

Saudi Travel Sector

19 October 2025

Runways to Resorts: Travel sector anchors economic diversification

Saudi Arabia has successfully achieved its Vision 2030 target of 100 mn tourists 7 years ahead of schedule (now updated to 150mn), reaching this milestone in 2023. This accomplishment is largely attributed to the Kingdom's ongoing investments in infrastructure, tourism development, hospitality, and real estate, all of which align with its strategic vision. Saudi Arabia has set a target of attracting 150 mn tourists, 330 mn air passenger traffic, expand air connectivity to 250 destinations, and handle 4.5 mn tons of air cargo annually by 2030f. This growth is fueled by the expansion of leisure, religious, and business tourism. Moreover, efforts to simplify tourist visa processes and open up entertainment and leisure facilities have made the country a more attractive destination. We initiate coverage of the sector with Overweight ratings on SGS, Flynas, and CATRION, reflecting our view that these companies are well poised to capitalize on the country's expanding travel and aviation sectors.

A well-positioned sector. Saudi Arabia's aviation sector, driven by a growth in tourism and business travel remains a cornerstone of the economic diversification strategy. The contribution of the aviation sector in the Saudi economy is expected to increase from USD 21.3 bn (SAR 80 bn) in 2023 to around USD 74.6 bn (SAR 280 bn) by 2030f. The country aims to attract USD 100 bn (SAR 375 bn) in investments in the civil aviation sector to support its goals of accommodating 330 mn annual passengers, connecting 250 destinations, and handling 4.5 mn tons of cargo per year. In the near term, however, sector softness has emerged. In 1H25, air cargo volumes fell 5% YoY, while passenger and flight numbers grew moderately by 7% and 4% YoY, respectively. We expect this temporary slowdown to ease as aviation activity accelerates in the coming years.

Expansion and modernization of airports. As per the National Aviation Strategy, USD 50 bn (SAR 188 bn) has been allocated to the expansion and modernization of major airports. King Salman International Airport is a key part of Saudi Arabia's airport expansion plans and is set to become one of the world's largest airports, covering an area of 57 km². By 2030f, it aims to serve up to 120 mn passengers and increase this capacity to 185 mn by 2050f.

New airlines and expanding fleet size. In an effort to cater to increasing passengers and enhancing competitiveness in the aviation sector, new airlines such as Riyadh Air is set to launch operations shortly. With the introduction of new airlines and fleet expansion by existing ones, Saudi based airlines have a confirmed order book of ~461 new aircraft.

Flynas, CATRION, and SGS present attractive entry points. Flynas's robust expansion strategy, large aircraft order book, and a strong competitive positioning supports our target price of SAR 93.4/sh. CATRION's recent 14.3% YoY share price weakness, coupled with positive tailwinds across Saudi Arabia's aviation and tourism sectors, provides a favorable entry point. SGS stands to gain from the growing fleet sizes of Saudi airlines, and with its share price down 10.2% YoY, current levels offer an attractive entry opportunity.

Risks: Main sector challenges include oil price volatility, regional developments, aircraft delivery delays, supply chain constraints, regulatory shifts, and less than projected tourist volumes.

SECTOR COVERAGE

	Bloomberg Code	Last Price (SAR)	Rating	Target Price (SAR)
SGS	SGS AB	46.5	Overweight	53.6
CATRION	CATERING AB	97.0	Overweight	119.3
FLYNAS	FLYNAS AB	78.0	Overweight	93.4

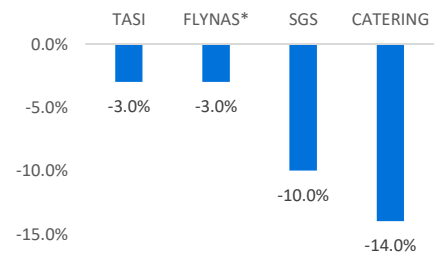
Last price as of October 16th, 2025

VALUATIONS (2026e)

	PBV (x)	PER (x)	RoE (%)	Div. Yield (%)
SGS	3.0	18.9	16.6	4.2
CATRION	4.4	17.7	26.3	3.1
FLYNAS	3.2	19.5	17.6	-

Source: Company financials, anbc research

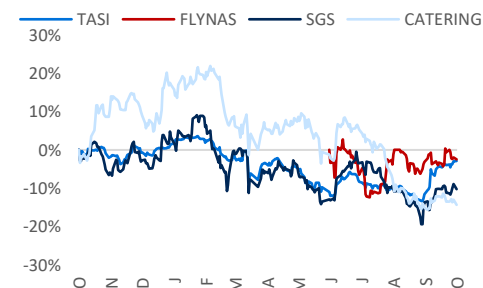
RELATIVE PERFORMANCE (1Y)



Source: Bloomberg, anbc research

*since 17th June 2025

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

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Executive Summary

- **Transformation of aviation sector to drive growth.** Saudi Arabia's aviation sector is set for expansion, with its contribution to the economy expected to grow from USD 21.3 bn (SAR 80 bn) in 2023 to approximately USD 74.6 bn (SAR 280 bn) by 2030f. This growth is driven by Vision 2030 targets to boost tourist arrivals to 150 mn and air passenger traffic to 330 mn. To support this, the National Aviation Strategy has allocated USD 50 bn (SAR 188 bn) for the expansion and modernization of major airports across the Kingdom. In 1H25, total flights in Saudi Arabia rose 4% YoY to 463,800, while passenger traffic increased 7% YoY to 66 mn. Air cargo volumes declined 5% YoY to 575,000 tons.
- **Kingdom's participation in global events to accelerate aviation sector.** Saudi Arabia is strengthening its position in the global events market to further boost the growth of its aviation sector. The Kingdom is set to host several major international events, including the WWE Royal Rumble 2026, AFC Asian Cup 2027, WWE WrestleMania 2027, Asian Winter Games 2029, Riyadh Expo 2030, and the Men's FIFA World Cup 2034. These high-profile events are expected to drive significant economic benefits across multiple sectors such as hospitality, media, transportation, and technology, mirroring the positive impact observed in other host nations.
- **Religious travel to support Vision 2030 goals.** Religious tourism remains a key structural driver of Saudi Arabia's air passenger demand. The number external Umrah pilgrims are projected to surge from 16.9 mn in 2024 to 30 mn by 2030f. Nearly all pilgrims arrive by air, underscoring the sector's strategic importance to aviation growth. The recently announced King Salman Gate project, spanning up to 12 mn gross floor area adjacent to AlMasjid AlHaram, will further support this growth. The gate is expected to accommodate 900,000 praying spaces, create more than 300,000 jobs by 2036f, and develop and restore 19,000 sqm of heritage sites.
- **Privatization to unlock investment and elevate sector efficiency.** Privatization is central to transforming Saudi Arabia's aviation sector and attracting private investment. The General Authority of Civil Aviation (GACA) has transitioned from operator to regulator, enabling private sector participation. A key step is the transfer of 27 airports to Matarat Holding, supporting private ownership in line with Vision 2030. This shift is backed by new performance reporting systems that track airport efficiency and service reliability. The transformation aims to position the Kingdom as the Middle East's top aviation hub, and the fifth-largest global passenger connector, as well as the leading regional cargo hub.
- **Key risk to sector growth.** Saudi Arabia's aviation, catering and ground handling sectors face several risks that could hinder their growth. Regional developments may reduce air travel and impact revenues. Economic volatility, including fluctuating oil prices and rising fuel costs, may impact profitability. Delays in aircraft deliveries may disrupt fleet expansion plans. In the catering sector, maintaining strict food safety standards are critical due to the hot climate, especially during major events. Moreover, regulatory compliance remains essential, with non-adherence risking legal and reputational consequences. With 80% of food imported, the sector is highly vulnerable to supply chain disruptions, and operational challenges such as extreme weather, limited cold chain infrastructure, and labor shortages further constrain scalability and service reliability.
- **SGS: the ground force behind Saudi's skyward ambitions.** As the market leader with a commanding 90% share, SGS stands to benefit significantly from the continued expansion of Saudi Arabia's aviation sector. The company's topline is projected to grow at a 2024-2029f CAGR of 12.4%, supported by rising air traffic and increasing fleet size. Reflecting its improved financial position, SGS has also resumed dividend payments after a four-year hiatus. We initiate coverage with a target price of SAR 53.6/share and an 'Overweight' rating.
- **CATRION: a multi-sector beneficiary of vision 2030.** CATRION is poised for growth as it leverages a diversified service portfolio and expands beyond its core inflight catering operations into the integrated

hospitality segment. The company is actively broadening its market reach by entering Saudi Arabia's event catering space, serving high-profile events such as the Red Sea Film Festival, Cirque du Soleil, etc. This expansion, alongside a 2024-2029f CAGR of 8.2% in flights catered, is expected to propel overall revenue growth at a CAGR of 12.4% over the same period. However, increasing competition, reflected in the loss of certain recent contracts, and diversification into lower-margin integrated hospitality services present headwinds and may constrain growth momentum. We initiate coverage on CATRION with a target price of SAR 119.3/share, and an 'Overweight' rating.

- **FLYNAS: Building advantage through scale and efficiency.** As the leading LCC in Saudi Arabia, Flynas is well-positioned for growth, supported by a well-timed expansion strategy that includes the region's largest aircraft order book and a growing route network. The company also benefits from a strong competitive edge regionally and globally. As the LCC segment expands both locally and globally, Flynas is set to capitalize on this momentum, with net profit forecast to increase at a 2024-2029f CAGR of 20.1%. We initiate the coverage on the stock with an 'Overweight' rating and a target price of SAR 93.4/share.

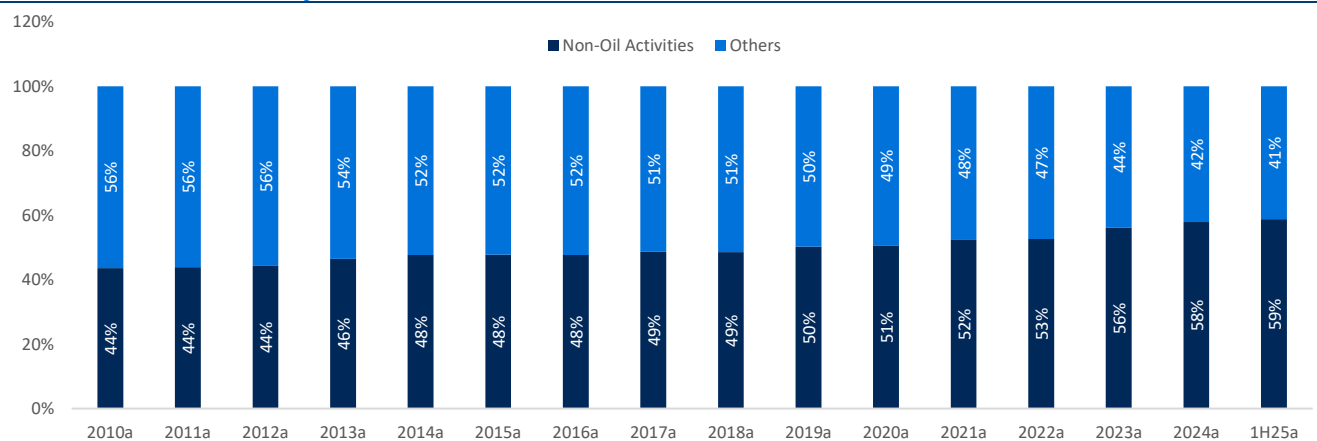
Macroeconomic Overview

Saudi Arabia's economic resilience: shifting from oil dependency

Saudi Arabia remains the largest economy in the Middle East, with nominal GDP reaching SAR 4.1 tn (USD 1.1 tn) in 2024, underpinned by its pivotal role in global energy markets and continued progress on economic diversification under Vision 2030. In 1H25, the Kingdom's real GDP grew 3.6% YoY, supported by a 4.8% YoY expansion in non-oil activities, while oil sector growth remained moderate at 1.7% YoY. The growth momentum reflects the success of Vision 2030 initiatives such as the Regional Headquarters (RHQ) Program, which has already exceeded its 2030 target with 660 licenses granted as of 1H25, the development of Special Economic Zones (SEZs), and the privatization of state assets aimed at attracting foreign investment and enhancing private sector participation.

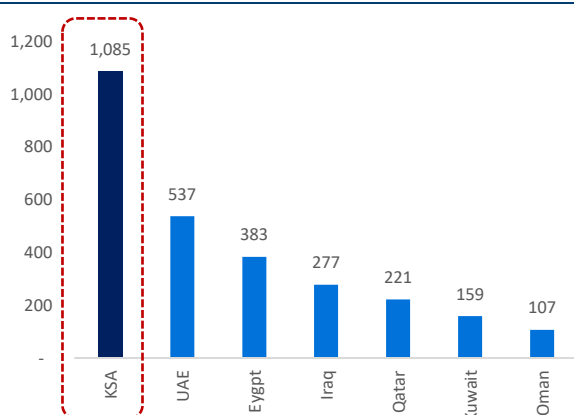
The non-oil sector's share of real GDP has steadily increased from 44% in 2010 to 59% in 1H25, marking a structural shift away from oil dependency. This transformation is fostering a more diversified and resilient economic base, less exposed to oil market volatility, and better positioned to sustain medium-term growth.

Chart 01: KSA's real GDP by non-oil economic activities



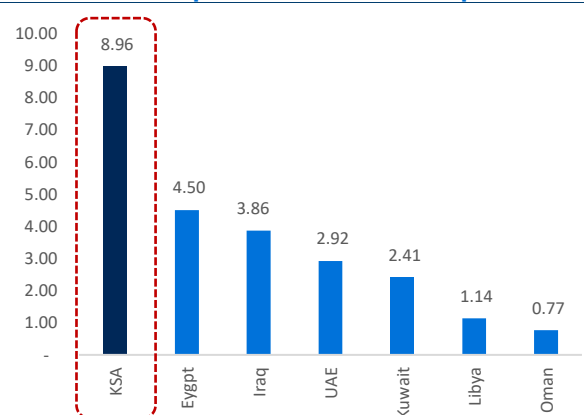
Source: GASTAT, anbc research

Chart 02: Nominal GDP in 2024 (USD bn)



Source: IMF, anbc research

Chart 03: Crude oil production in 2024 (mbpd)



Source: OPEC, anbc research

Building tomorrow: Saudi Arabia's national investment strategy

Saudi Arabia continues to drive economic transformation by implementing sectoral strategies aligned with Vision 2030f. The basis for this transformation is the National Investment Strategy (NIS), a comprehensive framework designed to accelerate economic diversification and attract investment across key industries, including renewable energy, transportation and logistics, tourism, digital infrastructure, and healthcare.

The NIS objectives:

Increase private sector contribution to GDP to 65% by 2030 from 40% in 2016

Increase foreign direct investment (FDI) by more than 20x from SAR 17 bn in 2019 to SAR 388 bn in 2030

Boost non-oil exports' share in GDP to 50% by 2030 from 16% in 2016

Reduce unemployment rates to 7% by 2030 (updated target to 5% in 2025)

Become one of the 15th largest economies in the world

Since the launch of NIS in 2021, Saudi Arabia has made significant strides in strengthening its investment landscape:

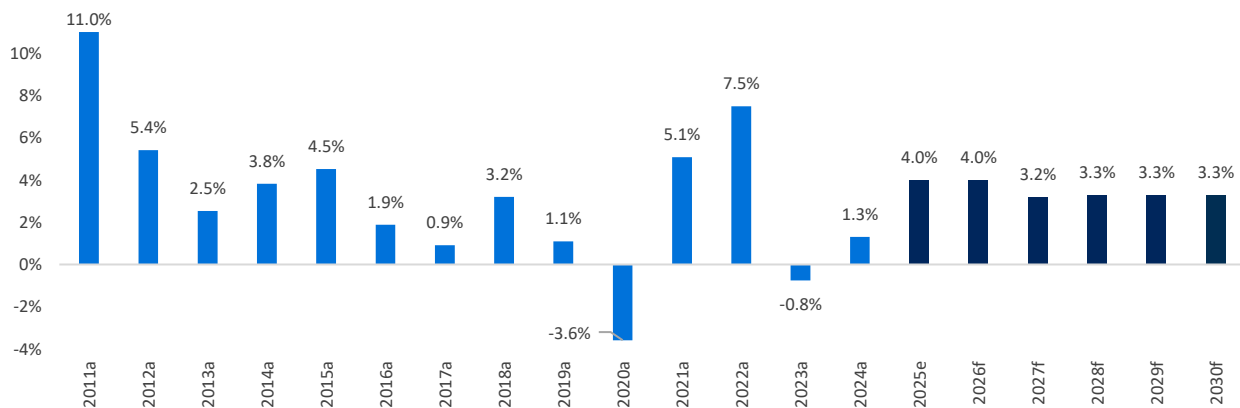
- Unemployment among Saudi nationals declined to 7% in 4Q24, achieving the original Vision 2030 target six years ahead of schedule. The government has now set a revised goal to lower the rate further to 5% by 2030f.
- FDI in 2Q25 increased 15% YoY to SAR 22.8 bn from SAR 19.9 bn.
- The Kingdom-led venture investments in the MENA region reached USD 860 mn (SAR 3.2 bn) in 1H25, reflecting a 116% increase compared to the 1H24. The number of deals also rose to 114, marking a 31% annual growth. This momentum was driven by sustained involvement from sovereign capital, strong interest around the LEAP event, and the launch of early-stage programs backed by new funds and accelerators.
- Gross fixed capital formation surged to a SAR 701 bn by the end of 1H25, accounting for 29% of GDP, nearing the Vision 2030 target of 30%.

Economic diversification efforts driving sector demand

Looking ahead, Saudi Arabia's commitment to Vision 2030 remains strong, with economic policies prioritizing investment growth, sectoral expansion, and enhanced visitor experiences. With strategic investments, infrastructure advancements, and regulatory reforms, the Kingdom is on track to solidifying its position as a global economic and investment hub while strengthening its role as the spiritual home for millions worldwide.

The Kingdom's real GDP growth is expected to stabilize at 3-4% annually from 2025e onward, driven by continued expansion in non-oil sectors and accelerated investment in giga projects such as NEOM, Qiddiya, and the Red Sea. The Kingdom aims to attract 150 mn overnight visitors by 2030f, supported by the implementation of the 'National Tourism Strategy. This initiative seeks to generate 1.6 mn employment opportunities and contribute around 10% to the Kingdom's GDP. The broader objective of this transformation is to position Saudi Arabia among the world's top 15 economies in a sustainable manner, minimizing reliance on oil.

Chart 04: KSA's real GDP growth



Source: IMF, anbc research

Saudi Arabia is preparing to host several major international events, including the WWE Royal Rumble, AFC Asian Cup, WWE Wrestle Mania, Asian Winter Games, Riyadh Expo 2030, and the Men's FIFA World Cup. These events are anticipated to generate substantial economic benefits across sectors such as hospitality, media, transportation, and technology, just as they have historically done in other host countries.

- **AFC Asian Cup, Qatar:** Qatar hosted the AFC Asian Cup in 2023, which had a substantial impact on its economy, particularly in tourism and hospitality. The final match held at Lusail Stadium saw 86,492 spectators in attendance, with a total tournament attendance of 1.5 mn fans, surpassing the previous record set in 2004. During the event period, 905,200 international arrivals were recorded, with 44% arriving by land, 44% by air, and 12% by sea. The country's hospitality sector experienced a YoY revenue increase of 112%, while the average room rate rose by 18%, and hotel occupancy increased by 37%, reaching 84%.
- **Men's FIFA World Cup, Qatar:** The 2022 FIFA World Cup was held in Qatar and drew a total attendance of 3.4 mn fans, achieving a 96.3% stadium seating rate. The country welcomed 1.18 mn international visitors during the tournament, leading to a more than 300% YoY increase in tourism for November and December 2022. Qatar reported a revenue of USD 1.56 bn (SAR 5.9 bn) from hosting the event, with additional benefits seen in the expansion of tourism, transportation, and hospitality sectors.
- **WWE WrestleMania:** The 2025 edition of WrestleMania, held in Las Vegas, achieved record-breaking milestones across multiple fronts. The two-night event drew a total attendance of 124,693 fans, marking the highest gate attendance in WrestleMania history. Viewership on Peacock and Netflix surged 114% YoY, while merchandise sales increased over 45% compared to 2024. According to the Las Vegas Convention and Visitors Authority (LVCVA), the event is estimated to have generated an economic impact of USD 215 mn (SAR 806 mn) for the city.
- **World Expo Dubai:** Expo 2020 was hosted in Dubai, United Arab Emirates, from October 2021 to March 2022. It welcomed 192 participating nations and recorded 24.1 mn physical visits along with over 251.2 mn virtual visits. The total gross value added (GVA) contribution from Expo 2020 and the subsequent development of Expo City Dubai was projected at AED 154.9 bn, equivalent to USD 42.2 bn (SAR 158.3 bn). The event stimulated economic activity across multiple sectors including tourism, construction, and technology.
- **WWE Royal Rumble, USA:** In 2025, the WWE Royal Rumble was hosted in Indianapolis, Indiana, United States. The event recorded an attendance of 70,347 fans and generated USD 17 mn (SAR 64 mn) in ticket sales.

Additionally, the event attracted 3 mn global viewers through Netflix streaming. The influx of attendees and associated activities significantly boosted the local hospitality sector in Indianapolis.

- **Asian Winter Games, China:** China hosted the Asian Winter Games in Harbin in 2025. The event had a participation from over 1,200 athletes representing 34 countries and regions.

Along with the leisure tourism, the Kingdom is also advancing its religious tourism sector through the **Doyof Al-Rahman (Guests of God) Program**, designed to provide a seamless and enriching experience for Hajj and Umrah pilgrims. By investing in high-quality facilities, advanced digital infrastructure, and enhanced visitor services, the program aims to strengthen the Kingdom to accommodate 30 mn Umrah foreign pilgrims by 2030f.

Aviation Sector Overview

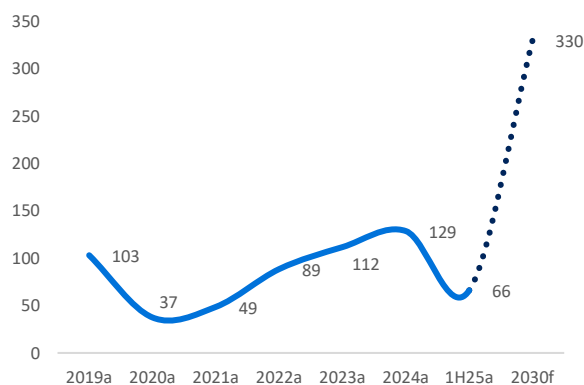
Cornerstone of economic diversification strategy

Saudi Arabia is positioning itself as the leading aviation hub in the Middle East, supported by rising tourism inflows and growing business, leisure, and religious travel. The aviation sector's contribution to the national economy is projected to increase from USD 21.3 bn (SAR 80 bn) in 2023 to USD 74.6 bn (SAR 280 bn) by 2030f, reflecting the Kingdom's strategic goal of developing an integrated global air transport network.

In 1H25, total flights in Saudi Arabia rose 4% YoY to 463,800, while passenger traffic increased 7% YoY to 66 mn. The number of destinations served grew 8% YoY, reaching 140, supported by expanding route networks of both national and international carriers. In contrast, air cargo volumes declined 5% YoY to 575,000 tons, following a strong 30% YoY increase in 2024, as trade flows were temporarily affected by regional developments, flight diversions, and the early suspension of visit visas for selected countries prior to Hajj. Despite these headwinds, the aviation sector continued to demonstrate resilience, reinforcing its ability to achieve the targets of Vision 2030.

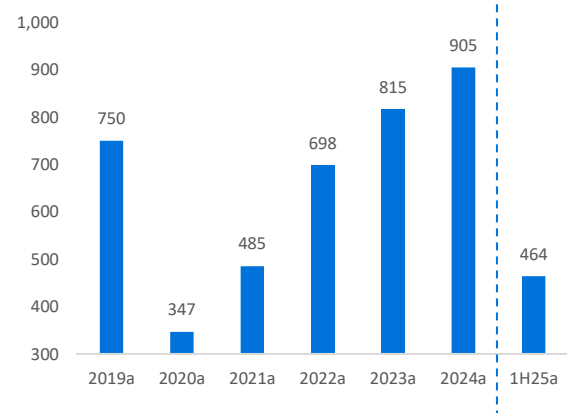
According to the Jun-25 report of International Air Transport Association (IATA), global air travel demand is projected to grow by 5.8% in 2025e, marking a downward revision from the 8.0% YoY growth forecast in Dec-24. The revision primarily reflects short-term headwinds stemming from recent policy shifts under the new U.S. administration. However, IATA does not anticipate any significant long-term impact on global passenger traffic growth. Revenue Passenger Kilometer (RPK) growth in Middle East is projected at 6.4% in 2025e.

Chart 05: KSA's airports passenger traffic (PAX mn)



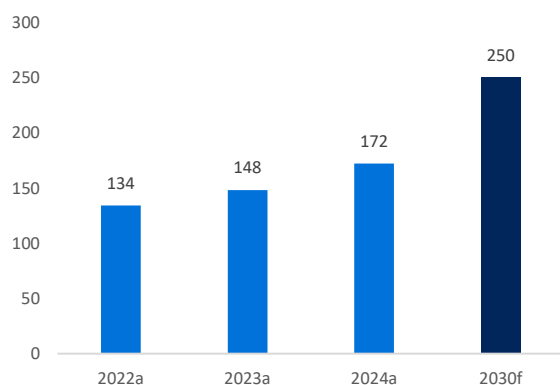
Source: GACA, anbc research

Chart 06: Air traffic at KSA's airports (flights k)



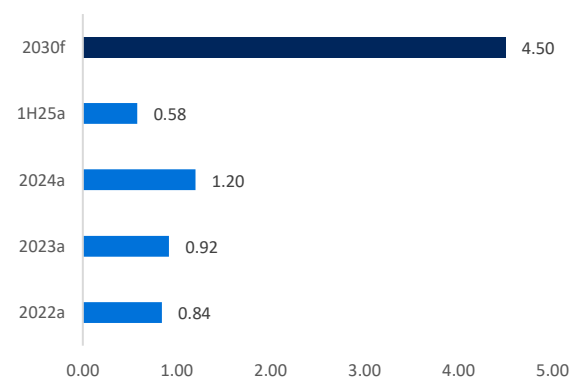
Source: GACA, anbc research

Chart 07: Number of international destinations



Source: GACA, anbc research

Chart 08: Air freight (tons mn)



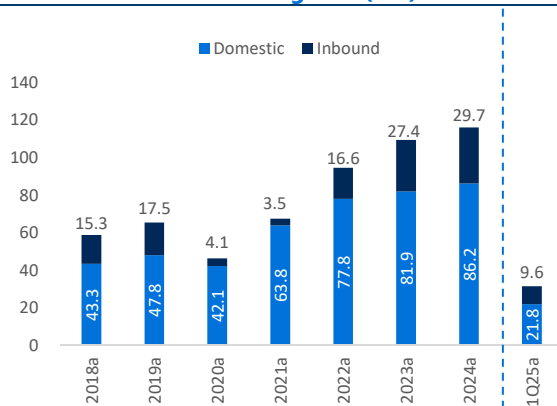
Source: GACA, anbc research

The investment trifecta: infrastructure, tourism, and real estate in Saudi Arabia

With the introduction of non-religious tourist visas in 2019, Saudi Arabia successfully achieved its Vision 2030 target of 100 mn tourists seven years ahead of schedule, reaching this milestone in 2023. This accomplishment is largely attributed to the Kingdom's ongoing investments in infrastructure, tourism development, hospitality, and real estate, all of which align with its strategic vision.

