

US\$1.97bn
Market Cap.

71.17%
Free Float

US\$9.52mn
Avg. Daily Value traded

Rasan Information Technology Co.

Target price raised to SAR 103/share, but turn neutral after the recent rally

- **Our estimates revised to reflect updated FY25 guidance, new Musaned contract and potential revenues from new products**
- **Target price raised, but given the recent rally we expect stock to consolidate as growth beyond 2026 will largely depend on new products**
- **Key upside risks: Conversion of Al Rajhi bank to brokerage model from SaaS, notable inroads into corporate medical, traction in financial services, etc.**

Q2 results and guidance update: In our view, topline was and gross profit were broadly in line with our expectations, while the beat on the net income mainly come from lower opex than our anticipation. During the Q2 earnings call, the company unveiled its FY25 guidance of topline growth of 65%-70%, gross margins of gross margins: 68%-70% and adjusted EBITDA margin of 32%-35%. The key highlight was the finalization of brokerage model with SNB on the Treza platform and the win of Musaned contract during the quarter, while Al Rajhi Bank continues to be on the SaaS model. In 2Q25, the company launched 4 new products, that includes motor fleet insurance, individual health insurance, home insurance, and protection & savings. Further, the company is developing financial services products which they expect to launch by end of 2025 or early 2026.

FY25 and FY26 expectations: As we consider the impact of SNB's migration to brokerage model, Musaned contribution (only 1 quarter impact), some price improvement in overall retail motor insurance, we revise our FY25 revenues estimate to SAR 594mn (from SAR 516mn before), at the low end of the company's revised guidance (SAR 590-625mn). The cautiousness is mainly on the back of lower price improvement assumption in the motor retail business (assumed just 6% price increase in FY25) and minimal contribution from new products. On gross margins, we are in line with the company, but ahead on adjusted EBITDA (our estimate 34%, near high end of the guidance) as we consider limited revenues and corresponding expenses from new products in 2025 (SAR 24mn revenues, of which SAR 14mn from Musaned). Overall, we expect adjusted net income of SAR 171mn in 2025, a solid growth of 80% y-o-y.

For FY26, we expect revenues to grow by ~37% to SAR 813mn, led by both existing product revenues (+24% y-o-y) and contribution from new products (13% of revenues, SAR 104mn). Existing revenues should reflect full impact of SNB's shift to commission model, Abdul Latif Jameel's (ALJ) complete migration to Treza (currently only new leases), slight improvement in motor retail prices and further gains in SME health. Within new products, full year impact of Musaned's contract, and revenues from recently launched products, of which we expect motor fleet to be the key driver. We are also considering some impact from corporate medical, but we expect modest inroads to be made in FY26, that too only in the broker space (corporate medical contracts sold through brokers). In the backdrop of new products, we expect some pressure on gross margins (68%, -100bps y-o-y). However, we expect operational leverage to support adjusted EBITDA margins (+70bps y-o-y). Overall, we expect adjusted net income to grow by 39% y-o-y in FY26.

Neutral

Price Target (SAR): 103.0

Current (18th August 2025): 95.2
Upside/Downside: 8.6% above current

Valuation Multiples	24A	25E	26E
P/E (x)	73.9	51.7	34.5
P/B (x)	16.9	13.2	10.6

Major Shareholders % Ownership

No substantial shareholders (over 5%)

Price Performance	1M	3M	YTD
Absolute	10.4%	10.7%	10.2%
Relative to TASI	11.7%	15.7%	19.9%

Earnings

(SAR mn)	2024	2025E	2026E	2027E
Revenue	358	594	813	934
y-o-y growth	39.8%	65.8%	36.9%	14.9%
Gross Profit	238	410	553	635
GM Margin	66.5%	69.0%	68.0%	68.0%
y-o-y growth	60.5%	72.1%	34.9%	14.9%
EBITDA	114	175	255	344
EBITDA Margin	31.7%	29.5%	31.4%	36.8%
Adjusted EBITDA**	114	203	283	344
Adj. EBITDA Margin	31.7%	34.2%	34.9%	36.8%
Net Income	95	143	214	294
NI Margin	26.4%	24.0%	26.3%	31.5%
Adjusted Net Income**	95	171	242	294
Adjusted NI Margin	26.4%	28.7%	29.8%	31.5%
EPS*	1.29	1.84	2.76	3.79
Adjusted EPS**	1.29	2.20	3.12	3.79
ROE	35.4%	29.3%	34.2%	39.5%

