



# Valuation Newsletter

Quarterly update

First edition

Trading multiples pulse

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February 2021

# Foreword

We are delighted to launch the first edition of KPMG's quarterly Valuation newsletter covering Gulf Cooperation Council (GCC) trading multiples of leading listed companies, comparing these with the previous year. This report provides industry participants with succinct trends, comparing key sector multiples and indicators across the GCC.

The global and GCC markets have exhibited resilience and ended strong in 2020 after witnessing a steep decline during the peak of the pandemic in March 2020. As businesses adapt to the 'new normal' and with the COVID – 19 vaccine being rolled out, the economies and markets are expected to reverberate in the coming year.

In this Newsletter, we provide a selection of key financial market data,

- Comparison of global indices
- Comparison of stock market performances for the 12 months ended 31 December 2020 in the GCC region
- Trends in GCC sector multiples from Mar 2020 to Dec 2020

We have looked at five sectors - **Banks, Telecom, Real estate & hospitality and Healthcare** in the first edition of the Newsletter. This newsletter provides fixed- point observation data for the market multiples of major GCC markets.



**Venkat Krishnaswamy**  
Partner,  
Head of Advisory



**Himanshu Bhatla**  
Associate Director,  
Advisory, Valuations



**Karthik Jagadeesan**  
Manager  
Advisory, Valuations

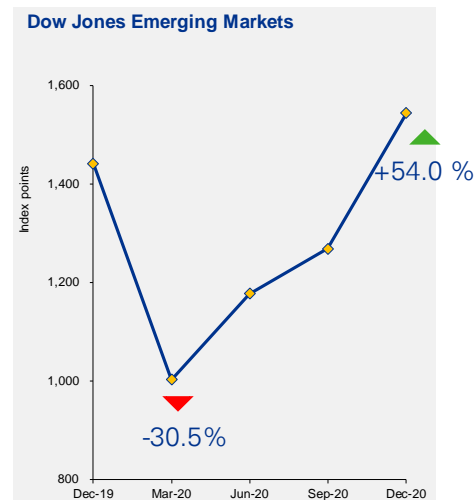
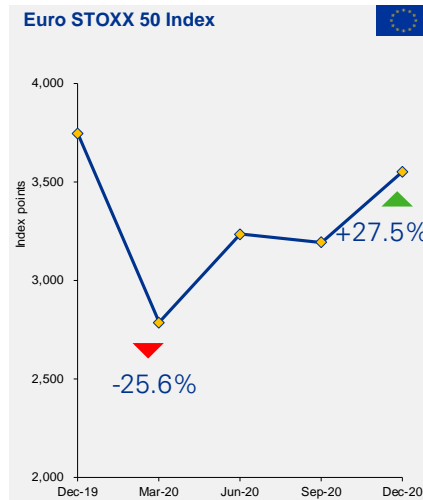
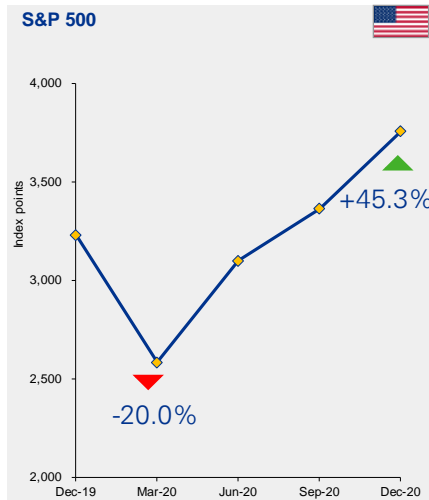
Disclaimer: As the markets have been volatile some sector multiples would reflect extremities and hence readers are advised to use their discretion, judgment while considering these multiples for their analysis and decision-making purposes.



