

**Target Price: SAR36.5/share**  
IPO Price: SAR28/share  
Upside: 30.5%  
**Rating: Overweight**

## Cherry Car Rentals (Cherry)

### Solid backlog coupled with compelling valuation

- Cherry ranks the 4th biggest leasing player in KSA with a healthy backlog (SAR1.2bn) and a well-established relationship with government and quasi-government entities.
- Earnings to grow at a 17% CAGR over 2024–29e, aided by strong top-line growth (~17% CAGR) amid fleet expansion and declining interest costs, despite margins fluctuation.
- We use a blended valuation using DCF and P/E (13x '2026 EPS) methodologies to arrive at a TP of SAR36.5/sh., implying an OW rating with an upside of 30.5% from IPO price.

**Flexible leasing models and expanding mobility needs to drive demand:** Saudi Arabia's vehicle leasing market (incl. both long-term and short-term rentals) grew at a robust 13% CAGR during 2020–24, supported by i) strong tourism expansion (~12% CAGR over 2019–24), ii) rising e-commerce activity (14.6% CAGR over 2020–24), and iii) government initiatives, including the requirement for foreign companies to establish regional HQs in Riyadh. This growth momentum is expected to continue, underpinned by sustained tourism inflows, expanding e-commerce and logistical activities, and an ongoing shift by government entities and private firms from ownership to the leasing model. Consequently, fleet demand is projected to rise at a 9.9% CAGR over 2024–29e, driving market size to grow at a 10.1% CAGR over the same period.

**Cherry's strong backlog underpins resilient outlook for LT leasing segment...** Cherry modestly expanded its LT leasing backlog from SAR1.1bn in 2022 to SAR1.2bn by end-2024, broadly in line with peers such as Theeb and Lumi. Notably, compared with its peers, Cherry has a significantly stronger focus on LT leasing, deriving ~71% of its total revenue from the segment, with ~80% coming from government and quasi-government clients. Its deep, long-standing relationships with these clients, coupled with a stable SAR1.2bn backlog, underscore its strong understanding of public-sector requirements and consistent tender conversion (secured 9 new contracts for over 750 vehicles so far in 2025). As a result, we believe Cherry is well-positioned to sustain or even grow its backlog, providing solid medium-term revenue visibility for the LT leasing segment. Accordingly, we conservatively expect the LT leasing fleet to grow at a CAGR of 5.1% over 2024–29e, driving revenue to rise at a CAGR of 10.8% over the same period (vs industry: 14.2%), supported by rising average revenue/vehicle and higher utilization rates.

Figure 1: Key financial metrics

SARmn	2024a	2025e	2026e	2027e	2028e
Revenue	455	583	620	629	755
Revenue growth	5%	28%	6%	2%	20%
Gross profit	146	162	175	204	209
Gross margin	32%	28%	28%	32%	28%
Operating profit	113	122	137	165	164
Operating margin	25%	21%	22%	26%	22%
Net profit	63	63	84	118	125
Net profit margin	14%	11%	14%	19%	17%
Net profit growth	11%	0%	33%	40%	6%
EPS (SAR)	2.1	2.1	2.8	3.9	4.2
DPS (SAR)	0.0	0.3	0.3	0.5	0.6
P/E	13.3	13.3	10.0	7.1	6.7
EV/EBITDA	7.4	6.3	5.7	5.0	4.8

Source: Company data, GIB Capital

#### Stock data

TASI Ticker	4265
Listing MCap (SARmn)	840
Issue Size (mn*)	9.0
Offering	30%
Inst. Offering (mn*)	7.2
Retail Offering (mn*)	1.8
IPO size (SARmn)	252

Source: Company data, \*mn shares

#### Valuation (SAR/share)

DCF (50% weight)	36.6
P/E (50% weight)	36.5
<b>Target Price (rounded off)</b>	<b>36.5</b>

Source: GIB Capital

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**... reinforced by short-term leasing and used-car sales segments:** Cherry currently has a limited presence in the short-term leasing segment, with only ~1k vehicles (~6.5% of its fleet, as of 2024). However, it plans to expand this segment to 3–4k vehicles by 2029e through a disciplined and profitability-driven strategy. The recent appointment of a dedicated head for the rental division is a step towards strengthening execution. Cherry is well-positioned to scale its short-term leasing (rental) segment, supported by strong brand equity and a nationwide footprint with clear network expansion and operational improvement plans. While the size gap versus peers is significant (Avg fleet size of peer in 2024: ~12k vs. Cherry's ~1k) which is likely to persist in the near term, we expect profitability to improve gradually, with monthly revenue per vehicle rising towards ~SAR2.3k per vehicle by 2029e (peer avg in 2024: ~SAR3.2k vs. Cherry's ~SAR1.8k). Accordingly, we forecast Cherry's rental fleet to grow at a ~17% CAGR over 2024–29e, driving a robust 24.4% revenue CAGR, aided by a 5% annual increase in average monthly revenue per vehicle.

Furthermore, the company is enhancing its sales channel for the used-car segment by reducing dependence on intermediaries and expanding direct-to-consumer channels. In a highly fragmented market dominated by private bids, the company is shifting towards higher-margin sales routes. It has opened a B2C showroom in Riyadh and plans to expand its presence in Jeddah and Dammam, while also preparing to launch an e-auction platform in the next few months to improve price realization and customer reach. As a result, we expect used-car revenue to grow at a CAGR of 29% over 2024–29e, driven by a strong surge in 2028–29 on major contract expiry, with an average contribution of ~29% of total revenue over 2024–29e.

**Healthy financial outlook:** Overall, we project Cherry's total revenue to grow at a CAGR of ~17% over 2024–29e, largely driven by fleet expansion amid new contract wins. However, EBITDA growth is expected to moderate to an 11% CAGR during the same period, reflecting pressure on gross margins in the used car sales segment amid lower recovery rates, as well as continued competitive intensity weighing on long and short-term leasing margins. Nevertheless, these headwinds will be offset by a sharp reduction in financing costs, declining from SAR57mn in 2025e to SAR30mn in 2029e, driven by declining leverage and easing interest rates. As a result, we expect earnings to grow at a 17% CAGR during 2024–29e.

**Attractive valuation underscores a compelling investment case:** At the IPO price of SAR28/share, Cherry offers an attractive valuation at 10x 2026e EPS vs peer average of ~12x, reflecting a ~17% discount compared to peer average. Its EV per fleet is also the lowest in the sector at SAR113k per vehicle versus peers' average of SAR128k (~12% discount). These discounts, coupled with Cherry's competitive EBITDA profile (expected margin of 46.7% compared to peers' average of 45.6% in 2026e), underscore a compelling and value-accretive investment opportunity. We value Cherry based on an equally weighted valuation using DCF (8.7% WACC, SAR36.6 TP) and P/E (13x' 2026e EPS, SAR36.5 TP) methods. We accordingly derived a blended **TP of SAR36.5/sh**, implying an upside of 30.5% from the IPO price of SAR28/sh.

**Risks:** Downside risks include high exposure to government clients, increasing client concentration, a delay in receivable collections, increased competition, supply chain issues for automobiles, structural changes in the industry, challenges in selling used vehicles, and rising insurance & spare parts costs.

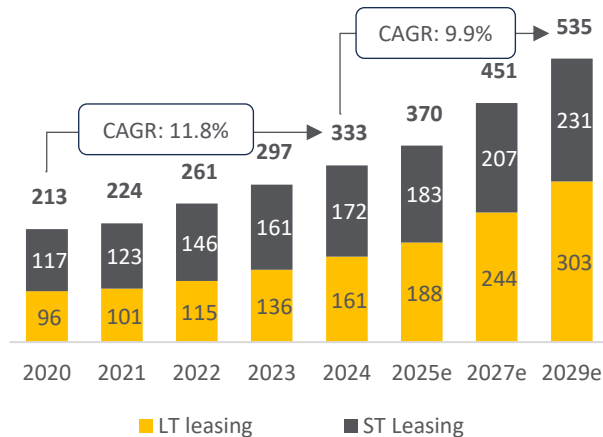
## Investment Case

### Favorable market dynamics to drive vehicle leasing demand

Saudi Arabia’s vehicle leasing market (long-term and short-term combined) recorded a strong 13.0% CAGR over 2020–24, fueled by i) a surge in tourism activity (~12% CAGR over 2019–24), ii) an increase in e-commerce (+14.6% CAGR over 2020-24), and iii) several government initiatives, including the requirement for multinational companies to establish regional HQs in KSA. In addition, government entities and corporates are increasingly opting to lease rather than own vehicles to remain asset-light and maintain flexibility, reinforcing demand.

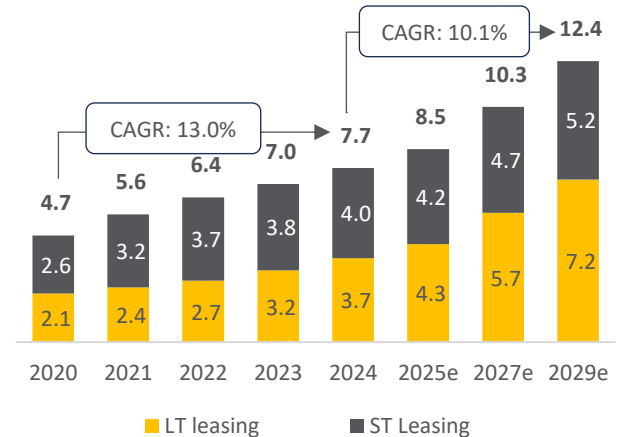
Looking ahead, several structural drivers are expected to support continued market expansion. The Kingdom aims to attract 150mn tourists by 2030, up from 116mn in 2024. Air passenger traffic is also targeted to rise sharply to 330mn by 2030 from 128mn in 2024, implying a CAGR of ~17%. Additionally, major upcoming global events, including Expo 2030, are set to further boost mobility needs. Collectively, these factors position the vehicle leasing market (both short and long-term) to sustain strong growth, with fleet demand anticipated to increase at a CAGR of 9.9% over 2024-29e, leading to market size growth at a CAGR of 10.1% over the same period.

Figure 2: Fleet size in KSA incl. LT and ST ('000')



Source: Company prospectus. GIB Capital.

Figure 3: Vehicle leasing market in KSA incl. LT and ST (SARbn)



Source: Company prospectus. GIB Capital.

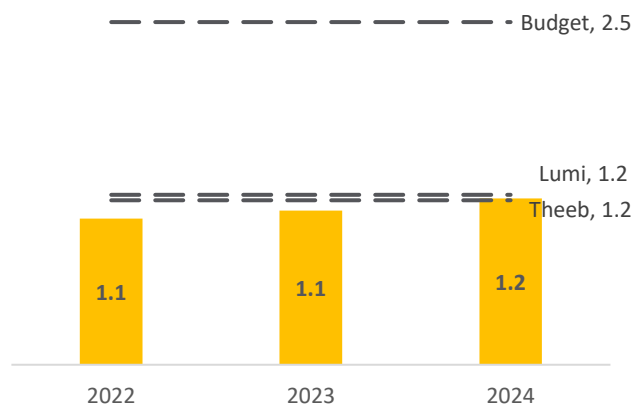
### Cherry: One of the leading players in the long-term leasing business ...

Cherry is a well-established player in KSA’s vehicle leasing and mobility market, with a business model anchored in long-term leasing and supported by used car sales and short-term rentals. The company has a geographic footprint across major regions in KSA, with a 27-branch network (20 branches alone in the Central & Eastern regions). The company benefits from strong institutional relationships and is a pre-approved vendor for government institutions via the Etimad platform, which provides access to recurring, multi-year contracts with major corporate clients such as Aramco, NEOM, SABIC, and PIF affiliates. Its scale, with over 15k vehicles and an 8.8% share in the long-term leasing market (by Dec-24), positions it as the fourth-largest player in long-term leasing nationally, offering predictable cash flows and renewal potential. While revenue concentration among top clients has increased, Cherry’s entrenched position in both public and private sectors underscores its resilience and growth prospects in a market where demand for structured mobility solutions remains healthy.

**... with a healthy long-term leasing backlog aided by new contract wins**

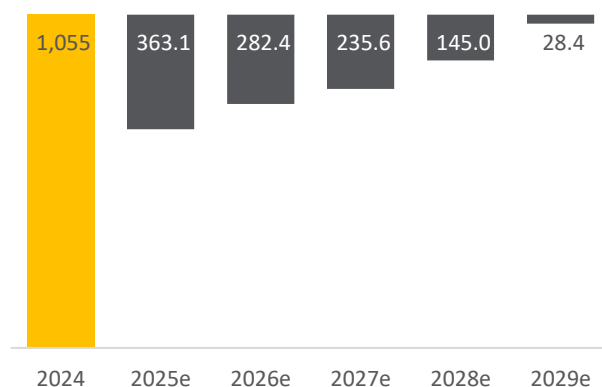
Cherry derives roughly 71% of its revenue from the long-term leasing segment. Within this segment, roughly 80% of revenue comes from government and quasi-government clients, underscoring the company’s strategic focus on public sector contracts. Cherry expanded its backlog from SAR1.1bn in 2022 to SAR1.2bn in 2024, largely in line with its peer, reflecting its ability to successfully renew existing contracts and add new ones. So far in 2025, the company secured nine new contracts and deployed more than 750 vehicles, with contract tenors of 36–39 months, consistent with historical norms. Given Cherry’s deep, long-standing relationships with top-tier government clients, including blue-chip names such as Aramco, SABIC, and PIF, and its strong understanding of public-sector requirements, we believe the company is well-positioned to comfortably replenish or even expand its backlog. This, in turn, provides strong revenue visibility for the long-term leasing segment over the medium term. Accordingly, we expect LT leasing revenue to grow at a CAGR of ~11% over 2024-29e, driven by fleet expansion and higher utilization rates (CAGR of ~7% of utilized vehicles over the period), fueled by bid wins, and increasing average annual revenue per vehicle (CAGR of 4%). We expect the segment contribution to remain the main source of Cherry’s top-line growth, with an anticipated average contribution of ~64% over 2025-29e.

