

## Aldrees Petroleum and Transportation Services Co

Sector : Fuel Retail

# BUY

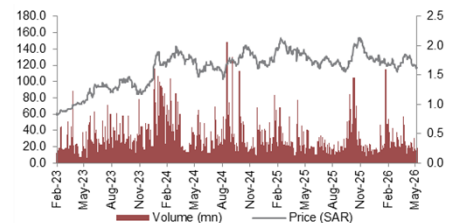
10 May 2026

- **Aldrees reported revenue for 1Q26 at SAR 6,829mn rising by 17.2% YoY and in line with our estimates. Petroleum services revenue grew by +17.7% YoY, while Transport revenue grew by +9.6% YoY.**
- **Total stations count stood at 1,329 (+29 QoQ) and fleet size increased to 5,106 vehicles (+144 QoQ).**
- **Overall gross margin declined by 32bps YoY, reducing the growth at the operating level. EBITDA increased by +8.3% YoY while operating profit grew +8.2% YoY in 1Q26.**
- **Net profit grew slowest in seven quarters by +10% YoY.**
- **Considering the ongoing geopolitical tensions, we reduce our revenue forecast to SAR 29.1bn, while retaining the profit at SAR 499mn on the back of expected improvement in margins. Our target price remains largely unchanged at SAR 137.01 per share and we reiterate our BUY on Aldrees.**

**Target price (SAR) 137.85**

**Current price (SAR) 117.00**

**Return 17.80%**



Exchange Saudi Arabia  
Index weight (%) 0.5%

(mn)	SAR	USD
Market Cap	11,700	3,159
Enterprise value	16,047	4,333

### Major shareholders

Aldrees Hamad Bin Mo	3.8%
Vanguard Group Inc/T	2.0%
FMR LLC	1.3%
Others	92.9%

### Valuation Summary (TTM)

PER TTM (x)	30.1
P/Book (x)	8.4
EV/EBITDA (x)	14.1
Dividend Yield (%)	1.2%
Free Float (%)	92.9%
Shares O/S (mn)	100
YTD Return (%)	-9.0%
Beta	1.0

Key ratios	2023	2024	2025
EPS (SAR)	3.74	3.45	4.22
BVPS (SAR)	16.48	14.17	16.88
DPS (SAR)	1.00	1.50	2.00
Payout ratio (%)	27%	44%	47%

Price performance (%)	1M	3M	12M
Aldrees Petroleum	-10%	-2%	-7%
Tadawul All Share Index	-3%	-2%	-3%

52 week	High	Low	CTL*
Price (SAR)	154.1	109.6	6.75

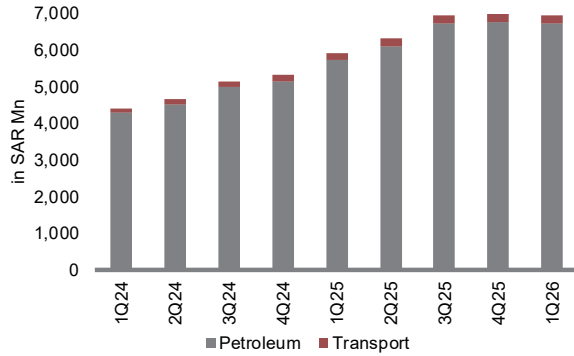
\* CTL is % change in CMP to 52wk low

Aldrees reported 1Q26 revenue of SAR 6,829.5mn, representing strong growth of 17.2% YoY and broadly in line with our estimates. The performance reflects the company's ability to sustain volume momentum despite disruptions stemming from the ongoing regional crisis. The Petroleum Services segment contributed 98.6% of total revenue, generating SAR 6,732mn (+17.6% YoY). Growth was primarily driven by continued network expansion, with the company adding 29 stations during the quarter, bringing the total network to 1,329 stations. This represents an estimated market share of 20.8% of fuel stations across the Kingdom. Meanwhile, the Transport Services segment grew 9.6% YoY to SAR 206.9mn, supported by a fleet of 5,106 trucks and trailers.

