Target Price: SAR110/share
Current Price: SAR90/share
Upside: 22% (+Div. Yield: 3.3%)
Rating: Overweight

Leejam Sports (Fitness Time)

Value play

- While COVID resulted in at least 25% of gym closures and bankruptcies globally, Leejam is on its way to reporting record profits in 2022e.
- Volatility in the stock price is likely due to misunderstood seasonality (2H heavy) in membership/earnings (leading to a large exit by QFIs).
- The company's efficient capital structure enables it to maintain a high 25% RoE and ~9% FCF Yield. We initiate on this value play with a target price of SAR110/share.

Secular growth story: 25% of gyms closed in the US (source: IHRSA) from the start of the pandemic in March 2020 till the end of 2021. On the contrary, in KSA, Leejam benefited from the closure of smaller gyms helping the company to likely post record quarterly profits in 4Q22e and record annual profits in 2022e. We believe that even without reinventing the wheel, by growing moderately in the current strategy focusing on Xpress formats, there is an additional 20% value in the stock. We understand that the pricing environment has also improved. With Leejam's strong moat (brand and network), low penetration of gym users in KSA (4-8%, around half of that in the developed markets), and a favourable demographic, the company has enormous potential to grow.

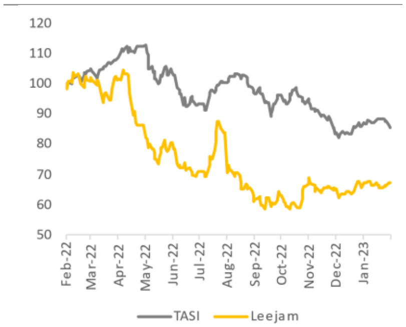
Why does it deserve a higher multiple: While we use an equal blend of DCF and EV/EBITDA to arrive at our target price of SAR110/share, the implied P/E 2024 EPS is higher at 20x than what is generally considered as the average for a moderate growth stock in Saudi (which could be around 17-18x) but so are RoEs. While TASI has a 13% RoE, Leejam is ~2x at 25% and gets the premium justified with strong cashflows and a stable business model. The recent fall in share price could be linked to the sharp drop in QFI holding from 21% in 1Q21 to 12.55% currently (slightly lower than heavyweight Al Rajhi Bank's 12.59% for comparison). In our view, the often-misunderstood part is the seasonality in earnings and subscriptions due to promotions and the winter season, unlike in developed markets where there are stable q-o-q earnings.

Risks: Higher than expected increase in competition, cannibalization of centres, change in discretionary spending by consumers, higher churn rate and the re-emergence of the pandemic are some of the key risks to our investment view.

Stock data	
TASI ticker	1830
Mcap (SARmn)	4,720
Trd. Val (3m) (SARmn)	18.8
Free float	48.2%
QFI holding	12.6%
TASI FF weight	0.12%

Source: Bloomberg

Prices indexed to 100



Source: Bloomberg

Figure 1: Key financial metrics

SARmn	2020a	2021a	2022e	2023e	2024e
Revenue	663	885	1,011	1,109	1,199
Revenue growth	*-30%*	*34%*	*14%*	*10%*	*8%*
Operating Profit	(6)	258	293	320	351
Operating margin	*-1%*	*29%*	*29%*	*29%*	*29%*
Net profit	(59)	206	234	256	284
Net profit margin	*-9%*	*23%*	*23%*	*23%*	*24%*
EPS (SAR)	(1.1)	3.9	4.5	4.9	5.4
DPS (SAR)	0.0	2.1	2.2	2.9	3.8
P/E	NM	22.9x	20.1x	18.5x	16.6x

Source: Company, GIB Capital

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Investment Case

Leejam operates the **largest network of fitness centres** in the Middle East under the Fitness Time brand, with 156 operational centres (mainly spread across KSA, with the rest ~5% in UAE) at the end of 2022. While there are many types of centres, one could categorize them into a) Male and Female and b) Xpress and BigBox format. The Big Box format provides various fitness activities like a gym, swimming pool, volleyball, football, tennis court, lounge facilities, etc., under one roof at its Fitness Time and Fitness Time Pro branded centres. Xpress gyms are smaller (basic ones) gyms with 1/3rd the size.

While there is no official figure for the overall **penetration of gym users** in KSA, it could range from 4-8%, significantly lower compared to the developed markets at ~15-16%, implying massive growth potential. Supporting this is the fact that the Kingdom has a young population (48% below 30 years) which is more likely to be inclined towards fitness. As such, with the economy opening up rapidly and also with the increase in women employment, demand for fitness centres is likely to grow.

Despite COVID related disruptions, during 2017-21 the number of fitness centres rose at a CAGR of 6.7% and increased by 10.1% y/y in 9M22. The number of members grew at a CAGR of 8.7% between 2017-21 and at the end of 9M22 stood at 367,000. The company intends to **increase its membership to 500,000 by 2025 (vs our expectation of ~450,000).** In terms of the number of gyms, the management aims to have 250-300 gyms (vs our expectation of ~200 gyms), implying a growth of 60-92% respectively.

In terms of **mix**, subscription revenue accounted for 87.5% of the total revenue in FY21, followed by personal training (10.2%), rental income (1.2%) and others (1.1%). Given the prevalence of the younger population and the growth in female footfalls, the demand for personal training is likely to increase going forward. The subscription revenue of female centres has increased at a CAGR of 89.3%, while male centres witnessed a negative CAGR of 2.9% during 2017-21. [See KPIs table below for our key estimates]

While previously, with the General Sports Authority (GSA) granting licenses for female fitness centres in the Kingdom in 2017, the company had focused on **Female gyms** (8 in 2017 to 44 in 2022e), currently the main focus is on Xpress formats since the end of 2020. An Xpress centre

Figure 2: KPI

KPIs	2017-21	9M22 (y/y)	2021-25
Growth (CAGR)			
Number of centres	6.7%	10.1%	6.8%
Number of subscribers ('000)	8.7%	27.0%	11.3%
Revenue	4.8%	16.8%	9.9%
Total revenue/member	-3.6%	-8.0%	-1.2%
EBITDA	12.5%	16.2%	8.6%
Net profit	4.3%	25.0%	11.2%
Mix			
Female centres	52.3%	7.5%	5.9%
Xpress format	NA	109.1%	30.9%

