

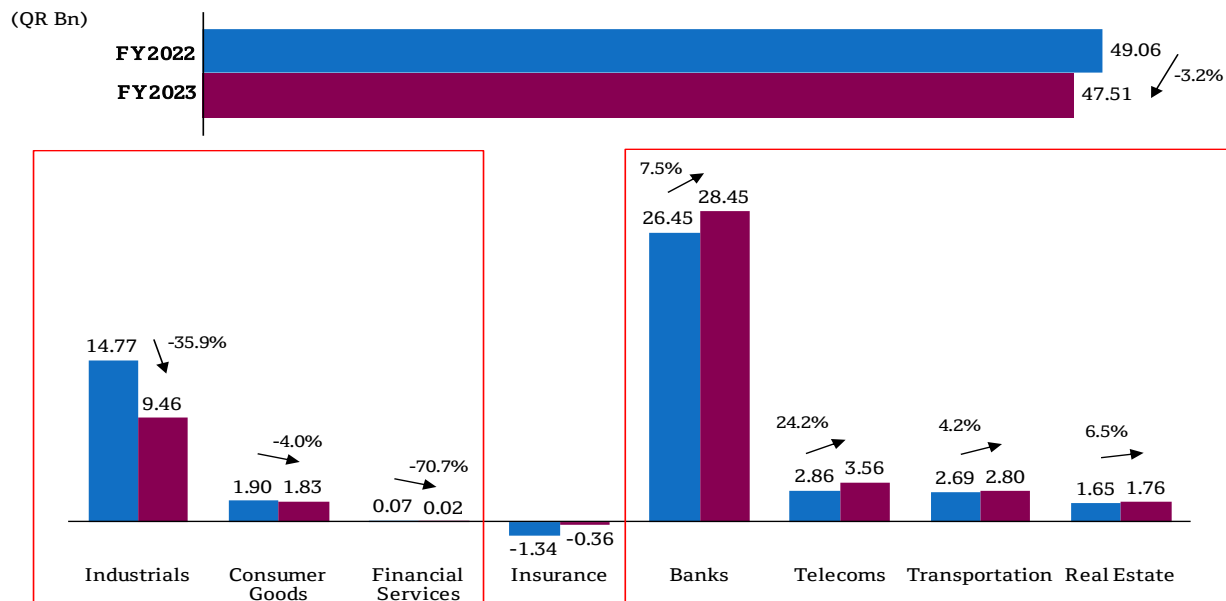
## QSE Posts Double-Digit 4Q23 Earnings Growth Despite a Subdued FY23

While companies listed on the QSE reported subdued results in 2023 in line with the high base set by strong oil prices and the hosting of the World Cup in 2022, robust double-digit YoY earnings growth during 4Q2023 could set us up nicely for both earnings and valuations recovery in 2024. Strong performances by banks, insurance and telecoms were more than offset by the drop in industrials earnings. Full-year earnings on the QSE edged lower by 3.2% to QR47.5bn, while the aggregate top-line declined modestly by 4.3% to QR181.1bn in 2023. About 56% or QR26.6bn (FY2022: 58% or QR28.5bn) of earnings were paid out as dividends, a 6.7% decline from FY2022. Meanwhile, aggregate bottom-line in 4Q2023 climbed by 18.4% YoY to QR10.0bn driven by consumer goods & services, real estate and banks. That is an impressive feat given the FY2022 high base. However, the top-line came in a tad lower, down 2.4% YoY at QR46.7bn, in 4Q2023.

### Snapshot Of The FY2023 Earnings Season

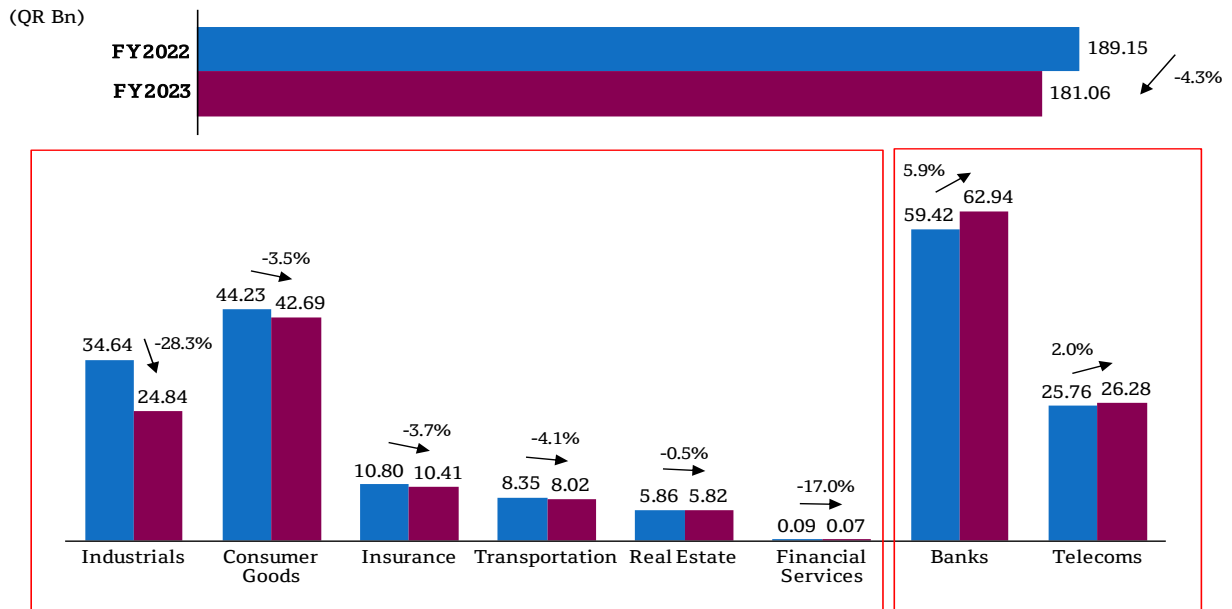
- Performance was mixed with half of the eight sectors exhibiting positive earnings growth
- Banks contributed a lion's share of earnings
- Stellar full-year for Telecoms and Banks
- Three companies from three different sectors recorded losses
- 13 companies (FY2022: 18) registered double-digit or more of earnings growth
- One (FY2022: Two) companies emerged from losses into the black
- One (FY2022: Three) companies fell into losses from profit
- 15 (FY2022: Eight) companies recorded earnings decline
- 10 (FY2022: 12) out of the 52 (FY2022: 50) QSE-listed companies did not pay a dividend

### QSE Sector Earnings: FY2023 vs. FY2022



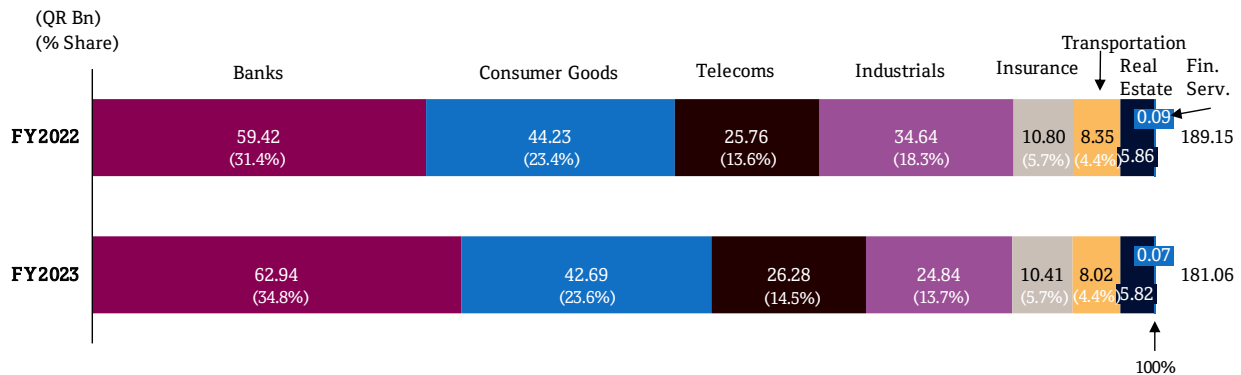
Source: QSE, QNBFS Research

### QSE Sector Revenue: FY2023 vs. FY2022



Source: QSE, QNBFS Research

### QSE Sector Revenue Contribution FY2023 vs. FY2022

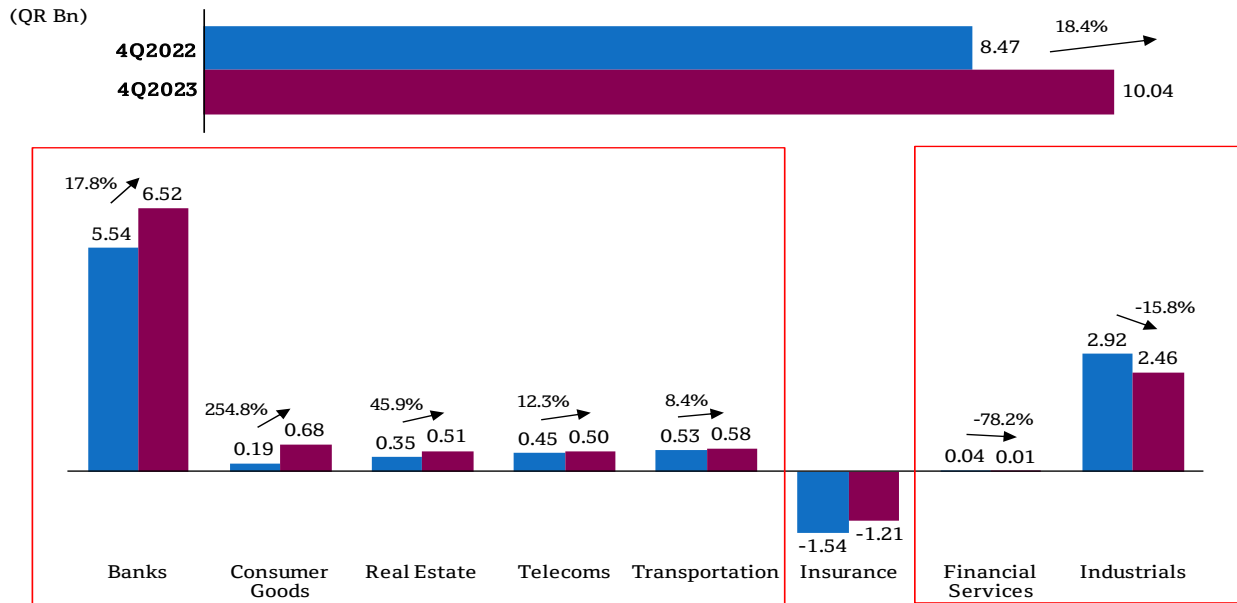


Source: QSE, QNBFS Research

### Snapshot Of The 4Q2023 Earnings Season

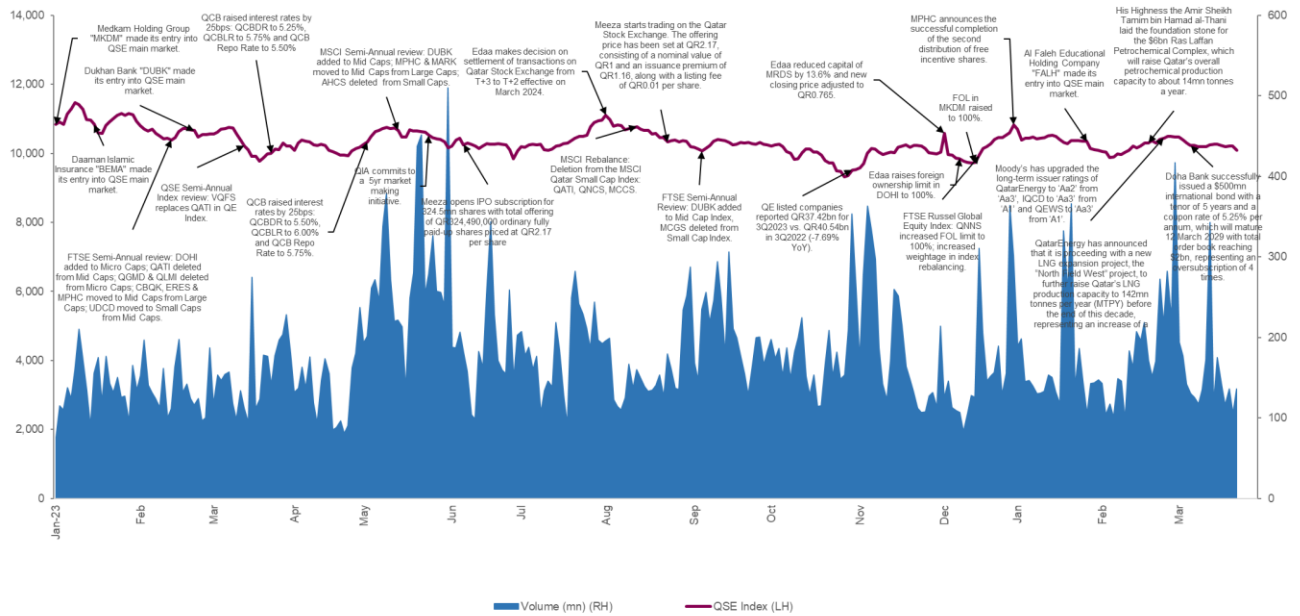
- Five (FY2022: three) out of the eight QSE sectors exhibited positive earnings growth YoY
- Stellar quarter for Consumer Goods & Services and Real Estate
- Banks contributed a lion's share of earnings
- Four (FY2022: 10) companies from five sectors recorded losses
- 20 (FY2022: 12) companies registered double-digit or more of earnings growth YoY
- Five (FY2022: Three) companies emerged from losses into the black
- Seven (FY2022: 16) companies recorded YoY earnings decline

### QSE Sector Earnings: 4Q2023 vs. 4Q2022



Source: QSE, QNBFS Research

### QSE Index Performance, Volume & Major Events (1 Year)



Source: Bloomberg, QNBFS Research

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## Banking Sector

### 4Q2023 Earnings Driven by Net Op. Income and Lower Prov.

#### Highlights:

- **The banking sector's bottom-line in 4Q2023 (YoY) was driven by a combination of lower provisions and an increase net operating income.** For 4Q2023, the banking sector posted an 8.3% YoY increase in aggregate normalized net income (ex. MARK & DHBK). However, on a normalized basis sequentially (ex. MARK & DHBK), earnings were down 14.0%.
- **The Banks & Financial Services Index jumped 11.0% (QSE Index: +5.6%) in 4Q2023.** Total traded value increased by 23.4% in 4Q2023 at QR15.7bn vs. 3Q2023, which was at QR12.7bn.
- **The banking sector is currently trading at a P/B multiple of 1.4x with an average RoE of 12.2%** vs. 1.5x KSA (RoE: 13.5%), 1.2x UAE (RoE: 15.5%) and 1.3x Kuwait (RoE: 9.9%); Qatar banks appear to be expensive based on a P/B-to-RoE of 11.8x. The sector offers a 2024e dividend yield of 4.4% vs. the QSE's DY of 5.1%.

#### Revenue:

- **Aggregate revenue grew by 4.7% YoY in 4Q2023 to QR16.1bn, driven mainly by QNB Group (being the sector's largest contributor) followed by QIBK.** Aggregate growth for the majority of banks was attributable to funded (margin expansion) and non-funded income, while MARK's revenue declined on the back of strong margin pressure.
- **Aggregate revenue decreased by 3.4% sequentially in 4Q2023.** Aggregate decline was attributable to a combination of funded and non-funded income. Sequentially, DUBK and QIBK were the top performers.
- **NIMs, on a YoY basis on average compressed, while remaining flat on a sequential basis.** In aggregate, net interest margin contracted by 7bps to 2.50% YoY vs. flat sequentially. The YoY weak performance was due to CoFs repricing faster than yields following interest rate hikes that began in early-2022; the flat QoQ margin was due to the delayed repricing of yields as it caught up to the increase in CoFs. QIBK's margins were robust YoY/QoQ (~3.15%). Moreover, DUBK's margins expanded by 30/72bps YoY/QoQ to 2.24%. On the other hand, MARK's NIMs compressed by 40bps to 1.57%

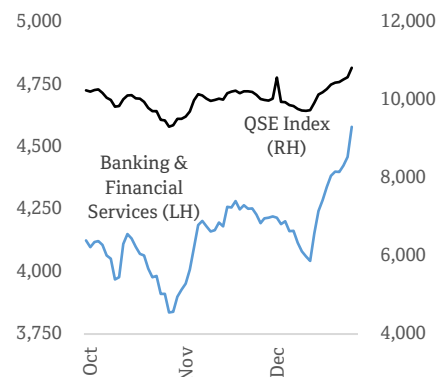
#### Earnings:

- **Normalized aggregate 4Q2023 net income (ex. MARK & DHBK) increased by 8.3% YoY to QR6.2bn due to a combination of operating income/drop in provisions & impairments. All banks experienced growth in the bottom-line.**
- **Normalized aggregate net income of banks (excluding MARK & DHBK) dropped by 14.0% sequentially in 4Q2023.** All banks with QIBK being the exception, witnessed their earnings slide driven mainly by weak revenue and higher credit provisions & impairments. QIBK's net profit increased by 13.6%, driven by funded & non-funded income and lower provisions and impairments.

