

## United International Transportation Co

Sector : Vehicle Rental

# HOLD

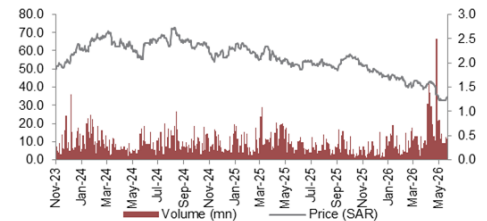
03 June 2026

- **Topline growth was modest at 1.6% YoY in 1Q26, driven by the leasing and used car sales segments.**
- **Overall margins declined YoY and fell short of expectations due to higher costs.**
- **Profit down 58.9% YoY and came in 32% below our forecast.**
- **For 2026e, we raise our revenue forecast to SAR 2.4bn and reduce profit to SAR 291mn. We lower target price to SAR 37 per share and retain our HOLD rating.**

**Target price (SAR) 37.00**

**Current price (SAR) 34.70**

**Return 6.63%**



Exchange Saudi Arabia  
Index weight (%) 0.2%

| (mn)             | SAR   | USD   |
|------------------|-------|-------|
| Market Cap       | 3,628 | 966   |
| Enterprise value | 5,957 | 1,586 |

### Major shareholders

|                      |       |
|----------------------|-------|
| FIRST SUMMIT INVESTM | 6%    |
| Vanguard Group Inc/T | 2.1%  |
| Fiera Capital Europe | 1.8%  |
| Others               | 90.2% |

### Valuation Summary

|                    |      |
|--------------------|------|
| PER TTM (x)        | 14.9 |
| P/Book (x)         | 1.2  |
| EV/EBITDA (x)      | 6.9  |
| Dividend Yield (%) | 3.2  |
| Free Float (%)     | 90%  |
| Shares O/S (mn)    | 105  |
| YTD Return (%)     | -26% |
| Beta               | 1.0  |

| Key ratios       | 2023  | 2024  | 2025  |
|------------------|-------|-------|-------|
| EPS (SAR)        | 3.90  | 4.03  | 4.42  |
| BVPS (SAR)       | 26.14 | 34.51 | 37.64 |
| DPS (SAR)        | 2.00  | 1.36  | 1.50  |
| Payout ratio (%) | 51%   | 34%   | 34%   |

| Price performance (%)      | 1M   | 3M   | 12M  |
|----------------------------|------|------|------|
| United International Tran: | -16% | -15% | -33% |
| Tadawul All Share Index    | -2%  | 4%   | 2%   |

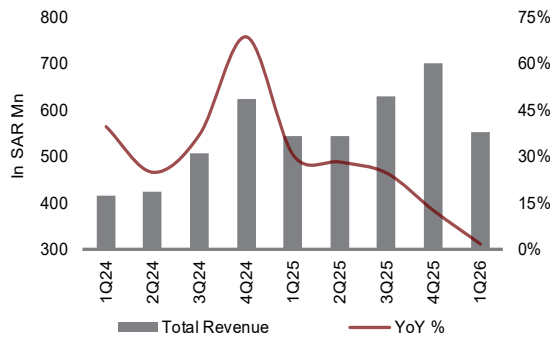
| 52 week     | High  | Low   | CTL* |
|-------------|-------|-------|------|
| Price (SAR) | 59.21 | 32.54 | 6.6  |

