

GCC Corporate Earnings Report : Q2-2023

August-2023

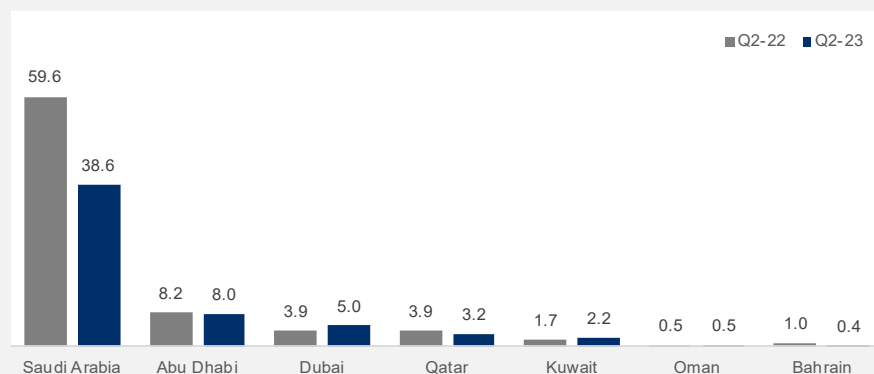
Higher banking interest income fails to offset lower commodity prices...

Quarterly profits reported by GCC-listed companies once again showed a y-o-y decline during Q2-2023 mainly led by a fall in energy and commodity prices. Most global commodity prices witnessed a decline during the quarter that was also reflected in the slide in the Bloomberg Commodity index by around 15% since last year. A fall in profits for the Retail and Capital Goods sectors also added to the decline while profits for the Utilities sector was affected by higher financing costs as declared by the two biggest players in the sector. On the other hand, Banking sector profits remained resilient registering healthy q-o-q and y-o-y growth as lending grew unabated despite higher interest rates. The Telecom sector also showed higher y-o-y profits as did Real Estate and F&B sectors during Q2-2023.

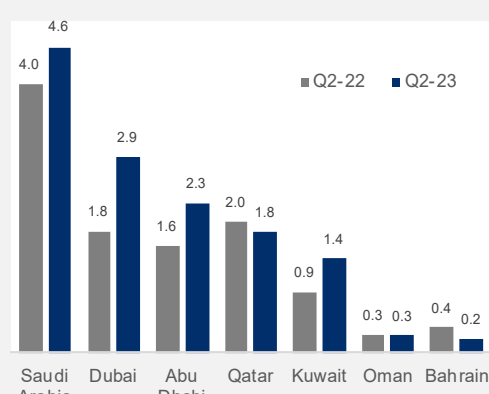
Aggregate net profit for GCC-listed companies reached USD 57.9 Bn during Q2-2023 as compared to USD 61.7 Bn during Q1-2023 resulting in a q-o-q decline of 6.2%. The y-o-y performance showed a steeper decline of 26.6% when compared to Q2-2022 profits of USD 78.8 Bn, which was one of the biggest profits on record for the GCC markets. Energy, Materials and Capital Goods were the top three sectors by absolute y-o-y profit decline vs. Q2-2022 as these sectors accounted for 58% of total profits during Q2-2023 as compared to 73.8% of profits during Q2-2022. In terms of q-o-q performance, the decline in profit was led by a fall in profits for the Energy, Capital Goods and Real Estate sectors that was partially offset by a higher profits mainly for the Utilities, F&B and Banking sectors.

In terms of regional trend, profits mostly declined in the region with five out of seven country averages showing a y-o-y fall in profits. Saudi Arabia and Qatari companies showed the biggest declines during Q2-2023 while growth in Dubai and Kuwaiti aggregates partially offset the overall decline. Profits for Saudi-listed companies fell to an eight-quarter low level during the quarter.

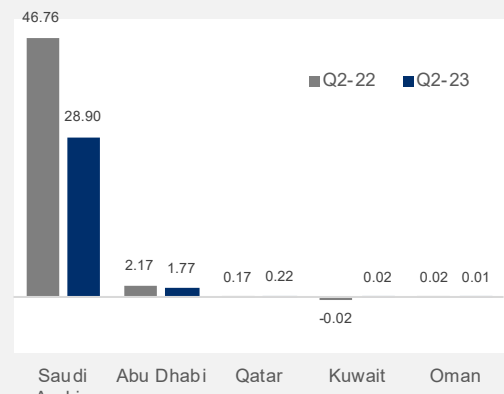
GCC Corporate Earnings : Q2-23 vs. Q2-22 (USD Bn)



GCC Banks: Q2-23 vs. Q2-22 (USD Bn)



GCC Energy Sector: Q2-23 vs. Q2-22 (USD Bn)



