

3Q2026 Earnings Remain Under Pressure, But Upside & Longer-Term Value Remains Evident

We expect 3Q2026 earnings across our coverage universe to decline 28.2% YoY but recover 8.8% QoQ to QR6.0bn. This follows the broader QSE's reported 19.6% YoY and 15.2% QoQ decline in aggregate earnings to QR10.8bn in 2Q2026, from QR13.5bn in 2Q2025 and QR12.8bn in 1Q2026. Within our coverage, the annual decline remains concentrated in non-bank names, where we forecast earnings to fall 48.7% YoY, notwithstanding a 3.4% sequential recovery. Banks should remain comparatively resilient, with earnings declining modestly by 1.6% YoY while increasing 12.7% QoQ. Our in-house estimates therefore point to an improvement from the depressed second-quarter base, rather than a return to normalized profitability, with aggregate revenue forecast to decline 10.9% YoY but rise 3.2% QoQ. **Near-term developments related to limited LNG movements through the Strait of Hormoz provide early evidence of improving conditions, not confirmation of normalization. Our near-term earnings stance remains cautious, but we believe Qatar equities are trading at attractive levels for longer-term investors, with the bad news overly discounted relative to the potential recovery and structural investment opportunities.**

3Q2026 Estimates

Company Name	Net Income (QRmn) / EPS (QR)				Revenue (QR mn)		
	3Q2026e	YoY	QoQ		3Q2026e	YoY	QoQ
Ahli Bank (ABQK)	276.20	0.108	0.9%	60.7%	408.68	3.7%	-1.4%
AlRayan Bank (MARK)	388.43	0.042	-22.2%	19.0%	836.15	-12.6%	0.8%
Commercial Bank of Qatar (CBQK)	522.81	0.129	-0.3%	2.1%	1,352.61	2.3%	-0.4%
Doha Bank (DHBK)	233.39	0.075	-16.0%	15.8%	663.41	-3.1%	-2.5%
Dukhan Bank (DUBK)	394.94	0.075	3.8%	3.1%	752.02	-3.0%	-2.4%
Qatar International Islamic Bank (QIIK)	439.83	0.291	7.6%	27.3%	567.81	-0.8%	9.2%
Qatar Islamic Bank (QIBK)	1,329.86	0.563	3.9%	7.3%	1,867.79	8.8%	2.8%
Baladna (BLDN)	46.93	0.018	-6.8%	-84.5%	314.43	5.2%	-4.6%
Medicare Group (MCGS)	64.09	0.228	207.6%	56.0%	115.51	-2.0%	-10.2%
Meeza (MEZA)	17.87	0.028	30.1%	9.5%	131.71	32.6%	17.0%
Mekdam Holdings (MKDM)	4.21	0.025	-52.8%	13.6%	154.87	-0.9%	1.0%
Qatar Fuel Co (QFLS)	239.53	0.241	-17.7%	1.9%	5,673.72	-15.9%	8.5%
Industries Qatar (IQCD)	(549.71)	(0.091)	N/M	6.0%	1,373.03	-69.1%	-6.3%
Estithmar Holding (IGRD)	169.65	0.038	-24.1%	-24.9%	1,791.92	23.1%	5.2%
Gulf International Services (GISS)	145.91	0.079	-12.0%	N/M	1,179.02	2.5%	21.4%
Nebras Energy (QEWS)	309.54	0.281	-15.2%	8.9%	842.92	-0.1%	2.5%
Qatar National Cement (QNCD)	27.21	0.042	10.4%	10.0%	107.89	4.7%	1.0%
QLM Life & Medical Insurance Co.	6.26	0.018	40.9%	-64.7%	416.25	33.7%	-2.5%
Ooredoo (ORDS)	1,070.14	0.334	-6.2%	26.9%	6,407.28	2.3%	2.4%
Vodafone Qatar (VFQS)	206.34	0.049	24.8%	3.4%	905.91	8.1%	2.0%
Gulf Warehousing Co. (GWCS)	32.03	0.055	38.0%	12.4%	378.85	13.7%	5.5%
Qatar Gas & Transport (QGTS)	422.38	0.076	-6.9%	1.0%	949.13	0.9%	0.2%
Qatar Navigation/Milaha (QNNS)	227.25	0.200	-41.1%	-7.4%	777.64	-10.1%	-3.9%
Total	6,025.1		-28.2%	8.8%	27,968.5	-10.9%	3.2%

Source: QNB FS Research

We publish our estimates against a backdrop of prolonged disruption to Qatar's LNG export chain, although September brought encouraging signs of renewed shipping activity. Qatar-linked LNG carriers resumed visible Hormuz crossings, including the first visible outbound shipment since July, while subsequent movements suggest a gradual improvement in export continuity. Nevertheless, Bloomberg reported on 5 October that LNG flows through the Strait remained more than 75% below pre-war levels, despite September's recovery. **We view these developments as early evidence of improving conditions, not a confirmation of normalization.**

