

GCC Corporate Earnings Report : Q1-2023

June-2023

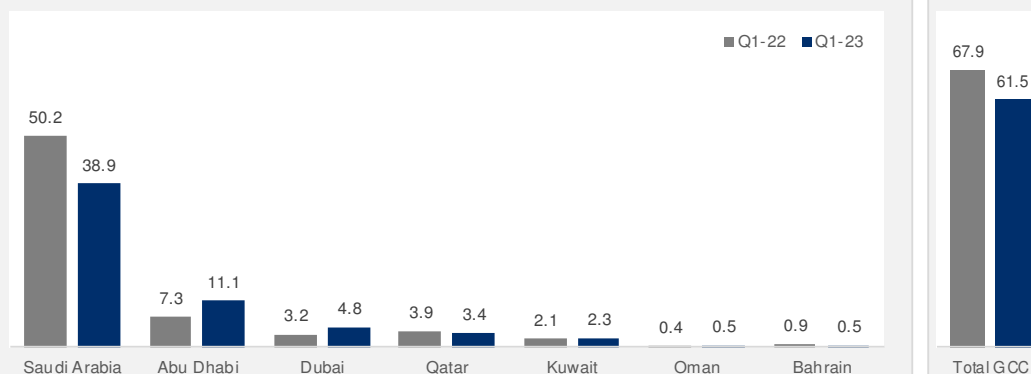
Profits decline y-o-y led by Energy, Materials and Div. Financials...

Quarterly profits reported by GCC-listed companies declined y-o-y during Q1-2023 mainly led by a fall in energy and commodity prices. Most commodity prices witnessed a demand-led decline during the quarter that was reflected in the biggest q-o-q drop in the Bloomberg Commodity index since the pandemic during Q1-2023 (-6.5%). A fall in profits for the Diversified Financials sector was also reflected in lower profits during the quarter after the MSCI GCC index declined for four quarters in a row. That said, aggregate GCC profits showed the first q-o-q growth in Q1-2023 after two consecutive quarters of declines during the previous two quarters.

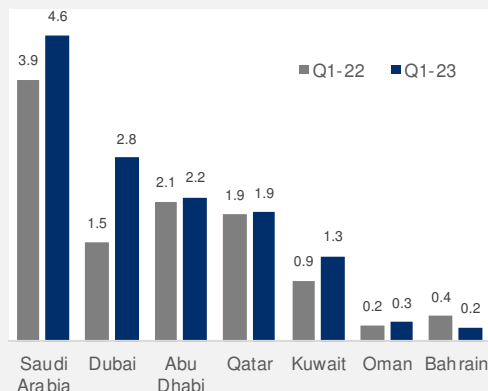
Aggregate net profit for GCC-listed companies reached USD 61.5 Bn during Q1-2023 as compared to USD 57.0 Bn during Q4-2022 resulting in a q-o-q growth of 7.9%. The y-o-y performance showed a decline of 9.1% when compared to Q1-2022 profits of USD 67.9 Bn, which was the second-biggest profit on record for the GCC markets. Energy, Materials and Diversified Financials were the top three sectors by absolute y-o-y profit decline vs. Q1-2022 as these sectors accounted for 56% of total profits during Q1-2023 as compared to 70% of profits during Q1-2022. In terms of q-o-q performance, the growth in profit was led by higher profits for Banks and Utilities sectors that was partially offset by a drop in profits mainly for the Energy, Capital Goods and Materials sectors.

In terms of regional trend, the q-o-q profit growth was seen across the GCC exchanges during the quarter, barring Saudi Arabia. Aggregated profits for the Kingdom reached USD 38.9 Bn during Q1-2023 as compared to USD 40.6 Bn during Q4-2022, a decline of 4.2% mainly led by fall in profits for Energy, Materials and Utilities sectors. On the other hand, Qatari companies reported the biggest profit growth of 65.9% followed by Omani and Dubai-listed companies with q-o-q profit growth of 49.9% and 43.7%, respectively.

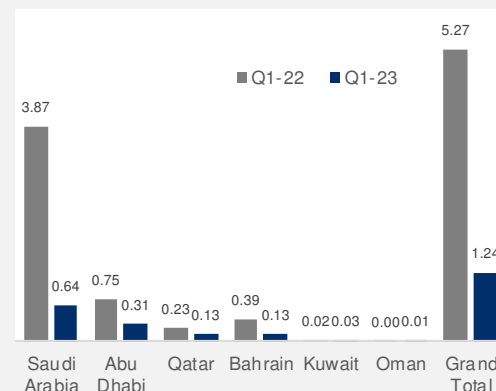
GCC Corporate Earnings : Q1-22 vs. Q1-23 (USD Bn)



GCC Banks: Q1-22 vs. Q1-23 (USD Bn)



GCC Materials Sector: Q1-22 vs. Q1-23 (USD Bn)



