

GCC Corporate Earnings Report : Q1-2024

May-2024

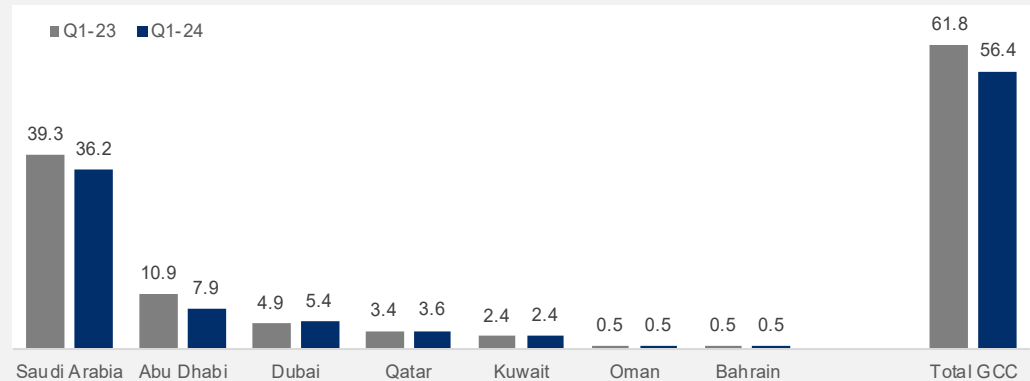
Net profits slide due to Energy, Telecom & Cap. Goods sectors...

Aggregate net profits reported companies listed on GCC exchanges dropped to the second lowest level in nine quarters during Q1-2024 at USD 56.4 Bn as compared to USD 61.8 bn in Q1-2023. The decline was mainly led by a y-o-y decline in profits for the Energy, Telecom and Capital Goods sectors partially offset by higher profits reported by mainly by Banks, F&B and Real Estate companies. The sequential performance was positive with higher profits for the top three sectors partially offset by fall in profits for Real estate and F&B sectors resulting in a q-o-q profit growth of 2.6%. The Materials sector showed healthy improvement in profits during the quarter.

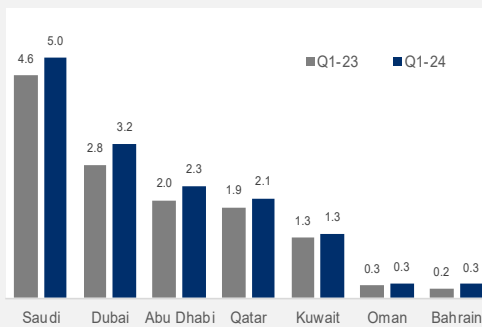
Net profits for the Energy sector witnessed the biggest y-o-y decline during Q1-2024 mainly led by fall in volumes sold by companies in the sector, partially offset by higher crude oil prices as compared to Q1-2023. Average Brent crude prices was up by 2.2% during Q1-2024 at USD 82.9 per barrel as compared to the average for Q1-2023. Net profits reported by Aramco dropped by 11.9% y-o-y during the quarter, accounting for bulk of the decline in profits at the GCC level. Excluding Aramco's results, the profit decline for GCC listed companies came in at -5.3%.

On the other hand, healthy profits for the GCC banking sector helped to partially offset the bulk of the decline in earnings. Aggregate earnings for the GCC banking sector surged 11.5% y-o-y or by USD 1.5 Bn to reach USD 14.5 Bn in Q1-2024. The q-o-q growth was albeit marginal at 0.6% vs. Q4-2023. The y-o-y growth reflected double digit growth in earnings for four out of seven markets while the remaining three also reported healthy growth. Earnings for the UAE banking sector improved by a healthy 15.2% to reach USD 5.5 Bn while the Saudi banking sector recorded a y-o-y growth of 8.2% during Q1-2024. The growth in earnings came despite a marginal decline in net interest income as elevated interest income was offset by higher interest expenses. A fall in operating expenses and lower impairments supported earnings.

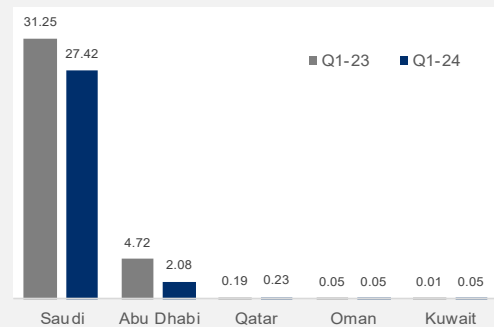
GCC Corporate Earnings : Q1-24 vs. Q1-23 (USD Bn)



GCC Banks: Q1-24 vs. Q1-23 (USD Bn)



GCC Energy Sector : Q1-24 vs. Q1-23 (USD Bn)