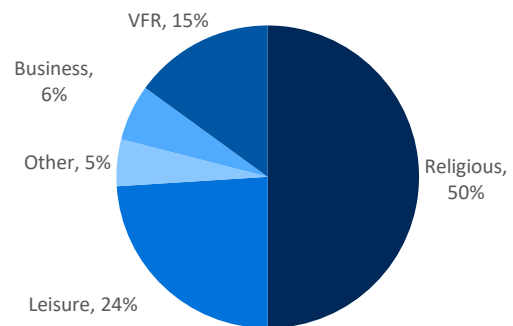
During 1Q25, inbound tourists achieved a new record welcoming 9.6 mn tourist. The quarter saw spending of ~SAR 52.0 bn. Inbound tourist accounted for approximately 31% of total visitors, with a majority of these tourists entering the Kingdom via air travel. Total domestic tourist reached 21.8 mn in 1Q25 with domestic tourism spending ~SAR 28.1 bn.

Chart 09: Tourists in the Kingdom (mn)



Source: Ministry of tourism, anbc research

Chart 10: Inbound tourist by purpose – 1Q25



Source: Ministry of tourism, anbc research

Flagship events and new entertainment venues to elevate leisure travel

Saudi Arabia has set a new target of attracting 150 mn tourists by 2030f, supported by leisure, religious and business tourism. Saudi Arabia's efforts to simplify tourist visa processes and open up entertainment and leisure facilities have made the country a more attractive destination for international visitors. With upcoming major entertainment events, and projects like Aquarabia, Diriyah Gate, Dragon Ball Theme Park, King Salman Park, Oxagon, New Murabba, this trend is expected to continue, with leisure trips being a significant contributor to the industry's growth.

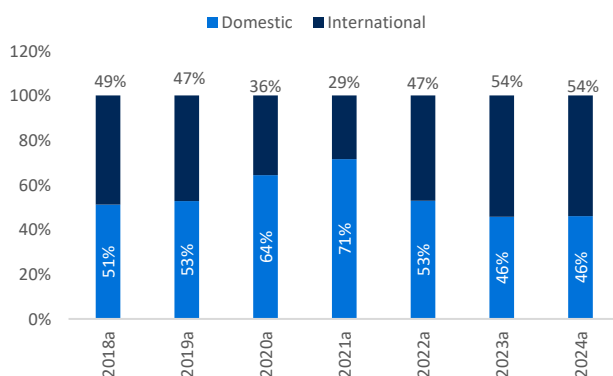
Upcoming leisure events in KSA:

2026	2027	2027	2029	2030	2034
					
WWE Royal Rumble	AFC Asian Cup	WWE Wrestle Mania	Asian Winter Games	Riyadh Expo	Mens FIFA World Cup

Economic diversification will spur growth in business travel and air traffic

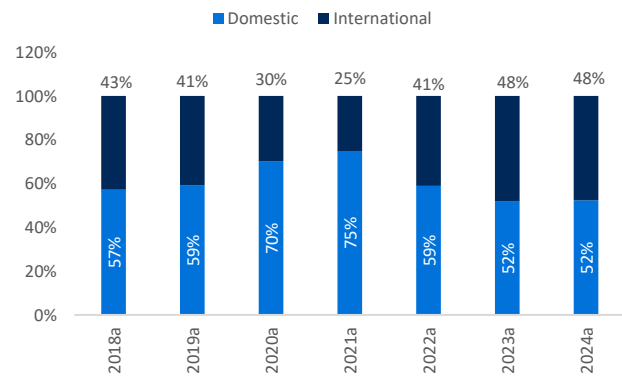
Saudi Arabia's strategic position as a gateway to the Middle East, North Africa, and Asia makes it an attractive hub for regional operations. The Kingdom has introduced various initiatives to attract new businesses as part of its Vision 2030 economic diversification strategy. Reforms such as easing business regulations, offering investment incentives, establishing special economic zones, and privatization have encouraged foreign direct investment across multiple sectors, including tourism, manufacturing, and technology.

Chart 11: Passenger traffic at the Kingdom's airport



Source: GACA, anbc research

Chart 12: Flight distribution at KSA's airports



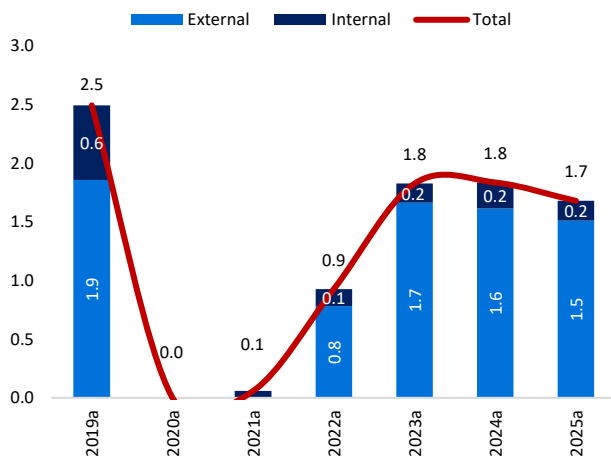
Source: GACA, anbc research

The relocation of regional headquarters of global companies to Saudi Arabia has further enhanced its importance as a business center. The number of international companies licensed to establish their headquarters in the Kingdom has reached 660, with most setting up offices in the King Abdullah Financial Center in Riyadh. These measures have significantly increased business travel, leading to higher air traffic volumes as investors, entrepreneurs, and corporate executives frequently travel to and from the Kingdom. Additionally, the influx of expatriate professionals and skilled workers to support expanding industries has further contributed to rising passenger numbers. As the demand for business and workforce-related travel grows, Saudi Arabia's aviation sector continues to experience significant development, necessitating enhanced airport infrastructure, new airline routes, and expanded airline services to accommodate increasing traffic and handle rising air cargo demand.

Religious tourism targets nearly double pilgrim numbers by 2030

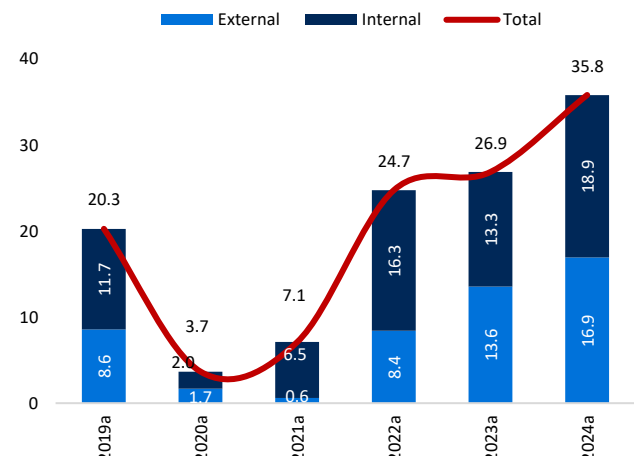
A key factor driving air passenger traffic in Saudi Arabia is religious pilgrimage to the holy cities of Makkah and Medina. As per Vision 2030, the number of religious visitors to Saudi Arabia will continue to grow. The number of external Umrah pilgrims is expected to surge from 16.9 mn in 2024 to 30.0 mn by 2030f. Total external Umrah pilgrims rose to 6.5 mn marking a rise of 10.7% YoY in 1Q25. The number of external Hajj pilgrims saw a slight decline in 2025, arriving at 1.5 mn from 1.6 mn in the previous year.

Chart 13: Hajj pilgrims (mn)



Source: GASTAT, anbc research

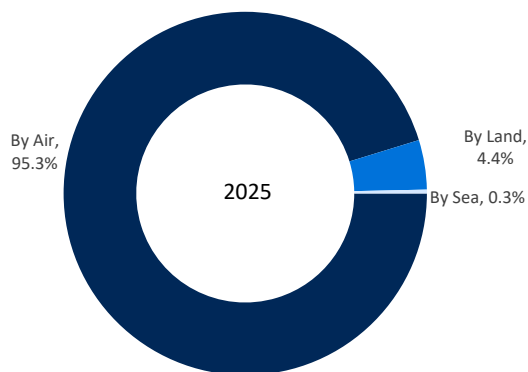
Chart 14: Umrah pilgrims (mn)



Source: GASTAT, anbc research

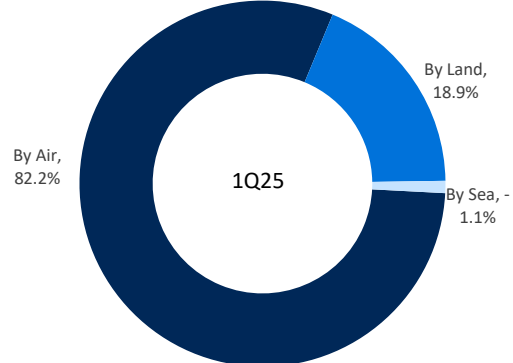
Around 95% of external Hajj pilgrims in 2025 and 82% of Umrah pilgrims in 1Q25 arrived in Saudi Arabia through air routes. To accommodate this growth, the Saudi government is expanding the two Holy Mosques and upgrading its supporting infrastructure, including transportation networks and accommodation facilities.

Chart 15: External Hajj pilgrims' mode of arrival



Source: GASTAT, anbc research

Chart 16: External Umrah pilgrims' mode of arrival



Source: GASTAT, anbc research

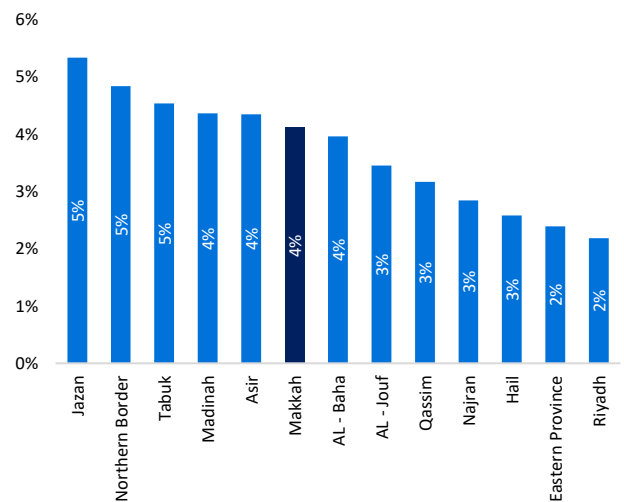
The religious tourism is further set to rise with the development of the recently announced King Salman Gate project in Makkah, led by RUA AlHaram AlMakki, a PIF-owned company. Encompassing a gross floor area of up to 12 mn sqm adjacent to AlMasjid AlHaram, the project represents a landmark initiative in the urban redevelopment of

Makkah’s central area, positioning the city as a global model for modern city planning integrated with cultural heritage.

The development aims to enhance accessibility to AlMasjid AlHaram and elevate the quality of services for pilgrims and residents alike, featuring residential, hospitality, commercial, and cultural zones. Designed to accommodate ~900,000 worshippers across indoor and outdoor prayer areas, the project will also restore and redevelop 19,000 sqm of heritage sites, reinforcing Makkah’s cultural and historical identity.

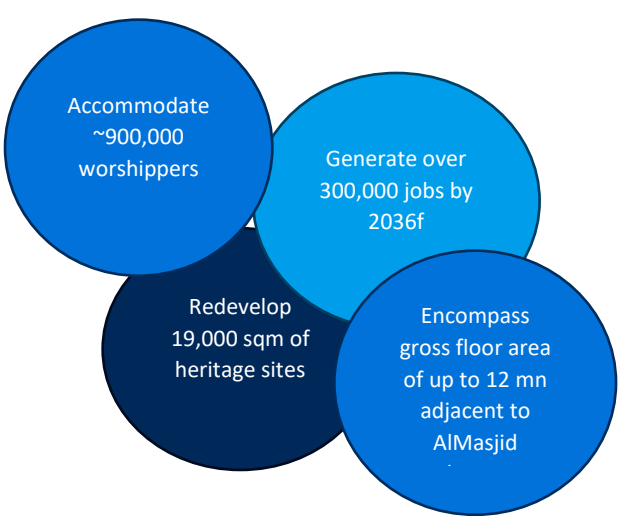
In line with Saudi Vision 2030, the project is expected to generate over 300,000 jobs by 2036f, while significantly advancing the Kingdom’s religious tourism and economic diversification goals.

Chart 17: Unemployment rate by region in 2Q25



Source: GASTAT, anbc research

Chart 18: King Salam Gate key features

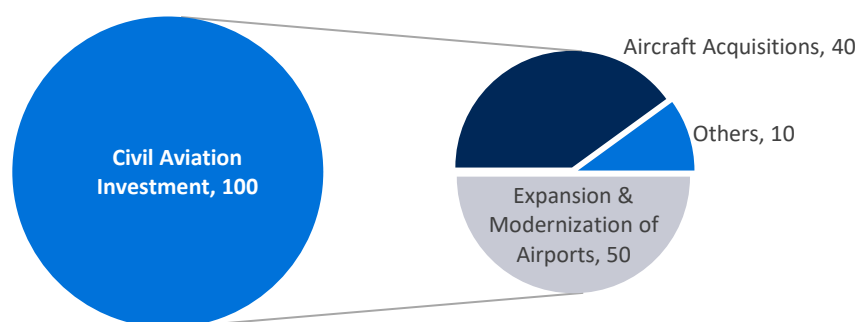


Source: PIF, anbc research

Transitioning towards regional hub status

The country aims to attract USD 100 bn (SAR 375 bn) in investments within the civil aviation sector, with USD 50 bn (SAR 188 bn) allocated for the expansion and modernization of major airports, USD 40 bn (SAR 150 bn) for new aircraft acquisitions, and USD 10 bn (SAR 38 bn) for various other projects, including USD 5 bn (SAR 19 bn) which is designated for the development of specialized logistics zones around key airports in Riyadh, Jeddah, and Dammam. By 2030f, Saudi Arabia seeks to increase annual passenger traffic to 330 mn, connecting 250 destinations, and handling 4.5 mn tons of cargo annually.

Chart 19: KSA's aviation sector investment targets (USD bn)



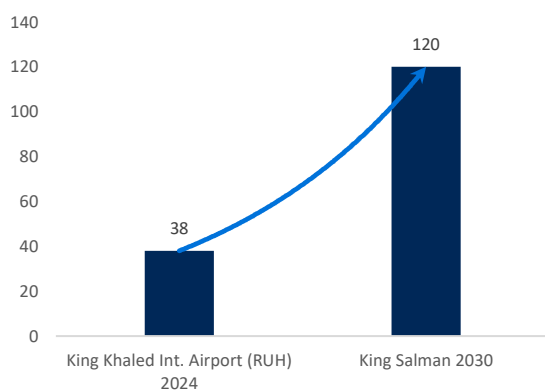
Source: SPA, anbc research

The Kingdom is increasingly becoming competitive in the aviation sector by introducing new airlines such as Riyadh Air & NEOM Airline, reducing government agencies' role from operators to regulators. The country is also investing in infrastructure and operational upgrades at airports. As part of this transformation, Riyadh and Jeddah airports are being developed into major global hubs for passenger connectivity and air cargo.

King Salman International Airport: Global gateway to handle 120mn passengers by 2030f

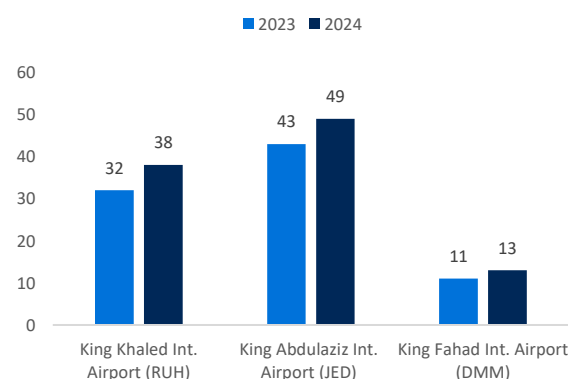
King Salman International Airport is a major part of Saudi Arabia's airport expansion and will be one of the world's largest, covering 57 km². It will include six parallel runways, integrate King Khalid Airport terminals, and feature 12 km² of support facilities, housing, retail, and logistics zones. The airport targets 120 mn passengers by 2030f and 185 mn by 2050f, along with 3.5 mn tons of cargo. The current capacity of the modernized King Khalid Airport will be enough to meet the 2030f passenger target. The new airport is designed as an efficient, high-capacity hub that reflects Riyadh's identity and robust KSA's culture.

Chart 20: Riyadh's airport expansion (PAX mn)



Source: GACA, PIF, anbc research

Chart 21: Top 3 busiest airports in KSA (Pax mn)



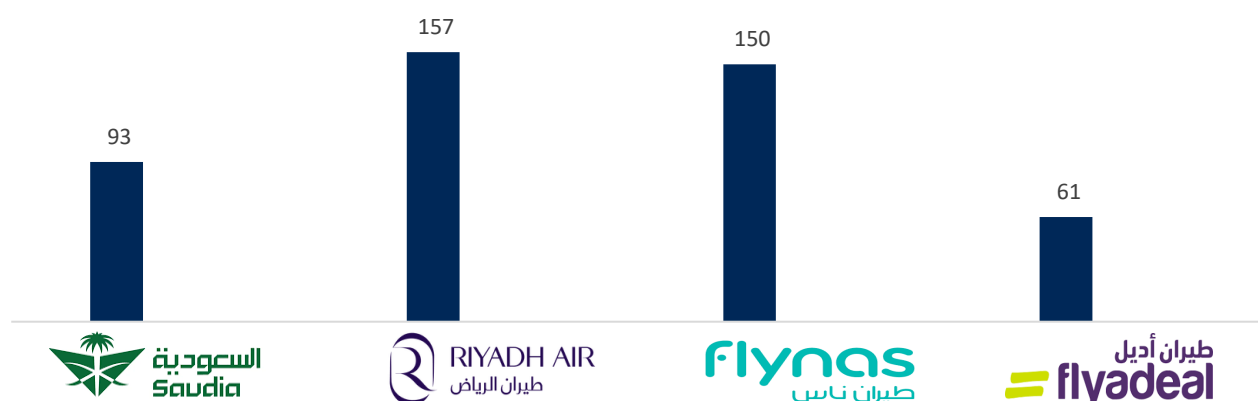
Source: GACA, anbc research

Launch of new airlines and expansion of existing ones

Currently, the Kingdom hosts more than 120 foreign airlines. This number is expected to increase with the opening of new routes and the rising number of passengers. In line with the increasing air passenger number, Saudi Arabia is launching new airlines and expanding existing ones. The introduction of Riyadh Air and Neom Airline, along with the fleet expansion of local carriers, is expected to boost competition and improve service levels in the country.

- **Riyadh Air:** The airline is expected to be launched in late October 2025, and is positioned as a premium carrier, with a modern fleet of 182 aircrafts. Riyadh Air will enhance the Kingdom's connectivity by flying to more than 100 destinations worldwide by 2030f. This new airline is expected to offer world-class services and contribute significantly to the Kingdom's aviation goals.
- **NEOM Airlines:** NEOM Airlines objective will be to serve the futuristic city of NEOM, a USD 500 bn (SAR 1,875 bn) mega-project. The airline aims to be a showcase for innovation, with plans to introduce new aircraft technologies. It will operate from NEOM Bay Airport, which is already in operation and currently connecting six destinations. The airline's focus on sustainability, with the use of sustainable fuels and cutting-edge technology, reflects the broader goals of the NEOM project.

Chart 22: Airline companies' firm order book*



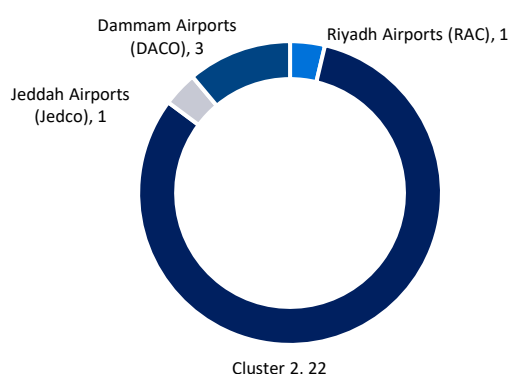
Source: Companies website, news-flow, anbc research

* order book as per latest available data

Private sector investment to lead the way forward

Privatization will play a key role in transforming Saudi Arabia's aviation sector and creating new investment opportunities. The GACA has shifted its role from airport operator to regulator, paving the way for private sector participation. A major step in this process is the transfer of 27 airports to Matarat Holding, enabling private ownership and investment. This move aligns with the broader Vision 2030, aiming to position Saudi Arabia as the leading aviation hub in the Middle East. The transfer of airports to private operators is supported by new performance reporting systems. The new system provides monthly updates on airport performance, including timeliness and reliability of services. The transformation will see Saudi Arabia become the fifth-largest global passenger-connecting hub and the number one regional cargo hub.

Chart 23: Airports operated by Matarat subsidiaries



Source: Company website, anbc research

Snapshot of KSA's aviation ecosystem



Source: GACA, anbc research

Risks

The airline industry faces several significant risks that could impact its ambitious growth plans.

- **Supply Chain Constraints:** Global aircraft production delays, maintenance bottlenecks, and shortages of skilled aviation professionals could restrict the pace of fleet and network expansion. According to IATA, aircraft deliveries are lagging 30% behind their peak levels, as of Jun-25, increasing the backlog to a record high of 17,000 aircraft.
- **Oil Prices:** Fluctuating oil prices can impact airline operating costs, potentially leading to higher ticket prices and reduced travel demand.
- **Regional Developments:** Regional developments in the Middle East can disrupt airline operations through airspace restrictions, flight cancellations, and reduced passenger numbers.
- **Environment:** Environmental sustainability is a growing concern for the aviation sector. With increasing pressure to reduce carbon emissions, airlines must adopt sustainable practices and invest in greener technologies, which can be both costly and challenging.
- **Regulatory Shift:** Changes in visa policies, airspace access, or safety regulations could alter travel flows and operational dynamics. Early suspension of visit visas before the 2025 Hajj season illustrated the potential impact of regulatory decisions on short-term travel patterns.
- **Tourism Driven Growth:** The sector's medium-term growth is closely tied to the successful execution of Vision 2030 tourism objectives. Any delay, downsizing, or cancellation of planned mega-events and giga-projects could temper passenger traffic growth and reduce ancillary revenue opportunities for aviation-related companies.

Ground Services Sector Overview

Direct Beneficiary of Fleet Expansions

Ground handling services represent the tasks involved in preparing an aircraft upon arrival at an airport and before its next departure. These services typically include ramp services, passenger and baggage handling, transport services, aircraft services, fueling, catering services, freight and mail handling, and coordination and communication. In contrast to many other countries, fuel supply, catering services, and cargo handling are not considered part of the core ground handling activities in Saudi Arabia. These services are provided by separate companies, each requiring different operating licenses. The ground handling services market in the Kingdom primarily encompasses essential ramp services, aircraft services, passenger and baggage handling, and transport services. Additionally, ground handling service providers can offer specialized technical services, such as connecting aircraft to a Ground Power Unit (GPU).

Ground handling services

Passenger Handling



Traffic Control



Ramp Services



Fleet Solutions



Cargo Handling



Load Control



KSA ground handling services market

Saudi Arabia is strategically enhancing its position as a global logistics hub, leveraging its advantageous geographical location at the crossroads of three continents; Asia, Europe, and Africa. The increasing demand for ground handling systems in the Kingdom is primarily driven by rising passenger air traffic and substantial investments in airport modernization initiatives. As part of its Vision 2030 objectives, the Saudi government has outlined an ambitious plan to transform the country into a leading global transportation and logistics center, with a target of exceeding 330 mn annual air passengers. Currently, KSA operates 29 airports, serving ~59 mn domestic and ~69 mn international passengers.

