

## Al Moammar Information (MIS) - 4Q23 Result Review

Analyst: Neetika Gupta

### Recommendation:

**Hold**

Target Price (SAR):

135.40

Previous TP & Date:

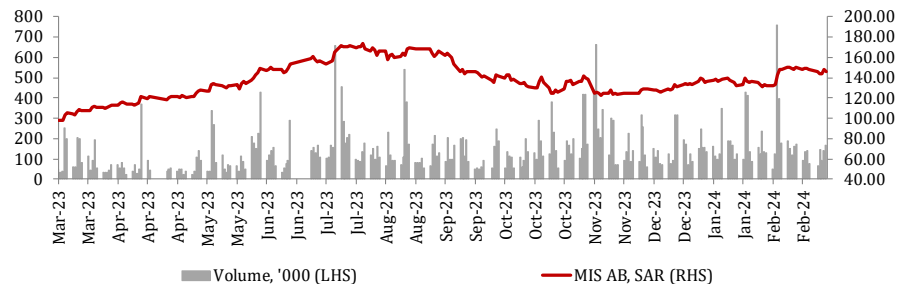
TP: SAR 135.4 per share on 13-Nov-2023

Upside / (Downside):

-7%

Date: 24-Mar-2024

Bloomberg Ticker	MIS AB
Current Market Price (SAR)	145.00
52wk High / Low (SAR)	178/110
12m Average Vol. (000)	150.7
Mkt. Cap. (USD/SAR mn)	1,160/4,350
Shares Outstanding (mn)	30.0
Free Float (%)	51%
3m Avg Daily Turnover (000)	25,200.0
6m Avg Daily Turnover (000)	23,800.0
P/B'23e (x)	11.2
EV/Revenue'23e (x)	5.1
Dividend Yield '23e (%)	1.8%
Price Perf. (1m/3m) (%)	-1.8/10.5



### MIS' top line misses our estimate after declining around 8% YoY

MIS' top line in 4Q23 declined around 8% YoY to SAR 288.3mn. coming in around 16% below our estimate.

### The bottom line remains in the red for a second consecutive quarter

The weakness at the revenue level compounded at the gross profit level, which declined ~56% YoY due to around 7% YoY rise in the cost of sales. This dragged down the operating profit by 84% YoY, despite the company posting c. 12% YoY decrease in SG&A and reversing some of the huge provisions it made in 3Q23 for impairment loss on contracts assets and trade receivables, according to our calculations. Consequently, MIS posted a second consecutive quarter of net loss amid higher finance costs, amounting to SAR 12.7mn, in contrast to our estimate of a net profit.

### Maintain rating and target price

The sharp increase in impairment provisions in FY23 indicates a deterioration in the quality of contract assets and receivables of the company, in our opinion, which has taken a toll on its operations. Hence, we leave our rating and target price at Hold and SAR 135.4, respectively, as we await detailed results to get more clarity.

### Valuation

At the current market price, the stock is trading at 59.2x P/E, based on our FY 2024 estimates, significantly above its 3-year daily average 12-month blended forward P/E of 26.6x.

Income Statement												
(SAR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)	FY 22	FY 23	YoY (%)
Sales/Revenue	313.2	437.5	372.7	361.2	288.3	344.1	-7.9%	-20.2%	-16.2%	789.6	1,459.7	84.9%
Gross Profit (Loss)	73.4	76.4	78.9	58.2	32.2	75.7	-56.1%	-44.6%	-57.4%	202.8	245.8	21.2%
Operating Profit (Loss)	42.1	54.0	58.9	(58.0)	6.7	54.2	-84.0%	NM	-87.6%	101.8	61.7	-39.3%
<b>Net Profit (Loss) after Zakat and tax</b>	<b>49.3</b>	<b>46.6</b>	<b>49.5</b>	<b>(69.4)</b>	<b>(12.7)</b>	<b>37.5</b>	<b>NM</b>	<b>-81.7%</b>	<b>NM</b>	<b>95.9</b>	<b>14.0</b>	<b>-85.4%</b>
Balance Sheet												
(SAR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)			
Shareholders' Equity	371.1	381.5	431.4	317.1	286.9	363.6	-22.7%	-9.5%	-21.1%			
Key Ratios												
	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e						
Gross Profit Margin	23.5%	17.5%	21.2%	16.1%	11.2%	22.0%						
Operating Profit Margin	13.4%	12.4%	15.8%	-16.0%	2.3%	15.8%						
Net Profit Margin	15.8%	10.6%	13.3%	-19.2%	-4.4%	10.9%						
Return on Equity (RoE)	53.2%	48.8%	45.9%	-87.5%	-17.7%	41.2%						
Annualized EPS (SAR)	6.58	6.21	6.60	-9.25	-1.69	5.00						
BVPS (SAR)					9.56	12.12						
TTM P/E (x)					311.4							
Current P/BV (x)					15.2							

