

Renaissance services (RNSS) - 1Q23 Result Review

Analyst: Neetika Gupta

Previous Recommendation: **Buy**

Buy

Target Price (OMR): **0.545**

0.545

Previous Reco. & Date:

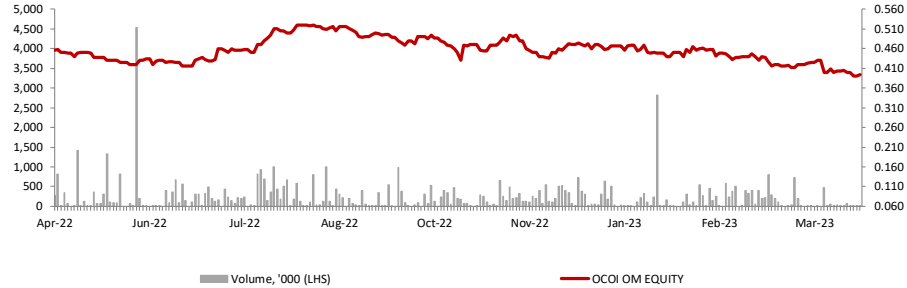
TP: OMR 0.545 per share; Buy on 25-Jan-2023

Upside / (Downside):

38.3%

Date: **18-04-2023**

Bloomberg Ticker	RNSS OM
Current Market Price (OMR)	0.394
52wk High / Low (OMR)	0.53/0.38
12m Average Vol. (000)	229.4
Mkt. Cap. (USD/OMR mn)	242/93
Shares Outstanding (mn)	236.4
Free Float (%)	83%
3m Avg Daily Turnover (000)	83.6
6m Avg Daily Turnover (000)	89.9
P/E'23e (x)	8.5
P/Bv'23e (x)	1.3
Dividend Yield '23e (%)	5.3%
Price Perf. (1m/3m) (%)	-5.3/-12.4



Revenue decreased by 10% YoY, missing our expectation

The company reported a revenue of OMR 26.8mn for 1Q23, which was below our estimates of OMR 31.4mn. The revenue was down 10% YoY and 18% QoQ.

Net profit decreased by 18% YoY, missing our expectation by 20%

The company reported net profit of OMR 2.8mn in 1Q23, compared to our expectations of OMR 3.5mn. We believe the increase in expenses has impacted the bottom line.

Maintain a "Buy" rating

We believe that topline for the company is likely to grow led by the expected higher Capex under the oil and gas field which will require higher workers, resulting in increased demand for the company's services. Accordingly, we maintain a Buy rating for the stock with a previous target price of OMR 0.545.

Income Statement

(OMR mn)	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23e	YoY (%)	QoQ (%)	Var (%)	1Q22	1Q23	YoY (%)
Sales/Revenue	28.7	29.8	29.7	29.3	32.5	26.8	31.4	-10%	-18%	-15%	29.8	26.8	-9.9%
Profit from operations	4.0	5.0	4.0	3.9	2.7	3.8	5.3	-23%	43%	-27%	5.0	3.8	-23.2%
Tax	(0.0)	0.2	(0.0)	(0.0)	(0.0)	0.0	0.0	-90%	NM	55%	0.2	0.0	-90.1%
Net Profit (Loss) after tax	2.6	3.5	2.4	2.6	2.9	2.8	3.5	-18%	-3%	-20%	3.5	2.8	-18.5%

Balance Sheet

(OMR mn)	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23e	YoY (%)	QoQ (%)	Var (%)
Shareholders' Equity	67.0	66.2	68.3	71.3	73.9	76.8	77.5	16%	4%	-1%

Key Ratios

	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23e
Net Profit Margin	9.2%	11.7%	8.2%	8.8%	8.9%	10.5%	11.3%
Return on Equity (RoE)	15.8%	21.0%	14.2%	14.5%	15.7%	14.7%	18.3%
Annualized EPS (OMR)	0.05	0.06	0.05	0.05	0.04	0.05	0.08
BVPS (OMR)	0.26	0.27	0.28	0.28	0.29	0.32	0.30
TTM P/E (x)						7.9	

Source: Financials, MSX, Bloomberg, U Capital Research

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

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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