Figure 4: Cherry’s & peers leasing backlog (SARbn, Inc. VAT)



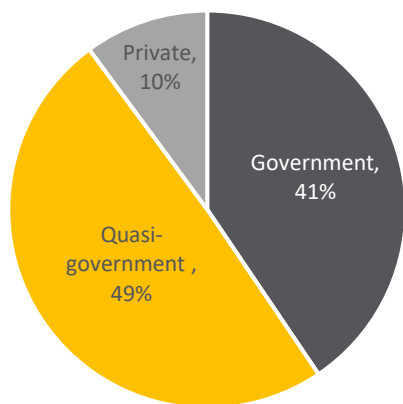
Source: Company data, GIB Capital

Figure 5: Residual contract value to be booked (SARmn, Ex. VAT)



Source: Company data, GIB Capital

Figure 6: Breakdown of Cherry’s leasing clients (of 2024 backlog)



Source: Company data, GIB Capital

Figure 7: New contracts signed by Cherry (in 2025)

New contracts			
No. of contracts	Avg. duration	No. of vehicles	Value (SARmn)
3	36 months	20	Below 10
5	36 months	130	Between 10-100
1	39 months	607	Over 100

Source: Company data, GIB Capital

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### Supported by a disciplined expansion plan in the short-term rental business...

Cherry currently has a limited presence in the short-term leasing (rental) segment, with a fleet of ~1k vehicles at end-2024 (~7% of its total fleet). However, the company aims to gradually scale this segment by leveraging its strong brand equity and established position in the broader vehicle leasing market, supported by its wide network of 27 branches and omni-channel presence. Cherry plans to increase its rental fleet to 3–4k vehicles by 2029e (around 2k on a net basis), adopting a disciplined expansion strategy focused on profitability rather than aggressive volume growth. Moving in this direction, the company has already implemented several initiatives, including the recent appointment of a new head for the rental division to strengthen commercial execution. As a result of these efforts, while the gap in size versus peers remains wide (average peer fleet in 2024: ~12k vs. Cherry's ~1k) and is likely to persist, profitability is anticipated to gradually converge, with average revenue per vehicle expected to reach ~SAR2.3k in 2029e (peer average in 2024: ~SAR3.2k vs. Cherry's ~SAR1.8k). Accordingly, we expect rental-segment revenue to grow at a robust 24.4% CAGR over 2024–29e, albeit from a low base, with its contribution to total revenue rising from 4.7% in 2024 to 6.4% by 2029e.

### ...and channel enhancement for the used vehicles segment

The Company is strengthening its position in the segment by reducing reliance on intermediaries and expanding direct-to-consumer channels. Although the used car market is highly fragmented (top 5 players holding only ~4% of the total market size) and dominated by private bids, the company is shifting toward higher-margin sales routes. It has already opened a B2C used-vehicle showroom in Riyadh and plans to expand to Jeddah and Dammam, aiming to achieve better price realization and stronger customer reach.

Additionally, Cherry aims to launch an e-auction platform within 6–12 months. However, due to a relatively longer fleet disposal cycle caused by long-term leasing dominance in operations, revenues are expected to fluctuate depending on contract expiry and volumetric sales. As a result, we expect used car revenue to grow at a CAGR of 29% over 2024–29e, driven by a strong surge in 2028–29e, with an average contribution of 35.5% of total revenue during the period.

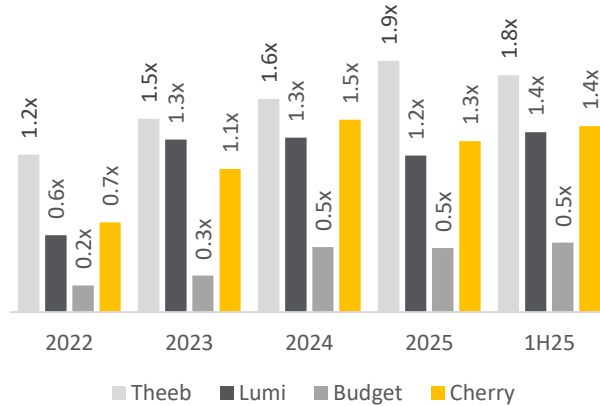
### Healthy earnings outlook underpinned by top-line momentum and declining interest rates

We project Cherry's operating profits to grow at a CAGR of 9% over 2025–29e, primarily driven by steady top-line expansion. Earnings growth, however, is expected to outpace operating performance as finance expenses are expected to decline in tandem with falling interest rates.

We note that the company's leverage has risen meaningfully, with net debt/equity climbing from 0.7x in 2022 to 1.4x by 1H25, as outstanding debt expanded from SAR278mn in 2022 to ~SAR800mn by 2Q25, pushing finance costs sharply higher, up from SAR9mn in 2022 to SAR47mn in 2024, and further increasing 46% y/y in 1H25 to SAR29mn. With rates now trending lower (12M SAIBOR at 4.86% versus 6.22% in November 2023), financing costs should ease, reducing the cost of fleet expansion and supporting margin recovery from 2026e onwards.

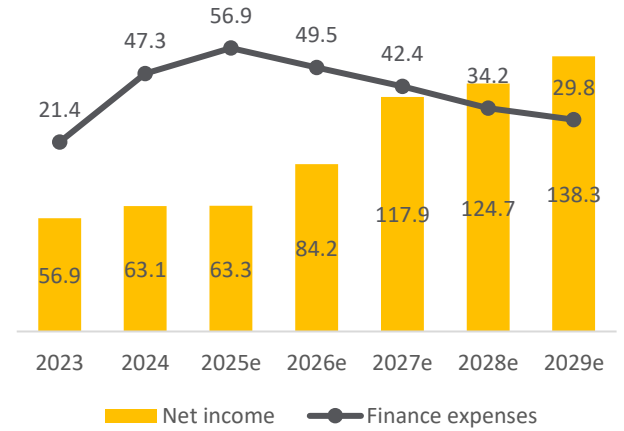
Consequently, we anticipate muted bottom-line growth in 2025e due to residual finance pressures, followed by a strong rebound in 2026e (+33% y/y), with earnings compounding at a 17% CAGR through 2029e to reach ~SAR138mn.

Figure 8: Cherry's leverage against peers (net debt/equity)



Source: Company data, GIB Capital

Figure 9: Finance costs and net income trend (SARmn)

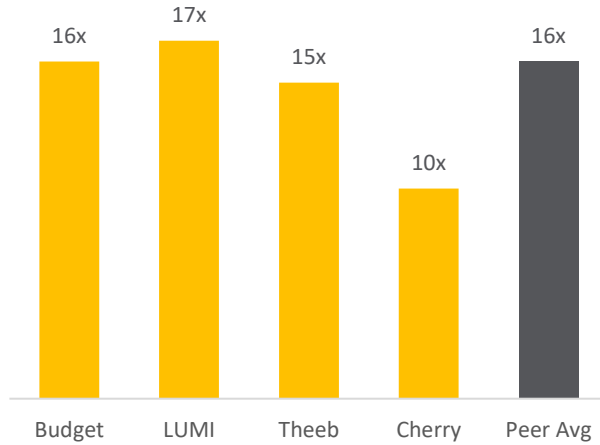


Source: Company data, GIB Capital

**Attractive valuation presents an appealing investment opportunity**

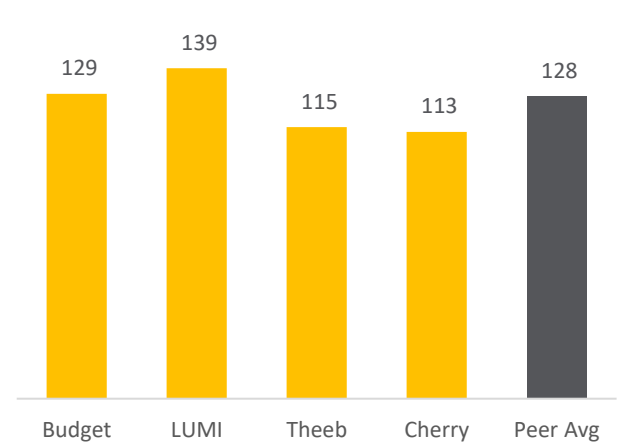
At the IPO price of SAR28 per share, Cherry's valuation appears compelling, pricing the company at 10x 2026e EPS compared to the current peer average of 12x for 2026e, implying a discount of 17% on the IPO price. Notably, this is well below the 1-year forward average multiple of 16x for peers over the past three years, as peers saw price corrections in 2025. This implies a 37.5% discount to the three-year average peer multiple. Similarly, Cherry's EV per fleet is at the lowest level at SAR113k per vehicle versus the peer average of SAR128k, indicating a ~12% discount. These valuation gaps, combined with Cherry's strong EBITDA profile (expected margin of ~46.7% versus the expected peer average of 45.6% in 2026e), present a compelling and value-accretive investment opportunity.

Figure 10: 3Y avg of peers' 1Y Fwd. & Cherry IPO P/E multiple



Source: Company data, GIB Capital

Figure 11: Current EV/fleet (SAR'000') – Cherry vs peer



Source: Company data, GIB Capital

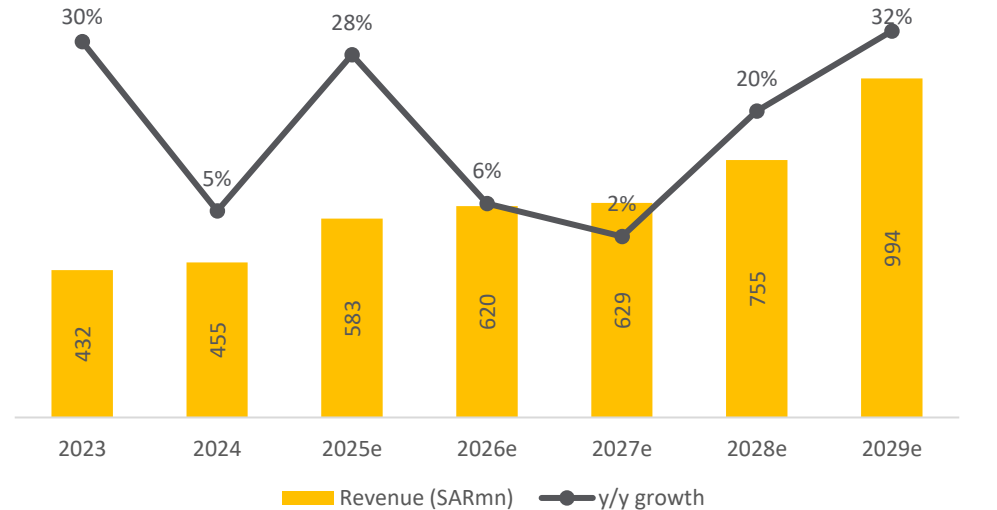
## Key assumptions

### 1. Revenue

The company's revenues have grown significantly by 30% y/y in 2023, due to a spike in used vehicle sales volume reaching SAR432mn. However, growth normalized in 2024 due to lower used vehicle sales volume and selling prices as well. We expect this volatility, driven by inconsistent vehicle disposals, to persist in Cherry's future.

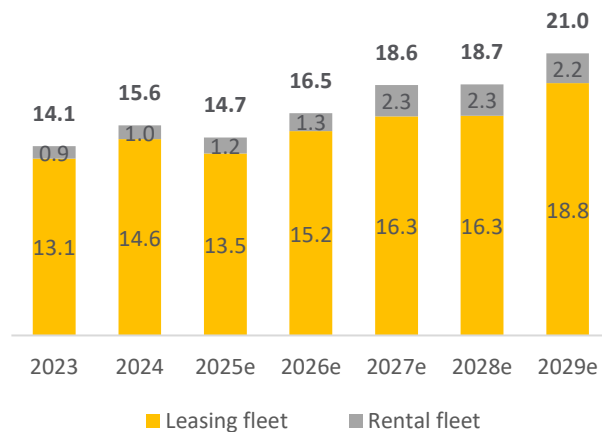
Going forward, we conservatively expect total fleet size to grow at a CAGR of 6.1% during 2024-29e, reaching ~21k vehicles by 2029e compared to 15.6k vehicles in 2024, driven by new bid wins in the LT leasing and the company's growth plans in the ST rental segment. Consequently, we expect revenues to grow 28% y/y in 2025e, and by 6.4% y/y in 2026e, with almost flat growth in 2027e, hindered by lower vehicle sales. However, we expect growth to revive in 2028-29e by ~20-32% y/y, driven by higher vehicle sales. Accordingly, our forecasts reflect a revenue CAGR of ~17% during 2024-29e.

Figure 12: Cherry's revenue growth trend



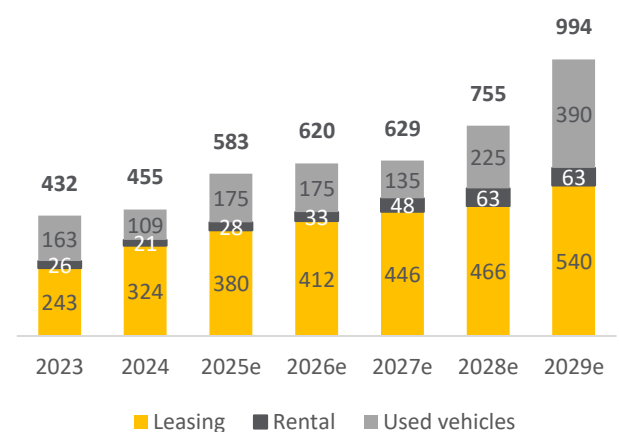
Source: Company data, GIB Capital

Figure 13: Cherry's fleet expansion trend ('000s)



Source: Company data, GIB Capital

Figure 14: Cherry's segmental revenue trend (SARmn)

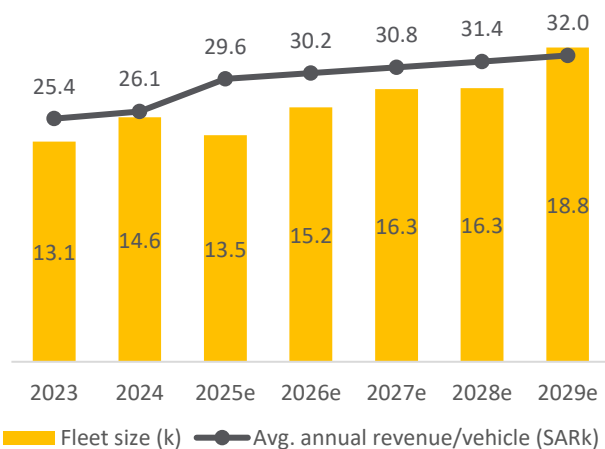


Source: Company data, GIB Capital

### LT Leasing

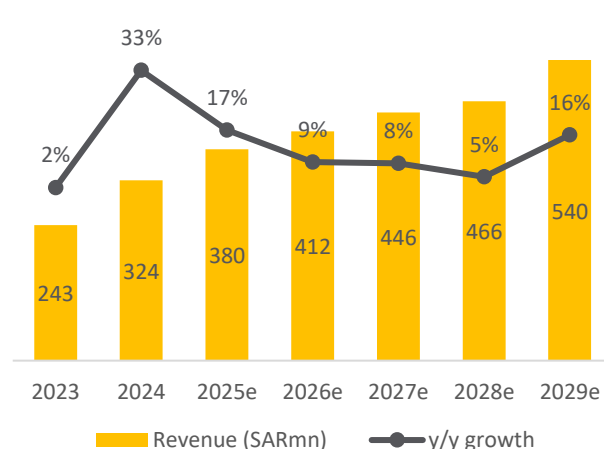
Long-term leasing remains the focus operation of Cherry, contributing ~71% of the top line in 2024 and 56% 2023 (lower contribution amid higher vehicle sales). The company's backlog (~SAR1.2bn by 2024 end) is clearly skewed into more government & quasi-government clients, accounting for 90% of the backlog value. Moreover, Cherry won 9 new contracts in 2025, requiring more than 750 vehicles for those contracts, reflecting the company's commitment to its bidding strategy. Being an approved vendor in the Etimad platform, Cherry plans to submit around 50 bids annually in 2026-27e, 50-100 bids in 2028e, and 100-150 bids in 2029e. The company guides for a 40% bid win rate, with an expected average contract size of SAR25-30mn in 2026e, and low-to mid-teen SARmn between 2027-29e. In our forecasts for the segment, we expect the fleet growth at a CAGR of 5% over 2024-29e with an annual average of ~832 in net addition during the period. Further, we assume an average of ~SAR30.7k annual revenue per vehicle in 2025-29e. Accordingly, we anticipate a 17-8.5% growth in leasing revenue in 2025-26e, reaching SAR380/SAR412mn, respectively, and further reaching SAR540mn by 2029e, reflecting a CAGR of ~11% during 2024-29e.

