iridium
Quant Lens

AI + IR

GCC earnings sentiment rebounds 17% in 2Q 2026 despite Iran war

Analysis of 150 Earnings Calls
hosted in July and August 2026

2 September 2026

iridium
Quant Lens

Iridium Advisors

Oliver Schutzmann
CEO
oschutzmann@iridiumadvisors.com

Ben Franz, CFA
Senior Advisor
bfranz@iridiumadvisors.com

Nikolay Domrachev
Senior Advisor
ndomrachev@iridiumadvisors.com

Ujjawal Kumar
Analyst
ukumar@iridiumadvisors.com

Table of Contents

Throughout this report, "FQ" refers to the fiscal results reporting period following the close of a quarter. For example, FQ2'26 corresponds to earnings calls held in July and August 2026.

For FQ4'25, we further distinguish between two sub-periods to reflect changing conditions during the reporting window:

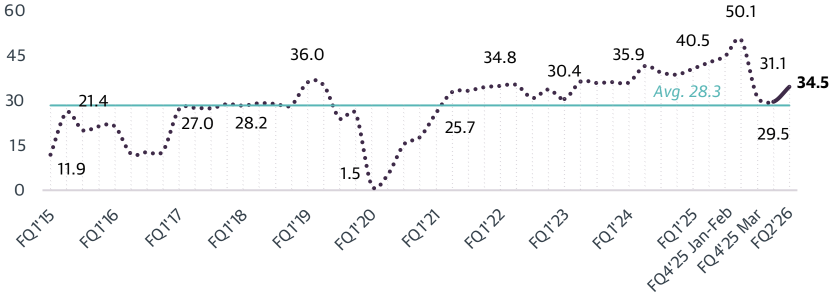
- ***FQ4'25 Jan-Feb:** 4Q 2025 earnings calls held in January and February 2026, before the outbreak of the conflict in the Middle East on 28 February 2026.*
- ***FQ4'25 Mar:** 4Q 2025 earnings calls held in March 2026, after the escalation.*

Executive Summary

GCC earnings sentiment rebounds 17% despite the Iran war

The Iridium GCC Earnings Call Sentiment Index rose 17% to 34.5 points for 150 second quarter 2026 earnings calls held in July and August, its first increase since the Iran war began. Iridium Quant Lens NLP now covers more than 15 million words across 3,200+ GCC earnings call transcripts from companies representing over 70% of total market capitalisation.

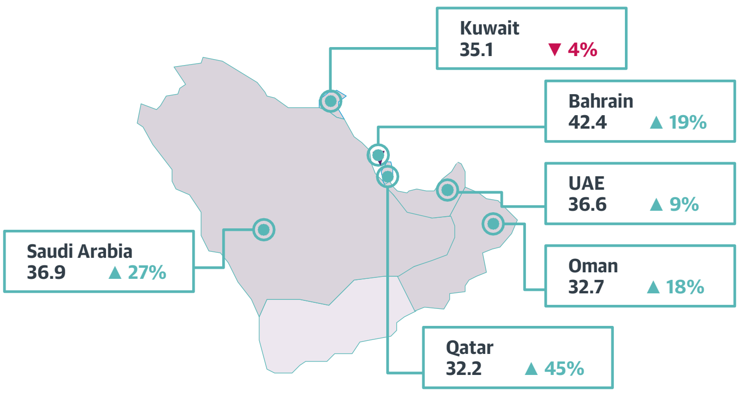
Iridium GCC Earnings Call Sentiment Index
Points



The improvement was concentrated in management presentations, where sentiment rose 15% to 45.7 points, above its long-term average of 39.8. Q&A sentiment increased 9% to 12.9 points but remained well below its long-term average of 15.8, widening the Sentiment Bias for a second consecutive quarter to 32.7 points. Analyst Q&As focused almost entirely on 2H 2026, challenging whether the growth implied by FY2026 guidance was achievable.

Sentiment increased in five of the six GCC countries. Qatar (+45%) and Saudi Arabia (+27%) recorded the largest gains, followed by Bahrain (+19%), Oman (+18%) and the UAE (+9%), while Kuwait (-4%) was the only market to decline. For the first time since the conflict began, all six markets were above their long-term averages.

Iridium Sentiment Index by Country, FQ2'26
% change vs FQ1'26



The share of companies beating consensus eased to 64% from 68% in the previous quarter but remained well above the 54% recorded in 4Q 2025. Reported earnings continued to exceed expectations through a second disrupted quarter.

Key Themes & Takeaways

Management reported 2Q but analysts asked about 2H

Management presentations shifted from reporting the immediate disruption to quantifying the recovery. Effects that could not be measured in April and May were quantifiable by July and August, although some companies stopped referring to the conflict even as others reported renewed escalation. Analysts focused almost entirely on 2H 2026, requesting post-quarter trading data on nearly every call and challenging whether the growth required to meet FY2026 guidance was achievable.

Management explained reported performance but offered little on year-end outlook. Questions about the duration of the disruption and timing of normalisation rarely received firm answers. One analyst asked to put the disruption on a scale: “So, if 10 was, for example, as bad as it got and 0 is 100% normal, where are we now,...how long before we get back to 0 or 1?” The CEO replied that “you read the newspapers as well as we do”, described the Strait of Hormuz as “checkered at best” and said that “this is the new normal, and business-as-usual approach with the alternatives”. The CEO’s response was typical of the quarter. Companies could increasingly quantify the disruption, but the course of the conflict provided no reliable basis for forecasting when conditions would normalise.

