

Ooredoo Oman(ORDS) - 1Q24 Result Review

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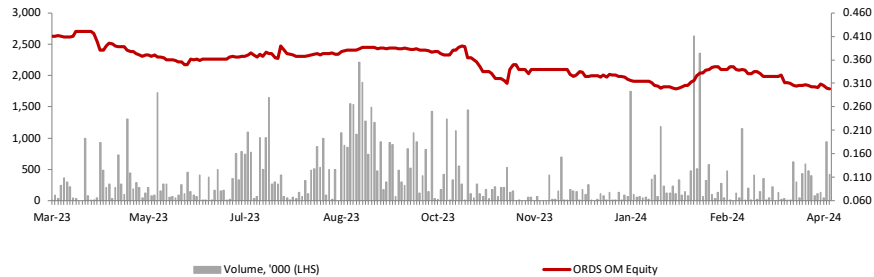
Previous Recommendation: **Hold**

Previous Reco. & Date: TP: OMR 0.390 per share; Hold on 03-Aug-2023

Target Price (OMR): **UR**
Upside / (Downside): -

Date: 15-Apr-2024

Bloomberg Ticker	ORDS OM
Current Market Price (OMR)	0.298
52wk High / Low (OMR)	0.410 / 0.297
12m Average Vol. (000)	356.8
Mkt. Cap. (USD/OMR mn)	504/194
Shares Outstanding (mn)	650.9
Free Float (%)	45%
3m Avg Daily Turnover (000)	96.7
6m Avg Daily Turnover (000)	74.3
P/E'24e (x)	17.7
EV/EBITDA'24e (x)	2.4
Dividend Yield '24e (%)	5.1%
Price Perf. (1m/3m) (%)	-8/-5



Revenue fell by 3% YoY, in line with our expectations

ORDS reported a revenue decline of 3% on both YoY and QoQ basis to reach OMR 64.1mn in 1Q24, which is in line with our expectations of OMR 64.8.

Net profit grew 1% YoY, in line with our expectations

The company's net profit increased by 1% YoY to OMR 2.8mn in 1Q24, which is in line with our expectations of OMR 2.7mn. This growth can be attributed to the decrease in total expenses by ~3%.

Maintain a "Hold" Rating

Oman Telecom market has been very competitive in terms of pricing. After prepaid market, Vodafone has been aggressive in the post-paid segment as well. Since 4Q22, ORDS has lost ~2% of its market share and over the last six months, the stock has declined by ~18%. On the other hand, ORDS expects the competition from Vodafone to stabilise in 2024. However, the decline in ARPU and the reducing customer base may continue to impact the top line and bottom line of the business in the near term. Consequently, we are maintaining Hold rating on the stock with the target price under review (UR).

Valuation

ORDS is trading at 2024e P/E of 17.7x, representing a 1% discount compared to the historical average 1-year forward P/E of 17.9x. On the other hand, EV/EBITDA multiple of 2.4x, based on our FY24 estimate, represents a 8% discount compared to the historical average 1-year forward EV/EBITDA of 2.6x.

Income Statement										
(OMR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e	YoY (%)	QoQ (%)	Var (%)
Sales/Revenue	64.6	65.9	64.0	63.2	66.0	64.1	64.8	-3%	-3%	-1%
Total Net Expenses	59.6	63.1	61.0	61.1	63.2	61.3	62.1	-3%	-3%	-1%
Net Profit (Loss) after tax	4.9	2.8	3.0	2.1	2.8	2.8	2.7	1%	-1%	3%
Balance Sheet										
(OMR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e	YoY (%)	QoQ (%)	Var (%)
Shareholders' Equity	261.3	251.0	254.0	256.1	258.9	261.7	252.1	4%	1%	4%
Key Ratios										
	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e			
Net Profit Margin	7.6%	4.2%	4.7%	3.3%	4.3%	4.4%	4.2%			
Return on Equity (RoE)	7.5%	4.4%	4.7%	3.3%	4.4%	4.3%	4.3%			
Annualized EPS (OMR)	0.03	0.02	0.02	0.01	0.02	0.02	0.02			
BVPS (OMR)	0.40	0.39	0.39	0.39	0.40	0.40	0.39			
TTM P/E (x)						18.1				

