

▶ UAE Emeralds – Hidden opportunity in beaten stocks

▶ Filtered by risk

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FTSE ADX General 10,003

P/E 27.2x Div yield 2%

Mcap \$664 bn

YTD -2.1%

DFM General 3,400

P/E 9.3x Div yield 1.6%

Mcap \$161 bn

YTD 1.9%

FIRST ABU DHABI BANK (FAB)

FINANCIALS - BANKS

LAST TRADED: AED 14.20

CONSENSUS TARGET: AED 17.44 (+22%)

Profile: FAB is the UAE's largest bank and among the top 5 banks in the Middle East having total assets of \$302 bn

Fundamentals		Outlook
Mcap	AED 157 bn	Business momentum remains strong at FAB with loan book growing
P/E (TTM)	11.5x	12% yoy in 2022 against industry's 5.5% growth while deposits grew 14% yoy.
Year end	December	NII grew 23% yoy while net profit rose 7% yoy to AED 13.4 bn. NPL
EPS 2023E	AED 1.33	ratio was 3.9% and dividend was increased from 49 fils to 52 fils
EPS 2022E	AED 1.29	Higher interest rates and robust economic growth in the UAE (5%)
Operating margin (TTM)	70%	should help FAB to meet market expectations on the earnings front.
Next earnings day	April 25, 2023	Strong liquidity and higher rates coupled with strength in real estate
Div yield	3.6%	and tourism in the UAE should help the bank to meet its RoE target
ROE	12.5%	of 15% in 2023
Institutional holding	38%	

Source:
Refinitiv/Zawya

AGTHIA (AGTH)

CONSUMER STAPLES – F&B

LAST TRADED: AED 4.15

CONSENSUS TARGET: AED 5.90 (+42%)

Profile: Agthia Group is a leading F&B company in the GCC . Its business is divided into two segments – Consumer (around 75% by sales) and Agri (25%). Under consumer segment, its key products are bottled water (Al Ain), protein and frozen (growing high margin), healthy snacks(dates). Under Agri business, it sells animal feed and flour.

Fundamentals		Outlook
Mcap	AED 3.3 bn	Group revenue and operating profit increased 33% and 39% yoy
P/E (TTM)	12.1x	respectively in 2022 while net profit rose 14% yoy to AED 247 min.
Year end	December	Protein and frozen segment sales as well as profit increased 13% yoy (LFL)
EPS 2023E	AED 0.35	Its snack business LFL (like for like) sales and profit growth were healthy at 12% and 20% respectively. Its mature water business
EPS 2022	AED 0.31	grew slightly by 1% by sales.
Operating margin (TTM)	9%	Despite its recent acquisitions, the group's balance sheet has a modest net debt of 1.3x EBITDA and AED 1.2bn in cash as of 9M 22
Next earnings day	Mar 06, 2023	Despite high commodity prices in 2022, the company has reported
Div yield	3.9%	a decent profit margin and its portfolio and market expansion
ROE	10%	strategy seems to be headed in the right direction.
Institutional holding	63%	The stock trades at an attractive P/E of 12x

Source:
Refinitiv/Zawya

EMIRATES INTEGRATED TELECOM (DU)

COMMUNICATION SERVICES - TELECOM

LAST TRADED: AED 5.17

CONSENSUS TARGET: AED 6.46 (+25%)

Profile: Emirates integrated telecom offers telecom services in the UAE through its Du and Virgin Mobile brands.

Fundamentals		Outlook
Mcap	AED 24 bn	Transition to 5G, partnerships with global digital communication majors such as AWS, Meta and a strong recovery in tourism are key
P/E (TTM)	18.8x	growth drivers for the UAE telecom operators. Du has partnered
Year end	December	With DEWA to develop 5G based smart grids in Dubai
EPS 2023E	AED 0.29	During 9M 2022, The company reported a 10% yoy growth in topline and 18.5% growth in EBITDA . Net profit rose 12.7% yoy
EPS 2022	AED 0.27	Growth in EBITDA led by revenue growth and margin expansion.
Operating margin (TTM)	10%	Its mobile and broadband subscription numbers grew around 15%
Next earnings day	Feb 16, 2023	and 54% respectively during the same period
Div yield	4.2%	Cash flow from operations is expected to increase from 2023 as
ROE	15%	It plans to normalize its capex.
Institutional holding	80%	EIA (50%)

Source:
Refinitiv/Zawya

DUBAI ELECTRICITY AND WATER AUTHORITY (DEWA)

UTILITIES – ELECTRICITY AND WATER

LAST TRADED: AED 2.39
 CONSENSUS TARGET: AED 2.70 (+13%)

Profile: DEWA exclusively distributes electricity, water and district cooling in Dubai supplying 14500 MW of electricity and 490 mn gallons per day of desalinated water to commercial and residential customers. DEWA owns 56% of Empower (district cooling provider).

Fundamentals		Outlook
Mcap	AED 121 bn	Energy demand in Dubai grew 5.5% in 2022 driven by strong economic activity and population growth.
P/E (TTM)	15.9x	
Year end	December	DEWA reported a 22% YoY growth in net profit in FY22 supported by a higher operating profit and margin expansion. Topline grew 15%
EPS 2023E	0.15	
EPS 2022	0.15	In 2023, DEWA expects to increase electricity generation by 13% and 210 MIG of water. Around 14% of its energy is generated using clean energy which is expected to increase to 25% share
Operating margin (TTM)	29%	
Next earnings day	Mar 01, 2023	
Div yield	4.3%	It is also expanding EV charging network in Dubai
ROE	8%	The company announced a special dividend of 3.34 fils a share returning AED 9.9 bn to its shareholders in 2022
Institutional holding		

Source:
 Refinitiv/Zawya