

United International Transportation Co

Sector : Vehicle Rental

HOLD

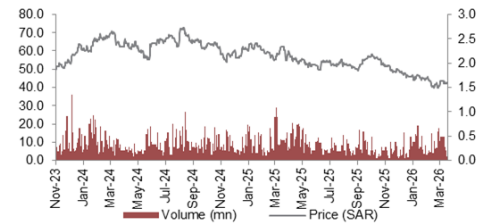
31 March 2026

- **Topline grew 22.7% YoY in 2025, driven by the consolidation of Autoworld, as well as higher lease and used car sales revenue.**
- **Strong revenue growth was tempered by margin contraction.**
- **Profit up 9.7% YoY and broadly in line with our forecast.**
- **For 2026e, we forecast revenue of SAR 2.59bn and profit of SAR 345mn. We reduce our target price to SAR 45 per share and assign HOLD rating.**

Target price (SAR) 45.00

Current price (SAR) 42.56

Return 5.73%



Exchange Saudi Arabia
 Index weight (%) 0.2%

(mn)	SAR	USD
Market Cap	4,449	1,186
Enterprise value	6,544	1,744

Major shareholders

FIRST SUMMIT INVESTM	6%
Vanguard Group Inc/T	2.1%
Fiera Capital Europe	1.8%
Others	90.2%

Valuation Summary

PER TTM (x)	15.3
P/Book (x)	1.5
EV/EBITDA (x)	6.5
Dividend Yield (%)	2.4
Free Float (%)	90%
Shares O/S (mn)	105
YTD Return (%)	-9%
Beta	1.1

Key ratios	2023	2024	2025
EPS (SAR)	3.90	4.03	4.42
BVPS (SAR)	26.14	34.51	37.64
DPS (SAR)	2.00	1.36	1.50
Payout ratio (%)	51%	34%	34%

Price performance (%)	1M	3M	12M
United International Tran:	5%	-9%	-32%
Tadawul All Share Index	4%	6%	-7%

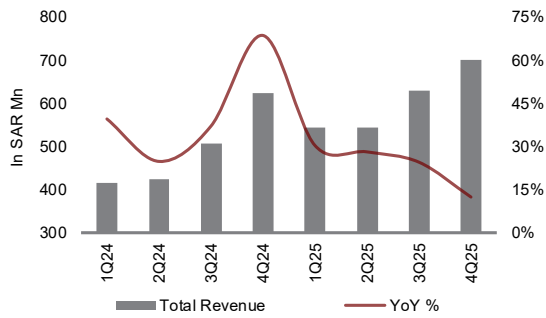
52 week	High	Low	CTL*
Price (SAR)	61.88	38.40	10.8

* CTL is % change in CMP to 52wk low

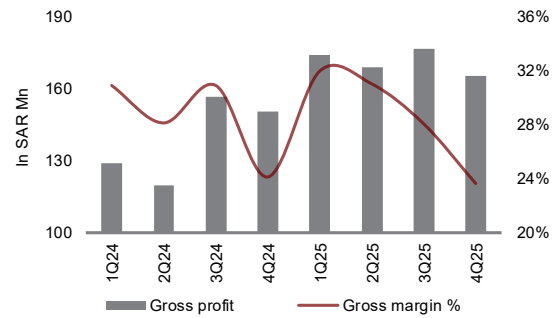
United International Transportation Co. (Budget Saudi) reported 2025 revenue of SAR 2.42bn, up 22.7% YoY and broadly in line with our estimate. Revenue in 4Q25 grew 12.4% YoY to SAR 701mn. Top-line growth was driven by the expansion of the company's short-term rental and leasing fleet, growth in the logistics business and higher vehicle unit sales. The consolidation of Autoworld (AW) also supported revenue. Leasing segment revenue rose 36% YoY, supported by fleet additions following the acquisition. Rental revenue increased 6.7% YoY, while used car sales grew 13.6% YoY, driven by higher volumes and a more favorable sales mix. Gross profit rose 23.4% YoY to SAR 686mn, with direct costs increasing in line with revenue. As a result, gross margin improved marginally by 20bps YoY to 28.4% in 2025. Net operating costs increased 41.5% YoY, driven by elevated SG&A expenses following the acquisition, as well as higher maintenance costs and increased provisions. Consequently, EBIT margin narrowed by 110bps YoY to 18.9%, while EBITDA margin remained stable YoY at 41.8% in 2025. Finance costs rose 50% YoY due to a higher cost of debt. Overall, net income increased 9.7% YoY to SAR 342mn, while net margin fell 170bps YoY to 14.1% in 2025 (from 15.8% in 2024), reflecting elevated operating and finance costs. Profit and net margin were broadly in line with our forecasts. Profit in 4Q25 declined 2.2% YoY to SAR 98mn. The company declared cash dividends of SAR 78.17mn (SAR 0.75/share) for 2H25, bringing total dividends for 2025 to SAR 117mn (SAR 1.5/share).

