September 2025

KSA TOURISM SECTOR REPORT

Taking off on the wings of surging pilgrimage, expanding infrastructure, and global mega event hosting

Sector Report | September 2025

Head of Sell-Side Research
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

Equity Analyst
Renad Alshehri
+966 11 2256250
r.alshehri@aljaziracapital.com.sa

Table of contents:

Tourism Surpasses Targets Ahead of Schedule, Driving Robust Economic Growth and Strengthening Social Impact.

Saudi Arabia's tourism sector has undergone a remarkable transformation, positioning itself as a pivotal component of the Kingdom's Vision 2030, a strategic initiative aimed at diversifying the economy beyond oil dependency. In 2023, the Kingdom achieved a significant milestone by surpassing its target of attracting 100mn tourists annually (now upgraded to 150mn), seven years ahead of schedule, comprising both domestic and international visitors, marking a 59% Y/Y increase in international arrivals. The momentum continued in 2024 with the total number of tourists reaching 116mn. This surge positioned the Kingdom as the fastest-growing tourism destination among G20 countries. Tourism revenues reached USD 40bn, with the sector contributing 4.7% to the national GDP up from 3.8% in 2019. The International Monetary Fund (IMF) also acknowledged KSA tourism sector growth, highlighting tourism's role in transitioning Saudi Arabia's service balance to a surplus. As KSA continues to scale its ambitions, Saudi Arabia is emerging as a model for tourism-led economic transformation on the global stage. We upgrade our recommendation on SGS to "Overweight" with an upwardly revised target price of SAR 53.9/share, as the optimistic outlook for the company creates an attractive long position opportunity. We cut our target price on CATRION to SAR 104.0/share, while retaining "Neutral" rating, as near-term growth prospects appear priced in. Retain our rating on Seera "Overweight", with a slightly revised target price of SAR 29.0/share.

Saudi tourism sector achieves rapid growth, milestones met ahead of schedule: The tourism sector has undergone a remarkable transformation, bringing Saudi hospitality spirits to the forefront. In 2023, the Kingdom achieved a significant milestone by surpassing its target of attracting 100mn tourists annually (now upgraded to 150mn), seven years ahead of schedule, hosting 109mn comprising both domestic and international visitors, and marking a 59% Y/Y increase in Inbound tourists. The momentum continued in 2024 with the total number of tourists reaching 115mn reflecting a 10% CAGR (FY19-FY24), with domestic tourists being the vast majority (accounting 74%). However, the number of inbound tourists reached the highest in the kingdom history to 30mn (targets 50mn FY30). As for the H1-25, Saudi Arabia ranked first on the global scope in international tourism revenue growth (102% compared to FY19) outperforming the global and regional average growth 3% and 44% respectively. This surge positioned the Kingdom as the fastest-growing tourism destination among G20 countries. Tourism revenues reached USD 40bn, with the sector contributing 4.7% to the national GDP up from 3.8% in 2019. The International Monetary Fund (IMF) also acknowledged KSA tourism sector growth, highlighting tourism's role in transitioning Saudi Arabia's service balance to a surplus.

Tourism growth reflecting positively on economic growth: In 2024, Saudi Arabia's tourism sector continued its robust growth, significantly enhancing its contribution to the national economy and employment landscape. According to the World Travel & Tourism Council (WTTC), the sector's contribution to the Kingdom's Gross Domestic Product (GDP) is projected to reach SAR 498bn, up from SAR 444.3bn in 2023, maintaining its share at 11.5% of the total economy (direct and indirect). This growth underscores the sector's pivotal role in Saudi Arabia's economic diversification efforts under Vision 2030. According to the Ministry of Tourism, the kingdom achieved the highest balance of payments (BoP) in FY24 with SAR 50bn surplus driven mainly by the increase in international spending. This growth continued in Q1-25 where SAR 26.8bn surplus was recorded (12% Y/Y). Moreover, employment within the tourism industry is also on an upward trajectory. The sector supported nearly 2.7mn jobs in 2024, an increase of over 158,000 positions compared to the previous year. This represents approximately one in five jobs in the country and 5.4% of the total employees in the economy, highlighting tourism's significant role in job creation and its alignment with national goals to boost employment opportunities, particularly for youth and women.

Coverage Update

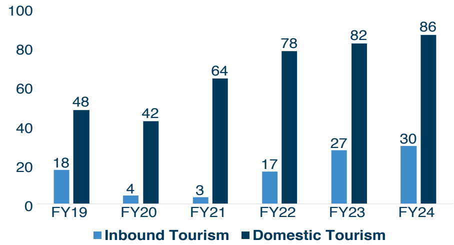
Saudi Ground Services Co: Overweight
SAR 53.9/Share (+26.2%)

CATRION Catering Holding Co: Neutral
SAR 104.0/Share (+8.2%)

Seera Group Holding: Overweight
SAR 29.0/Share (+7.8%)

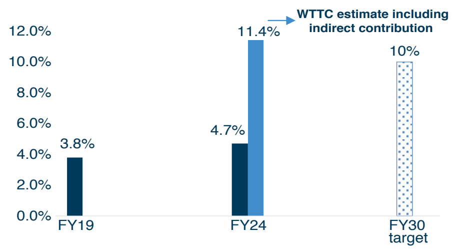
Source: AlJazira Capital research, *prices as of 11st of September 2025

Tourist number – Overnight visitors (mn)



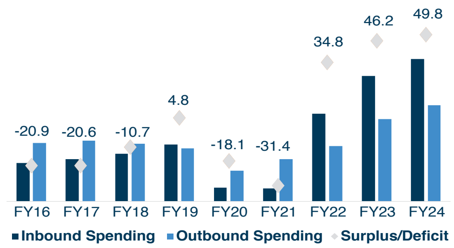
Source: GASTAT, Argaam, Aljazira Capital Research

Contribution of tourism to KSA GDP



Source: GASTAT, Argaam, Aljazira Capital Research

Tourism BoP FY16-24 (SAR bn)



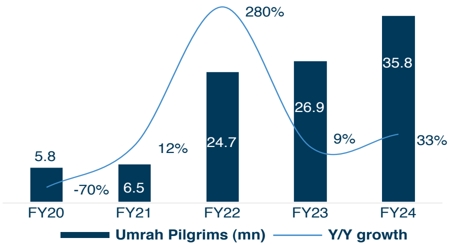
Source: GASTAT, Argaam, Aljazira Capital Research

Religious tourism exceeded expectations, reaching 30mn Umrah pilgrims ahead of schedule: Religious tourism continues to serve as a cornerstone of Saudi Arabia's broader tourism agenda, particularly given the Kingdom's unique position as the custodian of Islam's two holiest sites—Makkah and Madinah. The sharp rise in the number of Umrah pilgrims over the past few years is a testament to the government's strategic investments and regulatory reforms aimed at facilitating religious travel. The number of Umrah pilgrims surged to 35.8mn in FY24, reflecting a 33% Y/Y increase compared to 26.8mn in FY23. This exceeds the Vision 2030 target of attracting 30mn religious visitors, six years ahead of schedule. The growth indicates the effectiveness of new visa facilitation measures, infrastructure improvements, and enhanced digital services such as the Nusuk application, which streamlines the pilgrim experience. Ongoing projects such as the expansion of the Grand Mosque, new transport links like the Haramain high-speed rail, and increased hotel capacities in the holy cities are further expected to drive religious tourism.

Aviation infrastructure expansions are the engine of tourism sector growth: In 2024, Saudi Arabia's aviation sector continued its remarkable growth trajectory. Passenger traffic at the Kingdom's airports reached an unprecedented 128mn travelers, marking a 15% increase compared to 2023 and a 24% rise over pre-pandemic levels. This surge included 59mn domestic passengers and 69mn international travelers. In terms of the total number of flights in FY24, it reached approximately 905,000, marking an 11% Y/Y increase. This was split between 474,000 domestic flights and 431,000 international flights. Saudi carriers collectively held a 42% share of total flights in FY24, with Saudia leading at 23%, followed by Flynas at 12%, and Flyadeal at 7%. The Kingdom's total commercial fleet reached 258 aircraft in FY24, growing at a 7.3% CAGR (FY20-FY24). Looking forward, fleet expansions remain a key pillar in local carrier strategies, with all local airlines having substantial ongoing orders in place (Saudia: 144, Flynas: 105, and Flyadeal: 51). In addition, the scheduled launch of Riyadh Air in Q4 FY25 is highly anticipated. The airline has placed an order for 39 Boeing 787-9 aircraft, with options for 33 more, aiming to serve over 100 destinations globally by 2030. The sector's ambitious vision is equally reflected in airport infrastructure. The upcoming King Salman International Airport is set to become one of the world's largest airports. It is designed to handle 120mn passengers annually by 2030, with a future capacity of up to 185mn passengers by 2050. Similarly, Madinah Airport is set to double its capacity from 8mn to 17mn passengers annually, supporting primarily religious tourism.

