Theeb Rent a Car Co.

November 6, 2026

Weaker utilization and higher ECL provisions drive a 65.1% YoY drop in net profit, below our estimates

Last Price: SAR 17.7 | YoY Performance: -56.8%

3Q26 FIRST TAKE

KEY TAKEAWAYS

- Theeb posted a net profit of SAR 17.5 mn in 3Q26 (EPS: SAR 0.27), down 65.1% YoY but up 6.7% QoQ. The result came 10.7% below our net profit estimate of SAR 19.6 mn. The YoY decline was mainly driven by lower rental fleet utilization, higher expected credit loss (ECL) provisions, lower used car sales (UCS) profitability on weaker selling prices, and higher finance costs, partly offset by topline growth.
- Revenue rose 9.6% YoY and 4.1% QoQ to SAR 442.3 mn in 3Q26, in line with our estimate of SAR 430.7 mn, up 2.7%. Short-term and long-term rental revenue grew 10.5% YoY (4.6% QoQ), supported by new branch openings, while UCS revenue rose 6.8% YoY (2.9% QoQ). For 9M26, revenue increased 15.5% YoY to SAR 1,276.5 mn, with rental and UCS revenue up 12.7% and 25.0%, respectively.
- Gross margin contracted to 24.6% in 3Q26 from 29.8% in 3Q25 and 25.9% in 2Q26. COGS rose 17.7% YoY to SAR 333.4 mn, outpacing revenue growth, reflecting lower rental fleet utilization and weaker used car selling prices.
- Operating profit declined 44.2% YoY and 4.0% QoQ to SAR 41.5 mn, as operating expenses rose 46.4% YoY to SAR 67.3 mn, partly reflecting higher ECL provisions in line with the change in market credit risk. Operating margin narrowed to 9.4% from 18.4% in 3Q25.
- Net margin fell to 4.0% from 12.4% in 3Q25, with higher finance costs adding further pressure. On a QoQ basis, net profit improved on better rental fleet utilization and a slight recovery in UCS profitability. For 9M26, net profit declined 52.2% YoY to SAR 68.4 mn.
- The Board recommended that the EGM approve the purchase of up to 3.98 mn of the company's shares (6.04% of share capital) to be held as treasury shares.
- Based on our last update, we maintain an "Overweight" rating on the stock, with a target price of SAR 36.4/share. The stock is currently trading at a 2027f P/E and P/B of 5.0x and 1.0x, respectively.

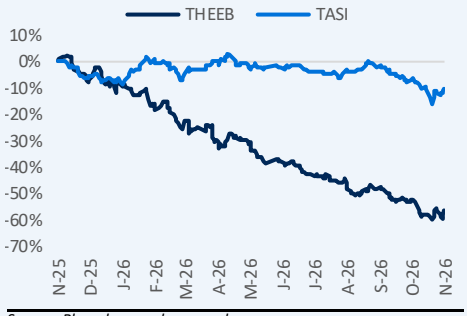
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Issuer Information

Bloomberg Code	**THEEB AB**
Last Price (SAR)	**17.7**
No of Shares (mn)	**66.0**
Market Cap bn (SAR/USD)	**1.2 / 0.3**
52-week High / Low (SAR)	**41.9 / 16.4**
12-month ADTV (mn) (SAR/USD)	**13.4 / 3.6**
Free Float (%)	**72.8**
Foreign Holdings (%)	**3.6**

Last price as of November 5th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	3Q26A	3Q26E*	Var (%)	3Q25A	YoY (%)	2Q26A	QoQ (%)
Revenue	442	431	2.7	404	9.6	425	4.1
Cost of Revenues (COGS)	(333)	(315)	5.9	(283)	17.7	(315)	6.0
Gross Profit	109	116	(6.1)	120	(9.6)	110	(1.1)
Gross Margin (%)	***24.6***	***26.9***		***29.8***		***25.9***	
Operating Expenses	67	64	5.4	46	46.4	67	0.8
Operating Profit	41	52	(20.1)	74	(44.2)	43	(4.0)
Operating Margin (%)	***9.4***	***12.1***		***18.4***		***10.2***	
Net Income	18	20	(10.7)	50	(65.1)	16	6.7
Net Margin (%)	***4.0***	***4.6***		***12.4***		***3.9***	
EPS (SAR)	0.27	0.30		0.76		0.25	

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

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