

## Qatar Aluminium Manufacturing (QAMC) - 3Q23 Result Review

Analyst: Neetika Gupta

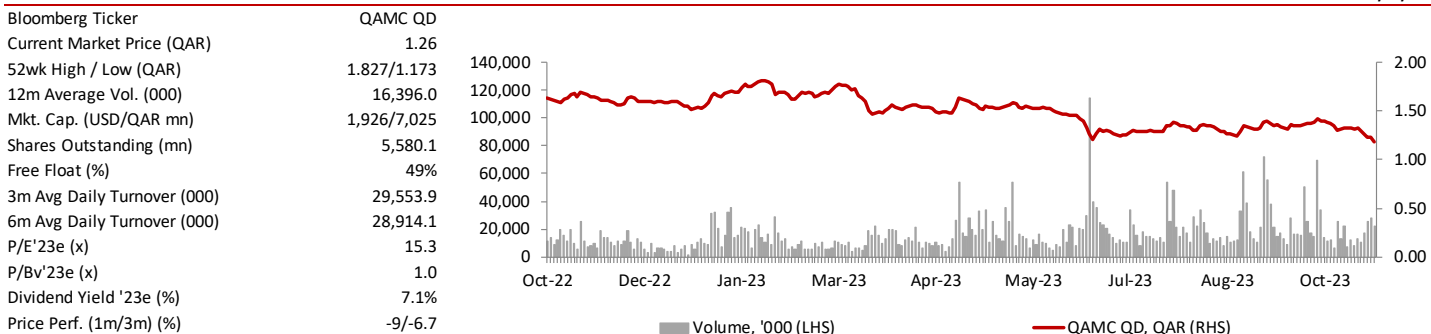
Previous Recommendation: **Hold**

Previous TP & Date: TP: QAR 1.35 per share on 24-Oct-2023

Target Price (QAR): **1.35**

Upside / (Downside): **7%**

Date: 10/30/2023



### QAMCO's share of JV's revenue falls at a less-than-estimated pace in 3Q 2023 on above-expected sales

QAMCO's share of JV's revenue in 3Q 2023 decreased at a less-than-estimated pace by 7.5% YoY to QAR 845.4mn, beating our estimate by around 10%. The JV's sales volume climbed 21.2% YoY to 183k MT (our estimate: 159k MT), which partially offset a 23.5% YoY decline in the average selling prices to USD 2,541/MT (largely in line; -4.4% variance). The average capacity utilization during 3Q 2023 stood at 108%, exceeding our estimate of 103%.

### Weak top-line drags down operating and net profit, in line with our estimate

While QAMCO's share of JV's revenue exceeded our estimate, the share of income from the JV came in line (+1% variance) largely due to higher-than-expected raw material & energy costs. Consequently, QAMCO's operating and net profit also matched our expectations, as they decreased 48.9% YoY and 40.8% YoY, respectively.

### Maintain target price

With QAMCO performing largely as per our expectations during 3Q 2023 and given the weak outlook for aluminum demand and prices, we maintain our QAR 1.35 target price on the stock.

### Valuation

At the current market price, the stock trades at 15.3x on our FY 2023e EPS, similar to its average 3-year daily 12-month forward P/E of 15.0x.

Income Statement												
(QAR mn)	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	QoQ (%)	Var (%)	9M 22	9M 23	YoY (%)
Share of results from a joint venture	188.4	110.1	85.0	135.6	97.3	96.3	-48.4%	-28.2%	1.1%	789.7	318.0	-59.7%
Operating Profit (Loss)	186.0	107.5	82.4	133.2	95.1	94.6	-48.9%	-28.6%	0.5%	783.0	310.8	-60.3%
Finance Income	6.0	8.6	9.1	14.0	18.6	20.3	210.4%	32.8%	-8.3%	17.2	41.7	142.7%
Net Profit (Loss) after Zakat and tax	192.0	116.0	92.6	147.2	113.7	114.9	-40.8%	-22.8%	-1.0%	803.0	353.5	-56.0%
Balance Sheet												
(QAR mn)	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	QoQ (%)	Var (%)			
Shareholders' Equity	6,730.1	6,823.2	6,413.6	6,560.8	6,674.5	6,675.7	-0.8%	1.7%	0.0%			
Key Ratios												
	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e						
Operating Profit Margin	98.7%	97.6%	96.9%	98.2%	97.7%	98.2%						
Finance income as % of revenue	3.2%	7.8%	10.7%	10.3%	19.1%	21.0%						
Net Profit Margin	101.9%	105.4%	108.9%	108.5%	116.8%	119.3%						
Return on Equity (RoE)	11.4%	6.8%	5.8%	9.0%	6.8%	6.9%						
Annualized EPS (QAR)	0.03	0.02	0.02	0.03	0.08	0.02						
BVPS (QAR)					1.20	1.20						
TTM P/E (x)					15.0							
Current P/BV (x)					1.1							

Source: Financials, QSE Disclosure, Bloomberg, U Capital Research, na = not available, nm = not meaningful


For our earlier report on the sector, please [click here](#).


