Tharaa Financial Center

PSU-1998

TASI 3Q23 Corporate Results-Mixed Outcomes Dominated by Losses

November 2023

**Price Data as 26th November 2023*

Summary

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Key Highlights of 3Q23 Earnings

- 54% of companies in TASI out of a sample of 85 have posted results either above consensus estimates or in-line with them during 3Q2023. However, the cumulative earnings for TASI came in -3.5% below expectations in 3Q23. After adjusting for earnings of Petrochem and Aramco, the earnings underperformance increases to -5.7%.
- Major positive surprises in earnings came in Commercial & Professional, Telecom, and Healthcare sectors while Petrochem, Material-Non-Petrochem and Insurance the most negative surprises in earnings.

3Q23 Earnings-Major Surprises and Growth

- The aggregate earnings for QoQ for TASI have increased by 10%. While TASI's performance excluding Aramco was -3%, primarily due to the positive return from Aramco as well as Real Estate Development. However, on a YoY basis, TASI has shown significant negative earnings of -20%, while excluding Aramco it was -17%.
- While Petrochemicals continued to demonstrate the poorest earnings performance QoQ, the other heavyweight sectors, Energy and Banks, have posted positive earnings of 13% and 5%, respectively. Material-Non-Petrochem and Insurance also showed significant negative earnings, exerting the most substantial downward pressure on the overall index.
- On a YoY comparison, Transportation and Pharmaceuticals were the leading sectors in TASI earnings. Among the major sectors, Material-Non-Petro, Cement, and Petrochemicals have recorded weak YoY earnings.

TASI-Sector Performance & Peer Comparison

- Most of the sectors in TASI have given negative returns in Q3. Software and Energy were the two major outperformers for TASI during the period.
- TASI has given a negative performance remaining its position over the broader benchmark, MSCI EM. However, TASI has underperformed most of its peers in Q3. 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.
- TASI continued trading at premium to its peers despite -3.3% underperformance against MSCI EM benchmark in November.
- With +3.7% positive return in November 2023 TASI's P/E (based on trailing earnings) has bounced off sharply from its historical average At its peak over the last decade, TASI once traded at 3x standard deviations 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 decreased to 7 in this report from 8 used in the 3Q23, 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

3Q23 Consensus Guidance- Sectors & Companies (I)

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	Price (SAR)	Actual Earnings 3Q 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	67.9	4155.3	3995-4204	0.6%	0.1%	-4.6%	-7%	-8%	-16%	18.4	3.5	19.6	3.1
Alinma Bank	33.4	1323.9	1269-1318	2.3%	8.1%	33.9%	-2%	8%	-8%	16.5	2.5	16.0	3.2
Arab National Bank	24	1076.24	998-1018	6.8%	9.2%	16.8%	-9%	-11%	-22%	9.2	1.1	12.0	5.2
Bank AlBilad	42.3	616.17	568-612	4.2%	5.2%	14.0%	10%	1%	-11%	16.5	2.6	16.7	1.3
Bank Al-Jazira	16.8	276.04	258-276	3.2%	5.9%	18.6%	-8%	-11%	-26%	15.4	1.1	7.5	-
Banque Saudi Fransi	36.5	1245.49	1102-1205	9.2%	16.0%	29.6%	-12%	-5%	-13%	10.6	1.3	12.8	4.9
Riyad Bank	27.75	2089.37	2002-2024	3.8%	5.4%	14.3%	-18%	-11%	-13%	10.3	1.6	16.6	4.7
Saudi Awwal Bank	34.5	1830.33	1526-1664	15.2%	18.1%	31.1%	-9%	-7%	-12%	11.0	1.3	12.0	4.6
Saudi Investment Bank	15.8	461.64	505	-8.5%	4.0%	-16.1%	-8%	-6%	-7%	10.2	1.1	10.9	5.6
Saudi National Bank/The	32.8	5009.62	4582-5151	1.1%	-0.1%	6.0%	-11%	-8%	-30%	10.9	1.4	12.7	3.7
Saudi Tadawul Group Holding Co	193	102.28	116	-11.8%	-2.8%	14.8%	2%	22%	-4%	61.5	7.1	11.5	1.3
Cement													
Arabian Cement Co/Saudi Arabia	33.15	29.69	25-45	-18.8%	6.1%	-49.6%	-16%	-10%	-7%	23.9	1.3	5.5	5.5
City Cement Co	18.56	4.42	20-33	-82.2%	-81.8%	-82.5%	-27%	-12%	-13%	26.4	1.6	5.9	4.6
Eastern Province Cement Co	38.95	40.89	47-57	-19.5%	-20.3%	120.4%	-16%	-5%	-13%	16.5	1.4	8.6	4.2
Najran Cement Co	12.24	14.02	11-14	10.4%	90.5%	-49.7%	-14%	-12%	-4%	19.4	1.0	5.0	2.2
Qassim Cement Co/The	64.1	8.05	36-52	-81.3%	-78.9%	-65.6%	-12%	-6%	-17%	37.6	3.6	9.4	3.9
Saudi Cement Co	52.2	68.26	46-89	1.2%	-19.9%	-15.4%	-12%	-8%	0%	18.8	3.9	20.5	6.1
Southern Province Cement Co	44.1	53.26	26-42	51.9%	179.7%	-39.9%	-18%	-13%	-19%	33.1	1.9	5.8	2.0
Umm Al-Qura Cement Co	16.62	1.45	3	-47.7%	-20.8%	-76.9%	-15%	1%	-19%	210.1	1.2	0.6	-
Yamama Cement Co	33.2	40.78	48-90	-48.1%	-58.5%	-59.8%	-13%	5%	15%	15.9	1.3	8.4	3.3
Yanbu Cement Co	34	15.54	37-49	-64.8%	-55.9%	-77.6%	-20%	-4%	-9%	34.1	2.1	5.9	6.5

