

### 2Q21 Results Update

September 30, 2021

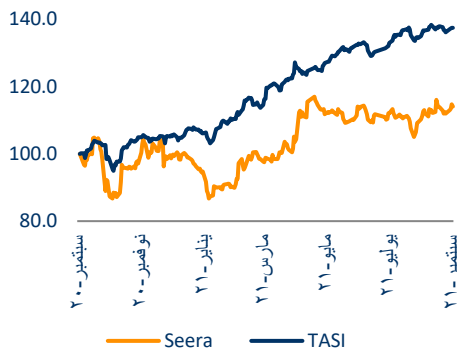
Recommendation	Neutral
Previous Recommendation	Neutral
Current Price (SAR)	21.8
Target Price (SAR)	22.0
Upside/Downside (%)	0.9%

As of September 29, 2021

#### Key Data (Source: Bloomberg)

Market Cap (SAR bn)	6.5
52-Wk High (SAR)	22.7
52-Wk Low (SAR)	16.2
Total Outstanding Shares (in mn)	300.0
Free Float (%)	83.2%

#### SEERA vs. TASI (Rebased)

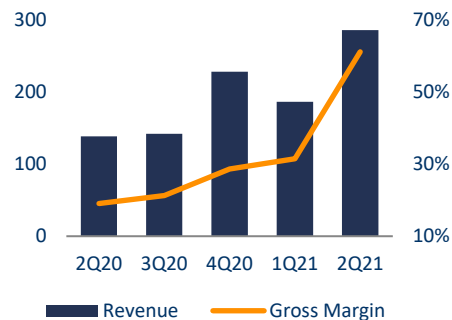


Price Performance (%)	Absolute	Relative
1m	2.4%	1.3%
6m	17.0%	(1.4%)
12m	14.0%	(23.4%)

#### Major Shareholders (%)

Nasser Okail Abdullah AlTayyar	10.75%
General Organization for Social Insurance	5.35%

#### Quarterly Sales (SAR mn) and Gross Margin



Source: Bloomberg, Company Financials, FALCOM Research; data as of September 29, 2021

### Easing of restrictions and partial resumption of international travel boost top line in 2Q21

Seera's revenues climbed 106.7% YoY to SAR 285.6mn in 2Q21, majorly driven by higher revenue from the Airline Ticket and Incentives, and Car Rentals segments. Gross profit jumped 5.6 times YoY to SAR 174.5mn in 2Q21, with gross margin expanding 4,203 bps YoY to 61.1%. Higher gross profit slightly offset a 27.3% YoY rise in selling and administration expense. However, the company recorded an operating loss of SAR 72.8mn in 2Q21 compared to an operating loss of SAR 159.5mn in 2Q20. These factors resulted in a net loss (attributable to shareholders) of SAR 98.3mn in 2Q21 compared to a net loss of SAR 170.2mn in 2Q20, with net margin standing at (34.4%) in 2Q21.

Seera reported strong performance in 2Q21, largely ascribed to the partial opening of KSA borders for international travel for vaccinated citizens and residents. Total GBV increased 192% YoY to SAR 1.2bn in 2Q21 as the easing of restrictions led to higher local mobility. The company's top-line growth was supported by a sharp increase in revenues reported by the Tourism (up 3.9 times YoY to SAR 48.8mn), Ticketing (up 13.6 times YoY to SAR 92.4mn), and Transportation (up 40.4% YoY to SAR 125.6mn) segments in 2Q21. Several projects and initiatives across the group's travel verticals capitalized on regained consumer confidence and convenience of travel, thus contributing Seera's strong performance in the quarter. We expect strong recovery in operational performance in 2H21 on acceleration in vaccine drives and international travel. However, higher operating expense and resurgence in COVID-19 cases due to new strains of the virus may prolong the travel restrictions and dent Seera's profitability. Considering these factors, we maintain our "Neutral" rating on the stock.

- Seera's revenue went up 106.7% YoY to SAR 285.6mn in 2Q21 ascribed to significantly higher contribution from Ticketing, Tourism, and Transportation in the quarter. Revenue rose 53.3% QoQ from SAR 186.3mn in 1Q21.
- Cost of sales inched down 0.7% YoY in 2Q21, resulting in 5.6 times YoY increase in gross profits to SAR 174.5mn in 2Q21. As a result, gross margin expanded to 61.1% in 2Q21 from 19.1% in 2Q20.
- A higher top line slightly offset the rise in general, selling and administrative expense as the company recorded an operating loss of SAR 72.8mn in 2Q21 compared to SAR 159.5mn in 2Q20. Subsequently, operating margin improved to (25.5%) from (115.4%) in 2Q20.
- Seera reported a net loss of SAR 98.3mn in the current quarter compared to a net loss of SAR 170.2mn in 2Q20. Consequently, net margin improved to (34.4%) from (123.2%) in 2Q20.
- The company recorded loss per share of SAR 0.33 in 2Q21 against that of SAR 0.57 in 2Q20.
- In June 2021, during the Arabian Travel Market, the largest regional travel trade show, Seera announced a strategic partnership with Klook, a world-leading travel and leisure booking platform.

**Valuation:** We revise our target price upward to a fair value of SAR 22.0 but maintain the "Neutral" rating on the stock.

	2Q21	2Q20	% YoY	FY21E	FY20	% YoY
Revenues (SAR mn)	285.6	138.2	106.7%	1,193.2	904.6	31.9%
Gross Profit (SAR mn)	174.5	26.3	562.5%	607.7	307.0	98.0%
EBITDA (SAR mn)	16.1	(92.6)	NM	208.9	(217.7)	NM
Net Profit (SAR mn)*	(98.3)	(170.2)	NM	(180.2)	18.2	NM
EPS Basic (SAR)*	(0.33)	(0.57)	NM	(0.60)	0.06	NM
Gross Margin (%)	61.1%	19.1%	42.0%	50.9%	33.9%	17.0%
EBITDA Margin (%)	5.6%	(67.0%)	72.7%	17.5%	(24.1%)	41.6%
Net Profit Margin (%)	(34.4%)	(123.2%)	88.7%	(15.1%)	2.0%	(17.1%)

Source: Company Financials, FALCOM Research, \*attributable to shareholders

## FALCOM Rating Methodology

FALCOM Financial Services uses its own evaluation structure, and its recommendations are based on quantitative and qualitative data collected by the analysts. Moreover, the evaluation system places covered shares under one of the next recommendation areas based on the closing price of the market, the fair value that we set and the possibility of ascent/descent.

**Overweight:** The Target share price exceeds the current share price by  $\geq 10\%$ .

**Neutral:** The Target share price is either more or less than the current share price by 10%.

**Underweight:** The Target share price is less than the current share price by  $\geq 10\%$ .

**To be Revised:** No target price had been set for one or more of the following reasons: (1) waiting for more analysis, (2) waiting for detailed financials, (3) waiting for more data to be updated, (4) major change in company's performance, (5) change in market conditions or (6) any other reason from FALCOM Financial Services.

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