Source: Financials, Tadawul Disclosure, Bloomberg, U Capital Research


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

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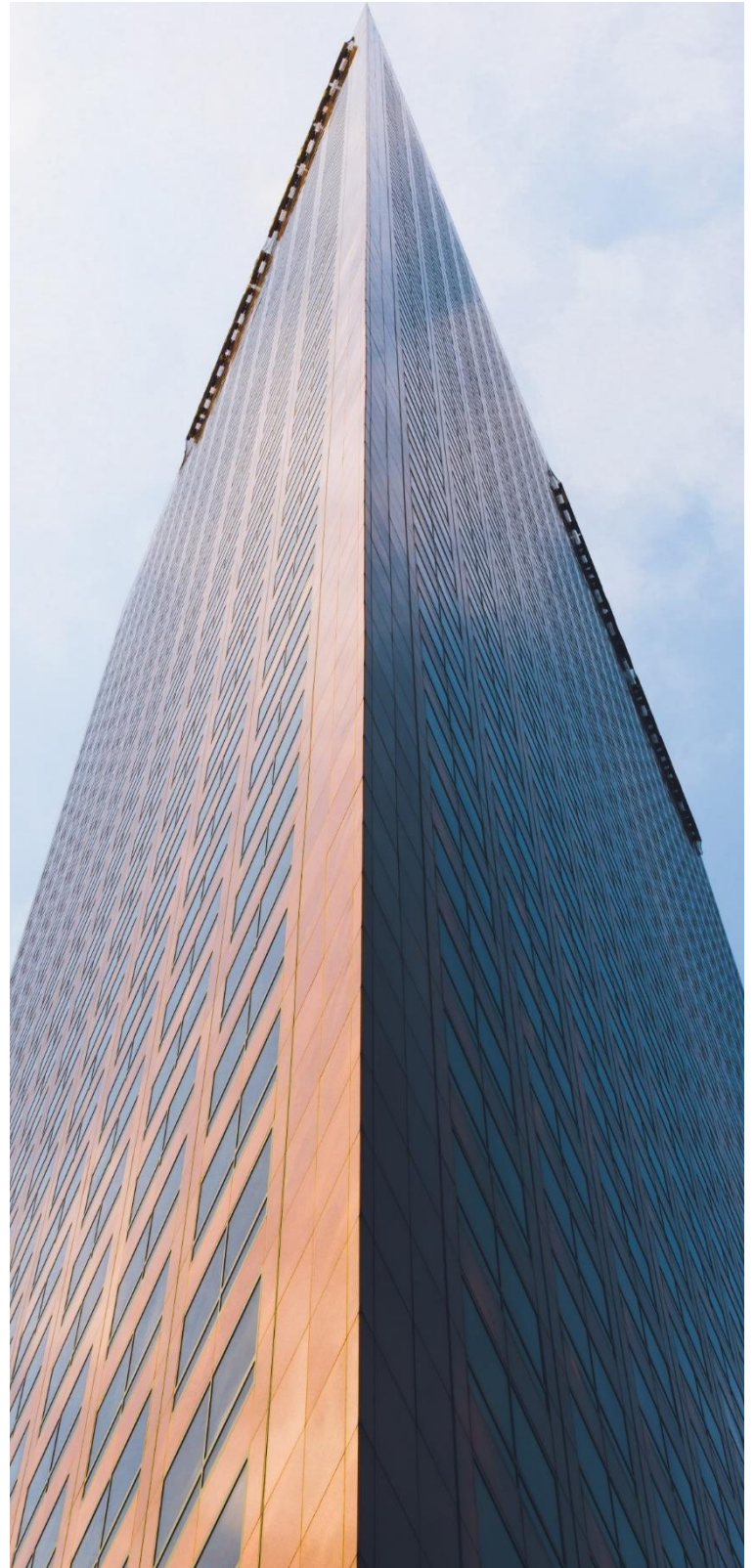
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## Disclaimer

### 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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