

GCC Corporate Earnings Estimates: 2Q22e

June 26, 2022

Corporate Earnings Estimates FY22e / 2Q22e

Company Name	CMP (LCY)	YTD Chg. (%)	Market Cap (LCY mn)	Revenue FY22e (LCY mn)	YoY %	Revenue 2Q22e (LCY mn)	YoY %	QoQ %	Net Profit FY22e (LCY mn)	YoY %	Net Profit 2Q22e (LCY mn)	YoY %	QoQ %	P/E'22e (x)	P/E'23e (x)	P/B'22e (x)	P/B'23e (x)	Dividend Yield'22e (%)	RoE'22e (%)	RoA'22e (%)	Target Price, LCY
Oman Banks																					
Bank Muscat	0.524	14%	1,966.7	483.9	2%	114.7	-6%	-4%	200.9	6%	67.9	-8%	0%	9.8	9.5	0.9	0.9	6%	9%	2%	0.530
Bank Dhofar	0.115	-8%	344.6	142.1	12%	33.1	10%	-1%	31.7	26%	8.9	10%	nm	10.9	9.7	0.6	0.6	3%	6%	1%	0.116
National Bank of Oman	0.210	7%	341.4	127.5	3%	35.5	14%	7%	31.9	5%	11.0	25%	7%	10.7	8.5	1.2	1.0	2%	13%	1%	0.213
Sohar International	0.104	-10%	311.0	121.7	10%	29.8	6%	-2%	34.7	22%	9.0	9%	5%	9.0	7.4	0.8	0.8	5%	10%	1%	0.086
Oman Arab Bank	0.118	-26%	197.0	109.9	-10%	31.4	-12%	3%	13.3	nm	4.7	-34%	36%	14.8	8.6	0.5	0.4	3%	5%	1%	0.174
Ahli Bank	0.120	3%	234.0	90.5	10%	22.7	14%	2%	20.0	9%	7.7	11%	3%	11.7	9.2	0.5	0.5	4%	6%	1%	0.116
HSBC Oman	0.128	23%	256.0	80.4	19%	17.0	2%	2%	14.6	-21%	4.9	-16%	-10%	17.6	13.9	0.7	0.7	3%	5%	1%	0.120
Bank Nizwa	0.094	-3%	210.3	55.1	24%	12.4	13%	0%	15.0	20%	3.7	22%	12%	14.0	11.2	0.8	0.8	5%	7%	1%	0.108
Oman Leasing Sector																					
Al Omaniya Fin Services	0.166	37%	48.5	15.5	-1%	4.0	5%	12%	2.9	14%	0.6	12%	-22%	16.5	15.3	0.7	0.7	4%	5%	2%	UR
National Finance	0.114	24%	61.4	43.4	6%	12.1	7%	7%	10.1	17%	3.1	62%	24%	6.1	5.6	0.5	0.5	8%	9%	2%	0.136
Muscat Finance	0.065	12%	20.0	10.6	-1%	2.6	-7%	8%	1.5	28%	0.3	-53%	1%	13.3	10.5	0.5	0.5	0%	5%	2%	UR
Taageer Finance	0.086	22%	21.8	20.8	18%	5.3	14%	-2%	2.9	15%	0.8	105%	-4%	7.4	6.8	0.5	0.4	8%	7%	2%	0.104
United Finance	0.094	59%	32.8	8.4	2%	2.1	10%	8%	1.8	-7%	0.3	-391%	30%	18.5	23.3	0.7	0.6	0%	3%	1%	UR
Oman Insurance Sector																					
Oman Qatar Insurance	0.196	-8%	19.6	36.5	16%	9.6	15%	62%	3.1	-2%	0.8	-15%	142%	6.3	6.1	0.8	0.8	4%	13%	4%	0.243
National Life & General Insurance	0.320	-6%	84.8	157.6	8%	61.7	9%	148%	10.8	45%	3.6	32%	nm	7.8	6.8	1.2	1.1	6%	16%	6%	0.391
Oman United Insurance	0.328	-13%	32.8	32.7	8%	12.5	4%	114%	4.3	8%	1.0	7%	-34%	7.7	7.1	1.0	1.0	11%	14%	4%	0.455
Al Madina Takaful	0.092	-3%	16.1	48.9	11%	10.7	9%	15%	1.7	70%	0.5	-58%	67%	9.5	8.9	0.7	0.7	9%	8%	1%	0.109
Oman Telecom Sector																					
Omantel	0.864	15%	648.0	2,456.5	2%	607.1	1%	0%	69.0	3%	17.4	3%	-5%	9.4	9.0	1.1	1.1	6%	12%	1%	1.008
Ooredoo Oman	0.330	-13%	214.8	250.0	2%	63.3	-2%	1%	13.5	7%	4.0	-14%	nm	15.9	15.5	0.8	0.8	6%	5%	3%	0.404

