



Al Rajhi Capital issues “Dividends : Fruits of investment” Report

Riyadh, 30 Jan. – The Al Rajhi Capital Research Department has issued a strategy report comparing two baskets of stocks on the Saudi stock exchange: 15 with a high dividend payout, and 15 with a low dividend payout. The full report is available on its website www.alrajhi-capital.com . Dividends are the fruits of investment in equities, and paying generous dividends is a mark of a company’s commitment towards its investors.

High dividend payout normally implies high yield, although this depends on stock market valuations. Our basket of 15 high payout stocks – mostly mature companies with stable cash flows – has provided a payout of 56% of earnings over the past four years or so, and currently yields 5.4%.

Sales growth, though below that for the low payout stocks, has been very healthy over the last three years, while the aggregate PE ratio is lower and aggregate net margin and return on equity are higher.

Dr. Saleh Al Suhaibani, Head of Research at Al Rajhi Capital, pointed out “We think it makes good sense for investors to hold the portfolio of high payout stocks on a 9 to 12 month horizon. Dr. Al Suhaibani added “The fact that many Saudi companies offer generous payouts adds to the attractions of the market highlighted in our recent major report on Saudi equity strategy.”

Over the coming year Al Rajhi Capital intends to broaden and strengthen its research coverage. Provision of in-depth equity research is a key element of that plan, and its first new equity research sector reports should be published shortly. The plan for Research is part of its general strategy of expanding Al Rajhi Capital’s investment banking operations.

Al Rajhi Capital is headquartered in Riyadh and provides securities-related services, including brokerage, asset management, arranging, underwriting, private equity, advisory and custodial services. Al Rajhi Capital is a leader in providing brokerage services and manages 15 funds. Al Rajhi Capital has been well recognized over the years through several awards.