

Al Madina Takaful Company (AMAT) - 1Q24 Result Review

Analyst: Neetika Gupta

Previous Recommendation: Accumulate

Previous Reco. & Date:

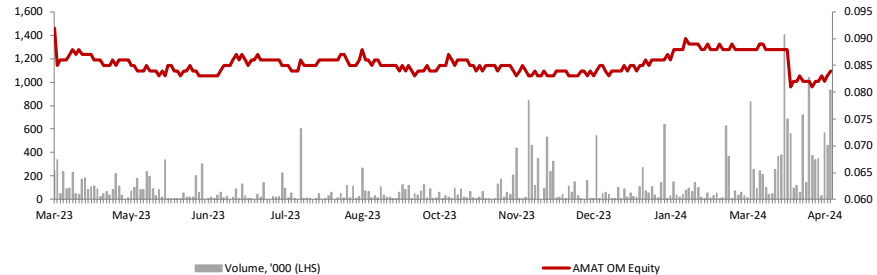
TP: OMR 0.097 per share; Accumulate 11-Oct-2023

Target Price (OMR): 0.097

Upside / (Downside): 15.5%

Date: 17-Apr-2024

Bloomberg Ticker	AMAT OM
Current Market Price (OMR)	0.084
52wk High / Low (OMR)	0.09/0.081
12m Average Vol. (000)	112.9
Mkt. Cap. (USD/OMR mn)	39/15
Shares Outstanding (mn)	175.0
Free Float (%)	74%
3m Avg Daily Turnover (000)	19.5
6m Avg Daily Turnover (000)	14.2
P/E'24e (x)	9.2
P/Bv'24e (x)	0.7
Dividend Yield '24 (%)	9.2%
Price Perf. (1m/3m) (%)	-4.5/-1.17



Gross Written Premium increased by 17% YoY, in line with our expectations

For 1Q24, GWP increased by 17% YoY to reach OMR 10.0mn which was in line with our expectation of OMR 9.6mn. Net Claims incurred increased by 29% YoY to reach OMR 2.3mn which was above our expectations of OMR 1.8mn.

Net income grew more than 100%, came ahead of our expectations

Investment Income came at OMR 0.3mn in 1Q24 with a 16% YoY rise. This coupled with top line growth resulted in significant growth in the bottom line. Net income grew about 126% YoY to reach OMR 0.2mn above our expectations of OMR 0.1mn.

Maintain "Accumulate" rating on the stock

We expect the growth in GWP to pick up driven by the stable growth in insurance sector and government reforms. The company emphasizes on increasing the bottom line and thus it is prioritizing discipline underwriting, process efficiency, effective expense management and focussed sales strategy. We expect lower claims and higher investment income to add to the bottom line. Accordingly, we maintain an Accumulate rating for the stock with our target price of OMR 0.097.

Valuation

Al Madina Takaful is trading at 2024e P/E of 9.2x, representing a 2% discount compared to the historical average 1-year forward P/E of 9.4x. While, P/Bv multiple of 0.67x, based on our FY24 estimate, represents a 1% discount compared to the historical average 1-year forward P/Bv of 0.68x.

Income Statement										
(OMR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e	YoY (%)	QoQ (%)	Var (%)
Gross Written Premium	17.2	8.5	9.7	8.4	16.1	10.0	9.6	17%	-38%	3%
Net Earned Premium	3.9	3.7	3.8	3.9	4.2	4.6	3.9	24%	11%	19%
Net Claims Incurred	(2.3)	(1.8)	(2.6)	(1.9)	(2.2)	(2.3)	(1.8)	29%	5%	32%
Investment Income	0.2	0.2	0.1	0.2	0.2	0.3	0.2	16%	63%	87%
Profit Before Tax	(0.2)	0.1	0.5	0.4	0.5	0.3	0.2	83%	-47%	61%
Profit After Tax	(0.3)	0.1	0.5	0.3	0.4	0.2	0.1	126%	-42%	54%
Key Ratios										
	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e			
OPEX / GWP	13.1%	21.0%	26.8%	23.0%	13.7%	23.3%	18.3%			
Tax - %	-65.4%	34.3%	9.3%	13.6%	26.2%	18.7%	15.0%			
Investment & Other Income / PBT	-129.2%	169.0%	27.5%	41.9%	34.7%	107.6%	92.9%			

