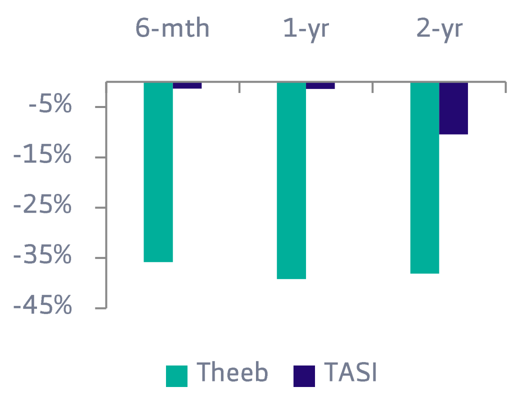
Higher Provisions Weigh on Profitability

April 12, 2026

Upside to Target Price	67.7%	Rating	Buy
Expected Dividend Yield	4.9%	Last Price	SAR 28.02
Expected Total Return	72.7%	12-mth target	SAR 47.00

Market Data	
52-week high/low	SAR 46.7/27.7
Market Cap	SAR 1,849 mln
Shares Outstanding	66 mln
Free-float	72.8 %
12-month ADTV	156,612
Bloomberg Code	THEEB AB



Theeb	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	392	337	16%	404	(3%)	411
Gross Profit	118	107	10%	120	(2%)	123
Gross Margins	30%	32%		30%		30%
Operating Profit	65	69	(5%)	74	(12%)	81
Net Profit	37	51	(28%)	50	(26%)	52

(All figures are in SAR mln)

- Theeb Rent a Car's revenue increased +16% Y/Y, while declining -3% Q/Q to reach SAR 392 mln, in line with our estimates. All segments recorded Y/Y growth, led by the long-term rental segment at +28%. On a Q/Q basis, used car sales declined -24%, while long-term and short-term rental segments grew +7% and +1%, respectively, which was not sufficient to offset the decline in used car sales.
- Gross profit reached SAR 118 mln, up +10% Y/Y, while declining -2% Q/Q, in line with our estimates. Gross margin contracted -161 bps Y/Y, while remaining stable Q/Q at 30%.
- Operating profit declined -5% Y/Y and -12% Q/Q to SAR 65 mln, driven by a significant increase in expected credit loss provisions during 4Q. According to management, these elevated provisions reflect changes in credit risk levels in the market. Operating margin contracted from 20% in the same quarter last year and 18% in 3Q25 to 17% in 4Q25.
- Theeb reported a net profit of SAR 37 mln in 4Q25, down -28% Y/Y and -26% Q/Q, below our estimate of SAR 52 mln and market expectations of SAR 49 mln. The Y/Y decline was driven by higher provisions and financing costs, while the Q/Q decline was attributed to lower revenues and gross profit alongside higher provisions.
- The company announced a 4Q25 DPS of SAR 0.28. We have reduced our target price from SAR 52.90 to SAR 47.00 to reflect our updated expectations, while maintaining our Buy rating. The high implied upside is driven by recent price pressure on the stock price, which has declined by more than 30% over the past six months.

Raghad Aljumah
raghad.s.aljumah@riyadcapital.com
+966-11-203-6816

الرياض المالية
Riyad Capital

Disclaimer

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

الرياض المالية
Riyad Capital