

# Result update

## Aldrees Petroleum and Transportation Services Co

Sector : Fuel Retail

# BUY

4 February 2026

- Consolidated revenue for Aldrees came in line with our estimates, growing 33.6% YoY in 2025, driven by higher volumes from network expansion and a larger fleet.
- Total fuel stations reached 1,300 (+250 additions in 2025), keeping the company on track to meet its target of 2,000 stations by 2029e. Fleet size increased by 415 vehicles during the year.
- Gross margins contracted by 61 basis points to 3.6%, primarily due to expansion related costs. Net profit grew 22.4% YoY in 2025, broadly in line with our forecast.
- We raise our 2026e revenue estimate but trim profit expectations due to continued margin pressure. Our target price is revised to SAR 135.71 per share, still implying a BUY following the recent price decline.

Consolidated revenue for the year reached SAR 25.76 billion, representing a 33.5% YoY increase. The Petroleum Services division generated SAR 25.34 billion (+33.7% YoY), accounting for 98% of total revenue. The company remains on track to double its station count to 2,000 by end-2029e. However, we believe newer stations are currently underperforming in terms of throughput, as many are located in lower-traffic areas. As a result, these stations may take longer to reach optimal utilization levels. The Transport division complemented topline growth and delivered a strong performance, posting 36.3% YoY revenue growth. This was driven by increased demand for fuel and chemical transportation, leading to higher fleet utilization. The fleet expanded to 4,962 vehicles, reflecting the addition of 415 vehicles during the year.

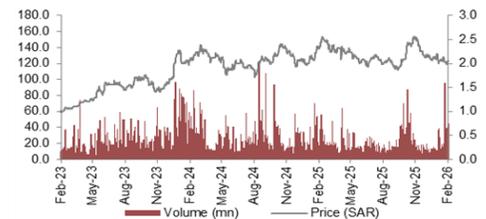
Gross margin declined by 61 bps to 3.6% in 2025, mainly due to higher costs associated with newly added stations. Consequently, gross profit growth slowed to 14.3% YoY. This outcome was in line with our expectations, and we anticipate further margin pressure in the coming quarters. At the operating level, expenses remained well controlled, partially offsetting the impact of weaker gross margins. EBITDA margin stood at 4.7% in 2025, representing a 90 bps YoY decline. Higher sukuk income was largely offset by increased finance costs during the year. Net profit for 2025 reached SAR 422 million, up 22.4% YoY and in line with our estimates. For 4Q25, the company reported net profit of SAR 108 million, marking a 16% YoY increase.

**Valuation:** Aldrees has demonstrated strong scalability and resilience, positioning the company for sustained long-term growth. It has secured a leading market share of 17.1%, supported by an aggressive expansion strategy. The Transport division continues to support the bottom line through its superior performance. However, we expect profit growth to lag revenue growth going forward due to sustained margin pressure. Accordingly, we have slightly increased our 2026e revenue estimate to SAR 31.3 billion, while reducing our profit forecast to SAR 492 million. These revised assumptions result in a lower target price of SAR 135.71 per share, which still implies an 11.7% upside, supporting our BUY rating on the stock.

Target price (SAR) **135.71**

Current price (SAR) **121.50**

Return **11.7%**



Exchange Saudi Arabia  
Index weight (%) 0.5%

(mn)	SAR	USD
Market Cap	12,790	3,453
Enterprise value	16,860	4,552

### Major shareholders

Al Drees Hamad Bin M	3.8%
Vanguard Group Inc/T	1.9%
BlackRock Inc	1.0%
Others	93.4%

### Valuation Summary (TTM)

PER TTM (x)	30.2
P/Book (x)	7.6
EV/EBITDA (x)	13.9
Dividend Yield (%)	1.2%
Free Float (%)	93.4%
Shares O/S (mn)	100
YTD Return (%)	-4.1%
Beta	1.0

