

Lumi Rental Company announces SAR 181 million adjusted net profit in FY 2023

- Lumi's total revenue increased 41% YoY in FY 2023, driven by growth across all business segments.
- The company's fleet expansion strategy led to a remarkable 49% increase in total fleet vehicles, reaching 33.3 thousand vehicles, outpacing market growth and capturing market share.
- Cost management efficiencies were clear as the total cost of revenues rose by 39%, lower than revenue growth, indicating positive operating leverage and leading to an improved gross margin.
- Operating expenses witnessed a 68% surge, primarily due to a 2.0x increase in G&A expenses, aligning with strategic investments to support Lumi's growth and competitive positioning.
- The EBITDA margin for FY 2023 stood at 45.5%, reflecting operational effectiveness despite the accelerated operating expenses.
- The company's net profit adjusted for one-off IPO-incentives amounted to SAR 181 million, up 26% from FY 2022.
- Lumi's geographical revenue distribution within KSA underscores its widespread operational reach, with the Northern region contributing 50.2% to Rental revenue in FY 2023.
- The company generated SAR 1,036 million in cash flow from operating activities in FY 2023 (+39% year-on-year), driven by Lumi's robust performance and continued business expansion efforts.
- Substantial investments in vehicles, totaling SAR 1,751 million in FY 2023, were predominantly financed through debt, which aligns with the company's strategic initiatives for fleet expansion and market share gain.

Riyadh, 25 March 2024 – Lumi Rental Company experienced a transformative year in FY 2023 marked by noteworthy strategic achievements and robust financial performance, underpinning its leadership in the mobility sector. The company's fleet expanded by 49% to 33.3 thousand vehicles, outperforming market growth rates. This expansion is part of Lumi's strategy to scale operations and further improve service quality. The company's vehicle utilization rate in the rental segment amounted to 65.1% in FY 2023.

Total revenue in FY 2023 surged by 41% year-over-year to SAR 1,106 million, reflecting the strong demand across Lumi's diversified service offerings. The key driver was the Used Car Sales segment increasing revenue by 69% year-on-year, followed by Rental (+33%) and Lease (+30%) segments. This growth translated into an EBITDA of SAR 503 million, up by 15% from the previous year (45.5% margin). FY 2023 net profit, adjusted for one-off IPO-incentives, amounted to SAR 181 million, up 26% from FY 2022.

Operational and Financial Review¹

Operating Indicators Highlights

	FY 2023	FY 2022	YoY, %
Total fleet, th vehicles ²	33.3	22.3	+49%
Rental Segment			
Fleet, th vehicles ²	12.4	8.3	+50%
Utilization, %	65.1%	74.7%	-10 ppts
Average fleet age, years	1.0	1.3	-23%
Rental rate per vehicle ³ , SAR th	35.7	39.5	-10%
Lease Segment			
Fleet, th vehicles ²	20.9	14.0	+49%
Average fleet age, years	1.5	2.1	-28%
Lease rate per vehicle ³ , SAR th	22.3	24.0	-7%
Used Car Sales Segment			
Sold vehicles, th units ⁴	5.7	3.6	+59%
Purchase price recovery, %	72.0%	74.0%	-2 ppts
Sale price per vehicle, SAR th ⁵	61.3	57.6	+7%

In FY 2023, Lumi Rental Company achieved strong growth across all operational segments, underlined by a strategic expansion of our fleet and an enhanced focus on customer service and digital transformation.

Total fleet expanded to 33.3 thousand vehicles, marking a substantial 49% increase from 22.3 thousand vehicles in FY 2022. This growth is attributed to our aggressive fleet expansion strategy, focused on meeting the rising demand for mobility solutions across the Kingdom. Key drivers include our diversified vehicle offerings to cater to various customer needs, investments in digital platforms to enhance rental experiences, and a strategic focus on the booming tourism sector, aligned with Vision 2030.

Lumi's Rental segment fleet expanded from 8.3 to 12.4 thousand vehicles, achieving a 50% growth year-on-year. Following the aggressive fleet growth, our utilization percentage saw a 10 ppts reduction to 65.1%. We have maintained our focus on fleet modernization, ensuring that our rental vehicles remain among the newest in the market to guarantee customer satisfaction and safety. Average rental rate per vehicle declined by 10% year-on-year to SAR 35.7 thousand in FY 2023, linked to the fleet's rapid expansion, which led to a temporary lag in revenue contribution from the newly added vehicles. This trend is expected to reverse in 2024 as utilization levels normalize.

The Lease segment fleet saw a 49% growth in FY 2023, from 14.0 to 20.9 thousand vehicles. Our lease segment benefits from a similarly rigorous approach to fleet age management, ensuring that our leased vehicles meet the high standards expected by our clients. The lease rate per vehicle experienced a moderate 7% year-on-year decline in FY 2023, totaling SAR 22.3 thousand, due to phased deliveries to major clients that initially left vehicles idle. This situation is expected to improve in 2024 as these deliveries are completed.

