

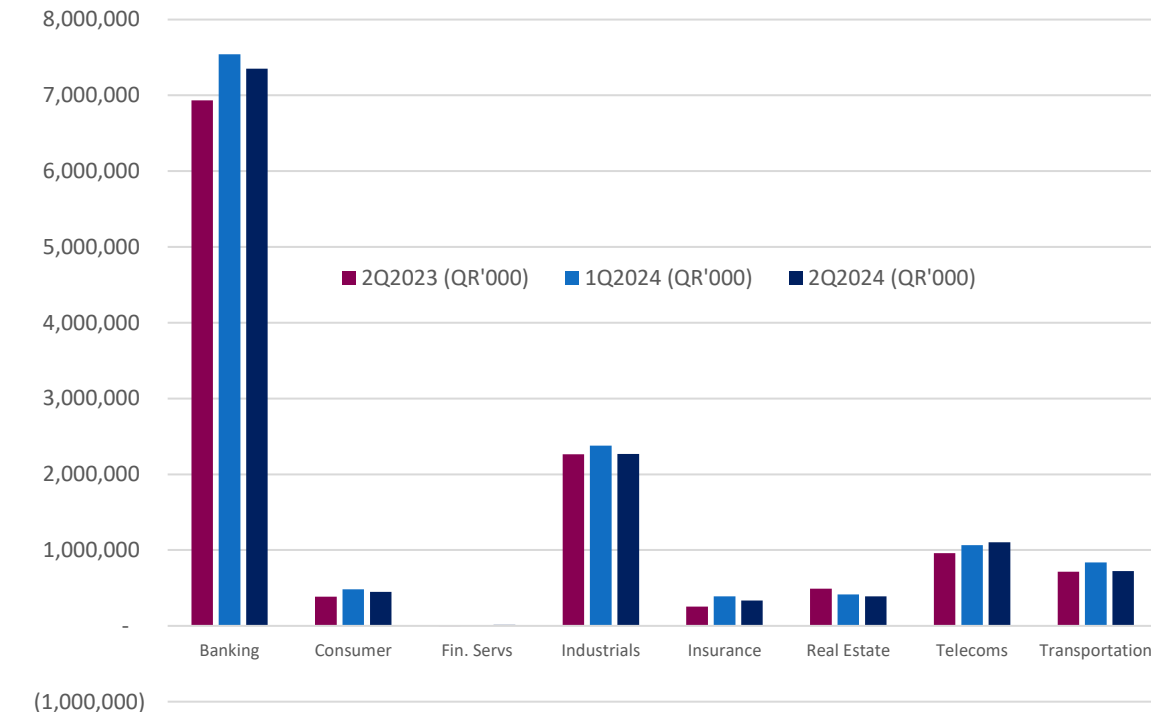
QSE 2Q2024 Profit Growth Along With Interim Cash Dividends Boost Market

Listed companies on the Qatar Stock Exchange reported a 5.2% YoY profit growth in aggregate earnings to reach QR12.6bn during 2Q2024, compared to QR12.0bn achieved during 2Q2023, which along with first-time interim dividend announcements by some companies, boosted overall market confidence. However, profit declined by 3.6% QoQ. Looking at sectoral performances, the banking sector made the biggest contribution to overall growth, accounting for 67% of YoY bottom line growth, followed by the telecoms sector contribution of 23% and the insurance's 13%. The real estate sector took away 16% from YoY aggregate earnings growth. Sequentially, most major sectors witnessed a decline during 2Q2024, with the exception of the telecoms sector, which grew its earnings by 3.6% QoQ. Listed companies' net profit grew by 5.5% during the first half of 2024 to reach QR25.7bn, compared to QR24.4bn achieved during the first half of 2023. Aggregate top-line increased 2.5% YoY but showed a marginal 0.4% sequential decline to QR46.0bn. Aggregate NP margin came in at 27.5% compared with 26.8% in 2Q2023 and 28.4% in 1Q2024. Banks remained the biggest contributor to the QSE's aggregate earnings at 58.2% (2Q2023: 57.8%) followed by industrials (18.0% vs. 18.9% in 2Q2023) and telecoms (8.7% vs. 8.0% in 2Q2023).

Snapshot of the 2Q2024 Earnings Season

- All sectors exhibited positive earnings growth YoY except for the real estate sector
- The insurance sector displayed the greatest YoY growth as all companies' earnings expanded
- The financial services sector turned to profit from a loss YoY
- Only three (2Q2023: five) companies experienced losses during the quarter: MCGS, WDAM and MRDS
- 17 (2Q2023: 22) companies, out of the 52 listed, registered YoY earnings decline
- Ten companies announced a maiden interim dividend: QNBK, QIBK, QIIK, DUBK, QFLS, IQCD, QEWS, MPHC, QAMC and QGTS

QSE Sector Earnings Trend: 2Q2024 vs. 1Q2024 vs. 2Q2023



Source: QSE, QNBFS Research

2Q2024 Net Profit for QSE-listed Companies (QR'000)