Figure 15: LT leasing fleet and revenue per vehicle trend (year-end)



Source: Company data, GIB Capital

Figure 16: LT leasing revenue trend

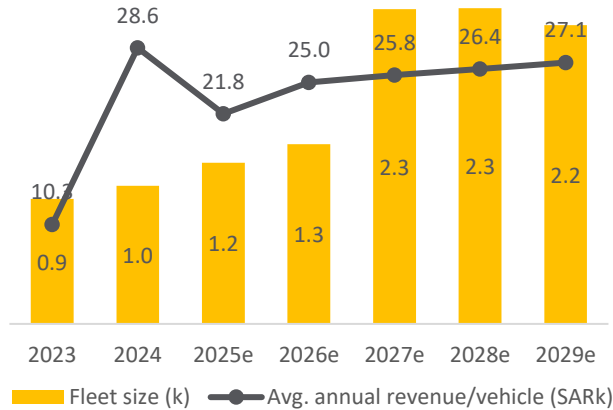


Source: Company data, GIB Capital

### ST leasing (rental)

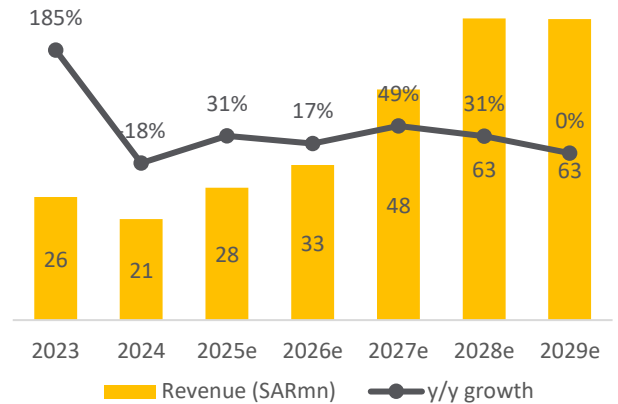
Despite the expansion plan, short-term rental is expected to remain the least contributor to Cherry's growth, as the company is expected to stay committed to its lease-focused strategy. We expect Cherry to increase its rental fleet consistently over 2024-29e (CAGR of 17%), reaching a net fleet size of ~2.2k by 2029e (double the 2024 fleet). We largely go with the guidance in the rental segment, given the lower barriers to expansion in the market, reflecting a ~2400 gross addition to the fleet size during the 2025-29 period. Meanwhile, we expect an annual average revenue per vehicle at an average of ~SAR26.4k during 2025-29e. As a result, we expect the segment's top-line to post 31-17% in 2025-26e and grow steadily to reach ~SAR63mn in 2028-29e, reflecting a CAGR of 24.4% during 2024-29e period.

Figure 17: ST leasing fleet and revenue per vehicle trend (year-end)



Source: Company data, GIB Capital

Figure 18: ST leasing revenue trend

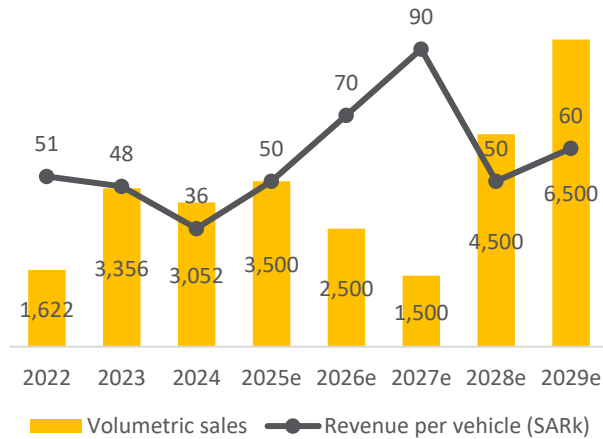


Source: Company data, GIB Capital

### Used vehicle sold

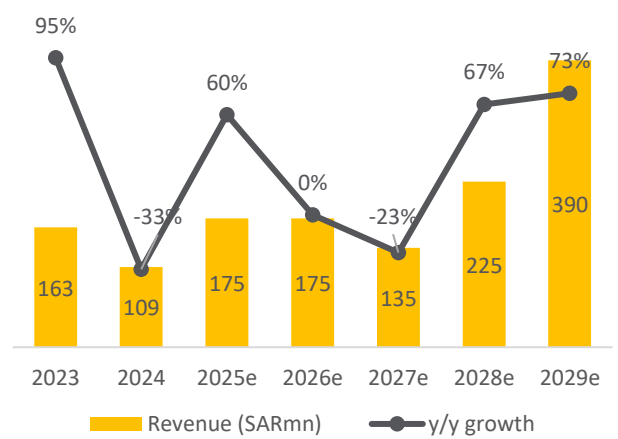
Cherry's business model focuses on leasing, with contracts extending to multi-year periods, leading to a longer fleet recycling period (aligns with contract expiry periods). As a result, sales of the vehicles segment's contribution to the top line have been volatile historically (24% in 2024, 37.7% in 2023). We expect this trend to persist, as Cherry still prefers leasing over rental. In our forecasts, we remain conservative, taking into account the mid-number approach regarding volumetric sales guided by the company, and the lower end of expected selling prices. Accordingly, we expect used car sales to grow 60% in 2025e to SAR175mn and remain flat in 2026e, and to reach a peak of SAR390mn in 2029e, reflecting a CAGR of 29% over 2024-29e.

Figure 19: Used vehicles sold volume and pricing trend



Source: Company data, GIB Capital

Figure 20: Used vehicles revenue trend

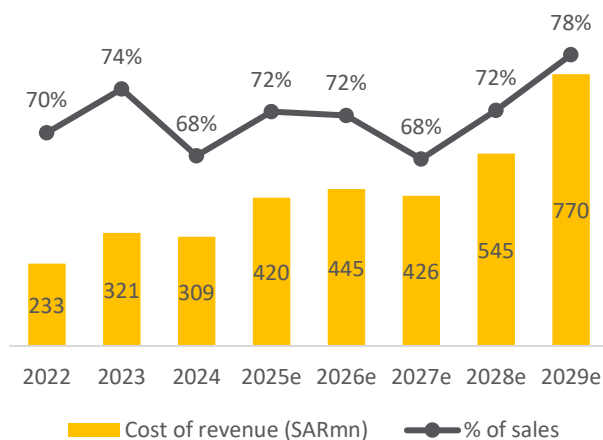


Source: Company data, GIB Capital

## 2. Costs

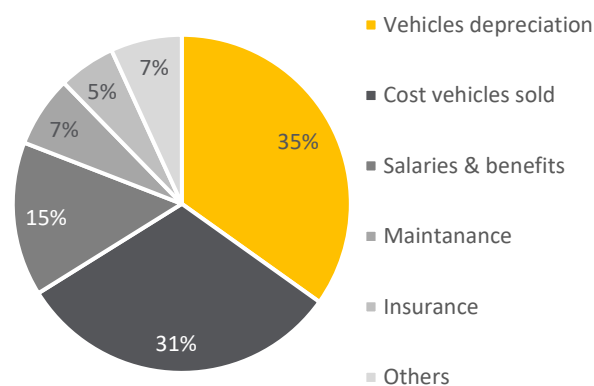
We note that depreciation on vehicles and cost of sales of vehicles remain the major costs (a combined average of 69% of total COGS during 2022-24), with varying contributions, dependent on sales mix and fleet composition, followed by salaries, maintenance, and insurance costs (average combined contribution of 25% of total COGS in 2022-24). Going forward, we forecast depreciation to contribute an average of 32% of total COGS over 2025-29, while the cost of used vehicles is expected to be more dominant, with an average of 39% during the same period due to lower price recovery rates anticipated for used vehicles compared to historical levels.

Figure 21: Cost of revenues (COR) trend



Source: Company data, GIB Capital

Figure 22: Cost of revenue breakup 2024

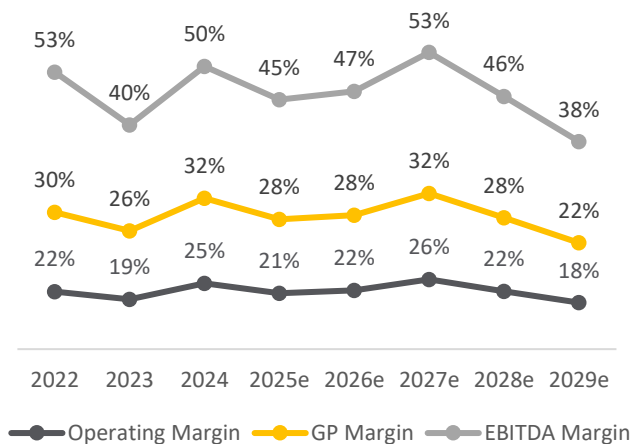


Source: Company data, GIB Capital

### 3. Margins

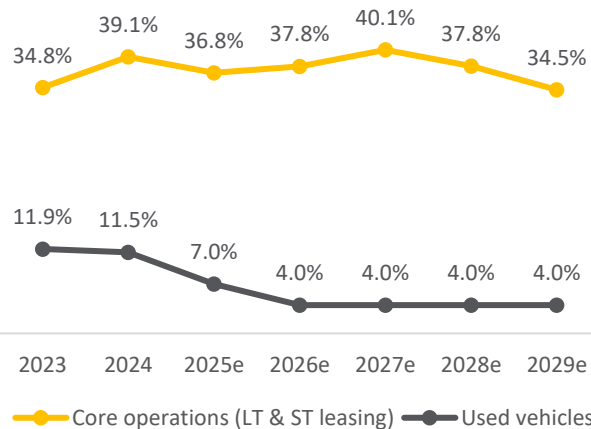
Cherry has a volatile gross margin profile, impacted mainly by fluctuations of the used vehicles segment contribution to the top line and its fluctuating margins, reflected in a gross margin of ~30/26/32% over 2022-23-24, respectively. However, we note that core gross margin (excl. used car sales segment) improved from 33% in 2022 to ~35% in 2023 and further to ~39% in 2024. Going forward, we expect gross margin to remain volatile, mainly due to changes in the mix, with an expected average margin of ~29% in 2025-28e, with a sharp decline in 2029e, caused by a higher contribution from vehicle sales. In this regard, we conservatively forecast a gross margin of 7% for vehicle sales in 2025e (guidance: 9%) and 4% in 2026e and afterwards (guidance: 3-5%). For EBITDA margin, we forecast an almost similar trend to the gross margin with an expected increase in OPEX in 2025e due to listing expenses, reflecting an average EBITDA margin of 45.7% over 2025-29e.

Figure 23: Gross, operating, and EBITDA margins trend



Source: Company data, GIB Capital

Figure 24: Gross margin by segment

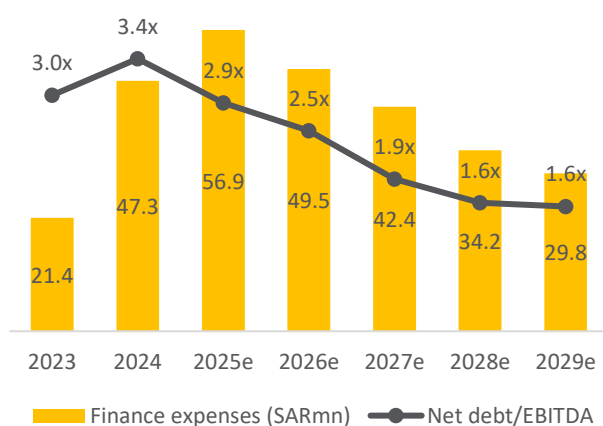


Source: Company data, GIB Capital

#### 4. Finance expenses and earnings

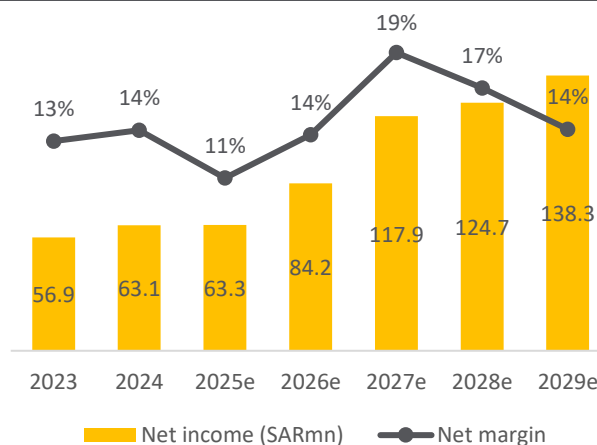
Cherry's finance expenses increased significantly in the last few years, reaching SAR47mn in 2024 (more than double the 2023 level), driven by increased debt and interest rates. Going forward, we expect finance expenses to further increase in 2025e, reaching SAR57mn. While we expect the impact of finance expenses on the bottom line to remain largely meaningful in the following periods (see the section below for further details), Cherry is likely to benefit from the lower-interest-rate environment. Thus, we anticipate the finance costs to decline to ~SAR50-42mn over 2026-27e, respectively, and to reach a near ~SAR30mn level by 2029e. Accordingly, we forecast a flattish earnings growth for Cherry in 2025e at ~SAR63mn (mainly due to increasing finance costs) and to post a solid performance in 2026e onwards, reaching ~SAR84mn and further to ~SAR138mn by 2029e, reflecting a CAGR of 17% over 2024-29e.

