

3Q22 Results Update

December 15, 2022

Recommendation	Overweight
Previous Recommendation	Overweight
Current Price (SAR)	16.9
Target Price (SAR)	21.1
Upside/Downside (%)	24.7%
<i>As of December 14, 2022</i>	
Key Data (Source: Bloomberg)	

Market Cap (SAR bn)	5.1
52-wk High (SAR)	22.6
52-wk Low (SAR)	14.9
Total Outstanding shares (in mn)	300.0
Free Float (%)	88.8%

SEERA vs. TASI (Rebased)

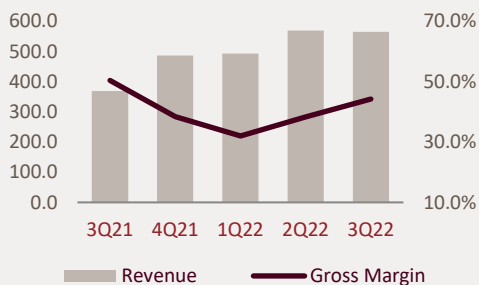


Price Performance (%)	Absolute	Relative
1m	(19.2%)	(10.8%)
6m	(7.3%)	7.5%
12m	(10.1%)	(3.1%)

Major Shareholders (%)

Nasser Okail Abdullah AlTayyar	9.95%
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Revenue (SAR mn) and Gross Margin (%)



Source: Bloomberg, Company Financials, Yaqaen Capital; Data as of December 14, 2022

Seera swings to profit for the first time since 1Q20

Seera's revenue surged 53.2% YoY to SAR 565.4mn in 3Q22, mainly due to higher revenue contribution from the transportation, tourism, hospitality and other segments. The company's GBV advanced 93% YoY to SAR 2.7bn during the quarter. Gross profit climbed 34.5% YoY to SAR 250.2mn in 3Q22. However, gross margin narrowed 615bps YoY to 44.3%, as cost of sales grew faster (up 72.2% YoY to SAR 315.1mn) than the topline. Increase in selling, general, and administrative (SG&A) expenses was offset by a reversal in the expected credit loss on trade receivables during the quarter. Consequently, the company reported operating profit of SAR 30.3mn as against operating loss of SAR 60.9mn in 3Q21. Seera reported net profit of SAR 53.4mn in 3Q22 as against net loss of 72.3mn in 3Q21 owing to rise in equity accounted investee.

Seera reported robust performance during the quarter, primarily owing to the resumption of travel. The group's GBV advanced during the quarter as the demand for travel increased across the inbound, outbound, and domestic tourism sectors. Seera's car rental unit, Lumi, reported 35% YoY growth in revenue to SAR 188mn as it continued its upward momentum during the quarter. The rise is attributable to continued strength in the leasing business serving the private and public sector, in addition to growth in the rental business through a network of branches and digital channels. The consumer travel unit reported yet another record performance owing to rise in leisure travel across operating markets and omnichannel customer touchpoints. In the corporate and government segment, Seera's travel platform, Almosafer, grew 24% YoY as existing contracts were renewed and new corporate, government, and semi-government sector clients were onboarded. Seera's Hajj and Umrah business, Mawasim, advanced following the rebound of demand for pilgrimage following the pandemic and easing of Umrah visa regulations. The hospitality, tourism, and transportation units grew 464.7% YoY, 153.7% YoY, and 31.7% YoY, respectively. Lumi launched its first used car sales showroom in Q3 2022 in Riyadh to further diversify its offerings. The company is in talks with the Ministry of Tourism and other companies to increase the number of flights to and from Doha during FIFA World Cup Qatar 2022 to gain the potential interest of soccer fans. The overall promotion of Saudi Arabia as a must-visit tourism destination is expected to boost the company's topline. Considering these factors, we maintain our "Overweight" rating on the stock.

- Seera's topline advanced 53.2% YoY to SAR 565.4mn in 3Q22, driven by higher contributions from the tourism, transportation and hospitality segments during the quarter. On quarterly basis, revenue declined a marginal 0.7% from SAR 569.2mn in 2Q22.
- Gross profit increased 34.5% YoY to SAR 250.2mn in 3Q22. However, cost of sales soared 72.2% YoY to SAR 315.1mn during the quarter, which led to a contraction in gross margin to 44.3% in 3Q22 from 50.4% in 3Q21.
- Increase in other operating income and reversal in expected credit loss on trade receivables led to the company reporting operating profit of SAR 30.3mn as against operating loss of SAR 60.9mn in 3Q21.
- Surge in equity accounted investee resulted in Seera reporting net profit of SAR 53.4mn in 3Q22 compared with net loss of SAR 72.3mn in 3Q21.
- The company recorded earning per share of SAR 0.18 in 3Q22 as against loss per share of SAR 0.24 in 3Q21.

Valuation: We revise our target price to a fair value of SAR 21.1 and maintain our "Overweight" rating on the stock.

	3Q22	3Q21	% YoY	FY22E	FY21	%YoY
Revenues (SAR mn)	565.4	369.1	53.2%	2193.3	1327.9	65.2%
Gross Profit (SAR mn)	250.2	186.1	34.5%	869.9	606.3	43.5%
EBITDA (SAR mn)	117.8	31.9	269.0%	347.3	116.9	197.1%
Net Profit (SAR mn)	53.4	(72.3)	NM	(78.1)	(376.4)	NM
EPS Basic (SAR)	0.18	(0.24)	NM	(0.26)	(1.25)	NM
Gross Margin (%)	44.3%	50.4%	(6.2%)	39.7%	45.7%	(6.0%)
EBITDA Margin (%)	20.8%	8.7%	12.2%	15.8%	8.8%	7.0%
Net Profit Margin (%)	9.4%	(19.6%)	29.0%	(3.6%)	(28.3%)	24.8%

Source: Company Financials, Yaqaen Capital

3Q22 Results Update
Yaqaen Capital Rating Methodology

December 15, 2022

Yaqaen 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 Yaqaen Capital.

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