#### Balance Sheet:

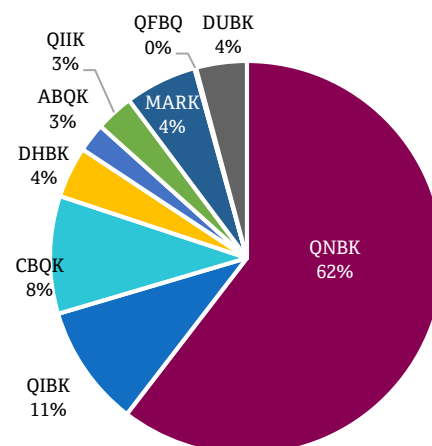
- **Aggregate Loans experienced low single-digit growth QoQ and YoY on low economic activity post FIFA 2022 and repayment of government credit facilities.** The loan book increased by 2.9%/2.7% sequentially/YoY to QR1.38trn (FY2022: QR1.35trn). Highest QoQ & YoY growth was seen from QNBK (+4.6%/+5.6%), increasing to QR853.0bn. The majority of the banks' loan books modestly increased or receded. Excluding credit to the public sector, loans to the private sector increased by 2.3% and 4.9% QoQ and YoY, respectively. As of FY2023, QNBK's market share increased

Sector Index Performance for 4Q2023



Source: Bloomberg

4Q2023 Sector Revenue Contribution



Source: QSE

to 61.7% vs. 60.0% in FY2022, while the rest of the banks maintained or modestly lost market share.

- **Deposits were mixed YoY, but up sequentially.** Aggregate deposits were flattish YoY reaching to QR1.35trn; DUBK's deposits expanded by 4.6%, while CBQK witnessed its deposits contract by 8.0%. However, aggregate deposits increased by 3.4% sequentially.
- **Capitalization levels of Qatar banks remained robust.** Average CAR came in at a strong 18.9% with all banks generating strong CARs, CBQK being the exception (14.9%).

### Net Income

Ticker	Company	4Q2022	3Q2023	4Q2023	YoY	QoQ	2022	2023	YoY
QNBK	QNB Group	3,364,287	4,268,094	3,638,267	8.1%	-14.8%	14,348,860	15,511,337	8.1%
QIBK	Qatar Islamic Bank	1,154,965	1,099,913	1,249,959	8.2%	13.6%	4,005,203	4,305,205	7.5%
CBQK	Commercial Bank of Qatar	609,782	811,126	644,785	5.7%	-20.5%	2,811,108	3,010,227	7.1%
DHBK	Doha Bank	(167,538)	234,806	142,625	N/M	-39.3%	765,375	769,478	0.5%
ABQK	Al Ahli Bank	204,887	255,580	221,187	8.0%	-13.5%	771,788	836,505	8.4%
QIIK	Qatar International Islamic Bank	173,219	361,813	187,775	8.4%	-48.1%	1,075,245	1,164,671	8.3%
MARK	Masraf Al Rayan	13,183	473,004	214,077	N/M	-54.7%	1,344,343	1,451,722	8.0%
QFBQ	Qatar First Bank	11,920	22,043	27,624	131.7%	25.3%	75,470	94,388.0	25.1%
DUBK	Dukhan Bank	172,303	346,798	194,796	13.1%	-43.8%	1,253,069	1,302,151.0	3.9%
	<b>Total</b>	<b>5,537,008</b>	<b>7,873,177</b>	<b>6,521,095</b>	<b>17.8%</b>	<b>-17.2%</b>	<b>26,450,461</b>	<b>28,445,684</b>	<b>7.5%</b>
	<b>Total (Ex MARK &amp; DHBK)</b>	<b>5,691,363</b>	<b>7,165,367</b>	<b>6,164,393</b>	<b>8.3%</b>	<b>-14.0%</b>			

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

### DPS & Dividend Yield

Ticker	Company	2022		2023		YoY Change
		DPS	Yield	DPS	Yield	
QNBK	Qatar National Bank	0.600	4.2%	0.650	4.6%	8.3%
QIBK	Qatar Islamic Bank	0.625	3.4%	0.725	4.0%	16.0%
CBQK	Commercial Bank of Qatar	0.250	5.2%	0.250	5.2%	0.0%
DHBK	Doha Bank	0.075	5.1%	0.075	5.1%	0.0%
ABQK	Al Ahli Bank	0.200	5.2%	0.250	6.6%	25.0%
QIIK	Qatar International Islamic Bank	0.400	3.7%	0.450	4.2%	12.5%
MARK	Masraf Al Rayan	0.100	4.3%	0.100	4.3%	0.0%
QFBQ	Qatar First Bank	0.000	0.0%	0.000	0.0%	0.0%
DUBK	Dukhan Bank	0.160	4.2%	0.160	4.2%	0.0%
<b>Sector</b>						

Source: Company data; Note: DPS is in QR.

### Company Results Review

- **QNB Group (QNBK) net profit for the year ended 31 December 2023 reached QAR15.5bn, an increase of 8% compared to the same period last year.** Operating Income increased by 11% to reach QAR39.1bn which reflects the Group's continued

successful efforts in maintaining growth across a range of revenue sources. QNB Group continues to drive operational efficiency to realize cost-savings and enhanced revenue sources, which helped QNB Group maintain the efficiency (cost to income) ratio at 20%, one of the best ratios among large financial institutions in the MEA region. **Balance sheet drivers:** Total Assets reached QAR1,231bn, an increase of 4% from 31 December 2022, mainly driven by growth in loans and advances by 6% to reach QAR853bn. Good growth in customer deposits contributed to increase customer deposits by 2% to reach QAR857bn from 31 December 2022. This enabled the loans to deposits ratio to reach up to 99.5% as at 31 December 2023 reflecting a steady growth in QNB Group's loan book. **Credit quality:** The ratio of non-performing loans to gross loans reached 3.0% as at 31 December 2023, one of the lowest amongst financial institutions in the MEA region, reflecting the high quality of the Group's loan book and the effective management of credit risk. Also, during the year, QNB Group's provision charge for loan losses decreased by QAR0.1bn to reach QAR8.7bn, representing a decrease of 1% compared with previous year. This enabled QNB Group to maintain its coverage ratio at 100%, which reflects a prudent approach adopted by the Group towards non-performing loans. **Capital strength:** Group Capital Adequacy Ratio (CAR) as at 31 December 2023 amounted to 19.8%. Also, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as at 31 December 2023 amounted to 206% and 105% respectively. These prudential ratios were higher than the regulatory minimum requirements of the Qatar Central Bank and Basel Committee.

- **QIBK reported in-line 4Q2023 net profit:** Qatar Islamic Bank (QIBK) reported earnings of QR1,250.0mn in 4Q2023, in-line with our estimate of QR1,281.1mn (variation of -2.4%). Bottom-line increased by 8.2% YoY (+13.6% sequentially). **In-line with 3Q2023, bottom-line was driven by core banking income and cost management.** Total revenue increased by 10.3% YoY to QR1,752.1mn (in-line with our estimate of QR1,705.2mn; variation of +2.7%), driven by net interest & investment income and fees. Net interest & investment income increased by 8.8% YoY to QR1,480.9mn, also in-line with our estimate of QR1,445.3mn (variation of +2.5%); NIMs expanded by ~28bps YoY to ~3.4%. At the same time, fees surged by 34.5% YoY. Opex increased by only 2.1%, resulting in net operating income increasing by 12.1% to QR1,459.8mn (in-line with our estimate of QR1,426.9mn; variation of +2.3%). Sequentially, earnings grew by 13.6% on the back of a large drop in net credit provisions (down 28.5%).
- **CBQK's 4Q2023 comes in-line with our estimates as lower-than-anticipated provisions offset weak operating income.** Commercial Bank of Qatar (CBQK) reported a net profit of QR644.8mn in 4Q2023, in-line with our estimate of QR628.6mn (variation of -2.6%). The bottom-line increased by 5.7% YoY but dropped 20.5% sequentially. Key takeaways from the 4<sup>th</sup> quarter results were weak non-funded income (fees, f/x and investment income). However, provisions and impairments were lower, which is a positive. **Net-net, operating results was weaker than anticipated, but lower provisions aided the bottom-line. Sharp drop in provisions & impairments affected earnings positively, whereas revenue was an overhang.** Net interest income declined by 5.7% YoY, non-funded income slipped by 2.2%, resulting in a 4.8% decline in revenue. Moreover, a rise in opex led to a 22.5% drop in net operating income. On the other hand, net provisions & impairments dropped materially by 62.2% YoY (+34.3% QoQ), which lead to the prior-mentioned growth in net profit. Sequentially, net profit declined by 20.5% due to a combination of weak net operating income and a 34.3% jump in provisions & impairments.
- **Doha Bank (DHBK) reports QR142.6mn net profit in 4Q2023 vs. a net loss of QR167.5mn (3Q2023: QR234.9mn; drop of 39.3%).** 4Q2023 bottom-line was mainly driven by 79.0% drop in credit provisions and impairments while growth in opex outweighed growth in revenue. Net-net, DHBK beat estimates due to a sharp drop in provisions and impairments vs. our estimates as revenue and net operating income were inline. We remain Market Perform. DHBK 4Q2023 beats estimates because of lower provisions and impairments; revenue in-line. DHBK reported a net profit of QR142.6mn vs. a loss of QR167.5mn in 4Q2022 (39.3% drop sequentially), beating our estimate of QR36.9mn. Revenue came in-line at QR682.7mn vs. our estimate of QR687.1mn (variation of -0.6%). 4Q2023's bottom-line YoY growth was attributable to a material drop in provisions and impairments as growth in opex dwarfed that of revenue. Total revenue increased by 8.2% as result of a 15.5% increase in net interest income; NIMs expanded by 23bps to 2.43% in 4Q2023. Non-funded income declined by 15.7% YoY as a result of a 54.2% drop in f/x income, while fees inched up by only 0.9%. Opex grew by 14.4%, resulting in net operating income gaining by 5.0% to QR441.3mn (-4.7% difference vs. our estimate). On the other hand, the bulk of the profitability was driven by a 79.0% drop in provisions and impairments. Sequentially, the bottom-line declined by 39.3% due to a litigation loss in 4Q2023; excluding the litigation loss earnings would have increased by 29.6%, solely attributable to a 60.9% decline in provisions & impairments.
- **ABQK reports in-line 4Q2023 earnings.** Ahli Bank's (ABQK) net profit increased by 8.0% YoY (declined by 13.5% QoQ) to QR221.2mn, in-line with our estimate of QR226.5mn (variation of -2.4%). Net-net, the bottom-line was in-line with historical trends. **The YoY increase in earnings was due to Investment income & net interest income; however, fees and f/x income was weak.** Net interest income increased by 5.5%, while investment income of QR6.4mn vs. a loss of QR26.3mn in 4Q2022, resulted in revenue increasing by 11.3% YoY. On the other hand, fees and f/x income declined by 4.1% and 40.1% YoY and QoQ, respectively. Sequentially, revenue increased by 11.7%, which was driven by an 11.5% increase in net interest income and investment income vs. an investment loss in 3Q2023.
- **Qatar International Islamic Bank (QIIK) reported a net profit of QR187.8mn in 4Q2023 (in-line with our estimate), increasing by 8.4% YoY (sequentially dropped by 48.1%); the results were not surprising as QIIK tends to follow historical trends as it reports larger credit provisions in 4Q vs. 3Q, thus resulting in a large decrease in the bottom-line.** Net-net, the bottom-line increased YoY due to a more than 50% drop in other impairments as net operating income grew by only 3.4%. **QIIK's 4Q2023 comes in-line with our estimates and historical trends.** Qatar International Islamic Bank reported a net income of QR187.8mn in 4Q2023 vs. our estimate of QR183.7mn (+2.2% variation), increasing by 8.4% YoY (-48.1% QoQ).

A 61.3% drop in other impairments mainly drove the YoY increase in profitability as net operating income increased by only 3.4%. Sequentially, earnings followed historical trends and dropped on the back of margin compression, weak non-funded income (mainly fees) and a surge credit provisions & impairments (4Q2023: QR210.2mn; 3Q2023: QR93.0mn).

- **Masraf Al Rayan reports QR214.1mn profit in 4Q2023 vs. QR13.2mn in 4Q2022, exceeding our estimates.** The YoY surge in earnings is based on both lower opex and provisions & impairments as revenue declined on margin compression. Net-net, despite an improvement in opex given the weak top-line, most of the beat was due to lower provisions. **4Q2023 net profit surge was due to a drop in opex and lower provisions and impairments as revenue was weak.** Revenue dropped by 15.8% YoY to QR709.2mn due to margin compression. NIMs in 4Q2023 compressed by 44bps to -1.67% due to a surge in CoFs. On the other hand, a 22.2%/45.9% drop in opex and net credit provisions & impairments countered the drop in revenue, causing net profit to surge. Sequentially, earnings dropped on the back of weak revenue (margin compression) and a 21.4% rise in provisions & impairments.
- **DUBK's 4Q2023 falls short of our estimates on higher-than-expected net provisions and impairments as net operating income came in-line.** Dukhan Bank (DUBK) reported a net profit of QR194.8mn in 4Q2023, lower than our estimate of QR223.2mn (variation of -12.7%). Overall, the results were broadly in-line with our model with provisions being the exception. The bottom-line increased by 13.1% YoY, but dropped sequentially by 43.8%. Key takeaways from 4Q figures is a large increase in opex offset margin expansion; fees and f/x income were weak. Net-net, the bottom-line YoY increased due to 8.4% drop in provisions & impairments vs. flat net operating income. **Revenue increased by 8.9% YoY (+26.3% QoQ) as a result of margin expansion, while non-funded income was muted.** Net interest & investment income increased by 24.2%/55.9% YoY/QoQ to QR635.6mn. On the other hand, non-funded-income dropped by 52.5% and 57.9% YoY and QoQ due to muted fees and f/x income. Opex surged by 30.8% YoY, resulting in flat net operating income of QR452.1mn (in-line with our estimate of QR455.1mn; variation of -0.7%). The drop in earnings sequentially was due to net credit provisions vs. net recoveries in 3Q2023.
- **Lesha Bank's (QFBQ) Net profit rose 131.7% YoY to QR28mn (+25.3% QoQ) in 4Q2023 driven by rise in profit on sukuk investments (+96.0% YoY, +16.3% QoQ). For FY2023, net profit was up by 25.1% YoY to QR94mn.** Net income from financing assets grew by 7.3% YoY (-17.6% QoQ) to QR21mn in 4Q2023 on the back of higher income from placements with financial institutions (+117.3 YoY, +3.7% QoQ), however the rise in loss on financial liabilities to QR24mn in 4Q2023 vs QR3mn in 4Q2022, limited the gains. For FY2023, net income from financing increased 172.2% YoY to QR89mn. Total income increased by 37.8 YoY (+71.3% QoQ) to QR66mn in 4Q2023. For FY2023, total income increased by 68.7% to QR195mn.



## Industrials Sector

### Net Profit up Sequentially but Down YoY

#### Highlights:

- **Sector bottom-line was up sequentially mainly due to IQCD and QEWS.** The net profit decline YoY was mainly due to IQCD, MPHC and GISS.
- **The Industrials Index dipped by 2.0% (QE Index: +5.6%) in 4Q2023 after climbing by 13.9% in 3Q2023.**
- **Total traded value dropped by 9.1% in 4Q2023 to land at QR7.6bn vs. QR8.4bn in 3Q2023.**
- **Sector's current P/E multiple is 15.4x vs. QSE Index's 12.1x, and its dividend yield is 5.4% vs. QSE's 4.6%.**

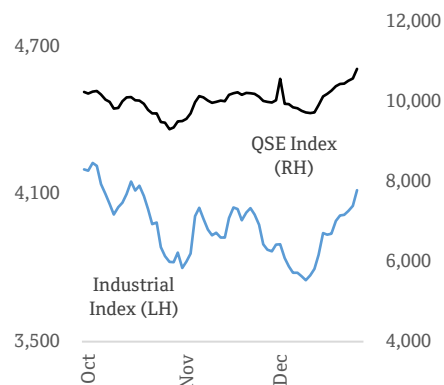
#### Revenue:

- **Sector revenue declined 26.7% YoY in 4Q2023 to QR6.0bn, weighed down mainly by IQCD and IGRD,** which dropped 32.7% and 42.6%, respectively – together they accounted for ~85% of the sector's revenue decline.
- **Sequentially, revenue edged down by 3.1% pushed lower by QEWS, IGRD and MPHC.** They registered a drop by QR64.7mn, QR54.8mn and QR44.9mn in revenue, respectively.

#### Earnings:

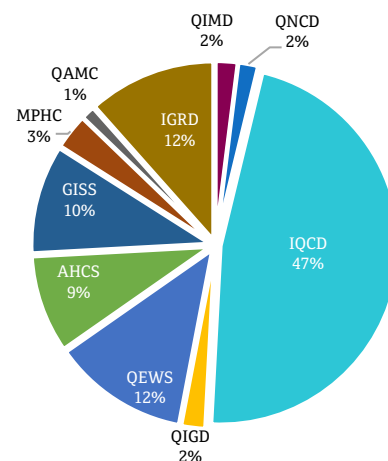
- **The sector's 4Q2023 net profit dipped 15.8% YoY to QR2.5bn pulled down by IQCD, MPHC and GISS.** They account for ~91% of sectors NP decline. The YoY decline in IQCD was primarily due to a decrease in revenue and an increase in general and administrative expenses. MPHC earnings decline stems from lower share of results from joint ventures which fell 27.1% YoY. Meanwhile, GISS net profit declined primarily due to a reduction in insurance service results, net monetary losses arising from the accounting impact of hyperinflation from GISS's Turkish aviation subsidiary and an increase in G&A expenses.
- **On a QoQ basis, sectoral bottom-line rose 3.8% with IQCD and QEWS providing the bulk of the growth as it more than offset declines by most of its peers.** IQCD's QoQ NP rose 18.4%. For IQCD, 4Q2023 growth came from higher income from investments, reversal from impairment losses of investment in associate and better share of results of investments in joint ventures. For QEWS it was a 31.9% QoQ reduction in cost of sales.

