

Capital Markets Overview

Trends and Performance Analysis of the Capital Markets in Oman

September 2023

Alamoudison Professional Services

MUSCAT STOCK EXCHANGE

بورصة مسقط

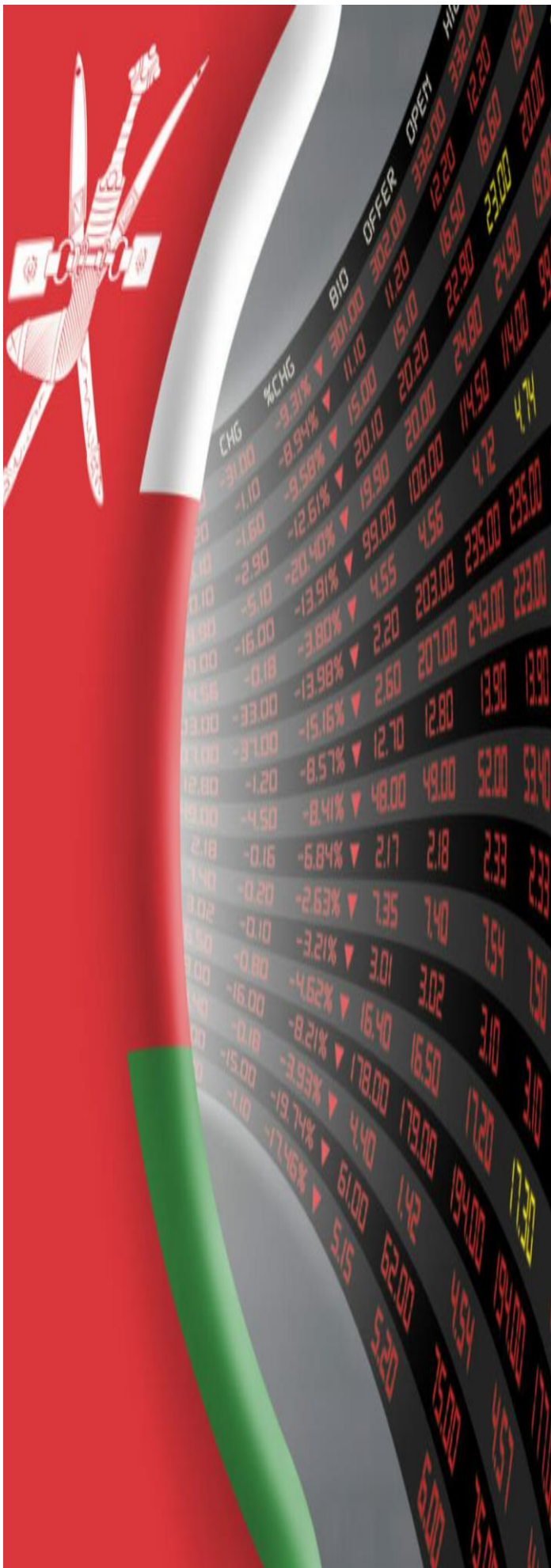


TABLE OF CONTENTS

Foreword.....	3
Introduction.....	4
MSX Second GCC Market Performance.....	5
Strong Economic Performance 2022	8
MSX Performance in 2022.....	9

FOREWORD

The Omani capital market landscape has witnessed notable transformations in recent years. From its origins as a relatively localized market, it has expanded steadily, adapting to global financial trends and advancements. This growth is a testament to the concerted efforts of the Capital Market Authority (CMA) and other stakeholders in shaping a resilient market that aligns with Oman's economic goals.

Oman's Capital Market Authority (CMA) has been instrumental in promoting transparency, efficiency, and investor confidence within the local capital market. With a vision to propel economic diversification and attract international investment, the CMA has initiated key regulatory reforms and enhancements to market infrastructure. These reforms have fostered an environment conducive to attracting both domestic and foreign investors.

In the face of global economic uncertainties, including fluctuating commodity prices and geopolitical dynamics, Oman's capital markets have demonstrated resilience. Investors have shown confidence, resulting in substantial capital inflows and a thriving IPO market. The government's commitment to privatization

initiatives and support for local enterprises have further invigorated the market.

Looking ahead, the pipeline of upcoming IPOs in Oman appears promising, with numerous companies preparing for their public offerings. Oman's strategic economic projects, such as those associated with Oman Vision 2040, present enticing investment opportunities. The capital market is poised for substantial growth, and the momentum is expected to be sustained, underpinned by strategic initiatives and a favorable economic landscape.

