GIB CAPITAL جي آي بي كابيتال

Target Price: SAR87/share
IPO price: SAR66/share
Upside: 32% (2025 Div. Yield: 4.1%)
Rating: Overweight

Arabian Mills for Food Products Co.

Strategically located facilities; Initiate with a TP of SAR87

Stock data	
Listing M.Cap. (SARmn)	3,387
Offer shares (mn)	15.39
IPO Size (SARmn)	1,016
Offering	30%
TASI Ticker	2285

Source: Company data, Tadawul

Valuation (SAR/share)	
DCF (50% weight)	89
P/E (50% weight)	86
Target Price (rounded)	**87**

Source: GIB Capital

- Largest wheat milling company with a robust expansion plan, with the Riyadh facility being a key growth driver.
- Earnings to grow at a CAGR of 10.6% over 2023-28e, driven by a healthy sales volume (+5.4%), rising penetration of value-added products, and better financial leverage.
- Initiate Arabian Mills with a target price of SAR87/sh., and an Overweight rating based on an avg. of DCF and P/E (18x P/E on average EPS of 2024e and 2025e) methods.

Capacity expansion, mainly in Riyadh... Arabian Mills operates the largest milling facility in KSA, with 4,920 tons/day of wheat milling capacity and 600 tons/day of feed capacity across three facilities with its strategically located Riyadh facility (27% of the KSA's population) having a 3,070 tons/day of wheat capacity (~62% of total) and generating ~66% of its total revenue. The company plans to expand its daily wheat milling capacity by 1,250 tons (Riyadh: 1,200 tons/d; Hail: 50 tons/d) and feed milling capacity by 800 tons (all in Riyadh) by 2027-28e. With the government's ambitious plan to double Riyadh's population from ~8.6mn in 2022 to 15mn by 2030e (~7% CAGR), Arabian Mills is strategically positioned to benefit from this growth.

... along with new product offerings to drive future growth: Overall, we expect total sales volume to increase at a CAGR of 5.4% over 2023-28e, driven by i) the capacity expansion amid rising demand for wheat flour (+4.2% CAGR over 2023-30e) and animal feed (+4% CAGR), ii) introduction of value-added products, and iii) growing contribution of small packs (not price-regulated). Consequently, total revenue is expected to grow at a CAGR of 7.5% during 2023-28e. On the margin front, we anticipate the gross margin to normalize in 2024, and a further margin dilution is expected in 2025 due to a high base impact, a change in revenue mix, and relatively high costs during the expansion phase. Nevertheless, net profit margin is projected to rise from 23.2% in 2023 to 26.8% by 2028e, mainly aided by declining finance costs. Further, we expect the company to gradually improve its leverage position with net debt to EBITDA likely reaching below 2x by 2028e (3.3x in 2023), considering healthy cash flows and limited capex requirements post-expansion phase.

Risks: Reduction or removal of wheat subsidy, sharp movement in raw material prices, delay in capacity addition, increasing customer concentrations, and any regulation on food wastage.

Figure 1: Key financial metrics

SARmn	2022a	2023a	2024e	2025e	2026e	2027e	2028e
Revenue	903	862	938	994	1,074	1,175	1,236
Revenue growth	*41%*	*-5%*	*9%*	*6%*	*8%*	*9%*	*5%*
Gross Profit	413	416	443	461	500	543	574
Gross profit margin	*46%*	*48%*	*47%*	*46%*	*47%*	*46%*	*46%*
Operating Profit	289	306	294	304	331	358	380
Net profit	255	200	209	233	267	306	331
Net profit margin	*28%*	*23%*	*22%*	*23%*	*25%*	*26%*	*27%*
EPS (SAR)	5.0	3.9	4.1	4.5	5.2	6.0	6.5
DPS (SAR)	0.0	0.0	0.6	2.7	3.4	4.2	4.5
P/E	13.3x	16.9x	16.2x	14.5x	12.7x	11.1x	10.2x

Source: Company, GIB Capita

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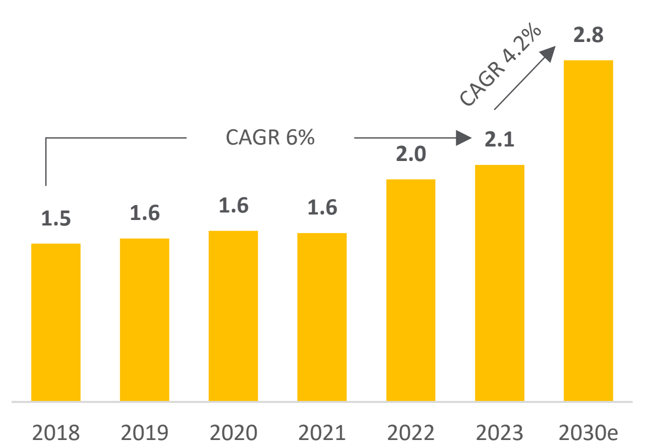
Investment Case

Healthy market demand supported by favorable demographics and tourism activity

The food and beverage industry in Saudi Arabia has experienced robust growth, with consumer spending on food increasing by 5.3% annually between 2018 and 2023. Similarly, wheat flour consumption also saw a significant rise, growing at a 6% CAGR during the same period, led by several factors, including an increase in tourism activity (~13% CAGR), rising urban population (+2.1% CAGR) and healthy population growth (~1.9% CAGR) over the same period.

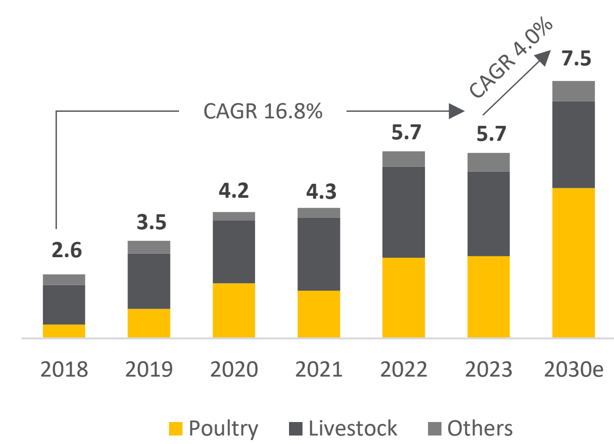
Looking ahead, Saudi Arabia's continued efforts to boost tourism, with a target of 150m tourists by 2030e, coupled with increasing urbanization and rising disposable income, are expected to drive steady growth in wheat flour consumption, growing at a 4.2% CAGR over 2023-30e. Additionally, the animal feed sector is also anticipated to expand at a 4% CAGR during the same period, primarily driven by the overall population growth and the government's emphasis on promoting local poultry production.

Figure 2: Wheat flour consumption (SARbn)



Source: Euromonitor, GIB Capital

Figure 3: Animal feed consumption (SARbn)



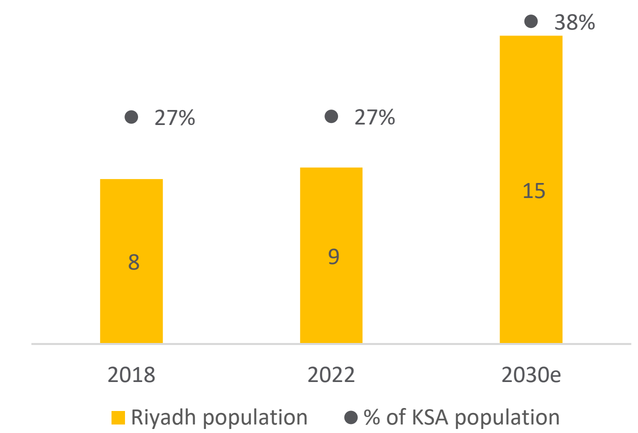
Source: Euromonitor, GIB Capital

Arabian Mills: Strategically located facility in key demand center …

Among the four milling companies in Saudi Arabia, Arabian Mills (previously known as MC2) leads with the highest wheat milling capacity of 4,920 tons/day across its Riyadh, Hail, and Jazan facilities, capturing a 25.3% market share by value in 2023 (up from 24.3% in 2021). The company's largest facility is strategically located in Riyadh (~8.6mn population; 27% of the total Kingdom's population) with a daily wheat capacity of 3,070 tons/day, accounting for ~62% of its total wheat milling capacity and generating ~66% of its total revenue.

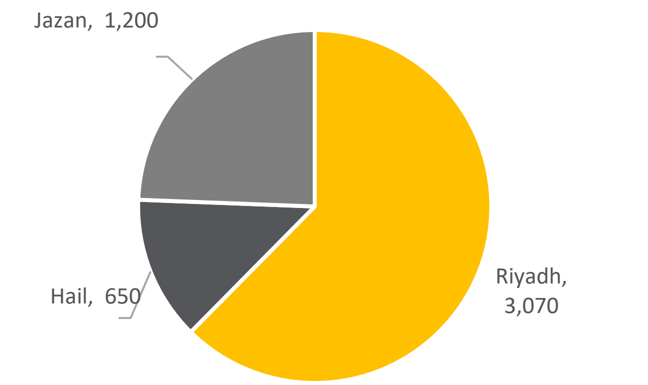
With ambitious government plans to double the city's population to ~15mn by 2030e (~7% CAGR vs 2.4% overall population growth) supported by a SAR3tn investment, coupled with rising tourism activities and increasing urbanization, we expect the city to witness a faster growth in demand compared to other regions. Hence, it will remain a key growth engine for the company, backed by its leadership position. In addition to its presence in Riyadh, the company has facilities in Jazan (1,200 tons/day of wheat milling capacity) and Hail (650 tons/day of wheat milling capacity). Notably, its Hail facility serves as the distribution hub for the northern and northeastern areas, and it also benefits from its proximity to a key livestock farming region in KSA.

Figure 4: Riyadh population (mn)



Source: GASTAT, Company data, GIB Capital

Figure 5: Daily wheat milling capacity by facility (tons) - as of 2023

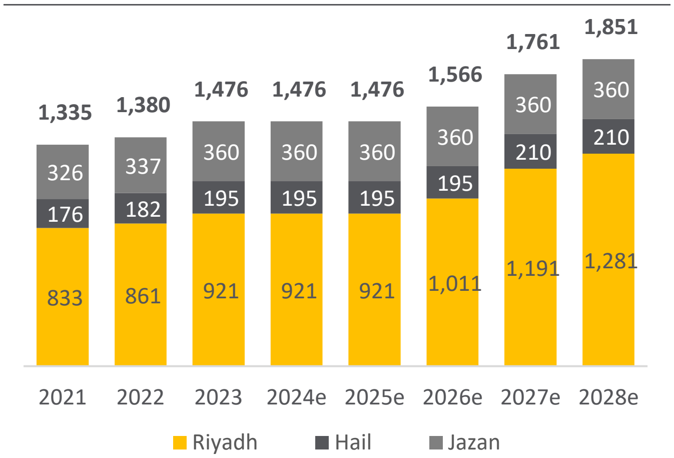


Source: Company data, GIB Capital

… with ambitious wheat capacity expansion in Riyadh

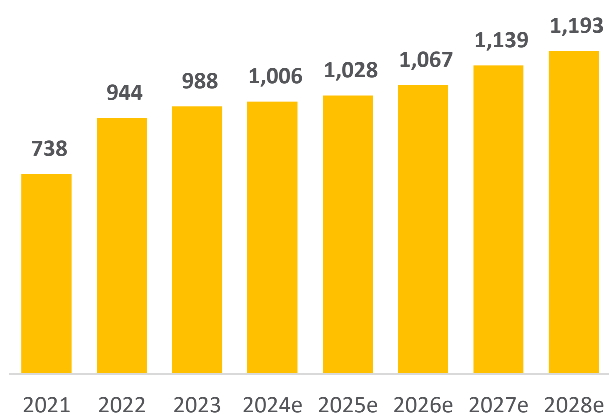
To capitalize on the growing demand, Arabian Mills plans to increase its wheat milling capacity by 1,250 tons/day by 2028e, representing a CAGR of 4.6% during 2023-28e, with the Riyadh facility to witness an addition of 1,200 tons/day while remaining 50 tons/day will be added to Hail facility. Assuming a gradual ramping-up phase for these expansions, we expect the wheat flour sales volume to grow at a CAGR of 3.8% over 2023-28e. This growth rate slightly exceeds the industry's CAGR of 3.1% projected for 2023-30e, mainly aided by its planned expansion, strategic presence, and improving distribution network.

Figure 6: Annual wheat milling capacity ('000' tons)*



*Source: Company data, GIB Capital, *Annual capacity is based on 300 operational days in a year*

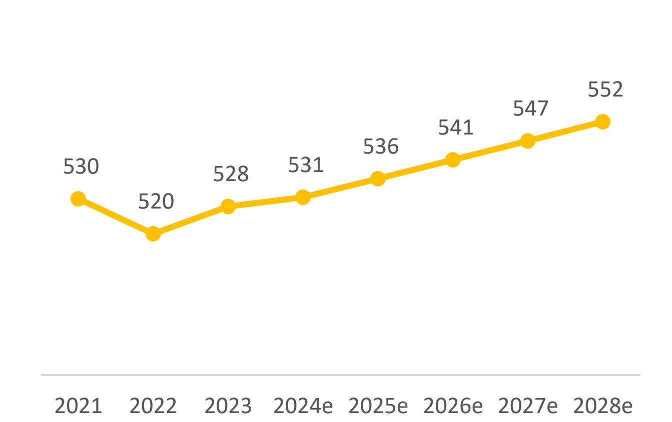
Figure 7: Wheat flour sales volume ('000' tons)



Source: Company data, GIB Capital

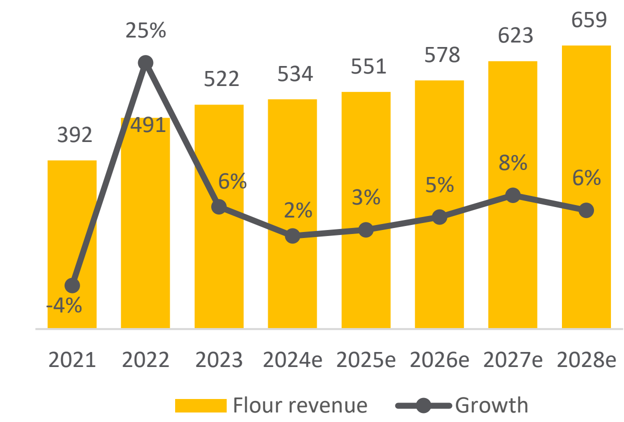
Similar to other milling companies in KSA, Arabian Mills procures wheat at a subsidized rate of SAR180/ton and is mandated to sell the processed flour at a maximum of SAR500/ton (for large 45kg bags), thereby capping the wheat price growth. Nonetheless, with the company focusing on the B2C segment by launching new value-added products in smaller packs (1-10kg; +8.8% CAGR for the segment over 2023-30e) to cater to diverse customer needs, we expect the contribution of small packs (free priced products) to increase gradually, resulting to a 0.9% CAGR in overall wheat flour prices over 2023-28e.

