

Result update

Catrion Catering Holding Co

Sector : Support Services

HOLD

7 December 2025

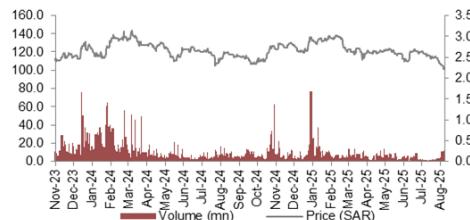
- Revenue up 5% YoY, reflecting buoyancy in air traffic volumes across KSA.**
- Margins declined YoY, except for gross margin and overall margins exceeded projections.**
- Profit down 12% YoY but came in 8% above our forecast.**
- Raise our revenue and reduce profit estimates, lower target price to SAR 90 per share and reiterate our HOLD rating.**

Catrion reported 3Q25 revenue of SAR 617mn, up 5% YoY and 5.5% above our estimate. For 9M25, revenue reached SAR 1.78bn, rising 4.3% YoY. Quarterly growth was driven by stronger in-flight catering and business lounge revenue. The in-flight catering segment, accounting for 81.1% of total revenue, grew 6.6% YoY, supported by foreign and private airlines and business lounges, partially offset by reduced retail operations due to the renovation of Terminal 5. As of 9M25, the company served 195k flights (+9.5% YoY), meals served increased 9%, and lounge passengers rose 12.2% YoY. The integrated hospitality segment declined 0.9% YoY due to the loss of the SATCO contract and fewer event-related orders.

Gross profit in 3Q25 increased 8.7% YoY, as direct costs rose only 3.7% YoY, reflecting operational efficiency gains. Consequently, gross margin expanded 100bps YoY to 29.1%, exceeding expectations. Operating profit declined 6% YoY, driven by higher general and administrative expenses. Notably, 3Q24 included a one-off SAR 8.6mn gain from the reversal of expected credit loss (ECL) allowance. As a result, EBIT and EBITDA margins fell 210bps and 90bps YoY to 17.5% and 23.6%, respectively. Finance costs rose 69.5% YoY associated with lease liabilities, while finance income declined 31.6% YoY. The company also reported a SAR 2.4mn loss from its associate during the quarter. Overall, net profit for 3Q25 was SAR 97mn, down 12% YoY, with net margin contracting 310bps YoY to 15.7%, pressured by associate losses, higher finance costs, and lower finance income. Profit came in 8% above our forecast; For 9M25, net profit stood at SAR 237mn, down 6.6% YoY.

Valuation and outlook: Catrion continues to diversify its portfolio by pursuing opportunities with government and healthcare clients, remote events in the integrated hospitality division, and the e-commerce segment. The company also plans to expand digitization, innovation, and automation to enhance e-experience across the business. Catrion is positioned to benefit long term from the Saudi national carrier's expected fleet expansion to over 535 aircrafts by 2030. While results outpaced our projections, margins contracted YoY. Based on the current results, we raise our 2025e revenue forecast to SAR 2.4bn (from SAR 2.3bn) but reduce our net profit estimate to SAR 334mn (from SAR 342mn) due to weaker margins. Accordingly, we lower our target price to SAR 90 per share, implying limited 9.1% upside and reiterate our HOLD rating. The stock currently trades at 20.2x 2025e P/E.

Target price (SAR)	90.00
Current price (SAR)	82.50
Return	9.1%



Exchange	Saudi Arabia
Index weight (%)	0.2%

(mn)	SAR	USD
Market Cap	6,765	1,802
Enterprise value	9,939	2,648

Major shareholders	
Saudi Arabian Airlin	36%
ABDULMOHSEN ALHOKAIR	8.2%
Vanguard Group Inc/T	2.0%
Others	54.1%

Valuation Summary	
PER TTM (x)	20.1
P/Book (x)	4.5
EV/EBITDA (x)	20.9
Dividend Yield (%)	2.8
Free Float (%)	54%
Shares O/S (mn)	82
YTD Return (%)	-32%
Beta	0.9

Key ratios	2022	2023	2024
EPS (SAR)	3.14	3.45	4.30
BVPS (SAR)	13.66	15.68	17.71
DPS (SAR)	0.00	2.10	2.25
Payout ratio (%)	16%	61%	53%

Price performance (%)	1M	3M	12M
Catrion Catering Holding	-12%	-17%	-36%
Tadawul All Share Index	-6%	0%	-11%

