Sport Clubs Co.

7 May 2026

INITIATION OF COVERAGE

We initiate coverage on Sport Clubs Co. with a 'Neutral' rating and a target price of SAR 8.1/share. The company is benefiting from its rebranding and refurbishment program, alongside a shift toward higher-margin club formats, which is translating into stronger club-level economics and member retention of 60%. With operations across 19 cities and exposure to the mid-tier primary gym segment, which represents ~42% of the market and is expected to grow at a ~12% 2025-2030f CAGR, Sport Clubs is well positioned to deliver double-digit revenue and net income CAGR of ~12% and ~24%, respectively over 2025–2030f. The stock trades at a 2026e P/E of 16.1x, below its four-year historical average P/E of ~31x.

Rebranding Strategy paying off. Sport Clubs' rebranding and refurbishment strategy is delivering tangible operational and financial benefits. Modernized, technology enabled clubs under the new identity are materially outperforming legacy formats, with significantly higher active members, stronger revenue per club, and structurally improved margins. In 2025, new identity Body Master clubs generated EBITDA margins of 64% versus 43% for classic clubs, while new identity Body Motion clubs showed 4 percentage points improvement. Improved personal training penetration and a healthy 60% retention rate as of 2025 further reinforce the durability of these improvements, positioning refurbishment as a key driver of sustainable earnings growth and returns.

Portfolio expansion toward higher-margin club formats. Sport Clubs is actively repositioning its portfolio toward higher-margin, demand-aligned formats while exiting low-return clubs, marking a clear shift toward return-driven growth. We expect the total network to expand to ~96 clubs by 2030f, up from 59 in 2025, with growth concentrated in Premium and Motion formats and exit from the Body Master Express model. Body Master Premium clubs generated the highest gross margins at 36% in 2025, followed by Body Master Motion clubs at 34%, underpinning management's strategy to prioritize formats with stronger returns. This portfolio upgrade supports a structurally stronger earnings profile, with revenues forecast to grow at a ~12% CAGR over 2025–2030f, driven by rising active members, increasing penetration in female-focused formats, and an improving revenue mix.

Earnings to rise at a 2025-2030f CAGR of 24%. Sport Clubs' nationwide footprint across 19 cities and focus on the mid-tier primary gym segment, which represents ~42% of the market and is expected to grow at a ~12% 2024-2030f CAGR, provide a strong demand backdrop for sustained growth. This positioning supports double-digit revenue CAGR over 2025-2030f. While new club rollouts may temper near term margin expansion, gross margins are forecast to improve slightly to ~34% by 2030f from 30% in 2025. Combined with operating leverage, net income is expected to grow at a ~24% 2025-2030f CAGR and net margins expansion to ~18% in 2030f from 11% in 2025.

Valuation: We issue a 'Neutral' stance on Sport Clubs, based on target price of SAR 8.1/share, implying a total return of 12.7%. Our valuation is based on the FCFF approach, using a terminal growth rate of 2.5% and a WACC of 8.7%. The stock trades at a 2026e P/E of 16.1x, below its 4-year historical average of 31.1x.

Risk: The key risks to our thesis are slower-than-expected expansion of clubs, delay in rollout of gyms, lower member retention, increased competition, intense pricing pressures, regulatory changes, and interest rate fluctuations.

RATING SUMMARY	Neutral
Target Price (SAR)	8.1
Upside/Downside	12.7%
Div. Yield	0.0%
Total Exp. Return	12.7%

Source: Company financials, anbc research

ISSUER INFORMATION	
Bloomberg Code	SPORTCLU AB
Last Price (SAR)	7.17
No of Shares (mn)	114
Market Cap bn (SAR/USD)	0.8/0.2
52-week High / Low (SAR)	13.5/6.3
12-month ADTV (mn) (SAR/USD)	66.1/17.6
Free Float (%)	81.30%
Foreign Holdings (%)	2.50%

Last price as of May 6th, 2026

VALUATIONS

	2025a	2026e	2027f	2028f
EPS (SAR)	0.4	0.5	0.6	0.7
PER (x)	22.2	16.1	14.2	11.2
PBV (x)	3.4	2.8	2.3	1.9
RoAE (%)	18.9	19.1	17.9	18.9
RoAA (%)	4.7	5.4	5.3	6.1

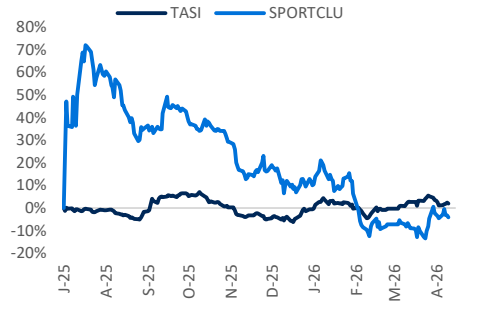
Source: Company financials, anbc research

FINANCIALS (SAR mn)

	2025a	2026e	2027f	2028f
Revenue	376	417	465	522
Gross Profit	112	130	146	168
EBITDA	153	174	203	238
Net Income	41	57	64	82

Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

Raed N. Alshalhoub
Analyst - Sell-Side Research
Raed.Alshalhoub@anbcapital.com.sa
+966 11 4062500 Ext. 2677

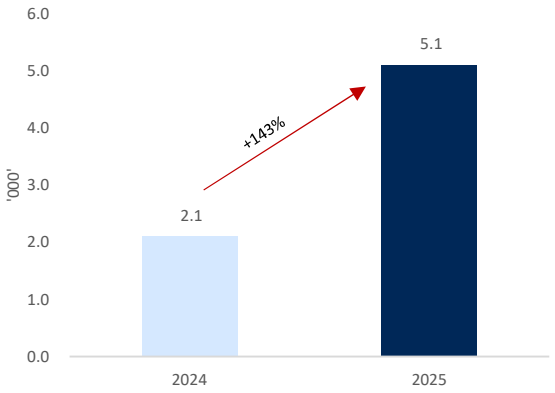
Investment Thesis

Rebranding strategy paying off

Sport Clubs Company's rebranding and refurbishment strategy has emerged as a key operational catalyst, delivering tangible improvements in member growth, monetization, and profitability. The transformation began in 2019, with the company introducing a new club identity anchored around modernized layouts, increased technology integration, and a stronger digital ecosystem with a focus on tailored programs and improving loyalty.