Key insights from 2Q 2026 Earnings Calls:

- **Macro environment and consumer demand:** Demand improved through the quarter across most consumer companies and domestic markets, with several returning to growth by June. Some weakness pre-dated the war. Jamjoom Pharma said that “the market correction began before the geopolitical developments”, separating softer Saudi consumer demand from the regional disruption.
- **Pricing, margins and costs:** Most companies passed through higher freight, insurance and fuel costs, limiting near-term margin pressure. Analysts asked how much of the increase would remain as trading conditions normalised. War-risk premiums remained elevated. Milaha cited war-risk insurance and crew allowances, while Spinneys reported container freight rising from $3,000 to $17,000 before declining to around $7,000.
- **Balance sheet, funding and credit quality:** Burjeel returned to the sukuk market after deferring its March issue. The $500 million transaction was more than three times covered, with 61% allocated to international investors. TAQA issued the largest blue bond in EMEA and repaid the precautionary facility drawn at the start of the conflict. Bank commentary was mixed. Gulf Bank cut its cost-of-risk guidance, while Dukhan Bank continued to build provisions and withheld its interim dividend to retain liquidity buffers.
- **Capital allocation, investment and project pipelines:** Capital commitments increased despite the continuing conflict. The previous quarter centred on maintaining existing capex plans and deferring capital markets transactions; 2Q included several new commitments. Jazeera Airways bought eight aircraft and began retrofitting its fleet during the airport shutdown, while DP World committed around $750 million to additional terminal capacity in Fujairah following the disruption at Jebel Ali.
- **Technology, digital transformation and AI adoption:** AI disclosures became more detailed, with companies quantifying adoption and operating impact. Saudi National Bank outlined an enterprise AI programme with its own operating model and governance. Alamar reported that AI handled around 70% of customer-service interactions and reduced resolution times by more than three-quarters.

Select Sector Observations

- **Real estate and construction:** The sector recorded the highest sentiment score at 44.6 points, supported by construction order books and pricing despite weaker real estate transaction volumes. Orascom Construction increased its backlog 13.9% to $10.9 billion, driven by US awards, although supply into eastern Saudi Arabia and the UAE remained disrupted, while Dar Al Arkan described Saudi transaction volumes as "one of the lowest in the recent history".
- **Energy and commodities:** Aramco reported Hormuz flows at around 10% of pre-conflict volumes and said the impact would extend into 2027, but retained its $50-55 billion capex guidance. SABIC reported volumes down 33% and prices up 41%, while Borouge reported physical damage to its facilities and lower utilisation, and said it was "not in a position to really predict the Q3 outcome".
- **Financials:** Bank profitability remained resilient, although the effects of the conflict were evident in payment deferrals and dividend decisions. QNB disclosed QAR 480 million of deferred instalments and adopted an annual dividend, while several banks withheld interim payouts as relief measures in Qatar and the UAE approached their end-September expiry. NBK declined to give earnings or capital adequacy guidance, saying it "would not be prudent" under current conditions.
- **Shipping and logistics:** The war's impact varied by business model, with DP World operating Jebel Ali at around 10% of normal throughput and committing approximately $750 million to two new terminals in Fujairah, while ADNOC L&S raised guidance for the third time despite reporting that vessels "continue to be targeted while transiting the Strait of Hormuz".
- **Travel, leisure, hospitality:** Volumes remained below prior-year levels, while pricing and ancillary revenue supported earnings. Jazeera Airways carried 40.6% fewer passengers but increased ancillary revenue 78%. Both Jazeera and Flynas restored capacity towards prior-year levels in July. Jabal Omar offset first-quarter weakness by focusing on domestic pilgrims.

Looking Ahead to 3Q 2026 Earnings Calls

The 3Q earnings cycle will show whether the improvement reported in 2Q continued through the summer. With 9M reported, analysts will compare YTD performance and October data with the outlook management described in 2Q. Companies that provide formal guidance will also be asked whether it remains achievable.

For banks, the expiry of relief measures will provide the first evidence of how borrowers with deferred payments are performing, although arrears, loan staging and provisions may react with a time lag. In other sectors, analysts are likely to examine whether conflict-related pricing is falling while freight and insurance costs remain high. Companies that withdrew guidance will also be asked when it can be restored. Analysts will also begin to ask what current trading and cost levels imply for 2027.

Management implications

1. Use the management presentation to cover the likely questions. In more than 50% of 2Q calls, analysts raised issues management had not covered. The presentation should include current trading, FY2026 guidance, margins and costs rather than leaving these subjects to the Q&A.

2. Explain the outlook for 4Q. Companies with formal guidance should say whether it remains achievable and identify any changed assumptions. Others should explain which trends reported in 3Q are continuing into 4Q.

3. Provide post-quarter trading data. Analysts asked for July and August data during the 2Q earnings cycle. In 3Q, they will want October and early November figures.

Common Analyst Questions

What analysts were asking in July and August

1. 2H 2026 guidance

- Your guidance implies an acceleration in the second half – what leading indicators support it?
- What are you seeing in July and August, and is the quarter tracking against that assumption?
- What does your guidance assume about the timing of normalisation, and what happens if there are delays?

2. Margins, pricing and cost base

- Which of the cost increases absorbed this quarter are structural, and which unwind when conditions normalise?
- How much pricing headroom is left, and what happens to margins if volumes recover while prices soften?
- War risk and insurance premiums have not receded – what have you assumed for the rest of the year?

3. One-offs, windfalls and run-rate

- How much of this quarter's result is attributable to one-offs or conflict-related gains/ losses?
- What is the normalised run-rate excluding those items?
- If conditions normalise, how much of the current pricing advantage do you retain?

4. Provisioning, deferrals and credit quality

- Why did you reverse part of the additional provision taken in Q1, and what would lead you to increase provisions again?
- What is the size of your deferred loan book, and how do you expect it to perform once the relief programme ends?
- Coverage ratios fell this quarter while non-performing loans were stable – what drove that?

5. Capital allocation, dividends and investment

- What changed in your assessment to justify committing capital at this point in the cycle?
- Why was the interim dividend withheld, and what conditions would restore it?
- Are you seeing valuation resets or distressed assets that change your acquisition appetite?

