

Catrion Catering Holding Co

Sector : Support Services

NEUTRAL

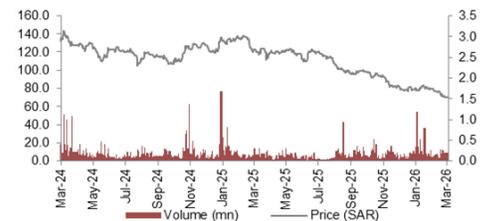
17 March 2026

- **Revenue grew 6.2% YoY in 2025, driven by growth in both operating segments.**
- **Gross and EBITDA margins improved YoY, while EBIT and net margin declined YoY.**
- **Profit down 11% YoY and came in slightly below our forecast.**
- **For 2026e, we forecast revenue of SAR 2.56bn and profit of SAR 332mn. We lower our target price to SAR 66 per share and downgrade our rating to NEUTRAL from HOLD.**

Target price (SAR) 66.00

Current price (SAR) 69.80

Return -5.40%



Exchange Saudi Arabia
 Index weight (%) 0.2%

(mn)	SAR	USD
Market Cap	5,724	1,525
Enterprise value	7,052	1,879

Major shareholders

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

Valuation Summary

PER TTM (x)	18.2
P/Book (x)	3.6
EV/EBITDA (x)	13.8
Dividend Yield (%)	3.3
Free Float (%)	54%
Shares O/S (mn)	82
YTD Return (%)	-13%
Beta	0.9

Key ratios	2023	2024	2025
EPS (SAR)	3.45	4.30	3.82
BVPS (SAR)	15.68	17.71	19.21
DPS (SAR)	2.10	2.30	2.30
Payout ratio (%)	61%	53%	60%

Price performance (%)	1M	3M	12M
Catrion Catering Holding	-12%	-11%	-43%
Tadawul All Share Index	-3%	4%	-8%

52 week	High	Low	CTL*
Price (SAR)	126.40	68.70	1.6

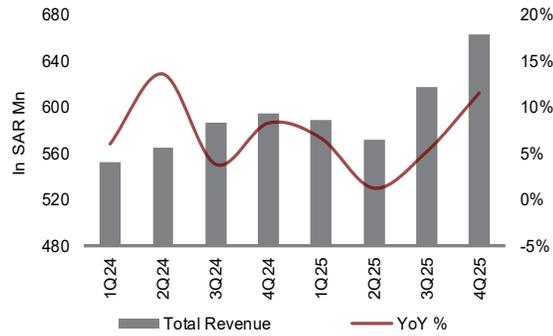
* CTL is % change in CMP to 52wk low

Catrion reported 2025 revenue of SAR 2.4bn, up 6.2% YoY and broadly in line with our estimate. Revenue in 4Q25 reached SAR 663mn, rising 11.5% YoY. Growth was driven by stronger in-flight catering, business lounge revenue and non-airline segments. Also, the Red Sea Project which commenced operations in 4Q25, supported topline growth. The in-flight catering segment, accounting for 79% of total revenue, grew 6% YoY, supported by foreign and private airlines and business lounge services, partially offset by reduced retail operations. As of 2025, the company served 265k flights (+11% YoY), while meals served increased 9%, and lounge passengers rose 12% YoY. The integrated hospitality segment rose 6.8% YoY mainly driven by Red Sea Global (RSG) and healthcare services, partially offset by a decline in the remote segment due to expiry of the SATCO contract.