Sector Index Performance for 4Q2023



Source: Bloomberg

4Q2023 Sector Revenue Contribution



Source: QSE

#### Net Income

Ticker	4Q2022	3Q2023	4Q2023	YoY	QoQ	2022	2023	YoY
QIMD	16,096	36,019	19,813	23.1%	-45.0%	152,131	163,037	7.2%
QNCD	56,371	50,355	53,472	-5.1%	6.2%	227,103	205,100	-9.7%
IQCD	1,768,615	1,205,205	1,426,847	-19.3%	18.4%	8,814,654	4,720,139	-46.5%
QIGD	39,984	21,279	63,621	59.1%	199.0%	192,167	186,507	-2.9%
QEWS	460,836	340,431	442,425	-4.0%	30.0%	1,710,809	1,551,436	-9.3%
AHCS	91,786	98,668	102,063	11.2%	3.4%	347,820	367,498	5.7%
GISS	35,358	133,687	(22,872)	-164.7%	-117.1%	302,312	391,785	29.6%
MPHC	296,279	263,985	233,853	-21.1%	-11.4%	1,767,149	1,082,690	-38.7%
QAMC	116,047	113,684	92,481	-20.3%	-18.7%	919,086	446,009	-51.5%
IGRD	37,990	103,001	45,128	18.8%	-56.2%	338,178	347,752	2.8%
	<b>2,919,362</b>	<b>2,366,315</b>	<b>2,456,830</b>	<b>-15.8%</b>	<b>3.8%</b>	<b>14,771,410</b>	<b>9,461,953</b>	<b>-35.9%</b>

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

## Dividend Per Share & Dividend Yield

Ticker	2022		2023		YoY Change
	DPS	Yield	DPS	Yield	
QIMD	0.13	4.8%	0.13	4.8%	0.0%
QNCD	0.300	8.3%	0.30	8.3%	0.0%
IQCD*	1.100	9.2%	0.78	6.5%	-29.1%
QIGD	0.150	9.0%	0.15	9.0%	0.0%
QEWS*	0.950	5.8%	0.86	5.3%	-9.5%
AHCS	0.050	6.7%	0.00	0.0%	-100.0%
GISS*	0.100	3.7%	0.15	5.5%	50.0%
MPHC	0.110	5.5%	0.09	4.3%	-21.8%
QAMC	0.090	7.1%	0.07	5.5%	-22.2%
IGRD*	0.00	0.0%	0.00	0.0%	N/A

Source: Company data; Note: DPS is in QR.

## Company Results Review

- Industries Qatar (IQCD) net profit decreased by 19.3% YoY to QR1,427mn (+18.4% QoQ) in 4Q2023** primarily due to a decrease in revenue (-32.7% YoY, -0.9% QoQ) and an increase in general and administrative expenses (+14.3% YoY, +23.5% QoQ). For FY2023, net profit declined by 46.5% YoY to QR4,720mn. **Revenue fell by 32.7% YoY to QR2,808mn (-0.9% QoQ) in 4Q2023 and 37.5% YoY** for FY2023 to QR11,744mn. **Gross profit decreased by 46.9% YoY to QR650mn (-16.8% QoQ)** while gross margin came in at 23.2% (-6.2ppts YoY; -4.4ppts QoQ) in 4Q2023. For FY2023, gross profit was down 58.7% to QR2,528mn. **Operating profit plunged 59.8% YoY (-30.6% QoQ) to QR406mn in 4Q2023** while the corresponding margin fell to 14.5% (-9.8ppts YoY, -6.2ppts QoQ). For FY2023, operating profit fell 68.2% YoY to QR1,708mn. **For 4Q2023, EPS came at QR0.24 vs. QR0.29 in 4Q2022 while for FY2023, EPS was QR0.78 vs QR1.46 in FY2022. The Board announced a DPS of QR0.78 for 2023** which translates into a yield of 6.7%.
- Qatar Electricity & Water Company (QEWS) Net profit decreased by 4.0% YoY to QR442mn (+30.0% QoQ) in 4Q2023** primarily due to a lower share of results of equity-accounted investees and loss from discontinued operations. For FY2023, net profit declined by 9.3% YoY to QR1,551mn. **Total revenue fell by 9.4% YoY to QR733mn (-8.1% QoQ) in 4Q2023** while for FY2023, it was up 7.0% YoY to QR2,911mn. **Gross profit increased by 2.0% YoY to QR346mn (+50.7% QoQ) and margin improved to 47.2% (+5.3ppts YoY; +18.4ppts QoQ) in 4Q2023.** For FY2023, gross profit fell 4.1% to QR1,009mn. **Operating profit was up 56.6% YoY (+62.8% QoQ) to QR419mn in 4Q2023 while the corresponding margin rose to 57.1% (+24.1ppts YoY, +24.9ppts QoQ).** For FY2023, operating profit increased 10.0% YoY to QR1,319mn. **For 4Q2023, EPS came at QR0.40 vs. QR0.42 in 4Q2022 while for FY2023, EPS was QR1.41 vs QR1.56 in FY2022. The Board announced a DPS of QR0.86 for 2023** which translates into a yield of 5.0%.
- Gulf International Services (GISS) reported a net loss of QR23mn for 4Q2023 vs a net profit of QR35mn in 4Q2022 and QR134mn in 3Q2023.** The YoY decline in earnings resulted from reduction in insurance service results, net monetary losses arising from the accounting impact of hyperinflation from GISS's Turkish aviation subsidiary, and increase in G&A expenses. For FY2023, net profit was up by 29.6% YoY to QR392mn. **Total revenue grew by 12.8% YoY to QR907mn (-1.4% QoQ).** For FY2023, it was up by 16.6% YoY to QR3,538mn. **Gross profit of QR107mn came lower by 41.1% YoY (-37.5% QoQ)** and margin declined to 11.8% (-10.8ppts YoY; -6.8ppts QoQ) in 4Q2023. For FY2023, gross profit increased by 9.0% YoY to QR672mn. **For 4Q2023, Loss per share came at QR0.012 vs. EPS of QR0.019 in 4Q2022** while for FY2023, EPS was 0.211 vs 0.163 in FY2022. **The Board announced a DPS of QR0.15 for 2023** which translates into a yield of 5.2%.
- Estithmar Holding Group's (IGRD) net profit in 4Q2023 increased by 18.8% YoY to QR45mn (-56.2% QoQ)** primarily due to higher other income and lower direct cost expenses. For FY2023, it increased by 2.8% YoY to QR348mn. **Revenue fell by 42.8% YoY to QR690mn (-7.4% QoQ) in 4Q2023 while for FY2023, it decreased by 31.1% YoY to QR2,919mn. Gross profit increased by 16.4% YoY to QR233mn (+35.5% QoQ) and margin improved to 33.8% (+17.2ppts YoY; +10.7ppts QoQ) in 4Q2023.** For FY2023, gross profit was up by 29.2% YoY to QR801mn. **Operating profit increased by 39.2% to QR85mn (-35.0% QoQ) while the corresponding margin improved by 7.2ppts YoY to 12.3% (-5.3ppts QoQ).** For FY2023, operating profit increased by 22.8%

YoY to QR486mn. For 4Q2023, EPS came at QR0.013 vs. QR0.012 in 4Q2022 while for FY2023, EPS was 0.102 vs 0.107 in FY2022. The Board of Directors recommended to the General Assembly not to distribute dividends for the financial year 2023.

- **Qatar Industrial Manufacturing Company's (QIMD) net profit increased by 23.1% to QR20mn (-45.0% QoQ) in 4Q2023** driven by higher income from equity accounted investees (+92.8% YoY, +21.8% QoQ) and positive contribution from non-controlling interest of QR 7mn (vs, -QR 0.5mn in 4Q2022). For FY2023, net profit was up by 7.2% YoY to QR163mn. **Revenue declined by 21.7% YoY (+4.9% QoQ) to QR 119mn in 4Q2023** likely due to drag in sales volume. For FY2023, revenue came lower by 21.5% YoY to QR492mn. **Gross profit decreased 16.4% YoY to QR29mn (+23.0% QoQ) while the** corresponding margin came at 24.5% in 4Q2023 (vs. 22.9% in 4Q2022). For FY2023, gross profit was down 21.7% YoY to QR115mn. **Operating profit of QR8mn was down by 65.7% YoY (-70.9% QoQ) and margin** came at 6.5% in 4Q2023 (vs. 14.8% in 4Q2022). For FY2023, operating profit fell by 1.4% YoY to QR110mn. **For 4Q2023, EPS came at QR0.04 vs. QR0.03 in 4Q2022 while for FY2023, EPS was QR0.34 vs. QR0.32 in FY2022. The Board announced a DPS of QR0.13 for FY2023 which translates into a yield of 2.0%.**
- **Qatar National Cement Company's (QNCD) net profit decreased by 5.1% YoY to QR53mn (+6.2% QoQ) in 4Q2023** primarily due to a decrease in sales. For FY2023, net profit declined by 9.7% YoY to QR205mn. **Revenue fell by 32.1% YoY to QR107mn (-11.3% QoQ) in 4Q2023** while for FY2023, it was down 35% YoY to QR461mn. **Gross profit decreased by 27.5% YoY to QR44mn (-28.3% QoQ) and margin improved to 41.6% (+2.6ppts YoY; -9.9ppts QoQ) in 4Q2023.** For FY2023, gross profit decreased by 14.2% to QR189mn. **Operating profit was down by 41.5% YoY (-34.6% QoQ) to QR25mn in 4Q2023** while the corresponding margin fell to 23.3% (-3.8ppts YoY, -8.4ppts QoQ). For FY2023, operating profit decreased 30.0% YoY to QR129mn. **For 4Q2023, EPS came at QR0.08 vs. QR0.09 in 4Q2022 while for FY2023, EPS was 0.31 vs 0.35 in FY2022. The Board announced a DPS of QR0.30 for 2023 which translates into a yield of 7.5%.**
- **Qatari Investors Group (QIGD) net profit increased by 59.1% to QR64mn (+199.0% QoQ) in 4Q2023** driven by other income of QR4mn compared to other loss of QR53mn in 4Q2022 and lower general and administrative expenses (-54.3% YoY, -59.9% QoQ). However, a sharp decline in revenue constrained the benefit. For FY2023, net profit fell 2.9% YoY to QR187mn. **Revenue declined by 31.0% YoY (+9.5% QoQ) to QR 129mn in 4Q2023** likely due to drag in sales volume. For FY2023, revenue came lower by 30.7% YoY to QR515mn. **Gross profit decreased 43.4% YoY to QR75mn (+21.3% QoQ) while the** corresponding margin came at 58.0% in 4Q2023 (vs. 70.7% in 4Q2022). For FY2023, gross profit was down 23.7% YoY to QR281mn. **Operating profit of QR59mn was down by 39.1% YoY (+153.0% QoQ) and margin** came at 45.7% in 4Q2023 (vs. 51.8% in 4Q2022). For FY2023, operating profit fell by 34.0% YoY to QR176mn. **For 4Q2023, EPS came at QR0.05 vs. QR0.03 in 4Q2022 while for FY2023, EPS was QR0.150 vs. QR0.155 in FY2022. The Board announced a DPS of QR0.15 for FY2023 which translates into a yield of 8.7%.**
- **Aamal Company's (AHCS) net profit increased by 11.2% YoY to QR102mn (+3.4% QoQ) primarily due** to an increase in other income and finance income. For FY2023, net profit was up by 5.7% YoY to QR367mn. **Sales declined by 3.3% YoY to QR528mn (+9.5% QoQ) in 4Q2023 while for FY2023, it increased by 0.9% YoY to QR2,077mn. Gross profit increased by 10.9% YoY to QR140mn (+14.9% QoQ) while the** corresponding margin improved by 3.4ppts YoY (+1.3ppts QoQ) to 26.5% in 4Q2023. **Operating profit declined by 1.3% YoY to QR89mn (+3.0% QoQ) while for FY2023, it increased by 4.5% YoY to QR331mn. For 4Q2023, EPS came at QR0.016 vs QR0.015 in 4Q2022 while for FY2023, EPS was 0.058 vs 0.055 in FY2022.**
- **Mesaieed Petrochemical Holding Company's (MPHC) net profit decreased by 21.1% YoY to QR234mn (-11.4% QoQ) in 4Q2023** owing to a lower share of results from joint ventures. For FY2023, net profit was down by 38.7% YoY to QR1,083mn. **The share of results from joint ventures fell by 27.1% YoY to QR191mn (- 19.1% QoQ) in 4Q2023 while for FY2023, it declined by -43.5% YoY to QR959mn. For 4Q2023, EPS came at QR0.019 vs. QR0.024 in 4Q2022 while for FY2023, EPS was 0.086 vs 0.141 in FY2022. The Board announced a DPS of QR0.086 for FY2023 which translates into a yield of 4.5%.**
- **Qatar Aluminium Manufacturing Company's (QAMC) net profit fell by 20.3% YoY to QR92mn in 4Q2023 (-18.7% QoQ) due to** lower share of results from a joint Venture. For FY2023, net profit was down 51.5% YoY to QR446mn. **Share of results from a joint venture was down by 32.5% YoY to QR74mn (-23.7% QoQ) in 4Q2023 while for FY2023, it declined by 56.4% YoY to QR392mn. Interest income came at QR21mn in 4Q2023 as compared to the QR9mn in 4Q2022. For FY2023, interest income was QR62mn vs QR26mn in FY2022. For 4Q2023, EPS came at QR0.017 vs QR0.021 in 4Q2022 while for FY2023, EPS was 0.080 vs 0.165 in FY2022. The Board announced a DPS of QR0.07 for FY2023 which translates into a yield of 5.5%.**

## Consumer Goods & Services Sector

### Profit Spikes YoY/QoQ on Base-effects and Strong Operational Performance

#### Highlights:

- The sector has seen three new additions since the beginning of 2023, driving the number of companies to 13. While sector's 4Q2023 saw strong growth both YoY and sequentially, it is primarily due to MCCA, which swung from loss to profit due to base effects and strong topline growth and margin-expansion.
- The consumer goods & services sector index inched down 0.8% (QSE Index: +5.6%) in 4Q2023. Sector traded value in 4Q2023 shrunk 26.8% to QR2.9bn vs. QR4.0bn in 3Q2023.
- Consumer goods & services sector is currently trading at a P/E multiple of 21.0x (vs. QSE Index's P/E of 12.1x) with a dividend yield of 4.2% (vs. QSE's 4.6%).

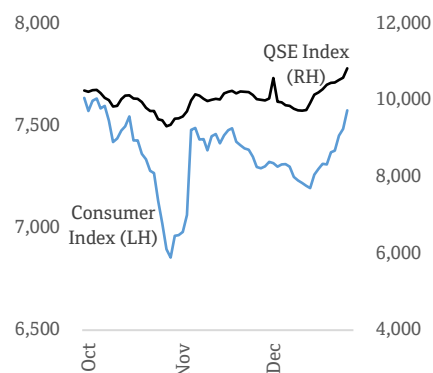
#### Revenue:

- Sector revenue edged up 2.8% YoY to QR10.9bn, steered mainly by MCCA, which saw its revenue climb 18.1% YoY to QR1.7bn. Qatar Fuel also made a significant contribution to sector's revenue but partially offset by ZHCD, MERS and MKDM. Nine out of the 13 companies recorded revenue growth YoY.
- Sequentially, revenue rose 5.1% driven primarily by MCCA and SIIS but partially offset by ZCHD. While MCCA's revenue climbed by 30.0%, ZCHD revenue fell by 37.9%. Only two of the 13 companies recorded sequential revenue decline.

#### Earnings:

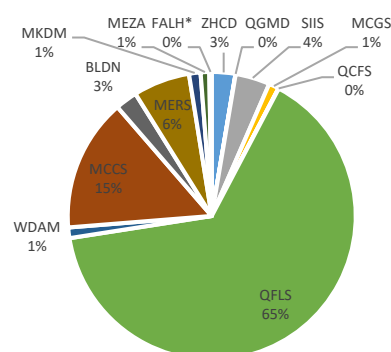
- The sector's 4Q2023 bottom-line spiked 254.8% YoY to QR678.1mn driven mainly by Mannai Corporation, which flipped a loss of QR327.1mn to a profit of QR127.0mn. WDAM and QGMD also recorded a profit from loss. Besides these three, four of the remaining 10 companies registered NP growth while the other six saw profit declines.
- Sequentially, net profit jumped 73.1% driven primarily by MCCA, buttressed by decent contributions from WDAM and MERS. Only two companies recorded a decline in net profit, otherwise most companies saw improvement in profit QoQ.

