer group average. We also apply a 10% discount if we view the company as having material liquidity (or refinancing) risk. Conversely, for companies that are significantly improving their balance sheet, we apply a 10% premium.

For telcos, we use tax, capex and growth-adjusted multiples

For telecom stocks, we use EV/EBITDA multiples that are adjusted to reflect (1) different tax rates of the countries where they operate (which range from as low as 2.5% to above 50%, leading to significant differences in how much of the EBITDA can be converted to cash for shareholders); (2) capex efficiency measured as capex/sales; and (3) medium-term growth prospects.

And a 15%-25%-45% discount for holding companies and where there is legal uncertainty

For holdings we apply a 25% discount to the SOTP, in line with the historical discount observed for holdings in EMEA. As complex holdings tend to trade at larger discounts, we increase the discounts for complex holdings to 45%, while we halve it for focused holdings (holding with all subsidiaries in related industries). We also apply a 15% or 30% discount for potential legal risk (eg pending lawsuits or reputational risks), depending on their materiality.

Exhibit 18: We apply a set of rules to derive premia or discounts to historical multiples based on cash returns (CROCI), gearing, legal risk and holdings

If the stock has own history, w	ve apply a premium (discount) for	
CROCI	2012-13 CROCI relative to 2006-10 is moving into 1Q	10%
	2012-13 CROCI relative to 2006-10 is moving out of 1Q	-10%
	2012-13 CROCI relative to 2006-10 is moving out of 4Q	10%
	2012-13 CROCI relative to 2006-10 is moving into 4Q	-10%
Gearing	Net debt/EBITDA moving above 3x, or growing if already above this level or liquidity risk	-10%
-	Net debt/EBITDA moving below 3x	10%
Legal risk	Limited legal or reputational risk	-15%
	Significant legal risk	-30%
If we use peer multiples, we a	pply a premium (discount) for	
CROCI	1Q CROCI relative to peers	10%
	4Q CROCI relative to peers	-10%
Gearing	Net debt/EBITDA more than twice the sector average net debt/EBITDA or liquidity risk	-10%
	Net debt/EBITDA reducing to less than twice the sector average net debt/EBITDA	10%
Legal risk	Limited legal or reputational risk	-15%
-	Significant legal risk	-30%
For holdings, we apply a disco	ount based on the business mix:	
Focused holding	All subsidiaries in related businesses	-15%
Standard discount	Conglomerate holding, controlling different businesses	-25%
Complex holding	Holding with complex structure or corporate governance	-45%

Source: Goldman Sachs Research estimates.

Exhibit 19: Our price target methodology for new stocks under coverage (and for stocks where coverage is resumed) is based on applying the stock own historical 5-year (mid-cycle) multiple....

										Per sha	re value		Upside	/(downsid	le) to (
cker	Stock	Country	Ccy Sector	Current price	Market cap (in pricing currency)	Market cap (in US\$)	Methodology	Multiple used	Multiple used	2012E	2013E	Price target	2012E per share value	2013E pe share value	er Ave up (to tai
ock ow	n multiple														
80.SE	Almarai Company	Saudi Arabia	SAR Consumer Staples	91.8	21,103	5,627	EVEBITDA	Stock 5-year median	13.7	116	130	123	27%	41%	3
POT.AM	Arab Potash Company	Jordan	JOD Basic Materials	42	3,499	4,937	EVEBITDA	Stock 5-year median	11.6	67.0	72.6	69.8	59%	73%	
RMX.DU	Aramex	United Arab Emirates	AED Transportation	1.82	2,665	725	Other	Stock 5-year median	10.6	3.06	3.56	3.31	68%	96%	
CM.CS	Ciments du Maroc	Morocco	MAD Industrials	1000	14,436	1,743	EVEBITDA	Stock 5-year median	10.9	1142	1393	1268	14%	39%	
20.SE	Emaar the Economic City	Saudi Arabia	SAR Financial Services	6.4	5,440	1,450	PB	Stock 5-year median	1.0	8.66	8.69	8.67	35%	36%	;
40.SE	Fawaz Abdulaziz Alhokair and Company	Saudi Arabia	SAR Consumer Cyclicals	58	4.060	1.083	EVEBITDA	Stock 5-year median	11.10	81.5	90.6	86.1	41%	56%	
DL.CS	Holcim Maroc	Morocco	MAD Industrials	1800	7.578	915	EVEBITDA	Stock 5-year median	10.1	2485	2863	2674	38%	59%	
CD.QA	Industries Qatar	Qatar	QAR Basic Materials	136	74.635	20.496	EVEBITDA	Stock 5-year median	10.3	215	264	240	59%	94%	
90.SE	Jarir Marketing Company	Saudi Arabia	SAR Consumer Staples	203	8.130	2.168	EVEBITDA	Stock 5-year median	14.8	240	293	266	18%	44%	
PH.AM		Jordan	JOD Basic Materials	13.6	1.019	1.438	EVEBITDA	Stock 5-year median	8.7	24.8	29.5	27.1	82%	117%	
c.cs	Lafarge Ciments	Morocco	MAD Industrials	1448	25.295	3.054	EVEBITDA	Stock 5-year median	12.0	2009	2304	2157	39%	59%	
	Kuwait Food Company (Americana)	Kuwait	KWD Consumer Cyclicals	1.48	595	2.154	EVEBITDA	Stock 5-year median	6.6	1.88	2.01	1.94	27%	36%	
40.SE	Qassim Cement Company	Saudi Arabia	SAR Industrials	67.5	6.075	1.620	EVEBITDA	Stock 5-year median	9.9	65.6	65.5	65.6	-3%	-3%	
	Qatar National Cement Company	Qatar	QAR Industrials	109.1	5.357	1.471	EVEBITDA	Stock 5-year median	10.6	121	148	134	11%	36%	
	Qatar Navigation	Qatar	QAR Transportation	77.9	8.922	2.450	EVEBITDA	Stock 5-year median	5.3	106	112	109	36%	44%	
0.SE	Saudi Basic Industries Corporation (SABIC)	Saudi Arabia	SAR Basic Materials	95.8	287.250	76.589	EVEBITDA	Stock 5-year median	10.8	139	163	151	45%	70%	
0.SE	Saudi Arabia Fertilizer Company (SAFCO)	Saudi Arabia	SAR Basic Materials	184	45.875	12.232	EVEBITDA	Stock 5-year median	10.3	202	217	210	10%	18%	
0.SE	Saudi Ceramic Company	Saudi Arabia	SAR Industrials	138	3.438	917	EVEBITDA	Stock 5-year median	13.0	196	237	216	42%	72%	
0.SE	Saudi Dairy and Foodstuff Company (SADAFCO)	Saudi Arabia	SAR Consumer Staples	42.9	1.394	372	EVEBITDA	Stock 5-year median	9.6	68.4	71.7	70.1	59%	67%	
LA.BY	Solidere	Lebanon	USD Financial Services	13.5	2.718	2.718	EVEBITDA	Stock 5-year median	17.7	16.3	19.4	17.8	21%	43%	
0.SE	Southern Cement	Saudi Arabia	SAR Industrials	74.0	10.360	2,762	EVEBITDA	Stock 5-year median	11.0	90.4	92.3	91.4	22%	25%	
0.SE	Yamama Cement	Saudi Arabia	SAR Industrials	61.0	8.235	2,702	EVEBITDA	Stock 5-year median	10.9	78.7	82.1	80.4	29%	35%	
0.SE	Yanbu Cement Company	Saudi Arabia Saudi Arabia	SAR Industrials	59.0	6.195	1.652	EVEBITDA	Stock 5-year median	10.9	54.8	62.7	58.8	-7%	6%	
	n multiples with premium (discount)	Saudi Alabia	SAR IIIdustilais	59.0	0,195	1,052	EVEDITUA	Stock 5-year median	10.1	34.0	62.7	50.0	-170	076	
	Agility The Public Warehousing Company (Agility)	Kuwait	KWD Transportation	0.40	414	1.497	EVEBITDA	Stock 5-year median	3.2	0.39	0.51	0.45	-1%	29%	
A.DU	Air Arabia	United Arab Emirates	AED Transportation	0.40	2.921	795	Other	Stock 5-year median	8.8	0.39	1.26	1.10	50%	101%	
		United Arab Emirates United Arab Emirates	AED Iransportation AED Industrials	1.37	2,921	795 558		Stock 5-year median Stock 5-year median		1.32	1.68	1.10	-3%	23%	
D.SE	Arabtec Holding		SAR Financial Services			1.785	Other PE		5.4				-3% 48%		
	Dar Al Arkan Real Estate	Saudi Arabia	EGP Financial Services	6.20 1.24	6,696 1.300	217	PE PE	Stock 5-year median	8.5 7.0	9.2 1.76	11.5 2.19	10.4 1.97	48% 42%	86% 76%	
	Palm Hills Developments	Egypt			,			Stock 5-year median							
	Qatar Electricity and Water Company (QEWC)	Qatar	QAR Utilities	140	14,000	3,845	PE	Stock 5-year median	11.2	170	185	177	21%	32%	
SE.	Red Sea Housing	Saudi Arabia	SAR Industrials	41.6	1,248	333	EVEBITDA	Stock 5-year median	9.9	59.9	64.8	62.3	44%	56%	
.OM	Renaissance Services	Oman	OMR Energy	0.56	159	413	EVEBITDA	Stock 5-year median	5.1	0.50	0.82	0.66	-11%	46%	
D.SE	Saudi Arabian Amiantit Company	Saudi Arabia	SAR Industrials	14.7	1,692	451	EVEBITDA	Stock 5-year median	6.3	16.4	16.7	16.6	12%	14%	
R.AD	Sorouh Real Estate	United Arab Emirates	AED Financial Services	0.97	2,546	693	PE	Stock 5-year median	9.4	1.61	1.86	1.73	66%	92%	
E.CA		Egypt	EGP Industrials	26.0	4,736	791	EVEBITDA	Stock 5-year median	4.1	23.4	25.5	24.5	-10%	-2%	
	Talaat Mostafa Group Holding Company (TMG Holding)	Egypt	EGP Financial Services	3.29	6,789	1,135	PE	Stock 5-year median	12.4	4.24	5.83	5.04	29%	77%	
0.SE	The National Shipping Company of Saudi Arabia (NSCS.	A) Saudi Arabia	SAR Transportation	11.2	3,528	941	EVEBITDA	Stock 5-year median	8.4	6.98	7.24	7.11	-38%	-35%	

Source: Goldman Sachs Research estimates

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Exhibit 20: ...or peer multiples where the stock own multiples have been volatile or history limited MENA price target methodology, continued