\* CTL is % change in CMP to 52wk low

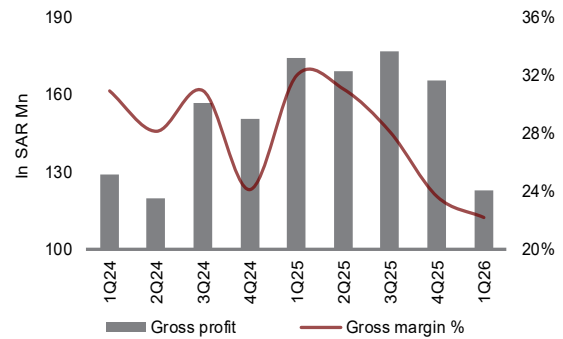
United International Transportation Co. (Budget Saudi) reported 1Q26 revenue of SAR 552mn, up 1.6% YoY. Revenue came in 23% above our forecast, as we had adopted a conservative stance amid ongoing regional conflict, anticipating temporary operational disruptions. Moderate revenue growth was supported by stable core leasing operations and used car sales. Leasing segment revenue rose a modest 1.9% YoY, supported by fleet additions. Rental revenue decreased 2.4% YoY, due to lower utilization rates amid prevailing regional conditions, while used car sales grew 2.5% YoY, driven by higher volumes and a more favorable sales mix. Gross profit decreased 29.5% YoY to SAR 123mn, as direct costs outpaced revenue growth, rising 16.3% YoY. As a result, gross margin narrowed by 980bps YoY to 22.2% in 1Q26. Net operating costs decreased 4.1% YoY, driven by lower selling and marketing expenses despite increased provisions. However, due to lower gross margins, EBIT and EBITDA margins narrowed by 910bps and 610bps YoY to 10.6% and 39.1% respectively. Finance costs remained broadly stable YoY during the quarter. Overall, net profit decreased 58.9% YoY to SAR 33mn, with net margin contracting 880bps YoY to 6% in 1Q26. Profitability came in 32% below expectations and margins across the board underperformed forecasts due to higher-than-expected costs.

**Valuation and outlook:** Budget Saudi remains well-positioned to capitalize on growing demand for mobility services through focused volume growth, while maintaining discipline around pricing and utilization. The company added around 500 units since the beginning of 2026, bringing its total fleet to more than 59k vehicles, reflecting continued demand and steady execution of its expansion strategy. Management expects a gradual improvement in fleet utilization rates from mid of 2Q26, with margin recovery anticipated as the absorption cycle of new assets is completed. The company also intends to expand its long-term leasing portfolio, as this provides greater protection against market volatility and supports revenue stability during challenging periods. While revenue exceeded forecasts, profitability and margins fell short of expectations. Based on the current results, we raise our 2026e revenue forecast to SAR 2.4bn (from SAR 2.3bn and lower net profit to SAR 291mn (from SAR 319mn). Despite the revenue outperformance, growth risks remain elevated amid ongoing geopolitical tensions. Accordingly, we reduce our target price to SAR 37 (from SAR 45), implying a limited upside of 6.63% from current levels, and retain our HOLD rating. Budget Saudi currently trades at 12.4x its 2026e EPS.

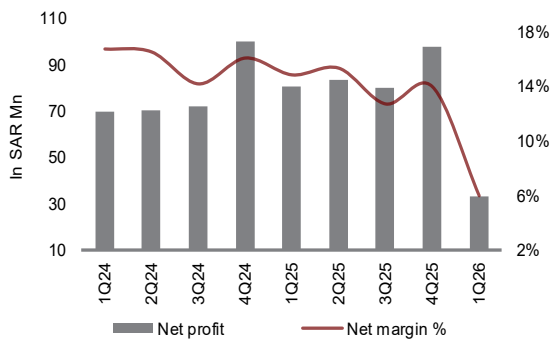
Revenue up 1.6% YoY supported by leasing contracts



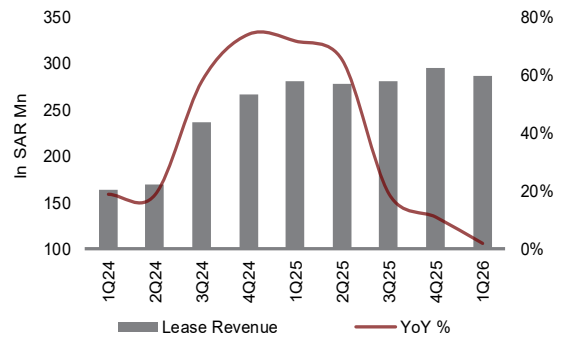
Higher direct costs dragged down gross margin



