

# KSA Car Rentals

Sector Report | February 2026



Short-Term Pricing Pressures Persist, but Long-Term Growth Prospects Remains Strong, Supported by Rising Tourism Demand and Vision 2030 Initiatives.



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KSA's car rentals sector is transitioning from capacity build-out to utilization- and yield-led growth, supported by the early overachievement of Vision 2030 tourism targets and a sustained expansion in passenger mobility. KSA welcomed ~122mn tourists in 2025, recording the strongest ever performance in the sector and prompting an upward revision to 150mn visitors, while inbound arrivals exceeded ~30mn and Umrah volumes reached ~35.8mn—materially de-risking demand visibility for transport and mobility services. This has translated into a sharp rise in passenger throughput, with total air traffic reaching ~141mn passengers in FY25 (10% Y/Y) alongside an ~8% increase in flight movements, improving utilization across aviation-linked transport modes. Downstream mobility is a key beneficiary: the short-term rental market reached ~SAR 3.7bn in 2024, growing at 14.5% CAGR since 2020 and projected to sustain ~13.5% CAGR through 2029, while leasing continues to expand as corporates increasingly shift toward operational leases to optimize capital intensity and fleet management. Importantly, growth quality has improved alongside scale, with higher inbound spend, longer stays, and event-led travel lifting tourism spending to ~SAR 238bn in 2024 (expected to exceed SAR 300bn in 2025), turning the travel balance into a ~SAR 50bn surplus and reinforcing car rentals role as a critical enabler of non-oil diversification. Within this environment, the car rental and leasing segment is moving toward early-stage consolidation, with listed operators controlling ~53% of industry revenues and competitive outcomes increasingly dictated by fleet scale, airport exposure, maintenance capability, and digital distribution rather than footprint alone. Within this environment, scale and execution differentiate outcomes: Budget Saudi leads on scale, Lumi offers diversified digital exposure, Theeb stands out on margin discipline, and Cherry delivers high earnings visibility via leasing. We see attractive risk-reward across the sector and recommend **Overweight** on **Theeb (TP: SAR 53.0)**, **Lumi (TP: SAR 61.4)**, and **Budget Saudi (TP: SAR 83.0)**, with risks centered on weaker tourism momentum, global slowdown, inflation, geopolitical shocks or Ongoing pricing pressure may constrain revenue growth, delay margin recovery, and limit operators' ability to pass through higher fleet and operating costs in the near to medium term.

**Record-breaking tourism momentum enhances demand visibility and quality:** The credibility of the Saudi tourism prospects has been significantly bolstered by the Kingdom reaching 122mn tourists in 2025, prompting an upward revision of the 2030 headline target to 150mn visitors. This growth is increasingly characterized by “value over volume,” with tourism's GDP contribution rising to approximately 4.7% and total spending expected to exceed SAR 300bn in 2025. The shift toward longer stays and higher inbound spend per visitor has successfully flipped the travel balance of payments into a SAR 50bn surplus. Furthermore, religious tourism remains a stable anchor, with Umrah volumes reaching 35.8mn, while leisure travel has surged to 17.5mn trips, providing a diversified and year-round demand base for car rental and leasing services.

**Corporate activity and tourism initiatives continue to act as the primary growth engine for the car rental sector:** The long-term leasing market has demonstrated robust expansion, growing from SAR 2.1bn in FY20 to SAR 3.7bn in FY24, underpinned by fixed-tenure contracts (1-5 years) and rising corporate demand. Looking ahead, the segment is projected to nearly double, reaching SAR 7.2bn by FY29e, with total fleet size expected to surpass 300k vehicles, supported by government contracts, RHQ regulations, and increasing outsourcing of fleet management. On the short-term side, the rental market reached SAR 4.0bn in FY24, driven by strong inbound tourism and pilgrimage flows. We expect the segment to grow at a 5.7% CAGR over FY25-29, broadly aligned with fleet expansion of 6.1% CAGR over the same period, reflecting sustained demand momentum alongside disciplined capacity additions.

**Intense competitive friction driving early-stage industry consolidation:** The car rental market is currently navigating a period of intense competitive friction as private players aggressively pursue market share ahead of planned public listings. This race for volume has exerted temporary pricing pressure across both short-term rentals and long-term leasing. However, we expect this intensity to normalize as global events absorb excess capacity and utilization rates improve. In this environment, competitive outcomes are increasingly dictated by fleet scale, digital distribution, and maintenance capabilities rather than just physical footprint. The four listed players—Budget Saudi, Lumi, Theeb, and Cherry—collectively control 53% of industry revenues, signaling a consolidation phase where scale players leverage procurement power and secondary-market expertise to sustain superior margins. We recommend “**Overweight**” rating on **Theeb** with TP of **SAR 53.0/share**, **Lumi** with TP of **SAR 61.4/share** and **Budget Saudi** with TP of **SAR 83.0/share**. Downside risks to our view on the sector are less than expected pick up in travel and tourism activity in KSA, prolonged global economic slowdown and its negative impact on the sector demand, and geopolitical crisis hampering international traffic.

Fig 1. Target Price & Recommendation

Company	TP (SAR/share)	Recommendation	Upside/(Downside)	FY26E PAT (SAR mn)	FY26E DY	ROE (2026E)	FY26E P/E
Budget	83.0	Overweight	38.0%	380	2.7%	14.5%	12.4x
Theeb	53.0	Overweight	52.8%	225	5.6%	17.9%	10.2x
Lumi	61.4	Overweight	31.3%	227	0.0%	14.0%	11.3x

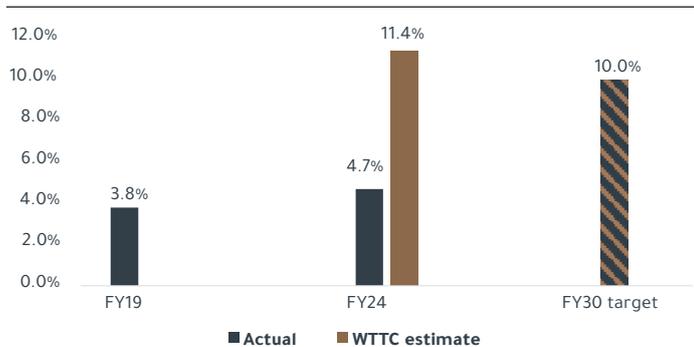
Source: Argaam, Company, AlJazeera Capital research; close as of 2 February 2026

### Industry Overview:

#### From Volume to Value: KSA's tourism's GDP contribution and external balance improve

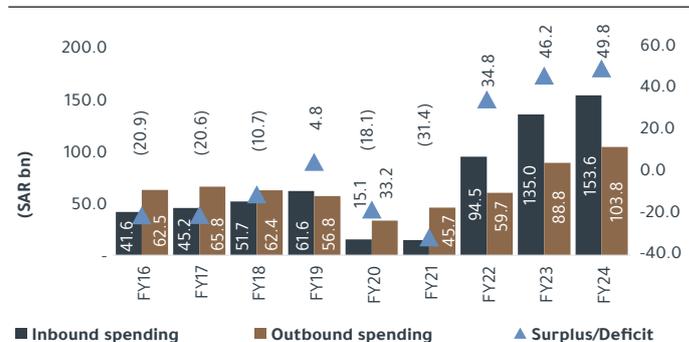
Tourism's contribution to GDP has expanded from ~3.8% in 2019 to ~4.7% in 2024, with WTTC estimating the total (direct + indirect) impact at ~11.4%—already exceeding the sector's long-term Vision 2030 target of ~10%. Importantly, this uplift reflects a clear shift toward value-led growth, with tourism spending rising sharply to nearly SAR 238bn and exceeding SAR 300bn in 2025. This is driven by higher inbound spend per visitor, improved stay duration, and stronger pricing across accommodation, transport, and experiences. Visitor volumes continue to scale in parallel, with total tourist visits rising to ~122mn in 2025, placing KSA among the world's top 10 destinations. This improvement in spending quality has translated into a structural turnaround in the travel balance of payments, which swung to a SAR ~50bn surplus in FY24 after multiple years of deficit. Inbound spending has consistently outpaced outbound leakage, underscoring tourism's growing role as a net foreign exchange earner and a meaningful contributor to Saudi Arabia's non-oil diversification and external account resilience.

**Fig 2. Tourism's economic footprint expands meaningfully as direct and indirect contributions scale up**



Source: GASTAT, Argaam, Aljazeera Capital research

**Fig 3. Shift toward value-led tourism drives higher inbound spend and structural turnaround in BoP**

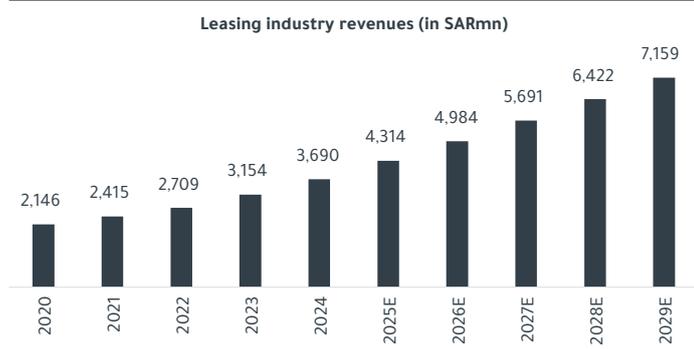


Source: GASTAT, Argaam, Aljazeera Capital research

#### Contracted resilience driving structural growth in Saudi's long-term vehicle leasing

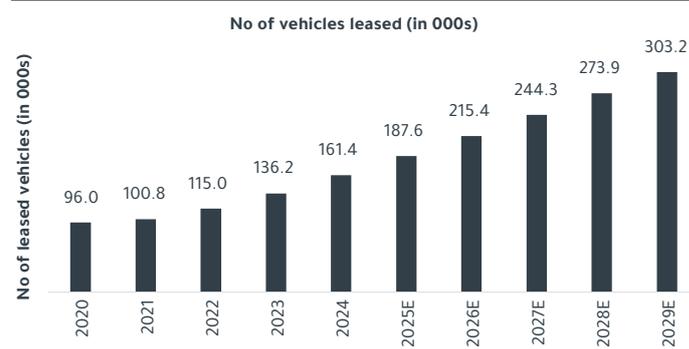
KSA's long-term vehicle leasing market has demonstrated strong resilience and structural growth, expanding from SAR 2.1bn in 2020 to SAR 3.7bn in 2024 (CAGR: ~14.5%), underpinned by fixed-tenure contracts of 1 to 5 years that provide revenue visibility and stability. After marginal growth in 2020-21, the segment recovered sharply post-2021, with the leased vehicle fleet reaching 161,420 units in 2024. The market benefits from a diversified demand base, with private-sector users contributing ~45% of revenues and Government and semi-Government entities accounting for ~55%, supporting contracted cash flows. Demand is driven by corporate fleet modernisation, expanding e-commerce and logistics activity, and a structural shift from ownership to leasing driven by cost and flexibility advantages. Providers are increasingly focused on fuel-efficient vehicles, fleet optimisation, and green technologies. Supported by long-term contractual commitments and favourable demand dynamics, the market is forecast to grow at a 13.5% CAGR over 2025-2029E, reaching SAR 7.2bn with leased vehicles exceeding 300,000 units by 2029E.

