

Theeb Rent a Car Co

Sector : Vehicle Rental

HOLD

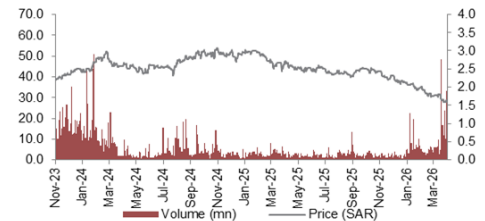
14 April 2026

- Revenue grew 15% YoY in 2025, driven by growth across all segments.
- Margins contracted YoY, falling below expectations.
- Profit down 1.3% YoY in 2025 and fell below our projections.
- For 2026e, we forecast revenue of SAR 1.54bn and profit of SAR 170mn. We lower our target price to SAR 31 per share and downgrade to HOLD from BUY rating.

Target price (SAR) **31.00**

Current price (SAR) **28.58**

Return **8.50%**



Exchange Saudi Arabia
Index weight (%) 0.1%

(mn)	SAR	USD
Market Cap	1,885	502
Enterprise value	4,454	1,187

Major shareholders

Al-Theeb Mohammed Ah	20%
HAMOUD ABDULLAH ALDH	6.8%
Blackrock Inc	1.3%
Others	72.0%

Valuation Summary

PER TTM (x)	10.2
P/Book (x)	2.1
EV/EBITDA (x)	6.3
Dividend Yield (%)	4.8
Free Float (%)	72%
Shares O/S (mn)	66
YTD Return (%)	-24%
Beta	0.7

Key ratios	2023	2024	2025
EPS (SAR)	3.30	4.25	2.73
BVPS (SAR)	16.97	19.31	13.86
DPS (SAR)	1.64	2.11	1.35
Payout ratio (%)	49.6%	49.7%	49.0%

Price performance (%)	1M	3M	12M
Theeb Rent A Car Co	-7%	-22%	-40%
Tadawul All Share Index	5%	4%	-1%

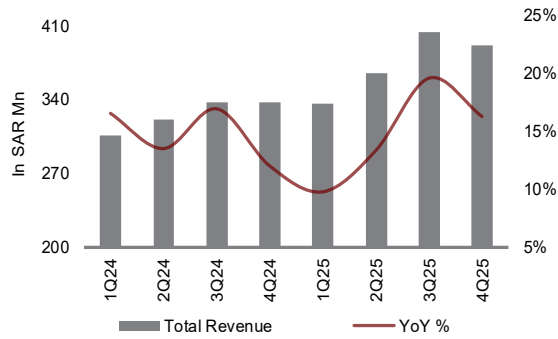
52 week	High	Low	CTL*
Price (SAR)	47.73	27.70	3.2

* CTL is % change in CMP to 52wk low

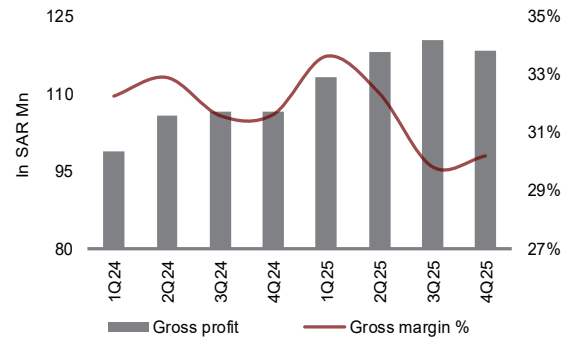
Theeb Rent a Car Co. (Theeb) reported 2025 revenue of SAR 1.5bn, up 15% YoY and broadly in line with our forecast. Revenue in 4Q25 grew 16.3% YoY to SAR 392mn. Growth was driven by higher short and long-term rental revenues, along with a modest increase in used car sales. Long-term lease revenue increased 31% YoY, while short-term rentals grew 5.7% YoY. Used car sales rose 3.7% YoY, reflecting moderate vehicle disposals. Gross profit in 2025 increased 12.5% YoY, however, gross margins contracted 70bps YoY to 31.4% as direct costs outpaced revenue growth, rising 16% YoY. Operating expenses climbed 24% YoY due to higher SG&A costs and increased credit loss provisions. Other income improved significantly to SAR 14mn from SAR 8mn in 2024. As a result, EBIT margins fell 130bps to 19.7%, while EBITDA margin remained broadly flat at 47.4% in 2025. Finance costs rose sharply, up 27% YoY, due to higher debt levels. Consequently, net income declined 1.3% YoY to SAR 180mn, with net margin narrowing by 200bps YoY to 12% in 2025 from 14% in 2024. Profit and overall margins fell short of our expectations. Profit in 4Q25 decreased 27.8% YoY to SAR 37mn. For 2025, Theeb declared dividend of SAR 89mn (SAR 1.35/share), representing a 49% payout ratio, slightly below our forecast.

