

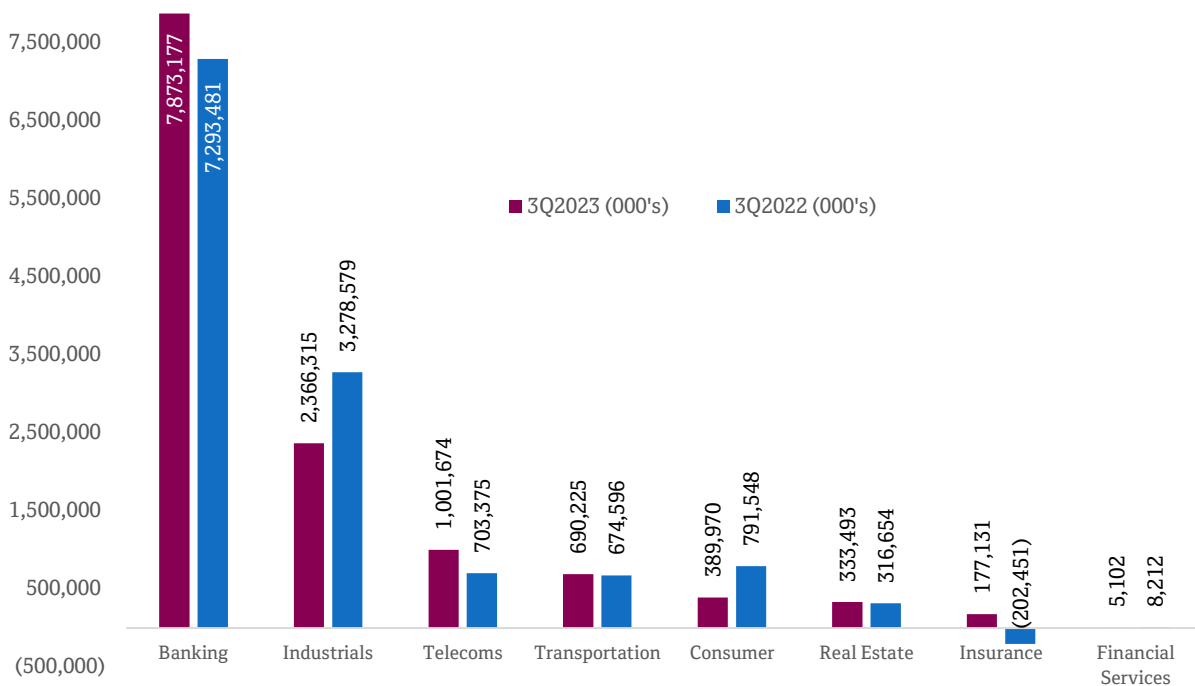
## 3Q2023 Profit Stagnates as Strength in Banks Offset Industrials' Weakness

Listed companies on the main board of the Qatar Stock Exchange reported a slight YoY drop of 0.2% in earnings to QR12.84bn during 3Q2023. The shining sector was the banking sector as it grew its earnings 7.9% with only one of the nine banks reporting a YoY fall in earnings (DHBK: -12.4%). Sequentially, aggregate net profit climbed 7.0% propelled by the banking sector, which registered a 13.1% jump. All sectors grew earnings QoQ with the exception of real estate, insurance and transportation, reporting declines of 32.2%, 19.2% and 3.7%, respectively. Aggregate QSE revenue slipped 12.5% YoY (+6.3% QoQ) with the consumer goods & services sector recording a substantial decrease of 34.1% (drop of QR5.63bn) followed by the industrials sector, which fell by 25.8%. The sequential growth in revenue was driven by the banking sector which expanded by 10.0%. Aggregate NP margin came in at 27.8% compared with 24.4% in 3Q2022. Banks increased their share of contribution to the QSE's aggregate earnings to 61.3% from 56.7% in 3Q2022, followed by industrials at 18.4% (3Q2022: 25.5%) and telecoms at 7.8% (3Q2022: 5.5%).

### Snapshot of 3Q2023 Earnings Season

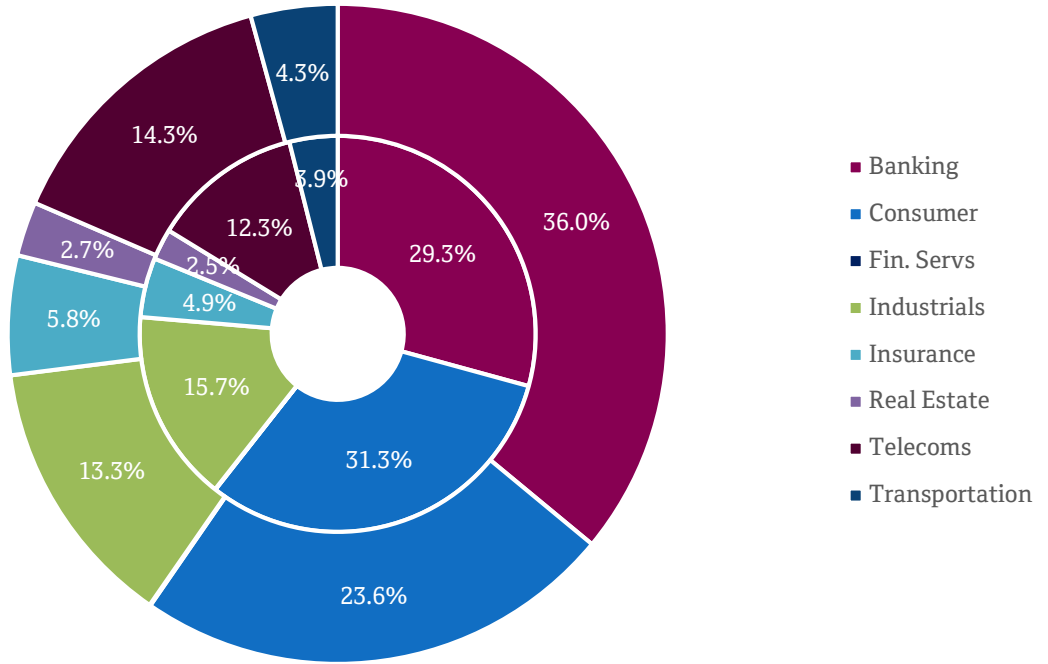
- Five of the eight sectors exhibited positive earnings growth YoY
- Insurance sector recorded a profit from losses in 3Q2022
- Transportation, real estate and insurance reported sequential drop in earnings
- Financial services recovered from a net loss in 2Q2023
- Nine out of the ten Industrial companies reported earnings YoY decline
- Only four companies out of the 51-listed recorded losses; four in 3Q2022
- 21 companies recorded YoY earnings decline

