Equity Research report
Lumi AB Equity
02 November 2025

Target Price: SAR76/share
Current Price: SAR61.10/share
Upside: 25%
Rating: Overweight

Lumi Rental Co. (LUMI)

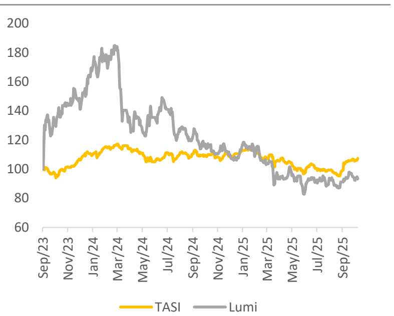
3Q25 came largely in line; remain positive and keep a TP of SAR76/sh

- 3Q25 results largely in line with a slight beat in net profit due to other operating income.
- We largely keep our forecast for Lumi's revenue at a CAGR of 7.7% over 2025-28e, and a bottom-line CAGR of 20% during the period.
- We maintain our TP of SAR76/share, using equal weights for DCF and P/E (16x on 2026e EPS), with an "Overweight" recommendation.

Stock data	
TASI ticker	4262
Mcap (SARmn)	3,361
Avg. Trd. Val (3m) (SARmn)	6.8
Free float	28.4%
QFI holding	2.4%
TASI FF weight	0.04%

Source: Bloomberg, Tadawul

TASI vs Lumi indexed to 100



Source: Bloomberg

Largely in line 3Q25 results: Lumi reported largely stable revenue in 3Q25, rising ~3% y/y to SAR414mn, in line with our forecast of SAR410mn. Growth was primarily driven by a healthy performance in core operations—leasing and rental both grew 12% y/y— while used car sales declined 15% y/y, with volumetric sales down approximately 20% y/y. However, gross profit declined modestly by 2.5% y/y to SAR113mn, due to a lower gross margin of 27.4% (28.8% in 2Q24; 28.8% expected). This compression of margin was mainly due to a weaker price recovery on used car sales, impacted by a higher average age of units sold during the quarter. Nonetheless, operating profit rose 11% y/y to SAR85mn, supported by an ~SAR8mn uplift in other operating income, driven by a discretionary vehicle rebate. Meanwhile, finance expenses declined 13% y/y to SAR31mn. Accordingly, net profit increased 31% y/y to SAR53mn, beating our forecast of SAR49mn by 8.5%, with a net margin to 12.7% (~12% expected).

Positive outlook: Overall, Lumi's core operations showed solid growth, which is why we stay positive on the company. Meanwhile, volumetric sales of used car are likely to improve in the coming periods due to fleet cyclicality. We also see a margin upside for used vehicles from the fleet composition, as younger vehicles typically yield stronger recovery rates. As a result, we largely keep our forecasts for Lumi's top line growth at a CAGR of 7.7% during 2024-28e, reflecting revenues of SAR1.68-1.82bn in 2025-26e, and reaching SAR2.1bn by 2028e. Meanwhile, we kept our GP margin on an average of 30% during 2025-28e. On the profitability front, we continue to believe that the likely improvement in leverage levels, coupled with a more favorable interest rate environment, remains a key driver supporting Lumi's bottom-line. Thus, we expect its finance expenses to reduce to SAR74mn by 2028e from SAR133mn in 2024. As a result, we expect earnings to grow at a CAGR of 20% (unchanged) over 2025-28e, leading to earnings of SAR210-273mn in 2025-26e, reaching SAR372mn by 2028e.

Figure 1Key financial metrics

SARmn	2024a	2025e	2026e	2027e
Revenue	1,550	1,676	1,821	1,975
Revenue growth	*40%*	*8%*	*9%*	*8%*
Gross Profit	438	485	552	602
Gross Profit Margin	*28%*	*28.9%*	*30.3%*	*30.5%*
Operating Profit	284	327	378	414
Operating Profit Margin	*18%*	*19.5%*	*20.8%*	*21%*
Net profit	180	215	273	327
Net profit margin	*12%*	*12.8%*	*15.0%*	*17%*
EPS (SAR)	3.3	3.9	5.0	5.9
P/E	18.6x	15.6x	12.3x	10.3x

Source: Company's report, GIB Capital

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Figure 2: 3Q25 results summary

