Lumi Rental Co.

Maintain Overweight despite slowdown in fleet growth

Rating: Overweight | 12M Target Price: SAR 56.6 **March 12, 2026**

Market Data

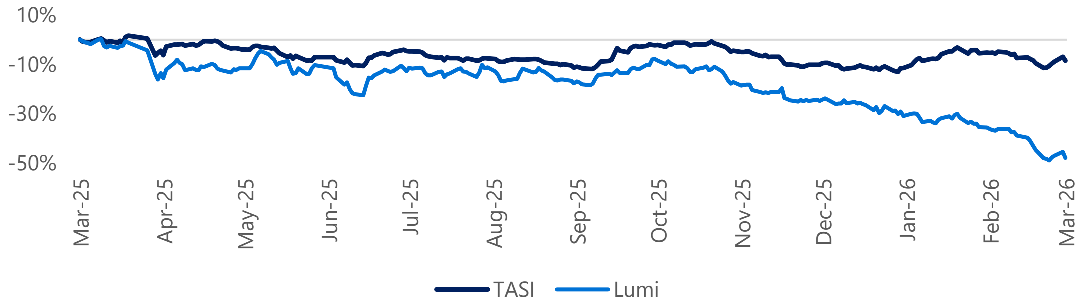
Last Price (SAR)*	37
Target Price (SAR)	56.6
Upside / Downside (%)	52%
Market Cap (bn) (SAR/USD)	3.1/0.8
52 week High / Low (SAR)	71.5/35.3
12-month ADTV (mn) (SAR/USD)	8.0/2.1
YTD Return (%)	-25%
Bloomberg Code	Lumi AB

**last price as of 11th March 2026*

Valuations	2025A	2026f	2027f	2028f
Net Income (SAR mn)	198	237	289	324
EPS (SAR)	3.6	4.3	5.2	5.9
PER (x)	10.3	8.7	7.1	6.3
P/BV (x)	1.5	1.2	1.1	0.9
DPS (SAR)	-	-	-	-
Div. Yield (%)	-	-	-	-
RoAE (%)	15.1	15.5	16.1	15.5
RoAA (%)	5.8	6.7	7.7	8.0

Financials (SAR mn)	2025A	2026f	2027f	2028f
Revenue	**1,669**	**1,747**	**1,879**	**2,054**
COGS	(1,209)	(1,247)	(1,335)	(1,462)
Gross profit	**460**	**499**	**544**	**592**
Gross margin (%)	*28*	*29*	*29*	*29*
Operating expense	(140)	(153)	(160)	(176)
Operating profit	**320**	**347**	**383**	**416**
Operating margin (%)	*19*	*20*	*20*	*20*
Net income	**198**	**237**	**289**	**324**
Net margin (%)	*12*	*14*	*15*	*16*
EPS	***3.6***	***4.3***	***5.2***	***5.9***
DPS	-	-	-	-

Price Performance



Source: Tadawul, Bloomberg and anbc research

Lumi Rental Co. (Lumi) reported a 10% increase in FY25 net profit to SAR 198mn; however, results came in below expectations, missing consensus by 5% and anbc estimates by 7%. Fourth-quarter performance was notably soft, with net income falling short of consensus by 22% and anbc estimates by 27%. The underperformance was primarily driven by a contraction in the lease-segment fleet, largely reflecting reduced activity at the NEOM project. In light of the potential headwinds from the NEOM scale-back, we have revised our assumptions and lowered our target price to SAR 56.6/sh, reflecting adjustments to our fleet growth outlook. Despite the revision, we maintain our Overweight rating, as the updated target price still implies an upside potential of 52%.

- Lumi delivered fleet size growth of 0.8% YoY in 2025, mainly driven by a 6.3% YoY increase in the short-term rental fleet size, whereas the lease segment fleet declined by 1.5% YoY in 2025. The slow growth in fleet size mainly reflects the scaling back in NEOM project activity and workforce levels.
- Lumi began 2025 with 5.5K vehicles deployed in the Northern Region, including 4.0K units operating in NEOM. By year-end, the regional fleet had declined to 3.7K vehicles, of which only 2.2K remained in NEOM. This contraction reflects the slowdown in NEOM-related activity and has consequently tempered the growth trajectory of Lumi's overall fleet.
- With 2.2K vehicles still deployed in NEOM, fleet expansion is likely to remain constrained in the near term. As a result, we have revised our forecasts and lowered our fleet growth assumptions to reflect the risks associated with reduced NEOM activity.
- We expect Lumi's revenue to grow at a CAGR of 8.3% during 2025–31f, while net profit is projected to register a CAGR of 14.1% over the same period. Despite the slowdown in fleet size growth, net profit is expected to record strong growth, supported by improved gross margins and lower finance costs.
- Gross margin is expected to improve to 28.6% in 2026f compared to 27.5% in 2025 due to normalization of cost of vehicles sold.
- *Lumi's share price has declined 46.3% YoY, significantly underperforming the broader TASI index over the same period. Since we initiated coverage, the company has lagged expectations, coming in below both our estimates and consensus specifically in its 4Q25 results. This was driven by slower than anticipated fleet expansion and the impact of adjustments related to the NEOM project. After incorporating revised growth assumptions, we now estimate an upside potential of 51.8%. The stock is trading at a 2026f P/E of 8.7, and we maintain our "Overweight" rating.*

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OVERWEIGHT	NEUTRAL	UNDERWEIGHT
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