**Fig 4. Leasing car rental growth driven by contracted demand and fleet scale-up**



Source: Cherry Prospectus, Aljazeera Capital research

**Fig 5. Structural expansion in leased fleet underpins volume led growth over 2025-29E**

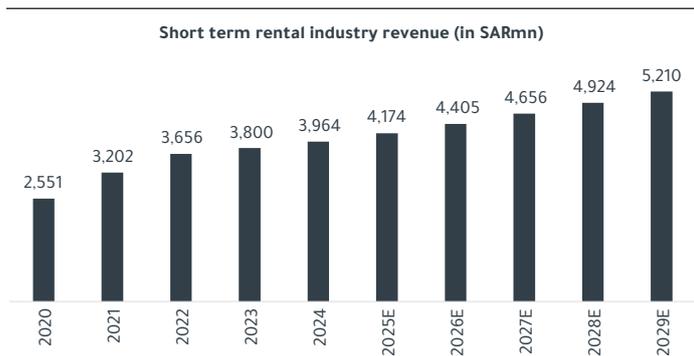


Source: Cherry Prospectus, Aljazeera Capital research

### Tourism, digital adoption and regulation underpin KSA's short-term vehicle rental growth

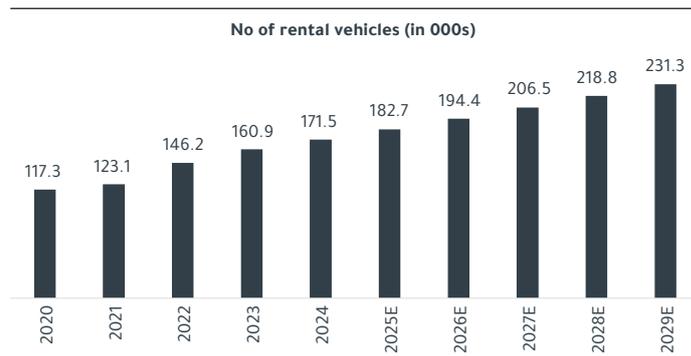
KSA's short-term vehicle rental market valued at SAR 4.0bn in 2024 with ~171,500 vehicles, is dominated by private customers and tourism-led demand, particularly in major urban and religious centres such as Riyadh, Jeddah, Makkah, and Medina. Following pandemic-related supply constraints and semiconductor shortages, limited fleet growth drove higher utilisation and pricing, resulting in revenue growth outpacing vehicle availability during 2020-2024. As tourism rebounded sharply and inbound arrivals surpassed pre-pandemic levels, demand for flexible daily, weekly, and monthly rentals accelerated, supported by rising digital adoption, online booking platforms, and integrated services. Looking ahead, sustained tourism inflows, urbanisation, and expanding digital rental ecosystems are expected to drive steady market expansion, with the fleet projected to grow at a 6.1% CAGR and revenues at a 5.7% CAGR over 2025e-2029e, underpinned by regulatory oversight, improving service quality, and operational efficiency gains.

**Fig 6. Tourism recovery and pricing power have driven KSA's short term rental market**



Source: Cherry Prospectus, Aljazeera Capital research

**Fig 7. Rising travel and urban mobility demand have pent up the rental market fleet**

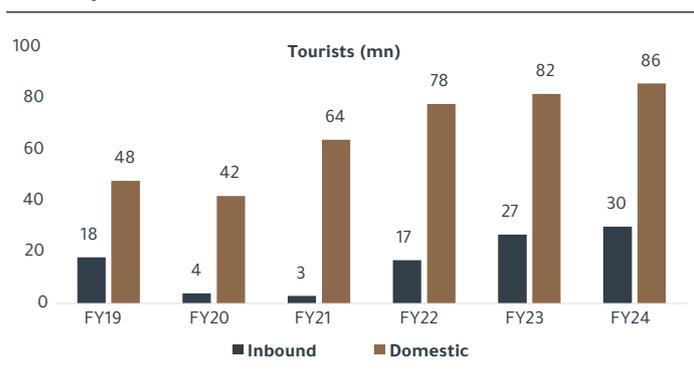


Source: Cherry Prospectus, Aljazeera Capital research

### With Vision 2030 targets beaten early, the credibility of KSA's tourism flywheel strengthens

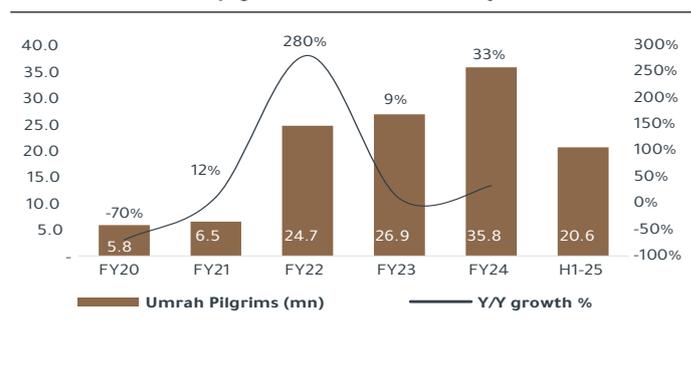
KSA reached ~122mn tourists in 2025, recording the strongest ever performance, prompting an upward revision of the headline target to 150mn visitors. Inbound arrivals crossed ~30mn in 2025 for the consecutive year, already more than halfway toward the revised 2030 goal of 50mn positioning the kingdom among the world's top destinations, according to Tourism Minister. Meanwhile Umrah pilgrim volumes (~35.8mn in FY24) exceeded the original Vision 2030 target of 30mn well ahead of plan. Early overachievement has materially enhanced the credibility of the tourism execution story, shifting investor focus from target risk to sustainability and mix improvement.

**Fig 8. Tourism flywheel gains structural momentum as inbound recovery adds to domestic scale**



Source: GASTAT, Argaam, Aljazeera Capital research

**Fig 9. Umrah volumes exceed Vision 2030 targets early, shifting focus from catch-up growth to sustainability**



Source: GASTAT, Argaam, Aljazeera Capital research

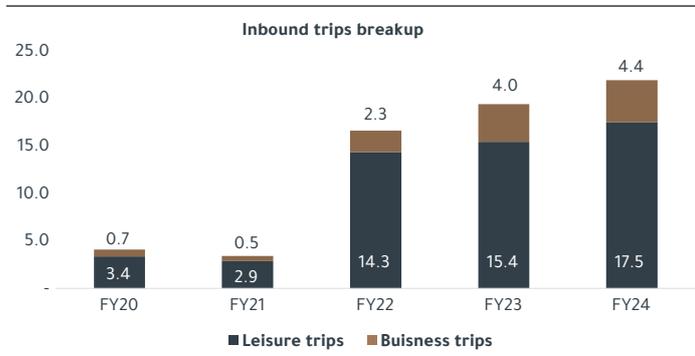
### Religious tourism as a stable anchor, not a cyclical driver

Religious tourism continues to provide a durable base for the sector, insulating demand from global travel cyclicity. Umrah volumes grew ~33% Y/Y in FY24, supported by capacity expansions at the Grand Mosque, Haramain high-speed rail, and end-to-end digitization of pilgrim services. Importantly, religious travel has evolved beyond pure volume growth—longer stays, better crowd management, and ancillary spending are increasingly contributing to value creation. This segment now acts as a stabilizing anchor around which leisure, events, and business tourism are scaling.

### Leisure tourism gathers momentum as events and air traffic recovery broaden demand base

Leisure travel is emerging as an increasingly important pillar of KSA's tourism growth, supported by a deepening calendar of flagship events such as Jeddah Season, alongside cultural festivals and entertainment-led attractions. This is reflected in the inbound travel mix, where leisure trips have risen steadily from ~3.4mn in FY20 to ~17.5mn in FY24, materially outpacing business travel and underscoring the sector's shift toward discretionary, experience-led demand. These initiatives are not only stimulating domestic travel but are also drawing incremental international visitors, diversifying demand beyond religious tourism. This shift is being reinforced by a strong recovery in international air traffic, which had lagged during the post-COVID period but has now regained momentum. Total passenger traffic reached ~141mn in FY25 (10% Y/Y), with international connectivity improving meaningfully as flight frequencies and route additions accelerate. As air traffic normalizes, downstream segments such as accommodation, mobility, and car rental stand to benefit from higher utilization. Overall, the convergence of event-led leisure demand and aviation capacity expansion is broadening the tourism mix, improving seasonality, and enhancing monetization across the tourism value chain.

**Fig 10. Leisure demand drives inbound travel growth and reshapes visitor mix**



Source: Cherry Trading prospectus, Aljazeera Capital research

**Fig 11. Expanding events calendar anchors leisure demand and improves year-round travel intensity**

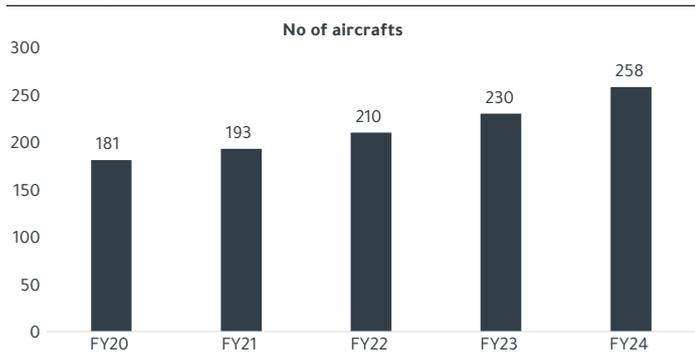


Source: VisitSaudi, Aljazeera Capital research

### Aviation and infrastructure build-out create multi-year visibility for inbound growth

KSA's aviation expansion is emerging as the backbone of the next phase of inbound tourism growth, with capacity scaling in tandem with large-scale infrastructure and event-led demand creation. Passenger traffic reached ~141mn in FY25 (10% Y/Y), supported by 8% increase in flight movements and a steadily expanding commercial fleet. Local carriers, including the launch of Riyadh Air alongside aggressive expansion by incumbent operators, are targeting >100 destinations by 2030, structurally widening KSA's inbound catchment and reducing dependence on regional transit hubs. This aviation build-out is being synchronized with major airport expansions—most notably King Salman International Airport and Madinah Airport—as well as incremental hotel and transport capacity, ensuring supply-side readiness as demand scales. Importantly, a visible pipeline of global mega-events such as Aisa Cup, Expo 2030, and FIFA 2034, complemented by recurring cultural and entertainment seasons, is anchoring multi-year demand visibility. Together, aviation connectivity, physical infrastructure, and an events-led calendar are extending length of stay, improving spend per visitor, and reinforcing the sector's transition from episodic volume growth to sustainable, value-led expansion.