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

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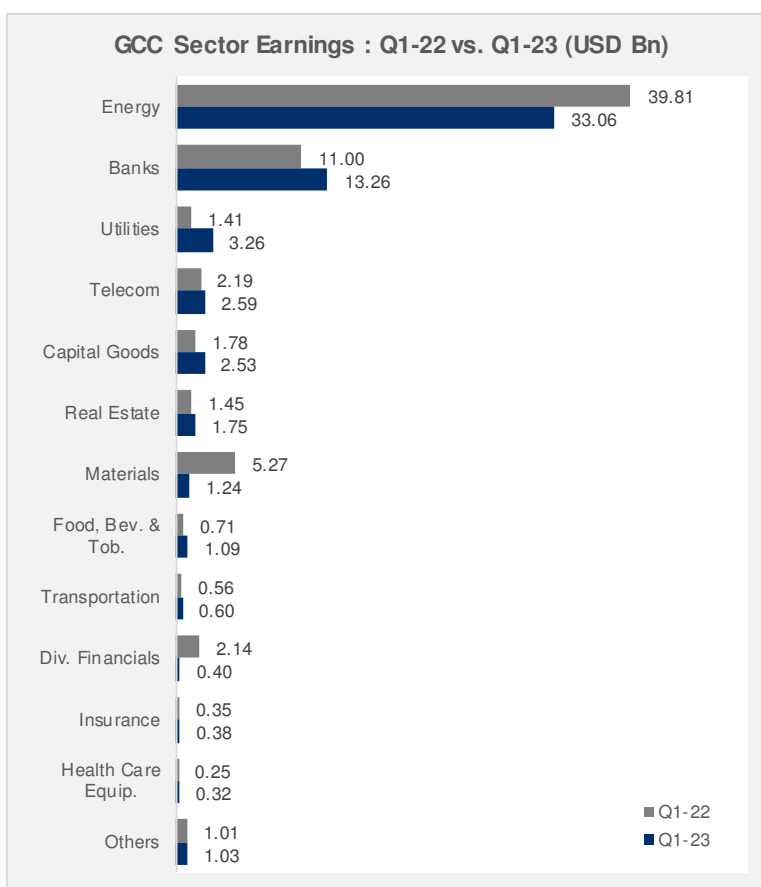
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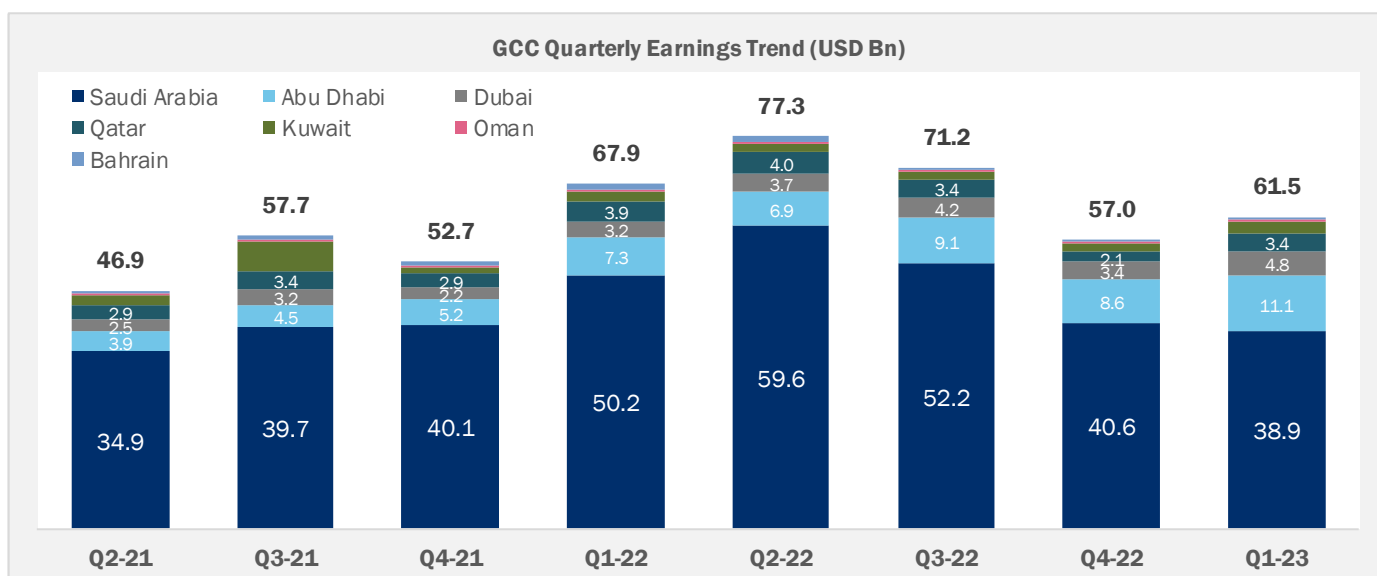
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In terms of sectoral performance, profits for the Energy sector declined by 16.9% y-o-y or by USD 6.7 Bn and 4.8% q-o-q or by USD 1.7 Bn during Q1-2023 to reach USD 33.1 Bn. The decline in profits for the Energy sector highlighted a consistent fall in oil prices since last year. Brent crude oil averaged at USD 81.1 per barrel during Q1-2023 which was the lowest in five quarters. The average Brent crude price was USD 100.9 per barrel during Q1-2022, resulting in a y-o-y decline of 19.6% in Q1-2023. Similarly, in terms of q-o-q performance, Brent crude averaged at USD 88.7 per barrel during the last quarter of 2022, resulting in a q-o-q decline of 8.6% during Q1-2023. Nevertheless, the q-o-q decline in profits was seen in 12 out of the 22 constituents in the sector while 9 out of 22 companies reported a y-o-y decline in profits indicating a fall in profits for some key large-cap companies in the sector more than offsetting growth for the rest of the companies. Within the Energy sector, net profits for Saudi Aramco declined by 17.3% y-o-y and by 6.2% q-o-q to reach USD 31.3 Bn. The decline in net profits was led by a 11.0% y-o-y fall in revenues during Q1-2023. In terms of volume, total quarterly production dropped from 13.0 million barrels of oil equivalent per day (mmboe/d) to 12.8 mmboe/d.

On the other hand, the Banking sector continued to record earnings growth during Q1-2023. Aggregate profits for the sector surged by 20.6% y-o-y and 24.9% q-o-q to reach USD 13.3 Bn during Q1-2023. The growth in profits was broad-based and was seen across the board in almost all markets in terms of both y-o-y and q-o-q performance. The growth mainly reflected higher overall interest rates as the effect of the recent rate hikes were partially reflected in the results of the GCC banking sector. Meanwhile, the results of the GCC Insurance sectors were largely unavailable as companies in the sector grapple to implement new IFRS 17 accounting standards that was implemented starting from 1-January-2023. Furthermore, profits for the Utilities sector also witnessed significant gains during the quarter. Total profits for the sector reached USD 3.3 Bn in Q1-2023 more than double when compared to Q1-2022 as well as Q4-2022. The increase was mainly led by higher profits for Abu Dhabi's TAQA that more than offset q-o-q profit decline in 11 out of 18 companies in the sector.



