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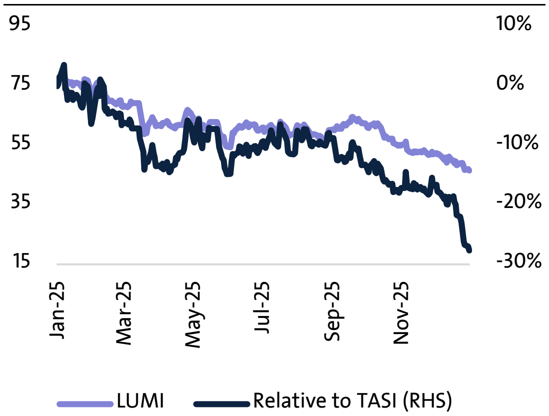
Lumi: Twin drags set to wear off; double-digit EPS growth, +ve FCF seen

Recommendation	BUY
Market Price	47.3
Target Price	63.0
Upside/Downside	33%

Stock Data	
Market Cap Total/FF (SARmn)	2602/739
Shares Total/FF (mn)	55/15.6
52 Week Hi-Low(SAR)	79.8/46.24
3/6/12 M Volume Traded (mnsh)	0.18/0.17/0.14
3/6/12 M Value Traded (USDmn)	3.3/3.1/2.3
3/6/12 M Relative Performance (%)	-17/-20/-27

Lumi-Stock Price Performance VS TASI



Source: ACC

Lumi: Twin drags set to wear off; double-digit EPS growth, +ve FCF

We initiate coverage on Lumi Rental Company (Lumi), Saudi Arabia's third-largest vehicle rental company, with a Buy rating and set a TP of SAR63 (33% upside). Lumi's stock price is down 39% in the past 12-M due to drag from working capital buildup, and the drop in purchase price recovery. The lack of growth in fleet size, particularly in the leasing segment, has also contributed to negative sentiment surrounding the stock. We don't see reasons for further incremental drag on Lumi's earnings and cash flows, and believe the stage is set for the company to undergo more stable fleet growth ahead.

Key Reasons for our Buy Rating

Double-digit growth in earnings: We believe Lumi can deliver double-digit bottom-line growth of 12% over 2024A-2030E on the back of fleet growth, focus on fleet utilization (particularly in short-term lease segment) and relief on financing costs. Lumi's maintains the industry's leading utilization and rental rates in short-term rentals, which translates into the highest ROA for the company among its listed peers.

First positive cash flows in four years: We believe Lumi is poised to deliver its first positive free cash flow (FCFF) in 2026. This will open up the possibility of the company commencing dividend payouts (no dividend guidance from the management). We expect relative stability in receivables. Meanwhile, the capex is likely to remain broadly in-line with recent levels.

Suitably placed to capture growth opportunities: Lumi has made significant capex in infrastructure, internal staffing and client experience. We believe the company is suitably placed to capture growth opportunities in both short-term rentals and leasing.

Valuations are undemanding post steep underperformance: Lumi trades at P/E of 11.1x and EV/EBITDA of 5.3x, which we find attractive both in the historical context (35-48% discount) and on a relative basis (22-33% discount to domestic peers).

Key Risks

(i) Risk of a worsening competitive environment, (ii) future regulation to maintain a minimum fleet size of E-car, and (iii) further drop in the price of used cars which can reduce purchase price discovery and earnings.

Lumi: Financial Highlights (SARmn)

Year to Dec	CY23	CY24	CY25E	CY26E	CY27E	CY28E
Revenues	1106	1550	1658	1751	1870	2006
Growth	41.3%	40.2%	6.9%	5.6%	6.8%	7.3%
PAT	161	180	217	234	259	288
EPS (SAR)	2.9	3.3	3.9	4.3	4.7	5.2
Growth	12%	12%	21%	8%	11%	11%
DPS (SAR)	0.0	0.0	0.0	0.9	1.4	2.1
P/E (X)	16.2	14.5	12.0	11.1	10.0	9.1
D/Y (%)	0.0%	0.0%	0.0%	1.8%	3.0%	4.4%
EV/EBITDA	9.0	6.5	5.7	5.3	4.9	4.6
ROE(%)	17%	16%	16%	15%	15%	15%

Source: Lumi, ACC Estimates

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Lumi-Investment Case

We initiate coverage on Lumi with a Buy rating and set DCF-based target price of SAR63

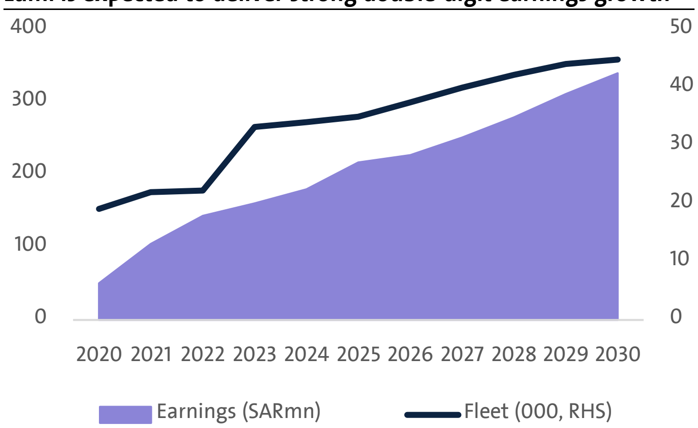
We initiate coverage on Lumi Rental Company (Lumi), Saudi Arabia's third-largest car rental company by fleet size, with a Buy rating and set DCF-based target price of SAR63, indicating 33% upside. Lumi's stock price has declined over 39% in the past 12 months due to the twin drags on earnings and cash flows stemming from a combination of buildup in working capital, along with the drop in purchase price recovery, in our view. The lack of growth in fleet size, particularly in the leasing segment, has also contributed to negative sentiment surrounding the stock. We believe the worst seems to be over and see little reason for further incremental drags from the two issues. Lumi is poised for a more stable fleet ahead, in our view.

Key Reasons for our Buy Rating

Double-digit growth in earnings seen

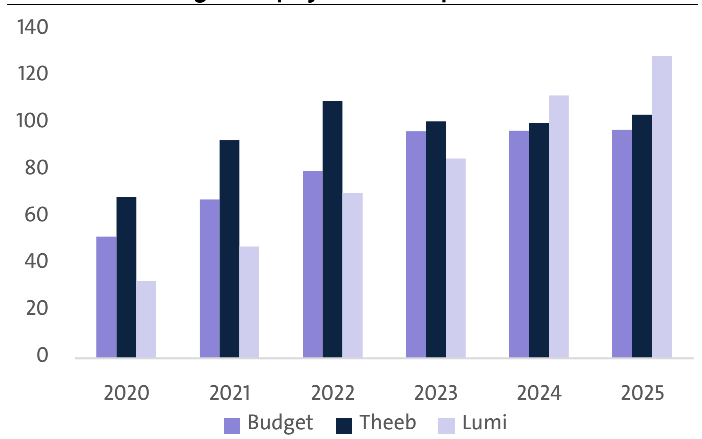
We believe Lumi can deliver double-digit bottom-line growth of 12% over 2024A-2030E on the back of fleet growth, focus on fleet utilization (particularly in the short-term lease segment) and relief on financing costs. Lumi's maintains industry-leasing utilization and rental rates for short-term rentals, which translates into the highest ROA.