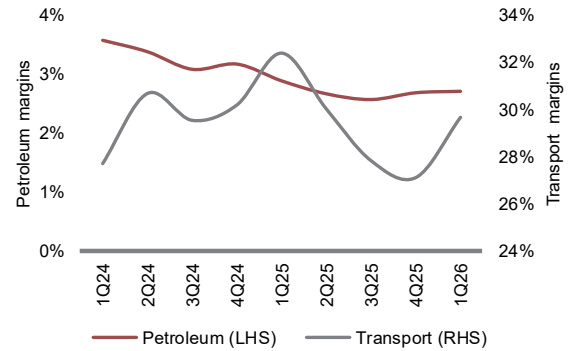
During the quarter, gross margin came in slightly above our expectations at 3.63%, although it declined by 32bps YoY. Gross profit increased 7.5% YoY to SAR 247.1mn, as elevated crude-linked procurement costs and war-related supply chain inflation were only partially passed on to end consumers. G&A expenses increased at a slower pace than revenue, rising 8% YoY and thereby supporting operating-level margins. EBITDA increased 8.3% YoY, while operating profit rose 8.1%, with both metrics showing sequential improvement. Higher non-operating income supported bottom-line growth despite elevated finance costs during the quarter. Consequently, the company reported net profit of SAR 110mn, up 10% YoY and 19.8% above our estimate. Although revenue met our expectations, we had anticipated higher costs to weigh more heavily on profitability, explaining the variance versus our forecast.

**Valuation:** Aldrees continues to demonstrate strong operational resilience and strategic discipline during one of the most geopolitically challenging periods in Saudi Arabia's recent history. While we reduce our 2026e revenue forecast to SAR 29.1bn, we maintain our net profit estimate at SAR 499mn on the expectation of improvement in margins going forward. We also keep our target price largely unchanged at SAR 135.71 per share, implying an upside potential of 17.80% from current levels. Accordingly, we reiterate our **BUY** recommendation on Aldrees.