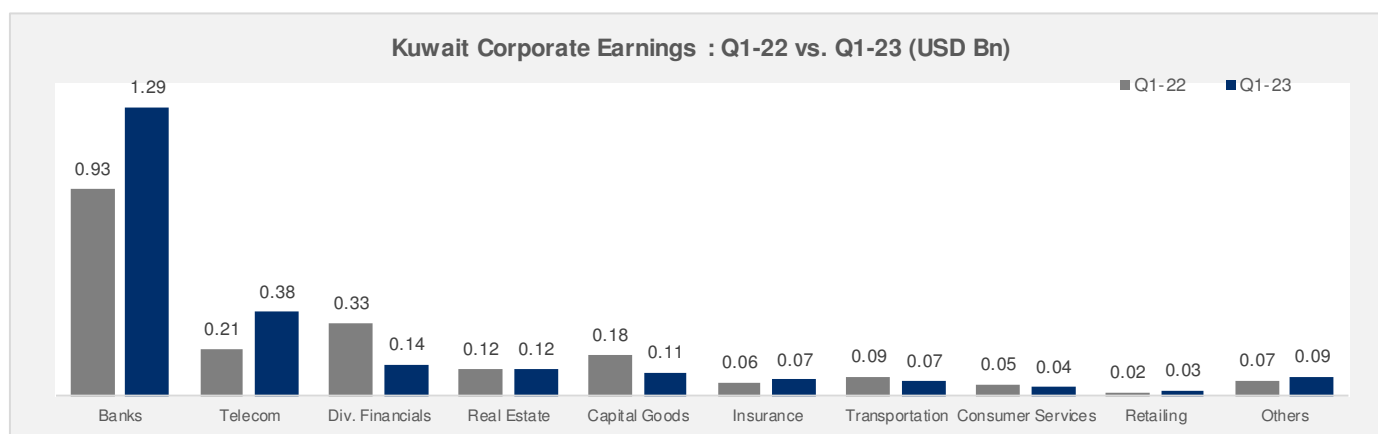
Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Kuwait

Corporate earnings for companies listed on Boursa Kuwait increased by 13.6% y-o-y during Q1-2023 to reach USD 2.3 Bn as compared to USD 2.1 Bn in Q1-2022. The biggest impact on higher aggregate stock exchange profits came from the Banking sector which showed a 39.4% jump in profits that reached USD 1.3 Bn in Q1-2023 from USD 926.8 Mn in Q1-2022. In terms of sequential performance, the aggregate growth in profits stood at 34.3% as compared to Q4-2022. The major sectors i.e. Banks, Telecom, and Insurance contributed to the y-o-y increase of aggregate profitability, whereas q-o-q growth was mainly driven by Telecom and Real Estate sectors partially offset by a steep fall in profits for the Insurance sector.



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

In the banking sector, NBK reported a net profit of USD 436.5 Mn for Q1-2023 up 13.8% vs. a profit of USD 383.5 Mn in Q1 - 2022 mainly led by higher net interest income that was partly offset by higher operating expenses and higher impairment charges as compared to Q1-2022. Net profits for KFH more than doubled to USD 527.2 Mn for Q1-2023 up by 130.6% compared to USD 228.7 Mn from the previous year mainly due to the completion of acquisition of AUB during the last quarter of 2022. The contribution of AUB Group to the net profit attributable to the shareholders of the Bank amounted to USD 237.0 Mn, or 45.0%, in addition to the increase in the income generated from KFH Group during Q1- 2023. Meanwhile, Burgan Bank reported a net profit decline from USD 39.9 Mn Q1-2022 to USD 24.6 Mn in Q1-2023 on the account of hyperinflation related to the operations in Turkey which was not applied in the comparative period.

Net Profits for the Telecom sector increased by 80.2% y-o-y to reach USD 375.6 Mn for Q1-2023 compared to USD 208.4 Mn for Q1-2022. Zain recorded a net profit of USD 176.3 Mn in Q1-2023 compared to USD 155.4 Mn in Q1-2022 an increase of 13.5%. Revenue for Q1-2023 reached USD 285 Mn, up by 3% y-o-y. EBITDA for the quarter reached USD 105 Mn, up by 2%, y-o-y, resulting in an EBITDA margin of 37%. STC Kuwait registered a 6.1% increase in Q1-2023 earnings which reached USD 26.8 Mn up from USD 25.3 Mn in net profits during Q1-2022 led by the 12.7% increase in the revenues to reach USD 281.6 Mn compared to USD 249.7 Mn in the Q1-2022. Ooredoo Kuwait posted multifold increase in net profit to reach USD 172.5 in Q1-2023 against USD 27.7 for Q1-2022. The company posted a revenue growth and EBITDA of 2% and 16% for Q1-2023, respectively while net profit growth came mainly after winning the final court ruling related to recovery of excess regulatory tariff paid that amounted to USD 142.4 Mn in a case against Kuwait's MOC and CITRA.

The Insurance sector recorded a y-o-y profit growth of 22.4% to reach USD 74.2 Mn in Q1-2023 compared to USD 60.6 Mn in Q1-2022. Gulf Insurance Group reported the biggest increase in profits during Q1-2023 to reach USD 30.6 Mn compared to USD 23.1 Mn in Q1-2022 mainly due to the increase in net investment income which reached USD 33.2 Mn in Q1-2023 representing an increase of 77% compared to USD 18.8 Mn in Q1-2022. AlAhleiah Insurance posted a net profit of USD 17.9 Mn in Q1-2023 against USD 14.5 Mn in Q1-2022 supported by an increase in operating revenue and investment income.

