

Vehicle Rental

Strong Buy: 12M TP @ 75

Upside of +25.0%

Valuation Summary (TTM)

Price (SAR)	60.0
PER TTM (x)	16.8
P/Book (x)	2.5
P/Sales (x)	2.0
EV/Sales (x)	3.1
EV/EBITDA (x)	7.5
Dividend Yield (%)	NM
Free Float (%)	28%
Shares O/S (mn)	55
YTD Return (%)	-16%
Beta	1.2

(mn)	SAR	USD
Market Cap	3,300	879
Enterprise Value	5,124	1,366

Price performance (%)	1M	3M	12M
Lumi Rental Co	-3%	-3%	-25%
Tadawul All Share Index	-4%	-5%	-8%

Trading liquidity (,000)	1M	3M	6M
Avg daily turnover (SAR ,000)	6,117	9,137	10,809
Avg Daily Volume (,000)	133	149	167

52 week	High	Low	CTL*
Price (SAR)	87.40	54.00	11.1

* CTL is % change in CMP to 52wk low

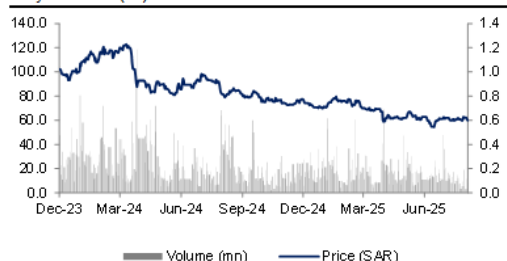
Major shareholders

Seera Holding Group	70.0%
Al-Zaeem Ahmed Samer	1.1%
Blackrock Inc	0.5%
Others	28.4%

Other details

Exchange	Saudi Arabia
Sector	Commercial Services
Index weight (%)	0.0%

Key ratios	2022	2023	2024
EPS (SAR)	2.61	2.92	3.28
BVPS (SAR)	15.34	18.64	22.04
DPS (SAR)	0.00	0.00	0.00
Payout ratio (%)	0%	0%	0%



Lumi: Strong core operations provide upside

Lumi Rental reported 2Q25 revenue of SAR 416 mn, up 15.4% YoY, driven by strong growth in short-term rental and lease operations. However, revenue was 3.7% below our estimate due to weaker resale activity. Top-line growth was led by leasing operations, which rose 23.0% YoY, while short-term rental revenue grew 18.6% YoY. The total fleet size increased modestly by 1.6% YoY to 34,039 vehicles. Within this, the number of lease vehicles grew 4.4% YoY, while the rental fleet declined 4.3% YoY. Lease revenue growth was largely supported by a 17.8% YoY increase in revenue per vehicle. In the rental segment, revenue per vehicle rose 23.9% YoY, although utilization slipped slightly to 76.6% in 2Q25 from 77.3% in 2Q24. Car resale operations recorded a modest 3.4% YoY increase, as a 31.4% YoY rise in vehicle sales volume was partly offset by a 21.3% YoY drop in average realization. Gross profit grew 31.4% YoY, driven by higher revenue and a more favorable sales mix. Gross margin improved to 30.1% in 2Q25 from 26.4% in 2Q24. The used car segment remained under pressure, posting a gross loss, but the greater contribution from higher-margin rental and lease operations boosted overall profitability. Operating expenses rose 7.6% YoY, primarily due to higher provisions for credit losses. Financial expenses fell 18.4% YoY on the back of lower funding costs. Leverage (debt-to-total capital) remained stable at 58.7%, in line with 2024 levels, and is expected to hold through 2025 before moderating thereafter. Net income increased 17.8% YoY, outperforming our expectations by 7.5% despite lower revenue, thanks to improved margins and a favorable sales mix.