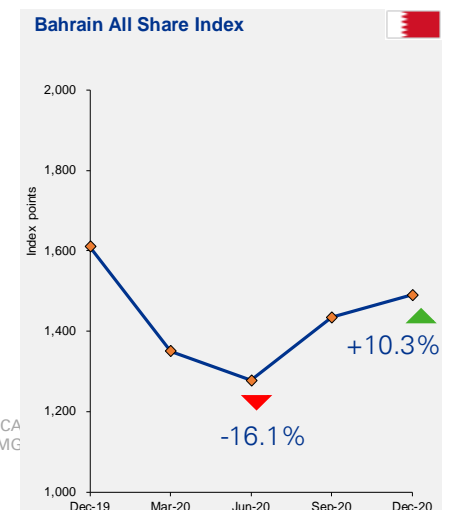
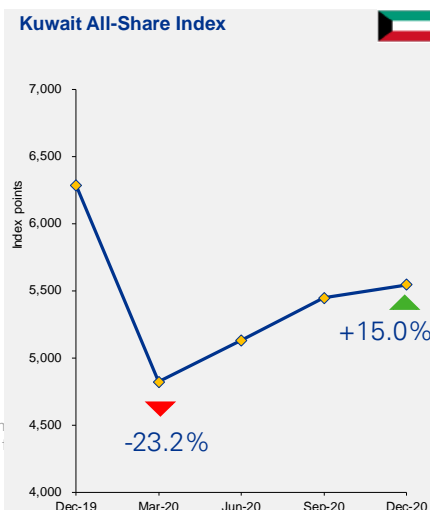
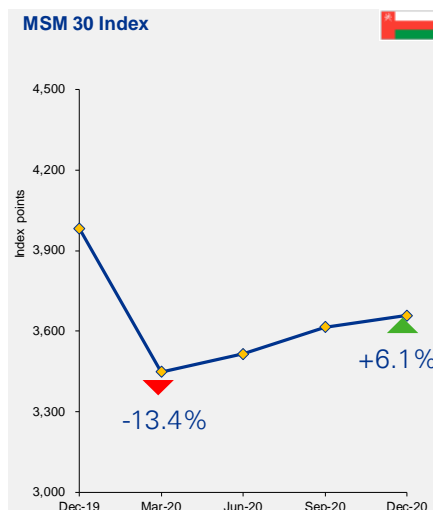
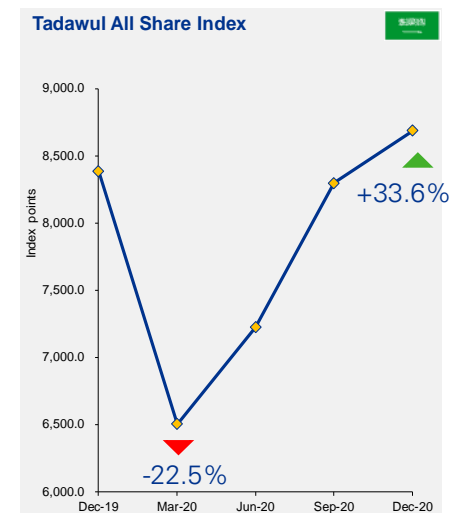
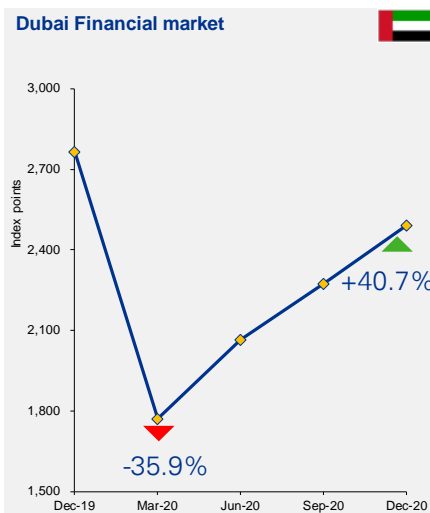
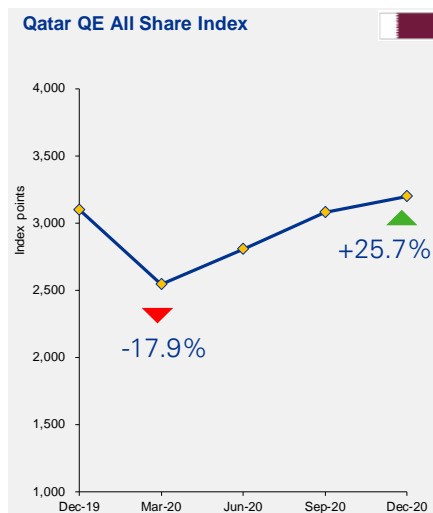
# Financial market indicators

Major indices worldwide have witnessed a 'V' shaped recovery after plummeting during the peak of COVID – 19 pandemic. Such recovery has been influenced by stimulus packages, conducive interest rates and roll out of vaccines.

