GIB CAPITAL جي آي بي كابيتال

Target Price: SAR17.0/share
Current Price: SAR13.86/share
Upside: +23%
Rating: Overweight

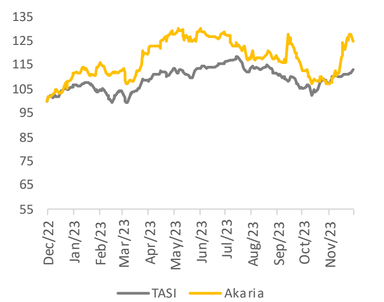
Saudi Real Estate Company (ALAKARIA)

Robust asset portfolio; Initiate with a TP of SAR17.0/sh.

Stock data	
TASI ticker	4020
Mocap (SARmn)	5,198
Tard. Val (3m) (SARmn)	8.7
Free float	35.4%
QFI holding	4.5%
TASI FF weight	0.08%

Source: Bloomberg

Prices indexed to 100



Source: Bloomberg

- Offers investors a well-diversified portfolio across the entire real estate value chain with a robust landbank across KSA.
- Akaria is likely to generate a total SAR11bn revenues over 2023e-27e, driven by a robust projects pipeline; Margins to improve gradually on a favorable revenue mix.
- Our blended SOTP and P/B (1.2x '24 BVPS) valuation methodologies yield a target price of SAR17/share, implying an upside of ~23% and an Overweight rating.

Akaria poised for growth aided by KSA's Vision 2030 plan: The healthy population growth, particularly in Riyadh, coupled with favorable government initiatives (HQs, Giga projects) will require additional infrastructure, which is likely to be executed via PPP/BOT. We believe that Akaria is well positioned to capitalize on the potential opportunity through its subsidiary, Binyah (~26% of total revenue). Binyah has recently secured three major contracts worth SAR3.5bn (likely 2023-25e; Figure 9) from DGDA and Qiddiya, in addition to ~SAR900mn previously won (2023-24e), ensuring a robust infra revenue in the coming years (SAR531mn infra. revenue in 2022). Accordingly, we expect Binyah will remain a growth engine for the company, with the top-line contribution reaching ~52% by 2027e with a 20-24% gross margin.

A huge land bank and a strong pipeline of projects provide revenue visibility: Akaria has 24 landholdings with a total land area of 19.9mn sqm across KSA (68.5% raw land; 50% in Riyadh) and a book value of SAR3.5bn, providing significant flexibility for future development with limited investment and/or sale at potentially higher prices. Additionally, Akaria boasts a promising pipeline of projects, including Al Akaria Park (~SAR628mn likely to be recognized in 2024e), 5 upcoming sold units projects (Figure 13), and four new commercial rental properties (232,822 sqm GLA combined; Figure 16), providing strong revenue visibility from the rental and land/unit sales segments. Overall, we expect the company's annual revenue to clock on an avg. of SAR2.2bn, higher than the historical levels with the margin expansion likely over 2023e-27e.

Risks: Economic slowdown, persistently high interest rates, failure to win projects or receive incentives from the Government, higher-than-expected increase in construction costs, delays in construction that may affect brand reputation, etc.

Figure 1: Key financial metrics

SARmn	2022a	2023e	2024e	2025e
Revenue	2,051	1,599	2,393	2,456
Revenue growth	*99%*	*-22%*	*50%*	*3%*
Operating Profit	260	172	295	295
Operating margin	*13%*	*11%*	*12%*	*12%*
Net profit*	110	(101)	90	77
Net profit margin	*5%*	*-6%*	*4%*	*3%*
EPS (SAR)	0.3	(0.3)	0.2	0.2
DPS (SAR)	0.0	0.0	0.0	0.0
P/E	47.1x	NM	57.6x	67.6x

*Source: Company, GIB Capital. * Attributable to equity shareholders*

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Investment Case

Solid brand name and a healthy track record of execution

Saudi Real Estate Co. (Akaria) is one of the oldest real estate companies in KSA and has a 40-year history of building high-quality commercial and residential complexes. Over the years, the company has designed, constructed, maintained, and operated a wide range of residential and commercial properties. Some of the notable projects are shown below.

Figure 2: List of major existing and completed projects

Project name	Location	Type
Plaza Center	Riyadh	Commercial
Al Akaria Center I	Riyadh	Shops
Al Akaria Center II	Riyadh	Offices + Shops
Al Akaria Center III	Riyadh	Offices + Shops
Al Akaria Center in Al Malaz	Riyadh	Trade Fair + Restaurants
Al Akaria Residential Compound in Al Olaya	Riyadh	Residential building
Al Akaria Residences in the Diplomatic Quarter	Riyadh	Residential units
La Casa Residential Project in Al Nargis District	Riyadh	Residential units
Al Dahiya Compound	Riyadh	Residential + Commercial

Source: Company data, GIB Capital

Strong footprint across the entire real estate value chain

Akaria has established a robust business model by strategically diversifying its operations through the acquisition/development of real estate assets, including undeveloped land and income-producing commercial and residential properties, and directly investing in specialized subsidiaries such as Binyah and Tamear. The company's subsidiary network includes:

- **Binyah (60% ownership):** Carries out infrastructure work such as building, road, and bridge construction, amongst others.
- **Tamear (100% ownership):** Specializes in building construction and maintenance.
- **Mumtalakat (60% ownership):** Manages, operates, and maintains properties.

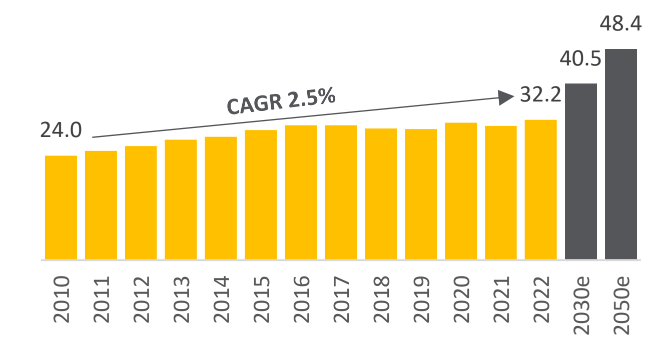
These subsidiaries are valuable to Akaria's operations and provide services to third parties. We believe that Akaria, through its subsidiaries, is poised for continued growth, enabling it to tap into the full potential of the real estate value chain and gain a significant competitive advantage.

Most assets are located in the main demand center - Riyadh

The KSA government is focusing on developing Riyadh and making it one of the 10th largest economic cities in the world. According to Knight Frank, Riyadh is at the forefront of real estate development in KSA, accounting for 18% or US$229bn of the total value of real estate projects announced in the Kingdom. This includes plans for the construction of 241,000 homes and 3.6mn square meters of office space by 2030e, which is likely to be supported by the following:

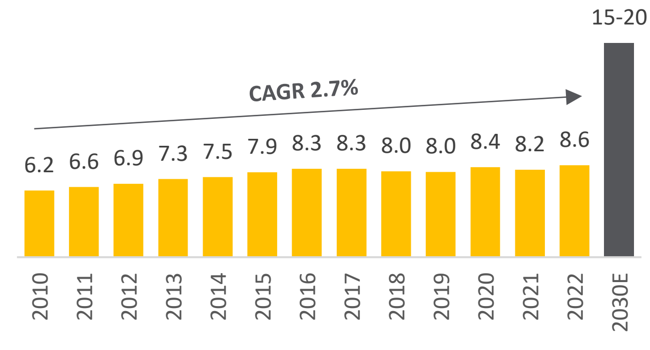
A. **Riyadh population growth:** Historically, the population of Riyadh has grown at a CAGR of 2.7% between 2010 and 2022, reaching 8.6mn (Figure 4). The government aims to increase the population of Riyadh to ~15-20mn by 2030e. This growth is primarily due to rural-to-urban migration and international migration, as people move to large urban centers for better job opportunities, services, and infrastructure. We believe that the growing population is likely to act as a catalyst for the further growth of real estate activities in KSA, mainly in Riyadh.

Figure 3: KSA population trend (in mn)



Source: GASTAT, World Bank, GIB Capital

Figure 4: Riyadh population trend (in mn)



Source: GASTAT, GIB Capital

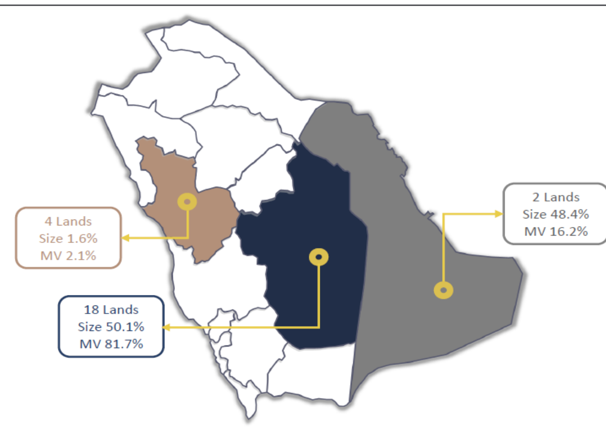
B. **Regional Headquarters Program (RHQ):** As part of the Vision 2030 initiative, the RHQ was announced by the KSA government in 2021. Through the program, the KSA government aims to encourage multinational companies (MNCs) to set up their regional headquarters in the Kingdom by Jan 2024 to continue doing business with the Saudi government. As the MNCs continue to shift their regional HQs and establish their presence in Riyadh (around 180 companies already received licenses to set up the regional HQs, above the target of 160; source: Bloomberg), the demand for office spaces (mainly for Grade A and B) is likely to increase, leading to higher rents and occupancy rates for office buildings. Additionally, demand for housing units will also rise, driven by an influx of expats.

Given that Akaria's most real estate assets (both residential and commercial) are located in Riyadh, we believe that the company is well-placed to capitalize on the rising real estate activities and strengthen its market position further in the coming years.

Strategic land bank positions it for significant future growth

The company has 24 landholdings, covering a total land area of 19.9mn sq mts spread across KSA, having a total book value of SAR3.5bn and a market value of SAR8.8bn (as of Dec 2022).

