

GCC Corporate Earnings Report : Q4-2022

April-2023

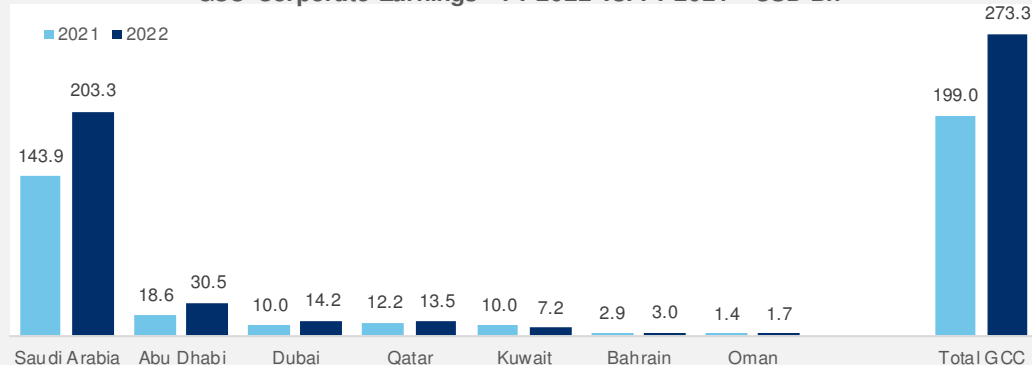
Net profits soar to a new record high in 2022 on Energy and Banks...

Listed companies in the GCC reported another record aggregate profits during 2022 with growth seen almost across all GCC countries. This came as economic activity in the GCC got a boost post the pandemic that resulted in one of the best GDP growth rates during 2022. Manufacturing activity in the region, as seen from PMI figures, also showed a consistent growing trend, especially in Saudi Arabia and the UAE where the PMI remained comfortably above the growth mark while Qatar showed a slowdown only during the second half of the year. Continued lending growth by banks in the region was another indicator of higher investments in businesses during the year.

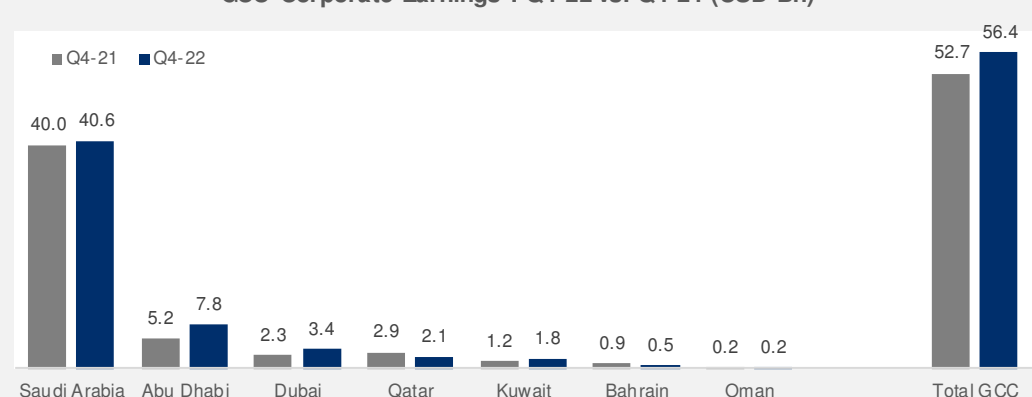
Net profits reported by GCC-listed companies jumped to a record high of USD 273.3 Bn in 2022 as compared to USD 199.0 Bn during 2021. The USD 74.2 Bn or 37.3% growth came mainly on the back of a steep jump in profits for the Energy sector mainly led by higher profits reported by Aramco (USD 159.1Bn profits in FY-2022 vs. USD 105.4 Bn in 2021) as a result of higher crude oil prices and higher volumes. The Banking sector was next with a net profit growth of USD 8.7 Bn to reach USD 44.4 Bn mainly led by higher net interest income as interest rates saw one of the fastest pace of increases during the year globally and in the region coupled with lower provisions. The Capital Goods sector came in third with a profit growth of USD 7.3 Bn to reach USD 11.6 Bn mainly led by higher y-o-y profits for recently listed Multiply Group and Alpha Dhabi Holding during the year.

The quarterly earnings performance for GCC-listed companies was also positive but with a modest y-o-y growth of 7.0% whereas when compared to Q3-2022, profits declined by 20.8% to reach USD 56.4 Bn during Q4-2022. The y-o-y quarterly profit growth was also led by higher profits for Capital Goods, Energy and Banks which more than offset the USD 3.2 Bn decline in profit for the Materials sector that was mainly due to lower average selling prices that affected profits in the petrochemical sector.

GCC Corporate Earnings - FY-2022 vs. FY-2021 - USD Bn



GCC Corporate Earnings : Q4-22 vs. Q4-21 (USD Bn)



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

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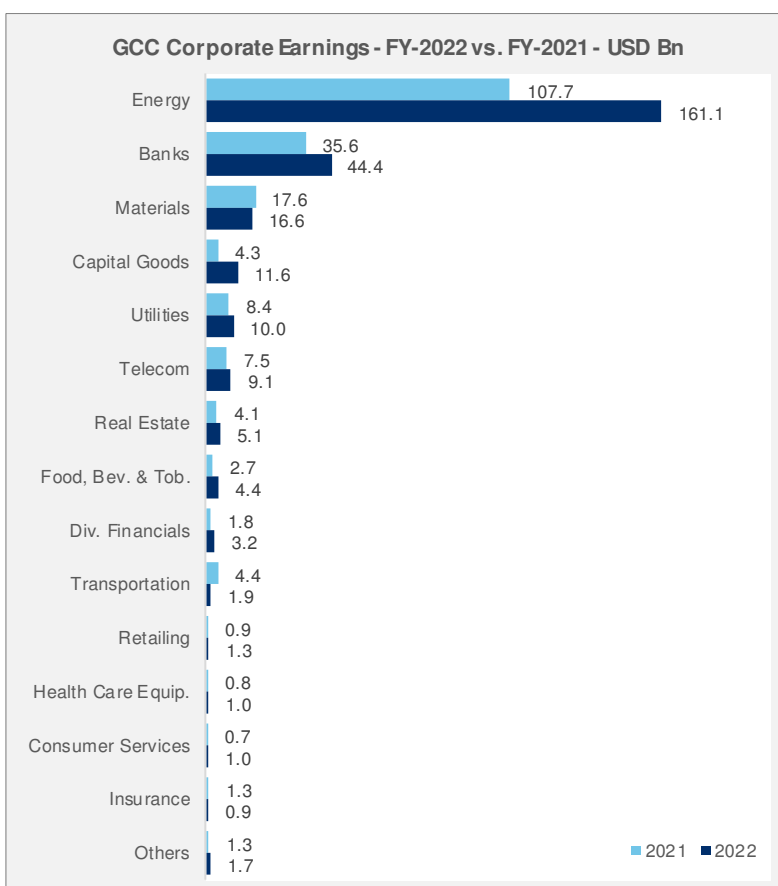
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The q-o-q decline in profits during Q4-2022 was seen in five out of seven markets in the GCC, with all recording double-digit declines. Omani companies reported the steepest decline during the quarter (-63.8%) followed by Qatar and Saudi. Kuwait, on the other hand, reported the biggest q-o-q growth in profits of 27.4% reaching USD 1.8 Bn followed by Bahrain that recorded a similar growth of 26.4%. In terms of sector performance, Energy companies recorded the steepest q-o-q decline during Q4-2022 mainly led by the rout in crude oil and commodity prices during the last quarter of the year fearing a global economic slowdown with higher interest rates. Utilities were next with an absolute profit decline of USD 2.3 Bn followed by Materials and F&B companies with profit declines of USD 1.4 Bn and USD 1.2 Bn, respectively.