## Global market indicators



## GCC market indicators

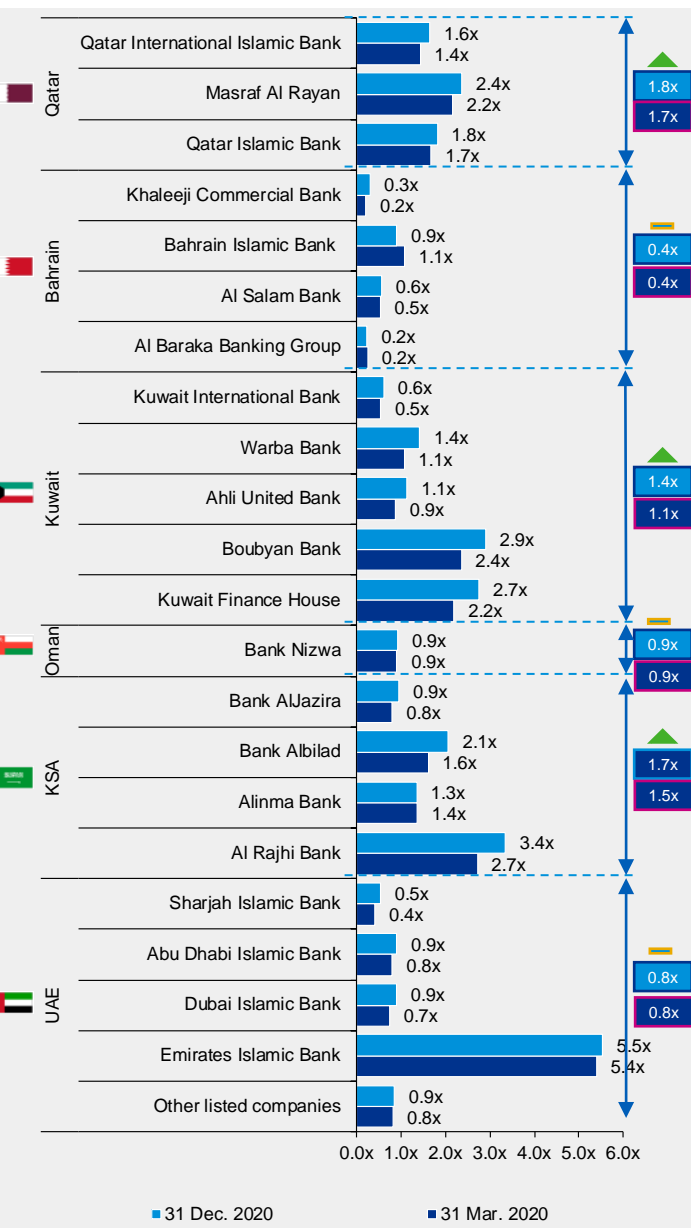
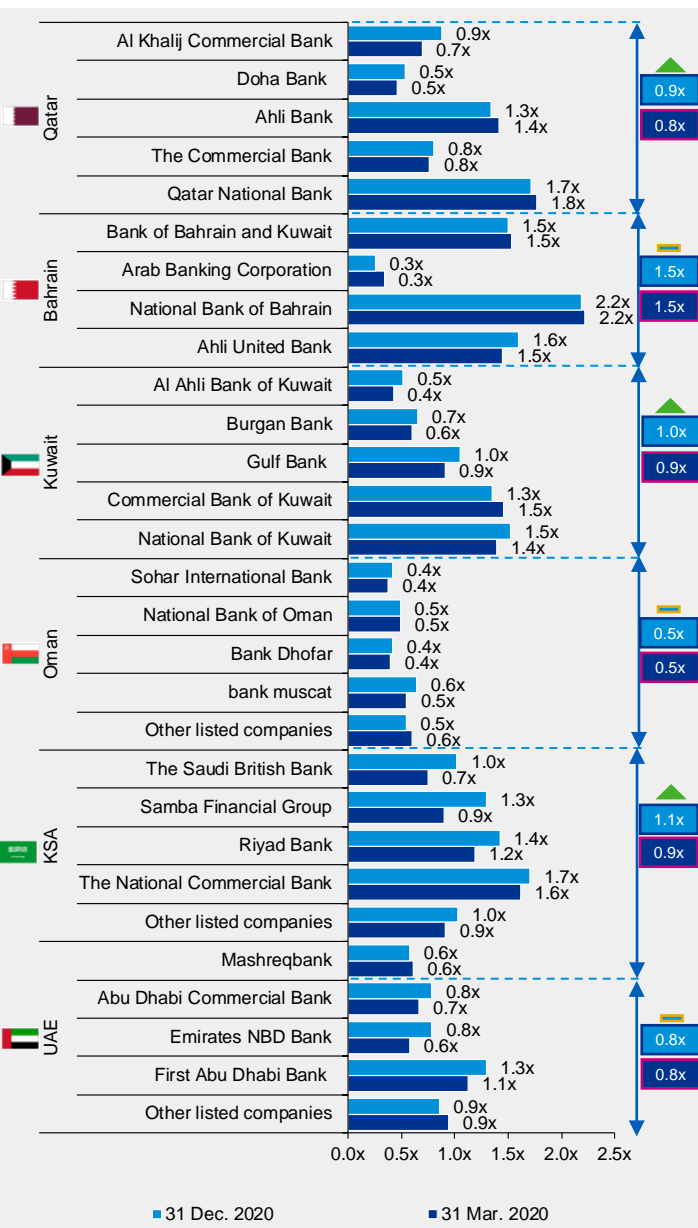


