

Oman Flour Mills (OFMI)

Target Price: OMR 0.602
Upside: 4.10%

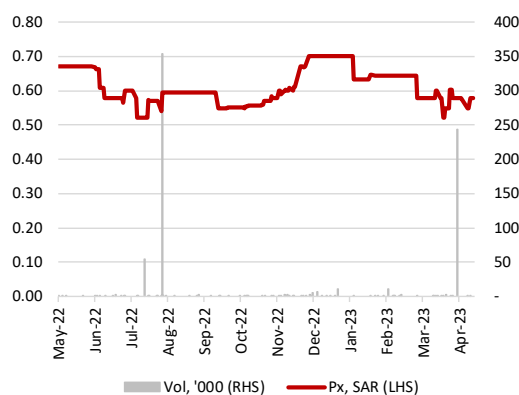
Recommendation	Hold
Bloomberg Ticker	OFMI OM
Current Market Price (OMR)	0.58
52wk High / Low (OMR)	0.700/0.520
12m Average Vol. (000)	29.8
Mkt. Cap. (USD/OMR mn)	237/91
Shares Outstanding (mn)	157.5
Free Float (%)	49%
3m Avg Daily Turnover (SAR'000)	25.3
6m Avg Daily Turnover (SAR'000)	14.5
P/E'23e (x)	20.7
EV/EBITDA'23e (x)	15.0
Dividend Yield '23e (%)	2.4%

Price Performance:

1 month (%)	(3.7)
3 month (%)	(8.5)
12 month (%)	(14.0)

Source: Bloomberg, valued as of 30 April 2023

Price-Volume Performance



Source: Bloomberg

30 April 2023

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- **Rising population and increasing per capita income to drive consumer spending thereby boosting demand for the company's products.**
- **Profitability is expected to grow strongly led by continued growth in revenues along with improvement in margins from FY 2022 levels.**
- **OFMI, being among the leading food processing companies, stands to benefit from various government initiatives such as providing subsidies on wheat imports.**
- **Healthy FCFE expectations due to strong operational cash flows and limited capex requirements.**
- **In our view, given the tailwinds the stock is overvalued compared to its peers. OMFI is trading at a current PE of 32.95x, compared to its peers like Savola and Agthia Group trading at a PE of 22.88x and 14.83x, respectively.**

We re-initiate coverage on Oman Flour Mills (OFMI) and assign a **HOLD** rating with a target price of OMR 0.602 per share, offering a potential upside of 4.10% from the current levels. Based on FY23e estimates, the stock is trading at a P/E of 20.7x. The rise in the demand for food products like wheat flour owing to the increasing population and demand for animal feed due to the rise in consumption of meat is anticipated to be the primary factor driving the top-line growth. The company is also focusing on expanding into other segments of agri-foods which might generate additional revenue growth opportunities. On the costs side, subsidies provided by the government on wheat imports should benefit the company amid rising wheat prices. Accordingly, we expect the revenue to grow at a CAGR of 5.2% from FY23 – FY27.

Revenue growth across segments led by favorable demand. OFMI's revenue grew 22% in 2022 after a marginal growth of 8% and 3% in 2020 and 2021. In 2022, revenue from the feed mill segment (48% of total revenue) grew 28% YoY while Flour Mill segment also registered a 20% YoY growth. Going forward revenue from the feed mill segment is expected to grow at a CAGR of 6% from FY23-FY27 as demand for animal feed products should increase led by rising demand for meat, milk, and other end products as well as supported by rapid urbanization. The rising concern around animal health is also boosting the adoption of animal feed products. The revenue from the flour mill segment is expected to grow at a CAGR of 5% between 2023-2027 as the population of Oman increases and growth in per capita GDP will lead to demand for flour from wheat and other cereals.

Government initiatives should help in controlling raw material costs. In 2022, prices of wheat and other grains rose sharply led by geopolitical tensions between Russia and Ukraine. Wheat prices have been on the rise in the recent past. Hence to counter the steep increase in wheat prices, the Omani government began subsidizing wheat imports. Ministry of Agriculture, Fisheries and Water Resources had also signed agreements to boost local wheat output to at least 10% of Oman's total annual wheat requirement, which is ~320,000-350,000 tons.

Financial and valuation summary:

	FY19	FY20	FY21	FY22	FY23e	FY24e	FY25e	FY26e
Revenues (OMR mn)	86.9	94.1	97.3	118.7	130.7	142.1	152.0	160.3
Net income (OMR mn)	6.2	9.6	5.3	2.0	4.6	5.7	7.3	8.6
Gross margin	18.5%	20.2%	16.7%	11.6%	13.1%	13.4%	13.9%	14.4%
Net profit margin	7.2%	10.3%	5.5%	1.7%	3.5%	4.0%	4.8%	5.4%
RoE	8.1%	12.3%	7.2%	2.8%	6.2%	7.5%	9.2%	10.4%
DPS (OMR/share)	0.05	0.05	0.06	0.01	0.01	0.02	0.02	0.03
P/E	15.2x	12.1x	23.2x	54.9x	20.7x	16.5x	13.0x	11.0x
EV/EBITDA	13.9x	9.5x	14.8x	26.6x	15.0x	13.0x	11.3x	10.0x

Source: Company Reports, U Capital Research

Oman Flour Mills

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Valuation

We have used DCF and P/E, based valuation methodologies by assigning 50% weight to each methodology. For DCF, we have used a 5-year explicit forecast period FY23-27e and assumed a 2% terminal growth rate. For DCF we calculated the present value of future cash flows using the weighted average cost of capital (WACC). After arriving at the enterprise value, we have made the required adjustments such as net debt, minorities, investments, and pension obligations to derive equity value for the company.

For the relative valuation, we have used the industry average for P/E (TTM) of relevant peers. The average PE multiple is then multiplied by the forecasted FY23e EPS of OFMI to arrive at the fair value.