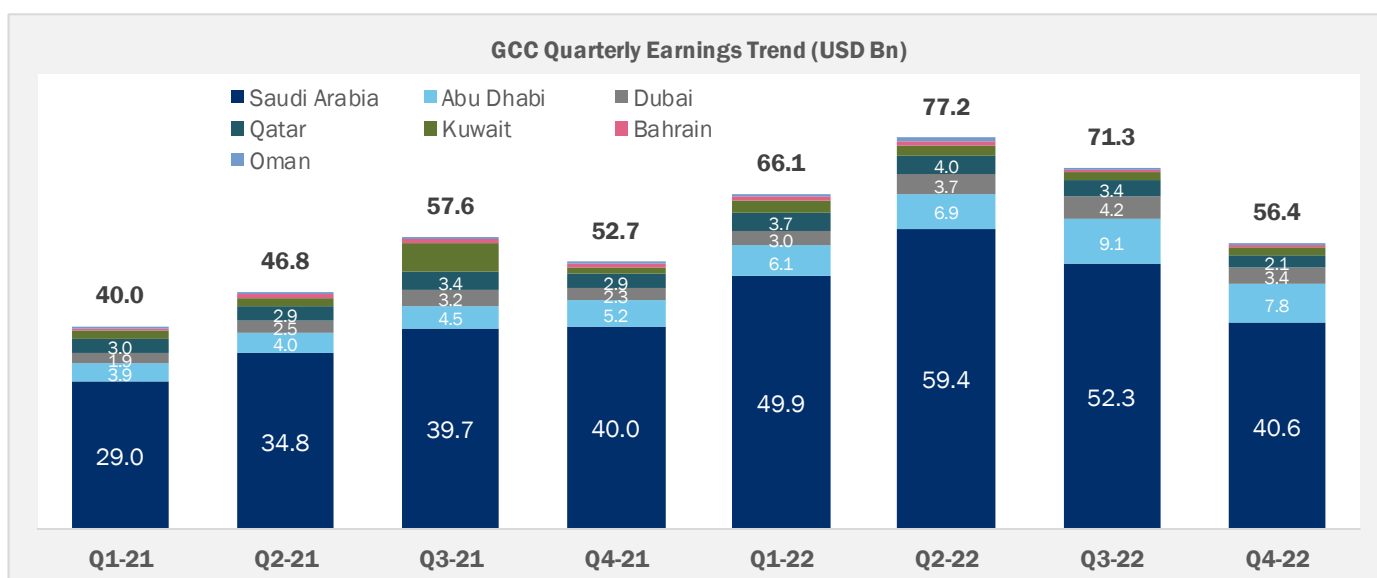
The Energy sector reported the biggest absolute quarterly profits in the GCC that reached USD 33.6 Bn, up 6.2% y-o-y but down 19.6% q-o-q. The q-o-q decline came after average crude oil prices declined by 11.9% q-o-q during Q4-2022 to reach USD 88.53/b (Brent crude spot prices). Net profits for 11 out of the 22 companies in the sector declined q-o-q during Q4-2022 with Aramco's profit declining by almost 20%.

Profitability for the GCC banking sector breached the pre-pandemic levels and reached another record level during 2022. Aggregate profits during 2022 increased by 24.6% to reach USD 44.4 Bn.

The y-o-y increase in 2022 was broad-based across the GCC with double-digit growth in profits for most markets in the GCC. Saudi-listed banks reported the biggest absolute increase in profits during the year by USD 3.7 Bn or 28.1% to reach USD 16.7 Bn, the highest in the GCC. The growth in profits during the year was led by an increase in total bank revenue as well as a decline in loan loss provisions. Total bank revenue increased by a strong 16.4% to reach USD 104.8 Bn during 2022, the highest on record mainly led by a increase in both net interest income as well as non-interest income. Revenue growth was broad-based across the GCC with all the country aggregates seeing double digit growth. Saudi-listed banks once again reported the biggest increase in revenues with a growth of 18.4% or USD 5.5 Bn to reach USD 35.4 Bn.



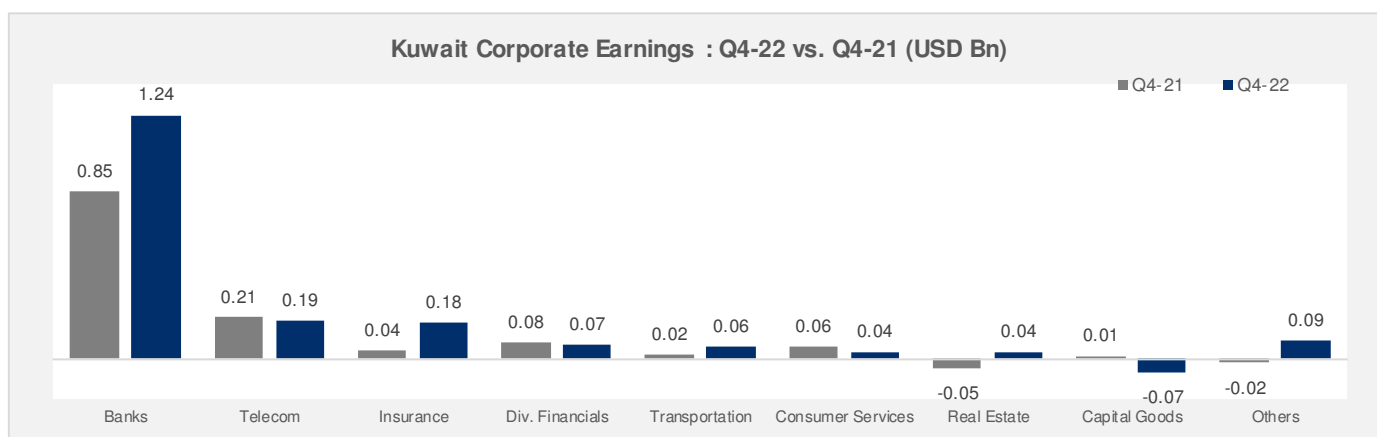
Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research