Figure 25: Leverage and finance expenses trend



Source: Company data, GIB Capital

Figure 26: Earnings trend

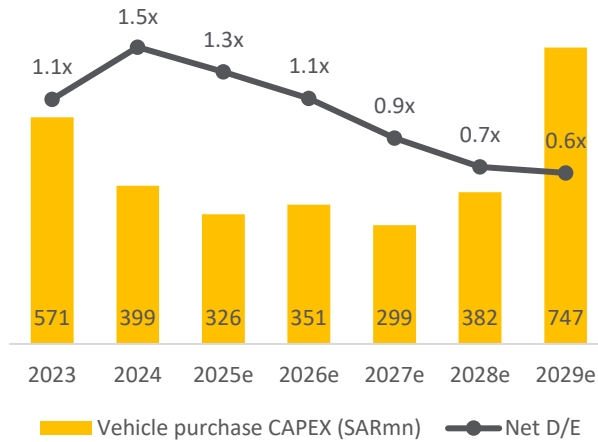


Source: Company data, GIB Capital

#### 5. Capex and leverage

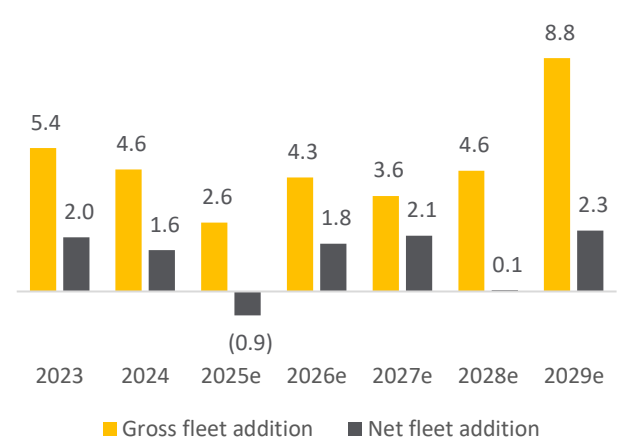
Cherry's capital expenditure on vehicle additions fluctuates in line with contract wins and fleet additions. CAPEX reached ~SAR400mn in 2024 (fleet additions: ~4.6k vehicles) compared to SAR571mn in 2023 (fleet additions: ~5.4k vehicles). We forecast our CAPEX depending on our expectations of fleet addition and average purchase prices. Hence, we forecast a total vehicle CAPEX of ~SAR2.1bn over 2025-29e, which we expect to fuel a gross addition of ~23.9k vehicles to the total fleet during the same period. However, Cherry, in line with sector practice, is likely to remain dependent on external loans to fuel expansion. As a result, we expect the leverage position in general to decline with net debt (including lease liabilities) to equity improving from 1.5x in 2024 to 0.6x by 2029e on the back of the expected healthy cash flow.

Figure 27: Capex and net debt/equity (Incl. leases) trend



Source: Company data, GIB Capital

Figure 28: Fleet addition trend (000')

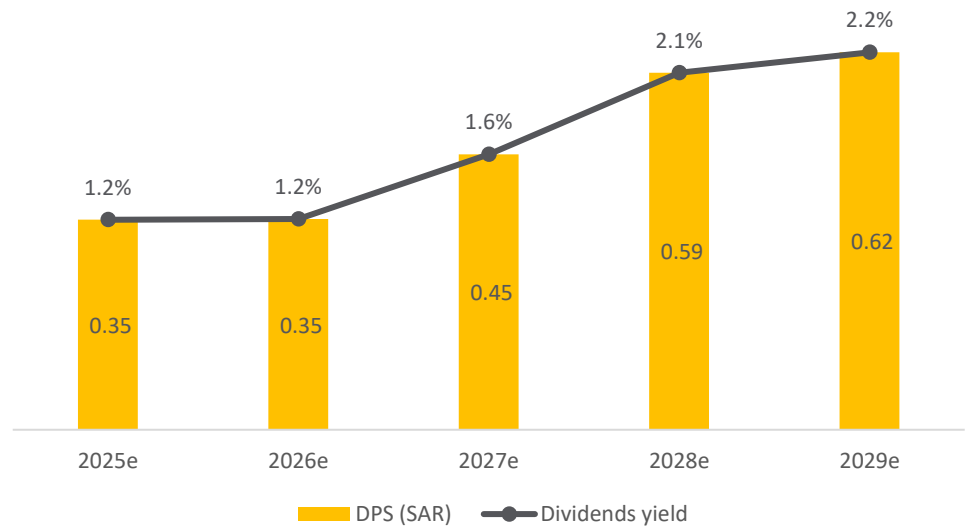


Source: Company data, GIB Capital

## 6. Dividend

The company plans to distribute 15-20% annually of the previous year's earnings as dividends. Accordingly, we forecast a DPS at SAR0.35 each for 2025e and 2026e and SAR0.45 for 2027e, implying a dividend yield of 1.2% in 2025-26e and 1.6% in 2027e, based on the issue price.

Figure 29: Dividend trend



Source: Company data, GIB Capital

## Valuation

We use an equal mix of P/E multiple and DCF methods for valuing the company. For relative valuations, we use a 13x multiple on 2026e EPS and arrive at a P/E-based 1Y Fwd target price of SAR36.5/share. As for DCF, based on a WACC of 8.7%, we derive SAR36.6/share as the DCF-based 1Y Fwd target price. We arrive at an equal-weighted average 1Y Fwd TP of **SAR36.5/share**, implying a 30.5% upside from the IPO price. We initiate on Cherry with an “Overweight” rating.

Figure 30: DCF Valuation

DCF model (In SARmn)	2025e	2026e	2027e	2028e	2029e	2030e
EBIT	122	137	165	164	174	212
tax	(2)	(4)	(5)	(5)	(6)	(7)
Change in WC	166	161	130	192	403	94
Dep	140	152	169	180	205	220
Capex, net	(333)	(358)	(307)	(392)	(759)	(407)
<b>FCF</b>	<b>92</b>	<b>88</b>	<b>152</b>	<b>139</b>	<b>17</b>	<b>112</b>
<b>Terminal Value</b>						<b>2,018</b>
Enterprise value of the explicit period	492					
PV of Terminal Value	1,320					
<b>Total Enterprise Value</b>	<b>1,812</b>					
(-) Debt, incl. lease liabilities	(827)					
(-) Pension/liabilities	(10)					
(+) Cash	19					
<b>Equity value</b>	<b>994</b>					
Number of shares	30					
<b>Equity value per share</b>	<b>33.1</b>					
<b>Adjusted DCF-based equity value per share*</b>	<b>36.6</b>					
Cost of Equity	10.5%					
Cost of debt	6.0%					
Target D/A	40%					
<b>WACC</b>	<b>8.7%</b>					

Source: GIB Capital \* Target price is rounded, and time value adjusted 1 year forward \*\* using 3% Terminal growth rate

## DCF sensitivity analysis

Figure 31: Sensitivity of terminal growth rate and WACC

	WACC	Terminal growth				
		2.0%	2.5%	3.0%	3.5%	4.0%
7.7%	38.8	43.9	50.1	57.8	67.6	
8.2%	33.5	37.7	42.7	48.8	56.3	
8.7%	28.9	32.4	<b>36.6</b>	41.5	47.5	
9.2%	25.0	28.0	31.4	35.5	40.3	
9.7%	21.6	24.1	27.1	30.5	34.4	

Source: GIB Capital

### Peer multiples

We compare Cherry to local players solely in terms of comparative valuation, due to exposure to a similar macro environment and risk profiles. Local peers currently trade at an average P/E of 12x on 2026e EPS, compared to an average 1Y Fwd multiple of 16x in the last three years. However, we assign Cherry a 1Y Fwd multiple of 13x, around 20% discount from the peers' historical average, due to lower growth expectations for Cherry compared to peers.

Figure 32: Peer valuations

	Country	Mkt Cap (USDmn)	P/E Ratio (TTM)	P/E FY25	P/E FY26	EV/EBITDA (TTM)	EV/EBITDA FY26	DY FY25
Theeb Rent A Car	KSA	680	684	13.2x	13.2x	6.4x	5.6x	3.9%
United International	KSA	1,375	1,379	14.5x	14.6x	6.8x	5.5x	2.7%
Lumi Rental Co	KSA	786	776	13.9x	13.9x	6.1x	5.5x	3.4%
<b>Average</b>			<b>13.9x</b>	<b>13.9x</b>	<b>12.0x</b>	<b>6.5x</b>	<b>5.6x</b>	<b>3.3%</b>
<b>Median</b>			<b>13.9x</b>	<b>13.9x</b>	<b>12.1x</b>	<b>6.4x</b>	<b>5.5x</b>	<b>3.4%</b>
U-Haul Holding C	US	9,434	40.0x	95.0x	43.0x	7.8x	6.8x	0%
Ryder System Inc	US	6,965	14.3x	13.4x	11.4x	5.3x	5.3x	2.0%
Localiza	Brazil	9,066	26.5x	16.2x	11.3x	6.8x	5.3x	3.6%
Avis Budget Grou	US	4,715	N.A.	101.9x	13.8x	2.6x	12.4x	N.A.
Sixt Se - Prfd	Germany	3,470	N.A.	8.1x	7.1x	N.A.	4.7x	6.4%
Comfordelgro Co	Singapore	2,404	14.1x	13.6x	12.4x	5.9x	5.3x	5.8%
Movida Participa	Brazil	755	16.7x	15.2x	8.2x	3.7x	3.2x	2.5%
<b>Average</b>			<b>22.3x</b>	<b>37.6x</b>	<b>15.3x</b>	<b>5.3x</b>	<b>6.1x</b>	<b>3.4%</b>
<b>Median</b>			<b>16.7x</b>	<b>15.2x</b>	<b>11.4x</b>	<b>5.6x</b>	<b>5.3x</b>	<b>3.0%</b>
<b>Average of total</b>			<b>14.4x</b>	<b>14.3x</b>	<b>11.8x</b>	<b>6.1x</b>	<b>5.4x</b>	<b>3.4%</b>
<b>Median of total</b>			<b>19.2x</b>	<b>30.5x</b>	<b>14.3x</b>	<b>5.7x</b>	<b>6.0x</b>	<b>3.4%</b>
<b>Cherry</b>	<b>KSA</b>		<b>13.8x</b>	<b>13.3x</b>	<b>10.0x</b>	<b>6.8x</b>	<b>5.7x</b>	<b>1.2%</b>

Source: Bloomberg, GIB Capital. As of 27th Nov 2025.

### P/E sensitivity analysis

Figure 33: Sensitivity of P/E multiple and 2024 EPS

		P/E multiple				
		11x	12x	13x	14x	15x
E P S	2.4	26.5	28.9	31.3	33.7	36.1
	2.6	28.7	31.3	33.9	36.5	39.1
	2.8	30.9	33.7	36.5	39.3	42.1
	3.0	33.1	36.1	39.1	42.1	45.1
	3.2	35.3	38.5	41.7	44.9	48.1

Source: GIB Capital

### PE-based valuation and Blended valuation

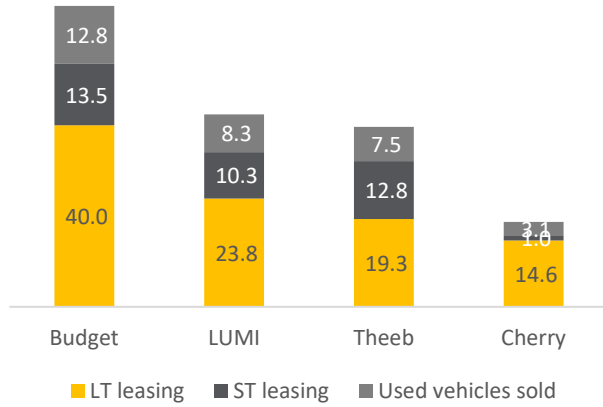
Figure 34: Relative valuations and Average valuations

P/E based valuation (SAR)		Blended 1Y Fwd valuation (SAR)	
P/E	13.0x	P/E	36.5
EPS 2026	2.8	DCF	36.6
<b>1yr fwd PE-based price</b>	<b>36.5</b>	<b>Average</b>	<b>36.5</b>

Source: GIB Capital

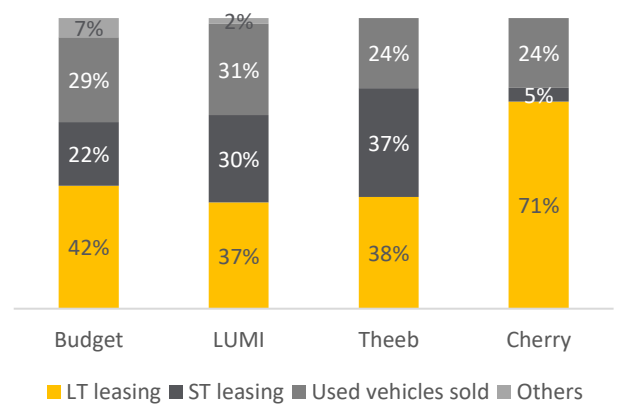
## Cherry vs listed KSA peers in charts

Figure 35: Fleet size in '000' (2024)



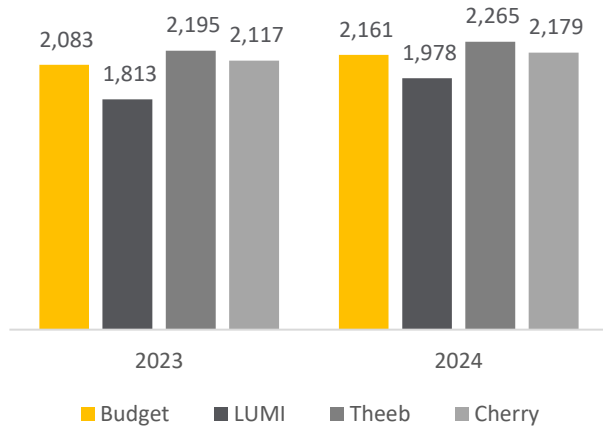
Source: Company data, GIB Capital

Figure 36: Revenue mix (2024)



