

GCC Corporate Earnings Report : Q3-2023

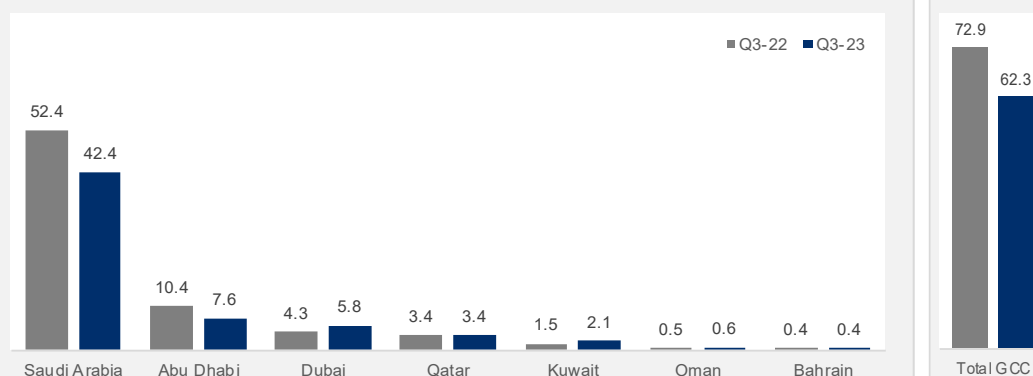
November-2023

Banks, Telecoms and RE partially offset y-o-y profit decline in the GCC...

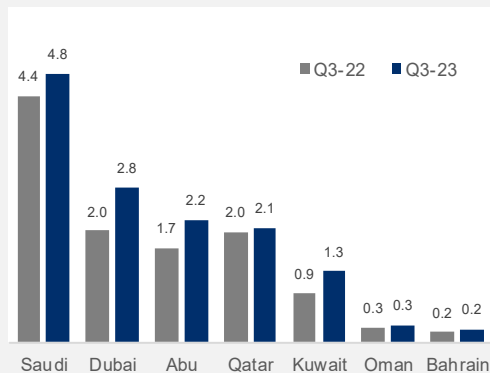
Quarterly profits reported by GCC-listed companies once again showed a y-o-y decline in profits during Q3-2023 mainly led by a fall in energy and commodity prices. Most global commodity prices witnessed a decline during the quarter that was also reflected in the slide in the Bloomberg Commodity index by around 10% since the start of 2023. Moreover, average brent spot price was down 14.0% in Q3-2023 as compared to Q3-2022, which was reflected in profits of listed energy companies in the GCC, including Aramco. A fall in profits for the Capital Goods and F&B 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 once again remained resilient registering healthy q-o-q and y-o-y growth as lending grew in most markets despite higher interest rates. The Telecom sector also showed higher y-o-y profits as did Real Estate during Q3-2023.**

Aggregate net profit for GCC-listed companies reached USD 62.3 Bn during Q3-2023 as compared to USD 72.9 Bn during Q3-2022 resulting in a double-digit y-o-y decline of 14.4%. Out of the 22 sectors in the region, profits for 12 sectors showed y-o-y declines while 10 sectors showed higher profits. **At the country level, aggregates for Saudi Arabia and Abu Dhabi showed double-digits declines vs. last year while Bahraini companies showed a decline of 8.3%. On the other hand, Kuwait showed the biggest y-o-y earnings growth of more than 40% during Q3-2023, while Dubai and Omani aggregates showed equally healthy growth of 35.8% and 24%, respectively.** Aggregate for Qatari companies was almost flat with a marginal y-o-y growth of 0.3%. In terms of q-o-q performance, aggregate GCC profits increased by 7.7% in Q3-2023 led by double-digit profit growth for companies listed on Oman and Dubai while Saudi and Qatari companies showed slightly smaller growth of 9.8% and 7.2%, respectively. On the other hand, Bahrain, Kuwait and Abu-Dhabi listed companies reported q-o-q decline in profits.

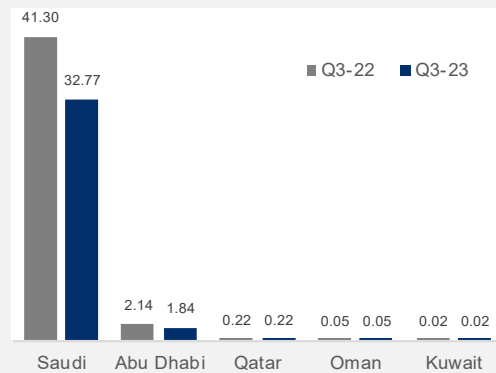
GCC Corporate Earnings : Q3-23 vs. Q3-22 (USD Bn)



GCC Banks: Q3-23 vs. Q3-22 (USD Bn)



GCC Energy Sector: Q3-23 vs. Q3-22 (USD Bn)