### QSE Sector Earnings (QR'000): 3Q2023 vs. 3Q2022



Source: QSE, QNBFS Research

**QSE Sector Revenue Contribution: 3Q2023 (Outer Core) vs. 3Q2022 (Inner Core)**



Source: QSE, QNBFS Research

### 3Q2023 Net Profit for QSE-listed Companies (QR'000)

Sector	Company	3Q2022	3Q2023
Banking	Qatar National Bank	3,966,540	4,268,094
	Qatar Islamic Bank	1,034,858	1,099,913
	The Commercial Bank	768,977	811,126
	Masraf Al Rayan	331,254	473,004
	Dukhan Bank	335,357	346,798
	Qatar International Islamic Bank	330,917	361,813
	Doha Bank	267,934	234,806
	Al Ahli Bank	236,141	255,580
	Qatar First Bank	21,503	22,043
<b>Banking Total</b>		<b>7,293,481</b>	<b>7,873,177</b>
Consumer Goods & Services	Qatar Fuel Co.	261,531	271,436
	Zad Holding Co.	35,238	42,180
	Al Meera Consumer Goods Co.	31,938	27,428
	Mannai Corp	421,732	4,748
	Baladna	8,019	22,258
	Medicare Group	20,586	14,045
	Mekdam Holding Group	6,563	7,259
	Qatari German Co. for Medical Devices	136	(1,388)
	Qatar Cinema & Film Distribution Co.	491	894
	Salam International Investment Co.	4,808	8,433
Widam Food Company	(9,925)	(23,625)	
	Meeza	10,431	16,301
<b>Consumer Total</b>		<b>791,548</b>	<b>389,970</b>
Financial Services	National Leasing	9,603	3,206
	Inma Holding	2,145	2,702
	Dlala Brokerage & Investment Holding	(3,107)	(1,704)
	Qatar Oman Investment Co.	(429)	898
<b>Financial Services Total</b>		<b>8,212</b>	<b>5,102</b>
Industrials	Industries Qatar	1,613,788	1,205,205
	Qatar Electricity & Water	565,398	340,431
	Mesaieed Petrochemical Holding Co.	432,858	263,985
	Gulf International Services	129,577	133,687
	Qatar Aluminium Manufacturing Co.	191,980	113,684
	Investment Holding Group (IGRD)	107,653	103,001
	Aamal Holding	99,601	98,668
	Qatar Industrial Manufacturing Co.	45,563	36,019
	Qatari Investors Group	32,625	21,279
	Qatar National Cement Co.	59,537	50,355
<b>Industrials Total</b>		<b>3,278,579</b>	<b>2,366,315</b>
Insurance	Qatar Insurance	(278,474)	72,620
	Qatar Islamic Insurance	26,543	39,052
	QLM Life & Medical Insurance	3,261	6,351
	Damaan Islamic Insurance	10,343	19,584
	Doha Insurance	22,817	52,119
	Alkhaleej Takaful Insurance	13,058	10,505
	Qatar General Insurance & Reinsurance	-	(23,101)
<b>Insurance Total</b>		<b>(202,451)</b>	<b>177,131</b>
Real Estate	Barwa Real Estate Co.	205,331	225,945
	United Development Co.	40,944	42,560
	Ezdan Holding Group Co.	58,632	58,329
	Mazaya Real Estate Development	11,747	6,659
<b>Real Estate Total</b>		<b>316,654</b>	<b>333,493</b>
Telecoms	Ooredoo (ORDS)	585,310	869,392
	Vodafone Qatar (VFQS)	118,065	132,282
<b>Telecoms Total</b>		<b>703,375</b>	<b>1,001,674</b>
Transportation	Nakilat	405,476	415,101
	Qatar Navigation/ Milaha	209,709	222,070
	Gulf Warehousing Co.	59,411	53,054
<b>Transportation Total</b>		<b>674,596</b>	<b>690,225</b>
<b>Grand Total</b>		<b>12,863,994</b>	<b>12,837,086</b>

Source: QSE, QNBFS Research

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## Banking Sector

### 3Q2023 Earnings Driven by Core Income or Low-to-Flat Prov.

#### Highlights:

- The banking sector posted mixed results in 3Q2023. For 3Q2023, the banking sector posted a 7.9%/13.1% YoY/QoQ increase in aggregate headline net income. However, on a normalized basis sequentially (excluding ABQK), earnings were still up 11.9%.
- The Banks & Financial Services Index underperformed the QSE Index and declined by 1.4% (QSE Index: +1.8%) in 3Q2023. However, as of Nov. 8 vs. end of 3Q2023, the Banks & Financial Services Index outperformed (+1.3%) the DSM Index (-1.8%).
- The banking sector is currently trading at a P/B multiple of 1.5x with an average RoE of 12.3% vs. 1.4x KSA (RoE: 13.4%), 1.2x UAE (RoE: 16.3%) and 1.2x Kuwait (RoE: 8.8%); Qatar banks appear to be expensive based on a P/B-to-RoE of 12.3x. The sector offers a dividend yield of 4.3% vs. the QSE's DY of 5.0%.

#### Revenue:

- Aggregate revenue grew by 7.7% YoY in 3Q2023 to QR16.6bn, driven mainly by QNB Group (being the sector's largest contributor). Aggregate growth was mixed as the majority of banks grew their revenue by margin expansion and/or non-funded income (combination f/x income, fees & investment income) or a combination of both, while a few saw their revenue decline on the back of margin pressure. QNBK's revenue increased by 12.2%/13.9% YoY/QoQ on healthy margins and non-funded income, while QIHK's revenue increased by 14.7%/15.9% YoY/QoQ for the same factors as QNBK. On the other hand, DUBK and MARK witnessed their revenue drop by 7.6% and 7.3%, respectively.
- Aggregate revenue increased by 10.0% sequentially in 3Q2023. Aggregate gains were mainly attributable to a combination of core banking income.
- NIMs, on a YoY basis on average, were flat, while it expanded on a sequential basis. In aggregate, net interest margin remained flat at 2.50% YoY vs. +15bps sequentially. The YoY flat performance was due to the delayed repricing of yields as it caught up to the increase in CoFs (CoFs repriced faster than yields) following interest rate hikes that began early-2022. QIHK's margins were robust YoY/QoQ (2.9%). Moreover, QIBK's margins expanded by 25bps YoY to 3.04%.

