

TASI

CAR RENTAL SECTOR

4Q25 Financials Review

Stocks covered:

LUMI AB [Rated]
BUDGET AB
THEEB AB
CHERRY AB

12 APRIL 2026



SECTOR AGGREGATE FINANCIALS

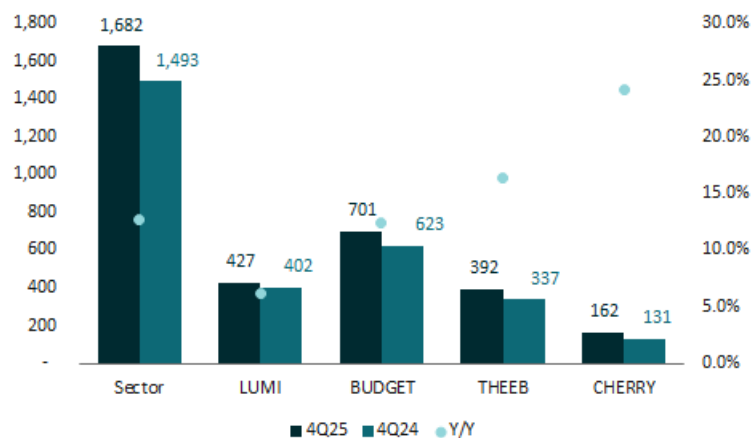
Margin pressure across the board hurts profitability despite revenue growth

SAR mn	Quarterly					Rolling 4 quarters		
	4Q25	3Q25	4Q24	Q/Q	Y/Y	Dec-25	Dec-24	Y/Y
Total Revenue	1,682	1,581	1,493	6.4%	12.6%	6,103	5,278	15.6%
Gross Profit	424	453	414	-6.4%	2.4%	1,770	1,561	13.4%
Opex	138	158	126	-12.8%	9.5%	607	512	18.6%
Operating profit	304	307	321	-1.0%	-5.3%	1,204	1,102	9.2%
EBITDA	703	705	688	-0.3%	2.1%	2,752	2,368	16.2%
Adjusted EBITDA	1,194	1,130	1,098	5.7%	8.7%	4,290	3,749	14.4%
Finance costs	109	98	102	10.7%	6.8%	393	342	14.8%
Net Income	190	204	220	-7.1%	-13.6%	795	741	7.4%
Gross margin	25.2%	28.6%	27.7%	-345 bps	-252 bps	29.0%	29.6%	-58 bps
Operating margin	18.1%	19.4%	21.5%	-135 bps	-341 bps	19.7%	20.9%	-116 bps
EBITDA margin	41.8%	44.6%	46.1%	-279 bps	-432 bps	45.1%	44.9%	22 bps
Adjusted EBITDA margin	71.0%	71.5%	73.6%	-46 bps	-255 bps	70.3%	71.0%	-74 bps
Interest coverage	2.8	3.1	3.1	(0.33)	(0.02)	3.1	3.2	(0.16)
Net debt/EBITDA	2.1	2.2	2.0	(0.03)	0.20	2.2	2.3	(0.11)

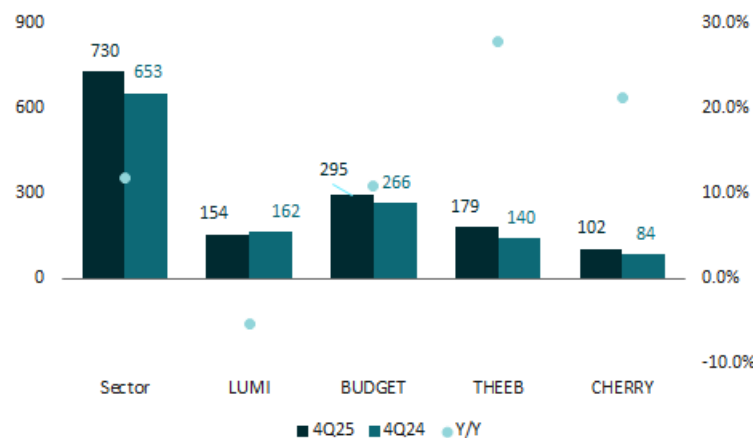
SECTOR REVENUE

4Q saw a slowdown in sector revenue growth, with LUMI AB's revenue slowing down the most