Source: Company, GIB Capital

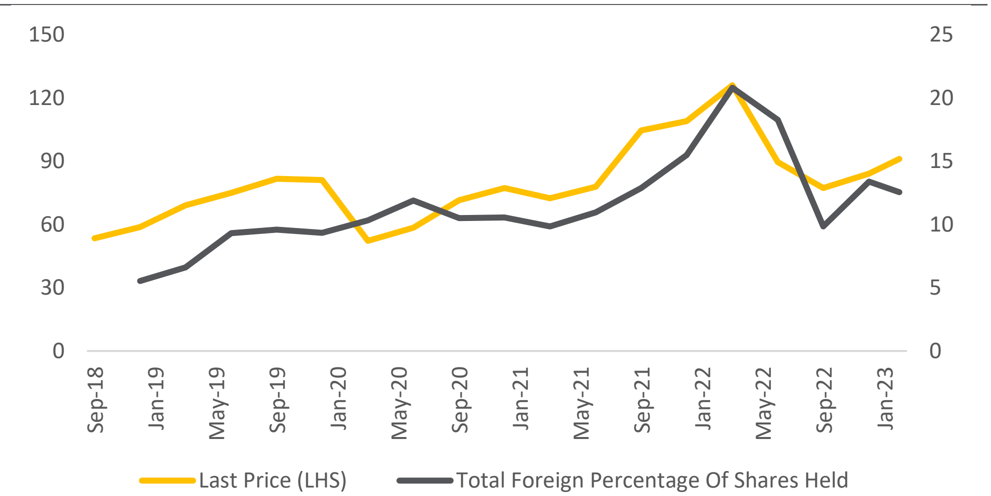
is one-third of a big box centre in terms of size. In general, depending on the success, the margins can be above or below the Big Box format, as per our understanding. We expect Xpress centres to increase from 16 in 2021 to 47 by 2025 (25% of the Total) and compared to the initial target of 100 by 2025 (20% of the Total).

While **competition** has been a recurring feature of this industry, Leejam has stood apart by its superior network and the consistent customer experience in various fitness centres while improving cost management. While COVID resulted in at least 25% of gym closures and bankruptcies in western countries, Leejam is on its way to reporting record profits in 2022e. While the prices for its centres are uniform, only 10 out of its 156 gyms have a home rate (which is unique to that centre) which implies competitive pressure is in limited areas currently. The strength of the brand is reflected in the turnaround of bankrupt smaller gyms after the acquisition by Leejam. Given the successful transition, the company plans to continue this expansionary mode for its Xpress gyms. Also, given that 60% of the market is owned by individual owners, there is significant room for further market share gains.

With regards to the mode of ownership, in Big Box formats, the land is leased but the building is owned by the company. For Xpress formats, almost all the centres are leased.

The company's earnings are **highly seasonal**, unlike those of a typical gym in Western countries. In developed countries, subscription fees are usually on a monthly basis, but in KSA, the average subscription package is for 3 months. Usually, in the second half of the year, membership (and thereby deferred revenue) is often high due to the summer season (Q2) and the company's promotional offerings during the Saudi National Day in September (on 22nd Sept, in Q3). These bookings seen in Q2 and Q3 give higher sales in Q3 and Q4. In winter, there is a preference to go outside and hence results in lower Q1 and Q2 sales. Further, COVID-related disruptions amplified such patterns. The subscription fee received in advance is recorded as deferred revenue and spread over the subscription period. The deferred revenue balance reached SAR420.5mn at the end of 9M22, the highest in the company's history, which looks extremely positive for 4Q22 earnings. We believe the seasonality has been less understood by the market, especially QFIs. This is because we saw that the stock price and QFI ownership have remained correlated.

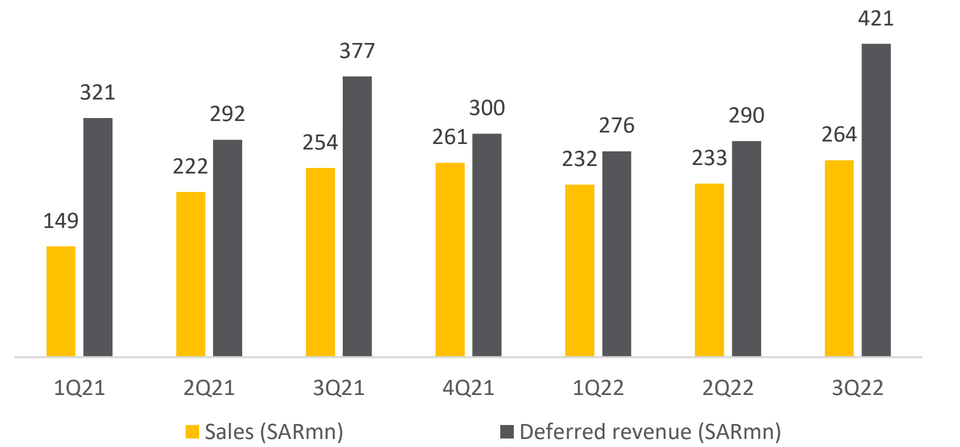
Figure 3: Stock price vs QFI ownership



Source: Bloomberg

We are positive about the membership patterns in 4Q22 and 1Q23. As per our understanding, the seasonality is expected to be less pronounced than in the past.

Figure 4: Revenue and Deferred revenue trend



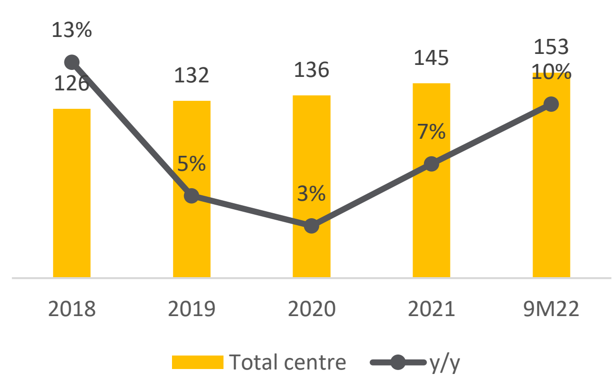
Source: GIB Capital

This pattern is positive for the company's working capital due to receiving subscription income in advance, which enables it to maintain a negative working capital cycle, supporting future growth and a healthy dividend payout.

