

## Al Maha Ceramics

Sector : Building Materials

**BUY**

31 March 2026

- **Revenue recovers in 2025, up by 41.4% YoY and in line with estimates. Change in management, higher utilization, incremental domestic sales and lower imports support topline growth.**
- **Gross margin improves to 20.4%, while EBITDA reaches 16.9% on the back of cost control and improvements in operational efficiency.**
- **Revenue growth satisfactory, but bottomline underperforms. We retain our positive outlook but revise the target price downwards on the back of macro headwinds.**

Al Maha Ceramics (AMCI) reported revenue of RO 6.97 million in 2025, up 41.4% YoY and broadly in line with our estimate. The company faced multiple challenges over the past few years, leading to a sharp decline in sales from 2023. However, leadership changes introduced a new strategy, making 2025 a year of recovery. Plant operations improved, driving noticeable volume growth during the year. Al Hael also resumed production of porcelain tiles after a suspension in the previous year. The implementation of anti-dumping measures, along with stricter quality standards, has helped curb low-cost imports. However, management noted that legacy inventory has not yet been fully cleared, and the full impact of these measures are expected to materialize over the coming quarters. Local sales grew 49.6% YoY, while exports increased 34.1%, with both segments contributing equally to topline growth.

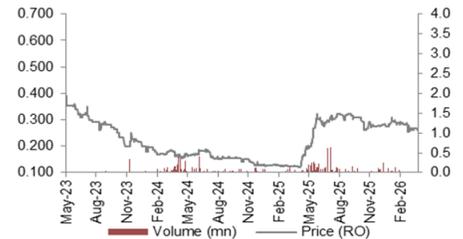
Gross margins rebounded from record lows to 20.4%, resulting in a significant increase in gross profit. Strong revenue growth, coupled with stable raw material costs, supported margin expansion. Effective cost control also enabled a turnaround in operating profit and EBITDA. The EBITDA margin rose to 16.9% in 2025, compared to a modest 2.1% in 2024. Finance costs increased due to higher leasing expenses. Net profit for the year stood at RO 297k, 20% below our expectations; however, this marks a clear recovery compared to losses reported in the previous two years.

**Valuation:** AMCI ceramic capacity utilization currently stands at 72%, with management targeting 80-85% in 2026. The company has successfully commissioned the first production line at Al Hael, and despite ongoing challenges, the second line is expected to commence operations in the coming quarters. While markets such as Saudi Arabia and Yemen continue to present challenges, AMCI is expanding into new geographies, including the USA, Jordan, and Syria, while strengthening its domestic distribution network. The company also plans to launch new and innovative ceramic and porcelain products this year - R11 Anti Slip Tiles, iProtect antibacterial tiles, Barid cool tiles. Despite persistent macroeconomic headwinds, we forecast revenue to reach RO 8.3 million in 2026. We have slightly reduced our net profit estimate to RO 846k (from RO 927k) to reflect recent geopolitical tensions and associated export disruptions. Our target price is RO 0.303 per share, implying an upside potential of 16.5% from current levels. Accordingly, we maintain a BUY rating on the stock.

**Target price (RO) 0.303**

**Current price (RO) 0.260**

**Return 16.50%**



Exchange MSX  
Index weight (%) NA

(mn)	RO	USD
Market Cap	14	37
Enterprise value	15	40

### Major shareholders

AL ANWAR INVESTMENTS SAOG	18.7%
MASOUD HUMAID MALIK AL HARTHY	17.5%
OMAN INVESTMENT AUTHORITY/2	11.8%
SOCIAL PROTECTION FUND	8.7%
OMAN INVESTMENT AUTHORITY	5.1%
Others	38.3%

### Valuation Summary (TTM)

PER TTM (x)	51.1
P/Book (x)	2.0
EV/EBITDA (x)	14.7
Dividend Yield (%)	1.4
Free Float (%)	38%
Shares O/S (mn)	55
YTD Return (%)	-6%
Beta	0.6