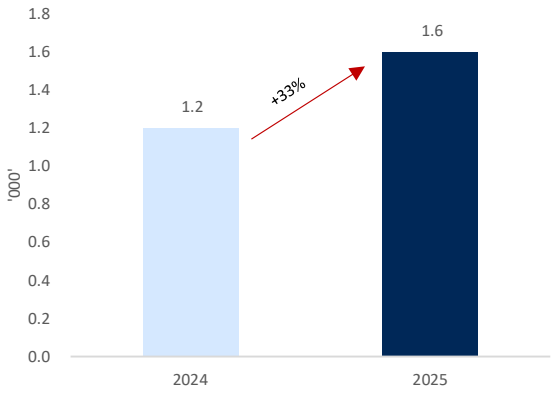
The impact of refurbishment is evident at the club level. Selected upgraded clubs recorded strong growth in active members, with one refurbished club reporting a 143% YoY increase in members and another delivering a 33% YoY increase in 2025.

Chart 83: Actual active members for Club 1



Source: Earnings call, anbc research

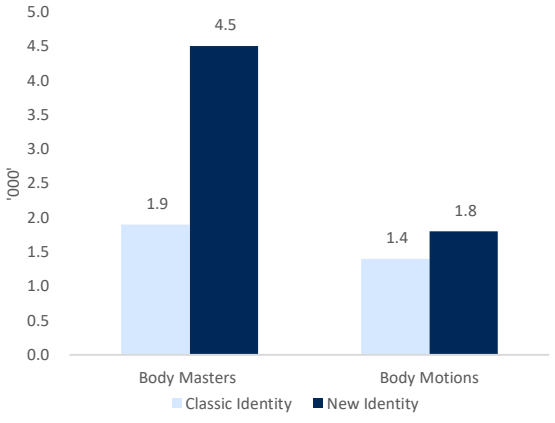
Chart 84: Actual active members for Club 2



Source: Earnings call, anbc research

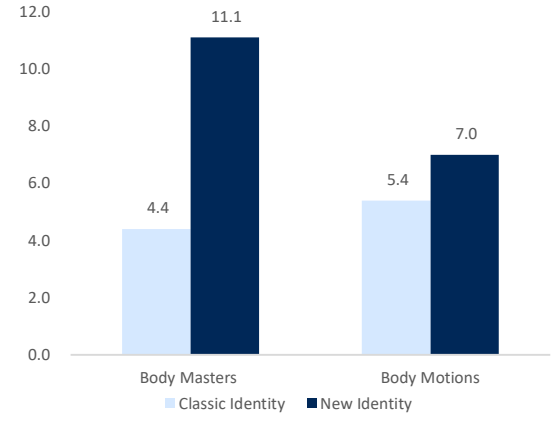
At the portfolio level, Body Master clubs operating under the new identity reported 140% higher active members compared to classic identity clubs as of Dec-25, while Body Motion new-identity clubs recorded a 25% increase versus their legacy counterparts. These gains have translated directly into stronger financial performance. On an annual basis, revenue per club for new-identity Body Master clubs was 154% higher than classic clubs, while Body Motion new-identity clubs generated a 28% revenue uplift in 2025.

Chart 85: Actual active members per club 2025



Source: Earnings call, anbc research

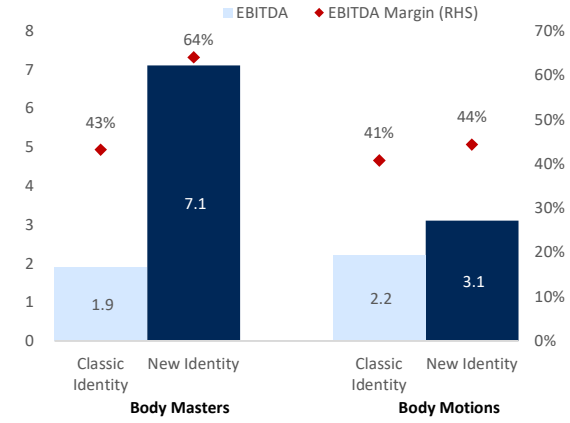
Chart 86: Revenue per club 2025 (SAR mn)



Source: Earnings call, anbc research

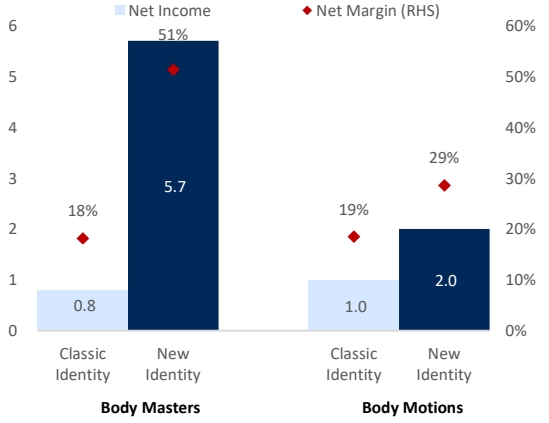
Margin expansion has been equally strong, with EBITDA margins for new-identity Body Master clubs reaching 64% versus 43% for classic clubs. Body Motion clubs also saw EBITDA margins expand to 44% from 41%, while net income margins improved materially across both formats.

Chart 87: EBITDA per club 2025 (SAR mn)



Source: Earnings call, anbc research

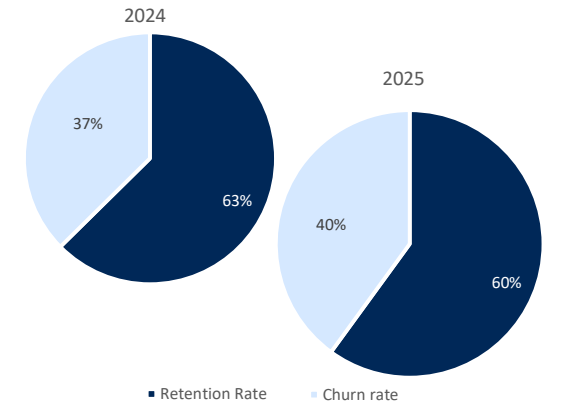
Chart 88: Net income per club 2025 (SAR mn)



Source: Earnings call, anbc research

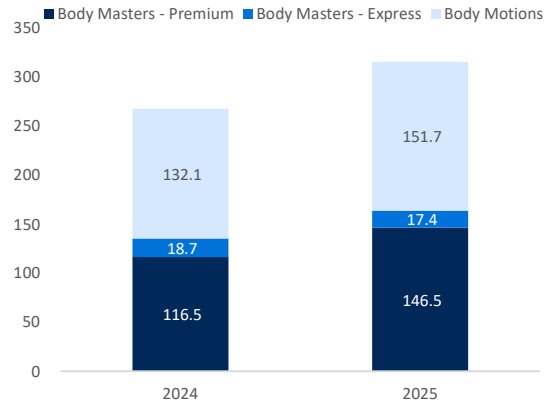
Beyond headline metrics, the refurbishment strategy has strengthened recurring revenue and retention dynamics. Total personal training sessions increased by 18.0% YoY in 2025 to 315,500 sessions, with Body Masters Premium clubs recording the strongest growth at 32% YoY in 4Q25. Overall retention slightly declined to 60% in 2025 vs. 63% in 2024.

