

2Q22 Results Update

September 27, 2022

Recommendation	Overweight
Previous Recommendation	Overweight
Current Price (SAR)	18.7
Target Price (SAR)	20.7
Upside/Downside (%)	10.7%
<i>As of September 26, 2022</i>	
Key Data (Source: Bloomberg)	

Market Cap (SAR bn)	5.6
52-wk High (SAR)	24.3
52-wk Low (SAR)	14.9
Total Outstanding shares (in mn)	300.0
Free Float (%)	88.8%

SEERA vs. TASI (Rebased)

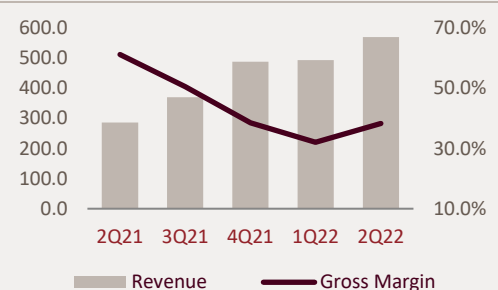


Price Performance (%)	Absolute	Relative
1m	5.2%	18.5%
6m	(12.7%)	3.1%
12m	(13.3%)	(9.4%)

Major Shareholders (%)

Nasser Okail Abdullah AlTayyar	10.51%
--------------------------------	--------

Revenue (SAR mn) and Gross Margin (%)



Source: Bloomberg, Company Financials, Yaqeen Capital;
Data as of September 26, 2022

Topline surged in 2Q22, driven by strong resurgence in travel demand

Seera's revenue advanced 99.3% YoY to SAR 569.2mn in 2Q22, mainly due to improved revenue contributions from the ticketing, transportation, tourism, and hospitality business units. The company's GBV increased 108% YoY to SAR 2.5bn in 2Q22. Gross profit grew 24.8% YoY to SAR 217.8mn in 2Q22. However, as cost of sales grew at a faster pace (up 216.1% YoY to SAR 351.4mn) compared to the topline, gross margin narrowed 2,282bps YoY to 38.3%. Selling, general, and administrative (SG&A) expenses and provision for expected credit loss on trade receivables rose during the quarter. However, operating loss decreased to SAR 44.0mn in 2Q22 compared to SAR 73.1mn in 2Q21. Fall in finance and zakat expenses led to the net loss (attributable to shareholders) decreasing to SAR 69.1mn in 2Q22 from SAR 98.6mn in 2Q21.

Seera continued to report an improved performance during the quarter, primarily owing to resumption of domestic and international travel during the quarter. The group's GBV surged during the quarter as demand for travel increased across the inbound, outbound, and domestic tourism sectors. Seera's car rental unit, Lumi, recorded 40% YoY growth in revenue to SAR 171mn as it continued its upward momentum during the quarter. In addition, the company's travel business, Almosafer, continue to witness strong growth. The consumer travel unit reported its strongest-ever quarter owing to solid growth in international and domestic bookings during the summer travel season across omnichannel booking platforms. Seera's Hajj and Umrah business, Mawasim, grew as COVID-19-related restrictions were largely lifted. Inbound tourism saw exceptional growth during the quarter following the reinstatement of visa-on-arrival options for US, UK, and Schengen visa holders. The tourism, hospitality, transportation, and ticketing units grew 400.8% YoY, 122.3% YoY, 37.6% YoY, and 16.3% YoY, respectively. The management expects Seera to record significant recovery in business activities over the next six months. Seera also aims 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. The overall promotion of Saudi Arabia as a must-visit tourism destination is expected to further boost the company's topline. Considering these factors, we maintain our "Overweight" rating on the stock.

- Seera's topline surged 99.3% YoY to SAR 569.2mn in 2Q22, driven by higher contributions from all business segments except property rentals during the quarter. On a quarterly basis, revenue grew 15.5% from SAR 492.6mn in 1Q22 owing to rebound in the travel market.
- Gross profit grew 24.8% YoY to SAR 217.8mn in 2Q22. However, cost of sales grew 216.1% YoY to SAR 351.4mn during the quarter, which led to a contraction in gross margin to 38.3% in 2Q22 from 61.1% in 2Q21.
- Despite higher SG&A expenses and provision for expected credit loss on trade receivables, operating loss decreased to SAR 44.0mn in 2Q22 compared to SAR 73.1mn in 2Q21.
- Seera reported a net loss of 69.1mn in 2Q22 compared to SAR 98.6mn in 2Q21 due to lower finance and zakat expenses.
- The company recorded loss per share of SAR 0.23 in 2Q22 as against SAR 0.33 in 2Q21.

Valuation: We revise our target price to a fair value of SAR 20.7 and but maintain "Overweight" rating on the stock.

	2Q22	2Q21	% YoY	FY22E	FY21	%YoY
Revenues (SAR mn)	569.2	285.6	99.3%	2094.3	1327.9	57.7%
Gross Profit (SAR mn)	217.8	174.5	24.8%	809.7	606.3	33.5%
EBITDA (SAR mn)	64.0	12.6	408.5%	273.4	116.9	133.9%
Net Profit (SAR mn)	(69.1)	(98.6)	NM	(127.3)	(376.4)	NM
EPS Basic (SAR)	(0.23)	(0.33)	NM	(0.42)	(1.25)	NM
Gross Margin (%)	38.3%	61.1%	(22.8%)	38.7%	45.7%	(7.0%)
EBITDA Margin (%)	11.2%	4.4%	6.8%	13.1%	8.8%	4.2%
Net Profit Margin (%)	(12.1%)	(34.5%)	22.4%	(6.1%)	(28.3%)	22.3%

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.

Yaqeen Capital

Contact us on the below phone numbers:

Customer Services: 8004298888

Brokerage Services: 920004711

Fax or Email us at the below number:

Fax: +966 11 2032546

Email: addingvalue@yaqeen.sa

Mail us at the following address:

P.O. Box 884

Riyadh 11421

Kingdom of Saudi Arabia

Disclaimer and Risks Warning:

The information in this report was compiled from various public sources believed to be reliable and whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions, future prices and expectations contained herein are fair and reasonable, Yaqeen Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Yaqeen Capital does not represent that the information or expected future prices in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information or the expected prices contained in this report. Yaqeen Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and Yaqeen Capital shall not be in any way responsible for the contents hereof. Opinions, forecasts or price projections contained in this report represent Yaqeen Capital current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results, prices or events will match any such opinions, forecasts or prices projections which represent only one possible outcome and these price estimates may not occur in the future whatsoever. Further, such opinions, forecasts or price projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. Any value or price, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, the person who obtain a copy of this report should understand that this report is not intended to provide personal investment advice and does not take into account his/her financial situation or any specific investment objectives or particular needs which he/she may have. Before making an investment decision the investors should seek advice from an independent financial, investment and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and price estimates contained; are protected by the intellectual property laws, copyright and publishing rules and regulations applied in the Kingdom of Saudi Arabia.

All rights reserved.

Yaqeen Capital acquired the Saudi Capital Market Authority license number (37-06020) on 27/05/2006, and commenced providing its services to the investors in the Saudi Stock Exchange on 19/02/2007 with CR Number 1010226584 Issued on 04/12/1427H.