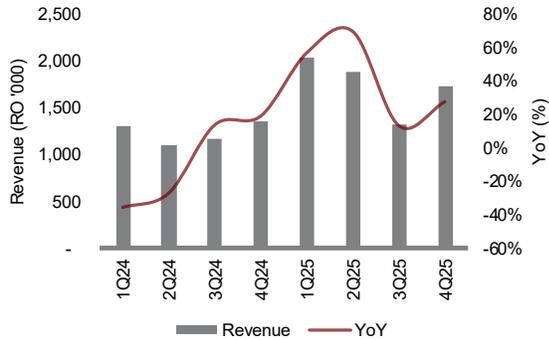
Key ratios	2023	2024	2025
EPS (RO)	-0.020	-0.027	0.005
BVPS (RO)	0.175	0.134	0.139
DPS (RO)	0.015	0.000	0.004
Payout ratio (%)	-74%	0%	74%

Price performance (%)	1M	3M	12M
Al Maha Ceramics	-7%	-6%	108%
MSX 30 Index	10%	39%	86%
Industry Index	2%	26%	78%

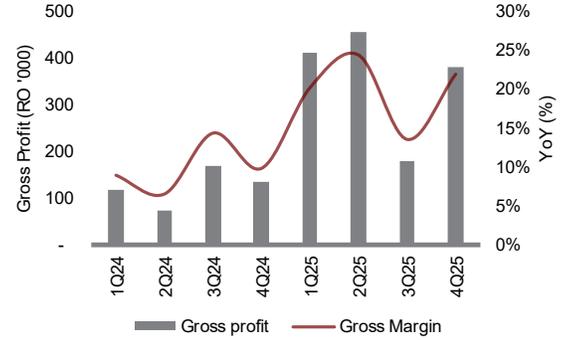
52 week	High	Low	CTL*
Price (RO)	0.33	0.12	116.7

\* CTL is % change in CMP to 52w k low

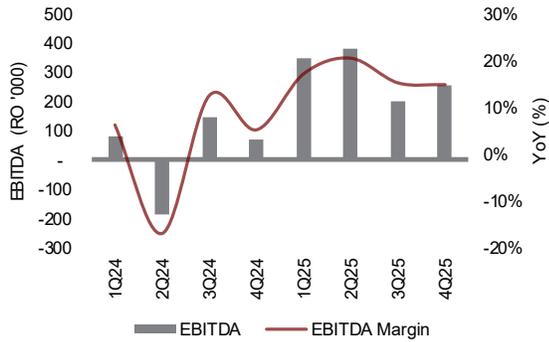
Revenue recovers in 4Q25



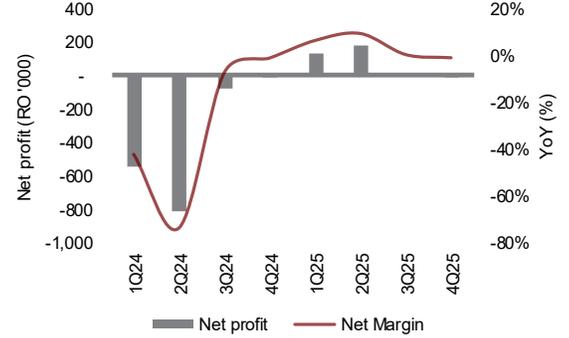
Gross margins back to +20% levels



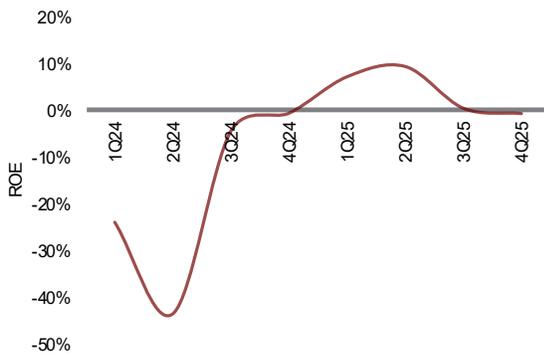
EBITDA margin slips due to higher opex in 4Q25



