# TASI 2Q23 Corporate Results-Win Some, Lose Some

*August 2023*

*Price Data as 15th August 2023*

Tharaa Financial Center

# Summary

## Key Highlights of 2Q23 Earnings

- The 2Q23 result season has broadly failed to live up to expectations, with earnings misses (cumulative 50%) dominating the aggregate of both inline (17%) or above expected results (33%) from a sample of 90 companies (~96% of market of TASI based on total market cap). In comparison, cumulative 60% and 66% companies respectively, in 1Q23 and 4Q22 posted either above-expected or inline results.
- The cumulative earnings for TASI in 2Q23 came in 11% below expectations in 2Q23. However, after adjusting for the earnings of Aramco, the earnings underperformance reduces to only -6%.

## 2Q23 Earnings-Major Surprises and Growth

- The aggregate earnings for TASI in 2Q23 have dropped both sequentially (-7%) and YoY (-35%) primarily due to drags from earnings drops at Aramco and Petrochem.
- Non of the Index heavyweight sectors (Energy, Banks, Petroch) have posted sequential earnings growth during 2Q23.
- Encouragingly, retail names have withstood seasonality due to Eid Holidays in 2Q23. On YoY comparison, petrochem and energy remained major drags to TASI earnings. Among major sectors, Retails, Software and Real Estate have recorded strong YoY earnings.
- During 1H23, earnings have dropped by -27% YoY. For a reference, at the start of 2Q23, consensus was forecasting 15% earnings drop for TASI (7% excluding Aramco) for 2023.
- With negative earnings surprises dominating 2Q23 earnings seasons and a weak global economic growth outlook including the persistence of high interest rates and volatility in commodity prices, the room for further trimming of consensus earnings for 2023 remains.

## TASI-Sector Returns & Peer Comparison

- Most of the sectors in TASI have given negative returns since June-23. Software, Energy, and Utilities were the three major outperformers for TASI during the period.
- TASI has given a nominal positive performance over the broader benchmark, MSCI EM since June-23. However, TASI has underperformed most of its peers in the same period. Besides the result announcements, the global economic outlook, volatility in energy prices, higher interest rates, and lack of positive updates for major global economies have weighed on the performance.
- TASI continues trading at a sizable premium to its peers in EM space despite recent volatility.
- TASI's P/E (based on trailing earnings) has improved by 5% since June-end despite no major positive surprise in the 2Q23 result season. The current P/E is 4% above TASI's long-term average of 16x. At its recent peak, TASI traded at 3.5x Standard Deviation above its LT average.

## Limitations of analysis

- Extrapolation of available earnings estimates for companies as representative of aggregate earnings of TASI.
- Earnings estimates available from public sources from eight research outfits were used in the analysis. Increasing the number of available estimates may have implications for aggregate and company-wise consensus estimates and calculations of negative or positive surprises.
- While the number of contributors for the analysis of earnings trends have increased to 8 in this report from 6 used in the 1Q23, a fairly large number of companies in the analysis carry forecasts from only one contributor.

**Definition: Actual Earnings vs Consensus Average*
*>5%= Above-consensus, <-5%= Below-consensus, Between -5% to +5%= In-line*

# 2Q23 Earnings Snapshot- Sectors & Companies (I)

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| | Price (SAR) | Actual Earnings 2Q 23 (SARmn) | Range of Estimates (SARmn) | Actual vs Consensus | QoQ% | YoY% | Performance (%) | | | Valuation | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 3-Months | 6-Months | 12-Months | P/E | P/B | ROE (%) | D/Y% |
| **Banks** | | | | | | | | | | | | | |
| Al Rajhi Bank | 72.6 | 4150 | 3911.6-4331 | 0% | 0% | -3% | -4% | -5% | -18% | 17.5 | 3.4 | 20.5 | 3.2 |
| Alinma Bank | 35.9 | 1225.1 | 1006-1084 | 17% | 26% | 32% | 13% | 19% | -6% | 18.1 | 2.6 | 14.9 | 3.1 |
| Arab National Bank | 25.55 | 986 | 1096-1099.6 | -10% | -8% | 39% | -7% | -5% | -21% | 10.2 | 1.1 | 11.6 | 4.9 |
| Bank AlBilad | 42.1 | 585.9 | 566.34-594.2 | 1% | 5% | 15% | 6% | 2% | -18% | 18.9 | 3.0 | 16.6 | 1.2 |
| Bank Al-Jazira | 18.14 | 260.6 | 198.57-233.5 | 19% | 28% | 1% | 3% | -1% | -24% | 17.3 | 1.2 | 7.1 | 2.2 |
| Banque Saudi Fransi | 38.1 | 1073 | 1108.3-1132 | -4% | 0% | 28% | -1% | 4% | -27% | 11.6 | 1.3 | 11.9 | 4.9 |
| Riyad Bank | 30.2 | 1982.32 | 2115-2253.2 | -9% | -2% | 23% | -12% | 5% | -18% | 11.7 | 1.8 | 16.1 | 4.3 |
| Saudi Awwal Bank | 36.35 | 1550 | 1684.5-1858 | -13% | -12% | 43% | -8% | 2% | -16% | 12.2 | 1.3 | 11.0 | 4.5 |
| Saudi Investment Bank/The | 16.9 | 443.8 | 449.7 | -1% | 9% | 38% | -1% | -2% | -18% | 10.8 | 1.2 | 11.4 | 5.0 |
| Saudi National Bank/The | 35.9 | 5016 | 4813.5-5609.1 | -2% | 0% | 9% | -4% | -3% | -34% | 11.3 | 1.4 | 12.4 | 3.6 |
| Saudi Tadawul Group Holding Co | 180.6 | 105.23 | 231 | -54% | 16% | -24% | 9% | 14% | -15% | 63.3 | 7.4 | 11.5 | 1.3 |
| **Capital Goods** | | | | | | | | | | | | | |
| Riyadh Cables Group Co | 63.7 | 126.94 | 128-142 | -6% | 2% | 87% | 14% | 40% | - | - | - | - | 2.4 |
| **Cement** | | | | | | | | | | | | | |
| Arabian Cement Co/Saudi Arabia | 36.15 | 28 | 37.3-41.6 | -28% | -43% | -38% | 1% | 1% | -9% | 21.1 | 1.4 | 6.5 | 5.1 |
| City Cement Co | 22.16 | 24.29 | 12.5-35.5 | 6% | -12% | -3% | 0% | 8% | -9% | 24.8 | 1.7 | 6.9 | 4.1 |
| Eastern Province Cement Co | 44.35 | 51 | 44.7-54.7 | 4% | -8% | 19% | 3% | 2% | -3% | 21.3 | 1.6 | 7.4 | 4.5 |
| Najran Cement Co | 13.06 | 7.36 | 13-15.8 | -48% | -75% | -43% | -6% | 0% | -15% | 19.7 | 1.1 | 5.8 | 3.8 |
| Qassim Cement Co/The | 69.4 | 38.1 | 18.37-60.4 | 16% | -31% | 31% | 2% | 3% | -16% | 36.9 | - | - | 3.4 |
| Saudi Cement Co | 56 | 85.2 | 70.9-110 | -5% | -31% | -17% | -2% | 6% | 3% | 19.3 | 4.3 | 21.8 | 5.8 |
| Southern Province Cement Co | 48.6 | 19 | 25-41.3 | -43% | -61% | -69% | -7% | -4% | -19% | 31.1 | - | - | 2.6 |
| Umm Al-Qura Cement Co | 18.2 | 1.82 | 2 | -9% | -73% | -77% | 4% | 7% | -24% | 111.0 | - | - | - |
| Yamama Cement Co | 35.1 | 98.31 | 42-93.3 | 36% | -13% | 8% | 3% | 17% | 9% | 15.9 | 1.5 | 9.9 | 2.8 |
| Yanbu Cement Co | 38.6 | 35.27 | 31.2-64.5 | -15% | -31% | -27% | 8% | 7% | -1% | 28.6 | 2.3 | 8.0 | 5.8 |
| **Commercial & Professional Svc** | | | | | | | | | | | | | |
| Al Mawarid | 134 | 22.45 | 23 | -2% | 1% | 18% | - | - | - | - | - | 28.9 | - |
| Maharah Human Resources Co | 61.7 | 39.3 | 27.9 | 41% | 8% | 46% | 29% | 43% | 21% | 16.5 | - | - | 2.9 |
| Saudi Airlines Catering Co | 106 | 63.7 | 74.3-90.5 | -23% | 12% | 48% | 21% | 37% | 39% | 29.0 | 7.2 | 27.8 | 1.9 |

