

Support services

HOLD: 12M TP @ 116.19

Valuation Summary (TTM)

Price (SAR)	112.40
PER TTM (x)	28.8
P/Book (x)	7.6
P/Sales (x)	4.4
EV/Sales (x)	4.0
EV/EBITDA (x)	18.7
Dividend Yield (%)	1.8
Free Float (%)	54%
Shares O/S (mn)	82
YTD Return (%)	50%
Beta	0.9

	SAR	USD
Market Cap	9,217	2,458
Total Assets	9,060	2,416

Price performance (%)	1M	3M	12M
Catrion Catering	13%	8%	42%
Tadawul All Share	4%	-3%	-1%

Trading liquidity (,000)	1M	3M	6M
Avg daily turnover (SAR)	25,634	28,810	41,363
Avg Daily Volume (,000)	257	276	393

52 week	High	Low	CTL*
Price (SAR)	128.80	69.60	61.5

* CTL is % change in CMP to 52wk low

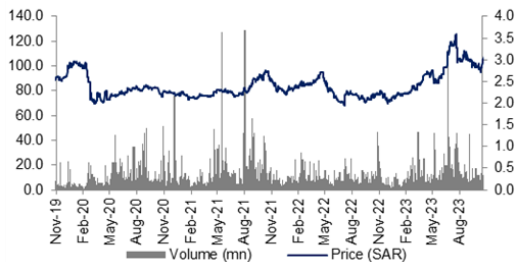
Major shareholders

Saudi Arabian Airlin	36%
ABDUL MOHSEN AL-HOKA	8.2%
Vanguard Group Inc/T	1.9%
Others	54.2%

Other details

Exchange	Saudi Arabia
Sector	Food Service
Index weight (%)	0.3%

Key ratios	2020	2021	2022
EPS (SAR)	-4.08	0.17	3.14
BVPS (SAR)	10.49	10.64	13.66
DPS (SAR)	1.40	0.00	0.00
Payout ratio (%)	-34%	0%	0%



CATRION – Transformation under progress

Catrion (erstwhile Saudi Arabian Catering Company) is the largest Inflight catering (IFC) company in Saudi Arabia. The company was started as a unit of Saudia Airlines four decades ago. Today it services several other airlines and operates lounges across the country. Catrion recently changed its identity to emphasize on its diversification strategy and focus on its non-aviation business. The non-aviation business currently contributes to 26% of the group revenue and encompasses services that include integrated facilities management (IFM). The current impetus provided by the government to the airline sector through expansion and upgradation of airports, increasing fleet size of carriers, relaxing visa restriction, attracting foreign investment and tourism will favor companies such as Catrion. We believe IFC segment will witness organic growth while IFM will also be driven by inorganic opportunities. The group revenue is expected to increase by 15.8% and profits are forecasted to grow at 15% CAGR (2022-27e). The stock price has moved higher by 50.8% (YTD) and 44.1% over one year, already reacting to the positive developments in the company. We arrive at a blended intrinsic value of SAR 116.19/share which provides limited upside. Hence, despite our positive outlook on the company and the air traffic growth we initiate coverage on Catrion with a HOLD rating.

Inflight catering to increase on the back of Saudi air traffic growth: The Saudi government has laid out an ambitious plan to triple the passenger traffic from the pre-pandemic levels of 110mn and reach atleast 330mn per annum by 2030. This will include expansion of current airports, converting domestic airports to international hubs and introducing new airline operators. Additionally, relaxing visa restrictions for religious and leisure tourism, opening up of the economy to foreign businesses will also lead to higher air traffic. Catrion is in a sweet spot having a long legacy of successful operations and entrenched connections with several of the airline operators making it an easier choice. Based on this premise, we believe the IFC segment will witness organic growth and estimate revenue to increase at 14.2% CAGR (2022-27e).

Transformation into CATRION will enhance focus on non-aviation business: The company recently rebranded itself into CATRION, thereby emphasizing the renewed focus on the non-aviation segment of Catering and facilities (C&F) management. We are witnessing large orders being received in this segment and believe, in the current economic scenario, there is a high possibility of capturing contracts from corporates which will provide adequate diversification to the revenue. In order to service the increasing demand, the segment has transformed into IFM provider that will have a wider scope of offerings compared to the past. We expect this to be the fastest growing segment with revenue growth at 22.2% CAGR (2022-27e).

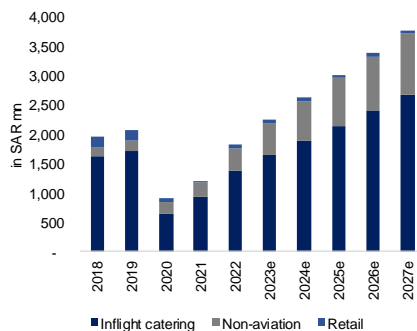
Valuation: The leadership position in the IFC segment, coupled with the transformation in the C&F, which we believe is coming at an appropriate time, will be a game changer for the company. The asset light business model and legacy clientele will offer adequate strength to the business. We are positive on the expected growth in Saudi air traffic and believe Catrion will be one of the biggest beneficiaries of the same. We initiate coverage on Catrion with a HOLD rating and a target price of SAR 116.19 per share which offers 3.4% upside from current levels.

Catrion operate three complimentary business segments...

