

April 13, 2010

## SULTAN CENTER (SCFK.KW)

**12-Month Fair Value: Under Review**

**Last Close (13 April 2010): KD 0.192**

**Recommendation: Under Review - Risk Level: Under Review**

- Sultan Center announced its financial result for FY2009, and accordingly the stock resumed trading on April 13, 2010.
- Sultan Center reported a 15% increase in revenue to KD 305 million in FY2009—a result that is 1.6% lower than our forecast of KD 309.9 million. This performance was driven by a 19% increase in grocery sales, as the retailer benefited from a 20% growth in Oman and the first full year consolidation of the Lebanese stores.
- Full year net profit came in at KD 3.8 million, compared to a loss of KD 5.4 million in 2008. Though the FY2009 result is better than the one achieved in FY2008, the result represents a setback from the 9M2009 net profit of KD 8.4 million. According to the press release made by Sultan Center, prudent provisional accounting and conservative accounting treatments impacted the company's profitability in the fourth quarter without having any cash impact. We will have more details on the matter upon the release of the full financials.
- Sultan Center managed to increase total assets by 4.4%, while at the same lowering total debt by 5.3%. Moreover, the company was able to reduce interest expense charges by 10%.
- Sultan Center announced its plan to open nine stores and seven restaurants in 2010, of which three stores already have been open.
- The Board of Directors recommended no dividend payment for 2009 in order to preserve cash for the company's expansion plans.
- We will be issuing an update on Sultan Center following the release of the full financials, and as such we maintain our "Under Review" status on the company.

**Samir Murad, CFA**

**T. +965 259 5145**

**E. samir.murad@nbkcapital.com**

## Related Research

- Sultan Center Analyst Comment - 01 April 2010
- Sultan Center Update - 17 December 2009

## RISK AND RECOMMENDATION GUIDE

RECOMMENDATION		UPSIDE (DOWNSIDE) POTENTIAL		
BUY		MORE THAN 20%		
ACCUMULATE		BETWEEN 5% AND 20%		
HOLD		BETWEEN -10% AND 5%		
REDUCE		BETWEEN -25% AND -10%		
SELL		LESS THAN -25%		
RISK LEVEL				
LOW RISK		HIGH RISK		
1	2	3	4	5

## DISCLAIMER

The information, opinions, tools, and materials contained in this report (the "Content") are not addressed to, or intended for publication, distribution to, or use by, any individual or legal entity who is a citizen or resident of or domiciled in any jurisdiction where such distribution, publication, availability, or use would constitute a breach of the laws or regulations of such jurisdiction or that would require Watani Investment Company KSCC ("NBK Capital") or its subsidiaries or its affiliates to obtain licenses, approvals, or permissions from the regulatory bodies or authorities of such jurisdiction. The Content, unless expressly mentioned otherwise, is under copyright to NBK Capital. Neither the Content nor any copy of it may be in any way reproduced, amended, transmitted to, copied, or distributed to any other party without the prior express written consent of NBK Capital. All trademarks, service marks, and logos used in this report are trademarks or service marks or registered trademarks or registered service marks of NBK Capital.

The Content is provided to you for information purposes only and is not to be used, construed, or considered as an offer or the solicitation of an offer to sell or to buy or to subscribe for any investment (including but not limited to securities or other financial instruments). No representation or warranty, express or implied, is given by NBK Capital or any of its respective directors, partners, officers, affiliates, employees, advisors, or representatives that the investment referred to in this report is suitable for you or for any particular investor. Receiving this report shall not mean or be interpreted that NBK Capital will treat you as its customer. If you are in doubt about such investment, we recommend that you consult an independent investment advisor since the investment contained or referred to in this report may not be suitable for you and NBK Capital makes no representation or warranty in this respect.

The Content shall not be considered investment, legal, accounting, or tax advice or a representation that any investment or strategy is suitable or appropriate for your individual circumstances or otherwise constitutes a personal recommendation to you. NBK Capital does not offer advice on the tax consequences of investments, and you are advised to contact an independent tax adviser.