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

Kuwait

Boursa Kuwait-listed companies reported a y-o-y net profit growth of 52.8% during Q4-2022 that reached USD 1.83 Bn compared to USD 1.2 Bn during Q4-2021. In terms of FY-2022 profits, Boursa Kuwait-listed companies posted a decline of 27.7% during the year with profits reaching USD 7.2 Bn as compared to USD 10.0 Bn in FY-2021. The major sectors i.e., Banks, Materials, Telecom, and Health Care reported higher aggregate profitability that was more than offset by a steep fall in profitability for the Transportation and Real Estate sectors and losses reported by Capital Goods sector as compared to profits last year.



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

The Banking sector reported the biggest increase in profits during the year showing a 35.6% increase to reach USD 4.0 Bn in FY-2022 from USD 2.9 Bn in FY-2021. Among the banks, NBK reported a net profit of USD 1.7 Bn for FY-2022 up by 38.4% compared to a net profit of USD 1.2 Bn in FY-2021. KFH reported a net profit of USD 1.2 Bn for FY-2022 up 44.7% compared to USD 806.7 Mn from the previous year. The group consolidated results include the contribution from AUB group from the last three months starting from 2nd October 2022 amounting to USD 203.9 Mn.

The Materials sector reported the second biggest increase in profits during FY-2022 with a y-o-y increase of 99.7% to reach USD 270.0 Mn as compared to USD 135.2 Mn during FY-2021. The turnaround in Kuwait Cement's bottom-line from a loss of USD 8.9 Mn in FY- 2021 to a profit of USD 11.9 Mn was the biggest factor for the growth in profits for the Materials sector mainly led by the increase in gross profit and net investment income.

Net Profits for the Telecom sector increased by 12.1% y-o-y to reach USD 873.9 Mn for FY-2022 compared to USD 779.7 Mn for FY-2021. Zain recorded a net profit of USD 639.7 Mn in FY-2022 compared to USD 615.6 Mn in FY-2021. Zain Group generated consolidated revenue of USD 5.6 Bn, up by 14% y-o-y, on account of significant price revamps and data monetization initiatives across operations. Meanwhile, Ooredoo Kuwait recorded a net profit of USD 128.8 Mn in FY-2022 vs USD 63.8 Mn in FY-2021, up by 101.9%. STC Kuwait, on the other hand, reported profit decline in 2022 that reached USD 108.4 Mn as compared to USD 148.7 Mn during the previous fiscal year. The fall in net profit was attributed to nonrecurring and unusual gains from legal claims in 2021. In the Transportation sector, Jazeera Airways announced a record net profit of USD 65.6 Mn for FY-2022 vs. USD 23.5 Mn in FY-2021 supported by 126.5% increase in operating revenue that reached USD 597.67Mn. However, the decline in the sector's profits was mainly attributed to Agility that reported extraordinary gains in FY-2021 after the sale of its logistics operation.

Profits for the Insurance sector increased from USD 364.6 Mn in FY-2021 compared to USD 368.0 Mn in FY-2022 after a majority of the companies in the sector posted higher profits during the quarter. Kuwait Insurance announced a net profit of USD 137.4 Mn for FY-2022, compared with USD 37.9 Mn in FY-2021 led by higher net operating profit. Warba Insurance & Reinsurance and Ahleiah Insurance also posted a net profit growth of 30.9% and 21.9%, respectively. Gulf Insurance Group (GIG) reported a decline in the profits to USD 124.6 Mn in FY-2022 vs. a restated profit of USD 240.6 Mn in FY-2021. The company reported extraordinary profits of USD 159.9 Mn in FY-2021 related to the acquisition of AXA's gulf business. The group increased its normal profits for the current year by USD 48.3 Mn, after excluding extraordinary profits for 2021, led by improved underwriting and investment performance results.

In the Real estate sector, Mabanee posted a net profit of USD 199.4 Mn for FY-2022 against a profit of USD 183.6 Mn supported by higher occupancy rates. Tamdeen Real Estate Co. also reported an increase in y-o-y net profits that reached USD 49.1 Mn against a net profit of USD 37.8 Mn mainly led by an increase in net operating revenue and increase in the profit from the results of associates. Similarly, Salhia Real Estate Co. recorded a net profit of USD 47.5 Mn for FY-2022 compared to a net profit of USD 31.0 Mn in FY-2021 up by 53.4% led by the increase in the operating revenue and increase in the share of joint venture results.

In terms of quarterly performance, Q4-2022 profits for the Banking sector reached USD 1.2 Bn as compared to USD 851.4 Mn in Q4-2021. Fourth quarter profits of Kuwait Finance House almost doubled to reach USD 496.4 Mn as compared to USD 249.5 Mn during Q4-2021 mainly led by the increase in the finance income in addition to decrease in provisions and impairment. Comparatively, Q4-2022 net profits of NBK rose 23.8% to USD 440.6 Mn up from USD 355.8 Mn during Q4-2021 on the back of higher net interest income and net income from Islamic financing.