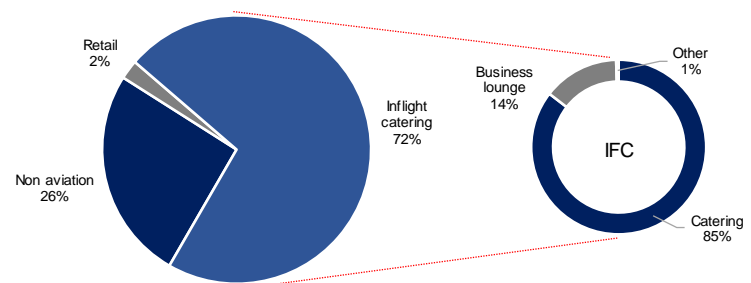
One of its kind companies in the MENA region and an integral player in the Saudi aviation sector

Catrion, earlier known as Saudi Airlines Catering Company (SACC) is the foremost inflight catering company in Saudi Arabia and amongst the top 10 in the world. Catrion services national carriers such as Saudia Airlines, Fly Nas and Flyadeal amongst others. The company has three business segments - the in-flight catering services (IFC), non-aviation division (catering and facilities management - C&F or IFM) and the retail sales. The IFC segment has long term contracts serving local and international airlines, private jets, airport lounges and chartered flights. Through the C&F division, the company offers facilities management services and catering to corporates in locations of their choice. This segment also services international airlines, trains, hotels, hospitals, leisure and sports events and most importantly organizes specially packaged food for the Hajj and Umrah pilgrims. The retail segment operates both on-air and ground shops along with online sales.

Revenues have fully recovered post covid



3 revenue segments - Inflight catering, non aviation and retail (as of 9M23)



Source: Company reports, US Research

**PAX volumes to increase
 on higher tourism and
 business related travel...**

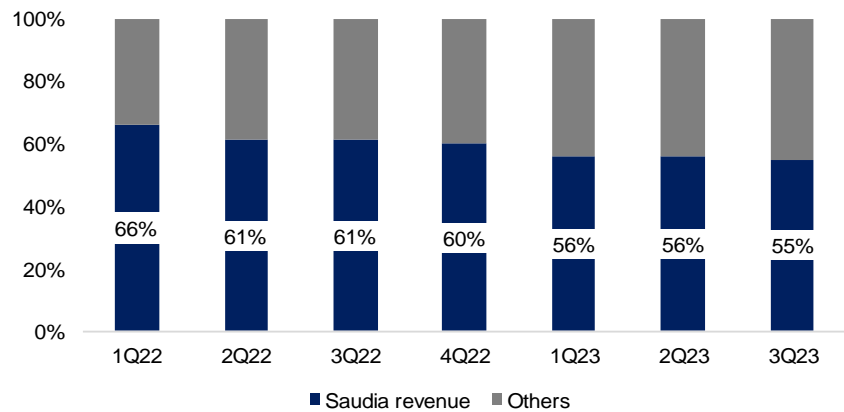
**Core operations of IFC to grow organically in line with the rise in
 Saudi air traffic**

The Saudi airlines industry is on a growth path and as envisioned in the Vision 2030 document, the number of passengers are expected to triple from the pre-pandemic levels of 110mn to 330mn. This is expected to be triggered by both business and tourism related travel. The air traffic growth was clearly evidenced during 1H23. The number of domestic and international flights increased by 27% YoY (305k flights) and transit flights were higher by 25% (98k flights) during the 1H23. The kingdom's air connectivity increased by 15% to 7,153 destinations during the period. Saudi is currently ranked 13th in terms of air connectivity globally from 27th in 2019.

**Saudia on a fleet
 expansion drive...**

Further, Saudia the national carrier reported a 24% YoY increase in the number of passengers carried during the 1H23. The airline also reported a 6% YoY increase in the number of flights operated (85,400 flights) coupled with a 22% YoY increase in the flight hours (261,600hrs). Saudia is expected to place an order for 150 narrow body aircrafts with Airbus. This could be one of the biggest orders placed by the airline and a clear indicator of the need to service the rising air traffic. While Catrion services several airline operators and the contribution from Saudia is declining, it continues to remain the sole IFC provider for Saudia and will be a big beneficiary of this expected fleet expansion.

Saudia contribution reducing, but still high @ 55%



Source: Company reports, US Research

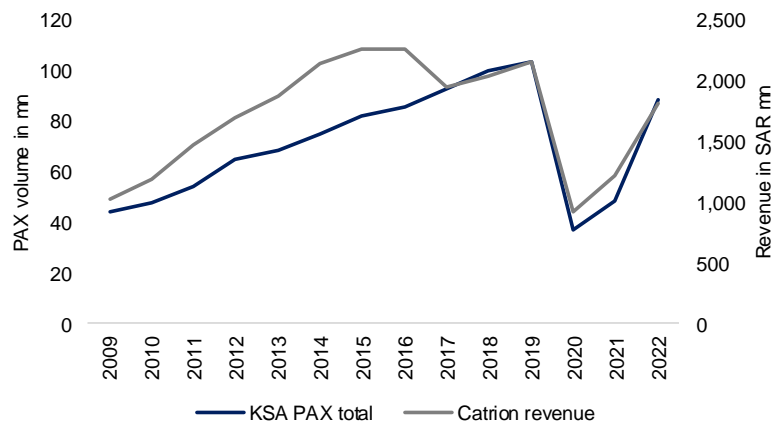
Upgradation of existing airports and construction of new ones will add to the capacities

Recently the upgradation of Jeddah airport into an international hub augured well for the company. Jeddah airport is expected to receive an additional inflow of 50mn passengers post expansion. Catrion has already invested in people and resources to service this higher demand. The King Salman International Airport (KSIA), is a massive project which is under construction in Riyadh and is expected to accommodate 120mn passengers when completed by 2030. Four more airports are getting upgraded on a PPP basis - Abha International Airport (from 4.4mn to 8.5mn by 2023), Taif International Airport (from 600k to 4mn by 2030), Hail International Airport (targeted capacity of 3mn), Prince Naif International Airport (targeted capacity of 5.3mn).