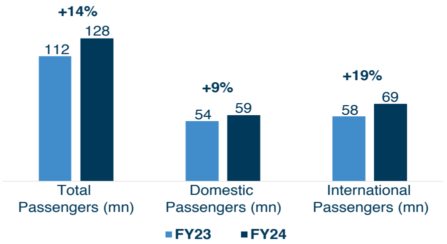
Event-driven tourism likely to widen Saudi tourism landscape in coming years: The Kingdom's strategic focus on hosting major global events that will significantly broaden its appeal to diverse visitor segments. Future flagship events include Expo 2030 in Riyadh, expected to attract millions over six months, and the FIFA World Cup 2034, which will place the Kingdom firmly on the global sports tourism map. Additionally, the 2029 Asian Winter Games in Trojena (NEOM) and the 2034 Asian Games in Riyadh reflect Saudi Arabia's expanding capacity to host large-scale, multisport events. Meanwhile, annual religious pilgrimages remain a backbone of its tourism strategy. Additionally, recurring cultural and entertainment events such as the Islamic Arts Biennale in Jeddah and the annual Esports World Cup in Riyadh are attracting younger and more culturally diverse audiences. These developments, aligned with Vision 2030, will not only drive infrastructure and service enhancements but also firmly establish Saudi Arabia as a global destination for business, culture, religion, and sports tourism.

Umrah pilgrims (mn) and Y/Y growth



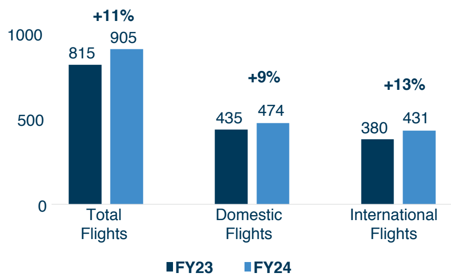
Source: GASTAT, Argaam, Aljazira Capital Research

PAX - Domestic and international (mn)



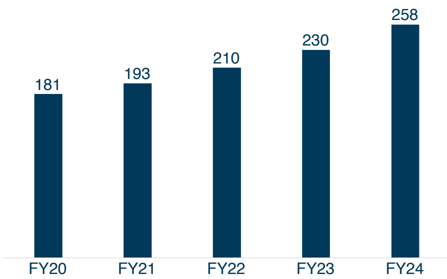
Source: GACA, Aljazira Capital

No. of flights - Domestic and international (000)



Source: GACA, Aljazira Capital Research

No. of commercial aircraft during FY20-24

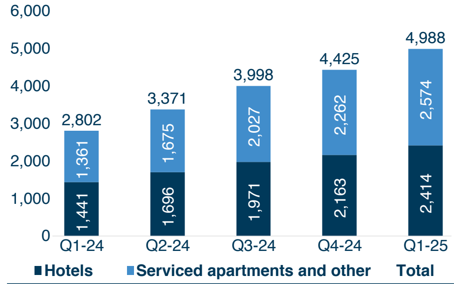


Source: GACA, Aljazira Capital Research

Regulatory reforms help create a conducive environment for tourism: The introduction of the eVisa program in 2019 and the recent launch of a free 96-hour stopover visa, which includes a complimentary hotel night, have significantly eased access for international tourists. Additionally, the Saudi Tourism Development Fund and the Ministry of Investment have introduced financing tools and partnerships to stimulate private sector participation. These measures collectively enhance Saudi Arabia's global competitiveness as a tourist destination, fostering a more accessible, investor-friendly, and sustainable tourism ecosystem.

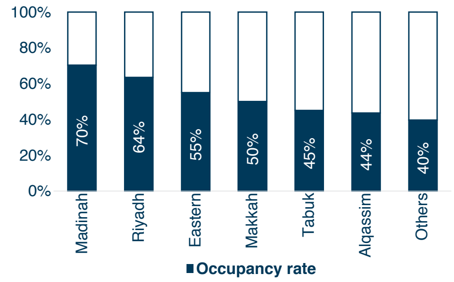
SGS, CATRION, and Seera are positioned to benefit from sector growth, but with varying upside shaped by internal dynamics: Saudi Arabia's tourism sector is undergoing a structural transformation, driven by Vision 2030, rapid infrastructure growth, and rising tourist flows. The momentum seen in 2023–2024 reflects lasting reforms and global event hosting, solidifying its global tourism standing. Key drivers like aviation expansion, eVisa facilitation, and private sector involvement are expected to sustain growth. With tourism now contributing significantly to GDP and employment, the sector is a cornerstone of economic diversification. While the long-term investment outlook remains strong, current valuations for some covered names may already price in much of the optimism. We upgrade our recommendation on SGS to "**Overweight**" with an upwardly revised target price of **SAR 53.9 per share** (previously SAR 48.6), as after recent price weakness we see higher upside potential to investors along with a healthy FY25E dividend yield of 4.5%. We cut our target price on CATRION to **SAR 104.0 per share** (from SAR 115.0), while retaining "**Neutral**" rating, as near-term growth prospects appear priced in. We Maintain "**Overweight**" recommendation on Seera, with a slightly revised target price of **SAR 29.0 per share** (from SAR 29.2), Almosafer anticipated listing and divestment of hospitality business, creates a potential high upward opportunity conclusion, we have a positive outlook on the tourism sector, while we recommend a selective approach based on current levels of valuation of the companies under our coverage.

Number of licensed tourist hospitality facilities



Source: Ministry of Tourism, Aljazira Capital

Hotels occupancy rates by region FY24



Source: Ministry of Tourism, Aljazira Capital

Valuation Table:

Company	Net income FY24	Net income FY25E	P/E (X)	DPS (SAR) FY25E	DY (%) FY25E	TP (SAR)	Upside/downside	Recommendation
SGS	327	397	20.9	2.00	4.5%	**53.9**	**26.2%**	**Overweight**
CATRION	353	316	25.3	2.3	2.4%	**104.0**	**8.2%**	**Neutral**
Seera	-199	139	High	0.00	0.0%	**29.0**	**7.8%**	**Overweight**

Source: AlJazira Capital research, *prices as of 11st of September 2025

Saudi Ground Services Co.

Sector Report I September 2025

SGS: Aviation rebound fuels revenue and earnings growth, margins expand, liquidity supports expansions, upgraded to "Overweight"

Recommendation	**Overweight**
Target Price (SAR)	**53.9**
Upside/(Downside)	**26.2%**

Source: Tadawul *prices as of 11st of September 2025

Key Financials

(in SAR mn, unless specified)	FY23	FY24	FY25E	FY26E
Revenues	2,459	2,684	2,772	3,165
Growth %	24.4%	9.1%	3.3%	14.2%
Gross Profit	409	621	635	760
Operating profit	228	319	398	460
Net Income	211	327	397	447
Growth %	NM	54.6%	21.5%	12.5%
EPS	1.12	1.74	2.11	2.38
DPS	-	2.00	2.00	2.00

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25E	FY26E
Gross Margin	16.6%	23.1%	22.9%	24.0%
Operating margin	9.3%	11.9%	14.4%	14.5%
EBITDA Margin	16.6%	18.7%	21.5%	20.7%
Net Margin	8.6%	12.2%	14.3%	14.1%
ROE	9.5%	13.5%	15.7%	17.4%
ROA	4.9%	7.7%	9.2%	9.9%
P/E (x)	32.1	29.4	20.9	18.5
P/B (x)	2.9	3.8	3.3	3.2
EV/EBITDA (x)	17.1	19.3	14.2	12.8
Dividend Yield	0.0%	3.9%	4.5%	4.5%

Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap (bn)	8.3
YTD%	-13.7%
52-week (High)/(Low)	57.10/41.00
Share Outstanding (mn)	188.0

Source: Company reports, Aljazira Capital Research

Price Performance

Source: Tadawul, Aljazira Capital Research

Saudi Ground Services Co. (SGS) is a key beneficiary from the aviation sector expansions, with 90% market share and presence in 29 airports in the kingdom the company is strategically positioned to capture growth in Saudi Arabia's tourism landscape. The aviation sector is set to see a significant uptick in air traffic, underpinned by network expansion by national carriers, alongside the expected launch of Riyadh Air operations in Q4-25. These developments present a strong medium-to-long-term volume outlook for ground handling services. Against this backdrop, SGS is expected to deliver strong revenue growth, with a forecasted CAGR of 9.4% over FY24–29E, supported by ongoing contracts with all local airlines, in addition to new contract wins, including SAR 2bn agreements with Riyadh Air, and broader industry tailwinds. Margin improvement is also expected, with gross margin forecasted to expand from 23.1% in FY24 to 25.3% by FY29E, and operating margin from 11.9% to 16.4%, driven by operating leverage, enhanced productivity, and cost optimization initiatives. Net income is expected to grow at a CAGR of 15.2% over FY24–29E, fueled by accelerating top-line growth and margin expansion. Additionally, the company maintains a healthy liquidity position, with over SAR 800mn in cash and short-term investments, further backed by SAR 850mn in available bank facilities. This provides ample financial flexibility to support operations and capital needs. SGS resumed dividend payouts in FY24, distributing SAR 2.00 per share, reflecting a management stance focused on shareholder returns and balance sheet strength. We upgrade our recommendation to "Overweight" on SGS with a revised target price of SAR 53.9/share (previously SAR 48.6). We believe recent market pressure on the stock alongside the optimistic outlook for the company creates an attractive long position opportunity.

