September I 2023

KSA Tourism & Travel Sectors

Momentum in Tourism to Drive Growth

Head of Sell-Side Research

Jassim Al-Jubran

+966 11 225 6248

j.aljabran@aljaziracapital.com.sa

Saudi Arabia's tourism sector is back in action. Recovering from the travel restrictions related to the pandemic, the sector now seems to be moving towards the growth with an extensive development plan under Vision 2030. There are multiple indicators that suggest the tourism activity has reached at or close to pre-COVID level in H1-23. The total number of flights increased by 26.0% Y/Y to 403,220 in H1-23. The hotel occupancy reached the highest in three years at 80% in Makkah region during Ramadan season. There has been a sharp increase in Umrah performers, while the number of Hajj pilgrims almost doubled compared to last year. Thus, there is a strong momentum in the sector. Going forward, we believe the momentum will continue backed by government initiatives to develop the country as tourism hub, plans to increase Hajj and Umrah capacity, expanding airport infrastructure, launch of new airline (Riyadh Air), reforms in Visa policy, rising number of visitors for Saudi seasons, development of tourist sites, and hosting of several entertainment and business events. All these factors indicate ample growth opportunities for tourism related businesses in the coming years in the Kingdom. We recommend an "Overweight" rating on Saudi Ground Services and Seera with TPs of SAR 38.1/share and SAR 31.4/share, respectively; while we are "Neutral" on Catering with TP of SAR 102.0/share.

Expanding tourism avenues under Vision 2030 initiatives: We see healthy growth potential for the Saudi tourism sector backed by solid government support. Under Vision 2030 Saudi Arabia targets to increase the tourism sector's contribution to GDP to 10.0% by FY30 from 3.8% in FY19. The country plans to host 100mn total foreign visitors from ~20mn in FY19. The number of visitors for Hajj and Umrah is aimed at 30mn by FY30. As the Kingdom works towards these objectives, it will deliver strong growth for the sector. According to World Travel & Tourism Council, Saudi Arabia's Travel & Tourism sector is expected to grow at an average of 11.0% annually over the next decade, making it the fastest growing Travel & Tourism in the Middle East.

Aviation sector recovery and expected expansion going forward to be key enabler of tourism growth: Travel restrictions imposed during the pandemic weighed on the aviation sector as flights were either grounded or operating in limited numbers. Even after easing of restrictions in the Kingdom the recovery in international travel was delayed. However, the sector is showing a good recovery now. In FY22, the total number of flights operated stood at 701,000 as compared to 489,000 in FY21. The total number of flights increased by 26.0% Y/Y in H1-23 to 403,220, which indicates a possibility of surpassing pre-covid level of 771,000 flights in the whole year. As the full recovery from the pandemic is almost there, growth going forward is anticipated to come from plans to expand the aviation sector. National Aviation Strategy, which was launch last year, aims to connect 250 direct destinations (currently around 100) to and from the Kingdom's airports, and triple air traffic to 330mn passengers (less than 100mn in FY19), bringing the Kingdom to first place in the Middle East by FY30. Under the aviation strategy, the government seeks to boost investments of more than USD 100bn and transport 500mn passengers by the end of the current decade. The launch of new national carrier, Riyadh Air, and plans of expansion of fleet by existing players such as Saudia, Flyadeal and Flynas will facilitate arrival of higher number of visitors and enable the tourism growth.

SGS, Catering and Seera to benefit from overall sector growth: The expected growth in tourism activity will bode well for the companies in this sector under our coverage such as SGS, Catering and Seera. The increase in the number of flights, routes and higher number of passengers are expected to translate into healthy revenue and profit growth for SGS and Catering. Seera would gain from higher demand in both domestic and international markets that will reflect in higher gross booking value (GBV). We expect SGS' revenue to grow at a CAGR of 12.5% until FY27E, while net income is expected to increase to SAR 476mn in FY27E vs. a loss of SAR 244mn in FY22. Catering's revenue and net income are estimated to expand at CAGR of 12.8% and 13.4%, respectively, during the same period. Seera is forecasted to post a revenue CAGR of 12.6% during FY23-27E.

We recommend an "**Overweight**" rating on SGS and Seera with TPs of **SAR 38.1/share** and **SAR 31.4/share**, respectively; while we are "**Neutral**" on Catering with TP of **SAR 102.0/share.**

Downside risks to our view on the sector are: (1) delay in implementation of Vision 2030 initiative 2) inability to attract tourist in KSA amid competition from other countries in the region 3) negative impact of economic slowdown or inflation on the sector's demand, 4) geopolitical crises or pandemics hampering international traffic.

Table 1. Price target and recommendation

Company Name	TP (SAR/share)	Upside/ (Down-side)	Recommendation	FY23E Net Income (SAR mn)	FY24E Net Income (SAR mn)	FY23E DY
SGS	38.1	23.2%	Overweight	206.9	280.8	-
Seera	31.4	15.0%	Overweight	231.9	240.2	-
Catering	102.0	-2.7%	Neutral	267.8	338.0	1.9%

Source: Tadawul, Aljazira Capital Research; prices as of 10th September 2023

A robust air traffic recovery with a healthy growth in number of flights operating

Air traffic that was severely affected by travel restiction is now recovering well. In FY22, total number of flights increased to 701,000, up 43% Y/Y. The recovery continued in H1-23 with ~403,000 flights, an increase of 26% Y/Y. thus, for the full year FY23 number of flights is likely to surpass pre-COVID level of 771,000. Naturally, number of passengers also showed strong growth. A total of 88.5mn passengers were recorded in FY22 at Saudi airports compared to 48.7mn in FY21, jumping by 82%. Moreover, total domestic and international visits in FY22 stood at more than 93mn and total spending by the visitors surpassed SAR 185bn, as Saudi Tourism Authority. Saudi Arabian Airlines (Saudia) clocked robust operational rates in H1-23, transporting more than 13.7mn passengers, up 24% Y/Y. The number of flights rose 6% Y/Y to 85,400 during the same period. The number of international passengers surged 52% Y/Y to 7.4mn, while domestic passengers stood at nearly 6.3mn. All this suggests acceleration overall tourism activity and tourism spending in the Kingdom.