New airline operators and regular contract renewals of existing ones provide revenue visibility

Along with the opportunities created by upgradation of airports, Catrion will also benefit from the introduction of new long haul airlines – Riyadh Air (expected by 2025) and Neom Air (expected in 2024) and additional low cost airlines that are likely to become operational soon. In August 2023, the company renewed its contract with Flyadeal for a period of 4 years at a provisional value of SAR 120mn. It had similarly renewed its contract with Flynas in September last year for four years for a value of SAR 240mn. The continuous renewal emphasizes the quality of service and provides visibility to revenue.

Catrion revenues directly related to air passenger traffic volumes

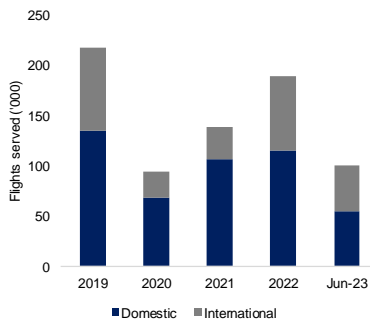


Source: GACA, US Research

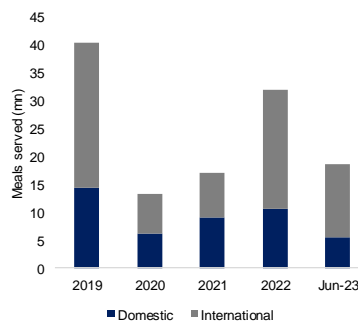
Production at massive scale ensures demand is satisfied...

Currently, the inflight catering operations cover long term agreements with airlines and catering facilities at 37 airport lounges across the country, making Catrion one of the largest player in this segment. Catrion served 31.9mn meals (88% YoY vs 2021) in 189.2k flights (35% YoY vs 2021) and another 2mn meals (63% YoY vs 2021) at its lounges in 2022. Overall the company has the capacity to serve 72,000 meals/day prepared through its 6 production hubs located at various international airports in the Kingdom and at Cairo. Chefs also travel on board, plan meals and provide guests with the highest quality of service. IFC segment also operate lounges on a BOM (build operate and maintain) basis which include non-airline lounges as well. This division has received several accolades in the past for the scale, quality and consistency in operations.

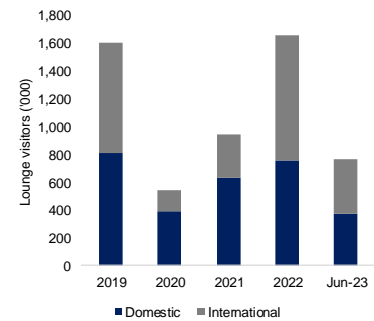
Flights served by Catrion



Inflight meals served



Lounge visitors

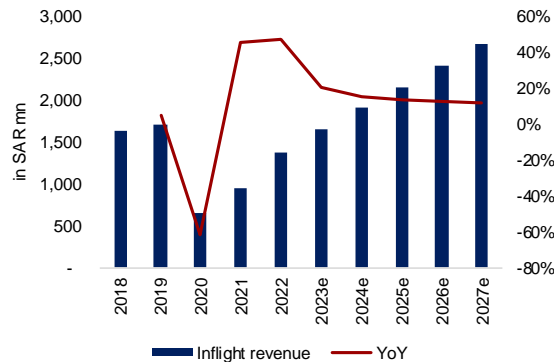


Source: Company Reports, US Research

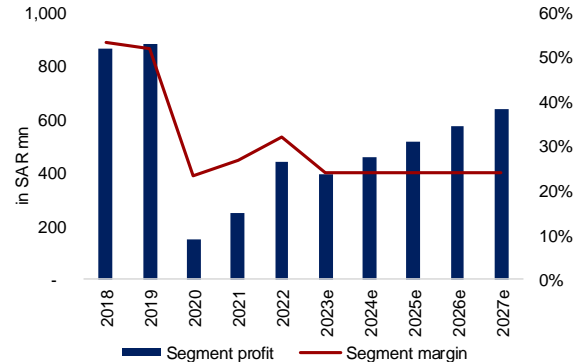
Segmental revenue has exceeded peak levels...

The rapid growth in air passenger traffic since 2021 has led to revenues exceeding the peak witnessed in 2019. IFC revenue increased by 45% YoY in 2021 and 46.5% YoY in 2022. The growth continued in 9M23 with an increase of 15.2% YoY. We expect full year IFC revenues to reach SAR 1.6bn in 2023, which would be near to the 2019 levels. Despite the main cost relating to salaries and food materials remaining under pressure on account of inflation, operating margins for the IFC segment have been maintained in the range of 25-27% (albeit significantly lower than pre-pandemic levels of +50%). The higher volumes have offset the increase in costs in the last couple of years.

Sharp recovery in IFC on the back of PAX growth



Segment margins lower than pre covid levels



Source: Company Reports, US Research

Catrion is a direct beneficiary of the expected air traffic growth in Saudi Arabia, with a high market share and entrenched network of long and short haul flights to service. We are positive on the future outlook of the IFC segment based on the robust underlying demand and government impetus. We expect revenue from this segment to grow at a 14.2% CAGR (2022-27e).

Transformation of the non-aviation C&F segment is the next big thing for the group

While Catrion is a leader in the skies and contributed to 75% of the top line in 2022, it also has significant presence on the ground through its non-aviation C&F business segment. Corporates have increasingly found it an unviable overhead to maintain a permanent catering and maintenance staff on a short or long term basis, especially at remote locations. The constant demand in this segment on the back of increasing end user growth has led to a stable revenue increase of +24% CAGR (2018-22), even during the covid years.

Rebranding done to emphasize on diversification ...

Recently the company underwent a re-branding exercise and is currently known as "CATRION" (erstwhile Saudi Airline Catering Company –SACC). This refreshed identity was triggered by the demand for a more holistic approach towards C&F service. The company has widened the scope of the business into various on-ground support services thereby transforming into a fully integrated facilities management (IFM) company.