*Source: Bloomberg, Tharaa Financial Center*

# 2Q23 Earnings Snapshot- Sectors & Companies (II)

Tharaa Financial Center

| | Price (SAR) | Actual Earnings 2Q 23 (SARmn) | Range of Estimates (SARmn) | Actual vs Consensus | QoQ% | YoY% | Performance (%) | | | Valuation | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 3-Months | 6-Months | 12-Months | P/E | P/B | ROE (%) | D/Y% |
| **Consumer Service** | | | | | | | | | | | | | |
| Ataa Educational Co | 75.6 | 9.55 | 20.7 | -54% | -55% | 855% | 14% | 40% | 37% | 78.6 | 3.7 | 5.0 | 1.3 |
| Leejam Sports Co JSC | 149.6 | 72.5 | 50.2-55.1 | 37% | 16% | 101% | 30% | 69% | 69% | 25.2 | 8.0 | 34.5 | 2.1 |
| Seera Group Holding | 27.1 | 70.51 | 69.8-191.4 | -38% | 27% | N/M | 7% | 51% | 49% | 39.1 | - | - | - |
| **Energy** | | | | | | | | | | | | | |
| Aldrees Petroleum and Transport Services Co | 125 | 70.24 | 74 | -5% | 0% | 53% | 8% | 44% | 73% | 34.2 | 8.5 | 26.2 | 1.6 |
| Arabian Drilling Co | 190 | 140 | 132-144 | 1% | -1% | 23% | 25% | 25% | - | - | 2.9 | 12.3 | - |
| Saudi Arabian Oil Co | 34.6 | 108881 | - | -13% | -8% | -37% | 7% | 14% | -7% | 16.5 | 5.5 | 35.9 | 3.4 |
| **Food & Agriculture** | | | | | | | | | | | | | |
| Almarai Co JSC | 65.7 | 557.08 | 536.6-586 | -1% | -12% | 7% | 16% | 20% | 24% | 32.0 | 3.9 | 12.3 | 1.5 |
| National Agriculture Development Co/The | 49 | 65.13 | 65 | 0% | 73% | 141% | 58% | 106% | 55% | 32.1 | 3.6 | 11.8 | - |
| Saudia Dairy & Foodstuff Co* | 340 | 108.54 | 61.4-104 | 31% | 20% | 100% | 17% | 40% | 112% | 30.4 | 6.2 | 22.3 | 0.9 |
| Savola Group/The | 36.6 | 132 | 325-629 | -72% | -66% | -38% | 0% | 25% | 3% | 25.0 | 2.4 | 9.5 | 1.8 |
| Tanmiah Food Co | 115.2 | 11.4 | 30 | -62% | -46% | -62% | -15% | -4% | 37% | 30.5 | - | - | 3.0 |
| **Healthcare** | | | | | | | | | | | | | |
| Al Hammadi Holding | 54 | 81.85 | 69-82.6 | 8% | 1% | 26% | 0% | 9% | 29% | 29.4 | - | - | 2.5 |
| Dallah Healthcare Co | 151.6 | 53.01 | 73-91.1 | -34% | -44% | -24% | -15% | 3% | 26% | 52.6 | 4.7 | 10.5 | 1.3 |
| Dr Sulaiman Al Habib Medical Services Group Co | 265.8 | 486.97 | 422-504 | 4% | 0% | 22% | -6% | 10% | 25% | 50.6 | 15.0 | 31.2 | 1.4 |
| Middle East Healthcare Co | 60.1 | 10.43 | 35-46.5 | -73% | -79% | 4% | 19% | 118% | 80% | 41.2 | 3.8 | 9.8 | - |
| Mouwasat Medical Services Co | 110.6 | 150.54 | 151.3-162.8 | -4% | -10% | 7% | -8% | 13% | -5% | 35.4 | 7.5 | 22.5 | 1.4 |
| National Medical Care Co | 120 | 47.8 | 47-60.2 | -10% | -15% | 14% | 16% | 48% | 87% | 26.6 | 4.1 | 16.3 | 0.8 |
| Scientific & Medical Equipment House Co | 79.2 | 1.94 | 11 | -82% | -72% | -89% | 6% | 18% | 5% | - | - | - | 1.2 |
| **Insurance** | | | | | | | | | | | | | |
| Bupa Arabia for Cooperative Insurance Co | 188 | 371.35 | 272.5 | 36% | 97% | 44% | 1% | 19% | 50% | 0.0 | 0.0 | 0.0 | 0.0 |
| Co for Cooperative Insurance/The | 141.8 | 245 | 230 | 7% | 227% | 31% | 23% | 60% | 100% | 35.1 | 5.3 | 15.6 | 0.7 |
| **Material-Non-Petro** | | | | | | | | | | | | | |
| East Pipes Integrated Co for Industry* | 64 | -18.56 | 7.4 | -351% | N/M | N/M | 12% | 28% | 31% | 28.0 | - | - | 1.6 |
| Saudi Arabian Mining Co | 41 | 350.94 | 521-1356.9 | -63% | N/M | N/M | -11% | -10% | -19% | 39.0 | - | - | - |
| Saudi Aramco Base Oil Co | 145.8 | 454.85 | 410-511 | -1% | 2% | 4% | 14% | 37% | - | - | 4.8 | 47.4 | 3.4 |