Lumi is expected to deliver strong double-digit earnings growth



Source: Lumi, ACC

Lumi excels among listed players ion comparison of rental rates*



*SAR/dat, Source: Company Reports, ACC

Key drivers of earnings growth

Lumi has experienced a significant growth spurt in its fleet over 2019-2025

Fleet growth is set to continue: Lumi has experienced a significant growth spurt in its fleet size over 2019-2025, which saw the company delivering a six-year CAGR of 14%. This highlights Lumi's success in capturing opportunities in the long-term lease segment and in executing the company's strategy to expand its retail branch network. Consequently, Lumi managed to increase its market share from 7% in 2019 to 9% in 2025. We believe the company's future growth will normalize, and expect mid-single digit growth ahead due to: (i) current size of the fleet, (ii) significant increase in the company's debt to levels consistent with the trends seen in other listed players, and (iii) ongoing competition in the rental segment although we believe the company's significant investment in infrastructure has better equipped it to defend or increase its positioning in the segment.

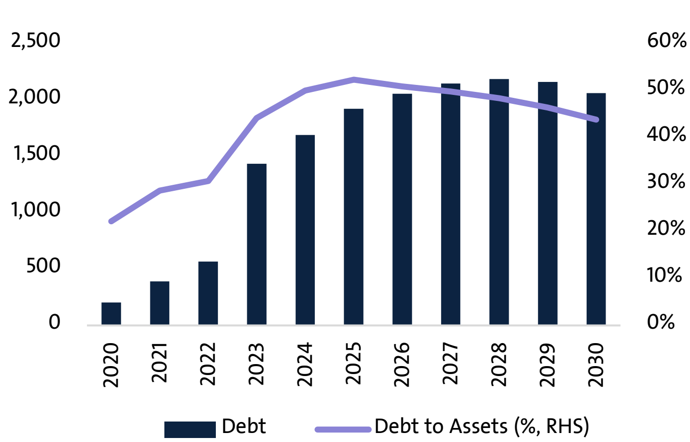
Lumi maintains the highest utilization of rental vehicles among its listed peers

Utilization of rental fleet: Lumi maintains the highest utilization of rental vehicles among its listed peers. Lumi's utilization rate for the rental segment has consistently stayed above 75% over 2021-2025, barring 2023. This is driven by company's ability to better forecast daily or hourly demand for specific segments and investment in data analytics. The optimization of utilization levels and general increase in rental rates have allowed Lumi to record a 32% CAGR in rental revenues over 2022-2025 despite 3% drop in fleet size over the same period. While the room for growth in utilization from the current levels is rather limited, we believe high utilization will remain a major source of above-peer ROA for the company.

Relief on financing costs: Lumi's interest costs have dropped by over 14% YoY in 9M2025 despite an increase in the company's overall debt. The relief in financing cost is driven by a combination of the fall in benchmark interest rates and better negotiation with banks on the loan terms. We believe the relief on financing cost is sustainable and will likely increase further in coming years due to

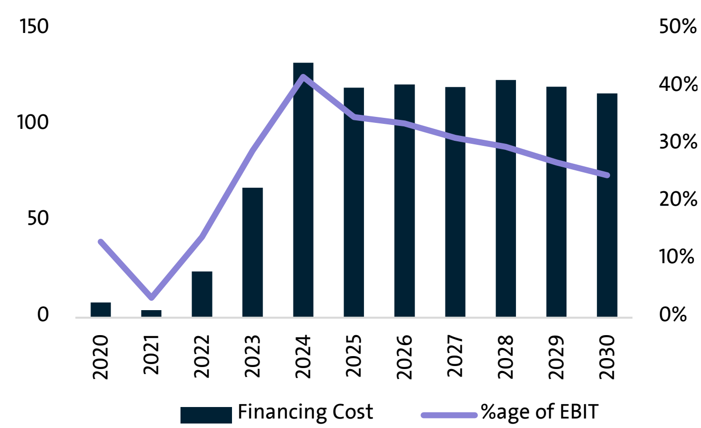
(i) Expected further easing in the benchmark rates,
(ii) The absence of incremental drag on cashflows from working capital financing (increase in receivables and the drop in payables), seen in 9M2025 and
(iii) Normalization in fleet growth, keeping the capex requirement in check.

Lumi's debt level seems to have peaked



Source: ACC, Lumi

Lumi's financing cost is expected to be on downtrend



Source: ACC, Lumi

We expect Lumi's debt to asset ratio to drop from a high of 52% in 2025 to 47% by 2029, which also includes the impact of expected cash outflow for dividend. Meanwhile, financing costs as % of EBIT is projected at 25% by 2029, down from the peak of 47% in 2024.

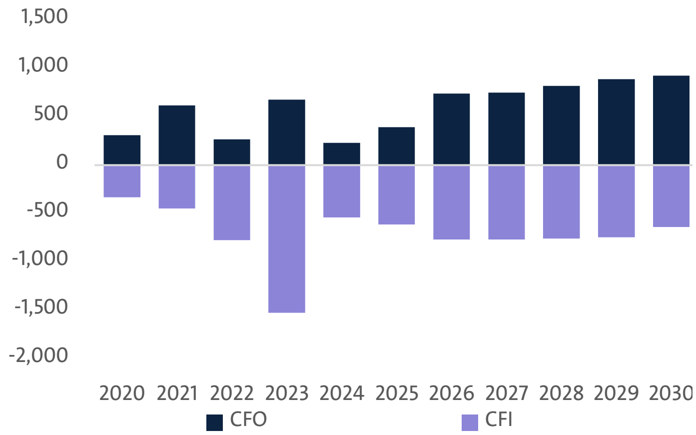
First positive cash flows in four years

We believe Lumi is poised to deliver its first positive free cash flow in 2026 on the back of relative stability in receivables and the sustainability in the drop of capex intensity

We believe the growth momentum in receivables is unlikely to be repeated in future