Source: Bloomberg, Tharaa Financial Center
**Consensus Average reflects actual results for 3Q23*
***Among 85 companies, 25 of them have been given only one estimate by one Financial service company.*

3Q23 Consensus Guidance- Sectors & Companies (II)

Tharaa Financial Center

	Price (SAR)	Actual Earnings 3Q 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%
Commercial & Professio-l Svc													
Al Mawarid	121.8	22.93	24	-3.2%	2.1%	21.1%	17%	-	-	-	-	28.9	1.2
Saudi Airlines Catering Co	103	92.35	58-78	36.5%	61.6%	17.7%	1%	22%	44%	28.2	7.5	28.7	1.8
Consumer Service													
Ataa Educational Co	72	10.73	21	-49.1%	12.4%	240.6%	-6%	12%	26%	40.9	3.4	8.0	1.5
Leejam Sports Co JSC	142.2	92.18	65-78	29.7%	27.2%	35.4%	4%	38%	84%	26.2	8.4	35.1	2.1
Seera Group Holding	25.35	23.98	68-68	-64.6%	-65.0%	-55.1%	-4%	11%	31%	39.4	1.1	3.0	-
Energy													
ALDREES	140.4	67.55	72	-6.2%	-3.8%	9.5%	12%	48%	107%	31.5	7.6	25.2	1.7
Arabian Drilling Co	188	140.04	157-163	-12.5%	-0.2%	-34.4%	22%	28%	-	28.5	2.7	10.5	1.4
Saudi Arabian Oil Co	35	123534	124817	-1.0%	13.5%	-20.8%	9%	18%	7%	17.2	5.3	32.4	4.5
Food & Agriculture													
Almarai Co JSC	63.6	486.26	621	-21.7%	-12.7%	5.0%	1%	14%	20%	25.9	3.1	12.0	1.9
Saudia Dairy & Foodstuff Co	22.678	75.27	69	9.1%	15.6%	171.1%	16%	64%	84%	24.1	3.3	14.8	-
Savola Group/The	36.05	147.36	181-199	-22.4%	11.6%	-9.9%	-14%	26%	27%	25.6	2.4	9.2	1.8
Tanmiah Food Co	93.6	17.17	16	7.3%	50.5%	-45.9%	-26%	-32%	-11%	31.4	3.2	34.9	3.7
Healthcare													
Al Hammadi Holding	52.1	74.87	58-84	9.1%	-8.5%	31.1%	-12%	5%	16%	29.1	4.9	17.6	2.5
Dallah Healthcare Co	142.6	98.87	52-70	66.6%	86.5%	125.4%	-15%	-7%	-10%	47.0	4.9	12.6	1.3
Dr Sulaiman Al Habib	235.6	544.77	470-495	11.9%	11.9%	29.5%	-19%	-18%	13%	46.4	14.2	32.4	1.6
Middle East Healthcare Co	55.1	53.3	36-97	-9.5%	32.4%	379.7%	-19%	47%	103%	36.3	4.2	12.6	-
Mouwasat Medical Services Co	103	156.38	137-154	6.5%	3.9%	28.0%	-14%	-15%	4%	33.2	7.1	22.6	1.4
Middle East Healthcare Co	123	73.38	49-54	44.3%	53.5%	72.1%	-5%	38%	70%	27.3	4.6	18.0	0.7
Scientific & Medical Equipment House Co	46.15	17.6	6	193.3%	807.2%	100.2%	-13%	1%	6%	1185.3	2.6	0.2	-

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3Q23 Consensus Guidance- Sectors & Companies (III)