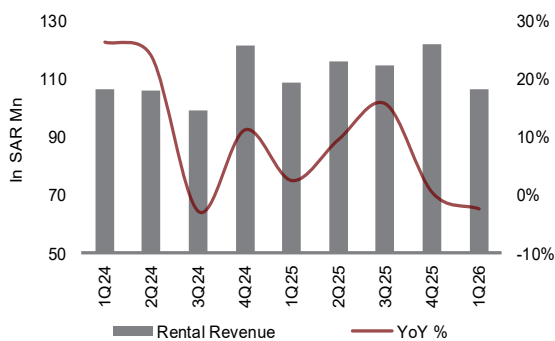
Net margin drops on lower utilization & high costs



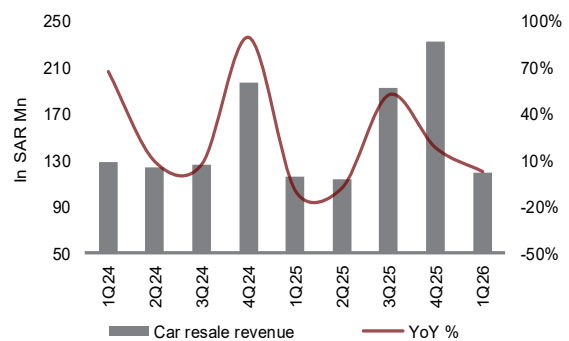
Modest leasing growth supported by fleet additions



Lower utilization weighs on rental revenue



Used car sales revenue grew on improved volumes



| Income statement (in SAR Mn)         | 2021       | 2022         | 2023         | 2024         | 2025         | 2026e        | 2027e        | 2028e        | 2029e        |
|--------------------------------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>                       | <b>988</b> | <b>1,025</b> | <b>1,378</b> | <b>1,971</b> | <b>2,419</b> | <b>2,440</b> | <b>2,803</b> | <b>2,899</b> | <b>2,998</b> |
| Direct Costs                         | -655       | -667         | -932         | -1,415       | -1,733       | -1,804       | -2,034       | -2,092       | -2,153       |
| Gross Profit                         | 334        | 358          | 447          | 556          | 686          | 636          | 770          | 807          | 845          |
| Selling and marketing expenses       | -52        | -45          | -60          | -89          | -101         | -109         | -126         | -116         | -120         |
| General and administrative expenses  | -59        | -65          | -89          | -120         | -180         | -175         | -168         | -174         | -180         |
| Impairment loss on trade receivables | -12        | -12          | -11          | -11          | -33          | -26          | -28          | -29          | -30          |
| Investments and other                | 20         | 31           | 35           | 57           | 87           | 72           | 98           | 116          | 120          |
| <b>EBIT</b>                          | <b>230</b> | <b>268</b>   | <b>322</b>   | <b>394</b>   | <b>458</b>   | <b>399</b>   | <b>545</b>   | <b>604</b>   | <b>636</b>   |
| <b>EBITDA</b>                        | <b>454</b> | <b>532</b>   | <b>642</b>   | <b>822</b>   | <b>1,010</b> | <b>1,028</b> | <b>1,224</b> | <b>1,353</b> | <b>1,458</b> |
| Finance cost                         | -2         | -9           | -37          | -72          | -108         | -98          | -98          | -114         | -129         |
| PBT                                  | 228        | 259          | 285          | 323          | 350          | 301          | 447          | 490          | 506          |
| Tax                                  | -8         | -7           | -8           | -11          | -8           | -10          | -16          | -17          | -18          |
| <b>Net Profit</b>                    | <b>220</b> | <b>252</b>   | <b>277</b>   | <b>312</b>   | <b>342</b>   | <b>291</b>   | <b>431</b>   | <b>473</b>   | <b>489</b>   |

