

## GCC Corporate Earnings Report : Q2-2022

August-2022

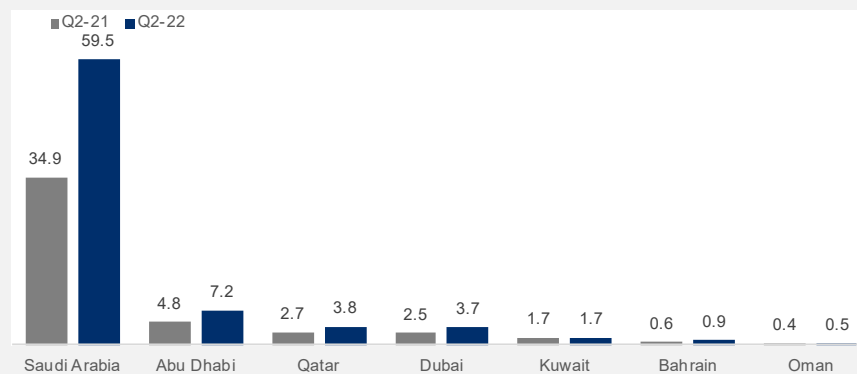
### Oil earnings boost quarterly profits to a new record high...

Earnings reported by GCC-listed companies reached a new record level during Q2-2022 backed by a broad-based q-o-q growth in profits across all sectors barring the Financials and Pharma sectors. The increase in profits of energy companies due to elevated oil prices around the USD 100/b level accounted for the bulk of the absolute increase in profits in the region. The region showed strong consumer and business sentiments during the quarter despite a slowdown at the global level mainly due to higher inflation and the efforts by central banks to tame rising prices.

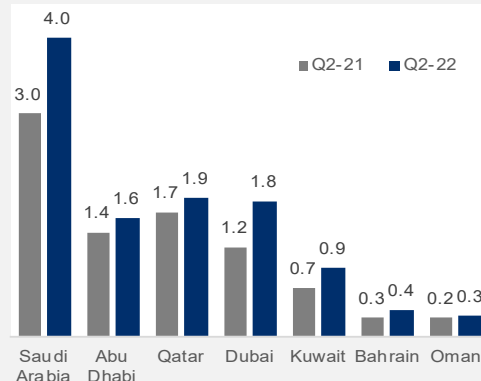
Aggregate net profit for GCC-listed companies reached USD 77.3 Bn during the quarter as compared to USD 65.7 Bn during Q1-2022 resulting in a q-o-q growth of 17.6%. The y-o-y growth was even stronger at 62.6% when compared to Q2-2021 profits of USD 47.6 Bn. Energy, Banks and Materials were the top three sectors by absolute profit growth vs. Q2-2021 accounting for almost 90% of total y-o-y growth in profits. In terms of q-o-q growth, Energy, Materials and Utilities were the top three sectors that more than compensated for the decline in profits for the Diversified Financials sector. Saudi Aramco continued to be the biggest contributor to profit growth during the quarter. However, excluding Aramco, the growth in aggregate profits remained strong at 32.9% y-o-y and at 11.2% in terms of q-o-q growth.

In terms of regional trend, profit growth was seen across the seven exchanges during the quarter. Saudi Arabian-listed companies once again reported the biggest y-o-y growth during Q2-2022 with a net income growth USD 24.6 Bn or of 70.4% followed by Abu Dhabi and Bahrain with y-o-y growths of 50.0% and 62.4% respectively. In terms of 1H-2022 earnings performance, profit growth stood strong at 64.1% when compared to 1H-2021. Aggregate profits for 1H-2022 reached USD 143.1 Bn as compared to USD 87.2 Bn during 1H-2021.

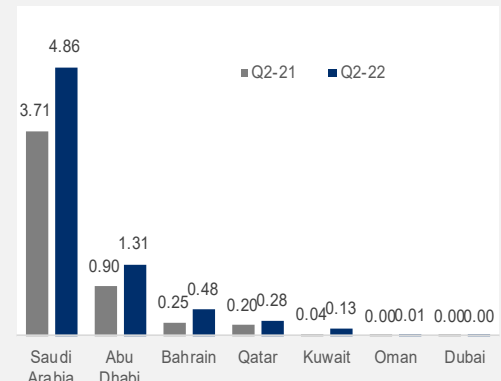
GCC Corporate Earnings : Q2-22 vs. Q2-21 (USD Bn)



GCC Banks : Q2-22 vs. Q2-21 (USD Bn)



GCC Materials Sector: Q2-22 vs. Q2-21 (USD Bn)