Figure 8: Avg flour selling price (SAR/ton)



Source: Company data, GIB Capital

Figure 9: Flour revenues (SARmn)



Source: Company data, GIB Capital

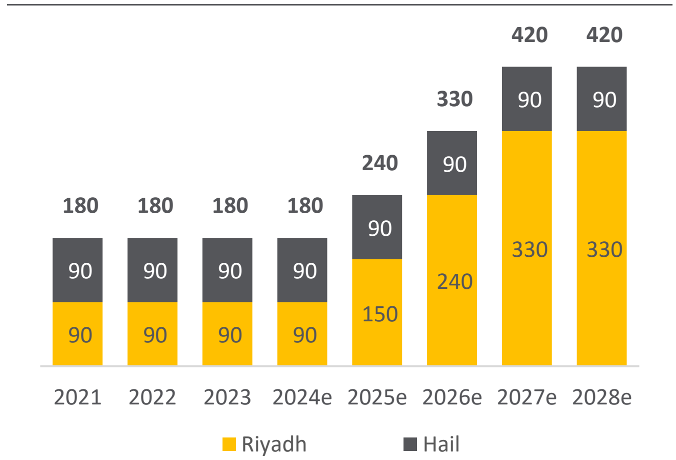
Given the strong growth drivers for the wheat flour industry in KSA, along with the ongoing introduction of value-added products that align with evolving consumer preferences, we project the company's flour revenue to grow at a CAGR of 4.8% during 2023-28e, slightly higher than the industry growth (+4.2% CAGR over 2023-30e).

Feed segment to witness robust growth on capacity expansion and growing poultry business

In 2023, Feed revenue fell sharply by 33% y/y, mainly due to a 31% decline in sales volume as heavy rainfall in Saudi Arabia reduced demand for feed. However, sales rebounded strongly in 1H24, rising 71% y/y. Going forward, we expect the Feed segment to witness robust volume growth (~15% CAGR over 2023-28e), mainly due to i) an increase in annual feed capacity from 180k tons/year in 2023 to 420k tons/year by 2027e and ii) the introduction of new high-margin poultry feed and other value-added products.

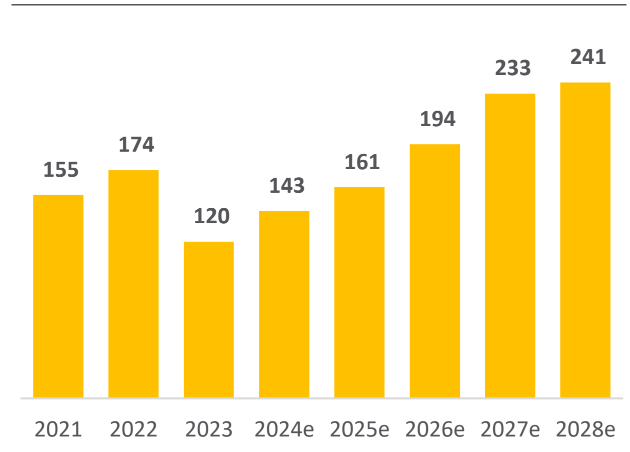
We note that this growth will be further supported by government-backed initiatives to localize poultry production (targeting 80% by 2025e and 100% by 2030e), leading to higher demand for value-added poultry feed products and contributing significantly to the company's feed pricing growth (+3.9% CAGR over 2023-28e) in the coming years. Consequently, we expect feed revenue to grow at a CAGR of ~20% during 2023-28e, with its contribution rising from 15% in 2023 to 26% by 2028e.

Figure 10: Annual feed capacity ('000' tons)



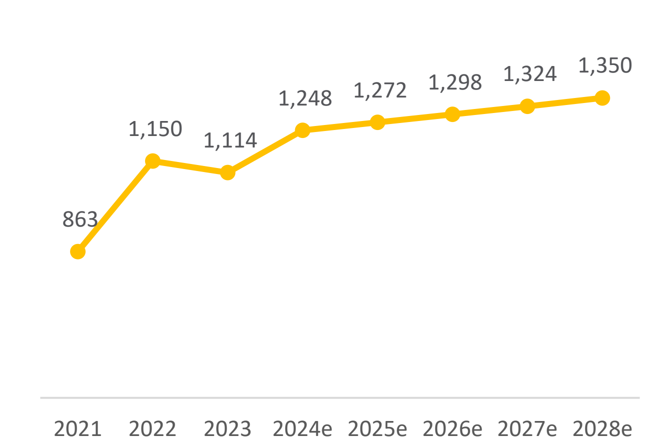
Source: Company data, GIB Capital

Figure 11: Annual feed sales volume ('000' tons)



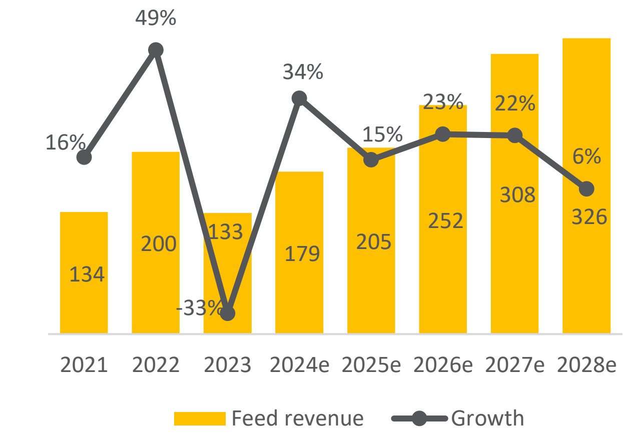
Source: Company data, GIB Capital

Figure 12: Average selling price of feed (SAR/ton)



Source: Company data, GIB Capital

Figure 13: Feed revenue (SARmn)

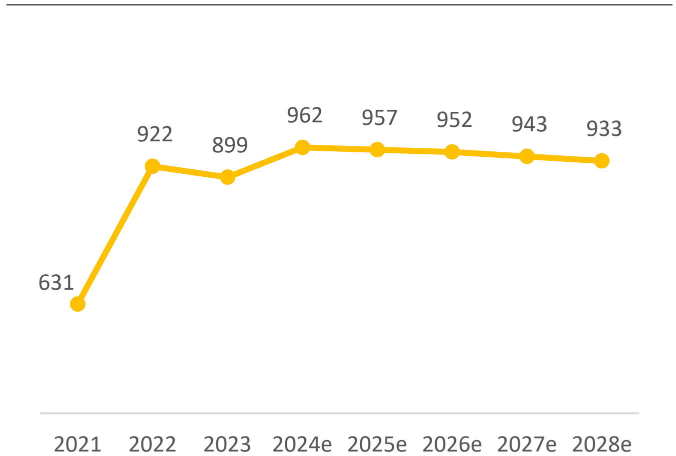


Source: Company data, GIB Capital

Bran sales to grow at a faster pace on expansions and its strategically located Hail facility

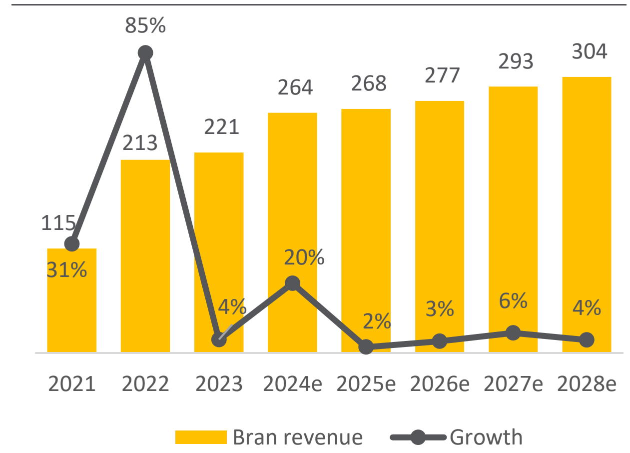
Arabian Mills leads in bran sales (a byproduct of wheat milling and a key ingredient for feed products), generating ~SAR221mn in 2023, which accounts for 25% of its total revenue, positioning it well ahead of First Mills (15% of sales in 2023). The higher share of bran sales for Arabian Mills is largely due to its presence in the Hail region, a major area for livestock farming in Saudi Arabia. With the increased wheat capacity and its strong presence in the Hail region, we expect Bran sale volume to rise at a faster rate (CAGR of 5.8%) over 2023-28e. Furthermore, Bran prices, which jumped significantly in 2022 on higher demand amid a dry season and the increasing preference of farmers for bran over corn, have corrected in 2023 before improving again in 1H24. Overall, we expect Bran price to remain at an elevated level in 2024, with a likely moderate correction from 2025 due to the high base. Accordingly, we expect Bran revenue to grow at a CAGR of 6.6% during 2023-28e.

Figure 14: Average selling price of Bran (SAR/ton)



Source: Company data, GIB Capital

Figure 15: Bran revenue (SARmn)

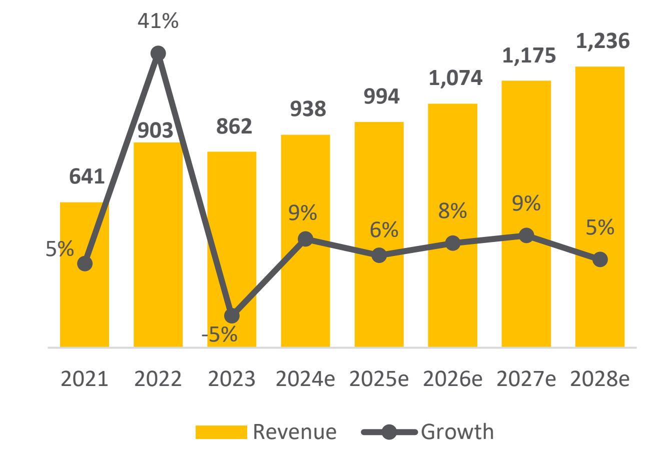


Source: Company data, GIB Capital

Healthy top-line growth with an expanding feed revenue mix

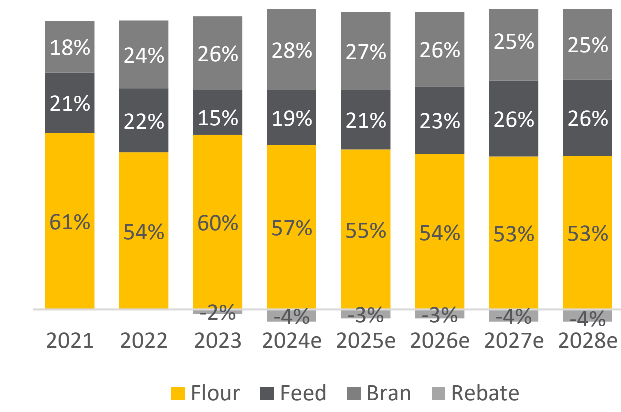
Overall, we expect the company's total sales volume to increase at a CAGR of 5.4% from 2023 to 2028e, with aggregate average selling prices rising at a CAGR of 2%, supported by inflation and rising contribution of small packs. Consequently, Arabian Mills' total revenue is expected to grow at a CAGR of 7.5% during 2023-28e, with the contribution of animal feed anticipated to rise from 15% in 2023 (22% in 2022) to 26% by 2028e.

Figure 16: Total revenue (SARmn)



Source: Company data, GIB Capital

Figure 17: Revenue mix

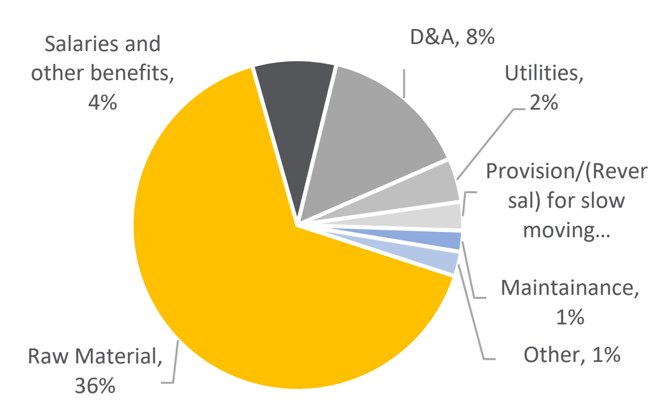


Source: Company data, GIB Capital

Gross margin to moderate in the near term on rising contribution of feed and ramping of capacity expansion

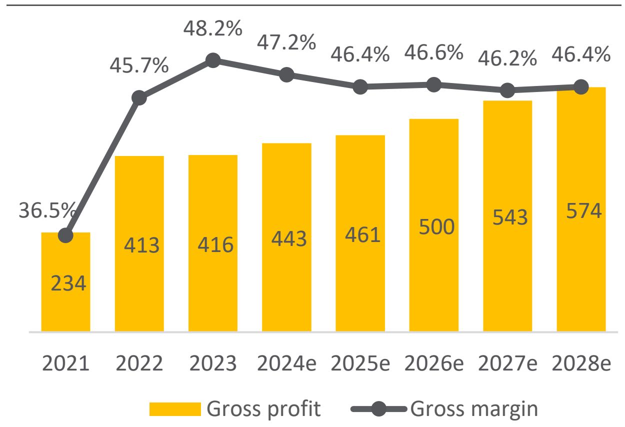
Arabian Mills experienced a significant improvement in gross margins during 2022-23, primarily driven by management efforts to boost sales volumes and favorable market conditions, such as a notable increase in the average selling prices of feed and bran. Additionally, in 2023, the company benefited from a one-time reversal of provisions for slow-moving inventory (~SAR13mn), which improved the gross profit margin further. However, as this reversal is a one-time event, we anticipate that the gross margin will normalize in 2024, and a further margin dilution is expected in 2025 due to i) a high base impact, ii) a change in revenue mix with pressure from the rising contribution of the feed segment (lower margins compared to wheat flour) and iii) relatively high costs during the expansion phase.