Usually, the **ramp-up period** for a fitness centre is 6 to 18 months. New centres tend to offer higher discounts. As the number of fitness centres increases, the costs run ahead of the revenue generated by these centres. Initially, the costs are higher, which impacts the margins.

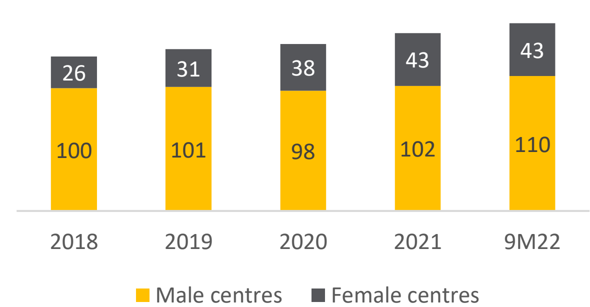
As for the near-term pricing trends, there have been no material changes in pricing trends in the past two quarters. As the market leader, Leejam is less aggressive in pricing. Pricing is a byproduct of membership – one could expect discounts when market share declines and vice-versa. At the moment, pricing is similar for male and female centres. Though prices may be higher as compared to global standards, the format is different for Leejam with its Big-box format.

Figure 5: Total number of centres



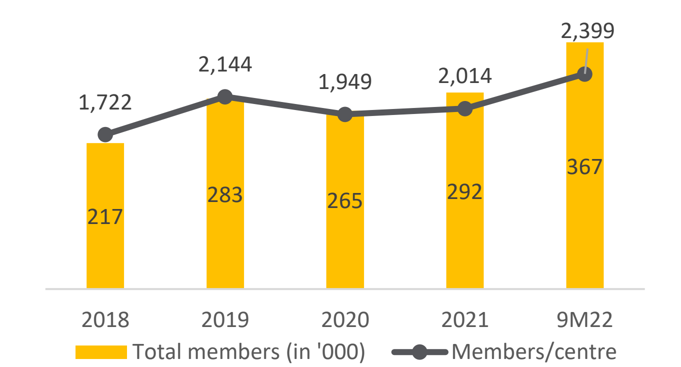
Source: GIB Capital

Figure 6: Number of Male and Female centres



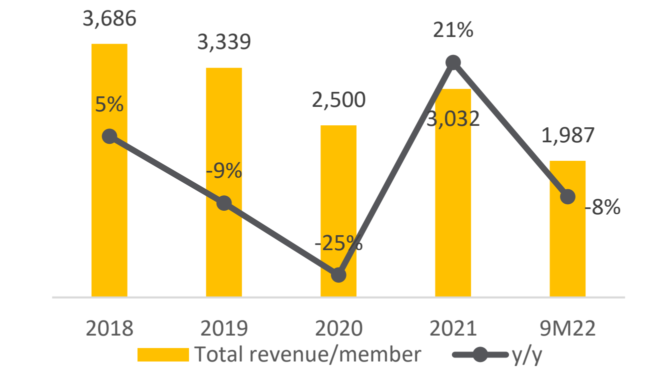
Source: GIB Capital

Figure 7: Total members and members per centre trend



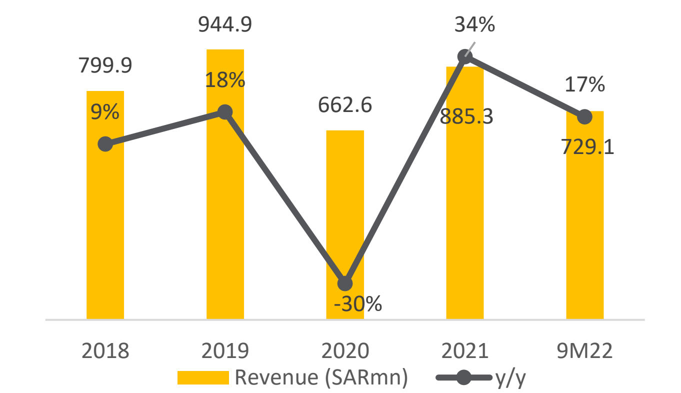
Source: GIB Capital

Figure 8: Total revenue per member



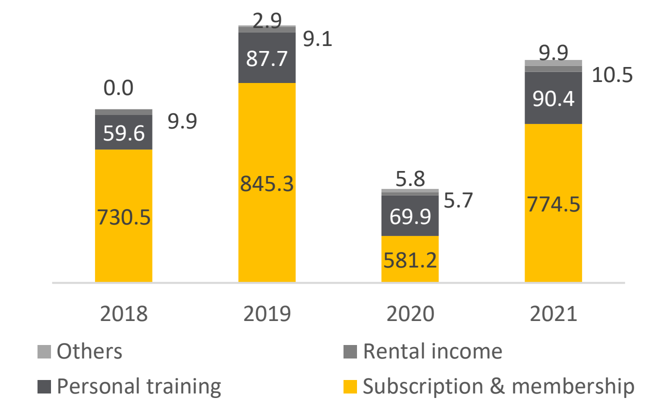
Source: GIB Capital

Figure 9: Revenue trend



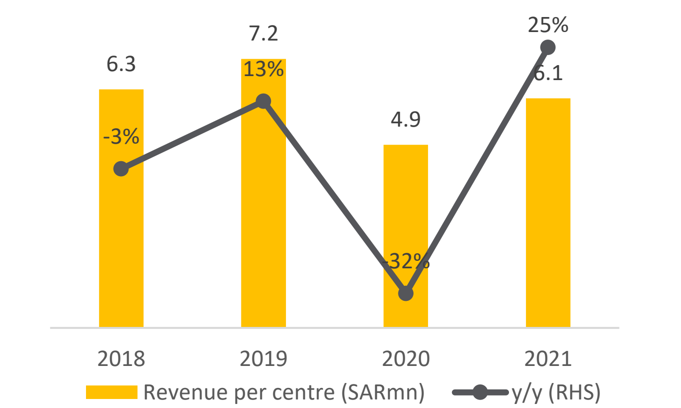
