

Support Services

HOLD: 12M TP @ 110

Upside +9%

Valuation Summary (TTM)

Price (SAR)	100.90
PER TTM (x)	23.7
P/Book (x)	5.5
P/Sales (x)	3.5
EV/Sales (x)	4.4
EV/EBITDA (x)	17.3
Dividend Yield (%)	2.3
Free Float (%)	57%
Shares O/S (mn)	82
YTD Return (%)	-17%
Beta	0.9

(mn)	SAR	USD
Market Cap	8,274	2,205
Enterprise value	8,556	2,310

Price performance (%)	1M	3M	12M
Catrion Catering Holding	-13%	-16%	-16%
Tadawul All Share Index	0%	-1%	-11%

Trading liquidity (,000)	1M	3M	6M
Avg daily turnover (SAR ,000)	12,014	9,556	12,520
Avg Daily Volume (,000)	87	85	106

52 week	High	Low	CTL*
Price (SAR)	144.40	100.00	0.9

* CTL is % change in CMP to 52wk low

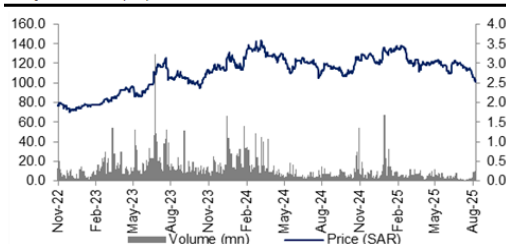
Major shareholders

Saudi Arabian Airlin	35.7%
ABDUL MOHSEN AL HOKA	5.8%
Vanguard Group Inc/T	2.0%
Others	56.6%

Other details

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

Key ratios	2022	2023	2024
EPS (SAR)	3.14	3.45	4.30
BVPS (SAR)	13.66	15.68	17.71
DPS (SAR)	0.50	2.10	2.30
Payout ratio (%)	16%	61%	53%



Catrion – muted revenue growth

Catrion reported 2Q25 revenue of SAR 571mn, up 1.2% YoY but 6.8% below our estimate. The inflight catering segment, which accounted for 80.5% of total revenue, grew 3.9% YoY, while the integrated hospitality segment declined 3.8% YoY. Management attributed the weaker performance to lower flight load factors resulting from geopolitical tensions, the temporary suspension of Umrah visas in May–June 2025, a reduction in Hajj pilgrims compared to last year, renovation work at Terminal 5, and the loss of the Tanfeethi contract. For 1H25, consolidated revenue stood at SAR 1.16bn, up 3.9% YoY. The company served 127k flights (domestic and international), up 8% YoY. Meals served rose 9%, and lounge passengers increased 14% YoY. Contribution from Saudia fell to 55% of 2Q25 revenue (vs. 62% in 2Q24), offset by higher sales to foreign and private airlines. The integrated hospitality segment weakened due to the loss of the SATCO contract and fewer event-related orders.

Gross margin slightly exceeded expectations at 27.9% in 2Q25, up 14bps YoY. Management credited menu changes and operational efficiency gains, which supported margins despite subdued revenue. Direct costs declined 0.7%, driving gross profit up 6.5% YoY. Operating expenses remained stable, enabling operating profit and EBITDA to rise 5.2% and 9.2% YoY, respectively. However, the company reported a SAR 2.9mn loss from its associate during the quarter. Finance costs increased due to higher borrowing, while finance income declined. Net profit for 2Q25 came in at SAR 65mn, down 10.6% YoY and 17.6% below our estimate, primarily due to associate losses, higher finance costs, and softer-than-expected margins. For 1H25, net profit was SAR 140mn, down 2.9% YoY. Reflecting the weaker topline and margin contraction, we cut our 2025e revenue forecast to SAR 2.3bn (from SAR 2.45bn) and net profit to SAR 342mn (from SAR 379mn). Accordingly, we lower our target price to SAR 110 per share, implying limited upside. We maintain a **HOLD** rating on Catrion.