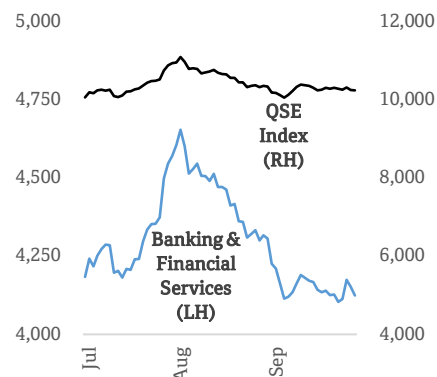
#### Earnings:

- Aggregate 3Q2023 net income increased by 7.9% YoY to QR7.9bn due to strong operating income/drop in provisions & impairments from QNBK (+7.6%) and large drop in provisions from MARK (+42.8%).
- Aggregate net income of banks also increased by 13.1% sequentially in 3Q2023. All commercial banks witnessed their earnings increase driven mainly QNBK and ABQK (earnings surged attributed to historical trends). The increase was due to Core banking income (NIMs expansion) and flat-to-lower provisions.

#### Balance Sheet:

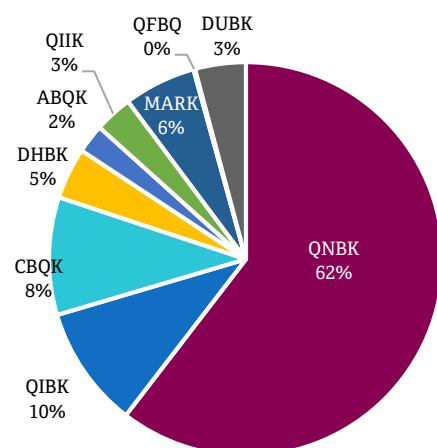
- Aggregate Loans experienced flat performance QoQ and YTD. The loan book remained flat at QR1.34trn in 3Q2023 vs. 2Q2023 (FY2022: QR1.35trn). Highest QoQ & YTD growth was seen from QIHK (+5.0%/+2.6%) and QIBK which witnessed its loan book climb up by 2.1%/1.9%, sequentially and YTD to QR121.8bn. The majority of the banks' loan books modestly increased or remained flat as the public sector credit facilities repayment slow down. Excluding credit to the public sector, loans to the private sector picked up pace. As of 3Q2023, QIBK's market share increased to 9.1% vs. 8.9% in FY2022, while QNBK maintained its market share at 61%.
- Majority of banks witnessed their deposits shrink YTD with DUBK (up 3.3%) being the exception. Aggregate deposits decreased by 2.7% YTD to reach QR1.30trn, driven by the majority of banks with DUBK being the exception. CBQK (-10.1%), DHBK (-9.6%) and

Sector Index Performance for 3Q2023



Source: Bloomberg

3Q2023 Sector Revenue Contribution



Source: QSE

MARK (4.9%) incurred the largest drop. However, aggregate deposits remained flat sequentially.

- **Capitalization levels of Qatar banks remained robust.** Average CAR came in at a robust 18.8% with all banks generating strong CARs.

#### Net Income (000's)

Ticker	Company	3Q2022	2Q2023	3Q2023	YoY	QoQ
QNBK	QNB Group	3,966,540	3,723,231	4,268,094	7.6%	14.6%
QIBK	Qatar Islamic Bank	1,034,858	1,049,992	1,099,913	6.3%	4.8%
CBQK	Commercial Bank of Qatar	768,977	803,019	811,126	5.5%	1.0%
DHBK	Doha Bank	267,934	183,413	234,806	-12.4%	28.0%
ABQK	Al Ahli Bank	236,141	155,142	255,580	8.2%	64.7%
QIIK	Qatar International Islamic Bank	330,917	299,167	361,813	9.3%	20.9%
MARK	Masraf Al Rayan	331,254	379,687	473,004	42.8%	24.6%
QFBQ	Lesha Bank	21,503	22,603	22,043	2.5%	-2.5%
DUBK	Dukhan Bank	335,357	346,596	346,798	3.4%	0.1%
	<b>Total</b>	<b>7,293,481</b>	<b>6,962,850</b>	<b>7,873,177</b>	<b>7.9%</b>	<b>13.1%</b>
	<b>Total (Excluding ABQK)</b>	<b>7,057,340</b>	<b>6,807,708</b>	<b>7,617,597</b>	<b>7.9%</b>	<b>11.9%</b>

Source: Company data; Note: Net Income is in QR'000 and are headline net income figures

## Industrials Sector

### Revenue/Profit Drop YoY But Recover Sequentially

#### Highlights:

- Sector top- and bottom-line were lower YoY in 3Q2023 but recovered QoQ. We see this trend continue into year-end for the diversified industrials complex primarily due to base effects created by hosting of the FIFA World Cup and commodity price dynamics. Meanwhile, credit markets continue to tighten, but the overall strength of balance sheets in the sector should help contain some of the potential risks.
- The Industrials Index rose by 12.2% (QE Index: +1.8%) in 3Q2023 after falling by 7.8% in 2Q2023.
- Total traded value of QR8.4bn in 3Q2023 is a 6.1% increase from QR7.9bn traded in 2Q2023.
- Sector's current P/E multiple is 14.7x vs. QSE Index's 11.2x, and its dividend yield is 7.2% vs. QSE's 5.0%.

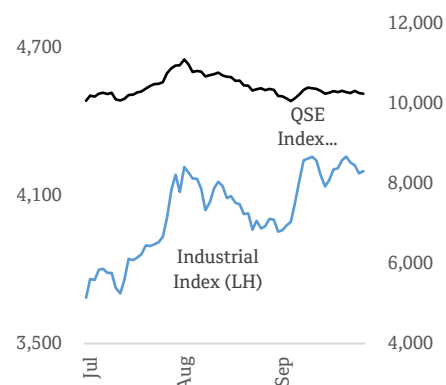
#### Revenue:

- Sector revenue dropped 25.8% YoY in 3Q2023 to QR6.2bn, weighed down by IQCD and IGRD, which fell 32.7% and 37%, respectively – together they accounted for ~85% of the sector's revenue decline.
- Sequentially, revenue rose 7.1% helped by GISS and IQCD. They registered QR286.8mn and QR199.3mn increase in revenue, respectively.

#### Earnings:

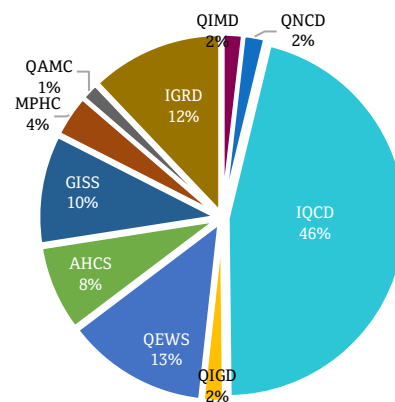
- The sector's 3Q2023 net profit fell 27.8% YoY dragged by IQCD, QEWS and MPHC. They account for ~88% of sectors NP decline. The YoY decline in IQCD and MPHC earnings stems from lower share of results from investments in joint ventures which fell 53.7% and 43.5%, respectively. Meanwhile, QEWS net profit declined primarily due to a higher 3Q2022 base of QR230mn in one-off gains attributed to the Nebras acquisition.
- On a QoQ basis, sectoral bottom-line rose 4.5% with IQCD providing bulk of the growth as it more than offset declines by most of its peers. IQCD's QoQ NP rose 30.7%. Better 3Q2023 urea price realization, along with a significant downtick in segment direct costs (as higher-priced fertilizer inventory was consumed during 1H2023) and a moderate sequential uptick in volumes post 2Q2023's maintenance shutdowns, supercharged IQCD's fertilizer EBITDA margin to ~48% in 3Q2023 (vs. approximately 31% in 2Q2023).