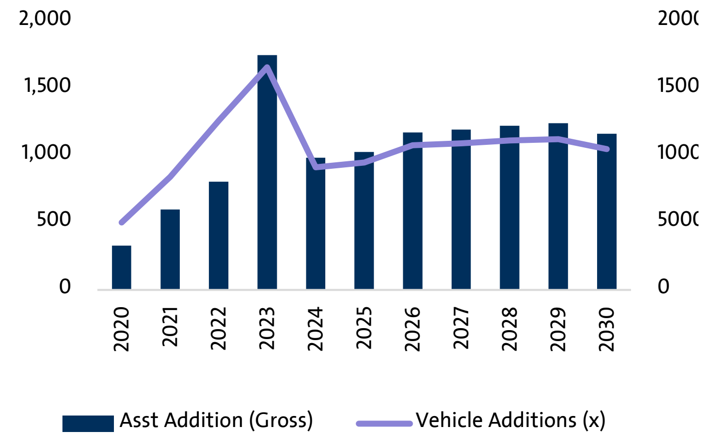
witnessed in 2025. The first positive FCF will likely open up the possibility of a first cash payout in 2026, in our view, though the management is yet to come up with a dividend policy. It is pertinent to mention that the company has not revealed dividend guidance as yet. Theeb maintains a stable 50% cash payout for the past many years. The payout ratio for Budget has fluctuated between 36% to 60% in recent years.

Lumi is on track to deliver first +ve FCF since listing (SARmn)...



Source: Lumi, ACC

...as capex (SARmn) and fleet growth normalize

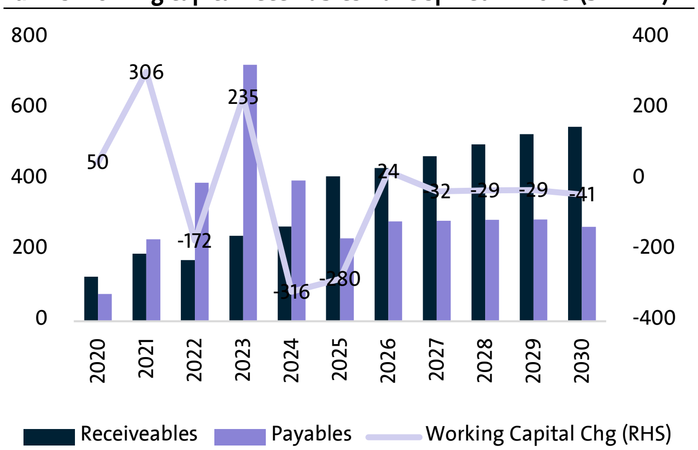


Source: Lumi, ACC

The increase in receivables on Lumi's balance sheet reflects deterioration in credit period associated with a specific segment in leasing business and is believed to be an industry-wide phenomenon. Lumi's receivables increased from SAR268mn in Dec-2024 to SAR401mn in 9M2024.This translates into receivables days of 88, up 63 in 2024. We believe the growth momentum in receivables is unlikely to be repeated in future and hence expect a relative stability in our forecasts.

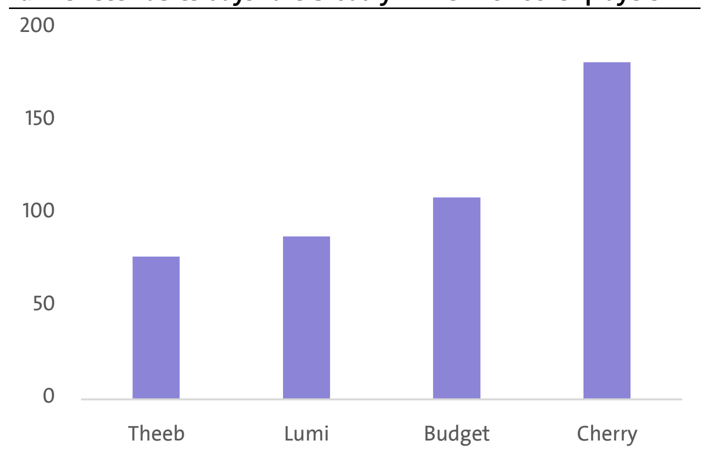
It is worth highlighting despite the recent deterioration in the credit period for Lumi, the company's receivable days are broadly in line with the levels observed in other listed players in 9M2025.

Lumi's working capital receivables have spiked in 2025 (SARmn)



Source: ACC

Lumi's receivables days* are broadly inline with other players



*9M2025, Source: ACC

Suitably placed to capture growth opportunities

Lumi has made significant capex in infrastructure, internal staffing and client experience

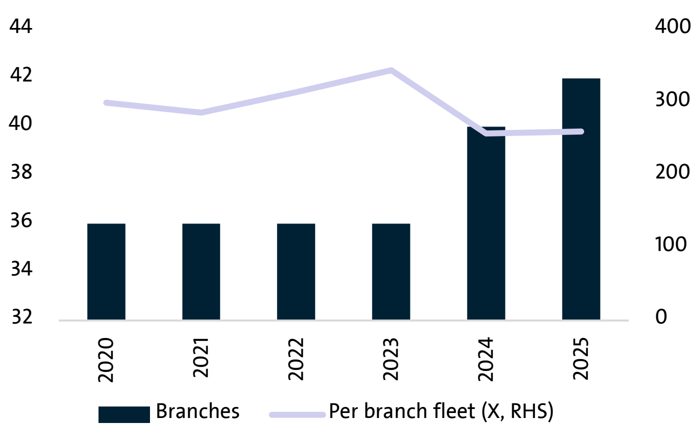
Lumi has made significant capex in infrastructure, internal staffing and client experience. We believe the company is suitably placed to capture growth opportunities in short-term rentals, besides, leasing.

Key infrastructure in place

Lumi has invested heavily in building digital and physical infrastructure for its key revenue verticals. The company maintains an extensive network of 42 branches, covering all major cities in the country and airports. Lumi maintains an omnichannel digital strategy for covering all touchpoints targeting both domestic mobility and international visitors to the Kingdom. The company also operates digital channels for its B2B business. Lumi also leverages the group's ownership in the leading integrated travel platform, Almosafer, and other business segments exposed to the hospitality business.

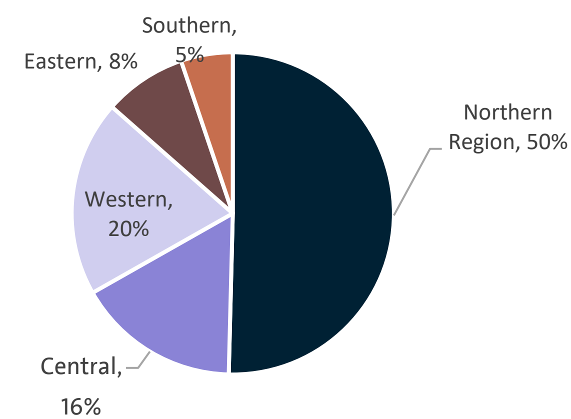
Lumi operates five in-house workshops and 22 mobile workshops to provide maintenance and support for the growing fleet of leasing and rental vehicles. Lumi has also entered into a strategic partnership with a leading company in vehicle service segment to avail basic maintenance services via 750 outlets operated by a third party. The partnership allows Lumi to optimize its cost for basic maintenance service and leverage the country-wide network of the service provider.