Valuation and outlook: Budget Saudi continues to demonstrate leadership and a commitment to expanding its market presence across key segments, while leveraging optimized fleet utilization and post-acquisition synergies from Autoworld. The company achieved cost synergies of SAR 25mn in 2025 from the AW transaction and expects an additional SAR 15mn in 2026. Management plans to begin re-fleeting the AW portfolio in 1H26 and launch a short-term rental offering within AW in 2H26. The total fleet grew 10% YoY to 59k vehicles in 2025, including 13k vehicles from Autoworld. The fleet is expected to reach approximately 64k vehicles in 2026, supported by capex of SAR 1.6bn. Revenue, profit and margins broadly aligned with expectations, although gross margin underperformed. Ongoing geopolitical tensions in the region and temporary airspace closures are expected to weigh on travel and tourism, creating near-term headwinds for fleet additions in 1Q26. Accordingly, we forecast 2026e revenue of SAR 2.59bn and profit of SAR 345mn. We reduce our target price to SAR 45 (from SAR 58.50), implying a limited upside of 5.73% from current levels, and downgrade our rating to HOLD from BUY. Budget Saudi currently trades at 12.9x its 2026e EPS.

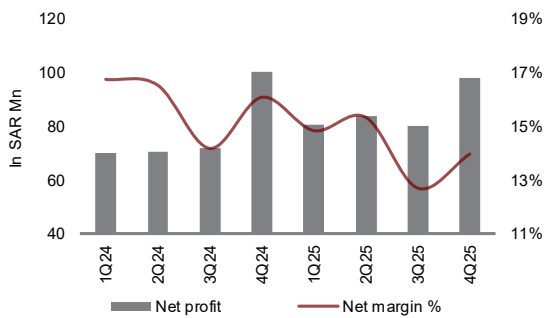
Revenue grew 12.4% YoY on strong fleet expansion



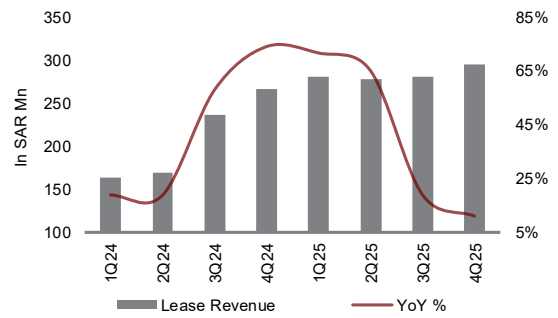
Higher direct costs dragged down gross margin in 4Q25



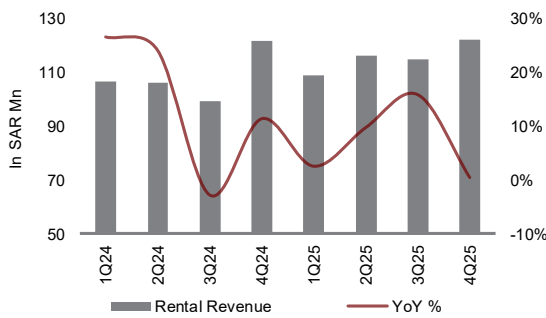
Net margin drops on increased operating & finance costs