#### Sector Index Performance for 3Q2023



Source: Bloomberg

#### 3Q2023 Sector Revenue Contribution



Source: QSE

#### Net Income

Ticker	Company	3Q2022	2Q2023	3Q2023	YoY	QoQ
QIMD	Qatar Industrial Manufacturing Co.	45,563	59,009	36,019	(20.9%)	(39.0%)
QNCD	Qatar National Cement Co.	59,537	37,171	50,355	(15.4%)	35.5%
IQCD	Industries Qatar	1,613,788	922,162	1,205,205	(25.3%)	30.7%
QIGD	Qatari Investors Holding	32,625	47,133	21,279	(34.8%)	(54.9%)
QEWS	Qatar Electricity & Water Co.	565,398	367,917	340,431	(39.8%)	(7.5%)
AHCS	Aamal Co.	99,601	79,273	98,668	(0.9%)	24.5%
GISS	Gulf International Services	129,577	190,735	133,687	3.2%	(29.9%)
MPHC	Mesaieed Petrochemical Holding Co.	432,858	316,228	263,985	(39.0%)	(16.5%)
QAMC	Qatar Aluminium Manufacturing Co.	191,980	147,220	113,684	(40.8%)	(22.8%)
IGRD	Estithmar Holding Group	107,653	98,410	103,001	(4.3%)	4.7%
<b>Total</b>		<b>3,278,579</b>	<b>2,265,257</b>	<b>2,366,315</b>	<b>(27.8%)</b>	<b>4.5%</b>

Source: Company data; Note: Net Income is in QR'000

# Consumer Goods & Services Sector

## Sector Bottom-line More Than Halved YoY

### Highlights:

- **The sector is set to benefit from the inclusion of Meeza to the main market and the boost in commodity prices.** With the successful listing of Meeza in the main market on August 23<sup>rd</sup>, the number of listed companies under Consumer Goods & Services went up to a total of 12; contributing to the diversification of the sector. MEZA provides end-to-end Managed IT Services, Data Centre Services, Cloud Services and IT Security Services. WTI Crude oil prices soared to more than \$90 per barrel at the end of September 2023 (+14.2% YoY/ +8.6% QoQ), mainly due to the continuing voluntary reduction in supply from Saudi Arabia and Russia.
- The consumer goods & services sector index slipped 3.3% (QSE Index: +1.8%) in 3Q2023. Sector traded value in 3Q2023 dropped 7.1% to QR4.0bn vs. QR4.3bn in 2Q2023.
- Consumer goods & services sector is currently trading at a P/E multiple of 20.4x (vs. QSE Index's P/E of 11.2x) with a dividend yield of 4.1% (vs. QSE's 5.0%).

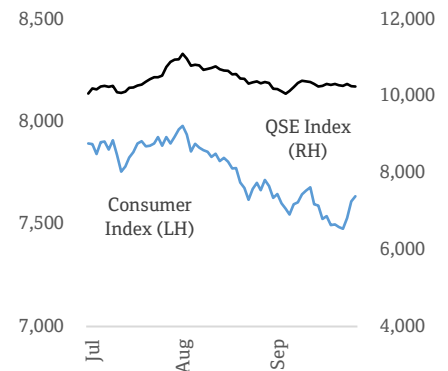
### Revenue:

- **Sector revenue shrunk 10.0% YoY to QR10.9bn from QR12.1bn, steered mainly by Qatar Fuel.** QFLS reported a 16.4% fall (drop of QR1.5bn) in revenue. On the other hand, ZHCD's top-line figure recovered from 3Q2022 to 3Q2023 by growing 42.4% followed by MCCS, which increased its revenues by 9.9%. However, since more than 50% of the companies reported a YoY fall, the sector experienced a drop.
- **Sequentially, revenue rose 7.5% from QR10.1bn swayed by Qatar Fuel and Zad Holding Company.** QFLS revenues climbed 14.1% from QR6.5bn in 2Q2023 followed by ZHCD growing 14.3% from QR427.8mn in 2Q2023. Despite the fact that 9 of the 12 sector companies recorded a quarterly fall in top-line, the sector giant (QFLS) was a part of the winning team.

### Earnings:

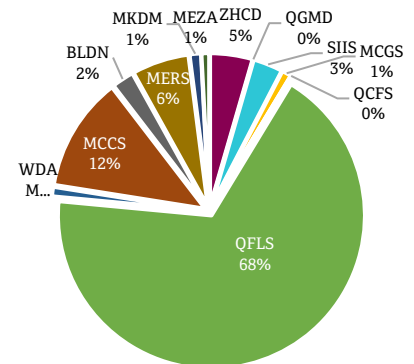
- **The sector's 3Q2023 bottom-line fell significantly by more than 50% (-50.7%) to QR390.0mn driven mainly by Mannai Corporation.** During 3Q2022, MCCS reported a one-off item (net profit from discontinued operations) that made the company profitable and boosted its earnings, but since this item was a one-off item, earnings dropped substantially (-98.9%). WDAM registered a net loss of QR23.6mn, falling a further QR13.7mn from a loss of QR9.9mn reported in 3Q2022. WDAM had a lower top line figure (-13.0% YoY) and higher general & administrative expenses (+44.8% YoY) sinking it deeper in losses. In contrast, the only companies in the sector to achieve gains were BLDN (+177.6%), QFLS (+3.8%), ZHCD (+19.7%), MKDM (+10.6%) and lastly QCFS (+81.9%).
- **Sequentially, net profit ticked up 1.8% from QR383.0mn at the hands of QFLS.** QFLS' 14.1% sequential growth in its revenue was the main constituent for its earnings for the quarter (+25.1%). SIIS recovered from a net loss of QR2.4mn in 2Q2023 to a net profit of QR8.4mn in 3Q2023, aided by a fall in cost of sales (-8.9%) and a fall in total other operating expenses (-15.3%). MKDM registered a 13.6% jump in earnings supported by an 11.8% increase in total revenues (from a 25.4% growth in technology services revenue, a 176.0% growth in other services revenue and a 22.2% rise in centralized alarm monitoring system services revenue).