- **The energy recovery remains dependent on safe navigation, with expansion providing a separate medium-term catalyst.** QatarEnergy expects the first North Field East train to start production in 1H2027, although subsequent trains face potential delays because critical equipment cannot reach Qatar through Hormuz. Management indicated that normal operations could resume within weeks of the Strait reopening, but repairs to the two damaged LNG trains could take three years, while the damaged GTL facility is expected to complete repairs in 1Q2027. These are distinct recovery timelines: reopening can restore operations at undamaged facilities but cannot immediately replace damaged capacity. Reuters also reported that QatarEnergy Trading is seeking 2-3mn tons annually of US LNG through 2031 to help cover supply commitments. In our view, while these purchases support customer continuity they should not be mistaken for a recovery in domestic production. Our estimates retain a QR549.7mn loss for Industries Qatar in 3Q2026, underscoring the continuing pressure on industrial earnings.

Strait of Hormuz Total Commercial Vessel Bidirectional Crossings



Source: Bloomberg

- **The macroeconomic shock is severe, but non-hydrocarbon growth is a bright spot.** The NPC's 2Q2026 release shows real GDP declining 15.7% YoY, with mining and quarrying contracting 50.7%, while non-hydrocarbon activity expanded 2.6%. Real estate, financial and insurance activities, and construction grew 11.0%, 8.3% and 5.5%, respectively. Separately, building permits increased 26.1% QoQ to 2,240, according to municipal data released in August. However, government tenders and auctions fell 62% YoY to QR4.4bn in 2Q, highlighting the difference between resilient pockets of domestic activity and weaker public procurement. We therefore see a differentiated earnings environment rather than a broad-based recovery, with company-specific demand, project execution and exposure to disrupted energy activity remaining critical.
- **Fiscal pressures have intensified, although sovereign buffers remain substantial.** The 2Q budget deficit widened to QR21.2bn from QR10.3bn in 1Q, with revenue of QR25.6bn against expenditure of QR46.8bn. Fitch affirmed Qatar's AA rating with a Negative Outlook, forecasting an 18.8% economic contraction in 2026 and government debt reaching 64.1% of GDP. Its fiscal deficit forecast is 7.1% of GDP excluding estimated QIA investment income, versus 2.7% including that income. Importantly, Fitch's recovery assumptions envisage conditions permitting LNG exports to resume in 1Q2027, followed by a gradual production recovery. Spending restraint also requires nuance: following the FT's reporting on budget cuts, the government clarified that the measures concerned operational expenditure, not salaries or capital projects. Meanwhile, QCB international reserves and foreign-currency liquidity stood at QR262.2bn in August, supporting our view that Qatar retains meaningful capacity to absorb the shock.
- **Bank earnings should provide relative stability, but funding and credit risks warrant monitoring.** Fitch described the banking system as resilient despite structural vulnerabilities, noting broadly stable non-resident deposits and private-sector deposits, outpacing public sector deposits. More recent QCB data summarized in the August economic brief showed total deposits declining 1.3% MoM (-0.7% vs. year-end 2025) in August, while private-sector credit increased 0.3%. The QCB also raised policy rates by 25bps in September, taking the lending rate to 4.6%. Against this backdrop, our forecast for a 12.7% QoQ recovery in covered banks' earnings should not obscure the importance of funding costs, asset quality and provisioning. We expect these variables, alongside management commentary on customer activity, to be central to the reporting season.
- **The investment pipeline strengthens the longer-term case beyond hydrocarbon normalization.**
 - **At the September Qatar Economic Forum, the government announced nearly \$38.5bn of infrastructure projects over five years, including PPPs, alongside \$22.5bn of expected private real estate and hospitality investment, including \$8.5bn in Simaisma.** These are investment opportunities and planned projects, not immediate expenditure or secured corporate revenues.
 - **The launch of Doha Investment adds a complementary structural initiative, consolidating QIA's domestic portfolio of more than 40 companies, including Qatar Airways, QNB and Ooredoo, while targeting private-sector participation and new national champions.**
 - **Digital infrastructure is already producing tangible corporate developments:** MEEZA's more-than-QR1bn hyperscaler agreement and the subsequent more-than-QR500mn data-center construction award to Estithmar's Elegancia reinforce the opportunity for selective growth despite the difficult macro backdrop.

We remain cautious on near-term earnings visibility but constructive on longer-term Qatar equity returns. Our investment case does not require an immediate return to normality. Rather, we believe current equity levels overly discount the adverse outlook and underappreciate the potential combination of restored LNG exports, North Field expansion and domestic investment. Sustained Hormuz access, production restart milestones and conversion of announced projects into executable contracts are the principal catalysts we would monitor. Prolonged disruption, further infrastructure damage and delayed investment execution remain the key risks to this view.

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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