¹ Figures and percentages in this document may not precisely total due to rounding

² End of the period

³ Based on the average number of vehicles, annualized for quarterly numbers

⁴ Over the period

⁵ Based on the average number of sold vehicles, annualized for quarterly numbers

The Company's Used Car Sales segment exhibited a 59% increase in sold vehicles, rising from 3.6 to 5.7 thousand units. This growth indicates the efficiency of our vehicle disposal strategy and our ability to maximize the recovery value, which was reflected in 72% purchase price recovery in FY 2023. The average vehicle sale price in the UCS segment grew to SAR 61.3 thousand, demonstrating a 7% year-on-year increase driven by the fleet mix.

Income Statement Highlights

SAR Mn	FY 2023	FY 2022	YoY, %
Revenue	1,106	783	+41%
<i>Lease</i>	389	299	+30%
<i>Rental</i>	370	279	+33%
<i>Used Car Sales</i>	347	205	+69%
Cost of revenue	(725)	(523)	+39%
Gross profit	381	260	+46%
Operating expenses	(147)	(88)	+68%
EBIT	233	173	+35%
EBITDA	503	437	+15%
Adjusted ⁶ EBITDA	775	582	+33%
Total finance cost	(68)	(24)	+180%
Profit before zakat	165	148	+11%
Zakat expense	(5)	(5)	+1%
Net profit	161	144	+12%
Gross Profit Margin	34.4%	33.2%	+1.2 pts
EBIT Margin	21.1%	22.0%	-1.0 pts
EBITDA Margin	45.5%	55.9%	-10.4 pts
Adj. ⁶ EBITDA Margin	70.1%	74.3%	-4.2 pts
Net profit Margin	14.5%	18.4%	-3.8 pts

In FY 2023 Lumi recorded a total revenue of SAR 1,106 million, a substantial increase of 41% from SAR 783 million in the previous year. This growth was driven by growth in revenue across all the three business segments. The Lease segment reported a 30% increase in revenue, contributing SAR 389 million, while the Rental segment grew by 33%, adding SAR 370 million. The Used Car Sales segment stood out with a 69% increase, totaling SAR 347 million, thanks to strategic fleet management and favorable market conditions for vehicle sales.

The company's cost of revenue rose to SAR 725 million, up by 39% year-over-year, demonstrating positive operating leverage and leading to an improved gross profit margin of 34.4% (+1.2 pts year-on-year). Gross profit in FY 2023 amounted to SAR 381 million, 46% higher compared to FY 2022.

⁶ Adjusted EBITDA = EBITDA + Cost of vehicles sold

Operating expenses surged by 68% to SAR 147 million, reflecting company’s investment in people, technology and infrastructure to bolster future growth and maintain the competitive edge.

EBITDA for FY 2023 reached SAR 503 million, showing a solid 15% increase from the previous year, indicative of Lumi’s operational effectiveness. EBITDA margin in FY 2023 amounted to 45.5%, 10.4 ppts lower compared to FY 2022 driven by accelerating operating expenses.

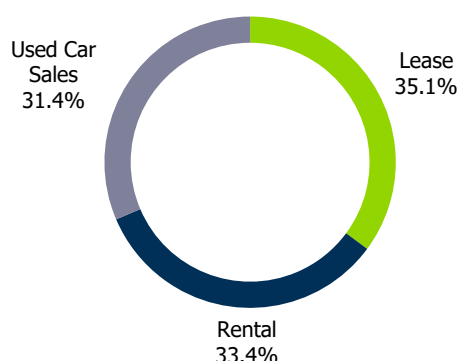
Adjusted⁷ EBITDA (EBITDA + Cost of vehicles sold) totaled SAR 775 million in FY 2023 (+33% year-on-year), Adjusted⁷ EBITDA margin amounted to 70.1%, down 4.2 ppts compared to FY 2022.

The total finance cost witnessed a 2.8x rise to SAR 68 million, primarily due to increased debt and rising interest rates.

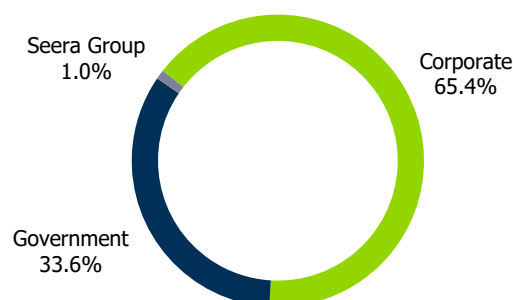
Net profit for FY 2023 further improved by 12% to SAR 161 million, showcasing Lumi’s strong market position and the capacity to deliver profitable growth amidst strategic investments and elevated finance costs. Adjusted for one-off IPO-incentives (SAR 20 million), the FY 2023 Adjusted net profit amounted to SAR 181 million (+26% year-on-year).