Source: GIB Capital

Figure 10: Revenue breakdown



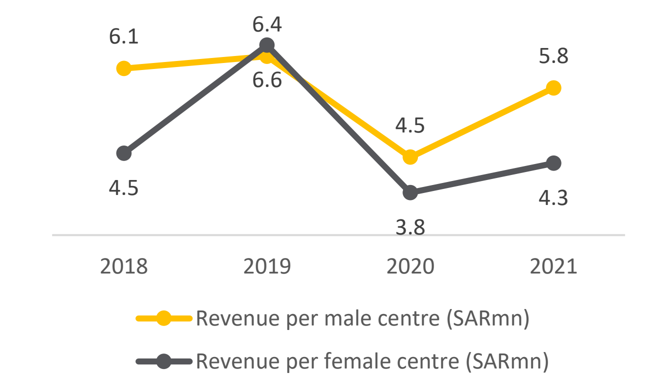
Source: GIB Capital

*Figure 11: Revenue per centre**



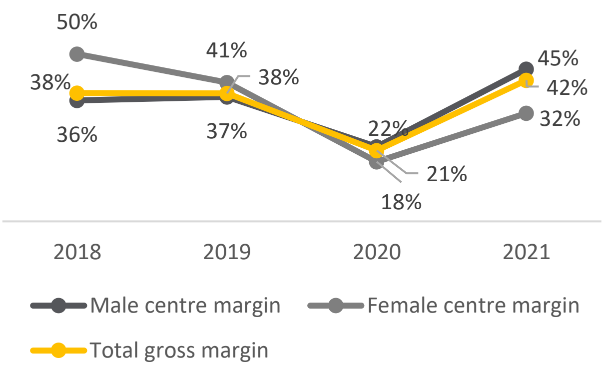
*Source: GIB Capital * Total revenue*

Figure 12: Subscription revenue per male and female centre



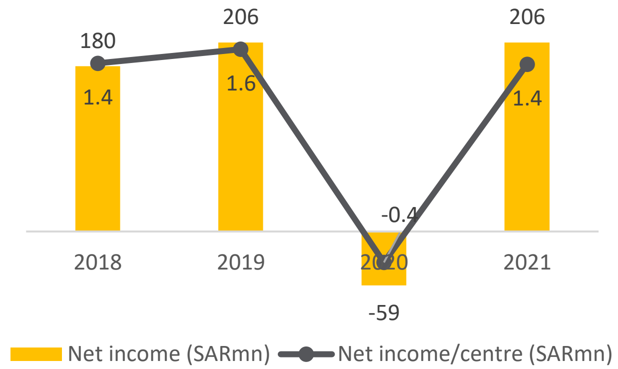
Source: GIB Capital

Figure 13: Gross margin trend



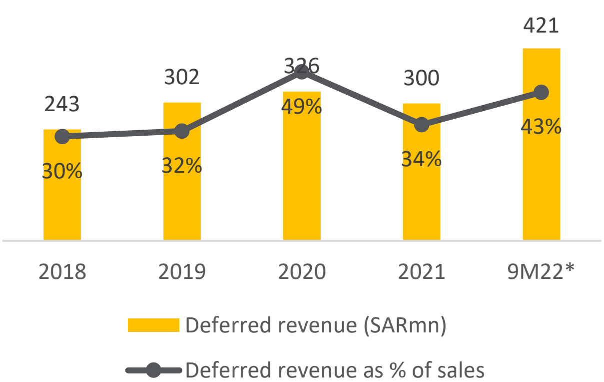
Source: GIB Capital

Figure 14: Net income and net income per centre



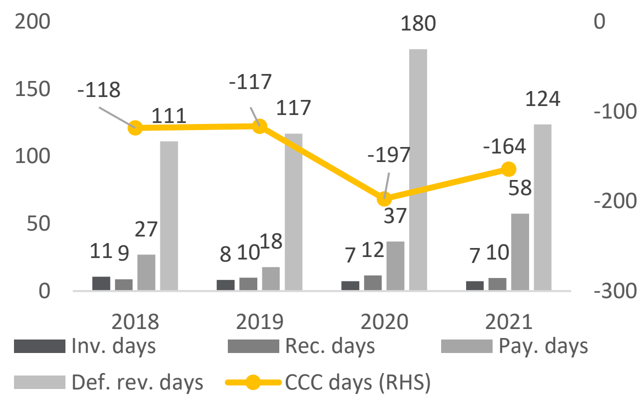
Source: GIB Capital

Figure 15: Deferred revenue and deferred revenue as % of sales



*Source: GIB Capital, * Annualized*

Figure 16: Cash conversion cycle trend



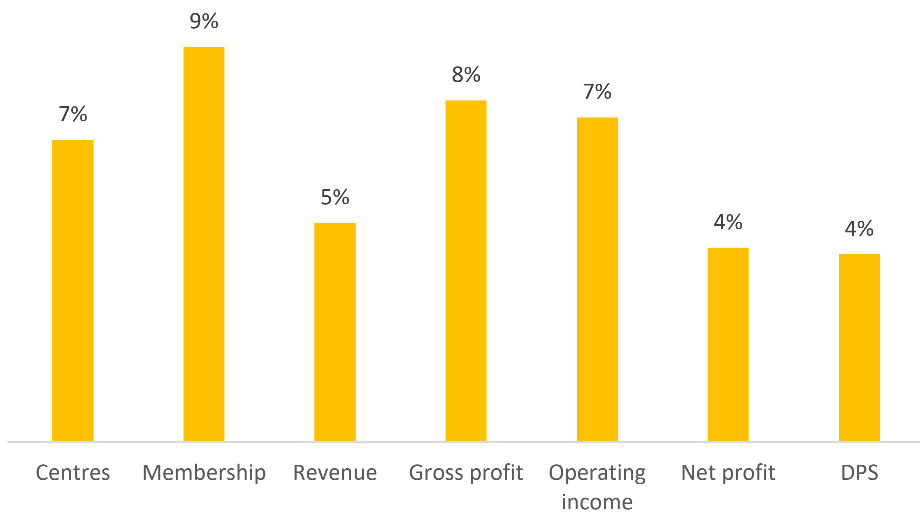
Source: GIB Capital

Figure 17: Management guidance at the end of 3Q22

Parameter	Guidance (FY22)
Fitness centres	**Centres range**
Female - Xpress	5 to 6
Male - Xpress	17 to 19
Female - Big Box	42 to 44
Male - Big Box	93 to 95
Total	**154 to 164**
Capex	**Per centre (SARmn)**
Xpress format	2.5 to 5
Big Box format	15 to 20

Source: Company

Figure 18: Robust growth profile (FY17-21 CAGR)



Source: GIB Capital

Valuation and risks

We have used an equal blend of EV/EBITDA multiple and DCF methods for valuing the company.