Source: Bloomberg & U Capital, Price as of 27-Jun-22 UR = Under Review; nm = not meaningful

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Oman Ceramics Sector																					
Al Maha Ceramics	0.512	15%	28.2	10.5	7%	2.6	5%	3%	2.6	6%	0.8	23%	7%	10.8	10.5	1.7	1.4	6%	15%	20%	UR
Al Anwar Ceramics	0.420	-4%	92.4	31.3	21%	8.9	45%	16%	7.8	24%	2.6	78%	14%	11.9	9.0	2.2	2.2	7%	24%	21%	UR
Oman Other Sectors																					
Renaissance Services	0.422	-2%	99.8	122.2	12%	28.8	7%	-3%	10.9	20%	3.2	-6%	-26%	9.1	10.6	1.1	1.1	0%	10%	4%	UR
Al Jazeera Steel Products	0.346	-6%	43.2	187.8	25%	37.0	3%	-9%	13.9	51%	1.1	-57%	-35%	3.1	3.0	0.4	0.3	9%	13%	13%	UR
Galfar	0.103	41%	91.3	171.7	-2%	39.2	-20%	16%	2.3	77%	-0.2	100%	-300%	39.7	20.7	4.1	3.4	0%	18%	2%	0.125
GCC Banking Sector																					
Saudi National Bank	64.300	0%	287,935.4	34,373.2	21%	8,269.7	10%	3%	16,871.0	33%	4,535.7	114%	1%	17.1	15.5	1.7	1.6	4%	11%	2%	68.50
Al Rajhi Bank	85.400	-4%	341,600.0	32,790.6	28%	7,356.2	16%	6%	19,086.6	29%	4,199.8	17%	2%	17.9	15.0	4.1	3.3	2%	24%	3%	98.13
Saudi British Bank	38.100	15%	78,287.7	13,054.1	25%	2,115.3	7%	0%	4,823.6	51%	909.8	-1%	-9%	16.2	12.5	1.3	1.2	4%	10%	2%	32.40
Qatar National Bank	19.960	-1%	184,359.1	31,600.0	12%	8,057.6	17%	4%	14,571.8	10%	3,950.2	13%	8%	12.7	11.3	1.8	1.7	3%	15%	1%	28.70
GCC Consumer Sector																					
Jarir Marketing	162.200	-18%	19,464.0	9,417.4	4%	2,176.7	8%	-5%	1,080.0	9%	238.4	26%	-5%	18.0	15.0	11.0	10.5	6%	72%	31%	233.00
Saudi Dairy & Footstuff Co (SADAFCO)	168.800	2%	5,486.0	2,170.3	3%	508.9	3%	-19%	207.3	-20%	47.6	25%	-22%	26.5	22.8	3.6	3.5	3%	15%	10%	180.00
Almarai Co	52.100	7%	52,100.0	18,341.7	16%	4,617.9	15%	3%	1,753.1	12%	449.4	-7%	7%	29.7	24.6	3.1	3.0	2%	12%	6%	50.50
BinDawood	89.200	-7%	10,195.6	4,854.8	11%	1,250.4	11%	6%	345.1	43%	118.7	25%	nm	29.5	23.1	6.7	6.1	2%	28%	9%	108.00
Abdullah Al Othaim Markets	97.100	-10%	8,739.0	9,646.2	15%	2,509.1	16%	2%	379.9	25%	94.9	98%	4%	23.0	20.4	6.3	6.1	4%	30%	8%	126.00
Al Meera Consumer Goods	17.200	-12%	3,440.0	3,147.4	12%	840.3	10%	20%	244.0	24%	46.2	-9%	7%	14.1	13.5	2.1	2.0	6%	15%	8%	22.50
Alandalus Property	15.760	-12%	1,470.9	223.5	4%	54.2	4%	2%	79.3	17%	20.7	7%	4%	18.5	17.3	1.3	1.3	3%	8%	4%	20.80
Arabian Centres Co	19.600	-13%	9,310.0	2,024.9	9%	646.1	27%	28%	461.4	-5%	241.5	91%	84%	20.2	9.6	1.5	1.4	5%	15%	5%	25.50
Leejam Sports	93.500	-14%	4,897.8	1,099.9	24%	256.5	16%	11%	281.0	36%	63.1	24%	37%	17.4	13.9	5.3	4.6	3%	36%	13%	149.00
GCC Utilities																					
Tabreed	2.750	11%	7,824.5	2,214.9	13%	580.5	14%	38%	506.1	-14%	154.0	4%	75%	15.5	13.0	1.3	1.3	5%	10%	4%	3.40

