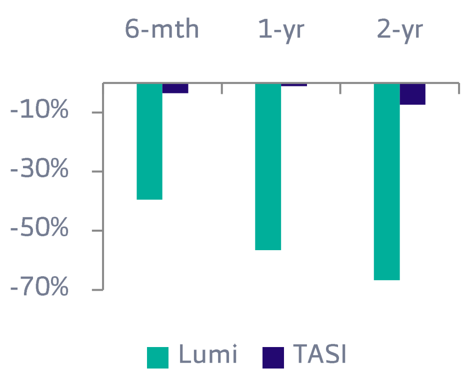
Temporary Pressures, Positive Long-Term Outlook

August 09, 2026

Upside to Target Price	47.6%	Rating	Buy
Expected Dividend Yield	0.0%	Last Price	SAR 27.10
Expected Total Return	47.6%	12-mth target	SAR 40.00

Market Data	
52-week high/low	SAR 65.0/28.8
Market Cap	SAR 1,491 mln
Shares Outstanding	55 mln
Free-float	28.6%
12-month ADTV	174,674
Bloomberg Code	LUMI AB



Lumi	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	394	416	(5%)	366	8%	375
Gross Profit	92	125	(26%)	114	(19%)	116
Gross Margins	23%	30%		31%		31%
Operating Profit	36	85	(58%)	66	(45%)	67
Net Profit	11	54	(80%)	40	(73%)	40

(All figures are in SAR mln)

- Lumi reported revenues of SAR 394 mln (-5% Y/Y, +8% Q/Q), in line with our estimate of SAR 375 mln. The Y/Y decline was driven by the decline in the Short-term Rental segment, which saw prices decline by -24%, while utilization fell to 60% in 2Q26 from 77% in 2Q25 (Short-term Rental -26%, Long-term Rental +6%, Used Car Sales+2%). The Q/Q growth was supported by Used Car Sales, which recorded strong growth as revenue per vehicle increased by +26%, and the number of vehicles sold also increased by +21%, while the Short-term Rental segment was impacted by lower prices and utilization (Short-term Rental -12%, Long-term Rental -1%, Used Car Sales+56%).
- Gross profit declined both Y/Y and Q/Q by -26% and -19%, respectively, as cost of revenue increased by +4% Y/Y and +20% Q/Q, driven by higher depreciation, maintenance, and salary expenses. Gross margin contracted by 663 bps Y/Y and 769 bps Q/Q to 23%.
- Operating profit came in at SAR 36 mln, declining by -58% Y/Y and -45% Q/Q, below our estimate, impacted by higher provisions, which reached SAR 9.3 mln in 2Q26, up from SAR 5.6 mln in 2Q25 and SAR 6.1 mln in the previous quarter. G&A expenses also increased by +32% Y/Y and +13% Q/Q to SAR 48 mln, above our estimate of SAR 43 mln, putting pressure on the operating margin.
- Lumi reported a net profit of SAR 11 mln, down both Y/Y and Q/Q, below our estimate of SAR 40 mln and the consensus estimate of SAR 39 mln. The performance was driven by the decline in the Short-term Rental segment, particularly in the Northern Region, alongside the continued increase in provisions and G&A expenses, reflecting the impact of regional disruptions. We expect these pressures to persist through 3Q26.
- We lower our target price to SAR 40 per share due to the weaker-than-expected performance, while maintaining our Buy recommendation. We believe the current pressures are temporary and do not change our positive long-term outlook, supported by the sector's strong fundamentals. In our view, the decline in the share price presents an attractive buy opportunity.

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Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

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