Tharaa Financial Center

	Price (SAR)	Actual Earnings 3Q 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%
Insurance													
Bupa Arabia for Cooperative Insurance Co	208	275.35	327-401	-24.3%	-25.9%	-14.1%	13%	19%	54%	0.0	0.0	0.0	0.0
Co for Cooperative Insurance/The	126	7.44	210-269	-96.9%	-97.0%	-93.6%	5%	43%	88%	30.4	5.1	17.6	0.7
Material-Non-Petro													
Saudi Arabian Mining Co	40.35	-83.44	331-711	-114.8%	-123.8%	-104.0%	-5%	-7%	-13%	86.5	3.2	3.8	-
Saudi Aramco Base Oil Co	148.8	340.43	251-326	18.0%	-25.2%	-28.3%	6%	31%	-	11.5	5.0	44.5	7.3
Media And Entertainment													
Arabian Contracting Services Co	206.8	62.93	45-87	-4.7%	-30.7%	-4.5%	16%	67%	84%	26.8	8.6	34.3	1.3
Petrochemicals													
Advanced Petrochemical Co	40.1	45.15	52-95	-35.2%	-25.1%	67.5%	-9%	-14%	-10%	70.3	3.1	4.4	2.9
Alujain Corp	44.05	15.94	15-21	-11.2%	-5.3%	-14.9%	-4%	16%	-10%	250.9	-	-	-
National Industrialization Co	12.7	78.21	45-115	-13.4%	149.0%	356.6%	-14%	-2%	-7%	35.5	0.9	2.4	-
SABIC Agri-Nutrients Co	133	1049.48	705-1000	18.4%	61.2%	-55.0%	2%	3%	-16%	13.4	3.7	25.7	8.1
Sahara International Petrochemical Co	37.8	233.09	345-532	-42.3%	-25.5%	-69.9%	-1%	-4%	-10%	16.6	1.6	9.3	8.0
Saudi Basic Industries Corp	82.5	-2866.36	(880)-1934	-965.7%	-343.2%	-256.1%	-7%	-11%	-7%	93.4	1.4	-0.4	4.6
Saudi Industrial Investment Group	23.76	222.35	130-167	55.5%	85.1%	305.7%	-10%	-6%	4%		1.6	-1.8	5.6
Saudi Kayan Petrochemical Co	12.5	-448.97	(342)-(251)	-44.2%	-14.5%	44.7%	-9%	-1%	-9%		1.2	-15.2	-
Yanbu National Petrochemical Co	41.6	-161.32	(12617)	-79.9%	-687.9%	-164.6%	-14%	-5%	-10%		1.7	-4.5	5.9
Pharmaceuticals													
Astra Industrial Group	88	103.42	109	-5.1%	-9.9%	45.9%	2%	40%	71%	18.3	3.9	23.0	2.6
Jamjoom Pharmaceuticals Factory Co.	115.8	77.25	71	8.8%	-10.5%	69.6%	18%	-	-				0.9
Saudi Pharmaceutical Industries & Medical	35.3	-40.97	(88)	-412.1%	-283.8%	9.1%	-8%	45%	35%		2.4	-4.4	-

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3Q23 Consensus Guidance- Sectors & Companies(IV)

Tharaa Financial Center

	Price (SAR)	Actual Earnings 3Q 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%
Real Estate Development													
Dar Al Arkan	15.76	151.91	137	10.7%	3.7%	91.3%	3%	5%	-1%	34.9	0.8	2.3	-
Taiba Investments Co	27.4	53.89	63.3	-14.9%	95.5%	25.9%	-10%	-7%	1%	23.9	1.1	4.9	-
Retail													
Abdullah Al Othaim Markets Co	13.56	62.38	35-60	20.3%	-55.3%	-91.6%	-3%	4%	10%	22.3	9.6	33.5	10.5
Al Hassan Ghazi Ibrahim Shaker Co	26.25	16.77	11	48.4%	5.5%	104.5%	-2%	26%	37%	23.4	1.6	8.7	-
Aldawaa Medical Services Co.	95.1	71.28	60-454	-72.3%	-20.2%	48.0%	-6%	22%	19%	26.4	7.2	29.3	2.5
America- Restaurants Inter-tio-l PLC	4.19	307.24	95	224.8%	-5.4%	9.9%	-2%	2%	-	-	-	93.2	1.3
ARABIAN CENTRES CO LTD	19.9	286.54	255	12.3%	-15.4%	17.3%	-12%	-9%	3%	6.4	0.7	-	13.2
BinDawood Holding Co	6.16	34.91	39-60	-33.1%	-49.6%	172.3%	-18%	-4%	-9%	28.9	5.0	16.1	3.3
Fawaz Abdulaziz Al Hokair & Co	20.82	-204.1	14-60	-746.6%	-222.1%	-1023.5%	30%	33%	12%	-	6.3	-	-
Jarir Marketing Co	14.5	296.33	257-286	10.1%	90.2%	8.3%	-13%	-11%	-13%	18.3	9.8	53.7	5.6
Nahdi Medical Co	144.2	212.81	254-273	-19.2%	-19.7%	-16.2%	-15%	-22%	-24%	20.9	7.8	38.9	4.0
United Electronics Co	75.5	118.27	88-98	28.6%	91.8%	25.6%	2%	-4%	-12%	18.5	5.5	35.7	4.3
Software & Services Sector													
Al Moammar Information Systems Co	141.8	-69.41	36-53	-255.6%	-240.2%	-376.6%	-11%	22%	49%	50.4	12.1	23.8	2.1
SOLUTIONS	319.6	386.65	331-349	12.9%	13.8%	28.9%	-2%	16%	34%	30.7	11.9	41.9	1.6
Elm Co	780	334.25	403	-17.1%	-10.3%	71.4%	34%	77%	146%	45.6	15.6	38.3	0.8
2P	22.24	33.58	35	-4.9%	9.2%	4.1%	5%	3%	-	24.3	9.7	48.6	0.3