| Balance Sheet (in SAR Mn)                        | 2021         | 2022         | 2023         | 2024         | 2025         | 2026e        | 2027e        | 2028e        | 2029e        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PP&E   | 1,531        | 2,131        | 2,482        | 3,766        | 4,039        | 4,568        | 5,179        | 5,805        | 6,449        |
| RUA  | 28           | 81           | 96           | 247          | 247          | 241          | 244          | 247          | 252          |
| Intangible                                       | 4            | 6            | 26           | 115          | 108          | 109          | 109          | 109          | 109          |
| Total non-current assets                         | 1,579        | 2,233        | 2,620        | 4,142        | 4,424        | 4,946        | 5,559        | 6,190        | 6,838        |
| Current inventories                              | 8            | 11           | 35           | 97           | 72           | 90           | 81           | 84           | 86           |
| Receivables, Net                                 | 161          | 194          | 288          | 611          | 676          | 781          | 897          | 928          | 959          |
| Prepayments and other receivables                | 32           | 61           | 36           | 70           | 58           | -            | -            | -            | -            |
| Cash and bank balances                           | 105          | 21           | 34           | 86           | 57           | 35           | 32           | 50           | 56           |
| Total current assets                             | 306          | 287          | 393          | 867          | 864          | 906          | 1,010        | 1,061        | 1,102        |
| 0  | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>TOTAL ASSETS</b>                              | <b>1,884</b> | <b>2,520</b> | <b>3,013</b> | <b>5,009</b> | <b>5,288</b> | <b>5,852</b> | <b>6,570</b> | <b>7,251</b> | <b>7,940</b> |
| Share capital                                    | 712          | 712          | 712          | 782          | 782          | 1,042        | 1,042        | 1,042        | 1,042        |
| Reserves   | 887          | 1,013        | 224          | 224          | 224          | 224          | 224          | 224          | 224          |
| Retained earnings                                | -            | -            | 924          | 1,137        | 1,368        | 1,542        | 1,872        | 2,194        | 2,517        |
| <b>Total Equity attributable to shareholders</b> | <b>1,598</b> | <b>1,725</b> | <b>1,860</b> | <b>2,697</b> | <b>2,942</b> | <b>3,366</b> | <b>3,696</b> | <b>4,018</b> | <b>4,341</b> |
| <b>Total equity</b>                              | <b>1,598</b> | <b>1,725</b> | <b>1,903</b> | <b>2,741</b> | <b>2,982</b> | <b>3,405</b> | <b>3,734</b> | <b>4,056</b> | <b>4,379</b> |
| Long-Term Debt                                   | -            | 162          | 295          | 822          | 730          | 709          | 959          | 1,159        | 1,359        |
| Long-term lease liabilities                      | 16           | 43           | 54           | 199          | 204          | 201          | 204          | 280          | 362          |
| Other  | 63           | 66           | 78           | 103          | 111          | 112          | 112          | 112          | 112          |
| Total non-current liabilities                    | 79           | 271          | 427          | 1,124        | 1,045        | 1,021        | 1,275        | 1,551        | 1,832        |
| Short-term Debt                                  | -            | 210          | 257          | 598          | 742          | 763          | 823          | 873          | 923          |
| Short-term lease liabilities                     | 9            | 30           | 35           | 48           | 48           | 50           | 51           | 70           | 90           |
| Payables   | 56           | 128          | 151          | 303          | 293          | 379          | 447          | 460          | 474          |
| Accrued expenses                                 | 133          | 149          | 231          | 178          | 166          | 223          | 223          | 223          | 223          |
| Zakat payable                                    | 8            | 8            | 9            | 13           | 10           | 10           | 16           | 17           | 18           |
| Total current liabilities                        | 207          | 524          | 683          | 1,144        | 1,261        | 1,426        | 1,561        | 1,644        | 1,728        |
| <b>Total liabilities</b>                         | <b>286</b>   | <b>796</b>   | <b>1,110</b> | <b>2,268</b> | <b>2,306</b> | <b>2,447</b> | <b>2,835</b> | <b>3,195</b> | <b>3,561</b> |
| <b>Total equity and liabilities</b>              | <b>1,884</b> | <b>2,520</b> | <b>3,013</b> | <b>5,009</b> | <b>5,288</b> | <b>5,852</b> | <b>6,570</b> | <b>7,251</b> | <b>7,940</b> |