The information and opinions contained in this report have been obtained or derived from sources that NBK Capital believes are reliable without being independently verified as to their accuracy or completeness. NBK Capital believes the information and opinions expressed in this report are accurate and complete; however, NBK Capital gives no representations or warranty, express or implied, as to the accuracy or completeness of the Content. Additional information may be available upon request. NBK Capital accepts no liability for any direct, indirect, or consequential loss arising from the use of the Content. This report is not to be relied upon as a substitution for the exercise of independent judgment. In addition, NBK Capital may have issued, and may in the future issue, other reports that are inconsistent with and reach different conclusions from the information presented in this report. Those reports reflect the different assumptions, views, and analytical methods of the analysts who prepared the reports, and NBK Capital is under no obligation to ensure that such other reports are brought to your attention. NBK Capital may be involved in many businesses that relate to companies mentioned in this report and may engage with them. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions, and estimates contained in this report reflect a judgment at the report's original date of publication by NBK Capital and are subject to change without notice.

The value of any investment or income may fall as well as rise, and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may have an adverse effect on the value, price, or income of that investment. In the case of investments for which there is no recognized market, it may be difficult for investors to sell their investments or to obtain reliable information about their value or the extent of the risk to which they are exposed.

NBK Capital has not reviewed the addresses of, the hyperlinks to, or the websites referred to in the report and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to NBK Capital's own website material) is provided solely for your convenience and information, and the content of the linked site does not in any way form part of this document. Accessing such websites or following such links through this report or NBK Capital's website shall be at your own risk.

## © COPYRIGHT NOTICE

This is a publication of NBK Capital. No part of this publication may be reproduced or duplicated without the prior consent of NBK Capital.

**NBK CAPITAL****Kuwait****Head Office**

38th Floor, Arraya II  
 Al Shuhada Street, Block 6, Sharq  
 P.O.Box 4950, Safat 13050  
 Kuwait  
 T. +965 2224 6900  
 F. +965 2224 6905

**MENA Research**

35th Floor, Arraya II  
 Al Shuhada Street, Block 6, Sharq  
 P.O.Box 4950, Safat 13050, Kuwait  
 T. +965 2224 6663  
 F. +965 2224 6905  
 E. menaresearch@nbkcapital.com.kw

**Brokerage**

37th Floor, Arraya II  
 Al Shuhada Street, Block 6, Sharq  
 P.O.Box 4950, Safat 13050, Kuwait  
 T. +965 2224 6964  
 F. +965 2224 6978  
 E. brokerage@nbkcapital.com

**United Arab Emirates****NBK Capital Limited**

Precinct Building 3, Office 404  
 Dubai International Financial Center  
 P.O.Box 506506, Dubai  
 United Arab Emirates  
 T. +971 4 365 2800  
 F. +971 4 365 2805

**Turkey****NBK Capital**

Arastima ve Musavirlik AS,  
 Sun Plaza, 30th Floor,  
 Dereboyu Sk. No.24  
 Maslak 34398, Istanbul, Turkey  
 T. +90 212 276 5400  
 F. +90 212 276 5401

**NATIONAL BANK OF KUWAIT****Kuwait****National Bank of Kuwait SAK**

Abdullah Al-Ahmed Street  
 P.O. Box 95, Safat 13001  
 Kuwait City, Kuwait  
 T. +965 2242 2011  
 F. +965 2243 1888  
 Telex: 22043-22451 NATBANK

**Jordan****National Bank of Kuwait SAK**

**Head Office**  
 Al Hajj Mohd Abdul Rahim Street  
 Hijazi Plaza, Building # 70  
 P.O.Box 941297,  
 Amman -11194, Jordan  
 T. +962 6 580 0400  
 F. +962 6 580 0441