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

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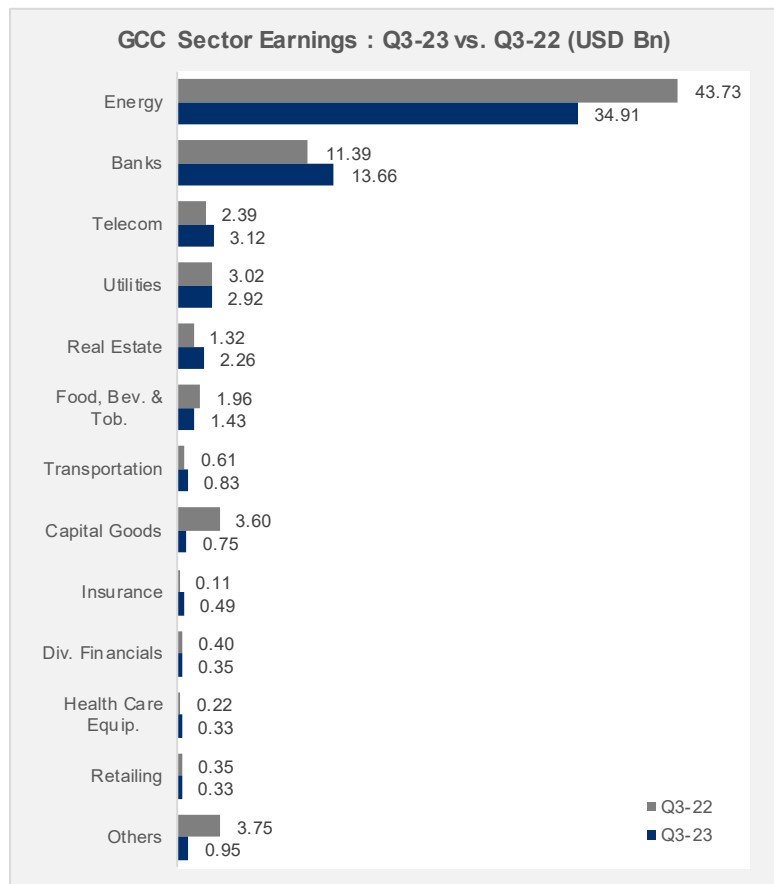
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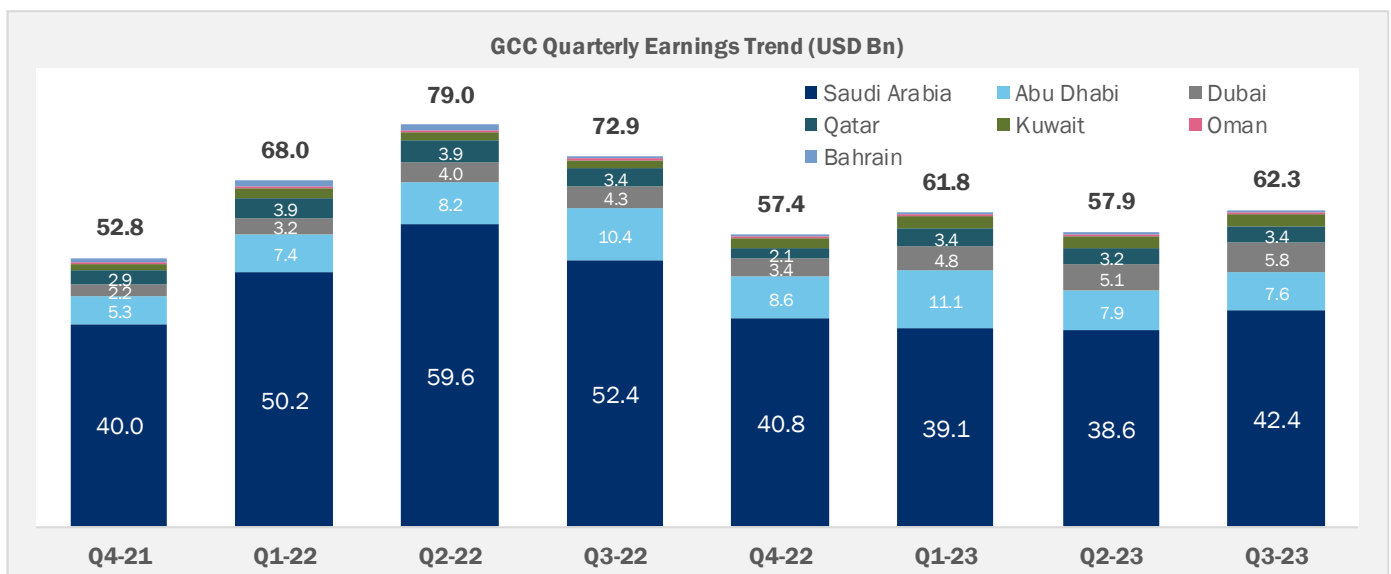
In terms of quarterly sectoral earnings performance, profits for the Energy sector witnessed a steep y-o-y decline of 20.2% or by USD 8.8 Bn to reach USD 34.9 Bn during Q3-2023. On the other hand, in terms of q-o-q performance, the sector witnessed profit growth of USD 4.0 Bn or 12.8% reflecting higher average prices during the quarter vs. Q2-2023. The Banking sector showed healthy q-o-q and y-o-y growth in profits during Q3-2023 reflecting higher interest rates in the region as most central banks replicated the rate hikes by the US Fed. The sector witnessed continued lending growth during the quarter despite higher interest rates mainly due to the resilient projects market in the region. Real Estate lending also remained healthy, especially in the UAE.

In terms of 9M-2023 earnings performance, the decline in profits this year was steep at USD 37.8 Bn and was almost completely driven by fall in profits in Saudi-listed companies by more than a quarter or USD 42 Bn while Qatari and Bahraini companies showed relatively smaller absolute decline as compared to 9M-2022. These declines were partially offset by double digit earnings growth in Dubai and Kuwait while Oman and Abu Dhabi aggregates showed slightly smaller y-o-y growth during 9M-2023. In terms of sectoral earnings performance during 9M-23023, the biggest impact came mainly from Energy, Materials and Capital Goods sectors that were partially offset by higher profits mainly in the Banking sector and the Telecom sector. Profits for the Energy sector declined by USD 31.2 Bn or 23.4% during 9M-2023 to reach USD 102.0 Bn while Materials sector showed a decline in profits to the tune of USD 12.1 Bn or 80.4% to USD 2.9 Bn as compared to USD 15.0 Bn during 9M-2022. The Materials sector was directly affected by the global economic slowdown as well as lower volumes in the commodity chemicals business. Utilities and Diversified Financials sectors also showed a sharp fall in profits during 9M-2023 while Real Estate showed y-o-y gains of more than a third as compared to last year. Profits for the Banking sector increased by USD 6.9 Bn or 20.8% to reach USD 40.3 Bn in 9M-2023 while Real Estate and Telecom companies showed profit growth of USD 1.4 Bn and USD 1.3 Bn to reach USD 5.7 Bn and USD 8.1 Bn, respectively.