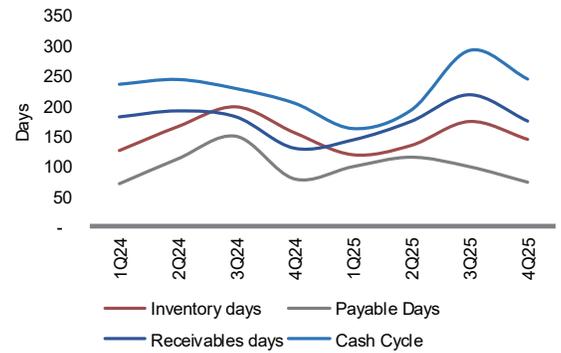
4Q reports minor loss, recovery evident



Return on equity slipping back to negative



Cash cycle stable, despite macro pressure





Income Statement (In RO '000)	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Revenue	9,822	9,977	5,707	4,929	6,970	8,364	10,037	12,045	14,454
Direct Costs	-5,727	-5,962	-4,383	-4,439	-5,545	-6,273	-7,026	-8,431	-10,117
<b>Gross profit</b>	<b>4,095</b>	<b>4,015</b>	<b>1,325</b>	<b>490</b>	<b>1,425</b>	<b>2,091</b>	<b>3,011</b>	<b>3,613</b>	<b>4,336</b>
Other operating income (Net)	53	195	203	25	-0	42	50	60	72
General and administrative expenses	-626	-448	-483	-657	-442	-418	-502	-602	-723
Selling and distribution expenses	-572	-575	-284	-501	-546	-711	-853	-1,024	-1,229
<b>Operating profit</b>	<b>2,950</b>	<b>3,187</b>	<b>761</b>	<b>-642</b>	<b>437</b>	<b>1,004</b>	<b>1,706</b>	<b>2,048</b>	<b>2,457</b>
<b>EBITDA</b>	<b>3,807</b>	<b>4,028</b>	<b>1,617</b>	<b>104</b>	<b>1,180</b>	<b>1,752</b>	<b>2,459</b>	<b>2,806</b>	<b>3,223</b>
Finance costs	-39	-40	-47	-29	-87	-109	-95	-82	-72
Impairment (reversal) on Fin assets	15	7	-131	-	-	-	-	-	-
Share of profit (loss) of associates	-	388	-1,615	-898	-	100	200	300	300
<b>Profit before tax (PBT)</b>	<b>2,926</b>	<b>3,542</b>	<b>-1,033</b>	<b>-1,569</b>	<b>349</b>	<b>995</b>	<b>1,812</b>	<b>2,265</b>	<b>2,685</b>
Income tax	-473	-418	-88	104	-52	-149	-272	-340	-403
<b>Net profit (PAT)</b>	<b>2,453</b>	<b>3,124</b>	<b>-1,121</b>	<b>-1,465</b>	<b>297</b>	<b>846</b>	<b>1,540</b>	<b>1,925</b>	<b>2,282</b>