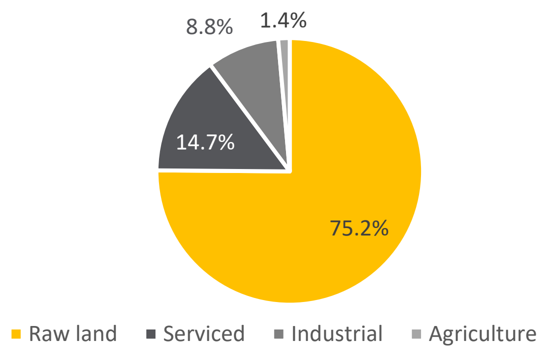
Figure 5: Landbank location



Source: Company data, GIB Capital

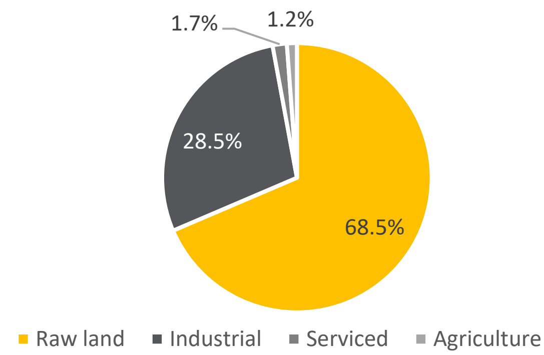
The biggest portion of these landbanks (18; Figure 5) is located in Riyadh with a market value amounting to SAR7.2bn. Furthermore, raw land represents most of the total land value (75.2%; Figure 6) and size (68.5%; Figure 7). This extensive land portfolio provides Akaria with significant flexibility for future development and/or sale at potentially higher prices.

Figure 6: Landbank distribution by land use - MV (SAR8.8bn)



Source: Company data, GIB Capital

Figure 7: Distribution by land use - Land Size (19.9mn sqm)



Source: Company data, GIB Capital

Robust land and unit sales pipeline set to fuel the medium-term growth

Akaria has various land sales projects in the pipeline. Al Akaria Park is the largest project, which is expected to be completed by 2024e. As of 9M23, the company has already sold over SAR800mn worth of units, which is ~57% of the total estimated project value (SAR1.4bn; as per our calculation). However, it has only partially been collected from the sale, as the collection is linked to a completion percentage. As per our calculations, we expect the company to recognize revenue amounting to ~SAR628mn in 2024e. Also, the company has announced the Madinah Faraudh Land project, which is expected to start generating revenue in 2024 and is anticipated to be completed by 2026e. These two projects together are expected to generate ~SAR988mn in revenue from land sales over 2023e-26e.

Furthermore, five additional projects, Fai Sedra (1) and (2), Vyda Residential, Narjes Business Park and Sitteen Vertical, are expected to generate additional SAR2.8bn revenues from unit sales over 2023e-28e. Overall, Akaria's strong unit and land sales pipeline is expected to generate ~SAR3.8bn revenues over 2023e-28e (~74% of these would be recognized during 2024-26e given its completion timelines), indicating healthy growth over the coming years.

Leasing segment to witness significant growth, mostly driven by upcoming projects

Akaria boasts a strong and diverse range of properties in its leasing portfolio (Figure 16). The company has eight residential properties with a total GLA of 392,923 sq mts (82% average occupancy rate) and generated ~SAR166mn (57% of rental revenue) in 2022. Additionally, the Al Reef Residential Community project (GLA: 47,581 sq mts) is under pipeline and is expected to commence revenue generation from mid-2025. Considering the existing and upcoming residential leasing projects, we expect residential rental revenue to grow at a CAGR of 6.9% over 2022-27e, largely driven by an improvement in occupancy rate amid improving demand, and annual escalation (+3% annually) in average rent per sq mts.

Further, the company has five commercial properties in its existing commercial leasing portfolio (Figure 16), with a total GLA of 235,273 sq mts (78% average occupancy rate), generating ~SAR126mn (43% of rental revenue) revenue in 2022. The company plans to develop four new commercial properties (Figure 16) with a total GLA of 232,822 sq mts, which is expected to start generating revenues in 2027e. Considering existing properties and upcoming projects, we expect commercial rental revenue to grow at a CAGR of 5% over 2023-26e, driven by a gradual improvement in occupancy rate and annual escalation (+3%) in average rent per sq mts. Further, commercial rental revenue is likely to significantly boost in 2027e and 2028e as newer properties commence generating recurring income.

Furthermore, in a strategic move to optimize the rental income, Akaria plans to commence the refurbishment of Gate 6 at the Al Akaria Residential Compound in Al Olaya. Additionally, the company plans to redevelop Akaria Shopping Centre 1 and refurbish Shopping Centre 2 and 3 (common area, parking, ground floor, 2nd and 3rd floor (commercial area). We note that once the refurbishment/redevelopment is completed, the company re-lets the property at a higher rate, which translates into topline growth and subsequently improvement in margins.

Overall, we forecast rental income to grow at a CAGR of ~6.5% over 2022-26e, followed by a 46% y/y increase in 2027e as new projects commence revenue generation. This is expected to result in a higher segmental revenue contribution to 25% by 2027e from 14% in 2022.

Infrastructure segment poised to thrive on KSA's national transformation plan

Under the Vision 2030 Plan, KSA is undergoing a significant national transformation, particularly reshaping its urban landscape. The government has launched several mega projects valued at over US$1tn, aiming to position KSA, specifically Riyadh, into a major global investment hub. These projects include a mix of commercial, residential, leisure, and entertainment spaces strategically designed to meet the demands of projected population growth and attract over 150mn tourists by 2030e. Further, favorable government initiatives (HQs, homeownership, Giga projects) will require additional infrastructure, which would be executed via PPP/BOT.

Figure 8: Riyadh Giga projects

Projects	Total project value (US$bn)	Office Space (sqm/units)	Residential Units	Retail Space (sqm/units)	Hotel Keys	Completion Date
King Salman Park	9.8	600k+ sqm	12k+	500k+ sqm	2,300+	2027
King Abdullah Financial District	10.5	900k+ sqm	1k+	100k+ sqm	500+	2027
Diriyah Gate	63	1mn+ sqm	20k+	250k+ sqm	2k-4k+	2027
Dahiyat Al Fursan	20	50k+ units	NA	Mega mall	3 Hotel Buildings	2027
ROSHN-Riyadh	30.3	300k+ sqm	32k+	NA	NA	2027
Seven	1.5	275k+ sqm	NA	275k+ sqm	NA	2027
New Murabba	50	1.4mn+ sqm	104k+	980k+ sqm	9,000+	2030
Qiddiya	9.8	80k-100k+ sqm	11k+	150k+ units	3,000+	2030
Sports Boulevard	6.5	40k+ sqm	8k+	120k+ sqm	1,000+	2030
Riyadh Expo	7.8	6mn sqm	NA	430k+ sqm	NA	2030
North Pole (World's Tallest Tower)	20	NA	Residential areas	Retail malls	Hotel Buildings	2030

Source: Knight Frank, GIB Capital

Capitalizing on the growth opportunities, Akaria's subsidiary, Binyah (60% owned), has already secured several contracts (Figure 9) related to Giga projects, indicating its ability to secure high-value contracts and contribute to the national transformation plan. Given its expertise, strategic positioning, and the potential for continued growth in the Saudi infrastructure sector, we expect infrastructure segment revenue to grow at a CAGR of ~17% over 2022-27e, with the segment's top-line contribution rising above 50% over the medium-term.

Figure 9: Recent project details

Announcement date	Client	Project	Contract value (SARmn)	Financial impact period
20-Dec-23	DGDA	Excavation works and related activities for Metro-Box	722	NA
13-Dec-23	DGDA	Excavation works for car parking and related works	532	NA
21-Sep-23	Qiddiya Project	Infrastructure packages contracts for the Qiddiya project	2,300	4Q23-3Q25
13-Feb-23	Diriyah Gate	Contract to build and design car park project	544	1Q23-2Q24
6-Dec-22	Diriyah Gate	Contract enabling construction works for Diriyah Gate's second phase	374	1Q23-2Q24

*Source: Argaam, Tadawul, GIB Capital. * Diriyah Gate Development Authority (DGDA)*

Akaria's journey towards accelerated growth to be further fueled by two potential power engines

A. Binyah's potential IPO to act as a positive catalyst for Akaria's growth

Binyah, a subsidiary of Akaria, recently revealed that it has signed a strategic advisory agreement to consider future plans and growth opportunities, including a potential listing on the Saudi Exchange (Tadawul). While the timing and size of any potential Binyah listing remain uncertain, it is likely to create significant value for Akaria and its shareholders, given its exposure to Vision 2030 programs.

B. Value to be unlocked from the restricted land and not available for use lands

- Restricted land–Al Widyan

  The Al Widyan residential project measuring 7mn sq mt is in the north of Riyadh, having a carrying value of SAR2.6bn (as of 9M23) and a market value of +SAR4bn (as of December 2022). In 2021, the company was informed by the relevant governmental agencies that the land is in an area that is currently under study by relevant government agencies for development. The impact of this matter is still uncertain and will depend on the outcome of the government's study and future developments.

- Not available for use lands

  The Group holds significant land assets in Benban, Al Aarid, and AlDammam industrial areas, having a carrying value of SAR438mn (as of 9M23) and a market value of SAR2.1bn (as of December 2022). However, certain regulatory restrictions and ongoing studies have limited the current utilization of these lands.

The company is proactively engaging with relevant government agencies and committees to address these issues. Once these matters are resolved, we believe it will likely unlock a wealth of opportunities and substantial value for the company and its shareholders. We note that, in our valuation (base case), we have conservatively included only these lands' book value in the equity value calculations. However, we acknowledge the possibility that the government may compensate Akaria at a value exceeding the book value, potentially reaching market value. Alternatively, it could also be possible that Akaria may get a proportionate stake in some of the projects.

To assess the potential impact of these land restrictions on the company's overall valuation, we have considered four scenarios: Book Value (Base case), 65% of Market Value, 80% of Market Value, and Market Value. The table below summarizes the average target prices under each scenario of restricted land compensation, implying a significant upside potential from the current level.

