

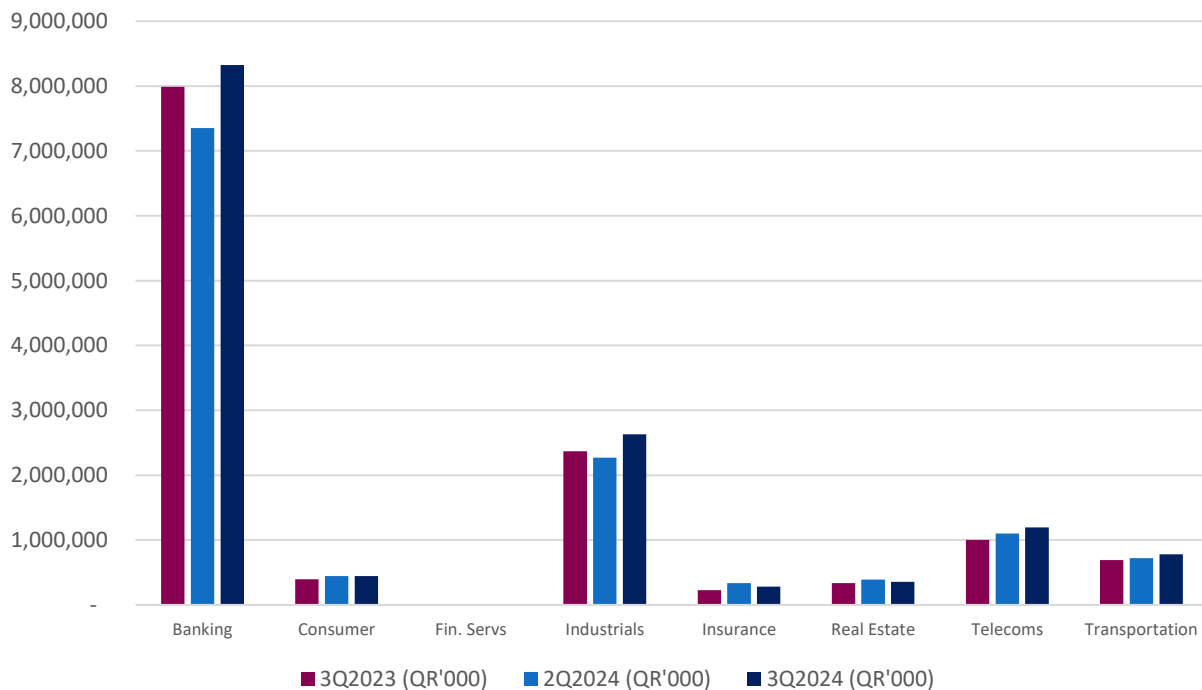
Strong QSE 3Q/9M2024 Earnings Trajectory Bodes Well For Fiscal 2024 Profit Outlook

Listed companies on the Qatar Stock Exchange reported a 7.8% YoY profit growth in aggregate earnings to reach QR14.0bn during 3Q2024, compared to QR13.0bn achieved during 3Q2023. Aggregate profits increased by 11.1% QoQ. Despite recent weakness, exacerbated by the regional unrest, the QSE Index has recovered nicely, up 13% from its trough in late May. Looking at sectoral performances, the banking sector continued to be the biggest contributor to overall growth, accounting for 33.4% of YoY bottom-line growth, followed by the industrials sector with a contribution of 26.1% and the telecoms sector with 19.1%. The insurance sector and consumer sector added 5.1% and 4.6%, respectively, to YoY aggregate earnings growth. Sequentially, most major sectors witnessed an increase during 3Q2024. **Listed companies' net profit grew by 6.3% during the first 9M of 2024 to reach QR39.7bn, compared to QR37.4bn achieved during the first 9M of 2023. Aggregate top-line increased 2.1% YoY and by 5.0% QoQ to reach QR48.6bn. Aggregate NP margin came in at 28.9% compared with 27.3% in 3Q2023 and 27.5% in 2Q2024. Banks remained the biggest contributor to the QSE's aggregate earnings at 33.6% (3Q2023: 34.9%) followed by consumer (22.1% vs. 23.0% in 3Q2023), industrials (16.7% vs. 13.6% in 3Q2023) and telecoms (13.7% vs. 13.8% in 3Q2023).**

Snapshot of the 3Q2024 Earnings Season

- Outstanding YoY earnings growth showcased by all sectors
- Five (3Q2023: four) companies recorded losses during the quarter: QGMD, MCCS, QOIS, WDAM and QGRI
- 13 companies out of the 52 listed, registered YoY earnings decline
- QNB Group became the first QSE-listed company to obtain approvals for its QR2.9bn share buyback from both the QFMA and the QCB and has since 8 October started its buyback program. The market expects that other companies with strong balance sheets could follow suit but so far, there have been no announcements.

QSE Sector Earnings Trend: 3Q2024 vs. 2Q2024 vs. 3Q2023



Source: QSE, QNBFS Research

3Q2024 Net Profit for QSE-listed Companies (QR'000)

