

Ratio Specialty Trading Co.

Issuer Information		Shareholders	Pre-IPO	Post-IPO
Market	Nomu	Derayah Specialized Invest. Co.	29.5%	9.5%
Book-building Dates	Feb'16-Feb'20	Abdul Latif Ibrahim Al-Mulhim	20.4%	19.0%
Number of Shares Offered (mn)	5.0	Ahmed Abdullah Al-Thani	16.9%	15.7%
% of Share Capital (Post-IPO)	25%	Ahmed Abdullah Al-Mulhim	16.9%	15.7%
Total Share Capital (SR mn)	20.0	Omar Abdulaziz Al-Mulhim	5.3%	4.9%
No. of Shares- Pre-IPO (mn)	20.0	Saleh Ahmed Al-Mulhim	5.3%	4.9%
No. of Shares- Post-IPO (mn)	20.0	Ahmed Mohammed Al-Mulhim	3.5%	3.3%
		Mohammed Abdullah Al-Mulhim	2.1%	2.0%
		Public (Qualified Investors)	0%	25.0%
		Total	100%	100%

Financials

Amounts in SR mn	1H24	1H23	YoY (%)	2023	2022	YoY (%)
Revenue	22.0	20.6	6.6	43.4	35.9	20.8
Cost of sales	13.0	13.2	(1.5)	26.2	22.6	16.4
Gross profit	9.1	7.5	21.1	17.1	13.3	28.3
Operating profit	6.5	5.4	21.6	12.0	9.1	32.5
Net Income	6.2	5.2	18.8	12.0	9.5	26.7
EPS	0.31	0.26		0.60	0.48	
Total Assets	39.4	-		36.8	25.8	42.9
Total Shareholder's Equity	35.2	-		33.0	17.7	86.9
BVPS	1.8	-		1.7	0.9	
Ratios*						
Gross margin (%)	41.2	36.3	4.9	39.5	37.2	2.3
Operating margin (%)	29.8	26.1	3.7	27.8	25.3	2.4
Net Margin (%)	28.1	25.3	2.9	27.8	26.5	1.3
RoAE (%)	38.2	-		47.6	-	
RoAA (%)	34.2	-		38.5	-	

*1H23 balance sheet financials are not available.

Peer Company Valuations

Company	Market Cap (SRmn)	PER (x)	PBV (x)	RoAE (%)
Arabica Star	102	16.0	4.7	30.4
Ghida Al Sultan	170	19.9	2.5	13.5
Food Gate	126	15.4	2.6	17.4
Median		16.0	2.6	17.4

*Valuations are based on a TTM basis and closing prices of Feb 10, 2025.
Source: Company Prospectus, Tadawul, Bloomberg, and anbc research

Ratio Specialty Trading Company (Ratio), founded in 2018, operates in the food and beverages sector, focusing on specialized restaurants and cafes. The company operates 88 branches in Saudi Arabia, managing 12 directly and 76 through franchisees. Additionally, it offers supply chain support and provides equipment supply and maintenance for restaurants and cafes. The book building process for Ratio's IPO will start on February 16th and end on February 20th. The offering size is 5 mn shares at a price of 10 SR per share, representing 25% of the share capital. The total proceeds of 50 mn SR will go to the existing shareholders after deducting the costs associated with the IPO.

- Within the food and beverages sector, Ratio has successfully established a strong market presence under its brand, expanding to 88 branches in Saudi Arabia and generating revenue through direct sales, seasonal events, and an online store. In 2022, the company introduced the "Mornin" brand of restaurants.
- Of the 88 branches within Saudi Arabia, 12 (13.6%) are company-owned, while 76 (86.4%) operate under a franchise model. The Eastern Province has the largest footprint with 27 branches, followed by the Western Province with 23 branches. From 2020 to 2023, Ratio's branch count has depicted an impressive growth of 8.5x. While the company operates exclusively within Saudi Arabia, the company has registered its brand in 6 regional countries such as Egypt, Qatar, Bahrain, UAE, Kuwait, and Jordan.
- As of 1H24, product sales accounted for 64% of total revenue, franchise income contributed 23%, and retail outlets generated 13%. By business activity, 64% of revenue comes from supply chains, 23% from franchising, 12% from restaurants and cafes, and 1% from equipment maintenance and supply. Geographically, the Eastern Region contributes 38% of revenue, followed by the Southern Region at 27%, the Western Region at 20%, the Central Region at 10%, and the remaining from the Northern Region.
- During 2023, the company had a total revenue of SR 43.4 mn, while profitability amounted to SR 12.0 mn. For 1H24, topline rose by 7% to stand at SR 22.0 mn, with profitability increasing by 19% to SR 6.2 mn.
- Arabica Star, listed on NOMU, is a direct competitor of Ratio amongst its peer group. While Ghida Al Sultan and Food Gate are not direct competitors, they are included for relative comparison as they operate within the restaurant sector. Arabica Star, was listed on December 5, 2024, at an IPO valuation of PER and PBV (on TTM basis) of 13.8x and 5.0x, respectively. Arabica Star's current share price is up 15.6% from its IPO price and trades at a PER of 16.3x based on TTM basis.
- In the case of Ratio, the offering price of SR 10 values the company at TTM PER of 15.4x and PBV of 5.7.

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