

Result update

Theeb Rent a Car Co

Sector : Vehicle Rental

BUY

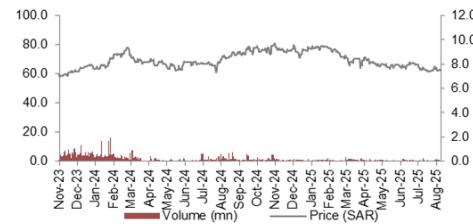
30 November 2025

- Revenue grew 19.6% YoY, driven by growth across all segments.**
- Topline growth was partly offset by margin contraction amid higher used car sales.**
- Profit up 7.9% YoY and came in slightly above our forecast.**
- Retain our revenue and profit estimates and maintain our target price of SAR 71 per share with a BUY rating.**

Theeb Rent a Car Co. (Theeb) reported 3Q25 revenue of SAR 404mn, up 19.6% YoY, and 15% above our projections. Revenue for 9M25 grew 14.4% YoY to SAR 1.1bn. Quarterly growth was driven by all business segments, with a notable rebound in used-car sales. Revenue from long-term leases rose 28% YoY, while short-term rentals rose 7.6% YoY. The used car sales revenue rose 24% YoY, on higher vehicle disposals. Gross profit in 3Q25 increased 13% YoY, while gross margins contracted 180bps YoY to 29.8% as direct costs outpaced revenue growth, rising 22.7% YoY. Operating expenses rose 23% YoY due to higher SG&A costs and increased credit loss provisions. Other income improved significantly to SAR 5mn compared with SAR 1.7mn in 3Q24. Consequently, EBIT and EBITDA margins fell 130bps and 80bps YoY to 19.7% and 46.3% respectively in 3Q25. Finance costs surged 31% YoY on higher debt levels. Overall, net income increased 7.9% YoY to SAR 50mn, supported by revenue growth but partially offset by margin compression and higher operating expenses. Net margin declined 130bps YoY to 12.4% in 3Q25 from 13.8% in 3Q24. Profit was slightly ahead of our forecast, while the net margin fell short of expectations. Profit for 9M25 grew 9% YoY to SAR 143mn. Theeb declared dividend of SAR 25mn (SAR 0.58/share), representing a 49.7% payout ratio.

Valuation and outlook: Theeb, one of Saudi Arabia's leading car rental operators, manages a fleet of over 39,000 vehicles across 65 branches. During the quarter, the company signed an agreement with Al-Wallan trading company to supply over 2,300 vehicles of various 2026 models. Recently, the company also announced plans to increase its capital by 53.4% to SAR 659.72mn (from SAR 430mn) through the issuance of 21.5mn bonus shares. Margins, however, remain under pressure due to intense competition in the vehicle-resale market and a rising contribution from the leasing segment. We expect the cost base to continue expanding as the company grows its fleet and broadens its geographic footprint. While both revenue and profit exceeded expectations, margins fell short of our projections. Based on the latest results and on the back of expanding customer base and despite margin compression, we maintain our target price of SAR 71 per share, implying an upside of 18.5% from the current levels. Accordingly, we reiterate our BUY rating on Theeb. The stock currently trades at 13.5x its 2025e EPS.

Target price (SAR)	71.0
Current price (SAR)	55.9
Return	18.5%



Exchange	Saudi Arabia
Index weight (%)	0.1%

(mn)	SAR	USD
Market Cap	2,576	687
Enterprise value	4,643	1,238

Major shareholders	
Al-Theeb Mohammed Ah	25%
HAMOUD ABDULLAH ALDH	7.0%
Blackrock Inc	1.2%
Others	66.8%

Valuation Summary	
PER TTM (x)	13.3
P/Book (x)	2.9
EV/EBITDA (x)	6.2
Dividend Yield (%)	3.7
Free Float (%)	67%
Shares O/S (mn)	43
YTD Return (%)	-22%
Beta	0.8

Key ratios	2022	2023	2024
EPS (SAR)	4.49	3.30	4.25
BVPS (SAR)	15.46	16.97	19.31
DPS (SAR)	2.20	1.64	2.11
Payout ratio (%)	49.0%	49.6%	49.7%

Price performance (%)	1M	3M	12M
Theeb Rent A Car Co	-8%	-6%	-21%
Tadawul All Share Index	-8%	-2%	-8%