Sector	Ticker	3Q2023	2Q2024	3Q2024	YoY	QoQ
Banks	QNBK	4,268,094	4,018,556	4,549,128	6.6%	13.2%
	QIBK	1,099,913	1,109,976	1,199,917	9.1%	8.1%
	CBQK	924,539	769,329	770,296	(16.7%)	0.1%
	DUBK	346,798	361,141	357,271	3.0%	-1.1%
	MARK	473,004	382,986	499,162	5.5%	30.3%
	QIIK	361,813	319,875	385,331	6.5%	20.5%
	DHBK	234,806	201,011	258,080	9.9%	28.4%
	ABQK	255,580	164,946	264,141	3.3%	60.1%
Banks Total	QFBQ	22,043	25,361	42,505	92.8%	67.6%
Consumer Goods & Services	QFLS	271,436	238,454	289,377	(6.6%)	21.4%
	MERS	27,428	39,882	29,100	6.1%	(27.0%)
	BLDN	22,258	52,170	40,594	82.4%	(22.2%)
	ZHCD	42,180	48,962	42,378	0.5%	(13.5%)
	MCCS	4,748	39,377	(4,909)	N/M	N/M
	MCGS	14,045	(8,486)	24,746	76.2%	N/M
	MEZA	16,301	18,223	12,113	(25.7%)	(33.5%)
	SIIS	8,433	15,442	5,554	34.1%	(64.0%)
	WDAM	(23,625)	(7,428)	(10,429)	(55.9%)	40.4%
	MKDM	7,259	6,934	8,255	13.7%	19.1%
	FALH*	6,652	1,072	6,567	(1.3%)	512.4%
QCFS	894	650	1,164	30.2%	79.1%	
QGMG	(1,388)	577	(1,687)	21.5%	N/M	
Consumer Goods & Services Total		396,622	445,831	442,823	11.7%	(0.7%)
Financial Services	NLCS	3,206	4,973	3,948	23.1%	(20.6%)
	IHGS	2,702	5,487	3,888	43.9%	(29.1%)
	QOIS	898	704	(338)	N/M	N/M
	DBIS	(1,704)	439	3,827	N/M	771.8%
Fin. Serv. Total		5,102	11,603	11,324	122.0%	(2.4%)
Industrials	IQCD	1,205,205	1,051,259	1,188,267	-1.4%	13.0%
	QEWS	340,431	361,162	509,268	49.6%	41.0%
	MPHC	263,985	204,364	168,310	-36.2%	-17.6%
	GISS	133,687	195,236	216,170	61.7%	10.7%
	IGRD	103,001	109,356	114,686	11.3%	4.9%
	AHCS	98,668	94,344	114,048	15.6%	20.9%
	QAMC	113,684	151,319	190,812	67.8%	26.1%
	QNCD	50,355	31,101	47,550	-5.6%	52.9%
	QIGD	21,279	27,218	47,038	121.0%	72.8%
QIMD	36,019	43,123	35,009	-2.8%	-18.8%	
Industrials Total		2,366,315	2,268,482	2,631,158	11.2%	16.0%
Insurance	QATI	121,766	162,131	161,033	32.2%	-0.7%
	DOHI	52,119	39,590	34,410	-34.0%	-13.1%
	QISI	39,052	36,115	34,456	-11.8%	-4.6%
	AKHI	11,422	15,728	18,020	57.8%	14.6%
	QGRI	-23,101	30,750	-2,759	(88.1%)	N/M
	QLMI	6,351	24,654	12,783	101.3%	-48.2%
BEMA	19,584	24,645	21,114	7.8%	-14.3%	
Insurance Total		227,194	333,613	279,058	22.8%	-16.4%
Real Estate	BRES	225,945	319,228	226,393	0.2%	-29.1%
	ERES	58,329	81,050	27,651	-52.6%	-65.9%
	UDCD	42,560	72,832	96,460	126.6%	32.4%
	MRDS	6,659	-82,513	4,363	-34.5%	N/M
Real Estate Total		333,493	390,597	354,867	6.4%	-9.1%
Telecoms	ORDS	869,392	958,529	1,051,466	20.9%	9.7%
	VFQS	132,282	143,060	143,927	8.8%	0.6%
Telecoms Total		1,001,674	1,101,589	1,195,393	19.3%	8.5%
Transportation	QGTS	415,101	409,388	446,277	7.5%	9.0%
	QNNS	222,070	263,168	289,036	30.2%	9.8%
	GWCS	53,054	49,472	46,668	-12.0%	-5.7%
Transportation Total		690,225	722,028	781,981	13.3%	8.3%
Grand Total		13,007,214	12,626,923	14,022,436	7.8%	11.1%

Source: QSE, QNBFS Research; FALH* is based on its latest 4Q2024 results

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Banking Sector

Lower CoR Generally Boosted the Bottom-Line

Highlights:

- **The banking sector posted mid-single digit in 2Q2024 aggregate earnings YoY, but surged sequentially.** For 3Q2024, the banking sector posted a +4.2/+13.2% YoY/QoQ growth in aggregate headline net income.
- **The Banks & Financial Services Index outperformed the QSE Index and gained by 13.9% (QSE Index: +6.5%) in 3Q2024.**
- **The banking sector is currently trading at a P/B multiple of 1.4x with an average RoE of 13.4% vs. 1.3x KSA (RoE: 13.4%), 1.2x UAE (RoE: 15.1%) and 1.4x Kuwait (RoE: 8.4%);** Qatar banks appear to be expensive based on a P/B-to-RoE of 10.1x vs. KSA and UAE. The sector offers a 2024e dividend yield of 4.3% vs. the QSE's DY of 4.9%.

Revenue:

- **Aggregate revenue receded by 1.6% YoY (in our coverage universe excluding QNB Group, which we do not cover) in 3Q2024 to QR16.3bn, driven mainly by sluggish non-funded income and margin compression.** Aggregate drop was attributable to Commercial Bank of Qatar (CBQK), followed by Doha Bank (DHBK). CBQK's revenue dropped by 17.7% on the back of weak non-funded income and 21bps compression in NIMs. DHBK's revenue dropped by 11.4% as a result of 46bps compression NIMs and weak non-funded income with fees being the exception.
- **Aggregate revenue increased by 5.0% sequentially in 3Q2024.** Aggregate increase was mainly attributable to margin expansion and to a lesser extent in non-funded income.
- **NIMs, on a YoY basis on average compressed, while expanded sequentially.** In aggregate, net interest margin compressed by 11bps to 2.47% YoY, but moved up by 5bps sequentially.

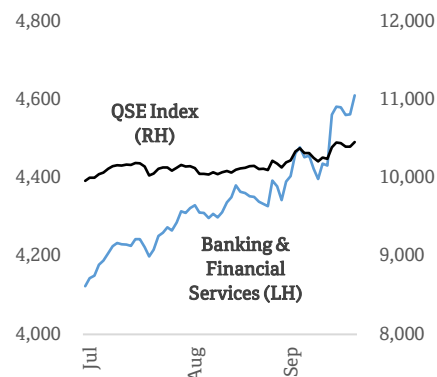
Earnings:

- **Aggregate 3Q2024 net income moved up by 4.2% YoY to QR8.3bn due to a combination of lower CoR & impairments.** All banks witnessed their bottom-line increase with **Commercial Bank of Qatar (CBQK)** being the exception. **Doha Bank's (DHBK)** net income grew by 9.6% on the back of a drop in credit provisions & impairment and drop in opex.
- **Aggregate net income of banks surged by 13.2% sequentially in 3Q2024.** This was due to QNBK growing its bottom-line by 13.2%. **On the other hand, Dukhan Bank's (DUBK)** profit receded by 1.1%.

