

Lumi Rental Co

Sector : Vehicle Rental

HOLD

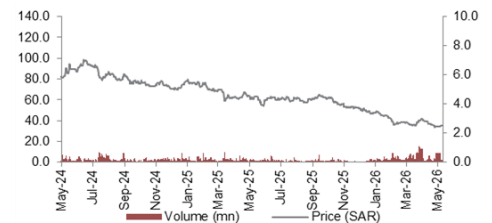
7 June 2026

- Revenue down 11% YoY in 1Q26, due to lower contribution from used car sales.
- Gross margins improved YoY, while EBIT and net margins declined YoY on higher operating costs.
- Profit down 24.7% YoY and broadly aligned with estimates.
- For 2026e, we retain our revenue forecast of SAR 1.58bn and profit of SAR 167mn. We also keep our rating unchanged at HOLD with a target price of SAR 38 per share.

Target price (SAR) **38.00**

Current price (SAR) **35.00**

Return **8.60%**



Exchange Saudi Arabia
Index weight (%) 0.03%

(mn)	SAR	USD
Market Cap	1,925	513
Enterprise value	3,629	967

Major shareholders

Seera Group Holding	70%
Al Zaim Ahmed Samer	1.1%
Dimensional Fund Adv	0.4%
Others	28.5%

Valuation Summary

PER TTM (x)	10.4
P/Book (x)	1.3
EV/EBITDA (x)	5.0
Dividend Yield (%)	NA
Free Float (%)	28%
Shares O/S (mn)	55
YTD Return (%)	-30%
Beta	1.0

Key ratios	2023	2024	2025
EPS (SAR)	2.92	3.28	3.60
BVPS (SAR)	18.64	22.04	25.60
DPS (SAR)	0.00	0.00	0.00
Payout ratio (%)	0%	0%	0%

Price performance (%)	1M	3M	12M
Lumi Rental Co	-10%	-5%	-44%
Tadawul All Share Index	-1%	3%	0%

52 week	High	Low	CTL*
Price (SAR)	65.00	33.76	3.7

* CTL is % change in CMP to 52wk low

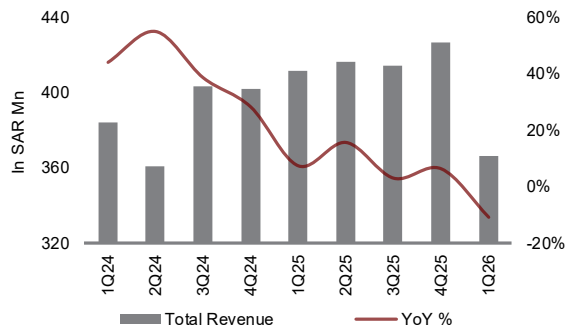
Lumi Rental reported 1Q26 revenue of SAR 366mn, down 11% YoY and broadly in line with our estimate. The decline was primarily due to lower used car sales and weaker rental revenue during the quarter. However, leasing revenue rose modestly by 1.8% YoY, supported by a 6% YoY increase in revenue per vehicle, reflecting the strength of long-term contracts. Short-term rental revenue declined 9.9% YoY, due to a 7.7% YoY decrease in revenue per vehicle, while utilization fell to 69.6% in 1Q26 from 77.9% in 1Q25 amid geopolitical tensions. Lease vehicles and the rental fleet declined 3.8% and 2.4% YoY respectively, while the total fleet size fell 3.4% YoY to 33,737 vehicles, reflecting softer demand and lower utilization trends in 1Q26. Car resale revenue fell 35.4% YoY due to a 27% YoY drop in vehicle sales volume, reflecting the company's deliberate strategy to extend asset life and optimize returns across the fleet.

Gross profit decline was contained to 5.4% YoY, as direct costs decreased faster than revenue, falling 13.4% YoY in 1Q26. Consequently, gross margin improved by 190bps YoY to 31.1%. Net operating expenses increased 28.4% YoY, due to higher general and administrative expenses, increased credit loss provisions and lower other income. As a result, EBIT margin declined 220bps YoY to 18% in 1Q26. Financial expenses fell 13.7% YoY due to lower debt levels and reduced funding costs. Overall, net profit declined 24.7% YoY to SAR 40mn, with net margin narrowing 200bps YoY to 10.9%. Profitability broadly aligned with our forecast, with net margin largely in line with our projections.