					Market cap (in					Per sha	re value			(downside	Avora
Γicker	Stock	Country	Ccy Sector	Current price	pricing currency)	Market ca (in US\$)	Methodology	Multiple used	Multiple used	2012E	2013E	Price target	2012E per share	share	Avera r upsid (to pri
					, ,								value	value	targ
eer mult															
	Abu Dhabi National Energy (Taqa)	United Arab Emirates United Arab Emirates	AED Utilities	1.22	7,595 990	2,068 270	PE EVEBITDA	Regional energy 5-year median	7.8 10.2	1.89 2.52	1.98 3.10	1.94 2.81	55% 52%	63% 88%	59% 70%
3010.SE	Agthia Group Arabian Cement	Saudi Arabia	AED Consumer Staples SAR Industrials	1.65 42.2	3,376	900	EVEBITDA	Global food 5-year median	10.2	73.6	75.4	74.5	52% 74%	79%	769
OSI.DU	Drake and Scull International	United Arab Emirates	AED Industrials	0.83	1.770	482	EVEBITDA	Regional cement 5-year medina Global construction 5-year median	8.6	1.45	1.64	1.54	76%	98%	879
	Emaar Properties	United Arab Emirates	AED Financial Services	2.66	16,203	4,411	PE	Global real estate developers 5-year median	13.9	4.52	4.28	4.40	70%	61%	65%
	I Galfar Engineering & Contracting	Oman	OMR Industrials	0.35	116	300	EVEBITDA	Global construction 5-year median	8.6	0.54	0.53	0.53	54%	51%	529
	GB Auto	Egypt	EGP Consumer Cyclicals	23.8	3,066	513	EVEBITDA	Global autos 5-year median	7.1	23.3	33.2	28.3	-2%	40%	199
3001.SE	Halwani Brothers	Saudi Arabia	SAR Consumer Staples	35.5	1.014	270	EVEBITDA	Global food 5-year median	10.2	47.0	55.3	51.1	32%	56%	449
MOIL.CA	Maridive and Oil Services	Egypt	USD Energy	1.77	544	544	EVEBITDA	Global oil services 5-year median	7.0	2.15	2.91	2.53	21%	65%	439
QGTS.QA	Qatar Gas Transport	Qatar	QAR Transportation	18.0	9,946	2,731	PE	Global shipping 5-year median	10.2	16.6	18.8	17.7	-8%	5%	-19
2380.SE	Rabigh Refineries and Petrochemicals (Petro Rabigh)	Saudi Arabia	SAR Basic Materials	22.7	19,841	5,290	EVEBITDA	Global chemicals 5-year median	8.2	19.1	27.6	23.3	-16%	22%	3%
2260.SE	Sahara Petrochemical	Saudi Arabia	SAR Basic Materials	22.1	6,450	1,720	EVEBITDA	Global chemicals 5-year median	8.2	19.3	23.5	21.4	-12%	7%	-3%
3030.SE	Saudi Cement Company (SCC)	Saudi Arabia	SAR Industrials	63.3	9,677	2,580	EVEBITDA	Regional cement 5-year median	10.9	67.5	75.9	71.7	7%	20%	13%
1320.SE	Saudi Steel Pipe	Saudi Arabia	SAR Industrials	24.9	1,270	339	EVEBITDA	Global construction 5-year median	8.6	24.4	31.2	27.8	-2%	25%	12%
OCDI.CA		(£Egypt	EGP Financial Services	12.9	1,172	196	PE	Global real estate developers 5-year median	13.9	11.5	24.8	18.2	-11%	92%	41%
	iples with premium (discount)	OII A	CAD Industrials	54.5	0.400	507				04.4	70.4		050/	400/	
	Al Khodari	Saudi Arabia	SAR Industrials	51.5	2,189	584	EVEBITDA	Global construction 5-year median	9.5	64.4	73.4	68.9	25%	42%	34%
1001.SE ADNH.AD	Abu Dhahi National Hatela	Saudi Arabia	SAR Consumer Staples	95.0 2.50	2,157 2,500	575	EVEBITDA	Regional retail 5-year median	10.9	137 2.63	167 2.63	152	44% 5%	76%	60%
330.SE	Abu Dhabi National Hotels Advanced Petrochemical Company	United Arab Emirates Saudi Arabia	AED Consumer Cyclicals SAR Basic Materials	2.50	2,500 3.916	681 1.044	EVEBITDA EVEBITDA	Global hotels 5-year median Global chemicals 5-year median	8.0 9.0	47.5	2.63 51.0	2.63 49.2	5% 71%	5% 84%	5% 78%
ALDR AD		United Arab Emirates	AED Financial Services	1.03	3,910	948	PE	Global real estate developers 5-year median	12.5	0.70	1.73	1.22	-32%	68%	18%
	Dana Gas	United Arab Emirates	AED Energy	0.55	3,630	988	PE	Regional energy 5-year median	7.0	0.70	0.88	0.79	27%	60%	43%
	Elsewedy Electric Company	Egypt	EGP Industrials	20.0	4.471	747	EVEBITDA	Global capital good 5-year median	7.8	25.5	32.2	28.9	28%	61%	44%
	Egyptian Resorts Company (ERC)	Egypt	EGP Financial Services	0.96	1,008	168	PE	Global real estate developers 5-year median	9.7	0.66	1.42	1.04	-31%	48%	8%
	ezzsteel	Egypt	EGP Basic Materials	5.50	2.988	499	EVEBITDA	Global steel 5-year median	4.4	5.93	10.0	7.97	8%	82%	45%
002.SE		Saudi Arabia	SAR Consumer Cyclicals	74.8	2,243	598	EVEBITDA	Global restaurants&pubs 5-year median	10.3	77.3	93.6	85.5	3%	25%	14%
IUFO.CA	Juhayna Food Industries	Egypt	EGP Consumer Staples	4.50	3,269	546	EVEBITDA	Global food 5-year median	11.2	7.16	8.48	7.82	59%	88%	74%
2060.SE	National Industrialization Company (Tasnee)	Saudi Arabia	SAR Basic Materials	39.7	22,130	5,900	EVEBITDA	Global chemicals 5-year median	9.8	66.5	75.1	70.8	68%	89%	78%
DCAB.OM	I Oman Cables Industry	Oman	OMR Industrials	0.73	65	169	EVEBITDA	Global capital good 5-year median	9.4	0.83	1.00	0.91	15%	38%	26%
DDHN.S	Orascom Development Holding AG	Egypt	CHF Financial Services	16.7	413	450	PE	Global real estate developers 5-year median	12.5	7.01	16.4	11.7	-58%	-2%	-30%
RKCE.AD		United Arab Emirates	AED Industrials	1.50	1,115	304	EVEBITDA	Global construction 5-year median	6.9	2.66	2.94	2.80	77%	96%	87%
2110.SE	Saudi Cable Company	Saudi Arabia	SAR Industrials	11.75	893	238	EVEBITDA	Global capital good 5-year median	8.4	9.58	15.3	12.4	-18%	30%	6%
2290.SE	Yanbu National Petrochemicals (YANSAB)	Saudi Arabia	SAR Basic Materials	44.4	24,975	6,659	EVEBITDA	Global chemicals 5-year median	9.0	67.2	82.4	74.8	51%	86%	69%
2240.SE	Zamil Industrial Investment Company	Saudi Arabia	SAR Industrials	26.2	1,572	419	PE	Global construction 5-year median	12.5	32.5	36.6	34.6	24%	40%	32%
	x, growth, capex adjusted multiples)	Bahrain	BHD Telecom Services	0.39	567	4.505	Other	T-1	5.9	0.00	0.00	0.04	E00/	58%	55%
DU.DU	Bahrain Telecom Emirates Integrated Telecommunications Company (Du)	United Arab Emirates	AED Telecom Services	2.88	13.166	1,505 3,584	Other	Telcos growt, tax and capex adjusted multiple	4.5	0.60 3.23	0.62 3.87	0.61 3.55	53% 12%	34%	23%
ETEL.AD	Emirates Telecommunications Company (Du)	United Arab Emirates	AED Telecom Services	9.99	78,982	21,503	Other	Telcos growt, tax and capex adjusted multiple Telcos growt, tax and capex adjusted multiple	4.5	11.6	13.0	12.3	16%	30%	23%
020.SE	Etihad Etisalat Co	Saudi Arabia	SAR Telecom Services	51.0	35,700	9,519	Other	Telcos growt, tax and capex adjusted multiple Telcos growt, tax and capex adjusted multiple	5.7	58.8	58.8	58.8	15%	15%	15%
ITEL.AM	Jordan Telecom	Jordan	JOD Telecom Services	5.56	1.390	1.961	Other	Telcos growt, tax and capex adjusted multiple Telcos growt, tax and capex adjusted multiple	6.0	5.26	5.48	5.37	-5%	-1%	-3%
	Omani Qatari Telecommunication Company (Nawras)	Oman	OMR Telecom Services	0.62	406	1,053	Other	Telcos growt, tax and capex adjusted multiple	6.1	0.80	0.95	0.87	28%	52%	40%
OTL.OM	Oman Telecom	Oman	OMR Telecom Services	1.20	897	2.328	Other	Telcos growt, tax and capex adjusted multiple	4.9	1.59	1.68	1.63	33%	40%	37%
010.SE	Saudi Telecom Company	Saudi Arabia	SAR Telecom Services	33.3	66,600	17,757	Other	Telcos growt, tax and capex adjusted multiple	5.6	39.6	39.6	39.6	19%	19%	19%
/FQS.QA	Vodafone Qatar	Qatar	QAR Telecom Services	7.54	6,374	1,751	Other	Telcos growt, tax and capex adjusted multiple	8.0	5.40	5.40	5.40	-28%	-28%	-28%
	Zain KSA	Saudi Arabia	SAR Telecom Services	5.50	7,700	2,053	Other	Telcos growt, tax and capex adjusted multiple	7.6	3.80	3.80	3.80	-31%	-31%	-31%
	thodology														
1200.SE	Aldrees Petroleum and Transport Services	Saudi Arabia	SAR Consumer Cyclicals	41.8	1,045	279	SOTP	SOTP of retail and transport businesses		56.6	61.6	59.1	35%	47%	41%
2002.SE	National Petrochemicals Company (Petrochem)	Saudi Arabia	SAR Basic Materials	21.7	10,416	2,777	Other	Global chemicals 5-yr med applied to 2013		18.8	28.3	23.6	-13%	31%	9%
1211.SE	Saudi Arabian Mining (Maaden)	Saudi Arabia	SAR Basic Materials	25.9	23,958	6,388	SOTP	Peer multiples for DAP IC for alumininium		24.8	47.0	35.9	-4%	81%	39%
5110.SE	Saudi Electricity Company (SEC)	Saudi Arabia	SAR Utilities	13.3	55,416	14,775	Other	Historical dividend yield method		12.5	12.5	12.5	-6%	-6%	-6%
2350.SE	Saudi Kayan	Saudi Arabia	SAR Basic Materials	18.8	28,200	7,519	Other	Global chemicals 5-year median applied to 2013		15.5	15.5	15.5	-18%	-18%	-189
2310.SE	Saudi International Petrochemicals (Sipchem)	Saudi Arabia	SAR Basic Materials	20.0	7,333	1,955	Other	Global chemicals 5-year median, IC for expansion		23.8	30.4	27.1	19%	52%	35%
Holdings CCAP.CA	Citadel Capital	□ m mt	EGP Financial Services	3.11	2.711	453	SOTP			4.12	4.12	4.12	32%	32%	32%
CAP.CA KPRO.KW		Egypt Kuwait	KWD Financial Services	0.32	401	1.451	SOTP			0.39	0.39	0.39	32% 24%	32% 24%	24%
CIC.CA		Egypt	EGP Industrials	228	46,853	7,831	SOTP			365	411	388	60%	81%	719
2250.SE	Saudi Industrial Investment Group (SIIG)	Saudi Arabia	SAR Basic Materials	19.4	8,708	2.322	SOTP			26.2	30.0	28.1	36%	55%	45%
2050.SE	Savola Group	Saudi Arabia	SAR Consumer Staples	25.9	12,950	3,453	SOTP			37.0	42.6	39.8	43%	64%	54%

Source: Goldman Sachs Research estimates

Exhibit 21: We also apply a premium/discount for high returns (CROCI), gearing, legal risk and holding structure of the companies Premium/discounts applied to MENA stocks' historical or peer multiples