Sector	Ticker	2Q2023	1Q2024	2Q2024	YoY	QoQ
Banks	QNBK	3,723,231	4,143,260	4,018,555	7.9%	(3.0%)
	QIBK	1,049,992	955,144	1,109,976	5.7%	16.2%
	CBQK	775,193	801,623	769,329	(0.8%)	(4.0%)
	DUBK	346,596	423,002	361,141	4.2%	(14.6%)
	MARK	379,687	406,072	382,986	0.9%	(5.7%)
	QIIK	299,167	335,188	319,875	6.9%	(4.6%)
	DHBK	183,413	231,319	201,011	9.6%	(13.1%)
	ABQK	155,142	218,064	164,946	6.3%	(24.4%)
	QFBQ	22,603	28,770	25,361	12.2%	(11.8%)
Banks Total		6,935,024	7,542,442	7,353,181	6.0%	(2.5%)
Consumer Goods & Services	QFLS	216,963	243,469	238,454	9.9%	(2.1%)
	MERS	45,171	50,785	39,882	(11.7%)	(21.5%)
	BLDN	22,280	48,251	52,170	134.2%	8.1%
	ZHCD	48,289	44,165	48,962	1.4%	10.9%
	MCCS	25,792	28,033	39,377	52.7%	40.5%
	MCGS	17,534	19,770	(8,486)	N/M	N/M
	MEZA	18,830	11,662	18,223	(3.2%)	56.3%
	SIIS	(2,399)	11,332	15,442	N/M	36.3%
	WDAM	(18,306)	10,529	(7,428)	(59.4%)	N/M
	MKDM	5,984	10,513	6,934	15.9%	(34.0%)
	FALH*	3,228	1,897	2,867	(11.2%)	51.1%
	QCFS	1,165	2,349	650	(44.2%)	(77.2%)
	QGMD	1,293	284	577	(55.4%)	103.0%
Consumer Goods & Services Total		385,824	483,039	447,626	16.0%	(7.3%)
Financial Services	NLCS	4,540	4,768	4,973	9.5%	4.3%
	IHGS	2,068	3,636	5,487	165.3%	51.0%
	QOIS	(7,037)	562	705	N/M	25.3%
	DBIS	(521)	(4,987)	439	N/M	N/M
Fin. Serv. Total		(950)	3,979	11,603	N/M	191.6%
Industrials	IQCD	922,162	1,280,504	1,051,259	14.0%	(17.9%)
	QEWS	367,917	318,492	361,162	(1.8%)	13.4%
	MPHC	316,228	194,016	204,364	(35.4%)	5.3%
	GISS	189,455	161,173	195,236	3.1%	21.1%
	IGRD	98,410	111,697	109,356	11.1%	(2.1%)
	AHCS	79,273	94,019	94,344	19.0%	0.3%
	QAMC	147,220	85,587	151,319	2.8%	76.8%
	QNCD	37,171	51,372	31,101	(16.3%)	(39.5%)
	QIGD	47,133	43,456	27,218	(42.3%)	(37.4%)
	QIMD	59,009	36,469	43,123	(26.9%)	18.2%
Industrials Total		2,263,977	2,376,785	2,268,482	0.2%	(4.6%)
Insurance	QATI	151,375	194,563	162,131	7.1%	(16.7%)
	DOHI	15,871	71,401	39,590	149.4%	(44.6%)
	QISI	34,934	43,009	36,115	3.4%	(16.0%)
	AKHI	15,345	27,028	15,728	2.5%	(41.8%)
	QGRI	(9,875)	17,985	30,750	N/M	71.0%
	QLMI	26,686	17,435	24,654	(7.6%)	41.4%
	BEMA	19,672	16,156	24,645	25.3%	52.5%
Insurance Total		254,008	387,578	333,613	31.3%	(13.9%)
Real Estate	BRES	317,444	238,227	319,228	0.6%	34.0%
	ERES	70,301	95,453	81,050	15.3%	(15.1%)
	UDCD	99,568	72,493	72,832	(26.9%)	0.5%
	MRDS	4,686	7,075	(82,513)	N/M	N/M
Real Estate Total		491,999	413,248	390,597	(20.6%)	(5.5%)
Telecoms	ORDS	834,286	912,931	958,529	14.9%	5.0%
	VFQS	126,451	150,107	143,060	13.1%	(4.7%)
Telecoms Total		960,737	1,063,038	1,101,589	14.7%	3.6%
Transportation	QGTS	378,896	419,757	409,388	8.0%	(2.5%)
	QNNS	284,382	365,180	263,168	(7.5%)	(27.9%)
	GWCS	53,334	50,879	49,472	(7.2%)	(2.8%)
Transportation Total		716,612	835,816	722,028	0.8%	(13.6%)
Grand Total		12,007,231	13,105,924	12,628,718	5.2%	(3.6%)

Source: QSE, QNBFS Research; FALH* is based on its latest 3Q2024 results

Contents

Banking Sector	4
Industrials Sector.....	6
Consumer Goods & Services Sector	7
Insurance Sector	9
Telecoms Sector.....	10
Real Estate Sector.....	11
Transportation Sector	12
Financial Services Sector	13

Banking Sector

Margin Compression a Recurring Theme

Highlights:

- **The banking sector posted a healthy increase in 2Q2024 aggregate earnings YoY, but declined sequentially.** For 2Q2024, the banking sector posted a +6.0/-2.5% YoY/QoQ growth/decline in aggregate headline net income.
- **The Banks & Financial Services Index underperformed the QSE Index and inched up by 0.6% (QSE Index: +1.2%) in 2Q2024.**
- **The banking sector is currently trading at a P/B multiple of 1.2x with an average RoE of 11.3% vs. 1.3x KSA (RoE: 13.0%), 1.2x UAE (RoE: 16.7%) and 1.4x Kuwait (RoE: 8.8%);** Qatar banks appear to be expensive based on a P/B-to-RoE of 12.3x. The sector offers a 2024e dividend yield of 4.3% vs. the QSE's DY of 4.5%.

Revenue:

- **Aggregate revenue gained by only 3.4% YoY in 2Q2024 to QR15.6bn, driven mainly by sluggish non-funded income as net interest income was generally weak.** Aggregate growth was attributable to QNB Group (QNBK), which is always the case (contributes 61% to aggregate revenue).
- **Aggregate revenue declined by 4.0% QoQ in 2Q2024.** Aggregate decline was mainly attributable to margin compression and to some extent, weak non-funded income.
- **NIMs, on a YoY/QoQ basis on average compressed.** In aggregate, net interest margin compressed by 7/9bps to 2.28% YoY/sequentially.

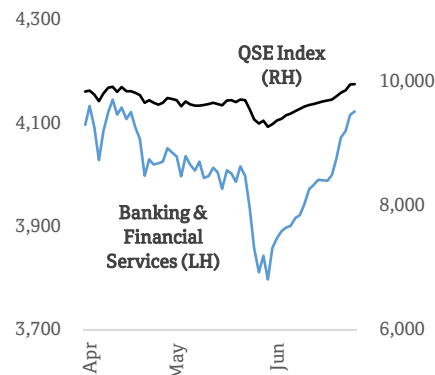
Earnings:

- **Aggregate 2Q2024 net income moved up by 6.0% YoY to QR7.4bn due to a combination of lower provisions & impairments and cost containment.** 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 receded by 2.5% sequentially in 2Q2024.** This was due an in increase in provisions & impairments margin compression. **On the other hand, Qatar Islamic Bank's (QIBK)** bottom-line surged by 16.2% due to a sharp drop in provisions & impairments.