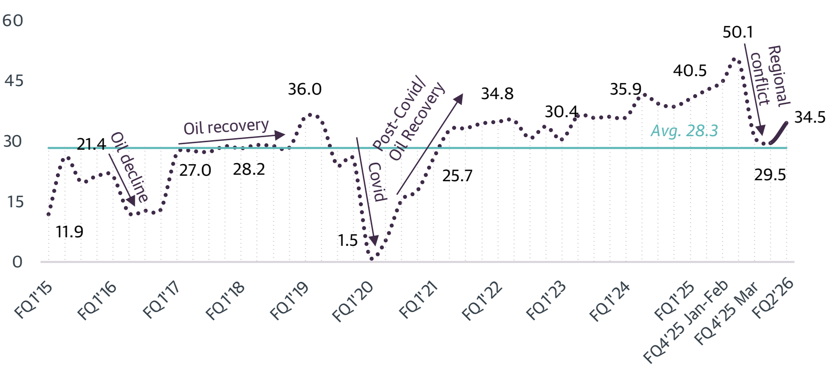
Big Picture Trends

Sentiment recovers, but the Q&A gap widens further

GCC earnings call sentiment recovered in 2Q 2026, recording its first quarter-on-quarter increase since the regional conflict began. The Iridium GCC Earnings Call Sentiment Index rose 17% from 29.5 to 34.5 points for calls held in July and August, remaining above its long-term average.

Exhibit 1: Overall GCC Sentiment Trend

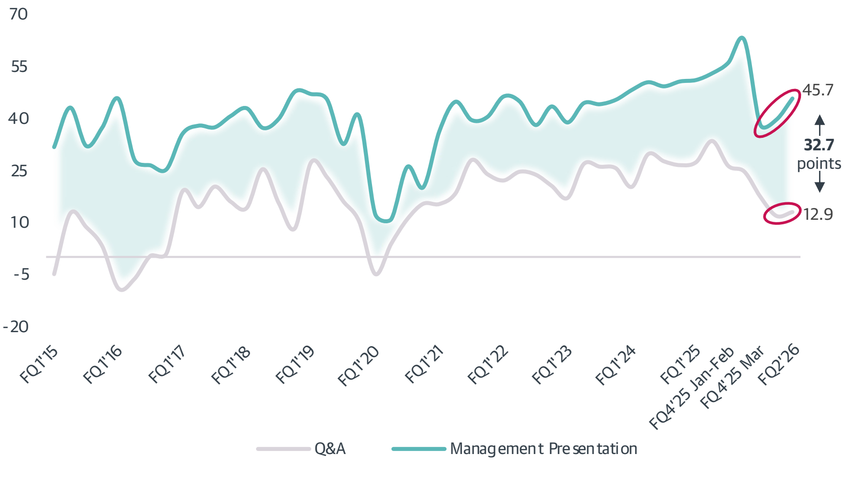
Iridium GCC Earnings Call Sentiment Index
Points



Although several companies reported renewed escalation during July, the improvement was concentrated in management presentations. Presentation sentiment rose 15% to 45.7 points, above its long-term average of 39.8, while Q&A sentiment increased to 12.9 points but remained below its long-term average of 15.8. This was the second-lowest Q&A reading in five years, after 11.8 points in 1Q 2026.

Exhibit 2: GCC Sentiment Components

Iridium Sentiment Index Components
Points

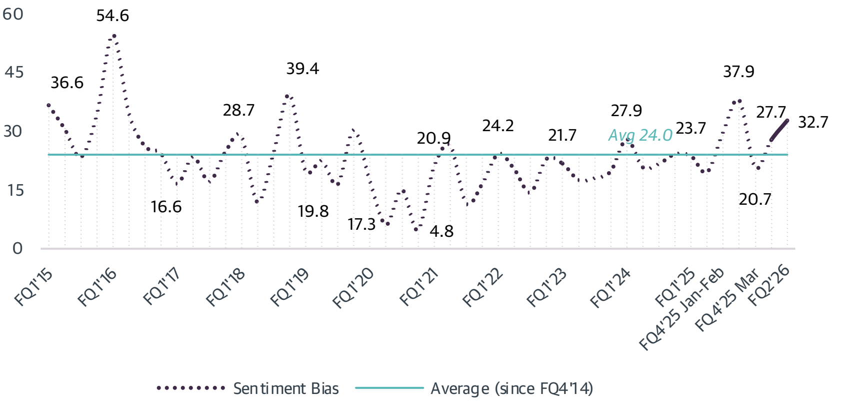


Management commentary reflected results that held up through a full quarter of disruption, whereas analyst questions concentrated on whether that performance could be sustained, particularly in relation to margins, full-year guidance and the timing of normalisation. July and August trading was raised on almost every call.

The Sentiment Bias, which measures the difference in tone between management presentations and analyst Q&A, widened for a second consecutive quarter to 32.7 points, compared with a long-term average of 24.0. The gap was last wider before the conflict, when management sentiment was exceptionally strong; in 2Q 2026, the widening reflected Q&A sentiment remaining below its long-term average, indicating that the recovery described by management had yet to be reflected in analyst tone.