Figure 18: Cost of sales breakup as % of revenue – as of 2023



Source: Company data, GIB Capital

Figure 19: Gross profit (SARmn) and margin trend

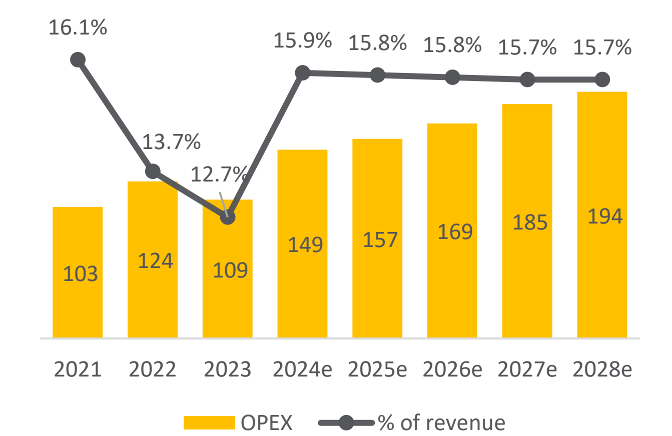


Source: Company data, GIB Capital

Net profit margin to expand aided by declining finance costs

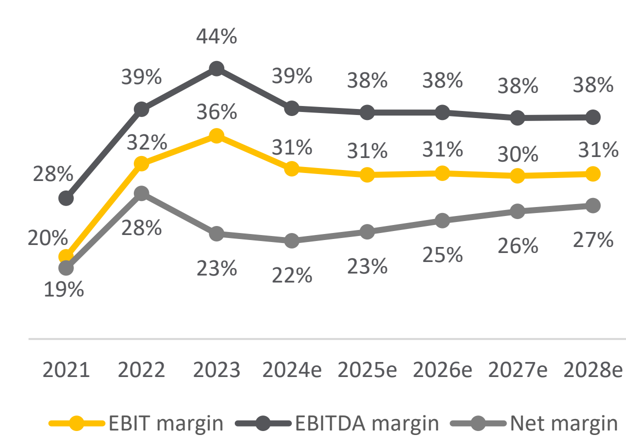
During 2021-2023, Arabian Mills implemented several initiatives to drive sales growth and increase market share, including the creation of a dedicated sales and marketing department and the development of new sales channels. These efforts led to an improvement in the company's EBITDA margin, rising from ~28% in 2021 to 39% in 2022 and further to 44% by 2023. However, we anticipate the EBITDA margin will normalize to 39% in 2024 (1H24: 40%) as the company continues to invest in marketing and promotional activities, evidenced by a 44% y/y increase in OPEX during 1H24. Overall, we expect the EBITDA margin to stabilize between 38-39% over 2024e-28e. Nevertheless, net profit margin is projected to rise from 23.2% in 2023 to 26.8% by 2028e, mainly aided by declining finance costs.

Figure 20: Operating expenses (SARmn)



Source: Company data, GIB Capital

Figure 21: Margin trend

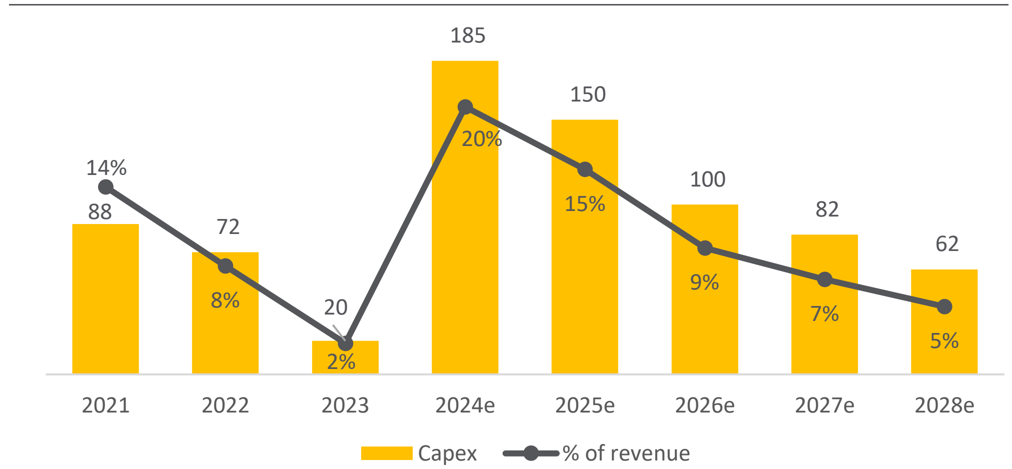


Source: Company data, GIB Capital

Capex requirements remain high in 2024-25 due to planned capacity expansion

As part of an ongoing process, the company has allocated SAR184.7mn for capital expenditures for 2024e, primarily for the construction of new silos and a feed building. Additionally, as discussed earlier, the company plans to expand its wheat milling capacity by ~25% and feed capacity by 133% over 2023-28e, resulting in ~SAR250mn cumulative capex over 2025-26e. Thereafter, we expect capex to normalize post-expansion, in line with the historical trend.

Figure 22: Capex (SARmn)

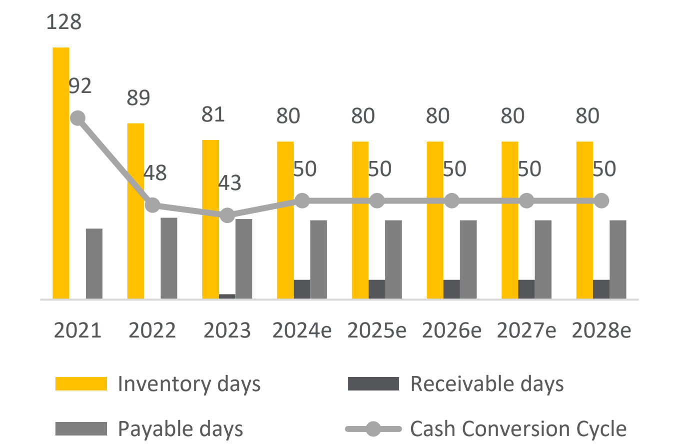


Company data, GIB Capital

Working capital cycle likely to rise in 2024 but remain stable thereafter

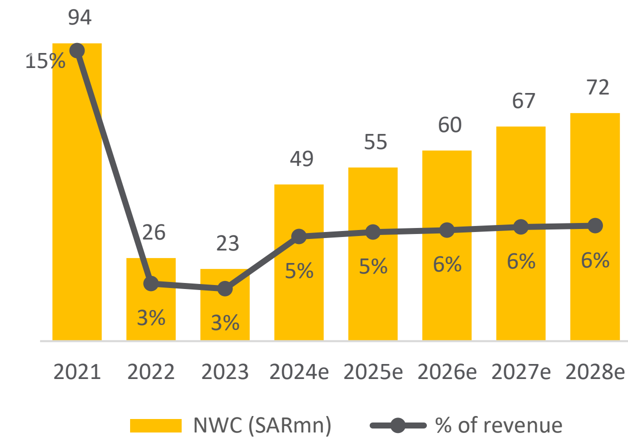
The company has significantly improved its working capital cycle in recent years, with the cash conversion cycle dropping from 92 days in 2021 to 43 days in 2023, primarily driven by a substantial reduction in inventory days, which fell from 128 days in 2021 to 81 days in 2023. However, in 1H24, the cash conversion cycle rose slightly to 62 days due to a sharp increase in trade receivables as the company expanded its sales channels and began offering credit terms to certain outlets, such as supermarkets. Overall, we expect the working capital requirement to increase in 2024 due to a change in the mix but thereafter it may remain largely stable.

Figure 23: Cash conversion cycle



Source: Company data, GIB Capital

Figure 24: Net working capital (SARmn)

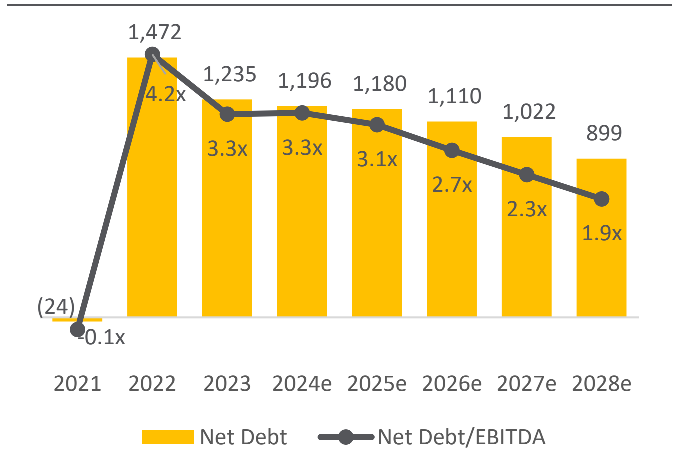


Source: Company data, GIB Capital

Leverage position to improve gradually, with first dividend payouts likely this year

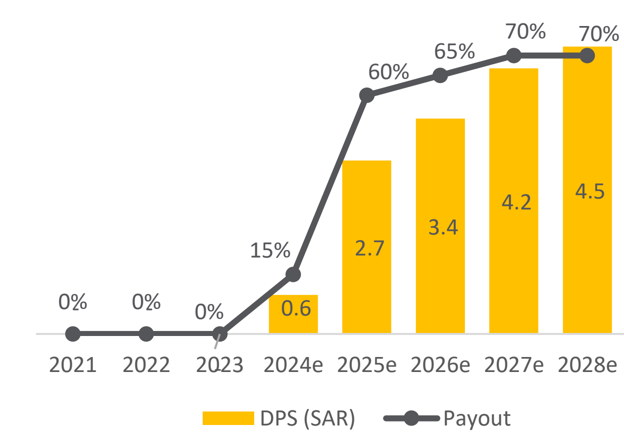
While the company's leverage position improved in 2023, with net debt (including lease liabilities) to EBITDA ratio improving from 4.2x in 2022 to 3.3x in 2023, largely due to SAR673mn repayment, it remains high compared to its peers (MMC: 2.2x, MC4: 1.4x) except First Milling (3.6x). Nonetheless, we expect its leverage position to gradually improve with net debt to EBITDA likely reaching below 2x by 2028e, considering robust cash flows and limited capex requirements post-expansion phase. Further, it also plans to initiate dividend payouts, starting 2024e, although likely with a lower payout given its planned capex and leverage position. We expect it to gradually improve to 70% (listed peers' dividend policy: 60-70%) by 2027e.

Figure 25: Leverage (SARmn)*



*Source: Company data, GIB Capital, *Including lease liabilities*

Figure 26: Dividend



Source: Company data, GIB Capital

Valuation and risk

We use an equal mix of DCF and P/E multiple valuation approaches for valuing the company. For relative valuations, we use an 18x multiple on average of 2024e and 2025e EPS to arrive at a P/E-based target price (1 year forward) of SAR86/share. As for DCF, based on a WACC of 8.8%, we derive SAR89/share as the DCF-based target price (1 year forward). We arrive at an equal weightage average target price of SAR87/share (rounded off), implying a significant upside of 32% from the IPO price. We initiate Arabian Mills with an Overweight rating.

Figure 27: DCF Valuation

SAR mn	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e
EBIT	306	294	304	331	358	380	389	399
Zakat	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(11)*
EBIT minus taxes	**301**	**288**	**297**	**323**	**349**	**370**	**379**	**388**
(+) Depreciation & amortization	73	71	78	82	86	88	91	94
(+/-) Change in working capital	5	(23)	(5)	(5)	(7)	(4)	(3)	(3)
(-) Capex	(20)	(185)	(150)	(100)	(82)	(62)	(63)	(65)
Free Cash Flow to Firm	**359**	**152**	**220**	**299**	**345**	**392**	**403**	**414**
Terminal value								**6,193**

PV of FCF (explicit period)	1,634
PV terminal	3,657
EV	**5,291**
(-) Debt, incl. lease liabilities	(1,242)
(+) Cash	87
(-) Minority	0
(-) Pension/other liabilities	(4)
(+) Investments	0
Equity value	**4,132**
Number of Shares (mn)	51
Equity value per share	80
Target price (one year forward)	**89***
Cost of Equity	10.7%
Cost of debt	6.0%
Target D/A	40.0%
WACC	8.8%

*Source: GIB Capital, *Target price is rounded, and time value adjusted 1 year forward, using a 2.0% terminal growth rate*

DCF sensitivity analysis (Per share value in SAR)

Figure 28: Sensitivity of terminal growth rate and WACC

		Terminal growth				
		1.5%	**1.8%**	**2.0%**	**2.3%**	**2.5%**
WACC	**7.8%**	101	105	109	114	119
	8.3%	92	95	98	102	106
	8.8%	83	86	**89**	92	96
	9.3%	76	79	81	84	87
	9.8%	70	72	74	76	79

Source: GIB Capital

P/E-based valuation: The regional peers are trading at a median P/E of ~15.8x (current year estimated). However, First Mills and Modern Mills (the company's closest peer operating in the same market dynamics) are currently trading at ~15.2x and 17.4x, respectively, implying an average of 16.3x for both peers (after the recent market correction; 1Y average: ~18x). Accordingly, given its industry-leading capacity and profitability, we use an 18x P/E multiple on average of 2024-25e EPS to derive the 1Y forward TP of SAR86 per share.