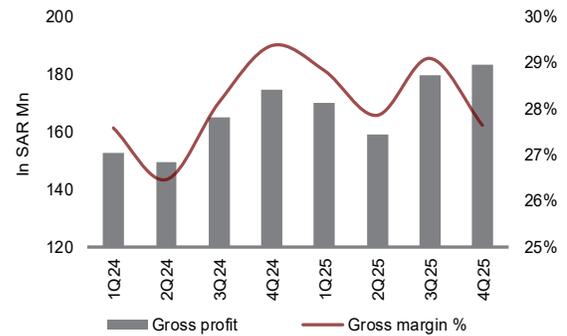
Gross profit in 2025 increased 7.8% YoY, as direct costs rose only 5.5% YoY, reflecting operational efficiency gains. Consequently, gross margin expanded by 40bps YoY to 28.3%. Operating profit grew a modest 1.2% YoY, mainly due to higher general and administrative expenses. As a result, the EBIT margin fell 70bps YoY to 14.9%, while the EBITDA margin improved 50bps YoY to 20.9% supported by higher depreciation. Finance costs doubled YoY on higher borrowings and lease liabilities, while finance income declined 36% YoY. The company also reported a loss of SAR 5.2mn from associates in 2025, compared with a profit of SAR 11mn in 2024. Overall, net profit reached SAR 314mn, down 11% YoY, with net margin contracting 250bps YoY to 12.8% in 2025. Profit came in slightly below our forecast and margins fell short of projections, although gross margin slightly exceeded our estimate. In 4Q25, net profit stood at SAR 76mn, down 22% YoY. Catrion declared a cash dividend of SAR 94.3mn for 2H25, totaling full year dividends to SAR 189mn (SAR 2.30/share), below expectations.

Valuation and outlook: Catrion continues to focus on portfolio diversification through new segments within its Integrated Hospitality division and expansion into the e-commerce segment. The company is also pursuing inorganic growth opportunities through strategic M&A initiatives. While revenue was in line with our estimate, profit and margins slightly missed projections. Given the ongoing geopolitical tensions in the region and the temporary halt in airline transportation, we expect operational headwinds to weigh on growth during 1H26. Accordingly, we estimate 2026e revenue of SAR 2.56bn and net profit of SAR 332mn. We therefore lower our target price to SAR 66 per share, implying a 5.4% downside from current levels, and downgrade our rating to NEUTRAL from HOLD. The stock currently trades at 17.2x 2026e P/E.

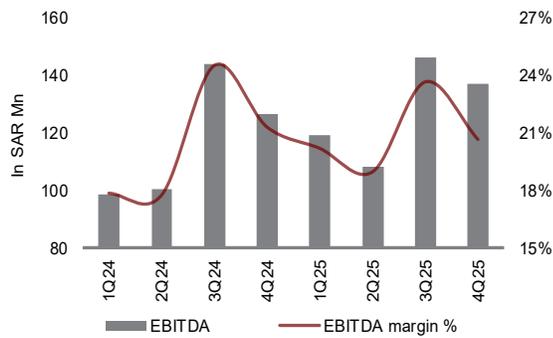
Revenue up 11.5% YoY driven by integrated hospitality



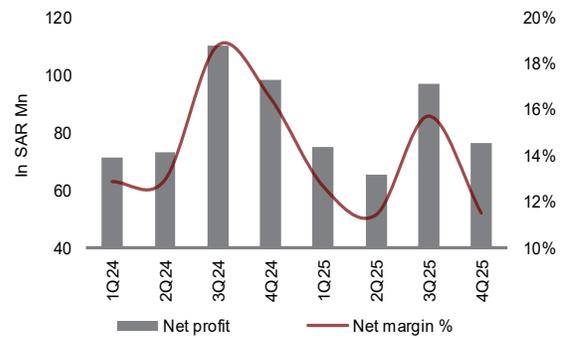
Gross margin down in 4Q25 on higher direct cost



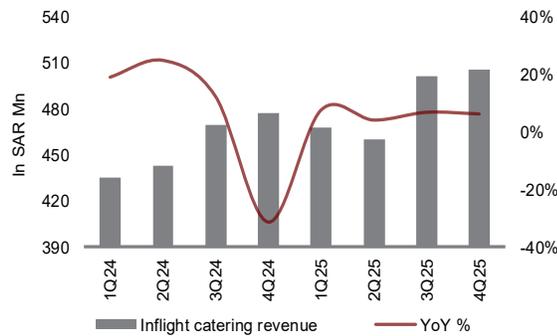
EBITDA margin pressured by lower gross margin