Sector Index Performance for 4Q2023



Source: Bloomberg

4Q2023 Sector Revenue Contribution



Source: QSE

#### Net Income

Ticker	4Q2022	3Q2023	4Q2023	YoY	QoQ	2022	2023	YoY
ZHCD	62,879	42,180	63,091	0.34%	49.58%	194,218	195,289	0.55%
QGMD	-399	(1,388)	1,162	N/M	N/M	1,244	1,336	7.39%
SIIS	30,366	8,433	28,536	-6.02%	N/M	60,233	41,516	-31.07%
MCGS	23,124	14,045	15,311	-33.79%	9.02%	79,165	65,701	-17.01%
QCFS	466	894	327	-29.69%	-63.39%	2,777	4,381	57.78%
QFLS	307,216	271,436	272,344	-11.35%	0.33%	1,070,065	983,957	-8.05%
WDAM	-39,794	-23,625	25,748	N/M	N/M	(61,615)	(33,556)	-45.54%
MCCA	-327,050	4,748	127,000	N/M	2574.81%	184,920	169,693	-8.23%
BLDN	24,997	22,258	45,039	80.18%	102.35%	80,612	109,594	35.95%
MERS	75,412	27,428	65,358	-13.33%	138.29%	196,605	181,147	-7.86%
MKDM	13,071	7,259	13,351	2.14%	83.92%	34,254	36,272	5.89%
MEZA	16,465	16,301	14,199	-13.76%	-12.89%	52,126	60,216	15.52%
FALH*	4,388	1,089	6,652	51.59%	511.02%	9,650	12,021	24.57%
	191,141	391,058	678,118	254.77%	73.41%	1,904,254	1,827,568	-4.03%

Source: Company data; Note: Net Income is in QR'000 and are headline net income figures; \*FALH FY2023 ended on August 31.



## Dividend Per Share & Dividend Yield

Ticker	2022		2023		YoY Change
	DPS	Yield	DPS	Yield	
ZHCD	0.59	4.22%	0.65	4.65%	10.1%
QGMD	0.00	0.00%	0.00	0.00%	N/A
SIIS	0.00	0.00%	0.03	4.82%	N/M
MCGS	0.26	6.25%	0.22	5.24%	-16.2%
QCFS	0.06	2.06%	0.07	2.41%	16.7%
QFLS	0.90	6.13%	0.90	6.13%	0.0%
WDAM	0.00	0.00%	0.00	0.00%	N/A
MCCS	3.25	77.94%	0.25	6.00%	-92.3%
BLDN	0.00	0.00%	0.07	6.09%	N/M
MERS	0.44	3.20%	0.85	6.22%	N/A
MKDM	0.21	5.29%	0.00	0.00%	-100.0%
MEZA	N/M	N/M	0.081	2.47%	N/M
FALH*	0.03	4.41%	0.03	4.41%	N/A

Source: Company data; Note: DPS is in QR.

## Company Results Review

- Medicare Group (MCGS) 4Q2023 net profit fell 33.8% YoY but rose 9.0% to QR15.3mn and missed our estimate of QR25.8mn, even as the top-line came in-line with our expectations.** Bulk of the bottom-line miss was due to an unexpected spike in staff costs. **MCGS's 4Q2023 revenue rose 2.0%/18.9% YoY/QoQ to QR130.0mn, in-line with our forecast of QR129.6mn.** FY2023 EPS declined by 17.0% to QR0.23. Consequently, the board proposed a dividend of QR0.22/share for FY2023 down from QR0.2625 in FY2022, and lower than QR0.2476 we had forecasted. **The fourth quarter is traditionally MCGS's strongest, both at the top- and bottom-lines, other things being equal.** While 4Q2023 revenue was the highest quarter for 2023 as expected, it was the second-weakest earnings quarter for 2023 primarily due to staff costs-related margin pressure. Staff costs spiked (+11.1% YoY; +13.2% for direct/line staff) in 4Q202 to retain and attract medical staff. The higher-than-expected increase in staff costs account for more than 60% of the bottom-line miss. **Therefore, we trim our margins further in the model and revise out TP down as we believe that this likely represents a "new normal. Our TP is QR5.524/share and we have a Market Performing on the name.** The upside emanates primarily from the fact that MCGS now looks inexpensive relative to regional peers but we do not see any catalysts on the horizon to warrant a change in the rating.
- Meeza's (MEZA) 4Q2023 revenue grew by 10.0%/24.9% YoY/QoQ to QR111.7mn compared with QR102.6mn forecasted.** GP margin was higher at 27.6% vs. 26.4% modeled, driven primarily by lower depreciation costs than we had modeled. The company does not provided quarterly depreciation metrics but full year numbers show that it declined by 10.4% to QR44.6mn vs QR47.6mn modeled. There was strong 4Q2023 top-line growth from solutions services, cloud services and workplace services, which climbed 34.8% (to QR40.0mn), 79.1% (to QR5.5mn) and 22.4% (to QR2.3mn) YoY, respectively. That was offset by the datacenter (DC) segment, managed services and master system integrator services, declining 1.8% (to QR34.8mn), 1.2% (to QR30.2mn) and 45.8% (to QR1.8mn) YoY, respectively. FY2023 NP rose 15.5% to QR60.2mn and EPS came in at QR0.093 vs. 0.090 expected. A cash dividend distribution of QR0.08/share for FY2023 was better than QR0.06 we had expected. We think its datacenter unit will be the primary driver of both revenue and bottom-line growth in future. While the cloud segment is also set to continue experiencing a relatively larger growth rate, its overall contribution to the group will likely remain low. Managed and solution services should exhibit mature business growth levels. While Meeza already boasts almost half of Qatar's DC inventory, it is on track to expand its DCs further by ~80% over the next 2-3 years – RFPs have already been issued and negotiations are advanced. We estimate its DC business contribution to continue to grow and account for about three-quarters of group value in the terminal period from ~58% in 2022. For now we maintain our Accumulate rating and TP of QR3.116.
- Baladna's (BLDN) 4Q2023 attributable profit beat our estimate primarily due to a fair value gain on financial investments even as normalized margins printed lower-than-expected.** Baladna's 4Q2023 attributable profit jumped 80.3%/102.5% YoY/QoQ to QR45.1mn, handily beating our estimate of QR28.5mn. In a show of confidence by the board in Baladna's future cash-generation prospects despite an elevated debt profile, it declared a dividend that was more than earnings. This was significantly ahead of our expectations and has seen the stock climb since the announcement. The board recommended a

121% dividend payout ratio for FY2023 on the back of QR109.6mn in attributable profit for the year. BLDN didn't pay a dividend last year. This is supported by strong cash flows from operations as well as BLDN's heavy investment cycle coming to an end. For now, we have a TP of QR1.767/share and an Outperform rating on the name. BLDN's 4Q2023 revenue rose 2.6%/11% YoY/QoQ to QR284.1mn, below our expectations of QR298.9mn. While GP margins came in lower, the beat is mainly due to a fair value gain on equity investments, which jumped to QR27.9mn from a fair value loss of QR10.7mn in 4Q2022 – otherwise it would have been a miss when adjusted for this gain. GP margin printed at 17.1% vs 21.0% expected and lower than both 4Q2022 (26.1%) and 3Q2023 (20.1%). With no granular quarterly data provided on cost of sales we extrapolate from annual numbers that GP margin was primarily weighed down by cost of dairy milk & packaging material and cost of sale of livestock – management says it was related to the new products launched (evaporated milk and sterilized creams). Meanwhile, cost of feeds came down as expected, in line with the stabilization in commodity prices. In the medium term, we see margin expansion from increased capacity utilization, as volumes grow, coupled with the benefit of declining soft commodity prices. We see a gradual decline in finance costs from FY2024 as the group gradually pays down its debt while capex normalization boosts FCF. Re-negotiation of finance terms during 3Q2023 also helps to keep finance costs manageable for the foreseeable future. Increasing FCF should be used to reduce the debt burden and to continue increasing distributions to shareholders.

- Mekdam Holding Group (MKDM) bottom-line inched up 2.1% YoY (+83.9% sequentially) driven by a 10.3% drop in cost of operations and by a 80.1% drop in finance costs.** MKDM reported a net profit of QR13.4mn in 4Q2023 vs. a QR13.0mn in 4Q2022 and vs. a QR7.3mn in 3Q2023. Total revenue slipped 9.2% YoY to QR148.9mn vs. a QR163.9mn reported in 4Q2022 as technical services fell to QR55.7mn vs. QR76.7mn in 4Q2022 (-27.4%). Furthermore, total cost of operations shrunk to QR126.6mn from QR137.7mn in 4Q2022 due to a fall in other direct expenses (-47.9%) and in cost of material and subcontractors (-2.7%). Both of which supported the YoY bottom-line growth. Sequentially, net profit jumped 83.9% supported by a 13.0% growth in top-line and a fall in general and administrative expenses by 8.3%. General and administrative expenses shrunk sequentially because of the fall seen in other expenses (-55.7%), listing expenses (-33.5%) and employees' expenses (-1.35%). In FY2023, MKDM recorded a net profit of QR36.3mn vs. QR34.3mn (+5.9%) following a 2.7% contraction in total cost of operations. On the other hand, total revenue inched down 2.7% to QR436.3mn in FY2023 from QR448.3mn and G&A expenses increased by 12.6% to QR42.9mn from QR38.1mn. Despite this increase in expenses, MKDM was able to obtain an EBIT figure of 46.9mn vs. QR40.5mn. FY2023 EPS was QR0.43 vs. QR0.46 in FY2022. The company declared to distribute bonus shares at the rate of 6 shares for every 21 shares (equivalent to approximately 0.2857 shares per share), compared with 35% cash dividends plus bonus shares at the rate of 7 shares for every 68 shares (equivalent to approximately 0.1029 shares per share).
- Al Faleh Educational Holding (FALH) transferred listing to the QSE main market on the 28th of January 2024.** In FY2023 (year ended 31 August 2023) FALH reported a net income figure of QR12.0mn vs. QR9.7mn in FY2022 (+24.6%) despite an 8.8% slip in revenue. The greatest contributor to revenue is tuition fees, which slipped 4.7% (weight in 2023: 91.4%) to QR105.7mn from QR110.9mn in FY2022, followed by a 55.4% drop in the sale of books (weight in 2023: 4.2%) to QR4.8mn from QR10.8mn. Both of which resulted in an 8.8% fall in total revenues to QR115.6mn in FY2023 from QR126.8mn in FY2022. Staff costs is the primary driver of cost of operations (weight in 2023: 61.9%) and it inched down 1.2% to QR35.9mn in FY2023 vs. QR36.4mn in FY2022. Total cost of operations shrunk 10.8% to QR58.0mn from QR65.0mn in FY2022; however, gross profit still dipped 6.8% because of the drop in revenue. Other income climbed 168.3% to QR1.5mn in FY2023 vs. QR0.5mn in FY2022. General and administrative expenses fell 7.6% to QR43.4mn from QR47.0mn leading EBIT up to QR15.6mn from QR15.3mn (+2.0%). Furthermore, a fall in finance costs in FY2023 to QR3.3mn vs. QR5.5mn in FY2022 (-40.0%) further aided the bottom-line growth. FY2023 EPS was QR0.05 vs. QR0.04 in FY2022. The company distributed a dividend of QR0.03125 during FY2023 and FY2022.
- Salam International Investment Limited (SIIS) net income inched down 6.0% YoY but more than tripled on a QoQ basis.** Revenue during 4Q2023 increased YoY and QoQ by 6.8% from QR416.2mn and by 29.8% from QR342.4mn, respectively to QR444.6mn as the company's revenue from contracts with customers expanded (+6.9% YoY/ +32.0% QoQ) and real estate revenue grew (+5.6% YoY/ +5.9% QoQ). Finance cost dropped to QR15.1mn vs. QR22.2mn in 4Q2022 (-31.8%) and other income jumped to QR24.7mn from QR9.8mn reported in 4Q2022 (+151.1%). However, the bottom-line was largely impacted by net gain/ loss on investment properties, which slipped to a loss of QR1.6mn in 4Q2023 from a gain of QR60.3mn. As a result, net income fell 6.0% YoY to QR28.5mn from QR30.4mn in 4Q2022. Sequentially, earnings climbed 238.4% from QR8.4mn reported in 3Q2023, as did revenue by 29.8% from QR342.4mn in 3Q2023. Despite an increase in operating expenses

(operating costs +32.4% and G&A +19.3%) SIIS bottom line was upheld by its top-line growth, increase in other income (+36.6%), drop in net gain/loss on investment properties (-60.5%) and a 61.0% fall in allowance for impairment on financial assets. For FY2023, net income slipped, impacted by higher G&A expense to QR337.1mn (+2.4%) from QR239.2mn and an increase in finance expense to QR128.2mn (+25.1%) from QR102.5mn but mostly from a decline in net gain/ loss on investment properties to QR21.4mn in FY2023 from QR60.3mn in FY2022 (-64.6%). More specifically, the items constituents; net FV on investment properties and loss/ gain on disposal of investment properties to QR24.1mn and a loss of QR2.8mn, respectively in FY2023. The group disposed of lands in Dubai during the year for net proceeds of QR148.5mn and recognized a loss of QR2.8mn on disposal of the investment properties. FY2023 EPS came in at QR0.036 vs. EPS of QR0.053 in FY2022. The company declared cash dividends of QR0.03 in FY2023 vs. none in FY2022.

- Qatari German Company for Medical Devices (QGMD) recorded a net income of QR1.2mn in 4Q2023 vs. a loss of QR0.4mn in 4Q2022 and a loss of QR1.4mn in 3Q2023.** Revenue fell by 77.4% YoY to QR2.6mn from QR11.6mn but grew dramatically sequentially from QR0.2mn in 3Q2023. In 4Q2023, cost of sales dropped to QR2.0mn vs. QR7.9mn in 4Q2022 but since revenue fell on a YoY basis, gross profit dropped as well by 84.1% to QR0.6mn vs. QR3.7mn in 4Q2022. Other income increased to QR1.0mn in 4Q2023 vs. QR0.7mn in 4Q2022 (+55.1%) and vs. QR0.7mn in 3Q2023 (+53.9%) which supported the bottom line. However, reversal of impairment of PP&E was the turning factor of the 4Q2023 results; this one-off item came in at QR2.2mn shifting the outcome of the bottom-line figure. Specifically in 2023, the recoverable value of machinery and equipment increase from a previous recognized impairment leading to a reversal of a previously recognized impairment loss of QR2.2mn. For FY2023, net income rose 7.4% to QR1.3mn from QR1.2mn reported in FY2022 pushed by the previously mentioned impairment reversal of PP&E. Revenue slipped 34.7% during 2023 from a substantial fall in sale of syringes to QR2.6mn from QR38.2mn (-93.1%), despite a 619.4% increase in total revenues' main contributor (sale of IV cannula: which accounts for 58.4% of total revenue in 2023). Geographically, sales made outside of Qatar fell by 53.3% to QR17.2 from QR36.8mn in FY2022, sales made inside Qatar increased by 82.4% to QR10.6mn from QR5.8mn in FY2022. Other income was at QR3.0mn in FY2023 vs. QR2.5mn in FY2022 with an increase of 18.3%. FY2023 EPS was recorded at QR0.012 vs. EPS of QR0.011 in FY2022. The company did not distribute dividends FY2023.
- Qatar Cinema & Film Distribution (QCFS) reported a 29.7% drop in its bottom-line on a YoY basis despite an 11.3% increase in top-line.** In 4Q2023 QCFS reported a net profit of QR0.3mn vs. QR0.5mn in 4Q2022 (-63.4% YoY/ -63.4% QoQ). Operating revenue grew to QR4.9mn (+11.3%) from QR4.4mn in 4Q2022 but dipped (5.0%) from QR5.2mn in 3Q2023. Direct costs were recorded at QR3.2mn; +1.6% YoY/ -5.0% QoQ. General and administrative expenses were up by more than 3 times from 4Q2022 to QR1.3mn vs. QR0.4mn pulling down the bottom line. Sequentially, G&A increased by 37.7% from 0.9mn in 3Q2023. During FY2023, operating income climbed by 11.8% to QR20.7mn in FY2023 from QR18.6mn, while net profit jumped to QR4.4mn from QR2.8mn. The main driver of net income during FY2023 was the top-line growth and the G&A drop. EPS amounted to QR0.07 in FY2023 vs. QR0.04 in FY2022. The company declared a cash dividend of 0.07 in 2023, which is a 16.7% increase from QR0.06 in 2022.
- Qatar Fuel/ Woqod (QFLS) posted an increase in cost of sales, an increase in general and administrative expenses as well as a drop in other income to other loss, all of which influenced a fall in earnings on a YoY basis.** In 4Q2023, revenue inched up by 1.1% YoY to QR7.4mn (+0.7% QoQ). Cost of sales went up to QR7.4mn vs. QR1.2mn in 4Q2022 and vs. QR7.2mn in 3Q2023 (+1.8% YoY/ +2.7% QoQ). Gross profit slipped 25.1% YoY (-50.2% QoQ) to QR136.3mn from QR182.0mn and as a result GPM dropped to 1.8% in 4Q2023. General and administrative expenses further dragged the bottom line as they expanded to QR49.7mn vs. QR20.1mn in 4Q2022 (+146.9% YoY). Other income flipped to loss since the 9M2023 total of QR316.6mn exceeded the FY2023 total of QR252.7mn; resulting in other losses of QR64.0mn reported in 4Q2023 vs. other income of QR15.5mn in 4Q2022. QFLS net income came in at QR272.3mn in 4Q2023 vs. QR307.2mn in 4Q2022 and vs. QR271.4mn in 3Q2023 (-11.4% YoY/ +0.3% QoQ). For FY2023, net income slid 8.0% to QR984.0mn vs. QR1.1bn in FY2022 steered by a drop in revenue (-6.7%), other income (-6.1%) and in dividend income (-20.7%). Sale of fuel products (which accounted for 96.5% of total revenue as of 2023) fell 6.3% to QR27.0bn in FY2023 from QR28.8bn in FY2022, following was a 19.0% fall in sale of non-fuel products (which accounts for 2.9% of total revenue as of 2023); further shrinking total revenue. Furthermore, other income dropped to QR252.7mn from QR269.0mn (-6.1%) followed by a 20.7% dip in dividend income to QR72.9mn from QR92.0mn. EPS for FY2023 was QR0.99 vs. QR1.08 in FY2022. DPS remained flat at QR0.90 in FY2023.
- MCCS bottom-line rose to QR127.0mn in 4Q2023 from only QR4.7mn reported in 3Q2023 and a loss of QR327.1mn in 4Q2022.** Loss from discontinued operations reported in 4Q2022 due to the sale of MCCS subsidiary "Inetum", was the primary driver of the overall loss position in 4Q2023. Mannai Corporation (MCCS) revenue in 4Q2023 climbed up 18.1% to QR1.7bn vs.



