

Tawuniya Insurance (8010) - 4Q22 Result Review

Analyst: Research Team

Previous Recommendation:

Accumulate

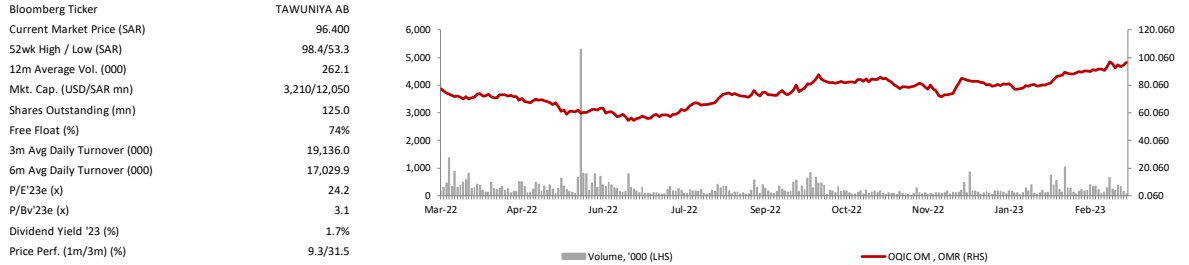
Target Price (SAR): 95.43

Previous Reco. & Date:

TP: SAR 95.43 per share; Accumulate 22-December-2022

Upside / (Downside): -1.0%

Date: 09-03-2023



Gross Written Premium (GWP) increased YoY and QoQ, above our expectation

Tawuniya reported a 48% YoY and 61% QoQ growth in GWP, achieving SAR 4,699mn in 4Q22, beating our expectations of SAR 3810mn.

Net underwriting income increased YoY, above our expectation

The company reported a net underwriting income of SAR 237mn registering a growth of 34% YoY, which is better than our expectation of SAR 219.7mn. This is mainly due to the increase in net earned premiums, which was offset by the increase in net claims and operating expenses.

Net investment income continues to perform higher

The company reported a better-than-expected net investment income of SAR 74.8mn, signifying a 24% YoY growth. We expected the company to report SAR 48.9 mn during 4Q22. The company's strength in managing its investment portfolio effectively has resulted in higher profit before tax. The company's PAT came in at SAR 90.2mn, above our expectation of SAR 32.2mn.

Maintaining our "Accumulate" rating on the stock

We continue to maintain an "Accumulate" rating on Tawuniya and will watch closely in the coming quarters for a change in our rating.

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Income Statement												
(SAR mn)	4Q21	1Q22	2Q22	3Q22	4Q22	4Q22e	YoY (%)	QoQ (%)	Var (%)	FY21	FY22	YoY (%)
Gross Written Premium	3,168.1	3,507.0	3,222.9	2,920.6	4,699.1	3,810.8	48%	61%	23%	10,218.6	14,349.6	40%
Net Written Premiums (NWP)	2,784.7	3,223.1	2,561.5	2,160.1	4,220.1	3,401.4	52%	95%	24%	8,607.9	12,164.7	41%
Opex & Other Expenses	174.9	180.6	294.6	233.7	479.1	209.6	174%	105%	129%	550.5	1,188.0	116%
Net underwriting Income	177.4	140.0	368.9	320.7	237.3	219.7	34%	-26%	8%	857.5	1,066.8	24.4%
Investment Income	60.4	63.2	79.0	68.9	74.8	48.9	24%	9%	53%	284.2	285.9	0.6%
Profit Before Tax	13.5	41.5	210.7	138.0	90.2	32.2	569%	-35%	180%	350.1	480.4	37%
Key Ratios												
	4Q21	1Q22	2Q22	3Q22	4Q22	4Q22e						
OPEX / GWP	5.5%	5.1%	9.1%	8.0%	10.2%	5.5%						
Investment & Other Income / PBT	448.2%	152.3%	37.5%	49.9%	83.0%	151.9%						

Source: Company Reports, MSA, U Capital Research