

Al Madina Takaful Company (AMAT) - 2Q22 Result Review

Analyst: Ayisha Zia

Previous Recommendation: **Accumulate**

Target Price (OMR): **0.109**

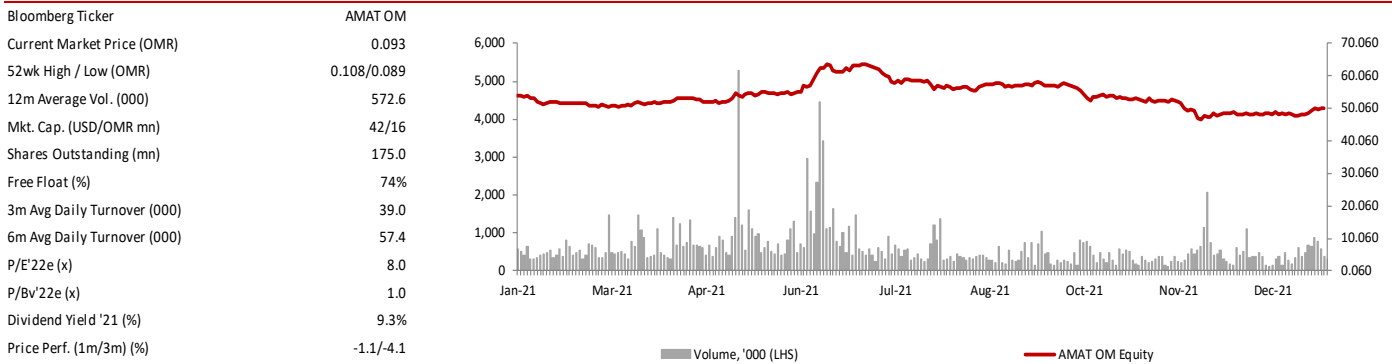
Previous Reco. & Date:

TP: OMR 0.109 per share; Accumulate 27-Apr-2022

Upside / (Downside):

16.8%

Date: 17-07-2022



Top-line decreased by 13% YoY, far below our expectation

Gross Written Premium (GWP) in the quarter stood at OMR 8.5mn vs our expectation of OMR 10.7mn. GWP de-grew by 13% YoY and 9% on QoQ basis.

Net Earned Premium grew by 5% YoY, although below our expectation

Net Earned Premium (NEP) stood at OMR 3.7mn in 2Q22, which was 7% below our expectation. On a quarterly basis, the NEP grew by 3%.

Net Claims Incurred grew at 32% YoY, higher than our expectation

Net Claims Incurred (NCI) stood at OMR 2.4mn, a 12% increase from our expectation. This may be due to likely increase in claims from the non-life segment, mainly from motor business.

Net Profit de-grew by 64% YoY

The company's net profit for the quarter is OMR 0.4mn, below our expectation by 22%. On YoY basis the net profit de-grew by 66%. This is due to increase in operating expenses, where Opex/GWP ratio

Maintaining our "Accumulate" rating on the stock

Although the company's performance has seen deviation from our expectation in this quarter, this is not majorly impacting our valuation metrics and hence the target price for the stock in the near-term.

Hence, we continued to assign "Accumulate" rating on the stock.

Income Statement													
(OMR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)	Var (%)	1H21	1H22	YoY (%)
Gross Written Premium	8.0	9.8	12.2	14.2	9.3	8.5	10.7	-13%	-9%	-21%	17.8	17.8	-0.1%
Net Earned Premium	3.4	3.6	3.6	3.8	3.6	3.7	4.0	5%	3%	-7%	7.0	7.4	6.0%
Net Claims Incurred	(1.5)	(1.8)	(2.1)	(1.9)	(1.7)	(2.4)	(2.2)	32%	46%	12%	(3.3)	(4.1)	22.4%
Investment Income	0.3	0.5	0.2	(0.1)	0.3	0.2	0.5	-59%	-26%	-60%	0.8	0.5	-40.0%
Profit Before Tax	0.4	1.3	1.3	(1.9)	0.3	0.5	0.6	-64%	47%	-26%	1.7	0.8	-54.6%
Tax	(0.1)	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	-20%	0%	-46%	(0.1)	(0.1)	-20.0%
Profit After Tax	0.4	1.2	1.2	(1.9)	0.3	0.41	0.5	-66%	56%	-22%	1.6	0.7	-57.3%
Key Ratios													
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e						
OPEX / GWP	18.7%	18.8%	17.6%	13.7%	17.8%	28.6%	20.2%						
Tax - %	14.4%	4.9%	4.8%	-0.3%	16.0%	10.9%	15.0%						
Investment & Other Income / PBT	71.5%	40.9%	15.5%	3.0%	91.5%	46.0%	85.3%						

Source: Company Reports, MSX, U Capital Research

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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