Valuation

	OFMI
(Currency)	OMR
DCF (Equal Weight)	
PV of Free Cash Flow (mn)	
Sum of PV of FCFs (Year 1 to 5)	29.14
Terminal	148.317
Total PV of Excess Returns	114.928
Equity value (mn)	93.462
Target Price	0.593

Assumptions

Risk Free Rate (%)	5.71%
Adjusted Beta	0.57
Risk Premium (%)	3.40%
Cost of Equity (COE) (%)	7.67%
WACC (%)	5.61%
Outstanding Shares (mn)	157.5

P/E Based Relative Valuation (Equal weight)

Target multiple for 2023e	21
EPS 2023e	0.029
Target Price	0.61

Weighted Average Target Price	0.602
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Current Market Price	0.578
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Upside/(Downside), %	4.10%
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Recommendation	Hold
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Source: Company Filings, Bloomberg, U Capital Research

Risks to Valuation

Key downside risks to our valuations include:

- Increase in raw material prices such as wheat and other grains can lead to declining gross margins.
- Slow economic growth could reduce purchasing power of consumers.
- Natural disasters can impact the operations of the company.

Key upside risks to our valuations include:

- Capacity expansion and diversification into new products.
- Higher than expected growth in profitability.
- Increase in demand for food products led by population growth.

Sensitivity Analysis

Our Overall TP (DCF based) for **OFMI** is sensitive to +/- 0.25% changes to terminal growth (changes about +/- 4-5%). Our Overall TP (P/E based) for **OFMI** is not sensitive to +/- 0.5x changes to P/E multiple (changes about +/- 1%).

OFMI

		Terminal growth				
		1.5%	1.8%	2.0%	2.3%	2.5%
WACC	5.1%	0.609	0.638	0.671	0.710	0.756
	5.4%	0.581	0.605	0.634	0.667	0.705
	5.6%	0.556	0.577	0.602	0.630	0.662
	5.9%	0.534	0.552	0.574	0.598	0.626
	6.1%	0.514	0.531	0.549	0.570	0.594

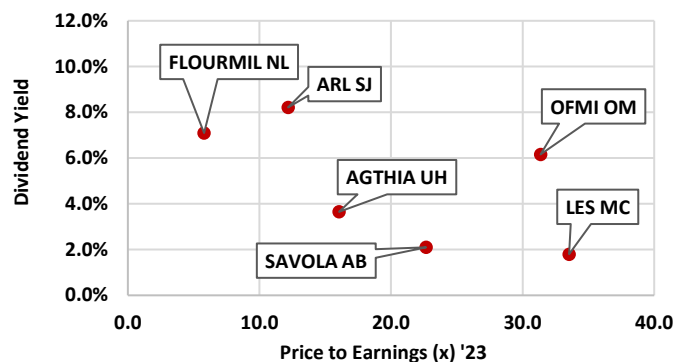
		2023e EPS (OMR)				
		0.01	0.02	0.03	0.04	0.05
P/E multiple	20.0x	0.387	0.487	0.587	0.687	0.787
	20.5x	0.389	0.492	0.594	0.697	0.799
	21.0x	0.392	0.497	0.602	0.707	0.812
	21.5x	0.394	0.501	0.609	0.716	0.824
	22.0x	0.396	0.506	0.616	0.726	0.836

Peer Group Valuation

Name	Mkt Cap (LC mn)	Last Px (LC)	Px Change 1M, %	Px Change 3M, %	Px Change YTD, %	P/E'23, (x)	ROA'23, (%)	ROE'23, (%)	Div Yield' 23, (%)
Hospitality									
FLOUR MILLS NIGERIA PLC	1,27,112	31.00	0	3	9	6.0	2.5	11.4	6.9
AGTHIA GROUP PJSC	3,657	4.62	12	14	16	14.8	3.8	8.9	3.6
SAVOLA	16,981	31.80	14	6	16	22.9	2.6	9.1	2.1
LESIEUR CRISTAL	6,908	250	1	2	9	33.5	3.4	11.2	1.8
ASTRAL FOODS LTD	7,212	16802	6	4	3	12.2	13.1	23.9	8.2
OMAN FLOUR MILLS	91	0.58	-4	-9	-17	33	1.9	3.9	5.9
Average						20.4	4.5	11.39	4.75
Median						18.9	3.0	10.17	4.73

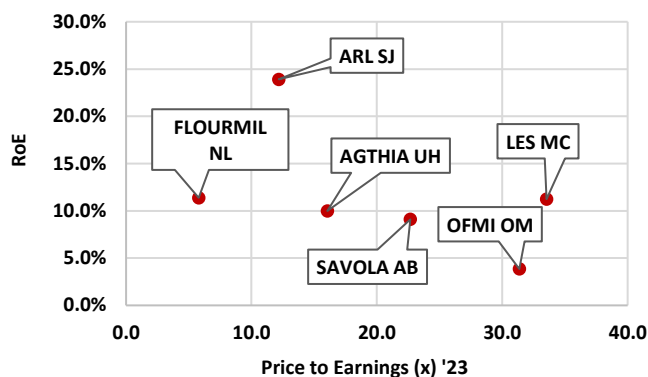
Source: Bloomberg, U Capital Research, values as of 30 April 2023.

Fig. 1: Food Services - Price to Earnings & Dividend Yield



Source: Bloomberg, U Capital Research, as of 30 April 2023

Fig. 2: Food Services – Price to Earnings & RoE



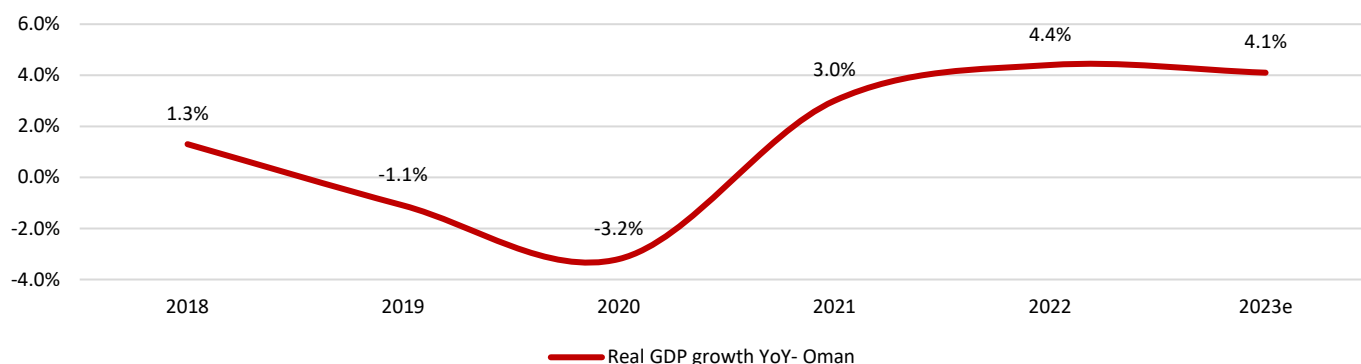
Source: Bloomberg, U Capital Research, as of 30 April 2023