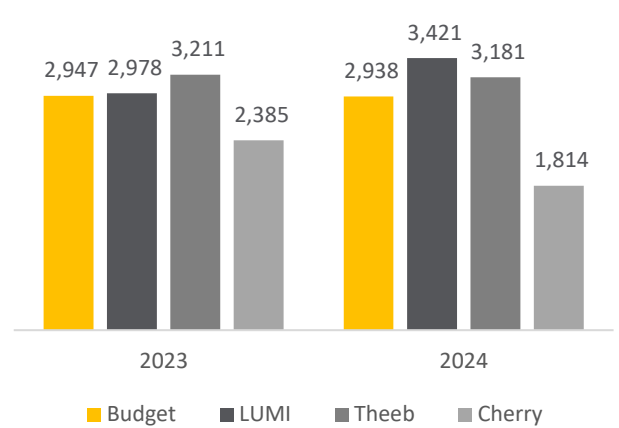
Source: Company data, GIB Capital

Figure 37: Avg monthly revenue per fleet – LT leasing (SAR)



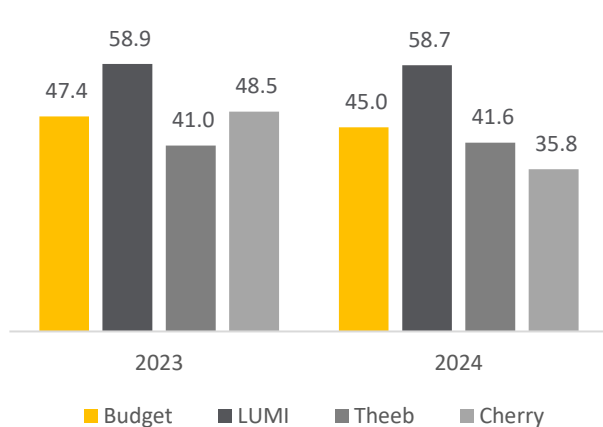
Source: Company data, GIB Capital

Figure 38: Avg monthly revenue per fleet – ST leasing (SAR)



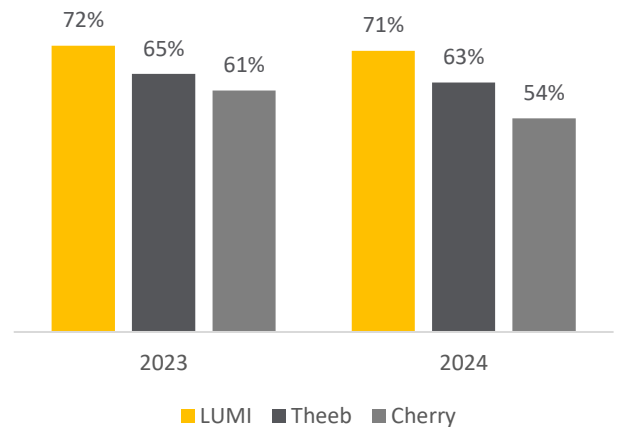
Source: Company data, GIB Capital

Figure 39: Avg selling price per sold vehicle (SAR'000')



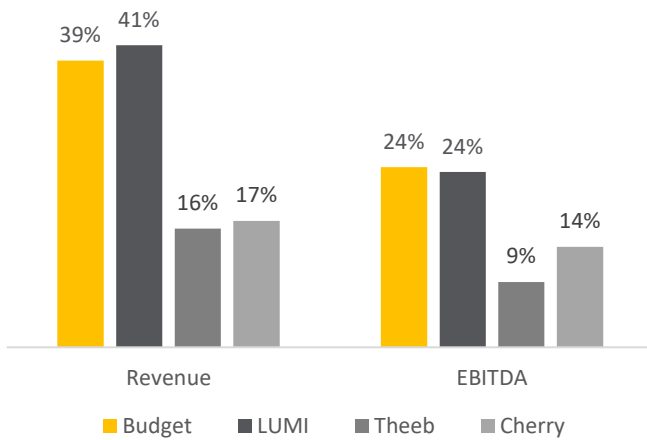
Source: Company data, GIB Capital

Figure 40: Purchase price recovery rate for used vehicles\*



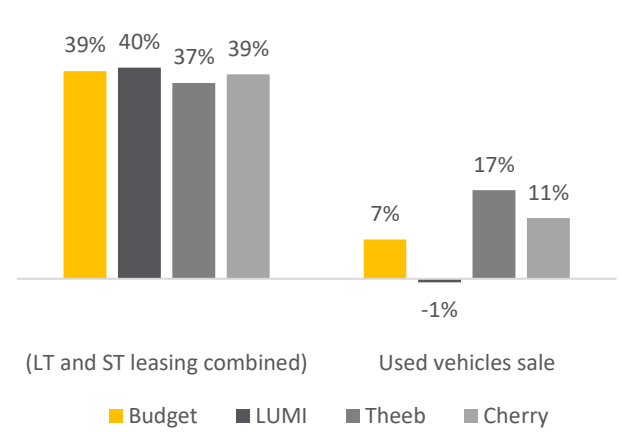
Source: Company data, GIB Capital, \*Budget data is not publicly available

Figure 41: Revenue and EBITDA growth (CAGR over 2022-24)



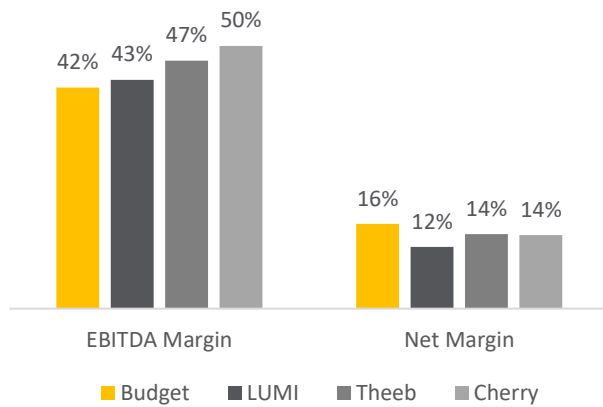
Source: Company data, GIB Capital

Figure 42: Gross margin by business segment (2024)



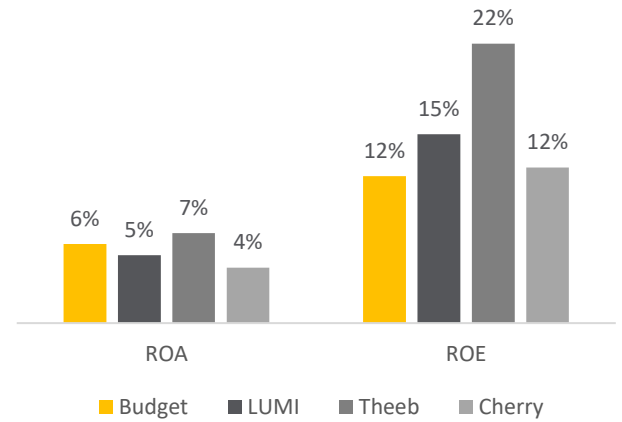
Source: Company data, GIB Capital

Figure 43: EBITDA and net margin (2024)



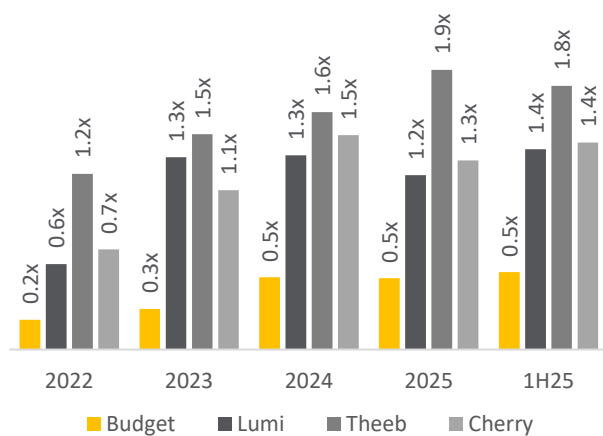
Source: Company data, GIB Capital

Figure 44: ROA and ROE (2024)



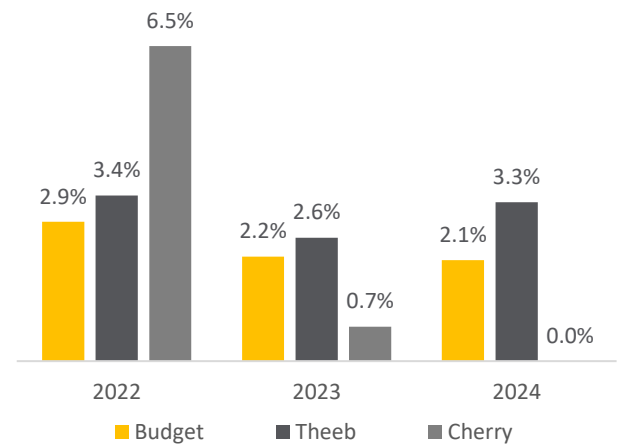
Source: Company data, GIB Capital

Figure 45: Net debt/equity (ex. leases)



Source: Company data, GIB Capital

Figure 46: Dividend yield



Source: Company data, GIB Capital, LUMI was not shown in the chart as it did not pay any dividend over 2022-24.

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## Risks

Key downside risks include the following:

- **High exposure to government clients:** Cherry derives about 71% of its revenue from the long-term leasing segment, of which roughly 80% comes from government and quasi-government entities. Any budgetary constraints or spending delays by the government could directly affect the company's leasing business performance.
- **Increasing client concentration:** Revenue dependence on key clients has intensified in recent years, with the top five clients' contribution rising from 30.7% in 2022 to 55.7% in 2024. This heightens the risk of a significant revenue loss if any major client chooses not to renew its contract.
- **Delay in receivable collection:** As Cherry primarily operates in the long-term leasing segment, largely serving government clients, its receivable days increased from 126 in 2022 to 166 in 2024. This indicates a lengthening collection cycle, which could weigh on profitability due to higher provisioning requirements.
- **Cut-throat competition:** Cherry operates in a highly fragmented market where pricing, service quality, and brand perception drive client decisions. Rising use of digital comparison tools and aggressive competitor strategies exert pressure on prices and margins. Failure to respond through competitive pricing, service enhancements, or digital initiatives could lead to lower utilization, reduced market share, and weaker profitability.
- **Hindrance in procurement of new vehicles:** Cherry's business relies on a consistent supply of new vehicles from local car agencies. Any disruption in procurement or unfavorable pricing and terms could hinder the company's ability to renew or expand its fleet, adversely affecting its operations and future growth prospects.
- **Structural changes in the industry:** The transportation sector is undergoing rapid transformation driven by large-scale public transport projects such as the Riyadh Metro and Haramain High-Speed Railway, along with new mobility models like ride-hailing and vehicle subscriptions. The growing adoption of public transport may reduce demand for traditional leasing and rental services, intensify competition, and pressure the Company's market share and profitability.
- **Challenges in selling used vehicles:** The company's older vehicles are exposed to fluctuations in the used car market. Any decline in demand or liquidity could lead to pricing pressure, making it difficult to dispose of vehicles without incurring losses, thereby adversely impacting the company's financial position.
- **Rising insurance and spare parts costs:** Given the long-term nature of leasing contracts, any increase in insurance or spare parts costs cannot be immediately passed on to customers. As a result, the company must absorb these additional expenses until contract renewal, putting pressure on profit margins.

## IPO Details

Figure 47: IPO details

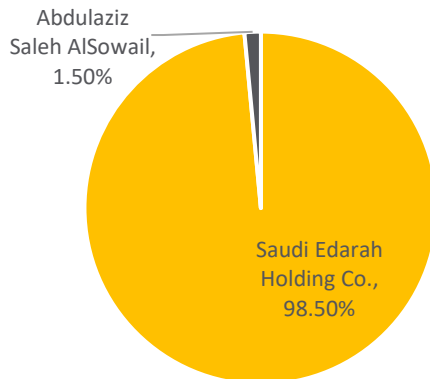
IPO Overview	
<b>Offering</b>	9mn share
<b>Float (%)</b>	30%
<b>Offering type</b>	100% secondary offering
<b>Offer size</b>	SAR252mn
<b>IPO price</b>	SAR28/share
<b>Implied market capitalization</b>	SAR840mn
<b>Listing market</b>	Tadawul (The main market of Saudi exchange)
<b>Shareholder Lock-up period</b>	Six months
<b>Selling shareholders</b>	Saudi Edarah Holding Co., Abdulaziz Saleh AlSowail
<b>IPO proceeds</b>	Net offering proceeds will be distributed to the selling shareholder.

Source: Company prospectus

### Ownership structure

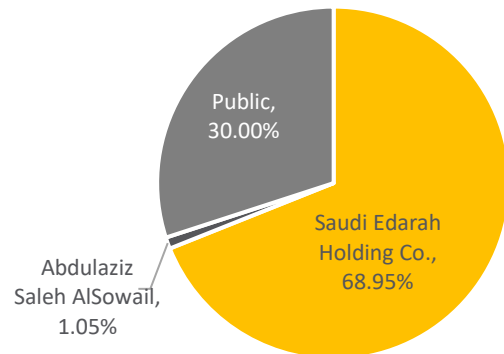
Cherry's current shareholders are selling 30% (9mn shares) of their shares to the public. The money raised will go to the selling shareholders, and the company will not receive any proceeds. The table below shows the ownership structure before and after the offering.

Figure 48: Ownership structure – pre-offering



Source: Company data, GIB Capital

Figure 49: Ownership structure – post-offering

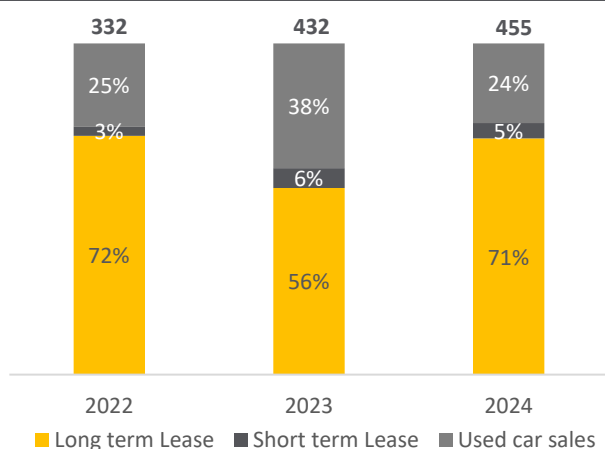


Source: Company data, GIB Capital

## Company Profile

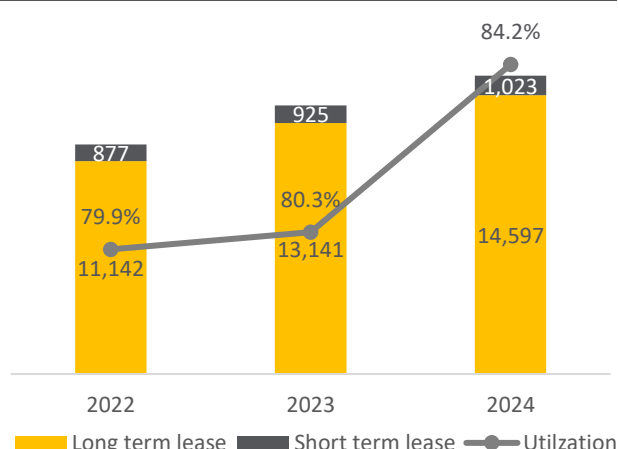
Established in 1980, Cherry Trading (or Cherry Car Rentals) is one of the leading vehicle leasing and mobility solutions providers in Saudi Arabia, offering long-term and short-term leasing services to corporate, government, and individual clients. As an approved vendor on platforms such as Etimad, it benefits from a steady pipeline of public sector leasing tenders and partnerships with major entities, including Saudi Aramco, NEOM, SABIC, and PIF affiliates. The company operates through three business segments: long-term leasing, used car sales, and short-term rentals. As of 2024, it derived ~71% of total revenue from long-term leasing, followed by used car sales (~24%) and short-term rentals (~5%). With a total fleet size of 15.6k (long-term lease: 14.6k), the company is the fourth-largest car rental operator in Saudi Arabia, holding an 8.8% market share in long-term leasing in 2024.

