

- Oman Cables Industry (SAOG) ended the FY'10 reporting increase in sales by 29.1% at RO 200.8mn as against RO 155.6mn in FY'09 on account of increase demand for company products as government continued infrastructure spending.
- Segmental breakup shows the company top line was benefited mainly from local market as local sales increased by 37.7% to RO 93.8mn in FY'10 compared to RO 68.1mn in previous year. We noticed that geographical mix has changed. Although MENA region remained the highest contributing segment to total revenue but its contribution has been reduced from 53% in FY09 to 48% in FY10, as there seems to be more focus on local market (which represents 46.7% of revenue in 2010 v/s 43.8% in 2009). As revenue from other regions doubled to RO 10.6mn in FY10 (as against RO 5mn in FY09), its contribution increased from 3.2% to 5.3% in FY10.
- In FY10 net profit improved by 22.4% y-o-y to RO 8.1mn compared with RO 6.6mn in previous year.

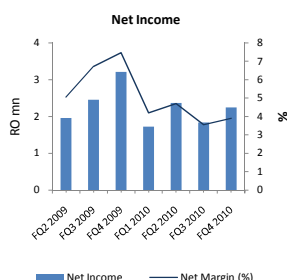
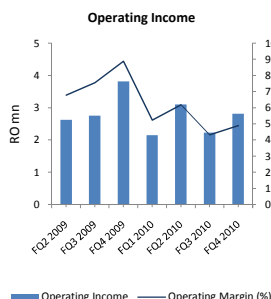
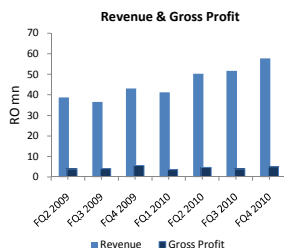
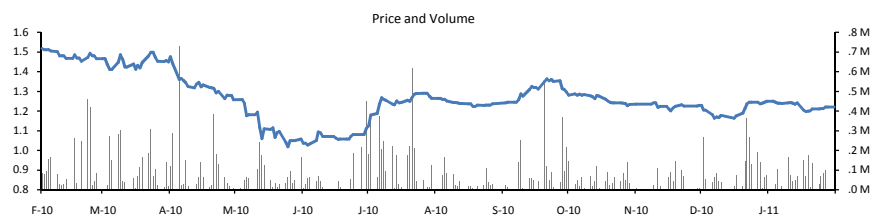
Quarterly performance

- The Quarterly analysis shows that the company sales in Q4'10 improved by 11.7% q-o-q, from RO 51.7mn in Q3'10 to RO 57.7mn in Q4'10. It is noticed that in Q4'10 the company posted highest quarterly sales in last eight quarters, which in our view is mainly due to additional revenue stream from Oman Aluminium Processing Industries (which started commercial operation in Q3'10).
- Oman Cables Industry managed to improve gross profit margins to 8.6% in Q4'10 as against 7.6% in Q3'10.
- Although selling and distribution expenses increased significantly by 79% q-o-q to RO 1.3mn in Q4'10 as against RO 0.74mn in Q3'10, recording the highest in last two years, but significant improvement in quarterly revenue supported operating profit which rose by 26.5% q-o-q to RO 2.86mn in Q4'10.
- As a trickle down impact company's net profit improved by 22.4% q-o-q from RO1.8mn in Q3'10 to RO 2.2mn in Q4'10. Net margins increased to 3.9% in Q4'10 v/s 3.5% in Q3'10.
- Considering proposed cash dividend of 40% for FY10, currently the stock offers a dividend yield of 3.27%.

Future Outlook

- Oman Aluminium Processing Industries LLC (OAPIL) posted in Q4'10 sales at RO 7.9mn recording an increase of 102% on quarterly basis, thus, we expect higher demand for aluminum will impact company's bottom line.
- Infrastructure projects like roads, airports, seaports and housing are the main focus of government spending in 2011, thus we expect Oman Cables to be beneficiary from these massive investment in Oman Infrastructure.