Airports in Saudi Arabia

Total Airports



29

International Airports



19

Domestic Airports



10

Source: GACA, anbc research

Competition: SGS remains dominant player but storm clouds gather

A number of local and domestic players operate in Saudi Arabia's ground handling services market, with Saudi Ground Services (SGS) being the market leader with 90% of the market share. These players include:

- **Saudi Ground Services Company:** Established in 2008 through the merger of 3 ground handling companies, SGS is the leading provider of ground handling services in KSA, with operations across all 29 airports. Serving 129 domestic and international airlines, SGS offers comprehensive services, including aircraft cleaning, passenger and baggage handling, ramp operations, and fuel & water supply. The company remains committed to delivering efficient, reliable, and high-quality services aligned with industry standards.
- **Swissport International:** Operating in Saudi Arabia since 2016, Swissport is a global leader in ground and air cargo handling services. The company provides passenger, ramp, and cargo handling solutions across key airports, including Riyadh, Jeddah, Dammam, Medina, Al-Qassim, and AlUla. In partnership with ASYAD Holding, Swissport aims to expand its cargo handling operations and enhance lounge hospitality services, with a focus on Saudi carriers. Swissport has increased its presence from 6 airports in early 2024 to 13 airports by mid-2025, and currently partners with more than 50 international and regional airlines, handling over 50% of foreign carrier operations. The company plans to expand its operations to 16 airports by 2025e.
- **Jet Aviation:** Jet Aviation, a subsidiary of General Dynamics (GD), has been providing business aviation services in Saudi Arabia since 1979. Operating FBOs in Jeddah, Riyadh, and, the company offers aircraft management, sales, charter services, defence support, maintenance, and crew staffing. Renowned for its quality service, Jet Aviation delivers customized ground handling and maintenance solutions for business aviation, adhering to the highest industry standards.
- **First Class Aviation Services (FCAS):** First Class Aviation Services (FCAS) provides end-to-end aviation solutions in KSA and globally. Its offerings include GACA-approved maintenance, repair, and overhaul (MRO) services, ground handling, 24/7 AOG support, and aircraft spare parts sales. FCAS also specializes in wheel, brake, and battery services, backed by an inventory of 6,000+ spare parts and a skilled technical team focused on efficient, high-quality service delivery.
- **Arabian Aircraft Services Co. (ARABASCO):** Established in 1982, ARABASCO is a leading aviation service provider in Saudi Arabia, operating across Jeddah, Riyadh, Medina, Yanbu, and Dammam. Its services include ground handling, aircraft maintenance, management, charter operations, fueling, FBO services, MRO solutions, and navigational aids calibration. With over 30 years of experience, ARABASCO is recognized for its operational reliability and customer-centric approach.

Sector Risks

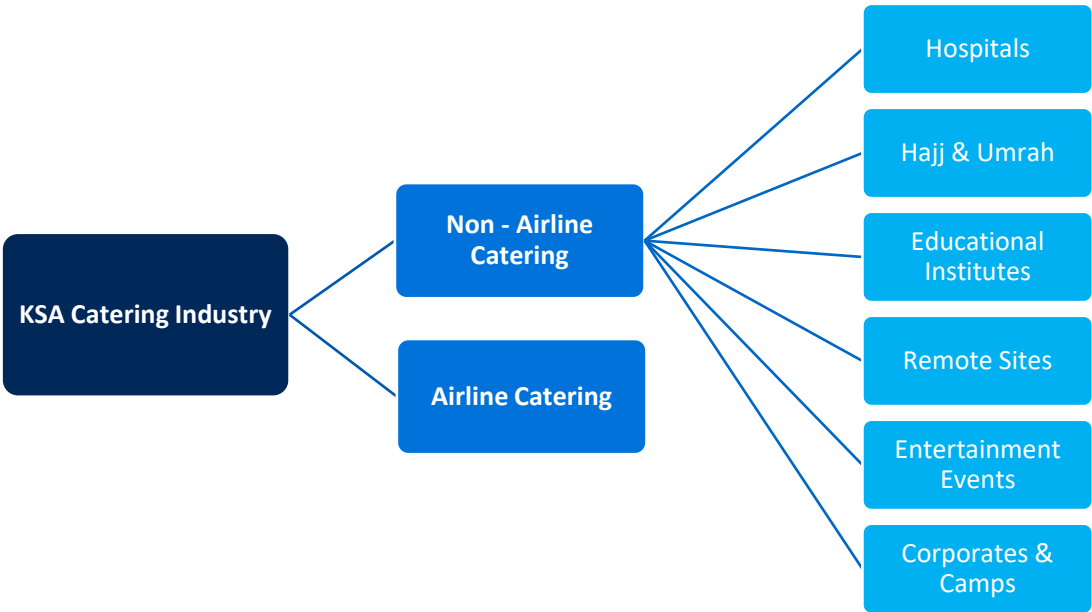
- **Regional developments and uncertain events:** Incidents such as regional developments, global crises, or outbreaks of infectious diseases like COVID-19, may reduce air travel to Saudi Arabia, adversely affecting the industry's revenue and overall business prospects.
- **Air traffic and economic sensitivity:** Ground handling volumes are closely tied to air traffic trends. Any slowdown in passenger or cargo movements due to economic deceleration, higher fuel prices, or regulatory restrictions could materially affect revenue for service providers.
- **Operational efficiency and labor dependency:** Ground service operations are labor-intensive and highly sensitive to workforce availability and productivity. Shortages of skilled personnel, rising wage costs, or disruptions from regulatory changes in employment policies could affect service quality and operating margins.
- **Insourcing:** The possibility of airlines opting for in-house ground handling operations poses a competitive threat, potentially impacting the ground handling services companies' revenue and financial stability.
- **Economic downturns:** Variations in oil prices, macroeconomic conditions, and rising global airline fuel costs could adversely affect economic activity, leading to a decline in air travel demand and a subsequent reduction in airline and passenger traffic at Saudi Arabian airports.

Catering Services Overview

Saudi catering services is a mix of inflight and ground

The Kingdom’s push to become a global hub for tourism, entertainment, and business has sparked a surge in demand for catering services across diverse sectors from airline catering, corporate offices, and educational institutions to mega-events and hospitality giants. In 2024, the Saudi catering services market was valued at approximately SAR 13 bn by market reports and is projected to grow to SAR 19.72 bn by 2030f, reflecting a CAGR of approximately 8% from 2025e to 2030f.

Mapping the sector



Source: anbc research

In-flight catering: Anticipated air passenger volumes set to underpin industry growth

Airline catering services encompass a comprehensive range of offerings, including menu planning, cost estimation, meal preparation, and the delivery of meals, beverages, and supplies to aircraft. These services are tailored to meet the specific requirements of individual airlines and flight operators. While some airlines opt for a full range of catering services, others utilize only select offerings based on their operational needs such as back catering.

The rising number of air passengers in Saudi Arabia is expected to drive increased demand for airline catering services. As part of its Vision 2030 objectives, the Saudi government has outlined an ambitious plan to transform the country into a leading global transportation and logistics center, with a target of exceeding 330 mn annual air passengers. Currently, Saudi Arabia operates 29 airports, serving millions of domestic and international travelers.

Ground catering: Flag ship events, tourist arrivals and private sector to fuel demand

Saudi Arabia's ground catering industry has long been well-established. While entities such as businesses, government agencies, hospitals, and educational institutions traditionally manage their own catering services, there is a growing preference for outsourcing these services to specialized catering providers. This allows them to benefit from enhanced expertise, efficiency, and high-quality catering solutions tailored to their specific requirements. The growth of the non-airline catering segment is driven by increasing demand across various market segments such as:

- **Pilgrimage & Religious Tourism:** Pilgrims and visitors to the two Holy Mosques in Makkah and Medina represent a significant driver of demand for catering services in Saudi Arabia. Catering services must accommodate diverse dietary requirements and ensure efficient meal distribution to millions of visitors, particularly during peak pilgrimage seasons. This demand extends to various service providers, including hotels, religious institutions, and on-site catering facilities.
- **Hospitals:** The demand for hospital catering services in Saudi Arabia is driven by the country's expanding healthcare sector, increasing patient admissions, and the government's investment in medical infrastructure. As hospitals and medical centers strive to enhance patient care, the need for high-quality, nutritionally balanced meals tailored to specific dietary and medical requirements has grown significantly.

Major players in the catering service market

- **CATRION Catering Holding Co:** Established in 1981 as the catering division of Saudi Arabian Airlines, CATRION has evolved into one of Saudi Arabia's leading catering and hospitality service providers. In Oct-23, the company rebranded from Saudi Airlines Catering Company to CATRION, reflecting its strategic shift toward diversification and alignment with Vision 2030.
- **Gulf Catering Company (GCC):** Founded in 1986 in Riyadh, GCC operates as a subsidiary of Abdullah Ali Almunajem Sons Company. It is a leading food supply and catering services provider for both public and private sectors, serving major clients such as the Ministry of Interior, the Ministry of Defence, and over 50 government hospitals across the Kingdom. The company produces around 50 mn meals annually.
- **Algozaibi Services Company Limited (AGS):** Part of Khalifa Algozaibi Investment Group, AGS provides a wide range of services including catering, kitchen design and equipment, housekeeping, janitorial, laundry, landscaping, maintenance, container manufacturing, and logistics. The company prepares approximately 4.5 mn meals per month.
- **Al Suwaidi Holding Company:** Established in 1960 as M.S. Al-Suwaidi Contracting Establishment, the company provides industrial services, catering and accommodation, and chemical products. In its catering and accommodation division, Al Suwaidi offers services including security, housekeeping, janitorial, and laundry. The company serves more than 80 clients across the Kingdom, including Aramco, SABIC, and MAADEN, and prepares around 60,000 meals daily.
- **Saudi Catering and Contracting Company (SCCC):** With nearly five decades of experience, SCCC is one of the pioneers in catering and life support services in the Middle East. Its offerings include institutional catering, camp management, cleaning, laundry, storage, maintenance, hospitality management, and supermarket operations.
- **Nesma United Industries (NUI):** A subsidiary of Nesma Company, NUI provides high-quality industrial and construction-related services across Saudi Arabia. Among its offerings, the company also delivers professional catering solutions tailored to large-scale industrial clients.

Sector risks:

In the dynamic landscape of Saudi Arabia's catering industry, companies navigate a complex array of challenges that can significantly impact their operations and profitability.

- **Food Safety and Hygiene Risks:** Maintaining stringent food safety standards is crucial in Saudi Arabia's catering sector, given the challenges posed by its hot desert climate. Past incidents of foodborne illnesses emphasize the need for rigorous hygiene measures and robust public health strategies to prevent outbreaks, particularly during major events.
- **Regulatory Compliance and Standards:** The Saudi government enforces strict regulations to uphold food quality and safety, requiring catering companies to invest in training and infrastructure for compliance. Non-adherence can lead to legal consequences and reputational damage.
- **Supply Chain Vulnerabilities:** With approximately 80% of its food imported due to limited agricultural productivity, Saudi Arabia's catering industry is highly vulnerable to global supply chain disruptions. Challenges such as trade disputes, transportation issues, and pandemics can escalate costs and impact quality consistency.
- **Operational Challenges:** Saudi Arabia's extreme climate and desert conditions create operational challenges for catering services, particularly during large-scale events. Ensuring the preservation of perishable goods demands advanced refrigeration and logistics, while a shortage of skilled professionals and limited delivery infrastructure further hinders industry growth.
- **Exposure to External Demand Factors:** Demand for catering services is influenced by tourism, aviation activity, and large-scale events. Any decline in passenger traffic, slowdown in event activity, or postponement of major projects could weigh on volumes.

Saudi Ground Services Co.

19 October 2025

We initiate coverage on Saudi Ground Services (SGS) with a target price of SAR 53.6/share and an 'Overweight' rating. As the dominant ground handling provider in Saudi Arabia, with a ~90% market share and operations across all 29 airports, SGS is well positioned to benefit from the Kingdom's rapidly expanding aviation sector. Revenues are projected to post a 12.4% CAGR over 2024–2029f, supported by the fleet expansion of existing carriers and the entry of new airlines. These factors, combined with the stock's 10.2% YoY decline, provide favorable entry point at current levels. The stock currently trades at a 2026f P/E of 18.9x, below its 10-year historical average (excluding COVID-19 impacted years) of 20.6x.

Short-term softness, Long-term growth. Saudi Arabia aims to handle 330 mn passengers, expand air connectivity to 250 destinations, and increase cargo-handling capacity to 4.5 mn tons by 2030f. As the country's largest ground handling player, SGS is well-placed to capture this growth. Nevertheless, short-term sector softness is evident, as reflected in 1H25 when air cargo volumes fell 5% YoY, and passenger and flight numbers rose only 7% and 4% YoY, respectively. While this moderation points to temporary sector weakness, intensifying competition poses a more longer-term challenge that could weigh on SGS's performance. We project the number of flights handled by SGS to grow at a 12.7% CAGR over 2024–2029f.

Evolving fleet size to drive revenue growth. Saudi airlines collectively hold a confirmed order book of ~461 aircraft, which will translate into higher ground handling demand. SGS maintains long-term contracts with the top four airlines in KSA, accounting for ~70% of its business, and has recently secured a SAR 2 bn contract with Riyadh Air to provide ground services, strengthening revenue visibility. We expect this fleet growth to underpin the company's projected 12.4% revenue CAGR over 2024–2029f.

Rising competition. The key headwind for SGS remains the entry and expansion of rival players such as Swissport, which has benefited from GACA's efforts to promote fair competition within the ground handling market. Swissport currently serves over 50% of foreign carriers and has expanded from 6 airports in early 2024 to 13 by mid-2025, signaling increasing market pressure. In response, SGS is diversifying beyond core ground handling into ancillary services, including general aviation and out-of-airport passenger handling, serving over 100,000 Hajj and Umrah travelers in 2025.

Resumption of dividend. SGS resumed dividends after a four-year hiatus, declaring SAR 2.0/share for 2024 (a 115% payout) and SAR 1.0/share in 1H25 (95% payout). With strong cash flows, a debt-free balance sheet, and limited capex requirements, we expect the company to maintain a normalized 75–80% payout ratio going forward, supported by improving receivable collections and stable margins.

Valuation: Our FCFE based valuation assumes a terminal growth rate of 2.5% and a WACC of 10.1%, implying 15.3% upside from current levels.

Risks: The primary downside risk is a lower-than-expected number of flights to the Kingdom, which could impact overall growth. Furthermore, contract renewals terms with existing clients may become more challenging as competitors expand operations. Potential delays in planned aircraft deliveries to Saudi based airlines is also worth highlighting.

RATING SUMMARY

Target Price (SAR)	53.6
Upside/Downside	15.3%
Div. Yield (%)	4.2%
Total Exp. Return	19.3%

Source: Company financials, anbc research

OVERWEIGHT

ISSUER INFORMATION

Bloomberg Code	SGS AB
Last Price (SAR)	46.8
No of Shares (mn)	188
Market Cap bn (SAR/USD)	8.7/2.3
52-week High / Low (SAR)	57.1/41.0
12-month ADTV (mn) (SAR/USD)	21.1/5.6
Free Float (%)	47.5%
Foreign Holdings (%)	6.2%

Last price as of October 16th, 2025

VALUATIONS

	2024	2025e	2026f	2027f
EPS (SAR)	1.7	2.2	2.5	2.9
PER (x)	26.7	21.6	18.9	16.3
PBV (x)	3.5	3.3	3.0	2.7
DPS (SAR)	2.0	1.6	2.0	2.3
Div. Yield (%)	4.3	3.5	4.2	4.9
RoE (%)	13.5	15.7	16.6	17.5
RoA (%)	7.7	9.3	10.1	11.0

Source: Company financials, anbc research

FINANCIALS (SAR mn)

	2024	2025e	2026f	2027f
Revenue	2,684	2,808	3,179	3,609
Gross Profit	621	650	759	881
EBITDA	441	550	642	746
Net Income	327	405	462	538

Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

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Investment Thesis

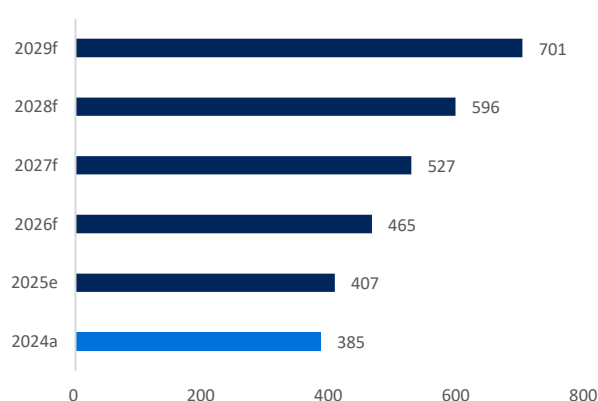
SGS: Well-positioned to benefit from aviation sector growth

Saudi Ground Services Co. (SGS) is well-positioned to benefit from the expansion of Saudi Arabia's aviation sector, which is being driven by the growth in tourism, business travel, and religious pilgrimages. The Kingdom aims to accommodate 330 mn passengers, expand air connectivity to 250 destinations, and enhance air cargo capacity to 4.5 mn tons by 2030f. As the largest ground-handling operator in the country, with an approximate 90% market share and presence across all airports, SGS stands to capture a substantial share of this growth.

In the near term, however, sector softness has emerged. In 1H25, air cargo volumes fell 5% YoY, while passenger and flight numbers grew moderately by 7% and 4% YoY, respectively. This slower-than-expected momentum could weigh on SGS's short-term performance. Nonetheless, the company's strong client base provides a solid revenue foundation, with contracts from the four largest airlines contributing about 70% of total revenue. Additionally, SGS has secured a SAR 2 bn long-term contract with Riyadh Air to provide ground-handling services. Riyadh Air, which holds a confirmed order book of 157 aircrafts, is expected to commence operations by late October 2025, creating a new growth avenue for SGS.

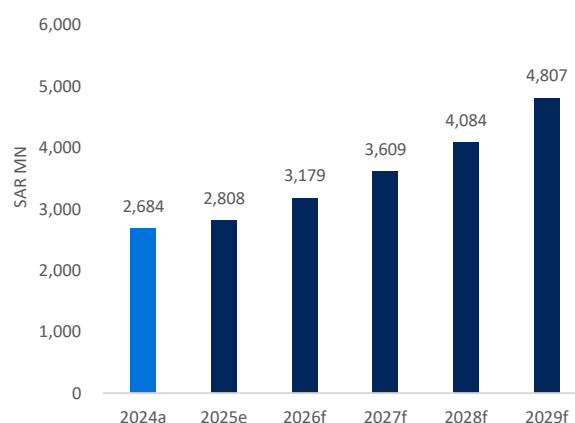
Meanwhile, competition in the sector continues to intensify, led by Swissport's rapid expansion under the GACA initiative to promote fair competition. Swissport has increased its presence from 6 airports in early 2024 to 13 airports by mid-2025, and currently partners with more than 50 international and regional airlines, handling over 50% of foreign carrier operations. Despite this, SGS remains strategically positioned due to its scale, network, and long-term contracts. We project the company's revenue to grow at a 2024–2029f CAGR of 12.4%, driven primarily by higher flight turns volumes, which are expected to rise from 384,952 in 2024 to 701,321 by 2029f.

Chart 24: SGS number of turns (k)



Source: Earnings call, anbc research

Chart 25: 2024–2029f CAGR of 12.4% revenue



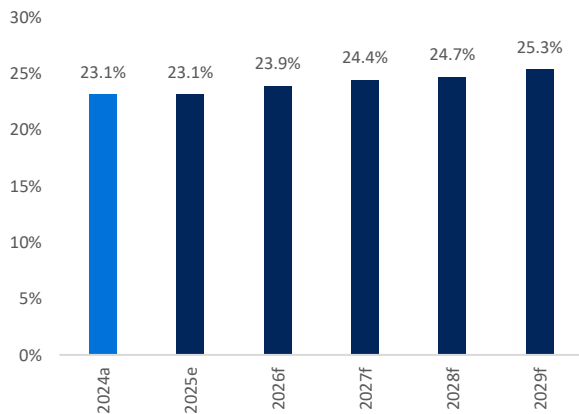
Source: Company financials, anbc research

Gross margins to remain flattish going forward

In 1H25, SGS reported a gross margin of 22%, compared to 20% in 1H24, primarily supported by a 4% YoY increase in flight turn volumes to 199,390. The improvement reflects both higher operational activity and continued focus on cost optimization. Looking ahead, the combination of steady revenue growth, improved productivity, and ongoing cost efficiency initiatives is expected to support a gradual enhancement in profitability, with gross margins projected to reach 25% by 2029f.

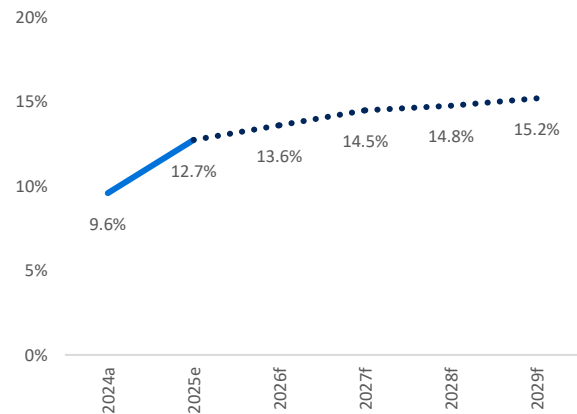
Operating performance also strengthened during 1H25, with operating profit rising 49% YoY to SAR 172 mn. The improvement was driven by the absence of impairment losses on trade receivables and better cost control, leading to an increase in operating margins to 13% in 1H25 from 9% in 1H24. As flight volumes continue to expand, we expect EBIT margins to improve further to around 15% by 2029f.

Chart 26: Gross margins to remain flat till 2029f



Source: Company financials, anbc research

Chart 27: EBIT margins to improve to 15.2% in 2029f

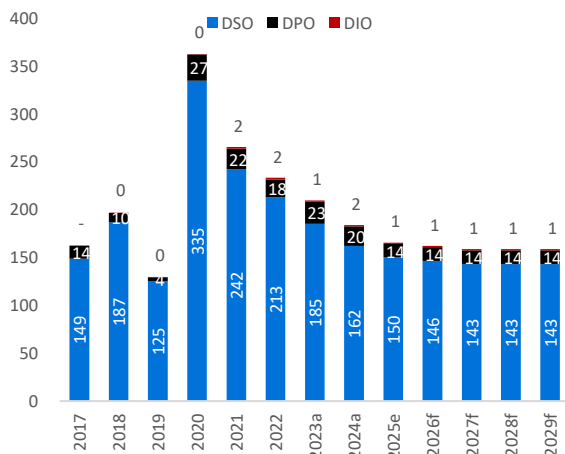


Source: Company financials, anbc research

Revenue and collection

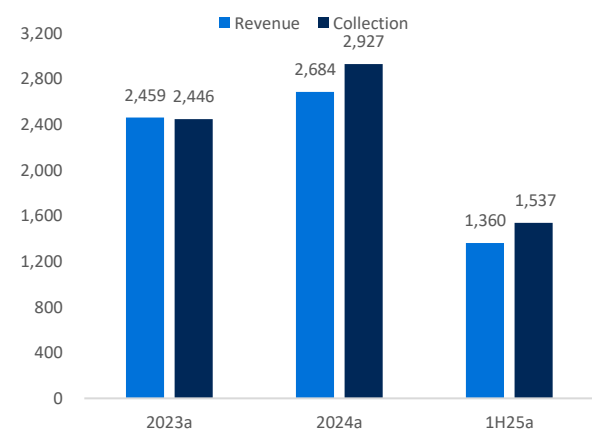
In 1H25, SGS's consolidated collection as a percentage of revenue increased to 113%, compared to 111% in 1H24. Both related-party and other airline collections improved by 1 percentage point, rising from 106% to 107% and from 116% to 117%, respectively. The improvement reflects the company's ongoing focus on strengthening receivable management.

Chart 28: Cash collection cycle (days)



Source: Company financials, anbc research

Chart 29: Collection vs revenue (SAR mn)



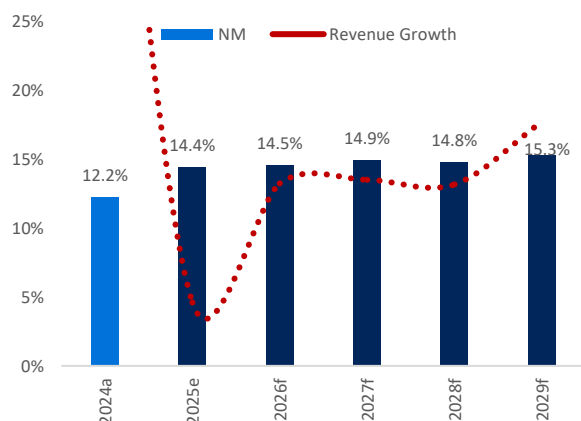
Source: Company financials, earnings call, anbc research

SGS's net margin rose to 14% in 1H25 from 11% in 1H24, supported by the absence of impairment losses and improved collection efficiency. Looking ahead, we expect net margins to remain stable, reaching around 15.3% by 2029f.

Before the COVID-19 impact on the aviation industry, SGS maintained a strong dividend payout ratio ranging between 62% and 107% during 2015–2018. Following a four-year hiatus, the company resumed dividend distributions in 2024, declaring SAR 2.0/share (a 115% payout ratio). This trend continued in 1H25, with a dividend

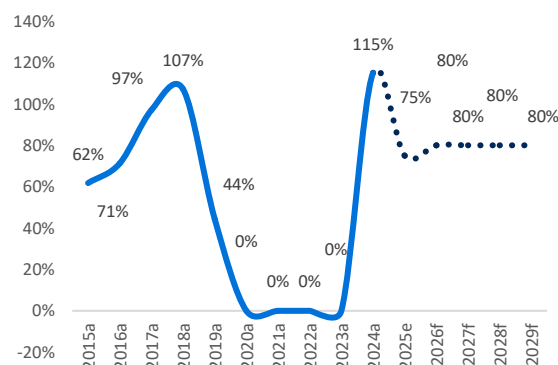
of SAR 1.0/share (95% payout). Given improving collections, higher profitability, a debt-free balance sheet, and limited capex requirements, we expect SGS to sustain a healthy payout ratio in the range of 75%–80% over the forecast period.

Chart 30: Net margins to improve to ~15% by 2029f



Source: Company financials, anbc research

Chart 31: Payout expected to stabilize going forward



Source: Company financials, anbc research

Valuation

We value SGS using the FCFF approach, applying a terminal growth rate of 2.5% and a WACC of 10.1%, which yields a target price of SAR 53.6/share, implying an upside potential of 15.3% from current levels. Based on this, we assign an 'Overweight' rating to the stock. At current levels, the stock trades at a 2026f P/E of 18.9x, representing a discount to its 10-year historical average (excluding 2020–2022) of 20.6x. Similarly, the company's 2026f P/BV of 3.0x remains below its 10-year historical average of 3.4x, backing our stance.