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

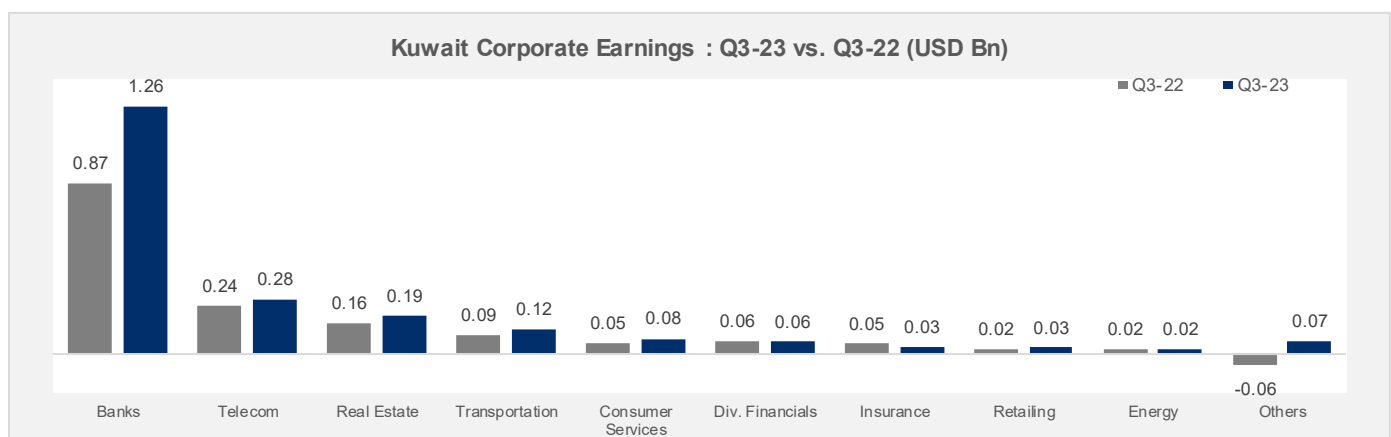
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Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Kuwait

Corporate earnings for companies listed on Boursa Kuwait surged 40.9% y-o-y during Q3-2023 to reach USD 2.1 Bn as compared to USD 1.5 Bn in Q3-2022. The biggest impact on higher aggregate profits came from the Banking sector which showed 44.9% growth to reach USD 1.3 Bn in Q3-2023 from USD 0.9 Bn in Q3-2022. Among the banks, NBK reported a net profit of USD 504.2 Mn for Q3-2023 up by 14.6% compared to a net profit of USD 439.9 Mn in Q3-2022 mainly led by higher net operating income which increased by 9.9% to USD 966.7 Mn as a result of significant rise in net interest income and net income from Islamic financing. KFH reported a net profit of USD 414.8 Mn for Q3-2023 up by 90.0% compared to USD 218.3 Mn from the previous year due to the strong growth in both net operating income resulted from the increase in the net finance income as well as a decline in provisions booked during the quarter. The increase was also due to inclusion of earnings from AUB after the acquisition was completed in the last quarter of 2022. Net profit for 9M-2023 was up by 120%, also reflecting the impact of AUB acquisition. CBK turned to net profit of USD 96.9 Mn during Q3-2023 against a loss of USD 8.0 Mn in Q3-2022 led by higher net interest income coupled with reversal of impairment and provisions. Meanwhile, Burgan Bank reported a net profit of USD 38.9 Mn during the quarter as compared to a profit of USD 45.2 Mn during the Q3-2022 down by 13.9%. The decrease is primarily attributed to the impact of its Turkish subsidiary's hyperinflation-related monetary loss.



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

Net Profits for the Telecom sector increased by 13.9% y-o-y to reach USD 277.3 Mn for Q3-2023 compared to USD 243.4 Mn for Q3-2022. Zain recorded a net profit of USD 195.8 Mn in Q3-2023 compared to USD 175.0 Mn in Q3-2022 an increase of 11.9%. Zain Group generated consolidated revenue of USD 1.5 Bn, up by 13.4% y-o-y due to the exceptional top-line performance of 11% growth mainly from KSA, Iraq, and Sudan. EBITDA for the quarter reached USD 594 Mn, up 7% y-o-y, resulting in an EBITDA margin of 38%. OOREDOO recorded a net profit of USD 54.5 Mn in Q3-2023 vs USD 38.7 Mn in Q3-2022, up by 41.0%. Meanwhile, STC Kuwait posted a decline of 9.3% in net profit that reached USD 27.0 Mn for Q3-2023 compared to USD 29.7 Mn during the Q3-2022.

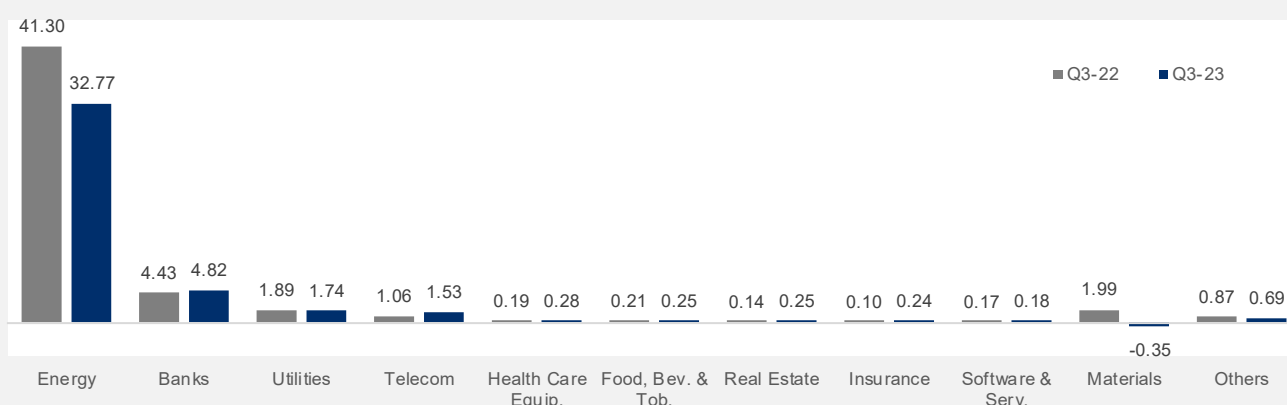
Profits for the Real Estate sector reached USD 188.9 Mn in Q3-2023 compared to a net profit of USD 155.5 Mn in Q3-2022. Int'l Financial Advisors Co. posted a net profit of USD 32.5 Mn for Q3-2023 against a profit of USD 8.1 Mn led by the gain on the settlement of a legal case and increase in the share of results of associates of joint venture. Profits reported by Munshaat Real Estate Projects Co. increased multi folds to USD 25.0 Mn against a net profit of USD 1.8 Mn mainly led by an increase in net operating revenue and increase in the net income from investment properties. Similarly, First Dubai for Real Estate Development recorded a net profit of USD 8.8 Mn for Q3-2023 compared to a net profit of USD 2.5 Mn in Q3-2022 led by increase in the gain of investment properties. Meanwhile, Al-Argan International Real Estate Co. posted a net loss of USD 4.4 Mn during Q3-2023 compared to a net profit in Q3-2022 of USD 2.5 Mn in net profit.

