CELEBRATING 50 YEARS OF LEADERSHIP 1971-2021

RBSA Advisors

GCC Region - Industry Valuation Multiples 1st Edition

OCTOBER 2023

Valuation | Investment Banking | Restructuring
Transaction Services | Transaction Tax | Risk Advisory

Executive Summary

We are pleased to announce the initiation of a comprehensive series focusing on **'Valuation Multiples for Diverse Industry Sectors in the GCC Region.'**

Following an enthusiastic response and valuable feedback from our esteemed clients regarding our research publications, we have proactively launched this series to delve into the dynamic market landscape of the GCC Region.

The valuation multiples presented within this series are meticulously calculated based on the most recent financial data of representative companies, encompassing Statement of Profit and Loss and Balance Sheet up to the quarter ending June 2023 (LTM June 2023). This analysis is further augmented by contemporaneous stock market data.

It is to be noted the GCC capital market is at an early stage of development compared to more mature economies, resulting in a limited number of listed companies. Moreover, a significant proportion of major companies in the GCC remain privately held. Additionally, some listed companies experience infrequent trading. Despite these considerations, we have made diligent efforts to calculate the most indicative multiples that offer valuable insights into the market's performance.

The profound impact of the pandemic on consumer behaviour and purchasing patterns has led to unprecedented shifts within various industries. The GCC markets have shown noticeable fluctuations in valuation multiples, particularly at a sector-specific level.

For instance: Valuation multiples in the Healthcare sector have shown a modest uptick, while Retail and Consumer goods demonstrated growth in June 2023 after a corrective phase in December 2022. Additionally, multiples in the Banking and Insurance sectors are currently undergoing a corrective phase, and those within the Construction industry are gradually reverting to historical averages.

In this report, our primary objective is to elucidate the ongoing market dynamics across various industries and sectors within the GCC Region. We trust that this report will provide you with invaluable insights, proving to be both intellectually stimulating and beneficial.

Rajeev R. Shah
Managing Director & CEO

Executive Summary

Industry wise Valuation Multiples (June 2023) - Summary

INDUSTRY	EV/SALES	EV/EBIDTA	P/B	P/E
Healthcare	4.64	21.22	4.60	30.99
Retail	2.02	19.24	4.29	21.01
Insurance	-	-	1.32	18.81
Banking	-	-	1.48	12.85
Telecommunication	2.53	7.46	1.77	15.87
Consumer Goods	2.38	16.30	2.39	29.08
Construction	0.51	6.82	1.17	10.24
Energy	2.19	7.72	1.73	13.41

Note : *The provided summary includes multiples calculated using the Last Twelve Months (LTM) financial data as of June 2023, in conjunction with market data for the same date.*

executive summary

Methodology for
Estimating Valuation Multiples

- The purpose of this Report is to provide an understanding of the sectorial financial performance, movement in the business valuations, and corresponding valuation multiples for companies operating in each Industry sector; over-time periods.

- The market gauges future growth prospects and forecasts business valuation, along with corresponding valuation multiples for companies, primarily based on their financial performance.

- Analyzing how Valuation Multiples correlate with financial performance can offer valuable insights into the market perspective for companies within each Industry sector and the industry sector as a whole.

- We have identified key sectors that exert a significant influence on the overall Gross Domestic Output of the GCC region. Within each sector, we've pinpointed approximately 8 to 10 companies **(referred to as 'Representative Companies')** that effectively embody the techno-financial dynamics characteristic of that sector.

- As a part of our Industry Research, we have also derived weighted average Operating margins (EBITDA Margin) and weighted average Net profit Margins (PAT Margin) for Representative Companies in each sector.

- The fluctuations in these multiples have been computed across a three-year financial span ending on 31st December for each year. Additionally, the Last Twelve Months (LTM) data up to June FY 23 has been included. The multiples have been deduced based on financial and market data aligned with the respective dates.

Sectorial Analysis

TABLE *of* CONTENTS

01	Healthcare	07
02	Retail	10
03	Insurance	13
04	Banking	16
05	Telecommunication	19
06	Consumer Goods	22
07	Construction	25
08	Energy	28

Healthcare

- Healthcare reforms and regulatory adjustments within the GCC are poised to enhance the quality and efficiency of services, resulting in a projected upswing in healthcare expenditures from $104.1 billion in 2022 to an estimated $135.5 billion by 2027, reflecting an annual growth rate of 5.4%.
- As of 2020, the GCC boasted a healthcare landscape encompassing over 829 hospitals, accommodating an impressive 119,679 beds. Despite this, the bed density within the GCC, at 2.1 beds per 1,000 individuals, lags behind that of developed nations like the USA, UK, Japan, Australia, and Singapore.
- Investments coupled with the impetus of the COVID-19 pandemic have propelled the growth of the healthcare sector across GCC countries. Governments are actively fostering medical tourism as a component of their economic diversification blueprints. Initiatives such as the UAE Vision and Saudi Vision 2030 are incentivizing private sector engagement through Public-Private Partnership (PPP) endeavors.
- Foremost among medical tourism destinations, the UAE, notably in Dubai and Abu Dhabi, is anticipated to witness substantial expansion. This growth is driven by factors such as escalating population figures, expanded health insurance coverage, and elevated medical inflation rates.
- Spearheading the GCC landscape, Saudi Arabia, the largest market, represented around 56.6% of the region's healthcare industry in 2020. This prominence is primarily attributed to a dense population concentration and an amplified emphasis on sectoral development.
- Looking ahead, the forecast anticipates a higher number of new hospital beds. This growth is a direct consequence of population projections, economic dynamics, healthcare costs, accentuated emphasis on specialized care, and long-term and post-acute care considerations.

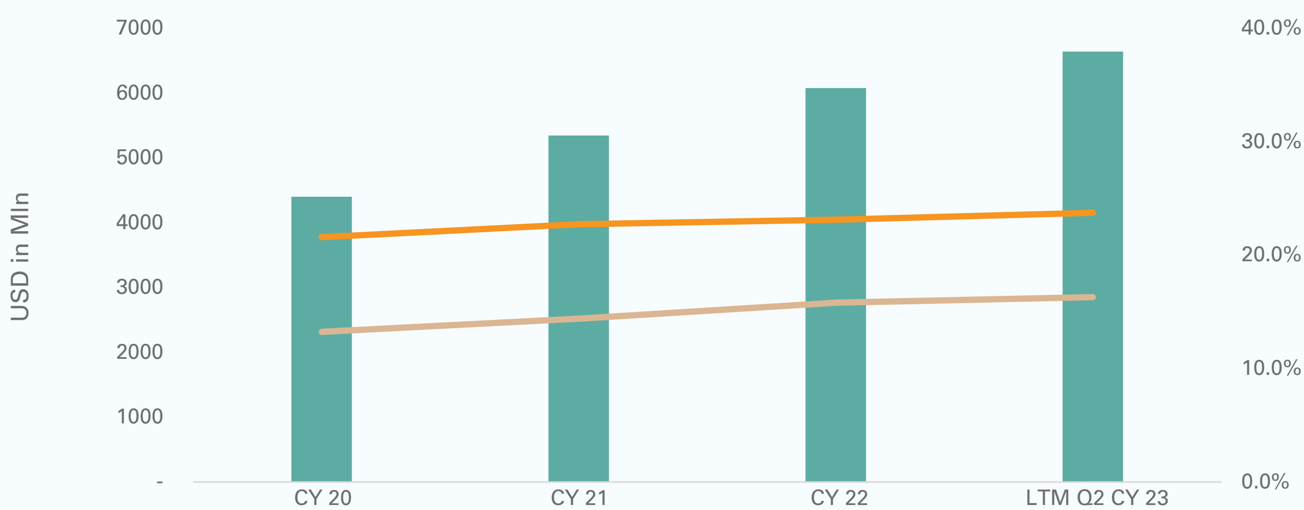
Source: Companies Annual Reports, WHO, IMF, Statistical Organization of GCC, RBSA Research

RBSA Advisors

Healthcare

Representative Companies

Dallah Health	DR SULAIMAN AL HABIB medical group	MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)	Medicare group
Mouwasat Medical Services Co.	Al Hammadi Holding	NATIONAL MEDICAL CARE CO.	burjeel holdings
Maidan Clinic	NABA ALSAHA		



	CY 20	CY 21	CY 22	LTM Q2 CY 23
Revenue	4,400	5,350	6,080	6,510
EBDITA Margin	21.6%	22.7%	23.1%	23.9%
PAT Margin	13.3%	14.4%	15.8%	16.6%

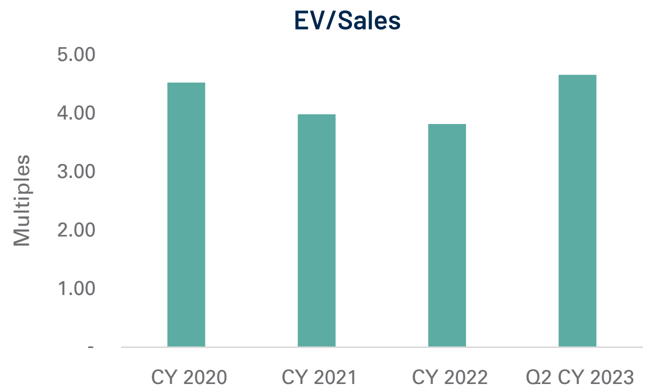
Revenue EBITDA Margin PAT Margin

Note : *Revenue, EBITDA Margin, and PAT Margin correspond to the representative companies over various calendar years and the last 12 months ending June 2023.*

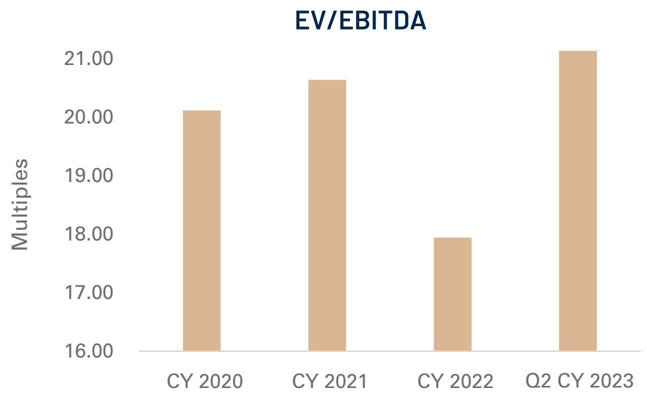
- The combined revenue of selected companies stood at USD 608 Mn for CY 2022, recording a growth of 14% from CY 2021.
- EBDITA Margin has increased from 21.6% in CY 20 to 23.1% in CY 22 whereas PAT Margin has increased from 13.3% in CY 20 to 15.8% in CY 22.