Macro-economic & Sector Overview

Oman's economy recovered after COVID-19 driven by higher oil prices and supportive fiscal policies

In 2020, Oman's economic activity declined sharply owing to both demand as well as supply side factors amid lockdowns to reduce the spread of Covid-19. According to World Bank data, in 2020, Oman's economy contracted by 3.2% YoY compared with a 3.0% YoY contraction in global GDP. Countries in the Gulf had to suffer a double shock of Covid-19, lower oil demand, and a fall in oil prices which impacted the revenue of the country. However, the economy recovered sharply in 2021 and 2022, rising 3.0% and 4.4% respectively. The rise in oil prices and supportive fiscal policies by the government including stimulus packages led to the recovery. In 2023, the IMF expects Oman to grow at 4.1% outpacing global GDP growth expectations of 2.9% (revised up in January 2023 from 2.7%, earlier). IMF now expects global growth to be stronger by 20 bps in 2023 on account of a faster China reopening relative to its October 2022 estimate of 2.7%. Notably, the market consensus is higher by 80 bps for global growth in 2023 on account of demand upside as China opens up. This is likely to be highly constructive for oil prices and Oman's economy.

Fig. 3: Real GDP YoY growth



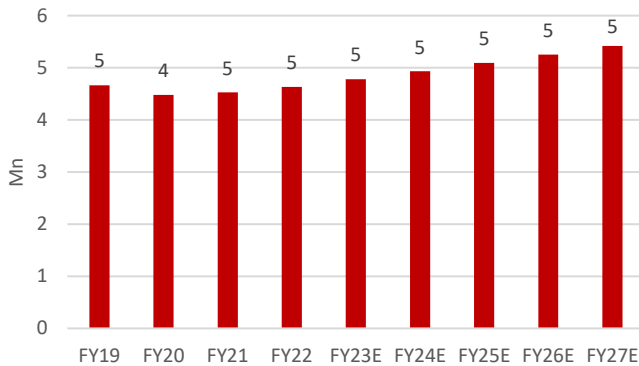
Source: IMF, U Capital Research

Improving economic outlook should drive consumption

Prior to 2021, Oman's economy had challenges as it was running back-to-back fiscal deficits for over a decade. The country posted a fiscal surplus for the first time in about 10 years in 2022 led by a strong recovery in oil prices from its pandemic lows (rising to highs of ~USD 110-120 per barrel from ~USD 40 per barrel) supported by improving global demand-supply oil balance. Oil and natural gas extraction account for ~51% of Oman's GDP. Recently, crude oil prices have come off from their highs and are trading in the range of USD 80-85 per barrel due to a slowed global economy. Going forward, oil prices are expected to remain around current levels, or higher, on expected continued demand recovery, especially from China, OPEC+ output controls, EUs partial ban on Russian Oil, and structurally weak global oil & gas capex. Also, strong performance from other industrial sectors is expected to contribute to GDP growth going forward.

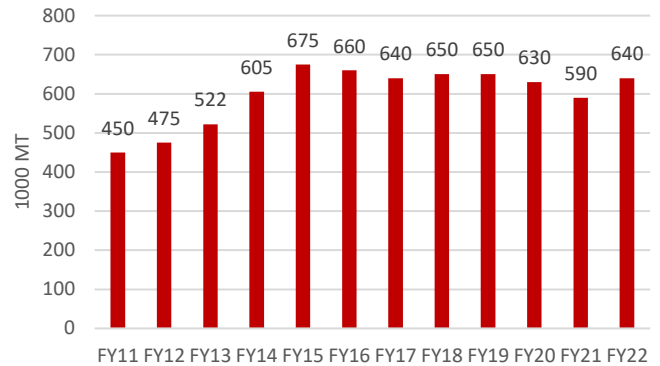
Consistent growth in GDP will likely increase the purchasing power of consumers. In the previous eight quarters per capita, GDP has increased to OMR 2441.08 in 4Q FY22 from OMR 1596.59 in 4Q FY20. The growth in the population of Oman also bounced back after COVID-19 led by growth in the number of immigrants in the country. According to NCSI data Oman's population is expected to increase and reach 6.2Mn by 2030 from the current population (2022) of 4.6Mn. In Oman, employment data has also improved post-COVID-19. The number of workers in Oman has reached pre-pandemic levels after declining 14% YoY in FY20. The solid improvement in employment numbers is mainly due to the government's Omanization policies which focus on providing jobs to locals. The data for the number of workers had come down as expats which contribute ~42% to the total population had left Oman due to Omanization policies but in 2022 the number of expats saw a 20% YoY jump led by strong economic growth, thereby giving growth to the population as well. The unemployment rate in Oman has also been improving from 2.77% in 2019 to 1.92% in 2021. In the past 15 years wheat consumption in Oman has doubled led by a growing population and economic development. As the population grows and more people get jobs in the Sultanate it might further increase the demand for necessities like wheat and wheat products along with discretionary spending on bakery items.