The turnaround in profits for the Capital Goods sector from a loss of USD 100.7 Mn in Q3-2022 to a profit of USD 15.8 Mn in Q3-2023 was mainly led by smaller losses of USD 10.4 Mn reported by ALAFCO Aviation Lease & Finance Co. during the quarter as compared to a bigger loss of USD 60.8 Mn during Q3-2022 mainly due to the impairment that was recorded in the previous year. Higher profits for the Gulf Cable & Electrical Ind. Co. that reached USD 5.6 Mn during the quarter as compared to a profit of USD 1.7 Mn in Q3-2022. The increase in profits was due to the increase in the dividend income. Similarly, Food, Beverage & Tobacco sector posted a net profit of USD 7.2 Mn for Q3-2023 compared to a net loss of USD 26.9 during Q3-2022 led by Mezzan Holding Co. which posted a net profit of USD 7.0 Mn vs. a loss of USD 27.1 Mn primarily due to the improvement in gross margin which was up by 21.4%.

Saudi Arabia

Aggregate net profits for Saudi Arabian listed companies witnessed a decline of 19.0% to reach USD 42.4 Bn in Q3-2023 against USD 52.4 Bn in Q3-2022. 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 Q3-2023 earnings was mainly driven by a plunge in profits in the Energy sector which declined by 20.7% to USD 32.8 Bn as compared to USD 41.3 Bn during Q3-2022. Profits for the other key sectors like Utilities and Materials also declined during the quarter. Oil giant Aramco reported a net profit decline of 20.7% during Q3-2023 to reach USD 32.9 Bn compared to USD 41.5 Bn for Q3-2022 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 : Q3-23 vs. Q3-22 (USD Mn)



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

Net profit for the Banking sector grew 8.9% y-o-y to USD 4.8 Bn in Q3-2023 as compared to USD 4.4 Bn during Q3-2022. In Saudi Arabia, two out of ten banks reported a decline in Q3-2023 results. SNB reported higher profits that reached USD 1.34 Bn in Q3-2023 vs USD 1.26 Bn a year earlier led by higher operating income and a decline in provisions. Al Rajhi Bank recorded a profit of USD 1.1 Bn for Q3-2023 against a profit of USD 1.2 Bn for Q3-2022. The drop came mainly due to the decline in gross operating income which decreased by 4.6% y-o-y due to lower net financing and investment income during the quarter. Alinma Bank reported a 34.1% increase in the net profit that reached USD 353.0 Mn in Q3-2023 compared to USD 263.2 Bn in Q3-2022 led by gross operating income which rose by 22.4% y-o-y, mainly due to the increase in net income from financing and investment, in addition to higher fees.

Telecom sector outperformed other sectors as the biggest contributor to net profits during the period by recording a net profit of USD 1.5 Bn in Q3-2023 vs. USD 1.1 Bn in Q3-2022. STC reported a 38.8% y-o-y increase in net profits that reached USD 1.3 Bn driven by the higher revenues. Zain KSA net profits rose more than three folds to USD 75.9 Mn in Q3-2023. The telecom operator reported record quarterly revenues of USD 673.3 Mn, up by USD 63.7 Mn, or 10% y-o-y. This increase was driven by the growth in revenues from B2B, 5G services, digital packages, and wholesale in addition to the growth of Tamam. Mobily registered a net profit of USD 139.7 Mn for Q3-2023 compared to a profit of USD 99.1 Mn in Q3-2022. The increase was driven by a 7.1% y-o-y increase in revenue coupled with higher EBITDA which increased by 8% y-o-y in Q3-2023 to reach USD 0.43 Bn.

The Energy sector recorded a net profit of USD 32.8 Bn during Q3-2023 vs. USD 41.3 Bn in Q3-2022. The Q3-2023 net profit of the newly listed Ades Holding Co. showed multi-fold growth to reach USD 22.4 Mn compared to USD 5.8 Mn in Q3-2022 supported by the 82.7% y-o-y rise in the revenue from contracts. Aldrees Petroleum & Transport Co. reported profits of USD 18.0 Mn during Q3-2023 vs. a net profit of USD 16.4 Bn during Q3-2022 driven by an increase in sales from the transport and petrol segments. Meanwhile, Rabigh Refining and Petrochemical Co. narrowed Q3-2023 loss to USD 305.4 Mn from USD 376.1 Mn in Q3-2022, mainly due to improved refined products margin and a slight improvement in petrochemical products margin.

