

Al Omaniya Financial Services (AOFS) - 4Q23 Result Review

Date: 15 January 2024

Recommendation:

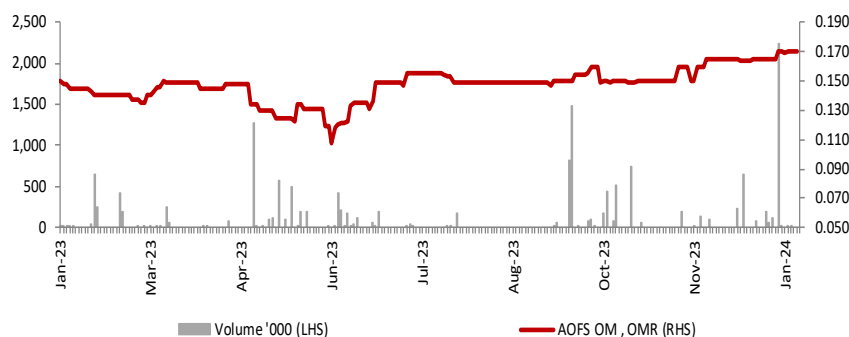
Accumulate

TP (OMR): UR

Upside / (Downside):

Analyst: Said Amer Ghawas

| | |
|-----------------------------|------------|
| Bloomberg Ticker | AOFS OM |
| Current Market Price (OMR) | 0.170 |
| 52wk High / Low (OMR) | 0.17/0.108 |
| 12m Average Vol. (000) | 63.2 |
| Mkt. Cap. (USD/OMR mn) | 136 / 52 |
| Shares Outstanding (mn) | 307.7 |
| Free Float (%) | 54% |
| 3m Avg Daily Turnover (000) | 14.5 |
| 6m Avg Daily Turnover (000) | 11.1 |
| P/E'24e (x) | 14.1 |
| P/Bv'24e (x) | 0.7 |
| Dividend Yield '24e (%) | 5.8% |
| Price Perf. (1m/3m) (%) | 0/0 |



Net profit 4Q23 up 42% YoY and 0% QoQ

AOFS reported net profit of OMR 0.82mn in 4Q23 up by 42% YoY although above our estimates by 19%. The company net profit was stable QoQ. Net profit margin for the quarter stood at 18.2%, compared to 14.3% same period last year. The increase in bottom line for 4Q23 was mainly driven by the reduction of the net ECL.

Revenue of the company in 4Q23 increased by 12% YoY but decreased by 1% QoQ.

The company's total revenue stood at OMR 4.5mn in 4Q23, above our estimates. Revenue in 4Q23 was higher by 12%YoY but down by 1% QoQ. Expenses was above our estimates and stood at OMR 3.1mn, increase by 4% QoQ and 19% YoY. Operating profit decreased by 2% YoY to stand at OMR 1.4mn for 4Q23 matching our estimates.

Gross installment finance receivables was higher 6% YoY but down 2% QoQ

The company's gross installment finance receivables was higher 6% YoY but down 2% QoQ, to stand at OMR 140mn, below our estimates.

U Capital view

We maintain Accumulate rating on the stock while we put the target price 'Under Review' as Al Omaniya Financial Services has achieved our originally set target price of OMR 0.170. AOFS is one of our top picks on MSX.

Income Statement

| (OMR mn) | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 4Q24e | YoY (%) | QoQ (%) | Var (%) | FY22 | FY23 | YoY (%) |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-----------|------------|------------|-------------|------------|
| Total Revenue | 4.0 | 4.2 | 4.1 | 4.6 | 4.5 | 4.2 | 12% | -1% | 6% | 14.8 | 17.3 | 17% |
| Total expenses | (2.6) | (2.6) | (2.8) | (3.0) | (3.1) | (2.9) | 19% | 4% | 7% | (9.3) | (11.4) | 23% |
| Operating profit | 1.4 | 1.6 | 1.3 | 1.6 | 1.4 | 1.4 | -2% | -12% | 4% | 5.5 | 5.9 | 6% |
| Net ECL charges | (0.7) | (0.6) | (0.5) | (0.6) | (0.5) | (0.6) | -38% | -28% | -17% | (2.3) | (2.1) | -8% |
| PBT | 0.7 | 1.0 | 0.8 | 1.0 | 1.0 | 0.8 | 37% | -1% | 19% | 3.2 | 3.8 | 16% |
| Taxes | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | 27% | -6% | -12% | (0.5) | (0.5) | -1% |
| Net Profit | 0.58 | 0.85 | 0.71 | 0.82 | 0.82 | 0.69 | 42% | 0% | 19% | 2.8 | 3.20 | 16% |

Balance Sheet

| (OMR mn) | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 4Q24e | YoY (%) | QoQ (%) | Var (%) |
|---------------------------------------|------|------|------|------|------|-------|---------|---------|---------|
| Gross Installment finance receivables | 132 | 131 | 140 | 144 | 140 | 150 | 6% | -2% | -7% |

Key Ratios

| | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 4Q24e |
|-------------------|-------|-------|-------|-------|-------|-------|
| Net Profit Margin | 14.3% | 20.4% | 17.4% | 17.9% | 18.2% | 16.2% |

Source: Company Reports, U Capital Research


For our latest report on the sector, please [click here](#).

