

## Al Madina Takaful Company (AMAT) - 4Q23 Result Review

Analyst: Neetika Gupta

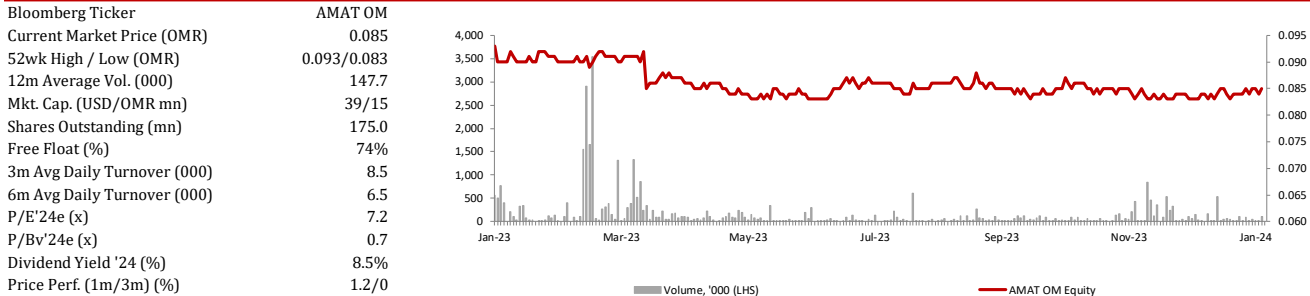
**Previous Recommendation:** Accumulate

**Target Price (OMR):** 0.097

**Previous Reco. & Date:** TP: OMR 0.097 per share; Accumulate 11-Oct-2023

**Upside / (Downside):** 14.1%

**Date:** 1/15/2024



### Net earned premium grew 6% YoY, in line with our expectations

For 4Q23, GWP declined 6% on YoY basis, however, net earned premium grew by 6% to OMR 4.2mn in 4Q23, which was in line with our expectation of OMR 3.9mn. This suggests that the reinsurance cost has cooled down over the year. Net Claims incurred was OMR 2.2mn and was also in line with our expectations. For FY23, GWP fell by 4.4% while net earned premium grew 2.6% YoY basis. Net claims incurred during FY23 reduced by 1.4% YoY to OMR 8.5mn.

### Investment Income fell on YoY basis while grew on QoQ basis

For 4Q23, net profit attributable to shareholders came at OMR 0.4mn compared to a loss of OMR 0.3mn in 4Q22. Net profit came just above our expectations of OMR 0.3mn due to more than expected rise in investment income. The investment income came at OMR 0.18mn against our expectations of OMR 0.15mn, which declined on YoY basis while grew on QoQ basis. For FY23, net profit attributable to shareholders grew by 20.3%

### Maintaining our "Accumulate" rating on the stock

We expect the growth in GWP to pick up led by the general insurance segment, going forward. We expect slightly lower claims and higher investment income to enhance the profitability of the company. 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 7.2x, representing a 18% discount compared to the historical average 1-year forward P/E of 8.8x. While P/Bv multiple of 0.67x, based on our FY24 estimate, represents a 2.3% discount compared to the historical average 1-year forward P/Bv of 0.69x.

| Income Statement                |            |              |            |            |            |            |            |           |            |            |            |            |              |
|---------------------------------|------------|--------------|------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|--------------|
| (OMR mn)                        | 3Q22       | 4Q22         | 1Q23       | 2Q23       | 3Q23       | 4Q23       | 4Q23e      | YoY (%)   | QoQ (%)    | Var (%)    | FY22       | FY23       | YoY (%)      |
| Gross Written Premium           | 9.7        | 17.2         | 8.5        | 9.7        | 8.4        | 16.1       | 9.2        | -6%       | 93%        | 75%        | 44.7       | 42.7       | -4.4%        |
| Net Earned Premium              | 3.9        | 3.9          | 3.7        | 3.8        | 3.9        | 4.2        | 3.9        | 6%        | 7%         | 7%         | 15.2       | 15.6       | 2.6%         |
| Net Claims Incurred             | (2.3)      | (2.3)        | (1.8)      | (2.6)      | (1.9)      | (2.2)      | (2.1)      | -2%       | 15%        | 7%         | (8.7)      | (8.5)      | -1.4%        |
| Investment Income               | 0.1        | 0.20         | 0.2        | 0.1        | 0.15       | 0.18       | 0.15       | -13%      | 14%        | 14%        | 0.8        | 0.7        | -12.8%       |
| Profit Before Tax               | 0.7        | (0.2)        | 0.1        | 0.5        | 0.4        | 0.5        | 0.4        | NM        | 39%        | 39%        | 1.3        | 1.6        | NM           |
| Tax                             | (0.1)      | (0.1)        | (0.1)      | (0.1)      | (0.1)      | (0.1)      | (0.0)      | 31%       | NM         | 179%       | (0.3)      | (0.3)      | 12.4%        |
| <b>Profit After Tax</b>         | <b>0.6</b> | <b>(0.3)</b> | <b>0.1</b> | <b>0.5</b> | <b>0.3</b> | <b>0.4</b> | <b>0.3</b> | <b>NM</b> | <b>18%</b> | <b>18%</b> | <b>1.1</b> | <b>1.3</b> | <b>20.3%</b> |
| Key Ratios                      |            |              |            |            |            |            |            |           |            |            |            |            |              |
|                                 | 3Q22       | 4Q22         | 1Q23       | 2Q23       | 3Q23       | 4Q23       | 4Q23e      |           |            |            |            |            |              |
| OPEX / GWP                      | 23.9%      | 13.1%        | 21.0%      | 26.8%      | 23.0%      | 13.7%      | 22.4%      |           |            |            |            |            |              |
| Tax - %                         | 7.2%       | -65.4%       | 34.3%      | 9.3%       | 13.6%      | 26.2%      | 13.0%      |           |            |            |            |            |              |
| Investment & Other Income / PBT | 18.9%      | -129.2%      | 169.0%     | 27.5%      | 41.9%      | 34.6%      | 42.1%      |           |            |            |            |            |              |