Balance Sheet (in RO '000)	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Property, plant and equipment	6,173	5,700	5,019	4,341	3,631	2,967	2,314	1,676	1,054
Investment property	225	225	225	225	225	225	225	225	225
RUA	598	518	599	495	2,150	2,030	1,923	1,832	1,760
Investments using equity method	-	2,513	898	-	-	-	-	-	-
<b>Non-current assets</b>	<b>6,995</b>	<b>8,956</b>	<b>6,741</b>	<b>5,061</b>	<b>6,006</b>	<b>5,221</b>	<b>4,462</b>	<b>3,733</b>	<b>3,040</b>
Inventories	1,514	1,637	1,836	2,070	2,128	2,509	3,162	3,794	4,553
Trade receivables	2,706	3,191	2,440	1,901	3,284	3,941	4,729	6,022	7,227
Cash and cash equivalents	3,390	2,841	648	255	249	786	977	795	752
<b>Current assets</b>	<b>7,610</b>	<b>7,669</b>	<b>4,924</b>	<b>4,225</b>	<b>5,661</b>	<b>7,236</b>	<b>8,867</b>	<b>10,611</b>	<b>12,531</b>
<b>ASSETS</b>	<b>14,605</b>	<b>16,625</b>	<b>11,665</b>	<b>9,286</b>	<b>11,667</b>	<b>12,458</b>	<b>13,329</b>	<b>14,344</b>	<b>15,571</b>
Share capital	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Share premium	88	88	88	88	88	88	88	88	88
Reserves	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833
Retained earnings	4,066	4,440	2,219	-70	227	852	1,800	2,648	3,582
<b>EQUITY</b>	<b>11,488</b>	<b>11,862</b>	<b>9,641</b>	<b>7,351</b>	<b>7,648</b>	<b>8,274</b>	<b>9,222</b>	<b>10,069</b>	<b>11,003</b>
Employee defined benefits	260	266	324	272	276	314	351	422	506
Lease liabilities	556	483	544	439	2,101	1,605	1,349	1,133	952
Borrowings non current	-	-	-	-	-	-	-	-	-
Deferred tax liability	284	225	172	68	25	25	25	25	25
<b>Non-current liabilities</b>	<b>1,099</b>	<b>975</b>	<b>1,040</b>	<b>779</b>	<b>2,403</b>	<b>1,944</b>	<b>1,725</b>	<b>1,579</b>	<b>1,482</b>
Trade payables	1,437	2,599	742	1,050	1,081	1,568	1,757	2,108	2,529
Cur lease liabilities	72	72	101	105	147	283	238	200	168
Borrowings	-	600	-	-	293	293	293	293	293
Cur tax liabilities	509	518	141	-	96	96	96	96	96
<b>Current liabilities</b>	<b>2,018</b>	<b>3,789</b>	<b>984</b>	<b>1,155</b>	<b>1,616</b>	<b>2,240</b>	<b>2,383</b>	<b>2,696</b>	<b>3,086</b>
<b>LIABILITIES</b>	<b>3,117</b>	<b>4,764</b>	<b>2,024</b>	<b>1,935</b>	<b>4,019</b>	<b>4,184</b>	<b>4,108</b>	<b>4,275</b>	<b>4,568</b>
<b>EQUITY AND LIABILITIES</b>	<b>14,605</b>	<b>16,625</b>	<b>11,665</b>	<b>9,286</b>	<b>11,667</b>	<b>12,458</b>	<b>13,329</b>	<b>14,344</b>	<b>15,571</b>

Cash Flow (In RO '000)	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	3,053	2,949	734	649	-132	1,152	1,135	1,192	1,579
Investing cash flow	-256	-1,236	-1,083	531	-34	-84	-100	-120	-145
Financing cash flow	-1,159	-2,262	-1,842	-968	160	-531	-844	-1,253	-1,477
Change in cash	1,637	-548	-2,192	212	-6	538	191	-182	-43
Beginning cash	1,751	3,388	2,840	43	255	248	786	977	795
<b>Ending cash</b>	<b>3,388</b>	<b>2,840</b>	<b>648</b>	<b>255</b>	<b>248</b>	<b>786</b>	<b>977</b>	<b>795</b>	<b>752</b>