Investment thesis and valuations: Lumi is a leading and one of the fastest-growing companies in Saudi Arabia's vehicle rental industry. Its fleet size has expanded steadily over the past 3–5 years, although the pace slowed in 2024. We expect this trend to persist through 2025 before recovering in 2026. The company's resale operations have come under pressure due to heightened competition, which has weighed on both realizations and margins. However, core leasing and rental operations have gained momentum. Despite a relatively flat fleet size, higher revenue per vehicle has sustained top-line growth. The company's ability to maintain these realization levels in a period of limited fleet expansion will be a key determinant of future financial results. Lumi is currently trading at 15.2x its 2025e EPS, leaving room for further upside. We maintain our target price of **SAR 75 per share** and reiterate our **Strong Buy** rating.

Income Statement(SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	521	783	1,106	1,550	1,729	1,955	2,114	2,251
Cost of sales	(357)	(523)	(725)	(1,112)	(1,241)	(1,415)	(1,539)	(1,634)
Gross profit	165	260	381	438	487	540	575	617
Operating expenses	(60)	(95)	(158)	(154)	(158)	(162)	(166)	(170)
Operating profit	104	165	223	284	329	378	409	447
Other income	8	7	7	30	11	11	11	12
Finance expenses	(3)	(24)	(64)	(129)	(117)	(124)	(120)	(113)
Earnings before tax	109	148	165	185	224	266	300	346
Tax	(3)	(5)	(5)	(5)	(6)	(8)	(9)	(10)
Net income	106	144	161	180	217	258	292	336

Balance Sheet(SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
PP&E	38	79	104	109	94	86	82	80
Rental vehicles	1,051	1,472	2,712	2,860	3,352	3,713	3,890	4,062
Other assets	-	10	42	31	31	31	31	31
Total non-current assets	1,089	1,561	2,858	3,000	3,477	3,831	4,004	4,174
Inventory	0	1	2	10	10	10	10	10
Receivables	192	174	242	268	299	339	366	390
Cash & Cash Equivalents	17	49	41	30	102	150	228	271
Other current assets	64	59	103	66	73	83	90	96
Total current assets	274	283	389	374	485	582	694	767
Total assets	1,363	1,844	3,246	3,374	3,963	4,413	4,698	4,940
Share Capital	550	550	550	550	550	550	550	550
Total reserves	149	294	475	662	880	1,138	1,429	1,765
Total Equity	699	844	1,025	1,212	1,430	1,688	1,979	2,315
Payables	232	392	721	398	444	507	551	585
Short term debt	-	128	413	596	108	194	191	132
Short term lease liabilities	13	28	34	40	40	40	40	40
Other current liab.	401	28	47	51	57	65	71	75
Total current liabilities	646	577	1,215	1,086	650	806	854	833
Long term debt	-	365	933	1,013	1,820	1,857	1,803	1,730
Long-term lease liabilities	9	46	56	41	41	41	41	41
Other non-current liab.	9	13	18	22	22	22	22	22
Total non-current liabilities	18	424	1,006	1,076	1,883	1,919	1,865	1,792
Total Liabilities	664	1,001	2,221	2,162	2,533	2,725	2,719	2,625
Equity and liabilities	1,363	1,844	3,246	3,374	3,963	4,413	4,698	4,940

Cash Flows(SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	(232)	(86)	(806)	(209)	(223)	(47)	163	205
Cash from investments	82	8	(17)	(29)	(24)	(27)	(29)	(31)
Cash from financing	151	110	814	226	319	122	(56)	(132)
Net changes in cash	1	32	(8)	(12)	73	48	78	43
Cash balance	17	49	41	30	102	150	228	271