New colour to the business through rebranding activities

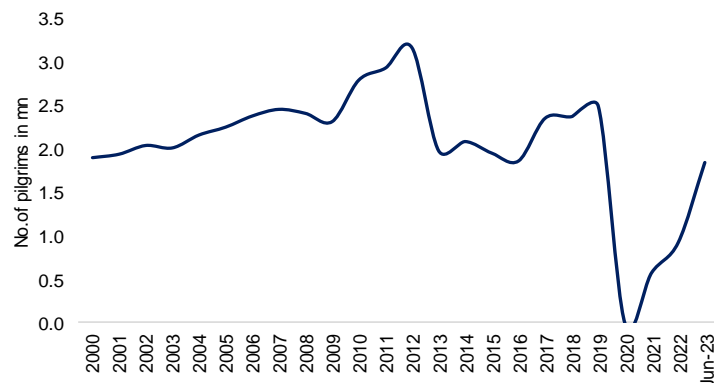


Source: Company Reports

Non-aviation is expected to contribute at least 50% of the revenue by 2030

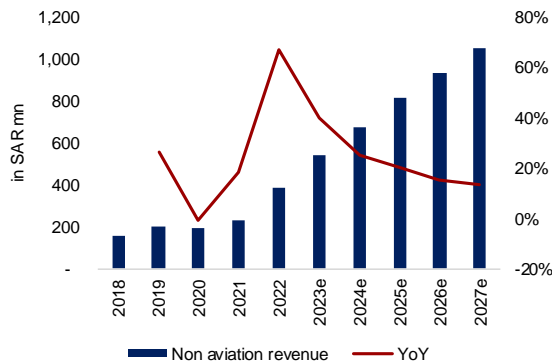
Catrion hopes to increase the contribution from non-aviation segment and derive at least 50% of its revenue (from current 26% as of 9M23) by 2030. The strategy would be to target the upcoming giga projects, Formula 1 events, airport lounges and to capture inorganic growth opportunities especially in the healthcare segment. The government is also streamlining the visa process for religious tourism and this has provided the much required boost for the C&F segment. Pilgrim numbers are already on the rise and revenue contribution from this business is increasing.

Pilgrims for Hajj to breach pre covid levels by 2024

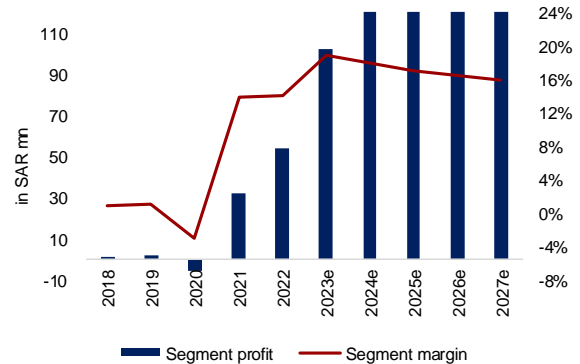


Source: statista, US Research

Long term contracts ensure revenue visibility



Meaningful contribution to profit since 2021 onwards



Source: Company Reports, US Research

Regular flow of large orders in the non-aviation segment indicate the latent demand...

The company has classified the clientele of the C&F segment into four major areas for better focus – business and industry, remote sites, education and healthcare, and Dailymealz (the recently added ready meals app which focus on the retail segment). Each segment has a different requirement and steps are being taken to bid for individual projects aggressively. We are witnessing continuous projects being offered to Catrion over the past couple of years. In July 2023, Red Sea Global (RGS) hotels and resorts signed a contract with Catrion to establish a central production unit that will provide C&F services to its employees, in addition to other facilities within the Red Sea destination. The contract is on a design, build, operate and transfer model. The contract term will be for 20 years and valued at SAR 6.3bn. Revenue from this contract will start contributing from 3Q25 onwards. It also signed another contract with RGS for laundry services for a value of SAR 2.7bn. Similar contracts were signed in the past with Maaden, SGS and Saudi Railways in 2021. Also in 2022, Al Hana Trading associated with Catrion to supply frozen meals for a period of 5 years with a contract value of SAR 150mn. The company signed contracts with 4 major hospitals in 2022 marking an entry into the sector. We believe these large projects are a starting point in the strategic plan that is being implemented by the company to increase the revenue share in the C&F segment.

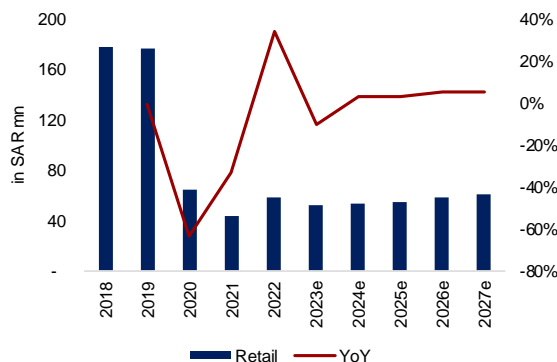
The company suffered during covid due to its over dependence on a single line of business. IFC segment declined by 63% in 2020 and the company ran into losses of SAR 335mn. This has been the main reason for the

management's extra focus on the revenue diversification. We believe the change in strategy is coming at the right time when the economy is in an upcycle and there is a rush of projects. The growing opportunities on the ground with new corporates requiring IFM facilities and the scope of obtaining large projects from the already well established network and legacy of Catrion will be the main growth drivers for the non-aviation business going forward. Based on this premise we estimate the revenue of the C&F segment to grow at CAGR 22.2% (2022-27e).