DCF: As for DCF, based on a terminal growth of 2% and a WACC of 9.9% with a target capital structure of 30%, we get SAR113/share as the target.

Relative valuation: We use a 12x multiple on 2023 EBITDA for EV/EBITDA valuation and arrive at a relative valuation-based target price (1 year forward) of SAR106/share.

The average of multiple and DCF-based valuations gives us a target price of SAR110/share (rounded off) and we initiate on the company with an Overweight rating

Figure 19: DCF valuation model

DCF model (SARmn)	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
EBIT	293	320	351	384	413	443	475	501	526
tax	-7	-7	-8	-9	-10	-11	-11	-12	-13
Change in WC	6	31	28	29	25	26	26	20	19
Dep	217	235	249	263	274	285	296	303	309
Amort, adjusted for lease payments	12	14	11	11	9	9	9	5	4
Capex	-200	-209	-253	-231	-230	-238	-247	-237	-218
FCF	**321**	**383**	**378**	**447**	**481**	**513**	**548**	**580**	**627**
Terminal Value									**8,092**

Enterprise value of explicit period	2,553
PV of Terminal Value	3,802
Total Enterprise Value	**6,355**
(-)Debt, incl. lease liabilities	(1,296)
(+) Cash	177
Equity value	**5,236**
Number of shares	52
Equity value per share	100
Adjusted DCF-based equity value per share*	**113**
Cost of Equity	12.0%
Cost of debt	5.0%
Target D/A	30%
WACC	**9.4%**

Source: GIB Capital

Figure 20: Peer comparison table

	Mkt Cap (SARbn)	P/ E (trail)	P/ 2023E	1Y avg PE	EV/EBITDA (trail)	EV/EBITDA (fwd)	Avg 3Y EV/EBITDA	Div Yield	Curr P/B	Avg 3Y P/B
Leejam	**4.5**	**19**	**19**	**21**	**10.5**	**9.4**	**11.0**	**3.2**	**5.2**	**5.9**
Planet Fit.	7.3	82	51	87	26.4	21.5	24.8	NA	NA	NA
Jarir	17.9	19	17	21	15.2	12.8	16.0	6.0	9.9	12.4
Habib	79.5	50	50	48	40.9	33.8	30.4	1.5	14.0	10.2
SACO	1.0	NA	NA	NA	36.6	12.5	9.2	NA	2.1	3.1
Almarai	54.3	30	27	32	13.8	12.8	14.9	1.8	3.2	3.4
NCLE	3.4	44	35	42	30.1	23.8	27.3	1.5	5.1	3.7
Ataa	2.2	87	30	50	20.7	14.7	19.4	1.9	2.5	2.6
TASI Index	**NA**	**17**	**NA**	**18**	**NA**	**NA**	**NA**	**NA**	**2.2**	**2.2**

Source: GIB Capital

Figure 21: Relative valuations and Average valuations

EV/EBITDA-based valuation	
EV/EBITDA multiple	12x
2023E EBITDA (SARmn)	554.8
Multiple based TP	**106**

Valuation	
EV/EBITDA	106
DCF	113
Average TP (SAR)	**110**

Source: GIB Capital

Risks:

Key downside risks include the following:

Competition risk: Faster than expected increase in competition may further elevate the pricing discounts, which will translate into a lower topline and dent the margins.

Change in discretionary spending: Rising inflation and, thereby, a negative change in discretionary expenditure by consumers can impact the membership enrollment of fitness centres.

Higher churn rate: If the company fails to retain and add new members, the total number of members will decrease, negatively affecting the company's performance.

Lower than expected additions of fitness centres: If the company cannot add fitness centres to its portfolio, it will stagnate growth.

Cannibalization of centres: Over-expansion may lead to cannibalization. The expansion of Xpress centres may move the members from high-value big box centres to more affordable Xpress centres, which may negatively impact the company's top line.

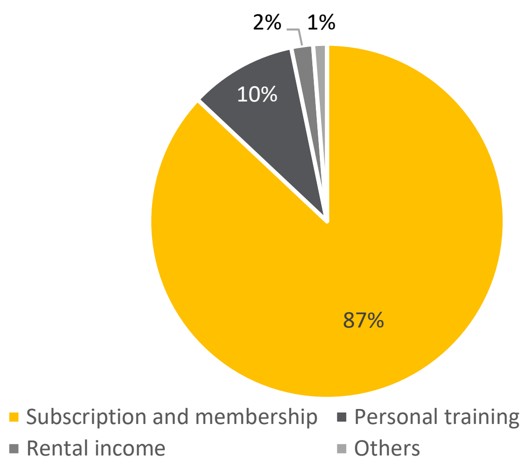
The emergence of the pandemic: A recurrence of COVID-19 or any other contagious disease can adversely impact the company's operations.

Company Profile

Leejam Sports (Leejam) was established in 2008 and acquired the trademark "Fitness Time", owned by Fitness Time Establishment. The company got listed on the Tadawul in 2018. Leejam operates the largest network of fitness centres in the Middle East. The company has a total network of 156 centres (mainly in KSA, with the rest ~5% in UAE) at the end of 2022, of which 44 are female-only centres. The centres are broadly classified into two categories - Big Box and Xpress. Leejam has ~368,000 active members.

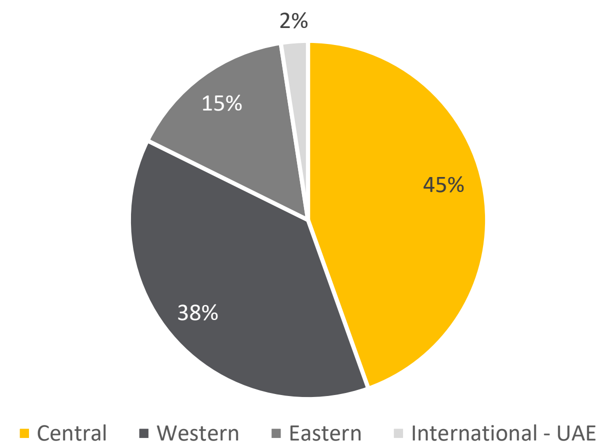
The company generates revenue through subscription and membership, personal training, rental income, and others.