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GCC Petrochemical Sector																					
Advanced Petrochemicals	50.600	-14%	13,156.0	2,864.2	-8%	730.8	16%	-10%	670.7	-18%	174.9	2%	-18%	19.6	17.2	3.4	3.3	4%	20%	9%	65.20
Yanbu National Petrochemicals (YANSAB)	50.600	-26%	28,462.5	7,798.8	5%	2,062.5	20%	7%	1,883.3	23%	438.7	4%	31%	15.1	14.2	1.9	2.0	7%	14%	11%	65.50
Saudi Industrial Investment Group (SIIG)	27.750	-11%	20,945.7	8,909.5	-2%	318.9	-62%	5%	1,814.7	60%	133.8	-56%	10%	11.5	10.8	1.1	1.0	2%	10%	9%	31.70
Mesaieed Petrochemical Holding	2.517	20%	31,621.5	1,644.8	-6%	458.2	22%	39%	1,696.8	-5%	468.7	24%	32%	18.6	17.3	1.8	1.7	3%	10%	10%	2.50
Industries Qatar	15.800	2%	95,590.0	16,053.9	13%	4,135.0	46%	-12%	8,323.4	3%	2,091.6	43%	-15%	11.5	16.3	2.4	2.3	2%	14%	13%	23.70
SABIC	102.200	-12%	306,600.0	184,911.7	6%	52,302.0	39%	2%	23,022.2	0%	5,035.9	4%	2%	13.3	12.8	1.3	1.2	2%	10%	7%	121.70
Rabigh Refining & Petrochemical (PETRO RABIGH)	17.520	21%	21,111.3	43,899.9	-4%	12,129.1	20%	-8%	1,273.7	-37%	437.4	-33%	-3%	16.6	17.0	1.2	1.1	0%	7%	2%	30.30
Sahara International (SIPCHEM)	48.000	14%	35,200.0	9,882.7	-1%	2,253.2	11%	-27%	3,604.4	-9%	823.7	83%	-43%	9.8	11.8	2.0	1.9	4%	16%	11%	54.00
National Industrialization Co (TASNEE)	16.080	-19%	10,756.1	3,881.0	6%	957.0	32%	-18%	1,399.3	-32%	360.6	-20%	-40%	7.7	7.5	0.8	0.8	0%	11%	6%	22.00
GCC Cement Sector																					
Oman Cement	0.254	3%	84.0	48.4	3%	11.7	0%	1%	4.8	8%	2.0	165%	-50%	17.5	16.8	0.6	0.6	4%	3%	2%	0.300
Raysut Cement	0.149	-40%	29.8	102.5	10%	23.4	-13%	10%	-1.4	-90%	0.9	-10%	108%	nm	16.6	0.2	0.2	0%	1%	1%	0.160
Qatar National Cement	5.150	1%	3,365.7	847.2	3%	203.0	13%	-3%	266.1	19%	61.6	158%	-20%	12.6	11.5	1.1	1.1	6%	9%	8%	6.30
UAE Real Estate Sector																					
Emaar Properties	5.160	6%	42,207.5	19,381.0	-31%	6,491.0	0%	-2%	4,781.0	-16%	2,351.0	69%	-11%	8.8	9.7	0.7	0.6	3%	7%	4%	8.00
Aldar Properties	4.340	9%	34,123.8	11,270.0	31%	2,888.0	32%	8%	2,315.0	-1%	725.0	39%	5%	14.7	13.6	1.2	1.2	3%	9%	5%	6.00
KSA IT Sector																					
Solutions by STC	196.800	5%	23,616.0	8,807.5	13%	2,129.7	10%	-12%	1,156.2	39%	288.7	13%	2%	20.4	17.4	8.6	7.1	3%	44%	15%	233.50
Al Moammar Information Systems (MIS)	84.600	-33%	2,538.0	715.3	12%	168.6	-32%	58%	137.1	143%	20.5	97%	346%	18.5	20.1	6.6	6.1	3%	32%	7%	135.40
GCC Agri-nutrients / Oil & Gas Sector																					
ADNOC Drilling	3.290	-3%	52,640.0	2,410.0	6%	619.0	3%	3%	666.0	10%	181.0	5%	4%	79.0	68.2	18.9	18.6	1%	28%	14%	4.30
TAQA	1.250	-4%	140,542.8	46,094.0	1%	12,086.0	2%	-3%	5,802.0	-3%	1,821.0	22%	-4%	24.2	24.1	2.1	2.2	4%	9%	3%	1.90
MAADEN	50.900	30%	125,274.2	31,147.0	16%	9,103.0	49%	2%	11,763.0	81%	2,814.0	109%	-4%	10.6	14.4	2.2	1.9	0%	14%	8%	134.40
SABIC -Agrinutrients	140.400	-20%	66,835.4	16,425.0	71%	4,321.0	135%	-7%	10,509.0	86%	2,394.0	149%	-10%	6.4	7.3	3.3	2.9	11%	42%	37%	169.80