*Source: Bloomberg, Tharaa Financial Center*
*The companies earning marked with (*) represent their first-quarter earnings.*

# 2Q23 Earnings Snapshot- Sectors & Companies (III)

Tharaa Financial Center

| | Price (SAR) | Actual Earnings 2Q 23 (SARmn) | Range of Estimates (SARmn) | Actual vs Consensus | QoQ% | YoY% | Performance (%) | | | Valuation | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 3-Months | 6-Months | 12-Months | P/E | P/B | ROE (%) | D/Y% |
| **Media And Entertainment** | | | | | | | | | | | | | |
| Arabian Contracting Services Co | 206 | 85.04 | 74.5-84 | 7% | -6% | 35% | 57% | 86% | 94% | 30.9 | 10.6 | 37.2 | 1.1 |
| **Petrochemicals** | | | | | | | | | | | | | |
| Advanced Petrochemical Co | 44 | 60.3 | 51.65-114.7 | -22% | 41% | -45% | -6% | -8% | -19% | 92.2 | 3.5 | 3.6 | 3.8 |
| Alujain Corp | 49.5 | 16.83 | 4.2 | 301% | N/M | -73% | 24% | 29% | -21% | 160.6 | 0.9 | 0.4 | 3.0 |
| SABIC Agri-Nutrients Co | 139.6 | 651 | 420-1374.55 | -13% | -34% | -78% | 6% | 10% | -16% | 10.8 | 4.1 | 35.9 | 7.9 |
| Sahara International Petrochemical Co | 36.85 | 312.9 | 273-655.25 | -19% | -33% | -75% | -5% | 1% | -29% | 13.1 | 1.7 | 13.0 | 7.5 |
| Saudi Basic Industries Corp | 86.7 | 1180 | 399-3537.9 | -21% | 80% | -85% | -5% | -9% | -17% | 65.7 | 1.5 | 2.2 | 4.9 |
| Saudi Industrial Investment Group | 24.74 | 120 | 81-200.4 | -15% | N/M | -58% | -4% | 3% | -12% | - | 1.8 | -3.3 | 5.1 |
| Saudi Kayan Petrochemical Co | 12.28 | -392.13 | (464-297) | 6% | N/M | N/M | -9% | -6% | -23% | - | 1.3 | -17.0 | - |
| National Industrialization Co | 13.46 | 31.4 | 91.6-161.3 | -76% | -62% | -89% | -12% | 9% | -22% | 51.5 | 0.9 | 1.8 | - |
| Yanbu National Petrochemical Co | 44.05 | 27.44 | 61.8-142.14 | -69% | N/M | -91% | 2% | -2% | -18% | - | 2.0 | -3.8 | 5.1 |
| **Pharmaceuticals** | | | | | | | | | | | | | |
| Astra Industrial Group | 91 | 114.74 | 69 | 66% | -7% | -53% | 21% | 61% | 84% | 18.4 | 3.9 | 22.3 | 2.7 |
| Jamjoom Pharmaceuticals Factory Co. | 114 | 86.3 | 60 | 44% | 2% | 73% | - | - | - | - | - | - | - |
| Saudi Pharmaceutical Industries & Medical Appliances Corp | 39.8 | 22.06 | (19) | N/M | -60% | N/M | 36% | 77% | 27% | - | - | - | - |
| **Real Estate Development** | | | | | | | | | | | | | |
| Dar Al Arkan Real Estate Development Co | 18.8 | 146.48 | 118 | 24% | 25% | 58% | 23% | 33% | 29% | 52.1 | - | - | - |
| Jabal Omar Development Co | 24.78 | -79.84 | 92.6 | -186% | N/M | N/M | -1% | 34% | 3% | - | - | - | - |
| Taiba Investments Co | 29.5 | 27.56 | 76.6 | -64% | -56% | -21% | -1% | 12% | -3% | 26.2 | - | - | - |
| **Retail** | | | | | | | | | | | | | |
| Abdullah Al Othaim Markets Co | 14.92 | 139.43 | 58.9-71.7 | 117% | 16% | 197% | 3% | 29% | 15% | 11.2 | - | - | 12.4 |
| Al Hassan Ghazi Ibrahim Shaker Co | 24.38 | 15.89 | 23.7 | -33% | -45% | 32% | -7% | 28% | 10% | 27.7 | 1.7 | 7.6 | - |
| Americana Restaurants International PLC | 4.3 | 324.89 | 61.5 | 428% | 49% | 76% | 12% | 17% | - | - | - | 120.0 | 1.1 |
| ARABIAN CENTRES CO LTD | 23.06 | 338.65 | 217.6 | 56% | -12% | 484% | 13% | 18% | 14% | - | - | - | 11.4 |
| BinDawood Holding Co | 6.84 | 65.83 | 48.6-86.6 | 7% | 28% | 57% | 4% | 18% | -24% | 60.4 | - | - | 2.8 |
| Fawaz Abdulaziz Al Hokair & Co | 19.78 | 169.2 | 9.9-39.6 | 663% | N/M | 192% | 14% | 24% | 1% | - | - | - | - |
| Jarir Marketing Co | 15.36 | 155.8 | 168-191.4 | -13% | -37% | -12% | -8% | 6% | -13% | 19.5 | 10.9 | 55.8 | 5.2 |
| Nahdi Medical Co | 151.4 | 265 | 284 | -7% | 8% | -1% | -13% | -18% | -17% | 22.1 | 8.3 | 39.4 | 3.6 |
| Saudi Automotive Services Co | 65 | 12.97 | (15) | N/M | N/M | N/M | 47% | 79% | 74% | 0.0 | 0.0 | 0.0 | 0.0 |
| United Electronics Co | 77.9 | 61.6 | 63.5-70.9 | -8% | -27% | -51% | 1% | -3% | -21% | 18.8 | 5.2 | 32.8 | 4.5 |