QR1.5mn in 4Q2022 and vs. QR1.3bn in 3Q2023 (+30.0%). Cost of sales also increased by 6.8% on a YoY basis to QR1.4mn vs. QR1.3mn in 4Q2022 and vs. QR1.1mn in 3Q2023 (+25.7%). Moreover, growth in the top-line exceeded the growth in cost of sales and led to a 115.5% YoY expansion in gross profit to QR323.9mn vs. QR150.3mn in 4Q2022 (GPM: 18.9% in 4Q2023 vs. GPM of 10.4%). A drop in total operating expenses (general & administrative expenses and selling & distribution expenses) of 30.9% YoY to QR148.8mn in 4Q2023 vs. QR215.2mn further supported results, as did a 12.2% drop in finance costs to QR64.0mn from QR72.9mn in 4Q2022. Total revenues totaled QR5.7bn in FY2023 vs. QR5.3bn in FY2022 (+6.1%). Non-recurring items summed up to QR23.0mn in FY2023 vs. QR267.9mn in FY2022 as other income fell (-48.7%), impairment loss on accounts and other receivables rose (+70.1%) and net profit from discontinued operations fell (-13.3%), leading to a bottom-line slip. EPS in FY2023 came in at QR0.37 vs. QR0.41 in FY2022. The company declared cash dividend of QR0.25 for FY2023 vs. total cash dividend of QR3.25 (QR3.15 interim plus year-end cash dividend of QR0.10) for FY2022.

- Zad Holding Company (ZHCD) net profit inched up 0.3% YoY and grew 49.6% QoQ.** Operating revenue shrunk to QR303.5mn in 4Q2023 vs. QR330.5mn recorded in 4Q2022 (-8.2%) and vs. QR450.5mn in 3Q2023 (-32.6%). Similarly, cost of sales dropped to QR234.6mn in 4Q2023 vs. QR254.1mn in 4Q2022 (-7.7%) and vs. QR397.8mn in 3Q2023 (-41.0%). Net finance cost and zakat contribution expanded to QR11.7mn (+58.5% YoY) and 15.3mn (+20.9% YoY), respectively. However, other income grew to QR17.0mn from QR15.9mn in 4Q2022 (+6.9%) steering the bottom line towards a slight growth. Furthermore, reversal of impairment in available for sale financial assets of QR1.2mn aided the bottom line as compared to an impairment loss in available for sale financial assets of QR2.4mn in 4Q2022. Sequentially, other income was the main contributor to the earnings growth as it rose to QR17.0mn in 4Q2023 vs. QR2.5mn in 3Q2023 (+591.7%). Despite the top line shrinkage of 32.6% and a zakat contribution of QR15.3mn in 4Q2023 vs. none in 3Q2023, the company was able to expand its bottom line supported by other income and a 41.0% fall in cost of sales. For FY2023, net income inched up 0.6% to QR195.3mn as compared to QR194.2mn in FY2022 following a 2.4% increase in operating revenue to QR1,410.2mn vs. QR1,377.3mn in FY2022. The largest contributor to operating revenue is the sale of manufactured and traded products which holds a 75.4% chunk of total operating revenue for the year 2023 and this item grew 7.3% to QR1,062.9mn in FY2023 as compared to QR990.7mn in FY2022. Total operating cost expanded 1.3% to QR1,213.8mn in FY2023 vs. QR1,197.7mn in FY2022 pushed by the cost of material consumed which grew to QR931.3mn in FY2023 vs. QR621.4mn in FY2022. Total operating expenses shrunk 4.0% following a drop in general and administrative expenses of 6.1% to QR75.5mn and a 1.9% fall in selling and distribution expenses to QR79.1mn. More specifically, all constituents of G&A fell with the exception of staff salaries and benefits, directors' remuneration and consultancy fees. Concerning S&D, the second largest contributor in the sales rebates (holding a weight of 28.9% in FY2023) and it fell 11.1% driving the S&D drop. EPS for FY2023 and FY2022 remained flat at QR0.68. The company declared cash dividend of QR0.65/share in FY2023 vs. cash dividend of QR0.62/share plus 5% in bonus shares in FY2022 (+4.8%).
- Widam Food Company (WDAM) recorded a net profit of QR25.7mn in 4Q2023 as opposed to losses in 4Q2022 and 3Q2023 despite higher provisions and inventory write-off.** The company reported revenues of QR137.1mn in 4Q2023 vs. QR104.4mn in 4Q2022 and vs. QR110.3mn in 3Q2023 (+31.3% YoY/ +24.3% QoQ). Cost of sales also increased to QR140.1mn in 4Q2023 vs. QR130.6mn in 4Q2022 and vs. QR119.6mn in 3Q2023 (+7.3% YoY/ +17.2% QoQ). Other income multiplied substantially, growing to QR120.2mn in 4Q2023 as compared to QR0.6mn only in 4Q2022 and QR2.8mn in 3Q2023. Furthermore, general and administrative expenses were cut to QR9.8mn in 4Q2023 vs. QR12.4mn in 4Q2022 and vs. QR17.3mn in 3Q2023 (-20.7% YoY/ -43.4% QoQ). Collectively, these items pushed operating losses to profits in 4Q2023 of QR107.4mn vs. operating loss of QR37.9mn in 4Q2022 and vs. operating loss of QR23.9mn in 3Q2023. Inventory of QR34.4mn in Sudan was written-off as a result of the current situation in Sudan. Moreover, WDAM noted provision for non-current assets of QR5.4mn in 4Q2023 vs. none in 4Q2022. Despite the hefty provisions and inventory write-off, the company was able to sustain a net profit because of the huge other income figure. For FY2023, net losses shrunk to QR33.6mn vs. QR61.6mn steered by other income multiplying by more than 7 times its figure in FY2022 (QR129.5mn in FY2023 vs. QR17.5mn in FY2022). Sale of frozen produce (the largest contributor to total revenue) climbed 178.1% to QR242.2mn in FY2023 as compared to QR87.1mn in FY2022; pushing total revenue up to QR528.6mn in FY2023 vs. QR483.8mn in FY2022 (+9.2%). Total cost of sales grew to QR552.4mn in FY2023 vs. QR506.6mn in FY2022 (+9.1%) because of a cost of goods sold figure of QR518.5mn in FY2023 vs. QR477.4mn in FY2022 (+8.6%). Operating profit of QR54.0mn was registered during FY2023 vs. operating loss of QR55.9mn in FY2022. Loss per share accumulated to QR0.19 in FY2023 vs. a loss per share of QR0.34 in FY2022.
- Al Meera Consumer Goods Company (MERS) net profit decreased by 13.3% YoY to QR65mn (+138.3% QoQ) primarily due to higher general and administrative costs and higher share of loss of an associate in 4Q2023.** For FY2023, net profit was down

by 7.9% YoY to QR181mn. Revenue fell by 3.0% YoY to QR729mn (+10.8% QoQ) in 4Q2023. For FY2023, revenues were up by 0.9% YoY to QR2,837mn. Gross profit came lower by 1.2% YoY to QR163mn (+35.3% QoQ) while the corresponding margin rose to 22.3% (+0.4ppts YoY, +4.0ppts QoQ) in 4Q2023. For FY2023, gross profit was flat at QR549mn. For 4Q2023, EPS came at QR0.32 vs QR0.37 in 4Q2022 while for FY2023, EPS was QR0.88 vs QR0.95 in FY2022. The Board announced a DPS of QR0.85 for FY2023.

## Insurance Sector

### QGRI Huge Losses Drag Sector Into Red

#### Highlights:

- Qatar General Insurance & Reinsurance Company (QGRI) recorded huge losses from a fair value loss of QR1.31bn on investment properties in 4Q2023 that pushed the entire Insurance Sector into the red for both the last quarter and full year 2023. Excluding QGRI, the Insurance Sector (QATI, DOHI, AKHI, QISI, QLMI and BEMA) net profit increased by 5.9% for 4Q2023 and made a huge recovery for the full year 2023 as Industry heavyweight QATI reversed from losses in FY2022 and came back to profitability, coupled along with a stellar performance by both DOHI and QISI in FY2023.
- Conventional insurance companies' (QATI, DOHI and QLMI), excluding QGRI performed well during the last quarter, with net profit increasing by 8.3%, as QATI and QLMI made significant gains during the quarter. The Islamic insurance companies (AKHI, QISI and BEMA) witnessed a marginal drop in net profit by 0.4% during the last quarter of 2023, mainly dragged down by BEMA even as AKHI and QISI gained.
- Overall insurance revenues for the insurance sector edged down by 0.9% during 4Q2023 to QR2,674mn from QR2,698mn during 3Q2023. Conventional insurance companies accounted for 92.3% of overall insurance revenues, while Islamic insurance companies accounted for only 7.7%.
- The insurance sector did not have positive aggregate earnings for 2023; the sector has a dividend yield of 4.7% (vs. the QSE's 4.6%).
- The Insurance Index dropped 1.3% (QSE Index: +5.6%) in 4Q2023 after it increased by 12.9% in 3Q2023.
- Trading interest in the sector dropped as traded value declined 33.3% QoQ in 4Q2023.

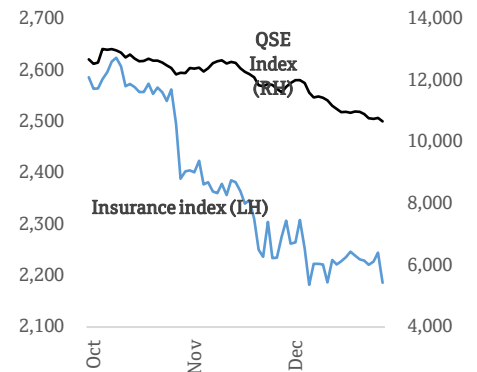
#### Revenue:

- The insurance sector's insurance revenues in 4Q2023 increased by 5.6% YoY to reach QR2.67bn from QR2.53bn, driven mainly by QATI (+8.1%) and DOHI (+11.2%).
- However, the insurance sector's insurance revenues declined by 3.7% in FY2023 to QR10,408mn, from QR10,803mn in FY2022, primarily due to a 8.4% drop in QATI's insurance revenues, even as DOHI made a significant gain of 11.9% for FY2023.

#### Earnings & Dividends:

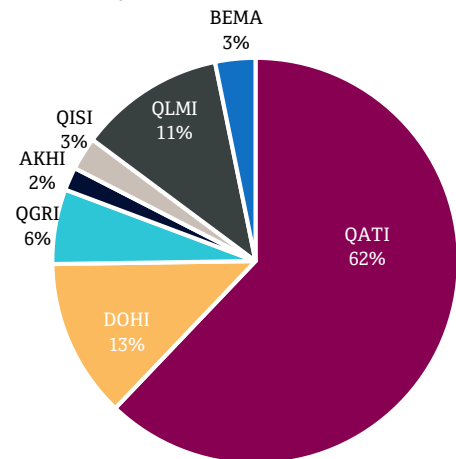
- The sector's 4Q2023 net loss declined YoY to QR1,213.9mn while the full-year bottom-line loss reached QR360.1mn, compared to a net loss of QR1,339.7mn for the full-year 2022.
- Sequentially, sectoral bottom-line recorded a huge loss in 4Q2023 primarily due to substantial losses from fair value of investment properties for QGRI.
- Total dividends increased by 145.9% for FY2023. QGRI did not announce any dividends for FY2023 after recording significant losses.

Sector Index Performance for 4Q2023



Source: Bloomberg

4Q2023 Sector Insurance Revenue



Source: QSE

### Net Income

Ticker	Company	4Q2022	3Q2023	4Q2023	YoY	QoQ	2022	2023	YoY
QATI	Qatar Insurance	(1,049,919)	121,766	154,880	N/M	27.2%	(1,199,095)	601,174	N/M
DOHI	Doha Insurance	13,712	52,119	17,173	25.2%	(67.1%)	103,783	150,749	45.3%
QGRI	Qatar General Insurance & Reinsurance	(579,208)	(23,101)	(1,477,996)	N/M	N/M	(532,113)	(1,465,982)	N/M
AKHI	Al Khaleej Takaful Group	10,538	10,505	11,987	13.7%	14.1%	56,544	64,575	14.2%
QISI	Qatar Islamic Insurance	21,821	39,052	39,516	81.1%	1.2%	101,335	142,799	40.9%
QLMI	Qatar Life & Medical Insurance	32,701	6,351	23,213	(29.0%)	265.5%	73,239	76,279	4.2%
BEMA	Damaan Islamic Insurance Company	14,372	19,584	17,353	20.7%	(11.4%)	56,625	70,279	24.1%
	<b>Total</b>	<b>(1,535,982)</b>	<b>226,277</b>	<b>(1,213,873)</b>	<b>N/M</b>	<b>N/M</b>	<b>(1,339,682)</b>	<b>(360,127)</b>	<b>N/M</b>

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

### Dividend Per Share & Dividend Yield

Ticker	Company	2022		2023		YoY Change
		DPS	Yield	DPS	Yield	
QATI	Qatar Insurance	0.000	0.0%	0.100	4.2%	N/M
DOHI	Doha Insurance	0.150	7.7%	0.175	7.3%	16.7%
QGRI	Qatar General Insurance & Reinsurance	0.000	0.0%	0.000	0.0%	0.0%
AKHI	Al Khaleej Takaful Group	0.100	5.0%	0.120	4.6%	20.0%
QISI	Qatar Islamic Insurance	0.450	5.4%	0.500	5.6%	11.1%
QLMI	Qatar Life & Medical Insurance	0.125	4.0%	0.125	5.7%	0.0%
BEMA	Damaan Islamic Insurance Company	0.160	4.0%	0.180	4.7%	12.5%
	<b>Sector</b>		<b>2.2%</b>		<b>4.7%</b>	

Source: Company data; Note: DPS is in QR

### Company Results Review

- Qatar Insurance Company (QATI) net profit came to QR155mn in 4Q2023 as compared to net loss of QR1,1050mn in 4Q2022** due to higher insurance service result. For FY2023, net profit was QR601mn vs net loss of QR1,199mn in FY2022. **Insurance revenue increased by 8.1% YoY (+3.9% QoQ) to QR1,661mn in 4Q2023** while for FY2023, it decreased by 8.4% YoY to QR6,309mn. **Insurance service income was QR75mn in 4Q2023 as compared to a loss of QR478mn in 4Q2022.** For FY2023 it was QR747mn vs a loss of QR465mn in FY2022. **Total investment and other income increased by 55.6% YoY to QR228mn (+6.9% QoQ).** For FY2023, it increased by 12.0% YoY to QR889mn. **Total income was QR336mn vs a loss of QR626mn in 4Q2022.** For FY2023, total income increased to QR1,429mn (+2,583.3% YoY). **For 4Q2023, EPS came at QR0.037 vs. loss per share of QR0.332 in 4Q2022** while for FY2023, EPS was QR0.133 vs loss per share of QR0.410 in FY2022. **The Board announced a DPS of QR0.10 for 2023 which translates into a yield of 4.5%.**
- Doha Insurance Group (DOHI) net profit increased by 25.2% YoY to QR17mn (-67.1% QoQ) in 4Q2023.** This increase was attributed to a low base, as the company had recognized a net impairment loss from investment property of QR5mn in 4Q2022. For FY2023, net profit was up by 45.3% YoY to QR151mn. **Insurance revenue increased by 11.2% YoY to QR338mn (-11.7% QoQ) in 4Q2023** while for FY2023, it increased by 11.9% YoY to QR1,374mn. **Insurance service loss came at QR34mn (vs a loss of QR10mn in 4Q2022) in 4Q2023** while for FY2023, it was down by 1.4% to QR154mn. **Net investment income increased by 262.0% YoY to QR14mn (-4.8% QoQ).** For FY2023, it increased by 179.8% YoY to QR67mn. **For 4Q2023, EPS came at QR0.03 vs. QR0.03 in 4Q2022 while for FY2023, EPS was QR0.30 vs QR0.21 in FY2022.** **The Board announced a DPS of QR0.175 for FY2023 which translates into a yield of 7.0%.**
- Qatar General Insurance & Reinsurance Company (QGRI) net loss came at QR1,478mn in 4Q2023 as compared to a net loss of QR579mn in 4Q2022** due to a decline in insurance service income, lower investment & other operations income, and higher net impairment reversal on financial assets. For FY2023, net loss was QR1,466mn vs net loss of QR532mn in FY2022. **Insurance**

revenue decreased by 10.6% YoY (-25.8% QoQ) to QR159mn in 4Q2023 while for FY2023, it was up by 7.0% YoY to QR768mn. Insurance service loss came at QR46mn in 4Q2023 vs insurance service income of QR35mn in 4Q2022 and QR14mn in 3Q2023. For FY2023, insurance service income was QR15mn (-81.3% YoY). Investment and other operations loss was QR1,378mn (vs QR558mn in 4Q2022). For FY2023, the loss came to QR1,325mn vs QR479mn in FY2022. For 4Q2023, loss per share came at QR1.689 vs. QR0.662 in 4Q2022 while for FY2023, loss per share was QR1.675 vs QR0.608 in FY2022. The Board of Directors proposed not to distribute dividends.