Exhibit 3: GCC Sentiment Bias

GCC Sentiment Bias
Points

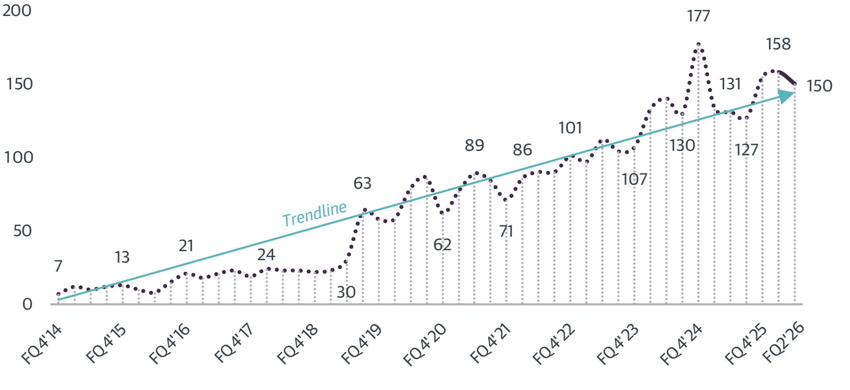


Despite widening over the past two quarters, the Sentiment Bias has narrowed across the full series since 2015, indicating closer alignment between management commentary and analyst questions over time.

Transcript availability remained close to recent highs, with 150 earnings calls available for review in 2Q 2026, the thirteenth consecutive quarter with more than 100 transcripts. Companies continued to hold calls throughout the conflict, while Saudi Arabia recorded its highest transcript count since the series began.

Exhibit 4: Available Transcripts

Number of Available Transcripts
GCC Countries



The sustained transcript count suggests that earnings calls are becoming an established part of GCC reporting practice. Their value increases when visibility is limited, as gaps in management disclosure leave analysts and investors more reliant on their own assumptions.

Earnings call sentiment remained closely linked to regional equity performance, with the Iridium index showing an 85% positive correlation with the MSCI GCC Index since early 2020 (Exhibits 5 and 6).

Exhibit 5: Iridium GCC Sentiment Correlation with MSCI GCC Index

GCC Earnings Call Sentiment Index vs MSCI GCC Index
85% Correlation in 2020-2026

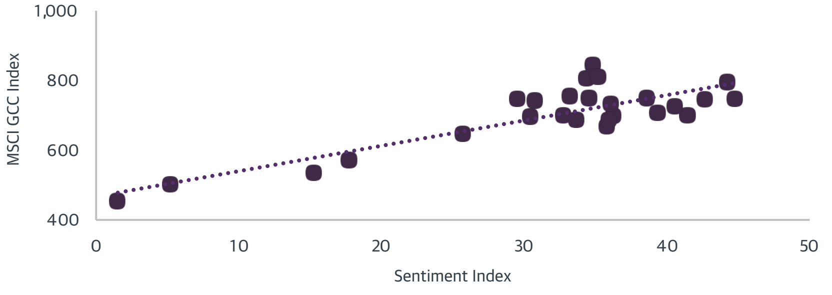
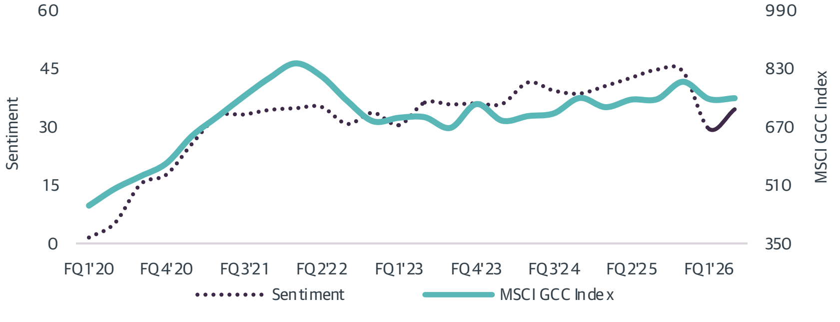


Exhibit 6: Iridium GCC Sentiment vs. MSCI GCC Index

GCC Earnings Call Sentiment Index vs MSCI GCC Index
Sentiment Trend vs. Equity Market Performance



Earnings surprises were slightly less positive in 2Q 2026, with 64% of companies beating consensus and 36% missing, compared with 68% and 32%, respectively, in 1Q 2026 (Exhibits 7 and 8). The beat rate remained well above the 54% recorded in the 4Q 2025 reporting season, when the conflict first affected reported results, and near the upper end of its historical range.

Exhibit 7: "Beats" and "Misses"

FQ2'26 GCC Earnings Surprise vs. Consensus (Beat / Miss), %

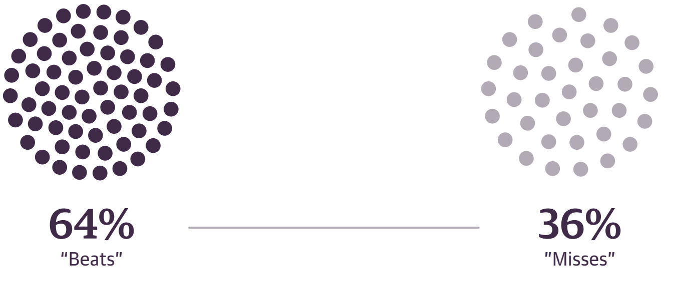
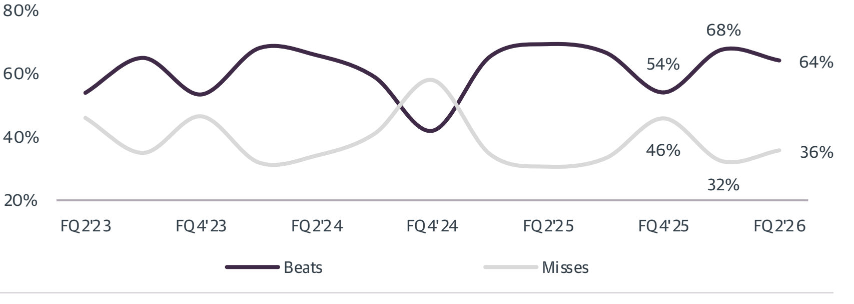


