

United Finance (UFCI) - 1Q24 Result Review

Date: 16-Apr-24

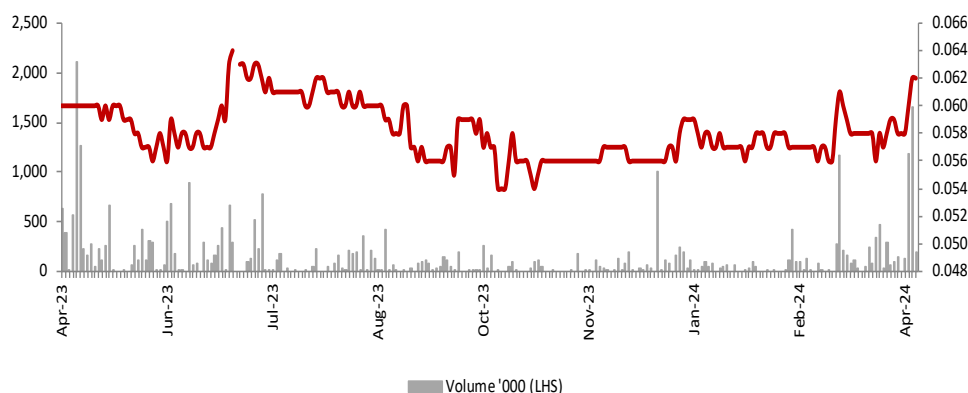
Recommendation: Buy

TP (OMR): 0.070

Upside / (Downside): 13%

Analyst: Ahlam Rashid Al Harthi

Bloomberg Ticker	UFCI OM
Current Market Price (OMR)	0.062
52wk High / Low (OMR)	0.066/0.054
12m Average Vol. (000)	133.8
Mkt. Cap. (USD/OMR mn)	57 / 22
Shares Outstanding (mn)	356.1
Free Float (%)	53%
3m Avg Daily Turnover (000)	9.2
6m Avg Daily Turnover (000)	6.3
P/E'24e (x)	12.6
P/B'24e (x)	0.5
Dividend Yield '24e (%)	0.06
Price Perf. (1m/3m) (%)	0/0



Net profit in 1Q24 stood at 0.44mn OMR as compared to OMR 0.26mn in 1Q23

The company posted increased net profit by 71%YoY but decreased by 8% QoQ as of OMR 0.44mn for 1Q24 compared to a net profit of OMR 0.26mn in 1Q23. Total operating expenses of the company in 1Q24 was higher by 9%YoY but lower by 8%QoQ; in line our estimates. Net profit margin stood at 16.7% for the quarter as compared to 10.9% in 1Q23. Provision decreased by -18% YoY and rose 159% in QoQ.

Revenue increased by 11% YoY and 1% QoQ during 1Q24, in line our estimates.

The company's total revenue stood at OMR 2.62mn in 1Q24, and was in line with our estimates of OMR 2.35mn (4% variance). For the quarter, the company revenue increased by 11% YoY and 1% QoQ.

Net finance debtor growth increased by 3% YoY

The company's net finance Debtors increased by 3% YoY and by no change in QoQ to OMR 98mn. However, it was in line with our estimate by about -3%.

U Capital view

We maintain buy rating to the stock given the 13% upside from current levels.

Income Statement

(OMR mn)	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e	YoY (%)	QoQ (%)	Var (%)	1Q23	1Q24	YoY
Total Revenue	2.35	2.53	2.59	2.61	2.62	2.53	11%	1%	4%	2.35	2.62	11%
Total operating expenses	(1.61)	(1.67)	(1.69)	(1.91)	(1.75)	(1.77)	9%	-8%	-2%	(1.61)	(1.75)	9%
Provision	(0.44)	(0.20)	(0.31)	(0.14)	(0.36)	(0.22)	-18%	159%	67%	(0.44)	(0.36)	-18%
Tax	(0.05)	(0.10)	(0.09)	(0.08)	(0.08)	(0.09)	71%	-8%	-14%	(0.05)	(0.08)	71%
Net Profit	0.26	0.55	0.50	0.48	0.44	0.45	71%	-8%	-3%	0.26	0.44	71%

