

Seera Group Holding (SEERA)

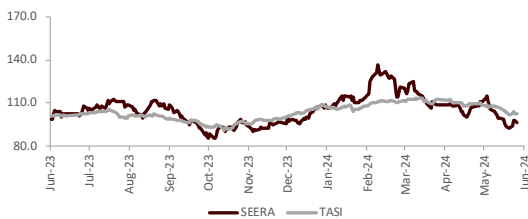
Recommendation

Buy

Current Market Price (SAR)	25.0
52wk High / Low (SAR)	35.8/21.8
Mkt. Cap. (USD/SAR Mn)	1,999/7,500
Shares Outstanding (mn)	300.0
Free Float (%)	98.2%
3m Average Vol. (000)	1,783.4
3m Avg Daily Turnover (SAR'000)	50,769
P/E'24e (x)	92.8
EV/EBITDA'24e (x)	12.4

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Revenue	2,271	3,291	4,079	4,659
Gross profit	904	1,412	1,832	2,092
Gross margin (%)	40%	43%	45%	45%
EBIT	3	305	234	322
EBIT margin (%)	0%	9%	6%	7%
EBITDA	450	681	772	908
EBITDA margin (%)	20%	21%	19%	19%
Net Income	(48)	257	80	153
Net margin (%)		8%	2%	3%
EPS (SAR)	-0.16	0.86	0.27	0.51
RoE (%)	-7%	-1%	4%	1%

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

Nasser Aqeel Abdullah Al Tayyar	6.14%
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Source: Bloomberg, Yaqeen Capital

Earnings improved amid higher revenue

- SEERA's net income improved by 7.0% YoY to SAR 61mn, despite a QoQ decline of 47.4% driven by improved gross margins as a percentage of NBV by 1.6ppts to 13.4% in 1Q2024, helped by an improved product mix and average margins within the travel businesses and maintaining positive operating leverage. Excluding the impact of one-off gains from the acquisition of a subsidiary amounting to SAR nil (4Q2023: SAR 97mn), the company posted a normalized net profit of SAR 61mn for 1Q2024, a 221% increase over 4Q2023's net profit of SAR 19mn.
- In 1Q2024, revenue increased by 35.8% YoY and 6.0% QoQ, totaling SAR 1,078mn, primarily due to strategic acquisitions in Portman and expansion in Lumi. The NBV reached SAR 3,433mn, a 30% increase from the same quarter of the previous year.
- Gross profit for 1Q2024 reached SAR 460mn, marking a 47.7% YoY increase and a 15.1% QoQ increase, driven by higher revenue growth compared to costs. The corresponding margin improved by 3.5ppts YoY and 1.9ppts QoQ to 42.7%.
- Operating income in 1Q2024 increased by 43.3% YoY and 73.5% QoQ to SAR 112mn, due to a lower rise in SG&A expenses compared to gross profit. Consequently, the operating margin improved by 0.6ppts YoY and 3.8ppts QoQ to 10.4% in 1Q2024.
- Shareholders' equity (excluding non-controlling interest) as of 31 March 2024 is SAR 6,711mn, representing a 22% increase compared to SAR 5,490mn in the same quarter of the previous year.

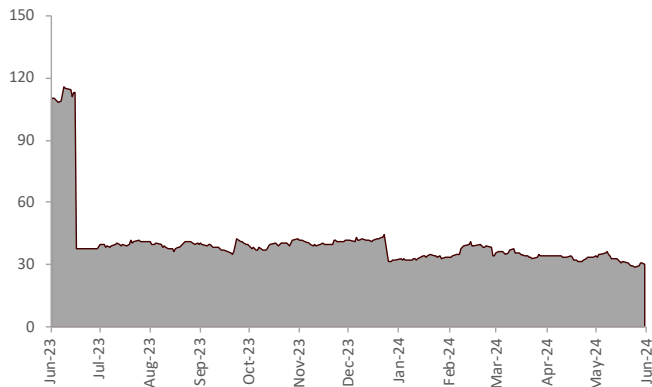
Outlook & Valuation: The travel industry in Saudi Arabia has a promising outlook, with various factors driving its growth and development. The implementation of e-visas for international visitors has created new opportunities for foreign tourists to explore Saudi Arabia's rich cultural heritage and natural wonders, further boosting the travel industry. The industry has recovered robustly from the impact of COVID-19 and is seeing a surge in bookings and visitor numbers. As one of Saudi Arabia's leading travel companies, Seera is poised to benefit significantly from this growth. Seera's extensive network and services cater to the rising demand for travel, positioning it well to capitalize on the industry's resurgence. Consequently, 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 28.0% from the current level. Hence, we recommend a Hold rating on the stock.

Financial Summary

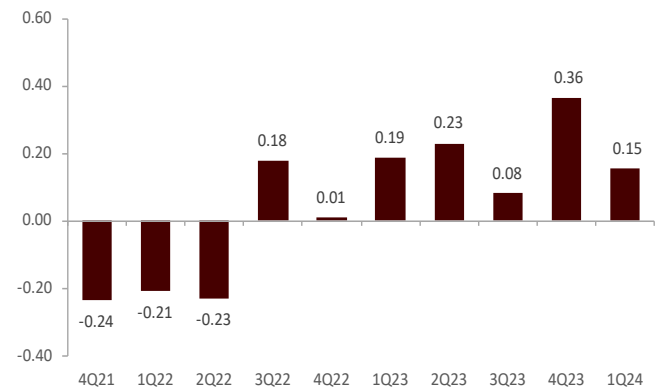
SAR (mn)	1Q2024	1Q2023	YoY	4Q2023	QoQ
Revenue	1,078	794	36%	1,017	6%
Gross profit	460	312	48%	400	15%
Gross margin (%)	43%	39%		39%	
EBIT	112	78	43%	65	73%
EBIT margin (%)	10%	10%		6%	
EBITDA	106	169	-37%	136	-22%
EBITDA margin (%)	10%	21%		13%	
Net Income	61	57	7%	116	-47%
Net margin (%)	6%	7%		11%	
EPS (SAR)	0.15	0.19	-17%	0.36	-58%

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 $\geq 10\%$

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