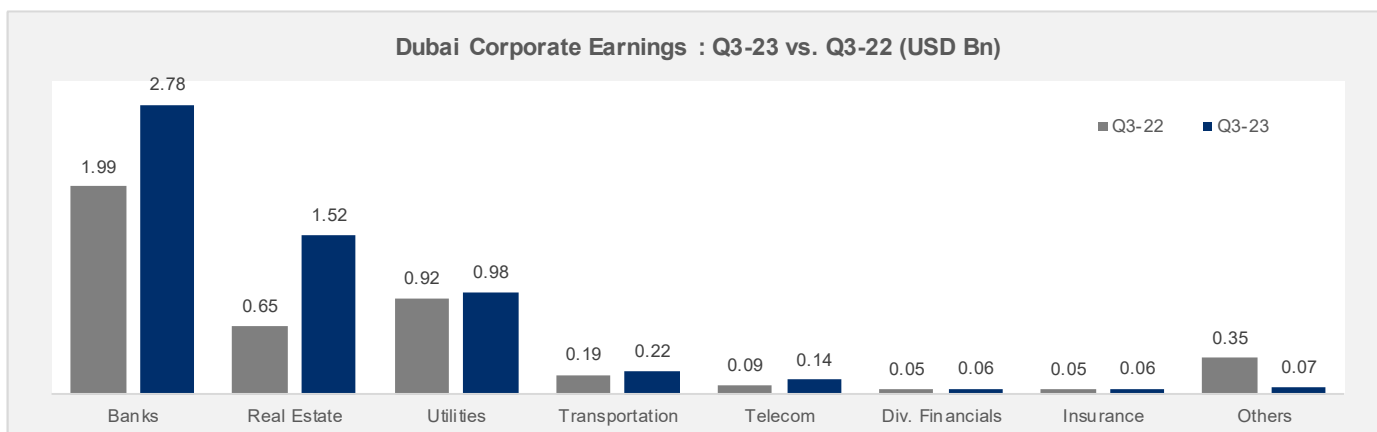
The Insurance sector followed with the third largest total net profits of USD 241.0 Mn during Q3-2023 up from USD 98.7 Mn in Q3-2022. Net profits of The Co for Cooperative Insurance jumped over 10 folds to USD 55.00 Mn up from USD 4.8 Mn in Q3-2022 driven by a strong growth in gross written premium, while profits for Mediterranean & Gulf Insurance & Reins. Co reached USD 10.6 Mn as compared to a net loss of USD 24.5 Mn during Q3-2022. On the other hand, Malath Cooperative Insurance & Reins. Co. posted a net loss that reached USD 6.1 Mn for Q3-2023 compared to a net profit of USD 1.0 in Q3-2022 mainly led by the higher net expenses from reinsurance contracts, lower insurance revenue, and a decline in investment income.

Profits for the Real Estate sector increased by 83.9% y-o-y to USD 249.5 Mn in Q3-2023 compared to USD 135.7 Mn in Q3-2022. Jabal Omar Development Company posted a robust growth in the net profit that reached USD 81.4 Mn for Q3-2023 compared to USD 40.7 Mn for Q3-2022 up by 99.9% led by the 7% y-o-y rise in revenue amid better hotel occupancy rates and average room rates. The real estate developer earned SAR 391 million from selling a land plot in the Jabal Omar project. Dar Al Arkan Real Estate Development Co. posted a net profit of USD 40.5 Mn for Q3-2023 compared to USD 21.1 Mn for the previous year. This growth was supported by a decrease in operating expenses, an increase in lease revenue, and a higher share of profit from associates.

Aggregate profits for the Materials sector declined by 117.6% y-o-y in Q3-2023 to reach USD 349.3 Mn down from USD 2.0 Bn in Q3-2022. SABIC continued to drag down the sector's overall Q3-2023 net profits after the company reported a net loss of USD 766.8 Mn against a profit of USD 488.5 Mn in Q3-2022. The company attributed the loss to decrease in sales volumes and selling prices due to the stagnation in global demand for chemicals, which weighed on average selling prices. On the other hand, Saudi Industrial Investment Group recorded the largest Q3-2023 net profits in the sector at USD 59.3 Mn compared to a profit of USD 14.6 Mn during the similar period in 2022.

Dubai

Net profits for Dubai-listed companies increased by 35.8% y-o-y to USD 5.8 Bn in Q3-2023 against USD 4.3 Bn in Q3-2022. Earnings growth during the quarter was broad-based and was mainly driven by Banks, Real Estate, and Utilities companies with the three sectors accounting for 90.7% of the aggregate earnings in the exchange during the quarter. It is noteworthy that out of Dubai Stock Exchange's twelve sectors, ten have witnessed a y-o-y increase in profits during Q3-2023 while the remaining two sectors, namely the Capital Goods and Materials sectors witnessed declines.



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

Total net profits for the Banking Sector rose by USD 0.8 Bn in Q3-2023 to reach USD 2.8 Bn up from USD 2.0 Bn in Q3-2022. In contrast, in terms of q-o-q performance, the sector suffered 5.8% decline in total profits. The sector's rise in total earnings was primarily driven by Emirates NBD's 38.3% y-o-y profits jump that reached USD 1.4 Bn during Q3-2023 as net interest income increased supported by the continuing economic momentum of the UAE. Comparatively, Emirates NBD profits witnessed a q-o-q decline of 14.4% during Q3-2023. Furthermore, the sector's total earnings were supported by Mashreq Bank which announced a y-o-y profit increase of 90.7% to USD 613.1 Mn during Q3-2023, exceeding analyst estimates. For the first nine months of 2023, Mashreq Bank's net profits reached USD 1.6 Bn driven by an 82% increase in net interest income. Mashreq Bank's profits jump was attributed to growth in customer deposits as well as customer loans. Dubai Islamic Bank recorded USD 448.6 Mn in Q3-2023 net earnings as compared to USD 374.8 Mn in Q3-2022 while Commercial Bank of Dubai registered a 55.8% increase in Q3-2023 earnings which reached USD 193.2 Mn up from USD 124.0 Mn in net profits during Q3-2022.

Aggregate net profits for the Utilities Sector witnessed 6.1% y-o-y growth during the quarter to reach USD 980.9 Mn up from USD 924 Mn in Q3-2022. Dubai Electricity & Water posted USD 905.3 Mn in Q3-2023 net earnings recording 7.7% y-o-y growth. The company recorded record quarterly revenue of USD 2.56 Bn and EBITDA of USD 1.4 Bn during the quarter. DEWA's robust net earnings were mainly driven by an increase in demand for electricity, water, and cooling services as well as growth in the revenues from DEWA's other portfolio of assets.

