

Robust Profit Growth Q/Q and Y/Y

March 19, 2025

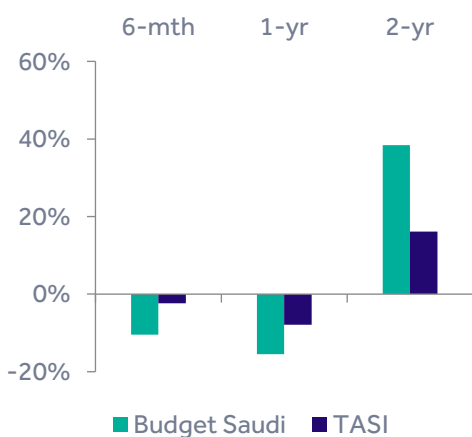
Upside to Target Price	18.3%	Rating	Buy
Expected Dividend Yield	1.3%	Last Price	SAR 78.20
Expected Total Return	19.6%	12-mth target	SAR 92.53

Market Data	
52-week high/low	SAR 98.6/71.0
Market Cap	SAR 6,113 mln
Shares Outstanding	78 mln
Free-float	94.9%
12-month ADTV	206,006
Bloomberg Code	BUDGET AB

Budget Saudi	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Sales	623	370	69%	506	23%	574
Gross Profit	150	119	26%	157	(4%)	179
Gross Margins	24%	32%		31%		31%
Operating Profit	132	78	69%	83	59%	117
Net Profit	100	66	51%	72	40%	78

(All figures are in SAR mln)

- For the fiscal year, Budget Saudi recorded revenues of SAR 1,971 mln, marking a +43% Y/Y increase, driven by the expansion of both short-term and long-term rental fleets, as well as the full consolidation of revenues from its subsidiary (Overseas Development Company Ltd) this year, which was not included in the previous year. Additionally, the acquisition of Auto World contributed to supporting revenue during the last five months of the year. Net profit reached SAR 311 mln, reflecting a +12% Y/Y increase, supported by improved utilization rates in both short-term and long-term rentals, in addition to fleet expansion.
- In 4Q 2024, revenues reached SAR 623 mln, increasing by +69% Y/Y and +23% Q/Q, beating our estimates of SAR 574 mln. This growth was primarily driven by the contribution of Auto World revenues, which focuses on long-term rentals. Gross profit increased +26% Y/Y but declined -4% Q/Q. The gross margin contracted sharply by -700 bps Q/Q, dropping to 24% in 4Q 2024 from 31% in 3Q 2024, due to a notable increase in the cost of revenues during 4Q 2024, which was the key factor behind the deviation from our gross profit and margin estimates.
- Operating profit grew significantly by +69% Y/Y and +59% Q/Q to SAR 132 mln, with the operating margin rising to 21% in 4Q 2024, up from 19% in the previous quarter, while remaining stable on a Y/Y basis.
- Budget Saudi reported a net profit of SAR 100 mln in 4Q2024, a robust increase of +51% Y/Y and +40% Q/Q, exceeding both market estimates of SAR 77.6 mln and our estimate of SAR 78 mln. The company declared a SAR 1.00 dividend per share for 2H2024. Furthermore, Budget Saudi announced a strategic partnership with Tamara, a financial technology platform, to offer flexible and advanced payment solutions to its customers. Despite strong results, the decline in the gross margin remains concerning. However, we see that the positive boost resulting from expansion supports our optimistic outlook. We maintain our target price of SAR 92.53 and our Buy recommendation.



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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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