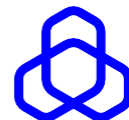
Source: Company data, Al Rajhi Capital. Note*: 2024 EPS number is calculated using weighted average shares (73.5mn). This might differ from current outstanding shares of 77.5mn. Note**: Adjusted for ESOP charges

Near products and way forward: In our view, in FY26, the company's top two largest segments, motor retail and Treza would be very close to its mature stage of growth and any future revenue growth in these two segments would be largely in line with the price/ volume trends in the overall market and some market share gains. At the same time, the Musaned contract contribution will also be reflecting bulk of its potential. Thus, the onus of medium-term growth will shift heavily to SME health, corporate medical and new products. In 1H25, the company launched several new products such as motor fleet insurance, protection & savings, individual health and home insurance. The company also has plans to launch financial services soon. Going forward, beyond 2026, we expect existing products to grow by mid to high single digit, during 2027-2030E, primarily led by SME health. Also, we expect the contribution of new products to rise from just 13% in FY26 to 25% in FY30. On the back of solid growth from new products, we expect overall revenue growth to be ~11% CAGR during 2027-2030E.

In the initial few years, particularly in 2027 and 2028, we expect motor fleet and corporate medical to be the key growth drivers. However, by the end of 2030, we see financial services to be the third largest revenue line among the new products after corporate medical and fleet insurance. In our view, corporate medical and financial services could be the next big revenue drivers, given the huge opportunity that it offers.

Overall, health insurance has a market size of about SAR 42bn (2024), of which corporate medical has the largest share of 70%. As per company estimates, in 2022, over 60% of the corporate medical contracts were sold through brokers. However, the latest data from Insurance authority indicates that bulk of the health insurance contracts are direct tenders from the insurance companies. The IA data does not provide this particular information for corporate medical specifically, but as per the given data over 60% of the sales for the total health insurance are done directly, while broker/agent contribution is only 38.5%. We have considered 35% as the broker sales channel for corporate medical for our analysis and assume that company will get a modest share in the initial few years. Even at 35% broker sales channel assumption, the TAM is SAR 11-12bn, which is close to the entire motor insurance segment of SAR 14bn and bigger than the retail motor's market size of SAR 8-9bn.

At the same time, financial services is even a bigger opportunity, the total consumer financial offered by non-banking finance alone is SAR 75bn (SAMA), that includes auto, personal, mortgage, etc. In our estimates, we have been conservative and considered only the contribution of auto-lease financial services, given Rasan's experience in this segment. As per our conservative estimate, the TAM in the auto lease financial services market could be over SAR 50bn (includes traditional banks and NBFCs). Although commission (our assumption 50bps) could be much lower than what the company earns on the existing products, even a modest share could generate notable revenues.



Valuations: As highlighted above, we have decent visibility of the growth in FY26, as existing products plus Musaned contract is expected to contribute about 94% of the revenues. However, beyond 2026, the growth trajectory will depend on the new products. We follow a conservative approach in considering the contribution of new products and estimate the mix to still be skewed towards existing products plus Musaned even in FY30 (81%/19%). Beyond 2026, we estimate adjusted net income to grow by about 16% CAGR over the four years till 2030. In our view, Rasan with a dominant market share and business moat, deserve a PEG of 1.75-2.25x (implied multiple at 16% of 28x-36x), however, given the current equity market conditions and future growth to be heavily driven by new products, we do not apply the higher end of the range and assign a multiple of 30x on FY27E EPS. Our updated fair value is SAR 103/share (earlier SAR 96/share), that offers an upside of 8.6% from the last closing. Given the sharp rally in the last one month (up ~10%), and limited upside of 8.6% from the last closing, we turn neutral on the name. Nevertheless, our target price is exposed to upside risks from faster than expected market share gains in corporate medical, Al Rajhi shifting to brokerage model and traction in financial services beyond auto.