Figure 10: Scenario analysis

Scenario analysis				
	BV	MV - 65%	MV - 80%	MV
Restricted land value (SARmn)	3,038	3,965	4,880	6,100
SOTP-based TP (SAR)	16.8	19.5	22.2	25.8
P/B-based TP (SAR)	17.3	20.5	20.5	21.6
Blended TP (SAR)	**17.0**	**20.0**	**21.4**	**23.7**

Source: GIB Capital

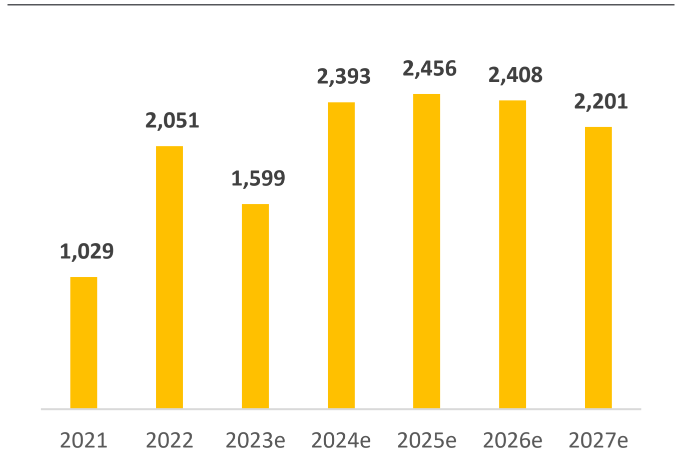
Key assumptions

Revenue

Akaria, along with its subsidiaries, generates diversified revenues, with most of the revenue coming from sales of land and units (50% as of 2022), followed by infrastructure (26%), rental (14%), construction (5%), facility management (2%), and others (3%). Over 2018-22, the total revenue grew at a CAGR of 62.2%, largely supported by an increase in revenue from sales of land and units (mostly non-recurring land sale revenues, which are volatile in nature) and infrastructure revenues (Binyah).

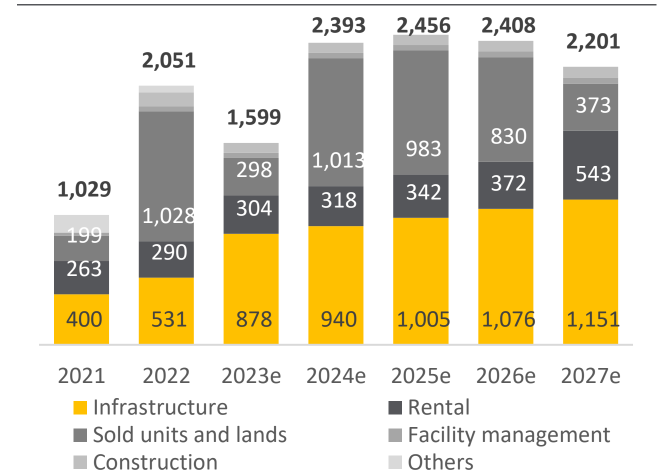
Going forward, we expect the revenues (ex. sales of land/units) to rise at a CAGR of ~12% over 2022-27e, primarily aided by infrastructure and rental segments. On the other hand, the contribution from sales of land and units is likely to reduce, post-completion of the Al Akaria Park in 2024e (generating revenues from sold land). Overall, we expect the company's annual revenue to clock on an average of SAR2.2bn over 2023e-27e, higher than the historical levels.

Figure 11: Revenue trend (SARmn)



Source: Company data, GIB Capital

Figure 12: Revenue by segment (SARmn)



Source: Company data, GIB Capital

Revenues from sales of land and units: Akaria is developing Al Akaria Park (2022-24e timeline). The company has already sold ~SAR800mn worth of units (as of 9M23), which is ~57% of the total estimated project value (SAR1.4bn; as per our calculation). It has only been partially collected from the sale, as the collection is linked to a completion percentage. The company is expected to recognize revenue amounting to ~SAR628mn in 2024e from the Park. Additionally, the Madinah Faraud project (2024e-26e) is in the pipeline. As per our forecast, these two projects would be the primary source of revenues from the sale of land, generating ~SAR988mn revenue over 2023e-26e

Further, Fai Sedra 1 and 2 (2023e-26e), coupled with Vyda Residential (2023e-26e), Narjes Business Park (2025e-28e), and Sitten Vertical Residential (2024e-27e) projects are expected to be executed over the near to medium term, contributing SAR2.8bn revenues from units sold over 2023e-28e.

Considering the project's pipeline, we estimate the company to generate a total SAR3.8bn of revenues from the sale of lands and units over 2023e-28e.

Figure 13: Project details – sale of land and units

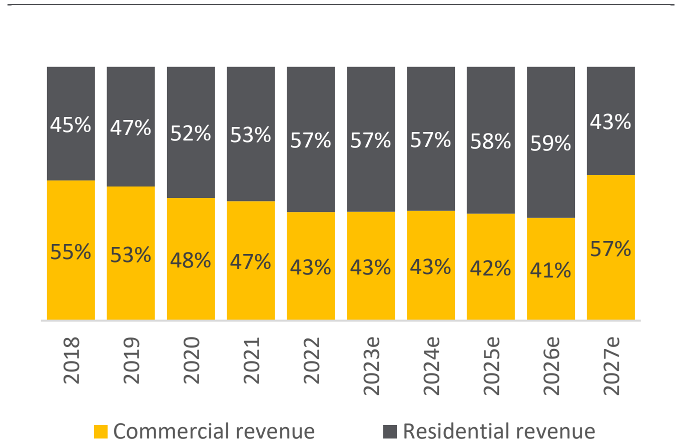
Project name	Gross Floor Area (sq mt)	Estimated timeline**
Land sales project		
Al Akaria Park	1.1mn	2022-2024
Madinah Faraud	44,295*	2024-2026
Units sales project		
Fai Sedra (1)	54,708	2023-2026
Fai Sedra (2)	110,940	2023-2026
Vyda Residential	119,849	2023-2026
Narjes Business Park	43,549	2025-2028
Sitteen Vertical	32,827	2024-2027

*Source: Company data, GIB Capital * Net sellable area.*

Rental revenue: The company generates rental revenue from commercial and residential properties in Riyadh, which accounts for 14% of the company's total revenue in 2022. Moving forward, the company's Al Reef residential community project is expected to commence revenue generation from mid-2025e. Additionally, we expect Al Akaria (1) and Tilal Commercial Centre to start contributing revenue from 1H27e, followed by Porta Jeddah and L'Avenir from 2H27e. We have assumed utilization of the matured rental properties to improve gradually, supported by improving demand. Further, we assumed 50% utilization for the upcoming rental properties in the first year and gradually improved it to 80-90% in the long term.

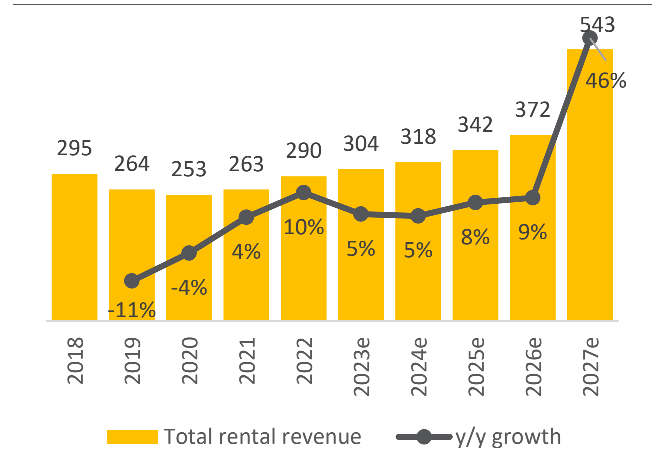
Overall, we forecast rental revenue to grow at a CAGR of ~6.5% between 2022 and 2026e, followed by a substantial 46% y/y spike in 2027e as new projects commence revenue generation.

Figure 14: Rental revenue mix



Source: Company data, GIB Capital

Figure 15: Rental revenue trend (SARmn)



Source: Company data, GIB Capital

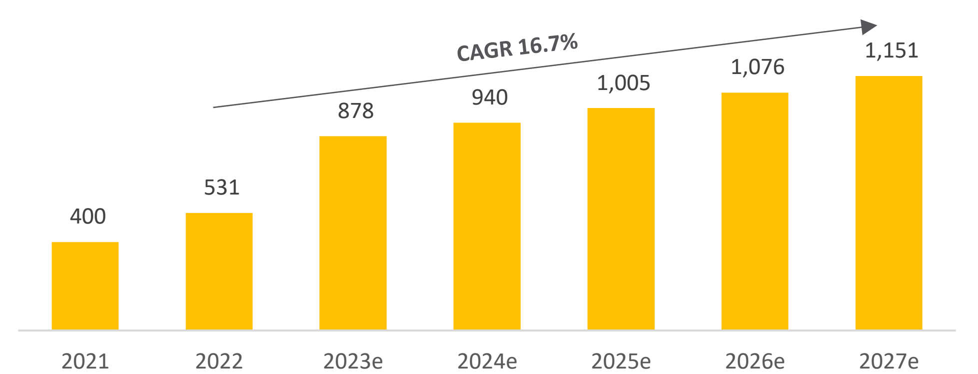
Figure 16: Rental properties

Project name	Available GLA (Sq mt)	Status
Residental		
Diplomatic Quarter 1	86,015	Existing
Diplomatic Quarter 2	112,388	Existing
Diplomatic Quarter 3	12,579	Existing
Midrise North	56,366	Existing
Midrise South	14,300	Existing
Midrise East	51,140	Existing
Midrise West	28,548	Existing
La Casa	31,587	Existing
Al-Reef Residential Community	47,581	Upcoming (2H25)*
Commercial		
Akaria Plaza	79,458	Existing
Shopping Centre 1	13,836	Existing
Shopping Centre 2	60,979	Existing
Shopping Centre 3	46,499	Existing
New Sitteen	34,501	Existing
Porta Jeddah Mixed-use Destination	75,964	Upcoming (2H27)*
L'Avenir Mixed-use Destination	38,567	Upcoming (2H27)*
Al-Akaria (1) Mixed-Use	99,500	Upcoming (2027e)*
Tilal Commercial Centre	18,791	Upcoming (2027e)*

*Source: Company data, GIB Capital. * Expected rental income start period*

Infrastructure revenue: Binyah, a subsidiary of the Group, undertakes infrastructure projects for the government sector, encompassing a wide range of activities, including roadwork, bridge and tunnel construction, earthworks, operation of water, including wastewater, potable water, and irrigation, and the sale of ready-mix concrete. Recently, the company has secured several significant contracts related to Giga projects, including a SAR2.3bn infrastructure package contract with Qiddiya Investment for the Qiddiya project and a SAR532mn contract with Diriyah Gate Development Authority (DGDA) relating to excavation works for car parking (Figure 9). Given the recent project wins and the government's unwavering commitment to infrastructure development across the country, we expect the company to post a robust top-line growth of 65% in 2023e and thereafter grow at a CAGR of 7% over 2024e-27e. This is expected to increase the contribution of infrastructure revenue to the total revenue to ~52% by 2027e from 26% in 2022.