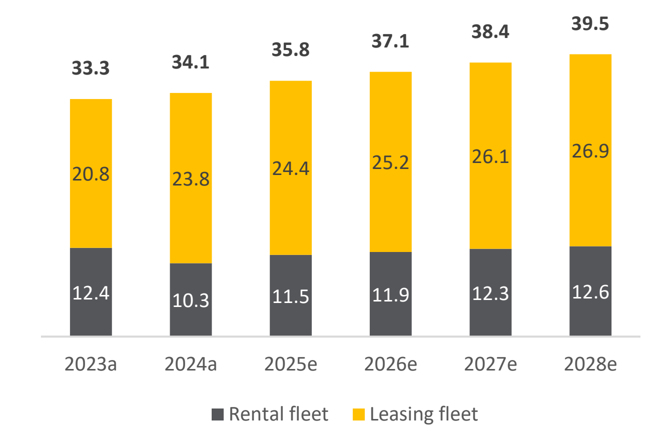
SARmn	3Q25	3Q24	y/y %	2Q25	q/q %	GIBC est.	Variance %
Revenues	**414**	**403**	**2.8%**	**416**	**-0.4%**	**410**	**1.1%**
Cost of sales	301	287	4.9%	291	3.4%	292	3.1%
Gross profit	**113**	**116**	**-2.5%**	**125**	**-9.4%**	**118**	**-3.9%**
Opex	29	40	-28.2%	40	-28.9%	38	-24.7%
Operating profit	**85**	**76.4**	**10.9%**	**85**	**-0.2%**	**80**	**5.9%**
Net profit	**53**	**40.1**	**31.3%**	**54**	**-2.8%**	**49**	**7.6%**
Gross margin	27.4%	28.8%		30.1%		28.8%	
Operating margin	20.5%	19.0%		20.4%		19.5%	
Net margin	12.7%	10.0%		13.0%		12.0%	

Source: Company data, GIB Capital

Valuation and risk: Post largely in line 3Q results, we maintain our 1Y forward TP at **SAR76 per share** based on the average of DCF and P/E (16x on our 2026e EPS), indicating a 25% upside potential from current market valuation. Accordingly, we keep our **"Overweight"** recommendation for the stock. The stock currently trades at a P/E multiple of 12x for 2026e; hence, we believe current market valuations seem attractive for Lumi. Key downside risks include lower-than-expected contribution from tourism, increased competition, supply chain disruptions for vehicles, and lower-than-expected retention rates of lease clients.

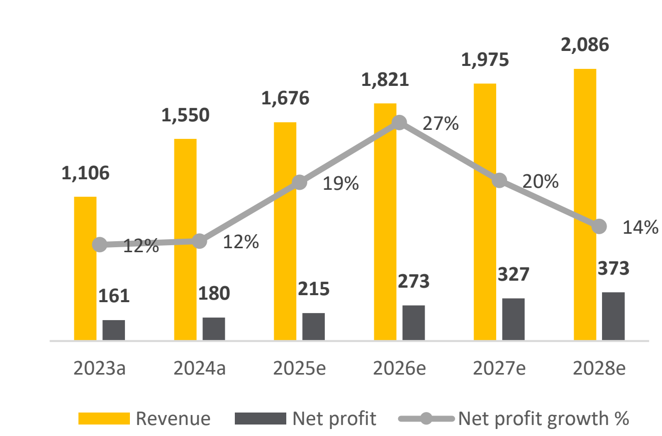
Financial analysis in charts

Figure 3: Fleet Size trend (in 000)



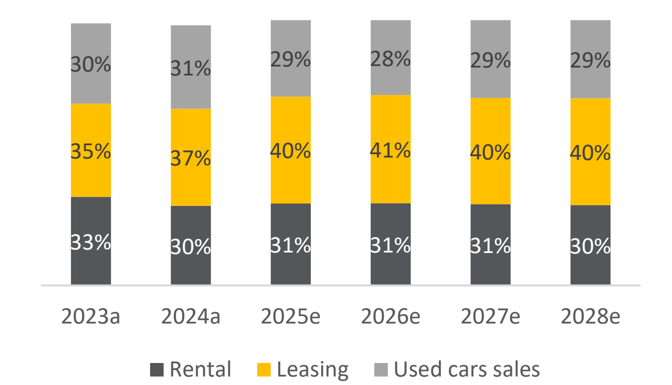
Source: Company data, GIB Capital

Figure 4: Financial Performance Trend (SAR mn)



