

Ooredoo (ORDS)

Analyst: Ayisha Zia

Previous Recommendation: Buy

Target Price (OMR): 0.404

Previous Reco. & Date:

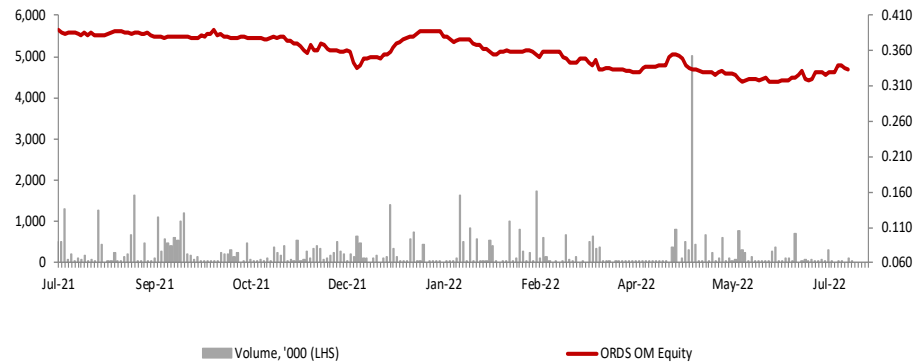
TP: OMR 0.404 per share; Accumulate on 26-Jun-2022

Upside / (Downside):

21.0%

Date: 17-07-2022

Bloomberg Ticker	ORDS OM
Current Market Price (OMR)	0.334
52wk High / Low (OMR)	0.4/0.312
12m Average Vol. (000)	231.0
Mkt. Cap. (USD/OMR mn)	565/217
Shares Outstanding (mn)	650.9
Free Float (%)	45%
3m Avg Daily Turnover (000)	77.8
6m Avg Daily Turnover (000)	75.9
P/E'22e (x)	27.6
P/Bv'22e (x)	3.0
Dividend Yield '21e (%)	2.1%
Price Perf. (1m/3m) (%)	3.7/-1.8



Revenue increased by 4% YoY, in line with our expectation

ORDS has reported a revenue of OMR 64.4mn for 2Q22, which is in line with our estimate. The revenue grew 4% on YoY basis and saw a negligible growth on quarterly basis. The top-line growth is likely to be driven by postpaid and fixed-line segments.

Net profit outperformed in this quarter; grew by 51% YoY

The company's net profit saw a robust growth of 51% to OMR 5.2mn in 2Q22. This is 18% higher than our expected net profit numbers. This is likely due to reduction in service expenses, especially the interconnect charges, which ball down to higher net profits.

Company outlook

The company has continuously grown its top-line via postpaid segment. Although the entry of Vodafone Oman will impact the company's market share, we continue to remain positive on the stock and believe the growth opportunities lying ahead for the company given the underpenetrated postpaid and fixed-line market in Oman.

Income Statement													
(OMR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)	Var (%)	1H21	1H22	YoY (%)
Sales/Revenue	64.4	62.1	56.7	62.3	64.7	64.4	63.9	4%	0%	1%	126.5	129.1	2.1%
Net Profit (Loss) after tax	4.7	3.4	2.5	2.2	4.5	5.2	4.4	51%	16%	18%	8.1	9.7	19.5%
Balance Sheet													
(OMR mn)	1Q21	2Q21	3Q21	4Q21	1Q22		2Q22e	YoY (%)	QoQ (%)	Var (%)			
Shareholders' Equity	245.8	249.3	251.7	253.9	246.6	NA	251.0	NA	NA	NA			
Key Ratios													
	1Q21	2Q21	3Q21	4Q21	1Q22		2Q22e						
Net Profit Margin	19.7%	4.3%	3.5%	6.9%	6.9%	8.1%	6.9%						
Return on Equity (RoE)	4.2%	3.9%	3.4%	7.0%	7.3%	NA	7.0%						
Annualized EPS (OMR)	0.03	0.02	0.02	0.01	0.03	NA	0.03						
BVPS (OMR)	0.38	0.38	0.39	0.39	0.38	NA	0.39						
TTM P/E (x)						17.4							

Source: Financials, MSX, Bloomberg, U Capital Research

For our earlier report on the sector, 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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