Valuation and outlook: Theeb continues to execute on its strategic initiatives, focusing on operational growth and high-quality service delivery to commercial and government clients. The company operates through 69 branches with a fleet exceeding 43,000 vehicles. During the year, Theeb signed an MOU with Riyadhah for Evaluation company, which specializes in smart technology solutions for rental and fleet management. It also entered an agreement with Al-Wallan Trading Company to supply over 2,300 vehicles (2026 models) and secured long-term leasing contracts with First Line Logistics (SAR 61.68mn) and HungerStation (SAR 110.4mn). While revenue met expectations, profitability and margins underperformed. Based on the current results, we forecast 2026e revenue of SAR 1.54bn and net income of SAR 170mn. Ongoing geopolitical tensions and temporary airspace closures may weigh on travel demand, posing downside risks to growth in 1Q26. Accordingly, we lower our target price to SAR 31 per share, implying a limited upside of 8.5% from current levels and downgrade our rating to HOLD from BUY. The stock currently trades at 11.1x its 2026e EPS.

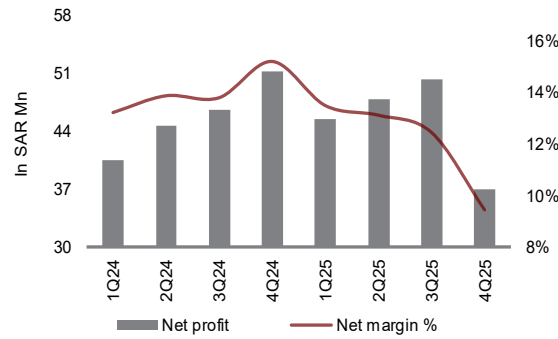
Revenue up 16.3% YoY driven by rental & leasing



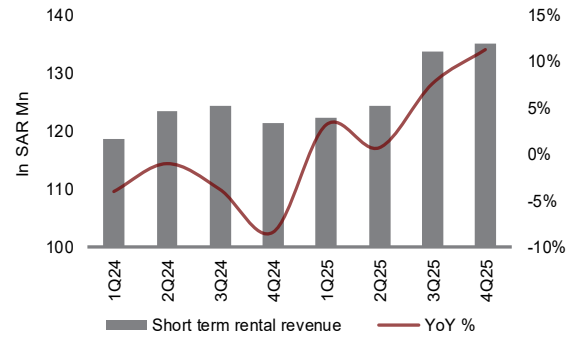
Gross margin weakened on rising costs



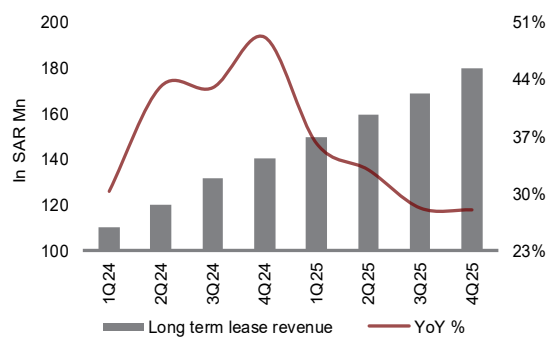
Higher operating and finance costs compress net margin



