

FY21 Results Update

April 14, 2022

Recommendation	Overweight
Previous Recommendation	Overweight
Current Price (SAR)	20.6
Target Price (SAR)	23.0
Upside/Downside (%)	11.7%
As of April 13, 2022	

Key Data (Source: Bloomberg)

Market Cap (SAR bn)	6.2
52-wk High (SAR)	24.3
52-wk Low (SAR)	17.2
Total Outstanding shares (in mn)	300.0
Free Float (%)	88.8%

SEERA vs. TASI (Rebased)

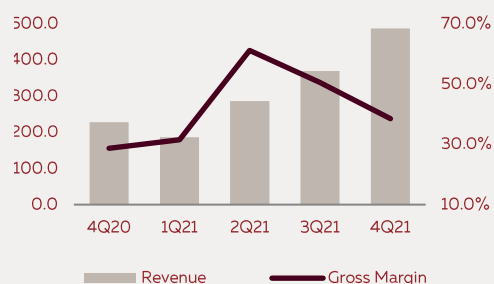


Price Performance (%)	Absolute	Relative
1m	1.5%	(5.9%)
6m	(13.3%)	(29.8%)
12m	7.3%	(30.3%)

Major Shareholders (%)

Nasser Okail Abdullah AlTayyar	10.53%
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Revenue (SAR mn) and Gross Margin (%)



Source: Bloomberg, Company Financials, Yaqeen Capital; Data as of April 13, 2022

Partial resumption of international travel, relaxed quarantine requirements boost topline in FY21

Seera's revenue surged 46.8% YoY to SAR 1.3bn in FY21, driven by higher revenue from Ticketing, Transportation and Tourism business units. The company's GBV strengthened by 30% YoY in FY21 to SAR 4.8bn compared to SAR 3.7bn in FY20. Cost of sales grew at a slower pace compared to the topline as gross profit soared 97.5% YoY to SAR 606.3mn in FY21, while gross margin expanded 1,173bps YoY to 45.7%. Selling, general, and administrative (SG&A) expenses rose 7.4% YoY to SAR 889.1mn. However, the company's operating loss decreased to SAR 282.2mn in FY21 compared with operating loss of SAR 533.6mn in FY20. Nevertheless, the company reported net loss (attributable to shareholders) of SAR 376.4mn in FY21 compared with net profit of SAR 18.2mn in FY20 owing to exceptional gain on sale from Careem Investment in FY20.

Seera reported an improved performance during the year, primarily driven by partial resumption of domestic and international travel, mainly in the second half of the year. The group's GBV increased, driven by support from international governments, coupled with an increase in travel activity after the COVID-19 pandemic. The rise in topline was driven by partial opening of KSA borders for international travel for vaccinated citizens and residents, relaxed quarantine requirements and easing of restrictions on entry and entertainment and leisure activities. The Consumer Business witnessed 64% YoY growth in GBV to SAR 1.8bn by the end of 2021, owing to its successful omni-channel strategy, digital enhancements, and further gain in market share. Meanwhile, Ticketing, Tourism, and Transportation units grew 182.1% YoY, 44.3% YoY, and 18.2% YoY, respectively. The Group's Hospitality Business launched two Choice branded hotels in Jeddah in 2021, and signed Clarion Al Baha Resort in cooperation with the Tourism Development Fund, Ministry of Municipal and Rural Affairs, and Al Baha Municipality. The KSA aims to improve contribution from the tourism sector toward GDP by 2030. On February 02, 2022, Seera signed a 50-year investment and joint venture agreement with AIUla Development Co. to establish a joint venture to develop and operate a 215-room Clarion Hotel under the CHOICE brand. We expect strong recovery in operational performance to continue in the upcoming quarters on accelerated vaccination drives and resumption of international travel to further boost the company's topline. Considering these factors, we maintain our "Overweight" rating on the stock.

- Seera's topline increased 46.8% YoY to SAR 1.3bn in FY21, driven by higher contribution from Ticketing, Tourism, Transportation, Property and other segments during the year. In 4Q21, revenue rose 113.8% YoY and 31.9% QoQ to SAR 486.9mn.
- Gross profit grew 97.5% YoY to SAR 606.3mn in FY21 on slower rise in cost of sales. As a result, gross margin expanded to 45.7% in FY21 as against 33.9% in FY20.
- Despite higher SG&A expenses, operating loss lowered to SAR 282.2mn in FY21 compared to SAR 533.6mn in FY20.
- However, Seera reported a net loss of SAR 376.4mn in FY21 compared with net profit of SAR 18.2mn in FY20 on exceptional gain on sale from Careem Investment in FY20.
- The company recorded loss per share of SAR 1.25 in FY21 as against EPS of SAR 0.06 in FY20.

Valuation: We revise our target price to a fair value of SAR 23.0 and maintain "Overweight" rating on the stock.

	4Q21	4Q20	% YoY	FY22E	FY21	%YoY
Revenues (SAR mn)	486.9	227.7	113.8%	1955.5	1327.9	47.3%
Gross Profit (SAR mn)	187.2	65.3	186.8%	1068.9	606.3	76.3%
EBITDA (SAR mn)	100.6	(16.6)	NM	597.1	116.9	410.8%
Net Profit (SAR mn)	(76.4)	(748.1)	NM	214.9	(376.4)	NM
EPS Basic (SAR)	(0.25)	(2.49)	NM	0.72	(1.25)	NM
Gross Margin (%)	38.4%	28.7%	9.8%	54.7%	45.7%	9.0%
EBITDA Margin (%)	20.7%	(7.3%)	28.0%	30.5%	8.8%	21.7%
Net Profit Margin (%)	(15.7%)	(328.5%)	312.8%	11.0%	(28.3%)	39.3%

Source: Company Financials, Yaqeen Capital

Yaqeen Capital Rating Methodology

Yaqeen Capital 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 Yaqeen Capital.

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