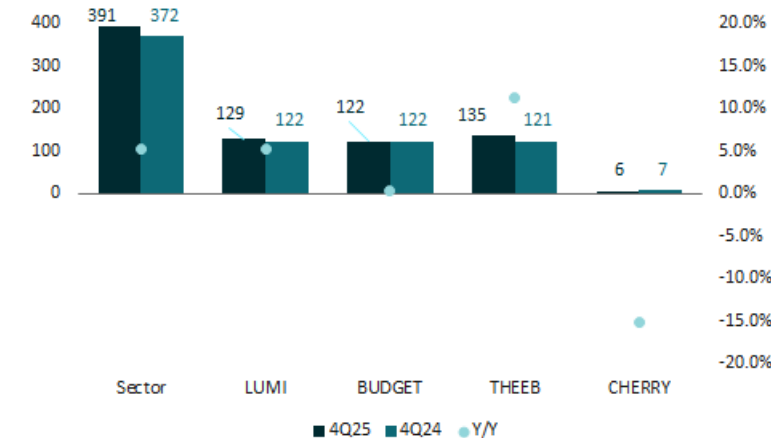
Total Revenue (SAR mn)



Leasing Revenue (SAR mn)

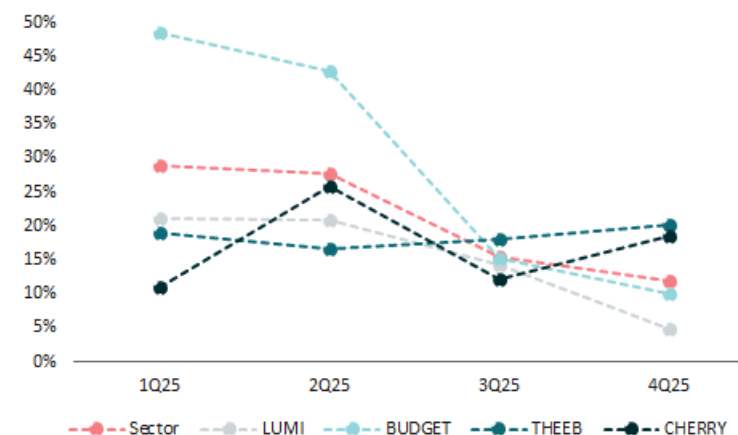


Rentals Revenue (SAR mn)



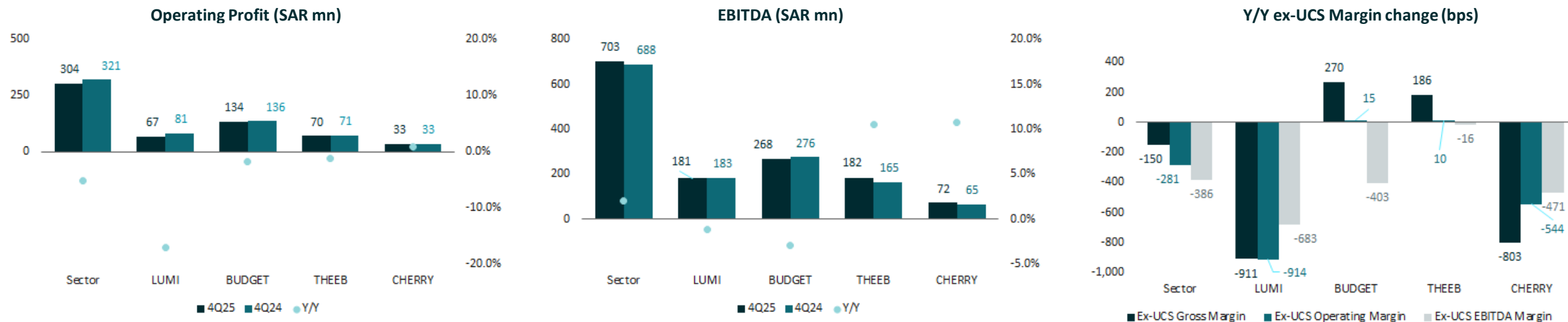
- Overall sector revenue increased 12.6% Y/Y, driven by Leasing and Used Car Sales (UCS) revenue. Leasing and UCS revenue grew 11.9% and 14.6% respectively, while rental revenue increased by 5.2%. Compared to full year 2025, where revenue increased 15.6%, 4Q saw a slow-down in revenue growth. Worth noting that full year 2025 revenue growth includes the impact of BUDGET AB's Autoworld acquisition which resulted in Y/Y revenue growth in 1H25.
- LUMI AB saw the slowest revenue growth at 6.1% Y/Y, mainly due to a 5.3% Y/Y decline in leasing revenue, while CHERRY AB saw the fastest revenue growth at 24.1%, driven by its leasing and UCS revenue growth.
- Leasing revenue growth slowed down during the quarter across the sector compared to full year, as 1H25 captured the impact of BUDGET AB's Autoworld acquisition. In addition, slowdown in new government tenders given curtailed mega-project spending and delayed EXPRO roll-out could be likely factors. CHERRY AB however, saw sustained leasing revenue growth during the quarter at 21.2%.
- Slowdown in rental revenue growth was also evident pretty much across the sector, with the exception of THEEB AB, which saw rental revenue growth of 11.3%. Notably, CHERRY AB's rental revenue declined 15.2% Y/Y after sharp growth in the previous quarter.
- On rolling 4Q basis, excluding BUDGET AB's 1H Autoworld growth impact, THEEB AB and CHERRY AB have sustained Ex-UCS revenue growth while LUMI AB has seen a slowdown in growth over the year, which is likely due to its NEOM exposure.