Balance Sheet:

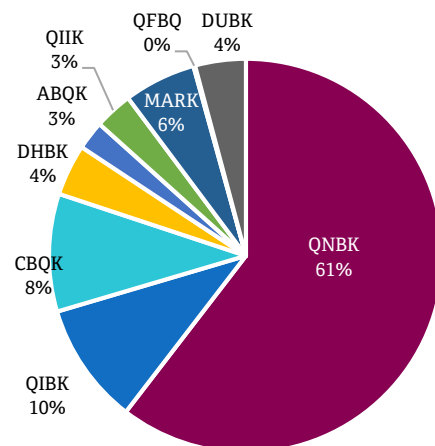
- **Loans experienced an increase QoQ and YTD; loans picked up pace with Ahli Bank (ABQK) being the exception.** The loan book grew by 1.6% sequentially (+2.8% YTD) to QR1.42trn in 2Q2024. Dukhan Bank's (DUBK) loan book expanded by 2.3% sequentially (+6.6% YTD) followed by Qatar International Islamic Bank's (QIIB) +2.9% (+5.6% YTD). Moreover, QNBK's loan portfolio grew by 1.4% QoQ (+3.1% YTD), contributing 55/67% to total incremental loan book growth QoQ/YTD.
- **Deposits also increased both sequentially and YTD.** Aggregate deposits increased by 1.4% sequentially (+4.6% YTD) reaching QR1.41trn; Masraf Al Rayan's (MARK) deposits expanded the most, growing by 3.4% QoQ (+17.5% YTD). DUBK's Loans expanded by 7.7% QoQ (+8.5% YTD) followed by QNBK +1.2/+3.9% sequentially/YTD.
- **Capitalization levels of Qatar banks remained robust.** Average CAR came in at a robust 19.9% with all banks generating strong CARs.

Sector Index Performance for 2Q2024



Source: Bloomberg

2Q2024 Sector Revenue Contribution



Net Income (000's)

Ticker	Company	Net Income (000's)				
		2Q2023	1Q2024	2Q2024	YoY	QoQ
QNBK	Qatar National Bank	3,723,231	4,143,260	4,018,556	7.9%	-3.0%
QIBK	Qatar Islamic Bank	1,049,992	955,144	1,109,976	5.7%	16.2%
CBQK	Commercial Bank of Qatar	775,193	801,623	769,329	-0.8%	-4.0%
DHBK	Doha Bank	183,413	231,319	201,011	9.6%	-13.1%
ABQK	Al Ahli Bank	155,142	218,064	164,946	6.3%	-24.4%
QIIK	Qatar International Islamic Bank	299,167	335,188	319,875	6.9%	-4.6%
MARK	Masraf Al Rayan	379,687	406,072	382,986	0.9%	-5.7%
QFBQ	Lesha Bank	22,603	28,770	25,361	12.2%	-11.8%
DUBK	Dukhan Bank	346,596	423,002	361,141	4.2%	-14.6%
	Total	6,935,024	7,542,442	7,353,181	6.0%	-2.5%

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

Industrials Sector

Earnings Contract Sequentially Despite YoY/QoQ Growth in Revenues

Highlights:

- Sector top line saw pedestrian growth both YoY and sequentially. Meanwhile, the bottom line was marginally up YoY but fell sequentially.
- The Industrials Index rose by 2.0% (QE Index: +1.2%) in 2Q2024 after falling by 1.4% in 1Q2024.
- Total traded value slumped by 28.5% to QR5.9bn in 2Q2024 from QR8.2bn in 1Q2024.
- Sector's current P/E multiple is 15.5x vs. QSE Index's 12.6x, and its dividend yield is 5.3% vs. QSE's 4.5%.

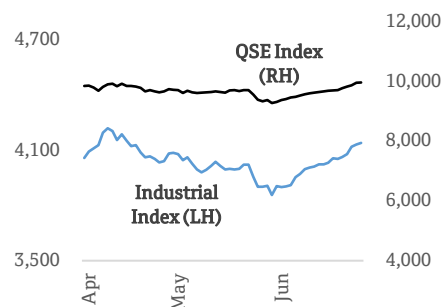
Revenue:

- The industrials sector's top-line grew by 2.5% YoY to QR6.2bn from QR6.0bn, pushed up by 4 out of the 10 companies. The 4 companies were IQCD, IGRD, GISS and QEWS. The greatest contributor to the top-line growth was IQCD's, which grew 5.7% to QR2.8bn from QR2.6bn. Following was IGRD, with an increase of 18.5% to QR850.1mn from QR717.4mn.
- Sequentially, sectoral revenue showed little change with an insignificant increase of 0.4% to QR6.2bn from QR6.1bn.

Earnings:

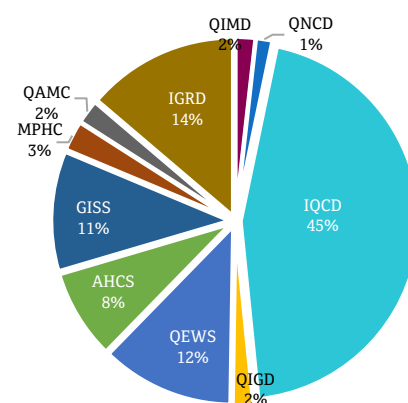
- Bottom-line remained relatively flat YoY (+0.2%) to QR2.3bn moved primarily by IQCD and AHCS. IQCD's earnings jumped by 14.0% to QR1.1bn from QR0.9bn following its revenue increase. Furthermore, net other income also supported the bottom-line with a boost of 57.6% to QR335.0mn from QR212.6mn reported in 2Q2023. AHCS recorded an increase of 19.0% in its earnings to QR94.3mn from QR79.3mn, despite a 9.7% drop in its revenue.
- On a QoQ basis, sectoral earnings dropped 4.6% pushed primarily by IQCD and further depressed by QNCD, QIGD and IGRD. IQCD's revenue was down while its expenses; G&A and S&A were both up by 14.0% and 80.9%, respectively. Moreover, QNCD experienced a fall in its top-line figure as well as a drop in its other income of 39.4% to QE11.5mn from QR19.0mn despite reduced G&A expenses (-50.6%) and S&A expenses (-23.5%).