# GCC Conventional Banks

# GCC Islamic Banks

**Median Price-to-book multiple increased ▲ from 0.8x to 0.9x from Mar 20 to Dec 20**

**Median Price-to-book multiple decreased ▼ from 1.1x to 1.0x from Mar 20 to Dec 20**



Price refers to market capitalization plus preferred equity as on 31 December 2020 and 31 March 2020. Book value refers to equity to parent company. Certain companies would have been excluded from the above chart as these would have reflected outlier multiples as of the date of preparation of the newsletter.

■ Median P/BV multiple as of 31 December 2020

■ Median P/BV multiple as of 31 March 2020

▲ Increase in multiple, ▼ Decrease in multiple, ▬ No change in multiple

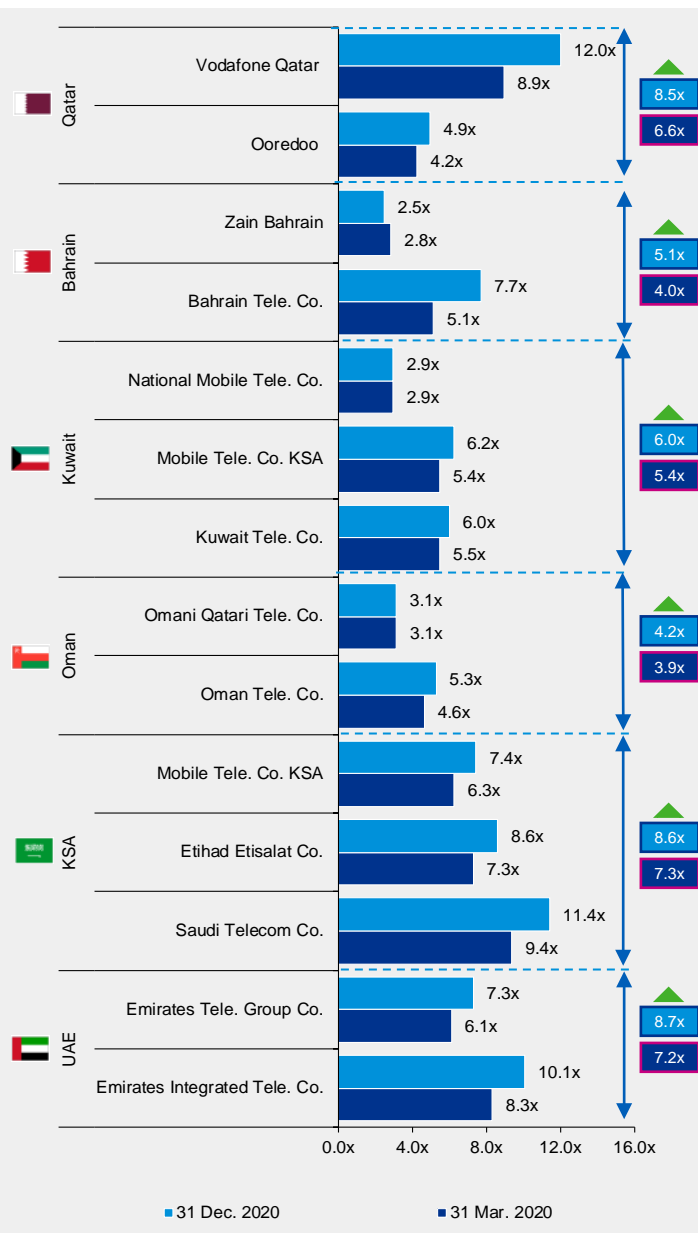
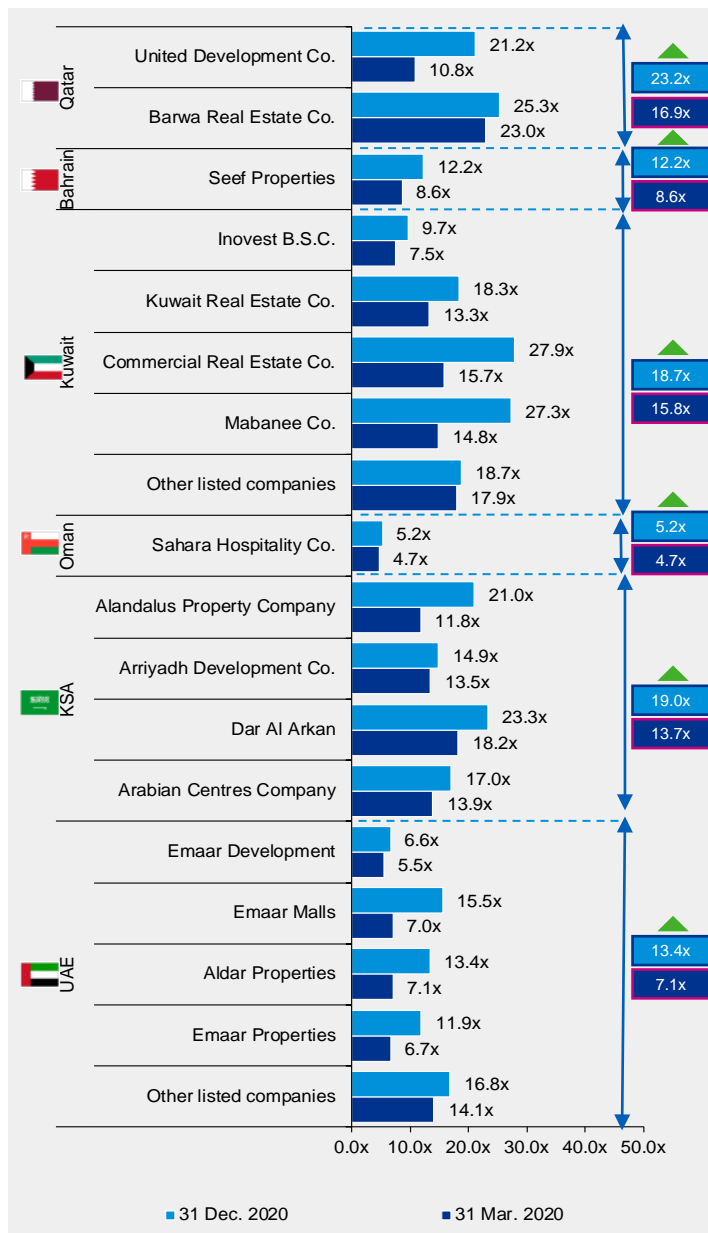