Figure 50: Revenue by business segments (SARmn)



Source: Company data, GIB Capital

Figure 51: Fleet size by segment and overall utilization

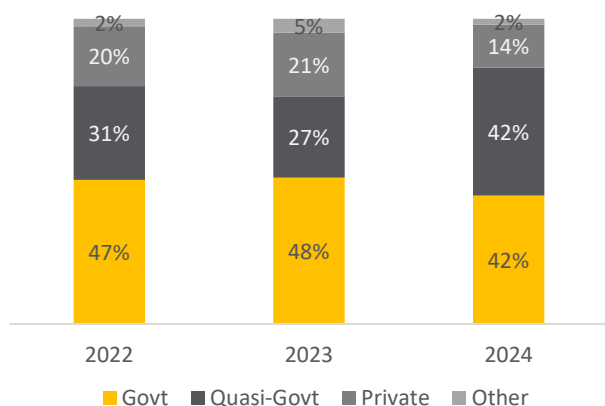


Source: Company data, GIB Capital

### Long-term leasing segment

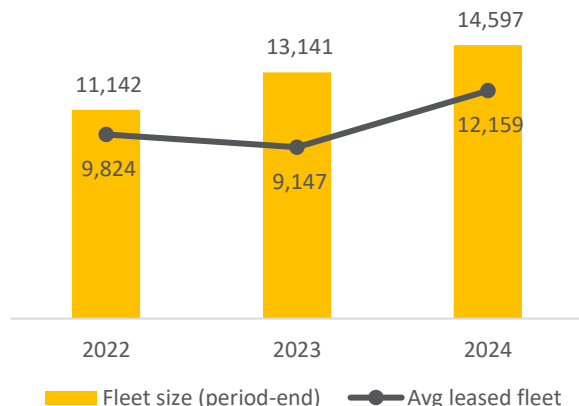
The long-term leasing segment caters to corporate, government, and large enterprise clients, offering tailored leasing solutions with comprehensive fleet management, fixed monthly payments, and full-service coverage, including maintenance and insurance. The long-term leasing agreement generally ranges between 24 to 60 months, aligning with clients' operational cycles and financial planning considerations. The segment contributed 72.1%, 56.4%, and 71.3% of total revenue over 2022–2024, with 14.6k vehicles as of end-2024.

Figure 52: LT leasing revenue mix by customer type



Source: Company data, GIB Capital

Figure 53: Fleet size - LT leasing segment

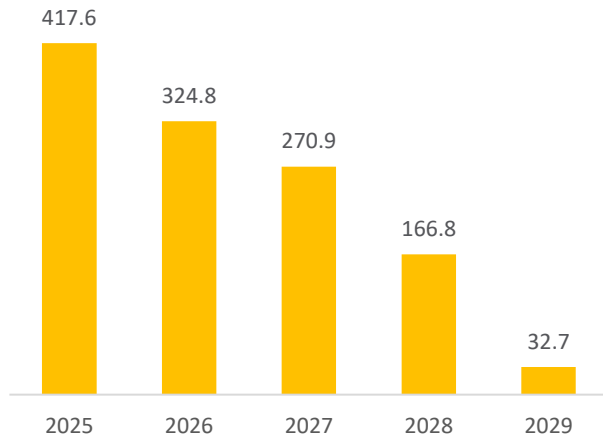


Source: Company data, GIB Capital

Cherry is an approved vendor on platforms such as Etimad, which provides direct access to a steady pipeline of Government leasing tenders, supporting expansion in the public sector and offering strong growth potential. It is also an approved vendor for major corporations and Government-related entities, including Aramco, NEOM, SABIC, and PIF affiliates, enabling it to secure high-value, long-term contracts. This strategic positioning ensures consistent access to multi-year leasing opportunities with high renewal potential, with the company maintaining a strong backlog of SAR1.2bn in long-term leasing contracts at the end of 2024, which would be realized over 2025-29e.

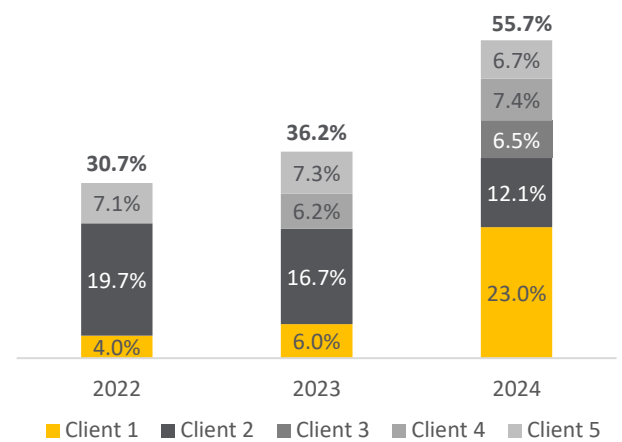
Revenue concentration in the long-term leasing segment has increased between 2022 and 2024, with the top five clients' contribution rising from 30.7% in 2022 to 55.7% by end-2024.

Figure 54: Revenue backlog – LT leasing segment (SARmn)



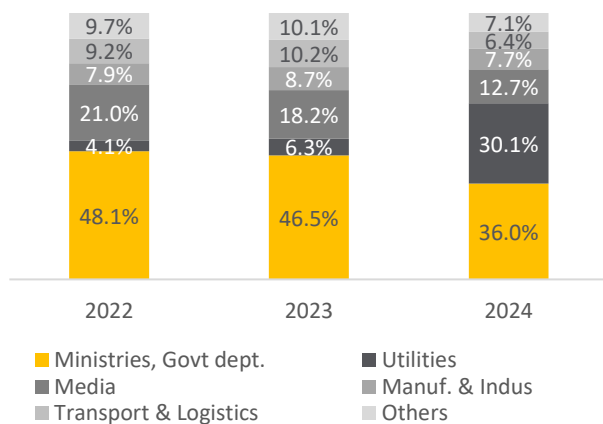
Source: Company data, GIB Capital

Figure 55: LT leasing revenue contribution by the top 5 client



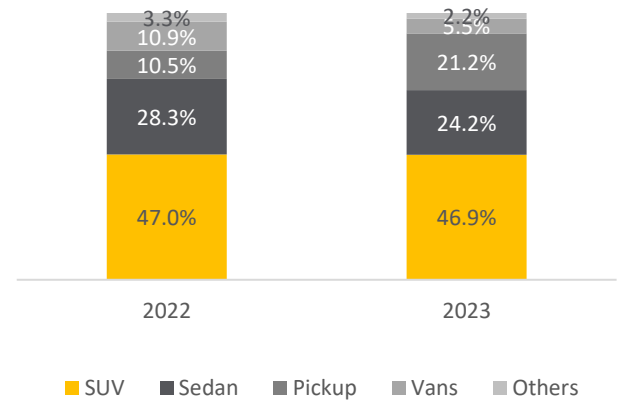
Source: Company data, GIB Capital

Figure 56: LT leasing revenue breakup by industry



Source: Company data, GIB Capital

Figure 57: LT leasing revenue breakup by vehicle type



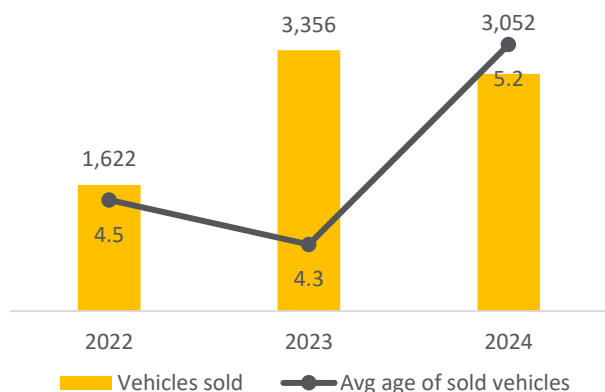
Source: Company data, GIB Capital

### Used car sales segment

The motor vehicle sales segment focuses exclusively on selling used cars from the Company's own fleet, ensuring a consistent supply of high-quality pre-owned vehicles. Sales are conducted through showrooms, online platforms, and B2B channels. A structured disposal strategy and data-driven pricing model based on market demand, brand depreciation trends, and vehicle condition maximizes resale value and sustains fleet quality. This segment contributed 25.2%,

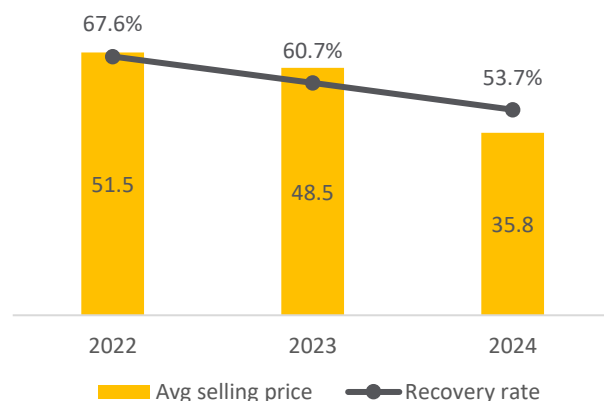
37.7%, and 24.0% of total revenue in 2022–24, with 1,622, 3,356, and 3,052 vehicles sold, respectively.

Figure 58: No. of vehicles sold and their average age



Source: Company data, GIB Capital

Figure 59: Avg selling price/vehicle (SAR'000') & recovery rate

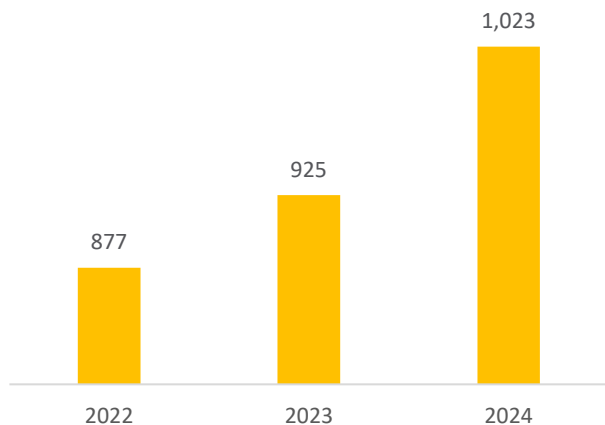


Source: Company data, GIB Capital

### Short-term leasing segment

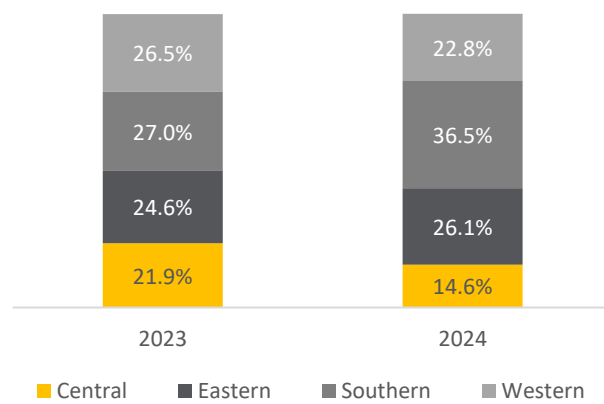
Though the Company is primarily focused on long-term leasing, its short-term rental segment plays a key strategic role in addressing immediate mobility needs for retail and corporate clients. Operating through 27 branches as of December 2024, it offers flexible daily, weekly, and monthly rentals. This segment contributed 2.7%, 6.0%, and 4.7% of total revenue in 2022–24, supported by a fleet of 1,023 vehicles.

Figure 60: ST leasing fleet size



Source: Company data, GIB Capital

Figure 61: ST leasing revenue mix by region

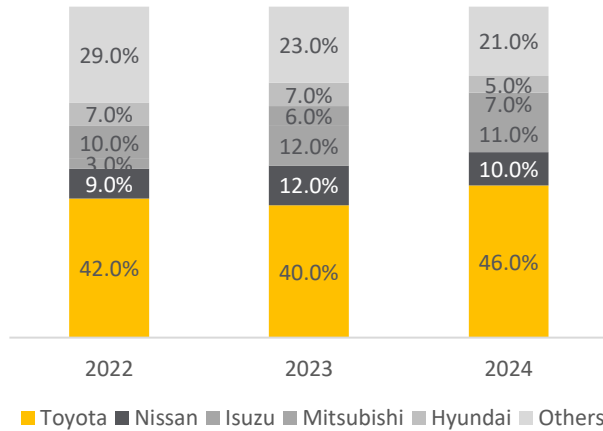


Source: Company data, GIB Capital

### Fleet composition and expansion strategy

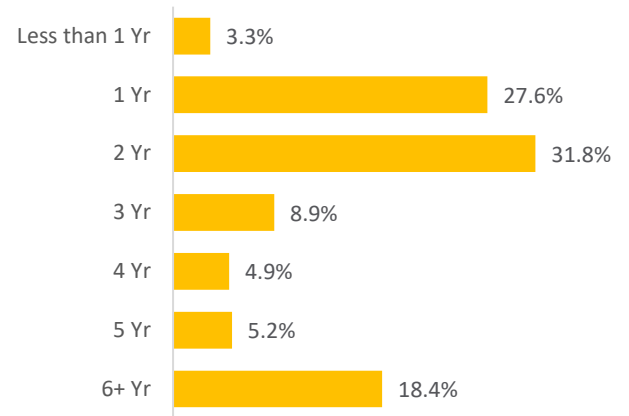
At the end of 2024, the company's total fleet stood at 15,620 vehicles, including 14,597 for long-term leasing, 1,023 for short-term rentals, and 54 service vehicles. Fleet additions are based on client demand and market trends, ensuring modern and efficient vehicles. The disposal strategy follows a rolling replacement model; vehicles are typically retained for 24–60 months in the long-term lease segment and around three years in short-term rentals before being sold through the Company's used vehicle sales channels to maximize residual value.