**Fig 12. Fleet expansion signals structural aviation capacity build-out to support inbound tourism growth**



Source: GACA, Aljazeera Capital research

**Fig 13. Global mega events provide a durable demand backbone for aviation and tourism monetization**



Source: Aljazeera Capital research

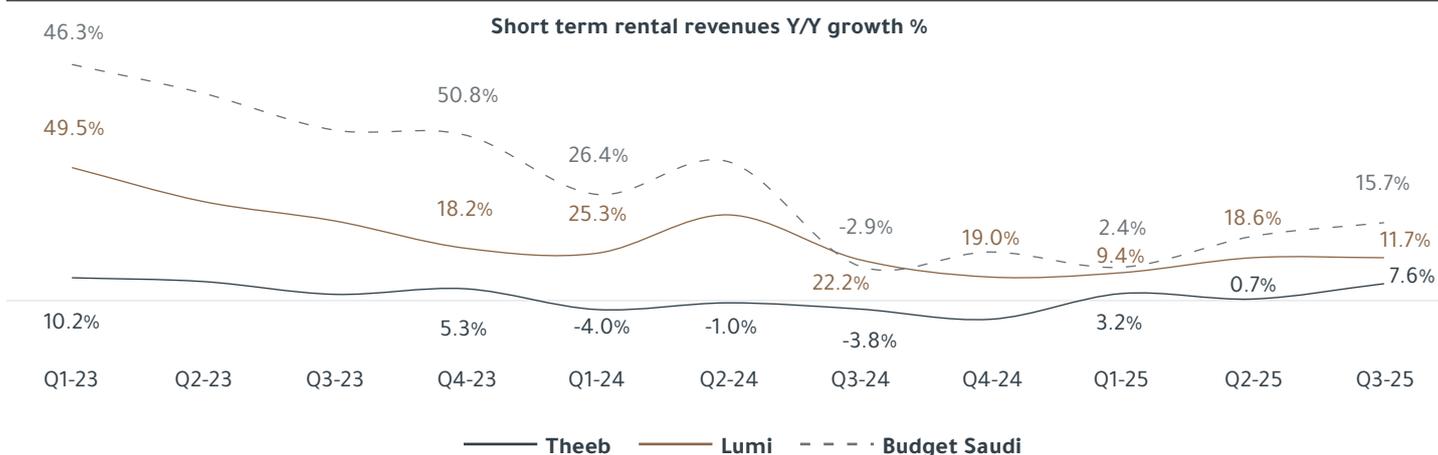
**Competitive dynamics in KSA's Car Rentals: Why scale & execution matter more than presence**

KSA's car rental market is transitioning from a fragmented local industry to a more organized, scale-driven structure, underpinned by tourism growth, rising short-term rentals, and leasing demand. Listed players—Budget Saudi, Lumi, Theeb and Cherry—account for a meaningful share of industry revenues, with Budget Saudi leading at ~17% market share in 2024, followed by Lumi (~14%), Theeb (~13%) and Cherry (~9%). These operators collectively control ~53% of industry revenue, signaling early-stage consolidation and clear scale advantages for established players.

**The competitive pressure:** The industry is currently navigating a period of intense competitive friction. We are seeing a race for volume as several private players slated for upcoming IPOs aggressively fight for market share. This surge in supply and aggressive customer acquisition has exerted significant pricing pressure across the board, as these entrants prioritize top-line growth to bolster their financial profiles ahead of public listings. However, this is likely a transitory phase. We believe this competitive intensity will ease and normalize. Upcoming large-scale business summits and global sports events would bode well for utilization rates. Moreover, the synchronized growth of the aviation sector and the broader tourism ecosystem will naturally absorb excess capacity. Moreover, the pricing pressure persists in the long-term leasing segment as well with the players competing to grab large long term contracts amid rising demand which is being anchored by KSA's mega and giga-projects (such as NEOM, Red Sea, and Qiddiya), which require massive, reliable fleets and complex logistics.

The short-term rental business for incumbent operators in KSA has experienced relatively tepid growth over the past four to five quarters, largely due to restrained fleet additions amid intensified price competition. Increased rivalry among large operators, particularly in key urban and airport locations, has led to aggressive discounting and promotional pricing, compressing yields and discouraging rapid capacity expansion. At the same time, incumbents have prioritised strategic fleet optimisation over growth, focusing on improving utilisation rates, rotating older vehicles, and aligning fleet mix with higher-demand categories rather than pursuing volume-led expansion. While travel demand and tourism inflows remain structurally strong, near-term growth has been moderated by margin discipline, elevated vehicle acquisition costs, and a cautious capital allocation approach. As a result, revenue growth in the short-term rental segment has increasingly been driven by pricing, utilisation, and digital-led efficiency gains rather than meaningful fleet scale-up, pointing to a more rational and sustainable competitive environment in the near term.

**Fig 14. Consistent pricing pressure and the race to capture the growing market has moderated the revenue growth of short-term rentals, from the highs of 46-50% to 8-16% currently**



Source: Company, Aljazira Capital research

Major players have advantages: In this environment scale and execution are the primary differentiators for two reasons:

- Procurement & Lifecycle Power:** Larger players like Budget, Lumi, and Theeb benefit from massive economies of scale in vehicle procurement, maintenance, and, crucially, the secondary used-car market.
- Contractual Credibility:** Mega-projects require partners who can execute large-scale, multi-year contracts without service interruptions. Players with a proven track record of managing fleet logistics at scale are naturally positioned to capture the lion's share of these high-value contracts.

**Budget Saudi** remains the dominant operator, benefiting from the largest fleet, extensive airport presence, and a diversified revenue mix. The acquisition of AutoWorld has strengthened its long-term leasing portfolio, enhancing revenue visibility and resilience versus pure short-term rental exposure. **Theeb** differentiates itself through margin resilience and disciplined execution. A balanced mix of rental and leasing, coupled with in-house maintenance capabilities, has enabled Theeb to sustain gross margins of ~31-33%, outperforming peers during periods of pricing pressure. **Lumi** occupies a differentiated middle ground, anchored by its digital-first strategy and multi-channel platform under Seera Group. Its diversified revenue mix—leasing, short-term rentals, and used car sales—has helped stabilize cash flows, while technology investments aim to lift utilization and yield across its ~34k vehicle fleet. However, margins have been more volatile, reflecting competitive pricing and fleet expansion dynamics. **Cherry Trading** follows a leasing-led, contract-driven model, with the majority of its fleet deployed in long-term agreements, delivering high revenue visibility and lower earnings volatility, albeit with limited exposure to high-yield airport and short-term rental segments.

In terms of financial performance, **Budget Saudi** leads on scale but operates with thinner margins, reflecting a volume-led model and higher exposure to competitive rental channels; valuation remains supported by market leadership rather than profitability. **Lumi** sits in the middle, with stable operating margins but higher finance costs weighing on net returns, keeping valuation multiples contained. **Theeb** stands out on operating efficiency, delivering structurally higher gross margins through disciplined pricing and in-house maintenance, yet trades at peer-level multiples. **Cherry Trading** differentiates itself through a leasing-heavy, contract-driven model, translating into the highest operating margins in the peer set; a premium EV/Sales multiple reflects earnings visibility, partially offset by higher financing intensity.

Despite ongoing fragmentation among smaller operators, competitive intensity is increasingly dictated by fleet economics, airport exposure, and cost efficiency, rather than sheer presence. Scale players benefit from procurement and insurance leverage, while operational capabilities—maintenance, disposal, and digital distribution—are becoming key margin differentiators. Industry data also point to a structural shift toward online bookings, reinforcing the advantage of tech-enabled platforms.

**Fig 15. Divergence in scale, revenue share and tenure profiles across Saudi operators**

	Cherry Trading	Theeb	Lumi	Budget Saudi
 <b>Rev based market share#</b>	~9%	~13%	~14%	~17%
Lease	9%	14%	15%	23%
Rental	DNA	12%	12%	11%
 <b>Fleet Size</b>	15,620	32,135	34,400*	53,526
Lease fleet	13,760	19,328	23,449	40,033
Rental fleet	1,860	12,807	10,951	13,493
 <b>No of branches</b>	27	61	40	111
 <b>Avg lease tenure</b>	1-5yrs	~5yrs	2-5yrs	1-5yrs
 <b>Rental tenure types</b>	Daily, Weekly, Monthly			

Source: Company, Aljazira Capital research. Note: \*Fleet size for Lumi based on 9M-25 and for others based on 2024; #Market share based on industry revenues

**Fig 16. TTM profitability & valuation: Scale vs margin trade-off across Saudi operators**

TTM based (SARmn)	Budget Saudi	Lumi	Theeb	Cherry
Revenues	2,341	1,644	1,442	486
COGS as % of sales	71.4%	71.3%	68.2%	68.1%
Gross margin %	28.6%	28.7%	31.8%	31.9%
S&D as % of sales	5.4%	0.0%	5.3%	1.0%
G&A as % of sales	6.3%	9.0%	4.7%	5.5%
Operating margin %	19.5%	20.3%	20.5%	24.6%
Finance cost as % of sales	4.3%	7.2%	7.1%	12.2%
PAT margin %	15.0%	12.7%	13.5%	14.5%
P/E (x)	13.7	12.3	12.3	12.0
EV/Sales (x)	2.7	2.6	2.9	3.4

Source: Argaam, Company, Aljazira Capital research

### Sector Thesis

KSA's car rental sector is experiencing strong growth, underpinned by i) expanding tourism ecosystem, ii) urbanization, iii) rising middle-class affluence, and iv) increasing female workforce participation. The short-term rental market reached SAR 3.7bn in 2024, growing at a 14.5% CAGR since 2020, with projections of 13.5% CAGR to 2029. Meanwhile long-term leasing is also expanding as corporates prefer operational leases to reduce upfront costs and delegate fleet management. This growth is reinforced by KSA surpassing its original Vision 2030 tourism targets well ahead of schedule. This alongside higher per-visitor spending, longer stays, and improved pricing across accommodation, transport, and experiences have elevated tourism's GDP contribution from ~3.8% in 2019 to ~4.7% in 2024, while the travel balance turned to a SAR ~50bn surplus, signaling sustainable, value-led growth.

Religious tourism continues to provide a durable base, with longer stays and ancillary spending insulating demand from global cyclicity, while leisure tourism gains momentum through flagship events such as Jeddah Season and expanded international air connectivity, with total passenger traffic reaching ~141mn in FY25 (10% Y/Y), supported by growing flight movements and carrier expansion. Major airport projects and a pipeline of mega-events provide multi-year visibility, benefiting airport-linked rental demand and smoothing seasonality.

Within this environment, scale and operational execution define competitive success. The four listed players collectively capture ~53% of revenues, reflecting early-stage consolidation, while smaller operators compete on local presence and technology-enabled offerings. Competitive intensity remains high, with margins sensitive to fleet expansion, pricing pressure, regulatory compliance, and macro factors such as fuel prices and interest rates. Operational execution, timely adoption of EVs, digital integration, and fleet scale will continue to define market leadership, making KSA's car rental sector highly attractive yet sensitive to structural shifts in tourism, infrastructure, and mobility patterns.

We recommend "Overweight" rating on **Theeb** with TP of **SAR 53.0/share**, **Lumi** with TP of **SAR 61.4/share** and **Budget Saudi** with TP of **SAR 83.0/share**.

**Downside risks** to our view on the sector are less than expected pick up in travel and tourism activity in KSA, prolonged global economic slowdown and its negative impact on the sector demand, and geopolitical crisis hampering international traffic. The fragmented competitive landscape continues to weigh on pricing power, resulting in elevated discounting across lease contracts and rental rates. Sustained pricing pressure could constrain revenue growth, delay margin normalization, and limit operators' ability to pass through higher fleet acquisition and operating costs in the near to medium term.