# GCC Real estate

**Median EV/EBITDA multiple increased ▲ from 13.7x to 17.5x from Mar 20 to Dec 20**

# GCC Telecom

**Median EV/EBITDA multiple increased ▲ from 5.5x to 6.7x from Mar 20 to Dec 20**



\*"Tele." refers to telecommunication. \* EV refers to enterprise value and EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortization. Certain companies would have been excluded from the above chart as these would have reflected outlier multiples as of the date of preparation of the newsletter.

\*Real estate includes Real estate management and development companies. Telecom includes Diversified telecommunication services and Wireless telecommunication services

■ Median EV/EBITDA multiple as of 31 December 2020

■ Median EV/EBITDA multiple as of 31 March 2020

▲ Increase in multiple, ▼ Decrease in multiple, ▬ No change in multiple



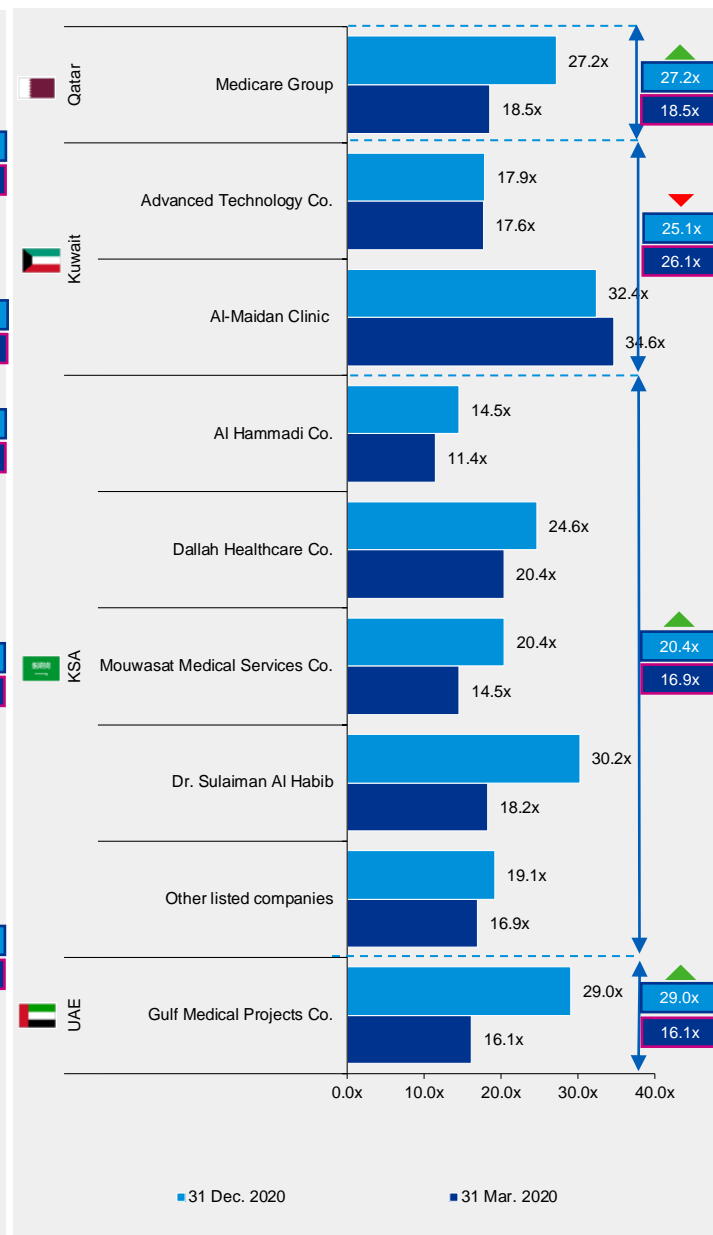
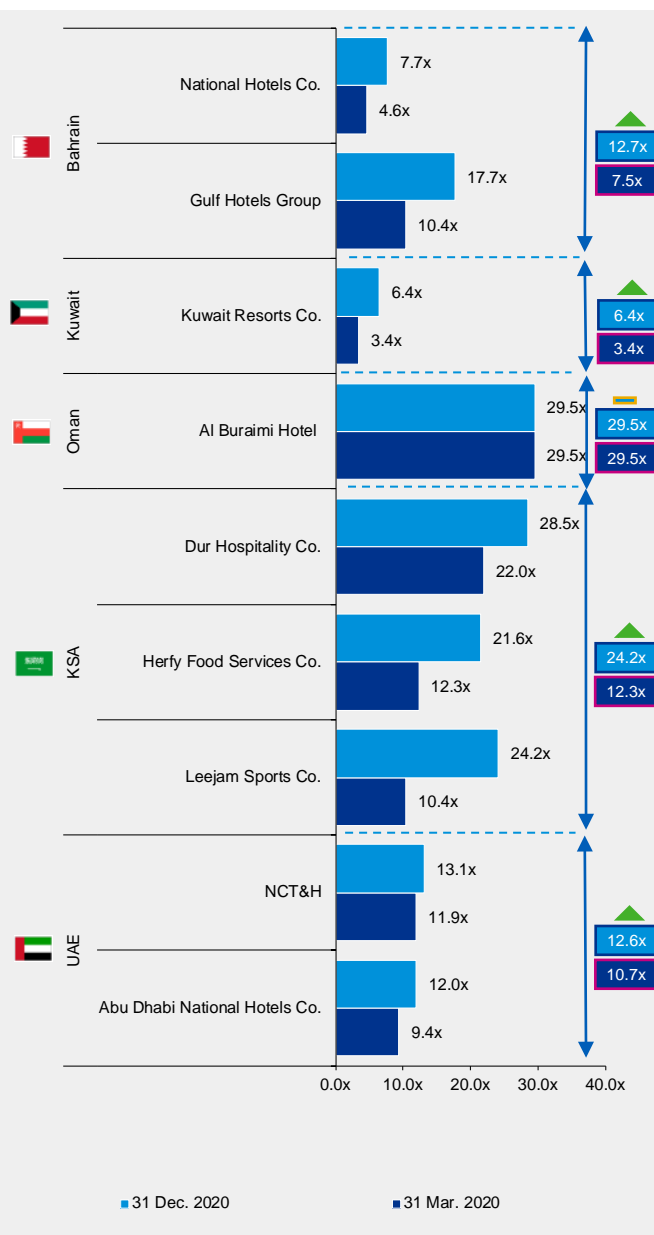
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# GCC Hospitality