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

Junaid Ansari

Head of Investment Strategy & Research

+(965) 2233 6912

jansari@kamcoinvest.com

Mohamed Ali Omar

Associate

+(965) 2233 6906

momar@kamcoinvest.com

Vineetha K. Yeluri

Analyst

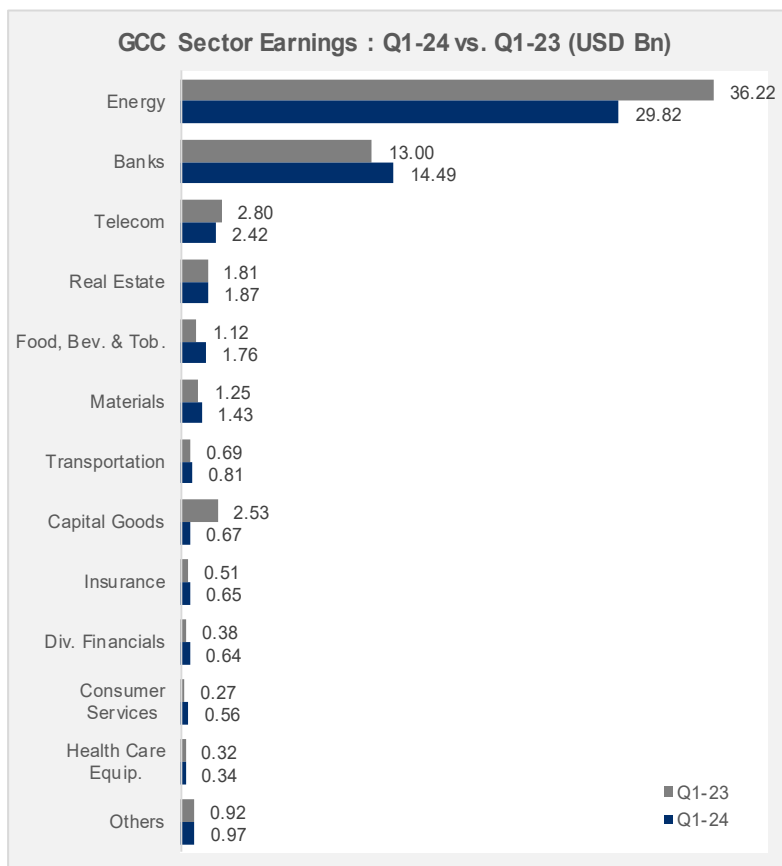
+(965) 2233 6913

vyeluri@kamcoinvest.com

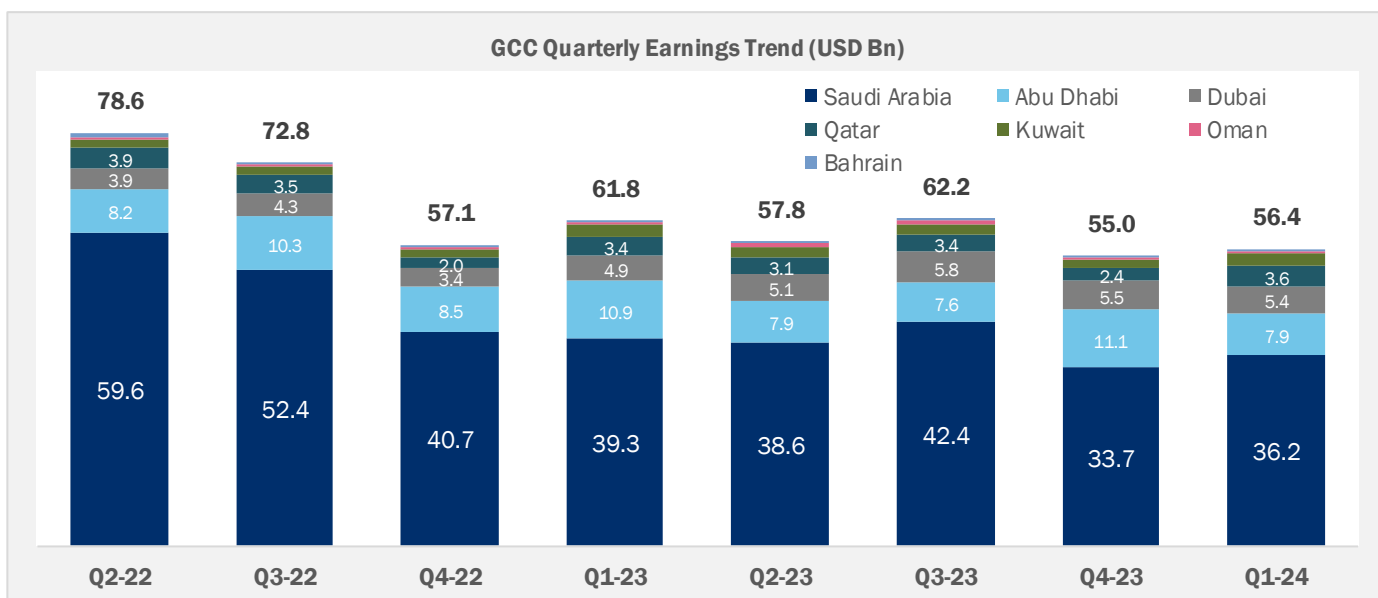
Profit for the GCC energy sector plummeted 17.7% y-o-y during Q1-2024 to reach USD 29.8 Bn as compared to USD 36.2 Bn during Q1-2023. The decline came after half of the companies in the sector reported a y-o-y decline in profits. In terms of q-o-q performance, net profits remained almost flat during the quarter with a marginal growth of 0.6%. The biggest y-o-y percentage decline in profits was recorded by Taqa at 81.8% or a decline of USD 2.6 Bn reaching USD 576 Mn in the quarter. The decline was led by one-off gains during the corresponding quarter last year and excluding these gains, the company's net profit surged 7% as compared to Q1-2023. The company reported 5.3% growth in revenues that reached AED 13.7 Bn. Excluding the results for Aramco and Taqa, profit for the sector saw a much smaller decline of 4.1% during Q1-2024.

Net profits for the GCC telecom sector declined by 13.3% y-o-y to reach USD 2.4 Bn in Q1-2024. The decline was led by a steep fall in profits for six out of fifteen telecom operators in the region. Zain KSA reported the biggest decline in profits that reached USD 17.7 Mn during Q1-2024 vs. USD 303.0 Mn during Q1-2023 due to one-off gain related to sale of telecom towers during the previous year's quarter. This was also reflected in the financials for the Zain Group. Meanwhile, profits for Ooredoo Kuwait declined by almost 80% y-o-y during Q1-2024, also due to one-off gains related to legal claims during Q1-2023. In the case of Omantel, the profit decline of 39.2% y-o-y during Q1-2024 was led by higher service expenses during Q1-2024 as well as higher non-operating gains during Q1-2023. These aforementioned decline in profits were partially offset by higher profits reported by Etisalat, STC and Mobily during Q1-2024.

Net profits in the GCC Real Estate sector witnessed a marginal y-o-y growth of 3.6% during Q1-2024 to reach USD 1.9 Bn. The trend at the country level remained mixed with companies in Abu Dhabi and Kuwait witnessing healthy y-o-y growth of 50.5% and 23.4%, respectively, while Saudi and Bahraini companies in the sector reported declines. The growth in Abu Dhabi reflected higher profits reported by Aldar Properties led by higher revenues during the quarter.