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

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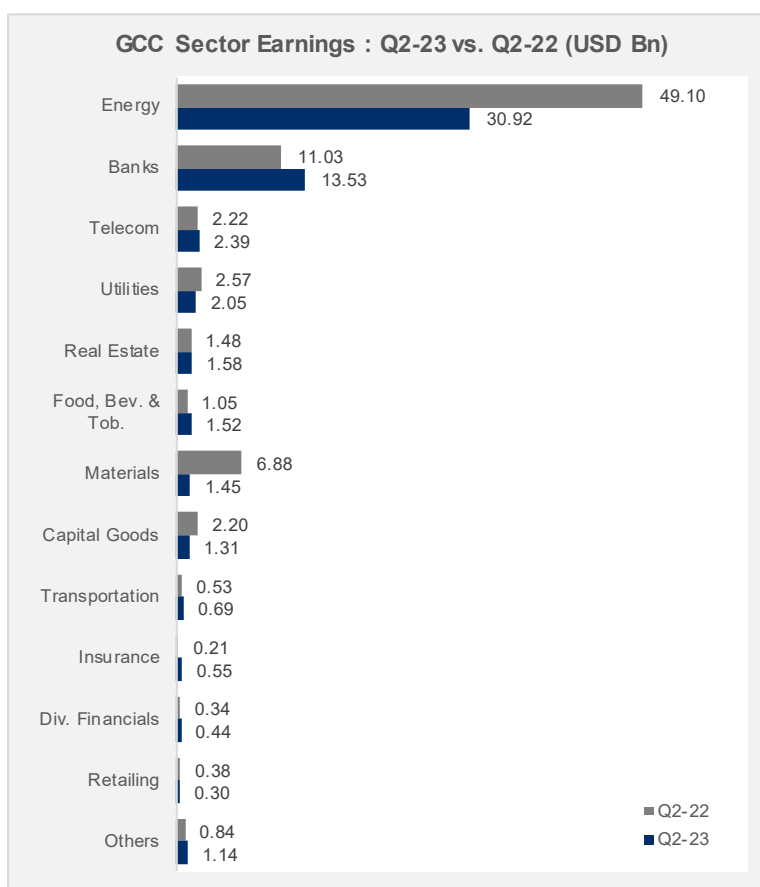
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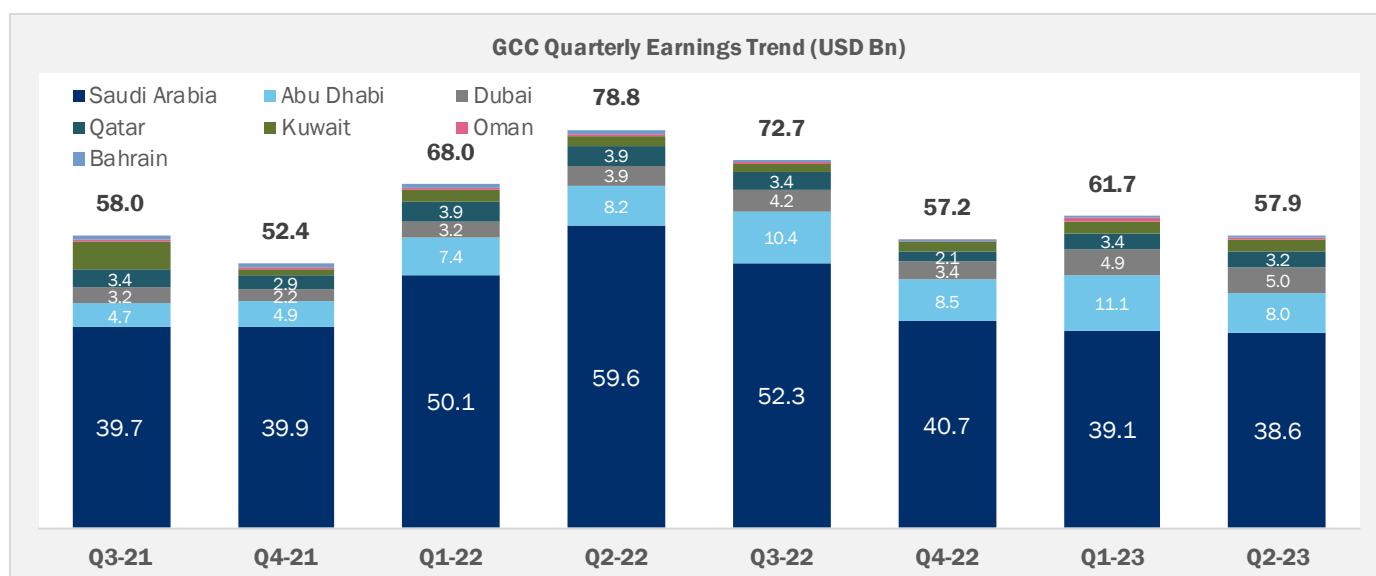
In terms of sectoral performance, profits for the Energy sector witnessed a steep y-o-y decline of 37.0% or by USD 18.1 Bn and 14.5% q-o-q or by USD 5.2 Bn during Q2-2023 to reach USD 30.9 Bn. The decline in profits reflected both a decline in volumes as well as price realizations by companies in the sector. During the quarter, average Brent crude oil prices declined by almost a third to reach USD 78.0 per barrel from USD 113.8 per barrel during Q2-2022. On the other hand, the broader commodity index as reported by Bloomberg showed that average index levels declined by 20% y-o-y during Q2-2023 while end of quarter index dropped by around 15%. The q-o-q performance of the two benchmarks (Brent crude oil prices and Bloomberg Commodity index) also showed a decline that was reflected in the earnings for the Energy sector.

Within the Energy sector, net profits for Saudi Aramco declined for the fourth consecutive quarter during Q2-2023, replicating the four straight quarter decline in crude oil prices. Profits for the oil major declined by 37.3% y-o-y and by 7.2% q-o-q to reach USD 29.0 Bn. The decline in net profits was led by fall in prices as well as lower margins for the company's refining and chemicals business.

On the other hand, the banking sector in the GCC continued to show growth in net profits led by higher net interest income and non-interest income. Net interest income got support from decades high interest rates prevailing in the GCC as well as globally after the US Fed started raising rates to contain inflation. This was also reflected in the net interest margin that stood at a multi-quarter high level of 3.2%. Total net income reached USD 13.5 Bn with a q-o-q increase of 2.2% and y-o-y increase of 22.6% during Q2-2023. A decline in loan loss provisions from USD 3.0 Bn to USD 2.7 Bn also supported bottom-line performance. Results were supported by higher aggregate outstanding credit facilities in almost all the countries in the GCC during the quarter mainly led by a robust projects market pipeline as well as government efforts to reduce the impact of higher interest rates. Aggregate gross loans for GCC-listed banks reached a new record high of USD 1.9 Trillion at the end of Q2-2023. The q-o-q growth stood at 1.9% or USD 36.3 Bn backed by growth in all markets in the GCC.