Median EV/EBITDA multiple increased ▲  
from 10.4x to 17.7x from Mar 20 to Dec 20

# GCC Health care

Median EV/EBITDA multiple increased ▲  
from 17.6x to 24.6x from Mar 20 to Dec 20



\* EV refers to enterprise value and EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortization. Certain companies would have been excluded from the above chart as these would have reflected outlier multiples as of the date of preparation of the newsletter. \*Under **hotels, Restaurants and Leisure**, no listed company in Qatar. \*Under **health care providers and services**, no listed company in Oman and Bahrain.

\*Hospitality includes Hotels, restaurants and leisure. \*Health care includes Health care providers and services

■ Median EV/EBITDA multiple as of 31 December 2020

■ Median EV/EBITDA multiple as of 31 March 2020

▲ Increase in multiple, ▼ Decrease in multiple, ▬ No change in multiple



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# Contact us

We hope that you find the newsletter of interest and value. In case you wish to seek any further information or desire to evaluate the value of your business, please do not hesitate to contact the authors mentioned below.



**Venkat Krishnaswamy**

Partner, FCA  
Head of Advisory

T: + 974 5554 1024  
E: kvenkatesh@kpmg.com



**Himanshu Bhatla**

Associate Director, CFA, CPA  
Advisory

T: +974 7026 1326  
E: hbhatla@kpmg.com



**Karthik Jagadeesan**

Manager, ACA, CPA  
Advisory

T: +974 3366 6391  
E: kjagadeesan@kpmg.com

Sources used: Capital IQ

**home.kpmg/qa**



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