### United International Transportation Co. (Budget Saudi): Market leader set to capitalize on rising demand

Budget Saudi is uniquely positioned to capitalize on Saudi Arabia's promising tourism and corporate landscape, leveraging its status as the Kingdom's largest fleet operator following the AutoWorld acquisition. Our investment thesis is anchored by the dual recovery of the short-term rental segment, where 54% branch concentration in the Western region captures resilient pilgrimage and event-driven demand, and the long-term leasing segment, which is set to benefit from the over-performance of the Regional Headquarters (RHQ) program. While the Used Car Sales (UCS) segment faces margin compression from a shifting fleet mix. These headwinds are offset by significant post-acquisition synergies and a favorable interest rate environment. Enhanced procurement bargaining power and optimized financing costs are projected to drive an 89bps expansion in gross margins and a substantial 363bps increase in net margins during FY25-30E. Supported by a robust balance sheet and a declining Net Debt/EBITDA profile (reaching 0.8x by FY30E), we forecast a revenue CAGR of 6.5% SAR 3,149mn and a net income CAGR of 11.3% to SAR 576mn for the FY25E-30E period, underpinned by a total fleet expansion to 78.8k vehicles. We reiterate our "Overweight" recommendation on Budget Saudi, with a slightly downgrading target price to SAR 83.0 per share. The company's attractive outlook, combined with the current market price, presents a compelling entry opportunity.

**Accelerated growth anticipated in short-term car rental segment on global events driven market demand despite intense competition:** The short-term rental segment is currently navigating pricing compression with rental rates per car dipping due to recent IPOs and the market expansion strategy of many players in the sectors. However, we view this as a temporary factor, as major global events hosted in the Kingdom and tourism-driven market expansion are expected to boost demand. Budget Saudi remains uniquely positioned to leverage its strategic concentration of 54% of its branches in the Western region, capturing resilient demand from Umrah pilgrims along with growing leisure tourism in major cities. We forecast Budget Saudi's short-term fleet to expand at a 7.0% CAGR through FY25-30E, specifically front-loading capacity in FY27 and FY30 to capitalize on major global events hosted in the Kingdom to reach 20.4k vehicles by FY30E. Consequently, this targeted expansion into the is projected to drive segment revenue to SAR 652.5mn by FY30, representing a robust 7.5% CAGR and solidifying its dominant market position.

**Budget Saudi's long-term lease segment is well positioned to benefit from RHQ program and diversified client mix, supporting solid segment growth:** Budget Saudi's long-term lease segment is uniquely positioned to capitalize on the Kingdom's evolving corporate landscape, underpinned by the transformative AutoWorld acquisition which established it as the market's largest fleet operator. This strategic consolidation has optimized the client mix by integrating high-value governmental contracts, which, despite their working capital demands, provide superior revenue visibility through extended durations. Furthermore, the Regional Headquarters (RHQ) program has significantly outperformed expectations, with 700 entities already operational against a 500-unit FY30 target, creating a massive addressable market for the company's competitive bidding and reputation-backed services. Additionally, given the momentum in private sector, we expect this segment to maintain steady organic expansion of fleet at a 5.7% CAGR (FY25-30E), reaching 58.5k vehicles by FY30E. Consequently, Budget Saudi is well-positioned to leverage its unmatched scale and national momentum to drive segment revenues toward SAR 1,701mn by FY30E (8.6% CAGR), cementing its long-term dominance.

Recommendation	Overweight
Target Price (SAR)	83.0
Upside/(Downside)	38.0%

Source: Tadawul \*prices as of 2<sup>nd</sup> of February 2026

#### Key Financials

(in SAR mn, unless specified)	FY24	FY25E	FY26E	FY27E
Revenues	1,971	2,296	2,510	2,696
Growth %	43.0%	16.5%	9.3%	7.4%
Gross Profit	556	695	769	832
Net Income	312	336	380	435
Growth %	12.4%	7.9%	13.0%	14.6%
EPS	3.99	4.30	4.86	5.57
DPS	1.45	1.50	1.60	1.80

Source: Company reports, Aljazeera Capital Research

#### Key Ratios

	FY24	FY25E	FY26E	FY27E
Gross Margin	28.2%	30.3%	30.6%	30.9%
Net Margin	15.8%	14.7%	15.1%	16.2%
ROE	14.5%	14.2%	14.5%	15.0%
ROA	7.8%	6.4%	6.5%	6.9%
P/E (x)	20.5	14.0	12.4	10.8
P/B (x)	1.6	1.5	1.3	1.2
EV/EBITDA (x)	6.3	3.6	2.7	2.7
Dividend Yield	1.8%	2.5%	2.7%	3.0%

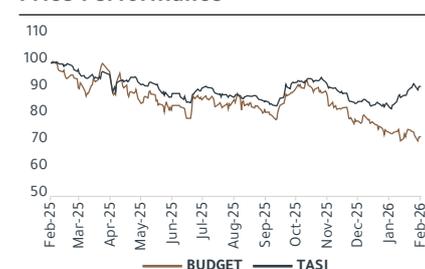
Source: Company reports, Aljazeera Capital Research

#### Key Market Data

Market Cap (bn)	4.7
YTD%	-2.9%
52-week (High)/(Low)	83.9/58.4
Share Outstanding (mn)	78.2

Source: Company reports, Aljazeera Capital Research

#### Price Performance



Source: Tadawul, Aljazeera Capital Research

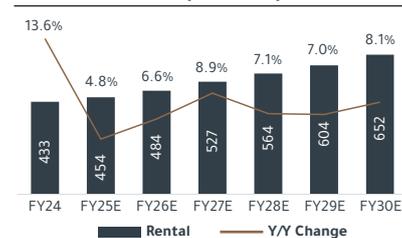
**Pressure on margins from the Used Car Sales (UCS) segment persists:** UCS segment margins continue to face pressure, mainly due to the increasing share of Chinese vehicles within the fleet mix, which typically carry lower-than-average recovery rates. Recovery rates are expected to gradually improve, reaching 69% by FY30E. We anticipate continued market pressure in FY26E and FY29E, driven by accelerated fleet recycling ahead of the Asia Cup in FY27 and EXPO 30. The segment's revenue is expected to reach SAR 659mn by FY30E, growing at a CAGR of 3.4%. On the other hand, total revenue is expected to grow at CAGR of 6.5% FY25-30E to SAR 3,149mn.

**AutoWorld synergies should enhance procurement power, while rate cuts support financing costs and earnings:** After more than 1.5 years since the acquisition, Budget is well positioned to leverage stronger bargaining power with suppliers, supporting a recovery in profitability margins following the post-acquisition dip. Gross profit margin is expected to expand by 89bps to 31.2% by FY30E, reflecting improved insurance and maintenance cost efficiencies. The synergy expected to be fully reflected by H1-27E. Operating margin is also set to improve from 19.0% in FY25E to 20.8% in FY30E. In addition, following the recent interest rate cuts, net income margin is projected to expand to 18.3% by FY30E, up 363bps from FY25E, while net Income is expected to grow at 11.3% CAGR FY25-30E, to SAR 575.7mn.

**Fleet expansion drives growth and CAPEX, while Net Debt/EBITDA underscores Budget's solid financial position:** Budget Saudi is the largest player in the industry in terms of fleet size, with the total fleet expected to reach 58.8k vehicles in FY25E. The company continues to expand operations to capture both organic and event-driven demand, with the fleet forecast to reach 66.5k vehicles by FY27, driven by preparations for the Asia Cup 2027. This expansion is expected to push net capex intensity to 47% in FY26E. In FY29, additional vehicles are expected to be added in response to EXPO-related demand, bringing net capex intensity to 15% by FY30. Supported by a healthy leverage position, with Net Debt/EBITDA at 1.7x in FY25E, the company remains well positioned to comfortably finance its expansion. We also expect gradual deleveraging over the coming years to 0.8x by FY30 back to pre-acquisition levels, supported by stronger cash flows and improved market conditions.

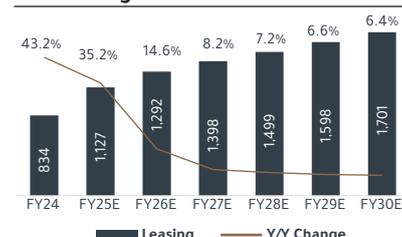
**Aljazira Capital view and valuation:** Tourism targets, population growth, and private sector expansion remain key pillars in Budget Saudi's growth story. As the sector expands, Budget continues to scale its fleet, supported by the largest market share in terms of fleet and healthy leverage levels. Net Debt/EBITDA is expected to stand at 1.7x in FY25, with reliance on debt forecasted to ease significantly to 0.8x by FY30E. Revenue is projected to grow at a CAGR of 6.5% over FY25-30E, reaching SAR 3,149mn, supported by a 6.0% CAGR in fleet expansion to approximately 78.8k vehicles by FY30. We value Budget Saudi using a blended approach: 50% weight to DCF (WACC: 9.5%, terminal growth: 2.5%) and 50% weight to P/E (17.0x), applied to FY26E EPS. This results in a target price of **SAR 83.0 per share**. We reiterate our "Overweight" rating, as recent market pressure has created an attractive upside of 38.0%.

### Rental revenue (SAR mn)



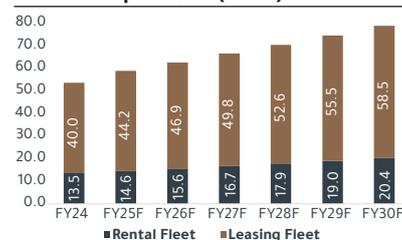
Source: Company reports, Aljazira Capital Research

### Leases Segment



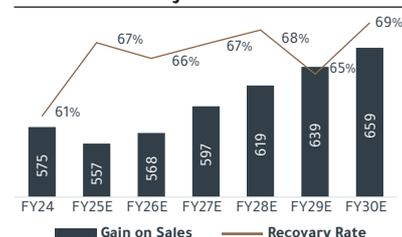
Source: Company reports, Aljazira Capital Research

### Fleet composition ('000)



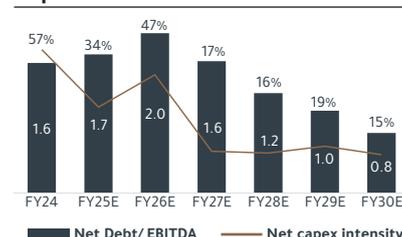
Source: Company reports, Aljazira Capital Research

### UCS & Recovery rates



Source: Company reports, Aljazira Capital Research

### Capex & Debt levels



Source: Company reports, Aljazira Capital Research

Valuation Methodology	TP (SAR)	Weight	Weighted TP
DCF	83.0	50%	41.5
P/E (17.0x FY26E EPS)	83.0	50%	41.5
<b>Blended TP</b>			<b>83.0</b>
<b>Upside/(Downside) potential</b>			<b>38.0%</b>