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

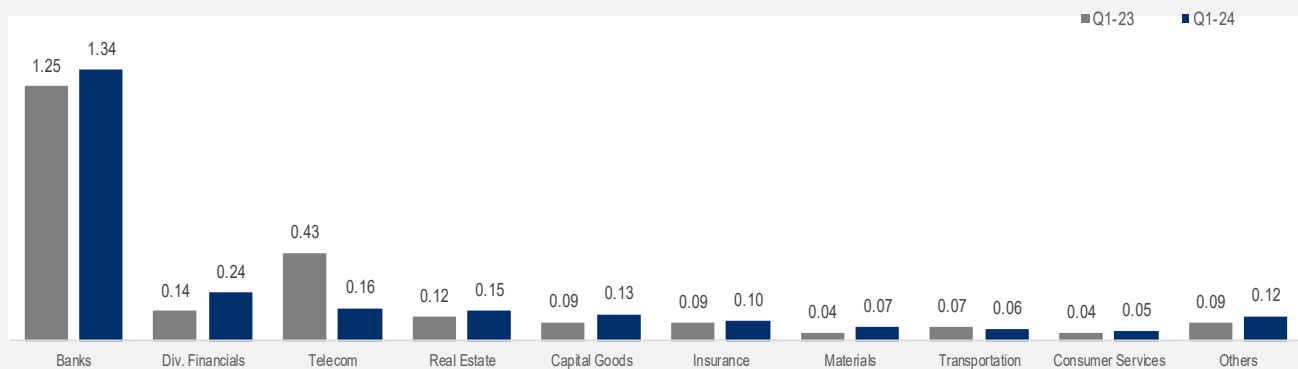


Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Kuwait

Corporate earnings reported by companies listed on Boursa Kuwait increased by 2.0% y-o-y during Q1-2024 to reach USD 2.41 Bn as compared to USD 2.36 Bn in Q1-2023. The biggest impact on aggregate earnings came from the Diversified Financials sector which showed a 64.8% jump in profits that reached USD 237.1 Mn in Q1-2024 from USD 143.9 Mn in Q1-2023. Banks, Real Estate and Materials sectors also contributed to earnings growth during the quarter. In terms of sequential performance, the aggregate growth in profits stood at 45.3% as compared to Q4-2023.

Kuwait Corporate Earnings : Q1-24 vs. Q1-23 (USD Bn)



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

In the Banking sector, NBK reported a net profit of USD 476.4 Mn for Q1-2024 up 9.2% vs. a profit of USD 436.5 Mn in Q1-2023 mainly led by higher net operating income which increased by 11.2% to USD 1.0 Bn, and lower impairment losses that were partially offset by higher operating expenses as compared to Q1-2023. Net profits for Boubyan Bank reached USD 81.2 Mn for Q1-2024 up by 21.2% compared to USD 67.0 Mn from Q1-2023 mainly due to the increase in the net financing income by USD 23.2 Mn in addition to the increase in net fees and commission income and decrease in impairments. Meanwhile, Gulf Bank posted a net profit decline that reached USD 41.8 Mn in Q1-2024 from USD 56.3 Mn Q1-2023 on account of higher provisions and impairment losses of USD 20.5 Mn partially offset by an increase in operating income.

In the Diversified Financials sector, Asiya Capital Investment Co. witnessed strong y-o-y jump in Q1-2024 net profit that reached USD 19.2 Mn from a net loss of USD 0.3 Mn during Q1-2023 which was mainly due to the unrealized gain in financial assets. Similarly, Kuwait Financial Centre posted a net profit of USD 9.0 Mn in Q1-2024 vs a net loss of USD 10.3 Mn in Q1-2023 led by the increase in the fair value of financial assets. On the other hand, NOOR Financial Investment Co. witnessed a net profit decline of 19.0% that reached USD 32.2 Mn in Q1-2024 from USD 39.8 in Q1-2023 mainly due to non-recurring reversal of USD 28.0 Mn impairment on the wakala investment that was reported as income in the Q1-2023.

Profits for the Capital Goods sector increased by 41.7% y-o-y to reach USD 130.9 Mn in Q1-2024 compared to USD 92.4 Mn in Q1-2023. Net profits reported by National Industries Group increased by 85.7% y-o-y to USD 95.9 Mn up from USD 51.7 Mn in Q1-2023 mainly due to the increase in the share of results of associates. Profits for Combined Group Contracting Co. reached USD 10.5 Mn as compared to USD 7.5 Mn during Q1-2023. The increase in the net profit is due to the ruling issued in favor of a project to deliver the treated water to the artificial lake in Umm Al Rimam and the army camps. On the other hand, Gulf Cable & Electrical Ind. Co. posted a profit decline of 16.2% that reached USD 34.0 Mn for Q1-2024 compared to USD 40.6 in Q1-2023 mainly due to the decline in the dividend income.

Net profits for the Energy sector reached USD 45.7 Mn in Q1-2024 compared to a net profit of USD 12.0 during Q1-2023 led by Gulf Petroleum Investment which posted a net profit of USD 28.2 Mn vs. a loss of USD 1.2 Mn primarily due to the debt settlement of CIB in Egypt in addition to increase in operating profits and decrease in the total expenses. Heavy Eng'g Ind. & Shipbuilding Co. also recorded a net profit growth of 116.4% to reach USD 5.0 Mn in Q1-2024 vs. USD 2.3 Mn in Q1-2023.

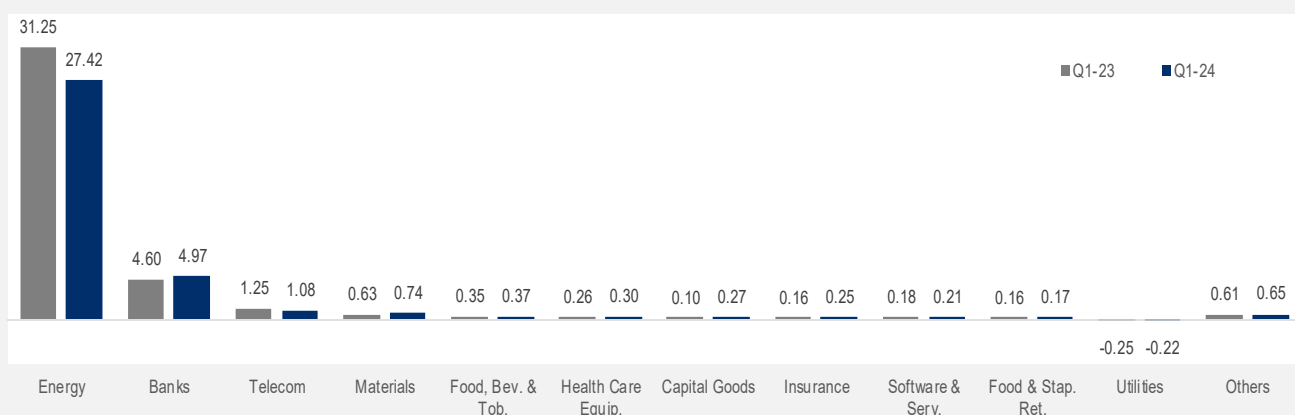
Aggregate profits for the Telecom sector declined by 62.4% y-o-y in Q1-2024 to reach USD 162.3 Bn down from USD 432.2 Bn in Q1-2023. Zain Kuwait dragged down the sector's overall Q1-2024 net profits after the company reported a net profit of USD 95.0 Mn against a profit of USD 232.9 Mn in Q1-2023. The decrease in Q1-2024 net income compared to the restated Q1-2023 net income is mainly due to a one-time gain on sale and leaseback tower assets in Saudi Arabia. Excluding the impact of KSA Tower transaction, the drop in Q1-2024 net income would be significantly less when compared to Q1-2023. This decrease is mainly due to the network operational challenges in Sudan during Q1-2024. Zain Group generated consolidated revenue of USD 1.5 Bn with an active customer base of 42.4 million, while EBITDA for the Q1-2024 reached USD 482.24 Mn resulting in an EBITDA margin of 32%. Similarly, Ooredoo posted a decline of 77.6% in net profit that reached USD 38.7 Mn for Q1-2024 compared to USD 172.5 Mn during Q1-2023. The net profit declined mainly due to one-off gain from regulatory tariff court case in Q1-2023, yielding a KWD 43.8 Mn win against Kuwait's MOC and CITRA. Excluding the