Figure 62: Fleet mix by brand/manufacturers



Source: Company data, GIB Capital

Figure 63: Fleet mix by age



Source: Company data, GIB Capital

### Geographic presence

The Company maintains a strategically structured geographic presence across all major regions of the Kingdom. It operates 27 branches nationwide, with 20 located in the Central and Eastern regions and seven across the rest of the country. Additionally, the Company manages nine workshops, six of which are situated in the Central and Eastern regions, ensuring efficient service coverage.

## Industry overview

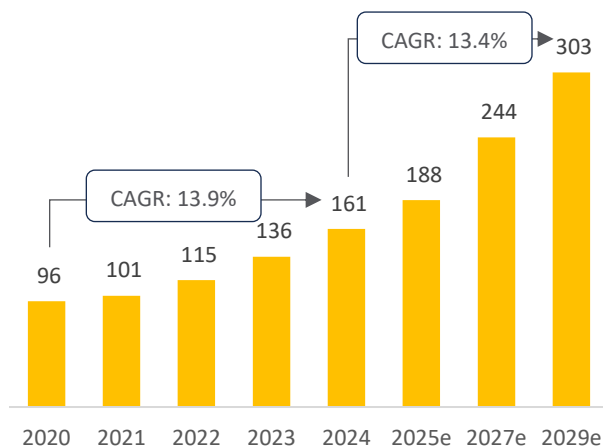
Saudi Arabia’s pro-investment reforms and tax incentives are strengthening both consumer and B2B demand for transportation services, including car rentals and long-term fleet leasing. Faster licensing and extended investor licenses are encouraging private sector expansion. The Regional Headquarters (RHQ) program further supports multinational entry with 30-year tax incentives and Saudization exemptions. In 2024, private sector employment reached over 11.3mn workers, and SME activity continues to rise, supported by government-backed financing programs such as Kafalah and the Social Development Bank. As more companies scale their operations, particularly in tourism, real estate, and healthcare, demand for corporate fleets, staff mobility solutions, and leasing contracts is expected to accelerate.

### Long-term leasing market

Long-term leasing allows customers to use vehicles for a fixed period (typically one to five years) in return for an agreed monthly fee. At the end of the contract, the vehicle is either returned to the lessor or purchased at its depreciated value. There are two main types of long-term leases: operational leases, where the vehicle is simply used and returned, and financial leases, which typically include an option to buy at the end of the term.

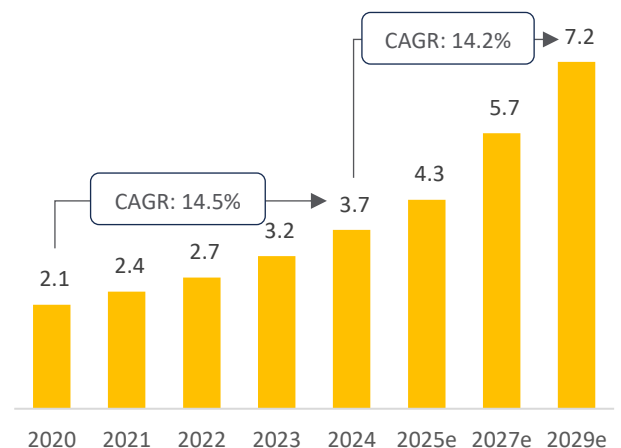
Saudi Arabia’s long-term vehicle leasing market experienced robust growth between 2020 and 2024, despite the pandemic-induced slowdown. The fleet size expanded at a CAGR of 13.9%, while the market value rose at a 14.5% CAGR to reach SAR3.7bn, driven by strong corporate demand, fleet modernization, and rising light commercial vehicle leasing supported by e-commerce and logistics expansion. Looking ahead, the market is projected to grow at a 14.2% CAGR during 2024–29, reaching SAR7.2bn, with the leased vehicle fleet expected to rise from 161.4k in 2024 to 303.2k units by 2029 (+13.4% CAGR). This growth in long-term leasing will be supported by a sustained shift from full ownership to a leasing model, driven by cost efficiency and flexibility.

Figure 64: Long-term leasing fleet size ('000')



Source: Euromonitor International, GIB Capital

Figure 65: Long-term leasing market size (SARbn)

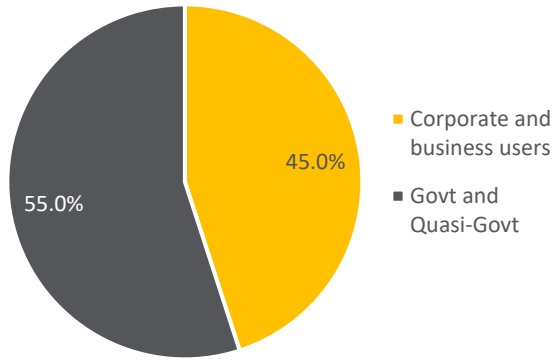


Source: Euromonitor International, GIB Capital

Saudi Arabia’s long-term leasing market is supported by robust demand from both public and private sectors. Government ministries and semi-government entities account for about 55% of the market, while the private sector contributes roughly 45%, led by corporates, logistics, e-commerce, and ride-hailing firms. Leasing enables businesses to access modern fleets without large capital investments, with demand further boosted by SMEs, PIF-backed entities, and multinational companies establishing regional bases.

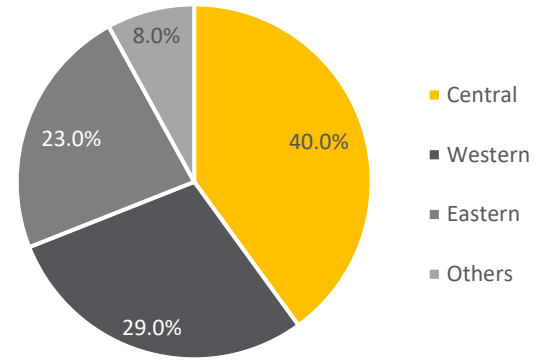
Regionally, the Central region (mainly Riyadh) represents 40% of total leasing demand, followed by the Western region (29%) and the Eastern region (23%). Riyadh leads with strong corporate and government demand, Jeddah benefits from port-driven trade, and Dammam supports energy and industrial operations. Emerging hubs such as Al-Khobar, Jubail, and Yanbu also contribute through industrial, expatriate, and tourism-related leasing needs.

Figure 66: Share of long-term leasing by customer type - 2024



Source: Euromonitor International, GIB Capital

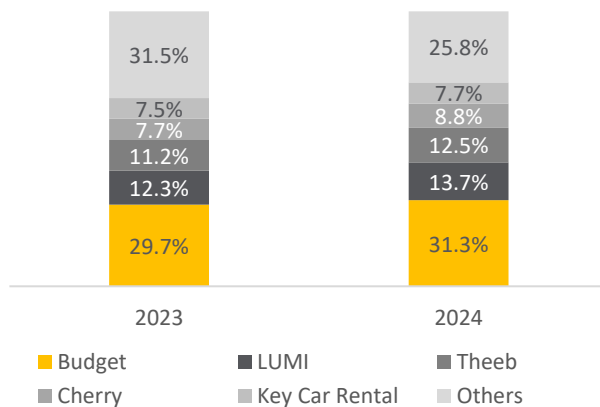
Figure 67: Share of long-term leasing by region - 2024



Source: Euromonitor International, GIB Capital

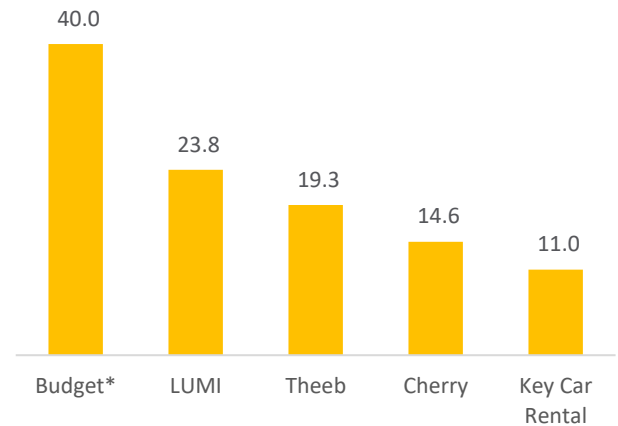
Further, Saudi Arabia's long-term leasing market is highly concentrated, with the top five players controlling 74.2% of revenues in 2024. Budget Saudi leads with a 31.3% share, followed by Seera Group's Lumi (13.7%), Theeb (12.5%), Cherry (8.8%), and Key Car Rental (7.7%). Other firms like Al Wefaq and Hanco each hold under 5%. These leaders focus on cost efficiency, fleet expansion, and digitalization to maintain competitiveness. Moreover, local firms outperform global brands through stronger networks and regulatory alignment. We also note market consolidation is rising, highlighted by Budget Saudi's acquisition of AutoWorld and new partnerships like ALTAWKILAT-PEAX. Dominated by large national players with strong government and corporate ties, the market poses high entry barriers for new entrants.

Figure 68: Market share - long-term leasing - 2024



Source: Euromonitor International, GIB Capital

Figure 69: Fleet size ('000') - long-term leasing - 2024

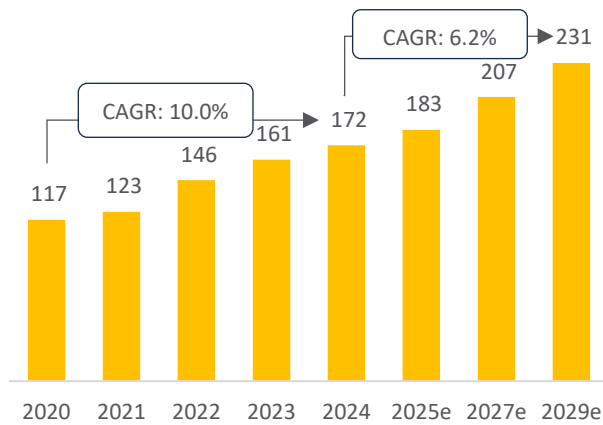


Source: Euromonitor International, GIB Capital, \*includes AW & Rahaal

### Short-term leasing market

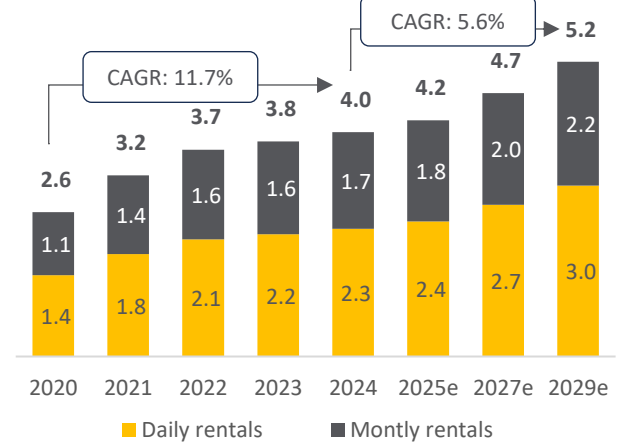
Saudi Arabia's short-term vehicle rental market, valued at SAR4.0bn in 2024 with 171.5k vehicles, has grown steadily despite earlier pandemic and supply chain disruptions. Between 2020 and 2024, rental revenue rose at 11.7% CAGR, while vehicle availability increased by 10% over the same period. The market benefited from tourism recovery, with 29.7mn inbound visitors in 2024, up 8.4% y/y (+69.4% vs 2019 levels). Furthermore, strong internet (99%) and mobile (98.9%) penetration, along with expanding 5G coverage, have boosted online rentals through platforms like Budget and Lumi. Looking ahead, the market is projected to grow at a 5.6% revenue CAGR, reaching SAR5.2bn and 231.3k vehicles by 2029, driven by rising travel demand, digital adoption, and service innovation.

Figure 70: Short-term leasing fleet size ('000')



Source: Euromonitor International, GIB Capital

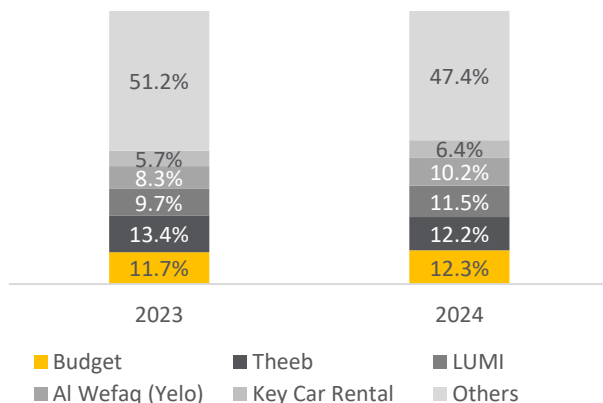
Figure 71: Short-term leasing market size (SARbn)



Source: Euromonitor International, GIB Capital

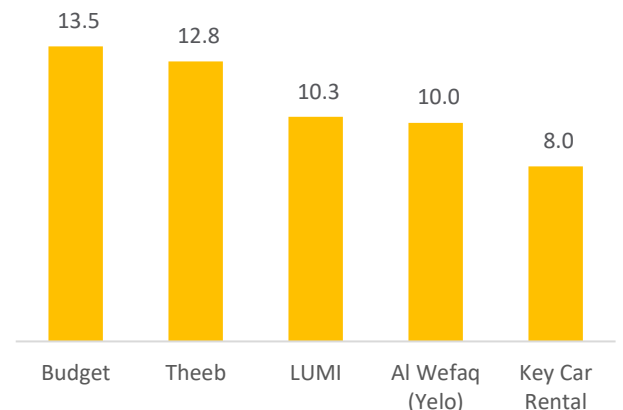
Saudi Arabia's short-term rental market is highly competitive, with over 600 companies nationwide. The top five players namely Budget (12.3%), Theeb (12.2%), Lumi (11.5%), Al Wefaq (10.2%), and Key Car Rental (6.4%), collectively hold 52.6% market share as of 2024. Local firms dominate international brands like Hertz and Avis. Budget plans to merge Payless with AutoWorld and expand its fleet to 65k by 2028. Theeb is investing in EVs, while Lumi achieved 26% y/y rental revenue growth in 2024 through digital initiatives. Emerging players like Idrive, Ekar, and Invygo are disrupting the market with flexible subscription and car-sharing models, ensuring continued competition and innovation.