Lumi: Significant investment in physical infrastructure



Source: ACC, Lumi

Lumi: Revenue contribution by region (3Q2025)



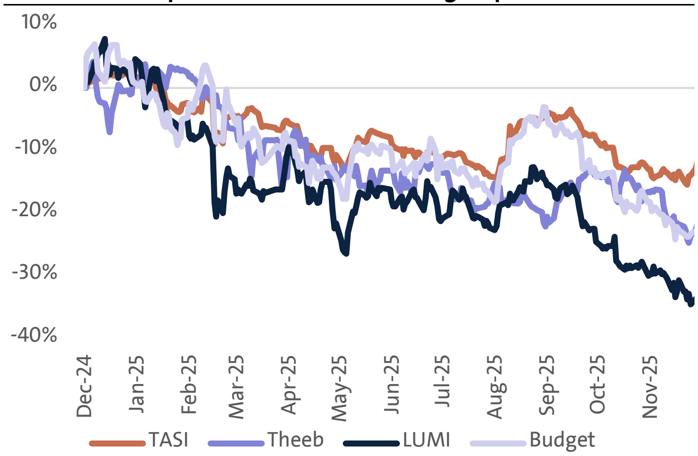
Source: ACC, Lumi

Valuations are undemanding following a steep underperformance

Lumi trades at P/E of 11.1x (2026E) and EV/EBITDA of 5.3x, which we find attractive both in the historical context and on a relative basis. Lumi's P/E and EV/EBITDA are at 48% and 35% discounts to their respective historical averages since listing. We need to flag the stock has a trading history of only over two years.

Lumi's stock price has underperformed by 27% compared to TASI in the past 12 months, the most among the listed peers. Interestingly, the benchmark TASI index has recovered over 6% from its recent low, the stock prices of Lumi and its peers are still hovering close to 12-M lows. Based on our DCF-based valuation, Lumi offers 33% upside to our Target Price of SAR63/sh. We expect the company to start paying dividends in 2026.

LUMI has underperformed the most among its peers in 12-M



Source: Bloomberg, ACC

Lumi's P/E trades a significant discount to historical average*

*Forward Earnings, Source: ACC

Multiple Catalysts on the Horizon

We see a number of triggers on the horizon that can potentially unlock the valuation discount;

- 4Q25 earnings
- Announcement of dividend policy (likely over the course of 2026)
- Update on fleet size and branch expansion strategy

Valuation

DCF valuation method remains our preferred choice for the valuation of rental companies

DCF valuation method remains our preferred choice for the valuation of rental companies. The underlying business dynamics with visibility of cash flows from the revenue/earnings unit allow DCF method to better capture the value of future earnings and cash flows over the forecast period.

Lumi's implied valuation multiples (P/E and EV/EBITDA) on our Target Price are at 4%/22% respective premium/discount to its domestic peers' CY26 multiples

1-Discounted Cash Flow Method

We have elected to use the Free Cash Flow to Firm (FCF) method for the free cash flow valuation of the company given its high leverage due to the nature of business. We arrive at a valuation of SAR63/sh based on FCF by using a WACC of 8.62% and a terminal growth rate of 2%. Lumi's implied valuation multiples (P/E and EV/EBITDA) on our Target Price are respectively at 2% and 19% premium/ discounts to its peers' CY25 multiples.

Lumi: DCF Valuation

SARmn	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	318	344	363	387	420	449	475
Taxes	-8	-11	-10	-11	-12	-13	-14
Add: Depreciation	377	443	486	529	568	602	623
Changes in Working Capital	-316	-280	21	-32	-30	-29	-41
Capex	-538	-615	-768	-769	-759	-743	-638
Free Cash To Firm	-167	-119	92	104	187	267	405
PV of Future Cash Flows	0	0	92	96	160	209	292
Summary of Valuaton							
Sum of Forecast Cash Flows	848						
Terminal value	6,138						
PV of Terminal Cash Flows	4,421						
Value of FCFF	5,269						
Less: Net Debt (2025E)	1,812						
Value of Equity	3,457						
Outstanding Shares	55						
Per Share Value	63						
Implied P/E (2027E)	13.33						
Implied EV/EBITDA (2027E)	5.75						

Source: ACC Estimates

Lumi: Basic Valuation Assumptions

Risk Free rate	4.5%
Market Risk Premium	5.0%
Adjusted Beta (x)	1.16
Cost of Equity	**10.3%**
Share of Equity	50%
Cost of Debt	**7.3%**

Source: ACC

Sensitivity Analysis on Terminal Growth and Cost of Equity

Lumi's DCF valuation is highly sensitive to both changes in WACC and terminal growth assumptions. However, we hasten to highlight that the valuation sensitivity is not extraordinarily different from the sensitivity seen in other companies with similar business models. Based on the sensitivity, we obtain a valuation range of SAR46-89/sh assuming ranges of terminal growth of 1-3% and WACC of 8.2-9.2% respectively. On an average basis, LUMI's FCF valuation moves by 10% for every 25bps change in terminal growth rate and by 5.7% for 25bps change in WACC, respectively.

Sensitivity of DCF valuation to terminal growth and cost of capital

		Terminal Growth				
		1%	2%	2%	3%	3%
Cos of Capital	8.2%	58.1	64.1	71.1	79.3	89.0
	8.5%	54.8	60.4	66.8	74.3	83.2
	8.7%	51.8	56.9	62.9	69.7	77.8
	9.0%	48.9	53.7	59.2	65.5	72.9
	9.2%	46.2	50.7	55.8	61.6	68.4

Source: ACC Estimates

3-Relative Valuation

On a relative basis, LUMI trades at 10% and 4% respective discount to the average P/E and EV/EBITDA of its domestic listed car rental peers

To assess Lumi's's relative valuation with its peers, we have taken a sample of ten stocks with a similar business model, listed at Tadawul and other emerging markets or TASI-listed stocks with significant exposure to tourism theme. We make the following observations on Lumi's relative valuation vis a vis selected listed peers:

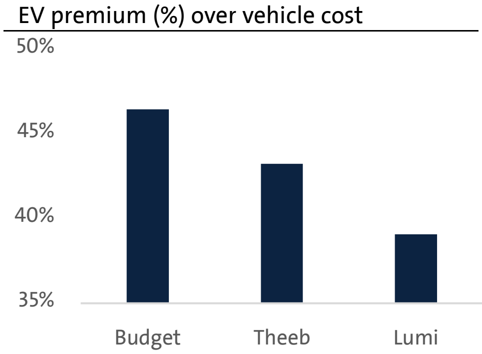
- On a broader sample of locally listed companies with direct exposure to travel and tourism theme in Saudi Arabia and international companies with similar business models, Lumi's P/E, and EV/EBITDA are, respectively, at a 5%, and 13% discount on 2026E estimates.

