

OIB GCC Quarterly Earnings Monitor

2Q25 – Decent Growth Led by Financial Sectors

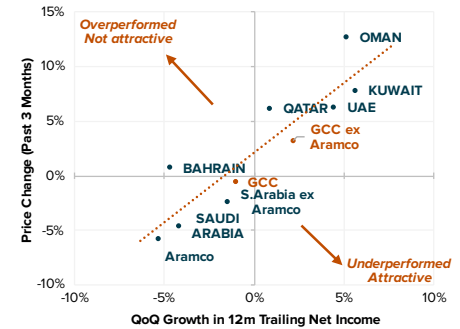
This is our second edition of our GCC Quarterly Earnings Monitor. We have increased the number of listed companies analysed to 721 from 542, and added a *Focus List* of 30 companies – key companies to follow in the region. The objective of the Monitor is threefold: (i) to identify and assess earnings trends across key sectors in the GCC; (ii) to examine earnings developments on a country-by-country basis; and (iii) to contextualise these findings within the framework of recent market price movements. Our report is primarily a quantitative strategy document, based on factual and refined data, and does not imply any direct investment recommendations on individual companies.

The key takeaways from our Q2 2025 Earnings Monitor are as follows:

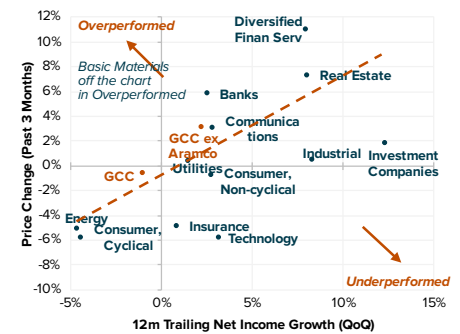
- **Strong 2Q25 Earnings Performance:** The GCC region posted 8.7% YoY net income growth in 2Q25 (ex-Aramco), 6.3% annualised 1H25 growth over 2024 and 2.2% QoQ growth in 12-month trailing net income. The primary drivers of this growth were Banks, Communications and Real Estate sectors. In contrast, Saudi Arabia underperformed, primarily dragged down by Aramco; while ex-Aramco components showed mild growth, they still lagged regional peers. Qatar posted a mixed performance with no clear sectoral trend, while Bahrain was the weakest market, facing broad-based declines across key sectors.
- **Kuwait, Oman and UAE Lead the Pack:** Kuwait emerged as the strongest performer overall, with gains led by the Diversified Financials, Banks, and Utilities sectors. Oman followed, driven by solid contributions from Insurance, Banks, Energy, and Basic Materials. The UAE delivered a positive surprise, supported by strength in Real Estate, Industrials, and Investment Companies. In contrast, Saudi Arabia underperformed, primarily dragged down by Aramco; while ex-Aramco components showed mild growth, they still lagged regional peers. Qatar posted a mixed performance with no clear sectoral trend, while Bahrain was the weakest market, facing broad-based declines across key sectors.
- **Price versus Earnings Misalignments:** Although S.Arabia in general did not perform well (even ex-Aramco), the Banking and Real Estate sectors had decent YoY earnings growth, yet it was not reflected in prices due to the overall pressure in the Saudi market. In Kuwait, the consumer-cyclical sector also lagged in price performance despite a strong 2Q25 in profits.
- **Forward Earnings Momentum:** Our analysis in 1Q25 had indicated Kuwait and Oman to have good earnings growth in 2Q25, which was materialised. For 3Q25, Kuwait and UAE are likely to deliver good earnings growth, while the rest of GCC could be under pressure, mostly due to the high earnings base in 3Q24.
- **Focus List:** A review of 30 GCC companies' Q2 2025 performance shows Ma'aden, Emaar Development, and SAFCO had the strongest earnings growth. Conversely, ACWA Power, Saudi Aramco, and Emirates NBD had the weakest performance. ACWA Power's earnings were hurt by higher costs, Aramco's by lower oil prices, and Emirates NBD's by high base in 2Q24. Some companies, such as SAFCO and Dubai Islamic Bank, have seen share prices outpace their earnings growth, while others, like Emaar Development, have had strong earnings without a similar increase in share price.

GCC Equities Quarterly Earnings

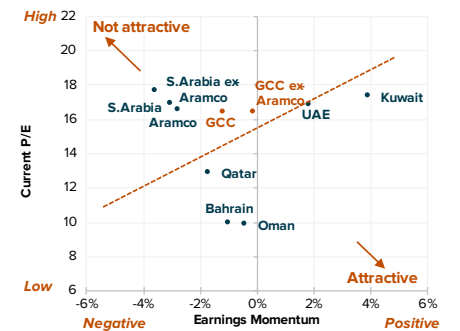
GCC– 12m Trailing Net Income QoQ Growth vs. Past 3M Price Performance



GCC– 12m Trailing Net Income QoQ Growth vs. 3M Price Performance



GCC Countries– Forward Earnings Momentum vs. P/E.



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