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

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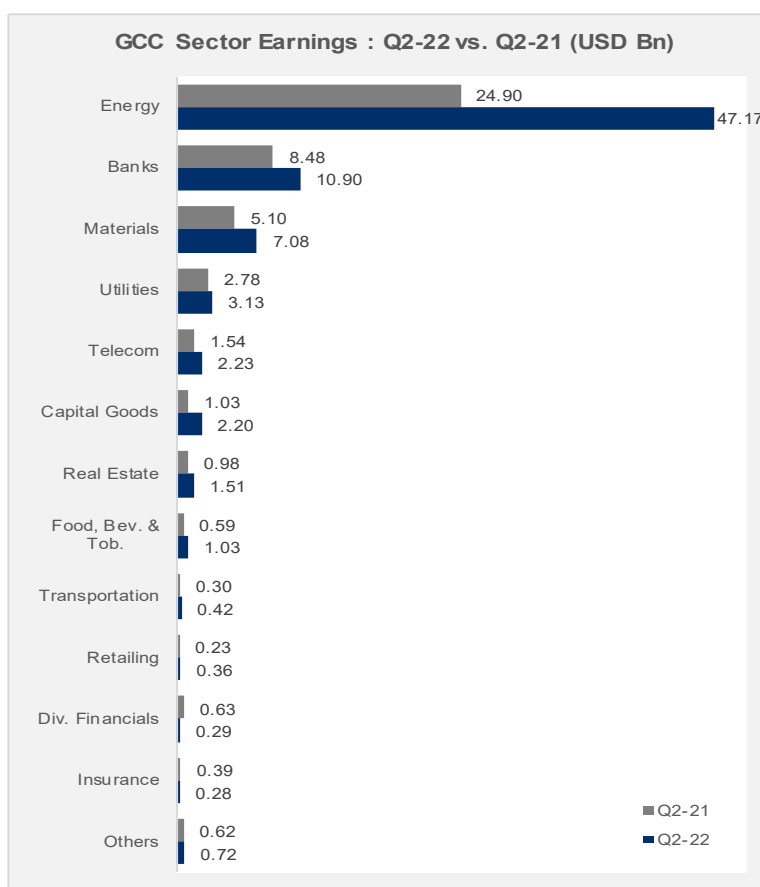
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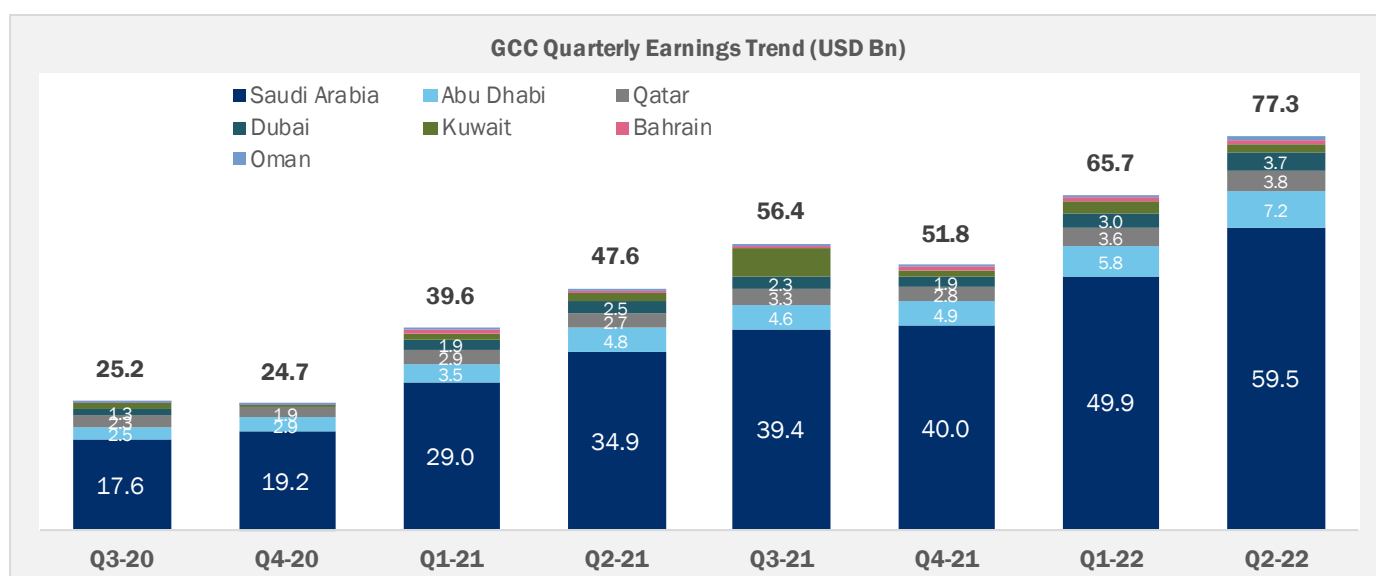
In terms of sectoral performance, profits for the Energy sector almost doubled y-o-y during Q2-2022 to USD 47.2 Bn as compared to USD 24.9 Bn during Q2-2021. In terms of q-o-q performance, the growth stood at 22.4%. The y-o-y growth in net profit was broad-based with 16 out of 20 companies in the sector seeing higher profits. Profits for Saudi Aramco almost doubled y-o-y to reach a record level of USD 46.3 Bn during Q2-2022 vs. USD 24.2 Bn during Q2-2021. The increase reflected higher oil prices during the quarter with Brent crude spot averaging at USD 113.8/b as compared to an average of USD 69.0/b during Q2-2021, an increase of 65.0%. In addition, a 22.9% increase in average crude oil production in Q2-2022 vs. Q2-2021 further supported the growth in profits during the quarter. Higher downstream margins during the quarter also supported profit growth for the company. Other companies in the sector, including Rabigh Refining and ADNOC Drilling, also reported y-o-y profit growth of 93.1% and 18.8% in Q2-2022, respectively.

Quarterly net income for the GCC banking sector reached a new record high of USD 10.9 Bn during Q2-2022. The profit growth came mainly on the back of higher bank revenues further supported by a slight drop in provisions while cost-to-income ratio remained flat. Topline, on the other hand, reflected higher interest rates during the quarter with central banks across the GCC hiking rates following Fed rate hikes in the US.

Profits for the Materials sector reached one of the highest levels on record during Q2-2022 mainly backed by higher q-o-q and y-o-y growth in net income across the GCC. Aggregate profits during the quarter reached USD 7.1 Bn during Q2-2022 as compared to a profit of USD 4.9 Bn in Q1-2022 and USD 5.1 Bn in Q2-2021. Within the sector, Saudi Arabian Mining Co. posted the biggest y-o-y absolute increase in profits that reached USD 1.1 Bn in Q2-2022 vs. USD 294.5 Mn in Q2-2021. SAFCO (SABIC Agri Nutrients) and Fertiglobe were next with profit growth of USD 583.2 and USD 316.1 Mn to reach USD 806.1 Mn and USD 429.4 Mn, respectively.