- **Al Khaleej Takaful Insurance Company's (AKHI) net profit increased 13.7% YoY to QR12mn (+14.1% QoQ) in 4Q2023** primarily due to a surge in gross written premium and higher Share of result of associate in 4Q2023. For FY2023, net profit was up by 14.2% YoY to QR65mn. **Gross written premium increased by 7.3% YoY to QR77mn (+7.9% QoQ) in 4Q2023.** For FY2023, gross written premium was up by 4.4% YoY to QR333mn. **Net earned premium (NEP) of QR45mn came higher by 10.9% YoY (-2.0% QoQ) in 4Q2023.** For FY2023, NEP increased by 14.7% YoY to QR184mn. **Loss ratio increased by 1.2ppts to 49.5% (-19.0ppts QoQ) in 4Q2023.** For FY2023, the loss ratio came to 57.1% (+4.0ppts YoY). **For 4Q2023, EPS came at QR0.047 vs QR0.041 in 4Q2022 while for FY2023, EPS was 0.253 vs 0.221 in FY2022. The Board announced a DPS of QR0.12 for FY2023 which translates into a yield of 4.4%.**
- **Qatar Islamic Insurance Group's (QISI) net profit increased 81.1% YoY to QR39.5mn (+1.2% QoQ) in 4Q2023,** primarily due to higher revenue. For FY2023, net profit was up by 40.9% YoY to QR142.8mn. **Gross written premium rose by 4.7% YoY to QR108.3mn (-18.5% QoQ) in 4Q2023.** For FY2023, gross written premium was up by 12.0% YoY to QR523.5mn. **Net earned premium (NEP) of QR79.3mn came lower by 1.2% YoY (-12.0% QoQ) in 4Q2023.** For FY2023, NEP increased by 12.8% YoY to QR346.0mn. **Loss ratio decreased by 18ppts to 69.8% (+0.1ppts QoQ) while for FY2023, it came at 59.4% (+11.3ppts YoY). For 4Q2023, EPS came at QR0.26 vs QR0.15 in 4Q2022 while for FY2023, EPS was 0.95 vs 0.68 in FY2022. The Board announced a DPS of QR0.50 for 2023 which translates into a yield of 4.7%.**
- **QLM Life & Medical Insurance Company (QLMI) net profit decreased by 29.0% YoY to QR23mn in 4Q2023 (+265.5% QoQ) on** account of lower insurance service result. For FY2023, net profit was up 4.2% YoY to QR76mn due to higher net investment income. **Insurance revenue fell by 3.2% YoY to QR311mn (+8.6% QoQ) in 4Q2023** while for FY2023, it declined by 7.3% YoY to QR1,124mn. **Total income decreased by 22.3% YoY to QR31mn (+186.0% QoQ).** For FY2023, total Income increased by 6.3% YoY to QR97mn due to higher net investment income. **For 4Q2023, EPS came at QR0.07 vs QR0.09 in 4Q2022 while for FY2023, EPS was 0.22 vs 0.21 in FY2022. The Board announced a DPS of QR0.125 for FY2023 which translates into a yield of 5.6%.**
- **Damaan Islamic Insurance Company "BEEMA" (BEMA) net profit increased by 20.7% YoY to QR17mn (-11.4% QoQ) driven** by higher total income in 4Q2023. For FY2023, net profit was up by 24.1% YoY to QR70mn. **Total income grew by 21.6% to QR30mn (-2.3% QoQ) in 4Q2023,** while for FY2023, it was up by 18.5% YoY to QR123mn. **Net earned premium (NEP) of QR86mn came higher by 19.7% YoY (+15.3% QoQ)** primarily aided by higher gross written premium (+27.0% YoY, +28.0% QoQ). For FY2023, NEP rose 8.5% YoY to QR290mn. **Loss ratio decreased by 10.4ppts to 26.9% (-12.8ppts QoQ) in 4Q2023.** For FY2023, the loss ratio came at 36.4% (-0.2ppts YoY). **For 4Q2023, EPS came at QR0.09 vs. QR0.07 in 4Q2022 while for FY2023, EPS was 0.35 vs 0.28 in FY2022. The Board announced a DPS of QR0.18 for FY2023 which translates into a yield of 4.5%.**

## Telecoms Sector

### Positive Momentum Despite Challenging YoY Comparisons

#### Highlights:

- The AFC Asian World Cup supplied an increase in demand for telecommunication services in 1Q2024 as total attendance was recorded at an impressive figure of 1.06 million spectators. Ooredoo recorded data volume that reached a staggering 190TB, while the total number of calls made was approximately 3.8 million.
- The Telecoms Index expanded 6.5% from 3Q2023 to 4Q2023 vs. its 3Q2023 contraction of 2.3% and it outperformed the QSE Index that experienced a 5.6% rise. Total traded value went through an upsurge of 26.7% to QR1.4bn during 4Q2023 vs. QR1.1bn in 3Q2023.
- The telecoms sector is trading at a 2024 P/E multiple of 11.5x, which is at a discount to the QSE Index's P/E multiple of 12.2x. The sector sports a dividend yield of 5.4% vs. the QSE Index's DY of 4.6%.

#### Revenue:

- For 4Q2023, aggregate sector top-line remained flattish YoY at QR6.7bn. For VFQS, in 4Q2023, revenue grew by 6.8% YoY to QR812.6mn, excluding impact of the World Cup; revenue was helped by service revenue growth of 4.6% along with higher equipment sales. Aggregate revenue for FY2023 grew to QR26.3bn, up 2.0% from QR25.8bn, driven by both ORDS (+2.1%) and VFQS (+1.5%). We note that 4Q2022/2022 enjoyed upside from the World Cup so the YoY growth in top-line was noteworthy.
- Sequentially, revenue grew 2.4% in 4Q2023 driven by revenue growth of 1.6% from ORDS and 8.7% from VFQS. The better than expected in VFQS top-line was mostly due to strength in equipment sales (including related services & accessories) and upside from prepaid mobile service revenue.

#### Earnings & Dividends:

- The sector's 4Q2023 net profit jumped 12.3% YoY to QR499.6mn from QR444.9mn. The YoY increase came from ORDS as it was greatly impacted by a 91.1% fall in net other losses to QR6.6mn from QR230.8mn. For VFQS, net profit increased by 11.2% YoY to QR147.9mn (+11.8% QoQ) in 4Q2023 excluding the World Cup impact; net profit growth was aided by higher EBITDA. During FY2023, sectoral bottom-line climbed 24.2% to QR3.6bn as both ORDS and VFQS reported growth (27.8% and 7.5%, respectively).
- Sequentially, sectoral bottom-line halved in 4Q2023 due to Ooredoo reporting a 59.6% fall in profits mainly from deeper impairment losses on financial assets and impairment losses on goodwill and other financial assets, as well as from the impact of the IPO of Meeza reported in 3Q2023; collectively all of which resulted in a flip in net other gains to losses.
- Aggregate EPS increased 24.2% in FY2023.
- Sector dividend grew 23.7% YoY. ORDS DPS came in at QR0.55 up 27.9%, while VFQS declared DPS of QR0.11, up 10.0% YoY.

#### Net Income

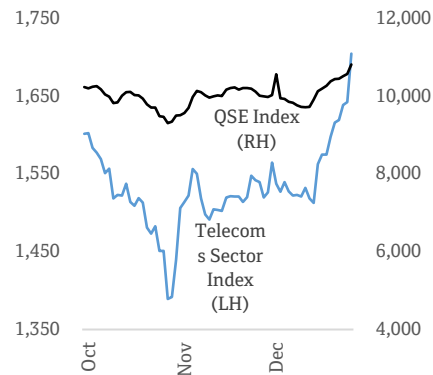
Ticker	Company	4Q2022	3Q2023	4Q2023	YoY	QoQ	2022	2023	YoY
ORDS	Ooredoo	276,953	869,392	351,634	27.0%	(59.6%)	2,360,234	3,015,878	27.8%
VFQS	Vodafone Qatar	167,972	132,282	147,920	(11.9%)	11.8%	502,280	540,044	7.5%
	<b>Total</b>	<b>444,925</b>	<b>1,001,674</b>	<b>499,554</b>	<b>12.3%</b>	<b>(50.1%)</b>	<b>2,862,614</b>	<b>3,555,922</b>	<b>24.2%</b>

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

#### Dividend Per Share & Dividend Yield

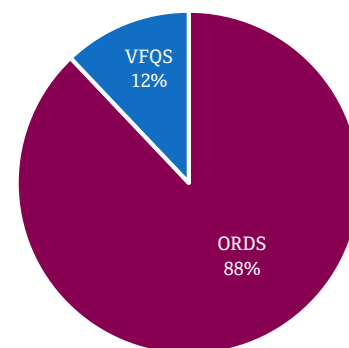
Ticker	Company	2022	2023	YoY
		DPS	Yield	Change
		DPS	Yield	Change

#### Sector Index Performance for 4Q2023



Source: Bloomberg

#### 4Q2023 Sector Revenue Contribution



Source: QSE

ORDS	Ooredoo	0.43	4.4%	0.55	5.2%	27.9%
VFQS	Vodafone Qatar	0.10	5.7%	0.11	6.3%	10.0%
	<b>Sector</b>	<b>0.24</b>	<b>4.7%</b>	<b>0.30</b>	<b>5.4%</b>	<b>2.3%</b>

Source: Company data; Note: DPS is in QR.

## Company Results Review

- Vodafone Qatar (VFQS) reported 4Q2023 net profit of QR147.9mn (-11.9% YoY, 11.8% QoQ) that was right in-line with our estimate of QR148.6mn (-0.5% divergence). We do note that net profit increased by 11.2% YoY to QR147.9mn in 4Q2023 excluding the World Cup impact;** net profit growth was aided by higher EBITDA. Quarterly revenue of QR812.6mn (-8.7% YoY, 8.7% QoQ) came in 3.9% above our top-line forecast of QR782.0mn. **For 4Q2023, revenue grew by 6.8% YoY to QR812.6mn, excluding impact of the World Cup;** revenue was helped by service revenue growth of 4.6% along with higher equipment sales. Costs optimization remains evident with VFQS reporting a healthy 4Q2023 EBITDA margin of 41.3% vs. 39.9% in 4Q2022 and 42.3% in 3Q2023. We were modeling an EBITDA margin of 42.7%. Quarterly EBITDA of QR335.5mn fell 5.5% YoY but increased 6.2% QoQ and was modestly higher than our estimate of QR334.1mn given the top-line beat. We do note that **4Q2023 EBITDA on a normalized basis (excluding the World Cup) increased by 6.0% YoY to QR335.5mn** following service revenue growth. **For FY2023, revenue increased 1.5% YoY to QR3,110.8mn. FY2023 net income expanded 7.5% from QR502.4mn (EPS: QR0.12) to QR540.0mn (EPS: QR0.13).** EBITDA expanded 4.2% from QR1,233.6mn in 2022 (EBITDA margin: 40.2%) to QR1,285.9mn in 2023 (41.3%). The company declared a DPS of QR0.11 vs. QR0.10 in 2022 and our estimate of QR0.12.
- Ooredoo's (ORDS) 4Q2023 net profit was up 27.0% YoY (-59.6% QoQ) to QR351.6mn due to a substantial drop in net other losses and growth in revenue. For FY2023, the company reported a net profit of QR3.0bn, a significant 27.8% growth from QR2.4bn in FY2022.** During 4Q2023, revenue inched up 1.3% YoY (+1.6% QoQ) on account of higher equipment rental revenue (+124.7% YoY, -0.1% QoQ) and sale of telecommunication equipment (+38.9% YoY, +24.6% QoQ). Impairment losses multiplied YoY and QoQ with impairment losses on financial assets reaching QR123.7mn from QR28.2mn in 4Q2022 and from QR79.2mn in 3Q2023 (+339.5% YoY/ +56.2% QoQ). Furthermore, impairment losses on goodwill and other financial assets jumped to QR440.1mn in 4Q2023 from QR193.3mn in 4Q2022 and from QR87.2mn in 3Q2023 (+127.7% YoY/ +404.5% QoQ). **Ooredoo reported a significant drop in net other losses of 97.1% to a net other loss of QR6.6mn in 4Q2023 from QR230.8mn in 4Q2022. In addition, royalties and fees dropped 72.2% YoY to QR59.5mn from QR213.6mn, both of which supported the bottom-line.** During 3Q2023, a one-off item (gain on disposal of investment in associate of QR139.2mn) was the main backbone which supported the net other gain recorded, however; since in 4Q2023 this one-off item was not present, net other gains turned to losses. The gain on disposal of investment in associate in 3Q2023 was from the IPO of Meeza QSTP (which started trading on the QSE main market on 23 August 2023). **During FY2023, the company disclosed favorable results with a 27.8% growth in its bottom-line and a 2.1% growth in its top-line.** Net profit climbed to QR3.0bn in FY2023 from QR2.4bn primarily because of a 243.6% expansion in other income to QR671.5mn, a drop in net other losses of 91.1% to QR42.1mn and a drop in royalties and fees of 46.1% to QR238.3mn. EPS was calculated at QR0.94 in FY2023 vs. EPS of QR0.74 in FY2022. The company declared cash dividends of QR0.55 vs. QR0.43 for FY2022.

## Real Estate Sector

### BRES and UDCD Drive Sector Profits even as Rental Rates come under pressure

#### Highlights:

- Barwa Real Estate Company (BRES) and United Development Company (UDCD) drove sector profits for 4Q2023, with BRES recognizing a QR471mn gain from sale of non-current asset and UDCD witnessing a significant rise in real estate revenue. However, a QR193mn loss from change in fair value of investment properties for ERES put downward pressure on the sector for 4Q2023. Overall Real Estate revenues have weakened in 2023 as apartment rents continue to drop to pre-2022 World Cup levels, coupled along with rising financing costs from higher 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 rose 2.5% (QSE Index: +5.6%) in 4Q2023 after it dropped by 2.5% in 3Q2023. Trading activity in the sector improved a further 6.7% in 4Q2023 to QR2.2bn after it climbed 7.4% in 3Q2023 to QR2.3bn.
- The Real Estate sector is currently trading at a P/E multiple of 22.1x (vs. the QSE Index's P/E of 12.2x) with a dividend yield of 2.5% (vs. the QSE's 4.6%).

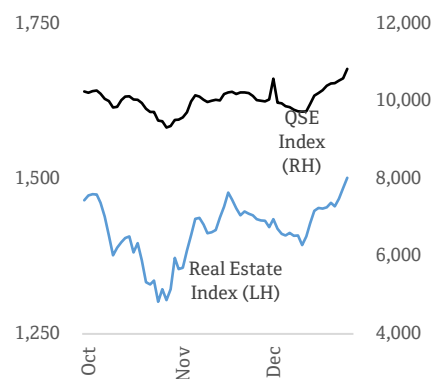
#### Revenue:

- The real estate sector's 4Q2023 revenue declined 3.4% YoY to QR1.80bn from QR1.86bn, driven by drops from BRES and ERES, even as UDCD made significant gains. BRES recorded a 32.7% fall in revenue and ERES's revenue dropped by 28.7%, while UDCD revenues jumped higher by 46.4% YoY for 4Q2023.
- Sequentially, UDCD recorded a major spike in its top-line figures leading to a sectoral top-line rise of 46.4% for 4Q2023. UDCD shot up by 153.6% QoQ to reach QR838.5mn, with BRES edging up by 3.6% to reach QR446mn and MRDS reaching QR83.5mn respectively. However, ERES witnessed a drop for the quarter by 5.9% to QR430.9mn.