**United States of America****National Bank of Kuwait SAK**

**New York Branch**  
 299 Park Avenue, 17th Floor  
 New York, NY 10171, USA  
 T. +1 212 303 9800  
 F. +1 212 319 8269

**Vietnam****National Bank of Kuwait SAK**

**Vietnam Representative Office**  
 Room 2006, Sun Wah Tower  
 115 Nguyen Hue Blvd, District 1  
 Ho Chi Minh City, Vietnam  
 T. +84 8 3827 8008  
 F. +84 8 3827 8009

**INTERNATIONAL NETWORK****Bahrain****National Bank of Kuwait SAK**

**Bahrain Branch**  
 Seef Tower, Al-Seef District  
 P.O. Box 5290, Manama, Bahrain  
 T. +973 17 583 333  
 F. +973 17 587 111

**Lebanon****National Bank of Kuwait**

**(Lebanon) SAL**  
 Sanayeh Head Office  
 BAC Building, Justinian Street  
 P.O. Box 11-5727, Riyad El Solh  
 1107 2200 Beirut, Lebanon  
 T. +961 1 759 700  
 F. +961 1 747 866

**United Kingdom****National Bank of Kuwait (Int'l.) Plc**

**Head Office**  
 13 George Street,  
 London W1U 3QJ, UK  
 T. +44 20 7224 2277  
 F. +44 20 7224 2101

**China****National Bank of Kuwait SAK**

**Shanghai Representative Office**  
 Suite 1003, 10th Floor,  
 Azia Center, 1233 Lujiazui Ring Rd.  
 Shanghai 200120, China  
 T. +86 21 6888 1092  
 F. +86 21 5047 1011

**Saudi Arabia****National Bank of Kuwait SAK**

**Jeddah Branch**  
 Al-Andalus Street, Red Sea Plaza  
 P.O. Box 15385  
 Jeddah 21444, Saudi Arabia  
 T. +966 2 653 8600  
 F. +966 2 653 8653

**Iraq****Credit Bank of Iraq**

Street 9, Building 187  
 Sadoon Street, District 102  
 P.O.Box 3420, Baghdad, Iraq  
 T. +964 1 7182198/7191944  
 +964 1 7188406/7171673  
 F. +964 1 7170156

**NBK Investment****Management Limited**

13 George Street  
 London W1U 3QJ, UK  
 T. +44 20 7224 2288  
 F. +44 20 7224 2102

**France****National Bank of Kuwait (Int'l.) Plc**

**Paris Branch**  
 90 Avenue des Champs-Elysees  
 75008 Paris, France  
 T. +33 1 5659 8600  
 F. +33 1 5659 8623

**ASSOCIATES****Qatar****International Bank of Qatar (QSC)**

Suhaim bin Hamad Street  
 P.O.Box 2001  
 Doha, Qatar  
 T. +974 447 3700  
 F. +974 447 3710

**United Arab Emirates****National Bank of Kuwait SAK**

**Dubai Branch**  
 Sheikh Rashed Road, Port Saeed  
 Area, ACICO Business Park  
 P.O. Box 88867, Dubai  
 United Arab Emirates  
 T. +971 4 2929 222  
 F. +971 4 2943 337

**Egypt****Al Watany Bank of Egypt**

13 Al Themar Street  
 Gameat Al Dowal AlArabia  
 Fouad Mohie El Din Square  
 Mohandessin, Giza, Egypt  
 T. +202 333 888 16/17  
 F. +202 333 79302

**Singapore****National Bank of Kuwait SAK**

**Singapore Branch**  
 9 Raffles Place #51-01/02  
 Republic Plaza, Singapore 048619  
 T. +65 6222 5348  
 F. +65 6224 5438

**Turkey****Turkish Bank**

**Head Office**  
 Valikonagl Avenue No. 1  
 P.O.Box 34371 Nisantasi,  
 Istanbul, Turkey  
 T. +90 212 373 6373  
 F. +90 212 225 0353