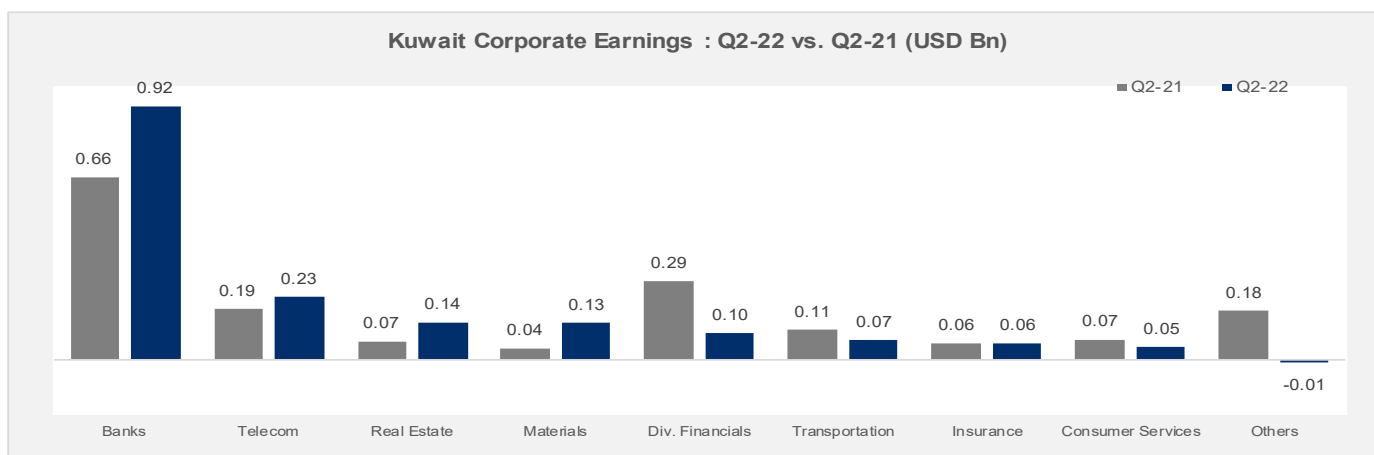
Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research



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

## Kuwait

Corporate earnings for companies listed on Boursa Kuwait increased by 1.3% y-o-y during Q2-2022 to reach USD 1.68 Bn as compared to USD 1.66 Bn in Q2-2021. The biggest impact on higher aggregate stock exchange profits came from the Banking sector which showed 39.1% jump in profits that reached USD 920.9 Mn in Q2-2022 from USD 661.9 Mn in Q2-2021. Among the banks, NBK reported a net profit of USD 395.2 Mn for Q2-22 up by 55.8% compared to a net profit of USD 253.8 Mn in Q2-2021 mainly led by lower impairment losses as compared to Q2-2021 coupled with higher topline. KFH reported a net profit of USD 223.6 Mn for Q2-2022 up 29.1% compared to USD 173.2 Mn from the previous year also due to lower provisions coupled with strong growth in both non-interest income and net interest income.



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

The Materials sector reported the second biggest increase in profits during Q2-2022 with a y-o-y increase of 222.2% to reach USD 133.2 Mn as compared to USD 41.3 Mn during Q2-2021. Al Kout for Industrial Projects Co. witnessed strong y-o-y jump in Q2-2022 net profit that reached USD 11.8 Mn from a net profit of USD 4.5 Mn during Q2-2021 driven by improvement in sales volume and prices of products globally. Kuwait Foundry Co. posted a net profit of USD 5.8 Mn in Q2-2022 vs USD 0.1 Mn in Q2-2021 led by the increase in the investment income.

In the Media & Entertainment sector, profits for Kuwait National Cinema Co. surged over 10x to reach USD 10.14 Mn in Q2-2022 against USD 0.93 Mn in Q2-2021 mainly due to the increase in operating income and increase in the share from associates. Advanced Technology Co. in the Health Care Equipment & Services sector logged a net profit of USD 12.2 Mn in Q2-2022 compared to USD 9.1 Mn in Q2-2021 up by 33.1% supported by increase in revenue resulting in higher gross profit.

Net Profits for the Telecom sector increased by 23.4% y-o-y to reach USD 228.6 Mn for Q2-2022 compared to USD 185.3 Mn for Q2-2021. Zain recorded a net profit of USD 164.3 Mn in Q2-2022 compared to USD 137.3 Mn in Q2-2021 an increase of 19.6%. Zain Group generated consolidated revenue of USD 1.4 Bn, up by 14% y-o-y, attributable mainly due to double digit growth in revenue of Sudan, KSA and Kuwait. EBITDA for the quarter reached USD 544 Mn, up 9% y-o-y, resulting in an EBITDA margin of 40%. Ooredoo Kuwait recorded a net profit of USD 40.3 Mn in Q2-2022 vs USD 19.9 Mn in Q2-2021, up by 103.1%. Meanwhile, STC Kuwait posted a decline of 14.7% in net profit that reached USD 24.0 Mn for Q2-2022 compared to USD 28.1 Mn during the Q2-2021.

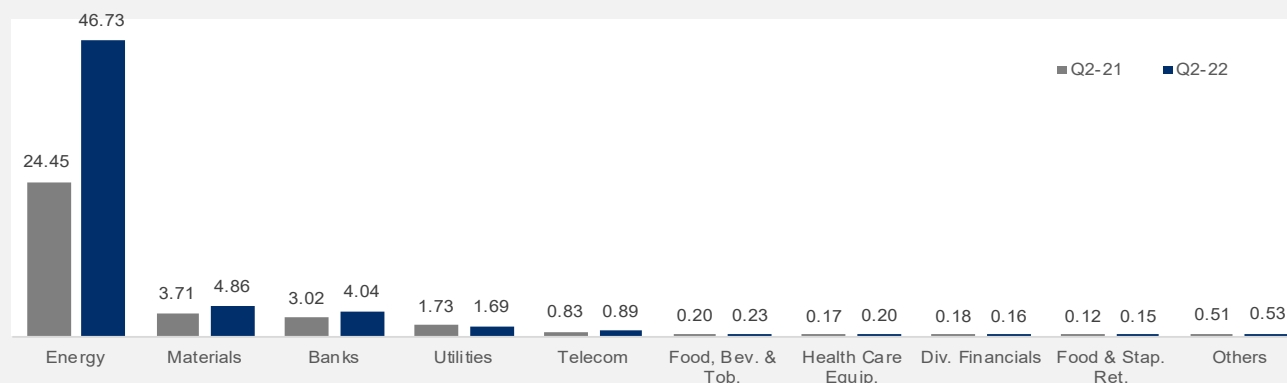
Profit for the Real Estate reached USD 137.6 Mn in Q2-2022 compared to a net profit of USD 67.4 Mn in Q2-2021. Mabaneer posted a net profit of USD 49.7 Mn for Q2-2022 against a profit of USD 44.3 Mn led by lower discounts offered to the investors of the units of the Avenues as compared to the same period last year. Tamdeen Real Estate Co. also reported an increase in quarterly net profits that reached USD 21.8 Mn against a net profit of USD 5.6 Mn mainly led by an increase in net operating revenue. Meanwhile, United Real Estate Co. recorded a net profit of USD 16.2 Mn for Q2-2022 compared to a net profit of USD 0.5 Mn in Q2-2021 led by increase in the gross profit resulting from contracting activities and real estate services. Munshaat Real Estate Projects Co. that posted losses during Q2-2021 returned to profits in Q2-2022 posting USD 3.4 Mn in net profit.