Chart 89: Retention ratio decreased 2.6% YoY



Source: Earnings call, anbc research

Chart 90: Personal training sessions ('000')



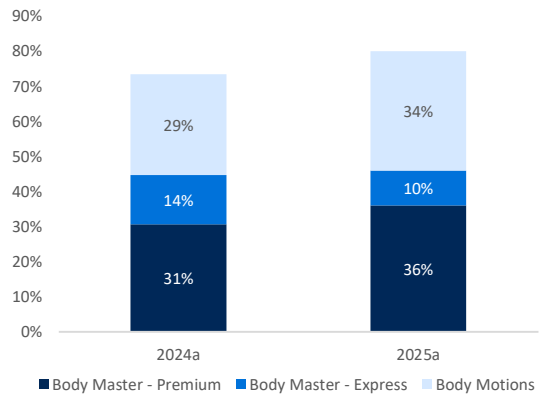
Source: Earnings call, anbc research

Portfolio expansion toward higher-margin club formats

Sport Clubs is reshaping its network by rationalizing lower-return formats and reallocating capital toward higher-yield, demand-aligned clubs. As of Dec-25, the company operates a total of 59 clubs. Body Master Premium clubs are the highest yielding format, generating 36% gross margins, followed by Body Motion clubs at 34% gross margins, while Body Master Express clubs have structurally lower gross margin, at 10%. In response, management plans to fully exit the Body Master Express format, while selectively closing legacy sites and accelerating openings under upgraded Premium and Motion concepts.

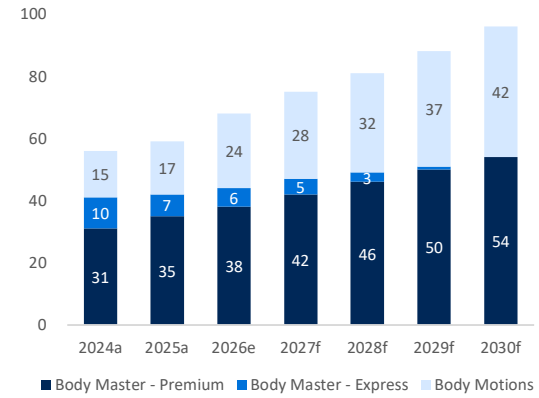
Under the current strategy, Body Master Premium clubs are expected to increase from 35 in 2025 to ~54, while Body Master Motion clubs are projected to grow from 17 to ~42 by 2030f. Following the planned closures, we expect the total network at approximately ~96 clubs by 2030f. We expect the Body Master Express format to be fully exited by 2030f.

Chart 91: Gross margins by clubs



Source: Earnings call, anbc research

Chart 92: Total number of clubs

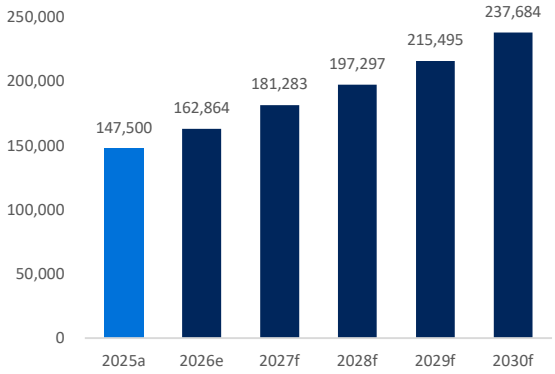


Source: Prospectus, anbc research

Execution risk for the company has declined following the IPO, which removed balance-sheet constraints that previously limited expansion. In addition, recent changes to municipal parking requirements are expected to support an accelerated rollout. The company currently has 16 new clubs in progress, providing near-term visibility, with 10 locations under construction and 6 in design and permitting stages.

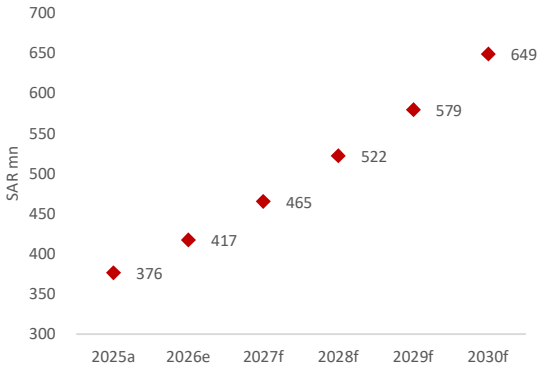
This strategy is expected to drive growth in both revenues and active members. We forecast revenues to grow at a ~12% CAGR over 2025–2030f, supported by an increase in average active members from ~147k to ~238k.

Chart 93: Average Gym members growth



Source: Earnings Call, anbc research

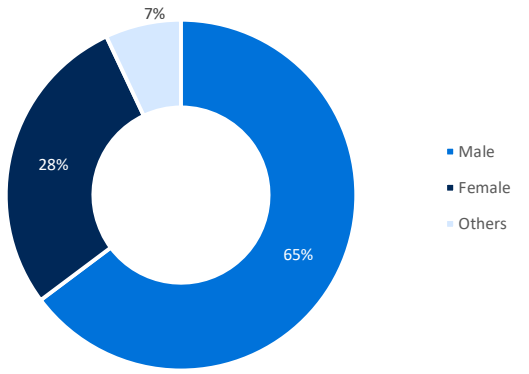
Chart 94: Revenue at 2025-2030f CAGR of 12%



Source: Company financials, anbc research

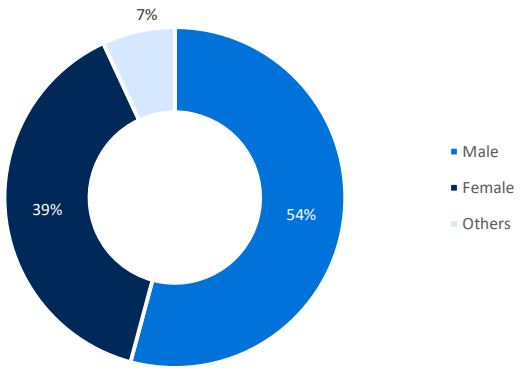
Revenue growth is expected to be increasingly driven by the Motion format, benefiting from rising female participation, with the female segment's revenue contribution projected to increase from ~28% in 2025 to ~39% by 2030f, delivering a sustained uplift to revenue mix.