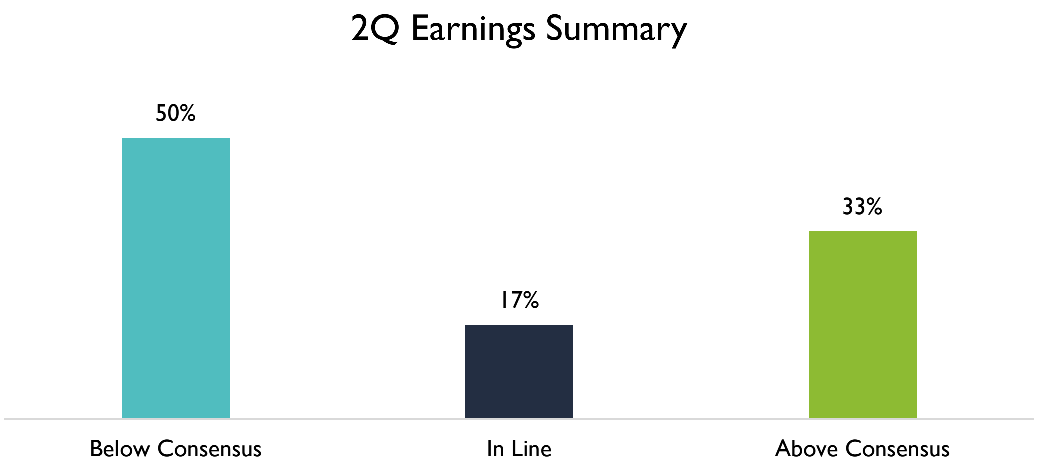
*Source: Bloomberg, Tharaa Financial Center*

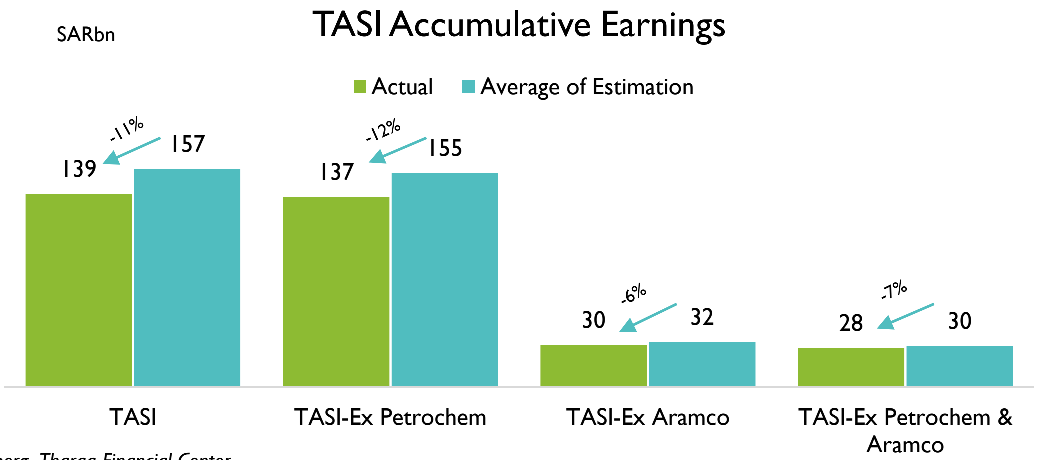
# 2Q23 Earnings Snapshot- Sectors & Companies (IV)

| | Price (SAR) | Actual Earnings 2Q 23 (SARmn) | Range of Estimates (SARmn) | Actual vs Consensus | QoQ% | YoY% | Performance (%) | | | Valuation | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 3-Months | 6-Months | 12-Months | P/E | P/B | ROE (%) | D/Y% |
| **Software & Services Sector** | | | | | | | | | | | | | |
| Al Moammar Information Systems Co | 164 | 49.5 | 13.9-52 | 29% | 6% | 191% | 18% | 58% | 49% | 28.9 | - | - | 1.6 |
| Arabian Internet & Communications Services Co | 332 | 340 | 295.6-335 | 7% | 12% | 25% | 13% | 39% | 41% | 34.7 | 14.2 | 44.2 | 1.5 |
| Elm Co | 704 | 373 | 285 | 31% | 16% | 91% | 50% | 81% | 145% | 46.3 | 15.5 | 37.8 | 0.9 |
| Perfect Presentation For Commercial Services Co | 24.3 | 30.76 | 34.4 | -11% | 17% | -1% | 8% | 33% | - | - | 11.7 | 53.5 | 0.3 |
| **Telecommunications** | | | | | | | | | | | | | |
| Etihad Etisalat Co | 46.35 | 497 | 396.7-529.6 | 4% | 7% | 38% | 2% | 35% | 17% | 18.4 | 2.2 | 12.2 | 2.5 |
| Mobile Telecommunications Co Saudi Arabia | 12.88 | 124 | 89-291 | -16% | -78% | -7% | -8% | 25% | 6% | 11.3 | 1.2 | 10.5 | 3.9 |
| Saudi Telecom Co | 41.5 | 3008.45 | 3165-4413 | -16% | -3% | 6% | -7% | 13% | -1% | 16.7 | 2.7 | 16.9 | 3.9 |
| **Transportation** | | | | | | | | | | | | | |
| Saudi Ground Services Co | 32.4 | 49.93 | 52.8-58.7 | -10% | 25% | N/M | 7% | 50% | 7% | - | - | - | - |
| Saudi Industrial Services Co | 28.3 | 21.2 | 20 | 6% | 9% | 607% | -4% | 19% | 20% | 31.2 | - | - | 2.8 |
| Theeb Rent A Car Co | 71.6 | 29.92 | 35.7-46.3 | -27% | -29% | -30% | -4% | -4% | 9% | 17.2 | - | - | 3.1 |
| United International Transportation Co | 67.7 | 70.28 | 50.2-66.5 | 20% | 1% | 13% | 9% | 29% | 47% | 18.0 | 2.7 | 15.9 | 3.0 |
| **Utilities** | | | | | | | | | | | | | |
| AlKhorayef Water & Power Technologies Co | 154.2 | 35.59 | 35 | 2% | 9% | 37% | 11% | 13% | 25% | 31.0 | 8.3 | 29.7 | 1.0 |
| Bawan Co | 35 | 25.04 | 43-91.8 | -63% | -27% | -44% | 15% | 20% | -5% | 15.9 | 2.4 | 14.8 | 4.3 |
| Power & Water Utility Co for Jubail & Yanbu | 75.5 | 159.39 | 205 | -22% | 49% | -39% | 28% | 44% | - | - | 2.3 | 8.7 | 2.9 |
| Saudi Ceramic Co | 29.2 | 33.29 | 16 | 108% | 126% | -12% | -6% | -2% | -28% | 17.7 | 1.3 | 7.7 | 3.4 |
| Saudi Electricity Co | 21.1 | 2107 | 5016 | -58% | N/M | -41% | -6% | -4% | -18% | 12.3 | - | - | 3.3 |