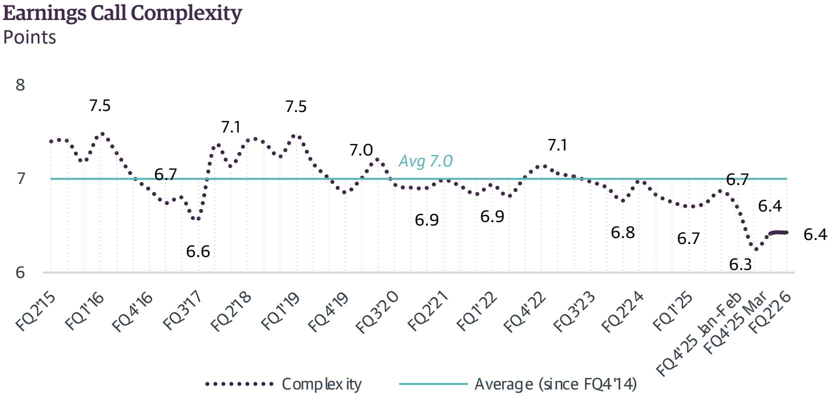
Exhibit 8: "Beats" and "Misses" Trend

GCC Earnings Call Surprise vs. Consensus (beat / miss)
% in category



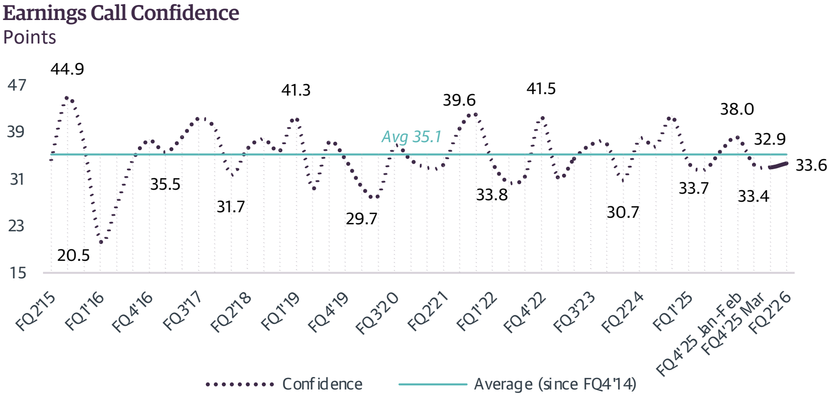
The Complexity Index held at 6.4, below its long-term average of 7.0 and close to the lower end of the historical range, indicating that language used in management presentations and Q&A remained less complex than usual despite a second disrupted quarter.

Exhibit 9: Earnings Call Complexity



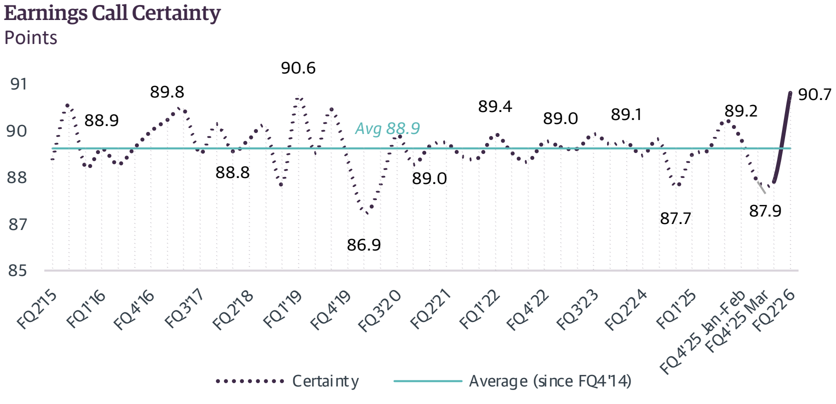
Confidence increased modestly to 33.6 but remained below its long-term average of 35.1, with stronger Q&A confidence partly offset by weaker presentation confidence. Management presentations were more positive in tone than in the previous quarter, but less confident, consistent with companies reporting firm results while avoiding forecasts on normalisation.

Exhibit 10: Earnings Call Confidence



Certainty rose to 90.7, the highest reading in the series and above its long-term average of 88.9. Management used more definite language when answering analyst questions, but the combination of record certainty and below-average confidence indicates that companies were more definitive on reported performance than on the outlook.

Exhibit 11: Earnings Call Certainty



Country Trends

Qatar and Saudi Arabia lead a broad recovery

Sentiment increased in five of the six GCC markets in 2Q 2026. Qatar recorded the largest gain, rising 45% to 32.2 points, while Saudi Arabia increased 27% to 36.9 points. Bahrain, Oman and the UAE also recorded gains, with Kuwait the only market to decline, easing to 35.1 points. For the first time since the conflict began, all six markets were above their long-term averages.