This publication aims to provide a comprehensive overview of the capital markets in Oman, highlighting key developments, trends, and insights for companies considering embarking on an IPO journey in the Sultanate.



Abdulrahman Ali
Head of Deals

INTRODUCTION

The Muscat Stock Exchange (MSX) has been a key player in Oman's evolving capital market. In 2022, the market demonstrated substantial growth, encompassing public and closed companies, various investment funds, bonds, and the Sukuk market, reaching an impressive RO 23.74 billion. This growth is a testament to the increasing market value of public joint stock companies and listed funds, showing a significant 16% increase from the previous year. The capital market's funding contribution in 2022, through new securities issuances and capital increases of existing companies, amounted to RO 1,377,430,416.

The year 2022 marked a milestone with the successful introduction of the "Bayanat" Platform, an interactive electronic platform using XBRL language. This platform supports systematic disclosures of financial statements and material information, facilitating comparisons, analysis, and providing key indicators and ratios to market participants. The MSX experienced a notable 10.4% growth in disclosure volumes, showcasing the commitment to transparency and effective dissemination of information.

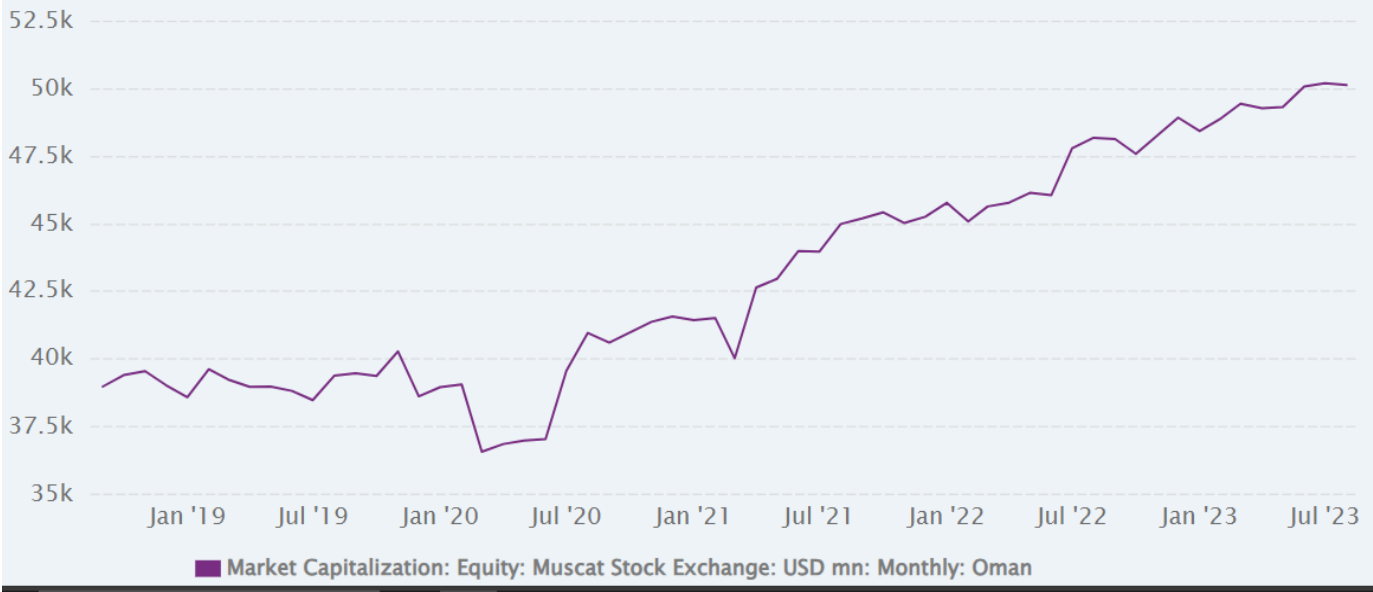
Aligning with global sustainability goals, the Capital Market Authority (CMA) worked diligently in 2022 to create a framework for green funding, advancing environmentally responsible investment practices. The formulation of legislations regulating green bonds and Sukuk has been completed, nearing issuance. Looking ahead to 2023, the CMA aims to align the capital market and insurance sector with the requirements of green and sustainable funding instruments.

In 2022, the CMA also embraced technological advancements by introducing a novel funding method through crowdfunding platforms. Leveraging Fintech, these platforms empower enterprises, especially small and medium-sized ones, to access funding from a diverse base of local and foreign investors. This initiative has already benefited 16 companies, receiving a total financing of RO 1,202,369.79 by the end of 2022, showcasing the potential for growth in this funding avenue.

