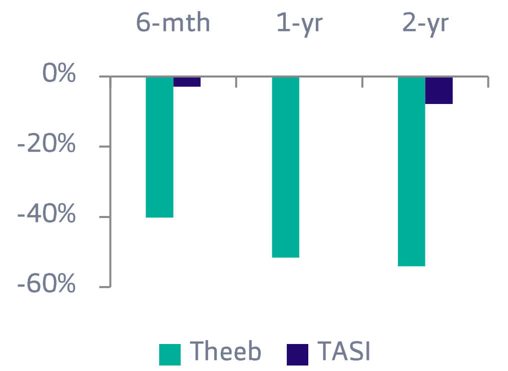
Weaker Used Car Profits, Higher Provisions Weigh on Performance

August 11, 2026

Upside to Target Price	40.8%	Rating	Buy
Expected Dividend Yield	5.0%	Last Price	SAR 20.59
Expected Total Return	45.8%	12-mth target	SAR 29.00

Market Data	
52-week high/low	SAR 43.6/20.4
Market Cap	SAR 1,358 mln
Shares Outstanding	66 mln
Free-float	72.8 %
12-month ADTV	357,556
Bloomberg Code	THEEB AB



Theeb	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	425	365	16%	410	4%	419
Gross Profit	110	118	(7%)	119	(8%)	117
Gross Margins	26%	32%		29%		28%
Operating Profit	43	73	(41%)	62	(30%)	64
Net Profit	16	48	(66%)	34	(52%)	36

(All figures are in SAR mln)

- Theeb Rent a Car's revenues increased +16% Y/Y and +4% Q/Q to SAR 425 mln, broadly in line with our SAR 419 mln estimate. The Y/Y and Q/Q growth was driven by higher revenues from the used car sales and long-term rental segments, while the short-term rental segment was impacted by lower utilization rates. (Short-term rental -1% Y/Y and -2% Q/Q; long-term rental +23% Y/Y and +5% Q/Q; car sales+30% Y/Y and +10% Q/Q).
- Gross profit came in at SAR 110 mln, down -7% Y/Y and -8% Q/Q, broadly in line with our estimate. Cost of sales increased +27% Y/Y and +8% Q/Q to SAR 315 mln, slightly above our SAR 302 mln estimate, reflecting pressure from used car costs. As a result, gross margin contracted to 26% from 32% in 2Q2025 and 29% in the previous quarter.
- Operating profit declined -41% Y/Y and -30% Q/Q to SAR 43 mln, due to higher operating expenses, ECL provisions reached SAR 27 mln in 2Q2026, up from SAR 10 mln in 2Q2025 and SAR 22 mln in 1Q2026. Operating expenses (excluding provisions) also increased to SAR 39 mln (+15% Y/Y and +9% Q/Q), broadly in line with our SAR 37 mln estimate.
- Theeb Rent a Car recorded a net profit of SAR 16 mln, declining both Y/Y and Q/Q, and below our SAR 36 mln estimate and the market consensus of SAR 35 mln. Theeb's 2Q2026 revenues remained robust given current conditions. Nevertheless, persistently elevated costs and provisions, along with weaker used car profitability, weighed on net profit. We lower our target price to SAR 29 from SAR 31.00, reflecting lower-than-expected net profit and margins, while maintaining our Buy recommendation, as the temporary pressures facing the Company have driven the share price down to levels that we believe represent an attractive buying 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

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