Balance Sheet:

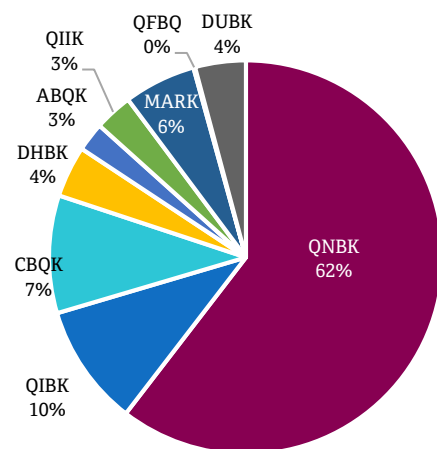
- **Loans experienced an increase QoQ and YTD; loans picked up pace with CBQK being the exception.** The loan book grew by 2.3% sequentially (+5.2% YTD) to QR1.45trn in 3Q2024. Dukhan Bank's (DUBK) loan book expanded by 2.6% sequentially (+9.4% YTD) followed by Qatar International Islamic Bank's (QIIK) +1.2% (+7.0% YTD). Moreover, QNB Group's (QNBK) loan portfolio grew by 2.9% QoQ (+6.1% YTD), contributing 79/73% to total incremental loan book growth QoQ/YTD.
- **Deposits also increased both sequentially and YTD.** Aggregate deposits increased by 1.7% sequentially (+6.4% YTD) reaching QR1.43trn; Ahli Bank's (ABQK) deposits expanded the most, growing by 9.3% QoQ (+13.8% YTD). Qatar Islamic Bank's (QIBK) loans expanded by 3.0% QoQ (+4.6% YTD) followed by QNBK +2.1/+6.1%, sequentially/YTD.
- **Capitalization levels of Qatar banks remained robust.** Average CAR came in at a robust 20.1% with all banks generating strong CARs.

Sector Index Performance for 3Q2024



Source: Bloomberg

3Q2024 Sector Revenue Contribution



Net Income

Ticker	Company	3Q2023	2Q2024	3Q2024	YoY	QoQ
QNBK	Qatar National Bank	4,268,094	4,018,556	4,549,128	6.6%	13.2%
QIBK	Qatar Islamic Bank	1,099,913	1,109,976	1,199,917	9.1%	8.1%
CBQK	Commercial Bank of Qatar	924,539	769,329	770,296	-16.7%	0.1%
DHBK	Doha Bank	234,806	201,011	258,080	9.9%	28.4%
ABQK	Al Ahli Bank	255,580	164,946	264,141	3.3%	60.1%
QIIK	Qatar International Islamic Bank	361,813	319,875	385,331	6.5%	20.5%
MARK	Masraf Al Rayan	473,004	382,986	499,162	5.5%	30.3%
QFBQ	Lesha Bank	22,043	25,361	42,505	92.8%	67.6%
DUBK	Dukhan Bank	346,798	361,141	357,271	3.0%	-1.1%
	Total	7,986,590	7,353,181	8,325,831	4.2%	13.2%

Source: Company data; Note: Net Income is in QRmn and are headline net income figures

Industrials Sector

Positive Momentum At the Top- and Bottom-Line YoY/QoQ

Highlights:

- **Strong sector top- and bottom-line performances both YoY and sequentially during 3Q2024**, emanating from mostly broad-based positive performances.
- **The Industrials Index rose by 2.7% (QE Index: +6.5%) in 3Q2024.**
- **Total traded value shrunk by 8.5% to QR5.4bn in 3Q2024 from QR5.9bn in 2Q2024.**
- **Sector's current P/E multiple is 15.5x vs. QSE Index's 13.2x**, and its dividend yield is 5.3% vs. QSE's 4.3%.

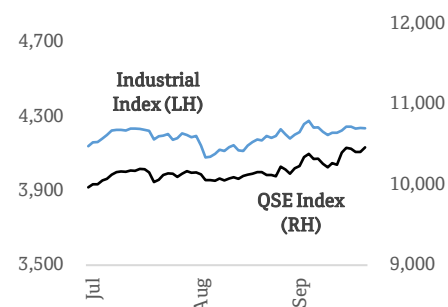
Revenue:

- **The industrials sector's revenue surged 25.6% YoY to reach QR8.1bn from QR6.5bn as most sector constituents grew revenue – only MPHC and QNCD registered a revenue drop.** IQCD recorded an impressive 27.4% rise in revenue (contributing QR777.8mn to the sector), followed by a 75.7% expansion in IGRD's revenue and a 25.4% rise in GISS's revenue. MPHC reported a 41.4% slip in revenue while QNCD saw a 22.6% drop.
- **Sequentially, sectoral revenue rose by the same percentage as it did on a YoY basis; 25.6%.** All companies were able to grow their revenues except for MPHC, which reported a drop of 18.0%. IQCD obtained a 29.6% growth, IGRD 53.9% and GISS 19.8%.

Earnings:

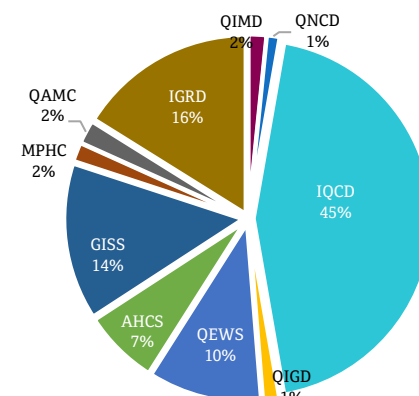
- **Sectoral bottom-line grew 11.2% on a YoY basis to reach QR2.6bn from QR2.4bn, steered mainly by QEWS and QAMC.** QEWS registered a jump in its earnings of 49.6% to a value of QR509.3mn vs. QR340.4mn, including a one-off benefit of ~QR50mn, which was the result of F/X rates affecting a loan given to an associate by Nebras, and this lowered its finance costs. However, excluding the one-off benefit, QEWS still registers an increase in earnings of 35.5%. QAMC's bottom-line was up 67.8% to QR190.8mn vs. QR113.7mn, primarily from its rise in top-line and finance income of 78.1% and 3.7%, respectively.
- **Sequentially earnings expanded 14.9% with QEWS and IQCD as the main drivers of the sector.** QEWS's bottom-line jumped 41.0% due to a 12.2% growth in revenues, a 96.1% drop in finance costs (net dividend income) and a 72.6% rise in JV/ Associate income. IQCD's bottom-line grew 13.0% to QR1.2bn from QR1.1bn as its revenue rose 29.6%; share of results from associates was up 41.0% and share of results of JVs was +11.2%.