Issue Data	
Last Price (RO)	1.221
52wk High (2/15/2010)	1.540
52wk Low (6/30/2010)	1.000
P/E (Trailing 12m) (x)	13.32
Dividend Yield (%)	3.27
Price to Book Ratio (x)	2.43
Price to Sales Ratio (x)	0.55
EV / Trail 12M EBITDA	15.30
Shares Outstanding (mn)	89.7
Market Cap (RO mn)	109.52



Financials Summary

Income Statement (RO mn)	FQ2 2009	FQ3 2009	FQ4 2009	FQ1 2010	FQ2 2010	FQ3 2010	FQ4 2010
Revenue	38.8	36.6	43.0	41.2	50.3	51.7	57.7
Gross Profit	3.9	4.1	5.7	3.5	4.7	3.9	5.0
Operating Income	2.6	2.8	3.8	2.2	3.1	2.2	2.8
EBITDA	-	2.8	4.0	2.2	3.1	2.3	2.9
Net Income	2.0	2.5	3.2	1.7	2.4	1.8	2.2
Basic EPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Y-o-Y growth							
Revenue	-54.1%	-58.9%	-27.6%	10.8%	29.7%	41.2%	34.1%
Operating Income	-71.9%	-63.3%	-128.3%	-30900.0%	18.2%	-19.3%	-26.2%
Net Income	-74.1%	-60.8%	-127.6%	-282.5%	20.9%	-25.4%	-30.1%
Q-o-Q growth							
Revenue	4.2%	-5.6%	17.7%	-4.2%	21.9%	2.8%	11.7%
Operating Income	-37614.3%	5.1%	38.5%	-43.6%	44.0%	-28.2%	26.5%
Net Income	-306.4%	25.8%	30.7%	-46.2%	36.8%	-22.4%	22.4%

Balance Sheet (RO mn)	FQ2 2009	FQ3 2009	FQ4 2009	FQ1 2010	FQ2 2010	FQ3 2010	FQ4 2010
Total Current Assets	64.9	68.5	70.0	79.5	75.9	83.1	96.5
Total Long-Term Assets	25.8	27.3	30.1	31.8	33.0	34.0	35.6
Total Assets	90.7	95.9	100.1	111.3	108.9	117.1	132.0
Total Current Liabilities	49.0	51.0	50.9	60.8	55.4	62.7	74.1
Total Long-Term Liabilities	3.2	5.9	7.6	9.1	10.2	9.5	11.1
Total Liabilities	52.2	56.9	58.6	69.9	65.6	72.2	85.1
Total Shareholders' Equity	38.5	38.9	41.5	41.5	43.3	45.0	46.9
Book Value per share	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Y-o-Y growth							
Assets	-45.2%	-36.6%	-27.2%	6.8%	20.1%	22.2%	32.0%
Equity	-10.3%	-1.0%	28.8%	15.2%	12.4%	15.5%	13.0%

Ratio Analysis	FQ2 2009	FQ3 2009	FQ4 2009	FQ1 2010	FQ2 2010	FQ3 2010	FQ4 2010
Gross Margins (%)	10.0	11.2	13.1	8.5	9.4	7.6	8.6
Operating Margin (%)	6.8	7.5	8.9	5.2	6.2	4.3	4.9
Net Margin (%)	5.0	6.7	7.5	4.2	4.7	3.5	3.9
Return on Equity (%) - TTM	-10.9	-21.2	18.6	24.8	24.8	22.5	19.1
Return on Assets (%) - TTM	-3.4	-6.6	5.6	8.7	9.8	8.6	7.0
Asset Turnover (x)	1.8	1.4	1.3	1.5	1.7	1.7	1.7
Inventory Turnover (x)	6.2	3.8	3.5	4.7	6.7	6.3	5.4
Receivables Turnover (x)	-	-	3.8	-	-	-	4.6
Payables Turnover (x)	-	-	10.1	-	-	-	11.7
Debt/Equity (%)	94.7	102.8	102.5	120.7	111.0	109.4	110.2
Debt/Total Assets (%)	40.2	41.7	42.5	44.9	44.1	42.0	39.2
Current Ratio	1.3	1.3	1.4	1.3	1.4	1.3	1.3
Quick Ratio	0.1	0.1	0.8	0.1	0.1	0.0	0.7

Source: Bloomberg, OABINVEST, Company Announcement



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