Revenue Overview

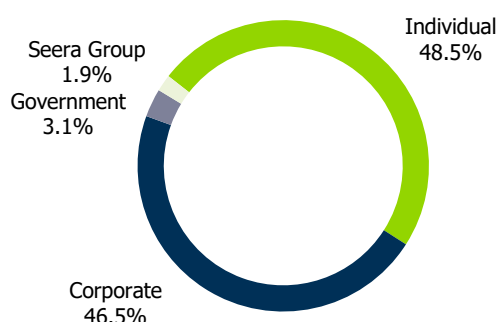
Total Revenue by segment, FY 2023



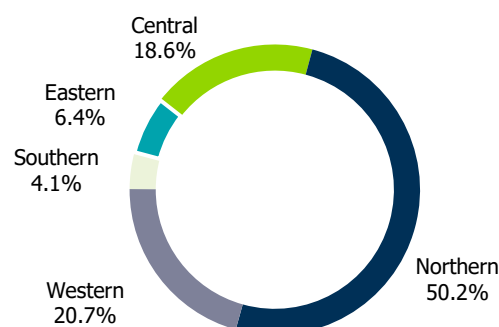
Lease Revenue by customer, FY 2023



Rental Revenue by customer, FY 2023



Rental Revenue by KSA region, FY 2023



Total revenue distribution reflects a well-balanced contribution from key areas of operation. The Lease segment, accounting for 35.1% of the total in FY 2023, is predominantly driven by a strong corporate client base, representing 65.4% of the lease revenue.

⁷ Adjusted EBITDA = EBITDA + Cost of vehicles sold

The Rental segment, contributing 33.4% to the overall revenue, demonstrates appeal across a broad consumer spectrum. Individual customers represent 48.5% of rental revenue, with corporate clients at 46.5%, showcasing Lumi's strength in serving both personal mobility needs and corporate transportation requirements.

The Used Car Sales segment, contributing 31.4%, indicates Lumi's efficient fleet management strategy and successful vehicle value realization at the end of their lifecycle.

Geographically, revenue distribution highlights Lumi's extensive operational reach and excellence across Saudi Arabia. The Northern region is particularly notable, contributing 50.2% to Rental revenue in FY 2023, with the Western and Central regions following closely. This indicates Lumi's strong presence in key economic and tourist areas, while contributions from the Eastern and Southern regions affirm the company's dedication to nationwide service accessibility and quality.

Costs Overview

SAR Mn	FY 2023	FY 2022	YoY, %
Cost of vehicles sold	272	144	+88%
Vehicle depreciation	238	242	-2%
Salaries & other benefits	55	32	+70%
Repairs & maintenance	48	31	+57%
Insurance	40	26	+52%
Other	72	47	+52%
Total Cost of revenues	725	523	+39%
G&A expenses	119	59	+101%
Impairments, trade & other receivables	19	36	-47%
Employee incentive	20	0	NA
Other	(10)	(7)	+48%
Total Operating expenses	147	88	+68%
Total Expenses	872	610	+43%

The cost of revenues grew by 39%, mirroring Lumi's active fleet expansion and the resultant rise in operational activities. The 88% uptick in the cost of vehicles sold highlights the effective monetization of the used car segment, capitalizing on fleet lifecycle management. Key operational costs such as repairs, maintenance, and insurance saw marked increases, reflecting Lumi's commitment to fleet quality and customer satisfaction, important for retaining competitive edge in the industry.

Operating expenses surged by 68%, primarily due to a 2.0x increase in General and Administrative (G&A) expenses, indicative of scaling administrative functions to support growing operations. The 47% reduction in impairments of trade & other receivables points to enhanced credit management strategies. The introduction of the employee incentive scheme marks a strategic investment in human capital, crucial for supporting Lumi's expansive growth trajectory.

The aggregate expenses increased by 43% year-on-year in FY 2023 totaling SAR 872 million, which is a direct reflection of Lumi's strategic investments in fleet expansion, service quality enhancement, and operational scaling.

