

National Finance (NFCI) - 1Q24 Result Review

Date: 16-Apr-24

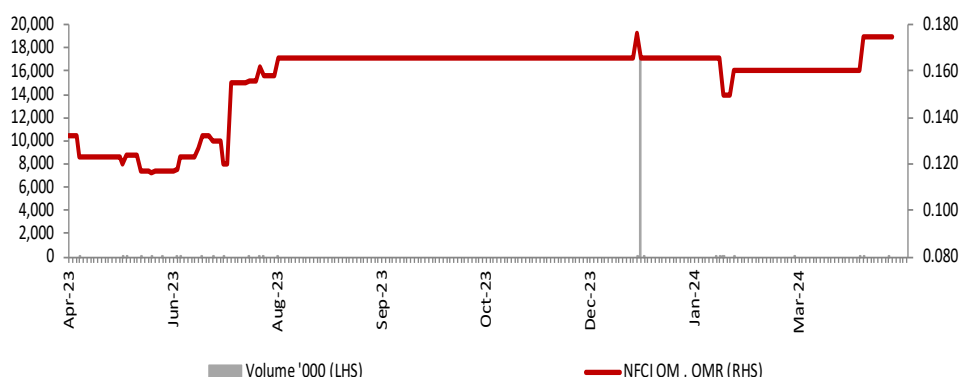
Recommendation: Accumulate

TP (OMR): 0.184

Upside / (Downside): 5%

Analyst: Ahlam Rashid Al Harthi

Bloomberg Ticker	NFCI OM
Current Market Price (OMR)	0.175
52wk High / Low (OMR)	0.18/0.115
12m Average Vol. (000)	77.6
Mkt. Cap. (USD/OMR mn)	261 / 100
Shares Outstanding (mn)	573.7
Free Float (%)	36%
3m Avg Daily Turnover (000)	0.2
6m Avg Daily Turnover (000)	23.6
P/E'24e (x)	7.7
P/B'24e (x)	0.9
Dividend Yield '24e (%)	6.6%
Price Perf. (1m/3m) (%)	9.38 / 5.42



NFCI posted Revenue for 1Q24 at 14.6mn, up 26.5% YoY

The company's revenue has surged in 1Q24, closing the quarter higher by 26.5% YoY and 3.5% QoQ. Total revenue stood at OMR 14.6mn in 1Q24. We expected a total revenue of OMR 14.1mn for 1Q24. The company total expenses in 1Q24 rose by 30.4% YoY and 10.6% QoQ. Net profit for 1Q24 was lower QoQ but higher by 10% YoY due to the increase in the total expenses. The net profit was below our estimate of OMR 3.1mn for the quarter.

Net Investment in leases increased by 20% YoY in 1Q24

NFCI's net investment in leases increased by 20% YoY, pointing to recovery in net finance asset growth YoY. This was in line with our estimates. Overall borrowings increased on YoY basis by 22% and 17% QoQ, also in line with our estimate. Shareholder equity rose by 11% YoY and 2% QoQ. ROaE was at 9% higher than the same period last year of 8%.

U Capital view

We maintain Accumulate rating on the stock.

Income Statement

(OMR mn)	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24E	YoY (%)	QoQ (%)	Var (%)	1Q23	1Q24	YoY
Total Revenue	11.5	12.9	13.0	14.1	14.6	14.1	26.5%	3.5%	3.5%	11.5	14.6	26.5%
Total expenses(including tax, impairment, finance c	(9.3)	(9.7)	(10.4)	(11.0)	(12.1)	(11.0)	30.4%	10.6%	10.3%	(9.3)	(12.1)	30.4%
Net Profit	2.2	3.2	2.6	3.1	2.4	3.1	10.0%	-21.8%	-20.8%	2.2	2.4	10.0%

Balance Sheet

(OMR mn)	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24E	YoY (%)	QoQ (%)	Var (%)
Shareholders' Equity	98	101	103	106.2	108.7	109	11%	2%	-1%
Net Investment in Leases	427	441	464	486.9	512.5	505	20%	5%	2%
Borrowings	338	354	370	351.7	412.1	408	22%	17%	1%