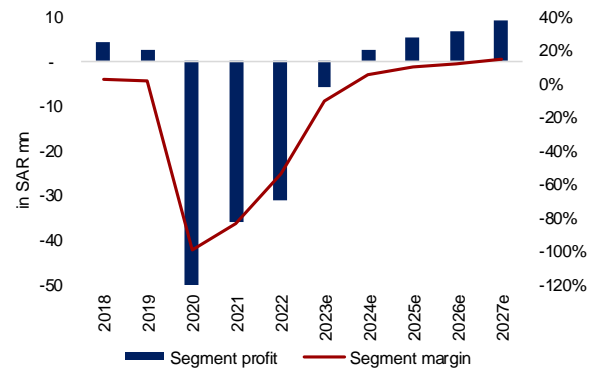
Retail struggling to remain afloat

The third stream of revenue is derived from the retail segment of the group. The retail revenue, which includes the SkySales as well as the ground shops at airports have more than halved from 2019, when it was 7.2% of the gross revenue to 2.3% in 9M23. The management attributes structural changes in demand post covid as the main reason for the decline of retail sales. This segment had been reporting losses since 2020 till 2Q23. The efforts undertaken to change the operations by assembling a new team, introducing digital sales and optimizing the product mix is witnessing gradual improvement. As a result, the segment reported a marginal profit in 3Q23 of SAR 3mn. While we are unlikely to see a significant contribution from this segment, we believe the losses could be curtailed going forward. We expect revenue from this segment to grow at a modest rate of 3.8% CAGR (2022-27e).

Significant decline in retail revenue



Segment loss likely to reduce on new initiatives



Source: Company Reports, US Research

Record revenue expected in 2023...

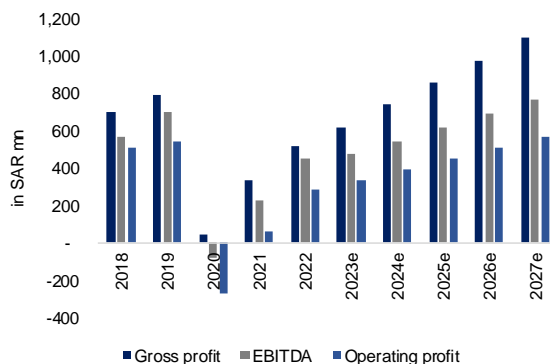
Revenue reaches record highs, clean balance sheet, profits to follow

Going forward, Catrion will witness growth in both its major segments IFC and C&F. Consolidated revenue for 2022 was reported at SAR 1.8bn which grew by 50% YoY from 2021 levels. Considering the current trend, we expect the full year revenue for 2023e to surpass the 2019 high and reach SAR 2.2bn, the highest for the company thus far. IFC has a leadership position and will grow on the back of organic growth in the PAX traffic, backed by the government's impetus towards the sector. Management has re-iterated its strategy for C&F growth, which will include inorganic opportunities as well. We expect the group revenue to increase by 15.8% CAGR (2022-27e).

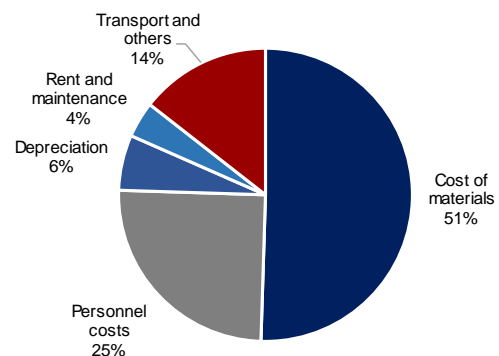
Cost to remain controlled and margins to hold steady...

Cost of materials and employee form more than 75% of the direct expenses and both are rising in an inflationary scenario. It would be a challenge for the company to maintain these expenses and offer cost effective services going forward. Catrion has streamlined its buying process and removed multiple contracts in an attempt to source in bulk and negotiate better. Gross margins have held in the range of 27-28% in 2021-22 though significantly lower than 2018-19 levels (+34%). EBITDA margins have also reduced from the pre-covid level of 27-30% to c.19%. C&F is highly competitive and capturing contracts are likely to come at the cost of margins. The EBIT margins for the segment were at 19.7% (vs IFC margin of 32%) in 9M23. While we expect larger orders to drive revenue growth, it is likely to dilute margins going forward.

Steady operational metrics drive profitability



Materials and labour constitute 76% of direct costs

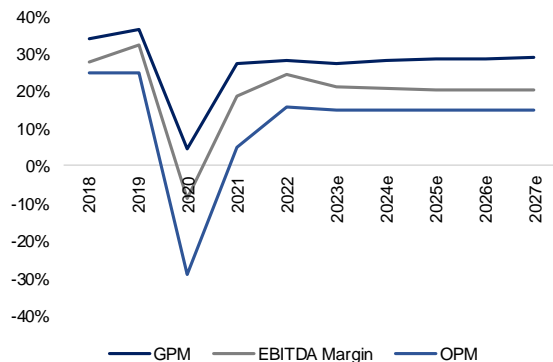


Source: Company Reports, US Research

Debt free asset light balance sheet...

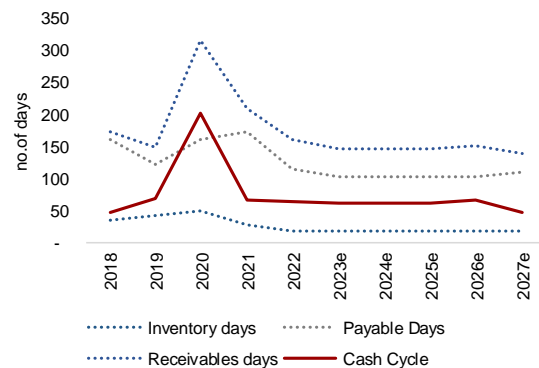
Catrion is a debt free, asset light company with a cash level of SAR 461mn (19.6% of the total assets as of 9M23) and we do not foresee any major capex going forward. The long term nature of the contracts has enabled the company to maintain an efficient working capital cycle without significant variability.