Sector Index Performance for 3Q2024



Source: Bloomberg

3Q2024 Sector Revenue Contribution



Source: QSE

Net Income

Ticker	Company	3Q2023	2Q2024	3Q2024	YoY	QoQ
QIMD	Qatar Industrial Manufacturing Co.	36,019	43,123	35,009	(2.8%)	(18.8%)
QNCD	Qatar National Cement	50,355	31,101	47,550	(5.6%)	52.9%
IQCD	Industries Qatar	1,205,205	1,051,259	1,188,267	(1.4%)	13.0%
QIGD	Qatari Investors Holding	21,279	27,218	47,038	121.0%	72.8%
QEWS	Qatar Electricity & Water	340,431	361,162	509,268	49.6%	41.0%
AHCS	Aamal	98,668	94,344	114,048	15.6%	20.9%
GISS	Gulf International Services	133,687	195,236	216,170	61.7%	10.7%
MPHC	Mesaieed Petrochemical Holding	263,985	204,364	168,310	(36.2%)	(17.6%)
QAMC	Qatar Aluminium Manufacturing	113,684	151,319	190,812	67.8%	26.1%
IGRD	Estithmar Holding Group	103,001	109,356	114,686	11.3%	4.9%
Total		2,366,315	2,268,482	2,631,158	11.2%	16.0%

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

Consumer Goods & Services Sector

Strong YoY Earnings Growth Despite A Small Dip in Revenue

Highlights:

- **Al Faleh Educational Holding (FALH) joins the main index of the Qatar Stock Exchange.** During 3Q2024, FALH officially joined the QE All Share Index and the Consumer Goods and Services Index.
- **FALH's 4Q2024 results are included in this QSE 3Q2024 analysis:** The last two months of FALH's 4Q overlaps with the first two months of 3Q of the rest of QSE (mainboard).
- **The consumer goods & services sector index rose 5.4%** (QSE Index: +6.5%) in 3Q2024.
- **Sector traded value shrunk 21.3% to QR3.4bn in 3Q2024 vs. QR4.1bn in 2Q2024.**
- **Consumer goods & services sector is currently trading at a P/E multiple of 17.3x** (vs. QSE Index's P/E of 13.2x) with a dividend yield of 5.2% (vs. QSE's 4.3%).

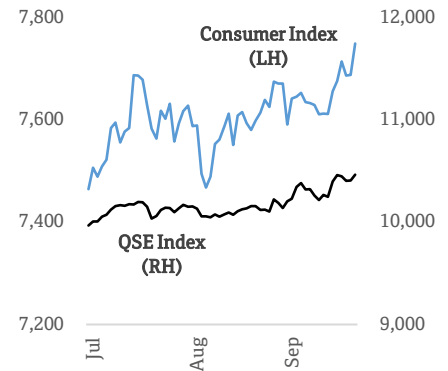
Revenue:

- **Top-line of only five companies out of 13 grew YoY, leading the sectoral revenue to drop by 1.9%.** Sectoral revenue came to QR10.7bn from QR10.9bn mainly from a fall in the revenues of ZHCD (-20.5%), QFLS (-0.8%) and MCCS (-3.8%). On the other hand, 5 companies reported an increase in their top-line; SIIS (+10.2%), MCGS (+13.1%), BLDN (+3.3%), FALH (+6.6%) and QGMD (+628.2%).
- **Sequentially, revenue slipped 1.5% to QR10.7bn from QR10.9bn reported in 2Q2024.** Sequential drop was steered primarily by MCCS (-10.9%), WDAM (-55.8%) and SIIS (-15.4%).

Earnings:

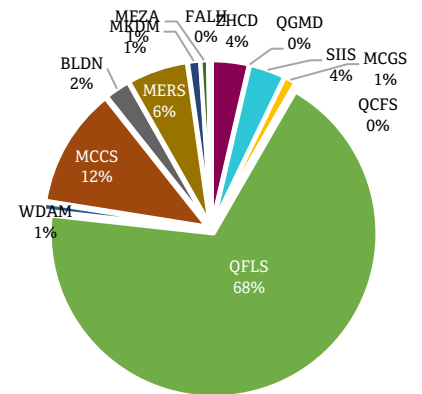
- **The sectors 3Q2024 bottom-line climbed 11.7% to QR442.8mn from QR396.6mn.** BLDN's earnings hiked 82.4% to QR40.6mn from QR22.3mn as its revenue increased to QR264.4mn from QR256.0mn and the company realized a gain on investments at FVTPL of QR8.4mn vs. only QR0.1mn. QFLS registered a 6.6% rise in earnings because of a jump in other income of 32.2% despite a fall in its revenue of 0.8%. On the other hand, MCCS reported a net loss of QR4.9mn vs a net profit of QR4.7mn, stemming from a fall in revenue (-3.8%), increase in other operating expenses (+7.8%) and a 419.3% growth in impairment loss on accounts and other receivables.
- **On a QoQ basis, earnings fell slightly by 0.7%, weighed down by eight of the 13 companies in the sector.** MCCS slipped into negative territory with a reported loss of QR4.9mn vs. a net profit of QR39.4mn in 2Q2024. BLDN reported a 22.2% dip in earnings due to a 6.2% contraction in its top-line. Despite a substantial increase of 21.4% registered by QFLS, it was not enough to create positive momentum in the sectoral bottom-line.

Sector Index Performance for 3Q2024



Source: Bloomberg

3Q2024 Sector Revenue Contribution



Source: QSE

Net Income

Ticker	Company	3Q2023	2Q2024	3Q2024	YoY	QoQ
ZHCD	Zad Holding	42,180	48,962	42,378	0.5%	(13.5%)
QGMD	Qatari German Co. for Medical Devices	(1,388)	577	(1,687)	21.5%	N/M
SIIS	Salam International Investment	8,433	15,442	5,554	34.1%	(64.0%)
MCGS	Medicare Group	14,045	(8,486)	24,746	76.2%	N/M
QCFS	Qatar Cinema & Film Distribution	894	650	1,164	30.2%	79.1%
QFLS	Qatar Fuel	271,436	238,454	289,377	(6.6%)	21.4%
WDAM	Widam Food Company	(23,625)	(7,428)	(10,429)	(55.9%)	40.4%
MCCS	Mannai Corporation	4,748	39,377	(4,909)	N/M	N/M
BLDN	Baladna	22,258	52,170	40,594	82.4%	(22.2%)
MERS	Al Meera Consumer Goods & Services	27,428	39,882	29,100	6.1%	(27.0%)
MKDM	Mekdam Holding Group	7,259	6,934	8,255	13.7%	19.1%
MEZA	Meeza	16,301	18,223	12,113	(25.7%)	(33.5%)
FALH	Al Faleh Educational Holding	6,652	1,072	6,567	(1.3%)	512.4%
	Total	396.622	445,831	442,823	11.7%	(0.7%)

