

AL AHLIA INSURANCE (AINS) - 2Q21/1H21 Result Review

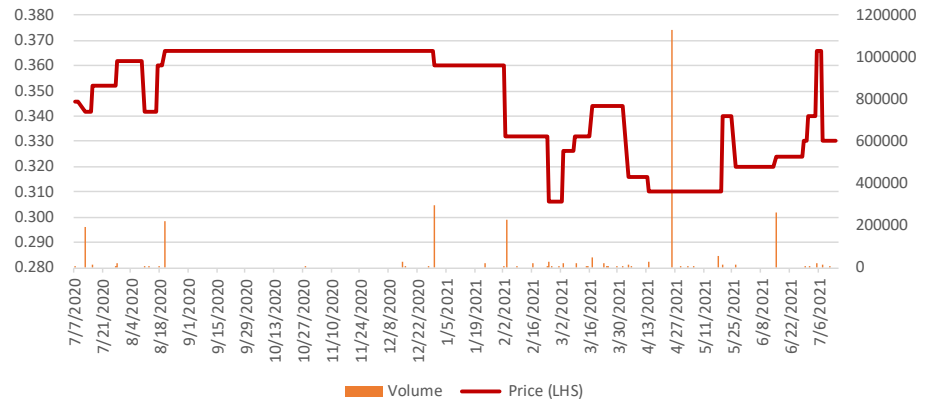
Recommendation: ACCUMULATE

TP (OMR): 0.390 /share

Upside / (Downside): 18.2%

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Bloomberg Ticker	AINS OM EQUITY
Current Market Price (OMR)	0.330
52wk High / Low (OMR)	0.366 / 0.299
12m Average Vol.	10,700.00
Mkt. Cap. (USD / OMR mn)	86 / 33
Shares Outstanding (mn)	100.00
Free Float (%)	23.2%
3m Avg Daily Turnover (OMR)	7,700
6m Avg Daily Turnover (OMR)	5,000
P/E 2021e (x)	8.0
P/Bv 2021e (x)	0.8
Dividend Yield 2021e (%)	10.6%
Price Perf. (1m/3m) (%)	1.85 / 6.5



2Q21 net income inline with U Capital estimates

Good set of earnings reported by the Company. AINS reported net income of OMR 1.475mn for 2Q21 compared to OMR 1.60mn in 1Q21 and OMR 1.51mn in 2Q20. Earnings were inline with U Capital estimates of OMR 1.45mn.

Net Earned Premiums inline of 2Q21, inline with U Capital estimates

Company reported net earned premiums of OMR 4.33mn in 2Q21 compared to OMR 4.2mn in 1Q21 and OMR 5.2mn in 2Q20. The net premiums recorded by the Company in 2Q21 were inline with U Capital estimates of OMR 4.5mn. For the full year 2021, we estimate the net premiums of the Company to be at OMR 17.9mn.

Investment & Other Income rose by 3.9% YoY and 15.1% QoQ in 2Q21

Investment income of the company stood at OMR 0.50mn in 2Q21, higher by 3.9% YoY and 15.1% QoQ. For the full year 2021, we estimate the investment income at OMR 2.2mn compared to OMR 2.34mn recorded during 2020.

Full year earnings estimate at OMR 4.1mn compared to OMR 4.39mn in 2020

Company recorded earnings of OMR 4.39mn in 2020 with good support from lower claims during the pandemic period. However in 2021, we estimate the claims to be higher than in 2020, resulting in net income of OMR 4.1mn, lower 6.5% YoY.

Income Statement										
(OMR mn)	2Q20	1Q21	2Q21	2Q21e	YoY	QoQ	Dev. %	2020	2021e	YoY
Net Earned Premium	5,195	4,197	4,335	4,500	-16.6%	3.3%	-3.7%	18,106	17,960	-0.8%
Opex	(4,008)	(2,754)	(3,099)	(3,300)	-22.7%	12.5%	-6.1%	(15,257)	(15,257)	0.0%
Investment Income	489	442	509	500	3.9%	15.1%	1.7%	2,341	2,200	-6.0%
Profit Before Tax	1,774	1,885	1,707	1,700	-3.8%	-9.4%	0.4%	5,190	4,903	-5.5%
Tax	(263)	(283)	(232)	(255)	-11.7%	-18.0%	-9.0%	(800)	(800)	0.0%
Profit After Tax	1,513	1,602	1,475	1,445	-2.5%	-7.9%	2.1%	4,390	4,103	-6.5%

Key Ratios							
	2Q20	1Q21	2Q21	2Q21e	2020	2021e	
OPEX / GWP	-66.8%	-45.4%	-80.6%	-57.4%	-79.9%	-80.9%	
Tax - %	-14.8%	-15.0%	-13.6%	-15.0%	-15.4%	-16.3%	
Investment & Other Income / PBT	27.6%	23.5%	29.8%	29.4%	45.1%	44.9%	

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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