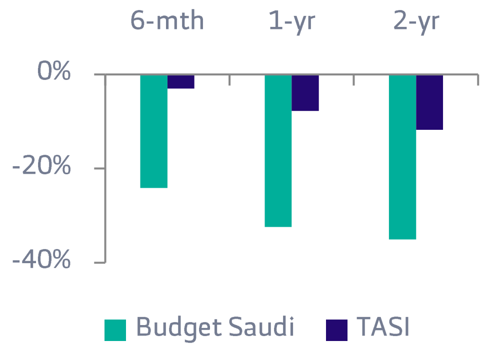
Growth Backed by Used Cars, Opex Improving Q/Q

March 29, 2026

Upside to Target Price	42.5%	Rating	Buy
Expected Dividend Yield	3.00%	Last Price	SAR 42.12
Expected Total Return	45.4%	12-mth target	SAR 60.00

Market Data	
52-week high/low	SAR 61.7/38.4
Market Cap	SAR 4,403 mln
Shares Outstanding	105 mln
Free-float	99.9%
12-month ADTV	195,167
Bloomberg Code	BUDGET AB



Budget Saudi	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	701	623	12%	630	11%	644
Gross Profit	166	154	7%	177	(6%)	180
Gross Margins	24%	25%		28%		28%
Operating Profit	134	136	(2%)	106	26%	112
Net Profit	97	102	(5%)	80	21%	85

(All figures are in SAR mln)

- Budget Saudi reported FY2025 revenues up +23% Y/Y, driven by growth in short-term and long-term rental fleets, higher used car sales, and the contribution from its subsidiary (Auto World) over a full year compared to a five-month contribution in the previous year. Net profit reached SAR 342 mln, up +10% Y/Y.
- For 4Q25, Budget Saudi recorded revenues of SAR 701 mln, increasing by +12% Y/Y and +11% Q/Q, broadly in line with our estimate of SAR 644 mln. This increase was primarily driven by growth in the used car segment, which rose by +18% Y/Y and +21% Q/Q. Long-term rental revenues increased by +11% Y/Y and +5% Q/Q, while short-term rental revenues remained flat Y/Y but grew by +6% Q/Q.
- Gross profit reached SAR 166 mln, below our estimates, increasing by +7% Y/Y while declining by -6% Q/Q. Gross margin contracted to 24% in 4Q25, compared to 25% in the same quarter last year and 28% in the previous quarter. We believe the margin was impacted by higher used car cost of sales, in line with higher volumes.
- Operating profit declined by -2% Y/Y while increasing by +26% Q/Q to reach SAR 134 mln, exceeding our estimate of SAR 112 mln. The variance versus our estimates was driven by lower-than-expected S&M expenses, alongside higher other operating income during the quarter. The Y/Y decline was attributed to significantly lower G&A expenses in the same quarter last year. Operating margin contracted by -275 bps Y/Y, while expanding by +227 bps Q/Q to 19%, above our expectation of 17%.
- Budget Saudi reported net profit of SAR 97 mln, down -5% Y/Y, but up +21% Q/Q. The Y/Y decline reflecting lower operating profit. The Board recommended 2H2025 DPS of SAR 0.75, bringing FY2025 DPS to SAR 1.25.
- Despite pressure on gross profit and gross margins during the quarter, improved cost discipline and higher other operating income supported profitability. We lower our target price to reflect updated margin assumptions, while maintaining our recommendation.

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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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