	CROCI	Gearing	Legal risk	Holding	Sum premia (discount)	Reason for premium / (discount)	Reason for not using stock own EV/EBITDA
Stock own multiples with premium (discount)							
Air Arabia		-10%			-10%	Weaker balance sheet going forward	Adjusted for leases (using EV/EBITDAR)
Agility The Public Warehousing Company (Agility)	-10%		-30%		-40%	Major legal risk (major lawsuit); CROCI moving into 4Q	
Arabtec Holding	-10%				-10%	CROCI moving out of 1Q	Adjusted for leases (using EV/EBITDAR)
Dar Al Arkan Real Estate	-10%	-10%			-20%	CROCI moving into 4Q; gearing increasing above 3x net debt/EBITDA	Using PE for real estate
Palm Hills Developments	-10%	-10%	-15%		-35%	Minor legal risk; CROCI moving into 4Q; liquidity risk	Using PE for real estate
Qatar Electricity and Water Company (QEWC)	10%				10%	CROCI moving into 1Q	EV/EBITDA volatile, P/E consistent
Red Sea Housing	-10%				-10%	CROCI moving into 4Q	
Renaissance Services			-15%		-15%	Potenatial reputational risk	
Saudi Arabian Amiantit Company	-10%				-10%	CROCI moving into 4Q	
Sorouh Real Estate	-10%				-10%	CROCI moving into 4Q	Using PE for real estate
Suez Cement Company	-10%				-10%	CROCI moving into 4Q	J G
Talaat Mostafa Group Holding Company (TMG Holding)			-15%		-15%	Minor legal risk (relating to part of land bank)	Using PE for real estate
The National Shipping Company of Saudi Arabia (NSCSA)	-10%	-10%			-20%	CROCI moving into 4Q; gearing increasing above 3x net debt/EBITDA	J G
Peer multiples with premium (discount)							
Al Khodari	10%				10%	1Q CROCI relative to peers	Limited history
Abdullah Al Othaim Markets Company	10%				10%	1Q CROCI relative to peers	Limited history
Abu Dhabi National Hotels	-10%	-10%			-20%	4Q CROCI relative to peers; high gearing relative to peers	Volatile multiples
Advanced Petrochemical Company	10%				10%	1Q CROCI relative to peers	Limited history
Aldar Properties		-10%			-10%	Balance sheet/convertible dilution	Volatile multiples
Dana Gas		-10%			-10%	Liquidity risk	Volatile multiples
Elsewedy Electric Company		-10%	-15%		-25%	Minor legal risk (Syria and Libya); high gearing relative to peers	Volatile multiples
Egyptian Resorts Company (ERC)			-30%		-30%	Major legal risk (risk to land bank)	No EBITDA
ezzsteel			-30%		-30%	Major legal risk (lawsuit against chairman and major shareholder)	Volatile multiples
Herfy	10%		0070		10%	1Q CROCI relative to peers	Limited history
Juhavna Food Industries	10%				10%	1Q CROCI relative to peers	Limited history
National Industrialization Company (Tasnee)	10%	10%			20%	1Q CROCI relative to peers; degearing	Volatile multiples
Oman Cables Industry	,	-10%			-10%	High gearing relative to peers	Volatile multiples
Orascom Development Holding AG		-10%			-10%	High gearing relative to peers	Using PE for real estate
Ras Al Khaimah Ceramic Company (RAK Ceramics)	-10%	-10%			-20%	4Q CROCI relative to peers; high gearing relative to peers	Volatile multiples
Saudi Cable Company	-10%	-10%			-20%	4Q CROCI relative to peers, high gearing relative to peers	Volatile multiples
Yanbu National Petrochemicals (YANSAB)	10%	1070			10%	1Q CROCI relative to peers	Limited history
Zamil Industrial Investment Company	-10%				-10%	4Q CROCI relative to peers	Volatile multiples
Holdings	-10 /6				-10 /6	4Q CINOCITEIALIVE to peers	Volatile multiples
Citadel Capital				-25%	-25%	Holding	Holding
Kipco				-25 <i>%</i> -15%	-25 <i>%</i> -15%	Focused holding	Focused holding
Orascom Construction Industries				-15%	-15 <i>%</i> -25%	Holding Holding	Holding
Saudi Industrial Investment Group (SIIG)				-25 <i>%</i> -15%	-25 <i>%</i> -15%	Focused holding	Focused holding
Savola Group				-15% -25%	-15% -25%	Focused floiding Holding	Holding
σανοία Θιουρ				-23/0	-23 /0	Holding	Holding

Source: Goldman Sachs Research estimates

We now cover 121 stocks in the MENA region

We are initiating coverage on 80 new stocks and resuming coverage on 10 stocks

Exhibit 22: MENA stocks, price targets and ratings under our coverage

Sorted by country, then by company name alphabetically

Ticker	Company Name	Country	GS Industry LvI 1	GS Industry Lvl 2	Rating	Market cap (US\$mn)	ADV -12m (US\$mn)	Currency	Price	Price target	Potential upside/ PT Period (downside)	Primary analyst
	Bahrain Telecom	Bahrain	Telecom Services	Wireless	Buy	1,505	0.1	BHD	0.39	0.61	55% 12 months	
	Citadel Capital	Egypt	Financial Services	Diversified Financials	Neutral	453	3.1	EGP	3.11	4.12	32% 12 months	
	Commercial International Bank (Egypt)	Egypt	Financial Services	Banks	Neutral	2,365	9.4	EGP	23.7	34.7	46% 2 years	Waleed Mohsin
	EFG Hermes	Egypt	Financial Services	Banks	Neutral	976	3.7	EGP	12.2	19.1	57% 2 years	Waleed Mohsin
	Egyptian Resorts Company (ERC)	Egypt	Financial Services	Real Estate	Neutral	168	1.2	EGP	0.96	1.04		Eshan Toorabally, CFA
	Elsewedy Electric Company	Egypt	Industrials	Capital Goods	Neutral	747	1.3	EGP	20.0	28.9		Arsalan Mustafa, CFA
ESRS.CA AUTO.CA		Egypt	Basic Materials Consumer Cyclicals	Steel	Neutral Neutral	499 513	2.6 0.4	EGP EGP	5.50 23.8	7.97 28.3	45% 12 months	
	Juhayna Food Industries	Egypt		Food		513 546	0.4	EGP	23.6 4.50	26.3 7.82		Eshan Toorabally, CFA
	Maridive and Oil Services	Egypt	Consumer Staples		Buy	546 544	1.0	USD	4.50 1.77	2.53	74% 12 months	
EMOB.CA		Egypt	Energy	Energy: Oil Services Telecom Services	Neutral Neutral	1.677		EGP	1.77	98.0	43% 12 months	Alexander Balakhnin
	Orascom Construction Industries	Egypt	Telecom Services Industrials	Construction	Buy	7,831	1.3 6.3	EGP	228	388		
ODHN.S	Orascom Development Holding AG	Egypt Egypt	Financial Services	Real Estate	Sell	450	0.8	CHF	16.7	11.7		Eshan Toorabally, CFA Eshan Toorabally, CFA
	Orascom Telecom	Egypt	Telecom Services	Telecom Services	Buy	2.807	5.4	EGP	3.11	4.10		Alexander Balakhnin
	Palm Hills Developments	Egypt	Financial Services	Real Estate	Buy	2,607	2.2	EGP	1.24	1.97		Eshan Toorabally, CFA
	Sixth of October Development and Investment Company (SODIC)	Egypt	Financial Services	Real Estate	Neutral	196	0.7	EGP	12.9	18.2		Eshan Toorabally, CFA
	Suez Cement Company	Egypt	Industrials	Construction	Sell	791	0.2	EGP	26.0	24.5		Eshan Toorabally, CFA
	Talaat Mostafa Group Holding Company (TMG Holding)	Egypt	Financial Services	Real Estate	Buy	1.135	3.5	EGP	3.29	5.04		Eshan Toorabally, CFA
	Telecom Egypt	Egypt	Telecom Services	Telecom Services	Neutral	3.977	2.0	EGP	13.9	16.0		Alexander Balakhnin
	Arab Potash Company	Jordan	Basic Materials	Agriculture	Buy	4,937	0.1	JOD	42.0	69.8	66% 12 months	
	Jordan Phosphate Mines Co.	Jordan	Basic Materials	Agriculture	Buy	1,438	0.5	JOD	13.6	27.1	99% 12 months	
	Jordan Telecom	Jordan	Telecom Services	Wireless	Sell	1,961	0.1	JOD	5.56	5.37	-3% 12 months	
	Agility The Public Warehousing Company (Agility)	Kuwait	Transportation	Transportation: Logistics	Neutral	1,497	2.4	KWD	0.40	0.45		Eshan Toorabally, CFA
	Burgan Bank	Kuwait	Financial Services	Banks	Neutral	2,421	2.8	KWD	0.47	0.60	28% 2 years	Waleed Mohsin
	Commercial Bank of Kuwait	Kuwait	Financial Services	Banks	Sell	3.684	0.7	KWD	0.80	0.75	-7% 2 years	Waleed Mohsin
KPRO.KW		Kuwait	Financial Services	Diversified Financials	Neutral	1,451	1.2	KWD	0.32	0.39	•	Arsalan Mustafa, CFA
	Kuwait Finance House	Kuwait	Financial Services	Banks	Sell	8.403	7.3	KWD	0.90	0.95	6% 2 years	Waleed Mohsin
	Kuwait Food Company (Americana)	Kuwait	Consumer Cyclicals	Restaurants & Pubs	Neutral	2,154	0.4	KWD	1.48	1.94	31% 12 months	
NBKK.KW	National Bank of Kuwait	Kuwait	Financial Services	Banks	Neutral	16,561	9.9	KWD	1.16	1.42	22% 2 years	Waleed Mohsin
NMTC.KW	Wataniya Telecom	Kuwait	Telecom Services	Wireless	Buy	3,540	0.6	KWD	1.94	2.70	39% 12 months	Alexander Balakhnin
ZAIN.KW	Zain	Kuwait	Telecom Services	Wireless	Sell	13,034	9.7	KWD	0.93	0.87	-6% 12 months	Alexander Balakhnin
SOLA.BY	Solidere	Lebanon	Financial Services	Real Estate	Neutral	2,718	0.7	USD	13.5	17.8	32% 12 months	Eshan Toorabally, CFA
SCM.CS	Ciments du Maroc	Morocco	Industrials	Construction	Neutral	1,743	0.2	MAD	1,000	1,268	27% 12 months	Eshan Toorabally, CFA
HOL.CS	Holcim Maroc	Morocco	Industrials	Construction	Neutral	915	0.3	MAD	1,800	2,674	49% 12 months	Eshan Toorabally, CFA
AC.CS	Lafarge Ciments	Morocco	Industrials	Construction	Neutral	3,054	0.6	MAD	1,448	2,157	49% 12 months	Eshan Toorabally, CFA
AM.PA	Maroc Telecom	Morocco	Telecom Services	Telecom Services	Sell	15,207	0.2	EUR	12.8	7.80	-39% 12 months	Alexander Balakhnin
GECS.OM	Galfar Engineering & Contracting	Oman	Industrials	Construction	Buy	300	0.5	OMR	0.35	0.53	51% 12 months	Eshan Toorabally, CFA
OCAB.OM	Oman Cables Industry	Oman	Industrials	Capital Goods	Neutral	169	0.1	OMR	0.70	0.91	31% 12 months	Arsalan Mustafa, CFA
OTL.OM	Oman Telecom	Oman	Telecom Services	Wireless	Neutral	2,328	0.6	OMR	1.20	1.63	36% 12 months	Matija Gergolet
NWRS.OM	Omani Qatari Telecommunication Company (Nawras)	Oman	Telecom Services	Wireless	Neutral	1,053	1.0	OMR	0.62	0.87	40% 12 months	Matija Gergolet
	Renaissance Services	Oman	Energy	Energy: Oil Services	Neutral	413	1.5	OMR	0.56	0.66	17% 12 months	
	Commercial Bank of Qatar	Qatar	Financial Services	Banks	Buy	5,579	5.3	QAR	82.1	114	39% 12 months	
OOBK.QA	Doha Bank	Qatar	Financial Services	Banks	Neutral	3,576	4.2	QAR	63.0	71.3	13% 12 months	Waleed Mohsin
QCD.QA	Industries Qatar	Qatar	Basic Materials	Chemicals	Buy	20,496	12.2	QAR	136	240	77% 12 months	Matija Gergolet
DEWC OA	Qatar Electricity and Water Company (QEWC)	Qatar	Utilities	Utilities: Power	Neutral	3.845	2.5	QAR	140	177	26% 12 months	Matija Gergolet

Source: Goldman Sachs Research. Shaded rows refer to existing coverage prior to this report.