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

Insurance Sector

QATI Drives Overall Profitability

Highlights:

- QATI's strategy of moving away from high-volatile and high-risk markets have ensured a significant net income upside during 3Q2024 driving overall profitability up YoY for 3Q2024 for the insurance sector. Conventional insurance companies continue to significantly outperform Islamic Insurance companies. Overall, conventional insurance companies (QATI, DOHI, QLMI and QGRI) net profit went up by 30.8% YoY, while Islamic insurance companies (AKHI, QISI and BEMA) witnessed a yearly rise in net profit by 5.0% during 3Q2024.
- QATI accounted for 62% of insurance revenue during 3Q2024 and has completed the strategic restructuring of its UK motor business with controlled exposure to the UK motor market as a reinsurer instead of being a direct insurer. QIC Group's strategy also involves streamlining loss-making and low margin businesses and bringing the international operations of the Group back to profitability. The QIC Group also had exposure in the first nine months of 2024 to two major global catastrophes, namely the Baltimore Francis Scott Key Bridge collapse and the floods in UAE. Even in the midst of these challenges, QIC Group's insurance service results amounted to QR414mn for the first nine months of 2024, compared to QR255 million for the same period in 2023.
- The Insurance Index increased by 7.1% (QSE Index: +6.5%) in 3Q2024 after it dropped 4.4% in 2Q2024.
- Traded value in the sector grew 13.5% to QR607.7mn in 3Q2024 from QR535.3mn in 2Q2024.
- The Insurance sector is currently trading at a dividend yield of 4.7% (vs. QSE's 4.3%).

Revenue:

- The insurance sector's revenue in 3Q2024 declined 10.5% YoY to QR3.40bn from QR3.80bn, driven mainly by a fall in QATI's insurance revenue (-19.7%). Conventional insurance companies accounted for 89.8% of overall insurance revenue during 3Q2024, while Islamic insurance companies accounted for only 10.2%.
- Conventional insurance companies' revenue dropped 12.9% YoY to QR3.05bn from QR3.51bn, while Islamic insurance companies' revenue increased by 18.3% (AKHI up 55.2% and BEMA up 27.6%) during 3Q2024 to reach QR348.5mn from QR294.7mn achieved during 3Q2023.

Earnings:

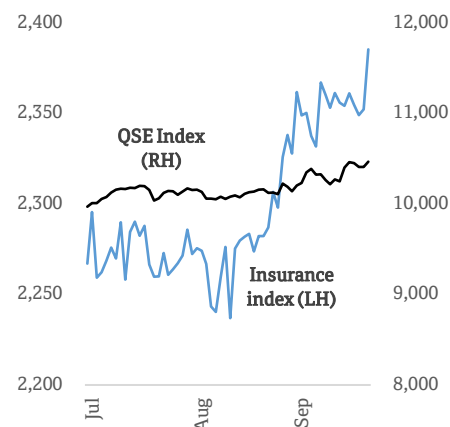
- The sector's 3Q2024 net profit increased by 22.8% YoY to reach QR279.1mn, compared to a net profit of QR227.2mn for 3Q2023.
- QATI was the main contributor to the overall rise in sector bottom-line. QATI net profit had a significant upside by 32.2% in 3Q2024 to reach QR161.0mn. AKHI and QLMI also made good contributions to the overall bottom-line.

Net Income

Ticker	Company	3Q2023	2Q2024	3Q2024	YoY	QoQ
QATI	Qatar Insurance	121,766	162,131	161,033	32.2%	(0.7%)
DOHI	Doha Insurance	52,119	39,590	34,410	(34.0%)	(13.1%)
QGRI	Qatar General Insurance & Reinsurance	(23,101)	30,750	(2,759)	NM	NM
AKHI	Al Khaleej Takaful Group	11,422	15,728	18,020	57.8%	14.6%
QISI	Qatar Islamic Insurance	39,052	36,115	34,456	(11.8%)	(4.6%)
QLMI	Qatar Life & Medical Insurance	6,351	24,654	12,783	101.3%	(48.2%)
BEMA	Damaan Islamic Insurance Company	19,584	24,645	21,114	7.8%	(14.3%)
	Total	227,194	333,613	279,058	22.8%	(16.4%)

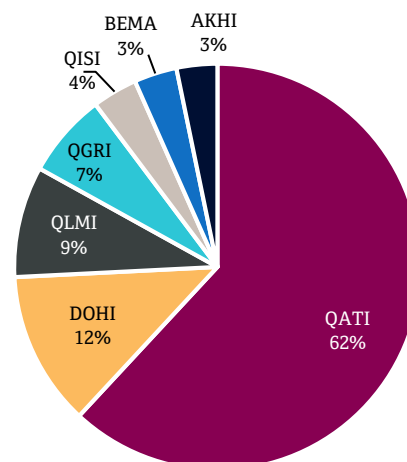
Source: Company data; Note: Net Income is in QR'000

Sector Index Performance for 3Q2024



Source: Bloomberg

3Q2024 Sector Insurance Revenue Contribution



Source: QSE

Telecoms Sector

Sector Outperforms the Market on Earnings/Newsflow

Highlights:

- **No more 3G after 2025 with focus exclusively on 4G and beyond:** The Communications Regulatory Authority (CRA) issued a decision mandating mobile service providers to cease third-generation mobile telecommunications services in the state of Qatar by December 31, 2025. This will ensure optimal utilization of the existing radio spectrum resources to support/enhance 4G/5G networks and is in line with Qatar National Vision 2030.
- **Ooredoo announced a QR2bn financing deal with local banks to expand its data center capacity to over 120MW in the region – part of its \$1bn data center expansion drive within the region.** While finer details have not come to the market regarding how the money & capacity will be allocated among different countries (Qatar, Kuwait, Oman, Iraq and Tunisia), this announcement further highlights how the nascent data center economy has become an important investment theme driven primarily by migration to the cloud and AI. Global trends show that demand for data center capacity is outpacing supply, which has seen various announcements being made regionally/globally to erect new data centers. The QR2bn financing deal was signed with QNB Group (QNBK), Doha Bank (DHBK) and Masraf Al Rayan (MARK). The 10-year hybrid facility, comprising of commercial and Islamic tranches is the largest transaction – in terms of value and tenor – ever achieved in Qatar’s tech sector.
- **The Telecoms Index expanded the most with a 14.0% growth in 3Q2024 vs. 2Q2024** outperforming the QE index which grew by 6.5%. ORDS gained 15.1%, while VFQS appreciated 10.4%.
- **Total traded value shrunk 18.7% to QR1.2bn during 3Q2024 vs. QR1.4bn in 2Q2024.**
- **The telecoms sector is trading at a 2024 P/E multiple of 15.1x, vs. QSE Index’s P/E multiple of 13.2x.** The sector has a dividend yield of 5.0% vs. the QSE Index’s DY of 4.3%.