Source: S&P Capital IQ, RBSA Research

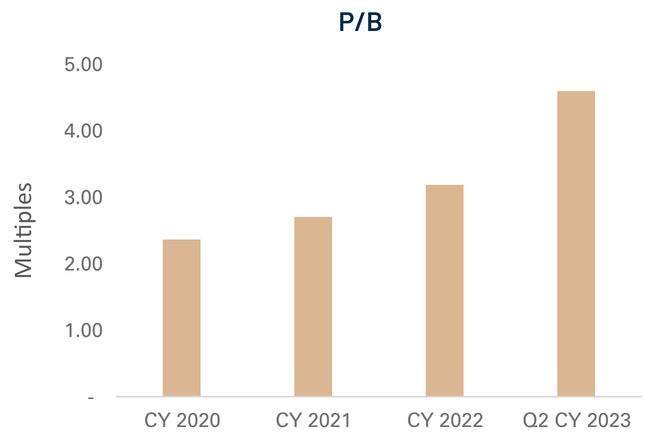
Healthcare



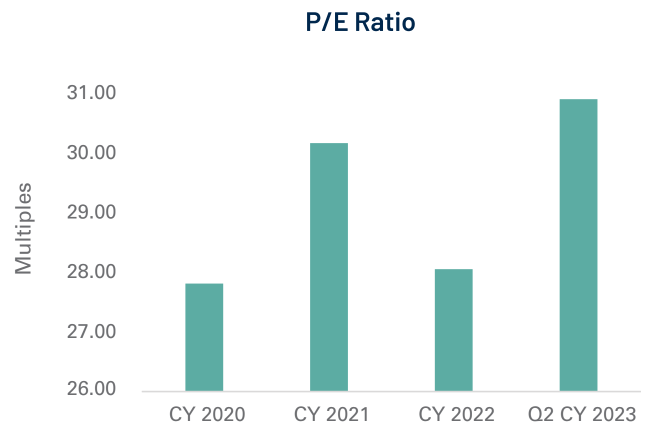
	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/Sales	4.52	3.98	3.81	4.64



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/EBITDA	20.12	20.64	17.94	21.22



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/B	2.36	2.71	3.19	4.60



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/E	27.80	30.16	28.04	30.99

Note : *For the analysis, we utilized the median multiples from representative companies over a three-year financial period ending on 31st December for each year, with additional Last Twelve Months (LTM) data up to June FY 23. The multiples were calculated using relevant financial and market data for the respective dates.*

Source: S&P Capital IQ

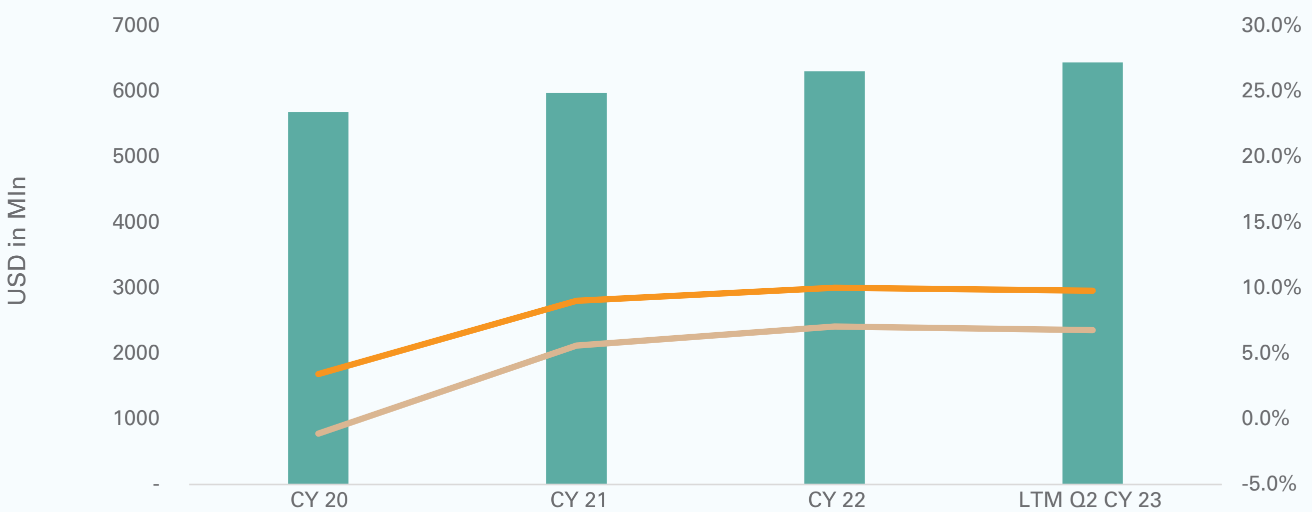
Retail

- In the fiscal year 2022, the retail industry within the GCC (Gulf Cooperation Council) region witnessed a notable upswing, displaying a year-on-year growth of 15.7%, amassing a substantial total of USD 296.8 billion.
- The non-food retail segment is foreseen to exhibit robust expansion, while food retail is anticipated to experience a marginally slower growth.
- The retail landscapes of Saudi Arabia and the UAE emerge as the cornerstone of the GCC's retail domain, collectively constituting a commanding 78.5% share in the fiscal year 2021.
- The advent of the COVID-19 pandemic precipitated a noteworthy surge in online shopping, propelling the e-commerce market to a remarkable growth of 35.8% in 2020, which further expanded by 20.8% in 2021, ultimately reaching a substantial valuation of $29 billion.
- Looking ahead, the duty-free sales at select GCC airports (namely Abu Dhabi, Dubai, Qatar, and Bahrain) are expected to ascend. This growth trajectory is bolstered by the reopening of borders and the easing of visa regulations.
- Within the global context, Saudi Arabia and the UAE emerge as noteworthy contenders, securing positions in the top 35 retail investment destinations worldwide according to AT Kearney's Global Retail Development Index for the year 2021.
- The retail industry is a substantial contributor to the UAE's economic landscape, estimated to have contributed a notable 18.1% to the nation's Gross Domestic Product (GDP), thereby substantiating its pivotal role in driving economic diversification.

Source: IMF, AT Kearney, RBSA Research

Retail

Representative Companies



	CY 20	CY 21	CY 22	LTM Q2 CY 23
Revenue	5,680	5,980	6,310	6,530
EBDITA Margin	3.4%	9.0%	10.0%	10.1%
PAT Margin	-1.1%	5.6%	7.1%	6.8%

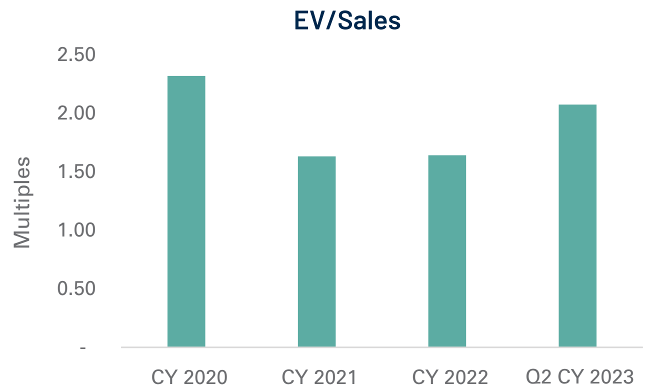
Revenue EBITDA Margin PAT Margin

Note : *Revenue, EBITDA Margin, and PAT Margin correspond to the representative companies over various calendar years and the last 12 months ending June 2023.*

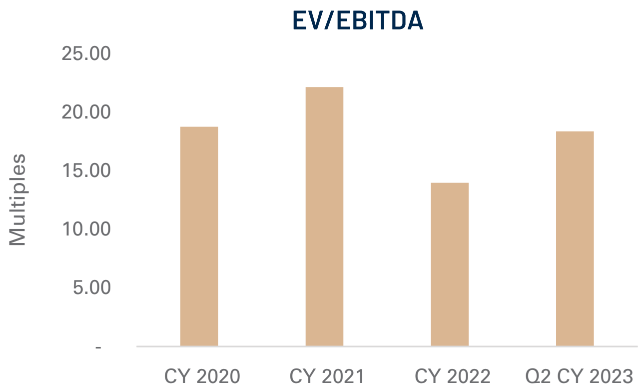
- EBDITA Margin has increased from 3.4% in CY 20 to 9.8% in CY 22 whereas PAT Margin has increased from (1.1)% in CY 20 to 7.1% in CY 22.