Source: Financials, MSX, Bloomberg, U Capital Research


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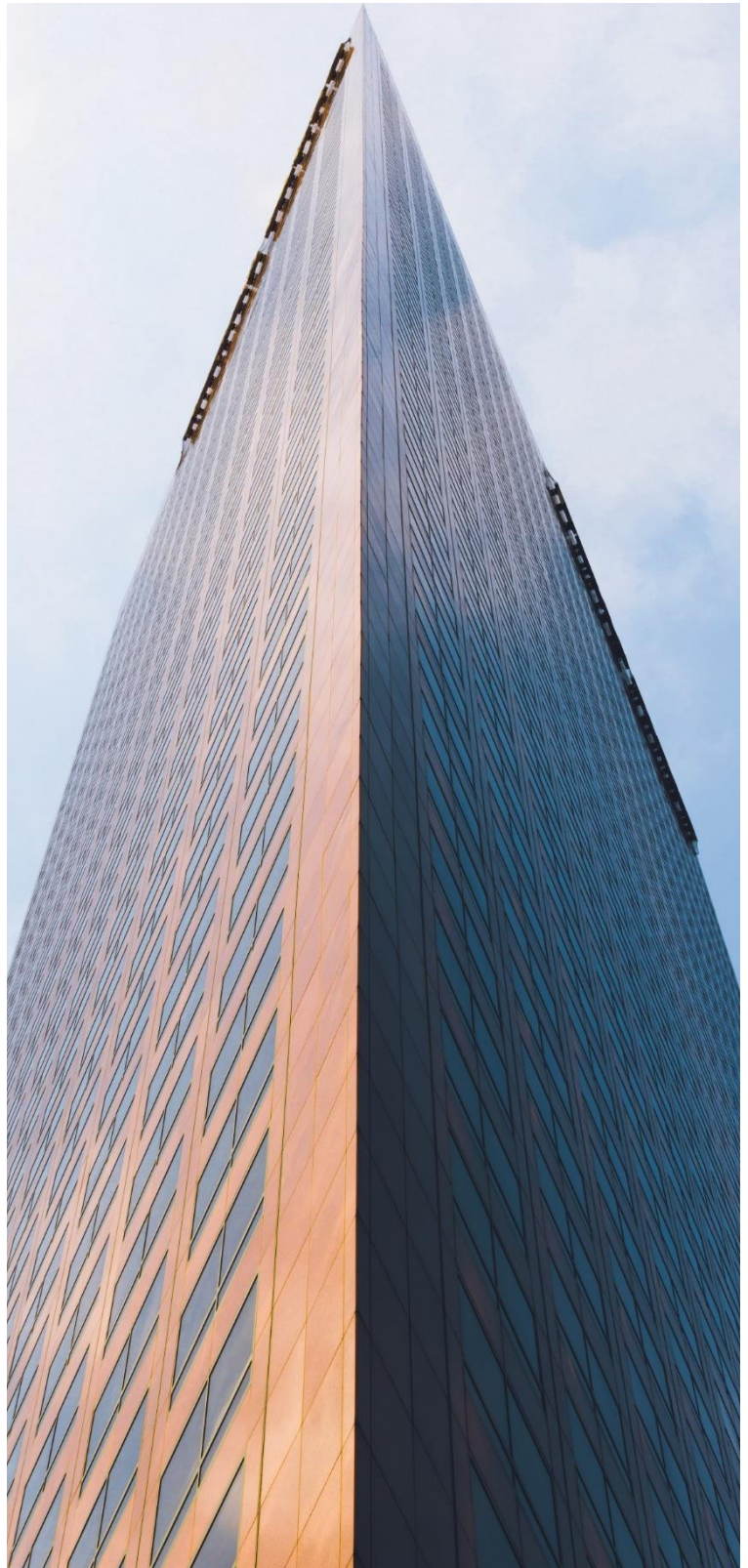
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Recommendation

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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