

United Finance (UFCI) - 4Q23 Result Review

Date: 16-Jan-24

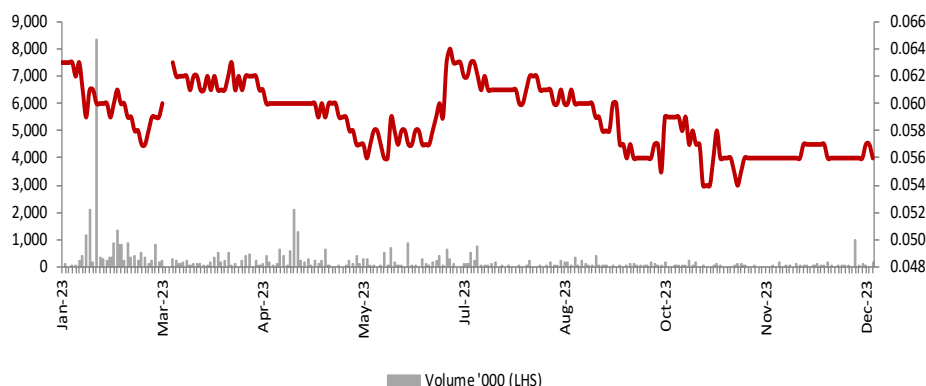
Recommendation: Buy

TP (OMR): 0.070

Upside / (Downside): 23%

Analyst: Said Amer Ghawas

Bloomberg Ticker	UFCI OM
Current Market Price (OMR)	0.057
52wk High / Low (OMR)	0.065/0.054
12m Average Vol. (000)	229.8
Mkt. Cap. (USD/OMR mn)	53 / 20
Shares Outstanding (mn)	356.1
Free Float (%)	54%
3m Avg Daily Turnover (000)	3.5
6m Avg Daily Turnover (000)	4.1
P/E'24e (x)	14.3
P/B'24e (x)	0.5
Dividend Yield '24e (%)	0.05
Price Perf. (1m/3m) (%)	0/0



Net profit in FY23 stood at OMR 1.79mn as compared to OMR 1.60mn in FY22

The company posted decreased net profit by 13%YoY and by 5% QoQ as of OMR 0.48mn for 4Q23 compared to a net profit of OMR 0.55mn in 4Q22. Total operating expenses of the company in 4Q23 was higher by 23%YoY and 13%QoQ; above our estimates. Net profit margin stood at 18.3% for the quarter as compared to 23.5% in 4Q22. Provision decreased by 3% YoY and 55% QoQ, but FY23 basis increased by 54% YoY.

Revenue increased by 12% YoY and 1% QoQ during 4Q23, above our estimates.

The company's total revenue stood at OMR 2.61mn in 4Q23, and was above our estimates of OMR 2.04mn (28% variance). Revenue during FY23 was higher by 21% YoY. For the quarter, the company revenue increased by 12% YoY and 1% QoQ.

Net finance debtor growth increased by 11% YoY and by 2% QoQ

The company's net finance Debtors increased by 11% YoY and by 2% QoQ to OMR 98mn. However, growth was in line with our estimated by about 2%.

U Capital view

We maintain buy rating to the stock given the 23% upside from current levels.

Income Statement												
(OMR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q24e	YoY (%)	QoQ (%)	Var (%)	FY22	FY23	YoY
Total Revenue	2.34	2.35	2.53	2.59	2.61	2.04	12%	1%	28%	8.32	10.08	21%
Total operating expenses	(1.55)	(1.61)	(1.67)	(1.69)	(1.91)	(1.27)	23%	13%	50%	(5.72)	(6.88)	20%
Provision	(0.14)	(0.44)	(0.20)	(0.31)	(0.14)	(0.32)	-3%	-55%	-56%	(0.71)	(1.09)	54%
Tax	(0.10)	(0.05)	(0.10)	(0.09)	(0.09)	(0.08)	-12%	-4%	10%	(0.28)	(0.32)	12%
Net Profit	0.55	0.26	0.55	0.50	0.48	0.37	-13%	-5%	28%	1.60	1.79	12%
Balance Sheet												
(OMR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q24e	YoY (%)	QoQ (%)	Var (%)			
Assets	93	100	103	102	104	106	12%	2%	-2%			
Shareholders' Equity	48	47	48	48	49	48	2%	1%	1%			
Net Finance Debtors	88	95	97	96	98	100	11%	2%	-2%			
Key Ratios												
	4Q22	1Q23	2Q23	3Q23	4Q23	4Q24e						
Net Profit Margin	23.5%	10.9%	21.9%	19.4%	18.3%	18.3%						
Source: Company Reports, II Capital Research												