Source: S&P Capital IQ, RBSA Research

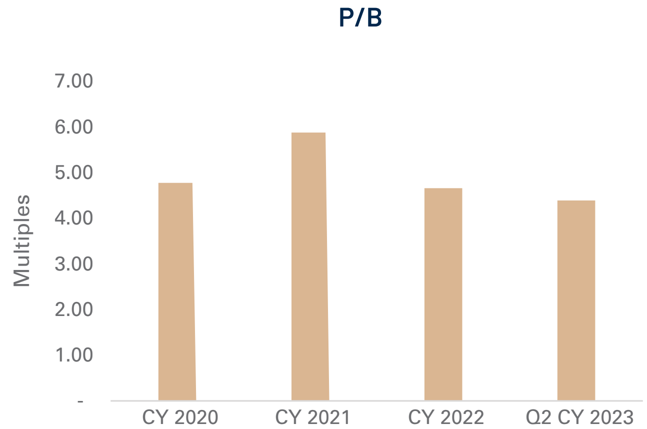
Retail



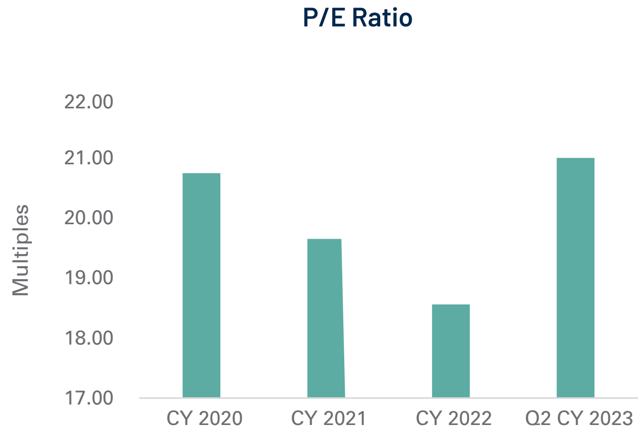
	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/Sales	2.32	1.63	1.64	2.02



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/EBITDA	18.77	22.16	13.99	19.24



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/B	4.78	5.87	4.66	4.29



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/E	20.75	19.65	18.56	21.01

Note : *For the analysis, we utilized the median multiples from representative companies over a three-year financial period ending on 31st December for each year, with additional Last Twelve Months (LTM) data up to June FY 23. The multiples were calculated using relevant financial and market data for the respective dates.*

Source: S&P Capital IQ

Insurance

- The insurance sector in the Gulf Cooperation Council (GCC) has faced gradual growth due to economic and political complexities. However, it remains buoyed by a youthful workforce and a substantial expatriate population.

- The insurance market of GCC's anticipates growth in the near future. This anticipated expansion can be attributed to factors like population surge, economic rebound, the reopening of the tourism sector, and the initiation of infrastructure development projects.

- The dominant insurance markets within the GCC are the UAE and Saudi Arabia, collectively accounting for a significant 82.8% share in gross written premiums for the year 2020.

- Within the GCC, the life insurance segment witnessed a steady annualized increase of 1.7% since 2015, culminating in a total of USD 3.6 billion in 2020. In 2020, the non-life insurance segment contributed 86.2% to the overall insurance premiums in the GCC. Between 2015 and 2020, the Gross Written Premiums (GWP) for non-life insurance experienced a Compound Annual Growth Rate (CAGR) of 1.8%, amounting to USD 22.8 billion.

- Kuwait, Qatar, and the UAE are expected to see robust annualized growth rates over the next five years till 2026, outstripping their counterparts in the GCC. This growth is primarily attributed to economic resurgence and the introduction of new business lines.

Source: Swiss Re, SAMA, UAE Central Bank, CBB, Alpen Capital, CMA of Oman, RBSA Research

Insurance

Representative Companies

Bupa

Tawuniya

QATAR INSURANCE GROUP

GIG GULF INSURANCE GROUP

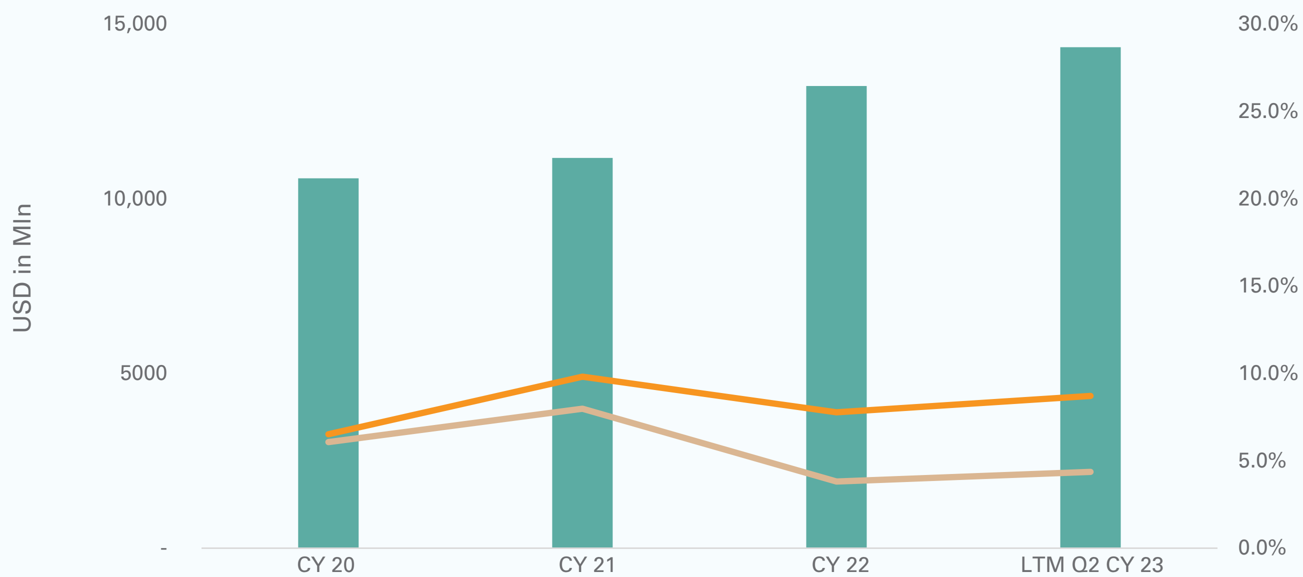
Al Rajhi Takaful

ADNIC ABU DHABI NATIONAL INSURANCE COMPANY

Oman Insurance

Saudi Re

Arabian Shield Insurance



	CY 20	CY 21	CY 22	LTM Q2 CY 23
Revenue	10,230	10,810	12,850	14,270
EBDITA Margin	6.3%	9.7%	7.8%	9.9%
PAT Margin	5.9%	7.9%	3.8%	5.5%

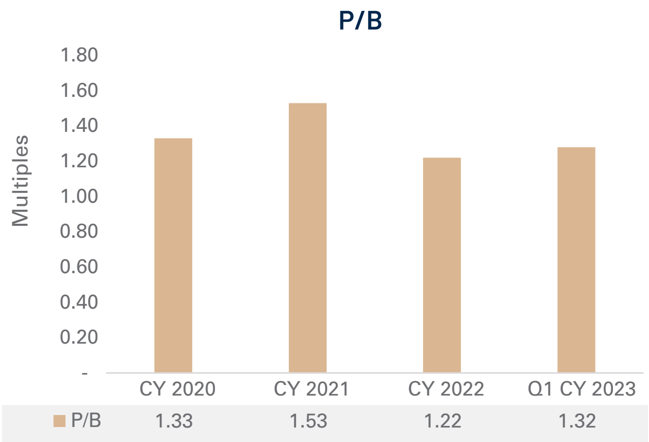
Revenue EBITDA Margin PAT Margin

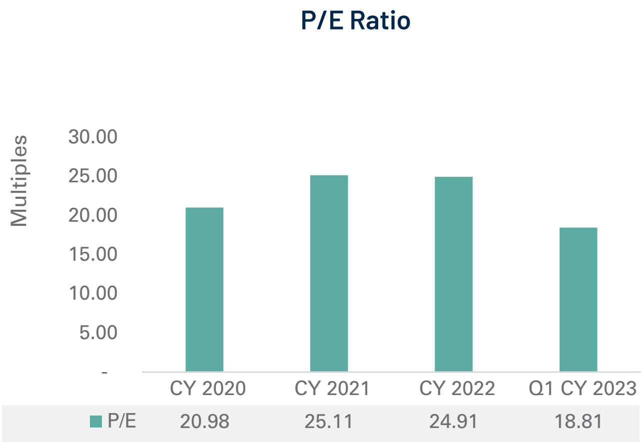
Note : *Revenue, EBITDA Margin, and PAT Margin correspond to the representative companies over various calendar years and the last 12 months ending June 2023.*

- EBDITA Margin has increased from 6.3% in CY 20 to 7.8% in CY 22 whereas PAT Margin has declined from 5.9% in CY 20 to 3.8% in CY 22.

Source: S&P Capital IQ, RBSA Research

Insurance





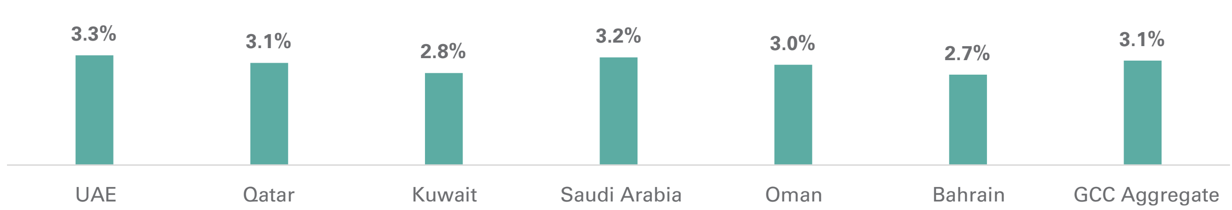
Note : *For the analysis, we utilized the median multiples from representative companies over a three-year financial period ending on 31st December for each year, with additional Last Twelve Months (LTM) data up to June FY 23. The multiples were calculated using relevant financial and market data for the respective dates.*

Source: S&P Capital IQ

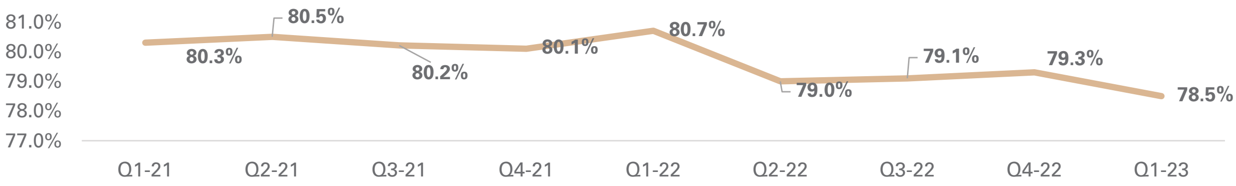
Banking

- Aggregate net profits saw the biggest q-o-q growth since the pandemic at 17% to reach US$ 13.4 Bn during Q1 2023 from US$ 11.5 Bn in Q4 2022 mainly driven by increase in non-interest income.
- Total revenue for the GCC banks registered a q-o-q growth of 3.9% during Q1 2023 to reach a new record high of US$ 29.1 Bn as compared to US$ 28.0 Bn during Q4 2022. The increase was mainly led by a strong growth in non-interest income in all GCC countries (barring in Bahrain), that was further supported by higher net interest income in Saudi Arabia, UAE, and Oman.
- The net interest income for Q1 2023 saw a decrease for the first time in five consecutive quarters. This decline was primarily driven by reductions reported by banks in Qatar and Kuwait. Conversely, banks in the UAE experienced a modest growth of 1.2%. As for Saudi listed banks, the growth remained relatively stable.
- The trend in provisions was mixed during the quarter, although aggregate provisions declined by 6.2% q-o-q to reach US$ 3.1 Bn as compared to US$ 3.3 Bn in Q4 2022.
- Aggregate lending in the GCC continued to see growth during the quarter although the trend remained mixed at the country level. The growth in the customer deposits was at a three-quarter high of 2.9% to reach US$ 2.3 Tn at the end of Q1 2023.
- The net impact of stronger growth in customer deposits vs lending resulted in a decline in the loan-to-deposit ratio for the GCC banking sector that reached 78.5%, one of the lowest levels in several quarters.