Figure 29: Peer valuations – Milling companies

Company name	Country	Mkt Cap (USDmn)	P/E Ratio (TTM)	Est P/E Current Yr	P/E - FY2	EV/T12M EBITDA	Est. EV/ EBITDA - 1FY	Est. EV/EBIT DA - 2FY	Dividend Yield - FY1	P/B
First Milling Co	Saudi Arabia	978	15.6x	15.2x	13.7x	13.8x	N.A.	N.A.	4.6%	4.0x
Modern Mills Co	Saudi Arabia	999	N.A.	17.4x	16.1x	13.9x	N.A.	N.A.	4.3%	15.4x
Middle Egypt Flour Mills	Egypt	16	6.0x	N.A.	N.A.	8.3x	N.A.	N.A.	N.A.	1.6x
Middle & West Delta Flour Mill	Egypt	46	5.4x	N.A.	N.A.	2.1x	N.A.	N.A.	N.A.	2.2x
Upper Egypt Flour Mills	Egypt	27	5.2x	N.A.	N.A.	3.5x	N.A.	N.A.	N.A.	1.9x
East Delta Flour Mills	Egypt	22	6.0x	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	2.1x
General Mills Inc	United States	40,865	16.3x	16.3x	15.6x	13.1x	13.0x	12.8x	3.3%	4.4x
Oman Flour Mills Co SAOG	Oman	198	16.7x	N.A.	N.A.	9.1x	N.A.	N.A.	N.A.	1.0x
Flour Mills of Nigeria PLC	Nigeria	156	13.8x	5.2x	2.5x	2.6x	1.9x	1.7x	6.0%	1.1x
Average			**10.6x**	**13.5x**	**12.0x**	**8.3x**	**7.4x**	**7.2x**	**4.5%**	**3.8x**
Median			**9.9x**	**15.8x**	**14.7x**	**8.7x**	**7.4x**	**7.2x**	**4.5%**	**2.1x**

Source: Bloomberg, GIB Capital. As of 6th October 2024.

Figure 30: Relative and average valuations

P/E based valuation	
P/E	18
Average 2024-25e EPS	4.3
1yr fwd PE-based price	**86***

Blended Valuation	
PE price	86
DCF price	89
Average target price (SAR)	**87***

*Source: GIB Capital. * Target price is rounded*

Scenario analysis

Currently, milling companies in KSA receive subsidies by being provided with wheat at a fixed price of SAR180/ton by the GFSA (regulator in KSA) and they are mandated to sell flour at SAR500/ton (large pack: 10 kg & above). However, this arrangement/policy will end on July 12, 2025, and there are three possible scenarios afterward: 1) continuation of the current subsidy arrangement, 2) partial/gradual lifting of the subsidy, and 3) complete lifting of the subsidy.

In our base case, we expect a continuation of the current subsidy arrangement as the KSA government is unlikely to reduce or remove subsidies. With ~4mn tons of subsidized wheat imports, the subsidy cost is ~SAR2.5bn (~0.2% of the government budget), making a full subsidy cut improbable. The current structure has shielded KSA from global inflation spikes, and many other industries (e.g., Petchem, Poultry) also benefit from subsidies. Bread demand is relatively inelastic, so any decline in consumption would likely be limited and temporary. Gradual subsidy removal, along with government support for low-income households, could help mitigate consumption drops.

Figure 31: Key assumptions inputs

	2023	2024e	2025e	2026e	2027e	2028e
Base						
Wheat (SAR)	180	180	180	180	180	180
Flour (SAR)	528	531	536	541	547	552
Volume	0%	0%	0%	0%	0%	0%
Scenario 1						
Wheat (SAR)	180	180	300	300	300	300
Flour (SAR)	528	531	644	649	655	660
Volume	0%	0%	-5.0%	-5.0%	0.0%	0.0%
Scenario 2						
Wheat (SAR)	180	180	375	375	375	375
Flour (SAR)	528	531	692	697	703	708
Volume	0%	0%	-10.0%	-10.0%	0.0%	0.0%

Source: GIB Capital

SCENARIO 1: Decrease in sales volume by 5%

We assume that wheat procurement cost will increase from SAR180/ton to SAR300/ton, and 90% of the cost hike impact will be passed on in the form of a higher selling price; however, there will be a volume decline of 5% in 2025 and 2026 each, then no change in sales volume till 2030e. Factoring this, the company's profitability will be impacted negatively as shown in the scenario analysis table (Figure: 32).

SCENARIO 2: Decrease in sales volume by 10%

We assume that wheat procurement cost will increase from SAR180/ton to SAR375/ton, and 80% of the cost hike impact will be passed on in the form of a higher selling price; however, there will be a volume decline of 10% in 2025 and 2026 each, then no change in sales volume till 2030e. Factoring this, the company's profitability will be hit severely as shown in the scenario analysis table (Figure: 32).

Figure 32: Scenario analysis

	2023	2024e	2025e	2026e	2027e	2028e
Sales (SARmn)						
Base	862	938	994	1,074	1,175	1,236
Scenario 1	862	938	1,069	1,152	1,293	1,360
Scenario 2	862	938	1,080	1,163	1,345	1,415
Gross Profit (SARmn)						
Base	200	209	233	267	306	331
Scenario 1	416	443	365	396	463	490
Scenario 2	416	443	272	297	394	418
Gross Profit Margin						
Base	48%	47%	46%	47%	46%	46%
Scenario 1	48%	47%	34%	34%	36%	36%
Scenario 2	48%	47%	25%	26%	29%	30%
Net Profit (SARmn)						
Base	200	209	233	267	306	331
Scenario 1	200	209	128	153	208	228
Scenario 2	200	209	36	54	132	146
Net Profit Margin						
Base	23%	22%	23%	25%	26%	27%
Scenario 1	23%	22%	12%	13%	16%	17%
Scenario 2	23%	22%	3%	5%	10%	10%

Source: GIB Capital

Risks

Reduction or removal of government subsidy: The company purchases the wheat from GFSA (regulator in KSA) at a subsidized price (SAR180/ton) and sells the flour at SAR500/ton under the Wheat Pricing Policy. However, this arrangement/policy will end on 12th July 2025, and there can be three scenarios post that: 1) continuation of the current subsidy arrangement, 2) partial/gradual lifting of subsidy, and 3) complete lifting of subsidy. The reduction or removal of the subsidy may have a material effect on the company's operations.

Seasonality of revenues: The company's revenues are subject to seasonal fluctuations, with flour sales peaking during Ramadan and declining in the summer. Sales of feed and bran can also vary based on weather conditions, such as rainfall levels. For example, feed sales increased in 2022 due to lower rainfall but decreased in 2023 due to higher rainfall and more natural pastures. These seasonal variations make it difficult for the company to predict future revenues and operational costs, which could negatively impact its business and financial performance.

Sharp movement in the price of feed raw material: Feed grains (soybeans, alfalfa, vegetable oil), vital for animal feed production, constituted 19%, 32.3%, and 25.2% of the company's total raw material costs for 2021, 2022 and 2023, respectively. The company sources this raw material from various local and international suppliers. The costs of these materials are subject to fluctuations, and significant increases may occur when production is constrained due to factors such as changes in laws affecting suppliers, alterations in Saudi regulations on imports, heightened costs, and fees due to demand-supply dynamics or other influencing factors.

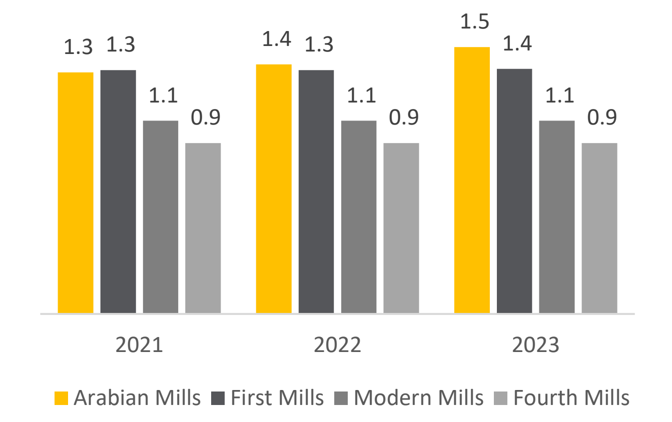
Delay in capacity expansion: Any delay in the addition of capacity or slower-than-expected utilization of the upcoming expansion in a highly competitive market may directly impact the company's performance.

Wastage at restaurants: Any new regulation aimed at reducing food wastage in restaurants and hotels may lead to a decrease in demand.

Ability to maintain its brand reputation: The company's success depends heavily on the reputation of its "Finah" and "Kamil" trademarks, making brand perception vital. Key risks include negative consumer views, subpar product quality, unfavorable publicity, and food safety issues, all of which are heightened by social media's ability to rapidly spread harmful information. Any damage to the brand could adversely affect the company's business, financial health, and growth prospects.

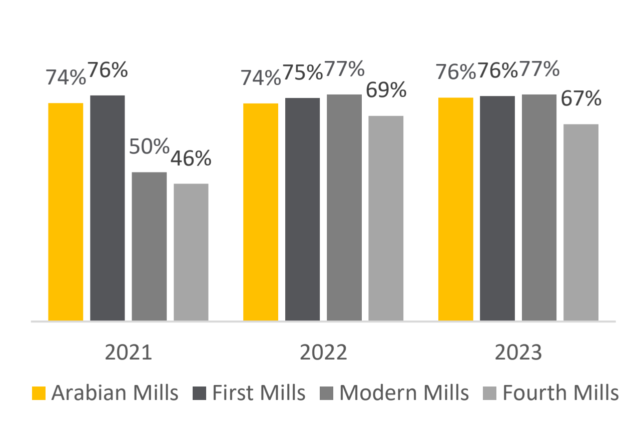
Arabian Mills vs Peers in Chart

Figure 33: Annual wheat milling capacity ('000' tons)*



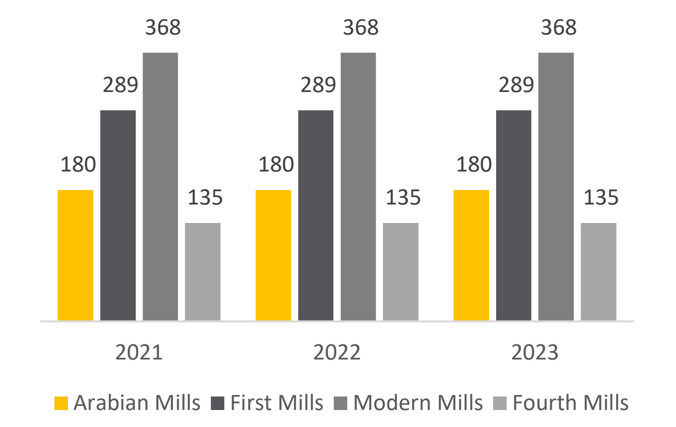
*Source: Company data, GIB Capital, *Capacity is based on 320 operational days for First and Modern Mills while based on 300 days for remaining two*

Figure 34: Wheat milling efficiency



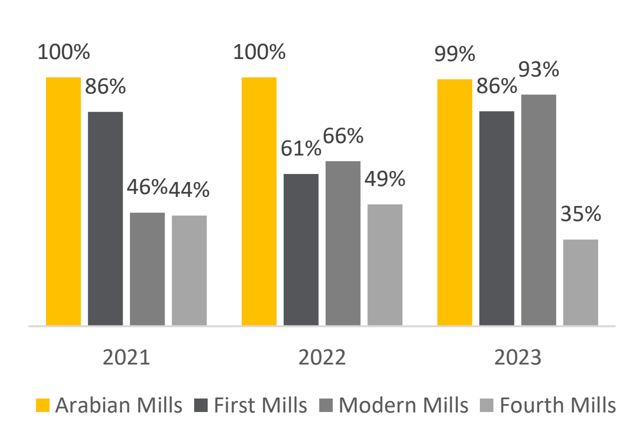
Source: Company data, GIB Capital

Figure 35: Annual feed milling capacity ('000' tons)



Source: Company data, GIB Capital

Figure 36: Feed milling efficiency



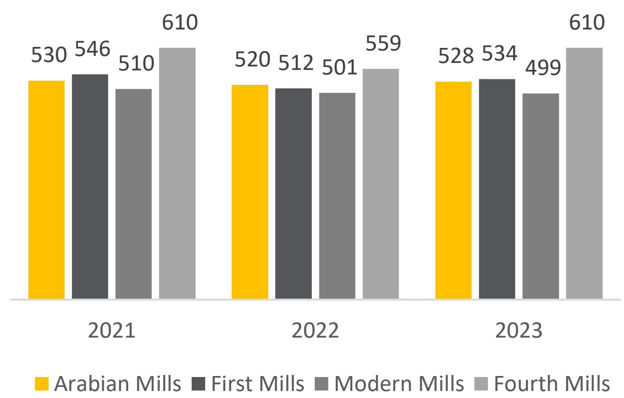
Source: Company data, GIB Capital

Figure 37: Capacity addition plans by Arabian Mills and its peer – incremental (tons/day)

	2024e	2025e	2026e	2027e	2028e	Total
Wheat milling capacity addition						
Arabian Mills	0	0	300	650	300	**1250**
First Mills	250	100	0	0	0	**350**
Modern Mills	0	1250	0	0	0	**1250**
Fourth Mills	NA	NA	NA	NA	NA	**NA**
Feed milling capacity addition						
Arabian Mills	0	200	300	300	0	**800**
First Mills	0	0	0	0	0	**0**
Modern Mills	0	0	0	0	0	**0**
Fourth Mills	NA	NA	NA	NA	NA	**NA**