Figure 17: Infrastructure revenue trend (SARmn)

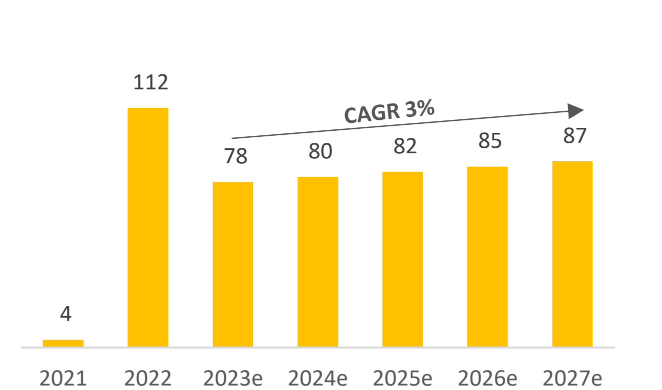


Source: Company data, GIB Capital

Construction and Facility Management revenue: Akaria generates ~5% of its total revenue from its wholly-owned subsidiary, Tamear, which specializes in construction services. Tamear's revenue encompasses off-plan sales of units, including construction and general contracting contracts for buildings, construction engineering design, revenues in the public and private sectors, and management of construction projects. Construction revenue is likely to witness a sharp hit in 2023e, with an estimated ~31% decline y/y largely due to losses incurred in one of its major projects coupled with SAR7.5mn expected credit losses during 9M23. However, the medium-term outlook looks positive, with a projected CAGR of 3% over the forecast period.

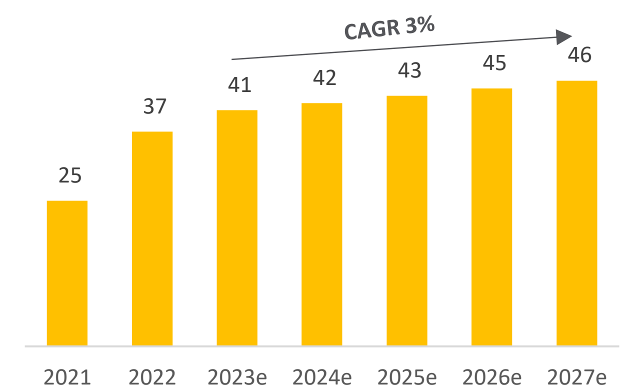
Akaria also holds a 60% stake in Mumtalakat, a subsidiary that contributes 2% to total revenue. Mumtalakat focuses on maintenance and property management, security, and cleaning services for properties not owned by the group. Facility management revenue is expected to increase by 10% in 2023e and thereafter, we assume a 3% CAGR on a conservative basis.

Figure 18: Construction revenue trend (SARmn)



Source: Company data, GIB Capital

Figure 19: Facility management revenue trend (SARmn)

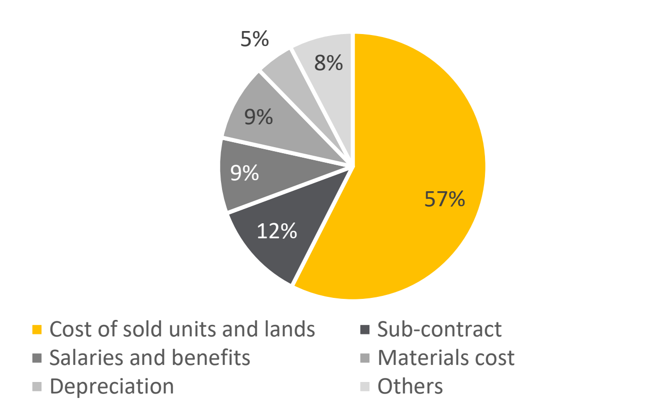


Source: Company data, GIB Capital

Costs

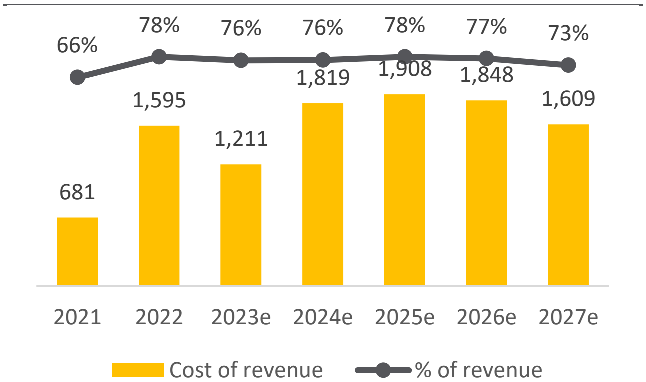
Cost of revenue (COR) mainly consists of the cost of sold units and land (57%), followed by sub-contract costs (12%), salaries and benefits (9%), material costs (9%), depreciation (5%), and others (8%). In 2022, the COR stood at 78% of the total revenue compared to 66% in 2021, largely due to the higher cost of sold units and lands. We expect the COR to improve to ~76% in 2023-24e, and even further to ~73% by 2027e, mainly due to change in the revenue mix.

Figure 20: Cost of revenue breakup - 2022



Source: Company data, GIB Capital

Figure 21: Cost of revenue trend (SARmn)



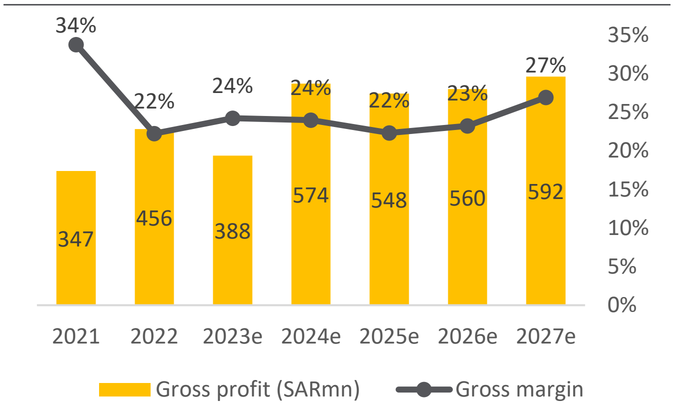
Source: Company data, GIB Capital

Margins

Gross margin: Akaria's gross margin significantly declined from 34% in 2021 to 22% in 2022. This drop was primarily attributed to an increase in the cost of revenue driven by a rise in the cost of sold units and land. We note that the revenue mix largely influences the overall gross margin as the company's gross margin varies across its different segments. Considering this, we expect an average gross margin to improve to ~24% in 2023-24e before normalizing to 22% by 2025e, primarily due to a change in revenue mix. Nonetheless, we expect the gross margin to reach 27% by 2027e, driven by a growing contribution from rental and infrastructure projects, which typically command higher margins of ~46% and ~22% (on average), respectively.

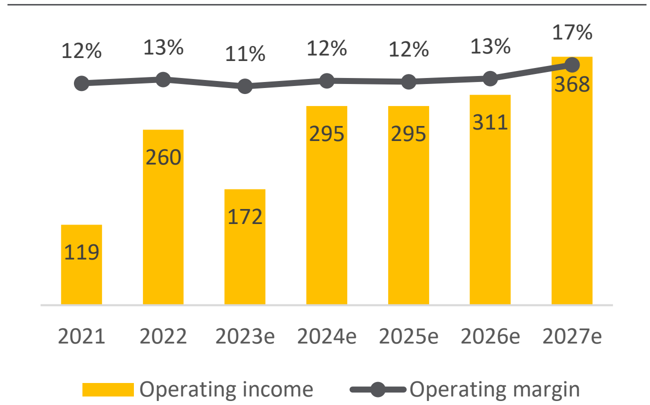
Operating and net margin: Despite a decline in gross margin, Akaria's operating margin moved slightly higher to 13% in 2022 from 12% in 2021, supported by a decline in SG&A expenses. However, the net profit margin remained flat at ~5% during the same period. Looking ahead, we expect the operating margin to gradually reach 13% by 2026e and improve significantly thereafter, mainly due to gross margin expansion and better efficiencies. Similarly, the net profit margin is also poised to gradually improve to ~6% by 2027e, aided in part by expected reductions in interest costs.

