Theeb Rent a Car Co.

August 6, 2026

Profit misses consensus as provisions rise, rental segment demand softens and used car margins contract

Last Price: SAR 22.1 | YoY Performance: -46.7%

KEY TAKEAWAYS

- Theeb posted a net profit of SAR 16.4 mn in 2Q26 (EPS: SAR 0.25), down 65.6% YoY and 52.4% QoQ, coming in well below consensus estimates. The decline was driven by higher-than-expected credit loss provisions, weaker used car margins due to softer selling prices and drop in rental fleet utilization.
- Revenue rose 16.4% YoY to SAR 424.7 mn, coming broadly in line with our estimate of SAR 415.5 mn. The growth was driven by a 12.5% increase in short-term and long-term rental revenues, supported by the opening of new branches, and a 30% rise in used car sales revenues.
- Gross margin compressed to 26% in 2Q26 from 32% in 2Q25 and 29% in 1Q26, coming in below our estimate of 29%. The compression was mainly driven by COGS, which rose 27.5% YoY to SAR 314.7 mn, well ahead of revenue growth over the same period.
- Operating profit fell 41.1% YoY and 29.8% QoQ to SAR 43.2 mn, as operating expenses jumped 49.4% YoY to SAR 66.8 mn on a higher expected credit loss provision. Operating margin fell to 10% from 20% in 2Q25 and 15% in 1Q26, while net margin narrowed to 4% in 2Q26 from 13% in 2Q25.
- Based on our last update, we have an "Overweight" rating with a target price of SAR 36.4/share. The company is currently trading at 2026e P/E multiple of 8.8x.

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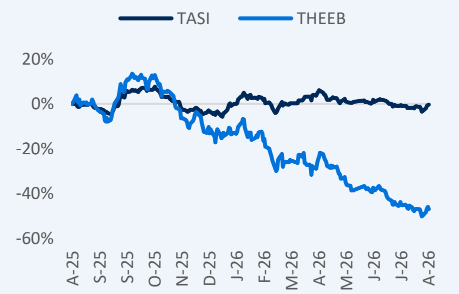
Issuer Information

Bloomberg Code	**THEEB AB**
Last Price (SAR)	**22.1**
No of Shares (mn)	**66.0**
Market Cap bn (SAR/USD)	**1.5 / 0.4**
52-week High / Low (SAR)	**43.6 / 21.8**
12-month ADTV (mn) (SAR/USD)	**10.8 / 2.9**
Free Float (%)	**72.8**
Foreign Holdings (%)	**3.5**

Last price as of August 5th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Revenue	424.7	415.5	2.2	364.9	16.4	409.6	3.7
Cost of Revenues (COGS)	314.7	294.3	6.9	246.8	27.5	290.1	8.5
Gross Profit	110.0	121.2	-9.3	118.0	-6.8	119.5	-7.9
Gross Margin (%)	***26***	***29***		***32***		***29***	
Operating Expenses	66.8	56.5	18.3	44.7	49.4	58.0	15.2
Operating Profit	43.2	64.8	-33.3	73.3	-41.1	61.5	-29.8
Operating Margin (%)	***10***	***16***		***20***		***15***	
Net Profit	16.4	34.7	-52.7	47.8	-65.6	34.5	-52.4
Net Margin (%)	***4***	***8***		***13***		***8***	
EPS (SAR)	0.25	0.53		0.72		0.52	

**anbc estimate*
Source: Company Financials, anbc research

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