Fig 1. Total number of flights (‘000)

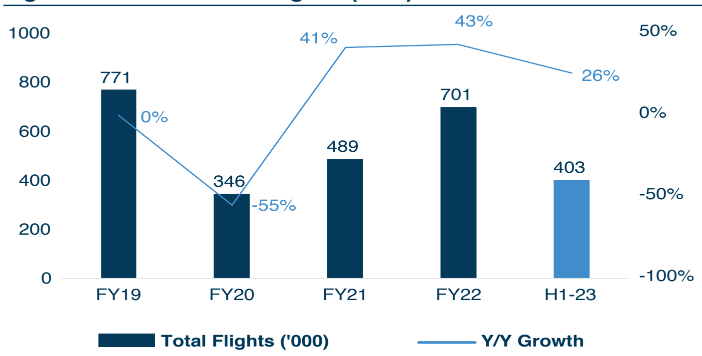
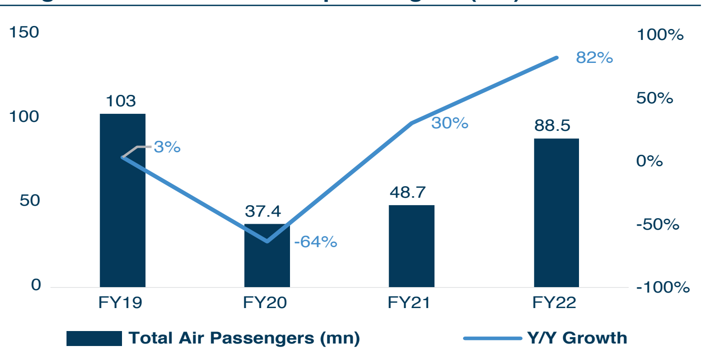


Fig 2. Total number of air passengers (mn)



Source: GASTAT, Saudi Air Navigation Services Co., Aljazira Capital

Launch of new airline, ramp up in existing airlines activity, planned addition of new aircrafts by the air carriers reflects rising demand

Air traffic in Saudi Arabia now stands close to pre-COVID level. Post the full recovery, growth is expected to be driven by enahnced tourism activity supported by government initiatives to establish KSA as a tourism hub. In March 2023, Saudi Arabia’s second national carrier, Riyadh Air, was launched. The new airline is expected to add USD 20bn to non-oil GDP growth, and create more than 200,000 direct and indirect jobs. Riyadh Air is expected to launch operation in the beginning of FY25 and aims to attract 100mn visits by FY30. The airline has already ordered 72 Boeing 787-9 Dreamliner airplanes to build its intial fleet. The existing carriers such as Saudia and Flynas are also expanding their fleet. Based on the latest announcements these three airline have ordered more than 150 new aircrafts that are expected to be part of their fleet over the next few years.

Fig 3. Ramp up activities by Saudi air carriers

السعودية SAUDIA

Announced ordering up to **49** Boeing 787 Dreamliner airplanes (10 more than earlier announcement).
Will be operating **56** additional flights to **14** destinations in Asia and Europe to boost global presence. Announced launch of regular international flights from Neom Bay Airport.
To buy **100** electric aircraft to use on domestic network, as per Reuters report
Subsidiary, **Flyadeal**, ordered Boeing 737 Max narrow-body planes worth **USD 3.5bn**. Flyadeal plans to increase it fleet to **110** from **28** currently

flynas طيران ناس

Signed a deal to purchase **30** A320neo family aircraft for more than **SAR 14bn**, as part an order for **120** Airbus planes at a total value of over **SAR 32bn.**

طيران الرياض RIYADH AIR

Ordered **72** Boeing 787-9 Dreamliner airplanes to build its intial fleet
Looking to buy about **300 to 400** single-aisle jets in the long term, as per Bloomberg report

Source: Argaam, Aljazira Capital

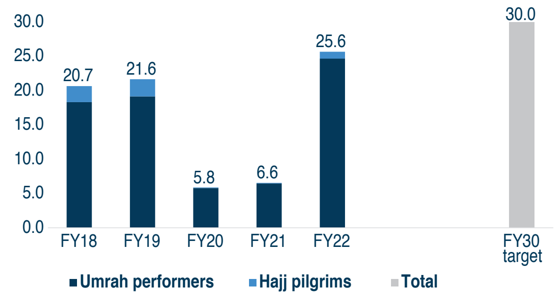
Airports capacity expansion in line with expected growth in number of passengers

To achieve targeted 330mn air passengers by FY30, Saudi Arabia needs to expand Airports capacity. Thus, towards the end of last year Saudi Arabia launched a masterplan for King Salman International Airport in Riyadh. The new airport aims to accommodate up to 120mn travelers per year by FY30 and 185mn by FY50, along with capacity to process 3.5mn tons of cargo, by 2050. Jeddah airport is also undergoing expansion with an investment of SAR 115bn to increase capacity to 114mn passengers per year by FY30. The Kingdom is also considering privatization of airport and airports of Abha, Taif, Hail and Qassim are planned to be privatized.

Religious tourism to continue to be a vital part of Saudi tourism sector

The number of Umrah performers reached 24.7mn in FY22 exceeding 19.2mn in FY19. Similarly, Hajj season this year witnessed 1.85mn pilgrims, twice that in FY21, but below 2.49mn in FY19. KSA targets to expand Hajj and Umrah capacity to accommodate 30mn visitors combined by FY30, reflecting addition of around 4-5mn over the next 7-8 years. Hence, even though, upcoming growth for Saudi tourism is expected to come from leisure travel, religious tourism will continue to from solid base for tourist activity in the Kingdom.

Fig 4. Religious visitors (mn)



Source: GASTAT, Aljazira Capital

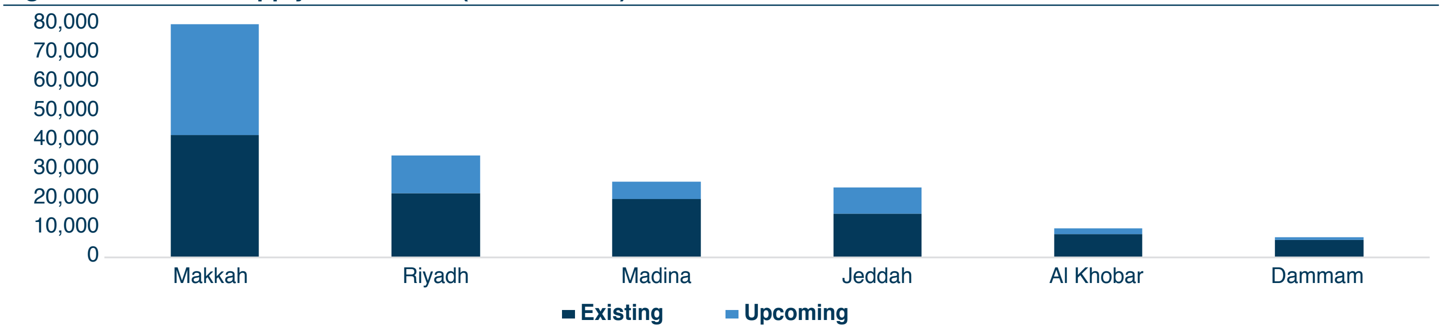
Visa reforms would help KSA gain prominance as a tourist destination

Saudi Arabia was openined to international tourism for the first time in September 2019 and started issueing tourist Visa for tourists from 49 countries. A tourist visa can be applied from e-Visa platform, or through a visa on arrival upon arriving to the kingdom. In January this year, Saudi Arabia introduced transit/stopover Visa that allows passengers to stay in the Kingdom for up to four days and is issued along with plane tickets from Saudia and Flynas, bearing validity of three months. Moreover, in March tourist Visa was made available all GCC residents irrespective of their profession. Very revently KSA added 8 more countries to be eligible for e-Visas. This reflects that Tourism Ministry is continously improving Visa application process to make it easier for visitors.