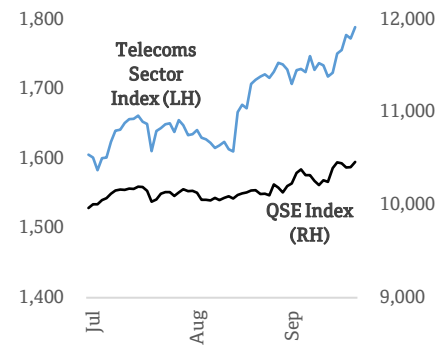
Revenue:

- **The telecoms sector top-line figure inched up 1.3% YoY to QR6.7bn in 3Q2024 vs. QR6.6bn in 3Q2023.** VFQS realized a 7.3% jump in revenue to QR801.8mn vs. QR747.4mn in 3Q2023, which supported its bottom-line growth. While ORDS’s revenue slightly increased by 0.5% as a result of a 0.9% rise in service revenue more than offsetting a 4.5% dip in revenue from sale of telecommunications equipment and a drop of 4.4% in equipment rental revenue.
- **Sequentially, sectoral revenue sustained a 0.7% drop from QR6.7bn in 2Q2024.** Ooredoo’s revenue fell to QR5.86bn from QR5.93bn due to an 18.3% decline in revenue from sale of telecommunications equipment and a 7.8% fall in equipment rental revenue. Vodafone Qatar’s top-line grew 2.9% to QR801.8mn from QR779.1mn, protecting the sector from a steeper sequential drop in revenue.

Earnings:

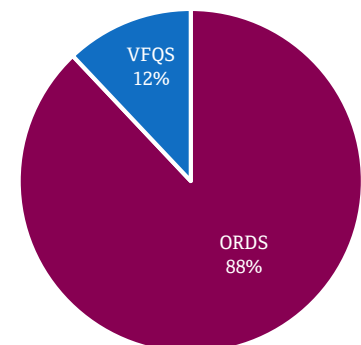
- **The sector’s 3Q2024 aggregate net income jumped 19.3% YoY as both companies reported growth in earnings.** ORDS’s bottom-line rose to QR1.1bn from QR869.4mn (+20.9%), whereas VFQS bottom-line grew to QR143.9mn from QR132.3mn (+8.8%). Ooredoo’s earnings expansion was supported by higher revenue to QR5.9bn (+0.5%), higher other income to QR45.6mn (up 118.9%), lower depreciation & amortization to QR1.1bn (down 8%) and lower net finance expenses to QR38.5mn from QR129.9mn (-70.4%). Furthermore, a drop in impairment losses on financial assets to QR58.5mn from QR79.2mn (-26.1%) and a drop in impairment losses on goodwill & other financial assets to QR1.6mn from QR87.2mn (-98.1%), also helped steer the company’s bottom-line. Revenue increase, along with lower operating expenses, boosted Vodafone Qatar’s 3Q2024 EBITDA margin to 42.3% vs. 41.9% in 3Q2023, and aided in the company’s earnings growth.

Sector Index Performance for 3Q2024



Source: Bloomberg

3Q2024 Sector Revenue Contribution



Source: QSE

- **On a QoQ basis, the telecoms sectors earnings rose 8.5% to QR1.2bn in 3Q2024 from QR1.1bn in 2Q2024.** Ooredoo's net profit surged 9.7% to QR1.1bn from QR958.5mn and Vodafone Qatar's earnings inched up 0.6% to QR143.9mn from QR143.1mn. ORDS's network, interconnect & other operating expenses fell to QR2.6bn from QR2.7bn (-4.5%) as cost of equipment sold & other services and legal & professional fees shrunk 12.6% and 49.6%, respectively. Furthermore, net other losses flipped to net other gains since unrealized gain on equity investments at FVTPL multiplied to QR29.3mn from QR3.3mn in 2Q2024, gains/losses from F/X flipped to a gain of QR11.5mn from a loss of QR14.6mn in 2Q2024 and a net miscellaneous loss shrunk to QR27.4mn in 3Q2024 from QR131.1mn. As for VFQS, its operating profit was down 2.9% but other income resuscitated the bottom-line as it more than tripled to QR6.3mn from QR2.0mn in 2Q2024.

Net Income

Ticker	Company	3Q2023	2Q2024	3Q2024	YoY	QoQ
ORDS	Ooredoo	869,392	958,529	1,051,466	20.9%	9.7%
VFQS	Vodafone Qatar	132,282	143,060	143,927	8.8%	0.6%
	Total	1,001,674	1,101,589	1,195,393	19.3%	8.5%

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

Real Estate Sector

Positive YoY Earnings Regardless of Mixed Company Results

Highlights:

- Qatar's retail real estate rises by 200% since 2015, surpassing \$18bn by mid-2024. The growth in retail real estate is owed to robust population growth and rapid urban development. About 2,000 real estate transactions were completed in the first half of the year with a total value of QR8.16bn.
- The Real Estate Index jumped 6.5% in 3Q2024, as did the QE index.
- Traded value in the sector increased the most amongst peers, with a 19.1% climb to QR1.9bn vs. QR1.6bn reported in 2Q2024.
- The Real Estate sector is currently trading at a P/E multiple of 31.0x (vs. the QSE Index's P/E of 13.2x) with a dividend yield of 1.9% (vs. the QSE's 4.3%).

Revenue:

- The real estate sector's 3Q2024 revenue grew 3.6% YoY driven by growth in BRES, UDCD and MRDS's revenues of 4.4%, 8.8% and 34.6%, respectively. On the other hand, ERES experienced a dip in its revenue of 2.7%.
- On a QoQ basis, the top-line only inched up 0.6% supported by BRES (+2.3%), UDCD (+0.7%) and MRDS (+2.6%). Only, ERES recorded a dip in its revenue of 1.2% to QR445.8mn from QR451.1mn.

