

An abstract graphic of a wavy line composed of many thin, overlapping lines in shades of blue, purple, and pink, flowing across the top half of the page.

# Industry multiples in the GCC

Q4 2024

# Foreword

Welcome to this edition of our 'Industry multiples in the GCC' newsletter.

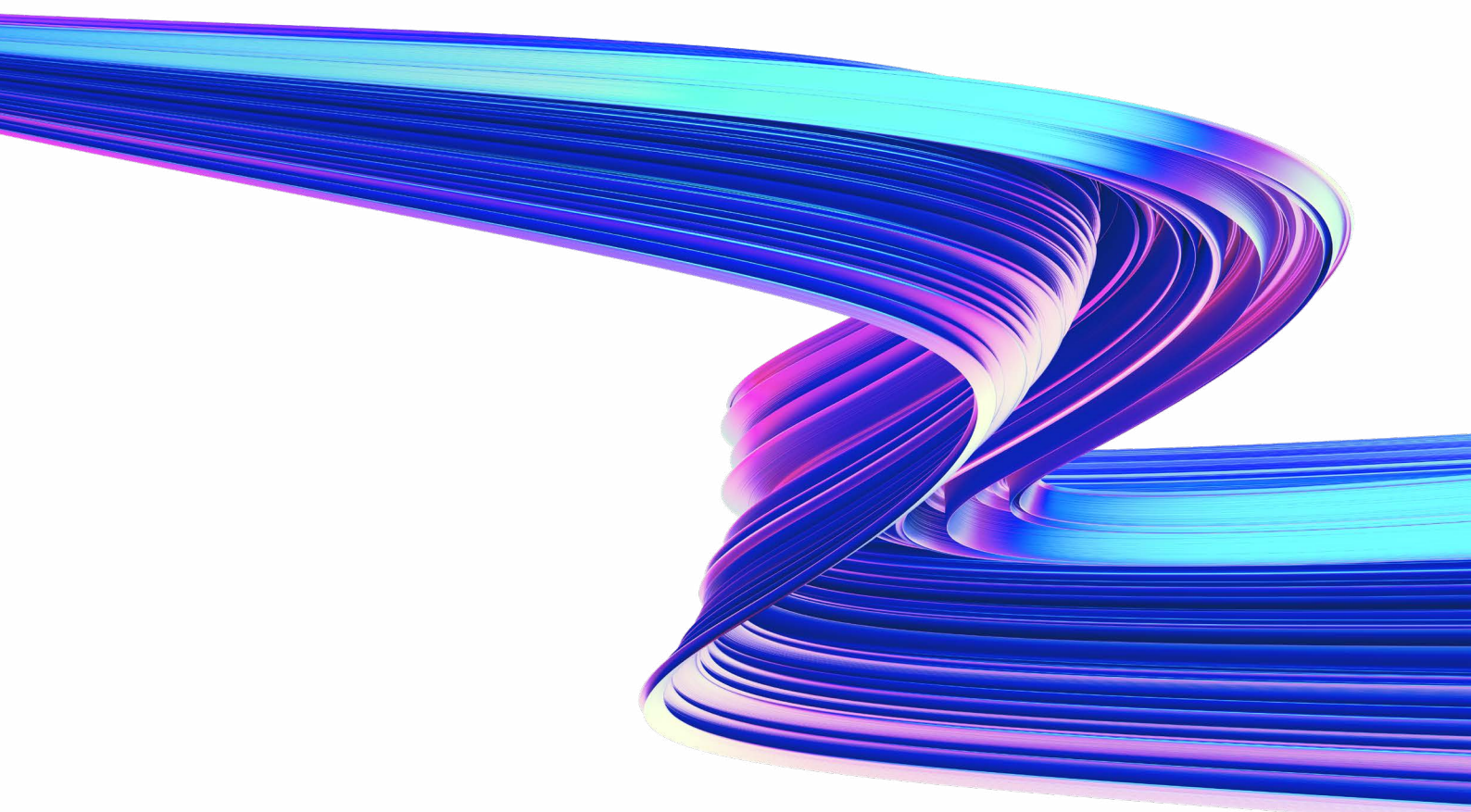
The outlook for Q4 2024 remained positive across industries, with organizations taking a cautious approach, as reflected in our results. Banks adapted to evolving market conditions through innovative funding strategies, while the education sector maintained strength due to enrollment growth and government support. The energy sector presented modest gains, supported by diversification efforts and easing production cuts. Healthcare saw steady revenue growth despite cost pressures, and the hospitality sector focused on long-term growth through high-end investments and tourism projects. Meanwhile, real estate benefited from foreign investment and favorable property policies. Transport and logistics also experienced margin improvements but remained cautious due to ongoing cost challenges.