Valuation table:

SAR mn	2027f	2028f	2029f	2030f	2031f
FCFF	467	442	427	561	857
Terminal Value					11,498
FCFF + Terminal	467	442	427	561	12,355
Discounted FCFF	424	364	319	381	7,621
Enterprise Value	9,110				
Cash	1,158				
Debt	(184)				
Equity Value	10,084				
Target Price	53.6				

TP sensitivity:

		Growth rate				
W A C C		1.5%	2.0%	2.5%	3.0%	3.5%
	8.1%	63.7	67.7	72.6	78.3	85.3
	9.1%	55.3	58.3	61.7	65.6	70.2
	10.1%	48.9	51.1	53.6	56.5	59.7
	11.1%	43.9	45.6	47.5	49.6	52.0
	12.1%	39.8	41.2	42.7	44.3	46.1

Source: anbc research

SGS Company Overview

SGS is the leading provider of ground-handling services in Saudi Arabia, serving as a critical pillar of the Kingdom's aviation infrastructure. The company was renamed in 2011 following the merger of Saudia's ground services unit, the National Company for Ground Handling Services (NAS), and Al-Ataar Ground Handling Company (Ataar for Travel). SGS operates across 29 airports in Saudi Arabia.

The company was originally formed in 1945, within the Saudi Arabian Airlines, to carry out ground support services at the kingdom's airports. Later on, the company was established as an independent entity as Saudi Arabian Airlines Ground Services Company.

Services provided

Passenger Handling

SGS delivers end-to-end passenger handling services, including assisting travelers with check-in procedures, baggage drop-off, ticketing, and gate management. In 2024, SGS handled nearly 116 mn passengers vs. 101 mn passengers handled in 2023.

Baggage Handling

For baggage handling services, SGS ensures the secure assembly, sorting, reconciliation, and transportation of baggage, as well as its loading and unloading process. The company also manages the operation and handling of the Baggage Reconciliation System (BRS) to enhance efficiency and security. In 2024, SGS handled a record 102 mn pieces of luggage.

Traffic Control (TRC)

SGS manages ground-handling operations at 29 Saudi Arabian airports. The company monitors arrival and departure schedules and coordinates requisite turnaround activities efficiently and safely.

Ramp Services

The company's ramp-handling services include aircraft turnaround coordination, ground-to-cockpit headset service, aircraft marshaling during arrival and departure, and loading supervision for cargo, mail, and passenger baggage. Additionally, SGS provides essential ground support equipment such as Ground Power Units (GPU), Push-Back, Unit Load Device (ULD) control, Air Conditioning Units (ACU), Air Starter Units (ASU), aircraft towing, and wing-walker assistance, ensuring a smooth and coordinated turnaround process.

Cargo Handling

SGS handles the supervision, loading, unloading, and transportation of general cargo and special cargo with its own supply of specialized equipment and specially trained staff.

Fleet Solutions

SGS's fleet solution team is dedicated to maintaining clean and comfortable aircraft cabins. Its comprehensive range of services includes cabin grooming and deep cleaning, turnaround cleaning, toilet and water services, and specialized disinfection. These initiatives uphold the highest standards of hygiene and cleanliness, ensuring a smooth and enjoyable travel experience for passengers.

Load Control

SGS ensures the safe departure of aircraft with maximum payload load by providing control services, including load planning, precise aircraft weight and balance calculations, and effective communication through messaging and telecommunications. Additionally, the company issues essential documents such as Loading Instruction Reports, Notifications to Captains, and Load Sheets, facilitating seamless coordination between ground operations and flight crews.

Representation and Supervision

SGS is certified to represent and supervise aircraft services for its customer airlines, ensuring that all operations are handled by highly qualified personnel who uphold the airline's reputation and service standards. In addition, the company provides comprehensive maintenance and technical support for Ground Support Equipment (GSE) and vehicles, ensuring operational efficiency, reliability, and safety across all airport functions.

Joint Ventures:

1. Saudi Amad for Airports Services and Air Transport Support (SAAS)

SGS formed a joint venture with Al-Amad Company, establishing Saudi Amad for Airports Services and Air Transport Support (SAAS) with an equal 50-50% stake. SAAS primarily focuses on providing passenger and crew transportation services, including airport bus operations.

2. TLD Arabia Equipment Services Company

SGS, holding a 50% stake, partnered with the French TLD Group to establish TLD Arabia Equipment Services Company, a limited liability company dedicated to providing automation and maintenance services for airport solutions and ground-handling equipment. The company serves both SGS and other aviation operators across all airports in the Kingdom.

3. Jusoos Airports services Company (JASC)

SGS, holding a 51% stake, established Jusoos Airports Services Company in partnership with Saudi Services and Operation Limited Company to oversee the operation and maintenance of passenger bridges and gate services across all airports in the Kingdom. The company operates as a limited liability entity.

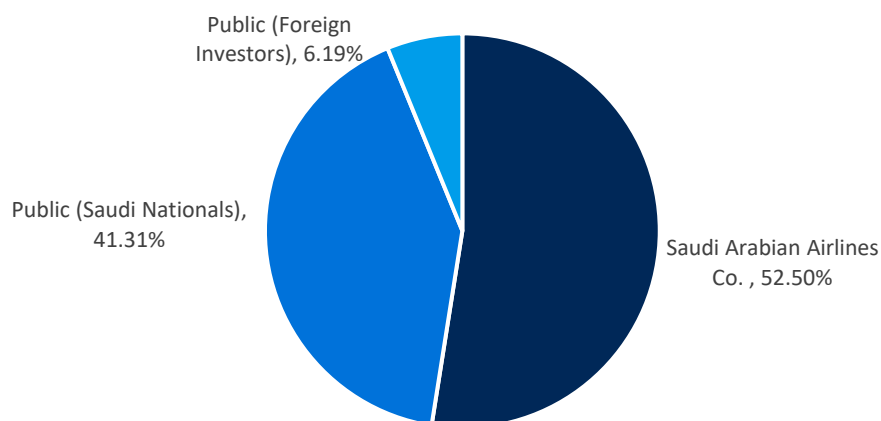
4. Ground Services Company for Travel and Tourism Services

SGS established Ground Services Company for Travel and Tourism Services as a wholly owned subsidiary, with the objective of providing services related to air transport and travel agency activities.

Clients



Shareholding pattern



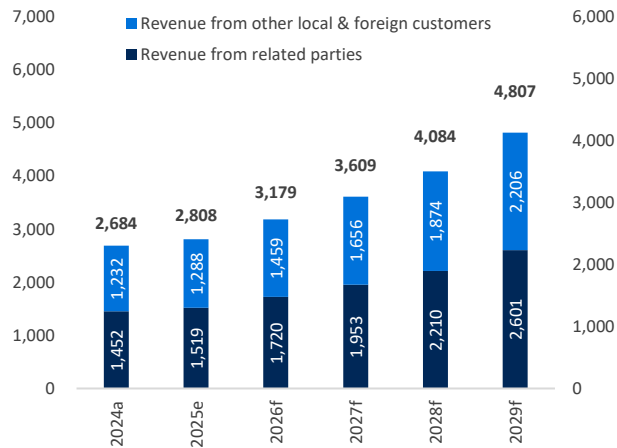
Source: Company financials, anbc research

History of SGS:

1954	•Established within the Saudi Arabian Airline.
2008	•It became independent from Saudi Arabian Airlines to become Saudi Arabian Airlines Ground Services Company.
2010	•Merged with Al-Attar Company for Ground Handling Services & the National Company for Handling Services.
2011	•It was renamed to Saudi Ground Service Company.
2014	•It was converted into a closed joint-stock company with a capital of SAR 1,880,000,000.
2015	•30% of the company was offered on the stock market for trading on June 25, 2015.
2020	•The COVID-19 pandemic and the suspension of flights.
2023	•The company's return to profitability.
2024	•Distribution of dividends to shareholders.
2025	•Distributed dividend of SAR 1/share in 1H25 to the shareholders.

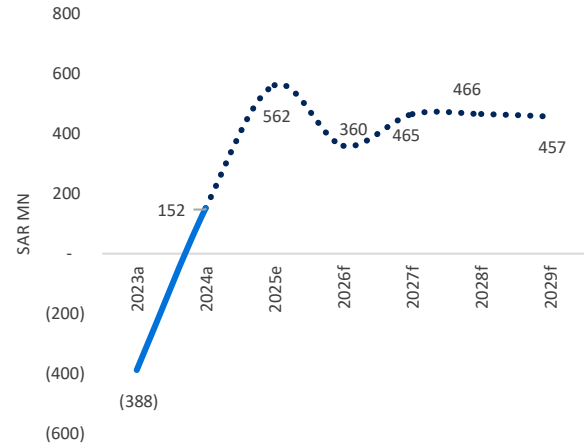
SGS's chart bank:

Chart 32: Revenue forecast (SAR MN)



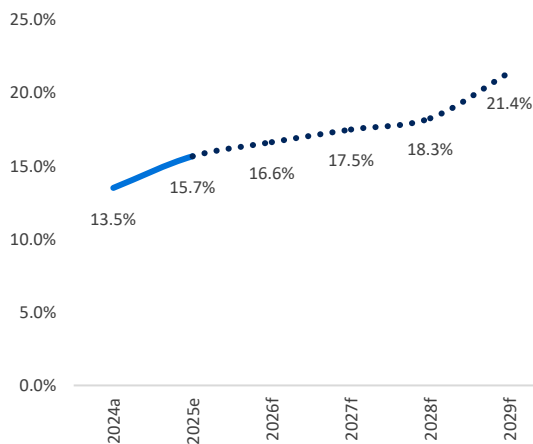
Source: Company financials, anb research

Chart 33: FCFE to remain positive



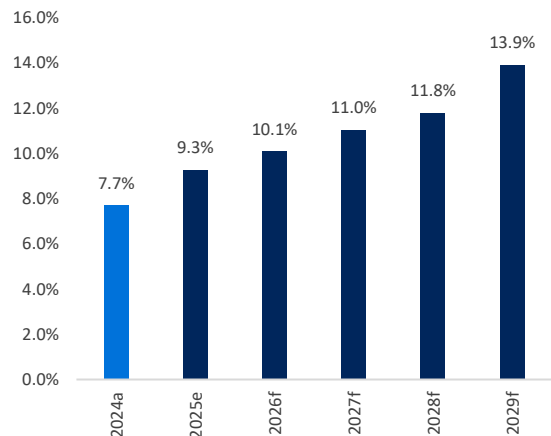
Source: Company financials, anb research

Chart 34: ROE to improve going forward



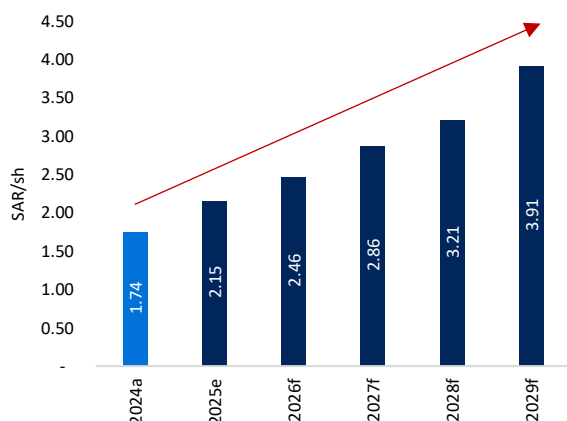
Source: Company financials, anb research

Chart 35: ROA to improve going forward



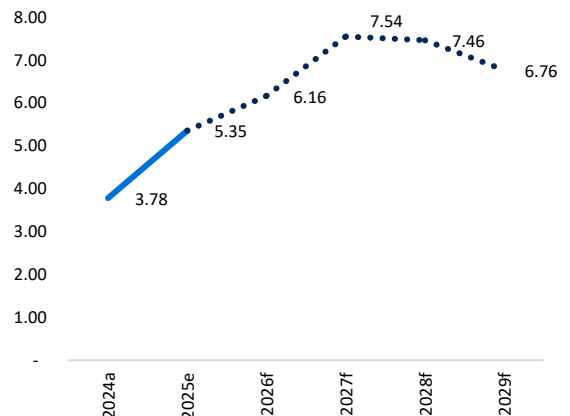
Source: Company financials, anb research

Chart 36: Earnings to project a 5yr CAGR of 17.6%



Source: Company financials, anb research

Chart 37: Cash/share expected to grow



Source: Company financials, anb research

Financial Summary

Income Statement (SAR mn)	2023a	2024a	2025e	2026f	2027f	2028f	2029f	CAGR 2024-2029f
Revenue	2,459	2,684	2,808	3,179	3,609	4,084	4,807	12%
Cost of revenue	(2,050)	(2,063)	(2,158)	(2,420)	(2,728)	(3,076)	(3,592)	12%
Gross Profit	409	621	650	759	881	1,007	1,216	14%
Operating expenses	(233)	(364)	(292)	(327)	(358)	(405)	(485)	6%
Operating profit	176	257	357	432	523	603	730	23%
Other income	52	61	50	52	47	44	47	-5%
EBIT	228	319	407	484	569	647	777	20%
Dep & Amort	183	184	192	210	224	238	258	7%
EBIDTA	359	441	550	642	746	841	988	18%
Finance cost	(31)	(14)	(14)	(15)	(14)	(12)	(14)	-1%
Other exp./income	74	73	69	68	71	65	63	-3%
Profit Before Tax	271	378	463	537	627	700	827	17%
Zakat tax	(59)	(51)	(58)	(75)	(89)	(98)	(92)	13%
PAT	211	327	405	462	538	603	734	18%
Number of share	188	188	188	188	188	188	188	
EPS	1.12	1.74	2.15	2.46	2.86	3.21	3.91	
Balance Sheet	2023a	2024a	2025e	2026f	2027f	2028f	2029f	2024-2029f
Property & equipment	487	559	555	540	525	525	525	-1%
Right to use asset	225	141	189	175	158	158	158	2%
Others	138	237	238	265	289	281	321	6%
Intangible asset	747	723	700	677	653	630	607	-3%
Non-current assets	1,596	1,661	1,682	1,656	1,625	1,594	1,610	-1%
Trade receivables	1,248	1,191	1,153	1,275	1,416	1,602	1,886	10%
Prepayment & others	679	697	616	606	567	575	589	-3%
Cash & cash equivalents	704	710	1,006	1,158	1,418	1,402	1,271	12%
Inventories	5	9	8	9	10	12	14	9%
Current Asset	2,636	2,607	2,783	3,049	3,411	3,590	3,760	8%
Total Assets	4,231	4,268	4,465	4,705	5,036	5,184	5,370	5%
Share capital	1,880	1,880	1,880	1,880	1,880	1,880	1,880	0%
Retain earnings	(69)	634	773	1,028	1,360	1,481	1,628	21%
Statutory reserve	520	-	-	-	-	-	-	-
Total Equity	2,331	2,514	2,653	2,908	3,240	3,361	3,508	7%
Lease liabilities	151	85	108	94	87	94	104	4%
Employees' serv. benefit	559	562	575	575	575	575	575	0%
Non-current liabilities	710	647	683	670	663	669	679	1%
Trade payables	131	116	83	95	107	120	141	4%
Loans and borrowings	100	-	-	-	-	-	-	-
Lease liabilities	86	81	103	90	84	90	100	4%
Accruals & other liabilities	509	512	545	545	545	545	545	1%
Zakat payables	364	398	398	398	398	398	398	0%
Current Liabilities	1,190	1,107	1,130	1,129	1,134	1,154	1,184	1%
Total Liabilities & Equity	4,231	4,268	4,466	4,706	5,037	5,185	5,371	5%

Source: Company financials, anbc research

Valuation Ratios	2023a	2024a	2025e	2026f	2027f	2028f	2029f
EPS (SAR)	1.1	1.7	2.2	2.5	2.9	3.2	3.9
DPS (SAR)	-	2.0	1.6	2.0	2.3	2.6	3.1
BVPS (SAR)	12.4	13.4	14.1	15.5	17.2	17.9	18.7
PER (x)	41.3	26.7	21.6	18.9	16.3	14.5	11.9
DY (%)	0.0%	4.3%	3.5%	4.2%	4.9%	5.5%	6.7%
PBV (x)	3.7	3.5	3.3	3.0	2.7	2.6	2.5
EV/Sales (x)	3.4	3.1	2.8	2.4	2.1	1.8	1.6
Price/Sales (x)	3.6	3.3	3.1	2.7	2.4	2.1	1.8
EV/EBITDA (x)	23.4	18.6	14.5	12.1	10.0	8.9	7.8
Price/CF (x)	25.2	18.4	11.8	15.3	12.9	12.5	12.3
EV/Gross Profit (x)	20.5	13.2	12.2	10.2	8.5	7.5	6.3
Margins	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Gross Margins	16.6%	23.1%	23.1%	23.9%	24.4%	24.7%	25.3%
EBITDA Margins	14.6%	16.4%	19.6%	20.2%	20.7%	20.6%	20.6%
Operating Margins	7.2%	9.6%	12.7%	13.6%	14.5%	14.8%	15.2%
Pretax Margins	11.0%	14.1%	16.5%	16.9%	17.4%	17.1%	17.2%
Net Margins	8.6%	12.2%	14.4%	14.5%	14.9%	14.8%	15.3%
Returns	2023a	2024a	2025e	2026f	2027f	2028f	2029f
ROA	4.9%	7.7%	9.3%	10.1%	11.0%	11.8%	13.9%
ROTA	9.7%	14.5%	14.5%	16.1%	17.5%	19.4%	22.6%
ROE	9.5%	13.5%	15.7%	16.6%	17.5%	18.3%	21.4%
Health Ratios	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Cash/share	3.7	3.8	5.3	6.2	7.5	7.5	6.8
Cash as a % of Market Cap	8.0%	8.1%	11.5%	13.2%	16.2%	16.0%	14.5%
Debt to Asset	8.0%	3.9%	4.7%	3.9%	3.4%	3.6%	3.8%
Debt to Equity	14.4%	6.6%	8.0%	6.3%	5.3%	5.5%	5.8%
Debt to Capital	12.6%	6.2%	7.4%	6.0%	5.0%	5.2%	5.5%
EBIT/ Interest (x)	5.6	18.0	26.3	28.3	37.3	51.1	53.9
Activity Ratio	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Current Ratio	2.2	2.4	2.5	2.7	3.0	3.1	3.2
Days Sales Outstanding	162.0	162.0	150.0	146.4	143.2	143.2	143.2
Days Sales in Inventory	1.6	1.6	1.4	1.4	1.4	1.4	1.4
Days Payable Outstanding	20.5	20.5	14.1	14.3	14.3	14.3	14.3
Cash Conversion Cycle	143.1	143.1	137.3	133.5	130.3	130.3	130.3
Growth Ratios	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Revenue Growth	24.4%	9.1%	4.6%	13.2%	13.5%	13.2%	17.7%
Gross Profit Growth	157.2%	51.8%	4.6%	16.9%	16.1%	14.3%	20.7%
EBITDA Growth	905.8%	22.9%	24.7%	16.9%	16.2%	12.7%	17.5%
Operating Profit Growth	nm	46.1%	39.0%	21.0%	20.9%	15.3%	21.2%
Pretax Profit Growth	nm	39.4%	22.5%	16.1%	16.7%	11.7%	18.1%
Net Profit Growth	nm	54.6%	23.7%	14.3%	16.3%	12.1%	21.9%

Source: Company financials, anbc research

CATRION Catering Holding Co.

19 October 2025

We initiate coverage on CATRION Catering Holding Co. with a target price of SAR 119.3/share and an 'Overweight' rating. With ~79% of revenue derived from the inflight catering segment, CATRION is well positioned to benefit from the sustained expansion of Saudi Arabia's aviation and tourism sectors under Vision 2030. Earnings growth is expected to be supported by newly secured long-term contracts, participation in giga projects, and an expanding footprint in the events and hospitality markets. However, increasing competition, reflected in the loss of certain recent contracts, and diversification into lower-margin integrated hospitality services present headwinds and may constrain growth momentum. However, given the 14.3% YoY decline in the stock price, current levels provide an attractive entry point.

Positioned for growth in aviation expansion. Vision 2030's target of reaching 330 mn air passengers by 2030f presents a significant growth opportunity for CATRION. Despite regional conflicts and the early suspension of visit visas prior to Hajj, total passenger traffic in KSA rose 7% YoY in 1H25. Although this growth was below expectations, it demonstrated the sector's resilience. With ~79% of its revenue generated from the inflight catering segment, CATRION is well positioned to benefit from the expansion of air travel. We expect the number of flights catered by the company to grow at a 2024-2029f CAGR of 8%, supporting inflight catering revenue growth at a CAGR of 9% over the same period.

New contracts to spur growth. Recently, CATRION has secured several key contracts. These include a SAR 2.3 bn, 5-year inflight catering agreement with Riyadh Air, expected to begin contributing by 4Q25, a 3-year contract with Saudia for equipment design and other services, and a 3-year inflight catering contract with Saudi Aramco. CATRION also renewed a 10-year lease with Riyadh Airports Company, signed a 3-year SAR 114 mn meals & support services contract with Saudi German Health, and entered into two 20-year agreements with Red Sea Global valued at SAR 9 bn for catering & laundry services, which are expected to contribute from 3Q25. These contracts present potential upside to our estimates. However, execution timelines and renewal terms remain key factors to monitor.

Diversification into new markets. CATRION is actively broadening its business model beyond inflight catering by moving into integrated hospitality and support services. This strategy is aimed at reducing reliance on aviation, a cyclical sector, while broadening revenue streams. The company targets 50% of revenue from non-aviation activities, we forecast this share to reach 31% by 2029f. While diversification increases stability, it also exposes the business to lower-margin and more competitive markets, where operational efficiency and cost discipline will be critical for sustaining profitability.

Expanding footprint in KSA's events market. CATRION strengthened its foothold in local event catering market by serving events such as Great Futures Event at KAFD and the World Annual General Assembly (WAGA), UN COP event, Cirque du Soleil, the Red Sea Film Festival, and the World Jewelry Show. In 2025, CATRION partnered with the Dakar Rally, contributing to a 188% YoY increase in other income in 1Q25. With KSA preparing to host a pipeline of international events, including the WWE Royal Rumble, WWE Wrestle Mania, AFC Asian Cup, Asian Winter Games, Riyadh Expo 2030, and FIFA World Cup 2034, CATRION is well-positioned to capture further catering and hospitality opportunities.

Valuation: Due to CATRION's growth prospects and the stock's recent price performance, we issue an 'Overweight' stance, with an upside of 23.0%. We have valued the company using the FCFF approach, using a terminal growth rate of 2.5% and a WACC of 9.3%.

Risk: CATRION operates in a highly competitive industry, facing risks of evolving consumer preferences, cost pressures, regulatory changes, supply chain disruptions, fluctuations in passenger volumes, or the non-occurrence of planned events in KSA. The company's dependence on large contracts also exposes it to renewal risk.

RATING SUMMARY

Target Price (SAR)	119.3
Upside/Downside	23.0%
Div. Yield (%)	3.1%
Total Exp. Return	26.1%

Source: Company financials, anbc research

OVERWEIGHT

ISSUER INFORMATION

Bloomberg Code	CATERING AB
Last Price (SAR)	97.0
No of Shares (mn)	82
Market Cap bn (SAR/USD)	8.0/2.1
52-week High / Low (SAR)	144.4/94.1
12-month ADTV (mn) (SAR/USD)	19.4/5.2
Free Float (%)	56.1%
Foreign Holdings (%)	6.9%

Last price as of October 16th, 2025

VALUATIONS

	2024a	2025e	2026f	2027f
EPS (SAR)	4.3	4.3	5.5	6.5
PER (x)	22.6	22.8	17.7	15.0
PBV (x)	5.5	5.0	4.4	3.9
DPS (SAR)	2.3	2.4	3.0	3.6
Div. Yield (%)	2.4	2.5	3.1	3.7
RoE (%)	25.8	22.8	26.3	27.6
RoA (%)	14.4	11.7	13.1	14.2

Source: Company financials, anbc research

FINANCIALS (SAR mn)

	2024	2025e	2026f	2027f
Revenue	2,299	2,461	2,844	3,235
Gross Profit	641	705	878	999
EBITDA	469	499	670	769
Net Income	353	349	449	531

Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

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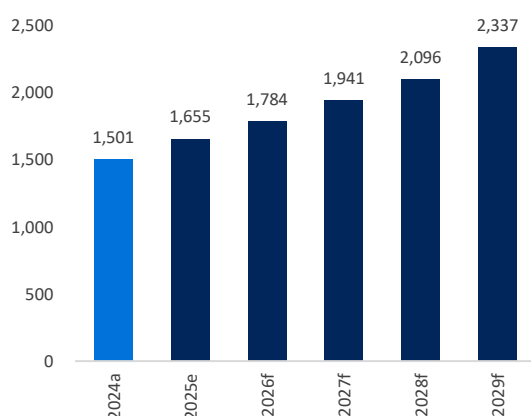
Investment Thesis

Set for growth in aviation expansion

The inflight catering segment accounts for ~79% of company's revenues. In 2024, CATRION's In-Flight Catering (IFC) division secured 16 new airline contracts and renewed six major agreements, expanding its portfolio to 119 airlines. During the year, the company catered 238,000 flights, reflecting a 14% YoY increase, compared to total flight growth of 11% across the Kingdom, which reached 905,109 flights. As a result, CATRION's share of total flights served in Saudi Arabia rose to 26%. Despite the loss of the Jeddah contract, growth momentum continued into 1H25, with 127,000 flights catered versus 117,000 in the same period of 2024.

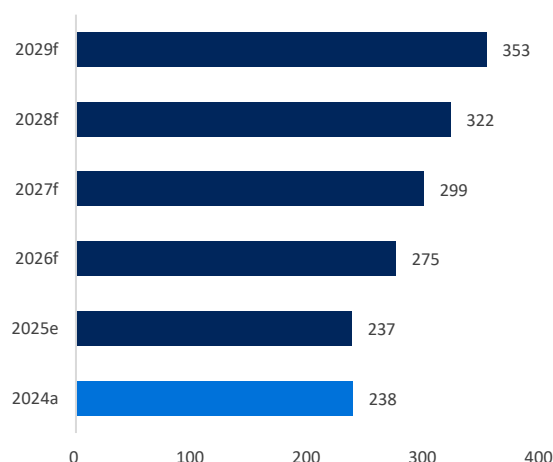
Looking forward, we expect the number of flights catered by CATRION to grow at a CAGR of 8.2% from 2024 to 2029f, driven by rising air travel demand. This is compared to an expected 16.1% CAGR for total flights across Saudi Arabia, presenting significant opportunities for further market expansion. To support this growth, the company plans to expand its Riyadh and Jeddah facilities over the next five years.