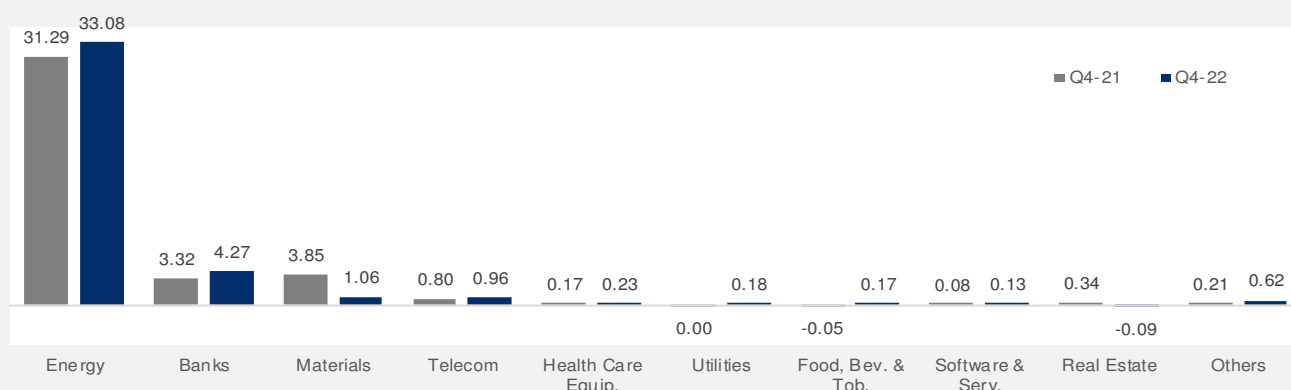
Net profit for the Insurance sector increased almost 5x to reach USD 180.5 Mn in Q4-2022 vs USD 39.0 Mn in Q4-2021. The sector rise in the total earnings was primarily driven by the Kuwait Insurance which increased USD 99.2 Mn compared to USD 2.3 Mn during the corresponding period of 2021.

In the Real Estate sector, Q4-2022 net profits reached USD 35.1 Mn as compared to a loss of USD 52.1 Mn. National Real Estate Co. drove the sector's rise in quarterly profits by posting Q4-2022 net profits of USD 20.6 Mn up from a loss of USD 85.2 Mn in Q4-2021. Similarly, net profit of Arab Real Estate Co. turned from a loss USD 29.7 Mn in Q4-2021 to a profit of USD 8.1 Mn in Q4-2022.

Saudi Arabia

Aggregate net profits for companies listed in Saudi Arabia witnessed a y-o-y increase of 41.2% in FY-2022 to reach USD 203.3 Bn against USD 143.9 Bn in FY-2021. The increase in profit was backed by higher profits mainly for the Energy, Banks and Diversified Financials sectors that was partially offset by a decline in profits for Materials, Real Estate, Pharmaceuticals, Biotechnology & Life Sciences and Consumer Durables & Apparel sectors. On the other hand, quarterly net profits saw a marginal y-o-y increase from USD 40.0 Bn in Q4-2021 to USD 40.6 Bn in Q4-2022.

Saudi Arabia Corporate Earnings : Q4-22 vs. Q4-21 (USD Mn)



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

Energy sector outperformed other sectors as the biggest contributor to net profits during the period by recording a net profit of USD 159.3 Bn in FY-2022 vs. USD 106.1 Bn in FY-2021. Aramco posted robust growth in the net profit that reached USD 159.1 Bn for FY-2022 compared to USD 105.4 Bn for FY-2021 up by 51.0% led by rise in crude oil prices and improved margins from refining and chemicals. Bahri posted a net profit of USD 277.2 Mn for FY-2022 compared to USD 51.3 Mn for the previous year. The profit growth was driven by an increase in revenues led by the improved performance of all segments. Meanwhile, Rabigh Refining and Petrochemical Co. turned to a net loss of USD 296.9 Mn in FY-2022 against a net profit of USD 543.0 Mn. The losses were primarily driven by negative market conditions, which affected product volumes and margins for petrochemical products.

Profits for the banking sector increased by 28.1% to reach USD 16.7 Bn in FY-2022 vs. USD 13.0 Bn in FY-2021 mainly led by higher interest rates coupled with strong lending growth during the year. A fall in loan loss provisions also supported bottom-line performance. Al Rajhi Bank recorded a profit of USD 4.6 Bn for FY-2022 against a profit of USD 3.9 Bn for FY-2021. Riyadh Bank reported a 16.4% increase in the net profit that reached USD 1.9 Bn in FY-22 compared to USD 1.6 Bn in FY-21 led by a drop in operating expenses due to lower net impairment charges. Saudi National Bank also reported higher profits that reached USD 4.9 Bn in 2022 vs USD 3.4 Bn a year earlier. The strong performance was spurred by higher operating income and a decline in provisions for expected credit losses.

Net profit for the Telecom sector grew 14.1% y-o-y to USD 3.8 Bn in FY-2022 as compared to USD 3.3 Bn during FY-2021. STC reported a 7.5% y-o-y increase in net profits that reached USD 3.2 Bn. Mobily registered a net profit of USD 441.3 Mn for FY-22 compared to USD 285.7 Mn in FY-21. The increase was driven by a 7.0% y-o-y increase in revenue led by the reversal

of contingent liability provision of USD 285.2 Mn. Zain KSA profits surged 156.2% to reach USD 146.4 Mn for FY-22 vs a profit of USD 57.1 Mn in FY-21 mainly reflecting record revenues recorded during the year attributed to faster growth in B2B and 5G revenues. Higher Tamam revenue and the return of the tourism sector (for Umrah and business) also supported revenues.

In the Utilities sector, ACWA Power reported over two-fold growth in net profits that reached USD 410.2 Mn in FY-2022 compared to a net profit of USD 202.3 Mn in FY-21. This was primarily attributed to a higher contribution from development and construction management services for the projects that reached financial close during the year, as well as new contributions of corresponding operation and maintenance (O&M) income from projects that achieved by Project Commercial Operation Dates (ICOD/PCOD) during or after 2021.

