Daily Bulletin

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Cherry: Ministry of Culture's 36-month contract valued at SAR 67 mn; expected to add ~4% to annual revenue

Last Price: SAR 19.5 | YTD Performance: -19.1% | Consensus Target Price: SAR 32.8

Cherry Trading Co. (Cherry) signed a vehicle leasing project with the Ministry of Culture, valued at SAR 67.0 mn. The contract involves leasing vehicles to the Ministry of Culture for a duration of 36 months, with financial impact expected from 2027 to 2029. The contract is equivalent to 12.9% of the company's 2025 revenue of SAR 517.9 mn, with the contract spread over 3 years, implying a revenue contribution of ~SAR 22.3 mn annually (~4.3% of 2025 revenue).

This project marks the fourth public sector long-term leasing contract announced in 2026. Earlier, on 19th Oct-26, the company signed a purchase order from the Ministry of Municipalities and Housing to lease 210 vehicles, valued at SAR 24.8 mn, with a duration of 36 months and financial impact expected to begin in 4Q26. Additionally, contracts with Riyadh Municipality and the Saudi Food and Drug Authority (SFDA) were announced in Apr-26, with a combined value of SAR 91.6 mn, each spanning 36 months and expected financial impact from 3Q26.

These contracts fall under Cherry's long-term vehicle leasing segment, which made up 63.0% of the company's revenue during 9M26. Cherry's total revenue for 9M26 came in at SAR 494.7 mn, up 39.0% YoY. In 3Q26, revenue rose 33.2% YoY to SAR 177.0 mn, driven by a 107.8% YoY increase in used car sales and a 10.9% YoY rise in long-term leasing revenue on the back of new contracts. Short-term lease revenue also rose 33.7% YoY to SAR 11.8 mn, supported by fleet additions and new branch openings. However, 3Q26 net profit declined 39.1% YoY to SAR 12.9 mn, as cost of sales rose 57.7% YoY to SAR 143.3 mn and gross margin contracted to 19.0% from 31.6% in 3Q25.

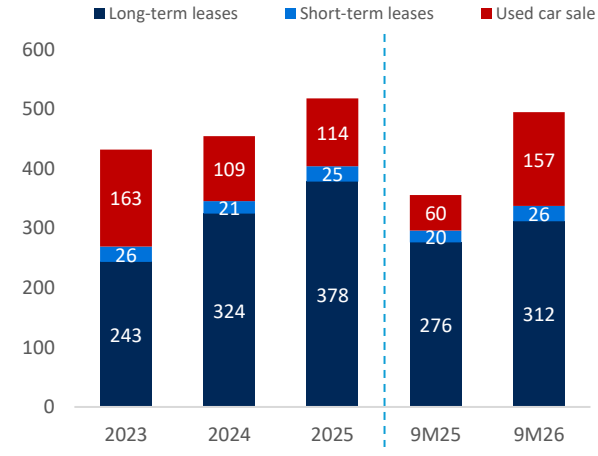
Cherry's stock declined 19.1% YTD, underperforming TASI, which declined 2.3% during the same period. The stock is currently trading at a 2027f P/E of 7.4x, with a consensus target price of SAR 32.8/share, implying a potential upside of 67.8% from the last close of SAR 19.5/share.

Relative price chart



Source: Bloomberg, anbc research

Cherry's revenue composition (SAR mn)



Source: Company financials, anbc research

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