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3Q23 Consensus Guidance- Sectors & Companies (V)

Tharaa Financial Center

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							3-Months	6-Months	12-Months	P/E	P/B	ROE%	D/Y%
Telecommunications													
Etihad Etisalat Co	44.55	523.83	492-597	-2.4%	5.3%	40.6%	-7%	9%	25%	17.5	2.2	12.8	2.4
ZAIN KSA	13.16	284.57	96-296	69.4%	129.2%	234.2%	-5%	-1%	15%	10.4	1.2	12.3	3.5
Saudi Telecom Co	37.6	4904.02	3582-4689	20.2%	63.0%	38.5%	-15%	-8%	-4%	14.0	2.4	18.1	4.1
Transportation													
Saudi Ground Services Co	29.6	59.88	46-54	20.0%	19.9%	217.8%	-15%	27%	15%	135.8	2.5	1.9	-
Saudi Industrial Services Co	26.15	23.72	21	13.0%	11.8%	65.0%	-11%	-8%	22%	24.8	1.3	5.6	3.2
Theeb Rent A Car Co	62.7	34.33	34-45	-13.3%	14.7%	-36.2%	-18%	-19%	-14%	15.8	3.6	23.7	3.1
United International Transportation Co	68.9	71.5	66-72	3.2%	1.7%	11.4%	-7%	17%	57%	17.7	2.7	16.0	2.9
Utilities													
AlKhorayef Water & Power Technologies	142.2	42.02	38-40	7.3%	18.1%	49.4%	-11%	4%	10%	28.2	7.7	30.4	1.0
Bawan Co	32.9	40.1	30-36	22.2%	60.1%	5.2%	-7%	16%	-7%	16.8	2.5	15.2	3.5
MARAFIQ	62.6	188.05	224	-16.0%	76.2%	923%	-14%	12%	-	24.6	1.8	7.2	3.8
Saudi Ceramic Co	28.4	-168.56	3	-5718.7%	-606.3%	-494.0%	-15%	-13%	-27%	-	1.3	-4.8	2.0
Saudi Electricity Co	19.06	3912.76	4977-5172	-22.9%	85.7%	-12.0%	-17%	-18%	-22%	16.5	0.8	4.8	3.8