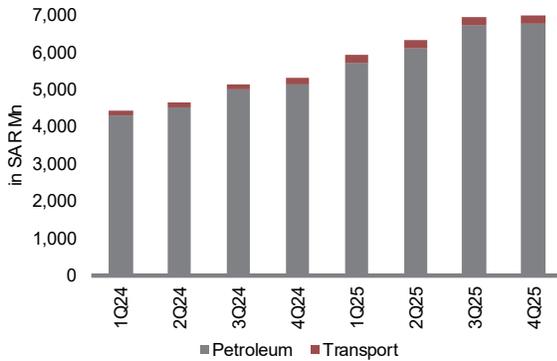
Key ratios	2023	2024	2025
EPS (SAR)	3.74	3.45	4.22
BVPS (SAR)	16.48	14.17	16.88
DPS (SAR)	1.00	1.50	2.00
Payout ratio (%)	27%	44%	47%

Price performance (%)	1M	3M	12M
Aldrees Petroleum	-7%	-19%	-12%
Tadawul All Share Index	7%	-1%	-9%

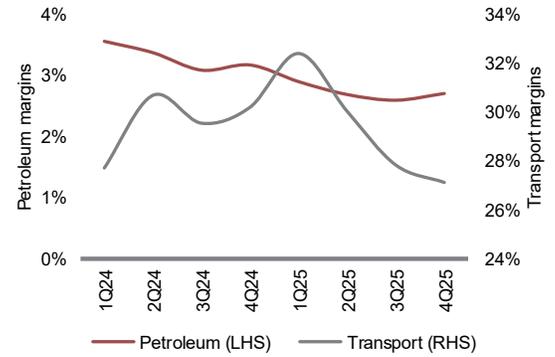
52 week	High	Low	CTL*
Price (SAR)	154.4	109.6	11.861

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

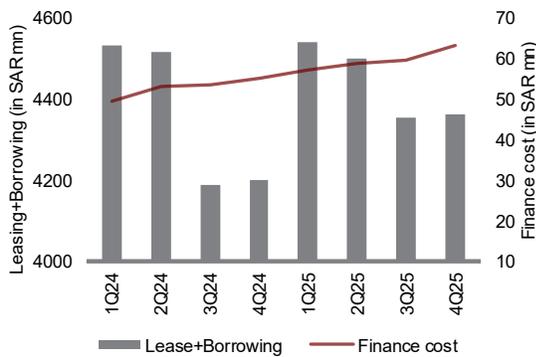
### Robust revenue growth of 33.5% in 2025



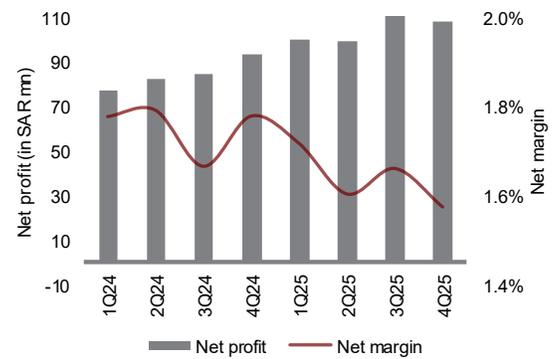
### Petroleum margins stabilizing, transport declines



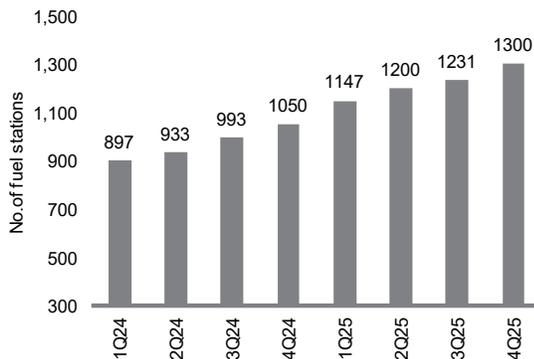
### Leasing levels remain stable during the year



