

# MSM Recommendations



MSM- TOP 10 RECOMMENDATIONS- (May 2019)					2018			2019E		
STOCKS	Closing**	Market Cap (RO 000s)	Rating	12M Target (RO)	PE (x)	PBV (x)	Div. Yield (%)	PE (x)	PBV (x)	Div. Yield (%)
<b>Financial Sector</b>										
Bank Muscat	0.404	1,250,291	Accumulate	0.466	7.0	0.70	8.7%	6.8	0.67	7.4%
Bank Nizwa	0.088	132,000	Accumulate	0.106	17.6	0.96	0.0%	11.0	0.88	0.0%
HSBC Bank Oman	0.120	240,037	Accumulate	0.135	7.7	0.71	7.8%	9.2	0.69	6.6%
<b>Industry Sector</b>										
Galfar	0.082	34,048	Accumulate	0.106	15.3	0.62	0.0%	6.8	0.57	0.0%
Raysut Cement	0.330	66,000	Buy	0.442	-	0.45	3.6%	9.4	0.44	7.6%
Oman Flour Mills	0.526	82,845	Buy	0.627	7.5	1.06	9.5%	8.7	1.04	7.6%
<b>Services Sector</b>										
Ooredoo	0.502	326,772	Accumulate	0.580	7.8	1.27	9.0%	8.2	1.22	8.4%
Oman Inv. & Finance (OIFC)	0.082	16,400	Buy	0.100	21.5	0.58	6.1%	10.9	0.57	7.3%
Sembcorp Salalah	0.121	115,503	Buy	0.144	9.0	1.09	10.1%	9.2	1.08	9.1%
Dhofar Generating Co	0.192	42,670	Buy	0.232	118.8	0.83	9.4%	27.4	0.94	9.4%

Source: GBCM Research Estimates, \*\* Closing price as at end of 30<sup>th</sup> April 2019

## MSM- TOP 10 RECOMMENDATIONS- (May 2019)

STOCKS	Comments
<b>Financial Sector</b>	
Bank Muscat	Strong Capital Position to participate in big ticket projects, Attractive valuations, Discounted for macro concerns
Bank Nizwa	Strong revenue growth along with lower expenses and cost of risk to increase profitability, Expect higher 2019 earnings.
HSBC Bank Oman	Highly Liquid and Well Capitalized Bank, Quality Loan Book and Stable CASA deposits, Operating costs continued to lower for the Bank.
<b>Industry Sector</b>	
Galfar	Sale of loss making Indian Operations, Cost optimization to improve earnings, Receivables recovery to remain critical
Raysut Cement	New Strategic Growth Plan- Geographic expansion, Recovery in Yemen, Trading well below its Net Replacement Value
Oman Flour Mills	Earnings revealed uptrend during Q1 2019, Expansion benefits to be seen in 2019/ 2020, valuation attractiveness
<b>Services Sector</b>	
Ooredoo	Underleveraged Balance Sheet, Strong Dividend Yield, Well positioned to face impending competition
Oman Inv. & Finance (OIFC)	Operational turnaround estimated in subsidiary companies, Increase in contribution from Sohar International Bank (Associate) to remain positive
Sembcorp Salalah	Post sharp correction, the stock provides dividend yield of above 9% levels, No Cash Sweep, Stable Cash flow during PPA (till 2027)
Dhofar Generating Co	Highest Dividend Yield among peer group companies with relative longer PPA expiry date (till 2032)

Source: GBCM Research Estimates, \*\* Closing price as at end of 30<sup>th</sup> April 2019

Performance Indicators	2-Apr-2019**	30-Apr-19	% Change (from Inception)
GBCM- MSM Top 10 Stocks	100.0	105.5	5.51%
MSM30 Index	3,939.5	3,945.6	0.15%
<b>Portfolio Outperformance</b>			<b>5.35%</b>

Source: GBCM Research Estimates, \*\* Model Portfolio Inception Date



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