Figure 72: Market share - short-term leasing - 2024



Source: Euromonitor International, GIB Capital

Figure 73: Fleet size ('000') - short-term leasing - 2024



Source: Euromonitor International, GIB Capital

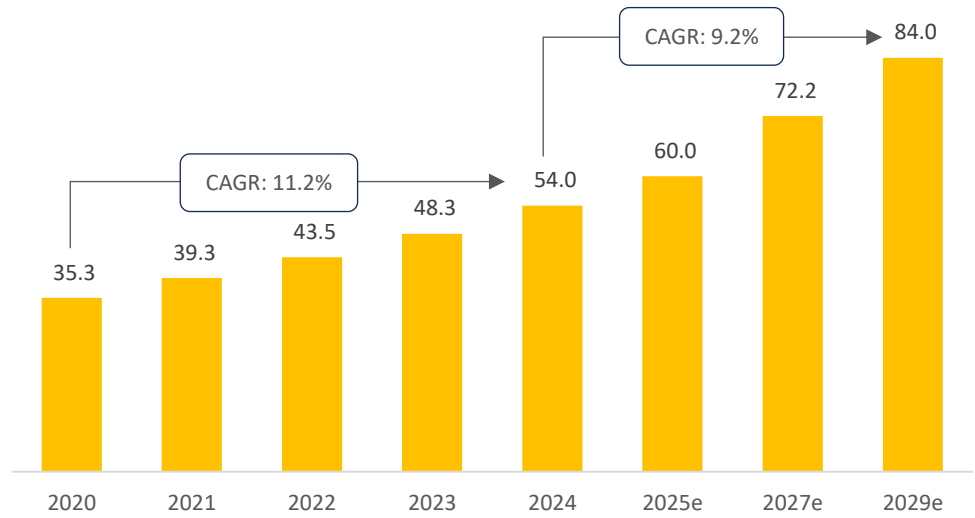
### Used vehicle sales market

Motor vehicle sales in Saudi Arabia occur through physical and online channels, each serving different buyer needs. Physical channels include owned showrooms and auctions (e.g., Lumi Auction), independent dealerships (e.g., Yalla Motors, VW Certified), and third-party auction platforms (e.g., Muzaida). Online channels include marketplaces like Haraj.com and Saudisale.com, direct company websites, and digital auction platforms such as Motory Mazad, enabling wider reach and convenience.

Saudi Arabia’s motor vehicle sales market was valued at SAR54bn in 2024, supported by the availability of ~1.2mn used vehicles. Following a temporary slowdown during the pandemic, the market rebounded strongly with the return of expatriates, economic recovery, and regulatory enhancements. The market expanded from SAR35.3bn in 2020 to SAR54bn in 2024, reflecting an 11.2% CAGR. The growth is underpinned by affordability, rising demand from young and expatriate buyers, and higher new car prices. The market is projected to grow at a CAGR of 9.2% during 2024-29, reaching SAR84bn, supported by leasing companies’ fleet renewal, expanding expatriate population and digital platforms.

Further, Saudi Arabia’s motor vehicle sales market is highly fragmented, with over 2,000 dealers accounting for 96.6% of the market. Budget (1.0%), Lumi (0.9%), and Theeb (0.6%) lead by value, followed by Al Wefaq and Key Car Rental (0.3% each). These players maintain strong brand recognition and rigorous fleet management. Meanwhile, online platforms like CarSwitch, Syarah, and CAFU Cars are transforming sales through digital innovation. The market is expected to remain fragmented yet competitive, blending traditional and tech-driven models.

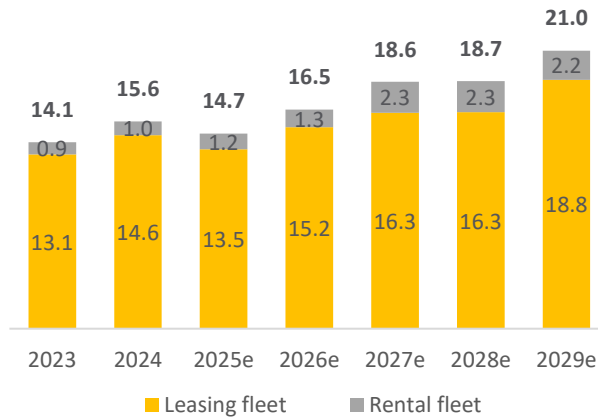
Figure 74: Used vehicles sales market size (SARbn)



Source: Euromonitor International, GIB Capital

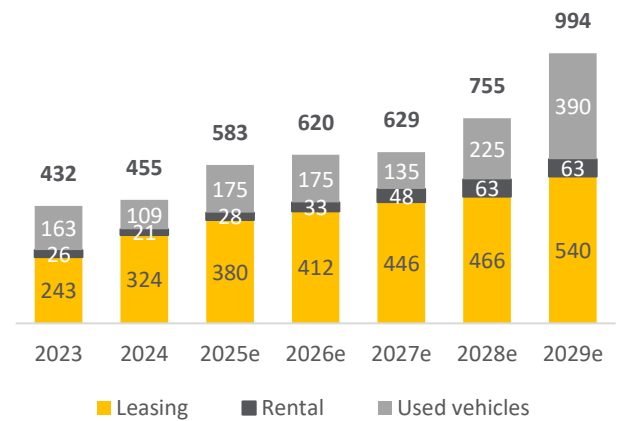
## Cherry financial analysis in charts

Figure 75: Fleet size by segment ('000')



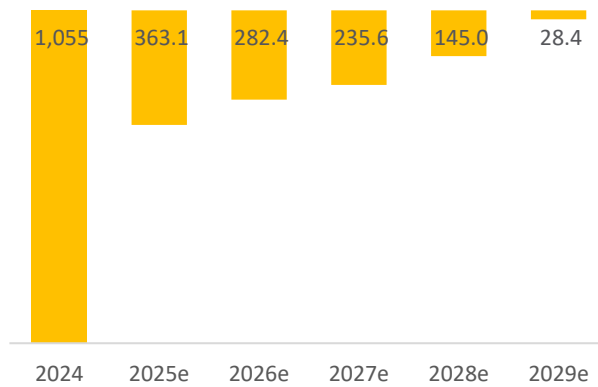
Source: Company data, GIB Capital

Figure 76: Revenue by business segment (SARmn)



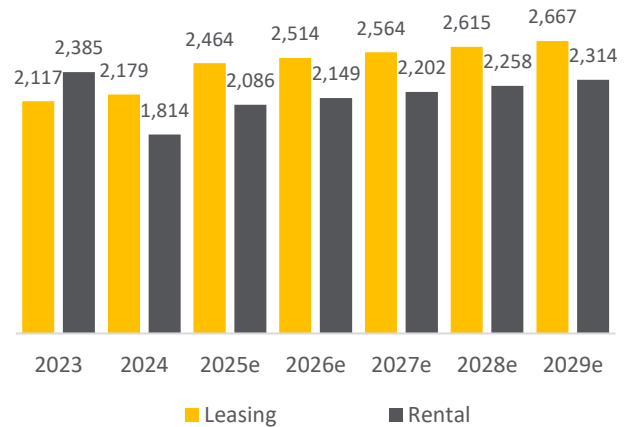
Source: Company data, GIB Capital

Figure 77: Backlog excl VAT (SARmn)



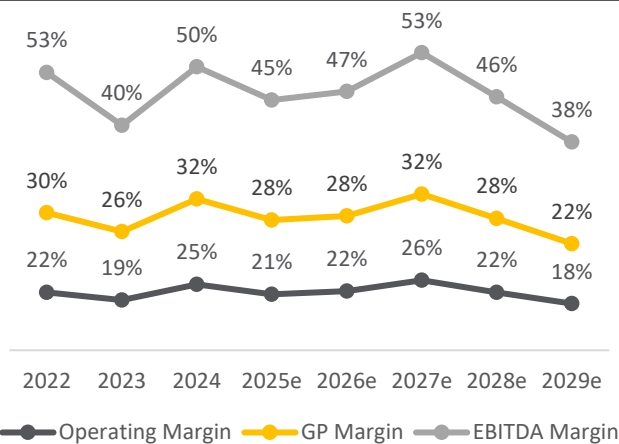
Source: Company data, GIB Capital

Figure 78: Avg monthly revenue per fleet (SAR)



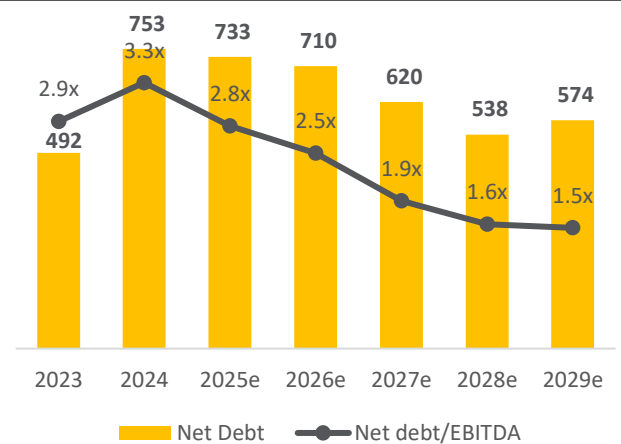
Source: Company data, GIB Capital

Figure 79: Margins



Source: Company data, GIB Capital

Figure 80: Leverage (ex. leases, SARmn)



Source: Company data, GIB Capital

## Financials

Figure 81: Summarized basic financial statements (In SARmn)

Income statement	2024a	2025e	2026e	2027e	2028e
<b>Revenue</b>	<b>455</b>	<b>583</b>	<b>620</b>	<b>629</b>	<b>755</b>
revenue y/y	5%	28%	6%	2%	20%
COGS	309	420	445	426	545
<b>Gross Profit</b>	<b>146</b>	<b>162</b>	<b>175</b>	<b>204</b>	<b>209</b>
Gross profit margin	32%	28%	28%	32%	28%
General and administrative expenses	25	34	31	31	37
Selling and marketing expenses	4	6	6	6	8
Expected credit loss/(reversal)	11	13	12	13	15
Other operating expense/(income)	(7)	(12)	(12)	(12)	(14)
<b>Operating profit</b>	<b>113</b>	<b>122</b>	<b>137</b>	<b>165</b>	<b>164</b>
Operating margin	25%	21%	22%	26%	22%
Finance costs	(47)	(57)	(50)	(42)	(34)
Gain/(loss) from derivative instruments at FVTPL	(0)	0	0	0	0
<b>PBT</b>	<b>65</b>	<b>65</b>	<b>88</b>	<b>123</b>	<b>130</b>
Zakat/tax	(2)	(2)	(4)	(5)	(5)
Non-controlling interest	0	0	0	0	0
<b>Net income</b>	<b>63</b>	<b>63</b>	<b>84</b>	<b>118</b>	<b>125</b>
Net margin	14%	11%	14%	19%	17%
y/y	11%	0%	33%	40%	6%
<b>EPS</b>	<b>2.1</b>	<b>2.1</b>	<b>2.8</b>	<b>3.9</b>	<b>4.2</b>
DPS	0.0	0.3	0.3	0.5	0.6
Payout	0%	17%	17%	16%	15%
<b>EBITDA</b>	<b>225</b>	<b>262</b>	<b>289</b>	<b>334</b>	<b>344</b>
EBITDA margin	50%	45%	47%	53%	46%

Balance Sheet	2024a	2025e	2026e	2027e	2028e
Inventory	5	6	6	6	7
Trade receivables	207	260	280	285	331
Prepayments & other current assets	34	56	59	60	66
Cash and cash equivalents	49	44	47	48	50
<b>Total current assets</b>	<b>295</b>	<b>366</b>	<b>393</b>	<b>399</b>	<b>455</b>
Property and equipment	1,130	1,166	1,210	1,224	1,225
Right-of-use assets	20	20	20	20	20
Intangible Assets	0	0	0	0	0
<b>Total non-current assets</b>	<b>1,150</b>	<b>1,186</b>	<b>1,230</b>	<b>1,244</b>	<b>1,245</b>
<b>Total Assets</b>	<b>1,445</b>	<b>1,552</b>	<b>1,623</b>	<b>1,643</b>	<b>1,700</b>
Current liabilities	372	396	402	318	308
Non-current liabilities	558	589	579	579	540
Equity	515	567	641	746	853
<b>Total equity and liabilities</b>	<b>1,445</b>	<b>1,552</b>	<b>1,623</b>	<b>1,643</b>	<b>1,700</b>
<b>BVPS</b>	<b>17.2</b>	<b>18.9</b>	<b>21.4</b>	<b>24.9</b>	<b>28.4</b>

Cashflow	2024a	2025e	2026e	2027e	2028e
Cashflow from Operations	201	430	452	466	538
Cashflow from Investing	(18)	(13)	(13)	(13)	(15)
Cashflow from Financing	294	(35)	(30)	(104)	(98)
<b>Total Cashflows</b>	<b>37</b>	<b>(5)</b>	<b>3</b>	<b>1</b>	<b>2</b>

Source: Company, GIB Capital

Figure 82: Key ratios

Key ratios	2024a	2025e	2026e	2027e	2028e
<b>Profitability ratios</b>					
RoA	4%	4%	5%	7%	7%
RoE	12%	11%	13%	16%	15%
Sales/Assets	31%	38%	38%	38%	44%
Net margin	14%	11%	14%	19%	17%
<b>Liquidity ratios</b>					
Current Assets/ Current Liabilities	0.8	0.9	1.0	1.3	1.5
Receivable days - current	166	163	165	165	160
Prepayments and other receivables	27	35	35	35	32
Payable days	76	120	125	135	120
Cash conversion cycle	117	78	75	65	72
<b>Debt ratios</b>					
Net Debt/EBITDA (w/o IFRS liab.)	3.3	2.8	2.5	1.9	1.6
Net Debt/EBITDA (w/ IFRS liab.)	3.4	2.9	2.5	1.9	1.6
Debt/Assets (w/ IFRS liab.)	0.6	0.5	0.5	0.4	0.4
Net Debt/Equity (w/o IFRS liab.)	1.5	1.3	1.1	0.8	0.6
<b>Valuation ratios</b>					
P/E	13.3	13.3	10.0	7.1	6.7
P/B	1.6	1.5	1.3	1.1	1.0
EV/EBITDA	7.4	6.3	5.7	5.0	4.8
Dividend Yield	0.0%	1.2%	1.2%	1.6%	2.1%

Source: Company, GIB Capital

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