Fig. 4: Oman population is expected to grow



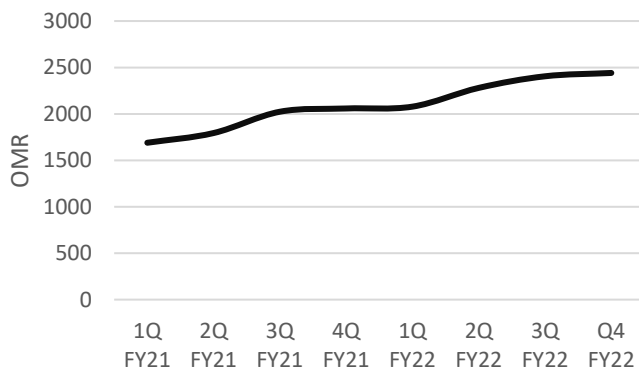
Source: NCSI, IMF, U Capital Research

Fig. 5: Rise in wheat consumption



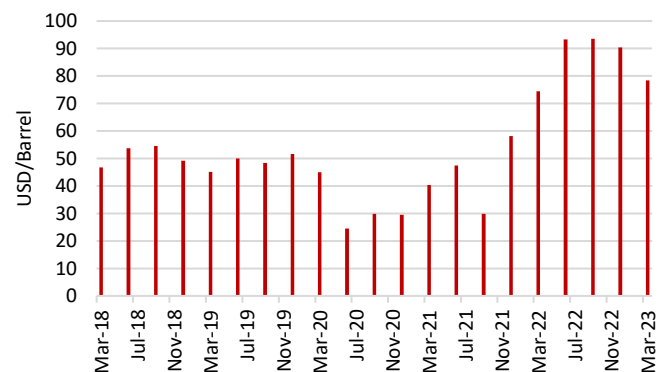
Source: Indexmundi, U Capital Research

Fig. 6: Consistent Growth in Per Capita GDP



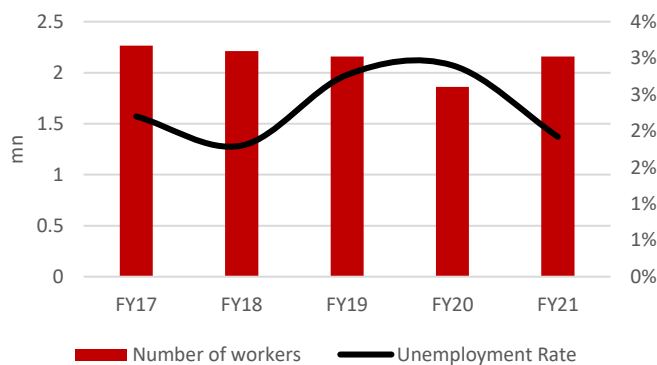
Source: NCSI, Central bank of Oman, U Capital Research

Fig. 7: Rise in Oil Prices has helped in boosting GDP



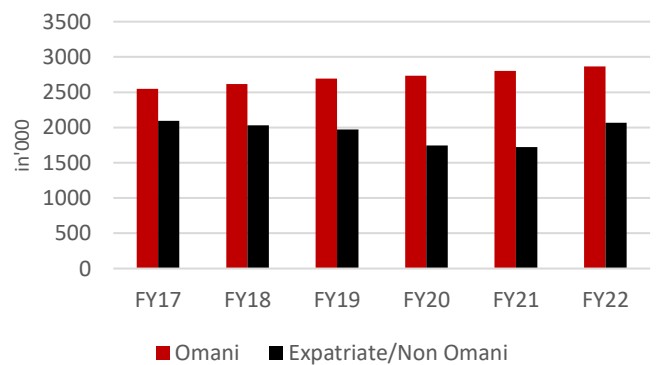
Source: EIA, U Capital Research

Fig. 8: Improvement in employment data



Source: NCSI, U Capital Research

Fig. 9: Rise in the number of expats

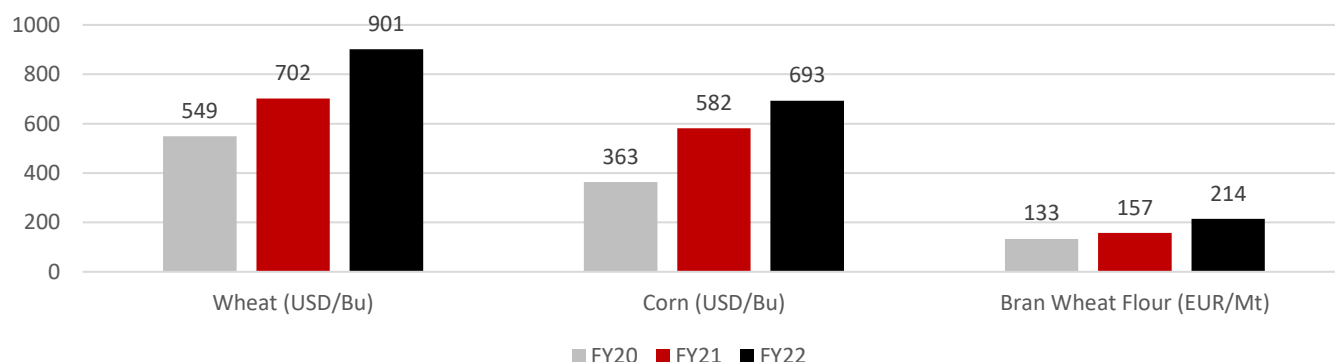


Source: NCSI, U Capital Research

Government initiatives to control rising commodity prices

In 2022, prices of wheat and other grains rose sharply owing to supply chain issues stemming from geopolitical tensions between Russia and Ukraine. Rising fuel costs, which have a spillover effect on commodities also led to increase in wheat prices. Wheat prices have been on the rise in the recent past led by strong demand and rising fertilizer prices due to the high cost of natural gas. However, the Omani government began subsidizing wheat imports to counter the steep increase in wheat prices. Oman Flour Mills, one of the biggest importers of wheat disclosed last year that the company had received a letter from the government for a subsidy on wheat from 1st May 2022. The government had also granted a subsidy to Oman Flour Mills on the basic raw materials needed in manufacturing animal feed for six months starting July 2022. Ministry of Agriculture, Fisheries and Water Resources had also signed agreements to boost local wheat output to at least 10% of Oman's total annual wheat requirement, which is ~320,000-350,000 tonnes. Oman's Ministry of Agriculture, Fisheries, and water resources has been making efforts to increase domestic wheat production. Wheat cultivation increased in Dhofar resulting from the efforts made by the ministry to encourage farmers to grow the production as it aims to achieve its objectives with respect to food security under Oman Vision 2040.