Balance Sheet Highlights

SAR Mn	FY 2023	FY 2022	YoY, %
<i>Vehicles</i>	2,712	1,472	+84%
<i>Other non-current assets</i>	146	89	+64%
Total Non-Current Assets	2,858	1,561	+83%
<i>Trade receivables</i>	242	174	+40%
<i>Other current assets</i>	146	110	+33%
Total Current Assets	389	283	+37%
Total Assets	3,246	1,844	+76%
Total Non-Current Liabilities	1,006	424	+137%
<i>Trade payables</i>	726	392	+85%
<i>Other current liabilities</i>	489	185	+164%
Total Current Liabilities	1,215	577	+111%
Total Liabilities	2,221	1,001	+122%
<i>Share capital</i>	550	550	+0%
<i>Retained earnings</i>	426	264	+61%
Total Equity	1,025	844	+22%
Total Debt ⁸	1,346	493	+173%
Cash & cash equivalents	41	49	-17%
Net Debt ⁹ to Equity	1.3x	0.5x	+0.7x
Net Debt ⁹ / EBITDA	2.6x	1.0x	+1.6x
Net Debt ⁹ / Adjusted ¹⁰ EBITDA	1.7x	0.8x	+0.9x

As of December 31, 2023, the total assets expanded to SAR 3,246 million, marking a significant 76% increase from the 2022 year-end, primarily fueled by an 84% growth in vehicle value to SAR 2,712 million. This growth was attributed to the active addition of vehicles, particularly in the fourth quarter, along with a rise in trade receivables due to improved revenue volumes in FY23.

Liabilities saw a rise to SAR 2,221 million by December 31, 2023, driven by debt acquisition to fund the growth in vehicle numbers. The company's total debt reached SAR 1,346 million at the end of 2023. Higher trade payables driven by purchase of vehicles for the lease segment and new vehicle models for the rental segment also contributed to liabilities growth.

The leverage, measured by the Net debt to Equity ratio, intensified to 1.3x by the end of 2023, up by 0.7x from the end of 2022. Furthermore, the Net debt⁹ / Adjusted¹⁰ EBITDA ratio moved from 0.8x at the end of 2022 to 1.7x by the end of 2023. The Company managed to maintain liquidity levels nearly equivalent to those at the end of 2022. Cash and cash equivalents stood at SAR 41 million, experiencing a 17% decline year-on-year.

⁸ Total Debt = Long-term loans + Current portion of long-term loans

⁹ Net Debt = Long-term loans + Current portion of long-term loans - Cash and cash equivalents

¹⁰ Adjusted EBITDA = EBITDA + Cost of vehicles sold

Cash Flow Highlights

SAR Mn	FY 2023	FY 2022	YoY % Change
Profit after Zakat	161	144	+12%
Non-cash adjustments	659	478	+38%
Working capital changes	216	126	+72%
Cash flow, operating activities	1,036	747	+39%
Investments in vehicles, net	(1,751)	(808)	+117%
Zakat, interest & end-of-service benefits	(62)	(26)	+140%
Net cash, operating activities	(777)	(86)	+799%
Net cash, investing activities	(43)	8	NA
Net cash, financing activities	811	110	+635%
Net changes in cash & equivalents	(8)	32	NA

In FY 2023, the cash flow generated from operating activities saw a significant upturn, reaching SAR 1,036 million, which marked a 39% increase from the previous year. This growth has been attributed to the robust performance of the year and the company's business expansion efforts. FY 2023 also witnessed a substantial investment in vehicles, totaling SAR 1,751 million, more than double the investment in FY 2022, supporting a fleet expansion to 33.3 thousand vehicles.

The net cash outflow for investing activities was reported at SAR 43 million, primarily allocated to non-vehicle capital expenditures. These investments were directed towards technology and infrastructure enhancements, such as branches expansion, to leverage the company's omnichannel strategy for maximized returns.

Furthermore, the net cash inflow from financing activities surged to SAR 811 million in FY 2023, which represents a 7.4-fold increase compared to FY 2022 driven by higher proceeds from new loans and borrowings due to active procurement of vehicles.

On the back of substantial reinvestment and expansion efforts undertaken by Lumi in FY 2023, its cash and cash equivalents decreased by SAR 8 million, amounting to SAR 41 million as of December 31, 2023.

Earnings Release



Earnings Call

The company plans to conduct an earnings call to discuss FY 2023 financial results with analysts and investors in the near future. Stakeholders will be provided with additional information regarding the date and time of the call. For any further questions or queries, please reach out to Investor Relations.

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About Lumi Rental Company

Lumi Rental Company (Lumi, Tadawul: 4262) is a leading rental and lease provider based in Riyadh, Kingdom of Saudi Arabia. The company's model is distinguished by a powerful operational infrastructure and a scalable asset base, enabling it to serve a broad spectrum of customer needs across both B2C and B2B segments. Lumi's differentiator in the market lies in its extensive fleet of diverse vehicle types and its innovative approach to customer service, underscored by a substantial investment in digital channels. The Company's total fleet size amounted to 33.3 thousand vehicles as of the end of 2023. Lumi posted revenue of SAR 1,106 million in 2023 (+41% year-on-year), an EBITDA of SAR 503 million (45.5% margin), and a net profit of SAR 161 million (14.5% margin).

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