



Earnings Flash Note
Barwa Real Estate Co.
3Q 2023 / 9M 2023



Barwa Real Estate Co. (BRES)

- > **Net Income increased by 10.0% YoY (-28.8% QoQ) to QR226mn in 3Q2023** as higher operating income absorbed the impact of a sharp rise in finance costs. For 9M2023, net income was up by 4.9% YoY to QR779mn.
- > **Rental operating profit declined by 5.9% YoY (+6.9% QoQ) to QR267mn in 3Q2023** owing to lower rental income (-15.6% YoY, +10.4% QoQ). However, a decline in rental operating costs (-39.5% YoY, +26.0% QoQ) provided some cushion in 3Q2023. Consequently, rental operating margin improved by 8.1ppts YoY to 79.4% (-2.5ppts QoQ) in 3Q2023.
- > **Operating profit jumped by 37.1% YoY to QR408mn (-16.7% QoQ) in 3Q2023** driven by higher net fair value gain on investment properties. For 9M2023, operating profit grew by 29.3% YoY to QR 1,344mn.
- > **For 3Q2023, EPS came to QR0.06 vs. QR0.05 in 3Q22** while for 9M2023, EPS was 0.20 vs 0.19 in 9M2022.

- > **As of 18th October 2023, the stock has dropped 11.7% YTD**, underperforming the QSE Index, which is down by 6.8% YTD.
- > **The stock is currently trading at a TTM P/B multiple of 0.5x.**

3Q 2023 Earnings Performance

	3Q2023	3Q2022	YoY	2Q23	QoQ
Rental Income	337	399	-15.6%	305	10.4%
Rental Operating Profit	267	284	-5.9%	250	6.9%
Rental Operating Margin (%)	79.4%	71.3%		82.0%	
Operating Profit	408	297	37.1%	489	-16.7%
Operating Margin (%)	119.8%	73.4%		158.8%	
Net Income	226	205	10.0%	317	-28.8%
Net Margin (%)	67.1%	51.5%		104.0%	
EPS (QR)	0.06	0.05	10.0%	0.08	-28.8%

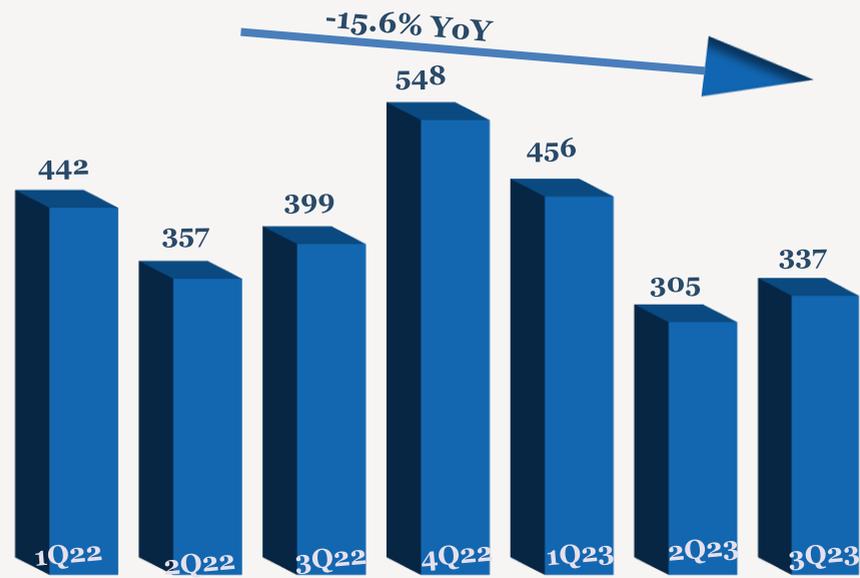
Note: Values are expressed in QR'mn unless explicitly stated