Exhibit 22 cont'd: MENA stocks, price targets and ratings under our coverage Sorted by country, then by company name alphabetically

						Market	ADV -12m			Price	Potential
Ticker	Company Name	Country	GS Industry Lvl 1	GS Industry LvI 2	Rating	cap (US\$mn)	(US\$mn)	Currency	Price	target	upside/ PT Period Primary analyst (downside)
QGTS.QA	Qatar Gas Transport	Qatar	Transportation	Transportation: Shipping	Sell	2,731	4.4	QAR	18.0	17.7	-1% 12 months Matija Gergolet
QISB.QA	Qatar Islamic Bank	Qatar	Financial Services	Banks	Sell	5,112	4.8	QAR	82.2	87.5	6% 12 months Waleed Mohsin
QNBK.QA	Qatar National Bank	Qatar	Financial Services	Banks	Buy	26,535	8.4	QAR	152	197	30% 12 months Waleed Mohsin
QANC.QA	Qatar National Cement Company	Qatar	Industrials	Construction	Neutral	1,471	0.6	QAR	109	134	23% 12 months Eshan Toorabally, CFA
	Qatar Navigation	Qatar	Transportation	Transportation: Infrastructure	Neutral	2,450	2.1	QAR	77.9	109	40% 12 months Eshan Toorabally, CFA
QTEL.QA		Qatar	Telecom Services	Wireless	Buy	7,115	1.8	QAR	147	181	23% 12 months Alexander Balakhnin
	Vodafone Qatar	Qatar	Telecom Services	Wireless	Sell	1,751	0.8	QAR	7.54	5.40	-28% 12 months Matija Gergolet
1330.SE	Abdullah Abdul Mohsin Al-Khodari Sons Company (Al Khodari)	Saudi Arabia		Construction	Neutral	584	4.0	SAR	51.5	68.9	34% 12 months Eshan Toorabally, CFA
	Abdullah Al Othaim Markets Company		Consumer Staples	Retail (Consumer Staples)	Buy	575	3.2	SAR	95.0	152	60% 12 months Arsalan Mustafa, CFA
	Advanced Petrochemical Company		Basic Materials	Chemicals	Buy	1,044	10.6	SAR	27.7	49.2	78% 12 months Arsalan Mustafa, CFA
4200.SE	Aldrees Petroleum and Transport Services	Saudi Arabia	Consumer Cyclicals	Retail	Neutral	279	1.4	SAR	41.8	59.1	41% 12 months Arsalan Mustafa, CFA
2280.SE	Almarai Company	Saudi Arabia	Consumer Staples	Food	Neutral	5,627	6.6	SAR	91.8	123.0	34% 12 months Matija Gergolet
	Al-Rajhi Bank		Financial Services	Banks	Neutral	27,496	24.5	SAR	68.8	91.4	33% 12 months Waleed Mohsin
	Arab National Bank		Financial Services	Banks	Buy	6,323	1.5	SAR	27.9	40.7	46% 12 months Waleed Mohsin
	Arabian Cement	Saudi Arabia		Construction	Buy	900	3.8	SAR	42.2	74.5	77% 12 months Eshan Toorabally, CFA
1050.SE	Banque Saudi Fransi		Financial Services	Banks	Buy	8,022	1.7	SAR	41.6	63.0	51% 12 months Waleed Mohsin
	Dar Al Arkan Real Estate Development Company (Dar Al-Arkan)		Financial Services	Real Estate	Buy	1,785	11.3	SAR	6.20	10.4	67% 12 months Eshan Toorabally, CFA
4220.SE	Emaar the Economic City		Financial Services	Real Estate	Neutral	1,450	11.1	SAR	6.40	8.67	35% 12 months Eshan Toorabally, CFA
7020.SE	Etihad Etisalat Co		Telecom Services	Wireless	Neutral	9,519	17.2	SAR	51.0	58.8	15% 12 months Alexander Balakhnin
	Fawaz Abdulaziz Alhokair and Company		Consumer Cyclicals		Neutral	1,083	2.5	SAR	58.0	86.1	48% 12 months Arsalan Mustafa, CFA
	Halwani Brothers		Consumer Staples	Food	Neutral	270	3.0	SAR	35.5	51.1	44% 12 months Arsalan Mustafa, CFA
	Herfy		Consumer Cyclicals		Neutral	598	1.2	SAR	74.8	85.5	14% 12 months Matija Gergolet
4190.SE	Jarir Marketing Company		Consumer Staples	Retail (Consumer Staples)	Neutral	2,168	1.8	SAR	203	266	31% 12 months Arsalan Mustafa, CFA
	National Industrialization Company (Tasnee)		Basic Materials	Chemicals	Buy	5,900	17.3	SAR	39.7	70.8	78% 12 months Matija Gergolet
	National Petrochemicals Company (Petrochem)		Basic Materials	Chemicals	Neutral	2,777	8.5	SAR	21.7	23.6	9% 12 months Matija Gergolet
3040.SE	Qassim Cement Company	Saudi Arabia		Construction	Sell	1,620	1.8	SAR	67.5	65.6	-3% 12 months Eshan Toorabally, CFA
2380.SE	Rabigh Refineries and Petrochemical (Petro Rabigh)		Basic Materials	Chemicals	Neutral	5,290	17.8	SAR	22.7	23.3	3% 12 months Matija Gergolet
4230.SE	Red Sea Housing	Saudi Arabia		Construction	Buy	333	2.6	SAR	41.6	62.3	50% 12 months Arsalan Mustafa, CFA
1010.SE	Riyad bank		Financial Services	Banks	Neutral	9,419	2.5	SAR	23.6	29.0	23% 12 months Waleed Mohsin
2260.SE	Sahara Petrochemical		Basic Materials	Chemicals	Sell	1,720	14.9	SAR	22.1	21.3	-3% 12 months Matija Gergolet
	SAMBA		Financial Services	Banks	Buy	11,374	3.3	SAR	47.4	86.0	81% 12 months Waleed Mohsin
2020.SE	Saudi Arabia Fertilizer Company (SAFCO)		Basic Materials	Agriculture	Neutral	12,232	8.9	SAR	184	210	14% 12 months Matija Gergolet
2160.SE	Saudi Arabian Amiantit Company	Saudi Arabia		Construction	Neutral	451	4.8	SAR	14.7	16.6	13% 12 months Arsalan Mustafa, CFA
1211.SE	Saudi Arabian Mining (Maaden)		Basic Materials	Metals & Mining	Neutral	6,388	19.7	SAR	25.9	35.9	39% 12 months Matija Gergolet
	Saudi Basic Industries Corporation (SABIC)		Basic Materials	Chemicals	Buy	76,589	161.3	SAR	96	151	58% 12 months Matija Gergolet
1060.SE	Saudi British Bank		Financial Services	Banks	Buy	7,999	1.5	SAR	40.0	55.3	38% 12 months Waleed Mohsin
2110.SE	Saudi Cable Company	Saudi Arabia		Capital Goods	Neutral	238	6.1	SAR	11.8	12.4	6% 12 months Arsalan Mustafa, CFA
3030.SE	Saudi Cement Company (SCC)	Saudi Arabia		Construction	Neutral	2,580	3.3	SAR	63.3	71.7	13% 12 months Eshan Toorabally, CFA
2040.SE	Saudi Ceramic Company	Saudi Arabia		Construction	Buy	917	1.7	SAR	138	216	57% 12 months Eshan Toorabally, CFA
2270.SE	Saudi Dairy and Foodstuff Company (SADAFCO)		Consumer Staples	Food	Buy	372	3.4	SAR	42.9	70.1	63% 12 months Arsalan Mustafa, CFA
5110.SE	Saudi Electricity Company (SEC)	Saudi Arabia		Utilities: Power	Sell	14,775	13.4	SAR	13.3	12.5	-6% 12 months Matija Gergolet
	Saudi Industrial Investment Group (SIIG)		Basic Materials	Chemicals	Neutral	2,322	8.1	SAR	19.4	28.1	45% 12 months Matija Gergolet
2310.SE	Saudi International Petrochemicals (Sipchem)		Basic Materials	Chemicals	Neutral	1,955	11.6	SAR	20.0	27.1	36% 12 months Arsalan Mustafa, CFA
2350.SE	Saudi Kayan		Basic Materials	Chemicals	Sell	7,519	48.7	SAR	18.8	15.5	-18% 12 months Matija Gergolet
	Saudi Steel Pipe	Saudi Arabia	Industrials	Construction	Neutral	339	1.8	SAR	24.9	27.8	12% 12 months Arsalan Mustafa, CFA
All price ta	rgets have 12-month timeframe										

Source: Goldman Sachs Research. Shaded rows refer to existing coverage prior to this report.

Exhibit 22 cont'd: MENA stocks, price targets and ratings under our coverage Sorted by country, then by company name alphabetically

