United International Transportation Co. (Budget Saudi)

2Q2026 First Look

Resilient Performance Despite Challenges

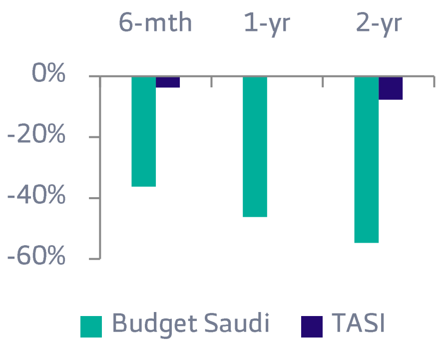
August 12, 2026

Upside to Target Price	46.3%	Rating	Buy
Expected Dividend Yield	4.2%	Last Price	SAR 28.70
Expected Total Return	50.5%	12-mth target	SAR 42.00

Market Data	
52-week high/low	SAR 59.0/26.7
Market Cap	SAR 3,000 mln
Shares Outstanding	105 mln
Free-float	99.9%
12-month ADTV	338,259
Bloomberg Code	BUDGET AB

Budget Saudi	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	638	545	17%	552	16%	575
Gross Profit	169	169	(0%)	123	38%	146
Gross Margins	26%	31%		22%		25%
Operating Profit	120	111	8%	58	106%	87
Net Profit	93	86	9%	34	171%	62

(All figures are in SAR mln)



- Budget Saudi reported 2Q26 revenues of SAR 638 mln, up strongly by +17% Y/Y and +16% Q/Q, exceeding our estimate of SAR 575 mln. Performance was driven by higher revenues from the used car sales and logistics segments on both a Y/Y and Q/Q basis, which offset the decline in short-term rental due to lower utilization rates, while long-term rental remained relatively stable. (Short-term rental -15% Y/Y, -7% Q/Q; Long-term rental +1% Y/Y, -1% Q/Q; Used car sales +56% Y/Y, +50% Q/Q; Logistics +129% Y/Y, +106% Q/Q).
- Cost of sales increased +25% Y/Y, which we believe was likely due to higher costs of vehicles sold, resulting in gross profit remaining stable Y/Y, while increasing +38% Q/Q. Gross margin contracted by 461 bps Y/Y, while expanding by 426 bps Q/Q to 26%, in line with our estimate.
- Operating profit came in at SAR 120 mln, above our estimate, increasing +8% Y/Y and +106% Q/Q. The Company recorded a one-off operating income of SAR 25 mln related to the completion of certain contractual conditions under the Auto World acquisition agreement. The non-recurring operating income offset weaker performance on a Y/Y basis, while further supporting the Q/Q performance. Operating margin stood at 19%, slightly lower than 20% in 2Q25 and up from 11% in the previous quarter.
- Budget Saudi reported a net profit of SAR 93 mln, increasing +9% Y/Y and +171% Q/Q, above our estimate and consensus estimate of SAR 62 mln. Q/Q performance was supported by higher revenues and improved operating performance, while Y/Y performance was mainly supported by the non-recurring operating income. Excluding this impact, adjusted net profit would stand at SAR 68 mln, representing a -21% Y/Y decline, due to cost pressures and weaker profitability in the used car sales segment.
- Budget Saudi delivered strong revenue performance in 2Q26 and demonstrated resilience against the current pressures. The Company also maintained better margins compared to peers, alongside improved operating performance on a Q/Q basis. We maintain our target price and Buy recommendation, as we believe Budget Saudi is well positioned to benefit from the long-term catalysts in the car rental sector. The Company announced a cash dividend of SAR 0.5 per share for 1H26.

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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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