

Bottomline growth supported by operating efficiencies despite lower revenue and gross margin contraction

Seera Group Holding Co. (Seera)'s net profit grew 13.5% Y/Y to SAR 42mn in Q1-26, beating our estimate of SAR 10mn. The deviation from our estimate was primarily attributed to better-than-expected operating margin and lower non-operating expenses. Revenue declined 1.4% Y/Y to SAR 1,089mn (in line our estimate of SAR 1,053mn), as Almosafer, Lumi and Hospitality segments were impacted by geopolitical conflict in the region, it was partially offset by growth in Portman Travel Group (+13% Y/Y). Gross margin contracted by ~30 bps Y/Y to 42.4% (AJBC estimate: 42.4%). Operating margin increased to 8.1% in Q1-25 from 8.0% in Q1-25 (AJBC estimate: 5.7%), supported by realization of integration synergies in Portman, better profitability in Almosafer and income from corporate investment activities.

- **Seera's net profit** rose 13.5% Y/Y to SAR 43mn, above our estimate of SAR 10mn. The variance from our estimate was mainly due to better-than-expected operating margin and lower non-operating expenses. Lower OPEX (-2.6% Y/Y; net of any other operating income and gains) and non-operating expenses (-9.8% Y/Y) supported the bottom line despite lower revenue and gross margin contraction.
- **Revenue** fell 1.4% Y/Y in Q1-26 to SAR 1,089mn, in line with AJBC's estimate of SAR 1,053mn. The revenue was affected by travel disruptions in March due to geopolitical conflict, which had negative impact on Almosafer (-8% Y/Y), Lumi (-11% Y/Y) and Hospitality (-15% Y/Y) revenues. On the other hand, Portman Travel Group, with 13% Y/Y growth in revenue, lend some support to the topline. Seera's net booking value (NBV) grew 8% Y/Y to SAR 3.8bn in Q3-25, driven by strong performance from Almosafer (+9% Y/Y; SAR 1.9bn) with Hajj and Umrah recording highest growth rate, while Portman's NBV also grew +12% Y/Y to SAR 1.5bn.
- **Gross profit** declined 2.1% Y/Y to SAR 462mn, in line with our estimate of SAR 446mn. The GP margin dropped ~30 bps Y/Y in Q1-26 to 42.4% (in line with our estimate of 42.4%). Gross margin was hit by lower revenue, particularly in Almosafer and lower profitability in Hospitality business owing to geopolitical conditions.
- **Operating profit** was flat at SAR 88mn (AJBC estimate of SAR 60mn), as gross margin contraction was offset by lower OPEX (2.6%). Operating margin improved to 8.1% from 8.0% and OPEX-to-sales ratio improved to 34.3% from 34.8% in Q1-25. EBITDA grew 2% Y/Y to SAR 252mn in Q1-26 (+7% on adjusted basis), driven by integration synergies in Portman Travel Group, profitability gains in Almosafer and income generated through the management of corporate investment activities. It is noteworthy that Q1-25 EBITDA was helped by net one-off gains worth ~SAR 13mn.

AJBC view and valuation: Seera's result was affected by geopolitical escalation in March in the region. The pressure is expected to persist in Q2-26 as well. However, Portman's performance and reflection operating efficiencies are positive for the company. NBV growth in Almosafer despite the prevailing conditions indicates resilience and strong performance in January and February. Additionally, the management reaffirmed its commitment to Almosafer listing in FY26 and divestment targets including Hospitality business, indicating value unlocking potential for investors. The stock currently trades at EV/EBITDA of 8.3x and P/E of 23.0x based on our FY26E estimates. We maintain our **"Overweight"** recommendation on the stock and the TP of **SAR 29.0/share**.

Results Summary

SAR mn	Q1-25	Q4-25	Q1-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	1,104	1,002	1,089	-1.4%	8.7%	3.4%
Gross Profit	472	430	462	-2.1%	7.4%	3.5%
Gross Margin	42.8%	42.9%	42.4%	-	-	-
EBIT	88	33	88	0.0%	166.7%	46.2%
Net Profit	37	-28	42	13.5%	NM	341.4%
EPS	0.13	-0.09	0.15	-	-	-

Source: Company Reports, Aljazeera Capital Research; NM: Not Meaningful

Recommendation **Overweight**

Target Price (SAR) **29.0**

Upside / (Downside)* **41.0%**

Source: Tadawul *prices as of 10th of May 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25
Revenues	3,328	4,106	4,716
Growth %	46.6%	23.4%	14.9%
Gross Profit	1,412	1,768	1,810
Net Income	169	-199	46
Growth %	NM	NM	NM
EPS	0.56	-0.66	0.15
DPS	0.00	0.00	0.00

Source: Company reports, Aljazeera Capital Research

Key Ratios

	FY23	FY24	FY25
Gross Margin	42.4%	43.0%	38.4%
Operating Margin	9.0%	1.0%	5.0%
Net Margin	5.1%	-4.8%	1.0%
ROE	2.8%	-3.0%	0.7%
ROA	1.7%	-1.8%	0.4%
P/E (x)	47.9	Neg	High
P/B (x)	1.2	1.0	1.2
EV/EBITDA (x)	15.8	17.9	14.6
Dividend Yield	0.0%	0.0%	0.0%

Source: Company reports, Aljazeera Capital Research

Key Market Data

Market Cap(bn)	6.2
YTD%	-23.2%
52 week (High)/(Low)	31.60/19.05
Share Outstanding (mn)	300.0

Source: Company reports, Aljazeera Capital Research

Price Performance



Source: Tadawul, Aljazeera Capital Research

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RESEARCH
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RATING
TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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