

OIB GCC Quarterly Earnings Monitor

1Q26 – Trailing Earnings Continue to Rise, but Weakening Quarterly Momentum Points to a More Mature Phase of the Cycle

This is our fifth edition of the GCC Quarterly Earnings Monitor, analysing 663 listed companies in the region. The report combines reported 1Q26 earnings with share-price performance between 31 March and end-May 2026 to assess post-results market positioning and near-term momentum. While earnings remain the primary focus of the analysis, geopolitical tensions surrounding the Strait of Hormuz emerged as an additional sentiment variable during the review period. Any escalation or disruption to shipping flows would likely have an uneven impact across GCC markets, with energy, logistics, transport and export-oriented sectors facing the greatest near-term sensitivity, while higher oil prices could partially offset earnings pressures in hydrocarbon-linked sectors.

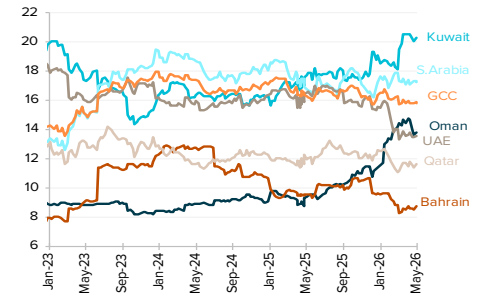
The Monitor is primarily a quantitative strategy publication based on reported financial data, valuation metrics and market performance indicators. Its purpose is to identify trends, relative opportunities and emerging risks across sectors and markets, and it should not be construed as a direct investment recommendation on any individual company.

The key takeaways from 1Q26 GCC Earnings Monitor are as follows:

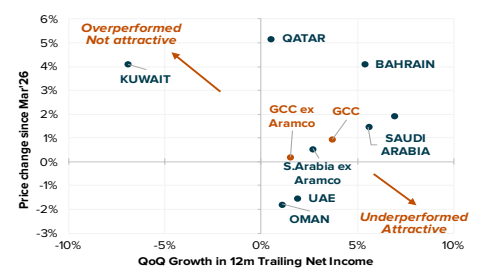
- Quarterly Earnings Roll Over in 1Q26 While Trailing Earnings Reach a New High.** GCC combined net income (ex-Aramco) eased to USD 35.1bn in 1Q26, down 9.5% QoQ from the USD 38.8bn of 4Q25 and the first quarter-on-quarter decline since the cycle peaked, though still 6.6% above 1Q25. On a 12-month trailing basis, ex-Aramco earnings rose for a sixth consecutive quarter to a new high of USD 149bn. Trailing earnings are still rising while the quarterly run-rate has turned down, a late-cycle split.
- Oman's Re-Rating Begins to Moderate.** Oman's trailing P/E, which had re-rated from 9.2x in December 2024 to 14.7x in our previous report (31 March prices), has eased to 13.8x on current (31 May) prices as earnings held flat near USD 0.9bn. The multiple has slipped back below Saudi and into line with the UAE (13.6x), giving back part of the premium it briefly carried. The earlier discount has closed; the latest move suggests the EM-driven positioning that powered the re-rating is maturing rather than extending.
- The UAE Leads the Quarter-on-Quarter Decline.** The UAE remains the GCC's largest non-oil earnings pool but led the 1Q26 decline, with quarterly earnings down to USD 16.3bn from the USD 20.3bn 4Q25 peak. Year-on-year it is still up 8.8% (USD 15.0bn in 1Q25), but its forward momentum has turned negative for the first time in the cycle. Kuwait recovered modestly off its trough to USD 1.6bn but remains the weakest market.
- Sector Leadership Rotates to Materials, Energy and Industrials.** On an annualised basis, Basic Materials, Insurance, Energy and Industrials now lead, while Real Estate, last year's standout at +41%, has slipped to -5% as its quarterly run-rate fell back. Diversified Financials (-76%), Utilities (-61%) and Investment Companies (-51%) sit at the bottom, a reversal from 2025 when Real Estate and Investment Companies led. Real Estate is the sharpest turn: annualised growth has gone negative, yet at roughly 8x earnings it is still the cheapest sector in the GCC.
- The Breadth of the Earnings Recovery Continues to Deteriorate.** The defining feature of 1Q26 was not simply slower earnings growth, but a further narrowing in

GCC Equities Quarterly Earnings

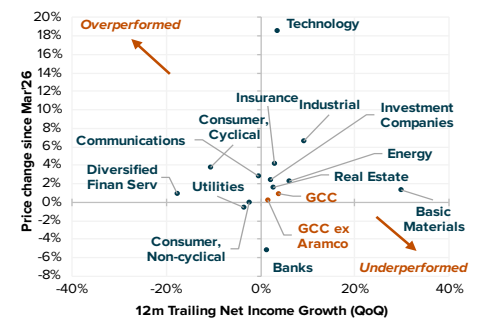
GCC Countries – 12m Trailing P/E



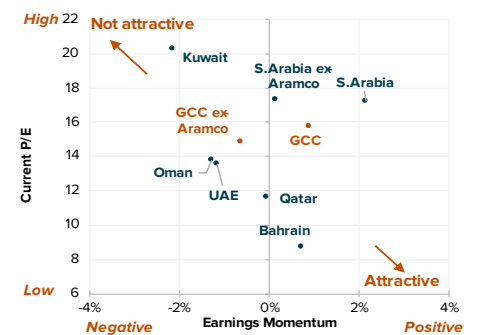
GCC – 12m Trailing Net Income QoQ Growth vs. Past 3M Price Performance



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



GCC Countries – Forward Earnings Momentum vs. P/E



Research Analysts

Akin Tuzun

Akin.Tuzun@oib.om

Mazin Al Farsi

Mazin.Alfarsi@oib.om

Al Maamun Al Mutairi

Almaamun.Almutairi@oib.om

market leadership. Basic Materials, Insurance, Energy and Industrials now account for most of the positive earnings momentum, while Real Estate and Investment Companies have reversed from leadership positions to negative growth. At the country level, the UAE's momentum has also turned negative, leaving Saudi Arabia and Bahrain as the only markets still generating clearly positive signals. What was previously a broad-based earnings expansion is becoming increasingly selective.

- **Focus List:** SABIC's adjustment-driven swing topped the 1Q26 earnings-improvement ranking, but the more useful read is in UAE real estate and banking. Emaar Development (4.7x) and Emaar Properties (5.5x) carry the lowest P/Es in the entire list while compounding earnings fastest, and UAE banks continue to trade at a clear discount to Saudi peers. Several Saudi banks (SNB, Riyad Bank) were the weakest on both earnings and price, while ELM led price gains at +30%. The earnings strength remains concentrated in non-oil UAE names.

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Oman Investment Bank SAOC

CR No. 1482570

P.O. Box 10, PC 133 South Al Khuwair

Tel. +968 2111 6111

Email: info@oib.om



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