Rolling 4Q Y/Y revenue growth (Ex-UCS)



SECTOR OPERATING PROFITABILITY AND MARGINS

Margin pressure across the board on an Ex-UCS basis



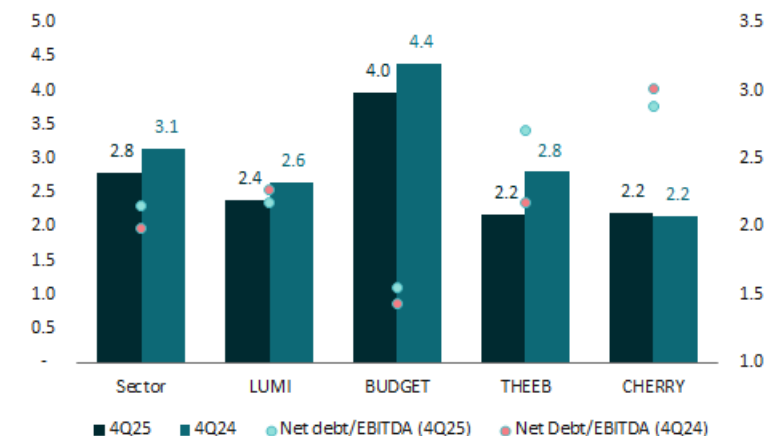
- Operating profit and EBITDA growth was in sharp contrast to revenue growth; **sector operating profit down 5.3% Y/Y and EBITDA up by only 2.1% Y/Y** despite sector revenue growth of 12.6% Y/Y in 4Q. While usually the contribution of UCS in overall revenue tends to dictate margin direction (as UCS carries lowest margins of near 0-5% gross margin), UCS share of revenue was largely flat Y/Y (only up by 49bps). **Margin contraction was evident on an Ex-UCS basis across the sector** with Ex-UCS sector gross margin, operating margin and EBITDA margin down by 150bps, 281bps and 386bps, respectively.
- Opex discipline** was maintained across the sector, with opex/Ex-UCS revenue declining 24bps Y/Y while other income also increased Y/Y. However the quarter saw a **sharp increase in credit loss provisions** across the sector which resulted in a sharper contraction in operating and EBITDA margins vs. gross margin.
- LUMI AB saw the **sharpest contraction in Ex-UCS margins**; Ex-UCS gross margin down 911bps. This was attributed by management to unusual cost spike in 4Q in salaries and insurance costs.
- BUDGET AB and THEEB AB saw relatively better margin trend**; BUDGET's ex-UCS gross margin expanded 270bps however ex-UCS operating margin remained flat due to an extraordinary low admin expense print in 4Q24; this was evident in their ex-UCS EBITDA margin decline. THEEB AB's margins remained most resilient with expansion in ex-UCS gross margin and flat ex-UCS operating/EBITDA margins.
- CHERRY also saw a decline in ex-UCS margins, where gross margin pressure was somewhat cushioned by an increase in other income. However ex-UCS operating and EBITDA margins still declined Y/Y.