Source: Aljazira Capital research, close as February 2, 2026

### Key Financial Data

Amount in SARmn, unless otherwise specified	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Income statement</b>										
Revenues	988	1,025	1,378	1,971	2,296	2,510	2,696	2,865	3,033	3,149
Y/Y	2.4%	3.7%	34.4%	43.0%	16.5%	9.3%	7.4%	6.3%	5.8%	3.8%
Cost of Sales	655	667	932	1,415	1,600	1,741	1,864	1,977	2,090	2,167
<b>Gross profit</b>	<b>334</b>	<b>358</b>	<b>447</b>	<b>556</b>	<b>695</b>	<b>769</b>	<b>832</b>	<b>888</b>	<b>943</b>	<b>982</b>
Y/Y	11.0%	7.4%	24.6%	24.4%	25.1%	10.5%	8.3%	6.7%	6.2%	4.2%
<b>Gross margin</b>	<b>33.8%</b>	<b>35.0%</b>	<b>32.4%</b>	<b>28.2%</b>	<b>30.3%</b>	<b>30.6%</b>	<b>30.9%</b>	<b>31.0%</b>	<b>31.1%</b>	<b>31.2%</b>
Selling and distribution expenses	(52)	(45)	(60)	(89)	(122)	(131)	(137)	(144)	(151)	(155)
Administrative expenses	(59)	(65)	(89)	(120)	(181)	(199)	(210)	(222)	(233)	(241)
Other operating income	20	31	35	57	66	72	77	82	86	91
<b>Operating profit</b>	<b>230</b>	<b>268</b>	<b>322</b>	<b>394</b>	<b>437</b>	<b>490</b>	<b>542</b>	<b>584</b>	<b>625</b>	<b>656</b>
Y/Y	8.9%	16.6%	20.0%	22.6%	10.9%	12.0%	10.7%	7.6%	7.0%	5.0%
<b>Operating margin</b>	<b>23.3%</b>	<b>26.2%</b>	<b>23.4%</b>	<b>20.0%</b>	<b>19.0%</b>	<b>19.5%</b>	<b>20.1%</b>	<b>20.4%</b>	<b>20.6%</b>	<b>20.8%</b>
Finance cost	(2)	(9)	(37)	(72)	(99)	(107)	(102)	(91)	(82)	(72)
<b>Profit before zakat</b>	<b>228</b>	<b>259</b>	<b>285</b>	<b>323</b>	<b>338</b>	<b>383</b>	<b>440</b>	<b>492</b>	<b>543</b>	<b>584</b>
Zakat	(8)	(7)	(8)	(11)	(8)	(10)	(11)	(12)	(14)	(15)
<b>Net income</b>	<b>220</b>	<b>252</b>	<b>277</b>	<b>312</b>	<b>336</b>	<b>380</b>	<b>435</b>	<b>486</b>	<b>536</b>	<b>576</b>
Y/Y	8.6%	14.6%	10.0%	12.4%	7.9%	13.0%	14.6%	11.7%	10.1%	7.5%
<b>Net Margin</b>	<b>22.3%</b>	<b>24.6%</b>	<b>20.1%</b>	<b>15.8%</b>	<b>14.7%</b>	<b>15.1%</b>	<b>16.2%</b>	<b>17.0%</b>	<b>17.7%</b>	<b>18.3%</b>
<b>EPS</b>	<b>2.81</b>	<b>3.22</b>	<b>3.55</b>	<b>3.99</b>	<b>4.30</b>	<b>4.86</b>	<b>5.57</b>	<b>6.22</b>	<b>6.85</b>	<b>7.27</b>
<b>DPS</b>	<b>1.90</b>	<b>1.90</b>	<b>1.50</b>	<b>1.45</b>	<b>1.50</b>	<b>1.60</b>	<b>1.80</b>	<b>2.25</b>	<b>2.50</b>	<b>2.75</b>
<b>Balance sheet</b>										
<b>Assets</b>										
Cash & bank balance	105	21	34	86	74	68	121	297	306	373
Other current assets	201	266	359	779	884	861	890	832	874	904
Property & Equipment	1,531	2,131	2,482	3,766	4,160	4,883	4,875	4,879	4,986	5,016
Other non-current assets	19	21	41	61	61	61	61	61	61	61
<b>Total assets</b>	<b>1,884</b>	<b>2,520</b>	<b>3,013</b>	<b>5,009</b>	<b>5,512</b>	<b>6,224</b>	<b>6,315</b>	<b>6,454</b>	<b>6,630</b>	<b>6,773</b>
<b>Liabilities &amp; owners' equity</b>										
Total current liabilities	207	524	683	1,144	1,401	1,624	1,546	1,481	1,417	1,324
Total non-current liabilities	79	271	427	1,124	1,158	1,398	1,279	1,179	1,086	970
Paid-up capital	712	712	712	782	782	782	782	782	782	782
Statutory reserves	224	224	224	224	224	224	224	224	224	224
Retained earnings	663	789	924	1,137	1,356	1,611	1,906	2,216	2,556	2,914
Total owners' equity	1,599	1,725	1,861	2,143	2,362	2,617	2,912	3,222	3,563	3,921
<b>Total equity &amp; liabilities</b>	<b>1,884</b>	<b>2,520</b>	<b>3,013</b>	<b>5,009</b>	<b>5,512</b>	<b>6,224</b>	<b>6,315</b>	<b>6,454</b>	<b>6,630</b>	<b>6,773</b>
<b>Cashflow statement</b>										
Operating activities	146	(291)	8	83	(472)	(790)	(92)	24	(198)	(46)
Investing activities	(41)	(13)	(10)	(18)	499	534	556	567	635	598
Financing activities	(146)	221	14	(13)	(39)	250	(411)	(415)	(427)	(485)
Change in cash	(41)	(83)	13	52	(12)	(6)	53	176	10	67
<b>Ending cash balance</b>	<b>105</b>	<b>21</b>	<b>34</b>	<b>86</b>	<b>74</b>	<b>68</b>	<b>121</b>	<b>297</b>	<b>306</b>	<b>373</b>
<b>Key fundamental ratios</b>										
<b>Liquidity ratios</b>										
Current ratio (x)	1.5	0.5	0.6	0.8	0.7	0.6	0.7	0.8	0.8	1.0
Quick ratio (x)	1.3	0.4	0.5	0.6	0.6	0.5	0.5	0.6	0.7	0.8
<b>Profitability ratios</b>										
GP Margin	33.8%	35.0%	32.4%	28.2%	30.3%	30.6%	30.9%	31.0%	31.1%	31.2%
Operating Margins	23.3%	26.2%	23.4%	20.0%	19.0%	19.5%	20.1%	20.4%	20.6%	20.8%
EBITDA Margin	44.9%	50.2%	47.8%	39.5%	36.2%	37.9%	37.1%	36.3%	35.7%	35.3%
Net Margins	22.3%	24.6%	20.1%	15.8%	14.7%	15.1%	16.2%	17.0%	17.7%	18.3%
Return on assets	11.7%	10.0%	9.2%	6.2%	6.1%	6.1%	6.9%	7.5%	8.1%	8.5%
Return on equity	13.8%	14.6%	14.9%	14.5%	14.2%	14.5%	15.0%	15.1%	15.0%	14.7%
<b>Leverage ratio</b>										
Debt/equity (x)	0.02	0.26	0.34	0.62	0.61	0.69	0.57	0.47	0.38	0.30
<b>Market/valuation ratios</b>										
EV/sales (x)	2.7	3.5	2.3	2.8	2.1	1.3	0.9	0.9	1.0	1.0
EV/EBITDA (x)	8.1	6.1	8.4	6.3	3.8	2.7	2.7	2.8	2.8	3.0
EPS (SAR)#	2.81	3.22	3.55	3.99	4.30	4.86	5.57	6.22	6.85	7.27
BVPS (SAR)#	20.45	22.06	23.80	34.51	37.31	40.57	44.34	48.32	52.67	56.52
Market price (SAR)*	46.6	45.7	79.0	81.9	62.4	60.2	60.2	60.2	60.2	60.2
Market-Cap (SAR mn)	3,638.7	3,568.3	6,175.2	6,401.9	4,877.6	4,701.7	4,701.7	4,701.7	4,701.7	4,761.9
Dividend yield	4.1%	4.2%	1.9%	1.8%	2.4%	2.7%	3.0%	3.7%	4.2%	4.6%
P/E ratio (x)	16.5	14.2	22.3	20.5	14.5	12.4	10.8	9.7	8.8	8.3
P/BV ratio (x)	2.7	2.5	2.3	1.6	1.5	1.3	1.2	1.1	1.0	1.0

Source: Company reports, Aljazeera Capital Research close as February 1, 2026

**Theeb Rent a Car Co. : Conducive market backdrop and expanding footprint to sustain growth momentum**

Theeb delivered solid financial performance over 9M-25 despite sector headwinds, posting revenue growth of 14% to SAR 1,105mn and net income growth of 9% Y/Y. The long-term leasing segment recorded strong growth of 32% Y/Y to SAR 477mn, supported by secured contracts, with additional agreements totaling SAR 172mn further reinforcing segment momentum. We forecast revenue to grow at a CAGR of 7.3% over FY25-30E to SAR 2,126mn, driven by fleet expansion to 52.5k vehicles by FY30. Supported by improving free cash flow generation, we expect the payout ratio to reach 79% by FY30E. Net Debt/EBITDA increased to 2.5x in FY24 due to finance expansion; however, we anticipate gradual deleveraging as the company transitions into a more mature growth phase. We reiterate our **“Overweight”** recommendation with a target price of SAR 53.0/share. The recent market pressure on the stock presents a compelling upside opportunity.

**Secured long-term leasing contracts underscore revenue visibility and continued market share gains:** The company’s LT-leasing reported revenue of SAR 477mn (up 32% Y/Y) in 9M-FY25, driven by newly secured contracts. Recently, it announced a four-year contract valued at SAR 62mn with a logistics company, in addition to a SAR 110mn contract with HungerStation covering 2,000 vehicles, further reinforcing its strong positioning within the LT-leasing segment. We forecast the segment’s fleet to grow at a CAGR of 6.7%, reaching 27.8k vehicles by FY30, with revenue projected to climb to SAR 1,003mn by FY30E (CAGR 8.6%).

**ST-Rental, underpinned by a well-diversified geographical footprint, disciplined cost structure, and attractive margins digitalization remains a key challenge:** During FY25, rental rates experienced pressure as part of a strategic push to capture market share, leading an expected modest low single digit topline growth. However, we anticipate a gradual recovery beginning in FY26, followed by continued momentum in FY27, driven by heightened activity in Riyadh. Fleet expansion is projected at a CAGR of 5.9%, complemented by single-digit growth in pricing (1.1% CAGR FY25-30), translating into expected revenue of SAR 703mn by FY30E, implying a CAGR of 7.2%. The recent termination of the digitalization MOU may pose a long-term risk, as competitors like Lumi—more advanced in digital platforms—could gain an edge if the gap persists.

**Used Car Sales (UCS) is supported by the addition of a more advanced fleet; however, margin contraction is evident:** Segment revenue increased by 4% Y/Y to SAR 247.8mn IN 9M-FY25, while margins sharply declined to 5% from 18% in the same period last year, reflecting pressure from secondary market volatility. The recent agreement with Al-Wallan, supplying Theeb with 2026 Hyundai and Geely models, positions the company with a more modern and diversified fleet. However, exposure to Geely (a Chinese brand) and fluctuations in used car market prices may elevate segment risk in the near term. We forecast recovery rates to stabilize around 50-55%, with segment revenue projected to reach SAR 420.6mn by FY30. Nevertheless, margins are expected to remain under pressure over the medium term. However, the company net income is forecasted to reach SAR 328mn, growing at a CAGR of 11% over the span of FY25-30.