| Cash Flow (in SAR Mn) | 2021       | 2022      | 2023      | 2024      | 2025      | 2026e     | 2027e     | 2028e     | 2029e     |
|-----------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Cash from operations  | 146        | -291      | 8         | 83        | 120       | 167       | 54        | 140       | 169       |
| Investing cash flow   | -41        | -13       | -10       | -18       | -31       | -31       | -31       | -31       | -31       |
| Financing cash flow   | -146       | 221       | 14        | -13       | -116      | -157      | -26       | -90       | -131      |
| Change in cash        | -41        | -83       | 13        | 52        | -29       | -22       | -3        | 18        | 7         |
| Beginning cash        | 146        | 105       | 21        | 34        | 86        | 57        | 35        | 32        | 50        |
| <b>Ending cash</b>    | <b>105</b> | <b>21</b> | <b>34</b> | <b>86</b> | <b>57</b> | <b>35</b> | <b>32</b> | <b>50</b> | <b>56</b> |



| Ratio Analysis                | 2021   | 2022   | 2023   | 2024   | 2025   | 2026e  | 2027e  | 2028e  | 2029e  |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Per Share</b>              |        |        |        |        |        |        |        |        |        |
| EPS (SAR)                     | 3.090  | 3.541  | 3.895  | 4.025  | 4.423  | 2.791  | 4.140  | 4.540  | 4.689  |
| BVPS (SAR)                    | 22.461 | 24.232 | 26.141 | 34.507 | 37.638 | 32.299 | 35.462 | 38.553 | 41.653 |
| DPS (SAR)                     | 1.855  | 1.799  | 1.995  | 1.356  | 1.500  | 0.977  | 1.449  | 1.589  | 1.641  |
| FCF per share (SAR)           | 1.468  | -4.279 | -0.022 | 0.832  | 1.138  | 1.298  | 0.216  | 1.040  | 1.325  |
| <b>Valuation</b>              |        |        |        |        |        |        |        |        |        |
| Market Cap (SAR, Millions)    | 3,313  | 3,249  | 5,622  | 6,402  | 4,878  | 3,617  | 3,617  | 3,617  | 3,617  |
| EV (SAR, Millions)            | 3,233  | 3,672  | 6,229  | 7,983  | 6,544  | 5,305  | 5,622  | 5,949  | 6,294  |
| EBITDA                        | 454    | 532    | 642    | 822    | 1,010  | 1,028  | 1,224  | 1,353  | 1,458  |
| P/E (x)                       | 15.1   | 12.9   | 20.3   | 20.3   | 14.1   | 12.4   | 8.4    | 7.6    | 7.4    |
| EV/EBITDA (x)                 | 7.1    | 6.9    | 9.7    | 9.7    | 6.5    | 5.2    | 4.6    | 4.4    | 4.3    |
| Price/Book (x)                | 2.1    | 1.9    | 3.0    | 2.4    | 1.7    | 1.1    | 1.0    | 0.9    | 0.8    |
| Dividend Yield (%)            | 4.0%   | 3.9%   | 2.5%   | 1.7%   | 2.4%   | 2.8%   | 4.2%   | 4.6%   | 4.7%   |
| Price to sales (x)            | 3.4    | 3.2    | 4.1    | 3.2    | 2.0    | 1.5    | 1.3    | 1.2    | 1.2    |
| EV to sales (x)               | 3.3    | 3.6    | 4.5    | 4.0    | 2.7    | 2.2    | 2.0    | 2.1    | 2.1    |
| <b>Liquidity</b>              |        |        |        |        |        |        |        |        |        |
| Cash Ratio (x)                | 0.5    | 0.0    | 0.0    | 0.1    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Current Ratio (x)             | 1.5    | 0.5    | 0.6    | 0.8    | 0.7    | 0.6    | 0.6    | 0.6    | 0.6    |
| Quick Ratio (x)               | 1.4    | 0.5    | 0.5    | 0.7    | 0.6    | 0.6    | 0.6    | 0.6    | 0.6    |
| <b>Returns Ratio</b>          |        |        |        |        |        |        |        |        |        |
