



Earnings Flash Note  
Qatar Electricity and Water Co.  
3Q 2023 / 9M 2023



## Qatar Electricity and Water Company (QEWS)

- > **Net profit declined by 39.8% YoY (-7.5% QoQ) to QR340mn in 3Q2023** primarily in absence of similar one-off gains (QR230mn due to the Nebras acquisition) as 3Q2022. In addition, higher finance costs and a lower share of profits from equity accounted investees also dragged the profitability. For 9M2023, net profit fell by 11.3% YoY to QR1,109mn.
- > **Sales increased by 12.2% YoY to QR798mn (+10.6% QoQ) in 3Q2023** while for 9M2023, it increased by 13.9% YoY to QR2,178mn.
- > **Gross profit decreased by 8.2% YoY to QR230mn (+0.1% QoQ)** due to higher cost of sales (+23.3% YoY, +15.5% QoQ) while the corresponding margin declined by 640bps YoY (-302bps QoQ) to 28.8% in 3Q2023.
- > **Operating profit was up by 5.1% YoY to QR257mn (-15.1% QoQ)** driven by higher interest and other income and margins fell by 218bps YoY to 32.3% (-977bps QoQ) in 3Q2023.
- > **For 3Q2023, EPS came at QR0.31 vs. QR0.51 in 3Q2022 while for 9M2023, EPS was 1.01 vs 1.14 in 9M2022.**

- > **As of 22<sup>nd</sup> Oct 2023, the stock has declined 3.1% YTD, outperforming the QSE Index, which was down by 8.2% YTD.**
- > **The stock is currently trading at a TTM P/E multiple of 12.1x, lower than its 3Y historical average of 12.6x.** For now, we maintain our PT of QR 22.0/share and our Accumulate rating.

### 3Q 2023 Earnings Performance

	3Q2023	3Q2022	YoY	2Q2023	QoQ
Sales	798	711	12.2%	722	10.6%
Gross Profit	230	250	-8.2%	229	0.1%
Gross Margin %	28.8%	35.2%		31.8%	
Operating Profit	257	245	5.1%	303	-15.1%
Operating Margin %	32.3%	34.4%		42.0%	
Net Profit to Equity	340	565	-39.8%	368	-7.5%
Net Margin %	42.7%	79.5%		51.0%	
EPS (QR)	0.31	0.51	-39.8%	0.33	-7.5%

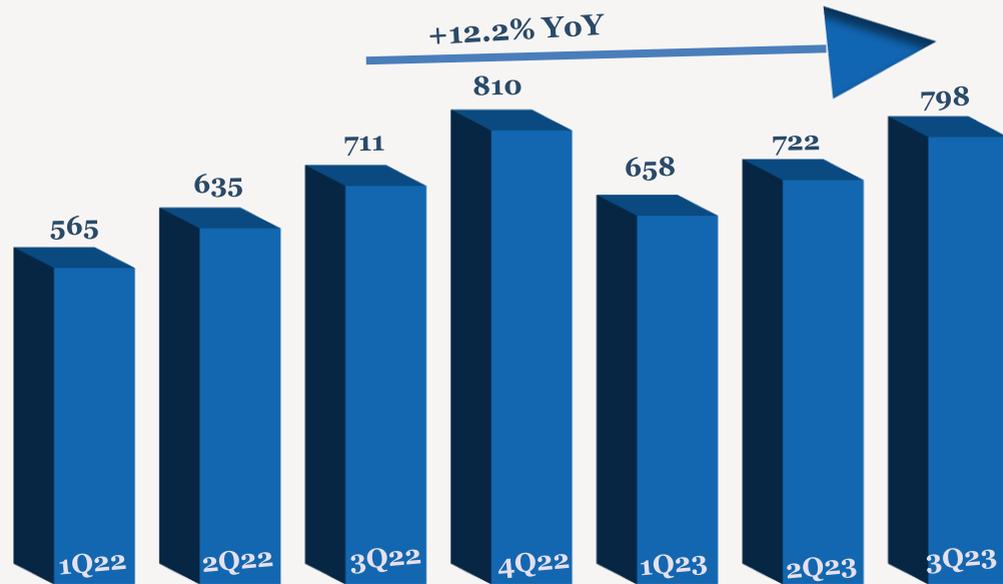
Note: Values are expressed in QR'mn unless explicitly stated