impact of the above, net profit attributable to the parent company would have increased by 29% in Q1-2024 over Q1-2023. Meanwhile, STC Kuwait recorded a net profit of USD 28.7 Mn in Q1-2024 vs USD 26.8 Mn in Q1-2023, up by 6.9% driven by the increase in the revenues.

Saudi Arabia

Aggregate net profits for Saudi Arabian listed companies witnessed a decline of 7.8% y-o-y to reach USD 36.2 Bn in Q1-2024 against USD 39.3 Bn in Q1-2023. Out of the top three sectors by net profits, only the Banking sector reported an increase in profitability during the quarter while the Energy and Telecom sectors reported declines to more than offset higher profits for most of the other sectors on the exchange. Profits for sectors like Real Estate and Retailing also declined during the quarter. On the other hand, the Capital Goods and the Materials sectors reported a growth in profits during the quarter that partially offset the overall decline.

Saudi Arabia Corporate Earnings : Q1-24 vs. Q1-23 (USD Mn)



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

Oil giant Aramco reported a net profit decline of 11.9% during Q1-2024 primarily led by lower volume of crude oil sold as well as weakening refining and chemicals margins. This was partially offset by a decline in production royalties. Banking sector outperformed other sectors as the biggest contributor to net profits during the period by registering a net profit of USD 5.0 Bn in Q1-2024 vs. USD 4.6 Bn in Q1-2023, up by 8.2%. Al-Rajhi Bank reported higher profits that reached USD 1.2 Bn in Q1-2024 vs USD 1.1 Bn a year earlier mainly led by 10.2% y-o-y rise in net financing and investment income. The bank's total operating income also grew by 6.6%. Profits for Saudi Awwal Bank surged 15.9% to reach USD 544.7 Mn for Q1-2024 against a profit of USD 470.0 Mn for Q1-2023 primarily driven by an increase in the gross operating income supported by increased net special commission income and lower credit loss provision. Alinma Bank reported a 35.7% increase in the net profit that reached USD 350.5 Mn in Q1-2024 compared to USD 258.4 Mn in Q1-2023 led by higher income from investments and financing activities which increased 16.0% to reach USD 536.5 Mn. Meanwhile, Saudi National Bank reported a marginal increase in profits that reached USD 1.34 Bn in Q1-2024 from USD 1.33 Bn in Q1-2023.

The Materials sector reported the third-largest absolute net profits that reached at USD 741.0 Mn in Q1-2024 up from USD 627.5 Mn in Q1-2023. Net profits of Saudi Arabian Mining Co. reached USD 261.7 Mn up from USD 111.7 Mn in Q1-2023 driven by higher sales volume, reduction in raw material cost, lower depreciation expense. Meanwhile profits for Yanbu National Petrochemicals Co. reached USD 26.5 Mn as compared to a net loss of USD 98.5 Mn during Q1-2023. On the other hand, SABIC posted a net profit decline of more than 60% that reached USD 65.6 Mn for Q1-2024 vs USD 175.0 Mn in Q1-2023 mainly driven by lower revenue, fall in profit share from associates and JVs and losses from discontinued operations.

Profits for the Capital Goods sector more than doubled y-o-y in Q1-2024 to reach USD 268.0 Mn up from USD 102.9 Mn in Q1-2023. Saudi Arabian Amintit Co. posted a net profit of USD 126.50 Mn in Q1-2024 compared to USD 0.5 Mn in Q1-2023. Al-Babtain Power & Telecom Co. reported profits of USD 22.02 Mn in Q1-2024 vs. USD 3.8 Mn in Q1-2023 led by a 9% y-o-y rise in revenue, due to the improved performance of the tower and steel structures segment as well as the solar segment.

Aggregate profits for the Telecom sector declined by 14.1% y-o-y in Q1-2024 to reach USD 1.1 Bn down from USD 1.25 Bn in Q1-2023. Zain KSA's continued to drag down the sector's overall Q1-2024 net profits after the company reported a net profit of USD 17.7 Mn against a profit of USD 302.9 Mn in Q1-2023. Zain KSA's revenue for the Q1-2024 increased by 5% to USD 676 Mn, while EBITDA improved by 11% to USD 206 Mn, resulting in an EBITDA margin of 31%. The tower deal in Q1-2023 was resulted in higher profits in Q1-2023 and the y-o-y decline in Q1-2024. Data revenue for the operator increased by 7%, accounting for 41% of overall revenue, while the number of active subscribers increased by 1% to 8.8 million. STC reported a