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

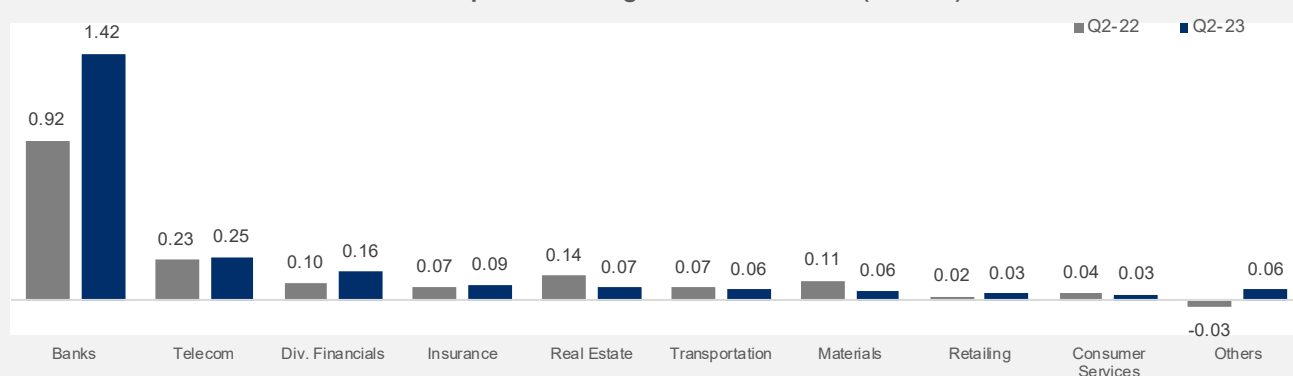


Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Kuwait

Corporate earnings for companies listed on Boursa Kuwait surged 33.7% y-o-y during Q2-2023 to reach USD 2.24 Bn as compared to USD 1.67 Bn in Q2-2022. The biggest impact on higher aggregate profits came from the Banking sector which showed 54.2% growth that reached USD 1.42 Bn in Q2-2023 from USD 920.9 Mn in Q2-2022. Among the banks, NBK reported a net profit of USD 459.3 Mn for Q2-2023 up by 16.2% compared to a net profit of USD 395.2 Mn in Q2-2022 mainly led by the net operating income which increased noticeably by 19.1% to USD 934.2 Mn as a result of significant rise in net interest income and net income from Islamic financing. KFH reported a net profit of USD 557.4 Mn for Q2-2023 up 149.3% compared to USD 223.6 Mn from the previous year due to the strong growth in both non-interest income and net interest income as well as a decline in provisions booked during the quarter. Net profits for CBK also more than doubled to USD 143.5 Mn up from USD 70.8 Mn in Q2-2022 led by higher net interest income coupled with reversal of impairment and provisions. Meanwhile, Burgan Bank reported a net profit of USD 34.3 Mn during the quarter as compared to a profit of USD 49.3 Mn during the Q2-2022 down by 30.4% primarily due to a drop in net interest income from international operations.

Kuwait Corporate Earnings : Q2-23 vs. Q2-22 (USD Bn)



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

The Diversified Financials sector reported the second biggest increase in profits during Q2-2023 with a y-o-y increase of 67.2% to reach USD 161.5 Mn as compared to USD 96.6 Mn during Q2-2022. NOOR Financial Investment Co. witnessed strong y-o-y jump in Q2-2023 net profit that reached USD 21.5 Mn from a net profit of USD 10.6 Mn during Q2-2022 which was mainly due to the reversal of impairments of wakala investment and increase in share of profit from investment in associate. A'ayan Leasing & Investment Co. posted a net profit of USD 12.6 Mn in Q2-2023 vs USD 7.5 Mn in Q2-2022 led by the increase in the income from leasing operations and share of results of associates.

Net Profits for the Telecom sector increased by 9.1% y-o-y to reach USD 249.3 Mn for Q2-2023 compared to USD 228.6 Mn for Q2-2022. Zain recorded a net profit of USD 187.1 Mn in Q2-2023 compared to USD 164.3 Mn in Q2-2022 an increase of 13.8%. Zain Group generated consolidated revenue of USD 1.5 Bn, up by 10% y-o-y, EBITDA for the quarter reached USD 594 Mn, up 10% y-o-y, resulting in an EBITDA margin of 40%. STC Kuwait recorded a net profit of USD 25.4 Mn in Q2-2023 vs USD 24.0 Mn in Q2-2022, up by 5.9%. Meanwhile, OOREDOO posted a decline of 8.6% in net profit that reached USD 36.9 Mn for Q2-2023 compared to USD 40.3 Mn during the Q2-2022.