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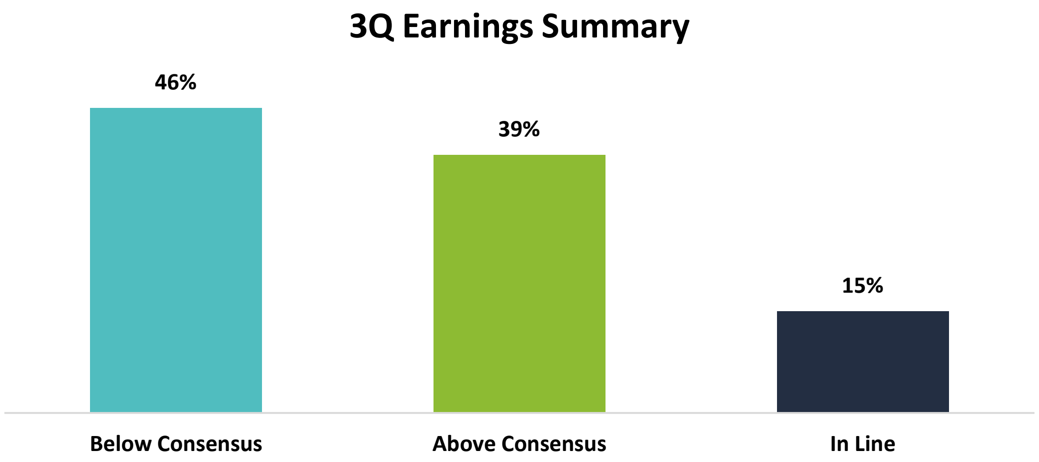
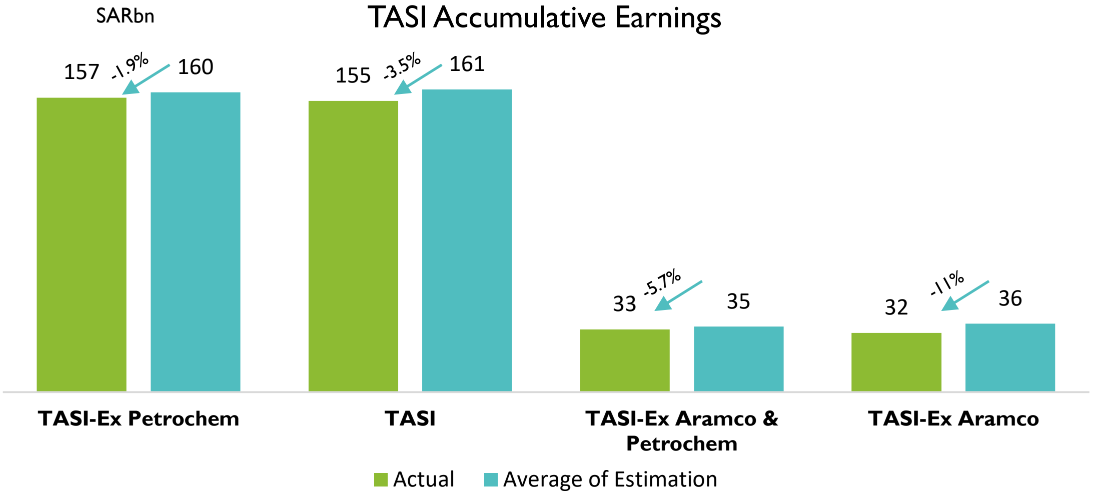
Key Highlights of 3Q23- Earnings Surprises





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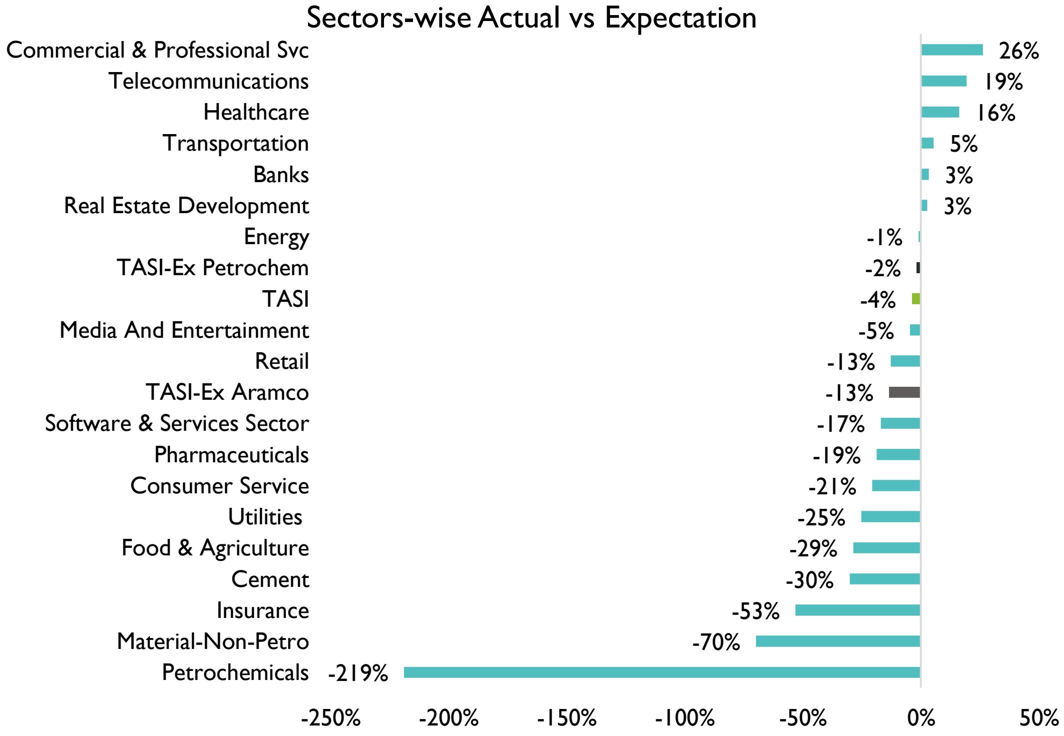