Profits for the Insurance sector increased marginally by 0.5% y-o-y to USD 59.4 Mn in Q2-2022 compared to USD 59.1 Mn in Q2-2021. Net profits reported by Ahleiah Insurance Co. increased by 24.2% y-o-y to USD 15.7 Mn up from USD 12.6 Mn in Q2-2021, while profits for Kuwait Insurance Co. reached USD 14.9 Mn as compared to USD 13.7 Mn during Q2-2021. On the other hand, Gulf Insurance Group posted a profit decline of 18.8% that reached USD 16.9 Mn for Q2-2022 compared to USD 20.9 in Q2-2021 mainly led by more than 2x increase in net premiums written during the quarter that reached USD 423.7 Mn (KWD 128.4 Mn) during the quarter.

## Saudi Arabia

Aggregate net profits for Saudi Arabian listed companies witnessed a y-o-y increase of 70.4% to reach USD 59.5 Bn in Q2-2022 against USD 34.9 Bn in Q2-2021. The key sectors on the exchange including Energy, Materials, Banks and Telecommunication Services reported a strong y-o-y growth in profitability during the quarter, whereas the Real Estate, Utilities, Insurance, Pharmaceuticals, Biotechnology & Life Sciences and Diversified Financials reported profit declines during the quarter.

**Saudi Arabia Corporate Earnings : Q2-22 vs. Q2-21 (USD Mn)**



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

The Energy Sector remained the biggest contributor to net profits during the period recording a net profit of USD 46.7 Bn. Saudi Aramco posted a net profit of USD 46.3 Bn for Q2-2022 compared to USD 24.2 Bn for Q2-2021 up by 91.1% led by rise in crude oil prices and sales volume in addition to improved refining margins. Rabigh Refining reported profits of USD 369.0 Mn during Q2-2022 vs. a profit of USD 191.1 Mn during Q2-2021, while the National Shipping Co of Saudi Arabia reported y-o-y growth in profits by 228.9% to reach USD 34.1 Mn.

Banking sector in Saudi Arabia continued to show strong growth with net profits surpassing the USD 4.0 Bn mark for the first time to reach USD 4.02 Bn in Q2-2022 vs. USD 3.9 Bn in Q1-2022. The increase came mainly on the back of higher net interest income with a q-o-q growth of 9.8% mainly led by higher interest rates partially offset by a 7.2% q-o-q drop in non-interest income that reached USD 2.2 Bn. Total assets also reached a new record high of USD 879.9 Bn at the end of Q2-2022 from USD 808 Bn at the end of 2021.

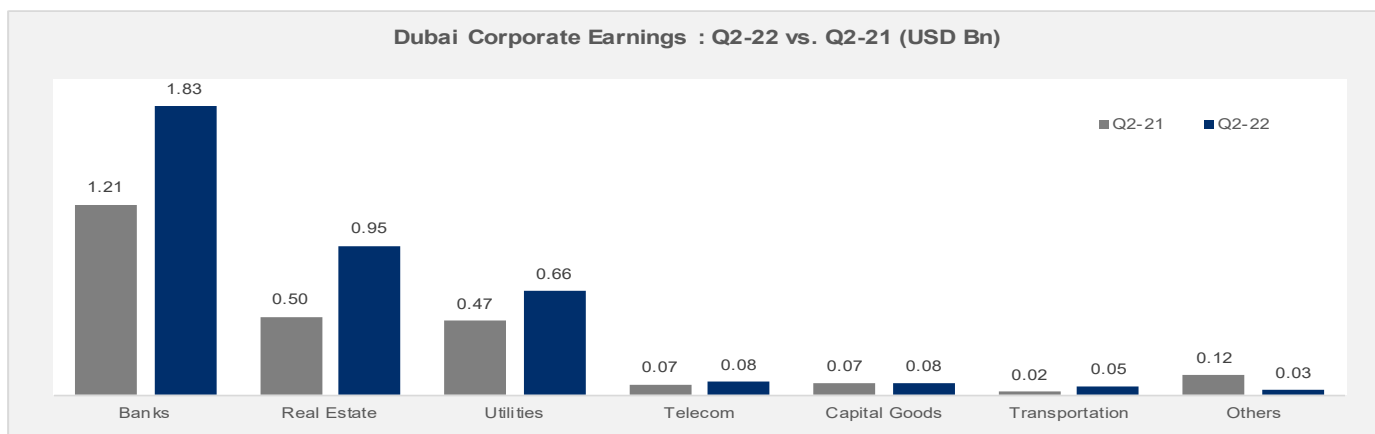
The Materials sector, the second biggest sector by market capitalization on the exchange, reported the third biggest increase in profits by 31.0% to reach USD 4.9 Bn compared to USD 3.7 Bn during the previous year. Profits for SABIC Agri-Nutrients more than tripled in Q2-2022 to USD 806.1 Mn from a net profit of USD 222.9 Mn in the previous year driven by an increase in average selling prices and sales volumes, despite higher selling and distribution expenses. SABIC reported a net profit of USD 2.1 Bn for Q2-2022, a rise of 3.7% from USD 2.0 Bn in Q2-2021. Similarly, Saudi Arabian Mining Co. (Maaden) posted an over threefold increase in Q2-2022 net profit to USD 1.1 Bn buoyed by higher selling prices of all major products except for industrial minerals. In contrast, Saudi Kayan Petrochemical Co.'s net profit tumbled 80.8% to USD 40.01 Mn in Q2-2022 down from USD 208.2 Mn in Q2-2021. The profit drop was mainly attributed to a declining product price despite the increase in the quantities produced and sold.

Net profit for the Telecom sector grew 7.3% y-o-y to USD 885.0 Mn in Q2-22 as compared to USD 825.0 Mn during Q2-2021. Profits for STC inched up 0.5% y-o-y in net profits to reach USD 756.2 Mn in Q2-2022. Mobily registered a net profit of USD 95.8 Mn for Q2-2022 compared to USD 65.0 Mn in Q2-2021. The increase was driven by a 4.6% y-o-y increase in revenue led by growth in subscriber base. Zain KSA net profits rose more than three times to USD 35.7 Mn in Q2-2022 driven by higher revenues.