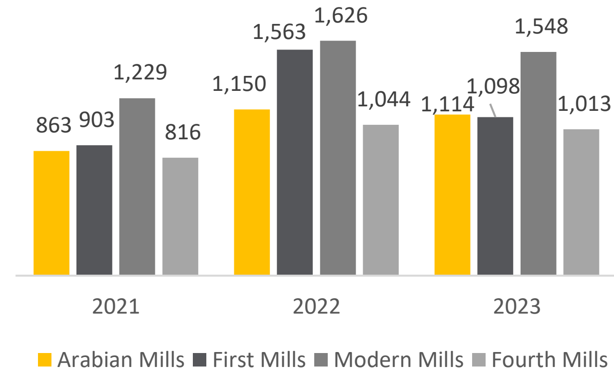
Source: Company data, GIB Capital

*Figure 38: Wheat flour average selling price (SAR/ton)**



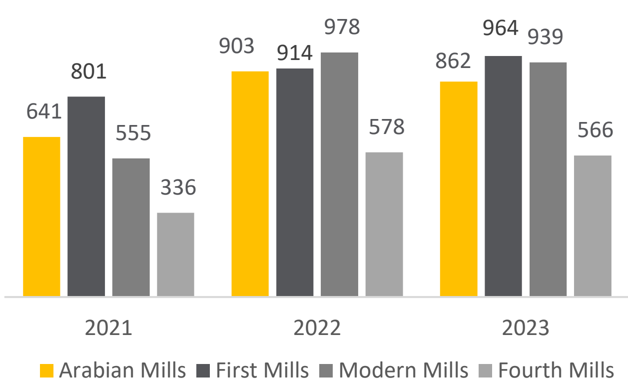
*Source: Company data, GIB Capital, *Modern Mills average selling price is estimated for FY23 as the company did not report sales volume for the year*

*Figure 39: Animal feed average selling price (SAR/ton)**



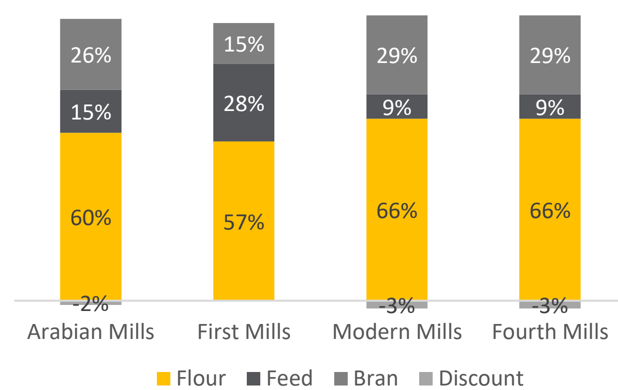
*Source: Company data, GIB Capital, *Modern Mills average selling price is estimated for FY23 as the company did not report sales volume for the year*

Figure 40: Revenue (SARmn)



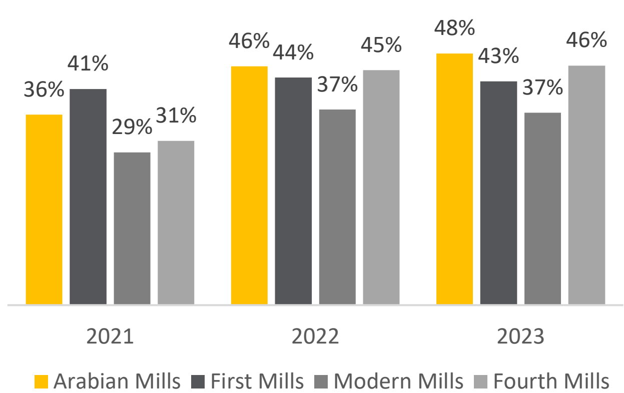
Source: Company data, GIB Capital

Figure 41: Revenue mix – as of 2023*



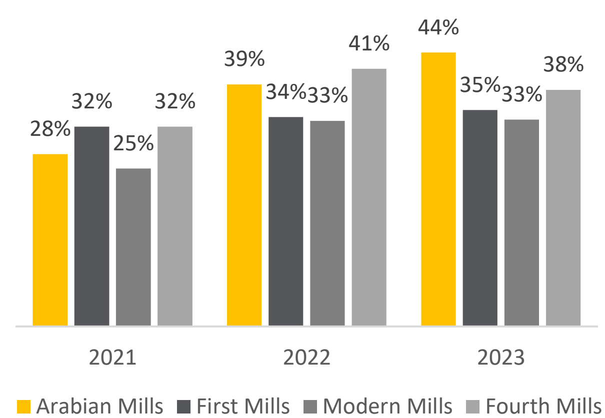
*Source: Company data, GIB Capital, *First Mills also incurred ~2-3% as discount. However, not reported separately in 2023 financials.*

Figure 42: Gross margin



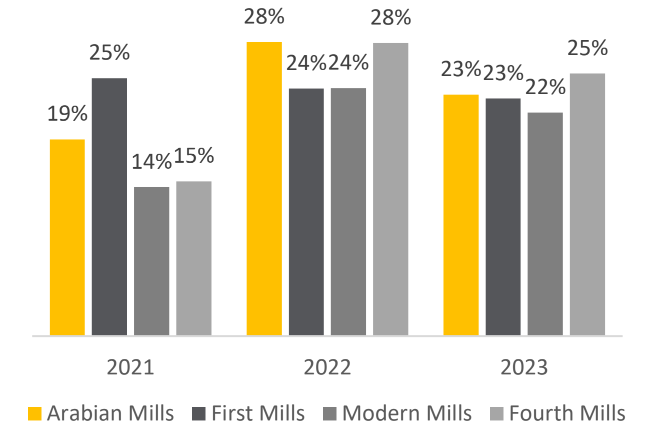
Source: Company data, GIB Capital

Figure 43: EBITDA margin



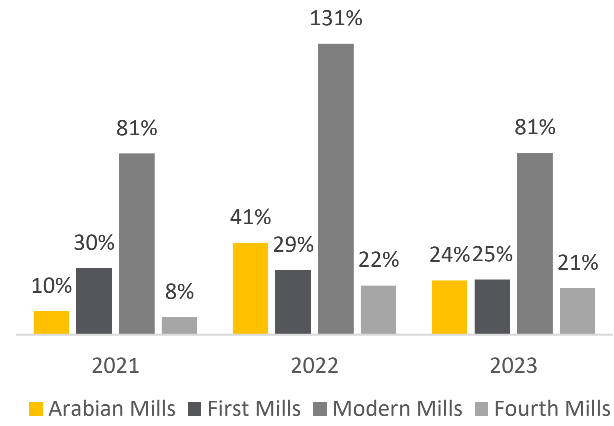
Source: Company data, GIB Capital

Figure 44: Net margin



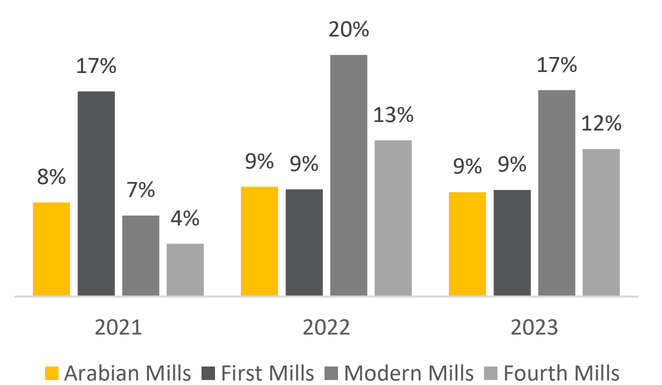
Source: Company data, GIB Capital

*Figure 45: Return on equity**



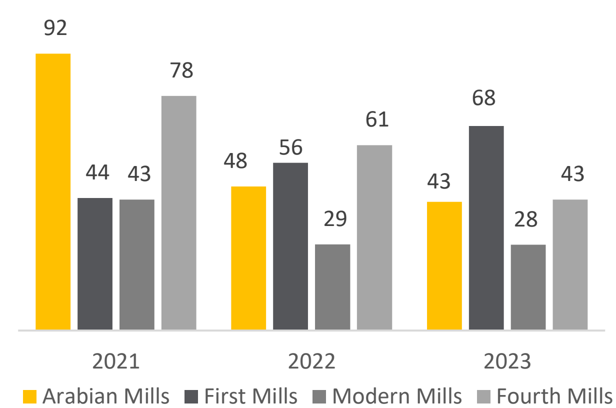
*Source: Company data, GIB Capital, *Exceptionally high for Modern Mills because of merger deficit reserve, resulting in very low equity*

*Figure 46: Return on assets**



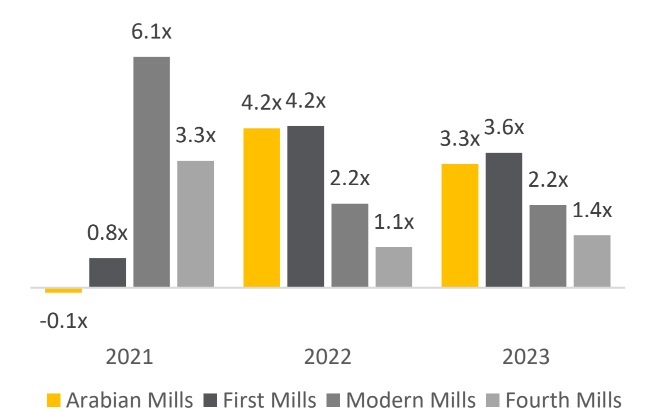
*Source: Company data, GIB Capital, *Modern Mills ROA is exceptionally high due to differentials in accounting treatment of goodwill*

Figure 47: Cash conversion cycle



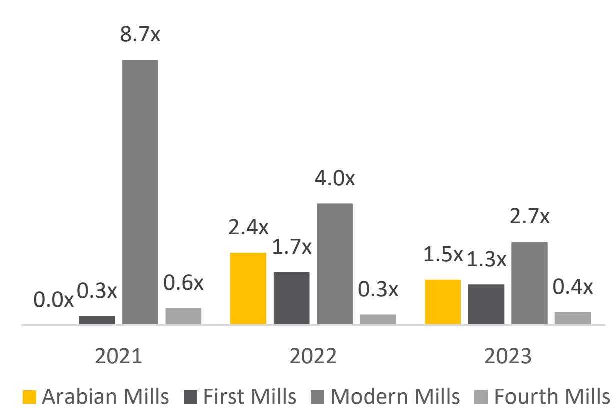
Source: Company data, GIB Capital

*Figure 48: Net debt/EBITDA**



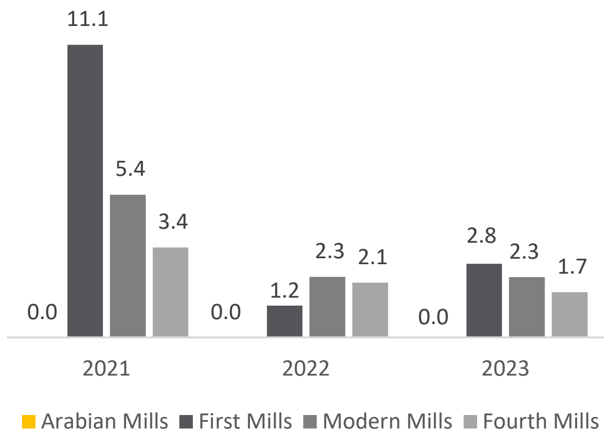
*Source: Company data, GIB Capital, *including lease liabilities*

*Figure 49: Net Debt/Equity**



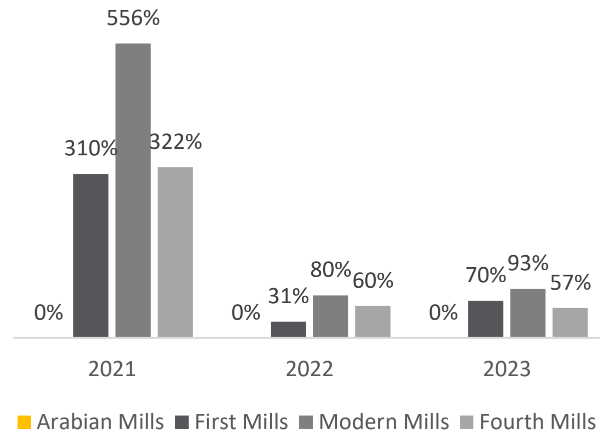
*Source: Company data, GIB Capital, *including lease liabilities*

Figure 50: DPS (SAR)



Source: Company data, GIB Capital

Figure 51: Dividend payout



Source: Company data, GIB Capital

IPO Details

Figure 52: IPO details

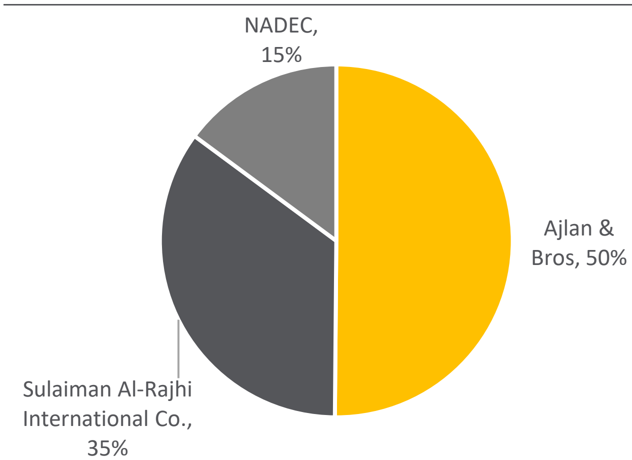
IPO Overview	
Offering	15.39mn shares
Float (%)	30%
Institutional Offering & Book-Building	Sept 1-Sept 5
Retail Offering	Sept 18-Sept 19
Final Allocation	Sept 26
Listing Date	Oct 8
Retail offering coverage	9.2x
Institutional offering coverage	132x
Listing market	Tadawul (The main market of Saudi exchange)
Shareholder Lock-up period	Six months
Selling shareholders	Ajlan & Bros, Sulaiman Al-Rajhi international Co., NADEC
IPO proceeds	Net offering proceeds will be distributed to the selling shareholders

Source: Company data, GIB Capital

Ownership structure

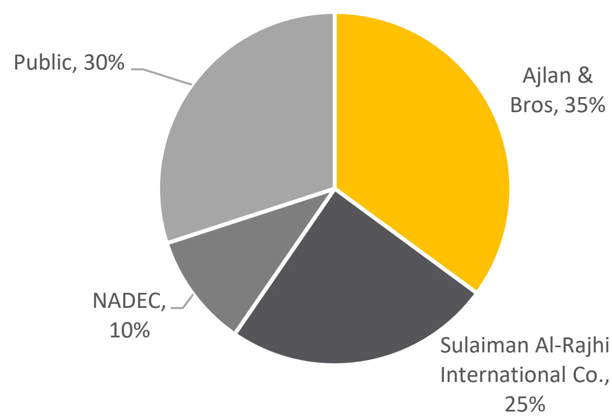
All the shareholders are expected to offload a combined 30% proportionately. As a result, the public shareholding will stand at 30% of the total shares after the offering.