Figure 22: Gross profit trend (SARmn)



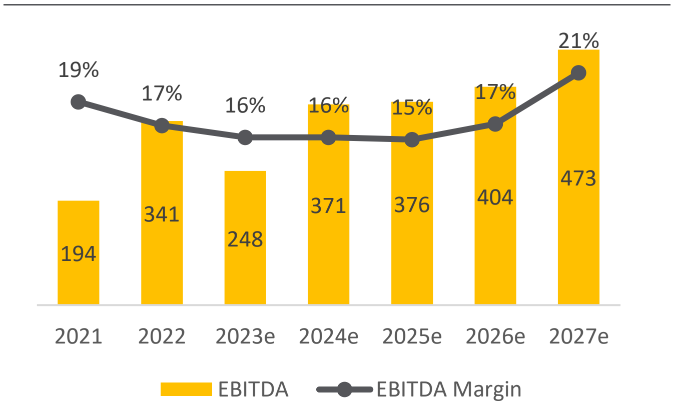
Source: Company data, GIB Capital

Figure 23: Operating income trend (SARmn)



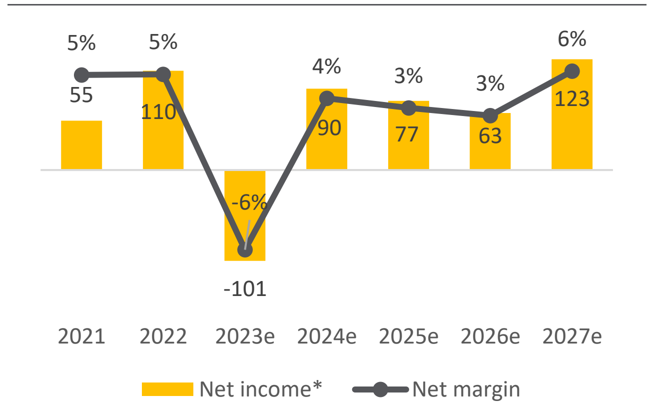
Source: Company data, GIB Capital

Figure 24: EBITDA trend (SARmn)



Source: Company data, GIB Capital

Figure 25: Net income trend (SARmn)



*Source: Company data, GIB Capital * Net income attributable to equity holders of the parent company*

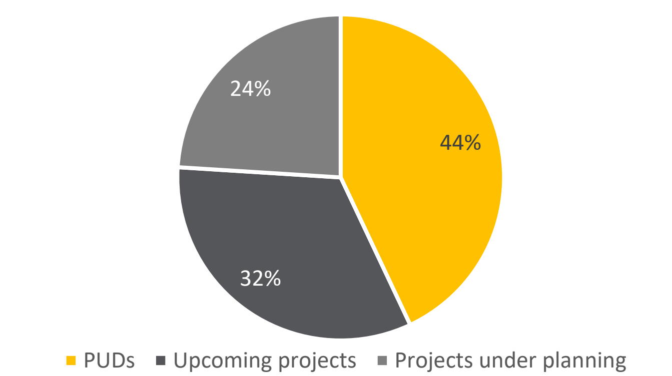
Capex and Leverage

Akaria has outlined a substantial capital expenditure plan of ~SAR6.56bn over the coming years, including projects currently under development, upcoming projects, and projects in the planning stages (Figure: 26). This significant investment indicates the company's commitment to invest in its business and generate sustainable revenue streams.

The company intends to fund a significant portion of this investment through equity, with cash contributions accounting for 35%. Debt financing will also play a crucial role, representing 28% of the funding mix. Additionally, Akaria will utilize internally generated funds (IGF) to cover 21% of the capex requirements. The remaining 16% will be funded through in-kind equity contributions (Figure 27). This diversified funding approach indicates the company's commitment to maintaining a prudent financial position while executing its growth plans.

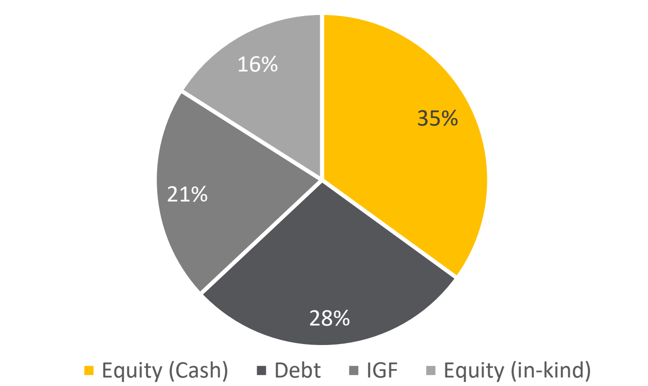
In June 2022, the company restructured a SAR2.1bn loan. The loan will be repaid in equal semi-annual installments over eight years following a four-year grace period. Consequently, the first installment will be due in December 2026, and the final payment will be made in June 2034. Considering this debt repayment schedule, planned capex, and our forward-looking cash flow estimates, we project net debt to reach SAR4.5bn by 2027e with net debt/equity reaching 0.84x by 2027e from 0.46x likely in 2023e (1.18x in 2021).

Figure 26: Capex (SAR6.56bn) – As per company



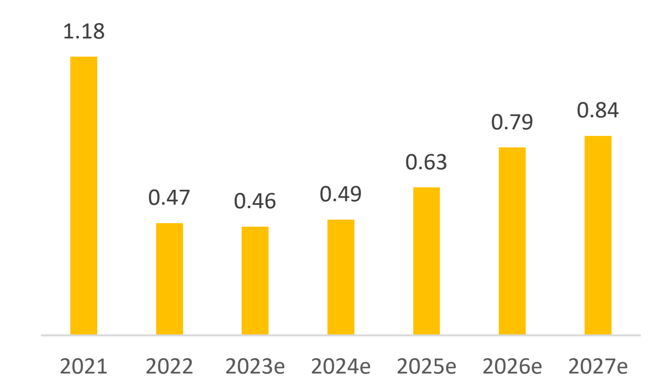
Source: Company data, GIB Capital

Figure 27: Source of funds – As per company



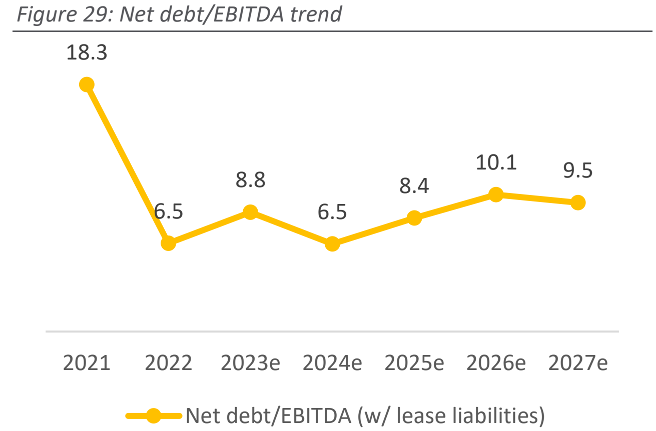
Source: Company data, GIB Capital

Figure 28: Net debt/Equity trend (SARbn)



Source: Company data, GIB Capital

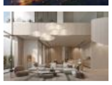
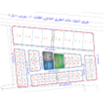
Figure 29: Net debt/EBITDA trend



Source: Company data, GIB Capital

Major projects snapshots

Figure 30: List of major projects

	Project Name	Project Summary	Status	Land Area (Sqm)	GFA (Sqm)	GFA Mix							
						Commerical	Villa	Apartments	Retail	Hotel	Office	Business Centre	School
				Projects Under Development									
	Al-Akaria Park (Freehold) – Riyadh	-Located in East Riyadh -Features plots for 2,926 villas, 33 apartments and 46 commerical properties	Under Construction	1,800,000	1100000*	10%	86%	5%	-	-	-	-	-
	Al-Reef Residential Community (Leasehold) – Riyadh	-First self-integrated residential community in the Diplomatic Quarter -Includes 64 villas and duplexes and 176 apartments with state-of-art amenities.	Tendering completed, contract by 4Q23	39,010	47,581	-	33%	64%	3%	-	-	-	-
	Porta Jeddah Mixed-use Destination (Leasehold) - Jeddah	-The project featurs a 238 keys hotel and service apartments -Includes retail/dinning/entertainment components with GFA of 22,091 sqm & Grade A office space occupying 26,928 sqm	Detailed Design & Tendering / Excavation	47,971	75,964	-	-	-	32%	29%	39%	-	-
	Fai Sedra (1) Residential Project (Freehold) - Riyadh	-Fai Sedra (1) is a residential project located within Sedra Masterplan Phase 1 -Offers 138 villas with a design inspired by the Salmani Architecture	Tendering completed, contract by 4Q23	44,368	54,708	-	100%	-	-	-	-	-	-
				Projects Under Planning									
	L'Avenir Mixed-use Destination (Leasehold) – Riyadh	-This leisure and work destination will feature a hotel with 252 rooms. -Also includes retail/ dinning/entertainment with GFA of 13,478 sqm and co-working space occupying 1,755 sqm	Design phase	25,500	38,567	-	-	-	35%	60%	-	5%	-
	Fai Sedra (2) Residential Project (Freehold) - Riyadh	-Fai Sedra (2) is a residential project located within Sedra Masterplan Phase 2 -Offers 290 villas with Salmani Architecture design	Design phase	92,450	110,940	-	100%	-	-	-	-	-	-
	Vyda Residential Project (Freehold) Riyadh	-This residential scheme is located within Akaria Park Masterplan -Features 280 villas and the project is JV between Al-Akaria and Al-Tahaluf	Design phase	89,129	119,849	-	100%	-	-	-	-	-	-
				Upcoming Projects									
	Tilal Commercial Centre (Leasehold) - Riyadh	This is an Outdoor Lifestyle Center features a Cluster of F&B, Retail shops & Wellness center: 9,509 sqm of GFA and office space occupying 8,935 sqm	Design phase	21,561	18,791	-	-	-	52%	-	48%	-	-
	Narjes Business Park (Freehold) - Riyadh	It features low-rise office buildings with GFA of 39,197 sqm and a cluster of F&B and retail shops offering 4,352 sqm of GFA	Design phase	40,000	43,549	-	-	-	10%	-	90%	-	-
	Al-Akaria (1) Mixed-Use (Leasehold) –Riyadh	-Al-Akaria (1) is a transit-oriented development (TOD) offers 214 keys internationally branded hotel -Also features promenade over 17,350 sqm of F&B and retail GFA -An area of 35,000 sqm dedicated for collaborative office space and 389 apartments	Design phase	30,215	99,500	-	-	35%	17%	12%	35%	-	-
	Sitteen Vertical Residential (Freehold) - Riyadh	-This vertical residential project features various size of apartments including 320 apartments with modern amenities - Also includes retail shops spread over an area of 1,548 sqm on the ground floor	Design phase	9,857	32,827	-	-	95%	5%	-	-	-	-
	Madinah Faraud Land (Freehold) - Riyadh	-Madinah Faraud land is located along King Khalid Road adjacent to Al-Hadra district. -Akaria plans to develop the land into serviced plots for sale. -The masterplan features 68 villa plots, 8 commercial plots, and a kindergarten school plot.	Masterplan Design phase	63,495	44295**	46%	52%	-	-	-	-	-	2%

*Source: Company data *Gross sellable area, **Net sellable area*

Valuation

Al Akaria's diverse business segments, each with distinct profitability and growth trajectories, necessitate a nuanced approach to valuation. Recognizing the inherent volatility, we have used a multi-pronged valuation strategy to assess its fair value per share accurately. This approach integrates considerations for near-term, medium-term, and long-term growth prospects, ensuring a comprehensive and reliable valuation.