52 week	High	Low	CTL*
Price (SAR)	144.40	80.90	2.0

* CTL is % change in CMP to 52wk low



Income Statement (In SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	1,213	1,818	2,134	2,299	2,412	2,759	3,157	3,613
Direct Costs	-881	-1,302	-1,568	-1,658	-1,726	-1,987	-2,265	-2,565
Gross profit	332	516	566	642	686	773	892	1,048
Other income (Net)	6	27	29	19	23	23	23	23
General and administrative expenses	-236	-232	-288	-298	-317	-359	-410	-470
Other expenses	-42	-27	-3	-2	-8	-	-	-
Operating Profit	60	284	304	361	384	437	504	601
EBITDA	228	447	424	469	516	569	651	763
Share of results from equity investments	-	18	15	11	-10	15	15	15
Reversal of impairment	-	3	-	-	-	-	-	-
Finance income	1	1	17	24	16	15	15	15
Finance cost	-27	-21	-20	-20	-38	-37	-40	-44
Profit before Zakat (PBT)	34	286	317	376	352	430	494	587
Zakat and income tax	-20	-29	-34	-23	-17	-22	-25	-29
Net Profit	14	257	283	353	334	409	469	557
Balance Sheet (in SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property, plant and equipment	408	341	415	805	1,370	1,501	1,654	1,831
Right of use assets	417	267	235	211	370	416	456	490
Investment property	33	31	29	27	25	25	25	25
Other non current assets	11	31	44	51	44	44	44	44
Non-current assets	869	670	723	1,095	1,810	1,987	2,179	2,391
Sub leased assets	18	15	5	-	-	-	-	-
Inventories	67	62	77	85	86	99	113	128
Trade and other receivables	696	799	601	721	965	1,104	1,263	1,445
Prepayments and other assets	106	68	86	156	145	166	189	217
Cash and cash equivalents	176	417	702	631	224	287	352	444
Current assets	1,062	1,361	1,472	1,593	1,420	1,655	1,917	2,234
ASSETS	1,931	2,031	2,195	2,688	3,230	3,642	4,097	4,625
Share capital	820	820	820	820	820	820	820	820
Statutory reserve	246	246	246	246	246	246	246	246
Retained earnings	-193	54	220	386	532	740	964	1,239
EQUITY	873	1,120	1,286	1,452	1,598	1,806	2,030	2,305
Lease liabilities	331	175	150	165	43	53	65	77
Employees' end of service benefits	148	165	165	170	187	211	241	276
Long term bonus	8	8	12	4	9	9	9	9
Non-current liabilities	487	349	327	497	614	649	691	738
ST borrowing	-	-	-	4	21	21	21	21
Trade payable and other liabilities	415	409	462	663	759	874	997	1,129
Lease liabilities	144	132	94	52	241	301	366	436
Zakat liabilities	13	22	26	20	17	12	14	16
Current liabilities	572	563	582	739	1,018	1,187	1,376	1,581
LIABILITIES	1,058	911	909	1,236	1,632	1,837	2,067	2,320
EQUITY AND LIABILITIES	1,931	2,031	2,195	2,688	3,230	3,642	4,097	4,625
Cash Flow (In SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	373	346	608	462	348	465	521	606
Investing cash flow	-36	-15	-123	-442	-923	-318	-353	-391
Financing cash flow	-419	-90	-200	-91	168	-84	-102	-122
Change in cash	-81	241	285	-71	-407	62	65	92
Beginning cash	257	176	417	702	631	224	286	351
Ending cash	176	417	702	631	224	286	351	444