*Source: Bloomberg, Tharaa Financial Center*

# Key Highlights of 2Q23- Earnings Surprises



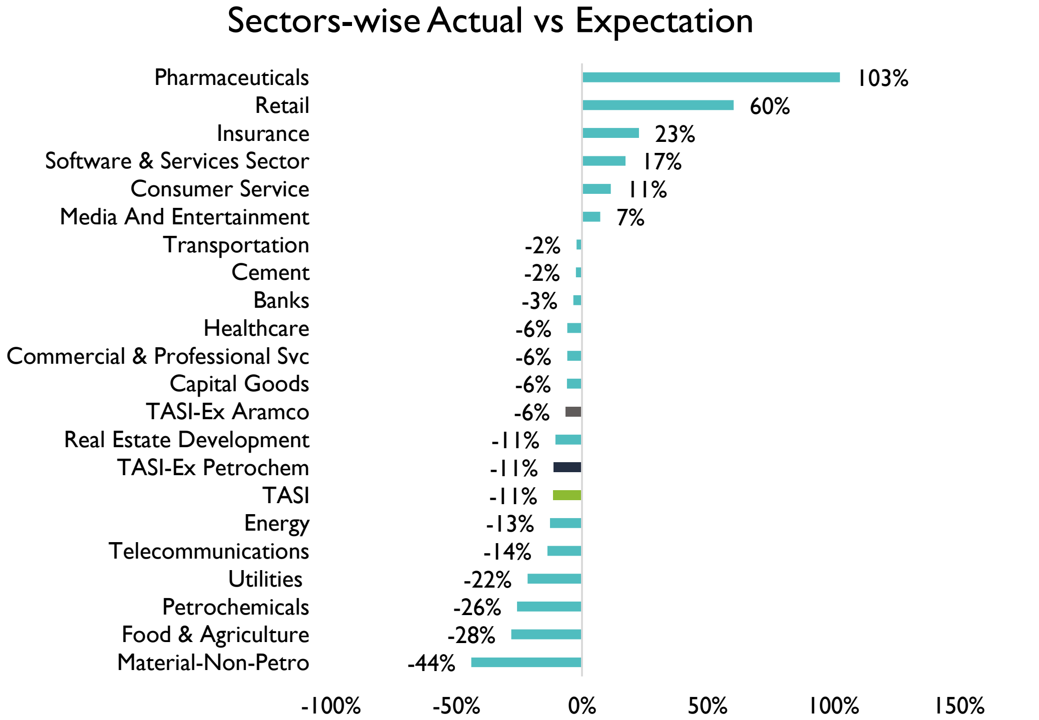

Source: *Bloomberg, Tharaa Financial Center*

**Definition: Actual Earnings vs Consensus Average*

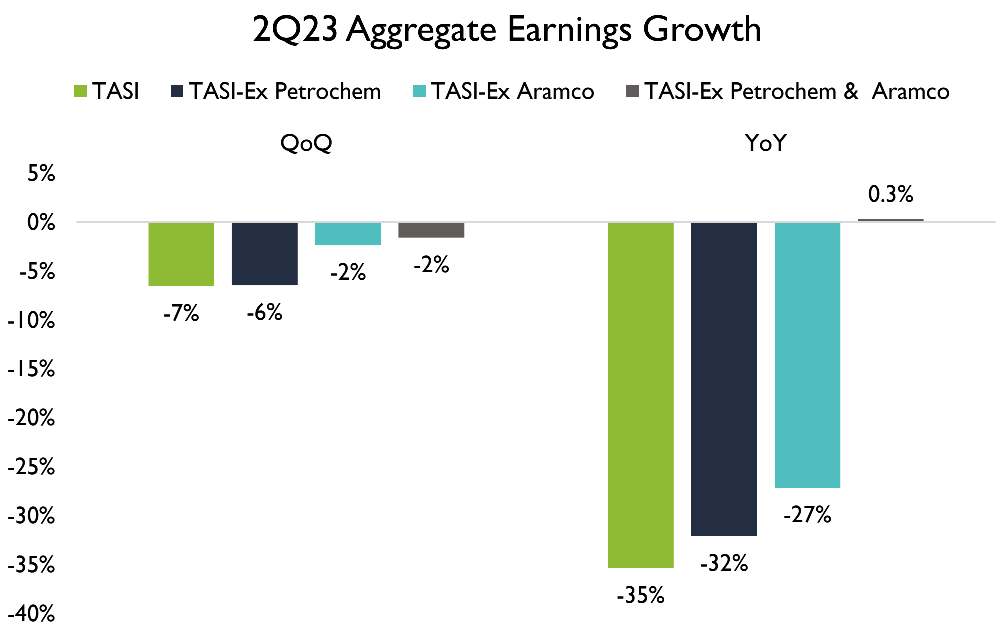
*>5%= Above-consensus, <-5%= Below-consensus, Between -5% to +5%= In-line*

**a sample of 90 companies used to track analysts' expectations of earnings*

- The 2Q23 result season has broadly failed to live up to expectations, with earnings misses (cumulative 50%) dominating the aggregate of both inline (17%) or above expected results (33%) from a sample of 90 companies (~96% of market of TASI based on total market cap). In comparison, cumulative 60% and 66% companies respectively, in 1Q23 and 4Q22 posted either above-expected or inline results.
- Major positive surprises in earnings came in Pharma, Retail and Insurance sectors while Food & Agri, Petrochem and Utilities delivered the most negative surprises in earnings.



