

# United Carton Industries Co.

Issuer Information		Shareholders	Pre-IPO	Post-IPO
Market	TASI	Zamil Group Holding Co.	30.0%	21.0%
Book-building Dates	April'22-April'28	Omar Kassem Alesayi & Co.	30.0%	21.0%
Price Range (SAR)	47-50	Frimex Investment LLC	30.0%	21.0%
Number of Shares Offered (mn)	12.0	Zamil Group Investment Co.	5.0%	3.5%
% of Share Capital (Post-IPO)	30%	Eastern Industrial Investment Co.	5.0%	3.5%
Total Share Capital (SAR mn)	400.0	Public	0.0%	30.0%
No. of Shares- Pre-IPO (mn)	40.0	<b>Total</b>	<b>100%</b>	<b>100%</b>
No. of Shares- Post-IPO (mn)	40.0			

## Financials

Amounts in SR mn	2024	2023	YoY (%)
Revenue	1,344.5	1,361.8	(1.3)
Cost of sales	(1104.4)	(1,077.5)	2.5
Gross profit	240.1	284.3	(15.6)
Operating profit	145.9	174.7	(16.5)
Net Income	124.7	156.7	(20.4)
<b>EPS</b>	3.12	3.92	
Total Assets	997.7	925.8	7.8
Total Shareholder's Equity	545.5	482.1	13.2
<b>BVPS</b>	13.64	12.05	
<b>Ratios*</b>			
Gross margin (%)	17.9	20.9	(3.0)
Operating margin (%)	10.8	12.8	(2.0)
Net Margin (%)	9.3	11.5	(2.2)
RoAE (%)	24.3	34.5	(10.2)
RoAA (%)	13.0	17.2	(4.3)

## Peer Company Valuations

Company	Market Cap (SARmn)	PER (x)	PBV (x)	RoAE (%)
Saudi Paper Manufacturing Co.	2,328	28.0	4.5	16.9
Paper Home Co.	320	17.9	3.9	24.1
<b>Median</b>		<b>22.9</b>	<b>4.2</b>	<b>20.5</b>

\*Valuations are based on a TTM basis and closing prices of April 22, 2025.  
Source: Company Prospectus, Tadawul, Bloomberg, and anbc research

**United Carton Industries Company (UCIC) was established in 1988 and has four owned subsidiaries – Integrated Packaging Industries Company (IPIC), United Paper Industries Company (UPIC), Ras Al Khaimah Packaging Company Ltd (RAKPCO) and Integrated Paper Industry Company (IPC). The group is the largest corrugated carton manufacturer in the MENA region and the market leader in the Kingdom. The book-building process and subscription period for participating entities will run from April 22-28. The company is offering 12 mn shares representing 30% of the total share capital at price range of SAR47-50 per share. All proceeds will be distributed to the selling shareholders.**

- UCIC operates eight plants across Saudi Arabia and the UAE, serving four core segments: corrugated cartons, folding cartons (duplex), pulp products, and containerboard (paper).
- A market leader in Saudi Arabia's corrugated packaging sector, UCIC held 37.0% to 40.0% of the market in 2023. UCIC expanded into folding cartons in 2022 and containerboard manufacturing in 2023 as part of its backward integration and regional growth strategy.
- Initiatives such as increased localization under Vision 2030 in KSA, particularly in sectors like Food & Beverages and Pharmaceuticals, are driving significant growth across the industry. UAE's strategic position as a re-export hub further enhances prospects for the containerboard market. The diverse industrial base of the MENA/GCC region offers UCIC unique opportunities to broaden its presence in industries such as manufacturing, retail, and logistics.
- The Group demonstrates financial stability with a strong balance sheet with minimal debt, rising EBITDA margins (6.5% in 2021 to 16.3% in 2024), and healthy capacity utilization: Corrugated (77–81%), Folding Carton (70–77%), Containerboard (93–95%), and Molded Pulp (69–77%). Revenue and profitability have grown at 3Y CAGRs of 8.6% and 160.6%, respectively; however, 2024 profitability was boosted by a SAR 11.2 million bargain purchase gain from the acquisition of a subsidiary.
- At the IPO price range of SAR47-50/share, UCIC is valued at a TTM PER of 15.1-16.0x. However, adjusting for the one-off bargain purchase gain in 2024, the TTM PER would be 16.6-17.6x. UCIC's closest peers, Saudi Paper Manufacturing (SPM) listed on Main Market and Paper Home Co. (PAPER HOME) listed on NOMU, are trading at a TTM P/E of 28.0 and 17.9x, respectively. However, we note that SPM has more concentration in tissue paper segment while PAPER HOME predominantly serves the cardboard industry. SPM also serves the wider GCC market while PAPER HOME is mainly positioned within the Kingdom. Additionally, while Saudi Printing and Packaging Co. (SPPC) and Middle East Paper Co. (MEPCO) are also involved in the paper manufacturing business, they have been excluded from the peer comparison due to their negative bottom line.

**Abdulelah Al Otaibi**

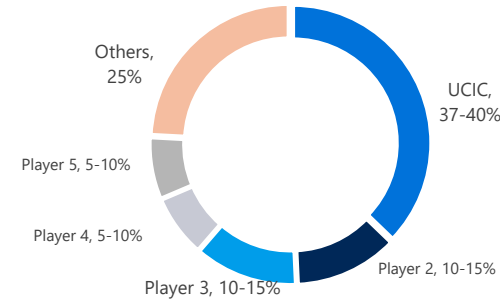
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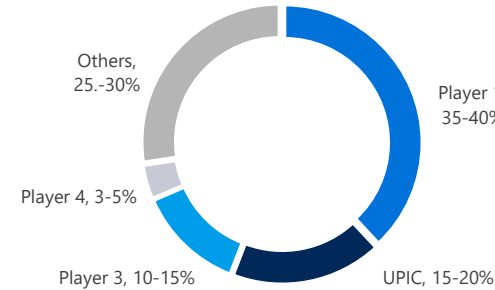
# United Carton Industries Co.