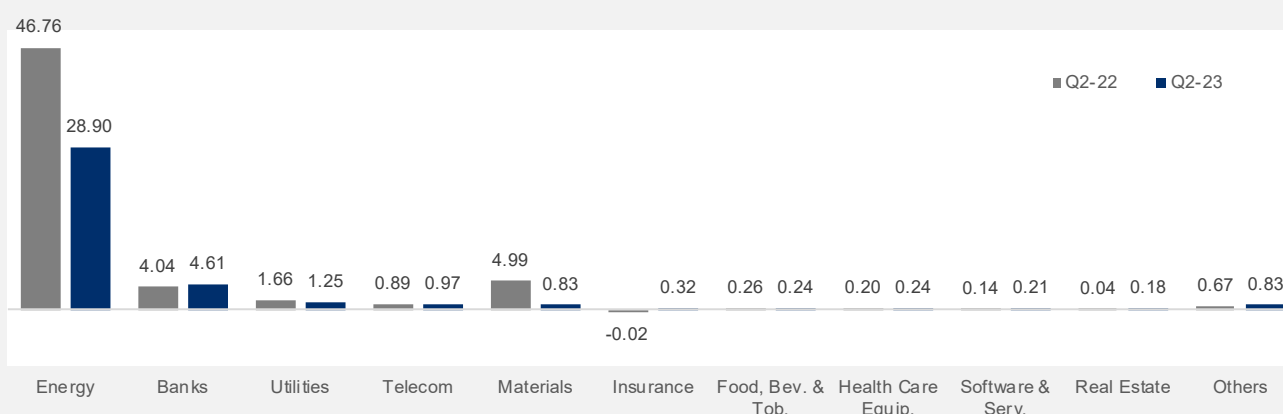
Profits for the Insurance sector increased by 16.3 y-o-y to USD 85.8 Mn in Q2-2023 compared to USD 73.8 Mn in Q2-2022. Net profits reported by Gulf Insurance Group increased by 129.9% y-o-y to USD 51.8 Mn up from USD 22.5 Mn in Q2-2022, while profits for Kuwait Reinsurance Co. reached USD 7.2 Mn as compared to USD 7.1 Mn during Q2-2022. On the other hand, Kuwait Insurance Co. posted a profit decline of 53.1% that reached USD 11.5 Mn for Q2-2023 compared to USD 24.5 in Q2-2022 mainly led by the decline in the insurance revenue and net investment income.

The turnaround in profits for the Capital Goods sector from a loss of USD 47.6 Mn in Q2-2022 to a profit of USD 14.7 Mn in Q2-2023 was mainly led by smaller losses of USD 7.8 Mn reported by National Industries Group during the quarter as compared to a bigger loss of USD 49.5 Mn during Q2-2022. Higher profits for the Kuwait Portland Cement Co also helped that reached USD 5.4 Mn during the quarter as compared to a profit of USD 1.3 Mn in Q2-2022. The increase in profits was driven by the increase in the sales revenue.

Saudi Arabia

Aggregate net profits for Saudi Arabian listed companies witnessed a steep decline of 35.3% to reach USD 38.6 Bn in Q2 - 2023 against USD 59.6 Bn in Q2-2022. Among the top sectors of the exchange, the Banking and the Telecom sectors reported an increase in profitability during the quarter. On the other hand, the decline in Q2-2023 earnings was mainly driven by a plunge in profits in the Energy sector which declined by 38.2% to USD 28.9 Bn as compared to USD 46.8 Bn during Q2-2022. Profits for the other key sectors like Utilities and Materials also declined during the quarter. Oil giant Aramco reported a net profit decline of 37.3% during Q2-2023 primarily due to lower crude oil prices and weakening refining and chemicals margins. This was partially offset by a decline in production royalties paid largely attributable to lower crude oil prices as well as lower average royalty rates.

Saudi Arabia Corporate Earnings : Q2-23 vs. Q2-22 (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 Q2-2023 vs. USD 4.0 Bn in Q2-2022. In Saudi Arabia, three out of ten banks reported a decline in net interest income with SNB reporting the biggest decline compared to Q1-2023. However, SNB reported higher profits that reached USD 1.3 Bn in Q2-2023 vs USD 1.2 Bn a year earlier led by higher operating income and a decline in provisions. Al Rajhi Bank recorded a profit of USD 1.11 Bn for Q2-2023 against a profit of USD 1.13 Bn for Q2-2022. The marginal change in profits reflected lower net interest income offset by higher non-interest income as well as a fall in provisions during the quarter. Riyadh Bank reported a 23.1% increase in the net profit that reached USD 528.5 Mn in Q2-2023 compared to USD 429.4 Bn in Q2-2022 led higher net special commission income, trading gains and exchange income.

Net profit for the Telecom sector grew 9.5% y-o-y to USD 969.5 Mn in Q2-2023 as compared to USD 885.0 Mn during Q2-2022. STC reported a 6.1% y-o-y increase in net profits that reached USD 802.1 Mn. Mobily registered a net profit of USD 132.6 Mn for Q2-2023 compared to USD 95.8 Mn in Q2-2022. The increase was driven by a 9.0% y-o-y increase in revenue coupled with higher EBITDA which increased by 7.4% y-o-y in Q2-2023 to reach USD 0.42 Bn. Zain KSA profits declined by 7.2% to reach USD 33.1 Mn for Q2-2023 vs a profit of USD 35.7 Mn in Q2-2022 mainly due to the rise in operational costs related to the telco towers deal and financing costs.

The Real Estate sector followed with the third largest total net profits of USD 184.7 Mn during Q2-2023 up from USD 38.4 Mn in Q2-2022. Arabian Centres Co. posted robust growth in the net profit that reached USD 90.3 Mn for Q2-2023 compared to USD 48.8 Mn for Q2-2022 up by 85.0% led by the marginal rise of 0.4% of revenue to reach USD 150.7 Mn in addition to the decline in the finance costs which fell by 34.9%. Dar Al Arkan Real Estate Development Co. posted a net profit of USD 39.1 Mn for Q2-2023 compared to USD 24.7 Mn for the previous year. The profit growth was driven by property sales and lease revenue, along with higher income from associates. Meanwhile, Saudi Real Estate Co. turned to a net loss of USD 22.0 Mn in Q2-2023 against a net profit of USD 12.1 Mn. The losses were primarily driven by revenue which fell by 40%, as a result of a drop in gross profit of subsidiaries and revenue from residential unit sales.