OPEX smoothing reflected on earnings growth, despite the seasonal rush effect on revenue growth and margins: SGS posted net profit of SAR 99mn in Q2-25 (+26.7% Y/Y), in line with AJC's estimate of SAR 97mn. The net income growth was primarily driven by operating margin expansion on the back of the reversal of impairment loss on trade receivables (SAR 4.4mn reversal vs. impairment of SAR 19.4mn in Q2-24) and lower G&A expenses. Revenue inched up 0.4% Y/Y to SAR 689mn, below our estimate of SAR 728mn, despite the an increase in both domestic and international flight operations, overall revenue growth remained muted during the quarter. SGS served a total of 101,000 flights in 2Q-25, however, a significant portion comprised narrow-body aircraft, which typically generates lower revenue per flight compared to wide-body. The Q/Q topline growth of 2.6% was benefitted by Hajj and Umrah flights during the quarter. GP margin contracted by ~90bps Y/Y to 20.0% (AJC estimate: 23.8%) resulting in lower-than-expected gross profit of SAR 138mn (-4.1% Y/Y) driven by the increase in operational activities during the Hajj and Umrah season, as well as Eid Al-Adha holiday, during which labor costs rose due to eligibility for overtime compensation, adding further pressure on margins. However, operating profit grew 33.5% Y/Y to SAR 97mn (AJC estimate: SAR 96mn), as the company recorded reversal of impairment loss on trade receivables worth SAR 4.4mn vs. impairment of SAR 19.4mn in Q2-24, emphasizing the company efforts in collecting payments. Further, general and administrative expenses were lower by 9.3% Y/Y. Accordingly, the operating margin expanded to ~350bps to 14.1% from 10.6% in Q2-24 and above our estimate of 13.2% showcasing efficiency improvement.

Leveraging aviation upswing and Riyadh Air contract wins for sustained growth: Saudia plans to scale its fleet to 241 aircraft and expand to over 145 destinations by FY30. However, we anticipate a gradually decreasing contribution from Saudia, which will be increasingly offset by Riyadh Air. This shift is driven by Saudia's transition from a dual-hub model (KKIA & KAIA) to a single hub at KAIA, enabling the airline to focus on the western region and religious tourism. More importantly, Riyadh Air—backed by the Public Investment Fund (PIF)—is expected to dominate the central region, with commercial operations slated to commence in Q4-25. SGS has secured two strategic contracts with Riyadh Air worth a combined SAR 2.0bn, providing strong revenue visibility and supporting incremental earnings growth. Moreover, low-cost carriers (LCC) continue to expand faster than full-service carriers (FSC), further supporting volume growth. We forecast SGS to deliver a revenue CAGR of 9.4% over FY24–29E, reaching SAR 4.2bn by FY29, driven by network expansion, rising air traffic, and new airline partnerships.

Cost efficiency initiative stimulates margins and profitability: SGS has demonstrated a healthy improvement in profitability recently, with H1-25 gross margin at 22.1% and operating margin at 14.3%, reflecting better operating efficiency and disciplined cost control. We believe this trend is sustainable, supported by anticipated growth in flight volumes, particularly from the ramp up of existing airlines and new business wins such as Riyadh Air. In parallel, the company is executing productivity enhancement measures and expense rationalization initiatives, which should provide incremental margin tailwinds. As volumes scale, we expect further operating leverage benefits to flow through the P&L, especially from LCC airlines. Accordingly, we forecast GP margin to expand from 23.1% in FY24 to 25.3% by FY29E supported by sector momentum and cost efficiency, while operating margin is projected to improve from 11.9% in FY24 to 16.4% by FY29E we believe the management efforts to enhance their payment collection will reflect positively on ECL. Overall, we see a clear pathway for margin uplift driven by a combination of top-line growth, cost discipline, and process efficiency improvements.

Improved cashflows enabled complete debt repayment, resumption of dividends: SGS fully repaid its debt during FY23-24. Free cash flow (FCF) improved significantly in FY24 to SAR 206mn from merely a break-even level in FY23. FCF conversion rate increased significantly from 1% to 41%. This translated into resumption of dividend payment after a hiatus since FY19, with a robust payout ratio of 115%. We project a higher FCF conversion rate (reaching 79% by FY29E) and a healthy dividend payout above 90% over the coming years. Based on our FY25E estimates the current valuation of SGS implies a 4.5% dividend yield.

Strong liquidity profile supports operational flexibility and capital efficiency: SGS maintains a solid liquidity position, which we view as a key enabler of operational resilience and capital efficiency. As of June 2025, the company held over SAR 800mn in cash and short-term investments (including cash, short-term deposits, and FVTPL investments), providing a strong buffer against working capital needs and unforeseen contingencies. In addition, SGS has secured bank facilities totaling SAR 850mn, primarily intended to fund short-term operational requirements if needed. These facilities are likely to remain largely undrawn, offering significant financial flexibility. The combination of robust internal liquidity and accessible external funding positions SGS to navigate growth-related investments, manage seasonality in cash flows, and optimize capital deployment without straining its balance sheet.

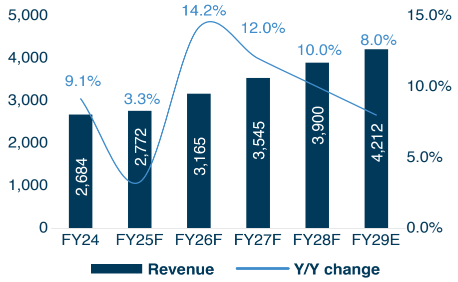
AJC view and valuation: SGS is a key beneficiary from tourism and aviation upward momentum, with approximately 90% market share and secured contracts with all the local airlines as well as presence in 29 airports around the kingdom covering all the upside opportunities. SGS is expected to deliver strong revenue growth, with a forecasted CAGR of 9.4% over FY24–29E. Gross margin is forecasted to expand from 23.1% in FY24 to 25.3% by FY29E, and operating margin from 11.9% to 16.4%. Net income is expected to grow at a CAGR of 15.2% over FY24–29E, because of accelerating top-line growth and margin expansion. We valued SGS with 50% weightage to DCF (WACC = 9.7% and terminal growth = 3.0%) and 25% weightage each to P/E multiple (22.0x) and EV/EBITDA (15.0x), both based on FY27E estimates (1 year discounted) to arrive at a blended TP of **SAR 53.9/share**. We upgrade to "**Overweight**" stance, as we believe the recent pressure on the stock price and FY25E DY of 4.5% creates an attractive long position opportunity. **The upside risks** to our valuation are 1) faster-than-expected air traffic growth, 2) quicker ramp-up of Riyadh Air operations and 3) contract wins; **the downside risks** are 1) delays in aircraft deliveries or airline expansion, 2) rising cost pressures or labor constraints, 3) decline of market share due to more-than-expected competitor expansion.

