

# GCC Corporate Earnings Trend

Earnings fall 8% in 2015. Expected to fall 3% in 2016

March 2016

## Research Highlights:

Provides a review of corporate earnings across the GCC

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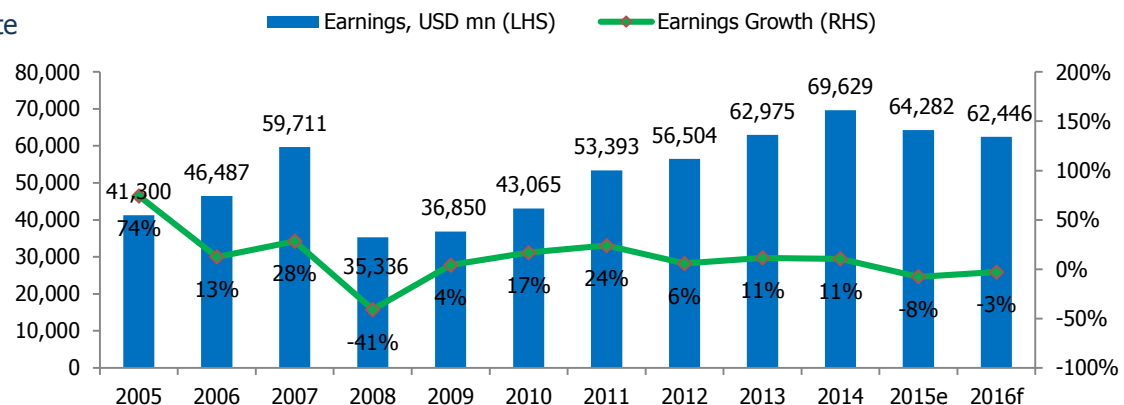
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## Report Highlights

### Earnings Trend – GCC – Long-Term (USD mn)



Source: Reuters Eikon, Markaz Research

### GCC

- GCC Earnings fall by 11% in 2H15 on a YoY basis
- Telecom & "Other" sectors recorded positive earnings growth in 2H15
- Overall earnings in 2015 declined by 8% compared to 2014
- Earnings for large cap stocks<sup>1</sup> declined by 3% in 2H15
- Going forward, we expect earnings to post a fall of 3% in 2016

### Saudi Arabia

- KSA H2 earnings fell 12% on a YoY basis
- Earnings in Commodities sector declined by 42% in 2H15
- 2015 earnings declined by 14% YoY
- We estimate a fall in earnings of 4% in 2016

### Kuwait

- Earnings in Kuwait dropped 23% in 2H15
- Negative earnings growth in all sectors
- 2015 earnings declined YoY by 9.5%
- For 2016, the earnings is expected to fall by 4%

### UAE

- UAE companies recorded a 5% rise in net profits in 2H15
- Real Estate earnings growth continue to be robust in UAE
- In 2015, UAE corporates posted a modest 1% increase in earnings
- We expect earnings to increase by 1%, again in 2016

### Qatar

- Qatar earnings fell by 20% in 2H15
- Telecom and construction companies perform well
- 2015 earnings declined 4%, and is estimated to decline another 4% in 2016

<sup>1</sup> Large cap stocks comprise those whose market cap exceeds USD 3bn; 64 companies (72% of all GCC market cap)

**This is the executive summary version of the full report. To obtain the full version, kindly send an email to:**

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# Research Library (Complimentary Research)

## Capital Markets Research

- Kuwait Stock Market Outlook (2016)
- Qatar Stock Market Outlook (2016)
- KSA Stock Market Outlook (2016)
- UAE Stock Market Outlook (2016)
- GCC WACC (2015)
- Berkshire Hathaway (2015)
- Apple (2015)
- Mother of All IPOs - National Commercial Bank (2015)
- Saudi Arabian Markets Set to Open (2014)
- MENA Asset Management Policy Perspectives (2013)
- Including GCC in the MSCI EM Index (2012)
- Alpha Abound: A Study to explore Alpha generation in GCC (2012)
- Kuwait Investment Sector (2012)
- GCC Defensive Bellwether Stocks (2012)
- Kuwait 15 Index (2011)
- GCC SWFs: The Golden Portfolio (2010)
- Persistence in performance: The GCC Experience (2010)
- Will GCC catch up with GEM? -What is left for 2009
- This Too Shall Pass: What can we expect in 2009 for GCC Markets? (2009)
- Missing the rally (2009)
- Fishing in Troubled Waters (2008)
- Down and Out: Saudi Stock Outlook (2008)
- Mr. GCC Market-Manic Depressive (2008)
- To Yield or Not To Yield: Examining the Potential of Yield Stocks in GCC (2008)
- China and India: Too Much Too Fast(2007)
- Kuwait Asset Management Industry (2007)
- A Gulf Emerging Portfolio: And Why Not? (2007)
- Derivatives Market in GCC (2007)
- Managing GCC Volatility (2007)