Chart 95: Revenue contribution 2025



Source: Company financials, anbc research

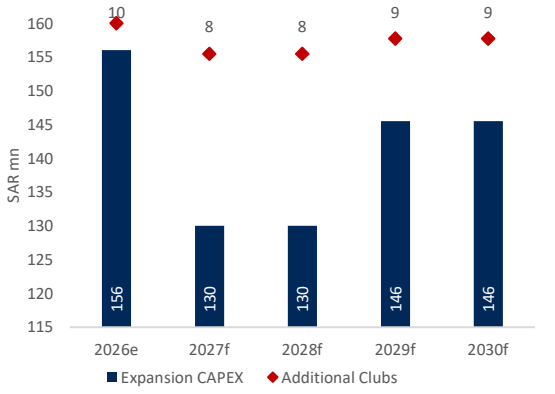
Chart 96: Revenue contribution 2030f



Source: Company financials, anbc research

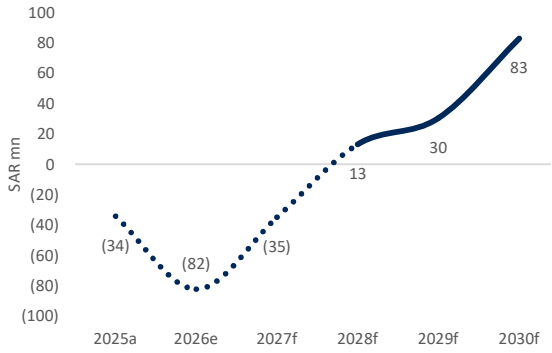
With the ongoing network expansion of 35 clubs, we expect Sport Clubs to incur total expansion capex of ~SAR 707 mn over 2026e-2030f. Consequently, FCFF is expected to remain constrained in the near term, due to elevated investment activity.

Chart 97: Expansion CAPEX vs. additional clubs



Source: Company financials, anbc research

Chart 98: FCFF to stay constrained in near-term

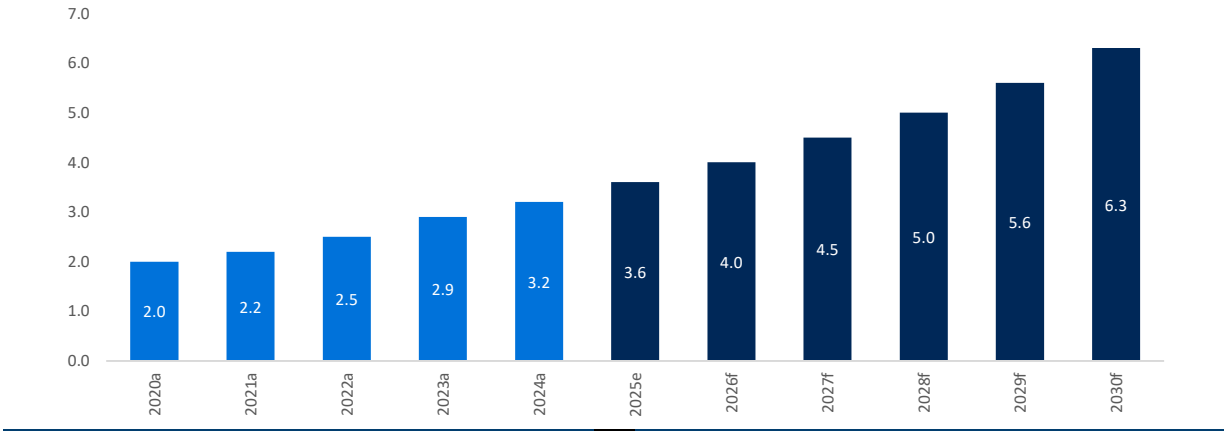


Source: Company financials, anbc research

Earnings to rise at a 2025-2030f CAGR of 24%

Sport Clubs benefits from a broad geographic footprint, with operations spanning 19 cities across Saudi Arabia, providing access to a large and diversified member base. In addition, the company operates predominantly within the mid-tier segment of the primary gym market, which represents ~42% of the total primary gym market and is expected to grow at a ~12% 2024-2030f CAGR. This positioning provides Sport Clubs with a sizable and expanding addressable market, supporting sustained membership growth alongside its ongoing club rollout and refurbishment initiatives. We expect these structural demand tailwinds to drive revenue growth at a ~12% CAGR over 2025–2030f, with revenues reaching ~SAR 649 mn by the end of the forecast period.

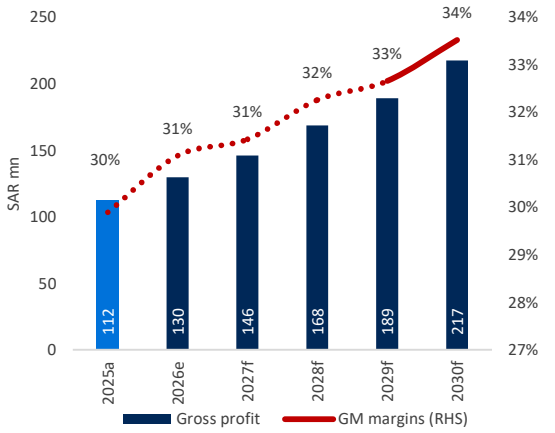
Chart 99: Mid-Tier market to grow at a 2024-2030f CAGR of 12% (SAR bn)



Source: Sport Clubs prospectus, anbc research

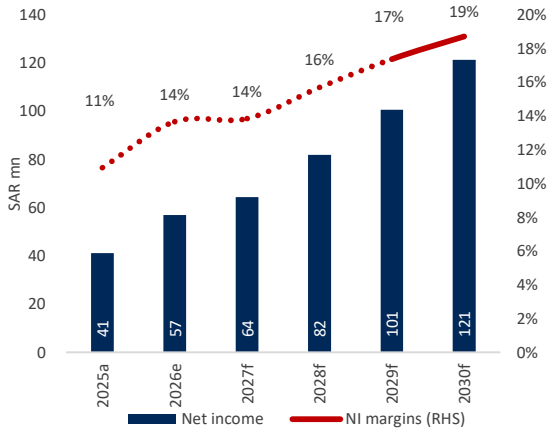
Margin expansion is expected to be gradual, reflecting the balance between new club openings and maturing refurbished assets. We forecast gross margins to improve to ~34% by 2030f from ~30% in 2025, as the ramp-up phase of newly opened clubs temporarily constrains margins. Nevertheless, operating leverage from higher revenues and improved club-level economics is expected to support stronger profitability, with net income forecasted to grow at a ~24% CAGR over 2025–2030f.