Margins expected to remain rangebound



Source: Company Reports, US Research

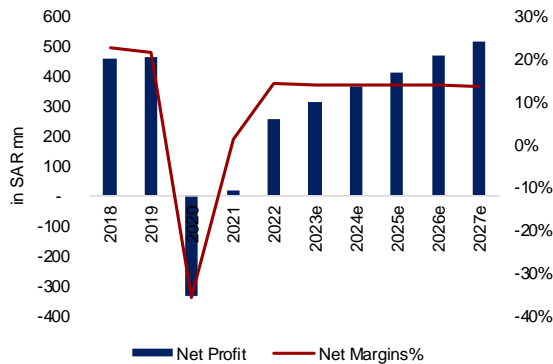
Well managed inventory key to profitability



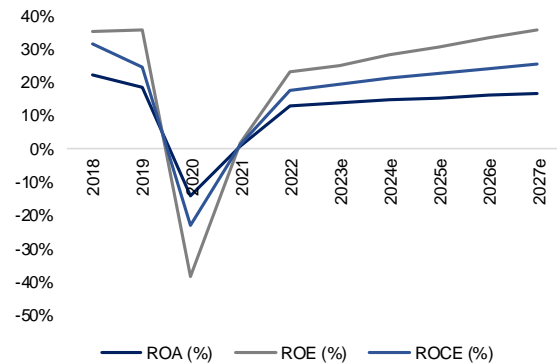
Retained earnings back to positive territory...

We believe the company has fully recovered from the losses made in 2022, which eroded the retained earnings and reduced capital significantly. As of 9M23 its equity stood at SAR 1.2bn (vs SAR 1.3bn in 2019). We expect net margins to decline from historical levels of 21-22% to settle around 13-14%. Net profit is forecasted to grow at 15% CAGR (2022-27e) on the back of top line growth. Catrion has resumed its dividend payment after a hiatus of two years. In march 2023, the company paid SAR 0.50 per share based on the 2022 results and an interim of SAR 1 per share in august 2023. We expect a total dividend payout of 35% for 2023 (~ SAR 1.5 per share) taking the dividend yield to 1.3% at the current price. We have forecasted a higher dividend payout as the profitability increases going forward in the range of 80% from 2024e onwards.

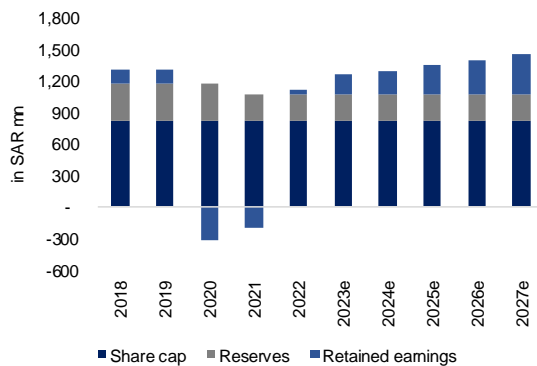
Net profit to increase on stable margins



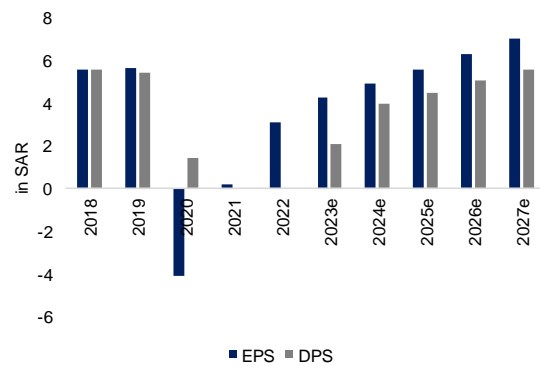
Return ratios rise on the back of profits



Retained earnings returns to positive territory



Dividends have resumed in 2023



Source: Company Reports, US Research

Valuation

Catrion is the largest inflight catering service provider in Saudi, and it is expected to report the highest revenue in its history in 2023e. We have valued the company using DCF method using forecasts through 2023e-2027e. We considered the cost of equity at 7.9%, derived from a risk free rate of 4.0%, equity risk premium of 4.5%, and beta of 0.88x. We arrive at a WACC of 7.9% for the company. We assume a terminal growth rate of 2% post the forecast period. Our DCF valuation of Catrion provides an intrinsic value of SAR 121.46 per share.

DCF value arrives at SAR 121.46/share...

**Blended target price at
SAR 116.19/share
provides an upside
3.4%...**

We also provide a target EV/EBITDA multiple (25% wt) of 18x and PE multiple (25% wt) of 28x to arrive at a peer valuation of SAR 103.22/share and SAR 118.65/share respectively. Together with the DCF methodology (50% wt), we arrive at a blended intrinsic value of SAR 116.19/share which is higher than the current price by 3.4%. Based on our blended target price we initiate coverage on Catrion with a HOLD rating.