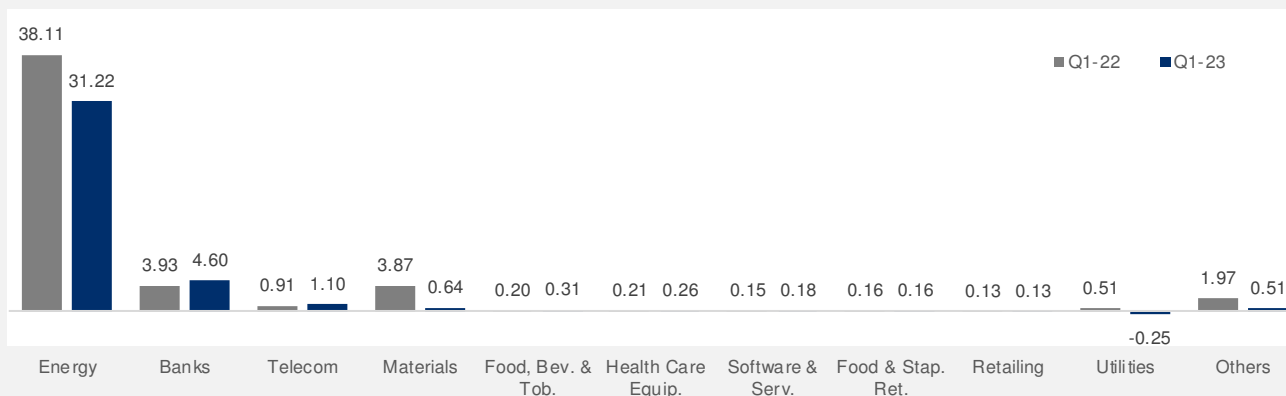
In the Health Care Equipment & Services sector, Advanced Technology Co.'s profit more than doubled to USD 19.1 Mn in Q1-2023 as compared to USD 7.0 Mn in Q1-2022. The increase was mainly led by a 65% decline in sales & administrative expenses mainly due to the reversal of expected credit losses of USD 10.40 Mn on account of recovery. Yiacco Medical posted a net profit of USD 1.2 Mn for Q1-23 vs USD 0.1 Mn in Q1-2022 supported by other income obtained from a legal case.

In the Retailing sector, net profits reached USD 27.4 Mn in Q1-2023 compared to a profit of USD 20.1 Mn in Q1-2022. Ali Alghanim Sons Automotive Co. recorded a net profit of USD 19.5 Mn vs USD 13.4 Mn up by 45.4% mainly due higher vehicles volumes. Soor Fuel Marketing also recorded a net profit growth of 34.1% to reach USD 4.1 Mn in Q1-2023 led by increase in the fuel sales.

Saudi Arabia

Aggregate net profits for Saudi-listed companies witnessed a decline of 22.5% to reach USD 38.9 Bn in Q1 -2023 against USD 50.2 Bn in Q1-2022. Among the top three sectors on the exchange, profits for the Banking and Telecom sectors showed an increase during the quarter. The decline in Q1-2023 earnings was mainly driven by a plunge in profits in the Energy Sector which declined by 18.1% to USD 31.2 Bn as compared to USD 38.1 Bn during Q1-2022. Profits for the other key sectors like Materials, Diversified Financials and Utilities also declined during the quarter. On the other hand, Food & Beverages and the Health Care Equipment & Services Sector reported a growth in profits during the quarter that partially offset the overall decline. Most of the companies in the insurance sector had not filed their quarterly results as the period for applying IFRS 17 to insurance contract was extended.

Saudi Arabia Corporate Earnings : Q1-22 vs. Q1-23 (USD Mn)



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Banking sector outperformed other sectors as the biggest contributor to net profits during the period by recording a net profit of USD 4.6 Bn in Q1-2023 vs. USD 3.9 Bn in Q1-2022 up by 16.8%. Al Rajhi Bank recorded a marginal net profit growth that reached USD 1.1 Bn in Q1-2023. The bank's total operating income declined by 2.5% due to the decline in net financing and investment income. Meanwhile, Saudi British Bank reported a 75.6% increase in the net profit that reached USD 470.1 Mn in Q1-2023 compared to USD 267.7 Mn in Q1-2022 supported by a 79.3% increase in net special commission income in addition to the increase in foreign exchange gains. On a sequential basis, net earnings grew 27.2% from USD 369.7 Mn in Q4 2022, due to an increase in total operating income and a decline in total operating expenses. Riyadh Bank reported net profits of USD 538.0 Mn in Q1-2023 from a net profit of USD 413.9 Mn a year earlier. The profit growth was attributed to 44.9% increase in net special commission income amid higher net provision for impairment. Compared to Q4-2022 earnings, the bank's net profit fell slightly by 0.3% from USD 539.6 Mn, on higher operating expenses.

Net profit for the Telecom sector grew by 20.7% y-o-y to reach USD 1.1 Bn in Q1-2023 as compared to USD 0.9 Bn during Q1-2022. STC reported a 2.3% y-o-y increase in net profits that reached USD 828.1 Mn due to higher revenues. Mobily registered a net profit of USD 123.9 Mn for Q1-2023 compared to USD 85.1 Mn in Q1-2022. The increase was driven by higher revenues and EBITDA. Zain KSA net profit soared to USD 149.9 Mn in Q1-2023, registering an increase of 598.3%, from a net profit of USD 21.5 Mn in Q1-2022 due to higher revenue partially offset by higher operating expenses and finance costs.

Meanwhile, profits for the F&B sector reached USD 311.1 Mn, up by 52.8% y-o-y during Q1-2023. The increase came mainly on the back of higher profits for Almarai Co. and Savola Group. Q1-2023 net profits for Almarai Co. reached USD 169.2 Mn buoyed by the one-off gains made during the first 10 days of Ramadan and the subsidy related to food security measures taken by Almarai. These one-off benefits amounted to USD 39.7 Mn, representing 35% growth in net profit y-o-y. Savola Group reported a net profit of USD 104.6 Mn for the Q1-2023 on a 4.3% y-o-y rise in revenue and 57.6% y-o-y growth in operating profit. Sequentially, net profit more than quadrupled from USD 25.1 Mn in Q4-2022.