Ticker	Company Name	Country	GS Industry Lvl 1	GS Industry Lvl 2	Rating	Market cap (US\$mn)	ADV -12m (US\$mn)	Currency	Price	Price target	Potential upside/ PT Period Primary analyst (downside)
7010.SE	Saudi Telecom Company	Saudi Arabia	Telecom Services	Telecom Services	Neutral	17,757	9.2	SAR	33.3	39.6	19% 12 months Alexander Balakhnin
2050.SE	Savola Group	Saudi Arabia	Consumer Staples	Food	Buy	3,453	3.5	SAR	25.9	39.8	54% 12 months Matija Gergolet
3050.SE	Southern Cement	Saudi Arabia	Industrials	Construction	Neutral	2,762	0.6	SAR	74.0	91.4	24% 12 months Eshan Toorabally, CF
4030.SE	The National Shipping Company of Saudi Arabia (NSCSA)		Transportation	Transportation: Shipping	Sell	941	4.9	SAR	11.2	7.11	-37% 12 months Eshan Toorabally, CF
3020.SE	Yamama Cement	Saudi Arabia	Industrials	Construction	Neutral	2.196	2.2	SAR	61.0	80.4	32% 12 months Eshan Toorabally, CF
3060.SE	Yanbu Cement Company	Saudi Arabia	Industrials	Construction	Sell	1,652	1.1	SAR	59.0	58.8	0% 12 months Eshan Toorabally, CF
2290.SE	Yanbu National Petrochemicals (YANSAB)	Saudi Arabia	Basic Materials	Chemicals	Buy	6,659	22.3	SAR	44.4	74.8	68% 12 months Matija Gergolet
	Zain KSA	Saudi Arabia	Telecom Services	Wireless	Sell	2.053	16.2	SAR	5.50	3.80	-31% 12 months Alexander Balakhnin
	Zamil Industrial Investment Company		Industrials	Construction	Neutral	419	3.8	SAR	26.2	34.6	32% 12 months Arsalan Mustafa, CEA
	Abu Dhabi Commercial Bank	United Arab Emirates		Banks	Sell	4,418	1.1	AED	2.90	2.82	-3% 12 months Waleed Mohsin
	Abu Dhabi National Energy (Taga)	United Arab Emirates	Utilities	Utilities: Power	Buv	2,015	0.3	AED	1.22	1.94	59% 12 months Matija Gergolet
	Abu Dhabi National Hotels	United Arab Emirates			Neutral	681	0.2	AED	2.50	2.63	5% 12 months Eshan Toorabally, CF
	Agthia Group	United Arab Emirates		Food	Buy	270	0.1	AED	1.65	2.81	70% 12 months Matija Gergolet
AIRA.DU		United Arab Emirates		Transportation: Airlines	Buy	795	2.0	AED	0.63	1.10	76% 12 months Eshan Toorabally, CF
ALDR.AD	Aldar Properties	United Arab Emirates		Real Estate	Neutral	948	6.5	AED	1.03	1.22	18% 12 months Eshan Toorabally, CF
	Arabtec Holding	United Arab Emirates	Industrials	Construction	Neutral	558	6.6	AED	1.37	1.50	9% 12 months Eshan Toorabally, CF
ARMX.DU		United Arab Emirates	Transportation	Transportation: Logistics	Buy	725	1.4	AED	1.82	3.31	82% 12 months Eshan Toorabally, CF
DANA.AD	Dana Gas	United Arab Emirates		Energy: Oil	Neutral	988	2.5	AED	0.55	0.79	44% 12 months Matija Gergolet
DPW.DI	DP World	United Arab Emirates		Transportation: Infrastructure	Neutral	8,965	2.9	USD	10.8	14.2	31% 12 months Anton Farlenkov
DSI.DU	Drake and Scull International	United Arab Emirates		Construction	Buy	482	2.3	AED	0.83	1.54	87% 12 months Eshan Toorabally, CF
DFM.DU	Dubai Financial Market	United Arab Emirates	Financial Services	Capital Markets	Sell	2,115	2.8	AED	0.97	0.85	-13% 12 months Waleed Mohsin
DISB.DU	Dubai Islamic Bank	United Arab Emirates	Financial Services	Banks	Sell	2,079	1.7	AED	2.01	1.89	-6% 12 months Waleed Mohsin
EMAR.DU	Emaar Properties	United Arab Emirates	Financial Services	Real Estate	Buy	4,411	10.2	AED	2.66	4.40	65% 12 months Eshan Toorabally, CF
DU.DU	Emirates Integrated Telecommunications Company (Du)	United Arab Emirates	Telecom Services	Wireless	Neutral	3,584	1.8	AED	2.88	3.55	23% 12 months Matija Gergolet
ENBD.DU	Emirates NBD	United Arab Emirates	Financial Services	Banks	Neutral	4,918	0.4	AED	3.25	4.79	47% 12 months Waleed Mohsin
ETEL.AD	Emirates Telecommunications Corporation (Etisalat)	United Arab Emirates	Telecom Services	Wireless	Neutral	21,503	4.1	AED	10.0	12.3	23% 12 months Matija Gergolet
FGB.AD	First Gulf Bank	United Arab Emirates	Financial Services	Banks	Buy	6,126	2.1	AED	15.0	23.3	55% 12 months Waleed Mohsin
NBAD.AD	National Bank of Abu Dhabi	United Arab Emirates	Financial Services	Banks	Buy	8,166	1.0	AED	10.5	15.2	45% 12 months Waleed Mohsin
RKCE.AD	Ras Al Khaimah Ceramic Company (RAK Ceramics)	United Arab Emirates	Industrials	Construction	Buy	304	0.1	AED	1.50	2.80	87% 12 months Eshan Toorabally, CF
SOR.AD	Sorouh Real Estate	United Arab Emirates	Financial Services	Real Estate	Buy	693	2.5	AED	0.97	1.73	78% 12 months Eshan Toorabally, CF
UNB.AD	Union National Bank	United Arab Emirates	Financial Services	Banks	Buy	1,984	0.6	AED	2.92	5.25	80% 12 months Waleed Mohsin
All price to	argets have 12-month timeframe										

Source: Goldman Sachs Research. Shaded rows refer to existing coverage prior to this report.

Key data: Screening our MENA non-financials stocks

Exhibit 23: We favour companies with high attractive valuation and strong fundamentals

Summary of MENA non-financials Buy and Sell rated stocks and key screening data and valuation multiples. Quartiles relative to MENA non-financials universe

		REF	FERENCE DA	TA							OPERA	TING DATA		Price			VALUATI				
										EBITDA growth	CROCI	Net debt/ equity	EBITDA vs. consensus	perf.	Dividend Yield	EV/ EBITDA	EV/ EBITDA	EV/ EBITDA	PE	PE	PE
Γicker	Company name	Rating	Market cap (US\$mn)	ADV -12N (US\$mn)	Sector (Level 3)	Ссу	Current price	Price target	Upside/ (downside)	Quartile 11-15E	Quartile 11-15E	Quartile 11-15E	2012E	(US\$) YTD	2012	2012	2013	5-yr median	2012	2013	5-yı medi
	Jordan Phosphate Mines Co.	Buy	1,438	0.5	Agriculture	JOD	13.6	27.1	99%	1	2	2	35%	-20%	2.9%	4.7	3.7	8.7	6.6	5.6	13.0
	Drake and Scull International	Buy	482	2.3	Engineering & Construction	AED	0.83	1.54	87%	2	2	1	-3%	-21%	5.2%	4.2	3.4	6.0	8.5	7.4	9.7
RMX.DU	Ras Al Khaimah Ceramic Company (RAK Ceramics)	Buy Buy	304 725	0.1 1.4	Construction Products Logistics	AED AED	1.50 1.82	2.80 3.31	87% 82%	4	4	3	5%	-38% -12%	0.0% 5.1%	5.0 6.6	4.6 5.7	9.5 11.4	9.0 10.6	7.6 9.1	9.8 18.4
	Sorouh Real Estate	Buy	693	2.5	Developers	AED	0.97	1.73	78%	1	4	2	-17%	-40%	0.0%	6.8	5.5	9.5	5.7	4.9	10.
	National Industrialization Company (Tasnee)	Buy	5,900	17.4	Chemicals	SAR	39.7	70.8	78%	2	2	3	-2%	23%	5.0%	7.3	6.8	16.1	8.4	7.8	17.
	Advanced Petrochemical Company	Buy	1,044	10.7	Plastics	SAR	27.7	49.2	78%	4	1	2	11%	2%	10.8%	5.3	4.8	12.3	7.6	7.2	25
	Industries Qatar	Buy	20,496	12.3	Diversified	QAR	136	240	77%	2	1	1	14%	-2%	6.7%	6.3	4.8	10.3	7.9	6.5	11
	Arabian Cement	Buy	900	3.8	Building Materials	SAR	42.2	74.5	77%	1	3	3	4%	23%	4.8%	6.8	6.6	11.4	9.2	9.0	12
	Air Arabia Juhayna Food Industries	Buy Buy	795 546	2.0 0.9	Airlines Food	AED FGP	0.63 4.50	1.10 7.82	76% 74%	2	3	2	-12% -9%	-24% -28%	12.5% 2.2%	6.6 7.4	5.7 6.3	10.0 7.4	10.4 13.6	6.3 11.0	14. 16.
	Orascom Construction Industries	Buy	7.831	6.3	Multi-Industry	EGP	228	388	70%	2	2	2	8%	-23%	6.4%	4.7	3.7	10.0	9.4	7.8	16
	Agthia Group	Buy	270	0.1	Packaged & Manufacturing	AED	1.65	2.81	70%	3	3	2	-9%	-23%	2.9%	6.8	5.5	14.7	10.6	9.0	26
290.SE	Yanbu National Petrochemicals (YANSAB)	Buy	6,659	22.3	Chemicals	SAR	44.4	74.8	68%	3	1	3	6%	-7%	4.5%	6.4	5.1	12.1	7.2	6.1	85
	Dar Al Arkan Real Estate Development Company (Dar Al-Arkan)	Buy	1,785	11.3	Developers	SAR	6.20	10.4	67%	3	4	3	-24%	-31%	0.0%	7.8	6.2	12.1	5.7	4.6	10
	Arab Potash Company	Buy	4,937	0.1	Agriculture	JOD	42.0	69.8	66%	1	1	1	21%	-3%	6.0%	6.7	5.9	11.6	10.1	9.2	17
	Emaar Properties	Buy	4,411	10.3	Developers	AED	2.66	4.40	65%	4	4	2	11%	-25%	3.0%	4.5	4.6	8.0	8.2	8.6	10 9
	Saudi Dairy and Foodstuff Company (SADAFCO) Abdullah Al Othaim Markets Company	Buy Buy	372 575	3.4 3.2	Packaged & Manufacturing Supermarkets	SAR SAR	42.9 95.0	70.1 152	63% 60%	3	2	3	16%	1% 22%	7.0% 4.2%	5.6 7.7	5.3 6.2	9.6 8.9	10.3 9.9	9.8 8.6	10
	Abu Dhabi National Energy (Taqa)	Buy	2.015	0.3	IPPs	AED	1.22	1.94	59%	3	3	4	10%	-18%	8.3%	5.2	4.9	8.6	5.0	4.8	12
	Palm Hills Developments	Buy	217	2.3	Developers	EGP	1.24	1.97	59%	3	4	3	-66%	-81%	0.0%	5.9	5.3	10.7	4.9	4.0	10
	Saudi Basic Industries Corporation (SABIC)	Buy	76,589	161.7	Chemicals	SAR	95.8	151	58%	3	1	2	2%	-9%	5.2%	7.5	6.1	10.8	10.3	8.7	1
040.SE	Saudi Ceramic Company	Buy	917	1.7	Construction Products	SAR	138	216	57%	3	2	3	-1%	-7%	3.4%	9.7	8.1	13.0	11.6	9.7	15
	Bahrain Telecom	Buy	1,505	0.1	Telecom Wireless	BHD	0.39	0.61	55%	4	2	1	-22%	-23%	10.2%	2.6	2.4	5.8	8.1	7.7	9
	Savola Group	Buy	3,453	3.5	Packaged & Manufacturing	SAR	25.9	39.8	54%	2	3	3	-7%	-19%	4.8%	4.8	4.1	15.2	9.6	8.6	31
	Talaat Mostafa Group Holding Company (TMG Holding)	Buy	1,135 300	3.6	Developers	EGP OMR	3.29 0.35	5.04	53%	2 2	4	2	-51% -22%	-62% -38%	0.0% 3.3%	9.3 6.5	7.2 6.7	12.8	9.6 16.0	7.0 12.2	14
	Galfar Engineering & Contracting Red Sea Housing	Buy Buy	333	0.5 2.6	Engineering & Construction Infrastructure	SAR	41.6	0.53 62.3	51% 50%	2	2	4	-22%	-38% -23%	4.8%	7.4	6.9	8.9 11.0	10.0	9.2	22 15
	Lafarge Ciments	Neutral	3,054	0.6	Building Materials	MAD	1448	2157	49%	3	1	2	5%	-31%	4.9%	8.7	7.6	12.0	14.4	12.4	18
	Holcim Maroc	Neutral	915	0.3	Building Materials	MAD	1800	2674	49%	4	2	3	-1%	-32%	5.1%	7.9	7.1	10.1	15.9	13.4	18
	Fawaz Abdulaziz Alhokair and Company	Neutral	1,083	2.5	Retail	SAR	58.0	86.1	48%	1	1	3	16%	35%	4.3%	8.0	8.2	11.1	10.5	12.2	13
	Saudi Industrial Investment Group (SIIG)	Neutral	2,322	8.1	Chemicals	SAR	19.4	28.1	45%	1	3	4	48%	-11%	5.2%	4.7	3.6	27.9	7.2	6.8	22
SRS.CA		Neutral	499	2.6	Steel	EGP	5.50	7.97	45%	2	3	4	-7%	-73%	11.9%	4.3	3.3	8.0	4.2	3.2	11
	Elsewedy Electric Company	Neutral	747	1.3	Electrical Equipment	EGP	20.0	28.9	44%	3	3	4	6%	-53%	0.0%	7.0	6.2	10.4	6.7	5.8	12
	Halwani Brothers Dana Gas	Neutral	270 988	3.0 2.5	Packaged & Manufacturing E&P	SAR AED	35.5 0.55	51.1 0.79	44% 44%	2 2	3	2	15%	-11% -25%	4.2% 0.0%	8.0 2.3	6.8	8.4 17.2	11.5 5.5	10.0 4.4	13
	Dana Gas Maridive and Oil Services	Neutral Neutral	988 544	1.0	Oil Services	USD	1.77	2.53	44%	2	2	3	15%	-25% -50%	6.7%	6.2	1.6 4.9	17.2	5.5 7.4	6.0	12
	Aldrees Petroleum and Transport Services	Neutral	279	1.4	Retail	SAR	41.8	59.1	41%	3	1	2	-6%	-13%	4.8%	7.3	6.8	11.1	10.5	9.7	17
	Sixth of October Development and Investment Company (SODIC)	Neutral	196	0.7	Developers	EGP	12.9	18.2	41%	1	1	1	-79%	-71%	0.6%	7.7	3.3	21.2	15.6	7.2	26
	Qatar Navigation	Neutral	2,450	2.1	Infrastructure	QAR	77.9	109	40%	1	4	2	29%	-17%	8.9%	2.2	1.7	5.3	6.8	6.4	14
	Omani Qatari Telecommunication Company (Nawras)	Neutral	1,053	1.0	Telecom Wireless	OMR	0.62	0.87	40%	3	1	2	2%	-22%	6.5%	4.9	4.2	6.0	7.6	6.7	9
	Wataniya Telecom	Buy	3,540	0.6	Telecom Wireless	KWD	1.94	2.70	39%	2	1 1	1	3%	4%	3.4%	3.5	3.0	7.4	9.4	7.7	1:
	Saudi Arabian Mining (Maaden) Oman Telecom	Neutral Neutral	6,388 2.328	19.8 0.6	Metals & Mining Telecom Wireless	SAR	25.9 1.20	35.9 1.63	39% 36%	1 4	4	4	-26% 13%	19% -7%	0.0% 8.4%	17.2 3.6	10.4 3.3	74.5 4.6	33.6 7.2	14.7 7.0	54
	Saudi International Petrochemicals (Sipchem)	Neutral	1.955	11.6	Chemicals	SAR	20.0	27.1	36%	2	2	3	19%	-7%	5.0%	8.1	7.1	15.3	10.0	8.1	1
	Emaar the Economic City	Neutral	1.450	11.1	Developers	SAR	6.40	8.67	35%	1	4	3	-4258%	-10%	0.0%	36.1	40.7	10.0	110.3	208.4	55
	Almarai Company	Neutral	5,627	6.7	Packaged & Manufacturing	SAR	91.8	123	34%	3	3	4	-2%	-18%	2.5%	11.4	10.5	13.7	13.8	13.0	17
	Abdullah Abdul Mohsin Al-Khodari Sons Company (Al Khodari)	Neutral	584	4.0	Engineering & Construction	SAR	51.5	68.9	34%	3	1	4	9%	-4%	4.2%	8.0	7.1	8.1	10.5	9.2	9
	Citadel Capital	Neutral	453	3.1	Multi-Sector Holdings	EGP	3.11	4.12	32%	1	4	2	-158%	-67%	0.0%	37.7	39.8	165.8		87.2	20
	Zamil Industrial Investment Company	Neutral	419	3.8	Infrastructure	SAR	26.2	34.6	32%	3	3	4	-1%	-25%	5.7%	9.0	8.4	15.0	10.1	8.9	17
	Orascom Telecom	Buy	2,807	5.4	Telecom Services	EGP	3.11	4.10	32%	2	1	4	11%	-30%	9.6%	1.9	1.4	6.3	5.1	3.8	18
020.SE OLA.BY	Yamama Cement Solidere	Neutral Neutral	2,196 2,718	2.2 0.7	Building Materials Developers	SAR	61.0 13.5	80.4 17.8	32% 32%	4	4	3	-4% 161%	18% -25%	6.7% 4.7%	8.1 14.8	7.7 12.7	10.9 17.7	12.6 17.5	12.1 14.5	14 21
DPW.DI		Neutral	2,718 8,965	2.9	Infrastructure	USD	10.8	17.8	32% 31%	3	4	3	-7%	-25% -14%	2.4%	10.9	10.2	17.7	16.5	13.5	490
	Kuwait Food Company (Americana)	Neutral	2,154	0.4	Restaurants	KWD	1.48	1.94	31%	3	2	3	4%	-8%	4.4%	5.1	4.8	6.6	11.0	9.8	17
	targets have 12-month timeframe		-,																		