# Key Highlights of 2Q23 – Earnings Growth

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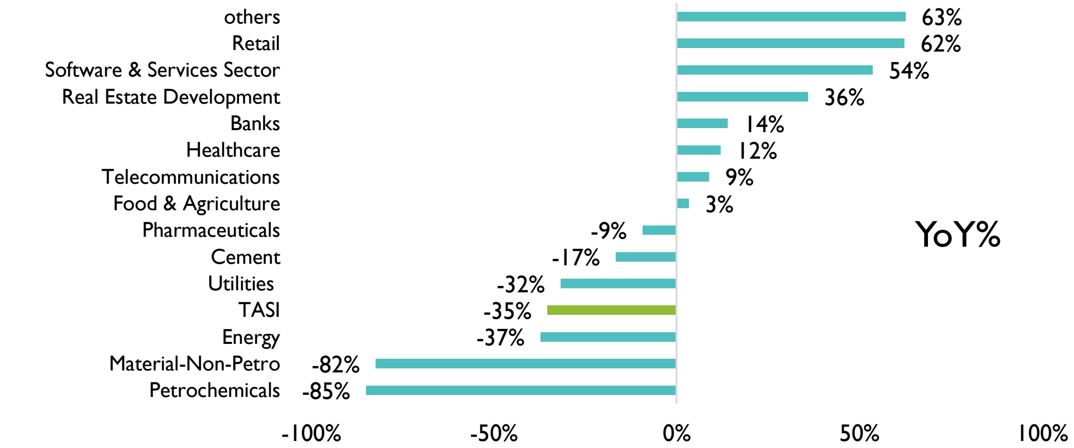
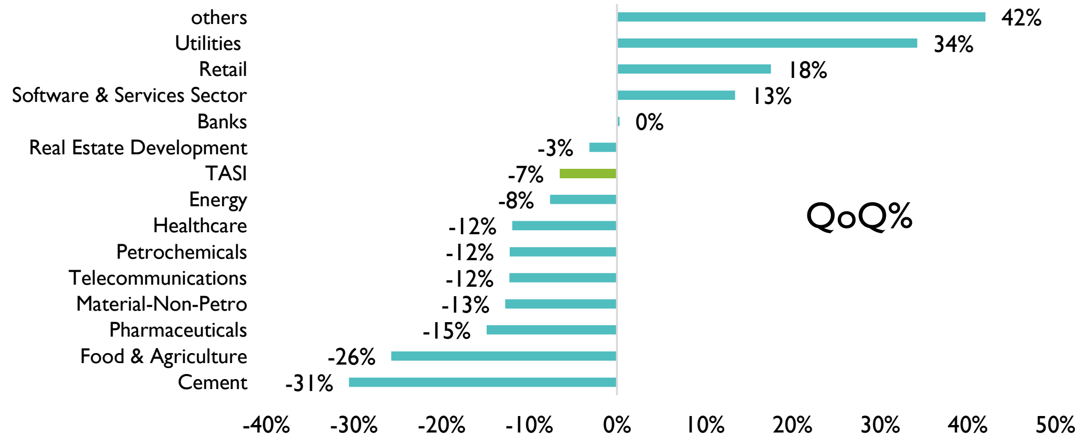
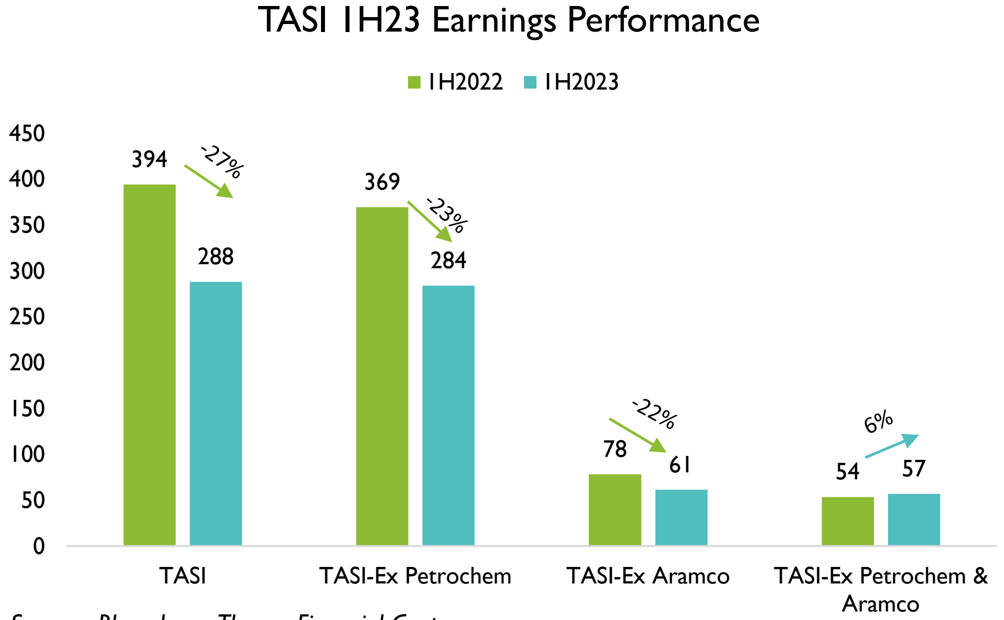



- Non of the Index heavyweight sectors (Energy, Banks, Petro) have posted sequential earnings growth. Encouragingly, retail names have withstood seasonality due to Eid Holidays.
- On YoY comparison, Petrochem and energy remained a major drag to TASI earnings. Among major sectors, Retails, Software and Real Estate have recorded strong YoY earnings