Exhibit 12: Historical Sentiment Range and FQ2'26 Sentiment for GCC Countries

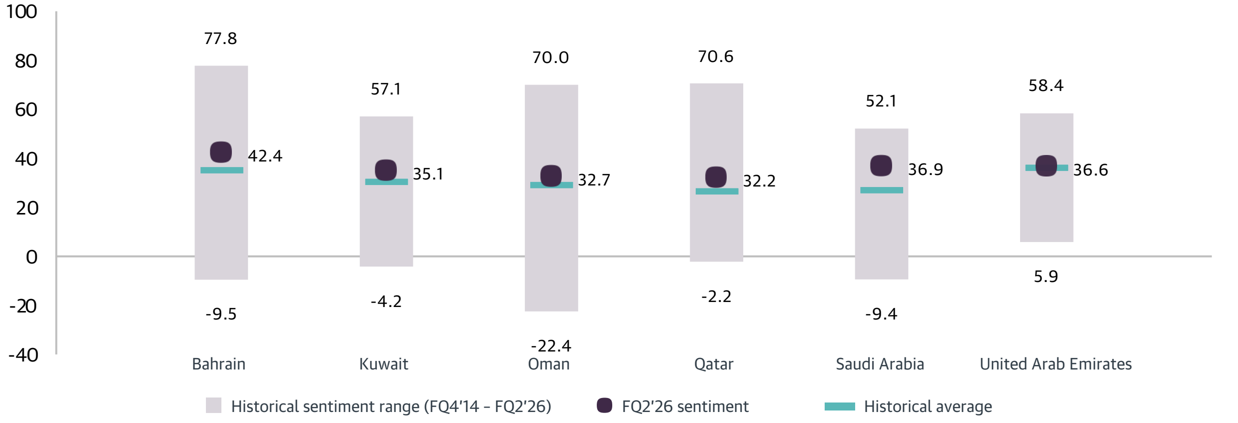
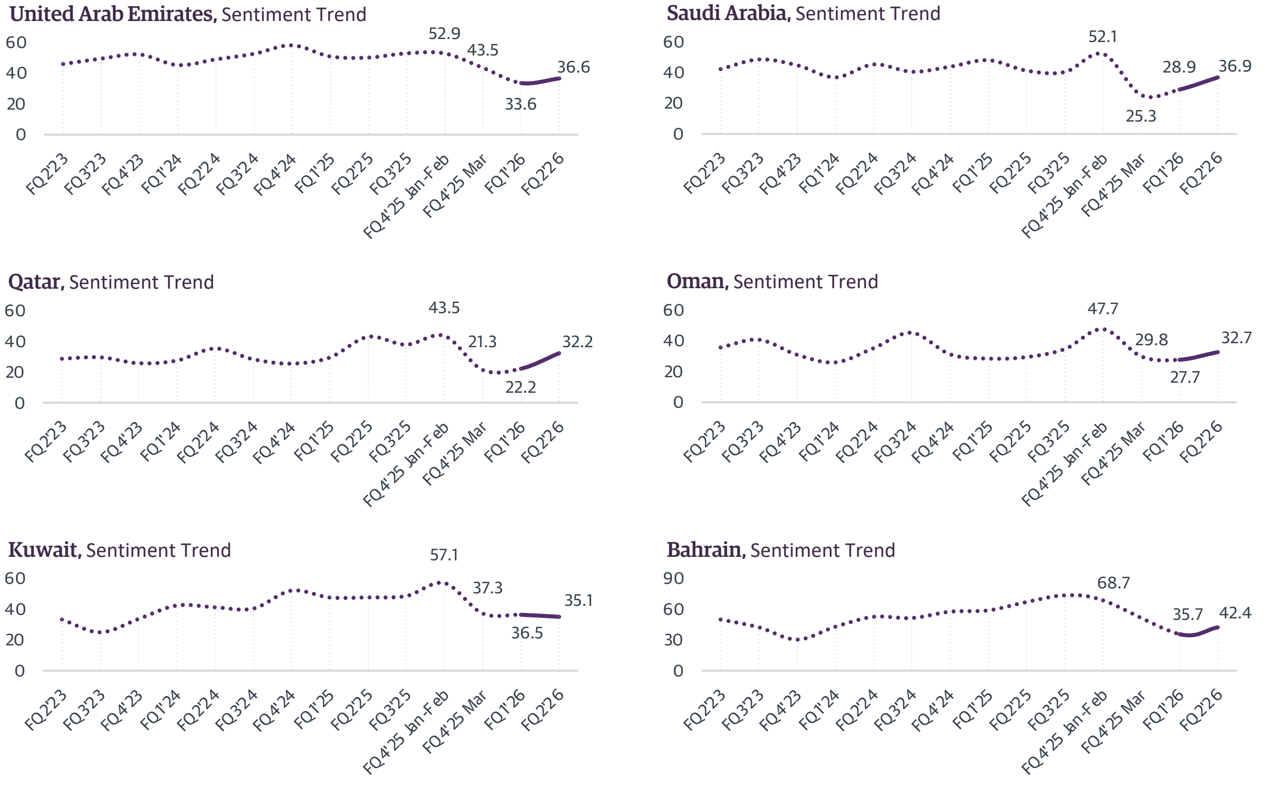


Exhibit 13: Sentiment Trends for GCC Countries



Industry Trends

Six of eight sectors are back above their historic average

Sentiment increased across all eight sectors in 2Q 2026, leaving six above their long-term averages compared with three in the previous quarter. Health Care and Industrials remained below their historical levels. Materials recorded the largest increase, more than doubling to 25.1 points, but remained the weakest sector. Real Estate ranked highest at 44.6 points, recovering from a March low of -12.2 points but remaining below its pre-conflict highs (Exhibits 14 to 16).