A. Sum of the Parts (SOTP) – SAR 16.8/sh. TP (one year forward)

We have used the SOTP method to assess appropriate value across different business segments. Our forecast includes existing, ongoing, and upcoming projects for investment properties, sold units and lands, infrastructure projects, facility management, and construction projects. For calculating the fair equity value, we used a WACC of 8.6% based on a cost of equity of 10.2%, a cost of debt of 6.2%, and a target D/A of 40%. The terminal growth rate is assumed to be 2.5%. Additionally, we used a separate capitalization method with a cap rate of 8% to capture the value of long-term rental projects.

Our forecast incorporates various assumptions, including utilization rates, escalation in average rent per sq mt and average realized price per sq mt. Despite significantly higher market value, on a conservative basis, we have also factored in the book value of restricted and not available-for-use lands into our calculation of fair equity value. Based on these considerations, we arrive at a target price of SAR16.8/share.

Figure 31: SOTP Valuation

SARmn	Methods	Value
Enterprise value		
Investment properties (existing and near-term projects)	NPV	1,426
Sold units and lands	NPV	260
Infrastructure projects (Binyah)	NPV	2,954
Facility management (Mumtalakat)	NPV	166
Construction projects (Tamear)	NPV	48
Investments properties (Long Term)	Cap rate @8%	673
Tota Enterprise value		**5,527**
(-) Debt		(3,265)
(-) Pension/liabilities		(26)
(+) Cash		1,072
(+) Investments		343
(+) Restricted land value		3,038
(+) Investment in JV		296
(-) Minority		(1,248)
Equity value		**5,737**
Number of shares (mn)		375
Equity value per share		**15.3**
Adjusted equity value per share*		**16.8**
Cost of Equity		10.2%
Cost of debt		6.2%
Target D/A		40.0%
WACC		8.6%

*Source: GIB Capital * using 2.5% terminal growth rate*

B. Relative Valuation – SAR 17.3/sh. TP (one year forward)

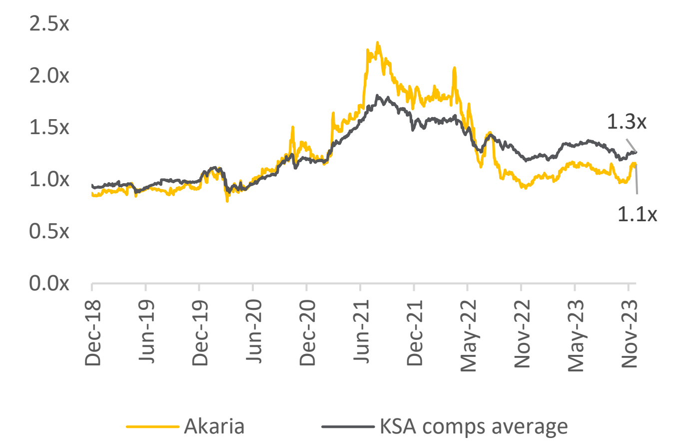
We use a P/B multiple for relative valuation to capture Al Akaria's near-term earnings performance. For P/B valuation, on a conservative basis, we use a 1.2x multiple (5-year average - 1.2x and the current TTM P/B - ~1.1x) on 2024e BVPS. We note that the KSA local peers currently trade at ~1.3x (on average). However, on a conservative basis, we have assumed a slightly lower multiple to reflect the uncertainties around the restricted and not available-for-use land. Considering these, we arrive at a 1-yr fwd P/B based price of SAR17.3/share.

Figure 32: Relative valuations

P/B based valuation	
P/B (x)	1.20
BVPS 2024e (SAR)	13.1
1yr fwd P/B-based target price (SAR)	**17.3**

Source: GIB Capital

Figure 33: Akaria vs KSA comps average – P/B



Source: Bloomberg, GIB Capital

Figure 34: Akaria's P/B trend

Source: Bloomberg, GIB Capital

We have also analyzed a range of potential values to gauge the impact of different P/B multiples on our relative valuation. Valuations range from SAR 15.8/share using a 1.1x multiple to SAR 18.7/share at a 1.30x multiple, implying a significant upside potential from the current level.

Figure 35: P/B sensitivity analysis

Sensitivity analysis					
P/B (x)	**1.10**	**1.15**	**1.20**	**1.25**	**1.30**
BVPS 2024e	13.1	13.1	13.1	13.1	13.1
1yr fwd PB-based TP (SAR)	15.8	16.6	**17.3**	18.0	18.7

Source: GIB Capital

Peer multiples:

Figure 36: Peer comps

Company name	Mkt Cap (USDmn)	P/E Ratio (TTM)	2023Ee P/E	2024E P/E	P/B Ratio (TTM)	2023E P/B	2024E P/B	TTM EV/EBITDA	2023E EV/EBITDA	2024E EV/EBITDA	2023E Dividend Yield
KSA Real Estate Co.											
Alakaria	**1,386**	**NM**	**NM**	**57.6x**	**1.1x**	**1.1x**	**1.1x**	**24.7x**	**20.1x**	**13.4x**	**0%**
Dar Al Arkan	4,088	32.9x	28.4x	20.3x	0.8x	N.A.	N.A.	19.4x	19.4x	16.9x	4%
Arabian Centres	2,558	6.5x	11.1x	8.6x	0.7x	1.6x	1.5x	13.4x	13.4x	11.4x	7%
Knowledge EC	1,241	N.A.	N.A.	N.A.	1.5x	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Emaar EC	2,257	N.A.	N.A.	N.A.	1.3x	N.A.	N.A.	66.3x	N.A.	N.A.	N.A.
Alandalus Prop.	500	40.5x	N.A.	N.A.	1.8x	N.A.	N.A.	21.9x	N.A.	N.A.	N.A.
Arriyadh Dev.	992	23.2x	N.A.	N.A.	1.7x	N.A.	N.A.	20.8x	N.A.	N.A.	N.A.
Median		**28.1x**	**19.8x**	**20.3x**	**1.3x**	**1.3x**	**1.3x**	**21.3x**	**19.4x**	**15.0x**	**4%**
Average		**25.8x**	**19.8x**	**29.0x**	**1.3x**	**1.3x**	**1.3x**	**27.8x**	**18.4x**	**14.4x**	**3%**
UAE Real Estate Co.											
Emaar Prop	18,651	7.4x	6.9x	8.2x	0.9x	0.9x	0.8x	5.0x	4.7x	4.8x	3%
Emaar Dev.	7,733	5.7x	6.0x	6.4x	1.4x	1.3x	1.2x	2.8x	2.6x	2.7x	7%
Deyaar Dev.	804	10.6x	11.3x	9.6x	0.6x	0.6x	0.6x	10.8x	10.8x	8.7x	N.A.
Aldar Prop.	11,432	12.0x	12.7x	12.1x	1.3x	1.3x	1.2x	13.1x	10.6x	9.4x	3%
Eshraq Inv.	315	45.6x	N.A.	N.A.	0.4x	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Rak Prop.	615	21.9x	N.A.	N.A.	0.5x	N.A.	N.A.	17.7x	N.A.	N.A.	N.A.
Q Holding	5,861	47.5x	N.A.	N.A.	1.6x	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Union Prop.	328	15.2x	28.1x	14.1x	0.6x	N.A.	N.A.	59.9x	101.6x	58.1x	N.A.
Median		**12.0x**	**11.3x**	**9.6x**	**0.6x**	**1.1x**	**1.0x**	**10.8x**	**10.6x**	**8.7x**	**3%**
Average		**19.4x**	**13.0x**	**10.1x**	**0.9x**	**1.0x**	**0.9x**	**16.8x**	**26.1x**	**16.8x**	**5%**

Source: Bloomberg, GIB Capital

Blended valuation summary – SAR 17/sh. TP (one year forward)

Based on different approaches, our blended valuation indicates a weighted average target price of SAR17/share.

Figure 37: Blended target price

	Per share value (SAR)	Weightage	Weighted average per share value (SAR)
SOTP	16.8	50%	8.4
PB price	17.3	50%	8.6
Weightage average per share value			**17.0**

Source: GIB Capital.

Scenario analysis

The company's Al Widyan land is restricted, and some of the lands located in Benban, Al Aarid, and AlDammam industrial areas are currently unavailable for use or development as these lands are in an area currently under study by relevant government agencies for development. The book value of these lands is ~SAR3.0bn (as of 9M23), while their market value is ~SAR6.1bn (as of December 2022). However, the potential compensation Akaria may receive remains uncertain.

In our valuation, we have conservatively included only these lands' book value in the equity value calculations. However, we acknowledge the possibility that the government may compensate Akaria at a value exceeding the book value or at the market value. Alternatively, it could also be possible that Akaria may get a proportionate stake in some of the projects.

To assess the potential impact of these land restrictions on the company's overall valuation, we have considered four scenarios:

Case 1: Book Value (Base case)

In this scenario, we assume Akaria receives compensation for the restricted lands equal to the book value of SAR3bn as of 9M23.

Case 2: 65% of Market value

In this scenario, we assume Akaria receives compensation of 65% of the market value.

Case 3: 80% of Market Value

In this scenario, we assume the company receives compensation at a 20% discount to the market value.

Case 4: Market Value

In this scenario, we assume the government compensates for the land at a value equal to its market value of SAR6.1bn.

The table below summarizes the average target prices under each scenario of restricted land compensation, implying a significant upside potential from the current level.

