

WeWork India (WEWORK) - BUY

Company Update

Current Market Price (CMP) Rs.689	Fair Value (FV) Rs.780
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Rationale:

- Management highlighted its continued focus on a full suite of premium flexible workspace offerings.
- Wework has high retention and multi-center presence across tenants.
- WeWork currently has ~30 lakh sq. ft of locked-in growth, with management looking to supplement the same with ~15 lakh sq. ft per annum.
- We expect the operational area to increase to 1.16 cr sq. ft by FY28E.
- We expect WeWork to deliver strong 25% EBITDA growth in FY26-28E.
- Maintain BUY with a revised FV of Rs780 (Rs700 earlier).

 Positives:

- WeWork’s proprietary tech stack allows it to maintain disciplined underwriting by evaluating objective (location/technical/financial) criteria.
- WeWork India has 100K+ members across its suite of products, with an NPS score of 74.
- WeWork believes that the strength of its platform is visible in high renewal rates (80%).
- GCCs expected to increase gradually over the next 4-5 years, driving demand for Grade-A office spaces.
- Flexible workspace operators would continue to gain market share in the overall Grade-A office industry.
- Management stated that its current growth is self-sustaining through internal accruals.

 Negatives:

- India’s AI-native startup formation has risen but is still lower than that of US.

(EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization, k; Thousand, GCC: Global Capacity Centre, NPS: Net Promoter Score, AI: Artificial Intelligence)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com).Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

- BUY

– We expect the stock to deliver more than 15% returns over the next 12 months
- ADD

– We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE

– We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL

– We expect the stock to deliver < -5% returns over the next 12 months
- NR

– **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE

– We advise investor to subscribe to the IPO.
- RS

– **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
- NA

– **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM

– **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE

– Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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