Sector Index Performance for 3Q2023



Source: Bloomberg

3Q2023 Sector Revenue Contribution



Source: QSE



## Net Income

Ticker	Company	3Q2022	2Q2023	3Q2023	YoY	QoQ
ZHCD	Zad Holding	35,238	48,289	42,180	19.7%	(12.7%)
QGMD	Qatari German Co. for Medical Devices	136	1,293	(1,388)	N/M	N/M
SIIS	Salam International Investment	(4,808)	(2,399)	8,433	N/M	N/M
MCGS	Medicare Group	20,586	17,534	14,045	(31.8%)	(19.9%)
QCFS	Qatar Cinema & Film Distribution	491	1,165	894	81.9%	(23.3%)
QFLS	Qatar Fuel	261,531	216,963	271,436	3.8%	25.1%
WDAM	Widam Food Company	(9,925)	(18,306)	(23,625)	138.0%	29.1%
MCCS	Mannai Corporation	421,732	25,792	4,748	(98.9%)	(81.6%)
BLDN	Baladna	8,019	22,280	22,258	177.6%	(0.1%)
MERS	Al Meera Consumer Goods & Services	31,938	45,171	27,428	(14.1%)	(39.3%)
MKDM	Mekdam Holding Group	6,563	6,389	7,259	10.6%	13.6%
MEZA	Meeza	18,535	18,830	16,301	(12.1%)	(13.4%)
	<b>Total</b>	<b>791,548</b>	<b>383,000</b>	<b>389,970</b>	<b>(50.7%)</b>	<b>1.8%</b>

Source: Company data; Note: Net Income is in QR'000

## Insurance Sector

### QATI Recovery and DOHI Stellar Performance Supports Overall Growth in Profitability

#### Highlights:

- The ongoing recovery in industry heavyweight QATI and a stellar performance by DOHI drove the overall growth in profitability YoY for 3Q2023 for the insurance sector. Conventional Insurance companies continue to significantly outperform Islamic Insurance companies. Overall, conventional insurance companies (QATI, DOHI, QLMI and QGRI) net profit reversed from a net loss of QR252.4mn in 3Q2022 to a net profit of QR108.0mn in 3Q2023, while Islamic insurance companies (AKHI, QISI and BEMA) witnessed a YoY rise in net profit by 38.4% to reach QR69.1mn during 3Q2023.
- QATI international operations has reduced from 81% in previous years to 62% in 3Q2023, according to its Group strategy to have a balanced portfolio between the MENA and international business. QATI is making a recovery from a loss on discontinued operations (of Gibraltar-based subsidiaries underwriting UK motor insurance). DOHI insurance revenue increased by 14.9% YoY and benefitted from higher interest income from the higher bank interest rates, while paying lower finance costs due to reduction in overall debt.
- Higher interest rates have impacted insurance firms both in the form of higher borrowing costs and also increased investment income from corporate deposits.
- The Insurance Index increased 12.9% (QSE Index: 1.8%) in 3Q2023 after it rose by 25.9% in 2Q2023.
- Traded value in the sector shot up 95.1% to reach QR750.3mn in 3Q2023 from QR384.6mn in 2Q2023.

#### Revenue:

- The insurance sector's revenue in 3Q2023 went up 5.4% YoY to QR2.70bn from QR2.56bn, driven mainly by DOHI, QATI and QGRI. Conventional insurance companies accounted for 92.0% of overall insurance revenue during 2Q2023, while Islamic insurance companies accounted for only 8.0%.
- Conventional insurance companies' revenue increased 4.4% YoY to QR2.48bn from QR2.38bn, while Islamic insurance companies' revenue surged up by 17.5% (QISI up 24.7%) during 3Q2023 to reach QR211.1mn from QR195.3mn achieved during 3Q2022.

#### Earnings:

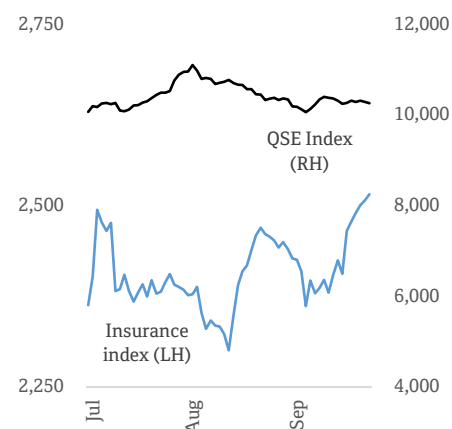
- The sector's 3Q2023 net profit reversed significantly YoY to reach QR177.1mn, compared to a net loss of QR202.4mn for 3Q2022.
- DOHI, QISI and QATI were the main contributors to the overall sector bottom-line. DOHI net profit shot up by 128.4% YoY contributing QR52.1mn in 3Q2023, while QISI net profit climbed up by 47.1% YoY adding QR39.0mn. However, even as QATI net profit dropped by 126.1% YoY, it still contributed QR72.6mn to the overall sector bottom-line in 3Q2023.

#### Net Income

Ticker	Company	3Q2022	2Q2023	3Q2023	YoY	QoQ
QATI	Qatar Insurance	(278,474)	117,150	72,620	N/M	(38.0%)
DOHI	Doha Insurance	22,817	15,871	52,119	128.4%	228.4%
QGRI	Qatar General Insurance & Reinsurance	-	(9,875)	(23,101)	N/M	N/M
AKHI	Al Khaleej Takaful Group	13,058	14,802	10,505	(19.6%)	(29.0%)
QISI	Qatar Islamic Insurance	26,543	34,934	39,052	47.1%	11.8%
QLMI	Qatar Life & Medical Insurance	3,261	26,686	6,351	94.8%	(76.2%)
BEMA	Damaan Islamic Insurance Company	10,343	19,672	19,584	89.3%	(0.4%)
	<b>Total</b>	<b>(202,451)</b>	<b>219,240</b>	<b>177,131</b>	<b>N/M</b>	<b>(19.2%)</b>

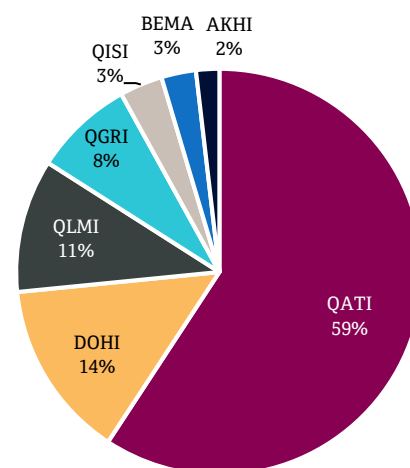
Source: Company data; Note: Net Income is in QR'000