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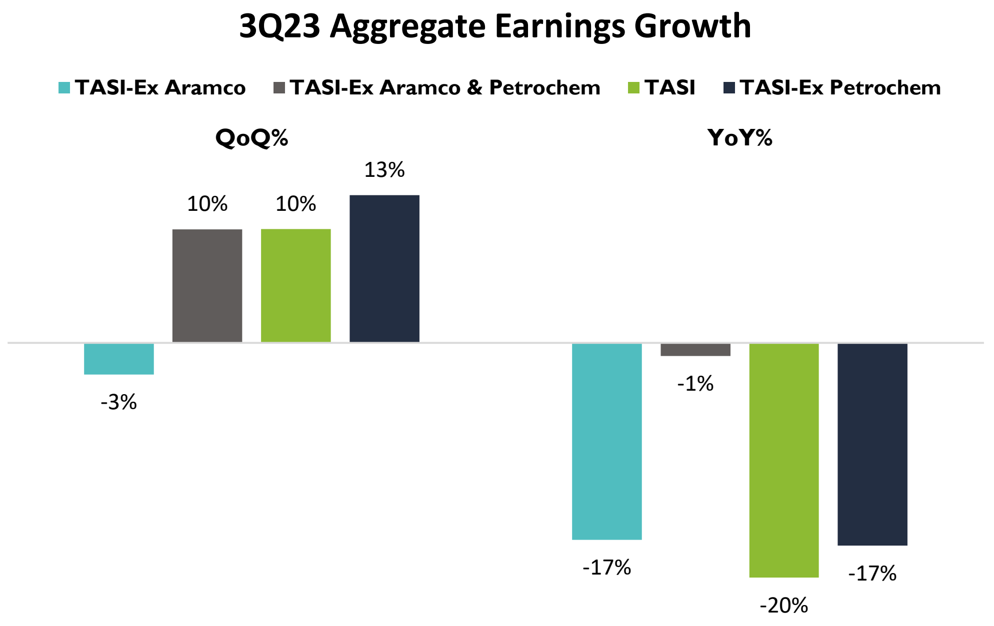
**a sample of 85 companies used to track analysts' expectations of earnings*