SECTOR LEVERAGE AND BOTTOMLINE PROFITABILITY

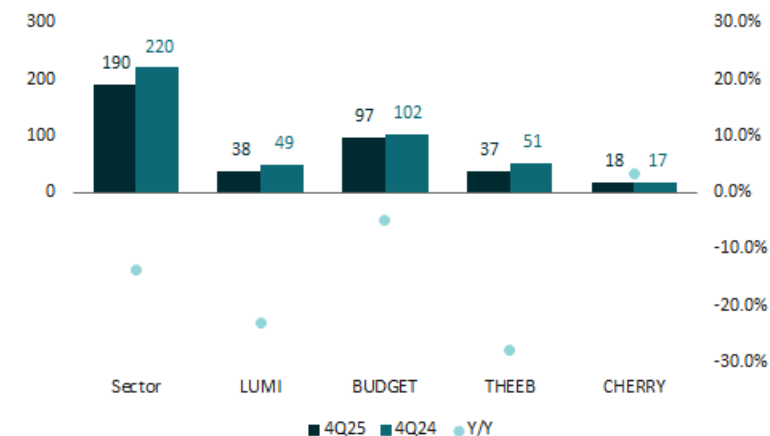
Finance cost burden and leverage increased, further exacerbating the operating level pressure on bottomline

- Total sector debt climbed by 9.5% Y/Y to SAR ~6.2bn. This growth in debt was not matched by operating profit growth, resulting in **increased debt burden**. While debt/assets stayed stable Y/Y, the financed assets did not offer sufficient operating return due to (margin pressure) to offset the growth in debt.
- LUMI AB and CHERRY AB saw a decline in their Net Debt/EBITDA ratios, with the former due to de-leveraging and slow down in fleet growth, while the latter was due to expansion in EBITDA with fleet growth.
- Finance cost burden increased following the increase in leverage ratios with interest rate coverage declining from 3.1x to 2.8x. Finance charges as percentage of debt remained largely stable during the year, despite decline in interest rates.
- Due to operating level pressure higher finance cost burden further led to net income decline Y/Y, with sector net income down by 13.6% Y/Y. All companies except for CHERRY AB saw a decline in net income.

Interest coverage and Net Debt/EBITDA



Net Income (SAR mn)



TASI

LUMI Rental Co. (LUMI)

4Q25 Financials Review

Bloomberg	LUMI AB
Rating	BUY
Market Price	35.4
12-month Target Price	60
Upside / Downside	69.5%
Mkt Cap (SAR mn)	1,947.0
52 week High/Low	67.70/34.16

12 APRIL 2026



Lumi Rental Co. (BUY, TP: SAR 60, 4262.SE) 4Q25 Results Review

Sluggish revenue and margin pressure erode earnings

LUMI reported 4Q25 earnings of SAR 38mn (EPS: SAR 0.69), down by 23% Y/Y and 28% Q/Q. Topline grew 6.1% Y/Y to SAR 427mn due to UCS revenue mainly, while leasing revenue declined Y/Y. Gross margin contracted by 448bps Y/Y resulting in a decline in gross profit by 10.8% Y/Y. Operating profit also saw a decline of 17% Y/Y as operating margin contracted by 441bps.