DCF Method (in SAR mn)	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27
Post-tax operating profit (NOPAT)	299	354	403	458	510
Add: Depreciation & amortization	136	150	165	183	201
Less: Change in working capital	-203	-129	-126	-160	72
Less: Capex	-100	-100	-100	-100	-100
Free Cash Flow to Firm	132	275	342	381	684
PV of Free Cash Flows	131	252	291	300	499
PV of Terminal Value					9,069
Enterprise Value					10,542
Less: Net debt					(417)
Less: Minorities & Pension liabilities					165
Equity value					9,959
No of shares					82
Fair value per share (AED)					121.46

Valuation parameters	
Risk free rate (Rf)	4.0%
Beta	0.88
Equity Risk premium (Rm)	4.5%
Cost of equity (Ke)	7.9%
Terminal growth rate (g)	2.0%
WACC	7.9%

Peer valuation	
EV/EBIDTA (TTM)	18.69
Target EV/EBIDTA	18.00
Fair value (SAR)	103.22
PE (TTM)	26.53
Target PE	28.00
Fair value (SAR)	118.65

DCF	50%	121.46	60.73
EV/EBIDTA	25%	103.22	25.80
PE	25%	118.65	29.66
Target price			116.19
CMP			112.40
Potential upside			3.4%

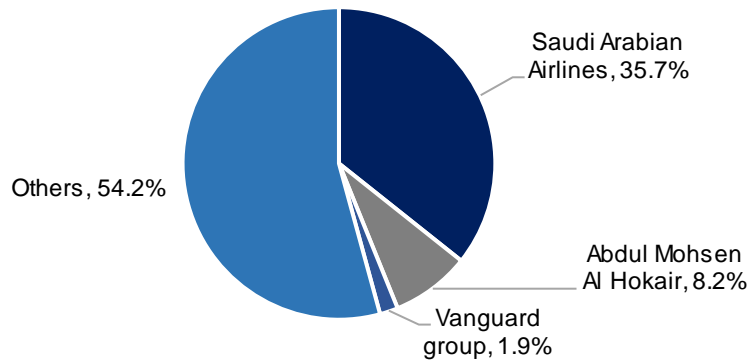
Key risks

- Changes in market structure and entry of new players may lead to higher competition and loss of market share
- Declining demand in airline traffic can have a direct negative impact on Catrion.
- High inflation will impact margins which are unlikely to be passed on the end customer

Company profile

Catrion was incorporated in 1981 as part of the Saudia Airlines group to provide catering services to the flights operated by Saudi and other airlines operating out of Riyadh. It later established catering units in 5 other airports across the country. In 1985, Catrion took over the Sky Sales business of Saudia flights and in 2006 began managing the Al Fursan Lounges. Over the last four decades the company has become the foremost inflight catering and facilities management company in Saudi. It is currently the only listed company that operates in this segment across the MENA region. Catrion operates across three major segments inflight catering (IFC), retail and catering and facilities (C&F).

Shareholding pattern of Catrion



BOARD OF DIRECTORS

S.NO.	NAME	POSITION	CATEGORY
1	Mohammed Abdulaziz Al Sarhan	Chairman	Independent
2	Abdulwahab Abdulkarim Al Butairi	Board Member	Independent
3	Fahad Abdullah Moussa	Board Member	Non Executive
4	Raed Ibrahim Al-Mudaiheem	Board Member	Non Executive
5	Dilip Nidhawan	Board Member	Independent
6	Sami Abdulmohsin Al Hokair	Board Member	Non Executive
7	Yousef Hamad Al Yousefi	Board Member	Independent
8	Olivier Harnisch	Board Member	Independent
9	Fadi Majdalani	Board Member	Independent

Source: Bloomberg®, US Research

Income Statement (In SAR mn)	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Revenue	2,156	927	1,213	1,818	2,241	2,625	3,008	3,390	3,778
Direct Costs	-1,369	-884	-881	-1,302	-1,625	-1,884	-2,151	-2,415	-2,682
Gross profit	787	42	332	516	616	742	857	975	1,096
Other income (Net)	9	5	6	27	20	20	20	20	20
General and administrative expenses	-246	-256	-236	-232	-291	-341	-399	-451	-510
Other expenses	-11	-62	-42	-27	-11	-26	-30	-34	-38
Operating Profit	539	-271	60	284	334	394	449	510	568
EBITDA	698	-83	227	446	470	544	614	693	769
Share of profit from equity investments	-3	-8	-	18	18	18	18	18	18
Reversal of impairment	-	-3	-	3	-	-	-	-	-
Finance income	1	1	1	1	12	12	12	12	12
Finance cost	-34	-34	-27	-21	-16	-18	-20	-22	-23
Profit before Zakat (PBT)	503	-316	34	286	347	406	459	518	575
Zakat and income tax	-39	-19	-20	-29	-35	-41	-46	-52	-57
Net Profit	464	-335	14	257	313	365	413	466	517

Balance Sheet (in SAR mn)	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Property, plant and equipment	560	456	408	341	368	389	403	408	405
Right of use assets	530	510	417	267	255	261	259	272	275
Investment property	36	35	33	31	30	30	30	30	30
Other non current assets	46	28	11	31	37	36	36	36	35
Non-current assets	1,172	1,028	869	670	690	716	727	745	745
Sub leased assets	13	14	18	15	5	5	5	5	5
Inventories	154	116	67	62	81	94	108	121	134
Trade and other receivables	868	801	696	799	896	1,050	1,203	1,390	1,398
Prepayments and other assets	109	91	106	68	202	236	271	305	340
Cash and cash equivalents	189	257	176	417	431	399	390	339	543
Current assets	1,332	1,279	1,062	1,361	1,615	1,785	1,977	2,160	2,420
ASSETS	2,504	2,307	1,931	2,031	2,305	2,501	2,704	2,905	3,165
Share capital	820	820	820	820	820	820	820	820	820
Statutory reserve	354	354	246	246	246	246	246	246	246
Retained earnings	132	-314	-193	54	193	233	279	331	389
EQUITY	1,306	860	873	1,120	1,259	1,299	1,345	1,397	1,455
Lease liabilities	417	412	331	175	179	202	222	239	254
Employees' end of service benefits	177	166	148	165	194	228	266	301	340
Long term bonus	-	-	8	8	10	10	10	10	10
Non-current liabilities	593	578	487	349	383	439	497	549	604
ST borrowing	-	300	-	-	-	-	-	-	-
Trade payable and other liabilities	454	390	415	409	455	527	602	676	805
Lease liabilities	117	168	144	132	179	202	222	239	254
Zakat liabilities	34	12	13	22	29	34	38	43	48
Current liabilities	605	869	572	563	663	763	862	958	1,107
LIABILITIES	1,199	1,447	1,058	911	1,046	1,202	1,359	1,507	1,711
EQUITY AND LIABILITIES	2,504	2,307	1,931	2,031	2,305	2,501	2,704	2,905	3,165

