

October 27, 2011

NAWRAS (NWRS.OM)

12-Month Fair Value: OMR 0.820

Recommendation: Buy - Risk level: 4

Last Close (26 October, 2011): OMR 0.618

- **Revenues and EBITDA broadly in-line with our expectations.** Nawras' 3Q2011 revenues grew by 3% year-over-year (YoY) to OMR 49.2 million, 3% below our forecasts and 4% below Bloomberg (BBG) consensus estimates. While details on the revenue split are not available, management accredits the revenue growth to improvements in its mobile broadband services. Adjusted EBITDA, on the other hand increased by 4% YoY to OMR 24.8 million (1% above our forecast) and represented an adjusted EBITDA margin of 51% versus 50% in 3Q2010. Net profit for the quarter increased by 8% YoY to OMR 13.5 million.
- **Similar to last quarter, new regulation affect negatively prepaid subscribers, however, fixed-line segment witness growth.** Prepaid subscribers declined by 84 thousand during 3Q2011 to approximately 1.7 million, due to new regulatory rules (on SIM card validity, limits per user, and other termination criteria). Fixed-line subscribers, on the other hand, grew by 28% QoQ to 17 thousand.
- **Positive on the results, valuation maintained.** We are overall positive on Nawras' revenues and EBITDA that came in line with our forecasts. We maintain our fair value on the stock at OMR 0.820 per share, which represents an upside potential of 33%. Hence, our recommendation is "Buy."

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Related Research

- Telecom Strategy Note - 02 October 2011

RISK AND RECOMMENDATION GUIDE

RECOMMENDATION		UPSIDE (DOWNSIDE) POTENTIAL		
BUY		MORE THAN 20%		
ACCUMULATE		BETWEEN 5% AND 20%		
HOLD		BETWEEN -10% AND 5%		
REDUCE		BETWEEN -25% AND -10%		
SELL		LESS THAN -25%		
RISK LEVEL				
LOW RISK		HIGH RISK		
1	2	3	4	5

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