Net Interest Margin (Q1 2023)



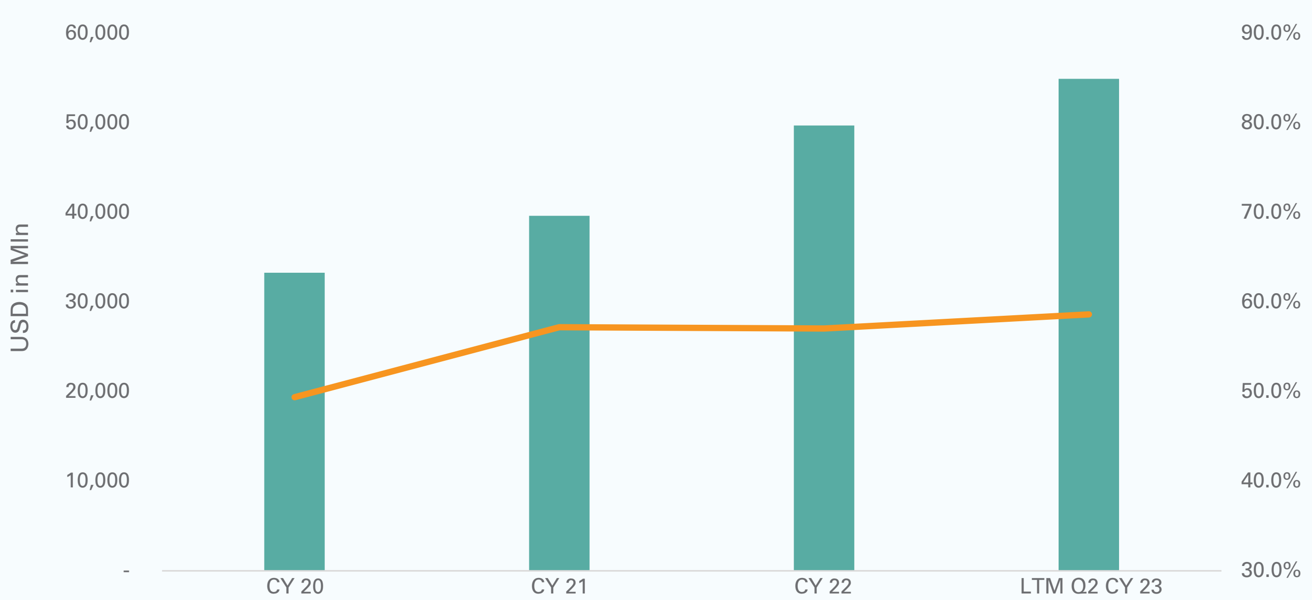
Loan to Deposit Ratio



Source: Bloomberg, Reuters, RBSA Research

Banking

Representative Companies



	CY 20	CY 21	CY 22	LTM Q2 CY 23
Revenue	33,260	39,630	49,700	54,900
PAT Margin	47.9%	55.7%	55.5%	57.1%

Revenue PAT Margin

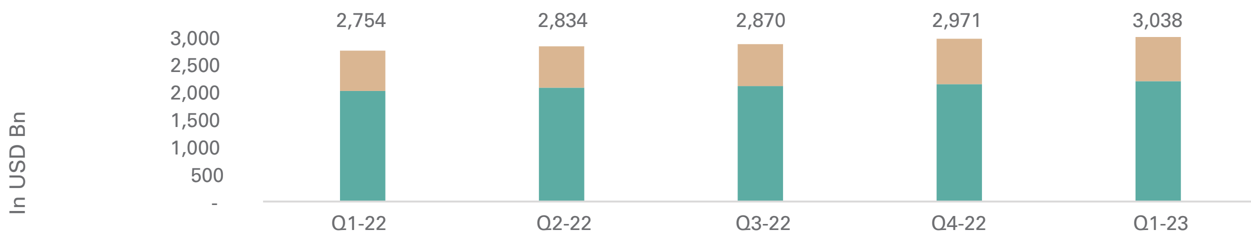
Note : *Revenue and PAT Margin correspond to the representative companies over various calendar years and the last 12 months ending June 2023.*

- PAT Margin has increased from 47.9% in CY 20 to 55.5% in CY 22.

Source: S&P Capital IQ, RBSA Research

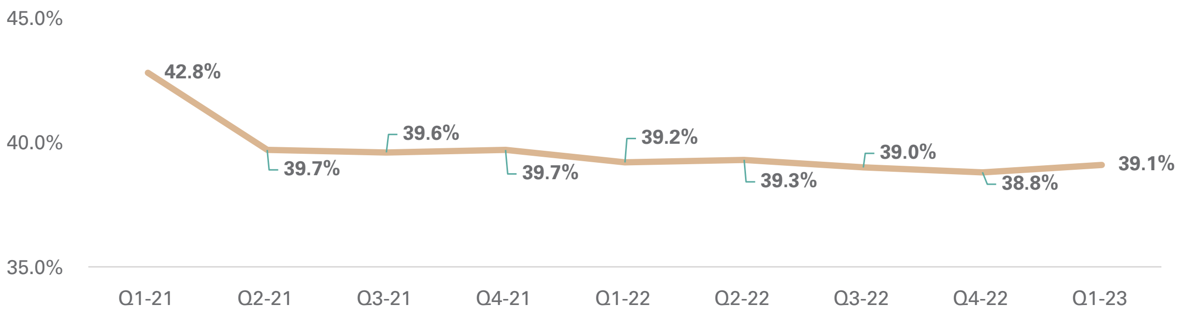
Banking

Total Assets – GCC Banks

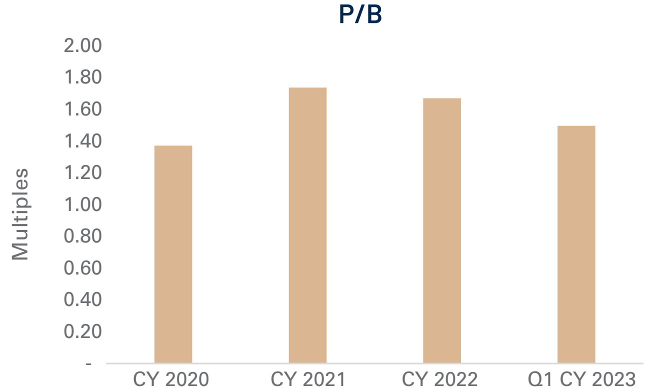


	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
Islamic	735	755	761	831	842
Conventional	2,019	2,079	2,109	2,140	2,196

Cost to Income Ratio

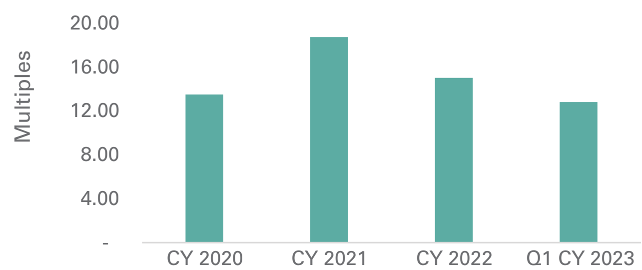


P/B



	CY 2020	CY 2021	CY 2022	Q1 CY 2023
P/B	1.37	1.74	1.67	1.48

P/E Ratio



	CY 2020	CY 2021	CY 2022	Q1 CY 2023
P/E	13.52	18.74	15.04	12.85

Note : *For the analysis, we utilized the median multiples from representative companies over a three-year financial period ending on 31st December for each year, with additional Last Twelve Months (LTM) data up to June FY 23. The multiples were calculated using relevant financial and market data for the respective dates.*

