



Earnings Flash Note
Industries Qatar
3Q 2023 / 9M 2023



Industries Qatar (IQCD)

- > **Net profit decreased by 25.3% YoY (+30.7% QoQ) to reach QR1,205mn in 3Q2023** primarily due to a lower share of results of investments in associate & joint venture (-53.7% YoY) and higher depreciation & amortization expenses (+32.8%). For 9M2023, net profit was QR3,293mn (-53.3% YoY).
- > **Revenue fell 32.7% YoY to QR2,834mn (+7.6% QoQ) in 3Q2023 while for 9M2023, it decreased by 38.9% YoY to QR8,936mn.** The significant YoY decline in revenue was driven by a decline in realized prices.
- > **Gross profit declined by 18.0% YoY to QR782mn (+104% QoQ) while the corresponding margin rose 4.9ppts YoY (+13.0ppts QoQ) to 27.6% in 3Q2023.** The sequential growth in gross profit was driven by improved profitability in fertilizers.
- > **Operating profit of QR585mn was down by 25.3% YoY (+217.9% QoQ) and margin came at 20.7% (+2.0ppts YoY, +13.7ppts QoQ) in 3Q2023.**
- > **For 3Q2023, EPS came at QR0.20 vs. QR0.27 in 3Q2022 while for 9M2023, EPS was QR0.54 vs QR1.16 in 9M2022.**

- > **As of 25th Oct 2023, the stock has decreased 1.6% YTD, outperforming the QSE Index, which was down by 11.2% YTD.**
- > **The stock is currently trading at a TTM P/E multiple of 16.4x, lower than its 3Y historical average of 17.4x.** For now, we maintain our PT of QR 14.3/share and our Accumulate rating.

3Q 2023 Earnings Performance

	3Q2023	3Q2022	YoY	2Q2023	QoQ
Revenue	2,834	4,212	-32.7%	2,635	7.6%
Gross Profit	782	954	-18.0%	383	104.0%
Gross Margin %	27.6%	22.6%		14.5%	
Operating Profit	585	784	-25.3%	184	217.9%
Operating Margin %	20.7%	18.6%		7.0%	
Share of results of investments in associate & joint venture	252	544	-53.7%	285	-11.5%
Net Profit to Equity	1,205	1,614	-25.3%	922	30.7%
Net Margin %	42.5%	38.3%		35.0%	
EPS (QR)	0.20	0.27	-25.3%	0.15	30.7%

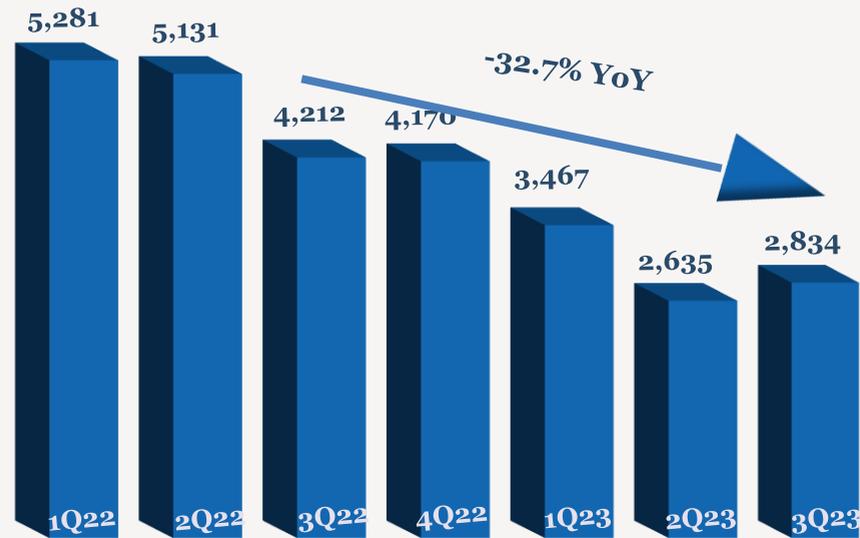
Note: Values are expressed in QR'mn unless explicitly stated