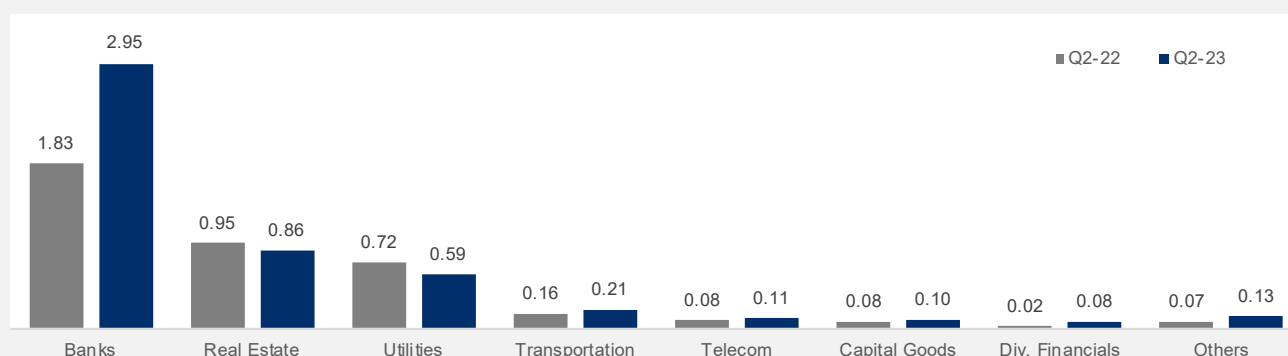
Dubai

Net profits for Dubai-listed companies increased by 28.6% y-o-y to USD 5.0 Bn in Q2-2023 against USD 3.9 Bn in Q2-2022. Earnings growth during the quarter were mainly driven by Banks, Transportation and Telecom companies with the three sectors accounting for 65% of the aggregate earnings in the exchange during the quarter. It is noteworthy that out of Dubai Stock Exchange's twelve sectors seven have witnessed a y-o-y increase in profits during Q2-2023 while the remaining five

sectors, including the Insurance and Consumer Services sectors, reported declines.

Total net profits for the Banking Sector rose by USD 1.1 Bn in Q2-2023 to reach USD 2.9 Bn up from USD 1.8 Bn in Q2-2022. The sector's rise in total earnings was primarily driven by Emirates NBD's 74.3% profits jump during Q2-2023. The bank's Q2-2023 profits reached USD 1.7 Bn compared with USD 952.9 Mn during the corresponding period of 2022, driven by a combination of higher margins and higher retail and corporate lending which led to an overall loan growth during the quarter. Furthermore, the sector's total earnings were supported by Mashreq Bank which announced a y-o-y profit increase of 140.4% to USD 519.1 Mn during Q2-2023. Mashreq Bank's profits jump were attributed to growth in net interest income and income from Islamic financing, while a decline in provisions also supported bottom-line. Moreover, Emirates Islamic Bank registered a 70.2% increase in Q2-2023 earnings which reached USD 166.4 Mn up from USD 97.8 Mn in net profits during Q2-2022. A nearly 50% rise in net interest income and non-interest income and a steep decline in provisions supported earnings for the bank during the quarter.

Dubai Corporate Earnings : Q2-23 vs. Q2-22 (USD Bn)



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

Aggregate profits for the Transport Sector rose by 26.7% y-o-y in Q2-2023 to reach USD 208.3 Mn up from USD 164.3 Mn in Q2-2022. Air Arabia drove most of the growth of the sector after the airline posted 187% y-o-y Q2-2023 net profit jump which reached USD 125 Mn as compared to USD 43.6 Mn in Q2-2022. The airline's profits surge was attributed to continued strong demand for air travel during the quarter. The number of passengers that travelled on the airline during the quarter rose 37% to reach more than 3.8 Mn passengers. Salik, the company that operates Dubai's Road toll system, recorded USD 74.2 Mn in profits in Q2-2023 as compared to USD 109.8 Mn in Q2-2022. Salik recorded the second biggest net profit among the companies in the Transport sector despite witnessing 32.4% y-o-y profits decrease during the quarter.

In the Telecom Sector, Q2-2023 net profits for Emirates Integrated Telecommunications Company improved 31.2% to reach USD 108.2 Mn as compared to USD 82.4 Mn. Overall growth in the telecom's revenue (+6.7%) especially, mobile service revenue and fixed service revenue (+10.9%) as well as sustained customer demand contributed to the overall profitability of the telecom during Q2-2023.

Abu Dhabi

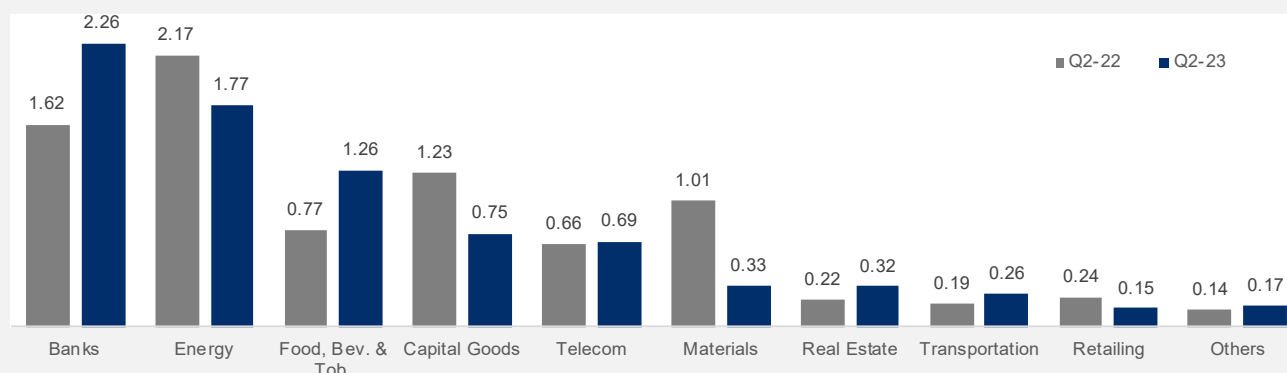
Listed companies in Abu Dhabi witnessed a 3.4% y-o-y dip in total net profits during Q2-2023 to reach USD 8.0 Bn as compared to USD 8.2 Bn during Q2-2022. The Banking sector in Abu Dhabi witnessed an increase in net profits with aggregate sector profit of USD 2.3 Bn as compared to USD 1.6 Bn during Q2-2022, a y-o-y rise of USD 643.9 Mn or 39.8%. The Energy Sector posted the second-largest net profits in the exchange during Q2-2023, although the y-o-y change in profit was -18.3% which reached USD 1.8 Bn compared with USD 2.2 Bn during Q2-2022. Capital Goods, Materials and Retailing sectors were some of the other sectors that reported decline in net profits during the quarter contributing to the overall drop in total profits in the Abu Dhabi Exchange. On the other hand, Telecommunication Services and Food, Beverage & Tobacco sectors reported an increase in profits during the quarter which helped to partially offset the decline from aforementioned sectors.