SGS contracts Saudi airlines

Airlines	Est.Value (mn)	Duration
Saudia	5,900	(FY21-FY26)
Flynas	2,000	(FY24-FY28)
Flyadeal	800	(FY24-FY28)
Riyadh Air	2,000	1- 6.5yr for KKIA 2- 3yr plus 2yrs optional for all other airports

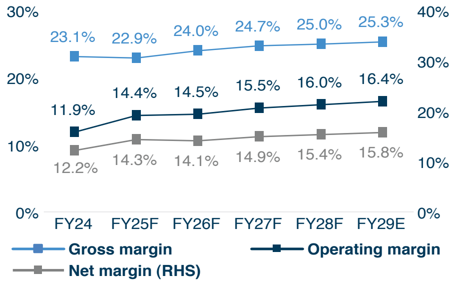
Source: Company reports, Aljazira Capital Research

Revenue (SAR mn) and Y/Y growth (%)



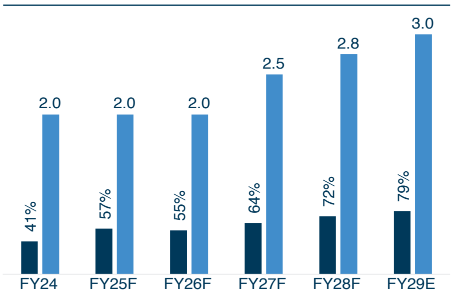
Source: Company reports, Aljazira Capital Research

Margins evolution (%)



Source: Company reports, Aljazira Capital Research

DPS (SAR) and FCF conversion rate (%)



Source: Company reports, Aljazira Capital Research

Blended valuation summary

	TP (SAR)	Weight	Weighted TP
DCF	52.3	50%	26.2
P/E (FY27E; 1 year discounted)	54.7	25%	13.7
EV/EBITDA (FY27E; 1 year discounted)	55.9	25%	14.0
Blended TP			**53.9**
Up/Downside (%)			**26.2%**

Source: AlJazira Capital research, *prices as of 11st of September 2025

Key Financial Data

Amount in SARmn, unless otherwise specified	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Income statement							
Gross Revenue	2,459	2,684	2,772	3,165	3,545	3,900	4,212
Y/Y	**24.4%**	**9.1%**	**3.3%**	**14.2%**	**12.0%**	**10.0%**	**8.0%**
Cost of Revenue	(2,050)	(2,063)	(2,137)	(2,405)	(2,669)	(2,925)	(3,146)
Gross Profit	**409**	**621**	**635**	**760**	**876**	**975**	**1,066**
Gross margin	**16.6%**	**23.1%**	**22.9%**	**24.0%**	**24.7%**	**25.0%**	**25.3%**
General & Administrative Expense	(210)	(270)	(271)	(309)	(342)	(373)	(398)
Operating Income	**228**	**319**	**398**	**460**	**549**	**623**	**693**
Y/Y	**NM**	**39.6%**	**25.1%**	**15.5%**	**19.2%**	**13.6%**	**11.2%**
Operating margin	**9.3%**	**11.9%**	**14.4%**	**14.5%**	**15.5%**	**16.0%**	**16.4%**
Financial Charges	(31)	(14)	(13)	(19)	(17)	(17)	(17)
Income before Zakat	**271**	**378**	**447**	**502**	**594**	**671**	**743**
Zakat	(59)	(51)	(50)	(55)	(65)	(72)	(79)
Net income	**211**	**327**	**397**	**447**	**529**	**599**	**664**
Y/Y	**NM**	**54.6%**	**21.5%**	**12.5%**	**18.3%**	**13.2%**	**10.8%**
Net margin	**8.6%**	**12.2%**	**14.3%**	**14.1%**	**14.9%**	**15.4%**	**15.8%**
EPS	**1.12**	**1.74**	**2.11**	**2.38**	**2.81**	**3.18**	**3.53**
DPS	**-**	**2.00**	**2.00**	**2.00**	**2.50**	**2.75**	**3.00**
Balance sheet							
Assets							
Cash and cash equivalents	79	87	79	156	238	356	547
Other current assets	2,557	2,520	2,580	2,680	2,769	2,854	2,890
Total Current Assets	**2,636**	**2,607**	**2,659**	**2,836**	**3,008**	**3,211**	**3,437**
Property & Equipment	487	559	556	541	515	486	455
Other non-current assets	1,109	1,101	1,201	1,224	1,265	1,303	1,340
Total non-current assets	1,596	1,661	1,758	1,765	1,780	1,789	1,795
Total Assets	**4,231**	**4,268**	**4,417**	**4,601**	**4,788**	**5,000**	**5,232**
LIABILITIES							
Total current liabilities	1,190	1,107	1,192	1,305	1,427	1,550	1,676
Total non-current liabilities	710	647	690	690	696	703	710
Total Liabilities	**1,900**	**1,754**	**1,882**	**1,994**	**2,123**	**2,253**	**2,386**
EQUITY							
Share Capital	1,880	1,880	1,880	1,880	1,880	1,880	1,880
Statutory Reserve	520	-	40	84	137	197	264
Retained Earnings	(69)	634	615	642	648	670	703
Total Shareholder's Equity	**2,331**	**2,514**	**2,535**	**2,606**	**2,665**	**2,747**	**2,847**
Total Liabilities & Equity	**4,231**	**4,268**	**4,417**	**4,601**	**4,788**	**5,000**	**5,232**
Cashflow statement							
Operating activities	353	495	611	570	698	817	938
Investing activities	(622)	(146)	(202)	(117)	(146)	(182)	(184)
Financing activities	(525)	(341)	(417)	(376)	(470)	(517)	(564)
Change in cash	(794)	9	(8)	77	82	118	190
Ending cash balance	**71**	**87**	**79**	**156**	**238**	**356**	**547**
Key fundamental ratios							
Liquidity ratios							
Current ratio (x)	1.6	1.7	1.6	1.6	1.5	1.5	1.5
Quick ratio (x)	1.6	1.7	1.6	1.6	1.5	1.5	1.5
Profitability ratios							
GP Margin	16.6%	23.1%	22.9%	24.0%	24.7%	25.0%	25.3%
Operating Margins	9.3%	11.9%	14.4%	14.5%	15.5%	16.0%	16.4%
EBITDA Margin	16.6%	18.7%	21.5%	20.7%	21.0%	21.2%	21.4%
Net Margins	8.6%	12.2%	14.3%	14.1%	14.9%	15.4%	15.8%
ROE	9.5%	13.5%	15.7%	17.4%	20.1%	22.1%	23.7%
ROA	4.9%	7.7%	9.2%	9.9%	11.3%	12.2%	13.0%
Market valuation ratios							
EV	6,954	9,686	8,446	8,369	8,299	8,193	8,015
EV/sales (x)	2.8	3.6	3.0	2.6	2.3	2.1	1.9
EV/EBITDA (x)	17.1	19.3	14.2	12.8	11.1	9.9	8.9
EPS (SAR)	1.12	1.74	2.11	2.38	2.81	3.18	3.53
BVPS (SAR)	12.40	13.37	13.48	13.86	14.18	14.61	15.14
Market price (SAR*)	36.15	51.1	44.11	44.11	44.11	44.11	44.11
Market Cap (SAR mn)	6,796	9,607	8,293	8,293	8,293	8,293	8,293
DPS	0.0	2.0	2.0	2.0	2.5	2.8	3.0
Dividend yield	0.0%	3.9%	4.5%	4.5%	5.7%	6.2%	6.8%
P/E (x)	32.1	29.4	20.9	18.5	15.7	13.8	12.5
P/BV (x)	2.9	3.8	3.3	3.2	3.1	3.0	2.9

Source: Company reports, Aljazira Capital Research; *prices as of 3rd of September 2025

CATRION: Earnings driven by Vision 2030 tourism and construction projects, soft margin expansion, rising capex pressure.

CATRION Catering Holding Co. (CATRION) stands to gain from the momentum of Saudi Arabia's giga projects, supported by rising tourist inflows and increased demand for on-site service solutions. We forecast revenue to grow at a CAGR of 11.8% over FY24–29E, driven by 11.1% growth in in-flight catering, supported by expanding airline fleets and the SAR 2.3bn Riyadh Air contract, and 15.7% growth in non-airline catering, aided by SAR 9.0bn Red Sea contracts and opportunities from giga projects and large-scale events such as Expo 2030 and the FIFA World Cup. However, profitability will face near-term pressure due to elevated capex and rising financing needs. Capex intensity rose to 19.4% in FY24 (SAR 447mn) and is expected to remain high in FY25, while debt and lease liabilities have increased, pushing up depreciation and finance costs (expected to peak at SAR 59.1mn in FY26E). Despite the expected gross margin expansion (from 27.9% in FY24 to 29.2% in FY29E), net profit growth will be comparatively restrained, with net margin dipping to 12.4% in FY26E before recovering to 14.2% by FY29E. We forecast net income to grow at a CAGR of 10.1% during FY24–29E. We cut our TP to SAR 104 per share (from SAR 115 earlier) and retain "Neutral" recommendation, as we believe the growth outlook is largely priced into the current valuation.