Source: Company Reports, MSX, U Capital Research


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


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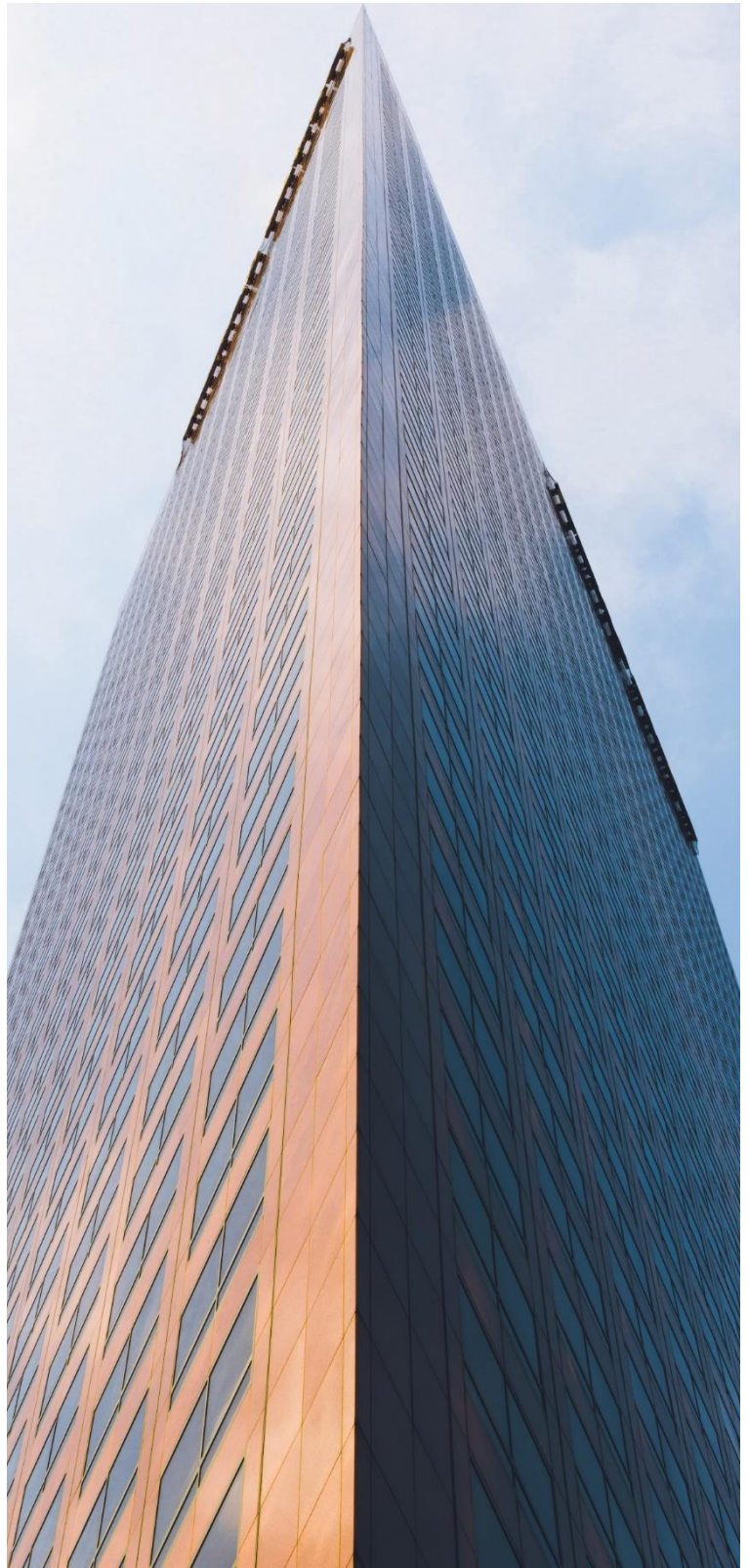
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## Disclaimer

### 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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