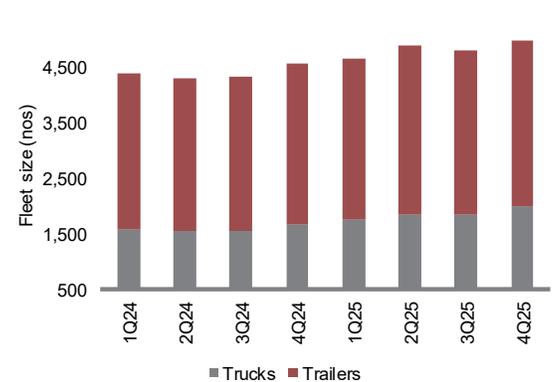
### Net margins on a declining trend



### 250 stations added in 2025



### Fleet size increased by 415 in 2025





Income Statement (in SAR Mn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E
Revenue	12,356	14,834	19,289	25,761	31,373	36,199	40,165	43,235
Direct costs	-11,762	-14,153	-18,471	-24,826	-30,230	-34,880	-38,700	-41,638
<b>Gross profit</b>	<b>595</b>	<b>681</b>	<b>818</b>	<b>935</b>	<b>1,143</b>	<b>1,319</b>	<b>1,465</b>	<b>1,597</b>
Selling and marketing	-7	-5	-5	-7	-16	-18	-20	-22
General and Admin	-224	-255	-293	-335	-453	-523	-581	-625
Other income	8	7	1	6	2	2	2	2
<b>Operating profit</b>	<b>371</b>	<b>428</b>	<b>520</b>	<b>598</b>	<b>676</b>	<b>780</b>	<b>867</b>	<b>952</b>
<b>EBITDA</b>	<b>779</b>	<b>933</b>	<b>1,087</b>	<b>1,210</b>	<b>1,367</b>	<b>1,596</b>	<b>1,824</b>	<b>2,062</b>
Finance costs	-124	-161	-210	-238	-249	-273	-300	-328
Interest income from amortized cost	2	9	20	29	30	30	30	30
Share of profit in JV	1	1	2	2	1	1	1	1
<b>Profit before tax</b>	<b>249</b>	<b>286</b>	<b>353</b>	<b>433</b>	<b>507</b>	<b>588</b>	<b>648</b>	<b>706</b>
Tax expense	-8	-5	-8	-11	-15	-18	-19	-21
<b>Net profit/(loss) for the period</b>	<b>242</b>	<b>281</b>	<b>345</b>	<b>422</b>	<b>492</b>	<b>570</b>	<b>629</b>	<b>684</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	2,382	2,558	2,758	2,964
Right-of-use assets	3,422	3,854	4,163	4,437	4,678	5,357	6,111	6,889
Other non current assets	178	283	510	563	614	665	717	768
<b>Total non-current assets</b>	<b>5,159</b>	<b>6,026</b>	<b>6,795</b>	<b>7,246</b>	<b>7,674</b>	<b>8,581</b>	<b>9,585</b>	<b>10,621</b>
Inventory	144	195	267	320	453	523	581	625
Trade and other current receivables	410	512	522	727	1,098	1,267	1,406	1,513
Other assets	455	541	554	873	1,035	1,195	1,325	1,427
Cash and bank balances	148	232	242	289	335	401	407	403
<b>Total current assets</b>	<b>1,156</b>	<b>1,480</b>	<b>1,586</b>	<b>2,208</b>	<b>2,921</b>	<b>3,386</b>	<b>3,719</b>	<b>3,967</b>
<b>TOTAL ASSETS</b>	<b>6,316</b>	<b>7,506</b>	<b>8,381</b>	<b>9,454</b>	<b>10,595</b>	<b>11,967</b>	<b>13,304</b>	<b>14,588</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	756	1,081	1,424	1,794
<b>Net equity</b>	<b>1,109</b>	<b>1,236</b>	<b>1,417</b>	<b>1,688</b>	<b>1,981</b>	<b>2,305</b>	<b>2,648</b>	<b>3,018</b>
Lease liabilities	2,906	3,464	3,578	3,926	4,264	4,670	5,123	5,606
Borrowings	10	75	50	-	-	-	-	-
Prov employees' end of service benef	111	124	159	180	227	262	290	312
<b>Total non-current liabilities</b>	<b>3,028</b>	<b>3,663</b>	<b>3,787</b>	<b>4,106</b>	<b>4,491</b>	<b>4,931</b>	<b>5,413</b>	<b>5,918</b>
Provision for Zakat	12	9	9	11	23	26	29	32
Lease liabilities	313	229	470	434	474	519	569	623
Accrued expenses	435	569	736	790	907	1,046	1,161	1,249
Trade and other payables	1,177	1,404	1,837	2,425	2,721	3,139	3,483	3,747
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>4,124</b>	<b>4,731</b>	<b>5,242</b>	<b>5,651</b>
<b>Total liabilities</b>	<b>5,206</b>	<b>6,270</b>	<b>6,964</b>	<b>7,765</b>	<b>8,615</b>	<b>9,662</b>	<b>10,656</b>	<b>11,570</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,316</b>	<b>7,506</b>	<b>8,381</b>	<b>9,454</b>	<b>10,595</b>	<b>11,967</b>	<b>13,304</b>	<b>14,588</b>