Sector Index Performance for 2Q2024



Source: Bloomberg

2Q2024 Sector Revenue Contribution



Source: QSE

Net Income

Ticker	Company	2Q2023	1Q2024	2Q2024	YoY	QoQ
QIMD	Qatar Industrial Manufacturing Co.	59,009	36,469	43,123	(26.9%)	18.2%
QNCD	Qatar National Cement	37,171	51,372	31,101	(16.3%)	(39.5%)
IQCD	Industries Qatar	922,162	1,280,504	1,051,259	14.0%	(17.9%)
QIGD	Qatari Investors Holding	47,133	43,456	27,218	(42.3%)	(37.4%)
QEWS	Qatar Electricity & Water	367,917	318,492	361,162	(1.8%)	13.4%
AHCS	Aamal	79,273	94,019	93,344	19.0%	0.3%
GISS	Gulf International Services	189,455	161,173	195,236	3.1%	21.1%
MPHC	Mesaieed Petrochemical Holding	316,228	194,016	204,364	(35.4%)	5.3%
QAMC	Qatar Aluminium Manufacturing	147,220	85,587	151,319	2.8%	76.8%
IGRD	Estithmar Holding Group	98,410	111,697	109,356	11.1%	(2.1%)
Total		2,263,977	2,376,785	2,268,482	0.2%	(4.6%)

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

Consumer Goods & Services Sector

Sector Benefits From an Increase in Tourism

Highlights:

- **Sector bottom line jumped YoY, aligning with the latest readings of Qatar’s PMI, printing at 55.9 in June 2024, which was up from 53.6 in May;** signaling the strongest improvement in business conditions in the non-energy private sector economy since July 2022. Specifically, **Qatar tourism sector was up 28% with more than 2.6mn international visitors in 1H2024.**
- **The consumer goods & services sector index rose 3.8% (QSE Index: +1.2%) in 2Q2024.**
- **Sector traded value expanded the most amongst peers with a jump of 39.9% to QR4.1bn vs. QR2.9bn in 1Q2024.**
- **Consumer goods & services sector is currently trading at a P/E multiple of 16.2x (vs. QSE Index’s P/E of 12.6x)** with a dividend yield of 5.3% (vs. QSE’s 4.5%).

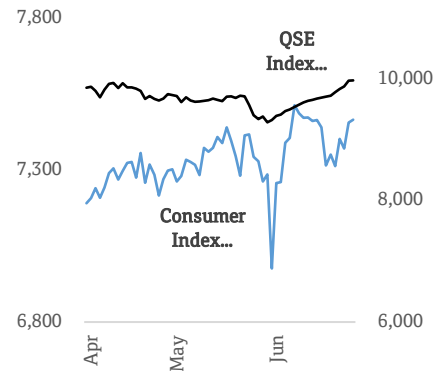
Revenue:

- **Sector revenue increased 6.8% YoY to QR10.8mn from QR10.1mn as only 5 out of 13 companies experienced a fall in their top-line figures.** QFLS’s revenue expanded notably by 9.7% to QR7.1bn from QR6.5bn. SIIS also contributed positively to the sectors top-line with a jump of 19.1% to QR446.1mn from QR374.7mn.
- **On a QoQ basis, sectoral top-line remained flattish with a minor change of 1.6%.** The companies in the sector were divided, with the greatest expansion exhibited by QFLS and SIIS at 4.0% and 10.2%, respectively. While the greatest contraction was exhibited by MERS and BLDN at 13.1% and 9.9%, respectively.

Earnings:

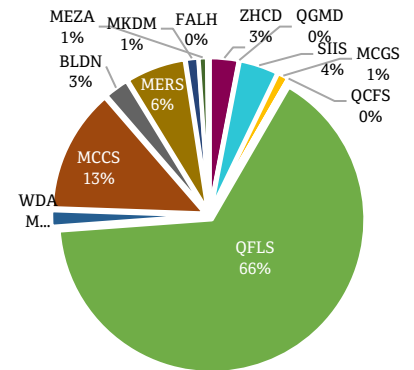
- **The sector’s 2Q2024 bottom-line jumped 16.3% to QR444.8mn vs. QR382.6mn.** BLDN fed the sectors positive movement with an increase of 134.2% to QR52.2mn from QR22.3mn stemming from its expanding gross profit margins, strengthened by its strong operational efficiency. QFLS further bettered the bottom-line as it landed a net profit of QR238.5mn from QR217.0mn (+9.9%). QFLS’s top-line fueled its bottom-line, as did a drop in its G&A expenses of 9.2% to QR42.0mn from QR46.3mn.
- **Sequentially, sectoral earnings fell 7.6% from QR481.1mn reported in the previous quarter.** MCGS’s earnings flipped to losses as the company endured hefty discontinued operations of QR34.1mn from its prior operations in the Wakra Clinic. WDAM also contributed negatively to the bottom-line on a sequential basis as it reported a loss of QR7.4mn vs. a profit of QR10.5mn. The hit to WDAM’s bottom-line was the result of a drop in the company’s revenue of 8.8% as well as, more than double its G&A expense from 1Q2024 to a figure of QR28.3mn (+106.1%).

Sector Index Performance for 2Q2024



Source: Bloomberg

2Q2024 Sector Revenue Contribution



Source: QSE

Net Income

Ticker	Company	2Q2023	1Q2024	2Q2024	YoY	QoQ
ZHCD	Zad Holding	48,289	44,165	48,962	1.4%	10.9%
QGMD	Qatari German Co. for Medical Devices	1,293	284	577	(55.3%)	103.0%
SIIS	Salam International Investment	(2,399)	11,332	15,442	N/M	36.3%
MCGS	Medicare Group	17,534	19,770	(8,486)	N/M	N/M
QCFS	Qatar Cinema & Film Distribution	1,165	2,349	650	(44.2%)	(72.3%)
QFLS	Qatar Fuel	216,963	243,469	238,454	9.9%	(2.1%)
WDAM	Widam Food Company	(18,306)	10,529	(7,428)	(59.4%)	N/M
MCCS	Mannai Corporation	25,792	28,033	39,377	52.7%	40.5%
BLDN	Baladna	22,280	48,251	51,170	134.2%	8.1%
MERS	Al Meera Consumer Goods & Services	45,171	50,785	39,882	(11.7%)	(21.5%)
MKDM	Mekdam Holding Group	5,984	10,513	6,934	15.9%	(34.0%)
MEZA	Meeza	18,830	11,662	18,223	(3.2%)	56.3%
FALH	Al Faleh Educational Holding	1,089	2,867	1,072	(1.5%)	(62.6%)
	Total	382,595	481,141	444,758	16.3%	(7.6%)

