

Periodical

OIB GCC Quarterly Earnings Monitor

1Q25

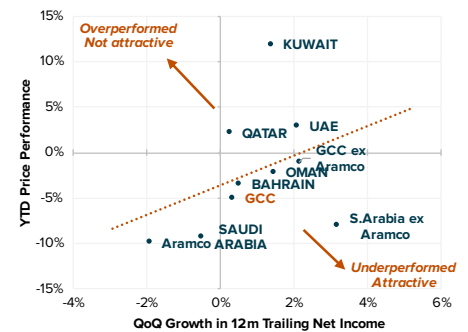
We introduce our new GCC Quarterly Earnings Monitor product with this inaugural report. Going forward, the Monitor will be published each quarter once a sufficient number of companies—those reflective of broader regional trends—have released their financial results. For this edition, we have analysed the 1Q25 financials of 542 listed companies. The objective of the Monitor is threefold: (i) to identify and assess earnings trends across key sectors in the GCC; (ii) to examine earnings developments on a country-by-country basis; and (iii) to contextualize these findings within the framework of recent market price movements. The 56 page report is a quantitative strategy document, based on factual and refined data, and does not imply any direct investment recommendations on any particular company.

The key takeaways from our Q1 2025 Earnings Monitor are as follows:

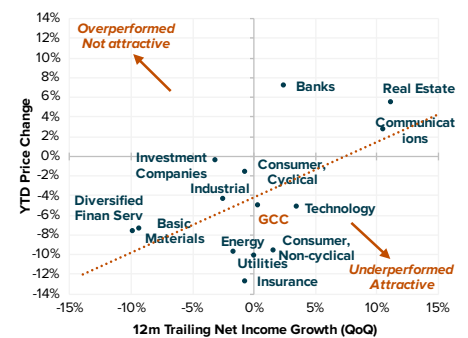
- **Strong 1Q25 Earnings Performance:** The GCC region posted 9.1% YoY net income growth in 1Q25 (ex-Aramco), 1.7% annualized 1Q25 growth over 2024 and 2.1% QoQ growth in 12-month trailing net income. The primary drivers of this growth were Banks, Communications and Real Estate sectors.
- **Saudi Arabia and UAE stronger:** Companies in Saudi Arabia (ex-Aramco) and UAE reported 13.6% and 9.2% YoY net income growth in 1Q25, mainly driven by Banking in S.Arabia and Telco and Real Estate sectors in UAE. While UAE market (+3% YTD) relatively reflected this, Saudi Arabia (ex-Aramco) looks oversold (-8% YTD), disconnected from earnings fundamentals. Qatar and Bahrain had lower growth relative to GCC.
- **Real Estate, Communications and Banks delivered the best growth:** The Real Estate and the Communications (both mainly driven by UAE) posted 56.5% and 43.4% YoY growth in 1Q25 net income, and 11.2% and 10.5% QoQ on 12-month trailing basis. Banks also posted solid results. However, Utilities, Insurance, and Basic Materials—especially Chemicals—faced headwinds like weak demand and high input costs.
- **Earnings Momentum:** We also analyse the momentum of quarterly earnings based on the historical trends. Accordingly, Real Estate, Communications and Banks look attractive. On country-level, Oman looks attractive, while S.Arabia (ex-Aramco) not, despite having strong earnings in 1Q25.
- **Price versus Earnings Misalignments:** The report uncovers mismatches between earnings and stock performance. For instance, Saudi banks, real estate, investment companies and utilities showed strong profits but lagged in price. In Kuwait, Industrials, Banks, Real Estate and Consumer sectors; in Qatar, Telcos and Investment companies seemingly overperformed despite weak fundamentals.
- **Banking Sector Re-Rated:** While the Banks in GCC delivered a reasonable growth in earnings (9.8% YoY in Q1, 2.4% QoQ on 12-month trailing), the market performance was ahead of this (+8% YTD), mainly led by UAE and Kuwait. In general, there has been a shift to financials in investor sentiment in 2025 from non-financials.