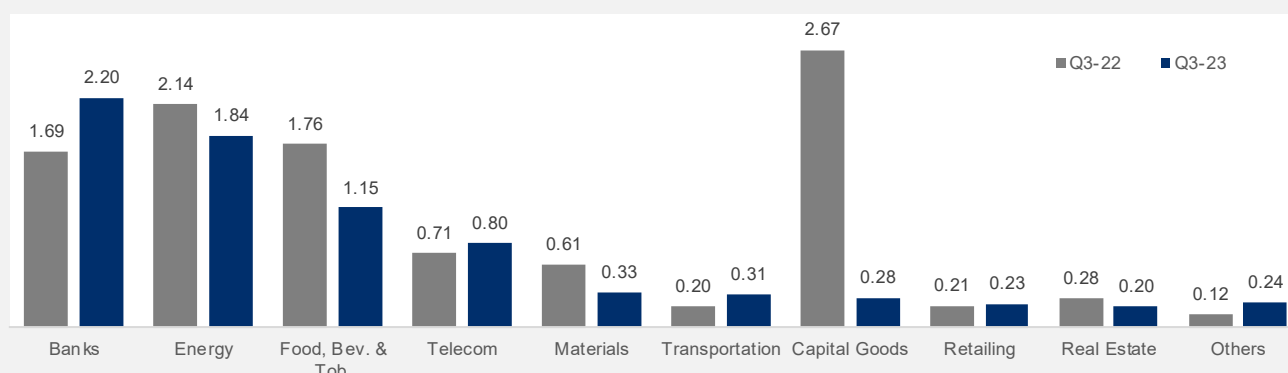
Aggregate profits for the Transport Sector rose by 12.9% y-o-y in Q3-2023 to reach USD 215.9 Mn up from USD 191.3 Mn in Q3-2022. Air Arabia drove most of the earnings growth in the sector after the airline posted 25.4% y-o-y net profit jump in Q3-2023 which reached USD 142 Mn as compared to USD 113.3 Mn in Q3-2022. Air Arabia attributed the growth in quarterly net earnings to the continued strong demand for air travel during the quarter. The number of passengers that travelled on the

airline during the quarter rose 21% to reach more than 4.7 Mn passengers. Salik, the company that operates Dubai's Road toll system, recorded USD 69.4 Mn in profits in Q3-2023 as compared to USD 65.9 Mn in Q3-2022.

Abu Dhabi

Listed companies in Abu Dhabi witnessed a 27% y-o-y decline in total net profits during Q3-2023 to reach USD 7.6 Bn as compared to USD 10.4 Bn during Q3-2022. The Banking sector in Abu Dhabi witnessed a y-o-y increase of 30.1% in Q3-2023 net profits with aggregate sector profit of USD 2.2 Bn as compared to USD 1.7 Bn during Q3-2022. In terms of q-o-q performance, the Q3-2023 net profits for the Banking Sector remained stable recording a marginal decline of 0.1% during the quarter. On the other hand, the Energy Sector posted the second-largest net profits in the exchange during Q3-2023, although the y-o-y decline in profit was 14% that reached USD 1.8 Bn compared with USD 2.1 Bn during Q3-2022. The Food & Beverages, Capital Goods and Materials sectors were some of the other sectors that reported a decline in net profits during the quarter, contributing to the overall drop in total profits on the Abu Dhabi Exchange. On the other hand, Telecommunication Services and Food, Transportation sectors reported an increase in profits during the quarter which helped to partially offset the decline of aforementioned sectors.

Abu Dhabi Corporate Earnings : Q3-23 vs. Q3-22 (USD Bn)



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

The Banking sector witnessed broad-based growth in profits across banks on the exchange as quarterly results for all the ten banks registered an uptick in their y-o-y Q3-2023 net earnings. First Abu Dhabi Bank lead the way posting the largest net profits in Q3-2023 with a 46% y-o-y growth to reach USD 1.2 Bn vs. USD 795.7 Mn during Q3-2022. Comparatively, FAB achieved record performance during the first nine months of 2023 recording total net profits that reached USD 3.4 Bn as compared to USD 3.0 Bn during the similar period of 2022. FAB attributed the growth in net profits to its diversified franchise and business model, underpinned by growth in total revenue of the bank which exceeded USD 5.5 Bn during the period. Abu Dhabi Commercial Bank posted the second largest increase in Q3-2023 in net profits that reached USD 528 Mn for the quarter, a 22% y-o-y increase. ADCB attributed the strong growth in Q3-2023 net profits to strong loan growth during the period. ADCB, the UAE's third biggest lender, recorded USD 1.6 Bn in net profits during the first nine months of 2023 as compared to USD 1.3 Bn during 9M-2022.

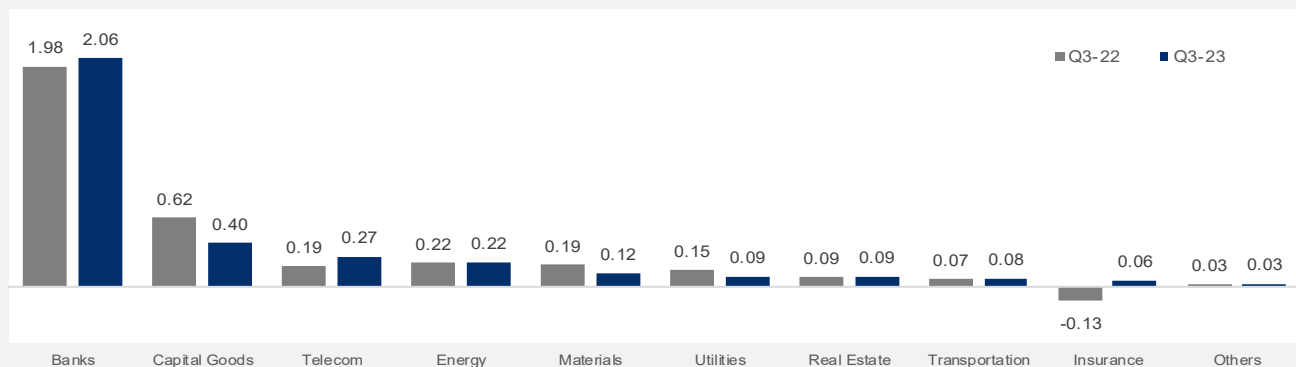
In the Energy Sector, Q3-2023 net profits reached USD 1.8 Bn as compared to USD 2.1 Bn in Q3-2022 after three out of the four companies that constitute the sector posted y-o-y earnings declines. ADNOC Gas posted the biggest profits in the sector that reached USD 1.1 Bn as compared to USD 1.3 Bn in Q3-2022. ADNOC approved an interim inaugural cash dividend of USD 1.625 Bn for the year. Abu Dhabi National Energy Co (Taqa) was next with a quarterly net profit of USD 424.7 Mn as compared to USD 608.6 Mn in Q3-2022. Taqa attributed this to the 10% y-o-y oil and gas productions decline during the quarter. Taqa's revenues remained unchanged at USD 10.8 Bn buoyed by higher income in transmission and distribution segments of the business.