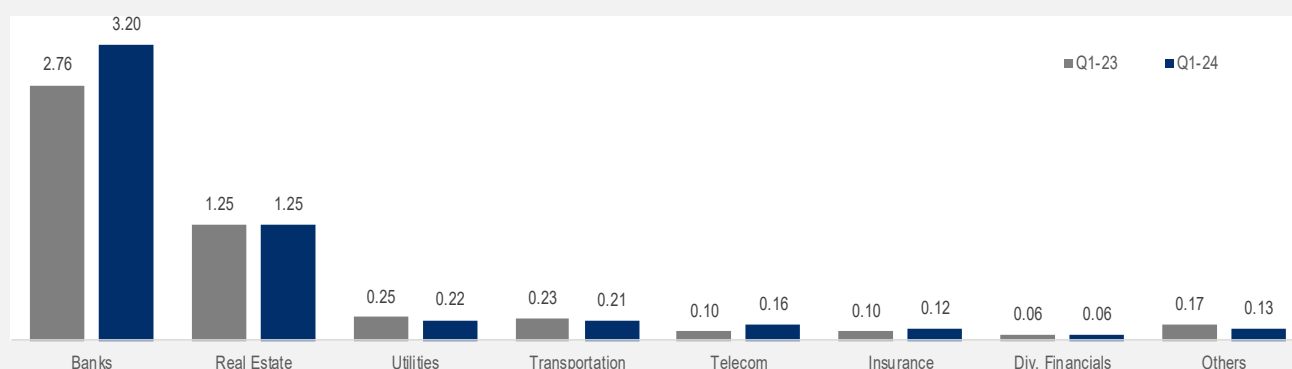
5.8% y-o-y increase in net profits that reached USD 876.0 Mn in Q1-2024 mainly driven by higher revenues which increased by 5.1% to USD 5.1 Bn during the Q1-2024. Meanwhile, Mobily registered a net profit of USD 170.0 Mn for Q1-2024 compared to USD 123.9 Mn in Q1-2023, up by 37.3%. The increase was driven by a 11.7% y-o-y increase in revenue coupled with higher EBITDA.

Dubai

Net profits for Dubai-listed companies registered a growth of 9.2% y-o-y to reach USD 5.4 Bn in Q1-2024 against USD 4.9 Bn in Q1-2023 led by a sector-wide improvement in profitability during the quarter. The growth in earnings was primarily driven by earnings growth in the Banking, Real Estate, Telecoms and Insurance sectors. Profits during the quarter was dominated by Banks, Materials and Telecommunication Services sectors that accounted for 82% of the corporate profits in Q1-2024.

Total net profits for the Banking Sector soared 15.9% in Q1-2024 to reach UD 3.2 Bn as compared to USD 2.8 Bn in Q1-2023. The sector's rise in total earnings was primarily driven by Emirates NBD that reported a 11.7% jump in net earnings which reached USD 1.8 Bn against USD 1.6 Bn in Q1-2023. The bank's strong performance was attributed to regional growth coupled with increased transaction volumes, a low-cost funding base plus substantial impaired loan recoveries. Mashreq Bank and Dubai Islamic Bank followed with the second and third largest Q1-2024 net profits in the sector at USD 546.6 Mn and USD 410.3 Mn respectively. The growth in DIB's Q1-2024 net profits was driven by net growth in new financing and sukuk disbursements to AED 8.9 Bn as compared to AED 1.9 Bn in the prior year.

Dubai Corporate Earnings : Q1-24 vs. Q1-23 (USD Bn)



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

In the Real Estate Sector, aggregate net earnings edged up by 0.2% in Q1-2024 to reach USD 1.3 Bn against USD 1.2 Bn in Q1-2023. Emaar Properties posted the biggest net profits in the sector that reached USD 795.4 Mn, an 8.9% y-o-y drop as compared to the corresponding period of the previous year. In contrast, Emaar Development reported Q1-2024 net profits growth of 22.2% y-o-y that reached USD 352.2 Mn as compared to USD 288.2 Mn. The overall Emaar Group achieved its highest ever quarterly group property sales that reached USD 3.7 Bn during Q1-2024, recording an increase of 47% as compared to Q1-2023.

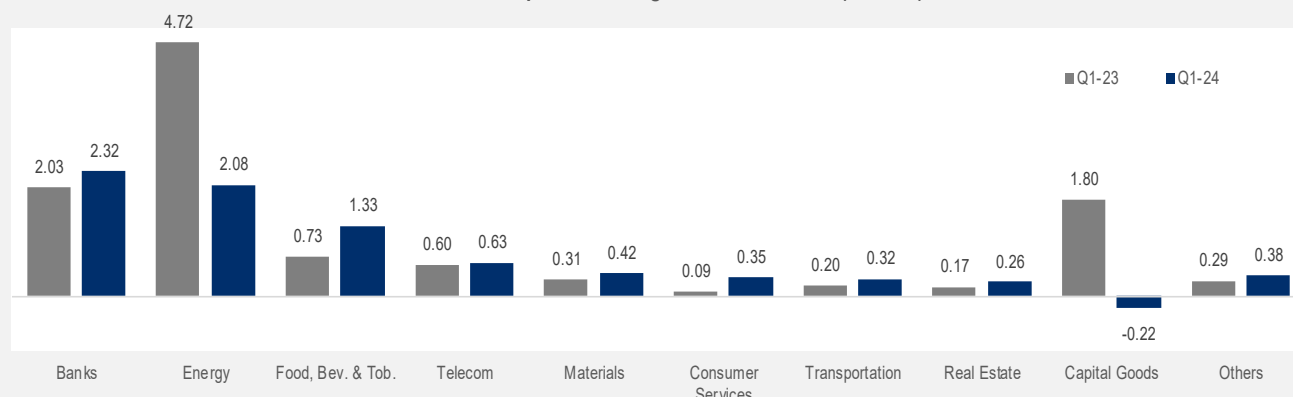
In the Transport Sector, total profits registered a moderate dip of 9.4% y-o-y to reach USD 208.4 Mn as compared to USD 229.9 Mn in Q1-2023. Despite the introduction of two newly listed companies in the sector, Parkin Co (with Q1-2024 net profit of USD 28.2 Mn) and Dubai Taxi (with Q1-2024 net profit of USD 29.4 Mn), the sectors overall Q1-2024 total net profit was dragged down by a USD 3.1 Mn loss reported by Salik coupled with 29.4% decline in net profits reported by Air Arabia in Q1-2024 to reach USD 65.6 Mn. In the Utilities Sector, net profits for DEWA recorded a 12.9% y-o-y decline to reach USD 176.3 Mn in Q1-2024, whereas profits for the Emirates Central Cooling Systems reported a 2.3% drop to reach USD 44.5 Mn.