The Banking sector witnessed broad-based growth in profits across the banks on the exchange. First Abu Dhabi Bank lead the way posting the largest net profits in Q2-2023 with a 44.8% y-o-y growth to reach USD 1.1 Bn vs. with a net profit of USD 791.1 Mn during Q2-2022. FAB attributed the growth in net profits to higher interest and non-interest income. Abu Dhabi Commercial Bank posted the second largest increase in Q2-2023 net profits that reached USD 526.4 Mn for the quarter, a 22.7% y-o-y increase. ADCB attributed the strong growth in Q2-2023 net profits to higher growth in net loans.

In the Energy Sector, Q2-2023 net profits reached USD 1.8 Bn as compared to USD 2.2 Bn in Q2-2022 after three out of the

four companies that constitute the sector posted y-o-y earnings declines. Adnoc Gas posted the biggest profits in the sector that reached USD 983.9 Mn as compared to USD 1.3 Bn in Q2-2022. Adnoc Gas attributed the lower quarterly profits to lower pricing that resulted in revenue decline of 24% to reach USD 5.4 Bn down from USD 7.1 Bn during Q2-2022. Abu Dhabi National Energy Co (Taqa) was next with a quarterly net profit of USD 523.7 Mn as compared to USD 629.5 Mn in Q2-2022. Taqa attributed the decline in net earnings to fall in oil and gas productions during the quarter mainly due to shut down in operations in Iraq as well as the natural decline in production of late-life UK assets.

Abu Dhabi Corporate Earnings : Q2-23 vs. Q2-22 (USD Bn)



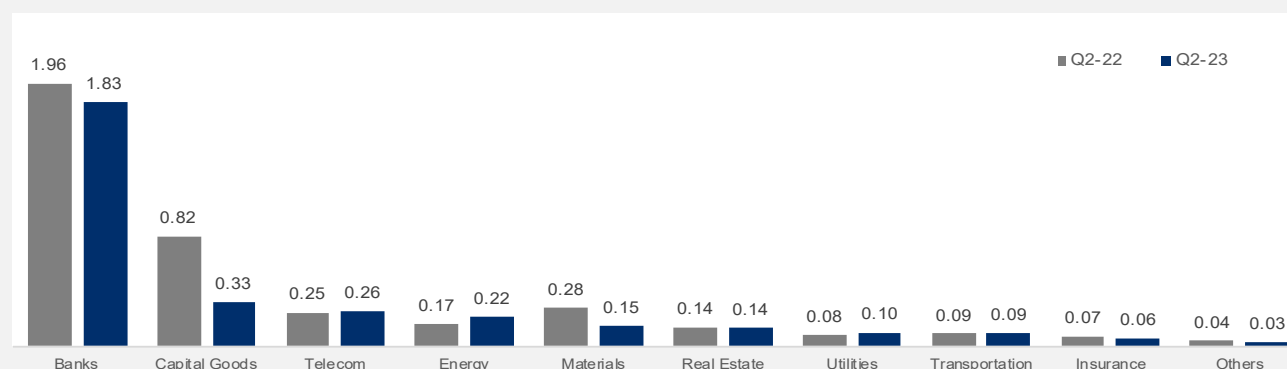
Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Total net profits of the Materials Sector fell 67.2% to USD 330.5 Mn down from USD 1.0 Bn in Q2-2022. Of the ten companies that comprise the sector, only two recorded Q2-2023 net earnings growth while four companies posted net losses during the quarter with the remaining companies recording profit declines during the same period. Fujairah Cement Industries recorded a net loss of USD 9.7 Mn during Q2-2023, the biggest net loss among the companies in the sector. On the other hand, Borouge Plc recorded a profit of USD 229 Mn, the biggest net profit among the companies in the sector. Borouge attributed the dip in quarterly earnings due to lower revenue.

Qatar

Total earnings for Qatari-listed companies witnessed a decline of 18.2% during Q2-2023 to reach USD 3.2 Bn as compared to USD 3.9 Bn in Q2-2022. The decline in quarterly profits was primarily led by fall in profits mainly for the Capital Goods, Banks and Materials sectors that was partially offset by growth in profits by Energy, Utilities and Telecommunication Services sectors during the quarter. For 1H-2023, Qatar-listed companies reported net profits of USD 6.6 Bn as compared to USD 7.8 Bn 1H-2022, registering a profit decline of 14.9%.

Qatar Corporate Earnings : Q2-23 vs. Q2-22 (USD Bn)



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

In the Banking sector, QNB reported a net profit decline of 11.1% in Q2-2023 reaching USD 942.4 Mn compared to a net profit of USD 1.1 Bn after the bank set aside higher loan loss provision of USD 617.8 Mn during the quarter. On the other hand, Qatar Islamic Bank registered a net profit growth of 10.1% to reach USD 288.0 Mn in Q2-2023 compared to USD 261.6 Mn in Q2-2022 mainly led by higher net income from financing activities that increased by 36.6% y-o-y to reach USD 584.1 Mn.