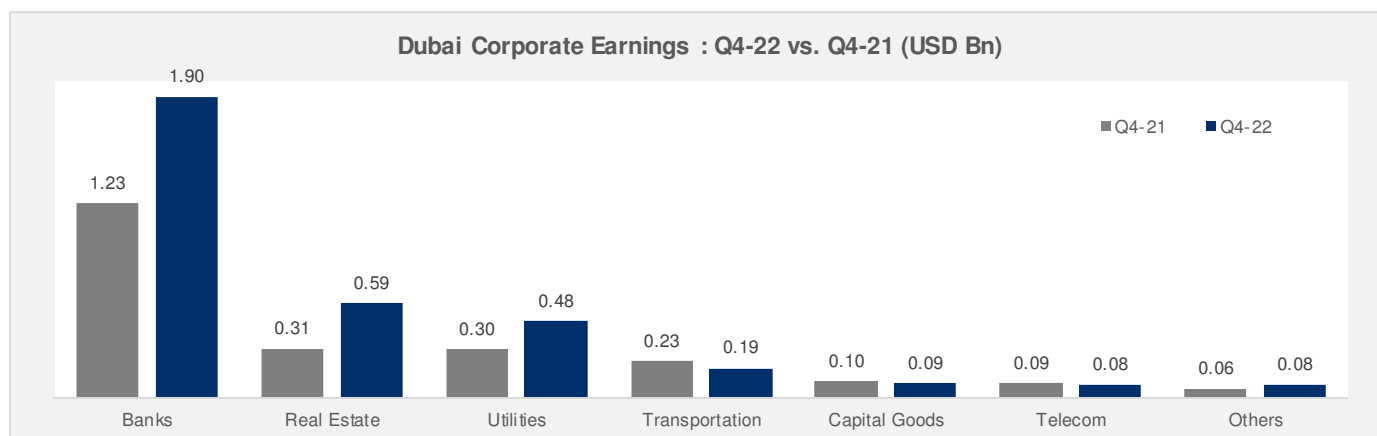
Net profit for the Materials sector declined by 11.9% y-o-y to reach USD 11.9 Bn in FY-2022 as compared to USD 13.5 Bn during FY-2021. SABIC reported a 28.4% drop in net profit that reached USD 4.4 Bn in FY-2022, down from USD 6.1 Bn in FY-2021. Lower profit margins for most key goods due to higher feedstock prices as well as an increase in marketing and distribution costs affected profits during the year that were partially offset by higher sales volumes.

In terms of quarterly performance, the Energy sector recorded a net profit of USD 33.1 Bn during Q4-2022 vs. USD 31.3 Bn in Q4-2021. All the stocks in the sector posted profits for Q4-2022 except Rabigh Refining and Petrochemical Co. which posted a loss of USD 481.9 Mn. Profits for Saudi Aramco rose 7.3% led by rise in crude oil prices and volumes sold. The Q4-2022 net profit of the National Shipping Co of Saudi Arabia showed multi-fold growth to reach USD 153.8 Mn compared to USD 24.5 Mn in Q4-2021 supported by the 75.7% y-o-y rise in the revenue.

Profits for the Banking sector increased by 28.5% to reach USD 4.3 Bn for Q4-2022. Al Rajhi Bank recorded a profit of USD 1.2 Bn for Q4-2022 against a profit of USD 1.1 Bn for Q4-2021. The bank's total operating income rose 6.0% due to an increase in net financing and investment income. Saudi National Bank reported profits of USD 1.2 Bn in Q4-2022 from a net profit of USD 895.0 Mn a year earlier. The profit growth was led by 15.2% y-o-y rise in net special commission income. Meanwhile, Banque Saudi Fransi reported a 9.3% decrease in the net profit that reached USD 240.2 Mn in Q4-2022 compared to USD 264.8 Mn in Q4-2021.

Dubai

Net profits for Dubai-listed companies recorded a growth of 47.5% y-o-y to USD 3.4 Bn in Q4-2022 against USD 2.3 Bn in Q4-2021. The surge in earnings was primarily driven by earnings growth in the Banking, Real Estate and Utilities sectors. The three sectors accounted for the biggest share of corporate profits in Q4-2022 at 87.4% with a y-o-y increase of 61.7%. On the other hand, the Consumer Services Sector was the only sector which reported total Q4-2022 losses while the Transportation Sector witnessed the largest percentage profits decline among the eleven sectors in the exchange.



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

Total net profits for the Banking Sector increased by 55.0% in Q4-2022 to reach UD 1.9 Bn up from USD 1.2 Bn in Q4-2021. The sector's rise in total earnings was primarily driven by Emirates NBD's 89% growth in Q4-2022 net earnings which reached USD 1.0 Bn against USD 547.8 Mn in Q4-2021. The banks strong performance was attributed to record breaking net profits from its Islamic arm as well as growth in total income. On the other hand, Dubai Islamic Bank's Q4-2022 net earnings dipped 3% to reach USD 351.7 Mn as compared with USD 362.7 Mn in Q4-2021 despite reporting USD 1.5 Bn its largest ever FY-2022 net profits.

In the Real Estate Sector, aggregate Q4-2022 net earnings jumped 92.2% to USD 593.6 Mn against USD 308.8 Mn in Q4-2021. The introduction of Tecom group in the sector and return to profitability by Union Properties were significant in the growth of the sector's overall profits. Emaar Properties reported the biggest Q4-2022 net profits in the sector that reached

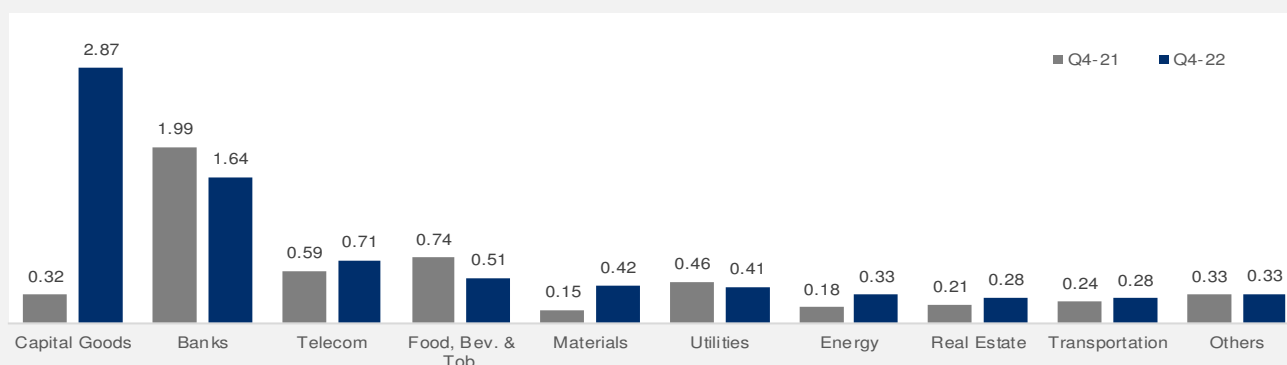
USD 283.6 Mn despite suffering a 14.8% y-o-y decline. On the other hand, Emaar Development reported a 12.7% increase in its Q4-2022 net profits which reached USD 264.1 Mn up from USD 234.2 Mn in Q4-2021.