<b>Recommendation</b>	<b>Overweight</b>
<b>Target Price (SAR)</b>	<b>53.0</b>
<b>Upside/(Downside)</b>	<b>52.8%</b>

Source: Tadawul \*prices as of 2<sup>nd</sup> of February 2026

**Key Financials**

(in SAR mn, unless specified)	FY24	FY25E	FY26E	FY27E
<b>Revenues</b>	1,303	1,495	1,645	1,791
<b>Growth %</b>	14.7%	14.8%	10.1%	8.9%
<b>Gross Profit</b>	418	477	528	577
<b>Net Income</b>	183	196	225	259
<b>Growth %</b>	28.6%	7.3%	14.5%	15.4%
<b>EPS</b>	4.25	2.97	3.40	3.93
<b>DPS</b>	2.11	1.50	1.95	2.45

Source: Company reports, Aljazira Capital Research

**Key Ratios**

	FY24	FY25E	FY26E	FY27E
<b>Gross Margin</b>	32.1%	31.9%	32.1%	32.2%
<b>EBIT Margin</b>	21.0%	20.5%	20.4%	20.5%
<b>Net Margin</b>	14.0%	13.1%	13.6%	14.5%
<b>ROE</b>	22.0%	16.9%	17.9%	19.1%
<b>ROA</b>	7.1%	6.2%	6.6%	7.1%
<b>P/E (x)</b>	18.0	12.7	10.2	8.8
<b>P/B (x)</b>	4.0	2.1	1.8	1.7
<b>EV/EBITDA (x)</b>	8.2	5.6	5.1	4.8
<b>Dividend Yield</b>	2.8%	4.0%	5.6%	7.1%

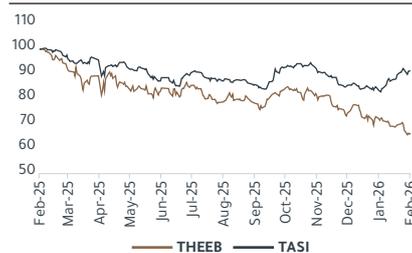
Source: Company reports, Aljazira Capital Research

**Key Market Data**

Market Cap (bn)	2.7
YTD%	-9.2%
52-week (High)/(Low)	78.80/46.08
Share Outstanding (mn)	65.97

Source: Company reports, Aljazira Capital Research

**Price Performance**



Source: Tadawul, Aljazira Capital Research

**Net Debt/EBITDA is expected to gradually improve, supported by healthier cash flow generation and strengthening dividend sustainability:** We estimate leverage to decline to 2.2x in FY25 from 2.5x in FY24, despite ongoing expansion largely financed through debt. We believe the company's long-term contracts enhance revenue visibility and support stable cash flow generation, driving an improvement in FCF conversion from -0.6x in FY25 further reaching 0.7 x in FY26. This recovery in cash dynamics should enable the company to restore its dividend payout ratio to c.50% by FY26 and beyond.

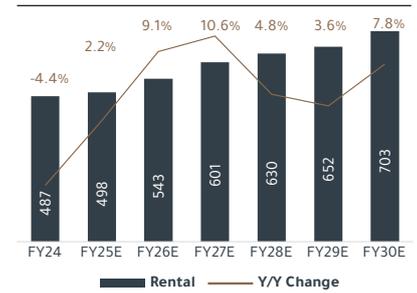
**Capex continues to support long-term contractual commitments and rising rental demand driven by upcoming global events:** The company's Capex reached SAR 865.6mn in 9M-FY25, up 36% Y/Y, reflecting the addition of approximately 5.7k vehicles, primarily to fulfill LT-leasing contracts. We expect Capex intensity to gradually normalize, with the Net Capex/Sales ratio declining from 31% in FY24 to 19% by FY30, as the company transitions into a more mature phase starting FY27 following a period of accelerated expansion.

**Aljazira Capital view and valuation:** Theeb benefits from a well-diversified geographical presence, shielding the company from intense competition within the rental market. Additionally, its secured long-term contracts provide strong revenue visibility and a sustainable income stream. We forecast revenue to grow to SAR 2,126mn in FY30, implying a CAGR of 7.3%, with fleet size expanding to 52.5k vehicles by FY30. Leverage is expected to gradually normalize, with Net Debt/EBITDA declining to 1.9x by FY30, while the payout ratio is projected to reach 62% by FY27. Valuing Theeb using an equal weighting of both methodologies, we arrive at a blended target price of **SAR 53.0/share**, representing a 52.8% upside. Accordingly, we initiate/reiterate our **"Overweight"** recommendation

Valuation Methodology	TP (SAR)	Weight	Weighted TP
DCF	51.0	50%	25.5
P/E (16.0x FY26E EPS)	54.5	50%	27.2
<b>Blended TP</b>			<b>53.0</b>
<b>Upside/(Downside) potential</b>			<b>52.8%</b>

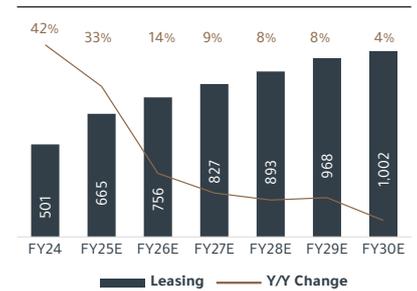
Source: Aljazira Capital research, close as February 2, 2026

**Rental revenue (SAR mn)**



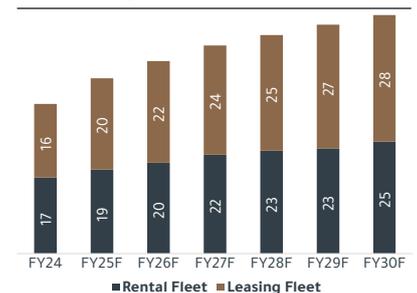
Source: Company reports, Aljazira Capital Research

**Leasing revenue (SAR mn)**



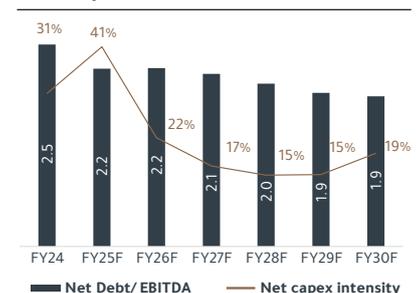
Source: Company reports, Aljazira Capital Research

**Fleet Composition**



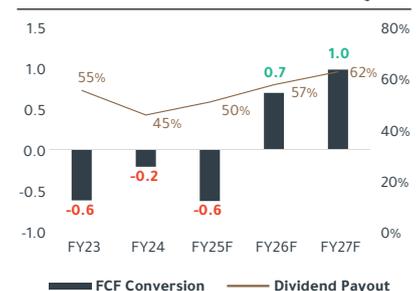
Source: Company reports, Aljazira Capital Research

**Net Capex & Debt levels**



Source: Company reports, Aljazira Capital Research

**FCF Conversion and Dividend Payout**



Source: Company reports, Aljazira Capital Research

## Key Financial Data

Amount in SARmn, unless otherwise specified	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Income statement</b>										
Revenues	752	968	1,135	1,303	1,495	1,645	1,791	1,905	2,021	2,126
Y/Y	14.0%	28.7%	17.3%	14.7%	14.8%	10.1%	8.9%	6.3%	6.1%	5.2%
Cost	(503.9)	(612.8)	(776.5)	(884.9)	(1,018.3)	(1,117.3)	(1,214.2)	(1,289.8)	(1,368.8)	(1,435.2)
<b>Gross profit</b>	<b>248</b>	<b>355</b>	<b>359</b>	<b>418</b>	<b>477</b>	<b>528</b>	<b>577</b>	<b>615</b>	<b>652</b>	<b>691</b>
<b>Gross profit margin</b>	<b>33.0%</b>	<b>36.7%</b>	<b>31.6%</b>	<b>32.1%</b>	<b>31.9%</b>	<b>32.1%</b>	<b>32.2%</b>	<b>32.3%</b>	<b>32.3%</b>	<b>32.5%</b>
Y/Y	53.4%	42.9%	1.1%	16.4%	14.1%	10.8%	9.3%	6.5%	6.1%	6.0%
Operating Expenses	(70.2)	(95.9)	(112.5)	(129.4)	(144.2)	(162.0)	(176.4)	(185.6)	(197.0)	(207.3)
<b>Operating profit</b>	<b>152</b>	<b>228</b>	<b>206</b>	<b>273</b>	<b>306</b>	<b>336</b>	<b>368</b>	<b>394</b>	<b>418</b>	<b>444</b>
<b>Operating margin</b>	<b>20.2%</b>	<b>23.5%</b>	<b>18.1%</b>	<b>21.0%</b>	<b>20.5%</b>	<b>20.4%</b>	<b>20.5%</b>	<b>20.7%</b>	<b>20.7%</b>	<b>20.9%</b>
Y/Y	66.3%	49.7%	-9.6%	32.7%	12.0%	9.9%	9.4%	7.1%	6.0%	6.4%
Financing Expense (net)	(20)	(24)	(54)	(86)	(105)	(106)	(102)	(105)	(103)	(108)
<b>Income before zakat</b>	<b>132</b>	<b>204</b>	<b>152</b>	<b>187</b>	<b>201</b>	<b>230</b>	<b>266</b>	<b>289</b>	<b>315</b>	<b>337</b>
Zakat	(7)	(11)	(9)	(4)	(5)	(6)	(7)	(7)	(8)	(9)
<b>Net income</b>	<b>125.7</b>	<b>193.1</b>	<b>142.1</b>	<b>182.7</b>	<b>196.0</b>	<b>224.5</b>	<b>259.2</b>	<b>281.6</b>	<b>306.8</b>	<b>328.1</b>
<b>Net profit margin</b>	<b>16.7%</b>	<b>19.9%</b>	<b>12.5%</b>	<b>14.0%</b>	<b>13.1%</b>	<b>13.6%</b>	<b>14.5%</b>	<b>14.8%</b>	<b>15.2%</b>	<b>15.4%</b>
Y/Y	98.8%	53.6%	-26.4%	28.6%	7.3%	14.5%	15.4%	8.6%	9.0%	6.9%
<b>EPS (SAR)</b>	<b>2.92</b>	<b>4.49</b>	<b>3.30</b>	<b>4.25</b>	<b>2.97</b>	<b>3.40</b>	<b>3.93</b>	<b>4.27</b>	<b>4.65</b>	<b>4.97</b>
<b>DPS (SAR)</b>	<b>0.91</b>	<b>2.15</b>	<b>1.82</b>	<b>2.11</b>	<b>1.50</b>	<b>1.95</b>	<b>2.45</b>	<b>2.95</b>	<b>3.50</b>	<b>3.95</b>
<b>Balance sheet</b>										
<b>Assets</b>										
Cash & equivalent	58	100	52	35	122	143	160	209	158	154
Other current assets	215	344	418	418	420	446	470	487	504	517
Total current assets	273	444	470	453	543	589	630	696	661	672
Property plant & equipment	1,156	1,320	1,673	2,038	2,525	2,747	2,915	3,003	3,077	3,233
Other non-current assets	89	102	96	85	84	83	82	79	77	73
<b>Total assets</b>	<b>1,518</b>	<b>1,866</b>	<b>2,239</b>	<b>2,576</b>	<b>3,151</b>	<b>3,419</b>	<b>3,626</b>	<b>3,778</b>	<b>3,815</b>	<b>3,978</b>
<b>Liabilities &amp; owners' equity</b>										
Total current liabilities	580	658	860	973	1,099	1,186	1,241	1,273	1,252	1,298
Long-term loans	288	455	569	683	806	886	930	949	911	934
Total other non-current liabilities	83	89	81	90	88	91	100	113	132	157
Paid-up capital	430	430	430	430	660	660	660	660	660	660
Statutory reserves	19	38	52	68	85	104	126	150	176	204
Retained earnings	118	197	247	332	414	492	569	634	685	727
Total owners' equity	567	665	730	830	1,158	1,256	1,355	1,443	1,521	1,590
<b>Total equity &amp; liabilities</b>	<b>1,518</b>	<b>1,866</b>	<b>2,239</b>	<b>2,576</b>	<b>3,151</b>	<b>3,419</b>	<b>3,625</b>	<b>3,778</b>	<b>3,816</b>	<b>3,980</b>
<b>Cashflow statement</b>										
Operating activities	449	559	601	653	728	853	929	997	1,066	1,150
Investing activities	(6)	(5)	(11)	(12)	(60)	(68)	(77)	(85)	(93)	(101)
Financing activities	(23)	114	52	33	271	(66)	(158)	(238)	(376)	(277)
Change in cash	420	667	642	674	940	718	693	674	596	772
<b>Ending cash balance</b>	<b>58</b>	<b>100</b>	<b>52</b>	<b>34</b>	<b>122</b>	<b>143</b>	<b>160</b>	<b>209</b>	<b>158</b>	<b>154</b>
<b>Key fundamental ratios</b>										
<b>Liquidity ratios</b>										
Current ratio (x)	0.5	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Quick ratio (x)	0.5	0.7	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5
<b>Profitability ratios</b>										
Gross profit margin	33.0%	36.7%	31.6%	32.1%	31.9%	32.1%	32.2%	32.3%	32.3%	32.5%
Operating margin	20.2%	23.5%	18.1%	21.0%	20.5%	20.4%	20.5%	20.7%	20.7%	20.9%
EBITDA margin	53.6%	53.1%	44.2%	44.1%	48.6%	48.0%	47.8%	48.1%	48.3%	49.5%
Net profit margin	16.7%	19.9%	12.5%	14.0%	13.1%	13.6%	14.5%	14.8%	15.2%	15.4%
Return on assets	8.3%	10.3%	6.3%	7.1%	6.2%	6.6%	7.1%	7.5%	8.0%	8.2%
Return on equity	22.2%	29.0%	19.5%	22.0%	16.9%	17.9%	19.1%	19.5%	20.2%	20.6%
<b>Leverage ratio</b>										
Debt / equity (x)	1.28	1.51	1.69	1.77	1.48	1.50	1.47	1.42	1.32	1.32
<b>Market/valuation ratios</b>										
EV/sales (x)	4.4	4.0	3.5	3.6	2.7	2.4	2.3	2.2	2.0	2.0
EV/EBITDA (x)	8.1	7.5	8.0	8.2	5.6	5.1	4.8	4.5	4.2	4.0
EPS (SAR)	2.92	4.49	3.30	4.25	2.97	3.40	3.93	4.27	4.65	4.97
BVPS (SAR) - Adjusted	13.2	15.5	17.0	19.3	17.6	19.0	20.5	21.9	23.1	24.1
Market price (SAR)*	60.9	69.0	65.8	76.6	37.6	34.7	34.7	34.7	34.7	34.7
Market-Cap (SAR mn)	2,619	2,967	2,829	3,294	2,480	2,288	2,288	2,288	2,288	2,288
DPS (SAR)	0.91	2.15	1.82	2.11	1.50	1.95	2.45	2.95	3.50	3.95
Dividend yield	1.5%	3.1%	2.8%	2.8%	4.0%	5.6%	7.1%	8.5%	10.1%	11.4%
P/E ratio (x)	20.8	15.4	19.9	18.0	12.7	10.2	8.8	8.1	7.5	7.0
P/BV ratio (x)	4.6	4.5	3.9	4.0	2.1	1.8	1.7	1.6	1.5	1.4
Dividend yield	1.5%	3.1%	2.8%	2.5%	2.5%	5.6%	7.1%	8.5%	10.1%	11.4%
P/E ratio (x)	20.8	15.4	19.9	18.0	20.5	10.2	8.6	7.8	7.1	6.7
P/BV ratio (x)	4.6	4.5	3.9	4.0	3.5	1.8	1.7	1.6	1.5	1.4