In the Capital Goods sector, Astra Industrial Group net profit jumped to USD 64.8 Mn in Q2-2022 up from USD 14.6 Mn in Q1-2021 driven by discontinued operations, along with higher sales and gross profit from the pharmaceuticals and specialty chemicals segments. Similarly, Electrical Industries Co.'s net profit doubled to USD 4.9 Mn in the Q2-2022, from USD 2.1 Mn y-o-y in Q2-2021, the earnings increase was primarily due to the higher sales and diversification of sold products. On a sequential basis, net profit rose 52.3% from USD 3.24 Mn to USD 4.94 Mn.

## Dubai

Net profits for Dubai-listed companies jumped 49.6% y-o-y to USD 3.7 Bn in Q2-2022 against USD 2.5 Bn in Q2-2021. Earnings growth during the quarter were mainly driven by Banks, Utilities and Real Estate companies with the three sectors accounting for 93.3% of the aggregate earnings in the exchange during the quarter. It is noteworthy that out of Dubai Stock Exchange's twelve sectors eight have witnessed a y-o-y increase in profits during Q2-2022 while the remaining four sectors including the Insurance and Consumer Services sectors reported declines.



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

Total Net profits for the Banking Sector rose by USD 621.5 Mn in Q2-2022 to reach USD 1.8 Bn up from USD 1.2 Bn in Q2-2021. The sector's rise in total earnings was primarily driven by Mashreq Banks eighteen-fold profits jump during Q2-2022. The bank's Q2-2022 profits reached USD 216 Mn compared with USD 11.5 Mn during the corresponding period of 2021, driven by a combination of sharp rise in operating profit and lower impairment allowance. Furthermore, the sector's total earnings were supported by Emirates NBD which announced a y-o-y profit increase of 42% to USD 952.9 Mn during Q2-2022. Improving operating environment, increased retail lending and falling impairments helped Emirates NBD to beat profit estimates during the quarter. Moreover, Dubai Islamic Bank registered a 33% increase in Q2-2022 earnings which reached USD 364.4 Mn up from USD 274.4 Mn in net profits during Q2-2021.

Aggregate profits for the Real Estate Sector rose by 90.4% y-o-y in Q2-2022 to reach USD 945.2 Mn up from USD 496.4 Mn in Q2-2021. Emaar Properties and Emaar Development posted the largest and the second largest net profits in the sector with USD 561.2 Mn and USD 310.4 Mn during the quarter, respectively. On the other hand, the new listed TECOM Group announced Q2-2022 net profits of USD 64.6 Mn as compared to USD 41.9 Mn in Q2-2021. TECOM attributed the strong quarterly results to higher occupancy rates across its commercial and industrial divisions combined with higher customer retention.

The Utilities Sector registered the third largest Q2-2022 aggregate net profits on the exchange. Q2-2022 net profits for the recently listed Dubai Electricity & Water Authority (DEWA), the sector's only constituent, reached USD 657.3 Mn witnessing 40% rise from USD 470 Mn in Q2-2021 as demand for energy use increased driven by the recovery of travel and tourism in Dubai.

## Abu Dhabi

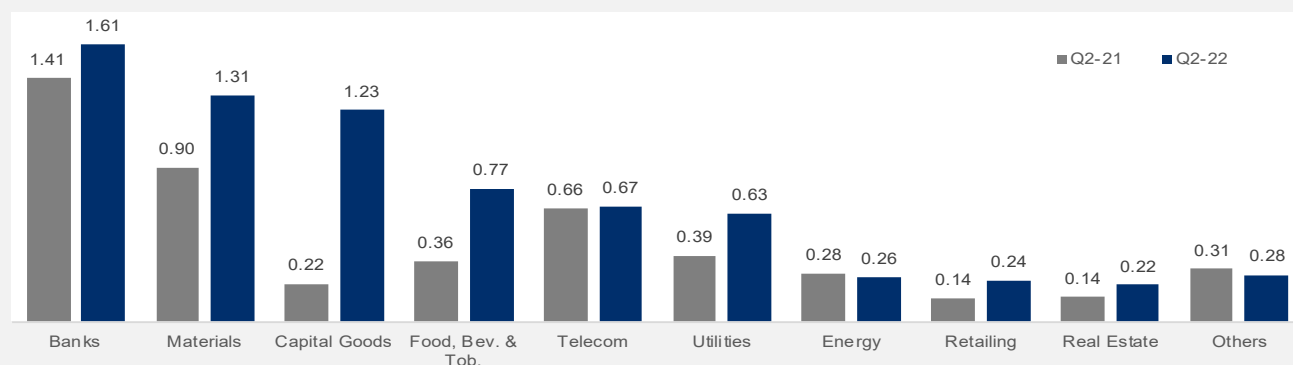
Listed companies in Abu Dhabi witnessed a 50% rise in net profits during Q2-2022 to reach USD 7.2 Bn compared with USD 4.8 Bn during Q2-2021. In line with the rest of the GCC markets, the Banking sector in Abu Dhabi witnessed an increase in net profits with aggregate sector profit of USD 1.6 Bn as compared to USD 1.4 Bn during Q2-2021, a y-o-y rise of USD 197.6 Mn or 14%. The Telecom sector posted the second-largest net profits in the exchange during Q2-2022, although the y-o-y increase in profit was marginal at 2.2% which reached USD 672.5 Mn compared with USD 658.2 Mn during Q2-2021. Utilities, Real Estate, and Material sectors were some of the other sectors that reported rise in net profits during the quarter. On the other hand, Diversified Financials, Food & Staples, and Insurance sectors reported decline in profits during the quarter.

In the Banking Sector, First Abu Dhabi Bank lead the way posting the largest net profits in Q2-2022 among the banks with a marginal y-o-y increase of 1% to reach USD 791.1 Mn compared with a net profit of USD 783.6 Mn during Q2-2021. FAB attributed that the group net profits marginal increase to lower operating income combined and higher operating costs. Abu Dhabi Islamic Bank posted the second largest increase in absolute Q2-2022 net profits among the banks that reached USD 197.6 Mn for the quarter, a 45% y-o-y increase. ADIB attributed the growth in Q2-2022 net profits on lower loan loss provisions and higher interest margins and a 10% rise in customer financing during the quarter. On the other hand, Invest Bank declared

the only loss among the banks in Q2-2022 posting a loss of USD 7.4 Mn as compared to a loss of USD 12.3 Mn in Q2-2021.