In the Health Care Equipment & Services sector, Dr. Sulaiman Al Habib Medical Services Group posted a 25.2% leap in Q1-2023 net profit that reached USD 130.3 Mn, compared to USD 104.1 Mn in the prior year period. The company's results were driven by a 15.9% y-o-y rise in revenue that reached USD 613.3 Bn led by sales growth in the hospital and pharmacy segments. Similarly, Middle East Healthcare Co.'s net profit doubled to USD 13.4 Mn in the Q1-2023, from USD 5.5 Mn y-o-y in Q1-2022 driven by increased revenues and operational capacity that pushed the number of patients higher. On a sequential basis, net profit rose 51.3% from USD 8.84 Mn in Q4-2022.

On the other hand, the aggregate decline in profits for Saudi-listed companies in Q1-2023 was mainly driven by a drop in profits of the Energy Sector which declined by 18.1% to reach USD 31.2 Bn as compared to USD 38.1 Bn during Q1-2022. Oil giant Aramco reported a net profit decline of 17.3% during Q1-2023 primarily led by lower crude oil prices, which was partially offset by lower income tax and Zakat expenses, along with higher finance and other income. Meanwhile, within the Energy sector, Bahri posted more than seven-fold jump in Q1-2023 net profit that reached USD 131.2 Mn from USD 17.3 Mn in Q1-2022 backed by higher topline growth across business units.

Dubai

Net profits for Dubai-listed companies registered a growth of 51.2% y-o-y to USD 4.8 Bn in Q1-2023 against USD 3.2 Bn in Q1-2022. The surge in earnings was primarily driven by earnings growth in the Banking, Real Estate and Capital Goods sectors. The three sectors accounted for the biggest share of corporate profits in Q1-2023 at 85.3%. Only the Food & Staples Retailing and the F&B sectors recorded a y-o-y decline in total net profits during the first quarter of the year.



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Total net profits for the Banking Sector soared 84.2% in Q1-2023 to reach USD 2.8 Bn as compared to USD 1.5 Bn in Q1-2022. The sector's rise in total earnings was primarily driven by Emirates NBD for the second consecutive quarter with 114.7% jump in net earnings which reached USD 1.6 Bn against USD 746.2 Mn in Q1-2022. The bank's strong performance was attributed to its record-breaking quarterly performance in retail lending issuing 144 thousand new credit cards and AED 8 Bn (USD 2.18 Bn) in retail loan distributions. Mashreq Bank followed with the second largest Q1-2023 net profit in the sector recording USD 438.4 Mn as compared to USD 165.0 Mn in Q1-2022. The combination of improved efficiency and healthy operating income growth in the UAE and across other countries has helped maximize the bank's earnings during the quarter.

In the Real Estate Sector, aggregate Q1-2023 net earnings jumped 31.4% to USD 1.2 Bn against USD 0.95 Bn in Q1-2022. Emaar Properties' Q1-2023 net profits of USD 872.9 Mn against USD 609.6 Mn helped to lift the total earnings of the sector. Emaar's robust financial performance was attributed to a combination of improved operational excellence and good property sales performance. Emaar Development followed with the second largest Q1-2023 net profits in the sector at USD 288.2 Mn.

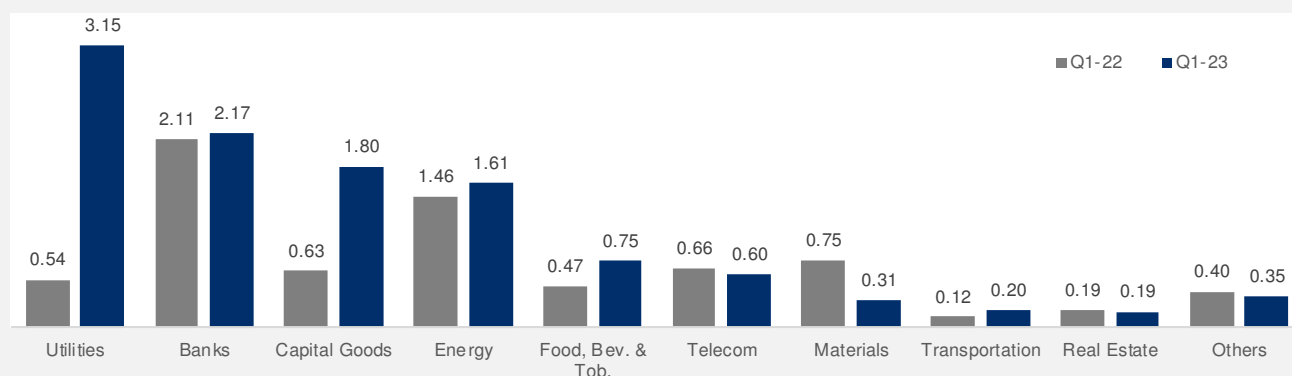
In the Utilities sector, total profits registered a marginal dip of 0.5% to reach USD 248.0 Mn as compared to USD 249.3 Mn in Q1-2022. Q1-2023 net profits for Dubai Electricity and Water Company recorded an uptick of 1.3% to reach USD 202.5 Mn whereas net earnings for the Emirates Central Cooling Systems Corp reported a 7.7% drop to reach USD 45.5 Mn. DEWA's marginal profit growth was mainly due to growth in average customer water consumption during the quarter.

Total net profits for the Transport Sector dropped 11.9% to reach USD 178.1 Mn during Q1-2023. The sector's overall decline in net earnings came after Salik reported a 31.7% decline in Q1-2023 net earnings which reached USD 75 Mn despite recording the highest level of quarterly revenues led by higher trips and toll usage. Salik's toll usage revenue represented around 87% of the total revenue of the company during the quarter. The company's overall revenue increased by 7.9% y-o-y during Q1-2023. Aramex, meanwhile, reported USD 6.5 Mn in Q1-2023 net profits, nearly half of its Q1-2022 profits. The company attributed the drop in earnings to a mix of factors such as currency devaluation in certain markets and interest expenses associated with the MyUS acquisition. On the other hand, first quarter net profits for Gulf Navigation Holding Co jumped over 7 times to reach USD 3.7 Mn as compared to USD 0.45 Mn in Q1-2022.