Figure 1 Valuations

Valuation	Values/ Multiples
2027E EPS	3.79
Target P/E (forward)	30.0x
Fair Value at the end of 2026	114
Fair value discounted to today*	103
Current Price	95.2
Upside/Downside	8.6%

Source: Al Rajhi capital estimates. Note*: Discounted at 10%

Figure 2 Revenue bifurcation

Revenue Bifurcation (SAR mn)	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL REVENUES (A+B)	358.3	593.9	812.9	933.6	1,060.3	1,165.8	1,276.1
Growth	39.8%	65.8%	36.9%	14.9%	13.6%	9.9%	9.5%
Mix:							
Existing Products		96.0%	87.2%	84.4%	80.6%	77.0%	74.7%
New Products		4.0%	12.8%	15.6%	19.4%	23.0%	25.3%
Existing Products plus Musaned		98.2%	94.0%	90.8%	86.8%	83.1%	80.6%
New Products Ex. Musaned		1.8%	6.0%	9.2%	13.2%	16.9%	19.4%
Existing Products							
Tameeni – Motors	197.4	265.2	292.6	313.9	329.9	340.9	352.0
Treza (Leasing)	107.6	227.8	325.9	340.2	359.0	366.1	373.5
Tameeni – Health	48.3	66.5	81.6	124.7	156.0	181.0	216.6
Others	5.0	10.5	8.8	9.2	9.6	10.1	10.6
TOTAL EXISTING PRODUCTS (A)	358.3	570.0	708.9	787.9	854.5	898.1	952.6
New Products							
Musaned		13.5	55.1	60.1	65.6	70.9	76.0
Corporate medical			4.4	14.1	30.1	42.4	55.9
Fleet insurance		9.5	29.7	41.2	50.0	63.2	72.5
P&S		0.9	5.0	9.8	17.7	27.1	39.0
Individual health			1.5	3.1	6.7	8.9	11.4
Home insurance			2.1	4.5	9.5	15.0	21.0
Financial services			6.3	12.9	26.2	40.1	47.8
TOTAL NEW PRODUCTS (B)		24.0	104.0	145.7	205.8	267.7	323.5

Source: Company Data, Al Rajhi Capital estimates

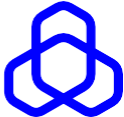


Figure 3 Tameeni retail KPIs

Tameeni	2024	2025E	2026E	2027E	2028E	2029E	2030E
GWP Retail motor market size (SAR bn) (A)	8.1	8.9	9.2	9.5	9.6	9.7	9.8
Growth:		10.0%	4.0%	3.0%	1.0%	1.0%	1.0%
Volume growth		4.0%	2.0%	1.0%	1.0%	1.0%	1.0%
Price growth		6.0%	2.0%	2.0%	0.0%	0.0%	0.0%
Market Share of Tameeni Motor (B)	52.0%	57.0%	59.0%	60.0%	61.0%	61.0%	61.0%
GWP Tameeni Motor (SAR bn) (A*B)	4.2	5.1	5.4	5.7	5.8	5.9	6.0
Blended Margin (C)	4.8%	5.3%	5.4%	5.5%	5.6%	5.8%	5.9%
Revenues (SAR mn) (A*B*C)	199.0	265.2	292.6	313.9	329.9	340.9	352.0

Source: IA, Company Data, Al Rajhi Capital estimates

Figure 4 Treza KPIs

Treza	2024	2025E	2026E	2027E	2028E	2029E	2030E
GWP Leasing market (SAR bn) (A)	3.2	3.3	3.5	3.6	3.6	3.7	3.8
Growth	-17.1%	5.1%	4.0%	2.0%	2.0%	2.0%	2.0%
Market Share of Treza (B)	75.0%	80.0%	85.0%	87.0%	90.0%	90.0%	90.0%
GWP Treza (SAR bn) (A*B)	2.4	2.7	3.0	3.1	3.3	3.3	3.4
Commission (C)	4.5%	8.5%	11.0%	11.0%	11.0%	11.0%	11.0%
Revenues (SAR mn) (A*B*C)	107.6	227.8	325.9	340.2	359.0	366.1	373.5