GCC Equities Quarterly Earnings

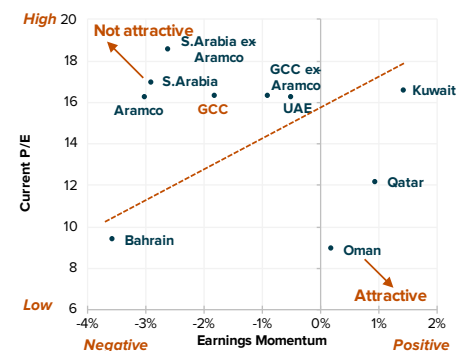
GCC– 12m Trailing Net Income QoQ Growth vs. YTD Price Perform.



GCC– 12m Trailing Net Income QoQ Growth vs. YTD Price Perform.



GCC Countries– Earnings Momentum vs. P/E.



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Abstract

- We introduce our new GCC Quarterly Earnings Monitor, which we believe is a unique product in terms of in-depth analysis of wide range of GCC companies in various context.
- The product is primarily a quantitative strategy document, analysing adjusted earning trends by sector, country, sectors of countries and individual companies, and contextualizing these findings within the framework of recent market price movements.

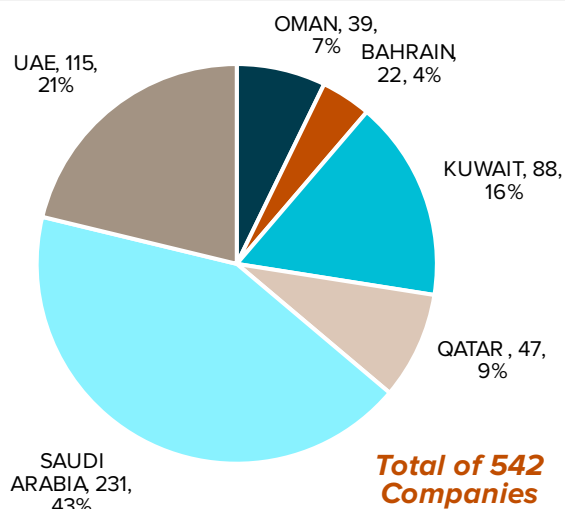
Introduction and Methodology

This report analyses the net income performance of 542 listed companies across the GCC, representing 99% of the region's total market capitalization. The primary objective is to evaluate the aggregated earnings trends across key sectors and the six GCC countries. We also assess these earnings in the context of recent stock price movements to identify any major discrepancies between financial performance and market valuations. Accordingly, we have the following main sections in the report:

1. Sectoral Earnings Performance (GCC Aggregate) – Overview of sector-wide earnings across the GCC.
2. Country Earnings Comparison – Comparative analysis of net income performance by country.
3. Sectoral Comparison by Country – The country-level comparison of earnings and market performance by country.
4. Country-Specific Analysis – Detailed sectoral performance of each country.
5. All Sectors of all Countries – In-depth review of all 13 sectors across each of the six countries – i.e. analysing total of 78 sectors by country.
6. Top and Bottom 10 Companies – Highlights of the best- and worst-performing companies with market capitalizations above USD 1 billion.
7. Earnings Momentum – Analysis of sectors and countries in earnings trends.