Chart 100: Gross margins to reach 34% by 2030f



Source: Company financials, anbc research

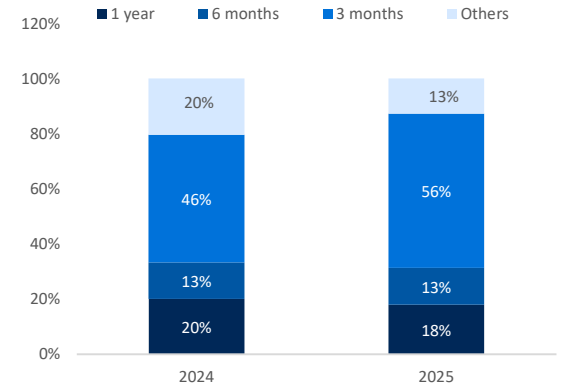
Chart 101: Net margins to reach 19% by 2030f



Source: Company financials, anbc research

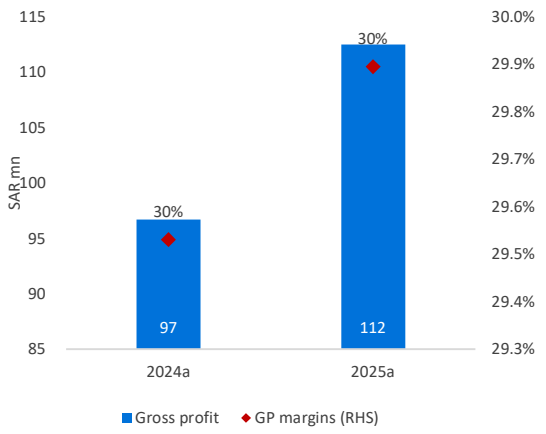
The company's subscription mix further supports yield stability and margin protection. Sport Clubs' offerings are skewed toward shorter-duration plans, particularly three-month subscriptions, which enhance pricing flexibility and increase yields. In 2025, three-month subscriptions accounted for 56% of total subscriptions, up from 46% in 2024, contributing to gross margin expansion to 29.9% in 2025 from 29.5% in last year.

Chart 102: Subscription mix



Source: Earnings call, anbc research

Chart 103: Gross profit rose 16% YoY in 2025



Source: Company financials, anbc research

Valuation

We value Sport Clubs using a FCFF approach, applying a terminal growth rate of 2.5% and a WACC of 8.7%, which yields a target price of SAR 8.1/share, implying an upside potential of 12.7% from current levels. Accordingly, we assign a 'Neutral' rating on the stock. On relative basis, Sport Clubs is currently trading at a 2026e P/E of 16.1x, significantly below its four-year historical average of 31.1x, and at a 2026e P/BV of 2.8x versus a four-year historic average of 5.7x. The company has not yet announced a dividend policy.

Valuation Table:

SAR MN	2027f	2028f	2029f	2030f	2031f
FCFF	**(35)**	**13**	**30**	**83**	**90**
Terminal Value					1,501
FCFF + Terminal	(35)	13	30	83	1,592
Discounted FCFF	**(32)**	**11**	**24**	**59**	**1,050**

Enterprise Value	1,112
Cash	56
Debt	(244)
Equity Value	924
Target Price	**8.08**

TP Sensitivity:

WACC \ Growth rate	1.5%	2.0%	2.5%	3.0%	3.5%
6.7%	10.8	12.0	13.6	15.6	18.2
7.7%	8.5	9.3	10.3	11.5	13.0
8.7%	6.8	7.4	8.1	8.9	9.9
9.7%	5.6	6.0	6.5	7.1	7.7
10.7%	4.6	4.9	5.3	5.7	6.2

Sport Clubs Company Overview

Sport Clubs Company (SCC) is a Saudi-based fitness company established in 1994, focused on the ownership and operation of fitness centers across the Kingdom. The Company has evolved into a multi-brand platform encompassing male and female fitness clubs, alongside a specialized fitness solutions division. SCC generates revenues primarily from membership subscriptions, personal training services, ancillary in-club offerings, and fitness equipment and turnkey gym solutions. Presently, SCC operates 59 fitness centers across 19 cities in Saudi Arabia, serving an average member base of over 147,500 in 2025, supported by strong retention and a scalable, growth-oriented operating model.

Fitness brands operated

SCC owns 3 brands

	Body Masters	Body Motions	Body Experts
Established	1994	2020	2021
Core Offering	Full-service fitness clubs	Full-service ladies' fitness clubs	End-to-end fitness solutions
Key Facilities	Cardio & strength, studios, cycling, functional zones, football fields, pools, spa, martial arts	Cardio & strength, group studios, cycling, functional zones, pools, spa	Custom gym design, equipment layout
Segment	Men	Women	Corporates, Gym Owners
Total gyms	42	17	Kingdom wide
Business Model	Direct-to-consumer memberships	Direct-to-consumer memberships	B2B & project-based services

Source: Earnings call, anbc research

Sources of revenue

Subscription and membership

The Group's core offering is subscription-based access to its fitness club network, with memberships typically offered over 3-month, 6-month, and 12-month durations. Subscription revenues accounted for 82% of the total revenues and rose 19% YoY to SAR 310 mn in 2025.

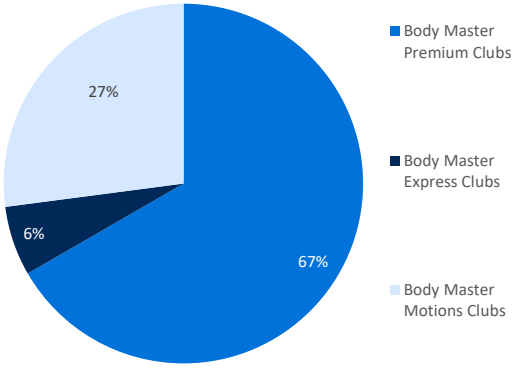
Health Club Services

Health club services comprise add-on, usage-based offerings delivered within the clubs, including personal training, nutritional consultations, and combat sports, provided alongside core membership access. Health club services revenue accounted for 11% of the total revenues, declining 0.2% YoY to SAR 40 mn in 2025.