Earnings:

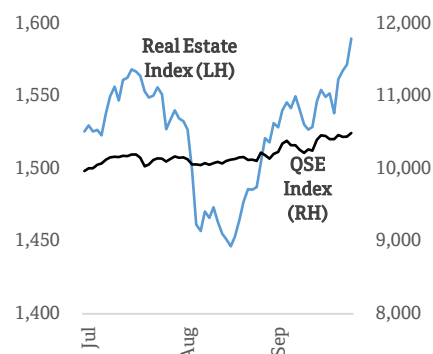
- The sectors earnings YoY change was divided evenly but gains took over losses. The sectoral heavy weight; BRES, displayed a minute growth in earnings of 0.2% aided mainly by its rise in revenue of 4.4% and drop in rental, consulting and other services expenses of 2.2%. Following was UDCD, which registered a noteworthy increase in earnings of 126.6% steered by its 8.8% growth in revenue and 23.3% shrinkage in COGS. On the contrary, ERES and MRDS reported a drop in earnings of 52.6% and 34.5%, respectively. G&A expenses rose 5.3%, depreciation and amortization was up 2.7% and interest expense was up 14.5% all of which contributed to a fall in ERES's earnings, following a dip in its revenues. MRDS operating expenses grew by 26.0% and interest expense also rose 58.1% both of which were the culprits for its smaller earnings value.
- Sequentially, the real estate sector exhibited a drop in its bottom-line of 9.1%. ERES and BRES earnings shrunk by 65.9% and 29.1%, sequentially. Whereas UDCD earnings increased by 32.4% and MRDS flipped losses of QR82.5mn to gains of QR4.4mn. BRES reported higher rental, consulting and other services expenses or QR147.4mn from QR138.8mn (+6.2%). In addition, net fair value gain on investment properties was down 45.2% to QR127.9mn from QR233.5mn. ERES was pulled down by a 10.7% rise in operating expenses and a 62.4% fall in other income. UDCD benefitted from a 19.0% decline in other operating expenses and a fair value gain on investment securities of QR3.9mn vs. a fair value loss in 2Q2024 of QR5.0mn. MRDS bottom-line recovered from the Court of Appeals decision to increase compensation for the Sidra Residential Project to QR167mn from QR81mn, which resulted in a high provisions value in 2Q2024.

Net Income

Ticker	Company	3Q2023	2Q2024	3Q2024	YoY	QoQ
UDCD	United Development Co.	42,560	72,832	96,460	126.6%	32.4%
BRES	Barwa Real Estate Co.	225,945	319,228	226,393	0.2%	(29.1%)
ERES	Ezdan Real Estate Co.	58,329	81,050	27,651	(52.6%)	(65.9%)
MRDS	Mazaya Qatar Real Estate Dev.	6,659	(82,513)	4,363	(34.5%)	N/M
	Total	333,493	390,597	354,867	6.4%	(9.1%)

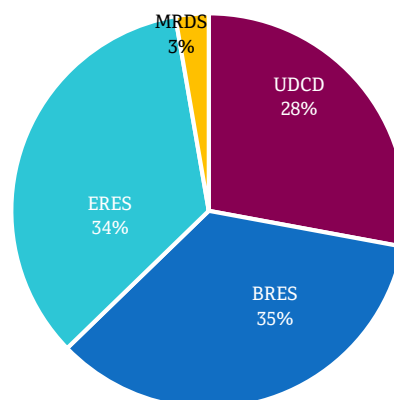
Source: Company data; Note: Net income is in QR'000

Sector Index Performance for 3Q2024



Source: Bloomberg

3Q2024 Sector Revenue Contribution



Source: QSE

Transportation Sector

LNG Deals Continue to Bolster LT Potential

Highlights:

- **QatarEnergy continued to sign various LNG deals in 3Q2024.** QatarEnergy signed a 15-year deal for LNG supply to Kuwait, which entails deliveries of up to 3mn tons per annum (MTPA) of LNG beginning in January 2025. QE also signed an agreement with China State Shipbuilding Corporation (CSSC) for the construction of six additional state-of-the-art QC-Max vessels, which are scheduled to be delivered between 2028 and 2031. This deal brings the total number of QC-Max vessels ordered by QatarEnergy to 24, with an aggregate value of about \$8bn.
- **The Transportation Index was the only index to fall during 3Q2024** as it registered a drop of 3.3% vs a 6.5% growth in the QE Index.
- **Traded value in the transportation sector dropped by 16.9% to QR1.5bn in 3Q2024 from QR1.8bn in the previous quarter.**
- **The transportation sector is currently trading at a P/E multiple of 14.1x (vs. the QSE Index's P/E of 13.2x)** with a dividend yield of 3.3% (vs. the QSE's 4.3%).

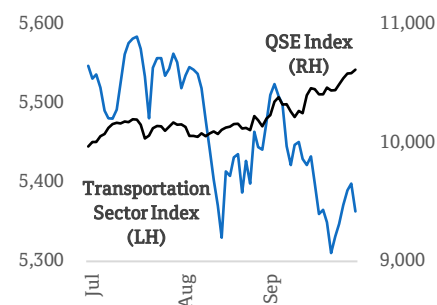
Revenue:

- **The transportation sector's 3Q2024 top-line grew 4.4% YoY to QR2.0bn pushed by GWCS and QGTS.** GWCS recorded an impressive 26.8% expansion in its revenue to QR443.2mn from QR349.6mn, stemming from a notable jump in freight forwarding services (+96.4%) and warehouse management services (+6.2%). QGTS's revenue increased by 1.4% to QR908.3mn from QR896.2mn, marking its 5th consecutive quarter of YoY growth in revenue from Nakilat's wholly-owned fleet. Milaha's revenue, however, declined 2.7% to QR697.2mn from QR716.6mn; declines in the company's offshore and trading segments more than offset gains in its other divisions.
- **Sequentially, sectoral revenue expanded by 4.2% since all companies registered top-line growth.** GWCS's top-line was up 18.9%, followed by QNNS at 1.5% and QGTS at 0.2%.