- Revenue increased by 6.1% Y/Y to SAR 427mn, mainly driven by UCS revenue growth of 9.2% Y/Y to SAR 128mn. Leasing revenue saw a decline Y/Y of 5.3% Y/Y to SAR 153.6mn, as leasing fleet declined by 1.5% Y/Y to 23.5k vehicles. Average annualized leasing revenue also saw a decline of 6.3% Y/Y to SAR 26.2k. Rental revenue increased by 5.2% Y/Y to SAR 128.7mn, driven by an increase of 6.3% in rental fleet to 10.9k vehicles. Average annualized rental revenue was also up by 1.9% Y/Y to SAR 47k, however average vehicle utilization was down at 75.2% vs. 84.9% last year. Total fleet size was flat Y/Y at 34.4k.
- UCS revenue increased by 9.2% Y/Y to SAR 128mn, despite a decline in number of sold vehicles by 4.3% Y/Y to 2.1k. This is likely due to higher value vehicles being sold during the quarter, as purchase price recovery declined Y/Y by 250bps.
- Gross profit declined by 10.8% Y/Y to SAR 101mn. This was along side a sharp contraction in gross margin by 448bps to 23.6%. The decline in gross margin was not due to UCS revenue- as UCS share of revenue remained flat Y/Y. The company witnessed an increase in costs alongside a decline in average leasing revenue which were likely factors impacting gross margin. Salary expenses and insurance costs came in higher during the quarter resulting in margin pressure.
- Operating profit followed the decline in gross profit, decreasing by 17.1% Y/Y to SAR 67mn. Operating margin contracted by 441bps Y/Y, as operating expenses increased by 9.1%. The company's EBITDA was down by 1.1% Y/Y to SAR 181mn. EBITDA margin declined by 310bps Y/Y following the decline in gross and operating margins.
- Finance costs declined by 8.5% Y/Y to SAR 28mn due to lower debt burden (total debt -6% Y/Y) and lower effective interest rates (approximately lower by 19bps Y/Y. On a Q/Q basis, total debt increased by 11% and finance cost decreased by 8.3%.
- LUMI's core leasing and rental business has witnessed slowdown during the year, with revenue growth over the past 4 quarters cushioned by the company venturing into the NUPCO logistics business. Leasing fleet has declined over the year which signals towards slowdown in new government/corporate business as confirmed by management and delayed EXPRO roll-out. The management is not expecting leasing fleet to grow meaningfully over the coming year as they are not anticipating major government business in near term. This is also exacerbated by LUMI's exposure to NEOM which has been scaled down with broader giga project spending adjustments. The UCS segment also continues to see pressured sale proceeds, with purchase price recovery down in 2025 vs. 2024 and the SUV second hand market appears to be soft, which will likely keep PPR under pressure. The regional conflict doesn't help either, and both rental and leasing segments would bear the brunt as tourism and new tender business takes a hit in the near term. Amid these challenges, the positive is that the company has been reducing debt burden over the previous 2 years, and we believe that it under uncertain business and interest rate environment, lower leverage should be a net positive to shareholder value. We also remain cautious on the company's recent venture into the logistics segment and whether it is simply to cushion against slowdown in core business. We resultantly lower our fleet growth assumption to a 5-year CAGR of ~3.5% vs. 5.0% while also trimming margin forecasts. We maintain our BUY call with a revised TP of SAR 60/sh. given the sharp pressure on stock price, where valuation is cheap at current levels even in a slower growth scenario.

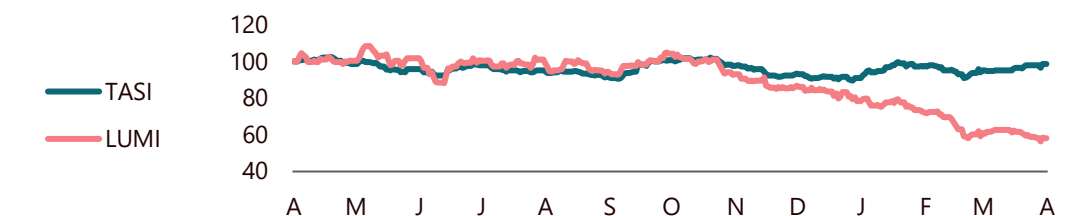
Rating and Risks

We are BUY rated on LUMI and our 12-month price target is SAR 60. Upside risks include faster than expected pick up in tourism and business activity which can drive rental and tourism demand. Downside risks include rapid fleet expansion by competitors, 'higher for longer' interest rates, and continued pressure in the used car market.

