

Seera Group Holding (SEERA)

Target Price: SAR 32.0/share

Upside: 7.6%

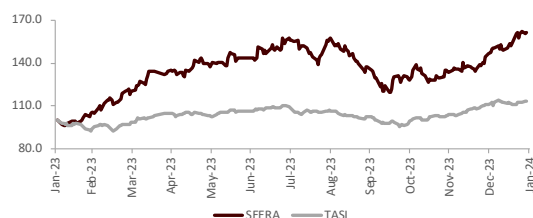
Recommendation

Hold

Current Market Price (SAR)	29.8
52wk High / Low (SAR)	30.6/17.7
Mkt. Cap. (USD/SAR Mn)	2,379/8,925
Shares Outstanding (mn)	300.0
Free Float (%)	99.7%
3m Average Vol. (000)	1,534.9
3m Avg Daily Turnover (SAR'000)	40,405
P/E'24e (x)	32.8
EV/EBITDA'24e (x)	12.0

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	2021	2022	2023e	2024e
Revenue	1,328	2,271	3,033	3,719
Gross profit	607	904	1,395	1,729
GPM (%)	46%	40%	46%	47%
EBIT	(286)	3	278	391
EBIT margin (%)		0%	9%	11%
EBITDA	42	450	765	981
EBITDA margin (%)	3%	20%	25%	26%
Net Income	(372)	(48)	169	271
Net margin (%)			6%	7%
EPS (SAR)	-1.24	-0.16	0.56	0.90
RoE (%)	-7%	-1%	3%	4%

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

Nasser Aqeel Abdullah Al Tayyar	7.65%
---------------------------------	-------

Source: Bloomberg, Yaqeen Capital

Earnings declined on one-off losses; muted on adjusted basis

- Seera's net income dropped by 55.1% YoY (-65.0% QoQ) to SAR 24mn, mainly due to one-off Lumi IPO expenses in 3Q2023 and income against Careem holdbacks in 3Q2022. Net margin declined to 3.0% (-7.4ppts YoY, -6.6ppts QoQ) in 3Q2023. Excluding one-off items, the company reported a normalized net profit before non-controlling interest of SAR 47mn for 3Q2023.
- In 3Q2023, revenue increased by 56.5% YoY (+11.9% QoQ), totaling SAR 801mn. Net booking value (NBV) grew by 15% to SAR 3.1bn compared to SAR 2.7bn in 3Q2022. However, NBV saw a slight 3% decline from 2Q2023 to SAR 3.1bn, attributed to changes in the summer vacation period between the two quarters.
- Gross profit reached SAR 356mn in 3Q2023, marking a 39.6% YoY and 3.2% QoQ growth, however, gross margin declined to 44.4% (-5.4ppts YoY, +3.7ppts QoQ).
- In 3Q2023, operating income decreased by 24.1% YoY (+41.2% QoQ) to SAR 60mn. Consequently, the operating margin came lower by 7.9ppts YoY (+18.4ppts QoQ) to 21.0% in 3Q2023. Normalized operating profit improved significantly, reaching SAR 81mn, a 170% increase from SAR 30mn in 3Q2022.
- In 3Q2023, Almosafer achieved 11% YoY growth in NBV to SAR 2.0bn and 52% YoY growth of SAR 209mn in revenue. Seera's hospitality business recorded SAR 45mn in revenue, a 67% YoY rise. Portman Travel Group experienced a 23% YoY NBV growth to SAR 722mn, generating SAR 232mn in revenue, up 42% YoY.
- The company generated a net income of SAR 148mn in 9M2023 as compared to net loss of SAR 79 million in 9M2022.
- For 9M2023, revenue increased by 52% in 2023 at SAR 2,274mn vs. SAR 1,497mn in 2022 because of healthy margins and increased NBV.