Fig. 10: Most of the Commodity prices have continued to increase in FY22



Source: Bloomberg, U Capital Research

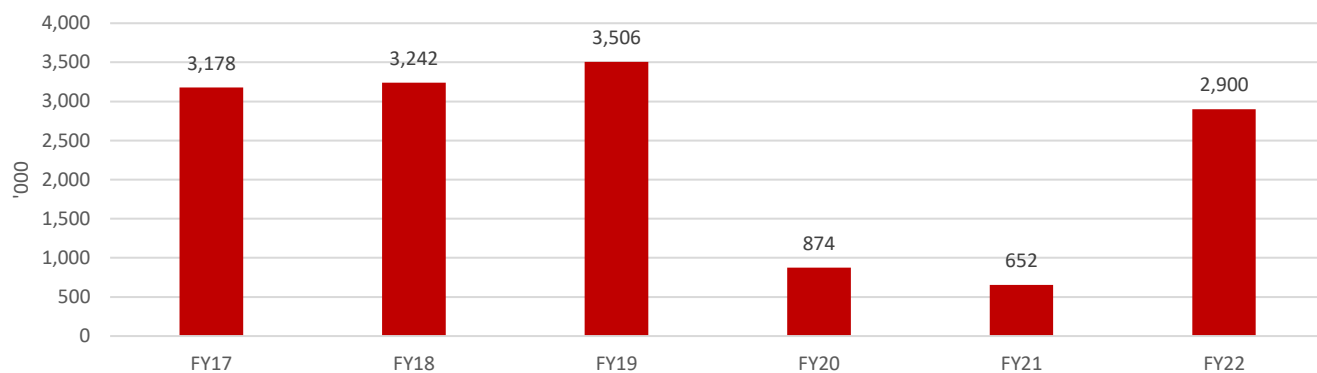
Growth in the consumption of meat and animal-based products will increase demand for animal feed

The demand for animal feed is expected to grow led by strong demand for meat and poultry in Oman. Meat and poultry consumption should grow in the future supported by rising per capita income as more people get employed coupled with strong GDP growth. Furthermore, the rising focus on animal health and the growing momentum on the natural growth of animals drive demand for animal feed products. According to maximize market research report, the global meat market is expected to grow at a CAGR of 7.10% through 2022-2029 reaching USD 1.55Tn from USD 897.50Bn in 2021. According to Fitch solutions, it is expected that spending on meat products in Oman will grow at a CAGR of 4% from 2021-2025.

Revival in Tourism can give rise to the demand for Food and Beverages

In Oman, the tourism sector was growing at a healthy rate before COVID-19. The contribution of tourism sector to total GDP has decreased in near term, compared to 2.9% in FY19 to 2.4% in FY21. In FY21, Food and beverage were the top expenditure area for tourists in Oman, contributing 25% (OMR 252.2mn) to the total spend. After a considerable dip in the number of tourists in 2020 and 2021 due to COVID-19 (down to 652K visitors in FY21), the number of tourists to Oman grew 345% YoY to 2.9mn tourists in 2022. Tourism in Oman is expected to continue to grow in the future as it occupies an important place in Vision 2040 and plays a key role in the non-oil economy. As the number of tourists grows the demand for food and beverages will increase thereby benefiting local companies in the food sector such as OFMI.

Fig. 11: The number of tourists to Oman declined in FY20 due to COVID-19



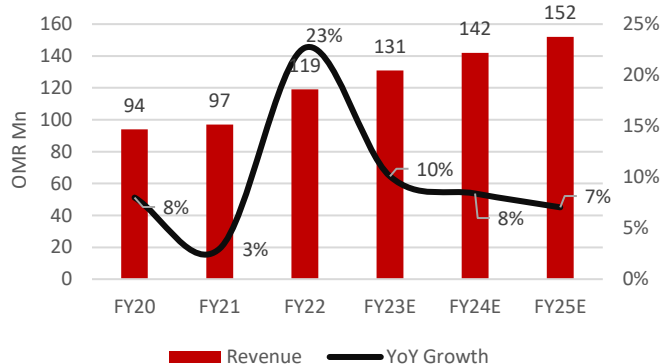
Source: NCSI, U Capital Research

Company Analysis & Outlook

Top-line to grow across segments led by the feed mill segment

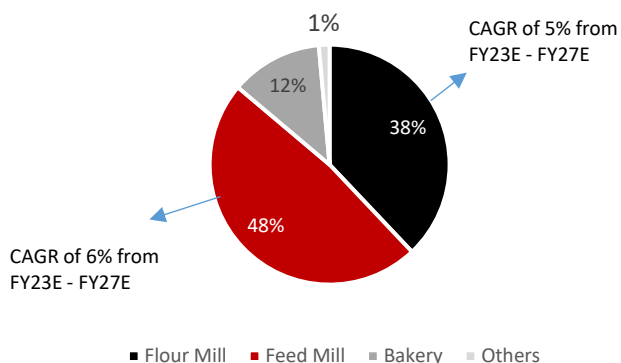
OFMI's revenue grew 22% in 2022 after a marginal growth of 8% and 3% in 2020 and 2021. In 2022, revenue from the feed mill segment (48% of total revenue) grew 28% YoY while Flour Mill segment also registered a 20% YoY growth. The company generates ~86% of its revenue from the flour mill and feed mill segment with the feed mill having the larger share. Revenue from the feed mill segment is expected to grow at a CAGR of 6% from FY23-FY27 as demand for animal feed products should increase led by rising demand for meat, milk, and other end products as well as supported by rapid urbanization. The rising concern around animal health is also boosting the adoption of animal feed products. The revenue from the flour mill segment has increased at a CAGR of 6% between 2017-2022 and is expected to grow at a CAGR of 5% between FY23-FY27. Factors like growing population and increasing per capita GDP might increase the demand for products of Oman Flour Mills, thereby supporting revenue growth in the future. Going forward we expect revenue contribution from the feed mill segment to be ~50% of the total revenue, growing at a decent pace which will result in total revenue growth CAGR of 5% from 2023-2027.