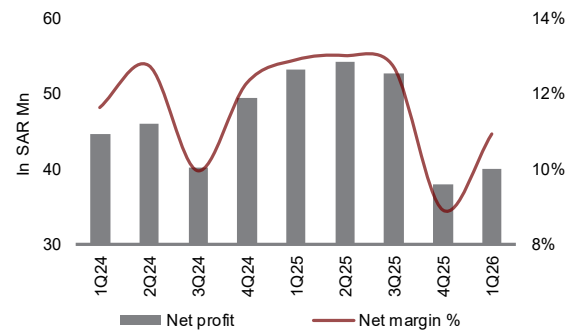
Valuation and outlook: Lumi remains focused on dynamically managing its fleet through disciplined capital allocation and operational flexibility, with an emphasis on maximizing revenue per vehicle and utilization. The company currently operates 44 branches, including 14 airport and 28 city branches. Recently, Lumi opened a branch in Qassim to strengthen its mobility services offering. While revenue and profit met expectations, EBIT and EBITDA margins underperformed our projections. Based on the current results, we maintain our 2026e revenue forecast of SAR 1.58bn and net profit of SAR 167mn. We had anticipated temporary operational disruptions amid regional conflicts, and 1Q26 results were broadly in line with our expectations. We remain conservative as growth risks remain elevated amid ongoing geopolitical tensions. Accordingly, we lower our target price to SAR 38 per share (from SAR 42), implying 8.6% upside from current levels, and retain our HOLD rating. Lumi currently trades at 11.5x 2026e P/E.



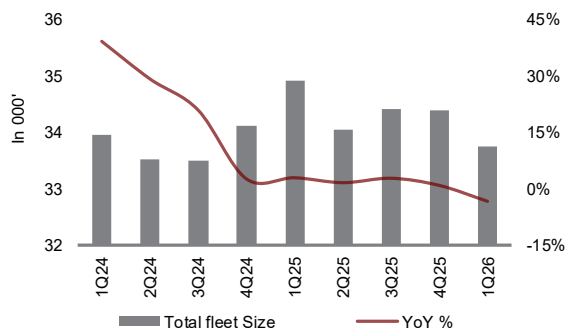
Revenue down 11% YoY due to lower used car sales



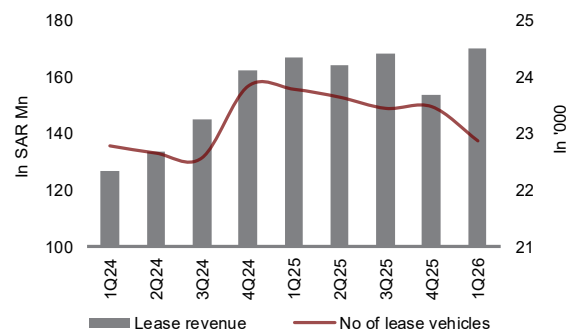
Lower revenue & higher costs weigh on net margin



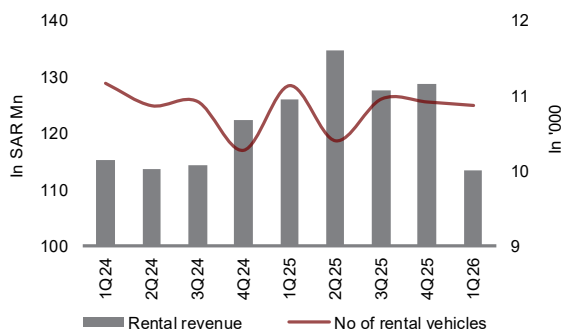
Decline in fleet size reflects softer demand



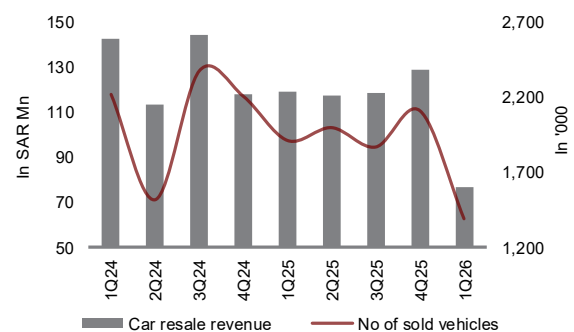
Leasing revenue grew modestly on long-term contracts