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

Insurance Sector

QGRI Turnaround and DOHI Drive Overall Profitability

Highlights:

- A major turnaround for QGRI from losses during the 2Q2023 to a significant net profit achieved during 2Q2024, coupled along with huge gains for DOHI drove overall profitability up YoY for 2Q2024 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 39.7% YoY, while Islamic insurance companies (AKHI, QISI and BEMA) witnessed a yearly rise in net profit by 9.3% during 2Q2024.
- QATI accounted for 62% of insurance revenue during 2Q2024 and has completed the strategic restructuring of its UK motor business to bring it in line with QIC Group's strategy to streamline loss-making and low margin businesses and bring the international operations of the Group back to profitability. The QIC Group also had exposure in the first half 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 QR339mn for the first half of 2024, compared to QR236 million for the same period in 2023.
- The Insurance Index fell a further 4.4% (QSE Index: +1.2%) in 2Q2024 after it dropped 9.9% in 1Q2024.
- Traded value in the sector grew 7.3% to QR535.3mn in 2Q2024 from QR498.9mn in 1Q2024.
- The Insurance sector is currently trading at a dividend yield of 4.9% (vs. QSE's 4.8%).

Revenue:

- The insurance sector's revenue in 2Q2024 declined 11.8% YoY to QR3.41bn from QR3.86bn, driven mainly by a fall in QATI's insurance revenue (-22.8%). Conventional insurance companies accounted for 89.0% of overall insurance revenue during 2Q2024, while Islamic insurance companies accounted for only 11.0%.
- Conventional insurance companies' revenue dropped 14.3% YoY to QR3.03bn from QR3.53bn, while Islamic insurance companies' revenue increased by 15.3% (BEMA up 31.2%) during 2Q2024 to reach QR375.0mn from QR325.3mn achieved during 2Q2023.

Earnings:

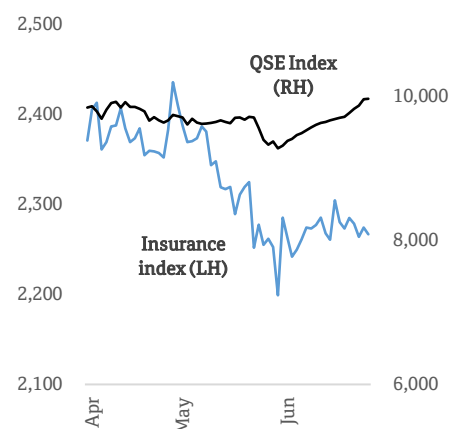
- The sector's 2Q2024 net profit increased by 31.3% YoY to reach QR333.6mn, compared to a net profit of QR254.0mn for 2Q2023.
- QGRI and DOHI were the main contributors to the overall rise in sector bottom-line. QGRI net profit had a major turnaround from a loss of QR9.9mn in 2Q2023 to a net profit of QR30.8mn achieved during 2Q2024, while DOHI net profit shot up by 149.4% YoY. QGRI net profit growth was driven mainly by a huge rise in investment income, while DOHI made significant gains in overall insurance revenue.

Net Income

Ticker	Company	2Q2023	1Q2024	2Q2024	YoY	QoQ
QATI	Qatar Insurance	151,375	194,563	162,131	7.1%	(16.7%)
DOHI	Doha Insurance	15,871	71,401	39,590	149.4%	(44.6%)
QGRI	Qatar General Insurance & Reinsurance	(9,875)	17,985	30,750	NM	71.0%
AKHI	Al Khaleej Takaful Group	15,345	27,028	15,728	2.5%	(41.8%)
QISI	Qatar Islamic Insurance	34,934	43,009	36,115	3.4%	(16.0%)
QLMI	Qatar Life & Medical Insurance	26,686	17,435	24,654	(7.6%)	41.4%
BEMA	Damaan Islamic Insurance Company	19,672	16,156	24,645	25.3%	52.5%
	Total	254,008	387,578	333,613	31.3%	(13.9%)

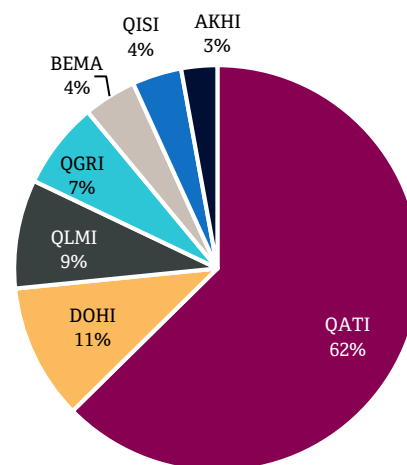
Source: Company data; Note: Net Income is in QR'000

Sector Index Performance for 2Q2024



Source: Bloomberg

2Q2024 Sector Insurance Revenue Contribution



Source: QSE

Telecoms Sector

Sector Profitability Continues to Enjoy Positive Momentum

Highlights:

- The Telecoms Index contracted 3.7% from 1Q2024 to 2Q2024 underperforming the QSE Index which experienced a 1.2% rise.
- Total traded value shrunk 25.5% to QR1.43bn during 2Q2024 vs. QR1.91bn in 1Q2024.
- The telecoms sector is trading at a P/E multiple of 15.1x, (QSE Index's P/E multiple of 12.6x.) The sector sports a dividend yield of 5.3% vs. the QSE Index's DY of 4.5%.
- Qatar was lauded for its superior performance in mobile broadband speeds by ranking 1st globally on Ookla's Speedtest Global Index in February, March & April. Qatar is the first nation to surpass the 300Mbps threshold, attaining speeds of 315Mbps.