Hospitality sector to see momentum with increasing number of visitors; hotel rooms inventory to increase sharply

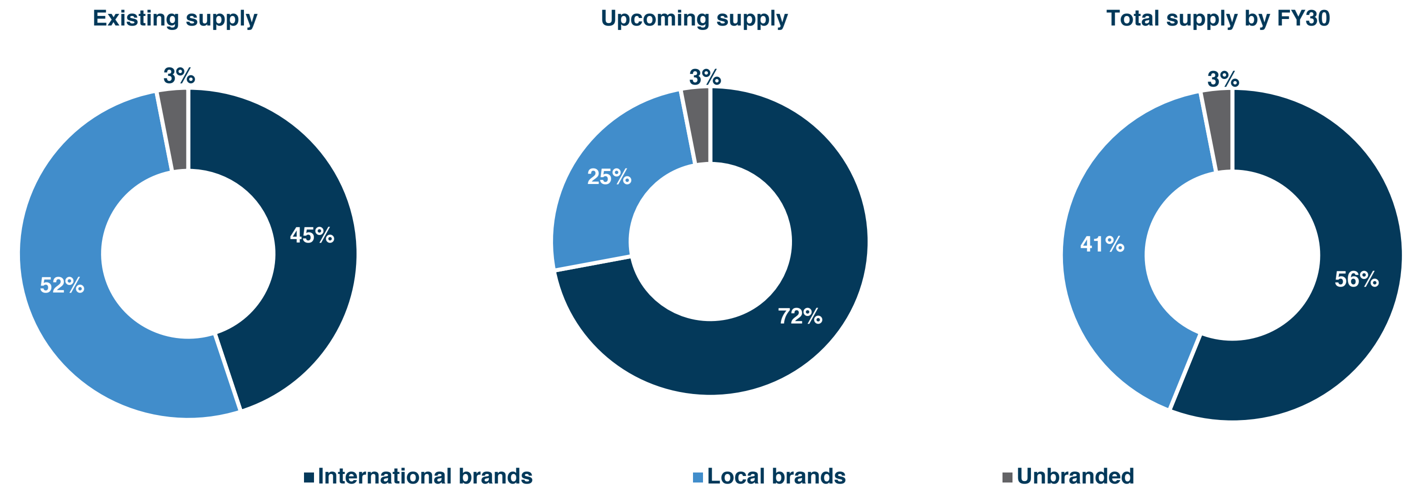
The Kingdom is gearing up for a major expansion in its hospitality sector, as the number of tourists are anticipated to increase significantly in the next few years. A total of 315,000 hotel keys are either under construction or planned by FY30, according to global property consultancy Knight Frank. Thus, total hotel rooms invetory is expected to reach around 450,000 by FY30. Makkah is expected to add most number of hotel keys followed by Riyadh and Jeddah. It is also noteworthy intrnational brands more leading the upcoming supply.

Fig 5. Hotel rooms supply distribution (no. of rooms)



Source: Knight Frank, Aljazira Capital

Fig 6. Supply distribution by type of operator (no. of rooms)



Source: Knight Frank, Aljazira Capital

Giga projects to contribute the most to upcoming hotel rooms supply: The upcoming hotel rooms supply will be dominated in Giga projects. These projects are likely to have contribution of more than 70% to planned hotel rooms until FY30 with more than 225,000 rooms.

Table 2. Supply distribution

Project	Number of planned rooms
Neom	40,000-80,000
Ruaa Al Madina	47,000+
Masar Makkah	40,000+
Thakher	28,000+
Red Sea Project	**5,000-10,000**
Al Ula	**7,000+**

Source: Knight Frank, Aljazira Capital

Rise in expenditure on tourism and higher spending per tourist

In FY22, expenditure on tourism by domestic and inbound tourists increased to SAR 185bn from SAR 96bn in FY21. The increase was driven by higher number of tourists as well as increase expenditure per tourist despite high level of inflation during the year. Total expenditure in FY22 exceeded FY19 level; however, expenditure per tourist was below pre-COVID level.

Fig 7. Expenditure on tourism by domestic and inbound tourists

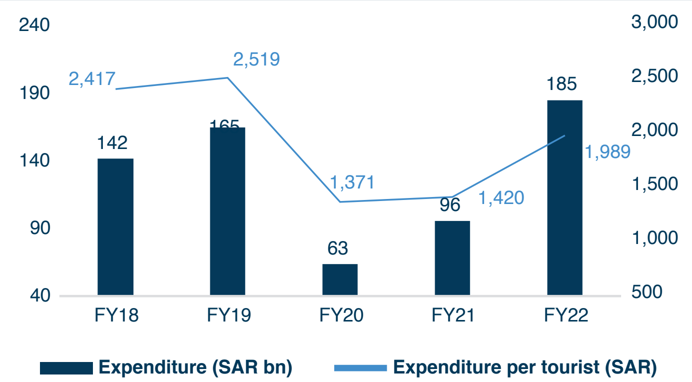
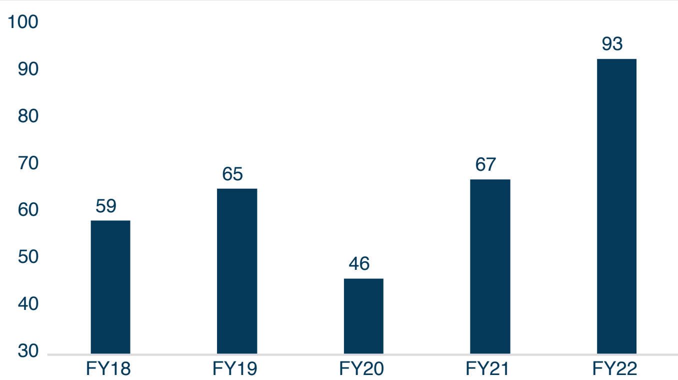


Fig 8. Number of domestic and inbound tourists (mn)



Source: Saudi Tourism Authority, Argaam, Aljazira Capital

Saudi Ground Services (SGS): Likely to benefit from new airline and overall anticipated growth in the aviation sector

SGS is the largest and dominant ground handling service provider in Saudi Arabia. The expected growth in air traffic and number of flights would be reflected directly in the company's revenue growth. The ongoing recovery in the number of flights operating has led to 29.3% revenue growth for the company in H1-23 that helped the company to return to profit. The recovery in the gross margin was not as per expectations. We believe margins for the company would improve but gradually. The company is likely to pay off all its debt, that was raised during the pandemic, by the end of this year. Thus, making its balance sheet stronger. Overall, the company seems to be placed well to take advantage of the growth potential underpinned by the Kingdom's plans to boost tourism and aviation sectors. We maintain our "Overweight" rating on the stock and lift the TP of SAR 38.1/share.

National Aviation Strategy a key factor for SGS' growth prospects: Saudi Arabia's National Aviation Strategy is focused on developing aviation sector to increase number of passengers to more than 3x and number of destinations to more than 2x. This will increase the traffic at airports. Additionally, the new launch of a new national carrier, Riyadh Air opens up opportunity for SGS. Moreover, existing airlines are also expanding their fleet size. All these factors support a healthy revenue growth of SGS. Thus, we forecast the company's revenue to expand at a CAGR of 12.5% during FY23-27E, mainly driven by the direct positive impact on demand for ground handling and other associated services due to the expected growth in the aviation sector.