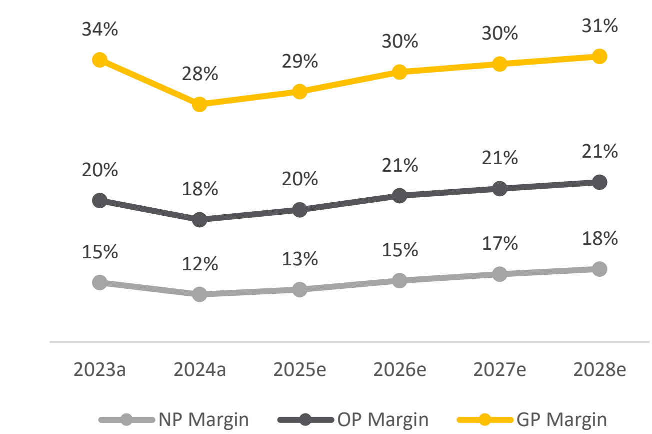
Source: Company data, GIB Capital

Figure 5: Contribution to revenues per segment



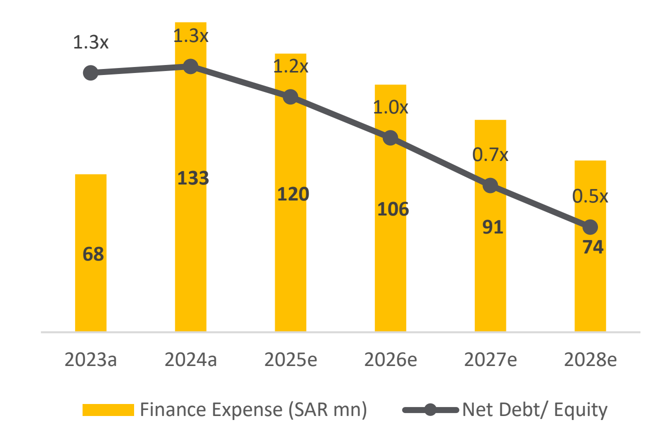
Source: Company data, GIB Capital

Figure 6: Margins trend



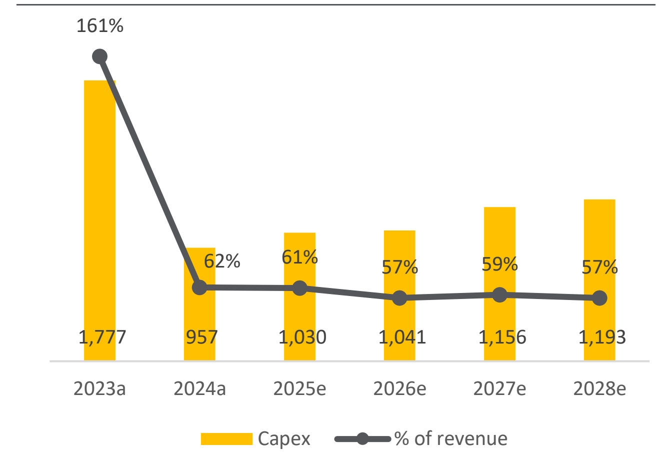
Source: Company data, GIB Capital

Figure 7: Leverage trend



Source: Company data, GIB Capital

Figure 8: Vehicles Capex trend (in SAR mn)



Source: Company data, GIB Capital

Summarized Financial Statements

Figure 9: Summarized basic financial statements (SARmn)