Figure 22: Revenue by segment – 9M22



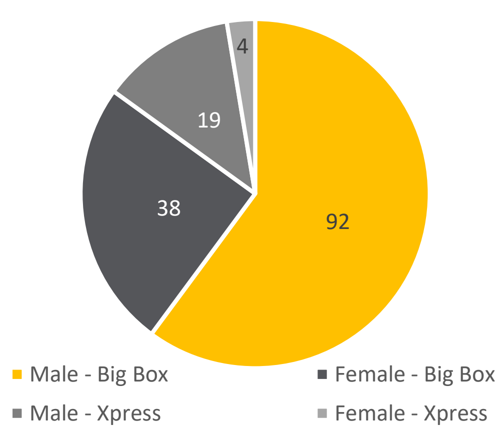
Source: Company data

Figure 23: Revenue by region – 9M22



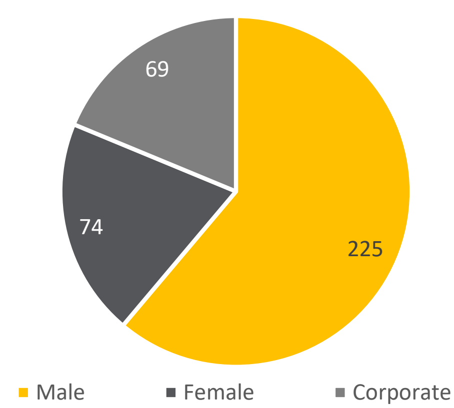
Source: Company data

Figure 24: Number of centres by category – 9M22



Source: Company data

Figure 25: Active members breakdown



Source: Company data

Seasonality in business

The company's earnings are **highly seasonal**, unlike those of a typical gym in Western countries. In developed countries subscription fees are usually on a monthly basis, but in KSA, the average subscription package is for 3 months. Usually, in the second half of the year, membership (and thereby deferred revenue) is often high due to the summer season (Q2) and the company's promotional offerings during the Saudi National Day in September (on 22nd Sept, in Q3). These bookings seen in Q2 and Q3 gives higher sales in Q3 and Q4. In winter, there is a preference to go outside and hence results in lower Q1 and Q2 sales. Further, COVID related disruptions amplied such patterns. The subscription fee received in advance is recorded as deferred revenue and spread over the subscription period. The deferred revenue balance reached SAR420.5mn at the end of 9M22, the highest in the company's history, which looks extremely positive for 4Q22 earnings.

Focussing on the smaller format

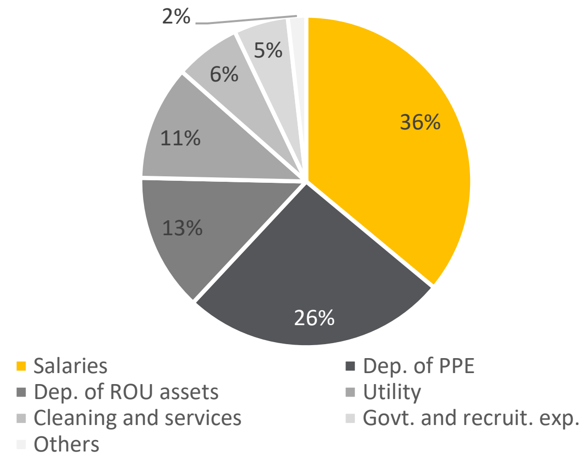
The company focuses on launching the Xpress format, which has lower operating and maintenance costs compared to the Big Box format. The company has more than doubled the number of Xpress centres to 23 at the end of 9M22 from 11 at the end of 9M21. As per the website, the membership fee for a Male Xpress centre in Riyadh is SAR1,200 for six months compared to SAR2,668 for six months at Fitness Time PRO, SAR3,415 for six months at Fitness Time, and SAR5,635 for six months at Fitness Time Plus. We believe the ramp-up period for a fitness centre is usually 6 to 18 months; however, the ramp period of Xpress centres is likely to be at the lower side of this range. A lower ramp-up period is expected to act as a catalyst for margin expansion.

Cost dynamics

Leejam has maintained its gross margin in the range of 38-42% (the exception being FY20). Salaries and related benefits accounted for 36% of the total cost of revenues (COR). Salaries and related benefits include the remuneration of fitness centre management, support staff and some other operational staff. Depreciation on PPE and ROU assets account for 26% and 13%, respectively, of the COR. This includes depreciation of buildings and construction, sports equipment and other fixed assets. Utility, also one of the major heads of expense, accounts for 11% of the COR. The utility includes water, electricity and telephone expenses.

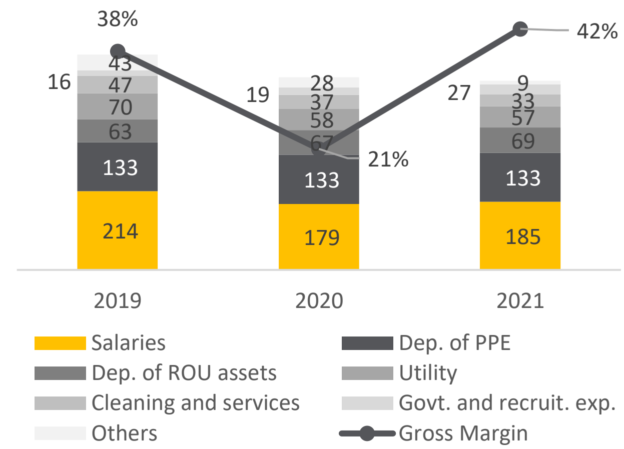
The company is focused on managing its costs to maintain its margins at healthy levels. The management is opening Xpress centres with lower operating and maintenance costs than the Big Box format. As of 9M22, the company has 23 Xpress format centres. As the number of Xpress centres increases, we believe it will act as a catalyst in maintaining and improving the margins in the coming years.