- The company has well positioned itself to capture the growth in KSA, with presence in multiple regions. The Central Region is the largest contributor for the company accounting for 42.4% and 40.8% of the total topline in FY23 and 1H24, respectively.
- UCIC has a wide customer base, including food, beverage, industrial, and consumer goods players. The FMCG sector has the highest contribution of 38.3% and 38.5% of tonnage in FY23 and 1H24, respectively. Within FMCG:
  - Water contributed 24.3% and 25.2%
  - Soft drinks: 3.0% and 2.9%
  - Juice: 4.0% and 3.8%
  - Dairy: 4.5% and 4.5%
  - Edible oils: 2.6% and 2.1%
- As of 2023, the Group holds a leading market share of 37.0% to 40.0% in Saudi Arabia's corrugated cartons sector—surpassing the combined share of the next four largest local manufacturers. The market is projected to grow at a CAGR of 3.0% to 3.5% between 2023 and 2026, and 4.0% to 5.0% between 2026 and 2030, with demand expected to reach 975,000 to 1,060,000 tons by 2028.
- UPIC (100% subsidiary of UCIC) holds the second-largest market share in the UAE's containerboard segment, estimated at 15.0% to 20.0%. The UAE has a well-established packaging industry with manufacturers producing both corrugated boxes and containerboard. The containerboard market in UAE is expected to grow at a CAGR of 3.5% to 4.0% between 2023 and 2028 driving demand between 445,000 to 485,000 tons by 2028.
- Between 2023 and 2028, Saudi Arabia's folding carton market is projected to grow at a CAGR of 5.0% to 6.0%, with demand expected to reach 180,000 to 200,000 tons by 2028. This anticipated growth is primarily driven by the expansion of the food and beverage, FMCG, pharmaceutical, and food service sectors. IPIC - a wholly owned subsidiary of UCIC, entered the domestic market in 2022 and has already secured a market share of approximately 8.0% to 10.0%, is well positioned to capitalize on the sector's future growth.
- The Group intends to enhance its corrugated box production capacity by installing two new conversion machines between 2025 and 2026, which is projected to add 35,000 tons per annum to its conversion capabilities. Additionally, the Group also plans to expand its folding carton (duplex) segment over the next one to two years, either through strategic acquisitions or by increasing existing production capacity.

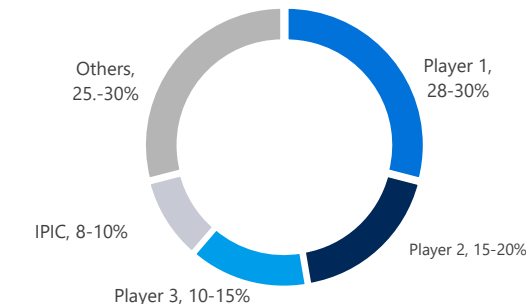
## UCIC Market Share in KSA's Corrugated Cartons Market 2023



## UPIC Market Share in UAE's Containerboard Market 2023

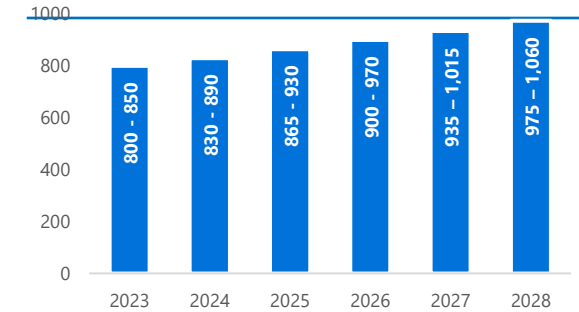


## IPIC Market Share in KSA's Folding Cartons Market 2023

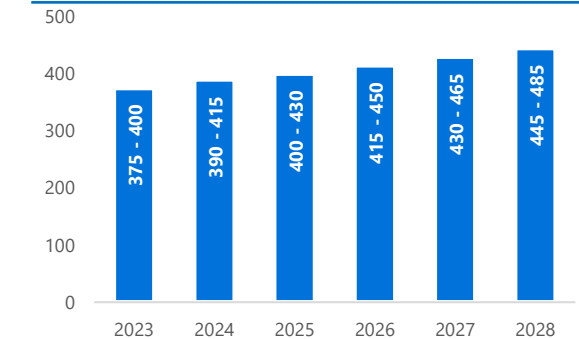


Source: Company Prospectus and anbc research

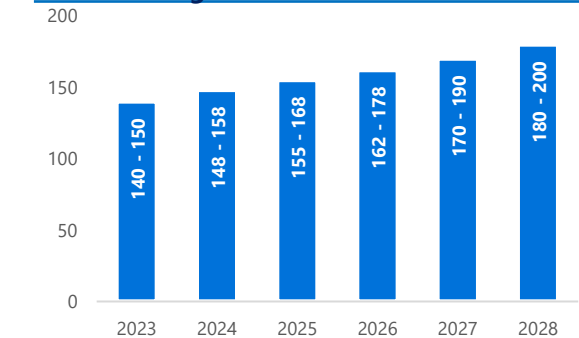
## KSA's Corrugated Cartons Market – k' Tons



## UAE's Containerboard Market – k' Tons



## KSA's Folding Carton Market – k' Tons



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