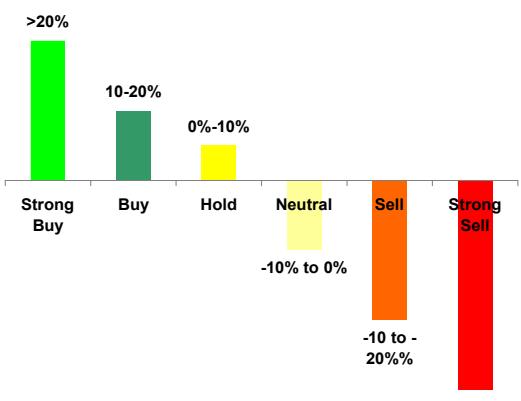
Ratio Analysis	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share								
EPS (SAR)	0.17	3.14	3.45	4.30	4.08	4.98	5.72	6.80
BVPS (SAR)	10.64	13.66	15.68	17.71	19.48	22.02	24.75	28.12
DPS (SAR)	-	0.50	2.10	2.30	2.45	2.99	3.43	4.08
FCF per share (SAR)	4.12	4.04	5.92	0.24	-7.01	1.79	2.05	2.61
Valuation								
Market Cap (SAR mn)	6,462	6,150	10,578	10,004	6,765	6,765	6,765	6,765
EV (SAR mn)	6,760	6,040	10,120	9,752	7,221	7,230	7,240	7,231
EBITDA	228	447	424	469	516	569	651	763
P/E (x)	459.7	23.9	37.4	28.4	20.2	16.6	14.4	12.1
EV/EBITDA (x)	29.7	13.5	23.9	20.8	14.0	12.7	11.1	9.5
Price/Book (x)	7.4	5.5	8.2	6.9	4.2	3.7	3.3	2.9
Dividend Yield (%)	0.0%	0.7%	1.6%	1.9%	3.0%	3.6%	4.2%	4.9%
Price to sales (x)	5.3	3.4	5.0	4.4	2.8	2.5	2.1	1.9
EV to sales (x)	5.6	3.3	4.7	4.2	3.0	2.6	2.3	2.0
Liquidity								
Cash Ratio (x)	0.3	0.7	1.2	0.9	0.2	0.2	0.3	0.3
Current Ratio (x)	1.9	2.4	2.5	2.2	1.4	1.4	1.4	1.4
Quick Ratio (x)	1.7	2.3	2.5	2.2	1.4	1.4	1.4	1.4
Returns Ratio								
ROA (%)	0.7%	12.7%	12.9%	13.1%	10.4%	11.2%	11.5%	12.1%
ROE (%)	1.6%	23.0%	22.0%	24.3%	20.9%	22.6%	23.1%	24.2%
ROCE (%)	1.0%	17.5%	17.5%	18.1%	15.1%	16.6%	17.2%	18.3%
Cash Cycle								
Inventory turnover (x)	13.2	21.1	20.3	19.6	20.0	20.0	20.0	20.0
Accounts Payable turnover (x)	2.1	3.2	3.4	2.5	2.3	2.3	2.3	2.3
Receivables turnover (x)	1.7	2.3	3.5	3.2	2.5	2.5	2.5	2.5
Inventory days	28	17	18	19	18	18	18	18
Payable Days	172	115	108	146	161	161	161	161
Receivables days	209	161	103	115	146	146	146	146
Cash Cycle	65	63	14	-12	4	4	4	4
Profitability Ratio								
EBITDA Margins (%)	18.8%	24.6%	19.9%	20.4%	21.4%	20.6%	20.6%	21.1%
EBIT Margins (%)	5.0%	15.6%	14.3%	15.7%	15.9%	15.8%	16.0%	16.6%
PBT Margins (%)	2.8%	15.7%	14.8%	16.3%	14.6%	15.6%	15.6%	16.2%
Net Margins (%)	1.2%	14.1%	13.2%	15.3%	13.9%	14.8%	14.9%	15.4%
Effective Tax Rate (%)	58.4%	10.0%	10.7%	6.1%	4.9%	5.0%	5.0%	5.0%
Leverage								
Total Debt (SAR mn)	474	307	245	379	681	751	827	910
Net Debt (SAR mn)	298	-110	-458	-252	456	465	475	466

Key contacts

Research Team

Joice Mathew	Manna Thomas ACCA	Contact Address
Sr. Manager - Research	Research Associate	P. O Box: 2566; P C 112
E-Mail: joice@usoman.com	Email: manna.t@usoman.com	Sultanate of Oman
Tel: +968 2476 3311	Tel: +968 2476 3347	Tel: +968 2476 3300

Rating Criteria and Definitions

Rating	Rating Definitions
 <p>The diagram shows a vertical scale from >20% (top) to >-20% (bottom). It is divided into six color-coded segments: Green (Strong Buy, >20%), Dark Green (Buy, 10-20%), Yellow (Hold, 0-10%), Light Yellow (Neutral, -10% to 0%), Orange (Sell, -10 to -20%), and Red (Strong Sell, >-20%).</p>	<p>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%</p> <p>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%</p> <p>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%</p> <p>Neutral This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside potential between 0% to -10%</p> <p>Sell This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside potential between -10% to -20%</p> <p>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 potential in excess of 20%</p> <p>Not rated This recommendation used for stocks which does not form part of Coverage Universe</p>

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