Figure 38: Scenario analysis

	BV	MV - 65%	MV - 80%	MV
Restricted land value (SARmn)	3,038	3,965	4,880	6,100
SOTP-based TP (SAR)	16.8	19.5	22.2	25.8
P/B-based TP (SAR)	17.3	20.5	20.5	21.6
Average TP (SAR)	**17.0**	**20.0**	**21.4**	**23.7**

Source: GIB Capital

Risks

Key downside risks include the following:

Inflation and cost overruns: Soaring inflation erodes consumer purchasing power, particularly for significant investments like homes, potentially delaying homeownership aspirations. Additionally, if the company fails to pass on the increased cost of raw materials to customers, it may have to bear the costs itself, which could reduce its profitability.

Rising interest rates may lower housing demand: The upward trajectory of interest rates has dampened mortgage growth, and any further hikes could exacerbate this trend, potentially leading to a decline in housing demand.

Delay in construction: The company's impeccable reputation for timely project completion stands as a crucial competitive advantage. Any deviation from this standard, such as delays in completion or handover, could tarnish its reputation and hinder its ability to attract new customers.

Reliance on rental income to increase: The company's reliance on rental income, is expected to increase to 31% of the total revenue by 2028e (14% in 2022). If the company fails to maintain or renew its contracts on favorable terms, this may negatively impact its revenues.

Saturation of market: The company's concentration of properties within the Kingdom exposes it to the risk of market saturation. Should the supply of residential and commercial properties outpace demand, the company's financial position and prospects could be materially adversely impacted.

Competition: The KSA's thriving real estate market attracts new entrants, intensifies competition, and potentially erodes profit margins. Additionally, mergers and acquisitions among Akaria's competitors could further consolidate market share, exacerbating the competitive landscape. These factors could exert downward pressure on the company’s profit margins.

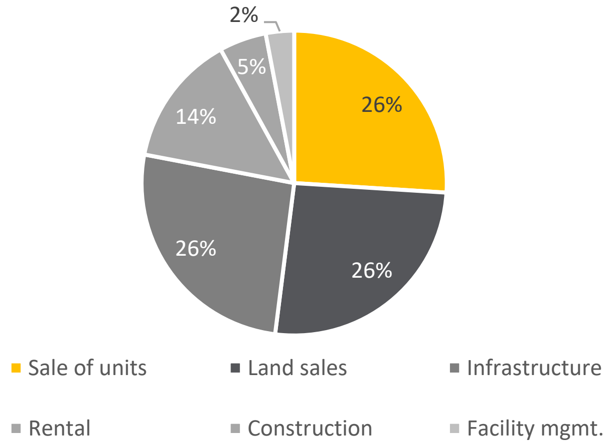
Unfavorable changes to rules and regulations: The company is subject to the rules and regulations of numerous government entities in the country. The country's regulatory and legislative environment is evolving in tandem with the development of economic and administrative policies and trends. In the event of legislative changes, the company may incur expenses to comply with the new regulations. Failure to comply could result in penalties, potentially damaging the company's brand reputation and squeezing its profitability.

An unfavorable outcome of restricted and not available for use lands: The company’s Al Widyan project land measuring 7mn sq mt having a carrying value of SAR2.2bn is currently under study for development by government agencies for development. Additionally, certain lands in Benban, Al Aarid, and AlDammam industrial areas with a carrying value of SAR417mn are currently unavailable for use or development. The precise impact of these restrictions is still uncertain and contingent upon the government's assessment. Any unfavorable outcome could impact the company’s business and financial position.

Company Profile

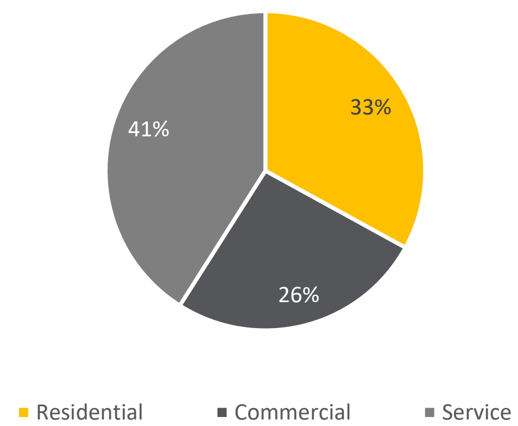
Established in 1976, the Saudi Real Estate Company (Al Akaria) is one of the oldest real estate companies in the Kingdom. The primary activities include acquiring and developing lands for construction, building, selling, and leasing residential and commercial facilities, managing its own and third-party real estate properties, purchasing, producing, selling, and leasing construction materials and equipment, and undertaking contracting activities for buildings. The company, along with its subsidiaries, generates revenue from various sources, including sales of land and units (~52%), followed by infrastructure (26%), rental (14%), construction (5%), and facility management (2%).

Figure 39: Revenue breakup (FY22)



Source: Company data, GIB Capital

Figure 40: Revenue by segment (FY22)



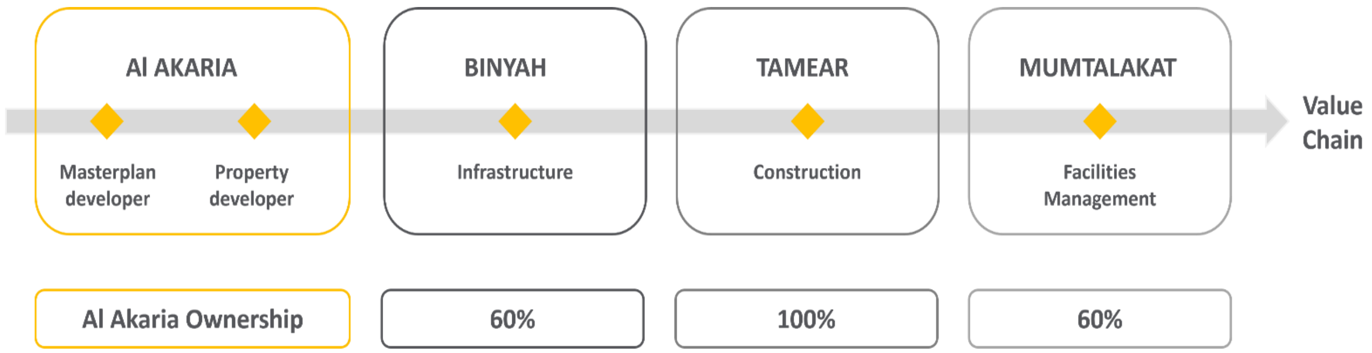
Source: Company data, GIB Capital

Specialized Subsidiaries

Al Akaria has partnered with leading real estate companies globally and locally, owning the majority stake in such subsidiaries. The company created these specialized subsidiaries to build their expertise and services in their respective sectors. The company owns several subsidiaries, particularly:

- Binyah: Carries out infrastructure work such as buildings, roads, bridges, etc.
- Tamear: Specializes in building construction and maintenance.
- Mumtalakat: Manages, operates, and maintains properties.

Figure 41: Akaria, along with its subsidiaries, covers the entire real estate value chain



Source: Company data, GIB Capital

Figure 42: List of subsidiaries

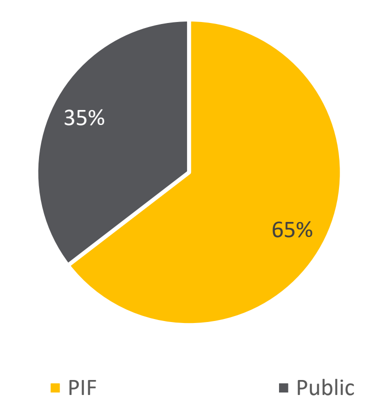
Name	Principal Activities	Year of incorporation	Ownership %
Saudi Real Estate Construction Company (Tamear)	Construction and Maintenance	2016	100%
Saudi Real Estate Infrastructure Company (Binyah)	Construction and Maintenance	2017	60%
Saudi Korean Company for Maintenance and Properties Management (Mumtalakat)	Maintenance and Operation	2017	60%
Al Widyan Saudi Real Estate Company	Developing Al Widyan Project	2018	100%
Alinma Alakaria Real Estate Fund	Development of real estate	2019	100%
Hodood Real Estate Investment Company	Not commenced its activities	2022	100%

Source: Company data

Ownership structure

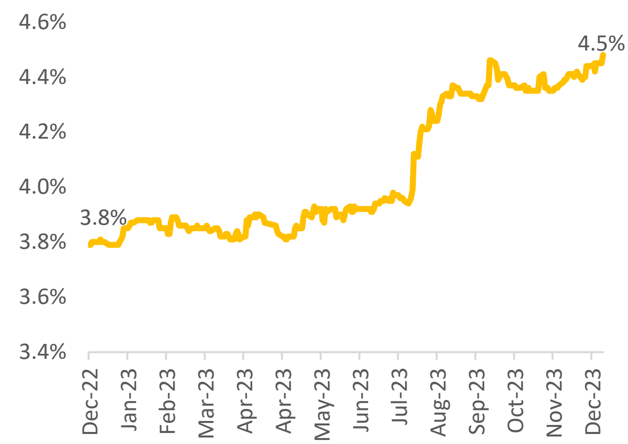
The major shareholder of Akaria is PIF, which owns 64.6%. Notably, the foreign ownership in the company has increased to 4.48%, up from 3.8% last year.