Source: Company reports, Aljazira Capital Research close as February 1, 2026. \* Market prices & EPS for historical years are prior to the increase in capital through bonus shares

### Lumi: Revenue growth moderation and margin pressure demand TP revision FCF improvement support future dividends; reiterate "Overweight" on attractive valuation

Lumi Rental Company is transitioning from a period of aggressive asset accumulation into a phase of revenue growth moderation, margin pressure but enhanced cash flow generation. The revenue growth is moderating from the high-base effects of the previous three years, while a continuous fleet expansion to 45.4k vehicles by FY30E (from 34.4k in 9M-25) is expected to support a total revenue CAGR of 3.7% and a net income CAGR of 9.3% over the FY25E-30E period. Currently, Lumi's margins are trailing industry peers, and we anticipate pressure to persist given the competitive landscape, before gradual improvement. We project gross margin (28.0% - 28.7%) and operating margin (19.8% - 20.4%) to be range bound in FY25E-30E. Net margin is forecasted to reach 16.7% by FY30E from 12.9% in FY25E, aided by a lower interest rate environment and deleveraging. Crucially, as the capital investment cycle matures, a forecasted drop in net capex intensity to ~6% (from a ~20% peak) is set to deliver consistently positive Free Cash Flow from FY26E onwards, providing the necessary headroom for dividend payments starting in FY27E. We revise our TP to SAR 61.4/share. However, Lumi's stock is currently trading at 11.2x FY26E P/E after a decline of ~25% over the last 3 months and implies an upside of 31.3%. Thus, we retain our rating at "Overweight".

**Moderating topline growth post aggressive expansion next phase will be driven by strategic fleet scaling and tourism tailwinds:** Lumi's revenue growth is moderating from the high-base effects of the past three years, yet it remains firmly supported by large multi-year contract wins and an aggressive fleet expansion strategy. Management's commitment to continuous fleet additions is projected to sustain a total revenue CAGR of 3.7% between FY25E and FY30E. The short-term rental segment has showcased comparatively superior performance in FY25 relative to its industry peers; looking ahead, the segment's trajectory will be bolstered by a massive influx of tourists and upcoming landmark events under Vision 2030, which are expected to drive a recovery from current competitive pricing pressures. We forecast a rental revenue CAGR of 5.7% over the FY25-30E period, backed by a significant rental fleet expansion at 6.2% CAGR to reach 14.8k vehicles by FY30e. In the leasing segment, growth will be primarily driven by expanding demand within the logistics and car rentals sectors, where Lumi leverages its extensive experience with high-profile corporate clients and government entities to secure long-term contracts. However, we anticipate a leasing revenue CAGR of 1.8% for FY25-30E as the lease fleet projected to grow to 30.5k units (4.1% CAGR) but pricing pressure is likely to curtail revenue growth. Lumi's total fleet is expected to scale from 34.4k as of 9M-25 to 45.4k vehicles by FY30E. Finally, the used vehicle sales segment is slated for modest growth at a CAGR of 4.4% as prices in the secondary market normalize.

**Margin profile to reflect competitive pressure before a gradual recovery:** Lumi's gross and net margins currently trail those of its industry peers. We expect margins to sustain pressure over the medium term, as the company is focused on expanding its market share amid intensified competition in both short-term rental and leasing businesses. We forecast gross margin to tighten from 28.7% in FY25E to 28.0% in FY28E before reaching 28.4% by FY30E, while operating margins are slated to fall from 20.4% to 19.8% in FY26E followed by a recovery to 20.4% by FY30E. While the net margin is expected to face some near-term pressure (forecasted at 12.9% in FY25/26E due to increased finance costs from higher debt requirements), we anticipate a steady recovery to 16.7% by FY30E. This long-term margin accretion will be driven by a gradual deleveraging of the balance sheet through debt repayment and a transition into a lower interest rate environment, allowing a greater flow-through of operating profits to the bottom line.

Recommendation	Overweight
Target Price (SAR)	61.4
Upside/(Downside)	31.3%

Source: Tadawul \*prices as of 2<sup>nd</sup> of February 2026

#### Key Financials

(in SAR mn, unless specified)	FY24	FY25E	FY26E	FY27E
Revenues	1,550	1,659	1,761	1,841
Growth %	40.2%	7.1%	6.1%	4.6%
Gross Profit	438	476	496	517
Net Income	180	213	227	254
Growth %	12.3%	18.4%	6.4%	11.8%
EPS	3.28	3.88	4.13	4.61
DPS	0.00	0.00	0.00	1.00

Source: Company reports, Aljazeera Capital Research

#### Key Ratios

	FY24	FY25E	FY26E	FY27E
Gross Margin	28.2%	28.7%	28.2%	28.1%
Operating Margin	20.5%	20.4%	19.8%	19.9%
Net Margin	11.6%	12.9%	12.9%	13.8%
ROE	15.2%	15.3%	14.0%	13.9%
ROA	5.3%	5.7%	5.8%	6.2%
P/E (x)	21.7	12.9	11.3	10.1
P/B (x)	3.2	1.9	1.6	1.4
EV/EBITDA (x)	2.4	2.7	2.2	1.9
Dividend Yield	0.0%	0.0%	0.0%	2.1%

Source: Company reports, Aljazeera Capital Research

#### Key Market Data

Market Cap (bn)	2.6
YTD%	-7.0%
52-week (High)/(Low)	78.80/46.08
Share Outstanding (mn)	55.0

Source: Company reports, Aljazeera Capital Research

#### Price Performance

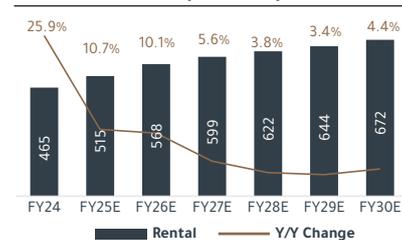


Source: Tadawul, Aljazeera Capital Research

**Transition to positive free cash flow supporting prospective dividend returns:** Lumi is entering a pivotally constructive phase in its capital allocation lifecycle as the aggressive investment cycle of the past two years matures. We anticipate a significant reduction in net capex intensity, with net capital expenditures as a percentage of revenue expected to decrease from a high of ~20% during the FY24-25 expansion peak to a normalized average of ~6% over the FY26-30E period. This moderation, coupled with strengthening earnings across core segments, is projected to drive robust Operating Cash Flow (OCF) generation, leading to consistently positive Free Cash Flow (FCF) from FY26E onwards. This shift in cash flow dynamics provides the necessary headroom for the commencement of dividend payments, which we anticipate will begin in FY27E. Such a distribution policy would align Lumi with its mature industry peers, such as Budget Saudi and Theeb, which currently offer established dividend yields and regular payouts. By transitioning into a dividend-paying entity, Lumi is positioned to significantly boost total shareholder returns while maintaining a solid financial foundation for ongoing organic growth.