Gross margin expansion was offset by higher operating expenses and losses from associate in Q2-25: CATRION's net profit declined 10.6% Y/Y to SAR 65mn in Q2-25, missing AJC's estimate of SAR 72mn. The deviation from our estimate was mainly attributable to higher G&A expenses, lower other income and higher losses from equity accounted investee. Revenue grew modestly by 1.2% Y/Y to SAR 571mn (AJC estimate: SAR 593mn), the increase in in-flight segment (+3.9% Y/Y) was partially offset by a decrease in integrated hospitality revenue (-8.7% Y/Y). In-flight catering growth was driven by an increase in revenue from foreign and private airlines, while there was a decline in revenue from Saudia. Integrated hospitality segment revenue was impacted mainly by loss of SATCO contract. GP margin expanded by ~140bps Y/Y to 27.9% (AJC estimate: 27.1%), as cost of sales decreased owing to efficiencies despite slight increase in revenue. As a result, gross profit grew 6.5% Y/Y SAR 159mn (AJC estimate: SAR 160mn). Operating profit rose 5.2% Y/Y to SAR 77mn, missing our estimate of SAR 85mn. Operating profit growth was limited by higher G&A expenses (+8.5% Y/Y) and lower other income. Operating margin expanded ~50bps Y/Y to 13.5% but was below our estimate of 14.4%.

In-flight catering poised to benefit from airline expansion and rising tourism: CATRION is well-positioned to capitalize on Saudi Arabia's Vision 2030, which targets 150mn annual visitors by the end of the decade. The in-flight catering segment served 238k flight in FY24 we anticipate a double figure growth rate for the number of flights supported by expected to witness robust 10% CAGR growth during FY24-29E, driven by expanding airline fleets, increased route launches by regional carriers, and the onboarding of new airline clients, most notably a SAR 2.3bn catering contract with Riyadh Air. In addition, major international events lined up over the period of the next 8-9 years are expected to spur air traffic, further supporting demand for CATRION's in-flight services. We forecast in-flight catering revenue to grow at CAGR of 11.1% during FY24-29E.

Non-airline business recovery to be backed by Red Sea contracts and healthy demand outlook amid potential opportunities from upcoming events and giga projects: While the non-airline catering segment faced a 12.1% Y/Y revenue decline in FY24 due to the loss of key contracts and remained under pressure in H1-25, a meaningful recovery is expected from H2-25. This rebound will be primarily driven by SAR 9.0bn signed contract with Red Sea Global, with contributions set to begin from Q3-25. Beyond these contracts, CATRION is also actively targeting catering opportunities linked to other giga projects and expanding its presence across healthcare and sports sectors. Thus, upcoming events such as Expo 2030, the 2027 AFC Asian Cup, and the FIFA World Cup pose huge potential for the non-airline catering business. Despite recent volatility, the long-term outlook for non-airline revenue growth remains constructive, though potentially more moderate than in previous years. We forecast non-airline revenue CAGR of 15.7% during FY24-29E.

Recommendation	**Neutral**
Target Price (SAR)	**104.0**
Upside/(Downside)	**8.2%**

Source: Tadawul *prices as of 11st of September 2025

Key Financials

(in SAR mn, unless specified)	FY23	FY24	FY25E	FY26E
Revenues	2,134	2,299	2,523	3,041
Growth %	17.4%	7.8%	9.7%	20.5%
Gross Profit	566	642	715	866
Operating profit	304	361	369	446
Net Income	283	353	316	378
Growth %	9.9%	24.8%	-10.6%	19.8%
EPS	3.45	4.30	3.85	4.61
DPS	1.00	2.30	2.30	2.75

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25E	FY26E
Gross Margin	26.5%	27.9%	28.4%	28.5%
Operating margin	14.3%	15.7%	14.6%	14.7%
EBITDA Margin	19.9%	20.4%	20.1%	20.5%
Net Margin	13.2%	15.3%	12.5%	12.4%
ROE	23.5%	25.8%	20.8%	22.8%
ROA	13.4%	14.4%	10.6%	11.3%
P/E (x)	37.4	28.4	25.3	21.1
P/B (x)	8.2	6.9	5.1	4.6
EV/EBITDA (x)	23.9	20.5	15.3	12.3
Dividend Yield	1.2%	1.8%	2.4%	2.8%

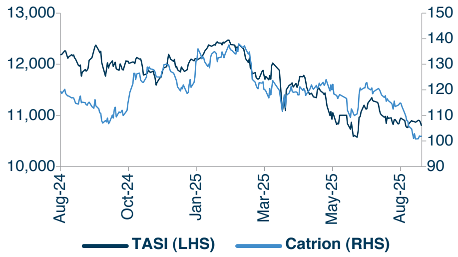
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap (SAR bn)	8.0
YTD%	-20.1%
52-week (High)/(Low)	144.40/96.70
Share Outstanding (mn)	82.0

Source: Company reports, Aljazira Capital Research

Price Performance

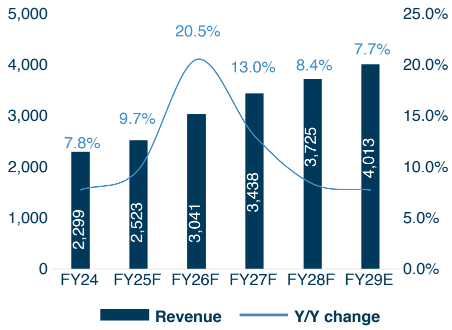


Source: Tadawul, Aljazira Capital Research

Capex and financing to weigh on net margins despite operating leverage gains: CATRION's CAPEX surged to SAR 447mn in FY24, up sharply from SAR 136mn in FY23, raising capex intensity from 6.4% to 19.4%. This uptick reflects the company's heavy investments in upcoming large-scale projects, notably the Red Sea catering and laundry facilities and the anticipated launch of operations with Riyadh Air. We expect capex to remain elevated in FY25 as project execution ramps up. In addition, the company signed new leasing agreements with two airports in Q1-25, leading to a sharp rise in lease liabilities. CATRION also began leveraging its balance sheet more aggressively, with total debt and leases reaching SAR 359mn and SAR 428mn, respectively, by Q2-25. These developments will result in higher depreciation and amortization, and finance expenses over the near term. Finance costs are projected to rise from SAR 20mn in FY24 to a peak of SAR 59mn in FY26 before gradually easing, in line with expected interest rate normalization. Although gross margins (from 27.9% in FY24 to 29.2% by FY29E) are expected to expand on the back of healthy revenue growth, net profit growth will remain comparatively restrained due to operating margin pressure (recovering to 15.7% by FY29E after dipping to 14.6% in FY25E) coupled with an elevated financing cost burden in the interim. We forecast the net margin to contract to 12.5% in FY25E and 12.4% in FY26E from 15.3% in FY24 and recover to 14.2% by FY29E. Thus, net profit is expected to grow at CAGR of 10.1% during FY24-29E.

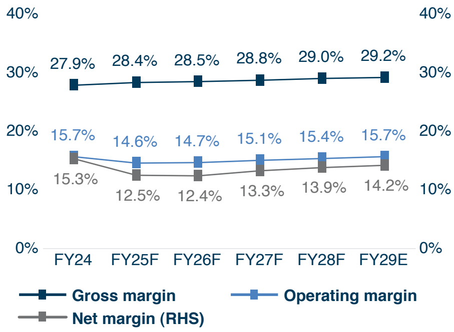
AJC view and valuation: Saudi Arabia's catering industry is set to benefit from the Vision 2030. CATRION poised to capture growth from rising air traffic, expanding airline fleets, and mega events. We expect CATRION's revenue to grow at a CAGR of 11.8% over FY24–29E, led by in-flight catering (CAGR 11.1%) and a strong rebound in non-airline services (CAGR 15.7%) supported by the Red Sea and Riyadh Air contracts. While gross margin is expected to improve (to 29.2% by FY29E), elevated capex and rising finance costs will weigh on net margins in the near term. Net profit is forecasted to grow at a CAGR of 10.1% over FY24–29E. We valued CATRION with 50% weightage to DCF (WACC = 9.7% and terminal growth = 3%) and 25% weightage each to P/E multiple (22.0x) and EV/EBITDA (15x) based on FY27E estimates (1 year discounted) arrive at a blended TP of **SAR 104/share** (vs. SAR 115 earlier). We maintain our "**Neutral**" recommendation, as the growth outlook is largely priced into the current valuation. **The upside risks** to our valuation are 1) Large contract wins 2) faster ramp-up of Riyadh Air operations and 3) favorable changes in menu supporting margins; **the downside risks** are 1) Slower-than-expected air traffic growth, 2) cost cutting by air carriers impacting pricing and margin of CATRION, 3) higher-than-expected CAPEX for upcoming expansion.