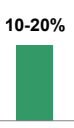

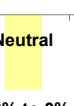


Ratios	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share (SAR)								
EPS	1.9	2.6	2.9	3.3	4.0	4.7	5.3	6.1
BVPS	12.7	15.3	18.6	22.0	26.0	30.7	36.0	42.1
FCF/share	(2.7)	(1.4)	(15.0)	(4.3)	(4.5)	(1.3)	2.4	3.2
Revenue/share	9.5	14.2	20.1	28.2	31.4	35.5	38.4	40.9
Valuations								
M.Cap (SAR mn)	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
EV (SAR mn)	3,305	3,818	4,694	4,961	5,207	5,281	5,147	4,972
P/E	31.1x	23.0x	20.5x	18.3x	15.2x	12.8x	11.3x	9.8x
EV/EBITDA	10.7x	8.9x	9.5x	7.4x	6.8x	6.2x	5.6x	5.1x
EV/Sales	6.3x	4.9x	4.2x	3.2x	3.0x	2.7x	2.4x	2.2x
P/BV	4.7x	3.9x	3.2x	2.7x	2.3x	2.0x	1.7x	1.4x
P/S	6.3x	4.2x	3.0x	2.1x	1.9x	1.7x	1.6x	1.5x
Div. yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	-4.6%	-2.4%	-24.9%	-7.2%	-7.5%	-2.2%	4.1%	5.3%
Liquidity								
Cash Ratio	0.0x	0.1x	0.0x	0.0x	0.2x	0.2x	0.3x	0.3x
Current ratio	0.4x	0.5x	0.3x	0.3x	0.7x	0.7x	0.8x	0.9x
Quick ratio	0.4x	0.5x	0.3x	0.3x	0.7x	0.7x	0.8x	0.9x
Return ratio								
ROA	7.8%	7.8%	4.9%	5.3%	5.5%	5.8%	6.2%	6.8%
ROE	15.2%	17.0%	15.7%	14.9%	15.2%	15.3%	14.7%	14.5%
ROCE	14.5%	11.7%	9.0%	9.8%	9.6%	9.9%	10.1%	10.5%
Cash cycle								
Inventory turnover	912.2x	359.5x	379.4x	107.3x	119.8x	136.5x	148.5x	157.6x
Payables turnover	1.5x	1.3x	1.0x	2.8x	2.8x	2.8x	2.8x	2.8x
Receivables turnover	2.7x	4.5x	4.6x	5.8x	5.8x	5.8x	5.8x	5.8x
Inventory days	0	1	1	3	3	3	2	2
Payable days	234	270	358	129	129	129	129	129
Receivables days	132	80	79	62	62	62	62	62
Cash Cycle	(102)	(190)	(279)	(67)	(67)	(67)	(67)	(67)
Profitability ratio								
Gross margins	31.6%	33.2%	34.4%	28.2%	28.2%	27.6%	27.2%	27.4%
EBITDA margins	59.4%	55.0%	44.5%	43.1%	44.2%	43.8%	43.1%	43.1%
Operating margins	20.0%	21.1%	20.1%	18.3%	19.1%	19.3%	19.4%	19.9%
PBT margins	20.9%	19.0%	15.0%	11.9%	12.9%	13.6%	14.2%	15.4%
Net margins	20.3%	18.4%	14.5%	11.6%	12.6%	13.2%	13.8%	14.9%
Effective tax rate	2.8%	3.2%	2.9%	2.5%	2.9%	2.9%	2.9%	2.9%
Leverage								
Total debt (SAR mn)	22	567	1,435	1,691	2,010	2,131	2,075	1,943
Net debt (SAR mn)	5	518	1,394	1,661	1,907	1,981	1,847	1,672
Debt/Capital	3.0%	40.2%	58.3%	58.2%	58.4%	55.8%	51.2%	45.6%
Debt/Total assets	1.6%	30.8%	44.2%	50.1%	50.7%	48.3%	44.2%	39.3%
Debt/Equity	0.0x	0.7x	1.4x	1.4x	1.4x	1.3x	1.0x	0.8x
Debt/EBITDA	0.1x	1.3x	2.9x	2.5x	2.6x	2.5x	2.3x	2.0x
Net debt/EBITDA	0.0x	1.2x	2.8x	2.5x	2.5x	2.3x	2.0x	1.7x

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Rating Criteria and Definitions

Rating	Rating Definitions
 Strong Buy	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	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	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	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	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	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	Not rated This recommendation used for stocks which does not form part of Coverage Universe

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