Total net profits of the Materials Sector fell 45.3% to USD 332.7 Mn, down from USD 607.9 Mn in Q3-2022 after three of the nine companies in the sector that reported their financials posted losses during the quarter. Fujairah Cement Industries recorded a net loss of USD 11.9 Mn during Q3-2023 on the back of a net loss 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 279 Mn, the biggest net profit among the companies in the sector.

Qatar

Total earnings for Qatari-listed companies witnessed a marginal gain of 0.3% during Q3-2023 to reach USD 3.43 Bn as compared to USD 3.42 Bn in Q3-2022. For 9M-2023, Qatar-listed companies reported net profits of USD 10.1 Bn as compared to USD 11.2 Bn 9M- 2022, registering a profit decline of 10.5%. In the Banking sector, QNB reported a net profit of USD 1.09 Mn in Q3-2023 compared to a net profit of USD 1.08 Bn up by 1.4% after the bank set aside significantly lower loan loss provision during the quarter as compared to last year. Masraf Al Rayan posted a net profit of USD 129.7 Mn for Q3-2023 vs USD 89.9 for Q3-2022 up by 44.2%. Similarly, Qatar Islamic Bank registered a net profit of USD 301.6 Mn in Q3-2023 compared to USD 281.0 Mn in Q3-2022 mainly led by higher net income from financing activities that increased by 35.8% y-o-y to reach USD 605.1 Mn in Q3-2023.

Qatar Corporate Earnings : Q3-23 vs. Q3-22 (USD Bn)



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

In the Telecom sector, Ooredoo's net profits reached USD 238.4 Mn in Q3-2023 as compared to a net profit of USD 158.9 Mn in Q3-2022, registering an y-o-y increase of 50.0%. The telco's revenue increased by 1% y-o-y to USD 1.6 Bn. EBITDA was up by 4% to QAR 0.7 Bn and EBITDA margin improved to 44%, up by 1%. The customer base remained flat at 2.9 Mn. Vodafone Qatar reported a net profit of USD 36.3 Mn for Q3-2023, representing an increase of 13.2% y-o-y. Total revenue increased by 1.0% y-o-y to reach USD 747.4 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 224.9 Mn as compared to USD 216.3 Mn in Q3-2022 up by 4% y-o-y supported by growth in profits reported by Nakilat. The Company registered a net profit increase of 3.4% to reach USD 113.8 Mn for Q3-2023 vs USD 110.1 Mn for Q3-2022 driven by the increase in the profits of joint venture companies operating in LNG transportation and shipyards. Revenue from operations rose by 3.1% and interest, dividend and other income increased by 183.1%. Qatar Fuel Company reported a net profit of USD 74.4 Mn in Q3-2023 vs USD 71.0 Mn in Q3-2022 up by 4.8%. The increase in net profit was due to increased diesel sales volume, associated income, and higher B2B sales as a result of the completion of significant infrastructure projects.

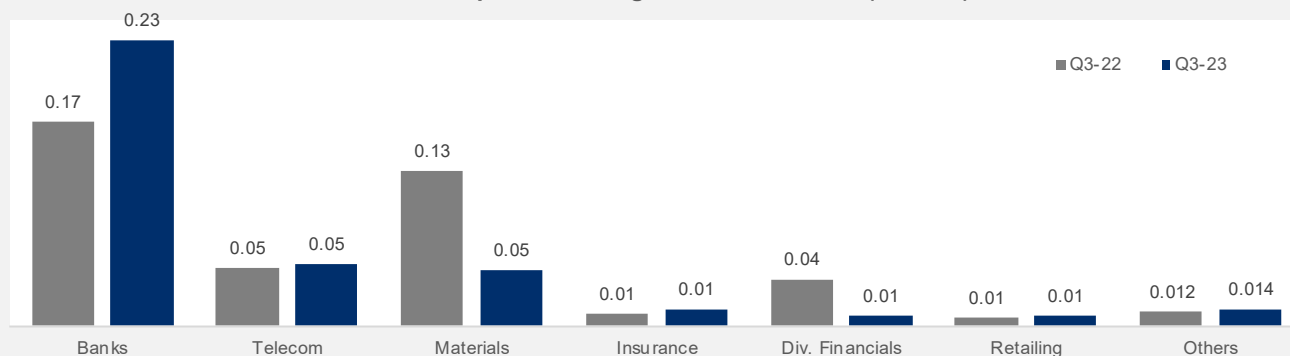
The turnaround in profits for the Insurance sector from a loss of USD 125.1 Mn in Q3-2022 to a profit of USD 62.0 Mn in Q3-2023 was mainly led by profits of USD 33.4 Mn reported by Qatar Insurance Co. during the quarter as compared to a bigger loss of USD 142.4 Mn during Q3-2022 mainly due to the increased insurance expense that was recorded in the previous year. Higher profits for the Doha Insurance Co. also helped that reached USD 14.3 Mn during the quarter as compared to a profit of USD 3.4 Mn in Q3-2022. The increase in profits was due to the increase in the dividend income of insurance revenue.

Bahrain

Total Q3-2023 net profits for Bahrain-listed companies declined by 8.3% y-o-y to USD 374.7 Mn. Aggregate profits were supported by Bahrain's Banking Sector that recorded total net profit of USD 233.7 Mn, up 40.1% y-o-y and 15.6% q-o-q. Arab Banking Corporation reported the biggest net profit among the banks with USD 62 Mn in Q3-2023 against USD 44 Mn in Q3-2022 driven by strong underlying business growth combined with a growing interest rate environment. BBK followed with the second largest Q3-2023 net profits among the banks after it reported USD 51.7 Mn as compared to USD 37.1 Mn. BBK's growth in net profits was mainly attributed to higher net interest income which increased by 27.1% from USD 69.5 Mn in Q3-2022 to USD 88.4 Mn.