*Source: Bloomberg, Tharaa Financial Center*

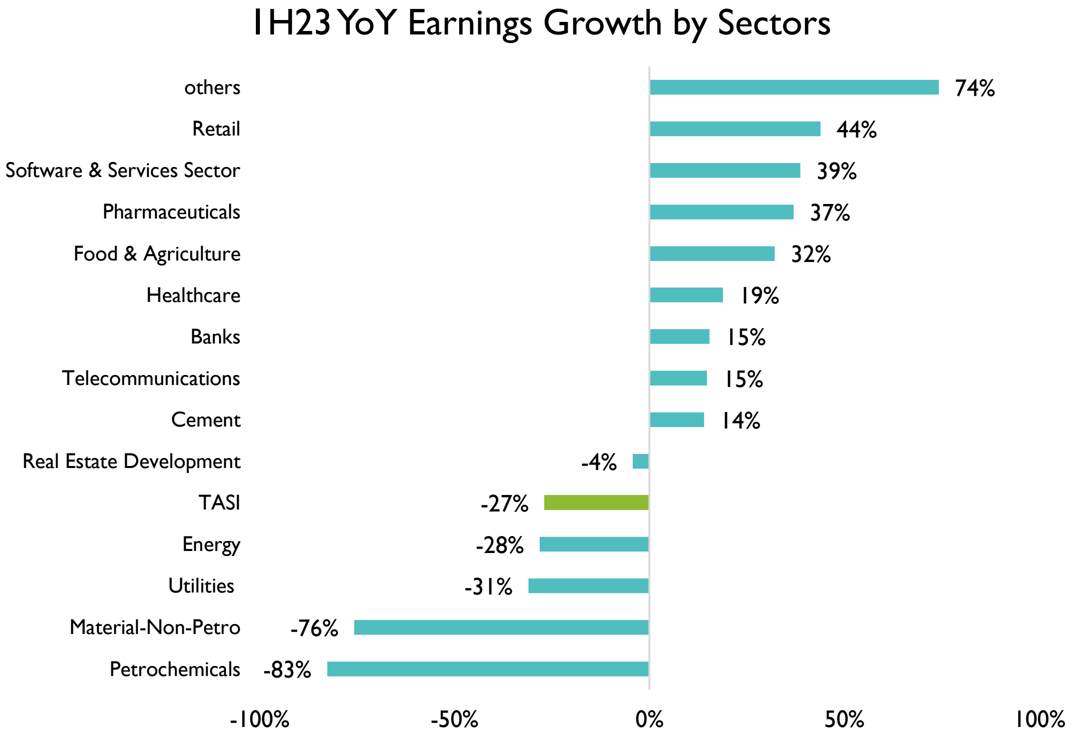
# 1H23 Earnings Performance




*Source: Bloomberg, Tharaa Financial Center*

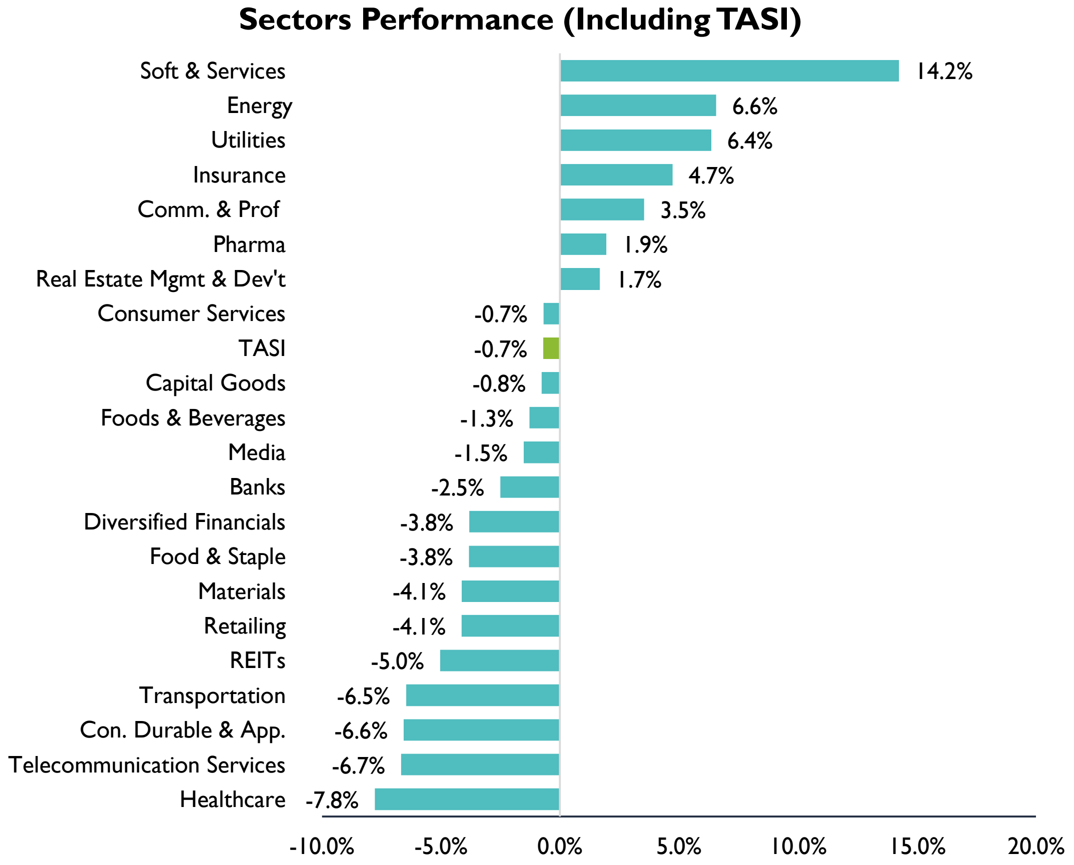
- Retail, Software & Services , and Pharma have recorded the highest YoY earnings growth in 1H23. Conversely, Petrochem, Material-Non-Petro, and Utilities sectors were the worst performing sectors, dragging down the overall performance of the aggregate earnings.

- During 1H23, earnings have dropped by -27% YoY. For a reference, at the start of 2Q23, consensus was forecasting 15% earnings drop for TASI (7% excluding Aramco) YoY for 2023.