Fig. 12: Revenue to increase from FY23-25E



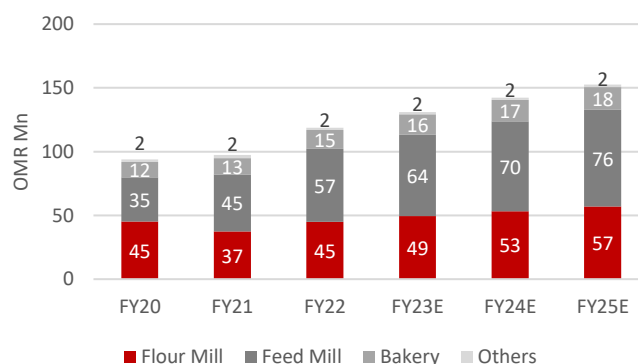
Source: Company Reports, U Capital Research

Fig. 14: FY22, revenue by segment; Feed Mill segment is expected to grow the fastest



Source: Company Reports, U Capital Research

Fig. 13: Contribution from the feed mill segment is increasing



Source: Company Reports, U Capital Research

Fig. 15: Major Brands of Oman Flour Mills

Key Brands	
•	Dahabi Flour products – Flagship brand for flour products
•	Barakat - Cattle & Poultry Feed
•	Alpha – Premium range specialized Horse Feed

Source: Company website, U Capital Research

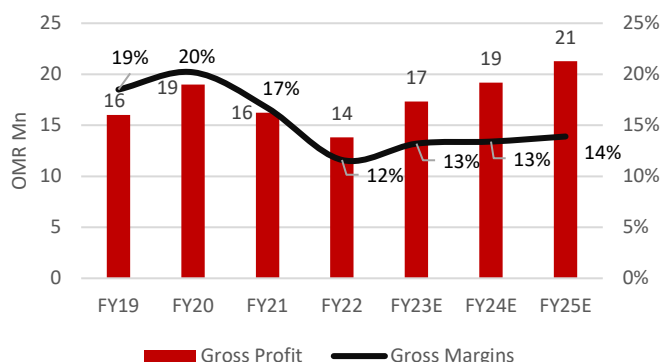
Expanding into new segments to provide incremental revenues

OFMI is expanding across the food value chain along with diversifying into new segments of the agri-food business. The company has several new products in its pipeline targeting new segments. It plans to develop a food-centric Industrial cluster consisting of various mini-food factories. As of 1QFY23, the company is in the process of shortlisting a consultant to study the top 10-12 industries that would become a part of the cluster. The company has also hired a food scientist to help in New product development to be included as a part of the cluster. Oman Flour Mills also plans to foray into wet milling of corn starch and its derivatives which will open new revenue opportunities for the company. Corn starch has different applications in various food products. To further expand into the animal feed industry. The company has set up a new venture Bio-product Oman (BPO) to produce long fiber pellets for animal and aqua feed. The above steps being taken by the company give it an opportunity to grow its revenue incrementally.

Profitability to increase supported by likely improvement in margins amid higher revenues

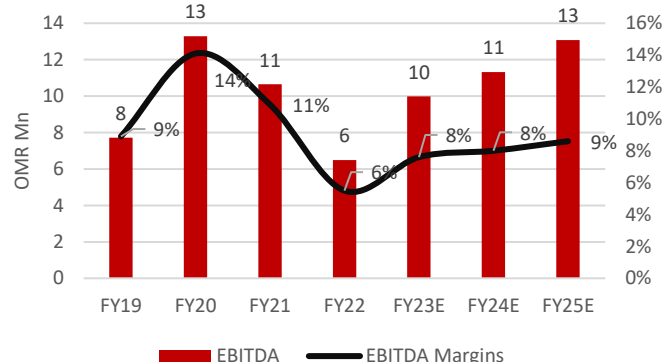
In FY22, the company reported a gross profit of OMR 13.81Mn, down 15% YoY mainly due to higher raw material costs. This reflects margin of 12%. Raw material cost grew by 36.2% YoY mainly due to an increase in prices of grains by 22.8% YoY. Historically the company has maintained its gross margins in the range of 18-20% due to growth in revenue and lower cost of raw materials. To reduce its raw material cost of wheat, the company has been exploring an opportunity to acquire farmland in Australia to secure its need for wheat in the long term. Oman Flour Mills has set up a local trading firm, named OMAUS Pty so it's easier to secure the grain from one of the largest producing countries. However, going forward, we expect margins to expand to 14% by 2025e (from 12% in 2022) as the cost of material will stabilize especially wheat led by efforts taken by the government such as providing subsidies to the company and increasing the domestic cultivation of wheat. We expect gross margins to be in the range of 13-15% from 2023 to 2027. On the EBITDA margin front, considering the likely cost control measures under the G&A expenses will lead to stable margins of 7.6% from FY23e and expand to 9.8% by FY27e. Similarly, net profit is expected to improve and grow at a CAGR of 17% from 2023 to 2027 led by revenue growth and margin expansion. The company targets to achieve a net profit of OMR 50Mn by 2031 supported by strategic diversification.

Fig. 16: Gross margins to stabilize from FY23e



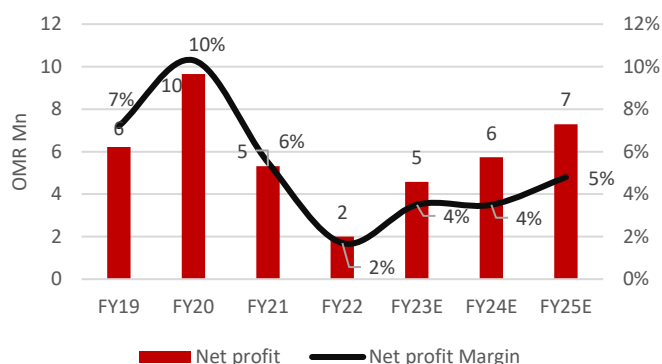
Source: Company Reports, U Capital Research

Fig. 17: EBITDA margins to stabilize from FY23e



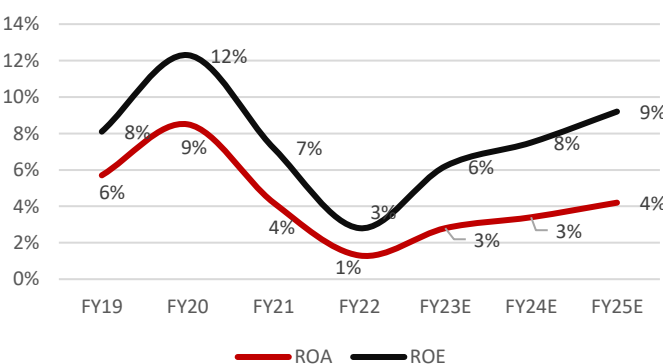
Source: Company Reports, U Capital Research