#### Sector Index Performance for 3Q2023



Source: Bloomberg

#### 3Q2023 Sector Revenue Contribution



Source: QSE

## Telecoms Sector

### Outstanding YoY Bottom-Line Surge Despite Modest Top-Line Growth

#### Highlights:

- With the AFC Asian World Cup approaching, the sector boasts its state-of-the-art mobile services including near-universal 4G-population coverage, which include 96% 5G coverage, and 99% fiber coverage.
- The Telecoms Index contracted 2.3% from 2Q2023 to 3Q2023 vs. its 2Q2023 growth of 14.0% and underperforming the QSE Index that experienced a 1.8% rise.
- Total traded value dropped by 13.4% to QR1.10bn during 3Q2023 vs. QR1.27bn in 2Q2023.
- The telecoms sector is trading at a 2024 P/E multiple of 10.1x, which is at a discount to the QSE Index's P/E multiple of 11.2x. The sector sports a dividend yield of 5.4% vs. the QSE Index's DY of 5.0%.

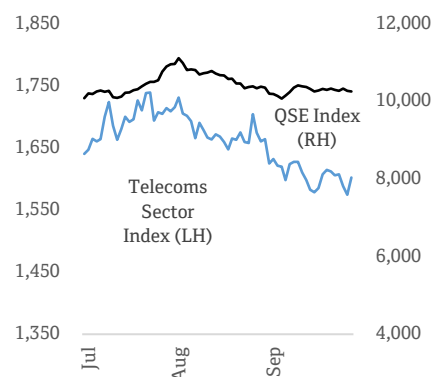
#### Revenue:

- During 3Q2023, aggregate sector top-line increased modestly 1.1% YoY to QR6.6bn as Ooredoo's (ORDS) revenue grew to QR5.8bn (+1.1%) and Vodafone Qatar's (VFQS) revenue was up 1.0% to QR747.4mn. Ooredoo's increase in total revenues is supported by its main source of revenue; revenue from rendering of services (+1.3%).
- Sequentially, sectoral revenue showed little growth of 0.5% with Ooredoo up 1.0% and Vodafone Qatar down 3.5%. The minute growth in ORDS's revenues stemmed from its revenue from rendering of services (+2.1%) and equipment rental revenue (+2.2%). While VFQS' revenue drop was attributed to its drop in equipment revenue (-18% QoQ), prepaid revenue (-5% QoQ) and a stagnated postpaid business revenue.

#### Earnings:

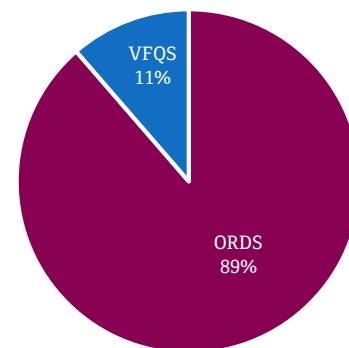
- The sector's 3Q2023 aggregate net profit rose 42.4% YoY to QR1.0bn as Ooredoo's earnings almost doubled (+48.5%) and Vodafone Qatar recorded a 12.0% growth. ORDS recorded contraction in its network, interconnect and other operating expenses of 2.0% as cost of equipment sold and other services was down 12.7% and rental and utilities were down 4.8%. Furthermore, the company registered other gains of QR69.0mn as opposed to other losses registered in 3Q2022 of QR158.9mn, further aiding its bottom-line. VFQS experienced an increase in earnings as its direct costs (-3.7%) and other expenses (-5.6%) were both down while its revenue (1.0%) and interest income (67.6%) were up.
- Sequentially, sectoral bottom-line moved up by 4.3% with both companies reporting similar growth of 4.2%/4.6% by ORDS/VFQS. ORDS recorded a 1.9% drop in its network, interconnect and other operating expenses as well as a 3.9% drop in employee, salaries and associated costs. Similarly, VFQS's expenses shrunk with direct costs down 5.5%, other expenses down 7.6% and other expenses down 5.6%, all of which contributed to the earnings growth for the quarter.

Sector Index Performance for 3Q2023



Source: Bloomberg

3Q2023 Sector Revenue Contribution



Source: QSE

#### Net Income

Ticker	Company	3Q2022	2Q2023	3Q2023	YoY	QoQ
ORDS	Ooredoo	585,310	834,286	869,392	48.5%	4.2%
VFQS	Vodafone Qatar	118,065	126,451	132,282	12.0%	4.6%
	<b>Total</b>	<b>703,375</b>	<b>960,737</b>	<b>1,001,674</b>	<b>42.4%</b>	<b>4.3%</b>

Source: Company data; Note: Net Income is in QR'000

## Real Estate Sector

### Real Estate Revenues Weaken as Rental Rates Drop

#### Highlights:

- The overall Real Estate revenues weakened in 3Q2023 as apartment rents continue to drop to pre-World Cup levels during the quarter, coupled along with rising interest rates putting pressure on the bottom-line. However, overall rental revenues continue to provide cash flow visibility, with sale of properties providing liquidity when needed.
- The Real Estate Index went down 2.5% (QSE Index: +1.8%) in 3Q2023 after it grew by 4.5% in 2Q2023.
- Trading activity in the sector dropped as traded value declined 11.1% to QR2.26bn from QR2.54bn.
- The Real Estate sector is currently trading at a P/E multiple of 9.0x (vs. the QSE Index's P/E of 11.2x) with a dividend yield of 5.1% (vs. the QSE's 5.0%).

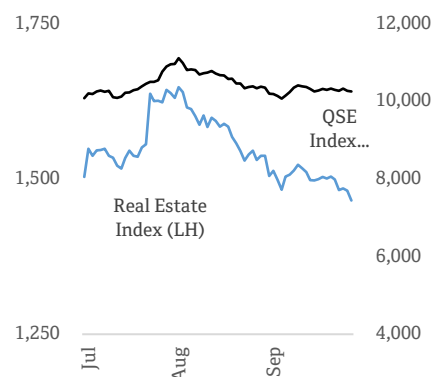
#### Revenue:

- The real estate sector's 3Q2023 revenue declined 7.9% YoY to QR1.2bn from QR1.3bn, driven by drops from BRES and UDCD. BRES recorded a 11.9% contraction in revenue and UDCD's revenue dropped by 13.5%, both of which influenced a YoY decline in revenue.
- Sequentially, BRES and UDCD recorded an increase in their top-line figures leading to a sectoral top-line rise of 2.9% for 3Q2023. BRES moved up by 10.6% QoQ to reach QR430.6mn, while UDCD went up by 4.0% to reach QR331.0mn. However, ERES and MRDS witnessed drops for the quarter by 3.3% and 30.7% respectively.