Abu Dhabi

Listed companies in Abu Dhabi witnessed a 28.1% y-o-y decline in net profits during Q1-2024 that reached USD 7.9 Bn compared with USD 10.9 Bn during Q1-2023. The drop in quarterly net profits was mainly driven by the USD 224.7 Mn loss for the Capital Goods Sector coupled with the 56% y-o-y profits decline for the Energy Sector that reached USD 2.1 Bn. The Banking Sector reported the biggest profits during Q1-2024 after reporting a total net profit of USD 2.3 Bn as compared to USD 2.0 Bn in Q1-2023 backed by higher profits for all the listed banks. The Energy sector followed recording USD 2.1 Bn in profits with the Food & Beverages sector running as a distant third with total profits of USD 1.3 Bn during the quarter. First Abu Dhabi Bank's growth in net earnings has been one of the main reasons for the uptick in the aggregate net profits of the Banking sector. FAB announced USD 1.0 Bn in net profits during Q1-2024, a 9.4% y-o-y increase during the quarter. FAB's

earnings growth was attributed to operational efficiencies and financial resilience as the bank recorded 18% y-o-y revenue growth driven by core operational growth coupled with higher interest margin and robust non-funded income during the quarter. Profits reported by Abu Dhabi Commercial Bank reached USD 517.1 Mn in Q1-2024 vs. USD 464.3 Mn in Q1-2023. The bank's strong earnings growth was broad-based mainly driven by robust loan growth in the different businesses including corporate, investment and retail banking.

Abu Dhabi Corporate Earnings : Q1-24 vs. Q1-23 (USD Bn)



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

The Capital Goods sector reported a net loss of USD 224.7 Mn during Q1-2024 as compared to a profit of USD 1.8 Bn during Q1-2023. Multiply Group's USD 1.2 Bn loss during Q1-2024 was the main reason that caused a slide in total profits for the sector. The loss came as a result of unrealized changes in fair value driven by periodic market fluctuations, although the company said that there were no implications on the operational performance of the business. Alpha Dhabi Holding also reported a steep decline in quarterly net profits that reached USD 923.5 Mn during Q1-2024 as compared to USD 1.8 Bn during Q1-2023.

Total earnings for the Energy Sector more than halved during Q1-2024 to reach USD 2.1 Bn down from USD 4.7 Bn during Q1-2023. Three out of the four companies in the sector reported y-o-y profit declines during the quarter including the 81.8% profits decline of Abu Dhabi National Energy Company (Taqa) that reached USD 576.2 Mn down from USD 3.2 Bn during Q1-2023. TAQA's steep profits decline was followed by Adnoc Gas which registered 7.6% y-o-y profits dip that reached USD 1.2 Bn in Q1-2024.

Qatar

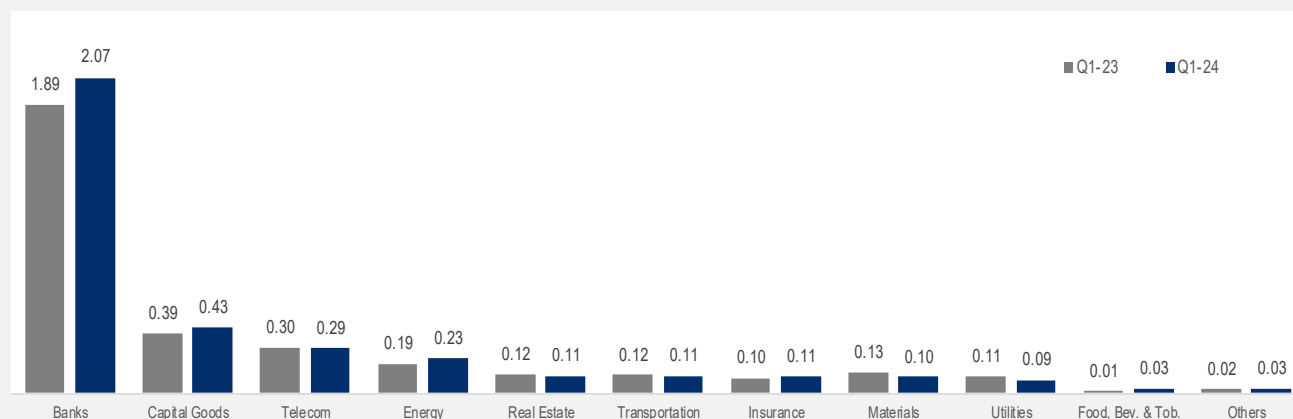
Total earnings for Qatari-listed companies witnessed a gain of 6.2% y-o-y during Q1-2024 to reach USD 3.6 Bn as compared to USD 3.4 Bn in Q1-2023. The surge in earnings was primarily driven by earnings growth in the Banking, Capital Goods and Energy sectors. However, a decline in profits for the Materials Goods and Utilities sectors partially offset the overall growth in net profits.

Qatar's Banking sector reported a profit growth of 9.4% in Q1-2024 that reached USD 2.1 Bn accounting for 57.6% of the overall exchange profits during the quarter. QNB's net profit reached USD 1.14 Bn in Q1-2024, up 7.1% compared to Q1-2023, driven by higher operating income which increased 11% to reach USD 2.8 Bn, while customer deposits grew by 6% and loans and advances increased by 7% to USD 241.7 Bn and USD 238.1 Bn, respectively. Meanwhile, QIB's net profit surged 5.8% in Q1-2024 to reach USD 261.9 Mn mainly led by net income from financing and investing activities which rose 19% to USD 0.71 Bn. Net profits for Commercial Bank of Qatar increased by 39.3% to USD 219.8 Mn in Q1-2024 from USD 157.8 Mn in Q1-2023 mainly led by higher net fee and commission income. Operating profit for the Group increased by 18.9% to USD 278.1 Mn for the Q1-2024 compared with USD 233.9 Mn achieved in Q1-2023.

The Capital Goods sector also reported healthy increase in earnings during the quarter that reached USD 428.1 Mn as compared to USD 389.4 Mn in Q1-2023 up by 9.9% supported by profits reported by Industries Qatar Co. The company registered a net profit increase of 10.2% that reached USD 351.1 Mn in Q1-2024 vs USD 318.6 Mn in Q1-2023 on account of better gross margins and lower operating costs although challenging macroeconomic context continued to weigh on the results. Production volumes marginally improved versus 1Q-2023 due to improved steel volumes. Mannai Corporation reported a net profit of USD 7.7 Mn in Q1-2024 vs USD 3.3 Mn in Q1-2023 up by 131.4%. The increase in net profit was mainly due to increase in group revenue by 6% to USD 0.36 Bn for the Q1-2024 as compared to Q1-2023, mainly driven by growth in the jewelry retail and information and communication technology businesses.