Total Q3-2023 net profits for the Telecom sector recorded a 7.9% y-o-y to reach USD 51.0 Mn as compared to USD 47.3 Mn during Q3-2022. Profits for Beyon (Batelco) reached USD 46.7 Mn, as compared with USD 43.1 Mn in Q3-2022. Beyon recorded higher quarterly operating profit (+14%) that reached USD 69 Mn as well as higher quarterly revenues (6%) which reached USD 282.5 Mn. In the Materials Sector, Aluminum Bahrain's aggregate Q3-2023 net profits reached USD 45.9 Mn as compared to USD 127.1 Mn in Q3-2022. Alba's fall in net profits was mainly driven by lower LME prices (down by 8% y-o-y in

Bahrain Corporate Earnings : Q3-23 vs. Q3-22 (USD Bn)



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

Q3-2023).

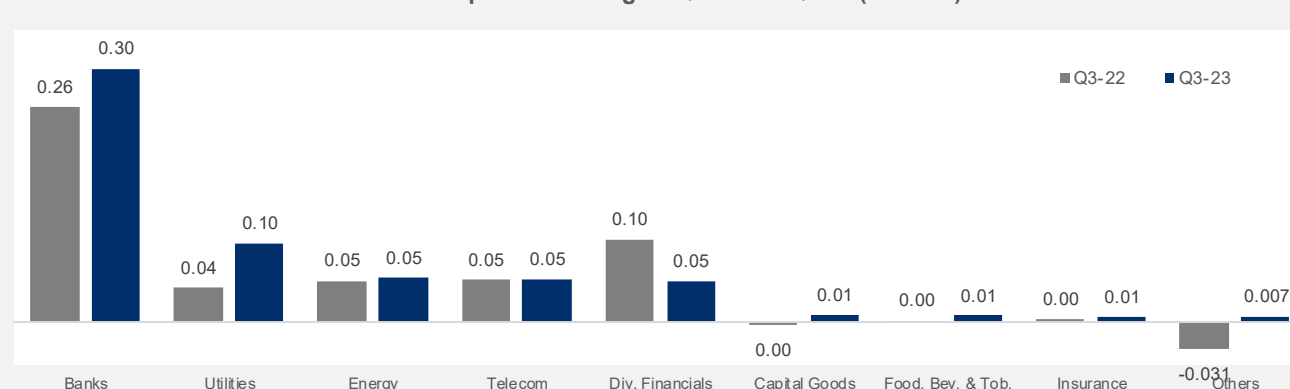
In the Diversified Financials Sector, total Q3-2023 net profits plummeted 78.6% to reach USD 8.3 Mn as compared to USD 38.7 Mn in Q3-2022. Bahrain Commercial Facilities Company continued its loss-making streak reporting a loss of USD 16.7 Mn as compared to a loss of USD 2 Mn in Q3-2022. The net loss recorded by Bahrain Commercial Facilities dragged down the total profits of the sector. Bahrain Commercial Facilities' profitability was mainly impacted by the continued combination of lower net interest income and higher net allowance on loans and receivables charged during the current period. On the other hand, Q3-2023 net profits for the GFH Financial Group edged up by 1.1% to reach USD 24.3 Mn as compared to USD 24.0 Mn during Q3-2022 which helped to partly offset the overall decline in profits for the sector.

Bahrain Bourse's Transport Sector recorded one of the biggest y-o-y percentage increase in Q3-2023 net profits among the sectors after APM Terminal, the only constituent company in the Transport Sector, reported 35% jump in quarterly net earnings that reached USD 5.9 Mn up from USD 4.4 Mn in Q3-2022.

Oman

Total net profits for listed companies in Oman increased by 24% y-o-y to USD 584.6 Mn in Q3-2023 compared with USD 471.4 Mn in the corresponding quarter in 2022. Total Q3-2023 earnings of the Banking Sector, the biggest sector in the exchange by market cap, jumped by 18.1% to reach USD 303.5 Mn up from USD 256.9 Mn in Q3-2022. The Utilities Sector followed with the second largest total net profits, reaching USD 95.4 Mn during Q3-2023 as compared to USD 41.2 Mn in Q3-2022 recording 131.7% y-o-y growth. Net profits for Bank of Muscat increased during the quarter setting the tone for the overall growth of profits in the Banking sector. The Bank posted the biggest profits within the Banking Sector during Q3-2023 at USD 141.7 Mn as compared to USD 127.4Mn during Q3-2022. The combination of an increase in customer deposits

Oman Corporate Earnings : Q3-23 vs. Q3-22 (USD Bn)



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

including Islamic Customer deposits and growth in interest and non-interest income were the main drivers of the banks' profits during the quarter. Sohar Bank and National Bank of Oman followed with USD 47.4 Mn and USD 36.4 Mn in net profits during Q3-2023.

The profit growth for the Utilities sector came after two out of the seven companies in the sector reported y-o-y increase in net earnings growth. Phoenix Power Company lead the way in terms of total profits that reached USD 39.0 Mn in Q3-2023, up 2% y-o-y, followed closely by Al Suwadi Power Company and Al Batinah Power Company which posted Q3-2023 net profits that reached USD 23.2 Mn and USD 21.2 Mn, respectively.

Total net profits for the Energy Sector increased by 6.1% to USD 53.4 Mn during Q3-2023 as compared to USD 50.3 Mn during Q3-2022. Newly listed energy company OQ Gas Network reported the biggest Q3-2023 net profit among the companies in the Energy Sector after it recorded USD 30.5 Mn in net earnings during the quarter as compared to USD 29 Mn in Q3-2022. Renaissance Services and Al Maha Petroleum Products followed with the second and third largest net profits during the quarter at USD 7.4 Mn and USD 6.4 Mn, respectively. Comparatively, National Gas Company reported a loss of USD 0.3 Mn during Q3-2023 registering the only loss among the six companies in the Energy Sector that reported their financials.

Total Q3-2023 net profits for the Telecom Sector remained nearly unchanged at USD 51.2 Mn as compared to USD 51.1 Mn in Q3-2022 witnessing a marginal 0.1% y-o-y growth. Furthermore, total Q3-2023 net earnings for the Diversified Financial sector witnessed nearly 50% drop in quarterly net earnings to reach USD 49.9 Mn as compared to 99.1 Mn during Q3-2023.

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