Chart 38: IFC revenue (SAR mn)



Source: Company financials, anbc research

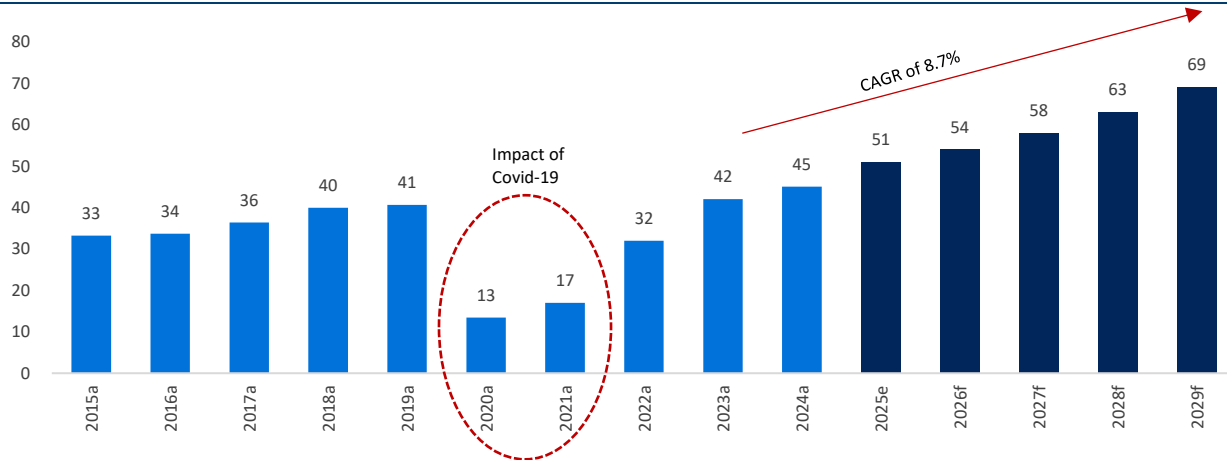
Chart 39: Total flights (flights k)



Source: Company financials, anbc research

On the meal service front, the company currently has the capacity to produce 320,000 meals per day. In 2024, CATRION served 45 mn meals, marking 9.1% growth YoY. In 1H25, it delivered 24 mn meals, up from 19 mn meals in 1H24, indicating sustained demand momentum. We forecast the number of meals served to grow at a CAGR of 8.7% between 2024 and 2029f, in line with flight activity growth and expansion in client base.

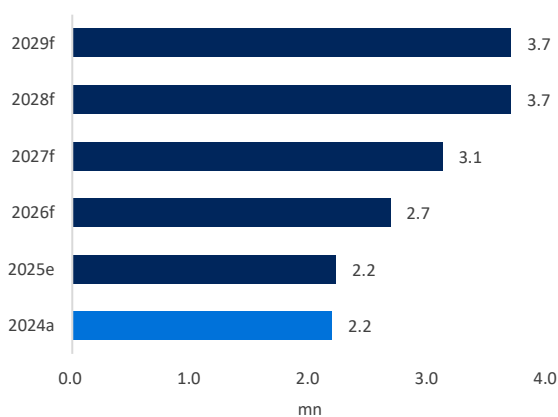
Chart 40: CATRION's number of meals served (mn)



Source: Company financials, anbc research

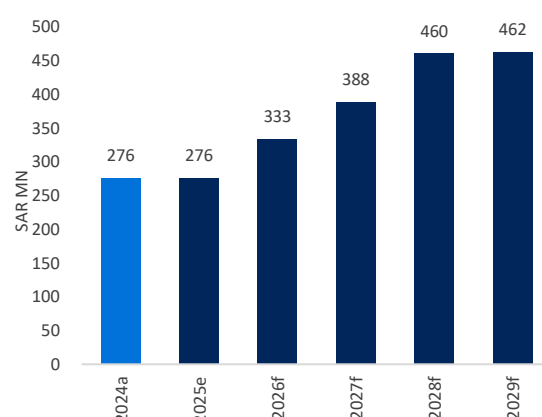
CATRION also operates 38 airport lounges, including three new facilities in Riyadh and Dammam. In 2024, the company served 2.2 mn guests compared to 1.6 mn in 2023, generating SAR 276 mn in revenue, a 24% YoY increase. The improvement reflects the reopening of previously closed business lounges and an overall rise in airport passenger throughput. Business lounge revenue contributed 12% to total revenue in 2024, up from 10% in 2023. However, in 1H25, the company lost the Al-Tanfeethi contract, negatively impacting lounge business by ~SAR 0.6 mn. Despite this, we expect continued growth in lounge activity driven by airport expansion and rising passenger volumes. We project lounge revenue to grow at an 11% CAGR between 2024 and 2029f, supported by improving occupancy and the gradual ramp-up of newly opened lounges.

Chart 41: Airport lounge guests to grow steadily



Source: Company financials, anbc research

Chart 42: Airport lounge revenue



Source: Company financials, anbc research

Diversification into new business segments

As part of its long-term strategy, CATRION is focused on diversifying its revenue streams, with the goal of increasing revenue contribution from non-aviation activities to 50%. These activities include i) laundry services, ii) catering for Hajj & Umrah pilgrims, iii) healthcare, iv) hotel services, and more. This approach not only broadens its market reach but also reduces its reliance on the aviation sector.

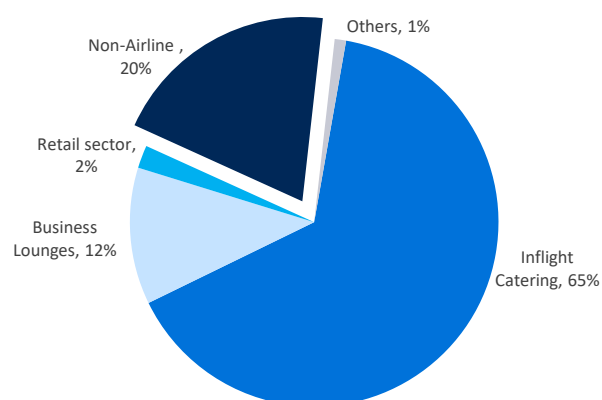
In 2024, CATRION took significant steps to strengthen its non-aviation operations, including expanding its laundry capacity, while the business unit in King Abdullah Economic City (KAEC) processed a record 64 tons in a single 24-hour period, surpassing its planned daily capacity of 42.5 tons. The company also made notable advancements in healthcare, with its Integrated Hospitality Business Segment securing 10 new hospital contracts, further extending its operational footprint.

CATRION has integrated cutting-edge technologies and sustainable practices, such as the use of biodegradable materials at major events like UNCCD COP 16, where over 65,000 meals were served. Additionally, the installation of a 297 KWP solar panel system at its KAEC laundry facility generates 501 MWh annually, aligning with its commitment to sustainability. Furthermore, in 2024, the company launched operations on 11 new rigs, providing full-service catering and accommodation management for up to 10,000 workers at remote sites in the oil, gas, mining, and construction sectors, enhancing its presence in these key industries.

Despite these efforts, the non-airline catering and hospitality sectors remain highly competitive, which has posed challenges for CATRION. In 2024, the company reported a 10% YoY decline in non-airline segment revenue; the decline was continued in 1H25, where the segments revenue fell by 3% YoY, reflecting pricing pressures and operational hurdles in these lower-margin businesses.

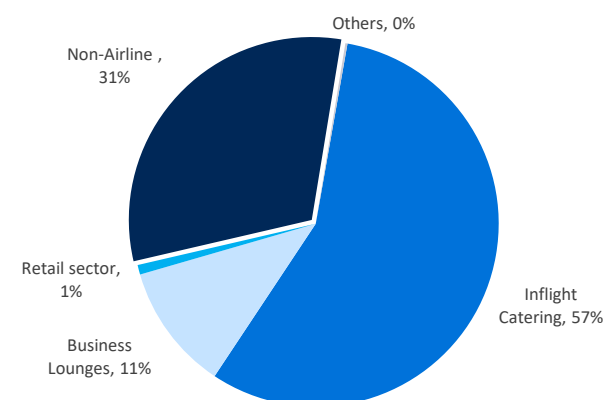
Nonetheless, CATRION's diversification strategy is expected to enhance its long-term financial stability, reducing concentration risk and providing a more balanced revenue mix. As the company continues to expand its integrated hospitality services and secure additional contracts in the healthcare sector, we project that non-flight catering revenue will grow at a 2024-2029f CAGR of 22%, albeit at lower margins. While in-flight catering remains the core revenue driver, this expansion into non-aviation segments strengthens CATRION's risk profile and positions it for sustainable growth in a rapidly evolving market.

Chart 43: Revenue contribution in 2024



Source: Company financials, anbc research

Chart 44: Revenue contribution expected in 2029f



Source: Company financials, anbc research

Expanding footprint in KSA's event market

As part of its rebranding, CATRION has strategically expanded its footprint in Saudi Arabia's events market, establishing itself as a trusted partner in premium event catering. Its VIP and Commercial Division, renowned for delivering high-end, customized catering services, caters to embassies, prestigious events, and distinguished individuals. Over the years, CATRION has provided its expertise at top world events such as Cirque du Soleil, the Red Sea Film Festival, the World Jewelry Show, and 9 repeated embassy orders cementing its reputation in the luxury catering segment.

In 2025, CATRION partnered with Dakar to become the official catering provider for the Dakar Rally 2025, resulting in a 188% YoY increase in its other income in 1Q25. During Dakar rally, CATRION delivered over 9,000 meals daily to 3,000 participants, staff, and support teams, utilizing six mobile kitchens, 34 support trucks, and five food trucks, supported by a team of 165 professionals, including 35 chefs. In 2024, CATRION catered to 3,600 guests daily over a four-day period at the Great Futures Event at KAFD and managed the World Annual General Assembly (WAGA), providing multi-course plated meals for 700 VIPs. The company also deployed 650 staff members and served over 65,000 meals at the UN COP event. In 2023, the company also provided catering services for the Red Sea Film Festival in Jeddah, showcasing its ability to manage large-scale events. Additionally, CATRION is preparing to participate in the World Travel Catering & Onboard Services (WTCE) Expo 2025, further strengthening its presence in aviation and onboard catering.

Looking ahead, CATRION is well-positioned to benefit from upcoming large-scale events in Saudi Arabia, such as WWE Royal Rumble (2026), WWE WrestleMania (2027), AFC Asian Cup (2027), Asian Winter Games (2029), Riyadh Expo (2030), and FIFA World Cup (2034). These events present significant opportunities for the company's continued growth in the Kingdom's expanding events and hospitality sector.

Contracts win driving growth

 Inflight Catering Services Contract with Aramco	 Equipment Design, Procurement & Supply Services contract with SAUDIA	 Renewal of a Lease Agreement with Riyadh Airports Company	 Signing of a contract with Middle East Healthcare Company	 Signing of a contract with Aviation Services Company (Riyadh Air)	 Signing of a MOU with Mallaghan Engineering Ltd	 Entering into Contracts with Red Sea Global
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1. Equipment design, procurement & supply services contract with SAUDIA

CATRION announced the signing of a contract with SAUDIA on 3rd July 2025, wherein the company will provide SAUDIA with equipment design, procurement and supply services. The 3-year contract is valued at SAR 36 mn, with positive contribution expected by 3Q25.

2. Inflight catering services contract with Aramco

CATRION signed a 3-year contract, valued at SAR 33 mn with Aramco on June 29, 2025, to provide inflight catering services for VIPs and passengers of Aramco Aviation at King Fahd International Airport in Dammam. It also covers food and beverage services for chartered and visiting aircraft, as well as the operation of the aviation cafeteria located at Aramco's terminal arrival hall.

3. Lease renewal with Riyadh Airports Company

On March 6, 2025, CATRION renewed its lease agreement with Riyadh Airports Company (RAC) to continue operating the central kitchen (FK1) at King Khalid International Airport in Riyadh. The 10-year contract, valued at SAR 178.2 mn, includes a rental fee along with a percentage of total sales generated from services provided at the leased premises, as per the contract terms.

4. Signing of a contract with Middle East Healthcare Company

On January 1, 2025, CATRION secured a three-year contract with Middle East Healthcare Company (Saudi German Health) to provide nutritious meals, beverages, and support services for employees and resident patients. The contract is valued at over SAR 114 mn, with the financial impact anticipated to materialize by 2Q25.

5. Signing of a contract with Aviation Services Company (Riyadh Air)

On January 8, 2025, CATRION entered into a five-year strategic partnership with Aviation Services Company (operating as Riyadh Air) to deliver in-flight catering and related services for both domestic and international flights. The contract is valued at SAR 2.3 bn and is expected to contribute to earnings by 4Q25.

6. Signing of a MOU with Mallaghan Engineering Ltd

On July 4, 2024, CATRION signed a Memorandum of Understanding (MoU) with Mallaghan Engineering Ltd, a leading aviation equipment manufacturer, to procure 85 high-loaders dedicated to in-flight catering services. The procurement will be executed over a four-year period (2024–2027).

7. Contract with Red Sea Global (RSG)

CATRION has entered into two 20-year agreements with Red Sea Global (RSG) for catering and laundry services. Under the first contract, valued at approximately SAR 6.3 bn, CATRION will design, build, operate, and transfer a central production unit to provide catering and facilities management for RSG employees across hotels, resorts, and other facilities within the Red Sea destination.

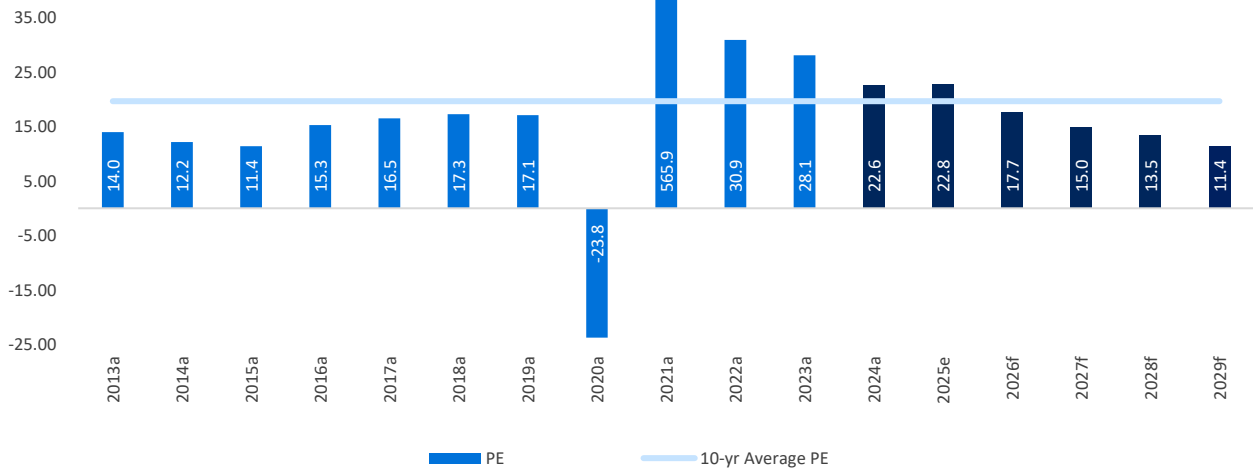
The second contract, worth around SAR 2.7 bn, involves the design, construction, operation, and transfer of a central laundry facility to serve hotels, resorts, and other establishments in the region. Both agreements are expected to contribute positively to CATRION's financial performance starting in 3Q25.

Collectively, these contracts reinforce CATRION's future growth prospects. The lease renewal with Riyadh Airport secures the company's operational base in aviation catering, while the Riyadh Air and Aramco contracts expand its client footprint among the Kingdom's key aviation players. The healthcare and Red Sea Global agreements mark meaningful steps in diversifying the company's revenue mix beyond inflight services.

Discounted valuation and modest payout

CATRION is trading at a 2026f P/E of 17.7x, below its 10-year historical average P/E of 19.4x (excluding the COVID-impacted years 2020–2021). The discounted multiple is primarily driven by a 14.3% YoY decline in the share price and a strong 28.7% YoY earnings growth forecast for 2026f. The anticipated earnings acceleration is primarily underpinned by the growing number of air passenger in the country.

Chart 45: Elevated valuation with expected normalization ahead

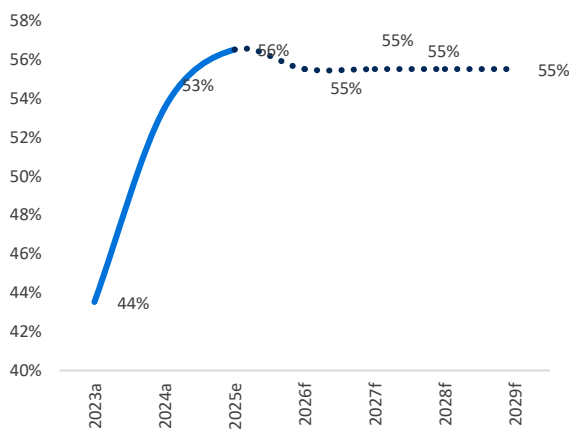


Source: Company financials, anbc research

The company's payout ratio, which had declined in 2020 due to earnings weakness, is now stabilizing, with management adopting a sustainable approach to distributions. Going forward, payouts are expected to remain within the 50–60% range, balancing dividend consistency with reinvestment in growth initiatives.

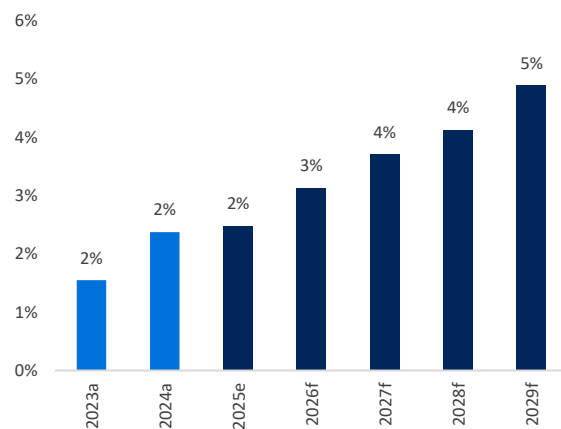
Historically, CATRION maintained a high payout policy, with distributions often exceeding 80% of earnings from 2013 to 2019. The earnings recovery post-pandemic has allowed dividends to resume, and as the company expands its event catering, tourism, and hospitality footprint, this trend is expected to continue.

Chart 46: Payout anticipated to rise going forward



Source: Company financials, anbc research

Chart 47: DY expected to grow in the long term



Source: Company financials, anbc research

Valuation

We value CATRION using the FCFF approach, incorporating a terminal growth rate of 2.5% and a WACC of 9.3%, which yields a target price of SAR 119.3/share. We maintain an 'Overweight' rating on the stock, implying a total upside of 23.0% from current levels. Our stance is supported by the stock's attractive valuation, as CATRION trades at a 2026f P/E of 17.7x, below its 10-year historical average (excluding COVID-impacted years) of 19.4x. Similarly, the 2026f P/BV of 4.4x remains at a discount to its long-term average of 6.6x, underscoring the upside potential relative to historical trading levels.

Valuation Table:

SAR MN	2027f	2028f	2029f	2030f	2031f
FCFF	360	494	578	709	829
Terminal Value					12,445
FCFF + Terminal	360	494	578	709	13,274
Discounted FCFF	329	414	442	496	8,497
Enterprise Value	10,178				
Cash	420				
Debt	(817)				
Equity Value	9,781				
Target Price	119.3				

TP Sensitivity:

		Growth rate				
W A C C		1.5%	2.0%	2.5%	3.0%	3.5%
	7.3%	147.4	159.7	174.5	192.8	215.8
	8.3%	123.7	132.2	142.1	154.0	168.2
	9.3%	106.0	112.2	119.3	127.5	137.1
	10.3%	92.4	97.1	102.3	108.3	115.1
	11.3%	81.6	85.2	89.2	93.7	98.7

CATRION Company Overview

Established in 1981 as the catering division of Saudi Arabian Airlines, CATRION has evolved over four decades into a leader and innovator in the Kingdom's catering industry. In October 2023, the company underwent a significant rebranding from Saudi Airlines Catering Company to CATRION, reflecting its strategic shift towards diversification and alignment with Saudi Arabia's Vision 2030.

This transformation signifies CATRION's commitment to expanding beyond aviation catering, which currently accounts for 79% of its revenues into sectors such as retail, healthcare, railways, and integrated facilities management. This transformation has led to CATRION partnering with giga projects as well.

Services provided:

Services provided by CATRION can be subcategorized into the following three categories:

1. Inflight Catering Services

CATRION's in-flight catering division is a cornerstone of its operations, serving over 119 airlines. The company provides onboard meal preparation, and equipment logistics, ensuring a premium dining experience for airline passengers. Additionally, CATRION manages 38 airport lounges; in 1H25, the company welcomed 1.1 mn guests, reflecting a YoY growth of 15%.

In-flight catering services also include retail division, which operates multiple sales channels, serving both onboard and ground customers. Skysales enhances the in-flight shopping experience for passengers on Saudia, Flynas, and Flyadeal, offering a curated selection of nearly 200 premium SKUs. Across its Skysales retail network, the company features over 800 product references and 100+ brands. Additionally, its Ground Shops division manages 7 retail outlets, providing travelers with a range of essentials and luxury goods. To further extend its reach, CATRION's E-commerce platform oversees online retail operations and deliveries, ensuring seamless access to its products beyond physical stores.

2. Integrated Hospitality

CATRION's Integrated Hospitality division, started in 2008, extends beyond aviation, offering specialized hospitality and catering solutions across multiple sectors, including corporate, healthcare, railways, and religious tourism. The company designs, builds, operates, and manages hospitality services, ensuring seamless operations and quality service delivery.

With a presence at over 60 locations, CATRION specializes in fresh and healthy meal services for workplaces, hospitals, and industrial sites. The company's Business & Industrial Services operate across 41 sites in Saudi Arabia, providing tailored food and hospitality solutions. Similarly, Remote Site Services cover 38 locations, railway lounges cover 9 station lounges, and the Health Care & Hotels Services manage services at 53 sites.

To maintain hygiene standards and improve operational efficiency, CATRION oversees laundry services in KAEC and RUH. These facilities supply clean linens and uniforms for hospitals, corporate locations, and staff accommodations. In 2024, the average daily laundry volume saw a substantial increase from 36.9 tons in 2023 to 46.6 tons, further reflecting enhanced operational efficiency.

CATRION also supports the Hajj & Umrah sector, providing a wide range of meals and support services, with capacity to serve 12 mn meals to 1 mn pilgrims.

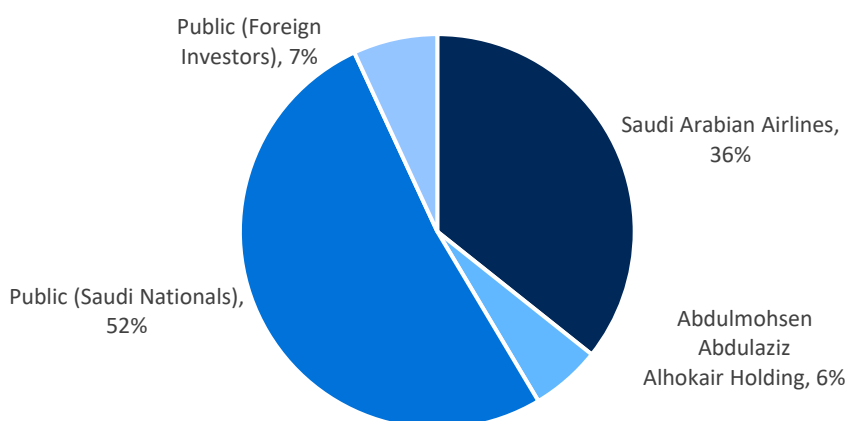
CATRION's Central Processing Unit (CPU) collaborates with the healthcare sector, supplying nutritious meal options to over 150 hospitals. This partnership results in an impressive 450,000 meals prepared each month, reinforcing CATRION's role in healthcare nutrition.

The Sports & Events Catering segment provides premium hospitality solutions for corporate gatherings, sporting events, and VIP functions, ensuring high-end catering and service execution. Additionally, Camp Management Services accommodate 8,000 staff members across four cities, offering both lodging and meal solutions.

3. Culinary

In culinary services, CATRION includes menu planning, Central Production Units (CPUs), and culinary academy. To facilitate large-scale meal production, CATRION operates two CPUs and five kitchens, offering end-to-end services such as menu planning and food delivery. The CPU plays a crucial role in producing economy-class meals for Saudia and other airlines. Additionally, in the private sector, the company's CPU unit has ventured innovatively into the retail food market. A significant achievement in this area is developing a new line of ready-to-eat meals for Panda supermarkets, as well as Savola Group.

Shareholding pattern:



Source: Company financials, anbc research

Major CATRION clients:

Inflight Clients



Integrated Hospitality Clients

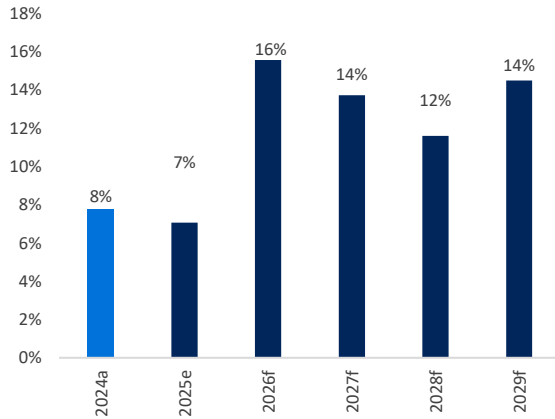


History of CATRION:

1981	• Saudi Airlines Catering Company (SACC) is established at Jeddah's King Abdulaziz International Airport.
1983	• SACC expands its operations to Riyadh.
1984	• Launch of Egypt operations in Cairo International Airport.
1985	• SACC takes over SkySales, assuming control of Saudia's In-Flight retail operation.
1999	• SACC expands its operations to Dammam, followed by Medina two years later.
2001	• Launch of Medina operations in Prince Mohammad Bin Abdulaziz Airport.
2006	• SACC secures its first ten-year contract to operate the Al Fursan Lounge at King Abdulaziz International Airport.
2008	• SACC undergoes a transformation as it establishes itself as an independent limited liability company.
2011	• Launch of central production unit (CPU) in Riyadh.
2012	• SACC transitions into a closed joint-stock company, subsequent to an initial public offering and stock market listing.
2013	• The launch of B2B Saudi Laundry Services takes place at Riyadh's King Fahad Medical City.
2014	• SACC secures its first rail contract, providing on-board services for passengers.
2016	• SACC inaugurates a state-of-the-art laundry facility in King Abdullah Economic City.
2017	• The launch of the "Wellcome Lounge" at Prince Mohammed Bin Abdulaziz International Airport, Medina.
2019	• SACC enters the sports and entertainment sector through a catering and sponsorship agreement for Rally Dakar Saudi Arabia 2020.
2018	• Initiation of digital transformation program.
2019	• SACC enters the sports and entertainment sector through a catering and sponsorship agreement for Rally Dakar Saudi Arabia 2020.
2020	• Exclusive caterer for pilgrims to Hajj and Umrah.
2021	• The opening of the Jeddah Wellcome Lounge accompanies the launch of 'Crafted'.
2023	• SACC undergoes a rebranding, announcing a new era under the name CATRION.
2024	• CATRION launched the 2 nd Riyadh CPU at Princess Nourah University and renewed its SAR contract for five more years.
2025	• CATRION partnered with Riyadh Air, sponsored Dakar Rally in KSA and signed an agreement with Saudi German Health.