#### Earnings:

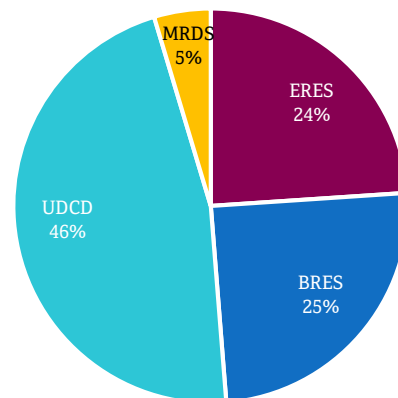
- During 4Q2023, sectoral bottom-line rose 45.9% YoY to reach QR510.4mn as compared to QR349.9mn in 4Q2022. BRES contributed QR450.4mn to sectoral earnings mainly due to gain from sale of non-current asset of QR470.7mn in 4Q2023. ERES's loss from change in fair value of investments reduced significantly in 4Q2023 to QR192.9mn, compared to QR418.4mn in 4Q2022. UDCD witnessed a slight YoY drop as other operating income contracted to QR67.4mn in 4Q2023, from QR194.0mn in 4Q2022. MRDS also recorded a YoY drop in earnings due to other income.
- Sequentially, sectoral earnings surged up by 53.1% in 4Q2023. BRES put in a strong performance due to the sale of non-current asset of QR470.7mn in 4Q2023 as mentioned earlier. Additionally, UDCD recorded a sectoral bottom line jump as rental revenues increased significantly QoQ.

Sector Index Performance for 4Q2023



Source: Bloomberg

4Q2023 Sector Revenue Contribution



Source: QSE

#### Net Income

Ticker	Company	4Q2022	3Q2023	4Q2023	YoY	QoQ	2022	2023	YoY
UDCD	United Development	179,570	42,560	171,915	(4.3%)	303.9%	388,114	402,065	3.6%
BRES	Barwa Real Estate	395,835	225,945	450,375	13.8%	99.3%	1,138,038	1,229,250	8.0%
ERES	Ezdan Real Estate	(234,292)	58,329	(120,015)	N/M	N/M	86,732	99,657	14.9%
MRDS	Mazaya Real Estate Development	8,816	6,659	8,143	(7.6%)	22.3%	41,008	29,687	(27.6%)
	<b>Total</b>	<b>349,929</b>	<b>333,493</b>	<b>510,418</b>	<b>45.9%</b>	<b>53.1%</b>	<b>1,653,892</b>	<b>1,760,659</b>	<b>6.5%</b>



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

### Dividend Per Share & Dividend Yield

Ticker	Company	2022		2023		YoY
		DPS	Yield	DPS	Yield	Change
UDCD	United Development	0.06	5.1%	0.06	5.3%	0.0%
BRES	Barwa Real Estate	0.18	6.7%	0.18	6.3%	0.0%
ERES	Ezdan Real Estate	0.00	0.0%	0.00	0.0%	-
MRDS	Mazaya Real Estate Development	0.00	0.0%	0.03	3.6%	-
<b>Sector</b>						

Source: Company data; Note: DPS is in QR.

### Company Results Review

- Barwa Real Estate Company's (BRES) net income increased by 13.8% YoY (+99.3% QoQ) to QR450mn in 4Q2023** due to the gain from sale of non-current asset held for sale (QR471mn). However, lower rental income limited the gains. For FY2023, net income was up by 8.0% YoY to QR1,229mn. **Rental operating profit declined by 35.6% YoY (+5.8% QoQ) to QR283mn in 4Q2023.** Meanwhile, rental operating margin improved by 0.9ppts YoY to 81.1% (+1.7ppts QoQ) in 4Q2023. For FY2023, the rental operating profit was down 9.3% to QR1,180mn. **Operating profit jumped by 5.9% YoY to QR642mn (+59.1% QoQ) in 4Q2023.** For FY2023, operating profit grew by 20.9% YoY to QR1,973mn. **For 4Q2023, EPS came to QR0.116 vs. QR0.102 in 4Q2022 while for FY2023, EPS was QR0.316 vs 0.292 in FY2022. The Board announced a DPS of QR0.18 for 2023 which translates into a yield of 6.3%.**
- United Development Company's (UDCD) net profit decreased by 4.3% YoY (+303.9% QoQ) to QR172mn in 4Q2023** due to lower other operating income (-65.3% YoY, -5.7% QoQ). For FY2023, net profit was up by 3.6% YoY to QR402mn. **Revenue increased by 46.4% YoY (+153.3% QoQ) to QR 839mn in 4Q2023.** For FY2023, revenue grew by 13.3% YoY to QR2,051mn. **Gross profit increased 32.5% YoY to QR299mn (+236.8% QoQ) while the** corresponding margin came at 35.7% in 4Q2023 (vs. 39.4% in 4Q2022). For FY2023, gross profit was down 1.3% YoY to QR686mn. **Operating profit of QR278mn was down by 1.3% YoY (+226.7% QoQ) and margin** came at 33.1% in 4Q2023 (vs. 49.1% in 4Q2022). For FY2023, operating profit increased by 25.3% YoY to QR704mn. **For 4Q2023, EPS came at QR0.049 vs. QR0.051 in 4Q2022 while for FY2023, EPS was QR0.114 vs. QR0.110 in FY2022. The Board announced a DPS of QR0.055 for FY2023 which translates into a yield of 5.3%.**
- Ezdan Holding Company's (ERES) Net loss came at QR120mn in 4Q2023 compared to net loss of QR234mn in 4Q2022** (net profit of QR58mn in 3Q2023) due to lower loss from change in fair value of investment properties. For FY2023, net profit rose by 14.9% to QR100mn. **Total revenue decreased by 28.7% YoY (-5.9% QoQ) to QR431mn in 4Q2023** due to lower rental income (-27.5% YoY, -5.6% QoQ). For FY2023, total revenue was down by 0.3% YoY to QR1,852mn. **Net operating profit declined by 28.2% YoY to QR344mn (-5.4% QoQ) in 4Q2023.** For FY2023, net operating profit was down by 30.0% YoY to QR1,487mn. **For 4Q2023, loss per share came at QR0.005 vs. QR0.009 in 4Q2022. while for FY2023, EPS was QR0.004 vs QR0.003 in FY2022. The Board of Directors has proposed no dividends for the financial year ended 31 December 2023.**
- Mazaya Real Estate Development's (MRDS) net profit fell 7.6% YoY (+22.3% QoQ) to QR8mn in 4Q2023, primarily due to a reduction in other income.** For FY2023, net profit was down by 27.6% YoY to QR30mn. **Operating income declined by 15.9% YoY to QR33mn (+28.0% QoQ).** For FY2023, it was up by 0.4% YoY to QR122mn. **Gross profit of QR35mn grew by 4.6% YoY (+63.5% QoQ).** For FY2023, gross profit increased by 2.0% YoY to QR113mn. **For 4Q2023, EPS came at QR0.007 vs. EPS of QR0.008 in 4Q2022 while for FY2023, EPS was 0.026 vs 0.035 in FY2022. The Board announced a DPS of QR0.025 for 2023 which translates into a yield of 3.6%.**

## Transportation Sector

### LNG Output Set to Grow ~85% Aiding Sector Attractiveness

#### Highlights:

- **In February 2024, QatarEnergy announced that it will further raise Qatar's LNG production capacity to 142 MTPA before the end of 2030.** QatarEnergy has announced that it is proceeding with a new LNG expansion project, the North Field West project, to further raise Qatar's LNG production capacity by 16 MTPA to 142 MTPA before the end of this decade, representing an increase of almost 85% from current production levels. Concurrently, QatarEnergy also announced the discovery of additional gas quantities in the NF estimated at 240tn cubic feet, which raises Qatar's gas reserves to more than 2,000tn cubic feet from 1,760tn cubic feet and raises the condensates reserves to more than 80bn barrels from 70bn barrels. As a result, Qatar's total LNG production will reach about 142 MTPA when this new expansion is complete (~+85% compared to current production levels).
- **In February 2024, as expected by QNB FS, QatarEnergy chose Nakilat as the owner and operator of up to 25 conventional LNG vessels tied to the massive 100+ vessels North Field expansion program.** Further, in March, QatarEnergy and Nakilat signed long-term charter party agreements for 25 conventional LNG ship related to this agreement. QGTS will own 100% of the 25 LNG vessels, which will be chartered to affiliates of QatarEnergy. They are scheduled for construction in Korean shipyards as part of QatarEnergy's historic LNG Fleet Expansion Project, which is intended to cater for the LNG transportation requirements of QatarEnergy's LNG expansion projects as well as its fleet renewal requirements. **Milaha is also set to benefit from this deal given its 36.3% ownership in QGTS.**
- **The Transportation Index dropped a further 5.2% (QSE Index: +5.6%) in 4Q2023 after it fell 5.2% in 3Q2023.** Trading interest in the transportation sector expanded the most amongst all other sectors with a 71.6% jump in traded value from QR1.5bn to QR2.6bn.
- **The transportation sector is currently trading at a P/E multiple of 12.6x (vs. the QSE Index's P/E of 12.2x)** with a dividend yield of 3.6% (vs. the QSE's 4.6%).

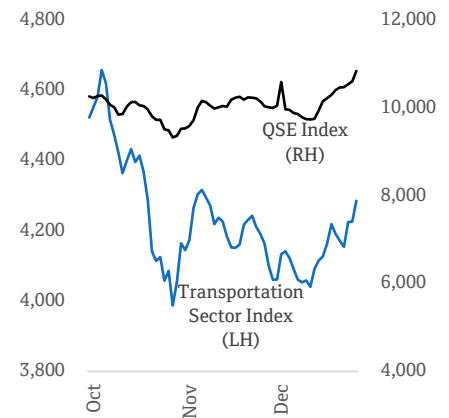
#### Revenue:

- **The transportation sector's 4Q2023 revenue inched down 1.9% YoY to QR1.99bn dragged by a drop in Gulf Warehousing and Milaha's top-line.** Revenue reported by GWCS was down 8.9% stemming from a fall in the top-line for Logistics of 12.2%. QNNS's revenue fell 1.1% as revenue for Milaha Maritime & Logistics dropped 32.3% followed by a drop in the revenue of Milaha Capital (-30.1%) and Milaha Trading (-0.5%).
- **Sequentially, sectoral revenues expanded 1.4% as revenue from GWCS and QGTS grew by 6.6% and 0.8%, respectively.** For GWCS, the primary contributor to the top-line expansion was the increase in its freight forwarding to QR124.1mn (+24.2%) which accelerated from the 3Q2023 lows of QR99.8mn. QGTS revenue from Wholly-Owned Vessels rose 0.8% to QR903.6mn vs. QR896.2mn in 3Q2023.
- **For FY2023, revenue slid 4.1% mainly from the 10.5% slip reported by QNNS and the slight fall from GWCS of 0.7%.** QNNS MM&L division fell 34.0% influenced by a drop in container shipping rates and container volume declines; MC contracted 19.0% followed by a decrease in the top-line figure of MT by 17.4%.

#### Earnings:

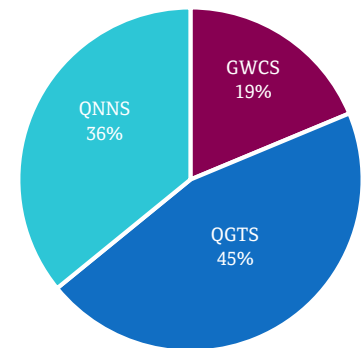
- **The sector's 4Q2023 bottom-line expanded 8.4% YoY to QR576.0mn from QR531.3mn resulting solely from a 21.2% increase in Nakilat's earnings despite a 27.9% and a 1.0% fall in the earnings of Gulf Warehousing and Milaha, respectively.** QGTS net profit expansion was supported by a fall in its general & administrative expenses of 9.3% as well as a fall in depreciation of property and equipment of 10.7%. Furthermore, the company recorded JV income of QR191.4mn (+5.3%) with the improving shipyard performance being the key driver of this increase. GWCS bottom-line continues to

Sector Index Performance for 4Q2023



Source: Bloomberg

4Q2023 Sector Revenue Contribution



Source: QSE

suffer due to its significant finance charges of QR27.8mn (+55.5%); however, given new projects and expected rate cuts, it should expect easing of its finance charges.

- **Sequentially, 4Q2023 sectoral bottom-line dipped 16.6% to QR576.0mn from QR690.2mn in 3Q2023 as all companies reported a fall.** QNNS led the way with a drop of 27.7%, which contributed to more than 50% of the decline in sectoral earnings. The decline stems from a fall in earnings of its MO division of 50.7% (influenced by an impairment item) and a 6.9% fall in its MG&P division. QGTS saw a dip in net profits of 11.3%, since its general & administrative expenses and depreciation of property and equipment both increased, up 61.2% and 11.5%, respectively. Finally, direct costs (+7.0%), general & administrative expenses (+22.1%), finance costs (+4.2%), net impairment loss of trade receivables (+212.7%) and taxes (+297.6%) all contributed to a dip in GWCS earnings by 11.1%.
- **Expansion of 4.2% in net income was registered for FY2023 compared to FY2022.** QGTS and QNNS reported a growth in earnings while GWCS was the only company to report a fall. QGTS contributed 1.6bn in earnings to the sector (+8.3%). QNNS earnings inched up 1.7% to QR1.0bn from growth in earnings of MG&P (+19.2%), MC (+153.6%) and MO (+111.5%).
- **In FY2023, sector EPS increased 4.2% from 2022.**
- **FY2023 sector total dividends grew 7.6% to QR1.3bn with all companies reporting greater cash dividends in 2023.** DPS for GWCS grew to QR0.11 (+10.0%), while QGTS declared a DPS of QR0.14, up 7.7% YoY. QNNS increased its dividend by 7.1% to QR0.375/share.

### Net Income

Ticker	Company	4Q2022	3Q2023	4Q2023	YoY	QoQ	2022	2023	YoY
GWCS	Gulf Warehousing	65,382	53,054	47,171	(27.9%)	(11.1%)	239,583	215,043	(10.2%)
QGTS	Nakilat	303,801	415,101	368,349	21.2%	(11.3%)	1,438,918	1,557,834	8.3%
QNNS	Milaha/ Qatar Navigation	162,127	222,070	160,462	(1.0%)	(27.7%)	1,012,738	1,030,199	1.7%
	<b>Total</b>	<b>531,310</b>	<b>690,225</b>	<b>575,982</b>	<b>8.4%</b>	<b>(16.6%)</b>	<b>2,691,239</b>	<b>2,803,076</b>	<b>4.2%</b>

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

### Dividend Per Share & Dividend Yield

Ticker	Company	2022		2023		YoY Change
		DPS	Yield	DPS	Yield	
GWCS	Gulf Warehousing	0.10	2.7%	0.11	3.4%	10.0%
QGTS	Nakilat	0.13	3.7%	0.14	3.5%	7.7%
QNNS	Milaha/ Qatar Navigation	0.35	4.1%	0.38	3.7%	7.1%
	<b>Sector</b>	<b>0.16</b>	<b>3.8%</b>	<b>0.17</b>	<b>3.6%</b>	<b>7.6%</b>

Source: Company data; Note: DPS is in QR.

### Company Results Review

- **Gulf Warehousing Company (GWCS) quarterly net profit came in at QR47.2mn (-27.9% YoY, -11.1% QoQ), which was 7.3% shy of our estimate of QR50.9mn.** 4Q2023 top-line of QR372.8mn fell 8.9% YoY but increased 6.6% QoQ as freight forwarding accelerated vs. 3Q2023's lows. Overall revenue was modestly (1.9%) below our model of QR380.0mn. **Logistics held the line sequentially with revenue of QR245.9mn (-12.2% YoY, -0.2% QoQ; 66% of total revenue) but was 8.0% below our optimistic**

**estimate of QR267.4mn.** YoY comparisons remain challenging due to the WC. While we do not have details on the drivers behind the various subdivisions, CL/logistics parks remained stable with warehouse management posting a moderate 1.4% QoQ growth to QR204.5mn (7.4% below estimate). According to the company's 3Q2023 presentation, CL benefited from clients, such as the Supreme Committee, Accor & Qatar Airways, along with 98% occupancy in logistics hubs (excluding Al Wukair with ~92%/56% occupancy in phases 1/2). This has helped offset moribund rental rates and a FIFA-related ~4% throughput fall in contract logistics from 1,336k in 9M2022 to 1,276k in 9M2023. **Freight forwarding top-line of QR124.1mn (-1.4% YoY, 24.2% QoQ; 33% of total revenue) exceeded our model of QR109.2mn by 13.6% after missing estimates for the previous two quarters.** 4Q2023 gross margin was 31.4% vs. 29.5% in 4Q2022 and 31.7% in 3Q2023. GM came in above our estimate of 30.3%. 4Q2023 GP of QR117.2mn (-2.9% YoY, 5.9% QoQ) modestly beat our estimate of QR115.0mn by 1.9% despite total D&A of QR55.6mn (21.3% YoY, 9.7% QoQ) exceeding our estimate of QR51.7mn by 7.4%. **4Q2023 EBITDA of QR132.6mn (0.1% YoY, 3.2% QoQ) came bang in-line with our model of QR132.4mn.** GWCS also reported an EBITDA margin of 35.6% in 4Q2023 vs. 32.4% in 4Q2022 and 36.7% in 3Q2023; we were expecting an EBITDA margin of 34.9%. **G&A expenses of QR40.2mn (18.2% YoY, 22.1% QoQ) exceeded our estimate of QR34.3mn by 17.4% and explains the majority of the earnings miss in 4Q2023.** We note that G&A included QR4.3mn in inventory provisions (not in our model) that contributed significantly to the increase. **Finance charges, while in-line with our estimate, continue to bite. GWCS posted 4Q2023 finance charges of QR27.5mn (55.5% YoY/4.2% QoQ), in-line with our model of QR27.8mn (-1.4% change).** Underlying business remains strong with GWCS posting 2023 operating income of QR324.2mn, up 5.0% YoY and EBITDA of QR531.4mn, up 10.5% YoY. FY2023 net income, however, fell 10.2% YoY to QR215.0mn with finance charges up 86% to QR103.8mn vs. QR55.8mn in 2022. Announced DPS of QR0.11 is up 10% vs. QR0.10 in 2022 but still represents a below-market yield of 3.6%.