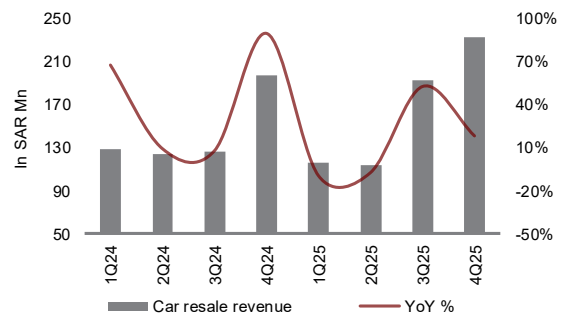
Leasing revenue rises on fleet additions



Rental revenue stable YoY in 4Q25



Used car sales revenue grew on higher volumes





Income statement (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Revenue	1,025	1,378	1,971	2,419	2,586	2,802	2,898	2,997
Direct Costs	-667	-932	-1,415	-1,733	-1,911	-2,034	-2,092	-2,153
Gross Profit	358	447	556	686	675	768	806	844
Selling and marketing expenses	-45	-60	-89	-101	-116	-126	-116	-120
General and administrative expenses	-65	-89	-120	-180	-168	-168	-174	-180
Impairment loss on trade receivables	-12	-11	-11	-33	-26	-28	-29	-30
Investments and other	31	35	57	87	78	98	116	120
EBIT	268	322	394	458	442	544	603	634
EBITDA	532	642	822	1,010	1,028	1,189	1,298	1,381
Finance cost	-9	-37	-72	-108	-84	-90	-96	-102
PBT	259	285	323	350	358	454	506	532
Tax	-7	-8	-11	-8	-13	-16	-18	-19
Net Profit	252	277	312	342	345	438	489	514

Balance Sheet (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
PP&E	2,131	2,482	3,766	4,039	4,427	4,848	5,280	5,724
RUA	81	96	247	247	254	254	256	259
Intangible	6	26	115	108	111	114	117	120
Total non-current assets	2,233	2,620	4,142	4,424	4,821	5,245	5,681	6,131
Current inventories	11	35	97	72	96	102	105	108
Receivables, Net	194	288	611	676	802	869	898	929
Prepayments and other receivables	61	36	70	58	-	-	-	-
Cash and bank balances	21	34	86	57	60	55	95	114
Total current assets	287	393	867	864	957	1,025	1,098	1,151
TOTAL ASSETS	2,520	3,013	5,009	5,288	5,778	6,270	6,779	7,282
Share capital	712	712	782	782	1,045	1,045	1,045	1,045
Reserves	1,013	224	224	224	224	224	224	224
Retained earnings	-	924	1,137	1,368	1,596	1,914	2,249	2,592
Total Equity attributable to shareholders	1,725	1,860	2,697	2,942	3,421	3,738	4,073	4,416
Total equity	1,725	1,903	2,741	2,982	3,460	3,778	4,113	4,456
Long-Term Debt	162	295	822	730	730	880	950	1,000
Long-term lease liabilities	43	54	199	204	200	202	276	356
Other	66	78	103	111	111	111	111	111
Total non-current liabilities	271	427	1,124	1,045	1,041	1,193	1,337	1,467
Short-term Debt	210	257	598	742	742	742	742	742
Short-term lease liabilities	30	35	48	48	50	50	69	89
Payables	128	151	303	293	306	325	335	344
Accrued expenses	149	231	178	166	166	166	166	166
Zakat payable	8	9	13	10	13	16	18	19
Total current liabilities	524	683	1,144	1,261	1,276	1,299	1,329	1,360
Total liabilities	796	1,110	2,268	2,306	2,318	2,492	2,666	2,827
Total equity and liabilities	2,520	3,013	5,009	5,288	5,778	6,270	6,779	7,282

Cash Flow (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	-291	8	83	120	74	111	186	207
Investing cash flow	-13	-10	-18	-31	-31	-31	-31	-31
Financing cash flow	221	14	-13	-116	-40	-85	-114	-156
Change in cash	-83	13	52	-29	3	-5	40	20
Beginning cash	105	21	34	86	57	60	55	95
Ending cash	21	34	86	57	60	55	95	114