- LUMI trades at 22-33% respective discount on 2026E P/E and EV/EBITDA multiple of domestic peers which include companies in both vehicle rentals and tourism-focused

- Lumi trades at 9% and 3% respective discount to the average P/E and EV/EBITDA of its of its domestic listed peers in the vehicle rental/leasing business. We have excluded Cherry, a recently listed stock, from the comparison due to the company's small size and very limited trading history. Interestingly, Lumi's P/BV is ahead of peers' average, interestingly. However, Lumi's ROA and ROE of 12.2% and 9.3% comfortably beat the average ROA and ROE of its peers

We have also drawn a valuation comparison for Lumi's on EV/cost of vehicle for its local peers, based on available data on the fleet size, and 9M25 accounts. Lumi's EV is 36% premium to cost of fleet, which is at a sizable discount to its locally listed peers' average of 44%.

EV premium (%) over vehicle cost



Source: ACC

Lumi's Relative Valuation

Stock name	Country	Market Cap	Price	P/E		P/BV		D/Y		EV/EBITDA		ROE	ROA
		Local Curr	Local	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2025E
RENT3 BZ Equity	BRA	47881	42.6	18.1	11.2	1.74	1.59	3.1%	2.6%	5.9	5.9	10%	7%
R US Equity	USA	7853	194.5	14.6	13.4	1.83	1.67	1.9%	2.1%	5.9	5.9	13%	6%
MOVI3 BZ Equity	BRA	3625	10.4	13.0	9.4	1.31	1.15			3.5	3.5	10%	9%
SIXT AV Equity	GM	2960	53.7	10.1	8.9	1.32	1.24	6.0%	6.2%	4.2	4.2	13%	8%
AYV FP Equity	FR	9730	11.9	10.2	8.8	0.85	0.82	6.6%	7.6%	4.4	4.4	8%	1%
BUDGET AB Equity	KSA	4874	62.4	14.0	11.9	1.64	1.50	2.4%	2.8%	6.4	6.4	12%	8%
Theeb AB Equity	KSA	2388	36.2	12.1	10.6	2.55	2.25	3.7%	4.3%	5.4	5.4	21%	10%
Catering AB Equity	KSA	6634	80.9	20.1	17.6	4.12	3.71	2.6%	3.0%	12.7	12.7	21%	13%
Seera ab equity	KSA	7776	25.9	51.5	26.1	1.18	1.13	0.0%	0.0%	8.4	8.4	2%	0%
SGS ab equity	KSA	6956	37.0	17.0	15.8	2.59	2.42	3.4%	3.6%	10.8	10.8	15%	0%
Mean-Total				**14.7**	**12.0**	**1.6**	**1.5**	**3%**	**4%**	**5.8**	**5.8**	**9%**	**1%**
Mean-Domest.	KSA			17.7	14.9	2.0	1.9	2%	3%	7.9	7.9	0.1	0.0
Lumi	KSA	2,622	47.7	12.0	11.1	1.8	1.6	0.0%	0.0%	5.7	5.3	15%	9%

Source: Bloomberg, ACC

Key Risks to Our Investment Case

Following are key downside risks to our investment case for Lumi;

I-Risk of price war in the operating lease segment

The operating lease segment is relatively more prone to risk of price competition given the nature of the business (long-term, stable, margin) and limited number of players. The top four players in the operating lease segment command over 70% market share. The size of the operating lease segment has almost doubled since 2019 with many new contracts signed by the government and private sector. Many of such contracts will come for first time renewal in the next few months and may see price-based competition among big players. That being said, relatively high leverage across the listed companies effectively dilutes the risk of aggressive price competition, in our view.

II-Future regulations on maintaining a minimum fleet of E-Car

The authorities are targeting electric vehicles to contribute up to 30% of the population of total vehicles in Riyadh by the year 2030. The target was set in view of the Kingdom's commitment to reduce carbon emissions and promote sustainability under the Saudi Green Initiative (SGI). There is a possibility that authorities may set a minimum size of the fleet of E-cars relative to total fleet of the operator, either for Riyadh or country-wide targets, in future. However, the broader adoption of EV vehicles in the fleets for either rental of operating cars comes with unknown challenges of operating and maintenance regimes and resale value and may negatively impact the total returns from the leasing contract or car renting.

III-Further drop in the price of used cars

The size of available supply of used car for disposal is likely to grow with significant growth in the industry's fleet size over the past five years

The size of available supply of used car for disposal is likely to grow with significant growth in the fleet size over the past five years, given the life of used car range 2.5-3.5 years. Meanwhile, the demand for used car is likely to be impacted by favourable financing terms as lower cost. The competition among players to dispose of used cars may negatively impact the returns of the operators in future.

Overview of the Company

Seera Holding Group established Lumi in 2006

About the company

Seera Holding Group established Lumi Rental Company in 2006 with the primary objective of providing mobility services to the group's portfolio companies. Lumi continued its operation with a limited mandate until 2016 with a modest fleet size of around 3000 vehicles. The group came up with a new growth strategy for the company in 2016, which was focused on tapping the growth potential in different segments and becoming a sizable player. The group accordingly onboarded more professionals to make the strategy a reality. As a result, Lumi went through a significant growth spurt in a short span of time and increased its fleet size to over 22,000 vehicles by the end of 2022. Lumi's current fleet size is just short of 35000 vehicles, with a total market share of 9%[1], making it the third-largest operator in the car rental industry.

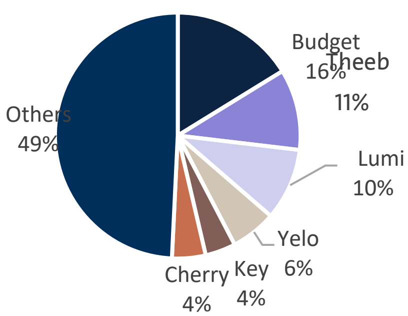
Key segments

Lumi operates a standard business model for the rental car business, focused on short-term rental, leasing and used car sales.

Leasing

Leasing accounts for a majority share of the company's revenues and the fleet. Lumi maintains a fleet of approximately 24k vehicles in the leasing segment, which serves a diversified client base in various economic sectors. Corporate remains the largest segment for the leasing revenues, followed by government. The leasing segment contributed 40% to the company's revenues in 9M2025.

