

1Q22 Results Update

July 12, 2022

Recommendation	Overweight
Previous Recommendation	Overweight
Current Price (SAR)	15.4
Target Price (SAR)	18.6
Upside/Downside (%)	20.3%
As of July 6, 2022	
Key Data (Source: Bloomberg)	

Market Cap (SAR bn)	4.6
52-wk High (SAR)	24.3
52-wk Low (SAR)	15.4
Total Outstanding shares (in mn)	300.0
Free Float (%)	88.8%

SEERA vs. TASI (Rebased)

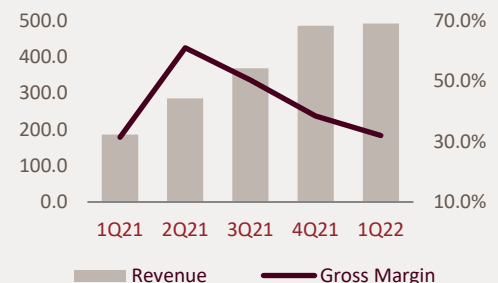


Price Performance (%)	Absolute	Relative
1m	(23.9%)	(13.0%)
6m	(11.9%)	(11.8%)
12m	(28.5%)	(32.6%)

Major Shareholders (%)

Nasser Okail Abdullah AlTayyar	10.51%
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Revenue (SAR mn) and Gross Margin (%)



Source: Bloomberg, Company Financials, Yaqeen Capital; Data as of July 6, 2022

Rebound in travel industry boosts topline in 1Q22

Seera's revenue surged 164.5% YoY to SAR 492.6mn in 1Q22, mainly attributable to improved revenue contribution from the ticketing, transportation and tourism business units. The company's GBV advanced 87% YoY to SAR 1.6bn in 1Q22 from SAR 873mn in 1Q21. Despite a 162.3% YoY increase in cost of sales, gross profit soared 169.3% YoY to SAR 157.7mn in 1Q22, while gross margin expanded 57bps YoY to 32.0%. Selling, general, and administrative (SG&A) expenses rose 15.8% YoY to SAR 228.4mn, while other operating income declined during the quarter. However, the company's operating loss lowered to SAR 55.3mn in 1Q22 compared with operating loss of SAR 111.1mn in 1Q21. Rise in equity accounted Investees and lower zakat expenses led to the company's net loss (attributable to shareholders) decreasing to SAR 63.3mn in 1Q22 from SAR 129.7mn in 1Q21.

Seera's performance significantly improved during the quarter, primarily on rebound in the travel industry, driven by resumption of domestic and international travel during the quarter. The group's GBV surged during the quarter after increase in demand for travel around the KSA after COVID-19. Seera's car rental unit, Lumi, continued its upward momentum during the quarter owing to large-scale lease agreements secured with major government and corporate clients and higher digital bookings. Seera's travel business, Almosafer, recovered steadily, reflecting the success of Almosafer's omni-channel approach and return of travel demand to pre-pandemic levels. Easing restrictions on Umrah pilgrimage for citizens, residents, and international visitors helped Mawasim, Seera's Hajj and Umrah business, rebound sturdily. The rise in topline was driven by rebound of travel across borders, limited quarantine requirements, and easing of restrictions on entry and entertainment and leisure activities. The ticketing, tourism, and transportation units grew 146.5% YoY, 725.8% YoY, and 42.7% YoY, respectively. Seera's Executive Vice President of Business Unit, Muzammil Hussain, expects Almosafer's performance in 2Q22 to exceed that in 2019. Almosafer is working on several projects, including the Red Sea project, which are expected to start receiving visitors next December. Seera also targets to expand its presence in the GCC, especially Bahrain and Qatar to support World Cup 2022, led by the expected increase in travel in the Kingdom and the GCC. Strong recovery in operational performance is expected to continue and boost the company's topline. Considering these factors, we maintain our "Overweight" rating on the stock.

- Seera's topline increased 164.5% YoY to SAR 492.6mn in 1Q22, driven by higher contribution across business segments during the quarter. On quarterly basis, revenue increased a slight 1.2% QoQ from SAR 486.9mn in 4Q21.
- Gross profit grew 169.3% YoY to SAR 157.7mn in 1Q22 on slow rise in cost of sales as compared to the topline. As a result, gross margin expanded to 32.0% in 1Q22 as against 31.4% in 1Q21.
- Despite higher SG&A expenses and lower other operating income, operating loss was down to SAR 55.3mn in 1Q22 compared with SAR 111.1mn in 1Q21.
- Seera reported net loss of 63.3mn in 1Q22 compared with SAR 129.7mn in 1Q21 due to rise in equity accounted Investees and lower zakat expenses.
- The company recorded loss per share of SAR 0.21 in 1Q22 as against SAR 0.43 in 1Q21.

Valuation: We revise our target price to a fair value of SAR 18.6 and maintain "Overweight" rating on the stock.

	1Q22	1Q21	% YoY	FY22E	FY21	%YoY
Revenues (SAR mn)	492.6	186.3	164.5%	1993.8	1327.9	50.2%
Gross Profit (SAR mn)	157.7	58.6	169.3%	870.5	606.3	43.6%
EBITDA (SAR mn)	44.0	(32.0)	NM	482.6	116.9	312.8%
Net Profit (SAR mn)	(63.3)	(129.7)	NM	67.8	(376.4)	NM
EPS Basic (SAR)	(0.21)	(0.43)	NM	0.23	(1.25)	NM
Gross Margin (%)	32.0%	31.4%	0.6%	43.7%	45.7%	(2.0%)
EBITDA Margin (%)	8.9%	(17.2%)	26.1%	24.2%	8.8%	15.4%
Net Profit Margin (%)	(12.8%)	(69.6%)	56.8%	3.4%	(28.3%)	31.7%

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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