Balance Sheet

(OMR mn)	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e	YoY (%)	QoQ (%)	Var (%)
Assets	100	103	102	104	103	107	3%	0%	-4%
Shareholders' Equity	47	48	48	49	48	49	2%	-1%	-1%
Net Finance Debtors	95	97	96	98	98	101	3%	0%	-3%

Key Ratios

	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e
Net Profit Margin	10.9%	21.9%	19.4%	18.3%	16.7%	17.9%


Source: Company Reports, U Capital Research


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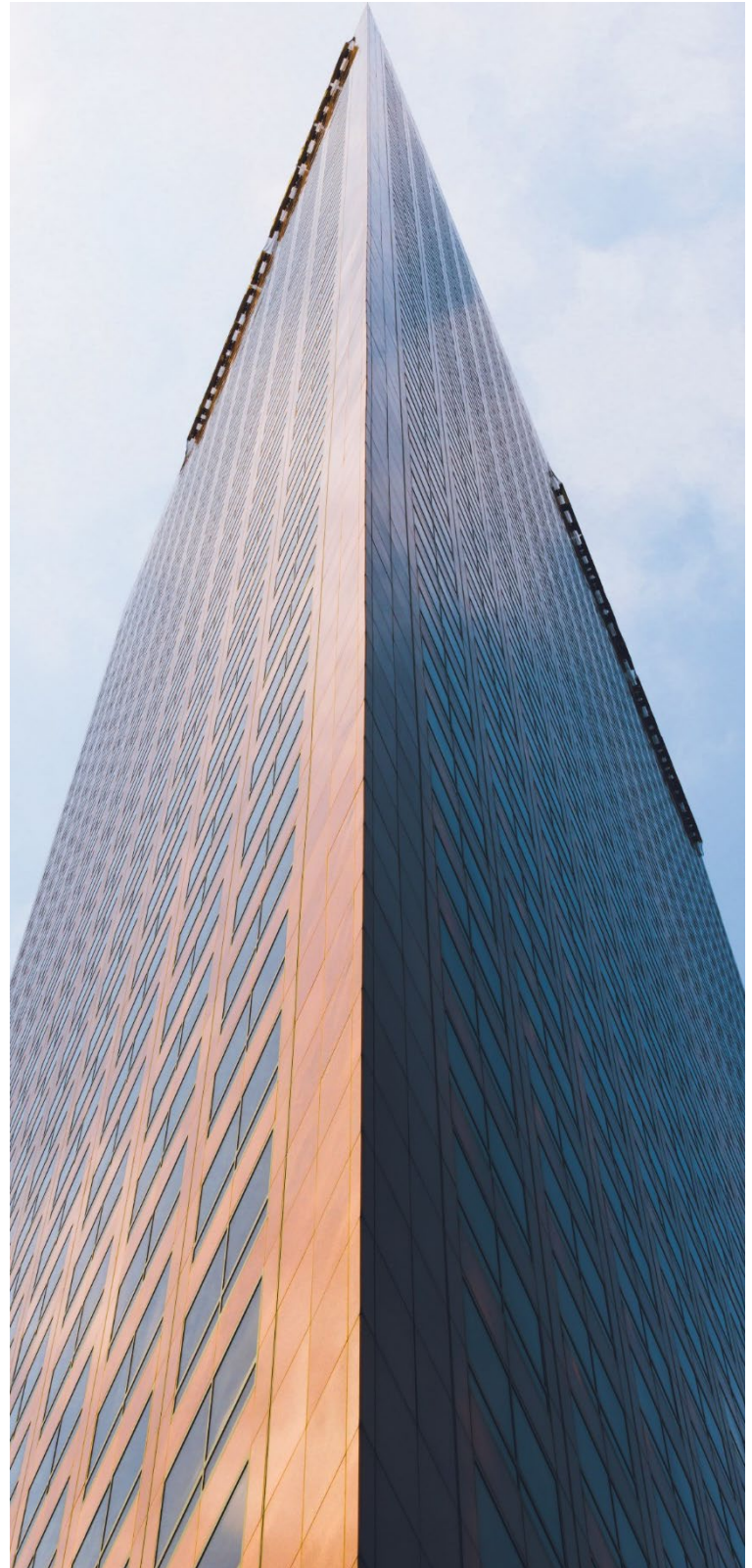
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Recommendation

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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