Ratio Analysis	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Per Share								
EPS (SAR)	3.541	3.895	4.025	4.423	3.303	4.191	4.673	4.914
BVPS (SAR)	24.232	26.141	34.507	37.638	32.721	35.755	38.962	42.241
DPS (SAR)	1.799	1.995	1.356	1.500	1.156	1.467	1.636	1.720
FCF per share (SAR)	-4.279	-0.022	0.832	1.138	0.411	0.768	1.476	1.677
Valuation								
Market Cap (SAR, Millions)	3,249	5,622	6,402	4,878	4,449	4,449	4,449	4,449
EV (SAR, Millions)	3,672	6,229	7,983	6,544	6,111	6,268	6,391	6,521
EBITDA	532	642	822	1,010	1,028	1,189	1,298	1,381
P/E (x)	12.9	20.3	20.3	14.1	12.9	10.2	9.1	8.7
EV/EBITDA (x)	6.9	9.7	9.7	6.5	5.9	5.3	4.9	4.7
Price/Book (x)	1.9	3.0	2.4	1.7	1.3	1.2	1.1	1.0
Dividend Yield (%)	3.9%	2.5%	1.7%	2.4%	2.7%	3.4%	3.8%	4.0%
Price to sales (x)	3.2	4.1	3.2	2.0	1.7	1.6	1.5	1.5
EV to sales (x)	3.6	4.5	4.0	2.7	2.4	2.2	2.2	2.2
Liquidity								
Cash Ratio (x)	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1
Current Ratio (x)	0.5	0.6	0.8	0.7	0.7	0.8	0.8	0.8
Quick Ratio (x)	0.5	0.5	0.7	0.6	0.7	0.7	0.7	0.8
Returns Ratio								
ROA (%)	10.0%	9.2%	6.2%	6.5%	6.0%	7.0%	7.2%	7.1%
ROE (%)	14.6%	14.6%	11.4%	11.5%	10.0%	11.6%	11.9%	11.5%
ROCE (%)	12.6%	11.9%	8.1%	8.5%	7.7%	8.8%	9.0%	8.7%
Cash Cycle								
Inventory turnover (x)	61	26	15	24	20	20	20	20
Accounts Payable turnover (x)	5.2	6.2	4.7	5.9	6.3	6.3	6.3	6.3
Receivables turnover (x)	4.0	4.3	2.9	3.3	3.2	3.2	3.2	3.2
Inventory days	6	13.8	25.1	15.1	18.3	18.3	18.3	18.3
Payable Days	70	59	78	62	58	58	58	58
Receivables days	91	86	126	111	113	113	113	113
Profitability Ratio								
Net Margins (%)	24.6%	20.1%	15.8%	14.1%	13.4%	15.6%	16.9%	17.1%
EBITDA Margins (%)	51.9%	46.6%	41.7%	41.8%	39.7%	42.4%	44.8%	46.1%
PBT Margins (%)	25.3%	20.7%	16.4%	14.5%	13.8%	16.2%	17.5%	17.8%
EBIT Margins (%)	26.2%	23.4%	20.0%	18.9%	17.1%	19.4%	20.8%	21.2%
Leverage								
Total Debt (SAR, Millions)	444	641	1,667	1,723	1,722	1,873	2,036	2,186
Net Debt (SAR, Millions)	423	607	1,581	1,666	1,662	1,819	1,941	2,072
Debt/Equity (x)	0.3	0.3	0.6	0.6	0.5	0.5	0.5	0.5
Net Debt/EBITDA (x)	0.8	0.9	1.9	1.6	1.6	1.5	1.5	1.5
Net Debt/Equity (x)	0.2	0.3	0.6	0.6	0.5	0.5	0.5	0.5



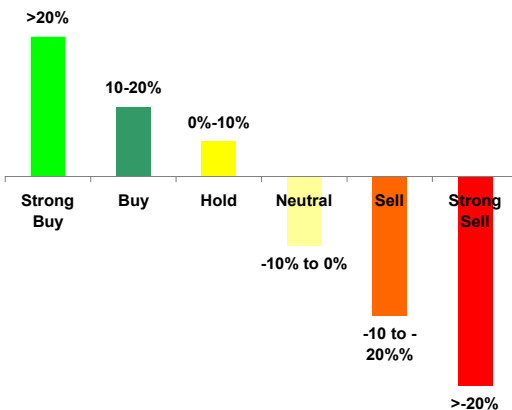
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Rating Criteria and Definitions

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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