Income from investing also grew by 5.5% to reach USD 100.3 Mn. Fees and Commission income increased from USD 76.0 Mn during Q2-2022 to USD 79.6 Mn during Q2-2023, supporting further growth in profits for the bank. Meanwhile, the newly listed bank, Dukhan Bank, reported a net profit of USD 90.1 Mn against a net profit of USD 96.2 Mn down by 6.3% in Q2-2023 despite a healthy growth in net interest income. The decline was mainly led by higher return to investment account holders during the quarter.

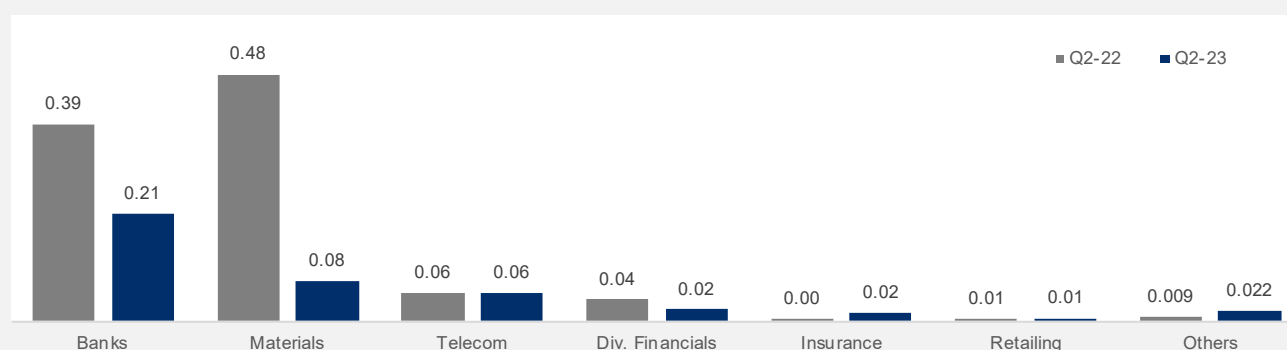
In the Telecom sector, Ooredoo's net profits reached USD 228.8 Mn in Q2-2023 as compared to a net profit of USD 225.3 Mn in Q2-2022, registering an y-o-y increase of 1.6%. The telco's revenue declined by 1% y-o-y as a result of the closure of the transit company and the reporting of Mobile Money as a distinct legal entity. After adjusting for these elements, revenue rose by 4.2% to USD 3.02 Bn in Q2-2023. The customer base of Ooredoo Qatar reached 3 Mn, representing a 7% decrease compared to the previous year due to a change in definition of the prepaid base to 90-day active from 365-day. Vodafone Qatar reported a net profit of USD 34.7 Mn for Q2-2023, representing an increase of 16.9% y-o-y. Total revenue increased by 9.9% y-o-y to reach USD 212.8 Mn driven by continued growth in the company's postpaid revenue and fixed broadband services, in addition to higher service revenue.

The Energy sector also reported healthy increase in earnings during the quarter that reached USD 215.8 Mn as compared to USD 166.6 Mn in Q2-2022 up by 29.5% supported by the profits reported by Nakilat. The Company registered a net profit increase of 9.7% to reach USD 103.9 Mn for Q2-2023 vs USD 94.7 Mn for Q2-2022 driven by the increase in the profits of joint venture companies operating in LNG transportation and shipyards. Qatar Fuel Company reported a net profit of USD 59.5 Mn in Q2-2023 vs USD 65.0 Mn in Q2-2022 down by 8.4%. The decline in net profit was due to reduced diesel sales volume, associated income, and lower B2B sales as a result of the completion of significant infrastructure projects, in addition to the lower fuel costs.

Bahrain

Total Q2-2023 net profits for Bahrain-listed companies decreased by 58% y-o-y to USD 413.2 Mn after four of its key sectors posted a drop in net profits during the quarter. The Materials sector reported the biggest Q2-2023 decline in profits among the sectors in the exchange. Aluminum Bahrain, the only company in the Materials Sector, reported Q2-2023 net profits of USD 79.3 Mn registering 83.6% y-o-y decrease from its Q2-2022 net earnings which stood at USD 482.6 Mn. ALBA's quarterly profits decline was mainly driven by lower LME and premia prices, which declined by 61% y-o-y.

Bahrain Corporate Earnings : Q2-23 vs. Q2-22 (USD Bn)



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

Total Q2-2023 net profits for the Bahraini Banking Sector witnessed 45.4% y-o-y drop to reach USD 210.1 Mn as compared to USD 385.0 Mn during Q2-2022. The Arab Banking Corporation led the way in the sector recording a 56.4% net profits jump during the quarter that reached USD 61.0 Mn, the biggest in the sector, against USD 39 Mn during Q2-2022. ABC's profits growth was mainly attributed to growth in the bank's diversified businesses as well as ABC's benefit from rising interest rates. On the other hand, second quarter net profits for National Bank of Bahrain fell 8% y-o-y to USD 48.8 Mn against USD 53 Mn during the corresponding quarter of 2022. The bank credited the drop in quarterly profits to lower realized gains from the sale of investment securities during the year.