Margins recovery slower than expected: In Q2-23 SGS' gross margin stood at 16.3% despite the top line reaching close to pre-pandemic level. We believe the margins will start improving here onwards owing to healthy revenue growth but will remain below pre-COVID level (27% in FY19). The GP margin for FY23E is forecasted at 17.9% compared to 8.0% in FY22. In FY24, GP margin is estimated to expand to 21.2% and improve further in the coming years. Similarly, the net margin is estimated at 8.5% in FY23E and 10.5% in FY24E. Net income will also be supported by lower finance expenses in FY24, as the company plans to repay its debt this year.

Expected to achieve a debt-free balance sheet by the end of FY23E: SGS had raised debt of SAR 1,250mn during the pandemic. However, now as the conditions have improved the company has made pre-payment of some of its outstanding debt. As of June, SGS' loan and borrowings stood at SAR 475.8mn of it has already repaid loans worth ~SAR 275mn in Q3-23 and plans to repay remaining this year. Given that the company's cash and short term investment stood at SAR 819mn it has capacity to pay back remaining loans. This will strengthen the balance sheet and the company will be better equipped for any Capex requirements in the future to cater to rising demand.

AJC's view and valuation: SGS is set to reap the benefits of improved operating conditions and long term growth drivers for the sector. The enhanced balance sheet health and market leading position strengthen the company's prospects. We value SGS based on 60% weightage to DCF (2.5% terminal growth and 8.0% WACC) and 20% weight each to FY24 P/E (18.0x) and EV/EBITDA (15.0x) each. DCF value stands at SAR 40.9/share. The blended valuation gives a TP of **SAR 38.1/share**, a **23.2%** upside. Thus, we maintain our "**Overweight**" rating. Delay in commencement of Riyadh Air operation, entry of new competitors leading to loss of market share, change in contracts with key customers such as Saudia, inefficient or delayed execution of government's initiatives for tourism and aviation sector.

Recommendation	Overweight
Target Price (SAR)	38.1
Upside/(Downside)	23.2%

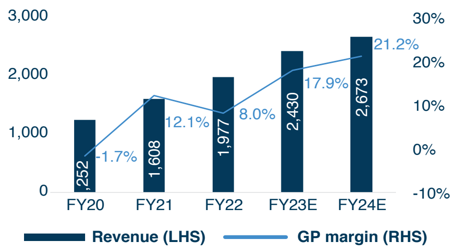
Source: Tadawul *prices as of 10th of September 2023

Key Financials

(in SAR mn, unless specified)	FY21	FY22	FY23E	FY24E
Revenues	1,608	1,977	2,430	2,673
Growth %	28.4%	23.0%	22.9%	10.0%
Net Income	195	159	435	566
Growth %	-254	-244	207	281
EPS	NM	NM	NM	35.7%
DPS	-1.35	-1.30	1.10	1.49

Source: Company reports, Aljazira Capital

Revenue (SAR mn) and GP Margin



Source: Tadawul, Aljazira Capital

Key Ratios

	FY21	FY22	FY23E	FY24E
Gross Margin	12.1%	8.0%	17.9%	21.2%
Net Margin	-15.8%	-12.4%	8.5%	10.5%
ROE	-10.7%	-11.2%	9.4%	11.8%
ROA	-5.5%	-5.3%	4.9%	6.6%
P/E (x)	Neg	Neg	28.1	20.7
P/B (x)	2.5	2.0	2.5	2.4
EV/EBITDA (x)	Neg	High	14.3	11.1
Dividend Yield	0.0%	0.0%	0.0%	2.4%

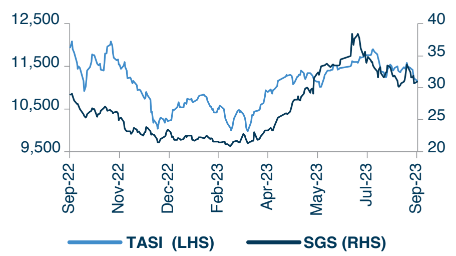
Source: Company reports, Aljazira Capital

Key Market Data

Market Cap (SAR bn)	5.9
YTD%	41.7%
52-week (High)/(Low)	39.6/20.8
Share Outstanding (mn)	188.0