Key Ratios

	1Q23	2Q23	3Q23	4Q23	1Q24
ROaE	8.0%	12.9%	10.2%	11.9%	9%

Source: Company Reports, U Capital Research


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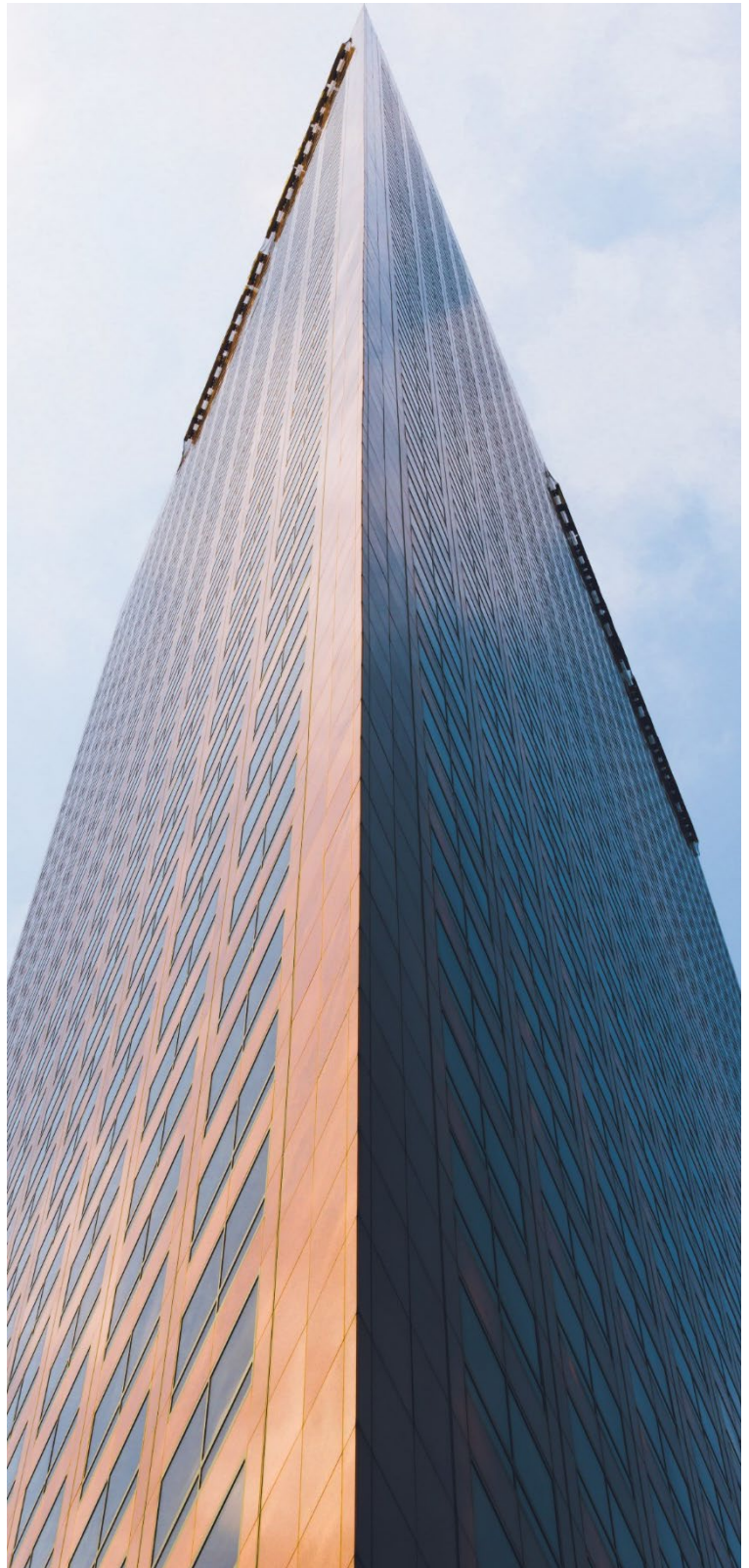
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Disclaimer

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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