The Omani capital market's performance has been a catalyst for development projects and investment initiatives in the private sector. The year 2022 saw a 7% increase in the market volume, highlighting its resilience and attractiveness to investors. With the commitment to fostering sustainable practices and embracing innovative funding mechanisms, Oman's capital market is poised for further growth and positive transformation in the years to come.

MSX SECOND GCC MARKET PERFORMANCE

The Muscat Stock Exchange (MSX) emerged as the second-best performing market in the GCC for March 2023, following a 2.3% monthly growth, closing at 4,863.09 points. Saudi Arabia saw the highest growth at 4.8% in the region during the month. The industrial sector led with a 2.2% growth, driven by top-performing companies like SMN Power Holding and Anwar Ceramic Tiles. In terms of trading activity, MSX saw a significant increase in both value traded and share volume compared to February. Bank Muscat had the highest monthly value traded, and Al Batinah Development and Investment Holding topped the gainers' list. Overall, GCC markets remain susceptible to volatility and energy price fluctuations.



KEY FACTS 2022

Key facts in the capital market sector



RO **23.7** billion is the volume of the capital market during 2022.



Total subscription reached RO **11.9** million of the total value of offered shares that reached RO **4.38**, an oversubscription by 2.72 times.



RO **841.7** million is the issuances value during 2022 at a rate of **12** issues.



In 2022, bonds of five (5) public stock companies were issued at a total value of RO **574.7** million.