Sports Equipment Sale

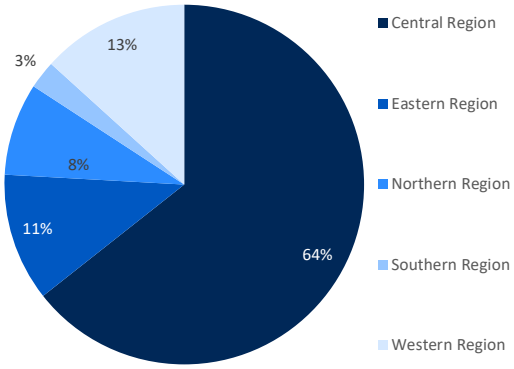
Sports equipment sales are conducted through the Integrated Facility Services division which handles the supply and installation of fitness equipment for institutional and project-based clients. Sports equipment sale revenue accounted for 7% of the total revenues and declined -2.2% YoY to SAR 26 mn in 2025.

Chart 104: Subs. revenue contrb. by clubs– 2025



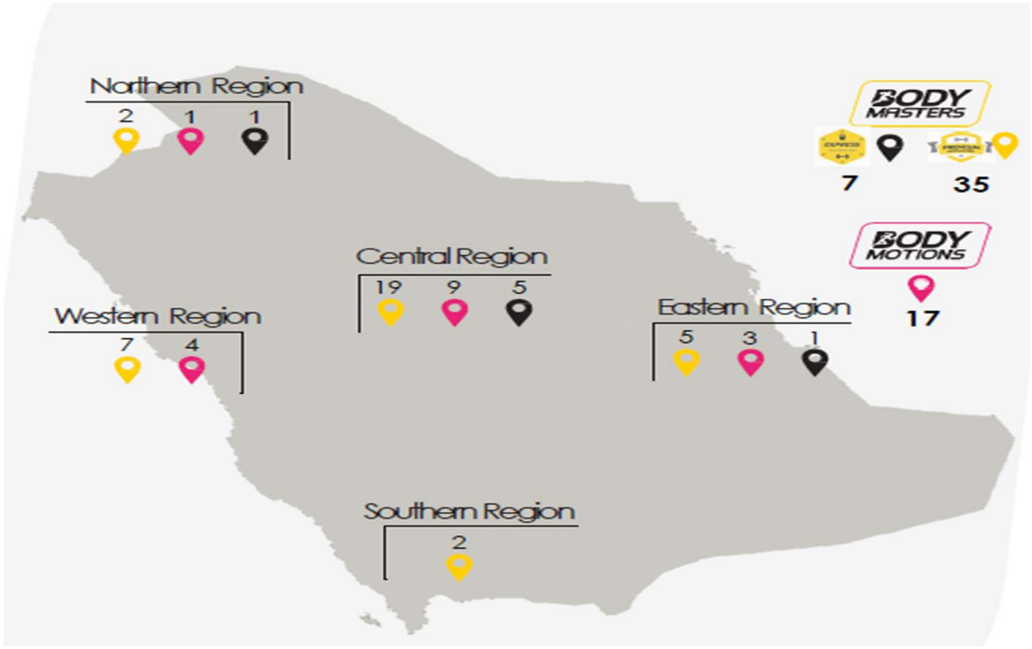
Source: Company financials, anbc research

Chart 105: Revenue by geographical region– 2025



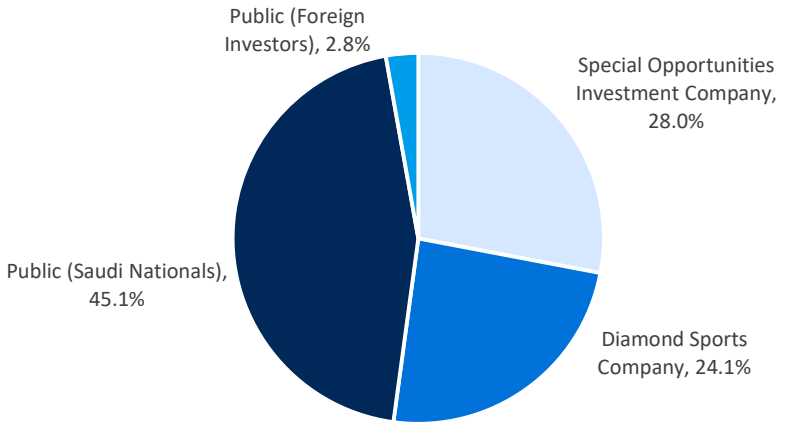
Source: Company financials, anbc research