Abu Dhabi

Listed companies in Abu Dhabi witnessed a 51.8% y-o-y increase in net profits during Q1-2023 to reach USD 11.1 Bn compared with USD 7.3 Bn during Q1-2022. The Utilities sector with only one comprising company – Abu Dhabi National Energy Co - topped the sector aggregate profits during Q1-2023 after reporting a net profit of USD 3.2 Bn as compared to USD 536.6 Mn in Q1-2022. The Banking sector followed witnessing a smaller y-o-y profit growth of 3.2% in Q1-2023 that reached USD 2.2 Bn up from USD 2.1 Bn in Q1-2022. First Abu Dhabi Bank's decline in net earnings has been the main reason for the sluggish growth in the aggregate net profits of the Banking sector. FAB announced USD 1.1 Bn in net profits during Q1-2023, a 23.3% y-o-y drop during the quarter, mainly led by extraordinary profits in Q1-2022 after the sale of stake in Magnati. The decline in quarterly earnings was also attributed to higher net impairment charges which witnessed 74% y-o-y growth to reach AED 798 Mn (USD 217.3 Mn) during the quarter.

Abu Dhabi Corporate Earnings : Q1-22 vs. Q1-23 (USD Bn)



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Profits for the Capital Goods sector jumped over 1.85 times to reach USD 1.8 Bn in Q1-2023 as compared to USD 632.1 Mn in Q1-2022 despite the USD 10.0 Mn loss registered by Multiply Group during the quarter. Alpha Dhabi Holding announced USD 1.8 Bn in Q1-2023 net profits as compared to USD 537.1 Mn during Q1-2022 lifting the overall total net earnings of the Capital Goods sector during the quarter. Higher revenues (58% y-o-y) as well as a fair value gain of the derecognition of Pure Health Holdings LLC contributed to the company's quarterly profits growth. Q1-2023 net earnings of Ras Al Khaimah Ceramics co witnessed a 29.7% y-o-y growth to reach USD 20 Mn during the quarter while the net earnings of Abu Dhabi Ship Building Co jumped more than 2.6 times to reach USD 1.4 Mn during the similar period.

Total Q1-2023 earnings for the Energy Sector witnessed a modest 10.3% y-o-y growth to reach USD 1.6 Bn despite a 7.4% drop in quarterly profits for Dana Gas that reached USD 50.0 Mn during the quarter. Net earnings for ADNOC Gas recorded a 9% growth to reach USD 1.3 Bn during the quarter as compared to USD 1.2 Bn in Q1-2022. Lower gas prices and lower volumes were offset by the lower cost of raw gas supply that resulted in the profit growth during the quarter. Similarly, Q1-2023 net earnings for ADNOC Drilling jumped 25.4% to USD 218.7 Mn as compared to USD 174.5 Mn in Q1-2022.

In terms of quarterly profits decline by sector, the Materials sector recorded the biggest absolute decline in net profits. Q1-2023 earnings of the sector dropped 58.4% y-o-y to reach USD 311.4 Mn as compared to USD 749.1 Mn during Q1-2022. Net earnings for Arkan Building Materials increased by 109.7% to USD 41.4 Mn during Q1-2023. On the other hand, four of the nine companies in the sector reported net losses during the similar period: Sharjah Cement & Industrial Development co (USD -2.0 Mn), Ras Al-Khaimah Cement Co (USD -51.8 Mn), Gulf Cement Co (USD -3.8 Mn), and Fujairah Cement Industries (USD -7.2 Mn).

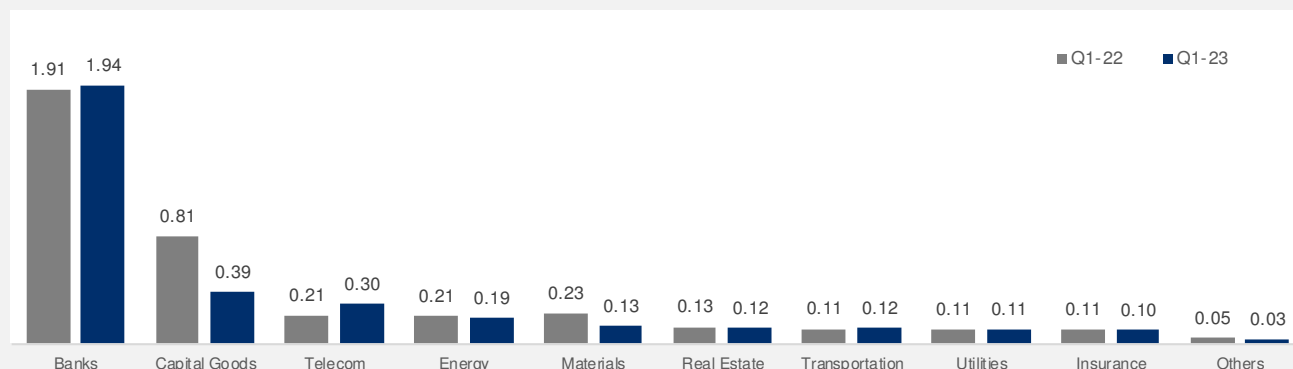
Qatar

Total earnings for Qatari-listed companies witnessed a y-o-y decline of 11.5% during Q1-2023 to reach USD 3.4 Bn as compared to USD 3.9 Bn in Q1-2022. The decline in quarterly profits was primarily led by the fall in profits mainly for the Capital Goods, Energy, Materials sectors that was partially offset by growth in profits for the Telecom and Banking sectors during the quarter.