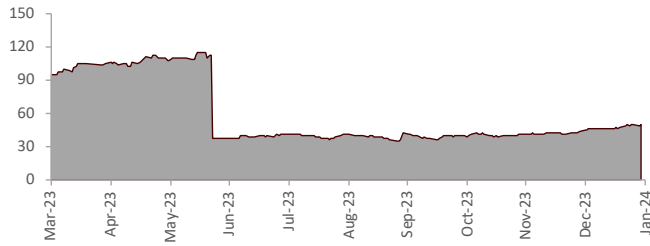
Outlook & Valuation: The travel industry in Saudi Arabia has an optimistic outlook, with several factors contributing to its growth and development. The recent introduction of e-visas for international visitors has opened new opportunities for foreign tourists to explore Saudi Arabia's rich cultural heritage and natural wonders, further fueling the growth of the travel industry. The industry has recovered strongly from the COVID-19-related impact and is experiencing a surge in bookings and visitor numbers. Seera is expected to benefit significantly from this growth, as one of the leading travel companies in Saudi Arabia. Seera's extensive network and services cater to the increasing demand for travel, making it well-positioned to capitalize on the industry's resurgence. Seera's financial performance is expected to be strong as the travel industry continues to rebound. Based on DCF valuation, we arrive at a fair value of SAR 32.0/share, offering a strong upside of 7.6% from the current level. Hence, we recommend a Hold rating on the stock.

Financial Summary

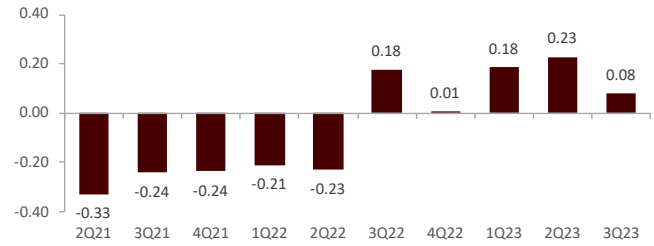
SAR (mn)	3Q2023	3Q2022	YoY	2Q2023	QoQ
Revenue	801	512	56%	716	12%
Gross profit	356	255	40%	345	3%
GPM (%)	44%	50%		48%	
EBIT	60	79	-24%	102	-41%
EBIT margin (%)	7%	15%		14%	
EBITDA	168	160	5%	206	-18%
EBITDA margin (%)	21%	31%		29%	
Net Income	24	53	-55%	68	-65%
Net margin (%)	3%	10%		10%	
EPS (SAR)	0.08	0.18	-55%	0.23	-65%

Source: Company Reports, Yaqeen Capital

Price to Earnings Ratio Trend



EPS (SAR) Trend



Rating Methodology

Buy: The Target share price exceeds the current share price by $\geq 10\%$

Hold: The Target share price is either more or less than the current share price by 10%

Sell: The Target share price is less than the current share price by $\geq 10\%$

Disclaimer

Research report has been prepared by Yaqeen Capital, Riyadh, Saudi Arabia. It has been prepared for the general use of Yaqeen Capital's clients and may not be altered, redistributed, retransmitted, or disclosed, in whole or in part, or in any form or manner, without the express written consent of Yaqeen Capital. Receipt and review of this research document constitute your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this document prior to public disclosure of such information by Yaqeen Capital. The information contained was obtained from various public sources believed to be reliable, and Yaqeen Capital makes no representations or warranties (express or implied) regarding the data and information provided and does not represent that the information content of this document is complete, or free from any error, not misleading, or fit for any particular purpose. This research document provides general information only, but we do not intend to provide personal investment advice and did not constitute an offer or an invitation to make an offer, to buy/ sell/ hold any securities or other investment products, and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report.

Investors should seek financial, legal or tax advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed in this document and should understand that statements regarding future prospects may not be realized. Investors should note that the securities or other investments, if any, may fluctuate and that the price or value of such securities and investments may rise or fall. Fluctuations in exchange rates could have adverse effects on the value of or price of, or income derived from, certain investments. Accordingly, investors may receive back less than originally invested. Yaqeen Capital or its subsidiaries may own securities in one or more of the aforementioned companies, and/or indirectly through funds managed by third parties. The Investment Banking Group of Yaqeen Capital maybe in the process of soliciting or executing fee earning mandates for companies that is either the subject of this document or is mentioned in this document. Yaqeen officers (including research analysts) or Board of directors may have a financial interest in securities of the issuer(s) or related investments, including long or short positions in securities, warrants, futures, or other financial instruments. Yaqeen Capital and employees shall not be liable for any direct, indirect or consequential loss or damages that may arise, directly or indirectly, from any use of the information contained in this report.

Yaqeen Capital is a closed joint stock company licensed by the Saudi Arabian Capital Market Authority, License No (06020-37) to provide services in Dealing, Custody, Managing, Arranging and Advising.