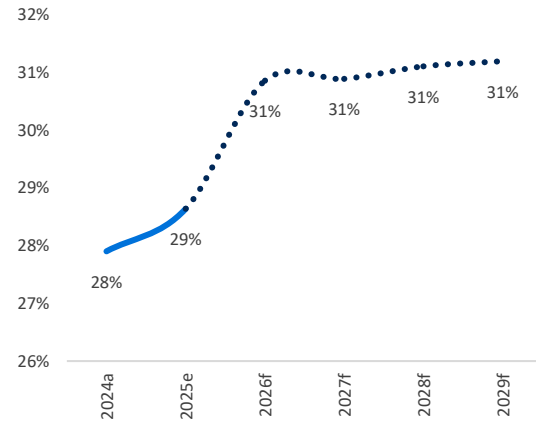
CATRION's chart bank:

Chart 48: Revenue growth YoY



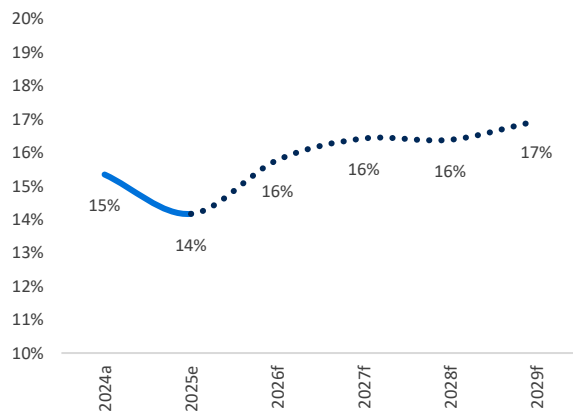
Source: Company financials, anb research

Chart 49: Gross margins to stabilize around 31%



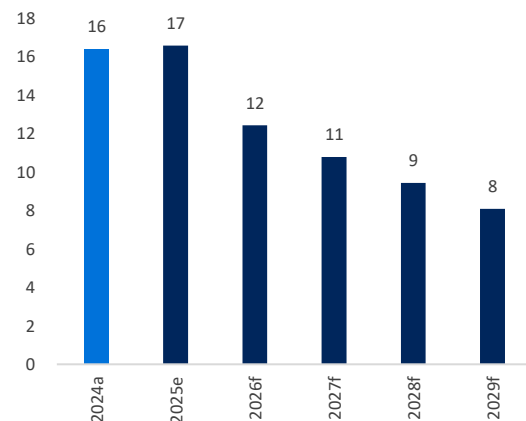
Source: Company financials, anb research

Chart 50: Net margins



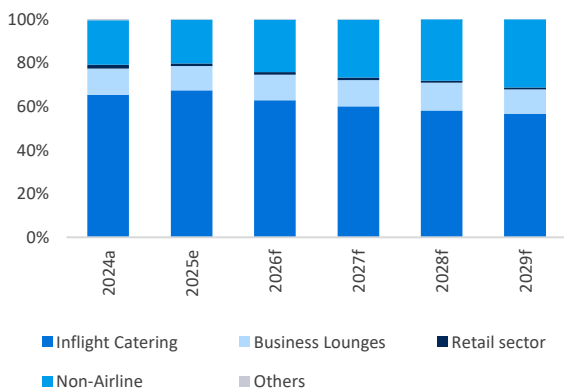
Source: Company financials, anb research

Chart 51: EV/EBITDA



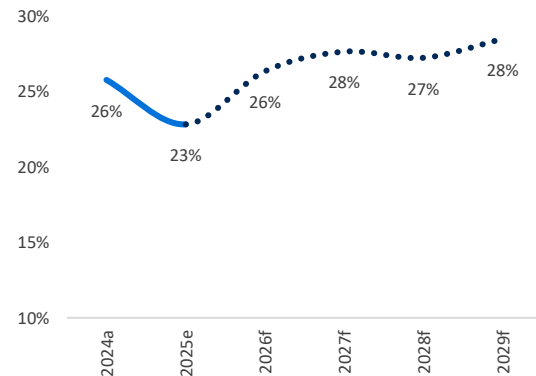
Source: Company financials, anb research

Chart 52: Segment-wise revenue share



Source: Company financials, anb research

Chart 53: ROE to improve going forward



Source: Company financials, anb research

Financial Summary

Income statement (SAR mn)	2023a	2024a	2025e	2026f	2027f	2028f	2029f	CAGR 2024-2029f
Revenue	2,134	2,299	2,461	2,844	3,235	3,610	4,133	12%
Cost of Revenue	(1,568)	(1,658)	(1,756)	(1,967)	(2,235)	(2,487)	(2,844)	11%
Gross Profit	566	641	705	878	999	1,123	1,289	15%
Operating Expenses	(291)	(281)	(336)	(358)	(396)	(451)	(505)	12%
Operating Profit	275	360	368	519	603	672	785	17%
Other Income	29	19	22	19	19	19	19	0%
EBIT	304	380	390	538	622	691	804	16%
Dep & Amort	120	109	131	151	166	194	205	14%
EBIDTA	424	469	499	670	769	865	990	16%
Finance Cost	(20)	(20)	(40)	(37)	(32)	(35)	(35)	12%
Other exp./income	32	35	40	11	11	13	21	-10%
Profit Before Tax	317	395	390	512	601	668	789	15%
Zakat Tax	(34)	(23)	(20)	(45)	(51)	(58)	(70)	25%
PAT	283	372	370	468	550	610	719	14%
Number of Share	82	82	82	82	82	82	82	
EPS	3.45	4.30	4.25	5.47	6.48	7.21	8.54	
Balance Sheet	2023a	2024a	2025e	2026f	2027f	2028f	2029f	2024-2029f
Property & equipment	415	805	1,318	1,513	1,670	1,758	1,851	18%
Right to use asset	235	211	371	353	333	312	290	7%
Others	73	78	90	94	99	105	112	7%
Intangible asset	-	-	-	-	-	-	-	-
Non-current assets	723	1,095	1,779	1,959	2,102	2,175	2,253	16%
Trade receivables	601	716	809	901	1,025	1,144	1,309	13%
Cash and Cash equivalents	702	631	446	420	462	605	773	4%
Others	91	161	166	176	199	220	251	9%
Inventories	77	85	92	103	116	129	148	12%
Current Asset	1,472	1,593	1,514	1,599	1,802	2,098	2,482	9%
Total Assets	2,195	2,688	3,293	3,559	3,905	4,274	4,734	12%
Share capital	820	820	820	820	820	820	820	0%
Retain earnings	220	386	538	737	974	1,237	1,548	32%
Statutory reserve	246	246	246	246	246	246	246	0%
Total Equity	1,286	1,452	1,604	1,803	2,040	2,303	2,614	12%
Loan and borrowings	0	157	360	367	359	350	342	17%
Lease liabilities	150	165	342	355	368	384	401	19%
Employees' service benefit	177	174	185	185	185	185	185	1%
Non-current liabilities	327	497	886	907	913	919	928	13%
Trade payables	462	663	701	742	841	935	1,070	10%
Lease liabilities	94	52	72	74	77	80	84	10%
Zakat payables	26	20	11	11	14	16	20	0%
Current Liabilities	582	735	783	828	932	1,032	1,173	10%
Total liabilities & equity	2,195	2,684	3,273	3,538	3,884	4,254	4,715	12%

Source: Company financials, anbc research

Valuation Ratios	2023a	2024a	2025e	2026f	2027f	2028f	2029f
EPS (SAR)	3.4	4.3	4.3	5.5	6.5	7.2	8.5
DPS (SAR)	1.5	2.3	2.4	3.0	3.6	4.0	4.7
BVPS (SAR)	15.7	17.7	19.6	22.0	24.9	28.1	31.9
PER (x)	28.1	22.6	22.8	17.7	15.0	13.5	11.4
DY (%)	1.5%	2.4%	2.5%	3.1%	3.7%	4.1%	4.9%
PBV (x)	6.2	5.5	5.0	4.4	3.9	3.5	3.0
EV/Sales (x)	3.5	3.3	3.4	2.9	2.6	2.3	1.9
Price/Sales (x)	3.7	3.5	3.2	2.8	2.5	2.2	1.9
EV/EBITDA (x)	17.7	16.4	16.6	12.4	10.8	9.4	8.1
Price/CF (x)	12.4	14.9	19.5	14.8	12.0	10.6	9.3
EV/Gross Profit (x)	13.2	12.0	11.7	9.5	8.3	7.3	6.2
Margins (%)	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Gross Margins	26.5%	27.9%	28.6%	30.9%	30.9%	31.1%	31.2%
EBITDA Margins	19.9%	20.4%	20.3%	23.6%	23.8%	24.0%	23.9%
Operating Margins	14.3%	15.7%	15.0%	18.3%	18.6%	18.6%	19.0%
Pretax Margins	14.8%	16.3%	15.0%	17.3%	18.0%	18.0%	18.6%
Net Margins	13.2%	15.3%	14.2%	15.8%	16.4%	16.4%	16.9%
Returns (%)	2023a	2024a	2025e	2026f	2027f	2028f	2029f
ROA	13.4%	14.4%	11.7%	13.1%	14.2%	14.5%	15.5%
ROTA	13.9%	13.4%	11.2%	14.6%	15.4%	15.7%	16.6%
ROE	23.5%	25.8%	22.8%	26.3%	27.6%	27.2%	28.5%
Health Ratios	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Cash/share	8.6	7.7	5.4	5.1	5.6	7.4	9.4
Cash as a % of Market Cap	8.8%	7.9%	5.6%	5.3%	5.8%	7.6%	9.7%
Debt to Asset	11.1%	13.9%	23.5%	22.4%	20.6%	19.1%	17.5%
Debt to Equity	19.0%	25.8%	48.2%	44.2%	39.5%	35.4%	31.6%
Debt to Capital	16.0%	20.5%	32.5%	30.6%	28.3%	26.1%	24.0%
EBIT/ Interest (x)	15.1	17.9	9.2	13.9	18.6	19.0	22.3
Activity Ratio	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Current Ratio	2.5	2.2	1.9	1.9	1.9	2.0	2.1
Days Sales Outstanding	102.9	113.7	120.0	115.6	115.6	115.6	115.6
Days Sales in Inventory	18.0	18.6	19.1	19.1	19.0	19.0	19.0
Days Payable Outstanding	107.6	146.0	145.7	137.8	137.3	137.3	137.3
Cash Conversion Cycle	13.3	(13.7)	(6.5)	(3.1)	(2.7)	(2.7)	(2.7)
Growth Ratios (%)	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Revenue Growth	17.4%	7.8%	7.1%	15.6%	13.7%	11.6%	14.5%
Gross Profit Growth	9.6%	13.3%	9.9%	24.5%	13.8%	12.4%	14.8%
EBITDA Growth	-5.0%	10.5%	6.5%	34.2%	14.8%	12.5%	14.4%
Operating Profit Growth	7.2%	18.4%	2.2%	40.9%	16.1%	11.4%	16.8%
Pretax Profit Growth	10.7%	18.7%	-2.0%	34.0%	18.0%	11.5%	18.7%
Net Profit Growth	9.9%	24.8%	-1.2%	28.7%	18.4%	11.3%	18.4%

Source: Company financials, anbc research

FLYNAS Co.

19 October 2025

We initiate coverage on Flynas Co. with an 'Overweight' rating and a target price of SAR 93.4/share. As the Middle East's leading low-cost carrier (LCC) with one of the largest aircraft order books and the youngest fleets globally, Flynas is well positioned to capture the structural rise in demand for affordable air travel both regionally and internationally. Backed by strong sector tailwinds, a disciplined expansion strategy, and efficiency gains. We forecast net profit to grow at a 2024–2029f CAGR of 20.1%, supported by revenue growth.

Set for growth in aviation expansion. Flynas is well-positioned to capitalize on the structural shift toward low-cost travel in both global and domestic markets. With global LCC capacity growing at an 8.5% 2005–2023 CAGR and Saudi LCC penetration rising from 20% in 2015 to 39% in 2023 (vs GCC average of 31%), the Kingdom's aviation strategy targets 44% LCC share and over 100 mn PAX annually by 2030f. Backed by strong demand, Flynas is set to benefit from continued LCC led growth.

Well-timed expansion strategy. Flynas is leveraging strong LCC demand and sector tailwinds with a robust expansion strategy. Backed by one of the region's largest order books, it plans to grow its fleet to 167 by 2030f. The airline currently operates 146 routes across 34 countries, and 74 destinations. It further aims to expand to 350 routes between 160 points across 55 countries by 2030f, while covering 80% of the Kingdom's population through new hubs. Under its "Blue Ocean Strategy", Flynas continues to capture underserved routes to strengthen its domestic leadership and expand international connectivity. Flynas launched 15 new routes and 7 destinations across 6 countries in 1H25, reflecting the execution of its Blue Ocean Strategy.

Expansion to support a 2024–2029f CAGR of 20.1% in net profit. Flynas revenue is projected to rise at a 15.2% CAGR from 2024–2029f, driven by a 16.8% LCC revenue CAGR supported by fleet growth, over the same period. We expect EBITDA margins to improve from 29% in 2024 to 31.6% by 2029f, supported by operating leverage, lower fuel costs, and recurring gains from sale and leaseback (SLB) transactions. Accordingly, we forecast net profit to reach SAR 1,084 mn by 2029f.

Competitive edge in regional and global landscape. Flynas maintains a strong competitive position among regional and global LCC and ULCC. In 2023, it reported 32% EBITDAR margin, the second highest in the region and the highest globally, outperforming peers such as IndiGo, Wizz Air, Air Arabia, and Jazeera. The airline also operates one of the youngest fleets, with an average age of 3.9 years as of Jun-25. Regionally, Flynas also benefits from a balanced ASK mix of 33% domestic and 67% international, in contrast to competitors that rely mostly on either domestic or international routes. During 1H25, the Flynas's domestic presence strengthened, with domestic passengers accounting for 52% of total traffic.

Valuation: We issue an 'Overweight' stance on Flynas, based on target price of SAR 93.4/share. Our valuation on Flynas is based on an equal-weighted blend of EV/EBITDA based relative valuation and a DCF (FCFF) approach. We apply a blended EV/EBITDA multiple of 7.2x, derived from peer LCCs in developed and emerging markets and Saudi tourism-linked stocks to derive a SAR 93.8/share value. The DCF valuation, based on a WACC of 10.2% and a terminal growth rate of 2.5%, yields a value of SAR 92.9/share. Assigning equal weight to the both the approaches, we arrive at a blended target price of SAR 93.4/share.

Risk: The key risks to our thesis are stronger-than-expected competition leading to market share loss, delay in delivery of new planes, weaker than expected tourism growth and air travel demand, higher oil prices, widening crack spreads, regulatory changes, and regional developments.

RATING SUMMARY

OVERWEIGHT

Target Price (SAR)	93.4
Upside/Downside	19.7%
Div. Yield (%)	0%
Total Exp. Return	19.7%

Source: Company financials, anbc research

ISSUER INFORMATION

Bloomberg Code	FLYNAS AB
Last Price (SAR)	78.0
No of Shares (mn)	171
Market Cap bn (SAR/USD)	13.3/3.6
52-week High / Low (SAR)	84.1/69.0
12-month ADTV (mn) (SAR/USD)	103.5/27.6
Free Float (%)	35.4%
Foreign Holdings (%)	2.5%

Last price as of October 16th, 2025

VALUATIONS

	2024	2025e	2026f	2027f
EPS (SAR)	2.5	3.2	4.0	4.6
PER (x)	30.7	24.4	19.5	16.8
PBV (x)	8.1	3.8	3.2	2.7
DPS (SAR)	-	-	-	-
Div. Yield (%)	-	-	-	-
RoAE (%)	30.3	21.1	17.6	17.2
RoAA (%)	3.3	3.5	3.6	3.5

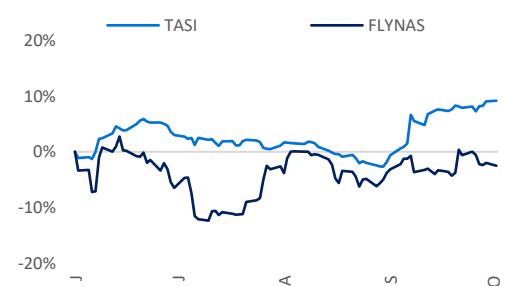
Source: Company financials, anbc research

FINANCIALS (SAR bn)

	2024	2025e	2026f	2027f
Revenue	7.6	8.3	9.7	11.3
Gross Profit	1.5	1.7	2.0	2.4
EBITDA	2.2	2.7	3.1	3.6
Net Income	0.4	0.5	0.7	0.8

Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

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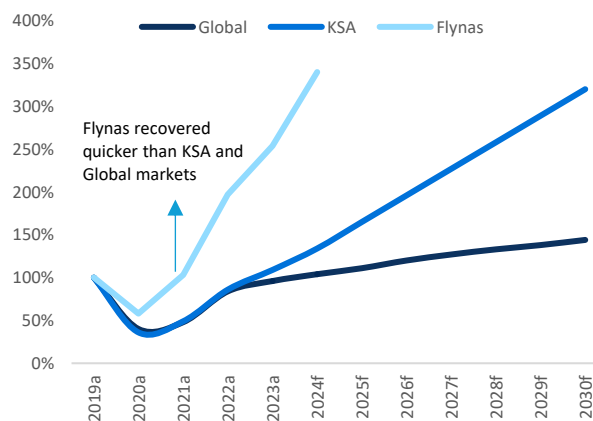
Investment Thesis

Poised for growth in aviation expansion

The number of air passengers in the Kingdom is projected to grow from 129 mn in 2024 to 330 mn by 2030f, reflecting a robust 17% CAGR. Within this, the low-cost carrier (LCC) segment is expected to outpace overall growth with an 18% CAGR, driving LCC market share higher from 39% in 2023 to 44% by 2030f.

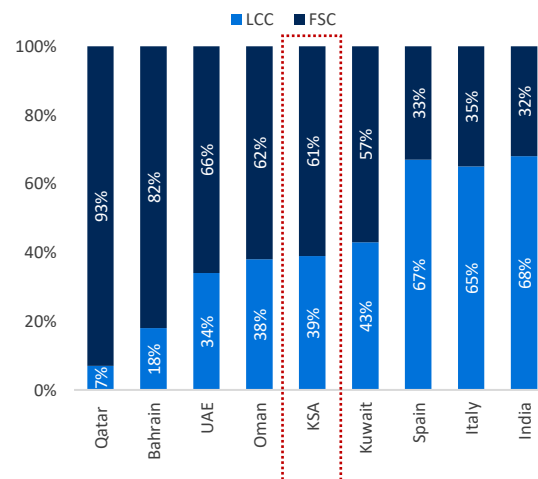
The Saudi LCC segment remains relatively underpenetrated compared to global peers, offering considerable room for expansion. Countries such as Kuwait, Spain, Italy, and India demonstrate far higher LCC penetration levels, suggesting significant upside potential as the Saudi market matures. The broader global airline industry has already undergone a structural transformation over the past two decades, led by the consistent rise of LCCs. From 2005 to 2023, global LCC capacity expanded at a CAGR of 8.5%, substantially outperforming full-service carriers (FSCs), which grew at just 2.3%. This shift pushed the LCC global market share from 13% in 2005 to 32% in 2023.

Chart 54: Global and KSA Pax forecast



Source: IATA, Kearney analysis, anbc research
% of 2019 PAX Volume

Chart 55: LCC penetration as % of seats

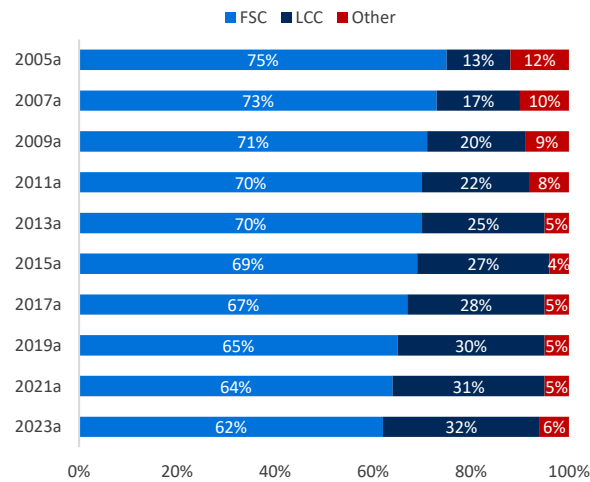


Source: Kearney analysis, anbc research
2023, % of seats

In Saudi Arabia, LCC penetration increased from 20% in 2015 to 39% in 2023, surpassing the GCC average of 31%. As outlined in the Saudi Aviation Strategy, LCCs are expected to transport more than 100 mn passengers annually by 2030f, representing around 60% to 70% of total domestic traffic. This policy emphasis on affordability and accessibility is expected to further accelerate LCC growth across the Kingdom.

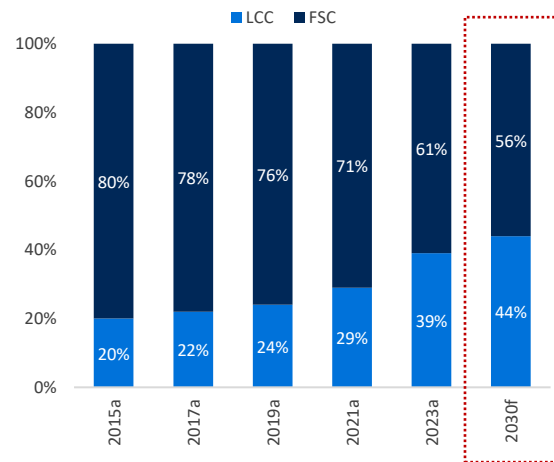
Flynas, as Saudi Arabia's leading LCC, is well positioned to benefit from this expansion. The company has consistently gained market share, rising from 10% in 2019 to 15% in 2024. In 2024, Flynas carried approximately 15 mn passengers, reflecting its growing dominance in the domestic market. Going forward, the company targets a 22% to 23% market share by 2030f, supported by capacity expansion, route diversification, and growing acceptance of low-cost travel in the Kingdom.

Chart 56: Global seat distribution by carrier type



Source: Flynas Prospectus, Ciricum, Kearney analysis, anbc research

Chart 57: KSA's LCC share to reach 44% in 2030f



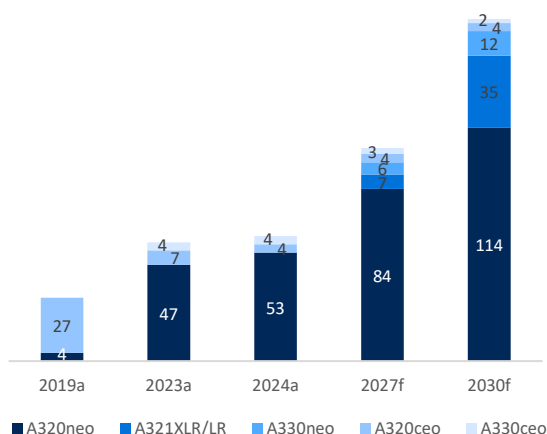
Source: Kearney analysis, anbc research

Well-timed expansion strategy

Flynas is undertaking a major expansion phase at a strategically opportune time, coinciding with the rapid growth of Saudi Arabia's aviation sector and increasing demand for low-cost carriers. The company's expansion strategy focuses on scaling its fleet, strengthening its international presence, launching direct international routes from secondary Saudi cities, and broadening its overall network coverage to capture untapped travel demand.

Flynas currently maintains one of the largest aircraft order books in the Middle East, totaling 220 aircraft, which includes 150 firm orders and 70 options. As of June 2025, the fleet stood at 68 aircraft, including 2 wet leases, 2 wide-body A330 Ceos, 4 A320 Ceos, and 60 A320 Neos, of which 3 are owned and the remainder leased. One additional delivery is expected in 4Q25, taking the total fleet size to 69 by year-end. By 2030f, Flynas plans to expand its fleet to 167 aircraft, comprising 153 narrow-body and 14 wide-body units, reinforcing its capacity to support both domestic and international growth ambitions.

Chart 58: Fleet count to increase to 167 by 2030f



Source: Flynas Prospectus, anbc research

Chart 59: Blue Ocean Strategy

Large opportunity for Flynas to develop connectivity of KSA with other regions through point-to-point routes

Builds on strong communities present in Saudi and the increasing will of Saudis to travel abroad

Structured approach to identifying, selecting & developing new routes,

Source: Flynas Prospectus, anbc research

Flynas currently operates from four main bases: Riyadh, Jeddah, Madinah, and Dammam. It plans to add more bases by 2030f, aiming to cover over 80% of the Kingdom's population. The airline currently operates 146 routes to over 74 destinations across 34 countries, with more than 2,000 weekly flights. Since its inception in 2007, Flynas has carried over 80 mn passengers and targets expanding network to 350 routes between 160 points across 55 countries by 2030f.

As part of its ongoing network expansion, Flynas aims to strengthen its share on key domestic routes while scaling operations in high-potential international markets, particularly across the GCC and MENA regions. Under its Blue Ocean Strategy, the airline seeks to enter unserved global markets to gain first-mover advantage and reduce competition by tapping into untapped travel demand. In line with this strategy and to advance its 2030 targets, Flynas launched 15 new routes in 1H25, covering 7 destinations across 6 countries. Over the past six years, the company has introduced more than 35 new routes, reinforcing its position as one of the fastest-growing low-cost carriers in the region.