Revenue (SAR mn) and Y/Y growth (%)



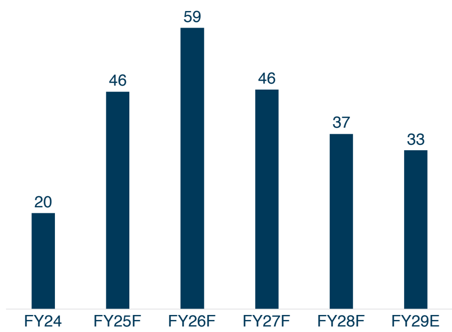
Source: Company reports, Aljazira Capital Research

Margins evolution (%)



Source: Company reports, Aljazira Capital Research

Finance cost (SAR mn)



Source: Company reports, Aljazira Capital Research

Blended valuation summary

	TP (SAR)	Weight	Weighted TP
DCF	98.7	50%	58.5
P/E (FY27E; 1 year discounted)	108.0	25%	27.0
EV/EBITDA (FY27E; 1 year discounted)	112.0	25%	28.0
Blended TP			**104.0**
Up/Downside (%)			**8.2%**

Source: AlJazira Capital research, *prices as of 11st of September 2025

Key Financial Data

Amount in SARmn, unless otherwise specified	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Income statement							
Gross Revenue	2,134	2,299	2,523	3,041	3,438	3,725	4,013
Y/Y	**17.4%**	**7.8%**	**9.7%**	**20.5%**	**13.0%**	**8.4%**	**7.7%**
Cost of Revenue	(1,568)	(1,658)	(1,808)	(2,175)	(2,448)	(2,643)	(2,840)
Gross Profit	**566**	**642**	**715**	**866**	**990**	**1,082**	**1,173**
Gross margin	**26.5%**	**27.9%**	**28.4%**	**28.5%**	**28.8%**	**29.0%**	**29.2%**
General & Administrative Expense	(288)	(298)	(364)	(432)	(485)	(522)	(559)
Operating Income	**304**	**361**	**369**	**446**	**518**	**574**	**630**
Y/Y	**7.2%**	**18.4%**	**2.2%**	**20.9%**	**16.2%**	**10.8%**	**9.8%**
Operating margin	**14.3%**	**15.7%**	**14.6%**	**14.7%**	**15.1%**	**15.4%**	**15.7%**
Finance costs	(20)	(20)	(46)	(59)	(46)	(37)	(33)
Income before Zakat	**317**	**376**	**341**	**412**	**496**	**562**	**622**
Zakat	(34)	(23)	(25)	(34)	(40)	(46)	(51)
Net income	**283**	**353**	**316**	**378**	**456**	**516**	**571**
Y/Y	**9.9%**	**24.8%**	**-10.6%**	**19.8%**	**20.6%**	**13.2%**	**10.7%**
Net Margins	**13.2%**	**15.3%**	**12.5%**	**12.4%**	**13.3%**	**13.9%**	**14.2%**
EPS	**3.45**	**4.30**	**3.85**	**4.61**	**5.56**	**6.30**	**6.97**
DPS	**1.00**	**2.30**	**2.30**	**2.75**	**3.25**	**3.76**	**4.01**
Balance sheet							
Assets							
Cash and cash equivalents and Short term Investment	702	631	647	735	973	1,212	1,503
Other current assets	770	962	951	1,056	1,115	1,160	1,194
Total current assets	**1,472**	**1,593**	**1,598**	**1,791**	**2,088**	**2,372**	**2,696**
Property Plant and equipment	415	805	1,129	1,183	1,181	1,178	1,174
Right of use assets	235	211	444	379	317	255	193
Other non-current assets	73	78	76	75	73	72	70
Total assets	**2,195**	**2,688**	**3,248**	**3,428**	**3,658**	**3,876**	**4,133**
Liabilities							
Total current liabilities	582	739	780	849	937	994	1,050
Total non-current liabilities	327	497	889	848	801	753	712
Total liabilities	**909**	**1,236**	**1,669**	**1,697**	**1,737**	**1,747**	**1,762**
Shareholders' Equity							
Share capital	820	820	820	820	820	820	820
Statutory reserve	246	246	246	246	246	246	246
Retained earnings	220	386	513	665	855	1,063	1,305
Total shareholders' equity	**1,286**	**1,452**	**1,579**	**1,731**	**1,921**	**2,129**	**2,371**
Total liabilities and shareholders' equity	**2,195**	**2,688**	**3,248**	**3,428**	**3,658**	**3,876**	**4,133**
Cashflow statement							
Operating activities	608	462	472	513	672	719	785
Investing activities	(123)	(442)	(694)	(167)	(110)	(111)	(109)
Financing activities	(200)	(91)	237	(258)	(323)	(370)	(386)
Change in cash	285	(71)	16	88	238	239	290
Ending cash balance	**702**	**631**	**647**	**735**	**973**	**1,212**	**1,503**
Key fundamental ratios							
Liquidity ratios							
Current ratio (x)	2.5	2.2	2.0	2.1	2.2	2.4	2.6
Quick ratio (x)	2.2	1.8	1.7	1.8	2.0	2.1	2.3
Profitability ratios							
GP Margin	26.5%	27.9%	28.4%	28.5%	28.8%	29.0%	29.2%
Operating Margins	14.3%	15.7%	14.6%	14.7%	15.1%	15.4%	15.7%
EBITDA Margin	19.9%	20.4%	20.1%	20.5%	20.2%	20.2%	20.1%
Net Margins	13.2%	15.3%	12.5%	12.4%	13.3%	13.9%	14.2%
ROE	23.5%	25.8%	20.8%	22.8%	25.0%	25.5%	25.4%
ROA	13.4%	14.4%	10.6%	11.3%	12.9%	13.7%	14.3%
Market valuation ratios							
EV	10,120	9,590	7,792	7,688	7,410	7,124	6,791
EV/sales (x)	4.7	4.2	3.1	2.5	2.2	1.9	1.7
EV/EBITDA (x)	23.9	20.5	15.3	12.3	10.7	9.5	8.4
EPS (SAR)	3.45	4.30	3.85	4.61	5.56	6.30	6.97
BVPS (SAR)	15.7	17.7	19.3	21.1	23.4	26.0	28.9
Market price (SAR*)	129.00	122.00	97.45	97.45	97.45	97.45	97.45
Market Cap (SAR mn)	10,578	10,004	7,991	7,991	7,991	7,991	7,991
DPS	1.0	2.3	2.3	2.8	3.3	3.8	4.0
Dividend yield	1.2%	1.8%	2.4%	2.8%	3.3%	3.9%	4.1%
P/E (x)	37.4	28.4	25.3	21.1	17.5	15.5	14.0
P/BV (x)	8.2	6.9	5.1	4.6	4.2	3.8	3.4

Source: Company reports, Aljazira Capital Research; *prices as of 3rd of September 2025

Seera: Moving closer to clean earnings post strategic restructuring, tourism-fueled momentum to support growth, with an eye on Almosafer listing and divestment of hospitality business

Seera Group Holding Co. (Seera) continues to stand out as a leading beneficiary of Saudi Arabia's rapidly expanding tourism sector. As the Kingdom positions itself as a global tourism and religious travel hub, Seera's end-to-end platform across travel services, vehicle rentals, and corporate tourism provides a comprehensive exposure to this transformation. Despite short-term regulatory headwinds impacting one of its core travel segments, Seera's diversified business model and strategic realignment efforts are beginning to yield tangible results. The company's revived focused approach on higher-margin verticals, while actively exploring opportunities to unlock value through asset divestments and the anticipated listing of key subsidiaries (particularly Almosafer). These actions align with management's vision of evolving into a leaner, more capital-efficient organization. Operationally, growth momentum remains intact across Seera's core segments. Almosafer continues to scale its consumer and religious travel businesses despite the exit from government air travel bookings. Lumi, the vehicle rental arm, maintains its position as a key revenue and EBITDA driver on the back of sustained fleet expansion and robust market demand. Meanwhile, Portman Travel's acquisitions in the UK are supporting incremental growth and broadening Seera's international footprint. Revenue is forecast to grow at a CAGR of 7.4% during FY24-29E, supported by a healthy NBV CAGR of 8.7%. Gross margin is estimated to improve gradually from 43.0% in FY24 to 44.7% in FY29E. Net income is expected to reach SAR 575mn by FY29E. We revise our TP on Seera to SAR 29.0 per share (SAR 29.2 previously) and retain our recommendation "Overweight".