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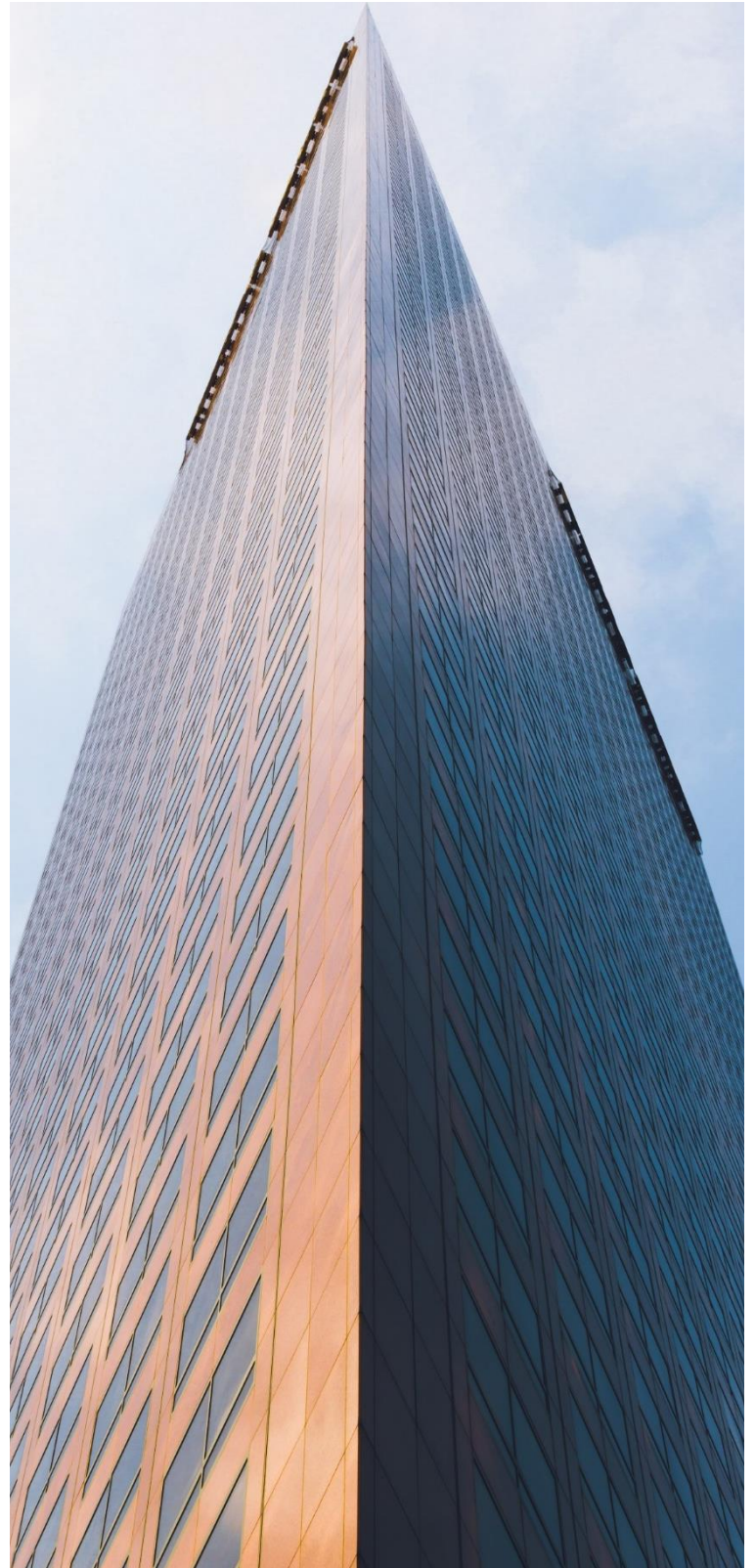
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Recommendation

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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