Ratio Analysis	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
<b>Per Share</b>									
EPS (RO)	0.045	0.057	-0.020	-0.027	0.005	0.015	0.028	0.035	0.041
BVPS (RO)	0.209	0.216	0.175	0.134	0.139	0.150	0.168	0.183	0.200
DPS (RO)	0.030	0.040	0.015	-	0.004	0.011	0.020	0.025	0.029
FCF per share (RO)	0.051	0.031	-0.006	0.021	-0.003	0.019	0.019	0.019	0.026
<b>Valuation</b>									
Market Cap (RO '000)	23,650	22,770	9,350	6,985	15,180	14,300	14,300	14,300	14,300
EV (RO '000)	20,816	21,012	9,246	7,169	17,325	15,412	14,964	14,930	14,792
EBITDA (RO '000)	3,807	4,028	1,617	104	1,180	1,752	2,459	2,806	3,223
P/E (x)	9.6	7.3	-8.3	-4.8	51.1	16.9	9.3	7.4	6.3
EV/EBITDA (x)	5.5	5.2	5.7	68.7	14.7	8.8	6.1	5.3	4.6
Price/Book (x)	2.1	1.9	1.0	1.0	2.0	1.7	1.6	1.4	1.3
Dividend Yield (%)	7.0%	9.7%	8.8%	0.0%	1.4%	4.1%	7.5%	9.4%	11.2%
Price to sales (x)	2.4	2.3	1.6	1.4	2.2	1.7	1.4	1.2	1.0
EV to sales (x)	2.1	2.1	1.6	1.5	2.5	1.8	1.5	1.2	1.0
<b>Liquidity</b>									
Cash Ratio (x)	1.68	0.75	0.66	0.22	0.15	0.35	0.41	0.29	0.24
Current Ratio (x)	3.77	2.02	5.01	3.66	3.50	3.23	3.72	3.94	4.06
Quick Ratio (x)	3.02	1.59	3.14	1.87	2.19	2.11	2.39	2.53	2.59
<b>Returns Ratio</b>									
ROA (%)	16.8%	18.8%	-9.6%	-15.8%	2.5%	6.8%	11.6%	13.4%	14.7%
ROE (%)	21.4%	26.3%	-11.6%	-19.9%	3.9%	10.2%	16.7%	19.1%	20.7%
ROCE (%)	19.5%	24.3%	-10.5%	-18.0%	3.0%	8.3%	14.1%	16.5%	18.3%
<b>Cash Cycle</b>									
Inventory turnover (x)	3.8	3.6	2.4	2.1	2.6	2.5	2.2	2.2	2.2
Accounts Payable turnover (x)	4.0	2.3	5.9	4.2	5.1	4.0	4.0	4.0	4.0
Receivables turnover (x)	3.6	3.1	2.3	2.6	2.1	2.1	2.1	2.0	2.0
Inventory days	96	100	153	170	140	146	164	164	164
Payable Days	92	159	62	86	71	91	91	91	91
Receivables days	101	117	156	141	172	172	172	183	183
Cash Cycle	105	58	247	225	241	227	245	256	256
<b>Profitability Ratio</b>									
Net Margins (%)	25.0%	31.3%	-19.6%	-29.7%	4.3%	10.1%	15.3%	16.0%	15.8%
EBITDA Margins (%)	38.8%	40.4%	28.3%	2.1%	16.9%	20.9%	24.5%	23.3%	22.3%
PBT Margins (%)	29.8%	35.5%	-18.1%	-31.8%	5.0%	11.9%	18.1%	18.8%	18.6%
EBIT Margins (%)	30.0%	31.9%	13.3%	-13.0%	6.3%	12.0%	17.0%	17.0%	17.0%
Effective Tax Rate (%)	16.2%	11.8%	-8.5%	6.6%	15.0%	15.0%	15.0%	15.0%	15.0%
<b>Leverage</b>									
Total Debt (RO '000)	556	1,083	544	439	2,394	1,898	1,641	1,425	1,244
Net Debt (RO '000)	-2,834	-1,758	-104	184	2,145	1,112	664	630	492
Debt/Equity (x)	0.05	0.09	0.06	0.06	0.31	0.23	0.18	0.14	0.11
Net Debt/Equity (x)	-0.25	-0.15	-0.01	0.03	0.28	0.13	0.07	0.06	0.04

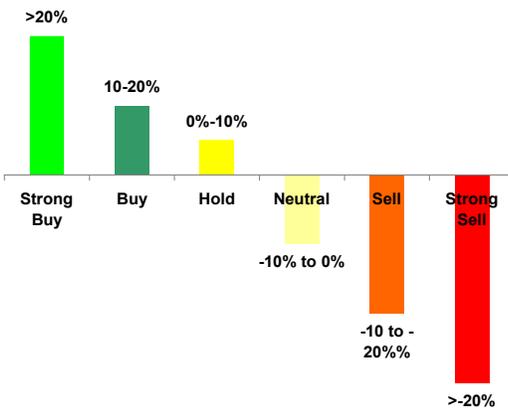
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## Rating Criteria and Definitions

### Rating



### Rating Definitions

<b>Strong Buy</b>	This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
<b>Buy</b>	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
<b>Hold</b>	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
<b>Neutral</b>	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
<b>Sell</b>	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
<b>Strong Sell</b>	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
<b>Not rated</b>	This recommendation used for stocks which does not form part of Coverage Universe

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