Key Players and Market Share (2023)



Source: ACC

Rental

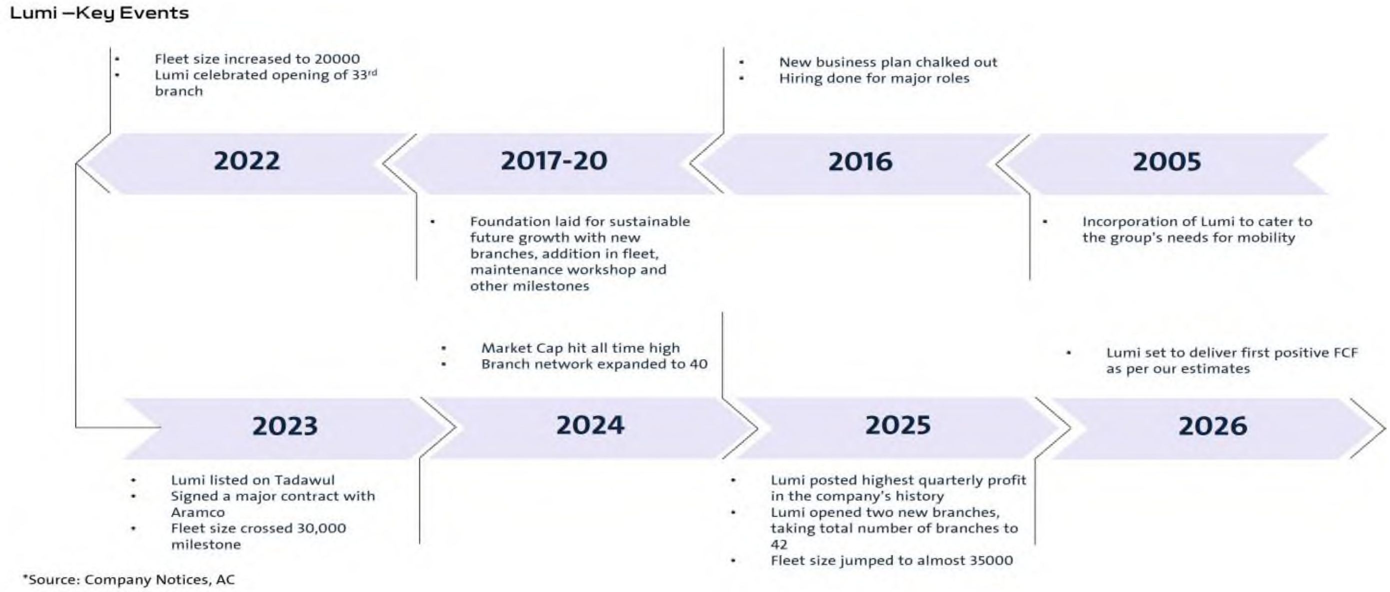
Short-term rental is a significant contributor to the company's revenue with 31% share in 9M2025. Lumi's rental revenue has grown at a 3-year CAGR of 22% over 2022-2025. Interestingly, the total fleet size in the segment has dropped by 3% in the same period. The increase in short-term rental rates from the lows seen during the Corona-affected years and improving fleet utilization are the major derivers behind revenue growth. The revenues from the individual sub-segment accounted for 44% of the rental revenues in 9M2025. Corporate is the second largest contributor to the rental revenues in the same period with 55% share. Lumi has an unusual concentration of rental revenues in the Northern region which accounted for almost half of the company's rental revenues. The western and central regions accounted for respectively 20% and 16% of the company's rental revenues.

Used car

Lumi's annual sales of used vehicles have gradually increased from 3500 in 2022 to 8500 in 2024 due to growing size of the fleet and the changes in the company's revenue profile. The used cars are sold via regular online auctions and the company's purpose-built used car outlets across major cities.

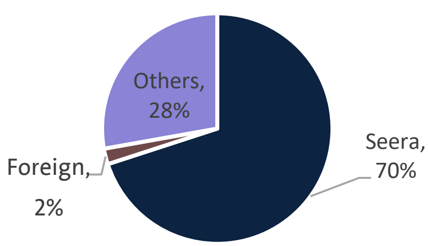
[1] Cherry Prospectus

Lumi -Summary of major milestones



Shareholding Details

Lumi Shareholding: (Dec-25)



Source: TASI

Lumi is a relatively new player on Tadawul having been listed on the exchange in Sep-2023 via divestment of a 30% stake in the company by the parent company, Seera Holding Group (Seera). Seera continues to maintain 70% ownership in the company to date. Despite its relatively young trading and operating history, the stock was well received among foreign investors following listing. The foreign ownership in the company recorded a peak of 4.9% or 16% of free float in April-2024. The current foreign ownership of the stock stands at 2.25% or 8% of the total free float.

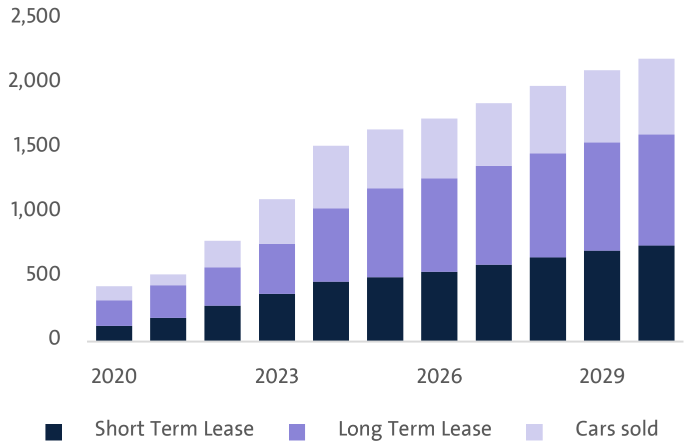
Lumi-SWOT Analysis

Strengths	Opportunities
▪ A significant player in the Kingdom with a primary focus on leasing and visitors. ▪ Heavy investment in physical infrastructure of branches, workshops, used car sale outlets and mobile workshops. Investment in digital infrastructure to provide omnichannel booking services and smooth delivery of vehicles to customers ▪ Business synergies from the group's presence in key business segments with exposure to mobility and hospitality ▪ One of the highest utilizations and the highest rental rates (adjusted for utilization) in the rental segment among the listed peers	▪ Growth opportunities in the logistics, freight forwarding and transportation segments ▪ Growing tourist arrivals for both business, and leisure religious reasons and along with increasing domestic mobility ▪ Focus on attracting regional headquarters, creating demand for the rental segment
Weakness	**Threats**
▪ Significant leverage on the company's balance sheet which can potentially hinder the company's ambitions for growth ▪ The average revenue per leased vehicle is relatively below industry's peers despite relatively high cost per vehicle ▪ No dividend history and the lack of dividend payout policy ▪ Increase in receivables in 9M2025, which has hindered the company's ability to deliver positive free cash flows in 2025	▪ Potential regulation mandating operators to own a minimum size of E-Car which can emerge as a new challenge given little history of E-cars' suitability for the car rental and leasing business ▪ Future improved connectivity in the metropolitan cities which can reduce the demand for car rentals ▪ Risk of a higher level of competition in the long-term leasing segment, particularly in response to regular contract maturity or significant fall in the financing costs

