



المتحدة للأوراق المالية ش.م.م.
United Securities LLC

Monthly GCC Stock Picks

January 4th, 2009

Following our growth strategy in the regional markets and our commitments to provide our clients with the highest standards services, United Securities is initiating a monthly GCC Stock Pick Report. This report intends to provide top-picks from the universe of GCC equity markets based on thorough fundamental analysis and market sentiments.

Markets Overview:

December ended in red for most GCC markets except the Saudi Market which was flat and the Doha SM which gained 13% due to the continues positive outlook on the Qatari economy. Muscat was the most volatile market during the period as the last couple days of the year the market gained more than 8% with MTD return of -13%. The worst performer market during this month was DFM which lost 17% of its value due to liquidity concerns associated with negative outlook on Dubai.

GCC Markets' Performance		
Market	MTD	YTD
Abu Dhabi	-13.9%	-47.5%
Bahrain	-7.4%	-34.5%
Dubai	-16.7%	-72.6%
Kuwait	-12.3%	-37.9%
Muscat	-13.1%	-39.8%
Doha	+13.4%	-28.2%
Saudi	+0.2%	-57.0%

Notes: All data as of December 31st 2008
Source: US Research and Zawya

Optimal Portfolio:

Company	Market	Industry	Closing Price	Price Yr high	Price Yr low	Valuation		Market Cap (MM USD)
						PE 08E	PB Q308	
Sorouh Real Estate	Abu Dhabi	Real Estate	3.20	11.50	2.42	3.32	1.36	2,178
Arabtec	Dubai	Construction	2.26	9.95	1.42	2.67	1.59	736
Commercial Bank of Qatar	Doha	Banking	88.40	178.9	53.4	8.07	1.79	5,005
Omantel	Muscat	Telecommunication	1.57	2.49	1.40	8.28	3.35	3,056
Anwar Ceramics	Muscat	Ceramics	0.22	0.75	0.20	5.22	1.47	49
Mohammad Al Mojil	Saudi Arabia	Construction	44.10	104.25	33.8	5.95	2.41	1,175
Savola Group	Saudi Arabia	Food & Retail	24.10	42.75	18.7	13.59	1.74	3,211

Notes: * All data as the end of 12/31/2008 ** Data adjusted for Arabtec recent bonus shares , Source: US Research, Reuters and Zawya



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Companies Overview:

Sorouh Real Estate (SOROUH):

Sorouh Real Estate, an Abu Dhabi based real estate firm, projects are concentrated in Abu Dhabi where we see the supply level of real estate didn't yet meet the demand level. Unlike the neighboring Dubai, Abu Dhabi's economy remains fundamentally robust and maintains a strong cash position.

The company enjoys a healthy balance sheet with a strong liquidity position (around AED7.8B in liquid funds) and is also backed by the government of Abu Dhabi. The recent establishments of Abu Dhabi Finance Company and another mortgage company established by RAKBANK will help to avoid any liquidity shocks that could negatively impact the company. Currently the company is trading at PE level of 3.3.



Arabtec Holding (ARTC):

Arabtec is a leading construction company in UAE which has emerged to be a global player through its projects in Qatar, Russia, Syria, Jordan and Pakistan. The company's operations are mainly focused in Dubai market but with a very strong exposure to Abu Dhabi as well. Recently the company has declined any layoff plans in their workforce despite the issues in Dubai property market. This is because the company looks for expansion plans in neighboring markets such as Saudi and Qatar besides Abu Dhabi. In mid Dec 2008, the company announced it has won a contract to build a hospital in Abu Dhabi jointly with a Greek company worth around AED11b. The company has many on-going contracts with various durations and with total



backlog of over AED40b in their pipeline and enjoys a healthy balance sheet. Recently the company announced their expectation of "just over 1 billion dirhams" in bottom line, which is a growth of 87% from last year. It is currently trading at a very attractive PE of 2.7.

Notes: Graphs are sourced from Reuters **Legal Disclaimer:** Please note that any advice given by United Securities LLC staff is deemed to be GENERAL advice, as the information or advice given does not take into account your particular objectives, financial situation or needs. Therefore, at all times you should consider the appropriateness of the advice before you act further. United Securities LLC will not be held responsible for any losses on such advice. Also, all opinions expressed herein are subject to change without notice. United Securities has based this document on information obtained from sources it believes to be reliable. However, it makes no guarantee to its accuracy or completeness and accepts no responsibility for any reliance placed on this information. **Contact:** Mohamed Anwar Allawati, malawati@usoman.com T: +968 24763322



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Commercial Bank of Qatar (CBQK):

The Doha-based bank offers commercial and Islamic banking services. It has experienced a healthy and stable growth in deposits and loans. In the 9-months ended in September 30th, the bank has achieved 55% growth in Net Income to reach to QAR1.56B. The bank also possesses stakes in 2 banks operating in Oman and UAE. With the current global scenario, the Qatari economy is not expected to be hurt as other global and regional economies due to excess liquidity and stable financial position. Currently CBQ is trading at PB of 1.8 and PE of 8.07 with ROE and ROA ratios of 26% and 4.2% consequently.



Oman Telecommunications Company (OTEL):

The Omani provider for fixed-line and mobile services is well positioned financially with attractive valuations and considered to be a steady company with stable growth. It has recently diversified its operations through their acquisitions in Pakistan and Sri Lanka. Omantel will lose its monopoly in fixed-lines after the Omani government approved Nawras as a second operator of fixed lines in Oman. We don't expect that this movement to negatively impact the company in the short-term as the second operator will need time to start their operations and will have a positive impact in the long-term through increasing competition and consequently efficiency. The company has already started integration with Oman Mobile which is expected to increase efficiency and decrease cost. Currently the company is trading at PE of 8.3.



Al Anwar Ceramic Tiles Company (AACT):

Anwar Ceramic engages in the activity of producing glazed ceramic floor and wall tiles, in technical collaboration with an Italian company under "Al Shams brand". It is a significant player in the GCC market especially UAE and Saudi. The company enjoys the advantage of using locally available raw materials. Currently the company started a third production line adding 3 million sq meters per annum taking the total capacity close to 10m sq mtrs pa which is expected to give advantage of economies of scale and boost the bottom line. We hold a positive outlook on the company at a PE level of 5.2.



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Mohammad Al Mojil (1310):

MMG is a Saudi-based construction and engineering company with activities in civil, structural, mechanical, electrical, and instrumental contractive for oil, gas, petrochemical, power, waster, and water industrial and commercial sectors. It has shown a steady growth associated with the growth in the Saudi economy which is expected to continue although with a lesser extend. For the nine month ended 30 September 2008, MMG's total revenue increased 64% to SAR 1.44B and Net Income increase 17% to SAR534M. The company is well positioned financially and possesses a stream of ongoing projects that value over \$10billion. Currently the company is trading at a PE of 6.2 and PB of 2.4.

Savola Group Company (2050):

Savola Group is a Saudi industrial conglomerate engaged in four major sectors (food, retail, real estate, and plastic) and operates in Saudi and abroad. With its operations in a defensive segment, their recent acquisitions and expansions, and their steady stream of dividends, we value Savola Group as a safe long-term investment. As the positive demographics in Saudi continue, Savola's aggressive expansion strategy in their all four sectors will start paying off. The company owns a 29% stake in Almarai Dairy Company. Currently, the company is trading at PE of 13.6 and PB of 1.7.