Figure 53: Ownership structure – pre-IPO



Source: Company data, GIB Capital

Figure 54: Ownership structure – post-IPO



Source: Company data, GIB Capital

Company Profile

Arabian Mills (formerly known as Second Milling Co. or MC2) was founded in 2016 during the final phase of Saudi Arabia's milling industry privatization and was previously part of GFSA's wheat mills group. With over four decades of experience in producing flour, wheat derivatives, and animal feed, it is the Kingdom's largest milling company by wheat milling capacity, at 4,900 tons/day (First Mills: 4,900 tons/day). However, it is the second largest in terms of market share by value, holding 25.3% in 2023 (First Mills: 26.8%).

The company operates three state-of-the-art factories in Riyadh, Hail, and Jazan, with the combined daily production capacity of 4,920 tons of flour and 600 tons of feed. Arabian Mills owns two trademarks: "Finah" for food products like flour, semolina, and wheat bran, and "Kamil" for animal feed, including poultry and livestock.

Figure 55: Arabian Mills evolution over the years

Year	Key milestones
1977	The company's current plant in Riyadh was established.
1982	Hail plant was established.
2009	GFSA initiated the privatization program to enhance operational efficiency.
2011	KSA government approved the privatization of milling companies, consolidating milling operations into four independent companies in preparation for privatization.
2016	Established as a closed joint-stock company owned by the PIF
2016	The company's current plant in Jazan was established.
2017	Started its operational activities as an independent entity.
2021	GFSA accepted the bid submitted by the consortium led by Abdulaziz Al-Ajlan Sons to acquire the company.
2022	Upgraded its Riyadh plant, boosting daily wheat milling capacity from 2,950 to 3,070 tons. It also added a new mill with two specialized production lines: one for whole-wheat flour and another for traditional stone grinding.
2023	Changed its name from Second Milling Co. to Arabian Mills

Source: Company data, GIB Capital

Products overview

The company produces flour, animal feed, and animal bran products. Sales of flour, animal feed, and wheat derivatives (mainly animal bran) products contributed 60%, 15%, and 25% of revenues (before discount & promotion), respectively during 2023.

Flour

The company produces a wide range of flour for various purposes, serving a broad customer base, including individual consumers and wholesale traders. Its flour-based food products are marketed under the "Finah" trademark. Flour types are classified by their wheat extraction rate, such as baking flour (80% extraction rate), pizza flour (70% extraction rate), and fresh Chakki Atta Finah flour (100% extraction rate). They are sold in bulk or in packages ranging from 1 kg to 45 kg. The company's flour segment revenue (60% of total revenues in 2023) grew at a healthy rate of 8.5% CAGR during 2020-23, driven by a proactive sales strategy and a targeted expansion of its customer base, with a particular emphasis on the B2C market.

Animal Feed

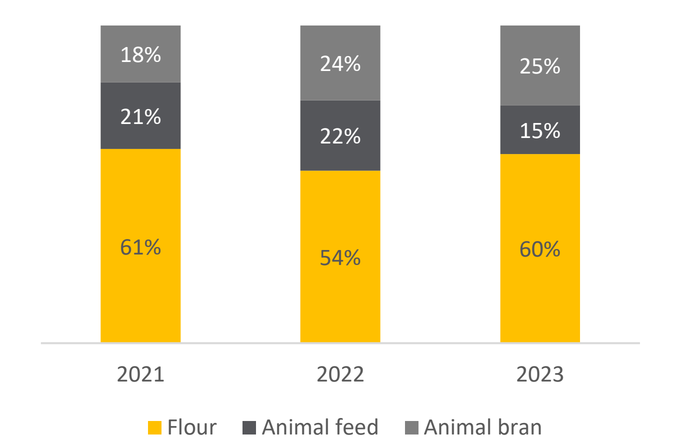
Arabian Mills produces animal feed, including poultry and livestock feed, using bran from flour milling and raw materials like corn, soybean meal, clover, and added vitamins and minerals. Unlike flour, feed prices are market driven. These products are typically sold in 50 kg packages.

In 2022, the company held a 3.5% market share in the feed sector by value. The segment contributed 15% of total revenue during 2023.

Wheat derivatives (mainly Bran)

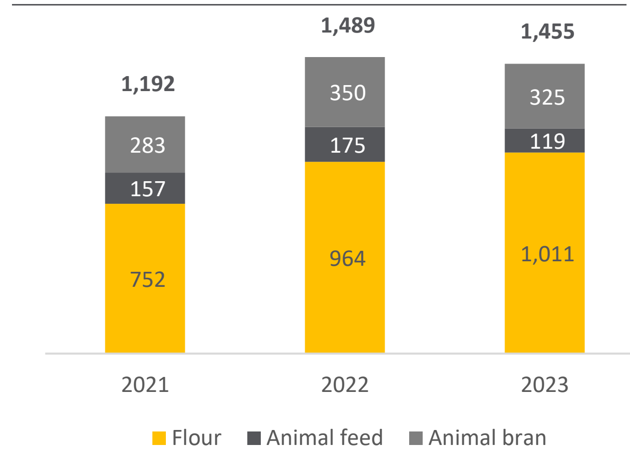
Bran is the byproduct of the wheat milling process and is sold in bulk or large 40 kg packages to farmers and traders. Additionally, the company also produces other wheat derivatives, including semolina, wheat germ, and wheat bran prepared for human consumption. The segment contributed 24% and 25% of the topline in 2022 and 2023, respectively.

Figure 56: Revenue by category*



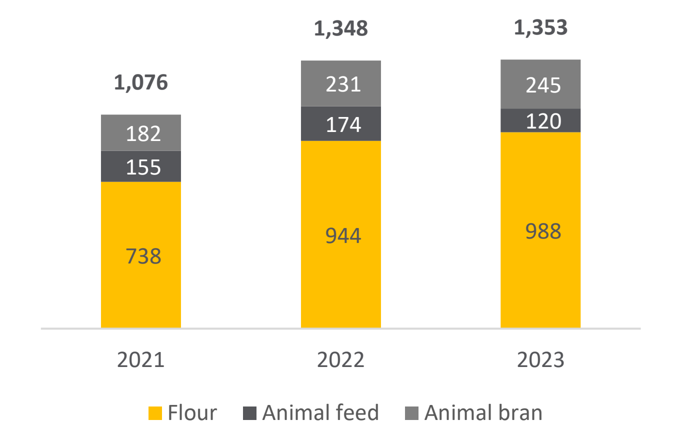
*Source: Company data, GIB Capital, *excluding discount/rebate*

Figure 57: Production by category ('000' tons)



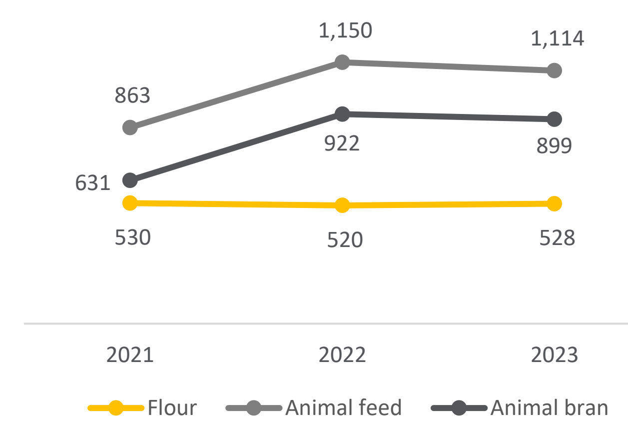
Source: Company data, GIB Capital

Figure 58: Sales volume by product ('000' tons)



Source: Company data, GIB Capital

Figure 59: Avg selling price per ton (SAR)



Source: Company data, GIB Capital

Production facilities and its upgradation

Arabian Mills has three state-of-the-art production facilities in Riyadh, Hail, and Jazan, with an aggregate milling capacity of 4,920 tons of wheat and 600 tons of animal feed. These facilities also feature a warehouse capacity of 43,803 tons and a silo storage capacity of around 202,000 tons.

- The Riyadh facility is the largest of Arabian Mills, with a daily wheat milling capacity of 3,070 tons and a feed milling capacity of 300 tons per day. It also has a storage capacity of 80,000 tons. Continuous upgrades to the Riyadh facility, along with the addition of a new flour mill with two distinct production lines - one dedicated to producing whole-wheat flour and the other for fresh Chakki Atta flour - resulted in a capacity increase of 350 tons per day during 2022-23.

- The Jazan facility is Arabian Mills' newest plant, exclusively focused on wheat milling and its derivatives, with no feed milling line. It serves the southern and western regions of KSA. As of 2023, the facility has a wheat milling capacity of 1,200 tons per day and a silo storage capacity of 72,000 tons.
- The Hail facility is a relatively smaller plant that primarily serves the northern region of the Kingdom, a key area for livestock and poultry breeders. As of 2023, the facility's silos have a storage capacity of 50,000 tons, with a daily wheat milling capacity of 650 tons and a feed production capacity of 300 tons. Notably, similar to the Riyadh facility, the Jazan and Hail facilities underwent upgrades that improved utilization. As a result, Arabian Mills reduced overall mill downtime across all facilities by 81.1%, from 11.98% in 2021 to 2.27% in 2022.

Figure 60: Arabian Mills' production facilities and their capacity

As of December 2023	Riyadh facility	Hail facility	Jazan facility	Total
Daily Wheat Milling Capacity (tons)	3,070	650	1,200	**4,920**
Annual Wheat Milling Capacity (tons)*	921,000	195,000	360,000	**1,476,000**
Daily Feed Capacity (tons)	300	300	0	**600**
Annual Feed Milling Capacity (tons)*	90,000	90,000	0	**180,000**
Revenue share	66%	17%	17%	
Silo Storage Capacity (tons)	80,000	50,000	72,000	**202,000**

*Source: Company data, * annual milling capacity is based on 300 operational days*

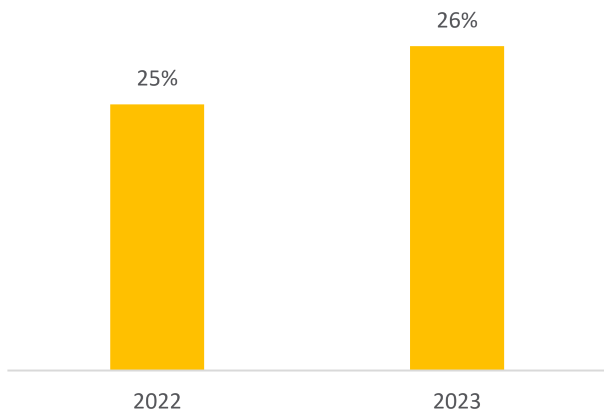
Strong network for distribution

The company has a strong foothold in the B2B sector, serving ~6,400 clients through 375 distributors and 281 direct customers. It is expanding its reach by attracting new customers with rebates and after-sales support. In retail and wholesale, it supplies products to approximately 485 trade entities and nine modern trade groups with over 550 branches. The company plans to boost its presence in these rapidly growing retail and wholesale sectors by offering specially designed products, modern packaging and enhanced marketing for its "Finah" brand, which includes social media campaigns and a new app.

Customers/clients

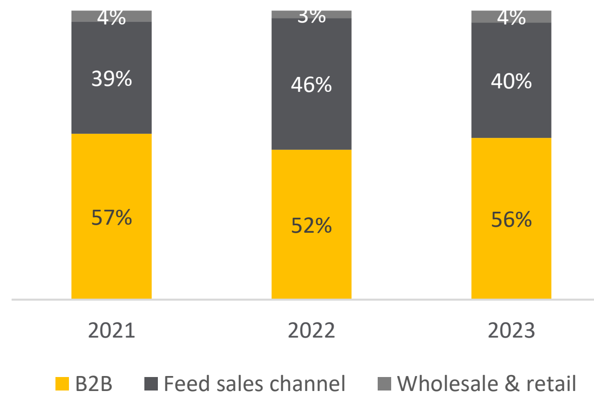
The company's primary customers for flour products include bakeries, HORECA establishments, industrial clients, and wholesalers. On the other hand, the main purchasers of the company's animal feed and bran are poultry farming companies and feed wholesalers who re-sell them to small farmers.