Exhibit 14: Historical Sentiment Range and FQ2'26 Sentiment by Sector

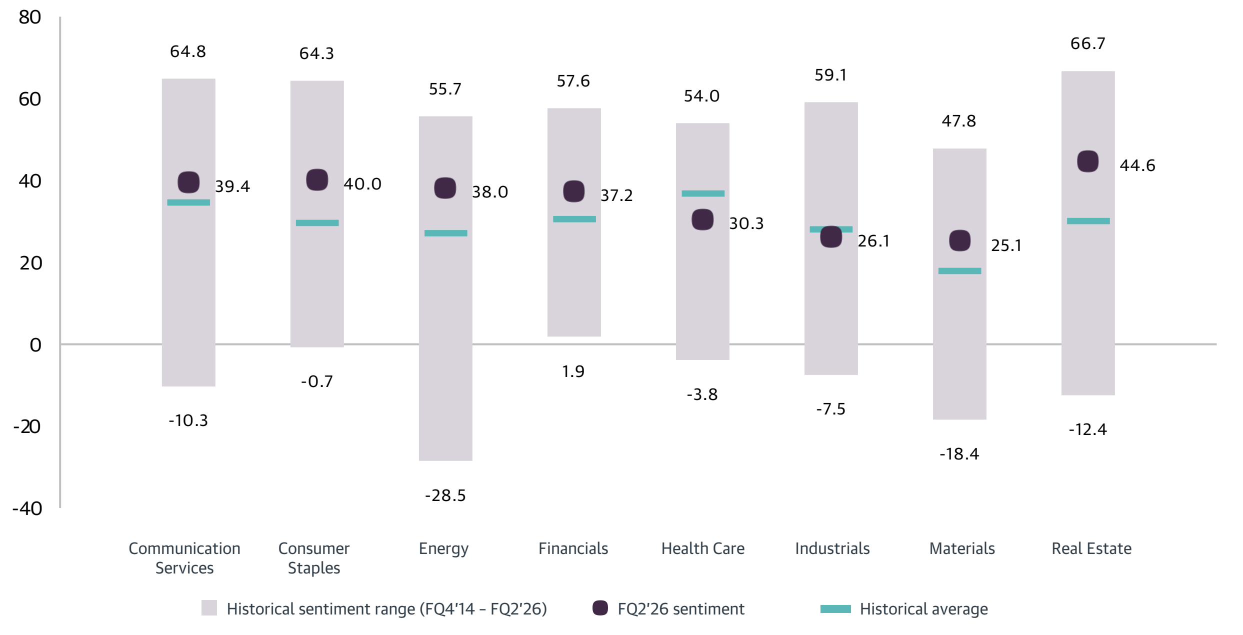


Exhibit 15: FQ2'26 Sentiment Range and Sentiment by Sector

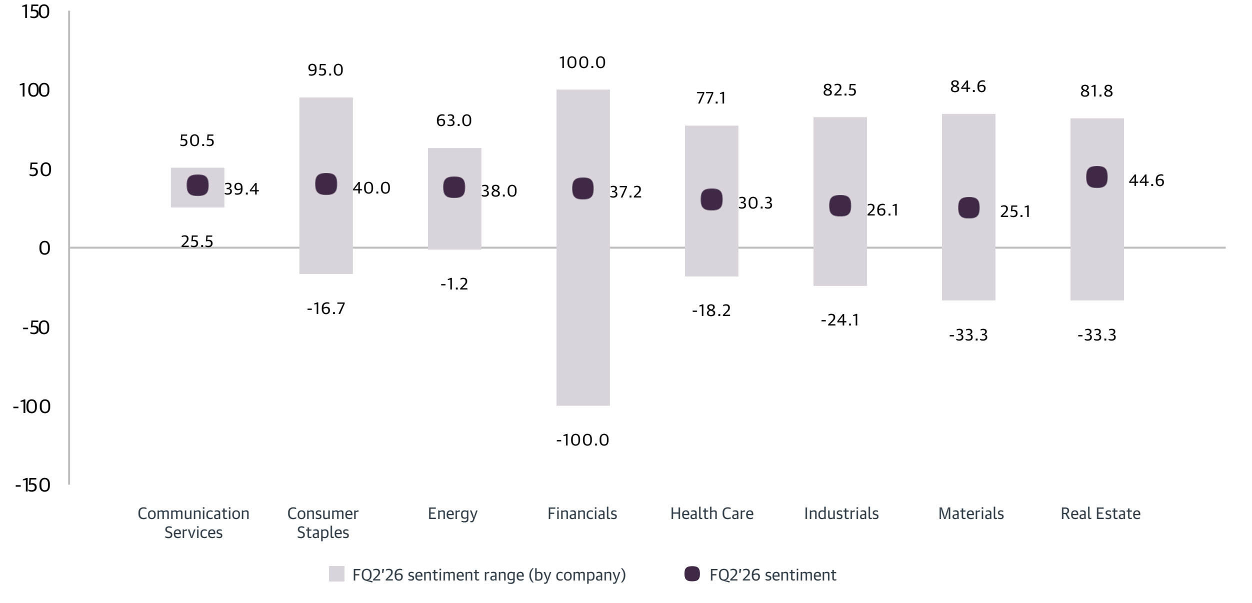
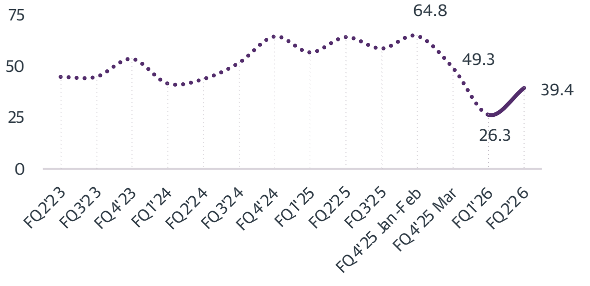
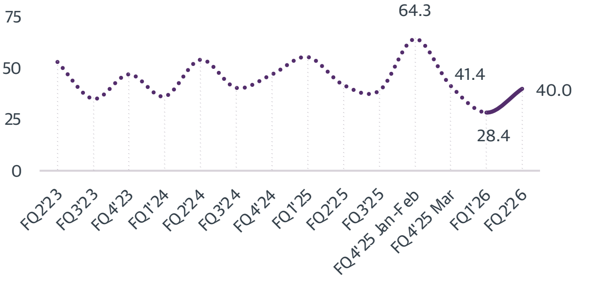