In the Capital Goods Sector, Q2-2022 net profits reached USD 1.23 Bn as compared to USD 224.5 Mn in Q2-2021. Alpha Dhabi drove the sectors rise in quarterly profits by posting Q2-2022 net profits of USD 1.2 Bn up from USD 199 Mn in Q2-2021. The holding company has seen profits jump due to revenues attained thanks to its expansion outside the UAE. On the other hand, Q2-2022 net profits of Multiply Group improved sharply jumping from USD 0.04 Mn in Q2-2021 to USD 26.9 Mn in Q2-2022. The technology-focused group witnessed an improved performance of the groups all key five divisions as subsidiaries registered strong growth.

**Abu Dhabi Corporate Earnings : Q2-22 vs. Q2-21 (USD Bn)**



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

In the Utilities sector, the sole stock Abu Dhabi National Energy (TAQA) reported a net profit of USD 629.6 Mn registering 62.7% jump from its Q2-2021 earnings which stood at USD 386.8 Mn. The company attributed its strong performance to the rise in oil and gas prices around the world due to geopolitical tensions which increased demand and instability.

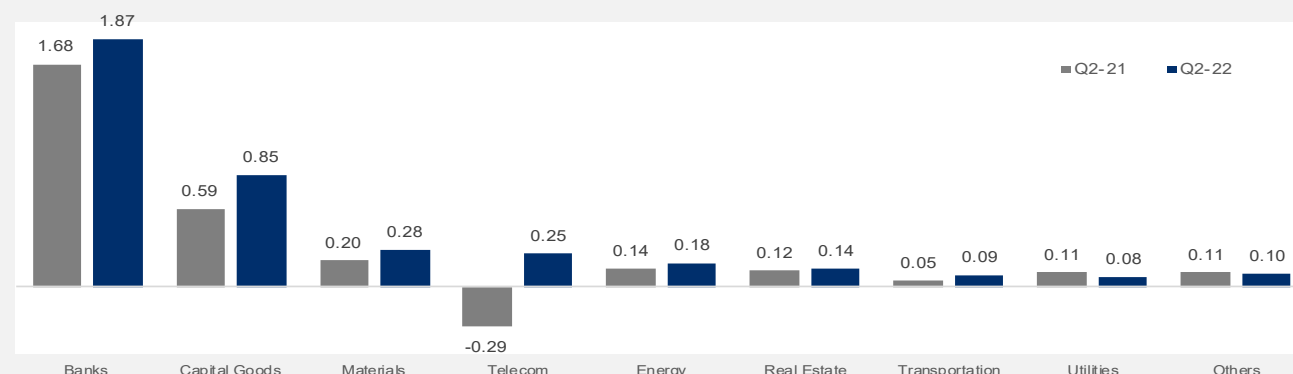
Meanwhile, the Diversified Financial Sector was the only sector which recorded a net loss during Q2-2022. Waha suffered a net loss of USD 16.2 Mn in Q2-2022 dragging down the total net profits of the sector in to the red despite profits announced by Umm Al Qaiwain General Investments and Finance House Co. The company attributed the net loss in Q2-2022 and lower profits in 1H-2022 (USD 23.7 Mn) on lower revenues.

Gulf Pharmaceutical Industries, the only company in the Pharmaceutical & Biotechnology Sector, announced Q2-2022 profits of USD 1.3 Mn witnessing a decline of 93.5% y-o-y. The company blamed geo-economic head winds to have impacted on its sales in markets such as Algeria and Ethiopia.

## Qatar

Total earnings for Qatari-listed companies increased by 41.2% during Q2-2022 y-o-y to reach USD 3.8 Bn as compared to USD 2.7 Bn in Q2-2021. Qatar's Banking sector reported a profit growth of 11.1% in Q2-2022 that reached USD 1.9 Bn accounting for 48.6% of the overall exchange profits during the quarter. QNB reported a net profit increase of 13.5% during the quarter reaching USD 1.06 Bn compared to a net profit of USD 933.8 Mn in Q2-2021. The increase in profits was mainly

**Qatar Corporate Earnings : Q2-22 vs. Q2-21 (USD Bn)**



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



driven by higher net interest income and non-interest income that was partially offset by an increase in provisions during the quarter. Qatar Islamic Bank reported a net profit of USD 261.6 Mn for Q2-2022 as compared to 227.9 Mn for the same period in 2021. Income from financing and investing activities registered a y-o-y growth of 6.6% during the quarter to reach USD 523.3 Mn as compared to USD 490.9 Mn for the same period of 2021. Fees and Commission income also increased from USD 46.4 Mn during Q2-2021 to USD 57.6 Mn during Q2-2022, supporting further growth in profits for the bank. Commercial Bank of Qatar reported a net profit of USD 216.6 Mn for Q2-2022 as compared to 195.3 Mn for the same period in 2021, up by 10.9%. Net interest income for the bank increased by 8.6% to QAR 1.0 Bn during Q2-2022 as compared with QAR 922.9 Mn achieved in the same period in 2021. Meanwhile, quarterly net profit for Masraf Al Rayan declined by 7.7% to USD 141.6 Mn in Q2-2022 compared to USD 153.3 Mn in Q2-2021 despite a healthy growth in net interest income and non-interest income. The decline was mainly led by higher return to investment account holders during the quarter.

In the Telecom sector, Ooredoo's reported net profits during the quarter that reached USD 222.2 Mn as compared to a net loss of USD 309.9 Mn in Q2-2021 as the company had booked losses related to one of its subsidiaries during Q2-2021. The Telco's revenue grew by 4% y-o-y to USD 3.02 Bn in 1H-2022 driven by growth in post-paid services, Ooredoo TV and B2B services. The company's customer base increased to 3.2 million subscribers at the end of 1H-2022 compared to 3 million subscribers at the end of 1H-2021. Vodafone Qatar reported a net profit of USD 29.7 Mn for Q2-2022, representing an increase of 61.7% y-o-y. Total revenue increased by 22.1% y-o-y to reach USD 193.7 Mn driven by continued growth in the company's postpaid revenue and fixed broadband services in addition to higher service revenue.