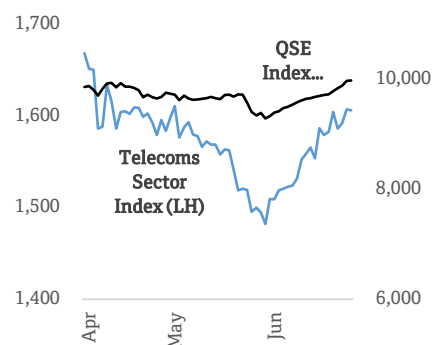
Revenue:

- The sector's 2Q2024 revenue expanded 2.5% YoY to QR6.7bn as both companies exhibited top-line growth. Ooredoo's revenue grew by 2.8% to QR5.9bn in 2Q2024 because of an increase in all of its constituents with its services' revenue being the greatest driver (+2.8%). VFQS revenue increased by 0.5% to QR779.1mn driven mainly by an impressive rise in the non-mobile service segment (managed services, broadband, roaming, wholesale and others) of 9%.
- Sequentially, sectoral revenue showed marginal growth of 0.7% with Ooredoo up 1.2% and Vodafone Qatar down 3.3%. The marginal growth in ORDS's revenue stemmed from its services segment (+1.5%) despite shrinkage in all other constituents of total revenue. A dip in VFQS's revenue was the result of a drop in mobile subscribers (-2%), mobile service revenue (-1%) and other revenue (-36%).

Earnings:

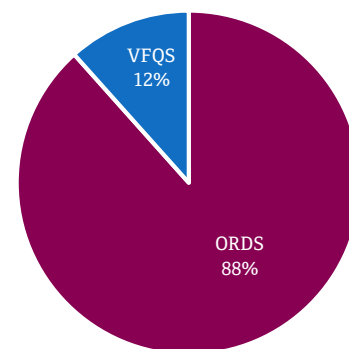
- The sector's 2Q2024 aggregate net profit rose 14.7% YoY to QR1.1bn, with ORDS registering a growth of 14.9% and VFQS enjoying an increase of 13.1%. ORDS experienced an increase in its top-line (+2.8%), a drop in its finance costs (-5.5%) and an increase in its finance income (+78.5%). However, the factors that steered earnings the most were impairment losses; impairment losses on financial assets contracted drastically by 79.2% to QR28.1mn vs. QR135.1mn and impairment losses on goodwill & other financial assets fell 96.1% to QR2.8mn from QR71.5mn. As a result, ORDS's bottom-line grew to QR958.5mn vs. QR834.3mn in 2Q2023. VFQS's earnings grew 13.1% to QR143.1mn as a marginal rise in its top-line was aided by enhanced profitability, with gross profit growing 3.4% and EBITDA expanding 6.4%.
- Sequentially, sectoral bottom-line moved up 3.6% following a 5.0% growth in ORDS' earnings, despite a 4.7% fall in VFQS' earnings. Ooredoo reported an increase in earnings of 5.0% to QR958.5mn vs. QR912.9mn. An increase in revenue supported the bottom-line growth along with contraction of net other losses of 80.4% to QR17.2mn as compared to QR87.6mn, stemming from a substantial drop in foreign currency loss to QR14.6mn vs. QR90.4mn. In addition, impairment losses on financial assets dropped 71.6% to QR28.1mn from QR99.0mn, both of which resulted in an increase in Ooredoo's bottom-line. Vodafone Qatar's earnings came in at QR143.1mn, down from QR150.1mn in 1Q2024, despite higher margins mostly offsetting its top-line decline as depreciation & amortization expenses grew sequentially.

Sector Index Performance for 2Q2024



Source: Bloomberg

2Q2024 Sector Revenue Contribution



Source: QSE

Net Income

Ticker	Company	2Q2023	1Q2024	2Q2024	YoY	QoQ
ORDS	Ooredoo	834,286	912,931	958,529	14.9%	5.0%
VFQS	Vodafone Qatar	126,540	150,107	143,060	13.1%	(4.7%)
	Total	960,737	1,063,038	1,101,589	14.7%	3.6%

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

Real Estate Sector

MRDS Provisions for Legal Expenses Drags Down Sector

Highlights:

- **MRDS legal provision expenses amounting to QR85.9mn led to a significant drop in the real estate sector net profit for 2Q2024 and resulted in dragging down sector profitability YoY for 2Q2024.** UDCD also contributed to the drop as it witnessed a decline in other operating income, which coupled along with MRDS led to a 20.6% fall in the overall YoY 2Q2024 profitability for the real estate sector. Meanwhile, BRES reported a marginal increase in profitability, while ERES was the best YoY performer for 2Q2024.
- **The Real Estate Index inched up 0.1% (QSE Index: +1.2%) in 2Q2024** after it grew by 1.5% in 1Q2024.
- **Trading activity in the sector grew as traded value rose 37.1% to QR2.54bn from QR1.86bn.**
- **The Real Estate sector is currently trading at a P/E multiple of 20.5x (vs. the QSE Index's P/E of 12.6x).**

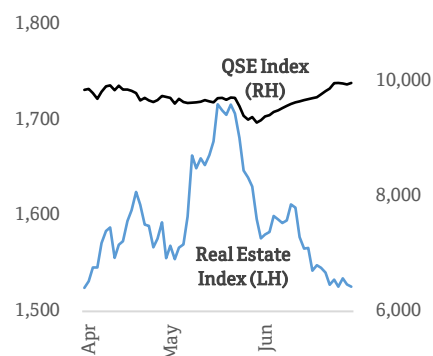
Revenue:

- **The real estate sector's 2Q2024 revenue rose 4.5% YoY to reach QR1.3bn from QR1.2bn, pushed by the growth in revenues of UDCD and BRES.** UDCD reported a 12.4% expansion while BRES reported a 12.9% growth.
- **Sequentially, 3 out of 4 companies experienced a drop in their top-line figures.** UDCD led the movement with a drop by 24.0% to QR357.9mn from QR470.7mn. Following was BRES; with a decline by 8.6% to QR439.4mn from QR480.8mn and ERES with a decrease by 2.0% to QR451.1mn from QR460.4mn. MRDS was the only company to register a slight increase in its top-line of 1.4% to QR18.0mn.