Net profits for the Energy sector improved by 16.5% y-o-y to reach USD 226.1 Mn supported by the profits reported by Gulf International Services Co. and Qatar Gas Transport Co. (Nakilat). Net profits for Gulf International Services Co. increased by 76.7% to reach USD 44.2 in Q1-2024 vs USD 25.0 Mn for Q1-2023. All subsidiaries witnessed growth in revenue compared to last year supported by improved day rates, higher asset utilization from the aviation and drilling segments and higher-flying hours in addition to improved premiums from the insurance segment. Qatar Gas Transport Co. posted a net profit increase of 6.5% to reach USD 115.1 Mn in Q1-2024 vs USD 108.1 Mn in Q1-2023 mainly led by the increase in revenue due to strong demand for its LNG shipping services in Q1-2024.

Qatar Corporate Earnings : Q1-24 vs. Q1-23 (USD Bn)



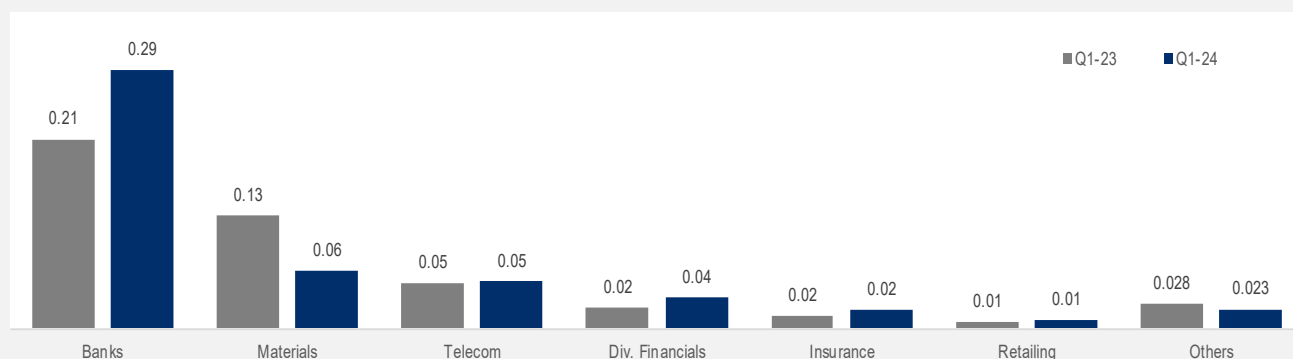
Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

In the Telecom sector, Ooredoo reported net profits of USD 250.3 Mn in Q1-2024 as compared to USD 262.5 Mn in Q1-2023, down by 4.6%. The Telco's revenue grew by 4% y-o-y to QAR 1.62 Bn for Q1-2024 driven by sustained growth in Iraq, Algeria, Kuwait, and Maldives. EBITDA increased by 6% to QAR 0.69 Mn, while EBITDA margin expanded to 43%, supported by topline growth. Vodafone Qatar reported a net profit of USD 41.2 Mn for Q1-2024, representing an increase of 12.9% y-o-y. Total revenue increased by 3.9% y-o-y to reach USD 221.3 Mn driven by continued growth in the company's fixed broadband services, managed services, IoT and others. Service revenue grew by 2.5% to USD 193.3 Mn. The total number of mobile customers reached 2.1 Mn, representing an increase of 1% y-o-y.

Bahrain

Total net profits for Bahrain-listed companies increased by 6.5% to reach USD 493.4 Mn during Q1-2024 up from USD 463.2 Mn in Q1-2023. The growth in total profits was driven by higher profits reported by nine out of thirteen sector aggregates on the exchange while the remaining four registered declines. Some of the key sectors that reported higher profits included Banks, Diversified Financials, Insurance, Retailing and Telecoms.

Bahrain Corporate Earnings : Q1-24 vs. Q1-23 (USD Bn)



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

The Banking sector saw its total Q1-2024 net profits increased by 36.6% y-o-y to reach USD 287.0 Mn as compared to USD 210.1 Mn in Q1-2023. The growth in profits was mainly driven by the 25% increase in net profits for Arab Banking Corporation that reached USD 75 Mn during Q1-2024, up from USD 60.0 Mn in Q1-2023. ABC's quarterly earnings growth was driven by a

15% growth in total operating income from the core business combined with higher interest rates, falling operating expenses and cost of credit. Moreover, Q1-2024 net profits for National Bank of Bahrain witnessed 22.8% y-o-y growth to reach USD 72.9 Mn as compared to USD 59.4 Mn in Q1-2023. The profit growth was mainly attributed to higher net interest income as well as higher gains from investment in securities and hedging activities.

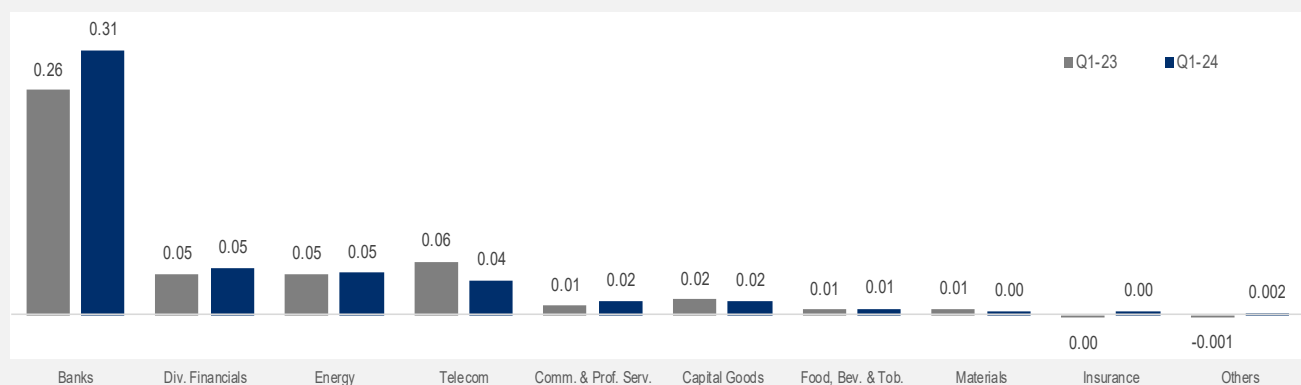
Total net profits for the Material Sector witnessed a 48.5% drop during Q1-2024 to reach USD 64.9 Mn as compared to USD 125.9 Mn during Q1-2023. Aluminum Bahrain, the only constituent in the sector, attributed the decline in profits to lower LME prices (down by 8% y-o-y in Q1-2024) coupled with lower premiums which recorded 27% y-o-y fall during the similar period. In the Telecom Sector, aggregate profits witnessed 2.0% uptick to reach USD 52.7 Mn during Q1-2024 as compared to USD 51.7 Mn in Q1-2023.