| ROA (%)                       | 11.7%  | 10.0%  | 9.2%   | 6.2%   | 6.5%   | 5.0%   | 6.6%   | 6.5%   | 6.2%   |
| ROE (%)                       | 13.8%  | 14.6%  | 14.6%  | 11.4%  | 11.5%  | 8.5%   | 11.6%  | 11.7%  | 11.2%  |
| ROCE (%)                      | 13.1%  | 12.6%  | 11.9%  | 8.1%   | 8.5%   | 6.6%   | 8.6%   | 8.4%   | 7.9%   |
| <b>Cash Cycle</b>             |        |        |        |        |        |        |        |        |        |
| Inventory turnover (x)        | 81     | 61     | 26     | 15     | 24     | 20     | 25     | 25     | 25     |
| Accounts Payable turnover (x) | 11.6   | 5.2    | 6.2    | 4.7    | 5.9    | 4.8    | 4.5    | 4.5    | 4.5    |
| Receivables turnover (x)      | 5.1    | 4.0    | 4.3    | 2.9    | 3.3    | 3.1    | 3.1    | 3.1    | 3.1    |
| Inventory days                | 5      | 6      | 13.8   | 25.1   | 15.1   | 18.3   | 14.6   | 14.6   | 14.6   |
| Payable Days                  | 31     | 70     | 59     | 78     | 62     | 77     | 80     | 80     | 80     |
| Receivables days              | 71     | 91     | 86     | 126    | 111    | 117    | 117    | 117    | 117    |
| <b>Profitability Ratio</b>    |        |        |        |        |        |        |        |        |        |
| Net Margins (%)               | 22.3%  | 24.6%  | 20.1%  | 15.8%  | 14.1%  | 11.9%  | 15.4%  | 16.3%  | 16.3%  |
| EBITDA Margins (%)            | 46.0%  | 51.9%  | 46.6%  | 41.7%  | 41.8%  | 42.1%  | 43.7%  | 46.7%  | 48.6%  |
| PBT Margins (%)               | 23.1%  | 25.3%  | 20.7%  | 16.4%  | 14.5%  | 12.3%  | 15.9%  | 16.9%  | 16.9%  |
| EBIT Margins (%)              | 23.3%  | 26.2%  | 23.4%  | 20.0%  | 18.9%  | 16.4%  | 19.5%  | 20.8%  | 21.2%  |
| <b>Leverage</b>               |        |        |        |        |        |        |        |        |        |
| Total Debt (SAR, Millions)    | 26     | 444    | 641    | 1,667  | 1,723  | 1,723  | 2,037  | 2,382  | 2,734  |
| Net Debt (SAR, Millions)      | -79    | 423    | 607    | 1,581  | 1,666  | 1,688  | 2,005  | 2,332  | 2,678  |
| Debt/Equity (x)               | 0.0    | 0.3    | 0.3    | 0.6    | 0.6    | 0.5    | 0.5    | 0.6    | 0.6    |
| Net Debt/EBITDA (x)           | -0.2   | 0.8    | 0.9    | 1.9    | 1.6    | 1.6    | 1.6    | 1.7    | 1.8    |
| Net Debt/Equity (x)           | -0.0   | 0.2    | 0.3    | 0.6    | 0.6    | 0.5    | 0.5    | 0.6    | 0.6    |

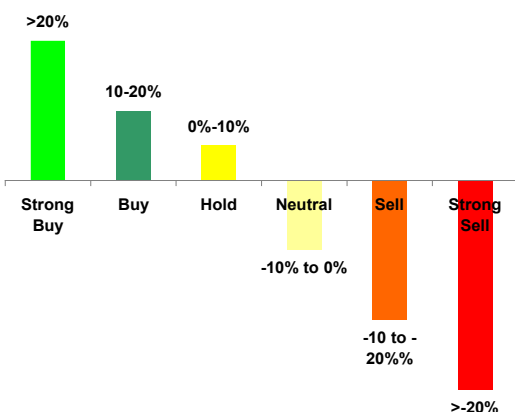
## Key contacts

### Research Team

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## Rating Criteria and Definitions

### Rating



### Rating Definitions

|                    |  |
|--------------------|--|
| <b>Strong Buy</b>  | This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%     |
| <b>Buy</b>         | This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%        |
| <b>Hold</b>        | This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%         |
| <b>Neutral</b>     | This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%   |
| <b>Sell</b>        | This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20% |
| <b>Strong Sell</b> | This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%     |
| <b>Not rated</b>   | This recommendation used for stocks which does not form part of Coverage Universe  |

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