Fig. 18: Net profit margin to recover in FY23e



Source: Company Reports, U Capital Research

Fig. 19: ROA and ROE to increase in the medium term



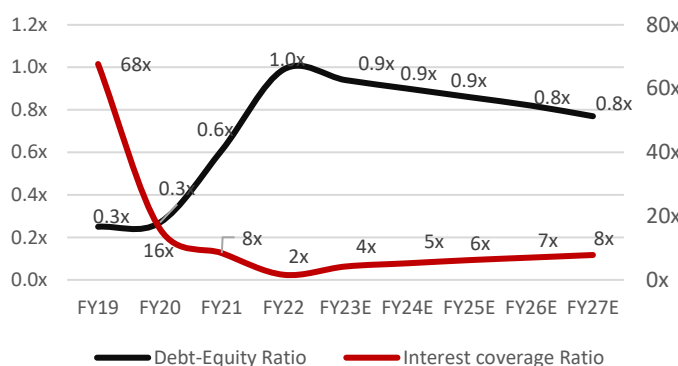
Source: Company Reports, U Capital Research

The company's ROA decreased to 1.3% in FY22 from 8.5% in FY20 and ROE also decreased to 2.8% in FY22 from 12.3% in FY20 due to declining net income. Going forward we expect return ratios to improve backed by an improvement in net income led by efficient cost-control practices and revenue growth.

A healthy balance sheet supported by high cash flows offers scope for growth investments

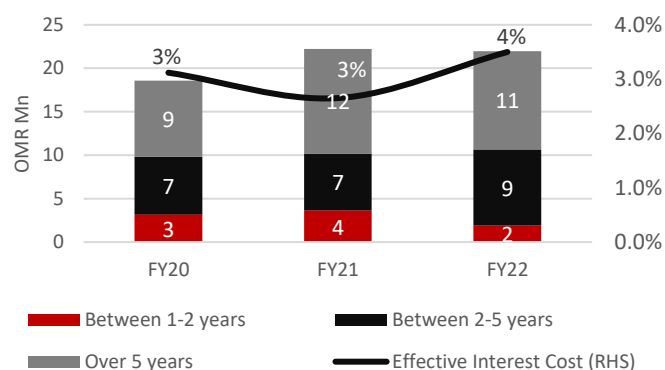
The company has a healthy balance sheet with a debt-to-equity ratio of 0.99x as of 2022 which is expected to reach 0.77x by 2027. The cash flow of the company has grown at a healthy pace in the past and is expected to continue its growth trajectory going forward led by revenue growth and margin expansion. The company plans to diversify into new segments of Agri-food products, which can be supported by its healthy balance sheet and strong cash flows of the company. The current debt maturity profile indicates a considerable portion (51%) that matures in less than a year. While the company could secure a longer-term debt at favorable rates given its sound business and financial risk profile, the higher scale of business could lead to a higher working capital requirement which may keep the average debt profile maturity at lower levels and thus be prone to faster repricing.

Fig. 20: Debt-to-Equity Ratio expected to decrease



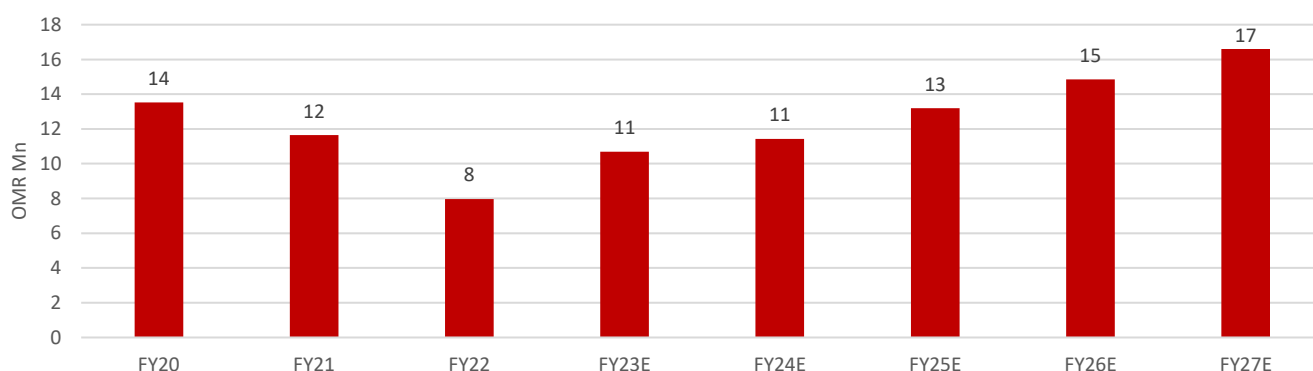
Source: Company Reports, U Capital Research

Fig. 21: Debt Maturity profile



Source: Company Reports, U Capital Research

Fig. 22: Growing Cash flows



Source: Company Reports, U Capital Research

Consistent dividend payment

The company has paid dividends consistently in the past maintaining a dividend yield in the range of 7-8%. Going forward we expect the company to maintain a dividend payout ratio of 50%, which is a bit conservative compared to historical value, mainly due to decreasing net profit and that the company might need extra capital for its expansion plans.