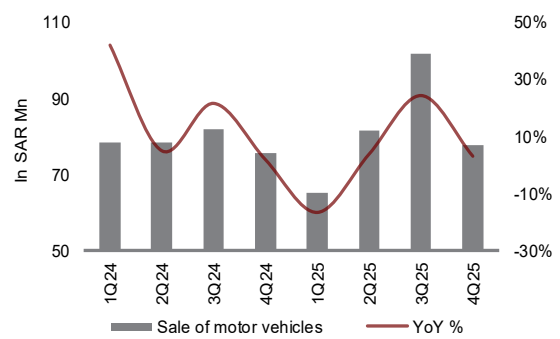
Rental revenue grew by 11.3% in 4Q25



Leasing revenue growth slowed in 4Q25



Revenue from sale of vehicles broadly stable YoY





Income statement (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Revenue	968	1,135	1,303	1,497	1,545	1,674	1,791	1,917
Direct Costs	-616	-777	-885	-1,027	-1,070	-1,130	-1,200	-1,284
Gross Profit	352	359	418	470	475	544	591	632
Selling and marketing expenses	-49	-58	-67	-76	-87	-92	-98	-105
General and administrative expenses	-44	-54	-61	-65	-77	-84	-90	-96
Impairment loss on trade receivables	-31	-40	-24	-48	-39	-33	-36	-38
Investments and other	8	7	8	14	15	25	18	19
EBIT	236	213	273	294	288	360	385	412
EBITDA	523	545	618	709	695	814	888	967
Finance cost	-33	-61	-86	-109	-113	-123	-133	-143
PBT	204	152	187	185	175	237	252	269
Tax	-11	-9	-4	-5	-4	-6	-6	-7
Net Profit	193	142	183	180	170	231	246	263

Balance Sheet (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
PP&E	1,320	1,673	2,038	2,506	2,830	3,118	3,422	3,742
RUA	102	96	85	67	79	89	99	108
Total non-current assets	1,422	1,769	2,123	2,573	2,908	3,207	3,520	3,850
Current inventories	5	7	17	39	41	43	46	49
Trade and other current receivables	189	229	283	358	525	569	591	594
Prepayments and other receivables	139	173	110	176	-	-	-	-
Others	10	8	6	9	9	9	9	9
Cash and bank balances	100	52	35	28	37	41	33	35
Total current assets	444	470	453	611	612	662	679	687
TOTAL ASSETS	1,866	2,239	2,576	3,183	3,520	3,869	4,199	4,537
Share capital	430	430	430	660	660	660	660	660
Reserves	235	52	68	-	-	-	-	-
Retained earnings	-	247	332	255	336	482	612	752
Total Equity attributable to shareholders	665	730	830	915	996	1,142	1,272	1,412
Total equity	665	730	830	915	996	1,142	1,272	1,412
Long-Term Debt	455	569	683	977	1,177	1,377	1,527	1,677
Long-term lease liabilities	54	42	47	55	54	51	45	37
Other	35	39	43	49	49	49	49	49
Total non-current liabilities	544	649	772	1,081	1,280	1,477	1,621	1,763
Short-term Debt	442	557	699	954	1,004	1,004	1,054	1,104
Short-term lease liabilities	54	64	40	16	15	14	13	10
Car dealership payable	-	80	111	75	80	85	90	96
Payables	87	45	13	22	24	25	26	28
Accrued expenses	50	91	105	116	116	116	116	116
Zakat payable	25	23	5	5	4	6	6	7
Total current liabilities	658	860	973	1,188	1,244	1,251	1,306	1,362
Total liabilities	1,201	1,509	1,745	2,269	2,524	2,727	2,927	3,125
Total equity and liabilities	1,866	2,239	2,576	3,183	3,520	3,869	4,199	4,537

Cash Flow (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	-66	-88	-39	-300	231	242	301	358
Investing cash flow	-5	-11	-12	-11	-11	-11	-11	-11
Financing cash flow	114	52	33	304	-212	-228	-298	-346
Change in cash	42	-48	-17	-7	9	4	-8	2
Beginning cash	58	100	52	35	28	37	41	33
Ending cash	100	52	35	28	37	41	33	35