As the GCC's capital markets mature, our findings provide valuable insight into industry performance across the region. We would be delighted to discuss any of the topics covered in this publication. Please contact me or our featured authors with any questions.



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# Industry multiples

## Q4'24 GCC

The GCC region comprises six countries, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia (KSA) and the United Arab Emirates (UAE). Below is a comparative snapshot of Q4'24 multiples with the corresponding quarter, Q4'23 for select industries.

### Snapshot Q4'24

	EV/Revenue		EV/EBITDA		P/E		P/B	
	Q4'24	Q4'23	Q4'24	Q4'23	Q4'24	Q4'23	Q4'24	Q4'23
Education	4.4x	5.1x	20.5x	18.2x	30.4x	29.2x	3.9x	3.6x
Energy	3.8x	4.1x	14.5x	18.8x	18.4x	22.7x	2.6x	2.7x
Healthcare	3.8x	4.0x	19.3x	19.7x	27.3x	31.8x	3.5x	3.5x
Hospitality	2.6x	3.0x	16.0x	16.8x	25.1x	27.0x	3.6x	3.1x
Telecommunication	2.1x	2.2x	6.6x	6.6x	14.5x	14.2x	2.0x	2.0x
Transport and Logistics	4.1x	3.4x	13.3x	12.6x	21.2x	20.3x	2.4x	2.7x
Utilities	4.5x	5.0x	11.8x	11.8x	18.1x	17.2x	2.1x	2.1x
Banks	na	na	na	na	10.6x	11.5x	1.0x	1.1x
Insurance	na	na	na	na	16.4x	17.5x	1.7x	1.9x
Real Estate	na	na	na	na	17.1x	22.4x	1.8x	1.5x

### Industry multiples

Below are the quarter-on-quarter movements of the industry multiples for the countries in the GCC region.

#### EV/EBITDA

	Q4'24	Q3'24	Q4'23	Q2'24	Q1'24
Education	20.5x	19.8x	18.2x	17.4x	17.9x
Energy	14.5x	14.8x	18.8x	15.5x	16.4x
Healthcare	19.3x	20.2x	19.7x	21.2x	20.5x
Hospitality	16.0x	15.8x	16.8x	16.7x	15.1x
Telecommunication	6.6x	6.0x	6.6x	6.2x	6.4x
Transport and Logistics	13.3x	13.7x	12.6x	14.7x	14.0x
Utilities	11.8x	11.3x	11.8x	11.4x	11.9x

#### EV/Revenue

	Q4'24	Q3'24	Q4'23	Q2'24	Q1'24
Education	4.4x	4.4x	5.1x	4.4x	5.0x
Energy	3.8x	3.7x	4.1x	4.0x	4.0x
Healthcare	3.8x	4.1x	4.0x	4.3x	4.2x
Hospitality	2.6x	2.7x	3.0x	3.1x	2.9x
Telecommunication	2.1x	1.9x	2.2x	2.0x	2.1x
Transport and Logistics	4.1x	4.0x	3.4x	4.1x	3.8x
Utilities	4.5x	4.6x	5.0x	4.7x	4.9x

#### P/E

	Q4'24	Q3'24	Q4'23	Q2'24	Q1'24
Education	30.4x	28.6x	29.2x	24.9x	29.5x
Energy	18.4x	19.0x	22.7x	19.8x	22.9x
Healthcare	27.3x	29.6x	31.8x	32.7x	30.8x
Hospitality	25.1x	23.5x	27.0x	24.3x	26.7x
Telecommunication	14.5x	13.4x	14.2x	14.2x	14.2x
Transport and Logistics	21.2x	21.2x	20.3x	22.8x	24.3x
Utilities	18.1x	18.9x	17.2x	19.3x	19.3x
Banks	10.6x	10.4x	11.5x	10.9x	11.0x
Insurance	16.4x	17.1x	17.5x	17.7x	16.3x
Real Estate	17.1x	16.0x	22.4x	17.1x	19.5x

#### P/B

	Q4'24	Q3'24	Q4'23	Q2'24	Q1'24
Education	3.9x	4.0x	3.6x	3.8x	3.7x
Energy	2.6x	2.5x	2.7x	2.7x	2.7x
Healthcare	3.5x	3.6x	3.5x	3.8x	3.8x
Hospitality	3.6x	3.5x	3.1x	3.5x	3.4x
Telecommunication	2.0x	1.8x	2.0x	2.0x	1.9x
Transport and Logistics	2.4x	2.6x	2.7x	3.1x	2.9x
Utilities	2.1x	2.3x	2.1x	2.3x	2.4x
Banks	1.0x	1.0x	1.1x	1.1x	1.1x
Insurance	1.7x	1.9x	1.9x	2.1x	1.8x
Real Estate	1.8x	1.6x	1.5x	1.7x	1.5x

#### Footnotes:

We have made some adjustments to the industry multiples from previously reported quarters to normalize any quarter-on-quarter outlier multiples identified in our analysis for the current reported quarter. Therefore, we recommend referring to the most recent publication for previous quarters as well. This publication is based on the latest available information as of the cut-off date 31 December 2024.