Figure 26: Cost of revenues (COR) break up -2021



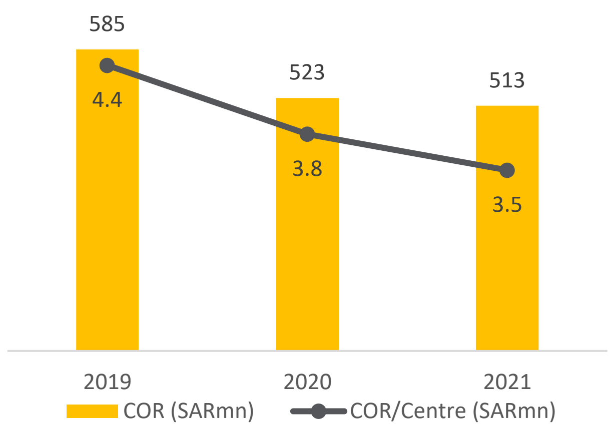
Source: GIB Capital, IHS

Figure 27: Gross Margin development & COR (SARmn)



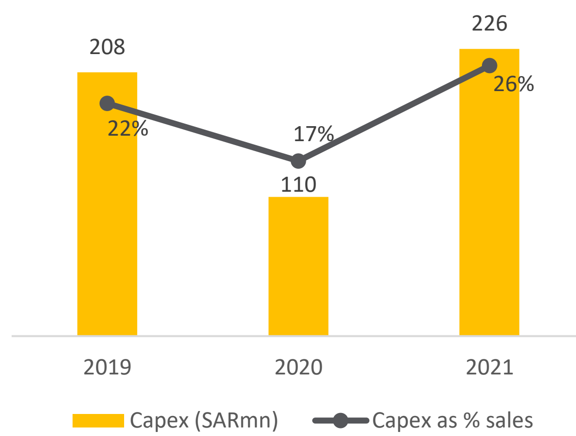
Source: GIB Capital, IHS

Figure 28: Cost of revenues (COR) and COR/Centre



Source: GIB Capital, HIS

Figure 29: Capex and Capex as % of revenue



Source: GIB Capital, IHS

Key brands

The company operates through multiple brands to cater to different customer segments.

Figure 30: Key brands

Brand	Number of centres as of 9M22
Fitness Time Plus	4
Fitness Time	52
Fitness Time PRO	36
Fitness Time Xpress	18
Fitness Time Ladies	34
Fitness Time Ladies PRO	5
Fitness Time Ladies Xpress	4
Total	**153**

Source: Company

Fitness Time Xpress/Ladies Xpress: This is ideal for a user looking for cardio and strength workouts. Fitness Time Xpress offers a digitally connected, no-frills experience, conveniently accessible centres with male centres operating 24 hours a day. All gyms are fully equipped with the ultimate range of cardio programs and usual cardio and strength equipment.

Fitness Time Pro/Ladies Pro: Provides the members with a broad yet focused set of features and services. There are large training pools, Jacuzzis and plunge pools at selected locations. All centres are equipped with the latest technology. In addition, there are dedicated workout rooms for each type of training and exercise.

Fitness Time/Fitness Time Ladies: This is a business-class sports and fitness facility. The brand targets users seeking a high-end, full-service facility without the necessity for the additional privacy the Plus brand provides. The brand provides similar facilities as the Plus brand. Additionally, this brand offers space at its male centres for other sports activities, such as football, volleyball, squash and table tennis in certain locations.

Fitness Time Plus/Ladies Plus: This brand provides an environment that combines fitness with luxury and targets individuals seeking a five-star, exclusive experience. Facilities include swimming pools, Jacuzzis, gym, along with indoor running and walking tracks. Additional facilities include steam rooms, saunas, hairdresser facilities, squash and communal lounges.

Strategy (From 2021 Annual Report)

Leejam's strategy is to support the company to continue its upwards trajectory built on rapid growth, expansion, diversification and evolution. The company's strategic pillars include the following:

1. **Growth:** The company intends to increase the rate of expansion of fitness centres through traditional new clubs, corporate wellness partnerships, and small gym concepts for males and females. The company plans to diversify and develop additional income sources through Spa, Coffee, Retail, Protein, and online, such as Online Nutrition and Sports apparel & accessories.

2. **Quality:** The company aims to build systems that ensure high-quality standards throughout the business (Total Quality Management). To achieve this, it plans to introduce quality control measures audited by third parties, including mystery shops and NPS, which are linked to Company management development and rewards.

3. **Unrivalled customer experience:** The company aims to deliver an unrivalled customer experience by providing an outstanding new member onboarding process and proactively listening to members.

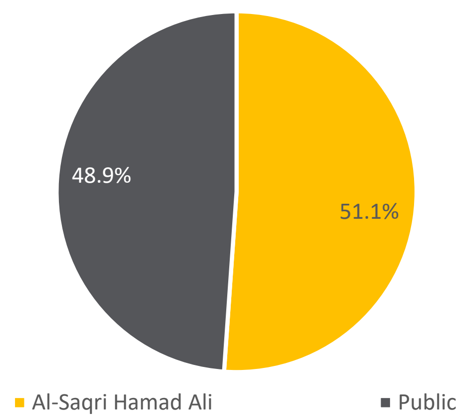
4. **Class-leading technology:** Leejam aims to be a digital leader by delivering a consumer app that enhances the company's relationship with members and prospects and is enabled for all wearable integrations.

5. **Focusing on people:** The company plans to create a dynamic, positive, motivational working culture. It also intends to attract the best, retain the best, and grow from within through career development.

Ownership

The major shareholder of Leejam is Al-Saqri Hamad Ali, who owns 51.1%. QFI holding currently is 12.6%.

Figure 31: Current ownership



Source: Bloomberg

Market Dynamics

The Kingdom's health and fitness club market was valued at USD702.4mn (SAR2.6bn) in 2020 and is expected to grow at a CAGR of 8.4% between 2021 and 2026. The growth in the market is expected to be supported by the following:

Vision 2030: In line with the Vision 2030 objective, the Quality of Life Program was launched in May 2018, which intends to increase the rate of people practising sports weekly from 31% in 2017 to 35.9% in 2023 and 40% by 2030.

