QNB
FINANCIAL SERVICES

Earnings Flash Note
Gulf International Services
3Q 2023 / 9M 2023

# Gulf International Services (GISS)

> **Net profit increased 3.2% YoY to QR134mn (-29.9% QoQ)** primarily due to lower finance costs in 3Q2023. For 9M2023, net profit was up by 55.3% YoY to QR415mn.

> **Revenue grew by 19.1% YoY to QR920mn (+5.1% QoQ)** driven by higher insurance revenue, along with aviation revenue in 3Q2023. For 9M2023, revenue was up by 18.0% YoY to QR2,632mn.

> **Gross profit of QR171mn came lower by 7.2% YoY (-26.4% QoQ)** and margin declined to 18.6% (-5.3ppts YoY; -7.9ppts QoQ) in 3Q2023. For 9M2023, gross profit increased by 29.8% YoY to QR565mn.

> **For 3Q2023, EPS came at QR0.072 vs. QR0.070 in 3Q2022** while for 9M2023, EPS was 0.223 vs 0.144 in 9M2022.

> **As of 29th Oct 2023, the stock has increased 85.0% YTD, outperforming** the QSE Index, which was down by 12.4% YTD.

> **The stock is currently trading at a TTM P/E multiple of 11.5x, lower than its** 3Y historical average of 24.0x. For now, we maintain our PT of QR2.62/share and Accumulate rating.

3Q/9M 2023 Earnings Performance

	3Q2023	3Q2022	YoY	2Q2023	QoQ	9M2023	9M2022	YoY
Revenue	920	772	19.1%	875	5.1%	2,632	2,230	18.0%
Gross Profit	171	184	-7.2%	232	-26.4%	565	436	29.8%
Gross Margin %	18.6%	23.8%		26.5%		21.5%	19.5%	
Net Profit to Equity	134	130	3.2%	191	-29.9%	415	267	55.3%
Net Margin %	14.5%	16.8%		21.8%		15.8%	12.0%	
EPS (QR)	0.072	0.070	3.2%	0.103	-29.9%	0.223	0.144	55.3%

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

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Quarterly Sales Trend (QRmn)

19.1% YoY

1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
707	750	772	868	837	875	920
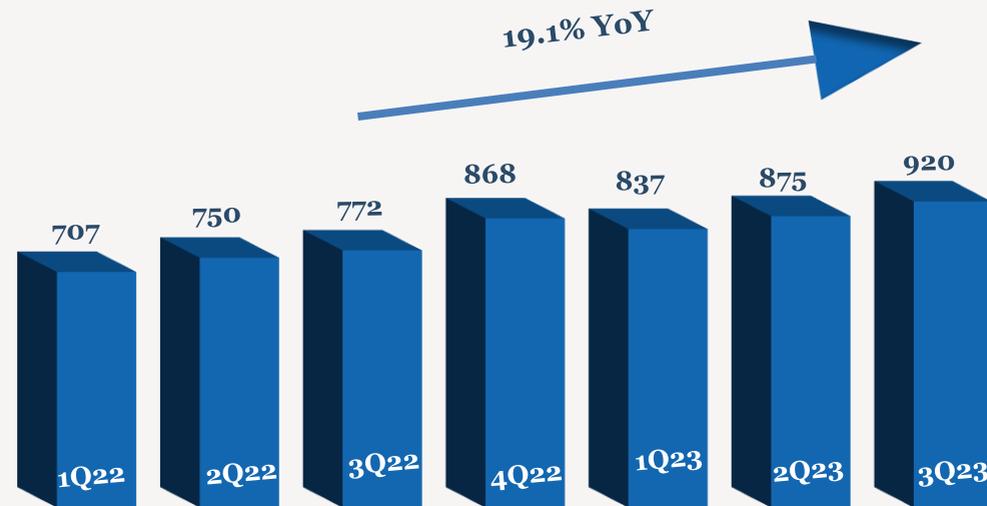
Quarterly Earnings Trend (QRmn)

1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
112	25	130	23	90	191	134

Quarterly Margin Trend

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Gross Margin	19.2%	15.4%	23.8%	16.5%	19.4%	26.5%	18.6%
Net Margin	15.9%	3.4%	16.8%	1.6%	10.8%	21.8%	14.5%

■ Gross Margin   ■ Net Margin

EPS (QR) Trend

1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
0.060	0.014	0.070	0.012	0.049	0.103	0.072