Source: IA, Company Data, Al Rajhi Capital estimates

Figure 5 Health KPIs

Health	2024	2025E	2026E	2027E	2028E	2029E	2030E
GWP Health Insurance (SAR bn)	42.3	45.2	48.4	51.8	55.4	58.7	62.2
Mix:							
Retail	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.1%
SME	27.0%	27.3%	27.5%	27.8%	28.0%	28.3%	28.5%
Corporate	70.0%	69.8%	69.5%	69.2%	69.0%	68.7%	68.5%
SME TAM (SAR bn)	11.4	12.3	13.3	14.4	15.5	16.6	17.7
Micro (pre decl)		2.0	2.2	2.3	2.5	2.7	2.9
Medium		3.5	3.8	4.1	4.4	4.8	5.1
Large SMEs		6.8	7.4	8.0	8.6	9.3	10.0
Rasan Market share in SME:	6.0%	7%	8%	12%	13%	15%	16%
Micro (pre decl)		25.0%	26.0%	28.0%	29.0%	30.0%	31.0%
Medium		11.1%	12.0%	15.0%	17.0%	18.0%	19.0%
Large SMEs			1.0%	5.0%	7.0%	8.0%	10.0%
GWP for Rasan (SAR bn) (A)	0.7	0.9	1.1	1.7	2.1	2.4	2.9
Micro (pre decl)		0.5	0.6	0.7	0.7	0.8	0.9
Medium		0.4	0.5	0.6	0.7	0.9	1.0
Large SMEs			0.1	0.4	0.6	0.7	1.0
Commission (B)	7.1%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Revenues (SAR mn) (A*B)	48.3	66.5	81.6	124.7	156.0	181.0	216.6
Corporate GWP (Health GWP * Corp. mix) (C)		31.5	33.6	35.8	38.2	40.3	42.6
Corporate medical sold through brokers (D)		35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
GWP for Rasan (SAR bn) (C*D)		11.0	11.8	12.5	13.4	14.1	14.9
Corporate Market share		0.0%	2.5%	7.5%	15.0%	20.0%	25.0%
Commission on Corporate		1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Revenues (SAR mn)			4.4	14.1	30.2	42.3	55.9

Source: IA, Company Data, Al Rajhi Capital estimates

Figure 6 Musaned Platform KPIs

Musaned platform	2024	2025E	2026E	2027E	2028E	2029E	2030E
New domestic workers ('000s) - (A)		200	800	856	916	971	1,019
Insurance price (SAR/policy) - (B)		450	459	468	478	487	497
GWP for Rasan (SAR mn) (A*B)		90	367	401	437	473	506
Commission		15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Revenues (SAR mn)		14	55	60	66	71	76

Source: IA, Company Data, Al Rajhi Capital estimates

Figure 7 Financial Services KPIs

Financial Services	2024	2025E	2026E	2027E	2028E	2029E	2030E
Number of new vehicles sold every year (A)	800,000	824,000	840,480	848,885	857,374	865,947	874,607
Growth	6.7%	3.0%	2.0%	1.0%	1.0%	1.0%	1.0%
Assumed leased ratio (B)	50%	50%	50%	50%	50%	50%	50%
Number of vehicles leased every year (A*B)	400,000	412,000	420,240	424,442	428,687	432,974	437,303
Average price of the car (SAR) (C)			150,000	151,500	153,015	154,545	156,091
Growth				1.0%	1.0%	1.0%	1.0%
Assumed Loan % (D)			80%	80%	80%	80%	80%
TAM for Rasan - Lease Value (SAR mn) (A*B*C*D)			50,429	51,442	52,476	53,531	54,607
Market share			2.5%	5.0%	10.0%	15.0%	17.5%
Commission			0.5%	0.5%	0.5%	0.5%	0.5%
Revenues (SAR mn)			6.3	12.9	26.2	40.1	47.8

Source: IA, Company Data, Al Rajhi Capital estimates

Figure 8 Other New Products KPIs

New Products	2024	2025E	2026E	2027E	2028E	2029E	2030E
Motor fleet insurance							
Motor GWP (SAR bn)	13.9	15.3	15.9	16.4	16.5	16.7	16.9
Share of corporate/SME fleet	19.0%	20.1%	20.1%	20.3%	20.3%	20.4%	20.4%
TAM for Rasan (SAR mn) (A)		3,068.1	3,189.4	3,320.0	3,359.0	3,398.0	3,437.2
Mix:							
TPL	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Comprehensive	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Market share assumed (B)		2.5%	7.5%	10.0%	12.0%	15.0%	17.0%
Blended commission (C)	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%
TPL	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Comprehensive	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Revenues (SAR mn) (A*B*C)		9.5	29.7	41.2	50.0	63.2	72.5
Protection & Savings							
Protection & Savings GWP (SAR bn)	6.9	9.7	12.1	14.6	17.5	20.1	23.1
Growth		40.0%	25.0%	20.0%	20.0%	15.0%	15.0%
Insurance broker share	7.5%	6.5%	5.5%	4.5%	4.5%	4.5%	4.5%
TAM for Rasan (SAR mn) (A)	520.1	631.0	667.4	655.3	786.3	904.3	1,039.9
Market share (B)		1.0%	5.0%	10.0%	15.0%	20.0%	25.0%
Commission (C)		15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Revenues (SAR mn) (A*B*C)		0.9	5.0	9.8	17.7	27.1	39.0
Home/Property insurance							
Property insurance GWP (SAR bn) (A)	2.9	3.2	3.5	3.7	4.0	4.2	4.4
Growth		10.0%	8.0%	7.0%	6.0%	5.0%	5.0%
Mix:							
Direct channel	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Broker channel (B)	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
TAM for Rasan (SAR mn) (A*B)		1,943.8	2,099.3	2,246.2	2,381.0	2,500.0	2,625.0
Market share (C)		1.0%	1.0%	2.0%	4.0%	6.0%	8.0%
Commission assumed (D)		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Revenues (SAR mn) (A*B*C*D)			2.1	4.5	9.5	15.0	21.0
Individual Health Revenues (SAR mn)			1.5	3.1	6.7	8.9	11.4

