

Theeb Rent a Car Co.

Robust revenue growth improved profitability

Rating: Overweight | 12M Target Price: SR77.4 **August 10, 2025**

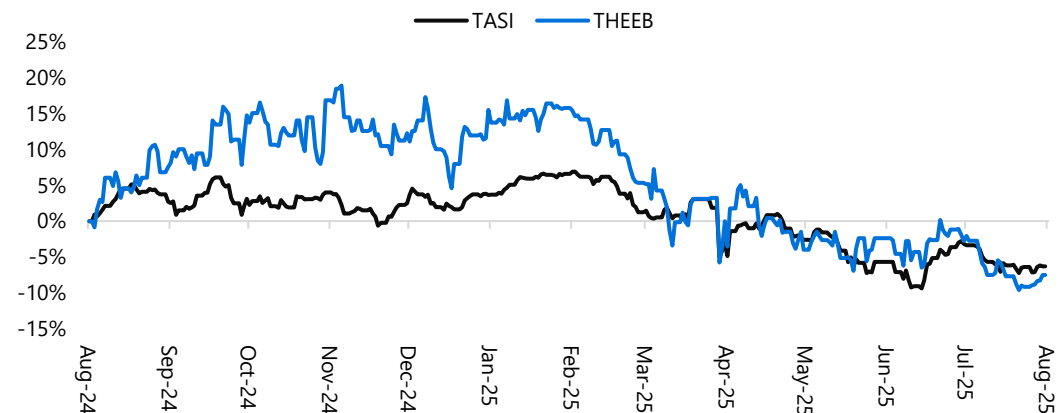
Market Data		Valuations				
		2024A	2025E	2026E	2027E	
Last Price (SR)*	62.8	Net Income (SRmn)	183	200	237	275
Target Price (SR)	77.4	EPS (SR)	4.2	4.6	5.5	6.4
Upside / Downside (%)	23%	PER (x)	14.8	13.5	11.4	9.8
Market Cap (bn) (SR/USD)	2.7/0.7	P/BV (x)	3.3	2.9	2.6	2.3
52 week High / Low (SR)	81.5/60.0	DPS (SR)	2.1	2.3	2.7	3.2
12-month ADTV (mn) (SR/USD)	8.4/2.2	Div. Yield (%)	3.4	3.7	4.3	5.1
YTD Return (%)	-18%	RoAE (%)	23.4	22.7	23.9	24.6
Bloomberg Code	THEEB AB	RoAA (%)	7.6	7.5	8.1	8.6

*last price as of 07 August 2025

Financials (SR mn)	2Q25A	2Q25E*	Var (%)	2Q24A	YoY (%)	1Q25A	QoQ (%)
Revenue	365	337	8.4	322	13.4	337	8.4
Cost of revenue	247	225	9.8	216	14.3	223	10.4
Gross profit	118	112	5.4	106	11.5	113	4.3
Gross margin (%)	32	33	-0.9	33	-0.5	34	-1.3
OPEX	43	42	1.1	37	16.5	44	-2.0
Operating profit	75	70	8.1	69	8.9	69	8.3
Operating margin (%)	21	21	-0.1	21	-0.8	21	0.0
Net income	48	45	5.1	45	7.2	45	5.4
Net margin (%)	13	14	-0.4	14	-0.8	13	-0.4
EPS	1.11	1.06	5.1	1.04	7.2	1.05	5.4
DPS	0.55	0.53		0.51		0.52	

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg and anbc research

Theeb Rent a Car Co. (THEEB AB) reported a net profit of SAR 47.8 mn (EPS: SAR 1.11) in 2Q25, reflecting a 7.2% YoY and 5.4% QoQ increase. The results marginally outperformed our estimates. The company announced a dividend per share of SAR 0.55 in 2Q25. Overall, Theeb posted a strong set of results due to higher revenue and efficiencies in certain operating cost items.

- Revenue increased by 13.4% YoY to SAR 365 mn in 2Q25, compared to SAR 322 mn in 2Q24. The growth in revenue was mainly driven by a 16.5% YoY increase in rental revenue (short-term and long-term) and a slight improvement of 3.6% YoY in used car sales revenue. On a sequential basis, revenue increased by 8.4% QoQ in 2Q25, supported by an impressive 25% QoQ increase in used car sales revenue and a 4.4% QoQ increase in rental revenue (short-term and long-term), as reported by the company.
- Gross profit increased by 11.5% YoY to SAR 118 mn in 2Q25, compared to SAR 106 mn in 2Q24. The growth in gross profit is attributed to a 13.4% YoY increase in revenue during the same period. However, gross margins declined by 0.5 percentage points YoY due to higher cost of revenue. On a QoQ basis, gross profit rose by 4.3%, although gross margin recorded a decline of 1.3 percentage points in 2Q25.
- Operating profit increased 8.9% YoY to SAR 75 mn in 2Q25, compared to SAR 69 mn in 2Q24. However, the operating margin dropped to 20.6% in 2Q25 from 21.5% in 2Q24 due to higher operating costs, which increased by 16.5% YoY. On a sequential basis, operating profit grew by 8.3% QoQ; however, margins remained stable during 2Q25.
- Net income grew by 7.2% YoY to SAR 47.8 mn in 2Q25, compared to SAR 44.6 mn in 2Q24. However, the net margin dropped by 0.8 percentage points YoY to 13.1% in 2Q25, compared to 13.9% in 2Q24 and 13.5% in 1Q25. The margin contraction was due to higher costs of revenue and operating costs.
- Theeb announced dividend per share of SAR 0.55 in 2Q25, compared to SAR 0.51 in 2Q24 and SAR 0.52 in 1Q25. The payout ratio of Theeb stood at 49.5% in 2Q25.
- We maintain our 'Overweight' rating on the stock with a target price of SAR 77.4/sh, offering an upside potential of 23.2% from the last close on 7th August 2025. The rating is supported by resilient earnings growth, strong momentum in the rental business, and sustained operating efficiencies despite elevated cost pressures. The stock is trading at a 2025e PE of 13.5x and PBV of 2.9x. On a YTD basis, Theeb has fallen by 18.0%, whereas TASI fell by 9.2%.

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