

3Q21 Results Update

December 29, 2021

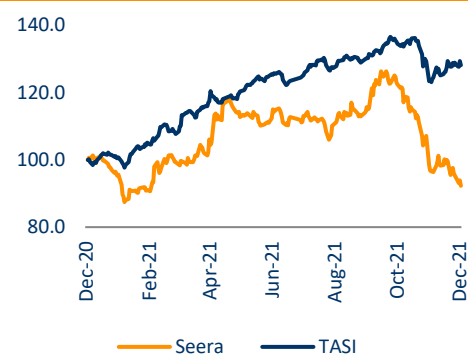
| Recommendation | Overweight |
|-------------------------|------------|
| Previous Recommendation | Neutral |
| Current Price (SAR) | 17.5 |
| Target Price (SAR) | 21.0 |
| Upside/Downside (%) | 20.0% |

As of December 29, 2021

Key Data (Source: Bloomberg)

| | |
|----------------------------------|-------|
| Market Cap (SAR bn) | 5.3 |
| 52-Wk High (SAR) | 24.3 |
| 52-Wk Low (SAR) | 16.2 |
| Total Outstanding Shares (in mn) | 300.0 |
| Free Float (%) | 83.2% |

SEERA vs. TASI (Rebased)

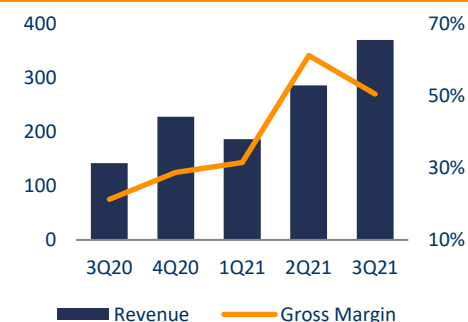


| Price Performance (%) | Absolute | Relative |
|-----------------------|----------|----------|
| 1m | (4.7%) | (8.3%) |
| 6m | (19.3%) | (21.1%) |
| 12m | (7.7%) | (35.7%) |

Major Shareholders (%)

| | |
|---|--------|
| Nasser Okail Abdullah AlTayyar | 10.53% |
| General Organization for Social Insurance | 5.35% |

Quarterly Sales (SAR mn) and Gross Margin



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

Resumption of international travel and summer season boost topline in 3Q21

Seera's revenue climbed 160.0% YoY to SAR 369.1mn in 3Q21, driven by higher revenue from all business units. The company's GBV strengthened by 112% YoY in 3Q21 to SAR 1.4bn compared with SAR 669mn in 3Q20. Gross profit jumped 5.2x YoY to SAR 186.1mn in 3Q21, while gross margin expanded 2,917bps YoY to 50.4%. However, selling, general, and administrative (SG&A) expenses rose 16.0% YoY to SAR 227.0mn, due to which the company reported operating loss of SAR 60.6mn in 3Q21 compared with operating loss of SAR 175.1mn in 3Q20. Operating margin stood at (16.4%) during the quarter. Consequently, the company reported net loss (attributable to shareholders) of SAR 72.0mn in 3Q21 compared with net loss of SAR 177.0mn in 3Q20, with net margin at (19.5%) in 3Q21.

Seera reported healthy performance in 3Q21, largely driven by strong recovery of domestic and international travel, and summer season travel demand being comparable to pre-pandemic levels. With borders largely open, easing travel restrictions, and vaccination drives close to completion in the Kingdom, bookings improved across the company's travel verticals in 3Q21. Growth in topline was supported by 6.6x YoY, 4.9x YoY, and 37.2% YoY growth in tourism, ticketing, and transportation segments, respectively. Total GBV increased 112% YoY to SAR 1.4bn in 3Q21 as the easing of restrictions led to higher local mobility. The KSA is targeting to improve contribution from the tourism sector toward GDP by 2030. With the aim of supporting this, Seera's hospitality unit and Kaden Investment signed a master hotels development agreement in July 2021. In addition, Seera signed a financing agreement with the Tourism Development Fund in September 2021 to establish and operate the Raghadan Tourist Resort, the first sustainable tourism project in the Al Baha region – one of the main investment destinations identified under Saudi Arabia's National Tourism Strategy. We expect strong recovery in operational performance in the upcoming quarters on accelerated vaccination drives and resumption of international travel to further boost the company's topline. Considering these factors, we revise our rating to "Overweight" on the stock.

- Seera's topline surged 160.0% YoY to SAR 369.1mn in 3Q21, driven by higher contribution from ticketing, tourism, transportation, and hospitality segments in the quarter. Revenue rose 29.2% QoQ from SAR 285.6mn in 2Q21.
- Gross profit increased 5.2x YoY to SAR 186.1mn in 3Q21. As a result, gross margin expanded to 50.4% in the quarter from 21.2% in 3Q20.
- Rise in SG&A expenses led to operating loss of SAR 60.6mn in 3Q21 compared with loss of SAR 175.1mn in 3Q20. Consequently, operating margin stood at (16.4%) versus (123.3%) in 3Q20.
- Seera reported net loss of SAR 72.0mn in 3Q21 compared with net loss of SAR 177.0mn in 3Q20. Consequently, net margin stood at (19.5%) as against (124.7%) in 3Q20.
- The company recorded loss per share of SAR 0.24 in 3Q21 as against SAR 0.59 in 3Q20.

Valuation: We revise our target price to a fair value of SAR 21.0 and revise our rating to "Overweight" on the stock.

| | 3Q21 | 3Q20 | % YoY | FY21E | FY20 | % YoY |
|-----------------------|---------|----------|--------|---------|---------|---------|
| Revenues (SAR mn) | 369.1 | 142.0 | 160.0% | 1,211.0 | 904.6 | 33.9% |
| Gross Profit (SAR mn) | 186.1 | 30.2 | 517.1% | 616.8 | 307.0 | 100.9% |
| EBITDA (SAR mn) | 32.2 | (85.3) | NM | 102.2 | (217.7) | NM |
| Net Profit (SAR mn)* | (72.0) | (177.0) | NM | (300.0) | 18.2 | NM |
| EPS Basic (SAR)* | (0.24) | (0.59) | NM | (1.00) | 0.06 | NM |
| Gross Margin (%) | 50.4% | 21.2% | 29.2% | 50.9% | 33.9% | 17.0% |
| EBITDA Margin (%) | 8.7% | (60.1%) | 68.8% | 8.4% | (24.1%) | 32.5% |
| Net Profit Margin (%) | (19.5%) | (124.7%) | 105.2% | (24.8%) | 2.0% | (26.8%) |

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, FALCOM Research.

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