9M 2023 Earnings Performance

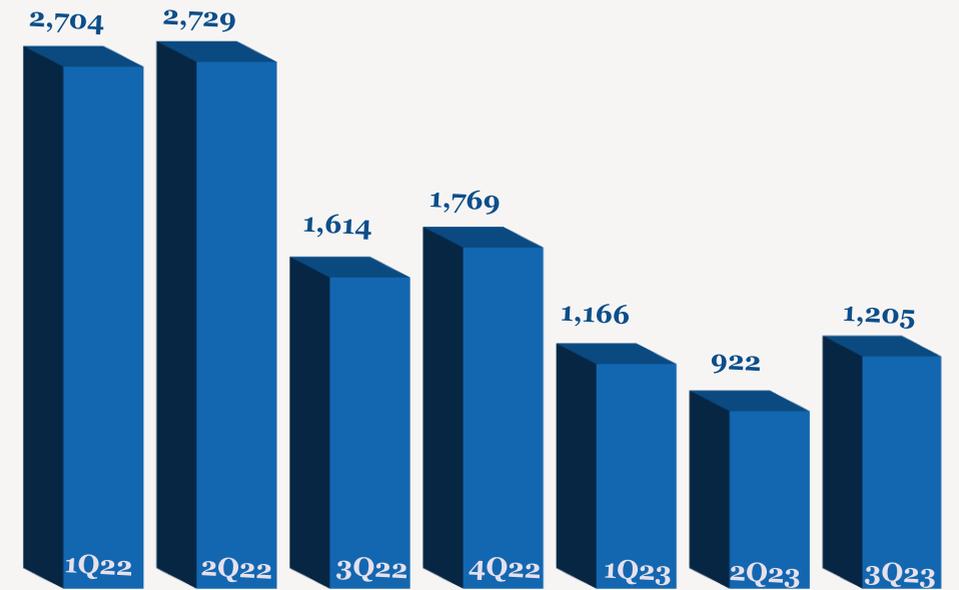
	9M2023	9M2022	YoY
Revenue	8,936	14,624	-38.9%
Gross Profit	1,877	4,897	-61.7%
Gross Margin %	21.0%	33.5%	
Operating Profit	1,302	4,364	-70.2%
Operating Margin %	14.6%	29.8%	
Share of results of investments in associate & joint venture	983	1,861	-47.1%
Net Profit to Equity	3,293	7,046	-53.3%
Net Margin %	36.9%	48.2%	
EPS (QR)	0.54	1.16	-53.3%

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

Quarterly Revenue Trend (QRmn)



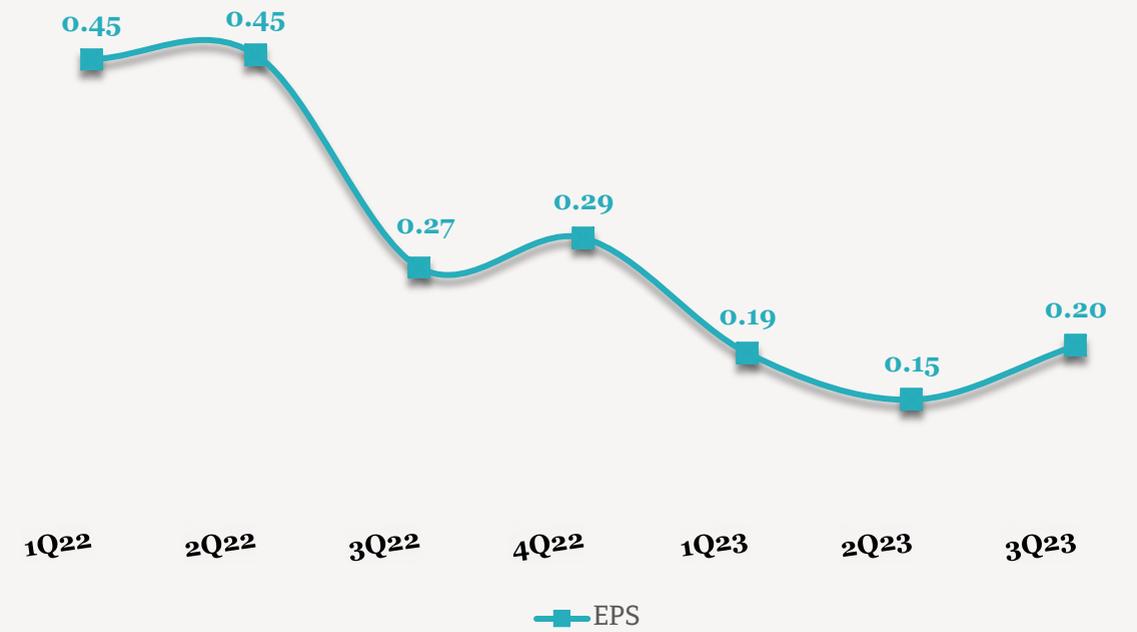
Quarterly Earnings Trend (QRmn)



Quarterly Margin 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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