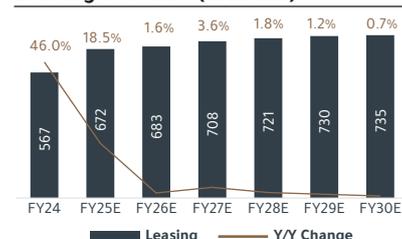
**Aljazeera Capital view and valuation:** Lumi's is pivoting from exponential growth to more normalized growth. While operating margins are likely to be range bound, cash generation is expected to improve. Supported by a fleet expansion target of 45.4k vehicles by FY30E, we forecast a total revenue CAGR of 3.7% and a net income CAGR of 9.3% over the FY25E-30E forecast horizon. The company's operating profitability is expected to be strained by current competitive headwinds in Saudi rental market, though net margin is set to reach 16.7% by FY30E from 12.9% in FY25E, as it benefits from deleveraging and a softening interest rate environment. Most significantly, as the capital investment cycle matures and net capex intensity drops to approximately an average of 6%, the resulting transition to positive Free Cash Flow from FY26E will enable the commencement of dividend payments in FY27E, significantly enhancing the company's total shareholder return profile. We apply a blended valuation approach for Lumi. Our 50% weightage to DCF (WACC = 8.2% and terminal growth = 2.5%), 50% weightage to P/E multiple of 16.0x for FY26E EPS, help us arrive at a blended TP of **SAR 61.4 per share**. However, Lumi's stock is currently trading at 11.3x FY26E P/E after ~25% decline in the share price in 3 months, which implies an upside of 31.3%. Thus, we retain our rating at **"Overweight"**.

### Rental revenue (SAR mn)



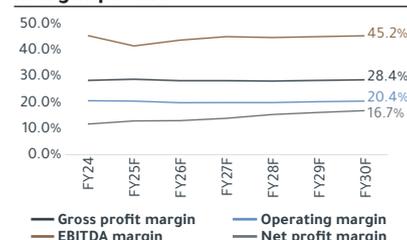
Source: Company reports, Aljazeera Capital Research

### Leasing revenue (SAR mn)



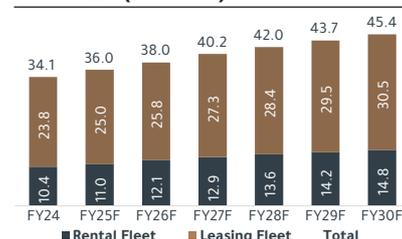
Source: Company reports, Aljazeera Capital Research

### Margin profile



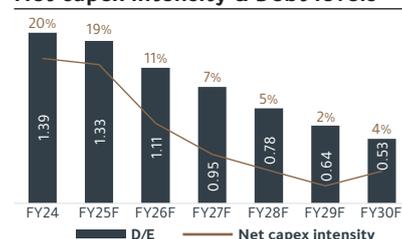
Source: Company reports, Aljazeera Capital Research

### Fleet size (in 000's)



Source: Company reports, Aljazeera Capital Research

### Net capex intensity & Debt levels



Source: Company reports, Aljazeera Capital Research

Valuation Methodology	TP (SAR)	Weight	Weighted TP
DCF	56.7	50%	28.3
P/E (16.0x FY26E EPS)	66.1	50%	33.0
<b>Blended TP</b>			<b>61.4</b>
<b>Upside/(Downside) potential</b>			<b>31.3%</b>

Source: Aljazeera Capital research, close as February 2, 2026

## Key Financial Data

Amount in SARmn, unless otherwise specified	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Income statement</b>										
Revenues	521	783	1,106	1,550	1,659	1,761	1,841	1,898	1,944	1,992
Y/Y	21.1%	50.1%	41.3%	40.2%	7.1%	6.1%	4.6%	3.1%	2.4%	2.5%
Cost	-357	-523	-725	-1,112	-1,183	-1,265	-1,324	-1,367	-1,395	-1,426
<b>Gross profit</b>	<b>165</b>	<b>260</b>	<b>381</b>	<b>438</b>	<b>476</b>	<b>496</b>	<b>517</b>	<b>531</b>	<b>549</b>	<b>566</b>
Y/Y	73.5%	57.8%	46.3%	15.0%	8.7%	4.3%	4.2%	2.7%	3.4%	3.2%
<b>Gross margin (%)</b>	<b>31.6%</b>	<b>33.2%</b>	<b>34.4%</b>	<b>28.2%</b>	<b>28.7%</b>	<b>28.2%</b>	<b>28.1%</b>	<b>28.0%</b>	<b>28.2%</b>	<b>28.4%</b>
General and administrative expenses	-46	-59	-119	-145	-148	-153	-156	-159	-162	-165
Impairment loss on trade and other receivables	0	0	0	-3	-4	-5	-5	-5	-5	-5
Othe income	0	0	10	34	14	9	9	9	10	10
<b>Operating profit</b>	<b>104</b>	<b>173</b>	<b>233</b>	<b>318</b>	<b>338</b>	<b>348</b>	<b>366</b>	<b>377</b>	<b>392</b>	<b>407</b>
Y/Y	90.5%	65.3%	35.1%	36.4%	6.3%	3.0%	5.1%	3.1%	4.0%	3.8%
<b>Operating margin (%)</b>	<b>20.0%</b>	<b>22.0%</b>	<b>21.1%</b>	<b>20.5%</b>	<b>20.4%</b>	<b>19.8%</b>	<b>19.9%</b>	<b>19.9%</b>	<b>20.2%</b>	<b>20.4%</b>
Financing Expense (net)	-3	-24	-68	-133	-119	-114	-104	-78	-70	-63
<b>Income before zakat</b>	<b>109</b>	<b>148</b>	<b>165</b>	<b>185</b>	<b>219</b>	<b>234</b>	<b>262</b>	<b>299</b>	<b>322</b>	<b>344</b>
Zakat	-3	-5	-5	-5	-5	-7	-8	-9	-10	-10
<b>Net income</b>	<b>106</b>	<b>144</b>	<b>161</b>	<b>180</b>	<b>213</b>	<b>227</b>	<b>254</b>	<b>291</b>	<b>313</b>	<b>334</b>
Y/Y	110.8%	35.4%	11.8%	12.3%	18.4%	6.4%	11.8%	14.5%	7.6%	6.7%
<b>Net margin (%)</b>	<b>20.3%</b>	<b>18.4%</b>	<b>14.5%</b>	<b>11.6%</b>	<b>12.9%</b>	<b>12.9%</b>	<b>13.8%</b>	<b>15.3%</b>	<b>16.1%</b>	<b>16.7%</b>
<b>EPS (SAR)</b>	<b>2.23</b>	<b>2.61</b>	<b>2.92</b>	<b>3.28</b>	<b>3.88</b>	<b>4.13</b>	<b>4.61</b>	<b>5.28</b>	<b>5.68</b>	<b>6.07</b>
<b>DPS (SAR)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>1.50</b>	<b>1.75</b>	<b>2.00</b>
<b>Balance sheet</b>										
<b>Assets</b>										
Cash & equivalent	17	49	41	30	29	120	161	177	251	274
Other current assets	256	234	347	345	480	511	532	544	552	561
Total current assets	274	283	389	374	509	631	693	721	803	835
Vehicles	1,051	1,472	2,712	2,860	3,075	3,150	3,250	3,291	3,304	3,389
Property plant & equipment	38	79	14	31	31	30	29	29	28	26
Other non-current assets	0	10	129	94	94	90	84	76	68	63
<b>Total assets</b>	<b>1,363</b>	<b>1,844</b>	<b>3,246</b>	<b>3,374</b>	<b>3,723</b>	<b>3,916</b>	<b>4,072</b>	<b>4,132</b>	<b>4,217</b>	<b>4,328</b>
<b>Liabilities &amp; owners' equity</b>										
Total current liabilities	646	577	1,215	1,086	1,089	1,087	1,077	1,024	973	928
Long-term loans & lease liabilities	9	411	989	1,054	1,181	1,141	1,099	993	898	814
Total other non-current liabilities	9	13	18	22	27	35	44	56	70	85
Paid -up capital	550	550	550	550	550	550	550	550	550	550
Additional capital										
Statutory reserves	15	29	29	29	29	29	29	29	29	29
Retained earnings	134	264	426	607	820	1,047	1,246	1,454	1,670	1,894
Total owners' equity	699	844	1,005	1,186	1,400	1,627	1,825	2,033	2,250	2,473
<b>Total equity &amp; liabilities</b>	<b>1,363</b>	<b>1,844</b>	<b>3,246</b>	<b>3,374</b>	<b>3,723</b>	<b>3,916</b>	<b>4,072</b>	<b>4,132</b>	<b>4,217</b>	<b>4,328</b>
<b>Cashflow statement</b>										
Operating activities	-148	-86	-777	-209	-165	194	205	313	368	317
Investing activities	-2	8	-43	-29	-4	-4	-5	-5	-5	-4
Financing activities	151	110	811	226	168	-99	-159	-292	-290	-290
Change in cash	1	32	-8	-12	-1	91	42	16	74	23
<b>Ending cash balance</b>	<b>17</b>	<b>49</b>	<b>41</b>	<b>30</b>	<b>29</b>	<b>120</b>	<b>161</b>	<b>177</b>	<b>251</b>	<b>274</b>
<b>Key fundamental ratios</b>										
<b>Liquidity ratios</b>										
Current ratio (x)	0.4	0.5	0.3	0.3	0.5	0.6	0.6	0.7	0.8	0.9
Quick ratio (x)	0.4	0.4	0.3	0.3	0.4	0.5	0.5	0.5	0.6	0.6
<b>Profitability ratios</b>										
Gross profit margin	31.6%	33.2%	34.4%	28.2%	28.7%	28.2%	28.1%	28.0%	28.2%	28.4%
Operating margin	20.0%	22.0%	21.1%	20.5%	20.4%	19.8%	19.9%	19.9%	20.2%	20.4%
EBITDA margin	59.4%	55.9%	45.5%	45.3%	41.3%	43.6%	44.9%	44.6%	44.8%	45.2%
Net profit margin	20.3%	18.4%	14.5%	11.6%	12.9%	12.9%	13.8%	15.3%	16.1%	16.7%
Return on assets	7.8%	7.8%	4.9%	5.3%	5.7%	5.8%	6.2%	7.0%	7.4%	7.7%
Return on equity	15.2%	17.0%	16.0%	15.2%	15.3%	14.0%	13.9%	14.3%	13.9%	13.5%
Leverage ratio										
Debt / equity (x)	0.03	0.67	1.40	1.39	1.33	1.11	0.95	0.78	0.64	0.53
<b>Market/valuation ratios</b>										
EV/sales (x)	NA	NA	1.3	1.1	1.1	1.0	0.9	0.8	0.6	0.5
EV/EBITDA (x)	NA	NA	2.8	2.4	2.7	2.2	1.9	1.7	1.4	1.2
EPS (SAR)	2.23	2.61	2.92	3.28	3.88	4.13	4.6	5.3	5.7	6.1
BVPS (SAR) - Adjusted	14.7	15.3	18.6	22.0	25.9	30.1	33.7	37.4	41.4	45.4
Market price (SAR)*	NA	NA	100.0	71.2	49.9	46.8	46.8	46.8	46.8	46.8
Market-Cap (SAR Mn)	NA	NA	5,500	3,916	2,746	2,572	2,572	2,572	2,572	2,572
DPS (SAR)	NA	NA	0.0	0.0	0.0	0.0	1.0	1.5	1.8	2.0
Dividend yield	NA	NA	0.0%	0.0%	0.0%	0.0%	2.1%	3.2%	3.7%	4.3%
P/E ratio (x)	NA	NA	34.2	21.7	12.9	11.3	10.1	8.9	8.2	7.7
P/BV ratio (x)	NA	NA	5.4	3.2	1.9	1.6	1.4	1.2	1.1	1.0

Source: Company reports, Aljazeera Capital Research close as February 1, 2026

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RESEARCH  
DIVISION

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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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