Figure 61: Revenue contribution by top 10 customers



Source: Company data, GIB Capital

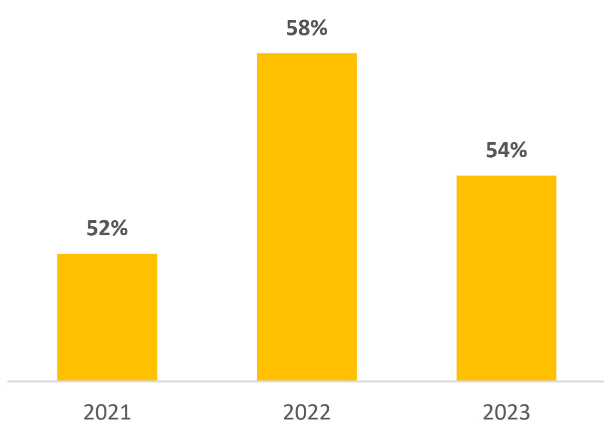
Figure 62: Revenue breakup by channels



Source: Company data, GIB Capital

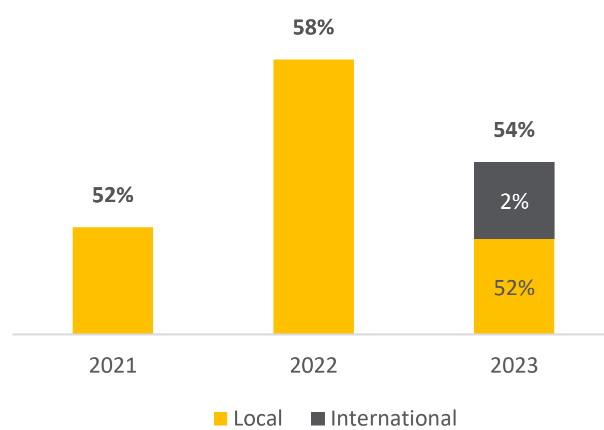
Key suppliers

Figure 63: Percentage of total purchase from top 10 suppliers



Source: Company data, GIB Capital

Figure 64: Top 10 suppliers – local vs international



Source: Company data, GIB Capital

Wheat and feed milling industry of KSA

The wheat flour market in KSA is highly regulated, with the government providing subsidies to producers and end users. The government procures wheat from global and local sources and supplies it at subsidized rates to four milling companies for processing into flour. These milling companies, originally owned by the government entity GFSA, were privatized between 2020 and 2021 as part of Saudi Arabia's Vision 2030 privatization initiative. The four companies: First Mills (FMC), Arabian Mills (AMC), Modern Mills Company (MMC), and Milling Company 4 (MC4) have a combined milling capacity of 16,421 tons per day and typically operate at ~85% capacity to meet local demand.

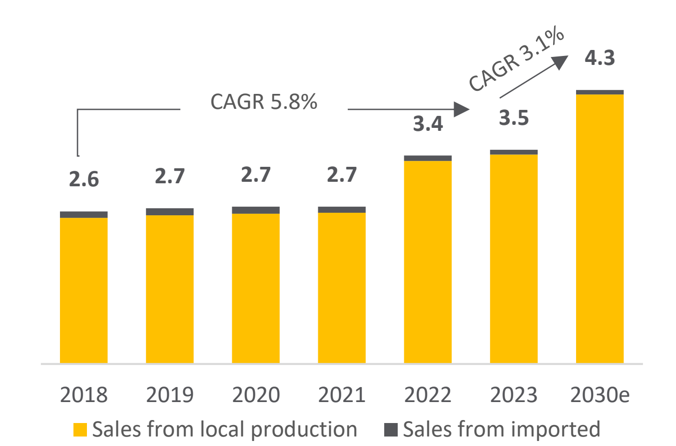
Due to limited farming activity in Saudi Arabia, the majority of wheat used for flour processing is imported. In 2023, of the total 4.6mn tons of wheat milled in the country, 86.4% was sourced through imports, with only 13.6% supplied by domestic production.

Wheat flour

Wheat flour consumption in KSA grew at a healthy rate of 5.8% CAGR during 2018-23, reaching 3.5mn tons by 2023, primarily driven by the recovery of the tourism flows, an expanding F&B sector, and the rebound of HORECA along with business-friendly reforms. In terms of value, the flour consumption market also increased at a CAGR of 6% during 2018-23, reaching SAR2.1bn.

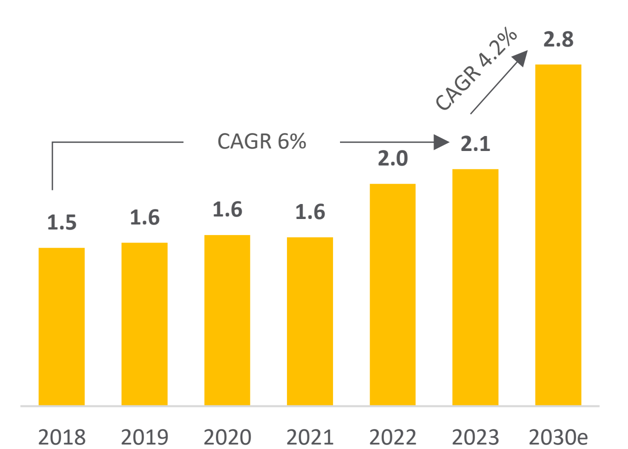
Going ahead, the wheat flour market is projected to grow at a CAGR of 3.1% in volume and 4.2% in value during 2023-30e. This growth is driven by several factors: i) population growth at a 2.4% CAGR during 2023-30e, ii) a 7.4% CAGR increase in tourism activity during 2023-28e, and iii) the rising demand for small packs, which are not price-regulated, and are expected to grow at an 8.8% CAGR over 2023-30e.

Figure 65: Wheat flour consumption (mn tons)



Source: Euromonitor, GIB Capital

Figure 66: Wheat flour consumption (SARbn)

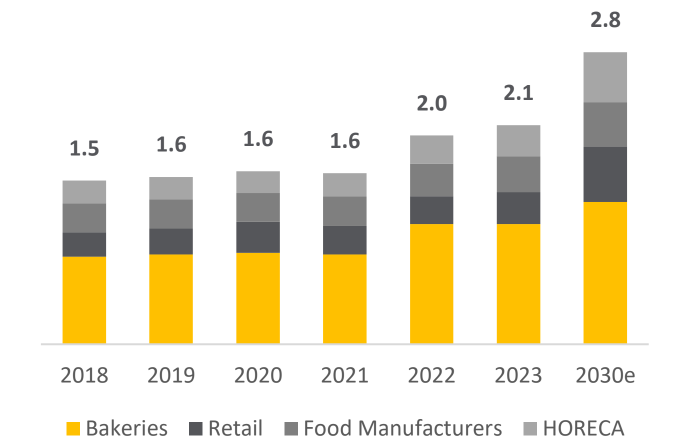


Source: Euromonitor, GIB Capital

In the Saudi wheat flour market, bakeries dominate sales channels, accounting for 55% of total sales, followed by food manufacturers (16%), retail (15%), and HORECA (14%) in 2023. However, by 2030e, the bakery segment's share is expected to decline to 49%, as other channels, such as retail (+8% CAGR over 2023-30e) and HORECA (+7.1% CAGR during the same period), are anticipated to grow more rapidly driven by the rise in tourism and an expanding expatriate population.

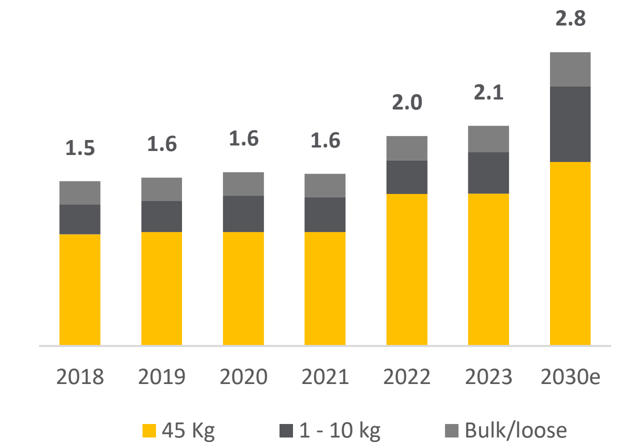
Additionally, in terms of pack size, 45kg bags accounted for ~69% of total sales, with bulk volumes contributing 12% and 1-10kg retail packs making up 19%. The demand for 45kg bags grew the fastest, with a 6.4% CAGR from 2018 to 2023, led by growth in the food service sector and a rise in new bakery registrations in 2023. Notably, the contribution of small packs (1-10kg) is expected to increase from 19% in 2023 to 26% by 2030e, driven by further penetration of small packs that are expected to grow at a CAGR of 8.8% during 2023-30e.

Figure 67: Wheat flour consumption by channel (SARbn)



Source: Euromonitor, GIB Capital

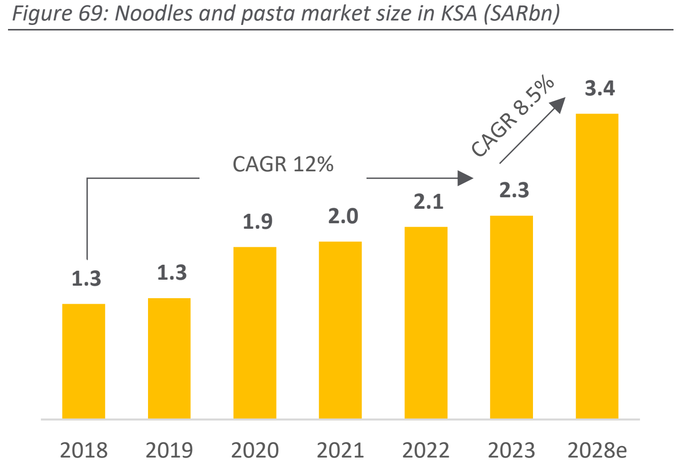
Figure 68: Wheat flour consumption by pack size (SARbn)



Source: Euromonitor, GIB Capital

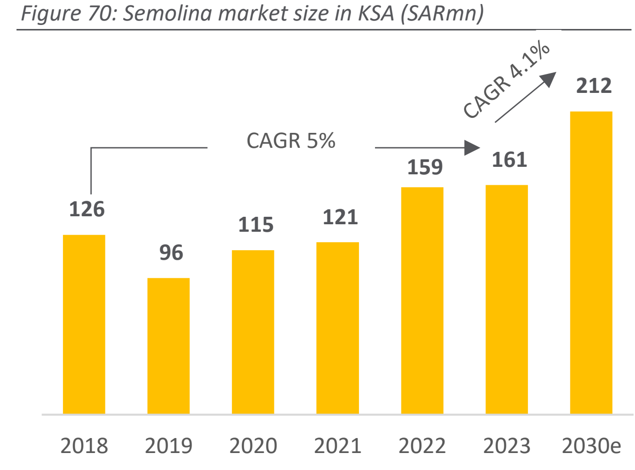
Though pasta and noodles are a smaller category than bread, they are expected to grow faster, driven by younger consumers seeking quick, easy-to-cook meals and the influence of Western cuisine. Accordingly, the combined market size of noodles and pasta is projected to grow at a CAGR of 8.5% during 2023-28e. Consequently, as semolina is a key ingredient for pasta, noodles, and certain Arabic desserts, its demand is also anticipated to grow at a healthy rate of 4.1% over 2023-30e.

Figure 69: Noodles and pasta market size in KSA (SARbn)



Source: Euromonitor, GIB Capital

Figure 70: Semolina market size in KSA (SARmn)

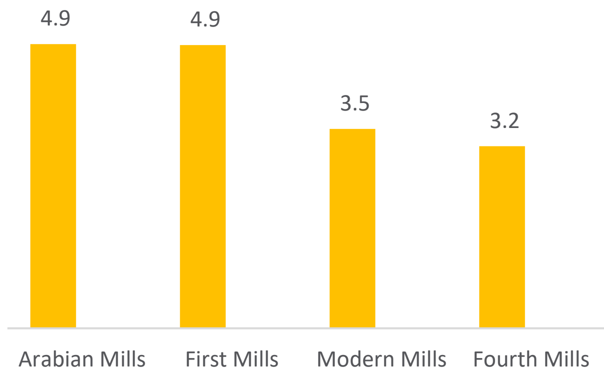


Source: Euromonitor, GIB Capital

<u>Competitive landscape of wheat milling in Saudi Arabia</u>

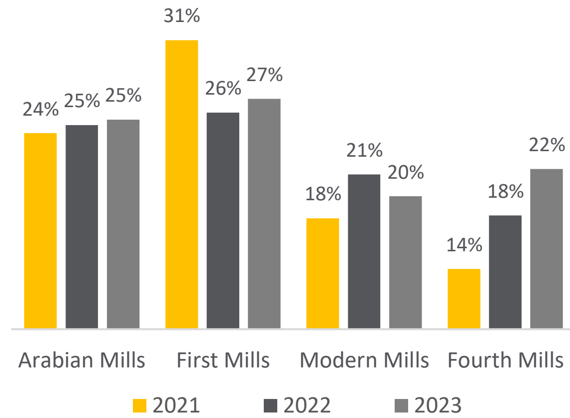
The four milling companies collectively dominated the Saudi wheat flour market, with imports accounting for just 2% of the total. Among these companies, First Mills and Arabian Mills are comparable in size, holding market shares of 26.8% and 25.3%, respectively in terms of value, followed by Fourth Mills with 21.7% and Modern Mills with 19.7%.