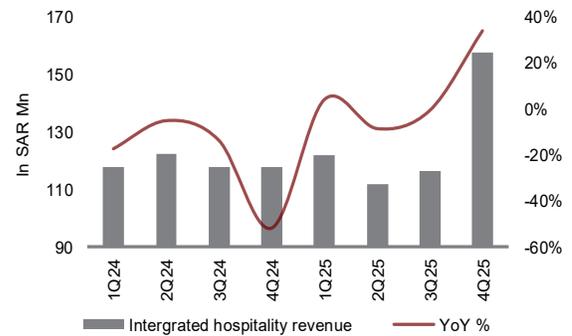
Higher finance costs weigh on net margin



In-flight catering revenue up on higher operations



Red Sea Project lifts hospitality segment revenue





Income Statement (In SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Revenue	1,818	2,134	2,299	2,441	2,563	2,932	3,353	3,836
Direct Costs	-1,302	-1,568	-1,658	-1,749	-1,845	-2,103	-2,381	-2,724
Gross profit	516	566	642	692	718	828	972	1,113
Other income (Net)	27	29	19	45	45	45	45	45
General and administrative expenses	-232	-288	-298	-364	-384	-440	-503	-575
Other expenses	-27	-3	-2	-8	-5	-5	-5	-6
Operating Profit	284	304	361	365	374	429	509	576
EBITDA	447	424	469	510	495	566	665	751
Share of results from equity investments	18	15	11	-5	10	10	10	10
Reversal of impairment	3	-	-	-	-	-	-	-
Finance income	1	17	24	15	15	15	15	15
Finance cost	-21	-20	-20	-44	-49	-56	-64	-72
Profit before Zakat (PBT)	286	317	376	331	350	398	470	529
Zakat and income tax	-29	-34	-23	-17	-17	-20	-24	-26
Net Profit	257	283	353	314	332	378	447	503

Balance Sheet (in SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Property, plant and equipment	341	415	805	1,263	1,446	1,654	1,893	2,167
Right of use assets	267	235	211	441	496	545	588	624
Investment property	31	29	27	25	25	25	25	25
Other non current assets	31	44	51	62	51	51	51	51
Non-current assets	670	723	1,095	1,794	2,018	2,275	2,557	2,868
Sub leased assets	15	5	-	-	-	-	-	-
Inventories	62	77	85	94	111	126	143	163
Trade and other receivables	799	601	721	1,061	1,153	1,319	1,509	1,726
Prepayments and other assets	68	86	156	104	128	147	168	192
Cash and cash equivalents	417	702	631	398	322	337	367	396
Current assets	1,361	1,472	1,593	1,657	1,714	1,929	2,187	2,477
ASSETS	2,031	2,195	2,688	3,452	3,732	4,204	4,744	5,345
Share capital	820	820	820	820	820	820	820	820
Statutory reserve	246	246	246	246	246	246	246	246
Retained earnings	54	220	386	510	654	832	1,052	1,287
EQUITY	1,120	1,286	1,452	1,575	1,720	1,898	2,118	2,353
Lease liabilities	175	150	165	393	90	113	137	163
Employees' end of service benefits	165	165	170	169	175	200	229	262
Long term bonus	8	12	4	8	8	8	8	8
Non-current liabilities	349	327	497	951	655	702	755	815
ST borrowing	-	-	4	23	23	23	23	23
Trade payable and other liabilities	409	462	663	823	830	947	1,071	1,226
Lease liabilities	132	94	52	65	510	638	775	925
Zakat liabilities	22	26	20	14	17	20	24	26
Current liabilities	563	582	739	925	1,358	1,604	1,870	2,177
LIABILITIES	911	909	1,236	1,877	2,012	2,306	2,625	2,992
EQUITY AND LIABILITIES	2,031	2,195	2,688	3,452	3,732	4,204	4,744	5,345