Valuation and outlook: Saudi air traffic growth has slowed due to external factors, weighing on Catrion's performance. While we remain positive on the inflight catering business, its exposure to external shocks continues to be a key risk. The non-airline segment has yet to gain sufficient traction and has not offset the slowdown in the core business. Our outlook for 2H25 remains conservative, though we expect the launch of Riyadh Air and new low-cost carriers to support revenue growth from 2026. The stock has corrected sharply following the results and is now trading at the lower end of its valuation range, at 24.5x 2025e P/E.

Income Statement (In SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	1,213	1,818	2,134	2,299	2,326	2,558	2,819	3,226
Direct Costs	-881	-1,302	-1,568	-1,658	-1,671	-1,842	-2,023	-2,290
Gross profit	332	516	566	642	655	716	796	935
Other income (Net)	6	27	29	19	19	19	19	19
General and administrative expenses	-236	-232	-288	-298	-301	-333	-367	-419
Other expenses	-42	-27	-3	-2	-6	-	-	-
Operating Profit	60	284	304	361	367	403	449	535
EBITDA	228	447	424	469	494	532	592	692
Share of profit from equity investments	-	18	15	11	15	15	15	15
Reversal of impairment	-	3	-	-	-	-	-	-
Finance income	1	1	17	24	15	15	15	15
Finance cost	-27	-21	-20	-20	-38	-17	-19	-20
Profit before Zakat (PBT)	34	286	317	376	360	416	461	545
Zakat and income tax	-20	-29	-34	-23	-18	-21	-23	-27
Net Profit	14	257	283	353	342	395	437	518

Balance Sheet (in SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property, plant and equipment	408	341	415	805	1,322	1,440	1,571	1,723
Right of use assets	417	267	235	211	365	411	452	486
Investment property	33	31	29	27	26	26	26	26
Other non current assets	11	31	44	51	51	51	51	51
Non-current assets	869	670	723	1,095	1,765	1,929	2,100	2,287
Sub leased assets	18	15	5	-	-	-	-	-
Inventories	67	62	77	85	92	101	111	126
Trade and other receivables	696	799	601	721	930	1,023	1,128	1,290
Prepayments and other assets	106	68	86	156	140	154	169	194
Cash and cash equivalents	176	417	702	631	197	158	167	196
Current assets	1,062	1,361	1,472	1,593	1,359	1,437	1,575	1,805
ASSETS	1,931	2,031	2,195	2,688	3,124	3,366	3,675	4,092
Share capital	820	820	820	820	820	820	820	820
Statutory reserve	246	246	246	246	246	246	246	246
Retained earnings	-193	54	220	386	539	729	929	1,184
EQUITY	873	1,120	1,286	1,452	1,605	1,795	1,995	2,250
Lease liabilities	331	175	150	165	111	115	120	128
Employees' end of service benefits	148	165	165	170	151	166	183	210
Long term bonus	8	8	12	4	4	4	4	4
Non-current liabilities	487	349	327	497	655	635	657	691
ST borrowing	-	-	-	4	-	-	-	-
Trade payable and other liabilities	415	409	462	663	735	811	890	1,008
Lease liabilities	144	132	94	52	111	115	120	128
Zakat liabilities	13	22	26	20	18	12	13	15
Current liabilities	572	563	582	739	864	937	1,023	1,151
LIABILITIES	1,058	911	909	1,236	1,519	1,571	1,680	1,842
EQUITY AND LIABILITIES	1,931	2,031	2,195	2,688	3,124	3,366	3,675	4,092

Cash Flow (In SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	373	346	608	462	359	452	488	540
Investing cash flow	-36	-15	-123	-442	-968	-397	-421	-450
Financing cash flow	-419	-90	-200	-91	175	-94	-57	-61
Change in cash	-81	241	285	-71	-434	-39	9	29
Beginning cash	257	176	417	702	631	197	158	167
Ending cash	176	417	702	631	197	158	167	196