## Regulatory Research

- GCC Regulatory Digest (Semi-Annual)
- Kuwait's new Law on Preference Shares (2015)
- Kuwait's BOT law (2014)
- Land Reforms in Kuwait (2014)
- Kuwait's PPP Law (2013)
- Bankruptcy Law in the GCC (2013)
- Got a CMA (Kuwait): What Next? (2012)
- The New Regulations for Kuwait Investment Sector (2010)
- Wanted: A Kuwait Capital Market Authority (2010)
- To Leap or To Lag: Choices before GCC Regulators (2007)

## Economic Research

- Top GCC Risks for 2016 (2016)
- Top Economic & Investment Themes for 2016 - UAE, KSA, Qatar, Kuwait
- Emerging Markets (MSCI) - Threat of a Debt Crisis (2015)
- GCC Liquidity Fall (2015)
- Is China Stalling? (2015)
- Crowdfunding in the GCC (2015)
- Iran Nuclear Deal (2015)
- Kuwait - Dealing with Construction Permits (2015)
- Dubai Government Summit 2015 (2015)
- Negative Interest Rates (2015)
- Central Bank Shocks (2015)
- Fiscal Breakeven Oil Price (2015)
- Kuwait - starting Business (2015)
- Kuwait Electricity Tariff Hikes (2015)
- Basel III Norms (2015)
- Kuwait Real Estate (2015)
- Swiss Franc (2015)
- Cheaper Oil (2015)
- Rising Fuel Prices in Kuwait (2015)
- GCC Research Knowledge Gap (2014)
- Cloud Computing (2014)
- GCC Free Trade Zones (2014)
- Disruptive Technology: Bitcoins (2014)
- Kuwait SME's (2014)

## Policy Research

- Kuwait Reforms (Series) - Education
- Oil & Gas Markets and the Emergence of New Resources (2014)
- GCC Countries & Asia: Bolstering Energy Ties (2014)
- GCC Energy Strategies: The Way Forward (2014)
- Blueprint for Public Sector Good Governance in Kuwait (2013)
- Kuwait - Private Labor Market (2013)
- Kuwait - Alternatives for Power Generation (2013)
- Kuwait - Sustainable Power Strategy (2012)
- Tools to Strengthen & Support Kuwait's Private Sector (2012)

## Periodic Reports

### Daily

- Morning Brief
- Fixed Income Update
- Kuwait Daily

### Monthly

- MENA Markets Review
- International Market Update

### Quarterly

- Marmore Bulletin

### Halfyearly

- GCC Regulatory Digest
- GCC Corporate Earnings
- GCC WACC

### Annual

- Stock Market Outlook UAE, KSA, Qatar, Kuwait

# Research Library (Paid Research)

## Infrastructure Research\*

### Power

Egypt MENA (Ex- GCC)

Kuwait KSA

Qatar UAE

### Ports

KSA UAE

Kuwait Oman

Qatar

### Aviation

Qatar GCC Full Service Carriers

GCC Low Cost Carriers Kuwait

KSA UAE

### Water

Qatar KSA

Kuwait

### ICT

UAE KSA

Qatar Kuwait

### Roads and Railways

GCC KSA

Qatar

### Real Estate

GCC Office RE KSA Office RE

GCC Affordable Housing

Residential RE - GCC, UAE, KSA, Qatar

## Industry Research\*

### Private Equity

GCC

### Brokerage

KSA, UAE

### Offsets in the GCC

GCC

### Healthcare

GCC, KSA, UAE

### Education

GCC, KSA, UAE

### Family Business

GCC

### Wealth Management

GCC, UAE

### Banking

Kuwait, KSA, UAE, Qatar

### Hospitality

GCC, KSA

### Retail

GCC, KSA; Luxury - GCC, Kuwait, UAE;  
Online - GCC

### Asset Management

MENA, KSA, UAE, Egypt

### Islamic Finance

GCC

### Investment Banking

GCC, UAE

### Insurance

GCC, KSA

### Media

GCC, UAE

### Social Media

GCC, UAE

### Petrochemicals

GCC, Kuwait, KSA

### Contracting

Kuwait, KSA, UAE

### Metals & Mining

GCC

### Women Investors

GCC

## Company Reports\*

### KSA

Al Rajhi Bank

Almarai Group

Company for Cooperative Insurance (Tawuniya)

Jarir Marketing Co.

National Commercial Bank (NCB)

Riyad Bank

SABIC

Samba

Saudi Arabian Fertilizers Co.

Saudi Arabian Mining Company

Saudi British Bank

Saudi Cement Company

Saudi Electricity Co

Saudi Telecom

Savola Group

TASNEE National Industrialization Company

The National Shipping Co. of Saudi Arabia - BAHRI

### Qatar

Barwa Real Estate Co QSC

Commercial Bank of Qatar

Ooredoo

Qatar Electricity and Water Company

Qatar Insurance Co

Qatar National Bank

### UAE

Abu Dhabi Commercial Bank

Abu Dhabi National Hotels Co

Air Arabia

Aldar Properties PJSC

Arab National Bank

Arabtec Holding Company

Aramex

Dubai Islamic Bank

EMAAR Properties

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Emirates Telecom

First Gulf Bank

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