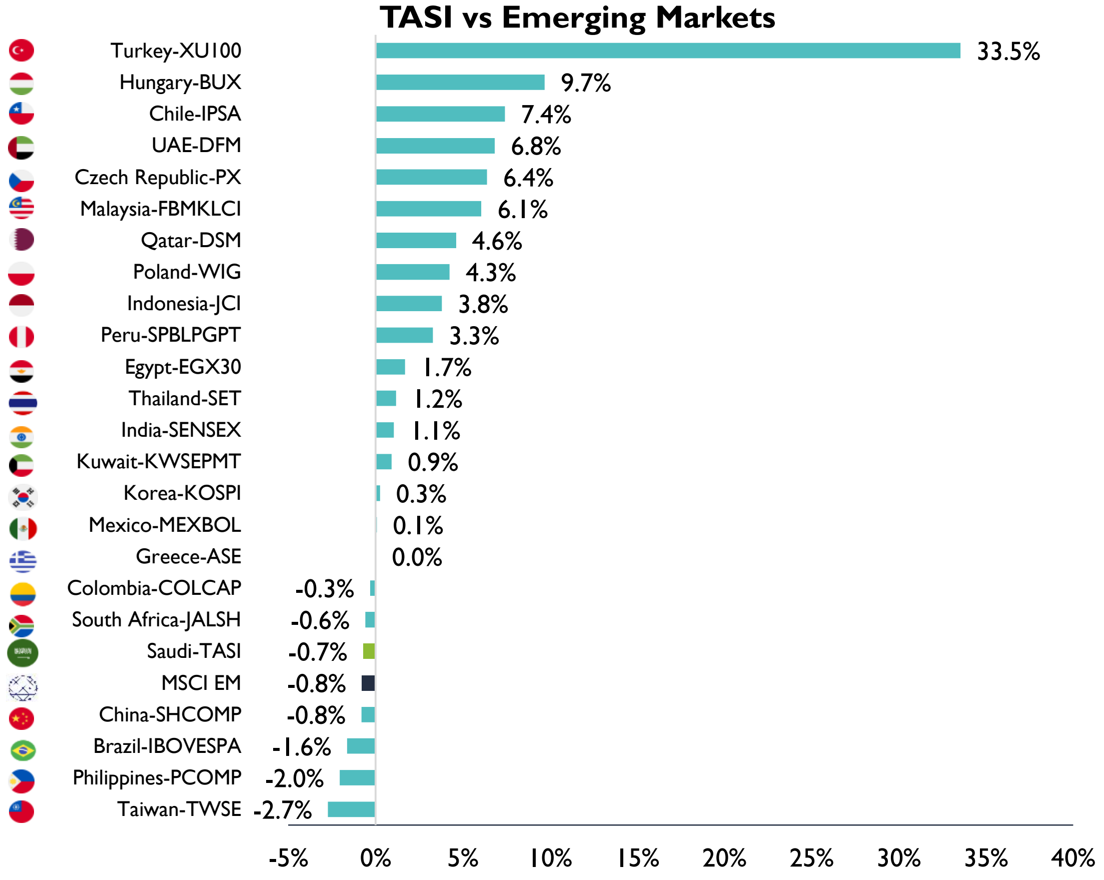

*Source: Bloomberg, Tharaa Financial Center*

# TASI-Sector Returns & Peer Comparison




- TASI has given a nominal positive performance over the broader benchmark, MSCI EM. However, TASI has underperformed most of its peers since June-23. Besides the result announcement, the global economic outlook, volatility in energy prices, higher interest rates, and lack of positive updates for major global economies have weighed on the performance.

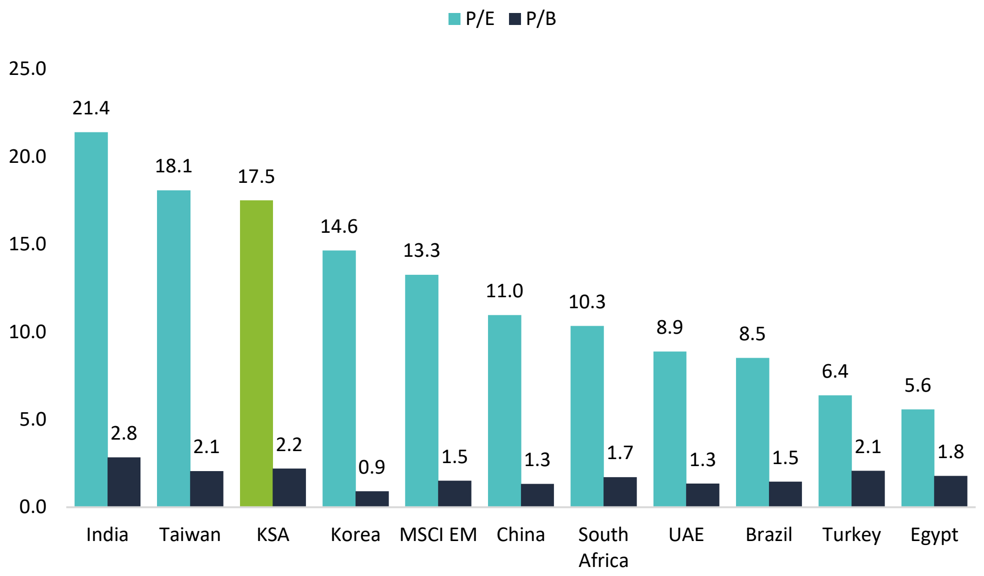
- Most of sectors in TASI have given negative returns since June-23. Software, Energy and Utilities were the three major outperformers for TASI during the period.




*Source: Bloomberg, Tharaa Financial Center*

# TASI -Valuation

**Key Valuation Metrics TASI And Emerging Markets**

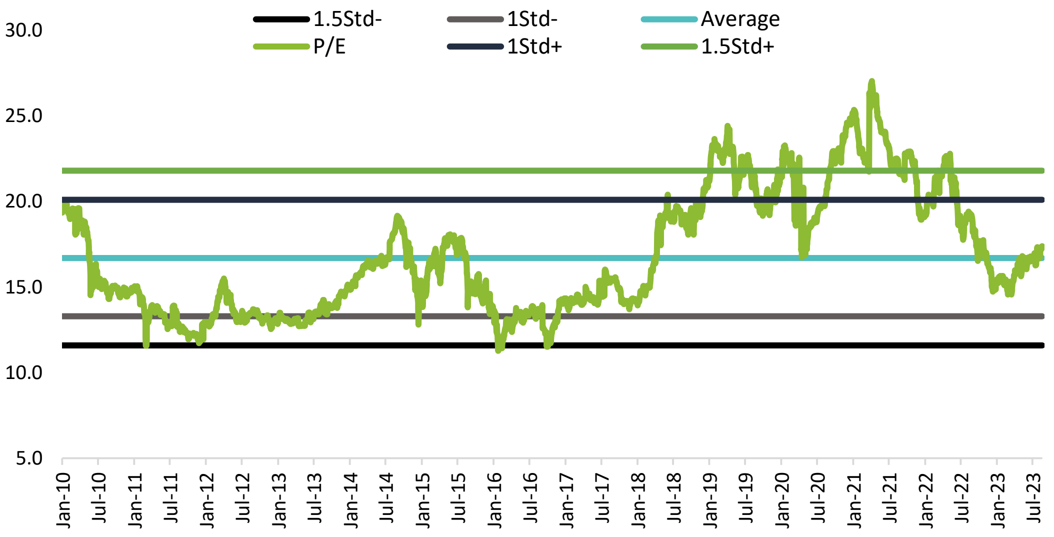



*Source: Bloomberg, Tharaa Financial Center*

- TASI's P/E (based on trailing earnings) has improved by 5% (based on trailing earnings) since June-end despite no major positive surprise in the 2Q23 result season. The current P/E is 4% above TASI's long term average of 16x. At its recent peak last, TASI traded at 3.5x Standard Deviation above its LT average.

- TASI continues trading at a sizeable premium to its peers in EM space despite recent volatility.

**TASI Valuation (P/E) trades above LT average**




*Source: Tharaa Financial Center*

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