The Capital Goods sector reported the third biggest earnings during the quarter at USD 845.4 Mn as compared to USD 592.1 Mn in Q2-2022. Net profits reported by Industries Qatar surged 37.1% to USD 743.3 Mn in Q2-2022 compared to USD 542.3 Mn in Q2-2021. Sales volumes for the 1H-2022 increased by 3%, primarily driven by higher plant operating rates which improved production volumes. Revenue for the current quarter was up by 10% versus Q1-2022. This increase was primarily driven by improved selling prices which increased by 8% and higher sales volumes which increased by 2%. Estithmar Holding Co. (Investment Holding Group) posted multifold increase in net profit of USD 50.11 for Q2-2022 against USD 1.3 Mn for Q2-2021. The company posted an impressive revenue growth and EBITDA of 21.9% and 15.2% for 1H-2022.

The Materials sector posted a net profit of USD 282.8 Mn in Q2-2022 compared to a net profit of USD 202.1 Mn driven by higher profits reported by QAMCO and MPHC. QAMCO recorded a net profit of USD 101.2 Mn in Q2-2022 compared to net profit of USD 44.4 Mn mainly led by higher average realized selling prices, which increased by 22% in Q2-22 vs Q2-21. MPHC net profit increased 13.3% to USD 162.1 Mn in Q2-2022 compared to a profit of USD 143.0 Mn driven by higher revenue and selling prices.

Net profits for the Energy sector improved by 28.4% y-o-y to reach USD 182.7 Mn supported by the profits reported by Nakilat and Qatar Fuel Company (WOQOD). Nakilat registered a net profit increase of 11.5% to reach USD 94.7 Mn for Q2-22 vs USD 84.9 Mn for Q2-21. Qatar Fuel Company posted a net profit increase of 15.9% to reach USD 65.0 Mn in Q2-2022 vs USD 56.1 Mn in Q2-2021 mainly driven by increase in sales. The company's total fuel sales for the period have increased by 14% compared to the same period of the year 2021, driven by the increase in Jet fuel sales by 26%. The number of Woqod operating stations reached 119 by June 2022 and is expected to reach 129 by the end of 2022 and the company is taking preparatory measures to meet the 2022 World Cup requirements in Petroleum and Gas products.

In the Transportation sector, Qatar Navigation Co. almost doubled to USD 76.4 Mn in Q2-2022 compared to USD 37.9 Mn in Q2-2021 backed by the higher operating revenue. Ezdan Holding Group in the Real estate sector witnessed over fourfold y-o-y increase during Q2-2022 to reach USD 29.6 Mn compared to USD 6.7 Mn in Q2-2021. The increase in the net profit is driven by higher rental income and other operating revenue. Meanwhile, the Quarterly net profit for Qatar Electricity & Water Co. of the utilities sector declined by 27.6% to USD 80.6 Mn in Q2 -2022 compared to USD 111.3 Mn in Q2 -2021. The profit decline of QEWC was due to the increase in finance costs and loss of sale of asset held for sale.

## Bahrain

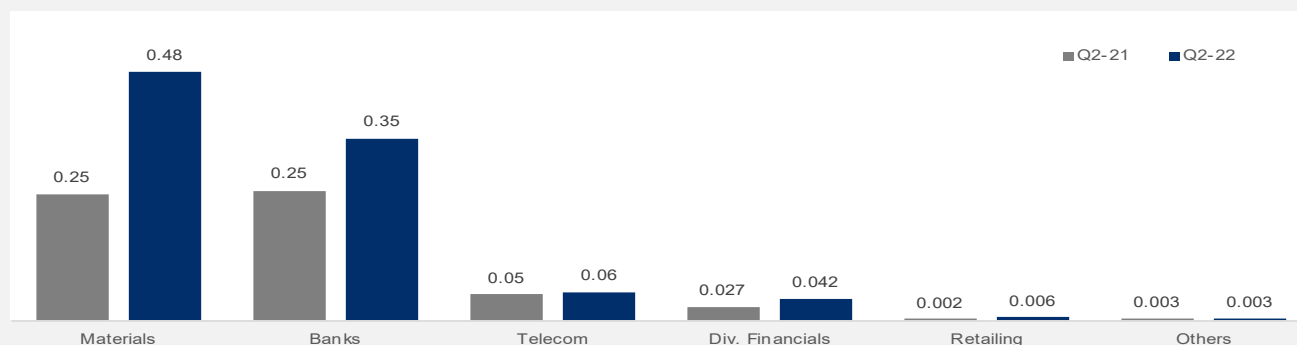
Total Q2-2022 net profits for Bahrain-listed companies increased by 62.4% y-o-y to USD 943.3 Mn after four of its key sectors posted an increase in net profits during the quarter. The Materials sector reported the biggest Q2-2022 aggregate profits among the sectors in the exchange. Aluminum Bahrain, the only company in the Materials Sector, reported Q2-2022 net profits of USD 482.6 Mn registering 96.5% y-o-y increase from its Q2-2021 net earnings which stood at USD 245.6 Mn. ALBA's quarterly profits boost was mainly driven by higher LME prices.

In the Banking Sector, Al Ahli United Bank and National Bank of Bahrain posted robust Q2-2022 net profits pulling up the total net profits of the sector during the quarter which witnessed a 39.8% overall increase to USD 353.2 Mn. AUB's profits were underpinned by an increase in net interest income combined with a rise in fees and commission. Meanwhile, National Bank of Bahrain reported a Q2-2022 net profit of USD 53 Mn, a 34.2% y-o-y rise from its Q2-2021 net profit of USD 39.5 Mn. NBB's improved profitability was driven by strong business fundamentals supported by higher net interest income due to higher loan volumes in the group's key segments. The bank also attributed its improved quarterly profits to lower provisioning.

requirements as compared to the last corresponding period.

Total Q2-2022 net profits of the Telecom sector improved by 11.4% y-o-y to reach USD 56.3 Mn. Profits for Bahrain Telecommunications Company reached USD 52.9 Mn, as compared with USD 47.2 Mn in Q2-2021. Batelco's profits were attributed to higher revenues underpinned by robust digital strategy. Zain Bahrain posted smaller profits increase of 2.6 % y-o-y to reach USD 3.4 Mn up from USD 3.3 Mn during the similar period of 2021.