Ratio Analysis	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share								
EPS (SAR)	0.17	3.14	3.45	4.30	4.17	4.81	5.34	6.31
BVPS (SAR)	10.64	13.66	15.68	17.71	19.57	21.89	24.33	27.44
DPS (SAR)	-	0.50	2.10	2.30	2.50	2.89	3.20	3.79
FCF per share (SAR)	4.12	4.04	5.92	0.24	-7.43	0.68	0.81	1.09
Valuation								
Market Cap (SAR mn)	6,462	6,150	10,578	10,004	8,364	8,364	8,364	8,364
EV (SAR mn)	6,285	5,733	9,876	9,534	8,556	8,556	8,547	8,518
EBITDA	228	447	424	469	494	532	592	692
P/E (x)	459.7	23.9	37.4	28.4	24.5	21.2	19.1	16.2
EV/EBITDA (x)	27.6	12.8	23.3	20.3	17.3	16.1	14.4	12.3
Price/Book (x)	7.4	5.5	8.2	6.9	5.2	4.7	4.2	3.7
Dividend Yield (%)	0.0%	0.7%	1.6%	1.9%	2.5%	2.8%	3.1%	3.7%
Price to sales (x)	5.3	3.4	5.0	4.4	3.6	3.3	3.0	2.6
EV to sales (x)	5.2	3.2	4.6	4.1	3.7	3.3	3.0	2.6
Liquidity								
Cash Ratio (x)	0.3	0.7	1.2	0.9	0.2	0.2	0.2	0.2
Current Ratio (x)	1.9	2.4	2.5	2.2	1.6	1.5	1.5	1.6
Quick Ratio (x)	1.7	2.3	2.5	2.2	1.6	1.5	1.5	1.6
Returns Ratio								
ROA (%)	0.7%	12.7%	12.9%	13.1%	10.9%	11.7%	11.9%	12.6%
ROE (%)	1.6%	23.0%	22.0%	24.3%	21.3%	22.0%	21.9%	23.0%
ROCE (%)	1.0%	17.5%	17.5%	18.1%	15.1%	16.2%	16.5%	17.6%
Cash Cycle								
Inventory turnover (x)	13.2	21.1	20.3	19.6	18.2	18.2	18.2	18.2
Accounts Payable turnover (x)	2.1	3.2	3.4	2.5	2.3	2.3	2.3	2.3
Receivables turnover (x)	1.7	2.3	3.5	3.2	2.5	2.5	2.5	2.5
Inventory days	28	17	18	19	20	20	20	20
Payable Days	172	115	108	146	161	161	161	161
Receivables days	209	161	103	115	146	146	146	146
Cash Cycle	65	63	14	-12	5	5	5	5
Profitability Ratio								
EBITDA Margins (%)	18.8%	24.6%	19.9%	20.4%	21.2%	20.8%	21.0%	21.5%
EBIT Margins (%)	5.0%	15.6%	14.3%	15.7%	15.8%	15.7%	15.9%	16.6%
PBT Margins (%)	2.8%	15.7%	14.8%	16.3%	15.5%	16.2%	16.3%	16.9%
Net Margins (%)	1.2%	14.1%	13.2%	15.3%	14.7%	15.4%	15.5%	16.0%
Effective Tax Rate (%)	58.4%	10.0%	10.7%	6.1%	5.0%	5.0%	5.0%	5.0%
Leverage								
Total Debt (SAR mn)	-	-	-	161	390	350	350	350
Net Debt (SAR mn)	-176	-417	-702	-470	192	192	183	154

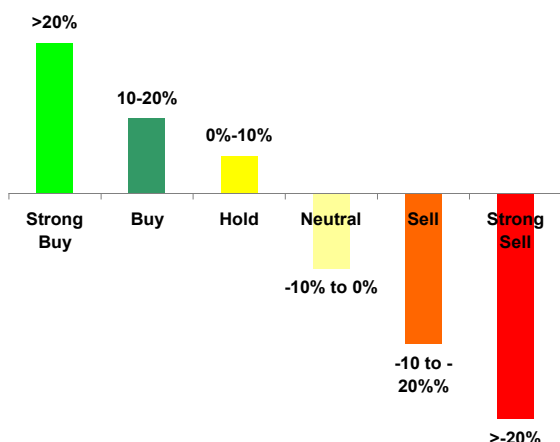
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Rating Criteria and Definitions

Rating



Rating Definitions

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

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