Source: Company reports, Aljazira Capital

Price Performance



Source: Tadawul, Aljazira Capital

Key Financial Data

Amount in SARmn, unless otherwise specified	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E
Income statement									
Gross Revenue	2,540	1,252	1,608	1,977	2,430	2,673	2,994	3,294	3,557
Y/Y	**-0.6%**	**-50.7%**	**28.4%**	**23.0%**	**22.9%**	**10.0%**	**12.0%**	**10.0%**	**8.0%**
Cost of Revenue	(1,853)	(1,273)	(1,413)	(1,818)	(1,995)	(2,107)	(2,286)	(2,481)	(2,672)
Gross Profit	**687**	**(21)**	**195**	**159**	**435**	**566**	**709**	**813**	**885**
General & Administrative Expense	(239)	(257)	(296)	(286)	(240)	(264)	(296)	(326)	(352)
Operating Income	**416**	**(403)**	**(170)**	**(120)**	**223**	**332**	**447**	**524**	**573**
Y/Y	**12.1%**	**NM**	**NM**	**NM**	**NM**	**49.1%**	**34.6%**	**17.4%**	**9.4%**
Financial Charges	(9)	(16)	(30)	(31)	(35)	(5)	(4)	(5)	(7)
Income before Zakat	454	(427)	(214)	(78)	265	364	482	562	614
Zakat	(31)	(27)	(40)	(167)	(58)	(84)	(110)	(127)	(137)
Net income	**423**	**(454)**	**(254)**	**(244)**	**207**	**281**	**372**	**435**	**476**
Y/Y	**14.9%**	**NM**	**NM**	**NM**	**NM**	**35.7%**	**32.5%**	**16.9%**	**9.5%**
EPS	2.25	(2.42)	(1.35)	(1.30)	1.10	1.49	1.98	2.31	2.53
Balance sheet									
Assets									
Cash and cash equivalents	120	96	255	864	197	379	517	709	918
Other current assets	2,277	2,656	3,073	2,003	2,391	2,501	2,687	2,842	2,959
Total Current Assets	**2,397**	**2,751**	**3,328**	**2,868**	**2,588**	**2,881**	**3,203**	**3,551**	**3,877**
Property & Equipment	593	526	528	433	420	455	503	530	547
Other non-current assets	1,333	1,140	991	1,070	1,072	1,067	1,070	1,078	1,092
Total non-current assets	1,926	1,666	1,519	1,503	1,492	1,522	1,573	1,607	1,639
Total Assets	**4,323**	**4,417**	**4,847**	**4,371**	**4,080**	**4,403**	**4,776**	**5,158**	**5,516**
LIABILITIES									
Total current liabilities	716	786	1,451	1,191	1,065	1,189	1,363	1,560	1,766
Total non-current liabilities	661	1,132	1,131	1,077	706	765	852	950	1,054
Total Liabilities	**1,377**	**1,918**	**2,582**	**2,269**	**1,771**	**1,954**	**2,215**	**2,510**	**2,821**
EQUITY									
Share Capital	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
Statutory Reserve	499	499	499	499	499	499	499	499	499
Retained Earnings	567	120	(114)	(277)	(70)	70	182	269	317
Total Shareholder's Equity	**2,946**	**2,499**	**2,265**	**2,102**	**2,309**	**2,449**	**2,561**	**2,648**	**2,696**
Total Liabilities & Equity	**4,323**	**4,417**	**4,847**	**4,371**	**4,080**	**4,403**	**4,776**	**5,158**	**5,516**
Cashflow statement									
Operating activities	966	(419)	(10)	32	299	490	578	706	802
Investing activities	(734)	(40)	(475)	1,165	(342)	(167)	(180)	(166)	(164)
Financing activities	(422)	436	644	(587)	(625)	(140)	(260)	(348)	(429)
Change in cash	(190)	(24)	159	610	(668)	182	138	192	210
Ending cash balance	**120**	**96**	**255**	**864**	**197**	**379**	**517**	**709**	**918**
Key fundamental ratios									
Liquidity ratios									
Current ratio (x)	2.7	2.8	1.9	1.9	1.7	1.7	1.6	1.6	1.6
Quick ratio (x)	2.7	2.8	1.9	1.9	1.7	1.7	1.6	1.6	1.5
Profitability ratios									
GP Margin	27.0%	-1.7%	12.1%	8.0%	17.9%	21.2%	23.7%	24.7%	24.9%
Operating Margins	16.4%	-32.2%	-10.6%	-6.1%	9.2%	12.4%	14.9%	15.9%	16.1%
EBITDA Margin	24.5%	-16.5%	0.0%	3.1%	16.5%	18.8%	20.9%	21.6%	21.6%
Net Margins	16.7%	-36.3%	-15.8%	-12.4%	8.5%	10.5%	12.4%	13.2%	13.4%
ROE	14.5%	-16.7%	-10.7%	-11.2%	9.4%	11.8%	14.8%	16.7%	17.8%
ROA	10.2%	-10.4%	-5.5%	-5.3%	4.9%	6.6%	8.1%	8.8%	8.9%
Market valuation ratios									
EV	6,654	6,555	5,887	3,823	5,759	5,600	5,497	5,348	5,190
EV/sales (x)	2.6	5.2	3.7	1.9	2.4	2.1	1.8	1.6	1.5
EV/EBITDA (x)	10.7	Neg	Neg	61.5	14.3	11.1	8.8	7.5	6.7
EPS (SAR)	2.25	-2.42	-1.35	-1.30	1.10	1.49	1.98	2.31	2.53
BVPS (SAR)	15.67	13.29	12.05	11.18	12.28	13.03	13.62	14.08	14.34
Market price (SAR*)	35.10	32.10	29.55	21.84	30.95	30.95	30.95	30.95	30.95
Market Cap (SAR mn)	6,599	6,035	5,555	4,106	5,819	5,819	5,819	5,819	5,819
DPS	1.8	0.0	0.0	0.0	0.0	0.7	1.4	1.9	2.3
Dividend yield	5.1%	0.0%	0.0%	0.0%	0.0%	2.4%	4.5%	6.0%	7.4%
P/E (x)	15.6	Neg	Neg	Neg	28.1	20.7	15.6	13.4	12.2
P/BV (x)	2.2	2.4	2.5	2.0	2.5	2.4	2.3	2.2	2.2

Source: Company reports, Aljazira Capital Research

Saudi Airlines Catering Co. (Catering): Both in-flight catering and non-airlines segments set to expand

Catering's two major segments, in-flight catering and non-airlines, are expected to show healthy growth. In-flight catering will gain support from the expected growth in the aviation sector that would translate into a higher number of meals for Catering. The non-airlines revenue is likely to continue robust growth driven by big contract wins (two contracts worth SAR 9.0bn), increasing number of social and entertainment events and overall growth in tourism. We estimate inflight catering revenue to grow at a CAGR of 11.3% and non-airlines revenue at 22.0% during FY23-27E. However, the company's margin would be impacted by changing revenue mix and inflation. We recommend a "Neutral" rating with a TP of SAR 102.0/share.

Strong topline growth aided by multiple drivers: Saudi Arabia's plans to attract more visitors would help catering in terms of higher demand for in-flight meals. We forecast the number of in-flight meals served by the company to increase at CAGR of 10% over the next five years to reach 52.4mn in FY26E from 31.9mn in FY22, translating into a revenue CAGR of 11.3%. The non-airlines revenue (48.1% Y/Y growth in FY22) is expected to lead the company's topline growth, the company is focused on increasing the segment's contribution to total revenue to 50% (FY22: 21.0%). Non-airlines growth will be driven by an increase in tourism, rising events/seasons, expected growth in pilgrims and the company's efforts to expand into untapped sectors. Catering signed two contracts worth SAR 9.0bn in July, which will reflect non-airlines revenue Q3-25. We estimate non-airlines revenue CAGR of 22.0% during FY23-27E, that will lead to an increase in the segment's contribution to topline to 31.0% by FY27E.

Margins less likely to return to historical levels: Despite healthy revenue growth Catering's gross margin is struggling to get back to the historical range of 33-37%. The factors that are putting pressure on gross margin 1) impact of inflation on costs 2) change in menu by airline to cut down costs 3) rising contribution from low-margin non-airlines segment. Thus, we expect gross margin to contract to 27.0% in FY23E from 28.4% in FY22. Later, gross margin is forecast to improve gradually 29.0% by FY27E. Net margin is estimated at 12.3% in FY23E from 14.1% in FY22 and improve gradually 14.5% by FY27E. Thus, net income is forecast to increase at a CAGR of 13.4% during FY23-27E.

Capable of serving the higher demand: Catering currently has capacity of 72.0mn meals and operates at utilization rate of 70-72%. Hence, there is headroom for more production if required and attain better utilization rates. Moreover, debt free balance sheet adds to the strength of the company. Two new contacts worth SAR 9.0bn signed by the company require building production and laundry units and hence would require Capex. We believe the company is in a good position to handle this and any other Capex in growth opportunities.

Higher receivables could be a concern: As of December 2022, Catering's gross trade receivables stood at SAR 947mn with receivables turnover of more than six months. As of June 2023, gross receivables stood at SAR 991mn, of which 72% were due from government and non-government entities. With the expected strong revenue growth there is the possibility of a further increase in receivables. Hence, the company would need to manage them efficiently.

AJC's view and valuation: Catering is positioned well with healthy growth prospects, diversifying business and sound financials. We believe historical margins are not sustainable in the current scenario. We value Catering based on 60% weight to DCF (2.5% terminal growth and 7.3% WACC) and 20% each to FY24 P/E (18.0x) and EV/EBITDA (15.0x). DCF value stands at SAR 112.4/share, while blended valuation gives a TP of **SAR 102.0/share**, a **2.7%** downside. Thus, we recommend a "**Neutral**" rating. Less than expected demand for meals, any changes in long term contract with major customer, entry of new competitors in the market, competitive pressure and any food quality issue impacting image of the company are the **downside risks** to our valuation.