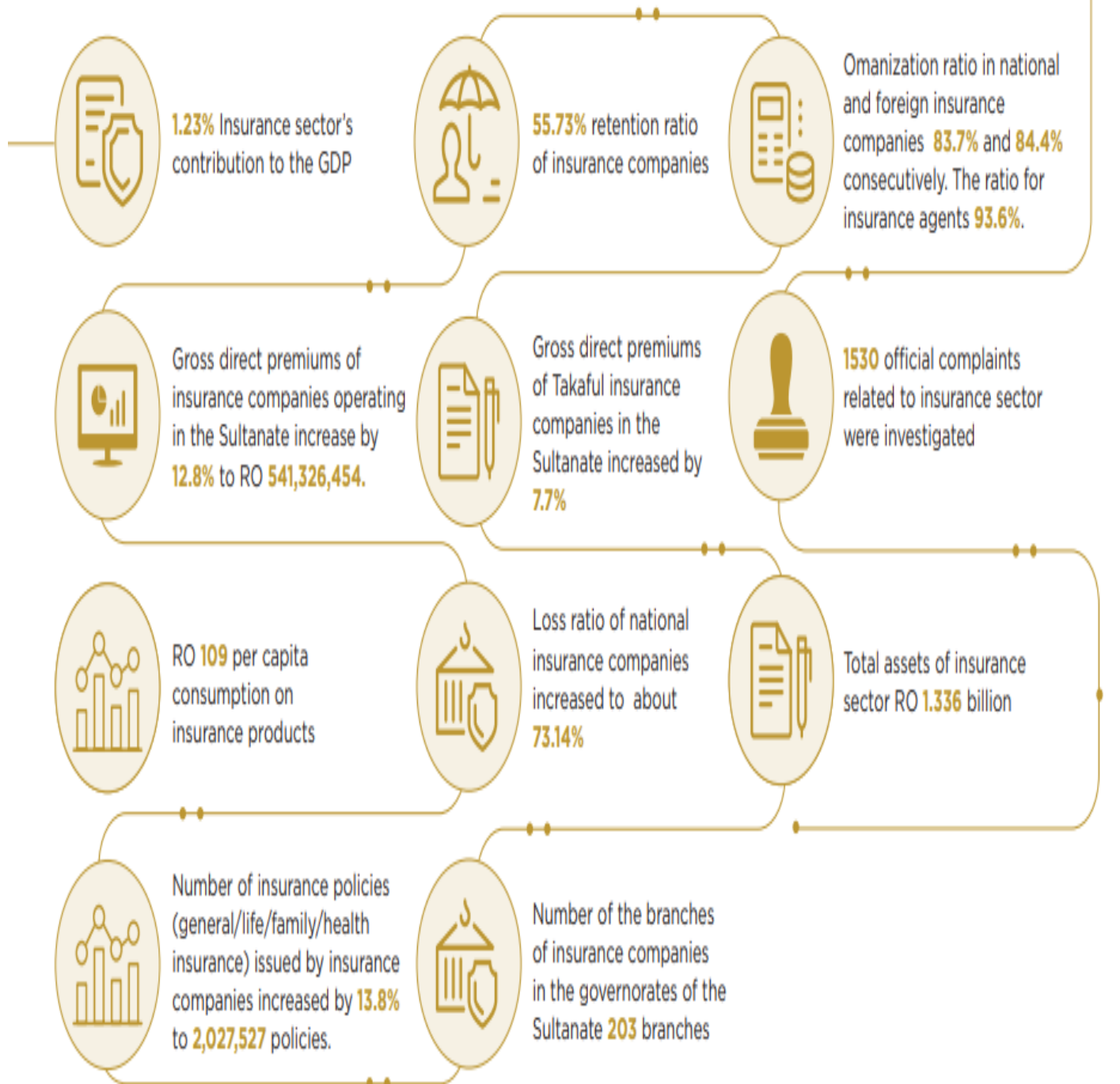


Omanization percentage in the companies operating in the field of securities reached **67%**



Net Asset Value (NAV) of unit holders of investment funds increased by **28%**.

Insurance sector



STRONG ECONOMIC PERFORMANCE 2022

In 2022, Oman's economy defied global trends, showcasing stability and growth driven by diverse factors. These include macroeconomic stability, a strong infrastructure system, legislative frameworks supporting economic and investment environments, growth in non-oil sectors, and a robust financial position. The resilience of Oman's economy, bolstered by efforts to diversify revenue sources away from hydrocarbons, proved crucial during a period of oil price fluctuations.

Key Highlights:

- GDP growth improved, expected to reach 4.3%, outpacing global projections of 3.2%.
- Financial surplus of 1.21 billion OMR recorded from January to October 2022.
- Oil and non-oil activities contributed to growth, with oil exports increasing by 80.8%.
- Trade balance surplus rose significantly by 174.3%, reaching about 5.9 billion OMR.
- Monetary and banking indicators reflected growth, with total deposits and credit balance increasing.

Future Outlook:

- The government focuses on economic stability, diversification, private sector engagement, and debt control.
- The 2023 budget targets revenue of 11.65 billion OMR and public spending of 12.95 billion OMR.
- Expected financial deficit for 2023 is 1.3 billion OMR, constituting 3% of GDP and 11% of total estimated revenues.

Through these strategies and achievements, Oman aims to achieve economic diversification, reduce oil revenue dependence, and ensure financial and economic stability, aligning with its vision for 2040.

MSX PERFORMANCE IN 2022

The Muscat Stock Exchange (MSX30 Index) concluded 2022 at 4,857.44 points, a significant increase of 17.63% from the previous year's closing at 4,129.54 points. The index hit its peak for the year on 12-13-2022, closing at 4907.9 points.

In terms of market capitalization, listed financial instruments in Oman were valued at 23.74 billion OMR by the end of 2022, reflecting a 7.45% increase compared to the previous year. The total value of financial instruments traded during the year amounted to about 940 million Omani riyals, showing a 14.9% increase from the previous year.

Sector-wise, the financial sector dominated in terms of transactions executed, accounting for 47% of the total transactions, followed by the industrial sector at 28%, and the services sector at 24%. The financial sector also led in the value and number of shares traded during the year.

Companies activity was vibrant, with Bank Muscat leading in the number and value of transactions executed. In terms of Initial Public Offerings (IPOs), Barka Desalination Company and the Real Estate Investment Fund were introduced in 2022, contributing to the market capitalization.

Foreign investment played a notable role, constituting 22.88% of the exchange's activity, with the percentage showing a slight decrease from the previous year. The number of listed companies and brokerage firms witnessed minimal changes compared to the previous year.

With many capital market mandates in Oman over the past five years, the Alamoudison Deals team is ready to support your company's IPO journey.

بورصة مسقط
MSX

Disclaimer

The data and information sources included in this report are derived from bulletins and websites of the Muscat Stock Exchange (MSX) and the Capital Market Authority (CMA). The contents of this report are intended solely for publication purposes and should not be construed as an offer or recommendation to invest in securities listed on the stock exchange. While all reasonable efforts have been made to ensure the accuracy and completeness of the information provided, the individuals responsible for preparing this report do not accept responsibility for any errors arising from the sources or the transmission of this information or data. The Alamoudison team and management disclaims any liability for direct or indirect damage resulting from the use of the data or information in this report.

© 2023 Alamoudison Professional Services. All rights reserved.