9M 2023 Earnings Performance

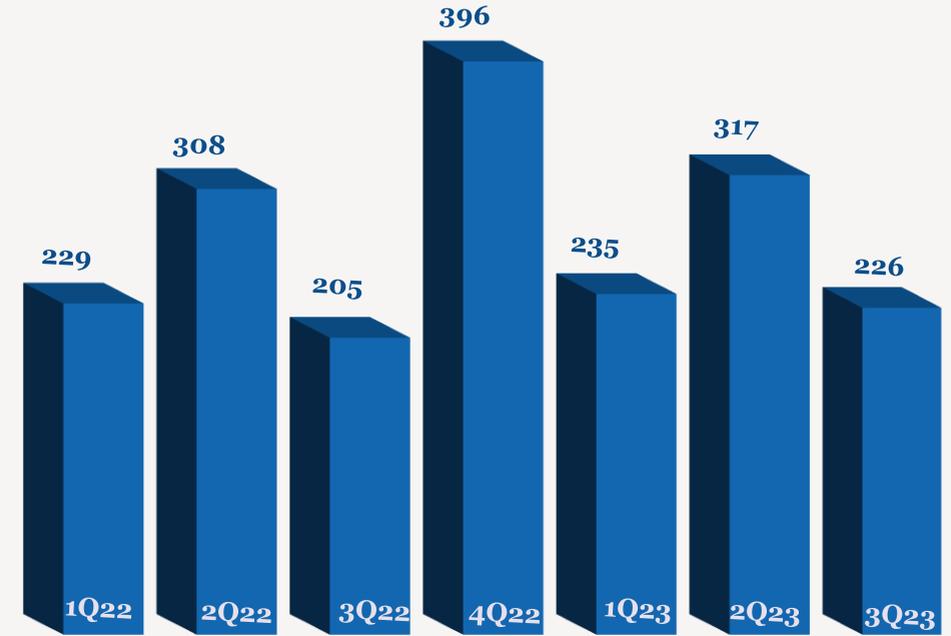
	9M2023	9M2022	YoY
Rental Income	1,098	1,199	-8.4%
Rental Operating Profit	897	862	4.0%
Rental Operating Margin (%)	81.7%	72.0%	
Operating Profit	1,344	1,040	29.3%
Operating Margin (%)	121.3%	85.6%	
Net Income	779	742	4.9%
Net Margin (%)	70.9%	61.9%	
EPS (QR)	0.20	0.19	4.9%

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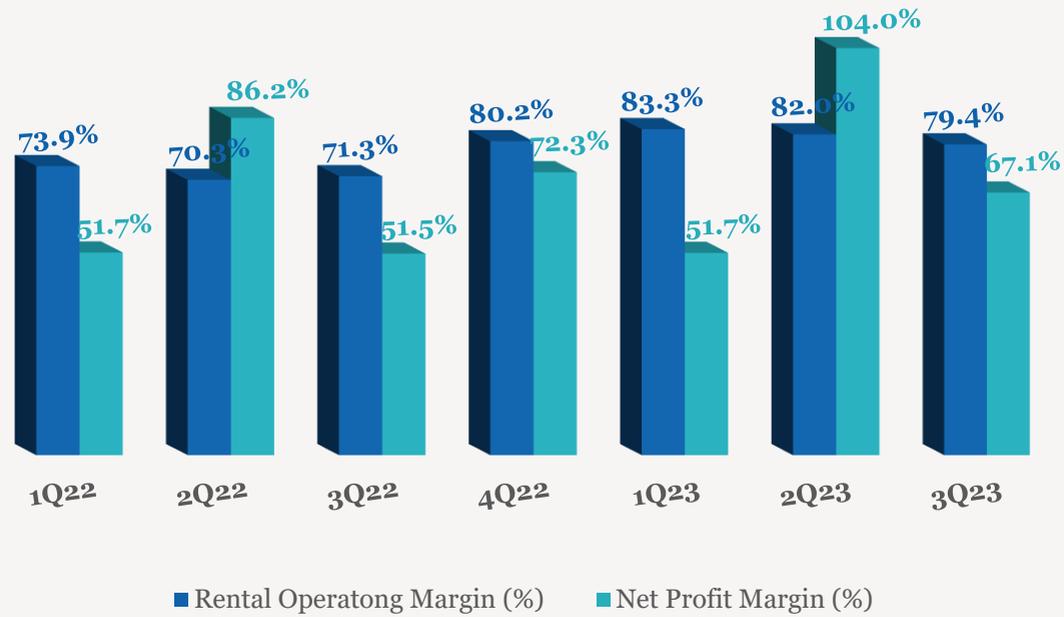
Quarterly Sales Trend (QR mn)



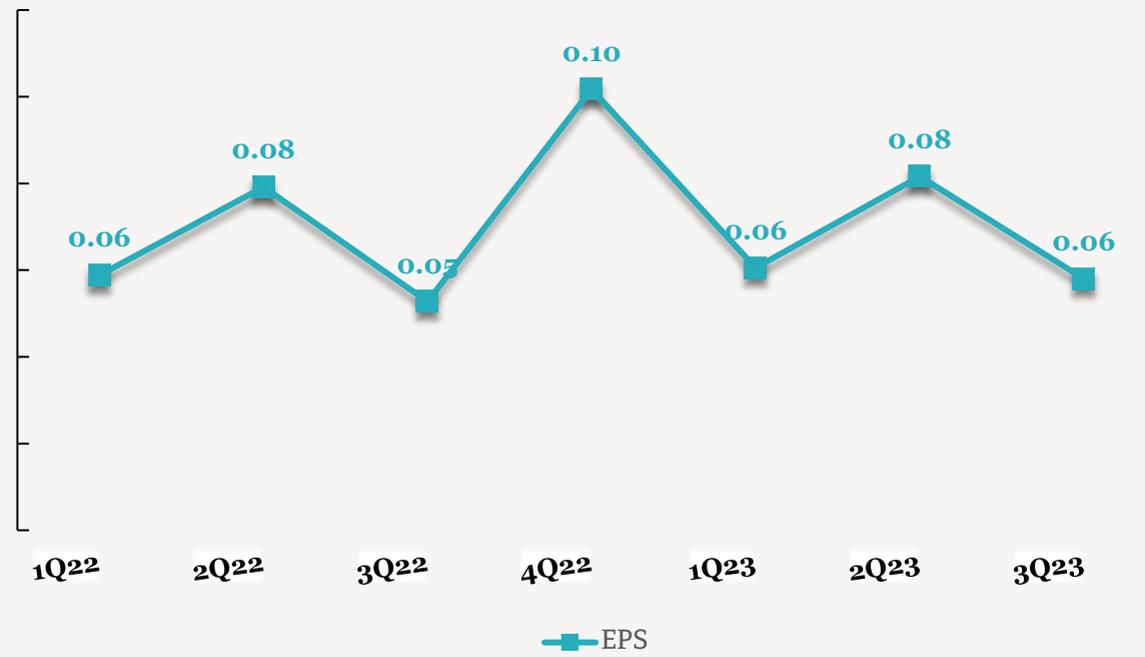
Quarterly Earnings Trend (QR mn)



Quarterly Margins Trend



EPS (QR) Trend



Contacts

QNB Financial Services Co. W.L.L.
Contact Center: (+974)4476 6666
info@qnbfs.com.qa
Doha, Qatar

Saugata Sarkar, CFA, CAIA Head
of Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian Senior
Research Analyst
shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
Senior Research Analyst
phibion.makuwerere@qnbfs.com.qa

Roy Thomas
Senior Research Analyst
roy.thomas@qnbfs.com.qa

Dana Saif Al Sowaidi,
Research Analyst
dana.alsowaidi@qnbfs.com.qa

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