#### Earnings:

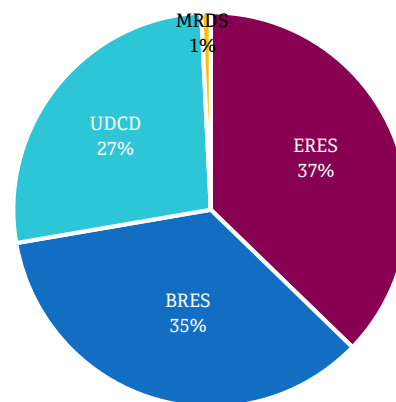
- During 3Q2023, sectoral bottom-line increased 5.3% YoY to reach QR333.5mn as compared to QR316.6mn in 3Q2022. BRES contributed QR225.9mn to sectoral earnings mainly due to net fair value gain on investment properties of QR245.4mn in 3Q2023. UDCD also contributed positively as its other operating income grew to reach QR71.5mn in 3Q2023, from QR8.6mn in 3Q2022. On the other hand, MRDS recorded a drop in earnings as its interest expenses rose to QR12.8mn, from QR9.4mn. ERES's earnings also shrunk as its finance costs rose to QR273.2mn from QR199.0mn in 3Q2022 (+37.3%).
- Sequentially, sectoral earnings declined by 32.2% in 3Q2023. BRES put in a restrained performance despite a rise seen in its revenue, as loss on sale of property and rising interest costs accumulated. Furthermore, UDCD also recorded a sectoral bottom line drop as cost of sales doubled to reach QR308mn in 3Q2023 and other operating income dipped by 66.4% to QR71.5mn, from QR212.5mn in 2Q2023.

Sector Index Performance for 3Q2023



Source: Bloomberg

3Q2023 Sector Revenue Contribution



Source: QSE

#### Net Income

Ticker	Company	3Q2022	2Q2023	3Q2023	YoY	QoQ
UDCD	United Development Co.	40,944	99,568	42,560	3.9%	(57.3%)
BRES	Barwa Real Estate Co.	205,331	317,444	225,945	10.0%	(28.8%)
ERES	Ezdan Real Estate Co.	58,632	70,301	58,329	(0.5%)	(17.0%)
MRDS	Mazaya Qatar Real Estate Dev.	11,747	4,686	6,659	(43.3%)	42.1%
<b>Total</b>		<b>316,654</b>	<b>491,999</b>	<b>333,493</b>	<b>5.3%</b>	<b>(32.2%)</b>

Source: Company data; Note: Net income is in QR'000

## Transportation Sector

### LNG Expansion To Drive Significant Growth Potential

#### Highlights:

- **QatarEnergy is expanding Qatar's LNG capacity from 77MTPA to 110MTPA with the first production in 4Q2025 and further to 126 MTPA a couple of years later.** Accordingly, QatarEnergy is signing mega deals with Asian and European countries, with the most recent being a 27-year SPA with China's Sinopec. Qatar expects to account for roughly 40% of new global LNG output by 2029. QGTS ships ~75-80% of Qatar's current LNG exports and could be a beneficiary and secure a share of new vessel contracts initiated by QatarEnergy. GWCS has benefitted from new projects such as Al Wukair phase 2, LVQ phase 6 and Flag Oman and is looking to target the offshore/onshore-integrated shipping, logistics & marine services market in Qatar/GCC. Milaha's exposure to Qatar's oil and gas sector, primarily through its offshore segment (MO), could boost momentum, while its stake in Nakilat could lead to upside if QGTS is able to secure new LNG shipping charter agreements with QatarEnergy.
- **The Transportation Index dropped 5.2% (QSE Index: +1.8%) in 3Q2023** after it grew by 19.4% in 2Q2023.
- **Trading interest in the transportation sector shrunk the most among sectors** with a 20.3% fall in traded value from QR1.9bn to QR1.5bn.
- **The transportation sector is currently trading at a P/E multiple of 11.5x (vs. the QSE Index's P/E of 12.0x)** with a dividend yield of 3.8% (vs. the QSE's 4.8%).

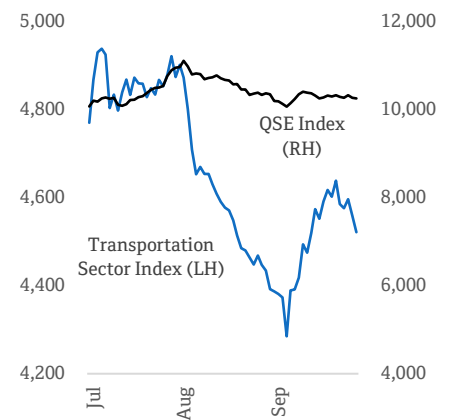
#### Revenue:

- **The transportation sector's 3Q2023 revenue slipped 5.3% YoY to QR2.0bn pulled down by a drop in Gulf Warehousing and Milaha's top-line.** Revenue reported by QNNS was mainly affected negatively by Milaha Maritime & Logistics (-38.0%), Milaha Capital (-18.4%) and Milaha Trading (-12.3%). GWCS revenue shrunk 10.5% because of contraction in freight forwarding of 20.4% and a 5.9% fall in logistics.
- **Sequentially, sectoral revenues tightened (-2.1%) as revenue from QNNS and GWCS declined by 3.8% and 6.3%, respectively.** For QNNS, the main drag on top-line was from Milaha Maritime & Logistics (-16.3%), Milaha Trading (-11.4%) and Milaha Gas and Petrochem (-5.5%). For GWCS, freight forwarding and other sources of revenue became the main constituents for the fall as they dropped by 21.6% and 3.4%, respectively.

#### Earnings:

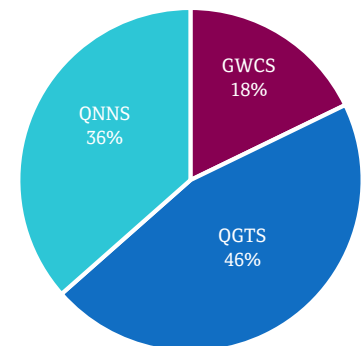
- **The sector's 3Q2023 bottom-line expanded 2.3% to QR690.2mn from QR674.6mn resulting from a 2.4% increase in Nakilat's earnings and a 5.9% growth in Milaha's earnings.** QGTS earnings improved as its share of operating profits from joint ventures was up 14.0% to QR210.5mn due to improving shipyard performance along with addition of the 3<sup>rd</sup>/4<sup>th</sup> LNG vessels in Nakilat's Global Shipping JV in Oct. 2021/ Jan 2022. Furthermore, interest, dividend income and profits from Islamic banks increased by 117.1% to QR61.0mn vs. QR28.1mn in 3Q2022. Milaha Gas & Petrochem segment earnings jumped 10.9% adding QR179.9mn to Milaha's overall earnings. Milaha Capital recorded QR38.0mn profits vs. a loss of QR58.9mn in 3Q2022.
- **Sequentially, 3Q2023 sectoral bottom-line shrunk 3.7%.** Milaha's earnings dropped 21.9% while GWCS's earnings were down 0.5%. Milaha Offshore's net income suffered a 61.4% drop and Milaha Maritime & Logistics flipped to a loss in 3Q2023. Milaha Capital dropped 10.9%. QGTS, once again, was the only company to report a 9.6% sequential growth.