Exhibit 16: Sentiment Trends for Selected Sectors

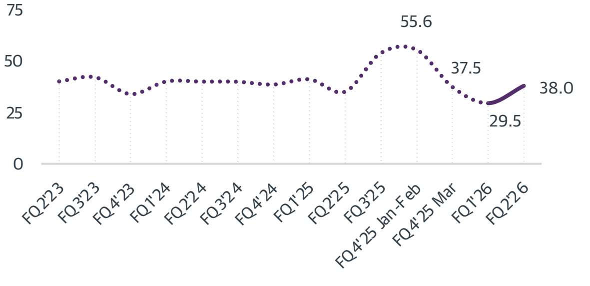
Communication Services, Sentiment Trend



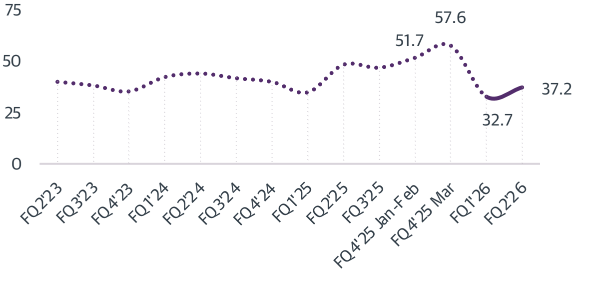
Consumer Staples, Sentiment Trend



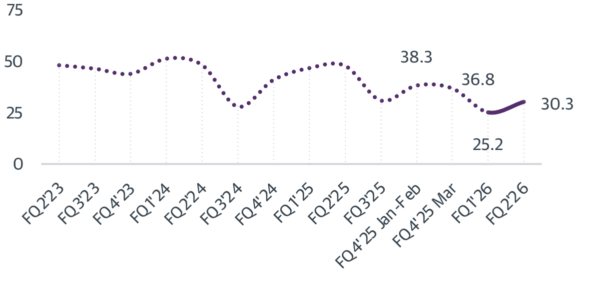
Energy, Sentiment Trend



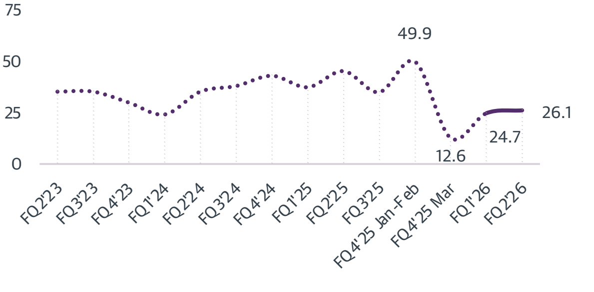
Financials, Sentiment Trend



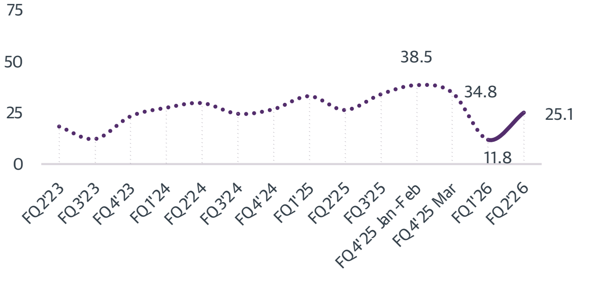
Health Care, Sentiment Trend



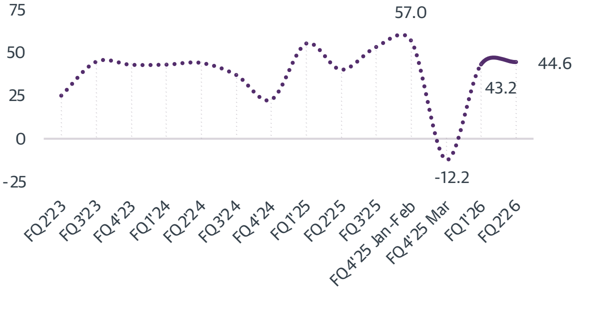
Industrials, Sentiment Trend



Materials, Sentiment Trend



Real Estate, Sentiment Trend



Quant Lens Methodology

How Iridium Quant Lens converts earnings call language into quantitative indicators

Iridium Quant Lens applies a common scoring framework to GCC earnings call transcripts, converting language used by management, analysts and investors into comparable quantitative indicators.

Since 2015, the model has processed more than 15 million words across more than 3,200 transcripts from listed companies on every GCC exchange. Each call is scored for sentiment, confidence, certainty, complexity and numerical disclosure, with separate readings for management presentations and Q&A.

These indicators can be compared over time and analysed alongside earnings surprises, consensus estimates, valuation and market performance.

Exhibit 17: Illustrative approach to converting qualitative text into quantitative data

About Iridium Advisors

Iridium is a management consulting firm and the Middle East's leading advisor on Investor Relations

We unlock valuation potential by advancing the science and practice of IR

Iridium believes most public companies have untapped valuation potential, and leadership has the power to unlock it. We combine decades of capital markets experience, advanced analytics and AI to make companies easier to understand, easier to trust and easier to value.

With that approach, we have built an exceptional track record helping companies unlock market value. Our advisory clients include 8 of the top 10 Saudi banks and 4 of the top 5 GCC stocks held by global emerging market funds. Our clients consistently generate excess returns while working with us.

Iridium specialises in:

- **Analytic insight:** Delivering a clear picture of what drives company valuations with quantitative and qualitative insights for senior management and boards
- **Perceptions:** Helping boards, management and IR teams see their companies through the eyes of analysts and investors
- **Diagnostics:** Identifying and bridging IR maturity, capability and credibility gaps
- **Narrative & Disclosure:** Developing compelling investment narratives and convincing IR materials that support financial analysis and attract investors
- **Strategy & Organisational Design:** Developing IR strategies and establishing high-performing IR programmes that unlock and protect company valuation

Related reports and publications:

Iridium Quant Lens - AI-powered Earnings Call Analysis (1Q 2026)

GCC sentiment stabilises but analysts press for evidence

GCC Foreign Flows Analysis

Foreign investors trim GCC equities exposure in July

IR Insights

Should GCC companies cut quarterly IR disclosures?

Sign up to Iridium's Weekly IR Brief

What's Next?

Contact information:

Iridium Advisors DMCC

Level 5, One JLT
Jumeirah Lakes Towers
Dubai, UAE

advance@iridium.ae
www.iridiumadvisors.com