Batelco's (Beyon) Q1-2024 net earnings reached USD 49.9 Mn as compared to USD 47.9 Mn in Q1-2024 recording a y-o-y growth of 4.2%. The moderate growth of Beyon's quarterly net profit was attributed to the telecoms continuous strategic focus on expanding its regional footprint and product portfolio through acquisitions, and on strengthening its core services and infrastructure. On the other hand, net profits for Zain Bahrain declined by 25.4% y-o-y in Q1-2024 to reach USD 2.8 Mn.

Oman

Total net profits for listed companies in Oman increased by 10.1% in Q1-2024 to reach USD 500.8 Mn compared to USD 455.0 Mn in Q1-2023 led by higher profits for the Banking, Energy, and the Diversified Financial sectors during the quarter. The Banking Sector witnessed Q1-2024 net profits growth of 18.2 % to reach USD 306.4 Mn up from USD 259.2 Mn in Q1-2023. In the Banking Sector, all the seven banks that disclosed their financials reported growth in their net earnings during Q1-2024. Sohar Bank reported the biggest increase in absolute net earnings among the banks during the quarter after its Q1-2024 net profits jumped from USD 34.5 Mn to USD 65.3 Mn in Q1-2024 on the back of the bank's recent merger. In contrast, Bank Muscat reported the biggest net profit among the banks at USD 140.9 Mn during Q1-2024 as compared to 133.2 Mn in Q1-2023. The moderate growth of Bank Muscat's quarterly net earnings was attributed to 18.3% increase in the bank's non-interest income due to an overall improvement in various businesses lines and volume growth.

Oman Corporate Earnings : Q1-24 vs. Q1-23 (USD Bn)



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

Total Q1-2023 net profits of the Diversified Financials Sector increased by 12.7% y-o-y to reach USD 54.1 Mn as compared to USD 48.0 Mn in Q1-2023. OMINVEST posted the largest net profit among the 14 constituent companies in the sector at USD 24.1 Mn in Q1-2024 despite recording a 17.8% y-o-y decline from USD 29.3 Mn in Q1-2023. Dhofar International Development and Investment followed with net profits of USD 8.2 Mn up from USD 7.0 Mn in Q1-2023. In the Telecommunications Sector Q1-2024 net profits declined to USD 40.7 Mn as compared to USD 62.3 Mn in Q1-2023. The profit fall was mainly due to 39.4% decline of net profits reported by OmanTel that reached USD 33.4 Mn down from USD 55.1 Mn. Moreover, Q1-2024 net earnings for Ooredoo Oman stayed unchanged at USD 7.2 Mn.

Net profits for the Utilities sector registered a smaller net loss of USD 4.2 Mn as compared to a loss of USD 6.7 Mn in Q1-2023. Three of out the seven companies in the sector reported Q1-2024 net losses; Phoenix Power Company (USD -11.2 Mn), Al Suwadi Power Company (USD -3.3 Mn) and Al Batinah Power Company which registered a net loss of USD -3.5 Mn. On the other hand, Sembcorp Salalah recorded the highest net profit among the companies in the sector at USD 12.8 Mn, only partially offsetting the overall decline in sector earnings.

Disclaimer & Important Disclosures

Kamco Invest is authorized and fully regulated by the Capital Markets Authority ("**CMA, Kuwait**") and partially regulated by the Central Bank of Kuwait ("**CBK**")

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, an offer to invest, legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, Kamco Invest did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives. The entire content of this document is subject to copyright with all rights reserved. This research and the information contained herein may not be reproduced, distributed or transmitted in Kuwait or in any other jurisdiction to any other person or incorporated in any way into another document or other material without our prior written consent.

Analyst Certification

Each of the analysts identified in this report, if any and where applicable, certifies, with respect to the sector, companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

Kamco Invest Ratings

Kamco Invest research is based on the analysis of regional and country economics, industries and company fundamentals. Kamco Invest company research reflects a long-term (12-month) target price for a company or stock. The ratings bands are:

- * **Outperform:** Target Price represents expected returns $\geq 10\%$ in the next 12 months
- * **Neutral:** Target Price represents expected returns between -10% and $+10\%$ in the next 12 months
- * **Underperform:** Target Price represents an expected return of $< -10\%$ in the next 12 months

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. Kamco Invest policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by Kamco Invest's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to Kamco Invest clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by Kamco Invest and shall be of no force or effect. The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is fair, accurate or complete and it should not be relied upon as such. Kamco Invest has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The publication is provided for informational uses only and is not intended for trading purposes. The information on publications does not give rise to any legally binding obligation and/or agreement, including without limitation any obligation to update such information. You shall be responsible for conducting your own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which Kamco Invest is a party.

Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service. This document is directed at Professional Clients and not Retail Clients within the meaning of CMA rules. Any other persons in receipt of this document must not rely upon or otherwise act upon it. Entities and individuals into whose possession this document comes are required to inform themselves about, and observe such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorization, registration or other legal requirements.

Kamco Investment Company (DIFC) Limited ("Kamco Invest DIFC") is regulated by the Dubai Financial Services Authority (DFSA). Kamco Invest DIFC may only undertake the financial services activities that fall within the scope of its existing DFSA licence. This document is intended for Professional Clients or Market Counterparties only as defined by the DFSA, and no other person should act upon it.'

This document may not be distributed in Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. The recipients of this document hereby should conduct their own due diligence on the accuracy of the information relating to the contents of this document. If you do not understand the contents of this document you should consult an authorized financial advisor.

Risk Warnings

Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).

Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgment. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

Conflict of Interest

Kamco Invest and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Salespeople, traders, and other professionals of Kamco Invest may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document. Kamco Invest may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document. Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other Kamco Invest business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of Kamco Invest's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

No Liability & Warranty

Kamco Invest makes neither implied nor expressed representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, and fitness for a particular purpose and/or non-infringement. Kamco Invest will accept no liability in any event including (without limitation) your reliance on the information contained in this document, any negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.



Kamco Investment Company - K.S.C. (Public)

Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq

P.O. BOX : 28873, Safat 13149, State of Kuwait

Tel: (+965) 2233 6600 Fax: (+965) 2249 2395

Email : research@kamcoinvest.com

Website : www.kamcoinvest.com