Income statement	2023a	2024a	2025e	2026e	2027e	2028e
Revenue	**1,106**	**1,550**	**1,676**	**1,821**	**1,975**	**2,086**
Revenue y/y	*41%*	*40%*	*8%*	*9%*	*8%*	*6%*
COGS	-725	-1,112	-1,192	-1,269	-1,373	-1,444
Gross Profit	**381**	**438**	**485**	**552**	**602**	**642**
Gross Profit margin	*34%*	*28%*	*29%*	*30%*	*30%*	*31%*
G&A Expenses	-139	-151	-150	-161	-174	-184
Impairment losses	-19	-3	-8	-13	-14	-15
Operating profit	**223**	**284**	**327**	**378**	**414**	**443**
Operating margin	*20%*	*18%*	*20%*	*21%*	*21%*	*21%*
Finance cost	-68	-133	-120	-106	-91	-74
Other income	10	34	14	8	12	13
PBT	**165**	**185**	**221**	**280**	**335**	**382**
Zakat/tax	-5	-5	-6	-7	-8	-10
Net income	**161**	**180**	**215**	**273**	**327**	**373**
Net margin	*15%*	*12%*	*13%*	*15%*	*17%*	*18%*
y/y	*12%*	*12%*	*19%*	*27%*	*20%*	*14%*
EPS (In SAR)	2.9	3.3	3.9	5.0	5.9	6.8
DPS (In SAR)	0.0	0.0	0.0	0.0	0.0	0.0
Payout	0%	0%	0%	0%	0%	0%
EBITDA	**492**	**668**	**779**	**851**	**906**	**952**
Net debt (w/o lease liabilities)	1,305	1,580	1,647	1,622	1,460	1,238
Net debt (w/ lease liabilities)	1,394	1,661	1,731	1,709	1,550	1,331

Balance Sheet	2023a	2024a	2025e	2026e	2027e	2028e
Inventories	2	10	13	14	15	16
Accounts Receivable, Net	242	268	390	427	446	454
Prepayments and other receivables	103	66	71	75	81	86
Bank balances and cash	41	30	47	53	45	37
Total Current Assets	**389**	**374**	**521**	**569**	**587**	**592**
Other property and equipment	56	51	68	86	106	126
Vehicles	2,712	2,860	3,021	3,132	3,280	3,417
Right-of-use assets	89	78	84	90	96	101
Total Non-Current Assets	**2,858**	**3,000**	**3,184**	**3,319**	**3,493**	**3,656**
Total Assets	**3,246**	**3,374**	**3,705**	**3,888**	**4,080**	**4,248**
Current Liabilities	1,215	1,086	1,145	1,064	1,033	971
Non-current Liabilities	1,006	1,076	1,133	1,123	1,019	877
Equity	1,025	1,212	1,428	1,701	2,028	2,401
Total Equity and Liabilities	**3,246**	**3,374**	**3,705**	**3,888**	**4,080**	**4,248**
BVPS	18.6	22.0	26.0	30.9	36.9	43.6

Cashflow	2023a	2024a	2025e	2026e	2027e	2028e
Cashflow from Operations	-746	-77	116	200	327	374
Cashflow from Investing	-17	-29	-17	-18	-20	-21
Cashflow from Financing	754	94	-81	-176	-315	-361
Total Cashflows	**-8**	**-12**	**18**	**6**	**-8**	**-8**

Source: Company, GIB Capital.

Figure 10: Key ratios

Key ratios	2023a	2024a	2025e	2026e	2027e	2028e
Profitability ratios						
RoA	5%	5%	6%	7%	8%	9%
RoE	16%	15%	15%	16%	16%	16%
Sales/Assets	34%	46%	45%	47%	48%	49%
Net margin	15%	12%	13%	15%	17%	18%
EBITDA margin	45%	43%	46%	47%	46%	46%
Liquidity ratios						
Current Assets/ Current Liabilities	0.3	0.3	0.5	0.5	0.6	0.6
Debt to Total Equity	1.3	1.3	1.2	1.0	0.7	0.5
Receivable Days	80	63	85	86	83	80
Inventory Days	1	3	4	4	4	4
Payable days	363	131	130	100	100	100
Cash conversion cycle	-282	-64	-41	-11	-14	-17
Debt ratios						
Net Debt/EBITDA	2.6	2.4	2.1	1.9	1.6	1.3
Debt/Assets	0.4	0.5	0.5	0.4	0.4	0.3
Net Debt/Equity	1.3	1.3	1.2	1.0	0.7	0.5
Valuation ratios						
P/E	20.9	18.6	15.6	12.3	10.3	9.0
P/B	3.3	2.8	2.4	2.0	1.7	1.4
EV/EBITDA	10.5	7.8	6.7	6.1	5.7	5.4
FCF Yield	-32.3%	-19.1%	1.6%	3.9%	7.5%	8.8%
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company, GIB Capital.

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