Key Highlights of 3Q23 – Earnings Growth



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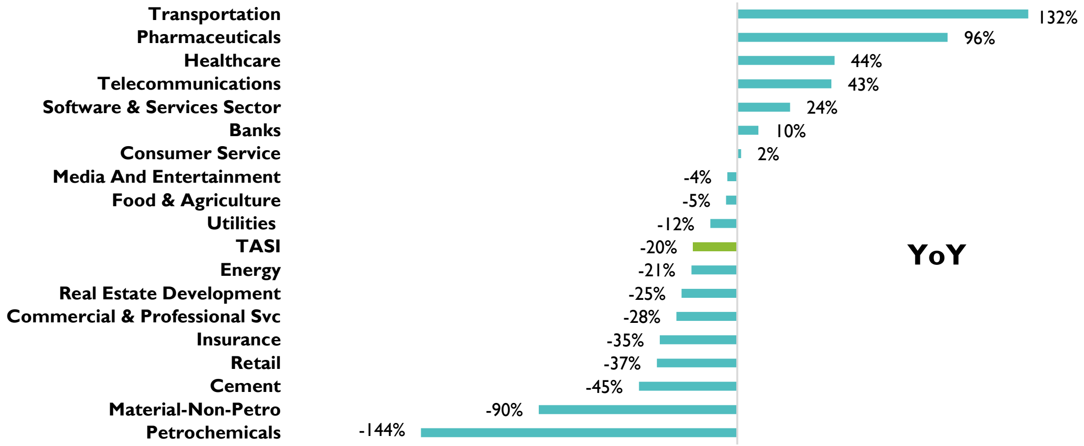
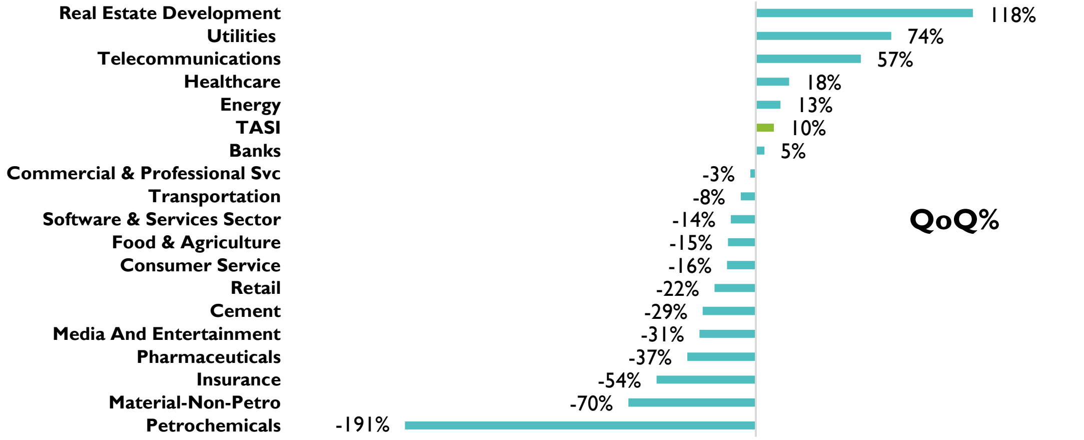
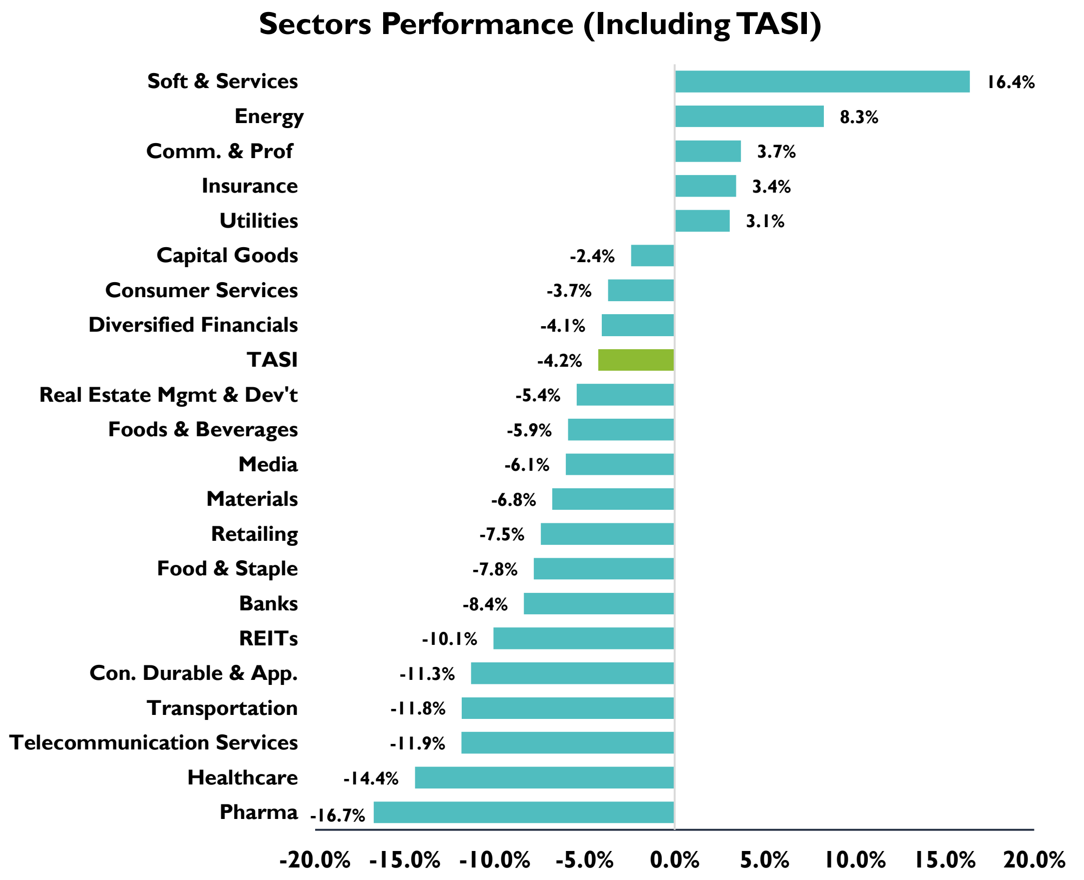