Qatar's Banking sector reported a profit growth of 1.6% in Q1-2023 that reached USD 1.94 Bn accounting for 56.5% of the overall exchange profits during the quarter. QNB reported a net profit increase of 7.1% during the quarter reaching USD 1.06 Bn compared to a net profit of USD 990.4 Mn in Q1-2022. Qatar Islamic Bank reported a net profit of USD 247.4 Mn for Q1-

2023 as compared to USD 234.2 Mn for the same period in 2022. Commercial Bank of Qatar reported a net profit of USD 205.3 Mn for Q1-2023 as compared to 192.4 Mn for the same period in 2022, up by 6.7%. Net interest income for the bank increased by 7.5% to USD 271.12 Mn during Q1-2023 as compared with USD 252.11 Mn achieved in the same period in 2022. Meanwhile, quarterly net profit for Doha Bank declined by 48.1% to USD 57.0 Mn in Q1-2023 compared to USD 110.0 Mn in Q1-2022 despite a healthy growth in net interest income which reached USD 135.15 Mn, up by 2% as compared to Q4-2022.

Qatar Corporate Earnings : Q1-22 vs. Q1-23 (USD Bn)



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

In the Telecom sector, Ooredoo's consolidated net profits increased by 42.9% to USD 262.5 Mn in Q1-2023 compared to USD 183.8 Mn in Q1-2022. The telco's revenue grew 2% y-o-y to USD 1.54 Bn in Q1-2023 compared to USD 1.51 Bn in Q1-2022 driven by mobile data, fixed B2B, wholesale and handsets. Vodafone Qatar maintained its growth trajectory in Q1-2023, reporting a net profit of USD 36.5 Mn for Q1-2023, representing an increase of 23.9% y-o-y. Total revenue for the telco increased by 6.2% y-o-y to reach USD 213.2 Mn driven by continued growth in the company's postpaid revenue and fixed broadband services in addition to higher service revenue. EBITDA for the period increased by 6.4% to reach USD 87.9 Mn led by higher service revenue growth.

Net profits for the Insurance sector declined by 7.2% y-o-y to reach USD 102.2 Mn despite being supported by the profits reported by Qatar Insurance and Doha Insurance. Qatar Insurance registered a multifold increase in its net profit increase that reached USD 47.3 Mn for Q1-2023 vs USD 6.7 Mn for Q1-2022. Profits for Doha Insurance almost doubled to reach USD 17.9 Mn in Q1-2023 vs USD 9.2 Mn in Q1-2022. Meanwhile, Qatar General Insurance & Reinsurance Co. net profit declined by 20.9% to reach USD 12.3 Mn in Q1-2023 compared to USD 15.5 Mn in Q1-2022.

In the Utilities sector, the sole stock Qatar Electricity & Water reported a net profit of USD 109.5 Mn up by 2.9% from its Q1-2022 earnings which stood at USD 106.5 Mn mainly due to higher share of profit from the joint venture of Nebras. QEWC reported a revenue of USD 180.7 Mn, an increase of 16% compared to USD 155.2 Mn during the same period in 2022. EBITDA grew by 11% to USD 115.54 Mn from USD 104.1 m during the Q1-2022.

In the Transportation sector, Qatar Navigation Co. posted a net profit of USD 99.3 Mn in Q1-2023 compared to USD 98.7 Mn in Q1-2022. The company reported an operating revenue of USD 210.41 Mn in Q1-2023 vs USD 250.8 Mn in Q1-2022. Meanwhile, Gulf Warehousing Co. reported a net profit of USD 16.8 Mn in Q1-2023 compared to USD 15.8 Mn in Q1-2022 up by 6.1%. The Quarterly net profit of Industries Qatar Co. in the Capital Goods sector almost halved to reach USD 318.6 in Q1-2023 against USD 740.5 in Q1-2022. The company's profit was affected by the product price declines due to slower trends observed across the Group's product basket lead by macroeconomic headwinds.

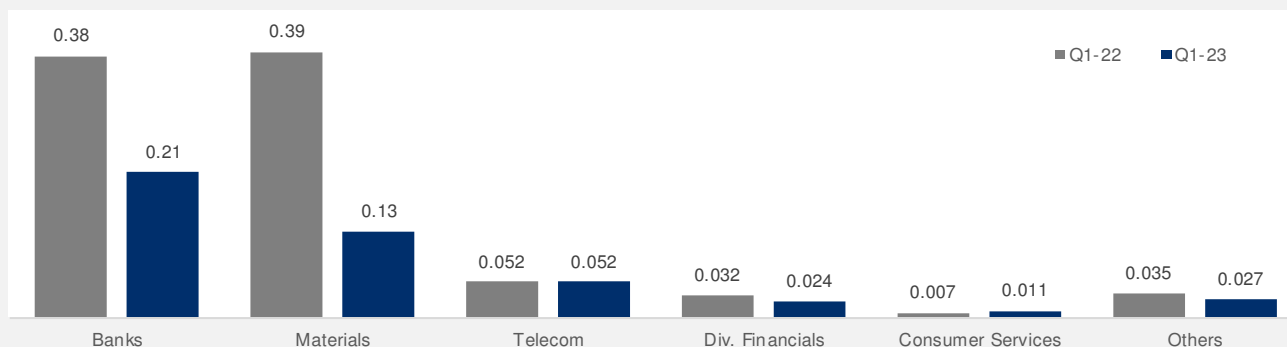
Bahrain

Total net profits for Bahrain-listed companies almost halved in Q1-2023 to reach USD 452.2 Mn from USD 898.9 Mn in Q1-2022. Four out of the five largest sectors by market cap have witnessed y-o-y quarterly decline in their aggregate net profits during the quarter namely Banks, Diversified Financials, Materials, and Telecoms sectors. Moreover, nine out of the thirteen sectors in the Bourse have reported declines in aggregate Q1-2023 net earnings.