Figure 71: Daily wheat milling capacity ('000' tons)



Source: Euromonitor, GIB Capital

Figure 72: Wheat flour market share by value



Source: Euromonitor, GIB Capital

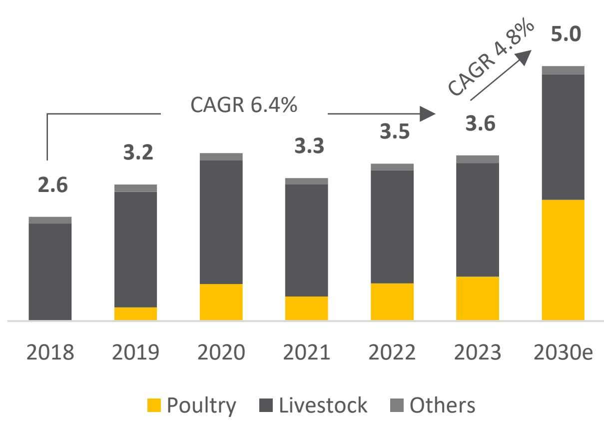
Animal feed

In Saudi Arabia, animal feed falls into three main categories: traditional (such as alfalfa, barley, and grass hay), compound feed (a mix of ground and compressed ingredients like pulses, maize, corn, and soybean), and total mixed ration (TMR), which blends various components like corn, maize, soybean, animal rice bran, forages, and supplements. Compound feed is locally produced, with bran sourced from milling companies, while other ingredients are imported.

Saudi Arabia has experienced strong growth in demand for compound animal feed, with a CAGR of 16.8% from 2018 to 2023 in terms of value. This surge has been driven primarily by several factors, including financial support for local farmers to boost domestic production, the SFDA's import ban following disease outbreaks in Brazil, and improvements in feed formulations for better yield, which have also led to more favorable pricing.

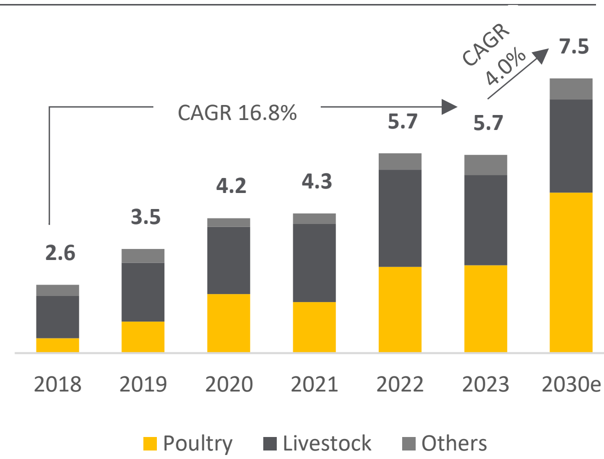
Looking ahead, the compound animal feed market is projected to grow at a steady rate of 4% CAGR over 2023-30e, reaching SAR7.5bn by 2030e. Within this animal feed segment, poultry (54% of the total market in 2023) is expected to expand at a faster pace of 6.6% CAGR over the same period. This growth will be driven by factors such as increasing overall consumption and the government's target to localize 80% of poultry production by 2025e and 100% by 2030e.

Figure 73: Sales volume of compound animal feed ('000' tons)



Source: Euromonitor, GIB Capital

Figure 74: Sales value of compound animal feed (SARbn)

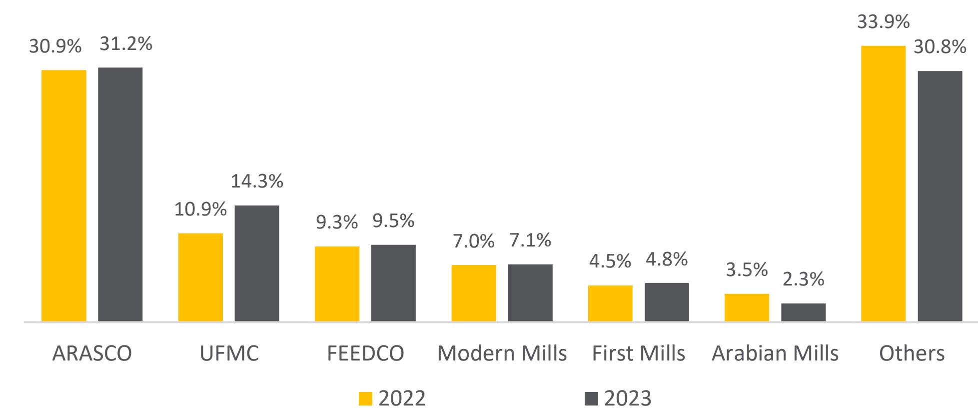


Source: Euromonitor, GIB Capital

Competitive landscape of animal feed in Saudi Arabia

ARASCO, UFMC, and FEEDCO are the key players in Saudi Arabia's animal feed market. Together, these three entities command a significant market share of over 50% in a relatively consolidated total compound animal feed market in 2022. Among the milling companies, Modern Mills is the leader in animal feed segment with a daily milling capacity of 1,400 tons/day followed by First Mills (900 tons/day), Arabian Mills (600 tons/day) and Fourth Mills (135 tons/day).

Figure 75: Compound animal feed market share by value

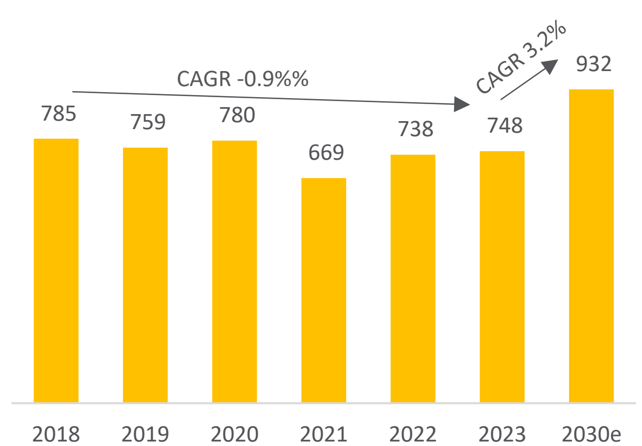


Source: Euromonitor, GIB Capital

Bran

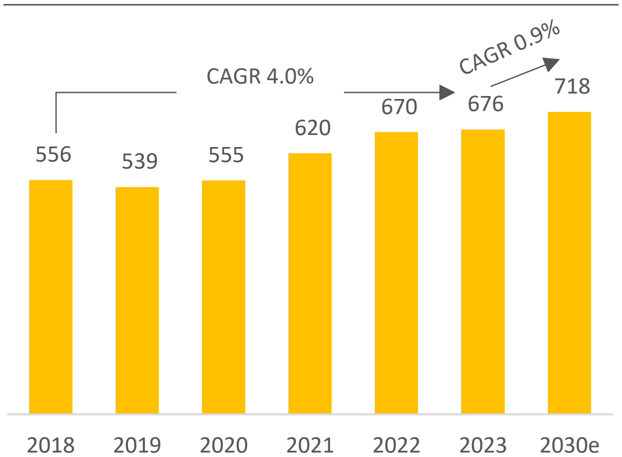
Bran, a byproduct of wheat milling, accounts for up to 23% of the milled volume. It is a key ingredient in animal feed and serves as a nutrient-rich dietary fiber. In 2023, total bran consumption in KSA reached 748,389 tons. Of this, ~261,836 tons (34.9%) were used by four milling companies for animal feed production. As demand for livestock feed, especially in the dairy and poultry sectors, continues to rise, demand for bran is projected to reach 931,943 tons by 2030e, growing at a CAGR of 3.2% over 2023-30e.

Figure 76: Sales volume of bran ('000' tons)



Source: Euromonitor, GIB Capital

Figure 77: Sales value of bran (SARmn)

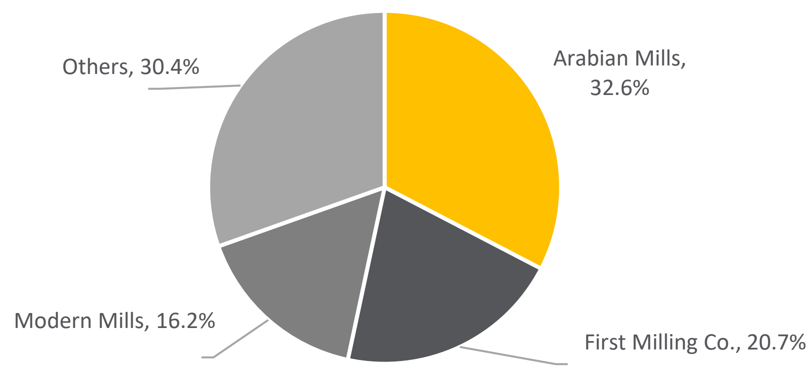


Source: Euromonitor, GIB Capital

Competitive landscape of bran in Saudi Arabia

To compete with top feed producers in Saudi Arabia, Arabian Mills is launching five specialized, high-quality products. In 2023, Arabian Mills led the bran market with a 32.6% value share. First Milling Company, focusing on livestock, poultry, and other animal feed, held a 20.7% share, benefiting from its proximity to flour mills. The remaining 46.6% of the market, valued at SAR315.4mn, is divided between Modern Mills, Fourth Milling Company, and imports.

Figure 78: Bran market share by value (2023)



Source: Euromonitor, GIB Capital

Summary of Financials

Figure 79: Summarized basic financial statements (SARmn)

Income statement	2022a	2023a	2024e	2025e	2026e	2027e	2028e
Revenue	**903**	**862**	**938**	**994**	**1,074**	**1,175**	**1,236**
revenue y/y	*41%*	*-5%*	*9%*	*6%*	*8%*	*9%*	*5%*
COGS	490	447	495	532	574	632	662
Gross Profit	**413**	**416**	**443**	**461**	**500**	**543**	**574**
Gross Profit margin	*46%*	*48%*	*47%*	*46%*	*47%*	*46%*	*46%*
Selling and distribution expenses	18	31	53	55	59	64	68
General and administrative expenses	105	78	96	102	110	120	126
Operating profit	**289**	**306**	**294**	**304**	**331**	**358**	**380**
Operating margin	*32%*	*36%*	*31%*	*31%*	*31%*	*30%*	*31%*
Finance costs, net	21	105	82	68	59	47	43
Other income, net	5	4	3	3	4	4	4
PBT	**274**	**205**	**216**	**240**	**275**	**315**	**341**
Zakat/tax	18	5	6	7	8	9	10
Net income	**255**	**200**	**209**	**233**	**267**	**306**	**331**
Net margin	*28%*	*23%*	*22%*	*23%*	*25%*	*26%*	*27%*
y/y	*111%*	*-22%*	*4%*	*11%*	*15%*	*15%*	*8%*
EPS	**5.0**	**3.9**	**4.1**	**4.5**	**5.2**	**6.0**	**6.5**
DPS	0.0	0.0	0.6	2.7	3.4	4.2	4.5
Payout	0%	0%	15%	60%	65%	70%	70%
EBITDA	**351**	**379**	**366**	**382**	**413**	**444**	**468**

Balance Sheet	2022a	2023a	2024e	2025e	2026e	2027e	2028e
Inventory	120	99	108	117	126	139	145
Due from Related Party	0	5	5	5	5	5	5
Trade receivables	0	6	26	27	29	32	34
Prepayments and other current assets	20	15	19	20	22	24	25
Cash and cash equivalents	574	128	45	34	29	41	87
Total Current Assets	**714**	**253**	**203**	**204**	**211**	**241**	**296**
Property and equipment	902	892	1,018	1,103	1,134	1,143	1,129
Right-of-use assets	273	259	249	240	230	220	211
Intangible assets	68	65	62	59	56	53	50
Goodwill	822	822	822	822	822	822	822
Total Non-Current Assets	**2,066**	**2,038**	**2,152**	**2,224**	**2,242**	**2,239**	**2,212**
Total Assets	**2,780**	**2,292**	**2,355**	**2,428**	**2,453**	**2,479**	**2,508**
Current Liabilities	402	146	152	158	165	175	181
Non-current Liabilities	1,759	1,323	1,202	1,176	1,100	1,025	949
Equity	619	823	1,001	1,094	1,188	1,279	1,379
Total Equity and Liabilities	**2,780**	**2,292**	**2,355**	**2,428**	**2,453**	**2,479**	**2,508**
BVPS	12.1	16.0	19.5	21.3	23.1	24.9	26.9

Cashflow	2022a	2023a	2024e	2025e	2026e	2027e	2028e
Cashflow from Operations	345	366	341	378	404	432	460
Cashflow from Investing	(73)	(3)	(185)	(150)	(100)	(82)	(62)
Cashflow from Financing	(26)	(809)	(240)	(238)	(310)	(338)	(352)
Total Cashflows	**247**	**(446)**	**(83)**	**(10)**	**(6)**	**12**	**46**

Source: Company, GIB Capital

Figure 80: Key ratios

Key ratios	2022a	2023a	2024e	2025e	2026e	2027e	2028e
Profitability ratios							
RoA	9%	9%	9%	10%	11%	12%	13%
RoE	41%	24%	21%	21%	22%	24%	24%
Sales/Assets	32%	38%	40%	41%	44%	47%	49%
Net margin	28%	23%	22%	23%	25%	26%	27%
Liquidity ratios							
Current ratio	1.8	1.7	1.3	1.3	1.3	1.4	1.6
Inventory days	89	81	80	80	80	80	80
Receivable days	0	3	10	10	10	10	10
Payable days	41	41	40	40	40	40	40
Cash conversion cycle	48	43	50	50	50	50	50
Debt ratios							
Net Debt/EBITDA (w/ IFRS liab.)	4.2	3.3	3.3	3.1	2.7	2.3	1.9
Debt/Assets (w/o IFRS liab.)	0.6	0.5	0.4	0.4	0.4	0.3	0.3
Net Debt/Equity (w/ IFRS liab.)	2.4	1.5	1.2	1.1	0.9	0.8	0.7
Valuation ratios							
P/E	13.3	16.9	16.2	14.5	12.7	11.1	10.2
P/B	5.5	4.1	3.4	3.1	2.9	2.6	2.5
EV/EBITDA	13.0	12.0	12.4	11.9	11.0	10.2	9.7
FCF Yield	7.6%	10.6%	4.5%	6.5%	8.8%	10.2%	11.6%
Dividend Yield	0.0%	0.0%	0.9%	4.1%	5.1%	6.3%	6.8%

Source: Company, GIB Capital

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