52 week	High	Low	CTL*
Price (SAR)	80.50	58.15	3.0

* CTL is % change in CMP to 52wk low

Income statement (in SAR Mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	752	968	1,135	1,303	1,477	1,616	1,751	1,839
Direct Costs	-504	-616	-777	-885	-1,006	-1,091	-1,182	-1,232
Gross Profit	248	352	359	418	471	525	569	607
Selling and marketing expenses	-34	-49	-58	-68	-78	-89	-96	-101
General and administrative expenses	-36	-44	-54	-61	-66	-81	-88	-92
Impairment loss on trade receivables	-26	-31	-40	-24	-37	-32	-35	-37
Investments and other	4	8	7	9	11	16	26	18
EBIT	158	236	213	273	300	339	377	395
EBITDA	410	523	545	618	710	746	828	893
Finance cost	-26	-33	-61	-86	-105	-119	-129	-140
PBT	132	204	152	187	195	221	247	255
Tax	-7	-11	-9	-4	-5	-6	-6	-6
Net Profit	126	193	142	183	190	215	241	249
Balance Sheet (in SAR Mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
PP&E	1,156	1,320	1,673	2,038	2,460	2,780	3,065	3,357
RUA	89	102	96	85	83	91	99	106
Total non-current assets	1,245	1,422	1,769	2,123	2,543	2,871	3,164	3,464
Current inventories	6	5	7	17	20	22	24	25
Trade and other current receivables	139	189	229	283	458	501	543	570
Prepayments and other receivables	61	139	173	110	-	-	-	-
Others	10	10	8	6	9	9	9	9
Cash and bank balances	58	100	52	35	56	54	49	42
Total current assets	273	444	470	453	544	586	625	646
TOTAL ASSETS	1,518	1,866	2,239	2,576	3,087	3,457	3,788	4,109
Share capital	430	430	430	430	430	430	430	430
Reserves	137	235	52	68	68	68	68	68
Retained earnings	-	-	247	332	432	552	685	814
Total Equity attributable to shareholders	567	665	730	830	930	1,050	1,183	1,312
Total equity	567	665	730	830	930	1,050	1,183	1,312
Long-Term Debt	288	455	569	683	933	1,133	1,333	1,483
Long-term lease liabilities	55	54	42	47	44	40	35	29
Other	28	35	39	43	51	51	51	51
Total non-current liabilities	371	544	649	772	1,028	1,224	1,419	1,563
Short-term Debt	327	442	557	699	899	949	949	999
Short-term lease liabilities	54	54	64	40	36	33	29	24
Car dealership payable	-	-	80	111	55	65	71	74
Payables	134	87	45	13	20	16	18	18
Accrued expenses	43	50	91	105	113	113	113	113
Zakat payable	21	25	23	5	5	6	6	6
Total current liabilities	580	658	860	973	1,129	1,182	1,186	1,235
Total liabilities	951	1,201	1,509	1,745	2,157	2,406	2,605	2,798
Total equity and liabilities	1,518	1,866	2,239	2,576	3,087	3,457	3,788	4,109
Cash Flow (in SAR Mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	47	-66	-88	-39	-81	230	266	314
Investing cash flow	-6	-5	-11	-12	-12	-12	-12	-12
Financing cash flow	-23	114	52	33	114	-220	-259	-309
Change in cash	18	42	-48	-17	21	-3	-5	-7
Beginning cash	40	58	100	52	35	56	54	49
Ending cash	58	100	52	35	56	54	49	42

Ratio Analysis	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share								
EPS (SAR)	2.924	4.491	3.304	4.249	4.425	5.006	5.601	5.782
BVPS (SAR)	13.194	15.462	16.969	19.313	21.627	24.421	27.519	30.501
DPS (SAR)	1.450	2.200	1.640	2.110	2.212	2.503	2.800	2.891
FCF per share (SAR)	0.949	-1.657	-2.304	-1.185	-2.163	5.056	5.902	7.015
Valuation								
Market Cap (SAR, Millions)	2,653	2,967	2,829	3,294	2,576	2,576	2,576	2,576
EV (SAR, Millions)	3,319	3,872	4,008	4,727	4,431	4,676	4,872	5,068
EBITDA	410	523	545	618	710	746	828	893
P/E (x)	21.1	15.4	19.9	18.0	13.5	12.0	10.7	10.4
EV/EBITDA (x)	8.1	7.4	7.4	7.6	6.2	6.3	5.9	5.7
Price/Book (x)	4.7	4.5	3.9	4.0	2.8	2.5	2.2	2.0
Dividend Yield (%)	2.4%	3.2%	2.5%	2.8%	3.7%	4.2%	4.7%	4.8%
Price to sales (x)	3.5	3.1	2.5	2.5	1.7	1.6	1.5	1.4
EV to sales (x)	4.4	4.0	3.5	3.6	3.0	2.9	2.8	2.8
Liquidity								
Cash Ratio (x)	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Current Ratio (x)	0.5	0.7	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
Returns Ratio								
ROA (%)	8.3%	10.3%	6.3%	7.1%	6.2%	6.2%	6.4%	6.1%
ROE (%)	22.2%	29.0%	19.5%	22.0%	20.5%	20.5%	20.4%	19.0%
ROCE (%)	13.4%	16.0%	10.3%	11.4%	9.7%	9.5%	9.3%	8.6%
Cash Cycle								
Inventory turnover (x)	90	124	116	51	50	50	50	50
Accounts Payable turnover (x)	3.8	7.1	17.2	65.8	50.0	66.7	66.7	66.7
Receivables turnover (x)	3.8	2.9	2.8	3.3	3.2	3.2	3.2	3.2
Inventory days	4	3	3.2	7.2	7.3	7.3	7.3	7.3
Payable Days	97	51	21	6	7	5	5	5
Receivables days	97	124	129	110	113	113	113	113
Profitability Ratio								
Net Margins (%)	16.7%	19.9%	12.5%	14.0%	12.9%	13.3%	13.8%	13.5%
EBITDA Margins (%)	54.5%	54.0%	48.0%	47.4%	48.1%	46.2%	47.3%	48.6%
PBT Margins (%)	17.6%	21.0%	13.3%	14.4%	13.2%	13.7%	14.1%	13.9%
EBIT Margins (%)	21.0%	24.4%	18.7%	21.0%	20.3%	21.0%	21.5%	21.5%
Leverage								
Total Debt (SAR, Millions)	724	1,005	1,231	1,468	1,912	2,154	2,345	2,534
Net Debt (SAR, Millions)	666	905	1,179	1,433	1,855	2,100	2,297	2,492
Debt/Equity (x)	1.3	1.5	1.7	1.8	2.1	2.1	2.0	1.9
Net Debt/EBITDA (x)	1.6	1.7	2.2	2.3	2.6	2.8	2.8	2.8
Net Debt/Equity (x)	1.2	1.4	1.6	1.7	2.0	2.0	1.9	1.9

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Rating Criteria and Definitions

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

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