Source: Goldman Sachs Research estimates

Exhibit 23 cont'd:

Summary of MENA non-financials Buy and Sell rated stocks and key screening data and valuation multiples. Quartiles relative to MENA non-financials universe

	REF	ERENCE DA	ATA							OPERA	TING DATA					VALUATION	ON DATA			
									EBITDA growth	CROCI		EBITDA vs.	Price perf.	Dividend Yield	EV/ EBITDA	EV/ EBITDA	EV/ EBITDA	PE	PE	PE
									growuii		equity	consensus	(US\$)	Tielu	EDITUA	EDITUA	EDITUA			
Ticker Company name	Rating	Market cap (US\$mn)	ADV -12I (US\$mn	Sector (Level 3)	Ссу	Current price	Price target	Upside/ (downside)	Quartile 11-15E	Quartile 11-15E	Quartile 11-15E	2012E	YTD	2012	2012	2013	5-yr median	2012	2013	5-yr median
4190.SE Jarir Marketing Company	Neutral	2,168	1.8	Retail	SAR	203	266	31%	1	1	2	10%	35%	5.4%	12.6	10.2	14.8	13.5	11.0	15.5
SCM.CS Ciments du Maroc	Neutral	1.743	0.2	Building Materials	MAD	1000	1268	27%	3	3	2	-11%	-16%	3.0%	9.4	7.5	10.9	16.5	12.9	19.3
QEWC.QA Qatar Electricity and Water Company (QEWC)	Neutral	3.845	2.5	IPPs	QAR	140	177	26%	3	2	4	5%	10%	6.4%	8.9	8.2	12.4	9.2	8.5	10.2
OCAB.OM Oman Cables Industry	Neutral	169	0.1	Electrical Equipment	OMR	0.73	0.91	26%	3	3	4	20%	-38%	5.5%	8.8	8.0	12.3	6.6	6.3	14.3
KPRO.KW Kipco	Neutral	1.451	1.2	Multi-Sector Holdings	KWD	0.32	0.39	24%	4	4	1		-22%	6.5%		0.8		10.6	9.4	15.2
3050.SE Southern Cement	Neutral	2,762	0.6	Building Materials	SAR	74.0	91.4	24%	4	1	1	-3%	21%	6.9%	8.6	8.3	11.0	13.1	12.9	14.3
DU.DU Emirates Integrated Telecommunications Company (Du)	Neutral	3.584	1.9	Telecom Wireless	AED	2.88	3.55	23%	1	1	2	4%	1%	3.5%	3.5	3.0	11.7	11.1	9.3	25.9
QANC.QA Qatar National Cement Company	Neutral	1,471	0.6	Building Materials	QAR	109	134	23%	4	2	1	-11%	2%	4.6%	9.5	7.6	10.6	12.4	10.2	13.8
ETEL.AD Emirates Telecommunications Corporation (Etisalat)	Neutral	21,503	4.1	Telecom Wireless	AED	9.99	12.3	23%	4	2	1	-2%	-7%	5.8%	3.6	3.0	5.7	10.6	9.7	13.5
QTEL.QA Qtel	Buy	7,115	1.8	Telecom Wireless	QAR	147	181	23%	3	2	3	7%	-1%	3.6%	4.7	4.0	7.1	7.0	6.1	10.2
AUTO.CA GB Auto	Neutral	513	0.4	Automobiles	EGP	23.8	28.3	19%	2	2	4	-17%	-47%	0.0%	7.2	5.7	9.9	13.1	9.3	14.7
7010.SE Saudi Telecom Company	Neutral	17.757	9.2	Telecom Services	SAR	33.3	39.6	19%	4	3	2	0%	-22%	7.5%	4.6	4.2	7.6	7.5	6.8	10.9
ALDR.AD Aldar Properties	Neutral	948			AED	1.03	1.22	18%	4	4	3	-24%	-55%	0.0%	20.9	15.6	7.6 51.5	16.2	7.1	56.9
RSC.OM Renaissance Services			6.5	Developers Oil Consises	OMR	0.56	0.66	17%	4	3	4	-24%	-49%	3.5%	5.3	4.3	6.0		4.2	8.3
	Neutral	413	1.5	Oil Services	SAR	51.0			3	3	4			7.8%				5.7		
	Neutral	9,519	17.2	Telecom Wireless			58.8	15%	-	- !	2	-5%	-8%		4.9	4.4	7.9	7.1	6.7	10.2
ETEL.CA Telecom Egypt	Neutral	3,977	2.0	Telecom Services	EGP	13.9	16.0	15%	4	4	1	6%	-25%	9.9%	1.2	1.1	3.4	7.9	7.2	9.6
2020.SE Saudi Arabia Fertilizer Company (SAFCO)	Neutral	12,232	8.9	Agriculture	SAR	184	210	14%	4	1	1	15%	15%	8.2%	9.2	8.5	10.3	10.9	10.0	12.4
6002.SE Herfy	Neutral	598	1.2	Restaurants	SAR	74.8	85.5	14%	2	1	. 1	4%	5%	3.7%	10.0	8.2	11.9	13.3	11.2	15.5
AGLT.KW Agility The Public Warehousing Company (Agility)	Neutral	1,497	2.4	Logistics	KWD	0.40	0.45	14%	2	4	1	-18%	-23%	5.0%	3.0	1.8	5.4	9.9	6.7	8.4
3030.SE Saudi Cement Company (SCC)	Neutral	2,580	3.3	Building Materials	SAR	63.3	71.7	13%	3	2	2	-5%	27%	6.7%	10.2	9.1	12.5	12.7	11.4	13.8
2160.SE Saudi Arabian Amiantit Company	Neutral	451	4.8	Infrastructure	SAR	14.7	16.6	13%	4	4	3	-17%	-29%	10.2%	5.8	5.8	7.0	11.5	11.3	17.3
1320.SE Saudi Steel Pipe	Neutral	339	1.8	Infrastructure	SAR	24.9	27.8	12%	2	3	1	-30%	3%	2.0%	8.8	6.1	10.1	13.8	10.4	17.6
ARTC.DU Arabtec Holding	Neutral	558	6.7	Engineering & Construction	AED	1.37	1.50	9%	4	2	1	-5%	-13%	0.0%	5.5	4.8	5.8	10.3	6.8	7.6
2002.SE National Petrochemicals Company (Petrochem)	Neutral	2,777	8.5	Chemicals	SAR	21.7	23.6	9%	1	3	4	31%	-4%	1.9%	8.9	6.9		10.6	8.1	
EGTS.CA Egyptian Resorts Company (ERC)	Neutral	168	1.2	Developers	EGP	0.96	1.04	8%	1	3	1	-30%		0.0%		3.9			6.6	
2110.SE Saudi Cable Company	Neutral	238	6.1	Electrical Equipment	SAR	11.8	12.4	6%	1	4	4	-26%	-16%	0.0%	9.2	7.3	10.9	8.9	7.0	22.0
ADNH.AD Abu Dhabi National Hotels	Neutral	681	0.2	Hotels	AED	2.50	2.63	5%	1	4	3	6%	-17%	15.0%	7.8	7.8	6.6	6.9	6.7	10.9
2380.SE Rabigh Refineries and Petrochemicals (Petro Rabigh)	Neutral	5,290	17.9	Chemicals	SAR	22.7	23.3	3%	2	3	4	-5%	1%	0.0%	8.9	7.3	23.6	10.0	8.4	
3060.SE Yanbu Cement Company	Sell	1,652	1.1	Building Materials	SAR	59.0	58.8	0%	2	3	2	6%	38%	6.0%	10.8	9.5	10.1	12.1	11.0	12.2
QGTS.QA Qatar Gas Transport	Sell	2,731	4.4	Shipping	QAR	18.0	17.7	-1%	4	3	4	-6%	-10%	6.5%	11.0	10.3	20.4	11.0	9.7	82.5
EMOB.CA MobiNil	Neutral	1,677	1.3	Telecom Services	EGP	100	98	-2%	4	2	4	2%	-41%	6.1%	4.2	3.7	6.7	14.7	10.2	9.9
3040.SE Qassim Cement Company	Sell	1,620	1.8	Building Materials	SAR	67.5	65.6	-3%	4	1	1	-2%	8%	7.1%	10.2	10.2	9.9	12.8	12.8	12.3
2260.SE Sahara Petrochemical	Sell	1,720	14.9	Chemicals	SAR	22.1	21.3	-3%	1	4	4	-16%	-7%	2.3%	9.6	7.7		10.3	8.9	35.4
JTEL.AM Jordan Telecom	Sell	1,961	0.1	Telecom Wireless	JOD	5.56	5.37	-3%	4	2	1	3%	3%	6.7%	6.4	6.1	5.7	14.6	13.5	13.9
5110.SE Saudi Electricity Company (SEC)	Sell	14,775	13.4	Electric Utilities	SAR	13.3	12.5	-6%	2	4	4	-3%	-5%	5.3%	9.1	8.0	10.9	16.3	11.6	34.4
SUCE.CA Suez Cement Company	Sell	791	0.2	Building Materials	EGP	26.0	24.5	-6%	4	3	1	-39%	-34%	4.6%	4.7	4.2	4.5	12.3	10.0	6.6
ZAIN.KW Zain	Sell	13,034	9.7	Telecom Wireless	KWD	0.93	0.87	-6%	4	2	1	-1%	-38%	5.9%	5.8	5.2	7.7	10.1	9.5	11.1
2350.SE Saudi Kayan	Sell	7,519	48.8	Chemicals	SAR	18.8	15.5	-18%	1	3	4	-34%	-2%	4.0%	15.0	9.1	•••	40.0	10.5	68.1
VFQS.QA Vodafone Qatar	Sell	1,751	0.8	Telecom Wireless	QAR	7.54	5.40	-28%	1	4	2	-27%	-9%	0.0%	20.2	12.3			. 5.0	20
ODHN.S Orascom Development Holding AG	Sell	450	0.8	Developers	CHF	16.7	11.7	-30%	1	4	3	-46%	-70%	0.0%	16.2	10.1	12.0	29.8	12.7	19.5
7030.SE Zain KSA	Sell	2.053	16.3	Telecom Wireless	SAR	5.50	3.80	-31%	1	4	4	-27%	-29%	0.0%	15.8	11.2	84.5	20.0	12.1	13.5
4030.SE The National Shipping Company of Saudi Arabia (NSCSA)	Sell	941	4.9	Shipping	SAR	11.2	7.11	-31%	4	4	4	-21%	-36%	3.6%	10.3	10.2	10.5	14.1	12.9	14.3
IAM.PA Maroc Telecom	Sell	15.207	0.2	Telecom Services	EUR	12.8	7.11	-37%	4	2	3	-3%	-36%	6.8%	8.0	8.0	8.0	14.1	14.9	15.0
MENA median	Jeli	10,207	0.2	I CICCOIII GEIVICES	LUK	12.0	1.00	32%	-		J	-1%	-4%	4.8%	7.3	6.2	10.5	10.3	9.0	14.6
MENA median								32%				-∠%	-16%	4.8%	1.3	0.2	10.5	10.3	9.0	14.6