Chart 60: Flynas has structured network strategy across three waves

	Wave 1 Present - 2026f	Wave 2 Present - 2027f	Wave 3 2026f - 2030f
Overall Strategy	- Adjust existing routes in view of stronger competition - Continue to focus on Blue Ocean strategy	- Deploy capacity to focus on Umrah - Prepare for inbound demand for KSA Giga Projects for markets within fleet reach	- Increase aircraft utilization of larger fleet through new routes insub-continent - Complete network expansion to medium-range markets to capture leisure inbound
Implementation	Domestic Reinforcement International Reinforcement Blue Ocean Strategy (Unserved / Under-served routes)	Umrah Routes (A320s + Limited Wide Body Aircraft) Initial Tourism Strategic Routes	Thick Routes in Sub-continent Umrah Routes (mainly Wide Body Aircraft) Medium Haul Leisure Inbound Tourism Routes

Source: Flynas Prospectus, anbc research

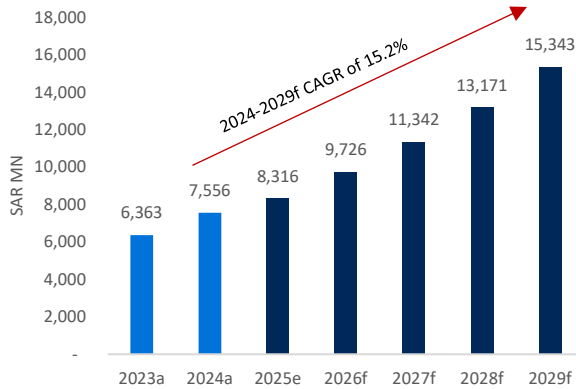
Revenue to grow at a 2024-2029f CAGR of 15.2%

Flynas continues to solidify its leadership as the region's premier low-cost carrier, having been recognized as the Middle East's best low-cost airline for eight consecutive years and ranked among the Top 10 Global LCCs by Skytrax. The airline's strong operational model, cost efficiency, and expanding route network have translated into robust financial performance over recent years. Between 2019 and 2024, Flynas achieved a revenue CAGR of 12.3%, underscoring its resilience and sustained growth momentum within Saudi Arabia's rapidly evolving aviation market.

Looking ahead, we forecast Flynas's revenue to grow at a 2024–2029f CAGR of 15.2%, rising from SAR 7,556 mn in 2024 to SAR 15,343 mn by 2029f. This growth will be driven primarily by the LCC segment, which is expected to post a 16.8% CAGR, supported by a 19.1% CAGR in available seat kilometers (ASK) as the airline expands its fleet and network coverage. Additionally, revenues from the Hajj and Umrah segment are projected to grow modestly at a 2.3% CAGR, while general aviation revenue is expected to rise at a similar rate during the forecast period.

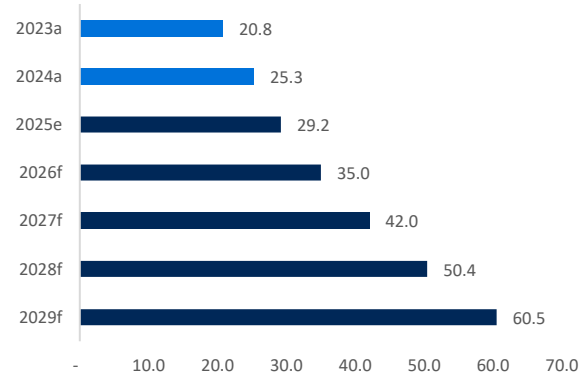
In 1H25, Flynas reported revenue growth of 1.3% YoY, supported by stronger Hajj and Umrah performance, and full-year 2025e revenue is forecast to increase by 10.1% YoY, reaching SAR 8,316 mn, driven by a 15.4% YoY increase in LCC ASK.

Chart 61: Revenue to increase going forward



Source: Company financials, anbc research

Chart 62: LCC ASK by company's guidance (bn)

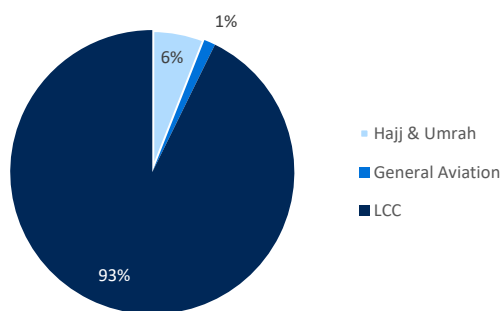


Source: Flynas Prospectus, anbc research

The Hajj and Umrah segment accounted for 11% of total revenue in 2024, with management guiding this share to decline to 8% in 2025e and gradually fall by 0.5–0.7 percentage points annually through 2029f. In 1H25, Hajj and Umrah revenue surged 41% YoY to SAR 518 mn, supported by the transport of 110,000 pilgrims, taking the segment's contribution to 13% of total revenue.

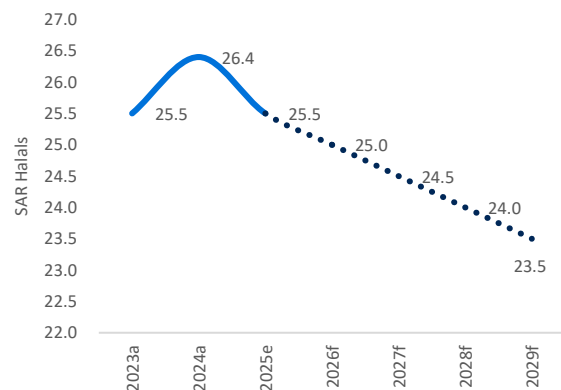
Meanwhile, the general aviation segment remains a minor contributor, representing 2% of revenue in 2024 and 1H25. Management expects its share to remain between 2–2.5% in 2025e, gradually declining by 0.3–0.4 percentage points per year to reach 1.3% by 2029f. Overall, Flynas's LCC operations will remain the core driver of growth, underpinned by expanding capacity, market share gains, and strategic network diversification.

Chart 63: Expected revenue share in 2029f



Source: Company financials, anbc research

Chart 64: Revenue per available seat km



Source: Flynas Prospectus, anbc research

EBITDA margins to settle at 32% in 2029f

Fuel remains one of the largest cost components in the airline industry, and Flynas's profitability is highly sensitive to changes in global oil prices. For 2025e, we assume an average Brent oil price of USD 69/bbl, down from USD 80/bbl in 2024, and a jet fuel cost of USD 88/bbl, implying a crack spread of USD 19/bbl. Looking ahead, Brent is projected to decline further to USD 62/bbl in 2026f. Based on our sensitivity analysis, a 5% increase in oil prices would reduce Flynas's 2026f EBITDA by 0.9%, and vice versa. The company is currently

exploring fuel hedging options to take advantage of the recent decline in prices, although no formal hedging policy has been announced. Historically, Flynas has not hedged its fuel exposure.

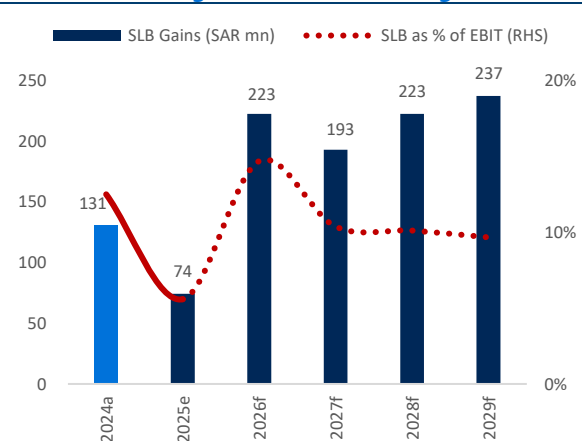
Another key driver of Flynas's profitability is the gain from sale and leaseback (SLB) transactions of newly delivered aircraft, which management includes in EBITDA, consistent with industry practice. We estimate SLB gains to account for around 10% of operating profit by 2029f. The contribution of SLB gain in operating income reduces going forward, due to company's plan to own 15% of its fleet. Currently, Flynas owns 3 aircraft.

Chart 65: EBITDA sensitivity to oil prices change

Oil price change	2026f EBITDA
-10% move in oil prices	1.8%
-5% move in oil prices	0.9%
-1% move in oil prices	0.2%
Current Base Case Scenario	
+1% move in oil prices	-0.2%
+5% move in oil prices	-0.9%
+10% move in oil prices	-1.8%

Source: Company financials, anbc research

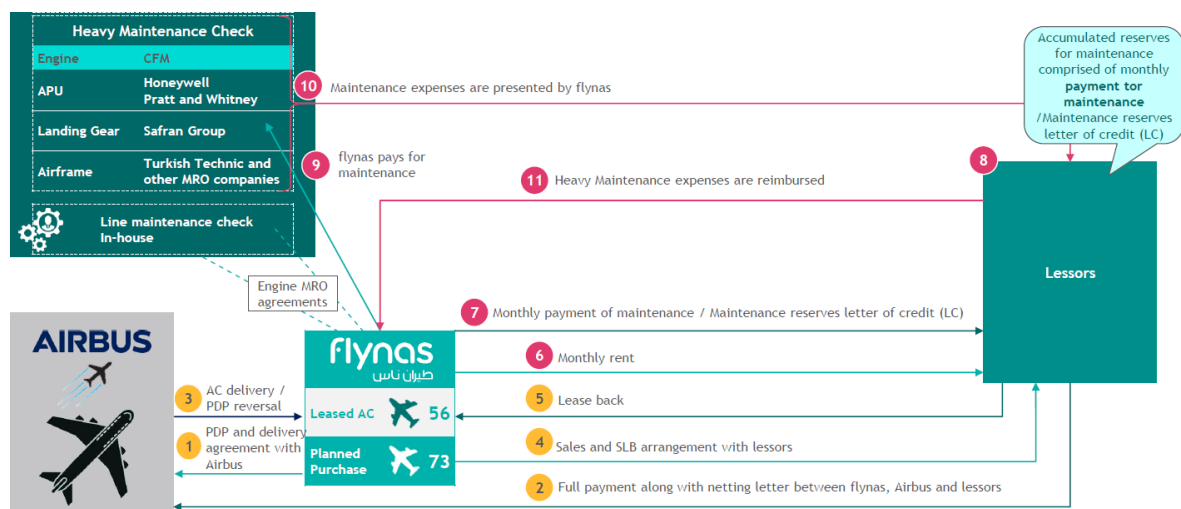
Chart 66: Earnings booked from SLB agreements



Source: Company financials, anbc research

Under the SLB structure, Flynas purchases aircraft from Airbus under pre-delivery payment (PDP) agreements that follow specific milestones. These payments are recognized as assets until the aircraft is delivered. Once the PDP is completed, Flynas sells the aircraft to lessors and leases them back for operational use, allowing the company to recover the full PDP amount and generate additional income through SLB gains. This arrangement provides Flynas with an efficient financing mechanism and liquidity flexibility while expanding its fleet base. The airline's main lessors include Lion Air, Avion, CMB, and Avilease.

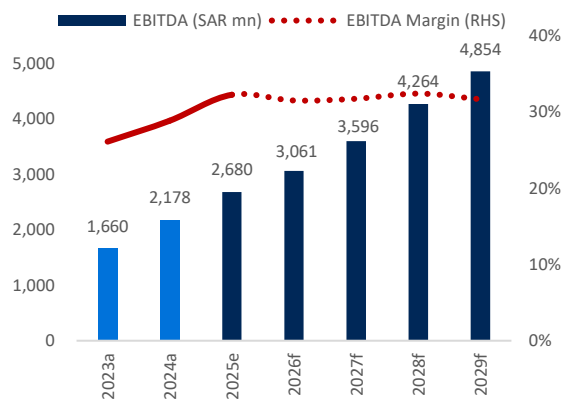
Chart 67: Sale and Leaseback Arrangements



Source: Company information, anbc research estimates

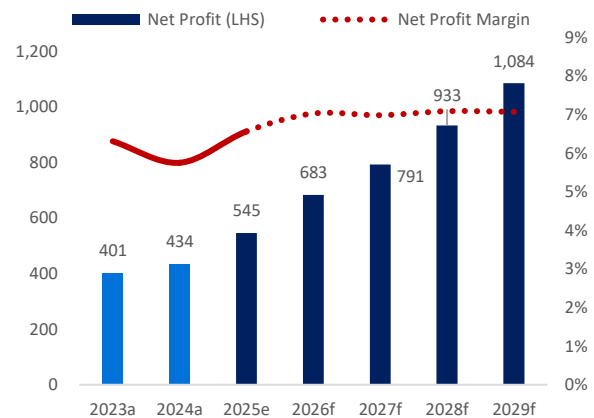
Overall, Flynas's EBITDA margin is expected to improve from 29% in 2024 to 32% by 2029f, supported by continued LCC growth, disciplined cost management, and incremental gains from SLB transactions. As a result, net profit is projected to grow at a 2024–2029f CAGR of 20%, reaching SAR 1,084 mn by 2029f, with net margins stabilizing at around 7%, in line with management guidance.

Chart 68: EBITDA margins expected to improve



Source: Company financials, anbc research

Chart 69: Net profit (SAR mn)



Source: Company financials, anbc research

Competitive edge in regional and global LCC landscape

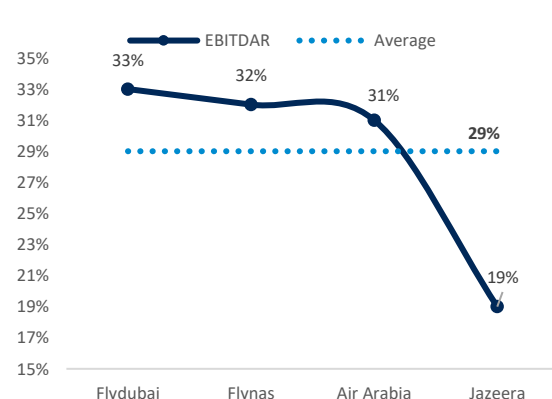
We believe Flynas holds a competitive advantage among regional low-cost, ultra-low-cost, and hybrid carriers (ULCCs). Within the region, Air Arabia, Salam Air, and Jazeera operate as LCCs, while Flyadeal is classified as a ULCC and Flydubai as a hybrid carrier. Excluding Salam Air and Flyadeal, Flynas recorded the second-highest EBITDAR margin at 32% in 2023, trailing only Flydubai.

Chart 70: Regional competitors



Source: Flynas Prospectus, anbc research

Chart 71: Regional EBITDAR margins as of 2023



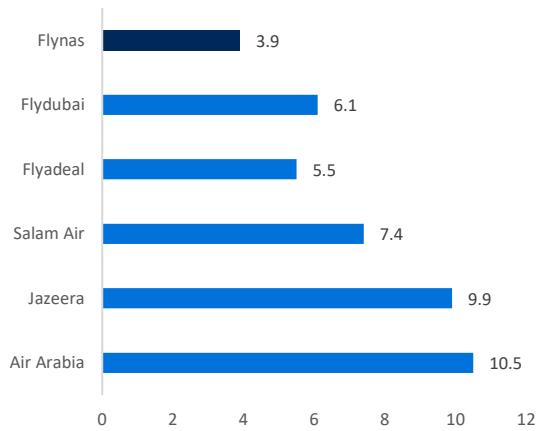
Source: Flynas Prospectus, anbc research

*EBITDAR excludes rental revenues

** Flynas data includes scheduled flights only

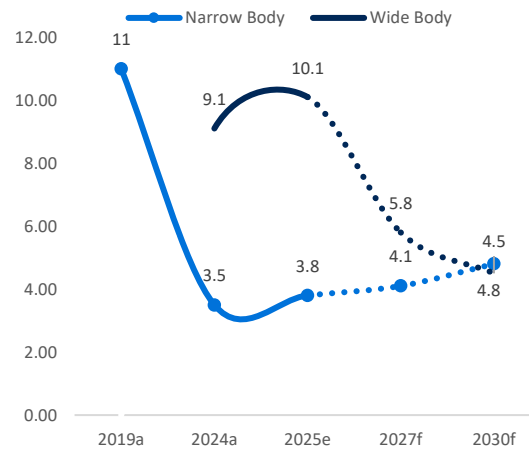
In addition to strong margins, Flynas holds the largest aircraft order book in the region and operates the youngest fleet, with an average age of 3.9 years as of Jun-25. Management expects the average age of narrow-body aircraft to reach 4.8 years and wide-body aircraft 4.5 years by 2030f.

Chart 72: Fleet age (years)



Source: Earnings Call, airfleets, anbc research

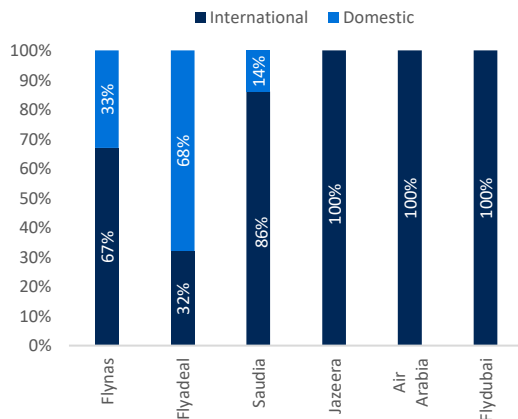
Chart 73: Flynas fleet age going forward (years)



Source: Earnings Call, anbc research

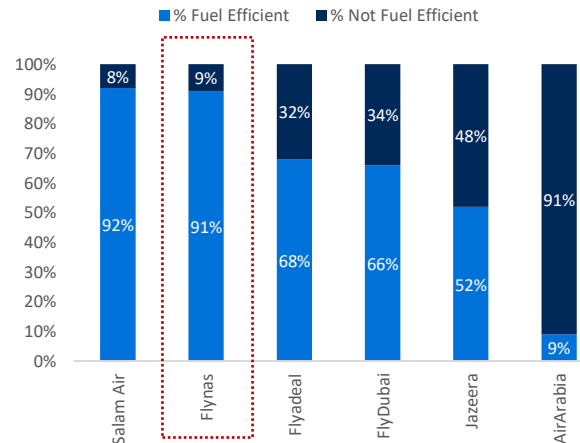
Flynas ranks second in fuel efficiency among regional carriers, just behind Salam Air, giving it a clear competitive edge. Flynas also benefits from a well-balanced ASK mix, with 33% domestic and 67% international. This contrasts with peers like Flydubai, Air Arabia, and Jazeera, which rely entirely on international ASKs, and Flyadeal, which is more domestically focused with 68% of its ASK in the local market. During 1H25, the Flynas's domestic presence strengthened, with domestic passengers accounting for 52% of total traffic.

Chart 74: Regional airlines ASK mix



Source: Prospectus, anbc research

Chart 75: Share of fuel-efficient aircrafts in fleet



Source: Prospectus, anbc research

Moreover, Flynas has developed a mature product offering which includes services and strategies for maximizing its RASK. It uses a sophisticated, AI-based pricing system and charges for ancillary services such as seat selection, checked baggage, meals, airport lounges, and premium check-in.

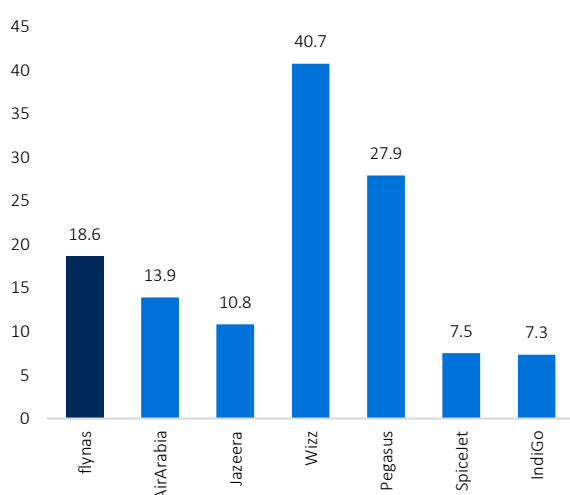
Flynas as a differentiated and wide ancillary offering compared to its peers

	Flynas	Flyadeal	Jazeera	AirArabia	SalamAir	Flydubai
Checked baggage	Available	Available	Available	Available	Available	Available
Seat selection	Available	Available	Included in base fare	Available	Available	Available
Meals	Available	Available	Available	Available	Available	Available
Cancellation, Change, Insurance	Available	Available	Available	Available	Available	Available
Lounge	Available	Unavailable	Available	Unavailable	Unavailable	Unavailable
Airport check-in	Available	Available	Included in base fare	Included in base fare	Included in base fare	Included in base fare
Priority Offering	Available	Unavailable	Unavailable	Unavailable	Unavailable	Available
Hotels/ Rental cars	Available	Available	Available	Available	Unavailable	Available
Holiday packages	Available	Unavailable	Available	Available	Unavailable	Available

Source: Company information, Kearney analysis, anbc research

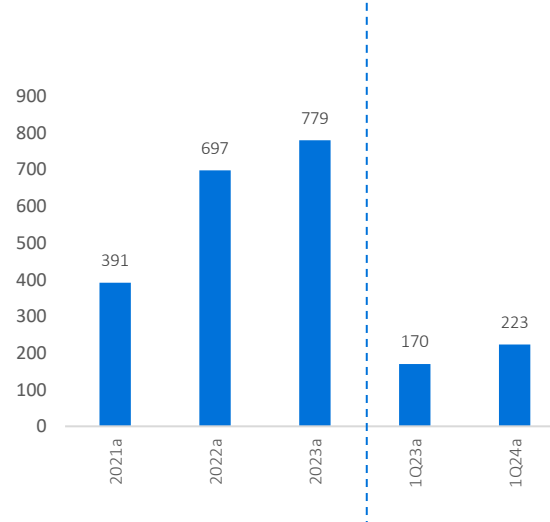
Flynas has the highest ancillary revenue passenger when compared to other MENA LCCs. In 2023, it had ancillary revenues of USD 18.6 per passenger (which translates into SAR 779 mn for the full year). Ancillary revenues increased by 32% YoY in 1Q24. The management is also planning to offer additional services such as holiday packages, hotels, rental cars as a part of its booking package. This strategy can help Flynas capture a greater portion of the spending by travelers.

Chart 76: Ancillary revenue (USD/PAX)



Source: Company information, Kearney analysis, anbc research

Chart 77: Flynas ancillary revenue (SAR mn)



Source: Company information, Kearney analysis, anbc research

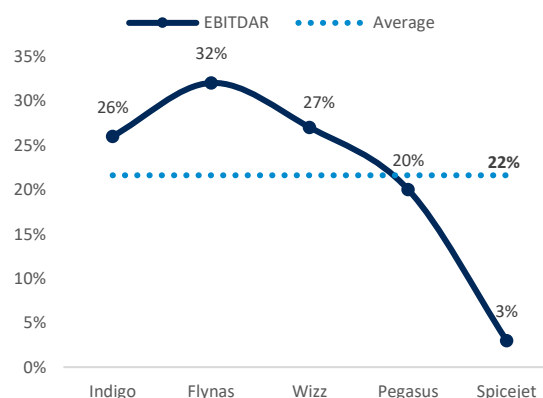
Among global LCC and ULCCs, we believe Flynas holds a strong competitive position. Globally, carriers such as IndiGo, SpiceJet, and Pegasus fall under the LCC category, while Wizz Air operates as a ULCC. In comparison, Flynas recorded the highest EBITDAR margin among these players at 32% in 2023, outperforming the average of 22%.

Chart 78: Global competitors



Source: Prospectus, anbc research

Chart 79: Global players EBITDAR margins of 2023

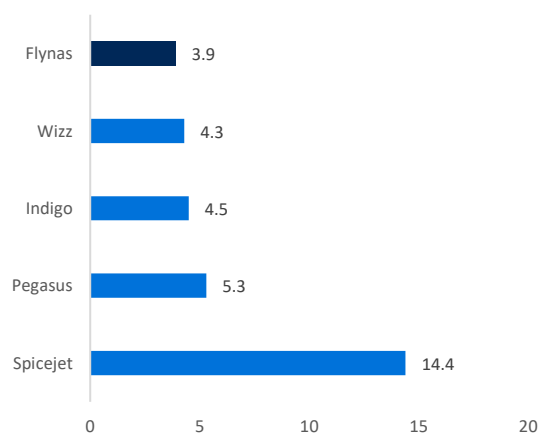


Source: Prospectus, anbc research

* Flynas data includes scheduled flights only

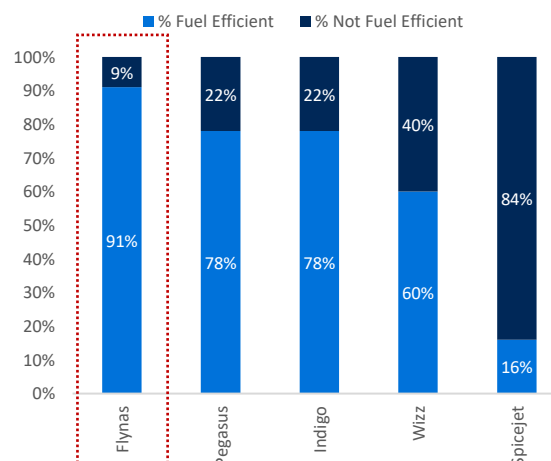
Alongside strong margins, Flynas operates the youngest fleet among global peers, with an average age of 3.9 years as of Jun-25. It also leads in fuel efficiency, further strengthening its competitive position.

Chart 80: Fleet age (years)



Source: Earnings presentation, airfleet, anbc research

Chart 81: Share of fuel-efficient aircrafts in fleet



Source: Prospectus, anbc research

Valuation

We initiate coverage on Flynas with an Overweight rating and a target price of SAR 93.4/share. Our valuation is derived using an equal-weighted blend of the EV/EBITDA relative valuation and the DCF approach.

Under the relative valuation method, we apply an EV/EBITDA multiple of 7.2x, based on the trading multiples of comparable low-cost carriers (LCCs) in both developed and emerging markets, as well as tourism-linked stocks listed on the Tadawul. We assign a 45% weighting to global LCC peers and a 10% weighting to Saudi tourism-related companies to reflect the rapid expansion of the Kingdom's tourism sector.