- For Nakilat (QGTS), in-line revenue & progress in direct costs drive better-than-expected 4Q2023 EBITDA; earnings miss due to higher-than-anticipated depreciation, G&A and finance costs, along with softer-than-modeled JV income.** Nakilat's net profit/EPS rose 21.2% YoY (but fell 11.3% QoQ) to QR368.3mn/QR0.066 in 4Q2023, missing our estimate of QR408.7mn/QR0.074 (variation of -9.9%). **Wholly-owned ship revenue of QR903.6mn (0.7% YoY, 0.8% QoQ) was bang in-line with QNB FS estimate.** Adjusted revenue (wholly-owned ships + marine & agency services + JV income) of QR1.11bn (1.5% YoY, -1.1% QoQ) was also in-line with our estimate of QR1.13bn (-1.5% variance) with in-line wholly-owned vessel top-line offset by weaker-than-modeled JV income. **EBITDA of QR683.2mn (3.8% YoY, -0.3% QoQ) was 1.1% above our forecast of QR675.5mn given significantly better-than-expected cash operating costs of the wholly-owned fleet (cash gross margins increased to 78.3% vs. our model of 76.1%; GMs gained YoY/QoQ vs. 76.6%/77.4% in 4Q2022/3Q2023.** However, G&A expenses of QR40.1mn (-9.3% YoY, 61.2% QoQ) was 42.7% higher than our estimate of QR28.1mn. 2023 G&A of QR114.2mn increased 1.8% from QR112.1mn in 2022 and management attributed this to increase in planned activities this year. Adjusted EBITDA (EBITDA + JV income) of QR874.6mn (4.1% YoY, -2.3% QoQ) was 1.0% below our estimate of QR883.8mn given the miss on the JV income front. **Depreciation of QR255.9mn (-10.7% YoY, 11.5% QoQ) exceeded our forecast of QR230.5mn.** Management continues to attribute YTD depreciation (QR935.3mn in 2023, down 1.2% vs. QR946.6mn in 2022) to timing of the new dry-dock cycle execution, offset by the accounting of the initial dry-dock component. We remind investors that QGTS completed a 5-year dry-dock cycle in 2022 starting a new one in 2023. **JV income of QR191.4mn (5.3% YoY, -9.0% QoQ) was 8.1% below our estimate of QR208.3mn.** Overall, JV income continues its buoyant trend, posting a 13.9% YoY increase from QR689.4mn in 2022 to QR784.9mn in 2023. A key driver of this JV income increase is improving shipyard performance (which posted a net profit of QR134.4mn in 2023, up 47.3% from QR91.2mn in 2022 after posting net losses of QR36.2mn and QR25.5mn in 2021 and 2020, respectively). **Maran Nakilat (40% ownership in 15 conventional vessels) also posted an impressive 51.2% YoY growth in earnings from QR194.5mn in 2022 to QR294.0mn in 2023 offsetting weakness in other shipping/marine JVs.** Finally, finance costs of QR317.4mn (7.7% YoY, 1.9% QoQ) was 3.4% ahead of our estimate of QR307.1mn. Interest costs increased due to gains in LIBOR rates on the unhedged portion (~30%) of QGTS' debt, offset by scheduled repayment of loans. Interest, dividend & other income of QR67.3mn (50.1% YoY, 10.4% QoQ) was 7.4% better than our model of QR62.7mn. **2023 profitability jumps 8.3% with record-high earnings/EPS of QR1.6bn/QR0.28; DPS of QR0.14 (DY: 3.7%) increases 7.7% and is in-line with our model.** 2023 earnings were 2.5% below our model.
- Milaha (QNNS or Qatar Navigation) posted 4Q2023 earnings/EPS of QR160.5mn/QR0.14 (-1.0% YoY, -27.7% QoQ), which fell short of our estimate of QR220.3mn/QR0.19 by 27.2%.** We note that QNNS recorded an impairment charge of QR19.7mn in its offshore division in 4Q2023, which shaved off QR0.02/share from its 4Q2023 EPS. Excluding this charge, 4Q2023 earnings missed our forecast by 18.2%. Relative to our model and on a normalized basis, earnings from Milaha Offshore and Milaha Capital came in modestly ahead of our estimates. **Maritime & Logistics impacted 4Q2023 core results, while the earnings miss (vs. our model) from Nakilat affected Gas & Petrochem. Profitability: (1) Milaha Maritime & Logistics** – a drop in container shipping rates from near-record highs seen in 1H2022, along with container volume declines, continue to impact this segment. However, we witnessed a modest MM&L top-line beat this quarter. 4Q2023 segment flipped to a loss of QR55.9mn vs. a profit of QR29.4mn in 4Q2022; segment loss accelerated from QR20.7mn in 3Q2023 and our estimate of a loss of QR25.2mn. EBITDA margins came in at -30.1% in 4Q2023 vs. -1.8%/-14.2% in 4Q2022/3Q2023 and our estimate of -18.2%. **(2) Milaha Gas & Petrochem** – a 4Q2023 earnings miss from its 36.3%-associate Nakilat was the primary contributor to segment earnings

weakness despite a beat on revenue/operating performance. MG&P posted earnings of QR167.5mn (73.7% YoY, -6.9% QoQ), which came in 7.2% below our estimate of QR180.5mn. **(3) Milaha Trading** – quarterly earnings continued to remain in the red for the 3<sup>rd</sup> consecutive quarter despite a solid top-line beat. MT posed a loss of QR2.3mn vs. a profit of QR1.3mn in 4Q2022 and a loss of QR1.4mn in 3Q2023; we were expecting a loss of QR0.5mn in 4Q2023. **(4) Milaha Offshore** – 4Q2023 revenue came in near a record high at QR362.5mn (19.6% YoY, -0.5% QoQ, and 3.9% lower vs. QNB FS estimate) on higher project income, increased utilization of diving assets and full employment of Milaha’s liftboat. Margins eked out an increase with operating margin coming in at 10.7% in 4Q2023, up from 7.9% in 4Q2022 and 10.0% in 3Q2023. Similarly, EBITDA margin came in at 26.9% in 4Q2023, flattish vs. 26.8% in 4Q2022 and up from 25.7% in 3Q2023 (QNB FS: 24.8%). 4Q2023 net income of QR12.6mn (2.7% YoY, -50.7% QoQ) was impacted by the previously mentioned impairment. On a normalized basis, segment earnings came in at QR32.3mn (162.7% YoY, 26.1% QoQ), ahead of our estimate of QR28.0mn by 15.2%. **(5) Milaha Capital** – recorded QR38.4mn (56.3% YoY, 0.9% QoQ) in 4Q2023 net income; segment earnings exceed our model by 3.2%.

## Financial Services Sector

### Weak Performance in 4Q2022/FY2022

#### Highlights:

- The financial services sector faced losses in 4Q2022 and FY2022 with weak performance across the board. NLCS, DBIS and IHGS were hit with sizeable expenses and QOIS recorded a net investment and interest loss in 4Q2022.
- The Banks & Financial Services Index dropped 16.6% (QSE Index: -15.9%) in 4Q2022.
- The financial services sector (excluding banks) did not have positive earnings for 2022 with a dividend yield of 2.1% (vs. the QSE's 4.8%).

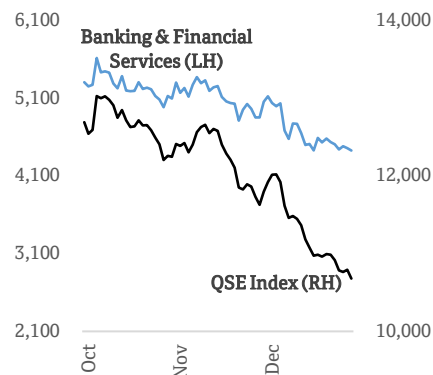
#### Revenue:

- The financial services sector's 4Q2022 revenue shrunk by 12.7% YoY to QR15.0mn driven by a drop in IHGS, QOIS and DBIS revenue. IHGS reported revenue of QR2.9mn, which experienced a steep decline of 39.0%. DBIS' top-line shrunk to QR4.5mn, while QOIS experienced a significant drop as its net investment & interest income became a loss of QR163,539, given losses in investments. NLCS, the only standout, exhibited a YoY growth in its revenue of 12.7%; however, this was not enough to offset the declines from the other three companies. For FY2022, aggregate sector revenue climbed 13.9% driven by IHGS, NLCS and DBIS.
- Sequentially, revenue slipped 33.3% in 4Q2022 as all four companies posted declines.

#### Earnings & Dividends:

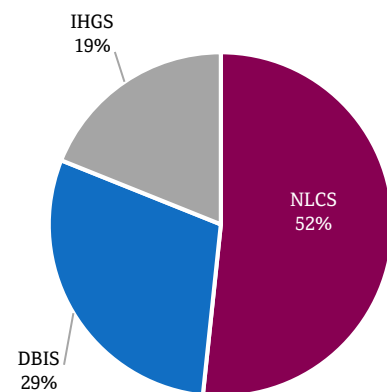
- The sector reported a net loss of QR36.5mn in 4Q2022 vs. a net loss of QR10.3mn in 4Q2021. The full-year bottom line also dipped into the red to the tune of QR5.7mn vs. a net profit of QR4.7mn in FY2021.
- Sequentially, sectoral bottom-line dropped significantly in 4Q2022 as all companies faced earnings declines. DBIS particularly stood out given its significant provisioning for legal cases and impairments.
- In FY2022, the sector recorded a loss per share of QR0.005.
- Total dividends in 2022 summed up to QR17.7mn. DPS remained flat for IHGS at QR0.05, while NLCS recorded DPS of QR0.03 as opposed to no DPS for FY2021. DBIS and QOIS did not distribute dividends for the year.

Sector Index Performance for 4Q2022



Source: Bloomberg

Sector Revenue for 4Q2022



Source: QSE

#### Net Income

Ticker	Company	4Q2021	3Q2022	4Q2022	YoY	QoQ	2021	2022	YoY
NLCS	National Leasing Holding	(7,086)	9,603	2,768	N/M	(71.2%)	(14,892)	19,107	N/M
DBIS	Dlala Brokerage & Investment Holding	(3,527)	(3,107)	(38,267)	985.0%	1,131.6%	8,493	(36,383)	N/M
QOIS	Qatar & Oman Investment	(1,450)	(429)	(1,359)	(6.3%)	216.6%	4,996	1,776	(64.5%)
IHGS	Inma Holding	1,735	2,145	433	(76.8%)	(81.2%)	6,076	9,824	61.7%
	<b>Total</b>	<b>(10,329)</b>	<b>8,212</b>	<b>(36,454)</b>	<b>252.9%</b>	<b>N/M</b>	<b>4,672</b>	<b>(5,675)</b>	<b>N/M</b>

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

## Dividend Per Share & Dividend Yield

Ticker	Company	2021		2022		YoY Change
		DPS	Yield	DPS	Yield	
NLCS	National Leasing Holding	0.000	0.0%	0.030	4.5%	N/A
DBIS	Dlala Brokerage & Investment	0.000	0.0%	0.000	0.0%	0.0%
QOIS	Qatar & Oman Investment	0.010	1.9%	0.000	0.0%	(100.0%)
IHGS	Inma Holding	0.050	1.4%	0.050	1.4%	0.0%
	<b>Sector</b>	<b>0.006</b>	<b>0.7%</b>	<b>0.017</b>	<b>2.1%</b>	<b>10.5%</b>

Source: Company data; Note: DPS is in QR

## Company Results Review

- Qatar Oman Investment Company (QOIS) continued to post losses; the company reported a net loss of QR1.4mn in 4Q2022 compared to a net loss of QR1.5mn in 4Q2021 and a net loss of QR0.4mn in 3Q2022.** Net investment & interest income printed a loss of QR0.2mn in 4Q2022, down from an income of QR0.7mn in 4Q2021 and from an income of QR0.9mn in 3Q2022. **For FY2022, QOIS recorded a net income of QR1.8mn vs. a net profit of QR5.0mn (-64.5%) for FY2021.** In terms of EPS, this translated to QR0.006 for FY2022 as compared to QR0.016 for FY2021. In 2022, the company's total income dropped 38.8% from QR10.5mn in 2021 to QR6.4mn as investments income took a hit (due to lower realized gains/higher unrealized losses) and more than halved from QR8.9mn in 2021 to QR4.2mn in 2022. Gross profit dropped substantially to QR1.2mn for FY2022, which is a drop of 76.6% from QR5.1mn for FY2021. Gross margin for FY2022 came in at 18.8% vs. 49.1% for FY2021 as both net investment & interest income and gross profit fell. Moreover, operating income landed at QR1.8mn in 2022 vs. QR5.0mn in 2021. Net income margin was at 27.7% for FY2022 vs. 47.8% for FY2021.
- Alijarah Holding/National Leasing Company's (NLCS) bottom-line shrunk 71.2% QoQ in 4Q2022 but the company still eked out a modest profit vs. a loss in 4Q2021.** Net profit printed at QR2.8mn in 4Q2022 vs. a loss of QR7.1mn in 4Q2021 and earnings of QR9.6mn in 3Q2022. Revenue during 4Q2022 was QR7.9mn, an increase from QR7.0mn in 4Q2021 (up 12.7% YoY); revenue, however, declined 18.4% QoQ from QR9.6mn in 3Q2022. Loss from investments came in at QR2.2mn in 4Q2022 vs. gains of QR0.5mn in 4Q2021 and QR2.7mn in 3Q2022. Opex declined 28.2% YoY and 12.0% QoQ to QR4.1mn. Overall gross profit fell 7.8% YoY and 78.9% QoQ to QR1.6mn vs. QR1.8mn in 4Q2021 and QR7.8mn in 3Q2022. General and administrative expenses grew YoY by more than 5 times from QR3.5mn; this item also more than doubled sequentially from QR9.3mn to land at QR19.0mn in 4Q2022. Overall, NLCS posted operating losses of QR17.4mn in 4Q2022, which is the highest quarterly operating loss reported during 2021 and 2022. Finance income and other one-off items attempted to salvage profits as net finance income expanded significantly to QR3.7mn (vs. QR1.1mn/QR1.6mn in 4Q2021/3Q2022) while other income shot up to QR22.0mn during 4Q2022 (vs only QR2.1mn in 4Q2021 and QR9.5mn in 3Q2022). Moreover, loss on valuation of investment properties shrunk to QR5.4mn vs. QR8.1mn in 4Q2021 (no valuation loss in 3Q2022). **For 2022, EPS came at QR0.04 and DPS at QR0.03 resulting in a dividend yield of 4.5%; NLCS posted a loss per share of 0.03 in FY2021.** Top-line in FY2022 increased 12.7% to QR33.0mn vs. QR29.3mn for FY2021.
- Dlala Brokerage Company (DBIS) faced the brunt of FV losses, provisions for legal cases and impairments, which led to losses in 3 out of 4 quarters of 2022.** The company recorded net losses of QR38.3mn in 4Q2022 vs. a loss of QR3.5mn in 4Q2021 and a loss of QR3.1mn in 3Q2021. Quarterly, revenue contracted YoY from QR4.8mn (down 7.8%) and QoQ from QR7.2mn (-38.1%) to land at QR4.5mn in 4Q2022. Operating loss was QR5.4mn vs. operating profits of QR3.7mn and QR9.7mn in 4Q2021 and 3Q2022, respectively. The main drivers of this operating loss were the significant losses reported in net fair value loss on investment securities (QR5.6mn) and a realized loss on sale of investment securities (QR2.2mn). Moreover, provision for legal cases of QR20.9mn and an impairment of funds advanced to a supplier of QR7.8mn, also showed up in 4Q2022. **For 2022, the company dipped into a loss of QR36.4mn or QR0.19 per share vs. profits of QR8.5mn (EPS: QR0.04) in FY2021.**
- Inma Holding (IHGS) recorded the lowest top- and bottom-line for FY2022 during 4Q2022.** Brokerage and commission income came in at QR2.9mn during 4Q2022, which is a 39.0% YoY drop from QR4.7mn (down 39.6% QoQ from QR4.8mn in 3Q2022). Gross profit declined to QR1.9mn during 4Q2022 from QR3.2mn in 4Q2021 (down 39.9% YoY) and from QR3.2mn in 3Q2022 (a decline of 40.2% QoQ), even though brokerage and commission expenses declined as well (-37.1% YoY, -38.1% QoQ) to QR1.0mn in 4Q2022. The company reported greater losses and expenses during 4Q2022: a loss from sale of financial investments of QR0.2mn, general and administrative expenses of QR3.8mn (12.3% YoY, 22.7% QoQ), finance cost of QR0.3mn (40.7% YoY, 47.0% QoQ). In addition, BOD remuneration of QR0.4mn recorded more than a 100% increase from 4Q2021's (QR0.2mn). **FY2022 EPS accumulated to QR0.17 vs. QR0.11 for FY2021. DPS came in at QR0.05 (same as FY2021), translating to a yield of 1.4%.**

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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