Geographic footprint of Sport Clubs



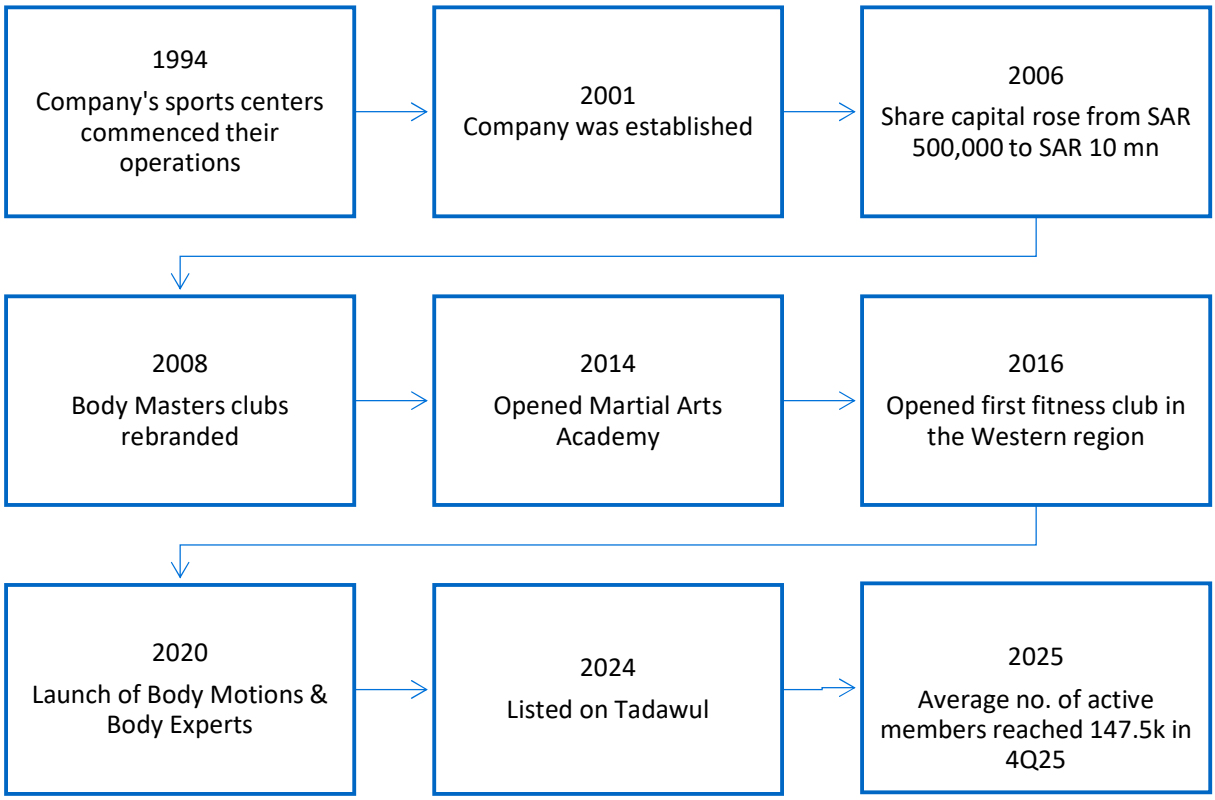
Source: Earnings call, anbc research

Shareholding pattern



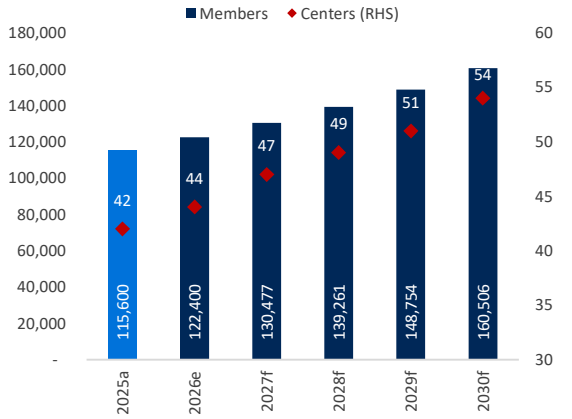
Source: Company financials, anbc research

History of Sport Clubs



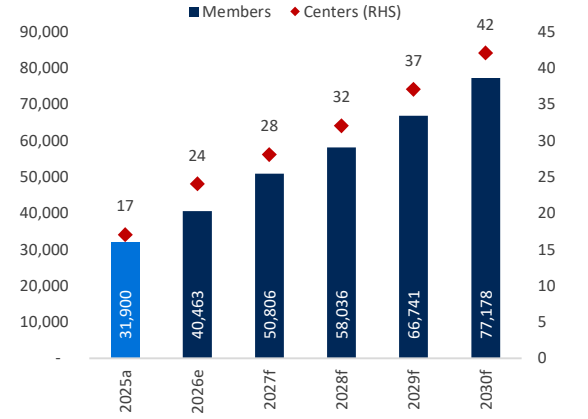
Sport Clubs Co's chart bank:

Chart 106: Male segment members and centers



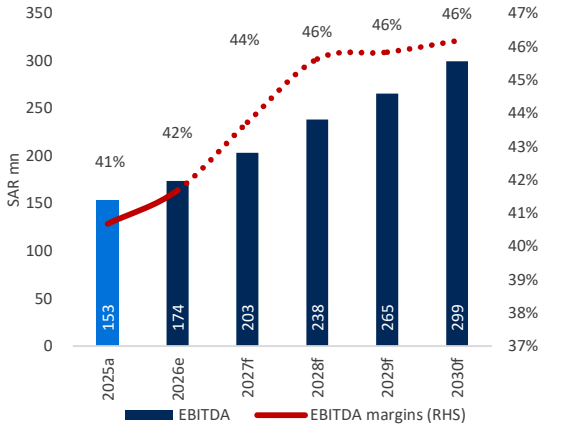
Source: Company financials, anbc research

Chart 107: Female segment members and centers



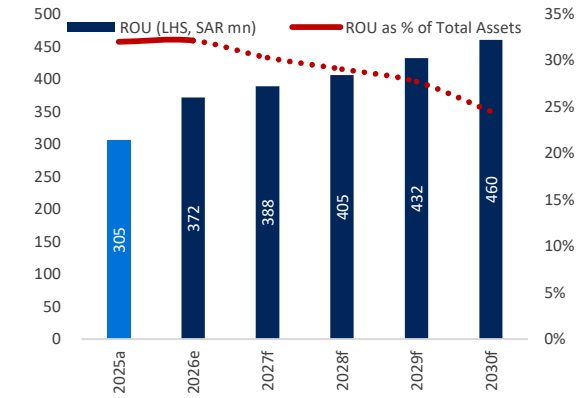
Source: Company financials, anbc research

Chart 108: EBITDA margins



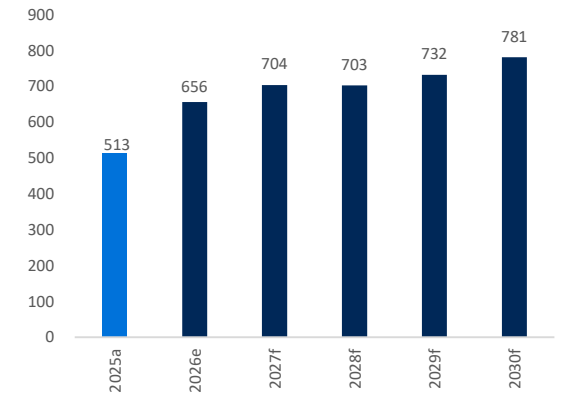
Source: Company financials, anbc research

Chart 109: RoU assets



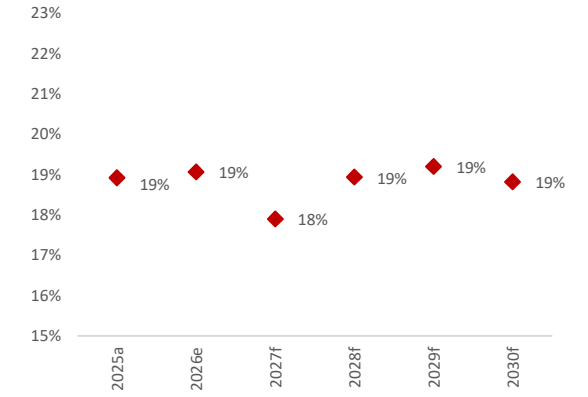
Source: Company financials, anbc research

Chart 110: Total debt (SAR mn)