SAR mn	4Q25	3Q25	4Q24	Q/Q	Y/Y
Total Revenue	427	414	402	3.0%	6.1%
Gross Profit	101	113	113	-11.3%	-10.8%
Operating expenses	40	37	36	8.2%	9.1%
Operating profit	67	85	81	-20.9%	-17.1%
EBITDA	181	198	183	-8.8%	-1.1%
Adjusted EBITDA	308	314	308	-1.9%	-0.1%
Finance costs	28	31	31	-8.3%	-8.5%
Net Income	38	53	49	-27.9%	-23.1%
EPS	0.69	0.96	0.90	-27.9%	-23.1%
Gross margin	23.6%	27.4%	28.0%	-379 bps	-448 bps
Operating margin	15.7%	20.5%	20.1%	-475 bps	-441 bps
EBITDA margin	42.3%	47.8%	45.4%	-548 bps	-310 bps
Adjusted EBITDA margin	72.2%	75.8%	76.7%	-362 bps	-450 bps

Forecasts	12/25 A	12/26 E	12/27 E	12/28 E
Revenue (SAR mn)	1,669	1,775	1,885	1,936
EBITDA (SAR mn)	763	762	774	817
Net Income (SAR mn)	198	194	211	254
EPS (SAR)	3.6	3.5	3.8	4.6
DPS (SAR)	-	-	-	-
PER (x)	9.9	10.1	9.3	7.7
Dividend Yield (%)	-	-	-	-

Price Chart



Lumi Rental Co. : Summary Financials

SAR mn	A Dec-24	A Dec-25	A Dec-26	A Dec-27	A Dec-28
	Actual	Actual	Forecast	Forecast	Forecast
Income Statement					
Car Leasing	567	653	628	654	686
Car Rentals	465	517	525	547	575
Used Car Sales	517	482	557	620	611
Total Revenue	1,550	1,669	1,775	1,885	1,936
Gross Profit	438	460	453	474	517
Operating profit	318	320	303	307	342
EBITDA	702	763	762	774	817
Finance costs	133	116	99	84	74
Profit after tax	180	198	194	211	254
EPS	3.3	3.6	3.5	3.8	4.6
DPS	-	-	-	-	-
Balance Sheet					
Fixed Assets	2,985	2,941	2,996	3,022	3,154
Total Current Assets	374	454	625	709	783
Total Assets	3,374	3,414	3,621	3,733	3,938
Current portion of loans	596	698	296	272	254
Current portion of lease liabilities	40	50	52	53	54
Total Current Liabilities	1,086	1,135	777	773	795
Long term Loans	1,013	813	1,183	1,087	1,016
Lease Liabilities	41	26	27	28	28
Total Non Current Liabilities	1,076	872	1,242	1,147	1,076
Total Liabilities	2,162	2,006	2,019	1,920	1,871
Total Equity	1,212	1,408	1,602	1,813	2,067
Total Equity and Liabilities	3,374	3,414	3,621	3,733	3,938

SAR mn	A Dec-24	A Dec-25	A Dec-26	A Dec-27	A Dec-28
	Actual	Actual	Forecast	Forecast	Forecast
Cashflows					
Operating cashflows	852	1,076	1,345	1,382	1,452
Total Capex	1,006	859	1,068	1,110	1,214
Free cashflow to firm	(132)	217	295	272	238
Cashflow to lenders	(122)	219	130	202	162
Cashflow to equity holders	(6)	0	(0)	(0)	(0)
Increase in cash and equivalents	(12)	(8)	156	58	63
Ratios					
Gross Margin	28.2%	27.5%	25.5%	25.1%	26.7%
Operating Margin	20.5%	19.2%	17.0%	16.3%	17.7%
EBITDA Margin	45.3%	45.7%	43.0%	41.0%	42.2%
Adjusted EBITDA margin	76.9%	74.4%	74.2%	73.8%	73.6%
EBITDA margin excluding UCS	62.1%	62.2%	60.5%	59.9%	60.3%
Net Margin	11.6%	11.9%	10.9%	11.2%	13.1%
Return on Equity	16.1%	15.1%	12.9%	12.3%	13.1%
Interest Coverage	2.4	2.7	3.1	3.7	4.6
Net debt/EBITDA	2.4	2.1	1.8	1.6	1.3
Debt to Assets	0.5	0.5	0.4	0.4	0.3

Rating Framework

Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

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