Cash Flow (In SAR mn)	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Cash from operations	346	608	462	320	350	438	510	584
Investing cash flow	-15	-123	-442	-547	-256	-293	-335	-384
Financing cash flow	-90	-200	-91	-6	-170	-129	-144	-172
Change in cash	241	285	-71	-233	-77	15	30	28
Beginning cash	176	417	702	631	398	321	337	367
Ending cash	417	702	631	398	321	337	367	395



Ratio Analysis	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Per Share								
EPS (SAR)	3.14	3.45	4.30	3.82	4.05	4.61	5.45	6.13
BVPS (SAR)	13.66	15.68	17.71	19.21	20.97	23.15	25.83	28.69
DPS (SAR)	0.50	2.10	2.30	2.30	2.43	2.76	3.27	3.68
FCF per share (SAR)	4.04	5.92	0.24	-2.76	1.14	1.76	2.13	2.45
Valuation								
Market Cap (SAR mn)	6,150	10,578	10,004	6,589	5,724	5,724	5,724	5,724
EV (SAR mn)	6,040	10,120	9,752	7,052	6,406	6,541	6,673	6,821
EBITDA	447	424	469	510	495	566	665	751
P/E (x)	23.9	37.4	28.4	21.0	17.2	15.2	12.8	11.4
EV/EBITDA (x)	13.5	23.9	20.8	13.8	12.9	11.5	10.0	9.1
Price/Book (x)	5.5	8.2	6.9	4.2	3.3	3.0	2.7	2.4
Dividend Yield (%)	0.7%	1.6%	1.9%	2.9%	3.5%	4.0%	4.7%	5.3%
Price to sales (x)	3.4	5.0	4.4	2.7	2.2	2.0	1.7	1.5
EV to sales (x)	3.3	4.7	4.2	2.9	2.5	2.2	2.0	1.8
Liquidity								
Cash Ratio (x)	0.7	1.2	0.9	0.4	0.2	0.2	0.2	0.2
Current Ratio (x)	2.4	2.5	2.2	1.8	1.3	1.2	1.2	1.1
Quick Ratio (x)	2.3	2.5	2.2	1.8	1.3	1.2	1.2	1.1
Returns Ratio								
ROA (%)	12.7%	12.9%	13.1%	9.1%	8.9%	9.0%	9.4%	9.4%
ROE (%)	23.0%	22.0%	24.3%	19.9%	19.3%	19.9%	21.1%	21.4%
ROCE (%)	17.5%	17.5%	18.1%	12.4%	14.0%	14.5%	15.6%	15.9%
Cash Cycle								
Inventory turnover (x)	21.1	20.3	19.6	18.7	16.7	16.7	16.7	16.7
Accounts Payable turnover (x)	3.2	3.4	2.5	2.1	2.2	2.2	2.2	2.2
Receivables turnover (x)	2.3	3.5	3.2	2.3	2.2	2.2	2.2	2.2
Inventory days	17	18	19	20	22	22	22	22
Payable Days	115	108	146	172	164	164	164	164
Receivables days	161	103	115	159	164	164	164	164
Cash Cycle	63	14	-12	7	22	22	22	22
Profitability Ratio								
EBITDA Margins (%)	24.6%	19.9%	20.4%	20.9%	19.3%	19.3%	19.8%	19.6%
EBIT Margins (%)	15.6%	14.3%	15.7%	14.9%	14.6%	14.6%	15.2%	15.0%
PBT Margins (%)	15.7%	14.8%	16.3%	13.5%	13.7%	13.6%	14.0%	13.8%
Net Margins (%)	14.1%	13.2%	15.3%	12.8%	13.0%	12.9%	13.3%	13.1%
Effective Tax Rate (%)	10.0%	10.7%	6.1%	5.2%	5.0%	5.0%	5.0%	5.0%
Leverage								
Total Debt (SAR mn)	307	245	379	862	1,004	1,154	1,316	1,492
Net Debt (SAR mn)	-110	-458	-252	464	682	817	949	1,097



Key contacts

Research Team

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

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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