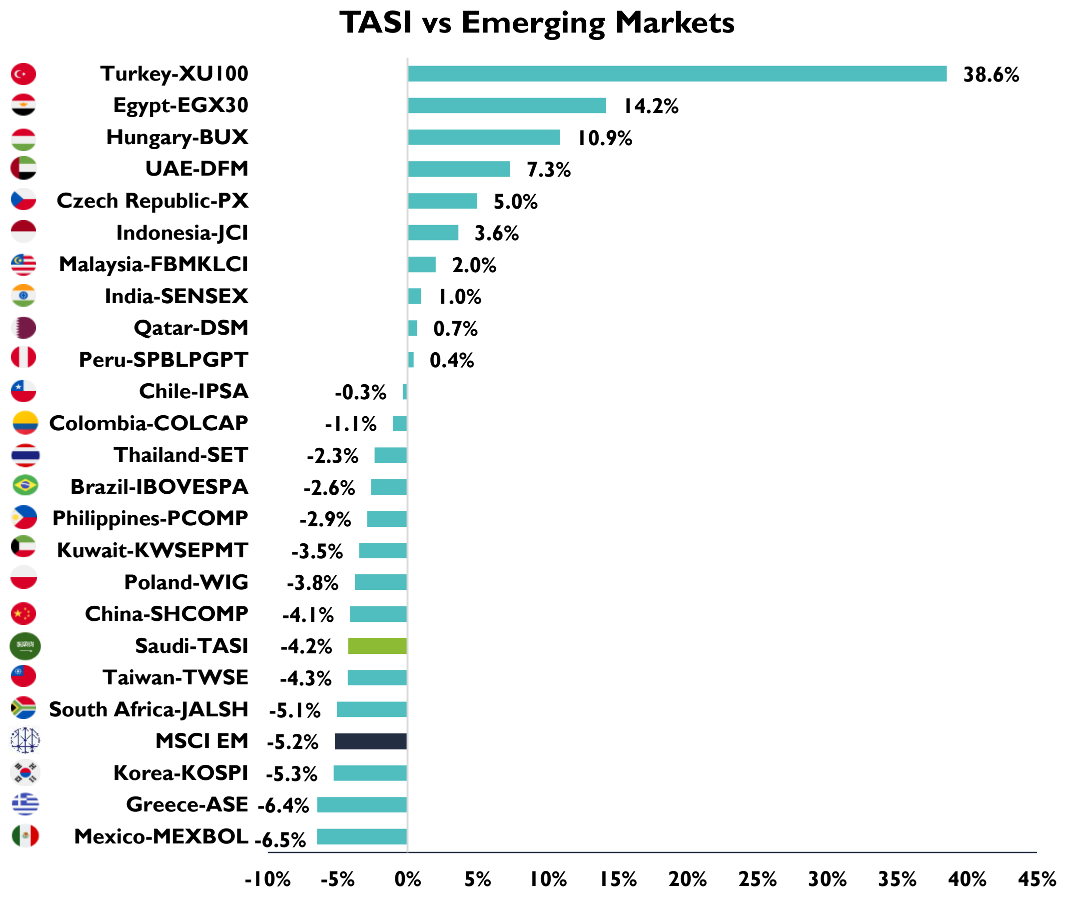
Source: Bloomberg, Tharaa Financial Center

TASI-Sector Returns & Peer Comparison



- TASI has given a negative performance remaining its position over the broader benchmark, MSCI EM. However, TASI has underperformed most of its peers in Q3. 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 the sectors in TASI have given negative returns in Q3. Software and Energy were the two major outperformers for TASI during the period.



Source: Bloomberg, Tharaa Financial Center
**Performance Data as Q3 2023*

TASI -Valuation

Tharaa Financial Center

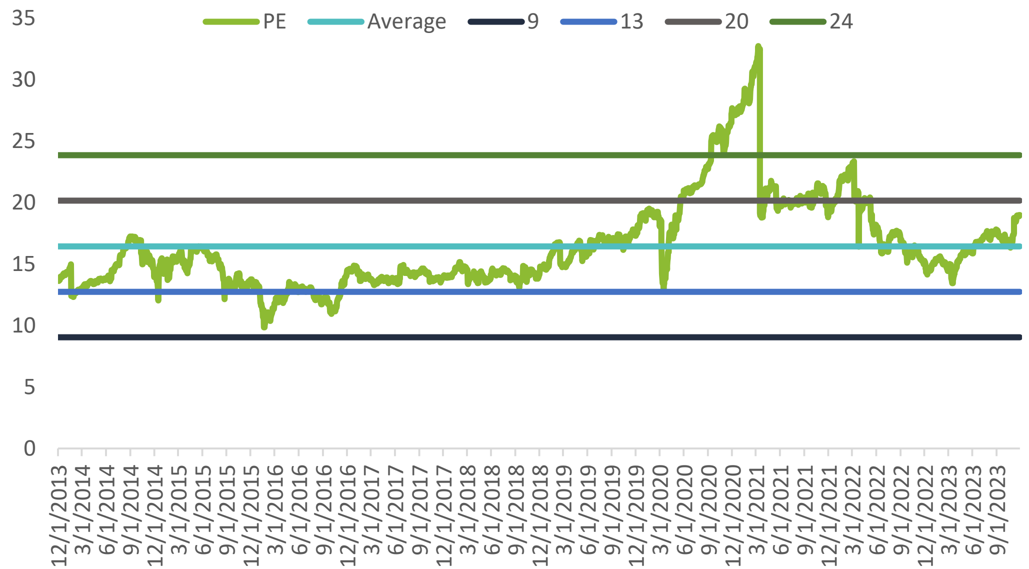
Key Valuation Metrics TASI And Emerging Markets

Source: Bloomberg, Tharaa Financial Center

- With +3.7% positive return in November 2023 TASI's P/E (based on trailing earnings) has bounced off sharply from its historical average At its peak over the last decade, TASI once traded at 3x standard deviations above its LT average.

- TASI continued trading at premium to its peers despite -3.3% underperformance against MSCI EM benchmark in November.

TASI Valuation (P/E) has bounced off from its LT average



Source: Tharaa Financial Center

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