### 9M 2023 Earnings Performance

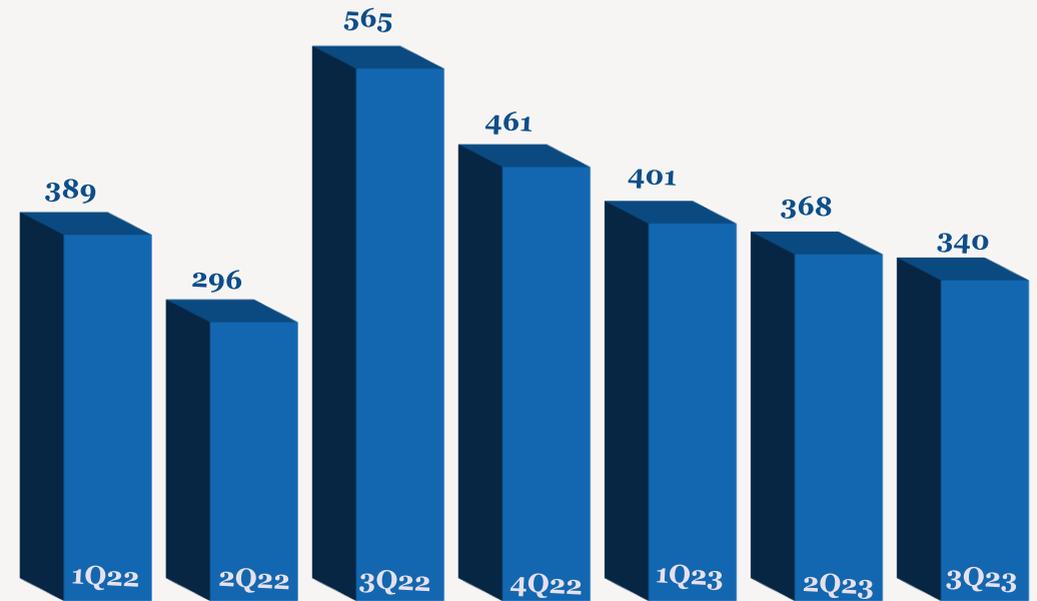
	9M2023	9M2022	YoY
Sales	2,178	1,911	13.9%
Gross Profit	663	713	-7.1%
Gross Margin %	30.4%	37.3%	
Operating Profit	900	931	-3.4%
Operating Margin %	41.3%	48.7%	
Net Profit	1,109	1,250	-11.3%
Net Margin %	50.9%	65.4%	
EPS (QR)	1.01	1.14	-11.3%

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

Quarterly Revenue (QRmn)



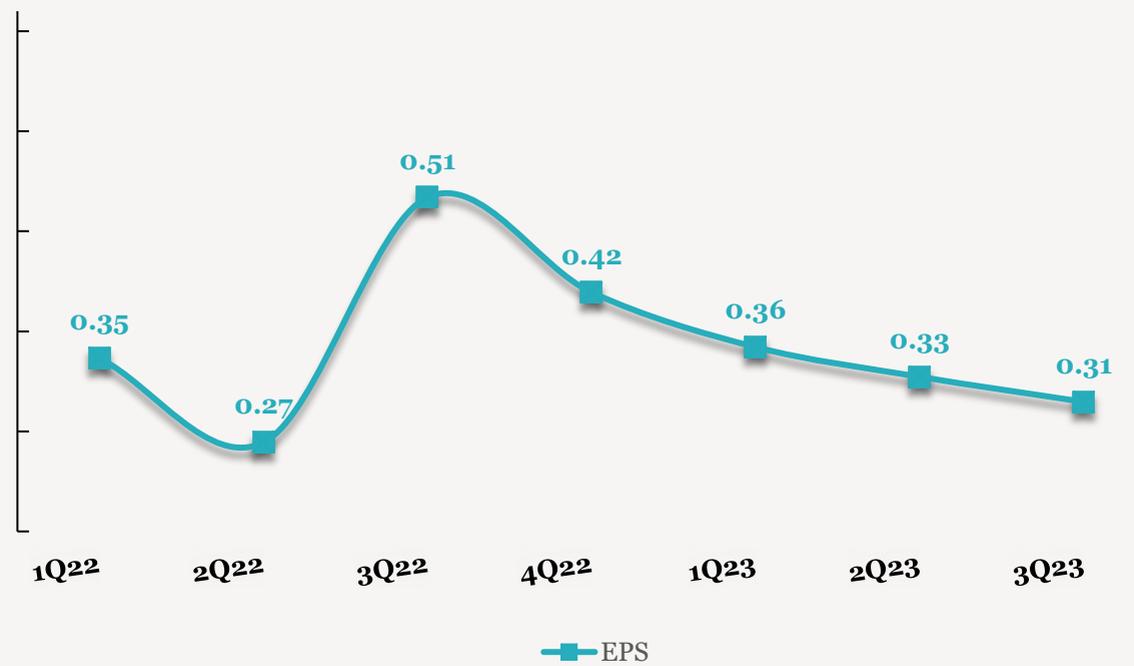
Quarterly Net Profit (QRmn)



Quarterly Margin trend



EPS (QR) trend



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