All price targets have 12-month timeframe

Source: Goldman Sachs Research estimates

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Egyptian Resorts Company (EGTS.CA)

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Matija Gergolet matija.gergolet@gs.com

Neutral: Return potential: 8%

Egypt: Real Estate

Risks offset any revenue generating activity in the near term

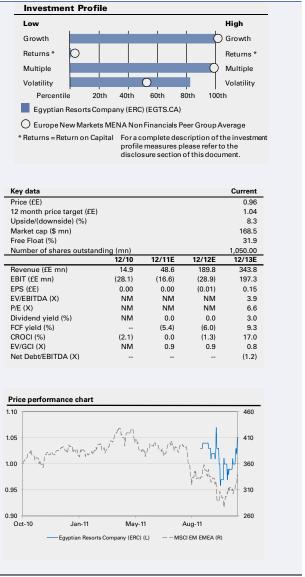
Egyptian Resorts Company (ERC) derives its revenues from the landbank of Sahl Hasheesh on the Red Sea Coast, south of Hurghada. We expect reduced real estate activity in the luxury segment in 2011-12, and with the lack of clarity on the status of the development approval license of Phase III of Sahl Hasheesh (68% of the total landbank), we initiate on ERC with a Neutral rating.

Investment thesis: Lower sales and margins, landbank approval pending; Neutral

- ERC's primary source of income is the real estate sales of Sahl Hasheesh International Resort Community (Phase I, II and III) to sub-developers, management fees for services and utilities provided in the community.
- We believe end-consumer demand for luxury apartments, villas, resorts and hotels will be
 muted through 2012 due to our economists' expectation of a global economic slowdown and
 a time lag for consumer demand normalising after the political events in Egypt this year. We
 forecast net real estate sales of 0.05mn sqm in 2011 and 0.25mn sqm in 2012 for Phase I and
 Phase II and no sales for Phase III.
- We believe ERC's 2011-12 margins will come under pressure from the high inflation environment and inability of the company to pass on increased costs to developers in the near term. We expect margins to recover only late 2012, when the company benefits from the management fees collection starting 2012 and implementation of the community management model that passes on the cost increases to the developers. We estimate operating margins of -34% in 2011, -15% in 2012 and 57% in 2013.
- In April 2011, the Tourism Development Authority (TDA) withdrew preliminary approval for the allocation of Phase III which contributes to 68% of the total landbank. Though the company has appealed against the TDA action, the status quo remains unchanged.

Valuation: Trading above book value despite landbank risk

Our 12-month price target of £E1.04 for ERC is based on an average 2012/13E P/E and P/B methodology. We apply a 9.7x P/E multiple, reflecting a 30% discount (to factor in risk relating to the Sahl Hasheesh phase III landbank) to the 5-year multiple of 13.9x for GS-covered real estate developers. Due to negative EPS in 2012E, we use a floor P/B valuation of 0.77x based on ERC's history to arrive at a 2012 per share value. Our price target implies 8% potential upside.



Source: Company data, Goldman Sachs Research estimates, Datastream.

Goldman Sachs Global Investment Research

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Industry drivers: Headwinds of weak tourism and weak luxury real estate sales

Key issues and core drivers of growth

- Since ERC's primary source of revenue generation is real estate sales of Sahl Hasheesh International Resort Community (gross land area of 41mn sqm), the revenues of the company tend to be lumpy and not a linear progression of a business driven by a traditional sales cycle.
- Following the political turmoil in Egypt, we believe that the current environment is not conducive to the sale of luxury real estate in Egypt and this will weigh on the land sale of Sahl Hasheesh through 2012. We assume the remaining land sale of 0.09 mn m² for Phase I and sale of only 0.21 mn m² for Phase II through 2011-12, recovering to 0.5 mn m² in 2013. Approximately 18% of our revenues forecasts of £E190 mn for 2012 and £E344 mn for 2013 are contributed by rendered services vs. c.1% in the past, highlighting our view of weak land sales.
- ERC has a strong balance sheet with a net cash position which may help the company manage the current low sales environment. We forecast net debt/equity of -22% for 2011 and -16% for 2012 versus the 3-year historical average of -31%. However, the book value of the company is at risk due to issues related to the landbank.

Risk to the investment case

- Withdrawal of the approval for allocation of Phase III would impact the development and sales
 of 28mn sqm of land (68% of the land bank) which includes the back areas of Phase I and II. It is
 currently unclear whether ERC would have to pay an extra amount for previously acquired land
 or whether this will result in a loss of land, or no action at all.
- An upside risk would be political stability in Egypt and improvements in real estate activity.

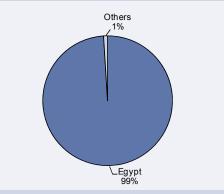
Industry context: Industry overshadowed by weak demand and legal issues

The Egyptian real estate is driven by primary housing demands of the growing middle-income population, demand for secondary units for residential and investment purposes from upper/upper middle-income groups and non-resident Egyptians, low-income affordable housing initiatives by the government and commercial activities primarily in the urban region. The sector was among the most important destinations of FDI investments in Egypt. Real estate investments accounted for 0.4% of FDI in FY2004-05, increased to 4.5% in FY2009-10 but post the regime change FDI was down 96% for quarter ending June 2011. According to the American Chamber of Commerce in Egypt, the market for luxury property was near saturation prior to January 2011 which exposes sub-developers of Sahl Hasheesh to the additional task of attracting foreign demand for the developments. Currently, the real estate sector is overshadowed by legal issues mostly related to the previous regime's land allocation to developers and approval of sites for development. The major players in the industry are Palm Hills, TMG, SODIC and ERC.

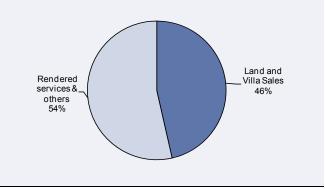
Company description

Egyptian Resorts Company (ERC) is a master developer focused on building mega communities. The company derives revenues from the sale of project-defined land plots to subdevelopers, sale of utilities and community management fees and the development and operation of strategic one-off and recurring revenue assets. The company's current focus is developing Sahl Hasheesh International Resort Community (gross saleable land of 36.3mn sqm) which has been divided into three phases. Only 0.09mn sqm is remaining to be sold in Phase I while Phase II has 5.02mn sqm and Phase III has 25.3mn sqm. The company currently has c.200 employees.

Sales by geography exposure (2010A)



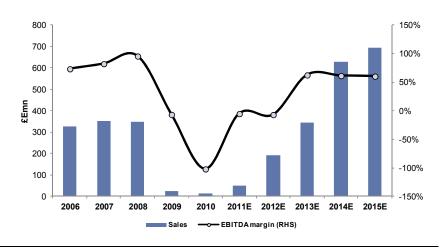
Sales by division (2011E)



Source: Company data, Goldman Sachs Research estimates,

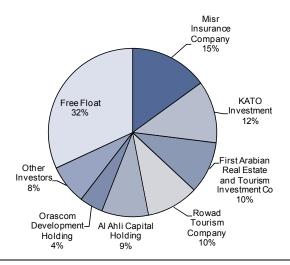
Key financial ratios: Low margins and low CROCI in the near term

Exhibit 454: Sales and margins pick up only after 2013E



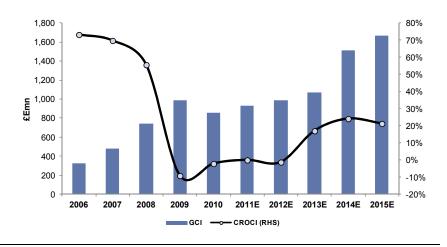
Source: Company data, Goldman Sachs Research estimates.