The Banking sector saw its total Q1-2023 net profits decline by 44.4% y-o-y to USD 213.0 Mn as compared to USD 383.4 Mn in Q1-2022. The results for the Banking sector excluded net profits for AUB Bahrain post its merger with KFH. Five out of the eight banks in the sector which reported their financials during the quarter posted y-o-y growth in profits in Q1-2023. However, decline in profits for United Gulf Holding Co., Bahrain Islamic Bank and Albaraka Bank resulted in the decline in profits for the sector. Q1-2023 net profits for the Arab Banking Corporation jumped 93.6% to reach USD 60.0 Mn up from USD 31.0 Mn in

Q1-2022. Whereas first quarter net profits for the National Bank of Bahrain and BBK witnessed double digit profits growth registering USD 59.4 Mn and USD 53.3 Mn respectively, during the period. In the Materials sector, Q1-2023 net profits for Aluminum Bahrain fell 67.7% y-o-y to reach USD 125.9 Mn as compared to USD 389.3 Mn in Q1-2022. The company attributed the fall in Q1-2023 profits to lower LME prices and lower premiums.

Bahrain Corporate Earnings : Q1-22 vs. Q1-23 (USD Bn)



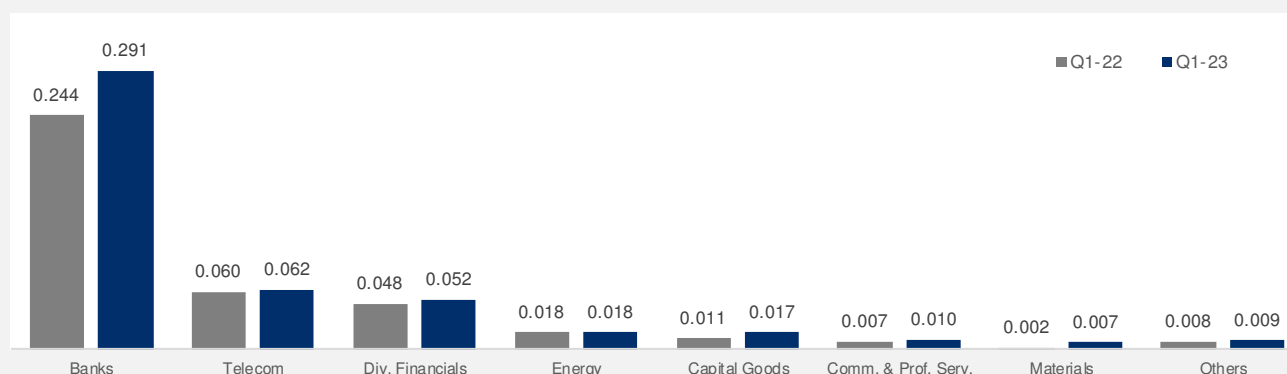
Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Telecom Sector's Q1-2023 earnings stayed the course witnessing a marginal dip of only 0.2% to reach USD 51.5 Mn. Q1-2023 net profits for Batelco (Beyon) reported a 0.6% growth to reach USD 47.7 Mn led by improved revenues and operating profits during the period. On the other hand, net earnings for Zain Bahrain declined by 8.9% to USD 3.8 Mn from USD 4.2 Mn in Q1-2022. Zain Bahrain's y-o-y profits decline was attributed to a drop in operating profits which witnessed a decrease of 11% from USD 4.6 Mn to USD 4.1 Mn during Q1-2023.

Oman

Total net profits for listed companies in Oman increased by 17.4% in Q1-2023 to reach USD 466.4 Mn compared to USD 397.2 Mn in Q1-2022 following higher profits for the Banking, Telecom, and the Diversified Financial sectors during the quarter. The Banking Sector witnessed Q1-2023 net profits growth of 19.4% to reach USD 290.9 Mn up from USD 243.6 Mn in Q1-2022. In the Banking Sector, seven out of the eight constituents reported growth in their net earnings while Ahli Bank reported a 26.2% decline in profits that reached USD 14.4 Mn during Q1-2023. HSBC Oman led the banks in terms of absolute growth in y-o-y profits that reached USD 31.7 Mn against USD 14.0 Mn. Comparatively, NBO reported the largest absolute profits among the banks in the sector at USD 37.3 Mn up from USD 26.6 Mn in Q1-2022. HSBC Oman's quarterly profits growth was primarily driven by a 42.8% growth in net operating income and lower operating expenses. NBO's strong performance was induced by increasing net interest income, and decreasing net impairment.

Oman Corporate Earnings : Q1-22 vs. Q1-23 (USD Bn)



Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Total Q1-2023 net profits of the Telecoms Sector increased by 4.4% y-o-y to reach USD 62.3 Mn as compared to USD 59.6 Mn in Q1-2022. OmanTel posted a net profit of USD 55.1 Mn in Q1-2023 recording a 14.6% y-o-y growth from USD 48.0 Mn in Q1-2022. OmanTel's improved quarterly net profit was attributed to an increase in gross margins in the retail and wholesale segment, a decrease in finance costs and an increase in dividend income from Zain group. On the other hand, Q1-2023 net earnings for Ooredoo Oman fell 38.0% y-o-y to USD 7.2 Mn.

In the Food, Beverage & Tobacco aggregate Q1-2023 reached USD 6.8 Mn as compared to USD 0.2 Mn in Q1-2022. The profits jump was mainly due to the return to profitability of Salalah Mills and A'Saffa Food Company. Q1-2023 net profits of Salalah Mills reached USD 1.1 Mn bouncing back from a loss of USD 0.3 Mn whereas A'Saffa Food Company bounced back from a loss of USD 1.2 Mn in Q1-2022 to a net profit of USD 2.0 Mn in Q1-2023.

Oman's Utilities Sector was the only sector with total net losses during Q1-2023 after four out of the eight companies in the sector reported net losses during the period. Phoenix Power recorded the biggest net loss during the quarter at USD 11.5 Mn as compared to USD 11.1 Mn loss in the corresponding quarter of the previous year. ACWA Power Barka was the only one of the four power companies in the sector which recorded a profit during Q1-2023 with USD 0.61 Mn in net profits up from USD 0.4 Mn in Q1-2022.

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