Source: Company Reports, MSX, U Capital Research


For our previous report, please [click here](#)


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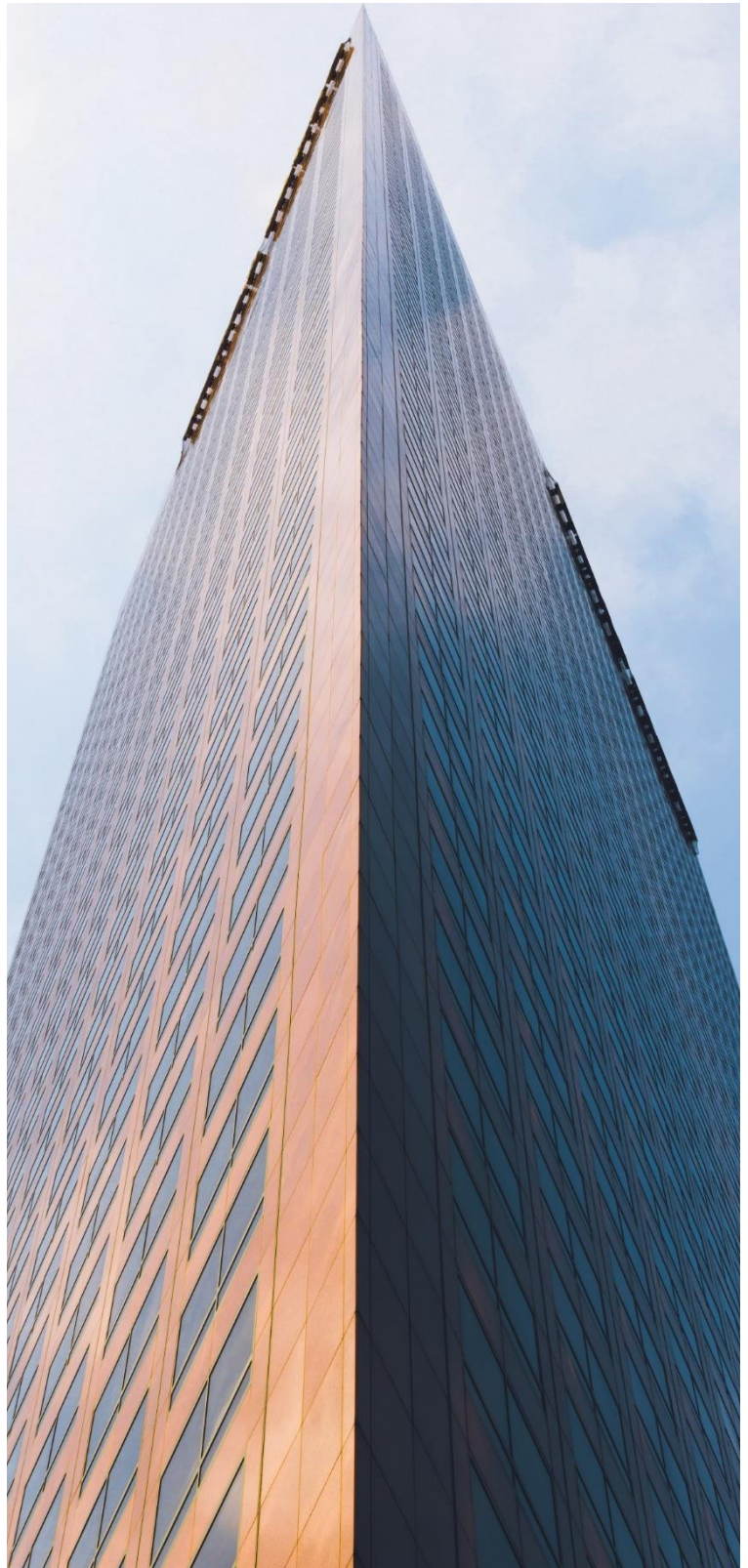
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Disclaimer

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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