Ratio Analysis	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Per Share								
EPS (SAR)	4.491	3.304	4.249	2.732	2.584	3.502	3.726	3.979
BVPS (SAR)	15.462	16.969	19.313	13.864	15.099	17.309	19.284	21.400
DPS (SAR)	2.200	1.640	2.110	1.349	1.292	1.751	1.863	1.990
FCF per share (SAR)	-1.657	-2.304	-1.185	-4.710	3.345	3.516	4.401	5.273
Valuation								
Market Cap (SAR, Millions)	2,967	2,829	3,294	2,481	1,885	1,885	1,885	1,885
EV (SAR, Millions)	3,872	4,008	4,727	4,454	4,100	4,291	4,492	4,680
EBITDA	523	545	618	709	695	814	888	967
P/E (x)	15.4	19.9	18.0	13.8	11.1	8.2	7.7	7.2
EV/EBITDA (x)	7.4	7.4	7.6	6.3	5.9	5.3	5.1	4.8
Price/Book (x)	4.5	3.9	4.0	2.7	1.9	1.7	1.5	1.3
Dividend Yield (%)	3.2%	2.5%	2.8%	3.6%	4.5%	6.1%	6.5%	7.0%
Price to sales (x)	3.1	2.5	2.5	1.7	1.2	1.1	1.1	1.0
EV to sales (x)	4.0	3.5	3.6	3.0	2.7	2.6	2.5	2.4
Liquidity								
Cash Ratio (x)	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Current Ratio (x)	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Quick Ratio (x)	0.7	0.5	0.4	0.5	0.5	0.5	0.5	0.5
Returns Ratio								
ROA (%)	10.3%	6.3%	7.1%	5.7%	4.8%	6.0%	5.9%	5.8%
ROE (%)	29.0%	19.5%	22.0%	19.7%	17.1%	20.2%	19.3%	18.6%
ROCE (%)	16.0%	10.3%	11.4%	9.0%	7.5%	8.8%	8.5%	8.3%
Cash Cycle								
Inventory turnover (x)	124	116	51	26	26	26	26	26
Accounts Payable turnover (x)	7.1	17.2	65.8	46.4	45.5	45.5	45.5	45.5
Receivables turnover (x)	2.9	2.8	3.3	2.8	2.9	2.9	3.0	3.2
Inventory days	3	3.2	7.2	13.9	13.9	13.9	13.9	13.9
Payable Days	51	21	6	8	8	8	8	8
Receivables days	124	129	110	130	124	124	120	113
Profitability Ratio								
Net Margins (%)	19.9%	12.5%	14.0%	12.0%	11.0%	13.8%	13.7%	13.7%
EBITDA Margins (%)	54.0%	48.0%	47.4%	47.4%	45.0%	48.6%	49.6%	50.4%
PBT Margins (%)	21.0%	13.3%	14.4%	12.3%	11.3%	14.2%	14.1%	14.0%
EBIT Margins (%)	24.4%	18.7%	21.0%	19.7%	18.6%	21.5%	21.5%	21.5%
Leverage								
Total Debt (SAR, Millions)	1,005	1,231	1,468	2,002	2,251	2,446	2,639	2,829
Net Debt (SAR, Millions)	905	1,179	1,433	1,974	2,214	2,406	2,606	2,794
Debt/Equity (x)	1.5	1.7	1.8	2.2	2.3	2.1	2.1	2.0
Net Debt/EBITDA (x)	1.7	2.2	2.3	2.8	3.2	3.0	2.9	2.9
Net Debt/Equity (x)	1.4	1.6	1.7	2.2	2.2	2.1	2.0	2.0



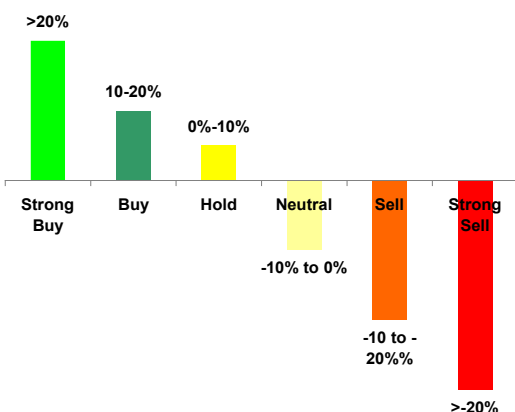
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Rating Criteria and Definitions

Rating



Rating Definitions

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%
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%
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%
Neutral	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%
Sell	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%
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 side potential in excess of 20%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe

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