Cash Flow (In SAR mn)	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Cash from operations	744	-35	373	346	202	328	388	428	726
Investing cash flow	-61	-46	-36	-15	-100	-100	-100	-100	-100
Financing cash flow	-641	149	-419	-90	-98	-110	-121	-130	-139
Change in cash	42	69	-81	241	14	-22	-149	-367	-361
Beginning cash	147	189	257	176	417	421	539	706	904
Ending cash	189	257	176	417	431	399	390	339	543

Ratio Analysis	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Per Share									
EPS (SAR)	5.66	-4.08	0.17	3.14	4.24	4.95	5.59	6.32	7.01
BVPS (SAR)	15.92	10.49	10.64	13.66	15.35	15.85	16.41	17.04	17.74
DPS (SAR)	5.45	1.40	-	-	2.12	3.96	4.47	5.05	5.61
FCF per share (SAR)	8.32	-0.98	4.12	4.04	1.24	2.78	3.51	4.00	7.64
Valuation									
Market Cap (SAR mn)	8,430	6,322	6,462	6,150	9,217	9,217	9,217	9,217	9,217
EV (SAR mn)	8,241	6,365	6,285	5,733	8,786	8,817	8,827	8,878	8,674
EBITDA	698	-83	227	446	470	544	614	693	769
P/E (x)	18.2	-18.9	459.7	23.9	26.5	22.7	20.1	17.8	16.0
EV/EBITDA (x)	11.8	-76.6	27.7	12.9	18.7	16.2	14.4	12.8	11.3
Price/Book (x)	6.5	7.4	7.4	5.5	7.3	7.1	6.9	6.6	6.3
Dividend Yield (%)	5.3%	1.8%	0.0%	0.0%	1.9%	3.5%	4.0%	4.5%	5.0%
Price to sales (x)	3.9	6.8	5.3	3.4	4.1	3.5	3.1	2.7	2.4
EV to sales (x)	3.8	6.9	5.2	3.2	3.9	3.4	2.9	2.6	2.3
Liquidity									
Cash Ratio (x)	0.3	0.3	0.3	0.7	0.6	0.5	0.5	0.4	0.5
Current Ratio (x)	2.2	1.5	1.9	2.4	2.4	2.3	2.3	2.3	2.2
Quick Ratio (x)	2.2	1.5	1.7	2.3	2.4	2.3	2.3	2.2	2.2
Returns Ratio									
ROA (%)	18.5%	-14.5%	0.7%	12.7%	13.6%	14.6%	15.3%	16.1%	16.3%
ROE (%)	35.5%	-38.9%	1.6%	23.0%	24.8%	28.1%	30.7%	33.4%	35.6%
ROCE (%)	24.4%	-23.3%	1.0%	17.5%	19.0%	21.0%	22.4%	24.0%	25.1%
Cash Cycle									
Inventory turnover (x)	8.9	7.6	13.2	21.1	20.0	20.0	20.0	20.0	20.0
Accounts Payable turnover (x)	3.0	2.3	2.1	3.2	3.6	3.6	3.6	3.6	3.3
Receivables turnover (x)	2.5	1.2	1.7	2.3	2.5	2.5	2.5	2.4	2.7
Inventory days	41	48	28	17	18	18	18	18	18
Payable Days	121	161	172	115	102	102	102	102	110
Receivables days	149	315	209	161	146	146	146	150	135
Cash Cycle	69	202	65	63	62	62	62	66	44
Profitability Ratio									
EBITDA Margins (%)	32.4%	-9.0%	18.7%	24.5%	21.0%	20.7%	20.4%	20.4%	20.4%
EBIT Margins (%)	25.0%	-29.2%	5.0%	15.6%	14.9%	15.0%	14.9%	15.0%	15.0%
PBT Margins (%)	23.3%	-34.1%	2.8%	15.7%	15.5%	15.5%	15.2%	15.3%	15.2%
Net Margins (%)	21.5%	-36.1%	1.2%	14.1%	14.0%	13.9%	13.7%	13.8%	13.7%
Effective Tax Rate (%)	7.8%	-6.0%	58.4%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Leverage									
Total Debt (SAR mn)	-	300	-	-	-	-	-	-	-
Net Debt (SAR mn)	-189	43	-176	-417	-431	-399	-390	-339	-543

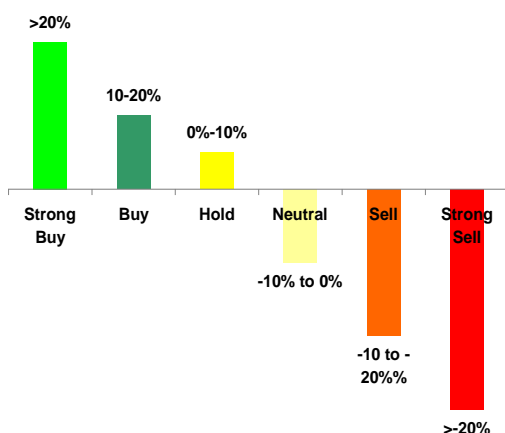
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Rating Criteria and Definitions

Rating



Rating Definitions

Strong Buy	This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
Buy	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
Hold	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
Neutral	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
Strong Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe

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