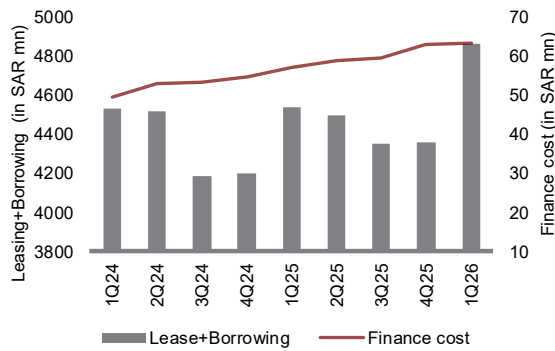
### Revenue growth of 17.6% YoY in 1Q26



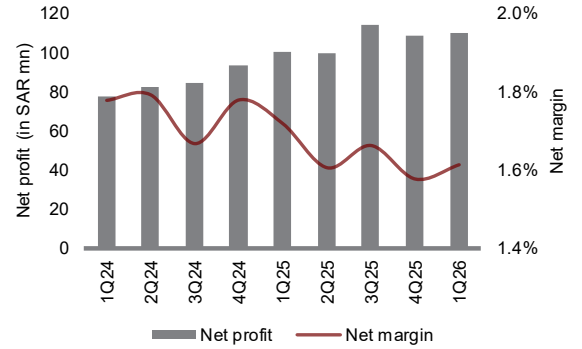
### Transport margins up by 254 bps QoQ



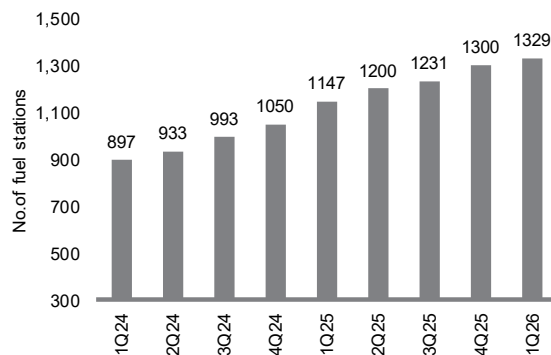
### Borrowings increase in 1Q26



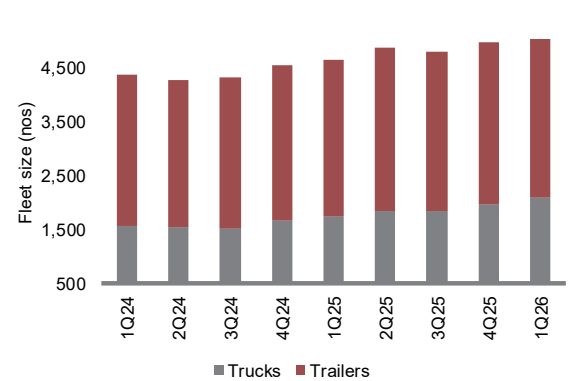
### Net profit higher than estimates



### Total stations count 1329



### 118 trucks and 26 trailers added in 1Q26





Income Statement (in SAR Mn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E
Revenue	12,356	14,834	19,289	25,761	29,122	33,620	37,309	40,167
Direct costs	-11,762	-14,153	-18,471	-24,826	-28,065	-32,373	-35,923	-38,656
<b>Gross profit</b>	<b>595</b>	<b>681</b>	<b>818</b>	<b>935</b>	<b>1,057</b>	<b>1,247</b>	<b>1,385</b>	<b>1,511</b>
Selling and marketing	-7	-5	-5	-7	-12	-17	-19	-20
General and Admin	-224	-255	-293	-335	-369	-486	-539	-580
Other income	8	7	1	6	5	2	2	2
<b>Operating profit</b>	<b>371</b>	<b>428</b>	<b>520</b>	<b>598</b>	<b>682</b>	<b>747</b>	<b>830</b>	<b>913</b>
<b>EBITDA</b>	<b>779</b>	<b>933</b>	<b>1,087</b>	<b>1,210</b>	<b>1,365</b>	<b>1,546</b>	<b>1,759</b>	<b>1,983</b>
Finance costs	-124	-161	-210	-238	-247	-268	-292	-318
Interest income from amortized cost	2	9	20	29	37	30	30	30
Share of profit in JV	1	1	2	2	4	1	1	1
<b>Profit before tax</b>	<b>249</b>	<b>286</b>	<b>353</b>	<b>433</b>	<b>514</b>	<b>560</b>	<b>619</b>	<b>676</b>
Tax expense	-8	-5	-8	-11	-15	-17	-19	-20
<b>Net profit/(loss) for the period</b>	<b>242</b>	<b>281</b>	<b>345</b>	<b>422</b>	<b>499</b>	<b>543</b>	<b>600</b>	<b>656</b>

