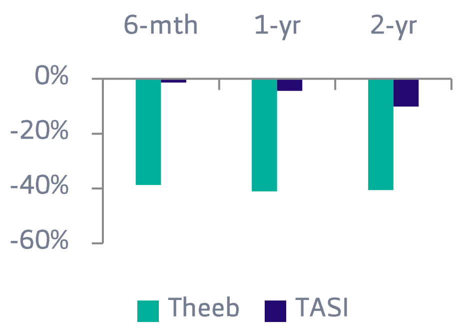
Revenue Up, Net Profit Down

May 14, 2026

Upside to Target Price	18.6%	Rating	Buy
Expected Dividend Yield	4.6%	Last Price	SAR 26.14
Expected Total Return	23.2%	12-mth target	SAR 31.00

Market Data	
52-week high/low	SAR 44.70/25.98
Market Cap	SAR 1,724mln
Shares Outstanding	66 mln
Free-float	72.8 %
12-month ADTV	228,857
Bloomberg Code	THEEB AB



Theeb	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Sales	410	337	22%	392	5%	385
Gross Profit	119	113	6%	118	1%	117
Gross Margins	29%	34%		30%		31%
Operating Profit	62	67	(9%)	56	9%	75
Net Profit	34	45	(24%)	37	(7%)	44

(All figures are in SAR mln)

- Theeb topline increased by +22% Y/Y and +5% Q/Q to reach SAR 410 mln, coming in above our estimate of SAR 385 mln. All segments grew on a Y/Y basis, led by the used car sales segment +48%, and both short and long-term rental segments +15%. On a Q/Q basis, the used car sales segment also recorded growth by +24%, driven by higher volumes sold during the quarter despite lower prices, while the short-term rental segment witnessed a decline in utilization rates due to seasonality and geopolitical conditions.
- Gross profit reached SAR 119 mln, increasing by +6% Y/Y and +1% Q/Q, in line with our expectations. Cost of sales increased by +30% Y/Y and +6% Q/Q to reach SAR 290 mln, above our estimate of SAR 268 mln. As a result, gross margin contracted from 34% in 1Q25 and 30% in the previous quarter to 29%.
- Operating profit declined by -9% Y/Y while increasing by +9% Q/Q to reach SAR 62 mln. The Y/Y decline is attributed to higher expected credit loss provisions in line with changing risk levels in the market. Operating margin contracted from 20% in 1Q25, while increasing from 14% in the previous quarter to 15%, significantly below our estimate of 19%.
- Theeb reported a net profit of SAR 34 mln, declining by -24% Y/Y and -7% Q/Q, below our estimate of SAR 44 mln and market expectations of SAR 42 mln. Theeb's 1Q26 revenues came in at a solid level compared to its peers, as a result of Budget (+2% Y/Y, -21% Q/Q) and Lumi (-11% Y/Y, -14% Q/Q) adopting a more conservative approach in used car sales. Despite this, higher costs and weaker profitability from used car sales weighed on net profit. We have lowered our target price to SAR 31.00 while maintaining our Buy recommendation. We expect 2Q to benefit from the Hajj season, which should support sector-wide performance.

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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

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