Earnings:

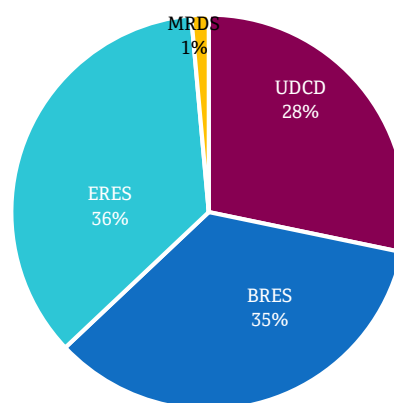
- **In 2Q2024, earnings were largely steered by losses reported by MRDS leading the sectoral earnings to QR390.6mn from QR492.0mn (-20.6%).** MRDS 2Q2024 recorded loss of QR82.5mn was mainly the result of the Court of Appeal's decision to increase the compensation to the main contractor of the Sidra Residential Project, which was completed in 2018, with legal proceedings initiated in 2019. The court ruled to increase the compensation from QR81mn to QR167mn. In addition, UDCD's earnings fell by 27.0% to QR72.8mn vs. QR99.6mn resulting from a 61.0% fall in other operating income to QR82.9mn from QR212.5mn.
- **Sequentially, sectoral earnings slipped 5.5% mainly due to a drop in MRDS and ERES's earnings.** MRDS bottom-line reversed from profits of QR7.1mn to losses of QR82.5mn, because of the provisions reported which were not present in 1Q2024. ERES net profit dropped from a fall in its revenue, despite a shrinking G&A expense (-4.7%) and net interest expense (-1.4%). On the other hand, BRES's bottom-line climbed 34.0% primarily from a net fair value gain on investment properties of QR233.5mn vs. loss reported in 1Q2024 of QR41.4mn.

Sector Index Performance for 2Q2024



Source: Bloomberg

2Q2024 Sector Revenue Contribution



Source: QSE

Net Income

Ticker	Company	2Q2023	1Q2024	2Q2024	YoY	QoQ
UDCD	United Development Co.	99,568	74,493	72,832	(26.9%)	0.5%
BRES	Barwa Real Estate Co.	317,444	238,227	319,228	0.6%	34.0%
ERES	Ezdan Real Estate Co.	70,301	95,453	81,050	15.3%	(15.1%)
MRDS	Mazaya Qatar Real Estate Dev.	4,686	7,075	(82,513)	N/M	N/M
Total		491,999	413,248	390,597	(20.6%)	(5.5%)

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

Transportation Sector

Positive Fundamentals Drive Sector Growth

Highlights:

- **QatarEnergy has been busy signing deals to feed its ever-growing LNG fleet expansion program.** Earlier this year, QatarEnergy announced its North Field West project, which aims to ramp up its production to 142mn tons by the end of 2030. An agreement was signed with China State Shipbuilding Corporation (CSSC) in April for the construction of 18 ultra-modern QC-Max sized LNG vessels. Eight of the 18 QC-Max size LNG vessels will be delivered in 2028 and 2029, while the other ten will be delivered in 2030 and 2031.
- **QatarEnergy signed a long-term agreement with Qatar Gas Transport Company/ Nakilat pursuant to which QGTS will own and operate nine 'QC-Max' class LNG vessels, the largest LNG vessels ever built.**
- **The Transportation Index expanded the most as it went up by 13.0%**, outperforming the QSE Index, which grew by 1.2% in 2Q2024.
- **Trading interest in the transportation sector shrunk the most among sectors** with a 29.0% fall in traded value from QR2.6bn to QR1.8bn.
- **The transportation sector is currently trading at a P/E multiple of 14.7x (vs. the QSE Index's P/E of 12.6x)** with a dividend yield of 3.2% (vs. the QSE's 4.5%).

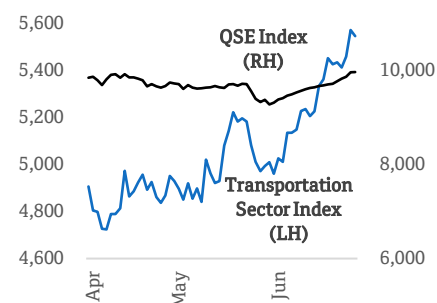
Revenue:

- **The transportation sector's 2Q2024 revenue fell slightly by 1.9% YoY to QR2.0bn dragged by a fall in Milaha's top-line, along with a marginal drop in GWCS's revenue.** QNNS exhibited a drop of 7.8% in its top-line, while GWCS inched down 0.2%.
- **Sequentially, sectoral revenue dropped 2.6% as QNNS and GWCS both reported softer revenue by 8.1% and 0.8%, respectively.**

Earnings:

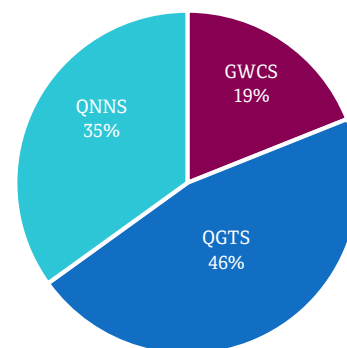
- **On a YoY basis, sector earnings were up 0.8%.** Aggregate earnings were salvaged by QGTS, since it reported an increase of 8.0% while QNNS and GWCS recorded declines of 7.5% and 7.2%, respectively. GWCS benefitted from a one-off boost in other income of QR8.6mn, which was the result of a one-time "cleanup" of accounts payables/account receivables accumulated over the previous 3+ years. Milaha's performance was dampened by its offshore and gas & petrochem segment.
- **Sequentially, 2Q2024 sectoral bottom-line shrunk 13.6% as all three companies' earnings declined.** QNNS registered a big drop of 27.9%, while QGTS declined 2.5% and GWCS fell 2.8%. QGTS EBITDA was down 2.7% to QR676.9mn because of an increase in operating costs of 12.8% and 30.4% higher G&A expenses. GWCS's bottom-line slipped as a result of the drop in its top-line and a jump in its G&A expenses of 12.2% to QR32.6mn from QR29.1mn. For QNNS, 2Q is usually affected by a decline in its capital segment that benefits from dividend income in the first quarter.