In terms of full year performance, total FY-2022 net profits for Dubai listed companies reached USD 14.2 Bn as compared to USD 6.3 Bn. Top five largest sectors in terms of total net profits witnessed double-digit growth during the year. The Banking Sector led the way reporting total FY-2022 net earnings of USD 7.0 Bn up from USD 4.9 Bn. Similarly, FY-2022 total net profits of the Real Estate Sector jumped 72.3% to USD 3.1 Bn against USD 1.8 Bn while aggregate net earnings for the Utilities Sector reached 2.4 Bn during the year recording a growth of 23.6%.

Abu Dhabi

Listed companies in Abu Dhabi witnessed a 49.4% y-o-y increase in net profits during Q4-2022 to reach USD 7.8 Bn compared with USD 5.2 Bn during Q4-2021. The Capital Goods sector drove the robust rise in quarterly earnings after the sector was reinforced with higher earnings by the two newly listed companies, Multiply Group and Alpha Dhabi Holding. The Capital Goods sector's total net earnings in Q4-2022 jumped nine times to reach USD 2.8 Bn as compared to USD 319.5 Mn in Q4-2021. Multiply Group announced Q4-2022 net profits of USD 2.4 Bn up from USD 22.9 Mn in Q4-2021. Furthermore, quarterly profits of Alpha Dhabi Holding Company witnessed 65.2% growth to reach USD 461.3 Mn during the quarter. Multiply Group's performance was attributed to growth in its strategic investments despite global headwinds as most of the company's subsidiaries showed growth in operating profits during the quarter. On the other hand, aggregate net profits of the Banking sector witnessed a 17.3% decline to USD 1.6 Bn down from USD 2 Bn in Q4-2021. The fall in aggregate banks quarterly net earnings was mainly due to the continuation of Invest Bank's losses and the decline of Bank of Sharjah's profits from USD 365.8 Mn in Q4-2021 to USD 34.5 Mn in Q4-2022.

Abu Dhabi Corporate Earnings : Q4-22 vs. Q4-21 (USD Bn)



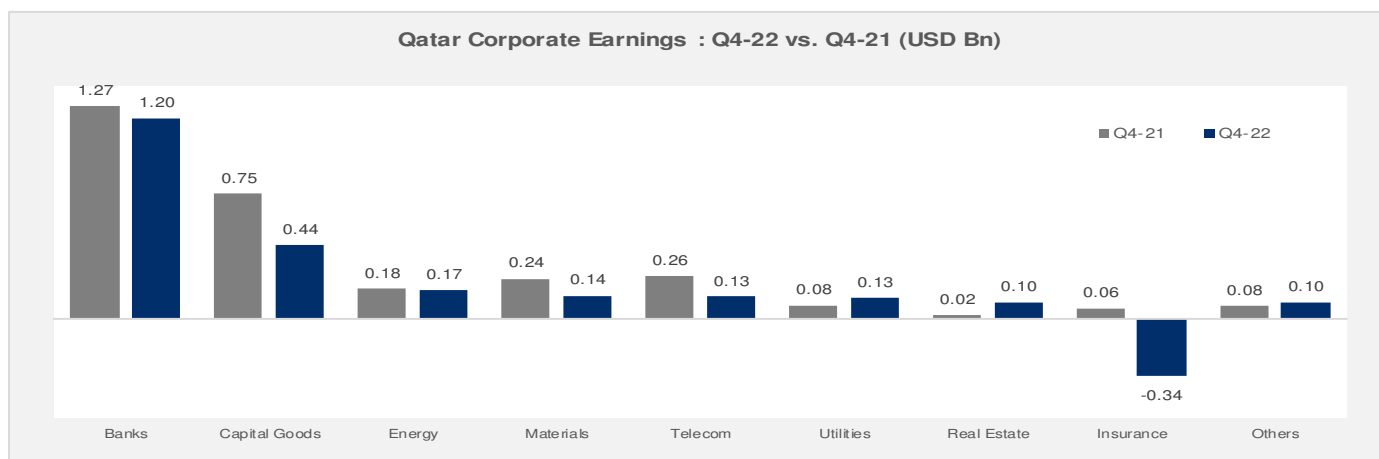
Source : Company Financials, Reuters, Bloomberg, Kamco Invest Research

Total Q4-2022 earnings for the Telecom Sector witnessed 20.7% y-o-y growth to reach USD 713.7 Mn despite one of the two constituent telecom companies in the sector announcing a loss during the quarter. Etisalat announced USD 724 Mn in net earnings during Q4-2022 as compared to USD 581.4 Mn in Q4-2021. This increase lifted the overall aggregate earnings of the sector during the quarter despite Sudan Telecom's Q4-2022 net loss of USD 10.3 Mn.

In terms of FY-2022 net profits, aggregate net earnings for Abu Dhabi-listed companies increased by 63.5% to reach USD 30.5 Bn as compared to USD 18.6 Bn in FY-2021. The Capital Goods sector's over seven-fold jump in total profits which reached USD 8 Bn in FY-2022 as compared to USD 986.7 Mn, was the primary driver of growth in net earnings during the year. Moreover, the top five sectors in terms of total net income have all witnessed double digit earnings growth during the year apart from the Telecom sector which recorded a slightly smaller growth of 8.8% growth. FY-2022 aggregate net earnings of the Banking Sector improved 18.6% to reach USD 7.1 Bn as compared with USD 6.0 Bn in FY-2021. Eight out of the ten banks in the sector witnessed y-o-y profits growth during the 2022 financial year led by First Abu Dhabi Bank which recorded USD 3.7 Bn in FY-2022 net earnings as compared with USD 3.4 Bn in FY-2021. Abu Dhabi Commercial Bank (ADCB) and Abu Dhabi Islamic Bank followed with the second and third biggest FY-2022 net profits penciling USD 1.8 Bn and USD 976.6 Mn in net earnings, respectively. ADCB attributed its record profits to clear strategy, positive culture and robust governance framework. ADCB's net interest income recorded 15% growth during the year while its operating income witnessed a 17% increase during the similar period.