Exhibit 456: Egyptian Resorts Company shareholding and group structure



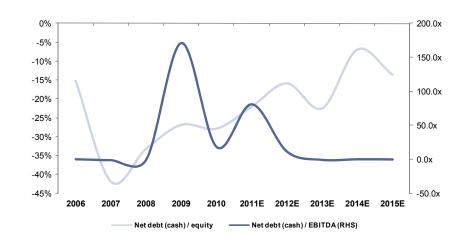
Source: Company data.

Exhibit 455: CROCI and GCI depressed in the near term



Source: Company data, Goldman Sachs Research estimates.

Exhibit 457: We forecast ERC to remain a net cash company through 2015E



Source: Company data, Goldman Sachs Research estimates.

Landbank details of Egyptian Resorts Company

Exhibit 458: A total of 30.38 mn sqm of land remains to be sold (including Phase III land)

Details of landbank of Egyptian Resorts Company

	Total area (mn sqm)	Sellable area (mn sqm)	Remaining area to be sold (mn sqm)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020>2	023
Phase I	5.6	4.67	0.09	Plot sa	les											
1 11030 1	0.0	4.01	0.00	F	Projects'	Develo	pment									
Phase II	7.03	6.32	5.02		Plot sales											
Phase II	7.03	0.32	5.02				Projects	' Develo	pment							
Phase III	28.3	25.37	25.27	Plot sales												
Pilase III	20.3	25.37	25.27						Projects' Development							
TOTAL	40.93	36.36	30.38													

Source: Company data, Goldman Sachs Research.

Valuation, growth and returns: Trading above book value despite landbank risk

Exhibit 459: ERC CROCI will remain depressed in 2011 and 2012 in our view

Egyptian Resorts Company
Y/E December
£Emn

Share price (E£)0.9612-month price target (E£)1.04Market cap1,008Potential upside/(downside)8%

/aluation	2008	2009	2010	2011E	2012E	2013E
EV/Sales	11.6	75.8	133.6	17.8	4.8	2.4
EV/EBITDA	12.2	-1080.0	-130.5	-323.5	-66.4	3.9
EV/EBIT	12.3	-260.6	-71.0	-52.0	-31.6	4.2
EV/DACF	11.9	-24.7	-102.2	-4567.4	-75.8	4.7
EV/NOPLAT	16.0	626.5	-59.7	-65.0	-39.5	5.2
EV/GCI	5.4	2.0	2.3	0.9	0.9	0.8
P/E	15.9	-338.9	572.9	-581.4	-119.7	6.6
P/B	4.2	2.0	2.4	1.1	1.1	1.0
P/CFO	12.1	-36.4	-458.7	103.6	-191.9	5.6
FCF yield	3.0%	-5.3%	-1.6%	-5.4%	-6.0%	9.3%
Dividend vield	1 3%	2 9%	2 9%	0.0%	0.0%	3.0%

Returns and gearing	2008	2009	2010	2011E	2012E	2013E
CROCI	55.5%	-9.2%	-2.1%	0.0%	-1.3%	17.0%
ROIC	48.5%	0.5%	-4.7%	-2.0%	-3.2%	20.5%
ROE	24.8%	-0.4%	-0.4%	-0.2%	-0.9%	15.7%
Net debt/EBITDA	-1.1	NM	NM	NM	NM	-1.2
Net debt/equity	-33.2%	-26.8%	-27.8%	-22.0%	-15.8%	-22.4%

Price target calculation	EPS 2012E	EPS 2013	P/E multiple	Value 2012E	Value 2013E	Price target
EPS	-0.01	0.15	9.7	0.66	1.42	
Implied per share valuation (£E)			0.66	1.42	1.04

\$/£E (spot)

5.98

Due to negative EPS in 2012, our 2012 per share valuation is based on a floor P/B multiple of 0.77x based on ERC's history.

Growth	2008	2009	2010	2011E	2012E	2013E
Sales growth	-1.1%	-92.6%	-42.1%	225.5%	290.9%	81.1%
EBITDA growth	15.0%	-100.5%	744.5%	-82.5%	416.1%	-1652.7%
EBIT growth	14.8%	-102.3%	274.8%	-40.9%	74.4%	-781.6%
Net income growth	-0.4%	-102.4%	-159.4%	-145.3%	385.6%	-1924.2%
EPS growth	-30.7%	-102.1%	-159.4%	-145.3%	385.6%	-1924.2%

Source: Goldman Sachs Research estimates.

Financials: Lumpy revenues due to non-uniform real estate sales

The political unrest in Egypt in 1Q2011 has resulted in lower construction activity and tourist arrivals into Egypt. Though construction has restarted in Sahl Hasheesh and the sub-developers are seeing increased visitor numbers to the resort city, we believe the company's top line will be driven more by fees of services rendered and utilities than real estate sales in 2011 and 2012. We forecast total sales growth of 225.5% in 2011, 291% in 2012 and 81% in 2013 vs. -42% in 2010 and -93% in 2009. The sales growth rates are high due to the low base effect of 2009 and 2010, when no land was sold. Notably, the revenue generation in 2011 is from rendered services rather than land sales. The company reported £E24.5 mn in 1H2011 revenues with a 69% contribution from rendered services and others segment.

Exhibit 460: We expect margins to recover beginning only in 2013 after incurring losses in 2011 to 2012 Egyptian Resorts Company, 2006-2015E P&L £E mn

Summarised P&L	EAS	EAS	EAS	EAS	EAS	EAS	EAS	EAS	EAS	EAS
	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E	2015E
Land and Villa Sales	326	349	338	0	0	23	159	279	523	581
Rendered Services & Other	0	3	10	26	15	26	31	65	105	112
Group revenues	326	352	348	26	15	49	190	344	627	693
Growth	285.4%	8.0%	-1.1%	-92.6%	-42.1%	225.5%	290.9%	81.1%	82.5%	10.5%
Group EBITDA (clean)	238	288	331	-2	-15	-3	-14	214	383	416
Group EBITDA margin	73.0%	81.9%	95.2%	-7.0%	-102.4%	-5.5%	-7.3%	62.2%	61.0%	60.1%
Group EBIT (clean)	237	287	329	-7	-28	-17	-29	197	362	394
Group EBIT margin	72.9%	81.5%	94.6%	-29.1%	-188.3%	-34.2%	-15.2%	57.4%	57.7%	56.8%
Share of associates	0	0	0	0	0	0	0	0	0	0
Net financial items	-1	2	28	22	27	12	9	7	8	10
Pre-tax (clean)	236	289	357	14	-1	-4	-20	204	370	404
Non-recurring Items	0	0	-11	-6	-6	0	0	0	0	0
Pre-tax (reported)	236	289	345	8	-8	-4	-20	204	370	404
Tax	0	-3	-80	-11	-2	0	0	-41	-74	-81
Tax rate (%)	0%	1%	23%	142%	-19%	0%	0%	20%	20%	20%
Profit after tax (reported)	236	286	265	-3	-9	-4	-20	164	296	323
Minorities	-4	-6	-1	-1	6	2	12	-10	-18	-20
Net income (reported)	231	280	264	-4	-4	-2	-8	154	278	303
Post-tax exceptionals	4	6	-9	2	-8	0	0	0	0	0
Net income (clean, continuing operations)	227	274	273	-6	4	-2	-8	154	278	303
EPS (clean, fully diluted)	0.32	0.43	0.29	-0.01	0.00	0.00	-0.01	0.15	0.26	0.29
DPS	0.00	0.05	0.06	0.06	0.06	0.00	0.00	0.03	0.05	0.06

Source: Company data, Goldman Sachs Research estimates.

Exhibit 461: Balance sheet remains strong in our view, although there is risk to the carrying value of the landbank Egyptian Resorts Company balance sheet and cash flow statement, 2006-2015E £E mn

Summarised cash flow	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E	2015E
EBIT	237	287	329	-7	-28	-17	-29	197	362	394
Depreciation/Amortisation	0	207	2	6	13	14	15	17	21	23
Net financial items	1	11	22	24	18	12	9	7	8	10
Taxes paid	0	-3	-80	-11	-2	0	0	-41	-74	-81
Other items	-2	-5 -7	84	-71	-2 -6	0	0	0	0	-01
Other items	-2	-7	04	-71	-0	O	U	O	O	
Change in working capital	-162	-186	-75	10	11	-22	-8	44	-374	-86
Cash flow from operations	74	104	281	-50	6	-12	-13	224	-57	259
Capex	-18	-39	-150	-70	-42	-46	-50	-124	-69	-75
Capex/D&A	6228.7%	2572.2%	6897.5%	1227.3%	330.4%	332%	332%	750%	332%	332%
capex/sales (%)	5.5%	11.1%	43.3%	270.7%	283.9%	95.2%	26.5%	36.1%	10.9%	10.8%
Free cash flow pre-dividend	56	65	131	-120	-36	-58	-64	100	-126	185
Free cash flow pre-dividend/revenues (%)	17.2%	18.4%	37.6%	-464.0%	-240.5%	-120.3%	-33.5%	29.1%	-20.1%	26.6%
Other investing activities	0	0	0	0	0	0	0	0	0	0
Dividend	0	-7	-170	0	0	0	0	0	-31	-56
Cash surplus (post dividend)	56	58	-39	-120	-35	-58	-64	100	-157	129
Other and financing	0	328	-52	58	0	0	0	0	0	
Change in net cash (net debt)	56	386	-91	-62	-35	-58	-64	100	-157	129
Net debt (cash)	-76	-462	-371	-309	-274	-215	-152	-252	-95	-224
Cummariand balance about										
Summarised balance sheet	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E	2015E
Inventories	0	0	0	0	1	3	13	23	42	47
Receivables	206	329	323	394	251	243	247	344	627	693
Cash and cash equivalents	76	462	371	309	274	274	274	274	274	274
Other	176	189	377	388	454	486	475	516	941	1,040
Current assets	458	980	1,071	1,091	979	1,005	1,008	1,156	1,885	2,053
Tangible accets	51	93	268	332	362	395	430	537	585	637
Tangible assets Intangible assets	0	0	0	0	6	393 6	430	6	6	637
Other	159	180	212	74	84	84	84	84	84	84
Non-current assets	211	273	480	406	452	48 5	520	627	675	727
Total assets	668	1,253	1,550	1,497	1,432	1,490	1,528	1,784	2,560	2,780
Short-term interest-bearing liabilities	0	0	0	0	0	0	0	0	0	C
Accounts payables	13	34	24	26	24	24	47	86	157	173
Other	99	103	210	117	215	219	190	344	627	693
Current liabilities	112	136	234	143	239	243	237	430	784	866
Long-term interest-bearing liabilities	0	0	0	0	0	58	122	22	178	49
Pension provisions	0	0	0	0	0	0	0	0	0	(
Other	56	10	197	200	208	208	208	208	208	208
Non-current liabilities	56	10	197	200	208	267	330	230	387	258
Total Common Equity	485	1 000	1,041	1,076	912	910	902	1.055	1,302	1 550
Total Common Equity Minorities	485 15	1,090 16	78	78	73	910 71	902 58	1,055 68	1,302	1,550 106
	15	.0	, 0	.0	, ,			00	O1	100
Total equity and liabilities	668	1,253	1,550	1,497	1,432	1,490	1,528	1,784	2,560	2,780

Source: Company data, Goldman Sachs Research estimates