Sector Index Performance for 2Q2024



Source: Bloomberg

2Q2024 Sector Revenue Contribution



Source: QSE

Net Income

Ticker	Company	2Q2023	1Q2024	2Q2024	YoY	QoQ
GWCS	Gulf Warehousing Co.	53,334	50,879	49,472	(7.2%)	(2.8%)
QGTS	Nakilat	378,896	419,757	409,388	8.0%	(2.5%)
QNNS	Qatar Navigation/ Milaha	284,382	365,180	263,168	(7.5%)	(27.9%)
	Total	716,612	835,816	711,028	0.8%	(13.6%)

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

Financial Services Sector

Bottom-line Bounces Back

Highlights:

- **The financial services sector recovered from its losses reported in 2Q2023 and its lower earnings value reported in 1Q2024.** All companies registered higher earnings, with QOIS recovering from losses reported in 2Q2023, while DBIS made a turnaround from losses sustained in both 2Q2023 and 1Q2024.
- **DBIS received a favorable ruling in favor of Dlala Brokerage Company (a subsidiary of DBIS) reducing the financial penalty imposed on a violation in 2020 from QR10mn to QR500,000.**
- **Total traded value in the sector dropped 7.0% to QR12.6bn vs. QR13.5bn in 1Q2024**
- **The Banks & Financial Services Index rose slightly 0.6% (QSE Index: +1.2%) in 2Q2024.**

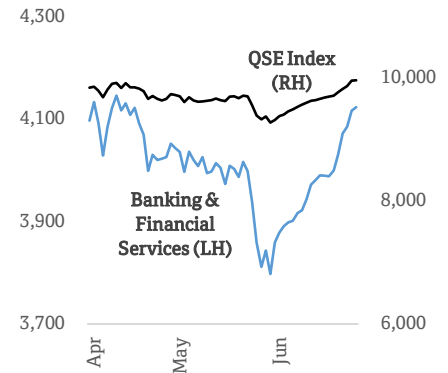
Revenue:

- **The financial services revenue shot up 117.1% YoY to QR24.7mn from QR10.9mn reported in 2Q2023.** QOIS and IHGS pushed overall sectoral revenue up, despite a fall in NLCS and DBIS revenues of 15.7% and 13.1%, respectively. QOIS revenues rose to positive territory to reach QR1.5mn from a net investment and interest loss of QR6.1mn in 2Q2023. IHGS's revenues climbed significantly by 259.9% in 2Q2024 to reach QR10.2mn from QR2.8mn in 2Q2023.
- **Sequentially, revenue was constrained by 3 out of the 4 companies (-6.5%).** IHGS was the sole company reporting an increase in revenue on a QoQ basis with a rise of 5.5%, while NLCS, DBIS and QOIS revenues all declined by 13.4%, 13.8% and 16.4%, respectively.

Earnings:

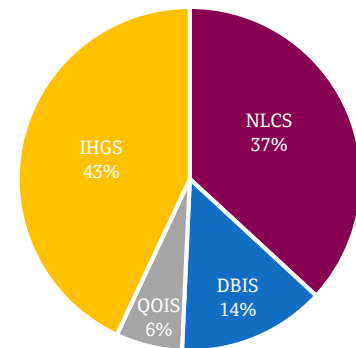
- **Sectoral earnings totaled QR11.6mn in 2Q2024 vs. a huge sectoral loss of QR949.5mn in 2Q2023.** All 4 companies' earnings recovered, with QOIS leading the upside with an increase of QR7.7mn and a recorded earnings value of QR0.7mn, from a loss of QR7.0mn registered in 2Q2023. QOIS bottom-line followed the top-line trend leading to its reported profit. Likewise, a 259.9% hike in IHGS's top-line set the turnaround for the company, even as brokerage and commission expenses and other direct costs rose to QR4.1mn vs. QR1.1mn (+277.3%) and a loss from revaluation of investment at FVTPL rose to QR130.2mn vs. QR9.1mn (+1,334.2%). An increase in gain from the sale of financial investments at FVTPL of 1,641.3% to QR706.2mn from QR40.6mn also positively contributed to IHGS's earnings. DBIS bottom-line reversed to profits of QR0.4mn during 2Q2024 vs a loss of QR0.5mn in 2Q2023.
- **Sequentially, net profit more than tripled to QR12.6mn from a value of QR3.9mn.** DBIS recorded earnings for the period vs. losses of QR0.5mn due to a 17.7% drop in brokerage commission expense and other direct costs, an increase in real estate income of 47.5%, a 15.8% drop in G&A expenses but mostly from the net fair value gain on investment securities at FVTPL of QR2.3mn vs. losses of QR6.5mn.

Sector Index Performance for 2Q2024



Source: Bloomberg

2Q2024 Sector Revenue Contribution



Source: QSE

Net Income

Ticker	Company	2Q2023	1Q2024	2Q2024	YoY	QoQ
NLCS	National Leasing Holding	4,540	4,768	4,973	9.5%	4.3%
DBIS	Dlala Brokerage & Investment Holding	(521)	(4,987)	439	N/M	N/M
QOIS	Qatar & Oman Investment	(7,037)	562	704	N/M	25.3%
IHGS	Inma Holding	2,068	3,636	5,487	165.3%	50.9%
	Total	(949.5)	3,979	11,603	N/M	191.6%

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

Contacts

Saugata Sarkar, CFA, CAIA
 Head of Research
 +974 4476 6534
 saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
 Senior Research Analyst
 +974 4476 6509
 shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
 Senior Research Analyst
 +974 4476 6589
 phibion.makuwerere@qnbfs.com.qa

Dana Saif Al Sowaidi
 Senior Associate
 +974 4476 6575
 dana.alsowaidi@qnbfs.com.qa

Disclaimer and Copyright Notice: This publication has been prepared by QNB Financial Services SPC ("QNBFS") a wholly-owned subsidiary of QNB ("QNB"). QNBFS is regulated by the Qatar Financial Markets Authority and the Qatar Exchange QNB is regulated by the Qatar Central Bank. This publication expresses the views and opinions of QNBFS at a given time only. It is not an offer, promotion or recommendation to buy or sell securities or other investments, nor is it intended to constitute legal, tax, accounting, or financial advice. QNBFS accepts no liability whatsoever for any direct or indirect losses arising from use of this report. Any investment decision should depend on the individual circumstances of the investor and be based on specifically engaged investment advice. We therefore strongly advise potential investors to seek independent professional advice before making any investment decision. Although the information in this report has been obtained from sources that QNBFS believes to be reliable, we have not independently verified such information and it may not be accurate or complete. QNBFS does not make any representations or warranties as to the accuracy and completeness of the information it may contain, and declines any liability in that respect. For reports dealing with Technical Analysis, expressed opinions and/or recommendations may be different or contrary to the opinions/recommendations of QNBFS Fundamental Research as a result of depending solely on the historical technical data (price and volume). QNBFS reserves the right to amend the views and opinions expressed in this publication at any time. It may also express viewpoints or make investment decisions that differ significantly from, or even contradict, the views and opinions included in this report. This report may not be reproduced in whole or in part without permission from QNBFS

COPYRIGHT: No part of this document may be reproduced without the explicit written permission of QNBFS.