## Banks

Banks adapted to changing market conditions with strategic funding strategies and effective risk management. While loan impairments posed challenges, strong economic factors and steady deposit growth helped mitigate the risks. Competition for local funds prompted banks to explore new ways to stay profitable and attract investors.

## Education

The education sector remains robust, driven by enrollment growth and government investments. Valuation multiples were adjusted due to market conditions, reflecting shift in demand and price dynamics.

## Energy

The energy sector saw modest gains, influenced by fluctuating oil prices and geopolitical uncertainties. Economic diversification efforts helped sustain momentum, while gradual easing of production cuts supported a cautiously optimistic market outlook.

## Healthcare

The healthcare sector experienced steady revenue growth driven by increasing demand and expanded services. Higher operational costs affected profitability, while government initiatives and private investments reinforced market stability.

## Hospitality

The hospitality sector faced margin pressures due to softer demand and rising operational costs. Investments in high-end accommodations and government-backed tourism projects continued to support long-term growth.

## Insurance

The insurance sector experienced valuation pressures as rising reinsurance costs and competitive pricing impacted profitability. Despite these challenges, stable underwriting practices and moderate net income growth highlighted the sector's resilience.

## Real estate

Strong market activity, growing foreign investment, and new government policies on property regulations and development maintained investor confidence high in the sector.

## Transport and Logistics

Rising trade volumes and infrastructure growth supported margin improvements. However, ongoing cost pressures and geopolitical uncertainties limited valuation expansion, resulting in a cautiously positive outlook for the sector.

## Implied ratios

We have calculated the implied EBITDA margins and implied ROE using the enterprise value multiples and market capitalization multiples. Below are the quarter-on-quarter movements of the implied ratios for the countries in the GCC region.

### Implied ROE

	Q4'24	Q3'24	Q4'23	Q2'24	Q1'24
Education	12.7%	13.9%	12.5%	15.4%	12.4%
Energy	14.3%	13.2%	11.7%	13.4%	11.9%
Healthcare	12.7%	12.2%	11.1%	11.6%	12.2%
Hospitality	14.5%	14.8%	11.4%	14.3%	12.6%
Telecommunication	13.5%	13.7%	13.8%	13.7%	13.6%
Transport and Logistics	11.3%	12.1%	13.1%	13.7%	12.1%
Utilities	11.5%	12.1%	12.4%	11.7%	12.2%
Banks	9.8%	10.1%	9.5%	10.1%	9.7%
Insurance	10.7%	11.1%	10.7%	12.1%	11.2%
Real Estate	10.7%	10.0%	6.9%	9.9%	7.6%

### Implied EBITDA margins

	Q4'24	Q3'24	Q4'23	Q2'24	Q1'24
Education	21.3%	22.3%	28.2%	25.0%	27.9%
Energy	26.0%	25.2%	21.7%	25.9%	24.6%
Healthcare	19.9%	20.3%	20.3%	20.3%	20.7%
Hospitality	16.1%	16.9%	18.0%	18.8%	19.0%
Telecommunication	31.8%	32.2%	33.8%	32.0%	33.7%
Transport and Logistics	30.6%	29.0%	26.8%	27.7%	26.9%
Utilities	38.2%	40.7%	42.4%	40.7%	41.2%

Implied ROE = P/B multiple divided by P/E multiple; Implied EBITDA margin = EV/Revenue multiple divided by EV/EBITDA multiple

#### Footnotes:

The screening criteria for the computation of multiples considers large listed companies (by market capitalization). The criteria filter out companies with a free float of less than 20% (except for the top five players in each industry), companies with a negative enterprise value, and any outliers or non-meaningful multiples. For our analysis, we have used the mean of the sample sets, excluding any outliers from the dataset. The analysis is based on information sourced from Capital IQ and our own research.

NA = not applicable; Q = Quarter; EV/Revenue = Enterprise value as of quarter ending/revenue for last twelve months; EV/EBITDA = Enterprise value as of quarter ending/EBITDA for last twelve months; EBITDA = earnings before interest, taxes, depreciation and amortization; Return on equity (ROE) = net income/average total equity; P/E = share price/earnings per share; P/BV = share price/book value per share.

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We are committed to quality and service excellence in all that we do, helping to bring our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

Our Values guide our behavior day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, and all of our stakeholders. They are: Integrity: We do what is right; Excellence: We never stop learning and improving; Courage: We think and act boldly; Together: We respect each other and draw strength from our differences; For Better: We do what matters.

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