Source: IA, Company Data, Al Rajhi Capital estimates

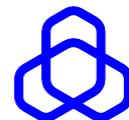


Figure 9 Income Statement

SAR mn	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	358	594	813	934	1,060	1,166	1,276
<i>y-o-y growth</i>	39.8%	65.8%	36.9%	14.9%	13.6%	9.9%	9.5%
Cost of Sales	(120)	(184)	(260)	(299)	(339)	(373)	(408)
Gross Profit	238	410	553	635	721	793	868
<i>margins</i>	66.5%	69.0%	68.0%	68.0%	68.0%	68.0%	68.0%
G&A expenses	(92)	(123)	(163)	(177)	(196)	(210)	(230)
Marketing expenses	(47)	(101)	(130)	(140)	(159)	(163)	(166)
Net other income	12	1	1	1	1	1	1
ESOP		(28)	(28)				
Operating Profit	111	159	233	318	367	421	473
<i>margins</i>	31.0%	26.8%	28.7%	34.1%	34.6%	36.1%	37.1%
Finance costs	(1)	(0)	(1)	(1)	(1)	(1)	(2)
Net Income before Zakat	110	159	233	318	366	419	472
Zakat	(16)	(16)	(19)	(24)	(27)	(31)	(35)
Net Income	95	143	214	294	338	388	436
<i>margins</i>	26.4%	24.0%	26.3%	31.5%	0.0%	0.0%	0.0%
Adjusted Net Income**	95	171	242	294	338	388	436
<i>margins</i>	26.4%	28.7%	29.8%	31.5%	31.9%	33.3%	34.2%
EBITDA	114	175	255	344	395	451	507
<i>margins</i>	31.7%	29.5%	31.4%	36.8%	37.2%	38.7%	39.7%
Adjusted EBITDA**	114	203	283	344	395	451	507
<i>margins</i>	31.7%	34.2%	34.9%	36.8%	37.2%	38.7%	39.7%
EPS*	1.29	1.84	2.76	3.79	4.37	5.01	5.63
Adjusted EPS**	1.29	2.20	3.12	3.79	4.37	5.01	5.63

Source: Company Data, Al Rajhi Capital estimates. Note*: 2024 EPS number is calculated using weighted average shares (73.5mn). This might differ from current outstanding shares of 77.5mn. Note**: Adjusted for ESOP charges

Figure 10 Balance Sheet

SAR mn	2024	2025E	2026E	2027E	2028E	2029E	2030E
Cash & Restricted Cash	474	568	650	689	739	777	823
Trade Receivables	351	358	390	396	449	495	542
Due from related parties	27	27	27	27	27	27	27
Current Assets	851	953	1,066	1,112	1,214	1,298	1,391
Property and equipment	16	17	18	19	20	20	20
Intangible assets & others	60	97	142	191	243	297	354
Right-of-use assets	4	4	4	4	4	4	4
Non-Current Assets	81	119	164	214	267	322	379
Total Assets	932	1,071	1,230	1,326	1,481	1,620	1,770
Trade and other payables	484	479	499	491	556	613	671
Due to related parties	3	3	3	3	3	3	3
Lease liabilities	2	2	4	5	6	8	10
Zakat & tax payable	16	16	16	16	16	16	16
Current Liabilities	505	500	521	515	581	640	700
Lease liabilities	2	3	5	7	9	12	15
Employees' defined benefits	10	10	10	10	10	10	10
Non-Current Liabilities	12	14	15	17	19	22	25
Shareholders Equity	415	558	694	794	881	958	1,046
Total Liabilities and Equity	932	1,071	1,230	1,326	1,481	1,620	1,770

Source: Company Data, Al Rajhi Capital estimates.

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