Source: ACC

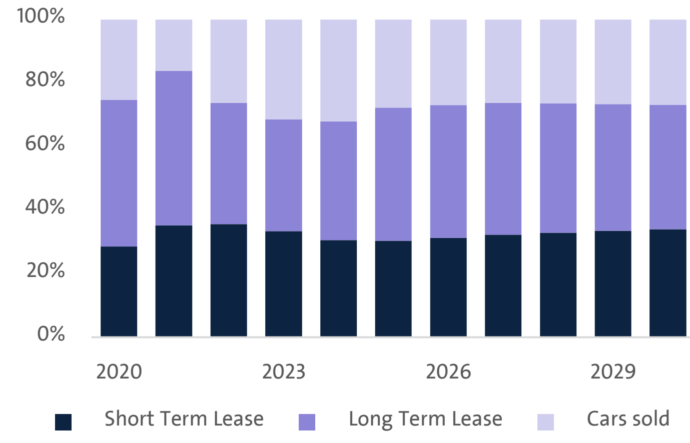
Lumi in Chart

Lumi:Revenue trajectory (SARmn)



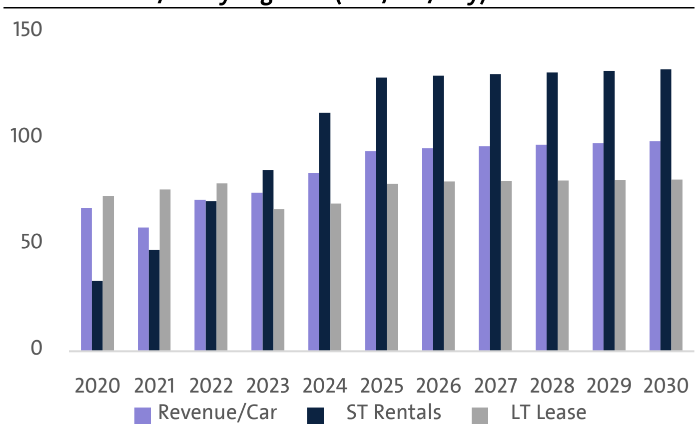
Source: Lumi, ACC Research

Lumi: Revenue Profile (%)



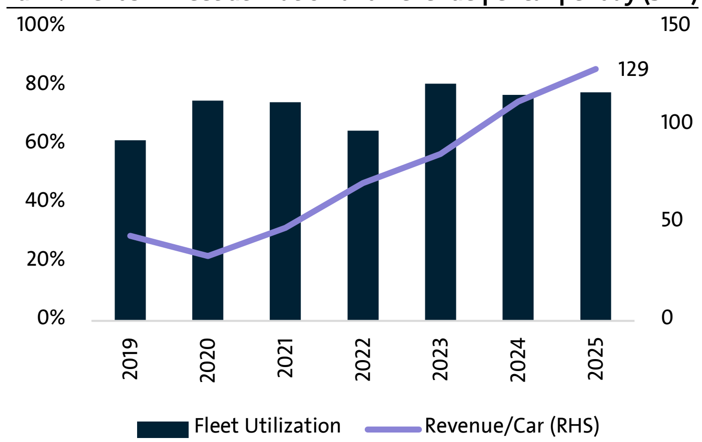
Source: Lumi, ACC Research

Lumi: Revenue/car by segment (SAR/Car/Day)



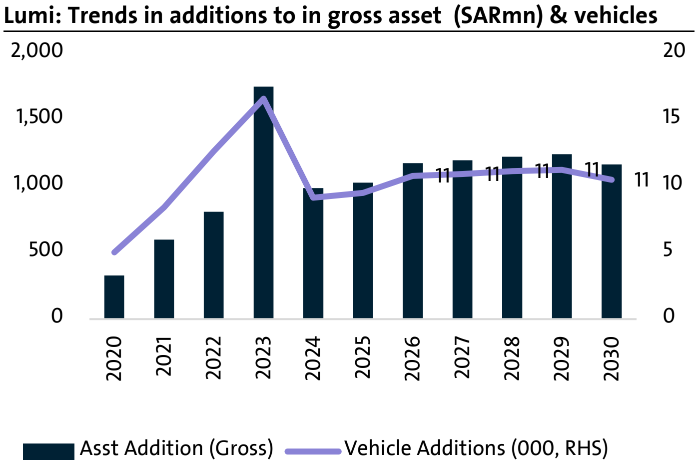
Source: Lumi, ACC

Lumi: Trends in fleet utilization and Revenue per car per day (SAR)