Source: S&P Capital IQ, Bloomberg, Reuters, RBSA Research

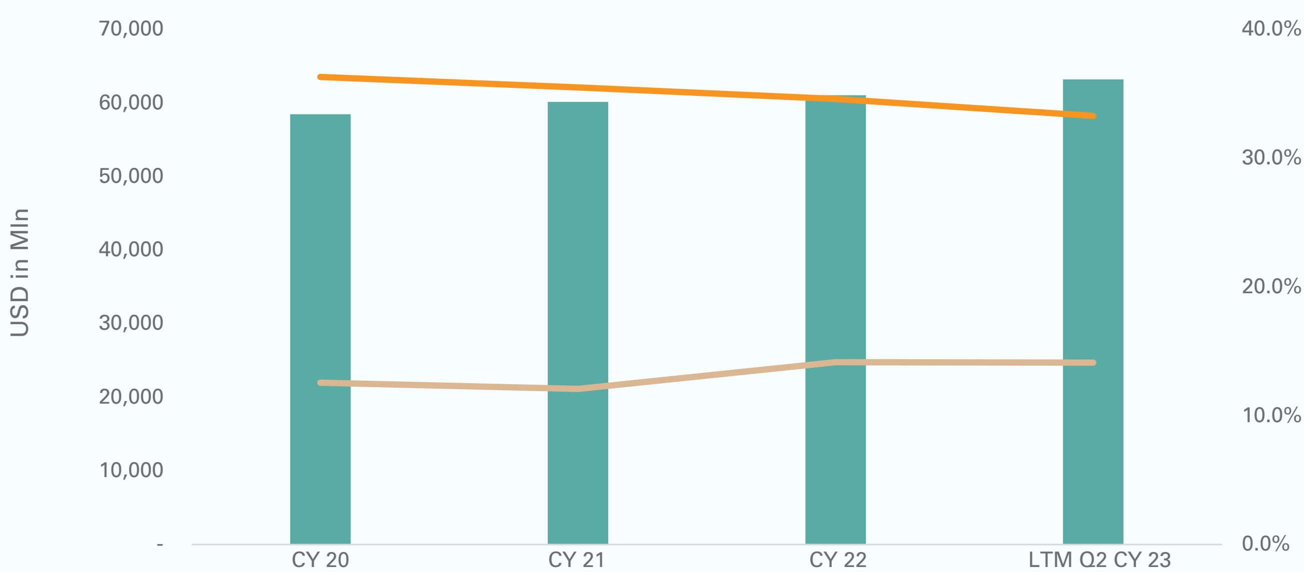
Telecommunication

- The telecommunications sector within the GCC has reached a state of maturity, evident through mobile subscription penetration exceeding 100%. Given the limitations of organic growth, the driving force for further expansion lies in augmenting Average Revenue Per User (ARPU) via data utilization and value-added services.
- The past two decades have witnessed substantial transformations in telecom service utilization across GCC countries. Remarkably, mobile penetration rates have surged past the 100% threshold, signaling more than one mobile subscription per individual. The industry's low churn rate further underscores its mature status.
- Embracing technological evolution, the GCC region has embraced advancements like 5G and the Internet of Things (IoT), buoyed by government-led initiatives promoting their adoption. Notably, telecom operators are already embarking on the transition to 6G technology, poised to deliver significantly enhanced speeds.
- Saudi Arabia has displayed a burgeoning affinity for cloud-based solutions, exemplified by the introduction of the Cloud First Policy. In 2021, the Ministry of Communications and Information Technology (MCIT) unveiled an ambitious $18 billion blueprint aimed at establishing extensive data centers throughout the nation.
- In the realm of 5G connectivity, the United Arab Emirates stands out, offering users an elevated speed experience, surpassing that of Qatar and Kuwait. Among these regions, the UAE, Qatar and Kuwait reign supreme in 5G peak download speed.
- Notably, the United Arab Emirates emerges as a frontrunner in both social media engagement time and mobile internet speed, as affirmed by TDRA. This distinction can be attributed to the nation's advanced information and communication technology sector. UAE takes the top spot as the social media capital of the world. A new study has revealed the countries with the most social media use in the world, and the United Arab Emirates ranks top with a score of 9.55/10, higher than any other country.

Source: Refinitiv, RBSA Research

Telecommunication

Representative Companies



	CY 20	CY 21	CY 22	LTM Q2 CY 23
Revenue	58,490	60,180	61,080	63,230
EBDITA Margin	36.3%	35.5%	34.6%	33.3%
PAT Margin	12.6%	12.1%	14.2%	14.1%

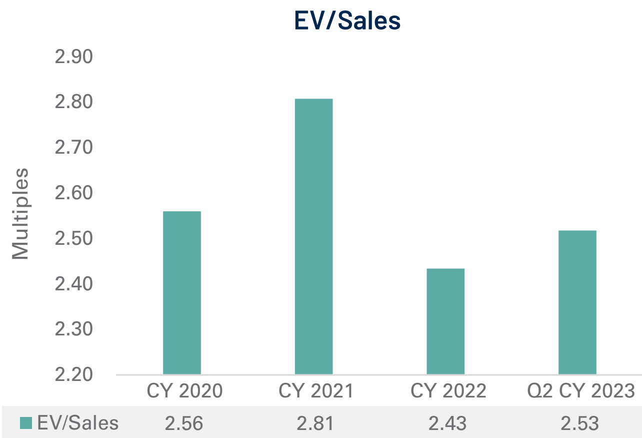
Revenue   EBITDA Margin   PAT Margin

Note : *Revenue, EBITDA Margin, and PAT Margin correspond to the representative companies over various calendar years and the last 12 months ending June 2023.*

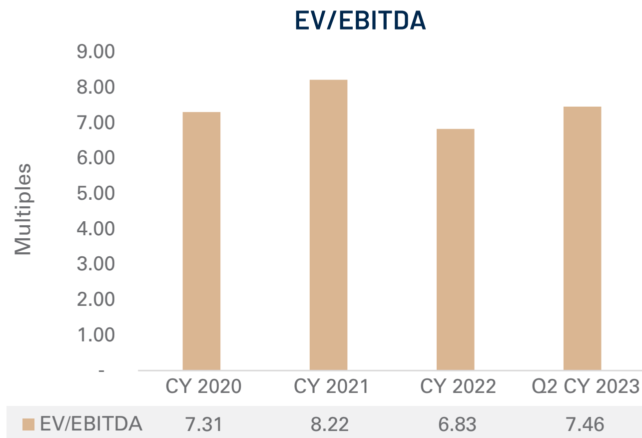
- EBDITA Margin has declined from 36.3% in CY 20 to 34.6% in CY 22 whereas PAT Margin has increased from 12.6% in CY 20 to 14.2% in CY 22.

Source: S&P Capital IQ, RBSA Research

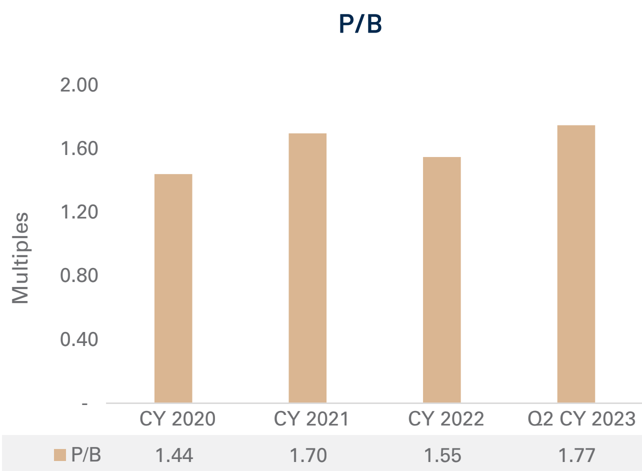
Telecommunication



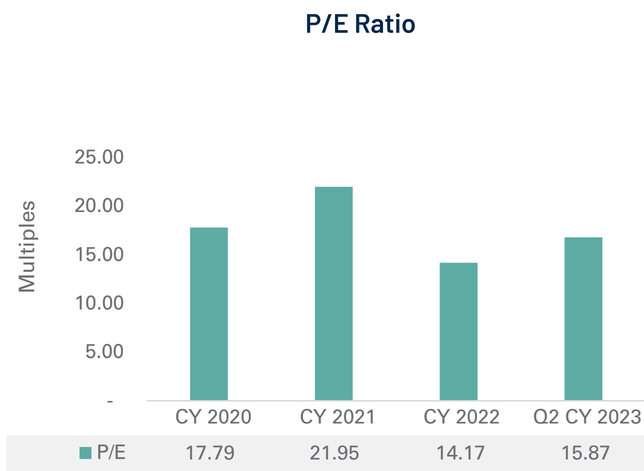
	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/Sales	2.56	2.81	2.43	2.53



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/EBITDA	7.31	8.22	6.83	7.46



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/B	1.44	1.70	1.55	1.77



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/E	17.79	21.95	14.17	15.87

Note : *For the analysis, we utilized the median multiples from representative companies over a three-year financial period ending on 31st December for each year, with additional Last Twelve Months (LTM) data up to June FY 23. The multiples were calculated using relevant financial and market data for the respective dates.*

Source: S&P Capital IQ

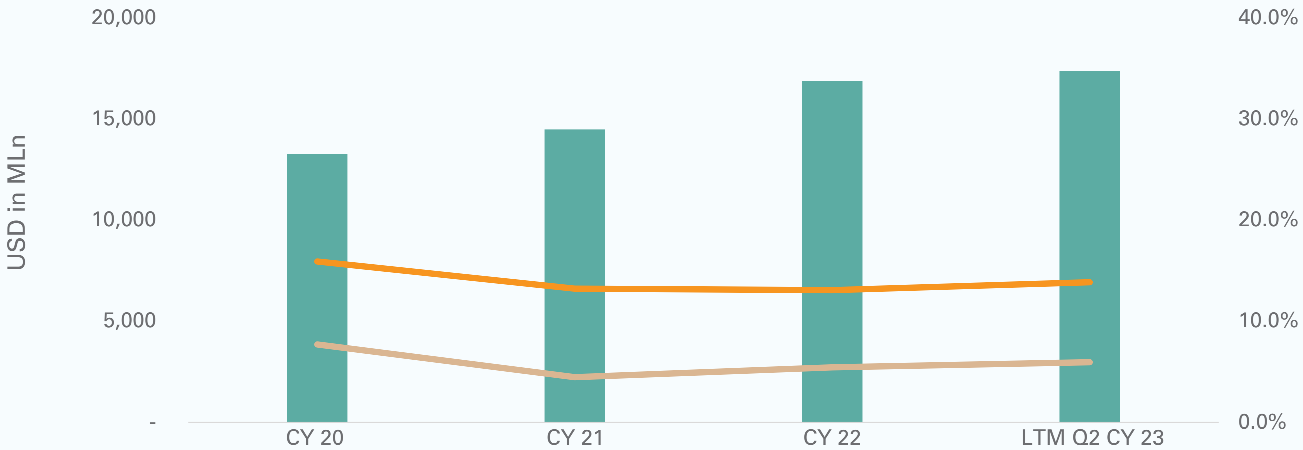
Consumer Goods

- The Consumer Goods (FMCG) landscape within the GCC region has undergone a significant transformation, shifting from a phase characterized by rapid expansion and robust profitability to a more competitive and demanding environment. This evolution is expected to persist, continuing to exert pressure on FMCG enterprises. Key factors driving this evolution include the surge of e-commerce platforms, the proliferation of contemporary retail formats, and the growing consumer preference for health-conscious and sustainable products. Collectively, these factors pave the way for sustained growth throughout 2023.
- The combined Consumer Goods market of Saudi Arabia and the UAE started at USD $25.8 billion in 2016, declined to $24 billion by 2018, and gradually recovered to $26.1 billion by 2021.
- However, this resurgence has not come without its challenges. Global increases in raw material and transportation costs, coupled with a structural elevation in regional business expenses, have somewhat squeezed the profit margins of FMCG firms. The introduction of Value Added Tax (VAT) and the gradual reduction of subsidies have further compounded these financial pressures.
- In the initial quarter of Fiscal Year 2023, both the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE) markets experienced an average price increase of 8%. Despite this, consumption volumes have remained relatively stable.
- The ascendancy of e-commerce is a formidable trend, with the UAE ranking among the world's fastest-growing online markets in 2022. This momentum is highlighted by an impressive 68% surge in online sales for fast-moving consumer goods within the UAE, alongside a 58% increase in Saudi Arabia.
- Projected Compound Annual Growth Rate (CAGR) of 5.2% for the FMCG market in the UAE from 2021 to 2026.
- The UAE's e-commerce domain anticipated to reach a valuation of USD $9.2 billion by 2026, reflecting an impressive 92% surge from 2021.