Growth of cities: Fitness brands in the Kingdom have a majority concentration of their centres in Riyadh, Dammam, Jeddah, Al Khobar, Makkah and Medinah. The government aims to increase Riyadh's population from 7.5mn to ~15-20mn in 2030, which will likely act as a growth driver for the fitness club market.

The growing participation of women: The General Sports Authority (GSA) started granting licenses for female fitness centres in the Kingdom in 2017. Many brands in the Kingdom leveraged this opportunity and started female-only centres.

Corporate potential: There are ~2,000 businesses in the Kingdom with a staff larger than 250 employees (9,000 with staff between 50 and 249). This segment has room for growth as corporate health and wellness awareness is a developing concept.

The emergence of online workouts: The global pandemic restricted fitness activity in public places. During this period, many brands started engaging through digital mediums, enabling members to work out from the comfort of their homes. This has proven to be an emerging market segment for the fitness industry. Many brands have started online personal training, facilitating the customer to virtually simulate the workout routine using a personal trainer.

Competitive market: The Kingdom's health and fitness club market is highly fragmented, where many private-label players operate. The ratio of unorganized to organized fitness centres is 3:1. Leejam's Fitness Time competes with some popular brands like BodyMasters, Gold's Gym, Fitness First, Pure Gym, etc. Given low penetration (less than 9%) and a highly fragmented market, operators compete on pricing. We believe price competition will continue to gain market share in the Kingdom.

Change in consumer behaviour: There has been a change in consumer behaviour after the pandemic. Consumers prefer shorter membership durations (most members take three months of membership). Also, there has been competition from other entertainment options available in the Kingdom.

High membership fees: The Kingdom has the 7th highest gym fees globally. Gym membership in the Kingdom costs USD79.6/month, which is significantly higher than the global average. In Canada, monthly gym charges are the lowest at USD15. We expect the penetration rate to increase in the Kingdom, which is likely to lower the membership fees.

Financials

Figure 32: Summarized basic financial statements (SARmn)

Income statement	2020a	2021a	2022e	2023e	2024e
Revenue	**663**	**885**	**1,011**	**1,109**	**1,199**
revenue y/y	*-30%*	*34%*	*14%*	*10%*	*8%*
COGS	523	513	606	666	715
Gross Profit	**140**	**372**	**405**	**443**	**485**
Gross Profit margin	*21%*	*42%*	*40%*	*40%*	*40%*
G&A	77	88	96	105	114
Advertising & Marketing	16	14	16	18	20
Operating profit	**(6)**	**258**	**293**	**320**	**351**
Operating margin	*-1%*	*29%*	*29%*	*29%*	*29%*
Finance costs	53	46	52	57	59
PBT	**(59)**	**212**	**241**	**263**	**293**
Zakat/tax	0	6	7	7	8
Net income	**(59)**	**206**	**234**	**256**	**284**
Net margin	*-9%*	*23%*	*23%*	*23%*	*24%*
y/y	*NM*	*NM*	*14%*	*9%*	*11%*
EPS	**(1.1)**	**3.9**	**4.5**	**4.9**	**5.4**
DPS	0.0	2.1	2.2	2.9	3.8
Payout	0%	53%	50%	60%	70%
EBITDA	**200**	**466**	**510**	**555**	**600**
Net debt (w/o lease liabilities)	230	185	106	13	(23)
Net debt (w/ lease liabilities)	1,150	1,127	1,119	1,110	1,140

Balance Sheet	2020a	2021a	2022e	2023e	2024e
Inventories	11	10	12	13	14
Prepayments and other current assets	35	36	43	47	51
Trade receivables	21	24	27	30	32
Cash and cash equivalents	258	180	177	245	255
Total Current Assets	**325**	**250**	**259**	**335**	**352**
Property and equipment	1,446	1,510	1,567	1,621	1,709
Right of use assets	771	787	847	918	972
Total Non-Current Assets	**2,242**	**2,344**	**2,460**	**2,585**	**2,728**
Total Assets	**2,567**	**2,594**	**2,720**	**2,920**	**3,080**
Current Liabilities	664	648	655	686	711
Non-current Liabilities	1,239	1,141	1,143	1,210	1,260
Equity	664	805	922	1,024	1,109
Total Equity and Liabilities	**2,567**	**2,594**	**2,720**	**2,920**	**3,080**
BVPS	12.7	15.4	17.6	19.5	21.2

Cashflow	2020a	2021a	2022e	2023e	2024e
Cashflow from Operations	330	438	459	521	561
Cashflow from Investing	-110	-228	-200	-209	-253
Cashflow from Financing	-30	-289	-262	-245	-298
Total Cashflows	**190**	**-78**	**-3**	**68**	**10**

Source: Company, GIB Capital

Figure 33: Key ratios

Key ratios	2020a	2021a	2022e	2023e	2024e
Profitability ratios					
RoA	-2%	8%	9%	9%	9%
RoE	-9%	26%	25%	25%	26%
Sales/Assets	26%	34%	37%	38%	39%
Net margin	-8.9%	23.3%	23.2%	23.0%	23.7%
Liquidity ratios					
Currrent Assets/ Current Liabilities	0.5	0.4	0.4	0.5	0.5
Debt to Total Equity (w/ IFRS liab.)	2.1	1.6	1.4	1.3	1.3
Receivable Days	12	10	10	10	10
Inventory Days	7	7	7	7	7
Payable days	37	58	58	58	58
Deferred revenue days	180	124	110	110	110
Cash conversion cycle	-197	-164	-150	-150	-150
Debt ratios					
Net Debt/EBITDA (w/o IFRS liab.)	1.1	0.4	0.2	0.0	0.0
Net Debt/EBITDA (w/ IFRS liab.)	5.8	2.4	2.2	2.0	1.9
Debt/Assets (w/o IFRS liab.)	0.2	0.1	0.1	0.1	0.1
Net Debt/Equity (w/o IFRS liab.)	0.3	0.2	0.1	0.0	0.0
Valuation ratios					
P/E	-80.4	22.9	20.1	18.5	16.6
P/B	7.1	5.9	5.1	4.6	4.3
EV/EBITDA	23.9	10.2	9.4	8.6	7.9
FCF Yield	3.6%	4.0%	6.8%	8.1%	8.0%
Dividend Yield	0.0%	2.3%	2.5%	3.2%	4.2%

Source: Company, GIB Capital

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