Recommendation	Neutral
Target Price (SAR)	102.0
Upside/(Downside)	-2.7%

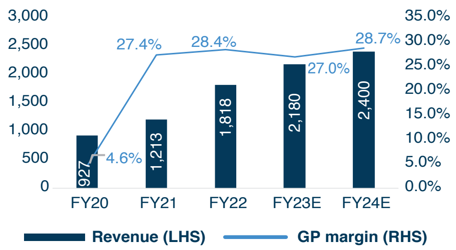
Source: Tadawul *prices as of 10th of September 2023

Key Financials

(in SAR mn, unless specified)	FY21	FY22	FY23E	FY24E
Revenues	1,213	1,818	2,180	2,400
Growth %	30.9%	49.9%	19.9%	10.1%
Net Income	332	516	588	690
Growth %	14	257	268	338
EPS	NM	NM	4.2%	26.2%
DPS	0.17	3.14	3.27	4.12

Source: Company reports, Aljazira Capital

Revenue (SAR mn) and GP Margin



Source: Tadawul, Aljazira Capital

Key Ratios

	FY21	FY22	FY23E	FY24E
Gross Margin	27.4%	28.4%	27.0%	28.7%
Net Margin	1.2%	14.1%	12.3%	14.1%
ROE	1.6%	25.8%	22.8%	26.8%
ROA	0.7%	13.0%	12.8%	15.5%
P/E (x)	High	23.9	32.1	25.4
P/B (x)	7.3	5.5	7.0	6.6
EV/EBITDA (x)	29.2	13.5	17.7	15.2
Dividend Yield	0.0%	0.7%	1.9%	3.1%

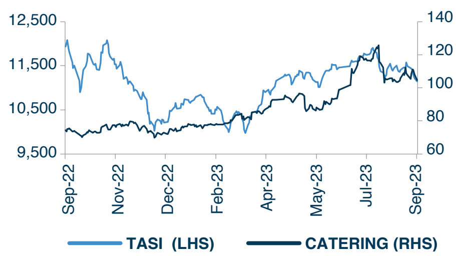
Source: Company reports, Aljazira Capital

Key Market Data

Market Cap (SAR bn)	8.8
YTD%	39.7%
52-week (High)/(Low)	128.8/69.6
Share Outstanding (mn)	82.0

Source: Company reports, Aljazira Capital

Price Performance



Source: Tadawul, Aljazira Capital

Key Financial Data

Amount in SARmn, unless otherwise specified	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E
Income statement									
Gross Revenue	2,156	927	1,213	1,818	2,180	2,400	2,772	3,104	3,320
Y/Y	**5.9%**	**-57.0%**	**30.9%**	**49.9%**	**19.9%**	**10.1%**	**15.5%**	**12.0%**	**7.0%**
Cost of Revenue	(1,369)	(884)	(881)	(1,302)	(1,592)	(1,710)	(1,972)	(2,206)	(2,357)
Gross Profit	**787**	**42**	**332**	**516**	**588**	**690**	**800**	**898**	**963**
General & Administrative Expense	(246)	(256)	(236)	(232)	(298)	(328)	(379)	(424)	(454)
Operating Income	**539**	**(271)**	**60**	**284**	**298**	**370**	**431**	**484**	**521**
Y/Y	**6.7%**	**NM**	**NM**	**370.5%**	**4.9%**	**24.1%**	**NM**	**NM**	**NM**
Finance costs	(34)	(34)	(27)	(21)	(19)	(11)	(7)	(4)	(3)
Income before Zakat	**503**	**(316)**	**34**	**286**	**303**	**380**	**446**	**503**	**542**
Zakat	(39)	(19)	(20)	(29)	(35)	(42)	(50)	(56)	(61)
Net income	**464**	**(335)**	**14**	**257**	**267.8**	**338.0**	**397**	**447**	**482**
Y/Y	**1.0%**	**NM**	**NM**	**NM**	**4.2%**	**26.2%**	**NM**	**NM**	**NM**
EPS	5.66	(4.08)	0.17	3.14	3.27	4.12	4.84	5.45	5.87
Balance sheet									
Assets									
Cash and cash equivalents and Short term Investment	189	257	176	417	650	527	475	462	472
Other current assets	1,143	1,022	885	944	825	911	1,022	1,167	1,262
Total current assets	**1,332**	**1,279**	**1,062**	**1,361**	**1,476**	**1,438**	**1,497**	**1,629**	**1,734**
Property Plant and equipment	560	456	408	341	352	464	530	557	600
Right of use assets	530	510	417	267	256	251	247	247	248
Other non-current assets	82	63	44	62	61	60	59	59	59
Total assets	**2,504**	**2,307**	**1,931**	**2,031**	**2,146**	**2,213**	**2,333**	**2,492**	**2,641**
Liabilities									
Total current liabilities	605	869	572	563	581	581	618	679	718
Total non-current liabilities	593	578	487	349	338	337	341	350	364
Total liabilities	**1,199**	**1,447**	**1,058**	**911**	**919**	**918**	**959**	**1,029**	**1,082**
Shareholders' Equity									
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	161	229	308	397	494
Total shareholders' equity	**1,306**	**860**	**873**	**1,120**	**1,227**	**1,295**	**1,374**	**1,463**	**1,560**
Total liabilities and shareholders' equity	**2,504**	**2,307**	**1,931**	**2,031**	**2,146**	**2,213**	**2,333**	**2,492**	**2,641**
Cashflow statement									
Operating activities	744	(35)	373	346	647	462	527	568	630
Investing activities	(61)	(46)	(36)	(15)	(164)	(276)	(236)	(202)	(216)
Financing activities	(641)	149	(419)	(90)	(250)	(309)	(343)	(380)	(404)
Change in cash	42	69	(81)	241	233	(123)	(52)	(13)	10
Ending cash balance	189	257	176	417	650	527	475	462	472
Key fundamental ratios									
Liquidity ratios									
Current ratio (x)	2.2	1.5	1.9	2.4	2.5	2.5	2.4	2.4	2.4
Quick ratio (x)	1.7	1.2	1.5	2.2	2.2	2.2	2.1	2.1	2.1
Profitability ratios									
GP Margin	36.5%	4.6%	27.4%	28.4%	27.0%	28.7%	28.9%	28.9%	29.0%
Operating Margins	25.0%	-29.2%	5.0%	15.6%	13.7%	15.4%	15.5%	15.6%	15.7%
EBITDA Margin	32.4%	-9.6%	18.8%	24.6%	21.1%	22.5%	21.8%	21.2%	20.8%
Net Margins	21.5%	-36.1%	1.2%	14.1%	12.3%	14.1%	14.3%	14.4%	14.5%
ROE	35.6%	-30.9%	1.6%	25.8%	22.8%	26.8%	29.7%	31.5%	31.9%
ROA	20.2%	-13.9%	0.7%	13.0%	12.8%	15.5%	17.5%	18.5%	18.8%
Market valuation ratios									
EV	8,775	6,645	6,661	6,040	8,150	8,231	8,255	8,245	8,216
EV/sales (x)	4.1	7.2	5.5	3.3	3.7	3.4	3.0	2.7	2.5
EV/EBITDA (x)	12.6	(75.0)	29.2	13.5	17.7	15.2	13.7	12.5	11.9
EPS (SAR)	5.66	(4.08)	0.17	3.14	3.27	4.12	4.84	5.45	5.87
BVPS (SAR)	15.9	10.5	10.6	13.7	15.0	15.8	16.8	17.8	19.0
Market price (SAR*)	102.80	77.10	77.60	75.00	104.80	104.80	104.80	104.80	104.80
Market Cap (SAR mn)	8,430	6,322	6,363	6,150	8,594	8,594	8,594	8,594	8,594
DPS	5.6	0.0	0.0	0.5	2.0	3.3	3.9	4.4	4.7
Dividend yield	5.4%	0.0%	0.0%	0.7%	1.9%	3.1%	3.7%	4.2%	4.5%
P/E (x)	18.2	-18.9	452.7	23.9	32.1	25.4	21.7	19.2	17.8
P/BV (x)	6.5	7.4	7.3	5.5	7.0	6.6	6.3	5.9	5.5