Cash Flow (in SAR Mn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E
Cash from operations	773	974	1,379	1,097	992	1,285	1,447	1,545
Investing cash flow	-517	-573	-634	-274	-471	-543	-602	-649
Financing cash flow	-382	-317	-735	-775	-476	-675	-838	-901
Change in cash	-126	83	9	47	45	67	6	-5
Beginning cash	274	148	232	242	289	335	401	407
<b>Ending cash</b>	<b>148</b>	<b>232</b>	<b>242</b>	<b>289</b>	<b>335</b>	<b>401</b>	<b>407</b>	<b>403</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	4.92	5.70	6.29	6.84
BVPS (SAR)	14.79	16.48	14.17	16.88	19.81	23.05	26.48	30.18
DPS (SAR)	2.00	1.00	1.50	2.00	2.46	2.85	3.14	3.42
FCF (SAR)	5.34	5.34	7.44	8.22	5.21	7.42	8.44	8.96
<b>Valuation</b>								
Market Cap (SAR Mn)	5,580	9,975	12,020	12,790	12,150	12,150	12,150	12,150
EV (SAR Mn)	8,902	13,872	15,976	16,860	16,553	16,937	17,435	17,977
EBITDA (SAR Mn)	779	933	1,087	1,210	1,367	1,596	1,824	2,062
P/E (x)	23.1	35.5	34.9	30.3	24.7	21.3	19.3	17.8
EV/EBITDA (x)	11.4	14.9	14.7	13.9	12.1	10.6	9.6	8.7
Price/Book (x)	5.0	8.1	8.5	7.6	6.1	5.3	4.6	4.0
Dividend Yield (%)	2.7%	0.8%	1.2%	1.6%	2.0%	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	0.5	0.5	0.4	0.4
<b>Liquidity</b>								
Cash Ratio (x)	0.07	0.09	0.08	0.08	0.08	0.08	0.08	0.07
Current Ratio (x)	0.53	0.57	0.50	0.60	0.71	0.72	0.71	0.70
Quick Ratio (x)	0.46	0.49	0.42	0.52	0.60	0.61	0.60	0.59
<b>Returns Ratio</b>								
ROA (%)	3.8%	3.7%	4.1%	4.5%	4.6%	4.8%	4.7%	4.7%
ROE (%)	21.8%	22.7%	24.3%	25.0%	24.8%	24.7%	23.7%	22.7%
ROCE (%)	5.8%	5.7%	6.6%	7.3%	7.6%	7.9%	7.8%	7.7%
<b>Cash Cycle</b>								
Receivables turnover (x)	30.0	28.7	36.6	35.0	28.6	28.6	28.6	28.6
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	13	13	13	13
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	-15	-15	-15	-15
<b>Profitability Ratio</b>								
Net Margins (%)	2.0%	1.9%	1.8%	1.6%	1.6%	1.6%	1.6%	1.6%
EBITDA Margins (%)	6.3%	6.3%	5.6%	4.7%	4.4%	4.4%	4.5%	4.8%
PBT Margins (%)	2.0%	1.9%	1.8%	1.7%	1.6%	1.6%	1.6%	1.6%
EBIT Margins (%)	3.0%	2.9%	2.7%	2.3%	2.2%	2.2%	2.2%	2.2%
<b>Leverage</b>								
Total Debt (SAR Mn)	3,470	4,128	4,198	4,360	4,738	5,189	5,692	6,229
Net Debt (SAR Mn)	3,322	3,897	3,956	4,070	4,403	4,787	5,285	5,827
Debt/Total Assets (x)	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.4
Debt/Equity (x)	3.1	3.3	3.0	2.6	2.4	2.3	2.1	2.1

## Key contacts

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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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