Qatar

Total earnings for Qatari-listed companies witnessed a decline of 29.6% during Q4-2022 to reach USD 2.1 Bn as compared to USD 2.9 Bn in Q4-2021. The decline in quarterly profits was primarily led by fall in profits mainly for the Banking, Energy, Materials, Telecom and Insurance sectors that was partially offset by growth in profits by Real Estate, Utilities and Transportation sectors during the quarter. For FY-2022, Qatar-listed companies reported net profits of USD 13.5 Bn as compared to USD 12.2 Bn during 2021, registering a profit growth of 10.9%. Qatar's Banking sector reported a profit growth of 8.5% in FY-2022 that reached USD 7.2 Bn accounting for 53.5% of the overall exchange profits during the quarter. QNB reported a net profit increase of 9.2% y-o-y reaching USD 3.9 Bn after hyperinflation impact (Turkey) compared to a net profit of USD 3.6 Bn in FY-2021. Net Profit before the impact of hyperinflation for FY-2022 reached USD 4.4 Bn, an increase of 22% compared to the same period last year. During the year 2022, QNB's Turkey operations has been subject to hyperinflationary accounting requirements which led to non-cash adjustment called "net monetary loss arising from hyperinflation". The increase in profits was mainly driven by higher loans and advances which increased 6% to reach USD 231 Bn. Similarly, Qatar Islamic Bank registered a net profit growth of 13.2% to reach USD 1.1 Bn in FY-2022 compared to USD 964.3 Mn in FY-2021 mainly led by higher net income from financing activities that increased by 8.4% y-o-y to reach USD 1.8 Bn. Income from investing grew by 28.2% to reach USD 412.0 Mn. Meanwhile, the newly listed bank, Dukhan Bank reported a net profit of USD 341.7 Mn against a net profit of USD 323.7 Mn up by 5.6% in FY-2021.



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

The performance of Qatari insurers remained mixed during the year resulting in a decline in net profits from USD 289.7 Mn in FY-2021 to a loss of USD 215.3 Mn in FY-2022. The decline was mainly led by losses reported by Qatar Insurance Co. to the tune of USD 176.7 Mn in FY-2022 as compared to a profit of USD 167.1 Mn in FY-2021. In addition, Qatar General Insurance & Reinsurance Co. reported a loss of USD 146.0 Mn in FY-2022 vs. a profit of USD 26.8 Mn in FY-2021.

In the Telecom sector, Ooredoo reported net profits of USD 643.6 Mn in FY-2022 as compared USD 12.7 Mn in FY-2021. The Telco's revenue grew by 7% y-o-y to USD 2.2 Bn for FY-2022 driven by growth in post-paid services, Ooredoo TV and B2B services excluding Indosat Ooredoo. Vodafone Qatar reported a net profit of USD 137.0 Mn for FY-2022, representing an increase of 54.3% y-o-y. Total revenue increased by 21.4% y-o-y to reach USD 851.4 Mn driven by continued growth in the company's Prepaid, Postpaid, Fixed broadband services (GigaHome), Managed services, Internet of Things (IoT) and others.

Net profits for the Energy sector improved by 18.1% y-o-y to reach USD 763.2 Mn supported by the profits reported by Gulf International Services Co. and Qatar Fuel Co. Gulf International Services Co. registered a net profit increase of 438.4% to reach USD 79.1 for FY-22 vs USD 14.7 Mn for FY-2021. The Group reported an EBITDA of USD 221.6 Mn and revenue of QR 1.02 Bn for FY-2022, with an increase of 19% compared to last year. Qatar Fuel Company posted a net profit increase of 10.4% to reach USD 291.8 Mn in FY-2022 vs USD 264.2 Mn in FY-2021 mainly driven by the revenues which soared USD 1.2 Bn, up by 6.3%.

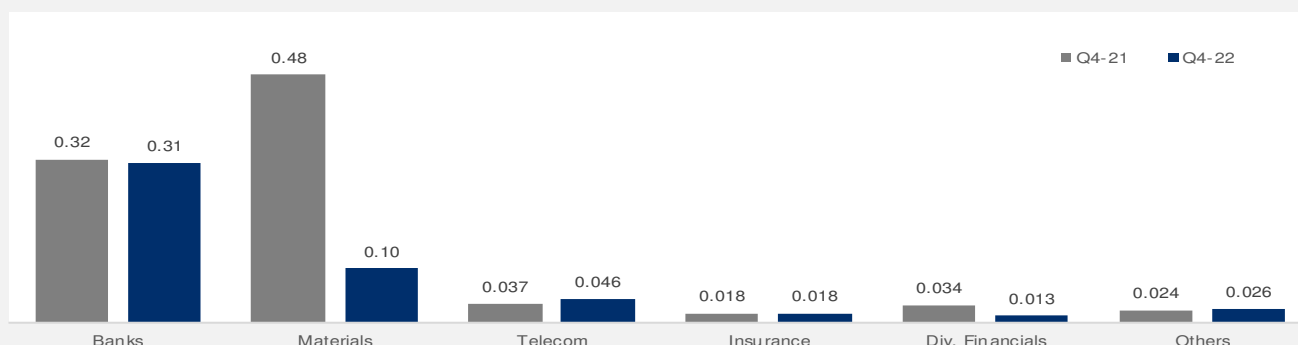
Bahrain

Total net profits for Bahrain-listed companies fell by 43.3% in Q4-2022 to reach USD 516.1 Mn from USD 909.9 Mn in Q4-2021. Three out of the five largest sectors by market cap have witnessed y-o-y quarterly decline in their aggregate net profits during the quarter namely the Banking Sector, the Materials Sector and the Diversified Financials Sectors.

The Banking sector saw its total Q4-2022 net profits decrease by 2.7% y-o-y to USD 308.3 Mn as compared to USD 316.8 Mn in Q4-2021. Three out of the ten banks in the sector posted losses during the quarter dragging down the total quarterly net profits of the sector. Ithmaar Bank recorded a loss of USD 39.7 Mn during Q4-2022, the largest loss among the banks

contributing to the overall decline of quarterly earnings in the sector. The banks loss was mainly attributed to impairments as well as higher taxation charges from the group's subsidiary in Pakistan. On the other hand, Al Ahli United Bank recorded the largest Q4-2022 net profits among the banks at USD 183.5 Mn as compared to USD 156.6 Mn during Q4-2021.

Bahrain Corporate Earnings : Q4-22 vs. Q4-21 (USD Bn)



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

In the Materials sector, Q4-2022 net profits for Aluminum Bahrain fell 78.2% y-o-y to reach USD 104.6 Mn as compared to USD 480.5 Mn in Q4-21. Full year profits for Aluminum Bahrain dipped by 8% y-o-y to reach USD 1.1 Bn in FY-2022 against USD 1.2 Bn profits in FY-2021. The company attributed the fall in Q4-2022 profits to global supply-chain pressures, weak market sentiment and USD currency pressure on LME Price.