Source: Company reports, Aljazira Capital Research

Seera Group Holding (Seera): Demand drivers in place, value unlocking from Lumi IPO and PIF investment to keep sentiments upbeat

The rising travel and tourism demand in Saudi Arabia and expected sustained momentum in the sector over next few years bodes well for Seera. We believe that Seera will make the most of this healthy demand. Thus, we expect the company to register healthy revenue growth and improved profitability going forward. Seera has issued an IPO of its 100% owned subsidiary, which is expected to unlock more than SAR 1.0bn (30% shares at IPO price of SAR 66 per share), providing liquidity to invest in growth opportunity. Moreover, PIF's potential investment in Almosafer could be another growth catalyst. We maintain our "Overweight" rating with a TP of SAR 31.4/share.

Healthy demand outlook to bolster revenue expansion: The outlook for travel and tourism in Saudi Arabia is optimistic due to the Kingdom's focus on developing itself as a tourism hub and attract more and more tourist. As a result, a sustained demand for both domestic and international travel is anticipated. Thus, Seera's services are expected to see healthy growth. We forecast the company's revenue to clock a CAGR of 12.6% during FY23-27E. The company's major segments, Ticketing, Tourism and Transportation are expected to deliver very strong double-digit growth this year, leading to total revenue growing by 35.0%. As we expect a sustained demand, high-single to low double digit growth in the top line is expected till FY25E.

Revenue growth to drive profitability: As consistent growth in topline is anticipated, we forecast the company to continue to register profits with improved margins, also supported by cost cutting measures. Gross margin is expected to expand to 44.5% in FY23E from 39.8% in FY22. It is expected to widen further gradually to 47.1% in FY27E. Net margin is estimated to increase from 7.6% in FY23E to 10.8% in FY27E, while RoE is expected to expand from 4.2% in FY23E to 6.4% in FY27E.

Lumi IPO to unlock more than SAR 1.0bn for Seera: Seera is offering 30% of it 100% stake in Lumi in IPO. The IPO price is set at SAR 66.0 per share, which indicates Seera will receive more than SAR 1.0bn from the IPO proceedings. Hence, liquidity position of Seera would improve post IPO.

PIF's potential investment may serve as a valuable growth catalyst: PIFis considering investment in 30.0% stake in Almosafer for consideration of SAR 1.6bn (which includes earn out amount of SAR 386mn), if successful, will prove to be a catalyst for growth. The capital infusion would enable the company to ramp up domestic, international, religious, and inbound tourism operations. Additionally, PIF's involvement may help the required restructuring of the business and drive efficiencies.

AJC's view and valuation: Seera has favorable market condition with an anticipate boom in Sadui tourism sector. These improved conditions along with restructuring efforts monetizing subsidiary stakes (Lumi and Almosafer) could turn the table for the company. We value Seera based on 50% weight to DCF (2.5% terminal growth and 7.6% WACC) and 50% weight to EV/EBITDA multiples (12.5x). We also assume around SAR 1bn of proceeding from Lumi IPO for the valuation purpose. DCF value stands at SAR 32.6/share, while blended valuation is **SAR 31.4/share**, indicating an upside of **15.0%**. Thus, we keep our recommendation unchanged at "**Overweight**". Lower than expected demand for travel and tourism, delay in implementation initiative to boost tourism, geopolitical crisis/pandemic hampering travelling, pressure on consumer spending due to inflation and/or economic slowdown are the **downside risks** to our valuation.

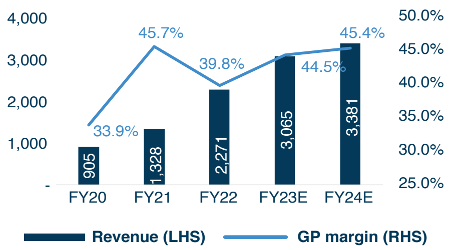
Recommendation	**Overweight**
Target Price (SAR)	**31.4**
Upside/(Downside)	**15.0%**

Source: Tadawul *prices as of 10th of September 2023

Key Financials

(in SAR mn, unless specified)	FY21	FY22	FY23E	FY24E
Revenues	1,328	2,271	3,065	3,381
Growth %	46.8%	71.0%	35.0%	10.3%
Net Income	606	904	1,362	1,535
Growth %	-376	-48	232	240
EPS	NM	NM	NM	3.6%
DPS	-1.25	-0.16	0.77	0.80

Revenue (SAR mn) and GP Margin



Source: Tadawul, Aljazira Capital

Key Ratios

	FY21	FY22	FY23E	FY24E
Gross Margin	45.7%	39.8%	44.5%	45.4%
Net Margin	-28.3%	-2.1%	7.6%	7.1%
ROE	-6.9%	-0.9%	4.2%	4.2%
ROA	-4.8%	-0.6%	2.6%	2.6%
P/E (x)	Neg	Neg	35.3	34.1
P/B (x)	0.9	1.5	1.4	1.4
EV/EBITDA (x)	High	22.4	13.5	12.6
Dividend Yield	0.0%	0.0%	0.0%	0.0%

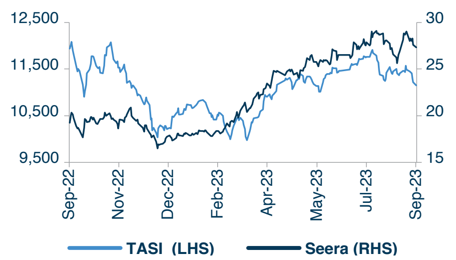
Source: Company reports, Aljazira Capital

Key Market Data

Market Cap (SAR bn)	8.3
YTD%	56.7%
52-week (High)/(Low)	29.8/16.5
Share Outstanding (mn)	300.0