Source: Zawya, Statista, NielsenIQ, Dubai Chamber of Commerce, RBSA Research

Consumer Goods

Representative Companies



	CY 20	CY 21	CY 22	LTM Q2 CY 23
Revenue	13,280	14,500	16,890	17,160
EBDITA Margin	15.9%	13.2%	13.1%	14.3%
PAT Margin	7.7%	4.5%	5.5%	6.1%

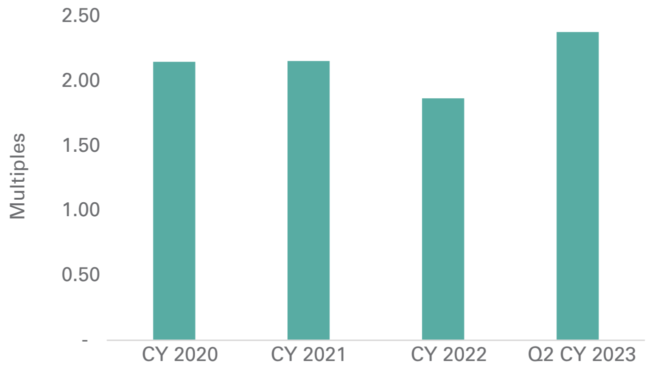
Revenue   EBITDA Margin   PAT Margin

Note : *Revenue, EBITDA Margin, and PAT Margin correspond to the representative companies over various calendar years and the last 12 months ending June 2023.*

- EBDITA Margin has declined from 15.9% in CY 20 to 13.1% in CY 22 whereas PAT Margin has declined from 7.7% in CY 20 to 5.5% in CY 22.

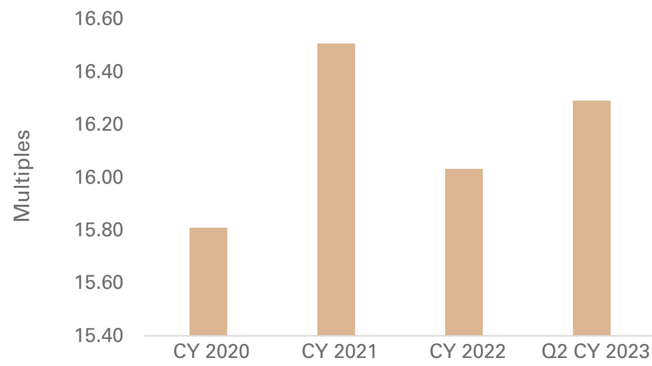
Consumer Goods

EV/Sales



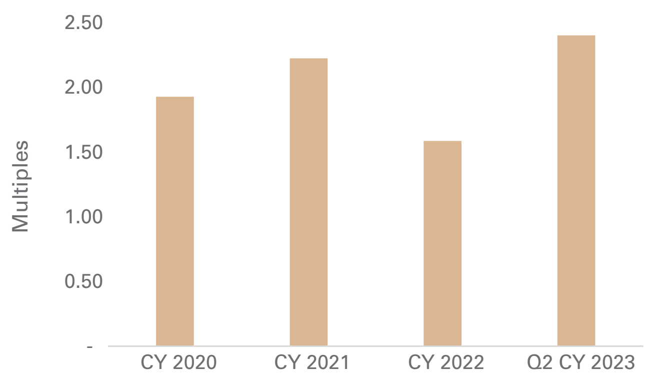
	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/Sales	2.15	2.16	1.87	2.38

EV/EBITDA



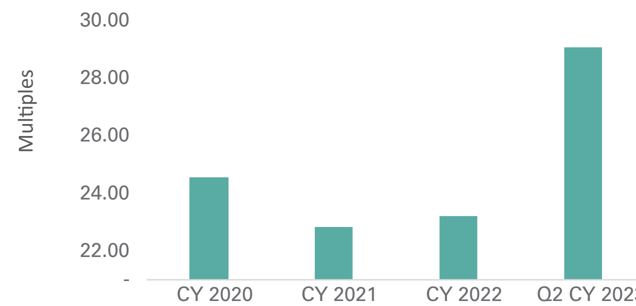
	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/EBITDA	15.81	16.51	16.03	16.30

P/B



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/B	1.93	2.23	1.59	2.39

P/E Ratio



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/E	24.57	22.84	23.22	29.08

Note : *For the analysis, we utilized the median multiples from representative companies over a three-year financial period ending on 31st December for each year, with additional Last Twelve Months (LTM) data up to June FY 23. The multiples were calculated using relevant financial and market data for the respective dates.*

consumer goods

Source: S&P Capital IQ

Construction

- The market encompasses companies actively involved in the construction of diverse structures, including buildings and complex engineering endeavors like bridges and roads. The construction market within the Gulf Cooperation Council (GCC) region is stratified into distinct sectors: commercial construction, industrial construction, infrastructure construction, and energy and utility construction.

- Following a substantial dip to slightly above US$ 71 billion in contract awards amidst the COVID-19 impact in 2020, the market underwent a robust resurgence, surging to nearly US$ 116 billion in 2021.

- In the course of 2022, approximately US$ 94 billion worth of contracts were granted across the GCC region, marking a year-on-year decline of more than US$ 20 billion.

- The primary reason for this contraction is largely ascribed to substantial 25% and 44% reductions in new contract activities in the UAE and Qatar, respectively. Saudi Arabia has now taken the lead, with contract awards totaling just under US$ 54 billion, surpassing the combined figures of the other five GCC nations.

- In the construction sector, the utility domain commanded a notable 52% of the overall announcements, followed closely by urban construction, holding a 28% share in 2021. Significant positive performance was propelled by key projects, namely Neom, Roshn, Diriyah Gate, The Red Sea Development and Qiddiya.

- The projection for the construction market across GCC countries indicates a Compound Annual Growth Rate (CAGR) of approximately 6.5% during the period of 2023 to 2027. This growth trajectory is chiefly driven by substantial contributions from the UAE and Saudi Arabia.

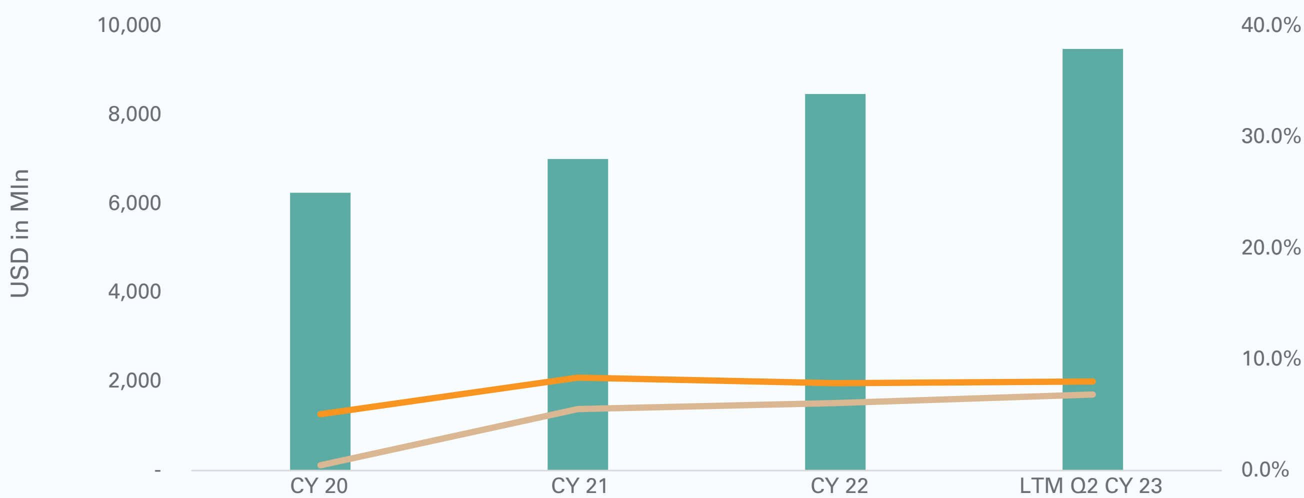
- As the UAE gears up to host COP28 in November 2023, an opportunity arises for the region to showcase its leadership prowess and spearhead the drive towards decarbonization within the construction industry.