Balance Sheet (in SAR Mn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E
Property, plant and equipment	1,559	1,890	2,122	2,246	2,350	2,492	2,656	2,826
Right-of-use assets	3,422	3,854	4,163	4,437	4,604	5,180	5,826	6,496
Other non current assets	178	283	510	563	714	864	1,014	1,164
<b>Total non-current assets</b>	<b>5,159</b>	<b>6,026</b>	<b>6,795</b>	<b>7,246</b>	<b>7,668</b>	<b>8,536</b>	<b>9,496</b>	<b>10,486</b>
Inventory	144	195	267	320	421	486	539	580
Trade and other current receivables	410	512	522	727	874	1,009	1,119	1,205
Other assets	455	541	554	873	961	1,109	1,231	1,326
Cash and bank balances	148	232	242	289	347	412	407	389
<b>Total current assets</b>	<b>1,156</b>	<b>1,480</b>	<b>1,586</b>	<b>2,208</b>	<b>2,603</b>	<b>3,016</b>	<b>3,296</b>	<b>3,500</b>
<b>TOTAL ASSETS</b>	<b>6,316</b>	<b>7,506</b>	<b>8,381</b>	<b>9,454</b>	<b>10,271</b>	<b>11,552</b>	<b>12,792</b>	<b>13,986</b>
Share capital	750	750	1,000	1,000	1,000	1,000	1,000	1,000
Statutory reserve	120	148	182	224	224	224	224	224
Retained earnings	240	338	235	464	764	1,057	1,385	1,741
<b>Net equity</b>	<b>1,109</b>	<b>1,236</b>	<b>1,417</b>	<b>1,688</b>	<b>1,988</b>	<b>2,281</b>	<b>2,610</b>	<b>2,965</b>
Lease liabilities	2,906	3,464	3,578	3,926	4,225	4,589	4,998	5,435
Borrowings	10	75	50	-	-	-	-	-
Prov employees' end of service benefit	111	124	159	180	203	267	296	319
<b>Total non-current liabilities</b>	<b>3,028</b>	<b>3,663</b>	<b>3,787</b>	<b>4,106</b>	<b>4,428</b>	<b>4,856</b>	<b>5,294</b>	<b>5,753</b>
Provision for Zakat	12	9	9	11	18	20	22	24
Lease liabilities	313	229	470	434	469	510	555	604
Accrued expenses	435	569	736	790	842	971	1,078	1,160
Trade and other payables	1,177	1,404	1,837	2,425	2,526	2,914	3,233	3,479
Borrowings	241	360	100	-	-	-	-	-
<b>Total current liabilities</b>	<b>2,179</b>	<b>2,607</b>	<b>3,177</b>	<b>3,660</b>	<b>3,855</b>	<b>4,415</b>	<b>4,888</b>	<b>5,267</b>
<b>Total liabilities</b>	<b>5,206</b>	<b>6,270</b>	<b>6,964</b>	<b>7,765</b>	<b>8,283</b>	<b>9,271</b>	<b>10,182</b>	<b>11,020</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,316</b>	<b>7,506</b>	<b>8,381</b>	<b>9,454</b>	<b>10,271</b>	<b>11,552</b>	<b>12,792</b>	<b>13,986</b>

Cash Flow (in SAR Mn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E
Cash from operations	773	974	1,379	1,097	1,269	1,766	1,946	2,133
Investing cash flow	-517	-573	-634	-274	-677	-1,047	-1,225	-1,365
Financing cash flow	-382	-317	-735	-775	-535	-654	-725	-786
Change in cash	-126	83	9	47	57	65	-5	-18
Beginning cash	274	148	232	242	289	347	412	407
<b>Ending cash</b>	<b>148</b>	<b>232</b>	<b>242</b>	<b>289</b>	<b>347</b>	<b>412</b>	<b>407</b>	<b>389</b>