Source: Company reports, Aljazira Capital

Price Performance



Source: Tadawul, Aljazira Capital

Key Financial Data

Amount in SARmn, unless otherwise specified	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E
Income statement									
Revenues	2,190	905	1,328	2,271	3,065	3,381	3,680	3,921	4,119
Growth Y/Y	-4.8%	-58.7%	46.8%	71.0%	35.0%	10.3%	8.9%	6.6%	5.0%
Cost of Sales	(917)	(598)	(722)	(1,367)	(1,703)	(1,845)	(1,987)	(2,093)	(2,178)
Gross profit	**1,273**	**307**	**606**	**904**	**1,362**	**1,535**	**1,693**	**1,828**	**1,940**
Selling expenses	(411)	(318)	(336)	(410)	(447)	(507)	(533)	(553)	(579)
Administrative expenses	(511)	(510)	(553)	(598)	(643)	(671)	(774)	(805)	(843)
Other (expense)/income	(13)	(14)	(17)	106	66	27	30	32	34
Operating profit	**339**	**(534)**	**(282)**	**54**	**345**	**385**	**416**	**502**	**552**
Growth Y/Y	-44.7%	-257.2%	-47.1%	-119.0%	544.1%	11.4%	8.1%	20.6%	10.0%
Net Financial cost	(67)	(45)	(53)	(75)	(124)	(120)	(98)	(78)	(55)
Profit before zakat	**216**	**36**	**(326)**	**(51)**	**261**	**272**	**326**	**432**	**505**
Zakat	(33)	(27)	(52)	6	(27)	(29)	(34)	(45)	(53)
Net income	**186**	**18**	**(376)**	**(48)**	**232**	**240**	**287**	**381**	**445**
Growth Y/Y	-228.0%	-90.2%	-2170.1%	-87.3%	-584.9%	3.6%	19.6%	32.5%	16.9%
Balance sheet									
Assets									
Cash & bank balance	350	249	318	539	159	298	201	92	137
Other current assets	2,013	1,891	1,613	1,724	2,320	2,477	2,690	2,864	3,006
Property & Equipment	3,695	3,423	3,524	3,811	4,105	4,335	4,531	4,614	4,666
Other non-current assets	2,220	2,242	2,433	2,451	2,513	2,575	2,626	2,663	2,680
Total assets	**8,278**	**7,805**	**7,888**	**8,526**	**9,097**	**9,685**	**10,048**	**10,233**	**10,489**
Liabilities & owners' equity									
Total current liabilities	1,775	1,367	1,962	2,221	2,077	2,197	2,325	2,369	2,371
Total non-current liabilities	658	561	452	878	1,361	1,589	1,536	1,296	1,105
Paid -up capital	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Statutory reserves	451	453	453	453	476	500	529	567	612
Other reserve	645.8	665.4	651.8	581.4	581.4	581.4	581.4	581.4	581.4
Retained earnings	1,738	1,758	1,370	1,385	1,594	1,810	2,069	2,411	2,812
Total owners' equity	5,836	5,877	5,475	5,420	5,651	5,892	6,179	6,560	7,005
Non-controlling interest	9	0	(2)	8	8	8	8	8	8
Total equity & liabilities	**8,278**	**7,805**	**7,888**	**8,526**	**9,097**	**9,685**	**10,048**	**10,233**	**10,489**
Cashflow statement									
Operating activities	103	(233)	241	310	259	686	721	848	946
Investing activities	(409)	389	(322)	(390)	(792)	(766)	(767)	(682)	(676)
Financing activities	404	(253)	140	200	152	219	(51)	(275)	(225)
Change in cash	99	(97)	60	120	(381)	139	(97)	(108)	44
Ending cash balance	**345**	**248**	**313**	**462**	**159**	**298**	**201**	**92**	**137**
Key fundamental ratios									
Liquidity ratios									
Current ratio (x)	1.3	1.6	1.0	1.0	1.2	1.3	1.2	1.2	1.3
Quick ratio (x)	1.3	1.6	1.0	1.0	1.2	1.3	1.2	1.2	1.3
Profitability ratios									
GP Margin	58.1%	33.9%	45.7%	39.8%	44.5%	45.4%	46.0%	46.6%	47.1%
Operating Margins	15.5%	-59.0%	-21.3%	2.4%	11.3%	11.4%	11.3%	12.8%	13.4%
EBITDA Margin	25.8%	-26.8%	2.9%	18.2%	23.6%	23.0%	22.5%	23.3%	23.4%
Net Margins	8.5%	2.0%	-28.3%	-2.1%	7.6%	7.1%	7.8%	9.7%	10.8%
Return on assets	2.3%	0.2%	-4.8%	-0.6%	2.6%	2.6%	2.9%	3.8%	4.3%
Return on equity	3.2%	0.3%	-6.9%	-0.9%	4.2%	4.2%	4.7%	5.9%	6.4%
Market/valuation ratios									
EV/sales (x)	2.7	7.1	4.5	4.1	3.2	2.9	2.7	2.4	2.2
EV/EBITDA (x)	10.6	Neg	155.7	22.4	13.5	12.6	11.9	10.4	9.4
EPS (SAR)	0.62	0.06	(1.25)	(0.16)	0.77	0.80	0.96	1.30	1.55
BVPS (SAR)	19.5	19.6	18.2	18.1	18.9	19.7	20.6	22.4	24.5
Market price (SAR)*	21.9	19.0	17.3	27.3	27.3	27.3	27.3	27.3	27.3
Market-Cap (SAR mn)	5,070.0	5,694.0	5,178.0	8,190.0	8,190.0	8,190.0	8,190.0	8,008.0	7,826.0
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
P/E ratio (x)	23.1	313.2	Neg	Neg	35.3	34.1	28.5	21.0	17.6
P/BV ratio (x)	0.7	1.0	0.9	1.5	1.4	1.4	1.3	1.2	1.1

Source: Company reports, Aljazira Capital Research

الجزيرة كابيتال
ALJAZIRA CAPITAL الجزيرة للأسواق المالية

RESEARCH DIVISION

Head of Sell-Side Research

Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated “Overweight” will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated “Underweight” would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated “Neutral” is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of stocks, bonds, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Al-Jazira Capital from sources believed to be reliable, but Al-Jazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Al-Jazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. The investor might get an amount less than the amount invested in some cases. Some stocks or securities maybe, by nature, of low volume/trades or may become like that unexpectedly in special circumstances and this might increase the risk on the investor. Some fees might be levied on some investments in securities. This report has been written by professional employees in Al-Jazira Capital, and they undertake that neither them, nor their wives or children hold positions directly in any listed shares or securities contained in this report during the time of publication of this report, however, The authors and/or their wives/children of this document may own securities in funds open to the public that invest in the securities mentioned in this document as part of a diversified portfolio over which they have no discretion. This report has been produced independently and separately by the Research Division at Al-Jazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Al-Jazira Capital. Funds managed by Al-Jazira Capital and its subsidiaries for third parties may own the securities that are the subject of this document. Al-Jazira Capital or its subsidiaries may own securities in one or more of the aforementioned companies, and/or indirectly through funds managed by third parties. The Investment Banking division of Al-Jazira Capital maybe in the process of soliciting or executing fee earning mandates for companies that is either the subject of this document or is mentioned in this document. One or more of Al-Jazira Capital board members or executive managers could be also a board member or member of the executive management at the company or companies mentioned in this report, or their associated companies. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.