Earnings:

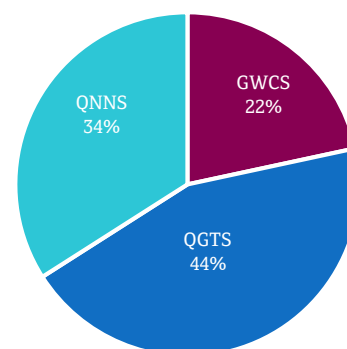
- **The sector's bottom-line climbed 13.3% on a YoY basis, supported by both QNNS and QGTS.** Aggregate earnings were up to QR782.0mn from QR690.2mn as Milaha's earnings jumped 30.2% while QGTS earnings rose 7.5%. However, despite the sharpest increase in top-line exhibited by GWCS, its earnings slipped 12.0% resulting from a 20.2% rise in finance costs and a 31.8% drop in other income.
- **Sequentially, 3Q2024 sectoral earnings grew 8.3%, pushed by QNNS and QGTS.** QNNS reported a 9.8% rise in earnings due to lower expenses with only offshore and trading segments exhibiting lower sequential profitability. Nakilat's bottom-line benefitted from higher cash gross margins (from 76.2% in 2Q2024 to 77.4% in 3Q2024), along with a 43.0% drop in G&A expenses, as well as a 9.7% fall in finance costs. GWCS's earnings fell 5.7% to QR46.7mn in 3Q2024 from QR49.5mn in 2Q2024, mainly from a drop in the one-off other income item of QR8.6mn reported in 2Q2024 overpowering the increase in revenue in 3Q2024.

Sector Index Performance for 3Q2024



Source: Bloomberg

3Q2024 Sector Revenue Contribution



Source: QSE

Net Income

Ticker	Company	3Q2023	2Q2024	3Q2024	YoY	QoQ
GWCS	Gulf Warehousing Co.	53,054	49,472	46,668	(12.0%)	(5.7%)
QGTS	Nakilat	415,101	409,388	446,277	7.5%	9.0%
QNNS	Qatar Navigation/ Milaha	222,070	263,168	289,036	30.2%	9.8%
	Total	690,225	722,028	781,981	13.3%	8.3%

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

Financial Services Sector

Top and Bottom-Line Drop QoQ But Grow YoY

Highlights:

- **Aljarah Holding Company (NLCS) announced the launch of its residential project in Jeddah, valued at 55 million Qatari Riyals.** The project is in the Al-Rawdah district of Jeddah, on a land area of 5,095.5 square meters.
- **Total traded value in the sector dropped 21.7% to QR9.9bn vs. QR12.3bn in 2Q2024**
- **The Banks & Financial Services Index rose 13.9% (QSE Index: +6.5%) in 2Q2024.**

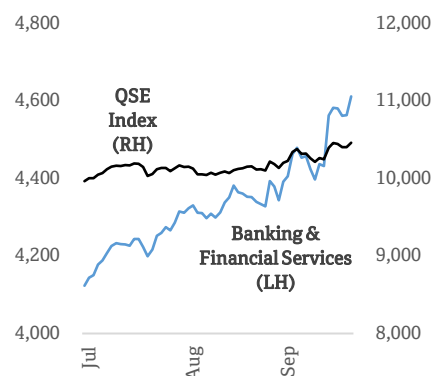
Revenue:

- **The financial services sector revenue was saved by IHGS (+102.2%) bringing the YoY change to 7.7%.** QOIS, NLCS and DBIS reported top-line shrinkage of 54.8%, 14.9% and 10.2%, respectively. QOIS's revenue reached QR0.8mn in 3Q2024 vs. QR1.9mn in 3Q2023. NLCS revenue dropped to QR8.1mn vs. QR9.6mn and DBIS's revenue fell to QR3.8mn from QR4.2mn. On the other hand, IHGS's revenue more than double to QR8.8mn in 3Q2024 from QR4.3mn reported in 3Q2023; salvaging the sectoral bottom-line and bringing it up to QR21.5mn from QR20.0mn in 3Q2023.
- **Sequentially, revenue was down 9.1%.** DBIS was the only company to register a QoQ rise in revenue as its revenue value grew by 15.1% to QR3.8mn from QR3.3mn. However, QOIS, IHGS and NLCS all reported a fall in revenues of 42.6%, 13.9% and 6.9%, respectively.

Earnings:

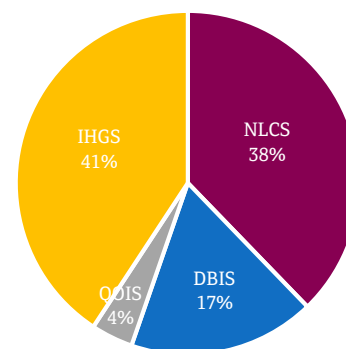
- **Sectoral bottom-line reached an impressive QR11.3mn from QR5.1mn (+122.0%).** 3 out of 4 companies reported a rise in earnings during 3Q2024 with QOIS being the only company to register a drop. DBIS reported a net profit of QR3.8mn from a net loss of QR1.7mn, mainly due to a net fair value gain on investment securities at FVTPL of QR3.5mn from a loss of QR0.3mn in 3Q2023. Further supporting the bottom-line was a rise in gain on sale of investment securities at FVTPL of QR1.6mn from QR0.7mn. NLCS noted a growth of 23.1% to QR3.9mn from QR3.2mn. A growth in the bottom-line of NLCS was achieved because of a gain from investments of QR2.3mn vs. a loss from investments of QR0.7mn in 3Q2023. IHGS's earnings were triggered positively by revenue more than doubling, leaving little space for a fall in earnings. On the other hand, QOIS bottom-line dropped to a net loss of QR0.3mn from QR0.9mn.
- **On a QoQ basis, earnings slightly fell by 2.4% to QR11.3mn from QR11.6mn.** QOIS earnings slipped to a negative as its net investment and interest income shrunk substantially by 42.7% to QR0.8mn from QR1.5mn, dragging its net profit of QR0.7mn in 2Q2024 to a net loss of QR0.3mn in 3Q2024. IHGS recorded a 29.1% drop in earnings to QR3.9mn from QR5.5mn, since its brokerage and commission income fell 13.9% and its gain from sale of financial investments at FVTPL dropped 55.8%. NLCS earnings fell 20.6% following a 6.9% fall in its top-line, as well as a fall in gain from investments of 71.0%. Only DBIS noted bottom-line growth, multiplying to QR3.8mn from QR0.4mn.

Sector Index Performance for 3Q2024



Source: Bloomberg

3Q2024 Sector Revenue Contribution



Source: QSE

Net Income

Ticker	Company	3Q2023	2Q2024	3Q2024	YoY	QoQ
NLCS	National Leasing Holding	3,207	4,973	3,948	23.1%	(20.6%)
DBIS	Dlala Brokerage & Investment Holding	(1,704)	439	3,827	N/M	771.8%
QOIS	Qatar & Oman Investment	898	705	(338)	N/M	N/M
IHGS	Inma Holding	2,702	5,487	3,888	43.9%	(29.1%)
Total		5,102	11,603	11,324	122.0%	(2.4%)

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

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>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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