Sector Index Performance for 3Q2023



Source: Bloomberg

3Q2023 Sector Revenue Contribution



Source: QSE

### Net Income

Ticker	Company	2Q2022	2Q2023	3Q2023	YoY	QoQ
GWCS	Gulf Warehousing Co.	59,411	53,334	53,054	(10.7%)	(0.5%)
QGTS	Nakilat	405,476	378,896	415,101	2.4%	9.6%
QNNS	Qatar Navigation/ Milaha	209,709	284,382	222,070	5.9%	(21.9%)
	<b>Total</b>	<b>674,596</b>	<b>716,612</b>	<b>690,225</b>	<b>2.3%</b>	<b>(3.7%)</b>

Source: Company data; Note: Net Income is in QR'000

## Financial Services Sector

### Top-Line Drop Leads To Bottom-Line Drop YoY

#### Highlights:

- **The financial services sector's performance worsens YoY but improves QoQ in 3Q2023.** The drop in sectoral bottom-line on a YoY basis was initiated by NLCS, but DBIS also had an effect since it continues to report losses. Sequentially, NLCS' earnings declined while DBIS' losses materially widened. On the other hand, QOIS reported profits vs. losses in 3Q22/2Q23, IHGS' net income grew by 25.9% YoY /30.7% QoQ.
- **DBIS lawsuit issued in May 31<sup>st</sup> was ruled in favor of the company on September 12<sup>th</sup> and the company is set to receive QR7.75mn, which is expected to improve its financial situation.**
- **The Banks & Financial Services Index dropped 1.4% (QSE Index: +1.8%) in 3Q2023.**

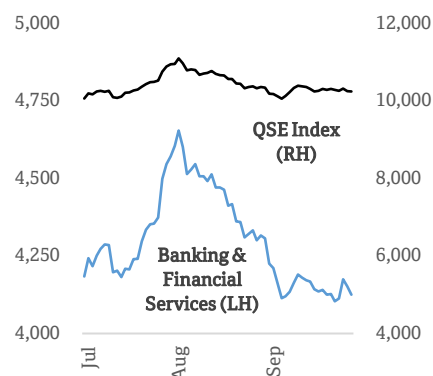
#### Revenue:

- **The financial services sector's revenue contracted by 11.1% YoY to QR20.0mn driven by a substantial drop from DBIS and IHGS.** DBIS top-line (net brokerage & commission income) fell by 41.2% to QR4.2mn from QR7.2mn in 3Q2022, registering the highest drop in the sector. IHGS followed with an 8.9% drop to QR4.3mn from QR4.8mn in 3Q2022 and NLCS recorded a slight fall of 0.8% in its revenues. The only company with a YoY growth is QOIS and it reported more than a 100% increase (+101.8%).
- **Sequentially, revenue jumped 83.1% pushed mainly by QOIS.** QOIS reported revenue of 1.9mn vs. a loss of QR6.1mn, while IHGS revenues more than doubled (+53.2%). DBIS top-line reported an increase of 11.4% to QR4.2mn from QR3.8mn in 2Q2023, which was immaterial on a sector level.

#### Earnings:

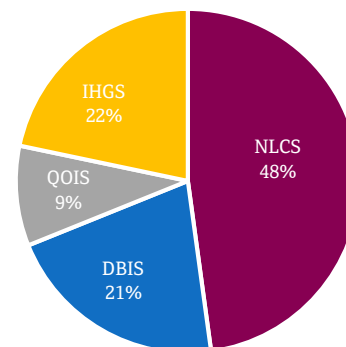
- **The sector reported a net profit of 5.1mn in 3Q2023 vs. a net profit of QR8.2mn in 3Q2022 (-37.9%).** NLCS was the only company to register a fall in its bottom-line (-66.6%), however, the drop was large of QR6.4mn. The company endured loss from investments of QR0.7mn vs. gain from investments of QR2.7mn in 3Q2022, dragging its bottom-line. DBIS continued to report losses, however; this loss is lower than the huge loss it reported in 3Q2022. The figure was supported by lower brokerage commission expense and other direct costs (-30.9%) and a lower general & administrative expense (-56.6%). QOIS recovered from a net loss of QR429.2mn in 3Q2022 to end up at a net profit of QR897.7mn in 3Q2023, backed by the 101.8% growth in its top-line.
- **Sequentially, sectoral earnings were revived as QOIS registered profits vs. losses and IHGS followed with a 30.7% growth in earnings.** QOIS net investment and interest losses turned to positive to QR1.9mn in 3Q2023 vs. losses of QR6.1mn in 2Q2023, subsequently pushing earnings up from a loss. IHGS revenue rose by 53.2%, other income by 9.4% while general and administrative expenses dropped by 2.6% and finance cost by 3.2% all of which led to a 30.7% increase in the company's bottom-line.

Sector Index Performance for 3Q2023



Source: Bloomberg

3Q2023 Sector Revenue Contribution



Source: QSE

### Net Income

Ticker	Company	3Q2022	2Q2023	3Q2023	YoY	QoQ
NLCS	National Leasing Holding	9,603	4,540	3,206	(66.6%)	(29.4%)
DBIS	Dlala Brokerage & Investment Holding	(3,175)	(521)	(1,704)	(45.2%)	227.1%
QOIS	Qatar & Oman Investment	(429)	(7,037)	898	N/M	N/M
IHGS	Inma Holding	2,145	2,068	2,702	25.9%	30.7%
	<b>Total</b>	<b>8,212</b>	<b>(950)</b>	<b>5,102</b>	<b>(37.9%)</b>	<b>N/M</b>

Source: Company data; Note: Net income is in QR'000

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
<b>OUTPERFORM</b>	Greater than +20%	<b>R-1</b>	Significantly lower than average
<b>ACCUMULATE</b>	Between +10% to +20%	<b>R-2</b>	Lower than average
<b>MARKET PERFORM</b>	Between -10% to +10%	<b>R-3</b>	Medium / In-line with the average
<b>REDUCE</b>	Between -10% to -20%	<b>R-4</b>	Above average
<b>UNDERPERFORM</b>	Lower than -20%	<b>R-5</b>	Significantly above average

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