Source: Mordor Intelligence, RBSA Research

Construction

Representative Companies

NMDC	ORASCOM CONSTRUCTION	Combined Group Contracting Co.
NASS CORPORATION	KCPC	Galfar



	CY 20	CY 21	CY 22	LTM Q2 CY 23
Revenue	6,250	7,010	8,470	9,180
EBDITA Margin	5.1%	8.3%	7.8%	8.8%
PAT Margin	0.5%	5.5%	6.1%	7.8%

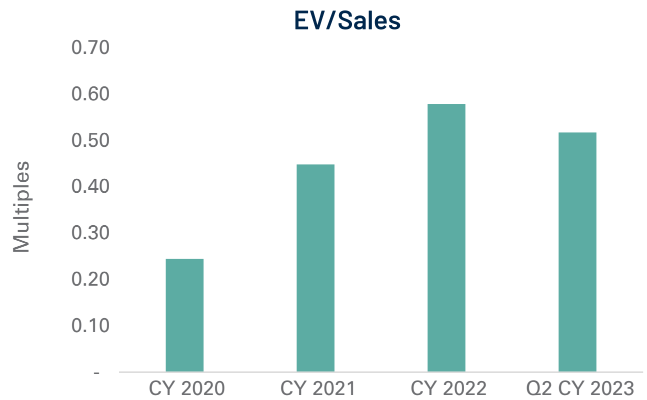
Revenue EBITDA Margin PAT Margin

Note : *Revenue, EBITDA Margin, and PAT Margin correspond to the representative companies over various calendar years and the last 12 months ending June 2023.*

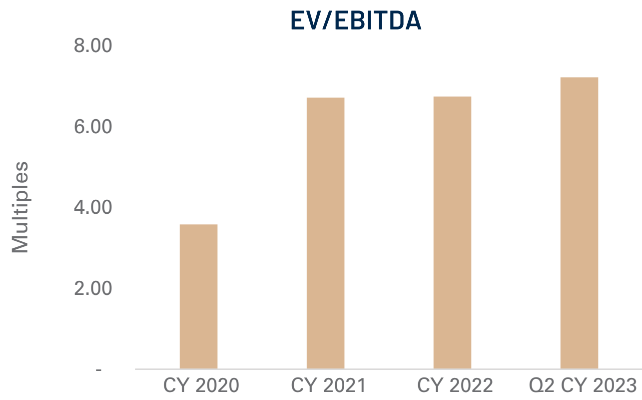
- EBDITA Margin has increased from 5.1% in CY 20 to 7.8% in CY 22 whereas PAT Margin has increased from 0.5% in CY 20 to 6.1% in CY 22.

Source: S&P Capital IQ, RBSA Research

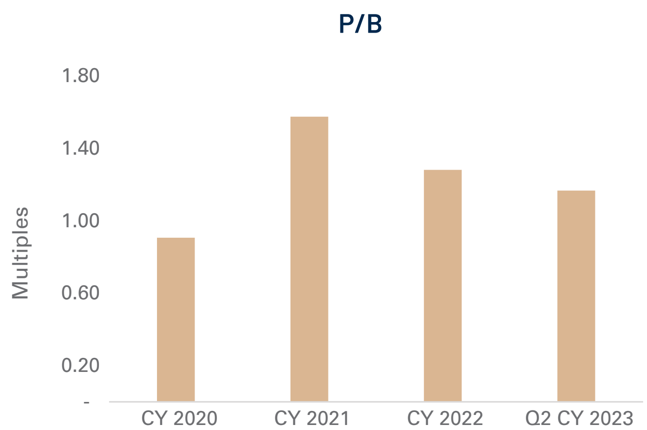
Construction



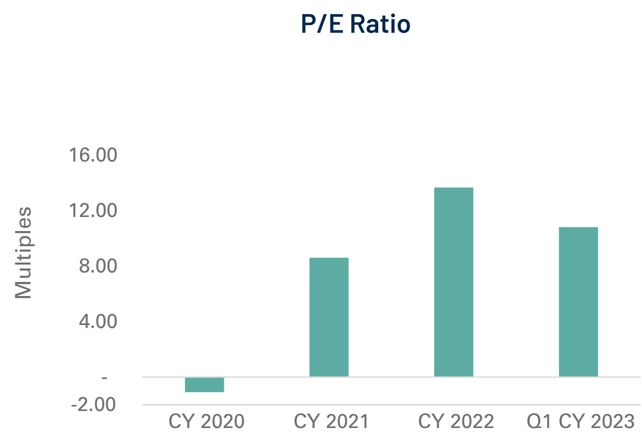
	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/Sales	0.24	0.45	0.58	0.51



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/EBITDA	3.59	6.73	6.75	6.82



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/B	0.91	1.57	1.28	1.17



	CY 2020	CY 2021	CY 2022	Q1 CY 2023
P/E	-1.08	8.60	13.67	10.24

Note : *For the analysis, we utilized the median multiples from representative companies over a three-year financial period ending on 31st December for each year, with additional Last Twelve Months (LTM) data up to June FY 23. The multiples were calculated using relevant financial and market data for the respective dates.*

Source: S&P Capital IQ

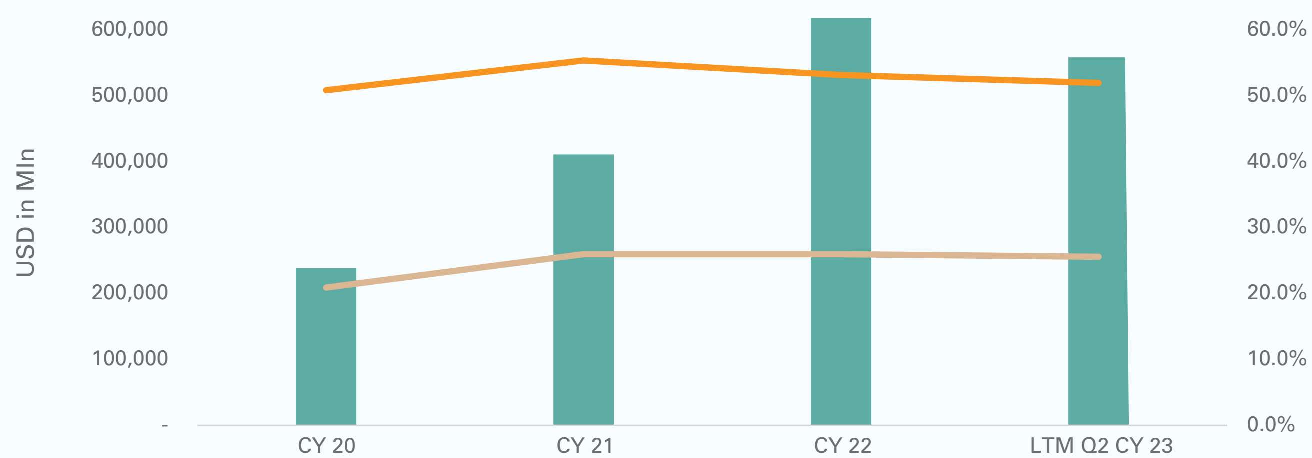
Energy

- In Q1 2023, energy prices experienced a notable decline of 20% compared to Q4 2022, as indicated by the energy price index. Projections foresee a further 26% reduction in the index for 2023, with stability anticipated for 2024.
- Across various energy products, including crude oil, natural gas, and coal, a consistent downward trajectory in prices has been observed.
- The first quarter of 2023 witnessed daily price fluctuations for Brent crude oil within the range of $72 to $87 per barrel. These fluctuations were driven by shifts in monetary policies and recent stress in the financial markets.
- OPEC+ made a significant announcement in April 2023, unveiling a production cut of 1.16 million barrels per day (mb/d), scheduled to commence in May and extend until the close of 2023.
- Over the past few decades, the GCC countries have witnessed a notable rise in total primary energy production. Among them, Saudi Arabia stands as the second-largest producer of total petroleum and other liquid resources, following the United States.
- Collectively, the GCC countries boast proven crude oil reserves amounting to 497 billion barrels, a remarkable 34% of the world's estimated total. Oil revenues contribute almost 50% of fiscal revenues for most GCC nations, except for the UAE, where oil revenues account for approximately 35% of the fiscal budget.
- The consumption-to-production ratio has surged across all GCC countries due to rapid industrialization and the increased demand for water desalination. With the exceptions of Qatar and Kuwait, the majority of GCC nations consume over 30% of the total primary energy they produce.
- Saudi Arabia is projected to curtail oil production similarly, the UAE has signaled its intention to reduce crude oil production by 144,000 barrels per day for 2023, effective from May. Additionally, the UAE has accelerated its planned investments in oil and gas capacity, aiming to reach a production capacity of 5 million barrels per day by 2027.

Source: World Bank Outlook, Commodity Market Outlook, Emirates NBD, RBSA Research

Energy

Representative Companies



	CY 20	CY 21	CY 22	LTM Q2 CY 23
Revenue	237,910	410,440	617,420	549,030
EBDITA Margin	50.8%	55.3%	53.1%	51.5%
PAT Margin	20.9%	25.9%	25.9%	24.9%

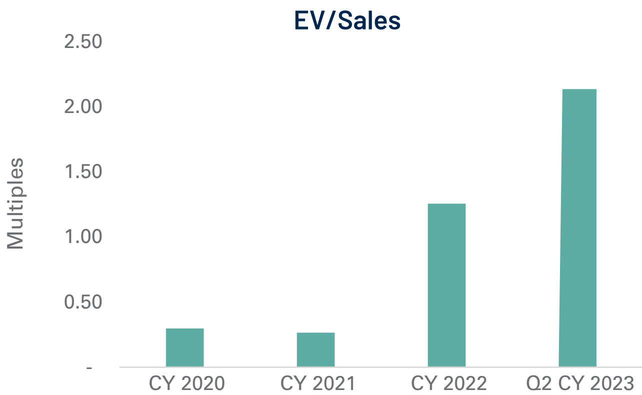
Revenue EBITDA Margin PAT Margin

Note : *Revenue, EBITDA Margin, and PAT Margin correspond to the representative companies over various calendar years and the last 12 months ending June 2023.*

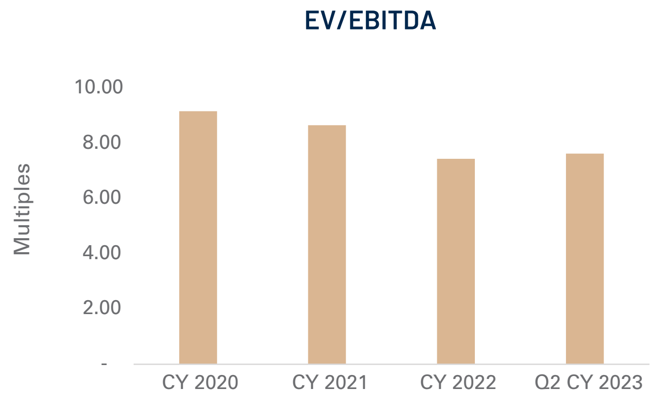
- EBDITA Margin has increased from 50.8% in CY 20 to 53.1% in CY 22 whereas PAT Margin has increased from 20.9% in CY 20 to 25.9% in CY 22.