Ratio Analysis	2022	2023	2024	2025	2026E	2027E	2028E	2029E
<b>Per Share</b>								
EPS (SAR)	3.22	3.74	3.45	4.22	4.99	5.43	6.00	6.56
BVPS (SAR)	14.79	16.48	14.17	16.88	19.88	22.81	26.10	29.65
DPS (SAR)	2.00	1.00	1.50	2.00	2.50	2.71	3.00	3.28
FCF (SAR)	5.34	5.34	7.44	8.22	5.93	7.19	7.20	7.68
<b>Valuation</b>								
Market Cap (SAR Mn)	5,580	9,975	12,020	12,790	11,700	11,700	11,700	11,700
EV (SAR Mn)	8,902	13,872	15,976	16,860	16,047	16,386	16,845	17,349
EBITDA (SAR Mn)	779	933	1,087	1,210	1,331	1,546	1,759	1,983
P/E (x)	23.1	35.5	34.9	30.3	23.4	21.6	19.5	17.8
EV/EBITDA (x)	11.4	14.9	14.7	13.9	12.1	10.6	9.6	8.8
Price/Book (x)	5.0	8.1	8.5	7.6	5.9	5.1	4.5	3.9
Dividend Yield (%)	2.7%	0.8%	1.2%	1.6%	2.1%	2.3%	2.6%	2.8%
Price to sales (x)	0.5	0.7	0.6	0.5	0.4	0.3	0.3	0.3
EV to sales (x)	0.7	0.9	0.8	0.7	0.6	0.5	0.5	0.4
<b>Liquidity</b>								
Cash Ratio (x)	0.07	0.09	0.08	0.08	0.09	0.09	0.08	0.07
Current Ratio (x)	0.53	0.57	0.50	0.60	0.68	0.68	0.67	0.66
Quick Ratio (x)	0.46	0.49	0.42	0.52	0.57	0.57	0.56	0.55
<b>Returns Ratio</b>								
ROA (%)	3.8%	3.7%	4.1%	4.5%	4.9%	4.7%	4.7%	4.7%
ROE (%)	21.8%	22.7%	24.3%	25.0%	25.1%	23.8%	23.0%	22.1%
ROCE (%)	5.8%	5.7%	6.6%	7.3%	7.8%	7.6%	7.6%	7.5%
<b>Cash Cycle</b>								
Receivables turnover (x)	30.0	28.7	36.6	35.0	33.3	33.3	33.3	33.3
Inventory turnover (x)	81.9	72.7	69.2	77.6	66.7	66.7	66.7	66.7
Accounts Payable turnover (x)	10.0	10.1	10.1	10.2	11.1	11.1	11.1	11.1
Receivables days	12	13	10	10	11	11	11	11
Inventory days	4	5	5	5	5	5	5	5
Payable Days	37	36	36	36	33	33	33	33
Cash Cycle	-20	-18	-21	-21	-16	-16	-16	-16
<b>Profitability Ratio</b>								
Net Margins (%)	2.0%	1.9%	1.8%	1.6%	1.7%	1.6%	1.6%	1.6%
EBITDA Margins (%)	6.3%	6.3%	5.6%	4.7%	4.6%	4.6%	4.7%	4.9%
PBT Margins (%)	2.0%	1.9%	1.8%	1.7%	1.8%	1.7%	1.7%	1.7%
EBIT Margins (%)	3.0%	2.9%	2.7%	2.3%	2.3%	2.2%	2.2%	2.3%
<b>Leverage</b>								
Total Debt (SAR Mn)	3,470	4,128	4,198	4,360	4,695	5,099	5,553	6,038
Net Debt (SAR Mn)	3,322	3,897	3,956	4,070	4,347	4,686	5,145	5,649
Debt/Total Assets (x)	0.5	0.6	0.5	0.5	0.5	0.4	0.4	0.4
Debt/Equity (x)	3.1	3.3	3.0	2.6	2.4	2.2	2.1	2.0

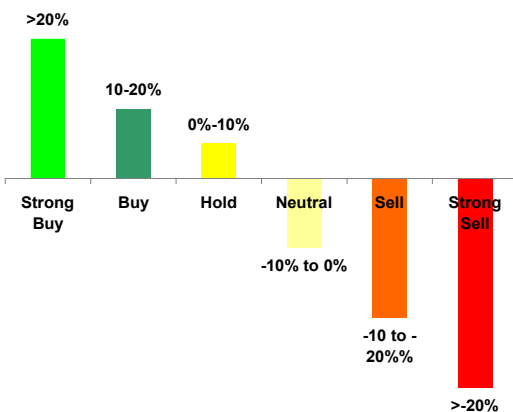
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## Rating Criteria and Definitions

### Rating



### Rating Definitions

<b>Strong Buy</b>	This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
<b>Buy</b>	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
<b>Hold</b>	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
<b>Neutral</b>	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
<b>Sell</b>	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
<b>Strong Sell</b>	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
<b>Not rated</b>	This recommendation used for stocks which does not form part of Coverage Universe

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