Rental revenue declined due to lower utilization levels



Car sales volume down owing to extended asset life





Income statement (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Revenue	783	1,106	1,550	1,669	1,584	1,828	1,945	2,068
Direct Costs	-523	-725	-1,112	-1,209	-1,154	-1,333	-1,426	-1,526
Gross Profit	260	381	438	460	430	495	518	542
General and administrative expenses	-59	-119	-145	-151	-155	-155	-165	-186
Provision for expected credit loss	-36	-19	-3	-10	-12	-9	-10	-10
Other income	7	10	34	21	7	18	29	31
EBIT	173	233	318	320	270	349	372	377
EBITDA	437	503	702	763	727	812	882	948
Finance cost	-24	-68	-133	-116	-98	-120	-117	-125
PBT	148	165	185	203	172	229	256	251
Tax	-5	-5	-5	-5	-5	-6	-6	-6
Net Profit	144	161	180	198	167	223	249	245

Balance Sheet (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Vehicles	1,472	2,712	2,860	2,816	3,054	3,376	3,712	4,106
PP&E	7	14	31	45	53	62	71	79
RUA	73	89	78	78	62	43	26	4
Intangible asset	-	2	4	18	21	21	21	21
Total non-current assets	1,561	2,858	3,000	2,960	3,193	3,504	3,832	4,212
Receivables, Net	174	242	268	360	459	494	525	538
Current inventories	1	2	10	7	6	7	7	8
Cash and bank balances	49	41	30	21	28	41	38	43
Total current assets	283	389	374	454	493	541	571	588
TOTAL ASSETS	1,844	3,246	3,374	3,414	3,685	4,045	4,403	4,800
Share capital	550	550	550	550	550	550	550	550
Statutory reserve	29	29	29	26	26	26	26	26
Other reserve	-	20	26	29	29	29	29	29
Retained earnings	264	426	607	802	969	1,193	1,442	1,687
Total Equity attributable to shareholders	844	1,025	1,212	1,408	1,575	1,798	2,048	2,293
Total equity	844	1,025	1,212	1,408	1,575	1,798	2,048	2,293
Long-Term Debt	365	933	1,013	813	922	1,022	1,122	1,272
Long-term lease liabilities	46	56	41	26	25	21	16	8
Other	13	18	22	32	35	35	35	35
Total non-current liabilities	424	1,006	1,076	872	981	1,078	1,172	1,314
Payables	392	721	398	338	288	333	357	382
Short-term Debt	128	413	596	698	757	757	757	757
Short-term lease liabilities	28	34	40	50	46	40	29	15
Accruals and other liabilities	24	43	47	43	34	34	34	34
Zakat payable	5	5	5	5	5	6	6	6
Total current liabilities	577	1,215	1,086	1,135	1,129	1,169	1,183	1,193
Total liabilities	1,001	2,221	2,162	2,006	2,110	2,247	2,355	2,507
Total equity and liabilities	1,844	3,246	3,374	3,414	3,685	4,045	4,403	4,800

Cash Flow (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	-77	-806	-209	165	-602	-605	-634	-645
Investing cash flow	-1	-17	-29	-27	-22	-25	-26	-27
Financing cash flow	110	814	226	-146	631	642	658	676
Change in cash	32	-8	-12	-8	6	13	-2	4
Beginning cash	17	49	41	30	21	28	41	38
Ending cash	49	41	30	21	28	41	38	43