Source: S&P Capital IQ, RBSA Research

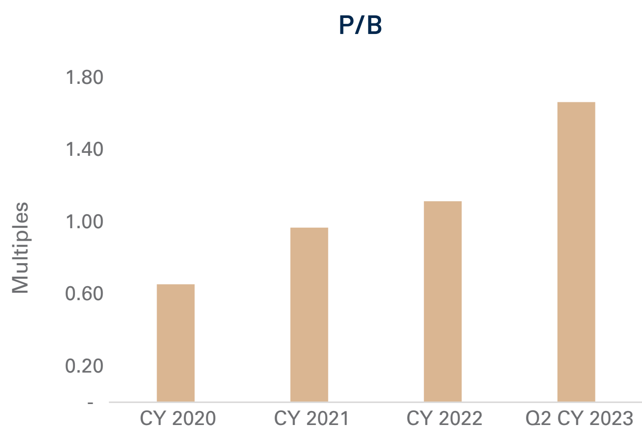
Energy



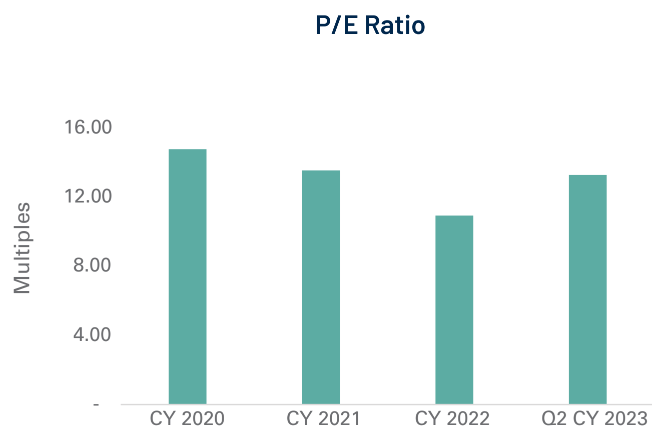
	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/Sales	0.30	0.27	1.25	2.19



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
EV/EBITDA	9.17	8.66	7.44	7.72



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/B	0.65	0.97	1.11	1.73



	CY 2020	CY 2021	CY 2022	Q2 CY 2023
P/E	14.76	13.53	10.92	13.41

Note : *For the analysis, we utilized the median multiples from representative companies over a three-year financial period ending on 31st December for each year, with additional Last Twelve Months (LTM) data up to June FY 23. The multiples were calculated using relevant financial and market data for the respective dates.*

energy

Source: S&P Capital IQ

Services

Valuation

- Business & Equity Valuation
- Valuation of Brands, Goodwill, Other Intangible Assets & Intellectual Property
- Valuation of Financial Securities, Instruments & Derivatives
- Valuation of Industrial Assets and Plant & Machinery
- Valuation of Real Estate
- Valuation of Infrastructure Assets & Specialized Assets
- Purchase Price Allocations (PPA) for Mergers & Acquisition (M&A)
- Impairment Studies for Tangible Assets
- Impairment Studies for Cash Generating Units, Intangible Assets & Goodwill
- Mines, Mineral Advisory and Valuation
- Valuation of ESOPs and Sweat Equity
- Valuation for Tax, Transfer Pricing and Company Law Matters
- Fairness Opinions
- Valuation under Insolvency & Bankruptcy Code (IBC)
- Determination of Swap Ratio under Mergers and Demergers
- Valuation of Inventory / Stocks and Debtors / Receivables
- Litigation and Dispute Valuation Services

Restructuring

- Turnaround Advisory and Business Transformation
- Outside NCLT – Restructuring Services
- Insolvency Professional services under IBC, 2016
- Interim Management Services
- Process Improvement and Financial Restructuring
- CRO (Chief Restructuring Officer) Services
- Priority and Interim Funding
- Process Advisors
- Pre-Pack and Cross Border Insolvency
- Advisor to Committee of Creditors
- Preparation of Resolution Plan and Information Memorandum
- Independent Bid Evaluation and vetting of Resolution Plans
- Operational Turnaround Advisory

Transaction Tax

Deal Tax Advisory (Strategic, IBC, PE/VC)

- Tax Due-Diligence
- Tax Structuring
- Deal Negotiation Review
- Transaction Documentation Review
- Post-Deal Integration

Corporate Restructuring

- Group Restructuring
- Financial/Capital Restructuring

Succession Planning

Holistic Implementation Support

- Merger/Amalgamation
- Demerger/Spin-off
- Capital Reduction
- Share Buyback
- Business Transfers
- Liquidation/Wind-up

Investment Banking (Category 1 Merchant Bank)

- M&A Advisory:
  - Sell Side & Buy Side
  - Domestic & Cross Border
- Partner Search, Joint Ventures & Strategic Alliances
- Government Disinvestment & Privatization
- Fund Raising - Equity, Mezzanine, Structured Finance & Debt (Corporate & Project Finance)
- Distressed Investment Banking - One-Time Settlement, Priority and Interim Funding, Rescue Financing, and Buyouts
- Capital Market Advisory

Transaction Services (Due Diligence)

- Buy side due diligence and closing due diligence
- Vendor due diligence and vendor assistance
- Setting up and managing dataroom
- Advice on sale and purchase agreements (SPA) and business transfer agreements (BTA)
- Assistance in deal negotiation

Risk Advisory

Business Risk Advisory Services

- Internal Audit Outsourcing & Co-sourcing
- Business Process Improvement Studies
- Implementing ERM Framework
- SOX / IFC Controls Advisory
- Agency for Specialized Monitoring (ASM)
- Automated Segregation of Duties Review
- Compliance Monitoring Framework
- Digital Transformation
- Third Party Risk Assessment
- IA Staff Augmentation Support Services

Information Technology Risk Advisory Services

- Cyber Vulnerability Management
- ISO Advisory & Certification Assistance
- Data Privacy & Protection
- Cyber Threat Management
- Compliance Advisory
- Business Continuity Planning

Process Risk Advisory Services

- Techno Economic Feasibility Studies & Viability Assessment
- Lender's & Investor's/Independent Engineer Services
- Chartered Engineers Opinion & Certification

Dispute & Litigation Support

- Valuation Services
- Damages & Loss of Profit Analysis
- Independent Expert testimony
- Anti-trust & Competition Advisory
- Post-Acquisition Disputes, Joint Venture & Shareholder Disputes
- Civil & Construction Disputes, Real Estate Disputes
- Intellectual Property Rights Dispute

Contact Us

Management

Rajeev R. Shah
Managing Director & CEO
+91 79 4050 6070
rajeev@rbsa.in

Manish Kaneria
Managing Director & COO
Co - Head Valuation
+91 79 4050 6090
manish@rbsa.in

Mitali Shah
Managing Director & Head
Banking & Restructuring
+91 79 4050 6050
mitali@rbsa.in

Ravishu Shah
Managing Director
Co - Head Valuation
+91 22 6130 6093
ravishu.shah@rbsa.in

Ravi Mehta
Managing Director & Head
Transaction Tax
+91 22 6130 6052
ravi.mehta@rbsa.in

Chetan Khandhadia
Managing Director & Head
Transaction Services
+91 22 6130 6095
chetan.khandhadia@rbsa.in

Ajay Malik
Managing Director & Head
Investment Banking
+91 22 6130 6015
ajay.malik@rbsa.in

Vinod Nair
Managing Director & Head
Risk Advisory Services
+91 22 6130 6010
vinod.nair@rbsa.in

Project Leader

Nitin Mukhi
+91 79 4050 6074
nitin.mukhi@rbsa.in

Research Analysts

Mahit Puri
+91 79 4050 6073
mahit.puri@rbsa.in

Bhavana Shah
+971 4518 2610
bhavana.shah@rbsa.in

Creatives

Tarun Vataliya
+91 79 4050 6033
tarun.vataliya@rbsa.in

India Offices

Mumbai
1121, Building No. 11,
2nd Floor, Solitaire
Corporate Park, Chakala,
Andheri Kurla Road,
Andheri (E), Mumbai - 400 093
Tel: +91 22 6130 6000

Delhi NCR
4th Floor, Tower 4B,
DLF Corporate Park,
Gurugram-Delhi NCR
Haryana - 122 002
M: +91 99585 62211
Tel: +91 124 694 1100

Hyderabad
6-3-248/B/1, 4th Floor,
Dhruv Arcade,
Road Number 1, Banjara Hills,
Lane opp. Kotak Bank,
Hyderabad - 500 034
M: +91 90526 60300

Ahmedabad
912, Venus Atlantis Corp. Park,
Anand Nagar Road,
Prahladnagar,
Ahmedabad - 380 015
Tel: +91 79 4050 6000

Bengaluru
104, 1st Floor, Sufiya Elite,
#18, Cunningham Road,
Near Sigma Mall,
Bangalore - 560 052
M: +91 97435 50600
Tel: +91 80 4112 8593

Gift City (IFSC)
Unit No. 16, Office No. 7,
Wing D GIFT Aspire 3, Block 12,
Road 1-D, GIFT SEZ,
Gandhinagar - 382 355
M: +91 97243 43847

Global Offices

Dubai
2001-01, Level 20, 48 Burj Gate Tower,
Downtown, Sheikh Zayed Road,
PO Box 29734, Dubai, UAE
M: +971 52 382 2367
+971 52 617 3699
Tel: +971 4518 2608
Email: dubai@rbsa.in

Singapore
6001 Beach Road,
#22-01 Golden Mile Tower,
Singapore - 199 589
Email: singapore@rbsa.in

Abu Dhabi
Unit No. 1102, Al Jamal Building,
Al Ghatfah St, Al Danah,
Abu Dhabi
M: +971 52 617 3699
Email: abudhabi@rbsa.in

Saudi Arabia
M : +91 9898625449
Email : ksa@rbsa.in