Q2-25 earnings miss estimates due to one-off adjustments; normalized net profit rose 15.8% Y/Y: Seera's net profit (after minority) declined 94.4% Y/Y to SAR 3mn in Q2-25, missing AJC's estimate of SAR 53mn. The deviation from our estimate was primarily due to one-off adjustments worth SAR 60mn related to legacy accounts. Normalized net income grew 15.8% Y/Y to SAR 63mn, driven by strong revenue growth. Revenue surged 17.5% Y/Y to SAR 1,208mn, in line with our estimate of SAR 1,196mn. Revenue growth was led by Portman Group (+47.6% Y/Y), Lumi car rental (+15.6%), and Almosafer (+13.6% Y/Y); Hospitality revenue decreased 22.0% Y/Y. Net booking value grew 10% Y/Y to SAR 4.3bn in Q2-25, with 56% contribution from the travel platform Almosfer, 33% from Portman, 10% from car rental and remainder from hospitality business. Gross profit grew 2.9% to SAR 446mn with gross margin contracting ~530bps Y/Y to 37.0%, reflecting impact of SAR 60mn adjustments. Normalized gross margin stood at 41.9% (AJC estimate: 42.6%). Operating profit plunged 45.2% Y/Y to SAR 60mn, as the lower other operating income added to the negative impact from one-off adjustments. Thus, the operating margin contracted to 5.0% (adj. operating margin 10.0%) vs. 10.7% in Q2-24 and our estimation of 9.2%.

Structural tailwinds in Saudi tourism create a multi-year growth runway for Seera: Saudi Arabia's Vision 2030 reforms continue to reshape the national tourism landscape, with infrastructure investment, visa liberalization, and promotional campaigns driving a surge in both domestic and international travel. Tourist arrivals have already exceeded the Kingdom's original 2030 targets, and are now forecast to reach 150mn by 2030, with tourism's share of GDP expected to more than double. Seera is uniquely positioned to capitalize on this structural uplift, thanks to its diversified operations across Saudi travel platform (Almosafer), car rentals (Lumi), and B2B/Luxury/sports travel business in UK (Portman). Revenue is forecast to grow at a CAGR of 7.4% during FY24-29E, supported by healthy booking volumes (NBV CAGR of 8.7%), healthy take rates, and higher utilization rates across segments. Integration of services across the customer journey from online booking to ground transport also enhances stickiness and cross-sell opportunities.

Recommendation	Overweight
Target Price (SAR)	29.0
Upside/(Downside)	7.8%

Source: Tadawul *prices as of 11st of September 2025

Key Financials

(in SAR mn, unless specified)	FY23	FY24	FY25E	FY26E
Revenues	3,328	4,106	4,609	4,996
Growth %	46.6%	23.4%	12.2%	8.4%
Gross Profit	1,412	1,768	1,929	2,187
Operating profit	299	42	362	571
EBITDA	632	466	831	1,055
Net Income	169	-199	139	355
Growth %	NM	NM	NM	155.3%
EPS	0.56	-0.66	0.46	1.18
DPS	0.00	0.00	0.00	0.00

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25E	FY26E
Gross Margin	42.4%	43.0%	41.8%	43.8%
Operating margin	9.0%	1.0%	7.9%	11.4%
EBITDA margin	19.0%	11.4%	18.0%	21.1%
Net Margin	5.1%	-4.8%	3.0%	7.1%
ROE	2.8%	-3.0%	2.2%	5.1%
ROA	1.7%	-1.8%	1.3%	3.1%
P/E (x)	47.9	Neg	High	23.3
P/B (x)	1.2	1.0	1.3	1.2
EV/EBITDA (x)	15.8	17.9	12.5	9.7
Dividend Yield	0.0%	0.0%	0.0%	0.0%

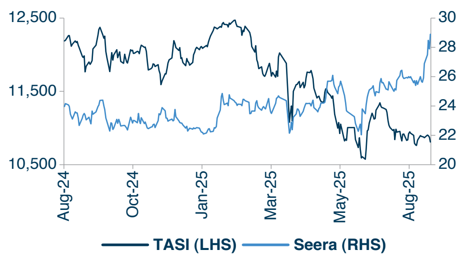
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap (SAR bn)	8.3
YTD%	22.9%
52-week (High)/(Low)	29.44/20.68
Share Outstanding (mn)	300.0

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadawul, Aljazira Capital Research

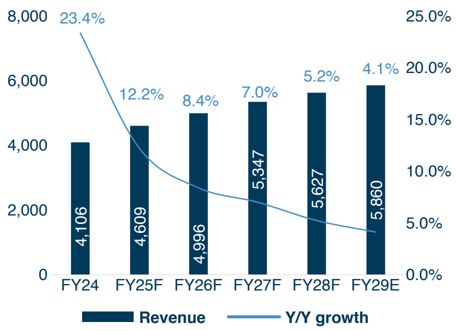
Almosafer remains a key growth engine with value unlocking potential, despite shift in government travel policy: Almosafer, Seera's flagship travel platform, faced a temporary setback with the Ministry of Finance's decision to centralize government flight bookings, discontinuing third-party involvement. While this impacted FY24 net booking value, the platform's resilience in consumer, religious, and semi-government travel segments has more than compensated for the lost volume. Growth has also been buoyed by partnerships like Nusuk and the success of Mawasim in the 2024 Hajj season. With a dominant position in Saudi Arabia's online travel agency market and expanding footprints into destination management and distribution, Almosafer is forecast to deliver a NBV CAGR of 11.1% during FY24-29E, with take rates normalizing in the 11–12% range, resulting in revenue CAGR of 9.4%. The anticipated IPO of Almosafer within in next 12-18 months represents a major potential unlock for Seera shareholders.

Lumi continues to anchor profitability and cash generation: Lumi contributed 38% of Seera's total revenue in FY24 and remains the largest EBITDA contributor. Fleet size of ~34,000 as of June 2025 and is expected to expand at CAGR of 5.7%, supporting a revenue CAGR of 5.9% over FY24–29E. While capital intensity would remain high amid planned annual addition 2k vehicles, Lumi's cash generation supports Seera's deleveraging efforts, and falling interest rates are expected to ease financing costs.

Strategic realignment and asset monetization to unlock hidden value; legacy accounts expected to be cleared by this year: Seera is actively pivoting toward an asset-light model, with plans to divest its hospitality assets (SAR 2.6-2.7bn book value as of Q1-25) and reduce exposure to low-return segments. Several properties have already been sold or leased back, and management has indicated a steady phased exit from this vertical. Simultaneously, the Kayanat mixed-use project is expected to begin contributing free cash flow by FY27–28, with annual inflows projected at SAR 230–250mn. Together, these initiatives will provide Seera with additional liquidity, strengthen its balance sheet, and allow for focused reinvestment into high-return, scalable businesses. Importantly, this also enhances valuation transparency as capital is reallocated from real estate holdings to growth platforms with clearer earnings potential. Moreover, the management expects to settle legacy government balances in the coming months (already settled one account in Q2-25). Once these accounts are settled, there is less likelihood of any impairments post that.

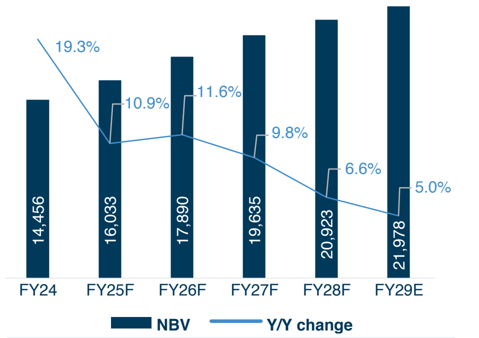
AJC view and valuation: We believe Seera is entering a new phase of strategic execution focused on profitability, efficiency, and value creation. Almosafer revenue is estimated to register a CAGR of 9.4% during FY24-29E; while Car rental and Portman revenues are likely to grow at CAGR of 5.9% and 8.8%, respectively. We forecast Seera's topline to expand at a CAGR of 7.4% during FY24-29E. Gross margin is estimated to improve gradually from 43.0% in FY24 to 44.7% in FY29E. Net income is expected to reach SAR 575mn by FY29E. We believe the company will start distributing dividend in FY27 (DY: 1.1%). We valued Seera with 50% weightage to DCF (WACC = 9.1% and terminal growth = 2.5%) and 50% weightage SOTP valuation. Our SOTP approach includes 1) EV/sales multiple based valuation for Almosafer and Portman; 2) Kayanat and other investments are valued based on value of assets, 3) book value of hospitality business and 4) our fair value for Lumi. We arrive at a revised TP of **SAR 29.0/share**, We maintain our "**Overweight**" recommendation , as Almosafer listing and divestment of hospitality business stimulates the optimistic outlook. **The upside risks** to our valuation are 1) Early monetization of Almosafer at a premium valuation, 2) higher-than-expected religious tourism volumes, and 3) successful execution of remaining hospitality asset divestments above book value; **the downside risks** are 1) further regulatory tightening impacting government or semi-government travel volumes, 2) weaker-than-expected utilization or pricing pressure in Lumi's fleet rental business, 3) delays or cost overruns in the Kayanat project and other planned capital investments.