■ EPS
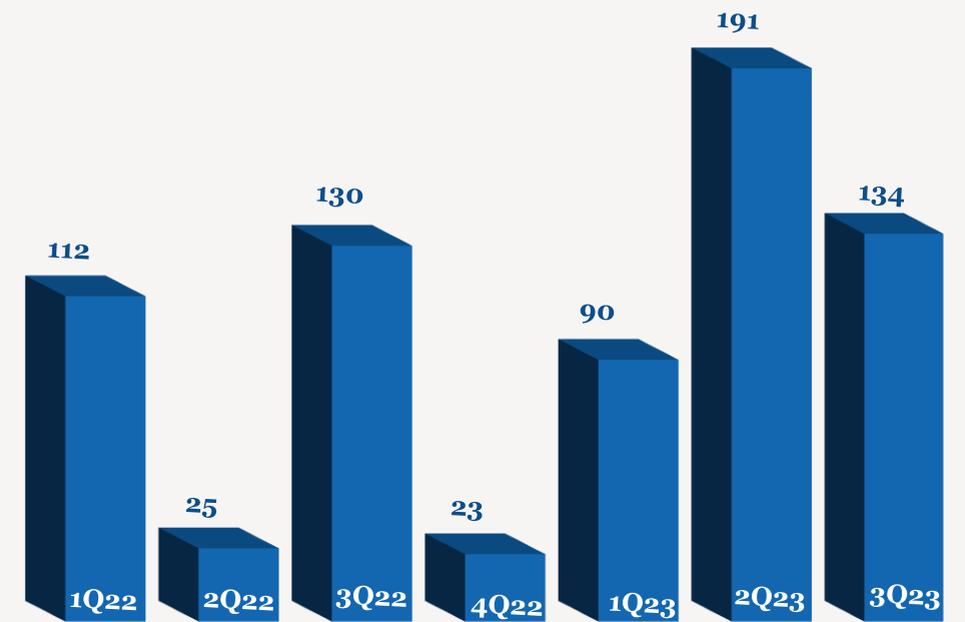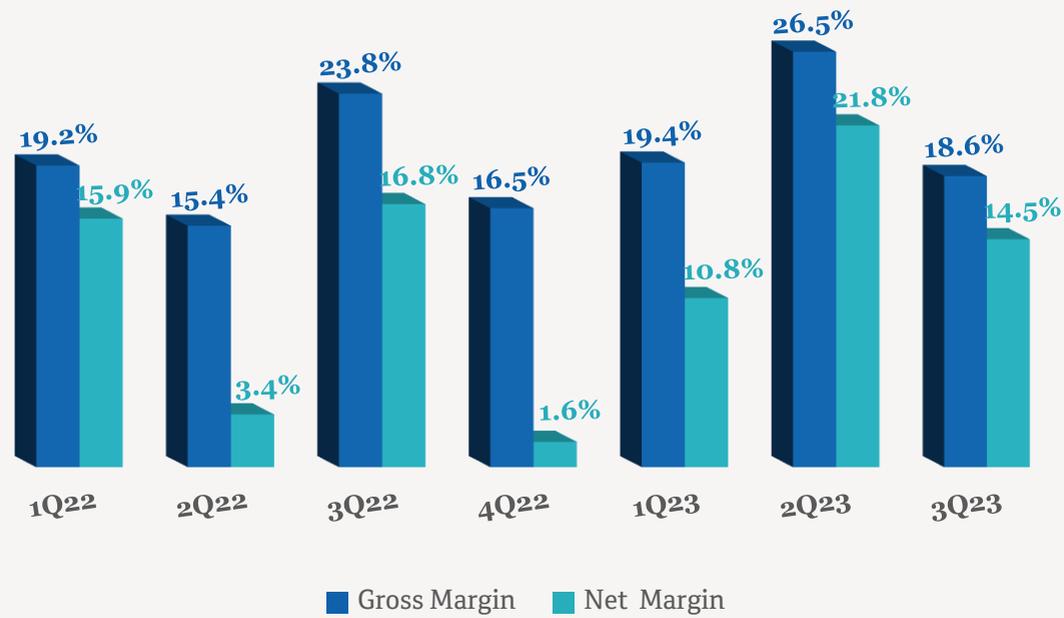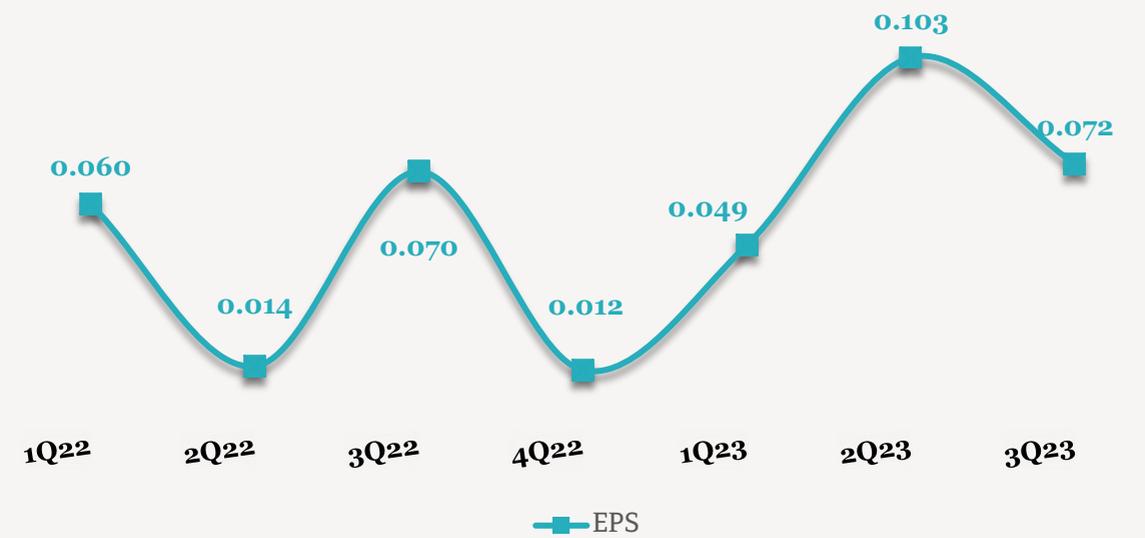
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