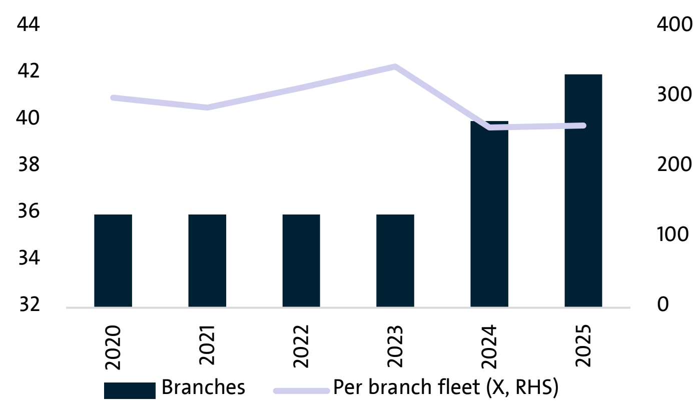
Source: Lumi, ACC Research

Lumi: Trends in additions to in gross asset (SARmn) & vehicles



Source: Lumi, ACC

Lumi: Number of branches and rental fleet per branch



Source: Lumi, ACC Research

Lumi-Key Financial Highlights

Lumi: Profit & Loss Account (SARmn)	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	**1,550**	**1,658**	**1,751**	**1,870**	**2,006**	**2,126**	**2,216**
Short Term Lease	465	500	548	603	659	711	753
Long Term Lease	567	690	726	770	811	844	863
Cars sold	487	457	464	483	523	558	587
Cost of Revenue	**1,112**	**1,164**	**1,232**	**1,316**	**1,411**	**1,494**	**1,551**
Operating Cash Cost	245	267	284	306	323	338	346
Depreciation &	377	443	486	529	568	602	623
Car Sold	490	455	461	482	520	554	582
Gross Profit	**438**	**493**	**519**	**553**	**595**	**632**	**665**
Other Operating	**34**	**16**	**16**	**16**	**16**	**16**	**16**
Selling and distribution	6	2	2	2	2	2	2
General and administrative	149	155	163	172	181	189	195
Provisioning	3	8	8	8	8	8	8
EBIT	**318**	**344**	**363**	**387**	**420**	**449**	**475**
EBITDA	**695**	**787**	**849**	**916**	**988**	**1,051**	**1,098**
Finance income/Others	0	0	0	0	0	0	0
Financial costs	133	120	122	120	124	120	117
Profit before Tax	185	224	241	267	296	329	358
Zakat	5	7	7	8	8	9	10
Profit after Tax	**180**	**217**	**234**	**259**	**288**	**319**	**348**
EPS (SAR)	3.3	3.9	4.3	4.7	5.2	5.8	6.3
DPS (SAR)	0.0	0.0	0.9	1.4	2.1	2.9	3.2

Source: Lumi, ACC Estimates

LUMI- Balance Sheet (SARmn)	2024	2025E	2026E	2027E	2028E	2029E	2030E
Assets	**3,374**	**3,672**	**4,044**	**4,319**	**4,537**	**4,724**	**4,729**
Non-Current Assets	**2,858**	**3,000**	**3,171**	**3,453**	**3,693**	**3,884**	**4,024**
Property, Plant and	2,712	2,891	3,059	3,336	3,571	3,756	3,892
Current Assets	**374**	**501**	**591**	**626**	**653**	**700**	**690**
Cash and cash	30	31	95	96	90	107	76
Trade receivables	268	410	436	470	503	533	553
Inventories	10	10	10	10	10	10	10
Prepayments & Others	66	50	50	50	50	50	50
Equity	**1,212**	**1,429**	**1,617**	**1,798**	**1,971**	**2,130**	**2,304**
Share capital	550	550	550	550	550	550	550
Retained earnings &	633	850	1,037	1,219	1,391	1,551	1,725
Liabilities	**2,162**	**2,243**	**2,427**	**2,521**	**2,566**	**2,594**	**2,425**
Non-Current Liabilities	**1,076**	**1,037**	**989**	**941**	**893**	**845**	**797**
Long-term borrowings	1,054	1,013	963	913	863	813	763
Other non-current	18	22	24	26	28	30	32
Current Liabilities	**1,086**	**1,205**	**1,438**	**1,580**	**1,673**	**1,748**	**1,628**
Trade payables and	398	235	283	284	288	288	268
Accrued expenses and	47	50	50	50	50	50	50
Short-term borrowing &	596	880	1,075	1,225	1,325	1,400	1,300

Source: Lumi, ACC Estimates

LUMI- Balance Sheet (SARmn)	2024	2025E	2026E	2027E	2028E	2029E	2030E
Cash Flows from Operating	230	391	744	758	828	895	932
Depreciation	377	443	486	529	568	602	623
Changes in Working Capital	-316	-280	21	-32	-30	-29	-41
Interest Expense	133	120	122	120	124	120	117
Cash Flows from Investing	(539)	(613)	(768)	(769)	(759)	(743)	(638)
Capex	-538	-615	-768	-769	-759	-743	-638
Cash Flows from Financing	271	224	88	12	-75	-135	-324
Debt Repayment	271	224	135	90	40	25	-150
Dividend Payment	0	0	-47	-78	-115	-160	-174

Source: Lumi, ACC Estimates

LUMI- Key Ratio								
	Units	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
Revenue Profile								
ST Lease	%	30%	30%	31%	32%	33%	33%	34%
LT Lease	%	37%	42%	41%	41%	40%	40%	39%
Used Car	%	31%	28%	27%	26%	26%	26%	26%
Liquidity Ratios								
Cash	x	0.03	0.03	0.07	0.06	0.05	0.06	0.05
Quick	x	0.27	0.37	0.37	0.36	0.35	0.37	0.39
Current	x	0.34	0.42	0.41	0.40	0.39	0.40	0.42
Capital Structure Ratios								
Debt to Equity	%	136%	131%	124%	117%	109%	102%	87%
Debt Ratio	%	50%	52%	51%	50%	48%	47%	44%
Debt Coverage*	X	2.39	2.40	2.31	2.24	2.12	2.00	1.81
Profitability Ratios								
GP Margin	%	28%	30%	30%	30%	30%	30%	30%
GP Cash Margin	%	53%	56%	57%	58%	58%	58%	58%
Operating Margin	%	20%	21%	21%	21%	21%	21%	21%
EBITDA Margin	%	45%	47%	48%	49%	49%	49%	50%
NP Margin	%	12%	13%	13%	14%	14%	15%	16%
Return Ratios								
ROE	%	16%	16%	15%	15%	15%	16%	16%
ROA	%	9%	10%	9%	9%	9%	9%	10%
Return Ratios								
Market Price	SAR	47.34	47.34	47.34	47.34	47.34	47.34	47.34
PE	X	14.5	12.0	11.1	10.0	9.1	8.2	7.5
Dividend Yield	X	0.00%	0.00%	1.80%	2.99%	4.42%	6.13%	6.68%
Payout Ratio	X	0%	0%	0%	20%	30%	40%	50%
BVPS		22.0	26.0	29.4	32.7	35.8	38.7	41.9
PB	%	2.15	1.82	1.61	1.45	1.32	1.22	1.13
EV/EBITDA	X	6.5	5.7	5.3	4.9	4.6	4.3	4.1

Source: AC Estimates, Lumi

Analyst Certification:

I/We, **Muhammad Fawad Khan, CFA** the author/s of this report, hereby certify that that: (i) views expressed in this report reflect the Research Analyst's personal views about all of the securities and (ii) no part of any of compensation of the author/s was, is, or will be directly or indirectly related to the specific recommendations or views expressed by in this report.

Rating Methodology

Alinma Capital Company (ACC) follow a three-tier rating system based on total return methodology as per following details

>+15% Total Return: Stocks with +15% expected total return (including dividend yield) over the next 12-months are classified as Buy.

5-15%: Stocks with total return between 5-15% can be classified as Buy or Neutral.

>-5%<+5% total return: Stocks with total return between -5+5% can be classified as Neutral or Underperform

Underperform-Stocks which are expected to have <-5% total return

Not Covered: ACC has not assigned any rating on the stock

Coverage Suspended: ACC has temporarily suspended the coverage of the stock either in compliance with local regulation or other considerations

Price data for the listed securities is based on 21 January, 2026.

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