Revenue (SAR mn) and Y/Y growth (%)



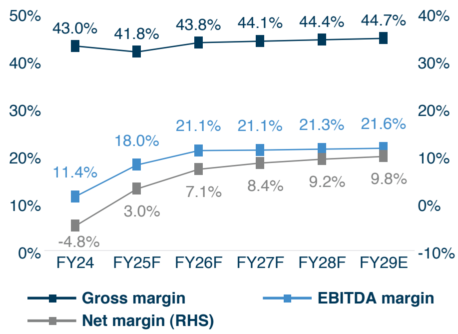
Source: Company reports, Aljazira Capital Research

Net booking value (SAR mn) and Y/Y change



Source: Company reports, Aljazira Capital Research

Margins evolution (%)



Source: Company reports, Aljazira Capital Research

Blended valuation summary

	TP (SAR)	Weight	Weighted TP
DCF	30.7	50%	15.4
SOTP	27.2	50%	13.6
Blended TP			**29.0**
Up/Downside (%)			**7.8%**

Source: AlJazira Capital research, *prices as of 11st of September 2025

Key Financial Data

Amount in SARmn, unless otherwise specified	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	FY28F	FY29F
Income statement									
Revenues	1,328	2,271	3,328	4,106	4,609	4,996	5,347	5,627	5,860
Growth Y/Y	46.8%	71.0%	46.6%	23.4%	12.2%	8.4%	7.0%	5.2%	4.1%
Cost of Sales	(722)	(1,367)	(1,916)	(2,339)	(2,680)	(2,809)	(2,987)	(3,126)	(3,240)
Gross profit	606	904	1,412	1,768	1,929	2,187	2,360	2,501	2,619
Gross margin	**45.7%**	**39.8%**	**42.4%**	**43.0%**	**41.8%**	**43.8%**	**44.1%**	**44.4%**	**44.7%**
Selling expenses	(336)	(410)	(428)	(555)	(610)	(669)	(708)	(737)	(761)
Administrative expenses	(553)	(598)	(756)	(880)	(968)	(1,039)	(1,102)	(1,151)	(1,190)
Other (expense)/income	(17)	106	64	3	29	86	92	97	101
EBITDA	39	413	632	466	831	1,055	1,129	1,200	1,263
EBITDA margin	**2.9%**	**18.2%**	**19.0%**	**11.4%**	**18.0%**	**21.1%**	**21.1%**	**21.3%**	**21.6%**
Operating profit	(282)	54	299	42	362	571	642	709	769
Growth Y/Y	-47.1%	-119.0%	458.2%	-86.1%	NM	57.5%	12.5%	10.5%	8.4%
Operating margin	**-21.3%**	**2.4%**	**9.0%**	**1.0%**	**7.9%**	**11.4%**	**12.0%**	**12.6%**	**13.1%**
Net Financial cost	(53)	(75)	(133)	(160)	(145)	(104)	(58)	(37)	(25)
Profit before zakat	(326)	(51)	189	(116)	229	475	592	680	752
Zakat	(52)	6	(18)	(22)	(25)	(49)	(62)	(71)	(79)
Non-controlling interest	1	(2)	(2)	(61)	(64)	(70)	(80)	(89)	(98)
Net income	(376)	(48)	169	(199)	139	355	450	520	575
Growth Y/Y	NM	NM	NM	NM	NM	155.3%	26.6%	15.4%	10.7%
Net margin	**-28.3%**	**-2.1%**	**5.1%**	**-4.8%**	**3.0%**	**7.1%**	**8.4%**	**9.2%**	**9.8%**
EPS	**-1.25**	**-0.16**	**0.56**	**-0.66**	**0.46**	**1.18**	**1.50**	**1.73**	**1.92**
DPS	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.30**	**0.60**	**0.75**
Balance sheet									
Assets									
Cash & bank balance	318	539	696	825	509	223	233	542	1,025
Other current assets	1,613	1,724	2,319	2,542	2,939	3,111	3,286	3,418	3,522
Property & Equipment	3,524	3,811	5,040	4,831	5,039	5,093	5,116	5,072	5,010
Other non-current assets	2,433	2,451	3,350	2,638	2,928	2,959	2,957	2,922	2,879
Total assets	7,888	8,526	11,404	10,836	11,414	11,385	11,592	11,955	12,435
Liabilities & owners' equity									
Total current liabilities	1,962	2,221	3,041	3,046	3,179	3,161	3,183	3,200	3,219
Total non-current liabilities	452	878	1,473	1,372	1,677	1,311	1,047	872	759
Paid -up capital	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Statutory reserves	453	453	453	453	467	503	548	600	657
Other reserve	651.8	581.4	744.8	460.3	460.3	460.3	460.3	460.3	460.3
Retained earnings	1,370	1,385	2,375	2,126	2,251	2,571	2,976	3,444	3,962
Total owners' equity	5,475	5,420	6,573	6,039	6,179	6,534	6,984	7,504	8,079
Non-controlling interest	(2)	8	316	378	378	378	378	378	378
Total equity & liabilities	7,888	8,526	11,403	10,836	11,414	11,385	11,592	11,955	12,435
Cashflow statement									
Operating activities	241	310	(736)	234	828	879	983	1,093	1,191
Investing activities	(322)	(390)	(644)	585	(1,072)	(699)	(672)	(598)	(598)
Financing activities	140	200	1,513	(694)	(1)	(465)	(302)	(186)	(110)
Change in cash	60	120	133	126	(246)	(286)	10	309	483
Ending cash balance	313	462	586	800	509	223	233	542	1,025
Key fundamental ratios									
Liquidity ratios									
Current ratio (x)	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.2	1.4
Quick ratio (x)	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.2	1.4
Profitability ratios									
GP Margin	45.7%	39.8%	42.4%	43.0%	41.8%	43.8%	44.1%	44.4%	44.7%
Operating Margins	-21.3%	2.4%	9.0%	1.0%	7.9%	11.4%	12.0%	12.6%	13.1%
EBITDA Margin	2.9%	18.2%	19.0%	11.4%	18.0%	21.1%	21.1%	21.3%	21.6%
Net Margin	-28.3%	-2.1%	5.1%	-4.8%	3.0%	7.1%	8.4%	9.2%	9.8%
Return on assets	-4.8%	-0.6%	1.7%	-1.8%	1.3%	3.1%	3.9%	4.4%	4.7%
Return on equity	-6.9%	-0.9%	2.8%	-3.0%	2.2%	5.1%	6.2%	6.7%	6.9%
Market/valuation ratios									
EV/sales (x)	4.5	4.1	3.0	2.0	2.2	2.0	1.8	1.6	1.5
EV/EBITDA (x)	155.7	22.4	15.8	17.9	12.4	9.6	8.6	7.7	6.8
EPS (SAR)	(1.25)	(0.16)	0.56	(0.66)	0.46	1.18	1.50	1.73	1.92
BVPS (SAR)	18.2	18.1	23.0	21.4	21.9	23.0	24.5	26.3	28.2
Market price (SAR)*	17.3	27.3	27.0	22.5	27.4	27.4	27.4	27.4	27.4
Market-Cap (SAR mn)	5,178.0	8,190.0	8,100.0	6,738.0	8,220.0	8,220.0	8,220.0	8,220.0	8,220.0
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	2.2%	2.7%
P/E ratio (x)	Neg	Neg	47.9	Neg	High	23.1	18.3	15.8	14.3
P/BV ratio (x)	0.9	1.5	1.2	1.0	1.3	1.2	1.1	1.0	1.0

Source: Company reports, Aljazira Capital Research; *prices as of 3rd of September 2025

RESEARCH DIVISION

Head of Sell-Side Research - Director
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer