

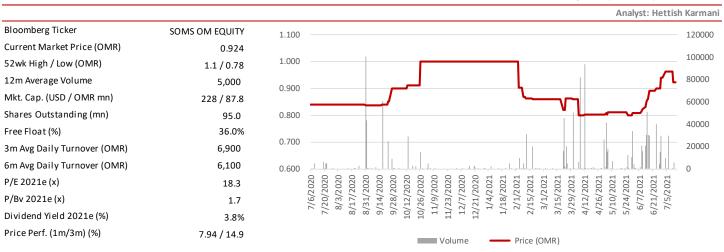


Shell Oman (SOMS) - 2Q21/1H21 Result Review

Recommendation: HOLD TP (OMR/Share): 1.010

Upside / (Downside):

9.3%



Net income below our estimates on higher expense to revenue ratio

SOMS reported net income of OMR 0.42mn for 2Q21 compared to U Capital estimates of OMR 1.5mn. Earnings of the Company were down on both QoQ and YoY basis by 74% and 286%, respectively. For 1H21, the Company reported net income of OMR 2.02mn compared to loss of OMR 0.1mn in 1H20.

Revenue declined in 2Q21 by 0.7% QoQ

Company reported revenue of OMR 92.1mn in 2Q21 compared to revenue of OMR 92.7mn in 1Q21. U Capital estimated revenue of OMR 94.5mn on improving economic outlook and higher sales as lockdowns were not much inplace in 2Q21.

Margins dropped in 2Q21

Company reported expenses of OMR 92.68mn in 2Q21, higher 0.4% QoQ and 26.9% YoY. Overall net margins of the Company stood at 0.5% in 2Q21 compared to 1.7% in 1Q21. For the full year we expect the Company to report net income of OMR 4.8mn compared to OMR 2.52mn in 2020.

Income Statement									
(OMR mn)	2Q20	1Q21	2Q21	2Q21e	YoY	QoQ	2020	2021e	YoY
Revenue	71.69	92.75	92.09	94.50	28.5%	-0.7%	367.09	396.00	7.9%
Other Income	1.13	1.14	1.01	1.20	-10.3%	-11.5%	4.93	4.50	-8.7%
Expenses	73.04	92.29	92.68	94.15	26.9%	0.4%	369.50	395.70	7.1%
Net Income	(0.23)	1.61	0.42	1.55	-286.3%	-73.8%	2.52	4.80	90.7%
Key Ratios									
	2Q20	1Q21	2Q21	2Q21e			2020	2021e	
Expense to Revenue Ratio	101.9%	99.5%	100.6%	99.6%			100.7%	99.9%	
	-0.3%	1.7%	0.5%	1.6%			0.7%	1.2%	

Source: Company Reports, MSX, U Capital Research

Date: 15 July 2021





Recommendati	on
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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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