Currently, LCCs in developed markets trade at an average forward EV/EBITDA multiple of 5.9x, while emerging market peers trade around 7.3x. In comparison, Saudi tourism-linked companies command a higher average multiple of 12.3x. Based on these parameters, we derive a blended target multiple of 7.2x. Applying this multiple to our 2026f EBITDA forecast of SAR 3,061 mn and adjusting for net debt of SAR 5,970 mn, we arrive at a target price of SAR 93.8/share.

EV/EBITDA target multiple estimate

	Weights	Multiple (x)
Developed Countries	45%	5.9
Developing Countries	45%	7.3
Saudi Tourism Stocks	10%	12.3
Weighted Average Multiple		7.2

Source: anbc research

Target price

EBITDA 2026f (SAR mn)	3,061
Target Multiple (x)	7.2
Enterprise Value (SAR mn)	21,999
Net Debt (SAR mn)	5,970
Equity Value (SAR mn)	16,029
No. of Shares (mn)	171
Target Price	93.8

Source: anbc research

For our DCF valuation, we use the FCFF approach, incorporating a terminal growth rate of 2.5% and a WACC of 10.2%. Leading us to an enterprise value SAR 21,847 mn, after adjusting for net debt, we derive a target price of SAR 92.9/share.

Valuation Table:

SAR MN	2027f	2028f	2029f	2030f	2031f
FCFF	(434)	998	1,928	2,330	2,080
Terminal Value					27,789
FCFF + Terminal	(434)	998	1,928	2,330	29,868
Discounted FCFF	(394)	822	1,441	1,581	18,397

Enterprise Value	21,847
Cash	3,409
Debt	(9,379)
Equity Value	15,877
Target Price	92.9

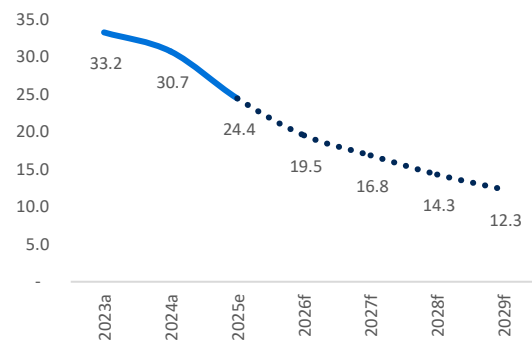
To derive the blended target price for Flynas, we have assigned equal weights (50% each) to both the approaches yielding a target price of SAR 93.4/share. Based on our blended target price, we have an 'Overweight' rating on the stock, with an upside potential of 19.7%, from the current levels. Currently, Flynas is trading at a 2026f P/E of 19.5x, depicting a significant discount from its three-year historic P/E of 29.5x. Similarly, the 2026f P/BV of 3.2, remains at a discount to its three-year historic ratio of 7.6x.

Blended target price

	Weights	Price (SAR/sh)
EV/EBITDA	50%	93.9
FCFF Valuation	50%	92.9
Weighted Average Price		93.4

Source: anbc research

Chart 82: Forward P/E



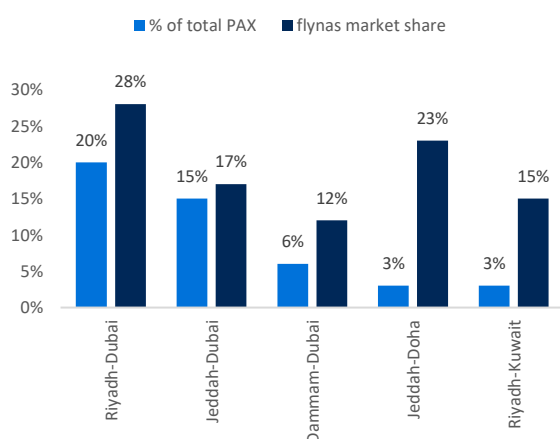
Source: anbc research

Flynas Company Overview

Flynas is the leading LCC in MENA, based in Saudi Arabia. It started its operations in 2007 as Saudi Arabia's first low-cost carrier as NAS Air with an all-dry-lease fleet. It was rebranded as Flynas in 2013. The company's operations include passenger flights, cargo handling, repairing transport equipment, and travel agencies, tour operators, and other support services for air travel.

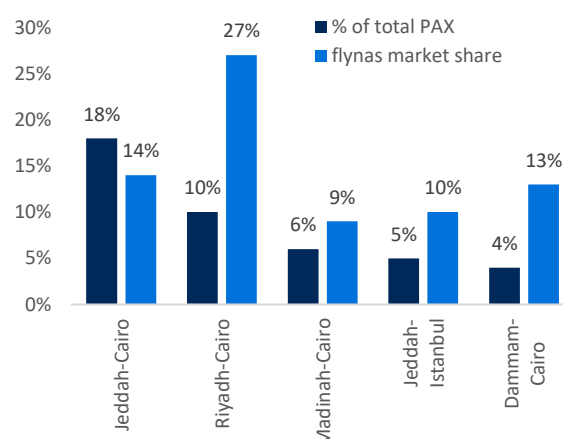
The airline operates 146 routes to over 74 domestic and international destinations across 34 countries, with more than 2,000 weekly flights. Since its launch in 2007, Flynas has transported over 80 mn passengers. As part of its growth and expansion strategy, and in alignment with the goals of Vision 2030, the company aims to increase its network to 350 routes between 160 points across 55 countries by 2030f. Flynas served 3.6 mn passengers in 2Q25, up 3% YoY.

Chart 83: Top LCC on 5 busiest KSA-GCC routes (2023)



Source: Kearney analysis, anbc research

Chart 84: Leading KSA connectivity with MENA (2023)



Source: Kearney analysis, anbc research

Business Segments:

The company's business model is based on three revenue segments:

Low-Cost Carrier (LCC)

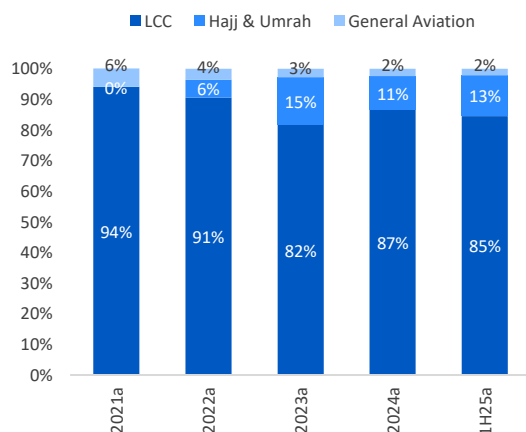
The Flynas Low-Cost Carrier (LCC) segment comprises the company's core scheduled passenger services operated under a low-cost model, serving domestic and international routes on a pre-published schedule. In 1H25 LCC revenues accounted for 85% of total revenues.

Hajj and Umrah

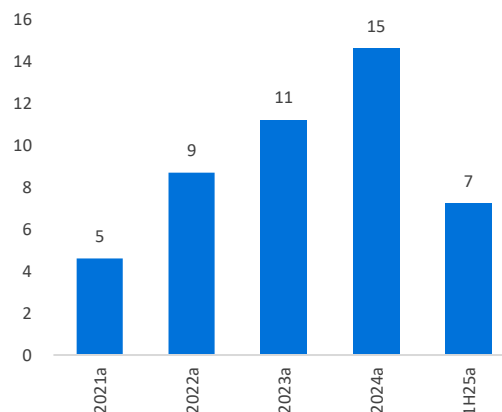
The Flynas Hajj and Umrah segment includes mainly non-scheduled flight operations that cater to religious pilgrims traveling to the Kingdom, concentrated around seasonal peaks. This is usually operated using short-term wide-body leases due to the seasonal nature of the business. In 1H25, the segment contributed to 13% of total revenue.

General Aviation Services

The Flynas General Aviation segment includes services offered to aircraft management clients, including crew and maintenance support and charter flight operations. In 1H25 the segment contributed to 2% of total revenue.

Chart 85: Revenue mix


Source: Company financials, anbc research

Chart 86: Total passengers (mn)


Source: Earnings call, Flynas prospectus, anbc research

Flynas currently operates from four main bases: Riyadh, Jeddah, Medina, and Dammam. The planned expansion of these airports will further provide support to the company's growth trajectory.

Company's expected base capacity growth

Existing/Planned operations base	2023 capacity (mn passenger)	2030f capacity (mn passenger)
KKIA in Riyadh	36	150
KAIA in Jeddah	36	135
KFIA in Dammam	13	20
PMIA in Medina	9	16

Source: Flynas Prospectus, anbc research

Code share & interline agreement

The company has also partnered with other airlines through codeshare and interline agreements, expanding its network to 126 international destinations. Codeshare agreements allow each partner to sell tickets on the other's flights without operating them, while interline agreements enable carriers to cooperate by operating different legs of a passenger's journey under a single itinerary.

Chart 87: Interline partners



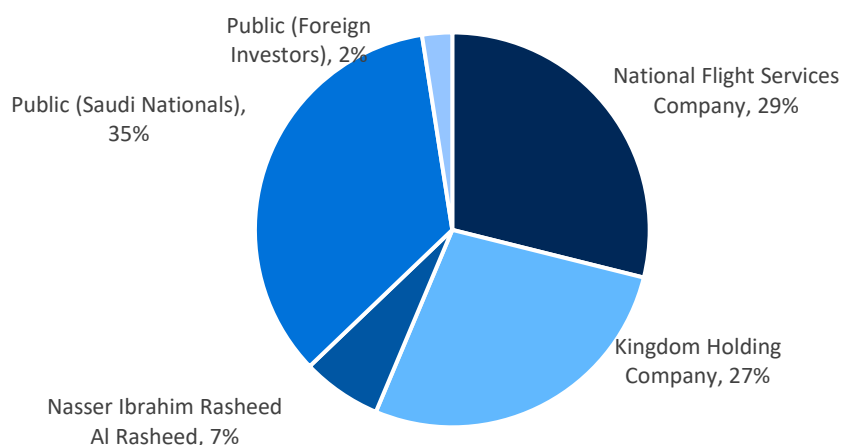
Source: Flynas Prospectus, anbc research

Chart 88: Codeshare partners

Airline	Base	Tenor
 PEGASUS AIRLINES	Abu Dhabi	Since 2012
 ETHIOPIAN AIRLINES	Istanbul	Since 2015
 الاتحاد ETIHAD AIRWAYS	Addis Ababa	Since 2020

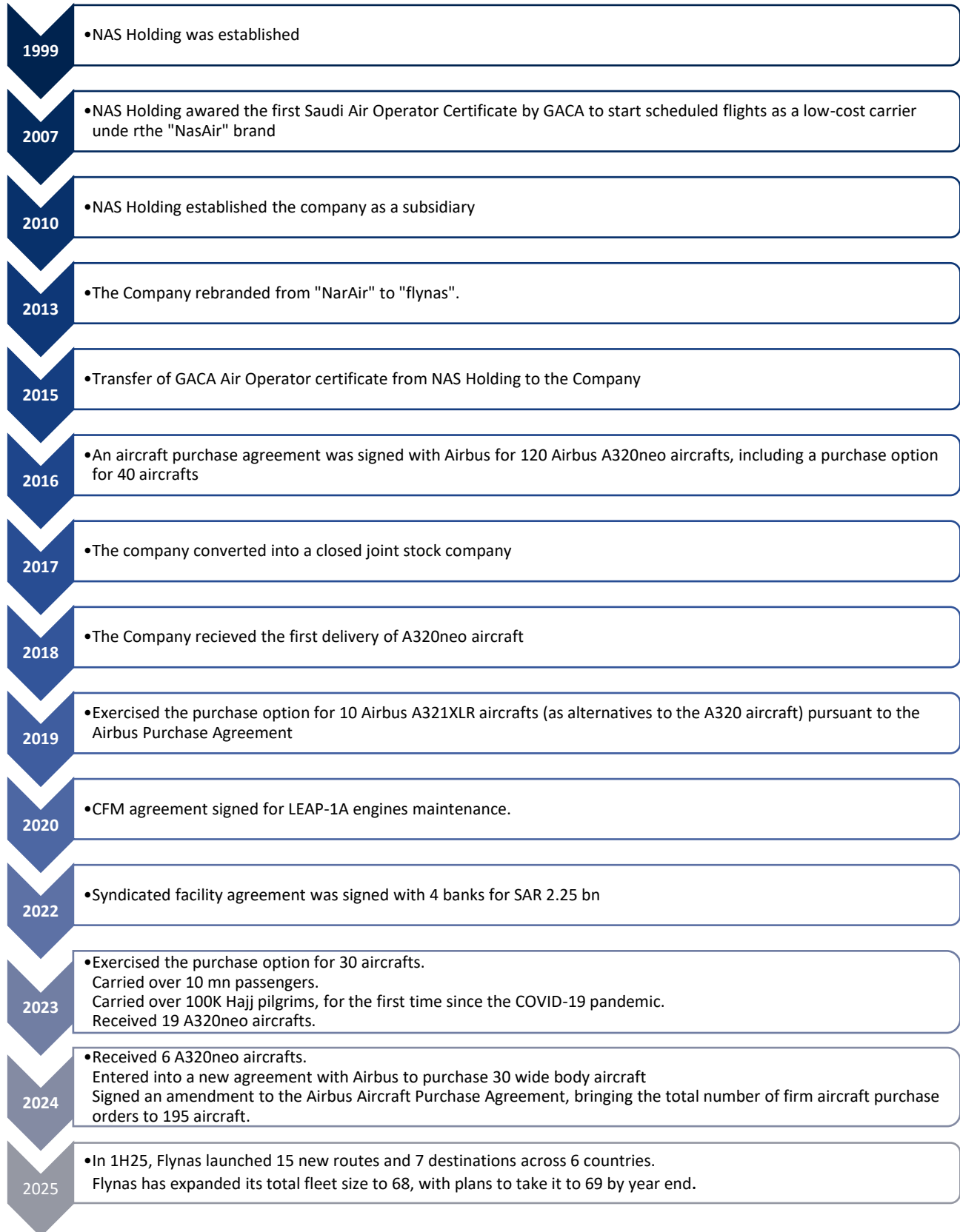
Source: Flynas Prospectus, anbc research

Shareholding pattern:



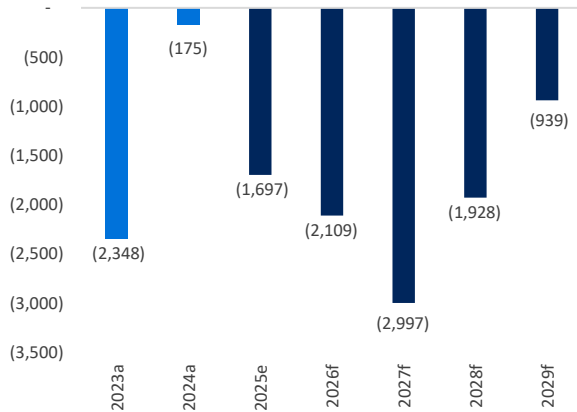
Source: Prospectus, Tadawul, anbc research

History of FLYNAS:



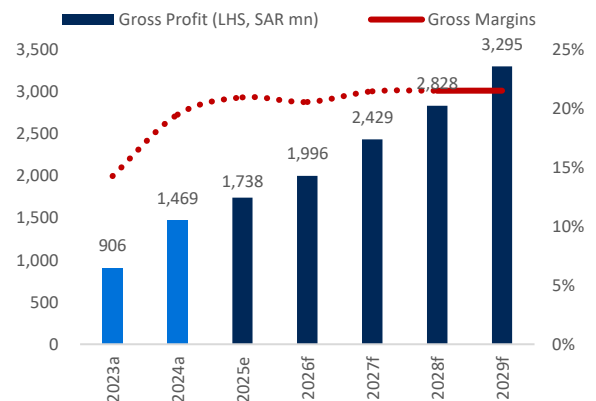
Flynas's chart bank:

Chart 89: Free Cash flow generation, (SAR mn)



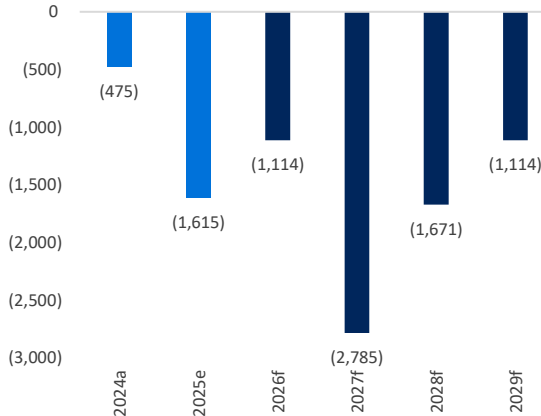
Source: Company financials, anb research

Chart 90: GM to settle around 21%



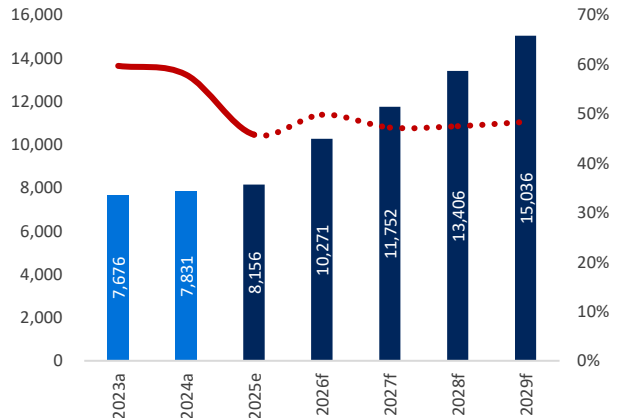
Source: Company financials, anb research

Chart 91: Capex cash outflows, (SAR mn)



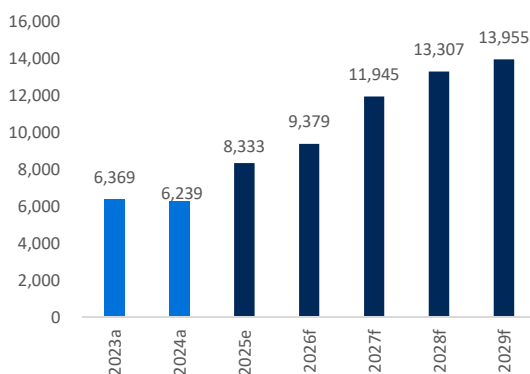
Source: Company financials, anb research

Chart 92: RoU assets



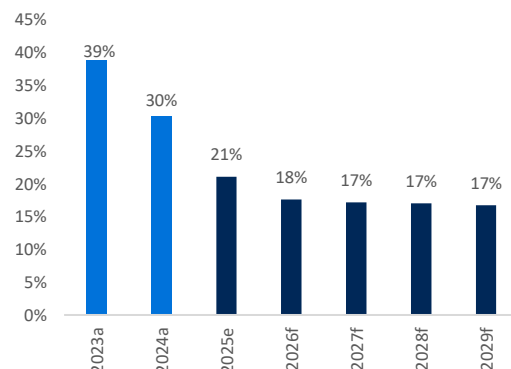
Source: Company financials, anb research

Chart 93: Total Debt



Source: Company financials, anb research

Chart 94: ROE to settle at 17%



Source: Company financials, anb research

Financial Summary

Income statement (SAR mn)	2023a	2024a	2025e	2026f	2027f	2028f	2029f	CAGR 2024-2029f
Revenue	6,362	7,556	8,316	9,726	11,342	13,171	15,343	15%
Cost of Revenue	(5,456)	(6,087)	(6,577)	(7,731)	(8,913)	(10,344)	(12,048)	15%
Gross Profit	906	1,469	1,738	1,996	2,429	2,828	3,295	18%
SLB Gain/Loss	283	131	74	223	193	223	237	13%
Operating Expenses	(320)	(554)	(484)	(702)	(762)	(856)	(1,123)	15%
EBIT	869	1,046	1,329	1,516	1,860	2,194	2,409	18%
Dep & Amort	791	1132	1351	1546	1736	2070	2445	17%
EBIDTA	1,660	2,178	2,680	3,061	3,596	4,264	4,854	17%
Net Finance Cost	(451)	(588)	(750)	(804)	(1,035)	(1,222)	(1,279)	17%
Profit Before Tax	418	457	578	712	825	972	1,130	20%
Zakat Expense	(17)	(23)	(33)	(29)	(34)	(40)	(46)	15%
PAT	401	434	545	683	791	933	1,084	20%
Number of Share	171	171	171	171	171	171	171	
EPS	2.35	2.54	3.19	4.00	4.63	5.46	6.34	
Balance Sheet	2023a	2024a	2025e	2026f	2027f	2028f	2029f	2024-2029f
Property and equipment	1,168	1,537	3,186	4,180	6,824	8,331	9,178	43%
Right to use asset	7,676	7,831	8,156	10,271	11,752	13,406	15,036	14%
Others	55	38	38	47	55	64	74	15%
Intangible asset	2,000	2,000	2,000	2,000	2,000	2,000	2,000	0%
Non-current assets	10,899	11,406	13,380	16,497	20,631	23,801	26,288	18%
Trade receivables	300	239	306	353	410	549	639	22%
Cash and Cash equivalents	1,450	1,700	3,762	3,352	3,375	3,333	3,540	16%
Others	215	185	380	430	491	561	644	28%
Current Asset	1,965	2,124	4,448	4,135	4,276	4,442	4,823	18%
Total Assets	12,864	13,530	17,827	20,632	24,907	28,243	31,112	18%
Share capital	1,534	1,534	1,709	1,709	1,709	1,709	1,709	2%
Share Premium	0	0	1,191	1,191	1,191	1,191	1,191	-
Retain earnings	(308)	109	634	1,317	2,108	3,041	4,125	107%
Total Equity	1,226	1,643	3,533	4,216	5,008	5,940	7,024	34%
Loan and borrowings	425	101	1,128	803	1,512	1,209	896	55%
Lease liabilities	4,984	5,306	5,808	7,321	8,501	9,826	11,067	16%
Aircraft Related Provisions	2,667	3,099	3,389	3,985	4,399	4,877	5,331	11%
Others	356	268	384	472	582	709	864	26%
Non-current Liabilities	8,432	8,773	10,709	12,582	14,995	16,620	18,157	16%
Trade payables	1,754	1,558	1,644	1,945	2,257	2,602	3,030	14%
Lease liabilities	541	508	472	595	691	799	900	12%
Others	911	1,047	1,469	1,293	1,956	2,282	2,000	14%
Current Liabilities	3,206	3,113	3,585	3,834	4,904	5,683	5,930	14%
Total liabilities & Equity	12,864	13,530	17,827	20,632	24,906	28,243	31,111	18%

Source: Company financials, anbc research

Valuation Ratios	2023a	2024a	2025e	2026f	2027f	2028f	2029f
EPS (SAR)	2.3	2.5	3.2	4.0	4.6	5.5	6.3
DPS (SAR)	-	-	-	-	-	-	-
BVPS (SAR)	7.2	9.6	20.7	24.7	29.3	34.8	41.1
PER (x)	33.2	30.7	24.4	19.5	16.8	14.3	12.3
DY (%)	-	-	-	-	-	-	-
PBV (x)	10.9	8.1	3.8	3.2	2.7	2.2	1.9
EV/Sales (x)	2.9	2.4	2.1	2.0	1.9	1.8	1.5
Price/Sales (x)	2.1	1.8	1.6	1.4	1.2	1.0	0.9
EV/EBITDA (x)	11.0	8.2	6.7	6.3	6.1	5.5	4.9
Price/CF (x)	11.0	9.1	8.2	5.2	4.6	4.0	3.3
EV/Gross Profit (x)	20.1	12.1	10.3	9.7	9.0	8.2	7.2
Margins	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Gross Margins	14.2%	19.4%	20.9%	20.5%	21.4%	21.5%	21.5%
EBITDA Margins	26.1%	28.8%	32.2%	31.5%	31.7%	32.4%	31.6%
Operating Margins	13.7%	13.8%	16.0%	15.6%	16.4%	16.7%	15.7%
Pretax Margins	6.6%	6.1%	7.0%	7.3%	7.3%	7.4%	7.4%
Net Margins	6.3%	5.7%	6.6%	7.0%	7.0%	7.1%	7.1%
Returns	2023a	2024a	2025e	2026f	2027f	2028f	2029f
ROA	3.6%	3.3%	3.5%	3.6%	3.5%	3.5%	3.7%
ROTA	7.7%	7.9%	8.5%	7.9%	8.2%	8.3%	8.1%
ROE	38.8%	30.3%	21.1%	17.6%	17.2%	17.0%	16.7%
Health Ratios	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Cash/share	8.8	10.3	22.3	20.0	20.1	19.8	21.0
Cash as a % of Market Cap	11.3%	13.2%	28.7%	25.6%	25.7%	25.4%	27.0%
Debt to Asset	49.5%	46.1%	46.7%	45.5%	48.0%	47.1%	44.9%
Debt to Equity	519.5%	379.7%	235.8%	222.4%	238.5%	224.0%	198.7%
Debt to Capital	83.9%	79.2%	70.2%	69.0%	70.5%	69.1%	66.5%
EBIT/ Interest (x)	1.7	1.5	1.6	1.7	1.7	1.7	1.8
Activity Ratio	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Current Ratio	0.6	0.6	1.2	0.8	0.8	0.7	0.8
Days Sales Outstanding	17.2	11.5	13.4	13.2	13.2	15.2	15.2
Days Sales in Inventory	-	-	-	-	-	-	-
Days Payable Outstanding	8.3	-	3.8	3.7	3.9	3.9	3.9
Cash Conversion Cycle	8.9	11.5	9.6	9.5	9.3	11.3	11.3
Growth Ratios	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Revenue Growth	32.3%	18.8%	11.2%	16.6%	16.6%	16.5%	16.5%
Gross Profit Growth	52.0%	62.2%	3.0%	14.0%	21.4%	17.0%	14.1%
EBITDA Growth	51.3%	31.1%	17.0%	17.5%	22.8%	16.0%	13.7%
Operating Profit Growth	96.2%	20.3%	27.0%	14.1%	22.7%	18.0%	9.8%
Pretax Profit Growth	134.8%	9.4%	26.4%	23.1%	15.9%	17.8%	16.2%
Net Profit Growth	133.1%	8.3%	25.6%	25.2%	15.9%	17.9%	16.2%

Source: Company financials, anbc research

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