Figure 43: Current ownership



Source: Tadawul, GIB Capital

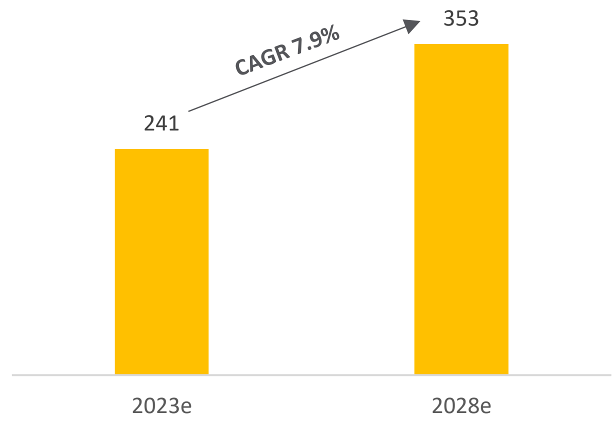
Figure 44: Foreign ownership



Source: Argaam, GIB Capital

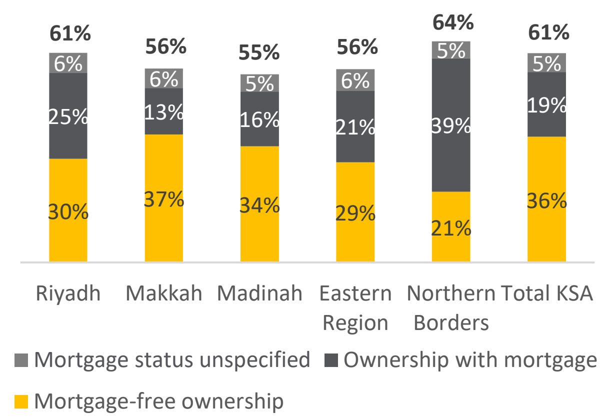
Market Dynamics

Figure 45: KSA's real estate market expected to reach SAR353bn



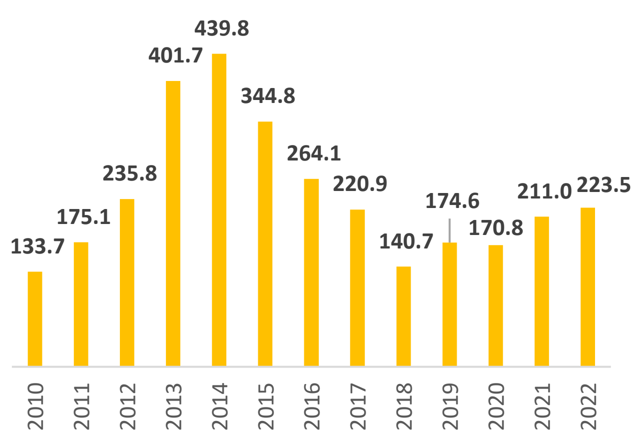
Source: Argaam, GIB Capital

Figure 46: Saudi-owned housing by region & ownership type



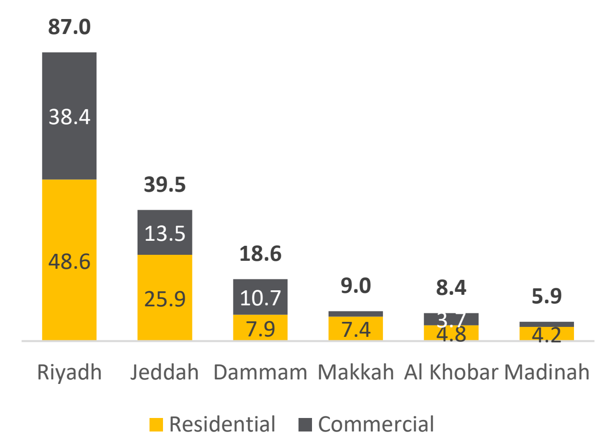
Source: Argaam, GIB Capital

Figure 47: Real estate transactions (SARbn)



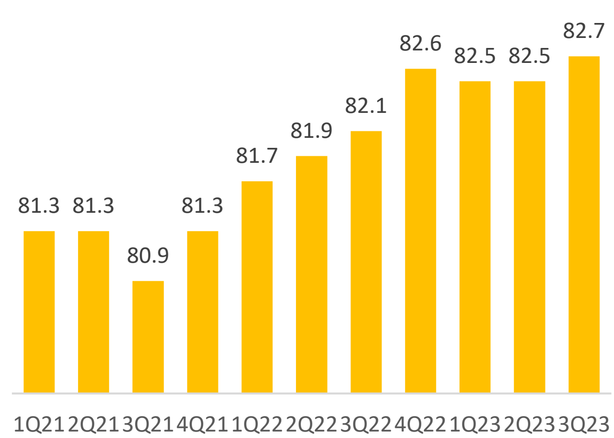
Source: Argaam, GIB Capital

Figure 48: Real estate transaction in major cities (SARbn) - 2022



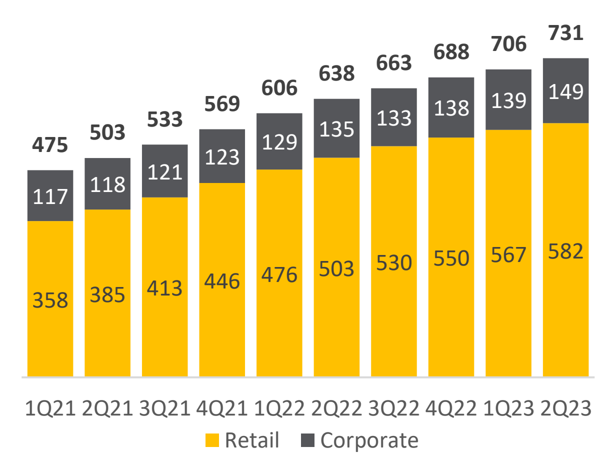
Source: Argaam, GIB Capital

Figure 49: Saudi real estate price index



Source: Argaam, GIB Capital

Figure 50: Real estate loans by banks (SARbn)



Source: SAMA, GIB Capital

Financials

Figure 51: Income statement (SARmn)

Income statement	2022a	2023e	2024e	2025e	2026e	2027e
Revenue	**2,051**	**1,599**	**2,393**	**2,456**	**2,408**	**2,201**
revenue y/y	*99%*	*-22%*	*50%*	*3%*	*-2%*	*-9%*
COGS	1,595	1,211	1,819	1,908	1,848	1,609
Gross Profit	**456**	**388**	**574**	**548**	**560**	**592**
Gross Profit margin	*22%*	*24%*	*24%*	*22%*	*23%*	*27%*
General and administrative expenses	152	160	215	196	193	176
Selling and marketing expenses	45	56	64	57	55	48
Operating profit	**260**	**172**	**295**	**295**	**311**	**368**
Operating margin	*13%*	*11%*	*12%*	*12%*	*13%*	*17%*
Finance costs	149	233	213	225	253	218
PBT	**163**	**(2)**	**132**	**112**	**92**	**180**
Zakat/tax	18	31	13	11	9	18
Net income attributable to equity holders	**110**	**(101)**	**90**	**77**	**63**	**123**
Net margin	*5%*	*-6%*	*4%*	*3%*	*3%*	*6%*
y/y	*101%*	*-191%*	*-189%*	*-15%*	*-18%*	*95%*
EPS	**0.3**	**(0.3)**	**0.2**	**0.2**	**0.2**	**0.3**
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Payout	0%	0%	0%	0%	0%	0%
EBITDA	**341**	**248**	**371**	**376**	**404**	**473**
Net debt (w/o lease liabilities)	2,087	2,055	2,271	3,021	3,955	4,379
Net debt (w/ lease liabilities)	2,226	2,193	2,408	3,158	4,092	4,515

Balance Sheet	2022a	2023e	2024e	2025e	2026e	2027e
Developed properties	70	1,011	1,011	1,011	1,011	1,011
Trade receivables	155	131	197	202	198	181
Prepayments and other receivables	224	170	255	267	259	225
Inventories	54	41	62	65	63	55
Total Current Assets	**1,673**	**2,424**	**2,330**	**2,050**	**1,923**	**1,807**
Investments properties	5,381	5,419	5,844	6,711	7,710	8,261
Developed properties - non-current	922	178	178	178	178	178
Total Non-Current Assets	**7,180**	**6,412**	**6,861**	**7,753**	**8,779**	**9,361**
Total Assets	**8,853**	**8,837**	**9,191**	**9,804**	**10,702**	**11,167**
Current Liabilities	767	923	1,180	1,218	1,193	1,091
Non-current Liabilities	3,392	3,141	3,091	3,540	4,361	4,727
Equity	4,693	4,773	4,920	5,046	5,149	5,350
Total Equity and Liabilities	**8,853**	**8,837**	**9,191**	**9,804**	**10,702**	**11,167**
BVPS	12.5	12.7	13.1	13.5	13.7	14.3

Cashflow	2022a	2023e	2024e	2025e	2026e	2027e
Cashflow from Operations	-175	84	263	181	146	206
Cashflow from Investing	-1	-163	-505	-953	-1,098	-666
Cashflow from Financing	892	-21	-24	471	838	403
Total Cashflows	**716**	**-99**	**-265**	**-300**	**-113**	**-57**

Source: Company, GIB Capital

Figure 52: Key ratios

Key ratios	2022a	2023e	2024e	2025e	2026e	2027e
Profitability ratios						
RoA	1.2%	-1.1%	1.0%	0.8%	0.6%	1.1%
RoE	2.4%	-2.1%	1.8%	1.5%	1.2%	2.3%
Sales/Assets	23.2%	18.1%	26.0%	25.1%	22.5%	19.7%
Net margin	5.4%	-6.3%	3.8%	3.1%	2.6%	5.6%
Liquidity ratios						
Current Assets/ Current Liabilities	2.2	2.6	2.0	1.7	1.6	1.7
Debt to Total Equity (w/ IFRS liab.)	0.7	0.7	0.7	0.7	0.9	0.9
Receivable Days	28	30	30	30	30	30
Inventory Days	12	12	12	12	12	12
Payable days	17	30	30	30	30	30
Cash conversion cycle	23	12	12	12	12	12
Debt ratios						
Net Debt/EBITDA (w/o IFRS liab.)	6.1	8.3	6.1	8.0	9.8	9.3
Net Debt/EBITDA (w/ IFRS liab.)	6.5	8.8	6.5	8.4	10.1	9.5
Debt/Assets (w/o IFRS liab.)	0.4	0.4	0.3	0.4	0.4	0.4
Net Debt/Equity (w/o IFRS liab.)	0.4	0.4	0.5	0.6	0.8	0.8
Net Debt/Equity (w/ IFRS liab.)	0.5	0.5	0.5	0.6	0.8	0.8
Valuation ratios						
P/E	47.1	NM	57.6	67.6	82.2	42.3
P/B	1.1	1.1	1.1	1.0	1.0	1.0
EV/EBITDA	14.6	20.1	13.4	13.3	12.3	10.5
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company, GIB Capital

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