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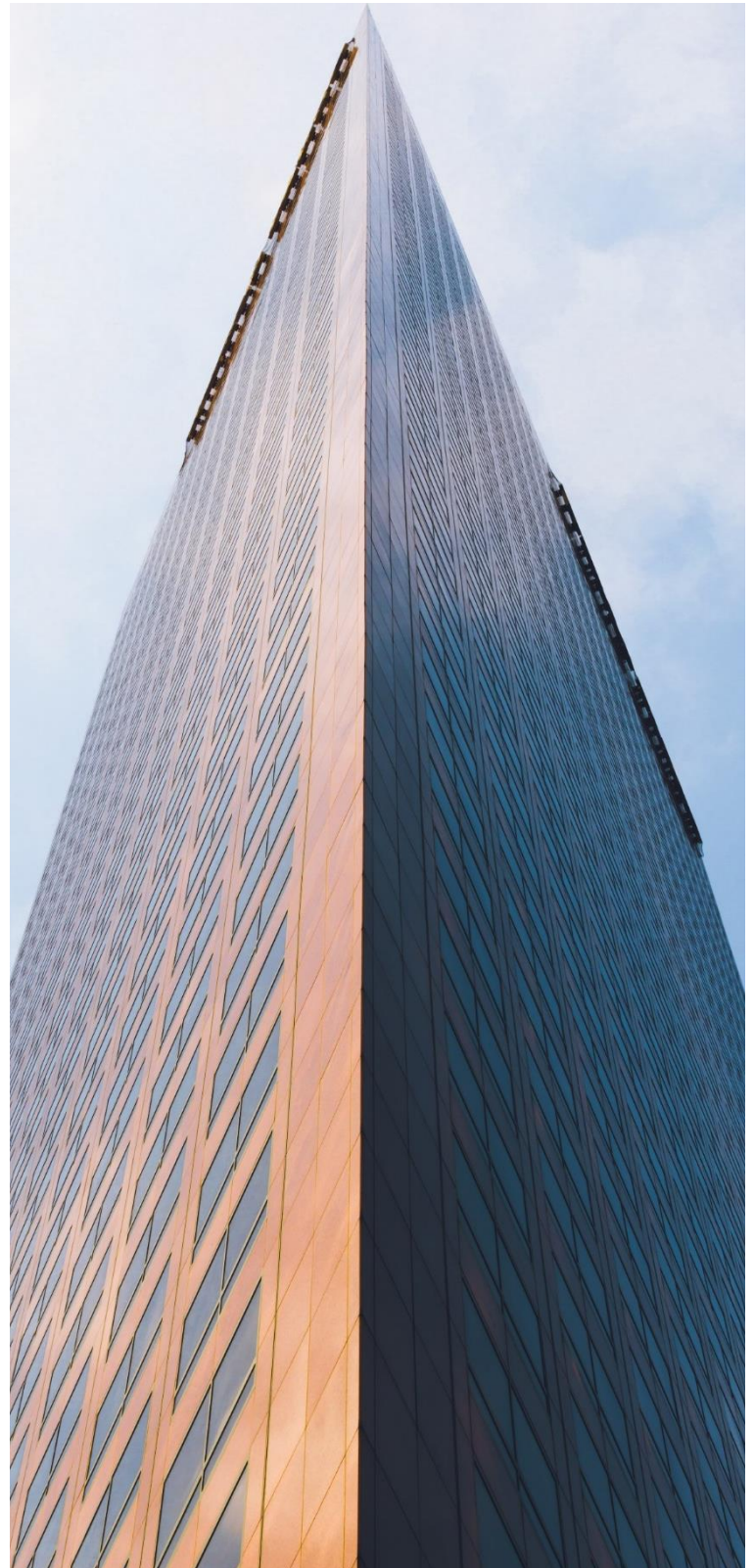
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Disclaimer

Recommendation

| | |
|------------|-----------------------|
| BUY | Greater than 20% |
| ACCUMULATE | Between +10% and +20% |
| HOLD | Between +10% and -10% |
| REDUCE | Between -10% and -20% |
| SELL | Lower than -20% |