

CATRION Catering Holding Co.

Maintaining Overweight as temporary headwinds set the stage for a multi-year earnings recovery

Rating: Overweight | 12M Target Price: SAR 88.0

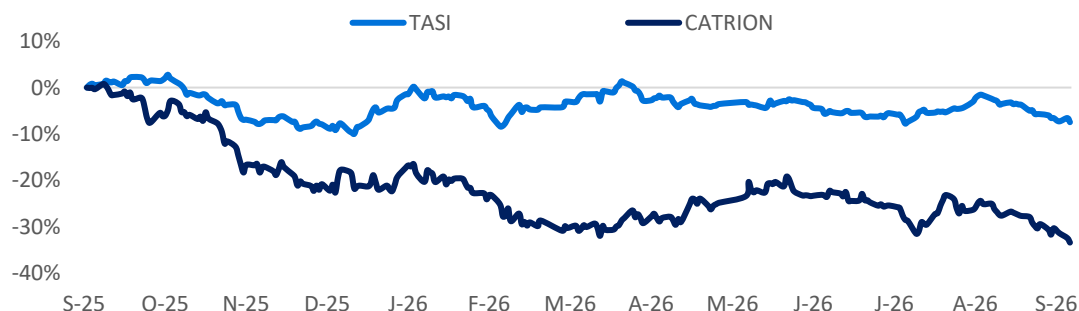
September 29, 2026

Market Data		Valuations	2025a	2026e	2027f	2028f	2029f
Last Price (SAR)*	61.8	Net Profit (SAR mn)	314	288	328	372	429
Target Price (SAR)	88.0	EPS (SAR)	3.8	3.5	4.0	4.5	5.2
Upside / Downside (%)	46.3	PER (x)	16.2	17.6	15.4	13.6	11.8
Market Cap (bn) (SAR/USD)	5.3/1.4	P/BV (x)	3.2	3.0	2.8	2.6	2.4
52 week High / Low (SAR)	102.2/61.8	DPS (SAR)	2.3	2.1	2.4	2.7	3.1
12-month ADTV (mn) (SAR/USD)	15.2/4.1	Div. Yield (%)	3.7	3.4	3.9	4.4	5.1
YTD Return (%)	-23.1%	RoAE (%)	20.7	17.6	18.7	19.6	20.9
Bloomberg Code	CATERING AB	RoAA (%)	10.2	7.9	8.4	9.1	9.9

*last price as of 29th September, 2026

Financials (SAR mn)	2025a	2026e	2027f	2028f	2029f
Revenue	2,441	2,888	3,199	3,453	3,718
COGS	1,749	2,126	2,340	2,520	2,694
Gross profit	692	761	859	933	1,024
Gross margin (%)	28.3	26.4	26.8	27.0	27.5
Operating expense	327	361	462	494	515
Operating profit/(loss)	365	400	396	439	508
Operating margin (%)	14.9	13.9	12.4	12.7	13.7
Net income	314	288	328	372	429
Net margin (%)	12.8	10.0	10.3	10.8	11.5
EPS	3.8	3.5	4.0	4.5	5.2

Price Performance



Source: Tadawul, Bloomberg and anbc research

We reiterate our investment thesis on CATRION Catering Holding Co. (CATRION AB), the Kingdom's leading inflight caterer with a fast-growing non-aviation business. Company reported net profit of SAR 47.6 mn in 2Q26, against SAR 65.4 mn in 2Q25, as regional disruption cut international flights by 18.2%. However, we see this as a temporary dip: revenue rose 20.4% YoY to SAR 688.1 mn, and CATRION has since secured around SAR 502 mn of airline contracts with Air Arabia, Saudia and Flynas. Hence, we expect earnings to bottom out in 2026f and grow at a CAGR of 14.2% over 2026-2029f. Our outlook is backed by (i) ongoing development of the Kingdom's aviation sector, supporting passenger traffic over the medium to long term, with flights up 10.7% YoY in 1Q26 before the conflict; (ii) exposure to hospitality and large-scale development projects, supporting further diversification of the non-aviation business, which with Al Khalejah Catering (AKCC) lifted non-aviation to 29.4% of revenue; (iii) the strategic relationship with Saudia, which contributes 46% of revenue; and (iv) RoAE of 17.6% in 2026f rising to 20.9% by 2029f. We maintain our "Overweight" rating with a target price of SAR 88.0/share, implying a total return of 46.3% from the last price of SAR 61.8/share.

- We expect CATRION to report revenue of SAR 2.9 bn in 2026e, up 18.3% YoY mainly due to new contracts which will materialize from 3Q26e, and to deliver a revenue CAGR of 11.1% over 2025-2029, reaching SAR 3.7 bn by 2029f. Operating profit is likely to reach SAR 400 mn in 2026e and SAR 508 mn by 2029f, while net profit is expected at SAR 288 mn in 2026f, from SAR 314 mn in 2025a, and SAR 429 mn by 2029f.
- During 2Q26, total flights catered fell to 59k from 68k in 1Q26, as international flights dropped 18.2% YoY and domestic 3.5%, while meals served fell to 10.4 mn in 2Q26 from 11.7 mn in same period last year. Aviation revenue still rose 5.6% YoY to SAR 485.6 mn, as international lounge passengers rose 43.7%; however, profit before zakat fell 14.6% to SAR 108.9 mn. Meals served bottomed in May at 3.1 mn and recovered to 3.9 mn in June, while international flights rose to 8.7k in June from 8.2k in May.
- The 5-year SAR 200 mn Air Arabia DMM contract is expected to contribute around SAR 40 mn annually from 4Q26. In addition, the Saudia contract is expected to add around SAR 35 mn per year, while the Flynas extension secures around SAR 125 mn per annum until Jan-28. Combined, these contracts represent 8.2% of 2025a revenue, and provides greater visibility to future revenue. Meanwhile, non-aviation revenue up 81.5% YoY to SAR 202.6 mn in 2Q26, although profits down 39.8% to SAR 11.8 mn, due to a one-off project delay.
- Company's net debt to equity rose to 143% in 2Q26 from 61% in 1Q26 on the AKCC acquisition and project loans; however, a current ratio of 1.8x keeps liquidity comfortable. We expect DPS of SAR 2.1 in 2026e, with a dividend yield of 3.4%. In our thesis, key risks are a prolonged regional disruption, higher financing costs and Saudia remains a major contributor to revenue. The stock trades at a 2027f P/E of 15.4x and P/B of 2.8x.

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