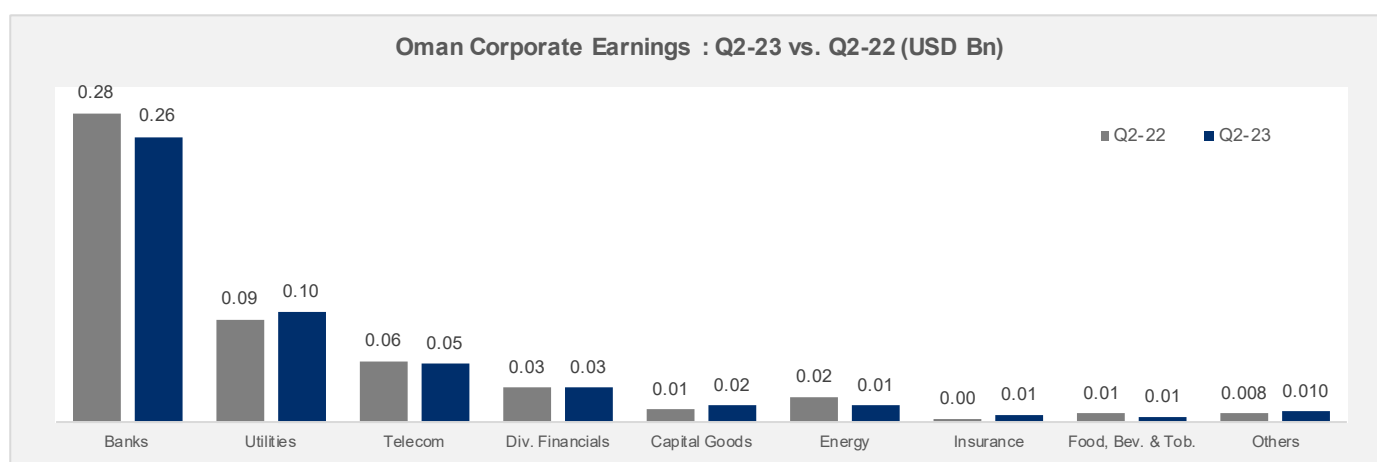
Total Q2-2023 net profits of the Telecom sector remained almost flat, recording a marginal dip of 0.1% y-o-y to reach USD 56.3 Mn as compared to USD 56.3 Mn during Q2-2022. Profits for Beyon (Batelco) reached USD 52.8 Mn, as compared with USD 53.1 Mn in Q2-2022. The telecom recorded higher quarterly operating profit (+13%) as well as higher quarterly revenues (6%) and higher quarterly EBITDA (5%). Moreover, Q2-2023 net profits of Zain Bahrain recorded 3.1% y-o-y growth to reach USD 3.5 Mn against USD 3.4 Mn in Q2-2023.

In the Diversified Financials Sector, total Q2-2023 net profits reached USD 22.7 Mn registering 46.1% y-o-y decline from USD 42.2 Mn in Q2-2022. The Q2-2023 net loss recorded by Bahrain Commercial Facilities at USD 11.7 Mn dragged down the total profits of the sector. Bahrain Commercial Facilities' profitability was mainly impacted by the combination of lower net interest income and higher net allowance on loans and receivables charged during the current period. On the other hand, Q2-2023 net profits for the GFH Financial Group increased by 32.8% to reach USD 30.6 Mn as compared to USD 23.1 Mn during Q2-2022 which help partly offset the overall decline in profits for the sector.

Oman

Total net profits for listed companies in Oman declined by 3.5% y-o-y to USD 491.5 Mn in Q2-2023 compared with USD 509.3 Mn in the corresponding quarter in 2022. Total Q2-2023 earnings of the Banking Sector, the biggest sector in the exchange by market cap, dropped by 7.2% to reach USD 256.7 Mn down from USD 276.5 Mn in Q2-2022. The Utilities Sector followed with the second largest total net profits of USD 99.2 Mn during Q2-2023 as compared to USD 92.5 Mn in Q2-2022 recording 7.3% y-o-y growth. Bank Muscat net earnings decreased during the quarter setting the tone for the overall decline of profits in the Banking sector. The Bank posted the biggest profits within the Banking Sector during Q2-2023 at USD 107.9 Mn as compared to USD 132.4 Mn during Q2-2022. The combination of a decline in non-interest income, increasing net impairment credit losses and growth in operating expenses mainly contributed to the bank's drop in profits. Sohar Bank and HSBC Bank Oman followed with USD 27.0 Mn and USD 25.7 Mn in net profits during Q2-2023. It is noteworthy that these two banks have recently completed their successful merger as a single entity.

The profit growth for the Utilities sector came on the back of higher profits reported by five out of the seven companies in the sector. Phoenix Power Company lead the way reporting 5.4% y-o-y growth in its Q2-2023 net profits that reached USD 37.8 Mn followed closely by Al Suwadi Power Company and Al Batinah Power Company which posted Q2-2023 net profits that reached USD 22.4 Mn and USD 21.5 Mn, respectively. Phoenix Power attributed the surge in its quarterly earnings to increased revenue underpinned by the growth of net power exported from 4,131 GWhrs during 1H-2022 to 4,379 GWhrs during 1H-2023.



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

Total net profits for the Telecom Sector declined by 4.9% to USD 52.6 Mn during Q2-2023 as compared to USD 55.3 Mn during Q2-2022 despite witnessing a 7.1% profits surge reported by OmanTel during the period. OmanTel's growth in quarterly profits was attributed to higher revenue, including revenue from the acquired business of Zain Group. The telco's revenue growth also included double-digit growth in wholesale transit voice and device revenue. On the other hand, Q2-2023 net profits for Ooredoo Oman recorded 42.3% decline to reach USD 7.8 Mn as compared to USD 13.5 Mn during the corresponding period of the past year dragging down the total quarterly profits of the sector.

Total Q2-2023 net profits for the Diversified Financials sector reached USD 31.3 Mn as compared to USD 30.8 Mn in Q2-2022 witnessing a 1.7% y-o-y growth. Furthermore, total Q2-2023 net earnings for the Capital Goods sector recorded a 29.6% jump to reach USD 15.3 Mn as compared to 11.8 Mn during Q2-2023. Meanwhile, the Consumer Services Sector recorded a total net loss of USD 2.1 Mn during Q2-2023 after each one of all the four companies that comprised the sector reported Q2-2023 net losses during the quarter. Dhofar Tourism Co. reported the biggest net loss of USD 1.1 Mn during the quarter followed by Salalah Beach Resort which reported total net loss of USD 0.7 Mn.

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