Ratio Analysis	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Per Share								
EPS (SAR)	2.61	2.92	3.28	3.60	3.04	4.06	4.53	4.46
BVPS (SAR)	15.34	18.64	22.04	25.60	28.64	32.70	37.23	41.69
DPS (SAR)	-	-	-	-	-	-	-	-
FCF per share (SAR)	-1.42	-14.95	-4.32	2.50	-11.36	-11.44	-12.00	-12.22
Valuation								
Market Cap (SAR, Millions)	3,630	5,500	3,916	2,746	1,925	1,925	1,925	1,925
EV (SAR, Millions)	4,148	6,894	5,577	4,313	3,646	3,724	3,810	3,933
EBITDA	437	503	702	763	727	812	882	948
P/E (x)	25.3	34.2	21.7	13.9	11.5	8.6	7.7	7.9
EV/EBITDA (x)	9.5	13.7	7.9	5.6	5.0	4.6	4.3	4.1
Price/Book (x)	4.3	5.4	3.2	2.0	1.2	1.1	0.9	0.8
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Price to sales (x)	4.6	5.0	2.5	1.6	1.2	1.1	1.0	0.9
EV to sales (x)	5.3	6.2	3.6	2.6	2.3	2.0	2.0	1.9
Liquidity								
Cash Ratio (x)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Ratio (x)	0.5	0.3	0.3	0.4	0.4	0.5	0.5	0.5
Quick Ratio (x)	0.5	0.3	0.3	0.4	0.4	0.5	0.5	0.5
Returns Ratio								
ROA (%)	7.8%	4.9%	5.3%	5.8%	4.5%	5.5%	5.7%	5.1%
ROE (%)	17.0%	15.7%	14.9%	14.1%	10.6%	12.4%	12.2%	10.7%
ROCE (%)	11.3%	7.9%	7.9%	8.7%	6.5%	7.8%	7.7%	6.8%
Cash Cycle								
Inventory turnover (x)	360	379	107	185	200	200	200	200
Accounts Payable turnover (x)	1.3	1.0	2.8	3.6	4.0	4.0	4.0	4.0
Receivables turnover (x)	3.4	3.2	4.6	4.1	3.4	3.7	3.7	3.8
Inventory days	1	1.0	3.4	2.0	1.8	1.8	1.8	1.8
Payable Days	274	363	131	102	91	91	91	91
Receivables days	108	114	79	89	106	99	99	95
Profitability Ratio								
Net Margins (%)	18.4%	14.5%	11.6%	11.9%	10.6%	12.2%	12.8%	11.9%
EBITDA Margins (%)	55.9%	45.5%	45.3%	45.7%	45.9%	44.4%	45.4%	45.8%
PBT Margins (%)	19.0%	15.0%	11.9%	12.2%	10.8%	12.5%	13.1%	12.2%
EBIT Margins (%)	22.0%	21.1%	20.5%	19.2%	17.1%	19.1%	19.1%	18.2%
Leverage								
Total Debt (SAR, Millions)	567	1,435	1,691	1,588	1,749	1,840	1,924	2,051
Net Debt (SAR, Millions)	518	1,394	1,661	1,567	1,721	1,799	1,885	2,008
Debt/Equity (x)	0.7	1.4	1.4	1.1	1.1	1.0	0.9	0.9
Net Debt/EBITDA (x)	1.2	2.8	2.4	2.1	2.4	2.2	2.1	2.1
Net Debt/Equity (x)	0.6	1.4	1.4	1.1	1.1	1.0	0.9	0.9

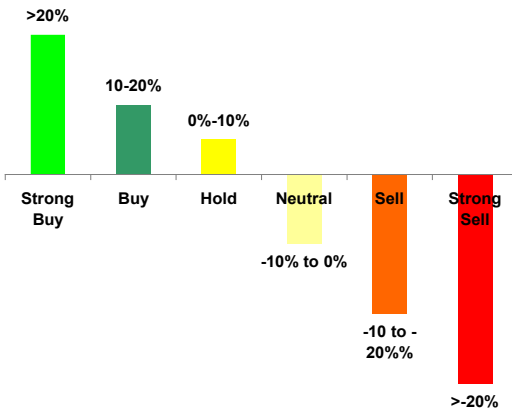
Key contacts

Research Team

Joice Mathew	Manna Thomas ACCA	Contact Address
Sr. Manager - Research	Research Associate	P. O Box: 2566; P C 112
E-Mail: joice@usoman.com	Email: manna.t@usoman.com	Sultanate of Oman
Tel: +968 2476 3311	Tel: +968 2476 3347	Tel: +968 2476 3300

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

Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Opinion expressed is our current opinion as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we endeavor to update on a reasonable basis the information discussed in this material, United Securities, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. United Securities LLC, and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions. United Securities LLC and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.