Source: Company financials, anbc research

Chart 111: ROE to settle at 19%



Source: Company financials, anbc research

Financial Summary

Income Statement (SAR mn)	2024a	2025a	2026e	2027f	2028f	2029f	2030f	CAGR 2025 -2030f
Revenue	327	376	417	465	522	579	649	12%
Cost of revenue	-231	-264	-287	-319	-354	-390	-431	10%
Gross Profit	**97**	**112**	**130**	**146**	**168**	**189**	**217**	**14%**
Operating expenses	(29)	(33)	(37)	(40)	(42)	(46)	(51)	9%
EBIT	**67**	**79**	**93**	**106**	**127**	**143**	**166**	**16%**
Dep & amort	65	74	81	97	112	122	133	12%
EBITDA	**132**	**153**	**174**	**203**	**238**	**265**	**299**	**14%**
Finance cost	-31	-35	-37	-41	-44	-45	-47	6%
Other exp./income	1	-2	4	4	4	5	7	-230%
Profit Before Tax	**37**	**42**	**60**	**68**	**87**	**103**	**126**	**24%**
Zakat tax	-1	-1	-3	-4	-5	-2	-5	34%
PAT	**36**	**41**	**57**	**64**	**82**	**101**	**121**	**24%**
Number of Share	114	114	114	114	114	114	114	
EPS	0.3	0.4	0.5	0.6	0.7	0.9	1.1	24%
Balance Sheet	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**	
Property & equipment	463	540	670	762	841	923	993	13%
Right to use asset	253	305	372	388	405	432	460	9%
Intangible asset	5	8	9	10	10	11	12	7%
Non-current assets	**721**	**853**	**1,051**	**1,161**	**1,256**	**1,366**	**1,464**	**11%**
Trade receivables	29	12	13	15	18	22	28	18%
Prepayment & others	29	25	28	31	35	39	43	12%
Cash & cash equivalents	5	47	56	67	76	122	239	39%
Inventories	10	8	9	10	11	12	13	10%
Current Asset	**73**	**92**	**106**	**122**	**139**	**194**	**324**	**29%**
Total Assets	**794**	**945**	**1,157**	**1,283**	**1,396**	**1,560**	**1,788**	**14%**
Share capital	104	114	114	114	114	114	114	0%
Retained earnings	62	94	151	215	297	398	519	41%
Others	-1	62	62	62	62	62	62	0%
Total Equity	**165**	**271**	**327**	**392**	**474**	**574**	**696**	**21%**
Lease liabilities	280	328	362	386	412	450	492	8%
Borrowings	84	108	187	203	179	169	170	10%
Employees' serv. benefit	25	30	30	30	30	30	30	0%
Contract liabilities	1	1	1	1	1	1	2	18%
Non-current liabilities	**389**	**466**	**580**	**620**	**623**	**650**	**693**	**8%**
Trade payables	26	11	12	13	17	21	26	19%
Loans and borrowings	59	32	56	61	54	51	51	10%
Lease liabilities	42	45	50	54	57	63	68	9%
Accruals & other liabilities	19	17	17	17	17	17	17	0%
Contract liabilities	94	102	113	125	153	183	235	18%
Zakat payables	1	1	1	1	1	1	1	0%
Current Liabilities	**240**	**208**	**249**	**271**	**299**	**336**	**398**	**14%**
Total Liabilities & Equity	**794**	**945**	**1,157**	**1,283**	**1,396**	**1,560**	**1,788**	**14%**

Source: Company financials, anbc research

Valuation Ratios	2024a	2025a	2026e	2027f	2028f	2029f	2030f
EPS (SAR)	0.3	0.4	0.5	0.6	0.7	0.9	1.1
DPS (SAR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS (SAR)	1.4	2.4	2.9	3.4	4.1	5.0	6.1
PER (x)	25.3	22.2	16.1	14.2	11.2	9.1	7.5
DY (%)	-	-	-	-	-	-	-
PBV (x)	5.6	3.4	2.8	2.3	1.9	1.6	1.3
EV/Sales (x)	4.2	3.7	3.6	3.3	3.0	2.6	2.2
Price/Sales (x)	2.8	2.4	2.2	2.0	1.8	1.6	1.4
EV/EBITDA (x)	10.4	9.0	8.7	7.6	6.5	5.7	4.9
Price/CF (x)	11.0	6.6	6.3	5.4	4.2	3.7	3.1
EV/Gross Profit (x)	14.2	12.3	11.7	10.6	9.2	8.1	6.7
Margins (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Gross Margins	29.5	29.9	31.1	31.4	32.3	32.7	33.5
EBITDA Margins	40.3	40.7	41.7	43.7	45.6	45.8	46.2
Operating Margins	20.5	21.0	22.3	22.8	24.2	24.7	25.7
Pretax Margins	12.2	12.5	14.3	14.7	16.7	17.8	19.4
Net Margins	11.0	10.9	13.7	13.8	15.7	17.4	18.7
Returns (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
ROA	4.7	4.7	5.4	5.3	6.1	6.8	7.3
ROTA	12.2	11.9	11.2	11.4	12.1	12.1	12.2
ROE	23.6	18.9	19.1	17.9	18.9	19.2	19.1
Health Ratios	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Cash/share	0.0	0.4	0.5	0.6	0.7	1.1	2.1
Cash as a % of Market Cap	0.0	0.1	0.1	0.1	0.1	0.1	0.3
Debt to Asset	59%	54%	57%	55%	50%	47%	44%
Debt to Equity	282%	190%	200%	180%	148%	127%	112%
Debt to Capital	74%	65%	67%	64%	60%	56%	53%
EBIT/ Interest (x)	2.1	2.3	2.5	2.6	2.9	3.2	3.5
Activity Ratio	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Current Ratio	0.3	0.4	0.4	0.5	0.5	0.6	0.8
Days Sales Outstanding	32.1	11.6	11.6	11.6	12.6	13.6	15.6
Days Sales in Inventory	15.7	11.2	11.2	11.2	11.2	11.2	11.2
Days Payable Outstanding	41.3	14.7	14.7	14.7	17.7	19.7	21.7
Cash Conversion Cycle	6.5	8.1	8.1	8.1	6.1	5.1	5.1
Growth Ratios (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Revenue Growth	21.0	14.9	10.8	11.5	12.3	10.9	12.0
Gross Profit Growth	33.6	16.3	15.3	12.7	15.3	12.3	15.0
EBITDA Growth	20.8	15.9	13.6	16.9	17.2	11.4	12.8
Operating Profit Growth	34.4	17.6	17.3	14.0	19.6	13.1	16.4
Pretax Profit Growth	54.0	17.8	27.0	14.5	27.3	18.5	22.1
Net Profit Growth	43.9	14.0	38.4	13.0	27.3	22.8	20.7

Source: Company financials, anbc research

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