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U Capital Research Commentary -2Q22e Earnings Estimates

Oman Banking Sector - Oman banks are expected to post mid-high single digit growth in their 2Q22 revenues while their net profits are also expected to grow as operating costs remain in control and likelihood of any significant rise in cost of risk remains low.

Oman Leasing Sector – The leasing sector is expected to post healthy growth in net financing revenues, given the improving macroeconomic conditions warranting continued financing growth. Risk of unprecedented rise in cost of risk remains low. Credit growth is expected to have remained stable as 1Q22, while deposit growth is expected to have picked up notably on higher Government oil & gas revenues as well as other revenues e.g., VAT.

Oman Insurance sector -In 1Q 2022, we expect insurance companies to post better top-line on the back of improved economic activities. Also, mandatory health insurance is likely to play an important role for a higher GWP growth. Loss ratio is further likely to increase due to economy re-opening and thus a rise in claims in comparison to 1Q 2021.

Oman Telecom sector -We expect telecom sector in Oman to grow by ~5% in 1Q 2022 YoY on the back of growing data demand in the region mainly to 5G coming in. Additionally, the earnings are likely to improve by ~8% in 1Q 2022 in comparison to 1Q 2021.

GCC Cement sector -Oman cement sector 1Q 2022 revenue is likely to increase by ~27% YoY on the back of high demand of cement in the region, driving the sales volume higher. While Qatar cement sector is likely to witness increase in top-line due to expected increase in realization cement prices in comparison to 1Q 2021, along with the growing demand in the region.

Oman Construction sector -The new order inflow rate is likely to improve in the Omani construction sector, with the improvement in economic scenario. However, we expect revenue to decline in 1Q 2022 in comparison to 1Q 2021.

GCC Petrochemicals, Agri-Nutrients, Oil & Gas Sectors - The price of main feedstock like naphtha and propane remained comparatively favorable on an average in 2Q22. Naptha's price in the second quarter of 2022 barely showed any movement compared to the previous quarters, while propane price on an average reduced in 2Q22. Concerning end-product prices, prices of some end products are going up while some are going down. From barely upside movement in Naptha price and reduction in an average price of propane with end-product prices being a mixed bag, our gross margin forecast has remained quite in line with 1Q21 margins.

Most of the ammonia produced for fertilizer companies is used to make the end-product, urea. The price of urea in 2Q22, on average, fell by 5% QoQ. Natural gas, the main feedstock for fertilizer companies, increased on average by 67% QoQ. Due to this, we expect fertilizer companies' margins to remain comparatively under pressure.

The pricing dynamics in the steel segment have not remained favorable, with end-product prices on average falling while the price of key feedstock iron ore increasing, leaving the companies exposed to lower margins.

UAE Real Estate Sector - Things are relatively steady. Prices of properties in the UAE have gone up during 2Q22 while at the same time input cost has also increased, causing the margins to remain comparatively stable.

Saudi consumer sector - is expected to post improved top-line performance on average on a YoY basis in the second quarter of this year owing to the relatively better operating conditions as the 2Q of last year was marred with COVID-19 pandemic. Within the overall consumer sector, the companies operating in the food & beverage category like Almarai and SADAFCO might witness stable or subdued revenue on QoQ basis partly due to seasonality (pre-Ramadan buying). High commodity costs are likely to hold hurt the margins and constrain the bottom-line growth, particularly of the food companies like Almarai, in our view.

Saudi consumer retail companies - on the other hand, are estimated to register relatively better performance, aided by the school reopening, and the government allowing Umrah and Hajj pilgrims, with the news reports showing that the first batch of Hajj pilgrims have started to arrive in the Kingdom. This should lead to higher footfalls for retail companies like BinDawood, Al Othaim, Arabian Centers, etc., thereby boosting their sales.

Saudi IT companies - are expected to post relatively stable performance, led by the market leader Solutions. MIS, which has reported dismal performance last quarter, is expected to register an improvement as the company had not been able to book some revenue due to not meeting certain milestones and we expect some of it to appear this quarter.

The one UAE-based utility **Tabreed** is also forecasted to register growth in the backdrop of the recovering economy and rising business activities. The company's bottom-line on a QoQ basis is likely to register a jump owing to the onset of summer season.

Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%