Fig. 23: Consistent growth in Dividend

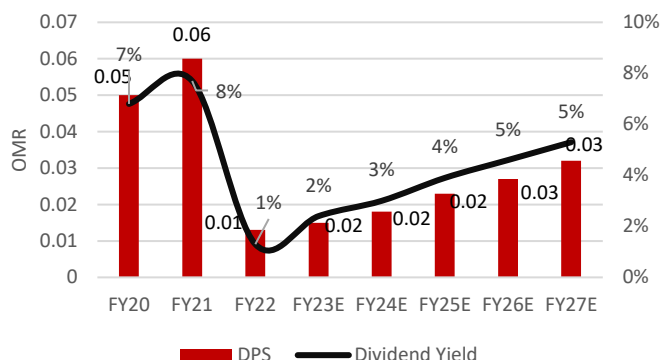
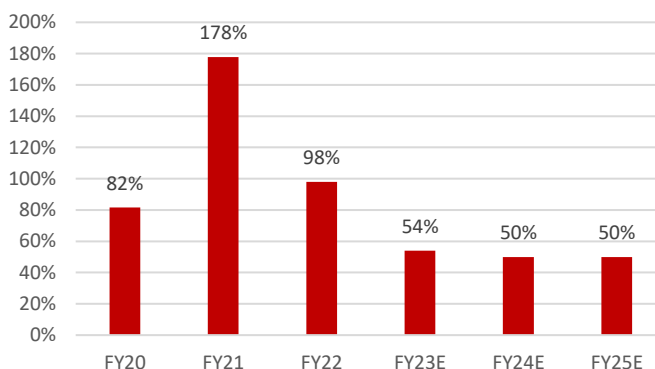


Fig. 24: Consistent Dividend payout



Source: Company Reports, U Capital Research

Source: Company Reports, U Capital Research

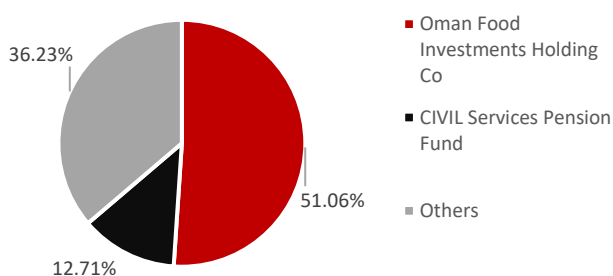
Assigning a Hold rating

We assign a **Hold** rating on the stock with a target price of OMR 0.602, implying an upside of 4.10%. We expect the top line of the company to grow led by growth in demand for flour and animal feed. The demand for wheat flour and other grains will grow due to rising population and economic growth which will increase consumption and demand for wheat-based products. Net profit and margins are also expected to improve due to cost control measures and government subsidies. The balance sheet of the company remains healthy with manageable debt levels. However, we believe that all the positives are already priced in as the company is currently trading at a PE of 32.95x, while its peers like Savola and Agthia Group is trading at a PE of 22.88x and 14.83x, respectively.

About OFMI

Oman Flour Mills company SAOG is engaged in sale of flour by milling of wheat and other cereals along with processing and selling animal feed. The company also sells and distributes frozen bakery products and other flour-related products through its subsidiary Atyab Food Industries LLC. The company was established in 1977 with a wheat milling capacity of 150 tons/day which has now increased to 800 tons/day. It later expanded to animal feed in 1982 and currently has a capacity of 1500 tons/day. The company also has a grain storage capacity of 120,000 tons.

Fig. 25: OFMI's Shareholding Structure



Source: Bloomberg, 30 April 2023

Key financials

In OMR mn, except stated otherwise	FY20	FY21	FY22	FY23e	FY24e	FY25e
Income Statement						
Sales	94	97	119	131	142	152
Cost of sales	(75)	(81)	(105)	(114)	(123)	(131)
Gross profit	19	16	14	17	19	21
Depreciation and amortization	3	3	3	3	3	4
General and administrative expenses	(5)	(6)	(7)	(7)	(7)	(7)
Operating profit	10	7	3	7	8	9
Other Income	0	0	-	-	-	-
Finance costs	(1)	(1)	(2)	(2)	(1)	(2)
Income before tax	11	6	1	5	6	8
Income tax	(2)	(1)	1	(1)	(1)	(1)
Net income for equity shareholders	10	5	2	5	6	7
Balance Sheet						
Inventories	17	33	31	32	34	34
Trade and other receivables	2	2	44	39	39	37
Cash and bank balances	16	16	13	18	21	21
Property and equipment	44	51	44	47	50	53
Right-of-use assets	4	4	3	3	3	3
Total assets	114	140	160	162	171	173
Loans and borrowings	3	23	50	32	34	34
Trade and other payables	7	14	10	11	17	16
Lease liabilities	4	4	4	4	4	4
Total liabilities	36	66	87	88	94	93
Share capital	16	16	16	16	16	16
Retained earnings	53	49	47	50	52	56
Equity Attributable to Shareholders	78	74	72	75	77	81
Cash Flow Statement						
Net cash generated from operating activities	13	(4)	(16)	15	12	11
Net cash generated from investing activities	-5	-11	(7)	(6)	(7)	(7)
Net cash (used in) provided by financing activities	(6)	14	21	(4)	(3)	(4)
Cash and cash equivalents at the end of the period	16	16	13	18	21	21
Key Ratios						
Gross margin (%)	20.2%	16.7%	11.6%	13.1%	13.4%	13.9%
EBITDA margin (%)	14.1%	10.9%	5.5%	7.6%	8.0%	8.6%
Operating margin (%)	10.7%	7.6%	2.6%	5.1%	5.5%	6.2%
Net margin (%)	10.3%	5.5%	1.7%	3.5%	4.0%	4.8%
ROA	8.5%	4.2%	1.3%	2.8%	3.4%	4.2%
ROE	12.3%	7.2%	2.8%	6.2%	7.5%	9.2%
Current Ratio (x)	4.6	1.9	1.5	2.0	1.8	1.8
Capex/Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt-Equity Ratio (x)	0.27	0.61	0.99	0.94	0.90	0.86
EPS	0.061	0.034	0.013	0.029	0.036	0.046
BVPS	0.496	0.470	0.459	0.474	0.492	0.515
DPS	0.050	0.060	0.013	0.015	0.018	0.023
Dividend Payout Ratio	81.6%	177.8%	98.0%	50.0%	50.0%	50.0%
Dividend Yield (%)	6.8%	7.7%	1.8%	2.4%	3.0%	3.9%
P/E (x)	12.1	23.2	54.9	20.7	16.5	13.0
P/BV (x)	1.5	1.7	1.5	1.3	1.2	1.2
EV/EBITDA (x)	9.5	14.8	26.6	15.0	13.0	11.3
Price as at period end*	0.740	0.784	0.700	0.600	0.600	0.600

Source: Company Reports, U Capital Research

Disclaimer

Recommendation

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

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