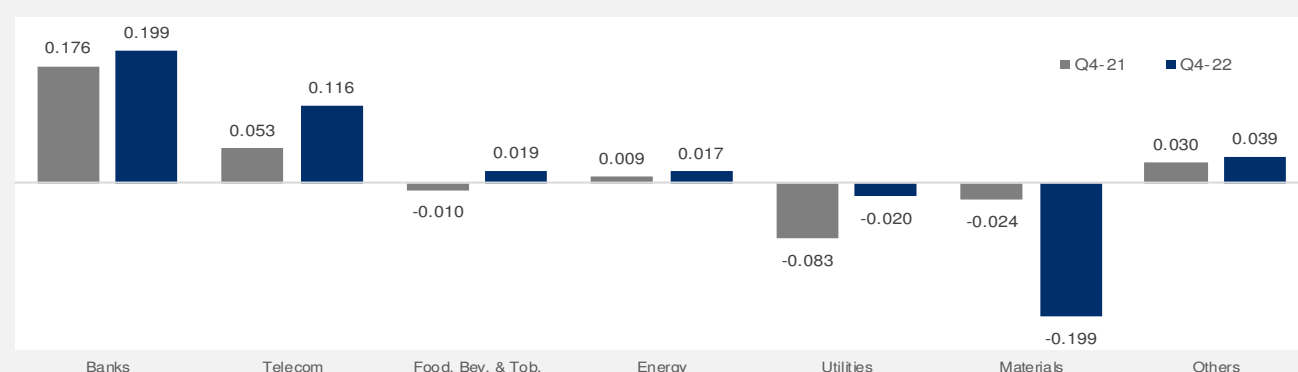
Bahrain's Telecom Sector's Q4-2022 earnings increased by 26.3% to reach USD 46.4 Mn as compared to USD 36.8 Mn in Q4-2021 as both constituent telecom companies in the sector posted net profits growth during the quarter. Q4-2022 net profits for Batelco jumped 28% y-o-y to reach USD 43 Mn during the quarter, while Zain Bahrain's net profits rose 8.1% to USD 3.4 Mn during the same period. Batelco's (which recently changed its name to Beyon) robust earnings were attributed to higher operating profit on the back of strong revenue.

Aggregate FY-2022 net profits for Bahrain Bourse-listed companies reached USD 3.0 Bn recording a growth of only 2.3% y-o-y as compared to USD 2.9 Bn in FY-2021. The Banking Sector recorded an FY-2022 net profits increase of 5.9% to reach USD 1.3 Bn. Similarly, FY-2022 aggregate net profits for the Diversified Financials sector witnessed a 4.7% y-o-y growth to reach USD 247.8 Mn up from USD 236.6 Mn in FY-21. GFH reported a 7.2% net earnings increase during the year that reached USD 90.3 Mn mainly led by growth in the investment banking business and significant contributions from the commercial banking subsidiary and infrastructure.

Oman

Total net profits for listed companies in Oman increased by 16.2% in FY-2022 to reach USD 1.7 Bn compared with USD 1.4 Bn in FY-2021 following higher profits for the Banking and Diversified Financial sectors during the year. The Banking Sector witnessed FY-2022 net profits growth of 20.7% to reach USD 1.1 Bn up from USD 880.3 Mn in FY-2021. Bank Muscat's FY-2022 net profits recorded 5.9% growth to reach USD 521.5 Mn up from USD 492.5 Mn in FY-21. Bank Muscat's FY-22 net earnings represented 49.1% of aggregate FY-22 net earnings of the Banking Sector. The bank's earnings growth was

Oman Corporate Earnings : Q4-22 vs. Q4-21 (USD Bn)



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

underpinned by growth in Net Interest Income from conventional banking and Net Income from Islamic Financing. Moreover, National Bank of Oman witnessed the largest yearly profits growth and the second biggest net profits among the banks recording FY-2022 net profits of USD 125.2 Mn as compared with USD 78.6 Mn in FY-2021.

In terms of quarterly earnings performance, aggregate net profits for companies listed in the Muscat Stock Exchange recorded 12.7% growth to reach USD 169.7 Mn during Q4-2022 up from USD 150.6 Mn during the similar period in 2021. Seven out of the fourteen sectors witnessed y-o-y growth in Q4-2022 net profits led by the Banks, Telecoms and F&B sectors. Q4-2022 aggregate earnings for the Banking Sector reached USD 198.8 Mn as compared to USD 175.9 Mn during Q4-2021. One of the Banking Sector's top performing banks during the quarter was Bank Dhofar, which recovered from a loss of USD 8.2 Mn in Q4-2021 to a net profit of USD 8.8 Mn during Q4-2022. Similarly, Oman Arab Bank announced a net profit of USD 0.74 Mn during Q4-2022 recovering from a loss of USD 11 Mn during the similar period of 2021.

Total Q4-2022 net profits of the Telecoms Sector jumped 119.6% y-o-y to reach USD 115.7 Mn as compared with USD 52.7 Mn in Q4-2021. Omantel posted a net profit of USD 107.9 Mn in Q4-2022 recording a 129.3% y-o-y jump from USD 47.1 Mn in Q4-2021. OmanTel's growth in quarterly earnings was attributed to growth in mobile postpaid revenues which increased by 11.2% and the fixed broadband and cost optimization measures. Ooredoo Oman also posted higher profits of USD 7.8 Mn in Q4-2022 earnings as compared to USD 5.6 Mn in Q4-2021.

In the F&B Sector, total Q4-2022 net profits reached USD 19.0 Mn up from a loss of USD 10.0 Mn in Q4-2021. Oman Refreshment Co. single handedly lifted the sectors aggregate into the green after its profits jumped from USD 0.42 Mn in Q4-2021 to reach USD 15.4 Mn in Q4-2022. The company's attributed its results to Oman's improving economy as well as its investment and optimization initiatives after its acquisition of Atlas Bottling Corporation in Q3-2021. In the Diversified Financials sector, Al Madina Investment Holding bounced back from a loss of USD 11.6 Mn during Q4-2021 to a profit of USD 5.2 Mn during Q4-2022. Similarly, Dhofar International Development and Investment Holding Company recorded USD 5.6 Mn in profits during Q4-2022 as compared to a loss of USD 4.4 Mn. However, profit growth in the sector was led by National Finance Co. that posted net earnings of USD 8.6 Mn up from USD 7.5 Mn during Q4-2021. The company attributed the growth in profits to recovery from the pandemic as well as Oman's overall conducive business environment.

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