Oil Marketing

Valuation Summary (TTM)	
Currency	OMR
Price	1.270
PER (x)	11.9
P/B (x)	3.1
P/S (x)	0.4
EV/Sales	0.4
EV/EBITDA	7.8
Div Yield	2.8
Free Float(%)	49
Shares O/S(m)	65
Beta	0.5

(In Million)	OMR	USD
Mcap	82	213
EV	76	197

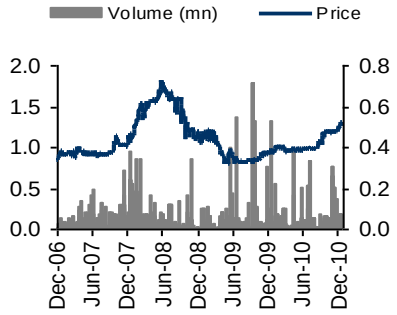
Price Performance (%)	1M	3M	12M
Oman Oil	5.8%	8%	35%
MSM30	2.8%	6%	6%

Average Daily Turnover (m)	1D	10D	3M
Volume	0.017	0.009	0.026

52 Week	High	Low
Price	2.10	1.80

Major Shareholders	
Oman Oil CO	49%
Civil Services PF	6%

Price Chart



Research Team

Joice Mathew, Sr.Manager-Research
+968 2476 3311
Santhosh Balakrishnan, Analyst
+968 2476 3319
Tariq Mustafa Salman, Associate
+968 2476 3318

Valuation Data as of Jan 27, 2011

Result Flash: Oman Oil Marketing

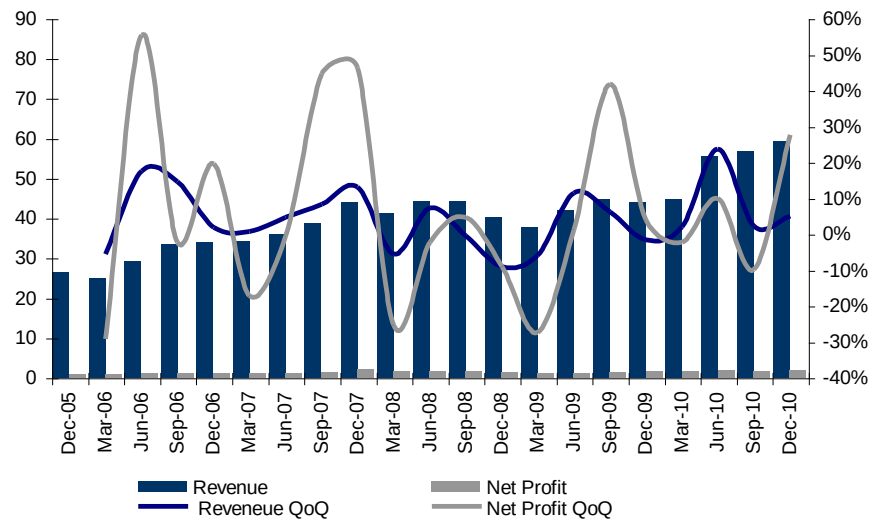
Robust 2010 results aided by strong 4Q10 performance: Oman Oil Marketing reported its un-audited 2010 results and the same were above our expectations. Revenue grew by 28% YoY in 2010 to RO 216.2 million, while 4Q10 grew by 5% QoQ to RO 59.4 million on additional contracts from Pakistan and Bangladesh Airlines with additional supply to Oman Air during 2010. The revenue growth in 4Q10 was the highest of all quarters in 2010. Net profit witnessed the highest growth, with 25% QoQ in 4Q10 driving overall growth in 2010. Profitability margin reached 3.4% in 4Q10 on lower impact of new price structure as the company procures only 15% from Sohar Refinery.

	2009	2010	4Q09	1Q10	2Q10	3Q10	4Q10
Revenue	168.4	216.2	43.9	44.8	55.4	56.6	59.4
% change		28%	-2%	2%	24%	2%	5%
Gross Profit	17.4	19.7	4.6	4.3	5.1	5.1	5.2
% change		13%	2%	-7%	19%	0%	NM
Operating Profit	-	-	1.9	1.8	2.0	1.7	-
% change		NM	6%	-5%	11%	-15%	NM
Net Profit	5.4	6.9	1.7	1.6	1.7	1.6	2.0
% change		28%	13%	-6%	6%	-6%	25%
Gross Profit Margins	10%	9%	10.5%	9.6%	9.2%	9.0%	8.8%
Operating Margins	-	-	4.3%	4.0%	3.6%	3.0%	NM
Net Profit Margins	3%	3%	3.9%	3.6%	3.1%	2.8%	3.4%

Source: Company data and United Securities Research, Fig in RO Million

Attractive on lower P/E, however dividend yield guides future valuations: Oman Oil Marketing is currently trading at P/E of 11.9x, offering 18% discount to the sectors average P/E of 14x and also 20% below its 5-year average P/E of 14.3x. However, the stock offers a low dividend yield of 3.3% on proposed payout of 42/bz share and lower compared to its peers. We remain positive, as the continued uptrend in sales volumes and new aviation supply contracts could improve the earnings over the medium term.

Revenue and Net Profit growth for last 22 quarters (Figures in OMR Million)



Research team	Tel	E mail
Joice Mathew	+968 2476 3311	joice@usoman.com
Santhosh Balakrishnan	+968 2476 3319	santhosh@usoman.com
Tariq Mustafa Salman	+968 2476 3318	tariq.salman@usoman.com
United Securities LLC P.O Box 2566 PC 112 Ruwi, Sultanate of Oman	+968 2476 3300	info@usoman.com

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