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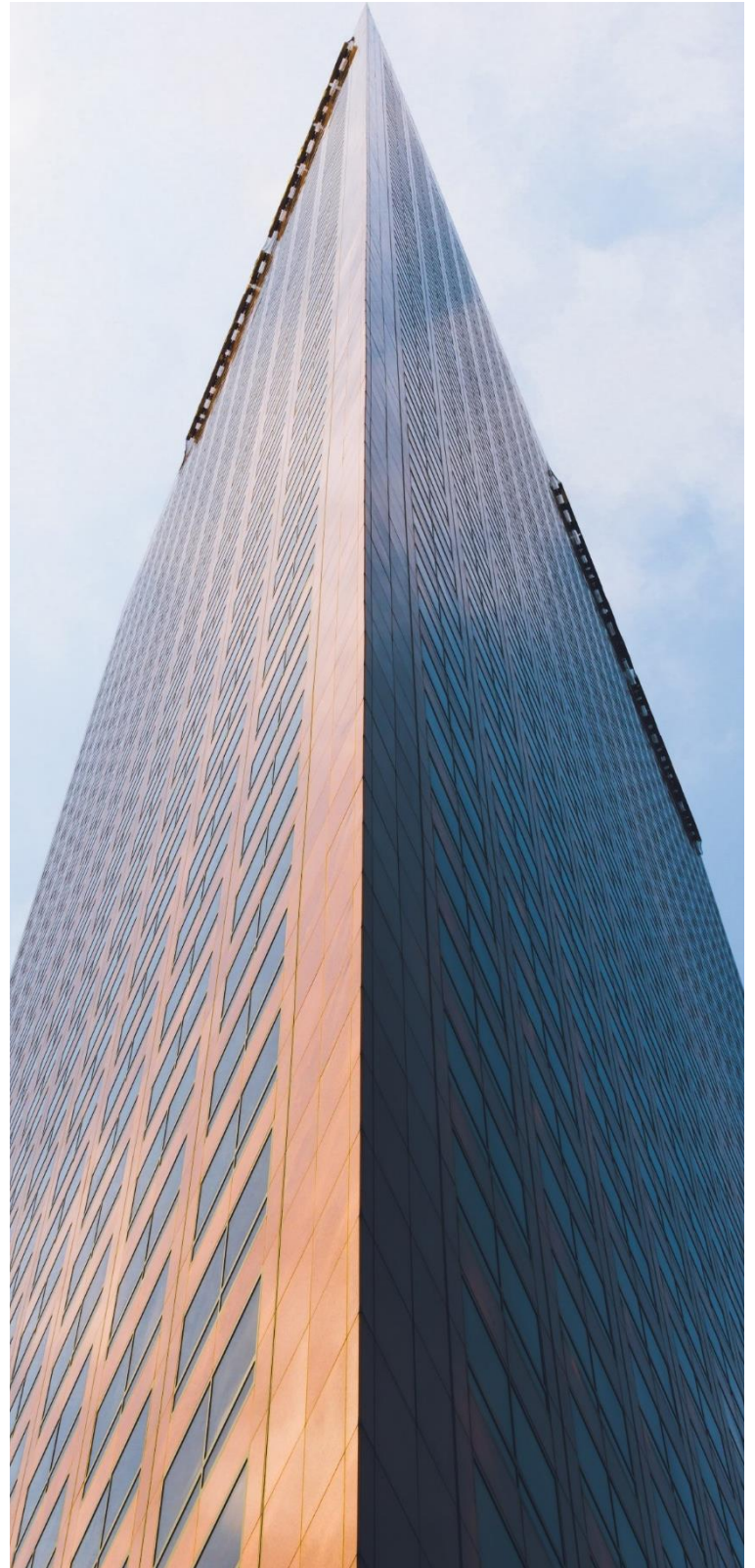
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# Disclaimer

## 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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