

MSM Recommendations



MSM- TOP 10 RECOMMENDATIONS- (April 2019)					2018			2019E		
STOCKS	Closing (2-Apr-19)	Market Cap (RO 000s)	Rating	12M Target (RO)	PE (x)	PBV (x)	Div. Yield (%)	PE (x)	PBV (x)	Div. Yield (%)
Financial Sector										
Bank Muscat	0.400	1,237,912	Accumulate	0.466	6.6	0.66	8.8%	6.8	0.66	7.5%
Bank Nizwa	0.090	135,000	Accumulate	0.106	18.0	0.99	0.0%	11.3	0.91	0.0%
HSBC Bank Oman	0.116	232,036	Accumulate	0.135	7.4	0.68	8.0%	8.9	0.67	6.8%
Industry Sector										
Al Anwar Ceramic Tiles	0.083	24,586	Buy	0.104	32.9	0.66	7.2%	15.9	0.67	7.2%
Galfar	0.090	37,370	Accumulate	0.106	16.8	0.68	0.0%	7.5	0.63	0.0%
Raysut Cement	0.334	66,800	Buy	0.442	0.0	0.46	3.7%	9.5	0.44	7.5%
Services Sector										
Renaissance Services	0.360	132,217	Accumulate	0.405	19.4	2.54	0.0%	9.0	1.99	0.0%
Ooredoo	0.494	321,564	Accumulate	0.580	7.7	1.25	9.1%	8.0	1.20	8.5%
Phoenix Power	0.089	130,171	Buy	0.108	10.1	0.73	6.1%	9.9	0.70	7.3%
Dhofar Generating Co	0.193	42,892	Buy	0.232	119.4	0.83	9.3%	27.6	0.94	9.3%

Source: GBCM Research Estimates, ** Closing price as at end of 2nd April 2019

MSM- TOP 10 RECOMMENDATIONS- (April 2019)

STOCKS	Comments
Financial Sector	
Bank Muscat	Strong Capital Position to participate in big ticket projects, Attractive valuations, Discounted mostly 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
Industry Sector	
Al Anwar Ceramic Tiles	Revenue growth to improve in 2019, Implementation of Anti-Dumping duty on GCC Tiles to remain positive
Galfar	Sale of loss making Indian Operations, Cost optimization measures 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
Services Sector	
Renaissance Services	Positive contribution from Tengiz and Duqm Village, Topaz Capital Enhancement Program and Deleveraging to remain critical
Ooredoo	Underleveraged Balance Sheet, Strong Dividend Yield, Well positioned to face impending competition
Phoenix Power	Largest Power Plant in MIS, PPA expiry by 2029, Recent correction offers entry for long term investors, Attractive yield
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 2nd April 2019



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