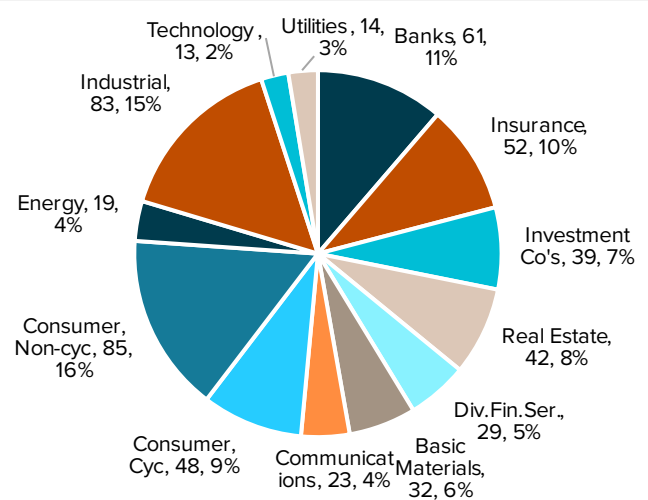
Companies and Sectors Analysed

Figure 1. Total Stocks Analysed by Each Country



Source: OIB Research, Bloomberg, S&P Capital IQ, Company reports

Figure 2. Total Stocks Analysed by Sectors.



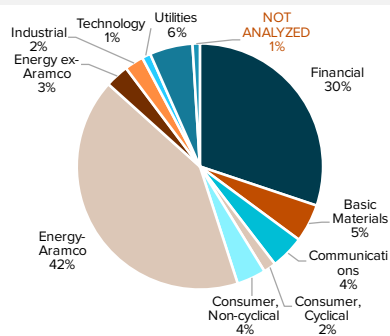
Source: OIB Research, Bloomberg, S&P Capital IQ, Company reports

Our analysis cover 99% of the GCC region

In our analysis, we excluded companies with a market capitalization below USD 100 million. Despite this threshold, the report still captures 99% of the total market capitalization across the GCC region.

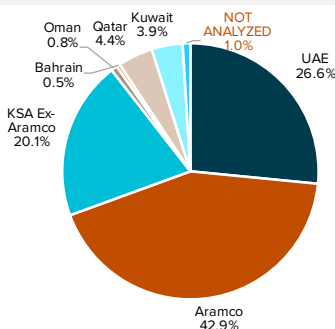
The Financials sector is the most significant, accounting for approximately 30% of the region's combined market capitalization and 35% of reported earnings based on the trailing 12 months. The Energy sector is predominantly represented by Aramco, which heavily influences both the sector and Saudi Arabia's overall earnings profile. As such, we have presented separate metrics for Aramco and ex-Aramco in our sector and country-level analysis to provide clearer insights.

Figure 3. Sectors by Market Cap



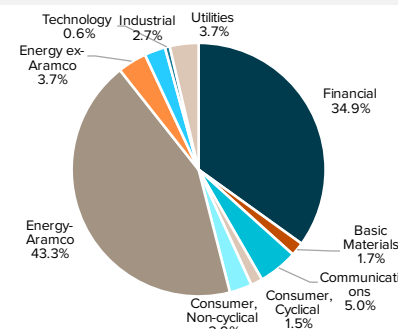
Source: OIB Research, Bloomberg, S&P Capital IQ, Company reports

Figure 4. Countries by Market Cap.



Source: OIB Research, Bloomberg, S&P Capital IQ, Company reports

Figure 5. Earnings by Sectors.



Source: OIB Research, Bloomberg, S&P Capital IQ, Company reports

Sources Used

Our analysis draws on multiple data sources, including Bloomberg, S&P Capital IQ, individual stock exchanges, and company-reported financial statements. We used consolidated net income figures to ensure consistency. In certain cases, we made adjustments to account for significant one-off items that could distort underlying earnings trends and affect the accuracy of our comparative analysis.

Adjustments made

While our analysis is based on reported consolidated net incomes (starting from 2022), we applied several adjustments where necessary to ensure a more accurate reflection of underlying performance. These adjustments include:

- Income or loss from discontinued operations
- Extraordinary accounting gains or losses
- Income or loss from non-core business activities
- Capital increases in 2025

For certain sectors—such as Investment Companies and Real Estate—we treated proceeds from asset sales (e.g., stakes or properties) as part of regular business activity and did not adjust for them.

Further details on sector classifications and the list of companies included in the analysis can be found in the Appendix.

Disclosures

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