**Bahrain Corporate Earnings : Q2-22 vs. Q2-21 (USD Bn)**



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

In the Diversified Financials Sector, total Q2-2022 net profits reached USD 42.2 Mn registering 57% y-o-y increase from USD 26.8 Mn in Q2-2021. Q2-2022 net profits of United Gulf Investment Corporation jumped more than nine times to reach USD 11.1 Mn as compared to USD 1.2 Mn in Q2-2021. However, GFH Financial Group posted the largest Q2-2022 net profits among the sector companies with USD 23.1 Mn up from USD 20.9 Mn in Q2-2021.

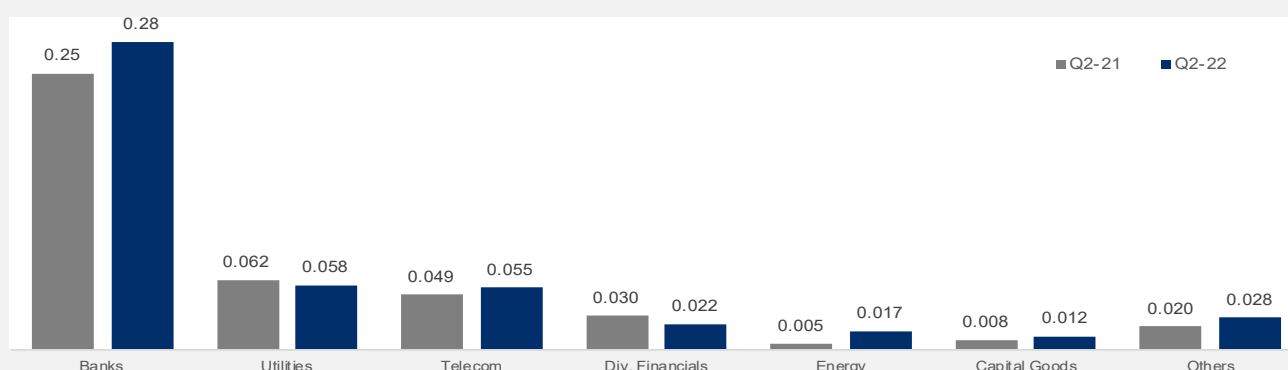
On the other hand, aggregate net profits for the Insurance Sector fell 75.3% during the quarter mainly due to Bahrain National Holding Co's Q2-2022 loss of USD 5.7 Mn down from a profit of USD 3.3 Mn in Q2-2021 dragging down the total profits of the sector.

Total Q2-2022 net loss of the Food, Beverage & Tobacco stood USD 5.5 Mn down from a Q2-2021 net profit of USD 3.7 Mn. Both companies in the sector recorded a loss during the quarter. Bahrain Flour Mills announced a Q2-2022 net loss of USD 4 Mn against a profit of USD 3.5 Mn. The company attributed the loss to a decline in market valuation of equity investment. Similarly, Delmon Poultry Co registered a Q2-2022 loss of USD 1.5 Mn against a profit of USD 0.14 Mn in Q2-2021. The company attributed the loss on a loss incurred by investment in an associate.

## Oman

Total net profits for listed companies in Oman increased by 11% y-o-y to USD 468.4 Mn in Q2-2022 compared with USD 422 Mn in the corresponding quarter in 2021. Q2-2022 earnings of the Banking Sector, the biggest sector in the exchange by market cap, improved 11.5% to reach USD 276.4 Mn up from USD 248 Mn in Q2-2021. The Utilities Sector followed with the second largest total net profits of USD 57.7 Mn during Q2-2022 down from USD 62.2 Mn in Q2-2021. Bank Muscat, Oman's

**Oman Corporate Earnings : Q2-22 vs. Q2-21 (USD Bn)**



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



largest bank by assets, posted the biggest profits within the Banking Sector during Q2-2022 with net profits of USD 132.4 Mn as compared to USD 123.4 Mn during Q2-2021. Falling net impairment credit losses mainly contributed to the bank's rise in profits. However, profits for HSBC Bank Oman witnessed the biggest percentage increase among the banks recording 63% rise in Q2-2022 earnings which reached USD 24.4 Mn as compared to USD 15 Mn during Q2-2021. On the other hand, Oman Arab Bank was the only bank among the eight banks on the exchange to post a decline in its Q2-2022 net profits. Oman Arab Bank reported a 50.8% fall in Q2-2022 net profits to USD 9.1 Mn as compared to USD 18.6 Mn in Q2-2021.

The profit growth for the Telecom sector came on the back higher profits reported by OmanTel that reached USD 41.8 Mn in Q2-2022 up from USD 39.8 Mn in Q2-2021. Comparatively, Oman Qatari Telecom reported a 51.5% increase in Q2-2022 net profits that reached USD 13.5 Mn.

The Materials Sector witnessed the largest percentage growth in Q2-2022 net profits among the sectors in the MSX market. Raysut Cement Co. and Oman Chlorine Co. both returned to profits in Q2-2022 after dipping into the red in Q2-2021. Raysut Cement announced Q2-2022 net earnings of USD 0.4 Mn as compared to a net loss of USD 8.6 Mn in Q2-2021. Similarly, Oman Chlorine posted USD 2.1 Mn in Q2-2022 net profits up from a loss of USD 0.4 Mn in Q2-2021.

Total Q2-2022 net profits of the Energy Sector reached USD 16.7 Mn as compared to USD 5 Mn in Q2-2021 witnessing a 235% y-o-y jump. Shell Oman Marketing registered the largest absolute profit rise among the four companies in the sector with Q2-2022 net profits of USD 6 Mn up from USD 1.1 Mn in Q2-2021. Higher revenue due to higher sales, especially on the growth of non-fuel retailing were attributed to the energy company's jump in quarterly profits. On the other hand, Oman Oil Marketing Co recorded the biggest Q2-2022 net profit among the companies in the sector with USD 6.9 Mn against USD 3.1 Mn in Q2-2021. Of the four companies in the sector National Gas was the only loss-making company registering a loss of USD 0.6 Mn in Q2-2022 as compared with a loss of USD 0.7 Mn in Q2-2021.

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